



# Value & Market Insights

2023 | Q1

# Deal Volume

## Canadian Transaction Volume <sup>(1)</sup>



While the United States banking system went on a roller coaster ride in March, Canadian M&A deal volume also saw the lowest levels since April 2020. With commercial lenders cautiously protecting assets, deal structures are seeing new variables and increased closing risk. In 2023, the top Canadian banks have seen their public equity value remaining flat, while the Toronto Stock Exchange index increased by 6%. Clearly, the public is showing signs of uncertainty around the North American banking system which could be a leading indicator for a continued decrease in M&A volume.

Another explanation for the lower deal volume in Q1 could be the banking system slowing its commitment process through March, which could result in an elevated transaction volume in Q2, “as deals become “un-frozen”.

Overall, the Canadian M&A landscape is expected to remain challenging but dynamic and present new opportunities for both domestic and international investors for the remainder of 2023.

## North American Quarterly Valuations <sup>(2)</sup>



	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Equity/EBITDA	3.6x	3.4x	3.6x	3.5x	4.4x	2.8x
Total Debt/EBITDA	4.0x	4.1x	3.9x	3.9x	3.8x	4.0x

<sup>(1)</sup> Source: S&P Capital IQ – Includes announced & closed deals under \$1B CAD

<sup>(2)</sup> Source: GF Data, M&A Report

# Industry Overview

## Q1 2023 Canadian Transactions By Industry<sup>(1,2)</sup>



## Q1 2023's Most Active Industries<sup>(1,2)</sup>

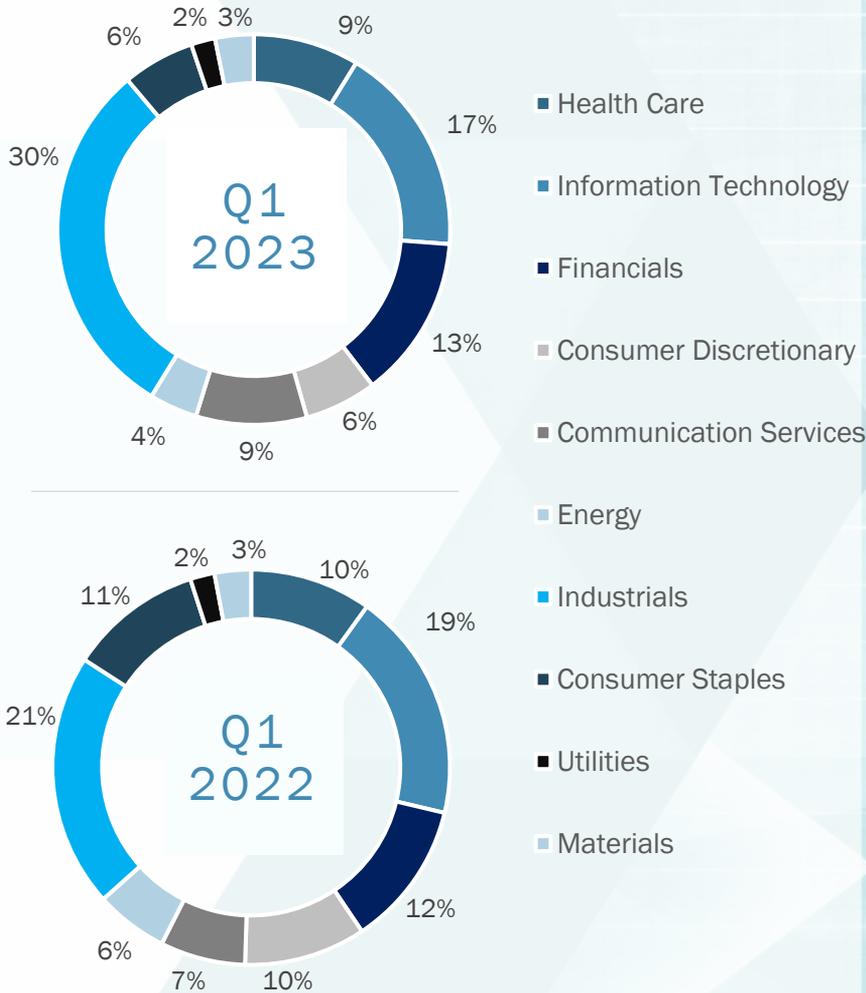
Industry	2023 Transaction Volume	
	Q1	Average Transaction Value <sup>(2)</sup>
Industrials	76	<b>\$123.1M</b>
Information Technology	44	<b>\$131.3M</b>
Consumer Discretionary	15	<b>\$6.8M</b>
Financials	34	<b>\$183.7M</b>
Communication Services	23	<b>\$30.7M</b>
Healthcare	22	<b>\$37.0M</b>

