

2018 Finnish Private Equity Activity

Venture Capital

Statistics on fundraising, investments and divestments



Presentation as of 10.4.2019

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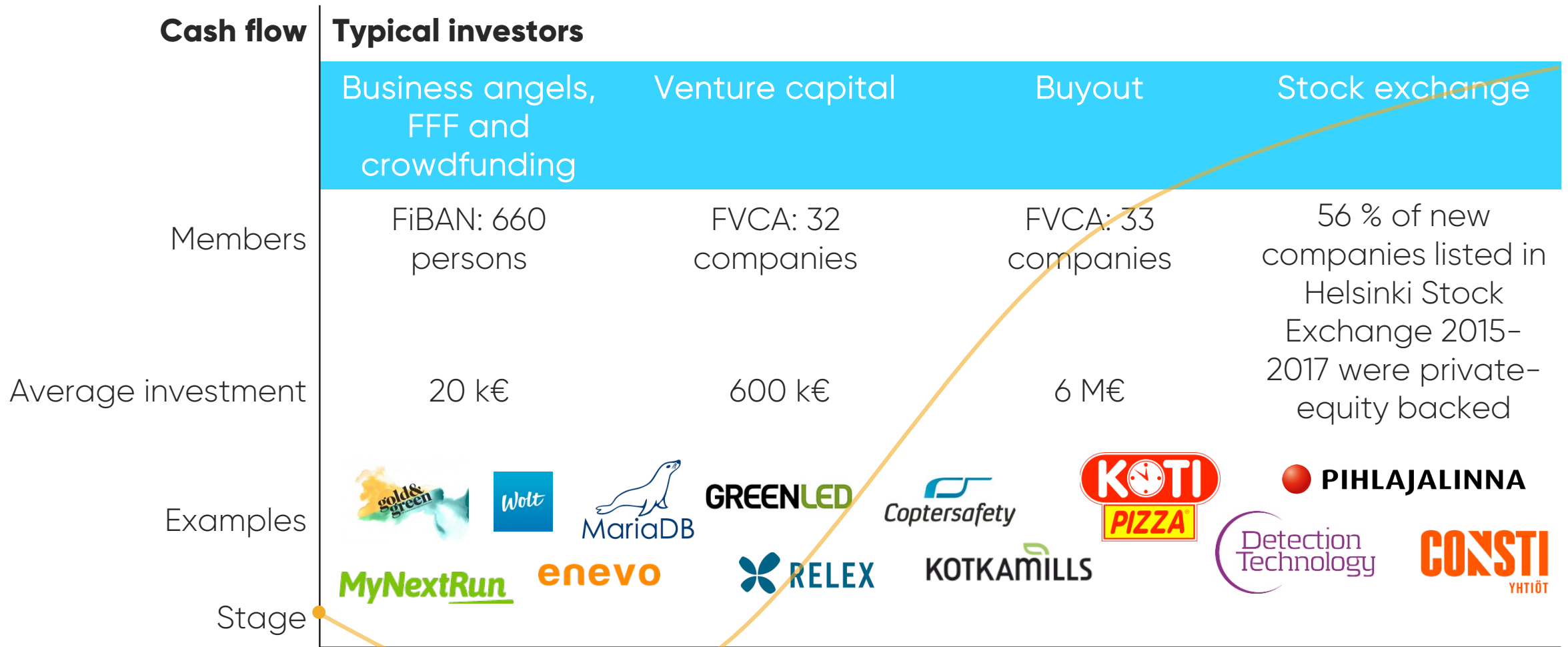
Finnish VCs activity in Finland and abroad

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Private equity investors by stage

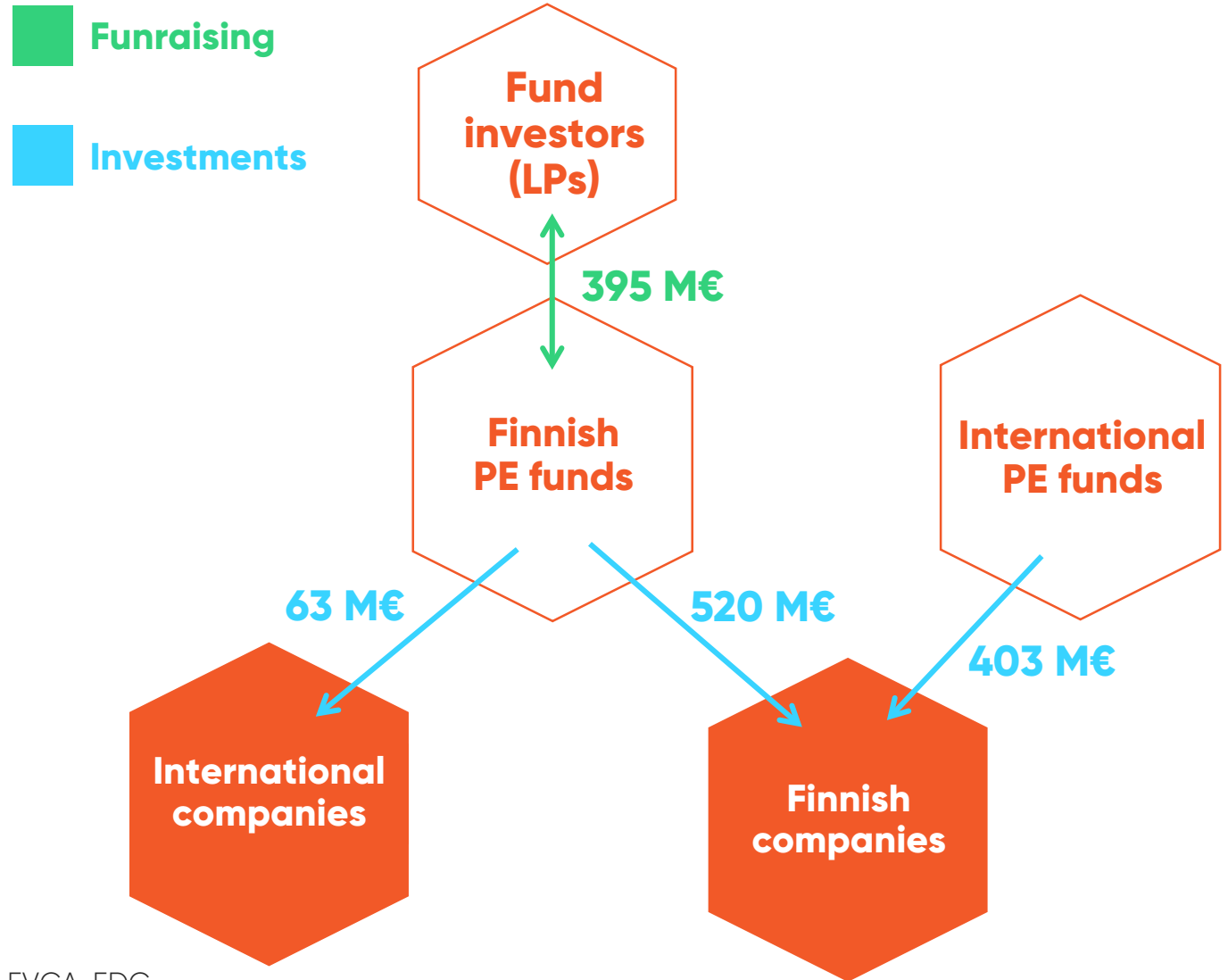


All private equity 2018

395 M€
fundraising in total

923 M€
investments into Finnish
companies

Private equity 2018



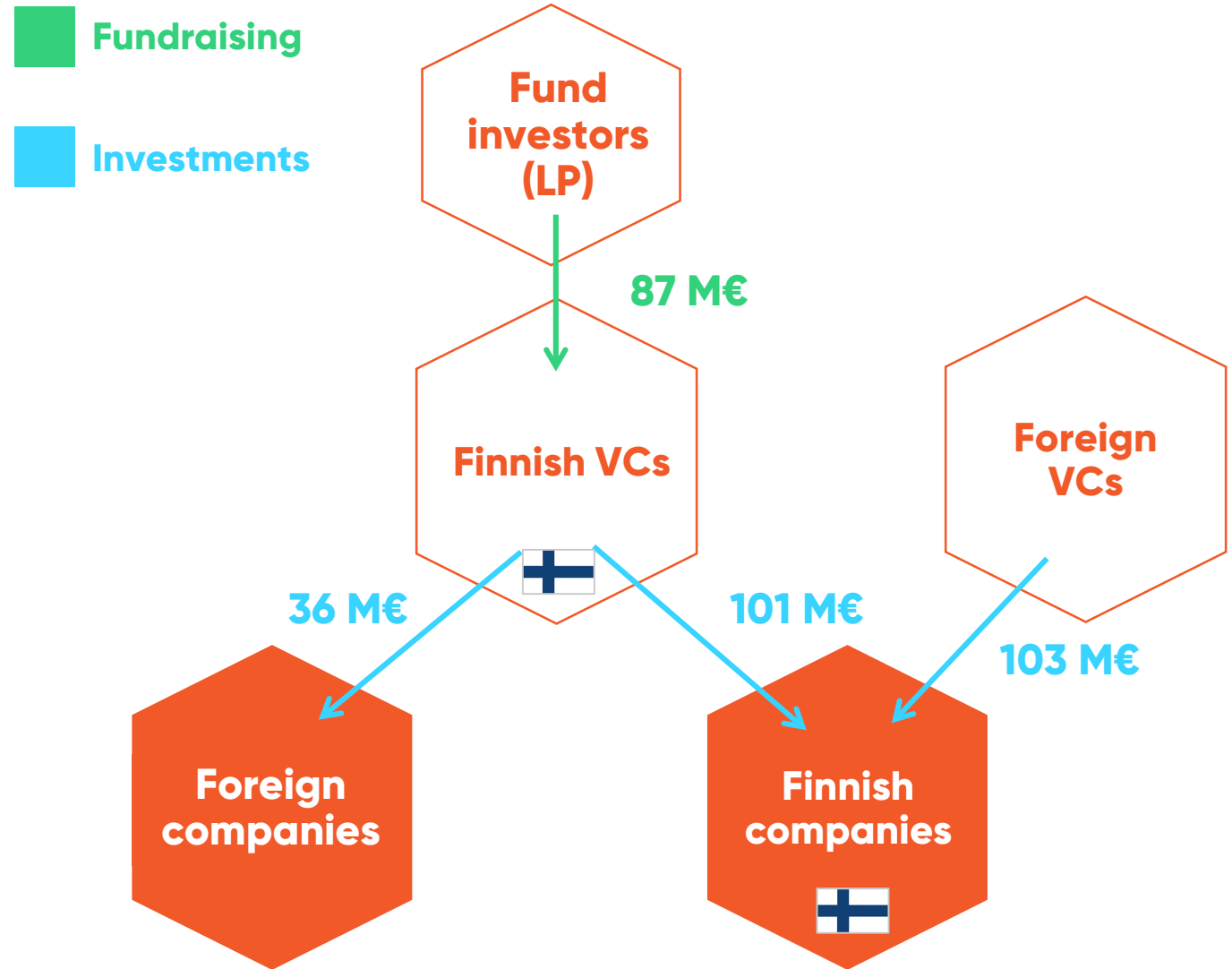
All private equity 2018

Statistics in brief

- Finnish PE funds invested in total 583 M€ (+57 %) into 271 Finnish and international companies (+35 %).
- Finnish startups and growth companies received a total of 923 M€ (+35 %) worth of investments, that were directed into 245 (+24 %) companies.
- Foreign PE investors invested into 403 M€ (+16 %) into 41 Finnish companies
- Capital under management of Finnish PE funds amounts to 6,4 billion euros, of which around 2,3 billion euros is yet to be invested
- Finnish PE investors exited 71 (-4 %) companies in 2018
- New fund raised by Finnish PE investors a total of 395 M€ (-53 %), will be invested into startups and growth companies in the coming years.

Venture Capital 2018

Investments 203 M €
Finnish startups and early stage companies received a record sum of investments



Note: VC investments only.
Sources: FVCA, EDC

Venture Capital 2018

Statistics in brief

- Finnish companies received a record sum of VC investments, 203 M€ in total (+44 %), out of which 101 M€ came from Finnish investors and 103 M€ from foreign investors.* Altogether 154 (+13 %) Finnish companies received a domestic or foreign VC investment.
- Finnish VC firms invested a total of 136 M€ (+38 %) into 183 (+29 %) domestic and foreign companies.
- 26 % of total VC investments by Finnish VCs were invested into companies abroad.
- Public sector VC investments amounted to 26 M€, which was invested into 22 Finnish and foreign companies.
- Finnish VC firms raised 87 M€ (-57 %) of new funds.

