

WATERLOO EDC

2018

Q2 REPORT



WATERLOOEDC
inventing the future

waterlooredc.ca

Q2 REPORT – SUMMARY

In Q2, we closed four investment deals, with a value of approximately \$54.5 million, representing 160 jobs. In addition, we led a total of 33 inbound and five outbound missions, including meeting with potential investors in Japan, Germany, and the United States.

In June, the organization renewed its memorandum of understanding with local municipalities, securing funding for the next five years. This funding will allow Waterloo EDC to confidently continue its mission to build a legacy of economic development, prosperity, and diversity for Waterloo Region.

Toyota announced its \$1.4 billion investment in Cambridge and Woodstock this quarter, with an event in Cambridge attended by Prime Minister Justin Trudeau and numerous other dignitaries.

We are very pleased with the progress we have achieved in Q2 2018. The key highlights of our activity and performance are summarized below:

4 Closed Deals

Investment closed deals of
\$54.5 million

Approximately
160 jobs created

Breakdown of deals by sector:

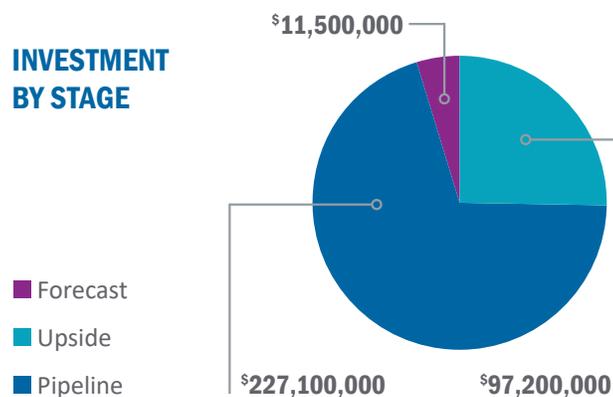
75% information and communications technology (ICT)

25% advanced manufacturing

3 local expansion investment
1 foreign direct investment

40 potential deals in our pipeline (at the end of Q2 2018) with an estimated value of **\$335.8 million**

INVESTMENT BY STAGE



2 opportunities in 'forecast' stage with an estimated value of **\$11.5 million**

33 inbound and
5 outbound missions

Outbound Missions:

Germany, Los Angeles, United Kingdom, Japan, and California

OUR ORGANIZATION

VISION

To be locally rooted, internationally competitive and globally renowned.

MISSION

To build a world-leading legacy of sustainable economic development, prosperity and diversity for Waterloo Region.

VALUES

Collaborative, professional, integrity, accountable, results-focused.



2018 BUSINESS PLAN: STRATEGIC PILLARS

Foreign Direct Investment

To forge a clear track record of foreign direct investment attraction wins

Local Business Retention & Expansion

To forge a clear track record of local retention, investment expansion and scale-up wins

Investment Marketing & Awareness

To increase awareness and interest of Waterloo Region's unique Economic Development value proposition in targeted geographies and sectors

Concierge Service & Advocacy

To build a best-in-class "go to" concierge and advocacy service to facilitate investment and retention

FOREIGN DIRECT INVESTMENT

In Q2, the Waterloo EDC team played an integral role in closing four investment attraction and retention opportunities. The deals were in the information and communications technology (ICT) and advanced manufacturing sectors and brought \$54.5 million of investment to Waterloo Region, along with approximately 160 new jobs. The team continues to build its sales pipeline with 40+ potential opportunities, including two with an estimated investment value of \$11.5 million forecasted.

Waterloo EDC led five outbound missions this quarter, including investment attraction efforts in Germany, the United Kingdom, Japan, and two missions to California. In early April, a team member attended Hannover Messe, the world's leading trade show for industrial technology. During this event Waterloo EDC held scheduled meetings with numerous potential investors and site selectors from across Europe.

