

CROSBIE & COMPANY CANADIAN M&A REPORT – Q2 2024

Continued Market Optimism Fuels M&A Activity

In Q2 2024, announced Canadian M&A transactions increased for the second straight quarter, the first two quarter upswing since the pandemic-driven surge in 2021. There were 650 announced transactions in Q2, a 7% rise from the previous quarter though still down 12% year-over-year. Announced deal value was up 79%, totaling \$74B, an increase from \$41B in the previous period, as a result of several larger cross-border and domestic transactions.

“Second quarter M&A activity demonstrated positive momentum, as deal psychology improved for both buyers and sellers amid strong capital markets performance, increasing expectations for a soft economic landing and recent rate cuts in Canada,” said **Richard Betsalel**, Managing Director of **Crosbie & Company Inc.** *“This improving environment for exits along with a moderating interest rate environment could fuel further growth in M&A activity. Anecdotally, we are seeing this in our M&A practice as business owners are feeling more confident in going to market and capital groups are seeking to realize liquidity for some of their long held portfolio assets.”*

Declining inflation, expected interest rate cuts in both Canada and the U.S., and significant private equity dry powder, are providing tailwinds to dealmakers. As always, capital markets volatility, geopolitical instability and the looming U.S. election are wildcards that could impact the M&A markets in the second half of the year.

There were 12 mega-deals (transactions with values above \$1B) in the quarter representing a combined value of \$60B, of which eight involved Canadian targets and the three largest involved renewable energy or utility companies outside of Canada. Notable transactions with Canadian targets announced this quarter include **National Bank of Canada’s** \$5.5B acquisition of **Canadian Western Bank**, **Advent International’s** \$6.8B take-private of Montreal-based fintech **Nuvei Corporation**, and **Birch Hill Equity Partners** and **Homesteaders Life Company’s** \$1.3B take-private of funeral home operator **Park Lawn Corporation**.

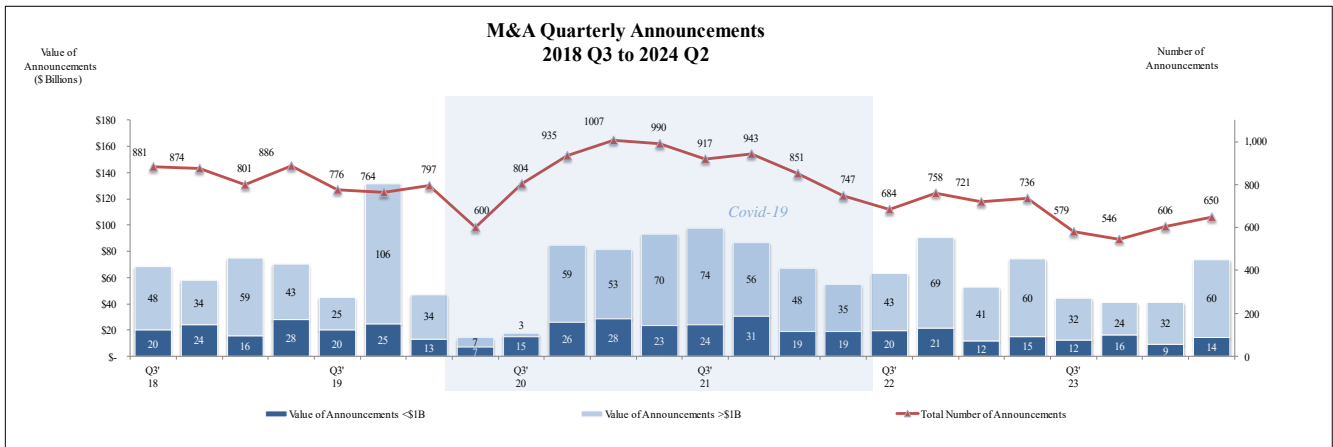
The mid-market (represented by transactions with values below \$250M) broke free from its three-quarter downward trend as stability returned to this segment of the market. With 262 announced transactions, a 29% increase over the previous quarter, the mid-market represented 91% of deal activity with disclosed values and 9% of total deal value.

