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## **Canadian M&A Activity Breaks Q1 Records**

Merger and acquisition activity in Canada touched an all-time high in the first quarter, positioning 2007 for another record year, investment bank Crosbie & Company said on Thursday.

A total of 483 deals valued at C\$66 billion (\$61 million) were announced in the typically soft first quarter, up from C\$29 billion in the same period last year. That blistering start beats the previous high-water mark set in 2000.

Broad market strength was underpinned by an upswing in deals from the small to mid-cap sector, as the value of announced transactions under C\$1 billion reached a record C\$25.3 billion in the three-month period.

Deals worth more than C\$1 billion were also on the rise, with 14 such transactions announced with a total value of C\$41 billion, or 62 percent of the quarter's total deal value. That's a dramatic leap from five such deals worth C\$10 billion announced in the year-prior period.

"A confluence of positive factors is powering M&A," said Crosbie & Company managing director Colin Walker.

"These include business forces such as globalization, demographics, multiple bidders which help drive attractive valuations, the availability of flexible and historically low-cost financing, and a relatively strong business outlook. It remains an ideal time to get deals closed."

Canadian purchases of foreign companies outnumbered foreign acquisitions of Canadian firms by a ratio of 2.9 to 1, the banking firm said, in keeping with long-term trends.

The United States remained the leading foreign player in cross-border deals, involved in 62 percent of such announced transactions.

There were fewer deals announced in the first quarter, down at 483 from 500 in the same period last year, and 525 in the fourth-quarter of 2006.

Real estate dominated the deal making, with 98 transactions valued at C\$7.5 billion announced, but industrial products was the most significant sector based on value, with 90 deals valued at C\$15.7 billion.

The largest deals announced in the quarter were Indian-based Hindalco Industries' C\$7 billion acquisition of Alcan spinoff Novelis, and Xstrata's C\$4.6 billion bid for LionOre Mining.