

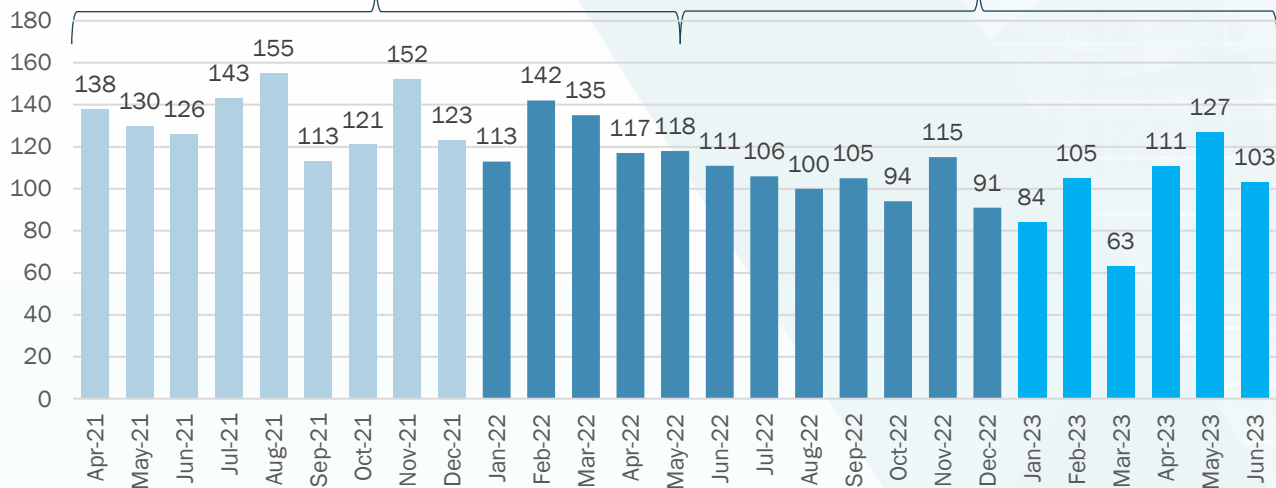


# Value & Market Insights

2023 | Q2

# Deal Volume

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



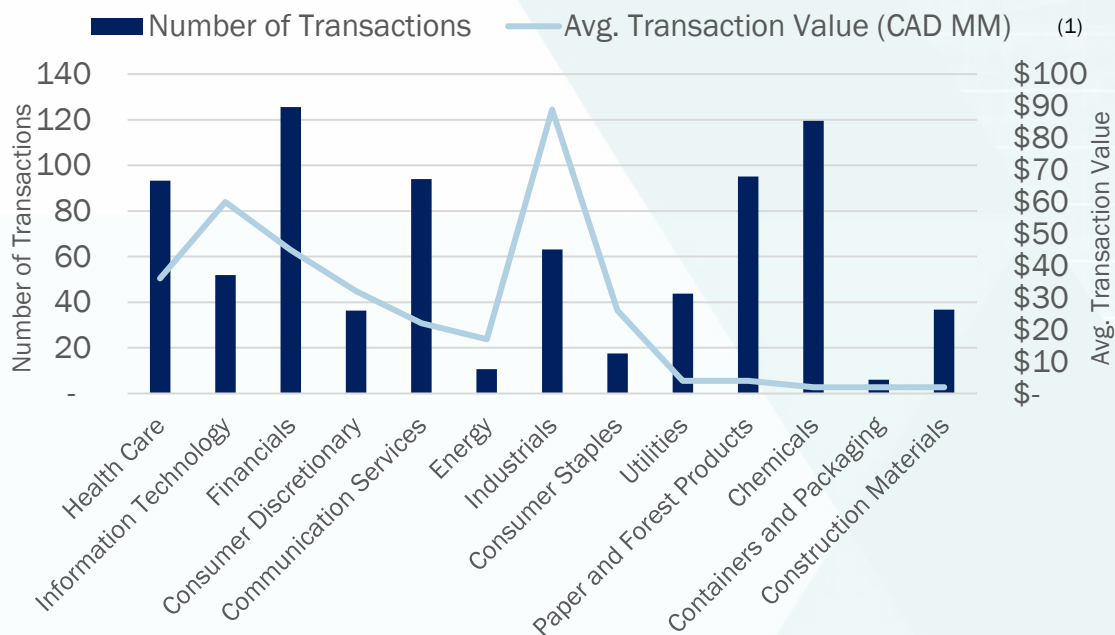
The big takeaway from reviewing Q2 2023's results is the return of transaction volume. 2022 showed a steady downward trend month-over-month in terms of number of deals completed. The first quarter of 2023 remained soft; however, Q2 2023 returned with strong performance averaging 114 deals a month. Deal volume for Q2 of 2023 resembles the volume in Q2 of 2022.

