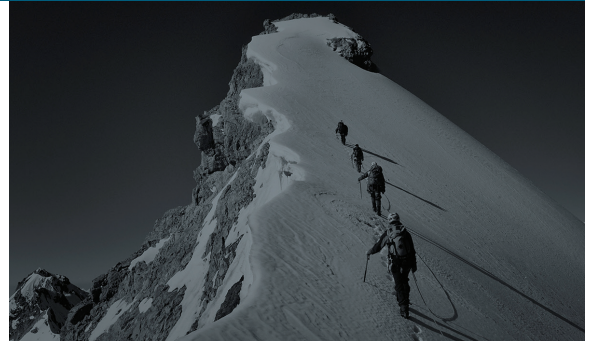


DEALS WEST

WESTERN CANADA'S CORPORATE TRANSACTION QUARTERLY



Q2 2019 Mid-Market M&A Review

OVERVIEW OF MID-MARKET M&A TRANSACTIONS IN NORTH AMERICA (\$10 - 250 MILLION)

- Average EV/EBITDA multiple decreased from 7.5x in Q1 2019 to 7.0x in Q2 2019
- Transaction activity has remained consistent for a 10th consecutive quarter, with over 830 deals completed in Q2 2019
- Valuations for mid-market businesses continue to be strong and above historical averages

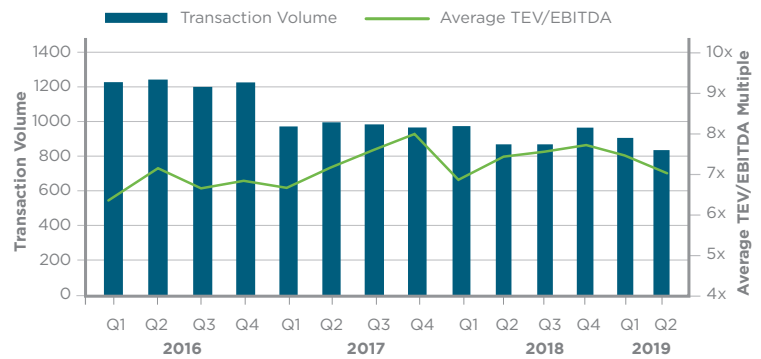
AVERAGE DEBT/EBITDA MULTIPLES AND BANKERS' ACCEPTANCE RATES IN CANADA (\$10 - 250 MILLION)

- Leverage levels in Q2 2019 increased to 4.1x from 3.8x in Q1 2019, near all time highs
- The cost of borrowing remains well below historical averages which will continue to drive M&A activity
- The Bank of Canada held the key overnight interest rate at 1.75% for the sixth straight quarter and has indicated interest rates will likely remain stable in the near term

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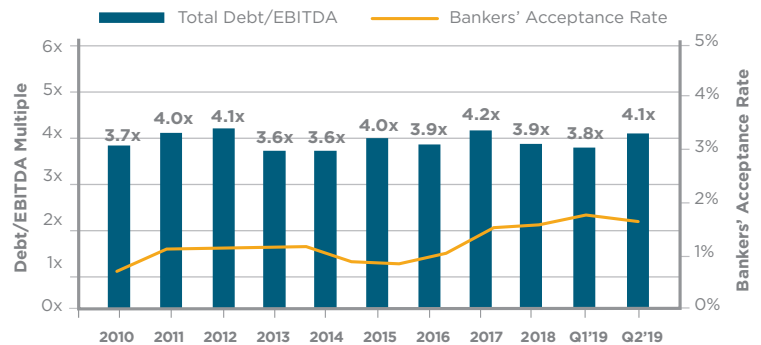
- Q2 2019 Mid-Market M&A Review
- Emerging Trends in Private Equity
- Capital West Announcement

TRANSACTION VOLUME & AVERAGE EBITDA MULTIPLE (\$10 - \$250 million)



Sources: Capital IQ and GF Data

LEVERAGE MULTIPLES & BANKERS' ACCEPTANCE RATES (\$10 - \$250 million)

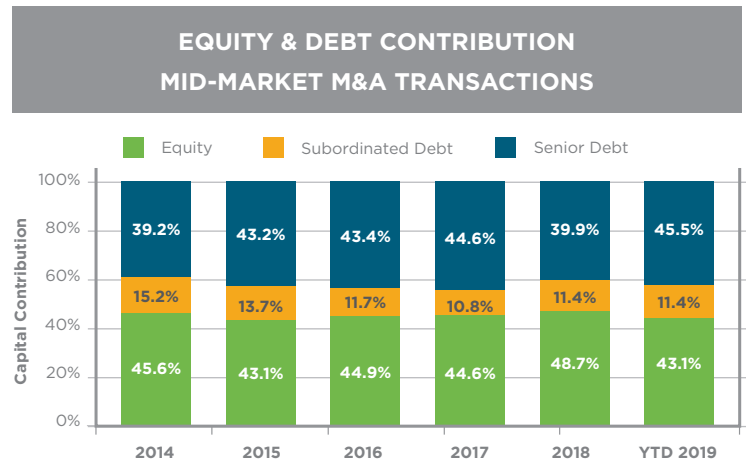


Sources: Bank of Canada, GF Data, Capital IQ

Mergers & Acquisitions Review (continued)

EQUITY AND DEBT CONTRIBUTION IN NORTH AMERICA

- For transactions completed this year, buyers are financing acquisitions with nearly 57% debt on average, the highest proportion seen in recent years
- With the costs of borrowing remaining well under historical averages, it is expected that current capital structures will remain steady as companies continue to capitalize on low cost debt



Sources: Bank of Canada, GF Data, Capital IQ

TOP 10 M&A DEALS IN WESTERN CANADA

The top ten M&A deals in Western Canada during Q2 2019 included transactions from a diverse set of sectors. There were three transactions with a deal value greater than \$1B in Q2 2019. The most notable deal in Q2 was the announced acquisition of WestJet Airlines by Onex, a leading Canadian private equity firm. Onex paid a 67% premium to the prior day closing share price of WestJet. Another notable deal in Q2 was the announced acquisition of Vancouver based, Pure Multi-Family REIT by American Landmark/Electra America, the owner and operator of multi-family properties in the U.S. Pure Multi-Family REIT is a Canadian real estate investment trust investing in luxury, resort-style apartment communities in the U.S., with portfolios in Texas, Arizona, Georgia and Nevada.

