

Middle Market M&A Update

Q4 2024



M&A Market Summary

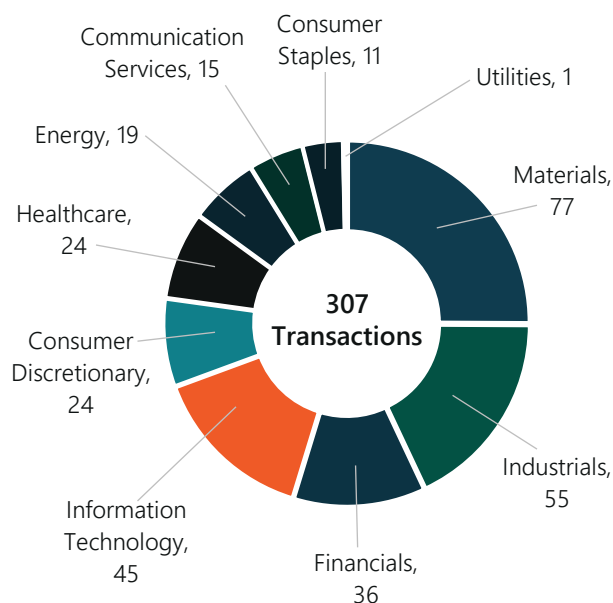
Canadian Mid-Market

The Bank of Canada (BoC) implemented two interest rate cuts of 50 basis points (bps) each in Q4 2024, reducing the key interest rate from 4.25% to 3.25%. The interest rate cuts occurred in October and December 2024 in response to easing inflation and slower-than-expected economic growth. Despite a more favourable interest rate environment, M&A activity noticeably declined in Q4 2024. This downturn was primarily due to companies adopting a cautious, wait-and-see approach — influenced by expectations of further rate cuts, uncertainties regarding tariffs, and the future of free trade in North America amid the changing administration in the United States (U.S.). Consequently, many transactions that may have otherwise taken place during the quarter were deferred.

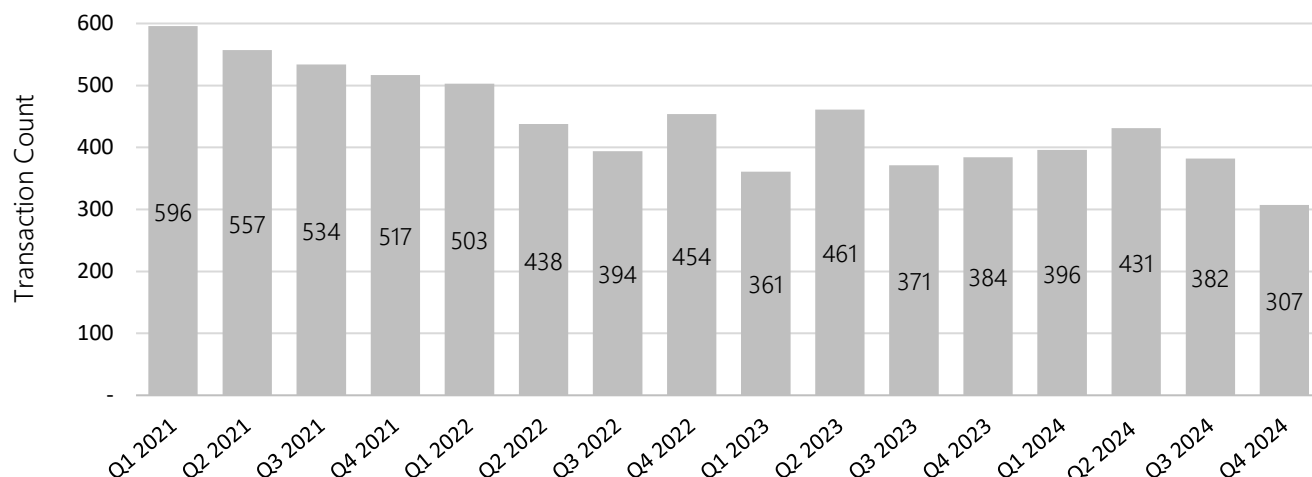
M&A activity declined by 19.6% quarter-over-quarter, with the number of transactions decreasing from 382 in Q3 2024 to 307 in Q4 2024. The adjacent chart summarizes transaction count by sector in Q4 2024, and corresponding sector highlights are noted below:

