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## **M&A Activity Rises in Second Quarter: Crosbie**

*Deal volume increases, but value declines as “mega-deals” disappear*

By James Langton

The volume of deals in the Canadian M&A market actually ticked up in the second quarter, but the value of transactions is down substantially from a year ago, according to new data from Crosbie & Co.

For the quarter ended June 30, there were 416 new transactions announced, worth \$18.4 billion, compared with 377 transactions valued at \$24.5 billion in the prior quarter, and a record 552 new announcements worth \$163.5 billion during the second quarter last year, it reported.

The firm noted that mid-market deals accounted for 74% of the quarter's M&A activity and almost 70% of deal value, but so-called “mega-deals” (transactions worth greater than \$1 billion) have virtually disappeared. Only two such deals were recorded in the quarter.

“Credit available for new large leveraged transactions evaporated in the quarter,” says Ed Giacomelli, managing director at Crosbie. “The dislocation in credit markets in Q1 and overhang related to previously announced mega-deals took a toll on leveraged deals in Q2. However, strategic buyers continue to be active in this phase of the M&A cycle.”

By sector, oil & gas and industrial products continued to drive the M&A activity, accounting for 47% of total transaction volume (99 and 95 new transactions, respectively). Collectively, these two sectors also accounted for \$9.1 billion in value. The oil & gas sector posted a 43% increase in new transaction volume.

Cross border activity continued to be an important driver of M&A activity, Crosbie said, as these sorts of deals contributed 169 transactions worth \$12.6 billion in Q2 representing 41% of overall transaction volume and 69% of total M&A value. The seven largest transactions in the quarter were cross-border deals, five of which involved a Calgary-based company in the oil & gas sector. For the third quarter in a row, acquisitions led by Canadian companies exceeded those led by foreignbased entities. However, foreign acquirers outspent their Canadian counterparts, bucking the trend established over the past two quarters, it said.