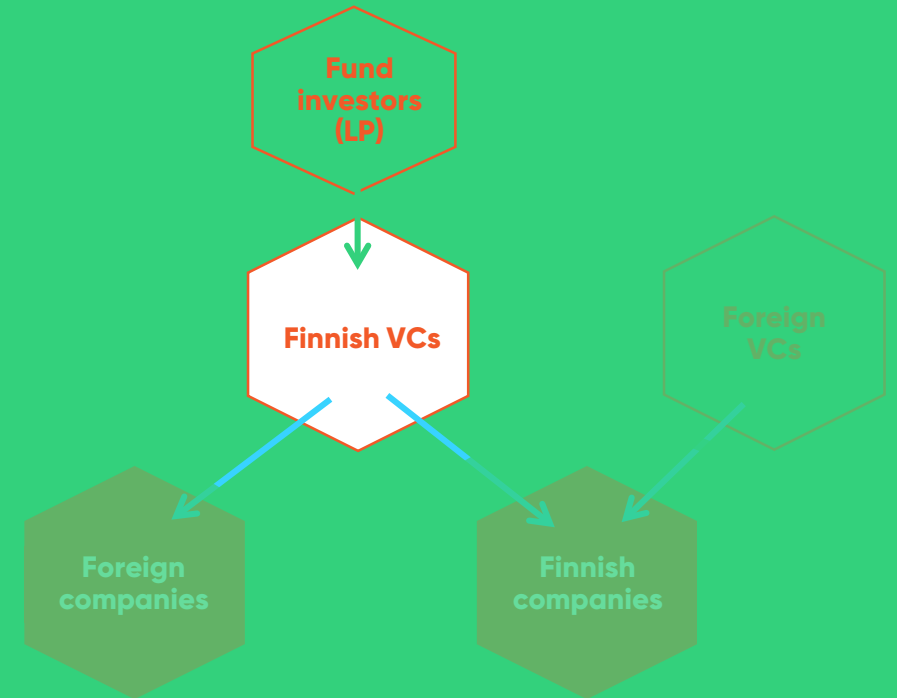
*Figures rounded
Sources: FVCA, EDC

Industry statistics

Finnish VC activity in Finland and abroad



Fundraising



Fundraising

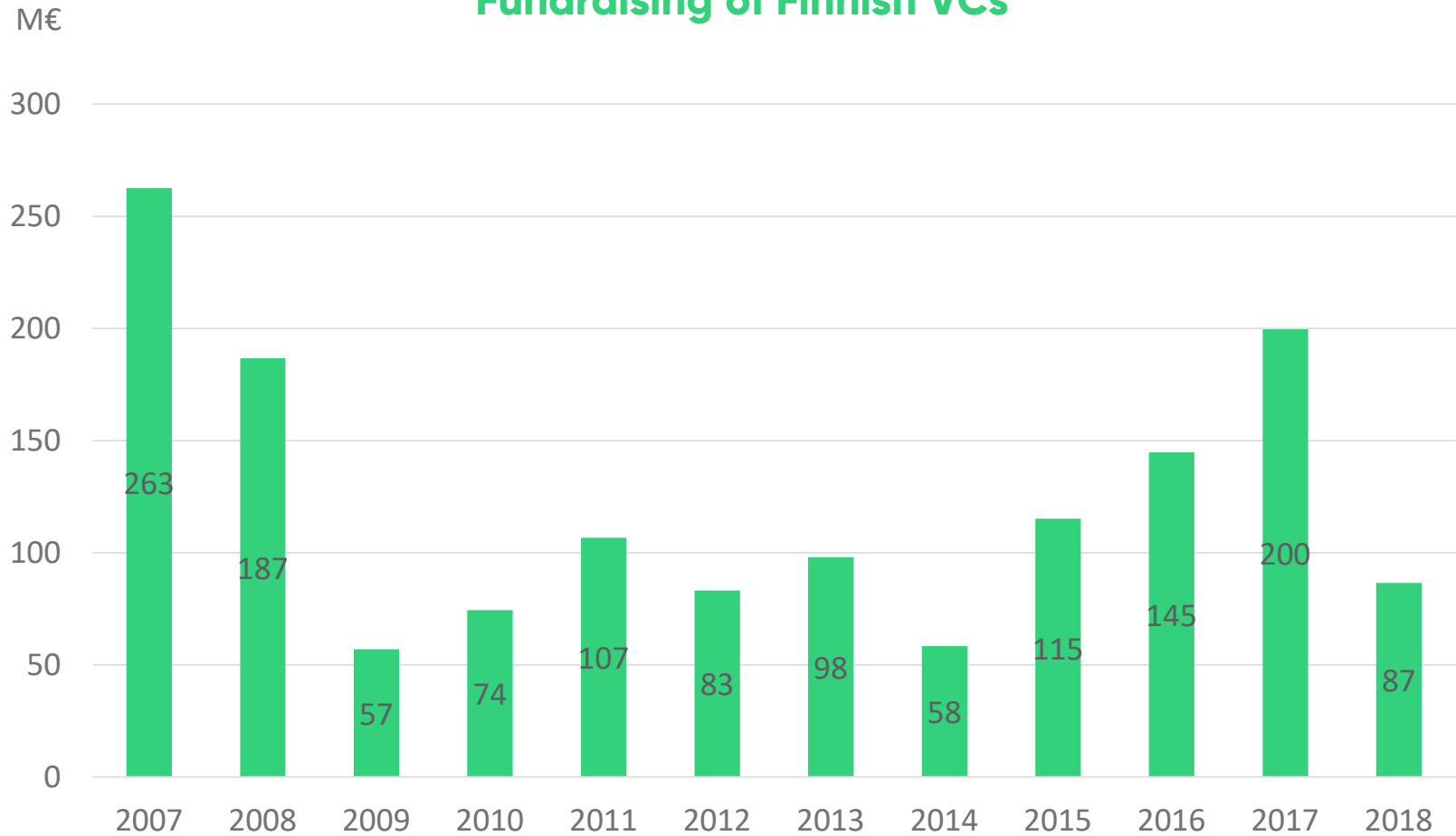
87 M€ (-57 %)

