



Canadian Technology  
Mergers & Acquisitions

ANALYSIS AND BENCHMARKS  
2001- 2004

May 2005  
TFmedia Corporation

Report Number#: \_\_\_\_\_  
Purchaser: \_\_\_\_\_  
Company: \_\_\_\_\_  
License Type: \_\_\_\_\_

## **Methodologies**

### **Data Set**

#### **Included:**

Canadian tech companies or major divisions (target) merged with either Canadian or foreign companies; or  
Canadian tech companies acquired Canadian or foreign tech companies or major divisions.

**Excluded:** acquisition of assets or technologies

### **Announced Deals vs Closed Deals**

Only closed deals were included in the data set.

### **Sales Number**

Either prior year's sale number or annualized figure based on the first nine months' results.

### **Venture Capital/Private Equity (VC/PE) Backed**

Either the acquirer or the target had received venture capital or private equity backing at the time of transaction.

Private tech companies – as long as the company was backed by VC/PE firm(s)

Public tech companies – at the time of transaction, VC/PE firm(s) was/were major shareholder(s) in the company with controlling interest of 10% or more.

### **Average Deal Size**

Deals with no deal value disclosed were excluded in the calculation

### **Stan. Dev.**

Standard Deviation is provided as a reference only.

## Appendix A

### Canadian Tech Mergers and Acquisition Summary Tables

| Year  | \$ Not Disclosed |           | \$ Disclosed |           |
|-------|------------------|-----------|--------------|-----------|
|       | # Deals          | \$ ('000) | # Deals      | \$ ('000) |
| 2001  | 17               | 0         | 138          | 7,578,551 |
| 2002  |                  |           |              |           |
| 2003  |                  |           |              |           |
| 2004  |                  |           |              |           |
| Total |                  |           |              |           |

| Year  | VC/PE Backed | \$ Not Disclosed |           | \$ Disclosed |            |
|-------|--------------|------------------|-----------|--------------|------------|
|       |              | # Deals          | \$ ('000) | # Deals      | \$ ('000)  |
| 2001  | No           |                  |           |              |            |
|       | Yes          | 11               | 0         | 32           | 981,650    |
| 2002  | No           |                  |           |              |            |
|       | Yes          |                  |           |              |            |
| 2003  | No           |                  |           |              |            |
|       | Yes          |                  |           |              |            |
| 2004  | No           |                  |           |              |            |
|       | Yes          |                  |           |              |            |
| Total | No           |                  |           |              |            |
|       | Yes          |                  |           |              |            |
| TOTAL |              | 102              | 0         | 645          | 28,624,841 |

| Year  | Type           | \$ Not Disclosed |           | \$ Disclosed |            |
|-------|----------------|------------------|-----------|--------------|------------|
|       |                | # Deals          | \$ ('000) | # Deals      | \$ ('000)  |
| 2001  | CDN -> Foreign |                  |           |              |            |
|       | CDN <- Foreign |                  |           |              |            |
|       | CDN <-> CDN    |                  |           |              |            |
| 2002  | CDN -> Foreign |                  |           |              |            |
|       | CDN <- Foreign |                  |           |              |            |
|       | CDN <-> CDN    |                  |           |              |            |
| 2003  | CDN -> Foreign |                  |           |              |            |
|       | CDN <- Foreign |                  |           |              |            |
|       | CDN <-> CDN    |                  |           |              |            |
| 2004  | CDN -> Foreign |                  |           |              |            |
|       | CDN <- Foreign |                  |           |              |            |
|       | CDN <-> CDN    |                  |           |              |            |
| Total | CDN -> Foreign | 36               | 0         | 133          | 10,292,838 |
|       | CDN <- Foreign | 22               | 0         | 207          | 9,042,695  |
|       | CDN <-> CDN    | 44               | 0         | 305          | 9,289,308  |
| TOTAL |                | 102              | 0         | 645          | 28,624,841 |

