



European Private Equity &
Venture Capital
Association

PRESS RELEASE

2005 A RECORD YEAR FOR EUROPEAN PRIVATE EQUITY

- FUNDRAISING: €72 BILLION
- EQUITY INVESTMENT: €47 BILLION IN 7,200 BUSINESSES
- DIVESTMENT AT COST: €30 BILLION

Monte-Carlo, 15 June 2006

Today, EVCA announced the final fundraising, investment and divestment in Private Equity for 2005 at the EVCA annual Symposium in Monte-Carlo. The annual figures compiled on behalf of EVCA by Thomson Financial and PricewaterhouseCoopers showed records for all three stages of activity in the industry and update the preliminary data published at EVCA's Investors' Forum in March.

FUNDS RAISED: 72 BILLION EUROS

After three years of fundraising lagging investment, fundraising in 2005 reached 71.8 billion euros, a record for the industry in Europe and over two and a half times the 27.5 billion euros raised in 2004. At current investment levels, the funds raised in 2005 will meet the investment needs of the next 18 months.

The figures include five buyout funds which each raised over 3 billion euros in the period, but the total raised for buyouts of all sizes was 57.7 billion euros, a trebling in size on 2004. 10.9 billion euros was raised for ventures, encompassing early stage and expansion funding, an increase of 24% on 2004. Funds dedicated to high-tech doubled in size – albeit from a low base - with early stage high-tech allocation nearly trebling from 1.3 billion euros in 2004 to 3.6 billion euros.

Considerable variation exists in the deployment of funds between countries. For example, in the UK and Sweden, 93% went to buyouts; in Germany 43% went to buyouts and 26% to high-tech ventures; in Spain and Italy, 37% went to buyouts and 55% and 50% respectively into non-tech early stage and expansion. Switzerland led the field in high-tech investment, at 87%.

SOURCES OF CAPITAL

Pension funds took the lead as the main source of capital in 2005, representing 24.8% of the total funds raised, overtaking banks by 5 billion euros for the first time since 2001. Together, pension funds and banks provided 42.4% of funds in 2005, representing a trebling in size of their allocation to private equity in absolute terms.

The UK was the largest single source of capital for the industry in Europe last year, contributing 28.9% with most of the capital coming from pension funds (27.8% of the total UK fundraising). The US was the second largest contributor at 23.7% followed by France with 9.1%, Germany with 6.2% and 6% from Asia. In total, 34.5% of the funds raised came from outside of Europe, as opposed to only 24% in 2004, a four-fold increase in absolute terms showing that Europe is becoming a more attractive market for investors on a global scale.

UK-based General Partners led the fund raising market in 2005, with 63.6% of the total. UK was followed by France (16%) and Germany (4%). 79% of the total raised was raised by independent firms, up from 61% in 2004; 15% by captives and 6% from realised gains.

EQUITY INVESTED: 47 BILLION EUROS

2005 was also a record year for investment, with 47 billion euros of equity capital invested in 7,207 separate companies, beating 2004's record of 36.9 billion euros by 27.3%.

Buyouts represented the majority of the total amount invested at 68.2%, although only 21.7% of the number of deals done. Of the 32 billion euros equity capital invested in this sector of the market, 43.4% went to deals of between 15 million euros and 150 million euros' equity, 37.4% to deals between 150-300 million and 19.2% to deals of over 300 million euros' equity. Replacement capital doubled in size to 2.3 billion euros in 2005.

Venture activity experienced a 23% increase in equity invested from 10.3 billion euros in 2004 to 12.7 billion euros in 2005, but accounted for 74.7% of the total number of deals.

While the consumer related industries have proved to be the most dynamic sector in terms of private equity investment in the last few years, communications returned as number two after losing its place in 2004. Despite the smaller deal sizes, the computer and medical/health related industries accounted for the highest number of investments.

With 25.2% of total investments the UK market was the most active. France came in second accounting for 16.3% of investment, followed by Germany (11.8%), Spain (9.1%) and the Netherlands (6.4%).

