

CROSBIE & COMPANY CANADIAN M&A REPORT – Q1 2025

Caution Lights Flashing Due to Global Shifts

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. Announced deals totaled 615 (10% decline from the last quarter), and total deal value fell 16% to \$63B.

As the quarter progressed and global trade tensions escalated, many dealmakers adopted a more cautious approach which has slowed down many deal processes. 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. High-quality assets continue to attract strong interest, while competitive processes remain active and produce good results where the strategic rationale is clear.

“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 & Company Inc. “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.”

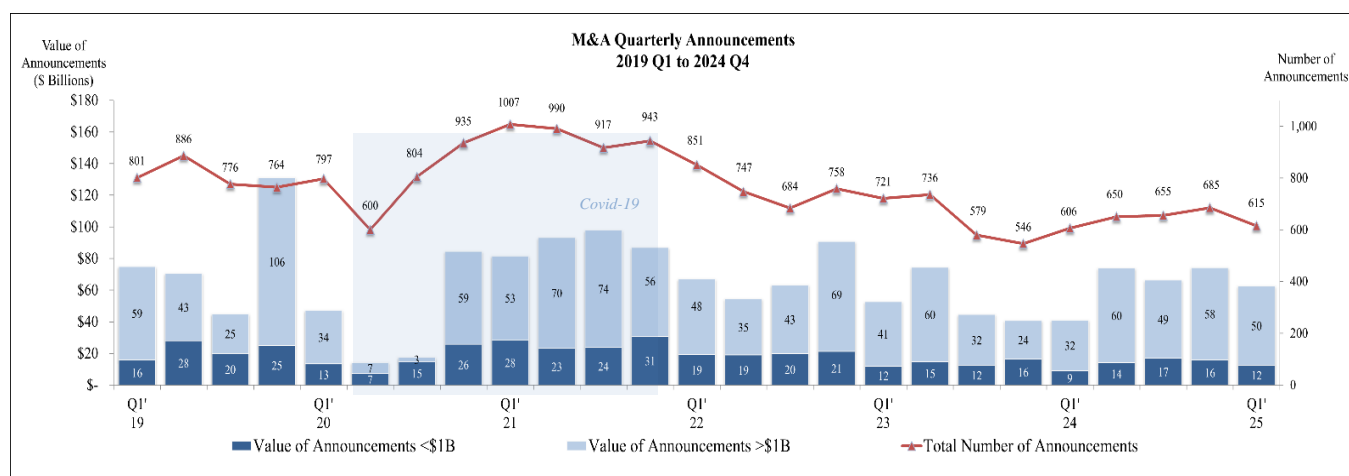
There were 10 mega-deal transactions (deals valued above \$1B) announced in the first quarter, totalling \$50B in value. Two transactions surpassed a \$10B value; the largest was the \$13.5B acquisition of **Nova Chemicals** by **Borouge Group International**, a new entity formed from the merger of the petrochemical businesses of **Abu Dhabi National Oil Company** and Austria’s **OMV**. The second largest was **Caisse de dépôt et placement du Québec**’s \$10.2B acquisition of **Innergex Renewable Energy Inc.** Other notable transactions include **Whitecap Resources Inc.**’s acquisition of **Veren Inc.** for \$9B, **Welltower Inc.** acquiring **Amica Senior Lifestyles** from **Ontario Teachers' Pension Plan** for \$5B, and **Kontoor Brands**’ \$1.3B acquisition of **Helly Hansen AS** from **Canadian Tire Corporation**.

Mid-market transactions (valued below \$250M) accounted for 88% of deals with disclosed values. Activity in this segment softened compared to the previous quarter, with 193 deals announced, down from 263 in Q4 2024. Despite its dominance in volume, the mid-market contributed just 7% of total deal value, which is slightly below historical averages.

Sector-level deal activity reflected the shifting priority of deal makers, with the **Information Technology** industry experiencing the largest rise in deal count (+15), leading all sectors with a total of 117 transactions. In contrast, several of the capital-intensive and traditionally active sectors experienced significant pullbacks, including **Precious Metals** (-23 deals), **Metals and Mining** (-20), **Real Estate** (-17), and **Materials** (-10). This divergence suggests a change toward asset-light, innovation-driven sectors amid macroeconomic uncertainty and volatility.

