

2018 Finnish Private Equity Activity

Buyout

Statistics on fundraising, investments and divestments



Presentation as of 3.5.2019

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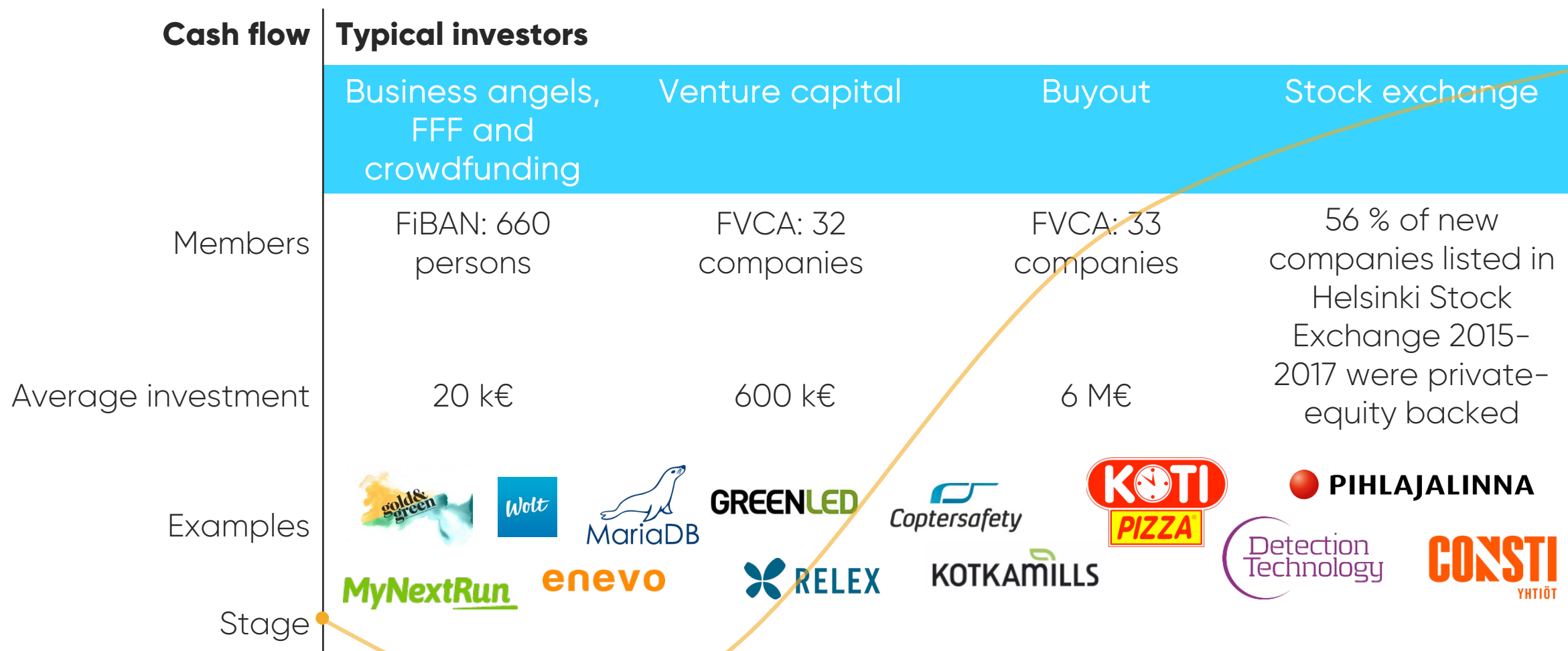
Domestic and foreign PE funds investments into Finnish companies

Buyout, Generalist, Growth and Mezzanine

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Private equity investors by stage

