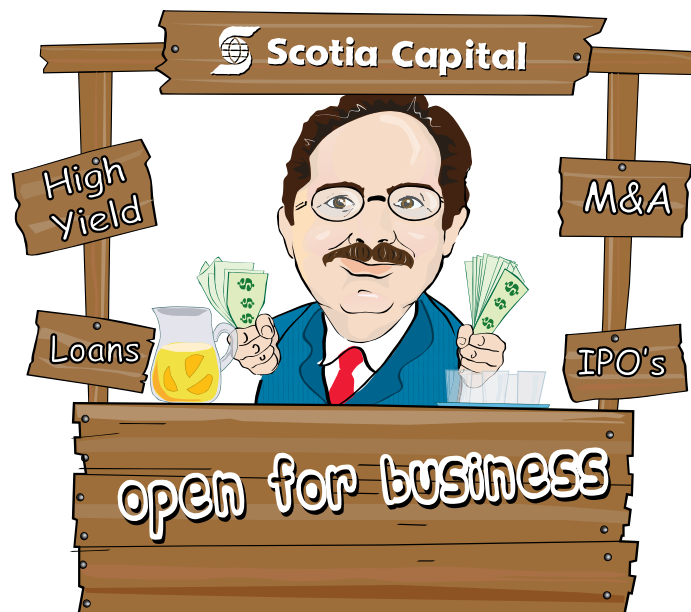


# 2010 CVCA Annual Conference: The Markets are Back!

May 2010

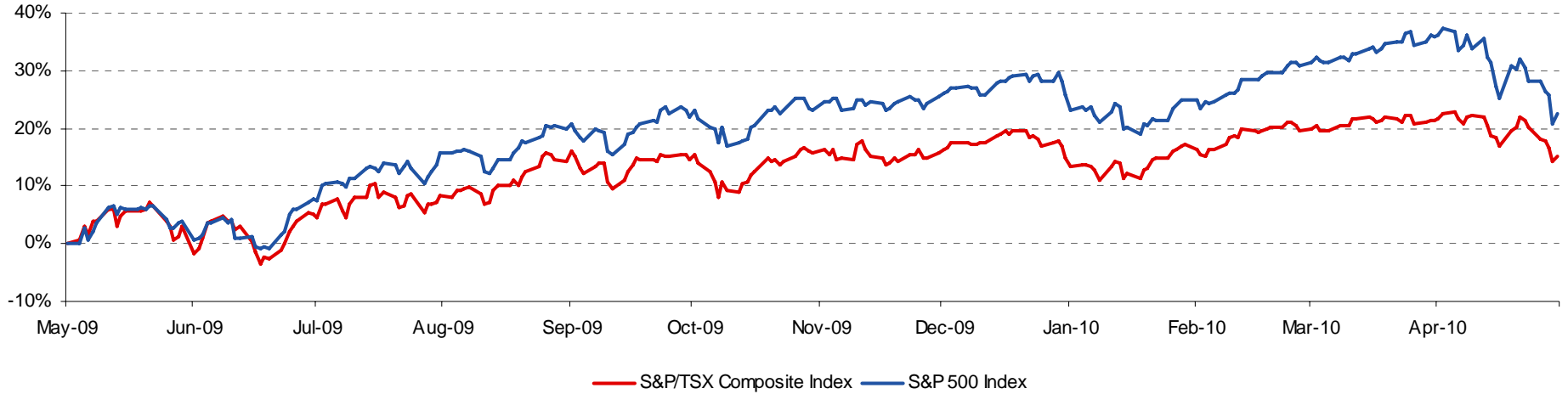


# Equity Markets

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# Recent Equity Market Performance

