



Yearbook 2012

Activity Data on Fundraising, Investments and Divestments by
Private Equity and Venture Capital Firms in Europe

CREATING LASTING VALUE

Acknowledgements and Disclaimer

Acknowledgements

We are very grateful for the generous support by General Partners representing Private Equity and Venture Capital firms across Europe who are directly submitting their activity data to our survey. Without their commitment providing comprehensive and verified pan-European statistics would not be possible.

We also thank all regional and national private equity associations that collect their activity data via PEREP_Analytics, the pan-European statistics platform, making it the most comprehensive European private equity database: APCRI (Portugal), AVCO (Austria), BVA (Belgium), BVK (Germany), CVCA (Croatia), CVCA (the Czech Republic), DVCA (Denmark), EstVCA (Estonia), EVCA (Europe), FVCA (Finland), HVCA (Hungary), IVCA (Ireland), LTVCA (Lithuania), NVCA (Norway), NVP (the Netherlands), PPEA (Poland), SECA (Switzerland), SEEPEA (South Eastern Europe), SLOVCA (Slovakia), SVCA (Sweden). PEREP has collected data directly from associations' members and participants in the other countries in Europe.

Version

Presentation as of 9/5/2012

Disclaimer

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Executive Summary

Fundraising

- In 2011 overall fundraising increased by 80% to 40 bn EUR compared to the previous year, matching 2001 level. VC contributed to this trend with its 50% increase compared to 2010. The buyout & growth segment almost grew by 100% compared to 2010 and attributed for 30 bn EUR. More than half of the buyout amount raised came from pension funds, banks and fund of funds.

Investments

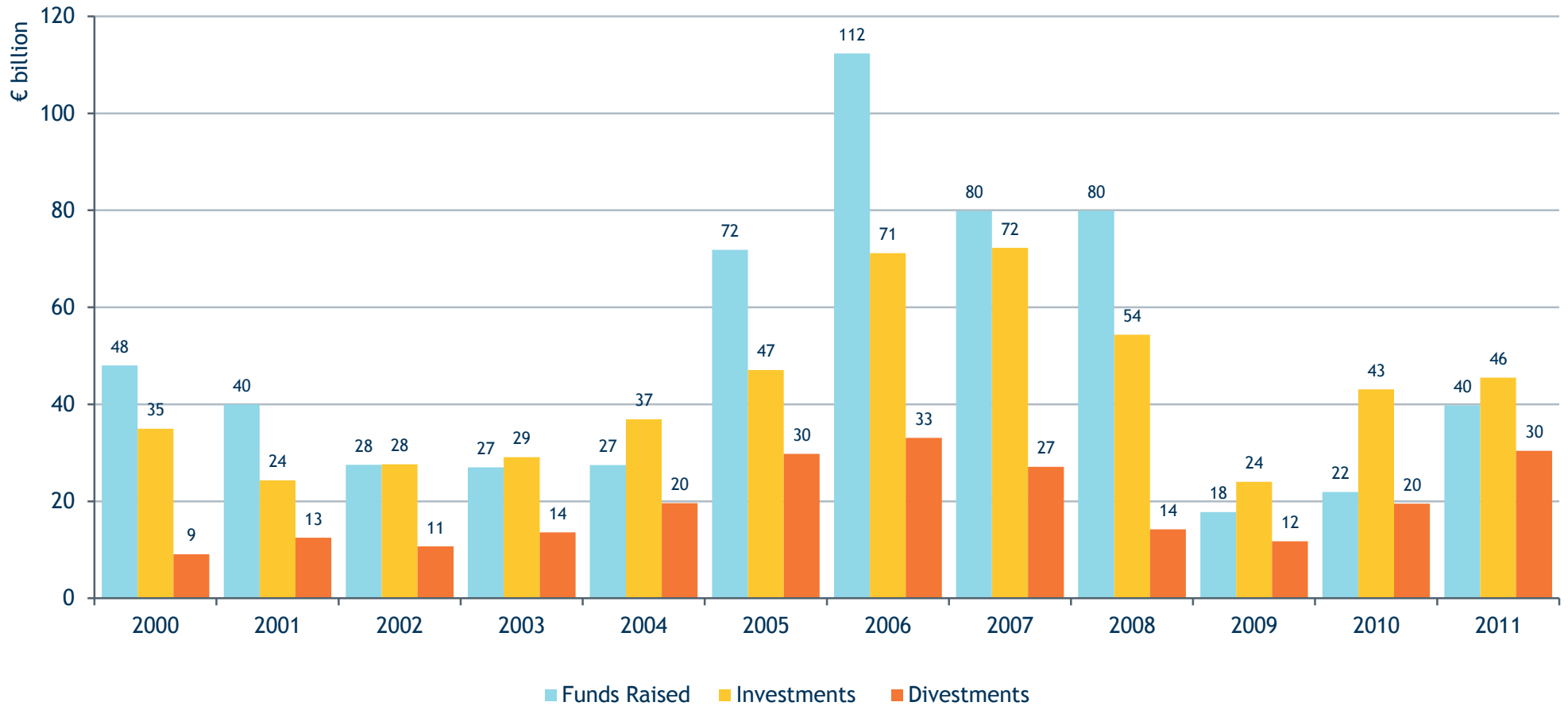
- Investments remained stable at 46 bn EUR showing a 6% increase from 2010. This figure resembles the investment level of 2005. Buyout & Growth accounted for 91% of the total amount invested.
- In 2011 more than 4,800 companies received investments in Europe out of which SMEs accounted for 85% with an average investment per company of 3m EUR. More than 60% of these investments were attribute to Venture Capital.
- The three most targeted sectors by number of companies in 2011 were Life sciences, Computer & consumer electronics and Communications together accounting for 50% of the total. The stage focus split reveals a sector specificity in case of Venture Capital (Life sciences, Computer & consumer electronics and Communications) and a more homogeneous distribution for Buyout & Growth.

Divestments

- In 2011 30 bn EUR were divested showing a 50% increase compared to the previous year and almost reaching the 2006 peak. This increase was triggered by the Buyout & Growth segment which accounted for 92% of the total amount. More than 2000 companies were divested of which Venture Capital and Buyout & Growth had about an equal share.
- The most preferred exit routs were Trade sale and Secondary sale, together representing more than 60% of the market in terms of amount divested.

Overview - Fundraising, Investments & Divestments

2000-2011 - Industry statistics - Amount



Source: Thomson Reuters / EVCA (2000-2006) & EVCA / PEREP Analytics (2007-2011)

Fundraising

Fundraising Statistics explained:

- Current direct funds under management monitored are primarily focused on investments in Europe.
- Funds raised are recorded in the country of the advisory team that is raising/managing the fund (“industry statistics”).
- The funds included in the statistics are: private equity funds making direct private equity investments, mezzanine private equity funds, co-investment funds, rescue/turnaround funds.
- The following funds are excluded from the statistics: infrastructure funds, real estate funds, distress debt funds, primary funds-of-funds, secondary funds-of-funds.

Glossary - Fundraising

Fund stage focus:

- **Early-stage fund:** A venture capital fund focused on investing in companies in the early stages of their lives
- **Later-stage fund:** A venture capital fund focused on investing in later-stage companies in need of expansion capital
- **Balanced fund:** A venture capital fund focused on both early-stage and development, with no particular concentration on either
- **Growth fund:** Funds whose strategy is to invest in or acquire relatively mature companies that are looking for capital to expand or restructure operations
- **Buyout fund:** A fund whose strategy is to acquire other businesses
- **Mezzanine fund:** A fund that provides (generally subordinated) debt to facilitate the financing of buyouts, frequently alongside a right to some of the equity upside
- **Generalist fund:** a funds with either a stated focus of investing in all stages of private equity investment, or with a broad area of investment activity

Independent and captive funds:

- **“Captive funds”** refers to funds that are 100% owned by the parent organisation, while **“independent funds”** relates to semi-captive funds (those in which the parent owns less than 100%) as well as wholly independent funds.

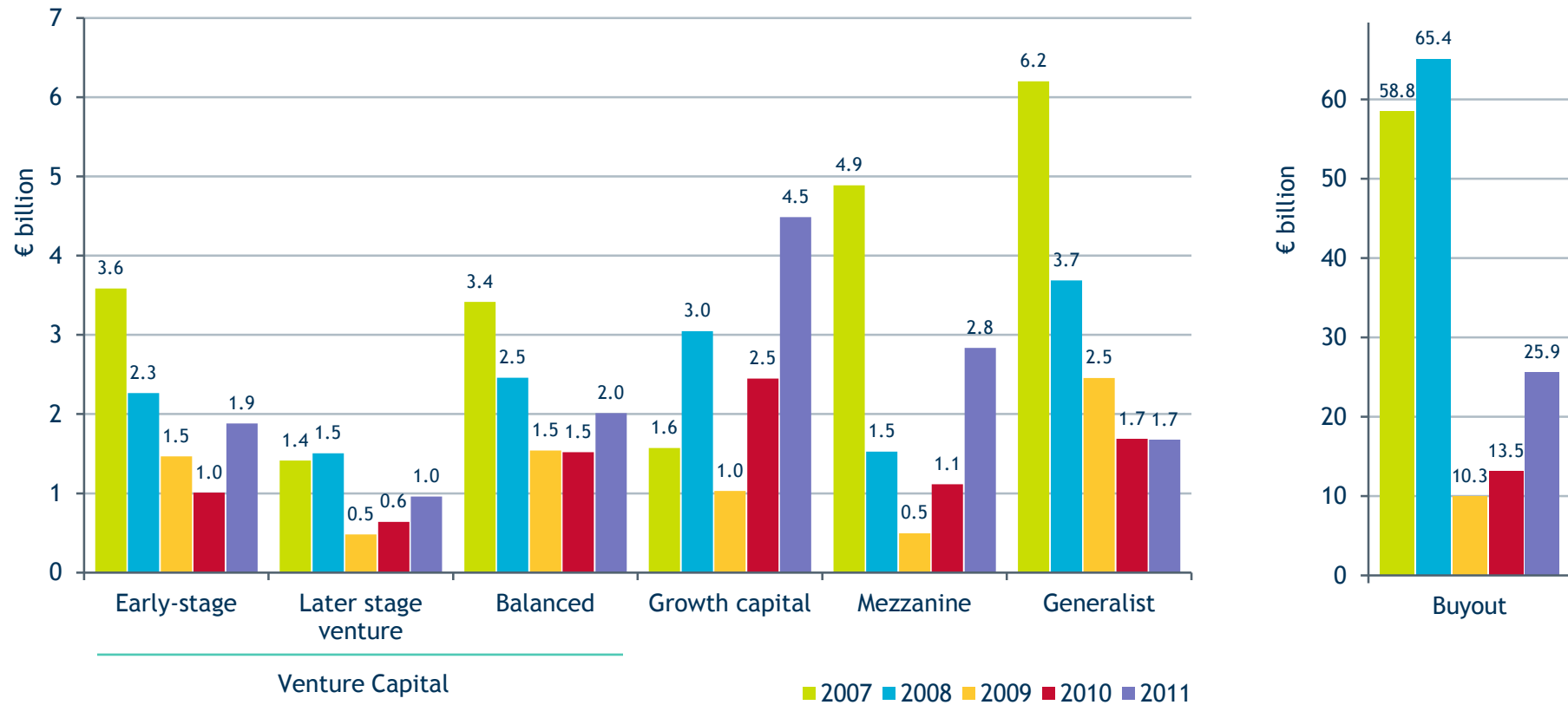
Type of investors:

- **Corporate investor:** Corporations that produce products (manufacturing companies) or deliver non-financial services
- **Endowment:** An institution that is bestowed money (and possibly other assets) via a donation with the stipulation to invest it and use the gains for specific objectives so that the principal remains intact
- **Family office:** An office that provides services such as investment management and other services (accounting, tax and financial advice etc.) to one or several families
- **Foundations:** A non-profit organisation through which private wealth is contributed and distributed for public purpose (most often charitable purposes)
- **Fund of funds:** A private equity fund that primarily takes equity positions in other funds
- **Other asset manager:** Financial institutions (other than bank, endowment, family office, foundation, insurance company or pension fund) managing a pool of capital by investing it across asset classes with the purpose to generate financial returns
- **Government agencies:** Country, regional, governmental and European agencies or institutions for innovation and development (including structures such as the EBRD or EIF)
- **Sovereign wealth funds:** state-owned investment fund managing a pool of money derived from a country's reserves

NB: In the following presentation, unclassified figures concerning the type of investors have been extrapolated.

Funds raised by fund stage focus

2007-2011 - Incremental amount raised during the year



Source: EVCA / PEREP Analytics



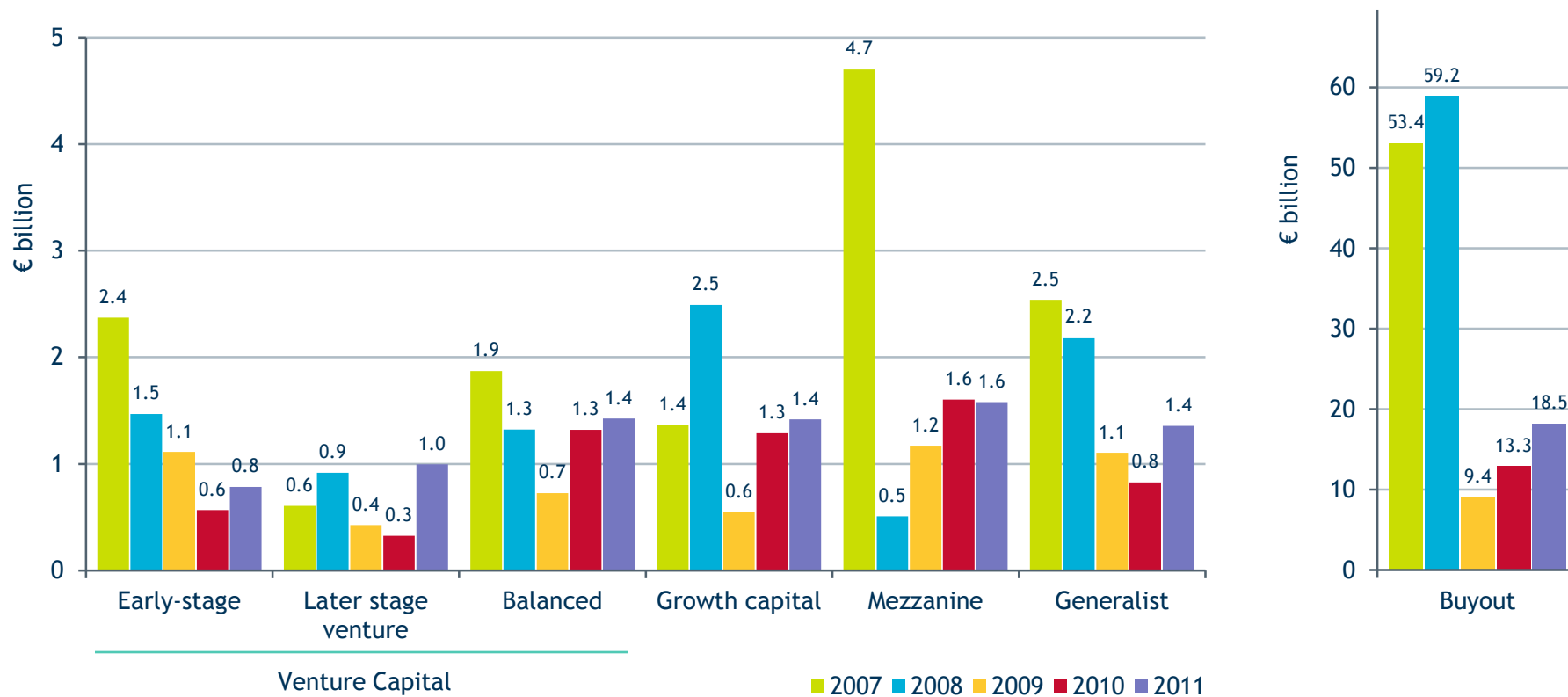
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Fundraising

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Funds raised by fund stage focus

2007-2011 - Final closing during the year - Amount



Source: EVCA / PEREP Analytics



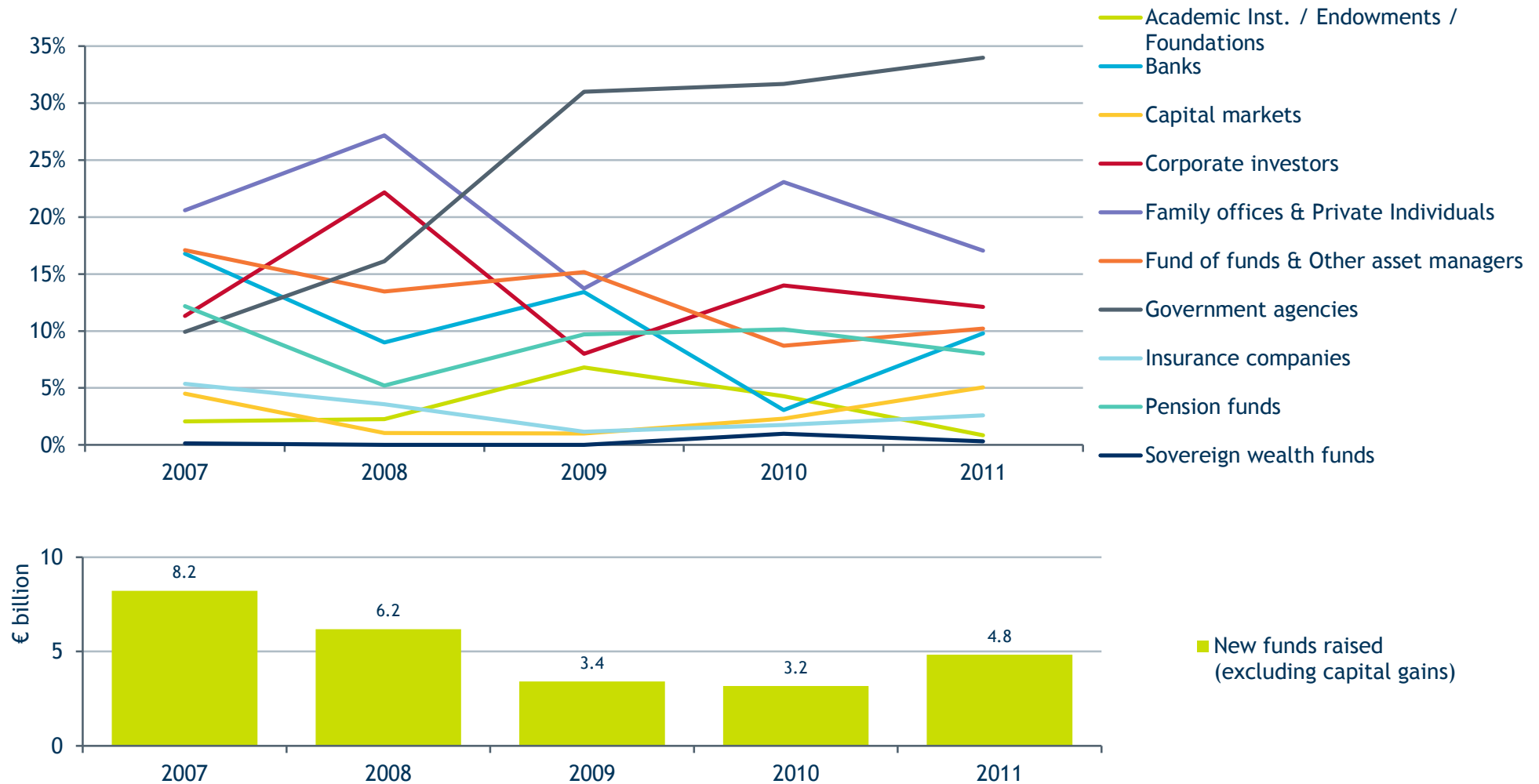
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Venture funds raised by type of investors