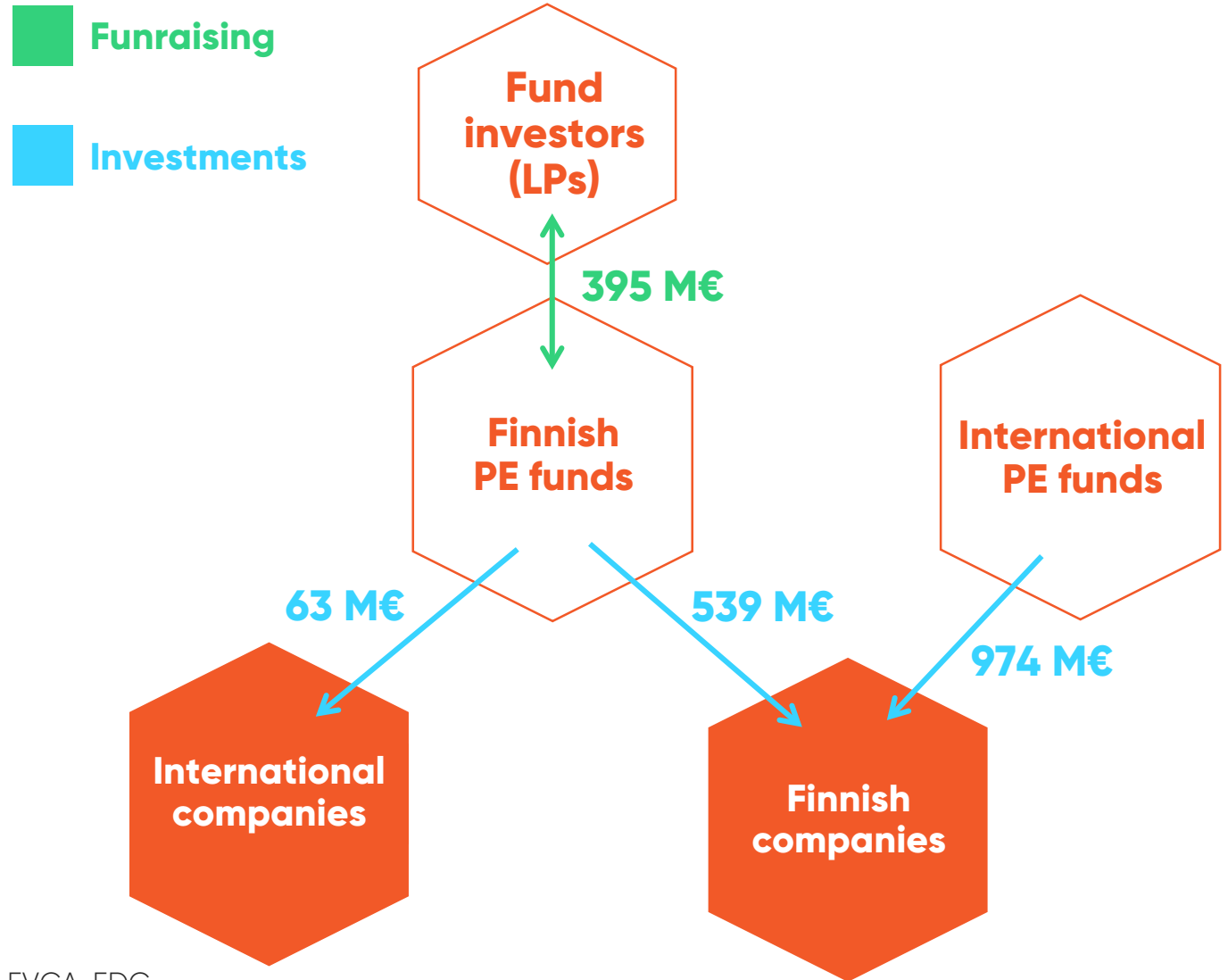


All private equity 2018

395 M€
fundraising in total

1.5 bn €
investments into Finnish
companies

Private equity 2018



All private equity 2018

VC and buyout statistics in brief

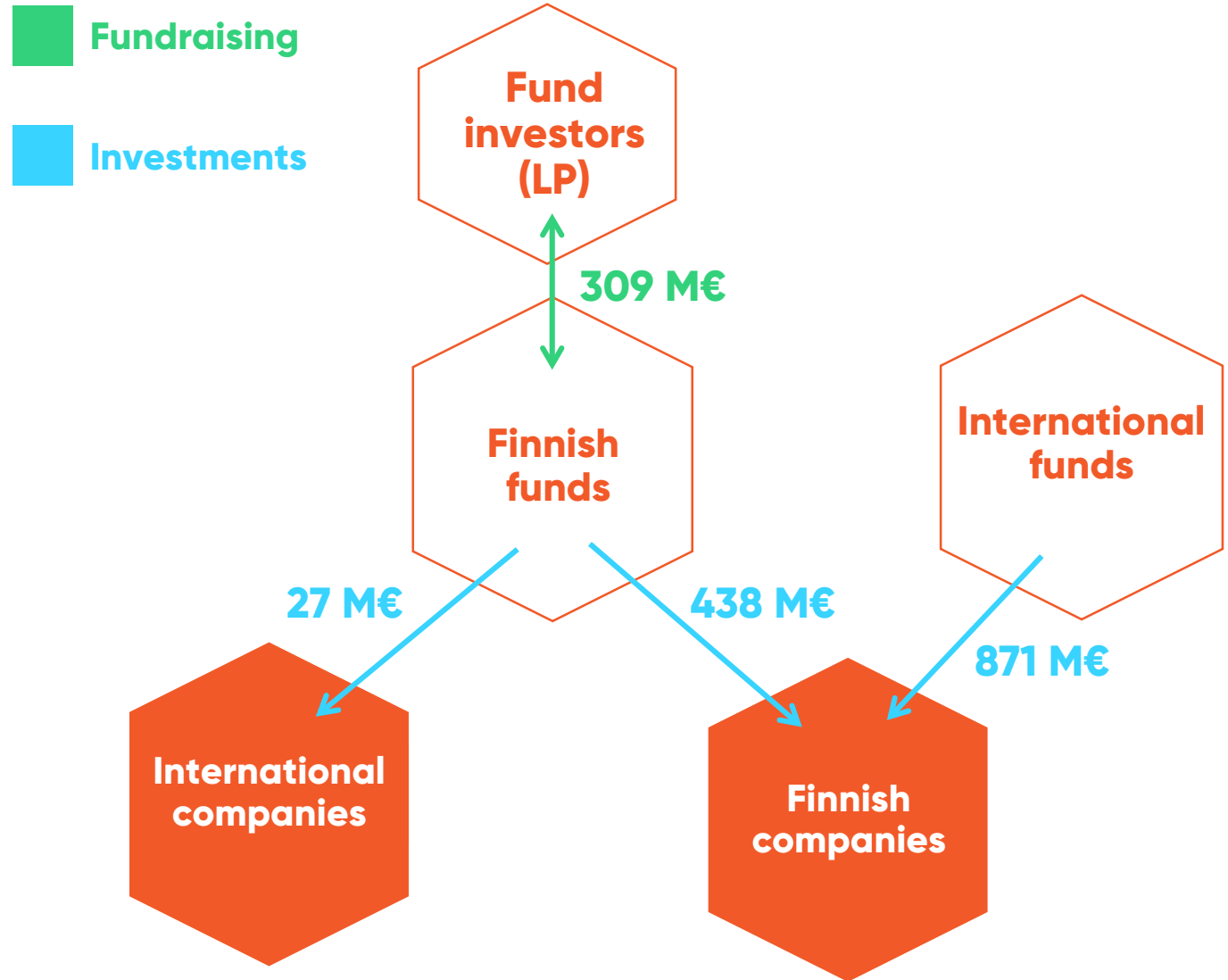
- Finnish PE funds invested in total 583 M€ (+57 %) into 271 Finnish and international companies (+35 %).
- Finnish startups and growth companies received a total of 1510 M€ (+123 %) worth of investments, that were directed into 230 (+21 %) companies.
- Foreign PE investors invested into 974 M€ (+181 %) into 43 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.

Buyout 2018

309 M€
fundraising in total

1.3 bn €
investments into Finnish companies

Buyout 2018



Buyout 2018

Statistics in brief

- Finnish buyout funds invested 447 M€ (+63 %) into 89 (+48%) growth companies.
- A total of 309 M€ (-52%) of new funds were raised for future investments.
- Finnish buyout investors exited 40 (-22%) companies.
- The most prominent exit route was sale to another private equity firm.
- A total of 96 (+52 %) Finnish growth companies received 1.3 bn € (+141 %) worth of investments from Finnish and foreign buyout investors.
- Out of this amount, 871 M€ (+210%) were made by foreign investors into 15 Finnish companies.
- Finnish and foreign buyout investors exited from 72 (+14 %) Finnish companies.

Industry statistics

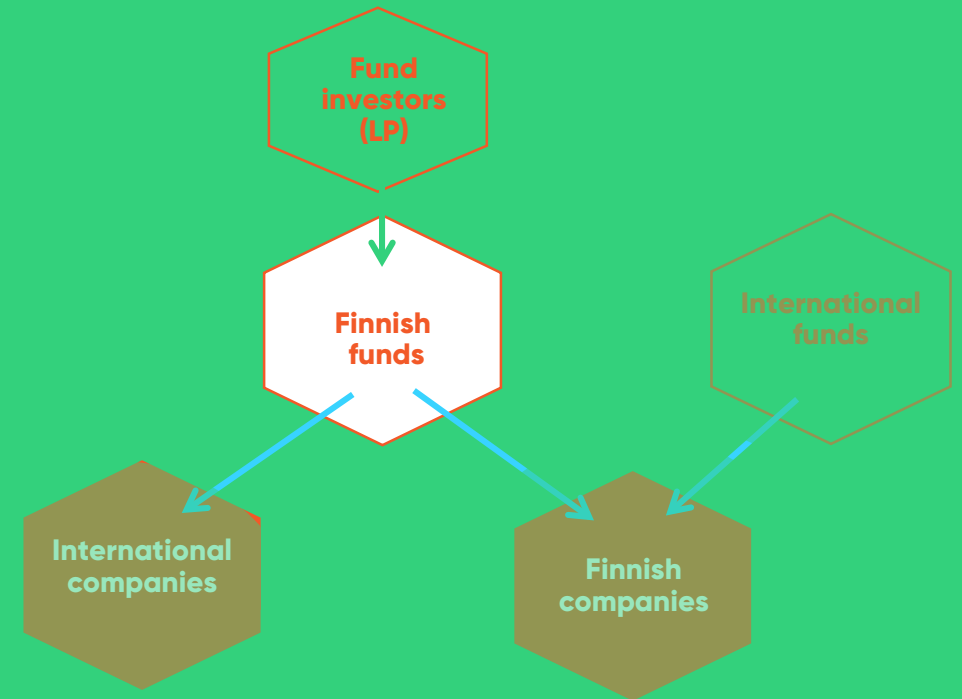
Finnish PE funds activity in Finland and abroad

