



MIDDLE MARKET M&A UPDATE

Q1 2018

M&A MARKET SUMMARY

CANADIAN MID-MARKET

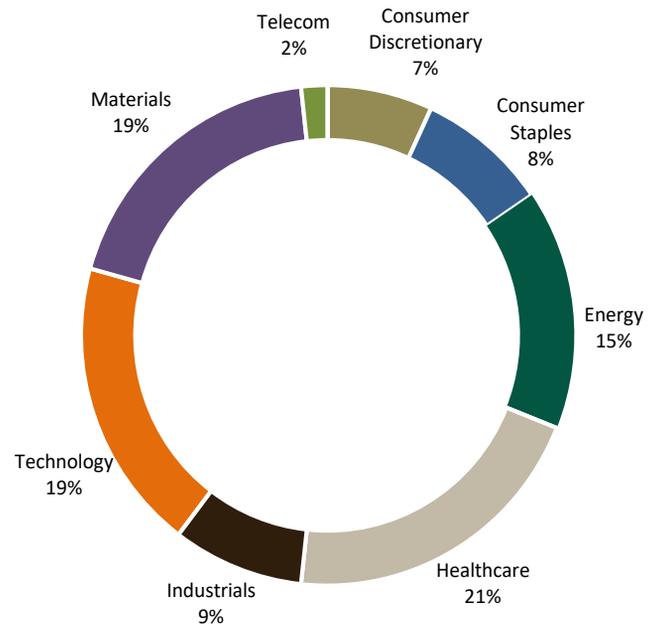
Mid-market merger and acquisition (M&A) activity in Canada reached \$4.3 billion in aggregate deal value during the first quarter (Q1) of 2018, across 58 disclosed transactions. The healthcare sector was the front-runner in deal volume representing 21 percent of total transactions, followed closely by the materials and technology sectors, each representing 19 percent of total transactions respectively.

M&A activity in the healthcare sector was heavily influenced by industry consolidation of smaller players operating in the cannabis market. Larger, cash-rich public companies, fuelled by significant investment leading up to anticipated legalization of cannabis for recreational purposes, have been actively pursuing acquisitive expansion opportunities. Aphria Inc. alone completed three transactions in Q1 2018, for an aggregate enterprise value of \$564 million.

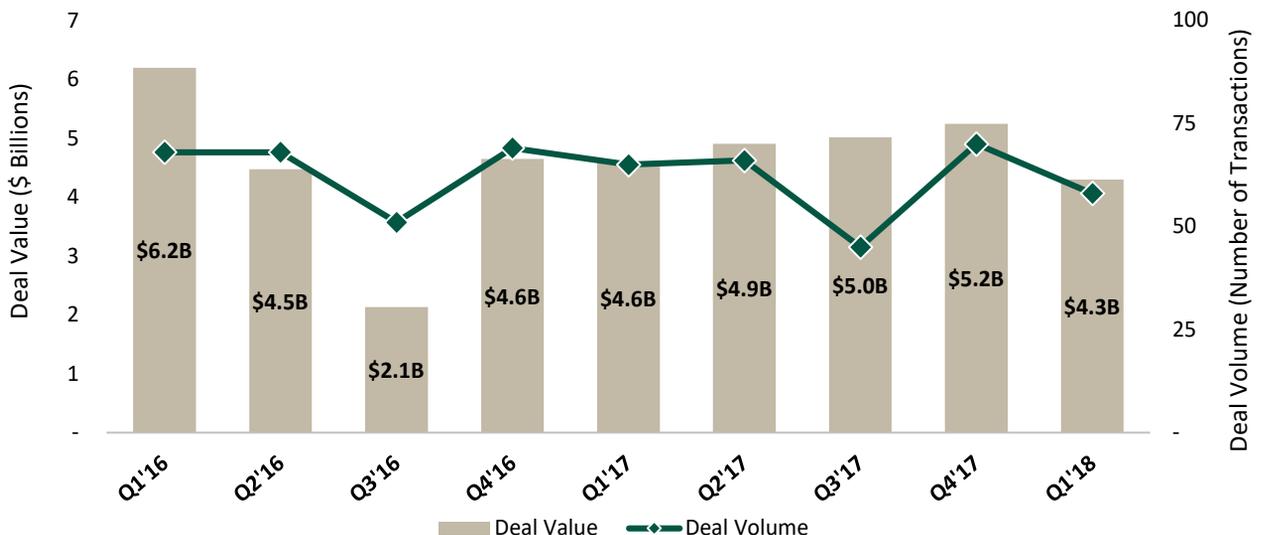
Strong M&A activity in the materials sector continued from 2017 in to Q1 2018 with Leagold Mining Corporation's acquisition of Brio Gold Inc. for approximately \$353 million being the most sizeable transaction during the period.