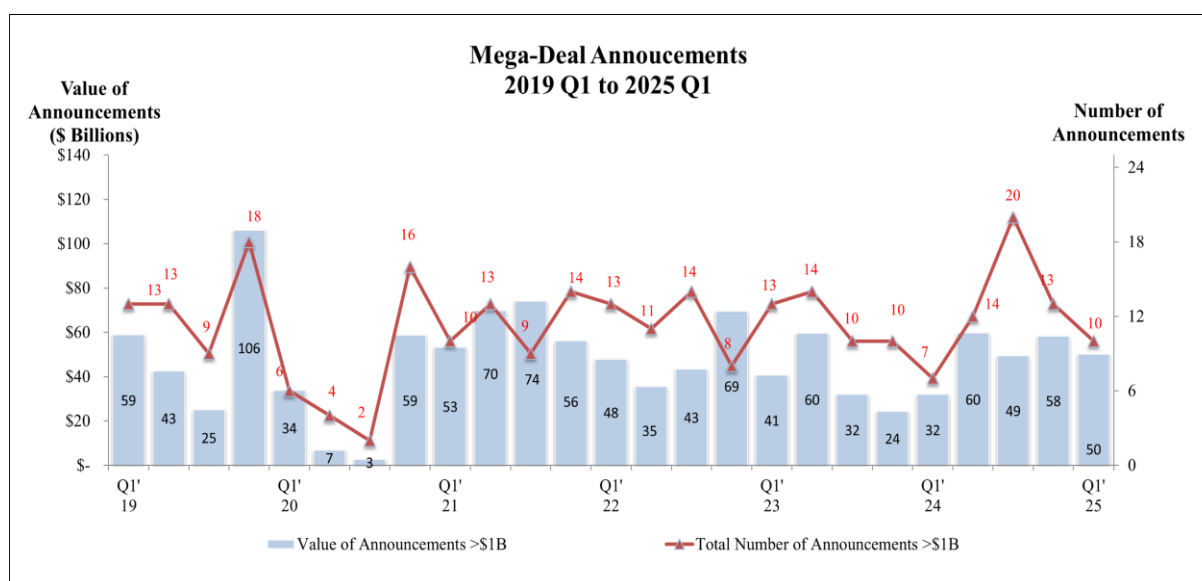
Cross-border M&A remained a key driver for overall M&A activity, representing 46% of transactions and 51% of deal value. While global trade tensions and U.S. tariff policies may pose increasing headwinds in future quarters, Canada-U.S. deal flow remained active, comprising 63% of cross-border transactions.

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Overview

- Deal activity fell for the first time in five quarters, a decrease of 10% compared to Q4 2024
- Aggregate deal value (\$63B) was down 16%, driven by a decrease of 3 mega-deals compared to Q4'24
- Cross-border M&A activity also decreased by 8% to 280 transactions representing \$32B in value (51% of aggregate deal value)



Mega-Deals

- There were 10 mega-deals (those over \$1B) announced in Q1 2025 representing \$50B in value
- The largest deal this quarter was the \$13.5B acquisition of **Nova Chemicals** in an international merger primarily between **Austria-based OMV** and **Abu Dhabi National Oil Company** in the UAE
- Driven by growing interest for renewables, **Utilities** was an active mega-deal space with **Caisse de dépôt et placement du Québec's** \$10.2B acquisition of the **Innergex Renewable Energy Inc.** and **Brookfield Asset Management Ltd.'s** \$2.5B acquisition of the **National Grid Renewables, LLC**

