



REUTERS

CANADIAN PRIVATE EQUITY BUYOUT REVIEW

First Half 2016



THOMSON REUTERS

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Overview of Canadian PE Buyout Market Activity in Q2 2016

Canadian buyout-PE market trends

Deal-making activity in Canada's buyout and related private equity (PE) market showed mixed conditions in the first half of 2016 with increased deal values and declining deal volumes. A total of \$10.1 billion was invested in 145 deals as of June 30th, which in dollar terms was up 30% from the same period the year prior and the most dollars invested in a first half since 2007. Deal volumes however were down by 29% from the first six months of 2015, marking the fewest companies funded in a first half since 2010.

Canadian private equity deal volumes were also down as compared to conventional merger & acquisition activity of Canadian targets. As the number of M&A deals completed in the first half was only down 16% from the same period a year ago, private equity has been seeing a greater decline in deal volumes as compared to alternative markets.

Top deals included CDP Capital's \$2.0 billion investment in Bombardier Transportation, Thomas H. Lee Partners' investment in Give & Go Prepared Foods for \$1.0 billion, and CPPIB's \$1.0 billion investment in Tiene Energy. At the end of June, the ten largest transactions captured 78% of all disclosed disbursements made in the Canadian market.

Canadian market trends by sector

Canadian oil & gas, mining, and consumer related companies each tied for the largest share of buyout-PE dealmaking in the first six months with 20 transactions apiece. Following a close second were manufacturing companies, with 16 deals, while software and healthcare-related companies each came in third with ten transactions.

As measured by disclosed deal values, oil & gas companies continued to place first, unchanged from 2015, with a combined \$3.1 billion. The manufacturing sector placed second with \$2.2 billion in disclosed deal values, while the Consumer sector placed third with \$1.5 billion.



Overview of Canadian PE Buyout Market Activity in Q2 2016

Canadian market trends by region

The majority of buyout-PE transactions (announced and completed) in the Canadian market in the first half involved businesses that were located in Québec (45%) and Ontario (28%). However, only the province of British Columbia demonstrated any growth over the first six months of 2015, with 15 deals this year, an 88% increase. The number of deals done declined substantially in Québec (by 30%), Alberta (by 31%), and Ontario (by 39%).

Though the number of deals done in Ontario declined in the first quarter, the province attracted the bulk of the largest deals, securing \$3.8 billion. Alberta-based companies attracted the second largest share, with \$2.8 billion, while Québec followed with \$2.6 billion. Though British Columbia saw growth in its number of deals in the first half, most had undisclosed values, leaving the province with only \$724 million of disclosed disbursements.

Canadian investor activity in global markets

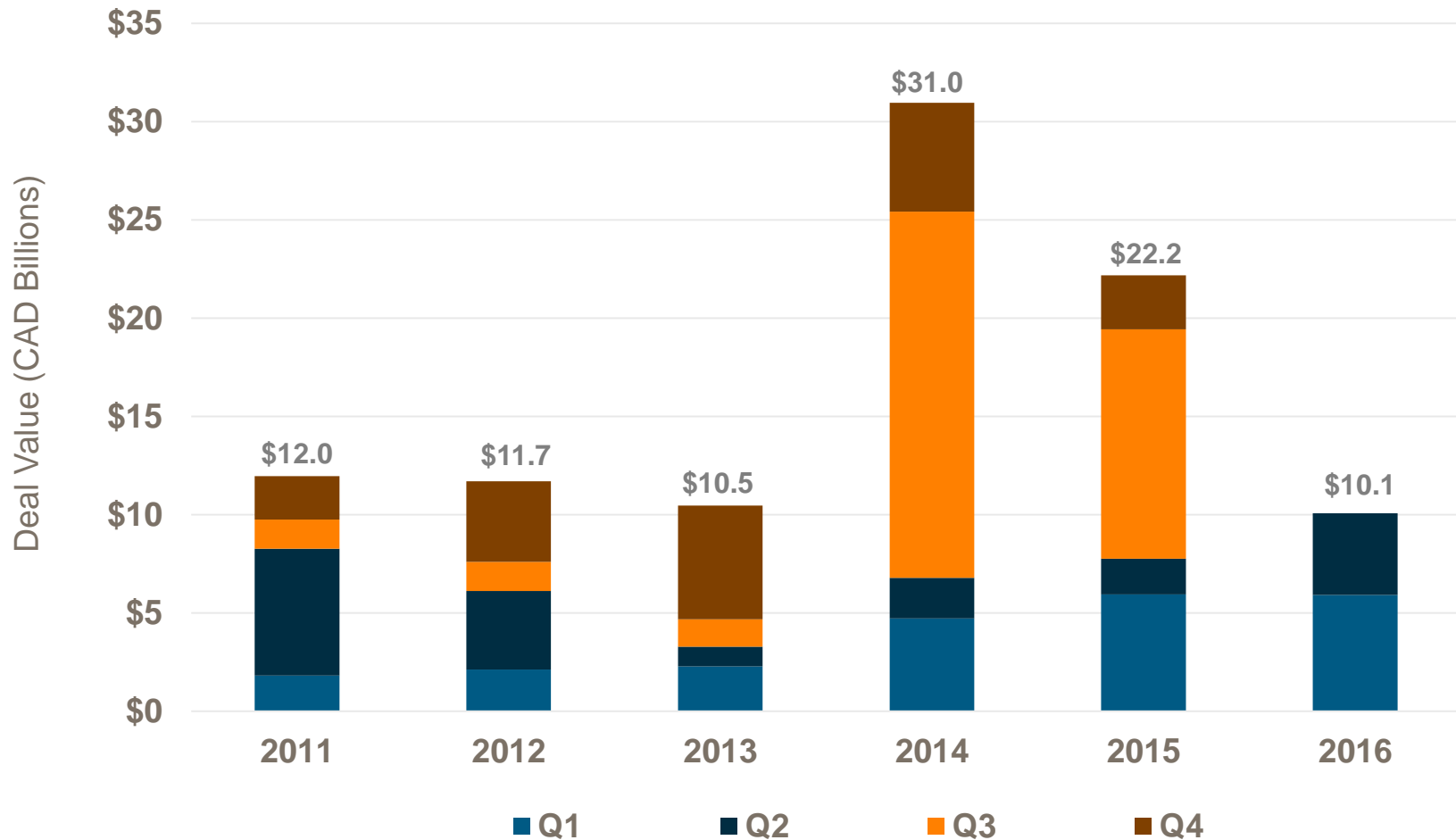
Canadian buyout and related PE funds were substantially less active in international transactions in the first half relative to the year before. As of June 30th, Canadian funds led or participated in a total of 47 deals in other countries, and these were valued at approximately \$36 billion. This compares against a total of 76 deals valued at \$65 billion reported in the first half of 2015. Topping the list was Florida-based security services provider ADT, which was acquired for \$8.7 billion by PSP Investments.

