

Mergermarket trend report Q1 2017



Fact file - Q1 2017 vs. Q1 2016

Total	\$35.8bn	109.5%
Inbound	\$10.4bn	8.6%
Outbound	\$26.7bn	-57.1%
Energy, Mining & Utilities	\$26.3bn	410.1%
Private equity buyouts	\$4.7bn	331.6%
Private equity exits	\$3.8bn	382.2%

Canadian M&A was in line with the global trend of higher valuations for fewer deals than last year, rising in Q1 2017 to US\$ 35.8bn with 111 deals, representing a 109.5% increase in value though with 40 fewer deals than Q1 2016 (151 deals, US\$ 17.1bn). The country's dealmaking activity has not started off a year this robustly since Q1 2007 (US\$ 37.4bn). However, the last time that quarterly deal count fell below 135 deals was in Q3 2012 (104 deals, US\$ 28.5bn). Regardless, Canadian M&A has seen a strong start to the year, and US President Donald Trump may have been one influence.

Energy, Mining & Utilities (EMU) was the top sector in Canada with 28 deals worth US\$ 26.3bn, representing a 410.1% increase with two fewer deals compared to Q1 2016 (30 deals, US\$ 5.1bn). The change in EMU's value has boosted it to a 73.5% share of Canadian M&A, compared to Q1 2016 with just 30.2%. EMU as a whole was the top sector on a global scale for Q1 2017, and therefore it was perhaps unsurprising that the ever-dominant Canadian sector helped push dealmaking value in the region.

The top deal of the quarter was Canada-based Cenovus Energy's US\$ 13.2bn acquisition of ConocoPhillips' Canadian conventional natural gas assets as well as 50% of the Canada-based Foster Creek Christina Lake Oil Sands Partnership. Further, the second- and fourth-largest deals

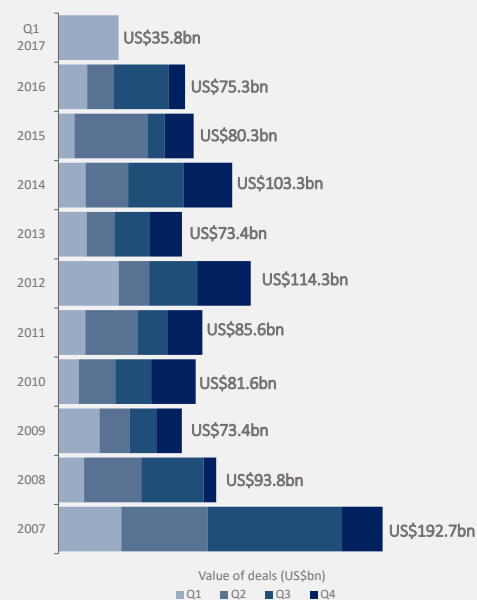
were Canadian Natural Resources and Royal Dutch Shell's various stake acquisitions of oil sands assets in Alberta. Not only were all three of these transactions from the EMU sector, but they also combined to account for 67.8% of Canada's total deal value. More interestingly, the assets acquired in these transactions were located in Alberta. On 24 January 2017, President Trump signed executive orders advancing the construction of two projects – the Keystone XL and Dakota Access pipelines. These connect Alberta with the Southern US, and it therefore comes as no surprise that the aforementioned deals, all announced in March, had high price tags. Oil & gas projects in Alberta may have seen a boost due to the Trump Administration, and projects near the pipeline may become more valuable to investors.

Private equity buyouts saw 12 deals worth US\$ 4.7bn, a 331.6% increase in value with eight fewer deals than Q1 2016. The large difference could be attributed to Vista Equity Partners' US\$ 3.4bn bid for DH Corporation. Not only was it the third-largest transaction in Q1 2017, it was the largest buyout since a 2011 bid for TMX Group by a consortium of Canadian banks and pension funds for US\$ 3.7bn. Accordingly, this quarter saw the highest buyout value since Q2 2011. Exits saw 15 deals worth US\$ 3.8bn, a 382.2% increase in value with three more deals than Q1 2016 (12 deals, US\$ 795m).

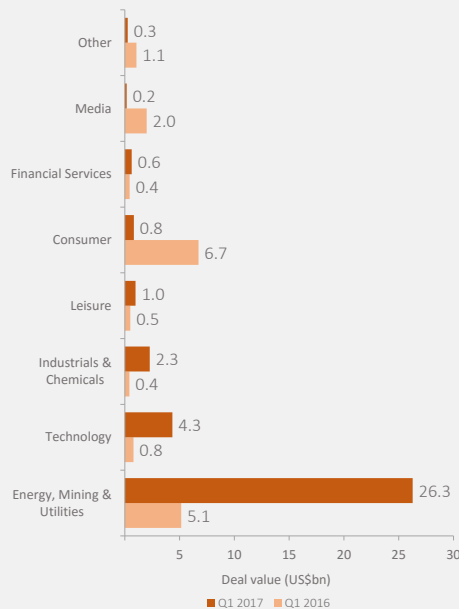
Canadian inbound activity amounted to 52 deals worth US\$ 10.4bn, representing an 8.6% increase with 10 fewer deals compared to Q1 2016 (62 deals, US\$ 9.6bn). It was the largest Q1 value since 2012 (US\$ 19.5bn). Outbound activity saw US\$ 26.7bn through 71 deals, representing a 57.1% decrease with one more deal compared to Q1 2016 (70 deals, US\$ 62.1bn).

