

# Canada-Arizona Business Council

Hosted by:  
Arizona State University  
Sandra Day O'Connor College of Law  
Great Hall  
Tempe, Arizona  
December 6, 2013

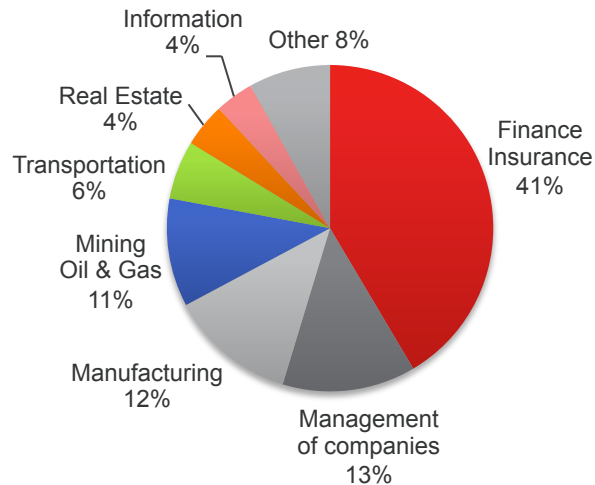
Presentation by: Thomas A. McKee  
Partner, Blake, Cassels & Graydon LLP  
Toronto, Ontario, Canada

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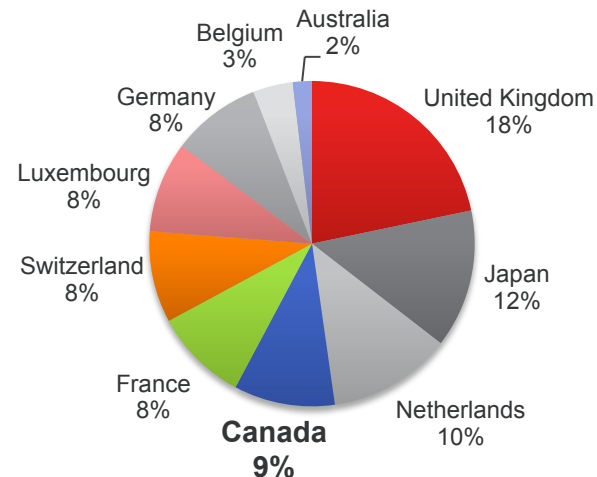
# Canadian Investment in the U.S.

- Canada's 2012 direct investment in the United States is \$289 billion, representing 41% of Canada's total investment abroad (\$711 billion)
- Average investment over the past five years: \$272 billion
- Average 4.5% annual increase in investment since 2010

