



The German Private Equity Market

We analyze the German private equity market, including fundraising, deals, performance and investors, using data from the recently launched [Preqin Special Report: Private Equity in Germany](#).



352

Germany is the second largest country in Europe by number of private equity fund managers.



\$5.0bn

Germany accounts for the second highest aggregate buyout deal value among Europe-based countries in H1 2016.



164

Germany is the third largest country in Europe by number of active institutional investors in private equity.



2nd

Germany accounts for the second highest venture capital deal value among Europe-based countries in H1 2016.

Germany is one of the major centres for private equity & venture capital in Europe, hosting the second largest number of fund managers in the whole of Europe – after the UK – and is home to the third highest number of institutional investors in the asset class. Germany-based companies and industries have also proved attractive to private equity investors, attracting the second largest amount of capital of any Europe-based country for both buyout and venture capital deals in H1 2016.

Using data from the recently launched [Preqin Special Report: Private Equity in Germany](#), we take a look at some of the key trends in the German private equity market, including fundraising, deals, performance and investors.

Fundraising

Eight Germany-focused private equity funds closed in the first half of 2016, raising an aggregate €1.8bn (Fig. 2). This is already the second highest level of capital raised in a single year since the Global Financial Crisis (GFC), after 2014, and this figure may rise further before the end of the year. In addition, 89 Europe-focused funds have reached a final close in H1 2016, raising an aggregate \$57bn – some of which will also seek exposure to Germany as part of a broader geographic remit.

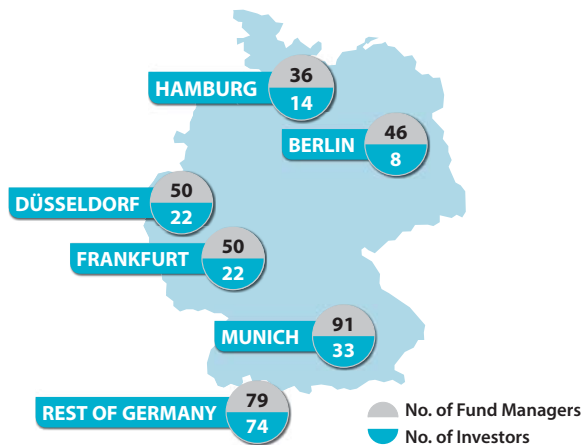
The largest Germany-focused fund to close in H1 2016 was [EIF Growth Facility](#), a fund of funds managed by [European Investment Fund](#), which aims to co-invest in venture capital opportunities in Germany.

As of October 2016, there are 14 Germany-focused funds in market targeting a combined €3.4bn, up from 12 funds targeting €2.4bn at the beginning of 2016 (Fig. 3). Collectively, Germany-focused funds account for 4% of Europe-focused funds currently in market, by both number of funds raising and aggregate target capital.

Deal Activity

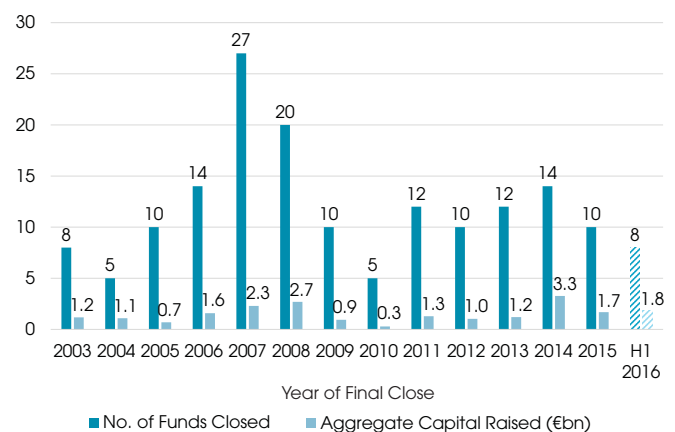
After declining in the aftermath of the GFC, Germany-based private equity-backed buyout deals have picked up again in recent years, with 132 deals worth €13.4bn in 2014, a post-GFC peak (Fig. 4). Although the number of deals and their value fell in 2015, 2016 started strongly with 69 deals worth an aggregate €5.0bn completed in the first half of the year.

