

CROSBIE & COMPANY CANADIAN M&A REPORT – Q4 2021

Strong Quarter to Finish a Record Year

Following a slight pullback in Q3, M&A activity picked up again in Q4 2021 with 943 announced transactions. This elevated the full-year into the record books with 3,857 announced deals representing \$359B in aggregate value. In terms of annual activity and deal value, 2021 surpasses the prior record by more than 400 deals and \$27B in value while significantly outpacing the 3,136 deals and \$163B in value booked in 2020.

“2021 was an extraordinary year for Canadian M&A with three of the four most active quarters we’ve ever seen,” said Colin Walker, Managing Director of Crosbie & Company Inc. “As well as a little catch up from the prior year, this reflects favourable conditions for vendors as well as an active universe of buyers and liquid capital markets. Despite the heightened uncertainties that some might point to for 2022, we expect the M&A train to keep on rolling.”

There were 14 mega-deals (transactions with values above \$1B) in Q4 worth a combined value of \$56B, of which five involved a Canadian target. **Information Technology** dominated the mega-deal league table with 5 transactions accounting for \$33.1B in aggregate value. The largest mega-deal in the fourth quarter was the \$26B take-private transaction of **McAfee Corp.** led by a consortium of buyers, including **Canada Pension Plan Investment Board**.

The mid-market, represented by transactions with values below \$250M remained strong in the fourth quarter with 358 transactions announced, representing 88% of total deals with values disclosed and 16% of the aggregate value for such deals. For the full-year, the mid-market was responsible for 1,359 transactions (91%) representing \$50.8B in value (14%).

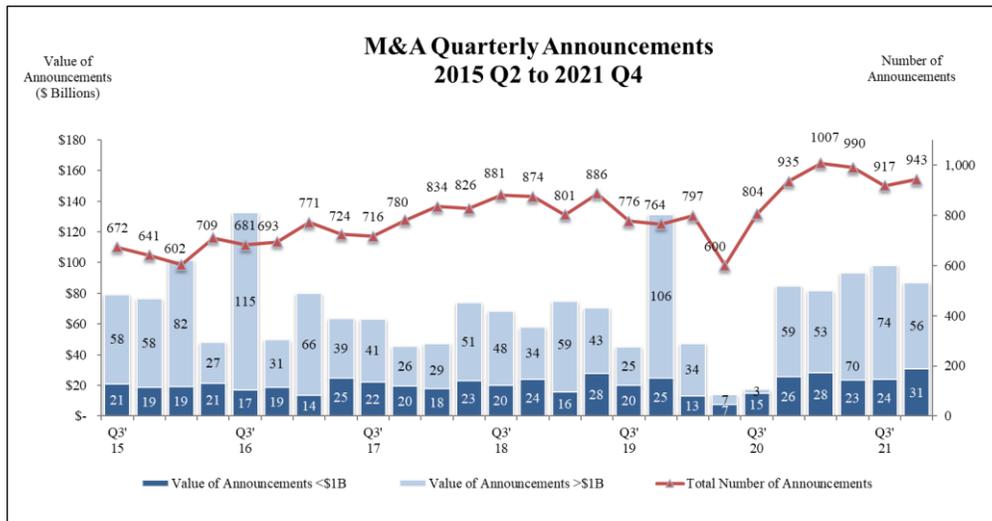
Cross-border transactions continued to a key driver of overall M&A activity representing 52% of total announcements and 69% of aggregate value. Consistent with most quarters, outbound activity (Canadian acquiror and foreign target) outpaced inbound activity by a factor of 1.8x. In 2021, Canadian buyers were highly acquisitive internationally with 1,142 acquisitions of foreign companies during the year (+38% relative to 2020). The data shows that the United States continues to represent the largest market for Canadian companies looking to make acquisitions abroad. In 2021, Canadian companies acquired 717 US-based companies, representing 63% of all foreign acquisitions made by Canadian firms.

For a more local perspective, in Q4 there were 577 acquisitions of companies domiciled in Canada. The median value for these transactions was \$12 million. Overall, Canadian firms made 719 acquisitions in Q4 2021, of which 405 (56%) involved domestic targets (with a \$31M average deal value) and the remainder representing foreign targets (with an \$149M average deal value).

