

Canada's Private Equity Buyout Industry in 2008



THOMSON REUTERS

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Overall Canadian Buyout Market Trends

In 2008, deal activity in Canada's buyout market continued at the strong pace that has been apparent since 2006. Across the national market, there have been 40 disclosed, completed and pending transactions in Canada in 2008 for a value of \$9.1 Billion. As such, buyout industry investment levels are consistent with those in 2006 when there were also 40 such deals with a disclosed value of US\$9.1 Billion.

In Q4 2008, disclosed deal values totaled US\$2.1 Billion, up slightly from the US\$1.8 Billion invested in the fourth quarter of 2007, yet down significantly from the US\$3.0 Billion invested in Q3 2008. Yet despite the developments in the wider economy, 2008 was still a strong year overall for buyouts of Canadian companies.

The Canadian total of US\$9.1 Billion climbed to over one tenth the U.S. total of US\$75 Billion in 2008, demonstrating the resilience of the Canadian industry as compared to its American counterpart. Buyouts have also remained a robust contributor to mergers and acquisitions, totaling 10% of all Canadian M&A activity, as opposed to the 7.4% share in the United States. Furthermore, American investment in Canada continues to be strong, with US\$5.6 Billion invested by the U.S. into Canada in 2008.

Buyout Fundraising

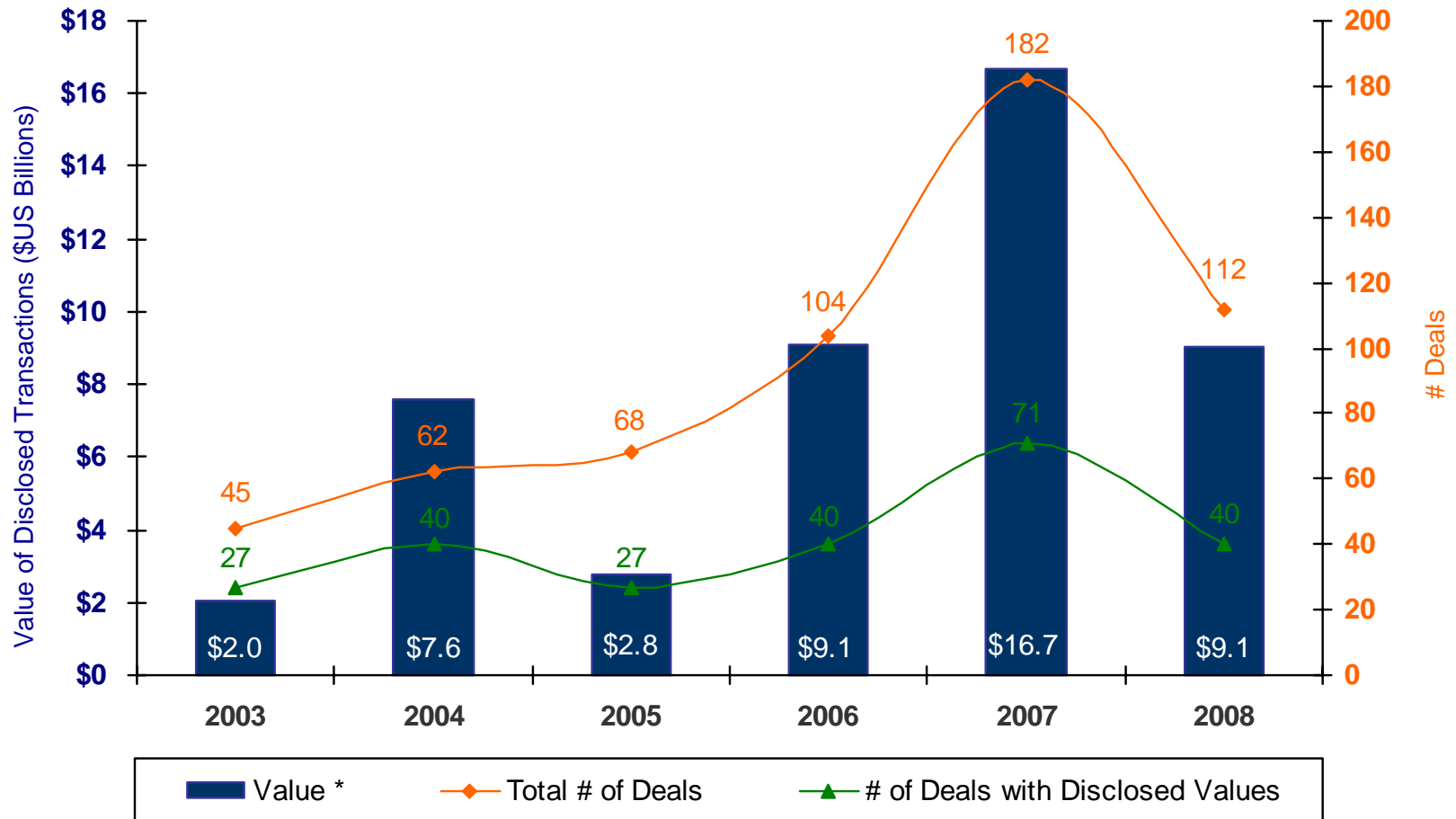
Canadian buyout funds raised \$5.6 Billion in 2008, up substantially from the \$4.6 Billion raised in all of 2007. With \$19.6 billion raised since 2006, such strong fundraising bodes well for investment levels over the next several years. The amounts raised bear witness to the resilience of the buyout industry in Canada and position it strongly to take advantage of investment opportunities going forward. At the same time, the buyout industry is cognizant of the challenges facing the Canadian, North American, and global economies in 2009.

