

CAPITAL INVEST 2018: A STRONG FRENCH PRIVATE-EQUITY INDUSTRY EXPERIENCING GROWTH

Paris, 15 February 2018 - On the occasion of Capital Invest 2018, held last week in Paris, Bpifrance is presenting an overview of its Funds-of-funds activity with its partner funds. In 2017, the French private-equity ecosystem matured: the average size of funds, both in innovation capital and development capital, increased and cash reserves (dry powder) reaches €13.2 billion.

Since 2013, the amounts dedicated by Bpifrance to its Funds-of-funds activity have increased significantly, exceeding one billion euro for the first time in 2017, a 47% growth compared to 2016. Bpifrance supports the expansion of the industry, with a stable footprint around 17%, which means that for each euro invested by Bpifrance, five euro is invested by third parties.

Fundraising and investment activities are dynamic across all segments, particularly in the venture capital segment. Several international studies (Dealroom.co, CB Insights) demonstrate strong growth in France, in terms of amounts raised and invested by venture capital funds in start-ups as well as the number of investments.

Since the launch of the Funds-of-funds activity in 1998, nearly 8000 companies have been supported by partner funds (half of them by regional funds) for a total of €18 billion. The funds invest in companies at each stage of their development, from seed-stage to buy-out, and in every sector.

The 2017 Funds-of-funds activity overview shows us:

1. The increase in the average size of Bpifrance's partner funds:

Partner funds grew significantly in size over the last ten years:

- from €78 million in venture capital for the period 2008- 2012, to €190 million for the period 2013-2015,
- from €101 million in small caps for the period 2008-2012 to €180 million for the period 2013-2015.
- from €28 million in regional funds for the period 2008-2012 to €38 million for the period 2013-2015.

Bpifrance will continue to support the increase of the average size of funds, required for strong operational and financial support to fast growing companies.

2. Investment teams are becoming larger and more specialised:

Among Bpifrance's partner funds, nearly forty have more than €500 million under management and twenty manage more than €1 billion (both figures have doubled since 2015). Bpifrance has contributed to the launch by experienced teams of significant funds focused on innovative strategies. Bpifrance has also just created an accelerator program for partner funds in order to stimulate their growth.

3. The growth of the private-equity industry benefits all sectors and all regions in France:

Regional and national funds complement each other in terms of geographical coverage. Their investments have grown across all sectors over the last ten years. The sectoral distribution of the portfolio of underlying companies is as follows:

- 34% in information technologies,
- 29% in industry,
- 21% in the service sector,
- 16% in life sciences and cleantech.

4. The level of cash reserves in partner funds is historical:

Bpifrance's partner funds have cash reserves (dry powder) of €13.2 billion, including more than €1 billion in regional funds, to stimulate the growth of start-ups and SMEs. Out of this amount, €6.7 billion will go to venture capital and €6.5 billion to small caps.

"The French private-equity industry has grown significantly over recent years and features among the world's main ecosystems today. We will continue to stimulate the growth of partner funds dedicated to the development of their underlying companies," explains **Benjamin Paternot**, executive director in charge of the Funds-of-funds activity at Bpifrance.

Press Contacts:

Bpifrance

Anne-Sophie de Faucigny

Phone : +33 (0)1 41 79 99 10

E-mail : as.defaucigny@bpifrance.fr

Bpifrance

Annelot Huijgen

Phone : +33 (0)1 41 79 94 48

E-mail : annelot.huijgen@bpifrance.fr

About Bpifrance

Bpifrance, the French public investment bank, has the ambition to help businesses, ranging from start-ups to medium-sized companies, and occasionally large companies, to innovate, invest, grow and export. By sharing the risks with its private and public partners, Bpifrance provides a continuum of financing, from short-term credits to equity capital.

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