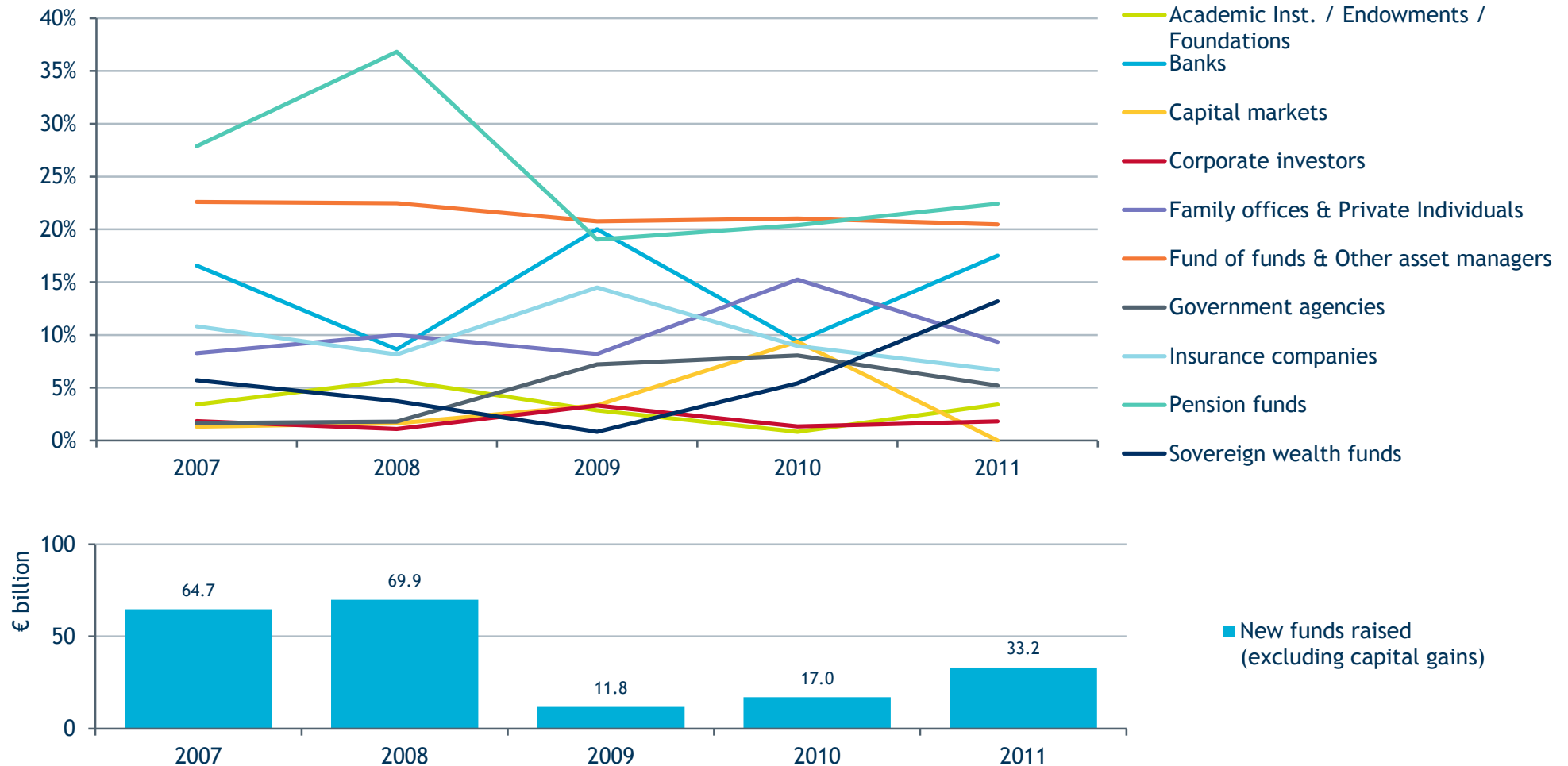
2007-2011 - Incremental amount raised during the year - % of total amount



Source: EVCA / PEREP Analytics

Buyout funds* raised by type of investors

2007-2011 - Incremental amount raised during the year - % of total amount

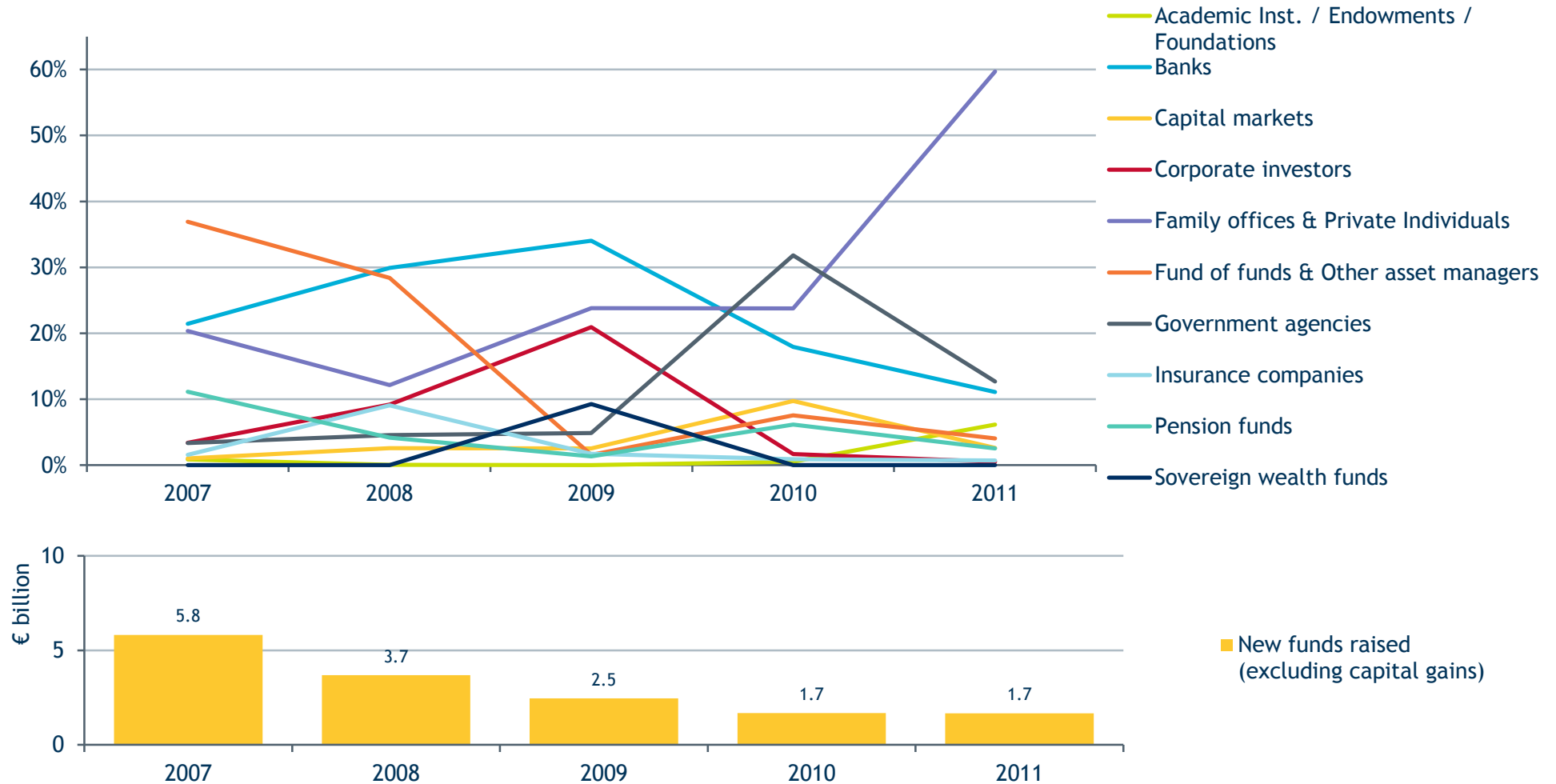


Source: EVCA / PEREP Analytics

*Buyout funds including Growth capital and Mezzanine funds

Generalists funds raised by type of investors

2007-2011 - Incremental amount raised during the year - % of total amount



Source: EVCA / PEREP Analytics

Venture Capital funds raised by type of investors

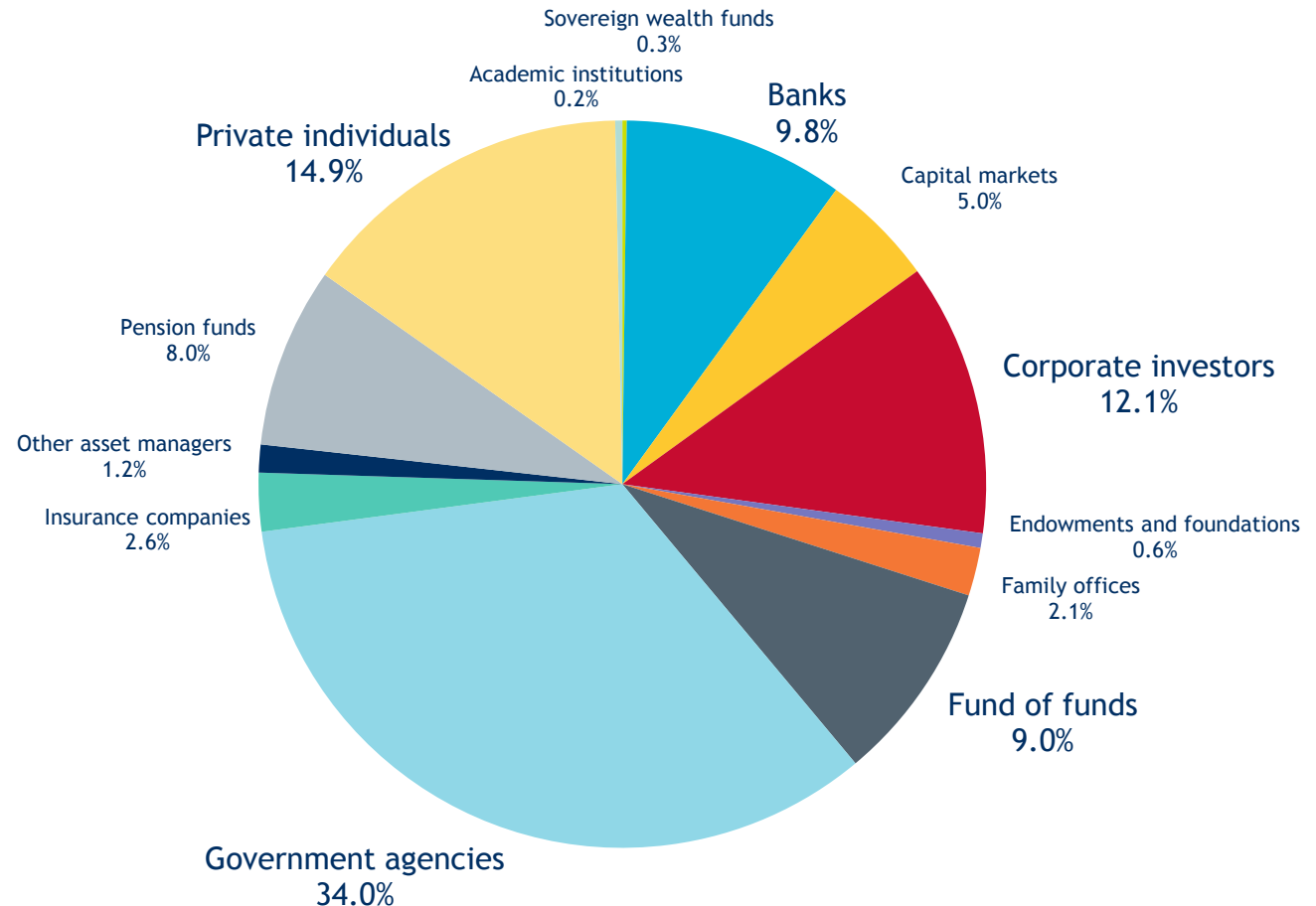
2011 - Incremental amount raised during the year - % of amount

Number of funds

135

Number of VC firms

105



Source: EVCA / PEREP Analytics



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Buyout funds* raised by type of investors

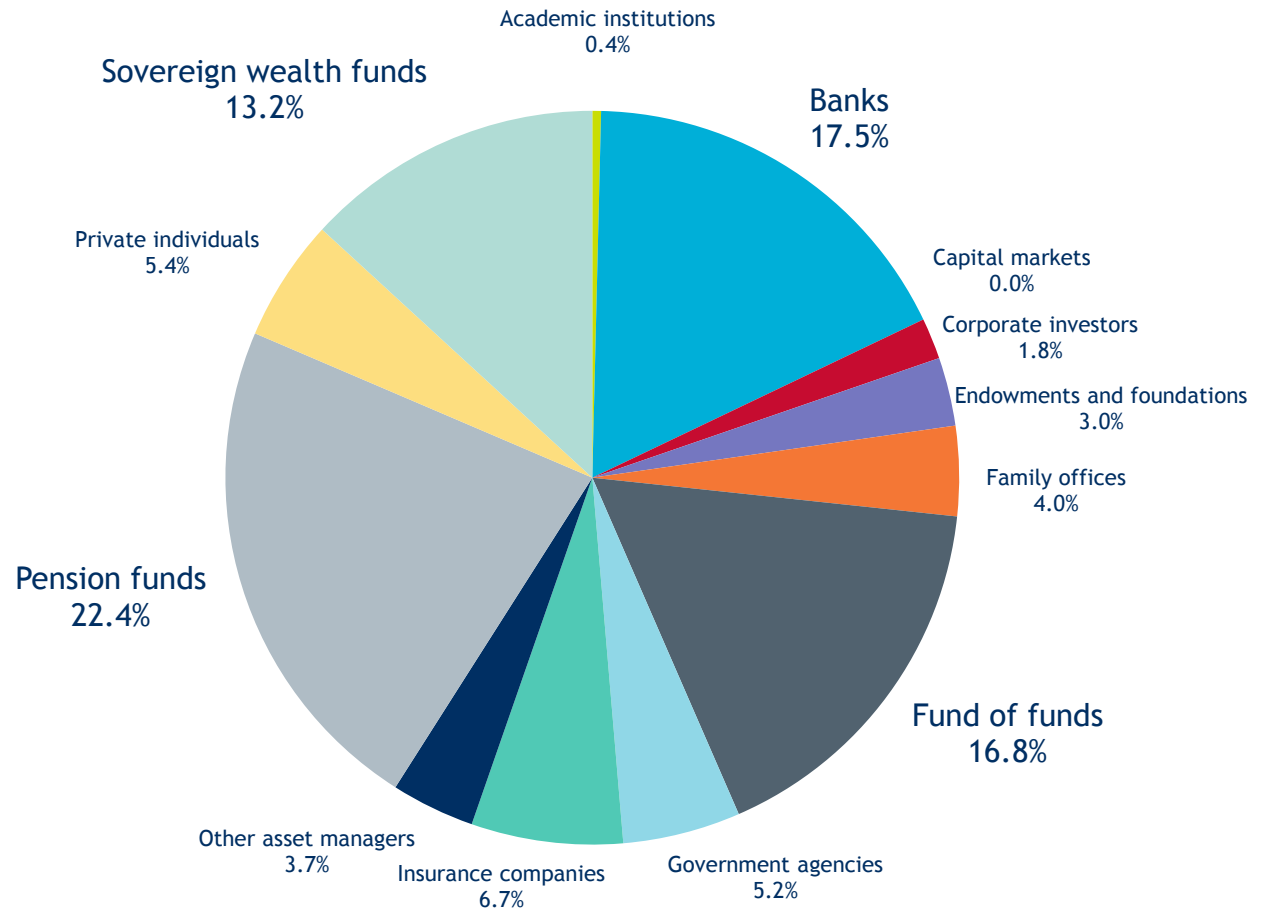
2011 - Incremental amount raised during the year - % of amount

Number of funds

116

Number of PE firms

108



Source: EVCA / PEREP Analytics



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*Buyout funds including Growth capital and Mezzanine funds

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Generalist funds raised by type of investors

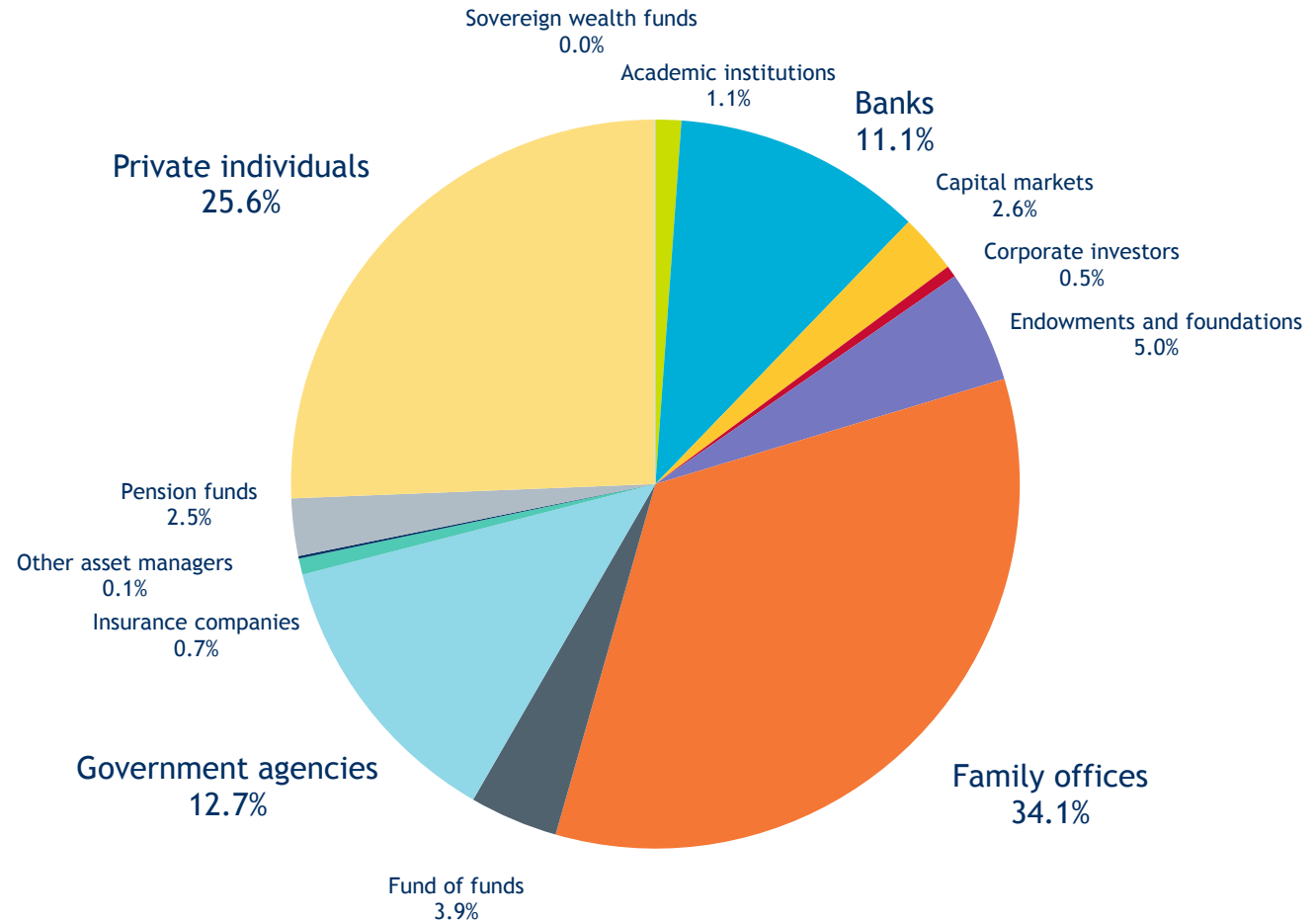
2011 - Incremental amount raised during the year - % of amount