Continued Reliance on Foreign Investors

Although Canadian investors had continued to invest substantially in domestic and foreign deals through 2007, the strong 2008 year was the result of heavy investment from American sources as opposed to domestic ones. Canadian firms invested only US\$3.6 Billion overall in 2008, less than in any year since 2005, and invested only US\$0.4 Billion abroad, less than any year since 2002.

Buyout Activity in Canada Consistent with 2006 Levels

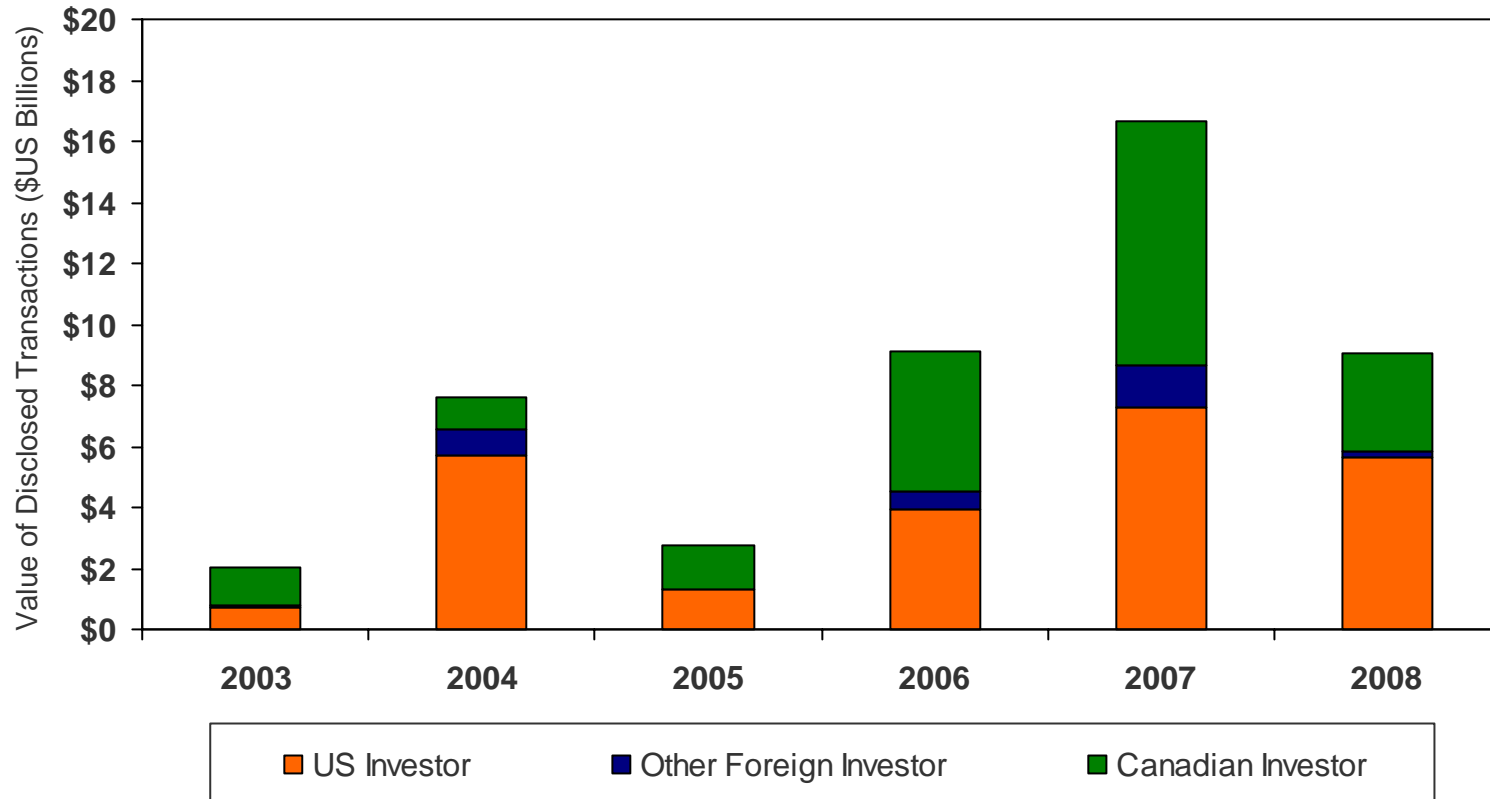
Canadian Targets: Value and Number of Announced Transactions



* Includes deals with disclosed transaction values only.
All data includes completed and pending transactions.

