Issue 69 - October 2009

EVCA Barometer

EUROPEAN PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION

In this edition

Industry Snapshot

In the first half of 2009[1], the European ICT market showed the following patterns:

- all raised ICT-focused funds were venture funds
- the majority of European ICT companies that received private equity financing were in the venture stages
- internet technologies was the main investment focus in the venture ICT market
- broadcasting, publications & content providers was the major subcategory in the buyout & growth ICT market
- funds raised for ICT investment represented about one third of the total amount raised by ICT-focused funds in the full year 2008
- ICT investment represented 14 % of the total amount invested in the whole of 2008 and less than a third of the total number of companies financed

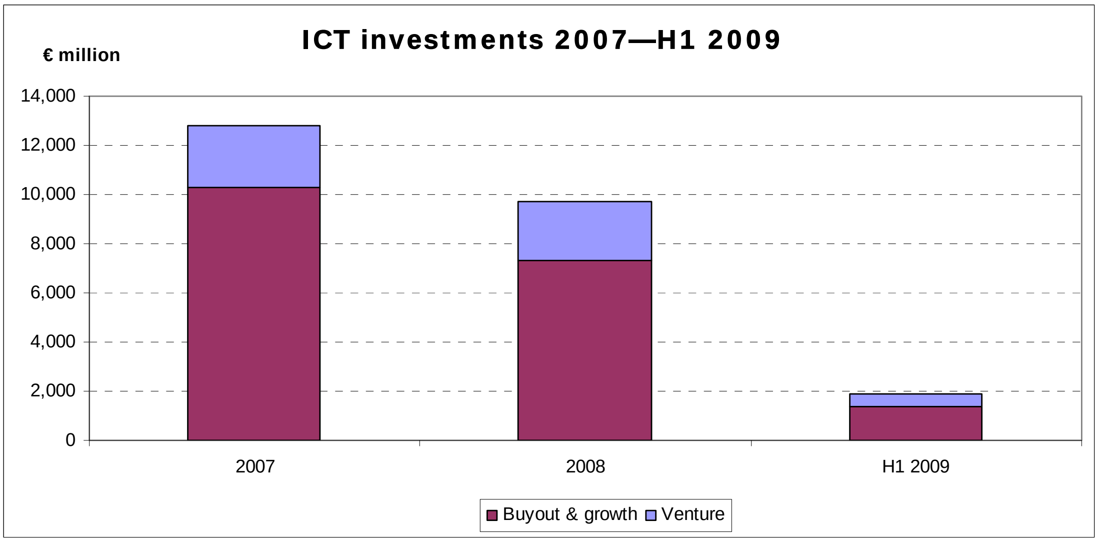
The European ICT private equity market

According to preliminary figures for the first half of 2009, a total of €708m was raised by twelve ICT-focused funds, 12% of the total European fundraising. However, compared to full year 2008, this represented only one third of the ICT funds raised. Contrary to 2007 and 2008 when 27% of the ICT funds raised were not venture-focused, all ICT funds that had closings in the first half of 2009 were venture funds. Although a major part of the capital was raised by balanced funds, seven out of the twelve funds were early-stage.

ICT funds represented 41% of the capital raised by funds with a specific sector focus in the first half of 2009. Funds focused on financial services came second with one third of the total, followed by life science funds with 15%.

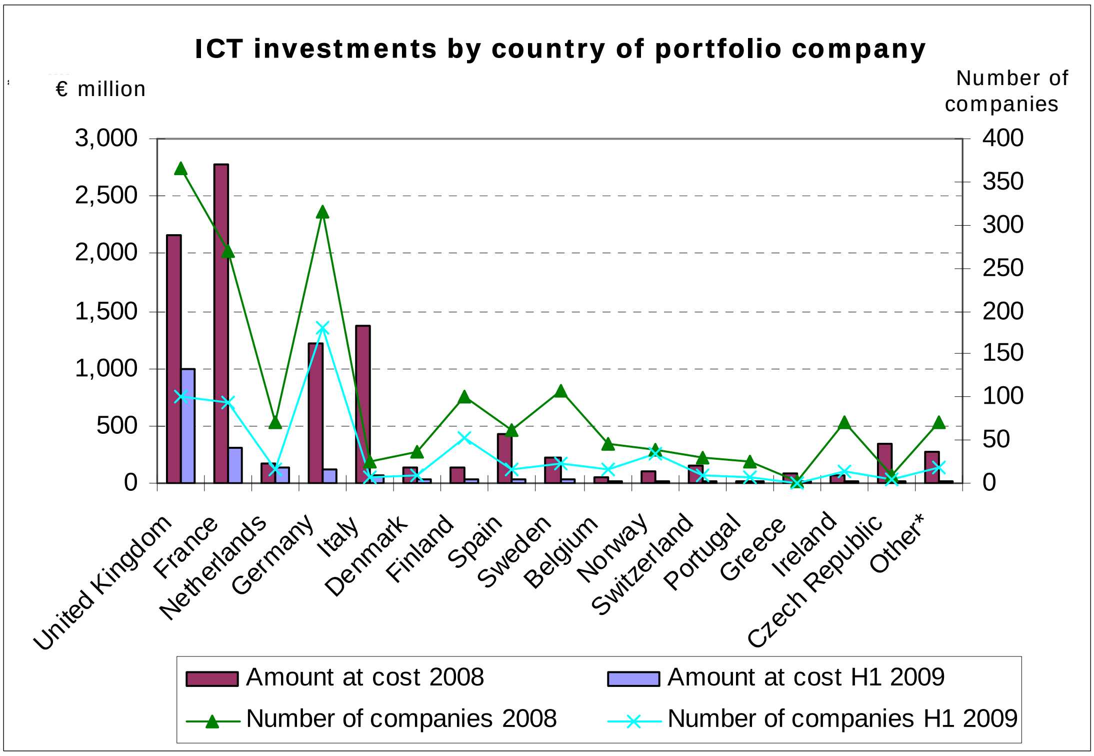
In terms of investments, the first half of 2009 saw private equity firms putting €1.9bn in the ICT sector. In line with the general decrease in private equity investing, this amount accounted for only 20% of the €9.7bn invested in the whole of 2008. The overall decrease in value was driven by a 50% drop in the average deal sizes. However, the share of ICT investment out of the total European investment increased from 18% in 2008 to 22% in the first half of 2009, becoming the most financed sector in Europe.

[1] based on preliminary figures for H1 2009 from PEREP_Analytics
[2] this amount only represents capital raised by funds entirely dedicated to ICT, it does not include amounts expected to be invested in ICT by generalist funds



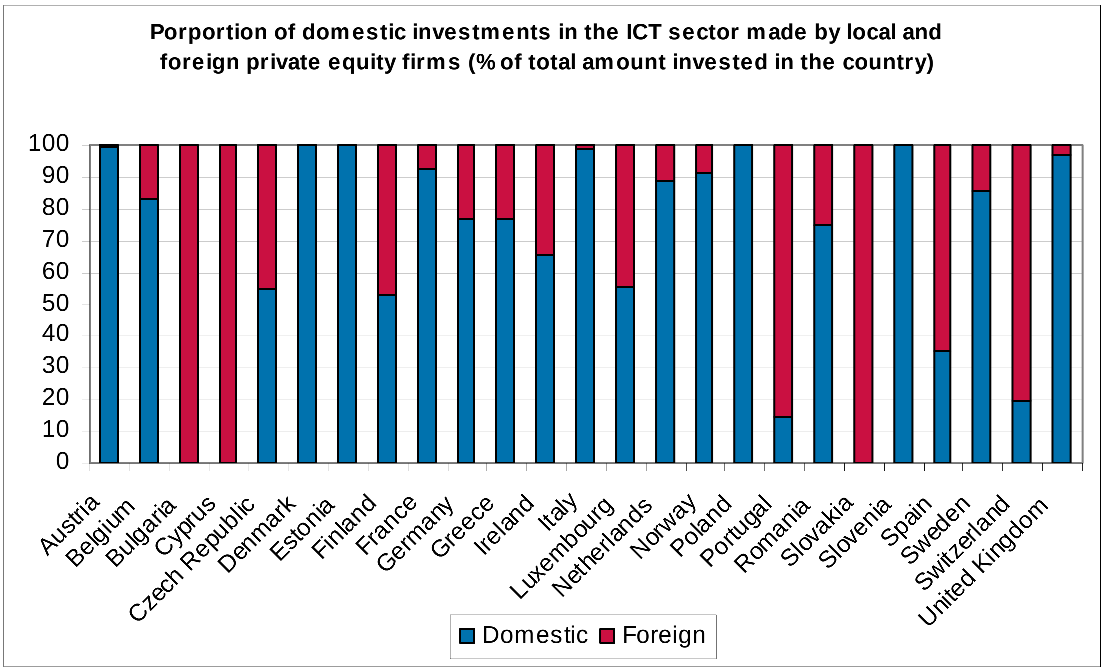
Source: PEREP_Analytics – EVCA

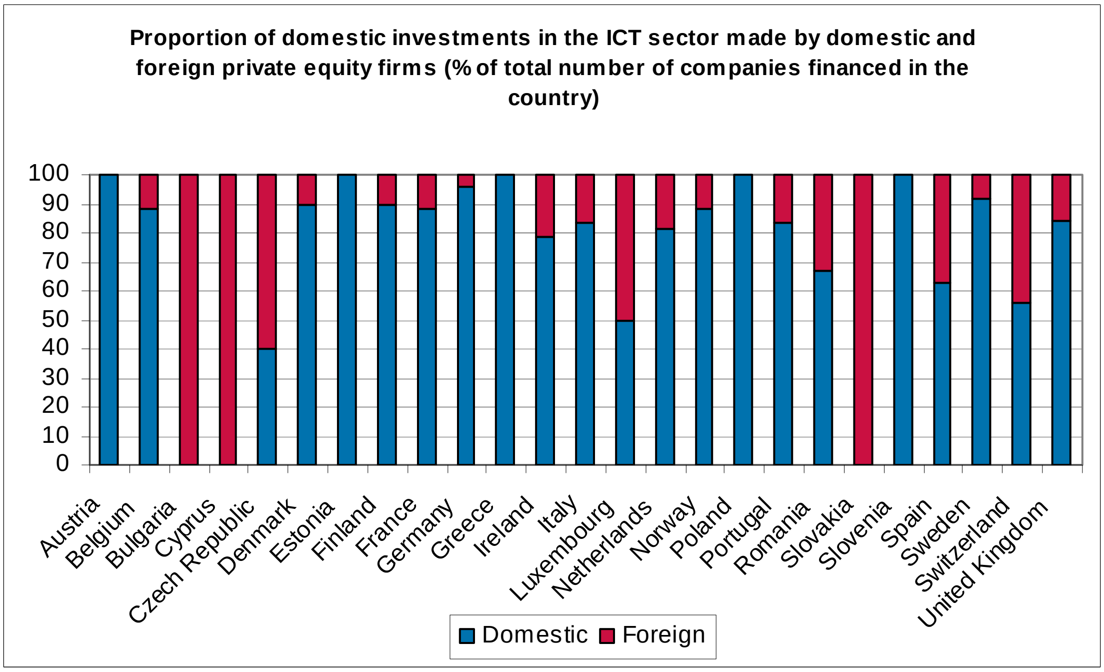
In the first half of 2009, the European ICT market was characterised by a high concentration in few countries. The UK, France, the Netherlands and Germany together accounted for 84% of the total amount invested in European ICT companies and 65% of the total number of companies financed in this sector. The picture in 2008 was similar, with the four main markets at that moment - the UK, France, Italy and Germany - representing a similarly high proportion of total European ICT investment. The Nordic region, the fifth largest ICT market in Europe, represented 6% of the total investment value in the first half of 2009 and 20% of the total number of ICT companies invested in.



