

# BUILDING VALUE FIRST SELL SECOND

Ted Koffman  
Partner  
McCarthy Tétrault LLP



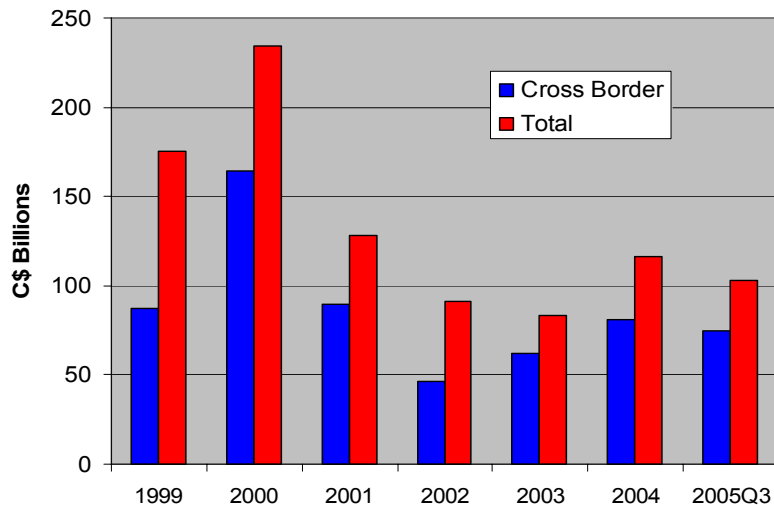
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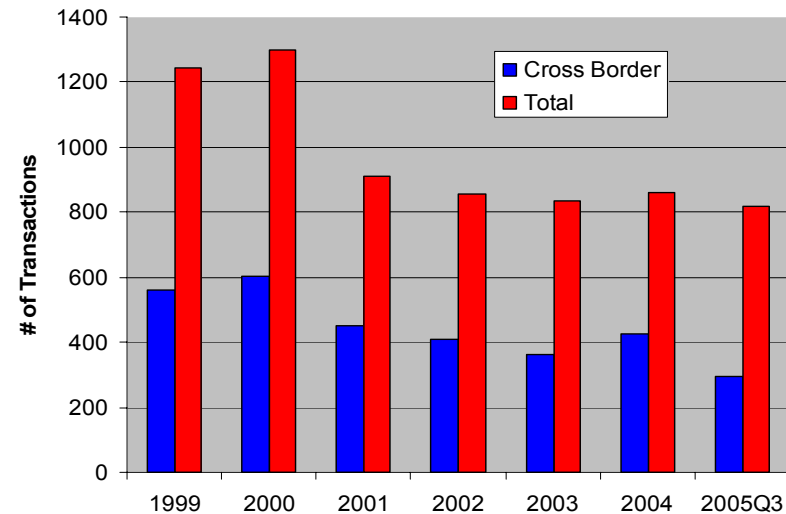
# M&A Activity in Canada

## M&A Transactions by Value



Source: Crosbie & Co.

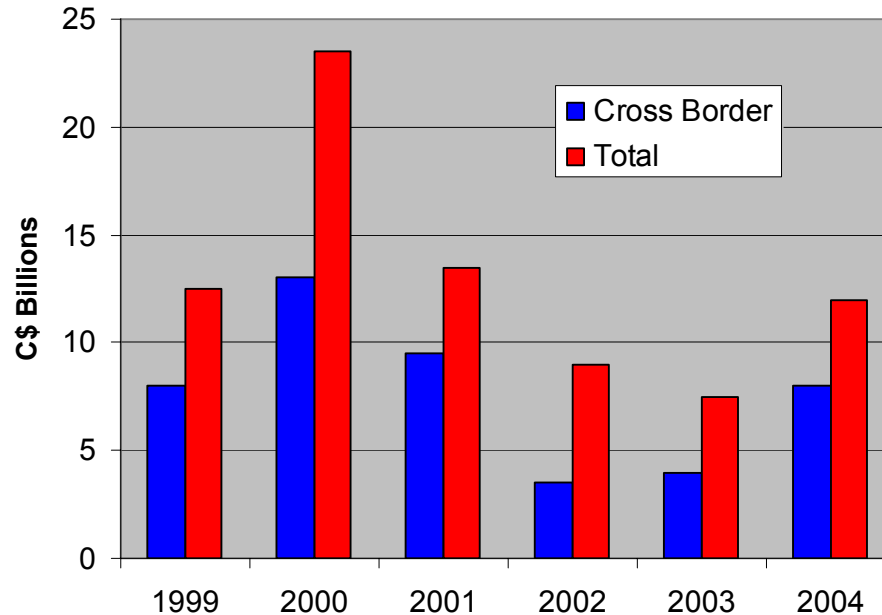
## M&A Transactions by Number of Transactions



Source: Crosbie & Co.

