

# Canadian M&A market

## Q2 2025 quarterly report

April 1 to June 30, 2025

---

Prepared by The Shaughnessy Group | July 2025

For distribution to Canadian business owners

Version 1.0

*Disclaimer: This report is prepared for general information purposes. It does not constitute financial, legal or tax advice. All data is sourced from publicly available third-party sources as cited. Consult qualified advisors before making business or financial decisions.*

# Report contents

- 01 Quarter at a glance
- 02 Deal activity overview
- 03 Sector-by-sector analysis
- 04 Valuation and market conditions
- 05 Private equity and PE buyout activity

- 06 Regulatory and policy environment
- 07 Business succession and owner readiness
- 08 Macroeconomic context
- 09 Notable transactions
- 10 Outlook for Q3 2025

# 01

## Quarter at a glance

## Q2 2025: key numbers at a glance

**234**

Q2 middle-market transactions  
(MNP Corporate Finance, -6%  
QOQ)

**CA\$113.7  
B**

H1 2025 deal value  
(+70% YOY, ABA Business Law  
Today)

**21**

Billion-dollar deals in Q2  
(vs. 13 in Q2 2024, Bennett  
Jones)

**-6.0%**

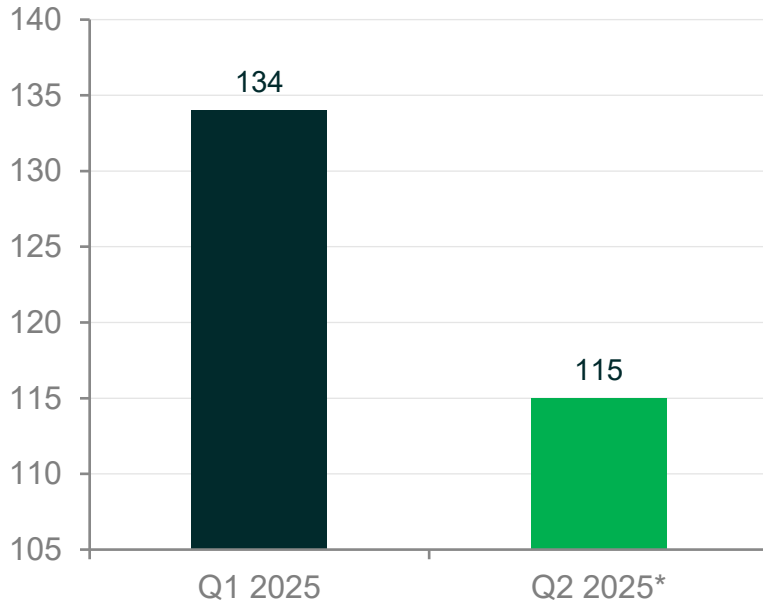
Q2 mid-market count vs. Q1  
(249 to 234, MNP Corporate  
Finance)

*Q2 2025 was defined by a sharp paradox: deal count fell as tariff uncertainty froze smaller buyers on the sidelines, yet deal value surged as large strategic transactions powered ahead. Fewer deals, larger average sizes, and a decisive tariff-driven GDP contraction shaped the quarter.*

# 02

## Deal activity overview

## Deal volume and value: Q2 2025 in context



### Fewer deals, higher value

Deal count fell from Q1 but total H1 deal value reached CA\$113.7B, a 70% YOY increase, driven by fewer but larger strategic transactions (ABA Business Law Today).

### Cross-border mixed

Cross-border accounted for ~50% of H1 activity. US inbound fell to 97 deals worth CA\$24.8B. Outbound activity increased as Canadian buyers sought U.S. and European targets (Dentons).

