

**KROLL**

# Canadian M&A

INSIGHTS

WINTER 2025

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## Executive Summary

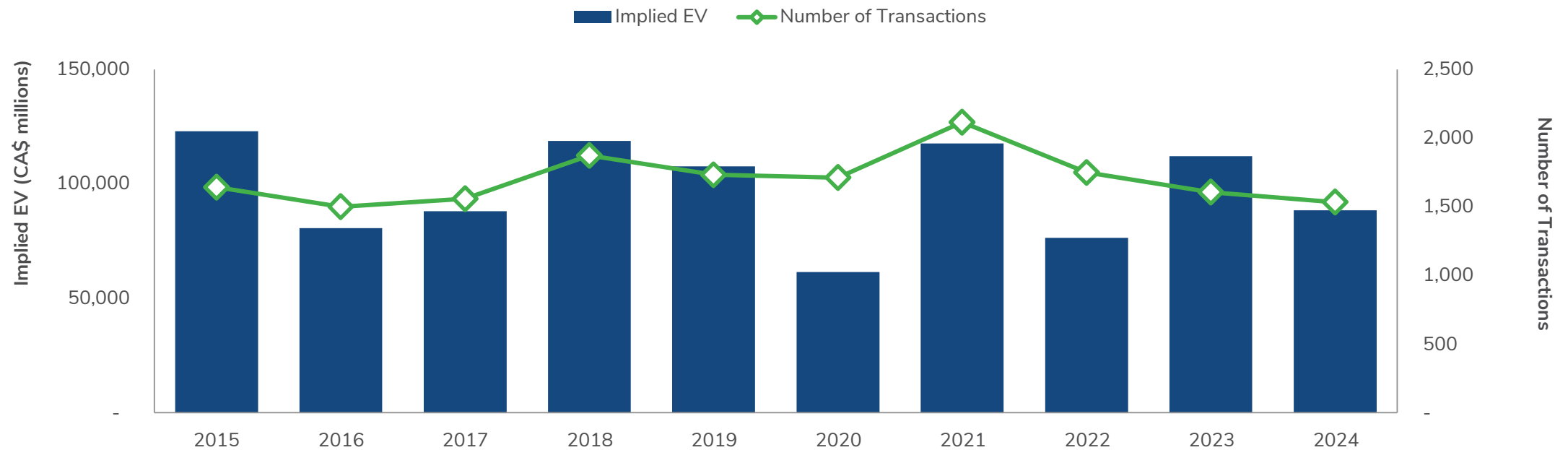
- **1,534 Canadian companies were sold in 2024**
- **85% of deals completed were under CA\$100 million in enterprise value**
- **Megadeals represented 79% of disclosed deal value**

# Canadian M&A Update



In 2024, Canadian M&A declined in deal volume and in disclosed implied enterprise value (EV). The general slowdown in deal activity can be attributed to heightened buyer precautions, challenging credit conditions and general economic uncertainty. There were 1,534 Canadian companies sold in 2024, with the disclosed EV amounting to \$88.5 billion—indicating a 4% decrease in deal volume and 21% decrease in deal value when compared to the prior year. Deal activity was up 9% in the latter half of 2024 when compared to the first six months of the year.

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 2024 include those between January 1 and December 31, 2024.

Sources: S&P Global Market Intelligence as of January 15, 2025; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Canadian M&A Update



Forty-eight megadeals closed in 2024, averaging \$3.7 billion in EV, a decrease in volume from 2023, which had 55 recorded closed megadeals.\* In 2024, the largest and second-largest megadeals including a Canadian party were the acquisitions of Telecom Italia's Fixed Line Network and AirTrunk—both involving Canada Pension Plan Investment Board. The third-largest Canadian megadeal was Glencore plc's acquisition of Elk Valley Resources for \$12.7 billion.

Significant megadeals announced in 2024 but not yet closed include Canada Pension Plan Investment Board's (with other parties) acquisition of Nord Anglia Education for \$20.1 billion and Brookfield's acquisition of Neoen S.A. for \$14.6 billion.