# Industry Overview

## Canadian Q1 2023 Transactions By Industry<sup>(1)</sup>

The industrials sector remains active for mergers and acquisitions (M&A) in Canada, demonstrating relative resilience compared to other industries during the market slowdown. Deal volume declined to 252 transactions in Q1 2023 from 355 in Q1 2022, but the sector remained active with 76 total transactions. Q1 2023 saw a further reduction in healthcare transactions, making up only 6% of total transactions compared to 11% in Q1 2022.

Meanwhile, the technology sector's share of the total transactions in Canada remained stable at 17% while other industries stayed relatively similar.



<sup>(1)</sup> Source: S&P Capital IQ – Includes announced & closed deals

# Buyer Profile

## Canadian Transactions By Buyer Location <sup>(1)</sup>

Buyer Location	Q1 2022 (Count)	Q1 2022 (%)	Q1 2023 (Count)	Q1 2023 (%)
Western Canada	83	24%	59	23%
Eastern Canada	129	36%	88	35%
USA	82	23%	61	24%
International	40	11%	22	9%
Not Disclosed	21	6%	22	9%
<b>Total</b>	<b>355</b>	<b>100%</b>	<b>252</b>	<b>100%</b>

Domestic parties continued to be the largest group of acquirers in Q1 2023 with 58% buying out Canadian-based businesses during the quarter. While we see a compressed volume of closed deals compared to Q1 2022, the buyer profiles remain similar as a percentage of total transactions.

## Canadian Transaction By Buyer Type <sup>(1)</sup>

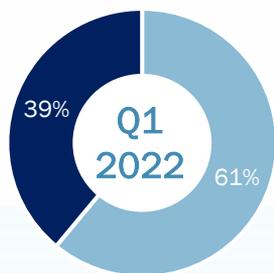
Strategic acquirers remained the dominant buyer type through Q1 2023. However, the quarter saw a slight increase by financial buyers despite an increased interest rate environment.

Buyer Type	Q1 2022	Q1 2023
Strategic	93%	90%
Financial	5%	6%
Not Disclosed	2%	4%



# Seller Profile

## Western Canada vs. Eastern Canada<sup>(1)(2)</sup>



■ Western Canada  
■ Eastern Canada

Historically, Eastern Canadian companies made up the majority of sellers in Canada. This trend continued in Q1 2023, with a slight re-balance between the Western and Eastern sellers.

## Western Canadian Transactions By Location<sup>(1)(2)(3)</sup>

Seller Location	Q1 2022 (Count)	Q1 2022 (%)	Q1 2023 (Count)	Q1 2023 (%)
British Columbia	56	61%	50	56%
Alberta	26	28%	26	29%
Saskatchewan	5	5%	7	8%
Manitoba	5	5%	6	7%
<b>Total</b>	<b>92</b>	<b>100%</b>	<b>89</b>	<b>100%</b>
Notable Transactions <sup>(4)</sup>	\$845M acquisition of LifemarkHealth Group by Shoppers Drug Mart Corporation		\$189M acquisition of Neovasc Inc. (TSX:NVCN) by Shockwave Medical, Inc. (NasdaqGS:SWAV)	

Q1 2023 saw a notable drop in deal volume with 252 deals vs 355 deals in Q1 2022. However, Western Canada experienced a modest decrease in transactions in Q1 2023 compared to Q1 2022, with sellers from British Columbia continuing to dominate the Western region.

