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# Canadian M&A

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**734 Canadian companies were sold in 1H 2024**



**85% of deals completed were under CAD100 million in enterprise value**



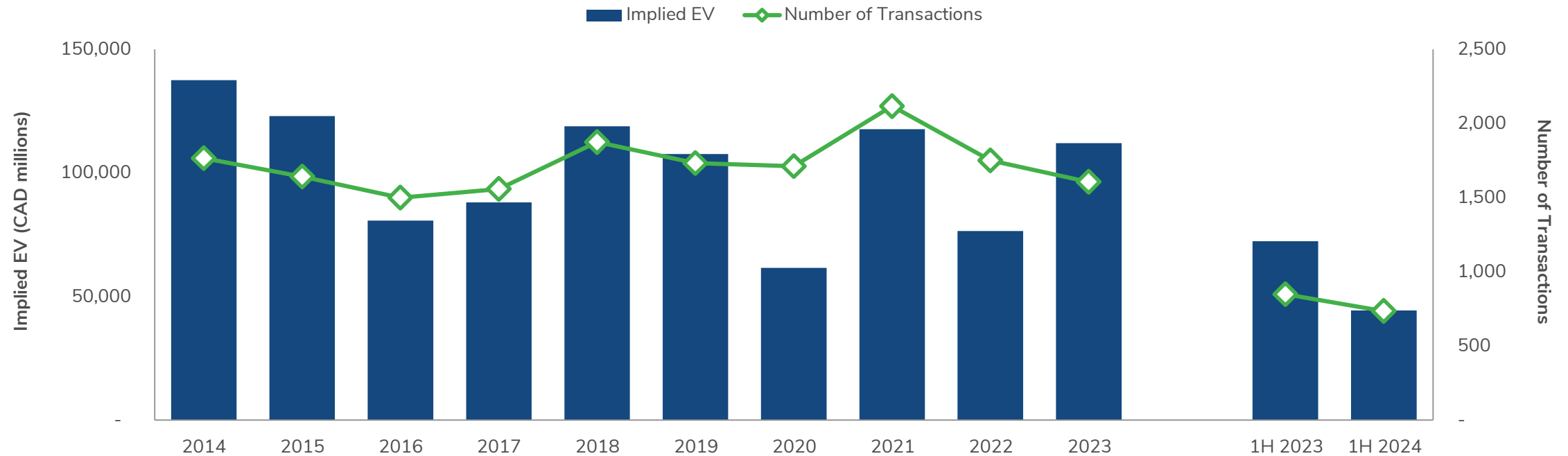
**Megadeals represented 81% of disclosed deal value**

# Canadian M&A Update



Canadian M&A activity has decreased in both deal volume and disclosed implied enterprise value (EV) in 1H 2024. Sellers have been cautious of expected rate cuts and general economic conditions, leading to the overall slowdown in deal activity in the first two quarters. In 1H 2024, 734 Canadian companies were sold, with the total disclosed EV amounting to CAD44.3 billion, indicating a 13% decrease in deal volume compared to 1H 2023.

## Canadian M&A Transactions



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 2024 include those between January 1 and June 30, 2024.

Sources: S&P Global Market Intelligence as of July 8, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Canadian M&A Update



21 megadeals closed in 1H 2024, averaging \$2.8 billion in EV, a decrease from 1H 2023, which had 28 recorded closed megadeals.\* The largest Canadian transaction in 1H 2024 was the acquisition of Tricon Residential for \$12.1 billion by Blackstone Real Estate Advisors. Enbridge closed both the second- and third-largest Canadian megadeals in 1H 2024, which consisted of Dominion Energy Questar Corporation and Fall West Holdco for \$8.9 billion and \$5.8 billion, respectively.

