



VC & PE QUÉBEC MARKET OVERVIEW

// YTD Q3 2016

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VENTURE CAPITAL QUÉBEC MARKET OVERVIEW

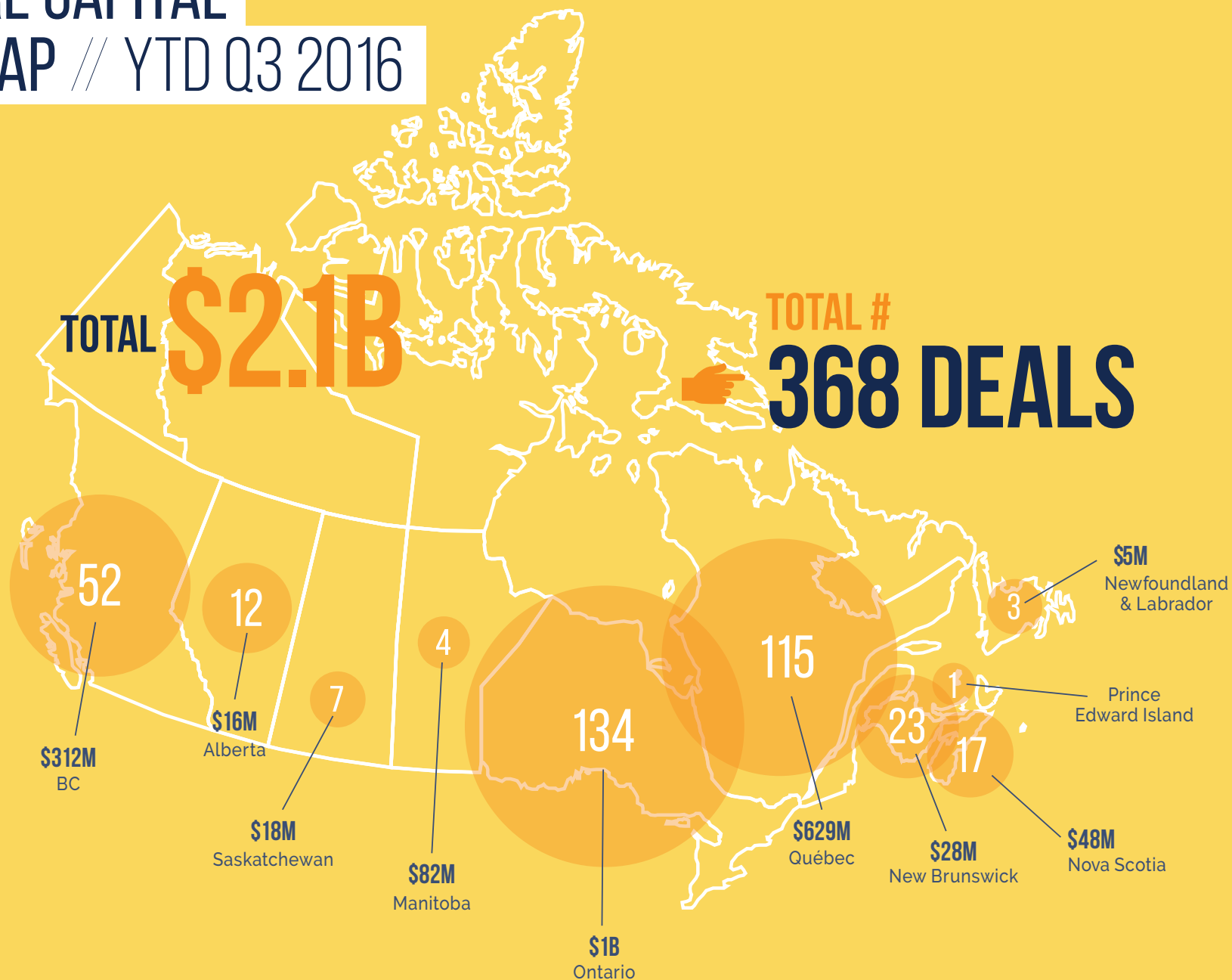
// YTD Q3 2016

QUÉBEC VENTURE CAPITAL HIGHLIGHTS // YTD Q3 2016

Key Findings:

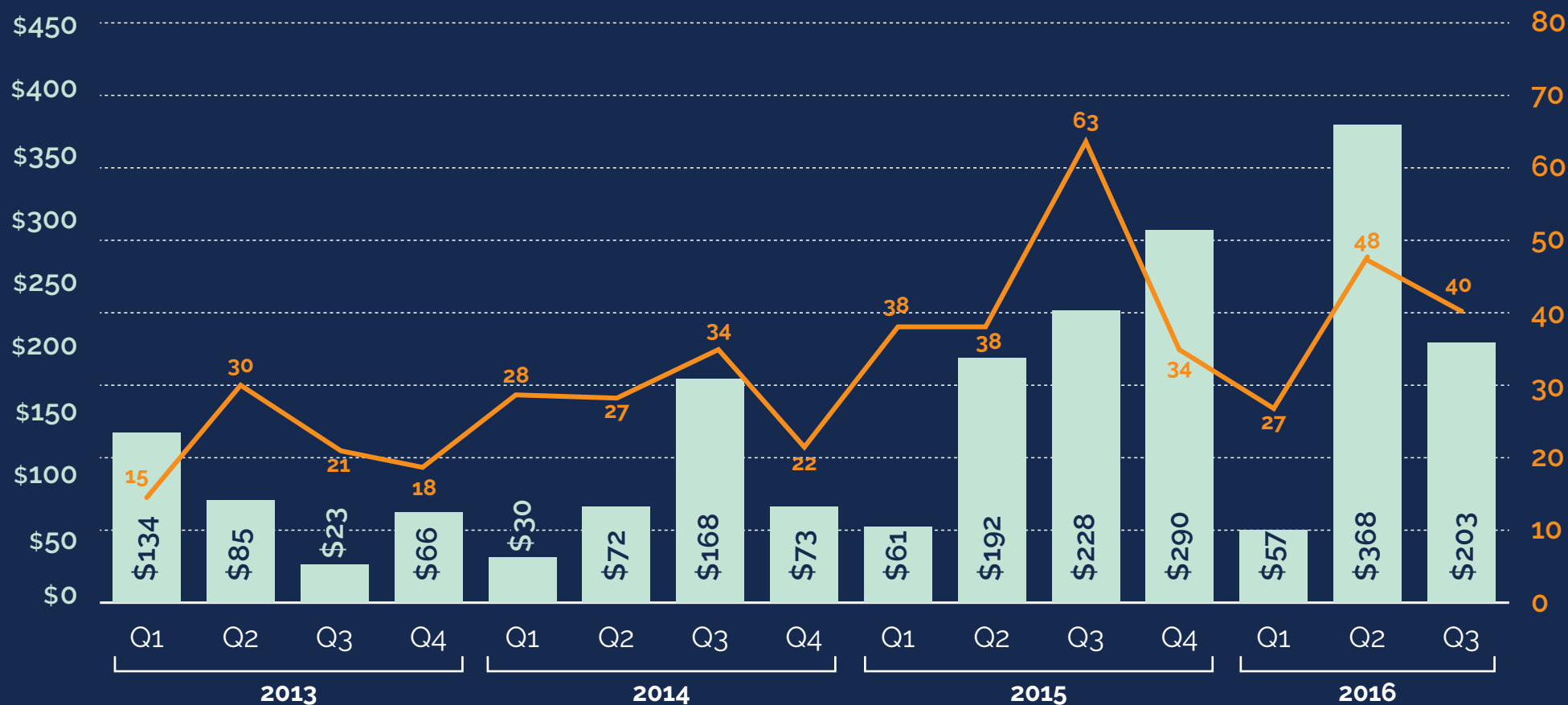
- ▶ \$203M was invested in 40 deals in Q3 bringing the YTD total to \$629M (over 115 deals). That's a 31% increase over the \$481M invested in the first three quarters of 2015.
- ▶ Average deal size grew 49% to \$5.5M YTD compared to \$3.7M for the previous three-year period.
- ▶ **DalCor Pharmaceuticals** was the largest disclosed deal this year (\$128M).
- ▶ ICT captured the lion's share of VC dollars invested: 39% (\$244M) over 67 deals. Life sciences was second with a 32% share (\$199M) over 19 deals.
- ▶ Investment in agribusiness sector is growing steadily: \$7M in 2013, \$20M in 2014, \$30M in 2015 and \$56M in just the first three quarters of 2016, a jump of 87% over 2015.
- ▶ \$404M or over two-thirds (64%) of VC dollars was invested in seed/early-stage companies; \$224M or 36% was invested in later stage companies.
- ▶ Quebec-based institutions continue to be a key investment source in the province investing in 73 of the 115 deals (64%) this year.