Fundraising slower in 2018, but industry has diversified

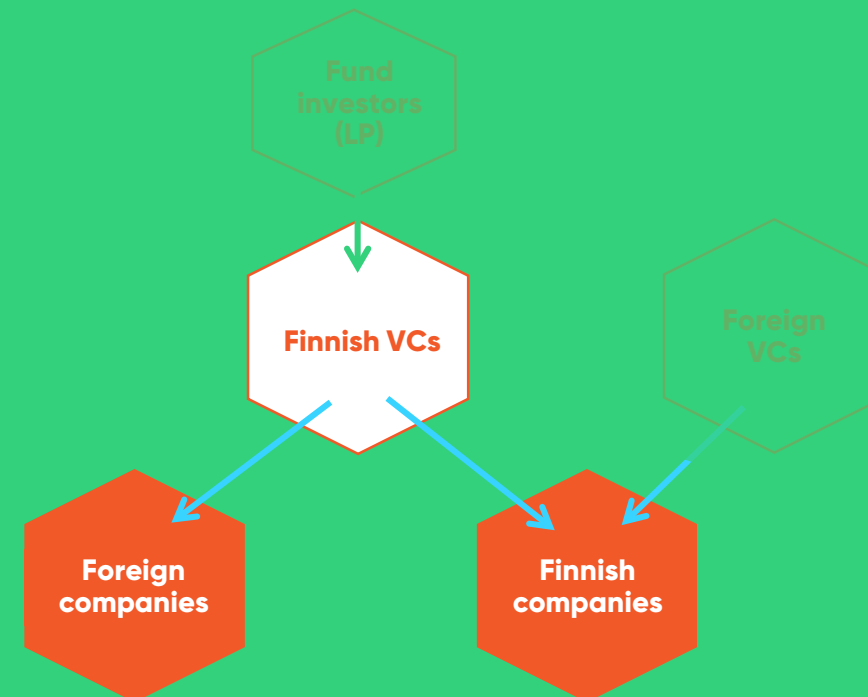
528 M€

Total capital available for VC investments

Fundraising of Finnish VCs



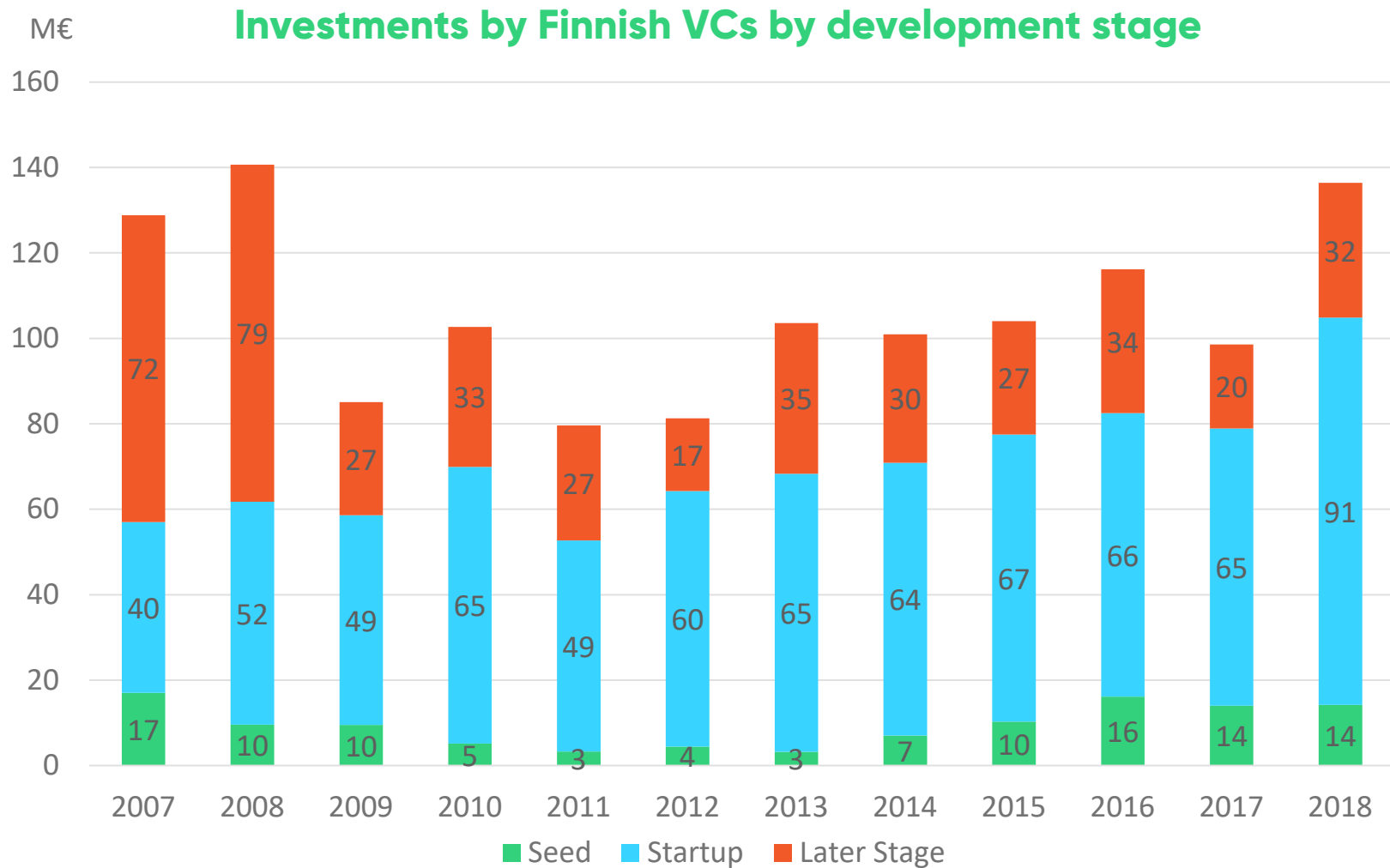
Investments



Investments by Finnish VCs into domestic and foreign companies

137 M€

The total invested amount in 2018 close to record level from 10 years ago



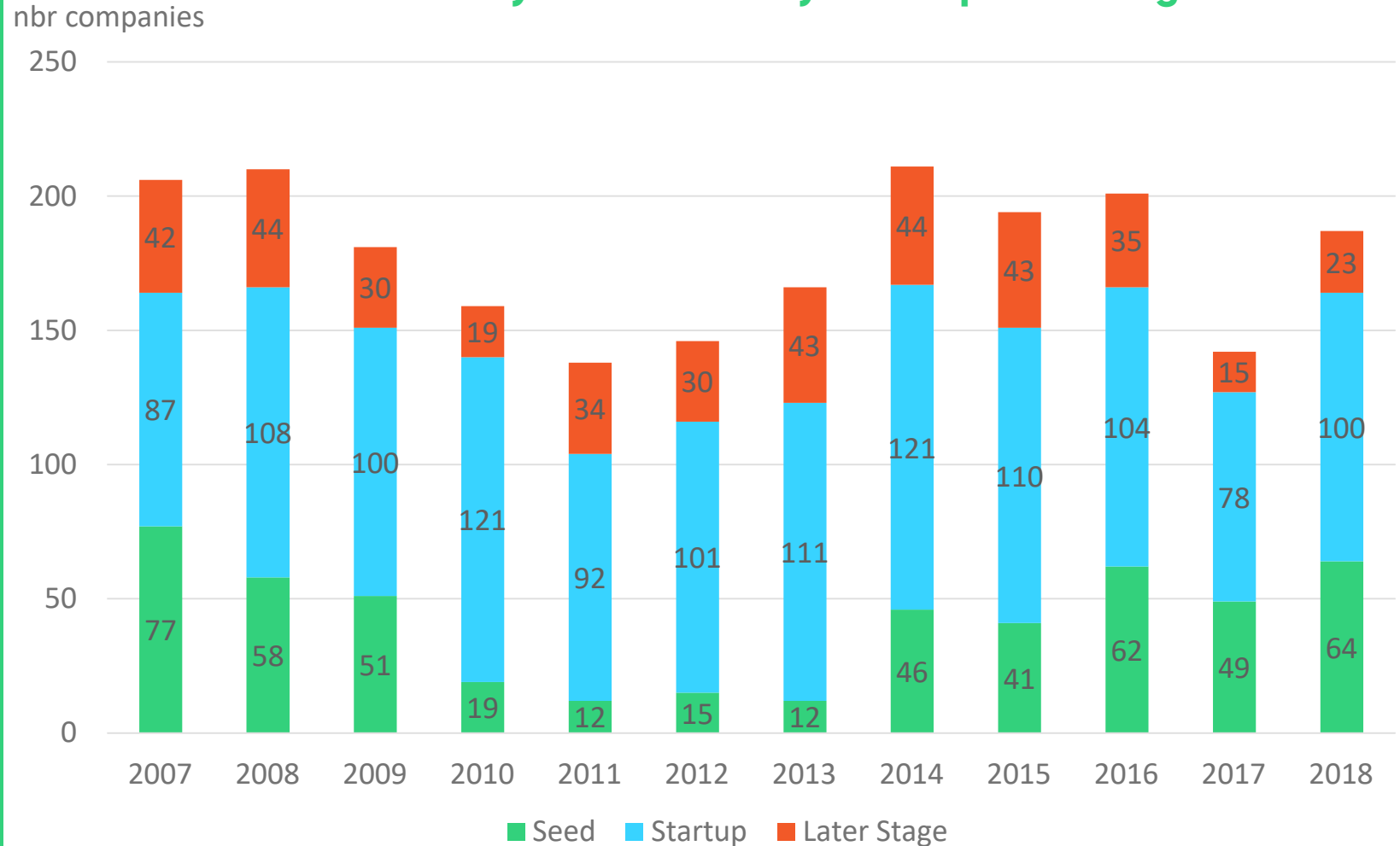
Sources: FVCA, EDC

100–200 companies annually

183

companies received a Finnish VC investment annually

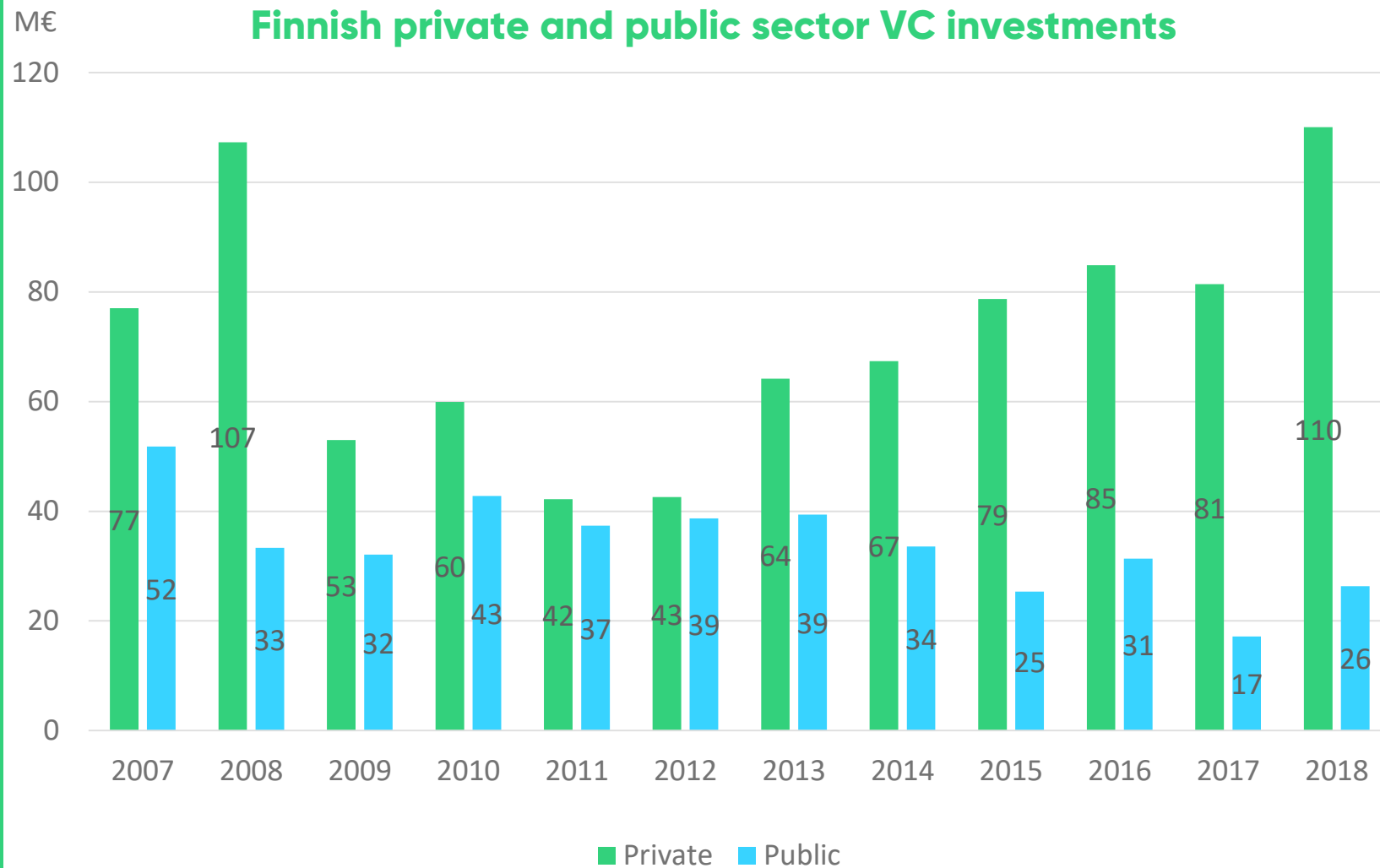
Investments by Finnish VCs by development stage



Sources: FVCA, EDC

Public sector's role

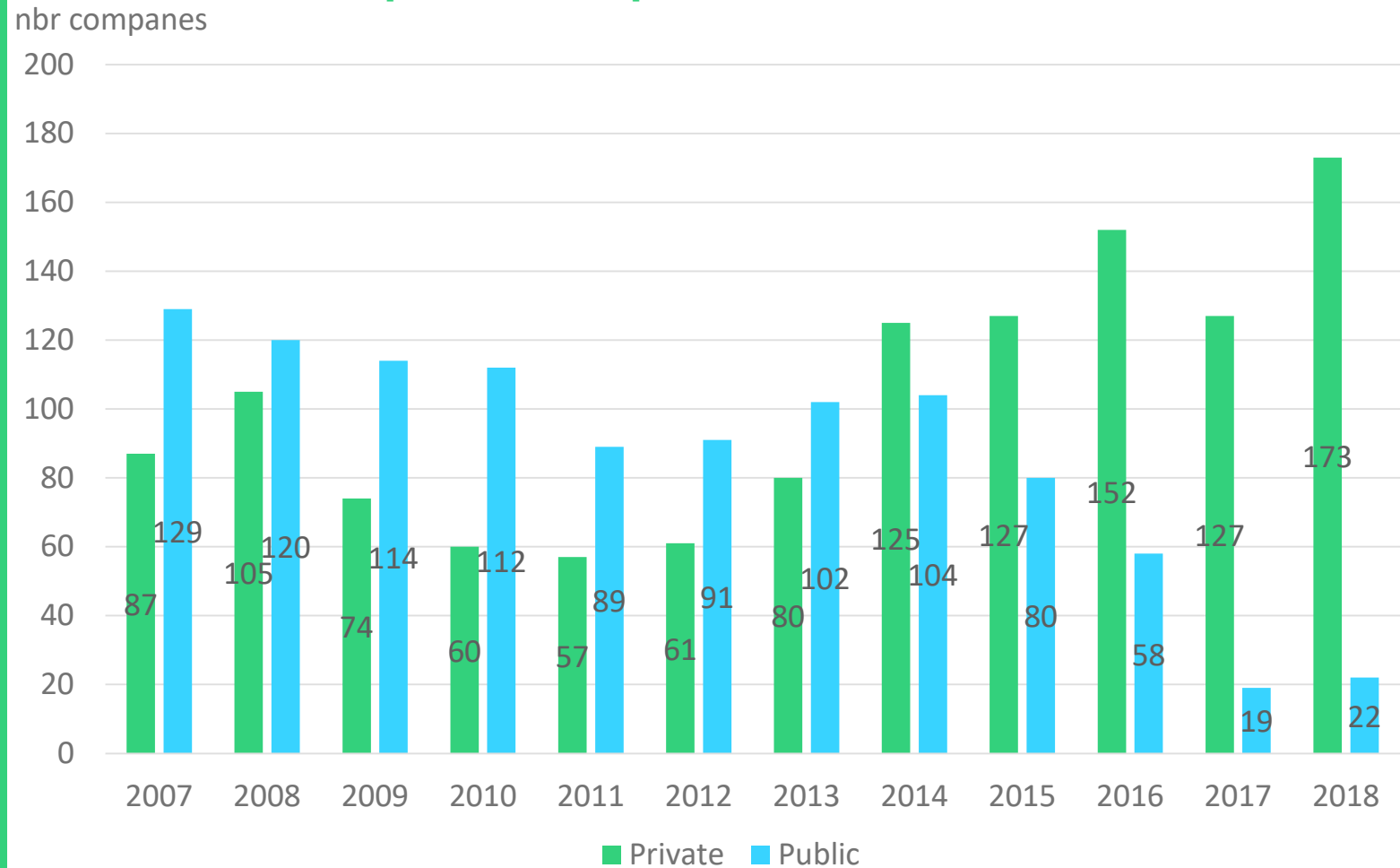
Public sector continues to make some direct investments



Private sector-driven market

Approximately 90 %
of the VC investments are made
by the private sector

Finnish private and public sector VC investments

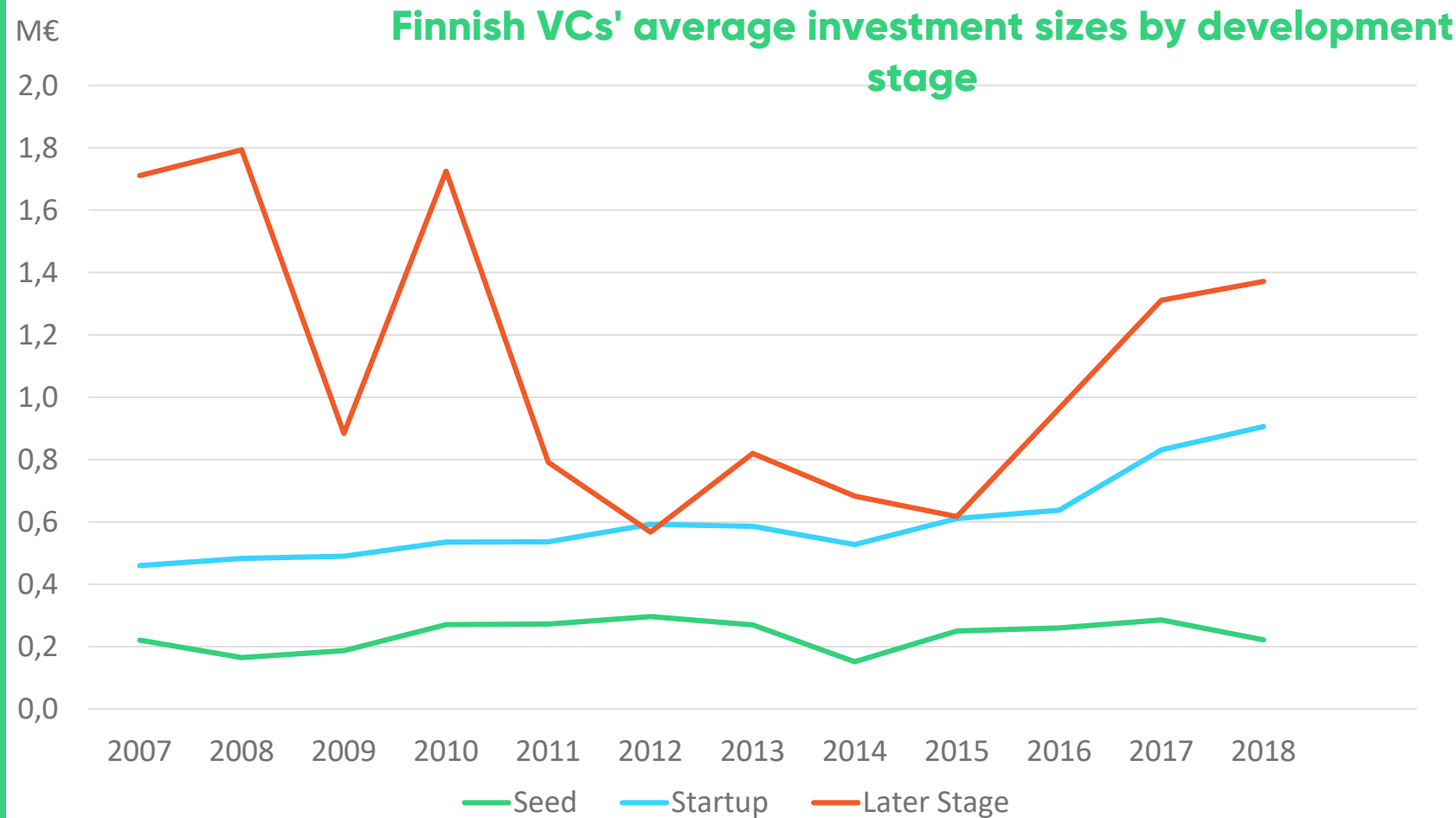


Sources: FVCA, EDC

**745 000 €
per company**

The average investment size has increased in the past few years, especially in later stage venture

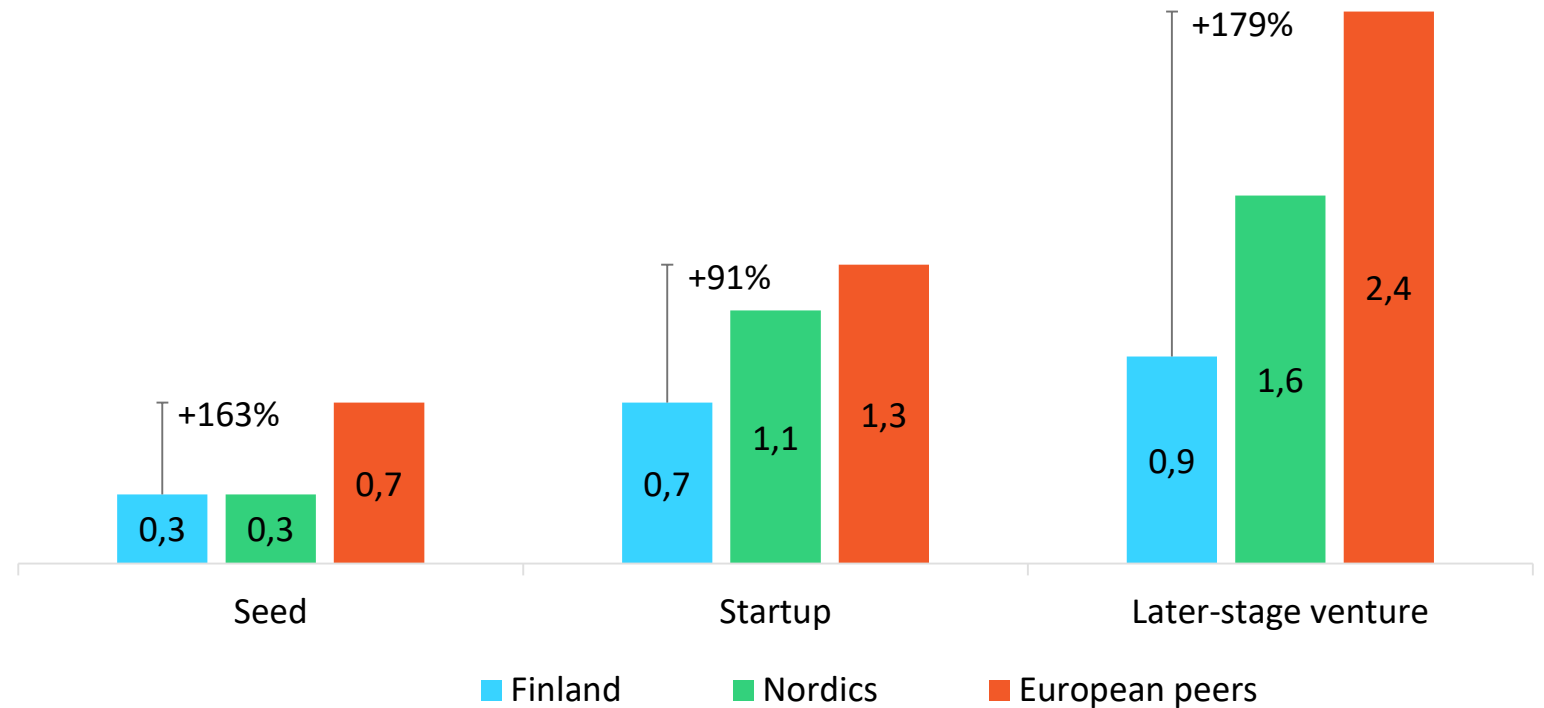
Seed investment sizes have remained at the same level for the past decade



