

**KROLL**

Canadian M&A

Canadian M&A

**Canadian M&A**

Industry Insights

Winter 2024



Executive Summary

Executive Summary

Executive Summary

Executive Summary

**Executive Summary**



**1,606 Canadian companies were sold in 2023**

---



**83% Of deals completed were under CA\$100 million in enterprise value**

---



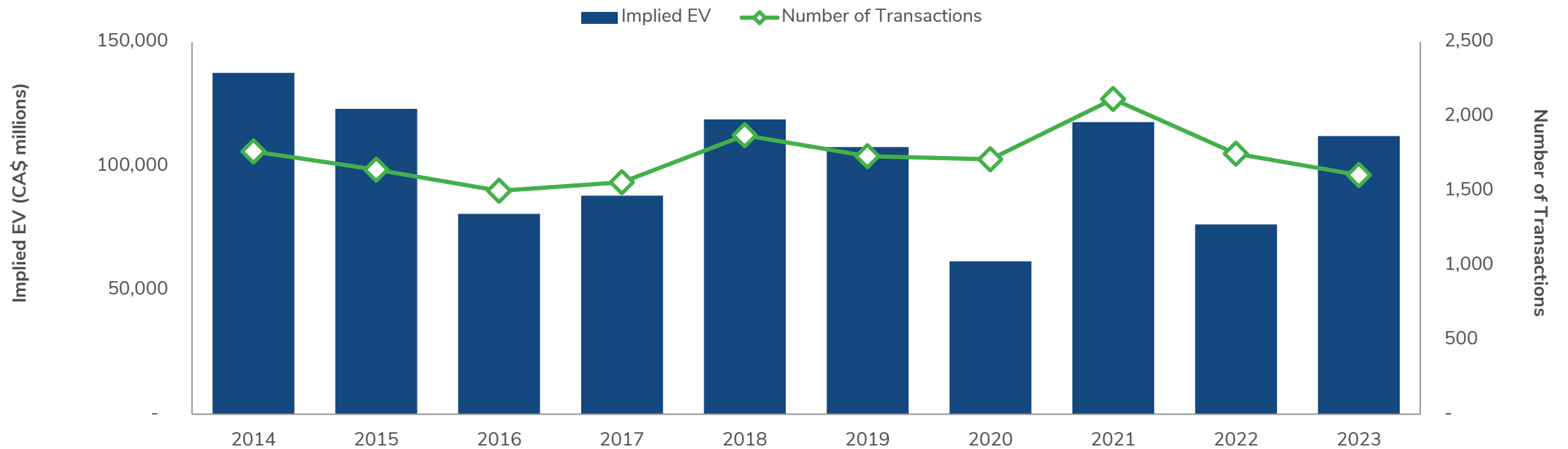
**Megadeals represented 82% of disclosed deal value**

# Canadian M&A Update



Canadian M&A deal volume has slightly declined for the second consecutive year, but has increased in disclosed implied enterprise value (EV)—mostly accredited to a few megadeals that closed during the period. Even with high levels of inflation, increased interest rates and reduced access to capital, transaction volume has stayed relatively consistent. In 2023, 1,606 Canadian companies were sold, with the total disclosed EV amounting to CA\$112.1 billion, indicating a 47% increase in deal value compared to 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 2023 include those between January 1 and December 31, 2023.

Sources: S&P Global Market Intelligence as of January 15, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Canadian M&A Update



2023 saw 55 megadeals close, averaging \$3.1 billion in EV, a decrease from 2022, which had 60 recorded closed megadeals.\* The largest Canadian transaction in 2023 was the acquisition of Shaw Communications for \$26.2 billion by Rogers Communications. The second- and third-largest megadeals in 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 2023 but not yet closed include Enbridge's acquisition of Dominion East Ohio, Questar Gas and PSNC Energy for \$19.1 billion and Glencore's acquisition of Elk Valley Resources for \$12.3 billion.

