



Bundesverband Deutscher
Kapitalbeteiligungsgesellschaften

Press Releases

BVK Statistics of 1st Quarter 2004: Upswing for Venture Capital Investments

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- Buyouts dominate
- Total losses dropped
- Investments increased by 40 percent compared to previous period

Over the first three months of the year 2004, private equity investments in companies and funds totalled 521.4 million Euro, i.e. 15% less than in the first quarter 2003. "Experience shows that the first quarter is always the weakest.", explains Dr. Thomas W. Kuehr, Chairman of the BVK Board. One reason is that the number of buyout transactions was rather low in this period. The venture capital sector, nevertheless, showed very positive trends.

514.1 million Euro of direct investments totalling 521.4 million Euro were invested directly in companies, 7.3 million Euro went to other venture capital and private equity funds. Initial commitments in 152 companies accounted for 397.8 million Euro while follow-on investments in 117 companies accounted for 116.3 million Euro.

As per 31 March 2003 all companies included in the statistics held a portfolio of 18.1 billion Euro invested in 5,521 companies.

Investment structure proves upswing of venture capital sector

The stage distribution of investments shows that buyouts (250.4 million Euro) are still dominant (49%). Expansion could benefit from some bigger investment rounds accounting for 174.5 million Euro, that is the highest value since the 2nd quarter 2002.

Since the 1st quarter 2003 early stage investments have been stabilising: Accounting for 86.8 million Euro they increased by 26.3% compared to the previous quarter (68.7 million Euro), that is the highest result since the 4th quarter 2002. "After the decline of recent years and the following stagnation the venture capital sector and the early stage now gain strength.", says Dr. Holger Frommann, Managing Director of the BVK.

Bavaria where two of the biggest transactions in the 1st quarter were carried out was the focus of the geographical distribution accounting for 51.4% (231.1 million Euro) followed by Northrhine-Westfalia with 18.5% , Berlin with 8.8% and Lower Saxony with 6.1%.

With two big buyouts the medical sector was the focus of the sectoral distribution making up 34.4% of all investments while communication technologies (12.4%), eletrotechnology (12.2%), energy (8.7%) and biotechnology (6.3%) could maintain their leading positions.

Fundraising remains low

In the 1st quarter, fundraising totalled 145.2 million Euro which is less than in the previous quarter (511.9 million Euro) and in the 1st quarter 2003 (204.6 million Euro). Kuehr explains: "Improvements in the environmental conditions have not become effective yet as expected and investors have not yet won back their conscience in the market."



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Exits stabilised

Divestments in the 1st quarter 2003 exceeded the figures of the previous quarter (285.3 million Euro) and the 1st quarter 2002 (173.6 million Euro) totalling 302.3 million Euro. For the first time since the 1st quarter 2002 trade sales were the favoured exit channel accounting for 56.3%, total losses were at very low 68.3 million Euro. The BVK explains this with the clearing of the portfolios which is coming to an end. "Moreover, the conditions for IPOs have tremendously improved", continues Kuehr. "Our recent IPO survey confirms this tendency. And we learnt that there are numerous potential candidates for going public in our members' portfolios."

Prospects for 2004

For the months to come BVK expects a moderate increase of investment activities. "We expects buyouts to remain dominant. But the venture capital sector and early stage activities in particular hold a considerable potential." says Frommann. The raising of funds will continue to be limited as long as the legal conditions for the taxation of private equity funds in Germany are uncertain.