

## Canadian M&A Rebounds in Q3

*Deal activity is up but the recovery remains selective, says investment bank*

James Langton

December 3, 2020

Canadian merger and acquisition activity perked up in the third quarter, according to new data from Toronto-based mid-market investment bank, Crosbie & Co.

In the first half of 2020, the M&A market was severely disrupted by the onset of the Covid-19 outbreak, but by the third quarter deal flow was starting to rebound.

Crosbie reported that there were 804 transactions announced in Q3, a 34% increase from the previous quarter. This put M&A activity “back to a level that was in line with the average for the four quarters that preceded the pandemic shutdown.”

The resurgence only represented about \$18 billion in deal value, which was relatively low in historical terms — down by about 60% from the same period last year.

“Over the past two quarters, most closed transactions are the result of sale processes that began before March,” Crosbie said. “However,

we are now increasingly shifting into a new cohort which began after the shutdown.”

There were only two so-called mega deals (\$1 billion+) in the quarter, Crosbie reported, adding that cross-border transactions accounted for 46% of the activity.

Notwithstanding the headline increase in deal activity, the firm said that the recovery remained selective.

“Behind the strong rebound in activity, we can see the uneven impact of the Covid-19 pandemic on different sectors, with some experiencing very large increases relative to [pre-pandemic] periods and others displaying notable softness,” Crosbie said.

The precious metals and mining sectors led the way in Q3 deal activity with 140 deals (up 111%) and 94 deals (up 42%), respectively.

Conversely, the real estate, industrials, and utilities sectors saw their M&A activity drop notably, Crosbie reported.