

# Goodmans<sup>LLP</sup> Update

## CVCA Releases 2017 VC & PE Canadian Market Overview

On March 6, 2018, the Canadian Venture Capital and Private Equity Association (CVCA) released its 2017 VC & PE Canadian Market Overview, providing a comprehensive overview of venture capital (VC) and private equity (PE) activity in Canada for the year – each of which grew significantly from 2016.

### Record Number of VC Mega Deals

VC investment in Canada grew to \$3.5B over 592 deals in 2017, an 11% increase from \$3.2B over 534 deals in 2016. After years of steady growth, Canadian VC investment is now approximately double the size it was only five years ago.

2017 saw a record 15 mega deals (\$50M+, including three deals exceeding \$100M), up from 10 mega deals the previous year. The three deals over \$100M, all involving Quebec-based companies, were the \$207M Series D financing of Montreal-based Lightspeed POS Incorporated from a syndicate including Caisse de dépôt et placement du Québec, iNovia Capital and Teralys Capital; the \$141M Series A financing of Montreal-based Element AI with participation from Real Ventures; and the \$128M Series C financing of Quebec City-based LeddarTech with participation from Fonds de solidarité FTQ.

However, growth was not limited to mega deals. Canadian VC activity saw strong growth on the other end of the deal spectrum, with 162 small deals (less than \$500k), representing a 33% increase from 2016.

Information communications technology companies saw the most VC activity, receiving \$2.5B of investment over 375 deals (or 71% of total VC dollars for 2017). Life science companies came next, receiving \$696M over 105 deals. In terms of location, deals were concentrated in Ontario, Quebec and BC, seeing \$1.4B across 236 deals, \$1.3B across 180 deals and \$646M across 180 deals, respectively.

“The excitement many of us are feeling in the Canadian venture capital ecosystem is being validated by the data,” said Mike Woollatt, CEO, CVCA. “We’re seeing historic investment in cutting-edge businesses across the country underlining the confidence in Canadian innovation.”

### PE Activity Nearly Doubles in 2017

PE activity in Canada experienced a dramatic 90% year-over-year increase from 2016, growing to \$26.3B across 603 deals from \$13.8B across 542 deals, returning Canada to the historically high levels seen in 2014 and 2015.

A number of large PE deals helped drive 2017’s totals. Notable \$1B+ deals from 2017 included the \$4.8B privatization of Toronto-based DH Corporation in Q2 (which Goodmans acted on), the \$2.2B acquisition of Montreal-based Garda World Security Corporation in Q1, and the \$1.1B private placement in Montreal-based Osisko Gold Royalties Limited by La Caisse de dépôt et placement du Québec and Fonds de solidarité FTQ in Q3. In addition, 14 deals were \$500M or greater, totalling \$15.7B.

The industrial and manufacturing sector was the busiest in terms of PE activity, representing 19% of all deals. Information communications technology companies saw the second largest share, with 16% of all deals.

Canada also saw a particularly high number of exits, 149 up from only 65 in 2016. This was due in part to six IPOs, including the \$445M offering by Canada Goose, the \$300M TSX-debut of Jamieson Laboratories Ltd, the \$200M IPO of Neo Performance Materials and the \$200M IPO of Roots Corp.

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In terms of location, Quebec saw the most PE activity, with \$10.7B over 300 deals, followed by Ontario, Alberta and BC, with \$3.6B across 110 deals, \$3.1B across 67 deals and \$2.9B across 55 deals, respectively.

“We continue to see increasing Canadian private equity investment in the industrial and manufacturing and ICT sectors,” said Mike Woollatt, CEO, CVCA. “The increase represents the continued evolution of the global economy and 2017 levels are a testament to Canada’s healthy investment climate.”

## Goodmans Tech Group

To assist clients in the technology sector, Goodmans brings together our acknowledged expertise in corporate/commercial, private equity, corporate finance, mergers and acquisitions, outsourcing, licensing, intellectual property, privacy, regulatory and media, cleantech, tax, litigation, human resources, corporate restructuring and administrative law. We do so both for innovative businesses in their start-up phase and for well-established businesses of all types. Goodmans continues to lead in the technology sector and is partnered with the DMZ at Ryerson University. The DMZ is a leading business incubator (selected by UBI as the top-ranked university incubator in the world), which connects its start-ups with resources, customers, advisors, investors, and other entrepreneurs. Goodmans is also a proud partner of IDEABOOST, an initiative of the Canadian Film Centre’s Media Lab; building the next generation of technology-based media entertainment products, services and brands. Through these partnerships, Goodmans provides legal advice, mentorship and networking opportunities to assist start-ups in maximizing their potential.

Goodmans is also an internationally recognized leader in other aspects of technology law and transactions. From our thought leadership, through participation on the Boards of associations such as CanTech (Canadian Technology Law Association), CORE (Centre for Outsourcing Research and Education), CIEG (Canadian Institute for Exponential Growth, which organized the Summit) and iTechLaw (International Technology Law Association), to our involvement in major technology procurement, joint venture and outsourcing transactions, to our representation, in court proceedings and in arbitrations, of major technology providers, and users of technology, in ground-breaking cases, our Technology Group is consistently at the forefront of leading technology transactions and cases.

Members of our Technology Group are recognized as leading technology lawyers in Chambers Global, Lexpert, Legal 500 Canada, Legal Media Group’s The Best of the Best, The Best Lawyers in Canada, Law Business Research’s The International Who’s Who of Business Lawyers, and The Lexpert /American Lawyer Guide to the Leading 500 Lawyers in Canada, teach internet and communications law at Canada’s largest law schools, are regular lecturers at technology industry events and legal conferences, and have published articles in the technology law field.

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