



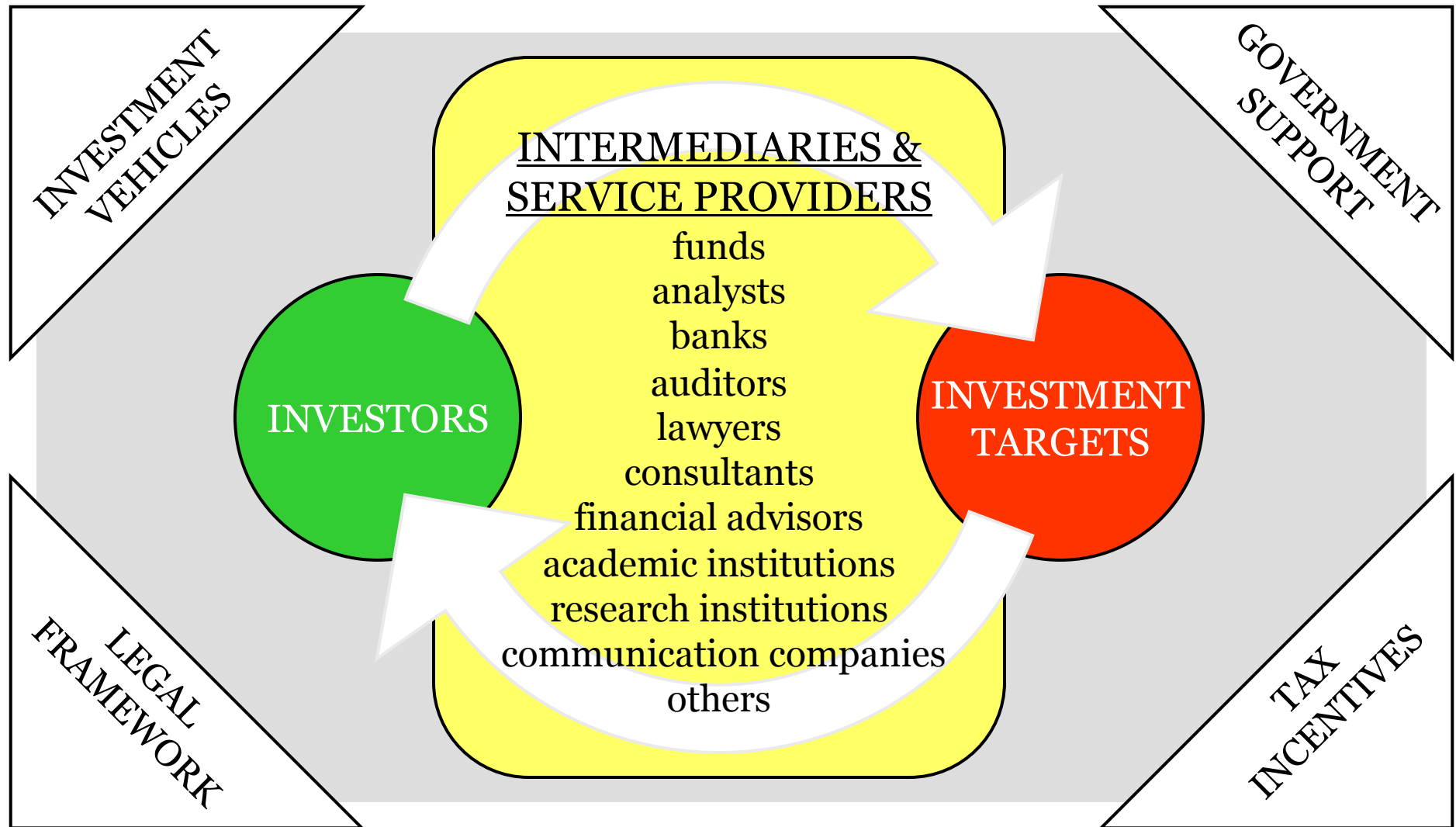
Introduction to Private Equity

Definition of Private Equity

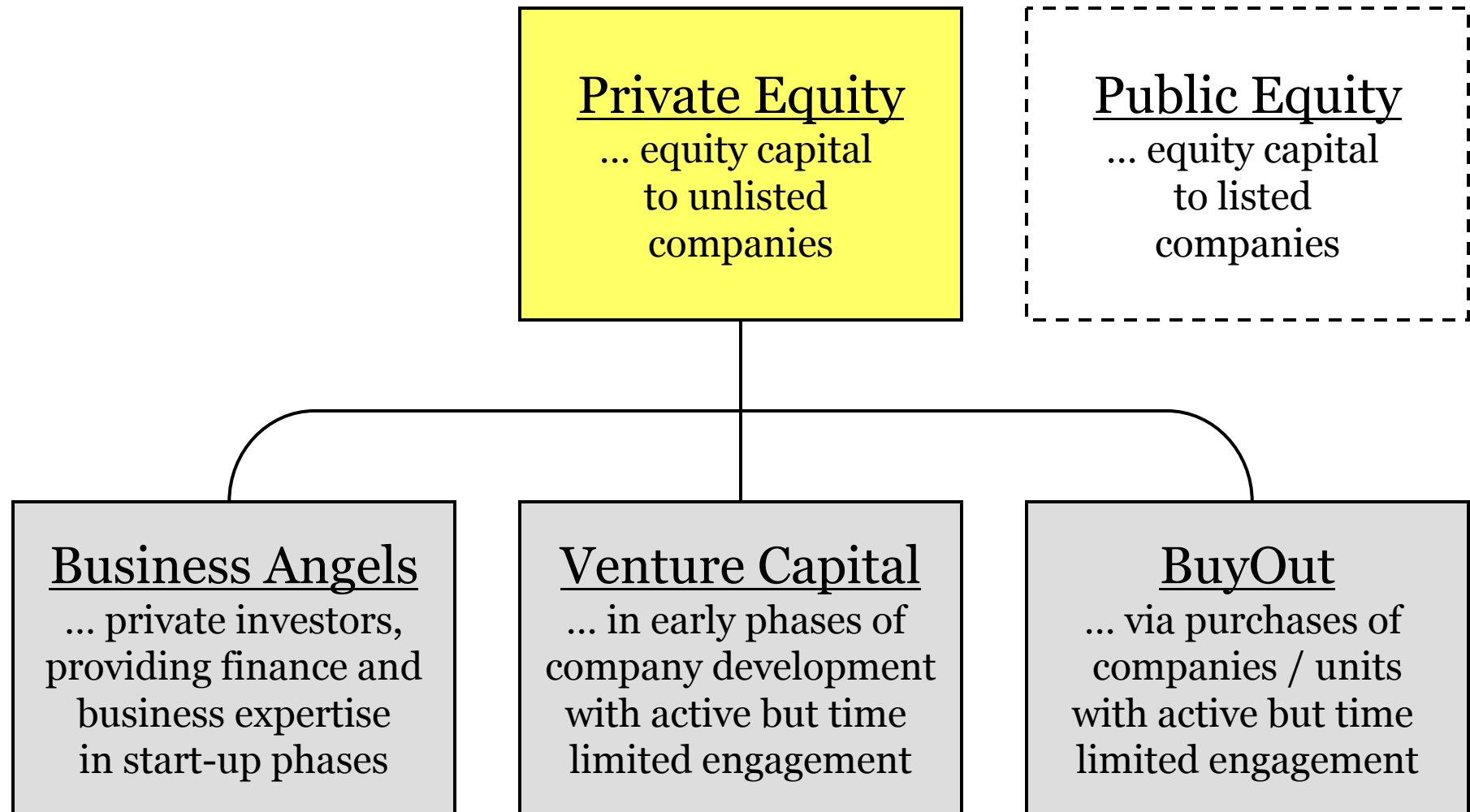
- Private Equity provides equity capital to enterprises not quoted on a stock market.
- Private Equity can be used to develop new products and technologies, to expand working capital, to make acquisitions, or to strengthen a company's balance sheet.
- Private Equity can also resolve ownership and management issues - a succession in family-owned companies, or the buyout or buyin of a business by experienced managers may be achieved using private equity*.

