

Venture Capital Panel

„Market Barometer with its Finger on the Pulse“

2005

FHP - Private Equity Consultants

Munich, February 2006

Venture Capital Panel of FHP Fleischhauer, Hoyer & Partner

Panel results are reviewed by print media each quarter and sent out to a group of 80 fund of funds and 200 institutional investors in Europe

- ✓ VC Panel = sector barometer (each quarter) with its finger on the pulse since 1999, focus on early stage
- ✓ Participants: 42 leading venture capital firms in Germany
- ✓ Content: Invested capital, number of investments, share of government support programs (tbg, KfW), technology, federal states/abroad, exit activities
- ✓ Panel information is supplemented with special questions on the business climate in the sector and on current topics that affect the sector
- ✓ Media partners: First publication in VDI nachrichten, Handelsblatt, and Fondszeitung, and subsequently in a number of additional daily newspapers (FAZ, FTD, SZ und Börsenzeitung)
- ✓ Results are sent out to over 80 European fund of funds and 200 institutional European investors with substantial private equity allocations

Venture Capital Panel Participants

42 leading early-stage financiers – grouped by fund volume

> 250 Mio. EUR	100-250 Mio. EUR	50-100 Mio. EUR	10 - 50 Mio. EUR
<ul style="list-style-type: none"> ■ 3i Deutschland, Frankfurt ■ Apax Partners, Munich ■ Atlas Venture, Munich ■ DVC Deutsche Venture Capital, Munich ■ Earlybird Venture Capital, Hamburg/Munich ■ Siemens Venture Capital, Munich ■ T-Venture Holding, Bonn ■ Techno Venture Management, Munich ■ Wellington Partners, Munich 	<ul style="list-style-type: none"> ■ AdAstra Venture, Munich ■ Atila Ventures / ETV, Munich ■ BayTech Venture Capital, Munich ■ bmp, Berlin ■ First Ventry, Heidelberg ■ Global Life Science Ventures, Munich ■ Heidelberg Innovation Heidelberg ■ L-EA / SEED, Karlsruhe ■ PolyTechnos, Munich ■ Target Partners, Munich 	<ul style="list-style-type: none"> ■ Berlin Capital Fund, Berlin ■ Brockhaus Private Equity, Frankfurt ■ DEWB, Jena ■ Dr. Neuhaus Techno Nord, Hamburg ■ Holtzbrinck networkXs, Munich ■ IBB Beteiligungsgesellschaft, Berlin ■ S-UBG Gruppe, Aachen ■ TechnoStart, Ludwigsburg ■ Triangle Venture Capital, St.Leon-Rot ■ Ventizz Capital Partners, Düsseldorf ■ Viewpoint Capital Partners, Frankfurt 	<ul style="list-style-type: none"> ■ Accera Venture Partners, Mannheim ■ AURELIA Private Equity, Frankfurt ■ Capital Stage, Hamburg ■ Egora Holding, Martinsried ■ enjoyventure Management, Düsseldorf ■ Gi Ventures, Munich ■ MIG Verwaltungs AG, Munich ■ NRW.BANK.Venture Fonds ■ Peppermint Venture Capital, Berlin ■ TechnoMedia, Cologne ■ Siemens Acceleration in Communications, Munich ■ WGZ Initiativkapital, Munster

VC Panel – data and facts in 2005

Again decline of investments but broad activation of exits

Investments

- Number of investments decreased from 326 in 2004 to 274 in 2005
- The part of follow-on investments was 73 % (2004: 71%)
- 21 VC-companies closed 74 first-investments in 2005
- 35 companies were financed with venture capital for the first time (A-rounds), 35 of these were in Germany
- The invested capital dropped down from 469 Mio. € in 2004 to 445 Mio € in 2005
- 20% of panel participants represent 70% of total investment volume. – but seven firms did not invest at all
- The most active investors were Siemens Venture Capital (13 first investments/16 follow-on investments) Techno Venture Management (4/18), Wellington Partners (7/11) and 3i Deutschland (1/17). Furthermore Siemens Venture Capital has closed the most first investments

Sektors

- As in previous years, biotechnology was the most popular sector, both in terms of number of investments and amount of capital invested. However the most first investments were closed in the software sector.

