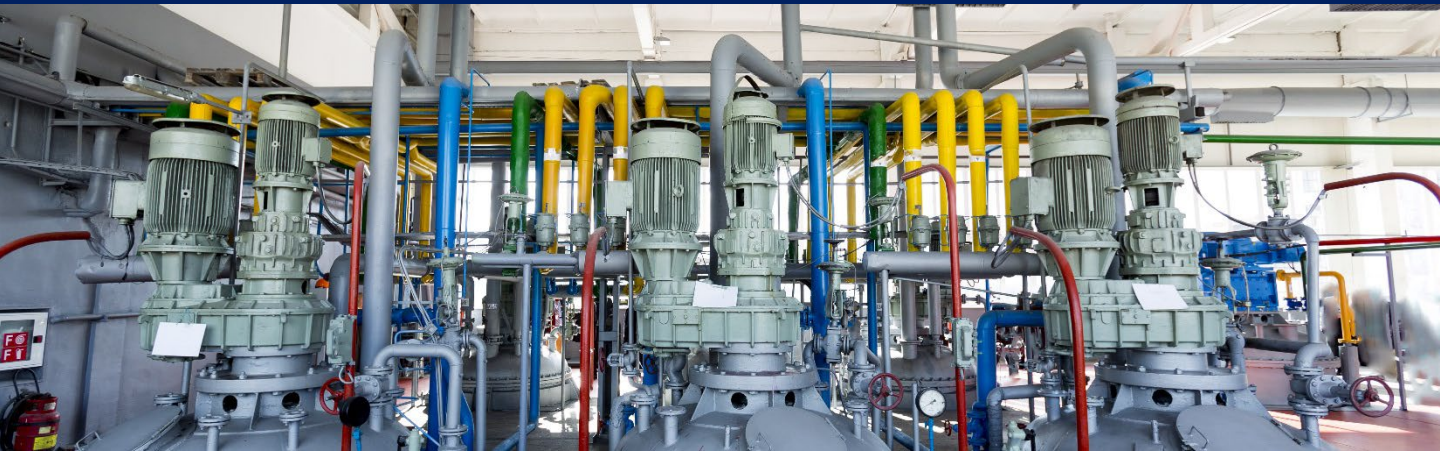


## What's the Deal?

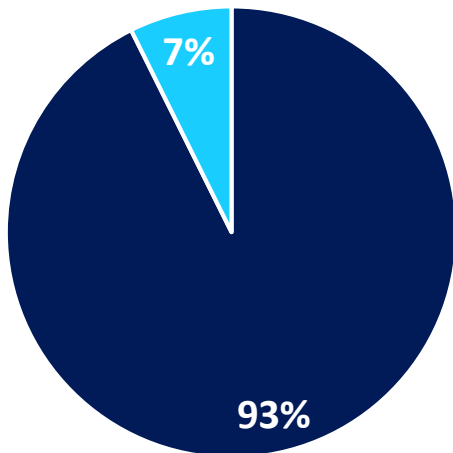
*Deal analytics and news for entrepreneurs and dealmakers*



Q3 2018 was another strong quarter for mid-market transactions. Within the industrial, diversified, and oilfield services segments, Q3 saw 108 disclosed transactions where either the target company or the buyer were Canadian. Of the 108 transactions, 93% were in the Industrial & Diversified sector, 7% were in the Oilfield Services Sector.

There were 24 transactions in the Industrial & Diversified sector where the target company was based in Western Canada. Of the 24 transactions, 7 were in the distribution industry, 6 in manufacturing, and the remaining were in the building products, paper & forest products, insurance, and other diversified industries.

