

DEALS WEST

WESTERN CANADA'S CORPORATE TRANSACTION QUARTERLY



Active Start to the Year for Capital West

IN THIS ISSUE

Active Start to the Year for Capital West

Record-Low Borrowing Costs Open Doors for Soaring Valuations

Q2 2017 Mid-Market M&A Review



Sale to an investment consortium led by Prospero

- Thunderbird Marine Corp., a family run business, is the largest and oldest marina operator in BC, with locations in West Vancouver and Sidney on Vancouver Island
- Prospero International is an integrated real estate management & development company located in Vancouver
- Capital West Partners acted as exclusive financial advisor to Thunderbird on the transaction



Sale to Speyside Equity

- McGregor & Thompson Hardware is a manufacturer and value added distributor of doors, frames, finishing hardware & access control devices
- Speyside Equity is a private equity firm based in Ann Arbor, Michigan and has been operating since 2005
- Capital West Partners acted as exclusive financial advisor to McGregor & Thompson on the transaction



Senior Debt Financing

- R2P Pet is a leading developer and supplier of dog and cat toys, beds and accessories to retailers worldwide
- Completed senior debt financing to fund R2P's growth
- Capital West Partners acted as exclusive financial advisor to R2P on the financing



Sale of master franchise to SEB

- Maple Bear Global Schools and its joint venture partner sold the master franchise for Maple Bear private schools in Brazil to Grupo SEB, a leading business in the education sector in Brazil
- Maple Bear operates in over 10 countries, has over 20,000 students, and will continue to own the Maple Bear brand worldwide
- Capital West Partners acted as the exclusive financial advisor to Maple Bear on the transaction

Record-Low Borrowing Costs Open Doors For Soaring Valuations

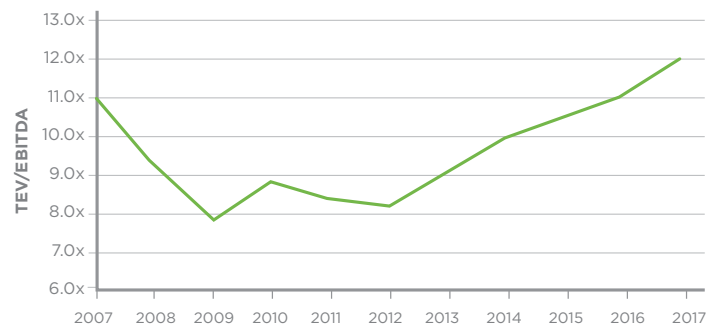
Since the global financial crisis, public company valuation multiples have increased at a healthy pace as illustrated by S&P 500 companies currently trading at 12x EBITDA - the highest valuation point in the last 10 years.

The strength of the overall market is indicative of a market that continues to display characteristics favourable for M&A transactions.

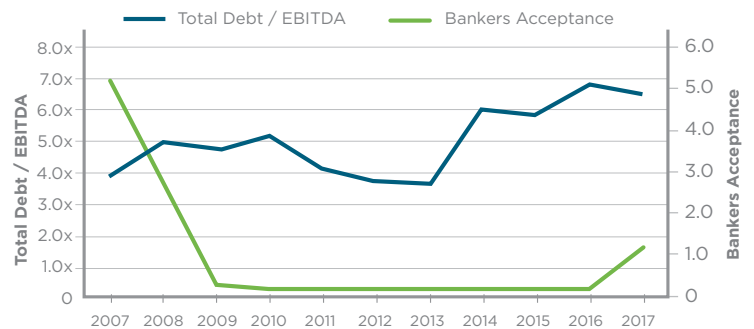
Low cost of capital has been the underlying factor driving M&A activity and company valuations over the past 10 years. In addition, banks and other lending institutions have become even more aggressive as they compete to deploy capital. This has resulted in M&A transaction leverage multiples in North America exceeding pre-2008 levels. Financial sponsors (including pension funds and private equity firms) have transitioned to leveraged capital structures with reduced equity contributions, allowing private equity firms to outbid strategic buyers on a more frequent basis.

While there are anticipated increases in borrowing rates forecasted by the US Federal Reserve, the overall cost of borrowing continues to be near historic lows which provides optimal financing conditions for continued M&A activity.

