

Q4 2024

DEALS WEST

WESTERN CANADA'S CORPORATE TRANSACTION QUARTERLY



2024 Mid-Market M&A Review

Despite a slow first half of the year, North American mid-market M&A activity meaningfully accelerated in Q3 and Q4 as interest rates declined. Overall, total 2024 transaction volumes finished the year up 7% compared to 2023, with the average EBITDA multiple increasing to 7.6x (up from 6.9x in 2023).

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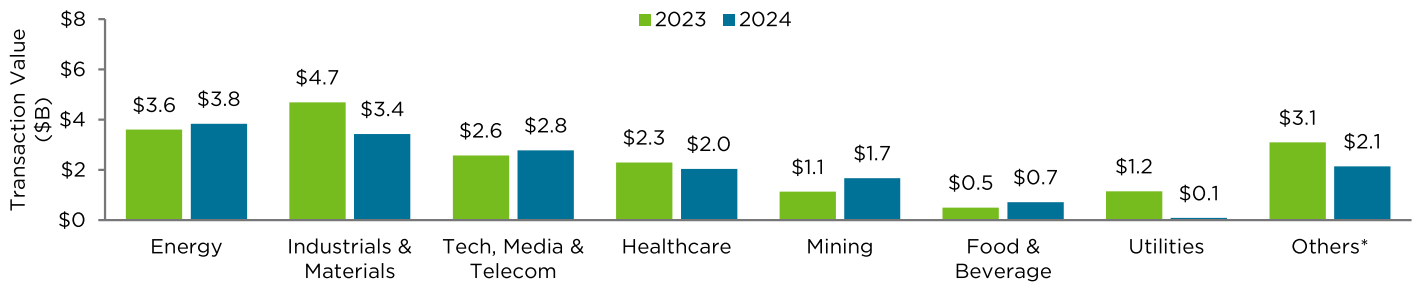
Packaging Valuations Experience a Substantial Increase

Capital West Promotion

2024 CANADIAN MID-MARKET M&A REVIEW BY INDUSTRY

- 2024 completed transactions in the Canadian mid-market totaled \$16.7 billion compared to \$19.0 billion in 2023, a decrease of 12%
- Deal value was led by the Energy sector with a total value of \$3.8 billion (up 7% from 2023) across 28 transactions. The Mining sector (\$1.7 billion) saw the largest increase in deal value (up 48% from 2023)

2023 vs. 2024 CANADIAN MID-MARKET M&A TRANSACTION VALUES (C\$25M to C\$500M)



Source: Capital IQ

*Others include Consumer Products and Services, Financials, Hospitality, and Transportation

Capital West was very active throughout 2024 with a strong finish to the year closing three deals in Q4.