### Industry Breakdown



■ Industrials ■ Oilfield Services

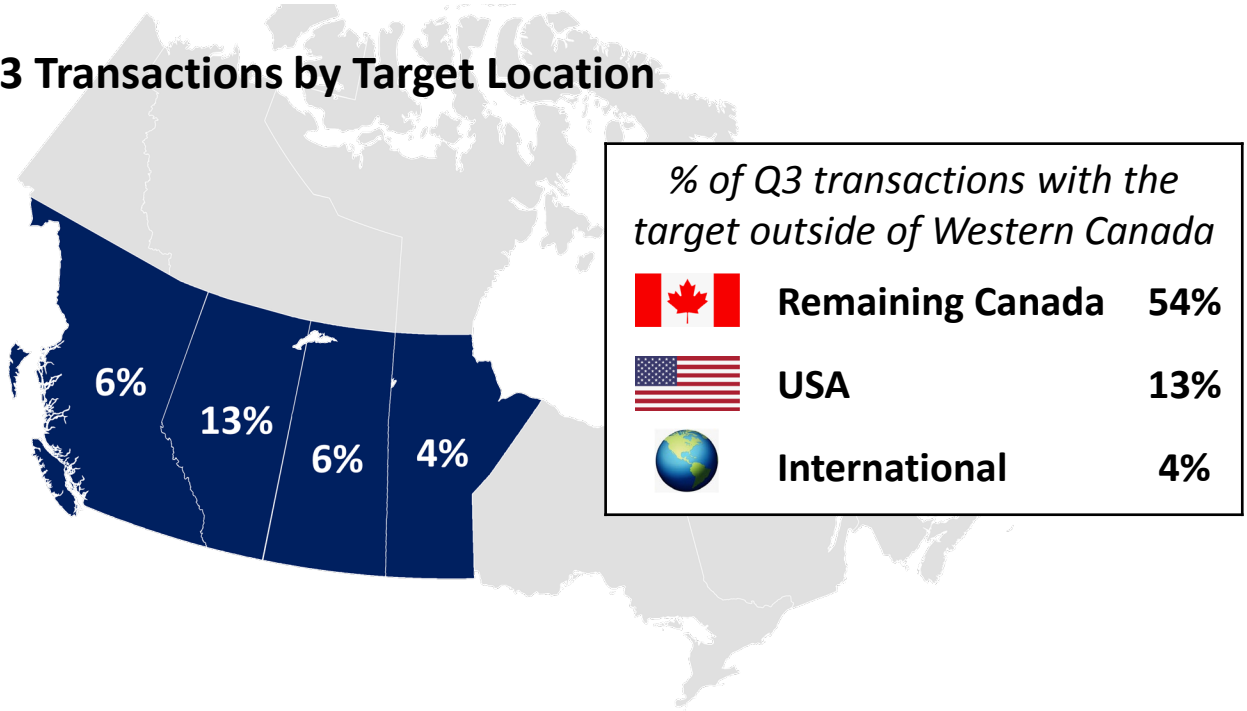
Date	Western Canadian Based Target	Buyer
26/09/2018	Mill in Cranbrook, B.C.	Callidus Capital Corporation (TSX:CBL)
20/09/2018	FilterBoxx Inc., An Ovivo Company	Ovivo Inc.
19/09/2018	Mansonville Plastics (BC) Ltd	Aqua-Pak Industries Ltd.
14/09/2018	Cascadia Sport Systems Inc.	Athletica Sport Systems Inc.
10/09/2018	Substantially All Assets of Classic Kitchens & Cabinets Limited	Westridge Cabinets (1993) Ltd.
05/09/2018	James Electric Motor Services Ltd.	Wolseley Canada Inc.
04/09/2018	Mercedes-Benz Heritage Valley in Edmonton	AutoCanada Inc. (TSX:ACQ)
04/09/2018	Business Assets of Oil Changers Inc.	Valvoline Inc. (NYSE:VVV)
04/09/2018	James Dubé Spraggs Adjusters Ltd.	Crawford & Company (Canada), Inc.
08/08/2018	Business Assets of New Holland Dealership in Olds, Alberta	Rocky Mountain Dealerships Inc. (TSX:RME)
02/08/2018	Coastal Windows Ltd.	Atlas Engineered Products Ltd. (TSXV:AEP)
01/08/2018	Silverberg & Associates Inc.	People Corporation (TSXV:PEO)
28/07/2018	Linitek Inc.	K-Bro Linen Inc. (TSX:KBL)
26/07/2018	K-Tec Earthmovers Inc.	Owner Resource Group, LLC
19/07/2018	Belton Boisselle Ltd.	Arthur J. Gallagher & Co. (NYSE:AJG)
10/07/2018	Certain Assets of Frost Insulation Supplies Inc.	Crossroads C&I Distributors Inc.
05/07/2018	Kelsey Trail Trucking Ltd	Big Freight Systems Inc.
03/07/2018	Chemicals Distribution Business of Canada Colors and Chemicals Limited	Brenntag AG (XTRA:BNR)