- M&A activity is starting to turn from post-2000 lows
- Cross-border M&A is large part of total M&A activity

# M&A Activity in British Columbia



Source: Investment Dealers Association of Canada

- Cross-border M&A accounts for two-thirds of total M&A activity by transaction value
- BC consistent with overall Canadian trend

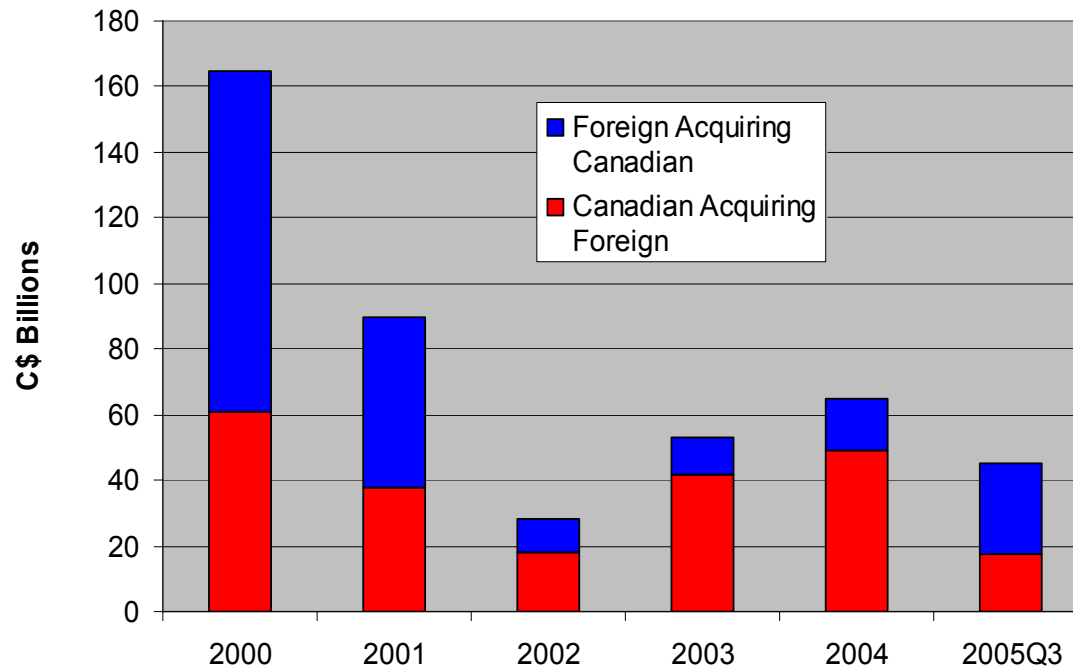
# Key Drivers of M&A Activity

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- Perceived growth opportunities abroad
- High energy and metals prices
- Low interest rates and continued liquidity
- Investor demand for higher yields
- Active financial groups, including private equity and pension funds
- Strong Canadian dollar
- Emerging market countries starting to expand globally

# Cross-Border Transactions

## Canadian vs. Foreign Cross-Border M&A Transactions



Source: Crosbie & Co.

- **Currency appreciation is driving Canadian acquisitions of foreigners**

# Summary of Current Trends

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- **Cross-border M&A driving overall M&A activity**
  - 62% of total transaction value in first-half of 2005
  - 35% of announced transactions
- **Canadian companies are predominantly buyers**
  - Number of acquisitions of foreign companies exceeds acquisitions by foreigners of domestic companies by 3 to 1
  - Value of outbound/inbound deals has recently equalized
  - U.S. remains largest target market
- **Strength in mid-market (\$1M-\$100M)**
  - 63% of announced transactions
  - 50% of total transaction value
- **Overall M&A activity expected to remain strong in 2006**

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Ted Koffman  
McCarthy Tétrault LLP  
Barristers and Solicitors  
#1300 - 777 Dunsmuir Street  
Vancouver, British Columbia, V7Y 1K3  
Direct Line: (604) 643-7907  
Direct Fax: (604) 622-5707  
E-mail: [tkoffman@mccarthy.ca](mailto:tkoffman@mccarthy.ca)