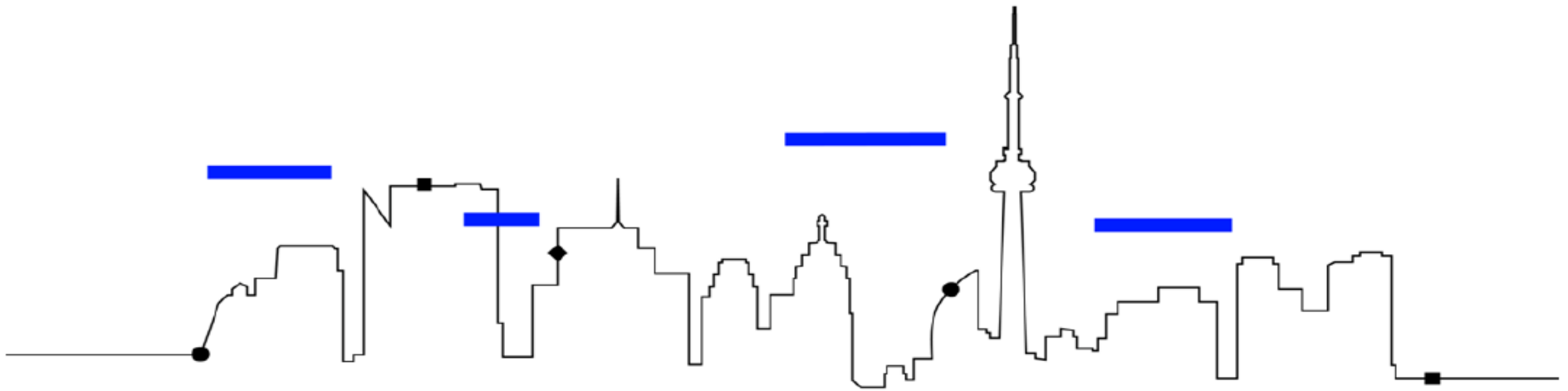


# Canada Private Equity Buyout Review

FIRST NINE MONTHS 2019



# Canada Private Equity Buyouts

First Nine Months 2019 | Canada Private Equity Buyout Review

## Canada Private Equity Buyout Deals Intelligence

### CANADA BUYOUT AND RELATED DEAL VALUES TOTAL CA\$35.3 BILLION

Canadian buyout and related investment continued to gain momentum in the third quarter, with CA\$21.1 billion of deal values recorded across 136 rounds between July and September. This brought the overall total for the first nine months of the year to CA\$35.3 billion across 377 rounds, an increase in volumes over the same period last year of 23% and in values of 41%.

### TOP TEN ROUNDS ACCOUNT FOR 80% OF ALL DISCLOSED DEAL VALUES

Five rounds with values of CA\$1 billion or more were announced in the third quarter of the year, with combined deal values of CA\$18.2 billion. This included the top two deals for the year to date, the CA\$6.2 billion purchase of industrial property manager Dream Global REIT by funds managed by Blackstone Group, and the CA\$5.2 billion majority investment into security firm GardaWorld by BC Partners.

### NUMBER OF BUYOUTS-RELATED DEALS ACCOUNTS FOR 23% CANADIAN M&A ACTIVITY

While the number of Canadian buyout deals are up 23% year-over-year, the overall number of Canadian M&A transactions has declined by 11% during the first three quarters of 2019, resulting in the volume of PE-backed deals to climb to 23% of Canada dealmaking, up from 16% a year ago.

### BUYOUT FUNDRAISING REACHES CA\$17.3 BILLION

A total of 34 Canadian buyout and related funds recorded closes in the first nine months of 2019, raising CA\$17.3 billion, up 169% year-over-year and already equivalent to the fundraising tally throughout the entirety of 2018. Fundraising was led by Altas Partners, which raised CA\$3.5 billion for its sophomore fund, and Manulife, which raised CA\$2.1 billion for its Private Equity Partners fund.

