

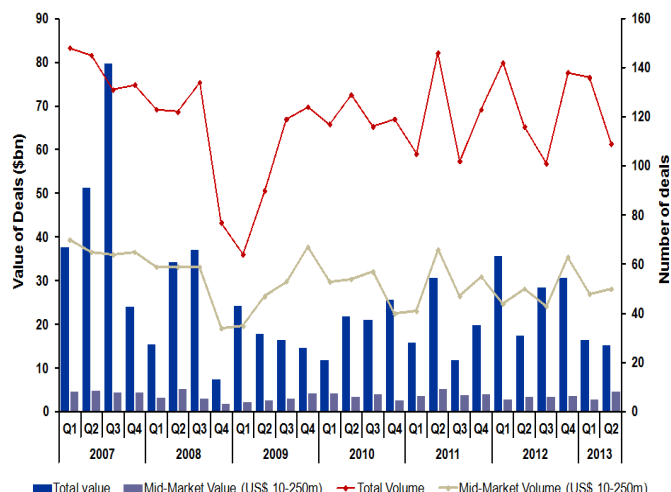
Canada M&A Trend Report: H1 2013



Overview

- Overall M&A activity in Canada (US\$ 31.7bn, 245 deals) was down 40.2% by deal value compared to H1 2012 (US\$ 53bn). H1 2013 was the slowest first half since H1 2005 (US\$ 28.1bn)
- Q2 2013 saw a second consecutive quarterly decline, dropping 7.3% from US\$ 16.4bn in Q1 to US\$ 15.2bn – these were two of the lowest quarters since Q2 2012 which was also under US\$ 20bn (US\$ 17.4bn)
- Mid-market M&A (US\$10 – 250m) performance was valued at US\$ 7.6bn for 98 deals. Mid-market deal value increased 22.2% to the comparable period last year (US\$ 6.2bn). Meanwhile, larger transactions (over US\$ 250m) dropped considerably from US\$ 46.7bn in H1 2012 to US\$ 23.9bn in H1 2013
- Outbound M&A has seen higher values than inbound for the last three quarters: Q2 ended with 41 deals valued at US\$ 15.9bn – the highest quarterly tally since Q2 2012 (US\$ 22.6bn) and up 57.4% from Q1's US\$ 10.1bn
- Domestic activity in Canada improved slightly from Q1's US\$ 9.3bn to US\$ 10.1bn, up 8.6% but H1 concluded with a 14.8% decline from H1 2012 (US\$ 22.9bn)
- Inbound M&A activity continued its downward slide with deals valued at US\$ 5.1bn in Q2, down 28.2% on Q1 (US\$ 7.1bn) and the second consecutive quarterly decline. Q2 also resulted in the lowest value since Q1 2010 (US\$ 3.6bn)

M&A Trend: Canada

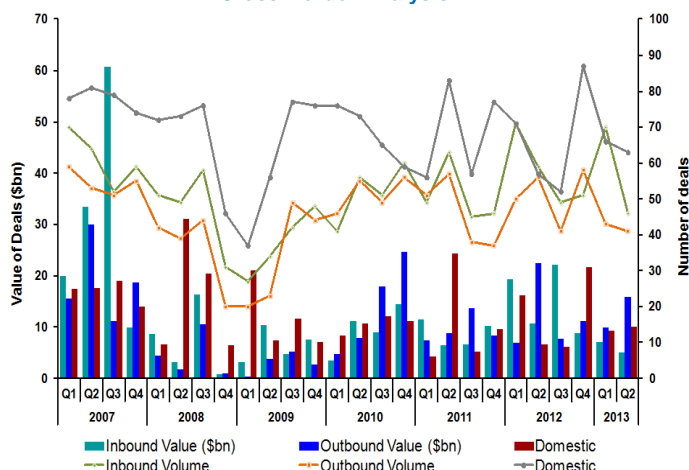


- Goldman Sachs (US\$ 20.1bn, 7 deals in H1 2013) was up six spots from H1 2012
- Stikeman Elliot kept its first place position in the Legal Advisor League Table by value for seven deals valued at US\$ 24.9bn

