Industry Snapshot:

Private equity\(^1\) is known as an asset class that invests in companies operating in a variety of sectors and at very different stages of their development. At the two extremes, a potential portfolio company can be a pre-revenue university spin-off or a global multi-billion sales corporation. However, these investments have one thing in common, namely a growth potential that differentiates the enterprise from its peers. Throughout the last months, the term “high-potential company” has been frequently used, to characterize those companies private equity investors try to identify and invest in.

To gain a better understanding of the characteristics a "high-potential company" (HPC) has, EVCA surveyed its full members, asking for their key criteria when defining such a company. Since private equity reflects equity investments in companies at very different stages, questions were asked separately for the classification of high potential early stage, expansion and buyout companies respectively, allowing for the differentiation between characteristics at those stages.

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\(^1\) This article refers to private equity as covering both later stage and early stage investment.

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Management team:

A high-quality management team can transform a mediocre or even weak company into a big success and is the key criteria for defining an HPC for private equity investors at all stages of development. Key features are industry and previous entrepreneurial experience, preferably in a company that was also private equity financed and in the same stage of development. Moreover, the management team needs to be balanced, requiring a range of complementary skills. The possibility to source from a large network of contacts and advisors each manager will bring to the team is also crucial. This is not only important to get a company off the ground in the very early stage but also in the expansion of the business where personal and business contacts can be leveraged to create new business opportunities. However, the management team does not necessarily need to be complete when deciding to invest, as long as people for only one or two positions are still missing.

Previous management experience is slightly less important when distinguishing an HPC in the early stage.
In this case, a track record of educational and other relevant activities will serve as an indicator for the quality of the team. Business realism, as well as a strong commitment and the ability of the management team to lead a fast growing company through a rather unstable early stage environment are also crucial. The main tasks that lay ahead at this stage are the development of the product and the preparation for the market entry.

In the expansion stage, the managerial experience of executives is more important and particularly a strong financial literacy is essential. The management needs to be able to develop and execute the growth strategy set up for the company and to ensure that it is on target. Part of this is that the management team has the ability and experience to lead the company through organic growth and growth by acquisition. Strategic thinking and in depth knowledge about the industry are indispensable. Sales, product development, product diversification and the exploitation of further growth possibilities are key tasks in this phase. As a result, the team needs to be ambitious and it is an advantage if management has already worked together in the portfolio company for some years prior to investment.

Also fundamental at this stage is the willingness of the management to exit the company at a certain point of time, either by IPO or trade sale. Consequently, a high-quality management team needs to be able to develop an exit strategy and to grow the company towards it.

As companies undergoing a buyout are highly leveraged, a close monitoring of financials during the investment period is required. Therefore, the management of an HPC in this stage needs strong analytical skills as well as administrative and financial control skills. Management needs to be very performance driven to achieve the targets set for the company. To ensure this and to align interests, executives of potential buyout companies are expected to invest their own money in the company alongside the private equity house.

Additionally, and due to strong leveraging, a high-quality management needs the ability and experience to interact with external financial players such as commercial and investment banks. Equivalent to companies in expansion, the exit strategy and the pursuit of that strategy are crucial for the management team running a high-potential buyout company.

**Market potential:**

The second most important characteristic for an HPC is a significant market potential. For early stage and companies in expansion stage, this translates in a market size of above €500m and double-digit growth potential. In the early stage, growth and development projections need to be validated with prospective customers prior to investment, to verify their feasibility. To achieve above average market potential, the company must have a strong competitive advantage, based on product attributes that create a persuasive and unique value proposition to customers. Market growth can come either from existing markets, where the new product will function as a substitute for existing products or from entering a new market, the company preferably being a first mover. It is also very important that the underlying technology or concept is fully proprietary, guaranteeing the competitive advantage for a significant time span. The overall aim of the company is to become market leader over the medium and long term.

In the expansion stage, an HPC has a strong competitive advantage and operates in a fast growing market or is planning to enter into a new market. In contrast to an early stage company, the business model of the company needs to be proven at this stage. If not already in the early stage, an HPC in expansion has to think truly global and follow a strong growth strategy. A further aspect which should be taken into account is that the market development also facilitates the exit from the company, either by IPO or trade sale.
Contrary to early stage and expansion companies, stable and continuous cash flows are key when evaluating the market potential of a company earmarked for a buyout. The underlying reason is that an HPC in this stage needs to prove its ability to steadily generate enough cash, to repay the debt financing usually spread over three to four years.

