

CROSBIE & COMPANY CANADIAN M&A REPORT – Q4 2024

Stronger 2024 Culminates in Fourth Consecutive Quarter of M&A Growth

As we sit today, 2024 may seem like a different time. Following a weak 2023 Canadian M&A environment, the market turned and strengthened throughout 2024 with four consecutive quarters of growth in announced transactions. This was despite tariff-threat road-bumps that emerged late in the year.

Announced deals in Q4 totaled 685, a 5% increase from the previous quarter. Total announced deal value rose to \$74B, a 12% increase from the previous quarter, bolstered by two deals over \$10B. Market conditions underpinning these results included the expectation of easing interest rates, stabilizing inflation, active capital markets, firming valuations, as well as moderate growth supported by a strong US economy.

“2024 benefited from improved investment psychology that brought a lot of buyers and sellers back to the market. This resulted in four consecutive quarters of growth, the first such stretch we’ve seen in over 5 years,” said Colin Walker, Managing Director for Crosbie & Company Inc. “Despite the positive tone, we did have some pull-back late in the year due to post-election tariff concerns, particularly for companies exporting into the U.S. Looking forward, tariff related uncertainty is now on people’s minds. This will be a headwind until the Trump tariff policies and their impact get sorted out,” he added.

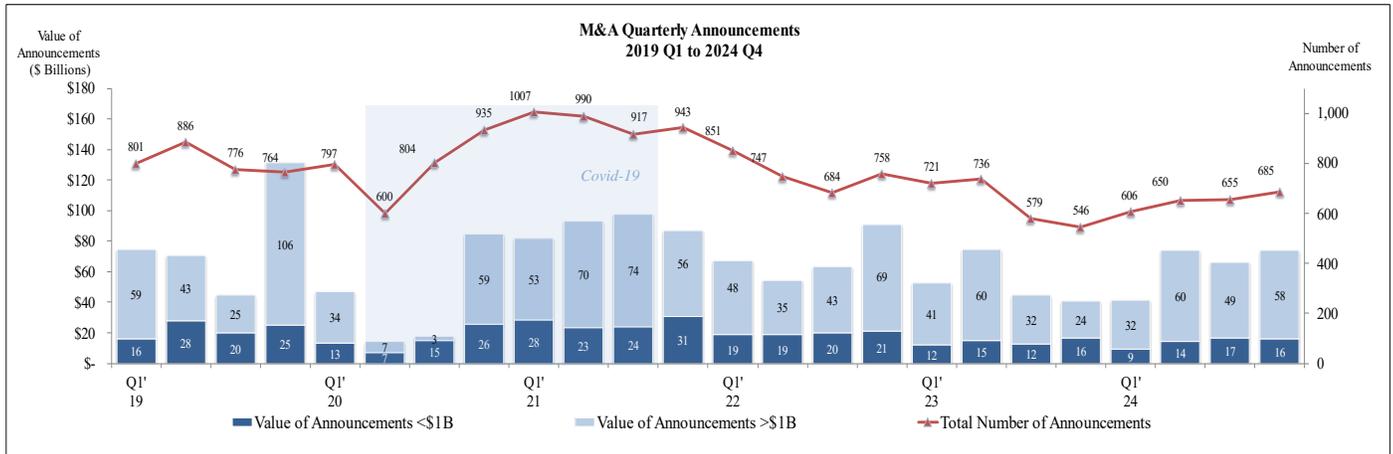
There were 13 mega-deal transactions (deals valued above \$1B) announced in the fourth quarter totalling \$58B in value. Two of these deals exceeded \$10B in value, including the \$20B take-private acquisition of **Nord Anglia Education** by a consortium comprising **Neuberger Berman Private Markets**, **EQT**, and the **Canada Pension Plan Investment Board**, a deal that underscores private equity's growing interest in the private education sector. In another \$10B deal, **Partners Group**, together with co-investors **Caisse de dépôt et placement du Québec** and **Ontario Teachers' Pension Plan**, sold their majority stake in **Techem GmbH**. Other notable mega deals this quarter include **Mubadala Capital's** \$4.8B acquisition of **CI Financial**, **Coeur Mining's** \$2.3B takeover of **SilverCrest Metals**, and **Vermilion Energy's** \$1.1B purchase of **Westbrick Energy**.