As California is a core market in our FDI strategy, it was the target of two separate missions in Q2. In late April, Waterloo EDC President & CEO Tony LaMantia and Kitchener Mayor Berry Vrbancic travelled to Los Angeles to attend the Milken Institute Global Conference, the Future of the Automobile Conference, and visit potential investors and intermediaries. In June, Waterloo EDC staff returned to California to continue the development of a lead pipeline and meet with potential investors in San Francisco.

Also in June, Invest in Canada – the Government of Canada organization that promotes and attracts foreign direct investment – invited the Waterloo EDC team to participate in the 10,000 attendee AI Summit in the United Kingdom. The event provided the opportunity to share Waterloo's unique value proposition – including talent and existing artificial intelligence (AI) ecosystem – with an important international audience. During the event, a representative of Waterloo EDC also held meetings with key businesses in the sector.

Most recently, Tony LaMantia joined Cambridge Mayor Doug Craig for a mission to Japan to thank Toyota Motor Corporation for their \$1.4 billion investment in the area and to meet with potential investors. They met with representatives of Denso, Panasonic, Toshiba and some of Toyota's key supply chain partners.

Delegates also held meetings with representatives of Canada's Embassy in Japan, including Ambassador Ian Burney, and Japan's leading trade, investment, and Chamber of Commerce organizations.

“This visit began as an opportunity to thank Toyota for its historic \$1.4-billion investment in our community, and became an opportunity to discuss potential future investments with some of Japan's biggest companies.”

– Doug Craig, Mayor of Cambridge



Representatives from Waterloo Region, including Cambridge Mayor Doug Craig and Region of Waterloo Commissioner Rod Regier, toured the Toyota Takaoka Assembly Plant in Toyota City, Japan.

Inbound missions continued to increase in frequency this quarter, totaling 33. The team hosted businesses of all sizes in sectors as diverse as AI and banking to advanced manufacturing and ICT. Waterloo EDC also leveraged Communitech's True North conference to introduce numerous potential investors to Waterloo's ecosystem.

Waterloo EDC received funding support for a number foreign direct investment-focused initiatives from the 2018 Invest Canada- Community Initiative (ICCI) program. The team has now contracted lead generation support ahead of missions to California, New York, Boston, and Germany. Work on a European FDI Strategy has also begun, and the development of local cluster maps is underway.

LOCAL BUSINESS RETENTION AND EXPANSION

Maintaining and building strong partnerships with the local business community remains a significant focus area for Waterloo EDC. In the second quarter, we helped a local company navigate and secure \$1.5 million in government funding (details are confidential), and secured an additional \$5 million in government-funded resources for the local AutoTech community.

In May, Ontario Centres of Excellence provided funding to six Regional Technology Development Sites across the province as part of the Autonomous Vehicle Innovation Network (AVIN) project. The AVIN project seeks to reinforce Ontario's position as a North American leader in transformative automotive technologies. Waterloo received \$5M in funding for research and development of high-definition (HD) mapping and localization, which is a key challenge in autonomous vehicle navigation. Waterloo EDC worked with community partners such as Communitech, the University of Waterloo, and Canada's Open Data Exchange to secure this funding.

Also in May, Toyota Motor Corporation made the official announcement of its \$1.4 billion investment in Cambridge and Woodstock, including the creation of 450 new jobs, 1000 co-op placements and new spending on research and development. Tony LaMantia led a critical advocacy effort, along with the Automotive Parts Manufacturers Association (APMA) and Mayor Craig, to provide an automotive exemption to Bill 148. This helped ensure the long term conditions and secured the investment.

“There’s been a lot of talk about Canada’s auto sector in recent years, and it’s no secret the industry has gone through a great deal of change. Agreements like this one are key to creating good, well-paying jobs for the middle class and for people working hard to join it.”

– Justin Trudeau, Prime Minister

Over the last quarter, the Waterloo EDC team held 12 meetings with local companies looking to expand their operations. These meetings included a diverse collection of businesses, from ICT and banking to advanced manufacturing and agriculture.



