



**THE VOICE OF
PRIVATE CAPITAL**

VENTURE CAPITAL
PRIVATE EQUITY
INFRASTRUCTURE
LONG TERM INVESTORS

Session 1. Completing the funding escalator for young, small and innovative firms:

From the perspective of European Private Equity and Venture Capital

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Invest Europe is the voice of investors in privately-held companies in Europe



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PRIVATE CAPITAL

VENTURE CAPITAL
PRIVATE EQUITY
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1983
formed

EVCA

25
team members
in Brussels

- 👤 PUBLIC AFFAIRS
- 👤 COMMUNICATIONS
- 👤 RESEARCH
- 👤 EVENTS
- 👤 SUPPORT MEMBERSHIP

600
members

500
affiliates



- ▶ VENTURE CAPITAL
- ▶ PRIVATE EQUITY
- ▶ INFRASTRUCTURE
- ▶ LONG TERM INVESTORS

Why firms, particularly SMEs and high-growth potential firms, prefer to not enter and raise capital on public and private capital markets?

Venture capital in practice



Benefits:

- Provide funding to grow young businesses and realise the ambitions of entrepreneurs
- Mentoring and strategic advice
- Professionalisation of management teams
- Access to market information, strategic partners and alliances
- Sector expertise
- Secure additional funding rounds, investors and other financing options



For consideration:

- Founders share ownership and control with VC investors
- VC firm to take board seat
- Exit strategy matters
- VC firms are often organised in clusters of geography and sectors
- Negotiation and contractual agreements required
- VC firms need to be very selective



Proven ability to select promising companies and create global leaders...

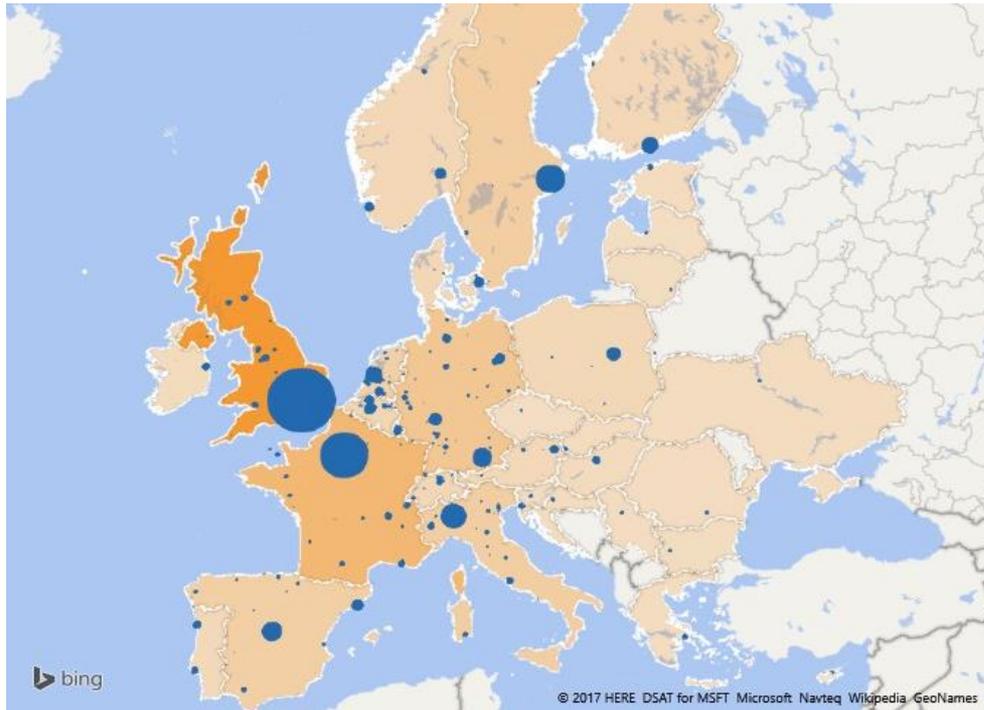
...in Fashion, Music, Fintech, Biotech, B2B and Gaming

Since the financial crisis, European VC has gained traction, investment is rising and European VCs have demonstrated their ability to help build global leaders

Country													
No. of unicorns	15	10	6	4	3	3	2	2	2	1	1	1	2
Emerging unicorn foals													

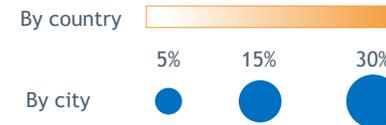
... sourced from local opportunities and investment teams across Europe...