The increase in activity in Q4 was broadly based, with more than half of the industry sectors we track experiencing an increase in activity. The **Consumer Discretionary**, **Materials** and **Utilities** sectors lead the pack with each up by more than 55% over Q3. The **Information Technology**, **Industrial** and **Real Estate** sectors were the most active this quarter with 140 (\$36.8B), 132 (\$1.8B) and 109 (\$7.6B) announced transactions, respectively. In terms of weaker sectors this quarter, **Healthcare**, **Financial Services**, and **Precious Metals** each fell more than 14%.

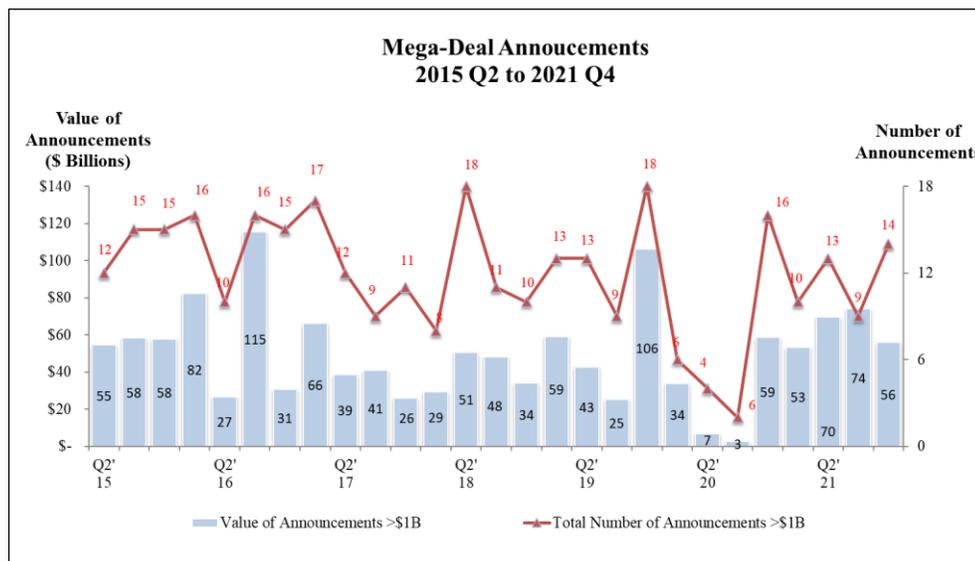
The information contained above and within the “Crosbie & Company Canadian M&A Report” is a summary analysis of the quarter’s M&A activity. For further information, please contact Colin Walker at 416.362.7016 or visit www.crosbieco.com.

Q4 2021 M&A Report



Overview

- Deal activity picked up in Q4 2021 with 943 announced transactions, bringing the full-year total to a record 3,857 announced transactions, or roughly 23% higher than 2020
- Aggregate deal value remained strong at \$87B in Q4 2021 contributing to an annual deal value high of \$360B, which is \$28B higher than the previous record set in 2016
- Cross-border M&A activity continued at a strong pace in the fourth quarter with 486 announced transactions representing \$60B in value (69% of the aggregate deal value). There were 300 transactions (62% of cross-border deals) involving a Canadian buyer and a foreign target



Mega-Deals

- There were 14 mega-deals (deals surpassing \$1B in value) announced in Q4 2021 representing \$56B in deal value, bringing the full-year total to 46 mega-deals and \$253B in deal value
- The largest deal this quarter involved a consortium of buyers, including **Canada Pension Plan Investment Board**, engaging in a \$26B take-private transaction of **McAfee Corp.**
- Five mega-deals involved a Canadian target, collectively representing \$9.8B in deal value

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INDUSTRY GROUPS	2021 Q3		2021 Q4	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Information Technology	141	3,218	140	36,830
Industrials	117	42,463	132	1,826
Real Estate	110	15,826	109	7,627
Metals and Mining	101	1,660	113	2,431
Healthcare	78	1,292	67	2,976
Financial Services	70	1,700	56	165
Precious Metals	63	14,725	29	7,584
Communication Services	58	2,413	55	9,580
Consumer Discretionary	53	895	84	3,817
Energy	48	5,938	55	5,093
Consumer Staples	34	527	44	2,607
Materials	22	896	36	4,195
Other	13	5	3	3
Utilities	9	6,310	20	2,119
TOTAL	917	97,869	943	86,851
Services	121	46,618	147	7,442

