



Bundesverband Deutscher
Kapitalbeteiligungsgesellschaften

Press Releases

BVK Statistics for 3rd Quarter 2004: Private equity investments and fund raising continue to rise

17. November 2004

Positive trends in fund volume and fund raising - that is the main outcome of the Statistics for the 3rd Quarter 2004 published in Berlin today by Bundesverband Deutscher Kapitalbeteiligungsgesellschaften - German Private Equity and Venture Capital Association e.V. (BVK).

New investments totalled 936.0 million Euro, 913.5 million Euro of which were direct investments into companies while 22.6 million Euro were invested into other private equity funds. This result ranks second after the 4th quarter 2001 – only the 4th quarter 2003 ranked higher with 1,086.7 million Euro. “After several years we again have a cycle without ups and downs like up to the year 2000”, says Dr. Thomas W. Kuehr, Chairman of the BVK Board. In recent years, up to two thirds of new investments (with regard to amount) were realised in the second halves. Compared to the last year period (1,348.9 million Euro) new investments from January to September 2004 total 2.3 billion Euro, i.e. a considerable increase by 72 per cent. “Assuming a positive development in the 4th quarter, new funds could total more than 3 billion Euro this year, an amount which is much higher than in previous years”, Kuehr continues.

As per 30 September 2004, all companies covered by the present statistics held a portfolio (invested funds) of 19.3 billion Euro invested into 5,558 companies.

Buyouts and later stage investments are the winners

Like the previous quarter buyout investments were leading in the 3rd quarter totalling 641.2 million Euro or more than 70 per cent of all investments. From January to September 2004, buyout investments totalled 1,568.2 million Euro or 67.5 per cent of all investments which is double the last year amount (857.9 million Euro).

Venture capital activities continued to grow in the 3rd quarter. Some bigger later stage investments made the amount raise to 272.2 million Euro invested into 278 companies thus exceeding the results of the 1st quarter (263.7 million Euro) and the 2nd quarter (219.3 million Euro) and reaching the highest amount since the 2nd quarter 2002. Early stage investments saw a decline by almost 21 per cent in the 3rd quarter from 75.7 million Euro in the previous quarter to 59.6 million Euro. Dr. Holger Frommann, BVK Managing Director: “The situation remains difficult, investors are hesitant to invest into start ups and tend to invest into the growth of already established companies.” And Kuehr adds: “That is why we welcome the new ERP Start Fund of KfW which together with the ERP/EIF Funds is meant to give new impetus to the early stage.”

Main sectors in the 3rd quarter 2004 were medicine/healthcare (38.3 per cent) and mechanical engineering (25.2 per cent) where the two biggest transactions of the quarter were realised. Both transactions were investments abroad and funds invested in Germany in the 3rd quarter made up just 42.7 per cent. With regard to the geographical breakdown, North Rhine-Westfalia took the lead (41.8 per cent resulting from five of seven investments) followed by Bavaria (22.1 per cent), Baden-Wuerttemberg (12.7 per cent) and Berlin (6.2 per cent).

Total losses back at normal level

The 3rd quarter 2004 saw divestments totalling 341.3 million Euro thus ranking in between the previous quarters (1st quarter: 302.3 million Euro, 2nd quarter: 368.2 million Euro). Total losses accounted for



Bundesverband Deutscher
Kapitalbeteiligungsgesellschaften

106.3 million Euro thus exceeding the 100 million Euro limit for the first time after the 4th quarter 2003. "But this is not a new trend", says Frommann. "The reason for this is the shutdown of certain portfolio parts by some few companies. Total losses continue to be on a normal level."

Due to one bigger transaction secondary purchases turned out to be the most important exit channel (37.1 per cent). "We see a normalisation with regard to exits. Companies are trying to grasp offered alternatives. While IPOs are quite often used in the U.S. and the U.K., Germany still has to make up.", says Kuehr.

Fund raising is rising

Between July and September 2004, companies raised considerably more funds (917.8 million Euro) than in the previous quarter (494.5 million Euro). Four companies together successfully raised 151.0 million Euro. The lion share was raised by captives and/or evergreen funds (740.6 million Euro). In 2004, the funds raised so far by all companies covered by the present statistics total almost 1.6 billion Euro.

The following documents can be downloaded as pdf-files (in German language only):

[BVK-Statistics, 3rd quarter 2004](#)
[Powerpoint Charts](#)