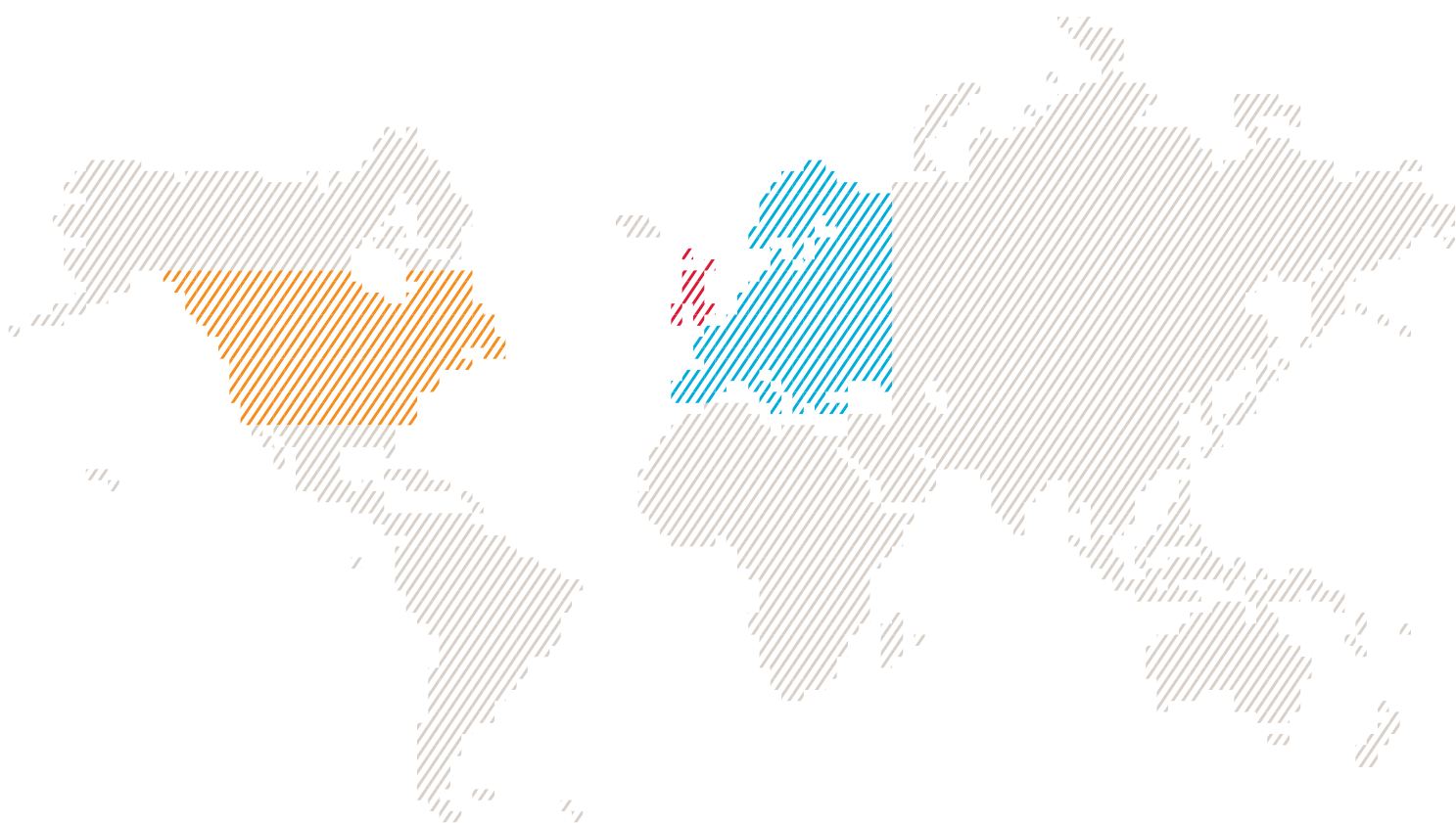


BVCA Private Equity and Venture Capital Report on Investment Activity 2012

May 2013



Percentage invested in UK and overseas in 2012

US **12%**

UK **47%**

Europe **38%**

RoW **3%**

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Summary

The UK economy slipped into a double-dip recession at the beginning of the 2012 and it was therefore perhaps unsurprising that we saw a decline in investment levels over the year. BVCA members invested £12.2bn globally in 2012, down significantly from £18.6bn in 2011. The effects of the economic downturn are clearly evident in the quarterly investments, which were low during the first two quarters of the year at £2.5bn and £2.2bn respectively, but increased to £4.3bn and £3.2bn in Q3 and Q4 respectively as the economic outlook marginally brightened. On a positive note, over a thousand companies benefitted from investment from our members for a third consecutive year.

In 2012 UK-based companies received the largest amount of investment from our members at £5.7bn, followed by European companies, which received a combined investment of £4.6bn. The amount invested overseas totalled £6.5bn - half that of last year, and a significant contributing factor behind the overall decline in investment. However, the amount invested in overseas venture capital doubled this year to £365m in comparison with 2011. Regionally, London and the South East continue to dominate the landscape, attracting 58% of the total UK investment. The East of England, North East, and Wales saw considerable increases in investment levels at £424m, £410m, and £159m respectively while investments fell by £247m and £12m in Scotland and Northern Ireland respectively.

The trend towards increased investment in venture capital continued, with the amount of investment in both UK and overseas venture capital rising to £708m from £492m in 2011. In addition, the number of companies that received venture capital investment rose to 510, accounting for around half of all companies receiving funding in 2012. The value of investments in the expansion capital, replacement capital and buyout stages decreased in comparison with 2011, although the number of companies financed remained relatively stable. In terms of investment by industry sector, 2012 saw a drop in investment in the consumer services and technology sectors by £769m and £517m respectively, while the healthcare and industrial sectors saw a rise in investment by £340m and £399m respectively. Investment in cleantech decreased marginally from £296m to £232m this year, with the number of cleantech companies that were financed in 2012 increasing to 151 from 112 last year.