Foreign Investment Activity High

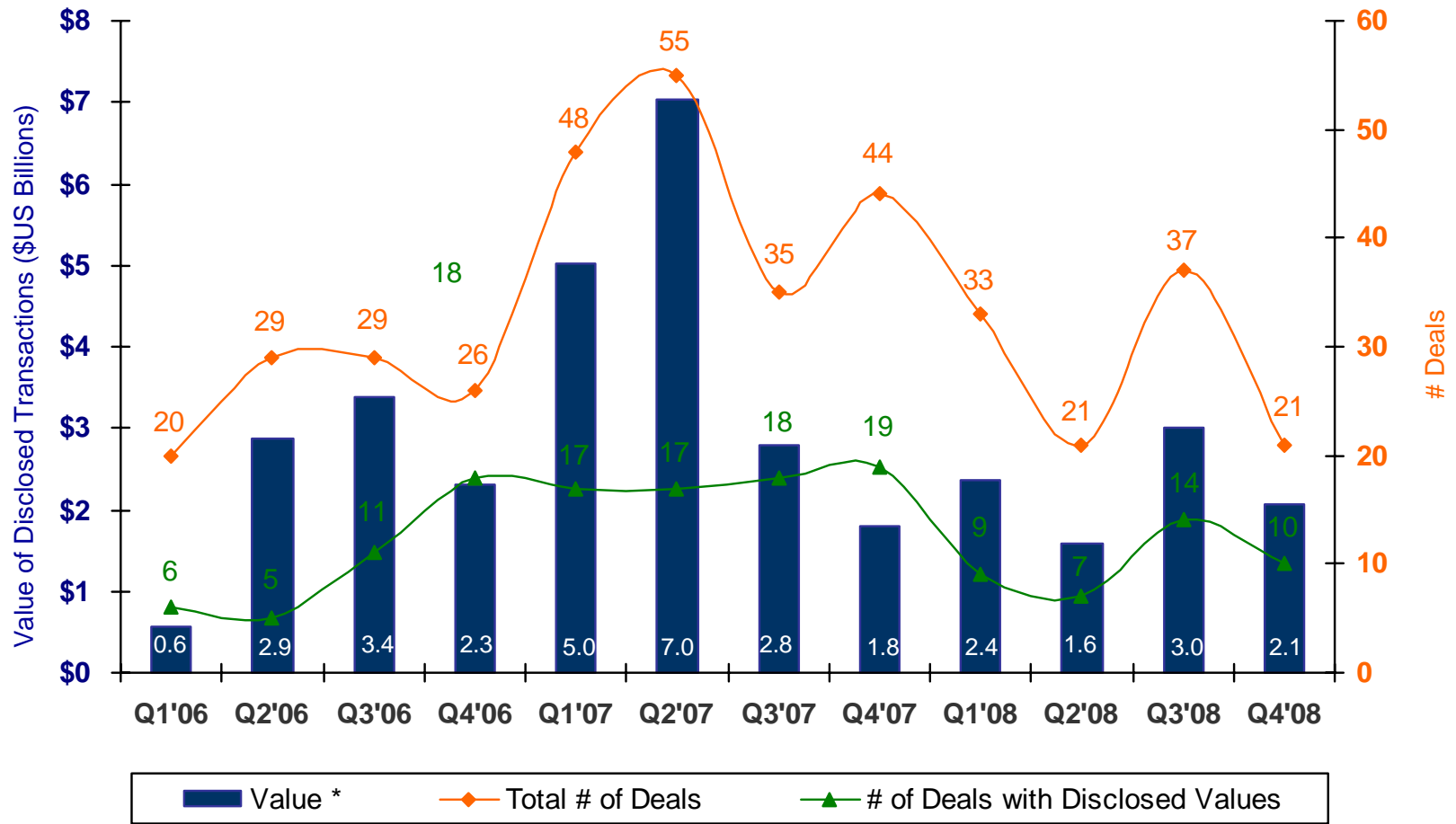
Canadian Targets: Value of Buyout Deals by Nation of Investor



Totals include deals with disclosed transaction values only.
All data includes completed and pending transactions.