- The Materials sector led the quarter with 77 transactions, accounting for 25.1% of the total transaction count in Q4 2024. A notable transaction within the sector was Carlisle Companies Incorporated's acquisition of Plasti-Fab, which valued the latter at an Enterprise Value (EV) of \$357.7 million.
- The Industrials sector followed with 55 transactions, accounting for 17.9% of the total transaction count in Q4 2024. A notable transaction within the sector was the announcement of VRC Companies, LLC.'s acquisition of Redishred Capital Corp., which valued the latter at an EV of \$129.1 million.
- The Utilities sector saw the fewest transactions in Q4 2024 with only one deal, decreasing from the five recorded in Q3 2024. The only transaction within the sector was Metlen Energy & Metals S.A.'s acquisition of a 75% stake in Sunnynook Solar Energy Inc., which valued the latter at an EV of \$59.3 million.

Q4 2024 Transaction Count by Sector



Quarterly Transaction Count¹



¹Transaction count data is based on all publicly disclosed Canadian transactions between January 1, 2021, and December 31, 2024.
Sources: S&P Capital IQ, S&P Global, Bank of Canada. Currency in CAD.

M&A Market Summary

Select Q4 2024 M&A Transactions - Canada

CARLISLE

has
acquired

Plasti-Fab

Closed	Dec 18, 2024
EV	\$357.7M
EV/EBITDA	Not Disclosed
EV/Revenue	2.4x

- **Carlisle Companies Incorporated (Carlisle)** is a leading supplier of innovative building envelope products and solutions for energy-efficient buildings. Through its building products businesses — Carlisle Construction Materials (CCM) and Carlisle Weatherproofing Technologies (CWT) — Carlisle delivers innovative, labour-reducing, and environmentally responsible products and solutions. Carlisle was founded in 1917 and is based in Scottsdale, Arizona.
- **Plasti-Fab** is a provider of expanded polystyrene insulation products in Canada and the Midwestern U.S. Plasti-Fab operates eight manufacturing locations in Canada and three in the U.S., serving commercial, residential, and infrastructure markets. Plasti-Fab was founded in 1968 and is based in Calgary, Alberta.
- The acquisition of Plasti-Fab provides Carlisle with vertically integrated polystyrene capabilities for its Insulfoam EPS business. The acquisition also enhances scale, supports retail channel expansion, and addresses key geographic gaps in the U.S. and Canada. Additionally, the transaction delivers \$14 million in identified cost synergies.

TOURMALINE OIL CORP.

Is
acquiring

TODD ENERGY CANADA

Announced	Nov 6, 2024
EV	\$300.0M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Tourmaline Oil Corp. (Tourmaline)** is a Canadian senior crude oil and natural gas exploration and production company. Tourmaline is focused on long-term growth through an aggressive exploration, development, production, and acquisition program in the Western Canadian Sedimentary Basin. Tourmaline was founded in 2008 and is based in Calgary, Alberta.
- **Todd Energy Canada Limited (Todd Energy)** is part of The Todd Corporation Limited, a Wellington-based conglomerate with diversified operations in energy, property development, healthcare, and technology. Todd Energy focuses on developing oil and natural gas properties in Alberta's Montney fields, which are known for their substantial long-term potential. Todd Energy was founded in 2014 and is based in Calgary, Alberta.
- Tourmaline's acquisition of Todd Energy strengthens Tourmaline's position in the Birch Montney shale gas region and aligns with Todd Corporation Limited's strategy to refocus its resources in New Zealand.