Significant megadeals announced in 1H 2024 but not yet closed include Temasek Holdings, Brookfield Corporation and Brookfield Renewable Corporation's acquisition of Neoen S.A. for \$13.4 billion; Canada Pension Plan Investment Board and Global Infrastructure Management's acquisition of ALLETE for \$8.6 billion; and TPG Capital and Caisse de dépôt et placement du Québec's acquisition of Aareon AG for \$5.7 billion.

## 1H 2024 Large Closed Canadian Transactions

Target	Target Country	Buyer	Buyer Country	Enterprise Value CAD Billions	Industry
Tricon Residential Inc.	Canada	Blackstone Real Estate Advisors L.P.	United States	12.1	Real Estate
Dominion Energy Questar Corporation	United States	Enbridge Inc. (TSX:ENB)	Canada	8.9	Utilities
Fall West Holdco LLC	United States	Enbridge Inc. (TSX:ENB)	Canada	5.8	Energy
Enerplus Corporation	Canada	Chord Energy Corporation (NasdaqGS:CHRD)	United States	5.3	Energy
Future Electronics Inc.	Canada	WT Microelectronics Co., Ltd. (TPE:3036)	Taiwan	5.1	Information Technology

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

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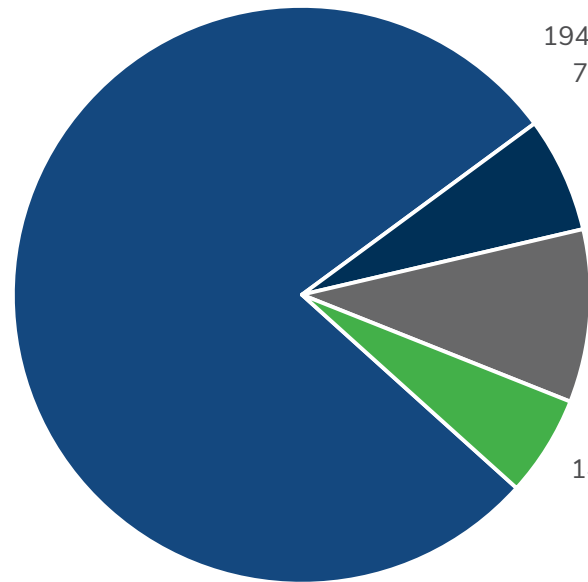
# Canadian M&A Update



In 1H 2024 there were 734 completed transactions in the Canadian M&A market, down from 848 in 1H 2023. The median deal value increased from \$6.0 million in 1H 2023 to \$7.2 million in 1H 2024, as deals under \$50 million represented 78% of the deal count. Although megadeals represent only 6% of all transactions, they represented 81% of the total disclosed 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 2024) (Deal Volume)



194 deals  
78%

16 deals  
6%

24 deals  
10%

14 deals  
6%

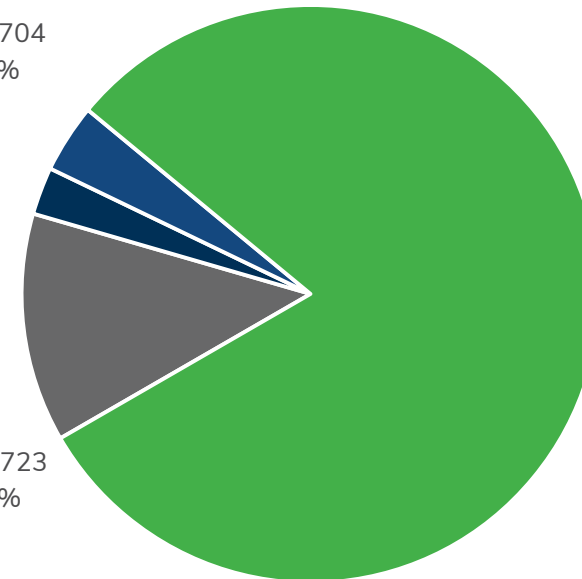
<\$50 MM

\$50 to \$100 MM

\$100 to \$500 MM

>\$500 MM

Value of Canadian M&A Transactions: Canadian Targets (1H 2024) (CAD millions)



