

Regional Overview

---

# Canada

Regional Brief  
H1 2019

---

Written by  
Philip Segal  
Head Analyst - Americas

Olivia McFadden  
Research Analyst - Americas

## Data analysis

Although 1H19 M&A activity in Canada saw an increase in deal value compared to the second half of 2018, it declined by both deal value and deal count from 1H18. The cannabis industry has continued to attract significant deal-making in Canada, spurring domestic, as well as cross-border activity. Mining also bolstered M&A activity, with gold being the mainstay. Further, cobalt mining is becoming ever more important, as electric vehicle (EV) battery manufacturers plan to step up production.

### Key Data Points:

In 1H19 Canadian M&A activity, with 300 deals worth a combined USD 43.8bn, saw an increase of 12.3% by value compared to 2H18 (USD 39bn, 311 deals), despite a 7.3% decrease from the same period last year (USD 47.3bn, 311 deals in 1H18). The increase in value highlighted a rebound for Canadian M&A after a particularly weak 4Q18 (USD 12.9bn).

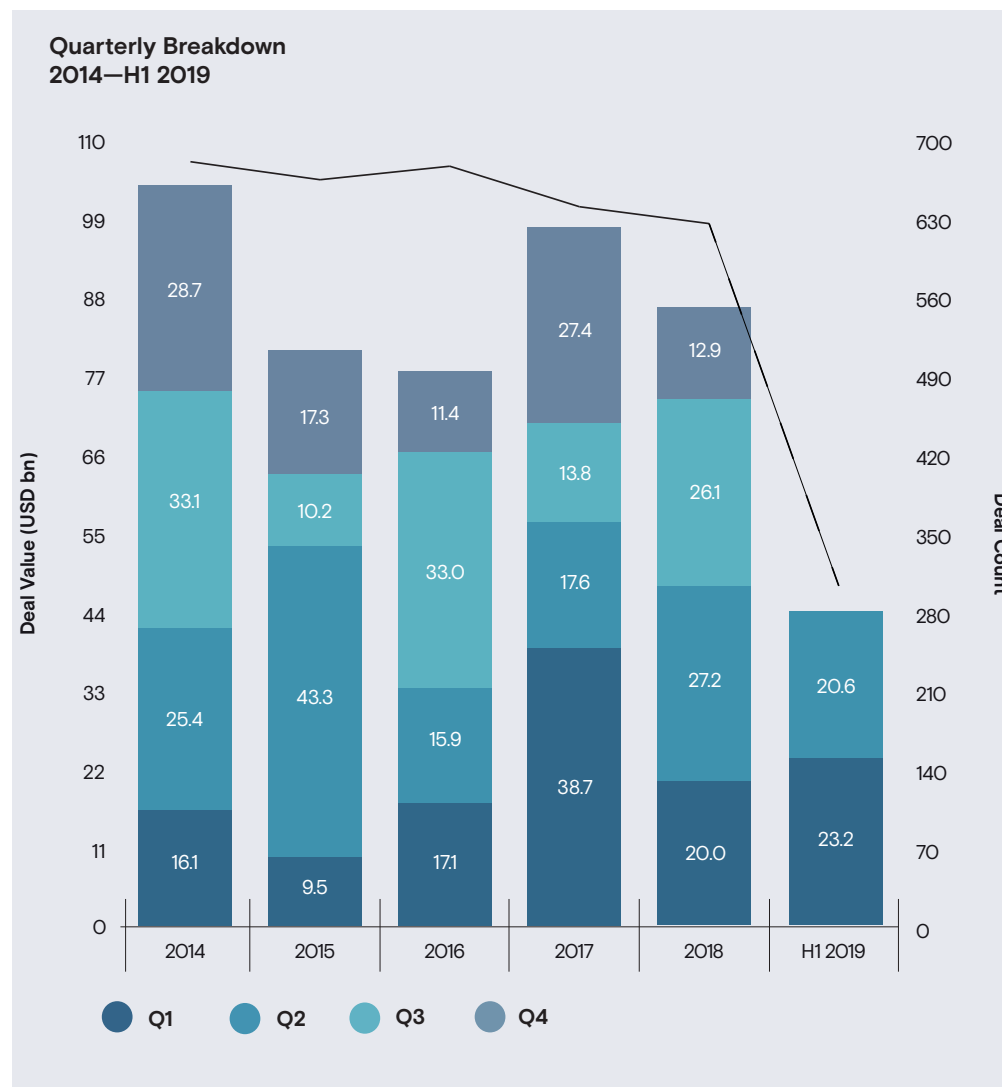
Deals in the Energy, Mining and Utility (EMU) sector, which continued to drive M&A activity in the country with 47 deals valued at USD 26bn, were represented by Newmont's USD 12.8bn acquisition of Goldcorp announced early in the first quarter and completed in April. Deals in 2Q19 were led by domestic consolidations in the energy space, such as Canadian Natural Resources' USD 2.8bn acquisition of Devon Canada Corporation, US-based Devon Energy's Canadian operations.

