

IN THIS ISSUE

Q1 2025 Mid-Market M&A Update

Tariffs and M&A: Impacts and Opportunities

New Additions to Capital West

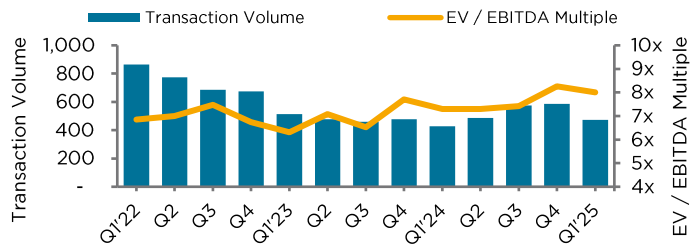
Industry Insights: Insurance Brokerages

Q1 2025 Mid-Market M&A Update

MID-MARKET M&A TRANSACTIONS IN NORTH AMERICA

- Despite tariff uncertainties, both transaction volumes and deal multiples remained solid in Q1'25
- Average EBITDA multiples remained consistent in Q1'25 at 8.0x, decreasing only slightly from 8.3x in Q4'24
- Transaction volumes in Q1'25 were 472, up 11% from Q1'24

MID-MARKET TRANSACTION VOLUME & AVERAGE EBITDA MULTIPLES (C\$10M TO C\$500M)

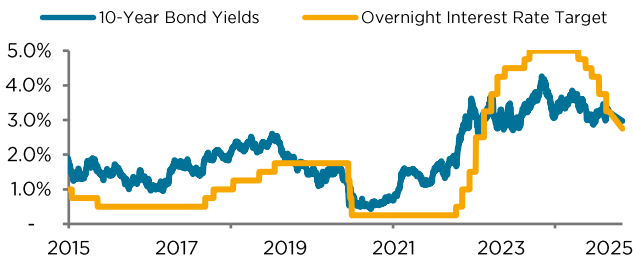


Source: Capital IQ

INTEREST RATES & INFLATION

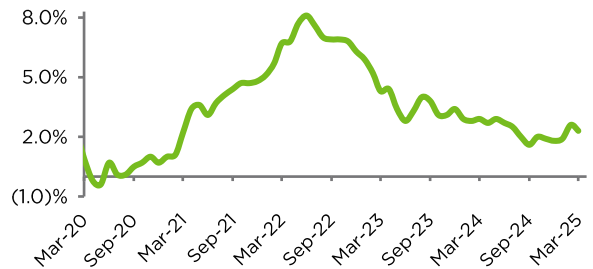
- The Bank of Canada (“BoC”) lowered interest rates by 0.5% in Q1'25 to 2.75% as a result of slowing inflation and economic uncertainties caused by new US tariffs
- In April 2025, the BoC held rates, but economists anticipate further cuts this year
- Government of Canada 10-year bond yields decreased by 0.26% during the quarter, closing at 2.97% at March 31, in anticipation of lower economic growth and expected further interest rate cuts
- Canadian inflation remained low in March 2025 at 2.3%, up moderately from 1.8% for December 2024 although December inflation was artificially low due to the impact of the GST/HST break which was in effect from December 14, 2024 to February 15, 2025

GOVERNMENT OF CANADA 10-YEAR BOND YIELD & DAILY OVERNIGHT TARGET RATE



Source: Bank of Canada

CANADIAN CONSUMER PRICE INDEX 12-MONTH % CHANGE



Source: Bank of Canada

Q1 2025 Mid-Market M&A Update (Continued)

TOP 10 M&A DEALS IN WESTERN CANADA

The top 10 Western Canadian M&A deals in Q1'25 were led by the commodity sector making up 6 of the 10 largest deals. The largest deal was the acquisition of Calgary-based Nova Chemicals for \$13.5B by Borouge Group International - a newly formed entity controlled by Austrian-based OMV and the Abu Dhabi National Oil Company.

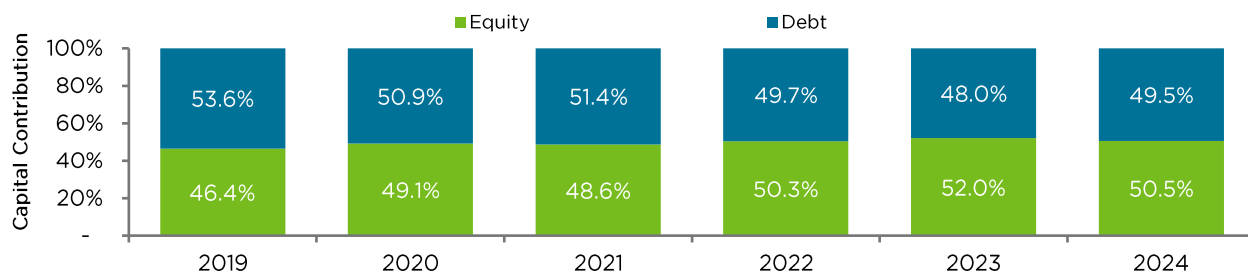
TOP 10 PUBLICLY ANNOUNCED WESTERN CANADIAN DEALS IN Q1 2025

