

Return to Deal-Making: Mid-Market M&A Over the Next 12-24 Months



ACG[®]
Toronto

Cassels

PRIVATE
EQUITY
GROUPS

ADVISERS

LENDERS

THE COMPLETE GLOBAL DEALMAKING ECOSYSTEM

ACCG[®]

STRATEGIC
ACQUIRERS

INTERMEDIARIES

C-LEVEL
EXECUTIVES

DEALSOURCE NORTH

ONLINE JUNE 10 & 11

- ❖ 60+ COMPANIES & 130+ ATTENDEES REGISTERED
- ❖ 425+ PRE-SCHEDULED MEETINGS BOOKED
- ❖ WEBINAR KEYNOTE PRESENTATIONS – BOTH SPONSORED
- ❖ FIRST ACG CHAPTER TO HOST AN ONLINE CONFERENCE

PROMOTING 2 CONFERENCES

CANADA'S LARGEST DEALSOURCE EVENTS IN 2020

SAVE THE DATES

We are moving ACG DealSource North® to an **ONLINE VIRTUAL EVENT**

NEW DATES - JUNE 10th & 11th, 2020

TIMES: NOON - 5:00 PM
AGENDA FOR BOTH DAYS:
NOON - 12:45 - KEYNOTE PRESENTATION, 1:00 - 5:00 - PRE-SCHEDULED MEETINGS
REGISTER NOW - SPACE IS LIMITED!

30+ Investment Banks and M&A Advisory Firms
50+ Private Equity and Capital Providers
700+ Meetings Booked

2019 ACG DealSource North® Statistics

The 2nd annual DEALSOURCE NORTH will be hosted online - and will provide the same benefits for pre-scheduled meetings between Capital providers / PE firms and Investment Banks / M&A Advisory firms. The event format will offer access to 8 daily, pre-scheduled, 30-minute meetings hosted on our secure online audio/video platform.

We are pleased to announce dates for the two largest DEALSOURCE events in Canada. In addition to the revamped, online DEALSOURCE NORTH; the 4th annual Fall DEALSOURCE takes place during the 18th CAPITAL CONNECTION CONFERENCE on November 9th & 10th. Your DEALSOURCE registration...and Trade Show.

ACG CAPITAL CONNECTION®

MONDAY NOVEMBER 9, 2020
DealSource & Opening Reception

TUESDAY NOVEMBER 10, 2020
Conference & Trade Show

30+ Investment Banks and M&A Advisory Firms
100+ Private Equity and Capital Providers
800+ Meetings Booked

2019 ACG Capital Connection® DealSource Statistics

Special Offer - Attend both events - and receive reduced pricing!
Non-ACG Members can register as a new ACG member and receive reduced pricing for their attendance.

LIMITED PLACES AVAILABLE.
For more information contact Claire at cleahy@acg.org

<https://www.acg.org/toronto/events/dealsource-north>

ACG Toronto

TORONTO

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Panelist
Milap Choksey,
Principal,
Clearspring Capital Partners



Panelist
Alan Chettiar,
Partner, M&A Advisory,
FirePower Capital



Moderator
Jake Bullen,
Co-Chair Cassels
Private Equity Group



Panelist
Sylvia Rasic,
Partner and Senior
Managing Director,
Deloitte Corporate Finance



Panelist
Morty White,
Managing Director,
Wynnchurch Capital

Deloitte Corporate Finance – Global Overview

Proven Track Record and Experience

Lead adviser on **>485** completed deals with a combined enterprise value of **~\$94.2bn***



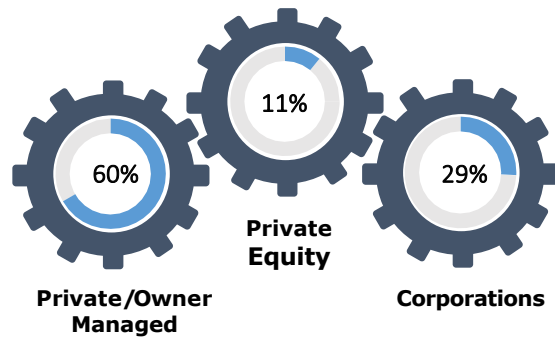
Advising our clients on the sale of **> 280 businesses** and over **180 acquisitions...**