Buyout funds



Pääomasijoittajat
Finnish Venture Capital Association

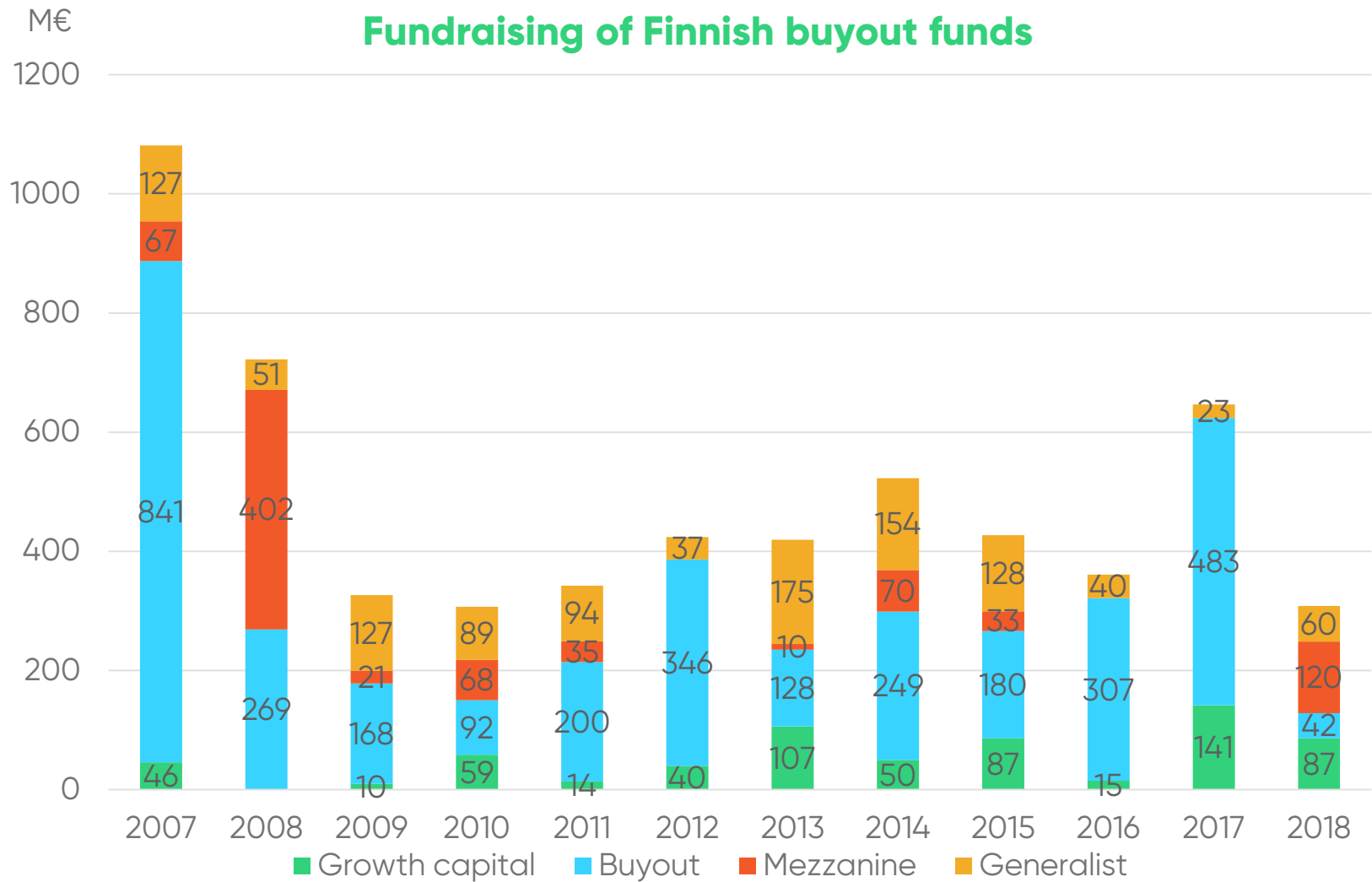
Fundraising



Fundraising

309 M€ (-52 %)

total fundraising of Finnish funds decreased in 2018



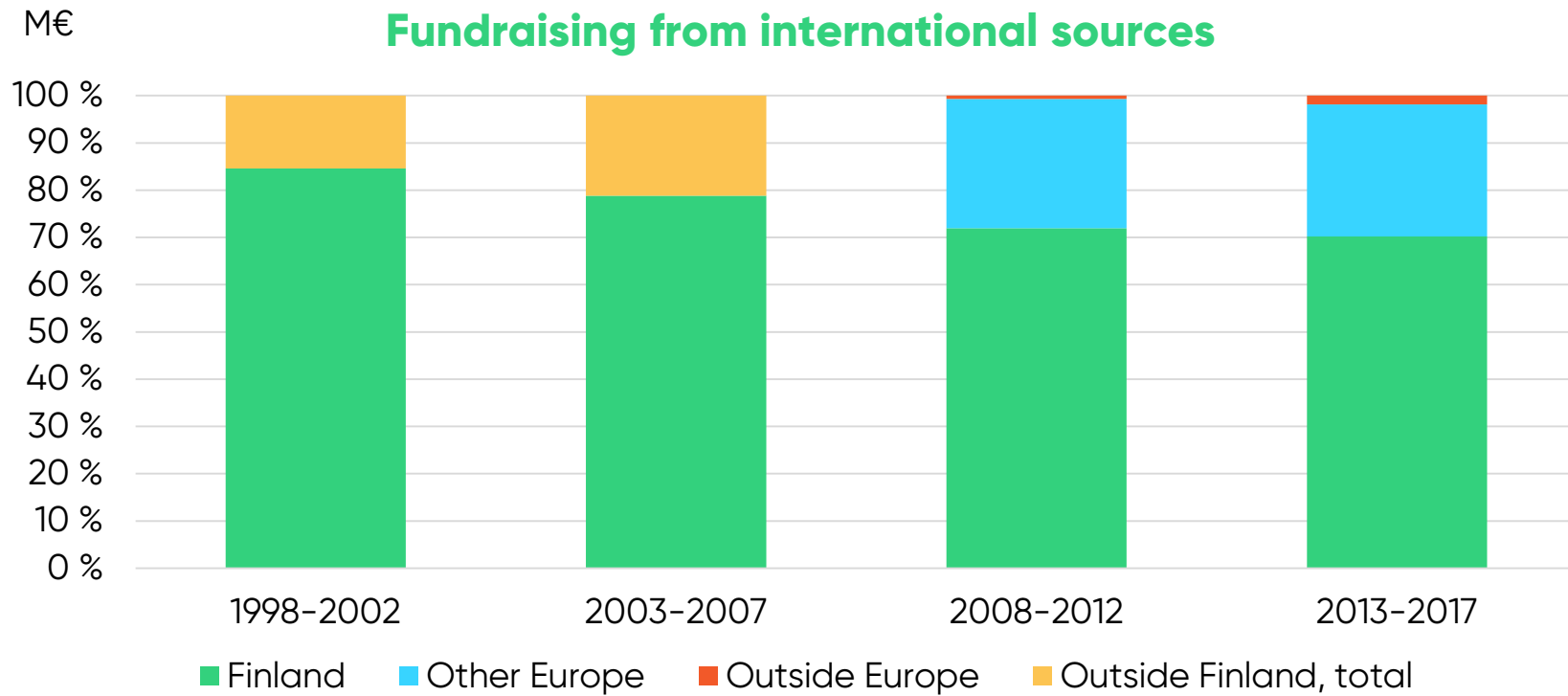
Sources: FVCA, EDC

Foreign funds raised

30 %
from international LPs

40 %
European average

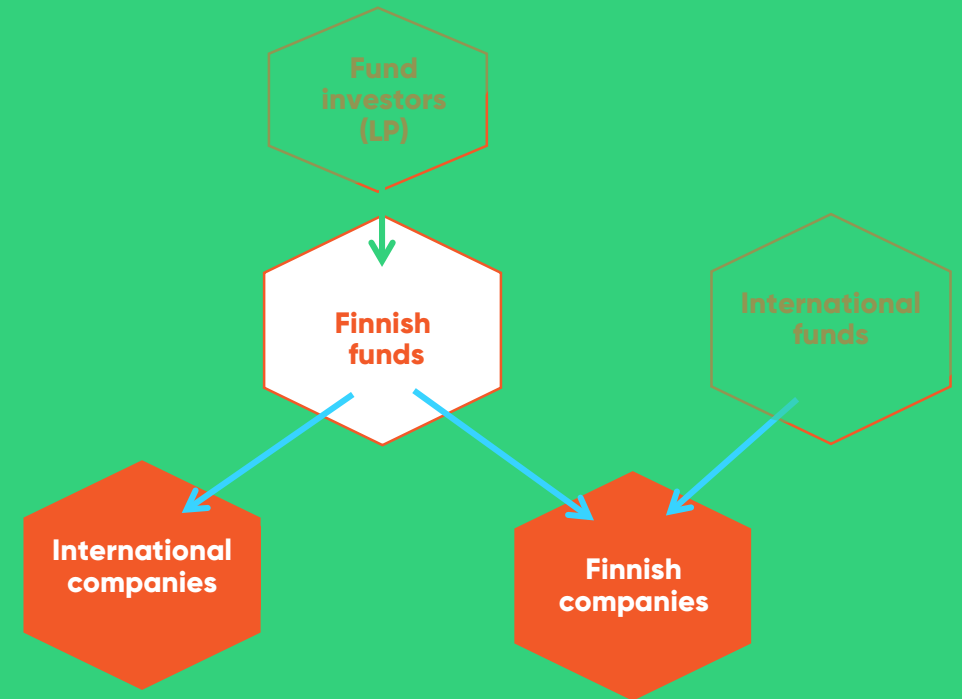
80 %
in Sweden



Sources: FVCA, EDC

**Finnish buyout funds have
over 1,7 billion euros
of dry powder for future investments
in growth companies**