Trends in Canadian buyout-PE fund-raising

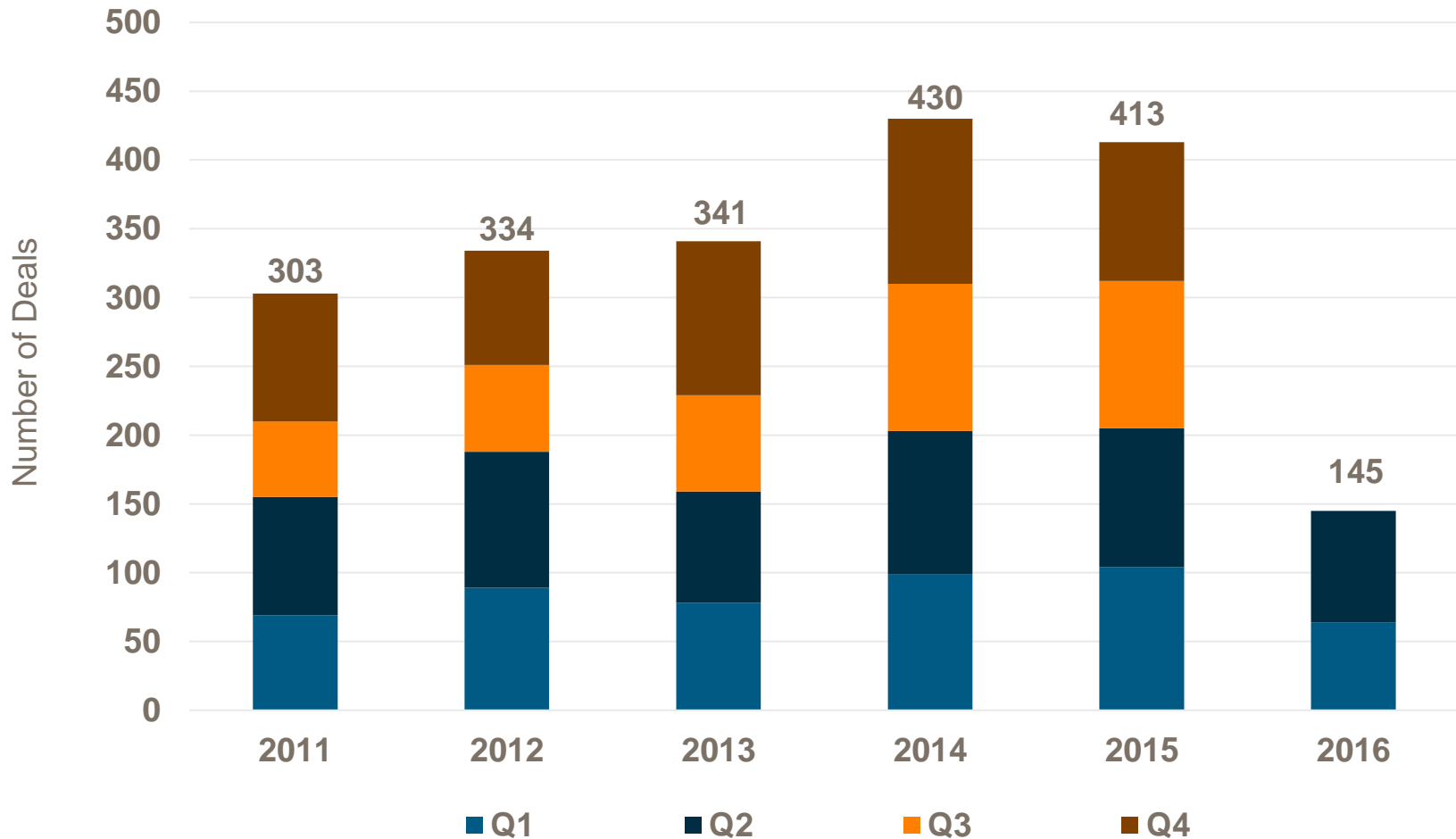
The fundraising activities of Canadian buyout funds maintained very strong levels in the first half of 2016 with a total of \$39.1 billion of new capital committed, led by the closings of Brookfield Capital Partners IV and Brookfield Infrastructure Fund III.