One reason for the number of transactions returning is a steadying of interest rates. In Canada, the bank rate grew from 0.5% in January 2022 to 4.5% by the end of 2022<sup>2</sup>. Investors predicted the Bank of Canada will slow its pace of interest rate hikes in 2023. The increase in perceived stability provided visibility to buyers.

Buyers remain interested in continuing to acquire in order to continue pursuing M&A growth strategies. With that said, some buyers have shown increased discipline in their valuations and willingness to pay a premium.

# Industry Overview

## Q2 2023 Canadian Transactions By Industry<sup>(1,2)</sup>



## Q2 2023's Most Active Industries<sup>(1,2)</sup>

Industry	2023 Transaction Volume		Average Transaction Value <sup>(2)</sup>
	Q2		
Industrials	89		\$63.2M
Information Technology	60		\$51.9M
Financials	45		\$125.6M
Healthcare	36		\$93.3M
Consumer Discretionary	32		\$36.4M
Communication Services	22		\$94.0M

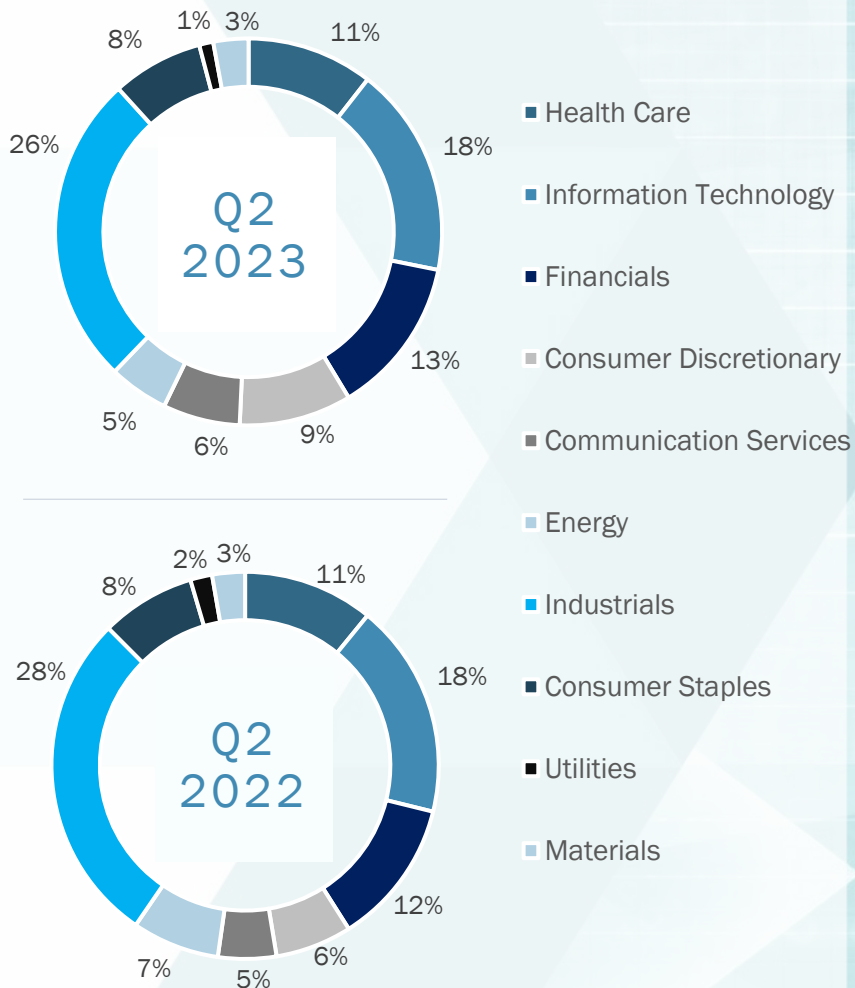
# Industry Overview

## Canadian Q2 2023 Transactions By Industry<sup>(1)</sup>

Despite minor fluctuations in specific sectors, the overall landscape between Q2 2023 and Q2 2022 remained relatively stable during this period.

The Industrials sector, which held a dominant position in both quarters, witnessed a marginal decline in the number of transactions from 97 to 89. However, this decrease does not indicate a significant shift in the sector's overall performance as industrials still accounted for 28% and 26% of total transactions in Q2 2022 and Q2 2023, respectively.

Other larger sectors including Information Technology, Financials, and Health Care remained consistent.



