

US\$14.1bn value of domestic and inbound deals in 2017,

10-year peak

DUE NORTH: U.S. PRIVATE EQUITY SETS SIGHTS ON CANADA

Canada has earned its name as an attractive destination for private equity investment and the total value of private equity deals keeps reaching new heights.

To learn more about the driving factors behind decisions to invest in Canada, Bennett Jones commissioned Mergermarket to survey Canadian and U.S. private equity executives, as well as members of management teams at Canadian portfolio companies of Canadian and U.S. private equity firms.

Top sectors for PE investment 24% Consumer 14% Technology 14% Oil & gas Industrials & chemicals

WHY CANADA?

Top structural aspects of the market Top two aspects selected



United States





practices

of the market
Top two aspects selected

Top economic aspects



30%

Strong management teams

LOCAL MARKET KNOWLEDGE IS KEY

Best way to identify a Canadian-based target

Top two aspects selected



Top factors in structuring a deal for a Canadian target

economics / flow-through structures

Tax considerations

Amount of leverage that

can be used

Ability to use waterfall

Most used management incentives in Canadian buyouts



Top challenges for due diligence
Top two aspects selected



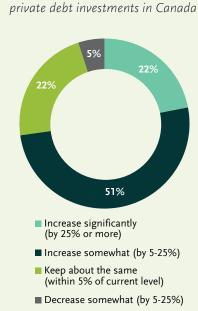
PRIVATE DEBT

Private equity investors are turning to a new strategy in Canada: private debt.

This can provide higher returns and employ idle capital.

PE firm's use of private debt investments in Canada

73% of PE firm's plan to increase



SHARED PRIORITIES

Rapid business growth and global connections are twin priorities for Canadian companies and U.S. PE firms.

Twin priorities in selling to a PE firm

Top two aspects selected





ALIGNING GOALS

Biggest challenges in working together
Top two aspects selected

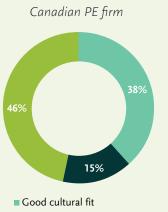


business by the

PE firm

CANADA vs UNITED STATES

Biggest advantage of being owned by a...



■ Greater access to domestic

connections and contacts

■ Longer hold period /

33%
42%
25%

Greater access to global

U.S. PE firm

U.S. contacts)■ More aggressive growth targets■ They were able to pay a higher valuation

connections (e.g., international

portfolio companies,



Read the full report at www.bennettjones.com/PEStudy

owner will eventually

.



A Acuris