**Internal processes:**

Evaluating whether a company has a “high-potential”, the processes at work inside the company are another essential feature when private equity investors form their opinion on whether to enter a deal or not. The attributes to be looked at are different according to the stage of the company. In the early stage, where companies commonly have negative cash-flows, internal processes are less important and professional services can easily be hired from outside the company. However the company needs enough information at hand for the potential investors to evaluate the business model presented. Therefore a minimum of control and administrative processes as well as transparency are still required. Also helpful is a simple legal and ownership structure of the underlying firm, avoiding additional risks for the investor due to legal uncertainties.

For companies in the expansion stage, internal processes rise in importance, as the company needs to be closely tracked through its growth phase. To do so, an HPC requires good strategic and financial planning, as well as the right tools and information systems in place to provide the management and investor with timely and relevant data. Especially for the global expansion of the business, sound controlling and accounting procedures, allowing for financial reporting across different countries and currencies are crucial. An often neglected aspect is human resource planning, as all processes need to be scalable and adjustable to the growth strategy pursued by the expanding company. Finally, and particularly in view of an exit, an HPC needs effective corporate governance mechanisms.

An HPC in the buyout stage is expected to have all internal administrative and working processes in place to allow for a thorough and close control of the companies operations. A well functioning organizational structure is crucial as well as good accounting systems to manage especially the cash and working capital of the business. Similarly to companies in expansion stage, sound corporate governance structures are again fundamental in view of the later exit.

To sum up, a company characterised as having a high-potential needs to fulfil the above features, where some aspects will depend on the stage the company is in. In addition, it should be kept in mind that deal-specific circumstances can move some aspects more to the foreground when deciding about the potential of an individual investment.

**Proportion:**

In addition to summarizing the attributes of an HPC, EVCA asked its members for an estimate of the proportion of companies fulfilling the outlined requirements. According to respondents only 1 to 5% of European SMEs have the necessary qualities to be considered as being an HPC. When further asked about the proportion of HPCs in the expansion stage compared to all business opportunities studied by the fund, most responses estimated the proportion at close to 5%. Some respondents suggested however a larger proportion closer to 10% to 20% of HPCs in studied business opportunities. In the buyout area, practitioners responding to this survey estimate that between around 15% to 25% of business opportunities qualify as high potential.

**Conclusion:**

Overall one can conclude that only a small proportion of companies have the necessary characteristics to quality as “high-potential”. As a result, private equity have a much smaller pool of eligible companies to source from and invest in than otherwise might be expected. The main task for the investor is to identify
those companies that have the required potential and to finance and grow them. A second interesting finding is that the number of companies estimated to be of “high-potential” seems to be larger in the field of later stage and particularly buyout. This might be a possible reason for the high level of buyout investments relative to venture capital, namely that more investment possibilities and therefore a stronger deal flow exists.

**Latest news on emerging technologies for the Information Society**

Below you will find a summary of news from the European Commission’s IST Results service, featuring innovations and results from the €3.6bn Information Society Technologies research programme.

**New medical ultrasound technology rides wave of the future**

A fully digital 4D ultrasound system is set to provide a ‘next generation’ integrated solution for medical imaging applications, allowing practitioners to provide faster treatment and improve therapeutic success rates. Developed by the ADUMS project, the advanced high-quality imaging system will significantly reduce diagnostic time. In addition, the technology uses off-the-shelf computer hardware, making it a much cheaper alternative to expensive, purpose-produced ultrasound machines. [Read more...](#)

**Tiny endoscopes bring medical costs down**

Viewing actual images of patients’ internal organs is more and more common in medical procedures. However, in many cases the treatment can be painful or uncomfortable, and high sterilisation costs can limit the procedure’s use. The IVP project has developed two prototypes which offer solutions to both these problems – a new, wired endoscope which they believe is the smallest in the world and a tiny wireless-imaging probe taken in the form of a pill. [Read more...](#)

**Getting the feel of virtual reality**

A giant leap forward in the realism of virtual reality may be just around the corner as the RealReflect project nears completion of pioneering work to add textures, lighting effects and ‘feel’ to computer-generated 3D models. The project partners have geared their work toward the automobile sector, where the system could revolutionise the development of new models of vehicles by dramatically cutting costs and time. It also promises to open new possibilities in architecture, computer games and other graphics applications. [Read more...](#)