\$1,704  
4%

\$1,178  
2%

\$5,674  
13%

\$35,723  
81%

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

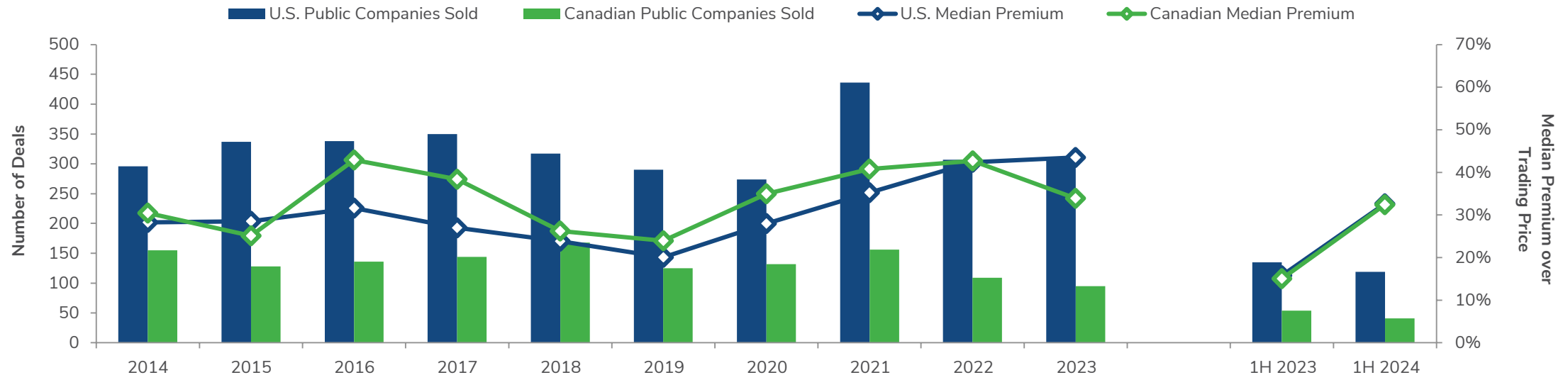
Sources: S&P Global Market Intelligence as of July 8, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Public vs. Private

Private company M&A deals continued to represent the majority of North American transactions in 1H 2024, representing 94% (also 94% in 1H 2023) of total Canadian deals and 98% (also 98% in 1H 2023) of all U.S. deal flow. In 1H 2024, 29 fewer public companies were sold in North America than in the previous year. Compared to 1H 2023, the total number of public companies sold in Canada decreased by 13 (41 sold in 1H 2024 vs. 54 sold in 1H 2023), while the U.S. experienced a decrease of 16 public companies sold (119 sold in 1H 2024 vs. 135 sold in 1H 2023).

The median 30-day takeover premium of Canadian public companies in 1H 2024 was 32% (a 17% increase from the prior year); for U.S. public companies, the median was 33% (a 17% increase from the prior year). In 1H 2024, the 30-day Canadian takeover premium trended below its 10-year average (34%), and the U.S. takeover premium was above its 10-year average (31%).

## Public Companies Sold in North America



Sources: S&P Global Market Intelligence as of July 8, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Valuation Multiples

North American transactions experienced an increase in overall valuation multiples (where disclosed) in 1H 2024 compared to the previous full year. In particular, the average earnings before interest, taxes, depreciation and amortization (EBITDA) multiple was 10.0x, an increase of 0.3x from 2023.

In 1H 2024, EBITDA multiples increased in most industry segments including, the consumer discretionary, consumer staples, energy, health care, communication services and real estate sectors. The information technology industry experienced the largest decrease in industry multiples.