VENTURE CAPITAL HEAT MAP // YTD Q3 2016



QUARTER-OVER-QUARTER VC INVESTMENT ACTIVITY IN QUÉBEC

■ \$ Millions Invested
— # Deals



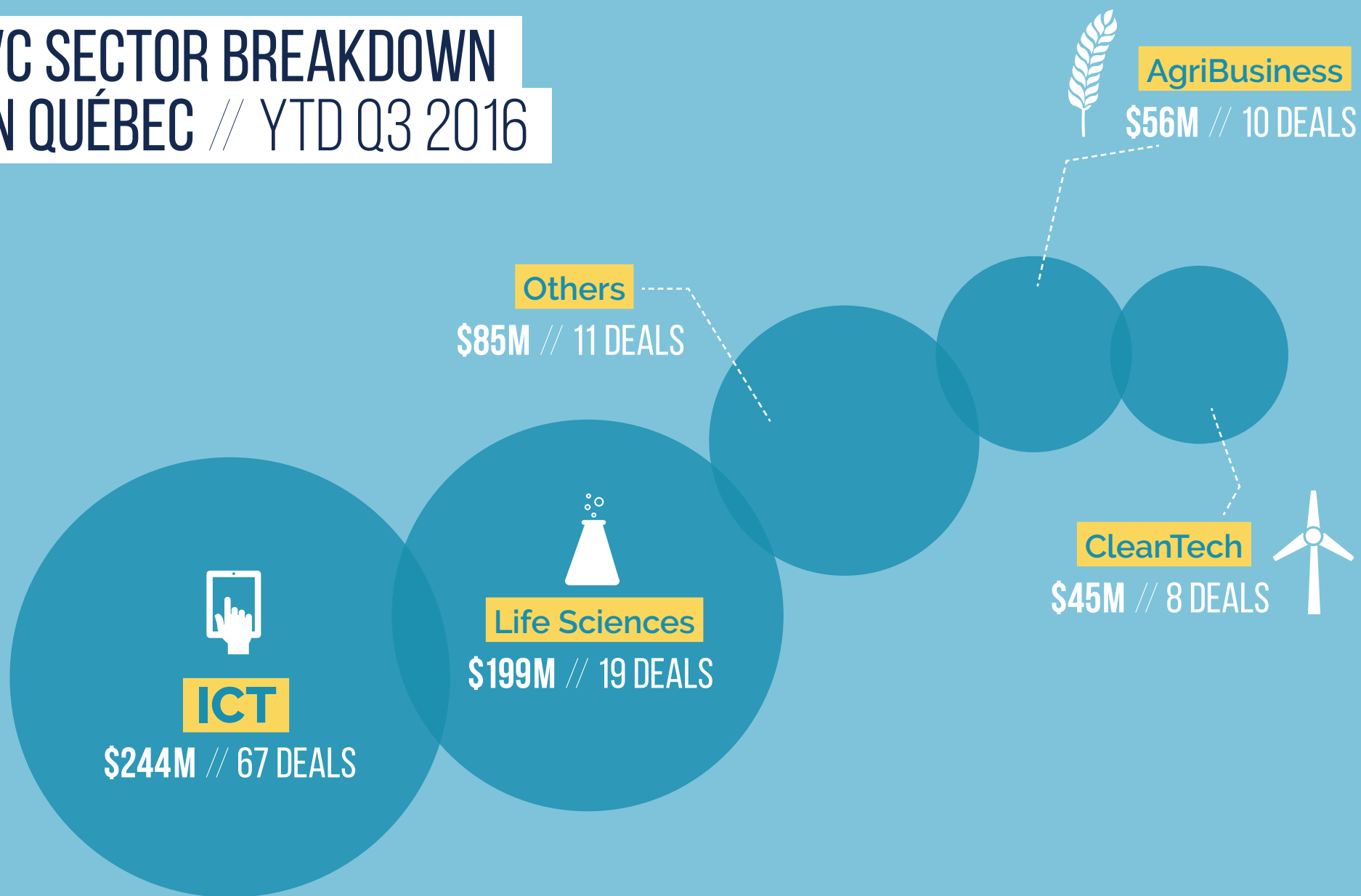
TOTAL:
84 DEALS
\$308M

TOTAL:
111 DEALS
\$344M

TOTAL:
173 DEALS
\$771M

TOTAL:
115 DEALS
\$629M

VC SECTOR BREAKDOWN IN QUÉBEC // YTD Q3 2016



TOP DISCLOSED QUÉBEC VC DEALS // YTD Q3 2016

**#1
\$128M**



LIFE SCIENCES

COMPANY

DalCor Pharmaceuticals Inc.

DISCLOSED VC FIRMS

Caisse de dépôt et placement du
Québec, CTI Partners,
Fonds de solidarité FTQ,
CDN private investors

**#2
\$21M**



LIFE SCIENCES

COMPANY

Ilkos Therapeutics Inc.

