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## **CANADA'S BUYOUT INDUSTRY IN Q3 2009 IS STABLE**

TORONTO: Canada's buyout industry is performing in line with its peers globally, according to the industry's statistical report released today by the CVCA- Canada's Venture Capital & Private Equity Association and research partner, Thomson Reuters.

Canada's buyout industry investment levels continued at a measured pace in the third quarter of 2009 as the industry continued to be affected by the global economic slowdown. There were 28 disclosed, completed and pending buyout transactions in Canada in the third quarter of 2009, down from the 40 transactions reported in the third quarter of last year. Canada is now on pace for 99 private equity buyouts for the whole 2009 year, down from the 120 buyouts recorded in all of 2008. As such, Canada's investment activity levels are now consistent with levels prior to the market peak.

"This data shows that Canada's buyout industry is performing in line with its peers globally," said Gregory Smith, President of the CVCA. "We have come out of the economic slowdown and are able to compete on the global stage."

The lull in Canadian buyout investment was mirrored by the rest of the world, with just over US\$2.0 billion invested in Canada in the first nine months of the year (compared to the first nine months of 2008 which was US\$8.5 billion). Private equity buyout investment worldwide totaled only US\$81.3 billion in the first three quarters of 2009 (the first nine months of 2008 was US\$218.4 billion), and investment in US companies fared comparably low at US\$33.9 billion (the first nine months of 2008 was US\$67.3 billion).

The third quarter, however, was the strongest for private equity buyouts so far this year, fueled mostly by the acquisition of Nortel Networks' enterprise solutions business unit. The unit was acquired by Avaya, Inc., a portfolio company of US private equity investors Warburg Pincus, Silver Lake Partners, and TPG Partners, for US\$900 MM in the largest Canadian private equity buyout of the year.

Including the acquisition of Nortel Networks' business unit, the average size of disclosed private equity buyouts in Q3 was US\$186.4 MM, well above the \$73.0 MM average for the first 9 months of 2009, but still short of the 2008 average deal size of \$226.4 MM.

Buyout fundraising also continued at a reduced pace in the first three quarters of 2009, with Canadian buyout funds raising only \$649 million. However, this comes after three years of lofty fundraising in 2006, 2007, and 2008, with \$9.4 billion, \$4.5 billion, and \$5.6 billion raised respectively. 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.

[CVCA](http://www.cvca.ca)

The CVCA - Canada's Venture Capital & Private Equity Association ([www.cvca.ca](http://www.cvca.ca)) , 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.

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

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