



CANADIAN VENTURE CAPITAL
&
PRIVATE EQUITY ASSOCIATION

Market optimism fuels surge in venture capital activity for first half of 2015, amount of private equity invested drops sharply - CVCA report

Life sciences drives growth in VC, overall IPO and M&A activity expected to remain unchanged for remainder of year

July 29, 2015 – Toronto, ON – Canada’s private capital community believes current economic conditions are favourable for investment, and yet venture capital and private equity activity are trending in different directions.

According to the Canadian Venture Capital & Private Equity Association (CVCA)’s 2015 half year (H1) market activity reports released today, venture capital was up significantly in terms of both deal activity and disbursement levels. 2015 H1 saw 244 venture capital completed deals, capturing \$939 million – up 21 per cent and 23 per cent respectively over the same period last year.

Meanwhile, private equity saw a similar number of completed deals year over year (145 deals in 2015 H1 versus 147 deals in 2014 H1), however the amounts invested dropped significantly with deal value down from \$11.4 billion in 2014 H1 to \$7.8 billion in 2015 H1.

The surge in venture capital activity came in the second quarter of 2015 – the amount invested was up 53 per cent from the first quarter. Life Sciences played a significant role with the sector more than doubling the amount invested from Q1 at \$92 million to Q2 at \$211 million. Regionally, there were also massive spikes of VC activity in Q2. In British Columbia, deal activity grew by 123 percent quarter over quarter, and disbursement levels soared by almost 150 per cent. In Quebec, disbursements nearly tripled due to a surge in life sciences investments with two big deals driving growth (Clementia Pharmaceuticals, \$73.9 million and Milestone Pharma, \$20.9 million).

“A refreshed approach to venture capital in Canada, combined with recent successes and rising stars are creating a lot of market momentum,” said Mike Woollatt, CEO, CVCA. “Private investment is leveraging public investment very well and they are working together to generate robust growth.”

The trend toward greater private capital deal activity is expected to continue. [Data collected from a comprehensive survey of CVCA members in July 2015](#) showed that the vast majority (82 per cent) believe economic conditions favour the private capital industry, and 66 per cent believe a lower Canadian dollar improves the business outlook. As for possible exits, 60 per cent expect IPO and M&A activity will remain the same for the rest of 2015.

VENTURE CAPITAL:

- [Click to view](#) 2015 H1 VC market activity infographic
- [Click to view](#) the CVCA’s full 2015 H1 VC market activity report

Highlights:

2015 H1 saw 244 disclosed VC deals with \$939 million invested. ICT remains the sector leader capturing 161 deals and \$547 million invested.

- Next top three sectors: Life Sciences accounted for 39 deals, capturing \$303 million, followed by Clean Technology at 25 deals and \$56 million invested, and then Agribusiness with 11 deals and \$14 million invested.
- Top three regions: the majority of VC deal and investment activity took place in Ontario with 98 deals, capturing \$458 million invested. Quebec was second largest with 69 deals and \$244 million invested, followed by BC with 42 deals and \$170 million invested.
- Top disclosed VC exit of 2015 H1: SkyWave Mobile Communications acquisition by ORBCOMM for \$204 million. VC backers included McLean Watson Capital, Desjardins Venture Capital, and GTI Capital.
- Stage: seed and early stage disbursements in 2015 H1 accounted 58 percent of total disbursements, up from 46 percent recorded in 2014 (seed 78 deals for \$65 million, early stage 79 deals for \$484 million).
- Funds raised: 2015 H1 saw 19 funds raised for a total of \$910 million, already reaching more than three-quarters of the total for 2014 (\$1.2 billion).

PRIVATE EQUITY:

- [Click to view](#) 2015 H1 PE market activity infographic
- [Click to view](#) the CVCA's full 2015 H1 PE market activity report

Highlights:

Private equity disclosed deal amounts totaled \$7.8 billion invested over 145 deals for 2015 H1. The energy and power sector continues to lead overall investments by a considerable margin – it accounted for almost half (44%) of all deals at \$3.4 billion.

- Next top four sectors (to round out top five): Mining & Resources accounted for \$1 billion, Real Estate accounted for \$1 billion, Automotive & Transportation for \$933 million, and Clean Tech for \$487 million.
- Top three regions: Alberta generated 20 deals with \$2.7 billion, Ontario had 54 deals with \$2 billion, and Quebec had 38 deals with \$1.7 billion.
- Top Canadian 2015 H1 PE disclosed exit: The Ontario Teacher's Pension Plan and Abu Dhabi Investment Council sold portion of its Hudson's Bay holdings by way of a secondary offering for \$316 million.
- Deal types: PE buy-out and PE Add-on dominated deal types accounting for 70 per cent of all deals (buy-out = \$3.5 billion, and add-on = \$1.9 billion).
- Funds raised: 2015 H1 saw 13 funds raised for a total of \$3.6 billion.

CVCA Methodology

Venture Capital: dataset includes verified completed equity or quasi-equity venture capital deals only. Not included are non-equity based government funding such as grants from FedDev, project financing from The SD Tech Fund of the Sustainable Development Technology Canada (SDTC), pharmaceutical product development deals, senior debt as part of overall financing package, venture capital-backed acquisitions, and angel financing.

Private Equity: dataset includes only completed private equity deals for consistency and quarter-to-quarter/year-to-year comparison. Announced but yet to be completed deals are not included.

About the CVCA

The CVCA is the voice of Canada's venture capital and private equity industry. We are focused on improving the private capital ecosystem by broadening industry awareness and providing market research, networking, and professional development opportunities. We also advocate on behalf of the industry to ensure sound public policy that encourages a favourable investment environment. The CVCA works alongside its members, who represent the vast majority of private capital firms in Canada, to improve the industry and drive innovation and growth.

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