Buyout Activity in Canada Consistent with 2006 Levels

Canadian Targets: Value and Number of Announced Transactions

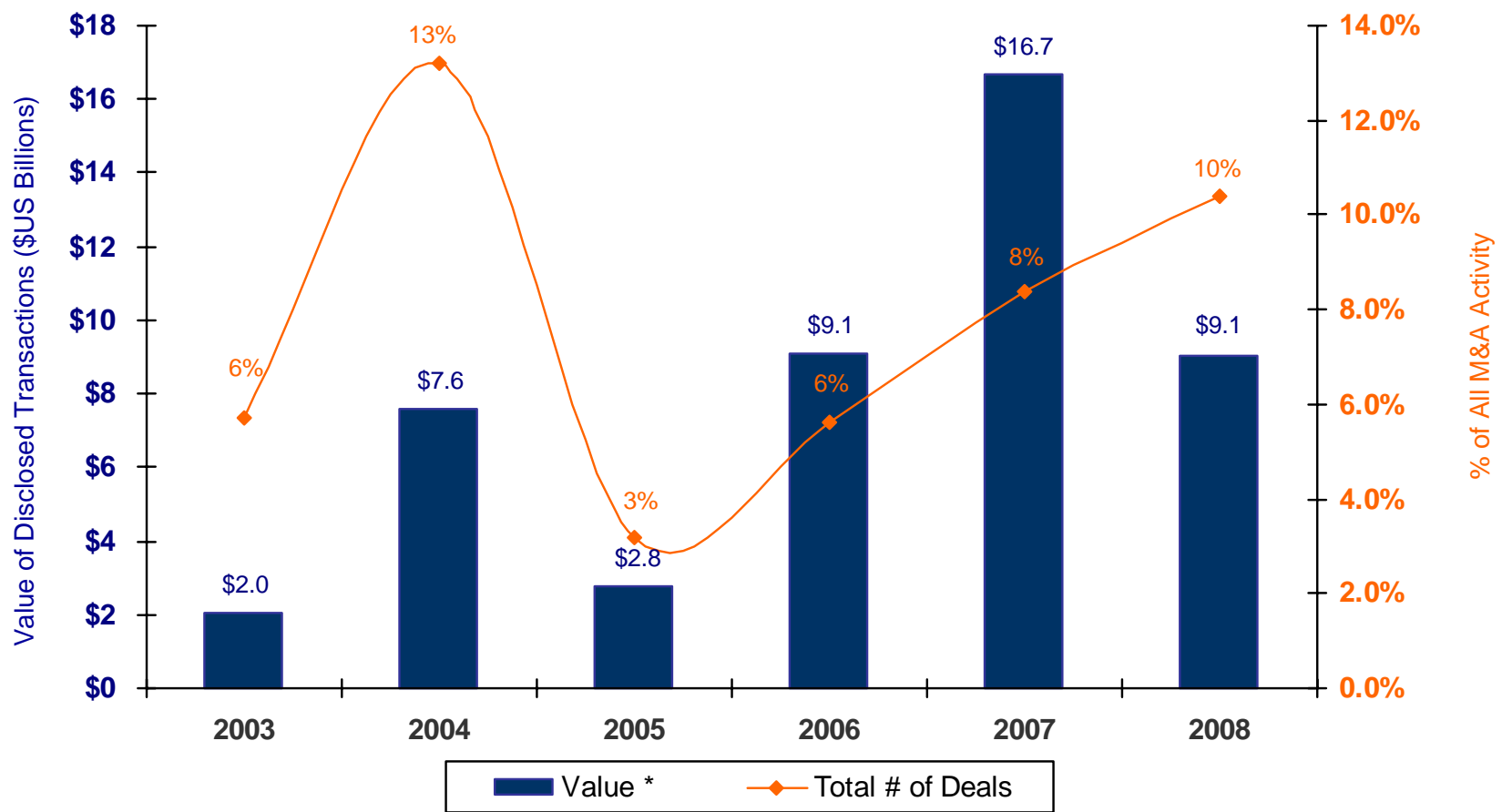


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Buyouts Account for Large Share of Canadian M&A