* Source: European Private Equity and Venture Capital Association (EVCA).

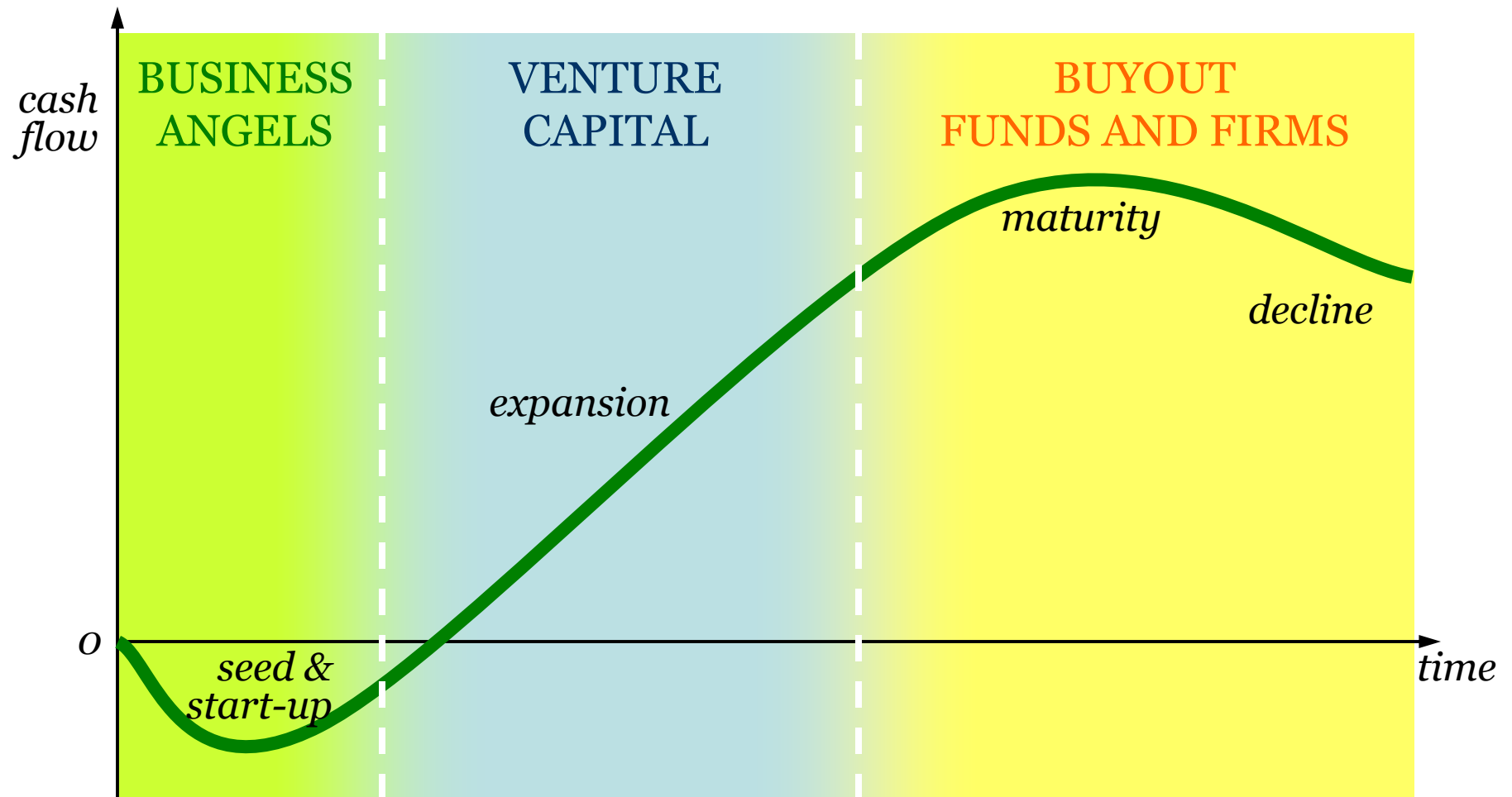
The Private Equity Ecosystem



Types of Private Equity Investors



Different Investors – Different Phases



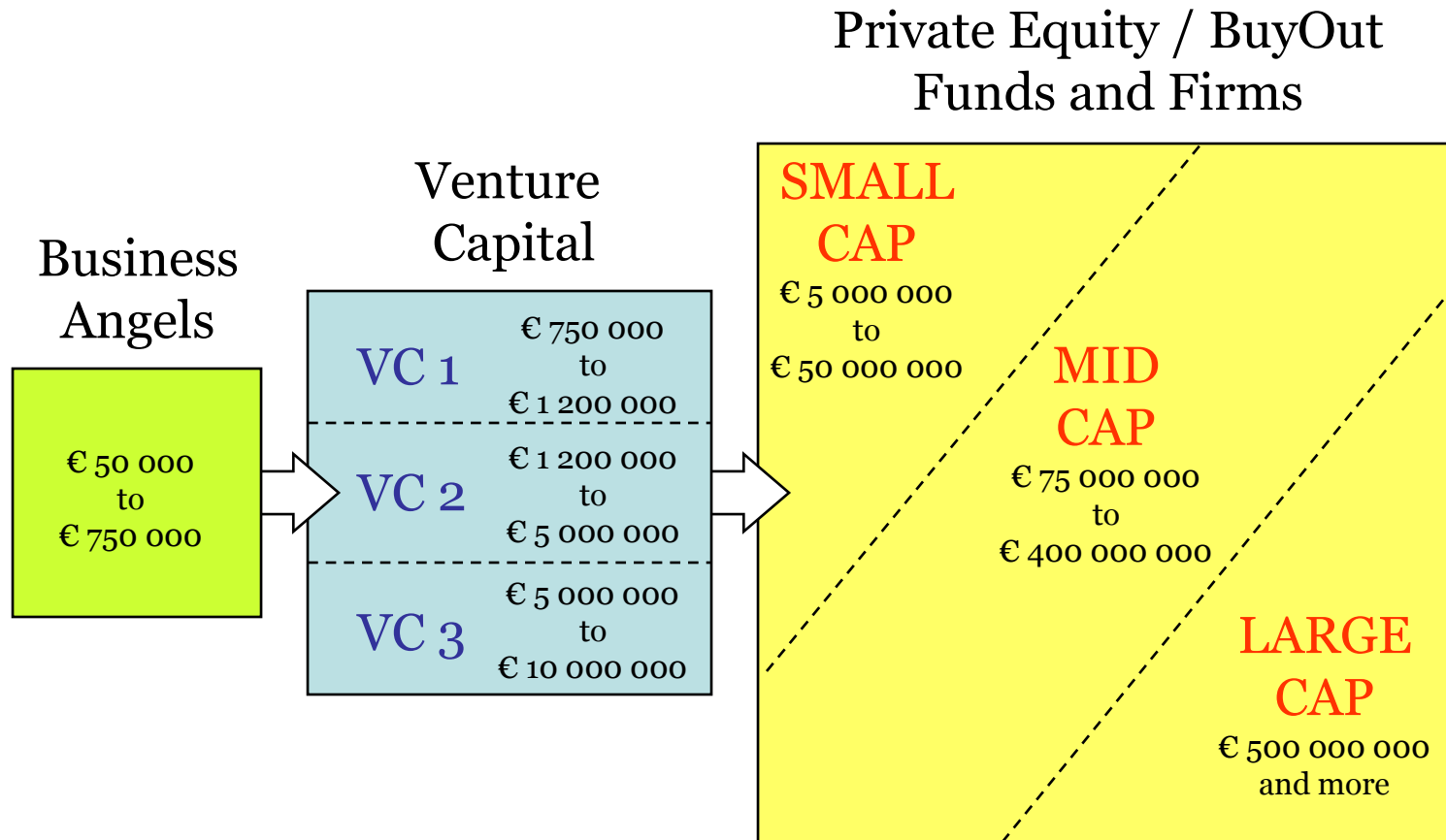
Investment Focus: Venture Capital

- Earlier stage of company development: **start-up** and **early expansion**