The noteworthy aspect of this year's activity was fundraising, which saw a marked increase from £4.2bn in 2011 to £5.9bn in 2012, signifying a positive outlook for private equity and venture capital firms over the coming years. This year around £1.6bn worth of funds were raised from overseas, accounting for 27% of the total funds raised, while the remaining 73% was raised from the UK. The biggest sources this year were sovereign wealth funds (where we saw a significant increase to £1.3bn in 2012 from £37m in 2011), pension funds (£1.08bn), and fund of funds (£764m). Other sources that saw an increase compared to last year were insurance companies (up to £663m from £374m), corporate investors (up to £720m from £340m), and capital markets (up to £42m from £0), while the amount of fundraising reduced in 2012 compared to 2011 from banks (down from £172m to £37m) and academic institutions (down from £189m to £77m).

In summary, whilst investment levels fell throughout 2012, this was not unexpected given the underlying weakness in the wider economy. The significant increase in fundraising, however, is a genuine cause for optimism.

Joe Steer, Director, Research

Data Tables¹

Table 1. Global Investment Activity of BVCA Members

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Number of eligible BVCA members	166	183	194	193	208	214	192	179	168	164	164	155	135
% of survey respondents	96	97	97	100	99	100	100	100	100	100	98	97	96
Total amount invested (£m)	12,288	18,610	20,447	12,629	20,025	31,634	21,853	11,676	9,679	6,357	5,466	6,164	8,256
Number of companies financed	1,009	1,048	1,073	976	1,672	1,680	1,630	1,535	1,566	1,493	1,459	1,597	1,523

Table 2a. Investment by Country

Country	Number of companies			% of companies			Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
UK	820	803	823	81	77	77	5,767	6,544	8,237	47	35	40
US	43	67	49	4	6	5	1,484	2,646	2,038	12	14	10
Europe	133	167	175	13	16	16	4,681	9,000	8,778	38	48	43
Rest of World	13	11	26	1	1	2	356	420	1,394	3	2	7
Total	1,009	1,048	1,073	100	100	100	12,288	18,610	20,447	100	100	100

Table 2b. 2012 Quarterly Investment by Country

Country	Number of companies					% of companies					Amount invested (£m)					% of amount invested				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
UK	260	207	191	162	820	32	25	23	20	100	1,334	1,188	1,867	1,378	5,767	23	21	32	24	100
US	8	9	13	13	43	19	21	30	30	100	200	179	371	733	1,483	13	12	25	49	100
Europe	39	33	35	26	133	29	25	26	20	100	937	873	1,796	1,075	4,681	20	19	38	23	100
Rest of World	4	4	3	2	13	31	31	23	15	100	21	48	284	2	356	6	14	80	1	100
Total	311	253	242	203	1,009	31	25	24	20	100	2,493	2,289	4,318	3,187	12,288	20	19	35	26	100

1. All figures in this report have been rounded to the nearest integer. For this reason individual figures may not sum to totals.

Table 3. Overseas Investment by Financing Stage

Financing Stage	Number of companies			% of companies			Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Seed	2	5	0	1	2	0	2	6	0	-	-	0
Start-up	10	10	3	5	4	1	70	18	25	1	-	-
Early Stage	32	40	40	17	16	15	64	68	54	1	1	-
Later stage VC	35	29	39	19	12	15	229	53	119	4	-	1
Total Venture Capital	79	84	82	42	33	31	365	145	198	6	1	2
Expansion/Growth Capital	51	80	97	27	32	37	1,081	1,998	1,812	17	17	15
Bridge Financing	5	2	10	3	1	4	2	3	12	-	-	-
Total Expansion	56	82	107	30	33	41	1,083	2,000	1,824	17	17	15
Replacement Capital	0	6	1	0	2	-	0	50	-	0	-	-
Secondary Buyout	9	25	15	5	10	6	1,395	3,930	1,906	21	33	16
PIPE	0	0	0	0	0	0	0	0	0	0	0	0
Refinancing Bank Debt	4	3	4	2	1	2	36	142	46	1	1	-
Total Replacement Capital	13	34	20	7	14	8	1,430	4,121	1,952	22	34	16
Management buyout (MBO)	41	46	42	22	18	16	3,498	5,045	7,312	54	42	60
Management buy-in (MBI)	2	0	2	1	0	1	4	0	9	-	0	-
Total MBO/MBI	43	46	44	23	18	17	3,503	5,045	7,321	54	42	60
Public to Private	0	3	4	0	1	2	0	720	702	0	6	6
Rescue/Turnaround	2	0	2	1	0	1	5	0	19	-	0	-
Other	3	2	5	2	1	2	135	35	193	2	-	2
Total Other Late Stage	5	5	11	3	2	4	140	754	914	2	6	7
Total	189	245	250	100	100	100	6,521	12,066	12,209	100	100	100

1. The number of companies in some financing stage categories and their subtotals add up to more than the total number of companies invested in. This is due to some companies receiving more than one investment within the year at different financing stages. Please refer to the appendix for further information.

2. - indicates a value greater than 0 but less than 0.5

Table 4. UK Investment by Financing Stage

Financing Stage	Number of companies			% of companies			Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Seed	22	49	39	3	6	4	5	23	10	-	-	-
Start-up	76	62	65	9	7	7	57	47	46	1	1	1
Early Stage	229	227	219	28	26	24	157	163	168	3	2	2
Later stage VC	104	67	74	13	8	8	125	115	89	2	2	1
Total Venture Capital	431	405	397	53	46	44	343	347	313	6	5	4
Expansion/Growth Capital	282	307	328	34	35	36	1,465	1,651	1,651	25	25	20
Bridge Financing	14	10	6	2	1	1	6	6	2	-	-	-
Total Expansion	296	317	334	36	36	37	1,471	1,657	1,653	26	25	20
Replacement Capital	14	14	11	2	2	1	43	116	20	1	2	-
Secondary Buyout	11	18	19	1	2	2	958	1,126	924	17	17	11
PIPE	3		0	0			5		0	-		0
Refinancing Bank Debt	16	3	10	2		1	127	43	43	2	1	1
Total Replacement Capital	44	35	40	5	4	4	1,133	1,285	987	20	20	12
Management buyout (MBO)	93	79	94	11	9	10	2,568	2,849	4,713	45	44	57
Management buy-in (MBI)	7	11	9	1	1	1	110	102	39	2	2	-
Total MBO/MBI	100	90	103	12	10	11	2,677	2,950	4,752	46	45	58
Public to Private	0	2	3	0	0	-	0	156	327	0	2	4
Rescue/Turnaround	21	21	16	3	2	2	135	146	92	2	2	1
Other	4	7	7	0	1	1	8	3	113	-	-	1
Total Other Late Stage	25	30	26	3	3	3	143	304	533	2	5	6
Total	820	803	823	100	100	100	5,767	6,544	8,237	100	100	100

1. The number of companies in some financing stage categories and their subtotals add up to more than the total number of companies invested in. This is due to some companies receiving more than one investment within the year at different financing stages. Please refer to the appendix for further information.