Canadian Targets: PE Buyout Share of Total M&A Activity

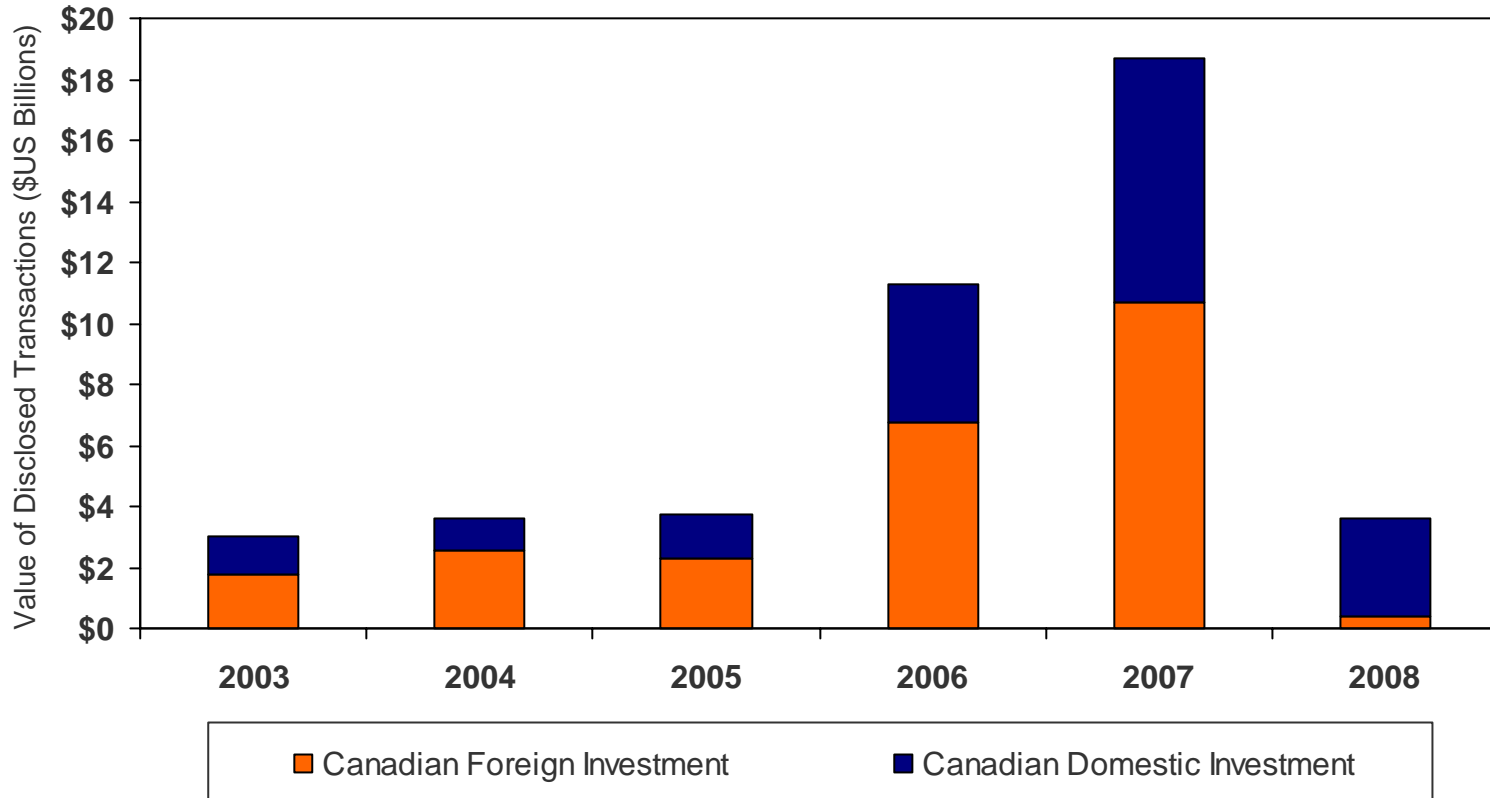
In U.S., Buyouts Totaled 7.6% of M&A in 2008



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Canadian Investors Less Active in 2008