Consistent with other quarters, mid-market transactions (valued below \$250M) continued to dominate deal volume, accounting for 89% of all announced transactions and 9% of aggregate deal value. Quarter-over-quarter, both the number of announced mid-market deals and their total value declined by 5%, though they remained well within historical norms.

From an industry perspective, deal counts remained stable across most sectors that we track. Notable changes include **Real Estate** (-25) experiencing the largest drop as well **Communication Services** (-10). Conversely, increases were seen in **Metals and Mining** (+14), **Information Technology** (+13), **Industrials** (+11), **Consumer Discretionary** (+8), and **Energy** (+8). In terms of aggregate deal values, the **Consumer Discretionary** and **Industrials** sectors led with \$20.7B and \$12.7B, respectively, primarily due to two significant transactions exceeding \$10B each.

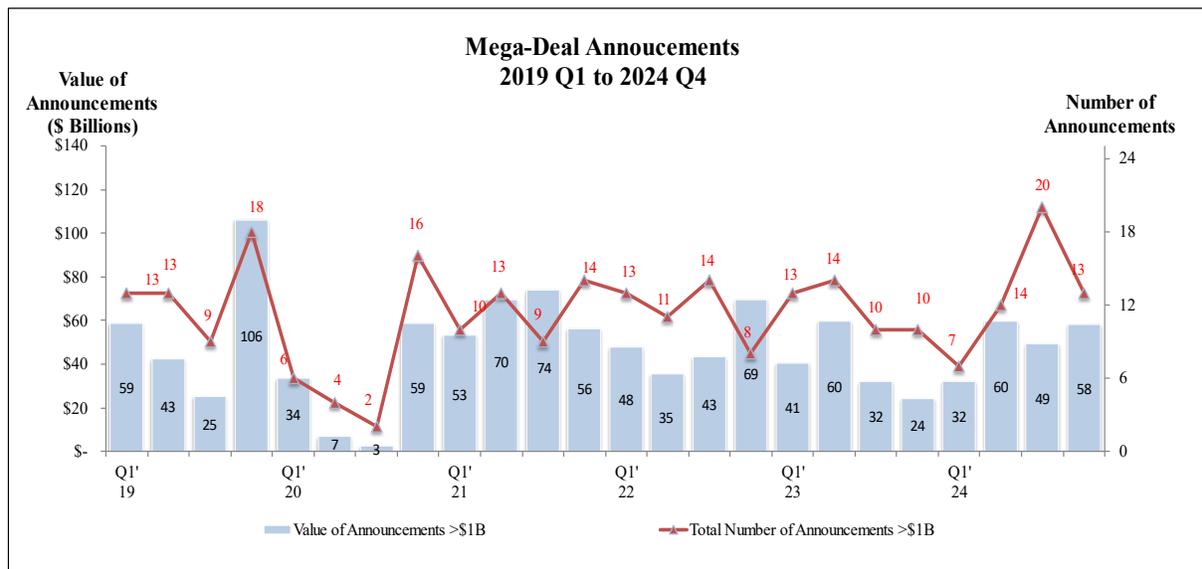
Cross-border transactions remain a key driver of overall M&A activity, representing 44% of transactions and 63% of deal value. Despite looming tariff concerns, Canada-U.S. M&A continued to play a dominant role in cross-border activity, accounting for 65% of transactions and 33% of deal value.

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Overview

- Deal activity continued its climb in Q4 with 685 transactions, a 5% increase compared to Q3 2024
- Activity is up 18% from the cycle low in Q4 2023
- Aggregate deal value (\$74B) was up 12% driven by 13 mega-deals
- Cross-border M&A activity increased by 9% to 304 transactions representing \$46B in value (63% of aggregate deal value)



Mega-Deals

- There were 13 mega-deals (those over \$1B) announced in Q4 2024 representing \$58B in value
- The largest deal this quarter was the \$20.7B take-private acquisition of **Nord Anglia Education** by **Neuberger Berman Private Markets, EQT, and the Canada Pension Plan Investment Board**
- **Precious Metals** was an active mega-deal space with **Dhilmar's** \$1.1B acquisition of the **Éléonore Operation** in Northern Quebec and **Orla Mining's** \$1.1B acquisition of the **Musselwhite Mine**