## 2023 Large Closed Transactions: Canadian Parties

Target	Target Country	Buyer	Buyer Country	Enterprise Value (CA\$ Billions)	Industry
Shaw Communications	Canada	Rogers Communications	Canada	26.2	Communication Services
National Grid Gas	United Kingdom	British Columbia Investment Management Corporation, Macquarie Asset Management	Australia, Canada	18.6	Utilities
Qualtrics International	United States	Silver Lake Technology Management, Canada Pension Plan Investment Board	Canada, United States	15.0	Information Technology
Westinghouse Electric Company	United States	Brookfield Corporation, Cameco Corporation, Brookfield Renewable Partners	Bermuda, Canada	11.4	Industrials
Maxar Technologies	United States	Advent International, British Columbia Investment Management Corporation	Canada, United States	9.0	Industrials

\*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, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

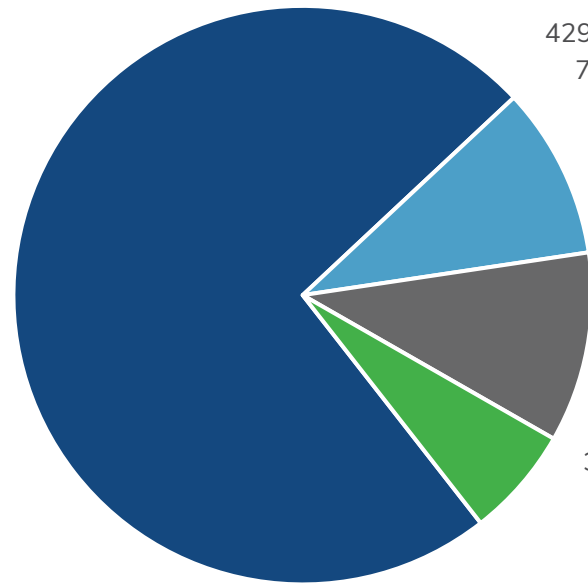
# Canadian M&A Update



The Canadian M&A market had 1,606 completed transactions in 2023, down from 1,750 in 2022. The median deal value decreased from \$9.1 million in 2022 to \$5.9 million in 2023, as deals under \$50 million represented 73% of the deal count. Although megadeals represented only 6% of all transactions, they represented 82% 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\* (2023) (Deal Volume)



429 deals  
73%

56 deals  
10%

62 deals  
11%

36 deals  
6%

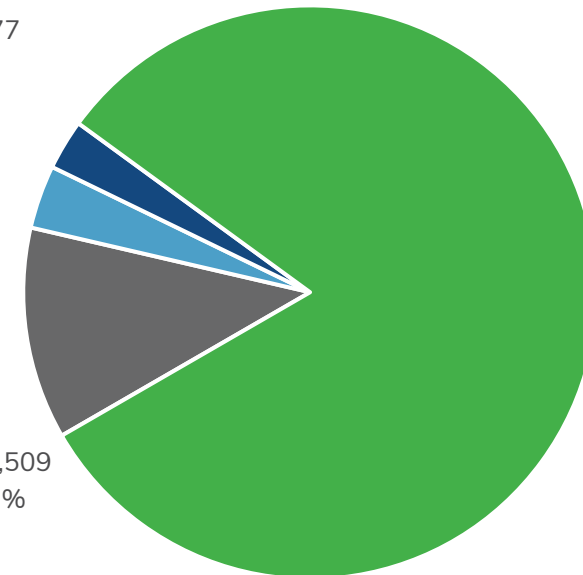
<\$50 MM

\$50 to \$100 MM

\$100 to \$500 MM

>\$500 MM

Value of Canadian M&A Transactions: Canadian Targets (2023) (CA\$ in millions)



