

## **Middle Market and Venture Capital boost investment in Spain despite the crisis caused by the pandemic**

Spain maintains its attractiveness: Private Capital reached in 2020  
the third best historical record in terms of value

- In 2020, the private capital sector registered a record number of 765 investments in 2020
- Venture Capital breaks all historical records: 750M€ in a total of 624 investments during last year
- The middle Market (transactions with an equity investment of between 10M€ and 100M€) maintains its historical maximum in terms of volume (1,953.6M€) and surpasses all records in terms of the number of transactions (79 investments)
- Fundraising for Venture Capital vehicles reached an all-time high in 2020 for the second year in a row, up to 700M€.

Madrid, 21st January 2021. According to initial estimations obtained by the Spanish Association of Private Equity & Venture Capital (ASCRI) through the European platform EDC, **the volume of private capital investment in Spain in 2020 reached 5,561M€ in a total of 765 investments**. It is worth recalling that 2019 was a year of historical records marked by the high number of large deals. Despite the new global pandemic scenario, the level of investment has maintained its dynamism, surpassing the records registered in 2019 in the number of investments (of the 765 investments, 434 were in companies that had not received Private Capital financing before), in middle markets and in Venture Capital. The figures registered in 2020 was the third best historical record in terms of investment volume, behind 2019 and 2018, two years that were characterised by the high number of large deals (in 2020 there were 8) and middle market.

The **Venture Capital** segment was the most dynamic in terms of the number of operations, with a volume of **750M€ in a total of 624 investments**. All previous highs were beaten, partly due to the large number of tickets above 10M€ (13 in 2020 compared to 8 in 2019) which helped to finance the major rounds led by international funds in co-investment with national funds. The maturity of the Venture Capital segment has been demonstrated after recording a new historical maximum in late-stage Venture (151 in 2020 versus 113 in 2019). International VC registered once again a maximum level of investment (459M euros in 135 investments, 44 more than in 2019).

**Aquilino Peña, President of ASCRI**, commented: *"The Venture Capital & Private Equity industry has demonstrated its great capacity to face a crisis like the current one. The funds have injected in their portfolios the necessary liquidity to make them competitive and ensure that businesses are able to navigate this period. Together with the public sector, private capital is part of the solution"*.

By type of investor, the appetite of international funds -both Private Equity and Venture Capital- has remained stable, as they have abundant liquidity and a proven interest in the Spanish market. In 2020, they

contributed with more than 75% of the total volume invested in companies in this country. The number of investments remains at a maximum (in 10 years they have gone from closing 38 investments in 2010 to 178 in 2020). National fund managers slightly reduced the volume of investment (1,365M€ in 2020 compared to 1,812M€ in 2019) and were responsible for 587 investments in Spanish companies. The growth of 41 transactions in the number of investments made by international fund managers in 2020 was mainly due to investments in Venture capital.

By investment size, **middle market** (transactions with an equity investment of between 10M€ and 100M€) continues to be very active, maintaining the historical maximum in terms of volume (1,953.6M€) and surpassing all records in number of transactions (79 investments).

Depending on the stage of development, the investment in **buy outs** stood out, with a volume of **3,490M€ in 44 investments**. Regarding **expansion capital (growth)**, **77 deals** were made for **711M€**.

The **sectors** that received the largest volume of investment were *Communications* (28%), *IT* (25.4%) and *Consumer Products* (10%). By number of investments, the most important were *IT* (342 transactions), *Medicine/Health* (85) and *Biotechnology/Genetic Engineering* (54).

#### **Raising new funds**

**Funds raised** by **national firms** reached 2,026M€, 6% more than in 2019. Despite the complexity of the current context, fundraising activity has remained stable, both for Private Equity and Venture Capital vehicles. In 2020, fundraising for Venture Capital vehicles hit an all-time high for the second year in a row, exceeding 700M€.

#### **Exits**

The volume of disinvestment recorded an estimated figure (at cost price) of **1.13BN€ across 223 transactions**. The pace of exits slowed down due to the focus on preserving the portfolio and the lack of visibility at the time of projecting valuations.

48.4% of the volume was disinvested through "Sale to an industrial investor", 30% through "Sale to another private capital entity" and the remaining 10% through "Recognition of losses".

#### **Note to editors:**

*The Spanish Capital, Growth and Investment Association (ASCRI) represents the Venture Capital & Private Equity industry in Spain. Chaired by Aquilino Peña, the trade body consists of more than 140 national and international Venture Capital & Private Equity firms, 90 service providers and 14 institutional investors. Its objectives include to represent the private capital sector before the government and institutions, to provide updated statistical information to the public opinion and to promote the sector's contribution to the Spanish business network.*

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