# Transactions Over the Quarter

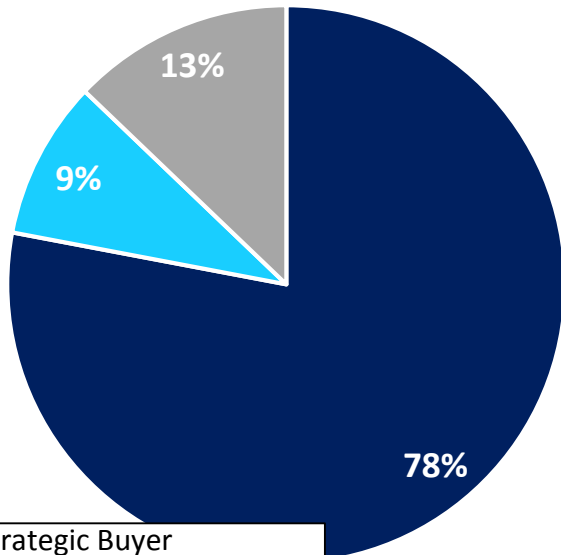
Notable transactions this quarter include the \$1.6B sale of Magna International Inc.'s Global Fluid Pressure & Controls Business to Korean-based Hanon Systems, and the \$900M acquisition of Trinidad Drilling Ltd. by Ensign Energy Services Inc.

Of the 108 disclosed transactions in the quarter, 29% of target companies were located in Western Canada. The buyer profile remained consistent with the previous quarter as private equity continued to be active by participating in 22% of all closed transactions in Q3.

