**FIN 4203**

**Individual Activities**

**Week 7**

Student Name: SYED ADNAN

Student ID: C0908413

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You have to visit the websites of SEDAR and study one take-over bid.

Please write a one-page summary (facts, analysis, and conclusion) about the offer, the take-over bid circular, the director circular, and the result of the takeover.

Overview of Husky Energy's Takeover Bid for MEG Energy

**Facts:** On 31 January 2018, Husky Energy launched a takeover bid to acquire all outstanding shares of MEG Energy. MEG shareholders were given a choice of $11 in cash for each share or 0.485 Husky shares for every MEG share. The valuation was highly over the current market price of MEG Energy. The Husky takeover bid circular identified strategic synergies and expected benefits arising from the integration of the assets of MEG Energy. Other opportunities for growth, with a strong balance sheet, were thus brought about and increased low-cost projects.

**Analysis:** The Husky bid was an enticing proposition to MEG shareholders as a consequence of the immediate return of value and the possibility of value creation in an amalgamated structure. The structural change involved in the transaction was the new board representation with Husky appointees; TSX delisting of the MEG shares; and MEG becoming a wholly-owned subsidiary of Husky. MEG's circular to its directors urged caution, with its board casting doubt on the strategic value and sufficiency of Husky's bid price.

**Conclusion:** The bid of Husky reflected ultimately strategic alignment and potential efficiency gains. A takeover would give Husky full ownership of MEG's assets, while its shareholders are to gain a leaner energy portfolio, better integrated oil production, and infrastructure. MEG's shareholders thus had an option: an immediate payout against premium or reinvestments into an independent MEG, given that Husky positioned itself as a more stable diversified energy player.

**Reference:** SEDAR+ Help Centre. Retrieved from <https://www.sedarplus.ca/onlinehelp/filings/third-party-filings-and-securities-acquisitions/faqs-third-party-filings-securities-acquisitions/file-a-take-over-bid-circular-directors-officers-circular/>