## 2024 Large Closed Transactions: Canadian Parties

| Target   | Target Country | Buyer   | Buyer Country              | Enterprise Value<br>CA\$ Billions | Industry               |
|--|----------------|---|----------------------------|-----------------------------------|------------------------|
| Italian Fixed Line Network Business of Telecom Italia S.p.A. | Italy          | KKR, Abu Dhabi Investment Authority, Canada Pension Plan Investment Board, F2i, Ministry of Economy and Finance of the Italian Government | Multiple<br>(Incl. Canada) | 32.0                              | Communication Services |
| AirTrunk Operating Pty Ltd                                   | Australia      | Blackstone Inc., Blackstone Real Estate Advisors, Canada Pension Plan Investment Board  | United States,<br>Canada   | 21.8                              | Information Technology |
| Elk Valley Resources Ltd.                                    | Canada         | Glencore plc  | Canada                     | 12.7                              | Materials              |
| Tricon Residential Inc.                                      | Canada         | Blackstone Real Estate Advisors L.P.  | United States              | 12.1                              | Real Estate            |
| Dominion Energy Questar Corporation                          | United States  | Enbridge Inc.   | Canada                     | 8.9                               | Utilities              |

\*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 January 15, 2025; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

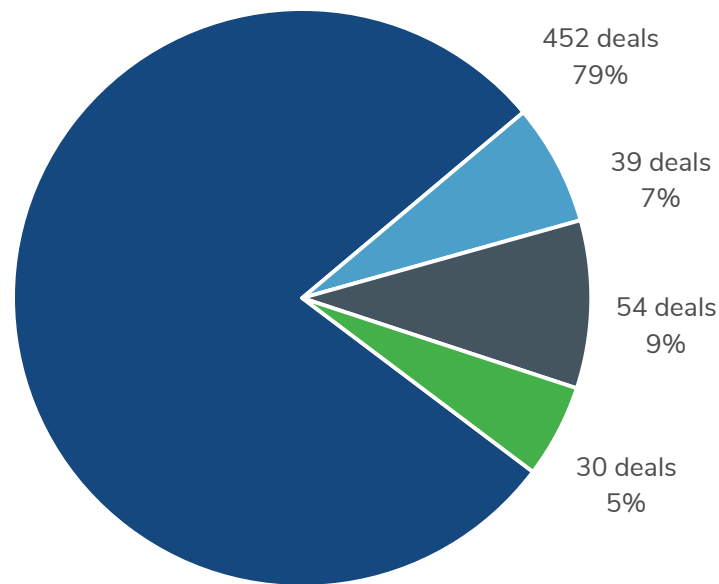
# Canadian M&A Update



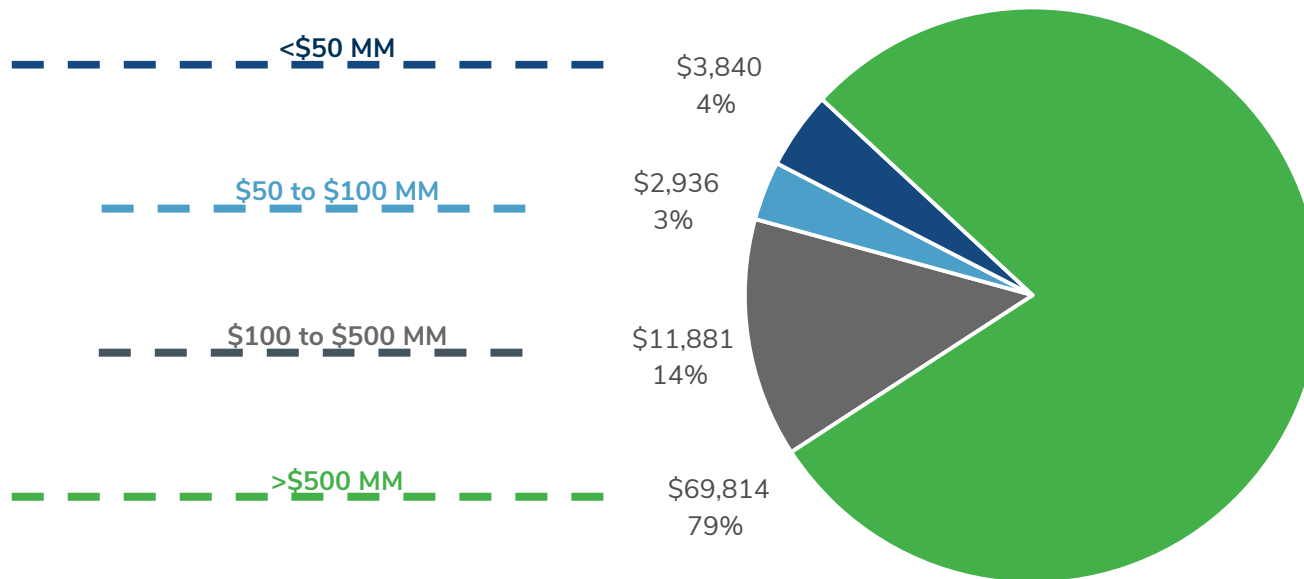
The Canadian M&A market had 1,534 completed transactions in 2024, down from 1,606 in 2023. The median deal value increased from \$5.9 million in 2023 to \$6.5 million in 2024, as deals under \$50 million represented 79% of the deal count. Although megadeals represented only 5% of all transactions, they represented 79% of 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\* (2024) (Deal Volume)