FACTSET

has
acquired

irwin

Closed	Nov 1, 2024
EV	\$173.7M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **FactSet Research Systems Inc. (FactSet)** is a global provider of financial data and software solutions, serving investment professionals. FactSet offers subscription-based access to comprehensive data and intelligence on securities, companies, industries, and key personnel. This enables its clients to conduct research, analyze markets, monitor performance, and manage portfolios efficiently. FactSet was founded in 1978 and is based in Norwalk, Connecticut.
- **Platform Group Limited (doing business as Irwin)** offers a streamlined investor relationship management platform that integrates people, data, and insights. Its suite of tools, which combines intuitive design with workflow automation, provides actionable insights for investor targeting, shareholder monitoring, relationship management, and engagement analytics. Irwin was founded in 2017 and is based in Toronto, Ontario.
- The acquisition of Irwin represents FactSet's commitment to expand its offerings for investor relationship management and corporate professionals, aligning with the company's strategy to offer comprehensive solutions throughout the financial services industry.

M&A Market Summary

Equity Markets

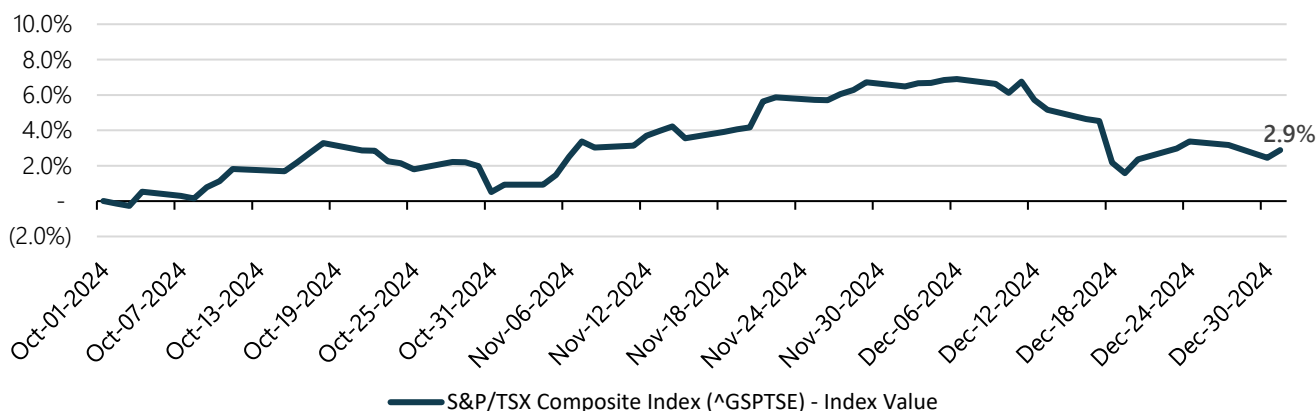
The S&P/TSX Composite Index gained 2.9% in Q4 2024, contributing to an overall increase of 18.5% for the year. During the quarter, five of the ten sectors posted positive returns, and 111 of the 203 constituents (excluding real estate) recorded gains.

- The Information Technology sector recorded a gain of 19.3% in Q4 2024, outperforming the broader market. Celestica Inc. led the sector with a 98.1% increase in share price, driven by very strong quarterly financial results, including a 22.3% year-over-year increase in revenue. The company also announced a strategic partnership with Groq, a California-based artificial intelligence (AI) company. BlackBerry Limited's stock price rose 66.0%, driven by the company generating positive free cashflow for the first time in 12 quarters. Additionally, the company announced that its QNX platform was selected by Hyundai Mobis to power its next-generation digital cockpit system. Sector gains were partially offset by a 19.1% decline in Enghouse Systems Limited's share price, after the company reported lower-than-expected revenue in the fourth fiscal quarter, dragged down by a miss in software licenses.
- The Financials sector saw a 5.9% return in Q4 2024, with 22 out of 26 constituents achieving share price appreciation. Falling interest rates helped alleviate concerns about recession risks and widespread loan defaults, contributing to higher stock prices in the sector. Additionally, strong loan books and prudent borrower behaviour further fueled positive momentum. CI Financial Corp. led the sector with a 67.2% gain in share price following the announcement that it will be taken private by Mubadala Capital, an asset management firm based in Abu Dhabi, United Arab Emirates. The Toronto-Dominion Bank posted the largest decline in stock price (10.9%). This is due to the company being hit with a US\$3 billion fine and growth restrictions in the U.S., owing to deficiencies in its anti-money laundering practices.
- The Consumer Staples sector recorded a 2.7% increase in Q4 2024. Performance varied across the sector, with five of the ten constituents posting gains. Sector growth was primarily driven by Alimentation Couche-Tard Inc., which saw a 7.4% rise in share price following a 6.6% increase in total merchandise and service revenue compared to Q4 2023. Additionally, Empire Company Limited contributed to the sector's performance with a 6.9% increase in share price, driven by the company's growth in earnings per share for the quarter.
- The Communications sector suffered the largest downturn in Q4 2024, declining by 17.4%, with every constituent posting negative returns. The decline was primarily driven by weaker-than-expected earnings from key telecom and media companies, intensified competition in streaming and wireless services, and regulatory challenges that affected profitability. BCE Inc. experienced the steepest decline, with its share price plummeting 29.1% after announcing a \$5 billion acquisition of Zipy. This move was heavily criticized for failing to address the company's significant debt load. Rogers Communications Inc. faced the second largest decrease in share price, declining 16.8%, due to slow revenue growth and an increased churn rate.