DISCLOSED VC FIRMS

CTI Partners,
Fonds de solidarité FTQ

**#3
\$13M**



ICT

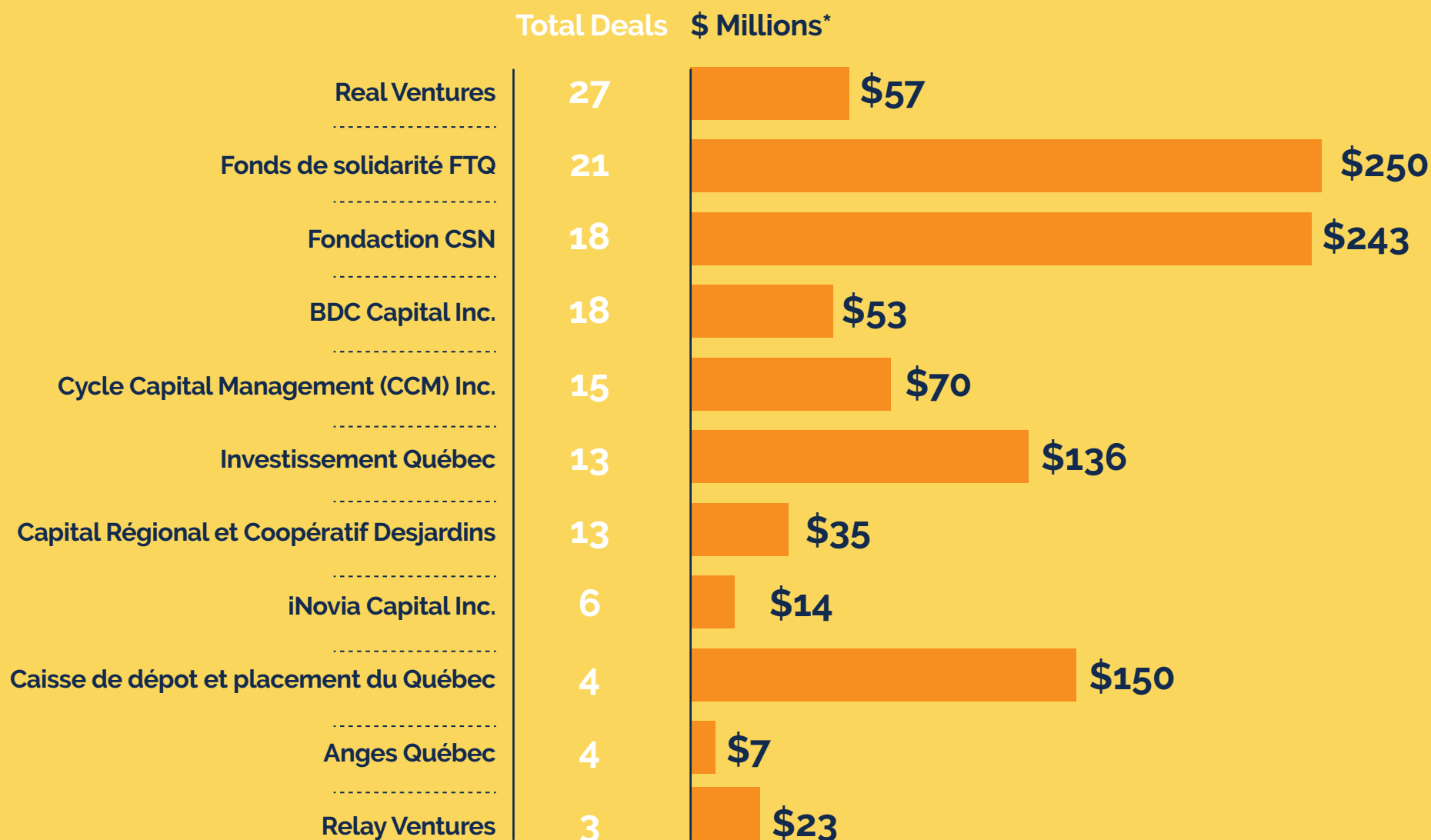
COMPANY

AddÉnergie Technologies Inc.