EVCA estimates the European private equity and venture capital portfolio at the end of 2005 to be 173 billion at cost.

DIVESTMENTS AT COST: 30 BILLION EUROS

At 29.8 billion euros, 2005 represented a record year for divestments at cost (as opposed to exit value), up from 19.6 billion euros in 2004. Write offs were down to 4.7% from 9.7% in 2004 and the lowest ever.

Repayment of preference shares/loans was the strongest exit route in 2005, representing 23.4% by amount, followed closely by the favourite exit route for several previous years - trade sales - at 22.6%. As in 2004, sales to other private equity houses (secondary buyouts) ranked third at 18.4% of the amount divested. The number of IPOs more than doubled with 259 listings compared with 105 in 2004, but remained at a similar level to 2004 by amount divested at cost: 1.3 billion euros.

Commenting on the figures, Sir David Cooksey, EVCA Chairman and Managing Partner of Advent Venture Partners said: "2005 was a record year on all fronts: fundraising, investment and divestment. Most importantly, the strong growth in activity was well distributed across all stages. Of note is the revival of growth in the high technology sector, particularly in early-stage fundraising. Also, strong divestments show that cash is being delivered back to investors after the difficult period the industry faced a few years ago. The current fundraising levels will enable continued strong investment over the coming 18 months and divestments will provide increased incentives for the institutional investor community to invest in the industry. Overall, these numbers demonstrate that the outlook for the industry is good and that European private equity and venture capital is becoming increasingly attractive."

Gemma Postlethwaite, Vice President, Thomson Financial, added: "The outlook for the short and longer term is a healthy one. Funds raised in 2005 of over €70bn is an unprecedented statement by investors that private equity is not only a mainstream asset class but one that consistently delivers returns. Whilst it is unlikely we will see quite the same levels of fund raising in 2006 the asset class is investing and divesting at a very healthy pace and all indicators suggest that this positive momentum will continue well into and beyond 2006."

Brendan McMahon, European Private Equity Assurance Leader at PricewaterhouseCoopers said: "When looking at the level of funds currently being raised, one of the most interesting developments has been the listing on Euronext by KKR of its Channel Island based partnership, with an initial target of \$1.5 ultimately raising \$5b. A significant number of US and European promoters are at the later stages of cloning this KKR structure, allowing public investors to participate in the performance of private equity funds. This is a dramatic move on the part of the private equity promoters, operating in public markets for the first time. It is likely that significant funds will be raised from the public market and this will provide promoters with stable capital for ongoing investment into their fund structures. This shift from private to public markets will lead to increased transparency on performance and valuation processes. Back office procedures will also come under closer scrutiny as public markets seek assurance on the management of their funds. "

** ENDS **

Notes to Editors:

1. **Annex 1** shows the historical activity data from 1996-2005.
2. **Annex 2** shows fundraising for the top 7 European countries in terms of country of origin (location of investors) and country of management (location of the funds)
3. **Annex 3** shows investments for the top 7 European countries in terms of country of destination (location of the portfolio companies) and by country of management (location of the funds)
4. **Annex 4** shows 2005 activity data by country
5. **EVCA (The European Private Equity and Venture Capital Association)**, established in 1983 and based in Brussels, promotes, facilitates and represents the needs and interests of the private equity and venture capital industry in Europe. EVCA has over 925 members in 50 countries, including the leading fund managers in the European private equity and venture capital industry. (www.evca.com)
3. **The Annual EVCA Survey of Pan-European Private Equity and Venture Capital Activity** is undertaken by Thomson Financial and PricewaterhouseCoopers on behalf of EVCA and covers 27 countries. The Annual Survey covers the European universe of private equity and venture capital management companies (not only EVCA members) and presents detailed, comprehensive fundraising, investment and divestment data for the whole year. It should be noted that secured debt amounts are removed from the investment figures, unless the secured debt derives from a private equity fund vehicle. Preliminary activity figures were published on 16 March 2006 at the EVCA Investors' Forum in Geneva.
4. **Thomson Financial** is a provider of information and technology solutions to the worldwide financial community, and the single source for unparalleled information for the Private Equity and Venture Capital industry worldwide, building on the legacy of Thomson Venture Economics and Thomson MacDonald. Our products and services are helping industry professionals to efficiently raise capital, invest capital wisely and exit investments profitably. VentureXpert (www.venturexpert.com), our flagship online database, enables sophisticated and in depth analysis of fund raising, investments, valuations and fund performance going as far back as 1969. Our global presence and exclusive performance analysis have established Thomson as the single trusted industry benchmark with proven methodology and a wealth of experience with General Partners, Limited Partners and