Number of funds

51

Number of PE firms

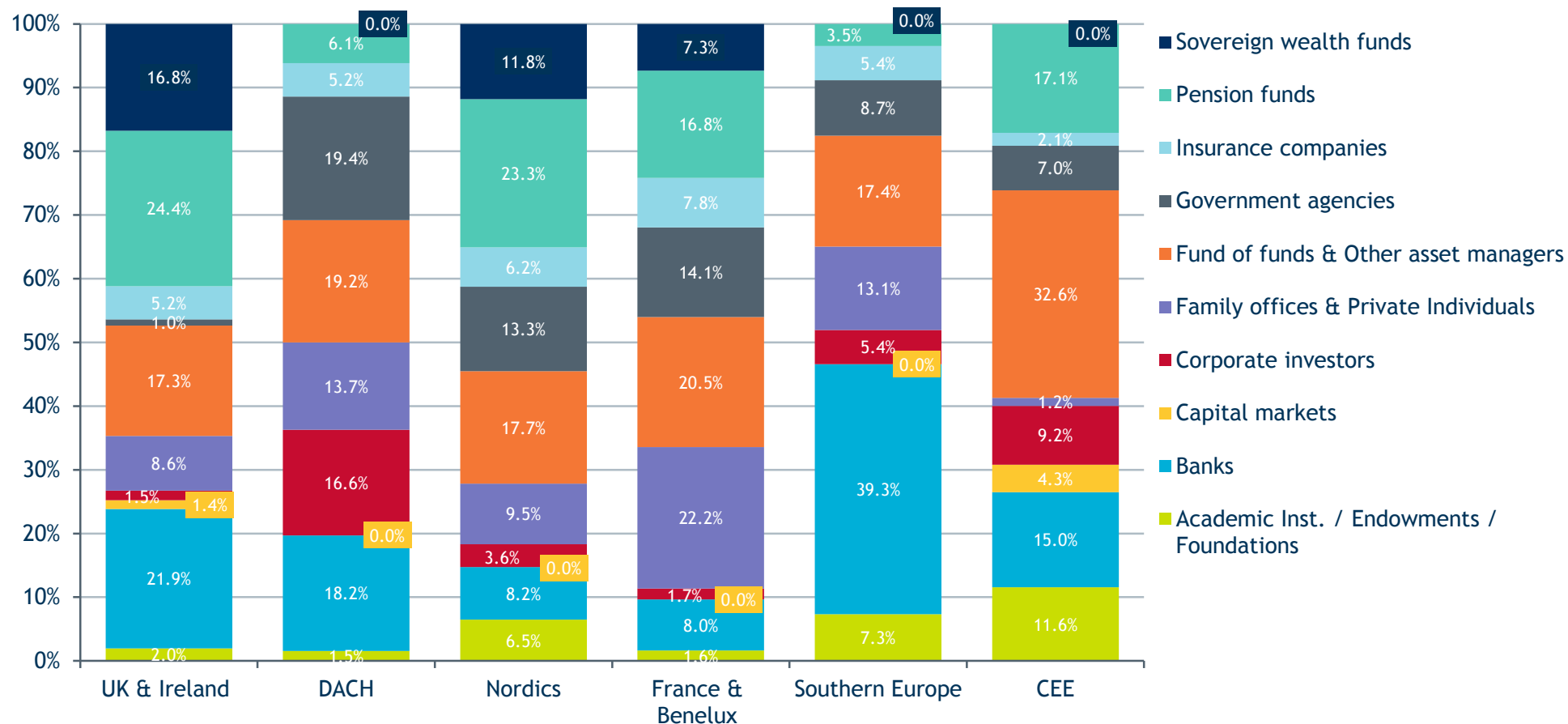
27



Source: EVCA / PEREP Analytics

Funds raised by type of investor & regions

2011 - Incremental amount raised during the year



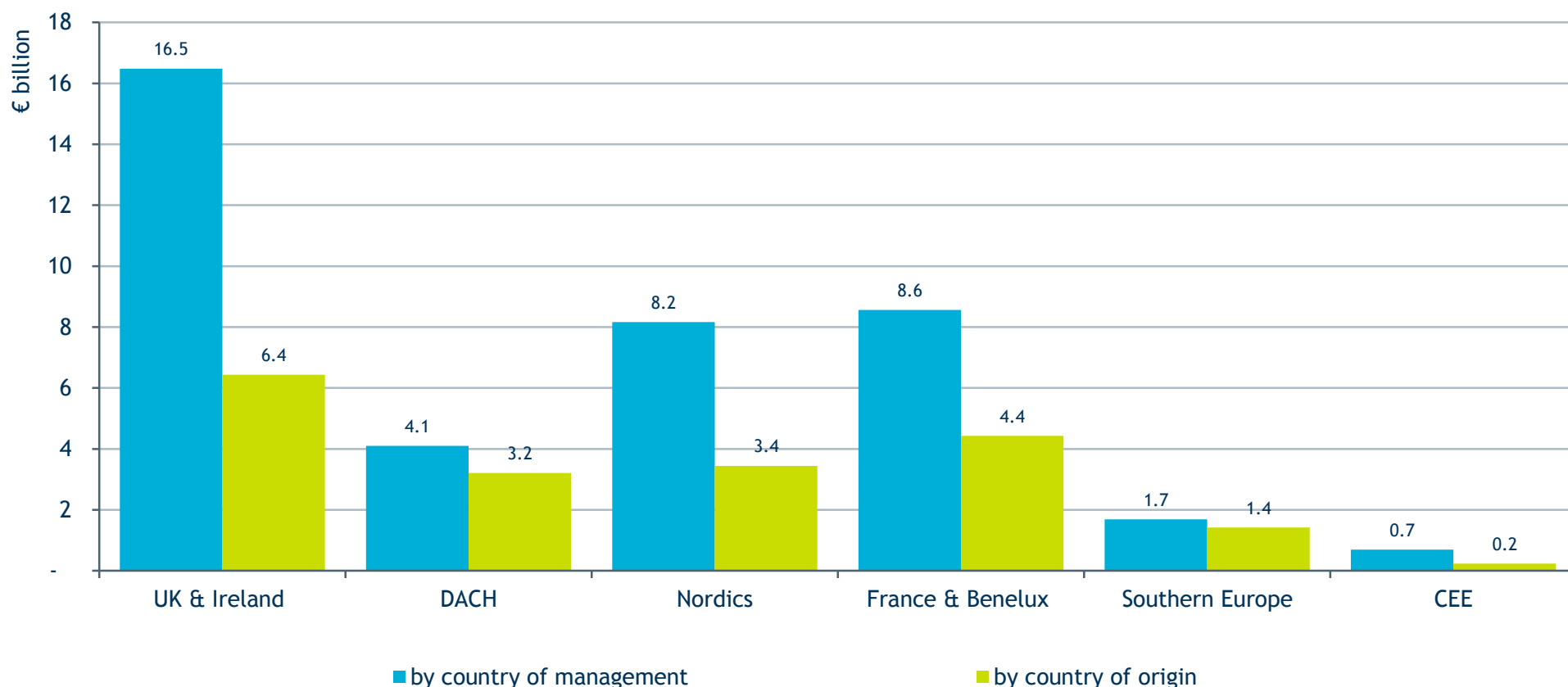
Source: EVCA / PEREP Analytics

DACH: Austria, Germany, Switzerland
Southern Europe: Greece, Italy, Portugal, Spain

Nordics: Denmark, Finland, Norway, Sweden
CEE: Central Eastern Europe

Funds raised by country of origin (LP country) & country of management

2011 - Incremental Amount raised during the year



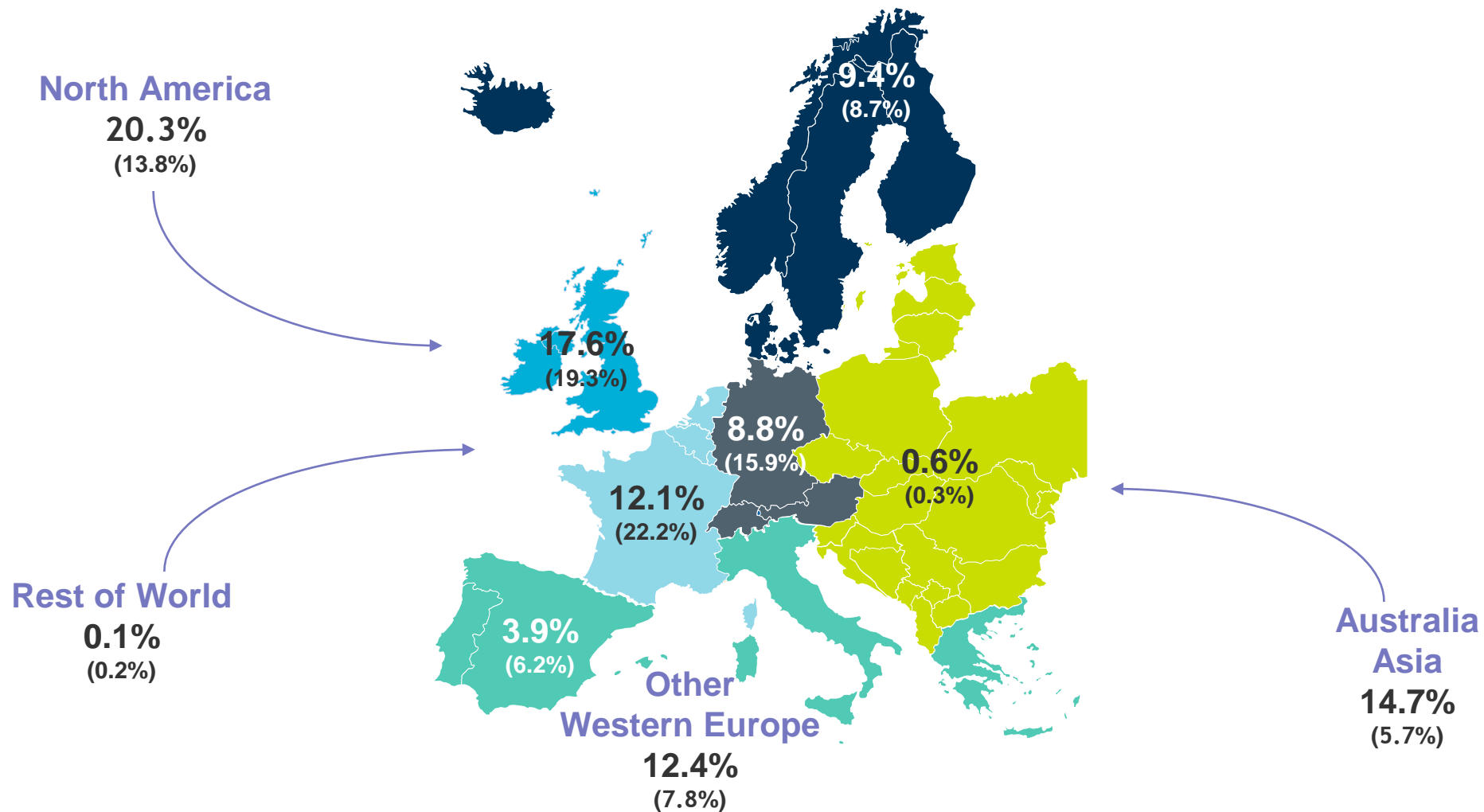
Source: EVCA / PEREP Analytics

DACH: Austria, Germany, Switzerland
Southern Europe: Greece, Italy, Portugal, Spain

Nordics: Denmark, Finland, Norway, Sweden
CEE: Central Eastern Europe

Fundraising geographic breakdown

2011 (2010) - Source of funds - % of total amount



Source: EVCA / PEREP Analytics



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Investments Statistics explained:

- **Industry statistics** are an aggregation of the figures according to the country of location of the private equity firm's office in charge of the deal. At the European level, this relates to investments made by European private equity firms regardless of the location of the target company.
- **Market statistics** are an aggregation of the figures according to the location of the portfolio company. At the European level, this relates to investments in European companies regardless of the location of the private equity firm.
- **Equity value:** *Stricto sensu*, the amount of capital invested to acquire shares in an enterprise. The equity value includes equity, quasi-equity, mezzanine, unsecured debt and secured debt provided by the firm.

Glossary - Investment Stages

Venture Capital:

- **Seed:** Financing provided to research, assess and develop an initial concept before a business has reached the start-up phase.
- **Start-up:** Financing provided to companies for product development and initial marketing. Companies may be in the process of being set up or may have been in business for a short time, but not sold their product commercially.
- **Later-stage venture:** Financing provided for the expansion of an operating company, which may or may not be breaking even or trading profitably. Later-stage venture tends to finance companies already backed by VCs.

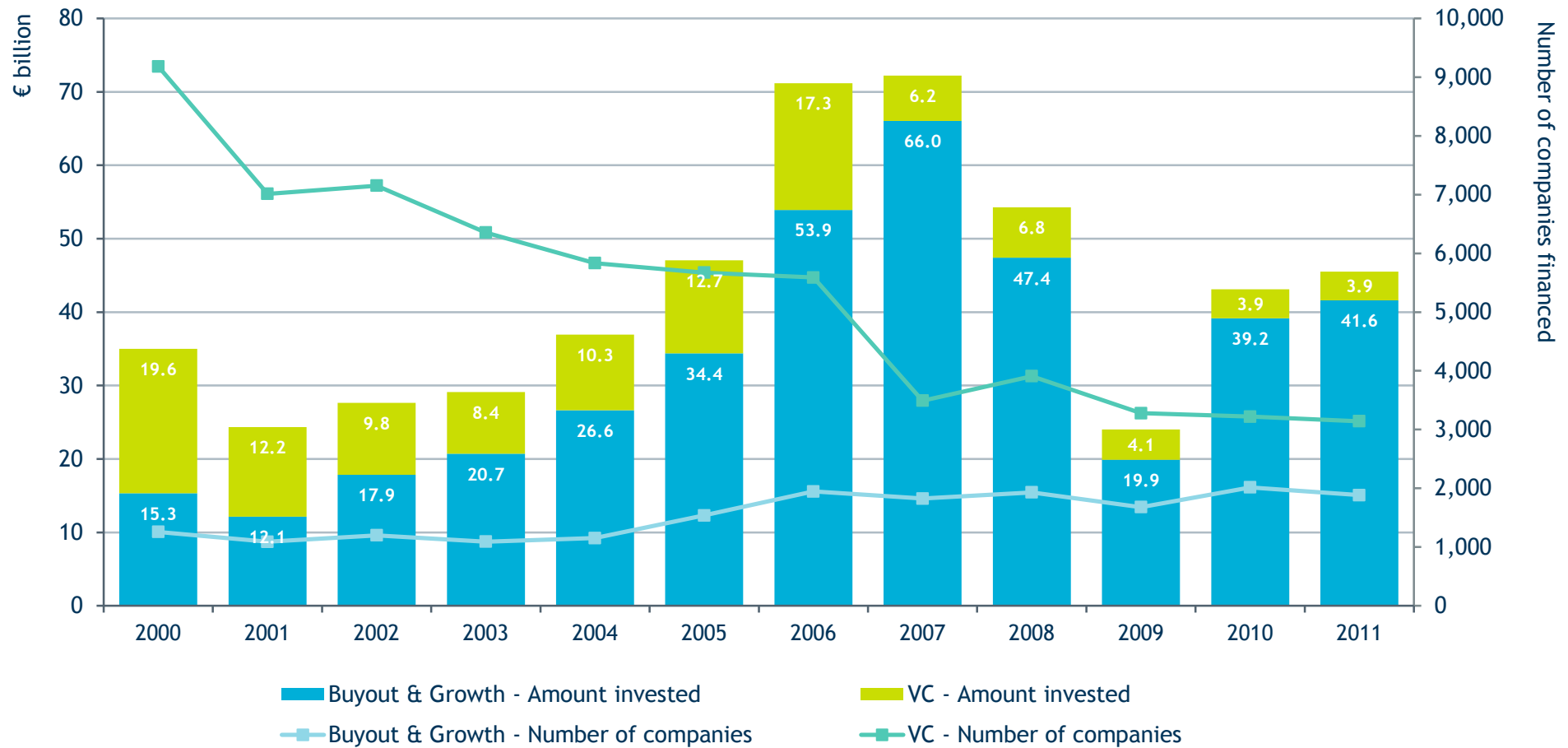
Private Equity:

- **Growth:** A type of private equity investment - most often a minority investment but not necessarily - in relatively mature companies that are looking for capital to expand or restructure operations, enter new markets.
- **Rescue/turnaround:** Financing made available to an existing business, which has experienced trading difficulties, with a view to re-establishing prosperity.
- **Replacement capital:** The purchase of a minority stake of existing shares in a company from another private equity firm or from another shareholder or shareholders.
- **Buyout:** Financing provided to acquire a company. It may use a significant amount of borrowed money to meet the cost of acquisition.

NB: Figures on Buyout & Growth funds also include Replacement capital and Rescue/turnaround statistics.