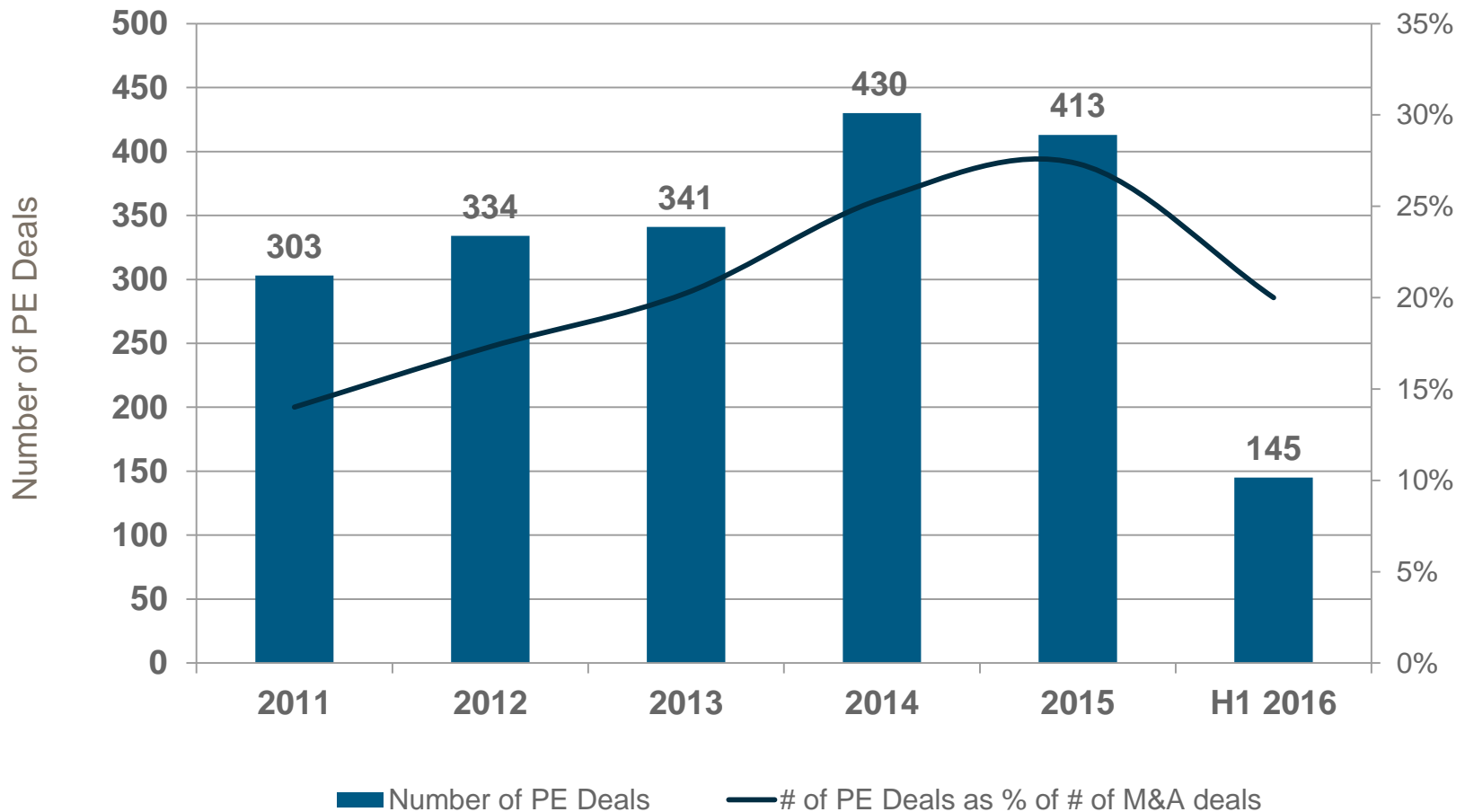
Buyout – PE Deal Values Reach \$10.1 Billion Most Dollars Invested in a First Half Since 2007



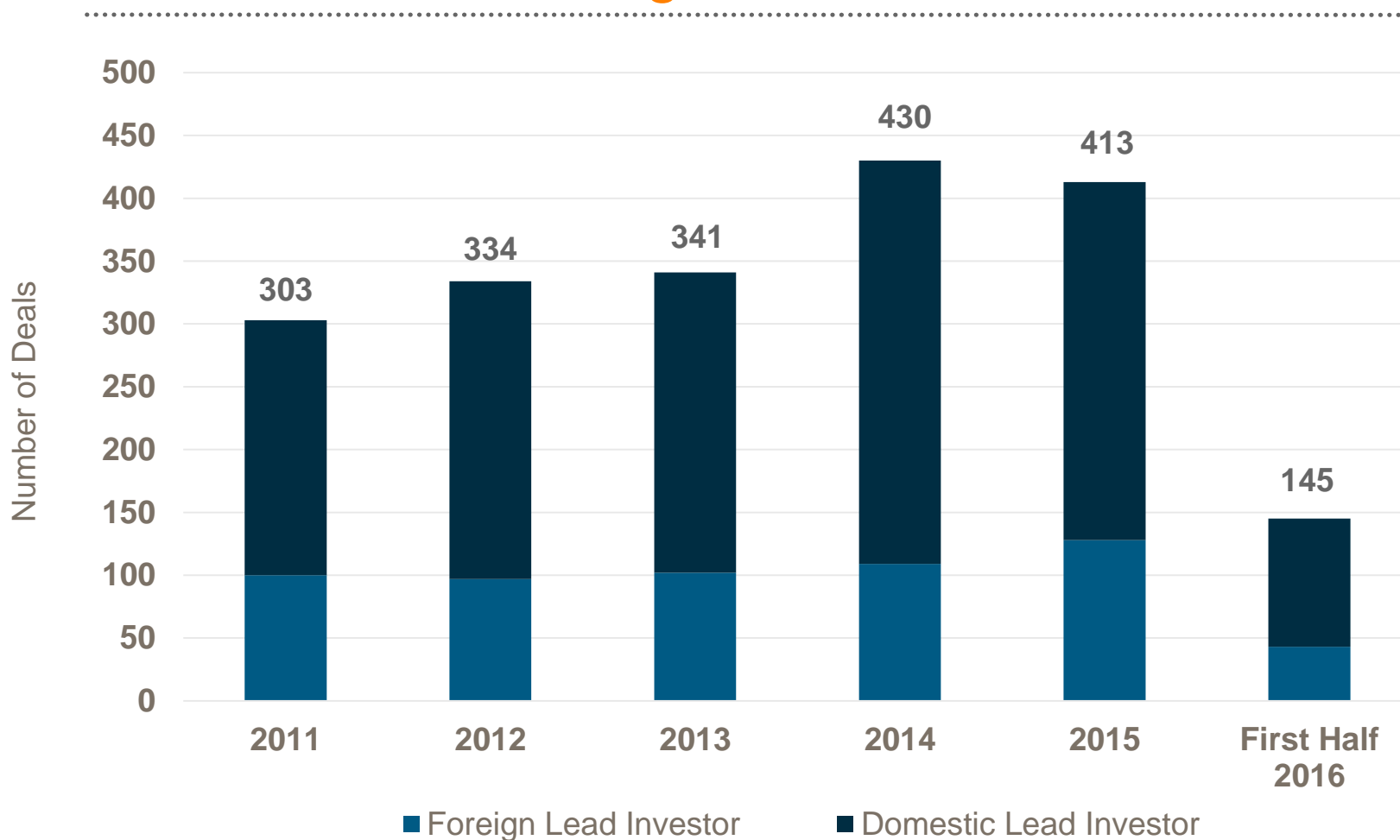
Buyout - PE Deal Volumes Down 29% From H1 2015 Fewest Deals in a First Half Since 2010