Advisors. Through the widest range of products and services in the industry, Thomson Financial helps clients in more than 70 countries make better decisions, be more productive and achieve superior results. Thomson Financial is part of The Thomson Corporation, a global leader in providing integrated information solutions to more than 20 million business and professional customers in the fields of law, tax, accounting, financial services, higher education, reference information, corporate e-learning and assessment, scientific research and healthcare. With revenues of US\$8.7 billion, The Thomson Corporation lists its common shares on the New York and Toronto stock exchanges (NYSE: TOC; TSX: TOC). (www.thomsonfinancial.com)

5. PricewaterhouseCoopers. The member firms of the PricewaterhouseCoopers network provide industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 130,000 people in 148 countries work collaboratively using connected thinking to develop fresh perspectives and practical advice. "PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity. Investor confidence in the private equity industry is critical to its continued success. The ability to demonstrate that appropriate processes and procedures have been applied in all aspects of a business is an important component of building that confidence. PwC's in-depth experience of working with the investors and the private equity community enable us to bring private equity specialist expertise and industry knowledge in accounting, taxation, corporate finance, deal and portfolio services, legal services and systems. (www.pwc.com)

6. Terminology:

Venture capital: refers to early-stage (seed and start-up) and expansion finance.

Private equity: refers to the provision of equity capital to enterprises not quoted on a stock market and refers to all stages of industry, i.e. venture capital and buyouts.