**Top U.S. Industries for Canadian Investment (2012)**



**Top Countries Investing in the U.S. (2012)**

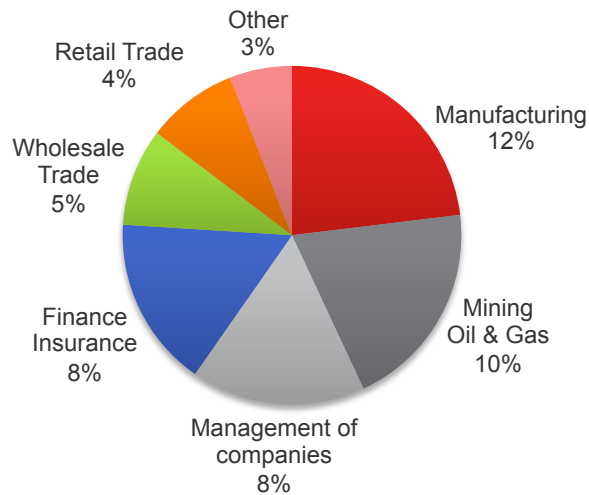


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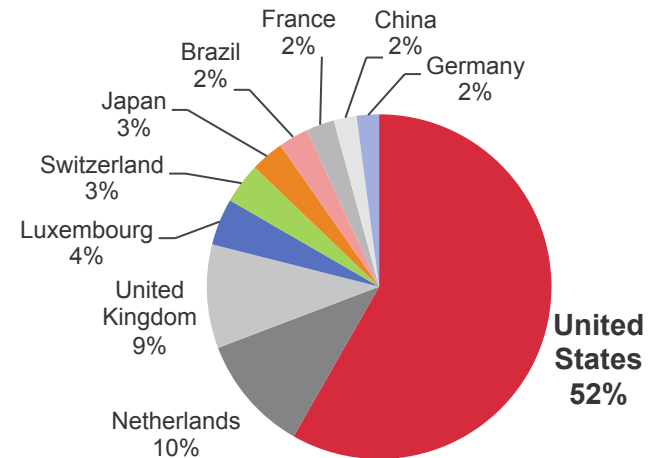
# U.S. Investment in Canada

- U.S. 2012 direct investment in Canada is \$326 billion, representing 52% of Canada's total inbound investment (\$633 billion)
- Average investment over the past five years: \$309 billion
- Average 5% annual increase in investment since 2010

**Top Canadian Industries for U.S. Investment (2012)**



**Top Countries Investing in Canada (2012)**

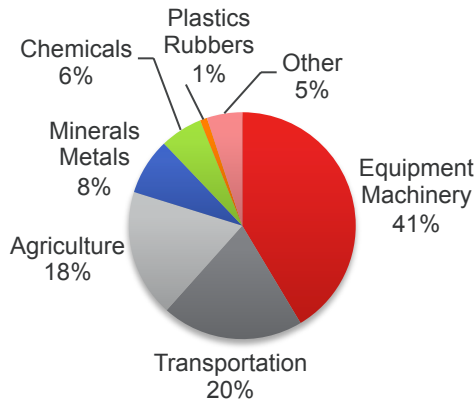


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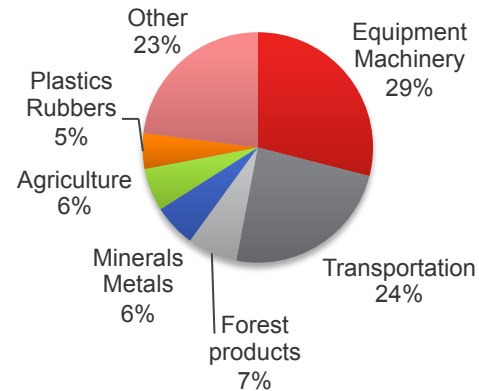
# Trade Between Canada and Arizona

- Arizona exports \$2.1 billion to Canada (1.2% of U.S. total exports)
- Arizona imports \$1.5 billion from Canada (0.8% of U.S. total imports)
- Total bilateral trade is \$3.6 billion (2012)

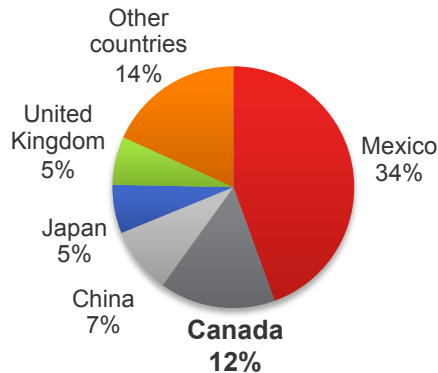
**Arizona Exports to Canada (2012)**



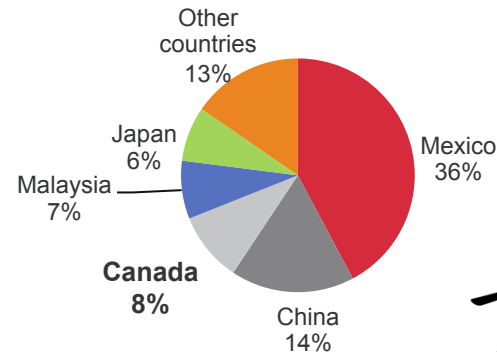
**Arizona Imports from Canada (2012)**



**Top Countries Importing from Arizona (2012)**



**Top Countries Exporting to Arizona (2012)**



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# Canadian Outbound M&A to the U.S.