## Relative Performance (LTM)



## S&P TSX Composite (Jan 2008 – 2010 YTD)

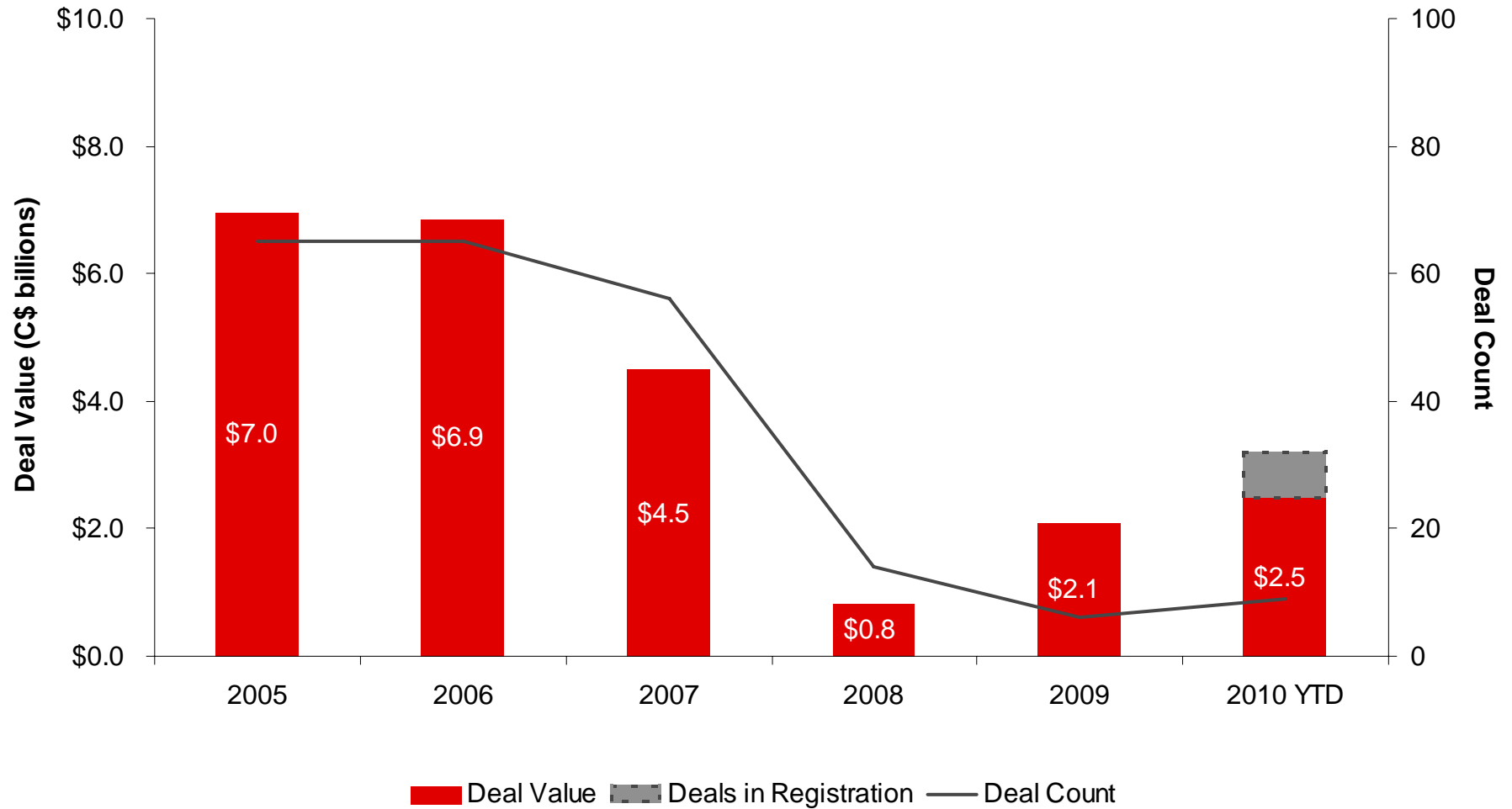


## S&P 500 (Jan 2008 – 2010 YTD)



Source: Capital IQ

# Canadian IPO Market



Source: Scotia Capital

# Dollarama Case Study

- Dollarama debuted with a highly successful IPO in Oct/2009
  - Priced at the high end of the range of \$16.00 - \$18.00
  - Strong retail demand, with a book that ended 4.9x oversubscribed
  - Greenshoe was exercised in full
  - 35% of institutional investors were US accessed via 144A
- Proceeds from the IPO were used to pay down debt
  - Bain and Rossy retained their entire interest at IPO, with no secondary component
- Subsequent bought deals have been used by Bain and Rossy to reduce their ownership
- Dollarama has performed well in the public equity markets
  - Strong stock-price performance underpinned by significant earnings growth

## Share Price Performance (IPO – 2010 YTD)



## Summary of Dollarama's Equity Offerings

	At IPO	1st Follow-On	2nd Follow-On
<i>(C\$ millions except per share amounts)</i>			
Date	16-Oct-09	28-Jan-10	28-Apr-10
<b>Offering Size</b>	<b>\$345</b>	<b>\$283</b>	<b>\$250</b>
New Issue Discount	n.a.	1.0%	2.4%
Institutional %	72%	47%	54%
Retail %	28%	53%	46%
Use of Proceeds	Repay Debt	Secondary	Secondary
<b>Pro Forma Ownership</b>			
Public	30%	48%	62%
Bain/Rossy Retained Interest	70%	52%	38%
<b>Pro Forma Capitalization</b>			
Share Price at Offering	\$17.50	\$21.50	\$24.60
Total Market Capitalization	\$1,272	\$1,563	\$1,788
<b>LTM P/E</b>	<b>18.0x</b>	<b>21.3x</b>	<b>18.0x</b>

## Canadian Investors' Wish List for IPOs

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- Household/brand name recognition
- Strong margins with good growth potential
- Yield is popular
- Experienced and accomplished management team
- Attractively priced