Cambridge Mayor Doug Craig greets Prime Minister Justin Trudeau at the Toyota expansion announcement.

While in Los Angeles, Tony LaMantia and Kitchener Mayor Berry Vrbanovic also held meetings with Waterloo Region companies Christie Digital and Teledyne DALSA. These meetings were focused on expanding local mandates and retention.

The team also began work to develop a Corridor strategy that will help position the Toronto-Waterloo area as a destination for foreign direct investment. This work is being done in partnership with Toronto Global with funding from the 2018 ICCI program.

During this quarter, the Waterloo EDC team also renewed its memorandum of understanding with the region's eight municipal partners for five more years. This ensures that Waterloo EDC's efforts to support the continued growth of the local economy will continue.



Left to right: Kitchener Mayor Berry Vrbanovic, Christie Digital Chairman/CEO Jack Kline, Christie Digital Executive Vice-President Brian Gilford, and Waterloo EDC President and CEO Tony LaMantia.

INVESTMENT MARKETING AND AWARENESS

Waterloo EDC continued to increase awareness of the organization, support local stakeholders, and champion the Region with sponsorship of Communitech's True North conference. This conference welcomed approximately 2,500 attendees from tech companies, start-ups, government, and academia. Waterloo EDC sponsored the event, which included a wrapped bus on the Why Waterloo tour and use of our investment promotion video in the main tent to promote Waterloo. The team also volunteered at the event.

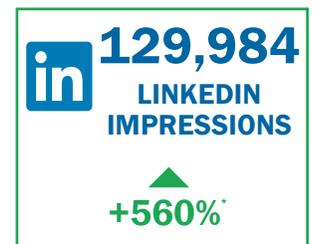
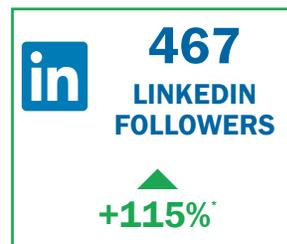
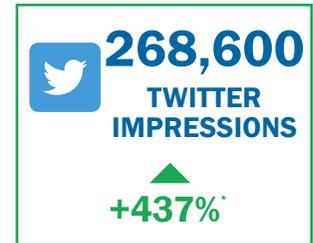
"I think what's great about the True North conference is that it's so rich. We're going to talk about fake news, gender equity, the opportunities with artificial intelligence. We have to use tech for good."

– Dave Jaworsky, Mayor of Waterloo

Waterloo EDC continued to work alongside the Greater KW Chamber of Commerce to promote continued business growth and excellence, including sponsoring the Manufacturing Summit, where Tony LaMantia moderated a panel on Industry 4.0 featuring panelists from three area businesses. Tony also moderated a panel at the Automotive Parts Manufacturers Association conference focused on AI in manufacturing and supply chain management that included Kitchener's Acerta Analytics Solutions.

We are currently working with the University of Waterloo to organize the 3rd annual AutoTech Symposium, and have committed to sponsoring business programming during Oktoberfest. These are opportunities to highlight Waterloo's strengths as a community, build stronger connections between local companies and community partners, and enhance the Waterloo's brand among key audiences.

Over the last quarter, the marketing team has geared up for a very busy second half of 2018. The team filled the Communications and Marketing Specialist position and added a Content Developer to focus on digital lead generation. After launching Waterloo EDC's new website in Q1, the team optimized the website, prepared the marketing automation program for deployment, and experimented with online advertisement in Q2. The team aims to leverage these new learnings and assets, engage an inbound marketing agency, and develop and deploy a focused content marketing strategy in Q3.



*vs Q2 2017

In Q2, we saw substantial growth in all key measures compared to the same period in 2017.

The incredible growth in social engagement, website use, web downloads, and digital contact information is directly tied to the launch of Waterloo EDC's new website and an increased focus on social media marketing over the previous year. The investment in an improved web presence was aimed at increasing traffic and engagement, and these numbers demonstrate that project's success.