\* CDN -> Foreign: Canadian companies acquired by foreign firms; CDN <- Foreign: Foreign firms acquired by Canadian firms;  
CDN<->CDN: Canadian domestic transactions

## Appendix A

### Canadian Tech Mergers and Acquisition Summary Tables

| Year         | Sector           | \$ Not Disclosed |           | \$ Disclosed |                   |
|--------------|------------------|------------------|-----------|--------------|-------------------|
|              |                  | # Deals          | \$ ('000) | # Deals      | \$ ('000)         |
| 2001         | IT               |                  |           |              |                   |
|              | Life Sciences    |                  |           |              |                   |
|              | Energy/Fuel Tech |                  |           |              |                   |
|              | Other Tech       |                  |           |              |                   |
| 2002         | IT               |                  |           |              |                   |
|              | Life Sciences    |                  |           |              |                   |
|              | Energy/Fuel Tech |                  |           |              |                   |
|              | Other Tech       |                  |           |              |                   |
| 2003         | IT               |                  |           |              |                   |
|              | Life Sciences    |                  |           |              |                   |
|              | Energy/Fuel Tech | 0                | 0         | 5            | 62,785            |
|              | Other Tech       | 1                | 0         | 16           | 302,566           |
| 2004         | IT               | 28               | 0         | 119          | 7,555,417         |
|              | Life Sciences    | 7                | 0         | 28           | 2,094,863         |
|              | Energy/Fuel Tech |                  |           |              |                   |
|              | Other Tech       |                  |           |              |                   |
| Total        | IT               |                  |           |              |                   |
|              | Life Sciences    |                  |           |              |                   |
|              | Energy/Fuel Tech |                  |           |              |                   |
|              | Other Tech       |                  |           |              |                   |
| <b>TOTAL</b> |                  | <b>102</b>       | <b>0</b>  | <b>645</b>   | <b>28,624,841</b> |

## Appendix A

### Canadian Tech Mergers and Acquisition Summary Tables

| Sector                         | \$ Not Disclosed |           | \$ Disclosed |                   |
|--------------------------------|------------------|-----------|--------------|-------------------|
|                                | # Deals          | \$ ('000) | # Deals      | \$ ('000)         |
| Biometrics, Security Related   | 1                | -         |              |                   |
| Computer Hardware, Systems     | -                | -         |              |                   |
| E-Commerce Services            | 5                | -         |              |                   |
| Electronics                    | 5                | -         |              |                   |
| Geomatics, Telematics, Spatial | 1                | -         |              |                   |
| Information/Content Provider   | 2                | -         |              |                   |
| Internet Services              | 6                | -         |              |                   |
| Semiconductor                  | 2                | -         |              |                   |
| Software                       | 37               | -         |              |                   |
| System/Solution Provider       | 8                | -         |              |                   |
| Telecom Software               | 2                | -         |              |                   |
| Telecom/Internet Network Equip | 1                | -         |              |                   |
| Telecommunications Services    | 5                | -         |              |                   |
| Wireless Software              | 3                | -         |              |                   |
| Wireless Systems               | 1                | -         |              |                   |
| Other IT Related               | 5                | -         |              |                   |
| Biotech, Biopharmaceuticals    | 4                | -         |              |                   |
| Biopharma Services             | 1                | -         |              |                   |
| Genomics/Proteomics/ Bioinfo   | -                | -         |              |                   |
| Health Care                    | 1                | -         |              |                   |
| Medical Devices                | 4                | -         |              |                   |
| Medical Software               | 3                | -         |              |                   |
| Other Med/Health Care          | 1                | -         |              |                   |
| Alternative Power/Energy       | -                | -         |              |                   |
| Energy, Fuel, Electrical Tech  | -                | -         | 7            | 924,490           |
| Other Energy Related           | -                | -         | 3            | 32,980            |
| Environmental                  | 1                | -         | 20           | 318,938           |
| Media and Entertainment        | -                | -         | 14           | 810,117           |
| Other Technologies             | 3                | -         | 40           | 1,060,076         |
| <b>Total</b>                   | <b>102</b>       | <b>-</b>  | <b>645</b>   | <b>28,624,841</b> |