- Innovative & unique **business idea**
- Strong **team** with relevant experience
- Growth potential & **scalability**
- Targeting **international** growth markets
- Potential for high **profitability**
- Clear **exit** possibilities
- Investment period: **2-5 years**

Investment Focus: BuyOut

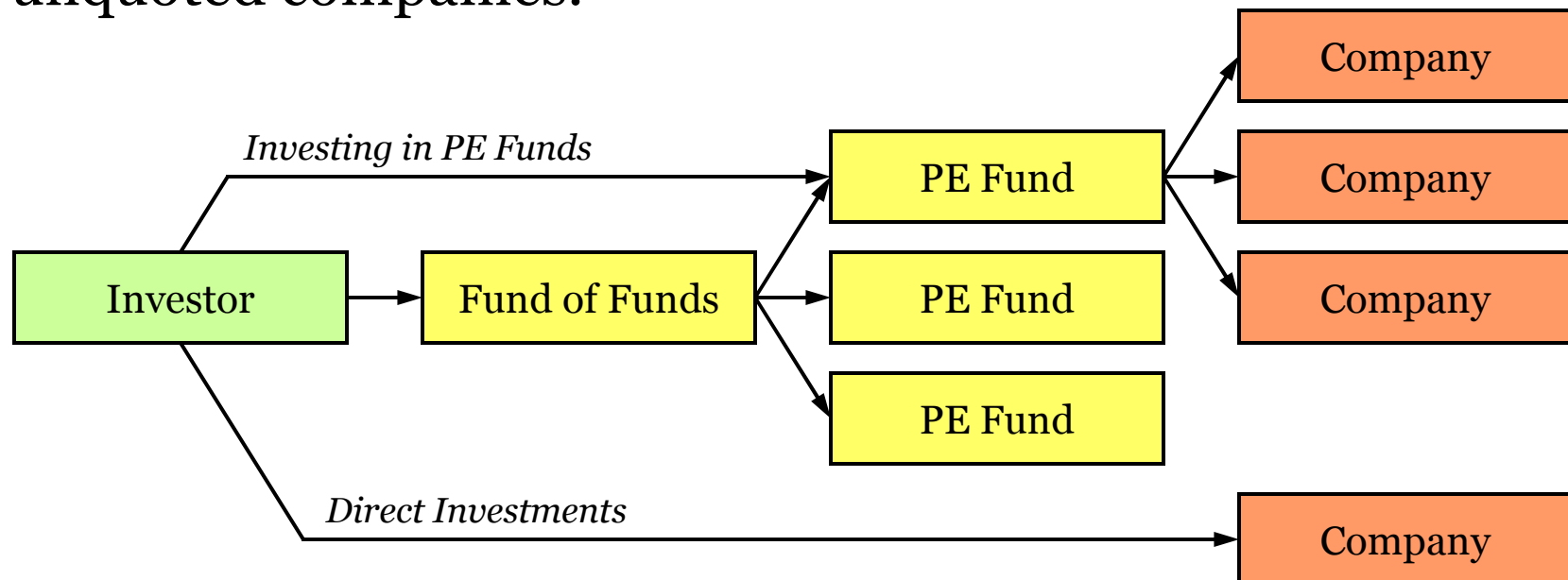
- Later stage of company development: **maturity, late expansion, decline**
- These criteria can be a potential strategy for a buy-out fund, but they can vary:
 - Leading **market position** or other specific investment criteria
 - Competent & active **management**
 - High potential for **profit improvements**
 - Strong **cash flow**
 - Independent of **business cycles**
- Investment period: **2-7 years**