From a sector perspective, **Metals and Mining** was both the most active sector in terms of deal announcements (125) and experienced the largest rebound in activity (+34) after a major slump last quarter. Other sectors exhibiting strong upticks in transaction volume included **Industrials** (+15) and **Precious Metals** (+11). Sectors that posted volume significant declines included **Information Technology** (-16), **Health Care** (-5), and **Communication Services** (-7), **Energy** (-8).

Cross-border M&A continued to play a significant role in overall deal activity in Q2 2024, representing 41% of transactions and 49% of deal value. The total number of cross-border transactions remained steady at 267 and overall deal value increased \$6.5B. Outbound cross-border M&A saw a significant uptick as Canadian buyers increased their appetite for foreign targets, driving deal value up by 237%, a level not seen in over a year.

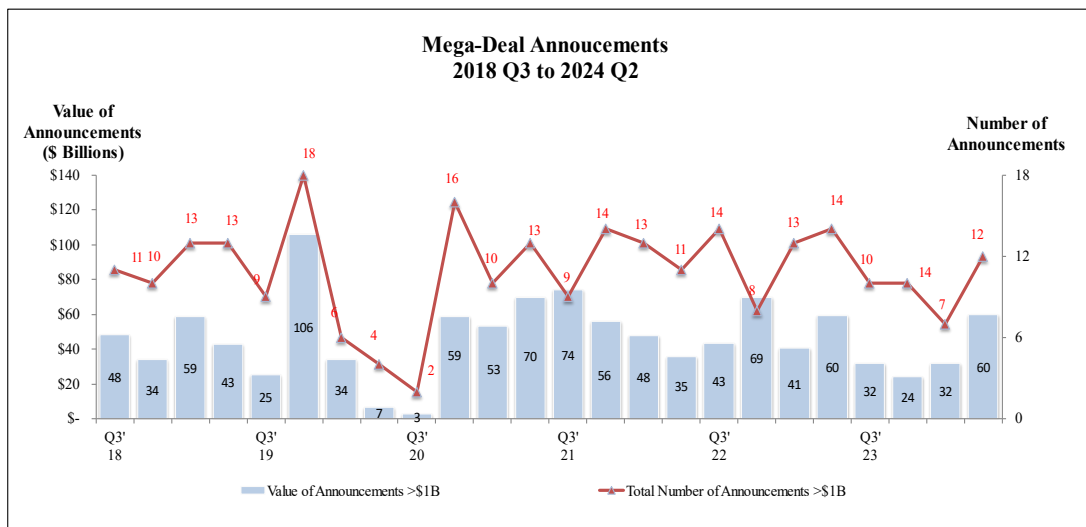
The information contained above and within the “Crosbie & Company Canadian M&A Report” is a summary analysis of the quarter’s M&A activity. For further information, please contact Richard Betsalel at 416.362.4882 or visit www.crosbieco.com.

CROSBIE & COMPANY CANADIAN M&A REPORT – Q2 2024



Overview

- Deal activity continued its rebound in Q2 2024 with 650 announcements, up 7% from the previous quarter, the first consecutive quarter increase since 2021
- Aggregate deal value saw an 79% increase to \$74B, the highest level in a year, driven by multiple cross-border and domestic mega deals
- Cross-border M&A activity remained flat at 267 announced transactions representing \$36.5B in value (49% in aggregate deal value)



Mega-Deals

- There were 12 mega-deals (those over \$1B) announced in Q2 2024 representing \$60B in value
- The largest deal by a Canadian buyer was the \$11.2B take-private of **Neoen S.A.** by **Brookfield Asset Management's** clean energy arm **Brookfield Renewable Corporation**
- 8 mega deals were announced on Canadian soil representing \$19B in deal value, including **National Bank of Canada's** \$5.5B acquisition of **Canadian Western Bank**

CROSBIE & COMPANY CANADIAN M&A REPORT – Q2 2024

INDUSTRY GROUPS ⁽¹⁾	2024 Q1		2024 Q2	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Information Technology	96	990	80	1,664
Industrials	104	4,097	119	9,742
Real Estate	48	13,767	46	1,541
Metals and Mining	91	328	125	964
Health Care	46	3,923	41	965
Financial Services	38	382	40	15,849
Precious Metals	28	1,382	39	3,495
Communication Services	32	3,902	25	1,068
Consumer Discretionary	39	2,942	49	1,915
Energy	45	9,049	37	3,458
Consumer Staples	17	48	22	491
Materials	15	94	19	127
Utilities	7	274	8	32,555
Other	-	-	-	-
TOTAL	606	41,179	650	73,835
Services	84	6,329	89	10,401

