

CROSBIE & COMPANY CANADIAN M&A REPORT – Q3 2024

Momentum Builds as Canadian Market Gains Steam

Canadian M&A maintained the momentum it built in the first half of 2024 as announced transactions increased for the third straight quarter. Q3 saw 655 deals announced, up 1% from the previous quarter and 13% year-over-year. Announced deal value declined 10% from the prior quarter to \$66B, supported by record level mega-deal activity. The third consecutive quarter-over-quarter increase in transactions, along with the prevalence of larger deals, suggests that confidence is returning to the Canadian M&A market.

*“The third quarter saw M&A activity continue to benefit from more stable economic conditions in both Canada and the US as well as a more positive outlook that is reflected in the strong performance of the equity markets,” said **Richard Betsalel**, Managing Director for **Crosbie & Company Inc.** “This positive deal psychology is underpinned by record levels of private equity dry powder, an easing interest rate environment, and greater availability of debt capital.”*

However, the recent US election could introduce some degree of uncertainty into the market in the near term as President-elect Trump threatens across the board tariffs. While this could impact many Canadian companies that export to the US as well as cross-border M&A activity more broadly, the effect may be relatively short-lived as both sides have an incentive to resolve the situation quickly.

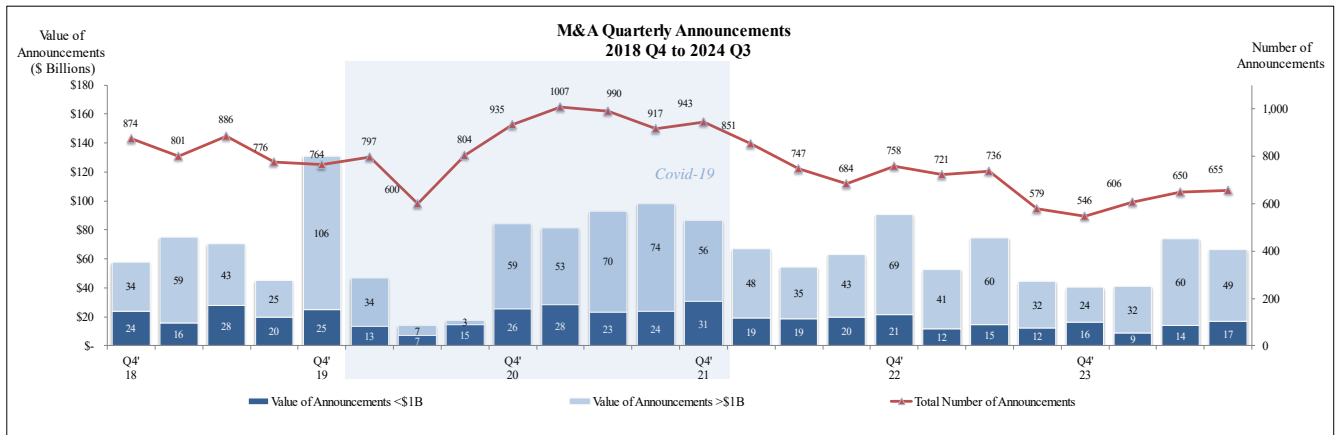
Mega-deal transactions (deals valued above \$1 billion) hit a decade-high this quarter, with 20 announcements totaling \$49 billion in value. 12 of these deals were cross-border transactions, including the largest deal in the quarter, **Cleveland-Cliffs** \$4.7B acquisition of **Stelco Holdings**. Notable cross-border mega-deals involving Canadian buyers this quarter include **Hudson’s Bay Company’s** \$3.6B acquisition of **Neiman Marcus Group** strengthening its presence in the luxury retail market, **WSP Global’s** \$2.4B acquisition of **POWER Engineers**, and **Couche-Tard’s** \$2.2B acquisition of **GetGo Café + Markets**, a chain of 270 convenience stores.

The mid-market (transactions valued below \$250M) remained strong in the third quarter of 2024, dominating the M&A landscape. Transaction volume increased to 277, up 6% from the previous quarter. These 277 announced transactions accounted for 88% of deal activity with disclosed values and 11% of the total deal value for the quarter, which is in line with historical averages.

