



# New Zealand Private Equity and Venture Capital Monitor 2017

Full year review



**NZVCA**  
NEW ZEALAND PRIVATE EQUITY &  
VENTURE CAPITAL ASSOCIATION INC



**Building a better  
working world**



# Foreword

We are delighted to bring you the fourteenth full year edition of the New Zealand Private Equity and Venture Capital Monitor, consolidating the findings from previous surveys and providing a more detailed review of 2016 including opinion from the New Zealand Private Equity & Venture Capital Association's (NZVCA) Chair.

Total investment activity in 2016 exceeded NZ\$1b, a benchmark last seen in 2007.

Private equity (PE) investment excluding venture capital (VC) reached NZ\$1,106.4m. Total investment and divestment activity by PE of NZ\$1,464.7m matched peaks experienced in 2007 and 2011.

The venture and early stage total investment of NZ\$92.3m was notable for some larger investments by domestic and international venture firms.

The advent of new funds in recent years has enriched the venture and early stage market with new platforms including public and corporate investors. International investment in technology companies has also been more evident.

Fund-raising activity reached a new milestone with New Zealand funds raising in excess of NZ\$1b of new capital as investors returned to support funds across the spectrum from small VC to large mid-market.

Initial public offerings by New Zealand King Salmon (Direct Capital) and Tegel Foods (Affinity Equity Partners) were significant transactions during the year. Secondary sales have continued as Australian and international funds seek New Zealand growth assets.

Private capital is a significant contributor to the New Zealand capital market eco-system. PE and VC fund managers provide more than capital – they are partners for growth companies. NZVCA promotes the growth story with targeted communications that feature business owners' experience working with PE managers.

**Colin McKinnon**  
Executive Director, NZVCA

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# Executive summary

The year to 31 December 2016 was characterised by a significant increase in total activity to NZ\$1,557m, and total investment of NZ\$1,198.7m; investment levels that haven't been seen since 2006 and 2007. This was largely driven by an increase in total buy-out investments to NZ\$1,005.6m.

While mid-market deal activity (both investments and divestments) was down on recent years, this in part reflects the successful growth of historical mid-market investments which have shown strong growth and subsequently exited in the higher value buy-out category. These liquidity events evidence the growing track record strength for mid-market funds.

In addition, 2016 witnessed a marked increase in reported VC investment value to NZ\$92.3m due to a few larger investments over NZ\$10m.

## Investments

- ▶ Total investment value in 2016 was NZ\$1,198.7m spread across 66 deals.
- ▶ Total number of investments decreased from 86 to 66, however average deal value increased from NZ\$4m to NZ\$18.2m contributing to an increase in total investment value of NZ\$852.1m from 2015.
- ▶ Mid-market investment activity decreased to NZ\$100.8m in 2016 from NZ\$284.1m in 2015. This decrease was driven by a lower average investment value (2016: NZ\$9.2m, 2015: NZ\$16.7m), as well as the number of transactions (2016: 11, 2015: 17).
- ▶ Total VC investment increased from NZ\$62.5m to NZ\$92.3m, despite a decrease in the number of deals (2016: 50, 2015: 69).

## Divestments

- ▶ The total divestment value in 2016 increased to NZ\$358.3m from NZ\$147.8m in 2015.
- ▶ 2016 divestment activity was driven by a split of mid-market and buy-out PE divestments such as Direct Capital's divestment of NZ Pharmaceuticals, Phitek Systems and Waterman Capital's sale of Academic Colleges Group to Pacific Equity Partners, as well as the IPO's of Tegel Foods and New Zealand King Salmon.

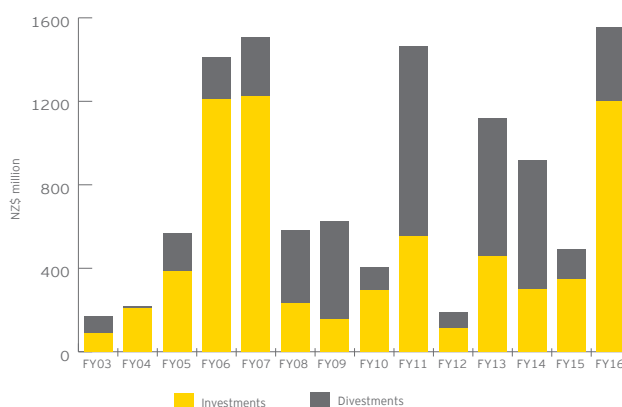


**Brad Wheeler**  
Partner, Transaction Advisory Services  
EY



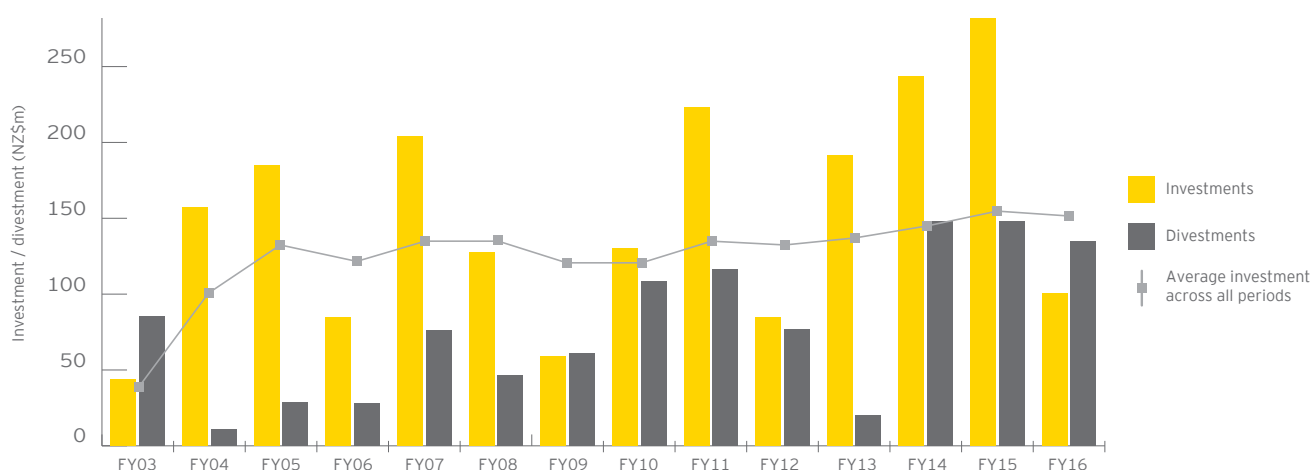
**Colin McKinnon**  
Executive Director  
NZVCA

