



Future for Creative Faroes December 2011



NÝSKÖPUNARSJÓÐUR

Investments in creative industries

- Egill Másson
 - Investment Manager, NSA
- About the NSA fund
- NSA and creative industries



Nýsköpunarsjóður atvinnulífsins, NSA

- NSA founded in 1998
 - Total assets DKK 182m
 - Industry funds + proceeds from banks sale
- Invested in 150 projects since 1998
- Shareholder in 39 co's and 3 funds
- Self-sustaining fund („ever-green“)
- Commercial terms
- Operates as an independent institution



The NSA team

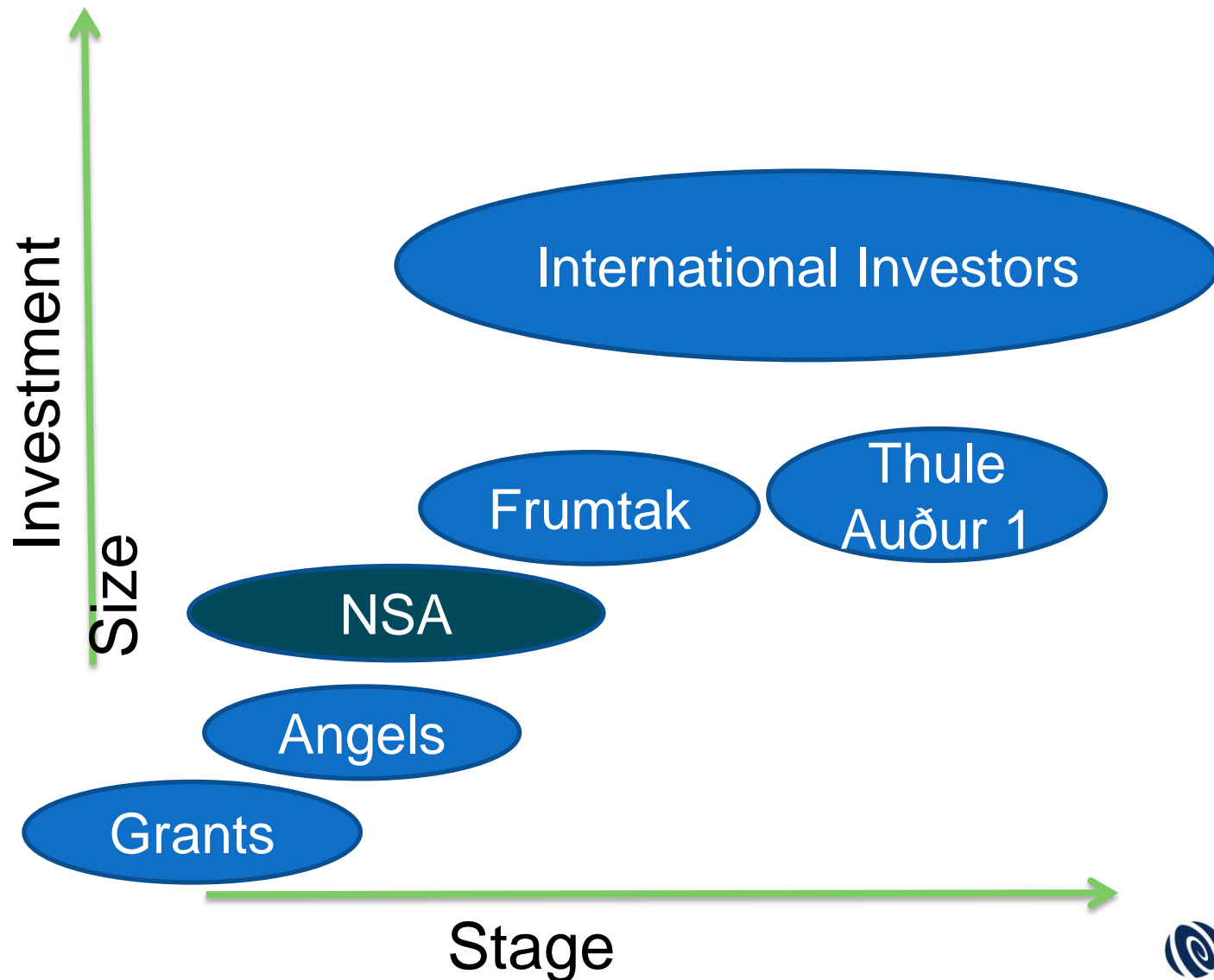


Original mission