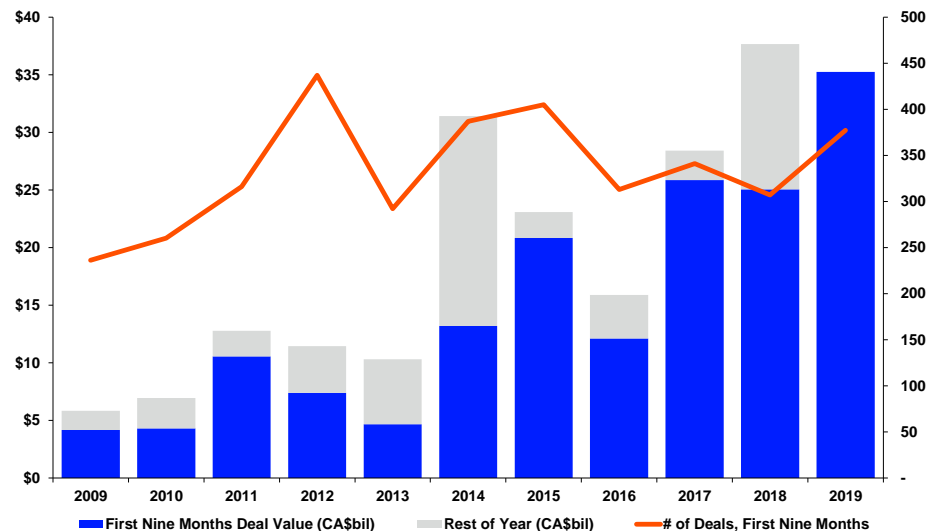
### CANADA EXITS TOTAL CA\$10.3 BILLION DURING FIRST NINE MONTHS

Canadian companies completed 52 PE-backed exits during the first nine months of 2019 valued at CA\$10.3 billion, resulting in a 20% decrease in values and a 9% decrease in volumes when compared to the same period the previous year.

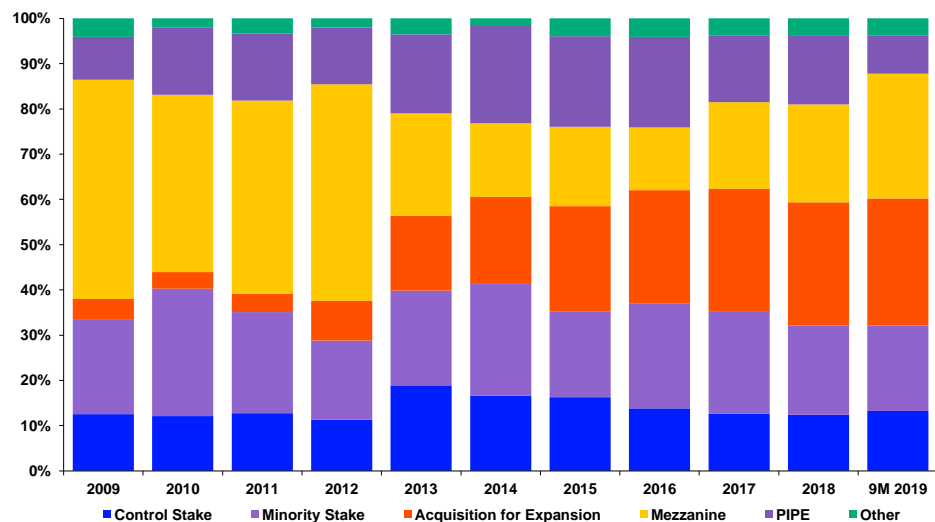
### CANADA BUYOUT FUND PERFORMANCE CONTINUES DECLINE DURING FIRST HALF OF 2019

Canadian private independent funds continued to show under-performance compared to the public market as of Q2 2019. Published data provided by Cambridge Associates shows Canadian buyout, private equity energy, and subordinated capital funds with vintage years of 2000 or greater returning an IRR of 4.5% at the end of Q2, down from 5.4% in Q2 2018 and well below the 12.8% shown by similar funds within the United States.

## Private Equity Buyout Investment Activity in Canadian Companies



## Private Equity Buyout Deal Volumes (#) by Transaction Type



# Investments

## First Nine Months 2019 | Canada Private Equity Buyout Review

### Top Canadian PE Buyout Deals by Deal Value

Company Name	Ann. Date	Deal Value (CA\$mil)	Sector	Status	Location
Dream Global REIT	09/15/19	\$6,200.0	Financial Services	Pending	ON
GardaWorld	07/23/19	\$5,200.0	Electronics, Other	Pending	QC
WestJet	05/13/19	\$5,000.0	Transportation	Pending	AB
407 International	08/15/19	\$3,250.0	Transportation	Completed	QC
Genworth	08/13/19	\$2,400.0	Financial Services	Pending	ON
SemCAMS Midstream <i>Platform creation</i>	01/10/19	\$1,700.0	Oil & Gas Exploration	Pending	AB
BGIS	03/11/19	\$1,338.9	Turnkey Integrated Systems and Solutions	Pending	ON
Noverco	03/27/19	\$1,200.0	Utilities	Pending	QC
Nuvei	05/22/19	\$1,174.5	Internet Ecommerce	Completed	QC
Aptum Technologies	02/27/19	\$720.0	Data Comm.	Completed	QC
SemCAMS Midstream <i>Meritage Midstream acquisition</i>	10/01/19	\$600.0	Oil & Gas Exploration	Completed	AB
Shopify	09/09/19	\$592.5	Internet Software	Pending	ON