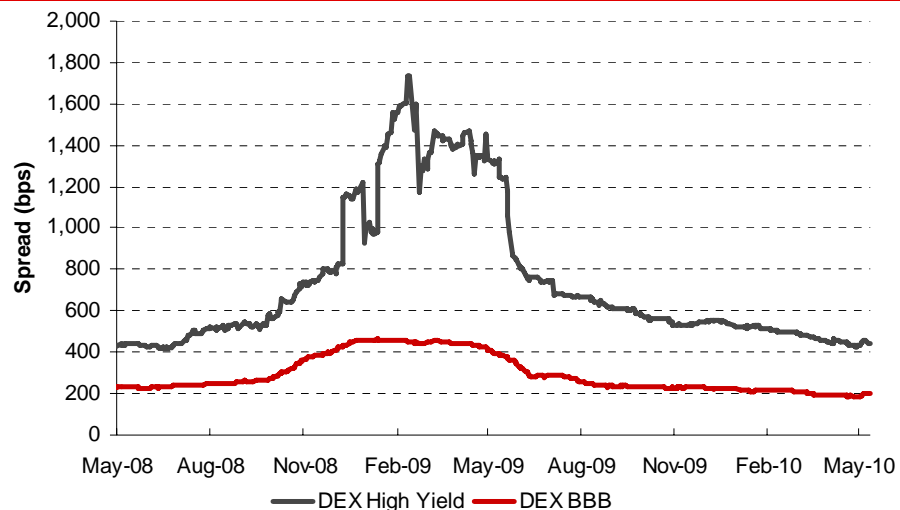
# Canadian High Yield Market

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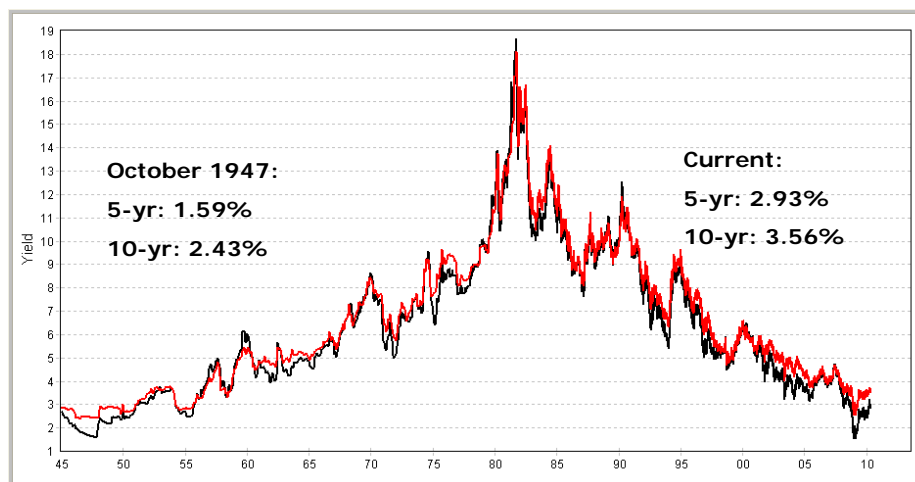
## Attractive Absolute Rates and Coupons

- Canada yields are near their lowest levels in 60 years
- Canadian corporate bond spreads have rallied significantly throughout the year
  - Spreads have tightened by as much as 250 bps (BBB) and 1,300 bps (HY) since February 2009
  - This represents a return to pre-Lehman levels

### Average Canadian Credit Spreads



### Canada Yields Near 60-Year Lows




Source: PC Bond

# Canadian High Yield Market

- Canadian high yield issuance has re-emerged
- Investors are hungry for higher yielding product
- Scotia Capital has pioneered re-emergence of Canadian high yield market with Lead Roles in:
  - Westcan
  - Corus
  - Videotron
  - Cascades
  - Superior Plus

## Recent Bookrunner Mandates



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**C\$130,000,000**  
7 Year Senior Secured Second  
Lien Guaranteed Notes

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Sole Lead and Bookrunner



April 2010



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**C\$500,000,000**  
7 Year Senior Unsecured Notes

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Joint Bookrunner



February 2010




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**C\$300,000,000**  
10 Year Senior Unsecured Notes

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Joint Bookrunner



January 2010



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**C\$200,000,000 /  
US\$500,000,000**  
7 Year / 8 Year Senior Notes

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Joint Bookrunner



November 2009



