

Record-breaking quarter: 2016 Canadian VC investment nearly doubles 2015 results – CVCA
Investment from top five deals more than triples to \$336 million, private equity sees a slowdown due to declining oil and gas activity

May 18, 2016 – Toronto, ON – Record high Q1 venture capital investment of \$838 million – nearly double the amount in the same quarter of 2015 – builds on the past few years of growth and highlights a continuing shift towards private investment in innovation and growth.

The dramatic increase was primarily driven by larger deals. The top five disclosed deals in Q1 2016 accounted \$336 million, or 40 per cent of the total disbursements. In comparison, the top five disclosed deals in Q1 2015 received approximately \$100 million, 24 per cent of total disbursements of \$419 million.

“The substantial increase in amount of VC investment in Canada offers a great reflection of the investment opportunities there are here right now,” says Mike Woollatt, chief executive officer, CVCA. “VCs are seeing the value of Canadian entrepreneurial talent and making some big bets on the future.”

The high-octane venture capital growth is balanced on the private equity side with decreased PE disbursements. While the number of deals remained roughly the same (85 in 2016 versus 90 in 2015), the total investment value decreased from \$7 billion in Q1 2015 to just under \$3 billion in Q1 2016. This is primarily due to the slowdown in activity in the oil and gas sector.

On the exit side, activity has slowed overall, but particularly in the IPO market for both private equity and venture capital.

“For venture capital, the first quarter of 2016 is a positive reflection of the fundraising numbers we’ve been seeing over the past few years,” Woollatt adds. “With the sheer amount of powder out there in the North American markets we expect the high activity to continue and private equity to return to its recent heights as well. We’ll take a deeper look at all of this at **our upcoming conference on May 24th-26th in Toronto**, featuring panels on IPO and exit strategy, government policy and venture capital, tech disruption, and debt and private equity.”

Venture Capital:

- [Q1 2016 Canadian VC Market Activity Report](#) - January 1 to March 31, 2016
- [Q1 2016 Quebec VC Market Activity Report](#) - January 1 to March 31, 2016

Highlights:

- \$838 million is the largest amount of venture capital invested in a single quarter in Canada.
- While the volume/activity is a bit slower, the average deal size has grown to \$7.1 million, a big lift from previous years where the average deal was in the \$4 to \$5 million range.
- Growth is driven by BC, Ontario and a large deal in Manitoba (Farmers Edge - \$58 million).
- Quebec’s numbers were down (\$54 million versus \$61 million in Q1 2015). However, Quebec VC has historically been slower in first quarter results.
- Information and Communications Technology (ICT) is driving most of the growth.

- After a couple of years of decline, later stage deals are making big push in capital invested leading to a larger average deal size. Volume is still strong in seed and early stage investment.
- Market for IPOs is still slow in Canada.

Private Equity:

- [Q1 2016 Canadian PE Market Activity Report](#) - January 1 to March 31, 2016
- [Q1 2016 Quebec PE Market Activity Report](#) - January 1 to March 31, 2016

Highlights:

- Slower quarter in both volume and disbursements.
- Volume soft in Alberta and Ontario in both the number of deals and disbursements.
- Oil and gas way down due to declining global oil prices.
- Activity led by CleanTech and driven by fewer, though higher priced deals.
- CleanTech accounted for the two largest deals in Q1:
 - PE Add-on - GFL Environmental's \$800 million acquisition of Services Matrec in Quebec
 - AIMCo's \$200 million investments in TransAlta Renewables in Alberta.

CVCA Conference May 24 to 26, 2016

[The CVCA's Annual Conference](#) takes place May 24 to 26, 2016 at the Westin Harbour Castle in Toronto, the first time the city has hosted the event in more than 14 years. Attendees include global and Canadian industry leaders from venture capital and private equity firms, investors, debt and equity providers, institutional funds, government entities, and industry service providers. It is where thought leaders come together to tackle industry issues, discuss trends, and network. The program features talks from Blackstone Capital (Tony James), NYU Stern (Scott Galloway), and even a not-to-miss keynote presentation from eight-time NBA all-star, Steve Nash.

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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. Please visit: <http://www.cvca.ca>.

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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.