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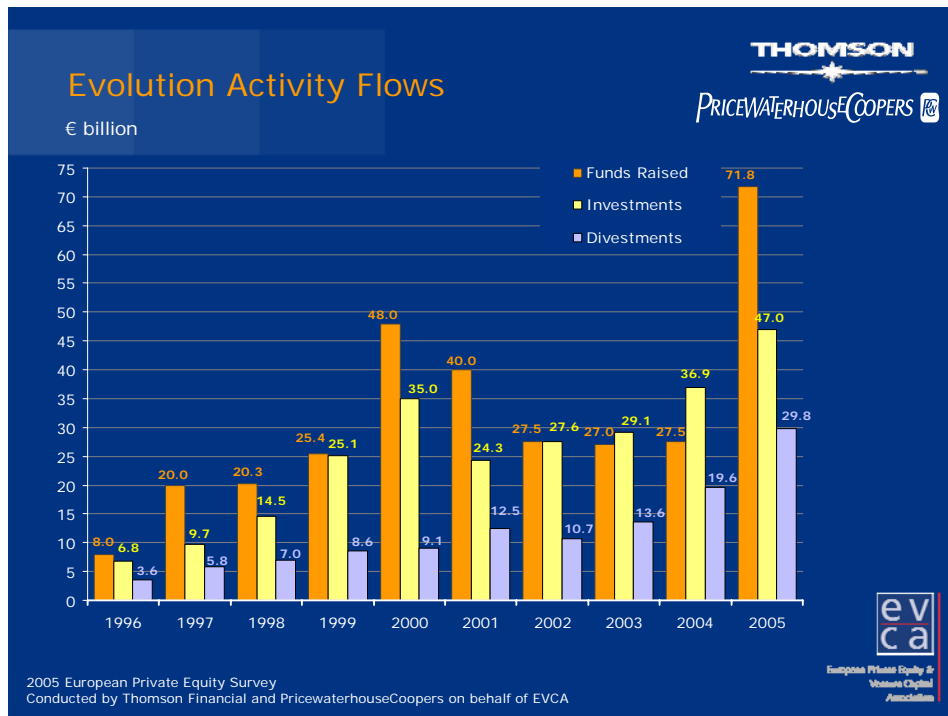
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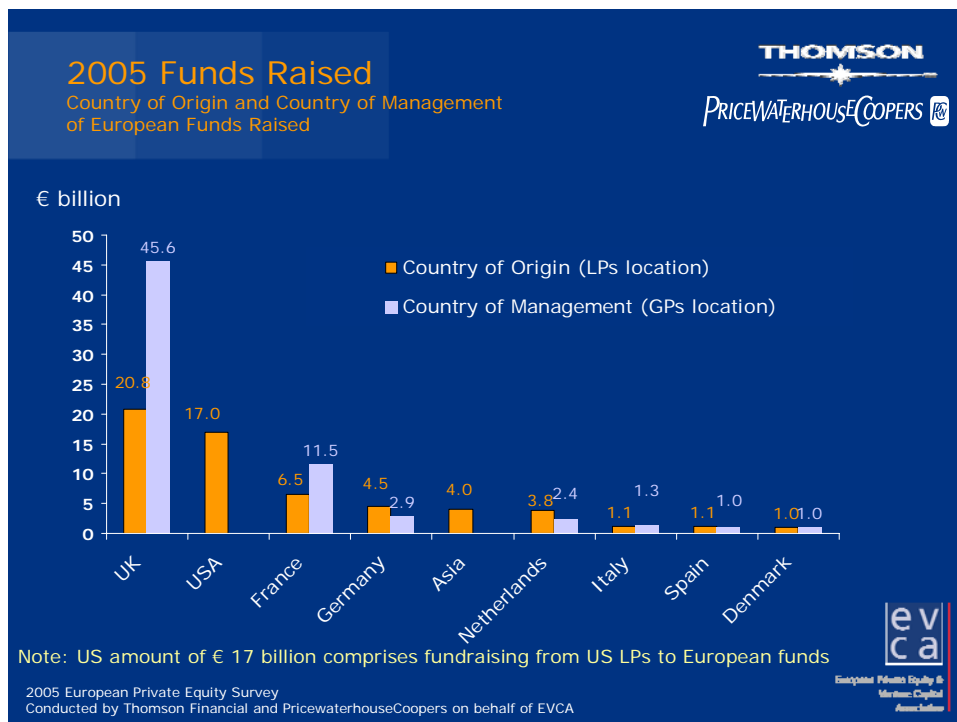
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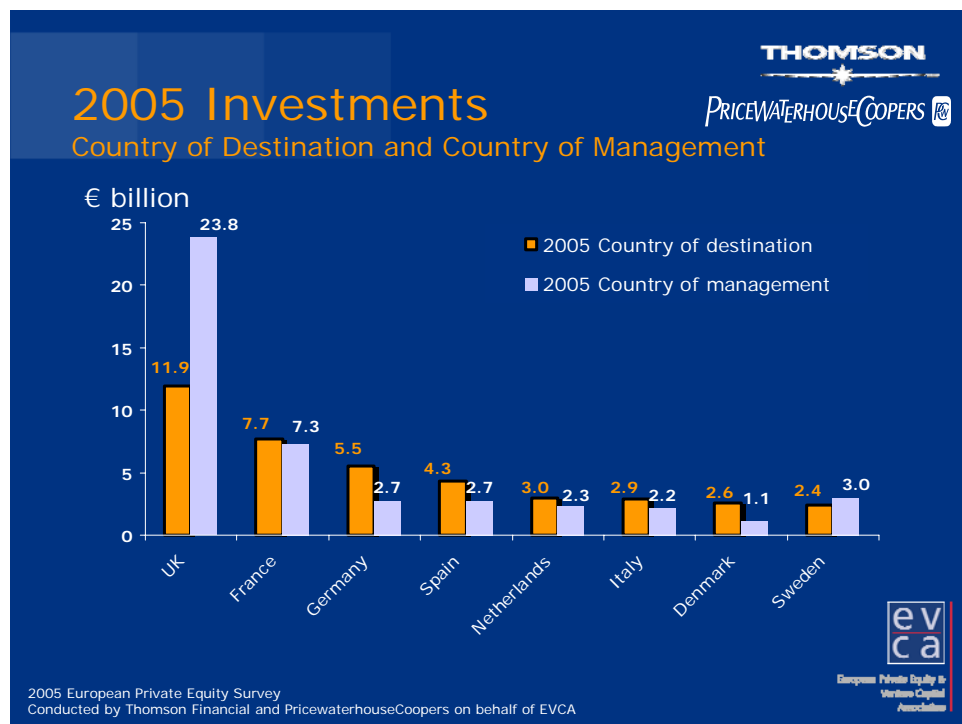
Annex 1



