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FOR IMMEDIATE RELEASE

CANADIAN VENTURE CAPITAL INDUSTRY HITS RECORD-BREAKING \$2.7 BILLION IN CAPITAL INVESTMENT

High technology emerging businesses account for 80% of 1999 financings

TORONTO: The spirit of entrepreneurialism is alive and well in Canada based on 1999 figures released today from the Canadian Venture Capital Association (CVCA) annual survey of 109 venture capital investment groups who together invested capital of \$2.7 billion in 1999 -- an increase of more than 60% over 1998 levels.

"Our nation's venture capital industry is extremely vital in terms of its support of Canadian entrepreneurs, and there's no question we've stepped up to the plate to invest prudently yet bullishly -- particularly in high technology emerging Canadian enterprises," said Ron Begg, President, CVCA. "We need this kind of vision, leadership, and especially this appetite for risk, to compete internationally. It's good for companies and it's good for Canadians."

Entering the new century, venture capital under management in Canada rose to \$12.1 billion, up more than 20 per cent over last year. A total of 989 financings were completed (down by 8% from the previous year) yet 135 of these were large deals and absorbed \$1.75 billion (64%) of total disbursements. The average size of financing across the industry as a whole rose from \$1.5 million in 1998 to \$2.75 million in 1999.

"The world has changed -- and Canadian companies and Canadian investors must change along with what is truly a worldwide evolving entrepreneurial climate," Begg continued. "Especially given our proximity to the United States -- where the average deal size is more than \$10 billion compared to ours at less than \$3 billion -- Canadians must sharpen their entrepreneurial focus and sustain the consistent growth of the venture capital industry."

Begg continued that a strong Canadian venture capital industry is essential to support Canadian entrepreneurs as they compete with their U.S. counterparts who are funded by the huge and growing American venture capital industry.

Mary Macdonald, President of Macdonald & Associates Ltd. who conducted the survey on behalf of the CVCA, agreed that 1999 was a remarkable year and suggested evidence of diversifying deal activity, new strategic partnerships and syndications as well as growth in the quality of professional management, especially in technology deals.

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"The Canadian VC industry is not only getting bigger, it is also becoming more knowledgeable, more specialized and more sophisticated. As a result, venture capitalists in this country are able to make an important contribution to the growth and success of Canadian technology companies," Macdonald said.

Financings of technology-related companies increased to 68% of the total (up from 62% in '98) for a total of \$2.2 billion or 80% of disbursements. While the actual number of technology financings completed was virtually unchanged, the amount of capital invested almost doubled from \$1.2 billion to \$2.2 billion. The average technology financing was \$3.2 million, up from \$1.7 million in '98.

The computer-related and communications sectors were prime beneficiaries of the industry's growth. A total of 281 financings were done with computer-related firms, up from 244 the year before. These deals attracted \$982 million, an increase of 250% from 1998. Similarly, 71 communications deals (69 in 1998) attracted \$359 million compared with \$150 million last year.

OTHER SURVEY FINDINGS:

DISBURSEMENTS BY INDUSTRIAL SECTOR (Cdn. \$)

Biotechnology	316 (12%)
Medical/Health Related	159 (6%)
Communications	359 (13%)
Energy/Enviro. Technology	982 (36%)
Computer-related	262 (10%)
Electronics	49 (2%)
Industrial Automation & Equip	41 (2%)
TOTAL TECHNOLOGY	2168 (80%)
Consumer-related	126 (5%)
Manufacturing	147 (5%)
Misc.	279 (10%)
Total Traditional	552 (20%)
TOTAL	2,720

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INVESTMENT BY REGION (Cdn \$)

British Columbia		250
Alberta	129	
Saskatchewan	21	
Manitoba		46
Ontario	1,257	
Quebec	727	
Atlantic Canada	61	
Foreign Countries		231
Total:	2720	

INVESTMENT BY STAGE (Cdn \$)

Early Stage		949
Acquisition/Buyout	177	
Expansion		1452
Turnaround	14	
Other	128	
Total	2720	

INVESTMENT BY TYPE OF FUND (Cdn \$)

		Venture Capital Under Management	Disbursements to Portfolio Companies
Private Independents	2.5		0.31
LSVCC's		6,1	0.64
Hybrid	0.5		0.05
Government	0.9		0.11
Corporate		2.1	0.56
Other			1.05
TOTAL	12.1		2.72

The CVCA promotes the development and advancement of Canadian businesses through the use of venture capital. It fosters professional development, networking, communication, research and education within and outside the venture capital industry.