

## Canadian M&A Weaker in First Quarter: Crosbie

*Economic, policy uncertainty weighs on dealmaking*

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Amid uncertainty and a gloomier economic outlook triggered by erratic shifts in U.S. trade and economic policy, Canadian merger and acquisition (M&A) activity slumped in the first quarter, new data from Crosbie & Co. show.

The value of M&A activity dropped 16% from the previous quarter to \$63 billion, and the number of deals declined 10% — the first drop in five quarters, the firm reported.

“After a strong rebound in M&A activity through 2024, the market moderated in the first quarter of 2025 as dealmakers navigate a rapidly changing landscape amid growing tariff and macroeconomic uncertainty,” the Toronto-based firm said in a report.

Concern about slower economic growth, higher inflation and the disruption of historic trading patterns and geopolitical alliances cast a pall over deal activity in the period.

“As the quarter progressed and global trade tensions escalated, many dealmakers adopted a more cautious approach, which has slowed down many deal processes,” the report said.

“While it varies by company and sector, tariff uncertainty has made it more challenging to forecast the future performance of some companies. This is less of an impact for those that are able to support their business case, but for some, it can result in challenges in assessing value and obtaining financing,” it noted.

Still, deal activity didn’t come to a standstill. Ten so-called “mega” deals — transactions valued at more than \$1 billion — were completed in the quarter, totalling \$50 billion in value.

“Notwithstanding the attention being paid to potential tariff impacts, many sale processes continue to move forward and valuations are decent where buyer concerns can be well addressed,” said Ian Macdonell, managing director at Crosbie & Co., in a release.

“Despite a lot of noise, there are still some good fundamentals underpinning the M&A market, including a broad and active buyer landscape, good financing and opportunities for strategic realignment,” he added.

The two largest deals in the quarter were the \$13.5-billion acquisition of Nova Chemicals by Borouge Group International and the Caisse de dépôt et placement du Québec's acquisition of Innergex Renewable Energy Inc. for \$10.2 billion.

Mid-market activity — deals valued below \$250 million — saw a larger drop, with 193 transactions announced in the first quarter, down from 263 in the previous quarter.

By sector, technology led the way with 117 transactions announced.

Conversely, several historically active sectors saw deal volumes decline — including precious metals, mining, real estate and materials — all of which are capital-intensive industries.

“This divergence suggests a change toward asset-light, innovation-driven sectors amid macroeconomic uncertainty and volatility,” the report noted.