

Press Release

European Private Equity & Venture Capital Association
Bastion Tower, Place du Champ de Mars 5
B-1050 Brussels, Belgium
T +32 2 715 00 20 F +32 2 725 07 04
info@evca.eu www.evca.eu

CREATING LASTING VALUE



Brussels, 2 May, 2013

EVCA Yearbook: 2012 Pan-European Private Equity and Venture Capital Activity

The EVCA today launches the [EVCA Yearbook](#), the authoritative resource on 2012 private equity fundraising and investment activity across Europe.

Private equity invested €36.5 billion (bn) in nearly 5,000 European businesses in 2012, a similar number of companies to last year. Nearly half (about 43 percent) of all the companies receiving investment were private equity backed for the first time.

Of the total €36.5 bn, €3.2 bn were venture capital investments in about 2,900 companies. Although the amount invested reduced year on year by 14 percent, the number of venture backed companies remained stable.

Overall fundraising dropped by 43 percent compared to 2011, to €23.6 bn. This was driven by a change in the profile of funds raising capital in 2012.

13 funds raised more than €250m last year, in comparison to double that number (26 funds) in 2011. Funds larger than €250m raised 51 percent less in total compared to 2011. In comparison, funds smaller than €250m raised 25 percent less over the same period.

The industry attracted significant levels of overseas capital into Europe. Investors from outside Europe contributed about 40 percent (€8.6 bn) of the funds raised.

Pension funds and fund of funds accounted for almost half of the €23.6 bn total, raising more than 20 percent each. Family offices and private individuals, government agencies and sovereign wealth funds raised between 10-12 percent each.

EVCA Secretary-General Dörte Höppner said: "Private equity has supported thousands of European companies in 2012, while attracting significant levels of overseas capital into Europe.

"Despite the challenging macro-economic environment, private equity continues to play a crucial role in identifying those European businesses with the potential to become tomorrow's success stories, providing essential financing and guidance.

"The drop in overall fundraising reflects the fact that fewer large funds were seeking capital last year. Private equity funds have a long-term investment horizon and investors such as pension funds and insurers, against the background of a low-yield environment, will continue to turn to them to deliver stable returns."

The EVCA Yearbook is the most robust source of data for European private and venture capital activity based on independently collected data, data from private equity General Partners across Europe and from national private equity and venture capital associations. It is online in different formats (see [here](#)). EVCA data is used routinely by the European Commission, OECD, EUROSTAT, leading think tanks, academics and journalists.



Frequently Asked Questions

1. How much money was raised?

Overall fundraising decreased in 2012 by 43 percent to €23.6bn compared to 2011.

2. Why the decrease?

This reduction was driven by lower activity of larger funds. 13 funds raised more than €250m last year, in comparison to double that number (26 funds) in 2011. Funds larger than €250m raised 51 percent less in total compared to 2011. In comparison, funds smaller than €250m only raised 25 percent less in total over the same period.

3. Where did the money come from?

Overall pension funds and fund of funds accounted for almost half of the €23.6 bn funds raised, with more than 20 percent each of that total. Family offices and private individuals, government agencies and sovereign wealth funds follow as major sources with 10-12 percent each. €8.6bn (about 40 percent) of the €23.6 bn raised came from investors outside of Europe.

4. What about investment?

- €36.5bn was invested in 4,975 European companies in 2012. This was a reduction of 19 percent compared to the previous year but a slightly higher number of companies were backed by private equity than in 2011.
- As part of this, the total amount of venture capital invested reduced year on year by 14 percent to €3.2bn. The number of venture capital backed companies remained stable at about 2,900.
- About 1,000 private equity firms made an investment in 2012 - 60 firms less than in 2011.
- About 43 percent of the companies that received investment in 2012 were private equity backed for the first time.
- For the first time more than 1,000 companies attracted growth investments despite a decrease in amount of 26 percent compared to 2011. Growth investment is when a mature company sells a minority stake to a private equity firm in order to finance expansion.
- Buyout investments reached €28bn. More than 800 companies received buyout investments similar to the level from 2011 although the investment amount reduced by 19 percent.