\$3,177  
3%

\$4,001  
3%

\$13,408  
12%

\$91,509  
82%

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

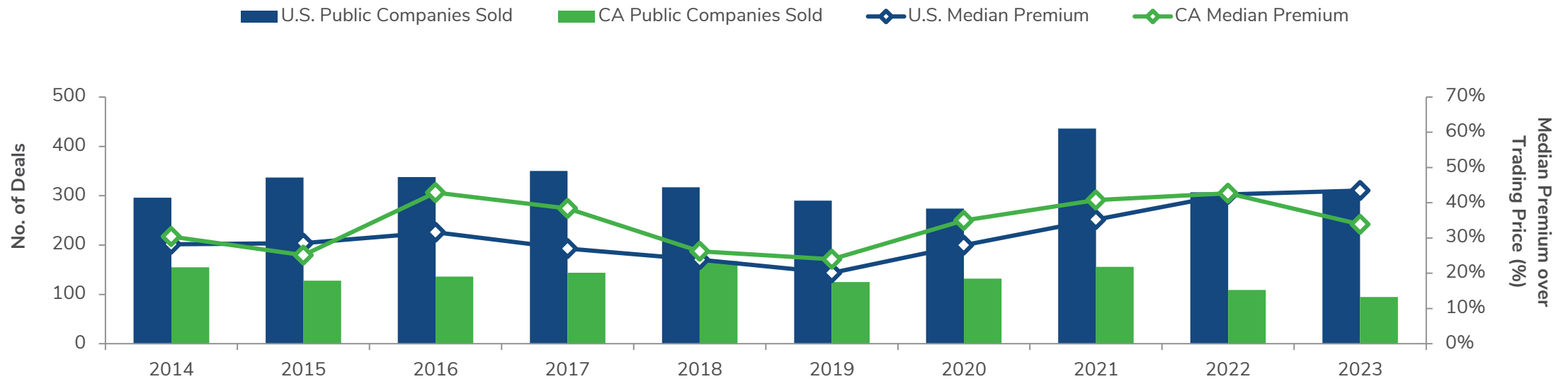
Sources: S&P Global Market Intelligence as of January 15, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Public vs. Private

Private company transactions continued to account for the majority of the North American M&A landscape in 2023, representing 94% (also 94% in 2022) of total Canadian deals and 98% (also 98% in 2022) of all U.S. deal flow. In 2023, 13 fewer public companies were sold in North America than in the previous year. Compared to 2022, the total number of public companies sold in Canada decreased by 14 (95 sold in 2023 vs. 109 sold in 2022), while the U.S. experienced an increase of 1 public company sold (308 sold in 2023 vs. 307 sold in 2022).

The median 30-day takeover premium of Canadian public companies in 2023 was 34% (a 9% decrease from the prior year) and 43% (a 1% increase from the prior year) for U.S. public companies. In 2023, the average 30-day Canadian takeover premium trended at its 10-year average, while the average U.S. takeover premium was 12% higher than its 10-year average.

## Public Companies Sold in North America



Sources: S&P Global Market Intelligence as of January 15, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Valuation Multiples

North American transactions experienced a decrease in overall valuation multiples (where disclosed) in 2023 compared to the previous full year. In particular, the average earnings before interest, taxes, depreciation and amortization (EBITDA) multiple was 9.7x, a decrease of 1.1x from 2022.

In 2023, EBITDA multiples decreased in most industry segments except for the consumer staples, industrials, information technology and utilities sectors. The consumer staples industry experienced the largest increase in industry multiples.