The technology sector saw an increase in M&A activity in Q1 2018 compared to Q4 2017, as N. Harris Computer Corporation and Audioboom Group PLC carried out acquisitions for approximately \$201 million and \$186 million respectively.

Q1'18 - M&A VOLUME BY SECTOR*



QUARTERLY DEAL VALUE AND VOLUME*



*Based on Canadian publicly disclosed transactions in the enterprise value range of \$5 million to \$500 million. Currency in USD. Source: S&P Capital IQ.

Coming off a notably strong performance in 2017, North American equity indices have been off to a slightly volatile start in 2018, with both the S&P 500 and TSX Composite generating negative returns in the first quarter.

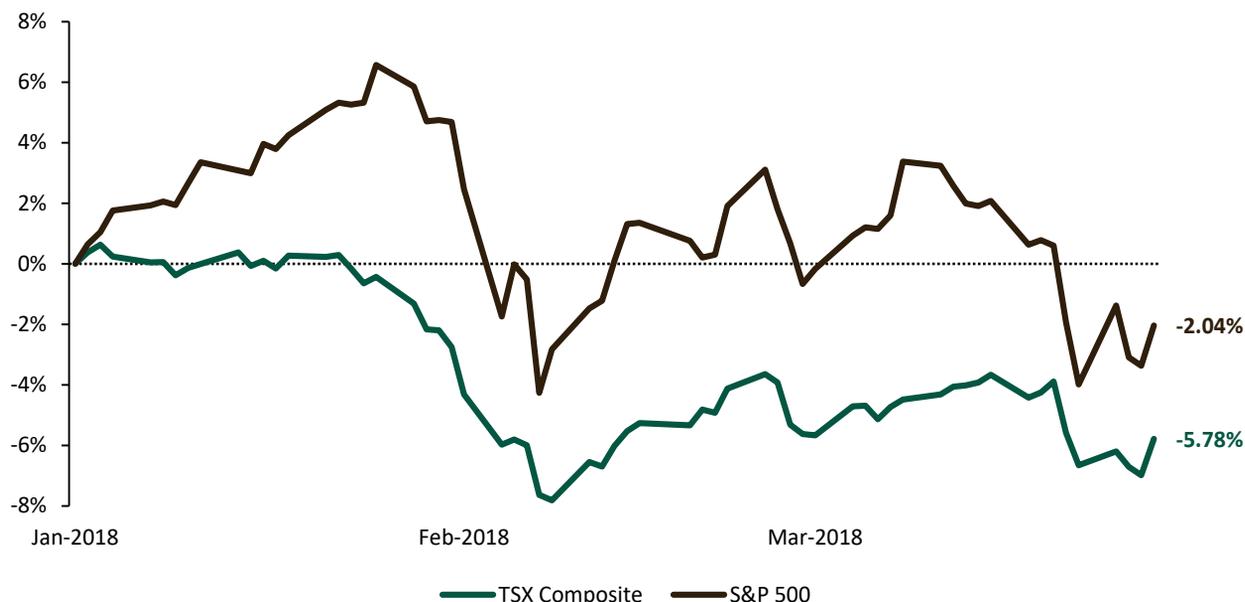
In the S&P, consumer discretionary and information technology were the only two sectors delivering a positive return, yielding 1.8 percent and 1.2 percent respectively. Ongoing threats of a global trade war subsequent to the U.S. decision to tariff Chinese imports, in addition to speculation on regulatory implications associated with data privacy and antitrust concerns were notable factors influencing underperformance amongst large-cap U.S. equities.

The information technology sector was the best performer in the TSX during Q1 2018, posting a yield of 9.6 percent, which was influenced by strong returns from Shopify, Constellation Software and CGI Group. Conversely, the healthcare sector saw the worst performance during the quarter, posting a negative return of 11.8 percent, due in large part to significant sell-offs of holdings in the cannabis industry, as sentiment of over-valuation came to fruition.

