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## **Canadian M&A strongest in three years**

By John Shmuel, Financial Post

Canadian mergers and acquisitions posted their strongest performance in three years during the third quarter, buoyed by mega-deals and cross-border transactions.

The total value of M&As in the country rose more than 40% during that timeframe, reaching \$48-billion from the \$34-billion seen in the second quarter. The data was compiled from the Financial Post Crosbie: Mergers and Acquisitions in Canada database.

“The level of deal activity over the last few quarters confirms buyers and sellers have an increased comfort level in pursuing M&A transactions,” said Ed Giacomelli, managing director at Crosbie & Company, in a release. “In most sectors, the M&A environment is healthy; valuation gaps have narrowed, financing is generally available, and the economy is holding up.”

Despite the leap in M&A value, the number of actual transactions remained almost unchanged, with 268 deals occurring in the third quarter, compared with 265 in the second quarter.

The main value driver came from 10 mega-deals (mega-deals are those with values greater than \$1-billion). These 10 deals during the quarter were valued at \$32-billion, a significant increase from the seven mega-deals worth \$12.3-billion in the second quarter.

The strong quarter comes on the heels of BHP Billiton’s failed bid for Potash Corp., which itself would have been valued at about \$40-billion had it gone through. The deal, which was eventually blocked by the Canadian government, would have been the second largest M&A in Canadian history.

With the deal falling apart, Kinross Gold Corp.’s \$6.9-billion takeover bid for Red Back Mining Inc. weighed in as the quarter’s biggest deal.

“Despite the industry minister’s decision to block the Potash take-over bid, Canadian businesses remain on the radar for global players,” said Mr. Giacomelli.

The interest from Anglo-Australian mining giant BHP however touched on another theme for M&As in the quarter: an international interest in Canadian companies, or vice-a-versa. Eight of

the top 10 deals this quarter had a international counter party involved, and almost 60% of the announced deal values were cross-border transactions.

And although that was down slightly from the 68% seen in the second quarter, it remains noticeably above the 50% average seen in the last eight quarters.