Canadian inbound activity increased by value from 1H18 to 1H19, with deal-making mostly propped up by transactions in the first quarter. Inbound activity for the first half of this year, with 135 deals worth USD 27.2bn, increased by more than 61% in value compared to 1H18 (USD 16.9bn), making it the highest-valued first half since 1H12 (USD 30.6bn). Meanwhile, domestic activity had the lowest-valued half-year period since 2H15 (USD 14.5bn). Inbound activity made up 62.2% of the total 1H19 deal value in Canada, while domestic M&A accounted for the remaining 37.8%.

Outbound activity increased marginally compared to the same period last year, with 176 deals valued at USD 38bn in 1H19 compared to USD 36.8bn across the same number of deals in 1H18. On the other hand, outbound M&A was significantly down compared to the second half of 2018 (USD 77.7bn), which was notable for its record-high deal count: in 2H18 Canadian companies deployed USD 77.7bn over 235 transactions outside of the country, the most outbound deals for a half-year period on Mergermarket record (since 2001).

### Key Trends:

M&A activity in the gold sector remained strong with 14 deals valued at USD 14.9bn announced in 1H19; the aforementioned USD 12.8bn acquisition of Goldcorp, announced in the first quarter, contributed approximately 86% to the sector by value. In May, Australia-based St. Barba Limited announced its intention to acquire Canada-based Atlantic Gold for USD 571m, while Canada-



## Data analysis

based Chantrell Ventures announced it would acquire Alexandria Minerals, as well as several other mining assets, from Osisko Mining Corporation for a combined USD 99m.

Meanwhile, cobalt mining in Canada has seen a number of successful exploration projects being acquired, as buyers are increasingly looking for more ethical and sustainable sources of the rare earth mineral, compared to production in countries such as DRC, where [about 70% of the supply is currently sourced](#). Consequently, cobalt M&A has begun driving overall Canadian activity in the mining sector. The country saw three deals worth a combined USD 312 in cobalt mining transactions so far in 1H19, including the USD 264m buyout of a mining-investment firm Cobalt 27 by Swiss PE company Pala Investments announced in June. In January, Cobalt 27 acquired Australia-based mineral exploration company Highlands Pacific for USD 253m in an outbound transaction.