Investment sizes far from European level

Especially seed and later-stage venture investments by Finnish VCs are significantly smaller than the European average

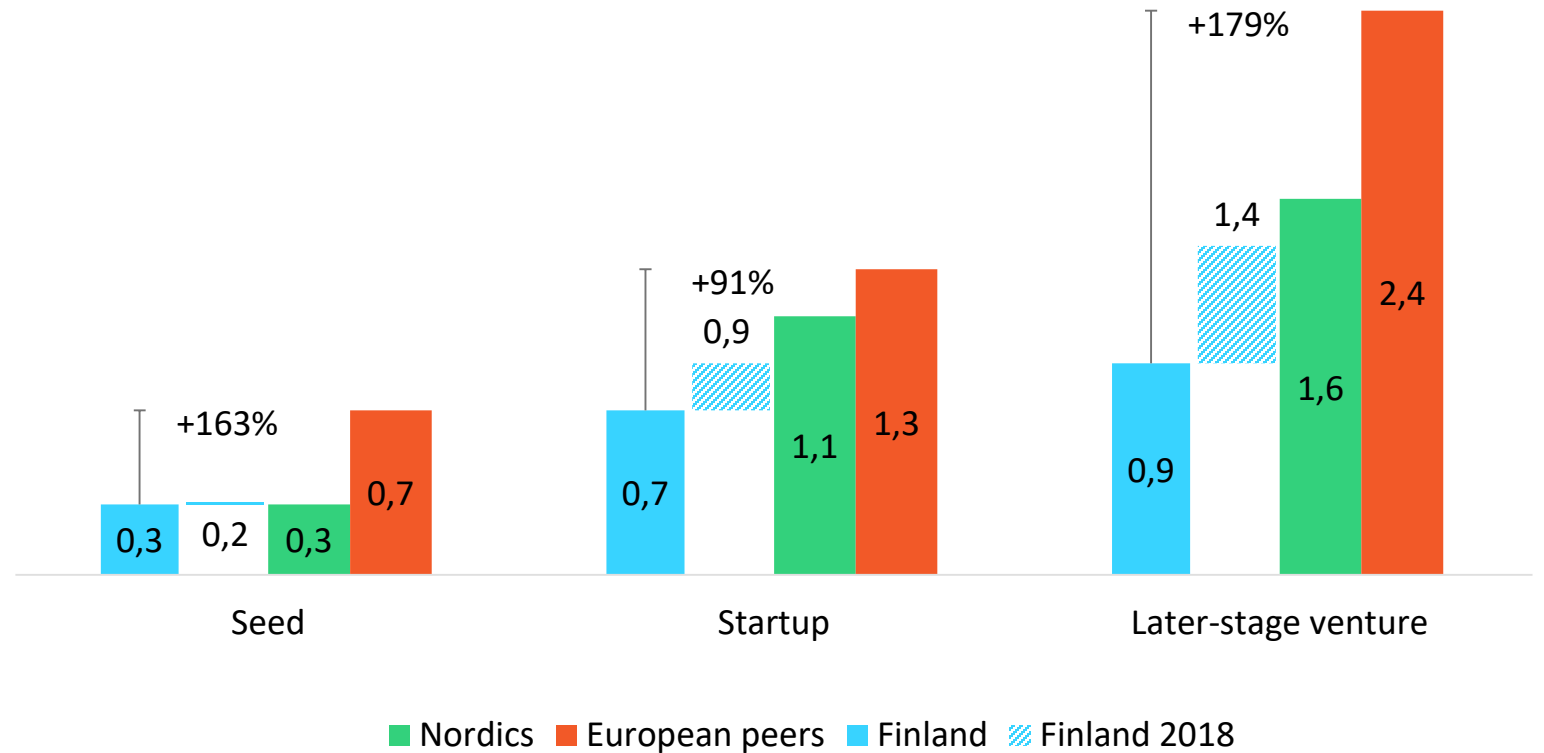
Average VC investments size by development stage in 2015-2017, M€



Seed investments remain small

Startup and later-stage investment sizes on the other hand have grown in 2018

Average VC investments size by development stage in 2015-2017, M€



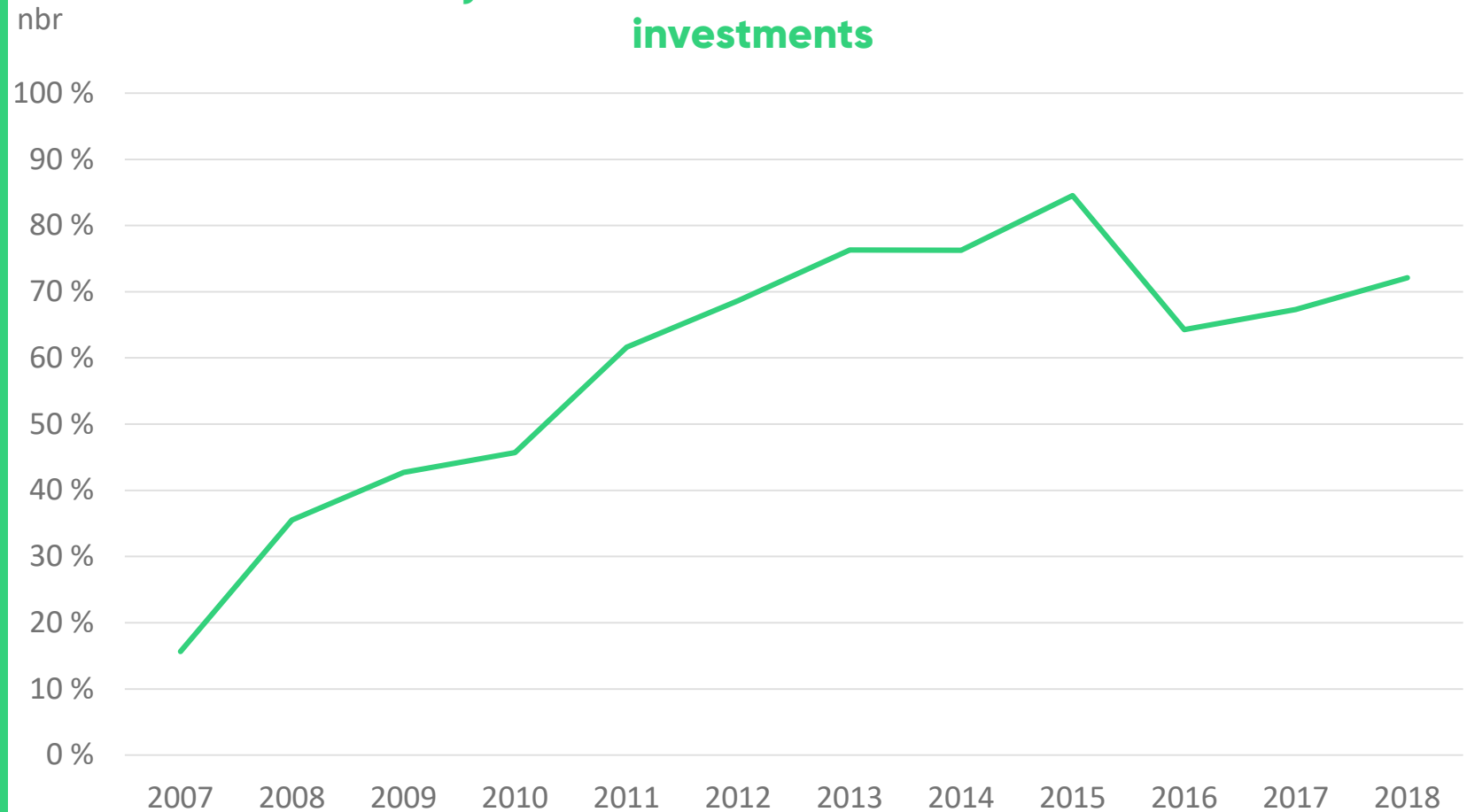
Syndication

Over 70 %

of all VC investments are made in syndication with other investors

Co-investments are typically done with e.g. business angels, corporations as well as with other domestic and foreign VC funds