**Picture this – automatic image categorisation**

Creating, storing and transmitting visual images has become increasingly easy. Yet the same problem always arises - how to categorise or classify visual images automatically without using external metadata or image thumbnails? The LAVA project may now have an answer. Their researchers have developed a method of automatically categorising the content of digital images which should be of real value for document and content management, making it much easier for users to search for images as well as text. [Read more...](#)

**Dual band wireless LAN to relieve network congestion**

Existing wireless local area networks (WLANs) can be put under strain in dense urban networks. The Broadway project, coordinated by Motorola, has developed a dual-band WLAN system using peer-to-peer linking that helps to relieve congestion and network blind spots. Using an internationally available spectrum segment to provide extra capacity and coverage when it’s needed, the project has demonstrated a WLAN service that can deliver up to 500 Mbps to the user. [Read more...](#)

IST Results can be visited at [www.cordis.lu/ist/results/](http://www.cordis.lu/ist/results/) IST is funded by DG Information Society of the European Commission
Euro Zone GDP growth forecast for 2006 lowered to 1.8%

The economic outlook for the Euro Zone has deteriorated slightly according to The Economist monthly GDP growth forecasts.

Growth expectations for the Euro Zone were lowered by 0.1 percentage point to 1.8% of GDP growth in 2006. Although this is better than the current growth forecast, it remains inferior to the non-Euro countries and the US. For both, the UK and Denmark, a GDP growth of 2.2% is foreseen and the estimate for Sweden envisages 2.8% of GDP growth in 2006. For the US Economy, a growth rate of 3.2% is anticipated for 2006.

For the current year, the economic outlook for the Euro Zone was similarly reduced downward and GDP growth for 2005 is now expected to be 1.4%. At the same time, GDP growth expectations for the UK and the USA were lowered since last month’s forecast, now anticipating 2.4% and 3.5% of GDP growth in 2005 respectively. The forecast for Denmark has remained unchanged, envisaging 2.1% of GDP growth in 2005, whereas the outlook for Sweden has slightly improved, expecting 2.8% of GDP growth in 2005.

The European Commission has published the first growth estimate for the third quarter 2005, foreseeing GDP growth in the range of 0.2% - 0.6%. The forecast for the second quarter 2005 has been slightly reduced compared to last month, predicting GDP growth of between 0.2%-0.6%.

LIBOR closes at the end of April at 2.20%

Since the opening of the month at 2.33%, the LIBOR has decreased steadily, closing at 2.20% at the end of April. The average LIBOR rate for April 2005 (2.33%) is above the 2004 April average (2.16%).

Inflation and Exchange Rates

The Euro Zone inflation forecast has remained unchanged for April 2005, foreseeing an inflation rate equivalent to last month of 2.1%.

From a value of $1.35/€ in January 2005, the exchange rate has decreased to $1.28/€ in the first week of February, but regained ground afterwards. In March, the exchange rate increased during the first half of the month, only to fall back afterwards. In April, the exchange rate fluctuated around 1.29 $/€, closing the month at $1.296/€.

Stock markets remain weak in April and early May 2005

After having gained some momentum at the beginning of the year, stock markets have either flattened out (Nouveau Marché, FTSE Eurotop 300) or dropped (AIM, Technology All Share). Only the Nasdaq, after a weak start into the year, has recently shown signs of improvement.

Since the beginning of April, most stock markets have decreased. The strongest decrease was on the AIM, falling by 11% between the beginning of April and the cut-off date (13 May 2005). The Technology All Share, Nouveau Marché and the Eurotop 300 fell by 3%,2% and 1.5% respectively over the same period of time. The US Nasdaq, decreased in the beginning of the month, but then recovered, standing at the cut-off date (13 May 2005) slightly above the April opening value.

IPO Activity

According to data provided by Thomson Financial, European first quarter IPO activity for 2005 is slightly below last year’s level. Overall, a total of 41 European companies went public on international stock markets in the first quarter 2005, generating total proceeds of close to €5.3bn. This amounts to around three-quarters of last years quarter one activity levels. IPO activity in April 2005 is with 22 companies and €2.8bn in proceeds however more positive compared to 2004.
In May to date (cut-off date 13 of May) six additional European companies were launched on international stock markets, with revenues amounting to €704m. For the second quarter of 2005 a further 16 IPOs are currently in progress, with eleven of those foreseen for the month of May.