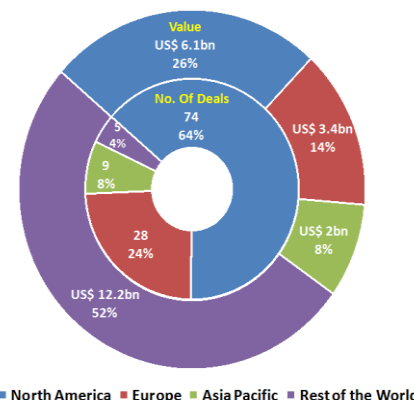
Industry Analysis

Sector	H1 2013			H1 2012			Change	
	Value (\$bn)	Mrk share	Deal count	Value (\$bn)	Mrk share	Deal count	Value (%)	Deal count
Energy, Mining & Utilities	11.6	36.7%	60	25.0	47.2%	70	-53.5%	-10
Financial Services	1.5	4.6%	18	2.4	4.6%	17	-39.7%	1
Industrials & Chemicals	1.4	4.3%	30	2.9	5.5%	47	-52.5%	-17
Pharma, Medical & Biotech	1.2	3.7%	13	1.2	2.3%	12	-1.5%	1
Consumer	6.0	19.0%	14	3.5	6.6%	32	73.6%	-18
Telecommunications	1.3	4.1%	7	0.0	0.0%	0	-	7
Business Services	1.6	5.1%	32	1.4	2.6%	25	19.5%	7
Technology	0.7	2.3%	31	1.6	3.0%	23	-54.6%	8
Transport	0.1	0.3%	4	0.1	0.1%	3	36.6%	1
Real Estate	5.2	16.3%	3	3.2	6.0%	6	62.3%	-3
Construction	0.5	1.6%	10	0.3	0.6%	7	53.5%	3
Media	0.1	0.3%	10	3.2	6.1%	6	-97.0%	4
Leisure	0.4	1.3%	8	0.1	0.1%	5	621.8%	3
Agriculture	0.1	0.4%	4	8.2	15.5%	4	-98.6%	0
Defence	0.0	0.0%	1	0.0	0.0%	1	-100.0%	0
Total	31.7		245	53.0		258	-40.2%	-13

Cross-Border Analysis



Inbound Country Analysis – Top 5 Acquirers by Value



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Top Deals

Ann. Date	Bidder company	Target Company	Seller company	Buy-side Advisory	Sell-side Advisory	Deal Value (\$m)
12-Jun-13	Sobeys Inc	Canada Safeway Limited	Safeway Inc	FA: Morgan Stanley; Scotiabank LA: Fasken Martineau Dumoulin (Advising Scotiabank); Stewart McKelvey; Stikeman Elliott; Sullivan & Cromwell	FA: Goldman Sachs LA: Blake, Cassels & Graydon; Latham & Watkins	5,688
16-Jan-13	H&R Real Estate Investment Trust	Primaris Retail REIT		FA: TD Securities LA: Blake, Cassels & Graydon; Osler, Hoskin & Harcourt; Torys (Advising TD Securities)	FA: Canaccord Genuity; Evercore Partners LA: Cassels Brock & Blackwell; McCarthy Tetrault; Paul Weiss Rifkind Wharton & Garrison	4,617
26-Feb-13	Imperial Oil Limited	Celtic Exploration Ltd (50% Stake)	Exxon Mobil Corporation	FA: - LA: -	FA: - LA: Borden Ladner Gervais	1,984
14-Jan-13	ARMZ Uranium Holding Co	Uranium One Inc (48.6% Stake)		FA: BMO Capital Markets LA: Ashurst; Stikeman Elliott	FA: Canaccord Genuity; GMP Securities LA: Allen & Overy; Cassels Brock & Blackwell; Goodmans	1,525
10-Jun-13	The Travelers Companies Inc	The Dominion of Canada General Insurance Company	E-L Financial Corporation Limited	FA: Internal LA: Gowling Lafleur Henderson; Skadden Arps Slate Meagher & Flom	FA: Scotiabank LA: McCarthy Tetrault	1,104

Financial Advisor League Table by Value

Rank H1 2012	Rank H1 2013	House	Value (\$m)	Deal count	% Value change
7	1	Goldman Sachs	20,148	7	50.0%
13	2	Morgan Stanley	14,370	10	102.0%
24	3	JPMorgan	12,319	8	310%
4	4	Scotiabank	9,015	8	-48.5%
10	5	Canaccord Genuity	6,480	6	-23.9%
2	6	Bank of America Merrill Lynch	6,436	11	-72.6%
3	7	TD Securities	5,977	10	-67.4%
15	8	Deutsche Bank	5,576	4	11.3%
11	9	CIBC World Markets	4,993	10	-38.8%
25	10	Evercore Partners	4,617	1	81.5%
9	11	Barclays	4,496	5	-51.0%
5	12	BMO Capital Markets	4,341	14	-73.8%
1	13	RBC Capital Markets	3,123	11	-89.9%
18	14	GMP Securities	3,001	8	-27.9%
26	15	Citi	2,753	6	20.9%