2. - indicates a value greater than 0 but less than 0.5

3. Some financing stages have been amalgamated where there are instances of single deals, in order to preserve confidentiality.

Table 5a. MBOs by Investment Size (UK)

Size	Number of companies			% of companies			Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Small (<£10m)	45	33	42	48	42	45	171	98	147	7	3	3
Mid-sized (£10m - £100m)	41	41	39	44	52	41	1,016	1,292	1,137	40	45	24
Large (>£100m)	7	5	13	8	6	14	1,380	1,459	3,429	54	51	73
Total	93	79	94	100	100	100	2,568	2,849	4,713	100	100	100

1. The number of companies in some financing stage categories and their subtotals add up to more than the total number of companies invested in. This is due to some companies receiving more than one investment within the year at different financing stages. Please refer to the appendix for further information.
2. Size bandings are based on amount of equity invested by BVCA private equity members, not the total transaction size.

Table 5b. MBIs by Investment Size (UK)

Size	Number of companies			% of companies			Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Small (<£10m)	2	6	9	29	55	100	7	26	39	6	26	100
Mid-sized (£10m - £100m)	5	5	0	71	45	0	103	75	0	94	74	0
Large (>£100m)	0	0	0	0	0	0	0	0	0	0	0	0
Total	7	11	9	100	100	100	110	102	39	100	100	100

1. The number of companies in some financing stage categories and their subtotals add up to more than the total number of companies invested in. This is due to some companies receiving more than one investment within the year at different financing stages. Please refer to the appendix for further information.
2. Size bandings are based on amount of equity invested by BVCA private equity members, not the total transaction size.
3. Some financing stages have been amalgamated where there are instances of single deals, in order to preserve confidentiality.

Table 6. Average Amount Invested by Stage (UK)

Financing Stage	Average Amount Invested, £000s		
	2012	2011	2010
Seed	206	472	259
Start-up	744	752	707
Early Stage	686	717	768
Later stage VC	1,203	1,711	1,203
Total Early Stage	796	857	789
Expansion/Growth Capital	5,194	5,379	5,033
Bridge financing	422	596	308
Total Expansion	4,968	5,228	4,948
Replacement Capital	3,059	8,271	1,795
Secondary Buyout	87,131	62,581	48,644
PIPE	1,584		0
Refinancing Bank Debt	7,929	21,912	4,264
Total Replacement Capital	25,747	36,709	24,665
Management buyout(MBO)	27,610	36,062	50,138
Management buy-in(MBI)	15,664	9,236	4,389
Total MBO/MBI	26,774	32,783	46,140
Public to Private	0	77,775	109,036
Rescue/Turnaround	6,426	6,945	5,751
Other	1,899	408	16,200
Total Other Late Stage	5,702	10,142	20,482
Total	7,032	8,150	9,153

1. Some financing stages have been amalgamated where there are instances of single deals, in order to preserve confidentiality.

Table 7. Investment by Industry Sector (UK)

Industry Sector	Number of companies			% of companies			Amount invested			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Basic Materials - Chemicals	18	18	15	2	2	2	5	42	6	-	1	-
Basic Materials - Forestry & Paper	0	4	0	0	-	0	0	4	0	0	-	0
Basic Materials - Industrial Metals & Mining	3	4	0	-	-	0	2	4	0	-	-	0
Basic Materials - Mining	0	0	0	0	0	0	0	0	0	0	0	0
Total Basic Materials	21	22	15	3	3	2	8	46	6	-	1	-
Consumer Goods - Beverages	2	3	17	-	-	2	24	1	57	-	-	1
Consumer Goods - Food Producers	12	13	11	1	2		45	204	190	1	3	4
Consumer Goods - Household Goods & Home Construction	12	11	9	1	1	1	51	107	331	1	2	4
Consumer Goods - Automobiles & Parts	6	5	8	1	1	1	47	11	115	1	-	1
Consumer Goods - Leisure Goods	12	14	9	1	2	1	202	292	50	4	4	1
Consumer Goods - Personal Goods	13	9	11	2	1	1	42	89	87	1	1	1
Consumer Goods - Tobacco	0	0	0	0	0	0	0	0	0	0	0	0
Total Consumer Goods	57	55	54	7	7	7	411	704	640	7	11	8
Consumer Services - Food & Drug Retailers	8	5	4	1	1	-	65	51	5	1	1	-
Consumer Services - General Retailers	42	37	46	5	5	6	306	856	1,584	5	13	19
Consumer Services - Media	31	35	33	4	4	4	140	196	204	2	3	2
Consumer Services - Travel & Leisure	35	32	37	4	4	4	410	391	652	7	6	8
Total Consumer Services	116	109	120	14	14	15	921	1,494	2,445	16	23	30
Financials - Financial Services	18	16	19	2	2	2	228	234	812	4	4	10
Financials - Banks	0	0	0	0	0	0	0	0	0	0	0	0
Financials - Life Insurance			0			0			0			0
Financials - Non-Life Insurance			8	1	1	1	185	770	260	3	12	3
Financials - Equity Investment Instruments	8	12	7						68			1
Financials - Non-equity Investment Instruments												
Financials - Real Estate Investment Trusts	0	0	9	0	0	1	0	0	54	0	0	1
Financials - Real Estate Investment & Services	10	13		1	2		457	88		8	1	
Total Financials	36	39	43	4	5	5	870	922	1,193	15	14	14
Health Care - Equipment & Services	98	107	71	12	13	9	742	817	713	13	12	9
Health Care - Pharmaceuticals & Biotechnology	63	61	68	8	8	8	457	32	455	8	-	6
Total Health Care	161	168	139	20	21	17	1,199	849	1,168	21	13	14
Industrials - Aerospace & Defense	9	6	5	1	1	1	36	147	192	1	2	2
Industrials - Construction & Materials	14	11	19	2	1	2	121	55	97	2	1	1
Industrials - Electronic & Electrical Equipment	30	31	31	4	4	4	29	35	32	1	1	-
Industrials - Engineering	14	17	18	2	2	2	44	150	90	1	2	1
Industrials - General Industrials	16	16	17	2	2	2	93	37	34	2	1	-
Industrials - Support Services	71	68	63	9	8	8	1,107	362	594	19	6	7
Industrials - Transportation	6	2	10	1	-	1	17	254	35	-	4	-
Total Industrials	160	151	163	20	19	20	1,448	1,039	1,073	25	16	13
Oil & Gas - Alternative Energy	19	14	18	2	2	2	22	32	29	-	-	-
Oil & Gas - Oil & Gas Producers	5	6	7	1	1	1	11	39	96	-	1	1
Oil & Gas - Oil Equipment, Services & Distribution	18	12	15	2	1	2	128	155	109	2	2	1
Total Oil & Gas	42	32	40	5	4	5	160	226	234	3	3	3
Technology - Hardware & Equipment	29	34	54	4	4	7	24	30	120	-	-	1
Technology - Software & Computer Services	170	165	165	21	21	20	386	897	899	7	14	11
Total Technology	199	199	219	24	25	27	410	927	1,019	7	14	12
Telecommunications - Fixed Line	5	6	5	1	1	1	13	62	118	-	1	1
Telecommunications - Mobile	8	11	10	1	1	1	273	81	28	5	1	-
Total Telecommunications	13	17	15	2	2	2	286	143	146	5	2	2
Utilities - Electricity	3	3	5	-	-	1	3	5	23	-	-	-
Utilities - Gas, Water & Multiutilities	5	4	5	1	-	1	28	20	241	-	-	3
Total Utilities	8	7	10	1	1	1	31	24	264	1	-	3
Other	7	2	5	1	-	1	24	1	49	-	-	1
Total	820	803	823	100	100	100	5,767	6,544	8,237	100	100	100

