



# Links Capital

Divestitures • Acquisitions • Financings

## Links Capital's Perspectives Planning Your Exit Why Alberta Business Owners Can't Afford to Wait

### Why Timing and Planning are Everything

Here's the one thing every Alberta business owner needs to know before selling: timing matters, and planning is non-negotiable. Too many business owners imagine they can simply wake up one day, decide to sell, and find themselves holding a cheque for maximum value. The reality is quite different.

### Preparing a business for sale is a journey, not an event.

Strategic exit planning is a process that can take years of careful preparation and alignment. A properly executed exit plan ensures the business is attractive to buyers, maximizes valuation, and avoids missteps that could leave significant money and legacy on the table.

### The Alberta Economic Rollercoaster: Why Preparation Pays

Over the past decade, Alberta businesses have faced almost every imaginable challenge:

#### Declining Oil Prices (2014–2019)

The tide turned abruptly in 2014 when global oil prices collapsed:

- **GDP stagnation:** Alberta's GDP declined after the oil price crash and only returned to 2014 levels by 2019, eroding years of progress. Per capita GDP fell 17% during this period.
- **Job losses:** Major reductions occurred in high-wage sectors like oil, gas, and construction, with around 100,000 jobs disappearing in the province.
- **Investment slump:** Declining profits reduced business investment and led to cost-cutting throughout the economy.

#### The COVID-19 Shock (2020–2021)

COVID-19 brought a double blow: pandemic-related restrictions and another collapse in oil prices. Alberta's GDP contracted 8.2% in 2020—the steepest drop of any Canadian province—far exceeding the national decline of 5.3%. Unemployment spiked, and many businesses never reopened, with the province hardest hit due to its reliance on energy exports. Although there was a strong rebound in activity in 2021, it did not fully offset earlier losses.

#### 2022–2025: Recovery and Renewed Uncertainty

Alberta's economy saw some recovery as commodity prices rebounded; GDP growth reached 2.7% in 2024. However, per capita economic output remains below pre-2014 highs, and employment has still not fully rebounded to previous peaks. The digital and technology sectors offered some resilience, but traditional industries such as energy and construction faced continuing uncertainty.

#### Tariffs and Trade Tensions in 2025

Compounding Alberta's challenges, recent tariffs imposed by the U.S. (including a 10% tariff on energy exports and 35% on goods not under CUSMA) are dampening sentiment and business investment. Alberta, being heavily export-dependent, especially to the U.S., is particularly vulnerable:

- **Profit margins are squeezed:** The energy sector faces lower profits, investment uncertainty, and possible job losses.
- **Broader economic risks:** Trade tensions threaten other vital industries like agriculture, manufacturing, and even provincial government revenues.
- **Business caution:** Uncertainty is causing companies and consumers to delay spending and investment, stalling momentum. Economic forecasts expect Alberta's GDP to contract as a result of these trade policy shocks.

During these turbulent periods, the difference between a successful business exit and a disappointing outcome has come down to *planning and readiness*. It's rarely pure luck or timing alone—most strong exits are years in the making, not months.

## What Buyers Want

Based on my experience in private equity and mezzanine lending, here's what consistently drives higher valuations:

- **Financial discipline:** Clean, accurate, and transparent financial records are essential. Buyers will scrutinize every line item and more than likely have a due diligence firm perform a Quality of Earnings report.
- **Scalable operations:** Businesses with proven, well-documented systems require less transition risk and are more attractive.
- **Market differentiation:** Clear competitive advantages and defensible market positions drive up demand.
- **Growth story:** Buyers pay premiums for businesses with growth potential backed by facts—not just optimism.
- **Resiliency:** In Alberta's boom-and-bust climate, companies that demonstrate adaptability and diversified revenue are premium assets.
- **Leadership depth:** Organizations that are not overly dependent on a single founder or manager attract broader buyer pools.

Remember, timing your exit well is only possible if you prepare in advance. Alberta's economic landscape demands long-term thinking; reactive decisions rarely yield favourable outcomes for sellers.

## Plan Early. Exit Smart

The best time to plan your exit was yesterday. The second-best time is now. As someone who has sat on both sides of the table - lending, acquiring, and advising, I can assure you that the most rewarding transactions are those where the owners took the time to understand market cycles, align their business with buyer expectations, and set themselves up for success.

Selling a business isn't just about finding a buyer; it's about building the kind of business buyers are eager to own.

If you're thinking of selling in the next few years, I'm happy to talk confidentially about what planning ahead could look like for your business and your goals.

Visit our News for the latest M&A valuation metrics and information

### Links Capital's Perspectives

From January 2021

### Preparing Your Business to Sell

#### Links Capital's Perspectives

Preparing Your Business To Sell

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#### ACQUISITIONS DIVERSITIES FINANCINGS

Links Capital specializes in the financing and financing of businesses in the Canadian middle market.

Links Capital's extensive network of private equity, public equity, and institutional investors, combined with its deep understanding of the Canadian market, enables us to provide strategic advice and financing solutions to our clients.

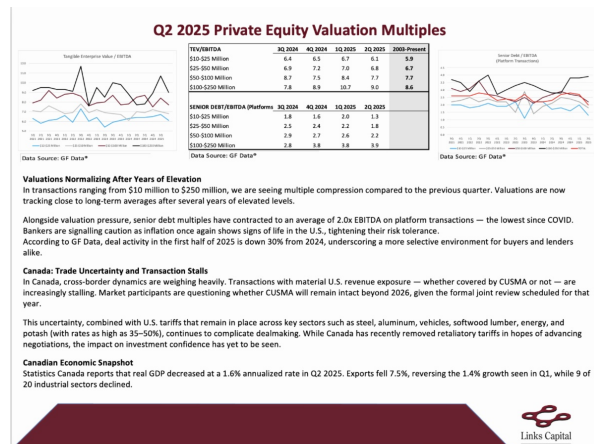
Bring experts in private equity, public equity, and institutional finance to your business. Through extensive buy and sell-side experience, we can help you maximize the value of your business.

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### Links' List of Multiples

Quarterly commentary on business valuation metrics



Links Capital Partners is focused exclusively on advising Canadian middle market companies sell their businesses, raise capital and acquire companies.

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