## EV to EBITDA Multiples by Industry for Transactions in North America\*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	1H 2024
Consumer Discretionary	10.7x	9.9x	10.6x	10.0x	11.1x	11.3x	11.6x	9.6x	10.9x	7.1x	7.6x
Consumer Staples	12.0x	9.4x	12.1x	12.0x	11.5x	10.7x	12.8x	10.3x	10.8x	15.6x	15.8x
Energy	8.5x	8.8x	8.6x	13.1x	9.8x	9.7x	4.1x	8.0x	7.9x	5.1x	5.6x
Financials	12.3x	9.0x	12.1x	12.6x	10.4x	N/A	6.0x	8.9x	9.0x	N/A	N/A
Health Care	11.7x	12.7x	12.6x	13.7x	12.3x	12.1x	14.1x	11.9x	11.3x	8.8x	16.4x
Industrials	9.7x	9.9x	9.1x	10.4x	10.3x	10.9x	9.5x	10.9x	9.7x	10.0x	9.8x
Information Technology	12.7x	13.1x	12.4x	13.6x	12.1x	11.8x	10.1x	11.6x	12.5x	14.4x	8.0x
Materials	8.3x	10.5x	7.8x	10.5x	10.7x	9.8x	9.3x	8.6x	10.3x	8.5x	7.1x
Communication Services	9.9x	14.9x	8.9x	9.7x	9.6x	9.6x	11.0x	11.2x	14.3x	10.3x	18.7x
Utilities	9.7x	10.3x	11.1x	13.9x	11.8x	10.1x	15.1x	10.5x	13.9x	14.4x	9.3x
Real Estate	17.6x	19.2x	16.5x	17.7x	16.2x	14.1x	19.5x	17.8x	20.6x	16.8x	17.7x
Unspecified**	4.1x	8.5x	10.5x	7.3x	8.3x	7.0x	12.3x	5.7x	10.0x	6.8x	6.1x
<b>All Industries</b>	<b>10.7x</b>	<b>11.0x</b>	<b>10.9x</b>	<b>11.7x</b>	<b>11.0x</b>	<b>10.9x</b>	<b>10.7x</b>	<b>10.6x</b>	<b>10.8x</b>	<b>9.7x</b>	<b>10.0x</b>

\*Excludes multiples over 25.0x; figures are rounded, but the "All Industries" category uses unrounded figures in its calculation.

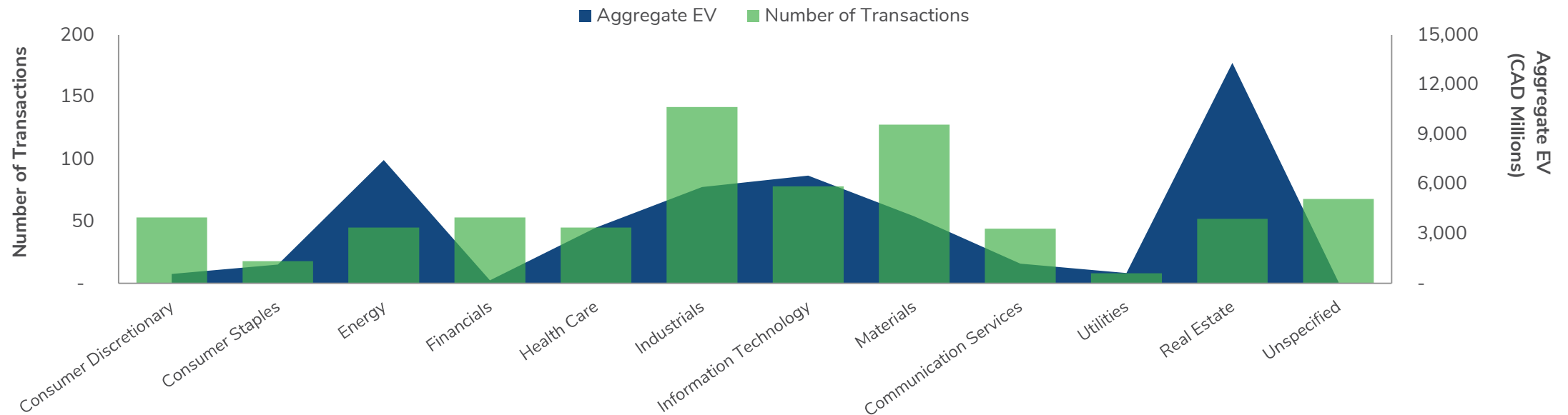
\*\*The Unspecified category includes transactions within a target company industry that S&P Global Market Intelligence has not categorized.