1. - indicates a value greater than 0 but less than 0.5

2. The Industry Classification Benchmark (ICB) has been used to classify individual company investments by industry and subsector.

3. Some sectors have been amalgamated where there are instances of single deals, in order to preserve confidentiality.

Table 8. Technology Investment (UK)

Industry Sector	Number of companies			% of companies			Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Mobile Telecommunications	5	10	9	1	2	2	3	49	5	-	5	-
Fixed Line Telecommunications	4	4	1	1	1	-	3	15	-	-	2	-
Computer:												
Computer Hardware	4	8	4	1	2	1	3	3	1	-	-	-
Internet	22	31	33	5	7	8	54	37	34	8	4	2
Semiconductors	10	12	15	2	3	3	7	8	37	1	1	2
Software	111	95	92	27	23	21	144	211	521	21	21	29
Other Electronics	20	25	24	5	6	6	10	15	28	2	2	2
Biotechnology	34	41	41	8	10	9	25	21	20	4	2	1
Medical:												
Medical Equipment	29	38	25	7	9	6	10	21	15	1	2	1
Pharmaceuticals	14	14	17	3	3	4	13	8	58	2	1	3
Health Care	19	18	15	5	4	3	45	15	16	7	2	1
Other	138	124	158	34	30	36	366	590	1,046	54	59	59
Total	410	420	434	100	100	100	681	994	1,780	100	100	100

1. - indicates a value greater than 0 but less than 0.5

2. Technology classification is included in the appendix (p 14)

Table 9. 2012 Technology Investment by Stage (UK)

Industry sector	Number of companies						Amount invested (£m)					
	Venture capital	Expansion	Replacement capital	MBO/I	Other stage	Total	Venture capital	Expansion	Replacement capital	MBO/I	Other stage	Total
Mobile Telecommunications	3		0	1	0	5	1		0	2	0	3
Fixed Line Telecommunications	3	3	0		0	4	-	2	0		0	3
Computer:												
Computer Hardware	4	0	0	0	0	4	3	0	0	0	0	3
Internet	22		0	0	0	22	18		0	0	0	54
Semiconductors	10	3	0	0	0	10	6	36	0	0	0	7
Software	97	24	2	5	1	111	36	44	12	47	-	139
Other Electronics	14	9		0	0	20	3	7		0	0	10
Biotechnology	31	10	1	0	1	34	21	5		0	-	25
Medical:												
Medical Equipment	26		0	0	1	29	8		0	0	-	10
Pharmaceuticals	17	9		1	0	14	19	4		32	0	19
Health Care	17		1	1	0	19	9		2		0	45
Other	68	50	6	16	4	138	42	157	21	131	12	363
Total	312	108	10	23	7	410	166	254	35	213	12	681

1. The number of companies in some financing stage categories and their subtotals add up to more than the total number of companies invested in. This is due to some companies receiving more than one investment within the year at different financing stages. Please refer to the appendix for further information.

2. - indicates a value greater than 0 but less than 0.5.

3. Technology classification is included in the appendix (p 14).

4. Some sectors have been amalgamated where there are instances of single deals, in order to preserve confidentiality.

Table 10. Investment in 'Cleantech' Companies by Stage (UK)

Financing Stage	Number of companies			% of companies			Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Venture	102	91	86	68	60	64	67	73	69	29	25	13
Expansion	46	44	39	30	29	29	71	89	137	31	30	26
Replacement Capital	4	3	7	3	2	5	22	7	256	9	2	49
MBO/MBI	7	9		5	6		72	123		31	42	
Other	2	4	2	1	3	1	-	4	56	-	1	11
Total	151	112	134	100	100	100	232	296	518	100	100	100

1. The number of companies in some financing stage categories and their subtotals add up to more than the total number of companies invested in. This is due to some companies receiving more than one investment within the year at different financing stages. Please refer to the appendix for further information.
2. Some financing stages have been amalgamated where there are instances of single deals, in order to preserve confidentiality.
3. Cleantech is defined in the appendix (p 14)

Table 11. Investment by Region (UK)

