

Press Release

European Private Equity & Venture Capital Association
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CREATING LASTING VALUE



European private equity investment over €40bn in 2014, exits hit record levels, new EVCA data shows

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- *European private equity investment rises 14% to €41.5bn in 2014*
- *Over 5,500 European companies get private equity investment, 80% SMEs*
- *Divestments rise 10% to record €37.8bn, 2,400 companies exited*
- *Funds raise €44.6bn in 2014, the second-highest total in five years*

Brussels, Belgium - [7] May 2015 - Private equity investment in European companies increased by 14% to €41.5 billion in 2014, as the number of companies receiving buyout, growth and venture capital investments reached its highest level in the past five years, according to new data released today by the [European Private Equity & Venture Capital Association](#).

The figures come from the EVCA's 2014 European Private Equity Activity report, the most comprehensive and authoritative source of private equity fundraising, investment and divestment data for Europe. The 2014 European Private Equity Activity report provides data on more than 1,200 European private equity firms and covers 91% of the €548 billion in capital under management in Europe.

More than 5,500 companies across Europe benefited from private equity and venture capital investment in 2014, an 8% increase on the previous year. Of these businesses, over 80% were small and medium-sized enterprises (SMEs), almost half of them attracted private equity funding for the first time. Venture capital investments made up the bulk of the companies backed, with over 3,200 companies receiving funding as investments increased by 6% to €3.6 billion.

EVCA Chief Executive Dörte Höppner said: "Private equity and venture capital play an ever increasing role in Europe's capital markets. In 2014, we saw a clear pickup of investment and divestment activity across Europe, supported by robust fundraising. Against the backdrop of extremely high liquidity in financial markets, our numbers are proof of a strong and stable private equity industry which displays no signs of overheating; the industry will continue to play a central role in the European economy."

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Record private equity exits in 2014

Private equity divestments reached a record €37.8 billion in 2014, as firms exited more than 2,400 companies. The figure divested at cost is the highest level to date for the private equity industry in Europe and represents a 10% increase on 2013.

Initial Public Offerings (IPOs) played an increasingly important role in divestment activity. Exits via public markets more than doubled from 23 to 51 companies, while the amount divested at cost increased by more than 50% to €3.3 billion. The most prominent exit routes by amount were trade sale (26%), and sale to another private equity firm (24%).

“Record divestment activity in 2014 reflects the quality of businesses being created by European private equity. While the rise in IPO activity is welcome and demonstrates investor appetite for new share offerings, we must do more to improve public market access for SMEs. The EVCA has been working with fellow European associations via the IPO Task Force to promote a healthier IPO market that benefits companies and investors alike,” Höppner commented.

Strong momentum in private equity fundraising

European private equity fundraising enjoyed another strong year in 2014. Fundraising reached €44.6 billion, its second highest level in the past five years. The performance is only surpassed by 2013's post-crisis peak of €54.4 billion, which was heavily influenced by a small number of large funds raised.

The number of new funds raised is the highest since 2011 at 298, with increases in all private equity segments, including buyouts, growth, mezzanine and venture capital.

European private equity continued to attract significant capital from around the globe as institutional investors from outside Europe accounted for 40% of funds raised. Pension funds provided over one-third of the capital raised. Meanwhile, funds of funds contributed 12% of the total, followed by government agencies (11%) and insurance companies (10%).

More detailed data about private equity and venture capital fundraising, investment and divestment activity by stage and sector across Europe is available in the EVCA's [European Private Equity Activity report](#).

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About the data

The EVCA PEREP_Analytics database monitors 1,963 private equity firms with €548 billion capital under management in aggregate. The 2014 activity survey by PEREP_Analytics covers 91% of that capital and records fundraising, investment and divestment activity for more than 1,200 firms. Data is collected for the whole of Europe, including countries such as Norway, Switzerland and the Ukraine, and not only the European Union.

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European Private Equity and Venture Capital Association

The EVCA is the voice of European private equity.

Our membership covers the full range of private equity activity, from early-stage venture capital to the largest private equity firms, and funds investing in infrastructure. We also represent institutional investors such as pension funds and insurance companies, who are a key source of long-term financing in Europe and invest in private equity, venture capital and infrastructure funds. The association is composed of 650 member firms and 500 affiliate members.

The EVCA shapes the future direction of the industry, while promoting it to stakeholders such as entrepreneurs, business owners and employee representatives.

We explain private equity to the public and help shape public policy, so that our members can conduct their business effectively.

