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M&A Activity Starts Year at Torrid Pace

TORONTO (Reuters) - The first-quarter of 2006 marked the most active start in over a decade for merger and acquisition activity in Canada according to a report released on Thursday by investment bank Crosbie & Co.

A total of 424 transactions worth C\$25 billion (\$22.5 billion) were announced in the first three months, compared with 264 transactions worth C\$26 billion a year earlier.

The second half of 2005 was marked by hostile bids and large transactions over C\$1 billion. The fourth quarter of 2005 had 463 transactions worth C\$61.9 billion.

“We didn’t have that flavor to this quarter,” said Ed Giacomelli, managing director at Crosbie. “It would be a much more broadly based but nonetheless excellent market tone toward the balance of the year.”

The resource sector continued to lead the way, accounting for 38 percent of transactions and 42 percent of the dollar value, compared with 23 percent of transactions and 31 percent of dollar value in the same period last year.

Within the resource sector, oil and gas activity was strong with 85 transactions valued at C\$5.8 billion.

“Look for the resource sector to continue to lead M&A activity,” Giacomelli said in a statement.

The largest deal in the first-quarter was Colony Capital LLC and Kingdom Hotels International's acquisition of Fairmont Hotels & Resorts Inc. for C\$4.5 billion.

(\$1=\$1.11 Canadian)