

Media Release

4 March 2010

Angels invest nearly \$50 million in 2009

More than \$50 million was invested by angel investors into 63 young companies in 2009 – a 72 percent increase on the previous 12 month record of \$29 million invested in 2008, based on data collected by Young Company Finance.

Cumulatively, \$127 million has now been invested into young companies by angels since Young Company Finance began collating data in 2006.

NZVIF chief executive Franceska Banga said angel investors are the playing an increasingly significant role in the financing of high-growth, innovative start-ups.

“The increased activity results from a number of years of market development by the angel investment community, NZVIF’s Seed Co-Investment Programme, NZTE’s Escalator Programme, and economic development agencies and incubators throughout the country.

“As the number of companies being invested in grow, and those companies need follow-on investments, the investment activity increases. The challenge facing the industry and our capital markets is to ensure there is sufficient investment capital to fund further growth.

“These companies represent part of the ‘pipeline’ of companies referred to by the Capital Markets Development Taskforce. Some will be the next generation of top New Zealand companies on publicly listed markets– providing our capital markets can provide the investment to allow them to grow and develop through the growth pipeline.”

Of the \$50 million invested last year, \$20 million was into first round investments – the highest annual dollar value of investment into new companies - and \$30 million comprised follow-on investments. In terms of the stage at which investment was made, \$8.9 million was seed investment, \$29.9 million was at the start-up stage, \$11.2 million at the early expansion level, and \$300,000 at the expansion stage.

There is greater syndication of deals – meaning angel groups are collaborating with each other to raise funds for investments. In 2009, 48 percent of deals were syndicated and 52 percent were not. In 2006, just 26 percent of deals were syndicated and 74 percent were not.

Deal flow for the year was substantively increased on 2008. In 2009, 63 deals were completed, compared with 29 in 2008 and 49 in 2009. Average deal size in 2009 was \$800,000.

Since 2006, by region, 54 percent has been invested in Auckland, 12 percent in Christchurch, 11 percent in Dunedin, 9 percent in Wellington and 5 percent in Palmerston North. Software and services have received 28 percent of the amount invested, followed by pharmaceuticals (23%), technology, hardware and equipment (13%), and food and beverage (12%).

Media contact: David Lewis Cell: 021-976 119 david.lewis@nzvif.co.nz