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B.C. Poised for Rebound as Canadian M&A activity Hits Lowest Level in Two Years

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There may soon be “blood on the streets in Calgary” but B.C. is poised for a rebound in mergers and acquisitions (M&A) after Canadian activity fell to its lowest level in two years during 2015’s fourth quarter.

M&A activity among Canadian companies dropped from 705 deals in Q4 2014 to 643 in Q4 2015, according to a report released Thursday (February 11) from Crosbie and Company.

It’s the fifth time in six quarters M&A activity has declined across Canada.

While the number of deals dropped, the total value grew from \$116 billion to \$137 billion year-over-year due to several large megadeals.

“These megadeals are sort of like unicorns. They appear periodically and they disappear at times,” Crosbie managing director Richard Betsalel told Business In Vancouver.

In B.C., the number of deals grew from 69 to 81 compared with a year ago.

But the total value dropped 65%, from \$4.5 billion in Q4 2014 to \$1.6 billion in Q4 2015.

“The variation from a dollar standpoint is a bit of anomaly simply because you can have one deal that

throws that off in any given quarter. If you look at the number of deals, that’s more indicative of a strong M&A market,” Betsalel said.

“British Columbia is probably well situated in terms of a potential rebound. (It has) a somewhat diverse economy unlike Alberta, which is really commodity based.”

He added energy prices wouldn’t necessarily have to rebound significantly for M&A activity to pick up in the oil and gas sector.

“Once you get some stability and people feel there’s a floor, there’s going to be a lot of assets for sale,” Betsalel said.

“There’s a lot of blood on the streets in Calgary and some of those companies are either going to have to sell assets to stay onside with their banks or their lenders, and then others are going to look to sell the whole company simply to preserve what equity value may be remaining.”