

Losing (Ownership) Control*

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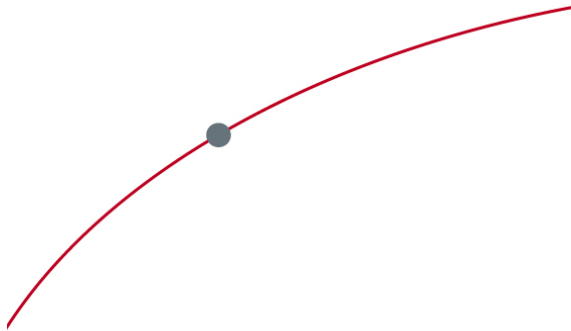
* Adapted from Harvard Business Review article 2009

Undertook research to answer three questions:

1. Is Canada competitive in M&A internationally?
2. What is the impact of increased international M&A activity?
3. What should be done about it, if anything:
 - Are corporations playing on a level field?
 - Should Canadian companies be more ambitious?

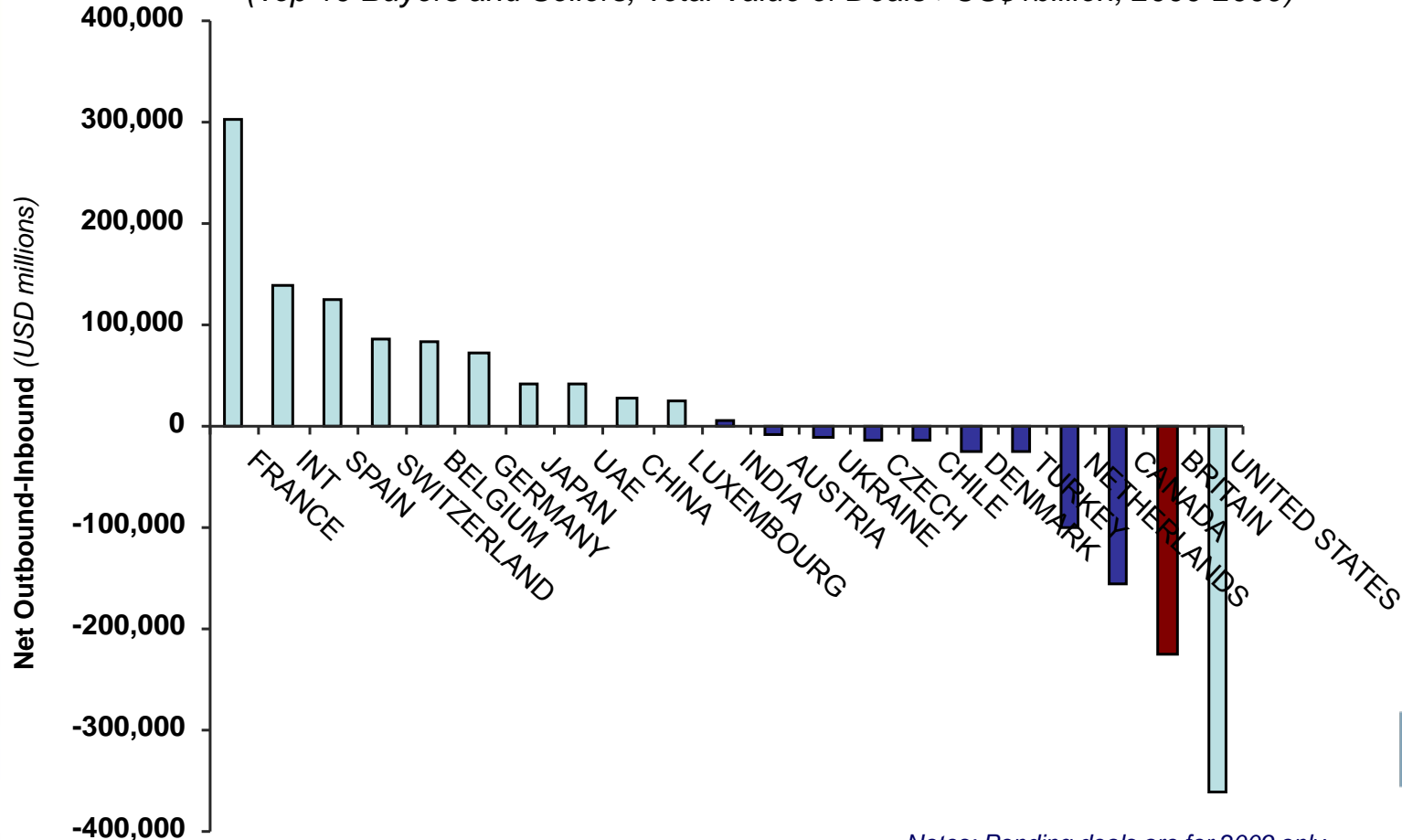


Losing Control



Change of Ownership Control

(Top 10 Buyers and Sellers, Total Value of Deals >US\$1billion, 2000-2009)