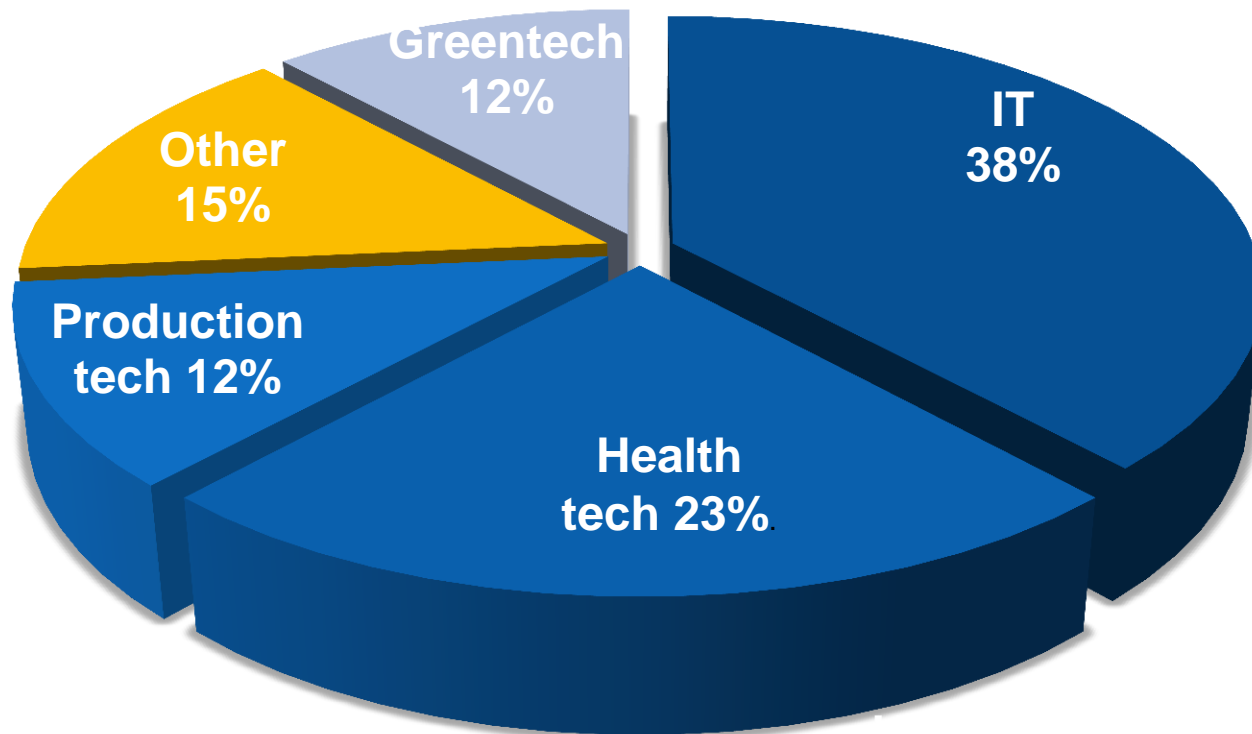
- Increase economic growth
- Increase export income
- Stimulate job creation
- Support progress in science and technologies
- Commercial terms



The investment players in Iceland



Current assets



Current investments in creative industries

- 5 companies in current portfolio are in creative industries according to the UNESCO definition.
 - Investments in shares 36 mkr
 - Loans to portfolio companies 14 mkr
- Total loss on (since 1998) companies in creative industries 27 mkr
- Total investments in creative industries DKK 77 million