Share of syndicated investments of all Finnish VC investments

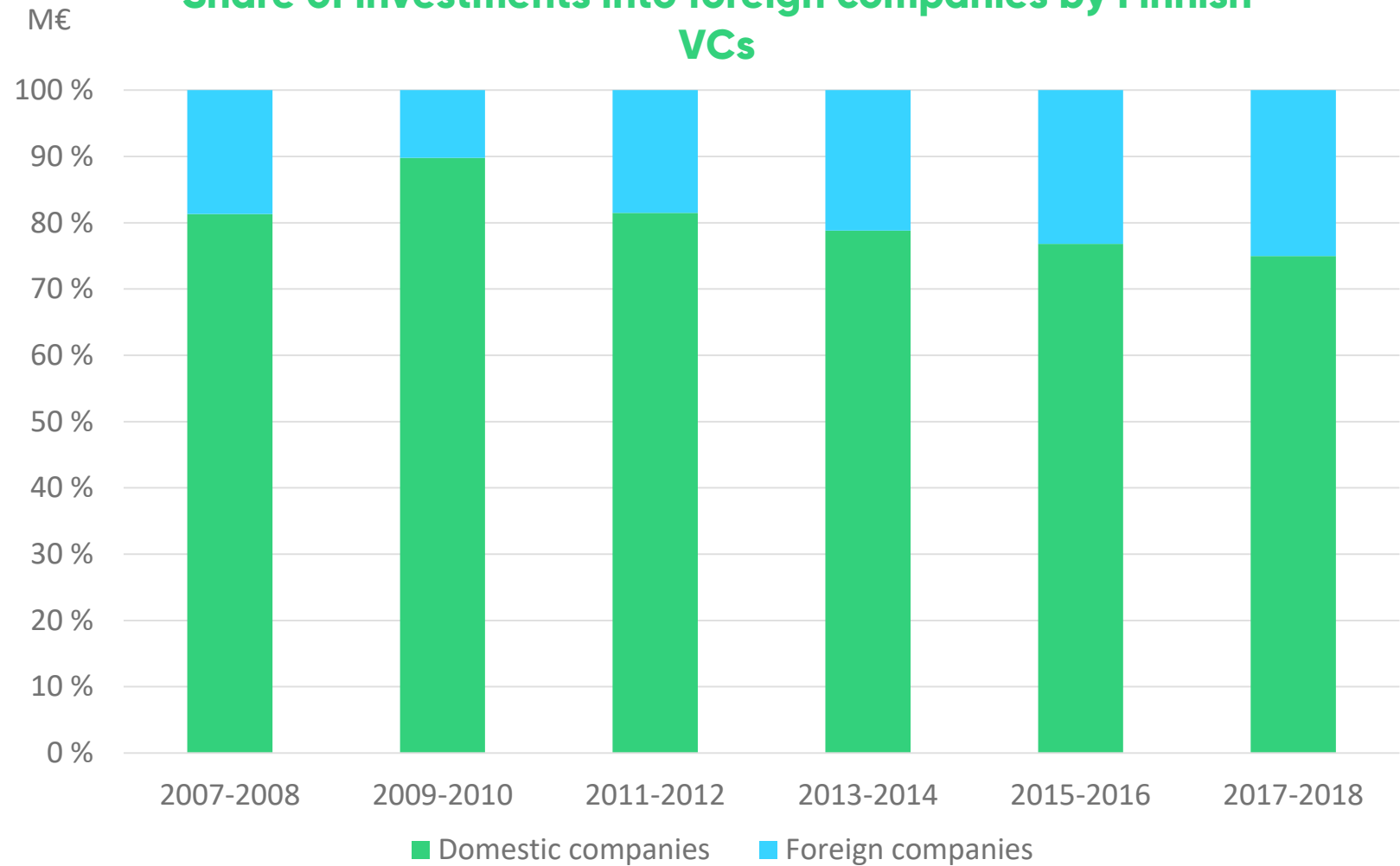


Sources: FVCA, EDC

Internationalization

26%
of total VC-investment amount
invested into foreign
companies in 2018

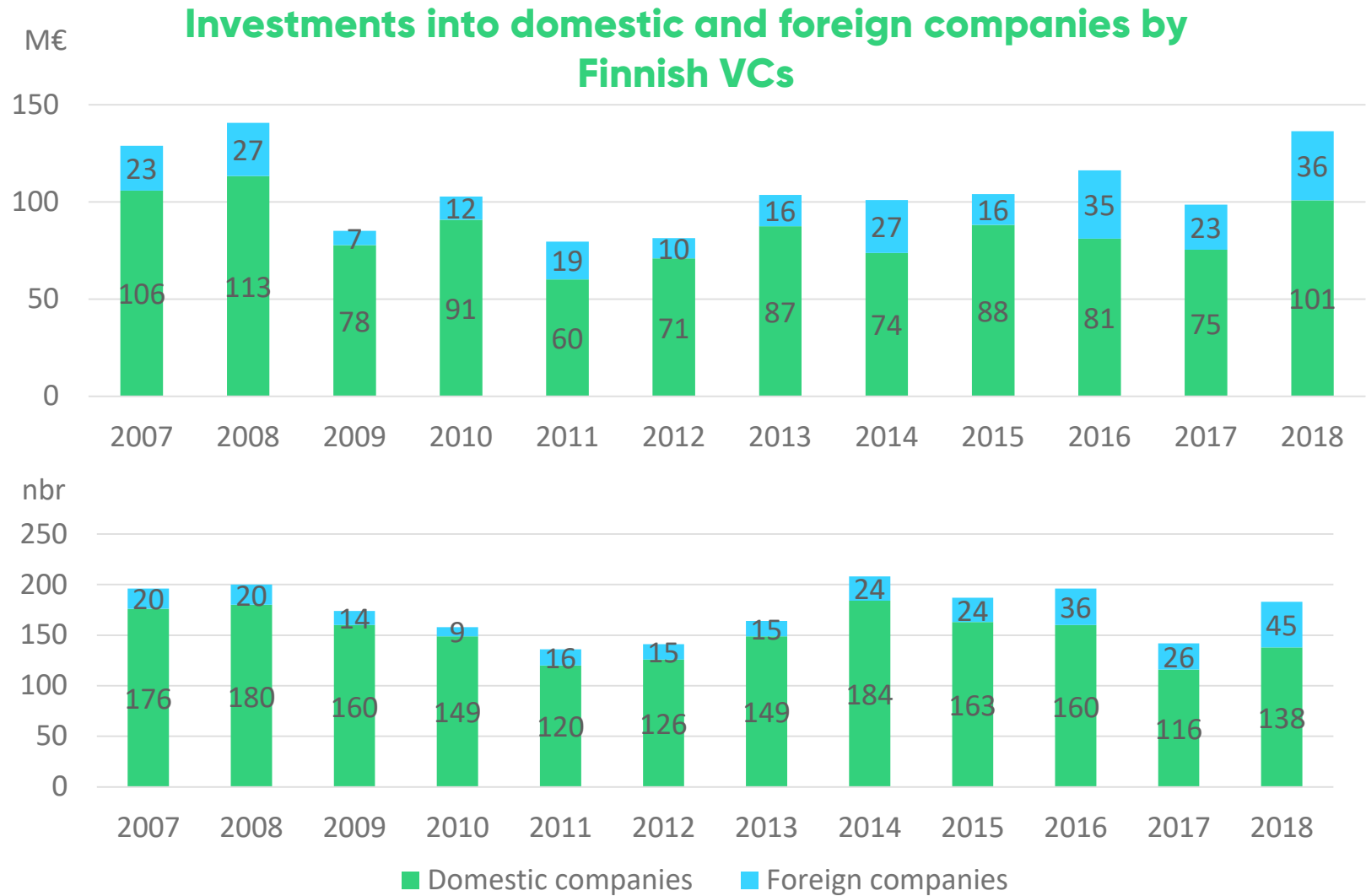
Share of investments into foreign companies by Finnish VCs



Internationalization

36 M€, 45 companies

Finnish VCs' investments in total into foreign companies in 2018

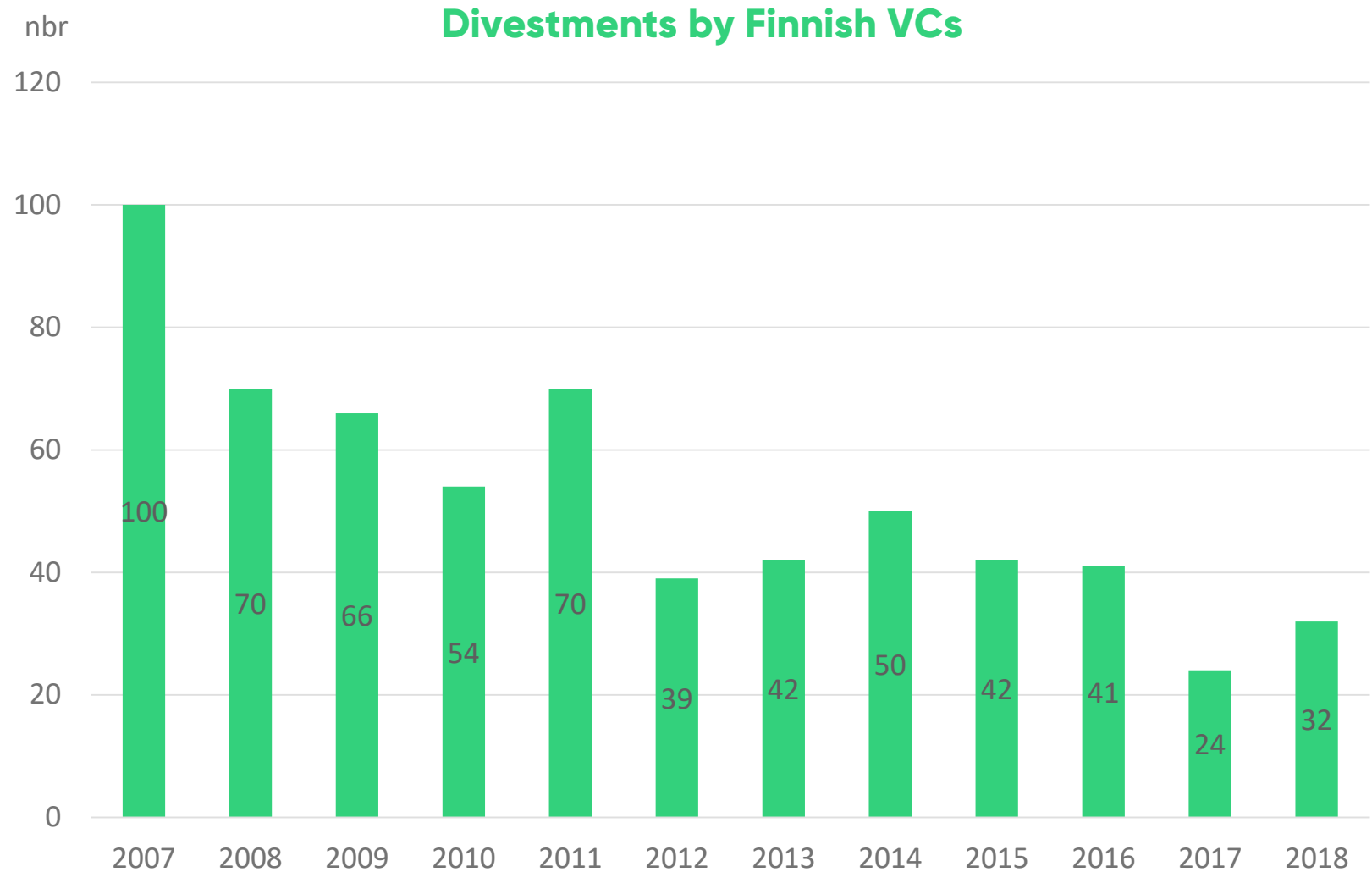


Divestments

Divestments by Finnish VC investors

A few good quality exists seen in 2018

Many promising portfolio companies currently developing in Finland, that have been able to raise substantial follow-on financing rounds



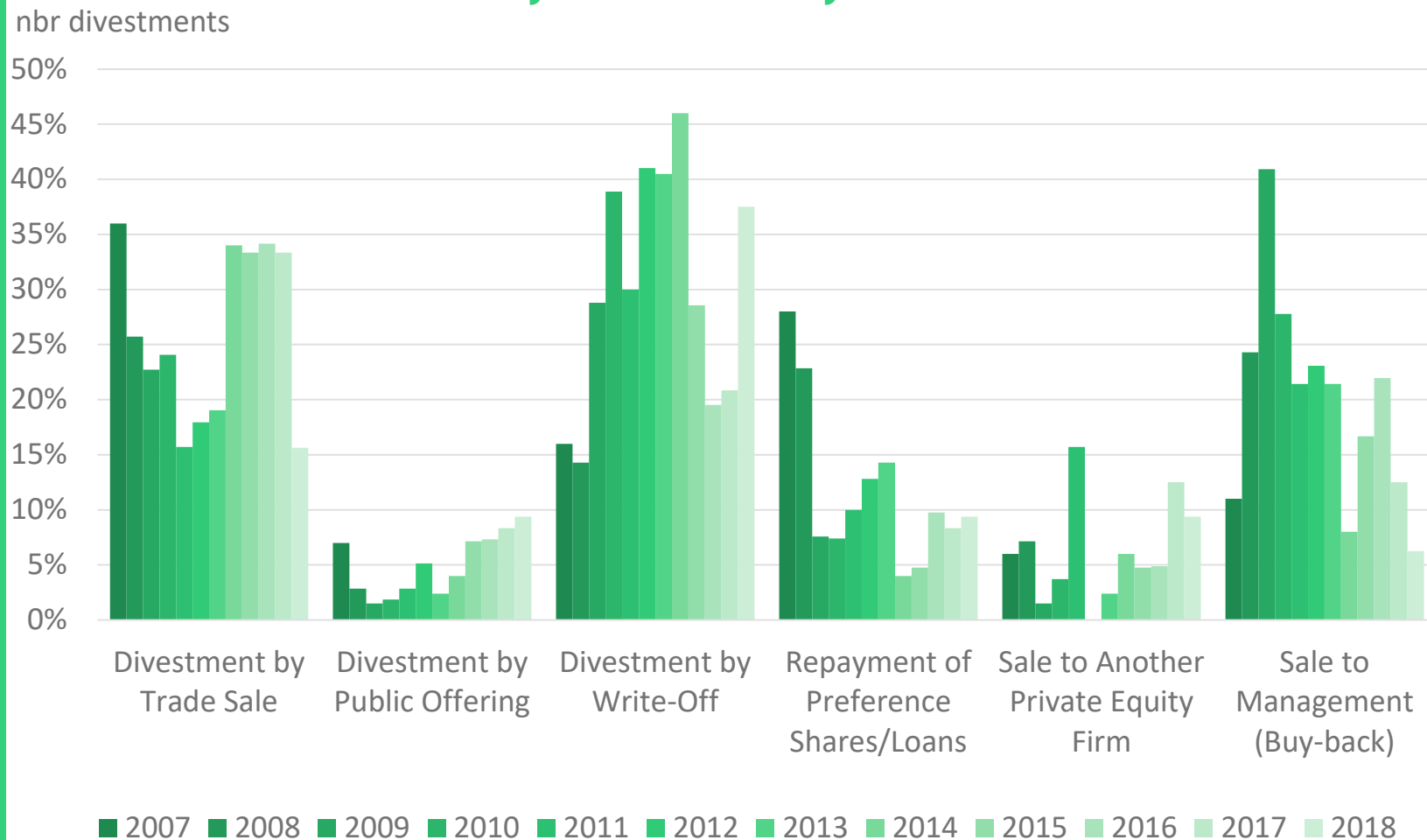
Sources: FVCA, EDC

Divestments by Finnish VC investors

The number of write-offs has increased in 2018

Trade sale is also a popular exit method

Divestments by Finnish VCs by divestment method



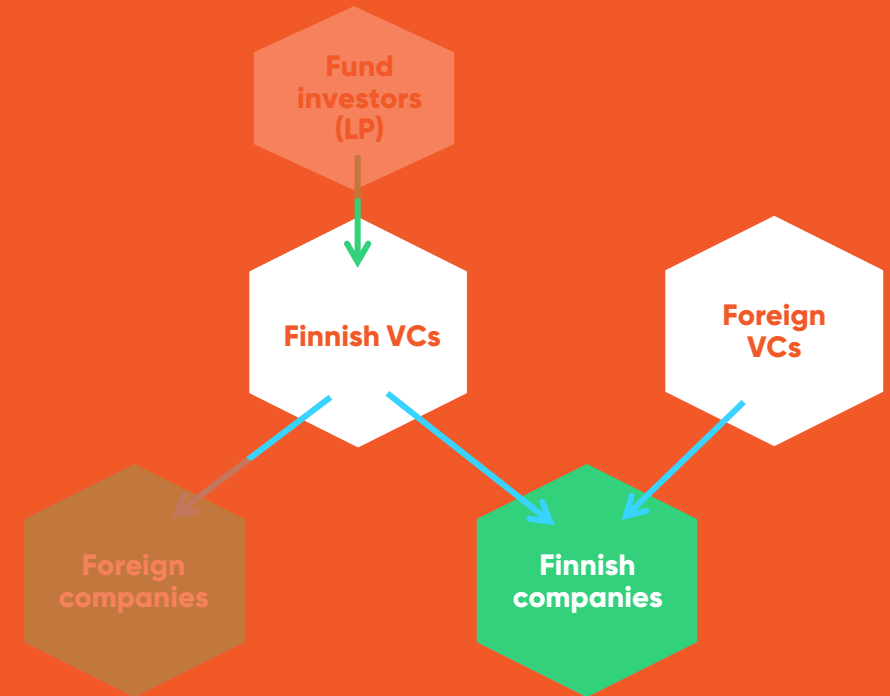
Market statistics

Investments in Finnish startups and growth companies
by Finnish and foreign investors



