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## **Canadian M&A Hits Another High**

By Emily Mathieu, Financial Post

Oil and gas, gold and base metals were driving forces behind record highs in the Canadian mergers and acquisitions market for the third quarter of 2006.

The quarterly high-water mark, based on 420 announced transactions with a total value of \$90.3-billion, was reported by Toronto-based specialty investment banking firm Crosbie & Co. Inc. and FPinfomart. The total tops the record \$79.1-billion reported during the second quarter of the tech boom in 2000.

Activity for the first nine months of 2006 hit record highs, with the value of announced transactions up 64%, to \$187-billion, from the same period the year before. The data was compiled from the Financial Post Crosbie: Mergers and Acquisitions database.

“Canadian companies are competing on a global landscape and they need the scale and competitive advantage that they can only get through these types of transactions,” said Colin Walker managing director at Crosbie.

Mid-market companies were a significant driver for overall activity, accounting for 315 of announced transactions in the quarter, Mr. Walker said.

As were cross-border transactions, which accounted for \$150-billion of the \$187-billion.

For the quarter, the most active sector was consumable fuels, oil and gas, with 91 transactions totalling \$17-billion. Canadian Natural Resources Ltd.’s acquisition of Anadarko Canada Corp., a subsidiary of Anadarko Petroleum Corp., was worth \$4.6-billion.

Real Estate Income Trust acquisitions represented over 50% of the 81 transactions, with a total value of \$6.6-billion, in the real estate sector.

The mining and minerals sector held the highest value category for the quarter, with a total worth of \$23.8-billion, through 55 acquisitions, up from \$20.7-billion in the same period the previous year. The announced acquisition of Inco Ltd. by Companhia Vale do Rio Doce contributed to the shift, according to the report.

Gold saw significant activity, Goldcorp Inc., Barrick Gold Corp. and Iamgold Corp. all completed deals in the billion-plus range.

The technology sector reached levels not seen since the tech boom, with 26 transactions worth \$7.6-billion. Media got a big boost with the \$1.7-billion takeover of CHUM Ltd.

The current momentum will continue for at least a year, says Laurence Booth, a professor of finance at the Rotman School of Management with the University of Toronto.

“If something dramatic happens, say if something blows up in the Middle East and there is a real shock to the system, then you will see things curtailed,” he said.

The strength of the economy has provided corporations with the liquidity they need to shift their focus from internal operations and move toward expanding into other markets, he said.

Market stability means bridge financing becomes a popular option for mid-sized companies interested in acquisitions, he said.