Financial Advisor League Table by Deal Count

Rank H1 2012	Rank H1 2013	House	Value (\$m)	Deal count	Count change
2	1	BMO Capital Markets	4,341	14	-5
9	2	Bank of America Merrill Lynch	6,436	11	1
1	3	RBC Capital Markets	3,123	11	-22
15	4	Morgan Stanley	14,370	10	3
3	5	TD Securities	5,977	10	-4
12	6	CIBC World Markets	4,993	10	1
19	7	JPMorgan	12,319	8	2
5	8	Scotiabank	9,015	8	-5
4	9	GMP Securities	3,001	8	-6
44	10	Raymond James & Associates	713	8	6
10	11	Goldman Sachs	20,148	7	-2
8	12	Macquarie Group	1,213	7	-4
7	13	Canaccord Genuity	6,480	6	-5
30	14	Citi	2,753	6	3
6	15	National Bank Financial	660	6	-7

Legal Advisor League Table by Value

Rank H1 2012	Rank H1 2013	House	Value (\$m)	Deal count	% Value change
1	1	Stikeman Elliott	24,947	48	13.3%
10	2	Osler, Hoskin & Harcourt	17,471	37	51.4%
2	3	Blake, Cassels & Graydon	14,628	41	-27.3%
39	4	Skadden Arps Slate Meagher & Flom	13,456	6	405%
9	5	Torys	10,344	23	-14.0%
43	6	Cleary Gottlieb Steen & Hamilton	10,147	4	458%
13	7	Sullivan & Cromwell	7,900	3	-15.7%
30	8	Cassels Brock & Blackwell	7,816	11	116.0%
25	9	Latham & Watkins	7,756	8	96.4%
4	10	Fasken Martineau Dumoulin	7,207	11	-58.0%
3	11	McCarthy Tetrault	6,777	16	-64.6%
17	12	Paul Weiss Rifkind Wharton & Garrison	6,007	6	-3.2%
180	13	Stewart McKelvey	5,688	1	-
7	14	Linklaters	4,229	5	-67.4%
-	15	Stoel Rives	4,190	3	-

Legal Advisor League Table by Deal Count

Rank H1 2012	Rank H1 2013	House	Value (\$m)	Deal count	Count change
2	1	Stikeman Elliott	24,947	48	0
1	2	Blake, Cassels & Graydon	14,628	41	-10
6	3	Osler, Hoskin & Harcourt	17,471	37	8
12	4	Torys	10,344	23	10
3	5	Gowling Lafleur Henderson	1,875	22	-13
5	6	McCarthy Tetrault	6,777	16	-13
14	7	Borden Ladner Gervais	3,041	15	2
19	8	Heenan Blaikie	652	15	7
17	9	Cassels Brock & Blackwell	7,816	11	1
4	10	Fasken Martineau Dumoulin	7,207	11	-21
7	11	Norton Rose Fulbright	2,986	11	-15
9	12	Davies Ward Phillips & Vineberg	1,362	11	-4
13	13	Goodmans	2,129	10	-3
27	14	Latham & Watkins	7,756	8	2
8	15	Burnet Duckworth & Palmer	513	7	-8

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Notes

All data is based on announced transactions over US\$ 5m. Deals with undisclosed deal values are included where the target's turnover exceeds US\$ 10m. Activities excluded include property transactions and restructurings where the ultimate shareholders' interests are not changed.

- M&A Trend: Based on the dominant geography of the target company being Canada. Excludes lapsed and withdrawn bids
- Cross-border M&A: Inbound refers to cross-border M&A where the dominant geography of the target company is Canada.
- Top Announced Deals: Based on the dominant geography of the target being Canada. Excludes lapsed and withdrawn bids.
- Industry Analysis: Based on the dominant geography of the target company being Canada. Industry sectors represent the primary industry sector of the target company only. Excludes lapsed and withdrawn bids
-
- League Tables: Based on the dominant geography of the target, bidder or seller company being Canada. The financial advisor tables exclude lapsed and withdrawn bids and the legal advisor tables include lapsed and withdrawn bids. Previous period changes refer to the period H1 2012 unless specified otherwise
- All values are in US\$

Criteria

All data correct as of **09 July 2013**

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