Sources: S&P Global Market Intelligence as of July 8, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Industry Sectors

Deals in the industrials and materials sectors were the most active in 1H 2024, with 142 and 128 transactions, respectively. In terms of EV, the largest deal in the two sectors was MMG Limited acquisition of Cuprous Capital, valued at \$2.6 billion. Although similar in deal volume, the total deal value in terms of EV for the industrials and materials sectors totaled to \$5.8 billion (average value of \$41 million) and \$4.1 billion (average value of \$32 million), respectively. The third most active sector was information technology, with a total of 78 transactions amounting to \$6.5 billion. The sector with the highest aggregate EV in 1H 2024 was real estate, at \$13.3 billion – mostly attributed to Blackstone Real Estate’s acquisition of Tricon Residential.

Canadian M&A Transactions by Industry (1H 2024)



Note: The unspecified category includes transactions within a target company industry that S&P Global Market Intelligence has not categorized.

Sources: S&P Global Market Intelligence as of July 8, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

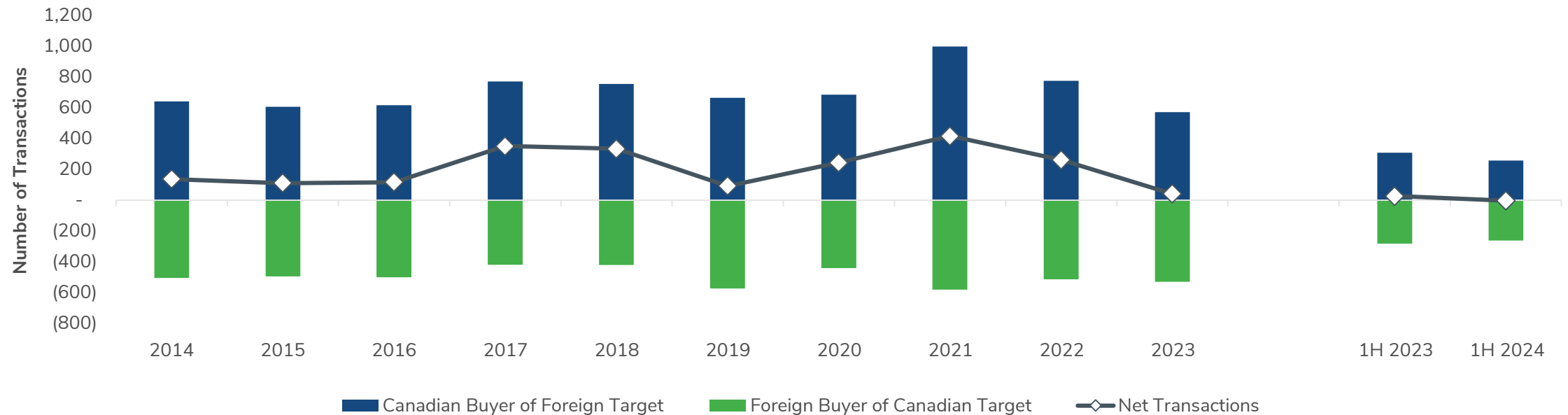


# Cross-Border Transactions

Acquisitions of Canadian companies continued to be predominantly domestic, with 473 of the 734 transactions (64%) in 1H 2024 completed by a Canadian buyer. Foreign and undisclosed buyers accounted for the remaining 261 transactions.