with **44%** of our transactions having a **cross-border element...**

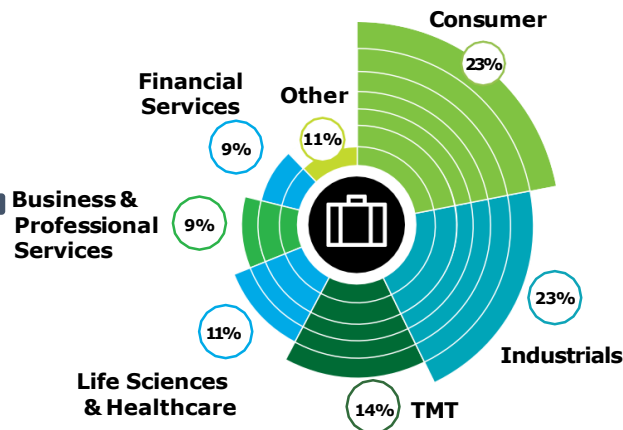


*All over last 12 month period

Advisors to Private, Public and PEs



Deal Completions across Sectors



International Reach

Delivering our clients an integrated global network of deal makers, industry specialists, and subject matter experts...



...encompassing ~210 partners and 1,350 professionals located in 120 office locations across our member firm network.

DCF offers the client service and middle market focus of a boutique investment bank, backed by the global reach and cross-functional capabilities of the world's largest professional services firm.

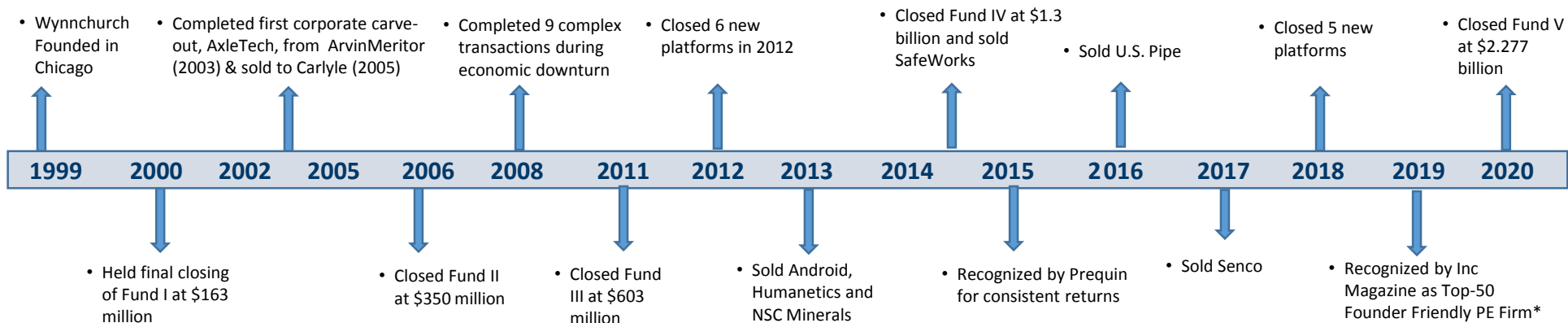
Wynnchurch Capital – Background and Focus

- Founded in 1999, Wynnchurch Capital is a Leading Private Equity Firm Investing in Middle-Market Companies in the United States and Canada**
 - Team: 30+ investment professionals headquartered in the Chicago suburb of Rosemont, Illinois with offices in California and Canada
 - Portfolio: 64 platforms since firm’s founding; 21 active platforms with combined sales of approximately \$4 billion*
 - Capital: \$4.2 billion committed capital under management; \$2.4 billion available for investments
 - Operational Focus: use of quality performance tools to drive value creation
- Disciplined Value Investment Approach Targeting Complex Industrial Transactions**
 - Situations: Corporate carve-outs, succession planning, management-led buyouts, turnarounds, underperformers, special situations, recapitalizations, out-of-favor industries
 - Solutions Provider: Significant experience in working with leading corporations such as Boeing, Dover, Ford, General Electric, ITT, Mueller Water Products, SPX and Toyota
 - Target Size: Revenues of \$50 million – \$1 billion for new platforms; any size for add-ons
 - Equity Investment: Up to \$330 million per transaction; significant additional co-invest available from Limited Partners (LPs)

Core Industries

-  Aerospace & Defense
-  Automotive & Transportation
-  Building Products & Materials
-  Consumer Products & Food
-  Healthcare Equipment & Supplies
-  Industrial Products & Services
-  Natural Resources
-  Paper & Packaging
-  Value-Added Distribution & Logistics

Wynnchurch’s 21-Year History



*As of December 31, 2019

*Disclaimer – Top 50 Founder-Friendly Private Equity Firms: Wynnchurch is not aware of the criteria on which this rating is based. Wynnchurch did not pay a fee to receive this rating. This rating is not to be construed as indicative of Wynnchurch’s future performance.