Date	Industry	Target	Target HQ	Buyer	Value (C\$M)
Mar 3	Chemicals	Nova Chemicals	Calgary, AB	Borouge Group International	13,532
Mar 10	Oil and Gas	Veren	Calgary, AB	Whitecap Resources	6,104
Feb 23	Mining	Calibre Mining	Vancouver, BC	Equinox Gold	3,068
Feb 19	Oil and Gas	Pembina Oil Field from Obsidian Energy	Calgary, AB	InPlay Oil	299
Mar 27	Mining	Copper Mountain Mine from Mitsubishi Materials	Vancouver, BC	Hudbay Minerals	211
Feb 10	Real Estate	Portfolio of Rental Properties in Alberta	Edmonton, AB	Canadian Apartment Properties REIT	79
Jan 31	Oil and Gas	Natural Gas Facility in Alberta	Montney, AB	Topaz Energy	43
Jan 3	Environmental	Fort Products	Burnaby, BC	Jeffs' Brands	30
Mar 6	Transportation	Brazeau River Complex Roadway Network from Tidewater Midstream and Infrastructure	Calgary, AB	Canadian Resource Roadways	24
Feb 14	Electrical Equipment	Kobelt Manufacturing	Surrey, BC	Twin Disc	23

ACQUISITION FINANCING SEGMENTATION

Average equity contribution in mid-market transactions averaged 50.5% in 2024 (down from 52.0% in 2023) as buyers were able to secure more debt financing as interest rates decreased.

EQUITY & DEBT CONTRIBUTION IN NORTH AMERICA (\$10M TO \$500M)



Source: GF Data






Tariffs and M&A: Impacts and Opportunities

The ongoing and constantly changing global tariff landscape has created angst and uncertainty, which is resulting in many mid-market M&A deals being put on pause. On April 2nd, the US government announced a universal baseline tariff of 10% on all imports from most countries. In addition, over 50 countries were subjected to higher reciprocal tariffs above the 10% baseline. A week later, the US government announced a 90-day pause on these elevated reciprocal tariffs, temporarily reducing them to the 10% baseline during the pause period. Canada and Mexico were excluded from these new tariffs, but the following US tariffs remain in place for Canada:

- 25% tariff on all goods imported to the US that are not compliant with the 2020 CUSMA agreement
- Energy and potash are subject to a reduced tariff rate of 10%

In response to new US tariffs, the Canadian government has announced a 25% tariff on \$60B worth of US goods. There is likely to be more uncertainty and changes in the coming months as Canada and the US renegotiate the existing CUSMA agreement.

Driven by this uncertainty, buyers are reassessing their acquisition criteria while sellers are evaluating the potential challenges of tariffs on their businesses. Some of these challenges include:

 Increased costs of goods for Canadian importers	 Pressure on prices and margins for Canadian exporters
 Disruptions and potential delays to supply chains	 Exposure to a lower CAD/USD exchange rate
 Decrease in consumer demand on both sides of the border due to price increases combined with a slower economy	

Despite these challenges, there are positives in the current M&A environment. Given many tariff-impacted companies will put a pause on any plans to pursue a sale at this time, those Canadian businesses that are less impacted (or even positively impacted) can now be positioned as even more desirable targets, with less competing supply of targets. This includes, for example, businesses in the following sectors:

 Service-based businesses with the majority of their customers in Canada	 Businesses that help facilitate increased trade to non-US markets (e.g. marine port infrastructure)
 Businesses supporting largely domestic public sector companies (e.g. infrastructure focused)	 Software and other technology companies providing digital services
 Tourism & hospitality	 Canadian consumer brands with strong domestic demand

Tariffs and M&A: Impacts and Opportunities (Continued)

Private equity firms continue to focus on deploying the record amount of committed capital built up from recent years. The anticipated slower economic growth will also prompt strategic buyers to utilize their strong balance sheets to pursue growth through acquisitions. As a result, businesses in many sectors such as those above will garner substantial interest and be highly sought after in the current M&A environment.

In times of economic uncertainty like these, resilient, high-quality businesses are expected to withstand the challenging M&A market impacts with the right positioning and the guidance of an experienced M&A advisor. As one of the most active mid-market M&A advisors in Western Canada, Capital West helps business owners plan, negotiate, and complete major transactions such as business sales, acquisitions, and strategic financings.

New Additions to Capital West

We are excited to welcome [Jason Chan](#) and [Livia Koborova](#) to the Capital West Team!

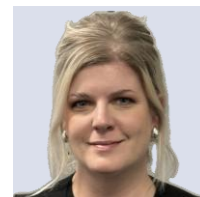
JASON CHAN, ASSOCIATE

Jason brings six years of experience from national accounting firms where he provided assurance and M&A transaction due diligence services to clients across a broad range of industries. Jason is a Chartered Professional Accountant and graduated with a Bachelor of Business Administration from the Beedie School of Business at Simon Fraser University.



LIVIA KOBOROVA, OFFICE MANAGER

Livia provides a broad range of administrative and team support to ensure the office runs smoothly. Prior to joining Capital West, she managed the operations of multiple residential properties in Metro Vancouver. Livia also brings administrative experience from her native Slovakia in supporting various executive teams.

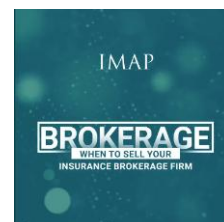


Industry Insights: Insurance Brokerages

WHEN TO SELL YOUR INSURANCE BROKERAGE FIRM

The Insurance Brokerage M&A market remains highly active, with both strategic buyers and private equity firms driving strong demand.

[Andrew Kemper](#), Partner at Capital West, joins [IMAP](#) to explore what is fueling this trend, and what it means for business owners considering a sale in 2025.



Listen to the full audiogram [HERE](#).

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