### PE Buyout Investments by Province & State

State	01/01/2019 - 9/30/2019		01/01/2018 - 9/30/2018		YoY % Chg. (\$)	YoY % Chg. (#)
	Value (CA\$mil)	# of Deals	Value (CA\$mil)	# of Deals		
Texas	\$41,825.6	326	\$22,612.0	297	85%	▲ 10% ▲
California	\$34,647.2	437	\$28,918.5	407	20%	▲ 7% ▲
New York	\$22,461.3	216	\$25,259.9	209	-11%	▼ 3% ▲
Connecticut	\$19,536.5	70	\$1,277.9	71	1429%	▲ -1% ▼
Wisconsin	\$18,573.3	36	\$4,449.6	36	317%	▲ 0% -
New Jersey	\$17,438.4	74	\$10,744.5	83	62%	▲ -11% ▼
Florida	\$17,294.8	110	\$2,834.4	116	510%	▲ -5% ▼
Colorado	\$15,107.1	92	\$2,050.4	92	637%	▲ 0% -
Massachusetts	\$14,328.1	133	\$11,263.1	118	27%	▲ 13% ▲
Quebec	\$13,054.0	183	\$3,889.6	130	236%	▲ 41% ▲
Ontario	\$12,302.6	107	\$8,331.7	94	48%	▲ 14% ▲
Alberta	\$8,450.0	29	\$7,130.8	38	19%	▲ -24% ▼
North Carolina	\$6,518.3	84	\$5,581.3	68	17%	▲ 24% ▲
Washington	\$6,157.0	48	\$3,082.5	54	100%	▲ -11% ▼
Oklahoma	\$5,607.1	16	\$6,518.7	20	-14%	▼ -20% ▼
Kansas	\$5,119.7	19	\$790.3	21	548%	▲ -10% ▼
Illinois	\$5,037.5	151	\$25,337.7	132	-80%	▼ 14% ▲
Minnesota	\$4,933.8	53	\$383.5	48	1186%	▲ 10% ▲
Ohio	\$4,645.2	93	\$3,896.2	95	19%	▲ -2% ▼
Kentucky	\$3,954.3	13	\$5,405.6	19	-27%	▼ -32% ▼
Virginia	\$2,985.3	88	\$3,674.4	63	-19%	▼ 40% ▲
Maryland	\$2,738.6	48	\$3,286.6	46	-17%	▼ 4% ▲
South Carolina	\$1,735.3	26	\$3,229.1	23	-46%	▼ 13% ▲
Pennsylvania	\$1,731.8	159	\$6,807.5	126	-75%	▼ 26% ▲
Maine	\$1,335.2	9	\$8.8	9	15050%	▲ 0% -

\*Indicates a Tie

### Top Investors in Canadian PE Buyout Deals

Firm Name	Rank	# of Deals	Aggregate Deal Value (CA\$mil)
Desjardins Capital	1	55	\$255.8
Business Development Bank of Canada (BDC)	2	27	\$231.0
Fondaction	3	16	\$221.9
CDP Capital Private Equity	4	12	\$2,630.5
Fonds de solidarité FTQ	5	10	\$1,339.9
Investissement Quebec	6	6	\$79.4
Canada Pension Plan Investment Board	7*	5	\$3,761.0
Novacap	7*	5	\$1,174.5
Ontario Teachers Pension Plan Board	7*	5	\$0.0
KKR	10*	4	\$2,300.0
Caisse de dépôt et placement du Québec	10*	4	\$350.5
Catalyst Capital Group	10*	4	\$279.7
Birch Hill	10*	4	\$165.0
Westcap	10*	4	\$5.3
Thoma Bravo	10*	4	\$0.0
RBC Capital Markets	16*	3	\$5,075.0
Brookfield Asset Management	16*	3	\$2,883.9
Clearspring Capital Partners	16*	3	\$150.5
Pala Investments	16*	3	\$142.7
Ironbridge Equity Partners	16*	3	\$108.5