Region	Number of companies			% of companies			Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
London	191	208	212	23	26	26	2,062	2,901	3,469	36	44	42
South East	115	119	125	14	15	15	1,281	1,138	1,160	22	17	14
South East & London	306	327	337	37	41	41	3,343	4,039	4,629	58	62	56
South West	49	49	46	6	6	6	172	209	739	3	3	9
East of England	39	34	47	5	4	6	424	127	78	7	2	1
West Midlands	77	70	72	9	9	9	332	496	910	6	8	11
East Midlands	32	41	37	4	5	4	163	203	76	3	3	1
Yorkshire & The Humber	39	39	50	5	5	6	131	252	479	2	4	6
North West	66	61	66	8	8	8	535	692	607	9	11	7
North East	82	74	46	10	9	6	410	112	346	7	2	4
Scotland	67	45	61	8	6	7	159	334	171	3	5	2
Wales	37	50	41	5	6	5	87	58	39	2	1	-
Northern Ireland	26	13	20	3	2	2	9	21	163	-	-	2
Total	820	803	823	100	100	100	5,767	6,544	8,237	100	100	100

1. - indicates a value greater than 0 but less than 0.5

Table 12. Investment activity by region compared to total number of VAT registered businesses

Region	Number of VAT registered businesses			Number of private equity backed companies			Companies invested in per 1,000 of total VAT registered businesses		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
London	419,735	394,055	392,540	191	208	212	0.46	0.53	0.54
South East	399,755	390,460	394,505	115	119	125	0.29	0.30	0.32
South East & London	819,490	784,515	787,045	306	327	337	0.37	0.42	0.43
South West	241,265	237,995	239,425	49	49	46	0.20	0.21	0.19
East of England	255,125	249,990	253,120	39	34	47	0.15	0.14	0.19
West Midlands	208,975	206,915	210,065	77	70	72	0.37	0.34	0.34
East Midlands	174,650	171,590	174,700	32	41	37	0.18	0.24	0.21
Yorkshire & The Humber	187,260	184,470	187,810	39	39	50	0.21	0.21	0.27
North West	255,820	251,420	255,705	66	61	66	0.26	0.24	0.26
North East	75,630	74,295	75,975	82	74	46	1.08	1.00	0.61
Scotland	197,760	192,450	193,305	67	45	61	0.34	0.23	0.32
Wales	111,680	110,625	112,810	37	50	41	0.33	0.45	0.36
Northern Ireland	82,880	83,575	84,270	26	13	20	0.31	0.16	0.24
Total	2,610,535	2,547,840	2,574,230	820	803	823	0.31	0.32	0.32

Source for 2010/11/12: 'UK Business: Activity, Size and Location - [2010/2011/2012]' (<http://www.ons.gov.uk>)

Table 15. Investment Stage Analysis by Region (UK) – Number of Companies

Region	Venture capital						Expansion						Replacement capital						MBO/MBI						Other stage						
	Number			%			Number			%			Number			%			Number			%			Number			%			
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	
London	80	108	93	19	27	23	65	72	88	22	23	26	14	11	8	32	31	20	35	32	28	35	36	27	9	5	8	36	17	31	
South East	58	59	70	13	15	18	54	54	47	18	17	14	7	4	6	16	11	15	8	13	23	8	14	22	4	6	2	16	20	8	
South East & London	138	167	163	32	41	41	119	126	135	40	40	40	21	15	14	48	43	35	43	45	51	43	50	50	13	11	10	52	37	38	
South West	12	13	22	3	3	6	33	30	18	11	9	5	4	6	2	9	17	5	6	2	7	6	2	7	1	3	1	4	10	4	
East of England	20	24	27	5	6	7	14	12	21	5	4	6	4	2	5	9	6	13	5	2	1	5	2	1	0	2	1	0	7	4	
West Midlands	34	37	43	8	9	11	38	26	19	13	8	6	3	4	1	7	11	3	10	6	13	10	7	13	1	2	2	4	7	8	
East Midlands	21	19	18	5	5	5	10	18	15	3	6	4	0	0	0	0	0	0	6	5	4	6	6	4	0	3	3	0	10	12	
Yorkshire & The Humber	17	17	13	4	4	3	11	16	27	4	5	8	2	0	6	5	0	15	8	7	5	8	8	5	3	1	1	12	3	4	
North West	29	26	31	7	6	8	20	24	31	7	8	9	5	4	5	11	11	13	14	10	7	14	11	7	2	1	2	8	3	8	
North East	80	42	16	19	10	4	10	31	24	3	10	7	1	1	1	11	3	3	2	6	2	6	2	6	0	0	1	0	0	4	
Scotland	32	18	24	7	4	6	32	19	25	11	6	4	3	4	4	7	11	10	3	4	6	3	4	6	1	4	3	4	13	12	
Wales	24	32	26	6	8	7	6	12	13	2	4	7	2	0	1	5	0	3	5	7	2	5	8	2	3	2	1	12	7	4	
Northern Ireland	24	10	14	6	2	4	3	3	6	1	1	2	0	0	1	0	0	3	5	0	1	5	0	1	1	1	1	1	4	3	4
Total	431	405	397	100	100	100	296	317	334	100	100	100	44	35	987	100	100	100	100	90	103	100	100	100	25	30	26	100	100	100	

1. The number of companies in some financing stage categories and their subtotals add up to more than the total number of companies invested in. This is due to some companies receiving more than one investment within the year at different financing stages. Please refer to the appendix for further information.

2. - indicates a value greater than 0 but less than 0.5

3. Some regions have been amalgamated where there are instances of single deals, in order to preserve confidentiality.

Table 14. Investment Stage Analysis by Region – Amount invested (UK)