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**C\$150,000,000**  
7 Year Senior Unsecured  
Debentures

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Sole Lead and Bookrunner



October 2009

## Canadian High Yield Market

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### **Flexible and attractive funding alternative for sponsors:**

- Canadian dollar funding
- Covenant “light”
- Higher leverage than conventional bank financing
- Flexibility on use of proceeds
- Private market with no onerous reporting or regulatory requirements
- Lower transaction costs than the US market
- Smaller deal size than the US market

# Recent Canadian Sponsor Exits through M&A

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## Canadian Sponsor Monetizations through M&A (2009 – YTD 2010)

Sponsor(s)	Portfolio Company	Business Description	Exit Date	Type of Exit
Edgestone	BreconRidge Corporation	Electronics manufacturing services	Pending	Sale to Strategic Buyer
Edgestone	Decision Dynamics Technology Ltd.	Provider of project controls and cost management software	May-10	Sale to Strategic Buyer
Investeco	Schneider Power Inc.	Independent power producer	Apr-10	Sale to Strategic Buyer
Birch Hill	Bluewave Energy	Petroleum delivery company	Feb-10	Sale to Strategic Buyer
Edgestone	RapidMind Inc.	Provider of unique software development platform to software organizations	Aug-09	Sale to Strategic Buyer
CAI	Country Style Food Services Inc.	Coffee and doughnut chain in Ontario	May-09	Sale to Strategic Buyer
Edgestone	Trimaster Manufacturing Inc.	Manufacturer of precision machined components	Jul-09	Sale to Financial Buyer
TriWest	TerraLink Horticulture Inc.	Crop supply company	Jan-09	Sale to Financial Buyer