



## Private Equity for 2008 in the Main Centres of Activity in Europe\*

9 June 2009

Dear Sir or Madam,

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The data used in the preparation of this report has been collected and analysed by Transaction Advisory Services of Grant Thornton but has not been independently verified, validated nor audited by Grant Thornton. However, in some countries the data was verified by external local advisors.

All information included in this report come from the aggregation of 2008 statistics provided by the major National Venture Capital Associations in European Union:

- **France** : AFIC – Association Française des Investisseurs en Capital (French Private Equity Association) represented by Jean-Yves Demeunynck.
- **Italy** : AIFI - Associazione Italiana del Private Equity e Venture Capital (Italian Private Equity and Venture Capital Association) represented by Anna Gervasoni.
- **Germany** : BVK - Bundesverband Deutscher Kapitalbeteiligungsgesellschaften (German Private Equity and Venture Capital Association) represented by Doerte Hoepfner.
- **Spain** : ASCRI - Asociación Española de Entidades de Capital Inversión (Spanish Venture Capital Association) represented by Dominique Barthel.
- **United Kingdom** : BVCA – British Private Equity and Venture Capital Association represented by Simon Walker.

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We would like to thank you the executive directors and their team for their active support to perform this survey and for the opportunity they gave us to present it.

Paris, 9 June 2009

**Grant Thornton**

French member of Grant Thornton International

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## Section 1

### Methodology

1. Methodology
2. Executive summary
3. Fundraising
4. Investments
5. Divestments



## Various approach used by each NVCAs

### France (AFIC)

- Statistics based on information collected through the internet site [www.afic-data.com](http://www.afic-data.com) dedicated to the members of the association and recorded deal by deal.
- An answer rate of 95% (i.e. 232 members answered to the request) which mean 98% of the French PE activity.
- Information which are only related to the activity of the French Private Equity funds who are members of the association (i.e. excludes all non members).
- Funds raising included in the statistic if the investment vehicle is a French firm or the French Office/branch of a Pan European equity firm.
- Transaction recorded in the data according to the effective cash out/cash in date (i.e. closing date).
- For the 1st time and according to the recommendations of the Methodology research committee, investment on listed companies (CAC 40) are included in the statistics.
- Review of information collected (exhaustivity, accuracy, coherence) by external advisor.

### Germany (BVK)

- Since 2008, statistics have been collected using PEREP analytics. (Independent database of private equity activity in Europe)
- Until 2007 all figures were collected and calculated by BVK.
  - The figures presented in this survey for 2006 are BVK based, 2007 and 2008 PEREP based.
- Data are collected deal by deal from questionnaires sent to all relevant players of the German private equity market. In addition, PEREP Analytics complete the database by additional research. In addition some data are estimated.
- A deal is included in the database at completion.

### Italy (AIFI)

- Statistics based on information collected through the internet site [survey.aifi.it](http://survey.aifi.it).
- The data collection is recorded deal by deal.
- The survey has been done in collaboration with an external advisor.
- The survey includes also the activity performed by players who are not membership of AIFI (Pan-European PE firm) for material deals published in the press.
- 157 private equity players have been included in the statistics (130 are AIFI members).
- A 100% response rate achieved, which covers 95% of the Italian PE and VC market.

## Various approach used by each NVCAs

### Spain (ASCRI)

- Statistics based on information collected through the internet site [webcapitalriesgo.com](http://webcapitalriesgo.com) directed by José Martí Pellón and completed by each investor through their own key that Jose Marti had provided.
- Review of information collected (exhaustivity, accuracy, coherence) by [webcapitalriesgo.com](http://webcapitalriesgo.com) that has been studying the activity in the last 15 years.
- The data collection is recorded deal by deal.
- An answer rate of 100% (i.e. 180 players included in the statistics).
- Information is related to ASCRI members and non members covering all the Spanish activity.
- Fundraising included in the statistic covers the investment vehicle of a Spanish firm as well as the amount invested by a Pan European equity firm with an office or branch based in Spain if they invest in a Spanish company.
- Transaction recorded in the data according to the effective cash out/cash in date (i.e. closing date).

### United Kingdom (BVCA)

- The United Kingdom Private Equity survey was conducted by an external advisor on behalf of BVCA.
- For the 2008 survey, the external advisor collected data on investments made or advised by full members of BVCA during the calendar year 2008.
  - The data collection is done through a written questionnaire sent to all BVCA full members.
  - This means that the 2008 figures relate not only to those investments undertaken by the UK office of BVCA full member firms, but also to those undertaken through an overseas office, where the UK office was the lead adviser, and regardless of where the investment fund was domiciled.
- Data is recorded deal by deal on deal completion from British private equity funds who are members of the association (i.e. excludes all non members).
- A 100% response rate was achieved, which covers 95% of the UK PE/VC market.
- The annual average currency rate is used for GBP conversion.

## Section 2

### Executive summary

1. Methodology

2. Executive summary

3. Fundraising

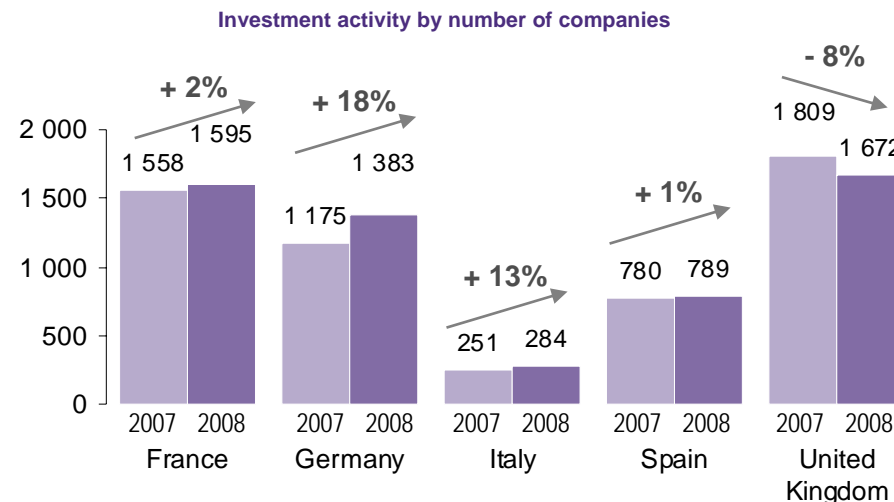
4. Investments

5. Divestments

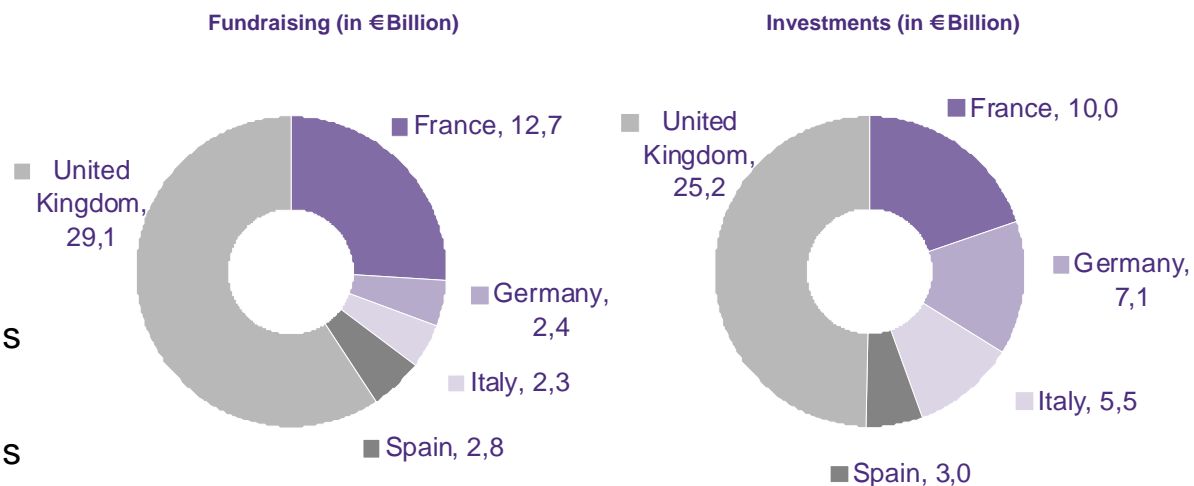


## Key issues (1/2)

- In the context of the credit crunch the activity of Private Equity in the main Centres of activity in the European Union **remains resilient in 2008** and shows a **positive trend in terms of company invested** in each country, except for United Kingdom which decline by 8%.
  - The **strongest growth is performed by Germany and Italy** with an increasing of companies invested by 18% and +13%.