## Q3 Transactions by Target Location

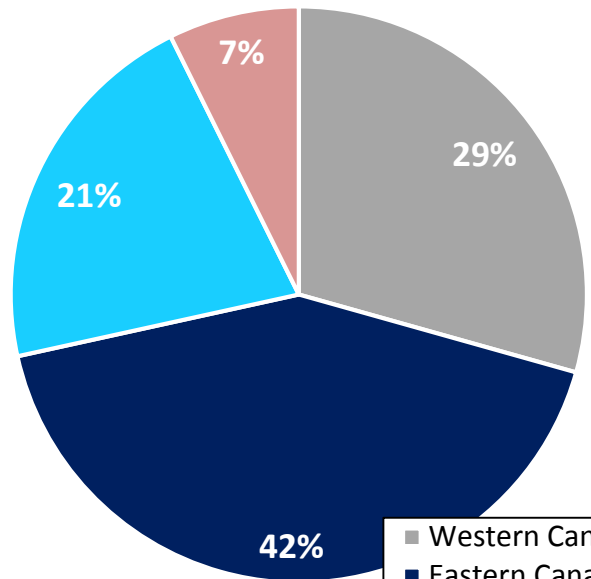


## Buyer Type



■ Strategic Buyer  
■ Financial Buyer  
■ Financial Backed Strategic

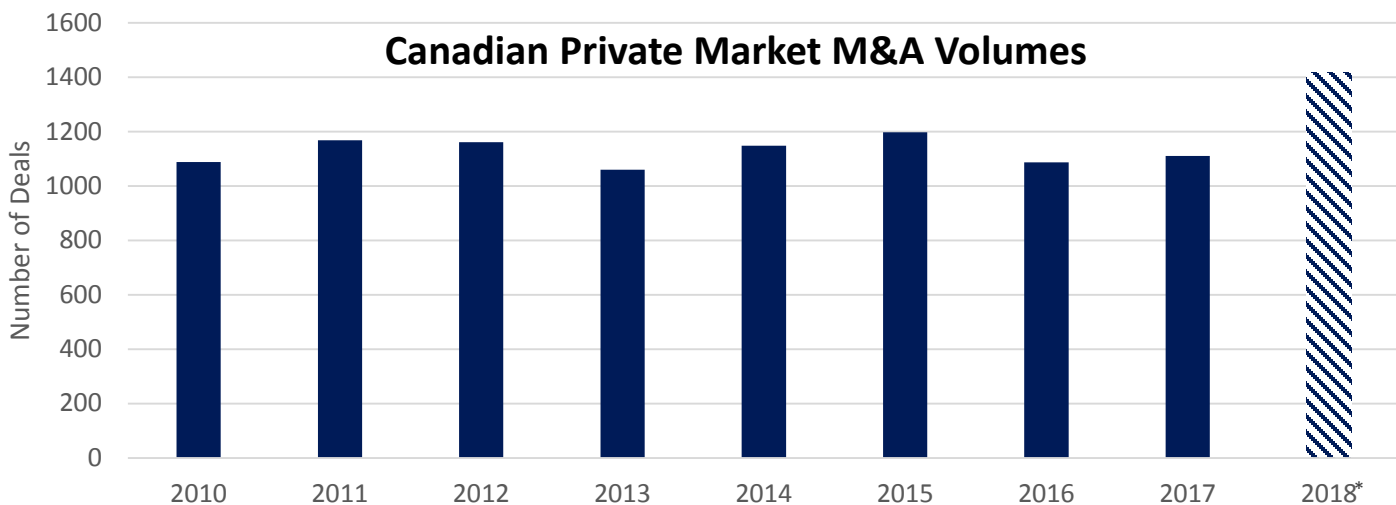
## Buyer Location



■ Western Canada  
■ Eastern Canada  
■ USA  
■ International

# Tips for tapping into Western Canada's red-hot M&A deal flow

## Canadian Private Market M&A Volumes



Source: CapitalQ

\*2018 deal volumes have been annualized based on 945 deals YTD as at Sept-30-18

# 98%

% of Canada's businesses are small and medium enterprises<sup>1</sup>

# 300

Number of mid-market private company deals in Western Canada during 2017<sup>2</sup>

# 60%

% of small and medium businesses owned by people older than 50 years<sup>3</sup>

# 4/10

Number of entrepreneurs that are likely to exit their business in the next 5 years<sup>3</sup>

The following are tips for buyers looking to enter the private company M&A Market:

### 1) Understand your value proposition

Think about what you bring to the table and, more importantly, how you'll differentiate yourself from other buyers.

### 2) Know what you're looking for before you find it

Spend some time developing a clear understanding of your target investment; think about characteristics like geography, size and industry. When it comes to sourcing deal flow from advisors, generalists who want to "see everything" tend to be treated with skepticism. This will also help ensure you're not wasting time analyzing a business that's not the right fit.

### 3) Find the right sell-side M&A advisors

For the well-marketed opportunities, the owner selling the business will have a sell-side advisor. In order to access these opportunities, it's critical to get connected with the advisor community. Deal size and industry focus can guide you to which advisors to tap into.