Geographic diversity is key to put capital to work

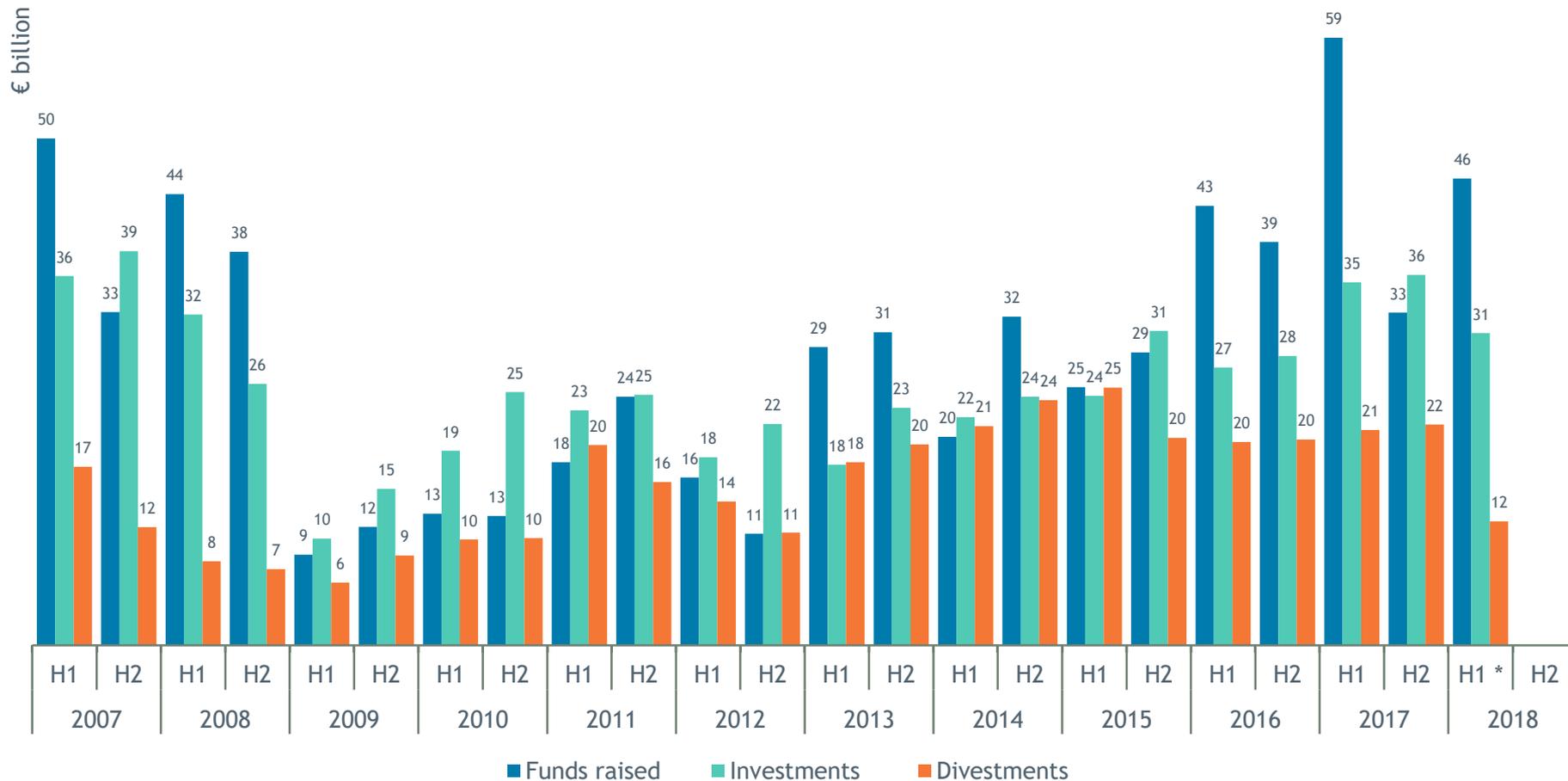


1,250 fund managers are active in Europe every year with over **€640bn Capital under Management**