Top 10 Western Canadian Deals in Q2 2019

Date	Industry	Target	Headquarters	Buyer	Value (C\$MM)
May 13	Aviation	WestJet Airlines	Calgary, AB	Onex	\$ 4,951
Jun. 24	Energy, Mining & Utilities	Alberta PowerLine	Edmonton, AB	TD Greystone, IST3	\$ 1,700
Jun. 26	Real Estate	Pure Multi-Family REIT	Vancouver, BC	Electra America	\$ 1,629
May 14	Energy, Mining & Utilities	Atlantic Gold	Vancouver, BC	Nord Pacific	\$ 802
Jun. 27	Energy, Mining & Utilities	Tree Island Steel	Richmond, BC	The Futura Corporation	\$ 136
May 07	Technology	Carmanah Technologies	Victoria, BC	CMH Acquisition	\$ 102
May 28	Hotel & Leisure	Mountain Park Lodges	Jasper, AB	Brewster	\$ 99
May 17	Energy, Mining & Utilities	Penn West Energy Trust Assets	Calgary, AB	Highwood Oil	\$ 97
May 23	Telecom & Media	Glacier Media	Vancouver, BC	Madison Venture	\$ 85
Apr. 01	Energy, Mining & Utilities	eCobalt Solutions	Vancouver, BC	Jervois Mining	\$ 55

Emerging Trends in Private Equity

Over the past 20 years, the private company M&A market has seen considerable changes driven by the emergence and growth of private equity firms. The private markets have historically favoured the strategic buyer who had access to lower costs of capital and was willing to pay more to obtain post acquisition synergies. However, since the recession in 2009 this has changed; strategic buyers are no longer dominating the North American M&A landscape.

Private equity buyers are now carving out a much larger slice of the North American M&A market as a result of three major factors:

Access to Unprecedented Levels of Undeployed Capital

Despite strong private equity activity in the past decade, the amount of capital that has been committed, but not yet deployed (also known as dry powder), continues to be on the rise since 2010 and hit a record high of \$844 billion in the last year. Record levels of dry powder were a driving factor behind the stiff competition observed between private equity buyers and strategic buyers in the M&A market, providing a robust outlook for deal valuations in the foreseeable future.

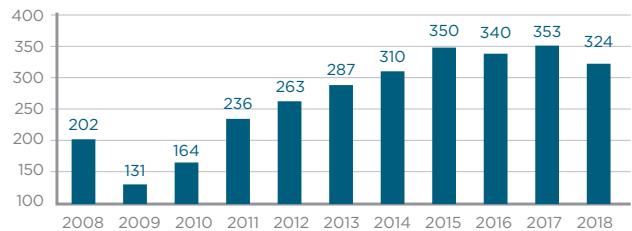
Most private equity funds typically have 5 years to invest once they have raised a new fund. This time period coupled with a large number of funds raised over the 2014 to 2017 period has resulted in a surge of deal activity.

Substantial Growth

The number of active private equity buyers in North America has quadrupled over the last two decades, from over 900 firms in 2000 to over 4500 firms today, as a result of pension funds, family offices and high net worth individuals seeking to diversify their investments and invest in private companies where rates of return have been strong.

With more private equity firms pursuing deals, the number of Canadian private equity backed transactions executed per year has also steadily grown to over 300+, representing an almost three-fold increase since 2009.

CANADIAN PRIVATE EQUITY DEAL VOLUMES BY YEAR



Source: PitchBook

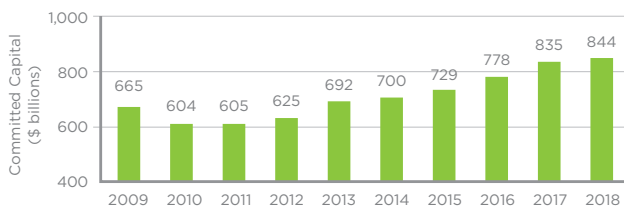
The increasing level of competition has contributed to valuations and transaction multiples reaching all-time highs in the last year.

Strategic Mind Set

Private equity buyers are able to beat strategic buyers in competitive auction processes by leveraging not only their financial expertise, but also their operational knowledge obtained through hiring industry experts in the relevant fields. In addition, private equity buyers are also acting like strategic acquirers by using a buy and build strategy to achieve synergies. The growing popularity of this strategy amongst private equity buyers has cultivated a healthy appetite to pay more for attractive assets and related add-on acquisitions.

In summary, the recent trends and growth of private equity firms are favourable for business owners who are considering a potential exit in the near to medium term.

PRIVATE EQUITY DRY POWDER



Source: PitchBook

Capital West Announcement



Capital West is pleased to announce that Nick Bester has completed the Family Enterprise Advisor ("FEA") program, through the Family Enterprise Xchange ("FEX"). FEX is a new, independent association of business families and their professional advisors across Canada. The FEA Program is a year long course offered in partnership with the UBC, Ivey and University of Alberta schools of business.

As Capital West advises many family-operated businesses, this designation provides additional resources and perspective for the firm to better assist our family owned clients.



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