Value of Canadian M&A Transactions: Canadian Targets (2024) (CA\$ in millions)



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

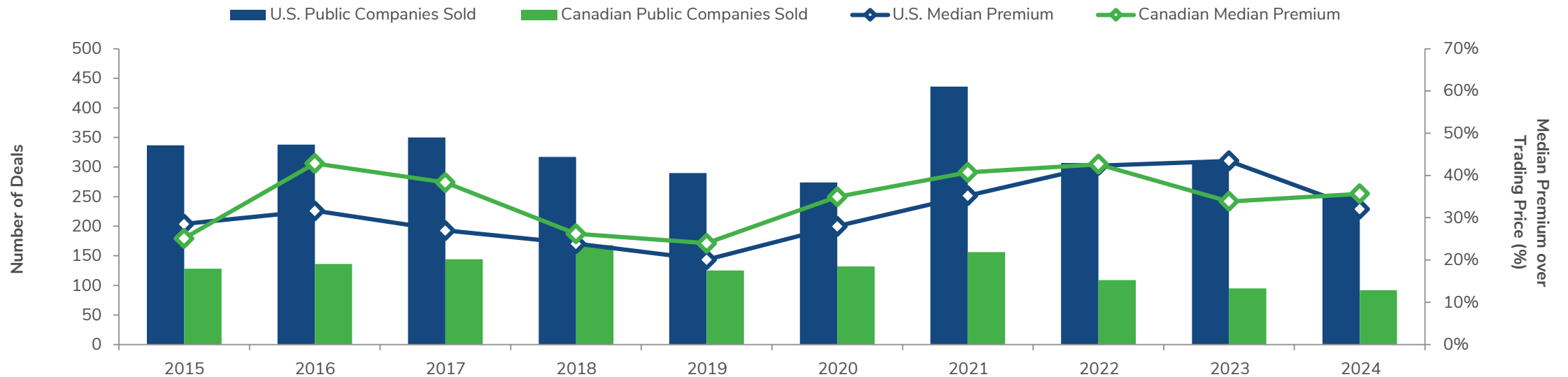
Sources: S&P Global Market Intelligence as of January 15, 2025; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Public vs. Private

Private company transactions continued to account for the majority of North American M&A in 2024, representing 94% (also 94% in 2023) of total Canadian deals and 98% (also 98% in 2023) of all U.S. deal flow. In 2024, 60 fewer public companies were sold in North America than in the previous year. Compared to 2023, the total number of public companies sold in Canada decreased by three (92 sold in 2024 vs. 95 sold in 2023), while the U.S. experienced a decrease of 57 public companies sold (251 sold in 2024 vs. 308 sold in 2023).

The median 30-day takeover premium of Canadian public companies in 2024 was 36% (a 2% increase from the prior year) and 32% (an 11% decrease from the prior year) for U.S. public companies. In 2024, the Canadian and U.S. 30-day takeover premium trended above its 10-year average by 2% and 1%, respectively.

## Public Companies Sold in North America



Sources: S&P Global Market Intelligence as of January 15, 2025; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Valuation Multiples

North American transactions indicated an increase in overall valuation multiples (where disclosed) in 2024 compared to the previous full year. In particular, the average earnings before interest, taxes, depreciation and amortization (EBITDA) multiple was 9.9x, an increase of 0.2x from 2023.

