

DECEMBER 5, 2008

## **Value of Mergers Up but Volumes Down**

By David Pett, Financial Post

Values were up, but volumes were down. That's the story when it comes to Canada's M&A market in the third quarter.

According to the Financial Post Crosbie: Mergers Acquisitions in Canada database, deal values climbed dramatically from \$20.3-billion in the second quarter to \$54.7-billion in Q3. Volumes, meanwhile, declined in the September quarter by 7% from 424 to 393 transactions.

Much of the quarter's strength was attributed to strong activity in July, which was the best month in terms of deal values in the past year. August and September ended up being the weakest months since the M&A boom began in 2005.

"Strategic buyers continued to be bullish throughout much of the quarter, until reality changed," said Crosbie & Company managing director Ed Giacomelli.

"The magnitude of the financial crisis has already changed the flavour of M&A. In markets like this, objectives change and expectations get recalibrated, but deals can still be done."

Deals over \$1-billion, which accounted for 70% of M&A deal value in the quarter, climbed to nine from two.

The biggest deal was Teck Cominco Ltd.'s \$14.4-billion takeover of Fording Canadian Coal Trust. The second-largest deal announced in the quarter eventually fell through when Global Infrastructure Partners and LS Power Equity Partner walked away from their \$8-billion bid for TransAlta Corp.