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Canadian M&A Activity Rebounds in Q2 - Crosbie

By: May Jeong

The value of mergers and acquisitions in Canada in the second quarter rose 44 percent from the first quarter, climbing back to levels seen before the world economic crisis, investment bank Crosbie & Co said on Tuesday.

Crosbie said 255 transactions totaling C\$34.8 billion (\$32.8 billion) were announced in the second quarter, compared with 258 announcements worth C\$24.1 billion in the first quarter.

The report does not take into account BHP Billiton's (BHP.AX) US\$39 billion takeover bid for Canada's Potash Corp (POT.TO), which was announced in the third quarter.

"Canadian M&A has demonstrated a strong recovery since the low watermark set in the first quarter of 2009," Crosbie managing director Ed Giacomelli said in a statement. "The availability of capital has definitely provided a stronger tone to the M&A market."

Merger activity slumped last year as global recession encouraged companies to sit tight and preserve scarce cash.

Crosbie said the second-quarter pickup included a steep rise in cross-border transactions, which rose to C\$29.2 billion from C\$10.9 billion in the first quarter and returned to levels seen before the economic slowdown.

There were eight deals worth more than C\$1 billion, double the number in the first quarter. But that's still below the average of 14 deals of this size per quarter in 2006 and 2007.

Mid-sized deals, defined as those worth up to C\$250 million, made up 90 percent of all Canadian M&A activity.