Media release
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POLL: CANADIANS WEARY OF INCREASED AMERICAN TAKEOVERS OF CANADIAN COMPANIES

- Canadian Business Valuation experts meet with U.S. counterparts this week to discuss current trends -

(TORONTO– OCTOBER 18, 2006) – Fifty-seven per cent of Canadians feel that the increase in American investments in Canada is a bad idea, according to a poll conducted this week by Innovative Research Group on behalf of The Canadian Institute of Chartered Business Valuators (CICBV).

This feeling may be a reaction to new business trend. Business owners today have more avenues than ever before to create value for shareholders, with a marked increase in the level of interest by U.S. firms in quality Canadian companies. Large Canadian metal and mining companies are examples of organizations on the receiving end of hostile bids. Now, mid-size Canadian firms are finding themselves to be very attractive investment targets to their southern neighbours.

According to Howard Johnson, President of Veracap Corporate Finance Limited and Chartered Business Valuator, there are two main trends fueling this movement:

1) U.S. private equity firms, backed by an increase of investment from individuals and institutions knowing they are likely to find better returns than in the public market, are coming into Canada and buying mid-size companies; and

2) The launch in recent years of income trusts with the specific mandate of looking for owners of mid-size companies in need of succession plans. These income trusts are designed to provide exit strategies and, when managed out of the U.S., take advantage of Canadian tax laws regarding income trusts to create shareholder value.

“There has been a significant increase in the number of Canadian companies being acquired by private equity firms as opposed to a competitor like it was10 years ago,” said Johnson. “There has been a gushing flow of U.S. money ready to be spent because there is now more investment capital available from individuals and institutions like banks and pension funds looking to achieve greater returns for their shareholders.”

Johnson will be participating in a panel discussion looking at how companies are increasing shareholder value on Friday October, 20th at 11am. “One thing is certain, the more financing alternatives a business creates, the better the position they are in to sell their company and realize higher value,” said Johnson. Clearly, Canadian companies have already started to notice this with recently published statistics* indicating that in the first quarter of 2006 alone there were 424 transactions involving Canadian companies, a statistic outpacing the 2005 surge.

Joining Johnson in the panel discussion will be Valerie Scott, Managing Director at Roynat Capital. The event is part of The Canadian Institute of Chartered Business Valuators Biennial Conference which is held every four years jointly with the American Society of Appraisers, their U.S. counterparts.

Currently, there are only 1,100 Chartered Business Valuators across Canada with the CBV designation. To obtain this status they have had to pass a rigorous set of courses and exams and meet lengthy professional experience requirements. The designation is managed by The Canadian Institute of Chartered Business Valuators, which also regulates its members with Practice Standards and a Code of Ethics.

*Crosbie & Co. Study

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