

KROLL

Canadian M&A

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Industry Insights

Summer 2023



Executive Summary

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848 Canadian companies were sold in 1H 2023



84% of deals completed were under CA\$100 million in enterprise value



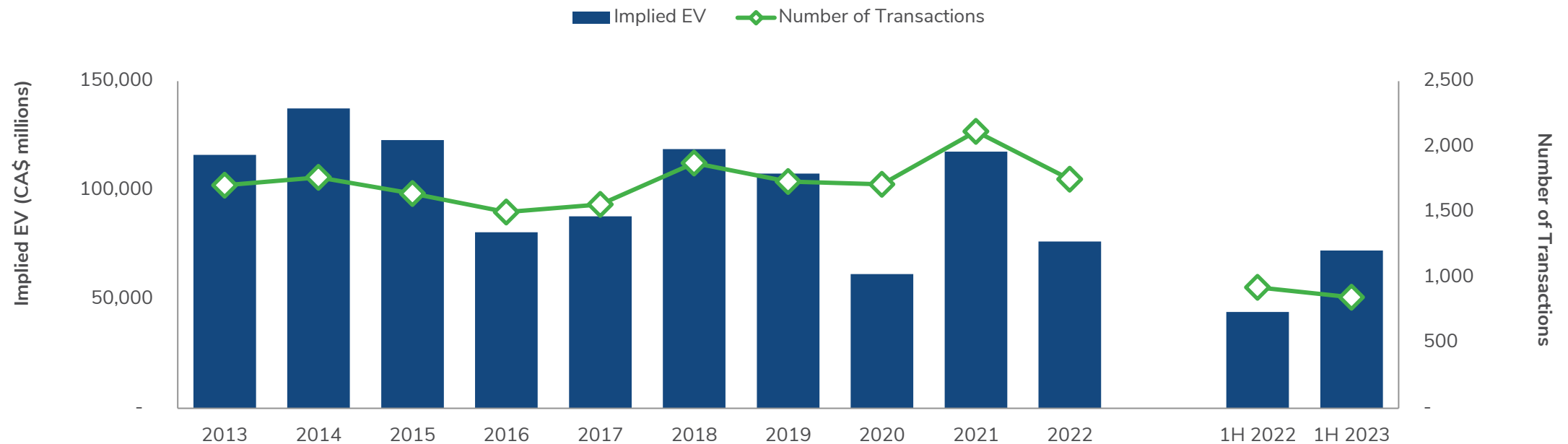
Megadeals represented 86% of disclosed deal value

Canadian M&A Update



Canadian M&A activity has declined in deal volume in 1H 2023 compared to 1H 2022 but has increased in disclosed implied enterprise value (EV) – mostly attributed to a few megadeals that closed during the period. General economic uncertainty, inflationary pressures and increasing interest rates have led to a slight slowdown in transactions. In 1H 2023, 848 Canadian companies were sold, with the total disclosed EV amounting to CA\$72.4 billion, indicating an 8% decrease in deal volume compared to 1H 2022.

Canadian M&A Transactions (CA\$ in millions)



For all data herein: All transaction values are in Canadian dollars (unless otherwise noted) and refer to transactions with reported financial data. All transaction data refers to acquisitions of majority stakes (minority deals were excluded). M&A transactions in 1H 2023 include those between January 1 and June 30, 2023.

Sources: S&P Global Market Intelligence as of July 14, 2023; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

Canadian M&A Update



1H 2023 saw 28 megadeals close, averaging \$4.2 billion in EV, an increase from 1H 2022, which had 22 recorded closed megadeals*. The largest Canadian transaction in 1H 2023 was the acquisition of Shaw Communications for \$26.2 billion by Rogers Communications. The second- and third-largest megadeals in 1H 2023 involving a Canadian party were the acquisitions of National Grid Gas and Qualtrics International for \$18.6 and \$15.0 billion, respectively.

Significant megadeals announced in 1H 2023 but not yet closed include Bunge Limited's acquisition of Viterra Limited for \$23.9 billion, ConocoPhillips' acquisition of Surmont Oil Sands Project for \$8.4 billion and Suncor Energy's acquisition of Total E&P Canada for \$6.1 billion.

1H 2023 Large Closed Transactions: Canadian Seller

Target	Target Country	Buyer	Buyer Country	Enterprise Value CA\$ Billions	Industry
Shaw Communications Inc.	Canada	Rogers Communications Inc.	Canada	26.2	Communication Services
National Grid Gas	Europe	British Columbia Investment Management Corporation, Macquarie Asset Management Inc.	Canada, Australia	18.6	Utilities
Qualtrics International Inc.	United States	Silver Lake Technology Management, Canada Pension Plan Investment Board	Canada, United States	15.0	Information Technology
Maxar Technologies Inc.	United States	Advent International Corporation, British Columbia Investment Management Corporation	Canada, United States	9.0	Industrials
Yamana Gold Inc.	Canada	Agnico Eagle Mines Limited, Pan American Silver Corp.	Canada, United States	8.0	Materials

*Deals involving a Canadian company as the buyer or seller, with an implied EV of \$500 million or more (minority deals excluded).