Venture Capital / Buyout & Growth - Investments overview

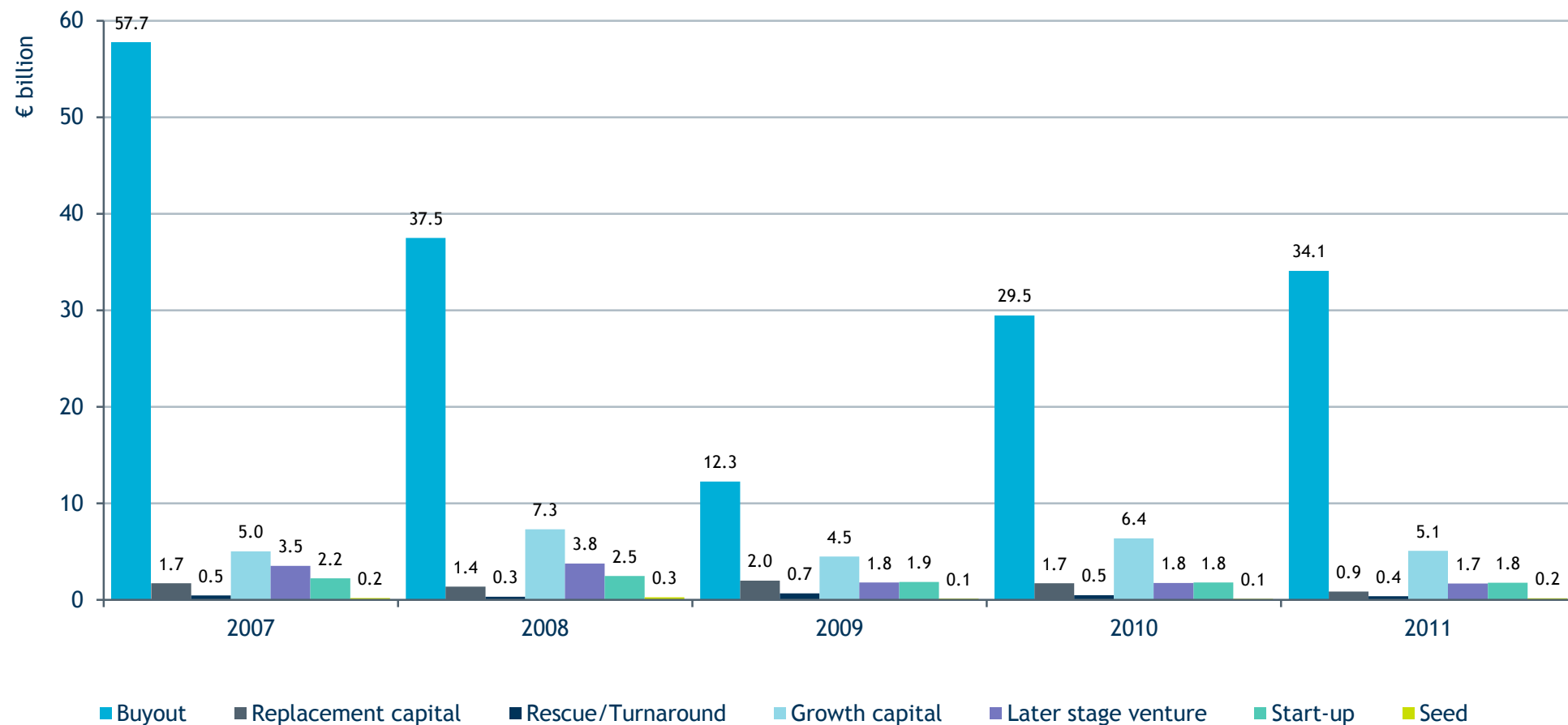
2000-2011 - Industry statistics - Amount & Number of companies



Source: Thomson Reuters / EVCA (2000-2006) & EVCA / PEREP Analytics (2007-2011)

Investments by stage focus

2007-2011 - Market statistics - Amount



Source: EVCA / PEREP Analytics



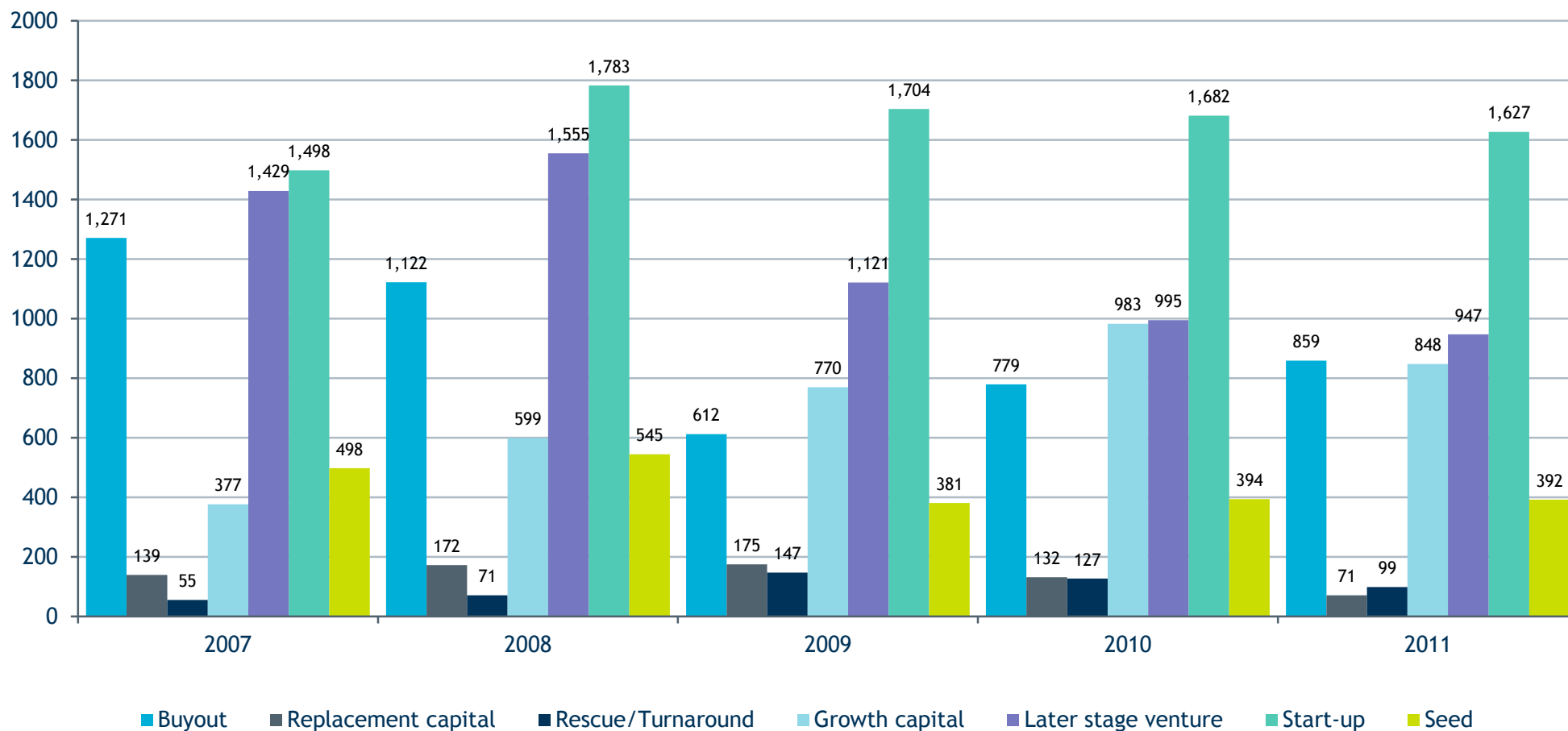
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Investments by stage focus

2007-2011 - Market statistics - Number of companies



Source: EVCA / PEREP Analytics



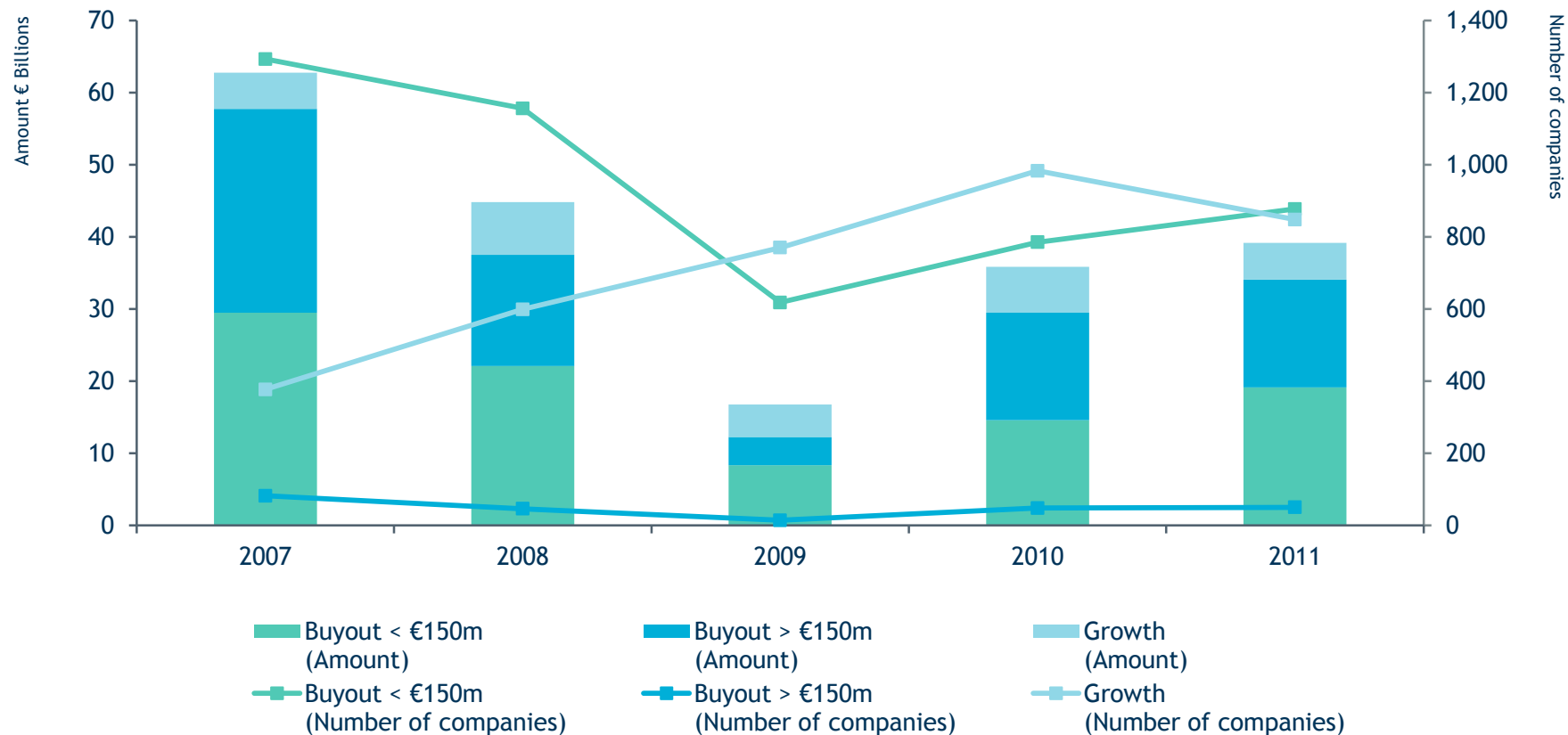
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Investments by stage focus - Buyout split

2007-2011 - Market statistics - Amount & Number of companies



Source: EVCA / PEREP Analytics



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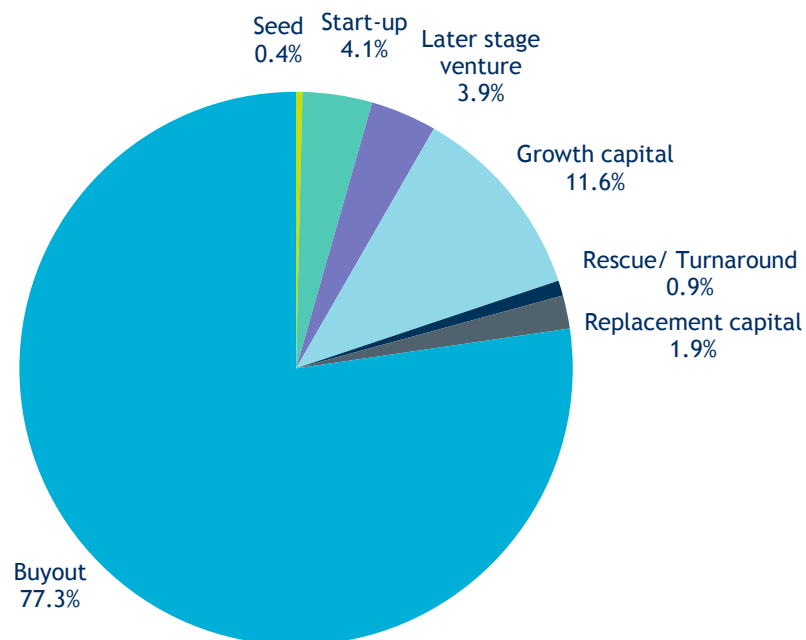
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Investments by stage focus

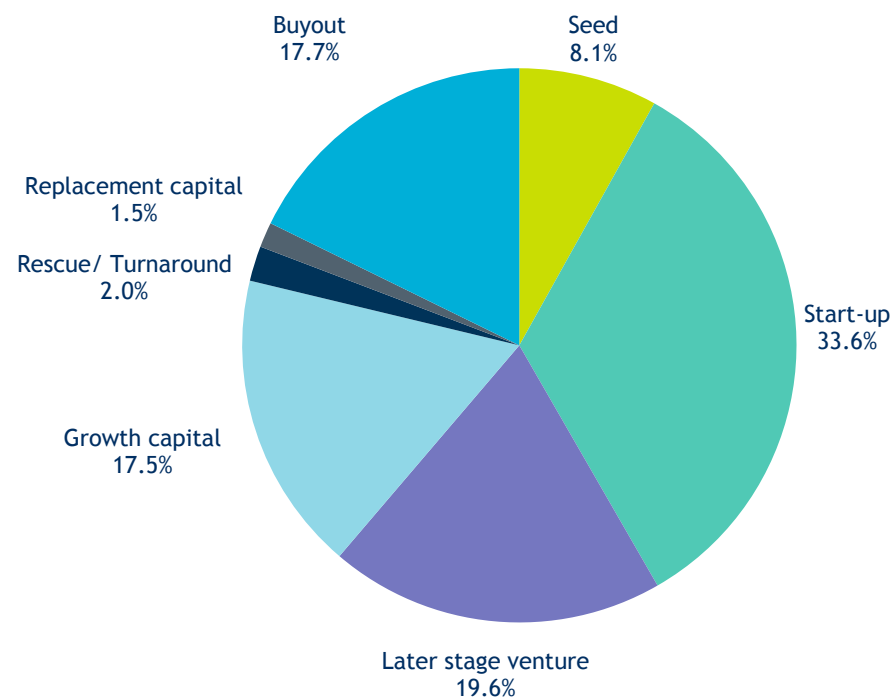
2011 - Market statistics - % of Amount & Number of companies

% of Amount



Total Venture 3.7 bn EUR
Buyout & Growth 40.4 bn EUR

% of number of companies

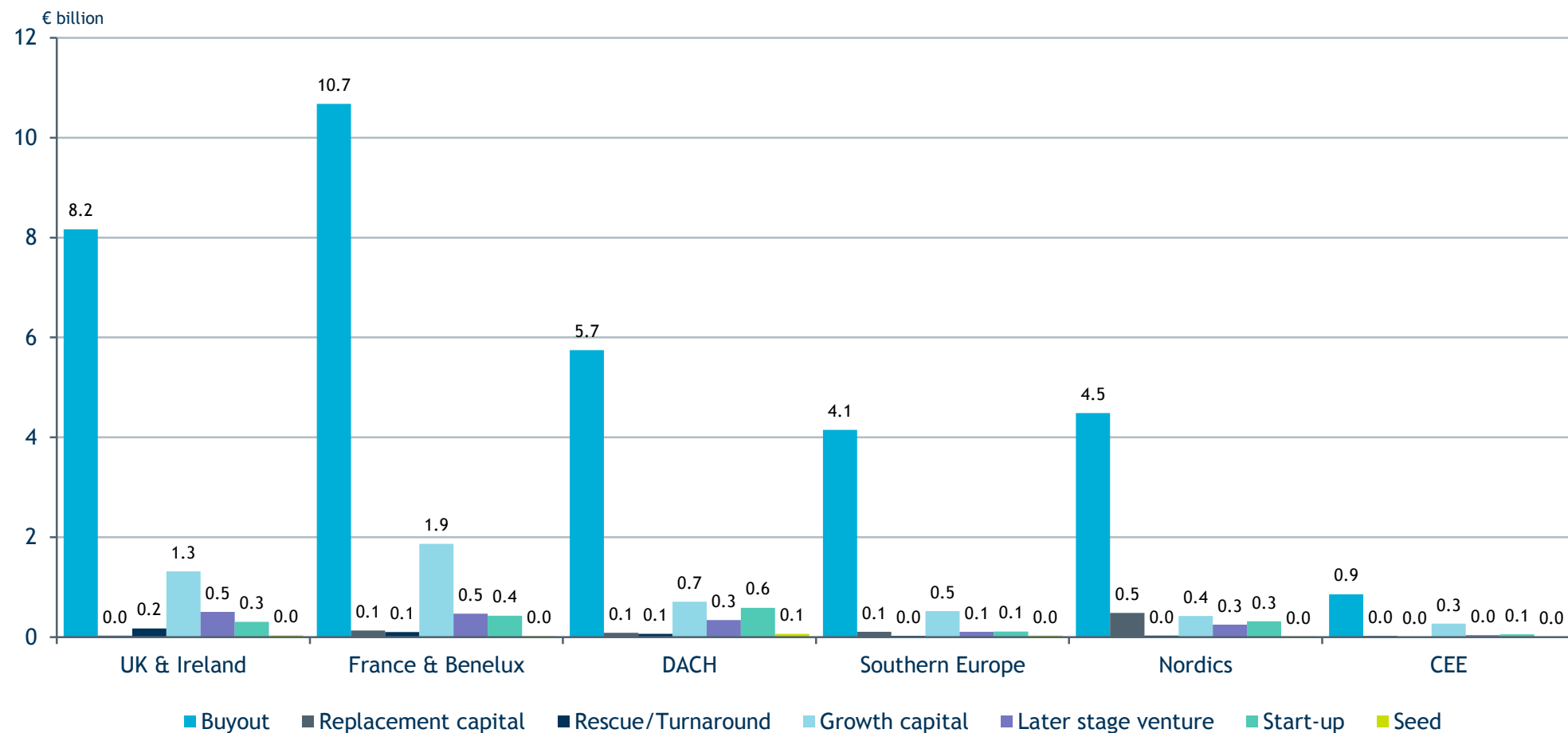


Total Venture 2,925 Companies
Buyout & Growth 1,877 Companies

Source: EVCA / PEREP Analytics

Investments by stage focus & regions

2011 - Market statistics - Amount



Venture Capital

DACH: Austria, Germany, Switzerland
 Southern Europe: Greece, Italy, Portugal, Spain