Source: PEREP_Analytics – EVCA
*Other includes: Austria, the Baltic States, Cyprus, ex-Yugoslavia, Hungary, Luxembourg, Poland, Romania, Slovakia, Slovenia and Ukraine.

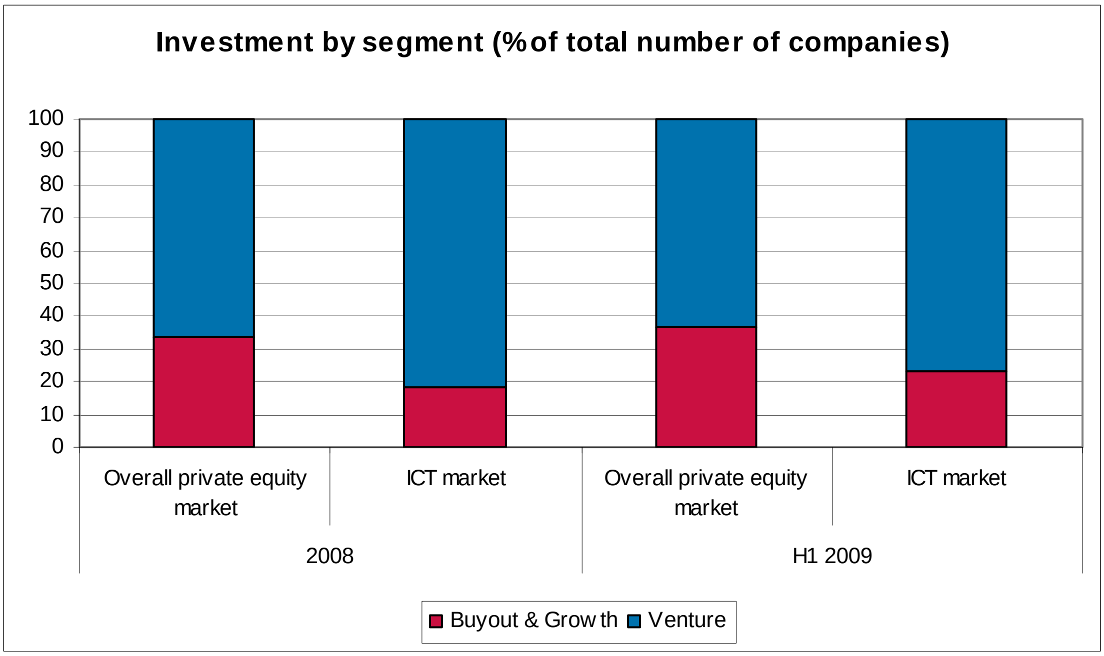
The ICT market was mainly a local market. In the first half of 2009, about 90% of the investments (both by value and by number) into companies across Europe were made by local private equity firms (private equity firms located in the same country as the portfolio company).

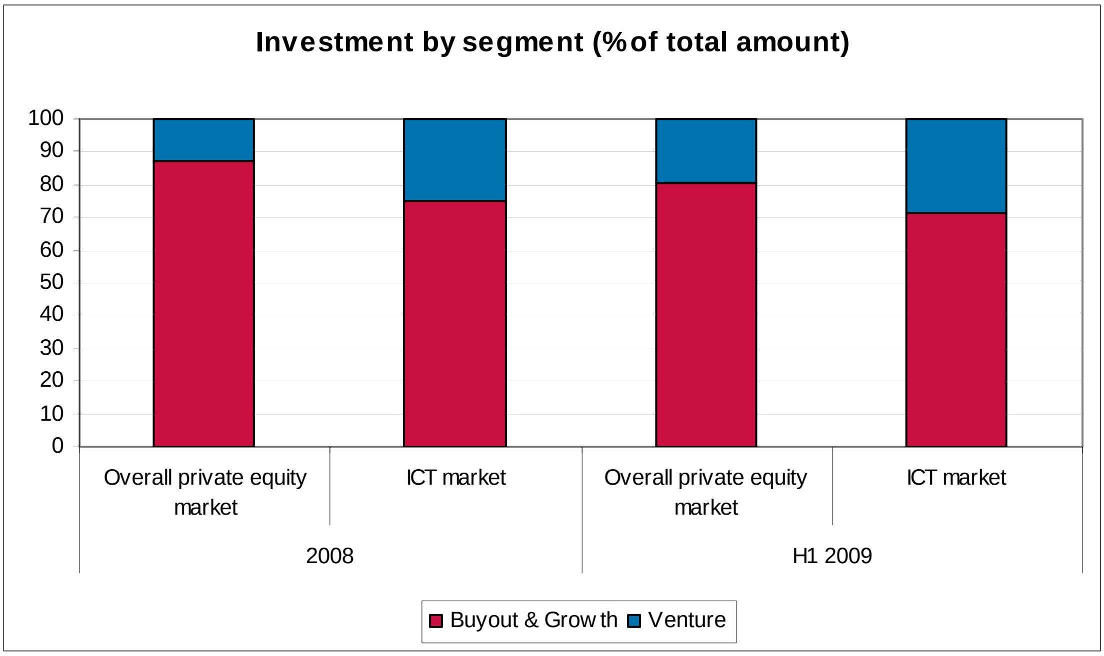




Source: PEREP_Analytics – EVCA

Compared to the overall European market, the ICT market was more venture-oriented. In the first half of 2009, three quarters of the total number of ICT companies financed in Europe were venture-backed companies, compared to 64% in the overall private equity market in Europe. Moreover, 29% of the total amount invested into ICT companies went to venture-backed companies compared with 20% in the entire European private equity market.





Source: PEREP_Analytics – EVCA

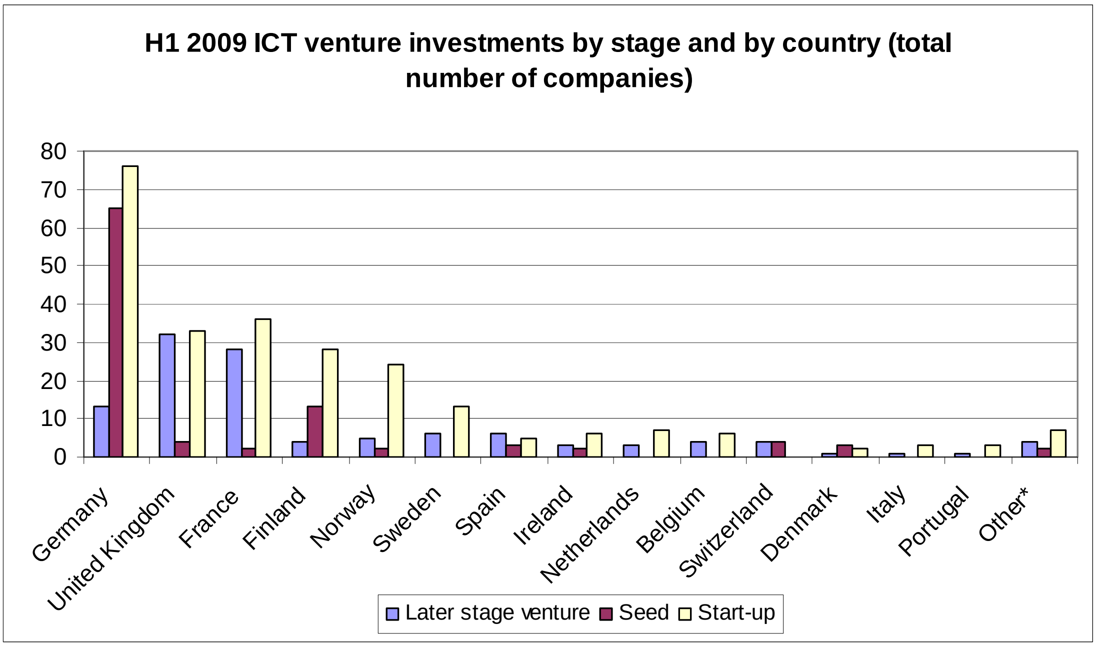
The exit market in the ICT sector showed similar patterns to the investment market. In the first half of 2009, two thirds of the exits by value and 80% by number of companies were from venture-backed companies. Moreover, the exit market was also highly concentrated in few countries, with the UK, Italy, Germany and France representing 76% of the divestments by value, and 69% of the total number of companies exited. Altogether, €328m was divested at cost from 143 companies, less than a third of total divestments in 2008.

ICT venture market

In the first half of 2009, €539m was invested in the European venture ICT market, representing 22% of the amount invested in the full year 2008. ICT investments were the main driver of the European venture capital market, accounting for about one third of all venture in value, and 37% of the companies invested in between January and June 2009.

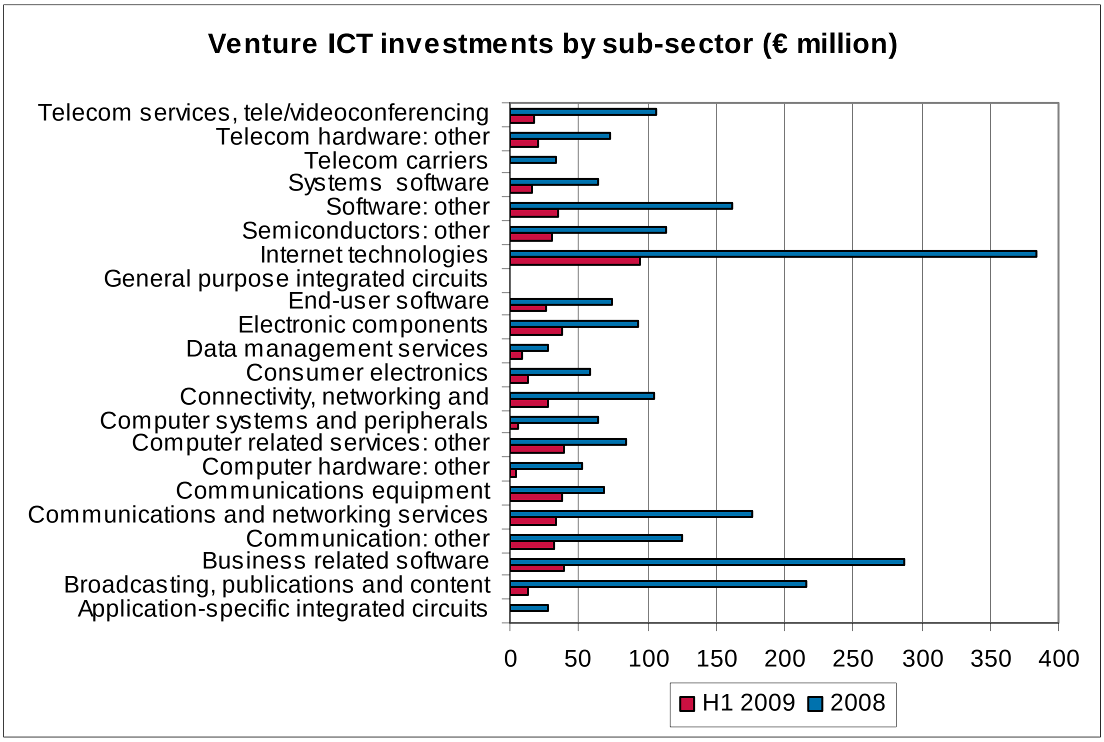
More than half of the amount invested in ICT venture deals went to later-stage companies. However, three quarters of the companies invested in were early-stage companies, of which over 70% were start-ups. Similar to 2008, ICT companies financed represented more than 45% of total seed investment in Europe.