M&A activity was relatively balanced across all industries, with **Real Estate** exhibiting the largest rebound in activity (+34) after being depressed for several quarters, likely due to interest rate pressures. **Metals and Mining** remained the most active sector (91 announced deals and \$11B in total value) despite experiencing a marked decrease in deal activity (-34). Sectors with increases in deal activity included **Precious Metals** (+16), **Communication Services** (+13), **Information Technology** (+9), **Health Care** (+5), and **Consumer Staples** (+4).

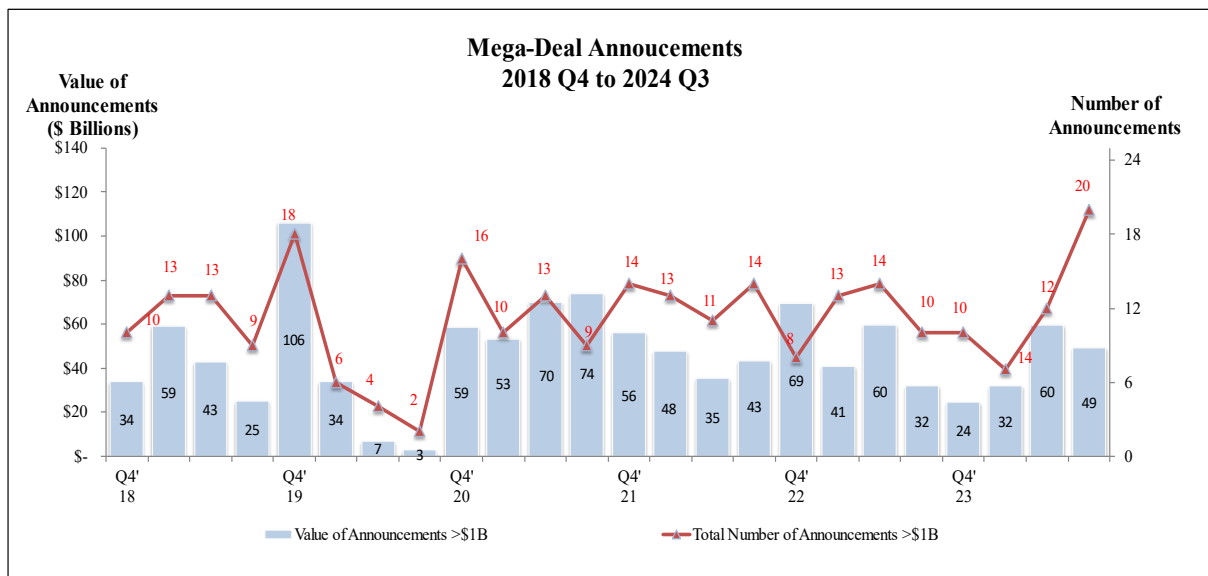
Cross-border M&A, as is typically the case, was a key driver of overall activity, accounting for 43% of transactions and 55% of deal value. Canada-U.S. M&A continued to dominate cross-border activity, representing 65% of transactions and 67% of deal value.

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Overview

- Deal activity increased for the third consecutive quarter but remains below activity levels in recent years
- Aggregate deal value (\$66B) remained strong, driven by a significant number of mega-deals
- Cross-border announcements represented 43% of total activity and 55% of deal value, in line with historical averages



Mega-Deals

- Twenty mega-deals (those over \$1B) were announced in Q3 2024 representing \$49B in value
- The largest deal on Canadian soil was **Cleveland-Cliffs** \$4.7B acquisition of Hamilton based **Stelco Holdings**
- In an all-Canadian transaction, **Rogers Communications** bought rival **BCE**'s interest in **Maple Leaf Sports & Entertainment (MLSE)**, the parent company of the Leafs, Raptors, Argos, and Toronto FC for \$4.7B