Content or platform

Nordic
Photos

grapewire

gogo
yoko


GOGOGIC
PLAYING WITH LOGIC

LAZY
TOWN

NĪKĪTA



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Venture capital is long term

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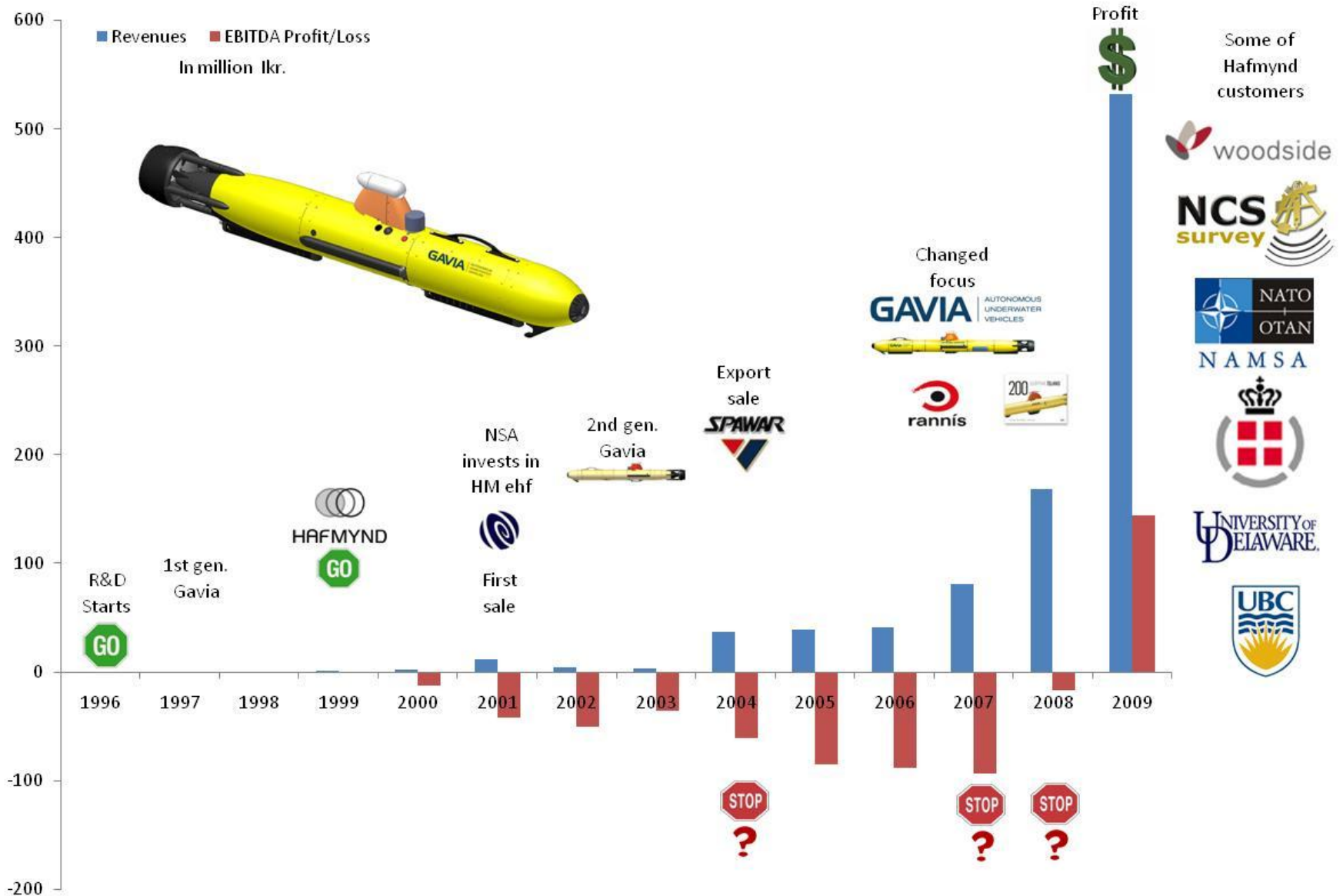
GREGORY

"It has yet to turn a profit."