Slowdown in PE Dealmaking More Pronounced Than in Conventional M&A in Canada



Canadian Investors Lead 70% of Deals in First Half Unchanged From 2015



Top Canadian PE Buyout Deals First Half 2016

Company	Province	Value (CAD \$ Millions)	Disclosed Investors
Bombardier Transportation	QC	\$2,089	CDP Capital
Give and Go Prepared Foods	ON	\$1,004	Thomas H. Lee Partners
Tiene Energy	AB	\$975	Canada Pension Plan Investment Board
GFL Environmental	ON	\$800	Highbridge Principal Strategies, Macquarie Group
RimRock Oil & Gas	AB	\$685	Warburg Pincus
Pacific Exploration and Production	ON	\$633	Catalyst Capital Group
TELUS International	BC	\$600	Baring Private Equity Asia
Aralez Pharmaceuticals	ON	\$486	Deerfield Management



Top Ten Buyout-PE Transactions Take 78% of Dollars

Deal Size Range	# of Deals Done	Dollars Invested (Disclosed)
> \$1 Billion	2	\$3,093 Million (31%)
\$500 Million - \$1 Billion	5	\$3,693 Million (37%)
\$100 Million - \$500 Million	8	\$2,074 Million (21%)
\$10 Million - \$100 Million	29	\$1,035 Million (10%)
< \$10 Million	48	\$176 Million (2%)
Deal Values Undisclosed	53	\$0 (0%)

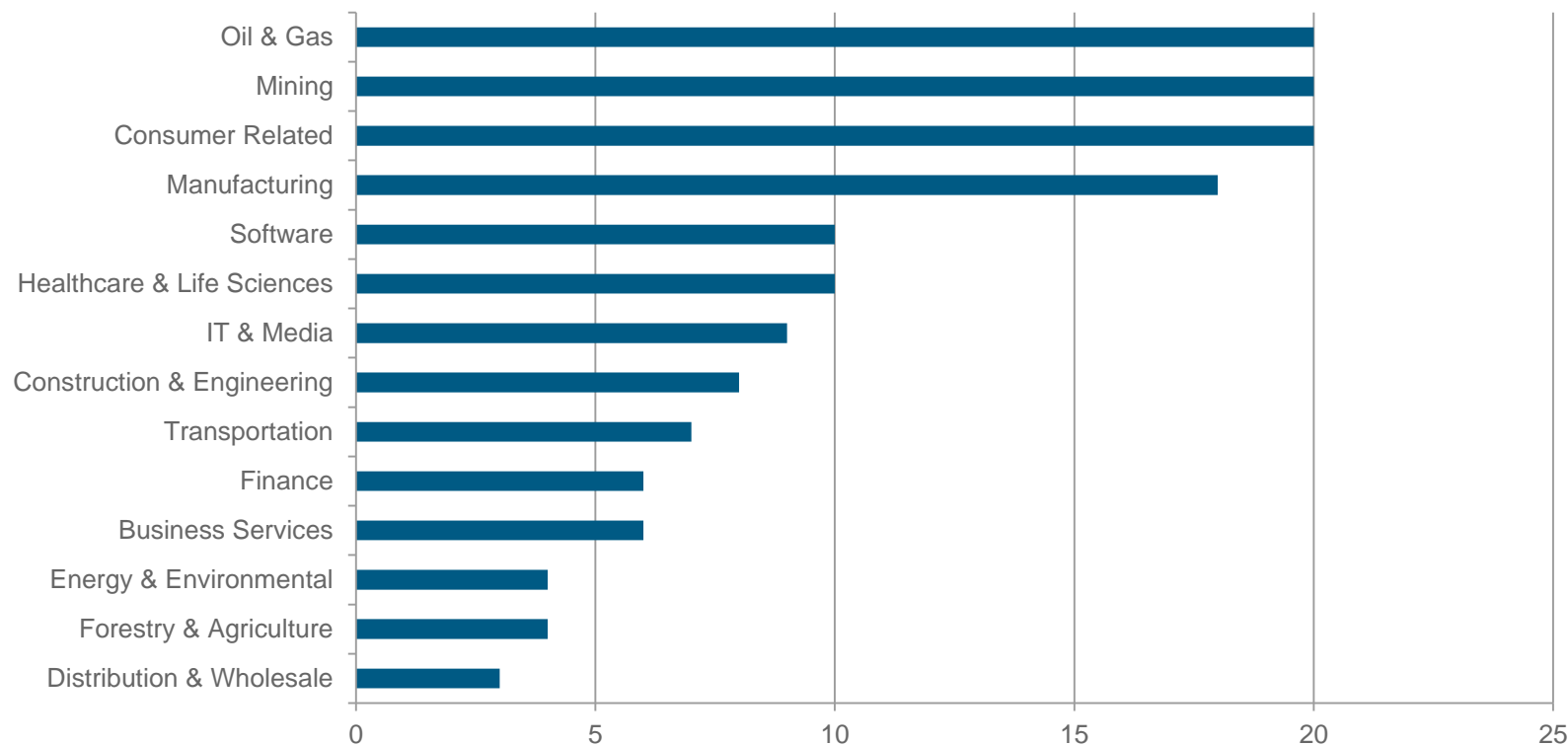
Total Deals With Disclosed Values: 92 (of 145)

