



Private capital investors recover quickly and prepare for growth

New Zealand private capital investors have recovered quickly from the Covid economic shock and are actively investing in new opportunities, according to the results of a survey by the New Zealand Private Capital Association.

The survey of private capital investors found that private capital funds reacted quickly to support the companies in their portfolios and are now looking for new investments in resilient and high-performance companies.

NZ Private Capital identified at least \$1b of committed capital available from local private capital funds that would be invested in New Zealand companies over the next five years.

NZ Private Capital Executive Director Colin McKinnon said: “The portfolios of private capital investors were not immune from the economic impact of the Covid crisis. However, the model of diversified portfolios meant that the outlook for fund performance remains positive. Experience from previous recessions suggest that private capital investors find some of the best opportunities helping business accelerate from these periods.”

EY Partner Brad Wheeler commented: “M&A transactions paused by the Covid crisis have been restarting and many now on track to completion again. While timing of some transactions may be delayed, I remain confident that activity is building strongly again”.

Pencarrow Private Equity Investment Director Philippa Weston said: “Working with existing portfolio companies was a priority initially but we have continued to assess new investment opportunities. In an industry with over a \$1b of capital available, I anticipate investors will be keen to work with businesses accelerating growth ambitions”.

Oriens Capital CFO David Bell added: “We anticipated some challenges for portfolio companies. But working together with senior management to move quickly and make adjustments where necessary, we found that companies were able to improve performance either through continued revenue growth or operational efficiency. There are still challenges ahead but we remain focussed on building resilient businesses with growth prospects”.

NZ Private Capital is a not-for-profit industry association 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 and to develop a world-leading venture capital and private equity environment for the benefit of investors and entrepreneurs in New Zealand.

New Zealand Private Capital aims to foster understanding that private equity and venture capital firms accelerate the ambition of New Zealand

business owners through operational improvement and investment performance.

New Zealand is home to many examples of private capital partnering with companies to improve growth and performance, to share expertise and capital. This ultimately delivers improved productivity, creates jobs and contributes to the national economy.

Association members include venture capital and private equity investors, financial organisations, professional advisors, academic organisations and government or quasi-government agencies.

Its activities cover the spectrum of investment in New Zealand private capital including Angel investment, seed and early-stage venture capital through to expansion capital and private equity (including management buy-outs and buy-ins).

The association also helps businesses navigate and understand the Private Equity and Venture Capital world. Markets and growth require the free flow of capital and the association provides an important role in linking business owners with investors.

ENDS

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