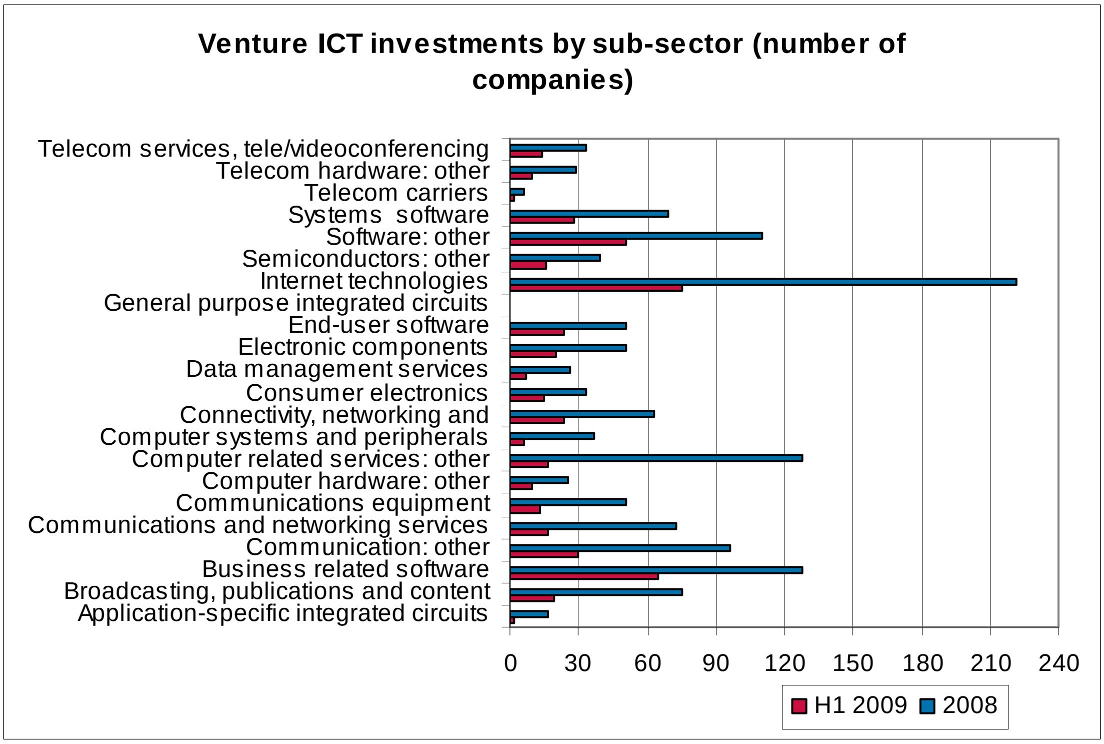
The UK, France and Germany were the main ICT venture markets, accounting for 73% of the total amount invested, and 62% of the total number of companies financed in the sector. Germany alone represented one third of the total number of venture ICT companies financed.



Source: PEREP_Analytics
*Other includes: Austria, Bulgaria, the Czech Republic, Estonia, Greece, Luxembourg, Poland, Romania, Slovakia and Slovenia

Similar to 2008, in the first half of 2009, ICT venture investments primarily targeted companies focused on internet technologies, which accounted for 18% of the amount invested in venture ICT and 16% of the total number of companies financed. Business related software came second, accounting for 7% of the total by amount and 14% in terms of number of companies. Communications related companies (communications and networking services, communications equipment and other communication) were the third most financed, representing 13% of the total number of ICT venture companies invested in.

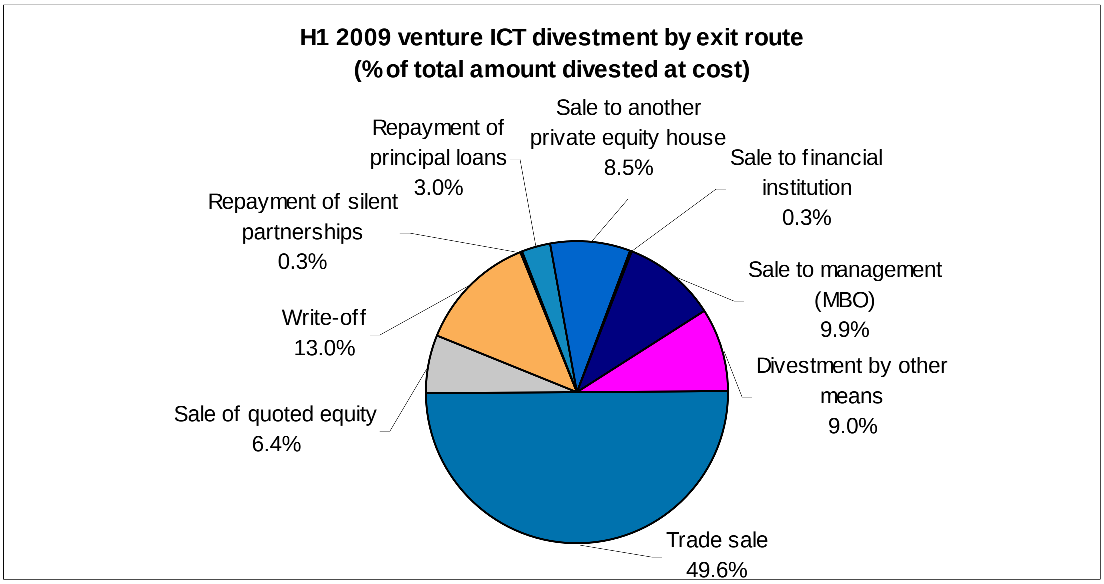


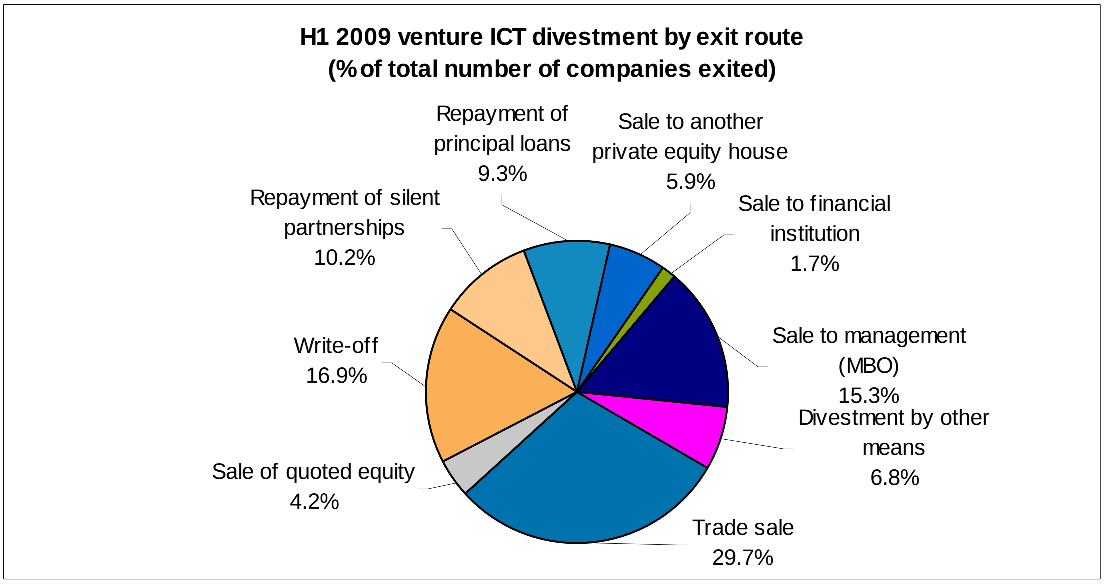


Source: PEREP_Analytics – EVCA

The venture exit activity from companies in the ICT sector experienced a similar decline as the overall European venture market. A total of €218m was divested at cost from 113 venture-backed companies in the first half of 2009. Compared to the full year 2008, this represented about one fifth of the total divestment value and one third of the total number of companies exited.

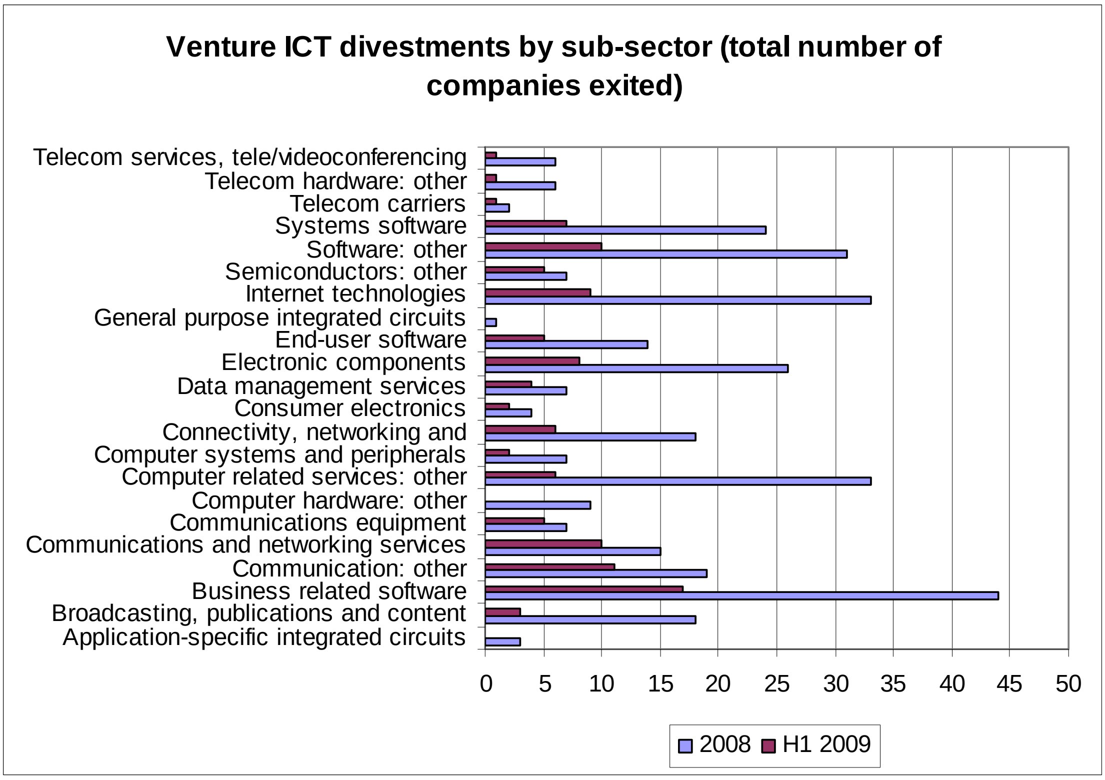
Similar to 2008, trade sale was the main exit route in the first half of 2009, representing 50% of the total divestment value and 30% of the ICT companies exited. Write-offs ranked second, with 13% of the total value and 17% of the total number of companies.