Q1 2018 SECTOR PERFORMANCE*

	S&P 500	TSX Composite
Consumer Disc.	1.2%	(3.4%)
Consumer Staples	(7.3%)	(5.4%)
Energy	(8.2%)	(8.1%)
Financials	(1.3%)	(4.2%)
Healthcare	(2.8%)	(11.8%)
Industrials	(2.8%)	(1.9%)
Info Tech.	1.8%	9.6%
Materials	(7.4%)	(4.6%)
Telecom.	(8.9%)	(7.8%)
Utilities	(3.4%)	(7.0%)

NORTH AMERICAN EQUITY INDICES - Q1 PERFORMANCE**



*Sector performance based on the price change of each corresponding S&P 500/TSX Composite sector index over the quarter.

** Q1 performance as of March 29, 2018

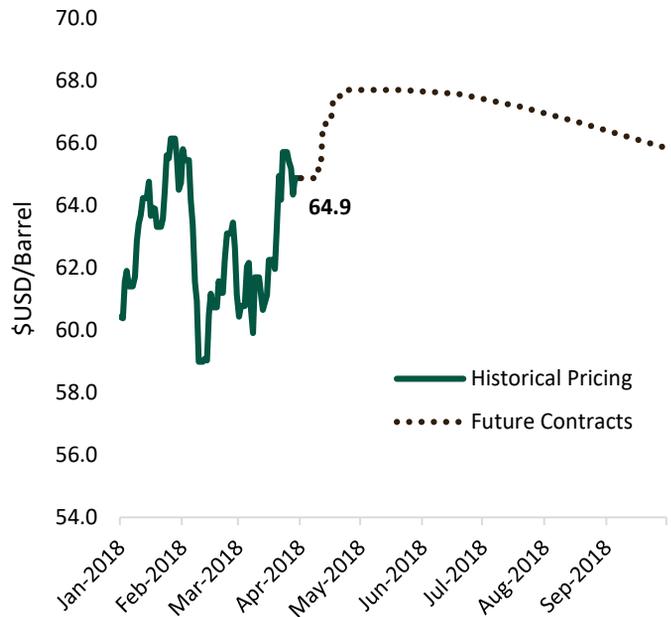
COMMODITY MARKETS

Crude oil prices continued to increase during Q1 2018, reaching \$65 per barrel in March, which was influenced by tensions in the Middle East and ongoing implications of OPEC production cuts. Crude oil futures indicate a continuation of the upward trend in the immediate future, followed by a gradual tapering in the second half of the year as U.S. crude oil production expands.

After ending 2017 at approximately \$3 per MMBtu, natural gas prices declined during Q1 2018. Natural gas prices are forecasted to gradually increase in the near term, attributable to increases in North American natural gas exports and slowing growth in U.S. domestic gas production.

Despite a few periods of volatility, gold prices increased by slightly more than 3% during Q1 2018. A strengthening U.S. dollar in advance of the Federal Reserve's first interest rate increase of the year caused gold prices to retreat, however, prices recovered and trended upward after the rate increase became official. Ongoing political uncertainty and expectations on further increases to interest rates contribute to a projected increase in prices in the forecast period.