Canada experienced a net negative M&A environment, with Canadian companies acquiring fewer foreign-based companies (258 transactions) than Canadian companies being acquired by foreign companies (261 transactions) in 1H 2024. For the first time in the past decade, Canadian companies were net sellers from a global M&A perspective.

## Canadian Cross-Border M&A Activity (1H 2024)



Sources: S&P Global Market Intelligence as of July 8, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Cross-Border Transactions

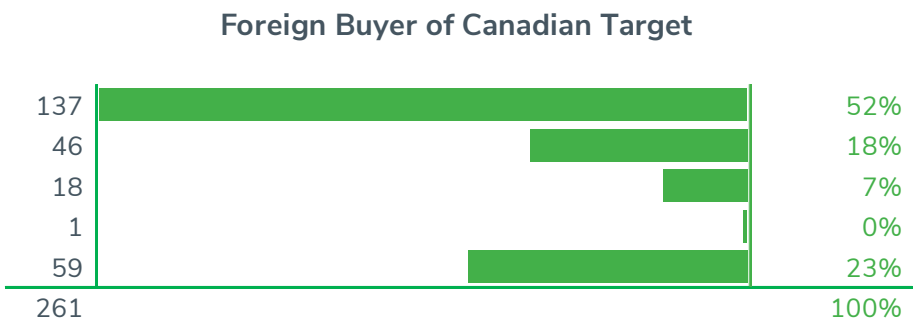
U.S. and Canadian transactions remain the most active cross-border activity involving Canadian buyers and sellers. Despite a 16% decrease in Canadian buy-side transaction activity, there were several notable deals. The largest deal was the \$8.9 billion sale of Dominion Energy Questar Corporation to Enbridge.

European transactions were the second most active, with a total of 46 Canadian companies acquired in 1H 2024, similar to 1H 2023. Acquisitions of European companies by Canadian companies decreased from 65 in 1H 2023 to 62 in 1H 2024.

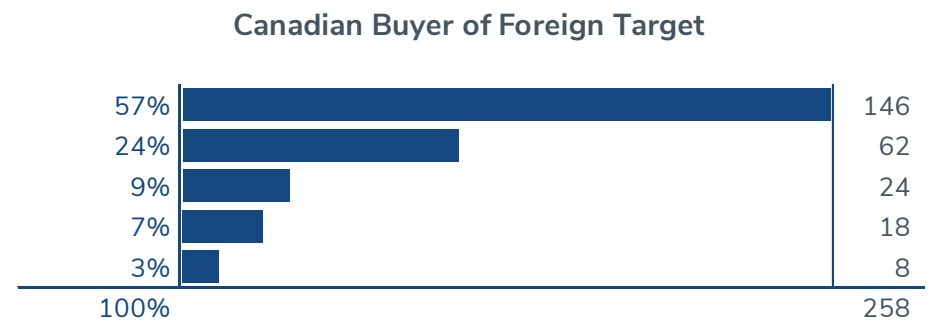
The number of Canadian buyers of Latin American companies decreased, with a total of 18 completed transactions in 1H 2024 (compared to 25 in 1H 2023).

Representing 8% of the total transactions in 1H 2023, Canadian buyers of Asia Pacific-based companies slightly increased to 9% in 1H 2024. Asia Pacific-based buyers of Canadian companies decreased to 7%, from 9% in 1H 2023.