Sources: S&P Global Market Intelligence as of July 14, 2023; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

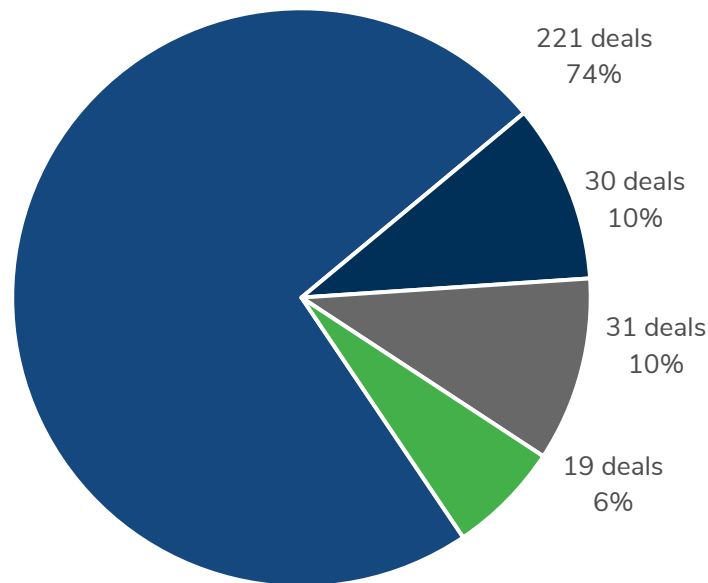
Canadian M&A Update



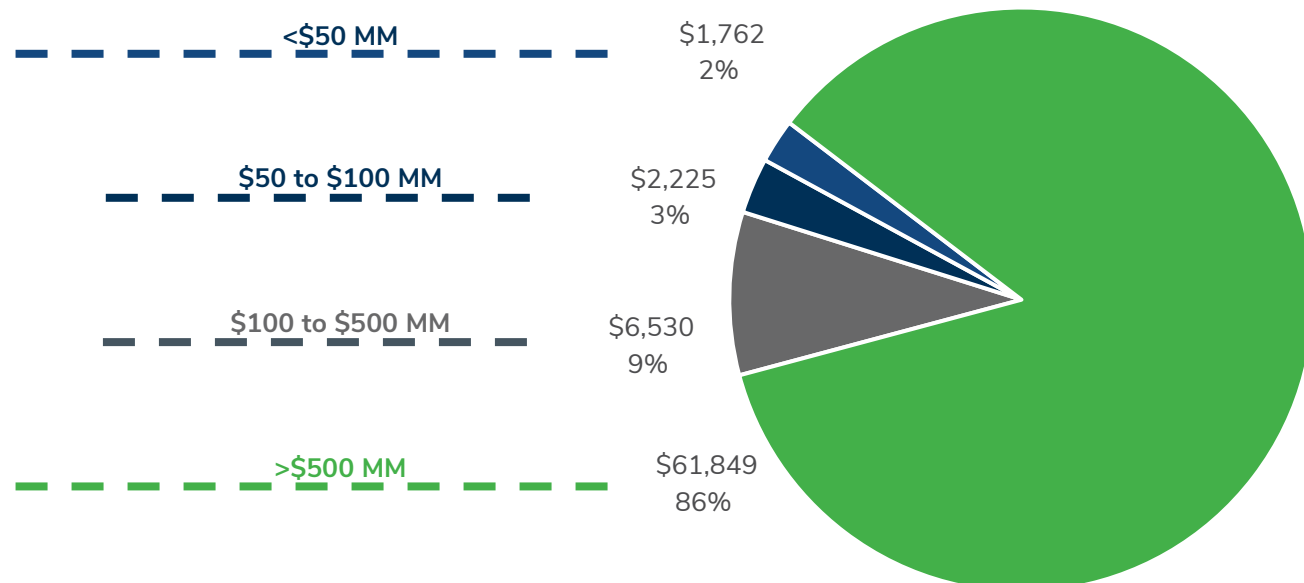
The Canadian M&A market had 848 completed transactions in 1H 2023, down from 925 in 1H 2022. The median deal value decreased from \$7.8 million in 1H 2022 to \$6.0 million in 1H 2023, as deals under \$50 million represented 74% of the deal count. Although megadeals represent only 6% of all transactions, they represented 86% of the total deal value.

It should be noted that, since the values of many smaller transactions are not disclosed, the actual median deal value is likely lower.

Number of Canadian M&A Transactions: Canadian Targets* (1H 2023) (Deal Volume)



Value of Canadian M&A Transactions: Canadian Targets (1H 2023) (CAD in millions)



*Only includes transactions with disclosed financial information. MM denotes millions of Canadian dollars.