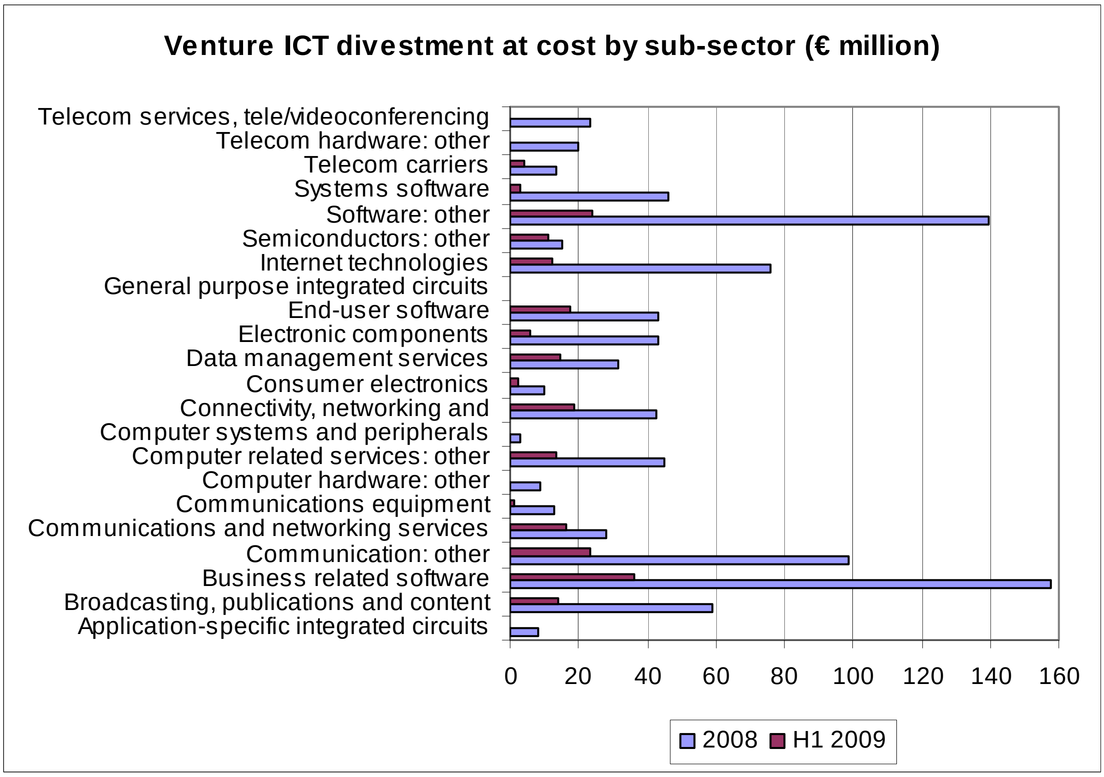




Source: PEREP_Analytics – EVCA

As in 2008, companies focusing on software products and services (business related software, systems software and other software) were the most divested businesses in the venture ICT sector. Together, they represented about 30% of total ICT divestments both by value and by number of companies. Companies focusing on communication products and services (communications and networking services, communications equipment and other communication) came second, accounting for 18% of the total value of ICT venture divestments and 23% of the total number of ICT companies exited.





Source: PEREP_Analytics – EVCA

ICT buyout & growth market

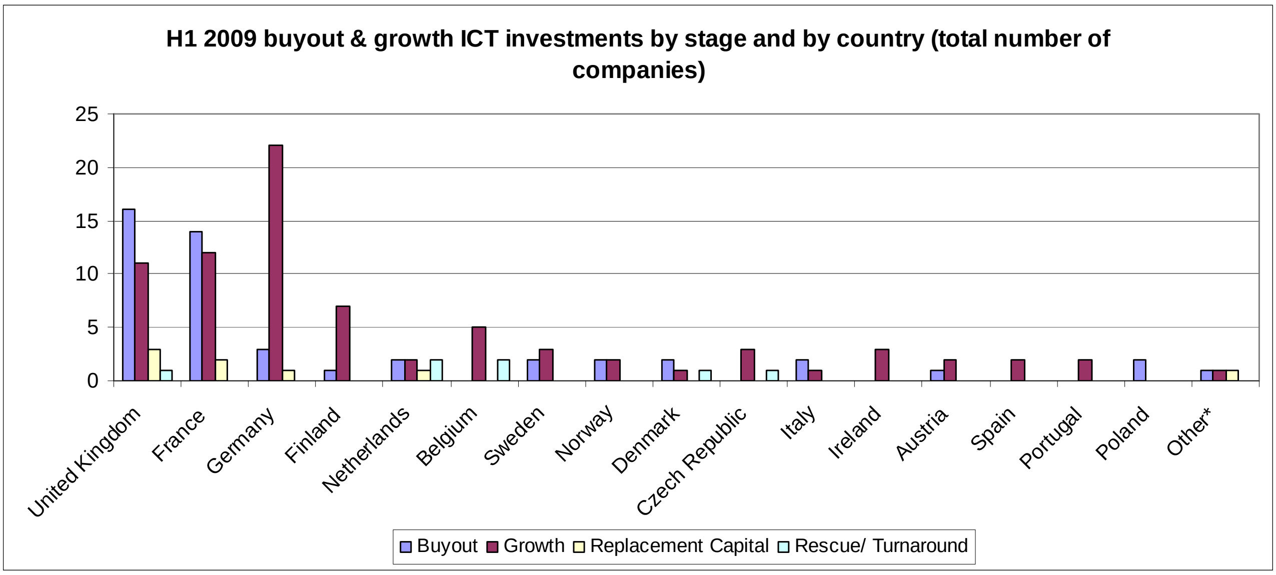
In the first half of 2009, a total of €1.3bn was invested in the European ICT buyout & growth market, representing less than one fifth of the 2008 investment level (€7.3bn). The drop in value was due to a decrease in average deal size as the total number of companies financed (141) represented exactly half of the total number of ICT buyout & growth companies financed in the full year 2008.

Similar to 2008, ICT was the second most attractive sector in the buyout & growth market, after business and industrial products and services. It represented one fifth of the total investment, both by value and by number of companies financed.

In the growth segment, over €200m was invested into 83 companies, representing 16% of the overall ICT buyout & growth market by value, and more than 50% by number of companies. Compared to 2008, the growth ICT segment experienced a significant decrease in the average investment size: the overall amount invested in H1 2009 represented only 16% of the full 2008 amount but more than 60% of the total number of companies invested in throughout 2008.

Between January and June 2009, €1.1bn was invested in buyout ICT deals, representing one fifth of the total ICT buyout investment recorded in 2008. A total of 48 buyout companies were financed, less than one third of the total number of companies financed in 2008.

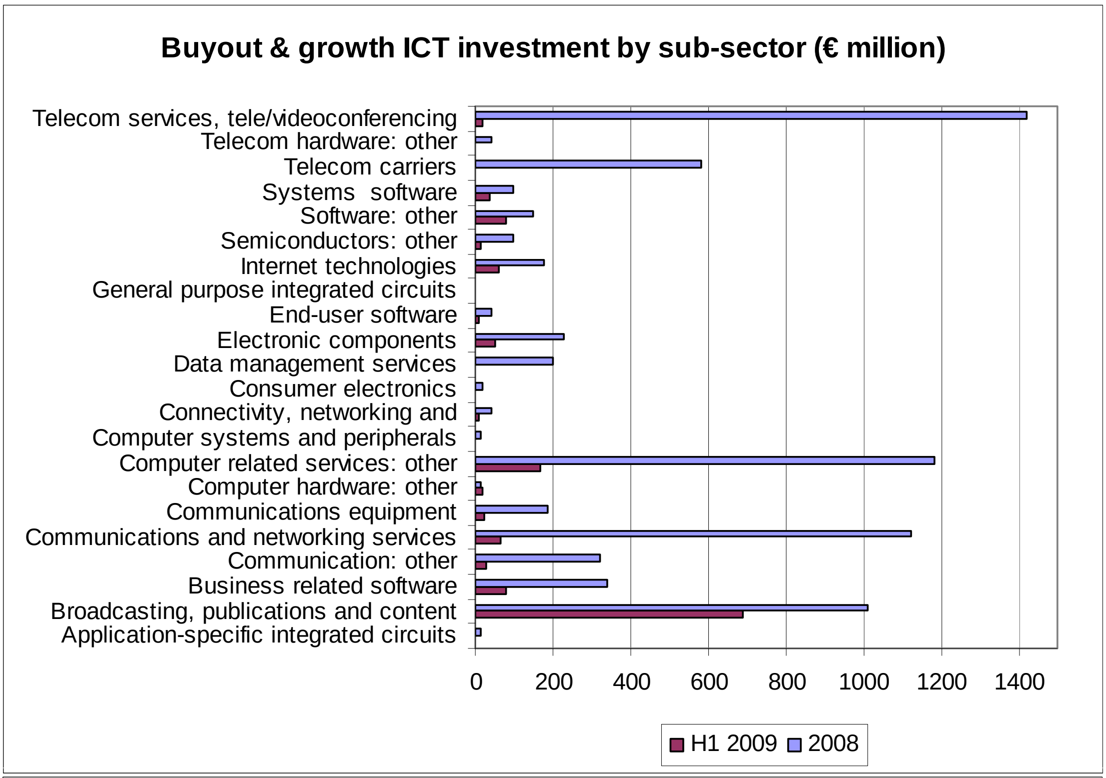
Although only one mega deal was registered in the buyout segment during the first half of 2009, compared with five deals in 2008, it represented more than half of the total value invested in the buyout segment. Small buyouts represented 80% of all buyout companies financed.