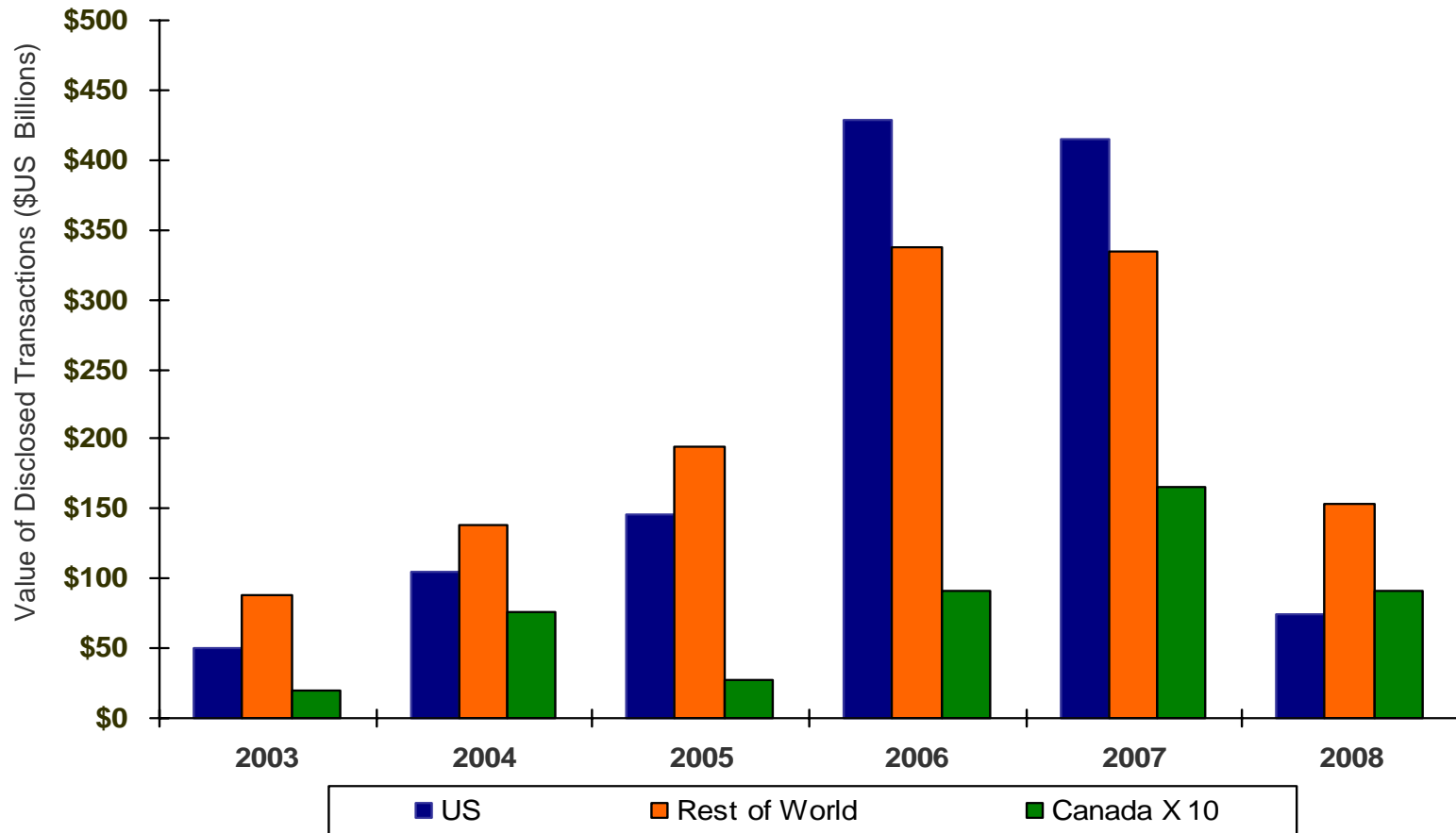
Worldwide Targets: Value of Buyout Deals by Canadian Investors



Totals include deals with disclosed transaction values only.
All data includes completed and pending transactions.