- **United Kingdom remains the largest country** for Private equity activity with €29,1 Billions funds raised and €25,2 Billions invested. France is number 2 with €12,7 Billions funds raised and €10,0 Billions invested.





## Key issues (2/2)

- Strong decline in fundraising in 2008 by 25%\*** with € 49,3 Billions\*.
  - Exceptional fundraising of € 12,7 Billions for France confirmed by few significant operations initiated in 2007 (20 operations centralized more than 75% of fundraising).
  - Massive downturn by – 57% compared to the previous year in Germany.
- Most markets see a decline in amounts invested** (between 5% to 37%), the Italian Private Equity market being a notable exception (+30%) explained by an increase of buy out operations
- The most affected activity of Private Equity remains **divestments which strongly decline by -32%\*** with € 20,5 Billions\* in 2008, mainly explained by a **collapse in the IPO and a falling appetite for secondary buy outs.**

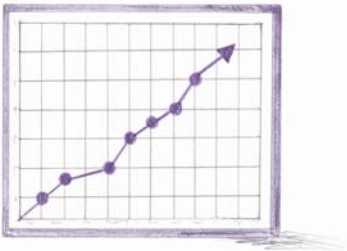


(\*) aggregated figures which may includes double counting

## Section 3

### Fundraising

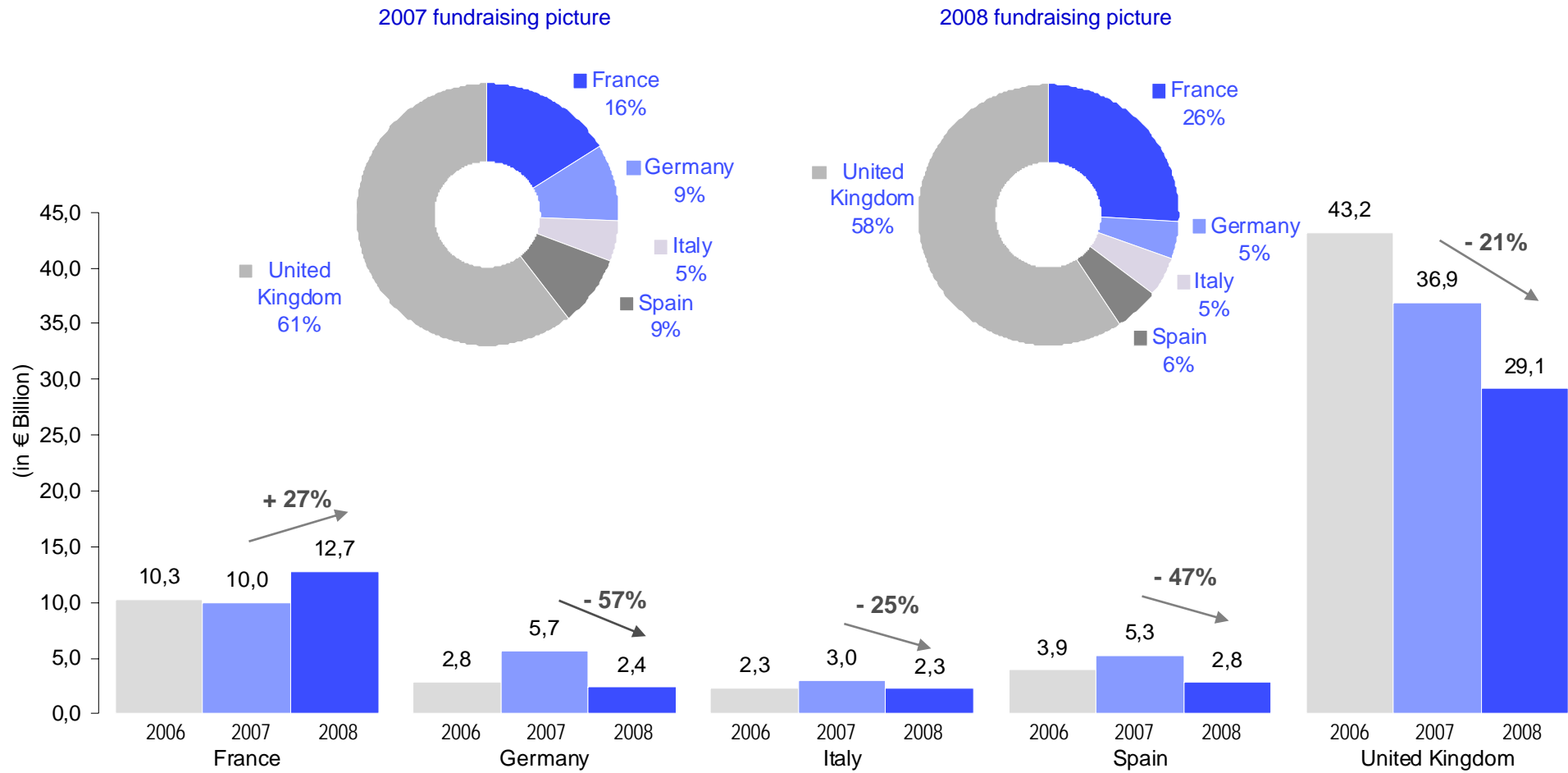
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Development of fundraising  
Funds raised by source  
Funds raised by country