- Largest M&A deals in the past two years:
  - July 2012: \$6.5 billion, CPP led consortium acquired Cequel Communications
  - September 2013: \$6 billion, CPP led consortium acquired Neiman Marcus
  - August 2011: \$5.7 billion, CPP led consortium acquired Kinectic Concepts
- Top target industries: Retail; Communications; Commercial Real Estate; Healthcare Equipment; Financials/Banks/Insurance
- Total of 1137 deals valued at \$89.83 billion between 2011 and 2013 YTD
- Average of 385 deals per year, over past three years
- Average premium is 32.48%
- Notable Canadian acquirers:
  - CPP (12 deals, \$20.9 billion)
  - Ares Management (4 deals, \$7.1 billion)
  - BC Partners (1 deal, \$6.6 billion)
- Canadian public pension funds are most active acquirers (e.g. AIMCO; BCIMC; CDP/ Ivanhoe Cambridge; CPPIB; HOOPP; OMERS/Borealis; OPB; OTPP; PSPIB)

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# U.S. Outbound M&A to Canada

- Largest M&A deals in the past two years:
  - June 2011: \$4.5 billion, EMC led consortium acquired Nortel's patent portfolio
  - January 2011: \$4.4 billion, Cliffs Natural Resources acquired Cliffs Quebec Iron Mining Ltd
  - October 2012: \$2.89 billion, Exxon Mobil acquired Celtic Exploration
- Top target industries: Oil & Gas; Metals & Mining; Medical Devices and Drugs; Telecommunications Equipment
- Total of 952 deals valued over \$60.59 billion between 2011 and 2013 YTD
- Average of 337 deals per year, over past three years
- Average premium is 38.98%
- Notable U.S. acquirers:
  - EMC Corp (3 deals, \$4.5 billion)
  - Exxon Mobil (2 deals, \$3.7 billion)
  - Berkshire Partners (2 deals, \$2.1 billion)

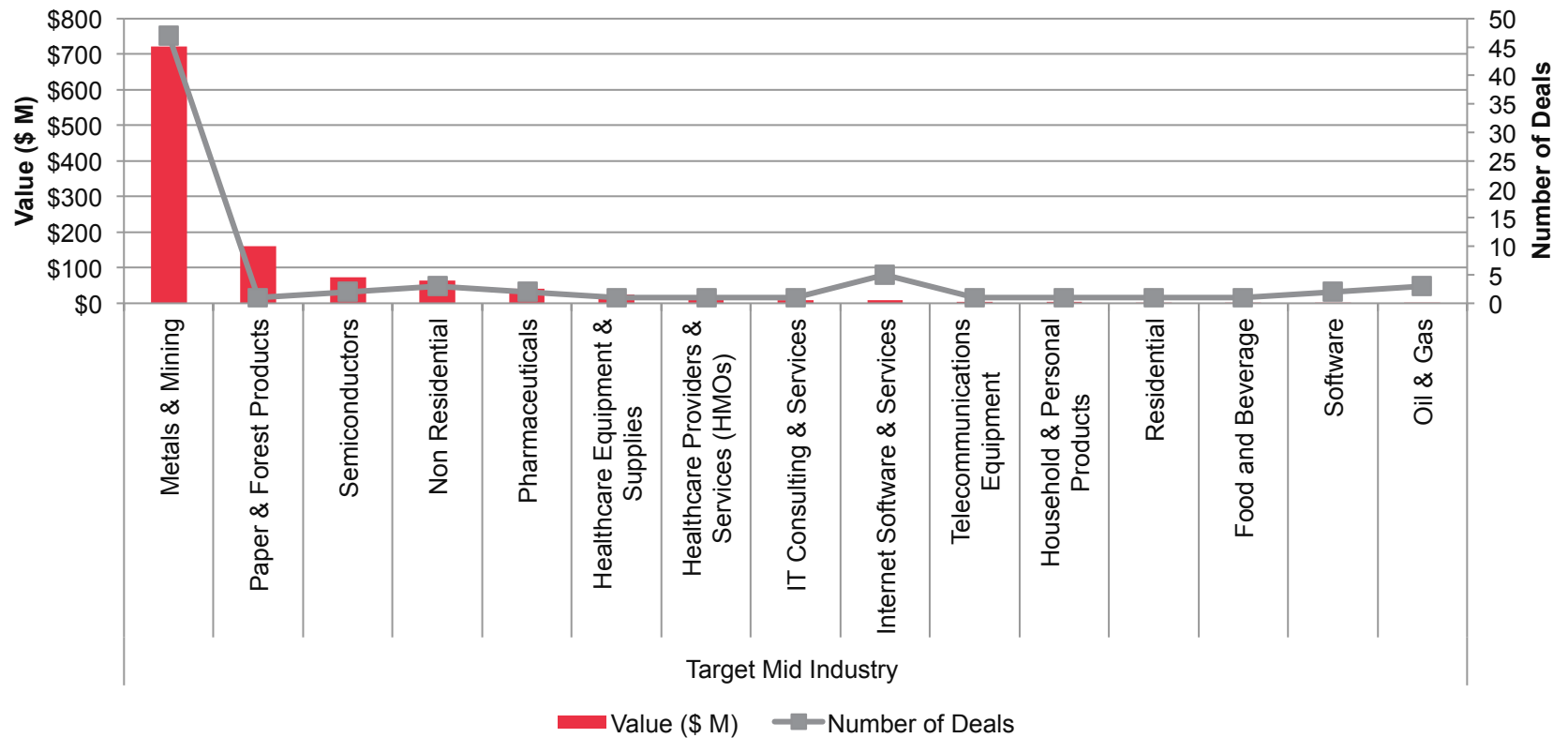
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# Canadian Companies Investing in Arizona

