

STRATEGIC DEALMAKING DESPITE ECONOMIC HEADWINDS

PRIVATE M&A ACTIVITY REMAINS STRONG AS BUYERS MORE COMFORTABLE PURSUING STRATEGIC OPTIONS IN CURRENT CONTEXT



THOUGH 2023 saw lower deal flow globally compared to previous years, there were still pockets of heightened activity in Canada, notably in the private mid-market space. And as post-pandemic uncertainty increasingly becomes the new normal, Norton Rose Fulbright Canada LLP's Peter Riddell remains "very optimistic for 2024 and beyond."

"There was a lot of chatter at the beginning of last year around economic headwinds and uncertainty resulting in decreased M&A activity, and our economic reality – in particular, interest rates – did result in buyers taking a more deliberate and conservative approach to deal-making in 2023, including by pursuing detailed and in-depth diligence exercises to ensure precious capital was being deployed effectively," says Riddell, partner and Montreal local co-chair of the firm's business law group. "That said, there was still a very strong appetite for quality and strategic assets across a broad range of industry sectors. Our experience suggests certain buyers are getting more and more comfortable pursuing strategic deals in uncertain economic times as we saw in 2023."

Despite less-than-optimal deal conditions,

"OUR EXPERIENCE SUGGESTS CERTAIN BUYERS ARE GETTING MORE AND MORE COMFORTABLE PURSUING STRATEGIC DEALS IN UNCERTAIN ECONOMIC TIMES AS WE SAW IN 2023"

Peter Riddell

NORTON ROSE FULBRIGHT CANADA LLP

Norton Rose Fulbright Canada's private M&A practice had a very busy year in 2023, Riddell notes. Two areas where the firm continues to witness heightened activity are PE and carve-out transactions.


With regards to the former, "We continue to see a lot of PE money in the system being deployed to quality assets and in opportunistic circumstances," says Riddell, adding that "dry powder" is a real thing. He also notes that the firm continues to be engaged in complex carve-out transactions where large companies and institutions are disposing of non-core assets, refocusing on their core businesses.

"We saw a lot of post-pandemic activity

in these spaces and that continued in 2023," Riddell says, whose clients range across industries such as aerospace, technology, marketing/advertising, and pharma.

Norton Rose Fulbright Canada also saw some successful family business exits in auction processes at attractive multiples with strong participation by strategic and financial buyers; sellers were able to sell on favourable terms, suggesting that the market remained robust for quality assets despite challenging economic circumstances.

Looking ahead to the balance of 2024, Riddell predicts an increasingly robust business law landscape. He remains optimistic that as markets even out – and in some cases begin to trend up – and buyers continue to adjust to the lay of the land, M&A activity will match that pace.

"As the economic reality stabilizes, I expect that we will get back to 2021–2022 levels of activity quickly." 

Peter Riddell's practice is focused on mergers and acquisitions, joint venture and other complex commercial arrangements, carve-out transactions, and corporate and commercial law. He regularly represents clients in various industries, and his practice ranges from supporting large, multinational corporations in the context of cross-border M&A to smaller emerging scale-ups in early- and later-stage financings.

Peter Riddell
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