Concentration of staff working for European fund managers



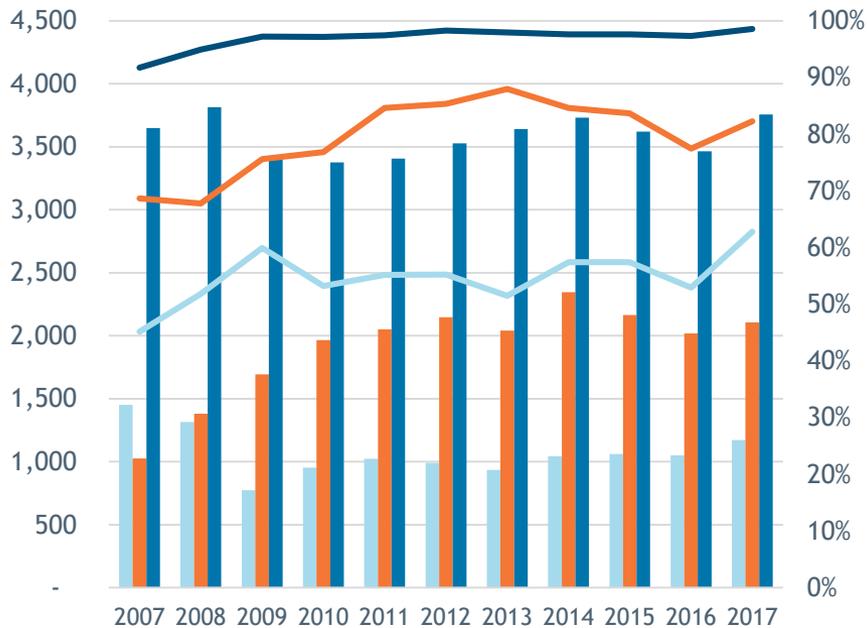
... reflected in European Private Equity's buoyant activity



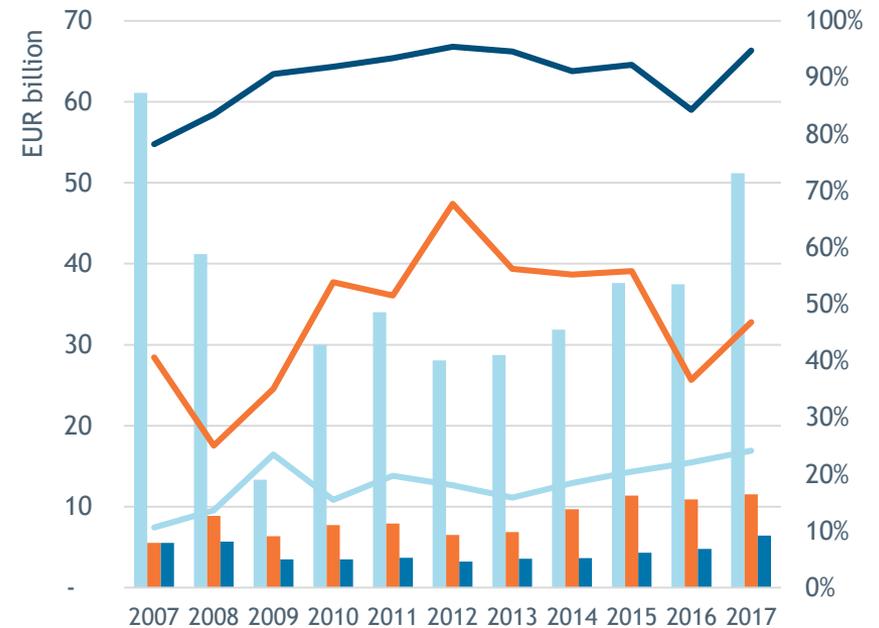
Does the current capital market ecosystem allow SMEs to grow, mature and reach their full potential?

