

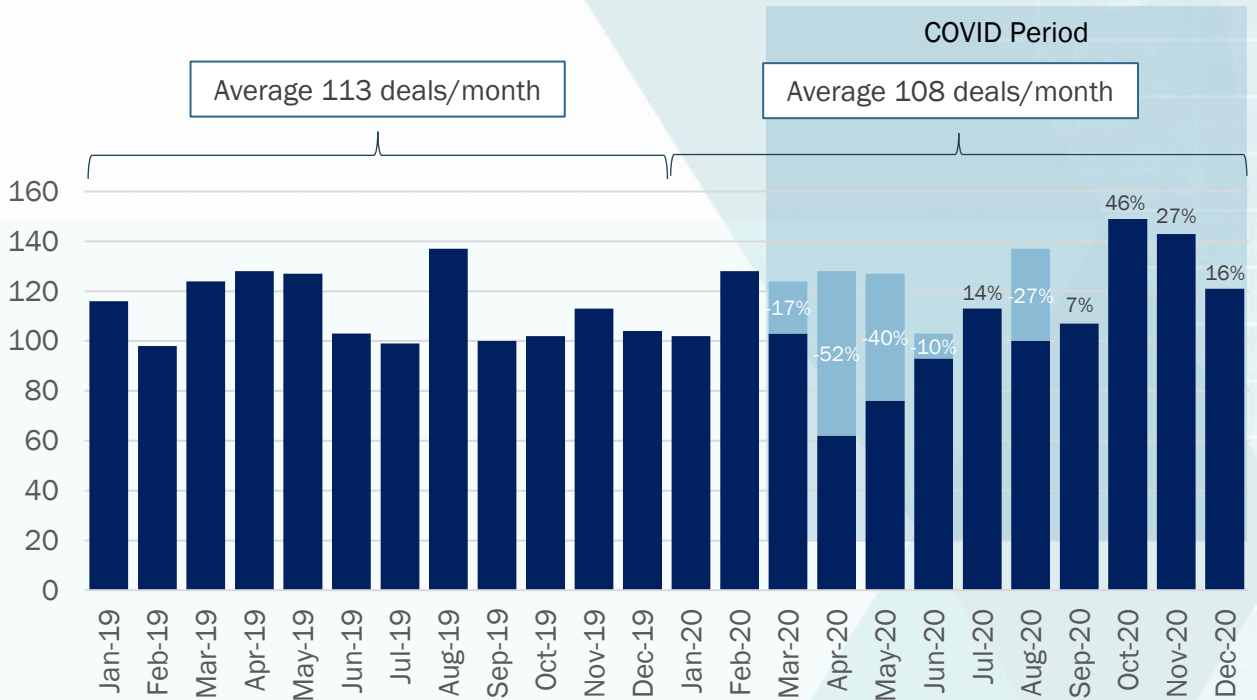


Value & Market Insights

2020 | Q4

Deal Volume

Canadian Transaction Volume ⁽¹⁾

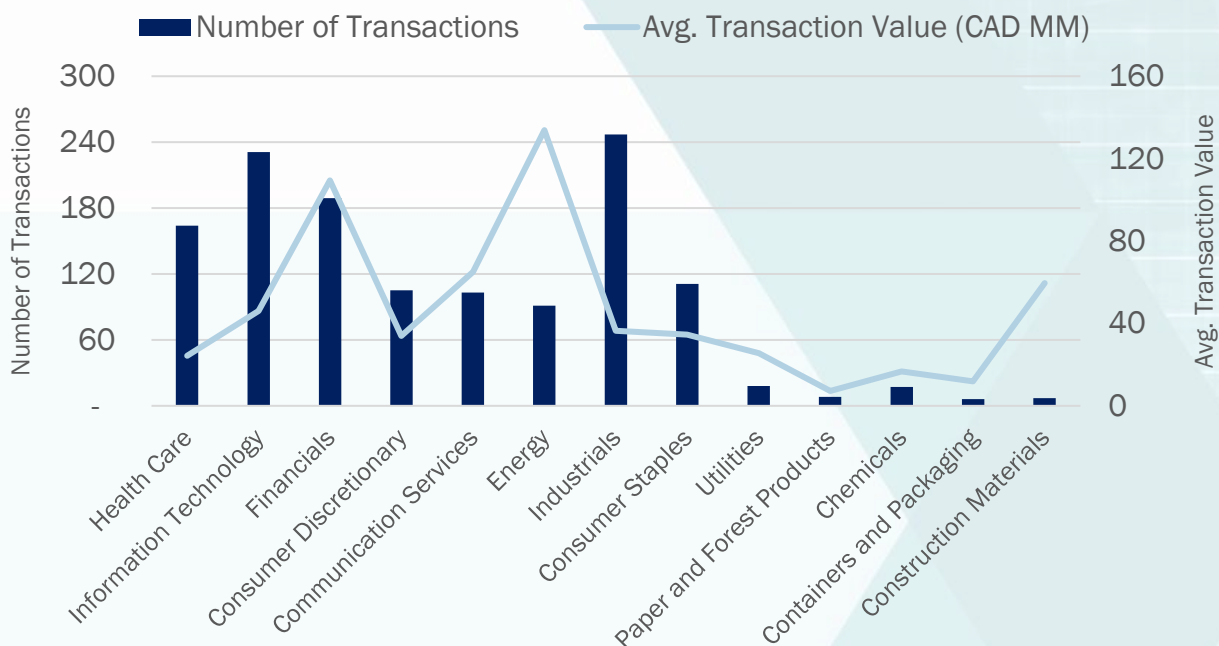


COVID-19 and the uncertainty it created resulted in a significant drop in Q1 and Q2 deal activity. Q3 showed signs of recovery, with Q4 resulting in a record number of transactions despite the second wave of COVID-related lockdowns and restrictions. The strong market reflected a backlog of deals that should have closed in Q1 and Q2 as paused deals were re-engaged and new deals were sourced.

2020 deal volumes remained surprisingly strong despite the impact of the pandemic, with an average of 108 deals/month compared with 113 deals/month