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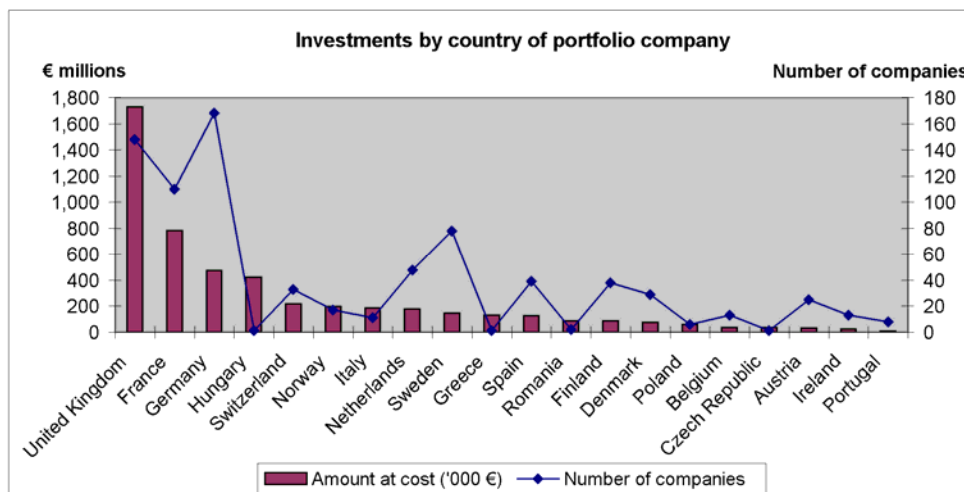
In 2008, the European life science private equity market had the following patterns:

- funds raised for life science investments increased by half
- life science investments went down by one-third, slightly more than the overall European market
- divestments from life science companies fell by only a quarter, showing better endurance to the adverse exit conditions impacting the overall European market
- in terms of companies financed, the European life science market was mainly driven by the activity of venture funds
- investments and divestments concentrated in two main subcategories of the life science market: healthcare in the buyout & growth segment and biotechnology in the venture segment
- the life science market was highly concentrated in three main markets: the United Kingdom, Germany and France
- life science buyout funds performed better than life science venture funds, except on the short term

The European life science market: a domestic market driven by venture

A total of €1.5bn was raised by 12 life science funds in 2008, 50% more than in 2007, representing about 2% of total funds raised in Europe. The life science fundraising activity was mainly driven by one Swiss growth capital fund which raised €1bn, while in 2007 more than 85% of the total life science funds were raised by 13 venture funds.

European private equity firms invested €6bn in the life science sector in 2008. This was 20% less than in 2007, when €7.4bn was invested, but it still represented about 10% of the total amount invested by European private equity players. The decrease in value was partially driven by a lower deal volume (878 companies financed in 2008 against 971 in 2007) and partially by lower average deal sizes.

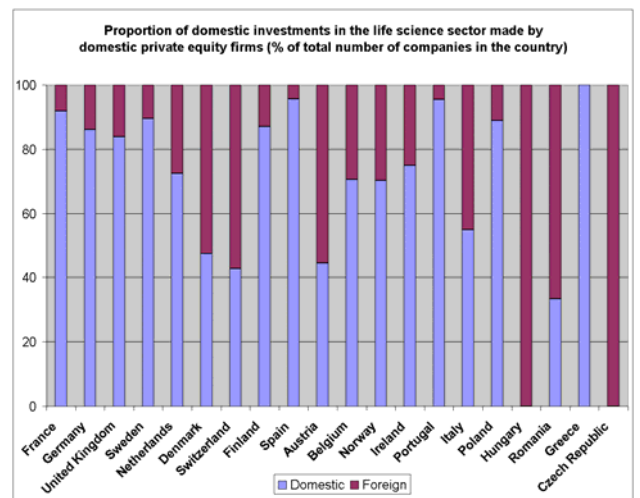
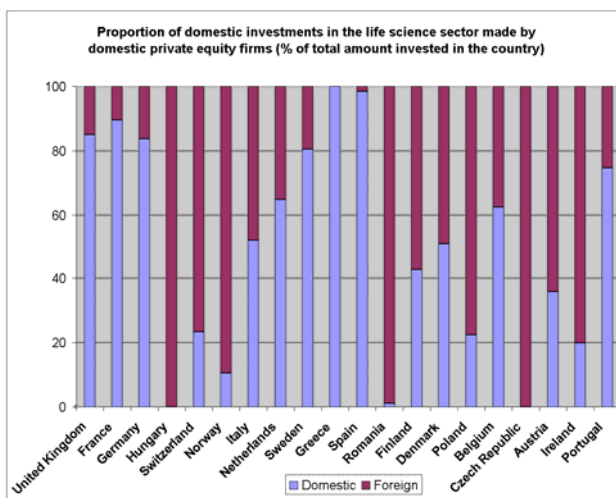


Source: PEREP_Analytics



The European life science market was highly concentrated in a few countries. In 2008 the UK, France and Germany accounted for about 60% of the total amount invested into European life science companies and 54% of the total number of companies financed in the sector. The Nordic region, fourth-largest life science market in Europe, represented 10% of the total investment value and 21% of the total number of life science companies invested in.

The life science market was a local market. More than 80% of the investments into European companies were made by domestic private equity firms (private equity firms located in the same country as the portfolio company). Among the most active countries, Denmark, Switzerland and Austria, investments into local companies by local private equity firms represented less than 50% of the total number of companies financed.

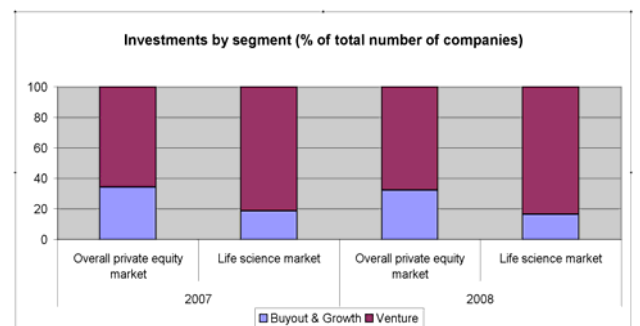
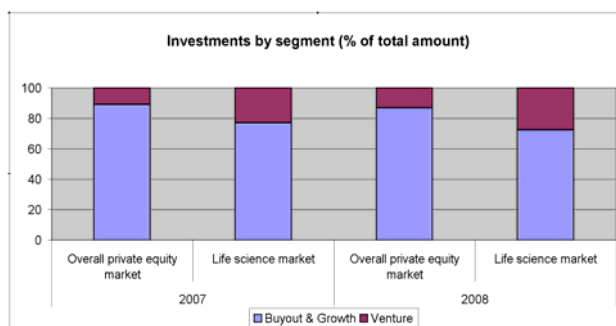


Source: PEREP_Analytics

Note: countries are ranked in decreasing order of the amount/number of companies invested

Compared to the overall European market, the life science activity was driven by the venture funds activity. Indeed, more than 80% of the total number of life science companies financed in Europe were venture-backed companies, compared to 68% in the overall private equity market in Europe. Moreover, 28% of the total amount invested into life science went to venture-backed companies compared with 13% in the entire European private equity market.

The exit market showed similar patterns compared to the investment market. Most of the companies exited were venture-backed and the market was highly concentrated in the same three countries (UK, France and Germany) in terms of companies exited. Altogether, €1.3bn was divested at cost from 181 European life science companies in 2008, a quarter less than in 2007.



Source: PEREP_Analytics



When looking at returns of the life science private equity funds, the evolution is rather different between the venture and the buyout life science segments.