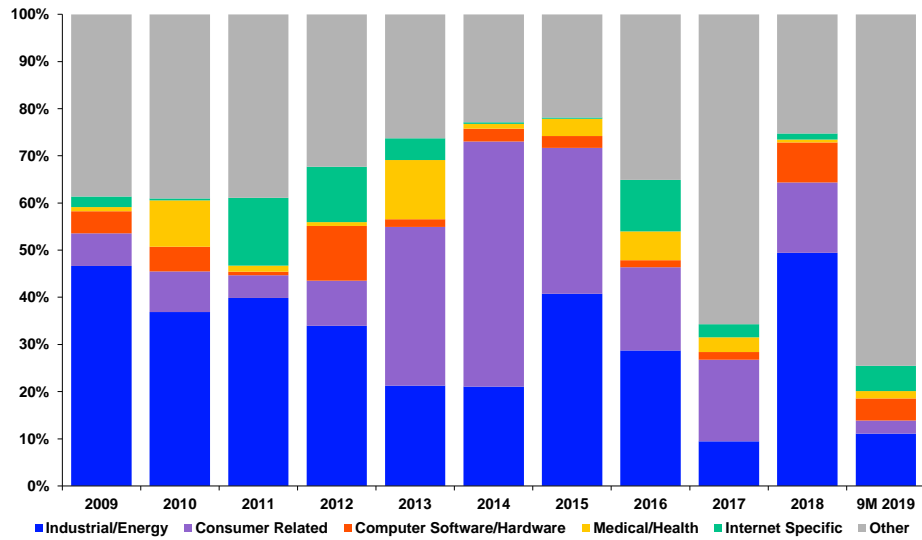
### Top Announced PE Deals by Canadian Firms Investing Abroad

Company Name	Ann. Date	Deal Value (CA\$mil)	Sector	Status	Location
Ultimate Software	04/02/19	\$14,762.0	Computer Software	Completed	United States
TAG	04/05/19	\$11,508.5	Utilities	Pending	Brazil
Genesee & Wyoming	07/01/19	\$11,032.6	Transportation	Pending	United States
Merlin Entertainments	06/28/19	\$9,817.5	Entertainment and Leisure	Pending	United Kingdom
Oaktree Capital	03/13/19	\$6,357.1	Financial Services	Completed	United States
Williams Cos - Marcellus and Utica Shale Unit	03/18/19	\$5,066.9	Oil & Gas Exploration	Pending	United States
Reliance Jio Infratel Pvt Ltd	07/19/19	\$4,782.9	Comm. Other	Pending	India
Inmarsat	03/19/19	\$4,528.5	Satellite Comm	Pending	United Kingdom
Shutterfly Inc	09/25/19	\$3,581.8	Internet Ecommerce	Completed	United States
Vodafone New Zealand	05/13/19	\$3,008.2	Telephone Rel.	Pending	New Zealand
Pipeline Infrastructure Pvt	03/22/19	\$2,516.5	Utilities	Completed	India
Convex Group	04/30/19	\$2,141.8	Financial Services	Completed	Bermuda

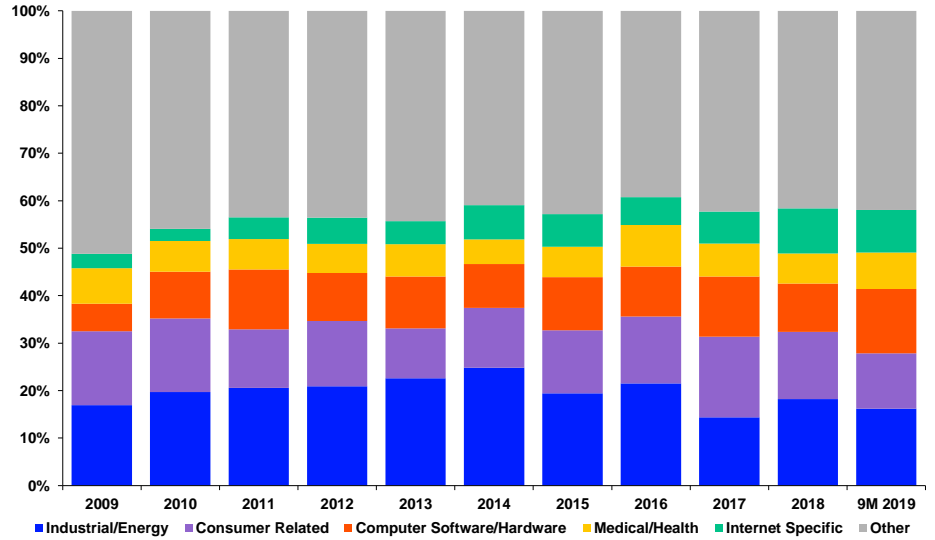
# Investments

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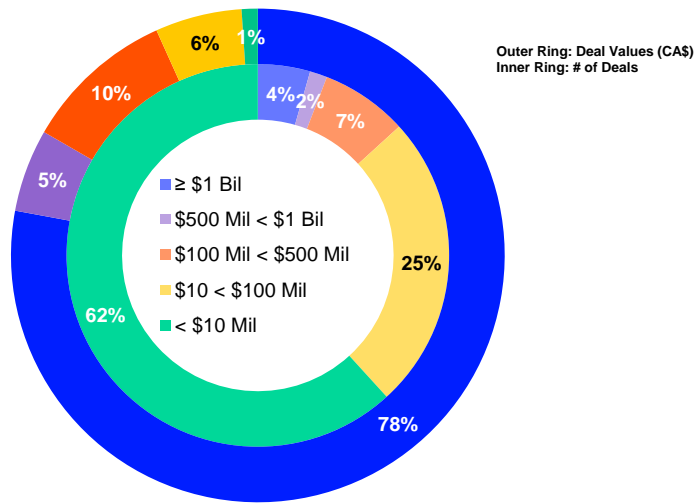
Investments by Sector, Deal Value (CA\$mil)