in 2019. We saw momentum grow in Q4 2020 and anticipate continued strong volumes in 2021 as the transaction market continues its recovery.

Industry Overview

2020 Canadian Transactions By Industry⁽¹⁾



2020's Most Active Industries⁽¹⁾

Industry	2020 Transaction Volume					Average EV/EBITDA ⁽³⁾
	Q1	Q2	Q3	Q4	Total	
Industrials	79	31	57	80	247	8.6x
Information Technology	59	38	59	75	231	11.4x
Financials	38	34	51	66	189	ND⁽²⁾
Health Care	36	41	35	52	164	17.0x
Consumer Staples	32	23	23	33	111	10.8x
Consumer Discretionary	27	10	33	35	105	11.2x

(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

Industry Overview

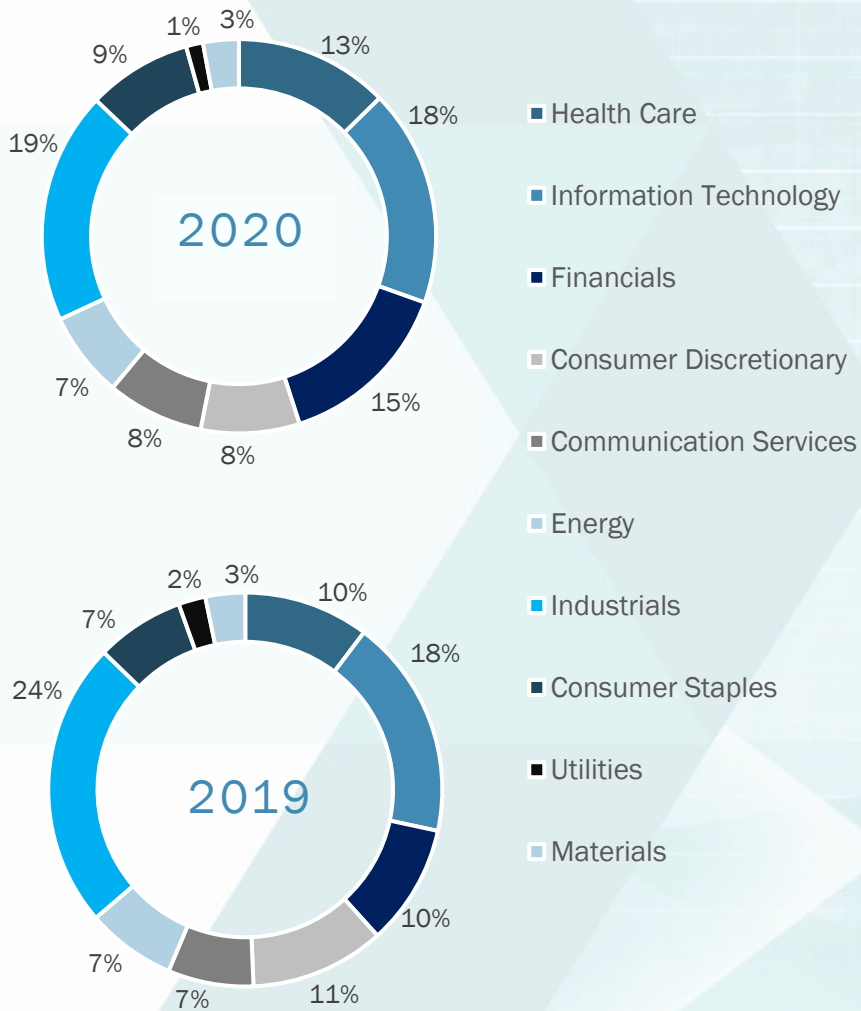
Canadian 2020 Transaction By Industry⁽¹⁾