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INDUSTRY GROUPS ⁽¹⁾	2024 Q4		2025 Q1	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Information Technology	102	2,847	117	3,556
Industrials	99	12,734	96	1,663
Real Estate	55	5,147	38	4,495
Metals and Mining	105	5,216	85	128
Health Care	53	1,456	48	6,250
Financial Services	41	5,562	41	2,182
Precious Metals	54	3,664	31	4,673
Communication Services	28	7,365	27	340
Consumer Discretionary	48	20,734	49	2,005
Energy	44	6,419	41	10,812
Consumer Staples	23	410	20	130
Materials	20	1,070	10	13,537
Utilities	13	1,571	9	12,722
Other	-	-	3	36
TOTAL	685	74,195	615	62,528
Services	83	32,540	87	3,486

(1) Industry Groups track those used by the S&P 500

Industry Sector Activity

- Material deal count increases were only seen in **Information Technology** (+15), as overall deal volume softened for the quarter
- Sectors experiencing the largest decline from the previous quarter include **Precious Metals** (-23), **Metals and Mining** (-20), **Real Estate** (-17), and **Materials** (-10)
- Materials** and **Utilities** generated the largest deal volume at \$13.5B and \$12.7B, respectively, as a result of several large transactions

Size	2024 Q4				2025 Q1			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
<\$100m	242	35	3,269	4	180	29	2,278	4
\$101m-\$250m	21	3	3,328	4	13	2	2,156	3
\$251m-\$500m	16	2	5,409	7	10	2	3,630	6
\$501m-\$1b	5	1	3,835	5	6	1	4,300	7
>\$1b	13	2	58,356	79	10	2	50,164	80
Undisclosed	388	57	0	0	396	64	0	0
	685		74,195		615		62,528	

Breakdown by Transaction Size

- Disclosed mid-market transactions (deal value below \$250M) accounted for 88% of deal count and 7% of deal value
- Mid-market deal value fell 33% quarter-over-quarter, while the broader market fell 16%

	2024 Q4		2025 Q1	
	# of Deals	Value \$ Millions	# of Deals	Value \$ Millions
Canadian Targets				
With Canadian Buyers	321	11,340	282	25,550
With Foreign Buyers	123	11,821	95	21,992
Domestic M&A	444	23,160	377	47,542
Foreign Targets (Canadian Buyer)	181	34,620	185	9,771
Canadian Foreign Subsidiaries Sold to Foreign Buyers	60	16,415	53	5,215
Foreign M&A	241	51,035	238	14,986
	685	74,195	615	62,528

Canadian Domiciled versus Foreign M&A Targets

- M&A activity involving Canadian-domiciled targets dropped to 377 deals in Q1 2025, down from 444 in Q4 2024
- 282 of these transactions (75%) were made by Canadian companies, and 95 (25%) were made by foreign buyers
- The cumulative value of domestic deals increased to \$47.5B (from \$23B in Q4 2024)
- Canadian firms made 467 total announcements, including 185 with targets outside of Canada

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	2024 Q4		2025 Q1	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Outbound M&A (CDN Buyer/ Foreign Target)	181	34,620	185	9,771
Inbound M&A (Foreign Buyer/ CDN Target)	123	11,821	95	21,992
Total Cross Border	304	46,441	280	31,763
<i>Outbound : Inbound Ratio</i>	<i>1.47</i>	<i>2.93</i>	<i>1.95</i>	<i>0.44</i>
<i>Cross Border as % of Total Activity</i>	<i>44%</i>	<i>63%</i>	<i>46%</i>	<i>51%</i>
Canada / US Activity				
US Target	110	9,762	110	5,529
US Buyer	87	5,662	66	8,239
Total Canada/US	197	15,425	176	13,768
<i>Canada/ US as % of Cross Border</i>	<i>65%</i>	<i>33%</i>	<i>63%</i>	<i>43%</i>
	685	74,195	615	62,528

Cross-Border Deals

- Cross-border deals represented 46% of overall deal activity and contributed to 51% of total deal value in Q1 2025
- While the outbound-to-inbound ratio for deal count rose, the outbound-to-inbound ratio for deal values saw a significant decrease, falling to 0.44 (from 2.93 in Q4 2024)
- Despite tariff concerns Canada-U.S. cross-border deals remained a key driver, making up 63% of total cross-border transactions and 43% of deal value