European life science venture funds performed better on the short term than the overall venture segment (-13.3% life science net IRR versus -19.6% all venture net IRR). However, the long-term venture return beat the life science benchmark by 410 basis points. While the long-term life science returns were in negative territory, the image is more favourable when looking at the 22 top quarter life science venture funds that returned 10.2% on the long term.

Investment horizon	Life science venture sample size	Net Pooled IRR as of Dec 2008		All venture sample size
		Life science venture	All venture	
1 year	26	-13.3	-19.6	204
3 years	87	-2.7	-0.6	774
5 years	87	-1.4	1.8	774
10 years	87	-3.7	0.2	774
20 years	87	-1.1	3.0	774

Source: Thomson Reuters/EVCA

On the buyout side, life science was almost as impacted by the financial crisis as the full buyout segment on the short-term. However, on the long term, buyout life sciences returned at 6.6%, half the overall buyout return of 12.9%. Nevertheless, buyout life sciences performed better on the long term than venture life sciences. This was also reflected in the performance of the top quarter sample for the two sub-segments, with the top quarter net IRR for buyout life science funds being 19.4%, 920 basis points higher than for venture.

Investment horizon	Life science buyout sample size	Net Pooled IRR as of Dec 2008		All buyout sample size
		Life science buyout	All buyout	
1 year	7	-30.2	-31.0	194
3 years	18	2.7	3.5	431
5 years	18	3.9	10.8	431
10 years	18	6.7	11.6	431
20 years	18	6.6	12.9	431

Source: Thomson Reuters/EVCA

Life science venture market: an early-stage market focused on biotechnology

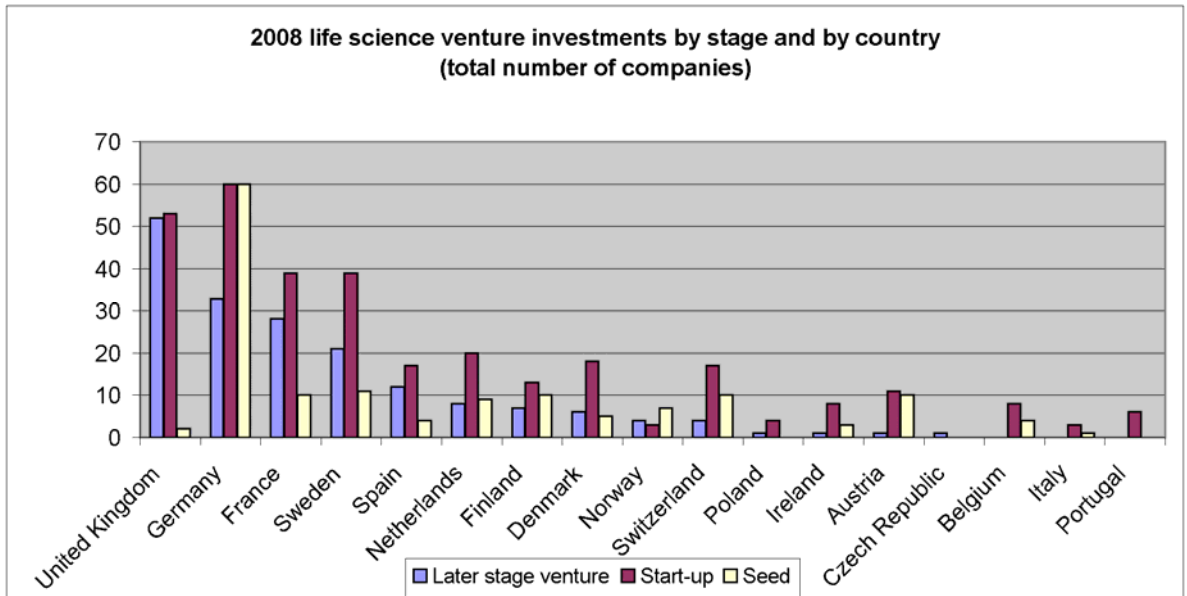
In 2008, close to €1.4bn was invested in the European venture life science market. Life science investments drove the European venture capital market. It was one of the most financed sectors in the venture segment by amount, representing one-fifth of the total European venture market.

More than half of the amount invested in life science venture deals went to early-stage companies, of which about 70% were start-ups. By amount, later-stage venture investments were almost at par with start-up deals.

Similar to 2007, life science seed investments represented more than one-third of the total amount invested in the overall seed market in Europe and more than a quarter of the total number of seed companies financed in Europe.

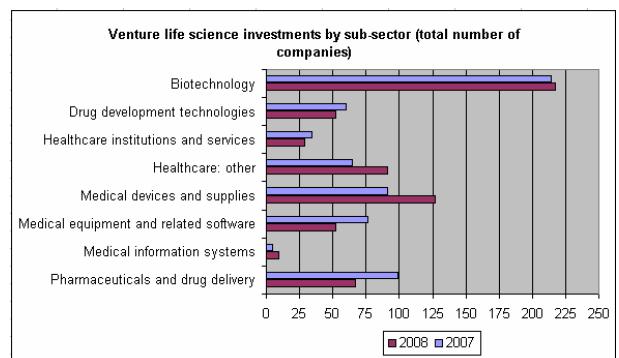
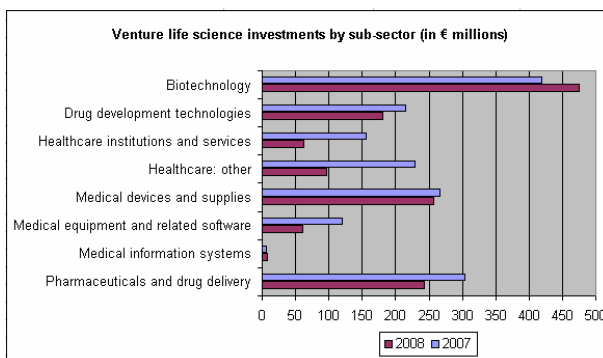


Similar to the overall geographic concentration in Europe, the main life science venture markets were the UK, France and Germany. More specifically, Germany was the main life science seed market, accounting for about 29% of the total amount invested and 41% of the total number of seed companies financed. Investments in the UK targeted almost exclusively later-stage and start-up companies.



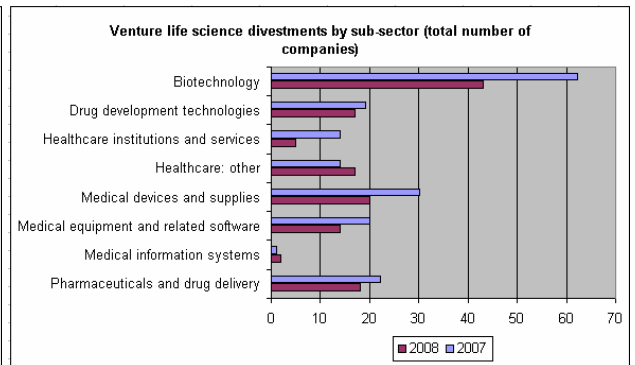
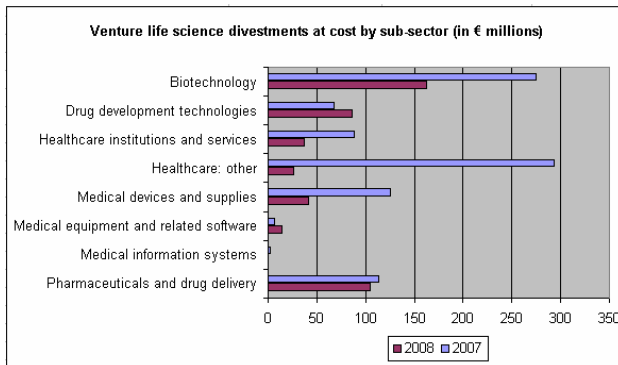
Source: PEREP_Analytics

In 2007 and 2008, more than half of the life science investments targeted biotechnology and medical devices & supplies companies. Biotechnology alone accounted for more than one-third of the total. The least targeted life sciences' companies were those focused on medical information systems.



