

European PE/VC Market

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**European
Investment
Fund**

- EIF at a glance
- European PE/VC Market
- Future PE/VC trends



EIF at a glance

INNOVATIVE FINANCE TO FINANCE INNOVATION

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Established 1994

Venture Capital (fund-of-funds),
Guarantees for SME portfolios and financial
engineering



**European
Investment
Fund**

- **Rating**

Standard & Poor's: AAA

Moody's: Aaa

Fitch: AAA

- **MDB status 0% weighting**

- **Shareholders**

EIB, EU, 30 Financial
institutions

- **Share capital**

EUR 3bn subscribed

EUR 930m own funds

EU specialised financial institution for SMEs

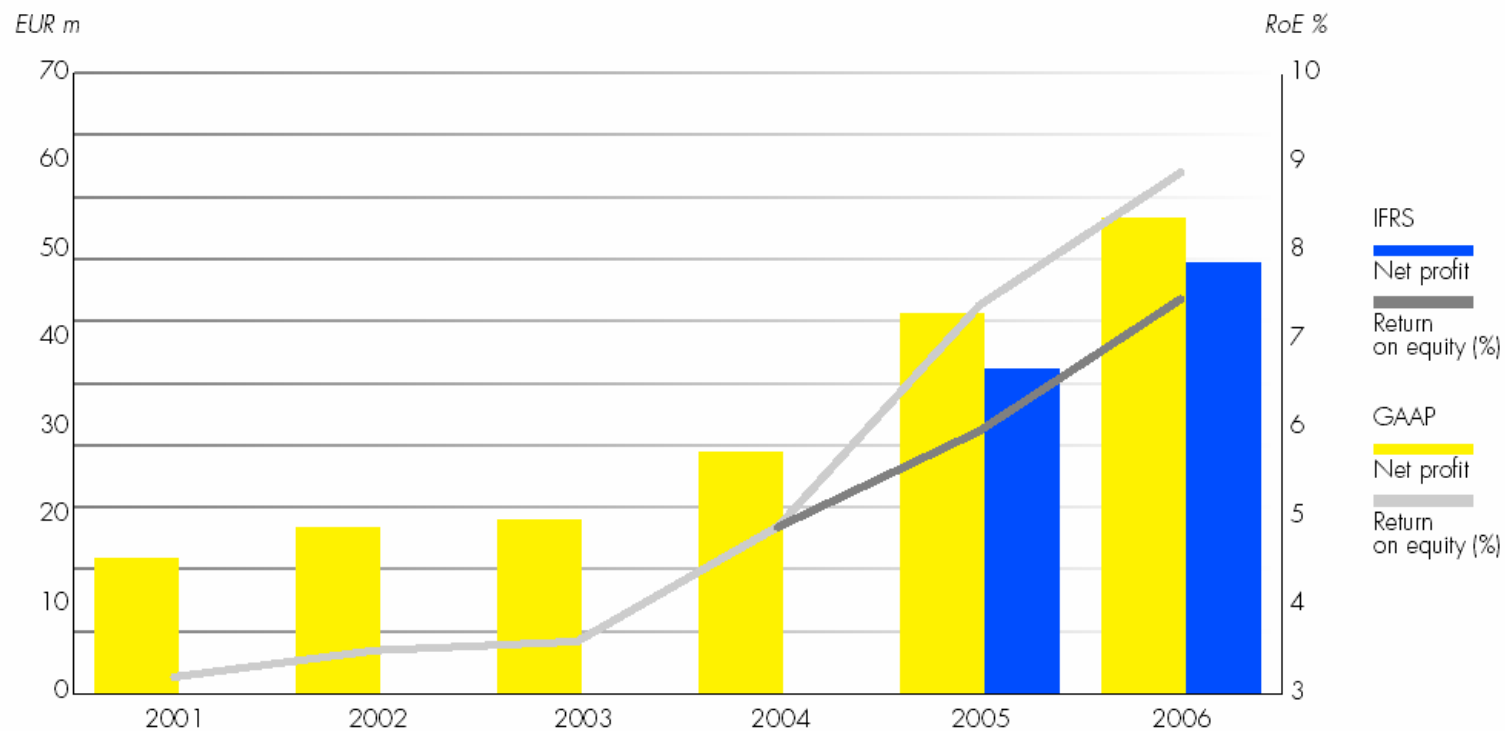


EIF's Financial Performance

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	2002	2003	2004	2005	2006 (IFRS)
Per unit share price (in EUR)	277,123	282,354	291,377	305,594	336,545
Dividends declared (in m EUR)	7.50	7.90	10.90	17.10	19.40