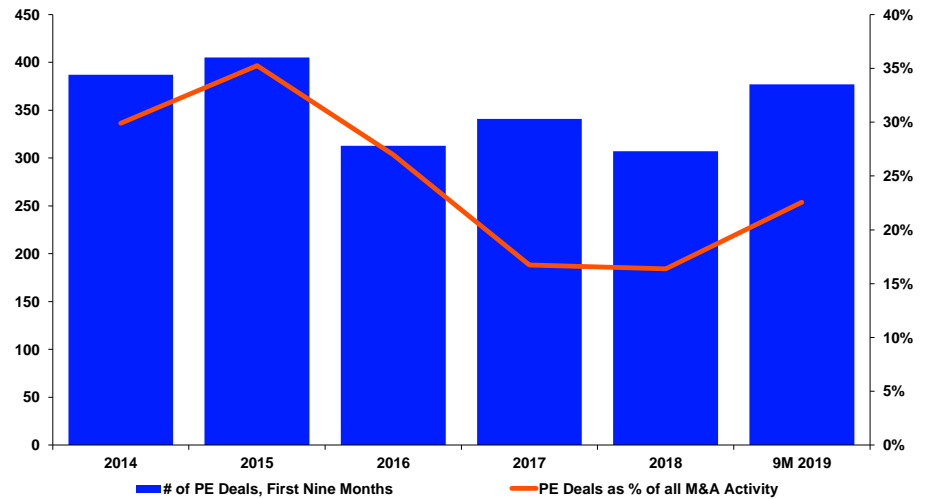
Investments by Sector, Number of Deals



Deal Size Composition of Investments



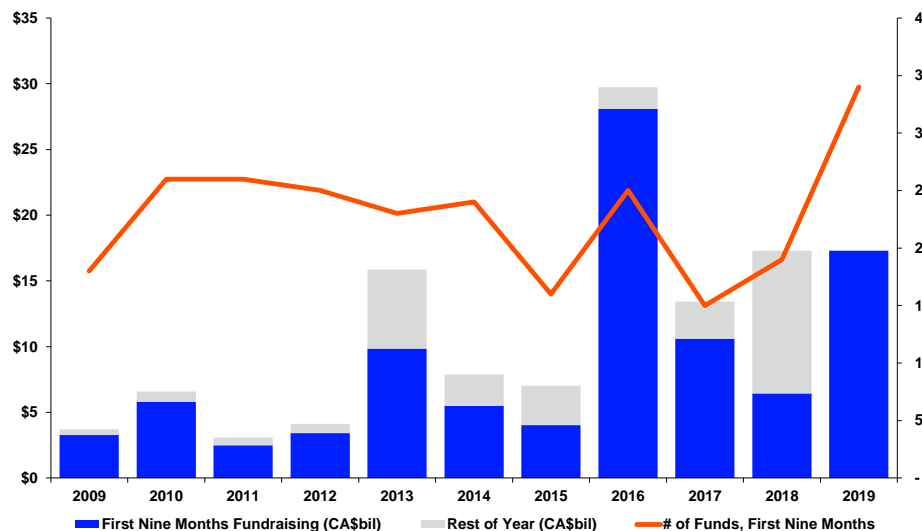
PE Buyout Dealmaking as a Percent of All Canadian M&A