good. natured
better everyday products

BIO-BASED PACKAGING

Sale to Hilco Capital

Advised the Seller

Specialty Insurance Brokerage

INSURANCE BROKER

Sale to Strategic Buyer

Advised the Seller

Western Canadian Regional Airline

AIRLINE

Investment by Private Equity

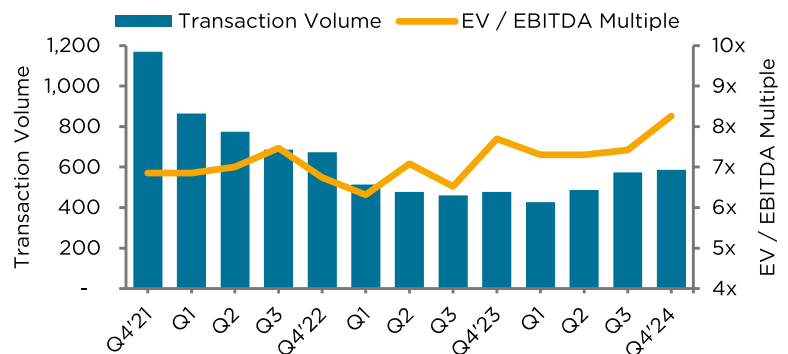
Advised the Seller

2024 Mid-Market M&A Review (continued)

MID-MARKET M&A TRANSACTION VALUES AND VOLUME IN NORTH AMERICA

- Average mid-market EBITDA multiple in 2024 was 7.6x compared to 6.9x in 2023
- Q4'24 experienced the highest average EBITDA multiple for the year of 8.3x
- Total mid-market transaction volume in 2024 was up 7% from 2023, with the biggest increase in volumes experienced in Q3 and Q4
- M&A activity is expected to continue this upward trajectory in 2025 as interest rates continue to move lower

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

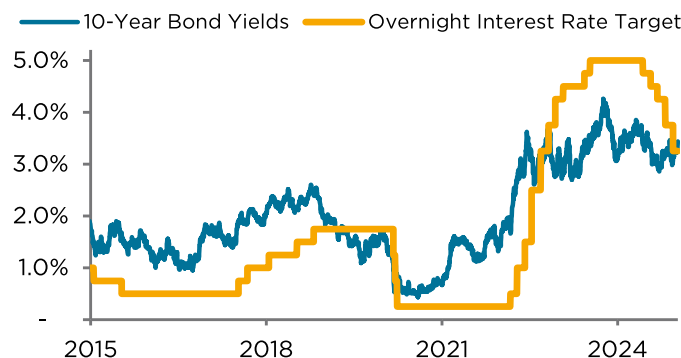


Source: Capital IQ

CANADIAN INTEREST RATES & INFLATION

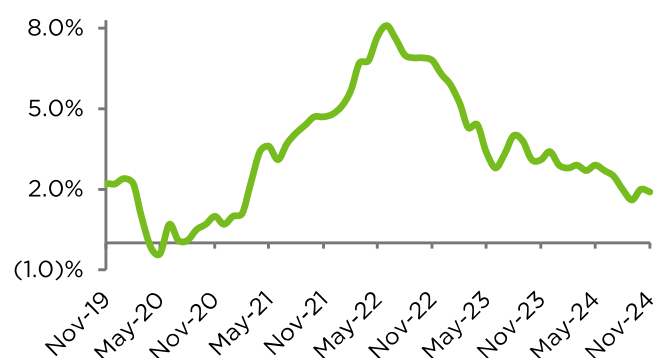
- The Bank of Canada (“BoC”) cut interest rates by 100 bps in Q4'24 to the current overnight rate of 3.25% for a total interest rate cut of 175 bps in 2024
- Canadian inflation hit 1.9% in November providing further support for rate cuts in 2025 as inflation remains under target
- Government of Canada 10-year bond yields increased 13 bps during the year to 3.23% as the market expects a more gradual easing of interest rates and a stronger economy going forward