Source: PEREP_Analytics

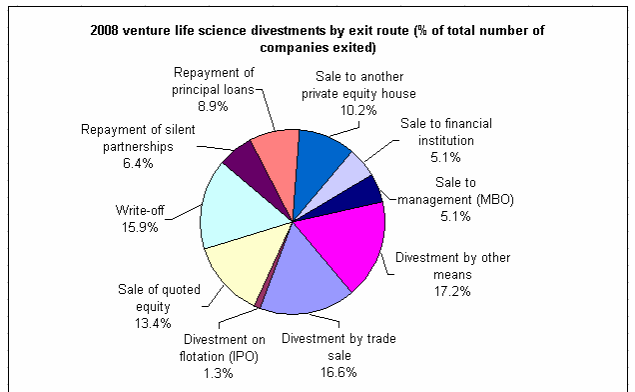
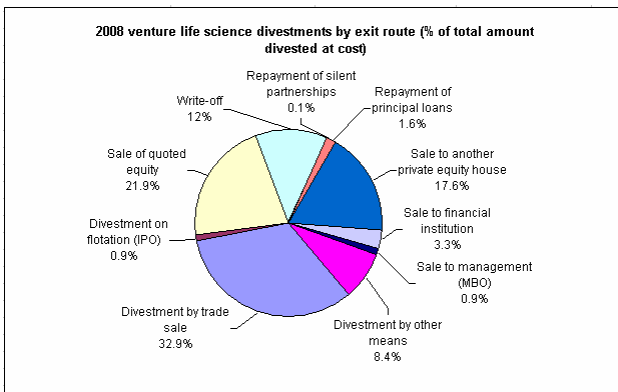
Biotechnology also was the most exited sector in the life science venture space in 2008. A total of €163m was divested at cost from 43 companies in 2008, about one-third of the total divestment activity in the venture life science sector. The healthcare sector, which ranked first by amount in 2007, was only the fourth most exited sector in 2008.



Source: PEREP_Analytics

The predominance of the biotechnology sector on both the investment and divestment side was not reflected by high activity levels in the secondary market in 2008. Sales to other private equity houses was only the fourth most used exit method in the venture space, with only 14% of the total number of biotechnology companies being sold to another private equity house. The main exit routes for venture-backed biotechnology companies were trade sales and sales of quoted equity.

Altogether, a total of €472m was divested at cost from 136 venture-backed life science companies. Similar to the overall European venture market trends, total amount divested in the venture life science market halved compared to 2007. As in 2007, the most used exit method was trade sales, followed by sales of quoted equity. Write-offs remained stable in terms of amount divested at cost.



Source: PEREP_Analytics

Life science buyout & growth market: healthcare investments drove the patterns

In 2008, a total of €3.6bn was invested in the European life science buyout & growth market, down by more than one-third from the 2007 level (€5.8bn). However, the total number of buyout & growth life science companies financed increased by 17%, from 124 to 145. Life science is not a mainstream buyout sectoral focus. As in 2007, life science was the sixth most financed buyout & growth sector by amount, and the fifth by number of companies.

Similar to the overall European buyout & growth pattern, growth capital deals in the life science sector increased by about two-thirds compared to 2007, representing about one-fifth of the total amount invested in the sector in 2008, compared to one-tenth in 2007. In parallel, the number of growth capital-backed companies increased threefold to 82, representing about half of the total number of life science companies financed in the buyout & growth segment.



Contrary to growth capital, but similar to overall buyout & growth trends in Europe, buyout deals dropped by 45% in amount and by 30% in terms of companies financed. Nevertheless, buyouts still accounted for 78% of the total amount invested in the buyout & growth segment.

The total transaction value of European life science buyouts was €7.8bn. Mid-market buyouts accounted for about 63% of it, while large buyouts accounted for about 30% of the total. However, most of the life science companies financed through a buyout were small buyouts. Altogether, the average equity contribution of private equity players was 36%.

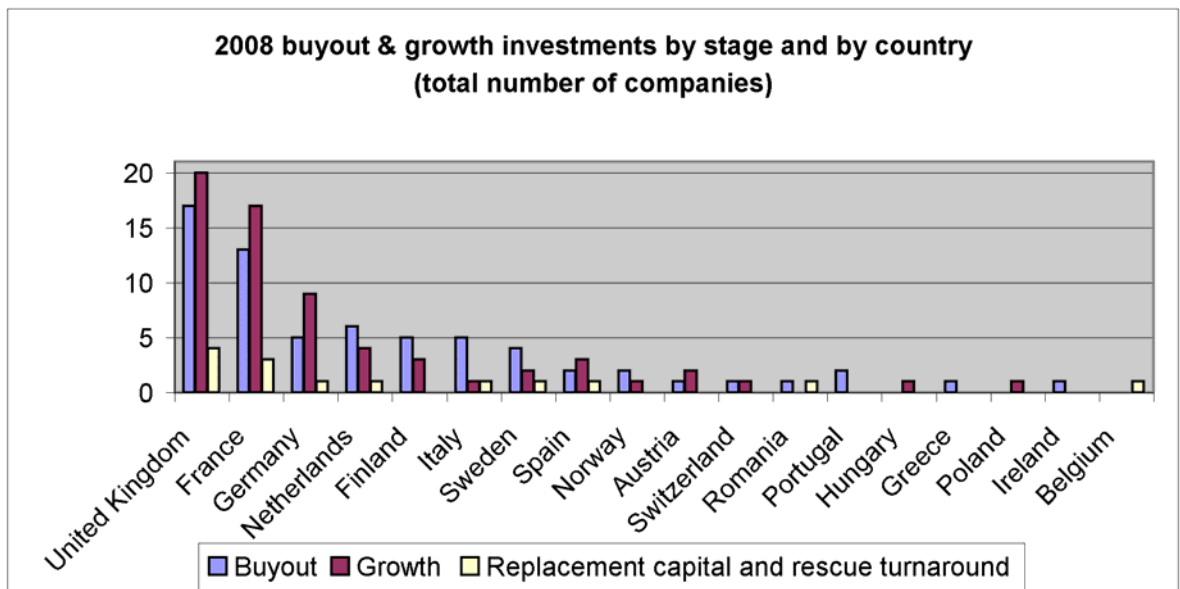
Life science buyouts split by size

Transaction value by size (in €million)	Amount (equity value) ('000 €)	%	Number of companies	%	Transaction value ('000 €)	%	Average equity contribution of private equity players (in %)
Small (<50)	278,209	9.8	44	62.0	603,102	7.8	46.1
Mid-market (15 ≤ X < 150)	1,796,480	63.5	26	36.6	4,872,924	62.8	36.9
Large (150 ≤ X < 300)	755,824	26.7	3	4.2	2,279,835	29.4	33.2
Total buyout	2,830,513	100.0	71	102.8	7,755,861	100.0	36.5

Source: PEREP_Analytics

Note: The difference between the "equity value" and "transaction value" consists of the participation of syndicate members other than private equity firms (i.e. corporates, individuals, financial institutions) and leverage (debt provided by banks or other providers)

