



Value & Market Insights

2021 | Q2

Deal Volume

Canadian Transaction Volume⁽¹⁾



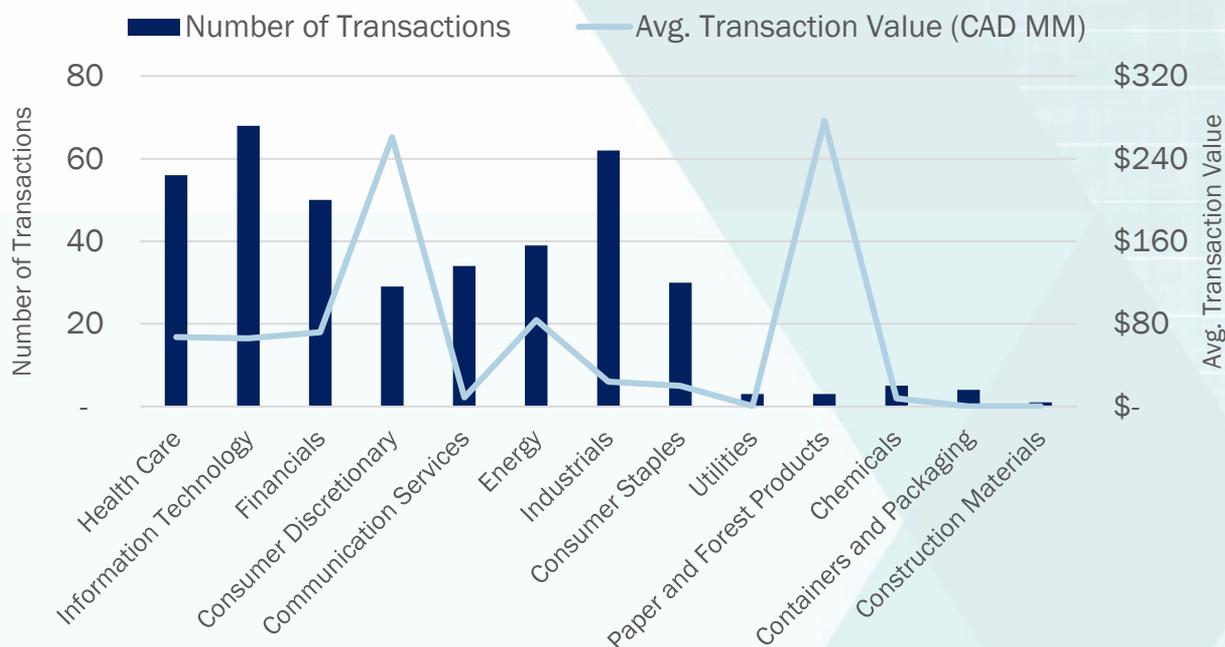
As expected during summer months, Q2 2021 deal volume experienced a small decrease, averaging 128 deals per month versus 143 deals per month in Q1 2021. Even so, we see strong market activity as a result of pent-up demand resulting from the pandemic. Q2 2021 (average 128 deals/month) reflects 7% and 71% more deal volume when compared to Q2 2019 (average of 120 deals/month) and Q2 2020 (average of 75 deals/month), respectively.

Given the current upward trajectory of transaction volume, we expect the deals market to remain highly active going into the second half of 2021, complimented by several other factors:

- 1) Increase in administration of COVID vaccines, allowing people to return to normal work conditions;
- 2) Decrease in COVID restrictions, therefore making it easier to complete due diligence procedures, such as site tours;
- 3) The fall represents a “return to work/school”, which historically is a period of higher M&A activity.

Industry Overview

2021 Q2 Canadian Transactions By Industry ⁽¹⁾



2021 Q2's Most Active Industries ⁽¹⁾

Industry	2021 Transaction Volume		Average EV/EBITDA ⁽³⁾
	Q2		
Information Technology	68		15.6x
Industrials	62		ND⁽²⁾
Health Care	56		8.1x
Financials	50		ND⁽²⁾
Energy	39		ND⁽²⁾
Communication Services	34		ND⁽²⁾