Regions

- 34% of all investments were made abroad. In Germany, Bavaria (23%), Berlin (12%), and Baden Württemberg (11%) were the states with the most VC financing

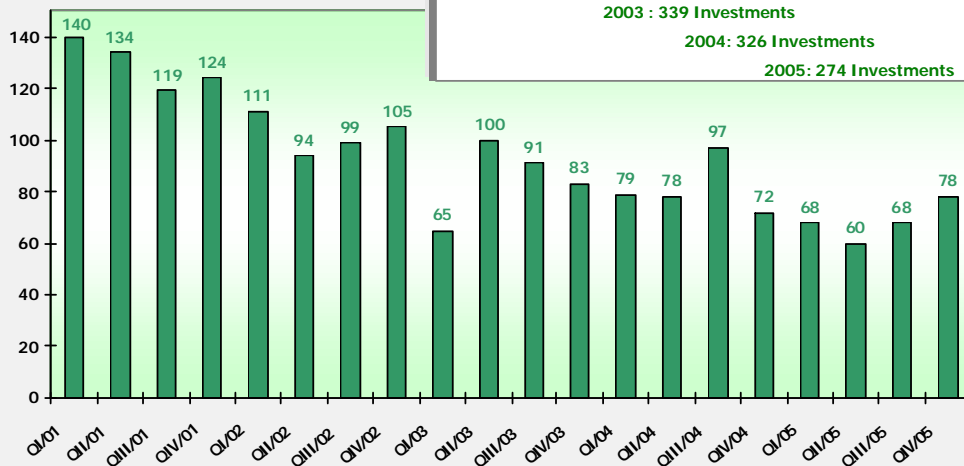
Exits

- The number of successful exits (trade sales, IPO, etc.) increased from 80 in 2003 to 86 in 2005. In the same period, the number of write-offs dropped from 45 to 25.

VC Panel development (number of investments)

Again decline of number of investments

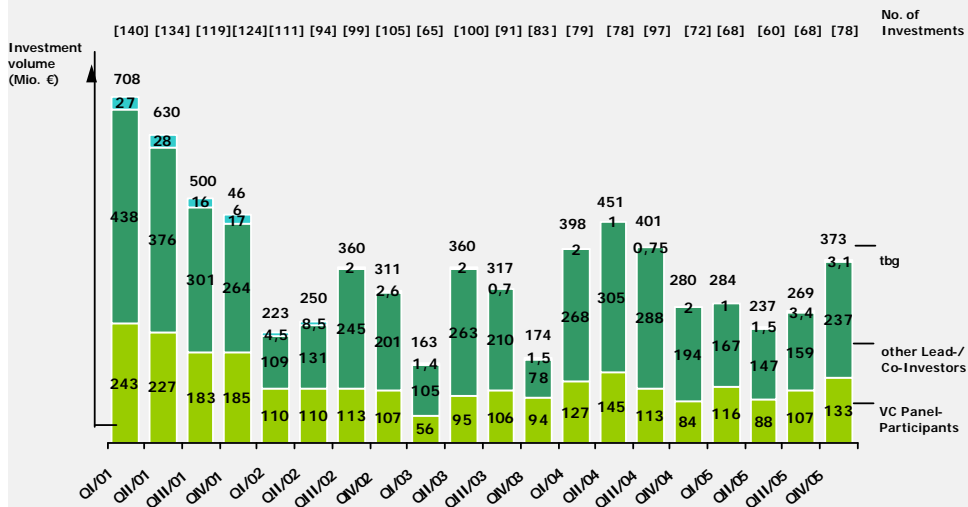
No. of Investments



Source: VC-Panel

VC Panel development (total capital resources of companies)

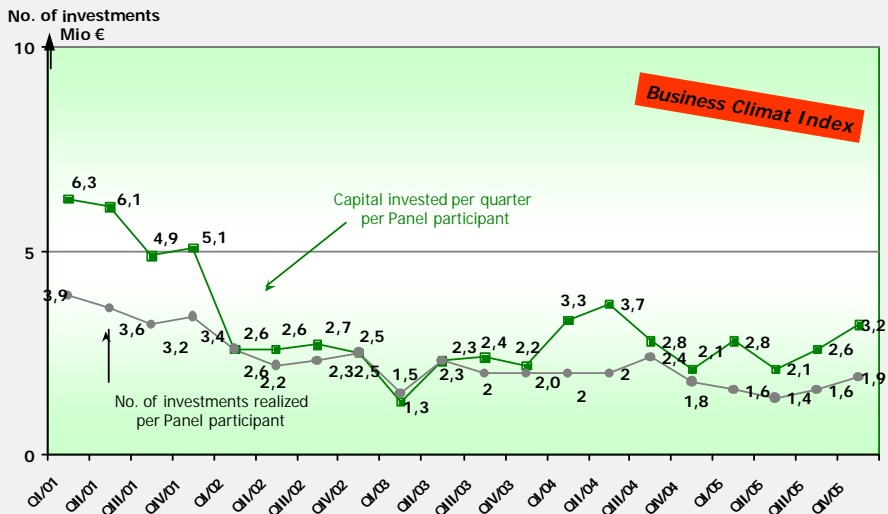
Investment volume stabilized on lower level



