

2017 VC & PE Québec Market Overview: VC Mega Deals Drive VC Investment Year-over-Year spike; PE Investment Doubles In Q4

Quebec captures 30% of all Canadian VC deals in 2017; Leads the country in private equity investment

March 6, 2018 – Montréal, QC – Québec venture capital continued its impressive trajectory in 2017 capturing 30% of the total number of Canadian VC deals (180 out of 592) and 37% of dollar invested (\$1.3B out of \$3.5B). Québec private equity captured 55% of all PE deals (330 out of 603) with \$10.7B invested in Québec-based companies in 2017.

Six \$50M+ mega deals totaling \$691M accounted for 52% of total VC dollars invested in Québec. Three of the \$100M+ deals included the \$207M Series D in Montréal-based [Lightspeed POS Incorporated](#) from a syndicate including [Caisse de dépôt et placement du Québec \(CDPQ\)](#), [Investissement Québec](#), [iNovia Capital](#) and [Terallys Capital](#); the \$141M in Montréal-based [Element AI](#) with participation from [Real Ventures](#); and, the \$128M Series C in Québec City-based [LeddarTech](#) with help from [Fonds de solidarité FTQ](#).

Information communications technology companies received \$860M, a 65% share of total VC dollars invested in the province; up 19% since 2016. Life science companies received \$326M, a 25% share of VC investment. Agribusiness continued its upward trajectory in Québec with \$70M invested over 14 deals; a steady increase from 2013 when only \$7M was invested over 5 deals.

"Venture capital continues to indicate a high level of trust in the Québec economy," says [Réseau Capital](#) CEO, Jack Chadirdjian. "2017 year-end data confirms investors are attracted to Québec companies."

Two \$1B+ mega-deals amounted to \$3.3B or 31% of total PE dollars invested in the province. This included a private placement in [Osisko Gold Royalties Limited](#) by [Caisse de dépôt et placement du Québec \(CDPQ\)](#) and [Fonds de solidarité FTQ](#).

Industrial and manufacturing companies received the largest share of PE investment in Québec at 26% of all deals, while consumer and retail companies received 15%.

"Québec private equity investment continues to lead the country," says Chadirdjian. "The private capital data proves the province continues to be a great place to invest."

Quebec Venture Capital Highlights

Q4 2017 Highlights

- \$218M was invested over 51 deals in Q4 in Québec, 7% more than the amount invested in the same quarter last year (\$203M).
- The average deal size dropped to \$4.3M down 31% from the same quarter last year.

2017 Highlights

- 6 \$50M+ mega-deals totaling \$691M accounted for 52% of total dollars invested. This included 3 \$100M+ deals:

- Montréal-based **Lightspeed POS Inc.** raised a record \$207M Series D round from a syndicate including **Caisse de dépôt et placement du Québec (CDPQ)**, **Investissement Québec**, **iNovia Capital Inc.** and **Teralys Capital**.
- **Real Ventures** participated in Montréal-based **Element AI's** \$141M Series A round
- Québec-based **LeddarTech** closed its \$128M series C round from **Fonds de solidarité FTQ**.
- Québec captured 30% of the total number of Canadian VC deals (180 out of 592) and 37% of dollars invested (\$1.3B out of \$3.5B).
- 38% of VC activity in the province was in deal sizes between \$1M-\$5M, followed by deals between \$100K-\$500K capturing a 22% share and deals between \$5-\$20M a 12% share.
- ICT companies received \$860M, a 65% share of total dollars, up 19% from its 2016 share
- Life sciences companies received \$326M or 25% of total dollars, down 7% from its 2016 share
- Although a much smaller industry segment, VC investment in agribusiness companies continued its upward trajectory with \$70M invested over 14 deals. This has been steadily rising from 2013 when only \$7M was invested over 5 deals.
- 73% of all VC deals in the province were in Montreal-based companies.
- Notable exits included the \$392M **Airbnb** acquisition of Montreal-based [Luxury Retreats](#), the \$174M IPO of Montreal-based [Clementia Pharmaceuticals Inc.](#) and the \$133M acquisition of [Accedian Networks](#) by [Bridge Growth Partners](#).

Quebec Private Equity Highlights

Q4 2017 Highlights

- \$2.1B was invested in Q4, more than double the \$1B from the same quarter last year.
- The average deal size was \$24.8M in Q4, up 98% from the \$12.5M in Q4 2016.

2017 Highlights

- Québec captured 55% of all Canadian PE deals (330 out of 603), three times greater than Ontario's 18% share and five times greater than Alberta's 11% share. There was \$10.7B invested in Quebec-based companies in 2017, compared to \$8.6B in Ontario-based companies and \$3.1B in Alberta-based companies.
- 30% of all deals were between \$1M-\$5M, with deals between \$5M-\$25M capturing a 21% share of the province's deal activity.
- Industrial and manufacturing companies received the largest share of PE deals (26%) with consumer and retail companies receiving 15%.
- 2 \$1B+ mega-deals amounted to \$3.3B or 31% of total dollars invested. This included a private placement in **Osisko Gold Royalties Ltd.** by **Caisse de dépôt et placement du Québec (CDPQ)** and **Fonds de solidarité FTQ**.
- There were 101 exits involving Québec-based companies.



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>

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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 https://reseaucapital.com/wp-content/uploads/2018/03/q4-2017-quebec-report-eng_final.pdf