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

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

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

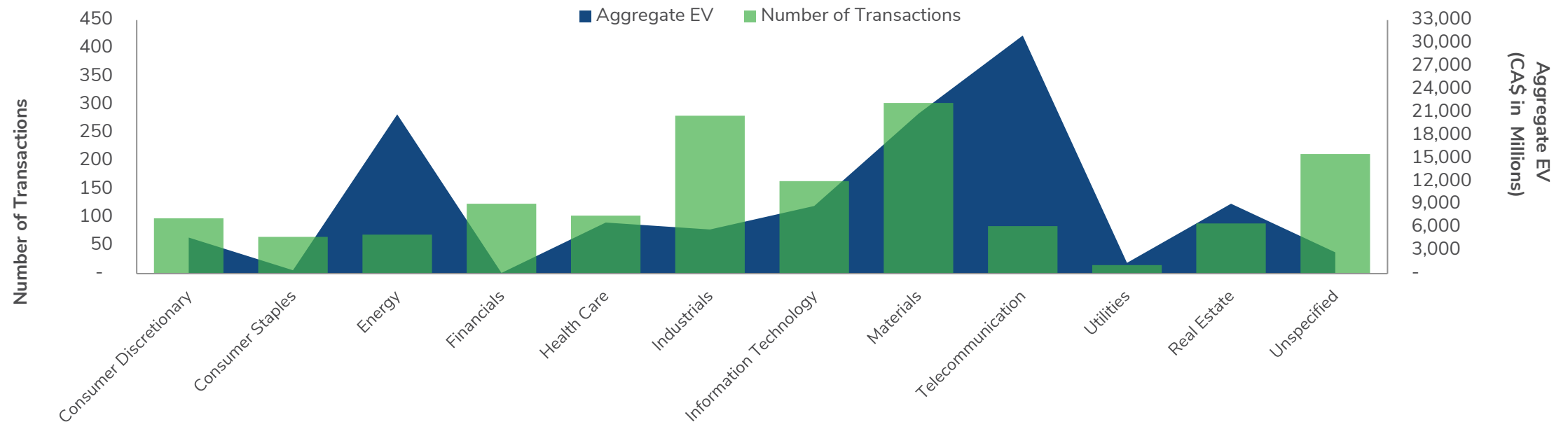
\*\*The Unspecified category includes transactions within a target company industry that S&P Global Market Intelligence has not categorized.

Sources: S&P Global Market Intelligence as of January 15, 2024; 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 583 combined closed deals in 2023. In terms of EV, the largest deal among these two sectors was Brookfield and Cameco's acquisition of Westinghouse Electric Company, valued at \$11.4 billion. Although similar in deal volume, the total deal value in terms of EV for the industrials and materials sectors amounted to \$5.7 billion (average value of \$20.5 million) and \$20.8 billion (average value of \$68.7 million), respectively. The third most-active sector was information technology, with a total of 164 transactions amounting to \$8.8 billion. The sector with the highest aggregate EV in 2023 was telecommunication, at \$31.0 billion—driven mostly from Rogers Communications' acquisition of Shaw Communications.

Canadian M&A Transactions by Industry (2023)



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, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