Nordics: Denmark, Finland, Norway, Sweden
 CEE: Central Eastern Europe

Source: EVCA / PEREP Analytics



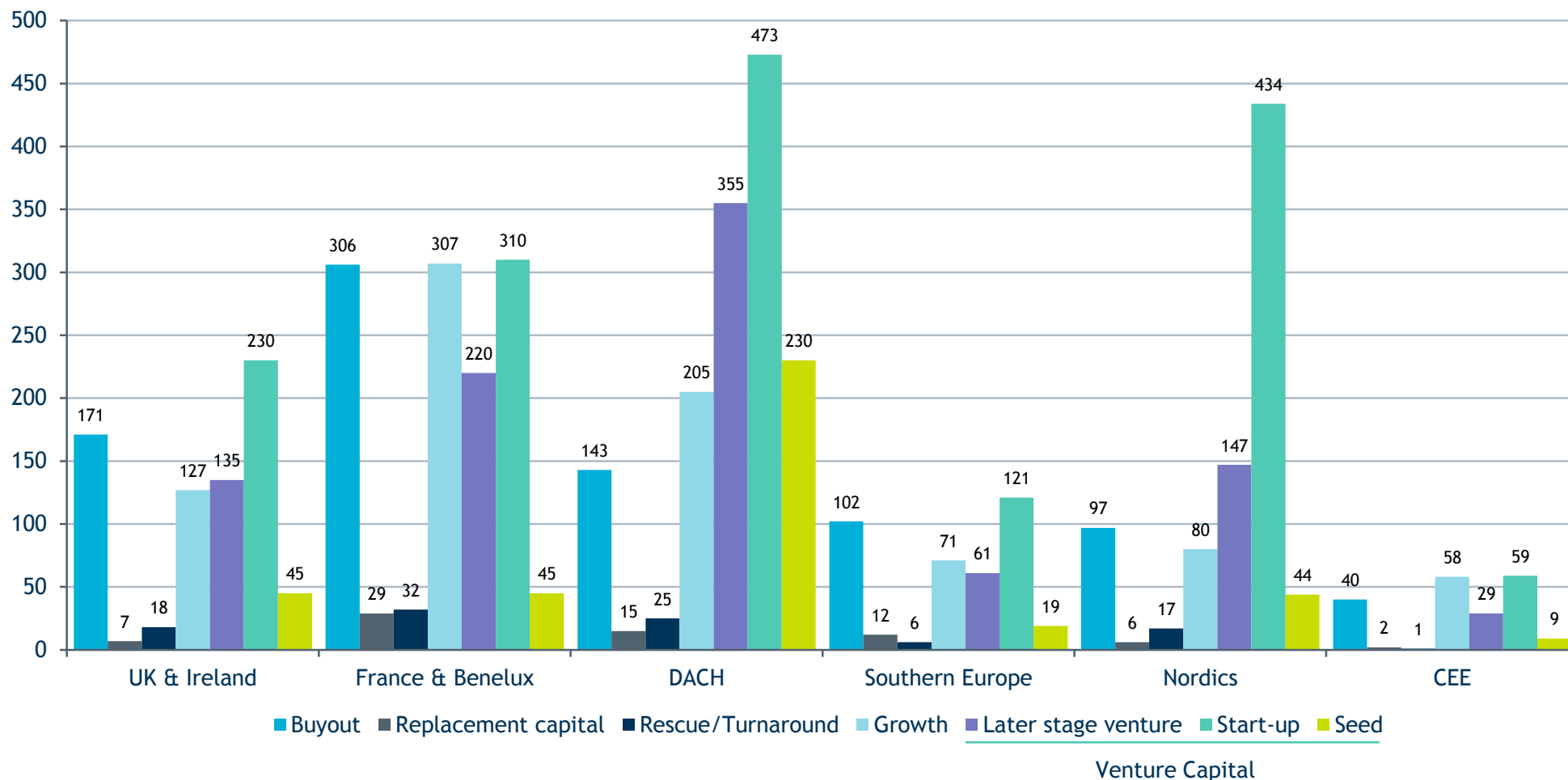
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Investments by stage focus & regions

2011 - Market statistics - Number of companies



Source: EVCA / PEREP Analytics

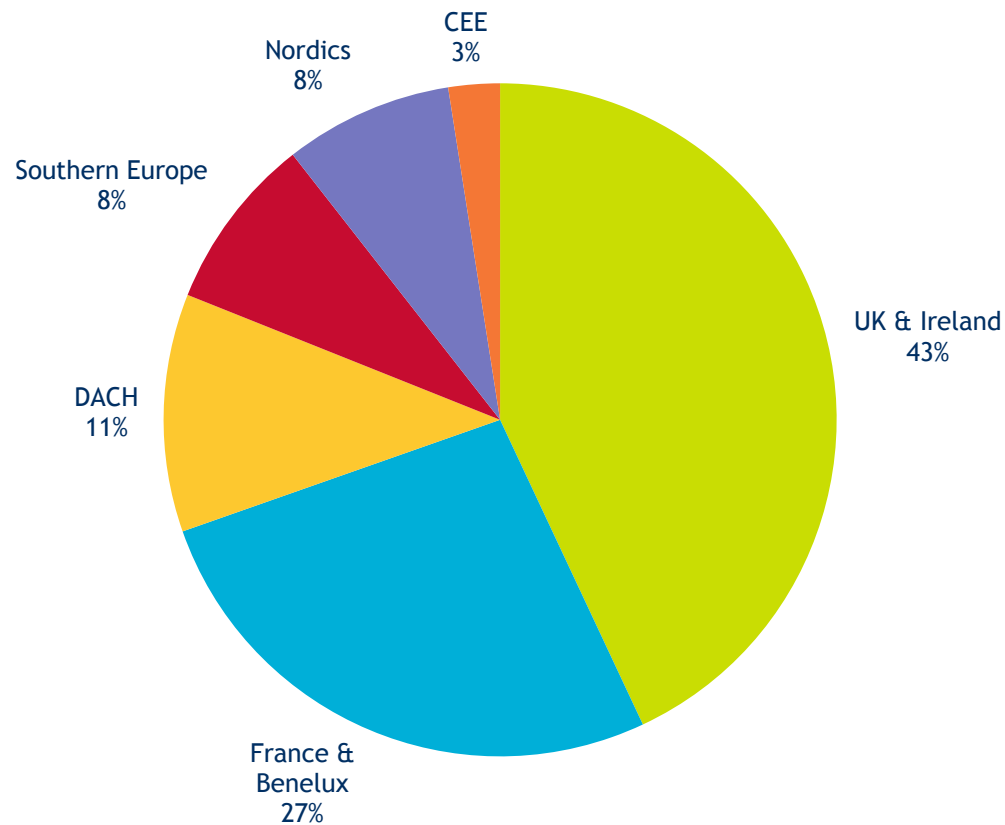
DACH: Austria, Germany, Switzerland
Southern Europe: Greece, Italy, Portugal, Spain

Nordics: Denmark, Finland, Norway, Sweden
CEE: Central Eastern Europe

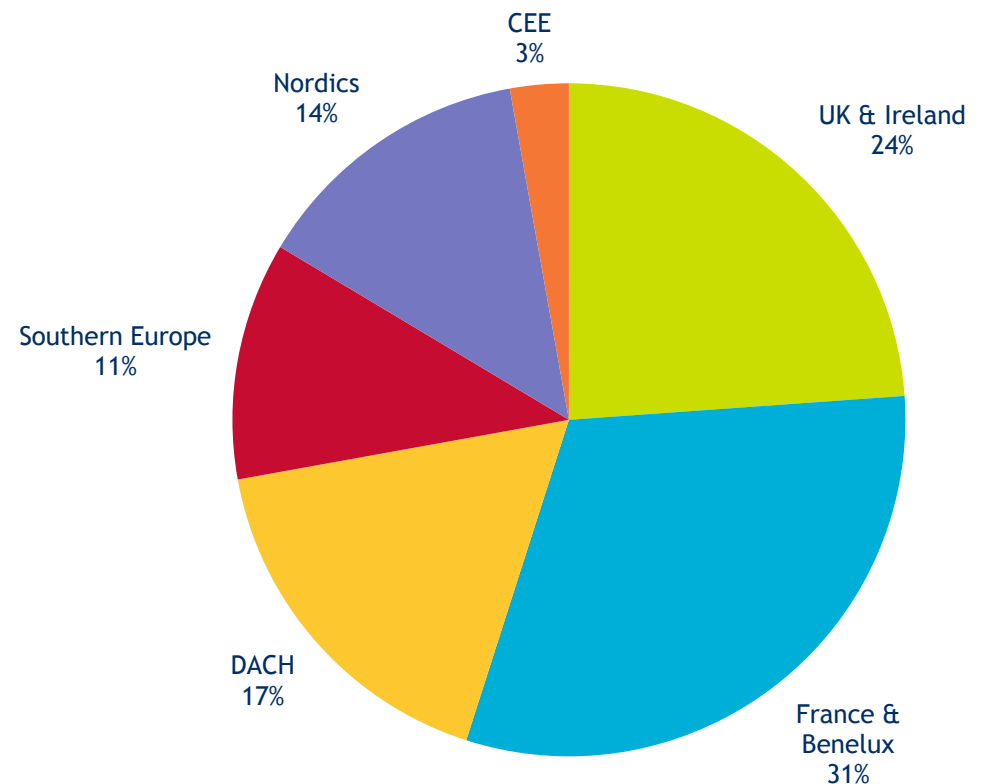
Investments by region

2011 - Industry vs. Market statistics - Amount

By country of the PE firm



By location of the portfolio company



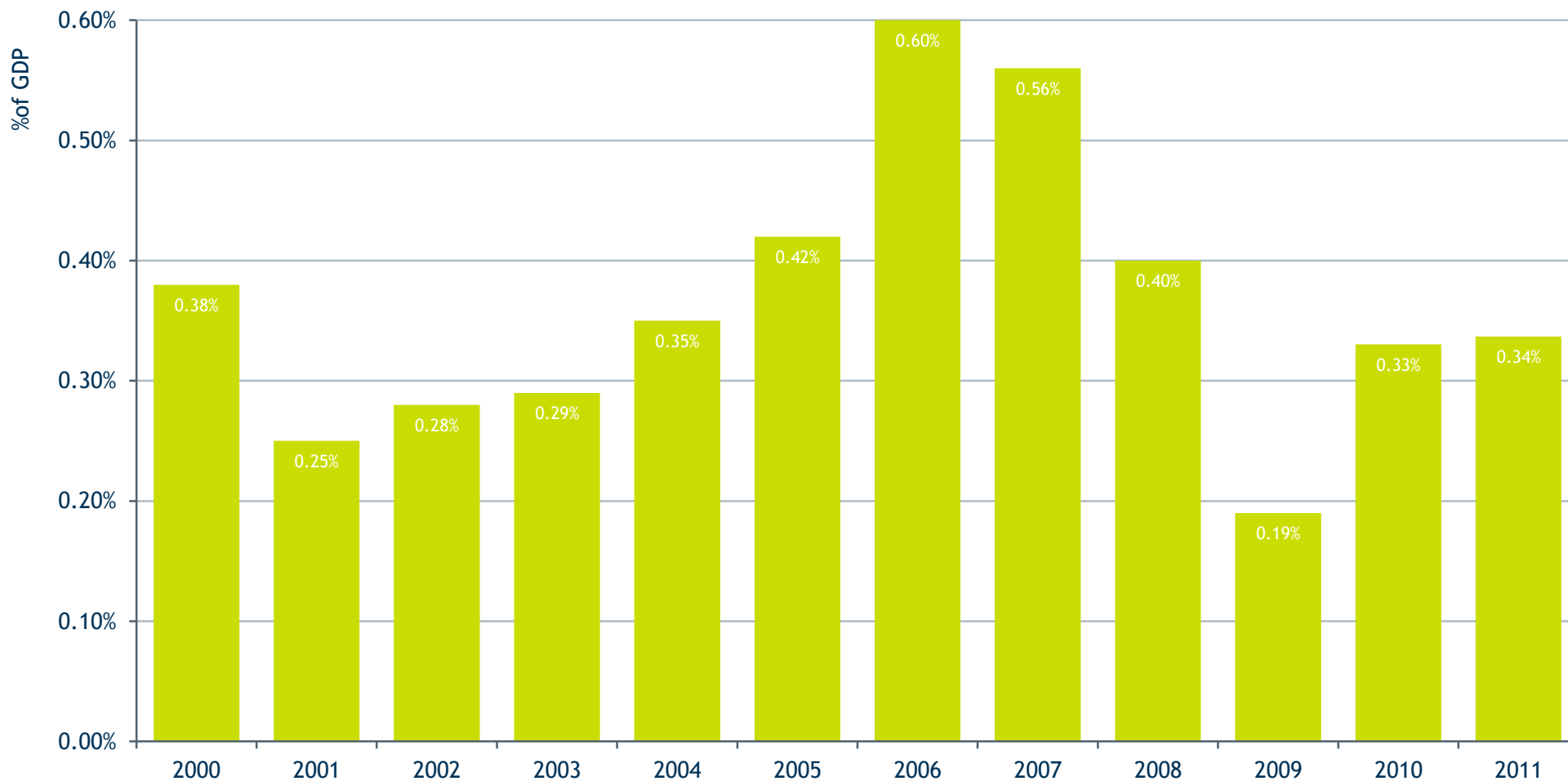
Source: EVCA / PEREP Analytics

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CEE: Central Eastern Europe

Investments as % of GDP

2000-2011 - Industry statistics - % of GDP



Source: Thomson Reuters Datastream (GDP) / EVCA / PEREP Analytics



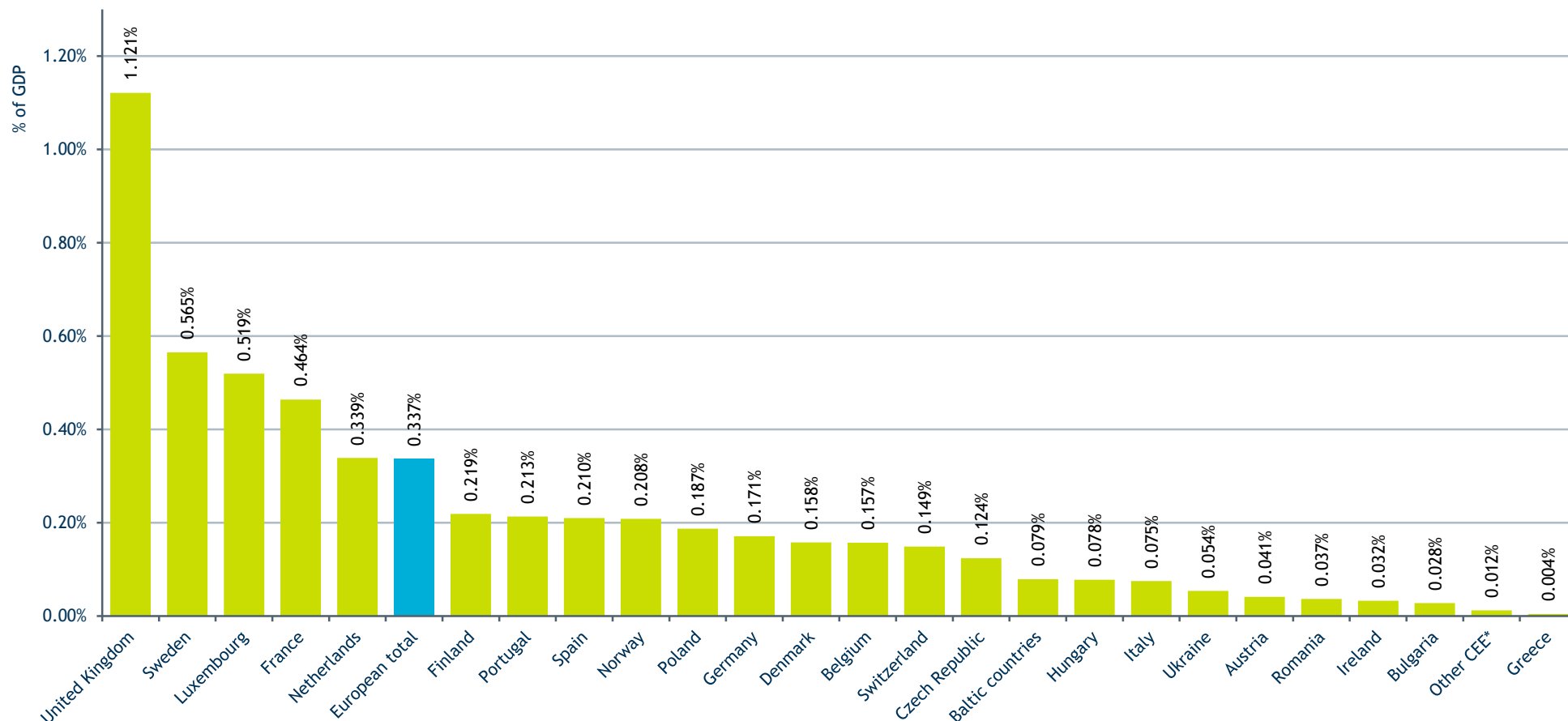
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Investments as % of GDP

2011 - Industry statistics



*Other CEE consists of Ex-Yugoslavia and Slovakia

Source: Thomson Reuters Datastream (GDP) / EVCA / PEREP Analytics



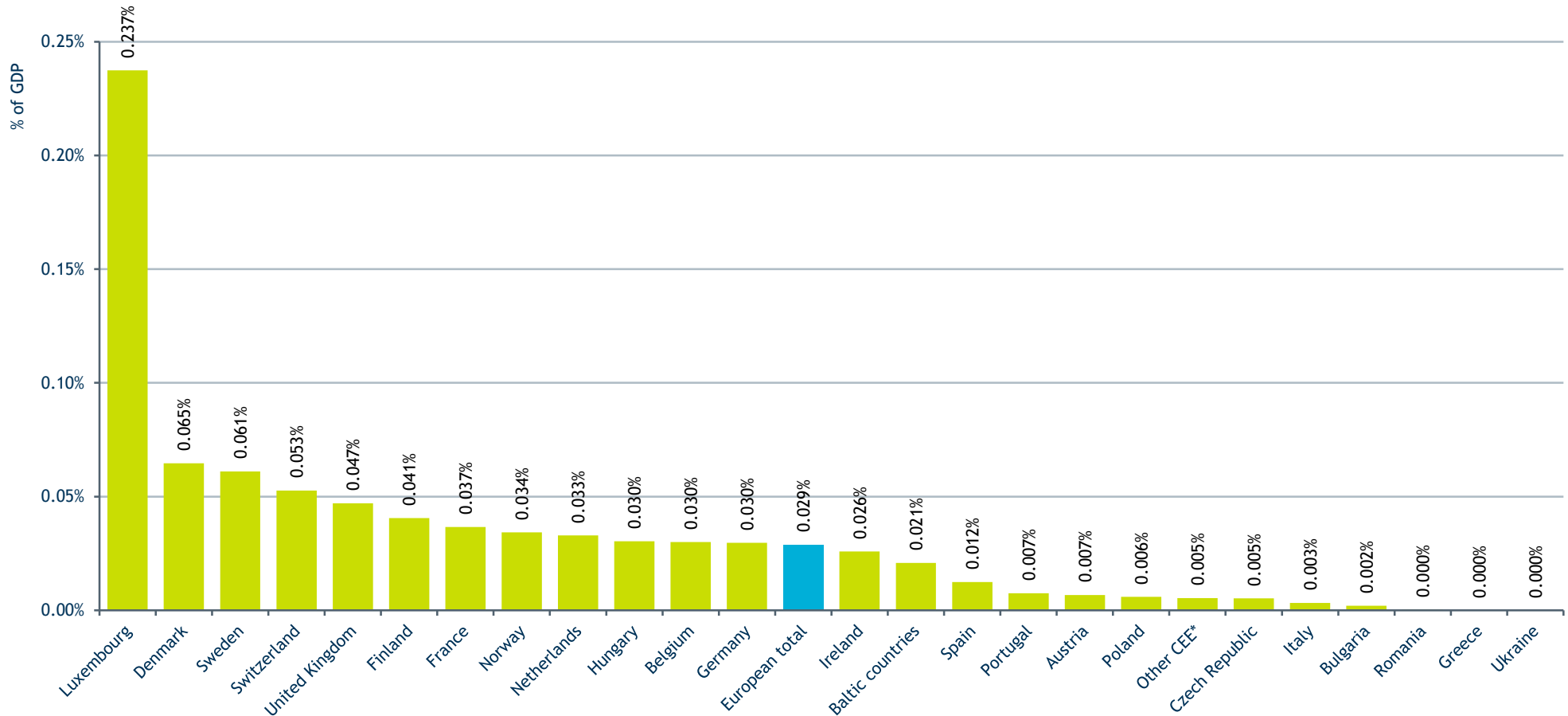
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Venture Capital - Investments as % of GDP