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The story of Gavia



Official Investment Criteria

- Project should align with the policy of the Science and Technology Council
- Significant R&D or design activities, at least 10% of turnover.
- Acceptable profitability.
- Ensure partners have knowledge, experience, finances and networking.
- Detailed business plan, including technical and business aspects.
- Exit strategy defined.



Three most important factors

- People
- People
- People



What we investigate

- The team
- The product / idea
- Business model (revenue)
- Financial projections
- Market
- *Scalability*
- Differentiation
- Supplier & customer power
- Valuation / price
- Co-investors



Creative industry projects

- Same process as other projects
- May need to bring in external advisors
- Consumer versus business
- Entrepreneurs in general „creative“ types
- Creative industry founders are serious



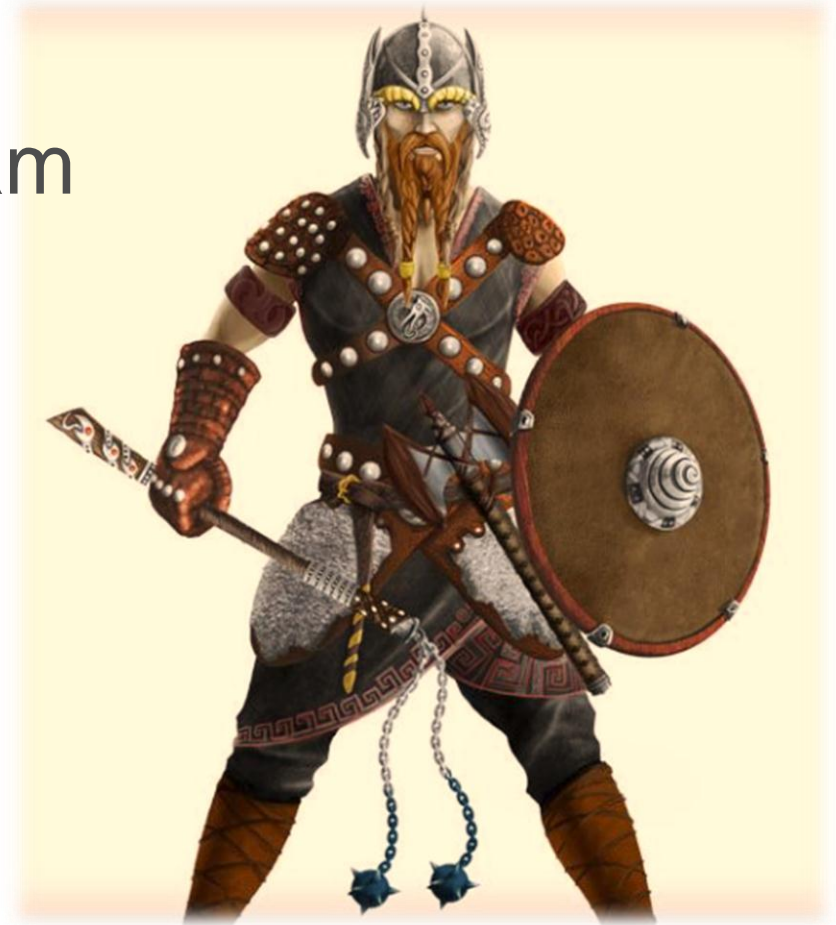
The investment process

- Usually minimum 3 months
- Business plan
- Equity + loans, DKK 1-4 million
- Convertible loans
- Equity share 20-40%
- Shareholder agreement
- Preference and veto rights
- “Active” investor



Active Investor

- Hands on with the team
- Planning next round
- Operational advice
- Staffing
- Turnaround
- Business network
- Exit plan



Active Investor also means

- Fire/hire CEOs
 - Downsizing
 - Close down company
 - Enter into receivership
-
- Learning by failing
 - Beware of the living dead



Exits

- Exit strategy clear from start
- May take 10+ years
- You can never exit too early
- NSA needs exits for new investments
- „Lifestyle companies“ – no thank you!