STRATEGIC AND FINANCIAL FUEL

- For the first time, private capital and M&A advisory are under one roof for Canadian entrepreneurs.

M&A Advisory

DEAL SIZE \$10M - \$250M

We advise companies and their shareholders on the preparation for and execution of their mergers & acquisitions (M&A) strategies.

Our M&A Advisory team specializes in cross-border sell-side mandates as well as large-scale 'roll-up' engagements on the buy-side.

Our Value Maximization team uses big data analytics to improve shareholder value, particularly ahead of or following M&A activity.

Private Capital

DEAL SIZE \$1M - \$20M+

We invest our own capital through venture, gap & bridge term debt, as well as private equity.

Our Private Debt team specializes in term debt of \$1M to \$20M+ as a substitute for or complement to equity in asset-light companies with good visibility into their cash flows.

Our Private Equity team invests in companies where we can add value.



**No other firm in Canada can deploy its own capital and advise on deals the way we can.
FirePower is a unique ecosystem for entrepreneurs, built by entrepreneurs.**

Clearspring Capital Partners

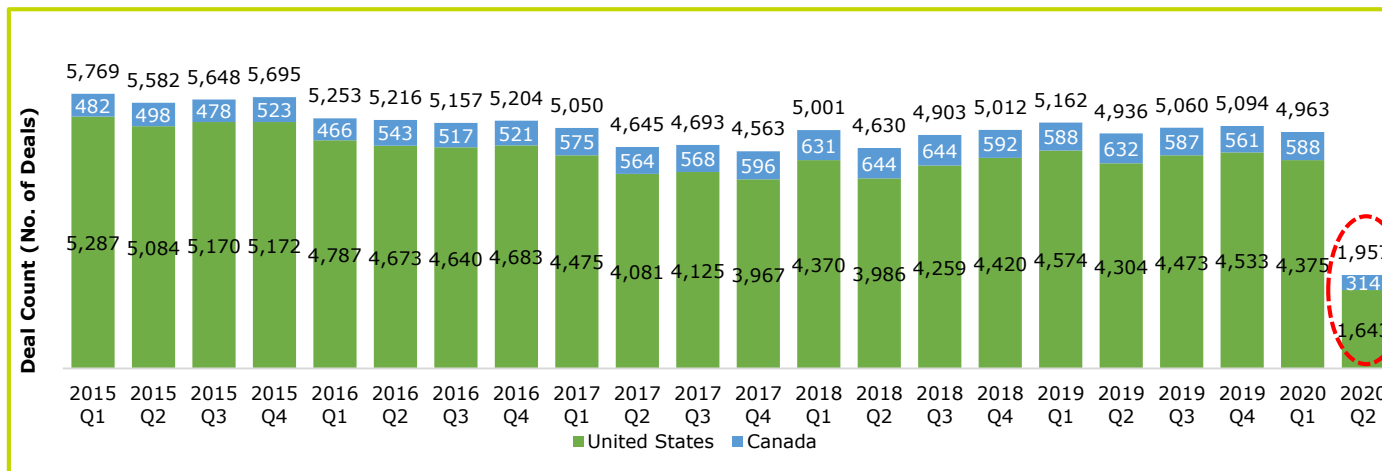
- **We are a longstanding private equity firm experienced in partnering with leading Canadian businesses to help accelerate their success**
- **Team with unique combination of consulting, operating and investing experience**
- **Based in Montreal and Toronto, we have an established network across Canada**
- **Proven investment strategy, with excellent performance**
 - ✓ \$470 million invested in 16 companies since 2002
 - ✓ 12 fully realized investments, 2.5x MOC and 30% IRR
- **Latest Fund (Fund III) closed with \$260 million of commitments**
 - ✓ >\$25 million from current / former CEOs and partners
 - ✓ Fund III is now 66% invested