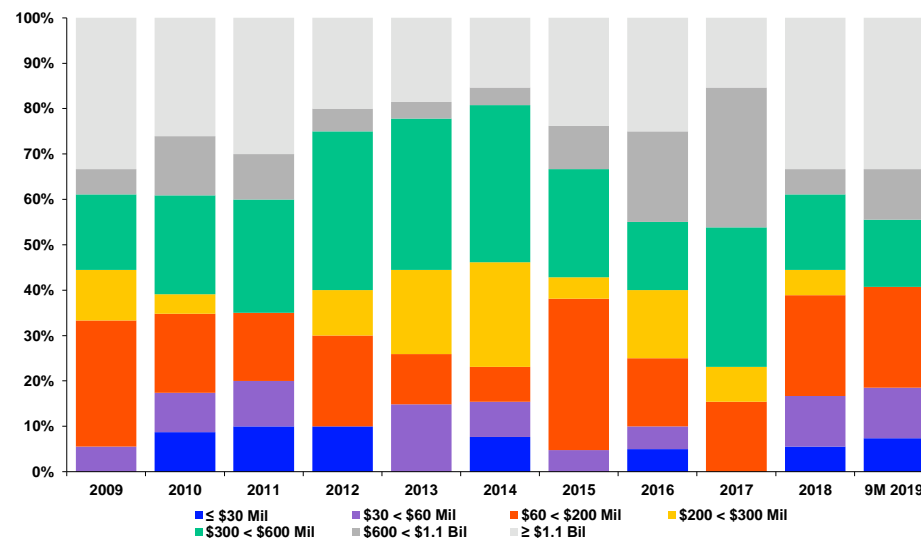
# Fundraising

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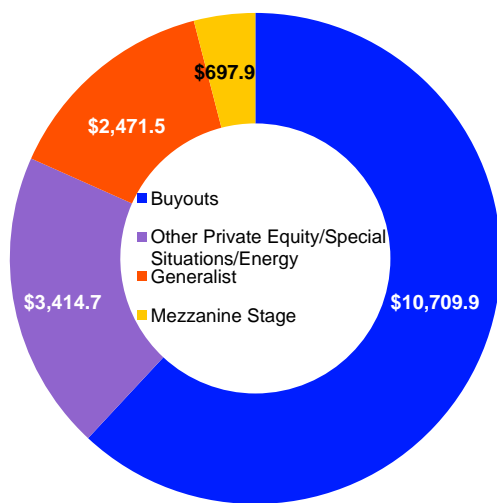
## Canadian Private Equity Buyout Fundraising Activity



## Private Equity Buyout Fundraising, Fund Size Category, by Number of Funds



## PE Buyout Fundraising, by Investment Stage (CA\$mil)



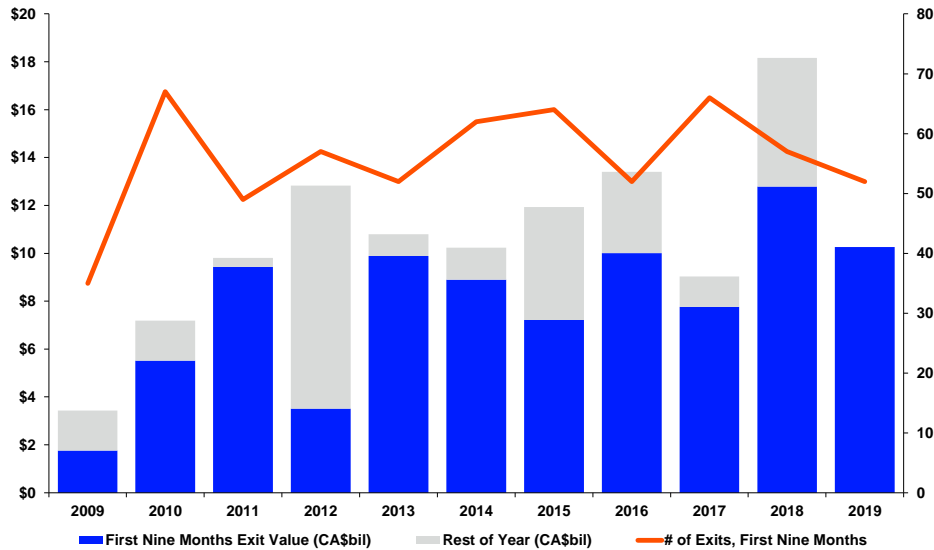
## Largest PE Buyout Funds Raised in Canada

Fund Name, Firm Name	Latest Closing Date	Amount Raised	Total Fund Size	Fund Stage
Atlas Partners Fund II	08/06/19	\$3,458.4	\$3,458.4	Buyouts
Manulife Private Equity Partners	06/26/19	\$2,135.6	\$2,135.6	Buyouts
Brookfield Super-Core Infrastructure Partners	08/22/19	\$2,130.3	\$2,130.3	Other PE/Special Situations
Brookfield Capital Partners V	07/15/19	\$1,879.3	\$11,199.1	Buyouts
Whitehorse Liquidity Partners III	08/07/19	\$1,624.3	\$2,637.1	Generalist
Brookfield Infrastructure Fund IV	06/30/19	\$1,172.2	\$1,172.2	Other PE/Special Situations
Clairvest Equity Partners VI	01/09/19	\$1,146.6	\$1,146.6	Buyouts
DW Healthcare Partners V	08/29/19	\$801.8	\$801.8	Buyouts
Northleaf Senior Private Credit	04/24/19	\$669.2	\$669.2	Mezzanine Stage
Imperial Capital Acquisition Fund VII	07/23/19	\$650.0	\$650.0	Buyouts
CDPQ-AI Fund	04/11/19	\$333.3	\$333.3	Generalist
PCM Fund I	05/31/19	\$330.0	\$330.0	Buyouts