PE/VC market covered by EIF

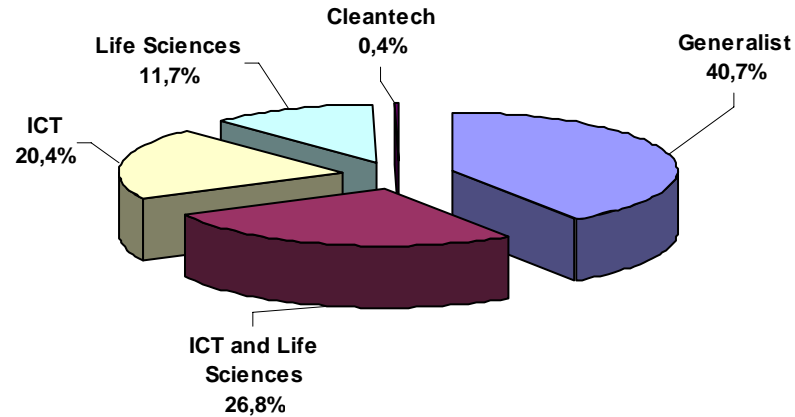
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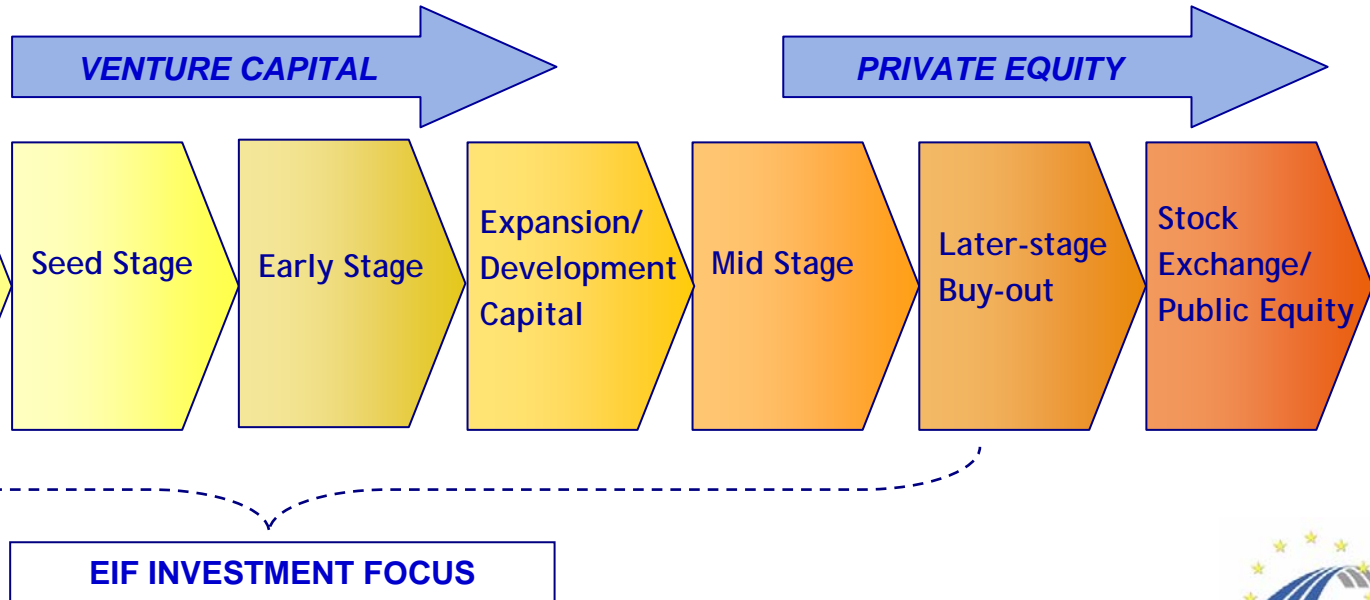
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By Sector

(portfolio as of 31/12/06)



