



August 10, 2009

FOR IMMEDIATE RELEASE

Q2 2009 PRIVATE EQUITY BUYOUT INDUSTRY: SLOWDOWN CONTINUES

TORONTO: CVCA- Canada's Venture Capital and Private Equity Association together with research partner, Thomson Reuters, today released Q2 2009 investment and fundraising data for the buyout industry that point to a continued slowdown in activity in Canada.

Despite the slowdown the actual number of reported deals was relatively constant at 24 up slightly from the 21 such transactions in the same period last year. Canada's buyout industry investment levels continued at a measured pace in the first half of 2009 as the industry continued to be affected by the global economic slowdown.

"It is not surprising that the buyout industry's investment and fundraising levels have subsided in the first half of 2009," said Gregory Smith, President of the CVCA. "The worldwide economic turmoil that began in Q4 2008 continued in Q1 and Q2 2009 and our industry, in common with most economic sectors, has not been immune from its effects."

The deals, however, were marked by significantly lower transaction sizes. The average size of disclosed private equity buyouts was only US\$22.5 million in Q2, down from the US\$59 million average deal size in Q1 2009. These were led by the acquisitions of Ontario-based businesses including Kaboose Inc., a family-oriented media company, and Shred-It Canada Corporation, a document shredding and recycling company. Due to the smaller deal sizes, total disclosed buyouts of Canadian companies, completed and pending, totaled only US\$860 million for the first half of the year, well below the nearly US\$4 billion invested in the same period in 2008.

The lull in Canadian buyout investment was mirrored by the rest of the world. Private equity buyout investment worldwide totaled only US\$34.6 billion in the first half of 2009, 22% of the previous year's first-half total. The effect has been similarly pronounced in Canada, whose first half investment totals were also 22% of the previous year's first half. American investors in particular have reduced their investment in Canada in the first half of 2009.

In the current economic environment, funds have been performing careful due diligence on potential portfolio firms to enable them to best ascertain these firms' growth potential. Funds have also witnessed a certain decline in company valuations as the recession has taken hold.

Buyout fundraising continued at a reduced pace in the first half of 2009, with Canadian buyout funds raising only \$387 million. However, this comes after three years of significant fundraising in 2006, 2007, and 2008. As a result of this strong fundraising in recent years, Canadian funds still have considerable available capital to deploy as compared to funds in other regions.

"Canada's buyout industry still has considerable capital available for deployment based on successful fundraising in the previous three years" said Mr. Smith, "As a result, Canada's buyout

industry is well-placed to meet the financing needs of Canadian businesses in 2009 and into 2010.”

CVCA

The CVCA - Canada's Venture Capital & Private Equity Association, was founded in 1974 and is the association that represents Canada's venture capital and private equity industry. Its over 1800 members are firms and organizations which manage the majority of Canada's pools of capital designated to be committed to venture capital and private equity investments. The CVCA fosters professional development, networking, communication, research and education within the venture capital and private equity sector and represents the industry in public policy matters.

Thomson Reuters

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. They combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, scientific, healthcare and media markets, powered by the world's most trusted news organization. With headquarters in New York and major operations in London and Eagan, Minnesota, Thomson Reuters employs more than 50,000 people in 93 countries. www.thomsonreuters.com .

To arrange an interview with Gregory Smith, President of the CVCA, contact Lauren Linton, Director of Marketing, 416 487-4299 llinton@cvca.ca .

End