Investments



Investments into domestic and foreign companies

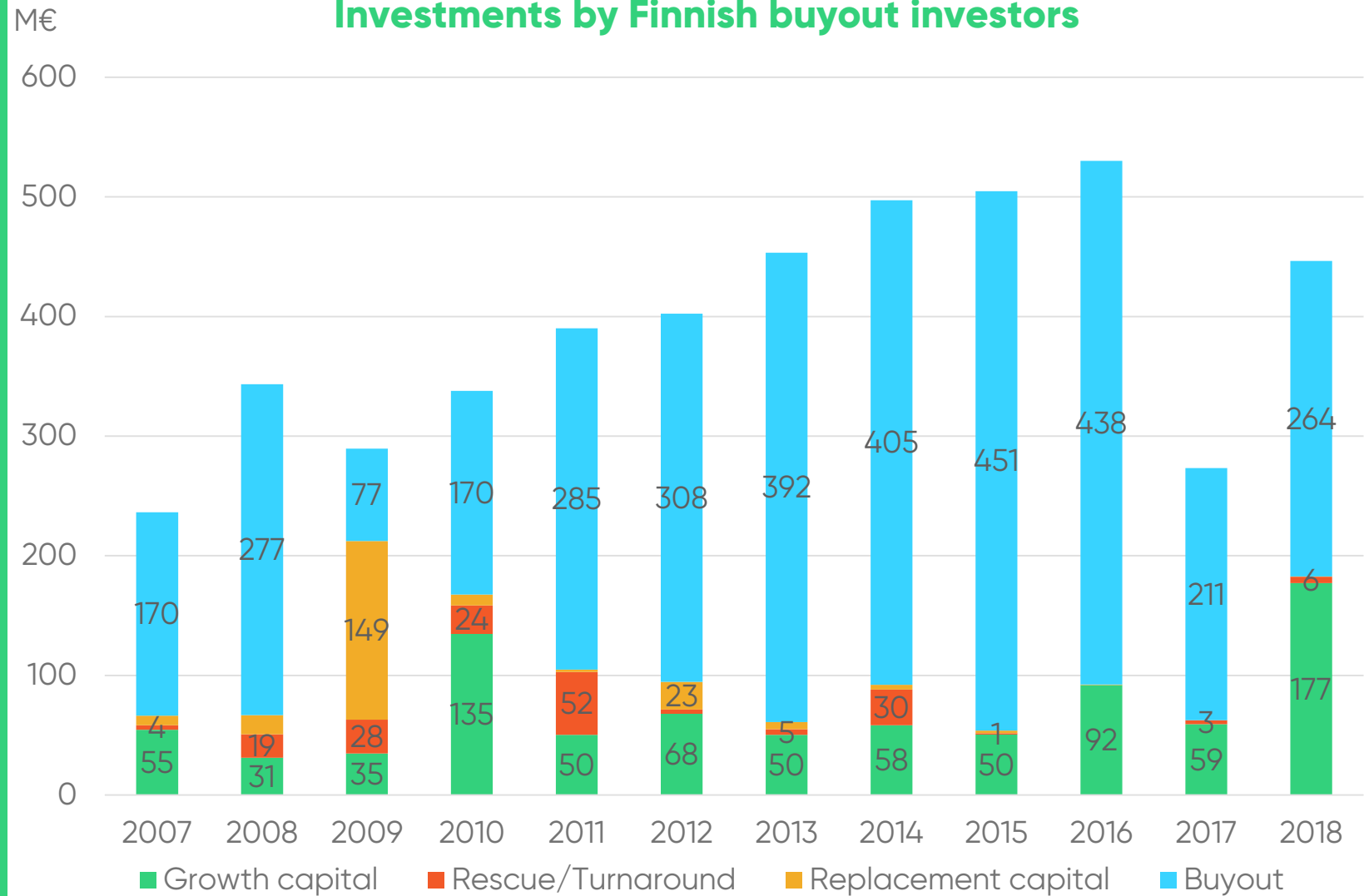
447 M€

invested by Finnish buyout funds in 2018

+ 200 %

record amount of typically minority growth investments in 2018

Investments by Finnish buyout investors



Sources: FVCA, EDC

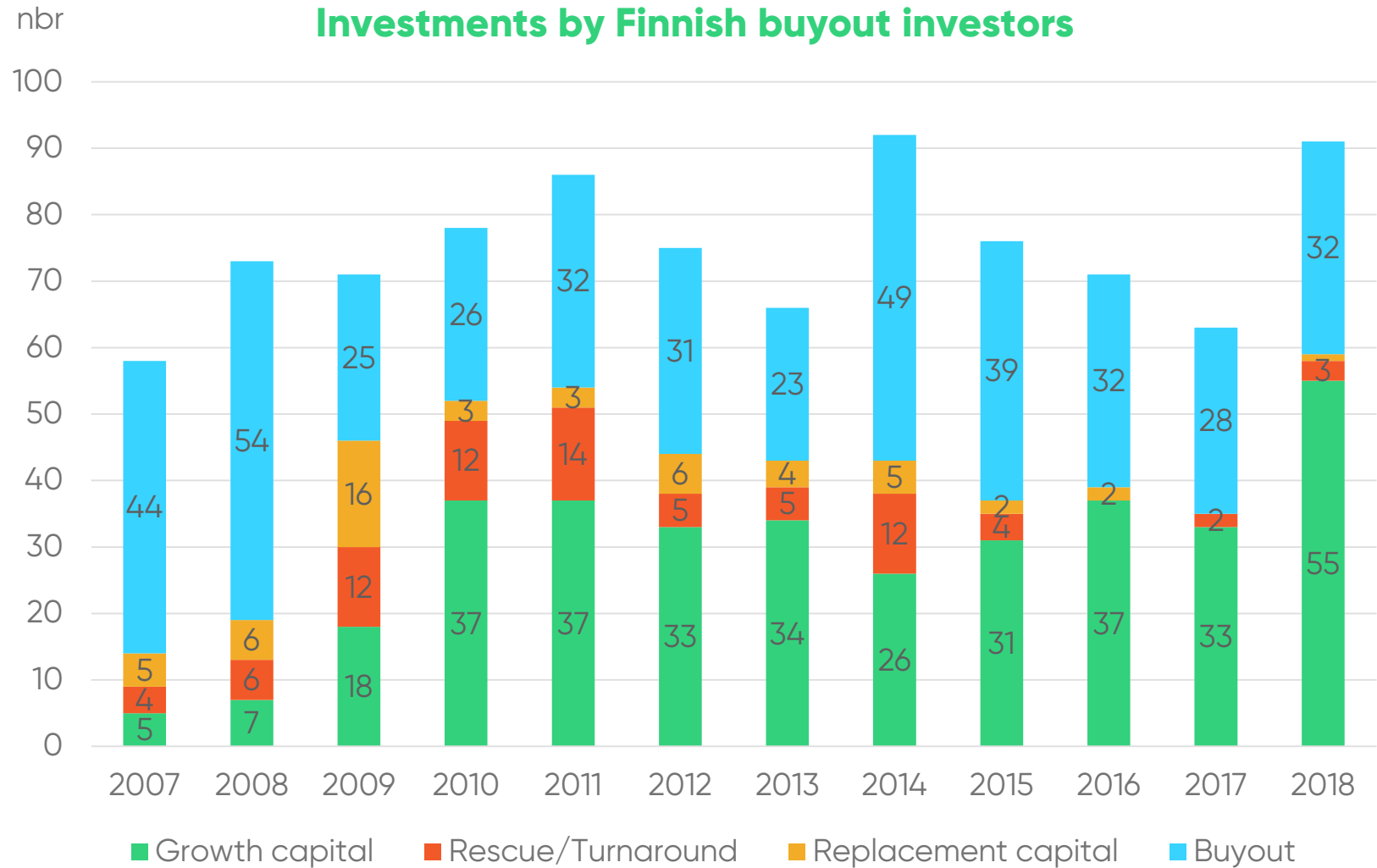
60-90 companies annually

A total of 89

companies received an investment from a buyout investor in 2018

+ 67 %

number of growth investments increased significantly in 2018



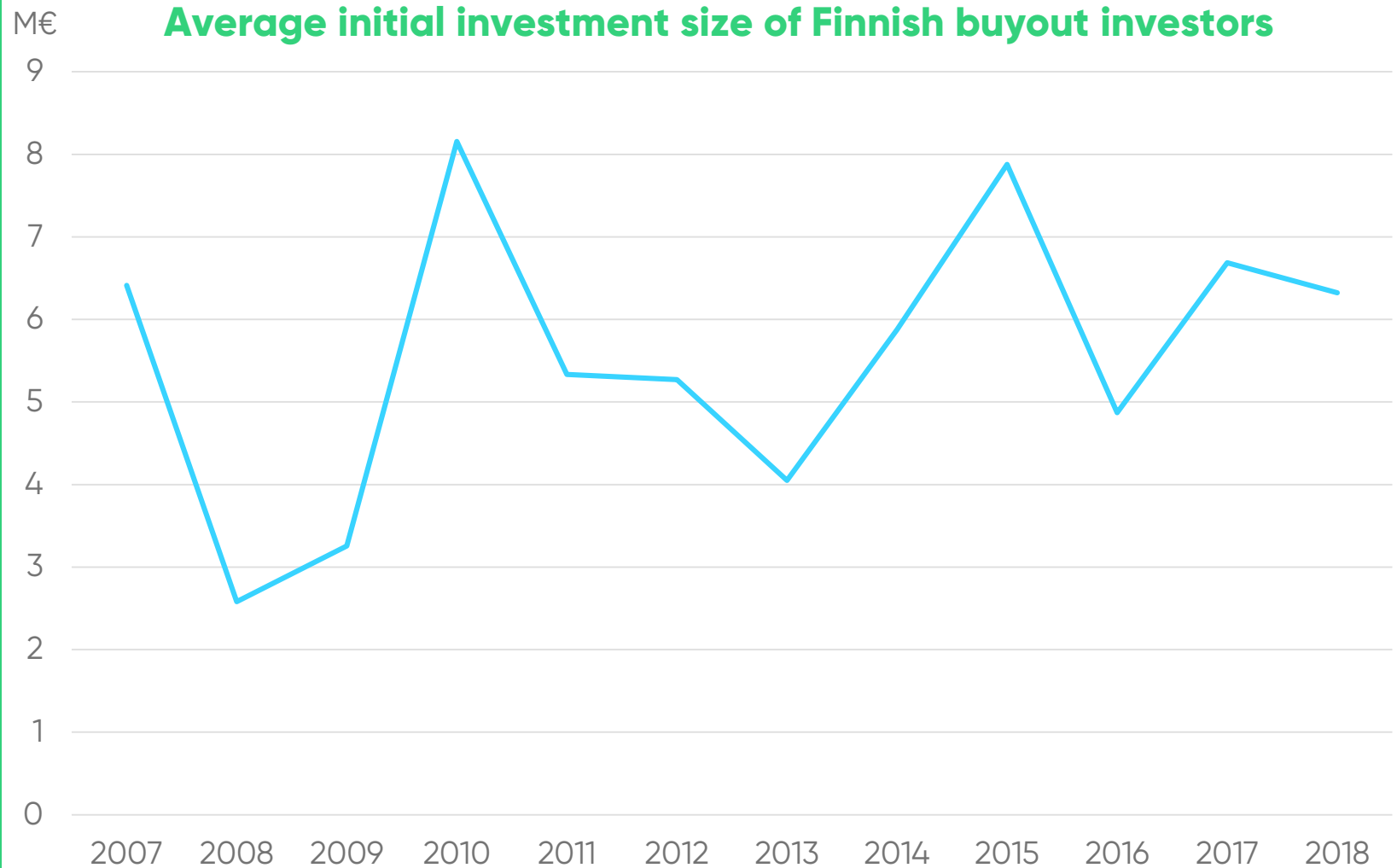