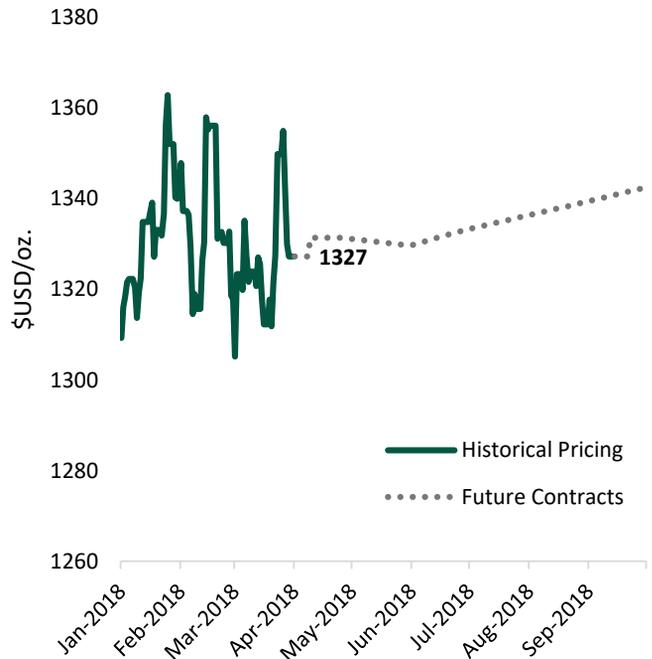
CRUDE OIL (WTI)*



NATURAL GAS (HENRY HUB)*



GOLD*



*Commodity price data as of March 31, 2018. Historical prices uses daily nearest futures contracts.
Sources: S&P Capital IQ, Alberta Energy Regulator, OPEC Monthly Oil Market Report – April 2018

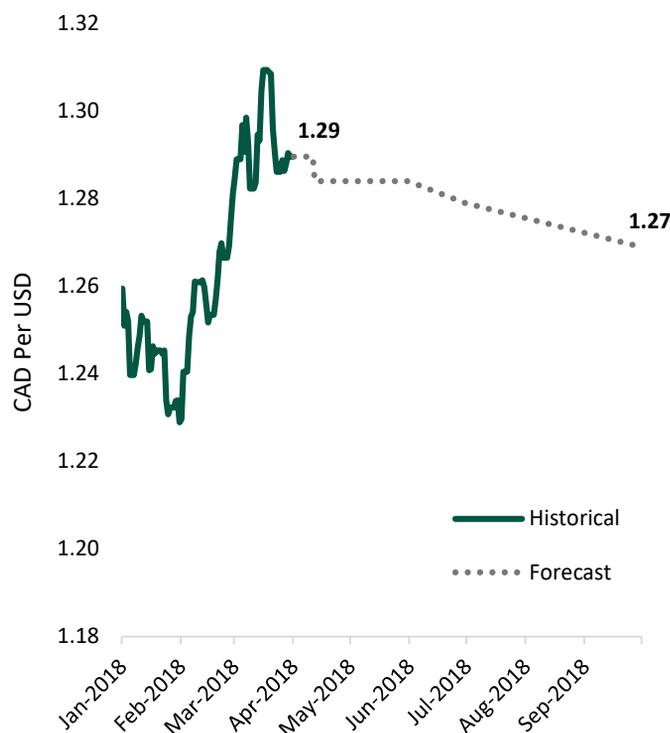
The Canadian dollar under-performed during Q1 2018, down approximately 2.6 percent against the U.S. dollar, which was reflective of a lack of progress on North American Free Trade Agreement (NAFTA) negotiations in addition to a cooling economy.

Coming off an exceptionally strong 2017, the Canadian economy was off to a slow start in 2018 as plant shutdowns in the auto sector and ongoing challenges associated with the Keystone pipeline constrained goods sector output. Furthermore, tighter regulations on housing markets and interest rate increases decelerated the notable growth drivers of the previous year, namely housing activity and consumer spending.

Despite the slow start to the year, the Canadian economy is expected to pick up going forward as output constraints in the goods sector alleviate and business investment and hiring increases on the assumption of a favourable outcome to NAFTA negotiations.

Should the outcome to NAFTA negotiations result unfavourably however, and Canadian exports to the U.S. are impacted by broad-based tariffs, economic growth would be negatively impacted with Ontario, Quebec and Manitoba potentially being the most affected.

CAD/USD EXCHANGE RATE*



**Real GDP Growth
(% change, chain-weighted)****

Year	Canada
2016	1.4%
2017	3.0%
2018F	2.2%
2019F	1.8%

**Unemployment Rate
(percent)****

Year	Canada
2016	7.0%
2017	6.3%
2018F	5.6%
2019F	5.4%

**Housing Starts
(thousands)****

Year	Canada
2016	197.9
2017	220.5
2018F	205.4
2019F	194.6

**Consumer Price Index
(YoY % change)****

Year	Canada
2016	1.4%
2017	1.6%
2018F	2.0%
2019F	2.0%

*Exchange rate data as of March 31, 2018. Forecast information per BMO Capital Markets Rate Scenario – April 2018

**Provincial Economic Outlook, December 31, 2017, BMO Capital Markets Economics Research.

Sources: S&P Capital IQ, BMO Capital Markets Economic Research, Scotiabank's Global Outlook - April 2018