# Buyer Profile

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

Buyer Location	Q2 2022 (Count)	Q2 2022 (%)	Q2 2023 (Count)	Q2 2023 (%)
Western Canada	73	22%	76	22%
Eastern Canada	123	38%	98	29%
USA	75	23%	85	25%
International	36	11%	43	13%
Not Disclosed	19	6%	39	11%
<b>Total</b>	<b>326</b>	<b>100%</b>	<b>341</b>	<b>100%</b>

Domestic parties still emerge as the largest group of acquirers. Canadian buyers accounted for 60% of transactions in 2022, which decreased slightly to 51% in 2023, indicating a continued emphasis on domestic acquisitions. Additionally, there has been a notable increase in interest from U.S. buyers, highlighting the growing attraction of the Canadian market to U.S. investors.

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

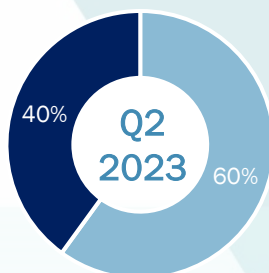
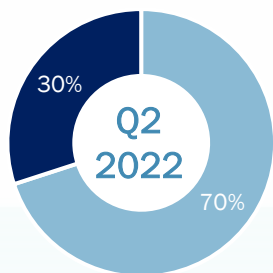
Strategic acquirers remained the dominant buyer type through Q2 2023. With an increased interest rate environment, the quarter saw a slight increase of financial buyers from 5% to 6%.

Buyer Type	Q2 2022	Q2 2023
Strategic	90%	89%
Financial	5%	6%
Not Disclosed	5%	5%



# Seller Profile

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



■ Western Canada  
■ Eastern Canada

Historically, Eastern Canadian companies make up the majority of sellers in Canada. Western Canadian sellers were more active during this period, making up 40% of deals overall compared to 30% last year.

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

Seller Location	Q2 2022 (Count)	Q2 2022 (%)	Q2 2023 (Count)	Q2 2023 (%)
British Columbia	42	52%	57	51%
Alberta	30	38%	39	35%
Saskatchewan	3	4%	4	4%
Manitoba	5	6%	11	10%
<b>Total</b>	<b>80</b>	<b>100%</b>	<b>111</b>	<b>100%</b>
Notable Transactions <sup>(4)</sup>	\$6.1B acquisition of Total E&P Canada Ltd by Suncor Energy Inc.		\$1.2B acquisition of Absolute Software Corporation (TSX:ABST) by Crosspoint Capital Partners LP.	

Q2 2023 showcased a notable uptick in deal volume, with 346 transactions compared to 341 deals in Q2 2022. This increase reflects a growing momentum in the industry, indicating heightened business activity and investor confidence. Notably, British Columbia and Alberta played a significant role in driving the increased transaction activity in Western Canada, highlighting the potential resurgence and investment potential in these provinces.

# Notable Western Canadian Transactions

## Select Q2 2023 Deals in Western Canada

Date	Target	Target Prov.	Buyer
4/03/2023	WonderFi Technologies Inc.	BC	Coinsquare Ltd./CoinSmart Financial Inc.
4/17/2023	Westland Insurance Group Ltd.	BC	BroadStreet Partners Inc.
4/24/2023	SeaFirst Insurance Brokers Ltd.	BC	Navacord Inc.
4/26/2023	Total E&P Canada Ltd.	AB	Suncor Energy Inc.
5/01/2023	Siemens Transportation Group Inc.	SK	TFI International Inc.
5/03/2023	Matrix Solutions Inc.	AB	Montrose Environmental Group, Inc.
5/04/2023	Pro-Western Plastics Ltd.	AB	Berry Global Group Inc.
5/11/2023	Absolute Software Corporation	BC	Crosspoint Capital Partners, LP
5/26/2023	Surmont Oilsands Project	AB	ConocoPhillips
5/30/2023	Thompson Construction Group	AB	Hillcore Group
6/13/2023	Drayden Insurance Ltd	AB	McDougall Insurance Brokers Limited
6/13/2023	Value Partners Group Inc.	MB	The Canada Life Assurance Company

# Recent Transactions

Advisor to



on the sale to



Sequeira Partners is proud to have acted as the exclusive financial advisor to Thompson Construction Group on their recent transaction with Hillcore. The sale will help facilitate the next phase of growth for Thompson while allowing the Company to continue its long-standing history of operational excellence, safety, and quality services.

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

## About Us

Sequeira Partners is Western Canada's leading sell-side transaction advisor to private and public industrial, energy services, business services, manufacturing and insurance 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](http://www.sequeirapartners.com).

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