Source: VC-Panel (partly rounded figures)

VC Panel: Development of capital/investments

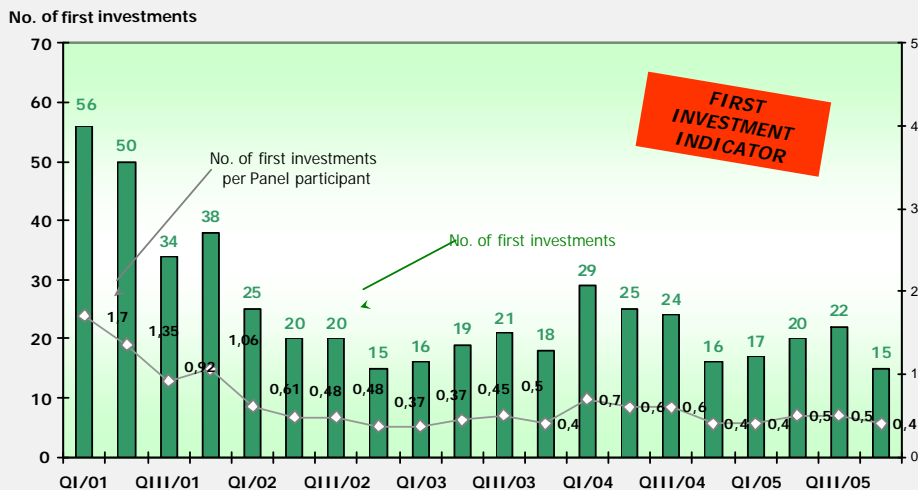
To the yearend light (cyclic) increase of invested capital by panel-participant



Source: VC-Panel

VC Panel: Development of first investments

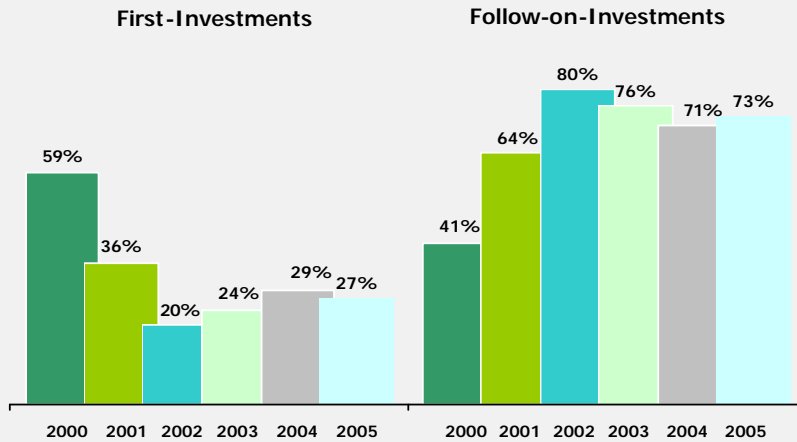
Midyear activation could not be continued in the last quarter 2005