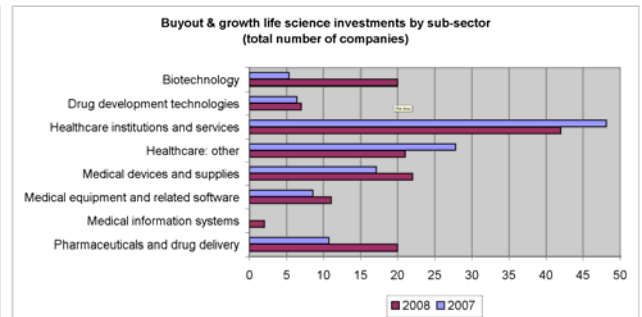
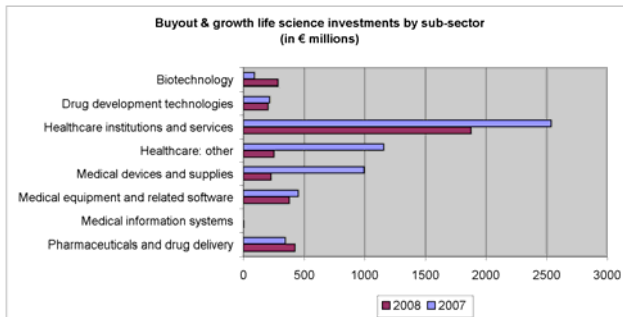
By amount invested, the main buyout & growth life science markets of Europe were the UK, France and Hungary, which accounted for 40%, 15% and 12% respectively. The presence of Hungary in the ranking was driven by only one large buyout transaction. By number of companies financed, the UK, France and Germany were once more the largest markets.



Source: PEREP_Analytics

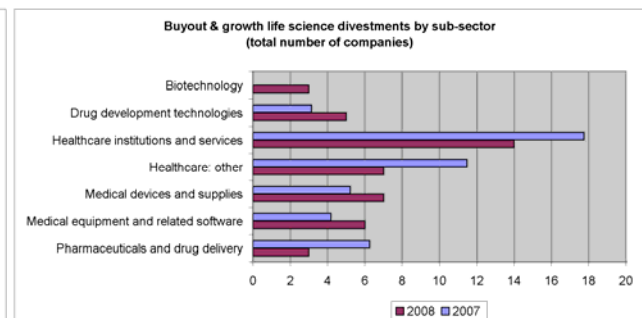
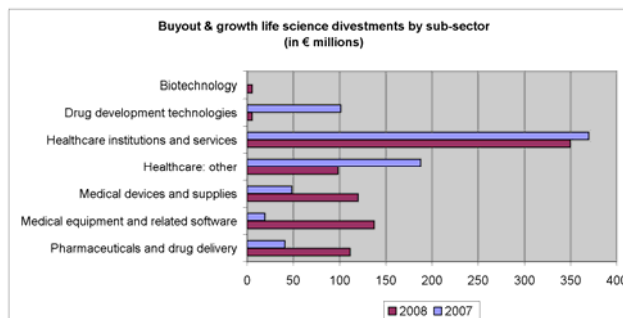


Similar to 2007, more than half of the total buyout & growth amount invested into life science companies went to healthcare companies, mainly healthcare institutions & services companies. By number of companies financed, healthcare institutions & services also came first with 29% of the total, followed by medical devices & supplies, other healthcare, biotechnology and pharmaceuticals & drug delivery companies.



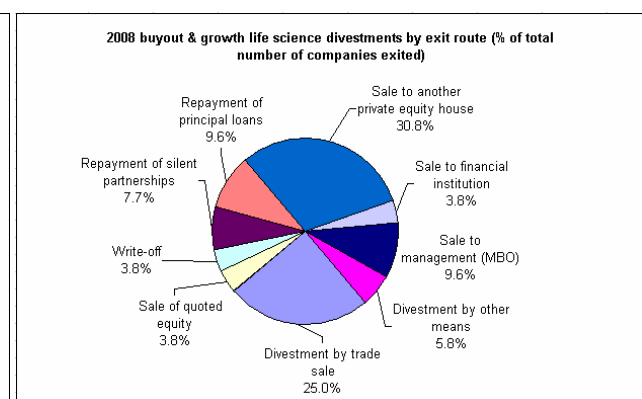
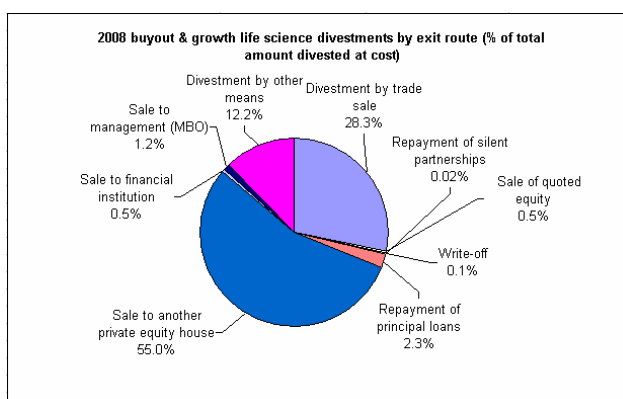
Source: PEREP_Analytics

As in the venture segment, the most financed sub-sector in the buyout & growth life science market was also the most divested. Indeed, divestment from healthcare companies represented more than half of the total amount divested at cost from life science companies and 45% of the total number of life science companies exited. Divestments in the biotechnology subcategory almost dried up at €5.5m, from €217m in 2007.



Source: PEREP_Analytics

About 63% of total healthcare divestments were secondary sales, driving the overall pattern of investments. Indeed, divestments by sale to other private equity houses accounted for 55% of the total amount divested at cost in the buyout & growth segment, of which 63% came from the divestments of healthcare companies. Trade sale was the second most used divestment method.



Source: PEREP_Analytics



Conclusion

In a context of decreasing activity in 2008, life science remained one of the most financed sectors in Europe, particularly in the venture segment where it was the main early-stage sector invested in. On the divestment side, divestments from life science companies decreased mainly in the buyout segment, where returns on a one year horizon were the lowest. Nevertheless, buyout funds focused on life science investments tend to perform better than venture funds in the long run.

ICT Results

Mobile services made simple

European researchers believe they have achieved what has remained an almost impossible dream in the wireless world: powerful mobile services that work simply, seamlessly and intuitively. [Read more...](#)

Paperless proof, the e-government magic act

A French-developed security platform which turns email into the electronic equivalent of registered mail could help deal with the bureaucratic paper mountains throughout Europe. [Read more...](#)

Classroom computers boost face-to-face learning

Computers have been used for years to facilitate learning at a distance. A new European research programme shows that computers can also enhance collaborative, face-to-face learning and problem solving. [Read more...](#)

Grid browser finds the meaning of life

A web browser that can understand technical terms in life sciences and automatically find additional resources and services has been developed by European researchers. It could lead to a new generation of intelligent search engines. [Read more...](#)

Slow recovery foreseen in 2010

According to *The Economist's* latest GDP forecasts, the economic outlook for the most developed economies has deteriorated further in 2009, but a slow recovery is foreseen in 2010.

Annual GDP Growth Forecasts in %

	May 2009 forecast		February 2009 forecast		Difference between the two forecasts	
	2009	2010	2009	2010	2009	2010
Euro zone	-3.7	0.3	-2.1	-	-1.6	-
UK	-3.7	0.3	-2.6	-	-1.1	-
Denmark	-3.1	0.6	-1.7	-	-1.4	-
Sweden	-4.1	0.8	-1.0	-	-3.1	-
USA	-2.9	1.4	-2.0	-	-0.9	-
Japan	-6.4	0.6	-3.2	-	-3.2	-

Source : The Economist



In the Euro Zone and the UK, GDP growth is expected to reach 0.3% in 2010, the lowest level foreseen for the developed economies presented here. On the opposite, the US GDP is expected to increase by 1.4% in 2010. It would be the only country to experience growth above 1%. In Sweden, GDP growth is foreseen at 0.8%, 2 p.p. above the level foreseen in Denmark and Japan (0.6%).