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

Industry Sector Activity

- Large deal count increases were witnessed in **Metals and Mining** (+34); **Industrials** (+15); **Precious Metals** (+11); **Consumer Discretionary** (+10); **Consumer Staples** (+5)
- Deal count decreases were seen in **Information Technology** (-16); **Energy** (-8); **Consumer Services** (-7) **Health Care** (-5); **Real Estate** (-2)
- **Utilities** (8) despite a small number of transactions, represented 44% of total deal value across 4 mega deals

Size	2024 Q1				2024 Q2			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
<\$100m	185	31	2,632	6	242	40	2,897	7
\$101m-\$250m	18	3	2,861	7	20	3	3,390	8
\$251m-\$500m	8	1	2,777	7	7	1	2,517	6
\$501m-\$1b	1	0	829	2	7	1	5,346	13
>\$1b	7	1	32,081	78	12	2	59,708	145
Undisclosed	387	64	0	0	362	60	0	0
	606		41,179		650		73,858	

Breakdown by Transaction Size

- Mid-market transactions (those with values below \$250M) with disclosed values comprised 91% of the quarterly activity and 9% of quarterly value
- The mid-market quarterly deal value increased by 14%

	2024 Q1		2024 Q2	
	# of Deals	Value \$ Millions	# of Deals	Value \$ Millions
Canadian Targets				
With Canadian Buyers	307	4,039	337	15,033
With Foreign Buyers	132	23,350	121	14,042
Domestic M&A	439	27,390	458	29,076
Foreign Targets (Canadian Buyer)	135	6,665	146	22,477
Canadian Foreign Subsidiaries Sold to Foreign Buyers	32	7,124	46	22,282
Foreign M&A	167	13,790	192	44,760
	606	41,179	650	73,835

Canadian Domiciled versus Foreign M&A Targets

- Acquisitions involving Canadian targets increased 4% to 458 in Q2 2024, in-line with the trailing 8-quarter average (455)
- Canadian firms made 483 acquisitions in Q2 2024, of which 337 were domestic deals (up 10% from the prior quarter) and 146 were completed abroad (up 8% quarter-over-quarter)

CROSBIE & COMPANY CANADIAN M&A REPORT – Q2 2024

	2024 Q1		2024 Q2	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Outbound M&A (CDN Buyer/ Foreign Target)	135	6,665	146	22,477
Inbound M&A (Foreign Buyer/ CDN Target)	132	23,350	121	14,042
Total Cross Border	267	30,016	267	36,520
<i>Outbound : Inbound Ratio</i>	<i>1.02</i>	<i>0.29</i>	<i>1.21</i>	<i>1.60</i>
<i>Cross Border as % of Total Activity</i>	<i>44%</i>	<i>73%</i>	<i>41%</i>	<i>49%</i>
Canada / US Activity				
US Target	67	2,964	75	9,634
US Buyer	84	19,086	79	11,018
Total Canada/US	151	22,050	154	20,652
<i>Canada/ US as % of Cross Border</i>	<i>57%</i>	<i>73%</i>	<i>58%</i>	<i>57%</i>
	606	41,179	650	73,835

Cross-Border Deals

- Cross-border deals represented 41% of total deal activity and 49% of total value in Q2 2024
- Inbound activity decreased 8% quarter-over-quarter while outbound cross-border activity increased by 8%
- **Canada/U.S.** cross-border activity remained strong, accounting for 58% of deal activity and 57% of deal value, but decreased as a percentage of total cross-border deal value due to several overseas mega deals