## Appendix B

### Canadian Tech Mergers and Acquisitions Valuation (Price to Revenue) Ratios

| Year  | # Deals | \$ ('000) | Price/Revenue Ratio |         |       |           |
|-------|---------|-----------|---------------------|---------|-------|-----------|
|       |         |           | Min                 | Average | Max   | Stan. Dev |
| 2001  | 67      |           |                     |         |       |           |
| 2002  |         | 3,986,680 |                     |         |       |           |
| 2003  |         |           | 0.02                |         |       |           |
| 2004  |         |           |                     | 1.59    |       |           |
| Total |         |           |                     |         | 94.66 |           |

| Year  | VC/PE Backed | # Deals | \$ ('000) | Price/Revenue Ratio |         |       |           |
|-------|--------------|---------|-----------|---------------------|---------|-------|-----------|
|       |              |         |           | Min                 | Average | Max   | Stan. Dev |
| 2001  | No           |         |           |                     |         |       | 10.40     |
|       | Yes          |         |           |                     |         | 40.97 |           |
| 2002  | No           |         |           |                     | 3.43    |       |           |
|       | Yes          |         |           | 0.10                |         |       |           |
| 2003  | No           |         | 2,029,235 |                     |         |       |           |
|       | Yes          | 23      |           |                     |         |       |           |
| 2004  | No           |         |           |                     |         |       |           |
|       | Yes          |         |           |                     |         |       |           |
| Total | No           |         |           |                     |         |       |           |
|       | Yes          |         |           |                     |         |       |           |

| Year  | Type           | # Deals | \$ ('000) | Price/Revenue Ratio |         |       |           |
|-------|----------------|---------|-----------|---------------------|---------|-------|-----------|
|       |                |         |           | Min                 | Average | Max   | Stan. Dev |
| 2001  | CDN -> Foreign |         |           |                     |         |       |           |
|       | CDN <- Foreign |         |           |                     |         |       |           |
|       | CDN <-> CDN    |         |           |                     |         |       |           |
| 2002  | CDN -> Foreign |         |           |                     |         |       |           |
|       | CDN <- Foreign |         |           |                     |         |       |           |
|       | CDN <-> CDN    |         |           |                     |         |       |           |
| 2003  | CDN -> Foreign |         |           |                     |         |       |           |
|       | CDN <- Foreign |         |           |                     |         |       |           |
|       | CDN <-> CDN    |         |           |                     |         |       |           |
| 2004  | CDN -> Foreign |         |           |                     |         |       |           |
|       | CDN <- Foreign |         |           |                     |         |       |           |
|       | CDN <-> CDN    |         |           |                     |         |       |           |
| Total | CDN -> Foreign |         |           |                     |         |       |           |
|       | CDN <- Foreign |         |           |                     |         |       |           |
|       | CDN <-> CDN    | 148     | 7,350,070 | 0.01                | 1.86    | 72.64 | 6.11      |

\* CDN -> Foreign: Canadian companies acquired by foreign firms; CDN <- Foreign: Foreign firms acquired by Canadian firms;  
CDN<->CDN: Canadian domestic transactions