In 2024, EBITDA multiples increased in most industry segments except for the consumer staples, information technology, communication services and utilities sectors. The health care industry experienced the largest increase in industry multiples.

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

|                        | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023        | 2024        |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Consumer Discretionary | 9.9x         | 10.6x        | 10.0x        | 11.1x        | 11.3x        | 11.6x        | 9.6x         | 10.9x        | 7.1x        | 9.0x        |
| Consumer Staples       | 9.4x         | 12.1x        | 12.0x        | 11.5x        | 10.7x        | 12.8x        | 10.3x        | 10.8x        | 15.6x       | 11.7x       |
| Energy                 | 8.8x         | 8.6x         | 13.1x        | 9.8x         | 9.7x         | 4.1x         | 8.0x         | 7.9x         | 5.1x        | 6.4x        |
| Financials             | 9.0x         | 12.1x        | 12.6x        | 10.4x        | N/A          | 6.0x         | 8.9x         | 9.0x         | N/A         | N/A         |
| Health Care            | 12.7x        | 12.6x        | 13.7x        | 12.3x        | 12.1x        | 14.1x        | 11.9x        | 11.3x        | 8.8x        | 12.8x       |
| Industrials            | 9.9x         | 9.1x         | 10.4x        | 10.3x        | 10.9x        | 9.5x         | 10.9x        | 9.7x         | 10.0x       | 10.1x       |
| Information Technology | 13.1x        | 12.4x        | 13.6x        | 12.1x        | 11.8x        | 10.1x        | 11.6x        | 12.5x        | 14.4x       | 11.6x       |
| Materials              | 10.5x        | 7.8x         | 10.5x        | 10.7x        | 9.8x         | 9.3x         | 8.6x         | 10.3x        | 8.5x        | 8.9x        |
| Communication Services | 14.9x        | 8.9x         | 9.7x         | 9.6x         | 9.6x         | 11.0x        | 11.2x        | 14.3x        | 10.3x       | 7.5x        |
| Utilities              | 10.3x        | 11.1x        | 13.9x        | 11.8x        | 10.1x        | 15.1x        | 10.5x        | 13.9x        | 14.4x       | 11.3x       |
| Real Estate            | 19.2x        | 16.5x        | 17.7x        | 16.2x        | 14.1x        | 19.5x        | 17.8x        | 20.6x        | 16.8x       | 17.7x       |
| Unspecified**          | 8.5x         | 10.5x        | 7.3x         | 8.3x         | 7.0x         | 12.3x        | 5.7x         | 10.0x        | 6.8x        | 7.2x        |
| <b>All Industries</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>9.9x</b> |

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

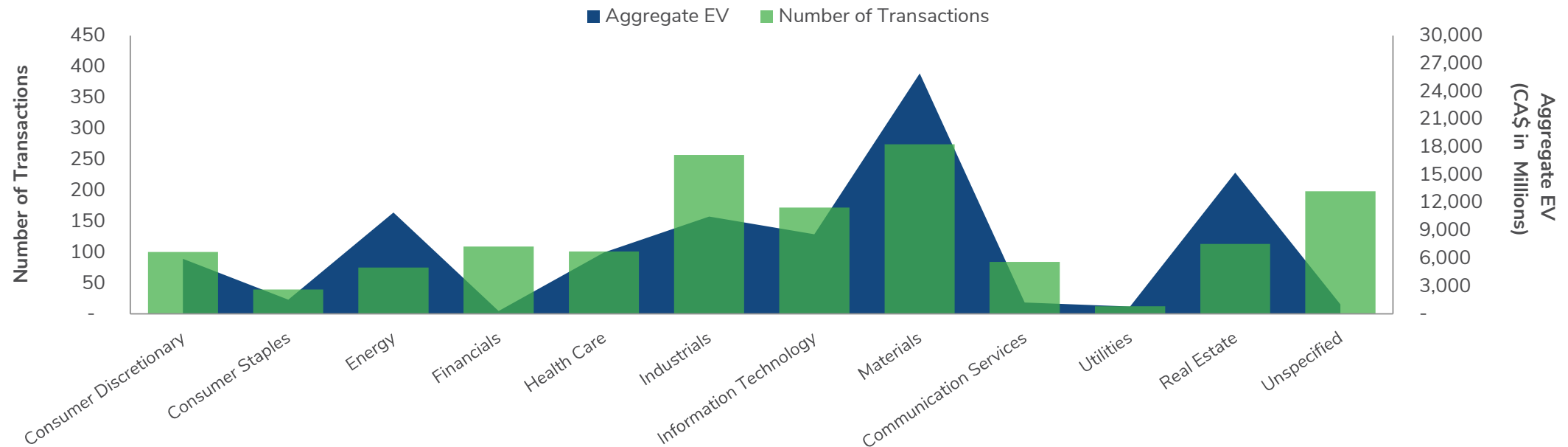
\*\*The Unspecified category includes transactions within a target company industry that S&P Global Market Intelligence has not categorized.