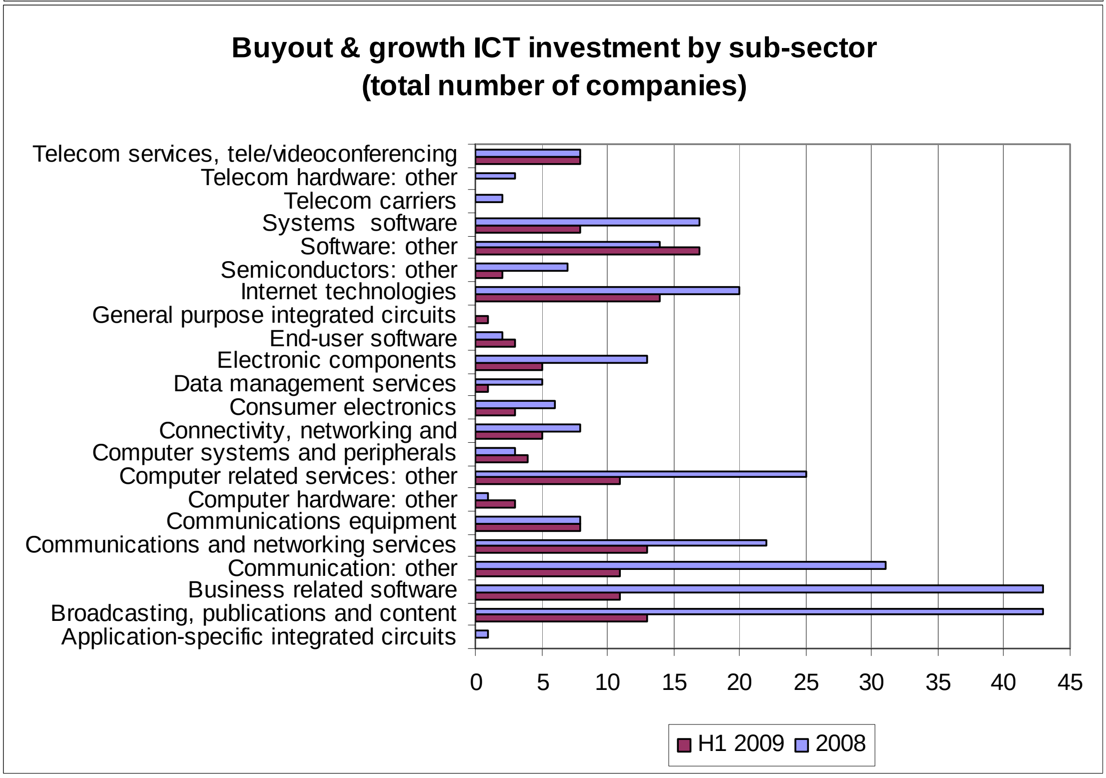


Source: PEREP_Analytics – EVCA

* Other includes: Switzerland, Romania and Cyprus

The UK was the main buyout & growth ICT market during the first half of 2009 in Europe, representing 64% of the total amount invested in the sector and 22% of the total number of companies financed. It was followed by France with 10% of the investment value and 20% of the companies financed in the segment.

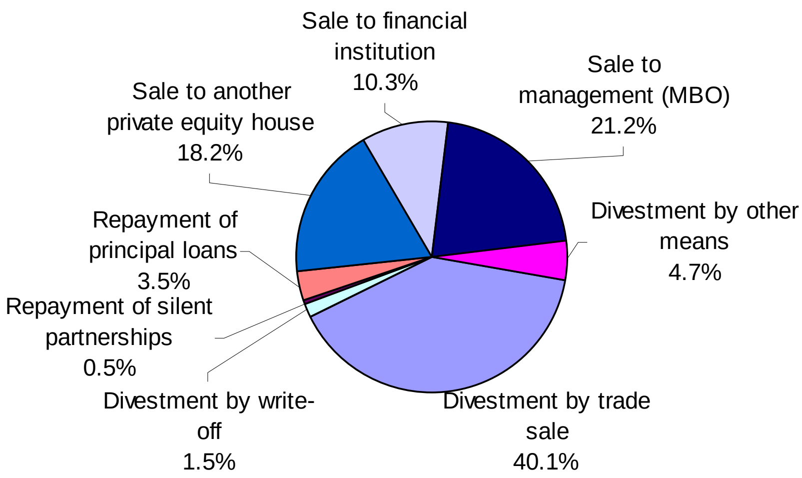




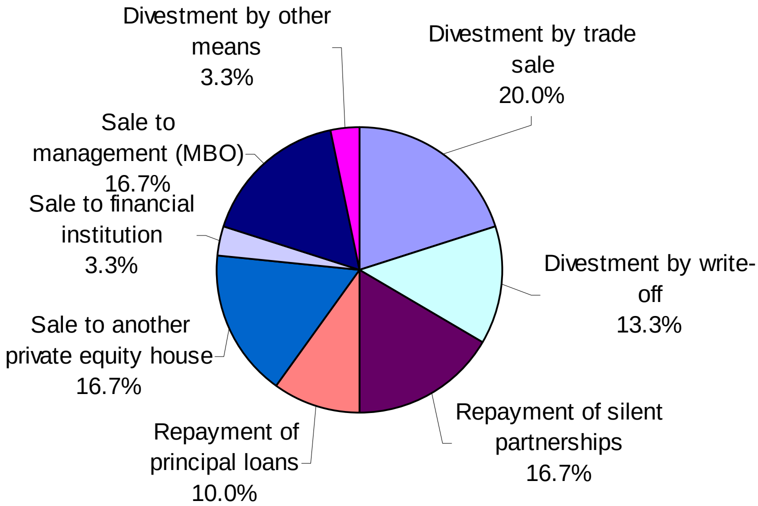
Source: PEREP_Analytics – EVCA

Broadcasting, publications and content providers' businesses attracted more than half of the total value of buyout & growth ICT investments in the first half of 2009. By number of companies, investment was much more evenly spread. Investments in companies focusing on software products and services (business related software, systems software and other software) and companies focusing on communication products and services (communications and networking services, communications equipment and other communication) each represented about one quarter of the total number of buyout & growth ICT companies financed.

H1 2009 buyout & growth ICT divestment by exit route (% of total amount divested at cost)

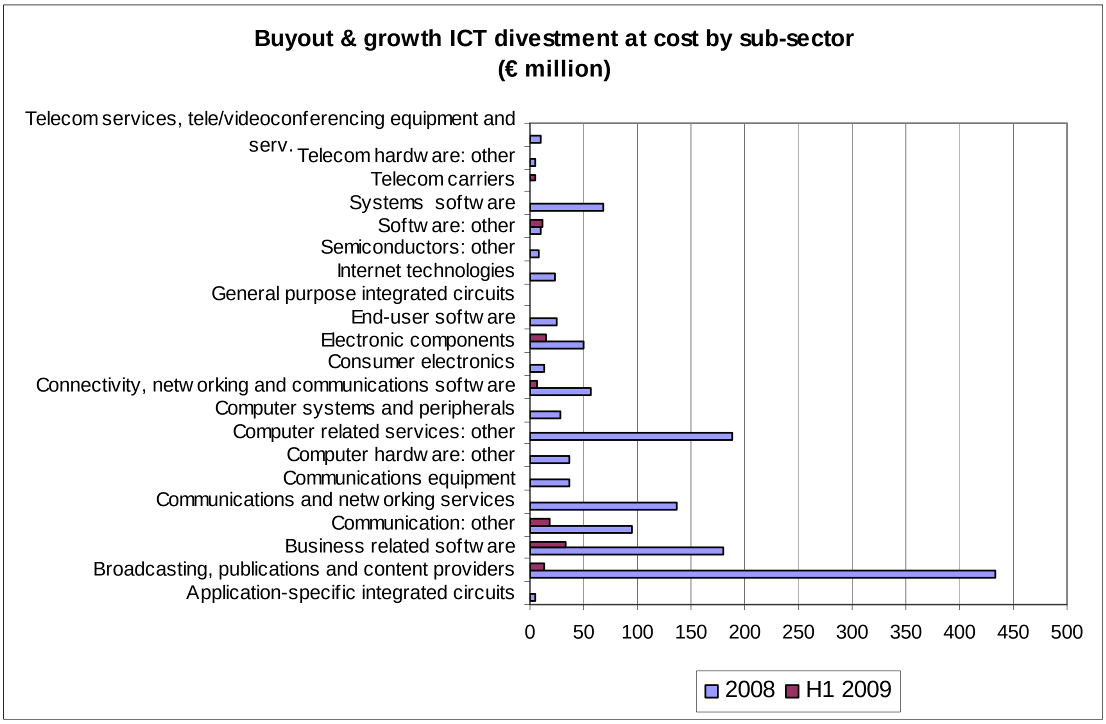


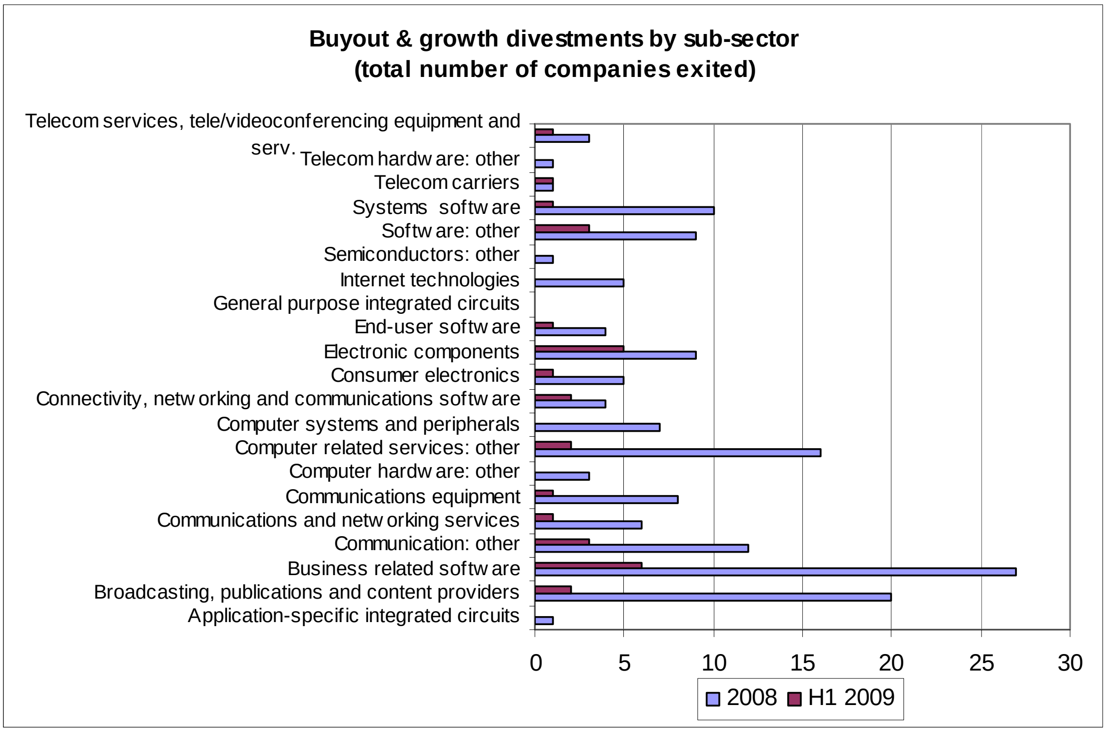
H1 2009 buyout & growth ICT divestments by exit route (% of total number of companies exited)



Source: PEREP_Analytics – EVCA

A total of €109m was divested from 30 buyout & growth companies in the first half of 2009. This represented only 8% of the total amount divested at cost in the full year 2008, and 20% of the companies exited. Compared to the overall buyout & growth divestment market in Europe, ICT accounted for 5% only of the total amount divested at cost, and 11% of the total number of European companies exited. Trade sale was the main exit route in the buyout & growth ICT market. It accounted for 40% of total divestments by value, and 20% of the companies exited.





Source: PEREP_Analytics – EVCA

Similar to venture, companies focusing on software products and services (business related software, systems software and other software) were the most divested in the buyout & growth ICT segment. They represented 42% of the value divested from buyout & growth ICT businesses, and one third of the companies exited.

Divestments from broadcasting, publications and content providers' businesses, which represented 31% of the total buyout & growth ICT divestment value in 2008, decreased to 12% of the total in the first half of 2009.