Since the last edition of Barometer in February 2009, GDP growth forecasts for 2009 have worsened. In the Euro Zone, GDP is now expected to fall by 3.7%, 1.6 p.p. below the previous forecast. The decrease in Japanese GDP is now expected at 6.2%, twice the level foreseen last February. Recession in Japan would be the sharpest among all economies presented here. GDP growth forecasts for the US have been reviewed by 0.9 p.p. only at -2.9%. The US are expected to experience the lowest recession, and the fastest recovery. GDP in Denmark, the UK and Sweden is expected to decrease by 3.1%, 3.7% and 4.1% respectively.

Quarterly GDP Growth Estimates for the Euro zone in %

	May 2009	April 2009	Difference between the two estimates
2 nd Quarter 2008	-0.2%	-0.2%	0.0
3 rd Quarter 2008	-0.2%	-0.2%	0.0
4 th Quarter 2008	-1.6%	-1.6%	0.0
1 st Quarter 2009	-2.5%	-	-

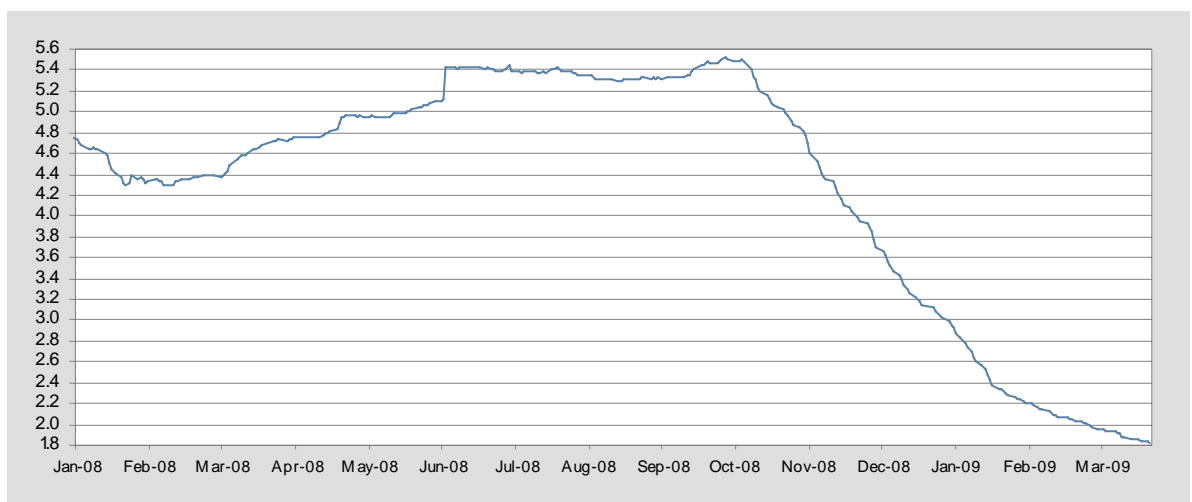
* Refers to the actual quarterly growth rates, which are revised monthly to take account of new information.
Source: Eurostat

According to Eurostat, in the first quarter of 2009 recession deepened in the Euro Zone. GDP decreased by 2.5%, the steepest decline ever registered. Both domestic and external demand were extremely weak, contributing 0.3 points to the decrease in GDP. However, the biggest impact on GDP came from the decrease in manufacturing stocks which deducted one p.p. from the GDP. Investments which decreased by 4.2% deducted 0.9 p.p. from GDP.

Decline in LIBOR slows down

The data available on the British Bankers Association website only show details of the LIBOR rate until the end of March 2009. The LIBOR 12 months slowed down in March, closing at 1.83% on 31 March. This is the lowest level since March 2004.

Annual LIBOR



Source: British Bankers Association (BBA)

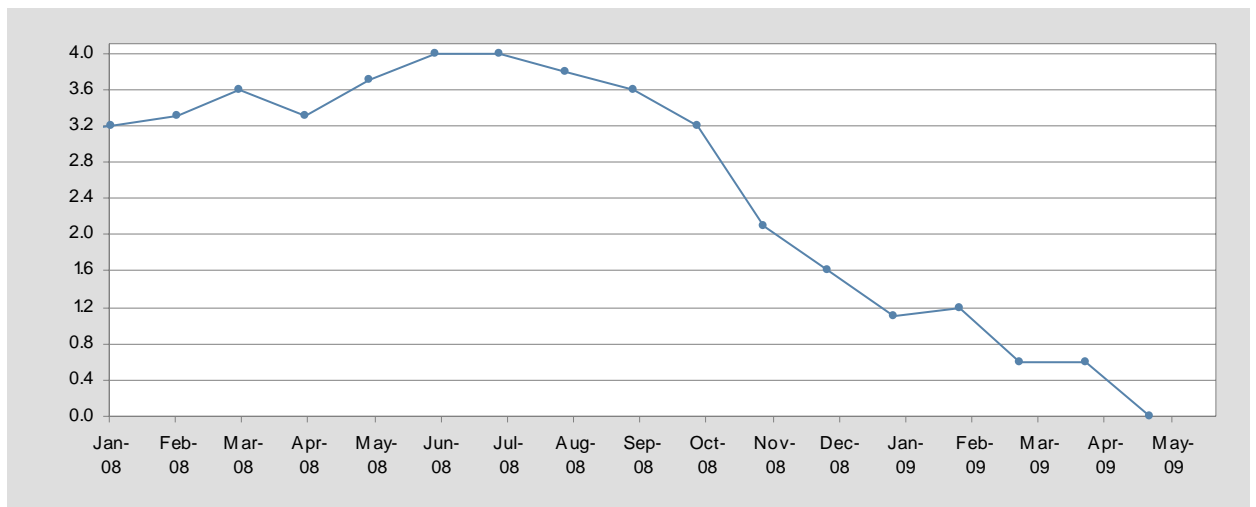


The average LIBOR rate in March was 1.92%, which was 307 basis points below the May 2008 level, and 22 basis points below February 2009 average LIBOR rate.

Inflation and exchange rate

According to Eurostat's flash estimate, inflation was null in May 2009 in the Euro zone. Details on evolution of prices in May will be published mid-June, but it is highly probable that basis effects linked to the decrease in energy and food prices played a key role.