National Bank of Canada – Monthly Economic Monitor – April 2018, TD Asset Management – April 2018 Quarterly Market Commentary

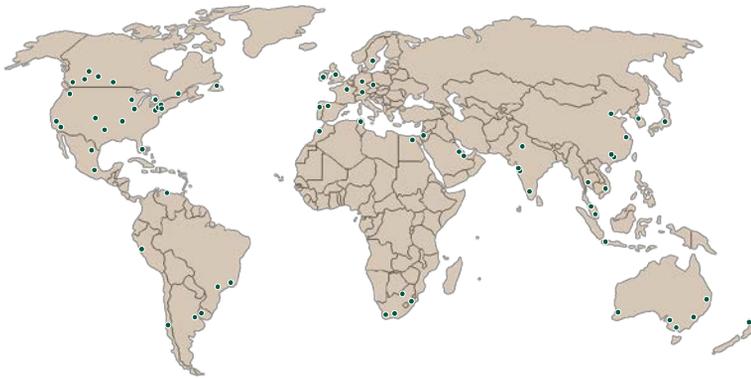
About MNP Corporate Finance



MNP Corporate Finance (MNPCF) has a dedicated team of more than 40 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

Our typical transactions range in value between \$5 million and \$300 million.

MNPCF LOCAL & GLOBAL REACH



INDUSTRY EXPERIENCE

- Food and Beverage
- Retail and Distribution
- Manufacturing
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

SERVICES

- Sell-side M&A Advisory
- Divestitures
- Strategic Planning
- Financing (debt and equity)
- Buy-side M&A Advisory
- Acquisitions
- Due Diligence

RECENT TRANSACTIONS

MNP
CORPORATE FINANCE INC.

GI PARTNERS
has acquired

doxim
TRANSFORMING CUSTOMER EXPERIENCE

MNP Corporate Finance Inc. acted as exclusive financial advisor to Moose Jaw Food Sales Ltd. in structuring and negotiating this transaction.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

DRIVING CHANGE
AUTOMOTIVE GROUP

has acquired

MOOSE JAW FOOD

MNP Corporate Finance Inc. acted as exclusive financial advisor to Moose Jaw Food Sales Ltd. in structuring and negotiating this transaction.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

Rofael Corporation

has acquired

Guardian PHARMACIES
Mentholin's Family of Medicines - Little Current - Strathroy
"My Care For You"

MNP Corporate Finance Inc. acted as exclusive financial advisor to Manitoulin's Family of Guardian Pharmacies in structuring and negotiating this transaction.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

CHALLENGER
CEMENTICS LTD.

has acquired

Sub-Arctic Surveys Ltd.
Charles Lewis Surveys
Toronto, ON

MNP Corporate Finance Inc. provided transaction advisory services to Challenger Cementics Ltd.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

WIBE
TOWING AND RECOVERY SERVICES LTD.

has acquired

KEY TOWING
TOWING AND RECOVERY SERVICES LTD.

MNP Corporate Finance Inc. acted as financial advisors and provided financial due diligence services to City Wibe Towing and Recovery Service Ltd.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

Accurate Rolal
FOLDING CARBONS

has acquired

BERESFORD BOX
CORPORATION INC.

MNP Corporate Finance Inc. provided financial due diligence services to Accurate Rolal Co. Inc.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

bdc

has acquired a minority share position in

Investor|COM
Simple Corporate Communications

MNP Corporate Finance Inc. provided financial and tax due diligence services to BDC Capital Inc.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

HOKANSON
AGRI-CULTURE

has acquired

CanMar
Grain Products Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to CanMar Grain Products Inc. in structuring and negotiating this transaction.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

TQC

has provided growth capital to

RAYMOR

MNP Corporate Finance Inc. acted as financial advisors and provided financial and tax due diligence services to TQC Canada Company.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

Gamache Farms

has acquired the share of

Arthur D. Gagnon Farms Ltd. and Gagnon Seed Service Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Arthur D. Gagnon Farms Ltd. and Gagnon Seed Service Ltd. in structuring and negotiating this transaction with Gamache Farms.

DIVESTITURES | FINANCING | TRANSACTION ADVISORS

About MNP Corporate Finance



DEAL EXPERIENCE

Over the past 10 years we have completed in excess of 200 transactions. Our team has transaction experience in a wide range of industries with diverse enterprise values ranging between \$5 million and \$300 million.

