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Canadian Mergers Soar to a Record: Report

By Lori McLeod, Financial Post

TORONTO -- Cross-border deals fuelled a record \$257-billion of mergers and acquisitions in Canada in 2006, up 55% from \$165-billion the year before.

Nine of the country's ten largest deals last year involved buyers or sellers from outside of Canada, and the dollar value of cross-border deals rose to \$196-billion from \$99-billion in 2005, according to data compiled by Financial Post Crosbie: Mergers & Acquisitions in Canada.

“The conditions for M&A in Canada have never been better,” Ed Giacomelli, managing director at Crosbie, said in a statement. “The breadth of activity across all industry sectors underscores the sheer strength of this M&A cycle.”

The number of mega-deals, or transactions valued at more than \$1-billion, rose to 51 from 33 the year before. The oil and gas sector had the highest amount of activity by both the number and value of deals. Metals and minerals was a close second boosted by the takeovers of Falconbridge Ltd by Switzerland's Xstrata Plc, and Inco Ltd by Companhia Vale do Rio Doce of Brazil.

Private equity played a big role in the record deal flow of 2006, with financial groups involved in six of the year's 12 mega-deals, including the purchase of Trizec Properties Inc. and Trizec Canada Inc. by the Blackstone Group and Brookfield Properties Corp. for \$9.8-billion.