Industry Sector Activity

- More than half of the industry sectors we track experienced an increase in announcements relative to Q3 2021. **Consumer Discretionary** (84), **Materials** (36) and **Utilities** (20) led the pack in terms of growth with increases in excess of 55%
- **Healthcare** (67), **Financial Services** (56) and **Precious Metals** (29) posted the largest declines in deal volume relative to the prior quarter, each declining more than 14%
- **Information Technology** (140) dominated the mega-deal league table with 5 transactions accounting for \$33.1B value

Size	2021 Q3				2021 Q4			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
<\$100m	306	33	4,339	4	310	33	6,136	7
\$101m-\$250m	47	5	7,536	8	48	5	7,783	9
\$251m-\$500m	16	2	5,793	6	23	2	8,174	9
\$501m-\$1b	10	1	6,168	6	12	1	8,678	10
>\$1b	9	1	74,034	76	14	1	56,080	65
Undisclosed	529	58	0	n/a	536	57	0	n/a
	917		97,869		943		86,851	

Breakdown by Transaction Size

- Mid-market transactions with disclosed values (deal value below \$250M) comprised 88% of quarterly activity, which is slightly below the full-year figure of 91%
- Mega-deal activity accelerated in the fourth quarter to 14 announcements while the average mega-deal size was cut in half (\$4B average mega-deal size)

	2021 Q3		2021 Q4	
	# of Deals	Value \$ Millions	# of Deals	Value \$ Millions
Canadian Targets				
With Canadian Buyers	418	18,181	405	12,578
With Foreign Buyers	161	12,238	172	13,308
Domestic M&A	579	30,418	577	25,886
Foreign Targets (Canadian Buyer)	282	61,172	314	46,656
Canadian Foreign Subsidiaries Sold to Foreign Buyers	56	6,278	52	14,308
Foreign M&A	338	67,451	366	60,965
	917	97,869	943	86,851

Canadian Domiciled versus Foreign M&A Targets

- Acquisitions involving Canadian targets stayed flat quarter-over-quarter at 577 announced transactions, slightly below the full-year average of 622
- Canadian firms made 719 acquisitions in Q4 2021, of which 405 (56%) involved domestic targets (\$31M average deal value) and the remainder targeted foreign firms (\$149M average deal value)

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	2021 Q3		2021 Q4	
	# of Deals	Value \$Millions	# of Deals	Value \$Millions
Outbound M&A (CDN Buyer/ Foreign Target)	282	61,172	314	46,656
Inbound M&A (Foreign Buyer/ CDN Target)	161	12,238	172	13,308
Total Cross Border	443	73,410	486	59,965
<i>Outbound : Inbound Ratio</i>	<i>1.75</i>	<i>5.00</i>	<i>1.83</i>	<i>3.51</i>
<i>Cross Border as % of Total Activity</i>	<i>48%</i>	<i>75%</i>	<i>52%</i>	<i>69%</i>
Canada / US Activity				
US Target	184	51,989	199	36,198
US Buyer	89	10,011	101	4,979
Total Canada/US	273	62,000	300	41,177
<i>Canada/ US as % of Cross Border</i>	<i>62%</i>	<i>84%</i>	<i>62%</i>	<i>69%</i>
	917	97,869	943	86,851

Cross-Border Deals

- Cross-border deals represented 52% of total activity and 69% of total value in Q4 2021
- Outbound cross-border activity increased 11% from the prior quarter while inbound activity increased by 7%
- Canada/U.S. transactions represented 62% of cross-border deals and 69% of cross-border deal value

	2021 Q3				2021 Q4			
	# of Deals	%	Value \$ Millions	%	# of Deals	%	Value \$ Millions	%
Ontario	228	39	22,642	74	220	38	5,323	21
British Columbia	139	24	3,865	13	147	25	11,327	44
Quebec	85	15	1,095	4	87	15	3,855	15
Alberta	69	12	2,331	8	68	12	4,783	18
Saskatchewan	19	3	259	1	19	3	156	1
Newfoundland	16	3	7	0	7	1	2	0
New Brunswick	8	1	54	0	8	1	69	0
Manitoba	7	1	148	0	8	1	59	0
Nova Scotia	4	1	14	0	9	2	313	1
Prince Edward Island	3	1	2	0	0	0	-	0
Northwest Territories	0	0	-	0	3	1	-	0
Nunavut	0	0	-	0	1	0	-	0
Yukon Territory	0	0	-	0	0	0	-	0
Undisclosed Province	1	0	-	0	0	0	-	0
	579		30,418		577		25,889	