Source: VC-Panel

VC Panel: Number of investments from 2000 to 2005

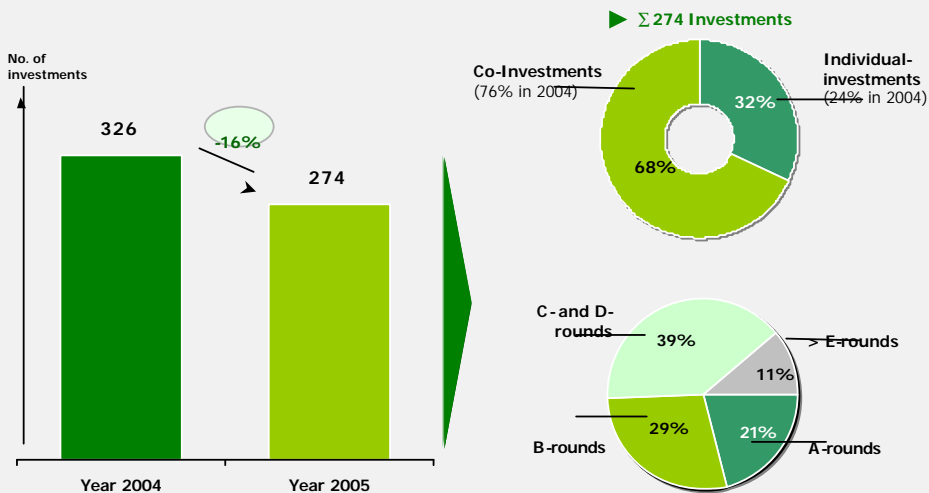
Proportion between first investments and follow-on investments droppes down again



Source : VC Panel (partly rounded figures)

How many investments were made in 2005?

Increasing number of individual-investments – A-Round part stabilized at 20 %



Source : VC-Panel

How many investments did individual VC firms make?

In total 35 von 42 VC-companies made 274 investestments in 2005

Exklusive for VC-panel-participants

Source : VC-Panel

NB: (x/y) = No. of first/follow-on investments

How many first investments did individual VC firms make?

21 of 42 VC companies made 74 first investestments in 2005

Exklusive for VC-panel-participants

How much capital did individual VC firms invest?

Panel participants invested a total of EUR 445 million in 2005

Exklusive for VC-panel-participants

Source: VC Panel (partly rounded figures)

Who are the most active investors in individual technological areas in 2005?

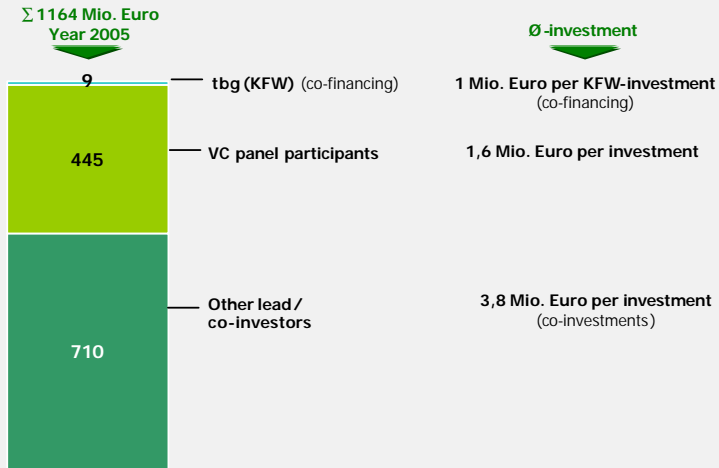
Trend towards sector specific funds

Exklusive for VC-panel-participants

Source: VC Panel

Where did the capital come from?

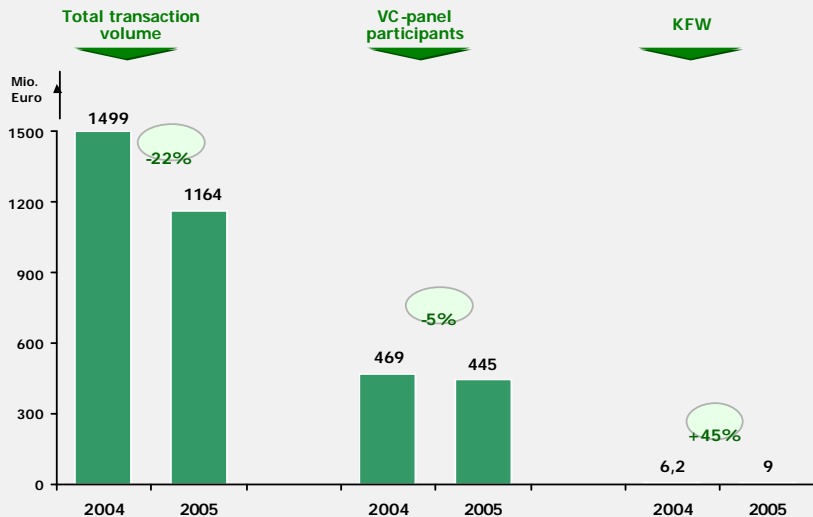
An important share of the invested capital came from external, mostly foreign, investors



Source: VC Panel (partly rounded figures)

How has the investment volume developed?