Annex 2



Annex 3



Annex 4

European Activity Statistics in € billion

Year	Funds Raised	Investments	Divestments at cost
1996	8.0	6.8	3.6
1997	20.0	9.7	5.8
1998	20.3	14.5	7.0
1999	25.4	25.1	8.6
2000	48.0	35.0	9.1
2001	40.0	24.3	12.5
2002	27.5	27.6	10.7
2003	27.0	29.1	13.6
2004	27.5	36.9	19.6
2005	71.8	47.0	29.8

Source: EVCA/Thomson Financial/PricewaterhouseCoopers

Annex 5

European PE Funds Raised		
in € million		
Country	Country of Origin (LPs location)	Country of Management (GPs location)
United Kingdom	20,768	45,644
US LP commitments to European funds	17,016	n.a.
France	6,543	11,451
Germany	4,479	2,875
Asian LP commitments to European funds	4,043	n.a.
Netherlands	3,848	2,444
Italy	1,139	1,345
Spain	1,056	1,020
Denmark	997	1,002
Sweden	609	1,919
Finland	526	626
Switzerland	439	1,495
Norway	424	681
Canadian LP commitments to European Funds	372	n.a.
Belgium	324	353
Austria	191	217
Portugal	98	294
Ireland	90	74
Greece	27	27
Hungary	15	75
Israel LP commitments to European funds	10	n.a.
Slovakia	7	8
Poland	3	59
Czech Republic	-	162
Unknown European LP commitments to European funds	5,467	-
Other Rest of the World LP commitments to European funds	3,281	n.a.
Total	71,771	71,771

Source: EVCA/Thomson Financial/PricewaterhouseCoopers

Annex 6

European PE Flows with Portfolio Companies			
in € million			
Country	Investments by Country of Destination (Portfolio Company location)	Investments by Country of Management (GPs location)	Divestments at Cost by Country of Management (GPs location)
United Kingdom	11,860	23,832	16,737
France	7,654	7,294	4,253
Germany	5,540	2,695	1,863
Spain	4,299	2,662	1,491
Netherlands	3,011	2,336	1,287
Italy	2,882	2,186	906
Denmark	2,553	1,057	151
Sweden	2,434	3,001	1,373
US	1,529	n.a.	n.a.
Switzerland	897	362	265
Finland	732	230	245
Norway	577	427	362
Belgium	475	193	357
Greece	389	8	-
Portugal	266	243	177
Austria	204	143	124
Hungary	143	47	33
Ireland	127	107	23
Poland	120	154	116
Czech Republic	91	21	29
Asia	54	n.a.	n.a.
Israel	40	n.a.	n.a.
Slovakia	19	1	4
Canada	7	n.a.	n.a.
Other Europe	1,021	n.a.	n.a.
Rest of the World	76	n.a.	n.a.
Total	47,000	47,000	29,796

Source: EVCA/Thomson Financial/PricewaterhouseCoopers