

Regional Overview

Canada

Regional Brief
Q1 2019

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Data analysis

M&A in Canada ended last year with a flat fourth quarter in terms of the number of transactions. The deal value was down significantly from the previous quarter. This year's activity began in quite the opposite direction. The country saw a much higher total deal value than in 4Q18 but, at the same time, a sharp decrease in the number of deals. This was in line with M&A activity in the US, which experienced a similar trend.

On the other hand, Canadian targets proved to be attractive to foreign acquirers, as inbound activity by value rose significantly, while outbound and domestic activity shrank. Private equity activity was propped up by larger-sized deals but also saw fewer buyouts and exits than in previous quarters.

Key Data Points:

In 1Q19 saw 129 deals announced worth USD 24.8bn, up 94% by value with 24 fewer deals than in 4Q18 (153 deals, USD 12.8bn). The top deal was US-based Newmont Mining's USD 12.8bn acquisition of British Columbia-based Goldcorp.

Deals in the Energy, Mining & Utilities (EMU) sector made up the bulk of activity by value in 1Q19, with 15 deals worth a combined USD 16.5bn, buttressed by the aforementioned USD 12.8bn Goldcorp acquisition. EMU also led inbound activity with transactions such as Australia-based Newcrest Mining's USD 807m acquisition of a 70% stake in the Red Chris Mine; US-based Vistra Energy's USD 497m acquisition of Ontario-based Crius Energy Trust; and US-based KKR's 49% acquisition of SemCAMS ULC in Alberta for USD 389m.

Activity in the Agriculture sector, which historically has not been a mainstay for Canadian M&A, accelerated since the country legalized recreational cannabis in 2017. The first quarter of 2019 saw four deals announced in the sector worth a combined USD 1.8bn, led by the hostile takeover of Aphria, a Canada-based cannabis producer, by rival Green Growth Brands (GGB) for USD 1.7bn. Aphria has a large production capacity and a number of wholesale agreements, while GGB has a vertically integrated network of operations, including a growing retail footprint in the US, suggesting multiple potential synergies.

Key Trends:

Real Estate continued to be a target area for Canadian firms' outbound activity. Since 2015, they have invested more than USD 32bn in 35 real estate companies outside the country. In 1Q19, Ivanhoe Cambridge and Oxford Properties Group, Canada-based investment and property companies, announced that they acquired US-based IDI Logistics, a developer of logistics

Quarterly Breakdown
2014—Q1 2019



Data analysis

and distribution warehouses, from Brookfield Property Partners for USD 3.5bn. Brookfield had originally acquired IDI in 2013 from Kajima for USD 1.1bn.

Brookfield Asset Management has made acquisitions to diversify their holdings outside the country and across sectors. The company made headlines late in the first quarter, announcing its acquisition of a majority stake in Oaktree Capital, a US private equity firm that specializes in distressed debt, for USD 4.7bn.

In the meantime in the cannabis space, vertical acquisitions between cannabis companies, as well as companies in complementary sectors, have led to some of the largest deals in the industry. Aside from the aforementioned Green Growth Brands/Aphria attempted takeover, examples from last year include alcohol beverage maker and distributor Constellation Brand's 32.05% stake purchase in Canopy Growth for USD 3.9bn, as well as tobacco company Altria Group's USD 1.8bn acquisition of Cronos Group announced in December 2018.

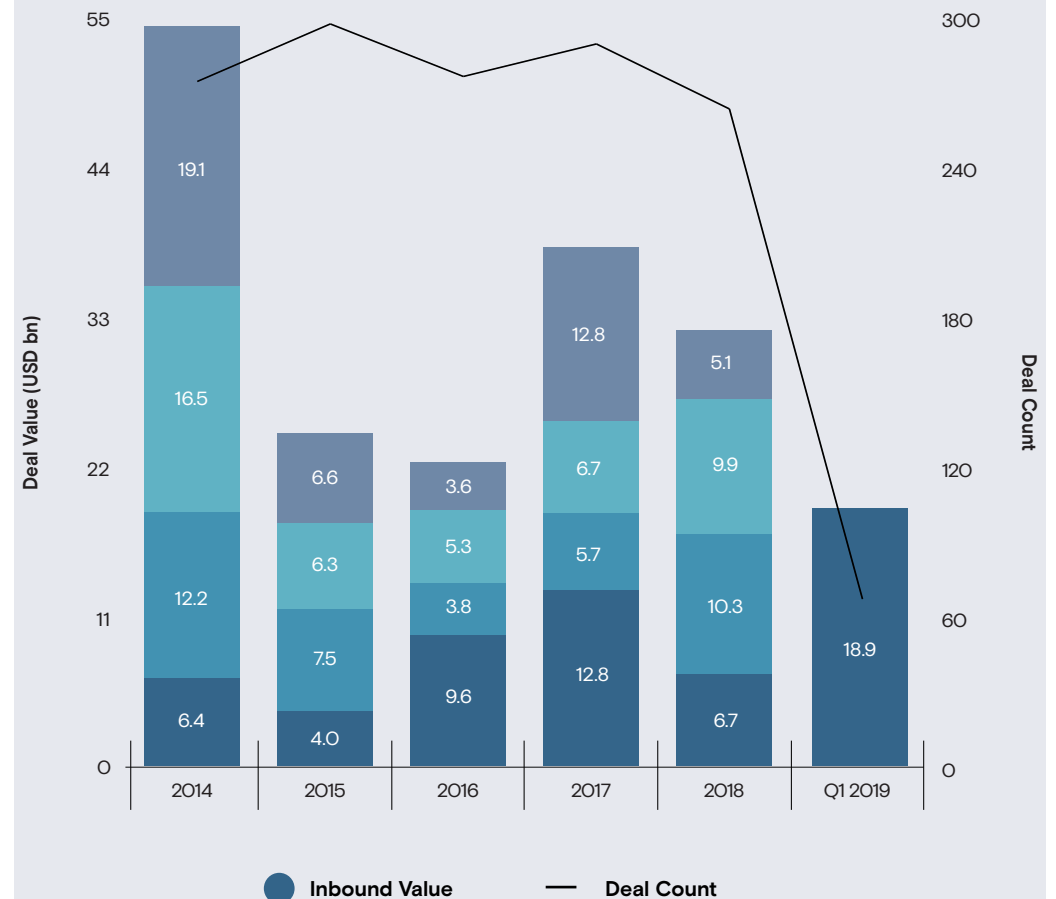
Noteworthy Deal Completions:

In terms of completed deals, the two largest deals that closed in 1Q19 carried over from 2018 and were in the Energy and Mining sectors. In early January, Zijin Mining Group, a China-based, SHSE-listed, HKE-listed mining company, completed its acquisition of Canada-based Nevsun Resources, announced late in 3Q18. Zijin Mining Group acquired a 98.94% stake in the Canadian metal ore company for USD 1.2bn.

Nearly a year after announcing a strategic review, Trinidad Drilling, the Calgary, Alberta-based oil and gas industry operator of drilling rigs, closed on its sale to Canada-based Ensign Energy Services. The sale represented an end to a contentious bidding war between Ensign and Precision Drilling, a Canada-based energy company, according to Mergermarket intelligence. Ultimately, Ensign acquired a 90.2% stake in Trinidad Drilling for USD 676m.

In late 2018, BAM closed on its previously announced USD 9.5bn acquisition of Forest City Realty Trust, a Cleveland, Ohio-based REIT which focuses on commercial and residential properties. In 1Q19, BAM also bought two hotel operators in India, Hotel Leelaventure Limited and Leela Palaces and Resorts, from Hotel Leelaventure Limited for USD 576.7m.

**Inbound M&A Trend
2014—Q1 2019**



Top deals

Deal Details				Advisor details			
Value (USDm)	Announcement date	Target	Bidder	FA to sell-side	LA to sell-side	FA to buy-side	LA to buy-side
12,787	14-Jan-19	Goldcorp Inc	Newmont Mining Corporation	Bank of America Merrill Lynch; Fort Capital; TD Securities Inc	Cassels Brock & Blackwell; Neal Gerber & Eisenberg; Osler Hoskin & Harcourt; <i>Advising FA:</i> Skadden Arps Slate Meagher & Flom	BMO Capital Markets; Citi; Goldman Sachs & Co	Goodmans; King & Wood Mallesons; Lee & Ko; Wachtell Lipton Rosen & Katz; White & Case; <i>Advising FA:</i> Cleary Gottlieb Steen & Hamilton
1,723	22-Jan-19	Aphria Inc (98.83% Stake)	Green Growth Brands Inc	Scotiabank	Fasken Martineau Dumoulin	Canaccord Genuity	Norton Rose Fulbright
1,000	11-Mar-19	Brookfield Global Integrated Solutions Canada LP	CCMP Capital Advisors LLC	CIBC World Markets Inc; Citi; TD Securities Inc	MinterEllison; Skadden Arps Slate Meagher & Flom; Stikeman Elliott	Morgan Stanley	Clayton Utz; McCarthy Tetrault; Ropes & Gray
1,000	28-Jan-19	Waneta Expansion Hydroelectric Project (51% Stake)	Columbia Basin Trust; Columbia Power Corporation	RBC Capital Markets Inc	Davies Ward Phillips & Vineberg	TD Securities Inc	Norton Rose Fulbright
937	25-Feb-19	Clementia Pharmaceuticals Inc	Ipsen SA	Morgan Stanley	Skadden Arps Slate Meagher & Flom; Stikeman Elliott; <i>Advising FA:</i> Osler Hoskin & Harcourt	Centerview Partners	Davies Ward Phillips & Vineberg; Goodwin Procter

Criteria

All data is based on transactions valued over USD 5m and is based on the Mergermarket's M&A deals database. Deals with undisclosed deal values are included where the target's turnover exceeds USD 10m. Deals where the effective stake acquired is less than 30% will only be included if the value is greater than USD 100m. Click [here](#) for the full deal criteria.

M&A trend: Based on the dominant geography of the target company being Canada. Excludes lapsed and withdrawn bids.

Cross-border M&A: Based on a transaction involving at least two different countries between target and bidder.

Top deals: Based on the dominant geography of the target company being Canada. Excludes lapsed and withdrawn bids.

All values are in USD.
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