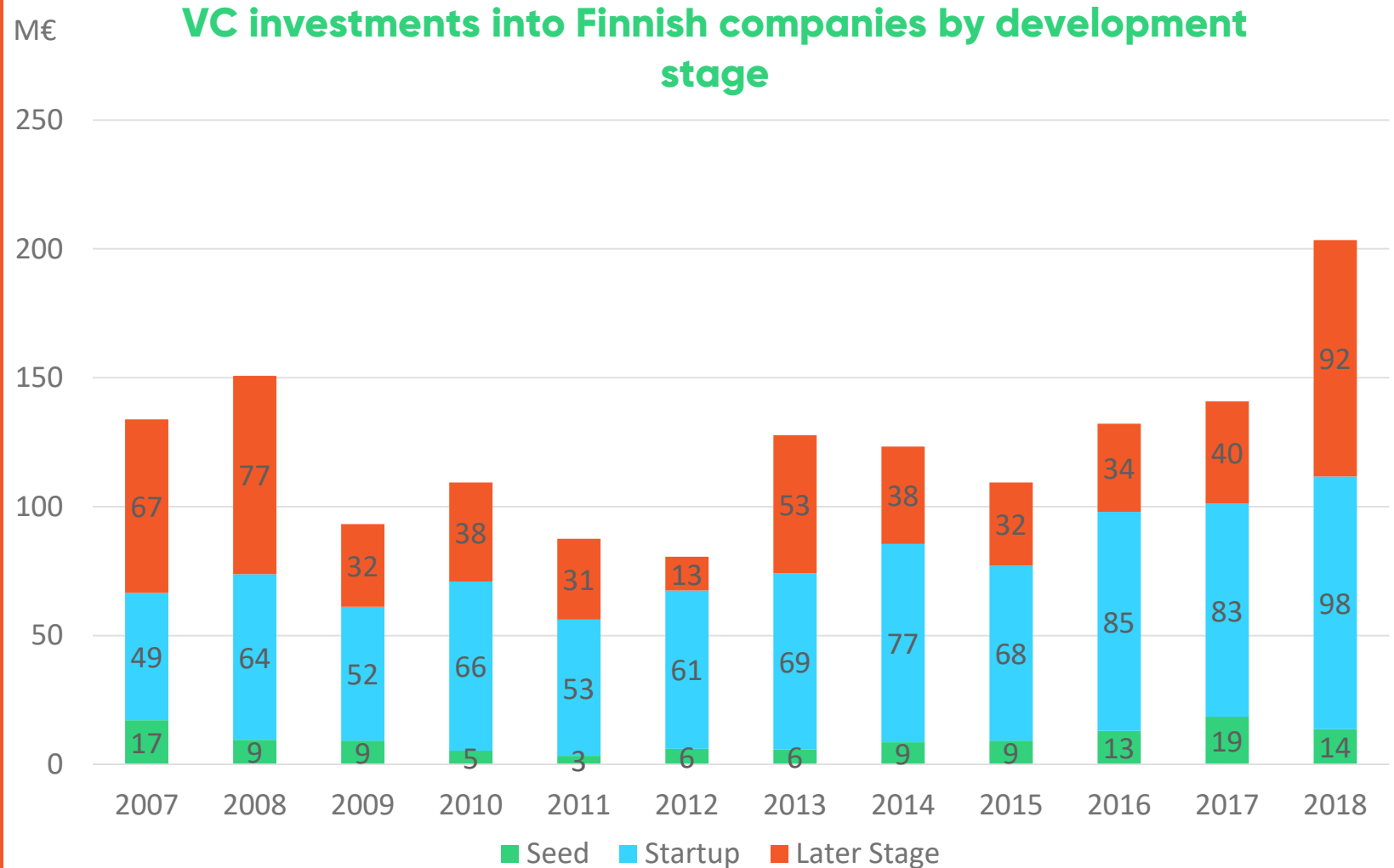
Pääomasijoittajat
Finnish Venture Capital Association

Funding



Record amount: 203 M€ of funding

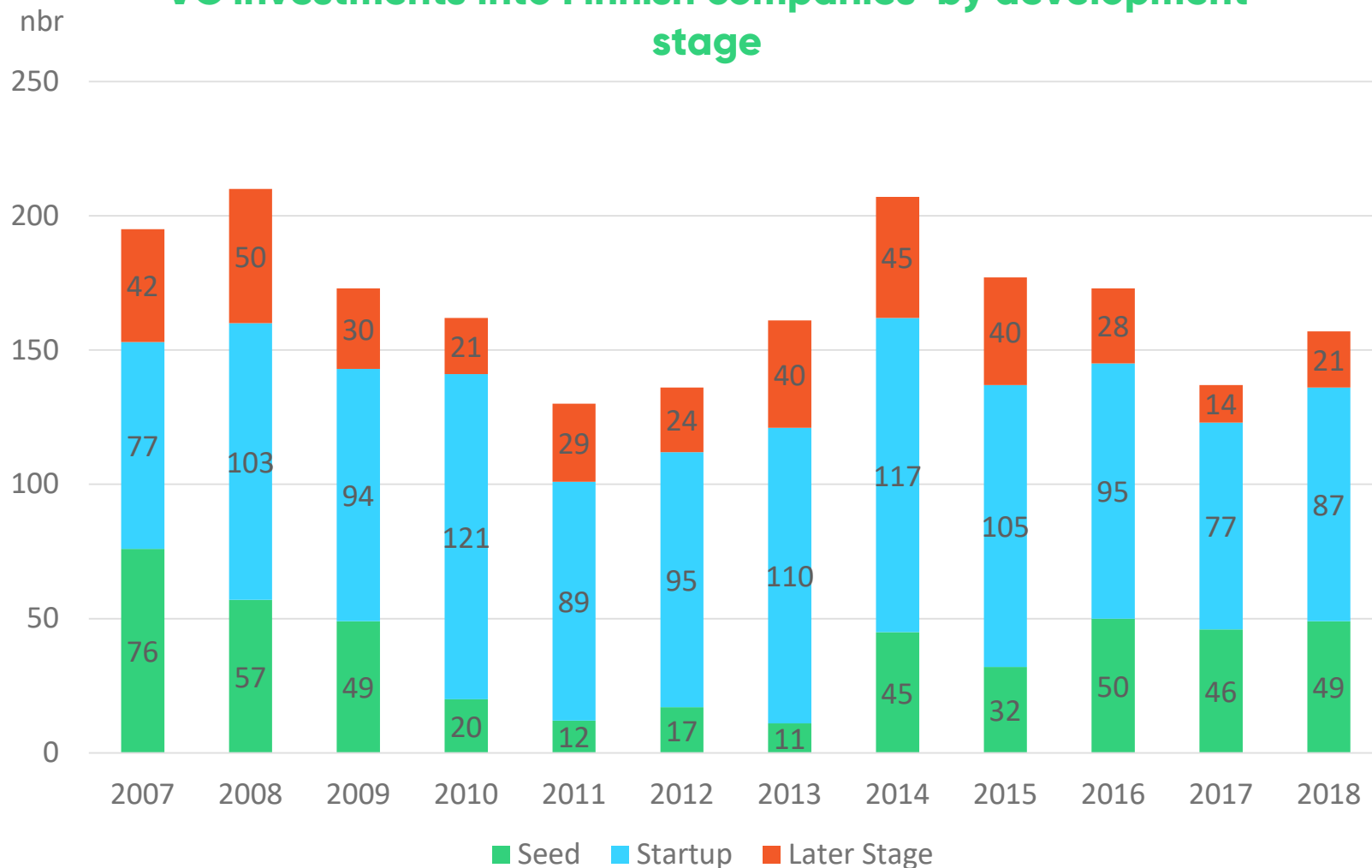
Finnish startups and later stage companies both attracted record amounts of VC funding from domestic and foreign investors in 2018



100–200 companies every year

154 in total
early stage companies
received a VC investment from
domestic or foreign investors in
2018

VC investments into Finnish companies by development stage

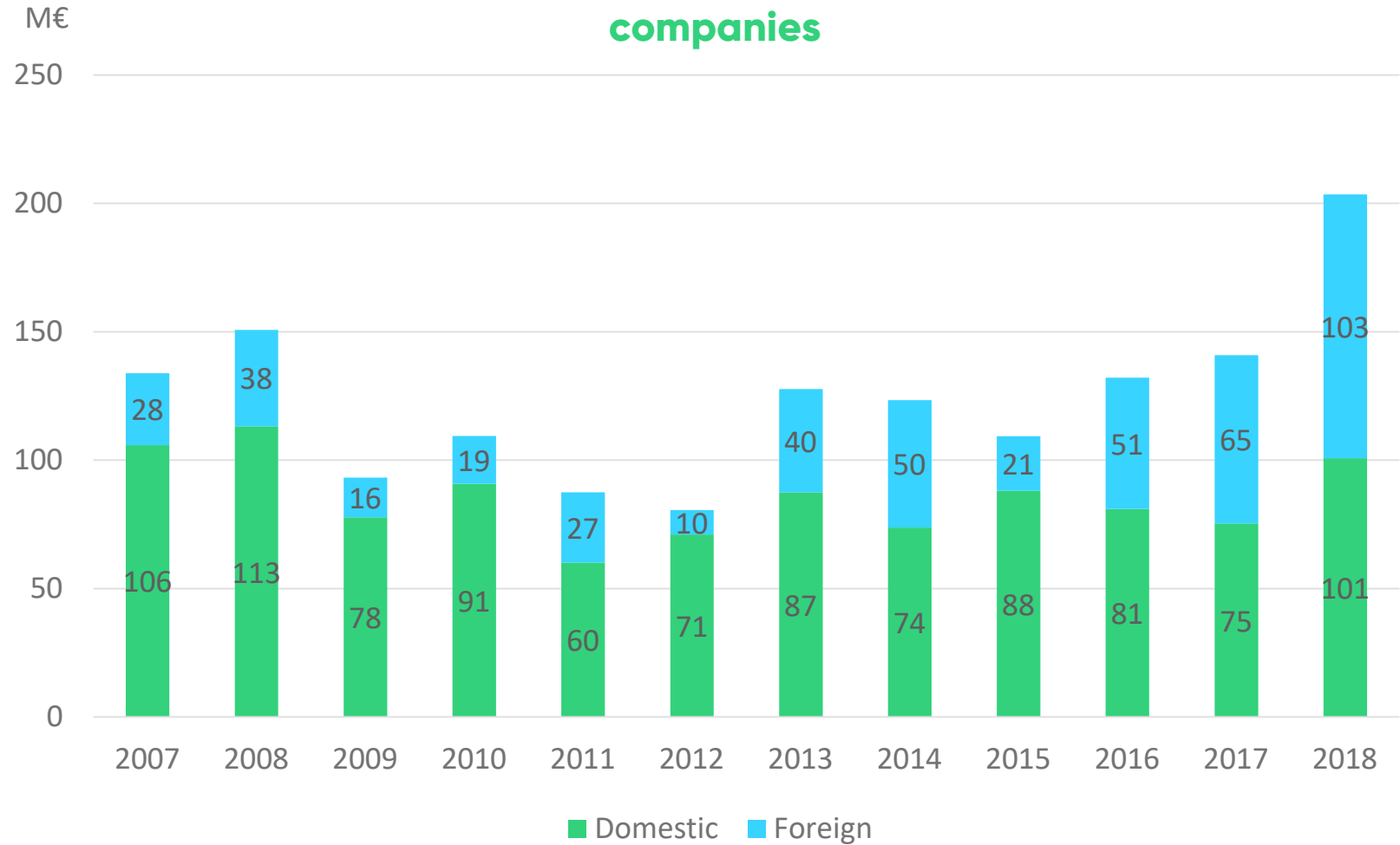


Share of foreign investors over half of total funding

The trend of foreign VCs actively investing in Finnish startups and early stage growth companies continues to be strong

Finnish VC investors have had a significant role in developing startups to an attractive level to foreign investors

Domestic and foreign VC investments into Finnish companies



Private sector gains share

Finnish private sector has grown in the past few years, but foreign investors are main driver for growth