Overall activity summary 2003 to 2016



# Mid-market private equity

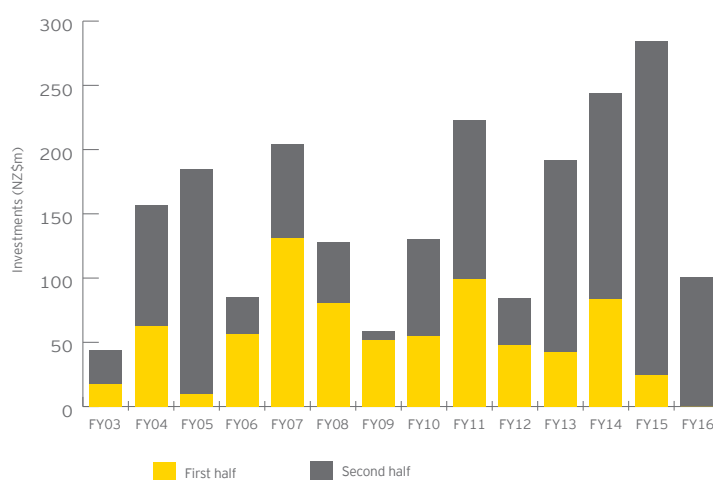
Mid-market private equity investment/divestment summary 2003 to 2016



## Mid-market investment

- ▶ The level of mid-market investment from deals with disclosed values decreased to NZ\$100.8m from NZ\$284.1m in 2015.
- ▶ The average investment value decreased markedly from NZ\$16.7m in 2015 (across 17 deals) to NZ\$9.2m in 2016 (across 11 deals).
- ▶ Mid-market deals exclude any transactions where the target has an enterprise value over NZ\$150m, as these are categorised as buy-out transactions for the purposes of this report.

Mid-market investments – half year split



“Lower mid-market activity is partly a result of successful growth and liquidity stories for mid-market companies that have now exited as buy-out divestments.”

Matthew Riley, NZVCA Chair

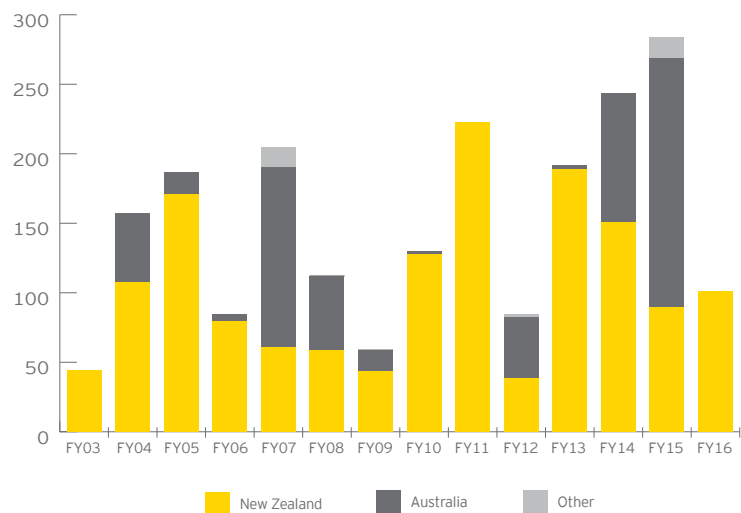
### Mid-market investment domicile

- ▶ 2016 mid-market investment activity has been underpinned by ongoing New Zealand domiciled fund activity.
- ▶ Notable 2016 deals included Waterman Capital's investment in My Food Bag, Maui Capital's investment in Pedersen Group and Pencarrow Private Equity's investment in MMC.

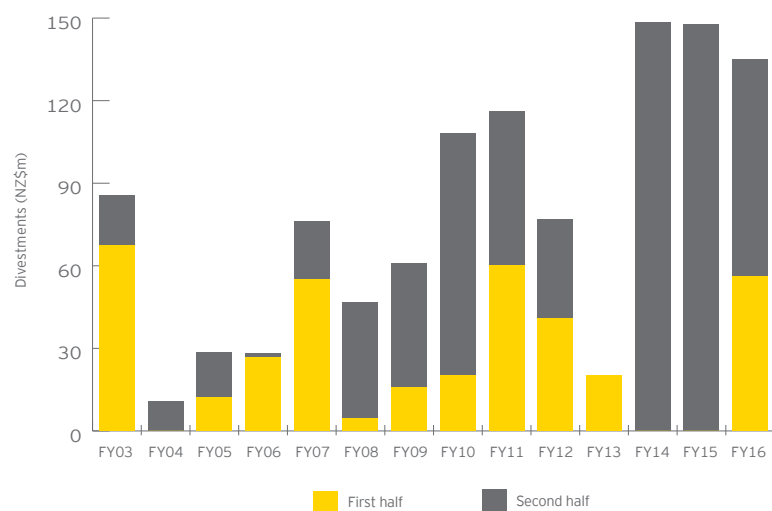
### Mid market divestment

- ▶ Mid-market divestment saw another robust year through a number of trade sales.
- ▶ Divestment activity included Phitek by Direct Capital, and Rishworth Aviation and BrewGroup by Pencarrow Private Equity.