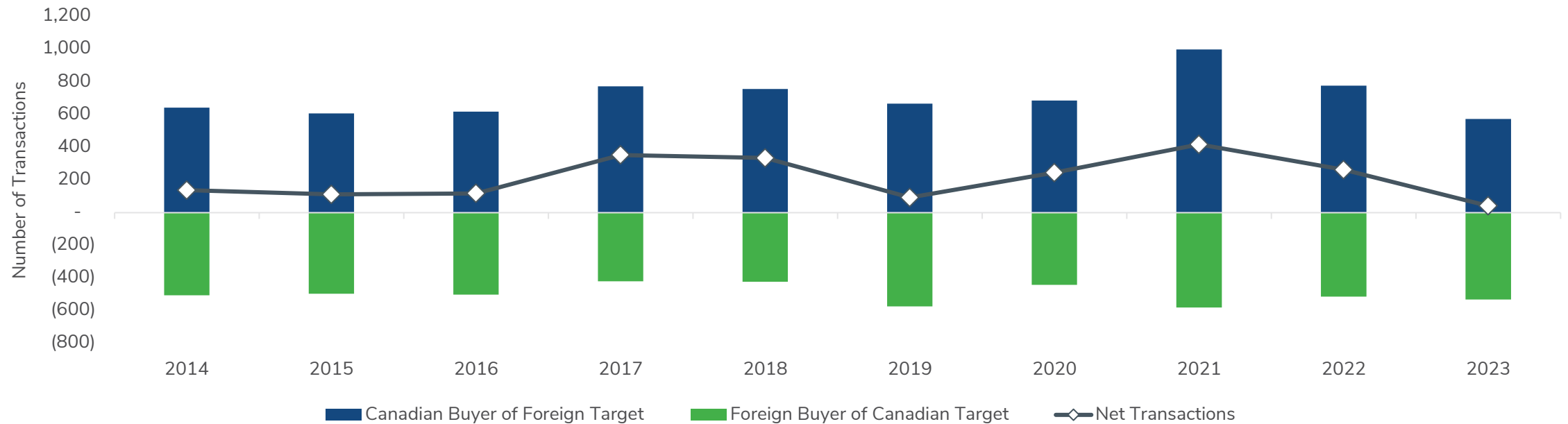


# Cross-Border Transactions

Acquisitions of Canadian companies continued to be predominantly domestic, with 1,075 of the 1,606 transactions (67%) in 2023 completed by a Canadian buyer. Foreign and undisclosed buyers accounted for the remaining 531 transactions.

Canada maintained a net positive M&A environment, with Canadian companies acquiring more foreign-based companies (573 transactions) than Canadian companies being acquired by foreign companies (531 transactions) in 2023.

## Canadian Cross-Border M&A Activity (2023)



Sources: S&P Global Market Intelligence as of January 15, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

# Cross-Border Transactions

U.S. and Canada transactions continue to be the most prominent cross-border activity involving Canadian buyers and sellers. Despite a 13% decrease in Canadian buy-side transaction activity, there were several notable deals. The largest deal was the \$15.0 billion sale of Qualtrics International to Canadian Pension Plan Investments and Silver Lake.

European transactions were the second most active, with a total of 89 Canadian companies acquired in 2023, 10 less than 2022. Acquisitions of European companies by Canadian companies decreased from 178 in 2022 to 122 in 2023.

The number of Canadian buyers of Latin American companies increased, with a total of 43 completed transactions in 2023 (compared to 41 in 2022).

With 34 of the total transactions in 2022, Canadian buyers of Asia-Pacific-based companies increased to 40 in 2023. Asia-Pacific buyers of Canadian companies increased to 44, from 31 in 2022.

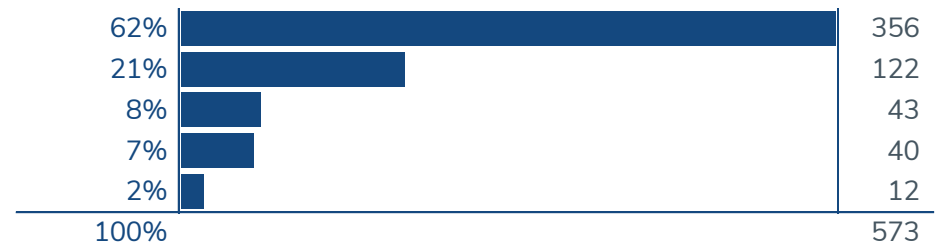
## Canadian Cross-Border Transactions by Region (2023) (Number of Deals)

Foreign Buyer of Canadian Target



United States  
Europe  
LATAM  
Asia-Pacific  
Other/Unspecified

Canadian Buyer of Foreign Target



Sources: S&P Global Market Intelligence as of January 15, 2024; Kroll analysis. All publicly disclosed transaction information available in S&P Global Market Intelligence.