Frequently asked questions

1. How did the private equity investment figure break down in 2014?

- The total amount of equity investments in European companies increased by 14% to €41.5 billion. The related number of companies increased by 8% to over 5,500, representing a five-year high. Over 80% of companies backed are SMEs.
- More than 900 companies received buyout investments with an equity amount totaling €31.3 billion. The equity invested increased by 12% and the number of companies by 13% compared with 2013. The majority of equity was invested in small and mid-market transactions. More than 60% of buyout investment was concentrated in companies active in business & industrial products (15%), computer & consumer electronics (14%), communications (12%) consumer goods & retail (12%) and life sciences (12%).

2. What happened to venture capital and growth investing in 2014?

- Venture capital investments increased by 6% to €3.6 billion. More than 3,200 companies were venture-backed. Start-up investments accounted for the majority of venture capital activity by value (52%) and number of companies (60%). The value of seed investment fell 16% and 13% by number companies. Later stage investments increased by 10% by amount despite a 4% reduction in number of companies. Life sciences accounted for 31% of venture-backed companies, followed by communications (21%) and computer & consumer electronics (20%).
- Growth investments grew 56% to €5.6 billion. The number of companies receiving this investment increased by 13% to 1,270, the highest level of growth investment to date. Companies active in consumer goods and retail accounted for 26% of investment, followed by consumer services (13%) and communications (12%).



3. How did record exit figures for 2014 break down?

- Divestments at cost reached €37.8 billion, a 10% increase on 2013 and the high level recorded to date for European private equity. A total of 2,416 European companies were exited representing a 5% increase on 2014.
- The most prominent exit routes by amount were trade sale (26%), sale to another private equity firm (24%) and sale of quoted equity (10%). Exits at an IPO increased from 23 to 51 companies. The related amount divested at cost increased by over 50% to €3.3 billion.
- Buyout divestments share was 87% of the equity amount at cost and 32% by number of companies. The amount divested increased by 12% to €32.8 billion and the number of companies increased by 10% to 776.

4. How did venture capital and growth exits fare in 2014?

- Divestments from venture capital investments represented 42% of all exited companies and remained constant at over 1,000. The equity amount divested decreased by 16% to €1.9 billion, with venture capital accounting for 5% of total divestment. Trade sales were by far the most prominent exit route, representing 45.3% of divestment at cost.
- Growth divestments represented 6% of equity divested at cost and 25% by number of companies. The amount divested increased by 16% to €2.2 billion and the number of companies increased by 9% to 611. Again trade sales were the most prominent exit route, accounting for 26.6% of divestment at cost.

5. How much money was raised in 2014 by how many funds?

Total European fundraising reached €44.6 billion in 2014, the second highest level in the last five years. The figure represented an 18% fall on 2013, a post-crisis peak for European fundraising. However, the number of funds raising new capital reached 298, highest level since 2011.

6. Why did fundraising volume decrease?

Buyout fundraising volume reduced by 23% to €35.1 billion due to a lower share coming from funds that raised more than €1 billion. Venture capital fundraising decreased by 12% to €4.1 billion. In contrast, growth fundraising rose by nearly 70% to €1.8 billion, the highest level since 2011.

7. Where did the money come from?

Pension funds provided more than one third to the capital raised. Fund of funds contributed 12%, followed by government agencies (11%) and insurance companies (10%). Institutional investors outside Europe contributed 40%. North American institutional investors alone contributed 27.7% of the total.

8. How much has private equity invested in Europe since the financial crisis?

€349 billion in equity was invested in 27,959 European companies that received private equity investment between 2007 and 2014. Approximately 21,000 European companies that received private equity investment between 2007 and 2014 remain actively private equity backed.

9. How representative is the data collected?

1,963 private equity firms with €548 billion capital under management in aggregate are monitored by the PEREP_Analytics database. The 2014 activity survey by PEREP_Analytics covered 91% of the €548 billion capital under management. Information on activity (fundraising, investment and divestment) was recorded for more than 1,200 firms. Only direct private equity investment funds that primarily focus on investments in Europe are monitored. Data is collected for the whole of Europe, not just the European Union, and includes countries like Switzerland, Norway and the Ukraine.

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10. Can you provide a breakdown of individual funds and countries?

Confidentiality rules do not allow reporting of disaggregated data that would reveal the identity of individual private equity firms and their portfolio companies. The EVCA does provide aggregate figures on a country by country basis on its website at <http://www.evca.eu/research/activity-data/annual-activity-statistics/>