SME investments are key to Europe's private equity and venture capital market

Number of companies

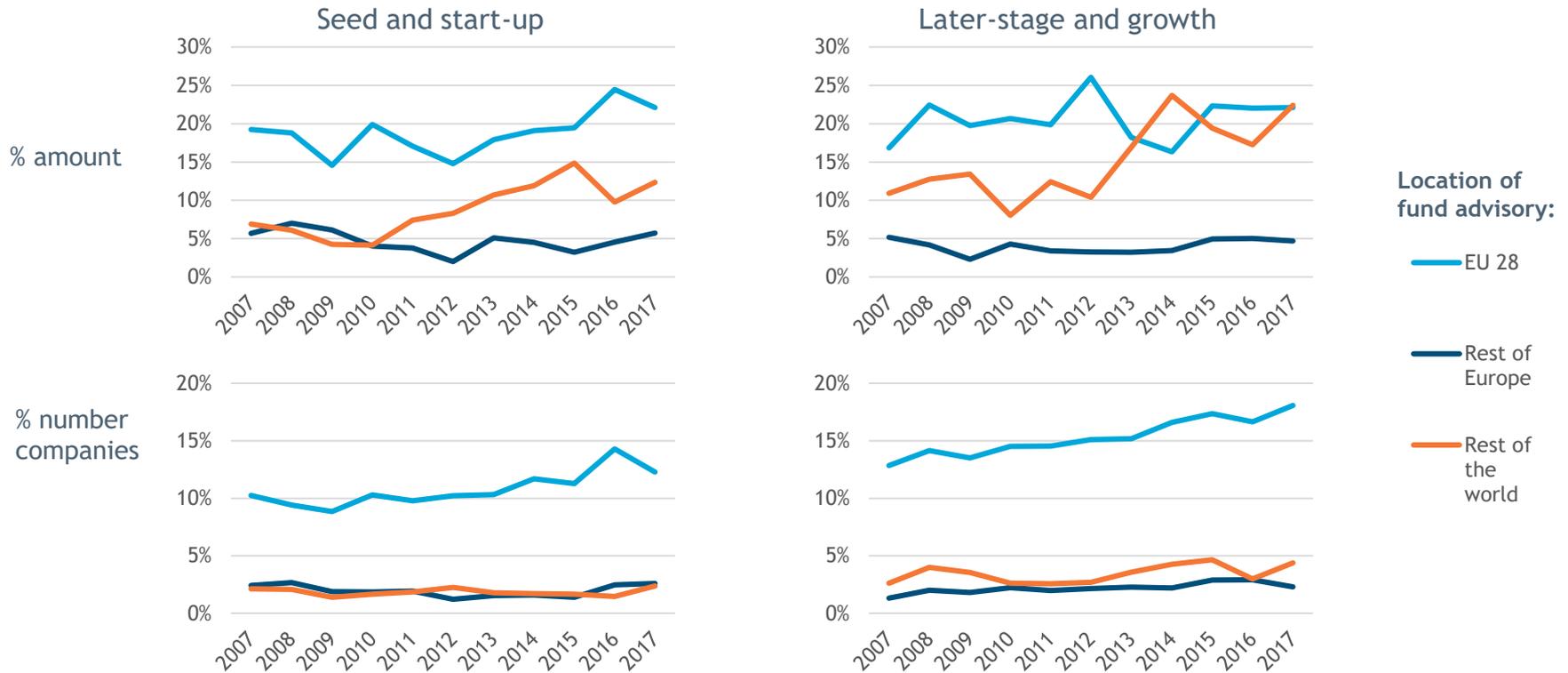


Equity amount invested



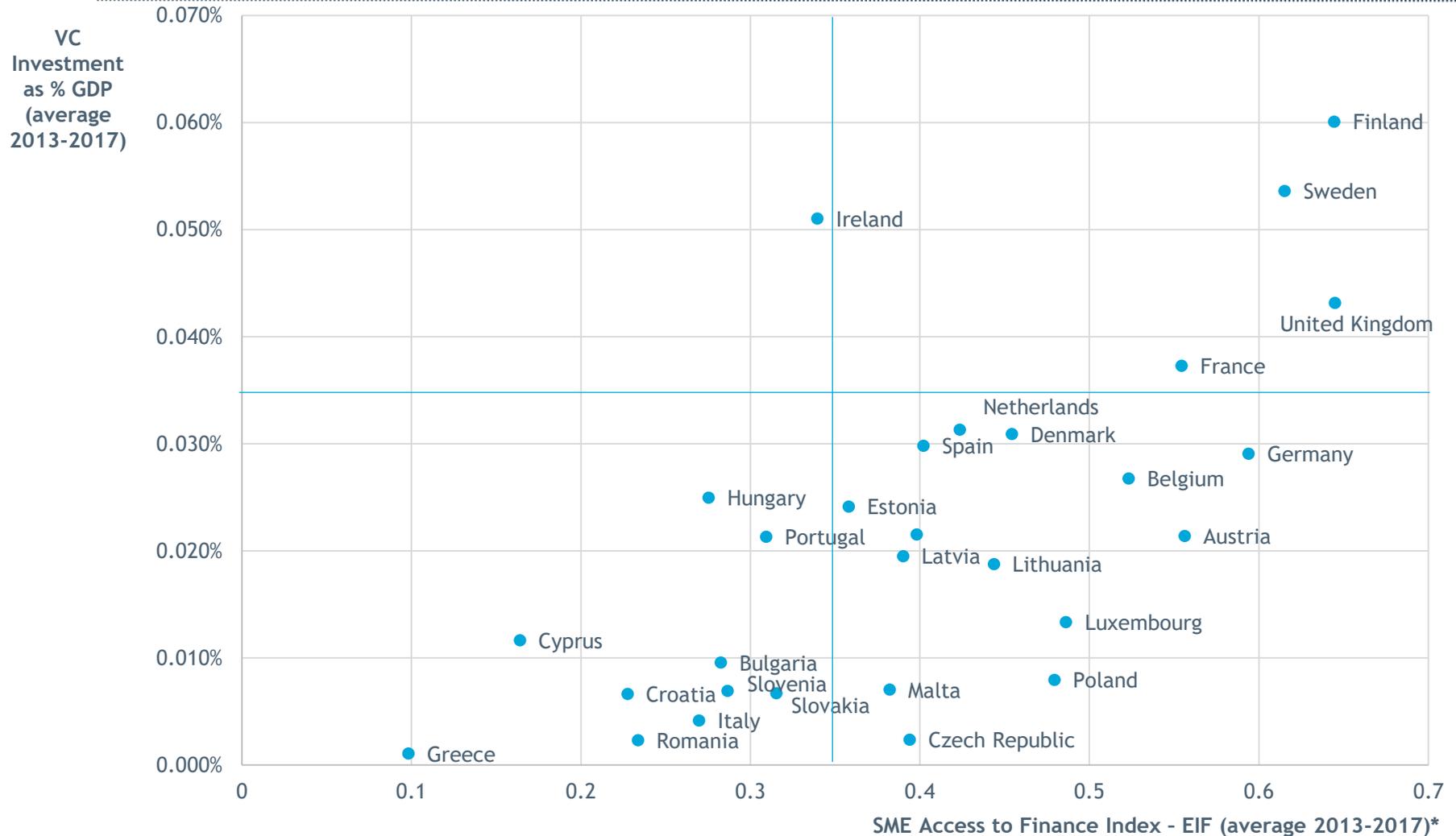
Buyout Growth Venture
 Buyout SME % Growth SME % Venture SME %

Scale-up: Importance of international capital flows



• Source: Invest Europe / EDC

Access to finance differs by geography



Source: Invest Europe / EDC

* EIF Working Paper 2018/49: EIF SME Access to Finance Index - June 2018 update

http://www.eif.org/news_centre/publications/EIF_Working_Paper_2018_49.htm

How retail and institutional investors' participation in capital markets can be fostered? Does the current supply of products meet their real savings/investment needs?

Challenge and opportunity: Linking international and institutional capital with Europe's SMEs