### PE buyouts surged

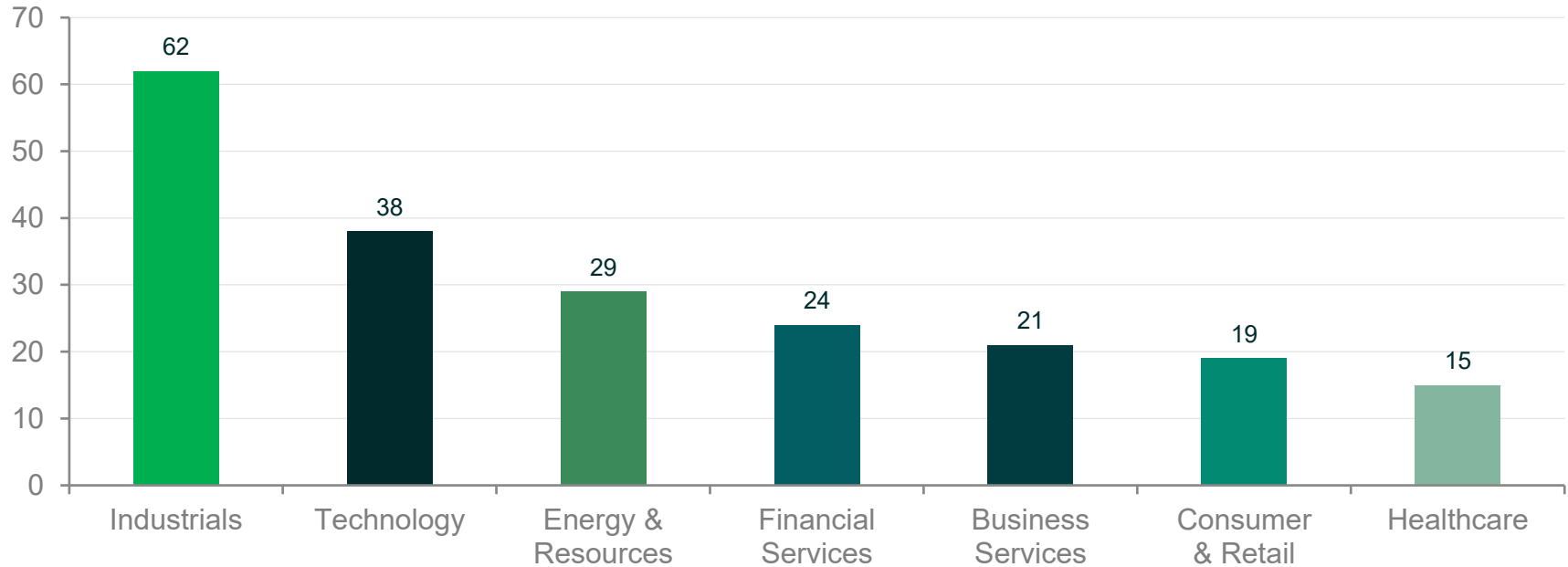
Sponsor-led buyouts totalled CA\$18.1B in H1 2025, up 65% YOY, even as deal count shrank substantially (ABA Business Law Today / Dentons).

\* Jan–May 2025 PwC/CapitalIQ full-market estimate. Q2 figure from ABA Business Law Today H1 analysis. MNP mid-market: 234 Q2 transactions.

# 03

## Sector-by-sector analysis

## Sector activity: Q2 2025 middle-market transactions by sector



Source: MNP Corporate Finance Q2 2025 Middle Market M&A Update (mnp.ca). Industrials led with 62 transactions (26.5% of all Q2 middle-market activity). Technology and energy followed.

## Q2 sector spotlight: industrials, energy and technology

### Industrials (62 deals — 26.5%)

- Led all sectors for second consecutive quarter (MNP Corporate Finance)
- Notable deal: Mullen Group acquires The Cole Group at \$190M enterprise value
- Construction, transportation and maintenance services drove consolidation
- Buyers sought operational scale and geographic reach amid tariff disruption
- Tariff impact limited vs. manufacturing, supporting buyer confidence

### Energy and oil and gas

- Montney formation was the focal point of Q2 oil and gas M&A (Bennett Jones)
- Whitecap Resources merges with Veren Inc. at CA\$15B (closed ~May 2025)
- Keyera signs CA\$5.15B deal to acquire Plains All American NGL business
- Sunoco announces US\$9.1B acquisition of Parkland Corp. (May 2025)
- Oil price volatility (WTI: US\$59.58 in April, rebounding to US\$75 in June) challenged capital programs