# Development of fundraising

**Strong decline in general in 2008**  
**with the exception of France which realized a few exceptional fundraisings**

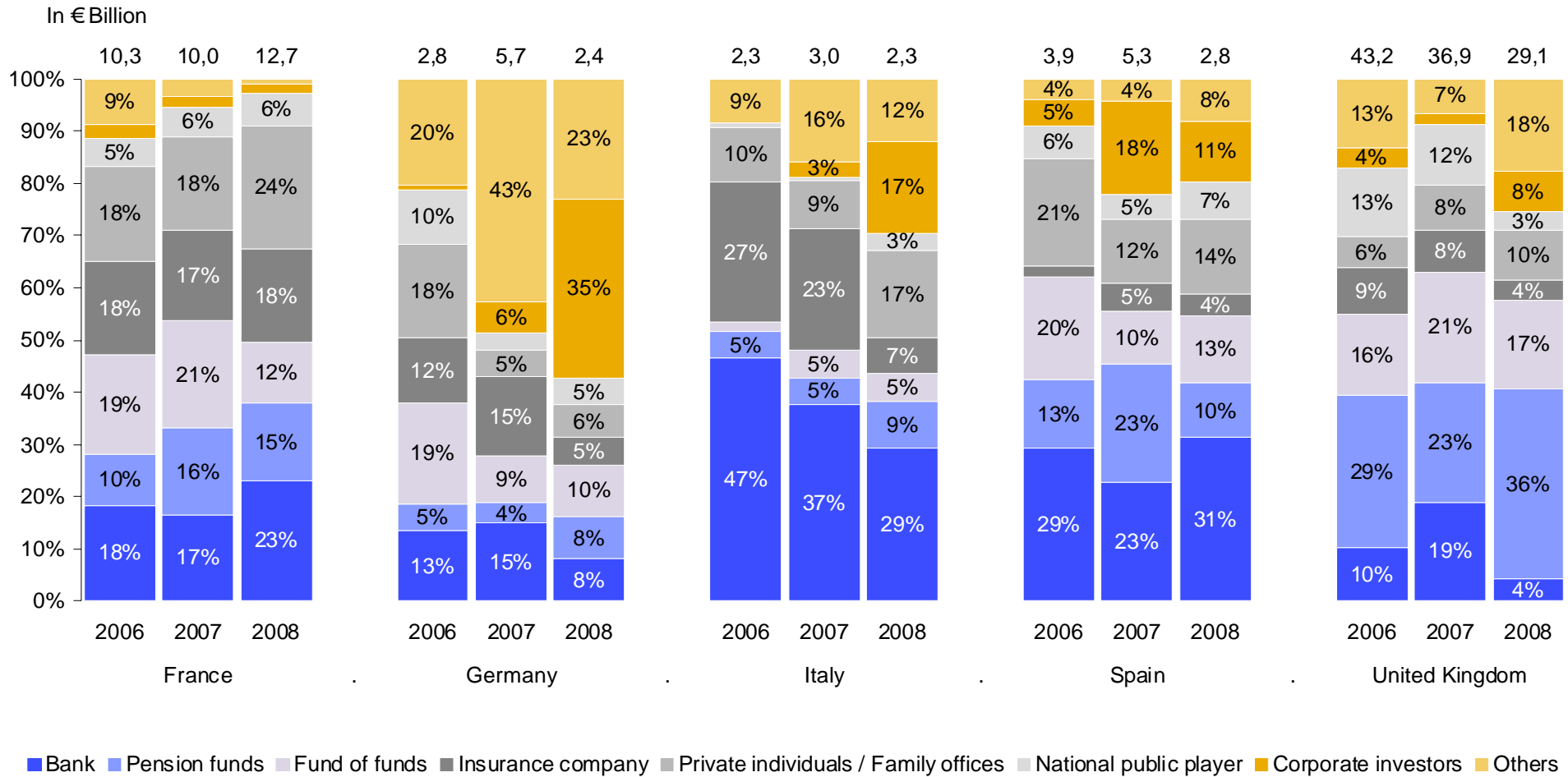


Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

# Funds raised by source

**European private equity sources are different from one country to another**

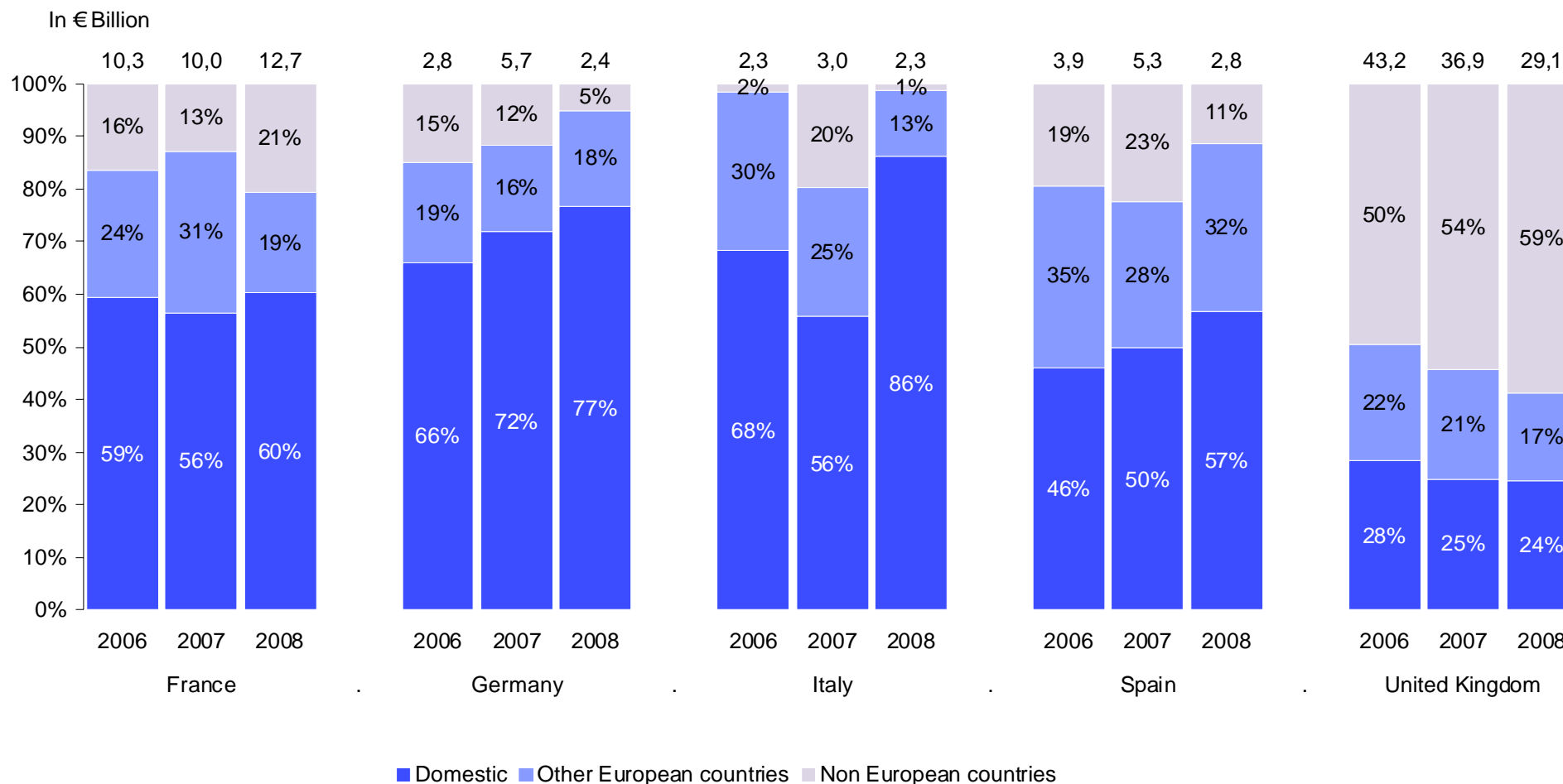
**Banks, insurance companies, pension funds and funds of funds are the four main subscribers in Europe**



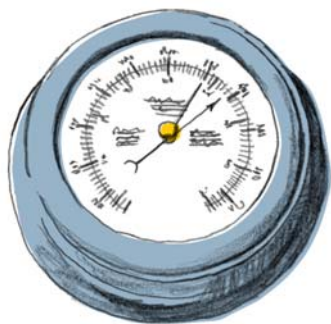
Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

## Funds raised by country

**Only 24% of fundraised in the United Kingdom come from domestic sources**  
**Unlike the other countries where the figures is well in excess of 50%**



Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers



## Section 4

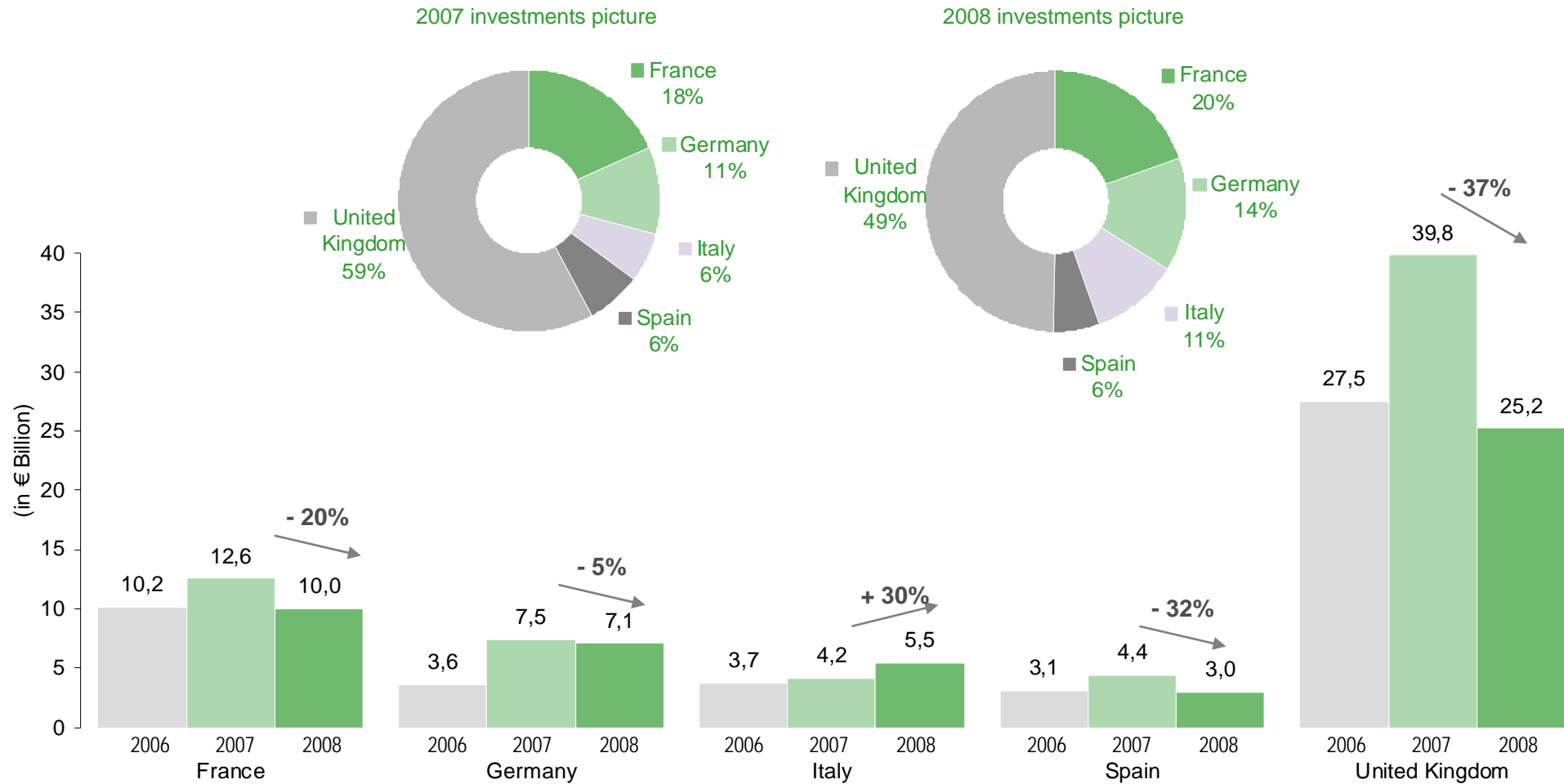
### Investments

Investment activity  
National benchmarking  
Investment by stage  
Investment by country

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5. Divestments

# Investment activity by amount

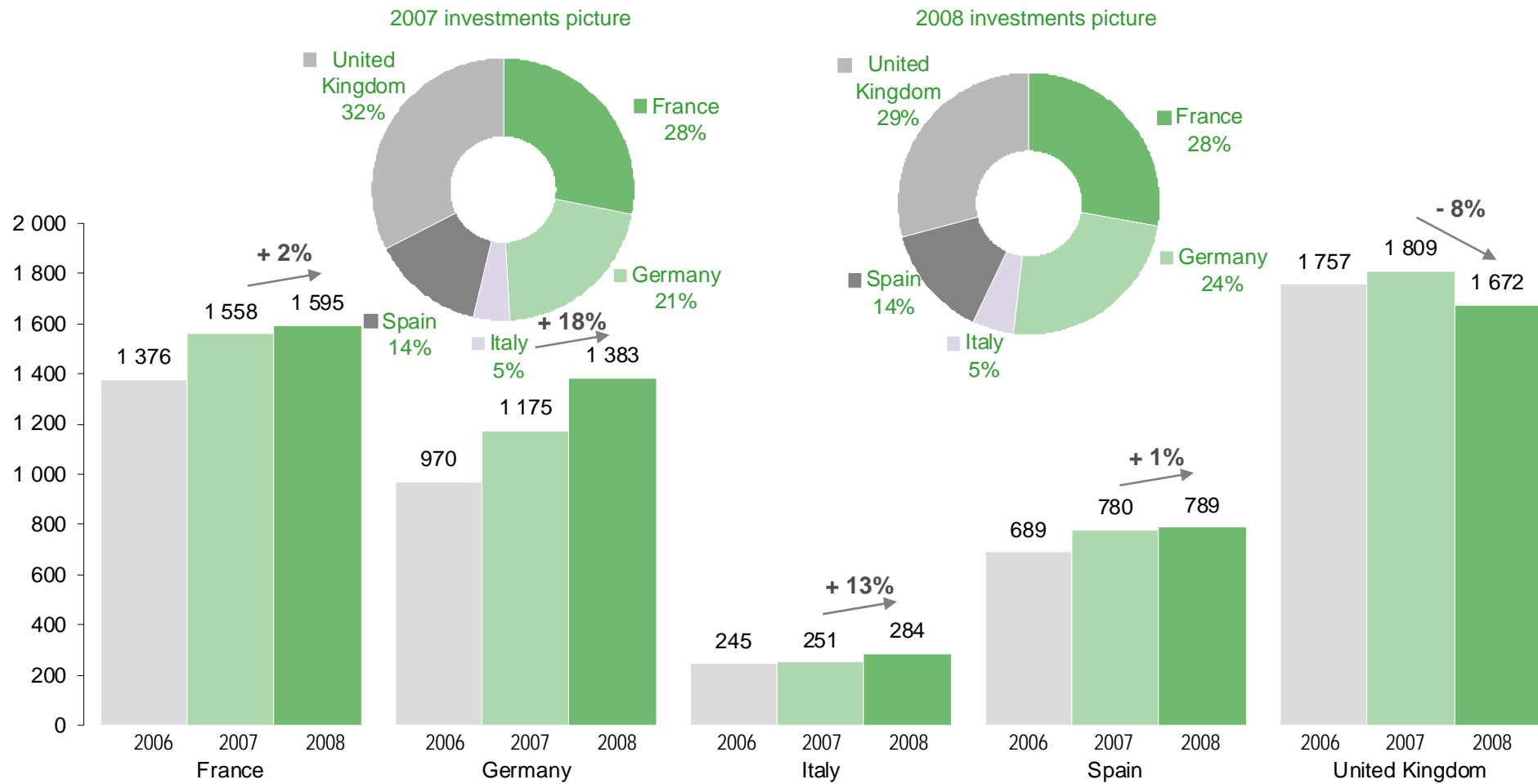
**Most markets see a decline in amounts invested  
The Italian private equity market being a notable exception**



Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

# Investment activity by number of companies

**2008 investment activity remains robust in all countries in terms of numbers of deals despite a decrease of 8% in the United Kingdom**



Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers



# National benchmarking

**The United Kingdom remains the most important private equity market in Europe despite the decrease in deals**  
**The PE German and Italian market recorded the highest growth in 2008**