All in all, Canadian M&A continues to remain strong despite geopolitical uncertainty. Although Trump's executive orders seem to have benefitted the country, there is still a good deal of uncertainty regarding his future policies. One example, amongst others, is the renegotiation of the North American Free Trade Agreement (NAFTA). If Trump's policies end up aiding the region's dealmaking, as was the case with the Keystone XL and Dakota Pipelines, values will likely see another favorable increase. It will be interesting to see how Trump's presidency, and other global factors, including Chinese outbound regulations, unfold as influences on Canadian M&A activity this year.

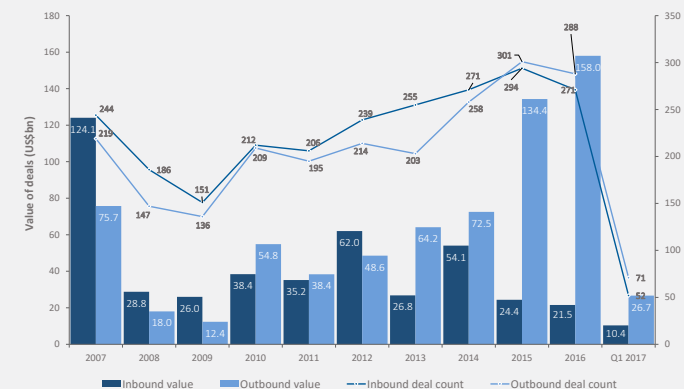
Quarterly M&A value



Sector breakdown



Cross-border activity





Top deals

Deal value (US\$m)	Ann. date	Bidder company	Bidder country	Buy-side advisors	Target company	Target sector	Seller company	Sell-side advisors
13,240	29-Mar-17	Cenovus Energy Inc	Canada	FA: JPMorgan; RBC Capital Markets LA: Bennett Jones; Blake, Cassels & Graydon; Paul Weiss Rifkind Wharton & Garrison	ConocoPhillips (Canadian conventional natural gas assets); and Foster Creek Christina Lake Oil Sands Partnership (50% Stake)	Energy, Mining & Utilities	ConocoPhillips Company	FA: Goldman Sachs LA: King & Spalding; Osler Hoskin & Harcourt
8,500	9-Mar-17	Canadian Natural Resources Limited	Canada	FA: - LA: -	The Athabasca Oil Sands Project (60% Stake); and Royal Dutch Shell plc (Peace River Complex in-situ assets, including Carmon Creek, and a number of undeveloped oil sands leases in Alberta)	Energy, Mining & Utilities	Royal Dutch Shell Plc	FA: JP Morgan; Lazard; Scotiabank LA: McCarthy Tetrault
3,428	13-Mar-17	Vista Equity Partners	USA	FA: Barclays; Citi; Evercore Partners; Morgan Stanley LA: Goodmans; Kirkland & Ellis	DH Corporation	Technology		FA: Credit Suisse; RBC Capital Markets LA: Cravath Swaine & Moore; Stikeman Elliott
2,500	9-Mar-17	Royal Dutch Shell Plc; and Canadian Natural Resources Limited	Netherlands	FA: Scotiabank LA: McCarthy Tetrault; Paul Weiss Rifkind Wharton & Garrison	The Athabasca Oil Sands Project (20% Stake)	Energy, Mining & Utilities	Marathon Oil Corporation	FA: Evercore Partners; Goldman Sachs; Jefferies; TD Securities LA: -
2,116	31-Mar-17	Cheung Kong Property Holdings Limited	Hong Kong	FA: Barclays LA: -	Reliance Home Comfort Limited Partnership	Industrials & Chemical	Alinda Capital Partners LLC	FA: CIBC World Markets; Goldman Sachs LA: Torys; <i>Advising FA:</i> Osler, Hoskin & Harcourt

Financial advisor league table by value

Ranking		Company name	Q1 2017		
Q1 2017	Q1 2016		Value (US\$m)	Deal count	% Value change
1	4	JPMorgan	33,837	9	57.7%
2	1	Goldman Sachs	25,644	6	-28.5%
3	13	RBC Capital Markets	24,739	12	156.5%
4	2	Lazard	16,087	4	-31.8%
5	7	Scotiabank	12,268	7	-19.4%
6	8	Bank of America Merrill Lynch	11,266	3	-23.7%
7	20	TD Securities	10,734	11	139.9%
8	47	Evercore Partners	10,084	4	22,308.9%
9	5	Morgan Stanley	9,232	3	-56.5%
10	9	Barclays	8,241	6	-43.4%
11	6	Credit Suisse	6,708	5	-60.3%
12	10	Citi	6,564	3	-43.9%
13	-	Centerview Partners	6,444	4	-
14	-	AlixPartners	5,484	2	-
15	12	BMO Capital Markets	5,358	6	-45.4%