Average size of initial investments

6,3 M€

average initial investment size in 2018

5 M€

average follow-on investment size in 2018



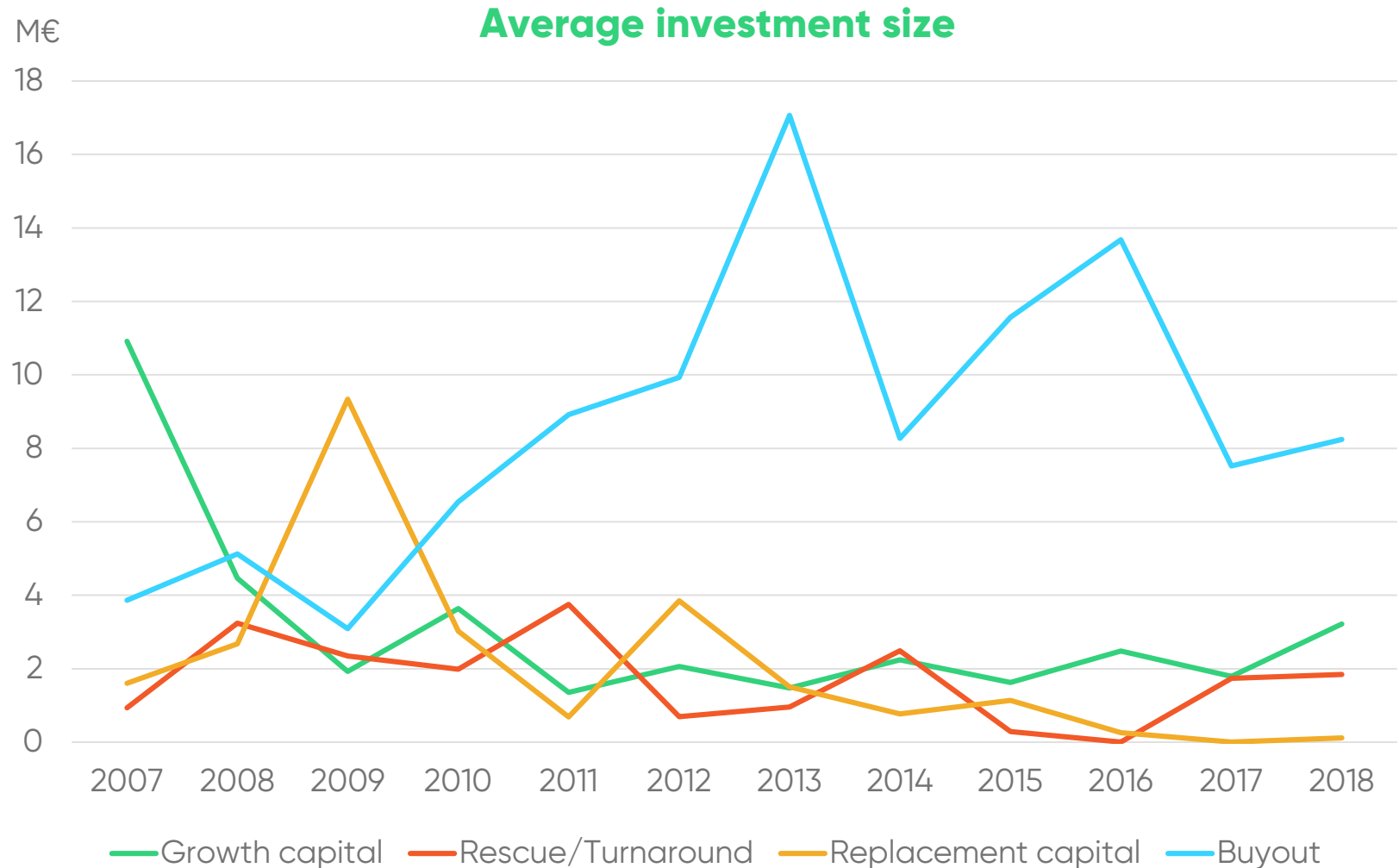
Average size of investments by type

8 M€

average buyout investment size in 2018

3 M€

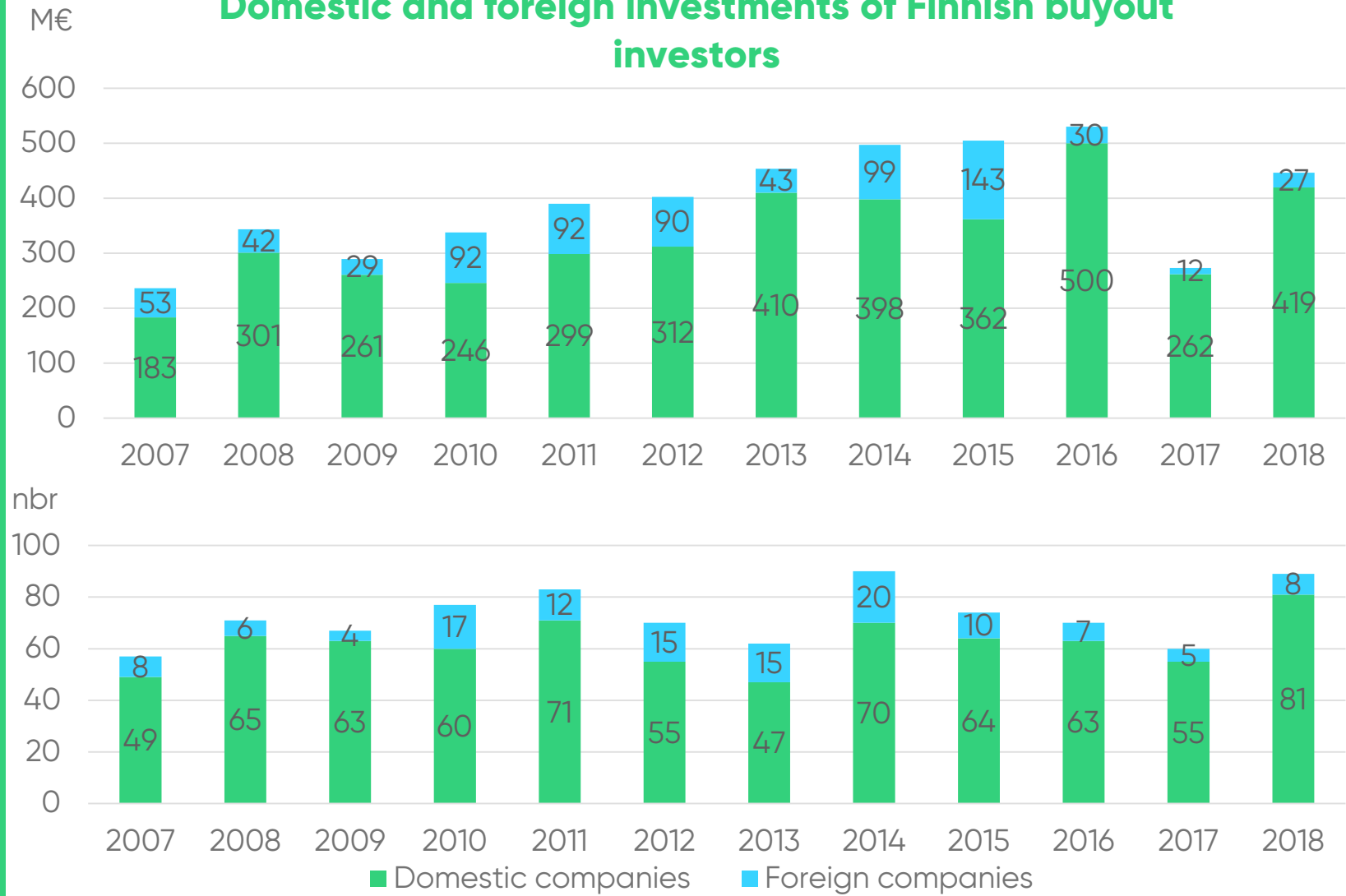
average growth investment size in 2018



Finnish private equity investors invest heavily in Finnish companies

Over 90 % of buyout investments made by Finnish investors were made into Finnish companies in 2018