Q4 2024 Sector Performance¹

Sector	Return
Information Technology	19.3%
Financials	5.9%
Consumer Staples	2.7%
Consumer Discretionary	1.1%
Industrials	0.1%
Energy	(1.9%)
Utilities	(2.6%)
Healthcare	(4.9%)
Materials	(6.0%)
Communications Services	(17.4%)

S&P/TSX Composite Index Value – Q4 2024



¹Sector performance is based on the price change of each corresponding S&P/TSX Composite Index during Q4 2024.

Sources: S&P Capital IQ, Linde Equity, Reuters, and Quarterly Reports.

M&A Market Summary

Canadian Economic Update

In Q4 2024, the Canadian Dollar (CAD) depreciated against the United States Dollar (USD), ending the quarter at 1.44 CAD/USD compared to 1.35 CAD/USD at the close of Q3 2024. The depreciation of the CAD was primarily driven by the results of the U.S. election and the proposed 25% tariff on Canadian imports, which increased trade uncertainty. Additionally, diverging monetary policies between the Canadian and U.S. central banks have further weakened the CAD, with the Federal Reserve's target rate currently set between 4.25% and 4.5%.

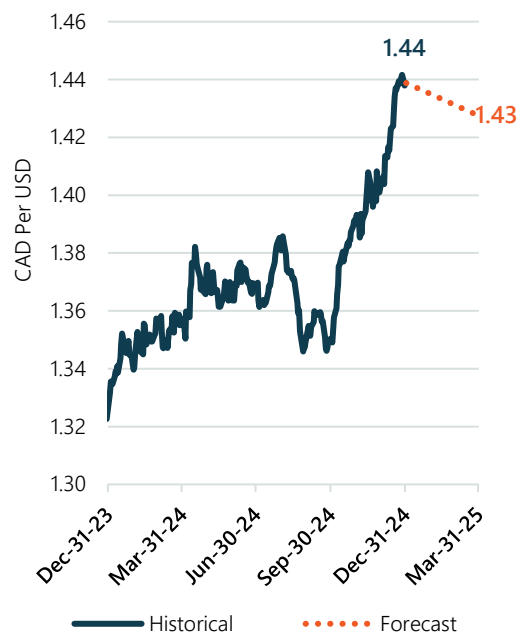
The Canadian economy continued to grow in Q4 2024, with Real Gross Domestic Product (GDP) estimated to have increased by 1.5% during the quarter. While growth accelerated from the 1.0% recorded in Q3 2024, it fell short of the BoC's 2.0% forecast. The slower-than-expected pace was largely attributed to a decline in business investment and subdued consumer and government spending amid ongoing economic uncertainties. GDP growth is projected to remain modest at 1.3% through 2025. This growth is expected to be supported by a rebound in residential investment fueled by easing borrowing costs. It is also expected to be supported by an increase in household expenditures driven by the temporary break on Goods and Services Tax (GST) announced in December 2024.

Housing starts in Q4 2024 were estimated at 231,000 units, a decrease of 6,000 units from Q3 2024. The decline in housing starts is driven by potential homebuyers adopting a cautious, wait-and-see approach in anticipation of further interest rate drops, which has dampened demand. Additionally, Canadian housing starts are projected to continue declining in 2025 due to slower population growth stemming from government policies aimed at reducing immigration levels.