### 4) Consider becoming a member of the community

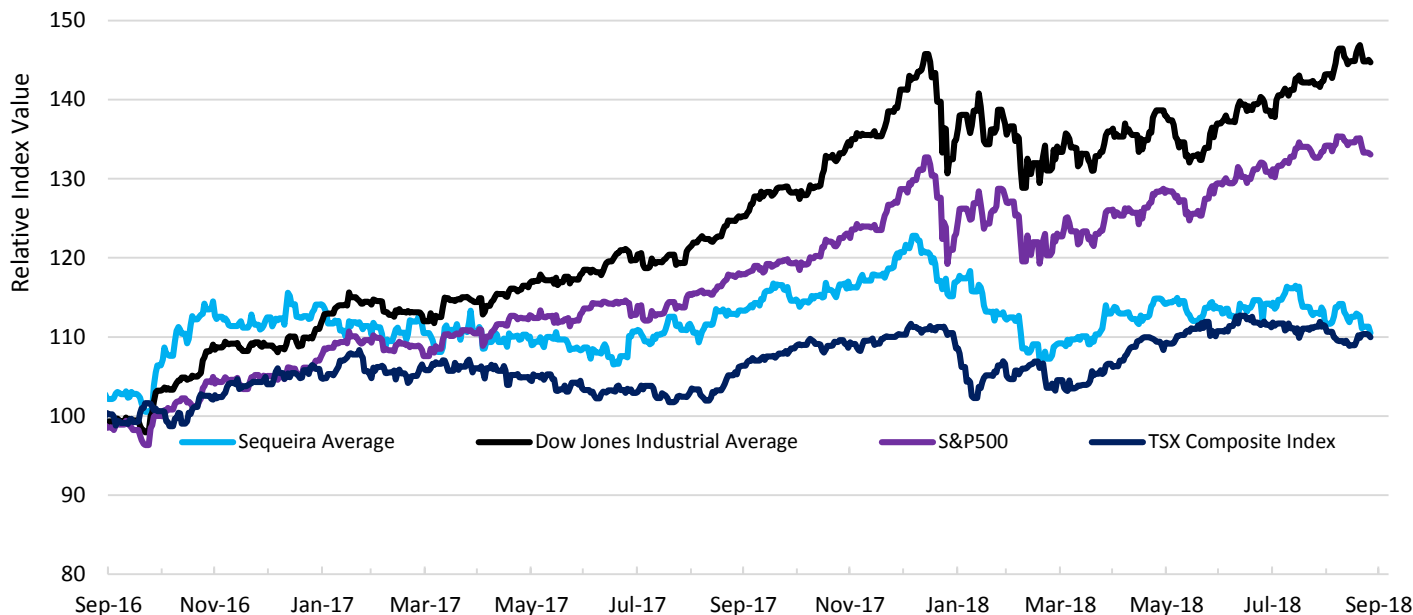
ACG BC (the local chapter for the Association for Corporate Growth) is the predominant organization for the mid-market, private mergers and acquisitions (M&A) community. Attending events will help you network with the right advisors.

### 5) Be patient and be prepared to pay fair value

We have met with many entrepreneurial buyers who want to acquire a business with low capital expenditure, stable cash flow, great growth opportunities and a solid management team for four times EBITDA (earnings before interest, taxes, depreciation and amortization) or less. Our message is always the same: it isn't going to happen. There are great opportunities out there, but they will attract interest, and they will transact at fair value. And it can take months if not years to find an opportunity that you are able to close. Taking a longer-term perspective is critical to success.

# Market Overview

## Sequeira Western Canadian Industrial Index



## Sequeira Western Canadian Industrial Index

The Sequeira Western Canadian Industrial Index is comprised of 10 companies representing different segments of the industrial and diversified sector in Western Canada. The index is a way to measure the overall Western Canadian diversified and industrials market. Companies within the index have operations primarily focused within the region and all trade on the TSX. We have selected both large and mid-cap public companies for a comprehensive representation of Western Canada. Similar to the DOW Jones Industrial Average, components of this index will be adjusted over time as market conditions change.

Company Name	Industry	Q3 2018	Q2 2018	% Change
Finning International	Equipment Distribution	31.81	32.53	2%
ATCO	Utilities	39.40	39.81	1%
Stantec	Construction & Engineering	33.44	32.73	-2%
Canadian Western Bank	Financial	36.02	34.47	-4%
Trican Well Service Ltd.	Oilfield Services	2.79	3.19	14%
Precision Drilling	Oilfield Services	4.76	4.33	-9%
Ag Growth International	Agriculture	58.90	55.67	-5%
Bird Construction	Construction & Engineering	7.66	8.00	4%
Cervus Equipment	Equipment Distribution	14.20	14.24	0%
Taiga Building Products	Building Products	1.64	1.53	-7%
<b>Index Average</b>		<b>23.06</b>	<b>22.65</b>	<b>-2%</b>

Western Canadian industrial equities continued its slow recovery in the first half of Q3 2018, but struggled late in the quarter. Overall North American equity markets increased during the quarter primarily driven by large cap equities rising to new heights despite \$200B in additional tariffs on imports from China. Although the Canadian economy remained strong, the TSX Composite Index struggled given the trade uncertainties with the US. Analysts expect a strong Q4 now that a new trade agreement has been negotiated and that the federal government is expecting to announce some form of corporate tax relief in the next fiscal update.