## Canadian Cross-Border Transactions by Region (1H 2024) (Number of Deals)



United States  
Europe  
Asia-Pacific  
LATAM  
Other/Unspecified



Sources: S&P Global Market Intelligence as of July 8, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

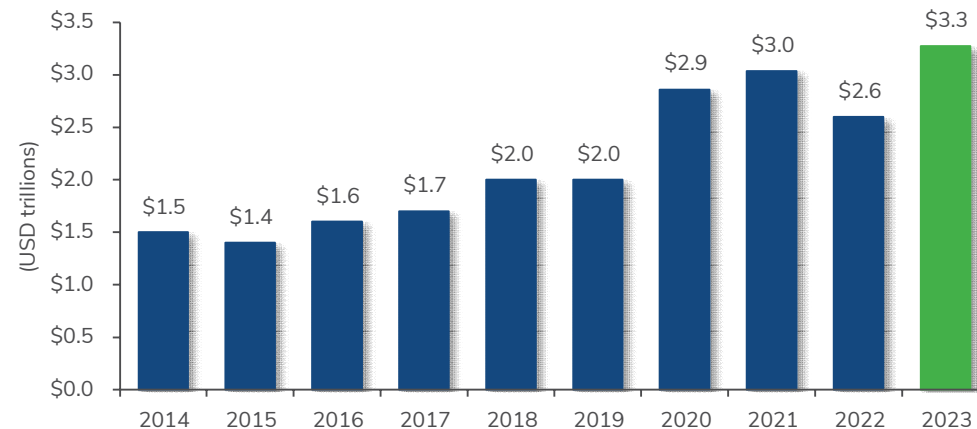
# Looking Ahead

Canadian deal volume and value in 1H 2024 declined compared to 1H 2023. Expected rate cuts are incentivizing sellers to delay their transaction timelines—many awaiting for higher valuations as rates decrease.

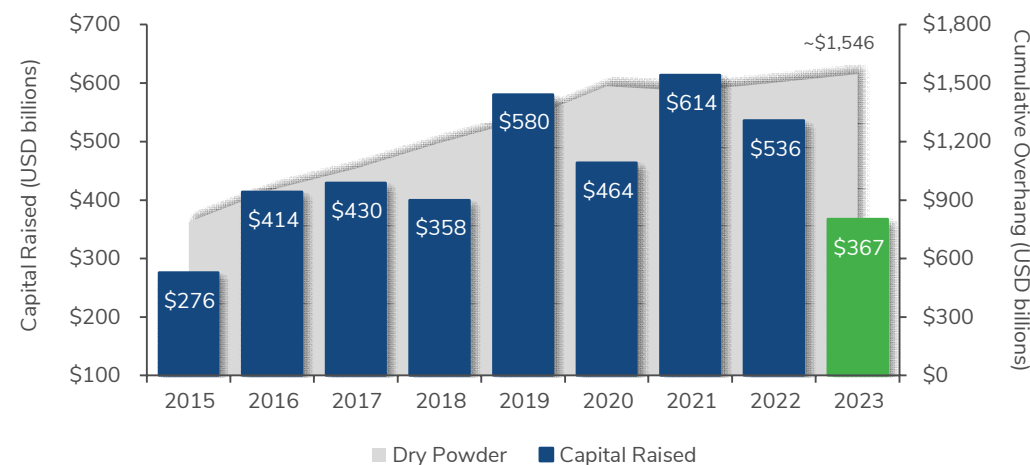
Corporations and private equity funds remain ambitious to complete deals that are accretive with high operational leverage. Financial sponsors continue to explore creative transaction structures to meet their risk-adjusted return. Both corporate cash balances and financial sponsor dry powder are at a 10-year high, indicating that there is ample capital to propel deal activity. Investors continue to seek profitable businesses where they can drive value — both strategically and operationally. Financial sponsors are becoming less inclined to make excessively levered investments and turning toward alternate sources of capital—including the use of asset-based loans, preferred equity and co-investments among private equity firms to reduce risk.

Despite the decrease in transactions from the previous half year, Canadian M&A has shown to be resilient. With further rate cuts expected in the balance of year and an abundance of capital in the market, we believe the Canadian M&A space will be active for the remainder of 2024. However, the higher tax rate on capital gains, which took effect on June 25<sup>th</sup>, 2024, may cause hesitation among some sellers.

## S&P 500 Cash Balances



## Private Equity Overhang



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