

Québec sets new high-water marks for venture capital activity in 2016

Province records a remarkable \$1B in VC investments in 2016

February 23, 2017 – Montreal, QC – The VC market in Québec is on fire. Just over a billion dollars in venture capital was invested in the province in 2016, including \$250M dollars in Q4 alone, according to the *2016 VC & PE Québec Market Overview*, jointly released today by **Réseau Capital** and the **Canadian Venture Capital and Private Equity Association (CVCA)**.

In 2016, Québec was home to nearly one third (32 per cent) of Canada's 530 venture capital transactions. Later-stage companies received the largest share of the province's VC investments (57 per cent), while startups and early-stage growth companies captured 43 per cent of VC dollars. Montreal-based companies received a total of \$835M over 119 investments, second only to Toronto.

"Venture capital is a good indicator of the level of trust in the economy," says Réseau Capital CEO, Jack Chadirdjian. "The data from 2016 clearly shows that investors are interested in Québec companies."

Over half of Québec investments (\$501M across 90 deals) were disbursed to companies in the information and communications technology (ICT) sector. ICT was followed by life sciences, recording 38 investments totaling \$313M.

On the private equity side, \$3.8B was invested in buyouts and development capital (344 transactions). This represents 28 per cent of the year's Canadian development capital. Nearly a third of the province's investments, or \$1.1B, went to clean technology companies. The major acquisition of **Services Matrec Inc.** for \$800M was the largest deal in this sector.

Twelve mega deals exceeding \$50M – totalling \$2.3B – accounted for 61 per cent of all development capital investment in Quebec in 2016.

The largest exits include the sale of **CGI Group Inc.** shares, held by the **Caisse de dépôt et placement du Québec**, for \$400M, and the sale of **Fibre Noire Internet Inc.** to Quebecor by **Novacap Investments Inc.** for \$125M.

"Data for 2016 confirms Québec is home to some of Canada's most innovative technology companies, and investors are clearly taking note," concludes Chadirdjian. "This is a particularly exciting time for Québec's private capital ecosystem."

Québec Venture Capital Highlights:

- Soaring to \$1B, 2016 VC investment in Québec reached its highest level since CVCA started collecting data in 2013.
- Québec captured a 31 per cent share (164) of all Canadian VC deals (530) and was a close second to Ontario.
- There were five \$50M+ deals totaling \$429M, with the **DalCor Pharmaceuticals** \$128M series B round in the top spot.

Note: 2016 marks the first year of Réseau Capital's partnership with CVCA in the production of VC and PE statistics for Québec. Thus, data comparisons against previous years may not be consistent with its historical press releases.

- Half the \$1B went to ICT (over 90 deals), followed by \$313M in life sciences (over 38 deals), and \$67M in agribusiness (over 12 deals).

Québec Private Equity Highlights:

- \$3.8B was invested in over 344 Québec deals in 2016, a 28 per cent share of all Canadian PE dollars.
- Twelve \$50M+ mega deals accounted \$2.3B or 61 per cent of Québec's 2016 total, including the \$800M acquisition of **Services Matrec Inc.**
- \$1B, representing almost a third of all dollars invested, went to clean tech companies.
- The largest exit in the province was the \$400M sale of **CGI Group Inc.**, followed by the \$125M sale of **Fibre Noire Internet Inc.** to Quebecor Inc.

VC & PE Digital Assets:

- 2016 Québec VC & PE Market Overview – English [insert link]
- 2016 Québec VC & PE Market Overview – French [insert link]
- Capital at Work: Change-Makers – Hear from the country's top change-makers as they share insights into what makes Canada's startup ecosystem increasingly attractive. [insert link]

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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 represents private equity, tax-advantaged and public investment companies as well as banks, accounting and law firms, along with many professionals working in the field. Please visit: <http://www.reseaucapital.com>

For more information or to arrange an interview, please contact:
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About the CVCA

The CVCA 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. Please visit: <http://www.cvca.ca>.

For complete description of the CVCA methodology please refer to [insert link to Market Overview]

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