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INDUSTRY GROUPS ⁽¹⁾	2024 Q2		2024 Q3	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Information Technology	80	1,664	89	5,208
Industrials	119	9,742	88	8,694
Real Estate	46	1,541	80	6,797
Metals and Mining	125	964	91	11,650
Health Care	41	965	46	4,156
Financial Services	40	15,849	39	210
Precious Metals	39	3,495	55	3,522
Communication Services	25	1,068	38	360
Consumer Discretionary	49	1,915	40	11,108
Energy	37	3,458	36	2,306
Consumer Staples	22	491	26	2,370
Materials	19	127	18	2,952
Utilities	8	32,555	9	6,957
Other	-	-	-	-
TOTAL	650	73,835	655	66,291
Services	89	10,401	75	5,674

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

Industry Sector Activity

- Deal count increases were seen in **Real Estate (+34)**; **Precious Metals (+16)**; **Communication Services (+13)**; **Information Technology (+9)**; **Health Care (+6)**; **Consumer Staples (+4)**; **Utilities (+1)**
- Sectors with the largest decline in deal count were **Metals and Mining (-34)**; **Industrials (-31)**; **Consumer Discretionary (-9)**

Size	2024 Q2				2024 Q3			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
<\$100m	242	37	2,897	4	254	39	3,667	6
\$101m-\$250m	20	3	3,390	5	23	4	3,305	5
\$251m-\$500m	7	1	2,517	3	8	1	2,687	4
\$501m-\$1b	7	1	5,346	7	9	1	7,202	11
>\$1b	12	2	59,708	81	20	3	49,429	75
Undisclosed	362	56	0	0	341	52	0	0
	650		73,858		655		66,291	

Breakdown by Transaction Size

- 88% of transaction activity in the quarter was from mid-market transactions below \$250M (for transactions with disclosed values)
- Mid-market transactions were valued at \$7B, an increase of 11% from the previous quarter, and represented 11% of total deal value for the quarter

	2024 Q2		2024 Q3	
	# of Deals	Value \$ Millions	# of Deals	Value \$ Millions
Canadian Targets				
With Canadian Buyers	337	15,033	323	23,999
With Foreign Buyers	121	14,042	127	14,019
Domestic M&A	458	29,076	450	38,041
Foreign Targets (Canadian Buyer)	146	22,477	152	22,301
Canadian Foreign Subsidiaries Sold to Foreign Buyers	46	22,282	53	5,949
Foreign M&A	192	44,760	205	28,249
	650	73,835	655	66,291

Canadian Domiciled versus Foreign M&A Targets

- M&A involving Canadian targets totaled 450 in line with the previous quarter and the trailing 8-quarter average (447)
- Canadian firms made 475 acquisitions in Q3 2024, of which 323 involved domestic targets totaling \$24B, with the remainder representing foreign targets totaling \$22B

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	2024 Q2		2024 Q3	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Outbound M&A (CDN Buyer/ Foreign Target)	146	22,477	152	22,301
Inbound M&A (Foreign Buyer/ CDN Target)	121	14,042	127	14,019
Total Cross Border	267	36,520	279	36,320
<i>Outbound : Inbound Ratio</i>	<i>1.21</i>	<i>1.60</i>	<i>1.20</i>	<i>1.59</i>
<i>Cross Border as % of Total Activity</i>	<i>41%</i>	<i>49%</i>	<i>43%</i>	<i>55%</i>
Canada / US Activity				
US Target	75	9,634	91	10,773
US Buyer	79	11,018	90	13,395
Total Canada/US	154	20,652	181	24,168
<i>Canada/ US as % of Cross Border</i>	<i>58%</i>	<i>57%</i>	<i>65%</i>	<i>67%</i>
	650	73,835	655	66,291

Cross-Border Deals

- Cross-border transactions represented 43% of overall deal volume and contributed 55% of total deal value in Q3 2024
- Both inbound and outbound activity stayed in line with the previous quarter, as total cross-border activity remained strong
- **Canada-U.S.** cross-border deals remained a dominant force, making up 65% of total cross-border transactions and 67% of deal value

	2024 Q2				2024 Q3			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
Ontario	151	34	7,348	27	149	33	20,658	54
British Columbia	107	24	4,322	16	115	26	8,474	22
Quebec	80	18	7,724	28	60	13	2,264	6
Alberta	58	13	6,441	24	70	16	2,644	7
Saskatchewan	22	5	659	2	19	4	456	1
Newfoundland	9	2	1,457	5	9	2	208	1
New Brunswick	7	2	25	0	6	1	105	0
Manitoba	7	2	48	0	10	2	1	0
Nova Scotia	4	1	17	0	7	2	1,948	5
Prince Edward Island	1	0	-	0	3	1	1,281	3
Northwest Territories	3	1	8	0	-	0	-	0
Yukon Territory	6	1	1,022	4	-	0	-	0
Nunavut	3	1	5	0	2	0	2	0
	458		29,076		450		38,041	

