

## Canadian M&A Activity Remains Strong, Crosbie Reports

*The total number of deals increased in Q4 and in 2016, overall, and the outlook for M&A remains steady*

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The volume of Canadian mergers and acquisitions (M&A) remained strong in the fourth quarter (Q4) of 2016, even as deal value declined, according to new data from Toronto-based mid-market investment bank, Crosbie & Co.

There were 693 deals announced in the Q4, Crosbie reports, up slightly from 681 deals in the third quarter (Q3) and up from 641 deals in Q4 2015. The aggregate value of those deals dropped, however. In Q4, the total deal value came in at \$49.6 billion, down from the record level of \$132.4 billion in Q3 and down from \$76.5 billion in Q4 2015.

For the full year, there were 2,685 deals announced in 2016, valued at a combined \$331.5 billion. This was up from the 2,621 announcements, valued at \$275.7 billion, in 2015, the Crosbie report notes.

"M&A has shown considerable strength for the past three quarters," says Ed Giacomelli, managing director at Crosbie & Co., in a statement. "The headwinds that appeared in early 2016 have abated and the M&A outlook remains steady."

Deal activity was up in nine of 14 industry sectors in Q4, the firm says. Real estate was the most active

sector, followed by information technology. However, the industrial and precious metals sectors saw deal-making decline in their sectors.

The big decline in deal value during Q4 was attributable to the so-called "mega deal" segment (deals valued at more than \$1 billion). In Q4, there were 15 of these deals announced with a total value of just \$31 billion, whereas in the previous quarter, there were 16 mega deals but they were valued at a combined \$115.4 billion.

The Crosbie report also notes that deals involving financial sponsors, such as private equity firms, increased in Q4 as there were 16 of these transactions, up from 10 in Q3, and seven of the 10 largest transactions in the quarter involved a financial sponsor.

"Financial sponsors accounted for over half of the mega-deals during the quarter," Giacomelli says. "Private equity and pension funds have both the means and appetite for larger transactions, domestically and abroad."