### Technology

- Most active by deal count across H1 2025 (ABA Business Law Today)
- Mid-market SaaS and digital infrastructure dominated activity
- U.S. sponsors and corporates active acquirers of Canadian SaaS assets
- Limited IPO window reinforced private transactions as preferred exit path
- AI-adjacent assets continued to attract strategic interest despite valuation scrutiny

Sources: MNP Q2 2025 Middle Market Update; Bennett Jones Q2 2025 M&A Landscape; ABA Business Law Today, Aug. 2025; BNN Bloomberg; Oilprice.com.

# 04

## Valuation and market conditions

# Valuation conditions and deal execution: Q2 2025

## Valuation and deal structuring

- Higher average deal sizes as fewer but larger transactions closed
- Mid-market deal value held steady YOY but deal count declined (Bennett Jones)
- Valuation gaps began narrowing in Q2 as rate expectations stabilized (Dentons)
- Limited auctions, preemptive outreach and insider-led processes were most common
- Prepared sellers with clean financials and structural flexibility were best positioned

## Financing and capital markets

- Bank of Canada held overnight rate at 2.75% in April and June meetings (MNP)
- Equity capital markets quiet — M&A-linked issuances dominated activity (Bennett Jones)
- Debt markets more active: improving credit conditions supported deal financing
- CPKC closed a C\$1.4B debt offering in June (Bennett Jones, counsel)
- Private credit, NAV facilities and multilender syndicates filled bank financing gaps (Dentons)

Sources: *Bennett Jones Q2 2025 M&A Landscape* ([bennettjones.com](https://www.bennettjones.com)); *MNP Q2 2025 Middle Market Update* ([mnp.ca](https://www.mnp.ca)); *Dentons / ABA Business Law Today*, Aug. 2025.

# 05

## Private equity and PE buyout activity

# Private equity activity: H1 2025 trends

**CA\$18.1B**

PE sponsor-led buyouts  
H1 2025 (ABA / Dentons)

**+65%**

PE buyout value YOY  
H1 2025 vs. H1 2024

**39**

Megadeals closed in H1  
(avg. \$3.0B EV, Kroll)

**~50%**

Of H1 activity was  
cross-border (Dentons)

- PE activity mirrored the broader market: higher dollar volumes, fewer transactions — quality over quantity (ABA Business Law Today)
- Largest H1 deal involving a Canadian party: Nord Anglia Education consortium acquisition for \$20.1B (Kroll Canadian M&A Industry Insights, Summer 2025)
- Second-largest: Neoen S.A. acquired by Temasek, Brookfield and Brookfield Renewable for \$14.6B; third-largest: Veren acquired by Whitecap Resources for \$9.2B (Kroll)
- Outbound PE increased as Canadian funds and strategics sought U.S. and European assets to build behind the tariff wall (Dentons)

Sources: ABA Business Law Today / Dentons, Aug. 2025; Kroll Canadian M&A Industry Insights Summer 2025 (kroll.com); MNP Q2 2025 Middle Market Update.

# 06

## Regulatory and policy environment

# Regulatory and policy environment: Q2 2025

## Investment Canada Act

- March 5, 2025 update: government may invoke ICA national security provisions to prevent 'opportunistic or predatory' investment by non-Canadians (Bennett Jones)
- ICA national security guidelines revised to include economic security as a distinct factor
- Enhanced scrutiny of enhanced integration with foreign states or economies
- Potential shift in how U.S. investors in large Canadian companies are reviewed
- Critical minerals, energy and digital infrastructure remain highest-risk categories

## Competition Bureau

- Competition Act 2024 amendments fully in force through Q2 2025
- New structural presumptions: >30% market share triggers anticompetitive presumption
- Three-year post-closing look-back for non-notifiable transactions applies
- Removal of efficiencies defence affecting deal rationale in competition-sensitive deals
- Pre-closing filings rising: 247 notifications in 2024-25 fiscal year (+31% YOY)