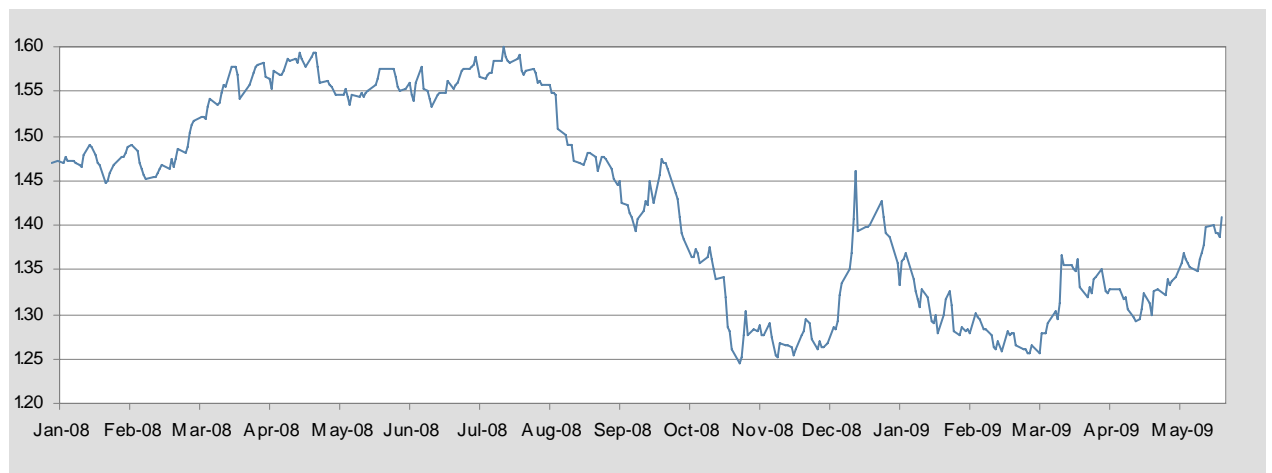
Annual Inflation rate for the Euro Zone



Source: Eurostat - Inflation rate for consumer price

The Euro appreciated by 6.2% in May compared to the end of April, closing at US\$1.41/€ on 29 May. Since the beginning of 2009, the Euro appreciated by 1.67%.

Exchange rate \$ / €



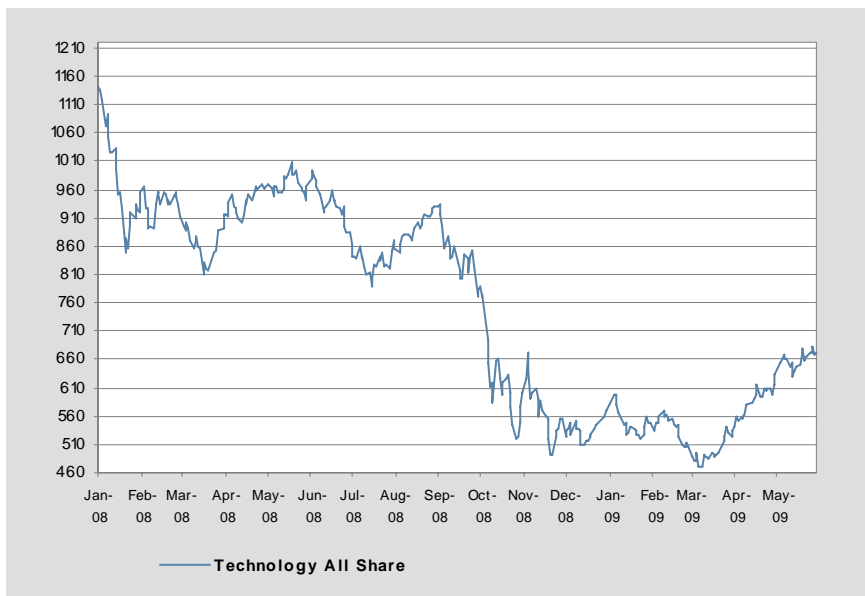
Source: European Central Bank (ECB)



Stock markets oriented upwards

Since mid-march 2009, stock markets picked up, getting back to the levels of the last autumn at the end of May. All indices are significantly up vis-à-vis their early 2009 level.

At the end of May, the Technology All Share was up by 43% from its lowest point on 6 March 2009, registering a 15% increase since early January. The AIM experienced a similar pick-up, increasing by 40% since its lowest level of 9 March. Among all stock indices presented here, the AIM is the best performing index year to date, up by 30%.



Technology All Share

Year 2009

- Highest value: 685.96 (29 May)
- Lowest value: 469.33 (6 March)

Year 2008

- Closing: 30 December at 570.91
- Highest value: 1,142.03 (2 January)
- Lowest value: 492.21 (21 November)

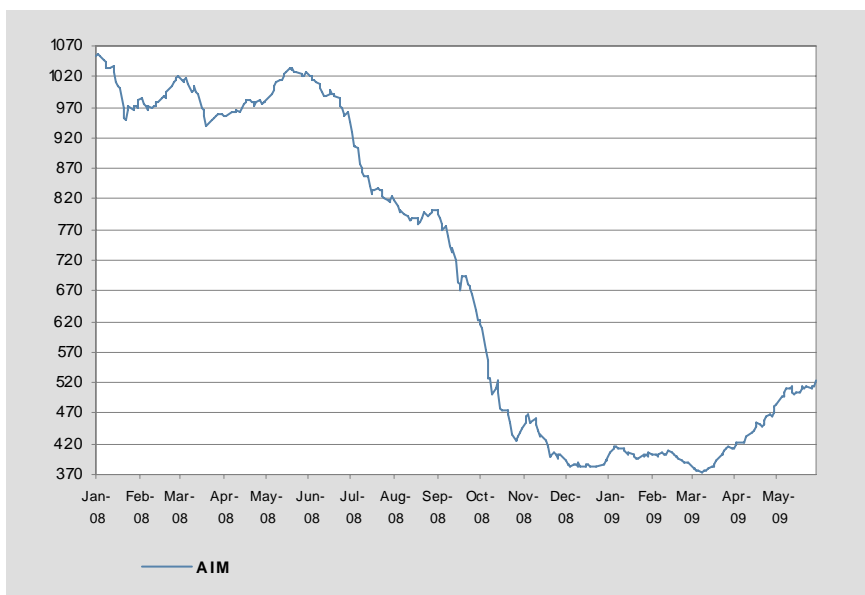
% change on year opening

- 14.98%

% change year on year

- -30.38%

Source: Deutsche Börse



AIM

Year 2009

- Highest value: 524.65 (29 May)
- Lowest value: 373.76 (9 March)

Year 2008

- Closing: 31 December at 394.3
- Highest value: 1,055.60 (3 January)
- Lowest value: 381.77 (22 December)

% change on year opening

- 29.56%

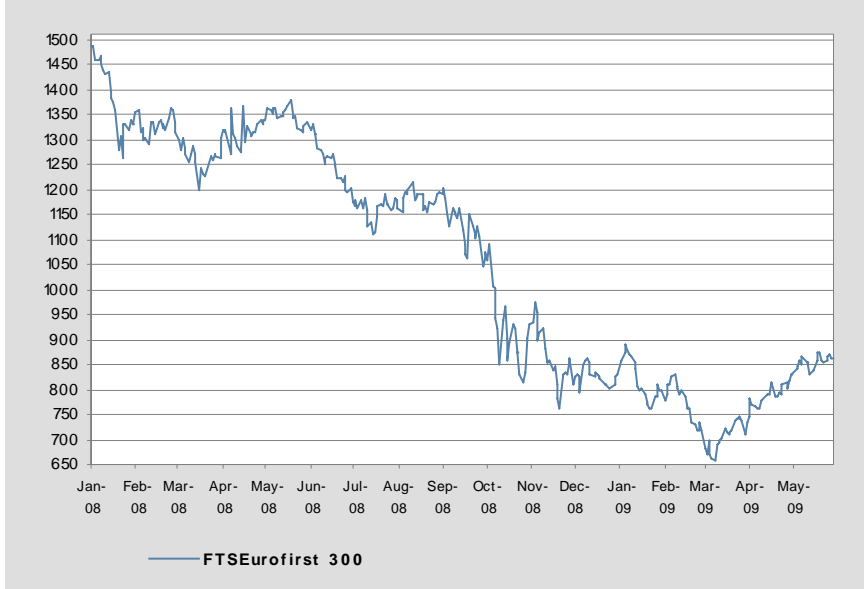
% change year on year

- -48.88%

Source: London Stock Exchange



The FTSE Eurofirst 300 and the NASDAQ went up by 31% and 40% respectively from their lowest level of 9 March. Compared to early January, they registered the lowest growth in 2009. The NASDAQ is up by 9% while the FTSE Eurofirst 300 grows by less than 1%.



