



## New Record Highs for NZ Activity across Private Equity and Venture-backed Companies

The New Zealand Private Equity and Venture Capital Monitor, released today, highlights a strong investment in New Zealand businesses in 2018.

- Total investment and divestment activity across all investment stages increased to NZ\$1.7b, from NZ\$990m in 2017.
- Mid-market investment was above the historical average but decreased to NZ\$245m from a record level of NZ\$334m in 2017.
- Early-stage venture investment increased to NZ\$270m from NZ\$217m in 2017.
- The average investment transaction value at NZ\$17.6m increased from the average of NZ\$12.9m in 2017 with significant single transactions lifting the average for both venture and buy-out.

EY partner Brad Wheeler, said “increasing market optimism coupled with the figures from 2018 bodes well for expected strong growth to continue into 2019. Fund managers highlighted key factors affecting portfolio companies, including labour availability, challenges of meeting growth plans in a period of global economic uncertainty, and access to capital. The outlook for the New Zealand private capital market remains positive and is slightly improved on 2017.”

Mid-market transactions in 2018 included investments by New Zealand domiciled funds including Direct Capital, Maui Capital, Milford Private Equity, Pencarrow Private Equity, Pioneer Capital, Oriens Capital and Waterman Capital.

Andrew Frankham, the chair of the New Zealand Private Capital Association said, “The Mid-Market sector continues to be a strong performer with more than \$1.9 billion invested in the last decade and \$976 million returned to investors to date.”

There continues to be a significant amount of capital available from domestic and international private equity funds, providing alternatives for mid-market and large private companies seeking new capital. However, the shortage of capital available for venture capital (series A and B capital raisings) has been long acknowledged.

Buy-out private equity activity in 2018 included: Pacific Equity Partners investing in Evolution Healthcare, HgCapital's acquisition of Orion Health's Health Rhapsody business and Bain Capital's investment in Tower.

Colin McKinnon New Zealand Private Capital Association executive director said, “The mid-market and the angel network are demonstrating consistent and healthy deepening of the private capital market. The emerging prospects for additional formal venture funds are pleasing. International investor interest in New Zealand companies across all stages continues to provide New Zealand's private markets with opportunities to grow quality companies and management teams.

“Private capital assists in accelerating growth ambitions of New Zealand businesses. Growing businesses with capital and expertise improves productivity, which is good for New Zealand,” said Mr McKinnon.

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## About the New Zealand Private Capital Association

The New Zealand Private Capital Association is a not-for-profit industry body committed to developing the Venture Capital and Private Equity industry in New Zealand. Its core objectives include the promotion of the industry and the asset class on both a domestic and international basis and working to create a world-class Venture Capital and Private Equity environment. Members include Venture Capital and Private Equity investors, financial organisations, professional advisors, academic organisations and government and quasi- government agencies.

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