	2024 Q4				2025 Q1			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
Ontario	156	35	14,454	62	147	39	22,327	47
British Columbia	112	25	4,010	17	80	21	1,428	3
Quebec	64	14	1,650	7	64	17	564	1
Alberta	54	12	2,747	12	40	11	23,092	49
Saskatchewan	20	5	100	0	21	6	65	0
Newfoundland	9	2	85	0	2	1	8	0
New Brunswick	6	1	10	0	7	2	1	0
Manitoba	9	2	53	0	6	2	-	0
Nova Scotia	5	1	10	0	7	2	6	0
Prince Edward Island	2	0	37	0	2	1	52	0
Northwest Territories	1	0	-	0	-	-	-	0
Yukon Territory	2	0	-	0	-	-	-	0
Nunavut	4	1	5	0	1	0	-	0
	444		23,160		377		47,542	

Deals by Provincial Domicile

- Domestic aggregate deal count saw a significant drop from the previous quarter, however, due to Canadian domicile mega-deals, the total value of deals has doubled since last quarter
- **Ontario** was the most active province by deal count (147), representing 47% of all transaction value for Canadian-domiciled targets
- **Alberta** experienced the largest increase in deals (40), totalling \$23B. The rest of the provinces and territories, excluding **British Columbia**, remained consistent with the previous quarter

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Largest Transactions in Q1 2025

Target Industry	Announced Date	Value (\$ millions)	Target	Role	Transaction Status
Materials	3-Mar-25	\$13,504	NOVA Chemicals Corporation Neuberger Berman Private Markets, EQT, and the Canada Pension Plan Investment Board	Target Acquiror	Announced
Utilities	25-Feb-25	\$10,221	Innervex Renewable Energy Inc. Caisse de dépôt et placement du Québec Partners Group, Caisse de dépôt et placement du Québec, and Ontario Teachers' Pension Plan	Target Acquiror Vendor	Announced
Energy	10-Mar-25	\$9,169	Veren Inc. Whitecap Resources Inc.	Target Acquiror	Announced
Health Care	2-Mar-25	\$5,160	Amica Senior Lifestyles Inc. Welltower Inc. Ontario Teachers' Pension Plan Board	Target Acquiror Vendor	Announced
Precious Metals	23-Feb-25	\$3,494	Calibre Mining Corp. Equinox Gold Corp.	Target Acquiror	Announced
Utilities	24-Feb-25	\$2,469	National Grid Renewables, LLC Brookfield Renewable Partners L.P.; Brookfield Asset Management Ltd.	Target Acquiror	Announced
Financial Services	6-Feb-25	\$1,877	BBGI Global Infrastructure S.A. British Columbia Investment Management Corporation	Target Acquiror	Announced
Real Estate	3-Jan-25	\$1,547	13.9m sq ft US Logistics Portfolio Consists of 48 Buildings and 5 Land Plots Norges Bank Investment Management; Government Pension Fund Global	Target Acquiror	Closed
Information Technology	7-Feb-25	\$1,447	Converge Technology Solutions Corp. Mainline Information Systems, LLC	Target Acquiror	Closed
Consumer Discretionary	19-Feb-25	\$1,276	Helly Hansen AS Kontoor Brands, Inc. Canadian Tire Corporation, Limited	Target Acquiror Vendor	Announced
Information Technology	2-Jan-25	\$866	cPaperless, LLC Orla Mining Ltd. Lead Edge Capital Management, LLC	Target Acquiror Vendor	Closed
Energy	17-Mar-25	\$846	Engineered Transportation International TerraVest Industries Inc.	Target Acquiror	Closed
Industrials	7-Jan-25	\$783	Kinectrics Inc. BWX Technologies, Inc.	Target Acquiror	Announced
Real Estate	6-Mar-25	\$648	45 grocery properties located in Germany Slate Asset Management LP	Target Acquiror	Closed
Precious Metals	27-Jan-25	\$621	Porcupine Operations of Goldcorp Canada Ltd. Discovery Silver Corp. Goldcorp Canada Ltd.	Target Acquiror Vendor	Closed