Mid-market investments – domicile



Mid market divestments – half year split





# Venture and early stage capital

## Overview

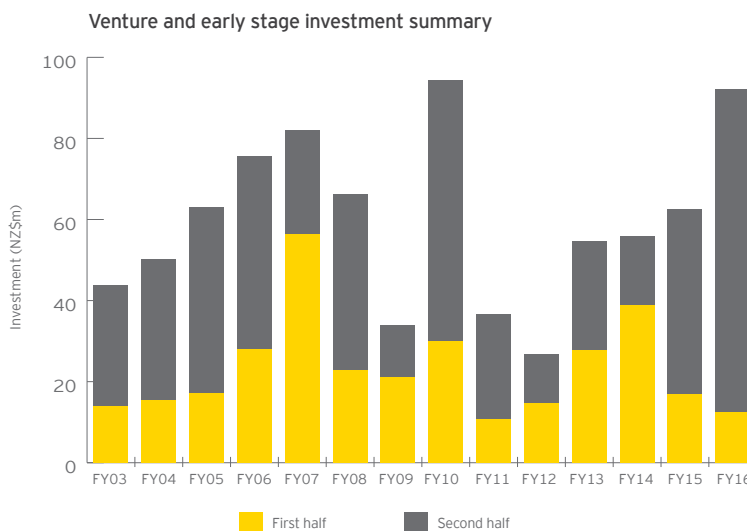
Since 2009 our survey results for venture capital activity have been supplemented by deal information from NZVIF's *Startup – Young Company Finance* publication. This has led to broader data capture, and the inclusion of early stage investment activity within the VC segment. Early stage investment includes activity of fund managers, angel networks and individuals. We have included only activity of fund managers (who employ a General Partner / Limited Partner structure) in our dataset.

Fund managers or General Partners manage capital provided by investors. Fund managers have investment programmes to attract investor's capital prior to deploying the capital. Their activity is distinct from angel networks that help individuals to invest their own capital usually on a deal by deal basis.

The size of early stage funds varies from large venture capital funds (greater than NZ\$50m funds under management) to small and micro VC (NZ\$2m-10m funds under management). The stage of investment describes the path from seed/early stage to expansion.

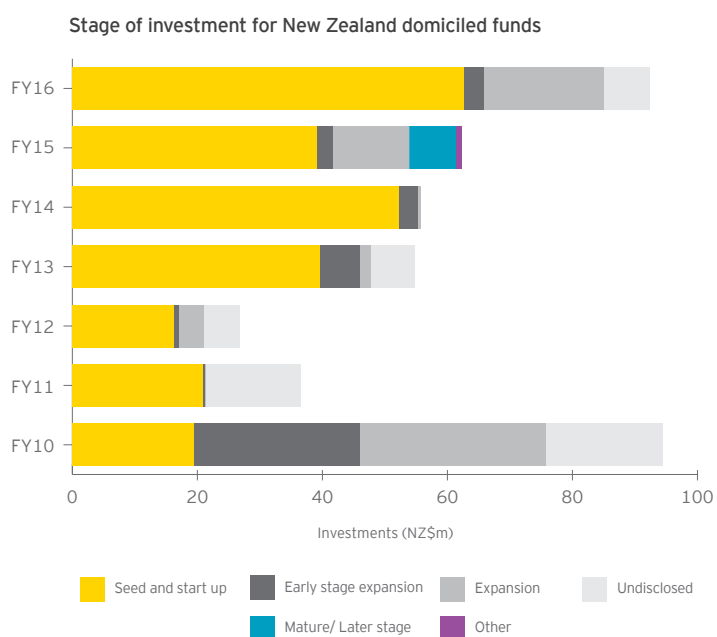
## Venture and early stage investment

- ▶ Total investment value of disclosed VC activity in NZ of NZ\$92.3m across 50 deals (compared to NZ\$62.5m across 69 deals in 2015) represents a notable increase in the value of New Zealand VC activity.
- ▶ Headline deals included additional capital raised by agricultural technology company Ripetime, laser technology developer Engender Technologies, electro-mechanical equipment manufacturer Hydroworks and Upside Biotechnologies, a start-up specialising in burn treatment.



## Stage of investment

- Seed and start up investment has increased significantly in 2016 alongside expansion investment, while mature/late stage investment has not continued from previous years.



# "A few larger transactions lift VC investment activity."

Colin McKinnon, Executive Director, NZVCA

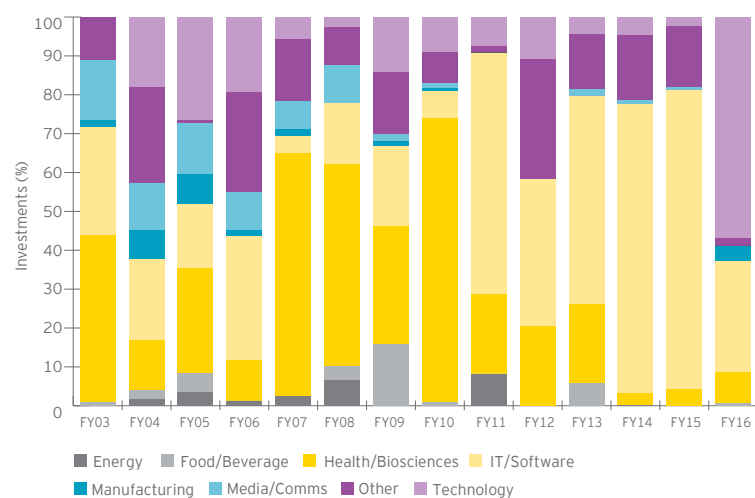
## Venture and early stage capital – sector review

- ▶ Technology is the dominant sector for VC activity, while IT/software remains a strong presence.
- ▶ Other sectors obtaining VC funding in the year included health / biosciences and manufacturing.