North American M&A: A Quarterly Snapshot

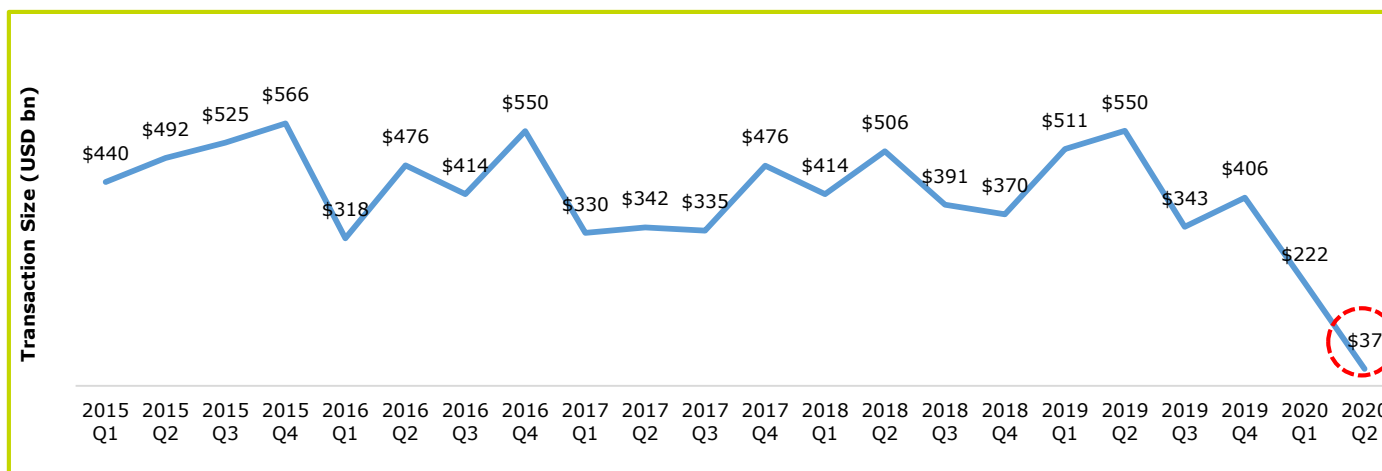
Overview

North America Deal Count Quarterly Breakdown Trend - 1Q 2015 - 2Q 2020¹



- North American M&A count was down by **18%** in March 2020 (YoY) and 49% & 50% in April & May, respectively
- Canadian deal count also witnessed sharp declines of 7%, 36% and 43% in March, April and May 2020 (YoY), respectively
- The U.S. has suffered an even sharper decline, pulling the overall deal activity further down

North America Transaction Value Quarterly Trend - 1Q 2015 - 2Q 2020¹



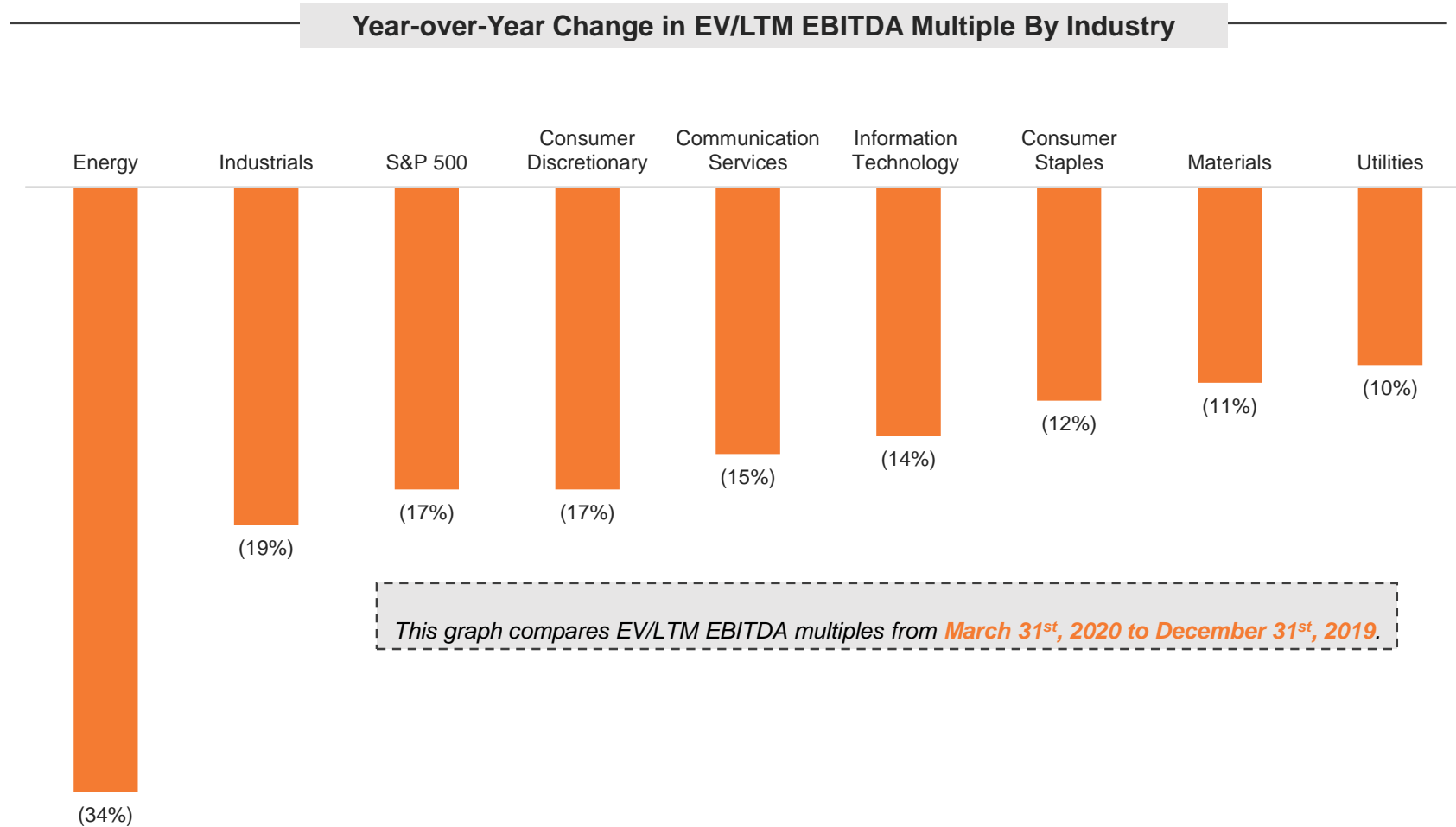
- North American M&A value down has witnessed a downward trend in Q1, which decline of 45% over Q4 2019, and 56% over Q1 2019
- However, Q2¹ (updated to Jun 8), which usually sees an uptick in the transaction values, declined 83%¹ over Q1 2020, with total transaction value declining to USD \$37¹