Sources: S&P Global Market Intelligence as of July 14, 2023; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

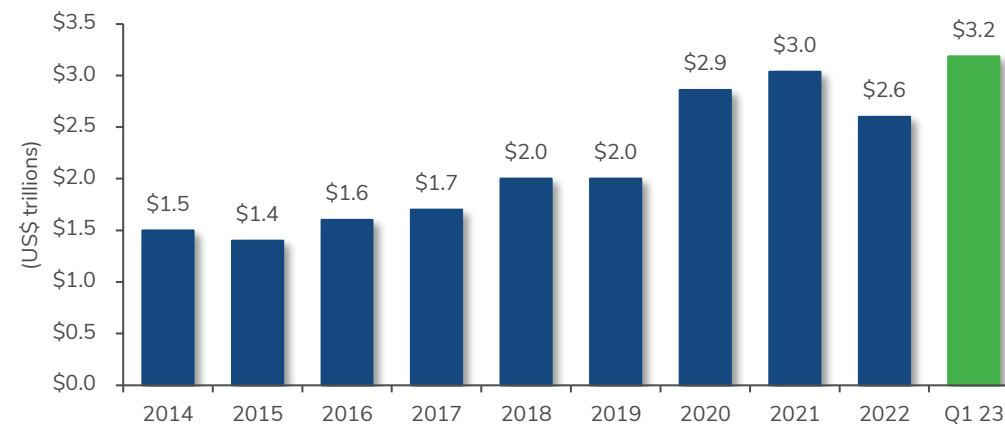
Looking Ahead

Canadian deal volume in 1H 2023 declined when compared to 1H 2022; but in contrast, it experienced a vast increase in total disclosed EV – driven by a select few megadeals. General market uncertainty continues to affect deal activity through inflationary pressures, lingering supply chain issues, rising interest rates and global conflicts.

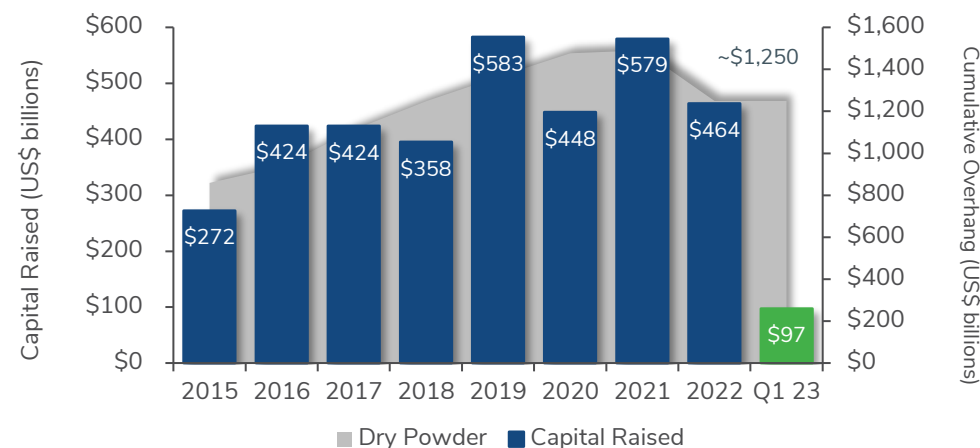
Large corporates and private equity funds have been active but have altered investment parameters to meet their risk-adjusted return in the current market. Corporate cash balances are at a 10-year high while financial sponsors continue to sit on large amounts of dry powder, indicating that there is abundant capital to drive transactions. Investors are shifting focus to positive earnings businesses over high-growth opportunities. Rising interest rates have forced business owners to become more conscious of capital structure – especially businesses with fixed credit facilities that need to be renewed in the short term. The wall of debt maturities in the coming two years will likely prompt more activity from private credit funds, as they are becoming key players in today's financing market.

Despite the economic headwinds, the Canadian M&A market has proven to be robust through these challenges. We believe the M&A space will be active for the remainder of 2023 – driven by a large amount of liquidity that needs to be deployed.

S&P 500 Cash Balances



Private Equity Overhang



GLOBAL CORPORATE FINANCE PRACTICE

Ranked No. 1 for total number of U.S. and global fairness opinions over the past 5- and 10-year periods.¹

ANNOUNCED U.S. FAIRNESS OPINIONS RANKINGS

	Ranking	Number of Credited Deals
5 Years: 2018–2022	#1	198
10 Years: 2013–2022	#1	400

Source: Refinitiv

ANNOUNCED GLOBAL FAIRNESS OPINIONS RANKINGS

	Ranking	Number of Credited Deals
5 Years: 2018–2022	#1	295
10 Years: 2013–2022	#1	597

Source: Refinitiv

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with more than 70 offices around the world, including in Beijing, Shanghai, Hong Kong, Guangzhou, Shenzhen, Taipei, Tokyo, London, Paris, Frankfurt, Madrid and New York

Public Company Expertise

deep experience advising public company boards of directors and special committees on going-private and related-party transactions

Strong Global M&A Practice

with significant experience advising on cross-border transactions and negotiating M&A transactions with buyers on behalf of special committees

Independent

and free of conflicts of interest

¹ According to Refinitiv cumulative data 2013–2022



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[Kroll.com/CanadaSummer2023](https://kroll.com/CanadaSummer2023)