HANDS-ON APPROACH

Current M&A transactions require a hands-on approach from start to finish, including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

INTEGRATED SERVICE OFFERING

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

INTERNATIONAL REACH

MNP is a participating firm within Praxity, a unique global alliance of independent accounting / advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide.

RECENT TRANSACTIONS

MNP
CORPORATE FINANCE INC.

DISTINCTIVE
has acquired

CORBEL

MNP Corporate Finance Inc. acted as exclusive financial advisor to Distinctive Appliances Inc. in structuring and negotiating this transaction.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

Argyle Capital Partners Inc.
has acquired

ARGYLE
FINE SUPPLY COMPANY

MNP Corporate Finance Inc. provided financial and due diligence services to Argyle Capital Partners Inc.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

A CONFIDENTIAL BUYER
has acquired

CHILL WINSTON

MNP Corporate Finance Inc. was the exclusive financial advisor to Sospin Holdings Inc. (Chill Winston) in structuring and negotiating this transaction.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

GREENSOIL
INVESTMENTS
has provided growth capital to

sensorsuite

MNP Corporate Finance Inc. acted as financial advisor and provided financial and tax due diligence services to GreenSoil Building Innovation Fund.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

TRICORBRAUN
has acquired

TAPAAK
FLEXIBLE PACKAGING

MNP Corporate Finance Inc. acted as exclusive financial advisor to Tapaak Enterprises Ltd. in structuring and negotiating this transaction.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

A Confidential Buyer
has acquired

FAST FUEL

MNP Corporate Finance Inc. acted as exclusive financial advisor to Fast Fuel Services Ltd. in structuring and negotiating this transaction.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

Scotiabank
has provided growth capital to

Dye & Durham

MNP Corporate Finance Inc. acted as financial advisors and provided quality of earnings services to Dye and Durham Corporation.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

HIS
has acquired

Jonview
CANADA

MNP Corporate Finance Inc. acted as financial advisors and provided due diligence services to H.I.S. Co. Ltd.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

Liftow
has acquired

MASONLIFT

MNP Corporate Finance Inc. acted as exclusive financial advisor to Liftow Limited in structuring and negotiating this transaction.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

MNP
CORPORATE FINANCE INC.

BANYAN
CAPITAL PARTNERS
has acquired a majority interest in

MUCK AT TRUCK

MNP Corporate Finance Inc. acted as financial advisors and provided financial due diligence services to Banyan Capital Partners.

DISVESTURES > FINANCING > TRANSACTION ADVISORS

About MNP Corporate Finance



Managing Director

Mark Regehr

780.969.1404 | mark.regehr@mnp.ca

Based in Edmonton, Mark assists mid-market clients preparing for succession, including the sale of their business or planning for growth through acquisitions, mergers and financing.

Mark has a proven track record of securing financing, finding buyers and assisting through the merger and acquisition process. He also offers expertise in the areas of business planning, financial structure and financial modeling.



Managing Director

Wilma Braat

403.537.7632 | wilma.braat@mnp.ca

Based in Calgary, Wilma specializes in delivering corporate finance and business advisory services to companies across Alberta.

With more than 25 years of industry experience in corporate finance, fund management and venture capital, Wilma assists clients with divestitures, mergers and acquisitions and management buyouts. She works with businesses in a variety of industries, including retail, oil and gas services, engineering, construction and manufacturing.



Managing Director

Mike Reynolds

587.702.5909 | mike.reynolds@mnp.ca

Based in Calgary, Mike advises on mergers, acquisitions, divestitures, and financing options.

Mike has more than 18 years of industry experience in corporate finance, turnarounds and restructurings, private equity, and venture capital. He has worked on transactions in Canada, the U.S. and Europe and has experience in numerous industries.



Managing Director

Patrick Khouzam

514.228.7874 | patrick.khouzam@mnp.ca

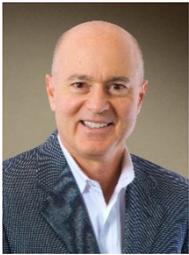
Based in Montreal, Patrick specializes in assisting mid-sized, privately owned businesses maximize their value through strategic planning and targeted initiatives.

