



---

# EMPLOYMENT CONTRIBUTION OF PRIVATE EQUITY AND VENTURE CAPITAL IN BELGIUM

Presentation to the Presidents Meeting

Brussels, March 8, 2006

# Agenda

---



- Introduction
  - Employment contribution from Venture Capital investments
  - Employment contribution from small and mid-sized buy out investments
  - Conclusions
-

# BVA Impact Study

---



- The BVA has conducted an internal study on the employment evolution in its members' portfolio companies from the date of the first investment onwards.
- The study included companies that received a first investment during the years 1996 – 2004.

# Method BVA Study

---



- Based on the total number of investments performed by participating members during the period 1996 – 2004.
- Employment data gathered from public data (published annual accounts), and excludes employment creation via independent workers, management companies or temporary workers.
- Only Belgian companies and employment creation in Belgium was taken into account.
- As such, this study gives only a partial view of the total employment creation in private equity-backed companies

# Study Focus

Focus of  
this study

		<b>BVA Members</b>	<b>Other Belgian PE investors</b>	<b>Foreign PE investors</b>
<b>Belgian companies</b>	Employment in Belgium			
	Employment abroad			
<b>Foreign companies</b>	Employment in Belgium			
	Employment abroad			

# Agenda

---



- Introduction
  - **Employment contribution from Venture Capital investments**
  - Employment contribution from small and midsized buy out investments
  - Conclusions
-

# Venture Capital Investments - Method

---



- 119 investments were included in our sample, representing about 1/3 of all investments by the BVA members in the period 1996 – 2004
- Representative sample, including e.g. companies that went bankrupt afterwards
- We looked at:
  - Employment growth in the first 4 years after investment
  - Employment growth up to the end of 2004
  - Total employment in portfolio companies from BVA members at the end of 2004 (via extrapolation)

# Calculating 4 Year Growth

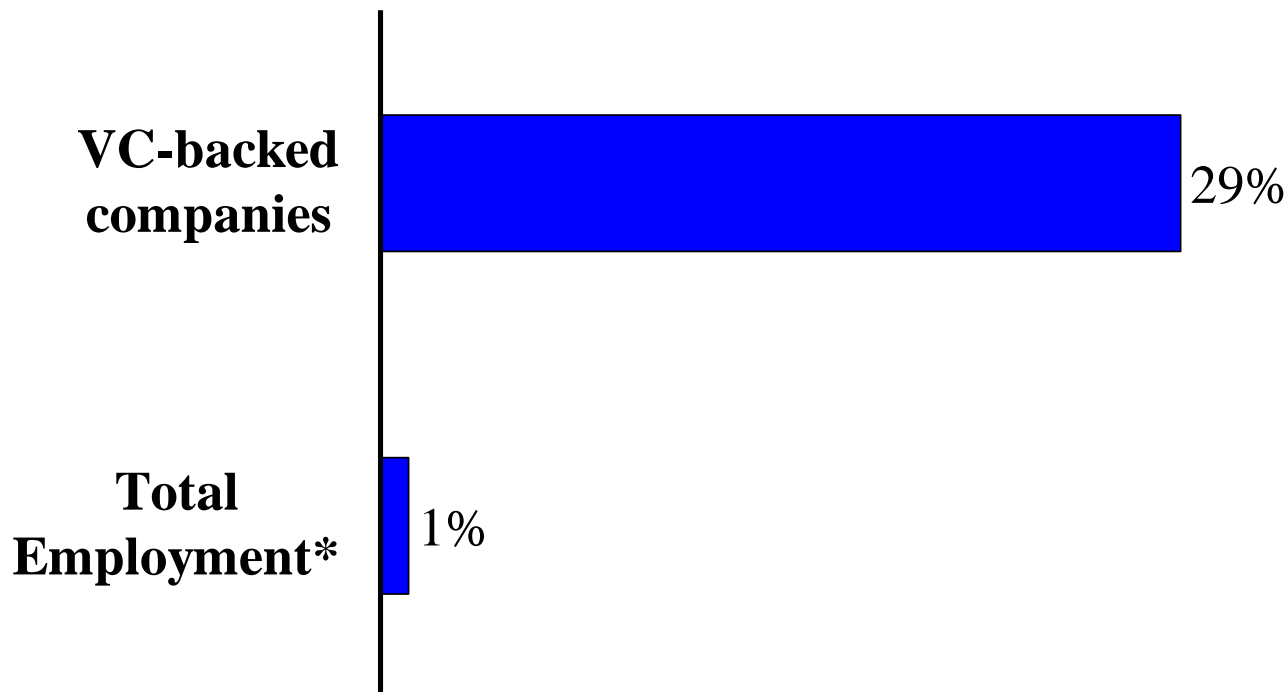
---



- Only companies receiving a first investment in the years 1996-2000 (62 companies)
- Looked at total employment at the end of 4th year after initial investment
- Compared this figure to the total employment number just prior to the initial investment.