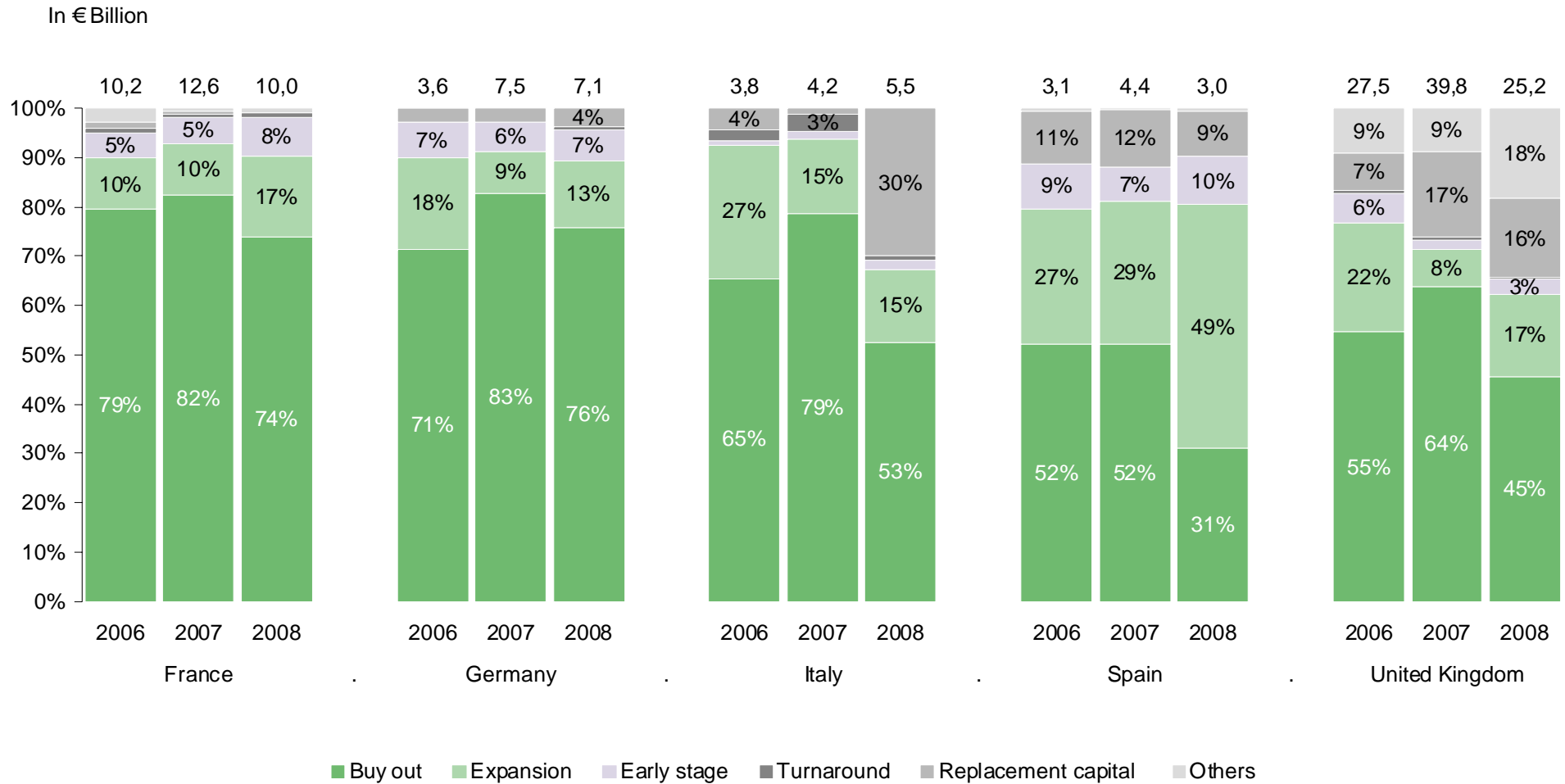


Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

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# Investments by stage in amount

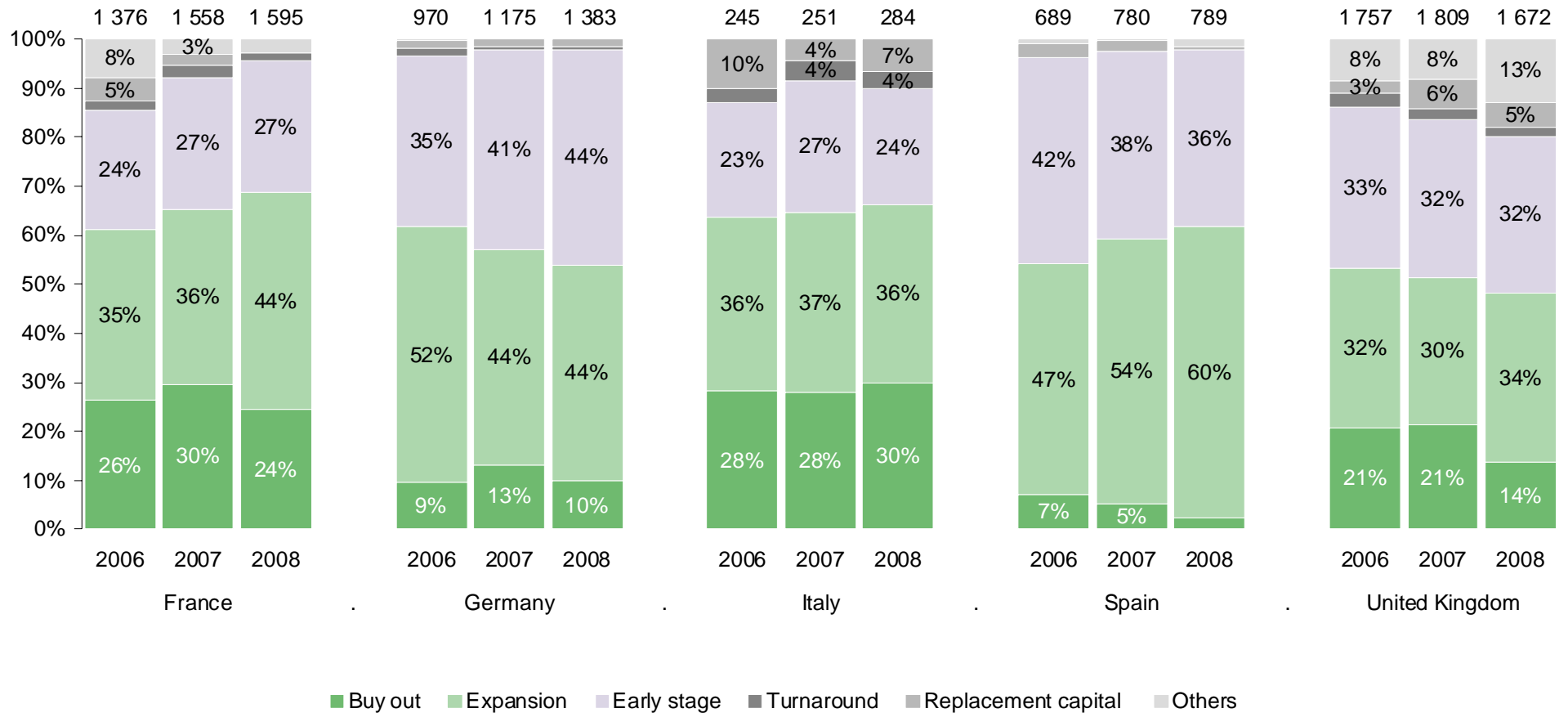
**In all countries, buyout remains the largest stage of investment  
Despite difficulties in raising leverage in 2008**



Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

# Investments by stage in number of companies

**Expansion is the most important stage of investments in terms of number of companies invested**

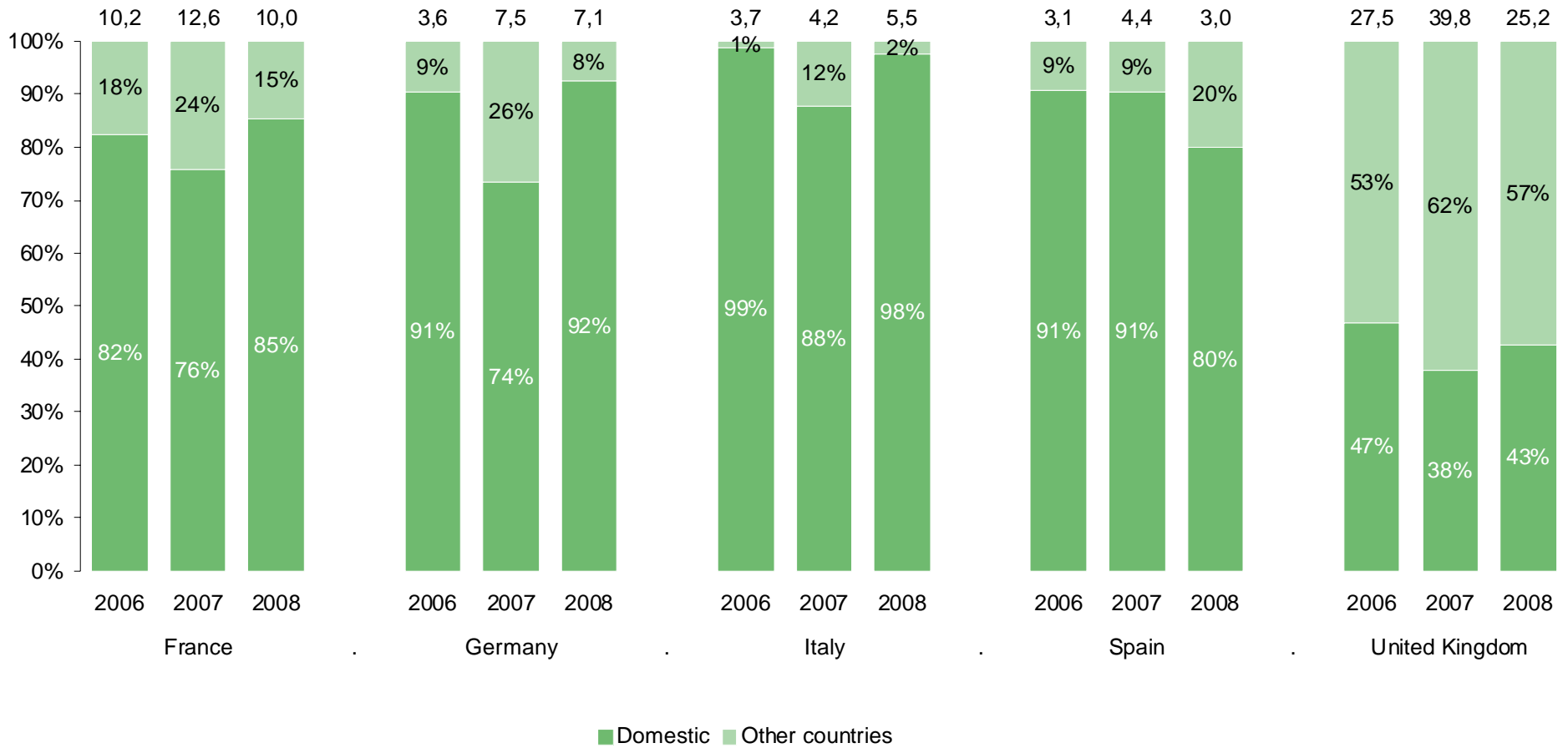


Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

# Investment by country in amount

**Investments by country are stable from 2006 to 2008**  
**PE firms invests mainly in domestic companies although by value**  
**most UK investments are in other countries**