# Notable Western Canadian Transactions

## Select Q1 2023 Deals in Western Canada

Date	Target	Target Prov.	Buyer
1/27/2023	Local Waste Services Corp.	BC	E360s
3/16/2023	TAETSoftware Corp	BC	BioVaxys Technology Corp. (CNSX: BIOV)
2/23/2023	Canadian Hail Agencies Inc.	SK	HUB International Limited
2/27/2023	DCC Hail Limited	AB	AutoCanada Inc. (TSX:ACQ)
2/13/2023	BCH Consulting Ltd.	AB	Green Shield Canada
2/6/2023	Cor4 Oil Corp.	AB	International Petroleum Corporation (TSX:IPCO)
2/3/2023	Altima Telecom	BC	TELUS Corporation (TSX:T)
1/20/2023	Ridgeback Resources Inc.	BC	Saturn Oil & Gas Inc. (TSXV:SOIL)
1/17/2023	Neovasc Inc. (TSX:NVCN)	BC	Shockwave Medical, Inc. (NasdaqGS:SWAV)
1/13/2023	GMP Drug Inc.	BC	Core One Labs Inc. (CNSX:COOL)
1/9/2023	RiskTech Insurance Services Inc.	AB	Westland Insurance Group Ltd.
1/3/2023	Metaverse Group	BC	cocoNFT Technology Inc.
2/3/2023	Altima Telecom	BC	TELUS Corporation (TSX:T)

sequeira  
PARTNERS

# Team Update



**Thomas Chung,**  
Analyst  
Vancouver



**Dallon Stoddart,**  
Analyst  
Vancouver



**Timothy Chow,**  
Analyst  
Vancouver

Building on the momentum of 2022 we continue to enhance the strength and depth of our team, having added 3 new team members to Sequeira Partners in our Vancouver office.

Welcome to the team Thomas, Dallon and Tim!

## Our Partners

### M&A

**Mark McRae, CA, CBV**  
mmcrae@sequeirapartners.com  
780.784.0115

**Julie Afanasiff, CA, CBV**  
jafanasiff@sequeirapartners.com  
780.784.0116

**Ken Tarry, MBA**  
ktarry@sequeirapartners.com  
236.317.6351

**Scott Acheson, CA, CBV, CFA**  
sacheson@sequeirapartners.com  
780.784.0124

**Erica McGuinness, CA, CBV**  
emcguinness@sequeirapartners.com  
236.317.6353

### Valuations

**Jordan Martel, CBV, ASA, MBA**  
jmartel@sequeirapartners.com  
587.943.7222

**Kira Gregson, CA, CBV**  
kgregson@sequeirapartners.com  
780.784.0125

## Recent Transactions



Sequeira Partners is proud to have acted as the exclusive financial advisor to Local Environmental Services on their recent transaction with Environmental 360 Solutions Inc.

The Sequeira team provided advisory assistance throughout the transaction including marketing the business, negotiating preliminary and final deal terms, advising on transaction structure and consideration, as well as assisting with due-diligence and other pre-closing matters.

## Announcements

Sequeira Partners is thrilled to announce that ACG British Columbia recognized Adam Lewis, founder of Ecofish Research Ltd., as the 2022 Dealmaker of the Year. Sequeira partners acted as financial advisor to Ecofish on the sale to Trinity Consultants in July 2022.

Partner Erica McGuinness also received a nomination for Deal of the Year for the sale of Comalatech to Appfire Technologies LLC in May 2022.

400, 520 – 5TH Avenue SW  
Calgary, AB T2P 3R7  
587-352-2500

2701, 10104 103 Avenue NW  
Edmonton, AB T5J 0H8  
780-633-5200

1680, 400 Burrard Street  
Vancouver, BC V6C 3A6  
604-687-5300