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



Source: Bank of Canada

CANADIAN CONSUMER PRICE INDEX 12-MONTH % CHANGE



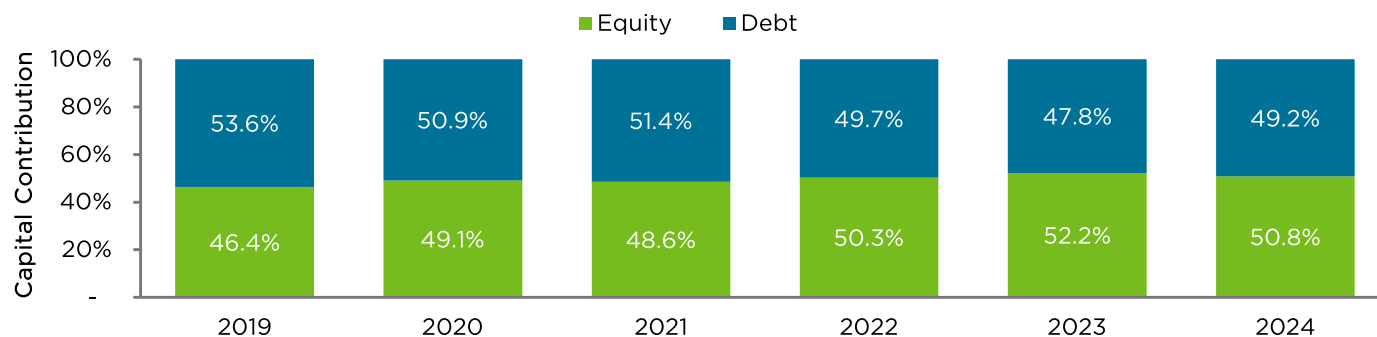
Source: Bank of Canada

2024 Mid-Market M&A Review (continued)

MID-MARKET EQUITY AND DEBT CONTRIBUTION IN NORTH AMERICA

Average equity contribution in mid-market transactions averaged 50.8% in 2024 (down from 52.2% in 2023) as buyers were able to secure more attractive debt financing as interest rates decreased.

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



Source: GF Data

TOP 10 M&A DEALS IN WESTERN CANADA

The top 10 Western Canadian M&A deals in Q4'24 covered a range of industries, with the Energy and Mining sectors as the most active during the quarter. The largest transaction (excluding Energy and Mining) was NYSE-listed Carlisle Companies' \$372 million acquisition of Calgary-based Plasti-Fab, a leading manufacturer of plastic building materials for construction and civil infrastructure applications.

TOP 10 PUBLICLY ANNOUNCED WESTERN CANADIAN DEALS IN Q4 2024

Date	Industry	Target	Target HQ	Buyer	Value (C\$M)
Oct 4, 2024	Mining	SilverCrest Metals	Vancouver, BC	Coeur Mining (NYSE:CDE)	2,144
Dec 23, 2024	Oil & Gas	Westbrick Energy	Calgary, AB	Vermilion Energy (TSX:VET)	1,075
Oct 17, 2024	Building Products	Plasti-Fab	Calgary, AB	Carlisle Companies (NYSE:CSL)	372
Nov 6, 2024	Oil & Gas	Todd Energy Canada	Calgary, AB	Tourmaline (TSX:TOU)	300
Dec 16, 2024	Oil & Gas	Lucero Energy	Calgary, AB	Vitesse Energy (NYSE:VTS)	246
Dec 23, 2024	Financial Services	Payfare Inc.	Vancouver, BC	Fiserv (NYSE:FI)	198
Dec 2, 2024	Oil & Gas	Gear Energy	Calgary, AB	Cenovus Energy (TSX:CVE)	160
Oct 2, 2024	Uranium Milling	Anfield Energy	Burnaby, BC	IsoEnergy (TSX:ISO)	107
Nov 4, 2024	Solar Electricity	Sunnynook Solar Energy	Calgary, AB	Metlen Energy & Metals (ATSE:MYTIL)	45
Oct 28, 2024	Mining	Bluestone Resources	Vancouver, BC	Aura Minerals (TSX:ORA)	44

2025 M&A Outlook

Capital West expects a strong year for mid-market M&A in 2025, with high-quality mid-market businesses continuing to receive attractive valuations in well-run, competitive sale processes. Some of the factors that will impact mid-market M&A activity are noted below:

POSITIVES

INTEREST RATE REDUCTIONS

Recent interest rate cuts and lower inflation have started to foster investor optimism. Further expected cuts will increase this optimism and drive transaction volumes.

NARROWING VALUATION GAPS

Valuation gaps between buyers and sellers for second tier assets have narrowed, following softer M&A in 2023 / early 2024. Price alignment will drive M&A volumes as buyers and sellers revise expectations.⁽¹⁾

RECORD LEVELS OF DRY POWDER ⁽²⁾

Private equity dry powder continues to increase to record levels, now at \$2.3T in North America alone.

