



Rental services company closes a strategic investment in Canada

DEAL FLASH

CONSTRUCTION & ENGINEERING SERVICES, INDUSTRIAL MACHINERY & COMPONENTS | FEBRUARY 2022

DEAL SNAPSHOT

Stephenson's Rental Services has made a strategic investment in Centre de Location G.M. Inc. (Location G.M.), a Quebec-based equipment rental company with four branches. This investment marks the first step for Stephenson's in its plan to expand in the province of Quebec, and increases its national footprint to three provinces and 49 branches.

Headquartered in the Greater Toronto Area, Stephenson's is a long-established and leading player in the dynamic Canadian equipment rental sector. It also provides complementary services, including equipment delivery and repair. It serves commercial traders, home and condominium builders, general contractors, DIY, and institutional and industrial customers, helping businesses and communities grow.

For over 50 years, Location G.M. has been offering specialized rental equipment and repair services for the construction sector. After successfully growing Location G.M., Alexandre Cantin and Jean-François Cantin, shareholders and CEO and CFO respectively, will stay in their roles, retaining a significant interest in the firm. Location G.M.'s operations in Quebec will continue under its own brand.

“The investment in Location G.M. is an important step in the expansion plans of Stephenson's within the province of Quebec. It immediately provides a strong foothold in the province and represents a great platform to further expand our activity. The Oaklins teams in Toronto and Montreal were instrumental in identifying Location G.M. as a potential target, establishing a strong connection with its owners and assisting us until the end with the execution of this important transaction.”

KARIM NENSI

CFO, STEPHENSON'S RENTAL SERVICES, CANADA

OAKLINS PLAYED A MAJOR ROLE IN FINDING THE RIGHT PARTNER

Oaklins' team in Canada was instrumental in executing this landmark transaction. Having developed a strong relationship with Stephenson's and a unique understanding of its priorities, the team approached Quebec-based equipment rental companies to identify the perfect match. Oaklins played a key role in generating ideas to design a tailor-made agreement that respected both partners' priorities and setting the right balance between all stakeholders' interests. At all times, Oaklins ensured that a high level of mutual confidence was present between the parties, to bring this transaction to a successful closing.

Stephenson's
RENTAL SERVICES

MARKET TRENDS & DEAL DRIVERS

The equipment rental industry in Canada is going through a wave of consolidation, driven by the desire to achieve economies of scale.

The market is still relatively fragmented, with the top 10 firms controlling only around 36% of the market. The tightness of the labor market and the scarcity of new equipment are also driving more firms to look at M&A as a growth avenue.

The industry in Canada is expected to grow by 7% in 2022, which will see it surpass its pre-pandemic peak of US\$5.6 billion from 2019. Infrastructure spending by the government, construction and housing needs are all expected to play an important role in the future growth of the industry.

The availability of capital and asset-backed financing at competitive conditions is also driving the sector's dynamism.

M&A VALUATION ASPECTS

Financial details of this transaction have not been disclosed.

The valuation of this transaction reflects Location G.M.'s positioning in the industry as well as its growth potential.

TALK TO OUR ADVISORS



✉ **GUILLAUME POULIN**

Partner
Toronto, Canada
T: +1 416 508 0110



✉ **ALEXIS ICHÉ**

Partner
Montreal, Canada
T: +1 514 954 0070

Guillaume has more than 15 years of experience in advising management teams, boards and shareholders on M&A transactions, financing, performance assessment and governance. Key clients he has advised recently include Importfab Inc., a contract manufacturer for the pharmaceutical industry, APG-Neuros, a distributor and manufacturer of high-efficiency turbo blower, and R&D Recycling, a regional materials recovery facility operator.

Alexis brings more than 20 years of experience in advising investors, entrepreneurs and managers on capital allocation, financing, performance optimization and M&A transactions. He primarily caters to family-owned and owner-managed firms, but also has extensive experience with family offices as well as private equity and investment funds. Recent transactions he has been involved in include the sales of In Fidem to Atos (digital consulting) and Normand to MetalPless (industrial goods).

“The equipment rental industry is experiencing an increased level of M&A activity as sellers are capitalizing on favorable dynamics and valuation levels. Consolidation is expected to continue as growth-oriented rental equipment companies strive to acquire firms to expand services, diversify their fleet, expand geographically, and acquire new client relationships and technical expertise.”

GUILLAUME POULIN
PARTNER, OAKLINS, CANADA



OAKLINS HAS CLOSED 557 DEALS IN CONSTRUCTION & ENGINEERING SERVICES AND 251 IN INDUSTRIAL MACHINERY & COMPONENTS

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