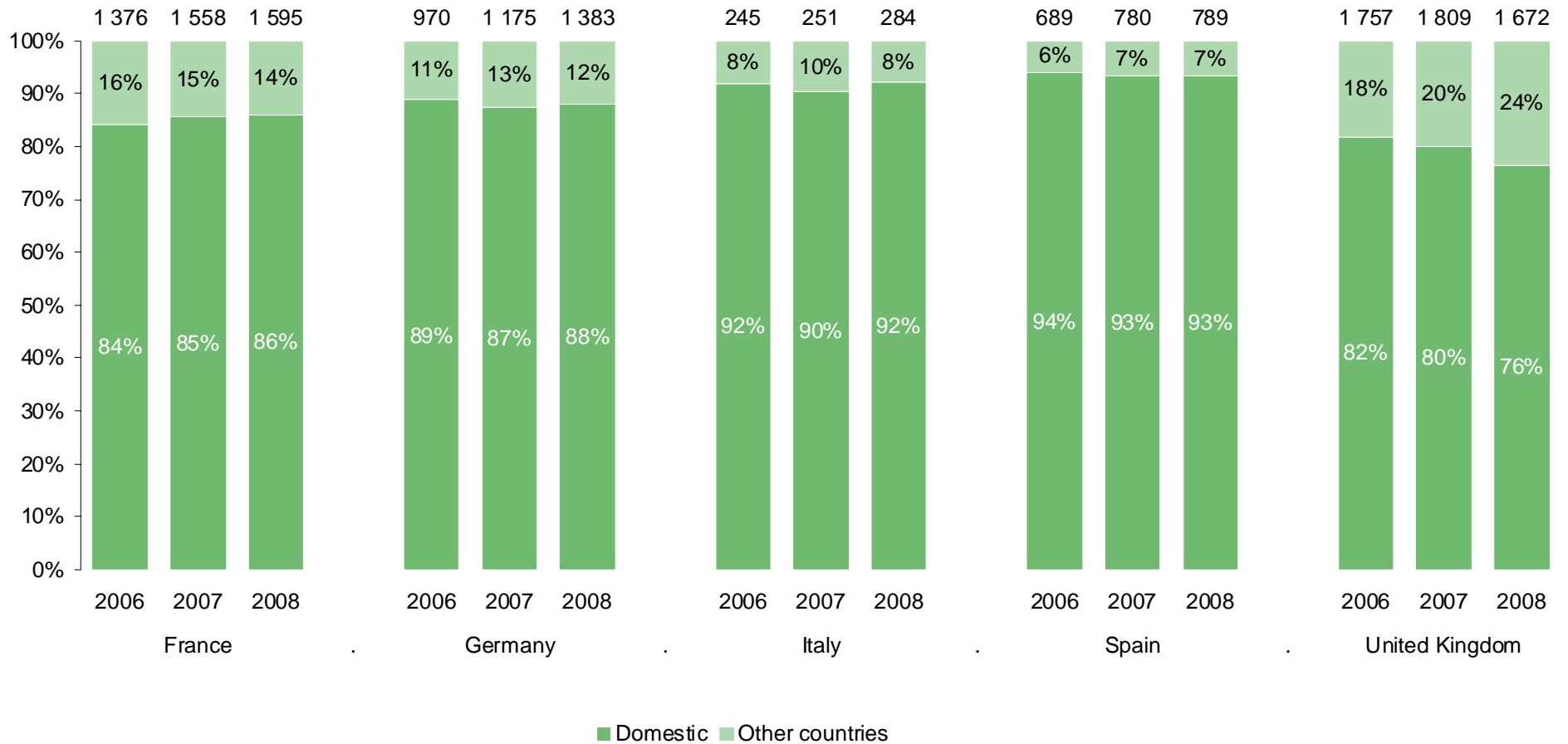
In € Billion



Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

## Investment by country in number of companies

**In terms of number of deals the trend is the same during the period  
Companies invested by PE firms mainly come from domestic market**



Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers



## Section 5

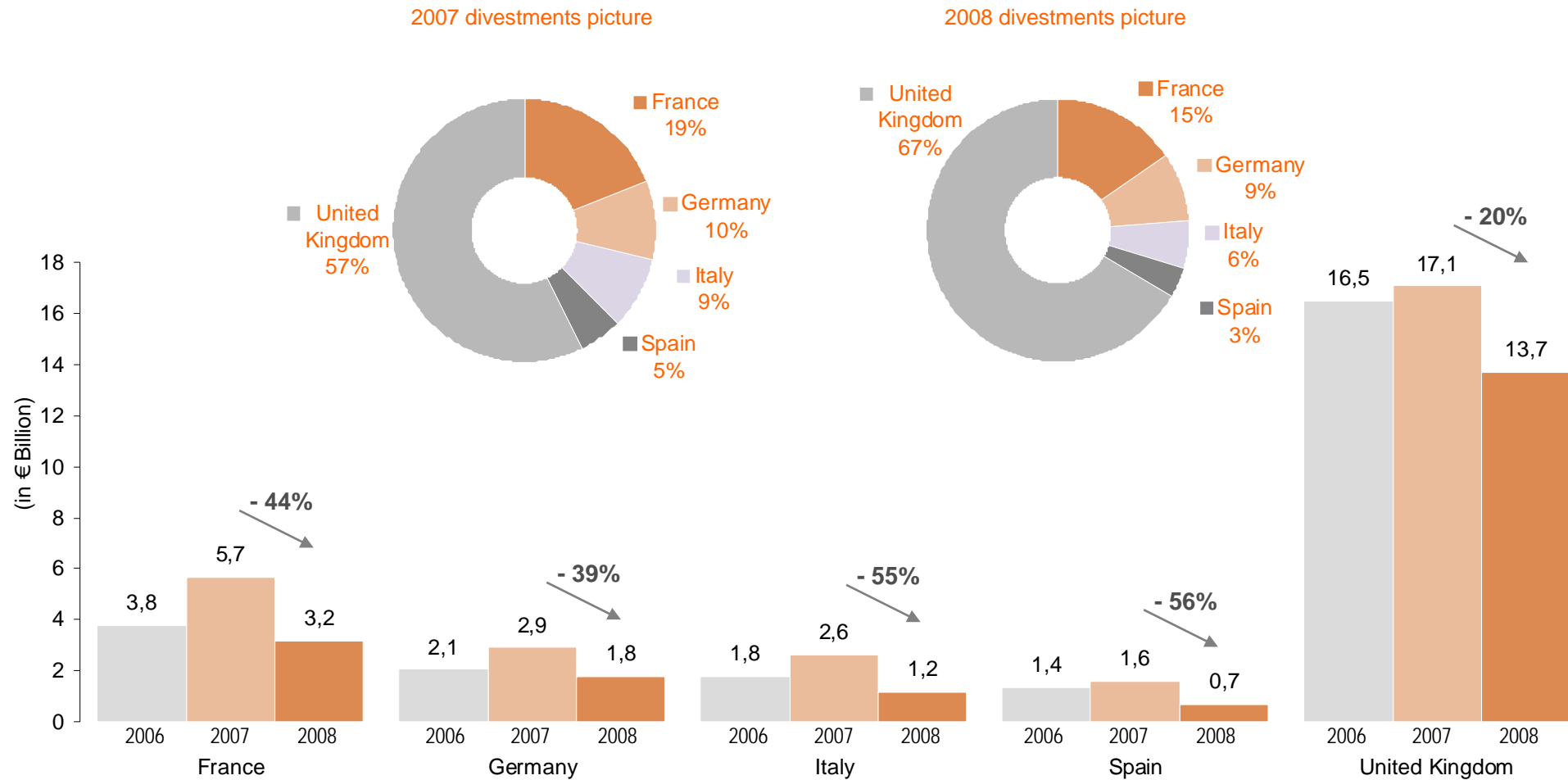
### Divestments

Divestments activity  
National benchmarking  
Type of divestments

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## Divestments activity in amounts

