



Bundesverband Deutscher
Kapitalbeteiligungsgesellschaften

Press Releases

BVK: German private equity market shows the first signs of recovery

16. November 2009

The first signs of recovery can be seen in the German private equity market after three quarters that were dominated by the financial and economic crisis. The volume of investment reached €837 million in the third quarter and was thus considerably more than in the last two quarters combined (€318 million and €301 million respectively). This emerges from the statistics for the German private equity market published today by the German Private Equity and Venture Capital Association (BVK).

The number of financed companies also rose from 320 in the second quarter to the current figure of 372. In particular, large-scale financings of established companies and buy-out transactions have contributed to the latest rise in investment. After the first six months, in which the buy-out sector had almost come to a complete standstill, and nearly a year in which no larger transactions had taken place in Germany, a few were reported once again in the last quarter. But there was no increase in investment in the venture capital market, by contrast. Here private equity firms invested €130 million in the third quarter and therefore fell back slightly compared to the previous quarter.

Overall, the German private equity market nevertheless seems to be coming out of the trough. The extent to which the current market recovery is sustainable, however, will not become clear until the beginning of 2010. A robust economic upturn could contribute to greater dynamism here and stimulate both companies' business prospects and their demand for private equity. Certainly, the banks are still holding back from financing companies and transactions. However, private equity firms have sufficient funds at their disposal and are in a position to react to this situation with flexible financing models. Some transactions should, therefore, follow leading up to the end of the year, both in the small and mid markets and in large buy-outs. In the venture capital sector, the focus will probably continue to be on securing existing investments for the future and less on financing new investments. The ongoing economic uncertainty continues to force investors to be cautious. In total, the volume of investment in 2009 will lie far behind that of the previous year.

Details of investment activity

The current investment figures are still clearly behind those of last year, despite the latest recovery, and only reached about a fifth of last year's record quarterly result with investments of €4,024 million. In the three quarters of 2009 up to now, investments in German companies totaled €1,456 million of which €866 million came from firms based in Germany and €590 million from foreign firms. In the same period last year, €8,060 million was invested in Germany based on a significantly higher number of medium-sized and large buy-outs.

The result in the venture capital sector remained almost unchanged in the third quarter at €130 million compared to the previous quarter (€137 million). Growth and buy-out financing of established companies has risen significantly on the basis of several larger exposures. Growth financings increased five-fold from €33 million to €170 million. Buy-out investments have now reached €491 million, following €68 million in the first quarter and €87 million in the last quarter. This almost corresponds to the level for the last quarter of 2008.

Detailed statistics on the German private equity market for the third quarter 2009 can be downloaded at www.bvkap.de.