Total Invested: \$10.1 Billion



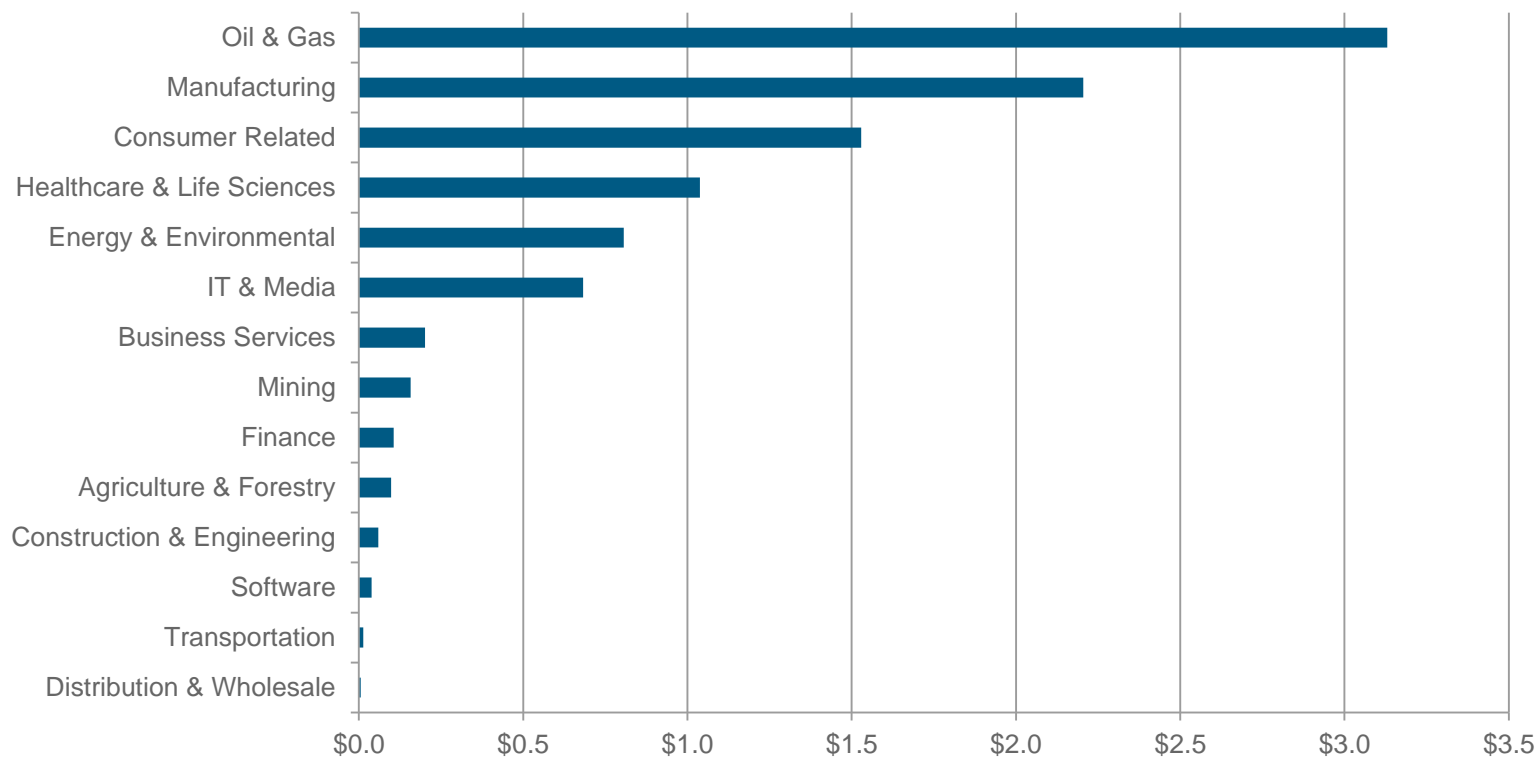
Consumer & Natural Resources Companies Lead Deal Volumes in First Half