The Consumer Price Index (CPI) steadily declined throughout 2024, decreasing from 2.8% in Q1 to 1.7% in Q4. The slowdown in price growth was primarily reflective of reduced mortgage interest costs. Additionally, the federal government's temporary break on GST announced in December 2024 further eased inflation, lowering prices for approximately 10% of the CPI basket, including items such as restaurant food, alcohol, and children's clothing. The CPI is projected to grow by 1.7% in 2025.

Throughout 2024, Canada's unemployment rate gradually increased each quarter, rising from 5.9% in Q1 to 6.7% in Q4. This upward trend was driven by a combination of slower hiring activity and a growing share of new workers, including youth and immigrants, joining the labour force without a job. The unemployment rate is expected to peak at 7.0% in 2025.

CAD/USD Exchange Rate¹



**Note: RBC forecasts a Q1'25 CAD/USD exchange rate of 1.43.*

Overnight Rate²
(%)

Year	Canada
2024F	3.25%
Q1'24	5.00%
Q2'24	4.75%
Q3'24	4.25%
Q4'24	3.25%
2025F	2.00%

Real GDP Growth²
(YoY % change)

Year	Canada
2024F	1.3%
Q1'24	2.0%
Q2'24	2.2%
Q3'24	1.0%
Q4'24F	1.5%
2025F	1.3%

Unemployment Rate²
(%)

Year	Canada
2024	6.3%
Q1'24	5.9%
Q2'24	6.2%
Q3'24	6.5%
Q4'24	6.7%
2025F	7.0%

Housing Starts³
(‘000s)

Year	Canada
2024F	241
Q1'24	245
Q2'24	250
Q3'24	237
Q4'24F	231
2025F	228

Consumer Price Index²
(YoY % change)

Year	Canada
2024F	2.3%
Q1'24	2.8%
Q2'24	2.7%
Q3'24	2.0%
Q4'24F	1.7%
2025F	1.7%

¹Exchange rate data as of December 31, 2024, from Bank of Canada. Forecast from RBC Financial Markets Monthly – January 2025.

²Data and forecast from RBC Economics Research.

³Data and forecast from TD Economics. Data represents total housing starts during the trailing twelve-month period ended each quarter. Source: Bank of Canada, Canada Mortgage and Housing Corporation, Yahoo Finance, Reuters, and Statistics Canada.

About Us

MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A, capital markets, and due diligence 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 \$3 million and \$300 million.

Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past 10 years alone, we have completed over 300 transactions worth more than \$5 billion (not including due diligence engagements).

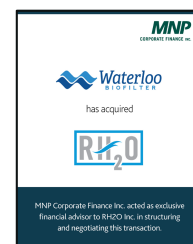
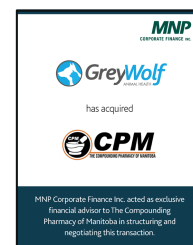
Industry Experience

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- Construction
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- Technology
- Energy
- Oilfield Services
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- Divestitures
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- Debt Financing
- Due Diligence
- Transaction Advisory Services

Recently Closed Deals (National)



About Us



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

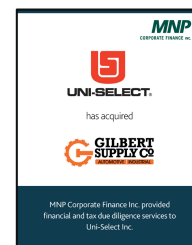
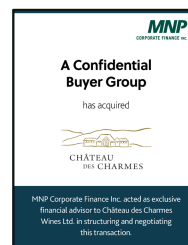
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

Local and 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.



Recently Closed Deals (National)

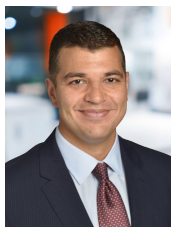


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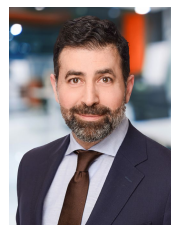
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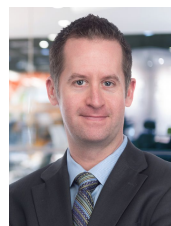
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