Sources: S&P Global Market Intelligence as of January 15, 2025; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Industry Sectors

Deals in the industrials and materials sectors are currently the most active in Canada, with 531 combined closed deals in 2024. In terms of EV, the largest deals among these two sectors were Glencore plc's acquisition of Elk Valley Resources (\$12.7 billion) and Cleveland-Cliffs' acquisition of Stelco Holdings (\$4.1 billion). Although similar in deal volume, the total deal value in terms of EV for the industrials and materials sectors amounted to \$10.4 billion (average value of \$40.8 million) and \$25.9 billion (average value of \$94.6 million), respectively. The third most-active sector was information technology, with a total of 172 transactions amounting to \$8.6 billion. The sectors with the highest aggregate EVs in 2024 were materials, real estate and energy.

Canadian M&A Transactions by Industry (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 January 15, 2025; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

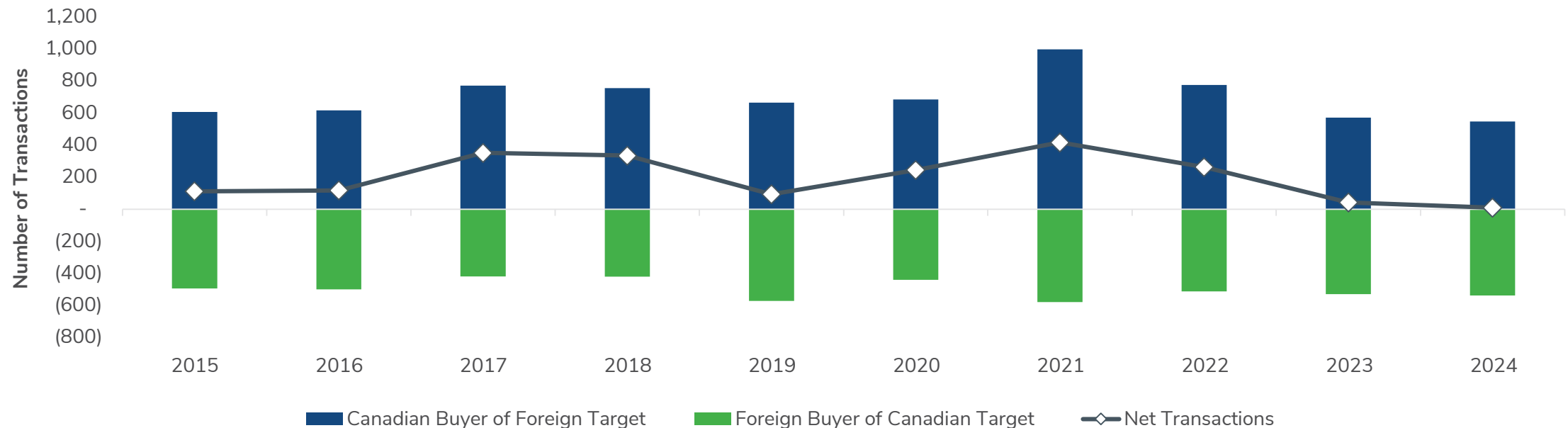


# Cross-Border Transactions

In 2024, the majority of Canadian acquisitions continue to be domestic, with 995 of the 1,534 transactions (65%) completed by a Canadian buyer. Foreign and undisclosed buyers accounted for the remaining 539 transactions.

Canada maintained a net positive M&A environment, with Canadian companies acquiring 10 more foreign-based companies (549 transactions) than Canadian companies being acquired by foreign companies (539 transactions) in 2024.

