



Oaklins



Equipment rental specialist becomes part of family firm with long history

DEAL FLASH | BUSINESS SUPPORT SERVICES, CONSTRUCTION & ENGINEERING SERVICES | JUNE 2023

DEAL SNAPSHOT

Founded in 2012, Skytec Rentals is a privately owned equipment rental company that specializes in aerial work platforms.

It provides a wide selection of high-quality and well-maintained equipment, including scissor lifts, boom lifts, personnel lifts and telehandlers. With a knowledgeable team and flexible rental options, Skytec Rentals has firmly established itself in the Greater Toronto Area, the most populous and fastest-growing region of Canada.

Founded in 1907, Simplex Equipment Rental Inc. is a family-owned Quebec company specializing in tool and equipment rentals for all types of construction projects and the industrial, manufacturing, government, events and film sectors. It employs 550 people and has 35 branches in Quebec and Ontario.

This acquisition represents Simplex's largest acquisition to date, and lays the groundwork for its expansion plans in Ontario. Simplex intends to capitalize on the strong growth potential of the construction sector and many other industries in Southern Ontario and the Greater Toronto Area, one of North America's largest markets.

OAKLINS PLAYED A SIGNIFICANT ROLE IN MAKING THIS DEAL HAPPEN

Oaklins acted as the sell-side M&A advisor to Skytec Rentals in this transaction. Oaklins' deep industry expertise and extensive knowledge of, and strong relationship with, buyers in the equipment rental sector were instrumental in securing a seamless and efficient transaction for Skytec. The team was involved throughout the preparation of the sale process and supported all aspects of the transaction, from the negotiation of the letter of intent until closing.

“We are absolutely delighted with the exceptional level of service and invaluable assistance we received from Oaklins’ team during our entire sale process. Their deep expertise in the equipment rental space and extensive knowledge of buyers were instrumental in securing the best outcome for our company and its shareholders. Oaklins’ team exhibited a high level of professionalism and dedication, ensuring a smooth and efficient transaction. Engaging Oaklins as our exclusive advisor was undoubtedly the best decision we made, as they successfully brought the right acquiror to the table and were instrumental in negotiating the best transaction structure.”

CHEDO SOBOT
CO-FOUNDER & CHAIRMAN
SKYTEC RENTALS
CANADA



MARKET TRENDS & DEAL DRIVERS

M&A activity in the Canadian equipment rental industry remains robust, even after the recent rapid increase in interest rates. The buyer universe is also very strong. We see the well-known national and international industry consolidators continue their pursuit of expanded market share, diversification and specialty capabilities through acquisitions, but also regional players turning to acquisitions for growth, and more and more private equity firms and family offices showing interest in the sector.

This robust performance can be primarily attributed to the continuous growth of the construction sector. With Canada experiencing a high rate of population growth (the highest of the G7 countries) and substantial commitments from regional/provincial governments to invest massively in infrastructure, the Canadian construction industry is set for continued expansion for the foreseeable future. Thus, we anticipate that industry consolidators will continue to increase their market share, diversify their offerings, and gain specialized capabilities through acquisitions in the coming years.

M&A VALUATION ASPECTS

Financial details of this transaction have not been disclosed. With the interest rates rising since the spring of 2022, valuation multiples in the equipment rental sector, as in most industries, are now closer to historical levels. The main drivers of valuation in the sector are i) the quality of the client list, ii) the number of years top clients have been doing business with the company, iii) the quality of the fleet, and iv) the ability to generate above-average EBITDA margin while providing great client service and maintaining the fleet.

TALK TO OUR ADVISORS



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Guillaume is a managing partner at Oaklins E. Canada and is based in Toronto. He has more than 20 years of experience in advising management teams, boards and shareholders on M&A transactions, financing, performance assessment and governance. He has done work for a variety of clients, including large public issuers, family-owned companies, startups, private equity firms and pension funds in Canada, the USA, Europe, the Middle East and Africa. His key areas of expertise are in business support services, financial services, healthcare, manufacturing and TMT. Recent transactions he has advised on include the sale of Hangingstone Ventures Inc., a hydrovac service provider, to Infracon Construction; the sale of Brookdale Treeland Nurseries Ltd., a grower and supplier of live garden plants and decorative holiday greenery, to Rouge River Capital and the sale of CyberImpact, a digital marketing solution provider, to Oliva Capital.

Blair is a partner at Oaklins E. Canada and is based in Toronto. He has more than 25 years of experience in advising clients on M&A and corporate finance. In addition to traditional buy- and sell-side M&A transactions and capital-raising activities, he has extensive experience in providing independent valuations and fairness opinions for the boards of directors of public companies. Blair's key areas of expertise are in business services, communications & technology, consumer products and financial services. His clients have ranged from large multinational organizations, including IBM, Nortel Networks and Transocean, to private equity firms across North America as well as small- and mid-cap Canadian public companies and privately owned enterprises.

OAKLINS HAS CLOSED 636 DEALS IN BUSINESS SUPPORT SERVICES AND 527 IN CONSTRUCTION & ENGINEERING SERVICES

United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 850+ financial advisory professionals in 45 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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