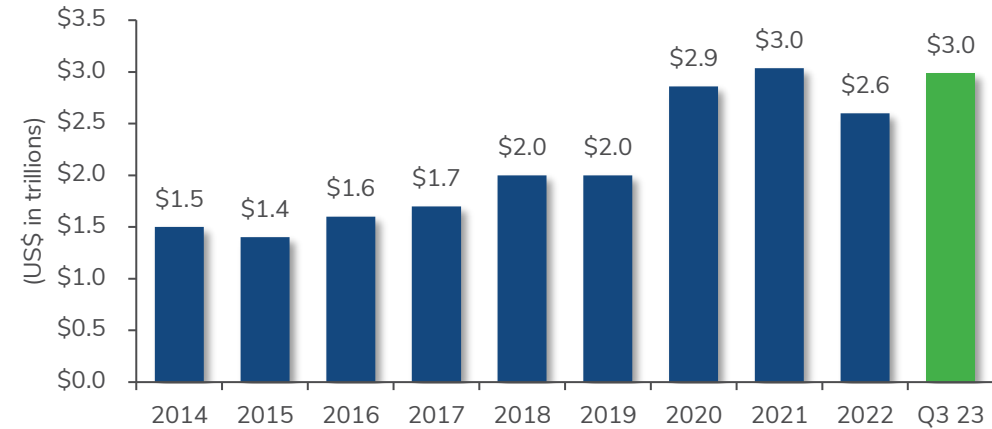
# Looking Ahead

M&A deal volume in 2023 declined slightly when compared to 2022, but experienced an increase in total disclosed EV—attributed to a select few megadeals. Persistent global tensions, inflationary pressures and decreased access to credit markets have been significant factors in the past two years when compared to the record-levels of M&A in 2021.

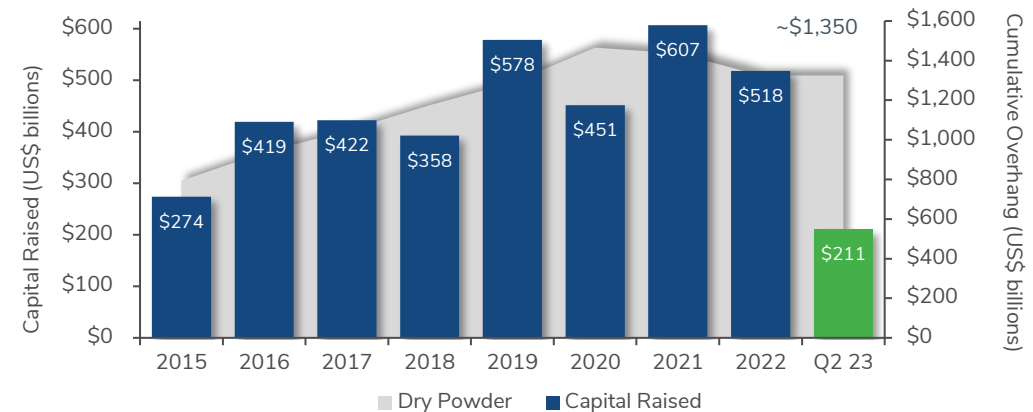
Large corporations and private equity funds continue to adjust investment parameters to adapt to the current market. Corporate cash balances are at an all-time high while financial sponsors sit on large amounts of dry powder that needs to be deployed—a positive indicator of M&A activity in the coming year. Investors are shifting focus from high-growth opportunities to profit-earning assets that have high strategic value. Access to the credit markets is bifurcated, where healthy businesses have ample access to capital, but distressed companies may need to seek alternative solutions from nontraditional lenders. Stabilizing interest rates and forecasted rate cuts have provided more visibility into maturing corporate debt in upcoming years. Well-capitalized investors will likely have opportunities to acquire high-quality distressed assets for low valuations.

Canadian M&A has proven to be robust even during strong economic headwinds. Anticipated decreases in the cost of borrowing and the abundance of capital that needs to be deployed will drive M&A activity in 2024. We expect to see a pickup in Canadian deals over the coming year—especially periods where interest rates decline.

## S&P 500 Cash Balances



## Private Equity Overhang



# GLOBAL CORPORATE FINANCE PRACTICE

We are **Ranked #1** for Total Number of Fairness Opinions in the U.S. and Globally Over the Last 1, 10 and 20-year Periods.<sup>1</sup>

## Announced U.S. Fairness Opinions Rankings

	Ranking	Number of Credited Deals
Full Year 2023	#1	30
Ten Years: 2014 – 2023	#1	439
Twenty Years: 2004 – 2023	#1	786

Source: LSEG's (FKA Refinitiv) cumulative data 2004-2023.

## Announced Global Fairness Opinions Rankings

	Ranking	Number of Credited Deals
Full Year 2023	#1	43
Ten Years: 2014 – 2023	#1	580
Twenty Years: 2004 – 2023	#1	946

Source: LSEG's (FKA Refinitiv) cumulative data 2004-2023.