Region	Venture capital						Expansion						Replacement capital						MBO/MBI						Other stage					
	Amount (£m)			%			Amount (£m)			%			Amount (£m)			%			Amount (£m)			%			Amount (£m)			%		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
London	126	131	90	37	38	29	394	577	826	27	35	50	85	343	189	8	27	19	1,366	1,662	2,047	51	56	43	90	188	317	63	62	59
South East	55	66	58	16	19	18	360	578	141	24	35	9	813	271	330	72	21	33	43	215	625	2	7	13	9	8	7	6	3	1
South East & London	182	197	148	53	57	47	754	1,155	967	51	70	59	898	615	520	79	48	53	1,409	1,877	2,672	53	64	56	99	196	323	70	64	61
South West	38	12	38	11	4	12	84	86	172	6	5	10	15	66	10	1	5	1	35	30	486	1	1	10	-	14	33	-	5	6
East of England	23	19	33	7	6	10	11	18	35	1	1	2	103	11	4	9	1	-	288	34	1	11	1	-	0	45	4	0	15	1
West Midlands	16	18	37	5	5	12	71	57	118	5	3	7	75	31	12	7	2	1	171	389	623	6	13	13	-	-	119	-	22	
East Midlands	7	27	3	2	8	1	17	47	31	1	3	2	0	0	0	0	0	0	139	104	38	5	4	1	0	25	5	0	8	1
Yorkshire & The Humber	15	4	4	4	1	1	21	69	76	1	4	5	6	0	355	-	0	36	83	179	44	3	6	1	7	-	-	5	-	-
North West	13	13	15	4	4	5	51	117	185	3	7	11	30	302	12	1	1	478	253	401	18	9	8	-	16	-	-	5	-	
North East	16	18	6	5	5	2	357	58	22	24	3	1	30	302	19	2	23	2	27	300	1	6	0	0	-	0	0	0	-	
Scotland	23	9	17	7	3	5	94	40	31	6	2	2	2	260	54	-	20	6	40	23	25	1	1	1	-	2	38	-	1	7
Wales	9	8	8	3	2	2	9	10	8	1	1	1	5	0	-	-	0	-	36	34	12	1	1	-	35	6	10	25	2	2
Northern Ireland	2	20	5	1	6	2	1	0	7	-	0	-	0	0	-	0	0	-	0	151	1	0	3	0	-	-	0	-	-	-
Total	343	347	313	100	100	100	1,471	1,657	1,853	100	100	100	1,133	1,285	987	100	100	100	2,677	2,950	4,752	100	100	100	143	304	533	100	100	100

1. - indicates a value greater than 0 but less than 0.5

Table 15. 2012 Industry Sector Analysis by Region (UK) – Number of Companies

Region	Oil & gas, basic materials & industrials		Consumer goods		Health care & consumer services		Telecoms, utilities & financials		Technology		Other	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
London	26	12	11	19	89	32	17	30	44	22	4	57
South East	32	14	7	12	45	16	7	12	24	12	0	0
South East & London	58	26	18	32	134	48	24	42	68	34	4	57
South West	17	8	6	11	14	5	3	5	9	5	0	0
East of England	7	3	0	0	22	8	2	4	7	4	1	14
West Midlands	21	9			25	9	4	7	19	10	0	0
East Midlands	12	5	9	16	13	5	4	7	2	1	0	0
Yorkshire and The Humber	13	6	7	12	12	4	2	4	5	3	0	0
North West	28	13	4	7	16	6	9	16	9	5	0	0
North East	27	12	3	5	12	4	2	4	37	19	1	14
Scotland	25	11	5	9	6	2			24	12	1	14
Wales	12	5	2	4	16	6			6	3	0	0
Northern Ireland	3	1	3	5	7	3	0	0	13	7	0	0
Total	223	100	57	100	277	100	57	100	199	100	7	100

1. Some regions have been amalgamated where there are instances of single deals, in order to preserve confidentiality.

Table 16. 2012 Industry Sector Analysis by Region (UK) – Amount Invested

Region	Oil & gas, basic materials & industrials		Consumer goods		Health care & consumer services		Telecoms, utilities & financials		Technology		Other	
	Amount (£m)	%	Amount (£m)	%	Amount (£m)	%	Amount (£m)	%	Amount (£m)	%	Amount (£m)	%
London	223	14	81	20	1,160	55	457	38	118	29	22	94
South East	520	32	169	41	83	4	469	39	41	10	0	0
South East & London	743	46	250	61	1,243	59	925	78	159	39	22	94
South West	83	5	29	7	41	2	2	-	16	4	0	0
East of England	289	18	0	0	99	5	32	3	4	1	0	0
West Midlands	95	6			122	6	6	-	45	11	0	0
East Midlands	49	3	64	16	107	5	7	1	0	0	0	0
Yorkshire & The Humber	23	1	12	3	75	4	17	1	6	1	0	0
North West	194	12	8	2	16	1	183	15	135	33	0	0
North East	8	1	37	9	358	17	1	-	6	1	1	3
Scotland	94	6	9	1	7	2			34	8	1	3
Wales	30	2	2	2	52	-	14	1	3	1	0	0
Northern Ireland	7	0	0	0	1	-	0	0	1	-	0	0
Total	1,615	100	411	100	2,120	100	1,187	100	410	100	24	100

1. - indicates a value greater than 0 but less than 0.5

Table 17. UK Investment by type of PE organisation

Type of private equity organisation	Amount invested (£m)			% of amount invested		
	2012	2011	2010	2012	2011	2010
Organisations which manage third-party funds (Independents)	3,289	4,457	6,128	57	68	74
Organisations which invest own or parent company money (Captives)	2,031	456	898	35	7	11
Organisations which do both (Semi-captives)	447	1,631	1,212	8	25	15
Total	5,767	6,544	8,237	100	100	100

Table 18. Funds Raised by Source

Type of source		Amount raised (£m)			% of amount raised		
		2012	2011	2010	2012	2011	2010
Pension Funds	UK	665	295	495	11	6	8
	Overseas	419	806	1,134	7	18	17
	Total	1,084	1,101	1,630	18	24	25
Insurance Companies	UK	509	0	276	9	0	4
	Overseas	154	374	163	3	8	2
	Total	663	374	440	11	8	7
Corporate Investors	UK	713	278	175	12	6	3
	Overseas	7	62	673	-	1	10
	Total	720	340	848	12	7	13
Banks	UK	5	88	29	-	2	-
	Overseas	32	84	84	1	2	1
	Total	37	172	113	1	4	2
Family Offices	UK	42	33	1,046	1	1	16
	Overseas	43	124	115	1	3	2
	Total	85	157	1,161	1	3	18
Funds of Funds	UK	84	324	179	1	7	3
	Overseas	680	803	552	11	18	8
	Total	764	1,127	731	13	25	11
Government Agencies	UK	424	79	212	7	2	3
	Overseas	18	322	208	-	7	3
	Total	441	401	420	7	9	6
Academic Institutions	UK	7	3	22	-	-	-
	Overseas	70	187	151	1	4	2
	Total	77	189	172	1	4	3
Private Individuals	UK	326	288	275	5	6	4
	Overseas	22	17	26	-	-	-
	Total	348	305	300	6	7	5
Capital Markets	UK	42	0	65	1	0	1
	Overseas	0	0	0	0	0	0
	Total	42	0	65	1	0	1
Sovereign Wealth Funds	UK	1,138	0	0	19	0	0
	Overseas	170	37	36	3	1	1
	Total	1,308	37	36	22	1	1
Others	UK	387	39	108	6	1	2
	Overseas	17	299	570	-	7	9
	Total	404	338	678	7	7	10
Total UK	4,342	1,427	2,882	73	31	44	
Total Overseas	1,631	3,116	3,712	27	69	56	
Grand Total	5,973	4,543	6,594	100	100	100	