## Appendix B

### Canadian Tech Mergers and Acquisitions Valuation (Price to Revenue) Ratios

| Year  | Sector           | # Deals | \$ ('000) | Price/Revenue Ratio |         |      |           |
|-------|------------------|---------|-----------|---------------------|---------|------|-----------|
|       |                  |         |           | Min                 | Average | Max  | Stan. Dev |
| 2001  | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      |           |
|       | Energy/Fuel Tech |         |           |                     |         |      |           |
|       | Other Tech       |         |           |                     |         |      |           |
| 2002  | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      |           |
|       | Energy/Fuel Tech |         |           |                     |         |      |           |
|       | Other Tech       |         |           |                     |         |      |           |
| 2003  | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      |           |
|       | Energy/Fuel Tech |         |           |                     |         |      |           |
|       | Other Tech       |         |           |                     |         |      |           |
| 2004  | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      |           |
|       | Energy/Fuel Tech |         |           | -                   | -       | -    | -         |
|       | Other Tech       | 26      | 928,479   | 0.13                | 1.17    | 2.73 | 0.74      |
| Total | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      |           |
|       | Energy/Fuel Tech | 4       | 64,067    | 0.71                | 1.31    | 2.07 | 0.53      |
|       | Other Tech       | 50      | 1,614,492 | 0.10                | 1.17    | 8.81 | 1.33      |

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### Canadian Tech Mergers and Acquisitions Valuation (Price to Revenue) Ratios

| Sector                         | # Deals | \$ ('000) | Price/Revenue Ratio |         |       |           |
|--------------------------------|---------|-----------|---------------------|---------|-------|-----------|
|                                |         |           | Min                 | Average | Max   | Stan. Dev |
| Biometrics, Security Related   |         |           |                     |         |       |           |
| Computer Hardware, Systems     |         |           |                     |         |       | 1.95      |
| E-Commerce Services            |         |           |                     |         | 2.40  |           |
| Electronics                    |         |           |                     | 1.07    |       |           |
| Geomatics, Telematics, Spatial |         |           | 0.05                |         |       |           |
| Internet Services              |         | 133,674   |                     |         |       |           |
| Semiconductor                  | 6       |           |                     |         |       |           |
| Software                       |         | 4,419,759 |                     |         |       |           |
| System/ Solution Provider      |         |           | 0.01                |         |       |           |
| Telecom Software               |         |           |                     | 9.89    |       |           |
| Telecom/Internet Network Equip |         |           |                     |         | 5.77  |           |
| Telecommunications Services    |         |           |                     |         |       | 1.40      |
| Wireless Software              |         |           |                     |         | 46.47 |           |
| Wireless Systems               |         |           |                     | 3.76    |       |           |
| Other IT Related               |         |           | 0.07                |         |       |           |
| Biopharma Services             |         | 984,644   |                     |         |       |           |
| Biotech, Biopharmaceuticals    | 14      |           |                     |         |       |           |
| Genomics/Proteomics, Bioinform |         | 95,200    |                     |         |       |           |
| Health Care                    |         |           | 0.25                |         |       |           |
| Medical Devices                |         |           |                     | 2.09    |       |           |
| Medical Software               |         |           |                     |         | 10.51 |           |
| Other Med/Health Care          |         |           |                     |         |       | 2.57      |
| Energy, Fuel, Electrical Tech  |         |           |                     |         | 2.07  |           |
| Other Energy Related           |         |           |                     | 1.11    |       |           |
| Media and Entertainment        |         |           | 0.35                |         |       |           |
| Environmental                  |         | 308,577   |                     |         |       |           |
| Other Technologies             | 29      |           |                     |         |       |           |

## Appendix B

### Canadian Tech Mergers and Acquisitions Valuation (Price to Revenue) Ratios

#### VC/PE Backed M&As

| Year  | Type*          | # Deals | \$ ('000) | Price/Revenue Ratio |         |      |           |
|-------|----------------|---------|-----------|---------------------|---------|------|-----------|
|       |                |         |           | Min                 | Average | Max  | Stan. Dev |
| 2001  | CDN -> Foreign | 8       |           |                     |         |      |           |
|       | CDN <- Foreign |         | 20,520    |                     |         |      |           |
|       | CDN <-> CDN    |         |           | 0.40                |         |      |           |
| 2002  | CDN -> Foreign |         |           |                     | 19.77   |      |           |
|       | CDN <- Foreign |         |           |                     |         | 1.74 |           |
|       | CDN <-> CDN    |         |           |                     |         |      | 2.22      |
| 2003  | CDN -> Foreign |         |           |                     |         |      |           |
|       | CDN <- Foreign |         |           |                     |         |      |           |
|       | CDN <-> CDN    |         |           |                     |         |      |           |
| 2004  | CDN -> Foreign |         |           |                     |         |      |           |
|       | CDN <- Foreign |         |           |                     |         |      |           |
|       | CDN <-> CDN    |         |           |                     |         |      |           |
| Total | CDN -> Foreign |         |           |                     |         |      |           |
|       | CDN <- Foreign |         |           |                     |         |      |           |
|       | CDN <-> CDN    |         |           |                     |         |      |           |