Conclusion

In a context of a sharp slowdown in private equity activity in the first half of 2009, ICT remained one of the most targeted sectors in Europe. This was especially true in the venture segment, where the ICT sector continued to attract a major part of the investment.

ICT Results

"Triple Space" offers web for web services

What the World Wide Web is to humans, the Triple Space could become for machines, say European researchers who have helped lay the foundations for this innovative integration of web services, semantic web and triple space technologies. Read more…

Taming the vast – and growing – digital data-sphere

European researchers are making an impressive effort to link up digital repositories to create a vast network of easy to search online data. The DRIVER project work – one of the largest efforts of its kind – aims to make some sense and better use of the growing online digital world, the 'data-sphere'. Read more…

European research's bit part in Ben Hur Live?

Technology developed by European researchers is helping the stage production of Ben Hur Live in London's O2 arena. Read more…

On the road to secure car-to-car communications

A European research project works out how to keep car-to-car data transmissions private and secure from malicious hackers. Read more…

'Red dot' nod for GoPubMed.com semantic browser

The Sealife project spin-off Transinsight joins an elite class of finalists in the coveted 'red dot' awards for its work on the GoPubMed.com semantic search engine for the life sciences.
Read more…

Healthcare, the road to robotic helpers

Robots are whirring away in factories all over the world, building cars, phones and cookers. Yet they can do so much more. Robotics for healthcare has been tipped as the next big wave, and Europe should be poised to ride it, according to a European road-mapping study.
Read more…

Smart clothes for better healthcare

Comfortable smart clothes that monitor the wearer's heart, breathing and body temperature promise to revolutionise healthcare by reducing hospital visits and allowing patients to lead more active lives. Read more...

Recovery foreseen in 2010

According to The Economist's latest GDP forecasts, the 2009 economic outlook for the most developed European economies has deteriorated further, but the recovery foreseen in 2010 could be higher than previously expected.

In 2010, GDP growth in the Euro Zone is expected to reach +1.2%, 0.9 p.p. more than what was foreseen in the May 2009 forecast. The UK and Japanese GDPs are now expected to increase at a similar pace (+1.1% and +1.4%). The US would experience the fastest recovery, with GDP growth foreseen at +2.5%, while on the opposite, the Danish GDP is expected to grow by 0.7% only.

Annual GDP Growth Forecasts in %

	September 2009 forecast		May 2009 forecast		Difference between the two forecasts	
	2009	2010	2009	2010	2009	2010
Euro zone	-3.9	1.2	-3.7	0.3	-0.2	0.9
UK	-4.3	1.1	-3.7	0.3	-0.6	0.8
Denmark	-3.8	0.7	-3.1	0.6	-0.7	0.1
Sweden	-4.8	1.7	-4.1	0.8	-0.7	0.9
USA	-2.6	2.5	-2.9	1.4	0.3	1.1
Japan	-5.5	1.4	-6.4	0.6	0.9	0.8

Source : The Economist

Contrary to the more favourable forecasts for 2010, GDP growth forecasts for 2009 have worsened since the publishing of the last edition of the Barometer in May. In the Euro Zone, GDP is now expected to fall by 3.9%, 0.2 p.p. below the previous forecast. The forecasts for Sweden and Denmark have been revised downwards by 0.9 p.p. to -4.8% and -3.8% respectively, while GDP growth in the UK is now foreseen at -4.3% in 2009, 0.6 p.p. below the May 2009 forecasts. Japan is still expected to experience the sharpest contraction in GDP this year, with GDP growth foreseen at -5.5%. On the opposite, the US is expected to experience both the fastest recovery in 2010 and the smallest decrease in GDP this year (-2.6%).

Quarterly GDP Growth Estimates for the Euro zone in %

	September 2009	August 2009	Difference between the two estimates
3rd Quarter 2008	-0.3%	-0.4%	0.1
4th Quarter 2008	-1.8%	-1.8%	0.0
1st Quarter 2009	-2.5%	-2.5%	0.0
2nd Quarter 2009	-0.1%	-0.1%	0.0

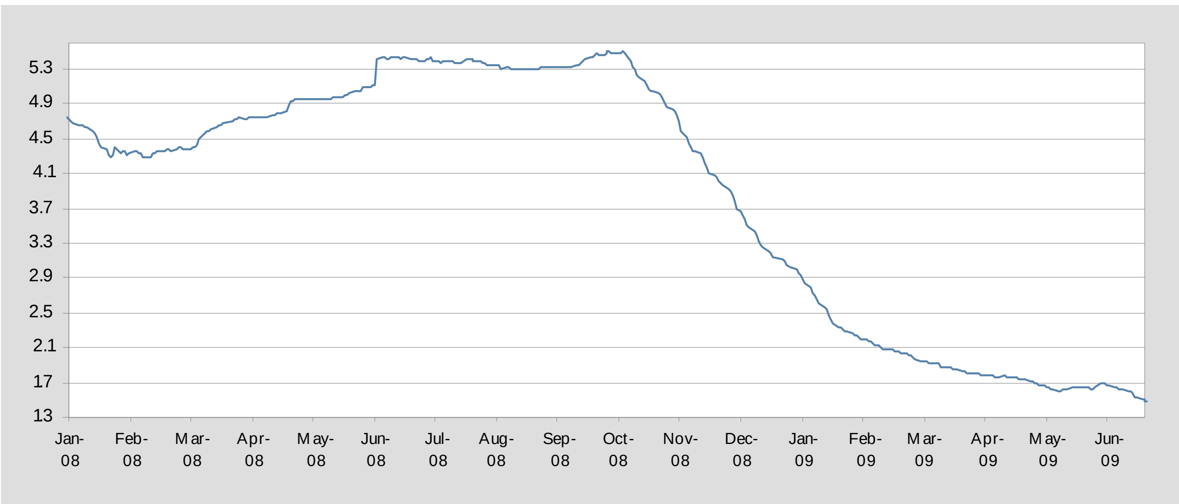
* Refers to the actual quarterly growth rates, which are revised monthly to take account of new information.
Source: Eurostat

According to Eurostat, in the second quarter of 2009, the recession in the Euro Zone slowed down. GDP decreased by 0.3%, after contracting by 2.5% in the first quarter of this year. Private consumption increased slightly (+0.2%), while investment continued to decrease (-1.3%) even though at a significantly lower pace than in the first quarter (-5.3%). Net external demand contributed positively to GDP growth, thanks to a decrease in exports (-2.8%).

LIBOR reaches a historical low

The 12 month LIBOR continued to decrease between March and July 2009, closing at a historical low on 31 July at 1.35%.

Annual LIBOR



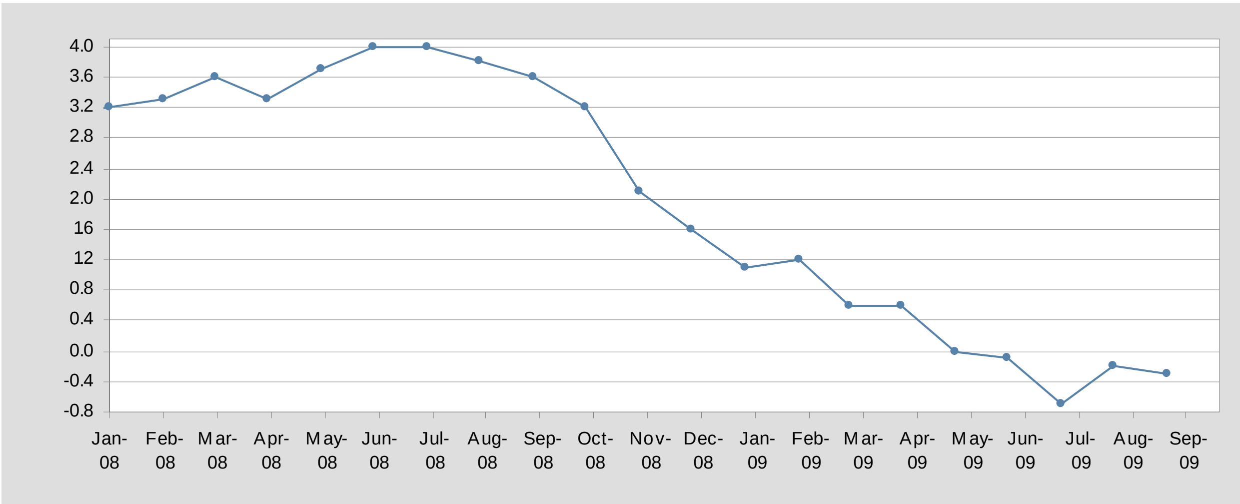
Source: British Bankers Association (BBA)

The average LIBOR rate in July was 1.41%, 398 basis points below the July 2008 level, and 21 basis points below the June 2009 average LIBOR rate.

Inflation and exchange rate

According to Eurostat's flash estimate, inflation in the Euro Zone was negative for a fourth consecutive month in September 2009, at -0.3%. In the last quarter of 2009, inflation may return to positive, thanks to basis effects linked to energy prices.

Annual Inflation rate for the Euro Zone



Source: Eurostat - Inflation rate for consumer price

The Euro appreciated by 2.6% in September compared to the end of August, closing at US$1.46/€ on 30 September. Since the beginning of 2009, the Euro has appreciated by 5.6%.

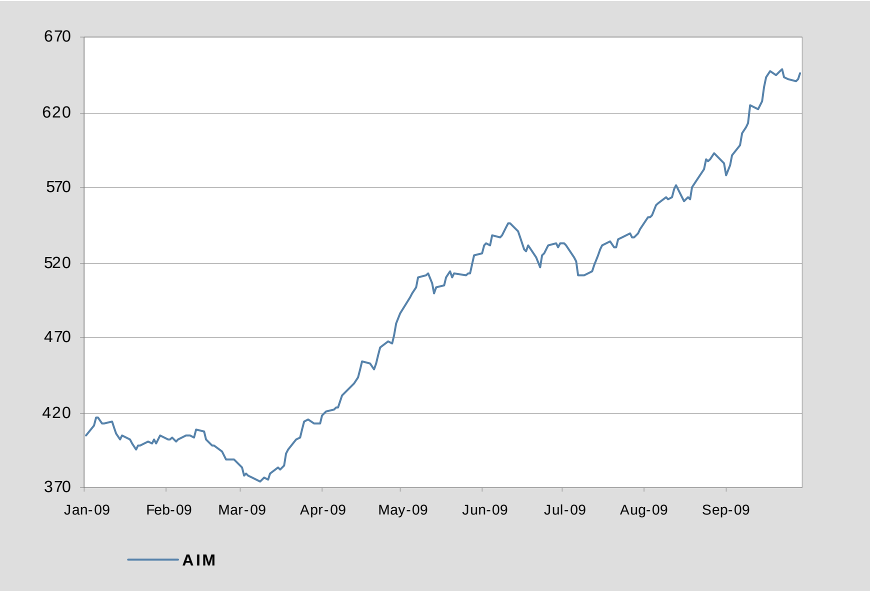
Exchange rate $ / €

Source: European Central Bank (ECB)

Stock markets continue to recover

In September 2009, stock markets continued their upward trend, getting back to their levels of a year ago. All indices are significantly up vis-à-vis their early 2009 level.