DISCLOSED VC FIRMS

Caisse de dépôt et placement du
Québec, Investissement Québec

MOST ACTIVE FIRMS IN QUÉBEC // YTD Q3 2016



* TOTAL DEAL VALUES – INCLUDES ALL PARTICIPATING INVESTORS



PRIVATE EQUITY QUÉBEC MARKET OVERVIEW

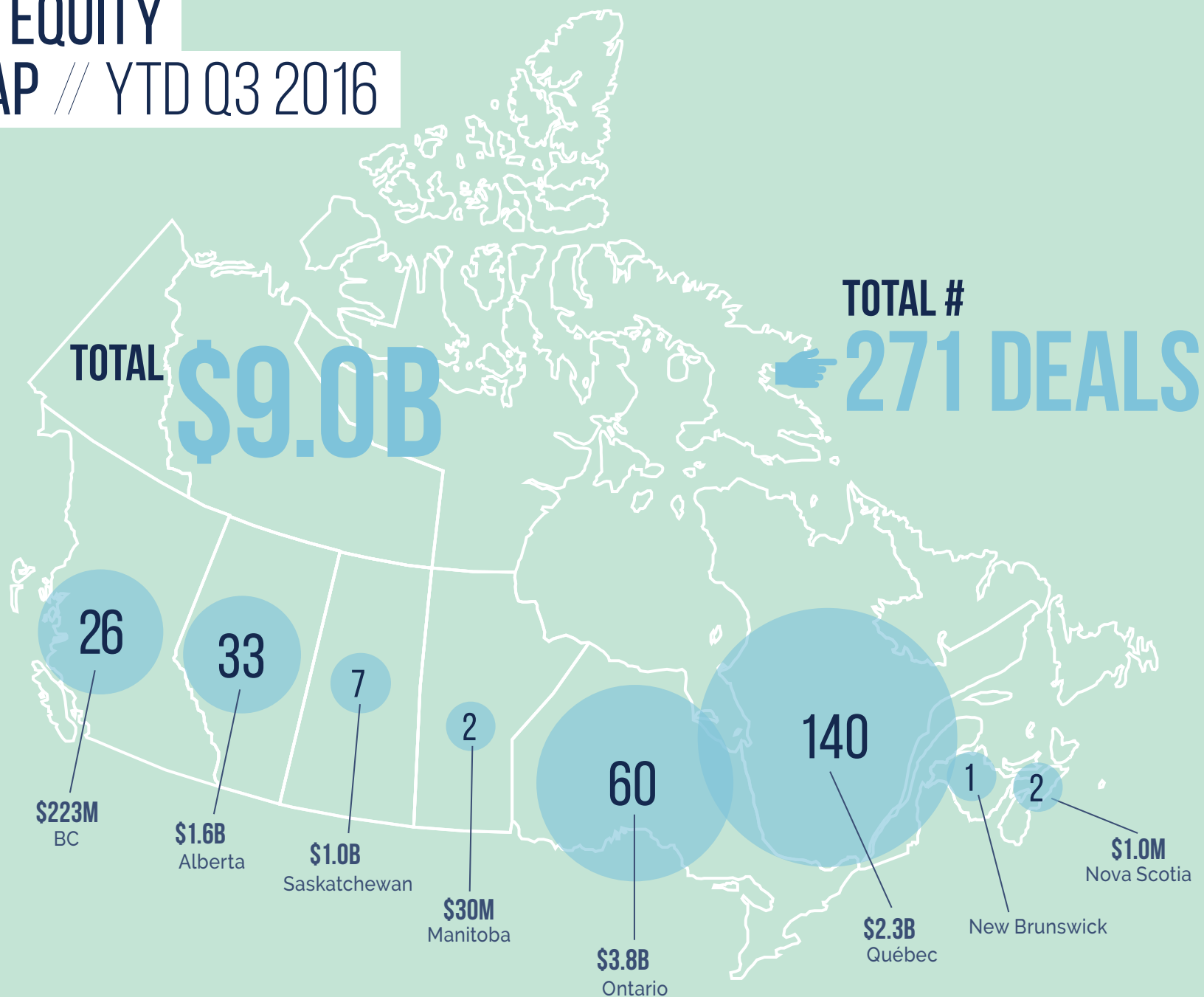
// YTD Q3 2016

QUÉBEC PRIVATE EQUITY HIGHLIGHTS // YTD Q3 2016

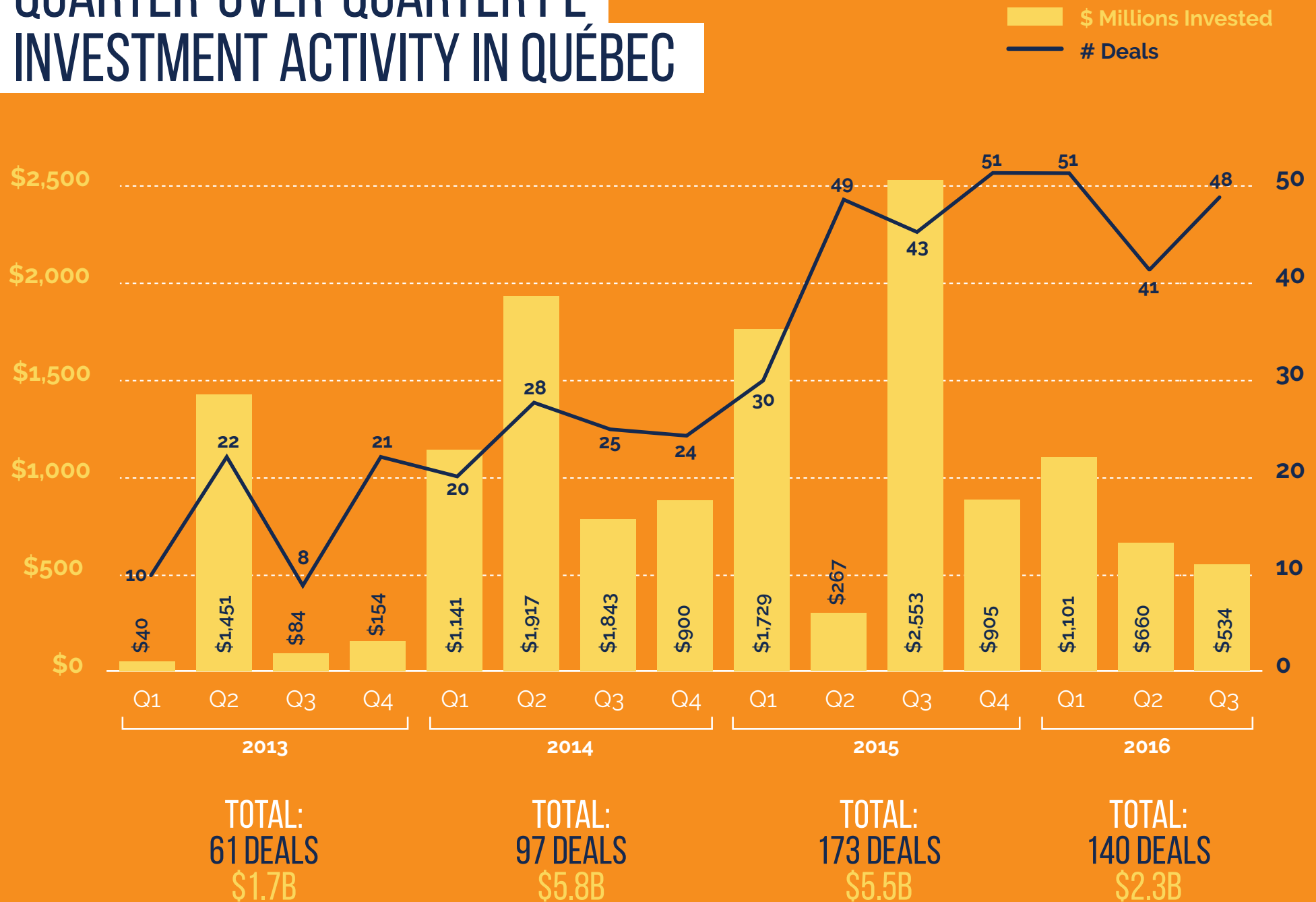
Key Findings:

- ▶ Mirroring the pattern in the rest of the country, year-over-year PE investment declined: \$2.3B (over 140 deals) in the first three quarters of 2016, a decrease of 50% from the \$4.5B (over 122 deals) during the same period last year.
- ▶ Average deal size to date in 2016 shrunk significantly to \$16.4M, down 59% from the average deal size for the last three-year period (\$39.9M).
- ▶ Sector shifts to watch: Traditional favourites such as mining and resources (\$137M invested in 17 deals) and industrial and manufacturing (\$134M in 34 deals) have been overtaken by cleantech (\$995M in 6 deals) and ICT (\$201M in 17 deals).
- ▶ The \$800M mega deal in **Services Matrec Inc.** accounted for the relative spike in cleantech.
- ▶ Two large undisclosed deals in ICT (\$134M and \$58M) accounted for the relative spike in ICT.
- ▶ 36% of all PE dollars was directed to growth deals (\$822M) followed by 35% directed to add-on deals (\$800M).
- ▶ 6 out of the top 10 YTD PE investors are Quebec-based institutions.

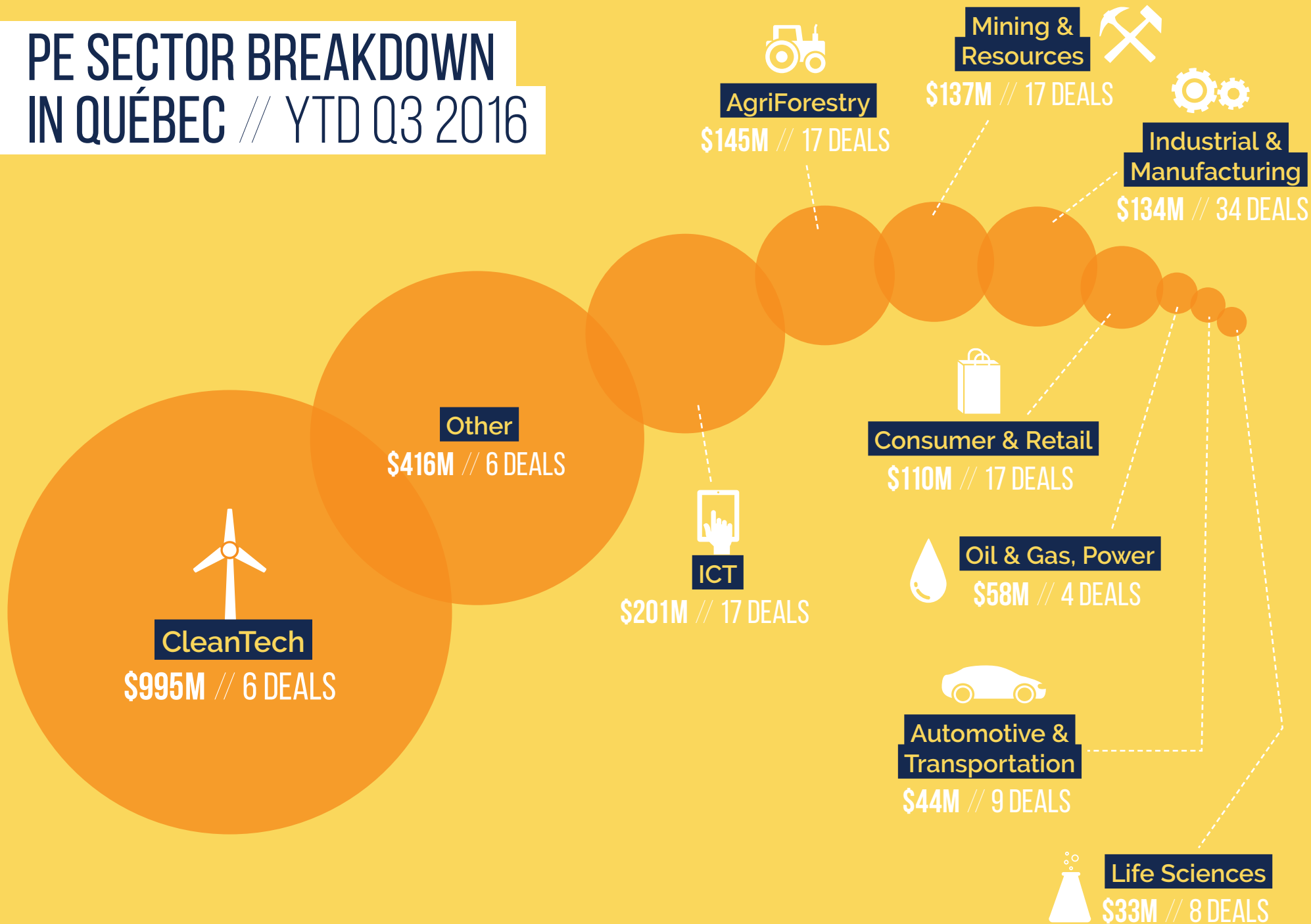
PRIVATE EQUITY HEAT MAP // YTD Q3 2016



QUARTER-OVER-QUARTER PE INVESTMENT ACTIVITY IN QUÉBEC



PE SECTOR BREAKDOWN IN QUÉBEC // YTD Q3 2016



TOP DISCLOSED QUÉBEC PE DEALS // YTD Q3 2016



CleanTech

#1

Services Matrec Inc.

PE INVESTORS

GFL Environmental Inc.,
Hawthorn Equity Partners,
Highbridge Principal Strategies, LLC, Macquarie
Infrastructure and Real Assets (MIRA)

\$800M



Consumer & Retail

#2

Triotech
Amusement Inc.

PE INVESTORS

Caisse de dépôt et
placement du Québec,
Fonds de solidarité FTQ

\$80M



Industrial &
Manufacturing

#3

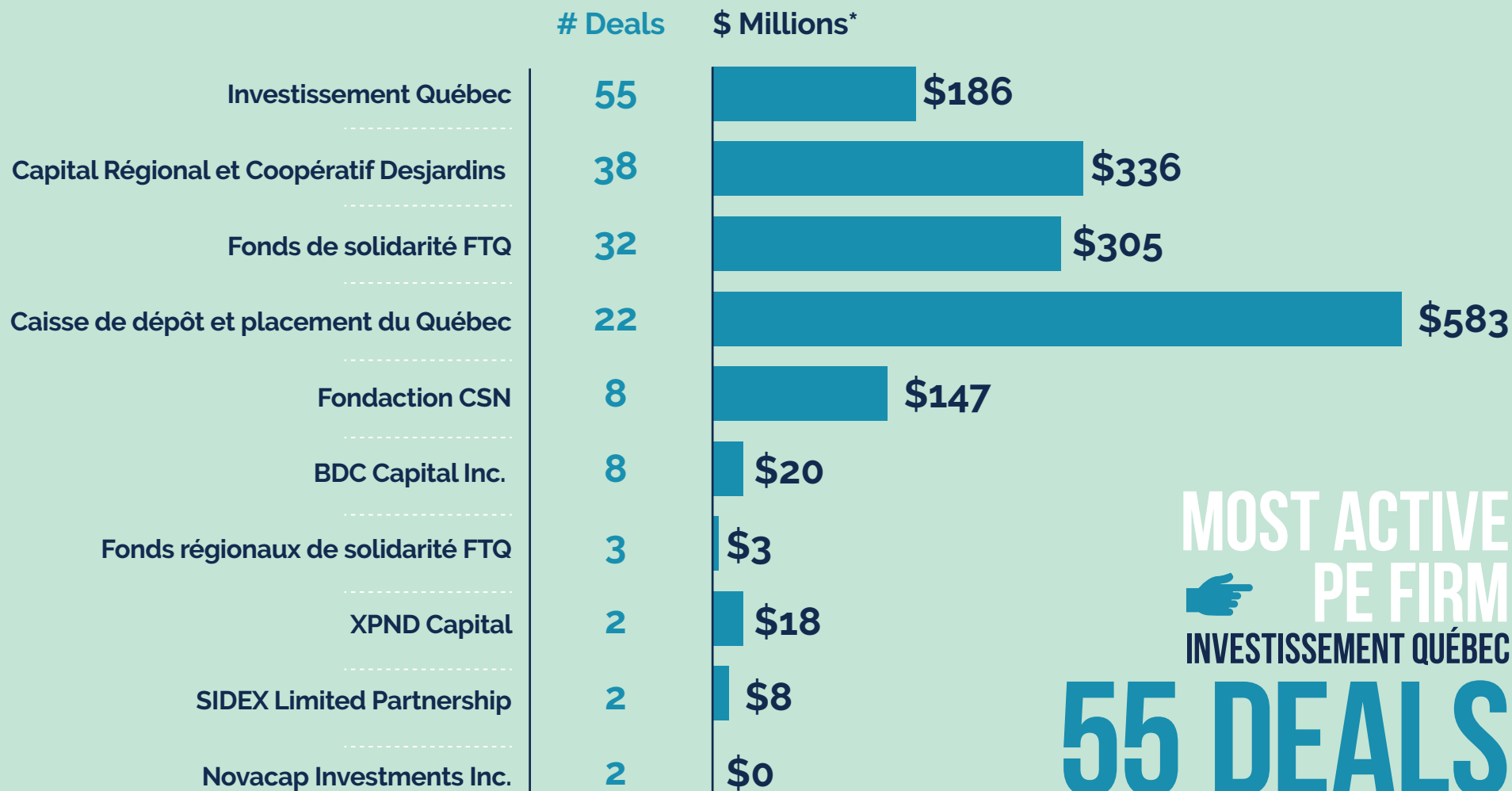
Canam Group Inc.