Fig. 1: Germany-Based Private Equity Fund Managers and Investors by City



Source: [Preqin Private Equity Online](#)

Fig. 2: Annual Germany-Focused Private Equity Fundraising, 2003 - H1 2016



Source: [Preqin Private Equity Online](#)



Germany has had the third highest number of private equity-backed buyout deals among Europe-based countries each year since 2007, behind the UK and France. However, deal value has been higher than France for several of these years, including the first half of 2016, when Germany had the second highest value of buyout deals among Europe-based countries, accounting for 15% of total European deal value.

The largest proportion of German buyout deals have been for industrial companies in all years since 2007 (Fig. 5). Information technology companies have also attracted considerable interest in recent years, and have made up the second largest proportion of deals in each year since 2011. In terms of the largest deals, three of the top five that have been completed since the beginning

of 2015 were for healthcare companies. This includes [Cinven's](#) acquisition of [synlab Holding GmbH](#) from [BC Partners](#), [Amulet Capital Partners'](#) acquisition of [SynteractHCR](#) from [Celerity Partners](#), [Gryphon Investors](#) and [Ticonderoga Private Equity](#) and [KKR](#) and Panasonic Healthcare's acquisition of [Ascensia Diabetes Care](#) from Bayer AG.

Venture capital deal activity has been even stronger recently: the number of German venture capital deals has increased each year from 2009 to 2014, with over 310 deals completed in 2014 (Fig. 6). While 2015 saw the overall number of deals fall, aggregate value increased to a record of just under €2bn, helped by some large deals including the €496m that [Rocket Internet](#) paid for a 30% stake in food delivery business [Delivery Hero](#).

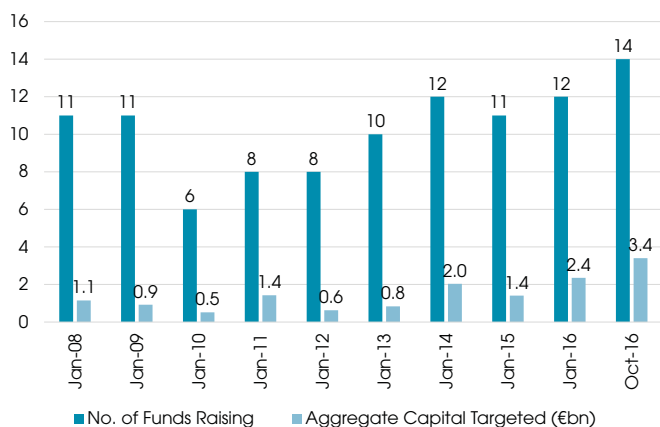
Internet companies continue to represent the largest proportion of venture capital deals, although this has fallen slightly from 37% in 2012 to 26% in H1 2016, while software-related deals have increased from 13% in 2010 to 23% in H1 2016 (see page 15 for more information).

Performance

The PrEQIn Private Equity Quarterly Index for Germany- and Western Europe-focused private equity* funds stood at 230.4 as of December 2015 (rebased to 100 as of December 2005), up from 205.4 at the end of 2014 (Fig. 7).

