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## **Credit Crunch Puts End to Merger Boom**

### [CBC News](#)

Mergers and acquisitions were much rarer events in Canada during the first three months of this year as tighter credit conditions hit the takeover market, according to a firm that tracks such deals.

The number of M&A deals in the first quarter fell to a three-year low, said Crosbie & Co. Tuesday. There were 338 transactions worth \$24.3 billion — well off the 523 deals valued at \$61.5 billion in the first quarter a year ago.

It was the third consecutive drop in both the number and value of quarterly M&A announcements. "Lingering credit concerns and economic uncertainty in the U.S. and Canada continued to weigh on M&A activity in Canada," according to an analysis by Crosbie & Co.

After a three-year-long boom in mergers, analysts said the level of deal-making is reverting to levels seen before 2005.

"Good deals are still getting done," according to Crosbie & Co. managing director Ed Giacomelli, who said the significant drop in deals was expected given the "record level of M&A activity last year and the recent market volatility."

Only seven "mega-deals" were inked in the first quarter (those worth more than \$1 billion), versus 12 in the prior quarter and 13 a year ago. The biggest deal in the most recent quarter was the \$3.7-billion acquisition of Richmond, B.C.,-based CHC Helicopters by First Reserve Corp. — a U.S. private equity firm.

But Crosbie & Co.'s figures show that Canadian acquisitions of foreign companies (92 deals worth \$9.2 billion) still exceeded foreign takeovers of Canadian companies (29 deals worth \$6.3 billion) by a wide margin in the quarter.

The final margin will actually be even larger, as Crosbie's figures include the \$1.3-billion acquisition of MacDonald Dettwiler's space division by Texas-based Alliant Techsystems, a deal later blocked by the federal government — the first such rejection since the current foreign investment process was set up more than 20 years ago.