2011 - Industry statistics



*Other CEE consists of Ex-Yugoslavia and Slovakia

Source: Thomson Reuters Datastream (GDP) / EVCA / PEREP Analytics



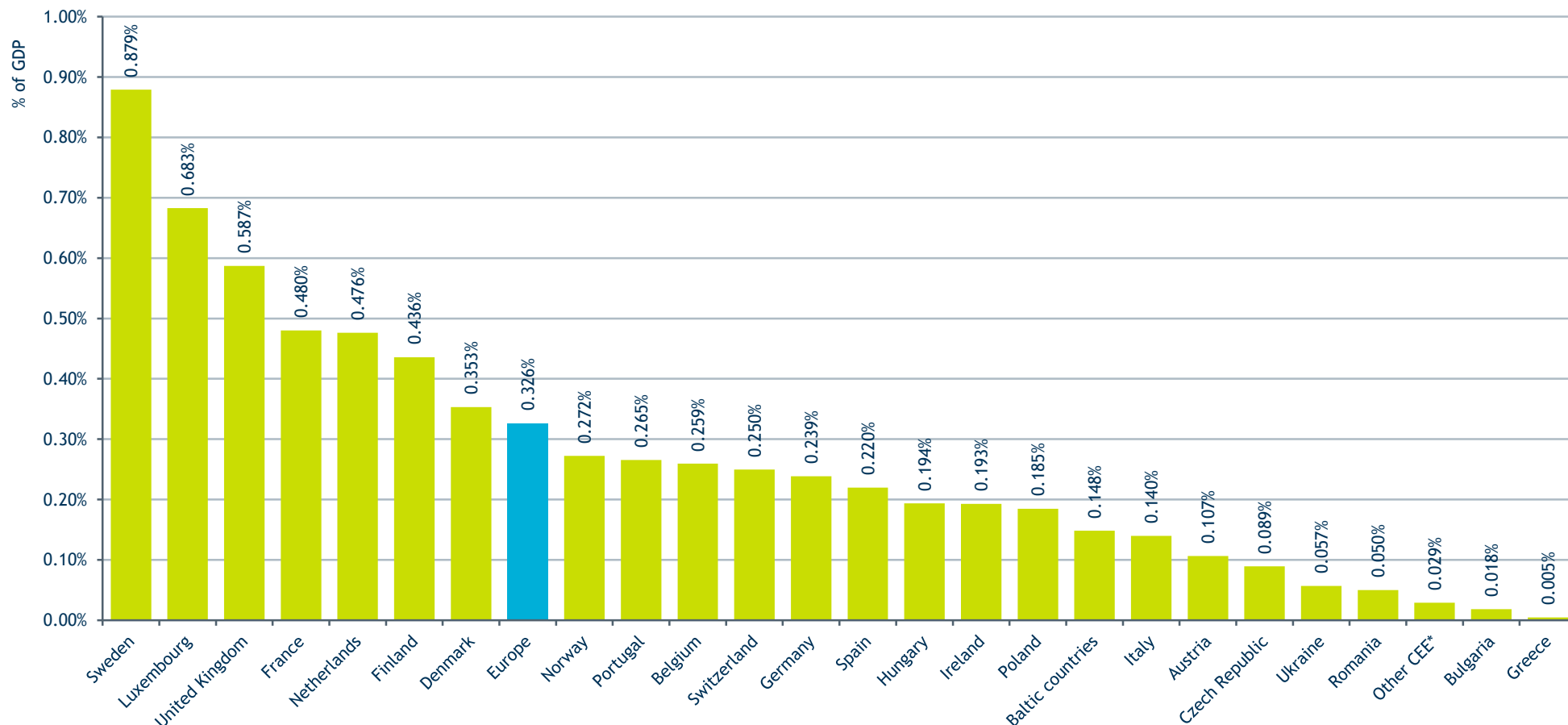
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Investments as % of GDP

2011 - Market statistics



*Other CEE consists of Ex-Yugoslavia and Slovakia

Source: Thomson Reuters Datastream (GDP) / EVCA / PEREP Analytics



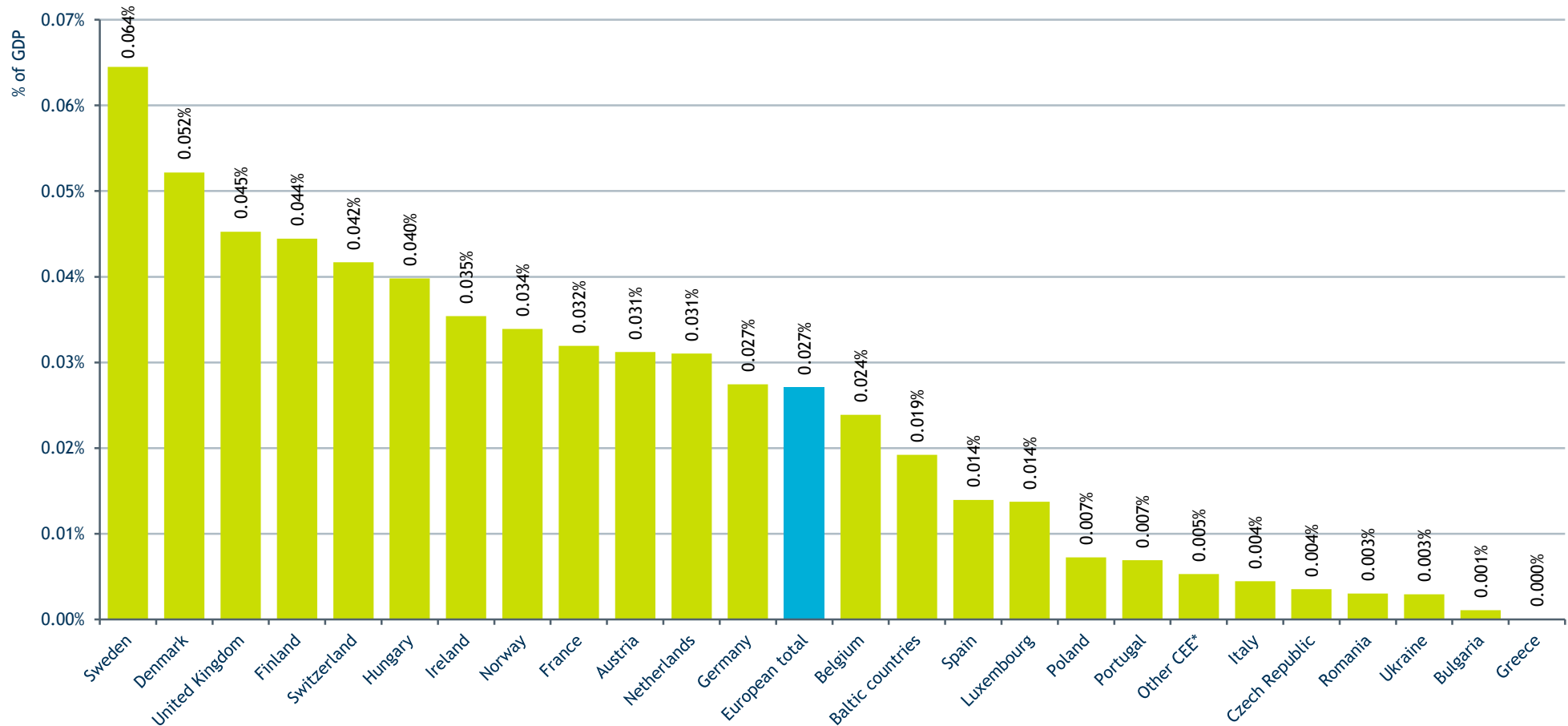
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Venture Capital - Investments as % of GDP

2011 - Market statistics



*Other CEE consists of Ex-Yugoslavia and Slovakia

Source: Thomson Reuters Datastream (GDP) / EVCA / PEREP Analytics



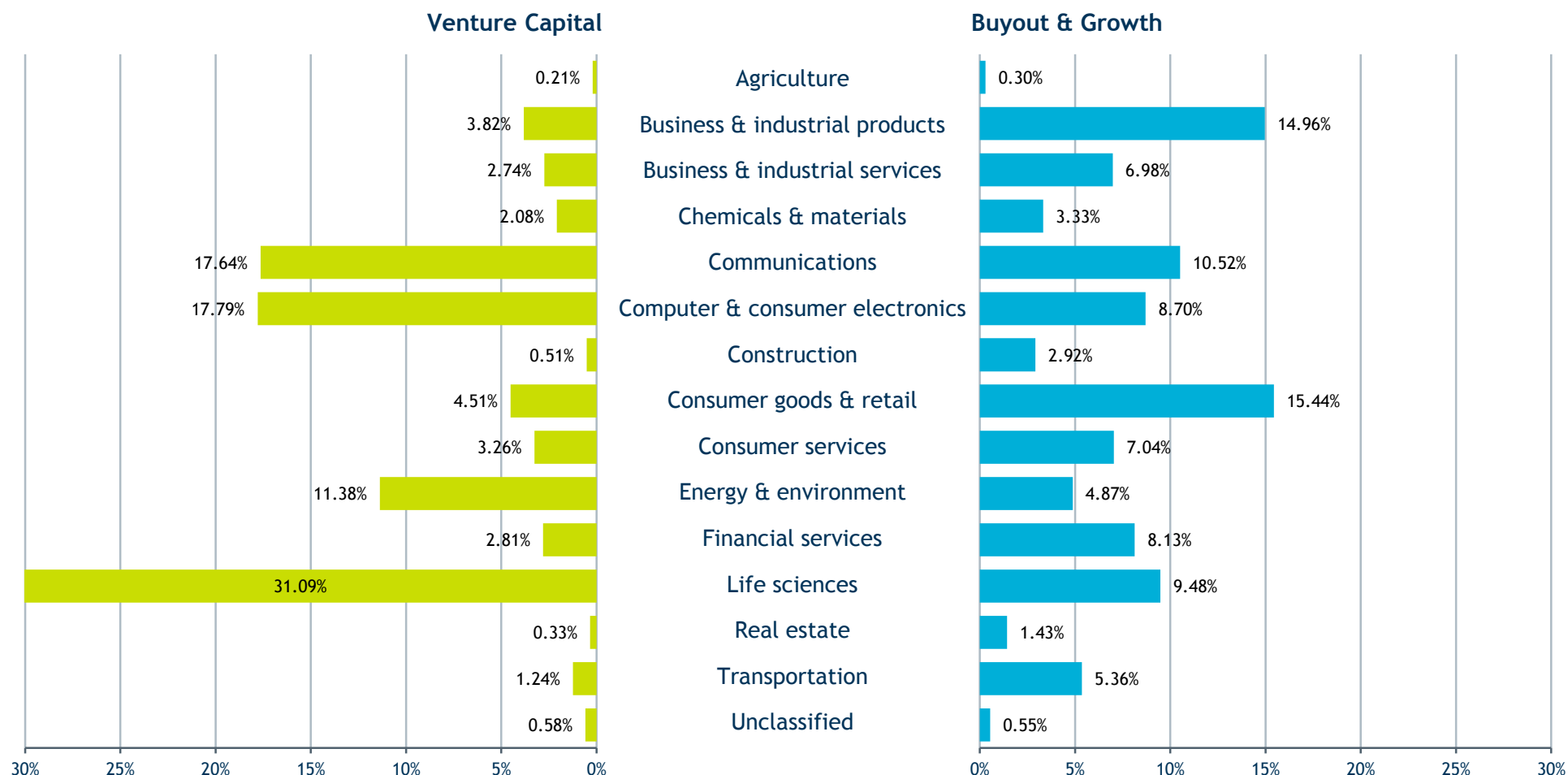
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Investments by sector focus - Venture Capital / Buyout & Growth

2011 - Market statistics - % of Amount



Source: EVCA / PEREP Analytics



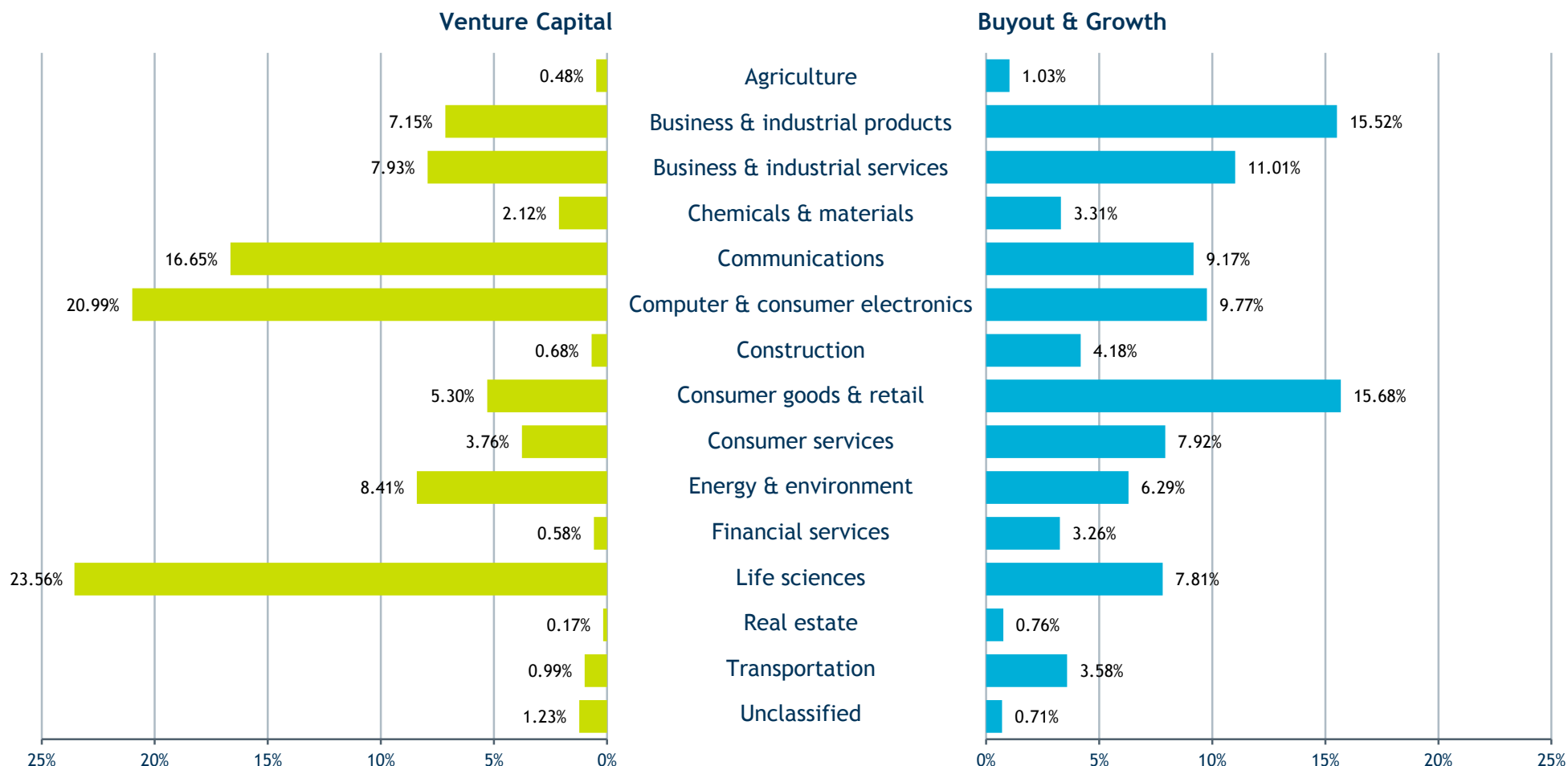
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Investments by sector focus - Venture Capital / Buyout & Growth

2011 - Market statistics - % of Number of companies



Source: EVCA / PEREP Analytics



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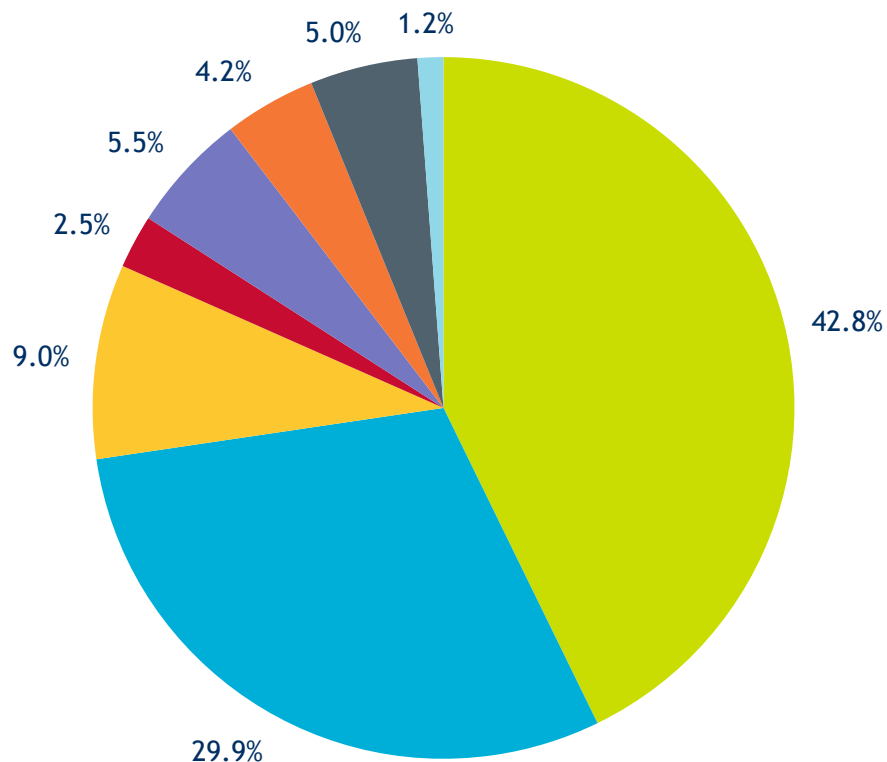
Investments