Domestic and foreign investments of Finnish buyout investors



Sources: FVCA, EDC

Divestments

Divestments by Finnish buyout investors

40

companies exited in 2018, a moderate year in terms of divestments

Exits of Finnish buyout investors

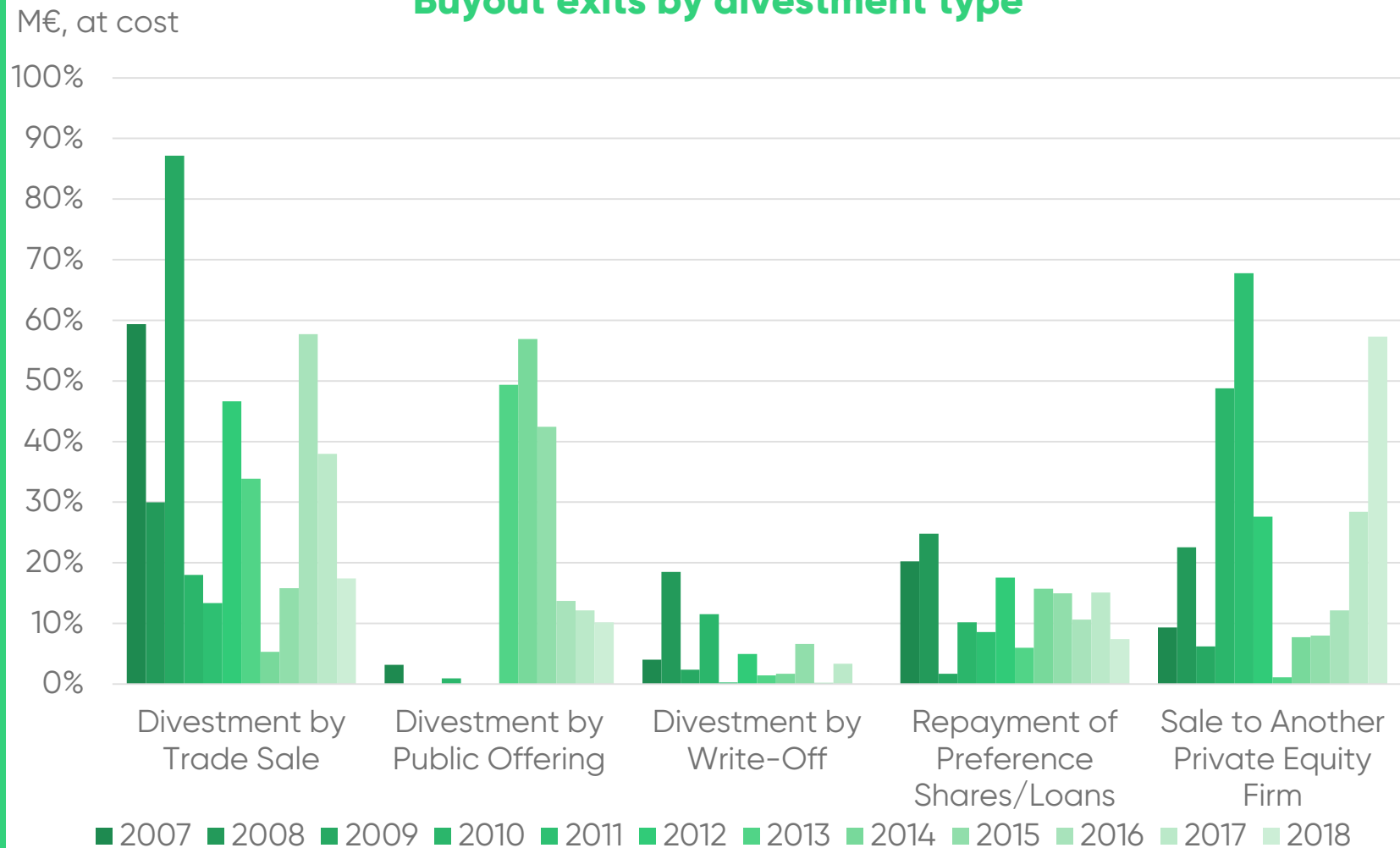


Sources: FVCA, EDC

Divestments by Finnish buyout investors

The most prominent exit routes in 2018 were sale to another private equity firm and trade sale

Buyout exits by divestment type



Sources: FVCA, EDC

Market statistics

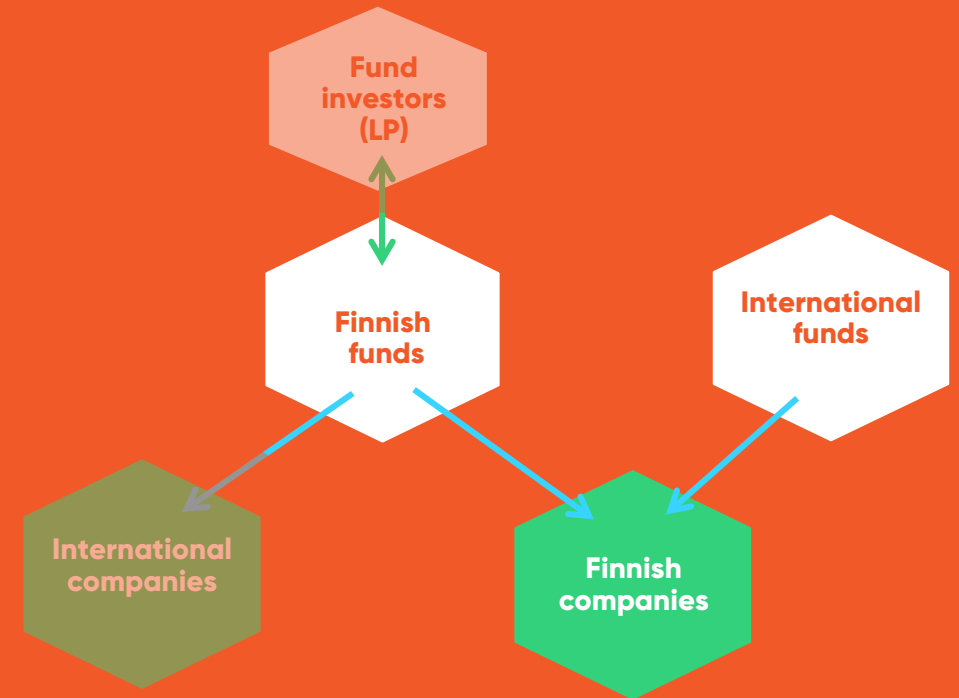
Domestic and foreign PE funds investments into Finnish companies

Buyout funds



Pääomasijoittajat
Finnish Venture Capital Association

Funding

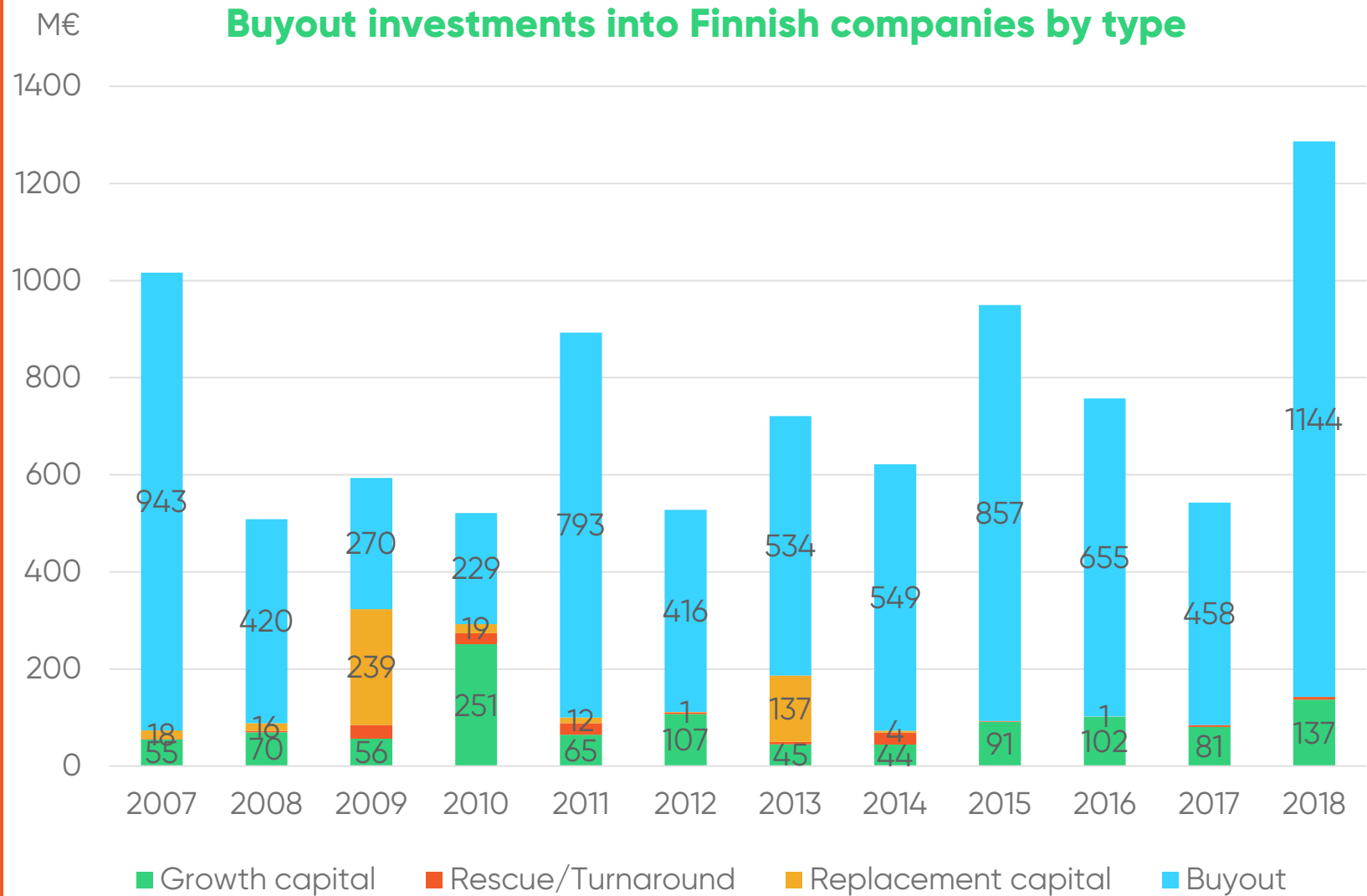


Over a billion euros annually

1.3 bn €

invested into Finnish growth companies by Finnish and foreign buyout investors in 2018