By Stage



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European PE/VC Market Facts

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- **Buyout funds as main drivers of fund raising and investments**
- **Growing secondary market**
- **Distress equity is becoming popular**
- **Industry growth over 10 years: CAGR 21% p.a.**
- **2006 and 2007 are the years of mega fund raisings**
- **Institutional investors continue allocating more funds to private equity**
- **IPOs of PE/VC companies increased by 131% to EUR 67.6bn in 2006**
- **Central and Eastern Europe fundraising up 260% to EUR 1,300 m in 2005. But still CEE at 0.073% of GDP compared to 0.388% of EU average. 2006 is expected to have a lower growth rate**
- **Record debt levels**
- **Industry under unprecedented scrutiny from press and public**

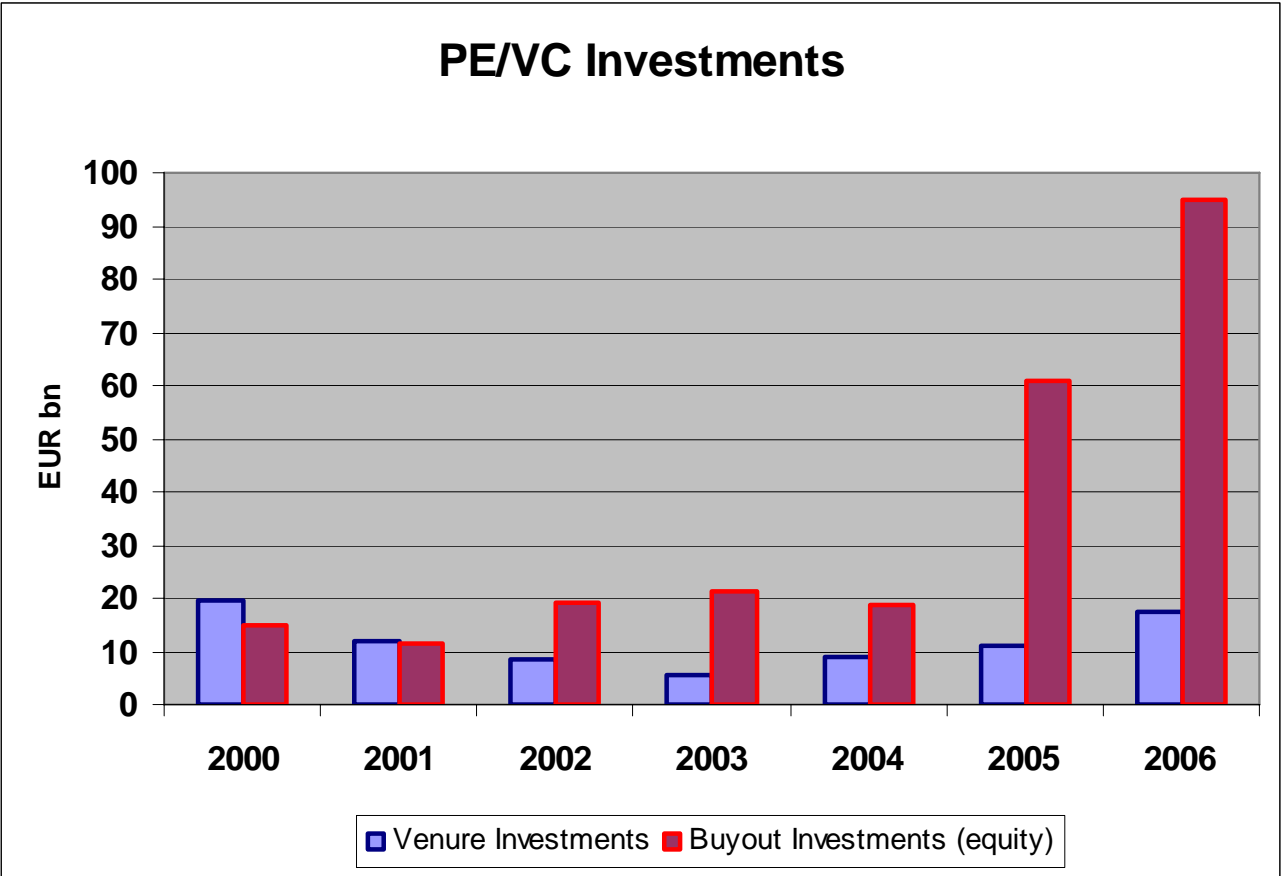


European PE/VC Market Numbers

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Source: EVCA / Thomson Financial / PricewaterhouseCoopers