- Largest M&A deals in the past two years:
  - April 2013: \$650 million, Capstone Mining acquired a copper mining property from BHP Billiton
  - February 2008: \$161 million, Catalyst Paper acquired a recycled newsprint mill
- Top target industries: Metals & Mining; Oil & Gas; Technology
- Total of 80 deals valued over \$1.13 billion between 2008 and 2013 YT
- Average of 14 deals per year, over past three years
- PE deal trends:
  - Very infrequent deal activity
  - Less than two deals per year
- Notable Canadian companies with operations in Arizona:
  - Circle K / Alimentation Couche-Tard
  - Cascades
  - TransCanada
  - Industrial Alliance Insurance
  - CGI

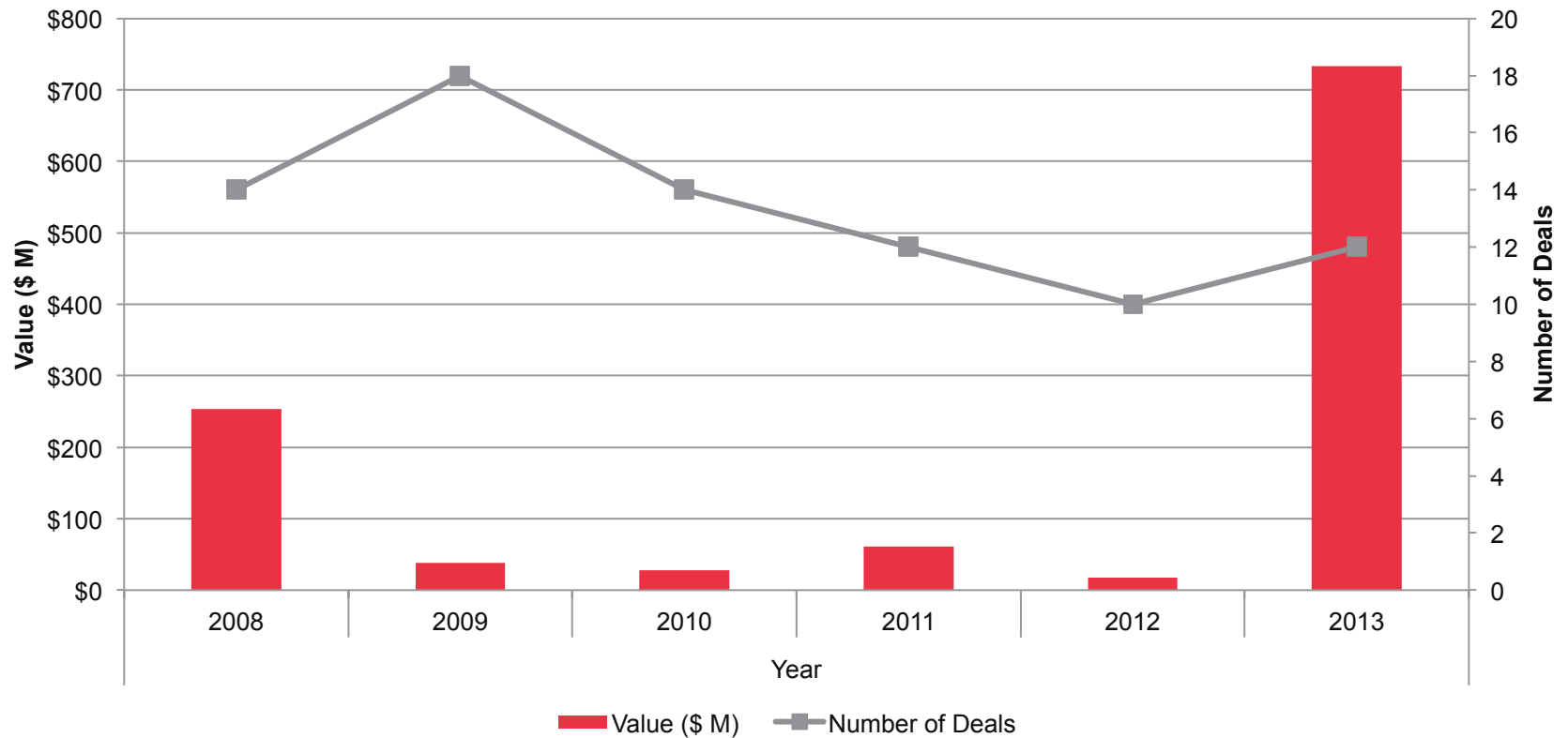
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# Canadian Outbound M&A to Arizona by Industry (2008-2013 YTD)