The IPO of the Russian consumer services company AFK Sistema on the London Stock Exchange, with listings on the Russian and the Moscow stock exchanges, has been the largest IPO by a European company to date followed by the IPO of private equity backed German pay-TV operator Premiere.

For the US, a slightly different picture emerges, compared to Europe. 2005 quarter one activity levels have been very similar to the previous year in terms of number of deals (41 IPOs by US companies), but the total proceeds generated have been around €2.3bn higher. At the same time, IPO activity in April 2005 was somewhat lower than the previous year, counting only seven IPOs (€607m in proceeds) compared to 13 in 2004 (€2.6bn in proceeds). However, IPO activity seems to be picking up again in May, adding seven IPOs, worth €1.5bn so far (cut-off date 13 May 2005).

The largest IPO by a US company this year to date was the €1.2bn public offering of global chemical manufacturer Huntsman Corp, followed by the IPO of private equity backed PanAmSat Holding, worth €670m.

3,299 European M&A transactions worth €193bn have taken place in 2005 so far

According to data from Dealogic, a total of 3,299 M&A transactions, valued at €193bn have taken place in Europe in 2005 so far (cut-off date 13 May 2005). This marks an increase in deal volume of €46bn compared to the March data, counting 699 M&A transactions more. The average monthly deal volume for 2005 so far is 733 transactions with a value of €42bn.

Overall, 2005 activity has reached 38% of last years activity level in terms of number of deals and 35% of last year’s deal volume.
Appendix

Annual GDP Growth Forecasts in %

<table>
<thead>
<tr>
<th></th>
<th>May 2005 forecast</th>
<th>April 2005 forecast</th>
<th>Difference between the two forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro Zone</td>
<td>1.4</td>
<td>1.8</td>
<td>1.5</td>
</tr>
<tr>
<td>UK</td>
<td>2.4</td>
<td>2.2</td>
<td>2.5</td>
</tr>
<tr>
<td>Denmark</td>
<td>2.1</td>
<td>2.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Sweden</td>
<td>2.8</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>USA</td>
<td>3.5</td>
<td>3.2</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Source: The Economist

Quarterly GDP Growth Forecasts for the Euro Zone in %

<table>
<thead>
<tr>
<th></th>
<th>May 2005 forecast</th>
<th>April 2005 forecast</th>
<th>Difference between the two rates/forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd Quarter 2004</td>
<td>0.5</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>3rd Quarter 2004</td>
<td>0.3</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>4th Quarter 2004</td>
<td>0.2</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>1st Quarter 2005</td>
<td>0.5</td>
<td>0.2-0.6%</td>
<td></td>
</tr>
<tr>
<td>2nd Quarter 2005</td>
<td>0.2-0.6%</td>
<td>0.3-0.7%</td>
<td>-0.1</td>
</tr>
<tr>
<td>3rd Quarter 2005</td>
<td>0.2-0.6%</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

* Refers to the actual quarterly growth rates, which are revised monthly to take account of new information.


Annual LIBOR

![Annual LIBOR Graph](Source: British Bankers Association (BBA))
Annual Inflation for the Euro Zone

Evolution of Euro Zone Inflation Rate

Source: Eurostat - Inflation rate for consumer price

Exchange rate

Source: European Central Bank (ECB)

Stock markets

FTSE Eurotop 300

April 2005 – Mid May 2005
- Highest value: 1,103.22 (8 April)
- Lowest value: 1,058.79 (28 April)

Year 2005
- Highest value: 1,107.58 (4 March)
- Lowest value: 1,038.64 (12 January)

Year 2004
- Closing: 31 December at 1,041.77
- Highest value: 1,042.22 (24 December)
- Lowest value: 940.94 (13 August)

Year 2003
- Closing: 31 December at 957.94
- Highest value: 957.94 (31 December)
- Lowest value: 682.71 (12 March)

Source: London Stock Exchange
**AIM**

**April 2005 – Mid May 2005**
- Highest value: 1,103.60 (8 April)
- Lowest value: 981.20 (13 May)

**Year 2005**
- Highest value: 1,166.80 (7 March)
- Lowest value: 981.20 (13 May)

**Year 2004**
- Closing: 31 December at 1,005.6
- Highest value: 1,005.6 (31 December)
- Lowest value: 837.30 (2 January)

