

MEDIA RELEASE

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Angel funds invest over \$60m in 2015

Angel networks and funds invested a record \$61.2 million into 94 young New Zealand companies in 2015 – a 9 percent increase on the previous record set in 2014, New Zealand Venture Investment Fund investment director Chris Twiss said today.

Releasing the latest Young Company Finance Index, Chris Twiss said New Zealand now has a strong core of investors involved in angel networks and funds which are driving the continued growth of investment into start-ups.

“The last year was noteworthy not just for the high level of investment – hitting over \$60 million for the first time- but also that we are now seeing angel-backed companies successfully raising capital from overseas investors - including venture capital firms, angel groups and equity crowdfunding.

“That indicates that New Zealand is increasingly on the radar for international investors looking for opportunities. Offshore investment brings capital and access to networks and markets, and widens the shareholder base for companies.

“While the activity is at healthy levels, significantly more capital is needed to ensure that more New Zealand companies can become internationally competitive companies of scale. There is also a lot more to do to develop and broaden the investor base in New Zealand, particularly outside the main centres.”

NZ Angel Association chair Marcel van den Assum said that it is particularly pleasing to see the level at which ventures were engaging overseas and raising funds offshore reflected in the recent data.

“Four companies raised \$7.2 million from overseas venture capital firms through series A and B rounds and three companies raised \$7 million through overseas angel networks. The market for capital is global and these results illustrate that New Zealand companies are internationally competitive.

“Another feature to note was that more than two-thirds of the investment into our companies last year was follow-on investment. Our market is beginning to mature. We’ve been at this for nearly ten years and we need to focus increasingly on outcomes, driving for the investment returns required of angel investment.

“The high level of activity mirrors what the Angel Association is seeing in terms of interest and growth in membership. My own network, Angel HQ in Wellington, has doubled its membership in the last 18 months which is heartening.

“We need to bear in mind that the Young Company Finance data is an indicative one – and does not

YOUNG COMPANY FINANCE INDEX

Year	Amount invested
2006	\$21.4m
2007	\$29.5m
2008	\$32.6m
2009	\$43.2m
2010	\$53.1m
2011	\$34.8m
2012	\$29.9m
2013	\$53.1m
2014	\$56.4m
2015	\$61.2m
Total	\$414.7m

capture much of the investment by individuals and others outside the formal angel networks and funds. There is a great deal of activity not captured in these figures.”

Chris Twiss said the \$61.2 million was invested into the 94 companies across 132 deals (also a record) compared with \$56.4 million across 119 deals in 2014. Cumulatively, \$414.7 million has now been invested into young companies by angel groups since the Young Company Finance Index began measuring activity in 2006.

2015 saw \$39.4 million investment into the software and services sector, which was a significant increase on the \$26.2 million invested into software companies in 2014, and comprised over 60 percent of all angel fund investment over 2015.

BY THE NUMBERS

- The second half of 2015 was an especially strong period with investment of \$41.6 million.
- Four companies raised \$3.1 million through equity crowdfunding platforms (both NZ and overseas).
- 14 companies raised \$1 million-plus in investment rounds, with the highest of \$7.5 million
- Of the \$61.2m invested in 2015, 70 percent (\$42.6m) was follow-on investment and 30 percent (\$18.6m) was new investment. New investment in 2014 was \$21.3m.
- In terms of the stage of investment, \$23.9m was seed investment, \$32.7m was at the start-up stage, and \$4.5m at the early expansion/expansion stages. The comparative figures for 2014 were \$23.1m for seed, \$28.6m for start-up and \$3.1m for early expansion/expansion.
- 2015 saw a \$464,000 average deal size – slightly lower than 2014 (\$490,400).
- 76 percent of deals were syndicated between different angel groups.
- Of the type of investment instruments used by angels in 2015, 22 percent of investments were convertible loans, 45 percent were ordinary shares, and 33 percent were preference shares.
- Since 2006, by region, 54 percent of investment was in Auckland, 11 percent in Christchurch and in Wellington, 6 percent in Dunedin, and 5 percent in Palmerston North and in Hamilton, and 3% in Tauranga. Software & services received 39 percent of the amount invested, followed by pharmaceuticals/life sciences technology (15%), technology hardware and equipment (11%), and food & beverage (8%).

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