## Tax and trade policy

- LCGE: \$1.25M per owner for QSBC shares (2025 — indexation resumes 2026)
- CEI phased in 2025: additional \$2M at 33.33% inclusion rate for eligible founders
- Carbon tax on consumer energy products removed April 2025 — lowered Q2 CPI
- Canada-U.S. tariff countermeasures on steel, aluminum and motor vehicles in force
- CUSMA (Canada-U.S.-Mexico Agreement) renewal negotiations anticipated for fall 2025

Sources: Bennett Jones Q2 2025 M&A Landscape; Blakes Competitive Edge 2025; Norton Rose Fulbright; BDC; WealthCo; MNP Q2 2025 Middle Market Update.

# 07

## **Business succession and owner readiness**

# Succession readiness and the Q2 2025 market

76%

of Canadian small-business owners plan to exit in the next decade

91%

of those planning to exit have NO formal succession plan

\$2T+

in Canadian business assets expected to change hands

~75%

of CFIB members plan retirement as primary reason to exit

## Q2 2025 market signal for owners:

1. Q2 showed that prepared sellers with clean financials transacted successfully, while unprepared sellers faced delays and pricing discounts — Q3 activity is expected to pick up once tariff uncertainty eases.
2. Buyer financing improved in Q2: debt markets were active and private credit filled gaps. Owners who understand buyer financing capacity command stronger pricing.
3. ICA changes mean that foreign buyer involvement now requires early legal review. Sellers in energy, technology and critical minerals should not wait for a buyer offer to assess ICA risk.

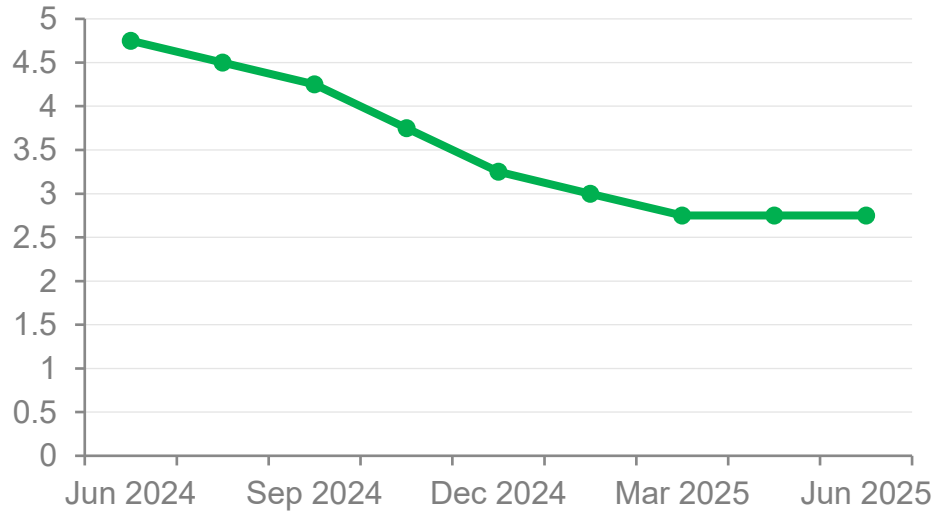
Sources: CFIB via *The Logic* (Feb. 2025); BDC ([bdc.ca](http://bdc.ca)); MNP ExitSMART; Bennett Jones Q2 2025 M&A Landscape; WealthCo succession planning guidance ([wealthco.ca](http://wealthco.ca)).

# 08

## Macroeconomic context

# Macroeconomic snapshot: Q2 2025

Bank of Canada overnight rate (%)



**-1.6%**

**GDP Q2 2025**

Annualized contraction  
(Statistics Canada, Aug. 29, 2025)

**-7.5%**

**Exports Q2 2025**

Largest export decline in 5 years  
(Statistics Canada)

**6.9%**

**Unemployment Q2 2025**

Up from 6.6% in Q1  
(MNP / Statistics Canada)

**1.8%**

**CPI (Q2 2025)**

Carbon tax removal lowered headline inflation (MNP)

Sources: Statistics Canada (statcan.gc.ca), Aug. 29, 2025; Bank of Canada (bankofcanada.ca); MNP Q2 2025 Middle Market Update; CBC News; BNN Bloomberg.