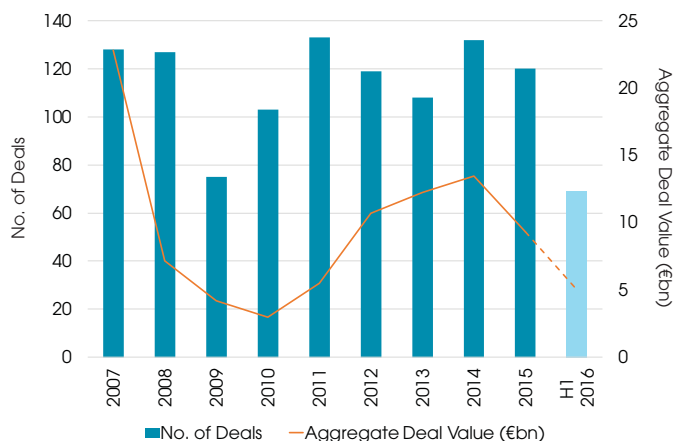
The median multiple was highest for 2002 vintage funds, at 1.86x, and has been at or above 1.30x for all vintages except those after 2012, which are still comparatively early in their investment

Fig. 3: Germany-Focused Funds in Market over Time, January 2008 - October 2016



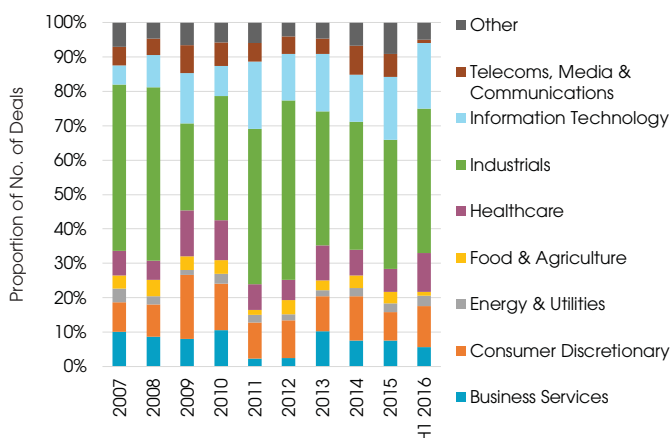
Source: Preqin Private Equity Online

Fig. 4: Number and Aggregate Value of Private Equity-Backed Buyout Deals in Germany, 2007 - H1 2016



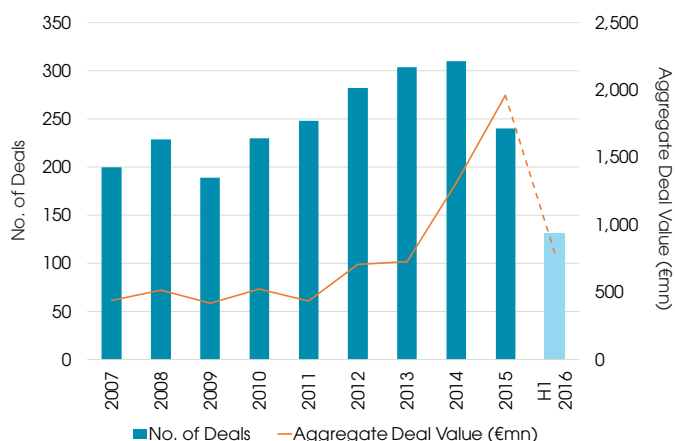
Source: Preqin Private Equity Online

Fig. 5: Proportion of Number of Private Equity-Backed Buyout Deals in Germany by Industry, 2007 - H1 2016



Source: Preqin Private Equity Online

Fig. 6: Number and Aggregate Value of Venture Capital Deals in Germany, 2007 - H1 2016**



Source: Preqin Private Equity Online

*Private equity comprises private equity, real estate, infrastructure and private debt (excl. direct lending).

**Excluding add-ons, venture debt, secondary stock purchases, mergers & grants.



cycle (Fig. 8). However, when examined on the basis of net IRR, more recent vintage funds have been more successful than funds from the previous decade. Median net IRRs of 2010-2012 vintage funds were all over 12%, higher than all other vintages bar 2002 (Fig. 9).

