



H1 2017 VC & PE Québec Market Overview: Strong VC Investment Pace Continues; PE Investment Sees YoY Growth

Québec venture capital activity driven by mega deals (\$50M+ category), while Québec represents almost a third of private equity dollars invested in Canada

August 23, 2017 – Montréal, QC – Québec venture capital saw \$366M invested over 34 deals in Q2 2017—more than double the amount invested in the previous quarter and only 3% lower than the same quarter last year. Second to Ontario for Canada’s most active province for VC activity, Québec accounted for 26% of the total number of Canadian VC deals (68 out of 260) in the first half of 2017 and almost one third of all dollars invested (\$544M out of \$1.6B).

The average VC deal size spiked to \$10.8M which is a staggering 104% higher than the previous quarter (\$5.3M) and 84% higher than the 2016 average of \$5.9M. Three \$50M+ mega-deals accounted for just over half of total dollars invested in Québec VC, with the largest being the Montréal-based **Element AI Inc.**’s historic \$141M series A round.

“This remarkable increase in the size of VC deals into Québec signals just how spectacular our homegrown companies – particularly the province’s tech companies – really are. This is also a clear indicator of how much Québec’s economy is thriving, thanks to our bright entrepreneurs and the investors that are committed to seeing Québec businesses flourish,” said Jack Chadirdjian, President, Réseau Capital.

On the private equity side, \$1.4B was invested over 94 deals in Q2 2017 in Quebec, a 52% decrease from the amount invested in Q1, but 49% higher than Q2 2016. However, Québec captured an impressive 57% of all Canadian PE deals (156 out of 276) and 31% of all dollars invested (\$4.2B out of \$13.7B).

The average PE deal size in Q2 2017 was \$14.5M, down 69% from Q1 but up 32% from Q2 2016. Just over a quarter (26%) of all deals were between \$1M-\$5M in H1 2017, with deals between \$5M-\$25M capturing a 19% share of the province’s deal activity.

Québec Venture Capital Highlights:

- ICT companies garnered a 61% share of total dollars invested, up 15% from the 2016 share
- 51% of all deals were in early stage companies receiving 80% of dollars during the period
- 71% of all deals in the province were in Montréal-based companies
- Notable exits included the \$392M **Airbnb** acquisition of Montréal-based **Luxury Retreats** and the \$133M acquisition of Saint-Laurent based **Accedian Networks**

Québec Private Equity Highlights:

- The largest \$2.2B mega buyout deal of Montréal-based **Garda World Security Corp.** dwarfed all others in 2017
- The largest deal involving Canadian investors was the \$200M growth investment in **La Coop fédérée** with participation by **Fondaction CSN**, **Fonds de solidarité FTQ** and the **National Bank of Canada**
- There have been 32 exits involving Québec-based companies this year

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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:

Catherine Berbery

Direct: 514-880-2372

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>.