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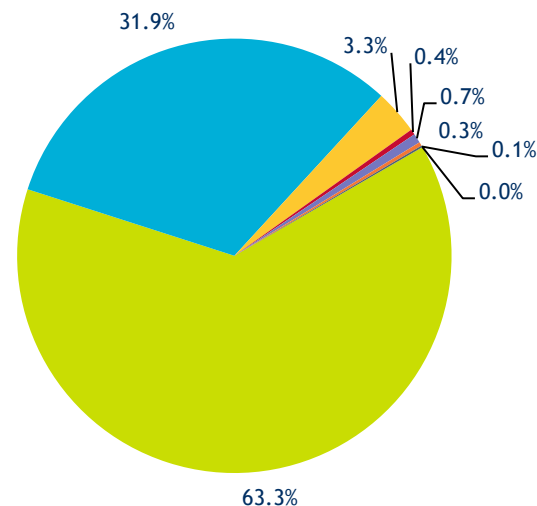
Investments by number of employees

2011 - Market statistics - % of number of companies financed

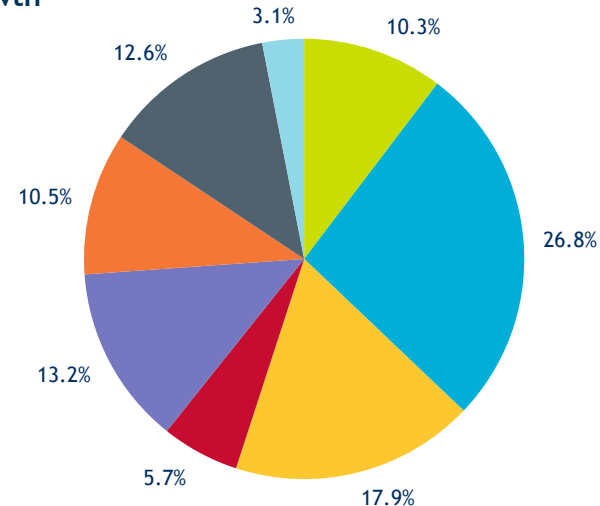
All Private Equity



Venture Capital



Buyout & Growth



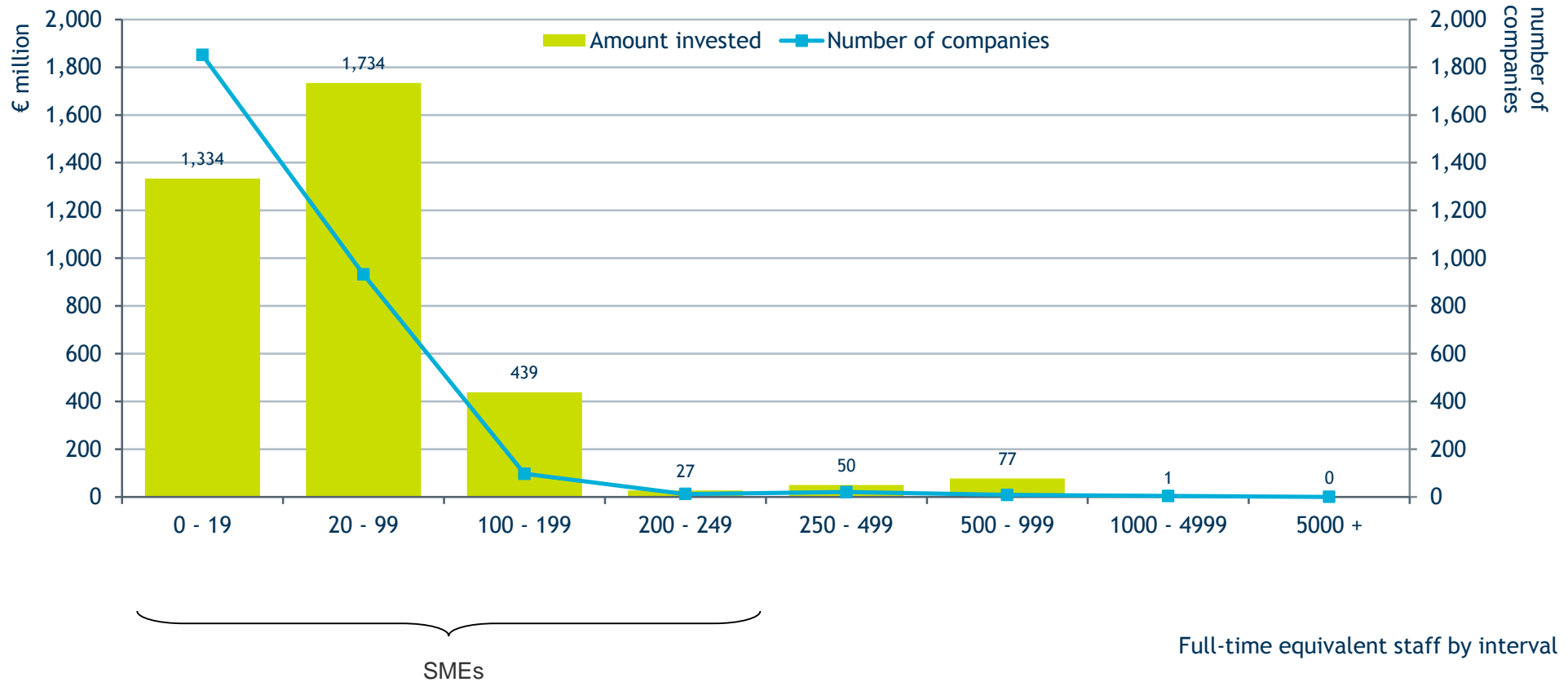
Source: EVCA / PEREP Analytics

Full-time equivalent staff by interval

- 0 - 19
- 20 - 99
- 100 - 199
- 200 - 249
- 250 - 499
- 500 - 999
- 1000 - 4999
- 5000 +

Venture Capital - Investments by number of employees

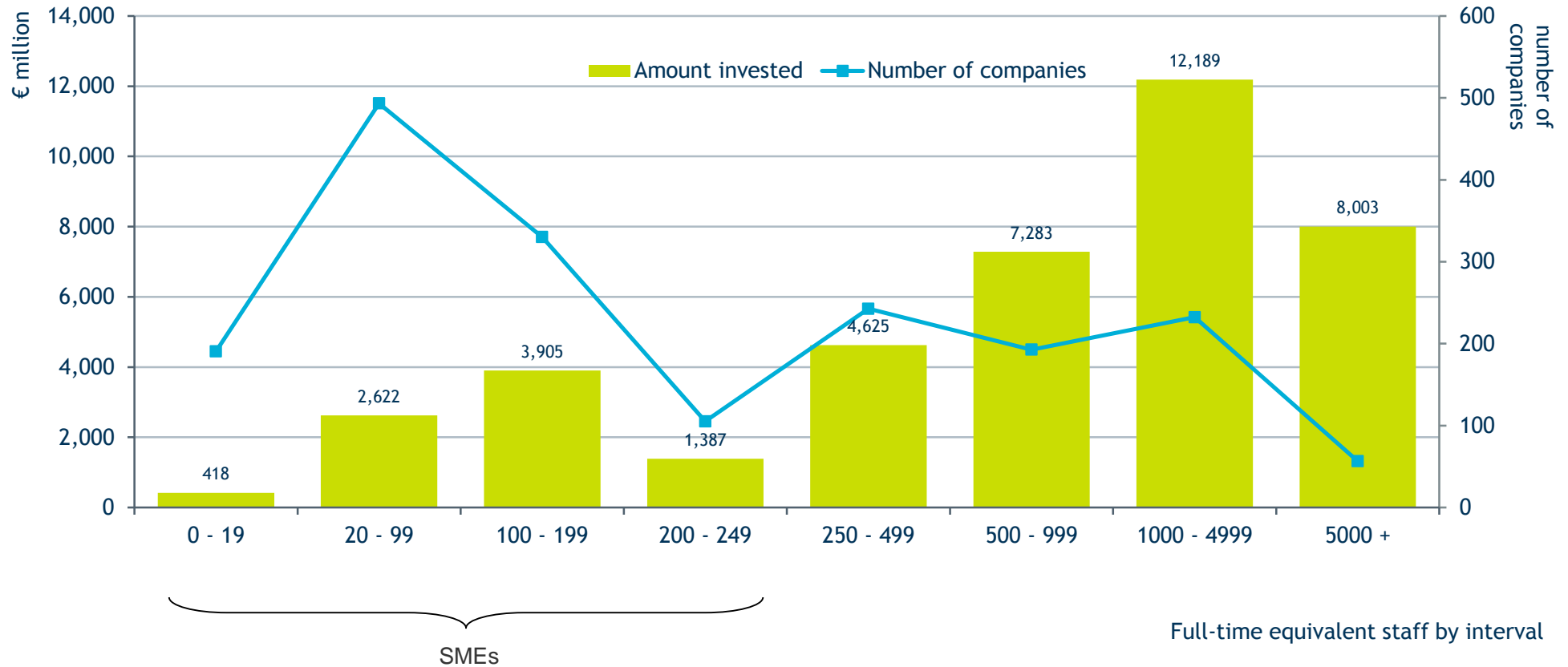
2011 - Market statistics - Amount invested & number of companies



Source: EVCA / PEREP Analytics

Buyout & Growth - Investments by number of employees

2011 - Market statistics - Amount invested & number of companies



Source: EVCA / PEREP Analytics

Divestments

Divestments Statistics explained:

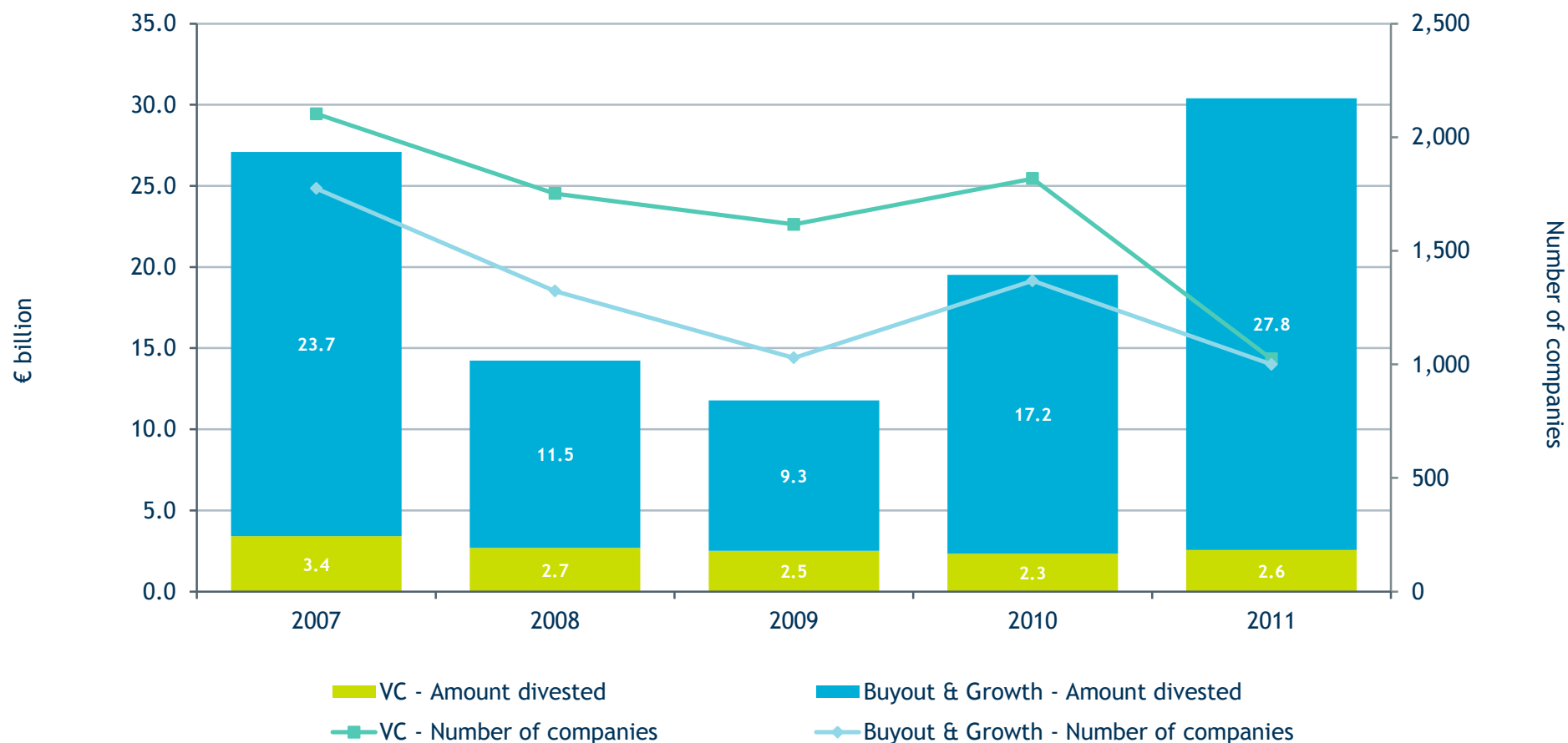
- **Industry statistics** are an aggregation of the figures according to the country of location of the private equity firm's office in charge of the deal. At the European level, this relates to divestments made by European private equity firms regardless of the location of the target company
- **Market statistics** are an aggregation of the figures according to the location of the portfolio company. At the European level, this relates to divestments of European companies regardless of the location of the private equity firm
- Divestment amounts are recorded at cost (i.e. the total amount divested is equal to the total amount invested before)

Glossary - Divestment Stages

- **Divestment by public offering:** the sale or distribution of a company's shares to the public for the first time by listing the company on the stock exchange, also includes sale of quoted shares after a lock-up period
- **Repayment of principal loans:** If a private equity firm provided loans or bought preference shares in the company at the time of investment, then their repayment according to the amortisation schedule represents a decrease of the financial claim of the firm into the company, and hence a divestment.
- **Repayment of silent partnership:** A silent partnership belongs to the so-called mezzanine financing instruments. It is similar to a long-term bank loan but, in contrast to a loan, a silent partnership is subject to a subordination clause, so that in the event of insolvency all other creditors are paid before the silent partner. The company has to repay the partnership and has to pay interest and possibly a profit-related compensation. The subordination clause gives the capital the status of equity despite its loan character. This financing instrument is frequently used in Germany.
- **Sale to another private equity house:** See sale to financial institution.
- **Sale to financial institution:** The sale of company shares to banks, insurance companies, pension funds, endowments, foundations and other asset managers other than private equity firms.
- **Trade sale:** The sale of company shares to industrial investors.
- **Divestment by write-off:** The total or partial write-down of a portfolio company's value to zero or a symbolic amount (sales for a nominal amount) with the consequent exit from the company or reduction of the share owned. The value of the investment is eliminated and the return to investors is equal or close to -100%.

Divestment at cost - Venture Capital / Buyout & Growth

2007-2011 - Industry statistics - Amount & Number of companies



Source: EVCA / PEREP Analytics



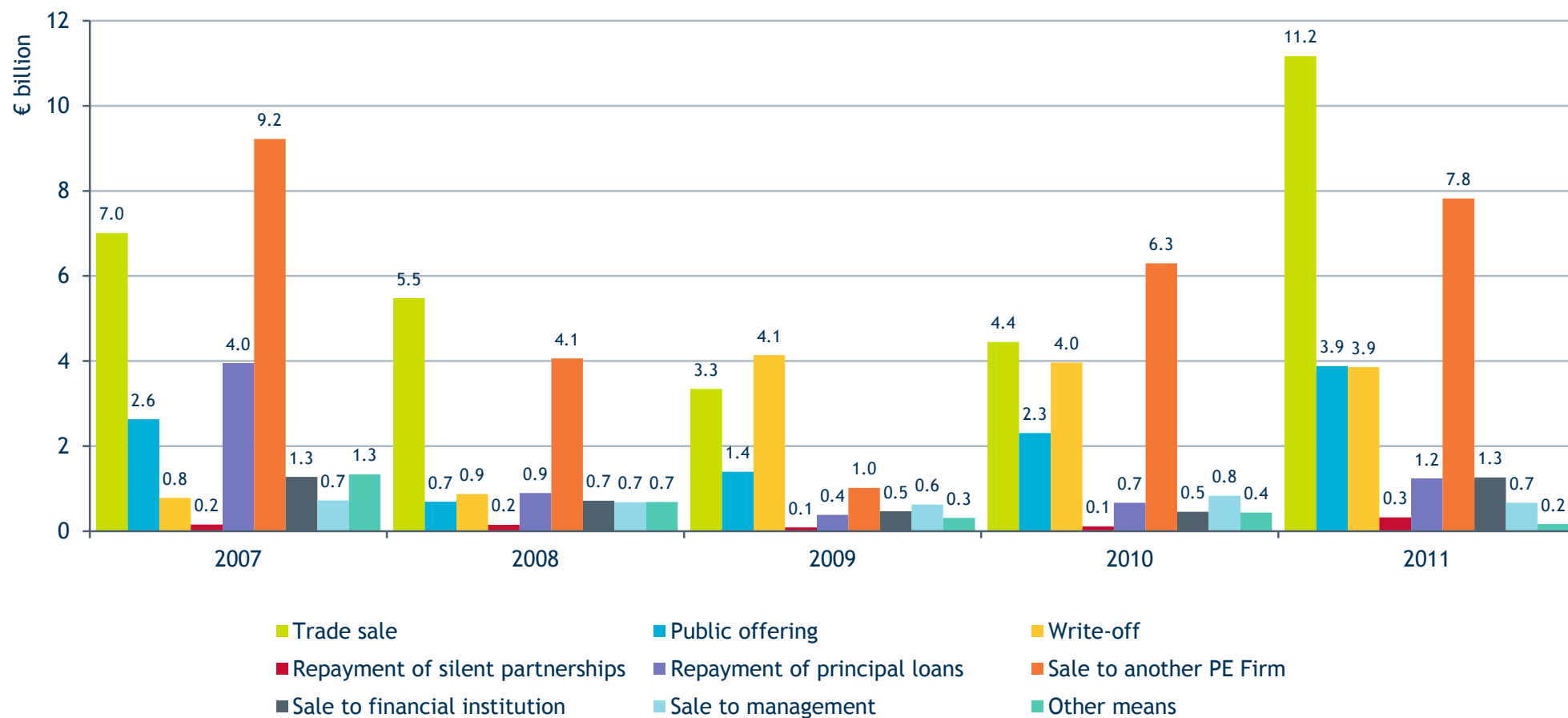
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Divestment at cost by exit route