## Canadian Cross-Border M&A Activity (2015-2024)



Sources: S&P Global Market Intelligence as of January 15, 2025; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Cross-Border Transactions

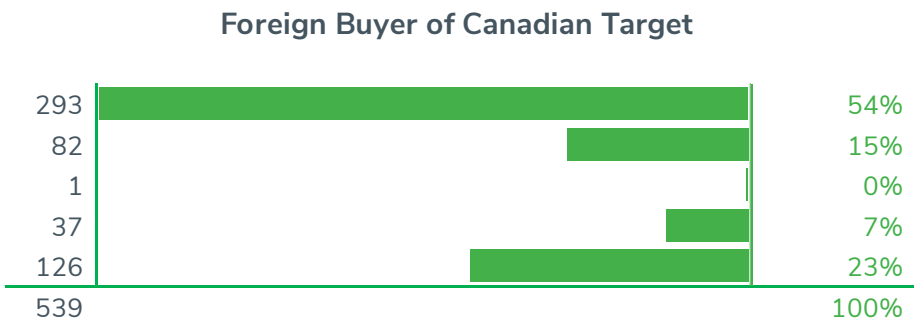
Transactions between the U.S. and Canada continue to be the leading cross-border activity involving Canadian buyers and sellers. There were several notable deals, despite a 4% decrease in U.S. and Canadian deals compared to the prior year. The largest deal was the \$12.1 billion sale of Tricon Residential to Blackstone Real Estate Advisors.

European transactions were the second most active, with a total of 82 Canadian companies acquired in 2024, seven less than 2023. Acquisitions of European companies by Canadian companies remained stable, from 122 in 2023 to 120 in 2024.

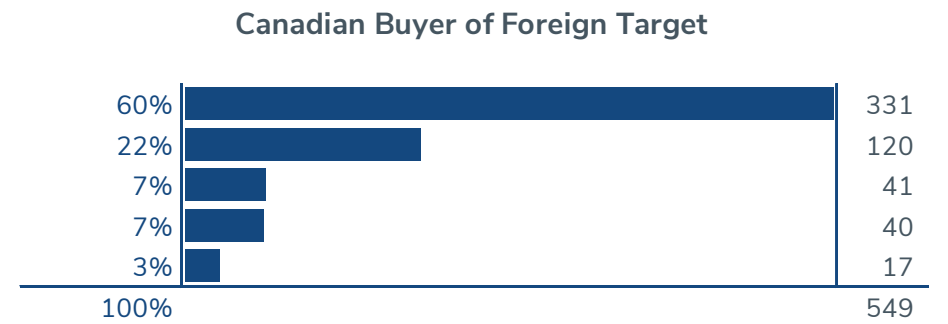
The number of Canadian buyers of Latin American companies was steady, with 41 completed transactions in 2024 (compared to 43 in 2023).

Canadian buyers of Asia-Pacific-based companies also remained steady in 2024 at 40 transactions, tied with the year prior. Asia-Pacific buyers of Canadian companies decreased from 44 in 2023 to 37 in 2024.

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



United States  
Europe  
LATAM  
Asia-Pacific  
Other/Unspecified



Sources: S&P Global Market Intelligence as of January 15, 2025; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

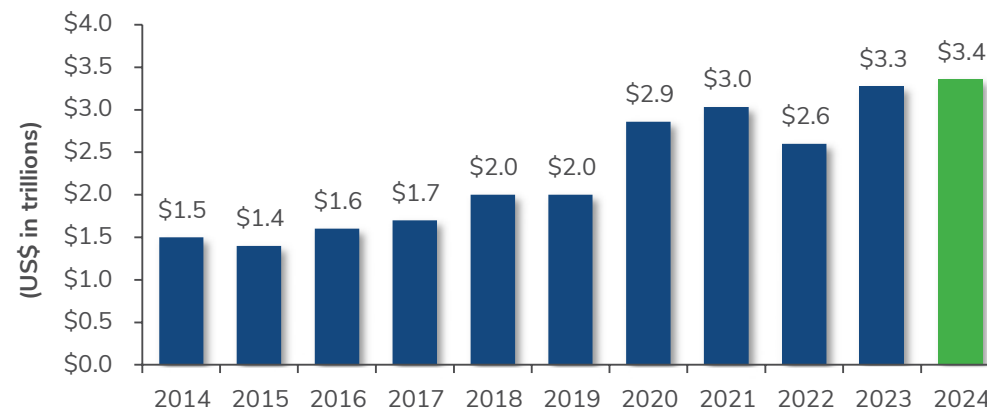
# Looking Ahead

Canadian M&A activity declined in volume and disclosed value in 2024 when compared to 2023. Heightened buyer precautions, challenging credit conditions and general economic uncertainty have led to an overall decrease in Canadian deal flow.