2020 was anything but ordinary, and a shift in transactions by industry illustrated some significant trends during the year.

There was notable growth in the Financials sector, accounting for 15% of transactions during 2020, compared to just 10% in 2019. This industry was able to pivot easily to a remote workforce model allowing for business to continue as usual resulting in more stable performance through COVID.

Industrials and Consumer Discretionary deal volume contracted during 2020, presenting a softening in businesses that require heavy capital investment and non-essential spending by consumers.

Lastly, Health Care transactions increased 3% as the focus shifted towards deals that place health and wellness at the forefront.



Buyer Profile

Canadian Transaction By Buyer Location⁽¹⁾

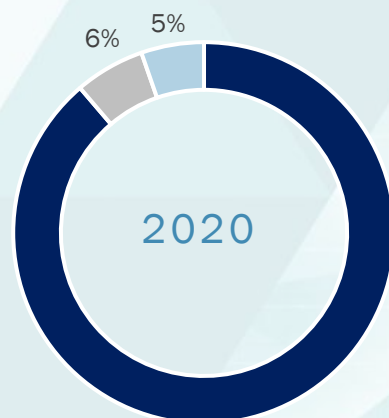
Buyer Location	2020 Q3 (Count)	2020 Q3 (%)	2020 Q4 (Count)	2020 Q4 (%)
Western Canada	86	27%	110	27%
Eastern Canada	103	32%	140	34%
USA	62	20%	77	19%
International	36	11%	43	10%
Not Disclosed	33	10%	43	10%
Total	320	100%	413	100%

Domestic buyers continue to be the largest acquirer of Canadian-based businesses. Q4 2020 experienced an increase of 2% for domestic purchasers, potentially highlighting the logistics challenges for cross-border transactions during COVID.

Canadian Transaction By Buyer Type⁽¹⁾

Consistent with 2019, announced and closed deals with a Canadian target were heavily weighted towards Strategic purchasers during 2020. This is surprising, as it was forecasted that opportunistic PE, loaded with record levels of dry powder, would steal the show in late 2020. This suggests that Strategic acquirors with slower organic growth are looking to bolster results through acquisitions.

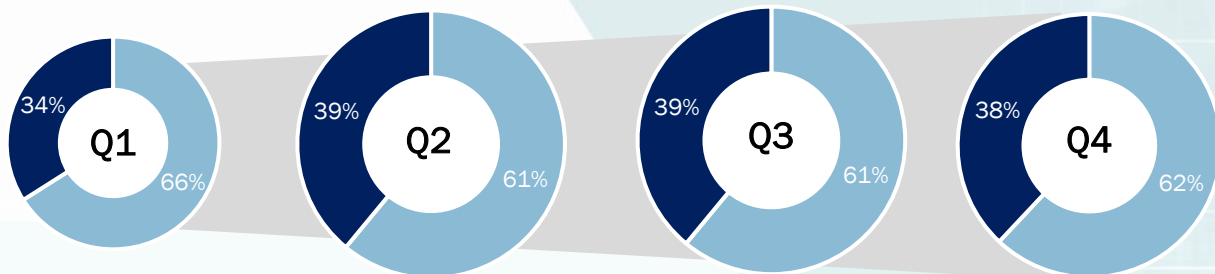
Buyer Type	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Strategic	89%	90%	89%	88%
Financial	6%	5%	6%	6%
Not Disclosed	5%	5%	5%	6%



■ Strategic Buyer ■ Financial Buyer ■ Not Disclosed

Seller Profile

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



■ Western Canada
■ Eastern Canada

Throughout 2020 the market continued to see an increase in deal volume in Western Canada. Western Canadian deals made up 34%, 39%, 39%, and 38% in Q1, Q2, Q3, and Q4, respectively.