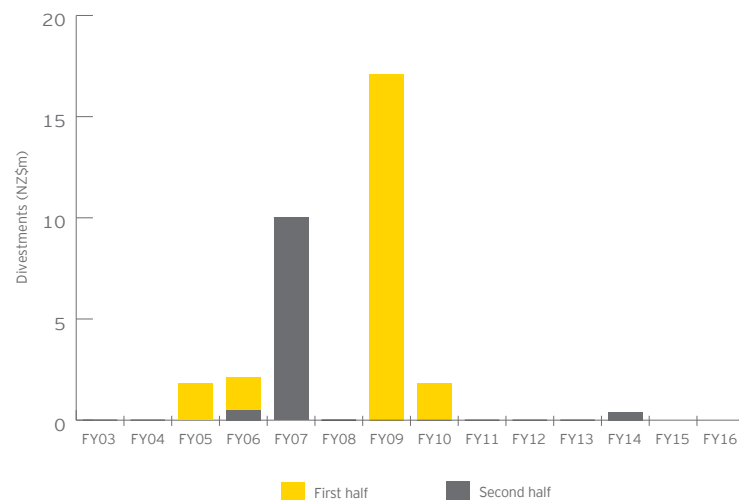
## Venture and early stage capital – divestment

- ▶ Continuing an ongoing trend, there was no noted VC divestment activity.
- ▶ The level of divestment activity continues to reflect the evolution of the industry and the key challenge for the industry to demonstrate returns for investors.

Venture and early stage investments by sector



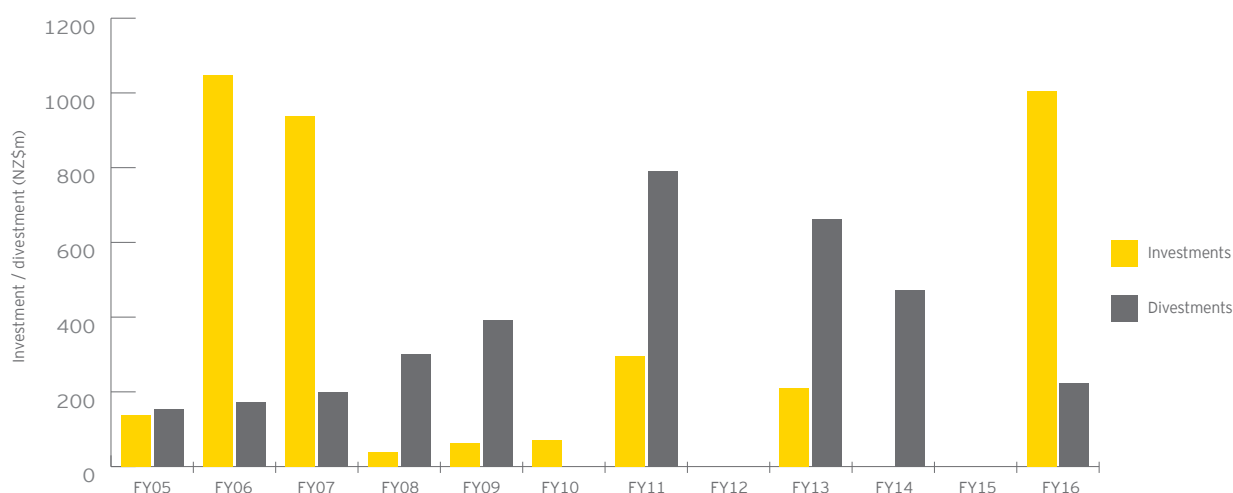
Venture and early stage divestment summary





# Buy-out private equity

Buy-out private equity investment/divestment summary 2005 to 2016



## Overview

- Buy-out deals are defined as those transactions with an enterprise value over NZ\$150m. The observed deal value trends from 2005 to date are a result of a small number of high value transactions in this segment.
- 2016 saw a number of buy-out deals in both investment and divestment.

## Buy-out investment

- Five Buy-out transactions were completed in 2016, reflecting activity by Australian and global funds.
- Pacific Equity Partners' bid to acquire Academic Colleges Group was completed in early 2016.
- Blackstone group made two large scale investments in New Zealand companies, Partners Life Limited and PLT New Zealand Limited (now Arena Living, a retirement village business).
- US based Advent International acquired resin manufacturer Nuplex Industries through its Allnex business.
- Archer Capital acquired New Zealand Pharmaceuticals from Direct Capital.

## Buy-out divestment

There were four buy-out divestments in 2016:

- Direct Capital sold their stake in New Zealand Pharmaceuticals, and Waterman sold Academic Colleges Group to Pacific Equity Partners.
- Affinity Equity Partners investee Tegel Foods Limited was subject to an IPO and joint listing on the NZX and ASX in 2016, as was Direct Capital's investee New Zealand King Salmon.