Total Deals: 145

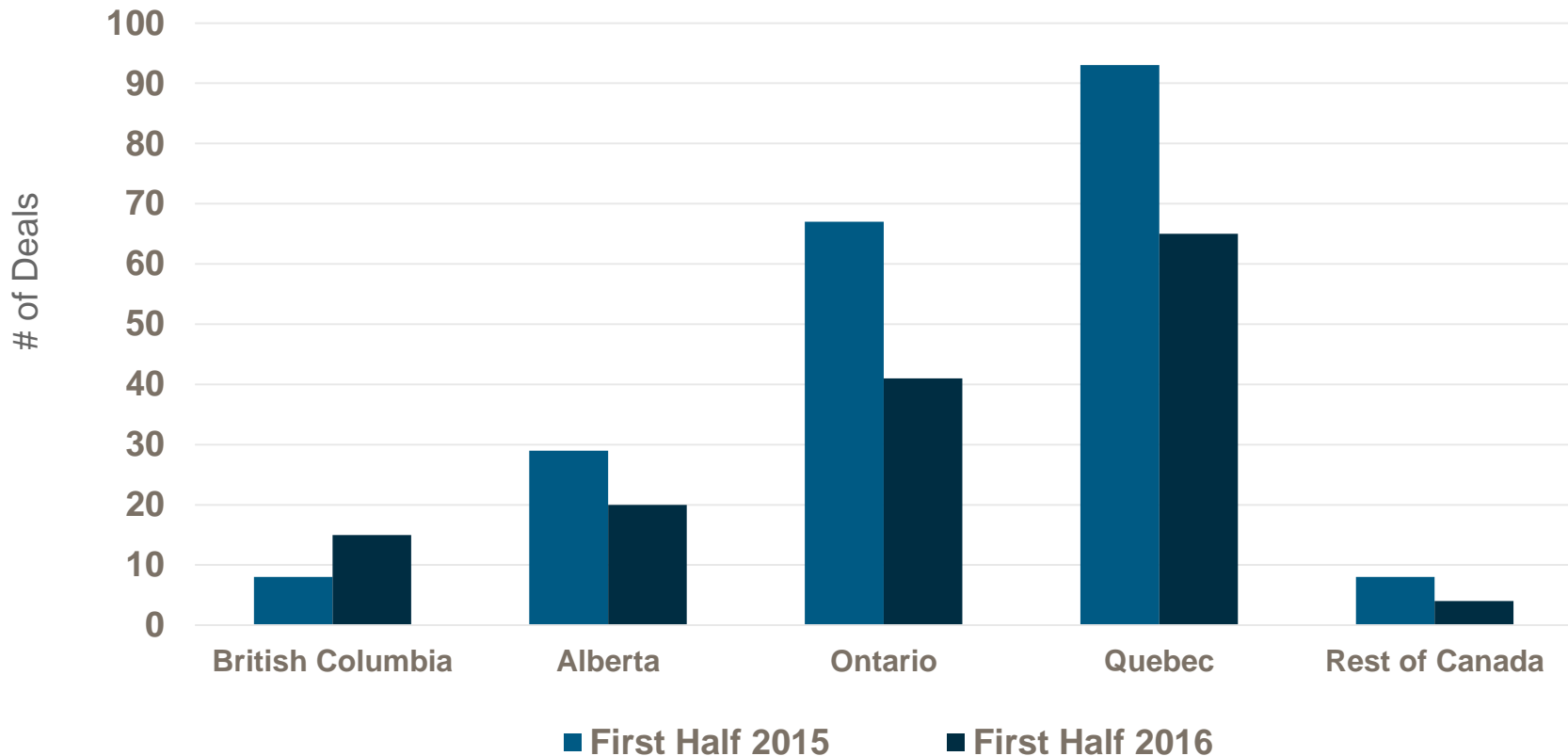


Oil & Gas, Manufacturing Investments Drive Deal Values in First Half

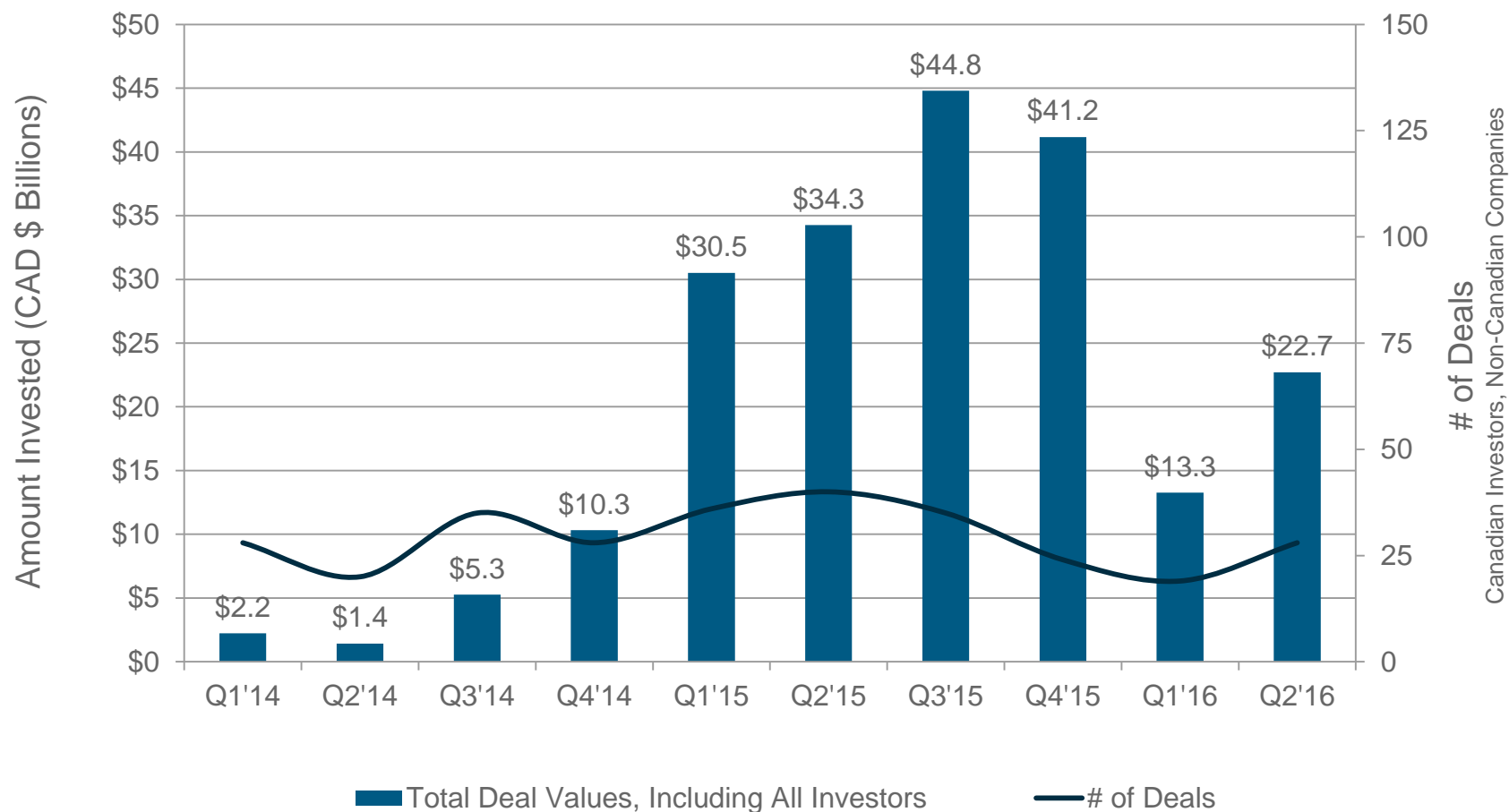
Total Deal Values: \$10.1 Billion



Sharp Declines in Deal Volumes Across All Regions but British Columbia



Canadian Firms Participate in \$36 Billion of Non-Canadian Deals in First Half



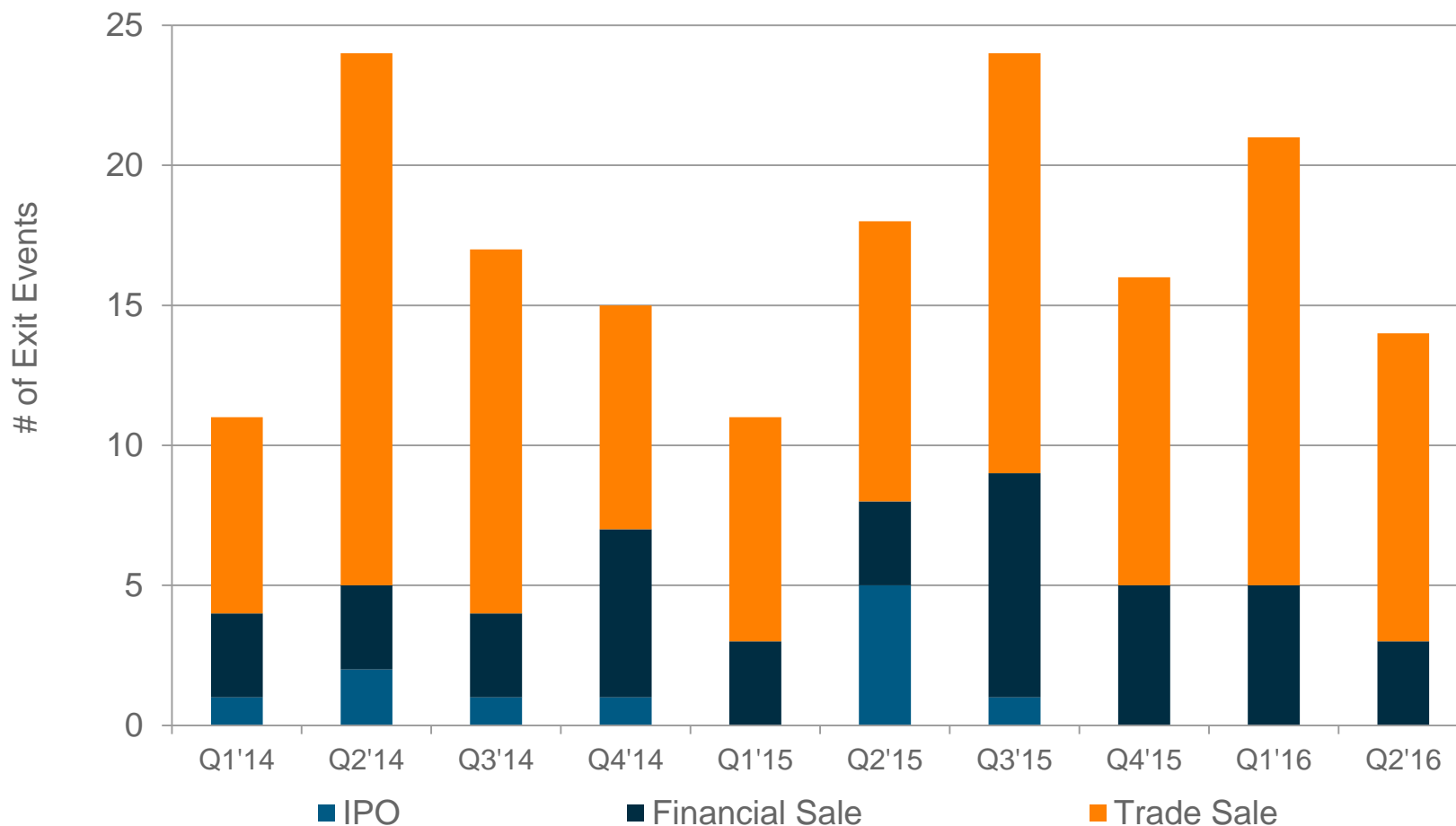
Canadian Funds' Investments Abroad

Top Deals: First Half 2016

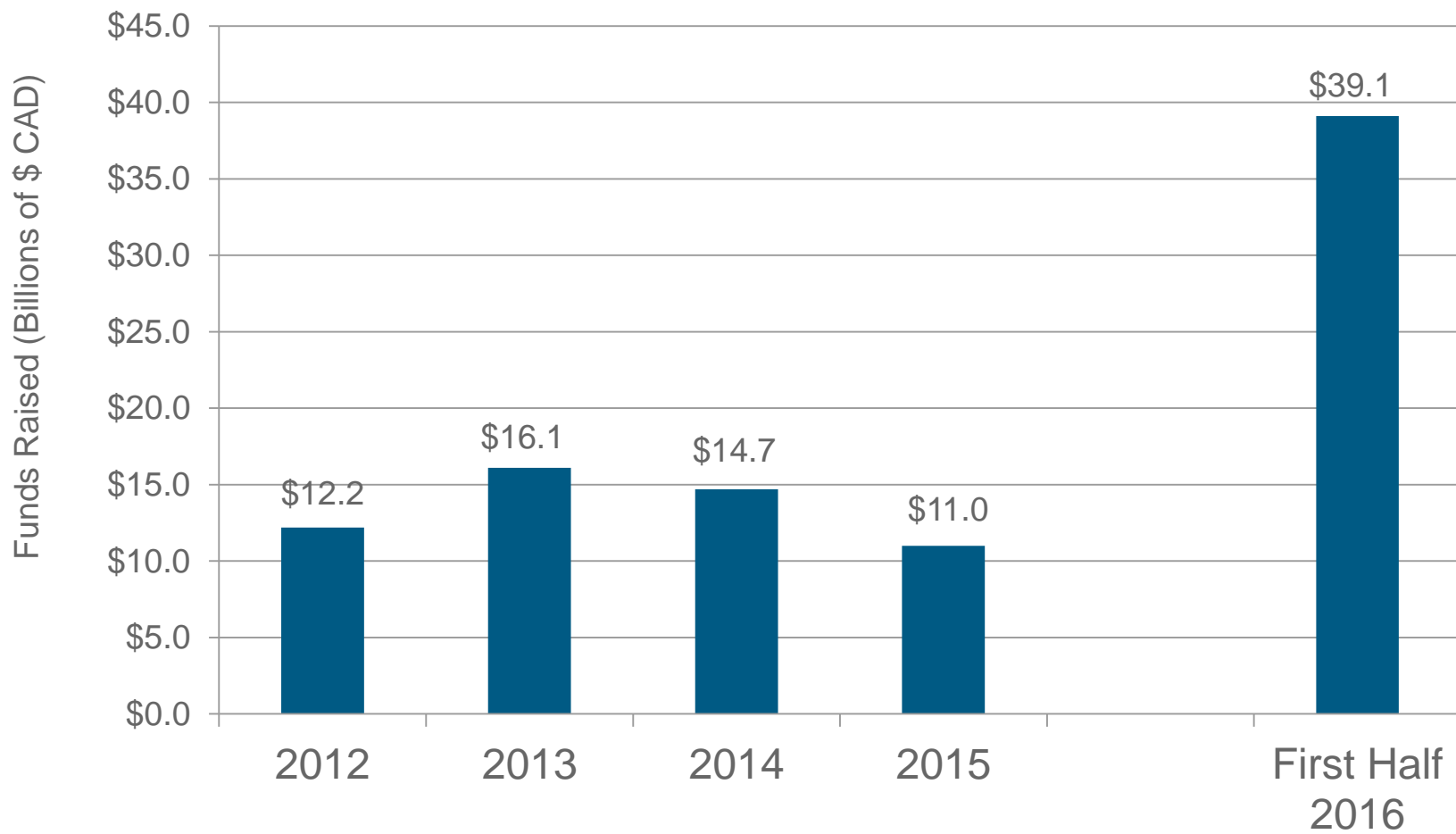
Rank	Company Name	Location	Deal Value (C\$ Bil)	Industry	Canadian Investors (Disclosed)
1	ADT	Boca Raton, FL	\$8.7	Security	PSP Investments
2	Petco	San Diego, CA	\$6.3	Consumer Related	CPPIB
3	Cleco Corporate Holdings	Pineville, LA	\$6.0	Electric Utilities	BCIMC
4	Glencore PLC - Agriculture Business Unit	Switzerland	\$3.3	Agriculture	CPPIB
5	Isagen SA ESP	Columbia	\$2.8	Electric Utilities	Brookfield Asset Management
