

## Who is the DVCA?

DVCA – The Danish Private Equity & Venture Capital Association is the industry association for private equity, venture capital and business angels in Denmark. Our membership comprises more than 250 firms including institutional investors and professional advisers such as law- and accounting firms. DVCA is the body and public policy advocate for the private equity and venture capital industry, communicating active ownership and contributing to the economy by promoting and creating competitive conditions for investors both nationally and internationally. In addition, DVCA creates networking opportunities for participants in the industry by arranging conferences and smaller meetings as well as informal networking gatherings - these activities enhance networking, cooperation and knowledge creation within the industry.

## Who are the members?

Venture- and private equity funds administrate about 96 bn. Danish kroners and their combined portfolio have a turnover of more than 224 bn. Danish kroners.

Private Equity funds	Venture Capital funds	Business angels
<ul style="list-style-type: none"> <li>• Administrate 90 bn. kr. primarily from pension funds, insurance enterprises and banks. A large fraction is from foreign investors.</li> </ul>	<ul style="list-style-type: none"> <li>• Administrate about 20 bn. kr. primarily from pension funds and banks. A large fraction is from foreign investors.</li> </ul>	<ul style="list-style-type: none"> <li>• According to the Danish Business Authority (Erhvervsstyrelsen) there is between 2000- 3000 business angels in Denmark, who administrates around 32-48 bn. kr. (FORA 2009).</li> </ul>
<ul style="list-style-type: none"> <li>• They invest in unlisted mature firms and add professionalism through active ownership.</li> </ul>	<ul style="list-style-type: none"> <li>• Invest both public and private venture capital in new R&amp;D focused entrepreneur enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Invest private growth capital in new enterprises and add skills, experience and knowledge.</li> </ul>
<ul style="list-style-type: none"> <li>• Net turnover was about 141 bn. Kr. In 2015. EBIT was 14. 9 bn. kr. in the same year.</li> </ul>	<ul style="list-style-type: none"> <li>• Turnover in enterprises owned by the Venture funds was about 26 bn. Kr. in 2016. 1.3 percent of GDP that year.</li> </ul>	<ul style="list-style-type: none"> <li>• Are usually responsible for the first seed money which is followed by further Venture Capital fund investments.</li> </ul>
<ul style="list-style-type: none"> <li>• Organic growth of about 9.6 percent (excluding DONG Energy) – versus 1.2 percent for rest of the private sector in 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• International research shows that returns in the Venture Capital market is 10 fold.</li> </ul>	<ul style="list-style-type: none"> <li>• International research shows that returns in investments in business angel market is 10 fold.</li> </ul>
<ul style="list-style-type: none"> <li>• Real taxes payed was 2.4 bn. Kr. with a corporate tax rate of 21.7 percent in 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• Have about 3.7 bn. Kr. of costs to R&amp;D which is about 1/8 of the total investment sum in R&amp;D in the private sector.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2015 business angels invested about 1.9 bn. kr. spread out between on a total of 2,900 investments.</li> </ul>
<ul style="list-style-type: none"> <li>• Equity share was 38 percent in newly invested portfolio firms in 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• Export for around 15 bn. Kr.</li> </ul>	<ul style="list-style-type: none"> <li>• Business angels are usually former entrepreneurs or enterprise owners.</li> </ul>

## Why is the DVCA's members crucial for Denmark?

Our members contribute to a large part of economic activity, growth and in creating new jobs in Denmark. In addition, they attract the vital sources of international attention. The Private Equity firms alone have attracted at least 45 bn. kr. of foreign capital to Denmark, which is about 10 percent of Denmark's net investments in 2015.

- The Private Equity companies had organic growth of 9.6 percent (excluding DONG Energy) in 2015 versus 1.2 percent in the rest of the private sector. Studies have shown that Private Equity creates new jobs. In a study from Copenhagen Business School (CBS), it is seen that Danish Private Equity owned enterprises hired more people in the years 2006-2009 than other comparable companies.
- Turnover for Venture Capital owned enterprises was about 26 bn. kr. In 2015 which was about 1.3 percent of the Danish GDP. There are still plenty of room for more growth. Venture firms invest in newly started enterprises, which helps expanding and introducing the need for new labor. Returns on Venture Capital investments has been measured to 1:10.
- Business angels invest private capital in high-risk capital start-up companies providing skills, network and years of experience. Business angels therefore have a great impact on entrepreneurship and growth enterprises – these businesses may later attract venture capital or private equity.

## What is DVCA's trademark?

- ***Growth through better conditions in the industry***
- ***Venture Capital is Denmark's growth generator***
- ***Business angels – the smallest enterprises' biggest support***

## Denmark lag investments – we can help!

*The conditions for investments in Denmark is generally good. However, comparing to our closest trade partners, policy terms for investing could and should be improved. Denmark is on the OECD countries that attracts the least amount of foreign direct investments. That is a clear indicator of Denmark lacking international competitive conditions for foreign investors to invest in Danish enterprises.*

## We lack stability to help even further!

In recent years there have been great focus on tax issues concerning the industry (L10 – investortax, Carried interest taxation and entrepreneurs' return tax to name a few), which international investors see. In practice the many changes covers up the real return for international investors, increasing the uncertainty in investing in Danish enterprises. What will be the next they ask? We work for attractiveness and competitiveness.