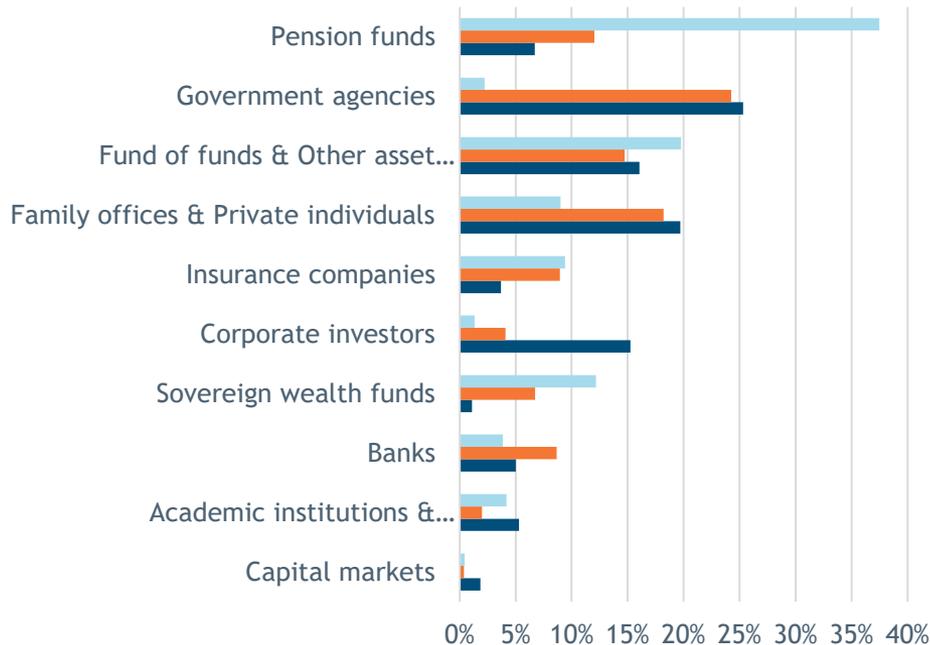
Fundraising
2013 - 2017

Buyout
€ 238 billion

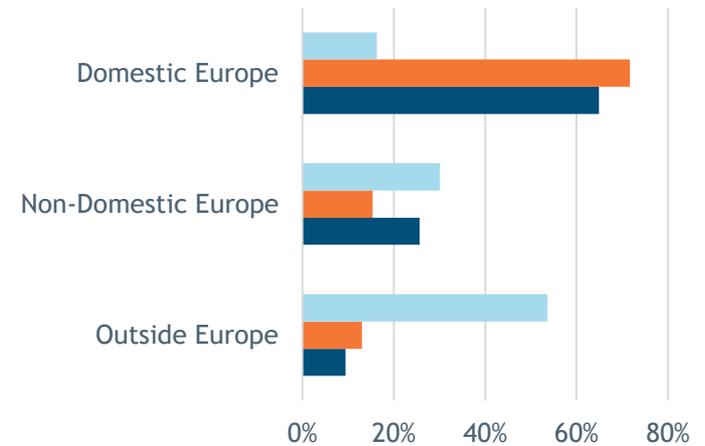
Growth
€ 24 billion

Venture
€ 31 billion

