



## 3 More Canadian Companies That Could Be Acquired

### Description

Yesterday, both **Bell Aliant** and **Talisman Energy** were in the news, for similar reasons.

**BCE** announced that it was [going to acquire](#) the 56% of Bell Aliant it didn't already own, for a cost of nearly \$4 billion. General market sentiment says that deal will be successful, much to the chagrin of investors who liked the smaller Bell's generous dividend yield of nearly 7%.

While there's no concrete offer on the table for Talisman Energy, rumors swirled that French energy giant **Repsol** was considering a bid for the company. Although nothing is official yet, investors took the opportunity to bid up Talisman's shares more than 13% in anticipation of something happening soon.

To toot my own horn a little, back in May I wrote an article that [identified two companies as takeover targets](#). Those companies? Bell Aliant and Talisman Energy. If only the rest of my predictions were that accurate.

It isn't really that hard to identify possible acquisition targets. Generally, struggling companies are sought, since the suitor is looking to buy assets on the cheap. Often, management of these struggling companies is fed up with trying to turn things around, so it's more willing to listen to an offer, and if one company already owns a stake in another, chances are it'll end up buying the whole thing at some point.

Here are three Canadian companies that could be gobbled up next.

#### 1. Cogeco Cable

Cable television is a good business to be in. Margins are high, pricing power is good, and customers generally stick with one provider. Plus, competition is limited to just a handful of companies. Even though **Cogeco Cable** ([TSX: CCA](#)) is somewhat of a smaller operator with a market cap of just \$3 billion, it's still a big player in both Ontario and Quebec. It also owns a U.S.-based subsidiary that operates in five states.

**Rogers Communications** ([TSX: RCI.B](#))([NYSE: RCI](#)) owns nearly 20% of the company, and it's very

possible that it could buy out the shares it doesn't already own. Rogers has significantly underperformed its peers over the last year, and management might think that making a big move will help win back shareholder support.

## 2. North West Company

Canada's retail space has seen a flurry of acquisitions over the last 18 months. First **Empire Company** gobbled up Safeway, and then **Loblaws** responded by buying Shoppers Drug Mart. For a little while there, grocery was one of Canada's most exciting sectors.

One company that makes sense as a possible acquisition is **North West Company** ([TSX: NWC](#)), which mostly operates in Canada's north. Often, the local North West store is the only place in town, allowing it to have higher net margins than its competitors, even after accounting for higher labour costs.

At a market cap of just over \$1 billion, North West is the perfect size to be acquired by Canada's third-largest grocer, **Metro** ([TSX: MRU](#)). Metro missed out on all the acquisition excitement, and obviously wants to join the club. Plus, buying North West would give it exposure in western Canada, where it's currently absent.

## 3. Intact Financial

**Power Financial** (TSX: PWF) owns a majority stake in some of Canada's finest financials, including **IGM Financial**, the parent of Investors Group, and **Great-West Lifeco**. However, the stock has essentially been dead money over the last decade, and management hasn't raised the dividend in five years. The company needs to do something to get out of its funk.

There's a case to be made that management should acquire **Intact Financial** ([TSX: IFC](#)). Intact is Canada's leader in property and casualty insurance, with a large auto insurance arm as well. These are all areas of the market where Power has no exposure, since it's focused primarily on life insurance.

Plus, it already has an army of nearly 4,000 agents as a ready-made sales force for home and auto insurance through its Investors Group subsidiary. Buying Intact would mean that the average Canadian could manage almost their entire financial life through their Investors Group agent, which could lead to some very loyal customers.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:CCA (COGECO CABLE INC)
2. TSX:IFC (Intact Financial Corporation)
3. TSX:MRU (Metro Inc.)
4. TSX:NWC (The North West Company Inc.)
5. TSX:RCI.B (Rogers Communications Inc.)

## Category

1. Investing

**Date**

2025/08/21

**Date Created**

2014/07/24

**Author**

nelsonpsmith

default watermark

default watermark