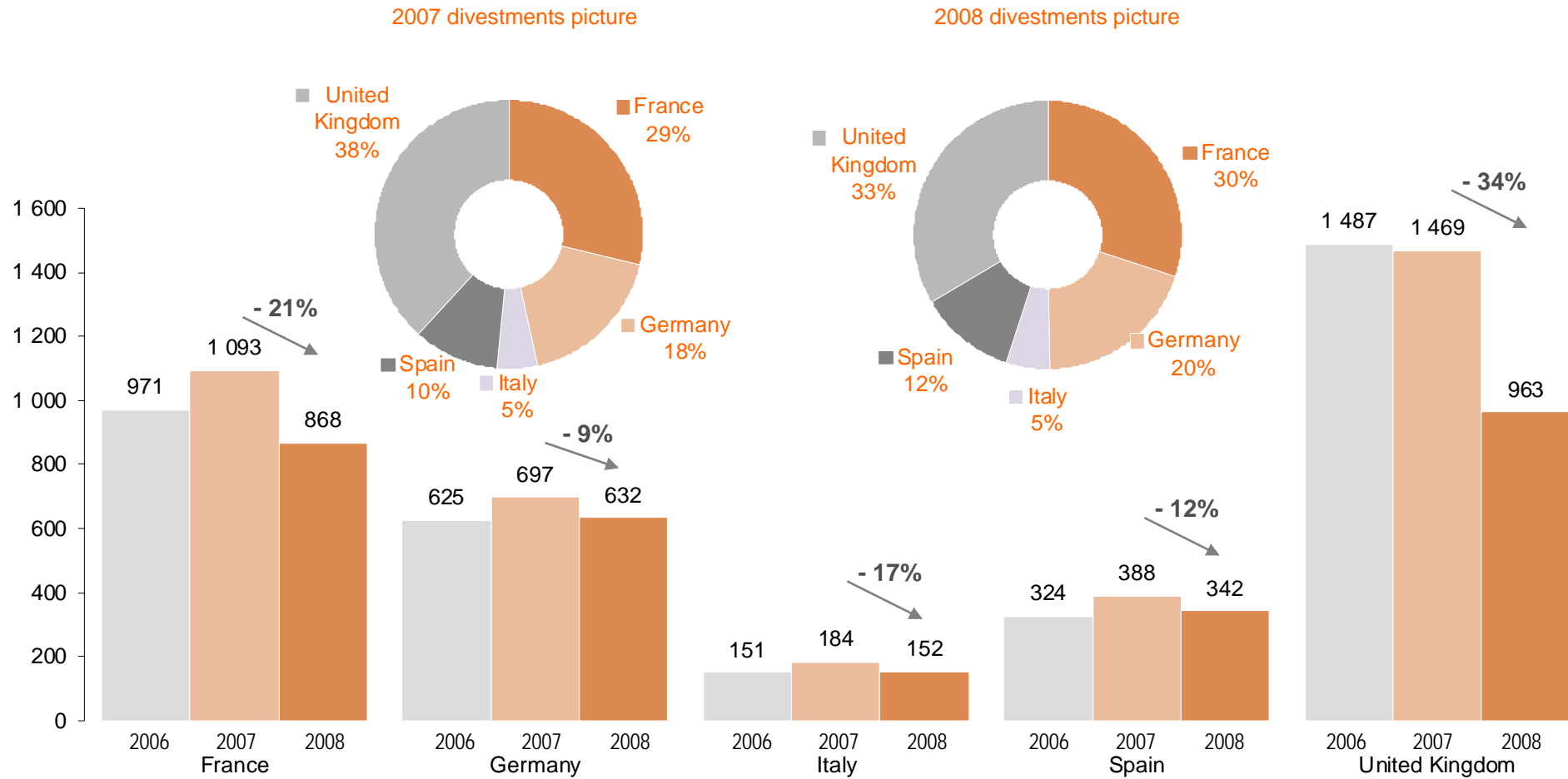
**The value of the European divestments market decreased in 2008  
Linked with a collapse in the IPO market and falling appetite for secondary buyouts**



Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

# Divestments activity in number of companies

## The number of companies divested also decreased

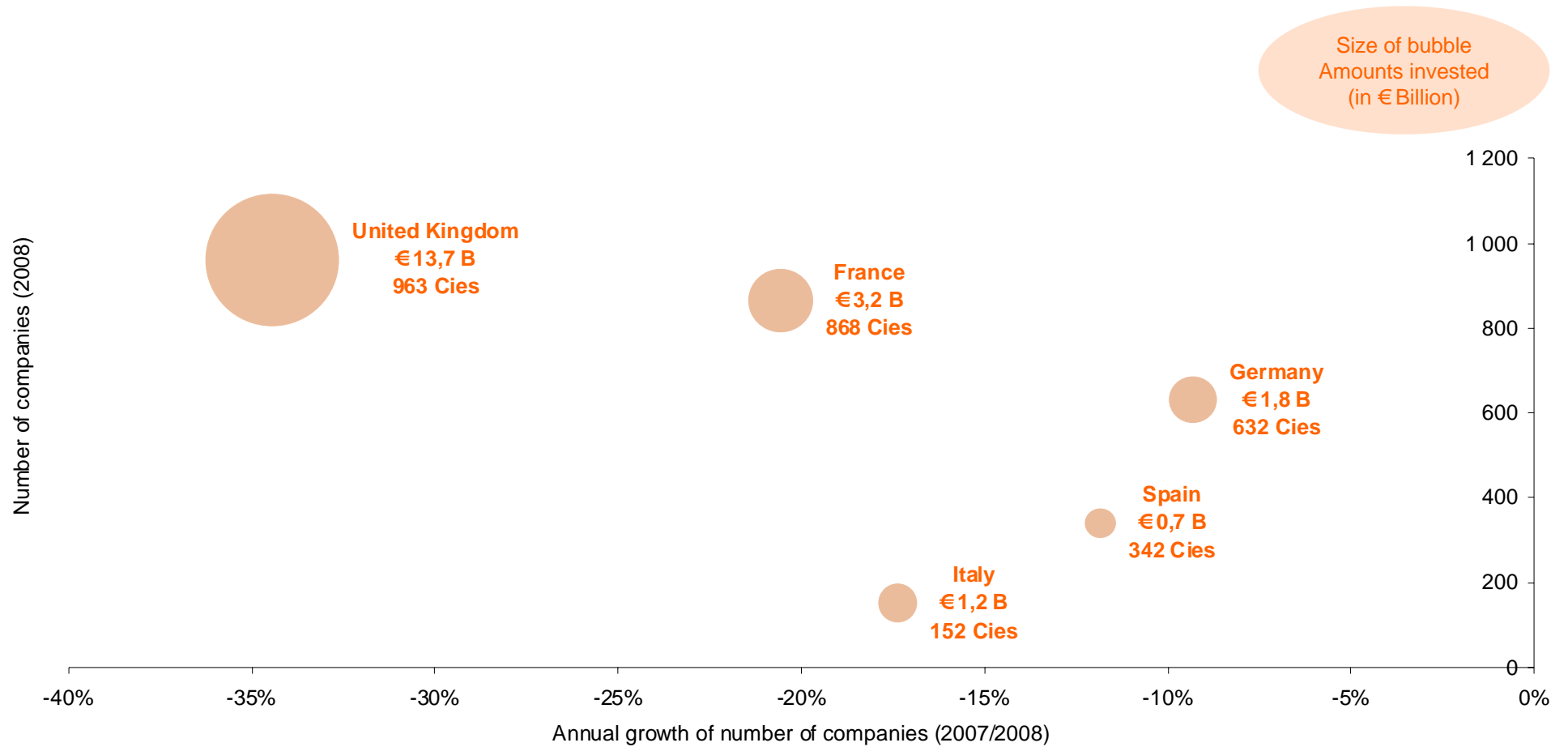


Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers



# National benchmarking

In 2008, the private equity divestment market decreased in all countries



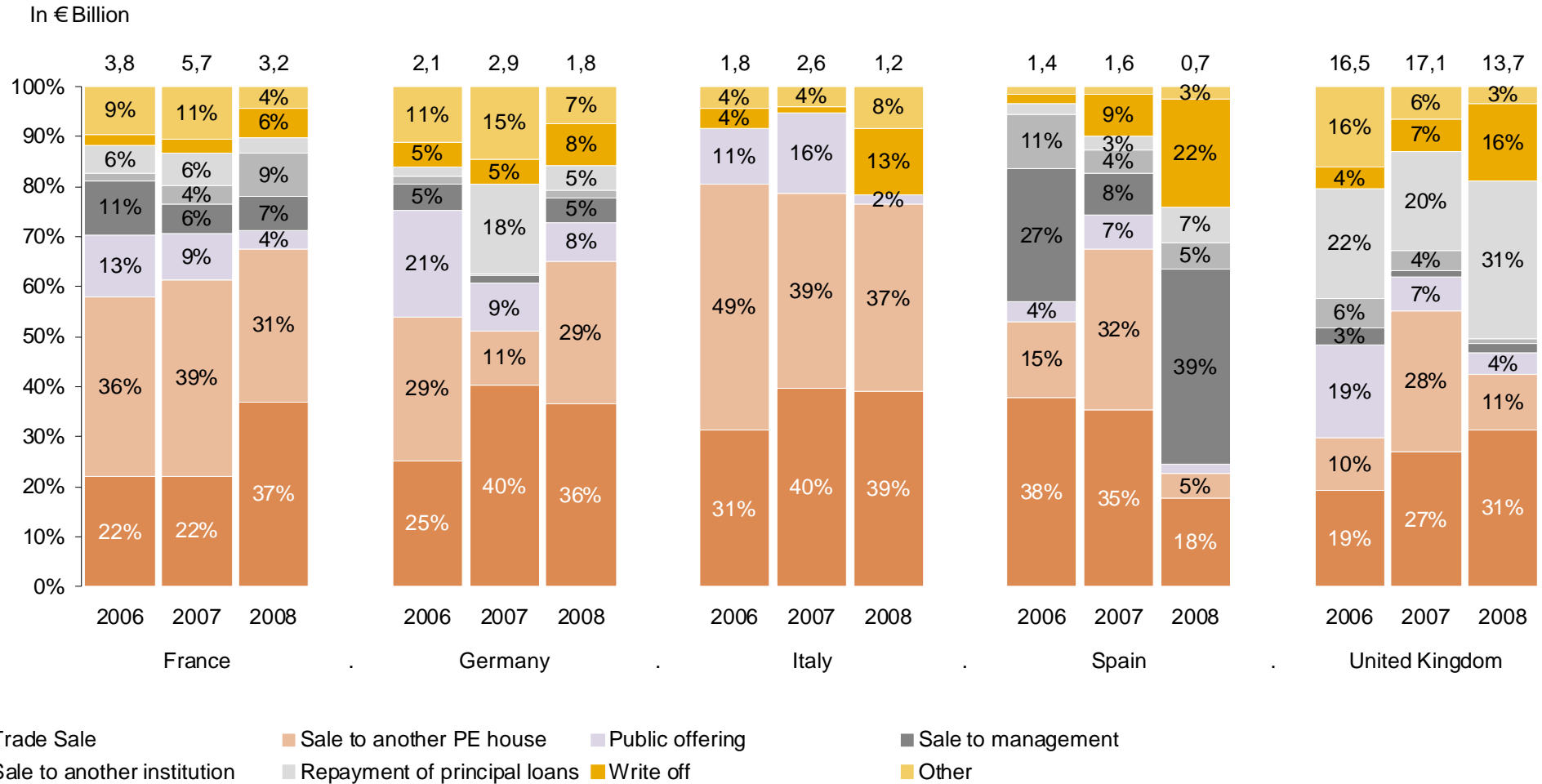
Note : historical costs.

Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

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## Type of divestments in amount

**Trade sale and sale to another private equity firm are the two most important types of divestment in value during the period 2006 to 2008.**



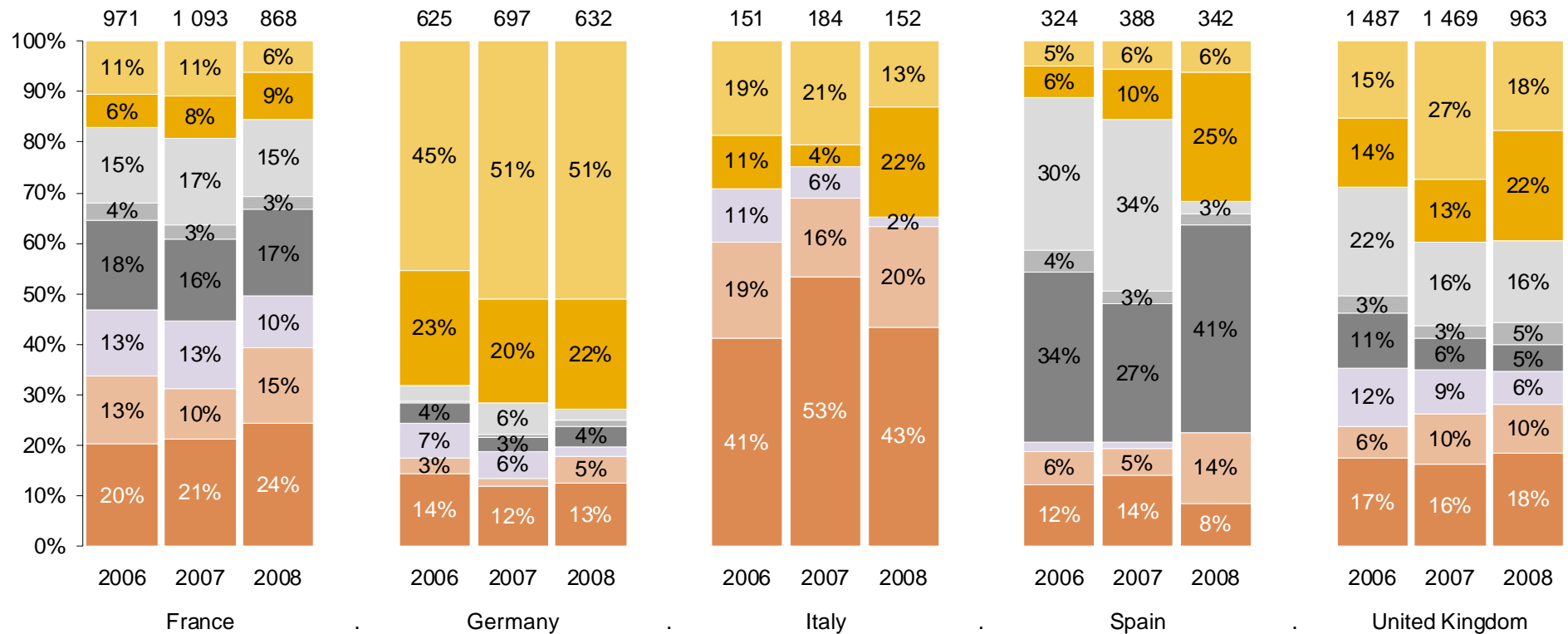
Notes : divestments could be subject to several types of divestments. In historical purchase costs.

Sources: 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

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## Type of divestments in number of companies

**Trade sale and sale to another private equity firm are the two most important types of divestment by number during the period 2006 to 2008.**



■ Trade Sale     
 ■ Sale to another PE house     
 ■ Public offering     
 ■ Sale to management  
■ Sale to another institution     
 ■ Repayment of principal loans     
 ■ Write off     
 ■ Other

Notes : divestments could be subject to several types of divestments

Sources : 1. AFIC / Grant Thornton ; 2. BVK / PEREP Analytics ; 3. AIFI / PriceWaterhouseCoopers ; 4. Spain / PriceWaterhouseCoopers ; 5. BVCA / PriceWaterhouseCoopers

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- management assessment
- pensions and benefits
- valuations
- IT due diligence and advice
- completion accounts
- commercial due diligence.