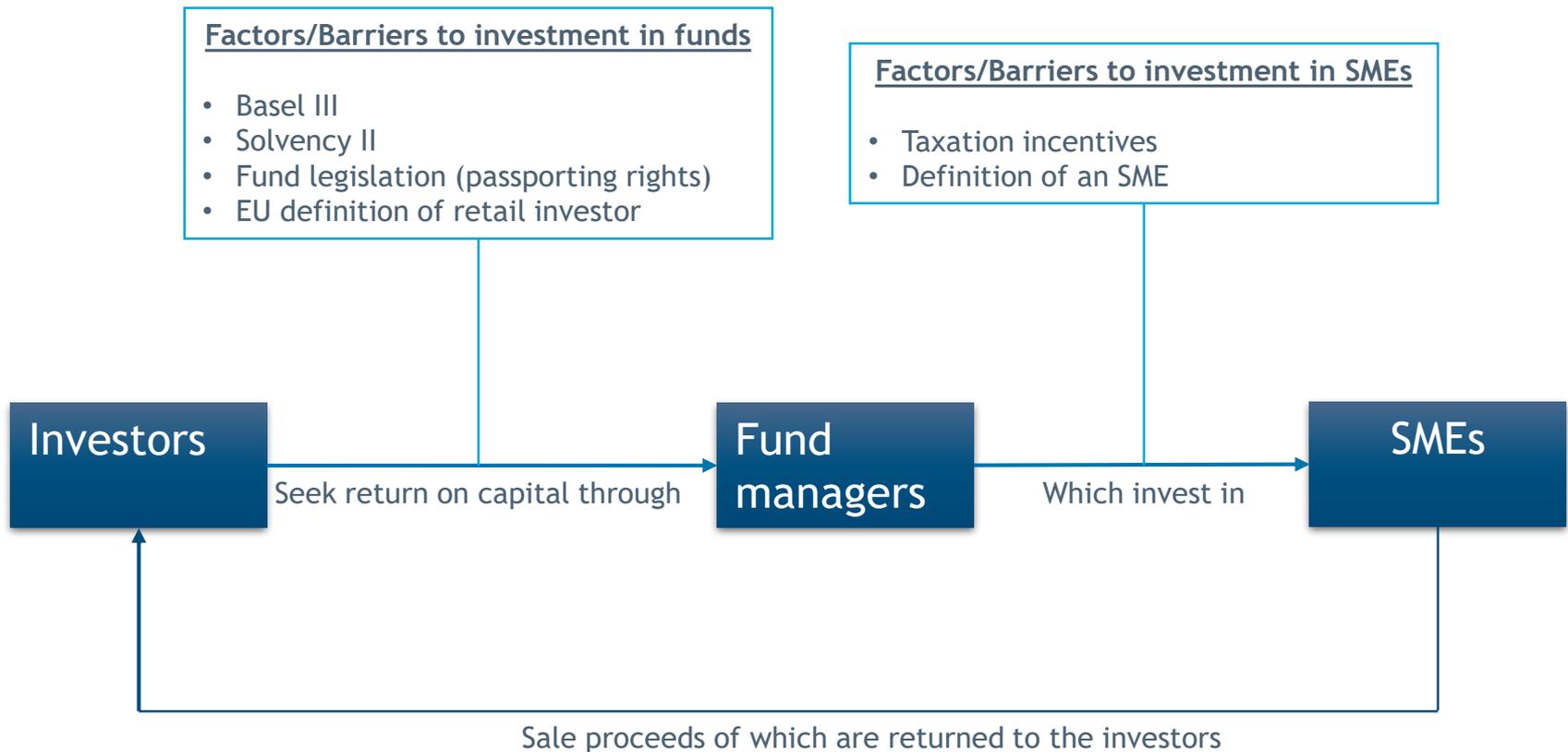
Type of LP



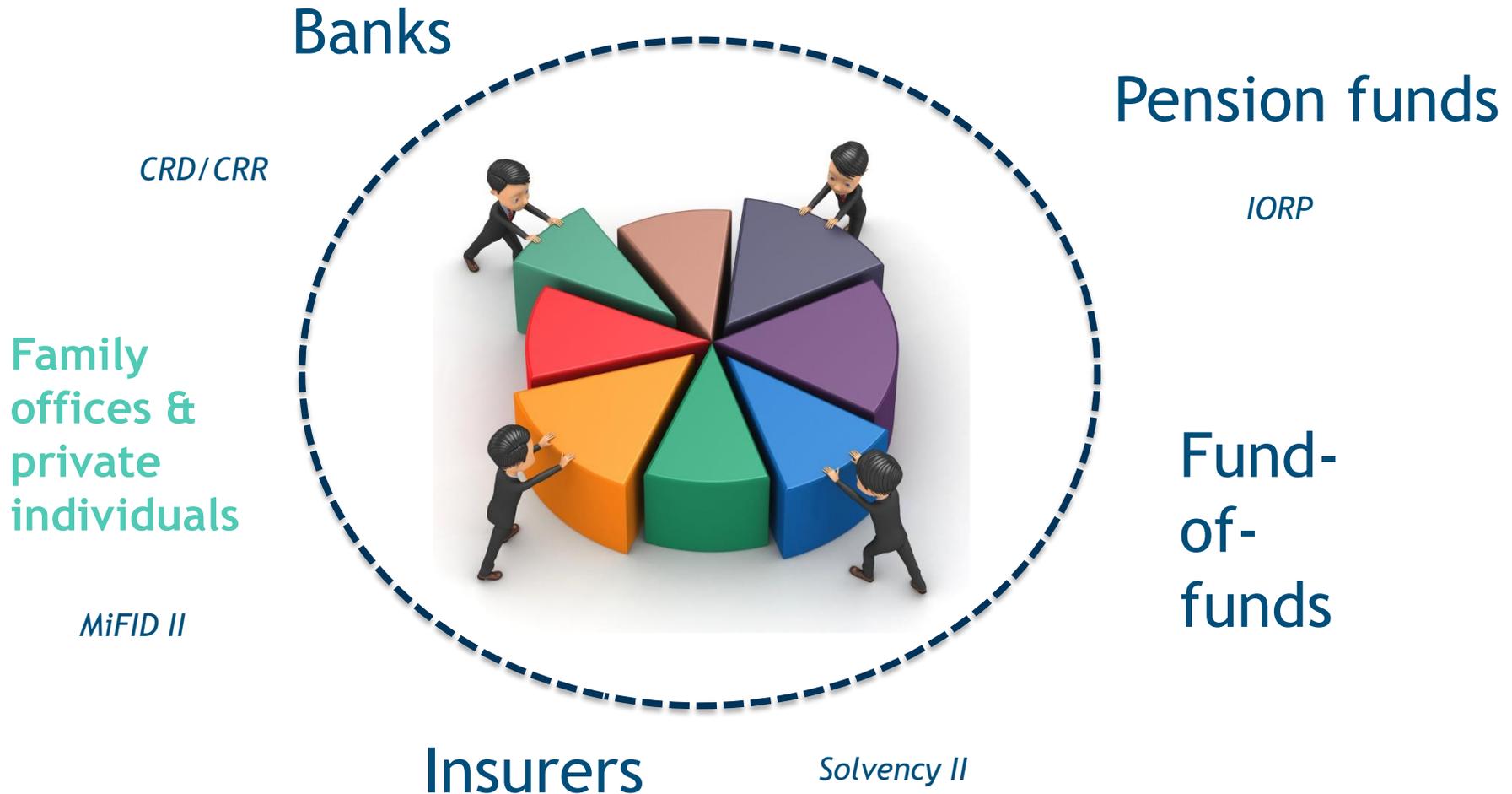
Geographic origin of LP



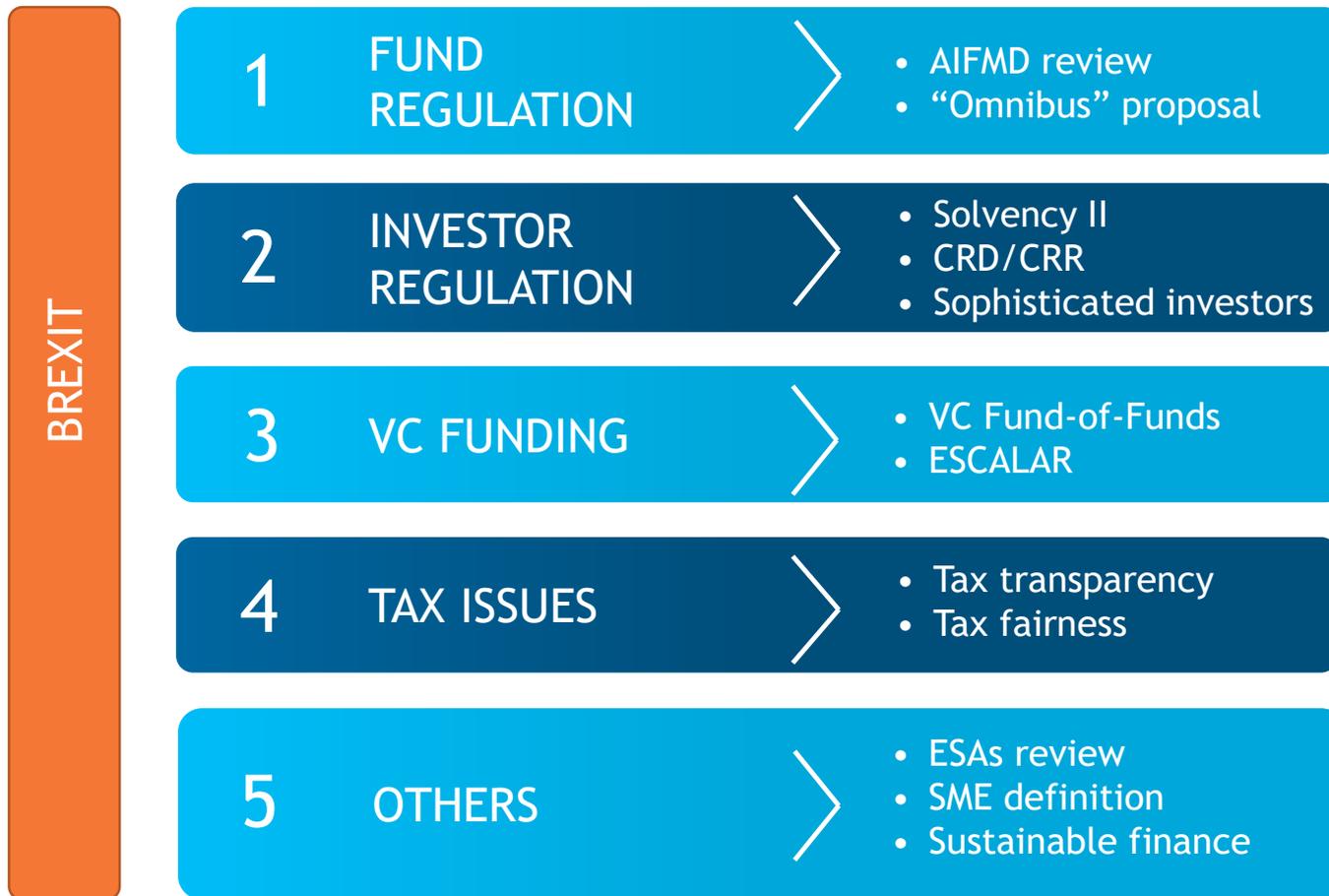
Regulatory impact on financing of SMEs



Access to (all types of) investors



Potential barriers





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Thank you

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