



Bundesverband Deutscher
Kapitalbeteiligungsgesellschaften

Press Releases

BVK: Significant decrease in private equity investments in Germany

03. Juni 2009

The German private equity market experienced the decline expected in the first quarter of 2009. In light of the financial and economic crisis, private equity firms have reduced their investments considerably. Private equity investments in German companies amounted to just € 301 million - about 75% less than the figure reported in the first quarter of 2008 of € 1.5 billion. This information is part of the statistics for the German private equity market published today by the German Private Equity and Venture Capital Association (BVK).

After the investment figure for the fourth quarter of 2008 of € 1.1 billion was below that of the previous quarter, the downward trend is now continuing. The main reason for this is the continued absence of larger financing, especially from buy-outs and larger growth financings. The level of investment in start up companies however remains relatively stable. This is also the case for the total number of companies financed, which has not decreased to the same extent as the investment volume. The number of companies financed in the first quarter of 2009 was 303, which may have remained below the figure for the previous quarter (406), but was almost the same as the corresponding figure for the first quarter of 2008 (315). This result is in line with market observations which indicate that private equity is still in demand from companies in spite of the economic crisis or even because of it, and that private equity and venture capital firms continue to be active, especially in the area of small financings.

For the first time since the second quarter of 2007, German private equity firms invested more capital abroad in the first quarter of 2009 than foreign companies did in Germany. Of the € 301 million invested here, € 250 million came from German firms and € 51 million from abroad. In contrast, German private equity firms invested € 85 million in companies abroad. Overall, the investment made by German private equity firms in the last quarter was the lowest since 2005.

There may be a decline in investment activity in all market segments, but this fall is especially noticeable in the area of buy-outs. Here, investments decreased from € 511 million in the last quarter of 2008 to € 64 million in the first quarter of 2009, while the number of transactions fell from 28 to 22 in the same period. In the buy-out segment, it is evident that, although private equity firms dispose sufficient investment funds, financing and availability of debt for large transactions continues to be practically impossible. It has even become considerably more difficult for small and medium-sized transactions. Despite the continued demand for private equity solutions for SMEs, the problem of financing buy-outs caused by the banks' unwillingness to provide debt capital does seem to be crippling the buy-out market. The amount invested in later-stage and growth financings of € 128 million also remains considerably below the corresponding figure for the fourth quarter of 2008 of € 492 million. However, this decrease is qualified by the fact that a large number of investments in the fourth quarter of 2008 included additional financing of buy-out firms to support their existing portfolio companies. Given the general market trend, early-stage investments were in contrast relatively robust. € 79 million was invested in seed and start-up companies, which was around 20% less than the € 100 million invested in the previous quarter. The number of these companies dropped from 212 to 174. In view of the fact that in this segment is usually less investment activity during the first three months of the year than at other times, this development can be viewed as a positive result.

A comprehensive market recovery is currently not anticipated for the rest of the year. That said however, the worst of the economic crisis felt in the first quarter seems to now be over, which means that a slow increase in investments can once again be expected.

Detailed statistics on the German private equity market for the first quarter 2009 can be downloaded at

[© Bundesverband Deutscher Kapitalbeteiligungsgesellschaften - German Private Equity and Venture Capital Association e.V. 2012](http://www.bvkap.de/privateequity.php/aid/499/cat/67)

[URL dieser Seite: http://www.bvkap.de/privateequity.php/aid/499/cat/67](http://www.bvkap.de/privateequity.php/aid/499/cat/67)



Bundesverband Deutscher
Kapitalbeteiligungsgesellschaften

www.bvkap.de.