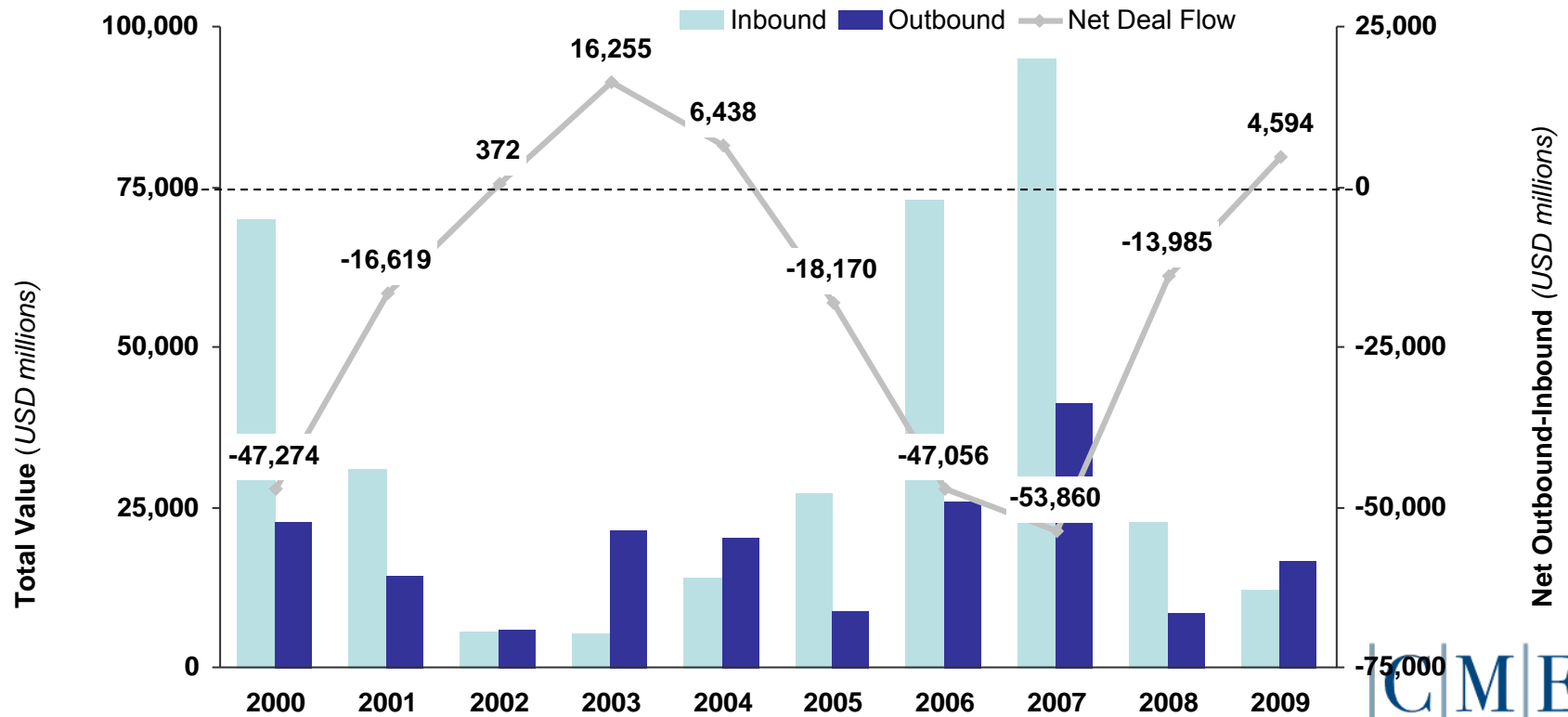
Source: Bloomberg, SECOR analysis

Notes: Pending deals are for 2009 only,
INT includes deals with multiple acquirers

Canada Deal Flow

CDN Cross-Border Deal Flow

(Total Value of Deals >US\$100million, 2000-2009)

