

DEALS WEST

WESTERN CANADA'S CORPORATE TRANSACTION QUARTERLY



Active Start to the Year for Capital West

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Active Start to the Year for Capital West

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
- Combined both marinas have over 1,100 boat slips, able to accommodate powerboats and sailboats up to 80 ft, sizeable commercial boat yards and a successful yacht brokerage division
- Prospero International is an integrated real estate management & development company located in Vancouver
- Capital West Partners acted as exclusive financial advisor to Thunderbird Marine Corp. on the transaction



McGREGOR GROUP

sale to
Speyside Equity

- McGregor & Thompson Hardware is a manufacturer and value added distributor of doors, frames, finishing hardware & access control devices for multiple markets
- Located in BC, Alberta and Washington State, McGregor & Thompson is a leader in Western Canada and US Pacific Northwest
- 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, a leading developer and supplier of dog and cat toys, beds and accessories to retailers worldwide, has complete a senior debt financing to fund growth
- Capital West Partners acted as exclusive financial advisor to R2P Pet on the financing



sale master franchise to
SEB

- Maple Bear Global Schools and its joint venture partner have 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 is a global franchise of private education curriculum and programs from pre-school to grade 12
- Headquartered in Vancouver, Maple Bear operates in over 10 countries and 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

Q2 2017 Mid-Market M&A Review

SUBHEAD TO COME

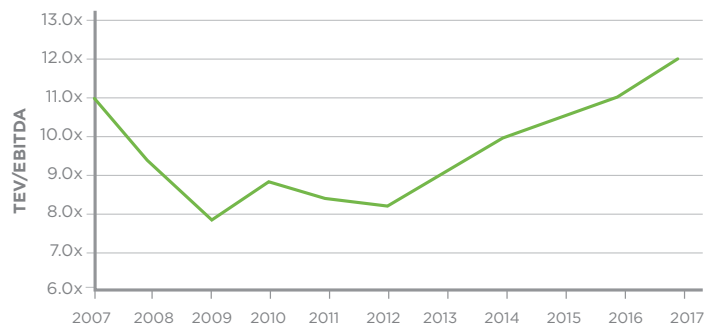
Since the global financial crisis, public company valuation multiples have increased at a healthy pace as illustrated by S&P 500 companies currently trading at 12x - the highest valuation point for the past 10 years.

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

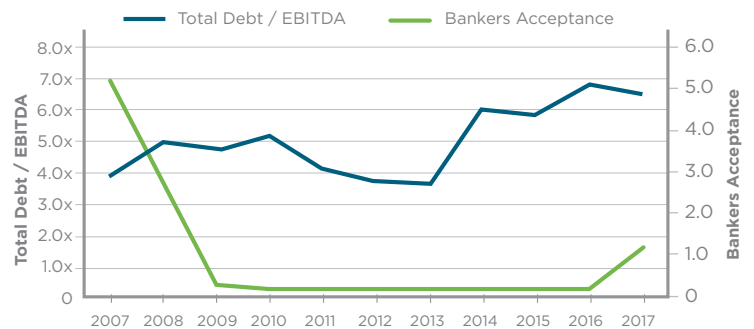
Historically low cost of capital levels has been the underlying factor driving the M&A activity and public company valuations over the past 10 years - this is demonstrated by average bankers acceptance rate of 33bps since 2009. In addition, banks and other lending institutions have become even more aggressive as they compete to deploy capital. This has resulted in total debt multiple used for M&A transactions in North America exceeding pre-financial crisis levels, increasing by 2.5 turns over a 10 year period. Financial sponsors (including pension funds and private equity firms) have transitioned to leveraged capital structures with reduced equity contribution levels, which has allowed private equity firms to outbid strategic buyers at times.

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

Valuation of S&P 500 Companies



Leverage Used for M&A Transaction in North America



Mergers & Acquisitions Review (continued)

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%, driven primarily by a decrease in M&A activity in the resource extraction and real estate sectors.