Public sector investments show a decreasing trend

Domestic public and private and foreign VC investments into Finnish companies

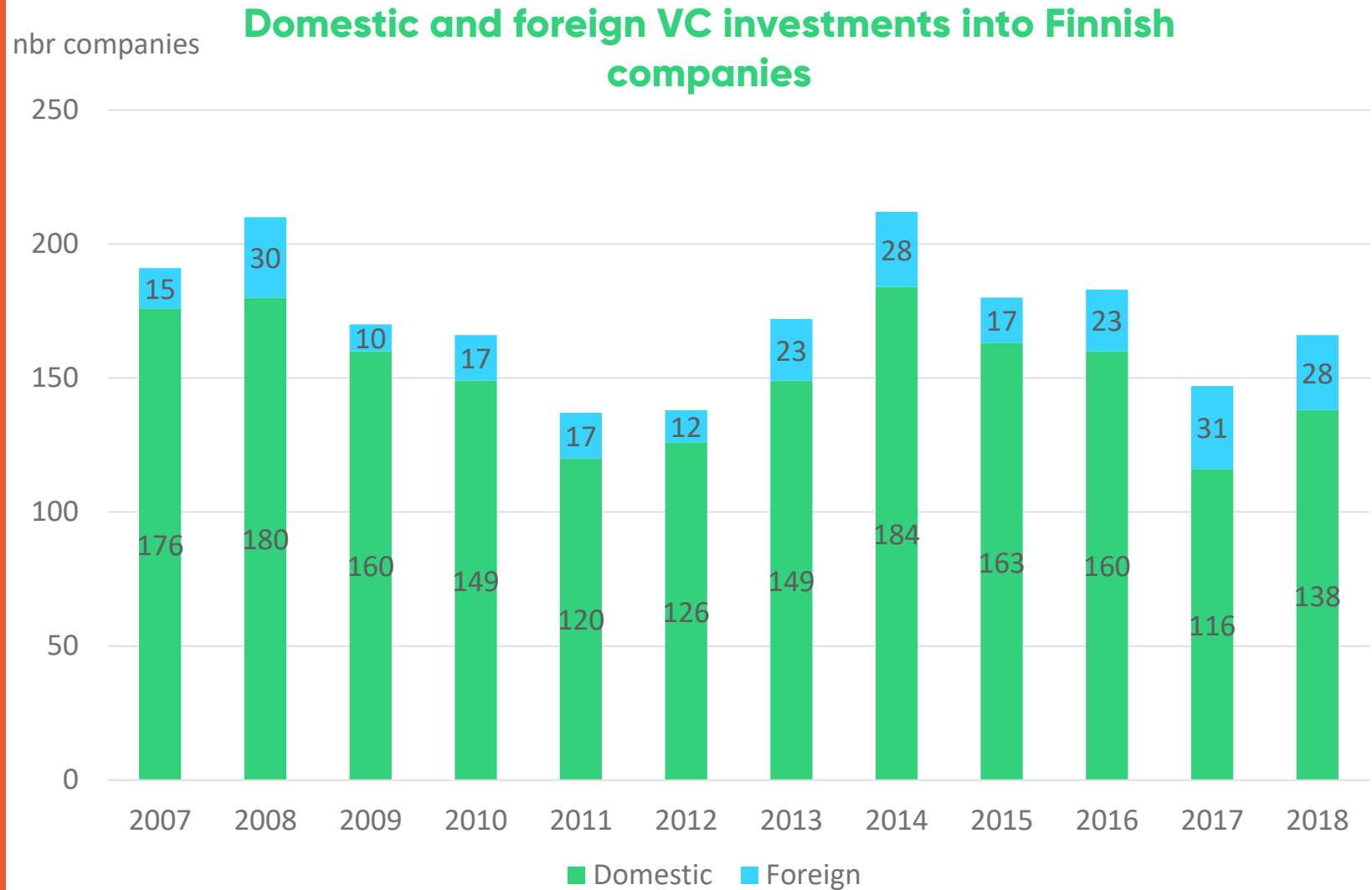


Foreign investors' role

18 %

Share of foreign investors in terms of number of companies funded is small

10–30 Finnish companies receive a foreign investor every year

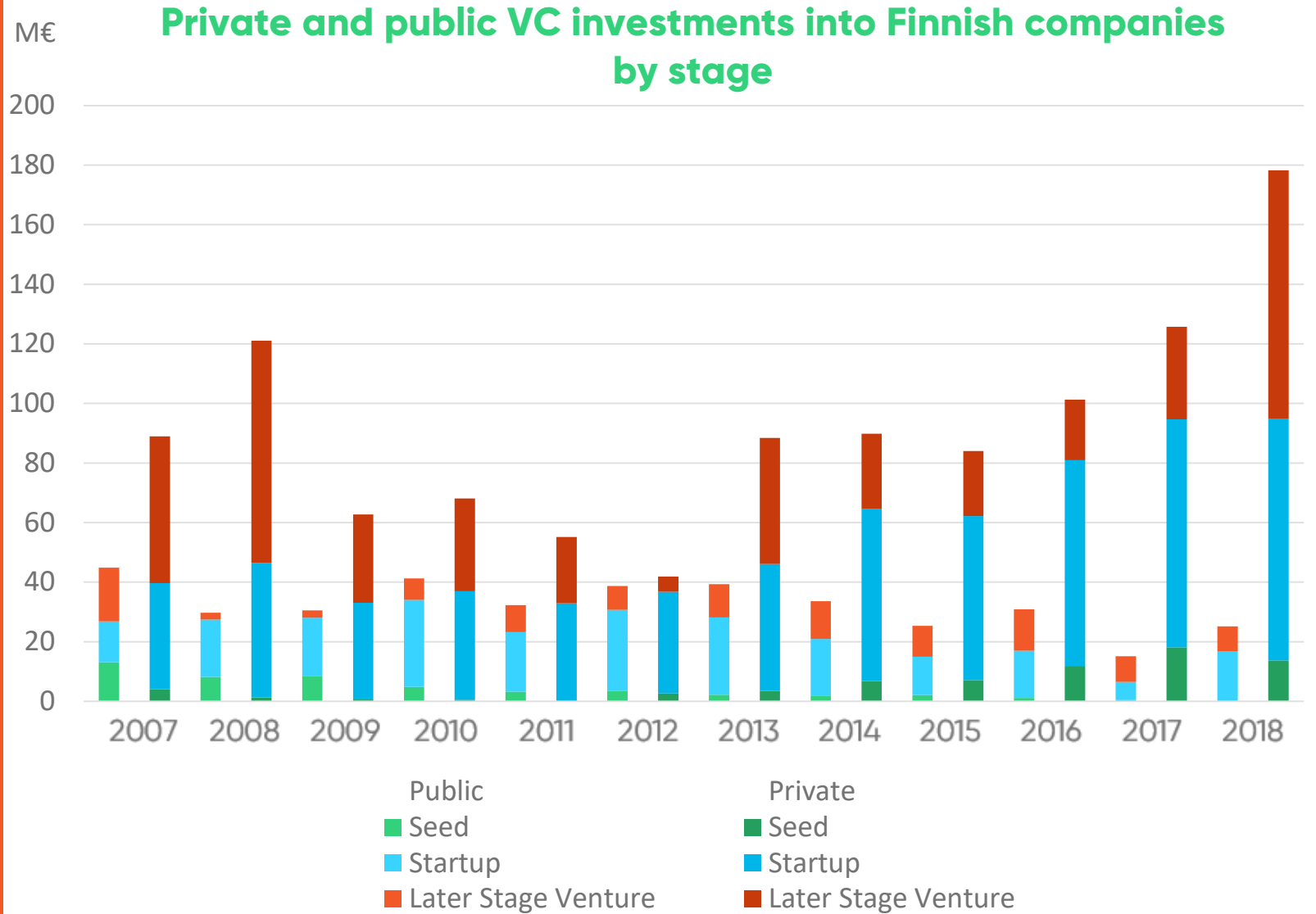


Sources: FVCA, EDC

Private-led industry

Private sector has grown mainly due to increased activity by foreign investors

Public sector has shown a decreasing trend in direct investments but remains active in startup and later stage venture investments

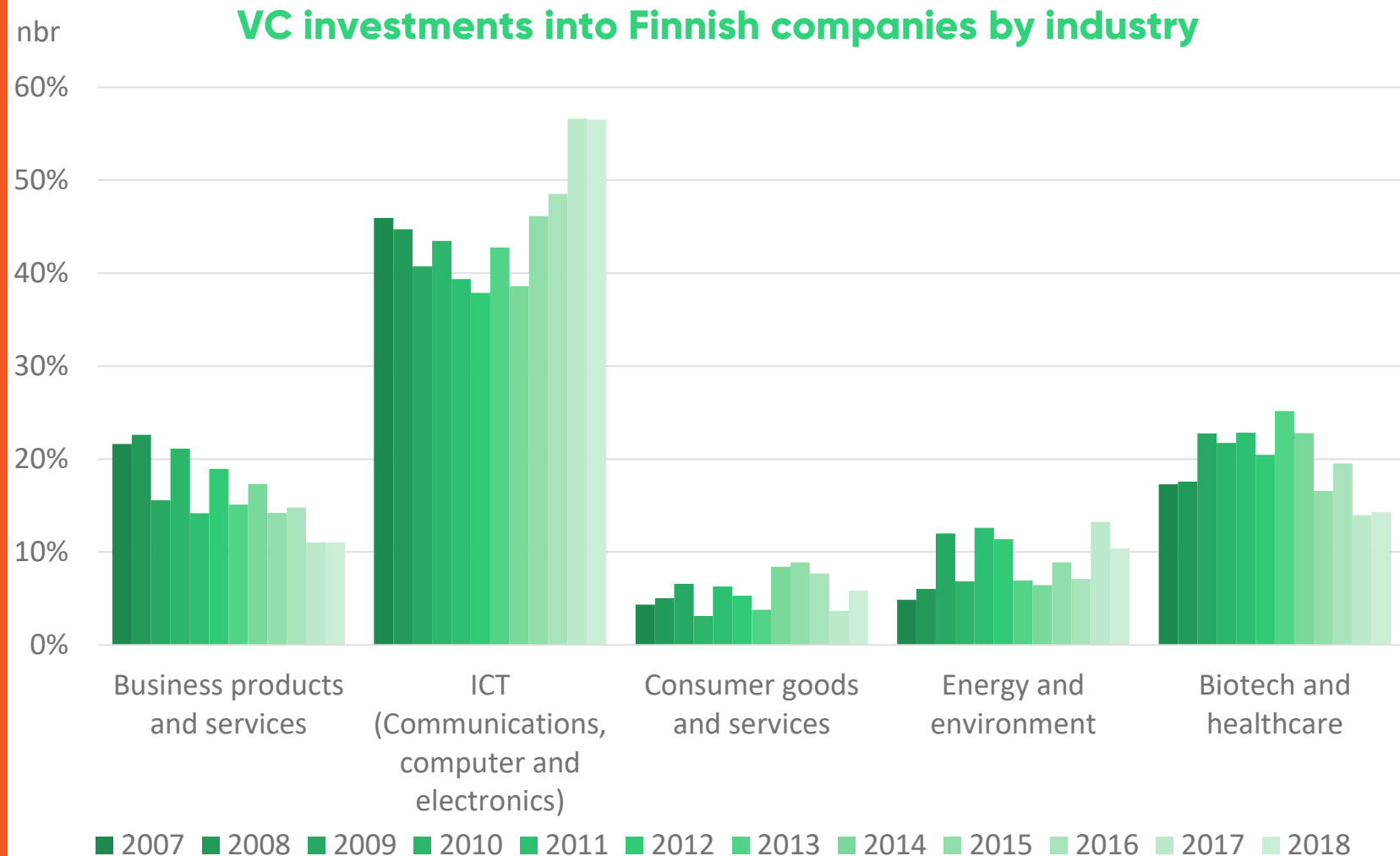


ICT is attractive

Over 50 %

of the investments were made in ICT companies in 2018

ICT domain includes e.g. software, applications, communications and computer technology and electronics

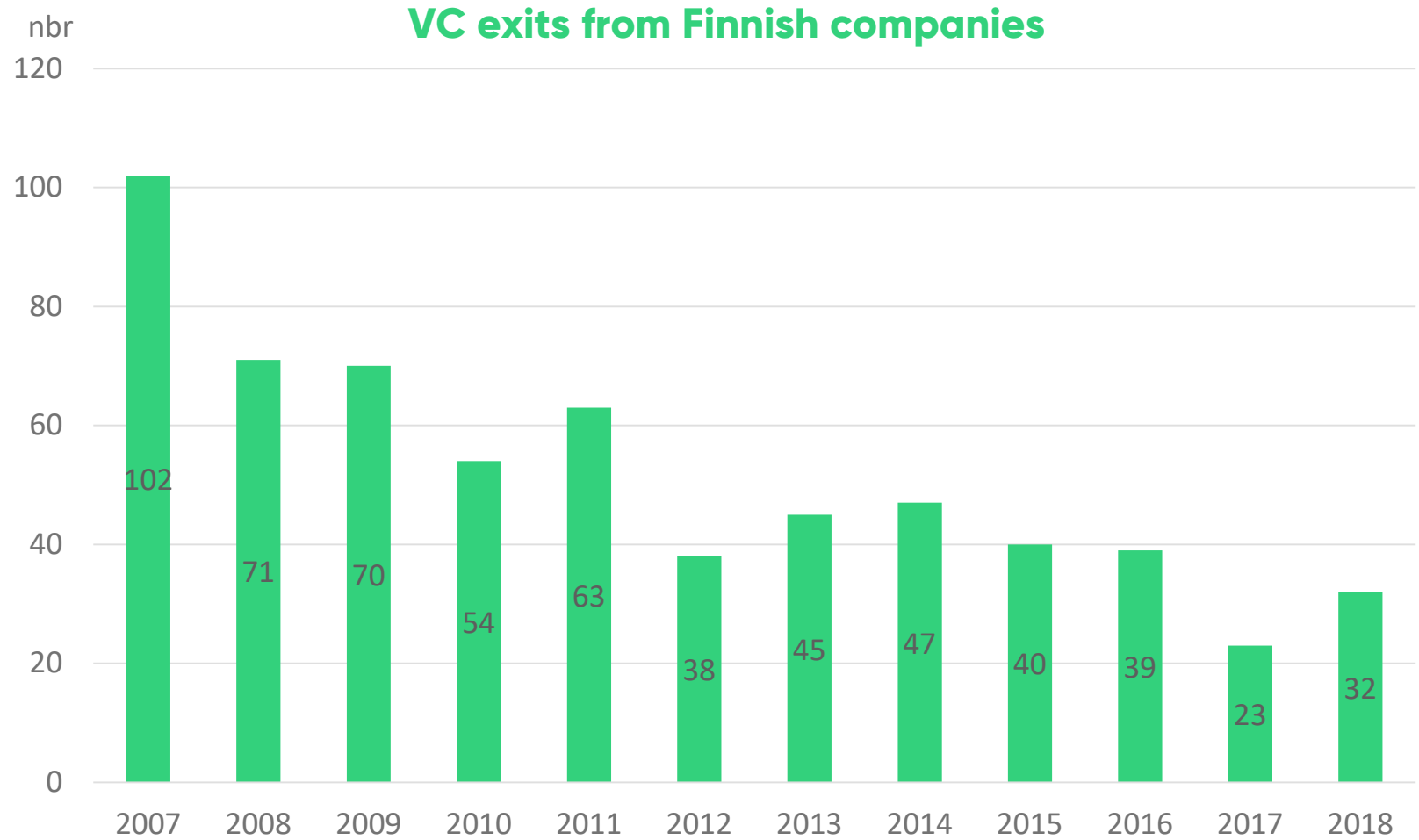


Sources: FVCA, EDC

Divestments

Divestments of Finnish companies

Many promising portfolio companies currently developing in Finland, that have been able to raise substantial follow-on financing rounds