Deals by Provincial Domicile

- Domestic aggregate deal value increased quarter-over-quarter, driven by multiple mega-deals on Canadian soil
- **Ontario**, as expected, remains the most active province, with 149 deals valued at \$20.7B
- Maritime Canada saw an increase in deal value from the \$1.9B acquisition of **Nova Scotia**-domiciled **Chorus Aviation Capital Corp** and **PEI's BIOVECTRA** being acquired for \$1.3B

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Largest Transactions in Q3 2024

Target Industry	Announced Date	Value (\$ millions)	Target	Role	Transaction Status
Metals and Mining	15-Jul-24	\$4,745	Stelco Holdings Inc. Cleveland-Cliffs Inc. Lindsay Goldberg LLC; Fairfax Financial Holdings Limited	Target Acquiror Vendor	Closed
Media & Telecom	18-Sep-24	\$4,700	Maple Leaf Sports & Entertainment Ltd. Rogers Communications Inc. BCE Inc.	Target Acquiror Vendor	Announced
Metals and Mining	29-Jul-24	\$4,192	Filo Corp. Lundin Mining Corporation; BHP Investments Canada Inc. Nemesia S.À R.L.	Target Acquiror Vendor	Announced
Information Technology	3-Jul-24	\$4,054	Keywords Studios plc EQT Private Capital Asia; Cpp Investment Board Private Holdings (4) Inc.; Rosa Investments Pte. Ltd Banque Pictet & Cie SA; Franklin Templeton Institutional, LLC	Target Acquiror Vendor	Closed
Consumer Discretionary	4-Jul-24	\$3,607	Neiman Marcus Group LTD LLC Hudson's Bay Company	Target Acquiror	Announced
Utilities	9-Aug-24	\$3,433	Renewable Energy Business of Algonquin Power & Utilities Corp. Altius Renewables, ULC Algonquin Power & Utilities Corp.	Target Acquiror Vendor	Announced
Materials	8-Sep-24	\$2,739	OCI Methanol Group Methanex Corporation OCI N.V.; Abu Dhabi Developmental Holding Company PJSC; Alpha Dhabi Holding PJSC	Target Acquiror Vendor	Announced
Industrials	12-Aug-24	\$2,446	POWER Engineers, Incorporated WSP Global Inc.	Target Acquiror	Closed
Industrials	1-Aug-24	\$2,354	Thermal Management Business of nVent Electric plc Brookfield Asset Management Ltd. nVent Electric plc	Target Acquiror Vendor	Announced
Consumer Staples	19-Aug-24	\$2,182	GetGo Café + Markets Alimentation Couche-Tard Inc. Giant Eagle, Inc.	Target Acquiror Vendor	Announced
Precious Metals	8-Aug-24	\$1,950	Osisko Mining Inc. Gold Fields Windfall Holdings Inc BlackRock, Inc.; Elysee Development Corp.	Target Acquiror Vendor	Closed
Industrials	30-Jul-24	\$1,900	Chorus Aviation Capital Corp. HPS Investment Partners, LLC Chorus Aviation Inc.	Target Acquiror Vendor	Announced
Utilities	24-Sep-24	\$1,802	Saeta Yield, S.A. Abu Dhabi Future Energy Company PJSC - Masdar Brookfield Renewable Partners L.P.	Target Acquiror Vendor	Announced
Consumer Discretionary	22-Jul-24	\$1,792	Sleep Country Canada Holdings Inc. Fairfax Financial Holdings Limited Mackenzie Financial Corporation; Mawer Investment Management Ltd.	Target Acquiror Vendor	Closed
Industrials	11-Jul-24	\$1,368	Héroux-Devtek Inc. Platinum Equity, LLC Caisse de dépôt et placement du Québec	Target Acquiror Vendor	Announced