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The Spanish private equity will be reactivated in 2010

After a complex year, the firms begin to take positions

- The total investment volume increased from 3.026 million euros (912 transactions) in 2008 up to **1.617 million euros** (**865 deals**) in **2009**, which entails a fall of **47%** in volume but only **5.2%** in number of transactions. The sector goes to back to levels of 2004. Nevertheless, the number of deals is still high and stable.

- The trend in investments was **small size transactions** (93% of the total deals entailed less than 5 million euros) or medium size transactions (37 deals between 10 and 100 million euros). The mega deals disappeared: there was only one transaction surpassing 100 million euros of equity.

- **Capital expansion** transactions were predominant so in volume (53%) as in number of deals (61.2%). After years of leadership in terms of volume, buy out transactions represent only the 32.5% of volume and the 2.5% of the total deals.

- It seems that the end of 2009 pointed to a certain reactivation of the sector in Spain and also in the rest of Europe. This recovery will be progressive. It is estimated that future investment volume will entail around **2.000-2.500 million euros in 2010**. The economic growth in the next few years will be gradual, at least until the debt is recovered.

- The **fundraising activity** will entail around **1.000 million euros**, which represent a fall of 65% respect to 2008. Nevertheless, it is necessary to highlight that the fundraising activity must be measured in longer terms (4 to 5 years), and also there is enough liquidity in the sector. This variable will start to reactivate in 2010, but progressively as well.

- **Divestments** reached a volume at cost of **860 million euros in 316 transactions**, which entailed a 21% growth in volume and a fall of 8% in the number of deals.

Madrid, 12th January 2010. - According to estimated data of the Spanish Venture Capital and Private Equity Association (ASCRI) in collaboration with Webcapitalriesgo.com, the **total investment volume** of the Private Equity entities in Spain in 2009 reached **1.617 million euros**, a **47% less** than the total volume in 2008 (3.026 million euros). This decrease in investment is also general in all countries across Europe.

The **number of deals** in 2009 was **865**, opposed to 912 in 2008 (decrease of 5.2%). The 93% of the total deals entailed less than 5 million euros of equity. Only 37 deals entailed an investment between 10 and 100 million euros (*Portaventura, Generis, Grupo Siro, Grupo*

SAR, Recoletas, Palacios Alimentación, Mediterránea de Catering, Hoffman or Duplex). There was only one deal surpassing 100 million euros of equity: *Itinere*.

Out of the 865 transactions, 300 deals were closed in initial stages companies and 529 in **expansion** stage companies. Leveraged transactions concentrated only 22 deals in 2009, opposed to 25 in 2008 and 52 in 2007.

The most favoured **sectors** according to the volume invested were Consumer Products (19.4%), Healthcare (15.3%) and Industrial Products and Services (11%). Regarding the number of deals were Software (20.3%), Industrial Products and Services (10.9%) and Biotechnology (10.8%).

In the **fundraising** chapter, the activity dropped during 2009. It entailed **1.000 million euros**, which represented a 65% fall respect to 2008. The 67% of the total funds were raised by national investors. It is worthy of mention the new vehicles of Nazca (116 million euros), Bullnet, Hiperion o Nauta; the announced follow on investments of CDTI (50 million euros) or MCH (35 million euros) and the follow on investments of Dinamia (40 million euros) or Madrigal (60 million euros). The last years 2005, 2006 and 2007 were very dynamic in fundraising activity, so there is still liquidity in the industry. This variable must be measured in longer terms (4 to 5 years) and will start to recover progressively in 2010.

Divestments registered **860 million euros in 316 transactions**, 21% more than in 2008 but 8% less in number of deals. The 46% of the total volume was divested through Write offs (it is necessary to mention that a very important part is meant to two deals which couldn´t renegotiate their debt, and not because of decease of the taken company). Trade sale entailed 28%, Managers buy- back 10% and Secondary buy out deals 8.2%.

Some divestment transactions in 2009 were *Gebomsa, Ydilo, Ovelar, Atecsa, Hune (also called Euroloc), USP Hospitales or Aurgi.*

For 2010 it is estimated certain reactivation of IPOs.

Note for the editor:

The principal mission of The Spanish Private Equity & Venture Capital Association (ASCRI) is to develop and promote the investment in unquoted companies. The association chaired by Ramón Cerdeiras has 104 full members, that represent 90% of the private equity activity located in Spain, and 46 associated members, with a total of 150 members.

José Martí Pellón, Professor in the Universidad Complutense of Madrid, has studied this activity in Spain since 1984. He has published more than 20 books and many articles.

For more information:

ASCRI
Teléfono: 91 411 96 17
Silvia Martín (Silvia.martin@ascri.org)

Webcapitalriesgo.com
Teléfono: 91 394 23 10
Marcos Salas (msalas@webcapitalriesgo.com)