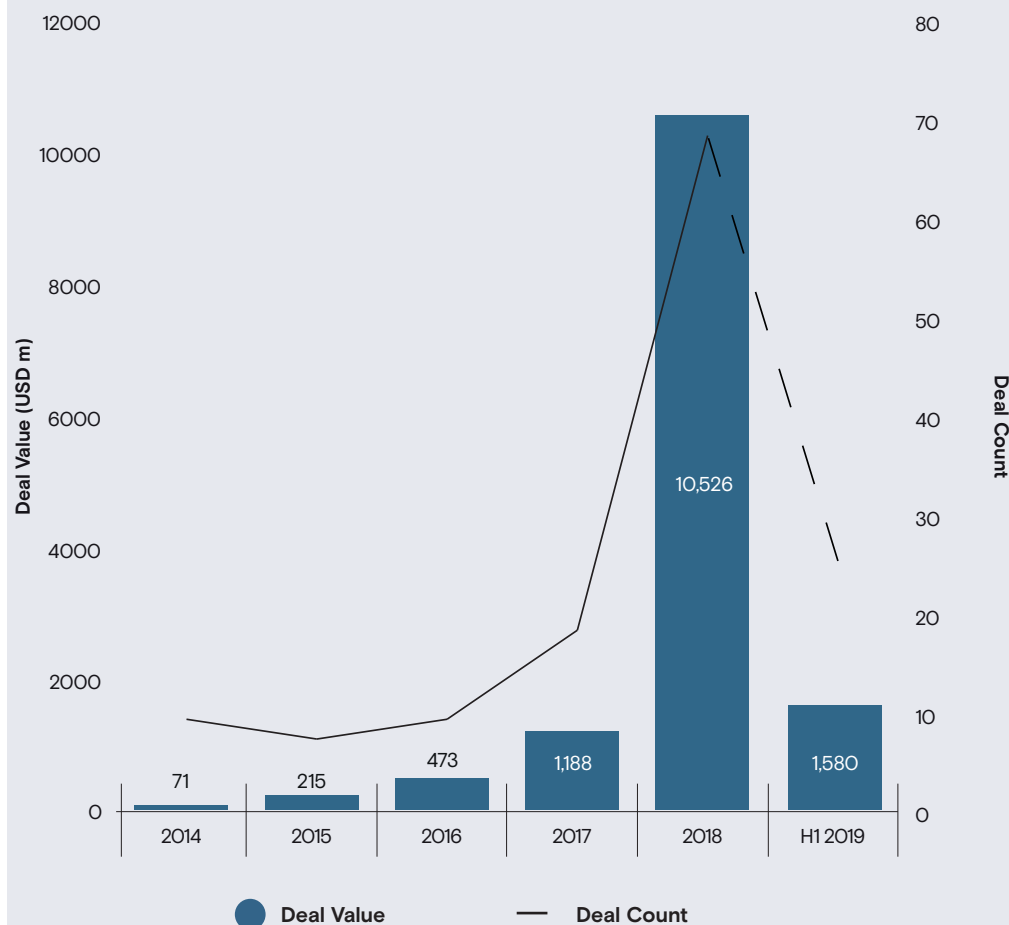
Private equity buyout activity, with 41 deals worth USD 8.6bn, remained flat by value compared to the same period last year (48 deals valued at USD 7.6bn in 1H18). However, activity increased significantly compared to 2H18, which experienced a slump by value (39 deals worth USD 476m). The largest PE buyout in 1H19 was in the Transportation sector: Onex Partners announced acquisition of WestJet Airlines for USD 3.6bn in May. Meanwhile, Energy, Mining & Utilities (EMU) saw a ten-fold increase in PE buyout deal value from 2H18 to 1H19 mostly due to the USD 715m buyout of Canadian Utilities Limited by US-based Energy Capital Partners, which amounted to 52% of the total PE value for the sector in 1H19 (4 deals worth USD 1.4bn). Activity in the Business Services sector was also supported by private equity-related deals, including the acquisition of BGIS Group for USD 1bn and the exit of DBRS Limited for USD 669m.

### Cannabis M&A overview:

In the largest cannabis deal of the year, Cresco Labs, a US-based medical marijuana producer, acquired CannaRoyalty (dba Origin House), a Canada-based provider of distribution, manufacturing, and marketing services to companies in the cannabis industry, for USD 582m. This deal exemplified a growing trend for the sector, with cannabis producers looking for opportunities to acquire complementary businesses outside of their core production function.

M&A within the cannabis industry has been on the rise, as the regulatory climate continues to turn more favorable. As a result, corporate advisors in the M&A space have also been making an effort to grow their cannabis expertise. Late in the second quarter, US-based Stifel Financial announced it would acquire Canada-based GMP Securities for USD 52m, partly for the latter's cannabis operations in Canada. GMP securities advised on some of the biggest M&A transactions in the Canadian cannabis industry, including Aurora Cannabis' USD 2.1bn acquisition of rival MedReleaf and US-based iAnthus Capital's USD 393m acquisition of Canadian Medical cannabis producer MPX back in 2018.