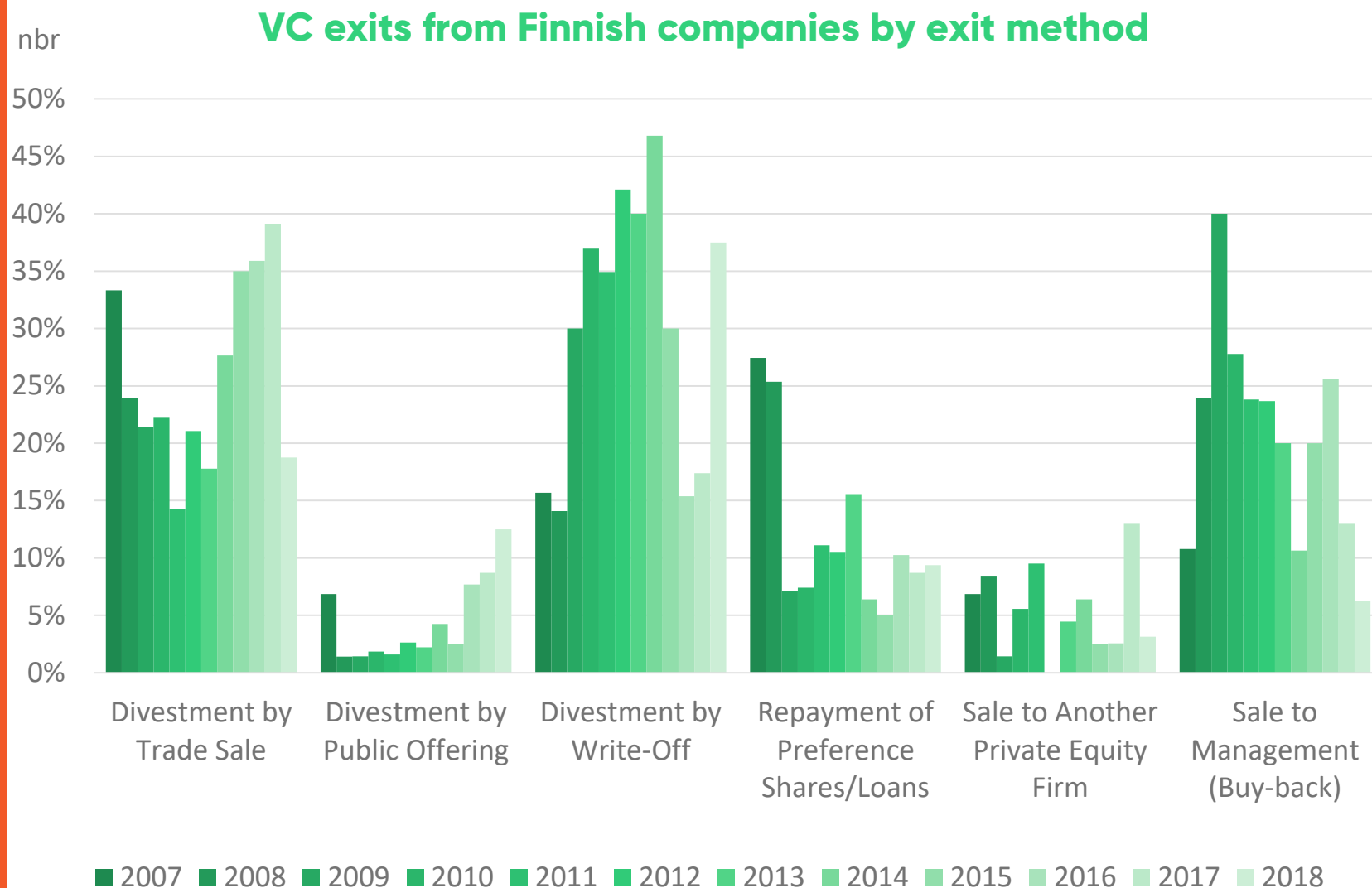
Sources: FVCA, EDC

Divestments of Finnish companies

Number of write-offs has increased, but there were also some big exits in 2018.

Some notable exits in 2018:

- Ekahau
- Noona



Early stage funding in total

Startup and early stage funding

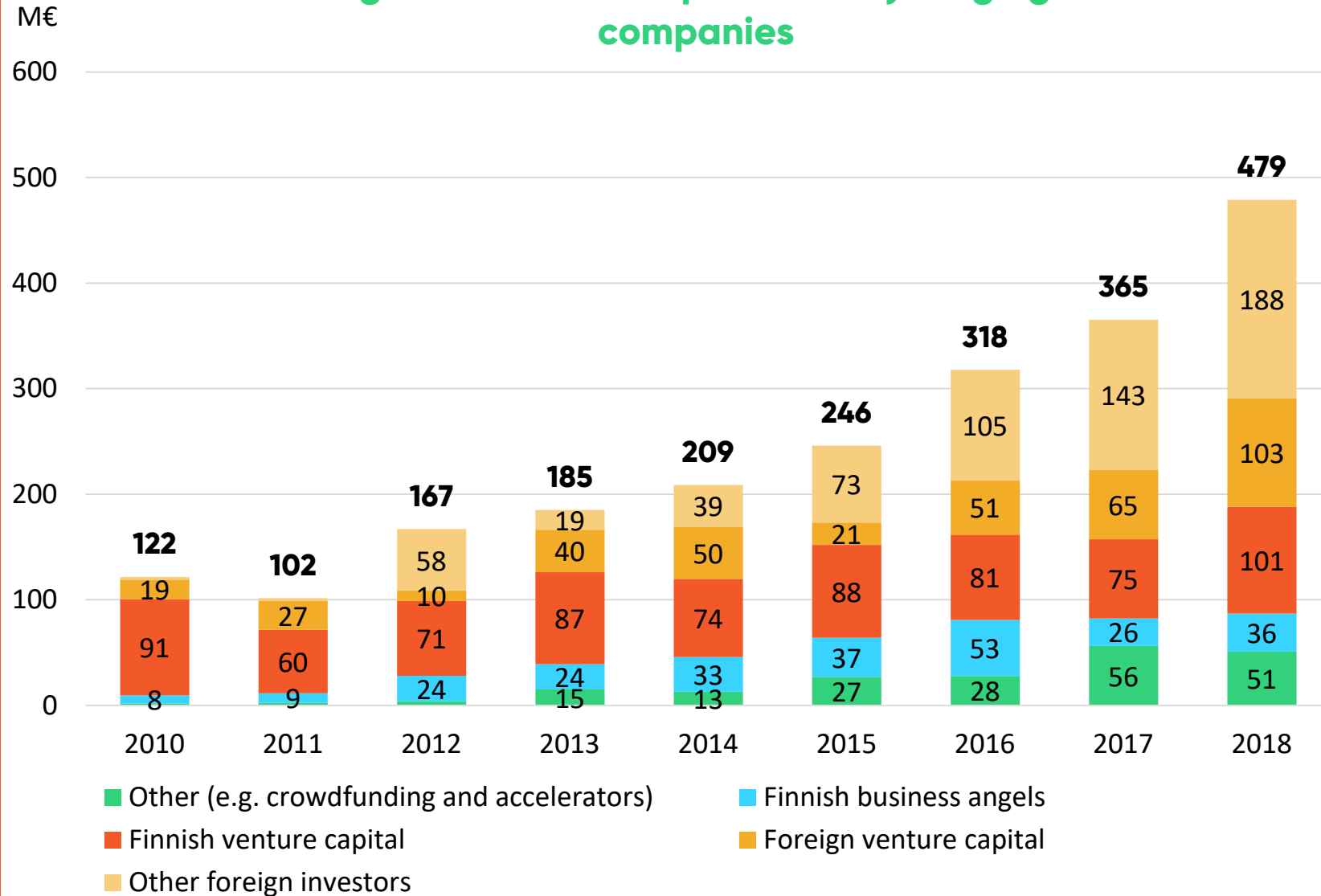
479 M€

Funding of Finnish startups nearly quadrupled in 2010–2018

291 M€

Share of foreign investors is over 50 % of the total amount invested. The amount of foreign investments is fifteenfold compared to 2010

Funding of Finnish startups and early stage growth companies



Sources: **Finnish business angels:** FiBAN, Finnvera, **Venture capital:** FVCA, EDC, **Other foreign investors:** HBH Investor Services, FVCA, EDC, **Others:** Repomedia, Vigos

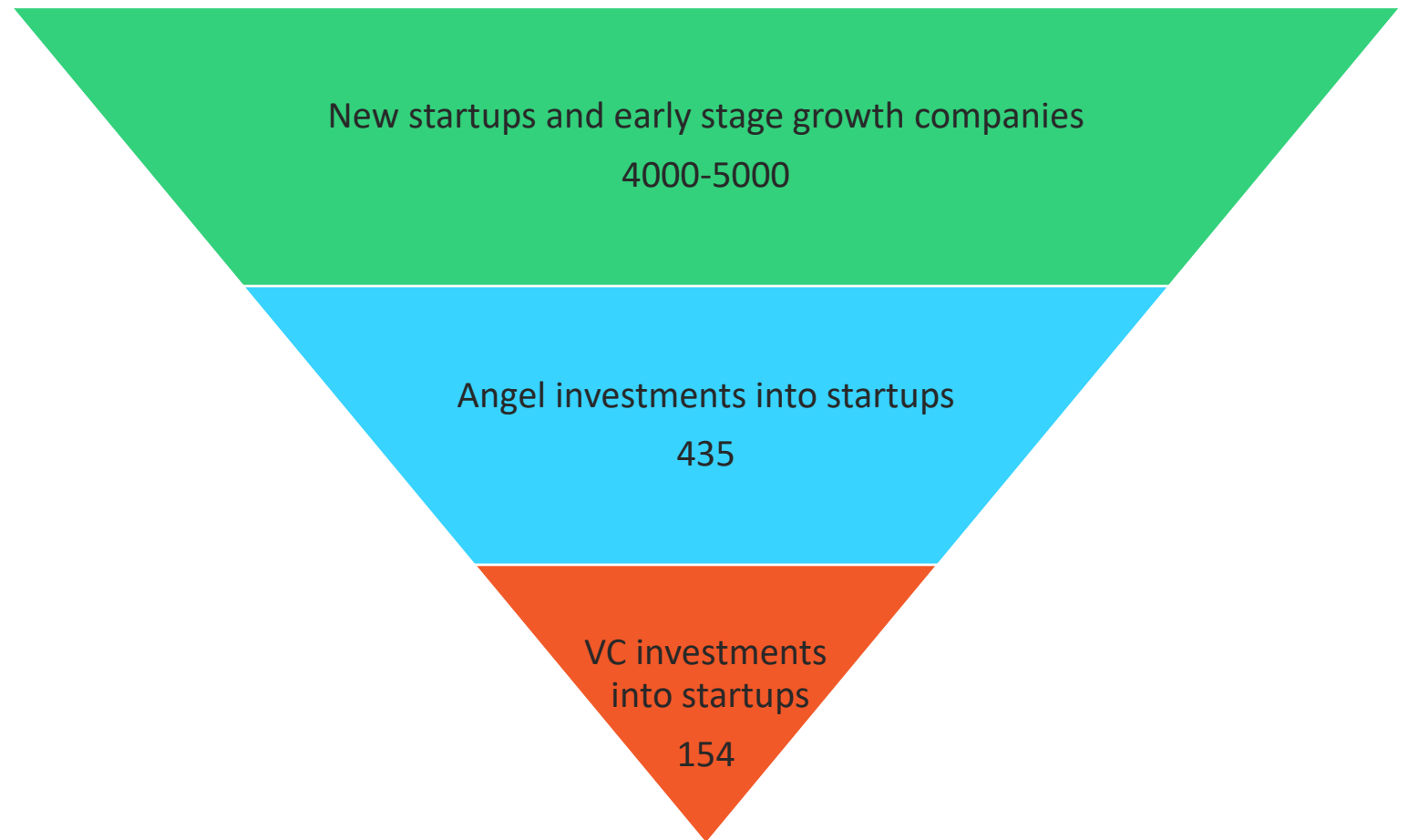
Development of startups and early stage companies

4000–5000 new startups and early stage companies created every year*

Angel and VC–investors boost the most promising ones

Sources: FVCA, EDC, FIBAN, *ETLA (2018) Startups in the Economy

Development of Finnish startups and early stage growth companies in 2018



Methodology



The following national private equity associations are cooperating with EDC

AFIC, France

AIFI, Italy

ASCRI, Spain

BVA, Belgium

BVCA, United Kingdom

BVK, Germany

CVCA, Czech Republic

DVCA, Denmark

FVCA, Finland

NVP, Netherlands

PSIK, Poland

SECA, Switzerland

SEEPEA, Romania and Bulgaria

SVCA, Sweden

Invest Europe, Europe

The statistics describing the Finnish private equity industry are based on information received from European Data Cooperative (EDC) private equity database

- A fully functional, centralised non-commercial pan-European private equity database
- With its own staff, internal resources and webportal
- Information is collected via an online survey and complemented with public sources of information
- Figures are updated continuously and are therefore subject to change

Note: The statistics include only PE firms' (including evergreens and captives) investments. Syndicate and direct investments made by several other investors, e.g. LP co-investors, individuals, entrepreneurs, business angels, management, corporates, funds-of-funds, other asset managers and/or financial institutions, are not included in FVCA's statistics. However, they may form a notable part of the venture market. Additionally, growth investments' classification to buyout investments affects the venture statistics.

Methodology

Investment and divestment statistics are aggregated via two methods
– industry statistics and market statistics

Industry statistics

- By country of private equity firm's office
- Here: Domestic and foreign investments/divestments made by the Finnish offices of private equity firms

Market statistics

- By the location of the portfolio company
- Here: Investments/divestments in/from Finnish portfolio companies made by domestic and foreign private equity firms

Note: The aggregated figures may not always sum up to totals due to rounding. Some graphs exclude variables labelled as 'unspecified'.

Please ask Finnish Venture Capital Association (FVCA) for more information about the methodology.

Definitions

VENTURE	Seed	Seed
Investments in companies in their early development stage	Start-up	Start-up, Other early stage
	Later stage venture	Early growth, Transition stage
BUYOUT	Growth	Later growth
A transaction financed by a mix of debt and equity, in which a business, a business unit or a company is acquired	Rescue/Turnaround	Rescue/Turnaround
	Replacement capital	Secondary purchase/Replacement capital, Refinancing bank debt
	Buyouts	Management buyout (MBO), Management buy-in (MBI), Public to private, Other PIPE, Other leverage buyout