**Year 2003**
- Closing: 31 December at 1,005.6
- Highest value: 1,005.6 (31 December)
- Lowest value: 542.40 (1 April)

Source: London Stock Exchange

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**Nouveau Marché**

**April 2005 – Mid May 2005**
- Highest value: 766.44 (4 May)
- Lowest value: 710.57 (3 May)

**Year 2005**
- Highest value: 766.44 (4 May)
- Lowest value: 670.01 (3 January)

**Year 2004**
- Closing: 31 December at 661.57
- Highest value: 750.39 (8 March)
- Lowest value: 533.43 (12 August)

**Year 2003**
- Closing: 31 December at 642.91
- Highest value: 701.19 (12 November)
- Lowest value: 400.32 (12 March)

Source: Euronext

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**Technology All Share**

**April 2005 – Mid May 2005**
- Highest value: 680.77 (8 April)
- Lowest value: 633.81 (29 April)

**Year 2005**
- Highest value: 689.04 (7 March)
- Lowest value: 633.81 (29 April)

**Year 2004**
- Closing: 31 December at 647.96
- Highest value: 777.06 (8 March)
- Lowest value: 542.23 (12 August)

**Year 2003**
- Closing: 31 December at 649.92
- Highest value: 690.03 (3 November)
- Lowest value: 353.65 (12 March)

* Please note that this data still refers to the NEMAX All Share Index which was taken over by the Technology All Share in March 2003.

Source: Deutsche Börse
IPO activity

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th></th>
<th></th>
<th>Europe</th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2004</td>
<td>2005*</td>
<td>2003</td>
<td>2004</td>
<td>2005*</td>
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<tr>
<td></td>
<td>Proceeds €m</td>
<td>No. Issues</td>
<td>Proceeds €m</td>
<td>No. Issues</td>
<td>Proceeds €m</td>
<td>No. Issues</td>
<td>Proceeds €m</td>
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<td>5,572</td>
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<td>7,848</td>
<td>41</td>
<td>81</td>
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<tr>
<td>January</td>
<td>415</td>
<td>5</td>
<td>1,701</td>
<td>10</td>
<td>154</td>
<td>9</td>
<td>92</td>
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<td>February</td>
<td>4,332</td>
<td>20</td>
<td>5,167</td>
<td>26</td>
<td>311</td>
<td>12</td>
<td>1,840</td>
</tr>
<tr>
<td>March</td>
<td>823</td>
<td>15</td>
<td>979</td>
<td>5</td>
<td>6577</td>
<td>35</td>
<td>3,316</td>
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<tr>
<td>Quarter 2</td>
<td>1,561</td>
<td>5</td>
<td>8,387</td>
<td>54</td>
<td>2,148</td>
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<td>1,355</td>
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<td>April</td>
<td>2,594</td>
<td>13</td>
<td>607</td>
<td>7</td>
<td>1,246</td>
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<td>2,773</td>
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<tr>
<td>May</td>
<td>3,104</td>
<td>16</td>
<td>1,541</td>
<td>7</td>
<td>2,150</td>
<td>32</td>
<td>704</td>
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<td>Quarter 3</td>
<td>3,644</td>
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<td>10,754</td>
<td>66</td>
<td>2,941</td>
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<td>4,653</td>
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<td>Quarter 4</td>
<td>6,338</td>
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<td>11,353</td>
<td>75</td>
<td>2,415</td>
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<td>7,853</td>
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<td>Total</td>
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<td>36,066</td>
<td>236</td>
<td>9,996</td>
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<td>6,792</td>
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* Cut-off date: 13 May 2005