\* CDN -> Foreign: Canadian companies acquired by foreign firms; CDN <- Foreign: Foreign firms acquired by Canadian firms;  
CDN<->CDN: Canadian domestic transactions

#### VC/PE Backed M&As

| Year  | Sector           | # Deals | \$ ('000) | Price/Revenue Ratio |         |      |           |
|-------|------------------|---------|-----------|---------------------|---------|------|-----------|
|       |                  |         |           | Min                 | Average | Max  | Stan. Dev |
| 2001  | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      | -         |
|       | Energy/Fuel Tech |         |           |                     |         | 0.92 |           |
|       | Other Tech       |         |           |                     | 4.61    |      |           |
| 2002  | IT               |         |           | 0.30                |         |      |           |
|       | Life Sciences    |         | 956,480   |                     |         |      |           |
|       | Energy/Fuel Tech |         |           |                     |         |      |           |
|       | Other Tech       |         |           |                     |         |      |           |
| 2003  | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      |           |
|       | Energy/Fuel Tech |         |           |                     |         |      |           |
|       | Other Tech       |         |           |                     |         |      |           |
| 2004  | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      |           |
|       | Energy/Fuel Tech |         |           |                     |         |      |           |
|       | Other Tech       |         |           |                     |         |      |           |
| Total | IT               |         |           |                     |         |      |           |
|       | Life Sciences    |         |           |                     |         |      |           |
|       | Energy/Fuel Tech |         |           |                     |         |      |           |
|       | Other Tech       |         |           |                     |         |      |           |

## Appendix B

### Canadian Tech Mergers and Acquisitions Valuation (Price to Revenue) Ratios

#### VC/PE Backed M&As

| Sector                         | # Deals | \$ ('000) | Price/Revenue Ratio |         |      |           |
|--------------------------------|---------|-----------|---------------------|---------|------|-----------|
|                                |         |           | Min                 | Average | Max  | Stan. Dev |
| Electronics                    |         |           |                     |         |      | 0.19      |
| Geomatics/Telematics, Spatial  |         |           |                     |         | 4.14 |           |
| Internet Services              |         |           |                     | 15.48   |      |           |
| Semiconductor                  |         |           | 0.67                |         |      |           |
| Software                       |         | 2,750,418 |                     |         |      |           |
| System/Solution Provider       | 1       |           |                     |         |      |           |
| Telecom Software               |         | 170,107   |                     |         |      |           |
| Telecom/Internet Network Equip |         |           | 0.20                |         |      |           |
| Wireless Software              |         |           |                     | 2.01    |      |           |
| Wireless Systems               |         |           |                     |         | 2.52 |           |
| Other IT Related               |         |           |                     |         |      | 0.45      |
| Biotech, Biopharmaceuticals    |         |           |                     |         | 5.56 |           |
| Genomics, Proteomics, Bioinfo  |         |           |                     | 7.01    |      |           |
| Health Care                    |         |           | 1.24                |         |      |           |
| Medical Devices                |         | 92,135    |                     |         |      |           |
| Medical Software               | 2       |           |                     |         |      |           |
| Other Med/Health Care          |         |           |                     |         |      |           |
| Energy, Fuel, Electrical Tech  |         |           |                     |         |      |           |
| Other Energy Related           |         |           |                     |         |      |           |
| Media and Entertainment        |         |           |                     |         |      |           |
| Environmental                  |         |           |                     |         |      |           |
| Other Technologies             |         |           |                     |         |      |           |