# Canadian Outbound M&A to Arizona by Year (2008-2013 YTD)



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# Top Canadian Outbound M&A to Arizona (2008-2013 YTD)

Date Announced	Status	Value of Transaction (USD million)	Target	Target Macro Industry	Target Legal Advisor	Acquiror	Acquiror Legal Advisor
04/29/2013	Completed	650.00	BHP-Pinto, Select Operations in Arizona	Materials	-	Capstone Mining	Blake Cassels
02/11/2008	Completed	161.00	AbitibiBowater - Recycled	Materials	-	Catalyst Paper	Fried Frank Davies Ward Blake Cassels
10/03/2008	Completed	54.42	Solterra Renewable Tech	High Technology	-	Hague Corp	-
02/13/2013	Pending	32.00	Metro Towne Center	Real Estate	-	Investor Group	-
06/23/2011	Completed	27.10	Union Hills Office Plaza	Real Estate	-	Artis REIT	-
10/30/2013	Pending	25.20	GMEA	Healthcare	-	Eternity Healthcare	-

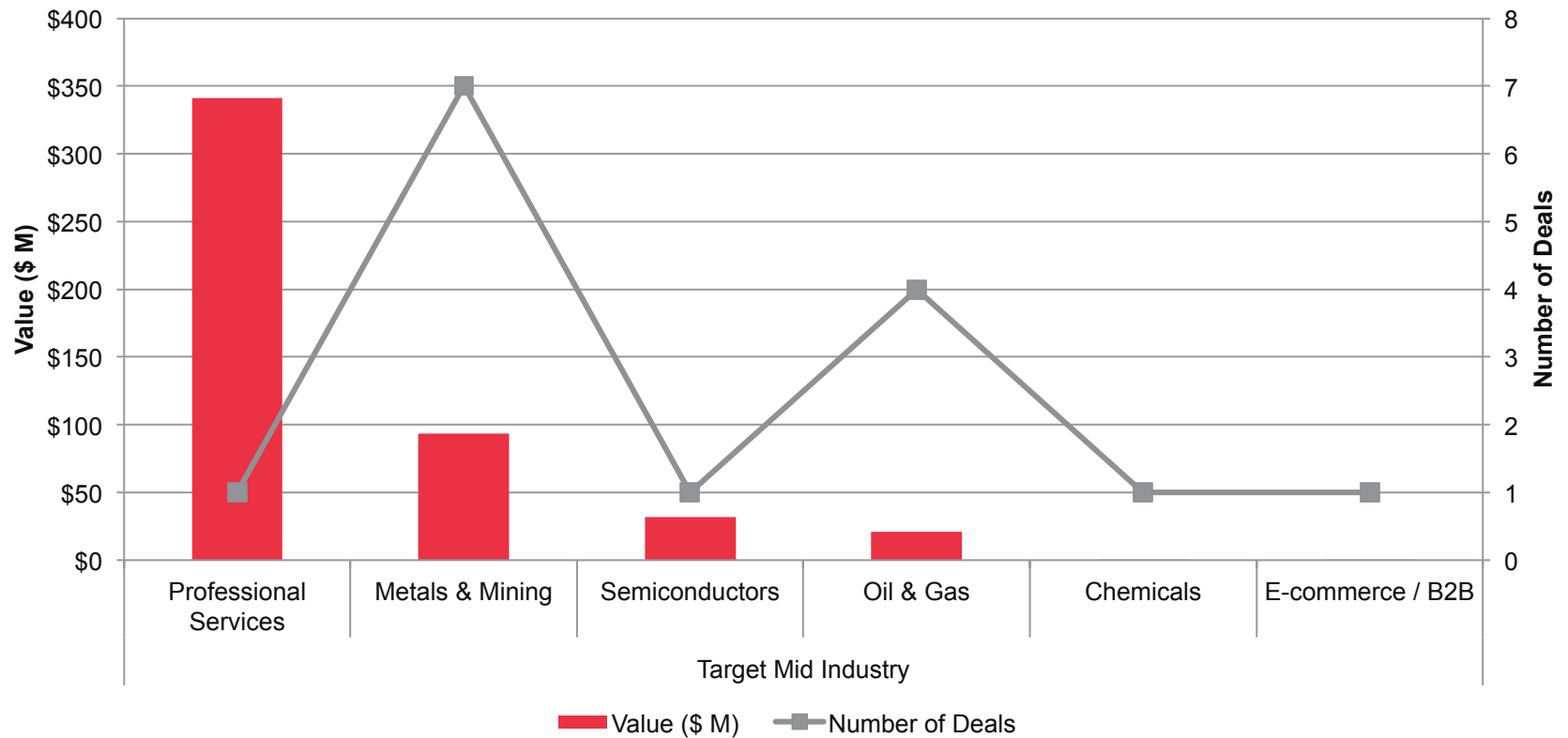


# Arizona Companies Investing in Canada

- Largest M&A deals in the past two years:
  - June 2012: \$83 million, Najafi Cos, a unit of Pivotal Group (PE firm), acquired Cinram
  - October 2012: \$67 million, Cupric Canyon Capital, PE unit of Barclays Capital, acquired Hana Mining
- Top target industries: Metals & Mining; Oil & Gas
- Total of 23 deals valued over \$487 million between 2008 and 2013 YTD
- PE deal trends:
  - Insignificant
  - Only three deals valued at \$47 million between 2008 and 2013 YTD
- Notable Arizona companies with operations in Canada
  - PetSmart
  - US Airways Group
  - ON Semiconductor
  - Swift Transportation
  - U-Haul
  - Best Western