¹Q2 2020 aggregates data from April 1, 2020 to June 8, 2020. Please note that these numbers point to a part of the quarter and will get revised up, once the quarter concludes.

Source: CapitalIQ

COVID-19 VALUATION IMPACT BY INDUSTRY

- The immediate impact of COVID-19 on industries was varied but severe.



LENDER FINANCING TERMS

- Changes in financing terms will continue to weigh on valuation over at least the next 6-12 months.

		Pre COVID-19			Post COVID-19
Terms		Chartered Bank 1		Chartered Bank 2	Chartered Bank 3
Opening Leverage		<ul style="list-style-type: none"> • CD/EBITDA: 3.5x • Mezzanine Debt: 1.0x 		<ul style="list-style-type: none"> • SD/EBITDA: 3.0x • FD/EBITDA: 4.0x • Max Debt/Cap: 60% 	<ul style="list-style-type: none"> • CD/EBITDA: < 2.75x • Max Debt/Cap: 50%
Facilities		<ol style="list-style-type: none"> 1) Term Loan 2) Operating Line of Credit 3) Business Credit Card 		<ol style="list-style-type: none"> 1) Term Loan 2) Operating Line of Credit 	<ol style="list-style-type: none"> 1) Term Loan
Repayment		<ul style="list-style-type: none"> • Up to 5 year term, up to 10 year amortization • 50% cash sweep annually 		<ol style="list-style-type: none"> 1) Quarterly at 12.50%/year 2) 100% bullet, at maturity <ul style="list-style-type: none"> • 3 year term, subject to review • 50% cash sweep when FD/EBITDA > 2.50x, nil otherwise 	<ul style="list-style-type: none"> • 5 – 7 year amortization • 50% cash sweep until leverage reaches 2.0x
Pricing		<ol style="list-style-type: none"> 1) BA + 225 – 300 bps 2) Varies with prime rate 3) Standard rates 		<ol style="list-style-type: none"> 1) BA + 450 bps, standby fees at 25% of drawn spread 	<ul style="list-style-type: none"> • TBD, varies with timing
Fees		<ul style="list-style-type: none"> • Commitment: 15-25 bps • Annual Renewal: 5-10 bps 		<ul style="list-style-type: none"> • Annual Renewal: 20 bps 	<ul style="list-style-type: none"> • TBD
Covenants		<ul style="list-style-type: none"> • FD/EBITDA \leq 4.00x • FCCR \geq 1.10x - 1.30x 		<ul style="list-style-type: none"> • SD/EBITDA \leq 3.50x • FD/EBITDA \leq 4.50x • FCCR \geq 1.15x 	<ul style="list-style-type: none"> • SD/EBITDA \leq 3.0x • FCCR \geq 1.25x • Capex Restrictions: TBD

• CD – closing debt; FCCR - Fixed Charge Coverage Ratio; FD – funded debt, SD – senior debt

• Note: Pre-COVID-19, FPC reached out to Chartered Bank 1 for an offer sheet and did not approach Chartered Bank 2 and 3. Post-COVID-19, Chartered Bank 1 declined to submit an offer sheet, and FPC reached out to Chartered Bank 2 and 3.

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