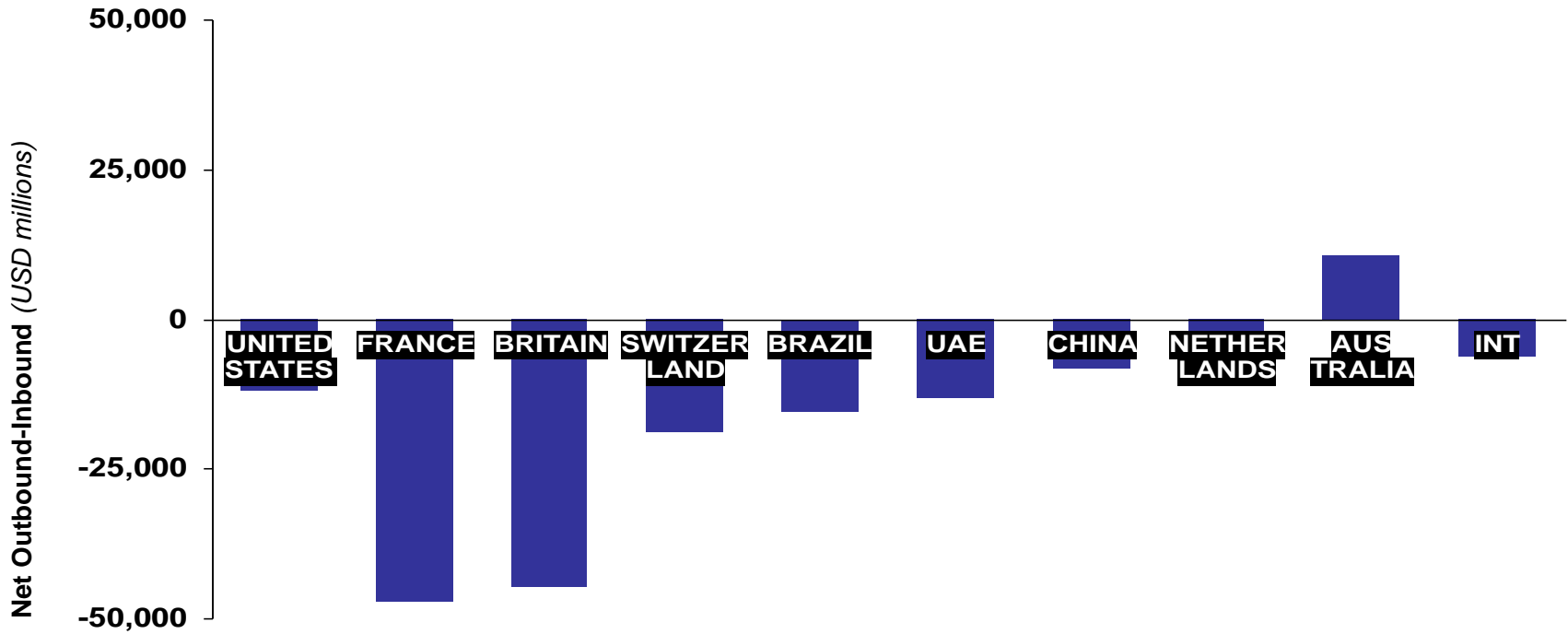


Source: Bloomberg, SECOR analysis

Canada Cross-Border Activity

CDN Cross Border Acquisitions by Country

(Top 10 partners by cumulative value of inbound deals, Net Value of Deals >US\$100million, 2000-2009)



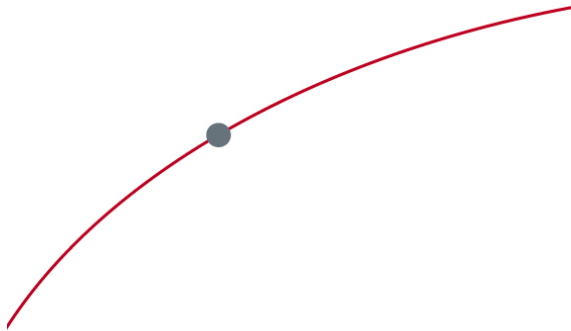
Outbound	121,353.63	7,550.63	8,477.93	2,500.00	2,313.79	-	-	405.33	17,072.85	6,451.63	6,059.50
Inbound	133,120.57	54,642.51	53,127.04	21,245.27	17,617.72	12,989.17	8,167.33	6,813.29	6,451.63	6,059.50	

