

NOVEMBER 13, 2007

Canadian M&A Activity a 'Strong' \$91B in Q3

[CBC News](#)

Despite the onset of the worldwide credit crunch, Canadian companies were involved in \$91 billion worth of M&A deals in the third quarter, according to Crosbie & Company, a Toronto-based investment bank.

That was the second highest total ever, behind Q2's \$166 billion total. Rio Tinto's \$38.1 billion US acquisition of Alcan was the biggest deal by far in the most recent quarter.

"While the credit crunch has virtually shut down the market for highly leveraged buyout transactions for now, the core M&A [mergers and acquisitions] market driven by strategic buyers continues to be very strong," Ian Macdonell, managing director of Crosbie & Company, said in his quarterly report.

The July to September period saw 460 transactions — down 11 per cent from the record second quarter's 517 deals.

Capital groups, such as private equity firms, were involved in only nine per cent of the dollar value of transactions in Q3, down from 42 per cent in Q2, as the recent credit crunch made it more difficult to raise money.

Macdonell noted that in October, there wasn't a single M&A deal worth more than \$100 million that was sponsored by private money.

"However, with the amount of committed private equity and pension fund money sitting on the sidelines, it's only a matter of time before the market adjusts to the changes in debt availability and pricing and we see buyout activity pick up again," he said.

Canadian companies bought foreign firms more than twice as often as U.S. companies bought Canadian, according to the data. But the value of foreign acquisitions again exceeded Canadian acquisitions of foreign companies.

With the Canadian dollar now worth more than the American, this would seem to be the ideal time for Canadian companies to do some cross-border shopping. But the figures don't show a sudden rush by Canadian firms.

"Currency is not a big driver of M&A," Macdonell told CBCNews.ca.