

# Powerhouse Ventures

## Technology commercialisation opportunity

Powerhouse Ventures is an investment company specialising in a hard-to-access asset class – research-backed intellectual property. Powerhouse was formed in Christchurch to commercialise scientific and technical innovation developed at New Zealand universities and government-owned research institutes. Its current portfolio of 18 investments is comprised of five post-seed investments (~85% of the portfolio's enterprise value), five seed investments and eight pre-seed opportunities. The portfolio has an enterprise value of NZ\$106m. Powerhouse's unaudited price of last round holding is carried at NZ\$12.3m. The first realisation event is planned for CY Q415. Powerhouse is currently unlisted but is targeting a dual-listing (NZX and ASX) IPO in early 2016.

## Business model and performance

Powerhouse identifies investment opportunities through its on-campus presence at New Zealand universities. It also has relationships with New Zealand research institutes. An important part of Powerhouse's business model is to recruit and grow management teams to run its portfolio companies. Powerhouse invariably takes a board position and is instrumental in building portfolio companies' governance structures. Powerhouse is very hands-on, contributing much more than just capital, and focusing on shaping and driving strategic direction to successful commercialisation and value creation. Powerhouse leads investment rounds, bringing in co-investors to assist the achievement of strategic objectives, as well as sourcing capital from purely financially-driven investors. The ability of the Powerhouse team to create value is best quantified by the increase in the fair value of the investments in the portfolio companies. In aggregate, the annual growth rates have been greater than 30%.

## Balance sheet

Powerhouse's unaudited 30 June 2015 balance sheet shows net asset value (NAV) of NZ\$14m.

## Valuation: Early-stage investment

A capital raising is currently being undertaken at NZ\$870/share, equivalent to NAV at the initiation of the raising. A further capital raising of approximately NZ\$15m is planned in CY Q415. An independent valuation is underway to determine the likely future premium to NAV. This valuation process will entail a comparison of the Powerhouse business strategy and current portfolio with similar listed entities.

Edison Estimates						
Year end	Revenue (NZ\$m)	PBT (NZ\$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/14	1.8	(0.2)	N/A	0.0	N/A	N/A
06/15e	5.7	(1.2)	N/A	0.0	N/A	N/A

Source: Powerhouse Ventures

## Financials

Last capital raise price	NZ\$870
NAV	NZ\$14m

### Share price graph

Not available as unlisted

### Share details

Code	N/A
Listing	N/A
Shares in issue	18,853

### Business description

Powerhouse Ventures has a vision to create global businesses from research-backed intellectual property. The growth strategy includes a planned expansion to Australia and a dual listing on NZX Main Board and ASX.

### Bull

- Experienced management team and board.
- Portfolio with a range of maturities across four broad technology sectors.
- The 'investing a little' and learning a lot approach to investment.

### Bear

- Capital raise of ~NZ\$5.6m not yet complete.
- First realisation event planned for 2015, yet to take place.
- Some investments currently below 15%, giving Powerhouse limited influence in these companies.

### Analysts

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