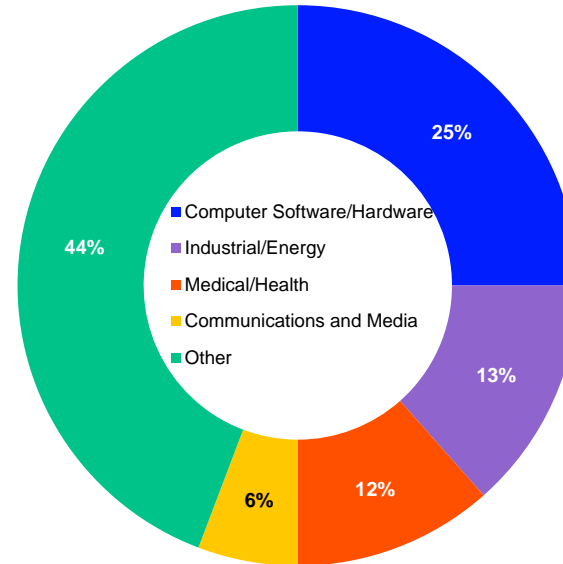
# Exits

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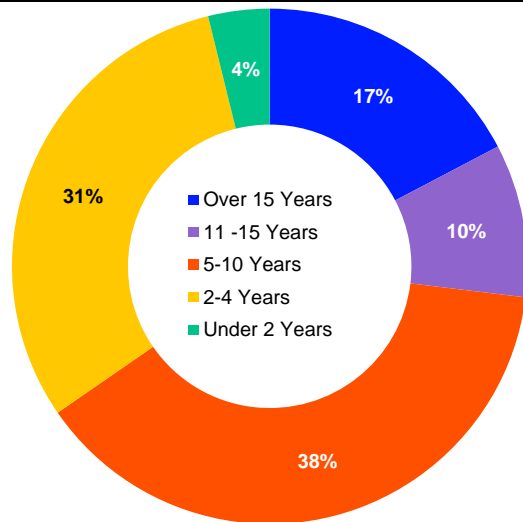
## Canada Private Equity Buyout Exit Activity



## Exits by Sector, by Number of Deals



## Number of Years from Investment to Exit, by Number of Deals



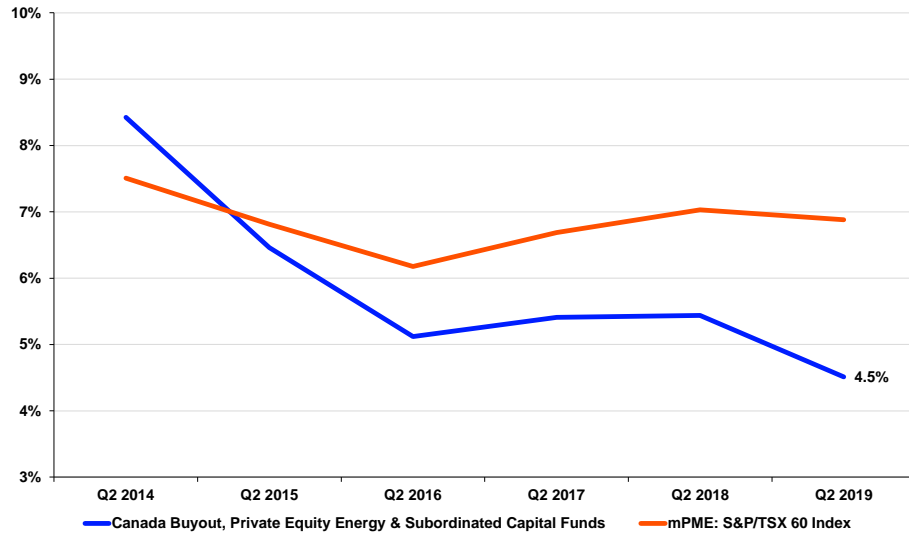
## Top Canadian PE-Backed Exits

Company Name	Ann. Date	Deal Value	Sector	Exit Type
GardaWorld	07/23/2019	\$5,205.5	Semiconductors/Other Elect.	Secondary Sale
Entertainment One	08/22/2019	\$4,498.7	Consumer Related	Trade Sale
GFL Environmental	07/19/2019	\$2,516.1	Industrial/Energy	IPO
BGIS	03/11/2019	\$1,338.9	Computer Hardware	Secondary Sale
Clementia Pharmaceuticals	02/25/2019	\$1,155.7	Medical/Health	Trade Sale
Formica Corp	12/17/2018	\$1,125.9	Other Products	Trade Sale
Valener	03/27/2019	\$1,121.0	Other Products	Trade Sale
DBRS	05/29/2019	\$904.4	Other Products	Trade Sale
Air Transat	05/16/2019	\$704.5	Other Products	Trade Sale
Intelx	06/06/2019	\$567.8	Computer Software and Services	Trade Sale

