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Canadian Takeover Activity Nearly Doubles in Q3 Of 2006

By Ottawa Business Journal Staff

The value of mergers and acquisitions involving Canadian companies nearly doubled in the third quarter and surpassed a previous quarterly high, with the biggest deals being made in the mining sector, according to investment bank Crosbie & Co.

There were 420 Canadian mergers and acquisitions totalling \$90.3 billion in the third quarter, compared to 398 deals valued at \$53.7 billion at the same time last year and \$68.9 billion in transactions in the second quarter of 2006.

The previous record was \$79.1 billion in the second quarter of 2000 at the height of the dot-com boom.

“We are in a white-hot M&A market that is broadly based and would appear to have very strong legs going into the fourth quarter,” Crosbie executive Colin Walker said in a statement. “It is proving to be an ideal time to sell businesses, and on very favourable terms.”

The numbers were greatly boosted by Brazil's Companhia Vale do Rio Doce's \$19.9-billion takeover of Inco Ltd, as well as other transactions in the mining industry. The value of mining company-related acquisitions totalled \$23.8 billion.

Meanwhile, the energy sector was the most active industry for deal-making, with 91 transactions valued at a total of \$17 billion.

The number of deals valued at more than \$1 billion rose to 18 from 10 transactions in the second quarter and from 12 in Q3 of 2005. In the third quarter, these large deals accounted for \$69.8 billion in value, compared to \$45.2 billion in the second quarter and \$36.4 billion in the same quarter last year.

The high-tech sector reported a value of \$7.6 billion from 26 mergers and acquisitions, Crosbie said.

“M&A activity was more brisk this quarter than it has been for some time,” the report noted, adding that it was at “a level not seen since the tech boom era in 2001.”