**Cannabis M&A: Canada-based target  
2014—H1 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
12,676	14-Jan-19	Goldcorp Inc (Energy, Mining & Utilities)	Newmont Goldcorp Corporation (USA)	Bank of America Merrill Lynch; Fort Capital; TD Securities	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
3,592	13-May-19	WestJet Airlines Ltd (Transport)	Onex Partners LP (Canada)	Bank of America Merrill Lynch; CIBC World Markets	Blake, Cassels & Graydon; Norton Rose Fulbright; Pillsbury Winthrop Shaw Pittman; <i>Advising FA:</i> White & Case	Barclays; Morgan Stanley; RBC Capital Markets; UBS Investment Bank	DLA Piper; Fried Frank Harris Shriver & Jacobson; Goodmans
2,804	29-May-19	Devon Canada Corporation (Energy, Mining & Utilities)	Canadian Natural Resources Limited (Canada)	Goldman Sachs & Co; JPMorgan	Skadden Arps Slate Meagher & Flom	TD Securities	Cassels Brock & Blackwell; <i>Advising Debt Providers:</i> Norton Rose Fulbright
1,286	24-Jun-19	Alberta PowerLine Limited (Energy, Mining & Utilities)	Greystone Managed Investments Inc; and IST Investmentstiftung (Canada, Switzerland)	RBC Capital Markets		CIBC World Markets; Deloitte	McCarthy Tetrault
1,150	28-May-19	Northern Courier Pipeline (85% Stake) (Energy, Mining & Utilities)	Alberta Investment Management Corporation (Canada)	RBC Capital Markets	Blake, Cassels & Graydon		Torys

## 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.  
Data correct as of 15-Jul-2019.

## Contacts

### Production

#### Head Analyst - Americas

Philip Segal  
Philip.Segal@acuris.com  
+1 212 574 7877

#### Research Analyst

Olivia McFadden  
Olivia.McFadden@acuris.com  
+1 516 407 2045

#### Head of Research - Americas

Lana Vilner  
Lana.Vilner@acuris.com  
+1 646 378 3151

### Commercial

#### Americas

Kurt Viehl  
Kurt.Viehl@acuris.com  
+1 212 390 7812

#### Asia

Simon Anam  
Simon.Anam@acuris.com  
+852 2158 9370

#### EMEA

Ben Rumble  
Ben.Rumble@acuris.com  
+44 20 3741 1007

### Deal Submissions

#### Americas

Jason Loria  
Jason.Loria@acuris.com  
+1 646 378 3122

#### Asia

John Capulong  
John.Capulong@acuris.com  
+852 2158 9723

#### EMEA

Michael Richards  
Michael.Richards@acuris.com  
+44 20 3741 1423

### Press Relations

#### Americas

Chrissy Carney  
Chrissy.Carney@acuris.com  
+1 646 378 3118

#### Asia

Candy Tam  
Candy.Tam@acuris.com  
+852 2158 9706

#### EMEA

Ioiana Luncheon  
Ioiana.Luncheon@acuris.com  
+44 20 3741 1391

## Mergermarket is an Acuris company



In M&A, information is the most valuable currency. Mergermarket reports on deals 6–24 months before they become public knowledge, giving our subscribers a powerful competitive advantage. With the largest network of dedicated M&A journalists and analysts, Mergermarket offers the most comprehensive M&A intelligence service available today. Our reporters are based in 67 locations across the Americas, Europe, Asia-Pacific, the Middle East and Africa.

### EMEA

10 Queen Street Place

London

EC4R 1BE

United Kingdom

+44 203 741 1000

[trial@acuris.com](mailto:trial@acuris.com)

### Americas

1501 Broadway

8th Floor

New York, NY 10036

USA

+1 212 500 7537

[trial@acuris.com](mailto:trial@acuris.com)

### Asia

16/F, Grand Millennium Plaza

181 Queen's Road Central

Hong Kong

+ 852 2158 9790

[trial@acuris.com](mailto:trial@acuris.com)