Valuation of S&P 500 Companies



Leverage Used for M&A Transactions in North America



Q2 2017 Mid-Market M&A Review

MID-MARKET TRANSACTIONS IN WESTERN CANADA

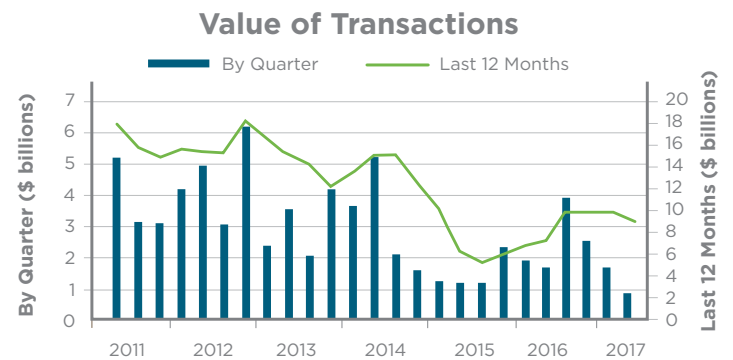
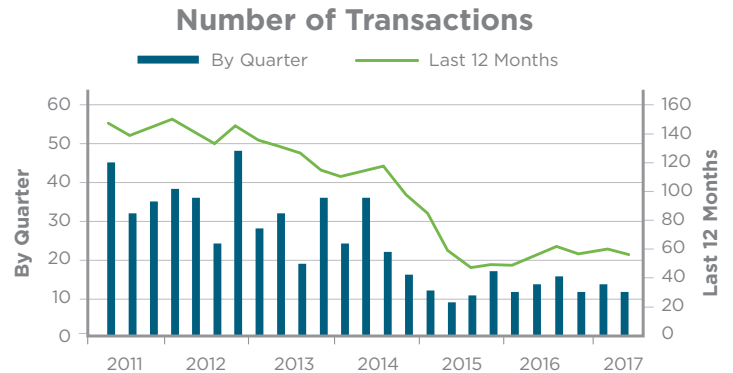
Mid-market M&A activity in Western Canada slowed slightly in the second quarter of 2017. Deal volume in Q2 2017 decreased 14% (12 transactions in Q2 2017 compared to 14 in Q1 2017). Compared to Q2 2016, mid-market transaction volume in Q2 2017 decreased by 14%, while transaction values decreased by 45%. The decrease is driven primarily by lower M&A activity in the resource and real estate sectors compared to Q2 2016.

Excluding resource and real estate transactions, M&A activity in Q2 2017 increased by 50% compared to Q2 2016, indicating strong deal activity in other prevalent industries such as healthcare and business services.

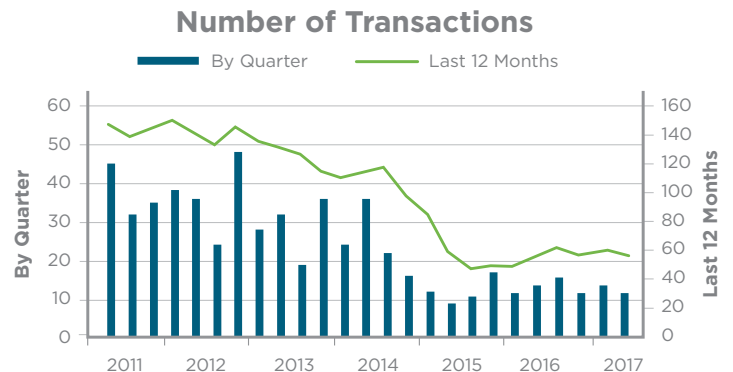
MID-MARKET TRANSACTIONS IN CANADA

Mid-market activity in Canada decreased slightly in Q2 2017, down 11% by volume and 19% by value compared to Q2 2016. A slowdown in deal activity in the real estate sector accounted for the majority of the reduction.

MID-MARKET ACQUISITIONS IN WESTERN CANADA (\$25 million - \$500 million)

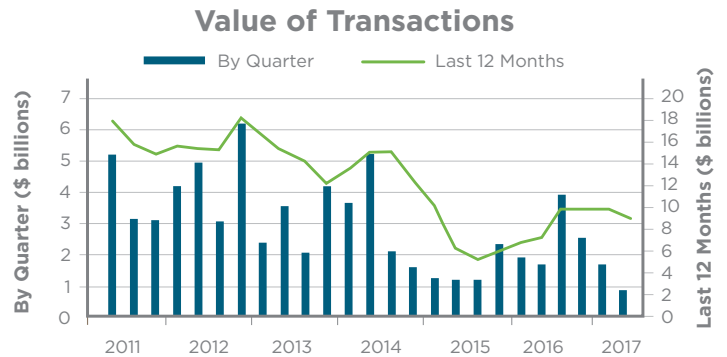


MID-MARKET ACQUISITIONS IN CANADA (\$25 million - \$500 million)



Mergers & Acquisitions Review (continued)

Excluding resource and real estate transactions, M&A activity in Q2 2017 increased by 27% compared to Q2 2016, while transaction values increased by 7%. This demonstrates the strong deal activity within other Canadian sectors, most notably the forestry & paper products and healthcare industries.