PE INVESTORS

Fonds de solidarité FTQ

\$50M

MOST ACTIVE PE FIRMS IN QUÉBEC // YTD Q3 2016



* TOTAL DEAL VALUES - INCLUDES ALL PARTICIPATING INVESTORS

ABOUT RÉSEAU CAPITAL

Réseau Capital, the Québec Venture Capital and Private Equity Association, is the only private equity association that brings together all stakeholders involved in the Québec investment chain. The mission of Réseau Capital is to contribute to the development and efficient operation of the private equity industry, which plays a major role in the development and financing of businesses in Québec.

Founded in 1989, Réseau Capital has more than 425 members representing private equity, tax-advantaged and public investment companies as well as banks and insurance companies, accounting and law firms, along with many professionals working in the field. Please visit: **reseaucapital.com**

Venture Capital Data:

Dataset includes verified completed equity or quasi-equity venture capital deals only (non-equity or project-based government funding, pharmaceutical product development deals, senior debt, venture capital-backed acquisitions, and angel financing are not included)

Private Equity Data:

Dataset includes only completed private equity deals (announced, but yet to be completed deals, are not included)

CVCA ABOUT & CONTACT

AUTHORS



DARRELL PINTO
Research Director

Darrell oversees all data related to Canadian private capital investments, exit and fundraising activities for the CVCA. Darrell has held senior positions at several global organizations including the Toronto Stock Exchange, Institutional Limited Partners Association, Thomson Reuters, Glaxosmithkline and the Interac Association. In between these, he also started his own successful management consulting company. He has worked in New York, London and Shanghai, but Toronto remains his favourite working city. He brings to the CVCA a passion for telling compelling stories with data. Darrell is currently on the board of a non-profit social housing in Peel, a member of Volunteer Toronto as well as an active volunteer with Woodgreen Community Services. He holds a BA in Philosophy/History from the University of Western Ontario and an MBA from the Rotman School of Management.

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CAROLYN GOARD
Senior Manager,
Communications

Carolyn oversees all of the CVCA's communications and marketing efforts, which includes managing the Association's brand, coordinating media outreach programs, and managing the development of all online content and social media engagements. Carolyn also brings with her a background in journalism, and is keen on positioning the CVCA as the industry thought leader for all things private capital through informative and engaging content. Carolyn has a BA in Popular Culture and Communications from Brock University, a diploma in Journalism from Niagara College Canada, and an interdisciplinary Master of Arts degree in Communication Studies from Brock University.

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AMY KIM
Research Associate

Amy executes research on venture capital and private equity deals to oversee the Canadian private capital markets. Amy is responsible for entering the data, including investment and exit deals and fundraising activities, and is keen on providing the most accurate and up-to-date information through the CVCA's Infobase. Amy holds a Bachelor of Mathematics, Co-op with concentrations in finance and accounting from University of Waterloo.

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ABOUT CVCA

The Canadian Venture Capital and Private Equity Association is the voice of Canada's venture capital and private equity industry. We are focused on improving the private capital ecosystem by broadening industry awareness and providing market research, networking, and professional development opportunities.

We also advocate on behalf of the industry to ensure sound public policy that encourages a favourable investment environment. The CVCA works alongside its members, who represent the vast majority of private capital firms in Canada, to improve the industry and drive innovation and growth.

For more information, visit cvca.ca

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