Private Equity Deal Size



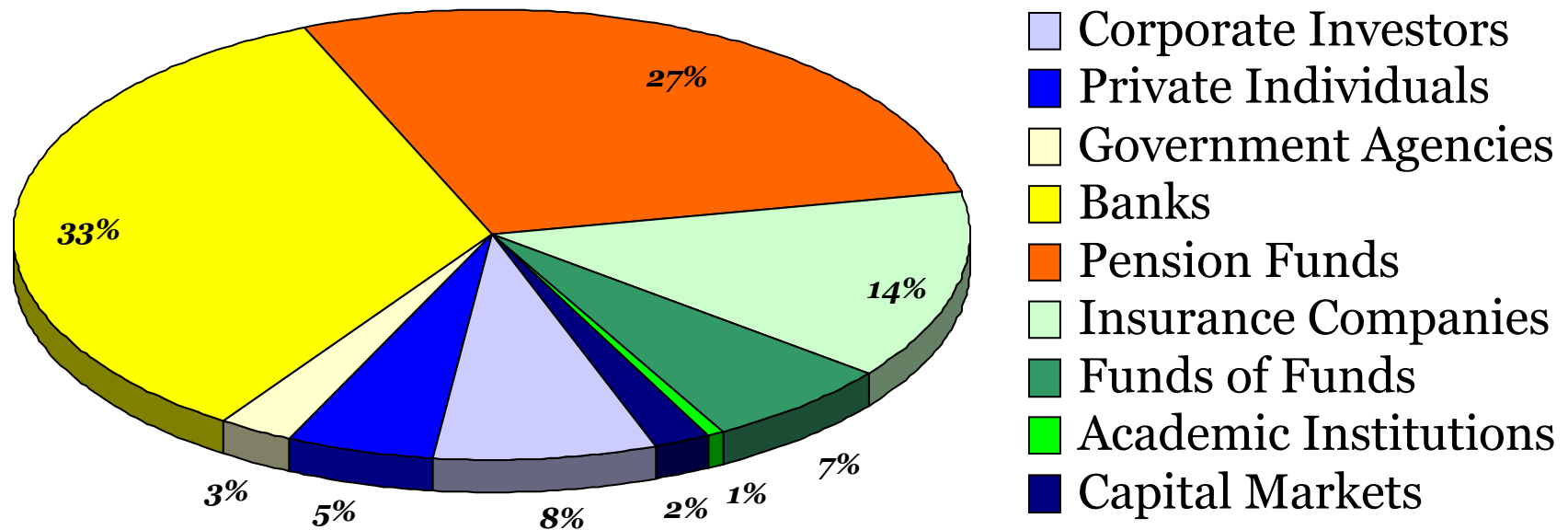
Private Equity Investment Methods

- Fund route
Through private equity funds alongside other investors. These are typically structured as limited partnerships.
- Direct route
By making direct investments into unquoted companies.



Private Equity in Europe

- During the past 5 years (2000 - 2004) in Europe € 170 bn funds were raised for Private Equity and Venture Capital and € 153 bn were invested in Europe's growth companies.
- In ten years (1996 - 2005) the number of Private Equity funds grew from 280 funds with € 20 bn to over 1000 funds and € 192 bn under management.
- In 2005, the European Private Equity industry raised € 57 bn from:



Summary

- Private Equity provides equity capital to enterprises not quoted on a stock market.
- European Private Equity industry has attracted significant attention and experienced high growth over the last ten years; while the trend is expected to continue in the future.
- On average, Private Equity investments offer a double return compared to that of publicly listed companies*.

* European 10 year average.