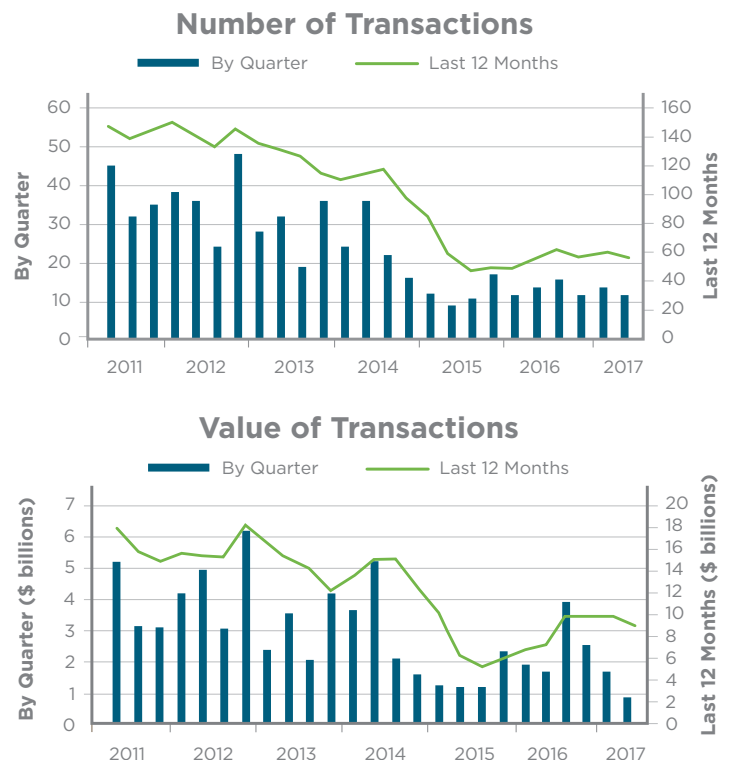
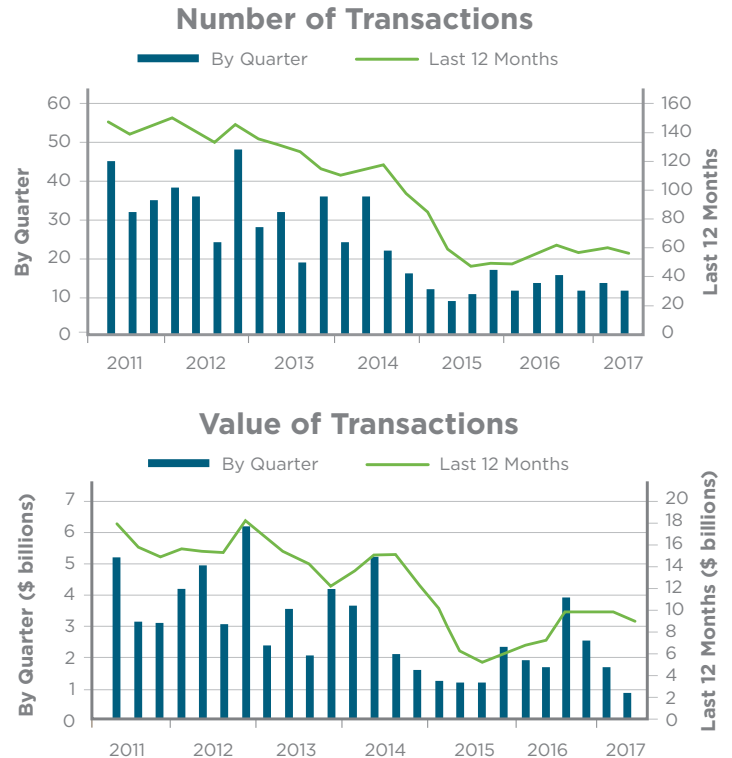
Excluding resource extraction and real estate transactions, M&A activity in Q2 2017 increased by 50% compared to Q2 2016, indicating strong deal activity within other prevalent industries such as healthcare and education services.

MID-MARKET TRANSACTIONS IN CANADA

Canadian M&A activity maintained its positive momentum while aggregate deal value softened. Compared to Q2 2016, mid-market activity in Canada decreased slightly in Q2 2017, down 11% by volume and 19% by value in Q2 2017. A slowdown in deal activity primarily in the real estate sector accounted for the majority of the reduction in deal value.

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

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



Mergers & Acquisitions Review (continued)

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

MID-MARKET TRANSACTIONS IN NORTH AMERICA

North American mid-market M&A activity in Q2 2017 decreased 7% by volume (773 deals in Q2 2016 to 716 transactions in Q2 2017) while the total value of transactions decreased 15% compared to Q2 2016.