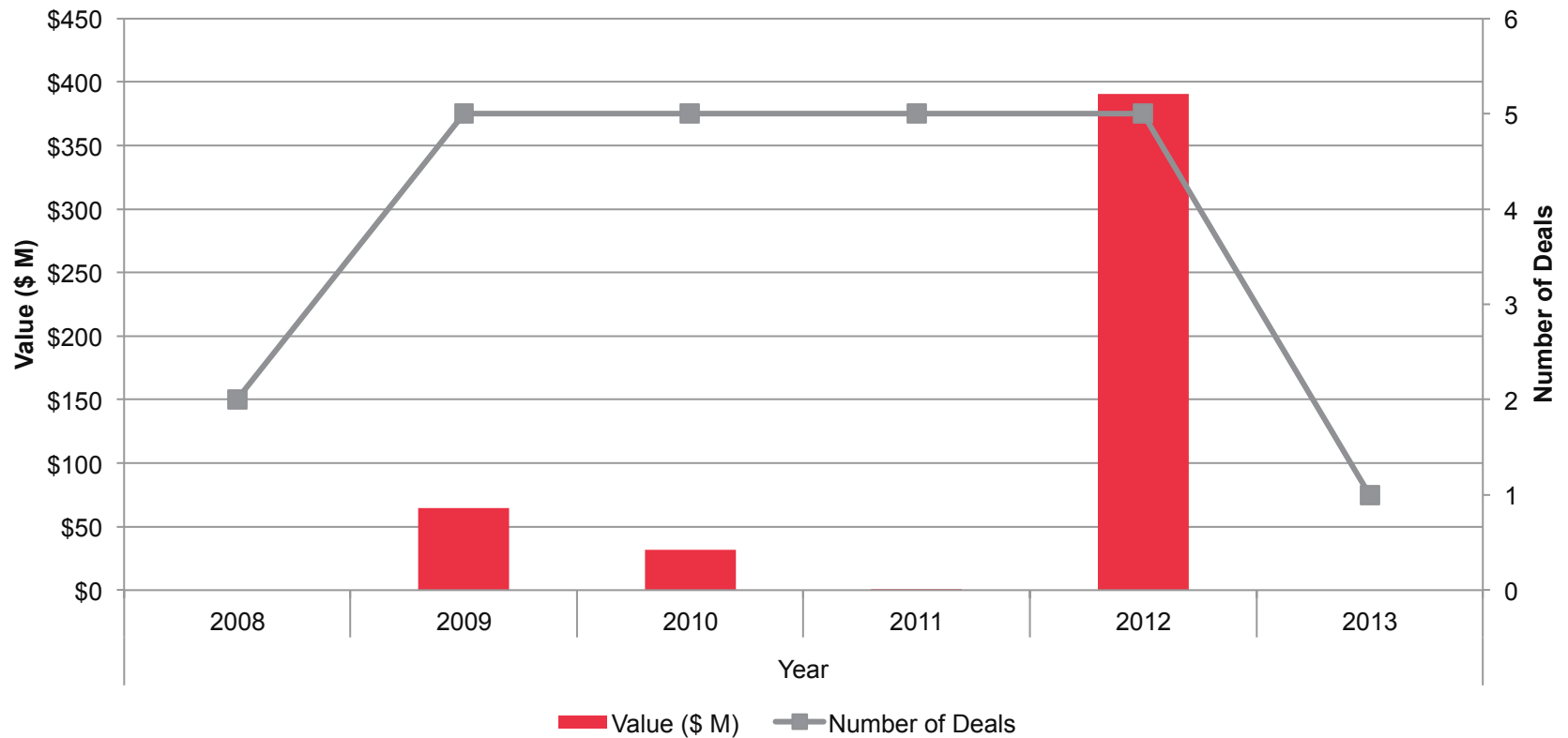
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# Arizona Outbound M&A to Canada by Industry (2008-2013 YTD)



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# Arizona Outbound M&A to Canada by Year (2008-2013 YTD)



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# Top Arizona Outbound M&A to Canada (2008-2013 YTD)

Date Announced	Status	Value of Transaction (USD million)	Target	Target Macro Industry	Target Legal Advisor	Acquiror	Acquiror Legal Advisor
06/25/2012	Completed	83.24	Cinram Int Income Fund	Consumer Products and Services	Blake Cassels	Najafi Cos	Shearman & Sterling Debevoise & Plimpton
10/24/2012	Completed	67.06	Hana Mining	Materials	Blake Cassels	Cupric Canyon Capital	Fasken Martineau
10/29/2009	Completed	56.58	Metallic Ventures Gold	Materials		International Minerals	
06/09/2010	Completed	32.00	Sound Design Technologies	High Technology	Stikeman Elliott Bingham	ON Semiconductor	
09/14/2009	Completed	20.68	Texalta Petroleum - Wells	Energy and Power		Rogers Oil & Gas	