# 09

## Notable transactions of the quarter

## Notable Canadian M&A transactions: Q2 2025

Target	Acquirer	Value	Sector
Nord Anglia Education	Canadian-led consortium	US\$20.1B	Education (private)
Neoen S.A. (France)	Brookfield, Temasek, Brookfield Renewable	\$14.6B	Renewable energy / infra.
Veren Inc.	Whitecap Resources (merger)	CA\$15B (stocks)	Energy / Oil and Gas
Parkland Corp.	Sunoco LP (U.S.)	US\$9.1B (incl. debt)	Fuel / Energy
Plains All American NGL business	Keyera Corp.	CA\$5.15B (cash)	Energy / Midstream
ARC Resources Montney assets	ARC Resources (from Strathcona)	Undisclosed	Energy / Natural Gas
The Cole Group	Mullen Group Ltd.	\$190M (EV)	Industrials / Transport

Sources: Bennett Jones Q2 2025 M&A Landscape; Kroll Canadian M&A Insights Summer 2025; BNN Bloomberg; Oilprice.com; MNP Q2 2025 Middle Market Update. Values in currency reported by source.

# 10

## Outlook for Q3 2025

# Outlook for Q3 2025: cautious optimism with conditions improving

## Bennett Jones LLP (July 2025)

While the number of deals is declining, total deal value is rising. Opportunities remain in select sectors and buyers continue to show confidence in their long-term plans. M&A typically rebounds strongly when conditions improve.

## Dentons / ABA Business Law Today (Aug. 2025)

Canadian M&A enters H2 with strong momentum. Speed and certainty will separate winners. Prepared sellers with clean financials and structural flexibility are best positioned for Q3 activity.

## PwC Canada (mid-year 2025)

Uncertainty has led many purchasers to adopt a cautious stance, delaying investments. However, Canada's relatively low U.S. tariff exposure vs. competitors creates a unique opportunity for some exporters to expand U.S. market share.

## Osler / Lexology (Dec. 2025 retrospective)

For many smaller and mid-market companies, the question in 2026 will be how long they can afford to stay on the sidelines. Once trade clarity improves, pent-up M&A activity is expected to be released — the H2 rebound began in Q3.

Sources: Bennett Jones Q2 2025 M&A Landscape ([bennettjones.com](https://www.bennettjones.com)); Dentons / ABA Business Law Today Aug. 2025; PwC Canada mid-year 2025 update ([pwc.com/ca](https://www.pwc.com/ca)); Osler via Lexology Dec. 2025.

# Questions to bring to your advisors now

01

Q2 2025 showed that prepared sellers with clean financials, resolved tariff exposure and documented management depth transacted successfully while others waited. Is my business ready to be taken to market within 90 days if the right buyer appeared?

02

The ICA's March 2025 changes mean that 'opportunistic or predatory' foreign investment can now be blocked on economic security grounds. If a U.S. or other foreign buyer approached me, do I understand the ICA review risk and timeline for my sector?

03

Debt markets were more active than equity markets in Q2 2025 and private credit is filling bank financing gaps. Have I explored how expanded buyer financing options affect the price any buyer can actually afford to pay for my business?

# The Shaughnessy Group

Boutique sell-side M&A advisory  
For Canadian businesses with \$5M to \$50M in annual revenue

---

[shaughnessy.group](https://shaughnessy.group)

*Selling Your Canadian Business*  
*A Step-by-Step Guide to Maximizing Value and Securing Your Legacy*  
Karl E. Sigerist, Jr., ICD.D | [sellingyourcanadianbusiness.ca](https://sellingyourcanadianbusiness.ca)

Version 1.0 | Q2 2025 | July 2025  
This report is for general information purposes only. Not financial, legal or tax advice.