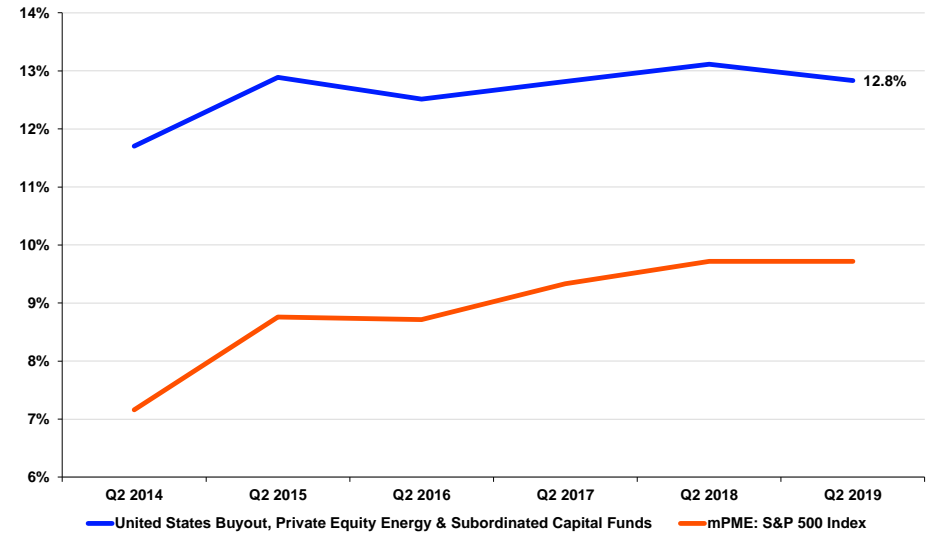
# Cambridge Associates: Buyout Fund Performance

First Nine Months 2019 | Canada Private Equity Buyout Review

### Canada Buyout Funds Performance, First Half 2019



### U.S. Buyout Funds Performance, First Half 2019



# Canada Private Equity Buyout Criteria

First Nine Months 2019

If you would like to participate in the submission process, receive quarterly press releases, or have questions about our full league table criteria please contact:

## CANADA

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Data collected and analyzed by Refinitiv for this statistical report were drawn from a variety of sources including regulatory filings, press releases, Refinitiv PE and M&A databases, and contributed submissions from buyout firms, generalist firms, and law firms.

Key statistical indicators (e.g., total disbursements, per quarter or per annum) are influenced by the fact that a substantial fraction of buyout and other PE deals are not fully disclosed. For instance, "dollars invested" in a given period pertain only to those deals with values that have been published or confidentially disclosed to Refinitiv.

The data also highlights the deal-making of Canadian funds in non-Canadian companies. "Dollars invested" pertain to the total value of disclosed deals in which Canadian funds have participated and not the specific Canadian financial contributions to these deals. Deals are first tracked as of a announcement date, then tracked as of completion date upon closing.

Statistical data reflect eligible PE backed add-on acquisitions, leveraged buyouts, management buyouts, management buy-ins, secondary buyouts, recapitalization and turnaround financing, mezzanine, secondary purchase, open market purchase, PIPE, and bridge loans.

**Methodology Change:** this report includes all instances of mezzanine and bridge loan rounds whereas previous versions of this report limited mezzanine and bridge loan rounds to those with deal values of \$3 million and greater.

Fund performance data and public market equivalents are produced via the Cambridge Associates Benchmark Calculator, available through Eikon. Returns are for Canadian and U.S. buyout, private equity energy and subordinated capital funds with vintage years of 2000 or greater, on a first cash flow basis, from inception to the end of the indicated quarter, under published data mode Q2 2019. Pooled internal rates of return are net of fees, expenses and carried interest. CA Modified Public Market Equivalent (mPME) replicates private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and mPME NAV is a function of mPME cash flows and public index returns.

League tables, commentary, and charts include both announced and completed transactions.

League Table rankings of top PE investors include only publicly-disclosed investment activity made in Canadian portfolio companies. Estimated investment activity is based on the actual syndicate breakdown, where available, and is split equally among disclosed investors where actual breakdowns are not available. Announced league tables include announced and completed deals that were announced between January 1, 2019 and September 30, 2019 and of which Refinitiv was made aware.

All current and previous years data is as of Monday, October 28, 2019. Data is continuously updated and is therefore subject to change. All figures are in Canadian dollars unless otherwise noted.

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