Deals by Provincial Domicile

- **Ontario** remained the most active province by deal count (220) but experienced a more than 50% decline in share of deal value.
- The median transaction value across deals with disclosed values was \$11.9M for **Canada** and \$11.5M for **Ontario**
- **British Columbia** (+31%), **Quebec** (+11%) and **Alberta** (+11%) each experienced significant increases in deal value market share
- **Ontario, British Columbia, and Quebec** collectively represented 78% of all deals and 54% of deal value in 2021

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Largest Transactions in Q4 2021

Target Industry	Announced		Target	Role	Transaction Status
	Date	Value			
Information Technology	8-Nov-21	\$25,964	McAfee Corp. Advent International Corporation; GIC Pte. Ltd.; Canada Pension Plan Investment Board; Abu Dhabi Investment Authority; Permira Advisers LLC; Crosspoint Capital Partners, LP McAfee LLC; TPG Global, LLC; TPG VII Manta AIV Co-Invest, L.P.; TPG VII Manta Blocker Co-Invest I, L.P.; TPG VII Manta AIV I, L.P.; TPG VII Manta Holdings II, L.P.; TPG VII Side-by-Side Separate Account I, L.P.	Target Acquiror Vendor	Announced
Communication Services	8-Nov-21	\$9,155	Inmarsat Group Holdings Limited Viasat, Inc. Apax Partners LLP; Warburg Pincus LLC; Canada Pension Plan Investment Board; Ontario Teachers' Pension Plan Board	Target Acquiror Vendor	Announced
Information Technology	21-Dec-21	\$3,705	Link Administration Holdings Limited Dye & Durham Limited	Target Acquiror	Announced
Precious Metals	8-Nov-21	\$3,600	Pretium Resources Inc. Newcrest Mining Limited Blackstone Inc.; Liberty Metals & Mining Holdings, LLC; Blackstone Tactical Opportunities Fund L.P.; Orion Mine Finance	Target Acquiror Vendor	Announced
Health Care	6-Oct-21	\$2,212	Baylis Medical Company Inc. Boston Scientific Corporation	Target Acquiror	Announced
Precious Metals	8-Dec-21	\$1,834	Great Bear Resources Ltd. Kinross Gold Corporation Northfield Capital Corporation	Target Acquiror Vendor	Announced
Materials	30-Nov-21	\$1,684	Mantos Copper (Bermuda) Limited Capstone Mining Corp. Audley Capital Advisors LLP; Orion Resource Partners	Target Acquiror Vendor	Announced
Information Technology	20-Dec-21	\$1,382	intelliHUB Holdings Pty Ltd Brookfield Asset Management Inc. Pacific Equity Partners; Landis+Gyr Pty Ltd	Target Acquiror Vendor	Announced
Consumer Discretionary	15-Nov-21	\$1,252	Firehouse Restaurant Group, Inc. Restaurant Brands International Inc.	Target Acquiror	Closed
Consumer Staples	26-Oct-21	\$1,100	Weston Foods Fresh and Frozen Bakery Businesses of George Weston Limited FGF Brands Inc. George Weston Limited	Target Acquiror Vendor	Closed
Utilities	30-Nov-21	\$1,087	2,520-Megawatt Renewables Portfolio Ontario Teachers' Pension Plan Board NextEra Energy Resources, LLC	Target Acquiror Vendor	Announced
Information Technology	8-Nov-21	\$1,081	Zix Corporation Open Text Corporation True Wind Capital Management, L.P.	Target Acquiror Vendor	Closed
Information Technology	1-Nov-21	\$1,013	ecobee, Inc. Generac Power Systems, Inc. Tech Capital Partners Inc.; BDC Capital Inc.; Thomvest Ventures, Inc.; Just Energy Group Inc.; Amazon.com Inc., Investment Arm; The Ontario Capital Growth Corporation; Northleaf Capital Partners Ltd.; Relay Ventures; Energy Impact Partners LLC; Eergy Ventures	Target Acquiror Vendor	Closed
Consumer Discretionary	11-Oct-21	\$1,009	Dorel Sports USA LLC Pon Holdings B.V. Dorel Industries Inc.	Target Acquiror Vendor	Closed
Metals and Mining	9-Oct-21	\$960	Neo Lithium Corp. Zijin Mining Group Company Limited	Target Acquiror	Announced
Energy	9-Nov-21	\$900	Storm Resources Ltd. Canadian Natural Resources Limited	Target Acquiror	Closed