	2024 Q1				2024 Q2			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
Ontario	186	42	18,314	63	151	34	7,348	27
British Columbia	79	18	1,740	6	107	24	4,322	16
Quebec	76	17	1,083	4	80	18	7,724	28
Alberta	48	11	6,075	21	58	13	6,441	24
Saskatchewan	28	6	163	1	22	5	659	2
Newfoundland	2	0	0	0	9	2	1,457	5
New Brunswick	1	0	9	0	7	2	25	0
Manitoba	4	1	0	0	7	2	48	0
Nova Scotia	6	1	-	0	4	1	17	0
Prince Edward Island	-	0	-	0	1	0	-	0
Northwest Territories	2	0	-	0	3	1	8	0
Yukon Territory	3	1	3	0	6	1	1,022	4
Nunavut	4	1	2	0	3	1	5	0
	439		27,390		458		29,076	

Deals by Provincial Domicile

- Domestic deal activity and aggregate deal value increased moderately quarter-over-quarter
- **Ontario** experienced the largest decline in transactions (-35) and deal value (-\$11B), while the western provinces, **British Columbia** (+28) and **Alberta** (+10), saw a collective increase of \$3B in deal value
- The **Northwest Territories** experienced an uncharacteristic surge in deal value, exceeding \$1 billion, due to **Bell Canada's** \$1B acquisition of **Northwestel Inc**

CROSBIE & COMPANY CANADIAN M&A REPORT – Q2 2024

Largest Transactions in Q2 2024

Target Industry	Announced Date	Value (\$ millions)	Target	Role	Transaction Status
Utilities	28-May-24	\$11,346	Atlantica Sustainable Infrastructure plc Energy Capital Partners, LLC; ECP V, LP Algonquin Power & Utilities Corp.; Liberty (AY Holdings) B.V.	Target Acquiror Vendor	Announced
Utilities	30-May-24	\$11,185	Neoen S.A. Temasek Holdings (Private) Limited; Brookfield Corporation; Brookfield Renewable Impala SAS; Mosca Animation Participations et Conseil; Celeste Management SAS;	Target Acquiror Vendor	Announced
Utilities	6-May-24	\$8,596	ALLETE, Inc. Canada Pension Plan Investment Board; Global Infrastructure Management, LLC BlackRock, Inc.; The Vanguard Group, Inc.	Target Acquiror Vendor	Announced
Financial Services	1-Apr-24	\$6,838	Nuvei Corporation Advent International, L.P.; Novacap Investments, Inc.; Caisse de dépôt et placement Novacap Investments, Inc.; Caisse de dépôt et placement du Québec	Target Acquiror Vendor	Announced
Industrials	6-Jun-24	\$6,404	Budapest Airport Zrt. Corvinus Nemzetközi Befektetési Zrt.; VINCI Airports SAS Caisse de dépôt et placement du Québec; Malton Berhad; AviAlliance GmbH	Target Acquiror Vendor	Closed
Financial Services	11-Jun-24	\$5,513	Canadian Western Bank National Bank of Canada	Target Acquiror	Announced
Financial Services	17-Jun-24	\$3,335	Topdanmark A/S Smith Financial Corporation 1832 Asset Management L.P.	Target Acquiror Vendor	Announced
Industrials	28-May-24	\$1,427	Labrador-Island Link Limited Partnership KKR & Co. Inc. Emera Newfoundland & Labrador Island Link Inc.	Target Acquiror Vendor	Closed
Precious Metals	23-Apr-24	\$1,344	Greenstone Gold Mine GP Inc. Equinox Gold Corp. Orion Resource Partners (USA), L.P.	Target Acquiror Vendor	Closed
Consumer Discretionary	3-Jun-24	\$1,288	Park Lawn Corporation Homesteaders Life Company; Birch Hill Equity Partners Management Inc.	Target Acquiror	Closed
Energy	24-Jun-24	\$1,231	Fission Uranium Corp. Paladin Energy Ltd	Target Acquiror	Announced
Industrials	12-May-24	\$1,202	Volatus Aerospace Corp. Drone Delivery Canada Corp.	Target Acquiror	Announced
Telecommunication Services	11-Jun-24	\$1,000	Northwestel Inc. Sixty North Unity Bell Canada, Inc.	Target Acquiror Vendor	Announced
Information Technology	11-Jun-24	\$856	Copperleaf Technologies Inc. Industrial and Financial Systems, IFS AB (publ)	Target Acquiror	Announced
Industrials	3-Apr-24	\$880	Bailey-Hunt Limited Certainteed Canada, Inc	Target Acquiror	Closed