IMPORTANCE OF SUCCESSION PLANNING

Over half of Canadian business owners plan to exit their business within the next 5 years.⁽³⁾ As a result, the pace of ownership transfer will increase.

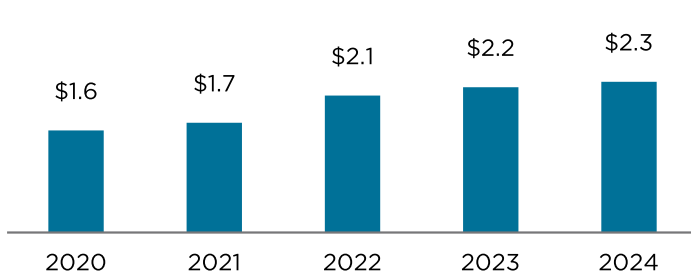
PRIVATE EQUITY EXITS TO DOUBLE IN 2025

Lower cost of capital and a more receptive IPO market are creating a better environment for PE exits which increased ~50% in 2024.⁽⁴⁾ PE exits are expected to double in 2025.⁽⁵⁾

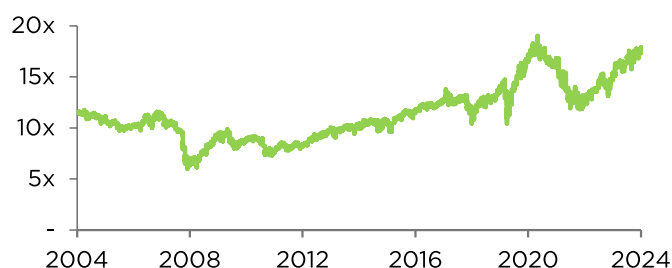
STRONG PUBLIC MARKET VALUATIONS

M&A valuations are often supported by public markets. High public multiples will support high M&A valuations and bring more sellers to market.

NORTH AMERICAN PE DRY POWDER (C\$T)



S&P 500 EBITDA MULTIPLES ⁽⁶⁾



UNCERTANTIES

GEOPOLITICAL ENVIRONMENT

Threat of tariffs proposed by the incoming US administration has the potential to negatively impact the Canadian and global economy. This uncertainty around tariffs and North American free trade may cause transaction delays in sectors adversely affected by US tariffs.

Sources:











- (1) Bridgepoint, PE Hub as at January 6, 2025; Fasken as at January 7, 2025
- (2) Preqin as at December 31, 2024
- (3) Canadian Federation of Independent Business
- (4) Pitchbook, Moonfare. *Note:* refers to US private equity exits increasing 51% in value to YTD October 2024
- (5) Blackstone as at December 10, 2024
- (6) Capital IQ as at December 31, 2024

Packaging Valuations Experience a Substantial Increase

Packaging has long been an attractive sector due to its high-margin, high-volume nature, its position as an essential requirement for many industries, and the sector's consistent demand for new, innovative and sustainable solutions. Growth in e-commerce, expansion of global trade and demand from emerging markets has resulted in a resilient sector with a consistent pool of acquirers.