1. - indicates a value greater than 0 but less than 0.5

2. UK includes Bermuda, Cayman Islands, Channel Islands and British Virgin Islands

Table 19. Funds Raised by Country

Country	Amount raised (£m)			% of amount raised		
	2012	2011	2010	2012	2011	2010
UK	4,342	1,427	2,882	73	31	44
France	134	162	102	2	4	2
Germany	85	172	109	1	4	2
Ireland	16	69	108	-	2	2
Netherlands	50	93	50	1	2	1
Sweden	52	55	79	1	1	1
Switzerland	152	220	206	3	5	3
Rest of Europe	227	285	486	4	6	7
United States	534	1,332	1,654	9	29	25
Canada	192	169	156	3	4	2
Australia	0	12	42	0	-	1
China	1	112	133	-	2	2
Japan	0	22	44	0	-	1
Middle East	184	214	280	3	5	4
Africa	4	58	46	-	1	1
Other	0	141	218	0	3	3
Total	5,973	4,543	6,594	100	100	100

1. UK includes Bermuda, Cayman Islands, Channel Islands and British Virgin Islands

2. - indicates a value greater than 0 but less than 0.5.

Table 20. Funds Raised by Investment Focus

Focus	Amount raised (£m)			% of amount raised		
	2012	2011	2010	2012	2011	2010
Large MBO	3,634	0	0	61	0	0
Middle MBO	1,170	2,784	4,589	20	61	70
Small MBO	722	820	1,218	12	18	18
VC	428	882	478	7	19	7
Generalist	19	50	199	-	1	3
Development	0	8	65	0	-	1
Early	0	0	46	0	0	1
Other	0	0	0	0	0	0
Total	5,973	4,543	6,594	100	100	100

1. - indicates a value greater than 0 but less than 0.5

Table 21. 2012 Divestments

Type of divestment	Amount divested		Number of divestments		Number of companies	
	£m	%	Number	%	Number	%
Divestment on Flotation (IPO)	297	4	5	1	3	1
Repayment of Preference Shares/Loans	776	11	216	28	89	20
Sale of quoted equity post flotation	1,319	18	95	12	54	12
Sale to another Private Equity firm	1,314	18	70	9	44	10
Sale to Financial Institution	278	4	25	3	20	5
Sale to Management (Buy-back)	82	1	48	6	35	8
Trade Sale	2,516	35	149	20	93	21
Write Offs	267	4	54	7	46	11
Others	392	5	102	13	53	12
Total	7,242	100	764	100	437	100

Appendix Methodology and Definitions

In early 2013, BVCA's Benchmark data collection system collected data on investments made by BVCA private equity and venture capital members during the calendar year 2012. A 96% response rate was achieved, which included virtually every major private equity and venture capital firm in the UK. In order to ensure only qualifying investments were included in the analysis certain criteria were applied to the data received and are outlined below:

Overseas Investments

The BVCA survey includes all investments 'made' or 'advised by' the BVCA full member firm, 'regardless of whether the investing fund is UK or overseas-based'. This means that the figures relate to investments undertaken by BVCA full member firms based in the UK, and also to those undertaken through an overseas office where the UK office was the lead adviser, regardless of where the investment fund was domiciled. As a result, more cross-border investments have been included in the BVCA data which therefore reflect more accurately the activity of BVCA full members, particularly those that invest through pan-European or global funds.

Industry Sectors

The Industry Classification Benchmark (ICB) is used throughout this report to classify individual company investments by industry and subsector.

Financing Stages

The number of companies in some financing stage categories and their subtotals add up to more than the total number of companies invested in. This is due to some companies receiving more than one investment within the year at different financing stages. For example, if a company receives a round of start-up finance and then further rounds of expansion finance later in the same year, that company will be counted once in each of the start-up and expansion categories (therefore appearing to be counted twice), but only counted as one investment in the overall total. This only affects 'number of companies' not 'amounts invested'.

Technology Classification

There is as yet no universally accepted definition of a 'technology' company. For the purposes of this report, investments defined by BVCA member firms as 'high-tech' are included in tables 8 and 9.

Cleantech Classification

Cleantech represents a diverse range of products, services and processes which are intended to provide superior performance at lower costs, while greatly reducing or eliminating negative ecological impact, at the same time as improving the productive and responsible use of natural resources. For the purposes of this report, investments defined by BVCA member firms as 'cleantech' are included in table 10.

Foreign Currency Conversion

Where BVCA collected investment information in foreign currencies, the amounts were converted into Sterling using the annual average exchange rates for 2012, calculated from figures supplied by the Bank of England.

Private Equity Definitions

The term private equity is generally used in Europe to cover the industry as a whole, including both buyouts and venture capital. Venture capital is a subcategory covering the start-up to expansion stages of investment.

Private equity describes equity investments in unquoted companies, often accompanied by the provision of loans and other capital bearing an equity-type risk.

Types of Private Equity Firms

The definitions below need to be interpreted with caution. In recent years, several larger private equity firms that historically invested funds from a single in-house source have begun to raise and manage external sources.

Independents: These can either be firms, funds or investment trusts, either publicly listed or private, which raise their capital from external sources.

Captives: These organisations invest their own money, and/or manage or invest funds on behalf of a parent organisation. In the latter case, the private equity firm would be a wholly owned subsidiary or division of the parent, usually a financial institution.

Semi-captives: These organisations invest funds on behalf of a parent company, or their own funds, in addition to investing funds raised within the last five years from external sources.