## Recent Transactions

Advisor to



SILVERBERG GROUP

on the sale to

people  
CORPORATION

sequeira  
PARTNERS

Sequeira Partners was engaged by the Silverberg Group to assist with a sale to People Corp (TSXV:PEO). The Sequeira team provided advisory assistance throughout the transaction including negotiating preliminary deal terms, transaction structure and consideration, as well as assisting with due-diligence and other pre-closing matters.

The sale to People Corporation allows Silverberg to leverage the resources of one of Canada's largest group benefits providers. This will best position the Company for future growth and continued exceptional client service through a broader suite of products and services.

## About Us

With offices in Vancouver, Edmonton and Calgary, Sequeira Partners is one of Western Canada's largest and most active transaction advisors. We focus on providing merger and acquisition advisory, corporate valuations and financial opinion services to mid-market industrial, energy services and diversified companies. The team at Sequeira Partners has completed more than 200 mid-market transactions valued in excess of \$4 billion in Canada, the United States, and countries around the world.

We welcome your thoughts or comments and inquiries as to how we could assist your business with its transaction needs.



## Our Team

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**Summary of Disclosed Transactions**

**Q3 2018**

Source: Capital IQ

Target	Buyer	Announced Date	EV (\$CAD MM)
D.E.L. Roofing Equipment & Supplies Ltd./Alcor Inc.	Fonds de solidarité FTQ; Phoenix Partners	28/09/2018	10
Mill in Cranbrook, B.C.	Callidus Capital Corporation (TSX:CBL)	26/09/2018	-
Petroleum Policy Intelligence	RS Energy Group	25/09/2018	-
Assets and Ongoing Business of Working Walls Solutions, Inc.	Egan Visual, Inc.	25/09/2018	-
Global fluid pressure & controls business of Magna International Inc.	Hanon Systems (KOSE:A018880)	20/09/2018	1,589
FilterBoxx Inc., An Ovivo Company	Ovivo Inc.	20/09/2018	-
Walter Surface Technologies Inc.	ONCAP	20/09/2018	-
Eagle Press and Equipment Co., Ltd.	Eagle Press and Equipment Company Ltd.	19/09/2018	20
Mansonville Plastics (BC) Ltd	Aqua-Pak Industries Ltd.	19/09/2018	-
Veridin Systems Canada Inc.	Avante Logixx Inc. (TSXV:XX)	18/09/2018	-
Anchor Danly and AWC Manufacturing	Hidden Harbor Capital Partners, LLC	18/09/2018	-
Crestline Coach Ltd.	Demers, Manufacturier d'Ambulances Inc.	14/09/2018	-
Cascadia Sport Systems Inc.	Athletica Sport Systems Inc.	14/09/2018	-
Konstruktion Maschinen & Werkzeugbau GmbH & Co. KG	ATS Automation Tooling Systems Inc. (TSX:ATA)	13/09/2018	30
Optimized Risk & Insurance Ltd.	Cal LeGrow Inc.	13/09/2018	-
Frontier Business Centre Ltd	HUB International Limited	11/09/2018	-
NUDURA Corporation	Dryvit Systems Inc.	11/09/2018	-
Hard Surface Flooring Distribution Business of Kraus Inc.	Q.E.P. Co., Inc. (OTCPK:QEPC)	11/09/2018	-
Filter Group Inc.	Just Energy Group Inc. (TSX:JE)	10/09/2018	84
Clearwater Insurance Group Inc.	HUB International Limited	10/09/2018	-
Substantially All Assets of Classic Kitchens & Cabinets Limited	Westridge Cabinets (1993) Ltd.	10/09/2018	-
Access Insurance Brokers Inc.	HUB International Limited	07/09/2018	-
Turris Communications Ltd.	BearCom Group, Inc.; Red Jasper Capital Inc.	07/09/2018	-
Encres Ultra Inc.	Siegwerk Druckfarben AG & Co. KGaA	06/09/2018	-
Ergo Advantage Inc.	JAME Capital Inc.	06/09/2018	-
James Electric Motor Services Ltd.	Wolseley Canada Inc.	05/09/2018	-
Le Groupe IsH2Otop	Evoqua Water Technologies Corp. (NYSE:AQUA)	04/09/2018	-
Mercedes-Benz Heritage Valley in Edmonton	AutoCanada Inc. (TSX:ACQ)	04/09/2018	-
Business Assets of Oil Changers Inc.	Valvoline Inc. (NYSE:VVV)	04/09/2018	-
James Dubé Spraggs Adjusters Ltd.	Crawford & Company (Canada), Inc.	04/09/2018	-
BTC Express	Kriska Transportation Group Limited	04/09/2018	-
Dicom Transportation Group Canada Inc.	General Logistics Systems B.V.	03/09/2018	360
UltragenCiactech inc.	Groupe SEGULA Technologies SA	03/09/2018	-
Kanetix Ltd.	Ontario Teachers' Pension Plan Board	31/08/2018	-
Alutrec Inc.	Manac Inc.	31/08/2018	-
Fire & Security Centre Inc.	DFENDUS Security Solutions Inc.	30/08/2018	-
Adaptive Generators AS	Exro Technologies Inc. (CNSX:XRO)	29/08/2018	0