(1) Source: S&P Capital IQ - Includes announced & closed deals

(2) ND - No meaningful publicly available data

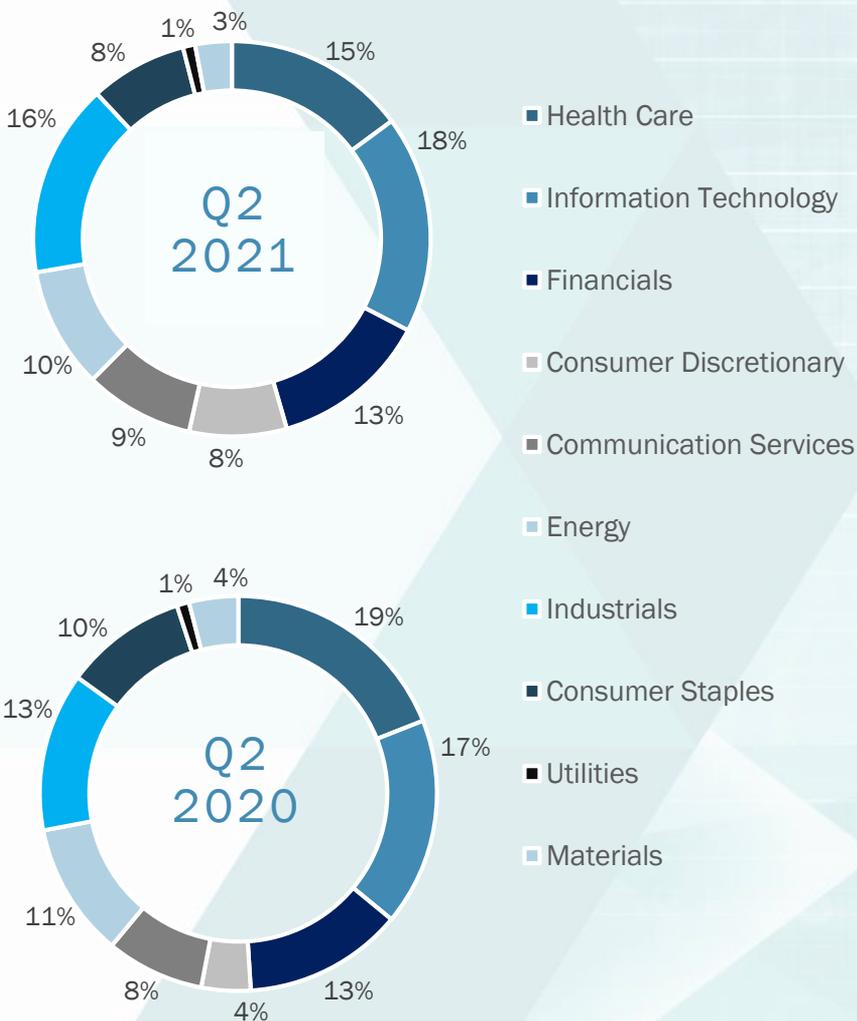
(3) Excludes outliers - EV/EBITDA multiples >20.0x & Transaction Value >\$1.0B CAD

Industry Overview

Canadian Q2 2021 Transactions By Industry ⁽¹⁾

Q2 2021 has yielded what could be called a return to normal for Canadian transaction composition, showing industry trends reflective of a pre-COVID environment. Information Technology and Industrials were the most active sectors making up 18% and 16%, respectively. Health Care related transactions saw a significant reduction year-over-year declining from 19% (Q2 2020) to 15% (Q2 2021), indicating the COVID induced focus on health & wellness could be beginning to fade.

The Energy industry showed an upturn through Q2 2021. Although a smaller portion of the total deal population, the sector was notably more active during Q2 2021 from a volume perspective. Additionally, many of the deals through Q2 2021 represented financially sound companies, compared to the high levels of distressed activity that occurred through early 2020.



Buyer Profile

Canadian Transactions By Buyer Location ⁽¹⁾

Buyer Location	2020 Q2 (Count)	2020 Q2 (%)	2021 Q2 (Count)	2020 Q1 (%)
Western Canada	70	31.0%	112	29.2%
Eastern Canada	72	31.9%	137	35.7%
USA	40	17.7%	68	17.7%
International	15	6.6%	35	9.1%
Not Disclosed	29	12.8%	32	8.3%
Total	226	100%	384	100%

Consistent with historical trends, domestic parties continue to be the largest acquirer of Canadian-based businesses. US based buyer activity remained consistent year-over-year, while International acquirors saw a sizeable increase in both volume and relative proportion of total deals. As travel restrictions and quarantine protocols continue to relax, we would expect a resurgence in US deal activity while businesses again look to deploy capital across the border.