FTSEurofirst 300

Year 2009

- Highest value: 889.57 (6 January)
- Lowest value: 657.3 (9 March)

Year 2008

- Closing: 31 December at 831.97
- Highest value: 1,487.23 (2 January)
- Lowest value: 760.97 (21 November)

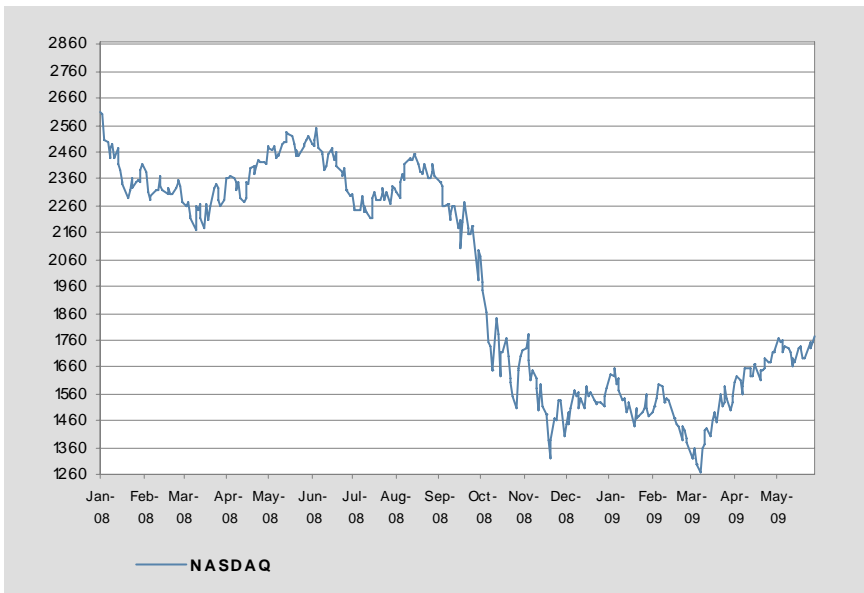
% change on year opening

- 0.63%

% change year on year

- -35.39%

Source: London Stock Exchange



NASDAQ

Year 2009

- Highest value: 1,763.56 (4 May)
- Lowest value: 1268.64 (9 March)

Year 2008

- Closing: 31 December at 1,577.03
- Highest value: 2,609.60 (2 January)
- Lowest value: 1316.12 (20 November)

% change on year opening

- 8.71%

% change year on year

- -29.66%

Source: NASDAQ



IPO Activity

Very few US and Asian companies went public in April 2009, while no European companies were listed, according to data by *Thomson Reuters*.

The only IPO of a European company so far this year was the listing of the Belgian company Auriga International.

IPO activity increased slightly in the US in April, compared to the first quarter of 2009. Three companies went public, generating €208 million in proceeds. This is half the number of issues recorded in April 2008, and about 10% of the proceeds generated at that time.

	USA				Europe				Asia ¹			
	2008		2009*		2008		2009*		2008		2009*	
	Proceeds €m	No. Issues	Proceeds €m	No. Issues	Proceeds €m	No. Issues	Proceeds €m	No. Issues	Proceeds €m	No. Is- sues	Proceeds €m	No. Is- sues
Quarter 1	13,221	10	641	1	569	32	1	1	9,198	96	266	37
Quarter 2	2,987	14	208	3	7,419	47	0	0	6,801	118	1,234	11
April	2,012	6	208	3	603	12	0	0	2,019	37	1,234	11
Quarter 3	595	4			876	20			3,056	69		
Quarter 4	116	1			1,286	13			659	28		
Total	16,919	29	850	4	10,150	113	1	1	19,714	311	1,500	48

* Cut-off date: 30 April 2009

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

Data is continuously updated and is therefore subject to change

¹Asia here excludes Japan

Source: Thomson Reuters

The largest US company IPO so far this year was the launch of the consumer staple company *Mead Johnson Company* in January. In April, the launch of *Bridgepoint Education*, a US services company, was the biggest IPO in the second quarter so far. Prior to its listing, *Bridgepoint Education* was venture-backed.

In Asia, the number of issues registered in April was down by 70% year-on-year, generating 61% of the total proceeds recorded in April 2008. So far this year, 48 Asian companies went public, generating €1.5 billion in proceeds. This is about 15% of the total number of Asian companies listed last year, and 8% of the proceeds generated.

The listing of the Chinese manufacturing company *China Zhongwang Holdings* in April 2009 is the largest IPO in Asia so far this year, with €1.8 billion in proceeds.



Top IPO Stock Exchange

The London AIM and the Channel Islands stock exchange top the ranking of most popular European stock exchange in terms of proceeds. However, like in 2008, the Warsaw stock exchange come first in terms of number of issues with 4 IPOs worth €33m.

The New York Stock Exchange tops the list of the most important US IPO markets, with 2 IPOs worth €205 million.

Ranking	USA			Europe			Asia ¹		
	Name	Proceeds €m	No. issues	Name	Proceeds €m	No. issues	Name	Proceeds €m	No. issues
1	New York	205	2	London AIM	349	1	Hong Kong	1,592	8
2	Frankfurt	4	1	Channel Islands	349	1	NASDAQ	138	1
3				Warsaw	33	4	Korea	43	1
4				Russian Trading System	4	2	Singapore Catalyst	7	1
5				Euronext Paris Premier Marché	1	1	The Bombay Stock Exchange	2	1

* Cut-off date: 30 April 2009

¹Asia here excludes Japan

Source: Thomson Reuters

In Asia, the Hong-Kong stock exchange reached €1.6 billion in proceeds from 8 IPOs, followed by the NASDAQ with €138 million from 1 IPO.

Over 4,000 European M&A transactions worth €252bn in 2009 so far

According to data from *Dealogic*, a total of 4,025 M&A deals, valued at €252bn have taken place in 2008 so far in Europe (cut-off date: 30 April 2009). Compared to the same period of 2008, this represents a decrease of 30% by value and 16% by number of deals. The average monthly deal volume for the first four months of 2009 amounts to 1,006 M&A deals, with a value of €63bn.

Similar to 2008, the most active sectors in the first four months of 2009 in terms of deals are computer & electronics and professional services with 446 and 426 M&A deals respectively. In value terms, Finance come first with €76bn over 328 deals. It is followed by utility & energy with €48bn over 48 deals, and the automotive industry with €32bn over 109 deals.