At the end of September, the AIM and Technology All Share were up by 9% and 7% respectively, from their levels at the end of August 2009. Year-to-date, the AIM was the best performing index, up by 60%, while the Technology All Share increased by 39% in the same period.



Source: London Stock Exchange

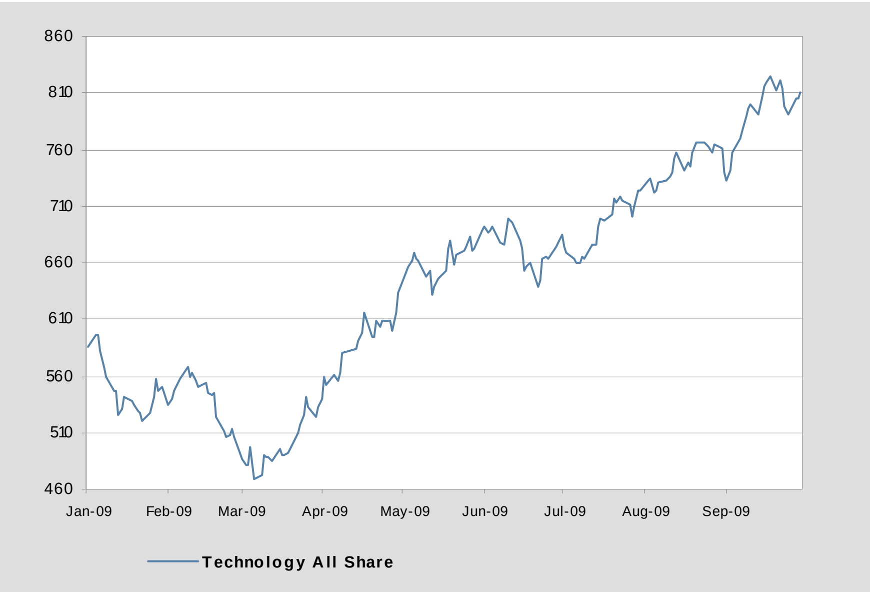
AIM

Year 2009
- Highest value: 648.18 (23 September)
- Lowest value: 373.76 (9 March)

Year 2008
- Closing: 31 December at 394.3
- Highest value: 1,055.60 (3 January)
- Lowest value: 381.77 (22 December)

% change on year opening
- +59.57%

% change year on year
- +3.92%



Source: Deutsche Börse

Technology All Share

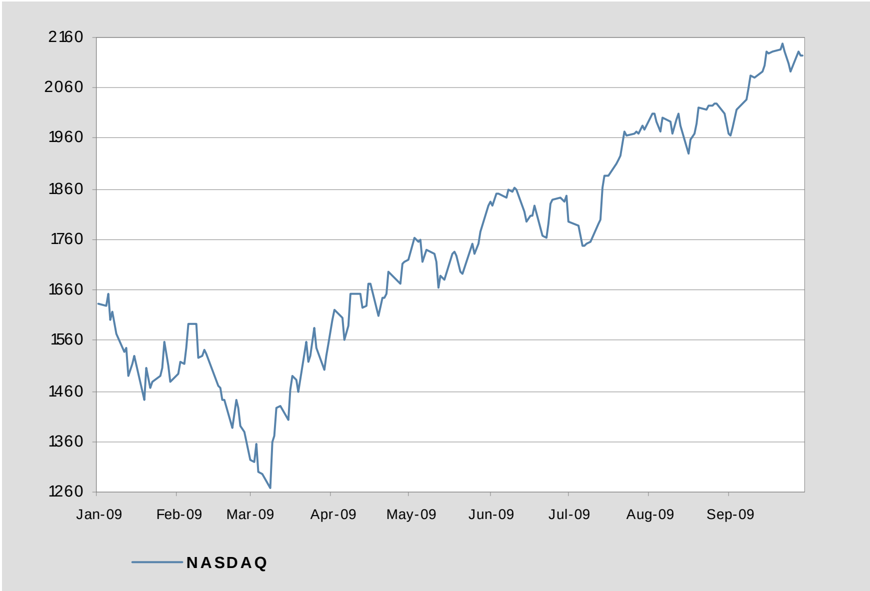
Year 2009
- Highest value: 824.65 (18 September)
- Lowest value: 469.33 (6 March)

Year 2008
- Closing: 30 December at 570.91
- Highest value: 1,142.03 (2 January)
- Lowest value: 492.21 (21 November)

% change on year opening
- +38.65%

% change year on year
- +3.85%

At the end of September, the NASDAQ was up by 6% on its level at the end of August. Compared to early January, the NASDAQ registered an impressive 30% increase. The FTSE Eurofirst 300 was the least performing of the four indices in September 2009, going up by only 3%. On a year-to-date basis, it increased by 16%.



NASDAQ

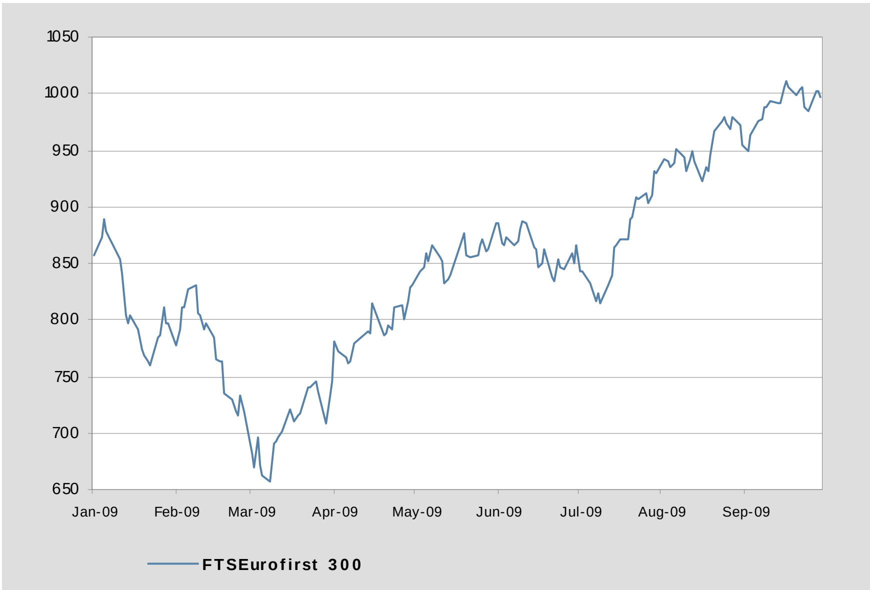
Year 2009
- Highest value: 2,146.3 (22 September)
- Lowest value: 1,268.64 (9 March)

Year 2008
- Closing: 31 December at 1,577.03
- Highest value: 2,609.60 (2 January)
- Lowest value: 1316.12 (20 November)

% change on year opening
- +30.03%

% change year on year
- +1.46%

Source: NASDAQ



FTSEurofirst 300

Year 2009
- Highest value: 1011.26 (17 September)
- Lowest value: 657.3 (9 March)

Year 2008
- Closing: 31 December at 831.97
- Highest value: 1,487.23 (2 January)
- Lowest value: 760.97 (21 November)

% change on year opening
- +16.43%

% change year on year
- -6.21%

Source: London Stock Exchange

IPO Activity

Between July and September 2009, 114 IPOs of European, US and Asian companies were registered, slightly more than the total number of IPOs registered in the first half of 2009.

According to data by Thomson Reuters, 8 European companies went public on international stock markets in the third quarter of 2009. So far this year, a total of 16 European companies went public, 84% less than in the same period of last year. The IPOs in Q3 2009 generated €143m in proceeds.

	USA				Europe				Asia[1]			
	2008		2009*		2008		2009*		2008		2009*	
	Proceeds €m	No. Issues	Proceeds €m	No. Issues	Proceeds €m	No. Issues	Proceeds €m	No. Issues	Proceeds €m	No. Issues	Proceeds €m	No. Issues
Quarter 1	13,221	10	828	1	569	32	1	1	9,198	96	356	38
Quarter 2	2,987	14	1,608	12	7,411	47	529	7	6,802	119	3,289	41
Quarter 3	595	4	3,930	12	869	20	143	8	3,011	69	26,523	94
July	472	3	320	1	847	14	86	5	1,411	35	8,799	25
August	122	1	1,440	4	2	2	41	1	1,500	22	5,700	31
September			2,170	7	21	4	16	2	100	6912	12,024	38
Quarter 4	116	1			1,286	13			658	2829		
Total	**16,919**	**29**	**6,366**	**25**	**10,135**	**112**	**672**	**16**	**19,668**	**313**	**30,168**	**173**

* Cut-off date: 28 September 2009
IPO activity is classified by the domicile nation of the issuer's headquarters
Data is continuously updated and is therefore subject to change
[1]Asia here excludes Japan
Source: Thomson Reuters

The IPO of the Jersey real estate company *Max Property Group* in May is the largest IPO in Europe this year to date, raising total proceeds of €317m. Second is the listing of the Polish natural resources' company *Bogdanka Coal Mine* in June, with total revenues of €162m.

In the third quarter of 2009, 12 US companies were listed, similar to the second quarter of 2009. However, they generated €3.9bn, more than twice the proceeds generated in the second quarter. So far this year, 25 companies went public in the US, 86% of the total number of companies listed in 2008. However, the proceeds generated since January 2009 represent only 38% of the proceeds generated in the same period of 2008.

The largest US IPO so far this year was the listing of the *Starwood Property Trust* in August, which generated €810m in proceeds. It was followed by the IPO of the consumer staple company *Mead Johnson Company* in February, worth €720m.

In Asia, in the third quarter of 2009, the IPO activity more than doubled in amount and number of companies, compared with the second quarter of the year. A total of 94 companies went public between July and September, generating €26.5bn in proceeds. Altogether, 173 IPO companies went public so far this year, worth €30.2bn. This is about 55% of the total number of IPOs registered last year, but 153% of the proceeds generated.

The listing of the Chinese construction company *China State Construction Engineering* in July 2009 was the largest IPO in Asia so far this year, with €7.3bn in proceeds.

Top IPO Stock Exchange

So far this year the London AIM tops the ranking of the most popular European stock exchanges in terms of proceeds, with 3 listings worth €405m. However, Euronext comes first in terms of number of issues with 9 IPOs worth €74m.

	USA			Europe			Asia[1]		
Ranking	Name	Proceeds €m	No. issues	Name	Proceeds €m	No. issues	Name	Proceeds €m	No. issues
1	New York	5,333	16	London AIM	405	3	Hong Kong	12,838	28
2	Nasdaq	948	6	Channel Islands	349	1	Shanghai	11,834	4
3	Taiwan	79	1	Warsaw	182	6	The Bombay Stock Exchange	2,689	10
4	Frankfurt	5	1	Euronext	74	9	National Stock Exchange	2,689	10
5	TSX Venture Exchange	1	1	Frankfurt	41	5	Shenzhen	2,139	25

* Cut-off date: 28 September 2009
[1]Asia here excludes Japan
Source: Thomson Reuters

The New York Stock Exchange tops the list of most important US IPO markets, with 16 IPOs worth €5.3bn. It is followed by the NASDAQ with 6 IPOs worth €948m.