Corporate cash balances continue to be at all-time highs, indicating that large companies have ample capital to drive strategic acquisitions. There is an abundance of dry powder that private equity firms will eventually need to deploy, a positive sign for near-term M&A activity. There continues to be investor interest for strategic assets, however buyers are exercising more precautions to adjust for potential risk, which often creates a value disconnect between the buyer and seller. As expected, interest rates decreased throughout the balance of 2024, with many sellers pushing out sale timelines hoping for stronger valuations from softening credit markets. The new U.S. administration is anticipated to accelerate the North American M&A environment through pro-deal-making regulations and reduced government intervention. Cross-border M&A activity between U.S. buyers and Canadian sellers is expected to increase from the favorable exchange rate between the U.S. and Canadian dollar.

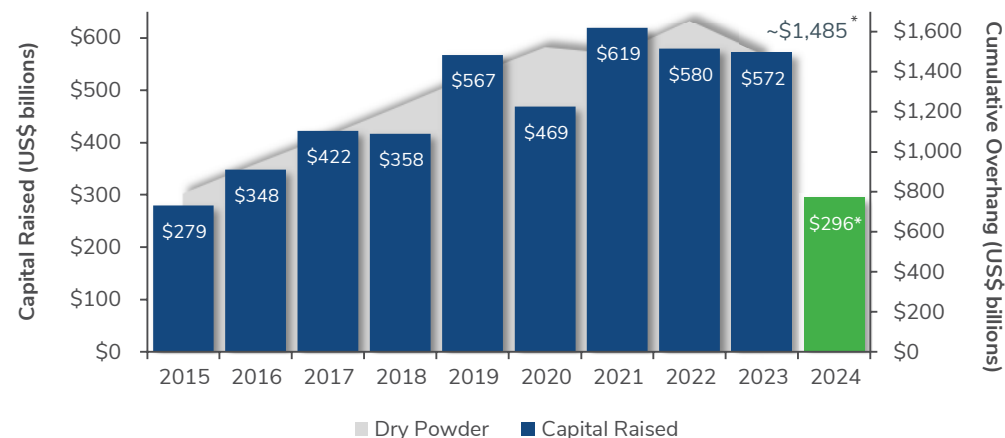
Until the uncertainty of upcoming trade regulations becomes clear in early 2025, Canadian M&A will likely experience a slowdown. Once buyers and sellers understand the scope of new trade policies, deal activity is expected to ramp up quickly. With decreasing interest rates, improving credit conditions and sufficient capital in the market, we anticipate the Canadian M&A environment to be steady in 2025, driven by the latter half of the year.

## S&P 500 Cash Balances



\*Cash balances through Q3 2024  
Source: Capital IQ

## Private Equity Overhang



\*Dry powder through Q4 2023; Capital raised through Q2 2024  
Source: Pitchbook

# GLOBAL PRESENCE

We are ranked No. 1 for total number of fairness opinions in the U.S. and globally over the last five-, 10- and 20-year periods.

## Announced Global Fairness Opinions Rankings

| Firm                | Ranking | Number of Credited Deals |
|---------------------|---------|--------------------------|
| 5 Years: 2020–2024  | 1       | 275                      |
| 10 Years: 2015–2024 | 1       | 594                      |
| 20 Years: 2005–2024 | 1       | 981                      |

## Announced U.S. Fairness Opinions Rankings

|                     | Ranking | Number of Credited Deals |
|---------------------|---------|--------------------------|
| 5 Years: 2020–2024  | 1       | 193                      |
| 10 Years: 2015–2024 | 1       | 447                      |
| 20 Years: 2005–2024 | 1       | 804                      |

Source: Refinitiv's cumulative data 2005-2024.

## Kroll Differentiators

### Global Expertise

6,500 professionals across 36 countries and territories worldwide

### 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

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

### Independent

Free of conflicts of interest

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