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INDUSTRY GROUPS ⁽¹⁾	2024 Q3		2024 Q4	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Information Technology	89	5,208	102	2,847
Industrials	88	8,694	99	12,734
Real Estate	80	6,797	55	5,147
Metals and Mining	91	11,650	105	5,216
Health Care	46	4,156	53	1,456
Financial Services	39	210	41	5,562
Precious Metals	55	3,522	54	3,664
Communication Services	38	360	28	7,365
Consumer Discretionary	40	11,108	48	20,734
Energy	36	2,306	44	6,419
Consumer Staples	26	2,370	23	410
Materials	18	2,952	20	1,070
Utilities	9	6,957	13	1,571
Other	-	-	-	-
TOTAL	655	66,291	685	74,195
Services	75	5,674	83	32,540

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

Industry Sector Activity

- Deal count increases were seen across most industries, with **Metals and Mining (+14)**, **Information Technology (+13)**, **Industrials (+11)**, **Consumer Discretionary (+8)**, **Energy (+8)**, and **Health Care (+7)** leading the pack
- Sectors experiencing the largest declines from the previous quarter include **Real Estate (-25)**, **Communication Services (-10)**, and **Consumer Staples (-3)**
- Services** accounted for 44% of aggregate deal value, significantly above typical levels

Size	2024 Q3				2024 Q4			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
<\$100m	254	39	3,667	6	242	35	3,269	4
\$101m-\$250m	23	4	3,305	5	21	3	3,328	4
\$251m-\$500m	8	1	2,687	4	16	2	5,409	7
\$501m-\$1b	9	1	7,202	11	5	1	3,835	5
>\$1b	20	3	49,429	75	13	2	58,356	79
Undisclosed	341	52	0	0	388	57	0	0
	655		66,291		685		74,195	

Breakdown by Transaction Size

- Mid-market transactions (deal value below \$250M) with disclosed values accounted for 89% of deals and 9% of deal value
- Mid-market deal value fell 5% quarter-over-quarter, while the broader market climbed 12%

	2024 Q3		2024 Q4	
	# of Deals	Value \$ Millions	# of Deals	Value \$ Millions
Canadian Targets				
With Canadian Buyers	323	24,022	321	11,340
With Foreign Buyers	127	14,019	123	11,821
Domestic M&A	450	38,041	444	23,160
Foreign Targets (Canadian Buyer)	152	22,301	181	34,620
Canadian Foreign Subsidiaries Sold to Foreign Buyers	53	5,949	60	16,415
Foreign M&A	205	28,249	241	51,035
	655	66,291	685	74,195

Canadian Domiciled versus Foreign M&A Targets

- Acquisitions involving Canadian targets (i.e. what we refer to as Canadian domiciled deals) remained relatively flat, totaling 444 in Q4 2024, up from 398 in the fourth quarter of last year. The mix of domestic vs. foreign buyers in these deals was ~72% which is unchanged from the prior quarter, while the cumulative value declined to \$23B (from \$38B in Q3 2024)
- In Q4 2024, Canadian firms made 502 acquisitions, including 321 (64%) that were domestic, totaling \$11B. The remaining acquisitions involved foreign targets, amounting to \$34B in cumulative deal value

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	2024 Q3		2024 Q4	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Outbound M&A (CDN Buyer/ Foreign Target)	152	22,301	181	34,620
Inbound M&A (Foreign Buyer/ CDN Target)	127	14,019	123	11,821
Total Cross Border	279	36,320	304	46,441
<i>Outbound : Inbound Ratio</i>	<i>1.20</i>	<i>1.59</i>	<i>1.47</i>	<i>2.93</i>
<i>Cross Border as % of Total Activity</i>	<i>43%</i>	<i>55%</i>	<i>44%</i>	<i>63%</i>
Canada / US Activity				
US Target	91	10,773	110	9,762
US Buyer	90	13,395	87	5,662
Total Canada/US	181	24,168	197	15,425
<i>Canada/ US as % of Cross Border</i>	<i>65%</i>	<i>67%</i>	<i>65%</i>	<i>33%</i>
	655	66,291	685	74,195

Cross-Border Deals

- Cross-border deals represented 44% of overall deal activity and contributed 63% of total deal value in Q4 2024
- The outbound-to-inbound ratio for both deal count and value saw a significant increase from the previous quarter
- The U.S. remained the dominant cross-border M&A partner, accounting for 65% of total cross-border transactions, though its share of deal value dropped to a multi-year low of 33%