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

Seller Location	2020 Q3 (Count)	2020 Q3 (%)	2020 Q4 (Count)	2020 Q4 (%)
British Columbia	152	60%	227	61%
Alberta	85	33%	114	31%
Saskatchewan	5	2%	10	3%
Manitoba	12	5%	19	5%
Total	157	100%	249	100%
Largest Transactions ⁽⁴⁾	\$1.0B acquisition of Calfrac Well Services Ltd. (TSX:CFW) by THRC Holdings LP (Alberta Target)		\$1.2B acquisition of People Corporation by West Street Capital Partners VII Investments, L.P. (Subsidiary of Goldman Sachs Group Inc. and Broad Street Principal Investments, L.L.C.)	

Q4 saw significant growth in deal activity in Western Canada (a 31% increase). British Columbia and Alberta continue to have the most sellers in the Western Canadian provinces, making up 61% and 31%, respectively.

Notable Canadian Transactions

Select Q4 2020 Industrial and Diversified Deals in Western Canada			
Date	Target	Target Prov.	Buyer
10/1/2020	BURNCO Landscape Centres Inc.	AB	SiteOne Landscape Supply, Inc. (NYSE:SITE)
10/2/2020	Paul's Hauling Ltd.	MB	RTL-Westcan Group of Companies
10/14/2020	IPAC Investments	AB	Strait Group Ltd.
10/15/2020	Whitecap Environmental Services Inc.	BC	Environmental 360 Solutions Inc.
10/25/2020	Husky Energy Inc.	AB	Cenovus Energy Inc. (TSX:CVE)
10/27/2020	Valley Gravel Sales Ltd.	BC	Summit Materials, Inc. (NYSE:SUM)
11/1/2020	Verdient Foods Inc.	SK	Ingredion Incorporated (NYSE:INGR)
11/4/2020	Jupiter Resources Ltd.	AB	Tourmaline Oil Corp. (TSX:TOU)
11/4/2020	Modern Resources Inc.	AB	Tourmaline Oil Corp. (TSX:TOU)
11/9/2020	US Operations of Entrec Cranes & Heavy Haul, Inc.	AB	ProLift Rigging LLC
11/9/2020	Echo NDE	AB	Rockwood Service Corporation
11/16/2020	TransCanada Turbines Ltd.	AB	TC Energy Corporation (TSX:TRP)
11/27/2020	Holy Crap Brands Inc. (OTCPK:NHMP.F)	BC	Plant & Co. Brands Ltd. (CNSX:VEGN)
12/2/2020	Diamond Insurance Agencies Ltd	AB	Westland Insurance Group Ltd.
12/8/2020	TORC Oil & Gas Ltd. (TSX:TOG)	AB	Whitecap Resources Inc. (TSX:WCP)
12/14/2020	People Corporation (TSXV:PEO)	MB	West Street Capital Partners VII Investments, L.P.
12/16/2020	Tilray, Inc. (NasdaqGS:TLRY)	BC	Aphria Inc. (TSX:APHA)
12/16/2020	Versacold International Corporation	BC	TorQuest Partners, Inc.; Investment Management Corporation of Ontario; The OPSEU Pension Trust
12/30/2020	Tundra Process Solutions Ltd.	AB	Wajax Corporation (TSX:WJX)

Our Team

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Sequeira Update



Q4 2020 had plenty of things to celebrate. In addition to the closing of 3 transactions, we celebrated with our Associates, Tannie Lam and David Cameron who received their Chartered Business Valuator designations.



As well, our client Carl Vanderspek was awarded ACG British Columbia's 2020 deal of the year award. Kellie Manchester, Partner, advised Carl on the sale of his company, Trailer Wizards, to TIP Trailer Services in December 2019.

Congratulations to all!

Transactions in Q4

Advisor to



on the sale to



Sales Agent to



on the sale of its USA subsidiary, ENTREC Cranes & Heavy Haul Inc. to



Advisor to



on the sale to



About Us

Sequeira Partners is Western Canada's leading sell-side transaction advisor to private and public industrial, energy and diversified businesses. From our offices in Vancouver, Edmonton and Calgary, the team at Sequeira Partners has completed more than 200 mid-market transactions in Canada, the United States, and countries around the world. www.sequeirapartners.com.

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