Institutional Investors

As befits the size of its economy and its importance as a financial centre, Germany has the third highest number (164) of institutional investors in private equity among Europe-based countries,

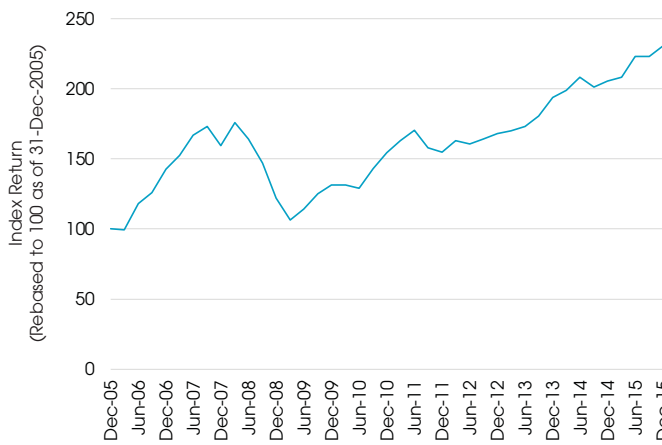
after the UK (378) and Switzerland (202). The largest proportions of these investors are made up of insurance companies and family offices, both accounting for 15% of the investor population (Fig. 10).

Institutional investors based in Germany (excluding fund of funds managers) have, on average, 5.0% of their total assets allocated to the asset class, below the average allocation of their peers in the rest of Europe (5.7%) and North America (8.6%). The average target allocation of Germany-based investors is 6.3%, indicating that capital is available

for investment. This is roughly the same average target allocation to private equity & venture capital as investors based in Europe, although far below the level seen for North America-based investors (10.4%).

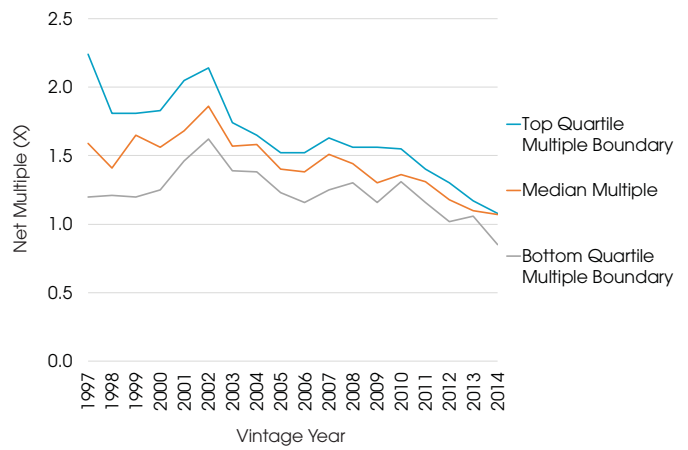
The largest German-based institutional investor is [Bayerische Versorgungskammer](#), a public pension fund which currently allocates €3.2bn to private equity, or 4.5% of its overall portfolio, below its target allocation of €3.5bn (5%).

Fig. 7: PrEQIn Private Equity Quarterly Index: Germany- and Western Europe-Focused Private Equity* Funds



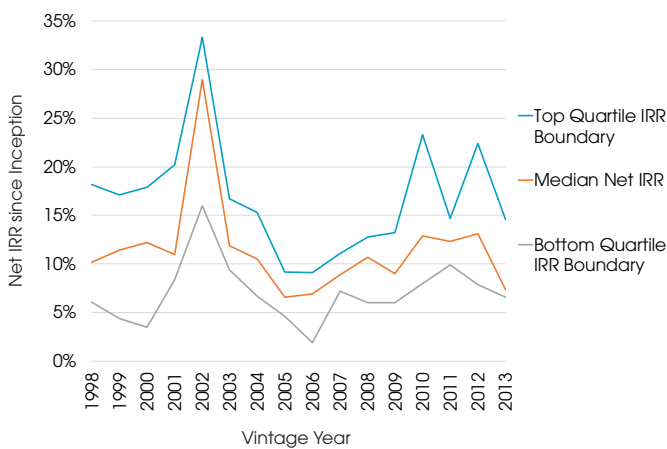
Source: Preqin Private Equity Online

Fig. 8: Median Multiple and Quartile Boundaries by Vintage Year: Germany- and Western Europe-Focused Private Equity* Funds