Source: LSEG's (FKA Refinitiv) cumulative data 2004-2023.

## Kroll Differentiators

### Global Expertise

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

# Select Kroll Corporate Finance M&A Experience

<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>Gum Products International</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 
<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>a portfolio company of</p>  <p>has acquired</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 
<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>BUY-SIDE ADVISOR </p>  <p>has acquired</p> 

Note: All trademarks, trade names or logos referenced herein are the property of their respective owners.



### Canadian M&A Contacts



**Howard Johnson**  
Head of Canadian M&A  
Toronto  
+1 416 597 4500  
howard.johnson@kroll.com



**Devin Kennealy**  
Director, M&A Advisory  
Toronto  
+1 416 361 6749  
devin.kennealy@kroll.com



**Stephanie Lau**  
Director, M&A Advisory  
Toronto  
+1 416 361 6761  
stephanie.lau@kroll.com



**Jake Newman**  
Vice President, M&A Advisory  
Toronto  
+1 416 813 4472  
jake.newman@kroll.com

### Other Canadian Service Areas



**Scott Davidson**  
Disputes and Investigations  
Toronto  
+1 416 364 9719  
scott.davidson@kroll.com



**Calvin D'souza**  
Business Intelligence Services  
Toronto  
+1 416 813 4406  
cdsouza@kroll.com



**Joel Bowers**  
Cyber Risk  
Toronto  
+1 416 361 6742  
joel.bowers@kroll.com



**Matthew Holden**  
Compliance Risk and Diligence  
Toronto  
+1 416 361 2592  
mholden@kroll.com

### Global M&A Advisory Contacts



**Bob Bartell, CFA**  
President of Corporate Finance  
Chicago  
+1 312 697 4654  
bob.bartell@kroll.com



**Stephen Burt**  
Global Head of M&A Advisory  
Chicago  
+1 312 697 4620  
steve.burt@kroll.com



**Joshua Benn**  
Head of America M&A Advisory  
New York  
+1 212 450 2840  
joshua.benn@kroll.com



**Nicholas Collins**  
Managing Director, M&A  
Los Angeles  
+1 650 354 4020  
nicholas.collins@kroll.com



**Dafydd Evans**  
Managing Director, M&A Advisory  
London  
+44 207 089 4850  
dafydd.evans@kroll.com



**Alexandre Pierantoni**  
Managing Director, M&A Advisory  
Brazil  
+55 11 3192 8103  
alexandre.pierantoni@kroll.com



**David Lu**  
Managing Director, M&A Advisory  
China  
+86 21 6032 0608  
david.lu@kroll.com



**Andreas Stoecklin**  
Head of Europe M&A Advisory  
Frankfurt  
+49 697 191 8466  
andreas.stoecklin@kroll.com

### About Kroll

Kroll provides proprietary data, technology and insights to help our clients stay ahead of complex demands related to risk, governance and growth. Our solutions deliver a powerful competitive advantage, enabling faster, smarter and more sustainable decisions. With 5,000 experts around the world, we create value and impact for our clients and communities. To learn more, visit [www.kroll.com](http://www.kroll.com).

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Kroll Securities, LLC (member FINRA/SIPC). M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Kroll Securities Ltd., which is authorized and regulated by the Financial Conduct Authority (FCA). Valuation Advisory Services in India are provided by Kroll Advisory Private Limited (formerly, Duff & Phelps India Private Limited), under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

© 2024 Kroll, LLC. All rights reserved.

The material in this report is for information purposes only and is not intended to be relied upon as financial, accounting, tax, legal or other professional advice. This report does not constitute, and should not be construed as soliciting or offering any investment or other transaction, identifying securities for you to purchase or offer to purchase, or recommending the acquisition or disposition of any investment. Kroll does not guarantee the accuracy or reliability of any data provided from third party resources. Although we endeavor to provide accurate information from third party sources, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.