	2006		2007		2008		2009*	
	Amt. €bn	No. of deals	Amt. €bn	No. of deals	Amt. €bn	No. of deals	Amt. €bn	No. of deals
Aerospace	8	31	6	37	3	39	0	11
Agribusiness	3	104	1	120	2	102	0	25
Auto/Truck	12	221	22	267	21	290	32	109
Chemicals	34	307	23	370	25	340	5	95
Computers & Electronics	32	1,261	40	1,372	37	1,475	8	446
Construction/Bldg Prods	80	806	56	872	35	865	4	237
Consumer Products	14	440	28	563	49	510	0	155
Dining & Lodging	35	311	20	292	23	235	1	84
Finance	110	875	288	888	193	1,010	76	328
Food & Beverage	25	647	44	686	20	599	3	230
Forestry & Paper	2	112	4	106	3	117	0	34
Government	0	13	0	10	0	14	0	7
Healthcare	67	455	64	553	15	547	5	161
Holding Companies	4	99	18	104	8	104	1	43
Insurance	41	272	48	346	40	356	4	113
Leisure & Recreation	14	246	16	233	4	235	1	77
Machinery	12	362	18	469	11	460	1	132
Metal & Steel	50	283	40	336	13	332	0	105
Mining	20	182	7	137	38	148	1	51
Oil & Gas	57	340	86	301	48	289	18	106
Professional Services	24	1,307	30	1,523	26	1,525	2	426
Publishing	26	268	17	316	23	273	0	83
Real Estate/Property	134	1,016	170	1,333	70	900	21	232
Retail	24	445	50	471	19	456	3	173
Telecommunications	110	515	61	526	45	509	5	152
Textile	4	160	15	142	3	147	0	32
Transportation	61	560	47	619	29	613	11	208
Utility & Energy	73	390	141	434	169	548	48	164
Total	1,074	12,033	1,365	13,438	972	13,045	252	4,025

* Cut-off date: 30 April 2009

Data is continuously updated and is therefore subject to change

Note: the industry classification has changed as of April 2007, following the implementation of a new analytics system. Please also note that the data methodology has changed as of January 2005 and is presented excluding company carveouts.

Source: Dealogic

Western Europe attracted more than 75% of the M&A activity so far in 2009

Data from *Dealogic* show that 3,118 transactions took place in Western Europe in the first four months of 2009, adding up to a total value of €229bn. Thus Western Europe represents 77% of the total 2009 activity in terms of deal number, and 91% in value terms.



Germany outranked the United Kingdom as the largest country in terms of deal value. In the first four months of 2009, the total value of M&A deals that took place in Germany was €61bn, compared with €59bn in the United Kingdom. However, the United Kingdom still ranks first in terms of deal number with 778 M&A deals registered so far this year, compared with 437 M&A deals in Germany.

	2006		2007		2008		2009*	
	Amt. €bn	No. of deals	Amt. €bn	No. of deals	Amt. €bn	No. of deals	Amt. €bn	No. of deals
Eastern Europe	127	2,769	167	2,447	155	2,985	23	907
Russian Federation	68	1,226	96	824	103	1,165	11	410
Kazakhstan	4	26	5	32	6	45	2	16
Czech Republic	3	134	4	117	6	162	2	42
Turkey	19	126	17	119	12	103	2	25
Hungary	6	105	8	98	5	95	2	27
Western Europe	947	9,264	1,198	10,991	817	10,060	229	3,118
Germany	122	1,151	148	1,839	82	1,516	61	437
United Kingdom	303	2,926	292	3,104	250	2,880	59	778
Spain	96	725	115	924	73	619	39	314
Belgium	9	182	16	249	28	202	18	55
France	126	913	116	1,029	117	1,098	10	405
Total	1,074	12,033	1,365	13,438	972	13,045	252	4,025

* Cut-off date: 30 April 2009

Data is continuously updated and is therefore subject to change

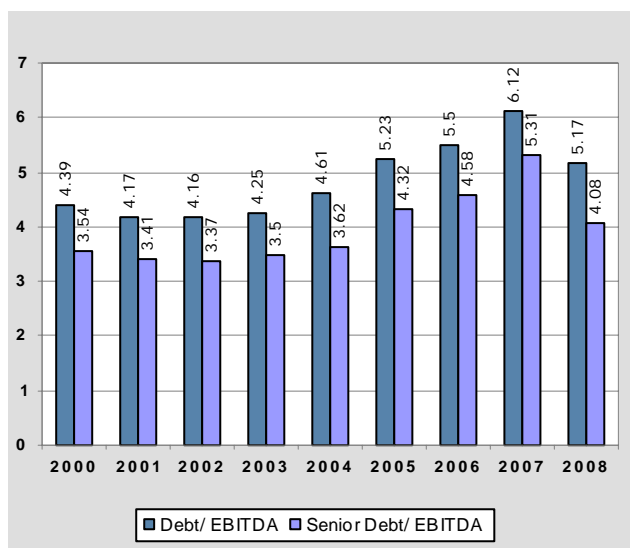
Note: the data methodology has changed as of January 2005 and is presented excluding company carveouts.

Source: Dealogic

Eastern Europe so far counts 907 M&A deals valued at €23bn. With 411 deals worth €11bn, the Russian Federation remains by far the first Eastern European market for M&A transactions. Kazakhstan comes second in terms of deal value with €2bn in proceeds, followed closely by the Czech Republic, Turkey and Hungary. The Czech republic ranks second in terms of deal number, with 42 transactions registered.

Leverage Loan Market Activity

European leverage ratios from 2000-2008

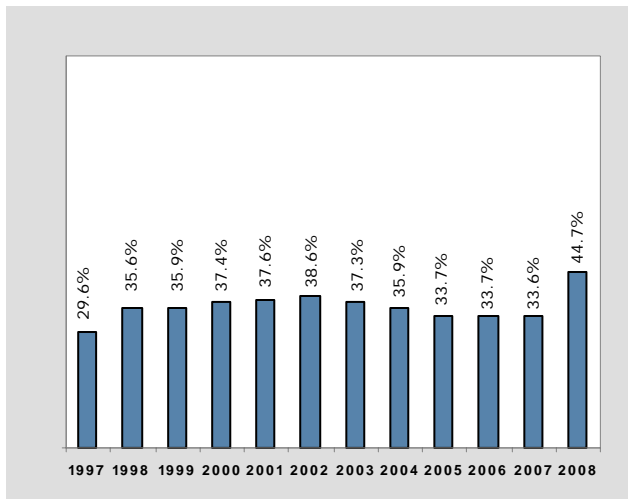


Source: S&P LCD

According to data provided by *Standard & Poor's Leveraged Commentary & Data (S&P LCD)*, after five years of increase, debt to EBITDA multiples decreased by 16% from 6.12x in 2007 to 5.17x in 2008. Senior debt levels decreased by 23% from 5.31x to 4.08/x over the same period.



Average European equity contributions
from 1997-2008 (as of total enterprise value)



Source: S&P LCD

In 2008, the average equity contribution of the transaction values increased by one-third compared to 2007. It reached 44.7%, its highest level over the past twelve years.



Methodology

GDP

i) Eurostat

Source: <http://epp.eurostat.ec.europa>

The growth rates presented refer to the actual quarterly growth rates, which are revised monthly to take account of new information. The area referred to is the Euro Zone (EU 15).

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.

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.

Inflation rate

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.

Exchange rate

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

Stock Markets

FTSE Eurotop 300:

Source: www.londonstockexchange.com

AIM:

Source: www.londonstockexchange.com

Technology All Share:

Source: www.deutsche-boerse.com

NASDAQ:

Source: www.nasdaq.com



IPO activity and Top 5 IPO stock exchanges

Source: Thomson Financial at www.thomsonreuters.com

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. Asian data refers to companies domiciled in Asia, excluding Japan. All amounts are given in Euros and represent total proceeds raised to the issuing company, including overallotments sold.

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. Volume data refers to M&As of quoted and unquoted companies. The geographical M&A flows are classified by target nationality. Please also note that the data methodology has changed as of January 2005 and that M&A data is presented excluding company carveouts.

European leverage ratios and average equity contributions

Source: S&P LCD at www.lcdcomps.com

The data is referring to the leverage loan market, covering loans for LBO transactions that are syndicated to borrowers (banks) in Europe. Transactions include all sponsored activity, such as refinancing and recapitalizations. Europe refers to both, Western and Eastern Europe.

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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