GOGOGIC

VIKINGS
OF THULE



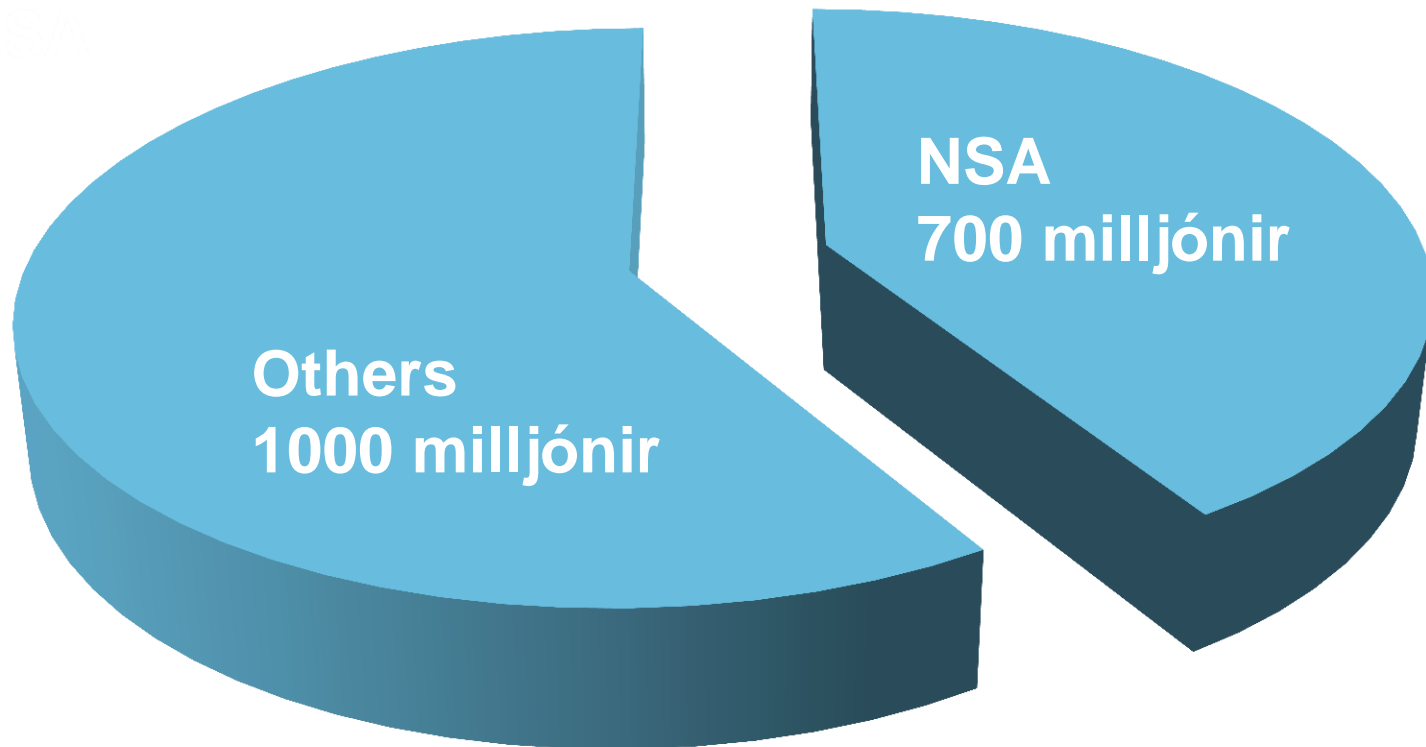
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Syndication – working with other investors

- NSA's policy is to work with other investors
- Invest under our terms
- Leverage the fund with private capital



Leveraging investments



Founders rule !



Investors play an important part



Takk fyri(r)



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