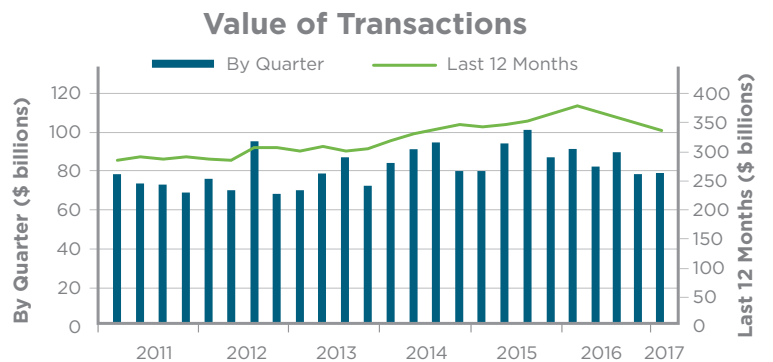
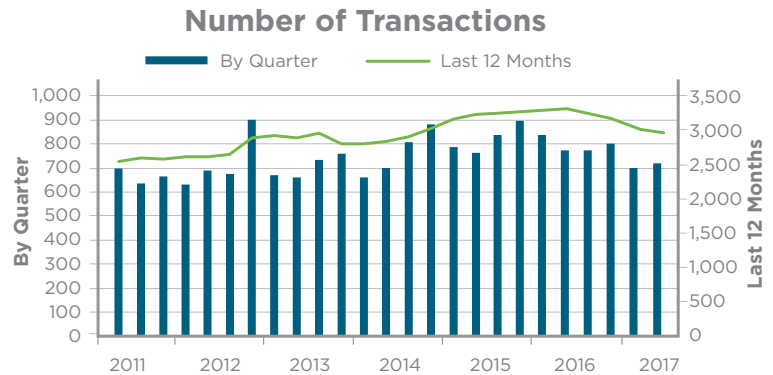
On a quarterly basis, mid-market M&A activity in North America increased 2% by volume in Q2 2017 compared to Q1 2017.

Over the last 12 months, M&A activity in the North American mid-market remained robust, with deal value in the last twelve months totalling over \$326 billion.

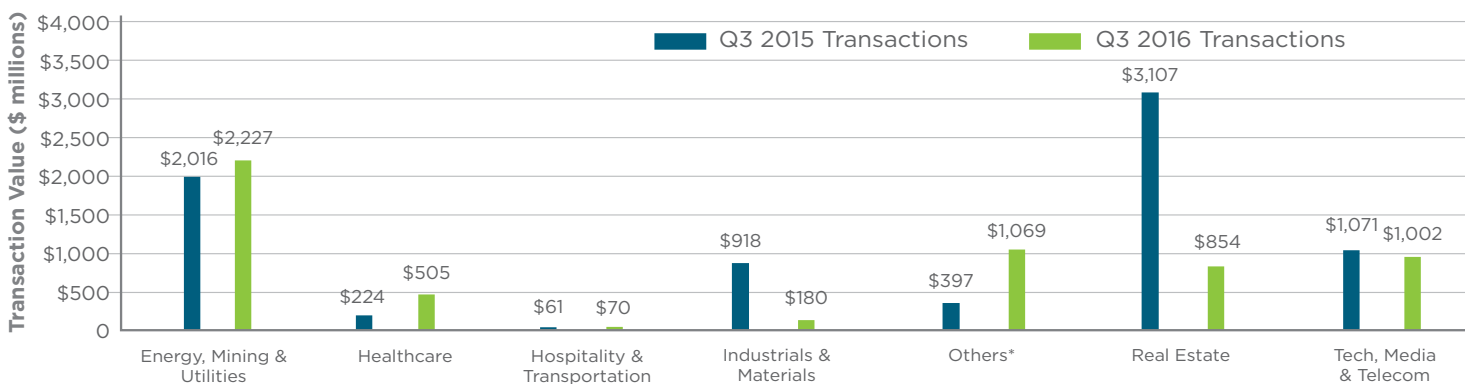
Q2 2017 AND Q2 2016 MID-MARKET TRANSACTION COMPARISON IN CANADA

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 is real estate, decreasing by 73% compared to Q2 2016, driven primarily by tightening regulations on foreign investors. 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 common. 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

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