

Table 1
Québec's Venture Capital Industry Resources and Liquidity
(\$ Millions)

	1996*	1995*
Capital Under Management	\$3 211	\$2 668
New Funds Raised	\$486	\$483
Capital Available for Investment**	\$1 072	\$802

* *As of December 31 for all but labour-sponsored venture capital funds which are measured as of March 1 of the following year.*

** *For labour-sponsored venture capital funds, 40% of total capital under management has been excluded to determine capital available for investment given requirements for liquid reserves for redemptions, etc.*

Source: Macdonald & Associates Limited for Réseau Capital

Table 2
Québec Captures Largest Share of Deals
Venture Capital Investment Activity by Investee Location*

Location	#	1996			1995			
		%	\$(mm)	%	#	%	\$(mm)	%
British Columbia	109	12	103	9	67	11	64	10
Alberta	30	3	42	4	12	2	18	3
Saskatchewan	61	7	42	4	44	7	37	6
Manitoba	28	3	39	4	15	2	15	2
Ontario	255	29	467	43	183	30	218	33
Québec	332	38	325	30	236	39	258	39
Atlantic Canada	22	2	27	3	4	1	7	1
Foreign Countries	44	5	49	4	49	8	53	8
Total	881	100%	1 094	100%	610	100%	669	100%

* *Investee location defined as place of principal facility.*

Source: Macdonald & Associates Limited for Réseau Capital

Table 3
Investment Activity Continues to Grow
Number of Investments and Amount Invested
New vs. Follow-on Investments

	1996*				1995**			
	#	%	\$(mm)	%	#	%	\$(mm)	%
New	173	52	208	64	120	51	155	60
Follow-on	159	48	117	36	116	49	103	40
Total	332	100%	325	100%	236	100%	258	100%

* 1996 data includes 22 transactions which involved more than \$5 million each with a total value of \$151 million

** 1995 data includes 15 transactions which involved more than \$5 million each with a total value of \$135 million.

Source: Macdonald & Associates Limited for Réseau Capital

Table 4
Majority of Companies Are Private
Number of Investments and Amount Invested in Québec
Private vs. Public Companies

	1996				1995			
	#	%	\$(mm)	%	#	%	\$(mm)	%
Private	310	93	272	84	217	92	221	86
Public	22	7	54	16	19	8	37	14
Total	332	100%	325	100%	236	100%	258	100%

Source: Macdonald & Associates Limited for Réseau Capital

Table 5
Early Stage Activity Strong in Québec
Investments by Stage of Development

Stage	1996						1995					
	Investment		Companies		Amount		Investment		Companies		Amount	
	#	%	#	%	\$(mm)	%	#	%	#	%	\$(mm)	%
Early Stage	138	42	82	40	92	28	118	50	64	45	106	41
Expansion	133	40	88	43	167	51	80	34	46	32	99	38
Acquisition/Buyout	5	2	4	2	11	3	14	6	12	8	20	8
Turnaround	52	16	29	14	55	17	3	1	3	2	1	1
Other	4	1	4	2	0	0	21	9	17	12	32	12
Total	332	100%	207	100%	\$325	100%	236	100%	142	100%	\$258	100%

Source: Macdonald & Associates Limited for Réseau Capital

Table 6
Small Companies Target for Many Investors
Investment Activity in Québec by Revenue of Investees

\$ (mm)	Investment		1996				Investment		1995			
	#	%	#	%	\$(mm)	%	#	%	#	%	\$(mm)	%
\$0-\$1	99	45	61	47	44	24	72	44	39	42	36	24
\$1-\$4	57	26	29	22	13	7	34	21	21	23	13	9
\$4-\$9	34	15	21	16	65	35	24	15	15	16	37	24
Over \$9	31	14	20	15	63	34	32	20	18	19	65	43
Total*	221	100%	131	100%	\$185	100%	162	100%	93	100%	\$151	100%

* Excludes investments for which investee revenues not reported

Source: Macdonald & Associates Limited for Réseau Capital

Table 7
Technology Activity Growing
Investments in Québec by Sector

	Investments		1996				Investments		1995			
	#	%	#	%	\$(mm)	%	#	%	#	%	\$(mm)	%
Biotechnology	41	12	20	10	65	20	22	9	9	6	34	13
Medical/Health Related	28	8	11	5	46	14	23	10	11	8	19	8
Communications	31	9	20	10	41	13	31	13	11	8	47	18
Computer Related	64	19	39	19	37	11	27	11	19	13	18	7
Electronics	31	9	17	8	24	7	14	6	11	8	17	6
Energy/Enviro. Technology	17	5	7	3	8	2	13	6	6	4	7	3
Ind. Automation & Equip.	6	2	4	2	4	1	6	3	3	2	2	1
Total (Technology)	218	66%	118	57%	224	69%	136	58%	70	49%	145	56%
Consumer Related	24	7	18	9	19	6	20	8	13	9	54	21
Manufacturing	56	17	43	21	30	9	50	21	35	25	40	16
Miscellaneous	34	10	28	14	52	16	30	13	24	17	19	7
Total (Traditional)	114	34%	89	43%	101	31%	100	42%	72	51%	113	44%
Total	332	100%	207	100%	\$325	100%	236	100%	142	100%	\$258	100%

Source: Macdonald & Associates Limited for Réseau Capital

Table 8
Venture Capital Investment Activity in Québec
by Number of Employees in Investee Companies

# Employees	Investments		1996				Investments		1995			
	#	%	#	%	\$(mm)	%	#	%	#	%	\$(mm)	%
0-24	114	34	67	32	47	14	102	43	59	42	43	17
25-49	38	11	26	13	16	5	29	12	18	13	22	8
50-99	34	10	17	8	53	16	26	11	15	11	41	16
100-199	17	5	10	5	28	9	21	9	10	7	47	18
200-499	3	1	3	1	7	2	6	3	6	4	27	11
500-999	5	2	3	1	18	5	1	0	1	1	1	0
>1000	0	0	0	0	0	0	7	3	3	2	20	8
Did not report	121	36	81	39	156	48	44	19	30	21	57	22
Total	332	100%	207	100%	325	100%	236	100%	142	100%	258	100%

Source: Macdonald & Associates Limited for Réseau Capital

Table 9
Company Buybacks Continue to Dominate
Dispositions of Venture Capital Investments in Québec by Exit Mechanism

Exit Mechanism	#	1996 Cost (\$ mm)	Exit Value (\$ mm)	#	1995 Cost (\$ mm)	Exit Value (\$ mm)
Acquisition	10	7	14	5	3	10
Company Buyback	70	32	42	55	18	34
Merger	1	1	1	2	3	3
Write Off	9	15	0	10	9	0
Other*	14	17	41	10	11	30
Total	104	\$72	\$98	82	\$43	\$77

* Primarily secondary sales

Source: Macdonald & Associates Limited for Réseau Capital

Table 10
Profile of Respondents

	1996	1995
# of Respondents	29*	28**
Total # of Investments in Portfolio	685	570
Average # of Investments	24	20
Total Cost of Investments (\$ millions)	1 251	1 041
Average Cost of Investments per Respondent (\$ millions)	43	37
Total Estimated Market Value of Investments (\$ millions)	1 605	1 538
Average Estimated Market Value of Investments per Respondent (\$ millions)	55	55

* Excludes four funds with no investment data to date

** Excludes three funds with no investment data to date.

Source: Macdonald & Associates Limited for Réseau Capital