Canadian Transaction By Buyer Type ⁽¹⁾

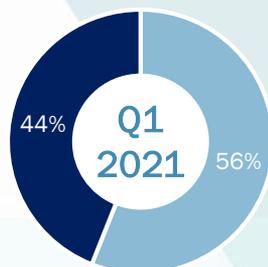
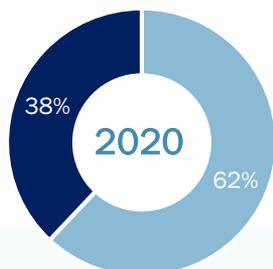
Strategic acquirors remained the dominant buyer type through Q2 2021. However, 2021 saw a renewed interest by Financial buyers, increasing from 5.7% in Q2 2020 to 7.6% in Q2 2021. This increase in activity suggests that the pause taken by Financial parties to focus internally on their own portfolios during COVID is subsiding.

Buyer Type	2019 Q2	2020 Q2	2021 Q2
Strategic	86.1%	89.4%	88.0%
Financial	8.6%	5.7%	7.6%
Not Disclosed	5.3%	4.9%	4.4%



Seller Profile

Western Canada vs. Eastern Canada ⁽¹⁾⁽²⁾



■ Western Canada
■ Eastern Canada

Q2 2021 activity remain consistent with Eastern Canada making up the majority of M&A deals at 60% compared to Western Canada at 40%.

Western Canadian Transactions By Location ⁽¹⁾⁽²⁾⁽³⁾

Seller Location	2021 Q1 (Count)	2021 Q1 (%)	2021 Q2 (Count)	2021 Q2 (%)
British Columbia	83	58%	74	63%
Alberta	42	30%	38	32%
Saskatchewan	10	7%	4	3%
Manitoba	7	5%	2	2%
Total	142	100%	118	100%
Largest Transactions ⁽⁴⁾	\$26.6B acquisition of Shaw Communications Inc. (TSX:SJR.B) and Freedom Mobile by Rogers Communications Inc. (TSX:RCI.B)		\$15.4B acquisition of Inter Pipeline Ltd (TSX:IPL) by Pembina Pipeline Corporation (TSX:PPL)	

Q2 saw a drop in the sale of Western Canadian businesses with a total of 118 deals compared to 142 deals in Q1. British Columbia saw a significant increase in the proportion of deals at 63% compared to 58% in Q1. The remaining targets were mainly from Alberta, making up 32% deals.

Notable Canadian Transactions

Select Q2 2021 Industrial and Diversified Deals in Western Canada

Date	Target	Target Prov.	Buyer
6/30/2021	North West Redwater Partnership Inc.	AB	Alberta Petroleum Marketing Commission
6/22/2021	Astra Oil Corp.	AB	Surge Energy Inc. (TSX:SGY)
6/21/2021	Hydrogen One Technologies Inc.	BC	AmmPower Corp. (CNSX:AMMP)
6/17/2021	First Light Capital Corp (TSXV:XYZ.P)	BC	New Operu Resources Inc. (OTCPK:NOPU.F)
6/11/2021	Silent-Aire Limited Partnership	AB	Johnson Controls International plc (NYSE:JCI)
6/3/2021	American Process Group (Canada) Ltd.	AB	Sanexen Environmental Services Inc.
6/1/2021	Inter Pipeline Ltd. (TSX:IPL)	AB	Pembina Pipeline Corporation (TSX:PPL)
5/24/2021	MagicMed Industries Inc.	AB	Enveric Biosciences, Inc. (NasdaqCM:ENVB)
5/5/2021	Inner Spirit Holdings Ltd. (CNSX:ISH)	AB	Sundial Growers Inc. (NasdaqCM:SNDL)
5/4/2021	PFS Genomics Inc.	BC	Exact Sciences Corporation (NasdaqCM:EXAS)
4/28/2021	Net Zero Waste Abbotsford Inc.	BC	EverGen Infrastructure Corp.
4/22/2021	JCU (Canada) Exploration Company, Limited	BC	UEX Corporation (TSX:UEX)
4/16/2021	Bandstra Group of Companies	BC	MT Investments Inc.
4/6/2021	The Edibles and Infusions Corporation	MB	OrganiGram Holdings Inc. (TSX:OGI)
4/6/2021	CCM Technologies Inc.	BC	Global Care Capital Inc. (CNSX:HLTH)
4/1/2021	MYM Nutraceuticals Inc. (CNSX:MYM)	BC	IM Cannabis Corp. (CNSX:IMCC)

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Recent Transactions

Our team across all our offices continue to be busy as we see optimism returning to the market and capital in need of being put to work. We're proud to announce four closings in the quarter as reflected by the following tombstones:

Advisor to



on the sale to




Advisor to



on the sale of its U.S. Division to




Advisor to



on the sale to




Sales Agent to



on the sale of select assets to




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