Stages of Investment

Seed: Financing that allows a business concept to be developed, perhaps involving the production of a business plan, prototypes and additional research, prior to bringing a product to market and commencing large-scale manufacturing.

Start-up: Financing provided to companies for use in product development and initial marketing. Companies may be in the process of being setup or may have been in business for a short time, but have not yet sold their product commercially.

Other early stage: Financing provided to companies that have completed the product development stage and require further funds to initiate commercial manufacturing and sales. They may not yet be generating profits.

Late stage venture: Financing provided to companies that have reached a fairly stable growth rate; that is, not growing as fast as the rates attained in the early stage. These companies may or may not be profitable, but are more likely to be than in previous stages of development.

Expansion: Sometimes known as 'development' or 'growth' capital, provided for the growth and expansion of an operating company which is trading profitably. Capital may be used to finance increased production capacity, market or product development, and/or to provide additional working capital.

Bridge financing: Financing made available to a company in the period of transition from being privately owned to being publicly quoted.

Replacement capital: Minority stake purchase from another private equity investment organisation or from another shareholder or shareholders.

Refinancing bank debt: Funds provided to enable a company to repay existing bank debt.

PIPE: Private investment in public companies (minority stake only).

Rescue/Turnaround: Financing made available to existing businesses which have experienced trading difficulties, with a view to re-establishing prosperity.

Management buyout (MBO): Funds provided to enable current operating management and investors to acquire an existing product line or business. Institutional buyouts (IBOs), leveraged buyouts (LBOs) and other types of similar financing are included under MBOs for the purposes of this report.

Management buy-in (MBI): Funds provided to enable an external manager or group of managers to buy into a company.

Public to private: Purchase of quoted shares with the purpose of de-listing the company.

Secondary buyout: Purchase of a company from another private equity investment organisation.

Fundraising

The following apply to the fundraising section:

1. Funds managed by UK private equity firms for both UK and overseas investment are included.
2. Funds managed by the overseas headquarters of international private equity firms (which have UK-based offices that are BVCA members) are excluded.

UK Regions

The standard Government Office Region (GORs) classification is used throughout this report to classify the location of individual company investments. The composition of GORs is listed below.

North East

Cleveland
Durham
Northumberland
Tyne and Wear

East Midlands

Derbyshire
Leicestershire
Lincolnshire
Northamptonshire
Nottinghamshire

South East

Berkshire
Buckinghamshire
East Sussex
Hampshire
Isle of Wight
Kent
Oxfordshire
Surrey
West Sussex

North West

Cumbria
Cheshire
Greater Manchester
Lancashire
Merseyside

West Midlands

Hereford and Worcester
Shropshire
Staffordshire
Warwickshire
West Midlands

London

Yorkshire and The Humber

Humberside
North Yorkshire
South Yorkshire
West Yorkshire

East of England

Cambridgeshire
Norfolk
Suffolk
Bedfordshire
Essex
Hertfordshire

South West

Avon
Cornwall
Devon
Dorset
Gloucestershire
Somerset
Wiltshire

Industry classifications

Economic Group	Sectors	Subsectors
Oil and Gas	Oil and gas, Oil and gas producers Oil equipment, services and distribution Alternative energy	Exploration and production, integrated oil and gas. Oil equipment, and services pipelines. Renewable energy equipment, alternative fuels.
Basic Materials	Chemicals Forestry and paper Industrial metals and mining Mining	Commodity and speciality chemicals. Forestry, paper. Aluminium, non-ferrous metals, iron and steel. Coal, diamonds and gemstones, general mining, gold mining, platinum and precious metals.
Industrials	Construction and materials Aerospace and defence General industrials Electronic and electrical equipment Industrial engineering Industrial transportation Support services	Building materials and fixtures, heavy construction. Aerospace, defence. Containers and packaging, diversified industrials. Electrical components and equipment, electronic equipment. Commercial vehicles and trucks, industrial machinery. Delivery services, marine transportation, railroads, transportation services, trucking. Business support services, business training and employment agencies, financial administration, industrial suppliers, waste and disposal services.
Economic Group	Sectors	Subsectors
Consumer goods	Automobiles and parts Beverages Food producers Household goods Leisure goods Personal goods Tobacco	Automobiles, auto parts, tyres. Brewers, distillers and vintners, soft drinks. Farming and fishing, food products. Durable household products, non-durable household products, furnishings, home construction. Consumer electronics, recreational products, toys. Clothing and accessories, footwear, personal products. Tobacco.
Basic materials	Chemicals Forestry and paper Industrial metals Mining	Commodity and speciality chemicals. Forestry, paper. Aluminium, non-ferrous metals, steel. Coal, diamonds and gemstones, general mining, gold mining, platinum and precious metals.
Healthcare	Healthcare equipment and services Pharmaceuticals and biotechnology	Health care providers, medical equipment, medical supplies. Biotechnology, pharmaceuticals.
Consumer Services	Food and drug retailers General retailers Media Travel and leisure	Drug retailers, food retailers and wholesalers. Apparel retailers, broadline retailers, home improvement retailers, specialised consumer services, speciality retailers. Broadcasting and entertainment, media agencies, publishing. Airlines, gambling, hotels, recreational services, restaurants and bars, travel and tourism.
Economic Group	Sectors	Subsectors
Telecommunications	Fixed-line telecommunications Mobile telecommunications	Fixed-line telecommunications. Mobile telecommunications.
Utilities	Electricity Gas, water and multi-utilities	Electricity. Gas distribution, multiutilities, water.
Financials	Banks Non-life insurance Life insurance Real estate General financial Equity investment instruments Non-equity investment instruments	Banks. Full line insurance, insurance brokers, property and casualty insurance, reinsurance. Life insurance. Real estate holding and development, real estate investment trusts. Asset managers, consumer finance, specialty finance, investment services, mortgage finance. Equity investment instruments. Non-equity investment instruments.
Technology	Software and computer services Technology hardware and equipment	Computer services, internet, software. Computer hardware, electronic office equipment, semiconductors, telecommunications equipment.

Disclaimer

The data provided has been collected from different sources. BVCA has taken steps to ensure the reliability of the information presented. However, BVCA cannot guarantee the ultimate accuracy of the data and therefore BVCA does not accept responsibility for any decision made or action taken based on the information provided.



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