6	University House Communities Group	Dallas, TX	\$2.0	Real Estate Management	CPPIB

Canadian PE Exits Up 21% From H1 2015

Trade Sales Comprise 77% of Exits



Brookfield Funds Key to Record Canadian Fundraising



Explanatory Notes

1. Data collected and analyzed by Thomson Reuters for this statistical report were drawn from a variety of sources. These include Thomson Reuters M&A databases, regulatory filings, and public and proprietary sources among the members of Réseau du capital d'investissement du Québec and other Canadian and non-resident fund managers responding to Thomson Reuters' quarterly surveys.
2. All current and previous years data is as of Tuesday, July 26th, 2016. Data is continuously updated and is therefore subject to change.
3. All figures are in Canadian dollars unless otherwise noted.
4. 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 Thomson Reuters.
5. The data also highlight 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.
6. Statistical data reflect all essential forms of buyout-PE deal-making, including control-stake acquisitions of businesses, minority equity investments, restructuring and special-situations transactions, mezzanine deals over \$3 million, and other quasi-equity investments.
7. For further information on Thomson Reuters venture capital and private equity offerings, please visit us at:

<http://thomsonreuters.com/financial/venture-capital-and-private-equity/>
8. For further reports on private equity, venture capital, and other asset classes, please visit us at:

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9. If you would like to participate in the submission process, receive quarterly press releases, or have questions about our venture capital criteria, please contact us at:

Gavin Penny
E-mail: gavin.penny@thomsonreuters.com
Tel: 416-687-7577