	2024 Q3				2024 Q4			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
Ontario	149	33	20,658	54	156	35	14,454	62
British Columbia	115	26	8,474	22	112	25	4,010	17
Quebec	60	13	2,264	6	64	14	1,650	7
Alberta	70	16	2,644	7	54	12	2,747	12
Saskatchewan	19	4	456	1	20	5	100	0
Newfoundland	9	2	208	1	9	2	85	0
New Brunswick	6	1	105	0	6	1	10	0
Manitoba	10	2	1	0	9	2	53	0
Nova Scotia	7	2	1,948	5	5	1	10	0
Prince Edward Island	3	1	1,281	3	2	0	37	0
Northwest Territories	-	0	-	0	1	0	-	0
Yukon Territory	-	0	-	0	2	0	-	0
Nunavut	2	0	2	0	4	1	5	0
	450		38,041		444		23,160	

Deals by Provincial Domicile

- **Ontario**, was the most active province by deal count (156), representing 62% of all transaction value for Canadian domiciled targets in Q4 2024, up from 149 deals and 54% of value in the previous quarter
- **Alberta** experienced the largest drop in deals (16), while the rest of the provinces remained relatively consistent with the previous quarter
- Total deal value for Canadian domiciled transactions saw a significant drop from the previous quarter (and a return to more typical levels) due to lower valuations for Canadian domiciled mega-deals

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Largest Transactions in Q4 2024

Target Industry	Announced Date	Value (\$ millions)	Target	Role	Transaction Status
Consumer Discretionary	21-Oct-24	\$20,077	Nord Anglia Education Limited Neuberger Berman Private Markets, EQT, and the Canada Pension Plan Investment Board	Target Acquiror	Announced
Industrials	1-Oct-24	\$10,012	Techem GmbH TPG Capital, L.P.; GIC Private Limited; TPG Rise Climate LP Partners Group, Caisse de dépôt et placement du Québec, and Ontario Teachers' Pension Plan	Target Acquiror Vendor	Announced
Telecommunication Services	4-Nov-24	\$7,064	Northwest Fiber, LLC Bell Canada, Inc. Searchlight Capital Partners, L.P.; WaveDivision Capital LLC	Target Acquiror Vendor	Announced
Financial Services	25-Nov-24	\$4,752	CI Financial Corp. Mubadala Capital Chang Family Trust; GRC Ltd.	Target Acquiror Vendor	Announced
Energy	14-Nov-24	\$3,325	Certain Montney Assets of Paramount Resources Ltd. Ovintiv Canada ULC	Target Acquiror	Closed
Metals and Mining	4-Oct-24	\$2,329	SilverCrest Metals Inc. Coeur Mining, Inc.	Target Acquiror	Closed
Metals and Mining	9-Dec-24	\$2,147	Sociedade Mineira de Neves-Corvo, S.A./Zinkgruvan Mining AB Boliden AB (publ) Lundin Mining Corporation	Target Acquiror Vendor	Announced
Information Technology	31-Dec-24	\$1,830	Softchoice Corporation World Wide Technology Holding Co, LLC	Target Acquiror	Announced
Industrials	9-Nov-24	\$1,753	PIA Holding Company Limited Al-Nihang Group	Target Acquiror	Announced
Real Estate	15-Oct-24	\$1,686	Substantially All Assets and Liabilities of Alignvest Student Housing Real Estate Investment Trust Forum Real Estate Income and Impact LP Alignvest Student Housing Real Estate Investment Trust	Target Acquiror Vendor	Closed
Precious Metals	18-Nov-24	\$1,194	Musselwhite Joint Venture Mine Orla Mining Ltd. Goldcorp Incorporated; Goldcorp Canada Ltd.	Target Acquiror Vendor	Closed
Precious Metals	25-Nov-24	\$1,113	Éléonore operation in Northern Quebec, Canada Dhilmar Ltd Newmont Corporation	Target Acquiror Vendor	Closed
Energy	23-Dec-24	\$1,075	Westbrick Energy Ltd. Vermilion Energy Inc.	Target Acquiror	Closed
Real Estate	21-Nov-24	\$880	Three Build to Rent Communities UK Starlight Group Property Holdings Inc. Renaker Build Limited	Target Acquiror Vendor	Closed
Precious Metals	16-Oct-24	\$861	Thacker Pass General Motors Holdings LLC Lithium Americas Corp.	Target Acquiror Vendor	Closed