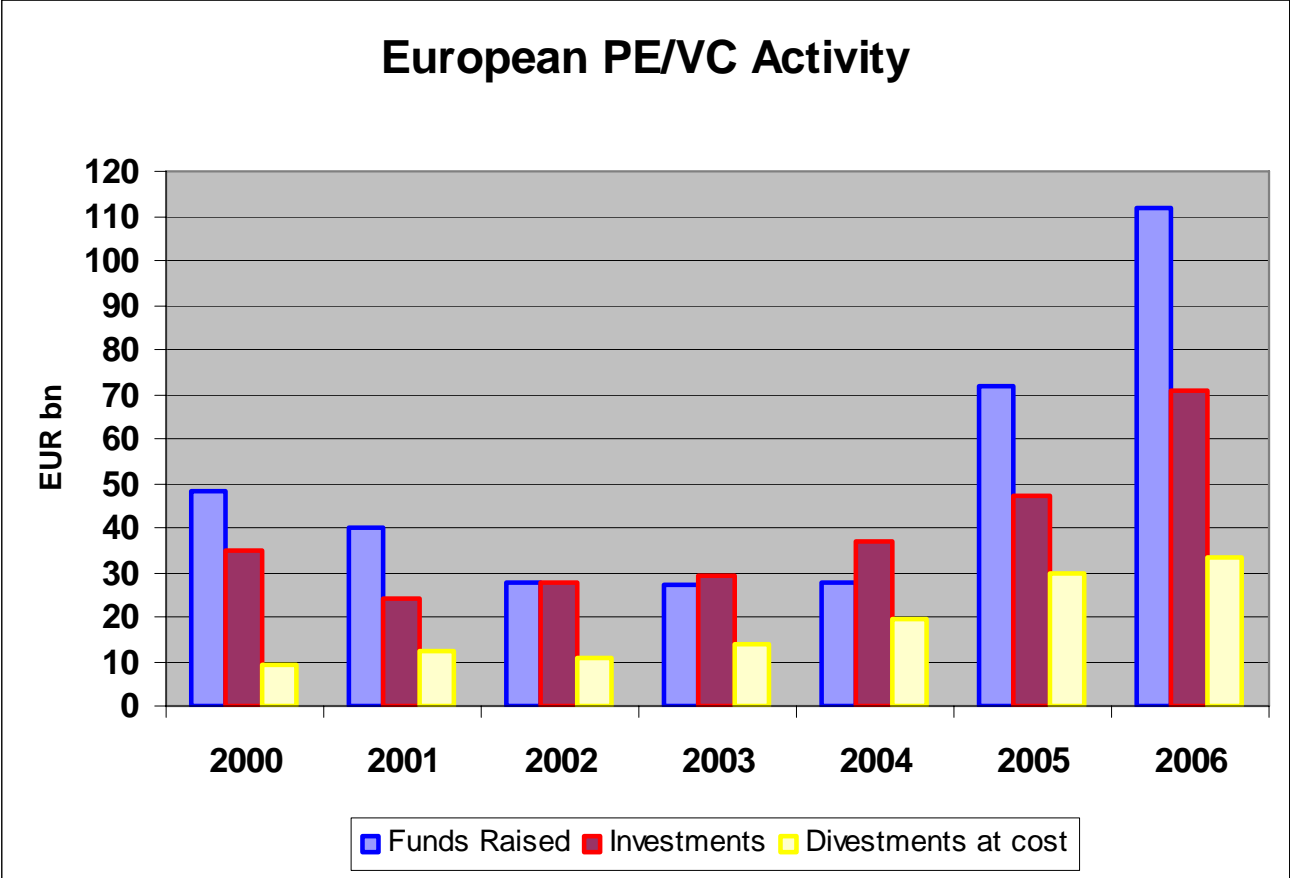


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Trends

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- **Emerging Markets (CEE, Africa, Russia)**
- **Niche Markets (Web 2.0, Cleantech)**
- **Stages: Early Ventures, Mid and Large Buyouts, Distressed Equity**
- **IPOs and exits which generates cash flow to investors will enhance the revolving effect**
- **National borders will be even more irrelevant**
- **Trade sales will remain the main exit route but also there is an increased attractiveness of European Exchanges (AIM etc)**
- **Excess funding in buy-out sector may create a more positive environment for VC.**
- **Growing secondary market**
- **Convergence of globalisation, media, cross-innovation between IT and life sciences, creating a new VC environment**