2007-2011 - Industry Statistics - Amount at cost



Source: EVCA / PEREP Analytics



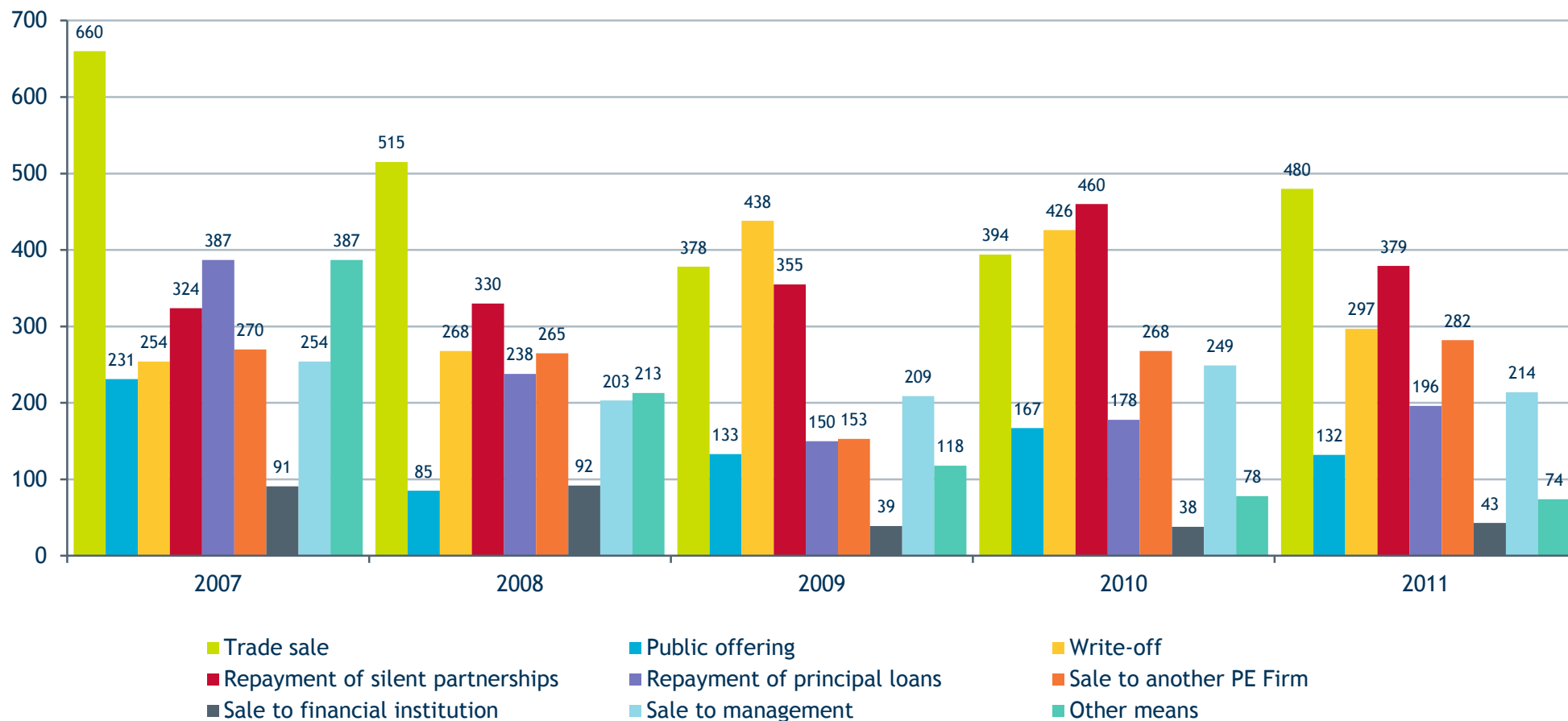
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Divestment at cost by exit route

2007-2011 - Industry Statistics - Number of companies



Source: EVCA / PEREP Analytics



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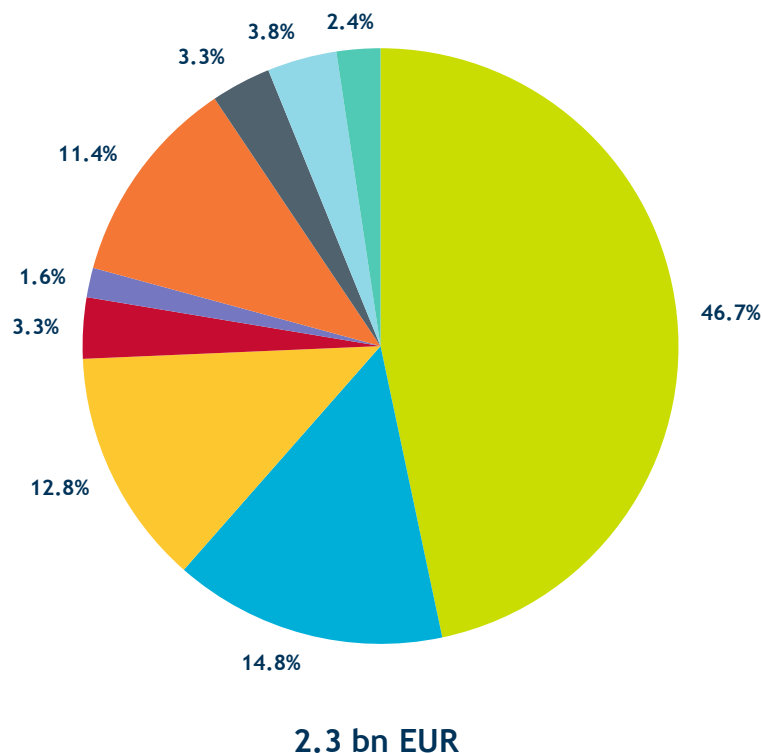
Divestments

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Divestment at cost by exit route - Venture Capital / Buyout & Growth

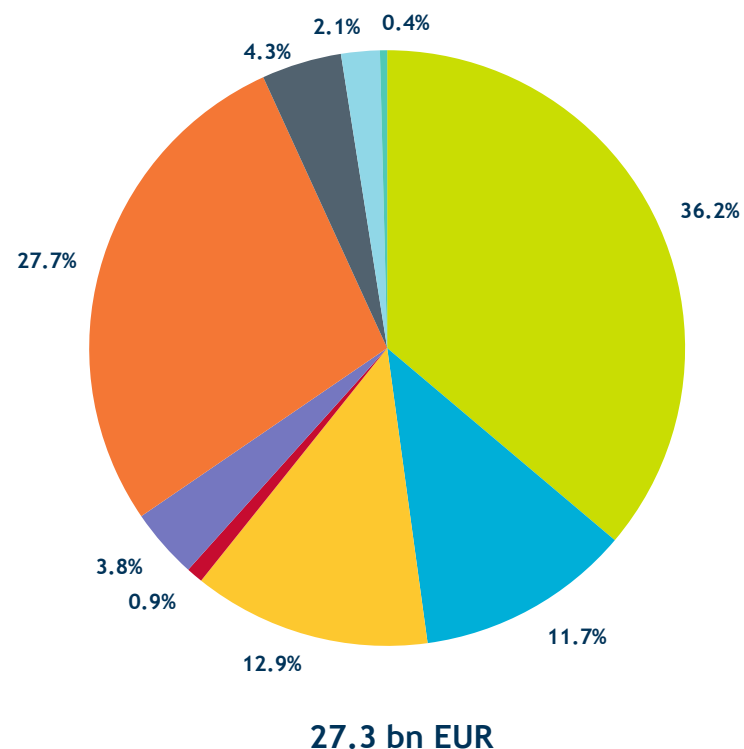
2011 - Market Statistics - % of Amount

Venture



Buyout & Growth

- Trade sale
- Public offering
- Write-off
- Repayment of silent partnerships
- Repayment of principal loans
- Sale to another PE Firm
- Sale to financial institution
- Sale to management
- Other means



Source: EVCA / PEREP Analytics



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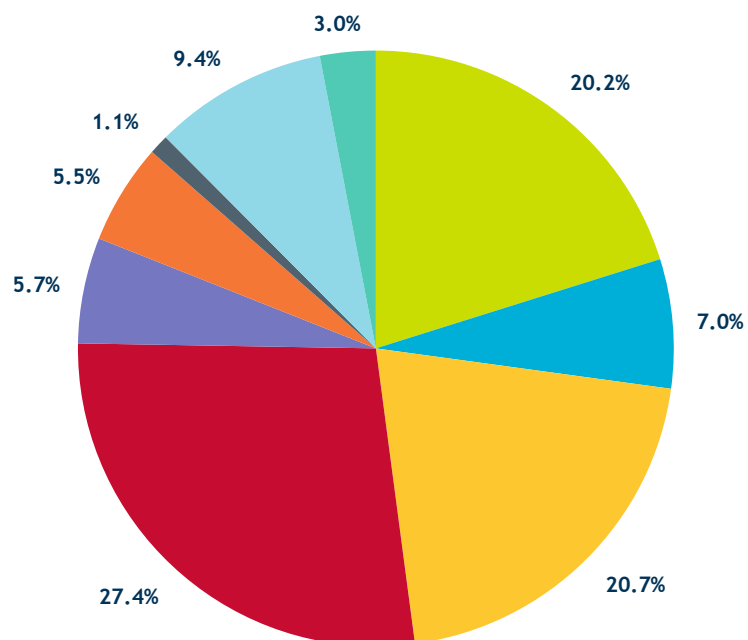
Divestments

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Divestment at cost by exit route - Venture Capital / Buyout & Growth

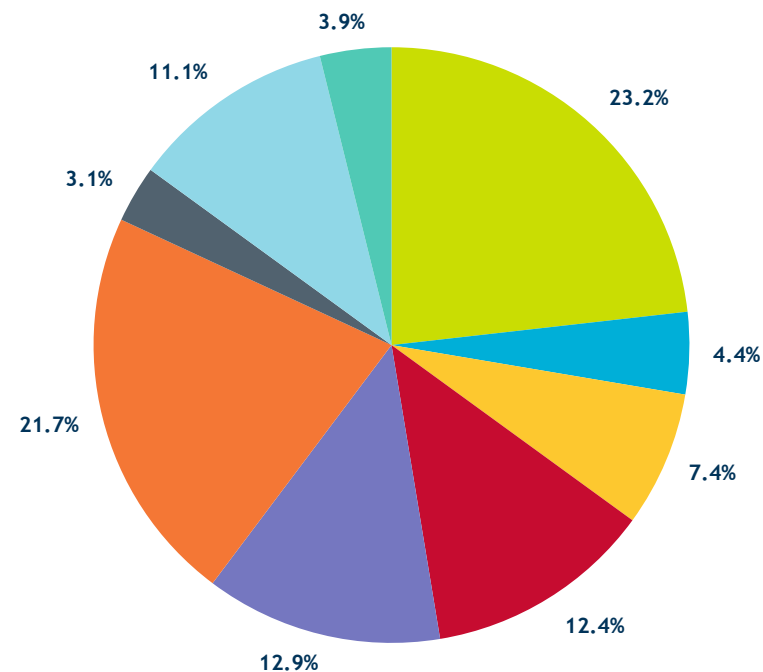
2011 - Market Statistics - % of Number of companies

Venture



991 Companies

Buyout & Growth



1,000 Companies

Source: EVCA / PEREP Analytics



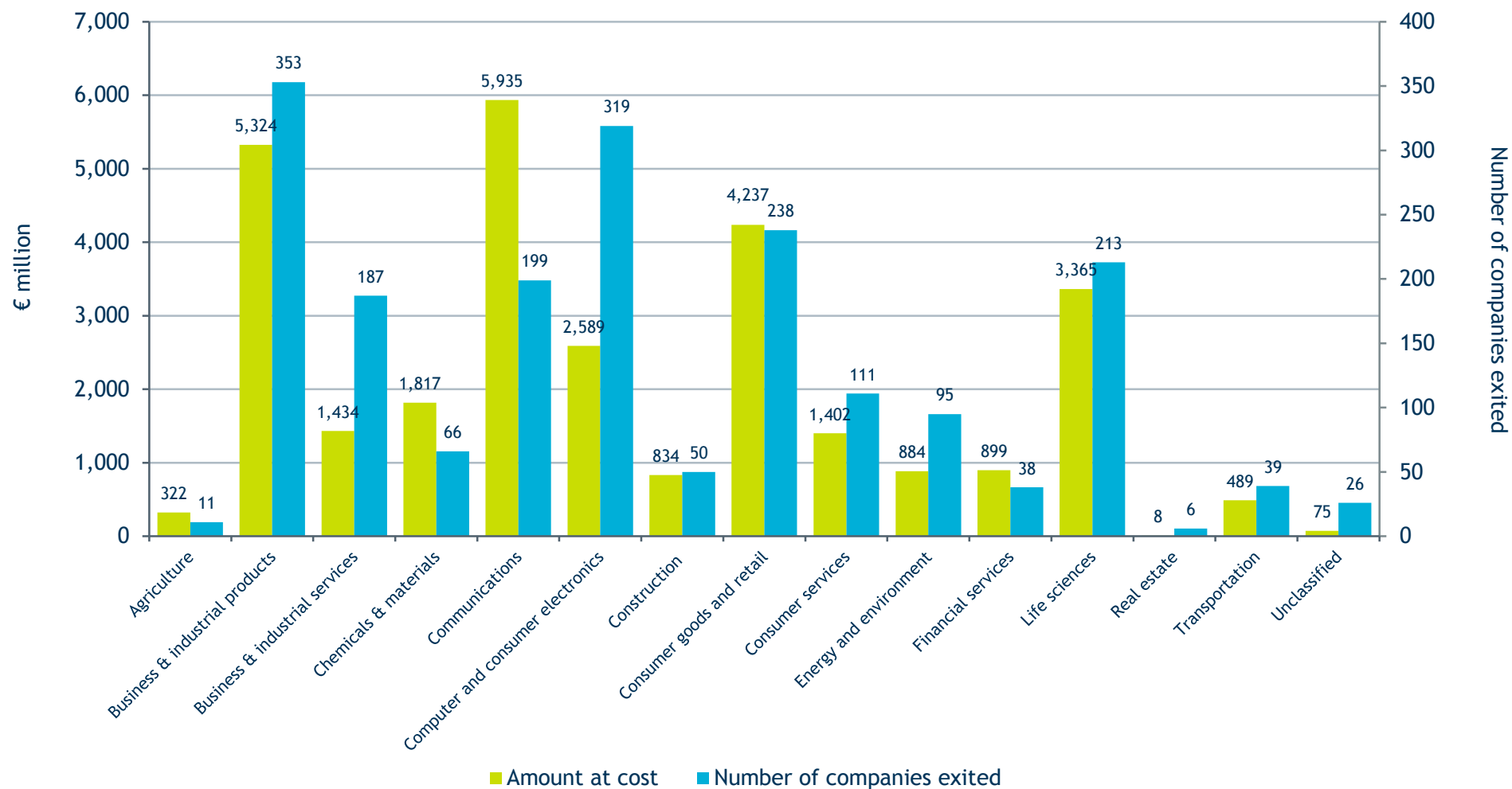
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Divestments at cost by sector

2011 - Market statistics - Amount & Number of companies (excluding write-offs)



Source: EVCA / PEREP Analytics



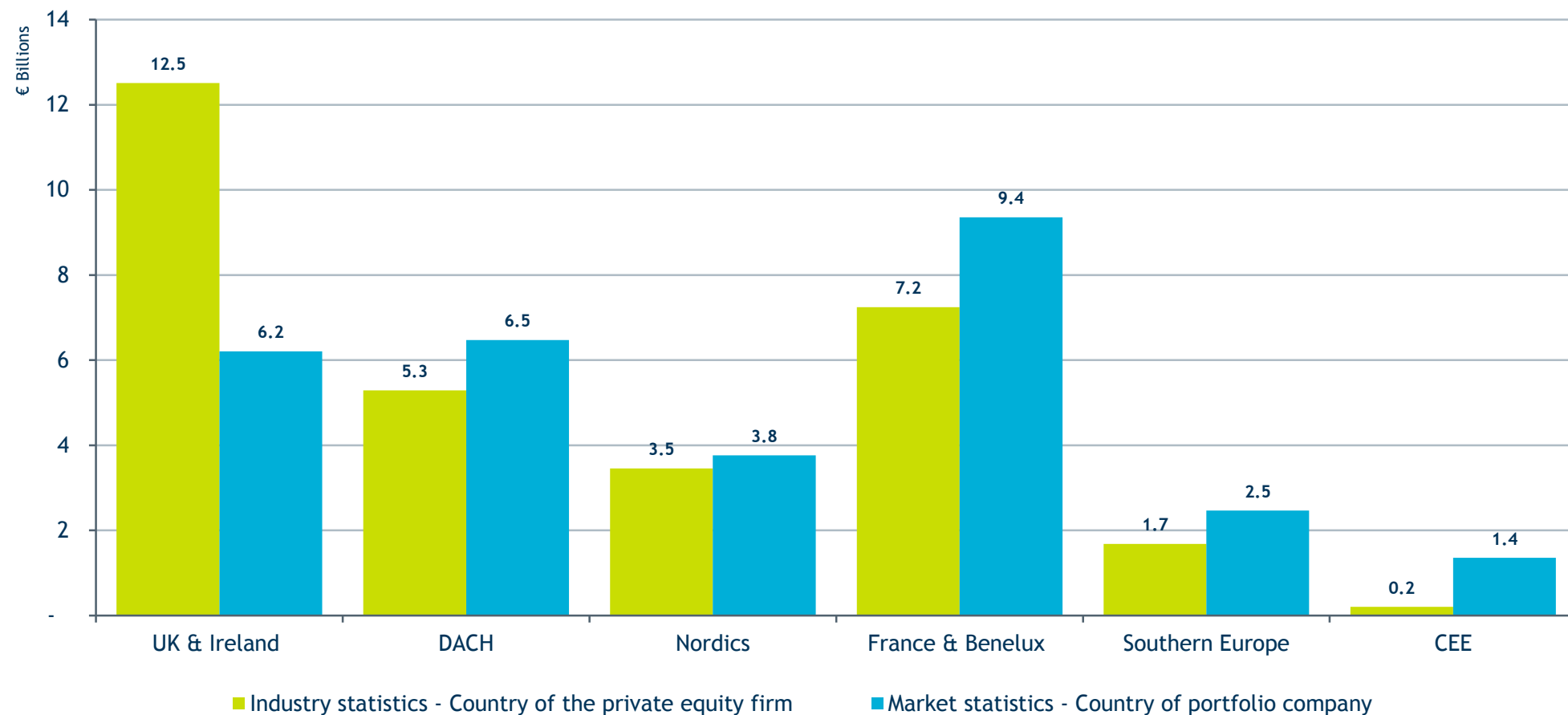
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Divestments at cost by region

2011 - Industry vs. Market statistics - % of Amount



Source: EVCA / PEREP Analytics

DACH: Austria, Germany, Switzerland
Southern Europe: Greece, Italy, Portugal, Spain

Nordics: Denmark, Finland, Norway, Sweden
CEE: Central Eastern Europe



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About PEREP_Analytics and EVCA Research

- The overall coverage rate of all European private equity firms was 64% based on 1,967 eligible private equity firms. In terms of capital under management, the 2011 annual survey covered 88% of the total European market (base € 539 billion)
- PEREP is a joint Pan-European statistics platform of the following private equity associations: APCRI (Portugal), AVCO (Austria), BVA (Belgium), BVK (Germany), CVCA (Croatia), CVCA (the Czech Republic), DVCA (Denmark), EstVCA (Estonia), EVCA (Europe), FVCA (Finland), HVCA (Hungary), IVCA (Ireland), LTVCA (Lithuania), NVCA (Norway), NVP (the Netherlands), PPEA (Poland), SECA (Switzerland), SEEPEA (South Eastern Europe), SLOVCA (Slovakia), SVCA (Sweden). PEREP has collected data directly from associations' members and participants in the other countries in Europe.



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