

## Mega Deals Drive Strong M&A Activity in Q3

*A total of 16 deals worth \$1 billion or more represented a combined value of \$115.4 billion*

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Canadian mergers and acquisition (M&A) activity remained strong in the third quarter (Q3) on the strength of one of the largest deals in Canadian history and several other \$1 billion+ deals, according to a new report from Crosbie & Co.

Specifically, there were 681 M&A deals announced in Q3 valued at a combined \$132.4 billion compared with 709 deals worth \$47.9 billion in the previous quarter, the Toronto-based mid-market investment bank reports.

The strong deal activity was powered by 16 so-called mega deals — transactions worth at least \$1 billion — in Q3 that represented a combined value of \$115.4 billion, led by Enbridge Inc.'s \$61 billion offer for Houston-based Spectra Energy Corp., which would be the largest foreign takeover by a Canadian company, according to Crosbie & Co.'s report.

"The number of mega deals is impressive by any measure," says Ed Giacomelli, managing director at Crosbie & Co., in a statement "We continue to enjoy a robust M&A market across the size spectrum. Access to capital, attractive valuations, and the number of business owners looking for exits continue to set attractive conditions for M&A."

Outside of the mega deals, the mid-market remains the foundation of M&A activity, as there were 302 reported transactions worth less than \$250 million each totalling \$7.3 billion, the Crosbie & Co. report points out.

By sector, energy led the way on the strength of the Enbridge deal. The materials sector ranked second, with \$25 billion in deals. Metals and mining saw the greatest deal volume, with 94 transactions in the quarter. And the financial services sector also saw a strong uptick in activity, with 44 transactions, up from 28 deals in the second quarter.

In addition, cross-border transactions represented 41% of all announced deals, which is in line with the long-term trend, the Crosbie & Co. report states, adding that outbound M&A continues to outpace inbound M&A by a ratio of 1.7:1.

"The strength in outbound M&A shines a light on the strategic importance to Canadian corporations of growth by acquisition, specifically in the U.S.," says Giacomelli.