

3Q 2014

Canadian Mid-Sized Business Outlook



Key Findings

The most significant insights to emerge from GE Capital's survey of leaders of Canadian mid-sized firms include:

- Canadian mid-sized companies are becoming more competitive and are well positioned to take their place on the global stage.
- They say creating a culture of innovation can help drive growth.
- They expect their industries to expand and their own capital expenditures to increase.
- Many mid-sized firms have difficulty finding workers with qualifications that align with the needs of their businesses.

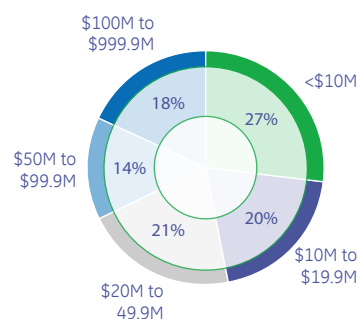
MID-SIZED BUSINESSES

Average revenue of mid-sized firms surveyed:
\$93,300,000

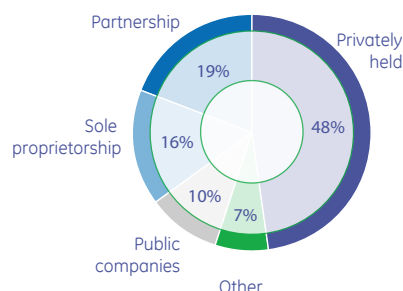
Average number of employees:
561

Most firms surveyed are either privately held or partnerships.

Revenue



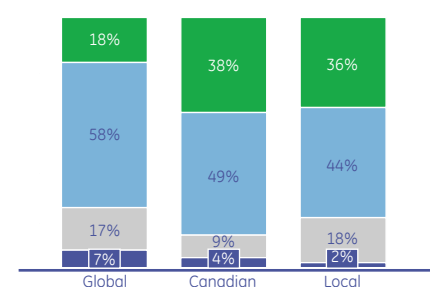
Ownership



ECONOMIC STRENGTH

Firms are very confident in the local and broader Canadian economies. They are also fairly optimistic about the global economic environment.

- Extremely/Very confident
- Somewhat confident
- Somewhat negative
- Negative



TOP BUSINESS CHALLENGES

Revenue growth is a challenge. Businesses also struggle with a skills gap and performance management.

Top three concerns:

- Continue to grow revenue
- Attract, train and retain talent
- Senior management team leading effectively

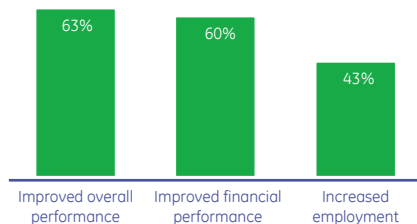
GE Capital

CONFIDENCE & PROFIT MARGINS

- An increasing cost structure, including rising raw material prices, makes it difficult for firms to maintain margins
- Many firms (43%) will increase prices this year to keep pace
- Half of mid-sized firms are planning equipment upgrades in the next 12 months and many will seek outside financing as part of this process

STATE OF INDUSTRY & PIPELINE

Nearly two-thirds of mid-sized firms experienced improved financial performance vs. one year ago.

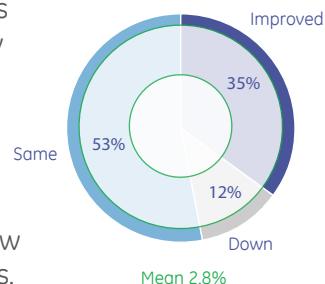


Half of mid-sized firms will keep staffing levels stable over the next year, but over one-third plan to add workers. Employment is expected to grow an average of 2.8% year-over-year.

Employment over next 12 months

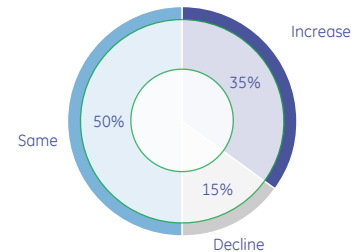
New order pipeline increases and expectations of industry expansion have created an optimistic atmosphere.

- 1/3 are experiencing new order pipeline increases vs. last year
- 35% expect greater capital expenditures in 2014
- 38% expect their industry to expand this year



Half of mid-sized firms expect margins to remain flat this year while 35% expect increasing margins.

Margin growth



INNOVATION

- Mid-sized firms place great importance on innovation and over two-thirds generate 10% or more of their revenue from products or services recently introduced
- Most innovation is focused on improving existing products and services
- 16% of mid-sized firms invests more than 5% of their annual revenue in R&D

ABOUT THE SURVEY

Between June and August 2014, GE Capital surveyed mid-sized companies to ascertain their views on the global and Canadian economies and their outlook on a variety of important economic, industry and business-level issues, including growth expectations and financing needs. The responses here represent averages based on 224 completed surveys. The decision-makers who were surveyed represent mid-sized companies with revenue ranging from \$5 million to \$1 billion (and \$1 million to \$1 billion in the automotive, food and beverage, and trucking industries).

For more information on this segment of the Canadian middle market, visit www.gecapital.ca/cxosurvey.

The full GE Capital Canadian Mid-Sized Business Outlook covers a broad cross-section of the economy with particular focus on:

- Automotive manufacturing
- Energy and mining
- Food and beverage production
- Trucking

ABOUT GE CAPITAL, CANADA

With 17 offices throughout Canada, GE Capital (www.gecapital.ca) offers a wide variety of financial products and services to address commercial financing needs in many phases of a business' lifecycle. From equipment finance to working capital and growth financing to large asset-based and restructuring loans, we apply our wealth of industry expertise to develop custom solutions for your company. Some of the industries in which we specialize include transportation, construction, manufacturing, aerospace, automotive, mining, energy, wholesale, retail and restaurant and hotel franchise financing.

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