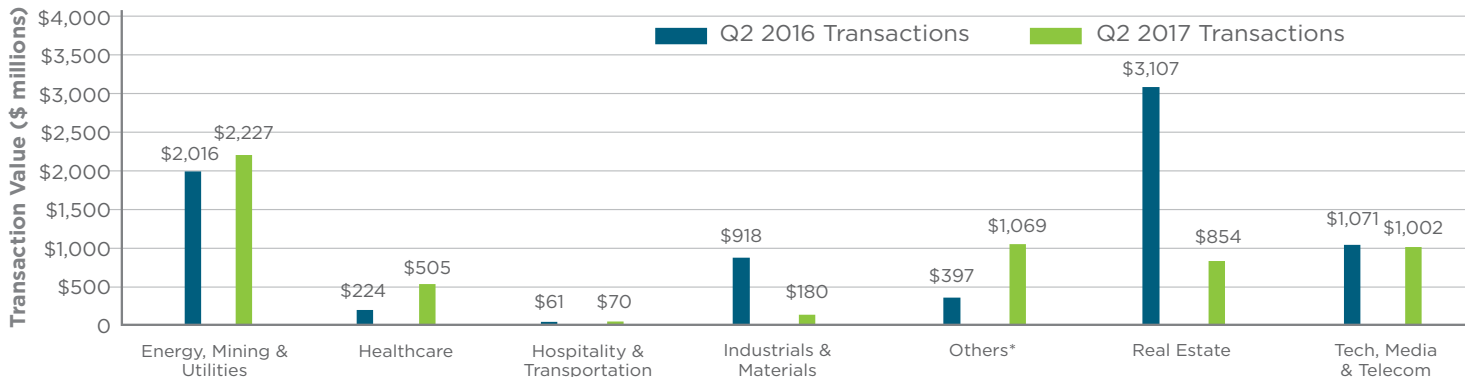


Q2 2017 AND Q2 2016 MID-MARKET TRANSACTION COMPARISON IN CANADA

By industry, M&A activity in the energy, mining & utilities sectors increased by 10% on a year over year basis. Other sectors with increased activity in Q2 2017 were the forestry & paper products, healthcare and financial industries.

The sector that experienced the largest decline in deal activity in Q2 2017 was real estate, decreasing by 73% compared to Q2 2016, driven primarily by the \$2.1B acquisition of Invest REIT by Bluesky Hotels & Resorts in Q2 2016. Other sectors with declines in deal activity in Q2 2017 include the industries & materials and tech, media & telecom industries, decreasing by 80% and 7% respectively.

Q2 2017 vs. Q2 2016 Middle Market Transactions Value (\$millions)



* Other includes Financials, Food & Beverage, Forestry & Paper Products, and Hospitality & Transportation sectors

Mergers & Acquisitions Review (continued)

CANADIAN DEALS BY INDUSTRY

The top ten M&A deals in Canada in Q2 2017 involved several industry sectors, with energy, mining, & utilities being the most prevalent. The most notable deal in the table below was the acquisition of Veresen by Pembina Pipeline Corporation, giving the Canadian pipeline operator access to natural gas pipelines, processing infrastructure and a strong position in the Western Canadian Sedimentary Basin.

Top 10 Canadian Deals in Q2 2017

Date	Industry	Target	Buyer	Value (\$mm)
May 01	Energy, Mining & Utilities	Veresen	Pembina Pipeline Corporation	\$ 7,814
Apr 18	Energy, Mining & Utilities	Chevron Canada R&M ULC	Parkland Fuel Corporation	\$ 1,646
May 25	Forestry & Paper Products	Tembec	Rayonier Advanced Materials	\$ 1,130
Jun 19	Healthcare	Novadaq Technologies	Stryker Corporation	\$ 925
May 01	Tech, Media & Telecom	Cambridge Global Payments	FleetCor Technologies	\$ 921
Apr 27	Industrials & Materials	Canam Group	American Industrial Partners	\$ 886
Jun 09	Energy, Mining & Utilities	CQ Energy Canada Partnership	Maple Marathon Investments	\$ 722
Apr 10	Energy, Mining & Utilities	Cona Resources	Waterous Energy Fund	\$ 607
Apr 27	Industrials & Materials	Lumenpulse Group	Power Energy Corporation	\$ 591
Jun 27	Tech, Media & Telecom	Sandvine Corporation	Francisco Partners Management	\$ 548