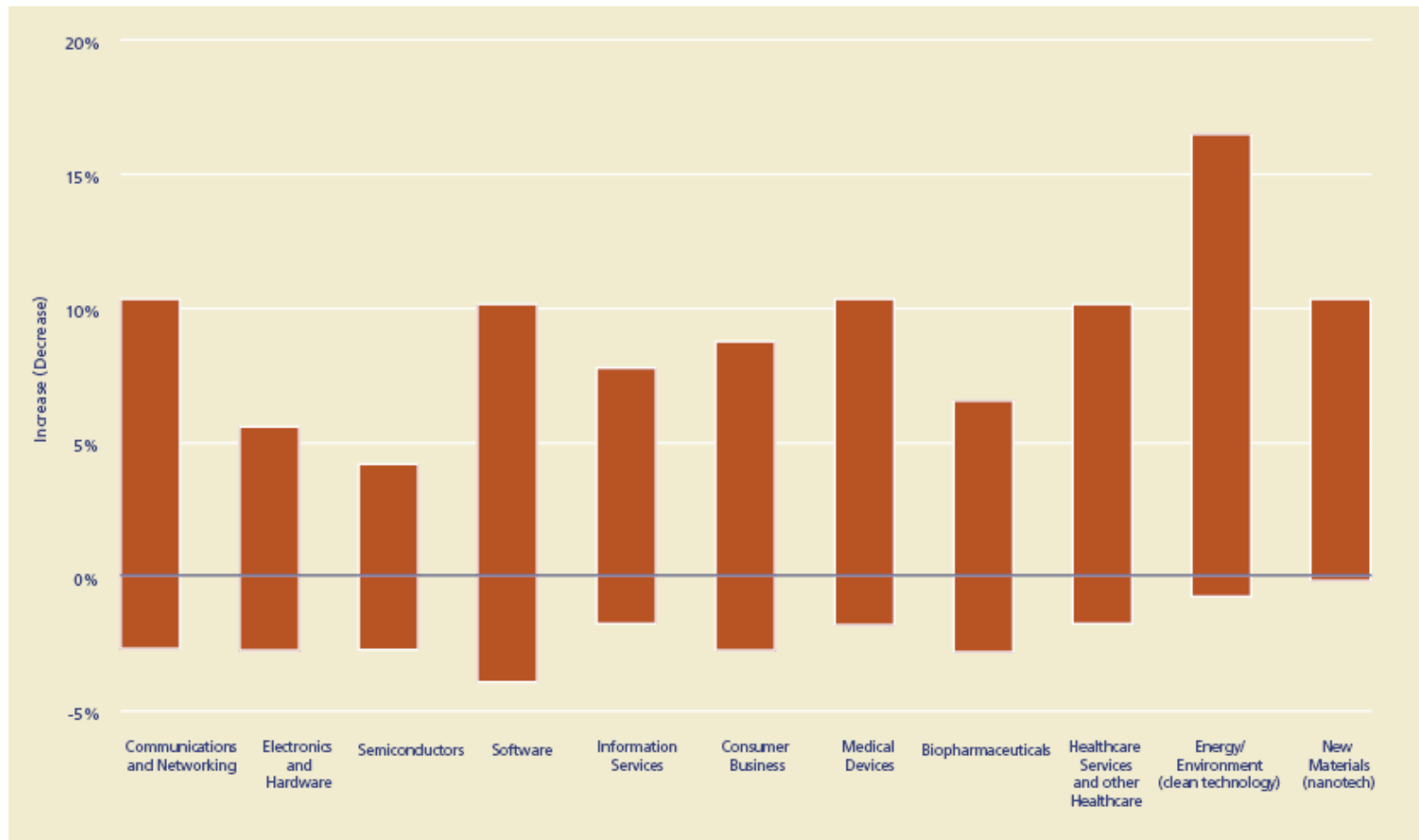


Trends: Increase/Decrease in investments in the next 5 years

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Source: Global trends in venture capital 2006 survey, DELOITTE