# Case studies

## International expansion for BrewGroup

Pencarrow Private Equity, alongside ACC and management, acquired BrewGroup from Foodstuffs in October 2013, to support management in achieving long term growth for the business. Under the period of Pencarrow's ownership, BrewGroup's revenue and earnings increased significantly through a combination of initiatives, including rapidly expanding the domestic grocery and out-of-home business, doubling export sales, increasing the rate of NPD and acquiring Hummingbird Coffee.

Netherlands company Jacobs Douwe Egberts (JDE) acquired BrewGroup as part of an international expansion strategy.

BrewGroup, formerly Bell Tea & Coffee Company Limited is New Zealand's number one player in both coffee and tea. BrewGroup's leading stable of brands include Bell Tea, Gravity, Jed's, Burtons and Hummingbird. JDE has over 260 years of history with brands such as Moccona, Jacobs, Piazza Doro and L'Or capsules.

Bell Tea acquired Hummingbird Coffee in early 2016 and its name was changed to BrewGroup as coffee sales outstripped tea sales.

Pencarrow was pleased with the performance of BrewGroup under its stewardship and the outcome delivered for the Fund's investors. It successfully expanded into Australia and grew to become the number one player in both tea and coffee in New Zealand. BrewGroup is now positioned to grow strongly under the ownership of JDE, the world's second largest coffee company, who are capable of realising the company's full global potential.

The merged business employs more than 250 people, most of them based in East Tamaki in Auckland, plus the Hummingbird coffee business in Christchurch.

Founded in 1993, Pencarrow Private Equity is one of the most experienced private equity managers in New Zealand having invested in more than 30 companies over its 24 year history. BrewGroup was the first investment for the NZ\$124m Pencarrow IV Fund which had its final close in December 2012.

Other companies currently under investment by Pencarrow include Icebreaker (branded apparel), Umbrellar (cloud hosting and web services), ARANZ (geological modelling software), SolarCity (residential electricity), BeGroup (retirement village and aged care operator), MMC (outsourced fund and investment administration) and Mix (natural skin and hair care products).

## My Food Bag takes step toward future growth

Market leading home food delivery provider, My Food Bag secured investment from Waterman Capital in October 2016. The investment will support the company in achieving its growth ambitions, with aspirations to seek public capital within the next three years.

My Food Bag, despite the name, is more than just a food company. It is a complex network of customers, suppliers and delivery people. It shares the disruptive traits of an Uber or Airbnb.

My Food Bag is delivering one million meals a month and has become something of a cultural phenomenon. In less than five years it has grown from just an idea to be the third-largest food retailer in the country with more than 50,000 active customers.

Founder & co-CEO Cecilia Robinson described Waterman as the ideal partner to provide the expertise to accelerate My Food Bag's growth as the company prepares for the public markets.

Robinson says, "when we announced our intention to capital raise we were flooded by customers wanting to invest in the company. As we have now set our sights on future growth and a possible IPO, we are thrilled to give kiwis an opportunity to become shareholders".

Waterman's resources will be applied to extending the My Food Bag success story.

Waterman Capital is a private company investor established in 2004 to provide capital and complementary skills to mid-market businesses based in New Zealand.



## Public markets welcome New Zealand King Salmon

In September 2008 Direct Capital invested alongside management to acquire a 45% shareholding in New Zealand King Salmon.

An IPO in October 2016 saw New Zealand King Salmon shares debut on the NZX after the fish farming company raised more than NZ\$70m to fund its growth and allow existing shareholders to reduce their holdings.

New Zealand King Salmon is the country's largest salmon producer supplying both the domestic and export markets. Based in Nelson and with hatcheries, farms and processing facilities across Marlborough and Canterbury, the company is vertically integrated from brood stock management right through to distribution of product through its well-recognised consumer brands, Seasmoke, Regal and Southern Ocean.

New Zealand King Salmon is New Zealand's largest integrated aquaculture company and the largest global farmer of the premium Chinook species of salmon. The company employs 415 staff.

During the period of Direct Capital investment the company's revenue grew to NZ\$98.3m in 2015 and was forecast to steadily increase to NZ\$143.6m for full year 2018.

A significant initiative achieved during Direct Capital's investment was to secure three new 30 year fish farm licences which provided a strong growth profile for the company.

New Zealand King Salmon dual-listed on the NZX and ASX exchanges in October 2016, following an oversubscribed initial public offering which raised NZ\$30m of primary capital.

With the IPO fully subscribed, and based on the NZ\$1.12 price per share, NZKS market capitalisation was NZ\$154.5m, excluding shares of an employee share ownership plan.

Strong community support was evident as a priority offer of NZ\$1.5m of shares to eligible Marlborough and Nelson Bays residents was fully subscribed.

Direct Capital was able to realise their full shareholding as part of the IPO, which contributed to the float size.

The New Zealand King Salmon investment was made by Direct Capital III, Pohutukawa Private Equity and BioPacificVentures,

and it was a successful investment generating significant imputed dividends and growth during the investment.

Direct Capital invests capital into New Zealand and Australian private companies. With a 23 year track record of success investing with great managers in companies and being a catalyst for change, Direct Capital partners with business owners who are thinking about growing their business or looking at ownership changes.

Managing Director Ross George says our new NZ\$375m Direct Capital V fund will again focus on successful New Zealand and Australian companies with annual revenues of between NZ\$50m and NZ\$350+m that are looking for capital to fund growth or to manage ownership succession.

## 2016 funds raised across broad spectrum of mandates

Fund-raising activity in 2016 reached a new milestone with New Zealand funds raising in excess of NZ\$1b of new capital as investors returned to support funds operating across the spectrum from small venture capital to large mid-market.

