

November 2, 2017  
For immediate release  
Toronto

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## CANADIAN M&A ACTIVITY – THIRD QUARTER 2017 REPORT *RESURGENCE IN MINING M&A CONTINUES*

Canadian M&A activity remained solid during the third quarter of 2017 in terms of both the number of announced transactions and aggregate value. Figures developed by **Crosbie & Company** using Capital IQ and other sources indicated 716 announcements valued at \$63B in Q3 (in line with 724 deals worth \$64B in Q2 2017). The quarter marks the sixth consecutive quarter where activity increased year-over-year and brings the year to date number of announcements to 2,211, an 11% increase from the 1,992 announcements in the first three quarters of 2016. However, the aggregate value of transactions announced YTD of \$207B is 26% lower than the \$281B announced in the first three quarters of 2016.

There were 9 mega-deals (transactions in excess of \$1B) announced in the quarter with a total value of \$41B roughly comparable to the 12 mega-deals valued at \$39B in Q2 but down significantly from the 16 mega-deals valued at \$115B in Q3 of 2016.

“The number of transactions often says more than the aggregate value about M&A markets and the increased number so far this year reflects very positive market conditions for M&A,” said Ian Macdonell, Managing Director at Crosbie & Company. “However, the block buster deals tend to be quite lumpy and we have seen less of them this year.”

The largest announced transaction in the quarter was the \$22B acquisition of US electric utility, **Calpine Corporation**, by **Energy Capital Partners** and a consortium of investors led by **Canada Pension Plan Investment Board** and **Access Industries**. The second largest transaction of the quarter featured **Hydro One Limited** acquiring **Avista Corporation** for \$6.7B in a transaction that expands Hydro One into complementary and diversified regulated assets in the US Pacific Northwest, including natural gas distribution. Further consolidation in the Canadian retail space saw grocery giant **Metro Inc.** acquire Quebec’s biggest pharmacy chain, **Jean Coutu Group**, for \$4.5B in the third largest transaction of the quarter.

**Metals & Mining** remained the most active sector in terms of activity with 126 announced transactions valued at \$107M, with activity up 26% relative to the prior quarter but comprised mainly of smaller transactions. **Precious Metals** was the second most active sector in Q3 with 87 announced transactions worth \$1.5B. Together the Metals & Mining and Precious Metals represented **30%** of transactions announced in Q3. **Financial Services** activity increased 56% over the prior quarter to 50 announced transactions worth \$1.9B, including **CI Financial’s** acquisition of **Sentry Investments** for \$760M, combining two of Canada’s larger independent asset managers.

“The recovery in metal prices has led to a significant increase in the number of announced transactions in the mining space over the last three quarters although most of deals have been quite small,” said Mr. Macdonell. “We expect to see a continued consolidation of junior mining companies to create platforms for growth through the next cycle”.

Canadian companies made 207 acquisitions of foreign targets valued at \$38B, consistent with 210 transactions valued at \$35B last quarter. Domestic activity (where the target is in Canada) was also stable with 460 transactions worth \$20B compared to 468 transactions worth \$23B last quarter. In terms of Canada/US activity, Canadian companies remained active buyers south of the border, with 123 acquisitions of US companies valued at \$35B in aggregate compared to 58 acquisitions of Canadian companies by US buyers for \$2.2B.

*The information contained above and within the “Crosbie & Company Canadian M&A Report” is a summary analysis of the quarter’s M&A activity. For further information, please contact Ian Macdonell at 416-362-1953 or visit [www.crosbieco.com](http://www.crosbieco.com).*