Source: Bloomberg, SECOR analysis

INT includes deals with multiple acquirers



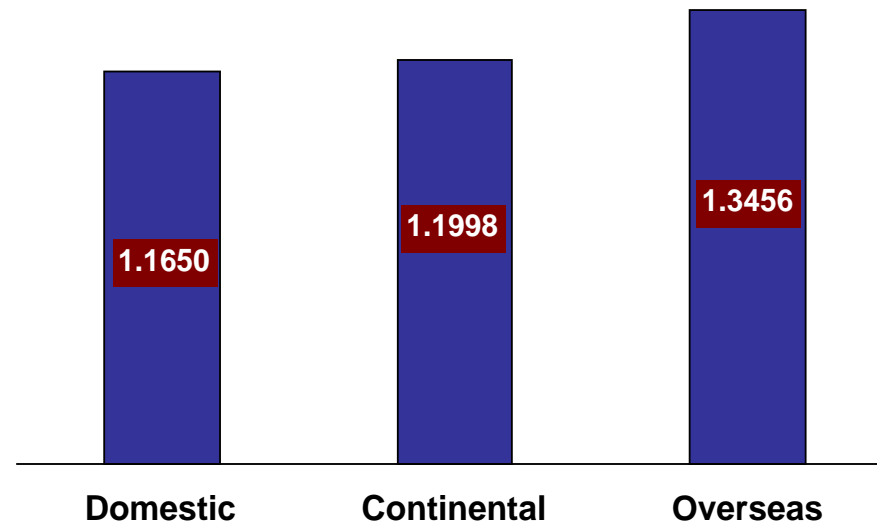
Missed Opportunity or Risky Business?



Int'l Buyers are Creating Value

Average Return

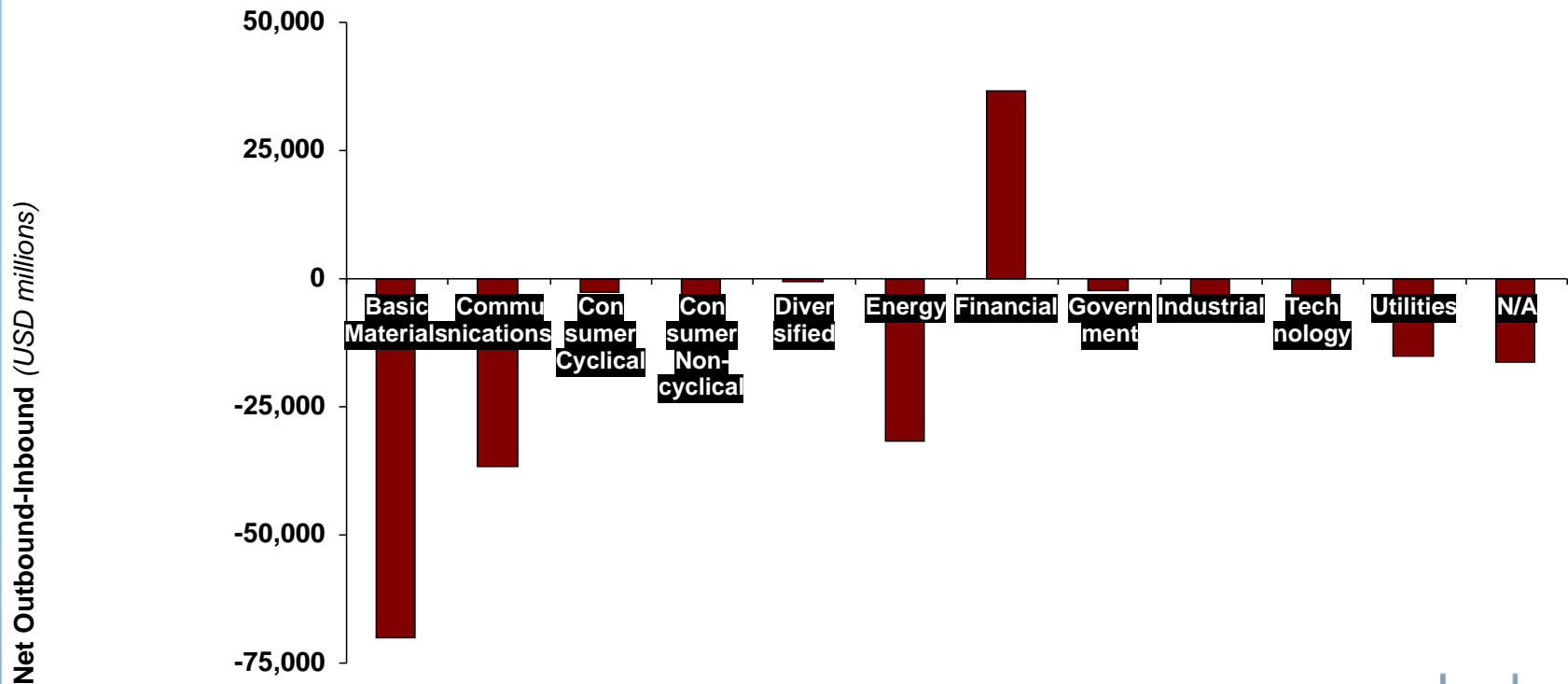
(EU 3 YR Relative to Industry Indices, Total Value of Deals >US\$1billion, 2000-2009)