Decreasing investment volume account of mainly external investors

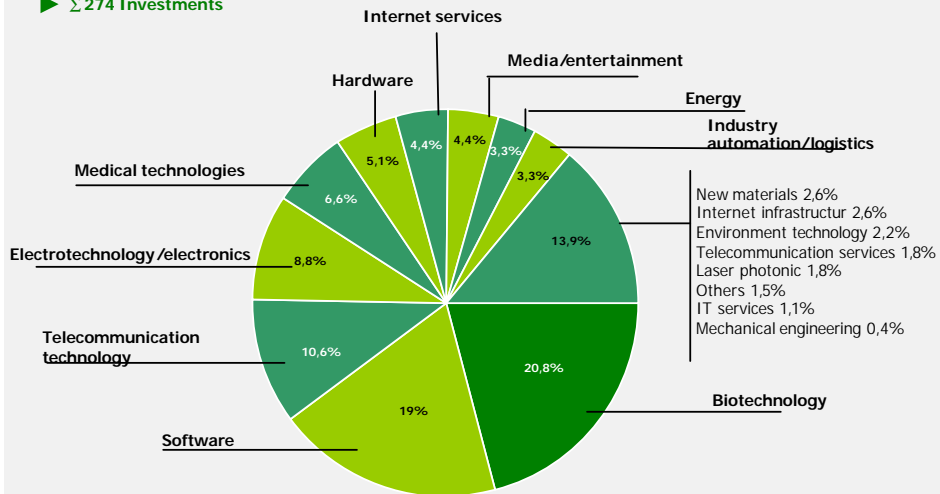


Source: VC Panel (partly rounded figures)

In which technologies were investments made?

Most investments were made in biotechnology companies

► Σ 274 Investments



Source: VC Panel (partly rounded figures)

How much capital was invested in individual technological areas?

By far the most capital was invested in biotechnology businesses – again software on 2nd place

► Top ten technological areas in 2005 (in Mio. Euro on basis total invested capital)



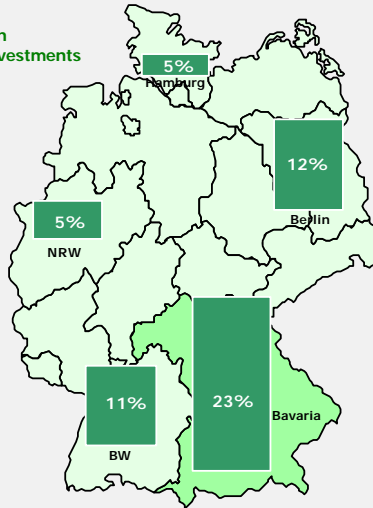
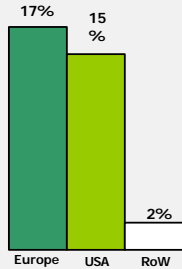
Source: VC Panel (partly rounded figures)

Where were investments made?

More than a third of investments were made abroad

► Percentage distribution based on number of investments (Year 2005)

► Abroad : 34%



à 274 Investments

Additional states.....

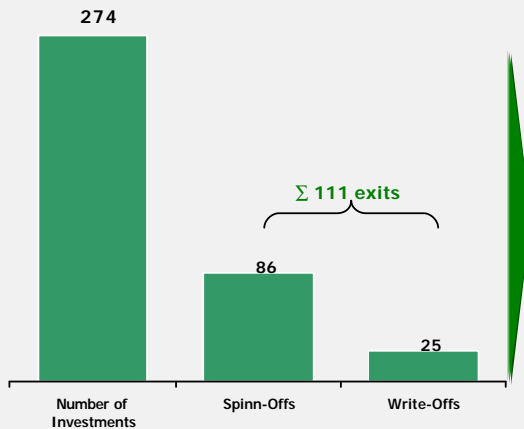
- Sachsen 3%
- Thüringen 3%
- Niedersachsen 1%
- Hessen 1%
- Other < 2%

► Germany : 66%

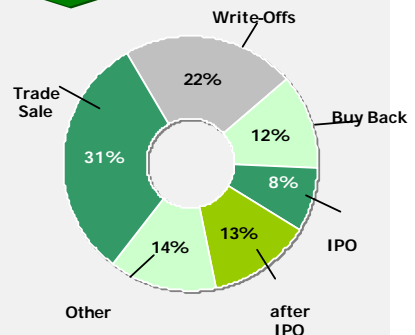
Source : VC Panel (partly rounded figures)

How many exits were realized by Panel participants?