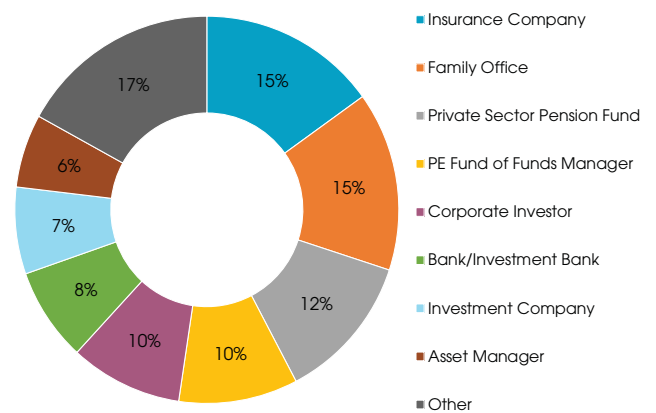
Source: Preqin Private Equity Online

Fig. 9: Median Net IRR and Quartile Boundaries by Vintage Year: Germany- and Western Europe-Focused Private Equity* Funds



Source: Preqin Private Equity Online







Fig. 10: Breakdown of Germany-Based Institutional Investors in Private Equity by Type



Source: Preqin Private Equity Online

*Private equity comprises private equity, real estate, infrastructure and private debt (excl. direct lending).

PREQIN GLOBAL DATA COVERAGE

	PRIVATE EQUITY*	HEDGE FUNDS	REAL ESTATE	INFRASTRUCTURE	PRIVATE DEBT	NATURAL RESOURCES
INVESTOR COVERAGE 	6,344 Active Private Equity LPs	5,087 Active Hedge Fund Investors	5,477 Active Real Estate LPs	2,891 Active Infrastructure LPs	2,403 Active Private Debt Investors	2,260 Active Natural Resources Investors
FUND COVERAGE 	20,687 Private Equity Funds	22,860 Hedge Funds	6,011 PE Real Estate Funds	1,124 Infrastructure Funds	2,155 Private Debt Funds	1,611 Natural Resources Funds
FIRM COVERAGE 	10,537 Private Equity Firms	8,602 Hedge Fund Firms	3,690 PE Real Estate Firms	513 Infrastructure Firms	1,375 Private Debt Firms	864 Natural Resources Firms
PERFORMANCE COVERAGE 	5,611 Private Equity Funds	14,867 Hedge Funds	1,595 PE Real Estate Funds	222 Infrastructure Funds	774 Private Debt Funds	447 Natural Resources Funds
FUNDRAISING COVERAGE 	2,395 Private Equity Funds	15,965 Hedge Funds	1,034 PE Real Estate Funds	196 Infrastructure Funds	297 Private Debt Funds	258 Natural Resources Funds
DEALS COVERAGE 	BUYOUT 49,383 + 22,866 Buyout Deals**	VENTURE CAPITAL 108,569 + 13,153 Venture Deals***	REAL ESTATE 23,610 Real Estate Deals	INFRASTRUCTURE 21,629 Infrastructure Deals		

Alternatives Investment Consultants Coverage:

539

Consultants Tracked

Funds Terms Coverage: Analysis Based on Data for Around

15,200

Funds

Best Contacts: Carefully Selected from our Database of over

378,511

Contacts



PLUS

Comprehensive coverage of:

- + Placement Agents
- + Fund Administrators
- + Law Firms
- + Debt Providers
- + Dry Powder
- + Compensation
- + Plus much more...



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- + Unlimited data downloads
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*Private Equity includes buyout, venture capital, distressed, growth, natural resources and mezzanine funds.
**Buyout deals: Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and recapitalizations. Our coverage does not include private debt and mezzanine deals.
***Venture capital deals: Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across all venture capital stages, from seed to expansion phase. The deals figures provided by Preqin are based on announced venture capital rounds when the capital is committed to a company.

