

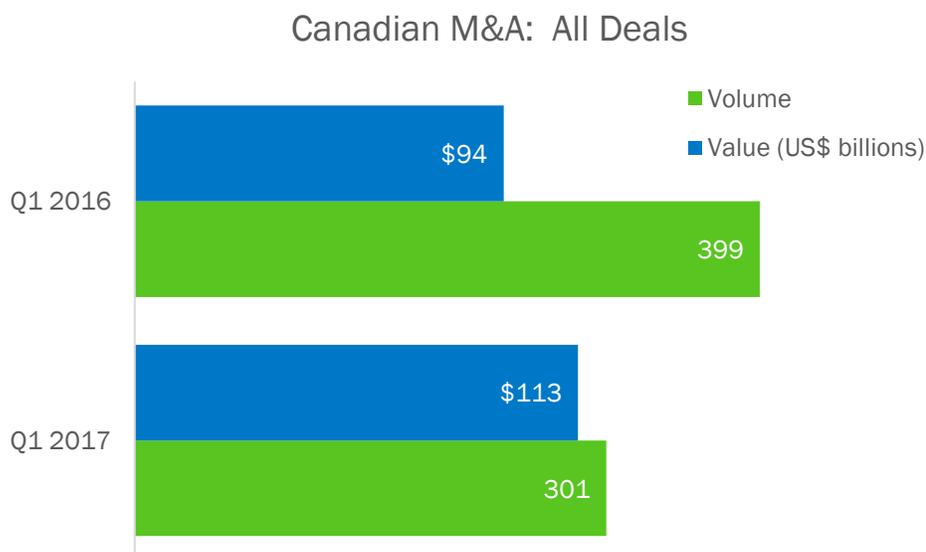
Insight Article: Q1 2017 M&A: Global vs. Canada – Same or Different?

While recent data from [Mergermarket](#) and [Thompson Reuters](#) provide different aggregate numbers for global Q1 2017 M&A, they share a similar message: the mega-deal is back. According to Mergermarket, global deal value increased 8.9% over Q1 2016, to \$678 billion from \$622 billion while deal count dropped 17.8% to 3,554 from 4,326. Global dealmakers appear to be responding to current geopolitical uncertainty by focusing their sights on fewer transactions with higher price-tags.

We were curious to find out whether this global trend was reflected in Canadian deal activity. After all, we're not facing a contentious election or a Brexit equivalent or an administration fraught with uncertainty (though as noted in a [previous article](#), we would feel the consequences of a U.S. Border Adjustment Tax). So we took a closer look at the Canadian data, and this is what we found...

It would have been fantastic if Canadian deal activity bucked the global trend. That would have made for a great article. Unfortunately (from the author's perspective), however, diving into the Canadian data yielded a similar trend: higher deal value accompanied by lower deal volume.

Drawing on Mergermarket data, total Canadian deal value was US\$113 billion, an increase of 20.1% over Q1 2016, while deal volume dropped 24.6% from 399 announced deals in Q1 2016 to 301 deals in Q1 2017. This translates into an average deal size of US\$375 million, up from US\$235 million in 2016. On the mega-deal front and overall, the energy, mining and utilities sector led the way, with several multi-billion dollar deals announced in Q1. As discussed in [last week's article](#), we expect more deal activity in the Canadian Oil & Gas sector over the coming months.



An exclusion of mega-deals¹ yields a somewhat different picture of Canadian Q1 activity. Mid-market deal value and volume were down, respectively 13.5% and 25.1%, with decreases spread across inbound, domestic and outbound deals.

¹ With deal value of US\$1 billion +

Canadian M&A: Mid-Market Deals



Looking forward, it is worth noting that the March [Mid-Market Mergers and Acquisitions Composite index](#) reached its highest level since October 2014. The index reflects current sentiment and deal activity, and this past month, the higher value was paired with respondent optimism about the U.S. economy. In Canada, we expect to see lots more activity out of the oil patch, but investors in the broader mid-market may be taking a breath as we all wait for further certainty about U.S.-driven changes to NAFTA and the Border Adjustment Tax.