Financial advisor league table by deal count

Ranking		Company name	Q1 2017		
Q1 2017	Q1 2016		Value (US\$m)	Deal count	Count change
1	1	RBC Capital Markets	24,739	12	-3
2	12	TD Securities	10,734	11	6
3	10	JPMorgan	33,837	9	4
4	7	Scotiabank	12,268	7	1
5	6	Goldman Sachs	25,644	6	0
6	14	Barclays	8,241	6	2
7	4	BMO Capital Markets	5,358	6	-1
8	3	Deloitte	817	6	-4
9	18	Raymond James & Associates	657	6	2
10	13	Credit Suisse	6,708	5	1
11	17	Houlihan Lokey	706	5	1
12	19	Lazard	16,087	4	1
13	51	Evercore Partners	10,084	4	3
14	-	Centerview Partners	6,444	4	4
15	15	Macquarie Group	3,682	4	0

Legal advisor league table by value

Ranking		Company name	Q1 2017		
Q1 2017	Q1 2016		Value (US\$m)	Deal count	% Value change
1	1	Osler Hoskin & Harcourt	22,163	22	-40.7%
2	54	Paul Weiss Rifkind Wharton & Garrison	21,504	8	2,080.9%
3	7	Blake Cassels & Graydon	18,940	25	-4.5%
4	-	Cravath Swaine & Moore	15,199	4	-
5	-	King & Spalding	15,053	3	-
6	9	Stikeman Elliott	13,840	13	-0.5%
7	6	Bennett Jones	13,406	2	-38.8%
8	15	McCarthy Tetrault	11,918	10	94%
9	13	Kirkland & Ellis	10,743	4	-11.2%
10	70	Vinson & Elkins	9,402	2	3,706.5%
11	12	Sullivan & Cromwell	7,271	3	-40.3%
12	40	Goodmans	6,944	6	258.7%
13	67	Willkie Farr & Gallagher	6,841	4	2,636.4%
14	35	Cleary Gottlieb Steen & Hamilton	6,687	2	177.8%
15	4	Skadden Arps Slate Meagher & Flom	6,322	4	-76.6%

Legal advisor league table by deal count

Ranking		Company name	Q1 2017		
Q1 2017	Q1 2016		Value (US\$m)	Deal count	Count change
1	2	Blake Cassels & Graydon	18,940	25	2
2	4	Osler Hoskin & Harcourt	22,163	22	9
3	1	Stikeman Elliott	13,840	13	-12
4	6	McCarthy Tetrault	11,918	10	-1
5	35	Paul Weiss Rifkind Wharton & Garrison	21,504	8	5
6	23	Borden Ladner Gervais	877	8	3
7	25	Gowling WLG	574	8	3
8	24	Goodmans	6,944	6	1
9	12	Davies Ward Phillips & Vineberg	2,556	6	-2
10	15	Miller Thomson	26	5	-3
11	3	Norton Rose Fulbright	17	5	-9
12	-	Cravath Swaine & Moore	15,199	4	4
13	17	Kirkland & Ellis	10,743	4	-2
14	78	Willkie Farr & Gallagher	6,841	4	3
15	19	Skadden Arps Slate Meagher & Flom	6,322	4	-1

Trend report criteria

All data is based on transactions over US\$ 5m and is based on Mergermarket's M&A deals database. Deals with undisclosed values are included where target's turnover exceeds US\$10m. Deals where stake acquired is less than 30% will only be included if deal value is greater than US\$100m.

All values are in US\$.

Data correct as of 03-Apr-2017.

M&A trend: Based on dominant geography of target company being Canada. All trend data excludes lapsed and withdrawn bids.

Cross-border M&A: Inbound refers to dominant geography of target company being Canada and dominant geography of bidder being any other country, excluding Canada. Outbound refers to dominant geography of bidder company being Canada, and dominant geography of target being any other country, excluding Canada. Excludes lapsed and withdrawn bids.

Top deals: Based on dominant geography of target company being Canada. FA refers to financial advisor and LA refers to legal advisor. Excludes lapsed and withdrawn bids.

Industry analysis: Based on dominant sector and geography of target company. Excludes lapsed and withdrawn bids.

League tables: Based on dominant geography of target, bidder or seller company being Canada. Financial advisor tables *exclude* lapsed and withdrawn bids. Legal advisor tables *include* lapsed and withdrawn bids.

About Mergermarket

Mergermarket is a mergers & acquisitions (M&A) intelligence service.

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