5. What does that mean?

It was less capital intensive for the industry to invest in a consistent number of companies in Europe. It also means private equity continues to back European companies and provide an alternative to bank finance for companies looking to grow or restructure.

6. How many companies were exited?

- More than 2,000 European companies were exited, representing former equity investments of €22bn. While the number of companies remained stable the amount divested at cost reduced by 29 percent compared to 2011.
- Of all exited companies in 2012 venture capital represented almost half and growth near a quarter (23 percent). Their typical exits included trade sale, sale to another private equity firm and write-off.
- Buyout related exits attributed 85 percent of equity amount divested at cost. This is a decline of 26 percent. Prominent exit routes were trade sale, sale to another private equity firm and public offering.
- Initial Public Offering (IPO) levels remained very low. Only three buyout and five venture capital investments were able to take this exit route.



7. So does that mean private equity firms are making a loss?

Divestment statistics at cost are not an indicator for performance because they only measure how much equity was originally invested. Example- a company received in 2007 an equity investment of EUR 50 million. In 2010 this company is exited via trade-sale. We then report a trade-sale of EUR 50m. See next question for more information

8. What about returns data?

Information on European private equity fund performance can be found in the [EVCA Thomson Reuters Performance Report](#) on the EVCA website. The EVCA doesn't report returns on a portfolio company level. However studies such as [Kaserer 2011](#) and [Ernst and Young \(2012\)](#) provide greater insights on value creation and returns on a portfolio company basis.

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

We cannot provide details of individual fund activity. Confidentiality rules do not allow reporting of disaggregated data that would reveal the identity of individual private equity firms and their portfolio companies.

We are providing aggregate figures on a country by country basis. See the Yearbook here.

10. Can you put this into context?

- €271bn was invested in about 22,000 European companies that received private equity investment between 2007 and 2012.
- About 18,000 European companies in Europe that received private equity investment between 2007 and 2012 are still actively private equity backed.
- About 8 million people work for private equity backed companies in Europe.
- Private equity backed companies reflect about four percent of employment in Europe, estimated on a base of 184 million of private sector employment (Source for private sector employment in Europe: EUROSTAT).

12. How much data was collected, from how many firms and how many countries?

1,883 private equity firms that have €534bn capital under management are monitored by the PEREP_Analytics database. The 2012 activity survey by PEREP_Analytics covered firms with 89 percent of €534bn capital under management. Information on activity (fundraising, investments and divestments) was recorded for about 1,200 firms.

Data is collected for the whole of Europe, including for example Switzerland, Norway and the Ukraine, and not just the European Union.

Methodology

- Only direct private equity investment funds that primarily focus on investments in Europe are monitored.
- 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 and rescue/turnaround funds.
- The following funds are excluded from the statistics: infrastructure funds, real estate funds, distress debt funds, primary funds-of-funds, and secondary funds-of-funds.
- All data is collected under full-confidentiality for private equity firms and portfolio companies. No commercial objective is pursued.

For media enquiries, please contact:

Press Release

European Private Equity & Venture Capital Association
Bastion Tower, Place du Champ de Mars 5
B-1050 Brussels, Belgium
T +32 2 715 00 20 F +32 2 725 07 04
info@evca.eu www.evca.eu

CREATING LASTING VALUE



Emma Thorpe, EVCA Head of Communications
Mobile +32 479 20 97 11
emma.thorpe@evca.eu

James Crisp, EVCA Media Manager
Direct +32 2 715 00 20; Mobile + 32 476 75 06 79
james.crisp@evca.eu

European Private Equity & 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, investors such as pension funds, insurance companies, fund-of-funds and family offices and associate members from related professions. We represent 650 member firms and 500 affiliate members.