Funds achieving first or final close during the year included:

- ▶ Waterman Capital, Direct Capital and Pioneer Capital raised new funds and Pencarrow Private Equity added a Bridge fund.
- ▶ Oriens Capital, a first-time fund manager, raised a fund with a regional mandate.
- ▶ Milford Asset Management raised a fund with a mandate to focus on prospective IPO opportunities.
- ▶ New early stage and growth funds raised included Global from Day One and Movac.

Matthew Riley, NZVCA Chair says, "this is a significant amount of money for the New Zealand private markets and indicates that the space is increasingly becoming a mainstream investment option for large institutions, as well as for smaller private investors seeking diversification and higher returns."

International investors remain a small proportion of total commitments but some managers report increased interest in New Zealand private market assets.



# Opinion – NZVCA Chair

Matthew Riley  
Chair, NZVCA



The performance of capital markets relies on the capacity of assets to provide returns to investors, and good returns encourage investors to reinvest. The strong investor support of New Zealand private equity and venture capital fund managers during 2016 is an indication that the market continues to mature as the industry develops a robust track record. Many important industries are still under represented in the public markets and participating in private market funds is increasingly being seen as a means of accessing a more diverse range of opportunities, and at an earlier stage of a company's development.

The EY New Zealand Private Equity and Venture Capital Monitor measures the level of professional investment activity in New Zealand's private markets. Given the relative importance of private markets in this country when compared to most of its peers, this is an important piece of research and our thanks go to EY for producing it.

There have been years when activity has fluctuated with the ebb and flow of large international transactions. But increasingly we are seeing more New Zealand participation in larger transactions. Whether it is syndicated venture capital investment in early stage companies or accelerating the growth of more mature companies, the capital and skills of managers operating in New Zealand have delivered material benefits to the entrepreneurs who are the 'engine' of our economy.

## NZ\$1b in new capital raised

Over NZ\$1b of new capital was raised in 2016 across a broad range of investment stages from angel funds and Series A investment, to expansion and mid-market buyouts. This is a significant amount of money for the New Zealand private markets and indicates that the space is increasingly becoming a mainstream investment option for large institutions, as well as smaller private investors seeking diversification and higher returns. This is contrary to its somewhat unhelpful historic treatment as an 'alternative' asset, a term used to capture anything that is not a simple listed stock or bond. The challenge for fund managers will be deployment of this capital in a competitive market meaning managers and investors alike may need to exercise patience in the ensuing search for value.

Most of the capital raising in 2016 was for mid-market funds. There remains a gap in the market for more Series A/B funds managed by teams with the particular skillset to execute in this challenging and high risk environment. The evidence of recent years is that this gap is being slowly addressed as experienced entrepreneurs return to New Zealand and share their experience and connections.



“While luck and timing contributes to success, good managers will find opportunity in both good times and in bad.”

Matthew Riley, NZVCA Chair

### Opportunities ahead but managers remain circumspect

The outlook of survey participants is optimistic in the short-term but somewhat subdued further out due to expectations of more moderate economic growth coupled with a competitive investment environment.

As always cycles will come and go, and many would argue that we are nearing the peak at this point in time. However, while luck and timing contributes to success, good managers will find opportunity in both good times and in bad. Luck in particular, is often the product of years of experience and good preparation. It is also a function of persistence.

On the other hand the challenge for companies seeking private capital is to recognise the opportunity and seize it when performance is strong. Raising capital in times of financial weakness, particularly if seeking capital to shore up poor performance, is a difficult task and will be harshly reflected in valuations. One down year can set your plans back several years as you attempt to re-establish a pattern of consistent growth.

### Industry development

As an industry body we are working hard to lift the profile of Private Equity and Venture Capital in the face of some less than helpful media attention at times. This is a constant challenge and we are continually exploring ways in which we can reposition the conversation more positively. There have been some excellent outcomes for investors in recent years and some strong growth stories that support the case for Private Equity and Venture Capital.

The efficient flow of capital to private markets is particularly critical to the New Zealand economy due to its disproportionate reliance on private, entrepreneurial companies. I encourage you to support the Association's efforts, and wherever possible, to assist improvement of the financial infrastructure backing growth companies.

# Outlook

## Industry outlook

The outlook for the New Zealand PE and VC market remains mixed. VCs continue to be concerned about the availability of further growth capital and liquidity for existing investments. PE fund managers are concerned about the impact on pricing of the recent high level of fundraising and growth in demand for a limited pool of assets.

As for the invested companies, currency volatility is a key concern, together with the availability of skilled and experienced personnel.

The New Zealand IPO market remained relatively subdued, albeit with more activity in 2016 than the prior year, including two significant PE exits.

## Plans for investee companies

Respondents were asked their plans in relation to new investee companies. In 2016 these plans included:

- ▶ Acquisition activity
- ▶ Growth in exports and expansion into new markets
- ▶ Increasing R&D and marketing spend
- ▶ New product launches

## Challenges and opportunities

Respondents identified the following factors which they consider will impact VC and PE activity in New Zealand over the next 12 months:

- ▶ Large amounts of capital raised in both New Zealand and Australia in 2016
- ▶ Constraints on the availability of debt, enhancing the appeal of equity
- ▶ Issues facing VC companies regarding liquidity
- ▶ Majority of players seeking to move to expansion stage investing
- ▶ Heavy demand for the same opportunities
- ▶ Challenge of public markets consistently functioning as a viable exit option
- ▶ Unrealistic valuation expectations from target companies

Respondents were also asked to comment on key factors expected to affect their investee companies over the next two to three years, which included:

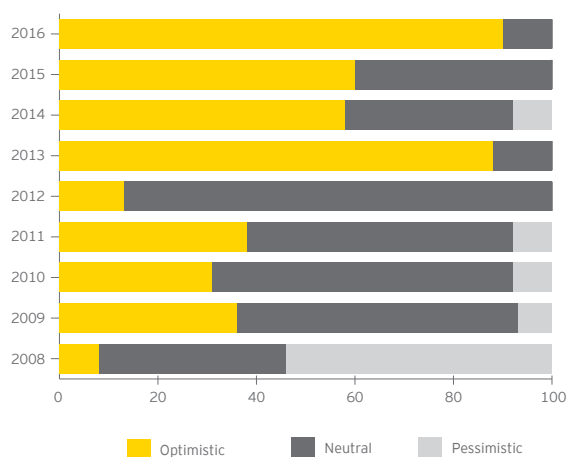
- ▶ Global events
- ▶ Global economic volatility
- ▶ Currency fluctuations
- ▶ Demand from other private equity players
- ▶ Availability of skilled and experienced staff in New Zealand

"The amount of capital raised in new funds is both exciting, but also giving rise to concerns on deal pricing."

Brad Wheeler, Partner, EY

### Next six months

Respondents' short term outlook has improved on 2015 and remains optimistic. This reflects the New Zealand economy's relative resilience compared to global markets.

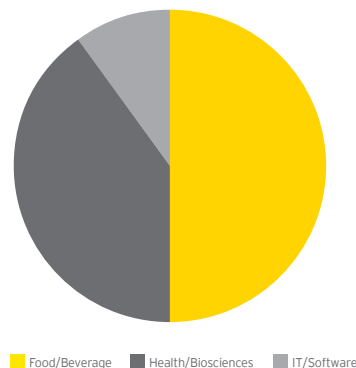


### Outlook by sector

For 2016, respondents were asked to identify which sectors they were most optimistic and most pessimistic about.

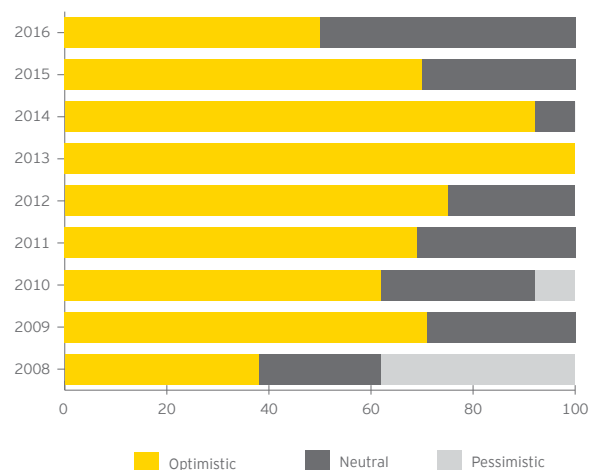
Food and beverage and Health/Biosciences were sectors generating significant optimism whilst fund managers have a more pessimistic view of Energy and Media/Communications sectors. Managers have a split view regarding IT/Software, reflecting both the opportunities but also some of the public challenges that such technology companies have been facing.

#### Sectors most optimistic about

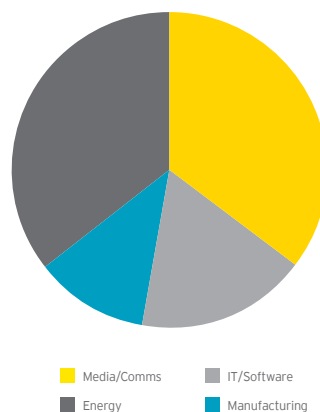


### Next 18 months

The outlook for the next 18 months is neutral, a decrease on both 2015 and 2014, with continued uncertainty across global markets post-US election and with Brexit an ongoing consideration.



#### Sectors most pessimistic about



# Activity summary

Currency: NZ\$m	FY03	FY04	FY05	FY06	FY07	FY08	FY09
<b>Investment</b>							
Venture capital	43.6	50.2	63.0	75.6	81.9	66.1	34.0
Mid-market PE	44.1	157.0	184.7	84.8	203.7	127.8	58.7
Buy-out PE	0.0	0.0	136.9	1,048.5	937.7	40.1	62.7
<b>Total</b>	<b>87.7</b>	<b>207.2</b>	<b>384.6</b>	<b>1,208.9</b>	<b>1,223.4</b>	<b>234.0</b>	<b>155.4</b>
<b>Investment (no. of deals)</b>							
Venture capital	42	44	50	77	60	52	63
Mid-market PE	7	18	25	18	23	31	12
Buy-out PE	0	0	4	17	2	1	3
<b>Total</b>	<b>49</b>	<b>62</b>	<b>79</b>	<b>112</b>	<b>85</b>	<b>84</b>	<b>78</b>
<b>Divestment (NZ\$m)</b>							
Venture capital	0.0	0.0	1.8	2.1	10.0	0.0	17.1
Mid-market PE	85.5	10.7	28.4	28.2	76.3	46.5	60.8
Buy-out PE	0.0	0.0	154.6	172.0	200.0	301.5	391.5
<b>Total</b>	<b>85.5</b>	<b>10.7</b>	<b>184.8</b>	<b>202.3</b>	<b>286.3</b>	<b>348.0</b>	<b>469.4</b>
<b>Divestment (no. of deals)</b>							
Venture capital	0	0	1	4	3	1	1
Mid-market PE	7	2	5	5	7	12	6
Buy-out PE	0	0	1	1	1	1	2
<b>Total</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>10</b>	<b>11</b>	<b>14</b>	<b>9</b>
<b>Total activity – investments and divestments (NZ\$m)</b>							
Venture capital	43.6	50.2	64.9	77.6	91.9	66.1	51.1
Mid-market PE	129.5	167.7	213.1	113.0	280.1	174.3	119.5
Buy-out PE	0.0	0.0	291.5	1,220.5	1,137.7	341.6	454.2
<b>Total</b>	<b>173.2</b>	<b>217.9</b>	<b>569.4</b>	<b>1,411.2</b>	<b>1,509.7</b>	<b>582.0</b>	<b>624.8</b>
<b>Average Investment deal size</b>							
Venture capital	1.0	1.1	1.3	1.0	1.4	1.3	0.5
Mid-market PE	6.3	8.7	7.4	4.7	8.9	4.1	4.9
Buy-out PE	0.0	0.0	34.2	61.7	468.8	40.1	20.9
<b>Average for all</b>	<b>1.8</b>	<b>3.3</b>	<b>4.9</b>	<b>10.8</b>	<b>14.4</b>	<b>2.8</b>	<b>2.0</b>