Finnish growth companies attract as much as one billion euros in funding from domestic and international investors

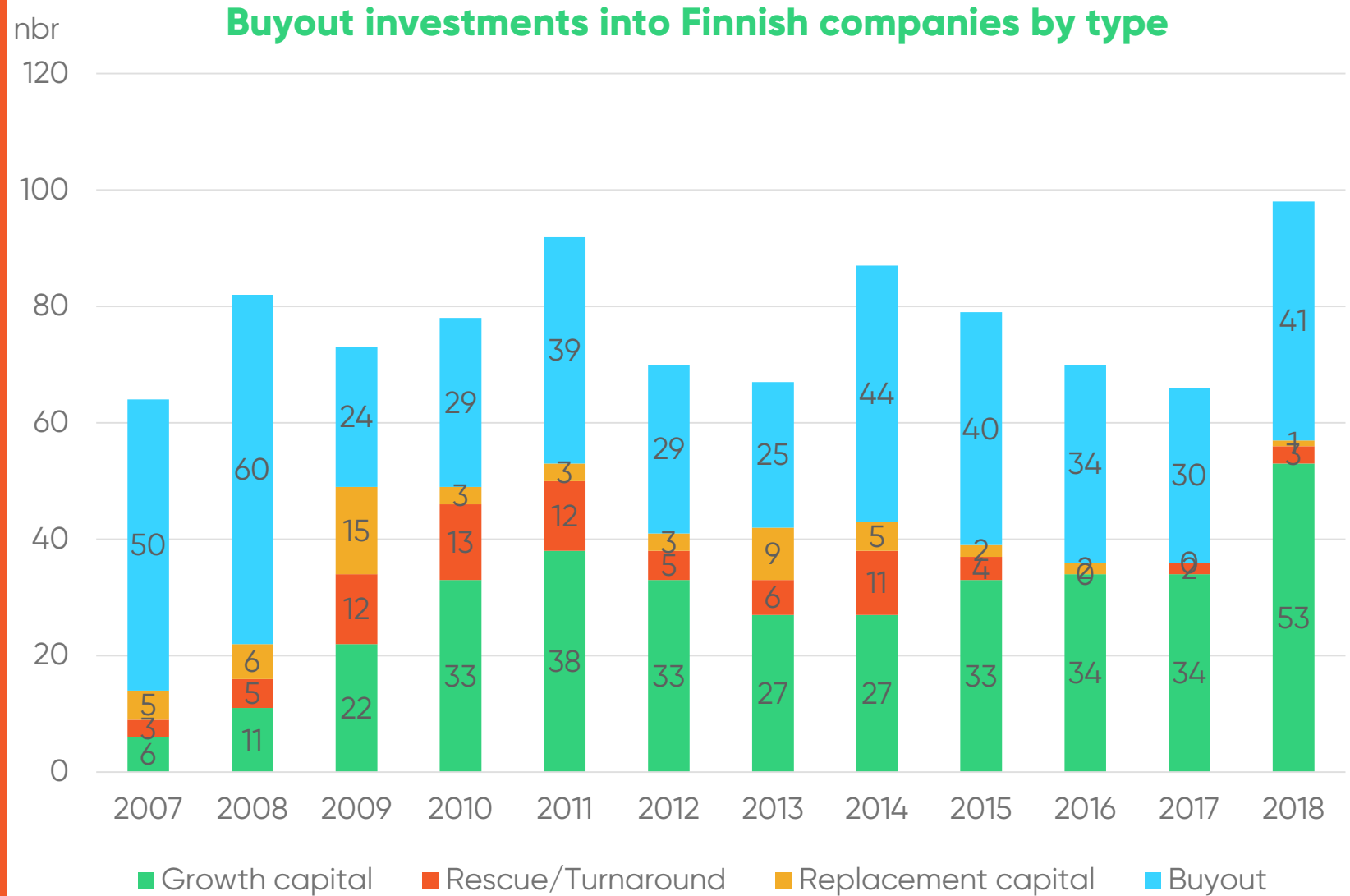


60-90 companies every year

A total of 96

Finnish growth companies received an investment in 2018

Number of companies receiving growth capital increased significantly in 2018



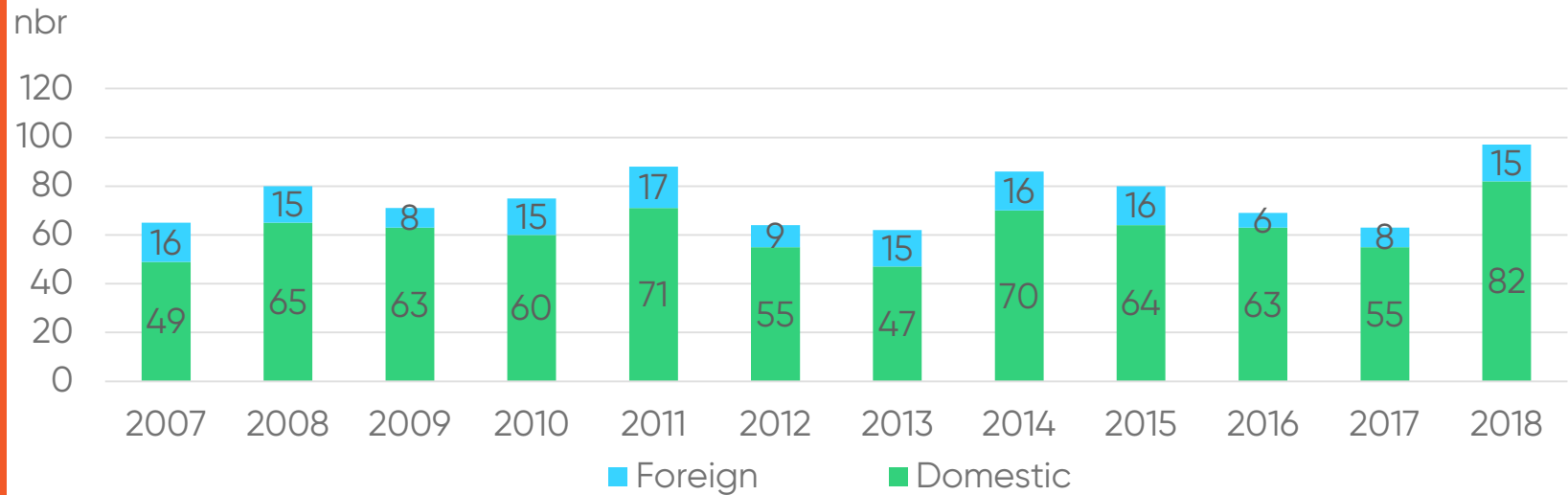
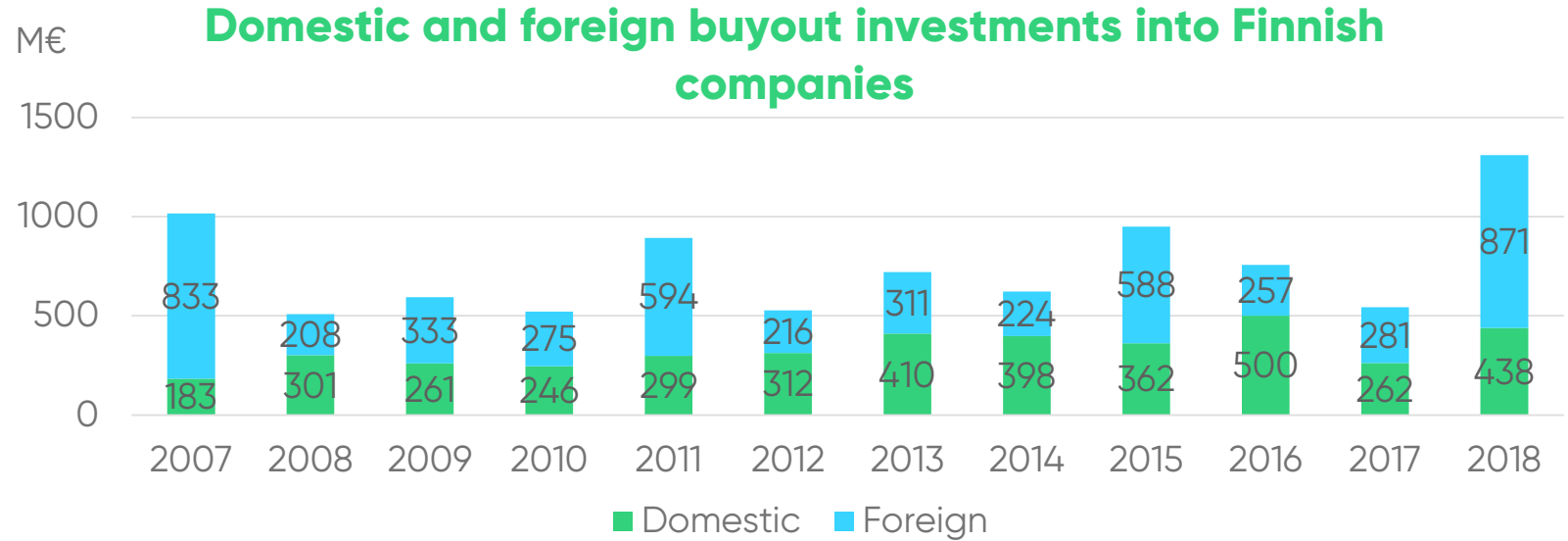
Sources: FVCA, EDC