In Asia, the Hong Kong stock exchange reached €12.8bn in proceeds from 28 IPOs. It was followed by the Shanghai stock exchange with €11.8bn generated by 4 IPOs.

Close to 8,500 European M&A transactions worth €410bn in 2009 year-to-date

According to data from *Dealogic*, so far a total of 8,498 M&A deals valued at €410bn took place in Europe in 2009. This represents a 12% decrease in number and 38% decrease in value compared to the same period of 2008. The average monthly deal volume for 2009 is 944 M&A transactions per month so far, for an average of €46bn.

Year-to-date, the most active sectors in terms of deal number are professional services with 962 M&A transactions and computers & electronics with 833 M&A transactions, similar to 2008. The leading sectors in value terms are finance with €130bn generated through 683 M&A deals, and utility & energy with €77bn generated through 398 M&A transactions.

	2006		2007		2008*		2009*	
	Amt. €bn	No. of deals	Amt. €bn	No. of deals	Amt. €bn	No. of deals	Amt. €bn	No. of deals
Aerospace	8	31	6	37	3	45	1	24
Agribusiness	3	105	1	121	2	116	0	75
Auto/Truck	12	221	22	267	21	318	35	206
Chemicals	34	308	23	371	25	364	5	178
Computers & Electronics	32	1,264	40	1,380	37	1,608	10	833
Construction/Bldg Prods	80	807	56	877	39	979	14	574
Consumer Products	14	442	28	564	49	550	2	306
Dining & Lodging	35	311	20	292	23	273	1	196
Finance	110	875	288	889	194	1,041	130	683
Food & Beverage	25	647	44	690	21	685	7	497
Forestry & Paper	2	112	4	107	3	125	0	67
Government	0	13	0	10	0	17	0	13
Healthcare	67	455	64	570	15	642	6	326
Holding Companies	4	99	18	104	8	110	3	85
Insurance	41	273	48	346	50	373	5	220
Leisure & Recreation	14	249	16	233	4	257	2	161
Machinery	12	363	18	474	11	505	3	283
Metal & Steel	50	285	39	337	13	371	1	203
Mining	20	182	7	137	39	155	4	99
Oil & Gas	57	340	87	307	48	302	35	254
Professional Services	24	1,311	31	1,538	26	1,733	4	962
Publishing	26	269	17	319	23	290	2	191
Real Estate/Property	134	1,016	170	1,338	72	951	35	480
Retail	24	445	50	474	19	574	4	384
Telecommunications	110	515	61	526	45	539	9	287
Textile	4	161	15	142	3	162	0	71
Transportation	61	561	47	620	29	671	15	433
Utility & Energy	73	392	141	436	169	604	77	398
Total	**1,074**	**12,060**	**1,365**	**13,518**	**993**	**14,368**	**410**	**8,498**

* Cut-off date: 28 September 2009
Data is continuously updated and is therefore subject to change
Note: the industry classification has changed as of April 2007, following the implementation of a new analytics system. Please also note that the data methodology has changed as of January 2005 and is presented excluding company carveouts.
Source: Dealogic

Over 6,000 deals worth €374bn in Western Europe in 2009 so far, compared to 2,382 deals worth €36bn in Eastern Europe

The data from *Dealogic* shows 6,116 M&A transactions took place in Western Europe between January and September 2009, generating proceeds of €374bn. Western Europe thus represents 91% of the total European M&A activity in terms of revenues, and 72% in terms of deal volume. This is similar to the same period of last year when Western Europe accounted for 81% of the total M&A activity figures in terms of revenues, and 76% in terms of deal number.

	2006		2007		2008*		2009*	
	Amt. €bn	No. of deals	Amt. €bn	No. of deals	Amt. €bn	No. of deals	Amt. €bn	No. of deals
Eastern Europe	**127**	**2,774**	**167**	**2,466**	**157**	**3,042**	**36**	**2,382**
Russian Federation	68	1,226	96	827	105	1,185	18	1,364
Kazakhstan	4	26	5	32	6	46	4	28
Czech Republic	3	134	4	118	6	163	3	64
Poland	6	368	14	277	7	467	3	213
Turkey	19	126	17	124	12	118	2	52
Western Europe	**947**	**9,286**	**1,198**	**11,052**	**836**	**11,326**	**374**	**6,116**
Germany	122	1,156	148	1,844	82	1,534	84	704
United Kingdom	303	2,934	292	3,129	251	3,094	80	1,579
Spain	96	725	115	923	73	916	70	555
Belgium	9	182	16	252	28	236	24	150
France	126	913	116	1,032	116	1,294	24	754
Total	**1,074**	**12,060**	**1,365**	**13,518**	**993**	**14,368**	**410**	**8,498**

* Cut-off date: 28 September 2009
Data is continuously updated and is therefore subject to change
Note: the data methodology has changed as of January 2005 and is presented excluding company carveouts.
Source: Dealogic

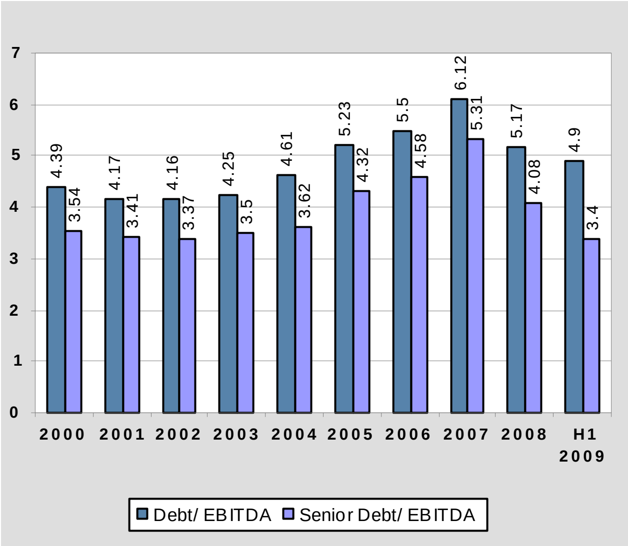
Eastern Europe saw 2,382 M&A transactions in the first nine months of 2009, generating €36bn in proceeds. Altogether, this represents about 86% of the total 2008 M&A activity in volume, but only 23% in value.

In Western Europe, Germany is the largest market in terms of deal value, with €84bn generated by 704 M&A transactions. However, in terms of deal number the UK ranks first with 1,579 M&A transactions registered so far this year.

In Eastern Europe, the Russian Federation maintains its status as the most active country in terms of M&A transactions. So far this year, it has seen 1,364 M&A transactions summing up to proceeds of €18bn. While Kazakhstan ranks second in terms of deal value with €4bn across 28 deals, Ukraine ranks second in terms of deal number with 275 M&A deals valued at €2bn.

Leverage Loan Market Activity

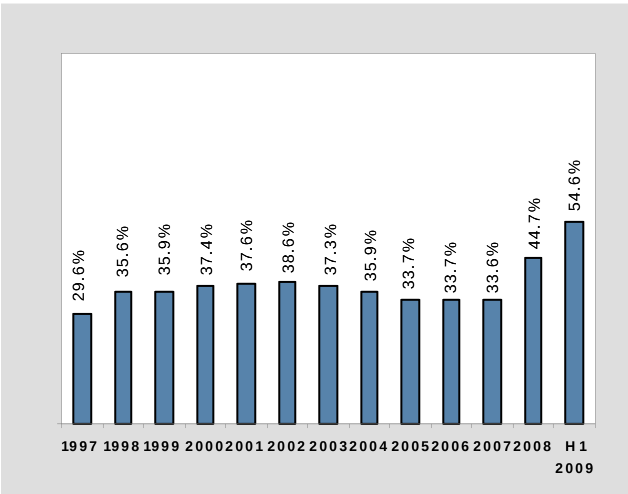
European leverage ratios, 2000-H1 2009



Source: S&P LCD

According to data provided by Standard & Poor's Leveraged Commentary & Data (S&P LCD), debt to EBITDA multiples decreased by 5% from 5.17x in 2008 to 4.9x in the first half of 2009. The senior debt to EBITDA multiple decreased even more, by 17%, from 4.08x in 2008 to 3.4x in the first half of 2009.

Average European equity contributions, 1997-HI 2009 (as of total enterprise value)



Source: S&P LCD

After a sharp increase in 2008 over 2007, the average equity contribution for European LBO transactions continued its steep upward trend, reaching 54.6% in the first half of 2009, from 44.7% in 2008.

Methodology

GDP
i) Eurostat
Source: http://epp.eurostat.ec.europa

The growth rates presented refer to the actual quarterly growth rates, which are revised monthly to take account of new information. The area referred to is the Euro Zone (EU 15).

ii) The Economist: The Economist poll forecast
Source: www.economist.com
The Economist poll forecast is a monthly estimate for the GDP growth rate in the Euro Zone for the coming year. To obtain this forecast, 17 banks and financial institutions are questioned on their current growth projections. For the final figure, the arithmetic average of individual projections is calculated.

LIBOR
Source: British Bankers Association (BBA), Home Page: www.bba.org.uk
The data presented is the 12 month Euro LIBOR, measured at spot value.

Inflation rate
Source: Eurostat
The numbers displayed are the annual consumer price inflation rates published by Eurostat on a monthly basis. The most recent value is an estimate, which is published at the end of the month and incorporates all information available at the time. This figure is restated in the middle of the following month. The data presented measures price changes in the Euro Zone between the current month and the same month in the previous year.

Exchange rate
Source: European Central Bank (ECB)
Bilateral Euro/US Dollar exchange rate.

Stock Markets
FTSE Eurotop 300:
Source: www.londonstockexchange.com

AIM:
Source: www.londonstockexchange.com

Technology All Share:
Source: www.deutsche-boerse.com

NASDAQ:
Source: www.nasdaq.com

IPO activity and Top 5 IPO stock exchanges
Source: Thomson Financial at www.thomsonreuters.com
IPO data includes the first public offering of a company's common stock. Secondary listings or re-listings on other markets are not considered IPOs. The data is attributed geographically by the domicile nation of the issuer's headquarters, regardless of the target market. European data comprises IPOs of companies domiciled in Europe, including Central and Eastern Europe. Asian data refers to companies domiciled in Asia, excluding Japan. All amounts are given in Euros and represent total proceeds raised to the issuing company, including overallotments sold.

M&A activity in Europe
Source: Dealogic at www.dealogic.com
The M&A data accounts for completed deals between January 1999 and the time of publication. Deals that are pending, withdrawn or in which shares have been bought back are excluded. Europe refers to both Western and Eastern Europe. Volume data refers to M&As of quoted and unquoted companies. The geographical M&A flows are classified by target nationality. Please also note that the data methodology has changed as of January 2005 and that M&A data is presented excluding company carveouts.

European leverage ratios and average equity contributions
Source: S&P LCD at www.lcdcomps.com
The data is referring to the leverage loan market, covering loans for LBO transactions that are syndicated to borrowers (banks) in Europe. Transactions include all sponsored activity, such as refinancing and recapitalizations. Europe refers to both, Western and Eastern Europe.

Disclaimer
The data provided in this Barometer has been collected from different sources. EVCA has taken steps to ensure the reliability of the information presented. However, EVCA cannot guarantee the ultimate accuracy of the data and therefore EVCA does not accept responsibility for any decision made or action taken based on the information provided.