Currency: NZ\$m	FY10	FY11	FY12	FY13	FY14	FY15	FY16
<b>Investment</b>							
Venture capital	94.4	36.6	26.8	54.8	55.8	62.5	92.3
Mid-market PE	130.0	223.0	84.6	191.5	243.5	284.1	100.8
Buy-out PE	70.0	294.5	0.0	210.0	0.0	0	1,005.6
<b>Total</b>	<b>294.4</b>	<b>554.0</b>	<b>111.4</b>	<b>456.2</b>	<b>299.3</b>	<b>346.6</b>	<b>1,198.7</b>
<b>Investment (no. of deals)</b>							
Venture capital	67	70	50	66	62	69	50
Mid-market PE	14	12	12	15	19	17	11
Buy-out PE	1	2	0	1	0	0	5
<b>Total</b>	<b>82</b>	<b>84</b>	<b>62</b>	<b>82</b>	<b>81</b>	<b>86</b>	<b>66</b>
<b>Divestment (NZ\$m)</b>							
Venture capital	1.8	0.0	0.0	0.0	0.4	0	0.0
Mid-market PE	108.2	116.3	76.7	2.9	148.3	147.8	134.9
Buy-out PE	0.0	791.6	0.0	662.5	471.6	0	223.4
<b>Total</b>	<b>110.0</b>	<b>907.9</b>	<b>76.7</b>	<b>665.4</b>	<b>620.3</b>	<b>147.8</b>	<b>358.3</b>
<b>Divestment (no. of deals)</b>							
Venture capital	2	0	0	0	2	0	0
Mid-market PE	5	7	5	3	5	4	5
Buy-out PE	0	3	0	4	2	0	4
<b>Total</b>	<b>7</b>	<b>10</b>	<b>5</b>	<b>7</b>	<b>9</b>	<b>4</b>	<b>9</b>
<b>Total activity – investments and divestments (NZ\$m)</b>							
Venture capital	96.2	36.6	26.8	54.8	56.2	62.5	92.3
Mid-market PE	238.2	339.2	161.3	194.4	391.7	431.9	235.7
Buy-out PE	70.0	1,086.1	0.0	872.5	471.6	0	1,229.0
<b>Total</b>	<b>404.4</b>	<b>1,461.9</b>	<b>188.1</b>	<b>1,121.7</b>	<b>919.5</b>	<b>494.4</b>	<b>1,557.0</b>
<b>Average Investment deal size</b>							
Venture capital	1.4	0.5	0.5	0.8	0.9	0.9	1.8
Mid-market PE	9.3	18.6	7.0	12.8	12.8	16.7	9.2
Buy-out PE	70.0	147.2	0.0	210.0	0.0	0.0	201.1
<b>Average for all</b>	<b>3.6</b>	<b>6.6</b>	<b>1.8</b>	<b>5.6</b>	<b>3.7</b>	<b>4.0</b>	<b>18.2</b>

# About the survey

## The survey

The New Zealand PE and VC survey is based on responses received from PE and VC participants in the New Zealand market, including firms from both New Zealand and Australia. The values reported represent the equity component of transactions only. We have also included in our analysis any publicly announced information, acknowledging S&P Capital IQ as a source of data, in addition to VC activity as reported in NZVIF's *Startup – Young Company Finance* publication. We do note that there are a small number of industry participants that elect not to participate.

## Data integrity/privacy policy

All data received through The New Zealand Private Equity and Venture Capital survey process is the property of NZVCA and EY. Other than for use in the monitor document, all data is subject to the principles of EY firms' Privacy Policy and will not be sold or released to any other parties.

If you are aware of a colleague that did not receive a copy of the New Zealand Venture Capital and Private Equity Monitor or if you would like to participate in future surveys, please contact either Brad Wheeler or Tom Goad at EY, or Colin McKinnon at NZVCA. Contact details are provided.

## About EY Transaction Advisory Services (TAS)

How organisations manage their capital agenda today will define their competitive position tomorrow. We work with our clients to help them make better and more informed decisions about how they strategically manage capital and transactions in a changing world. Whether you're preserving, optimising, raising or investing capital, EY's Transaction Advisory Services bring together a unique combination of skills, insight and experience to deliver tailored advice attuned to your needs – helping you drive competitive advantage and increased shareholder returns through improved decision making across all aspects of your capital agenda.

For more information about the New Zealand Private Equity and Venture Capital Monitor or to find out more about EY, please contact one of the specialists noted below:

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## About the New Zealand Private Equity & Venture Capital Association (NZVCA)

The NZVCA 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 or quasi-government agencies.

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APAC No. NZ00000863  
NZ1730455  
ED none

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