IPO activity is classified by the domicile nation of the issuer’s headquarters

Data is continuously updated and is therefore subject to change

Source: Thomson Financial
### M&A activity in Europe

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<th>2004</th>
<th>2005*</th>
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<td>Amt. €bn</td>
<td>No. of deals</td>
<td>Amt. €bn</td>
<td>No. of deals</td>
<td>Amt. €bn</td>
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<td>Telecommunications</td>
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<td>705</td>
<td>34</td>
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<td>559</td>
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<td>Mining</td>
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<td>15</td>
<td>152</td>
<td>24</td>
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<td>31</td>
<td>1,305</td>
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<td>Food, Textiles &amp; Furniture</td>
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<td>725</td>
<td>35</td>
<td>710</td>
<td>18</td>
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<td>Leisure &amp; Lodging</td>
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<td>20</td>
<td>525</td>
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<tr>
<td>Real Estate</td>
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<td>338</td>
<td>32</td>
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<tr>
<td>Computers &amp; Electronics</td>
<td>24</td>
<td>439</td>
<td>13</td>
<td>369</td>
<td>8</td>
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<td>Transportation &amp; Logistics</td>
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<td>31</td>
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<td>Retail Trade</td>
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<td>Wholesale Trade</td>
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<td>488</td>
<td>11</td>
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<td>8</td>
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<tr>
<td>Other</td>
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<td>325</td>
<td>12</td>
<td>344</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>699</strong></td>
<td><strong>11,250</strong></td>
<td><strong>586</strong></td>
<td><strong>9,879</strong></td>
<td><strong>521</strong></td>
</tr>
</tbody>
</table>

* Cut-off date: 13 May 2005

Data is continuously updated and is therefore subject to change

Note: the data methodology has changed as of January 2005 and is presented excluding company carveouts.

Source: Dealogic
Methodology

1. Latest news on emerging technologies for the Information Society
   Source: IST Results at www.cordis.lu/ist/results/

2. GDP:
   i) EU Commission, Directorate General for Economic and Financial Affairs (ECFIN):
      Source: http://europa.eu.int/comm/dgs/economy_finance/index_en.htm
      The growth rates presented refer to the quarterly percentage change in real GDP. The numbers given in ranges are the GDP growth forecasts estimated for two quarters in advance of the actual figures. The ranges indicate the lowest expected growth rate compared to the highest. The single numbers are the actual growth figures, for the respective quarters, which are again recalculated as new data becomes available. The area referred to is the Euro Zone (EU 12).
   ii) The Economist: The Economist poll forecast
      Source: www.economist.com
      The Economist poll forecast is a monthly estimate for the GDP growth rate in the Euro Zone for the coming year. To obtain this forecast, 17 banks and financial institutions are questioned on their current growth projections. For the final figure, the arithmetic average of individual projections is calculated.

3. LIBOR:
   Source: British Bankers Association (BBA), Home Page: www.bba.org.uk
   The data presented is the 12 month Euro LIBOR, measured at spot value.

4. Inflation:
   Source: Eurostat
   The numbers displayed are the annual consumer price inflation rates published by Eurostat on a monthly basis. The most recent value is an estimate, which is published at the end of the month and incorporates all information available at the time. This figure is restated in the middle of the following month. The data presented measures price changes in the Euro Zone between the current month and the same month in the previous year.

5. Exchange rate:
   Source: European Central Bank (ECB)
   Bilateral Euro/ US Dollar exchange rate.

6. Stock Markets:
   a) FTSE Eurotop 300
      Source: www.londonstockexchange.com
   b) AIM:
      Source: www.londonstockexchange.com
   c) Nouveau Marché:
      Source: www.euronext.com
   d) Technology All Share:
      Source: http://deutsche-boerse.com
   e) NASDAQ:
      Source: www.nasdaq.com

7. IPO activity
   IPO data includes the first public offering of a company’s common stock. Secondary listings or re-listings on other markets are not considered IPOs. The data is attributed geographically by the domicile nation of the issuer’s headquarters, regardless of the target market. European data comprises IPOs of companies domiciled in Europe, including Central and Eastern Europe. All amounts are given in Euros and represent total proceeds raised to the issuing company, including overallocations sold.

8. M&A activity in Europe:
   Source: Dealogic at www.dealogic.com
   The M&A data accounts for completed deals between January 1999 and the time of publication. Deals that are pending, withdrawn or in which shares have been bought back are excluded. Europe refers to both Western and Eastern Europe. Please note that the Volume data refers to M&As of quoted and unquoted companies. Please also note that the data methodology has changed as of January 2005 and that M&A data is presented excluding company carveouts.

Disclaimer:
The data provided in this Barometer has been collected from different sources. EVCA has taken steps to ensure the reliability of the information presented. However, EVCA cannot guarantee the ultimate accuracy of the data and therefore EVCA does not accept responsibility for any decision made or action taken based on the information provided.

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