

February 1, 2018
For immediate release
Toronto

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CANADIAN M&A ACTIVITY – FOURTH QUARTER 2017 REPORT *STRONG YEAR ENDS WITH SIX-YEAR HIGH IN QUARTERLY ACTIVITY*

Canadian M&A activity flourished in the fourth quarter of 2017 reaching a six year quarterly high in terms of the number of announced transactions. Figures developed by **Crosbie & Company** using Capital IQ and other sources indicated 780 announcements valued at \$45B in Q4 (well above 716 deals worth \$63B in Q3 2017). The quarter marks the seventh consecutive quarter where activity increased year-over-year and brings the 2017 total number of announcements to 2,991, an 11% increase from the 2,685 announcements in 2016. However, from a deal value perspective, the aggregate transaction value for 2017 of \$252B was 24% lower than the \$332B announced in 2016.

“The year ended the way it started with another strong quarter in terms of number of deals announced as solid economic growth domestically and south of the border provided further support to already positive market conditions for M&A,” said Ian Macdonell, Managing Director at Crosbie & Company. “However, we continued to see fewer blockbuster mega-deals, particularly in the resource sectors.”

There were 11 mega-deals (transactions in excess of \$1B) announced in the quarter with a total value of \$26B roughly comparable to the 9 mega-deals valued at \$41B in Q3 but down from the 15 mega-deals valued at \$31B in Q4 of 2016.

The largest announced transaction in the quarter was the \$6B acquisition of the wind and solar renewable energy assets of **Equis Funds Group**, by a consortium led by **Global Infrastructure Partners III** together with **Public Sector Pension Investment Board** and **CIC Capital Corporation**. The second largest announced transaction of the quarter featured the proposed management buyout of **Canadian Solar Inc.**, a solar power equipment manufacturer, for \$4.5B. The quarter also featured the announced acquisition of Canadian construction company **Aecon Group Inc.** by **CCCC International Holding Limited**, for \$2.1B.

Metals & Mining rounded out an active year of M&A activity with another strong quarter of 104 announced transactions valued at \$933M, remaining the most active sector in terms of activity for the fourth straight quarter. **Information Technology** was the second most active sector in Q4 increasing considerably to 100 announced transactions worth \$7.4B. **Consumer Staples** activity increased 61% over the prior quarter to 45 announced transactions worth \$4.6B, including the acquisition of Canadian natural health products producer **Atrium Innovations Inc.**, by **Nestlé Health Science S.A.**, for \$2.9B.

“The rapidly expanding medical cannabis sector has emerged as a new hotbed of M&A with 16 transactions announced in the fourth quarter and 9 more announced in January,” said Mr. Macdonell. “Many people are looking to the Blockchain technology companies that are currently out aggressively raising capital to lead the next wave of M&A.”

Canadian companies made 223 acquisitions of foreign targets valued at \$15B, up from 207 transactions valued at \$39B last quarter. Domestic activity (where the target is in Canada) also increased with 503 transactions worth \$26B compared to 460 transactions worth \$20B last quarter. In terms of Canada/US activity, Canadian companies remained active buyers south of the border buying more US companies than US acquisitions of Canadian based companies (135 compared to 62). However, for the first time in many quarters, Canadian based companies were outspent by their US counterparts (\$3.4B compared to \$4.3B).

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.