Backed by almost two decades of experience working within the financial sector in Quebec, Patrick specializes in merger and acquisitions, raising capital, due diligence and general business transaction advice.

RECENT TRANSACTIONS



About MNP Corporate Finance



Managing Director

Dan Porter

416.515.3877 | dan.porter@mnp.ca

Based in Toronto, Dan has 30 years of experience helping public and private companies in a wide range of industries, including: aviation, railways, trucking, mining, leasing, printing and in manufacturing.

Working closely with his clients, Dan provides advice and develops innovative and creative financing solutions in many areas such as structured products, senior debt restructuring, raising new senior revolving or term debt, sourcing or restructuring mezzanine or subordinated debt and assisting with or structuring asset or business divestitures.



Managing Director

Stephen Shaw

416.515.3883 | stephen.shaw@mnp.ca

Based in Toronto, Stephen initiates and executes business strategies and transactions designed to realize clients' goals in complex situations.

His client base is involved in a range of industries, including aerospace and defense; manufacturing and distribution; transportation and logistics; industrial and consumer products; agri-food and automotive.



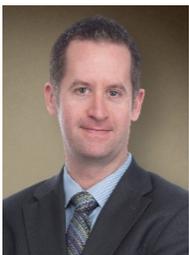
Managing Director

John Caggianiello

416.513.4177 | john.caggianiello@mnp.ca

Based in Toronto, John specializes in assisting mid-sized entrepreneurial private and public companies and institutional investors with their due diligence and transaction advisory requirements.

Drawing on his investigative and advisory expertise working with private equity firms, alternative lenders, lawyers and bankers, John provides comprehensive due diligence solutions to help his clients accurately assess risks associated with their investment decisions.



Managing Director

Craig Maloney

902.493.5430 | craig.maloney@mnp.ca

Based in Halifax, Craig specializes in helping family-owned businesses with mergers and acquisitions and corporate finance issues.

Craig's services include business valuation and pricing analysis, helping owners establish relationships with lenders and source capital, assisting with business planning and management structuring and creating financial models for budgeting and forecasting.

RECENT TRANSACTIONS

MNP CORPORATE FINANCE INC.

GROUPE DESCHÊNES

has acquired

IdealSupply

MNP Corporate Finance Inc. acted as exclusive financial advisor to Ideal Supply Company Limited in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

Pinnacle Auto Sales LP

parent company of

Mercedes-Benz Financing

has acquired

FOCUS HYUNDAI

MNP Corporate Finance Inc. acted as exclusive financial advisor to Focus Motors Limited and Focus AutoBody and Glass in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

BLUE GOOSE

Capital Corp.

has acquired the most processing assets of

TENDER CHOICE FOODS

MNP Corporate Finance Inc. acted as exclusive financial advisor to Tender Choice Foods Inc. in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

EQUICAPITA

has acquired a majority interest in

Muller's

Milk & Natural Foods

MNP Corporate Finance Inc. acted as exclusive financial advisor to Muller's Bulk & Natural Foods Ltd. in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

MILLS

OFFICE PRODUCTIVITY

has acquired

SpeedDee

MNP Corporate Finance Inc. acted as exclusive financial advisor to SpeedDee Your Office Experts Ltd. in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

Brunswick

BIOWORKS

has raised

\$12,000,000

of combined equity capital from a private investor and senior debt through National Bank of Canada.

MNP Corporate Finance Inc. acted as exclusive advisor to Brunswick Biowers Inc. in arranging the private placement and securing the debt capital.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

DME

BREWING SOLUTIONS

has acquired

ACCENT

STAINLESS STEEL

MNP Corporate Finance Inc. was the exclusive financial advisor to Accent Stainless Steel Manufacturing Group in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

HAMILTON ROBINSON CAPITAL PARTNERS

has acquired

UNIFILLER

MNP Corporate Finance Inc. was the exclusive financial advisor to Unifiller Systems Inc. in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

AZTEC

LINER SYSTEMS

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Aztec Liner Systems Ltd. in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.

REXEL

has acquired the Rockwell Automation Division of

IdealSupply

MNP Corporate Finance Inc. acted as exclusive financial advisor to Ideal Supply Company Limited in structuring and negotiating this transaction.

INVESTURES | FINANCING | TRANSACTION ADVISORS