Internationalization

871 M€, 15 companies

Finnish companies continue to attract international funding

International investors often take part in the biggest buyout investments

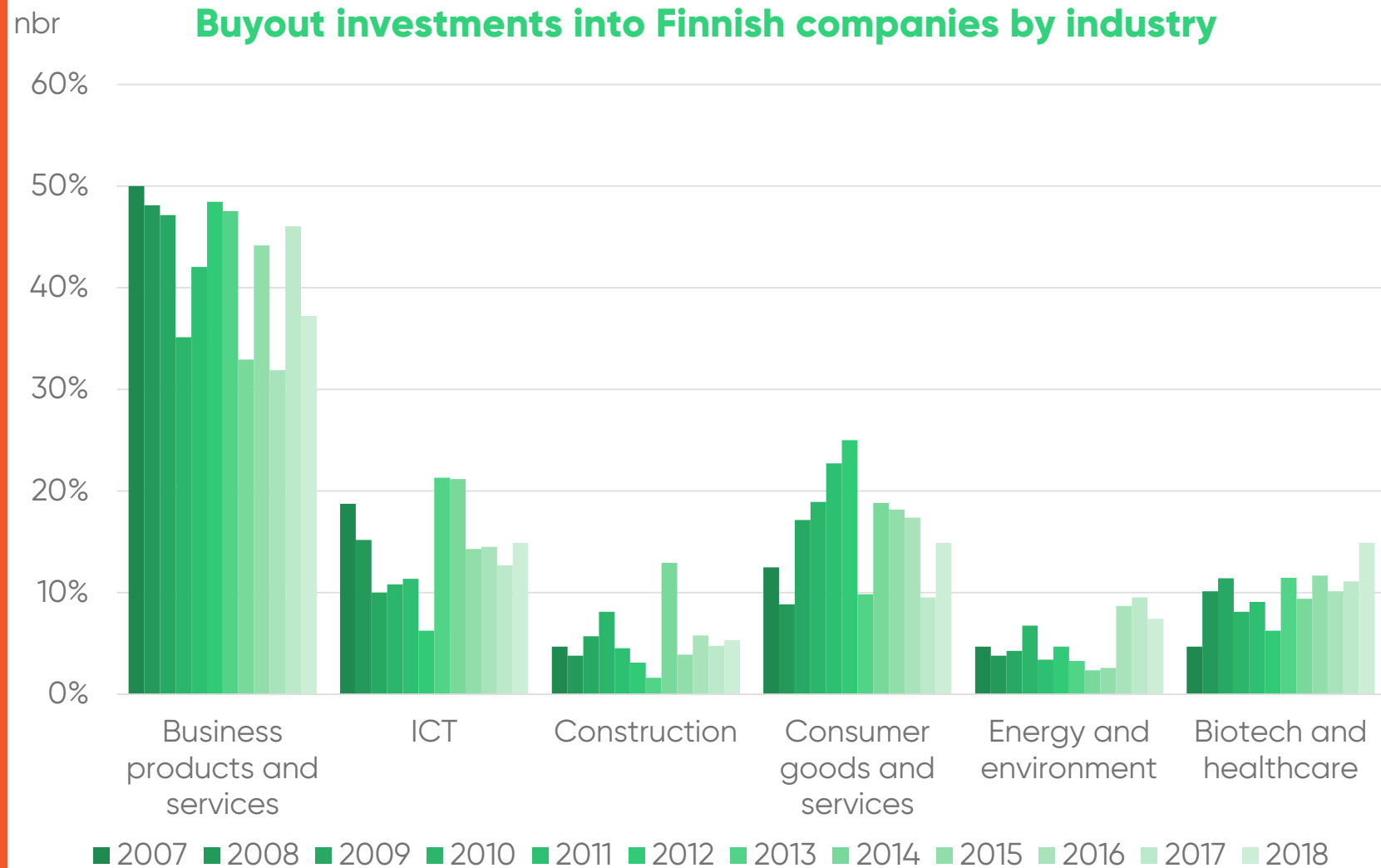


Sources: FVCA, EDC

Domains

Companies producing business products and services receive most investments

Biotech and healthcare has become more attractive



Divestments

Divestments of Finnish companies

2018 was a moderate year in terms of new exits

Buyout divestments from Finnish companies

nbr companies



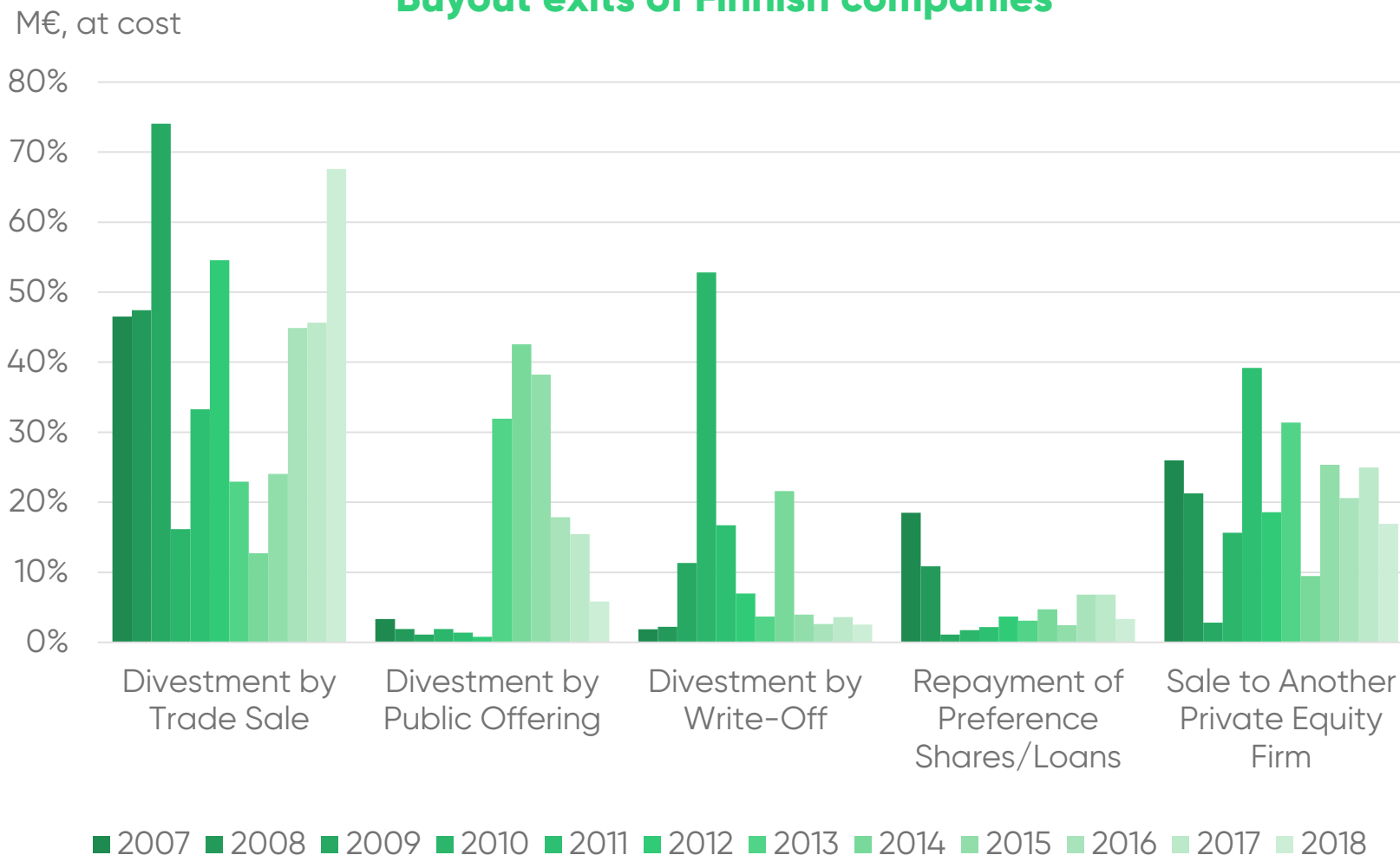
Sources: FVCA, EDC

Divestments of Finnish companies

The most prominent exit route by amount of cost was trade sale

Share of write-offs has decreased

Buyout exits of Finnish companies



Methodology



The following national private equity associations are participating in 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

Stage definitions

VENTURE Investments in companies in their early development stage	Seed	Seed
	Start-up	Start-up, Other early stage
	Later stage venture	Early growth, Transition stage
BUYOUT A transaction financed by a mix of debt and equity, in which a business, a business unit or a company is acquired	Growth	Later growth
	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