Buyout Activity in Canada, Rest of World

Worldwide Targets by Location of Target



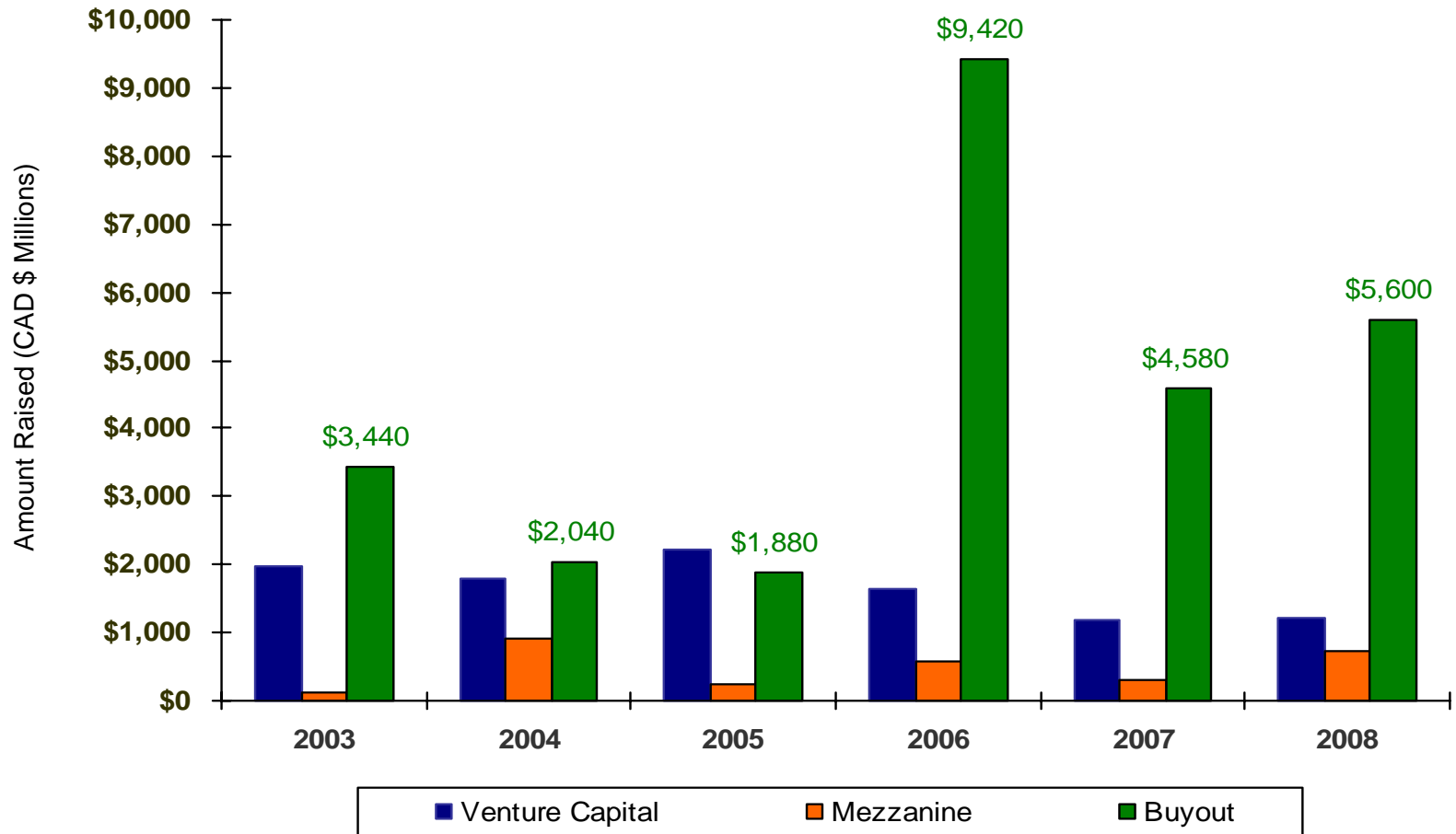
Totals include deals with disclosed transaction values only.
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Top Disclosed Canadian PE Buyouts in 2008

Company	Prov.	Size (\$USD MM)	Investors
CHC Helicopter Corp	BC	2,217	First Reserve Corp
Teranet Income Fund	ON	1,515	Borealis Infrastructure Management Inc
Gibson Energy Holdings, Ltd.	AB	1,218	Riverstone Holdings LLC
Saxon Energy Services, Inc.	AB	687	Schlumberger Ltd First Reserve Corp
Connors Brothers Income Fund	NB	670	Centre Partners Management LLC
Rainbow Pipe Line Company	AB	532	Plains All American Pipeline LP
Patheon, Inc.	ON	466	JLL Partners
Sleep Country Canada Income Fund	ON	324	Birch Hill Equity Partners Westerkirk Capital
Q9 Networks, Inc.	ON	312	ABRY Partners, LLC
Data & Audio Visual Holdings Inc	ON	228	Quadrangle Capital Partners

Buyout Fundraising Remains Strong in 2008

Dollars Raised by Canadian Private Equity Funds



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