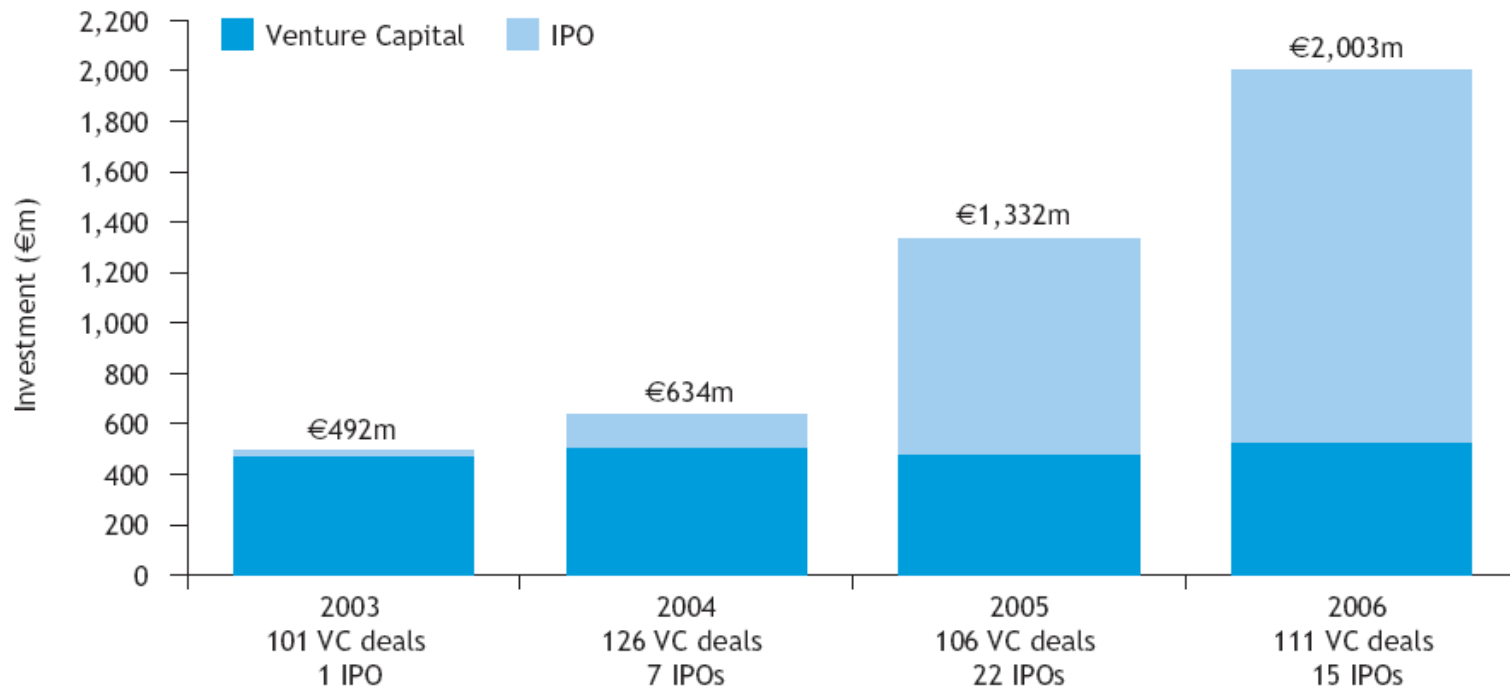
Cleantech

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Europe



Source: Carbon Trust UK



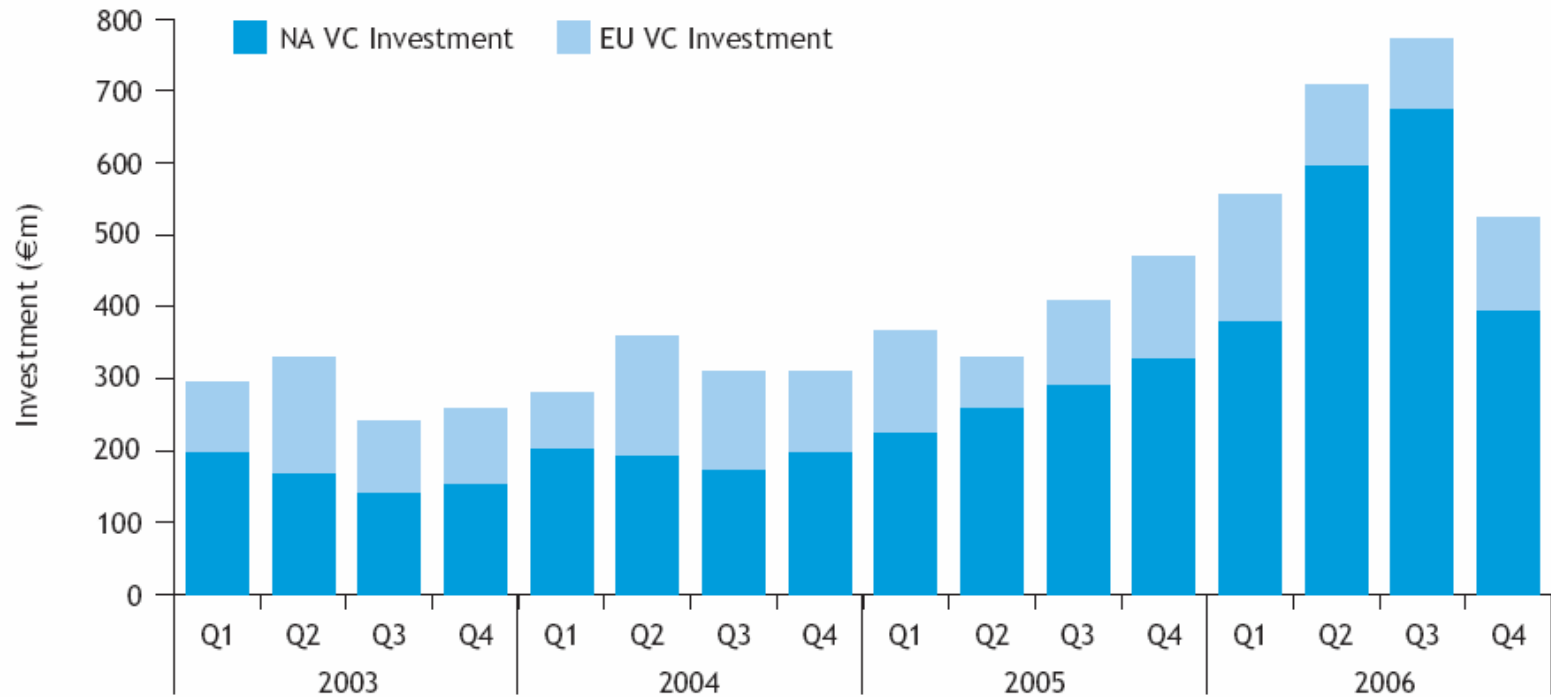
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Europe vs. Americas



Source: Carbon Trust UK



Web 2.0

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Top 10 Web 2.0 Deals

- [Wiggle](#) - a sports retail site. € 19 million invested by Isis.
 - [Fon](#) - a Spanish wifi sharing site. € 18.7 million invested by Sequoia , Google and Index.
 - [Viagogo](#) - an online ticket exchange. € 15 million invested by Index ventures and Atomico.
 - [Aggregator](#) - a web TV service. € 13.6 million invested by Amadeus , Intel Capital and 3i.
 - [Igglo](#) - a Finnish real estate site. € 13 million invested by Benchmark and Taivas.
 - [Bebo](#) - the social network. € 12.9 million invested by Benchmark Capital.
 - [Netvibes](#) - a news aggregator. € 12.4 million invested by Index Ventures and Accel Partners.
 - [WAYN](#) - a travel social network. € 8.3 million invested by Esprit and angels.
 - [Waxmail](#) - an email service. € 7.9 million invested by InnovaCom & Wellington Partners.
 - [Dailymotion](#) - a video sharing site. € 7.2 million invested by Atlas Venture and Partech.
- WIKIPEDIA: Web 2.0 is a term often applied to a perceived ongoing transition of the World Wide Web from a collection of websites to a full-fledged computing platform serving web applications to end users. Ultimately Web 2.0 services are expected to replace desktop computing applications for many purposes.



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