Deal Flow by Sector – Canada

CDN Acquisitions by Industry Sector

(Total Value of Deals >US\$100million, 2000-2009)



1 At a company level

- Loss of headquarter jobs
- Professional services

2 At an industry level

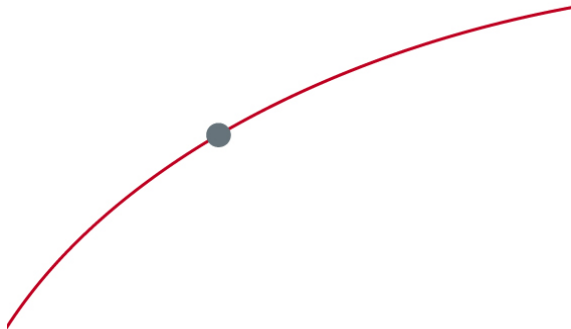
- Loss of consolidators
- Weakening of industry clusters

3 At a community/country level

- Loss of community leaders & donations
- Reduced attractiveness as a financial centre



What's to be done?



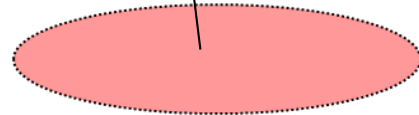
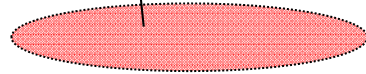
Should Canada Lead or Align as Markets Open?

CHANGING LIVES
IMPROVING LIFE

Class 1
• Dual class
• Protected industries

Class 2
• All other Canadian
firms

Canadian firms:



US/EU firms:



ROW firms:



VULNERABILITY



Fully sheltered

Fully exposed

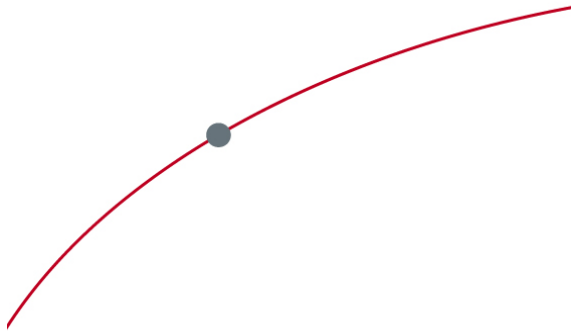
For discussion:

Canadian companies are not competitive in International M&A

- Why?
 - Regulators?
 - Business leaders?
 - Boards?
- What should be done?



Appendix



Books* and Articles

- ← “Losing (Corporate) Control“, Smith, Harvard Business Review
- ← “Real Options in Capital Investment”, Smith & Triantis*
- ← “The Art of M&A Integration,”
Alexandra Lajoux*
- ← “Mergers & Acquisitions of Privately Held Businesses,”
3rd Edition,
Wayne P. Albo & A. Randal Henderson*
- ← “Managing the Integration of Corporate Cultures in
Restructuring Industries,”
Federated Press, Smith
- ← “Beware of Drowning in ‘Pools of Interest’,”
American Banker, Smith
- ← “Why Marketplace Is So Partial to Banks,”
American Banker, Smith & Hogan
- ← “Takeovers Needn’t Be Nasty,” G&M, Smith

¹⁵Contributed chapters

Business Press

- ← Business Week
- ← Wall Street Journal
- ← Economist
- ← Financial Times of London
- ← Globe & Mail
- ← Financial Post
- ← American Banker
- ← R.O.B. Magazine
- ← Oil Week
- ← CFO Magazine
- ← Banking Strategies