## Summary of Disclosed Transactions

**Q3 2018**

Source: Capital IQ

Target	Buyer	Announced Date	EV (\$CAD MM)
True Grit Engineering Limited	Stantec Inc. (TSX:STN)	28/08/2018	-
Fertimar Mineração e Navegação Ltda.	GrowMax Resources Corp. (TSXV:GRO)	28/08/2018	29
ACH Foam Technologies, Inc.	Atlas Roofing Corporation	28/08/2018	-
W-S Feed & Supplies Limited	La Cooperative Federee de Quebec	24/08/2018	-
Tree Chest Safety Corp.	EVITRADE Health Systems Corp. (CNSX:EVA)	23/08/2018	-
All Peace Petroleum Ltd.	Bar W Petroleum and Electric Inc.	22/08/2018	-
Baling Green Recycling LLC	RediShred Capital Corp. (TSXV:KUT)	21/08/2018	-
GAL Power Systems Ltd.	Trivest Partners, L.P.	21/08/2018	-
Powerstroke Well Control Ltd	High Arctic Energy Services Inc (TSX:HWO)	20/08/2018	9
Mid-America Door Company	Garaga Inc.	16/08/2018	-
Moulure Alexandria Moulding Inc.	U.S. LUMBER GROUP, LLC	15/08/2018	-
Zensurance Inc.	The Travelers Companies, Inc. (NYSE:TRV)	15/08/2018	-
Tandelle-Pacer	Atlas Engineered Products Ltd. (TSXV:AEP)	14/08/2018	9
Peter Brett Associates LLP	Stantec Inc. (TSX:STN)	14/08/2018	-
Trinidad Drilling Ltd. (TSX:TGD)	Ensign Energy Services Inc. (TSX:ESI)	13/08/2018	900
Kemsol Products Ltd.	Swish Maintenance Limited	13/08/2018	-
Vitrotec Portes & Fenêtres Inc.	Atis Group Inc.	13/08/2018	-
Safety Seal Plastics Inc.	Labelink Products, Inc.	13/08/2018	-
Leystone Insurance & Financial Inc.	Arthur J. Gallagher & Co. (NYSE:AJG)	09/08/2018	-
Business Assets of New Holland Dealership in Olds, Alberta	Rocky Mountain Dealerships Inc. (TSX:RME)	08/08/2018	-
Blackstone Insurance Inc.	HUB International Limited	08/08/2018	-
Smith Petrie Carr & Scott Insurance Brokers Ltd.	Rogers Insurance Ltd and Others	08/08/2018	-
Capstan Hauling Ltd.	ENTREC Corporation (TSX:ENT)	08/08/2018	14
Équipement Sanitaire Cherbourg (1977) Inc.	GDI Integrated Facility Services Inc. (TSX:GDI)	08/08/2018	-
Exocor Inc.	August Corporate Partners	08/08/2018	-
Precision Valve Corporation	ONCAP	07/08/2018	-
Benefit Broker Services Inc.	HUB International Limited	07/08/2018	-
Lumber Mills Located in St-Pamphile and Masardis of Maibec Inc.	Group Label inc.	06/08/2018	-
Triton Industries, Inc.	BRP Inc. (TSX:DOO)	02/08/2018	-
Les Pavages Chenail Inc.	Eurovia (SA)	02/08/2018	-
Property and Casualty Insurance Business of Cypher Systems Group Inc. and Certain of Its Affiliates	HUB International Limited	02/08/2018	-
Coastal Windows Ltd.	Atlas Engineered Products Ltd. (TSXV:AEP)	02/08/2018	1
Silverberg & Associates Inc.	People Corporation (TSXV:PEO)	01/08/2018	29
Revolution Insurance Services Inc.	Evergreen Pacific Insurance Corporation	01/08/2018	-
J.H. Deveau Insurance	Archway Insurance Inc.	01/08/2018	-
Palantir Economic Solutions Ltd.	Aucerna	31/07/2018	-
Ingenious Packaging Group, ULC	Resource Label Group, LLC	31/07/2018	-
Linitek Inc.	K-Bro Linen Inc. (TSX:KBL)	28/07/2018	5