PACKAGING TRANSACTION ACTIVITY

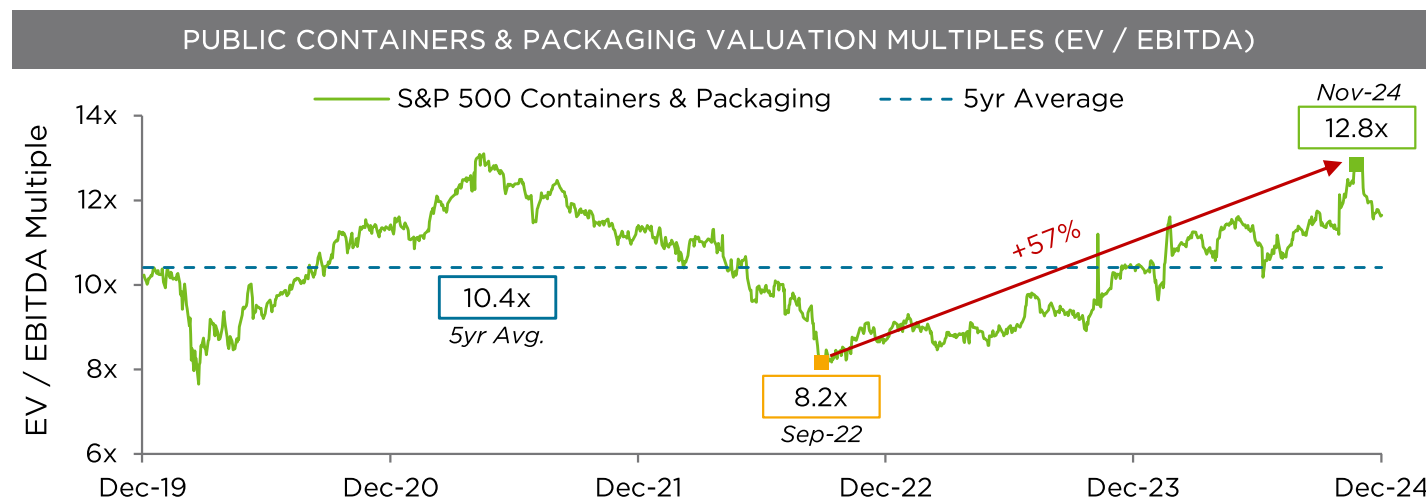
Deal activity and deal values have remained strong, with the number of large-scale deals increasing, as the industry consolidates. Portfolio realignment continues to drive M&A in the sector, with many strategics looking to scale their core business by acquiring innovative, sustainable packaging businesses.

Announced	Target	Target HQ	Description	Buyer	Deal Value (C\$B)	EV/ EBITDA
Dec-24	 Pactiv Evergreen	Illinois, USA	Food and beverage packaging manufacturer	 NOVOLEX	\$9.5	8.0x
Nov-24	 Berry	Indiana, USA	Manufacturer and recycler of plastic packaging	 amcor	\$12.5	8.1x
Sep-24	 ORORA	California, USA	Glass bottles and aluminium can manufacturer	 Veritiv	\$1.6	9.9x
Jun-24	 EVIOSYS	Zug, Switzerland	Metal packaging manufacturer	 SONOCO	\$5.3	7.3x
Mar-24	 DS Smith	London, UK	Provider of paper-based packaging and related services	 International Paper	\$13.4	7.2x

PACKAGING VALUATION MULTIPLES

Publicly traded packaging multiples experienced a significant rebound in 2024, reaching 12.8x EBITDA in Q4'24 and exceeding the five-year average of 10.4x for the majority of the year.

Peak Q4'24 valuation of 12.8x was up 57% from Q3'22 low of 8.2x, reflective of increasing buyer sentiment in the packaging sector which continues to drive near record valuations.



Packaging Valuations Experience a Substantial Increase (continued)

RECENT CAPITAL WEST PACKAGING TRANSACTION

Good Natured Products is a leading provider of sustainable, bio-based packaging solutions to a diverse range of end markets across North America.

In June 2024, Good Natured entered CCAA with trailing twelve-month (TTM) sales of \$68 million. Shortly after entering CCAA, Capital West was engaged to run an expedited formal Sale and Investment Solicitation Process.



Capital West worked with Good Natured and the court-appointed monitor on a Sale and Investment Solicitation Process which generated multiple bids from international buyers and concluded with the sale of Good Natured's business as a going concern to UK-based Hilco Capital in November 2024.

Capital West Promotion

Promotion of Grant Nicholson to Vice President

We are pleased to announce the promotion of [Grant Nicholson](#) to Vice President. Grant has been with Capital West for three years and has been a major contributor to our team on many transactions and other important firm initiatives. Congratulations Grant!



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