In 2005 IPOs were possible for the first time



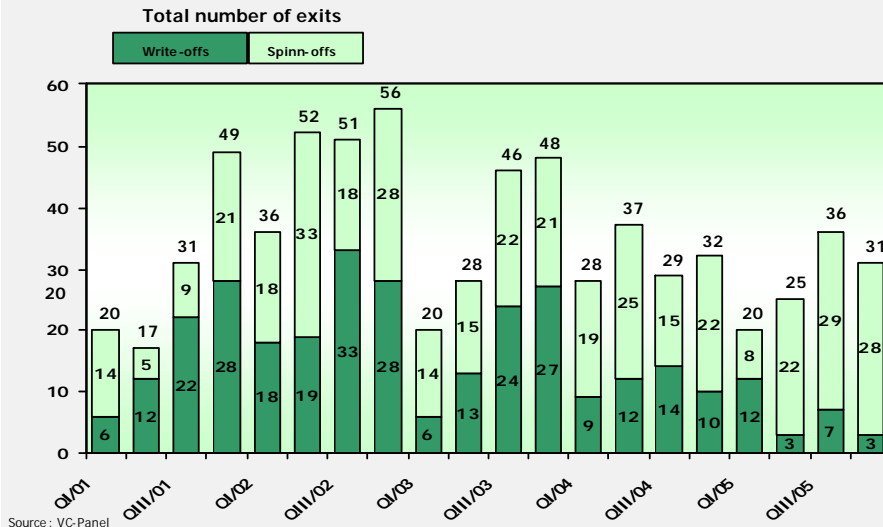
Σ 111 exits



Source : VC-Panel

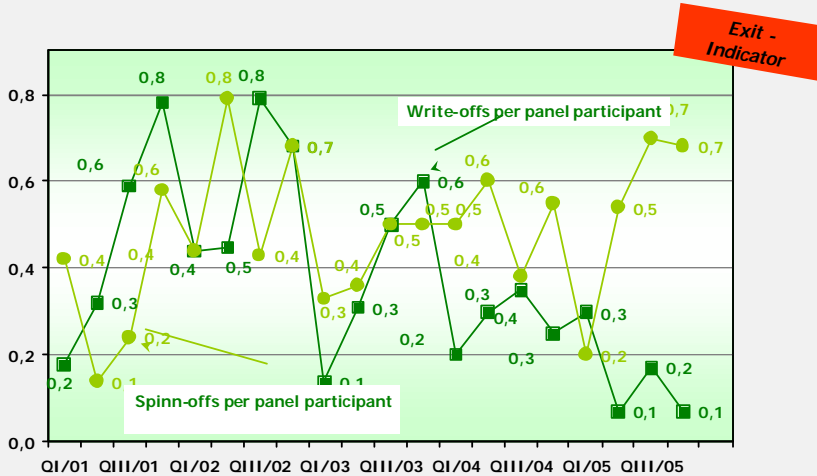
VC Panel: Development of exits

Write-offs decrease to the lowest level of the last years



VC Panel: Development of write-offs

Decreasing number of write-offs – increasing number of trade sales per panel participant



Our range of services

FHP: Experience and expertise in the private equity business

Customer	Investor	Focus
Institutional Investors	<ul style="list-style-type: none"> Identification, selection, and due diligence of funds Conception and implementation of VC/PE-programs – also CVC-programs 	<ul style="list-style-type: none"> Private Equity Advisory Development and implementation of strategic asset allocation
Banks and savings banks	<ul style="list-style-type: none"> Market and technology testimonials Ongoing support and structuring of equity financing Conception of fund-constructions 	<ul style="list-style-type: none"> Analysis and ongoing support of private equity - portfolios
Funds and Fund of Funds	<ul style="list-style-type: none"> Market and technology testimonials Portfolio analyses Conception of PE-Fonds (Placement-activities) 	
Capital seeking companies	<ul style="list-style-type: none"> Strategic and functional consulting of technology companies Ongoing support of equity financing with venture capital / private equity 	

FONDS-RANGE:
Rating of private equity funds
★★★★★

Contact

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