## Summary of Disclosed Transactions

Q3 2018

Source: Capital IQ

Target	Buyer	Announced Date	EV (\$CAD MM)
Independent Financial Concepts Group Ltd.	HUB International Limited	10/07/2018	-
Certain Assets of Frost Insulation Supplies Inc.	Crossroads C&I Distributors Inc.	10/07/2018	-
Prodmax Automation Ltd.	Jenoptik AG (XTRA:JEN)	10/07/2018	-
Garaventa Accessibility AG	Savaria Corporation (TSX:SIS)	10/07/2018	98
Canadian Service Plus Inc.	Trailer Wizards Ltd.	10/07/2018	-
Waypoint Analytical, Inc.	Nutrien Ltd. (TSX:NTR)	09/07/2018	-
Optimum Group Benefits & Insurance Services	HUB International Limited	09/07/2018	-
Four Limestone Quarries located in Burgundy,	Polycor Inc.	09/07/2018	3
Bradley Air Services Limited	Air NorTerra Inc.	06/07/2018	-
Orbis Engineering Field Services and California	Spark Power Group Inc. (TSX:SPG)	05/07/2018	-
Assets of Deltapac Packaging Inc.	Reid Canada Inc.	05/07/2018	-
Kelsey Trail Trucking Ltd	Big Freight Systems Inc.	05/07/2018	-
Breakthrough Oilfield Services Ltd.	CEDA International Corporation	05/07/2018	-
Victoria Star Motors, Inc.	Pfaff Automotive Partners Inc.	04/07/2018	-
Navacord Inc.	Madison Dearborn Partners, LLC	04/07/2018	-
Adriatic Insurance Brokers And Magermans & Raes Insurance Brokers And Insurance Protection Group	Canada Brokerlink Inc.	04/07/2018	-
Chemicals Distribution Business of Canada Colors	Brenntag AG (XTRA:BNR)	03/07/2018	-
John Bob Farm Equipment	Rocky Mountain Dealerships Inc. (TSX:RME)	03/07/2018	13
Portable Storage Business in Ontario	StorageVault Canada Inc. (TSXV:SVI)	03/07/2018	-
Sigma Industries Inc.	NanoXplore, Inc. (TSXV:GRA)	03/07/2018	30