

## Resources Drive M&A Activity in Q2

*Although the number of deals was up from Q1, the total value dropped by more than half because of less megadeals*

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August 11, 2016

Merger and acquisition (M&A) activity ticked up in the second quarter (Q2), driven by intensified action in the resources sector, according to Toronto-based Crosbie & Co.'s Canadian M&A Report Q2 2016.

Specifically, the report states that there were 709 Canadian M&A deals announced in the Q2, up from 602 deals in the first quarter (Q1).

But while the number of deals was up quarter-over-quarter, the value of these deals dropped to just \$47.9 billion in Q2 from \$101.6 billion in Q1 as the number of so-called megadeals — transactions valued at more than \$1 billion — dropped. The report states that there were 10 megadeals announced in Q2, collectively valued at \$26.7 billion, compared with 16 deals worth \$82.4 billion in Q1.

"The resources sectors were the driving force behind the rebound as commodities prices began to stabilize, enticing buyers in the market who had previously remained on the sidelines," says Ed Giacomelli, managing director at Crosbie, in a statement. "This spike in M&A activity should provide a strong psychological boost to the commodities sectors."

In the mining sector, deal activity surged to 112 transactions in Q2 from 74 in Q1. Precious metals firms recorded 82 deals compared with 51 transactions in Q1. And the energy sector saw 65 transactions in Q2, up from 47 deals in Q1.

Despite the gains in the various resources-based sectors, real estate was the most active sector in Q2, with 112 transactions, up from 73 deals in Q1. It was also most active by deal value, with \$14.2 billion in deals.

Crosbie reports that eight of 14 sectors recorded sequential improvement in deal activity.

"The improvement across so many sectors underscores the attractive conditions that exist for M&A activity," Giacomelli says.