# VC – 4 Year Growth

**Compounded annual growth rate of Employment  
in 4 years after first VC investment**

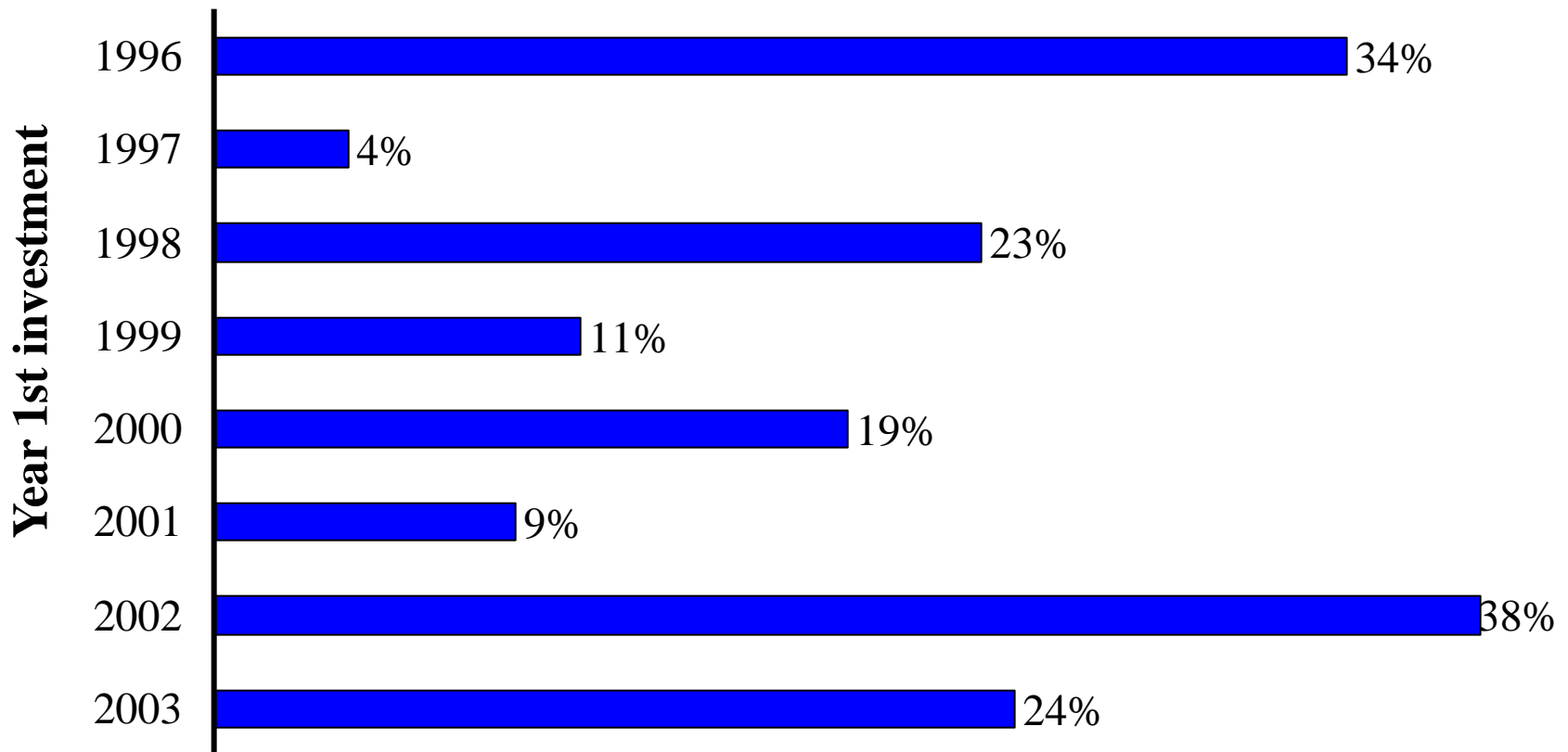


(\*) Average for equivalent periods in total Belgian labor market of private enterprises

# VC – Growth until 2004



## Compounded annual growth rate of Employment From year of first investment until December 31, 2004

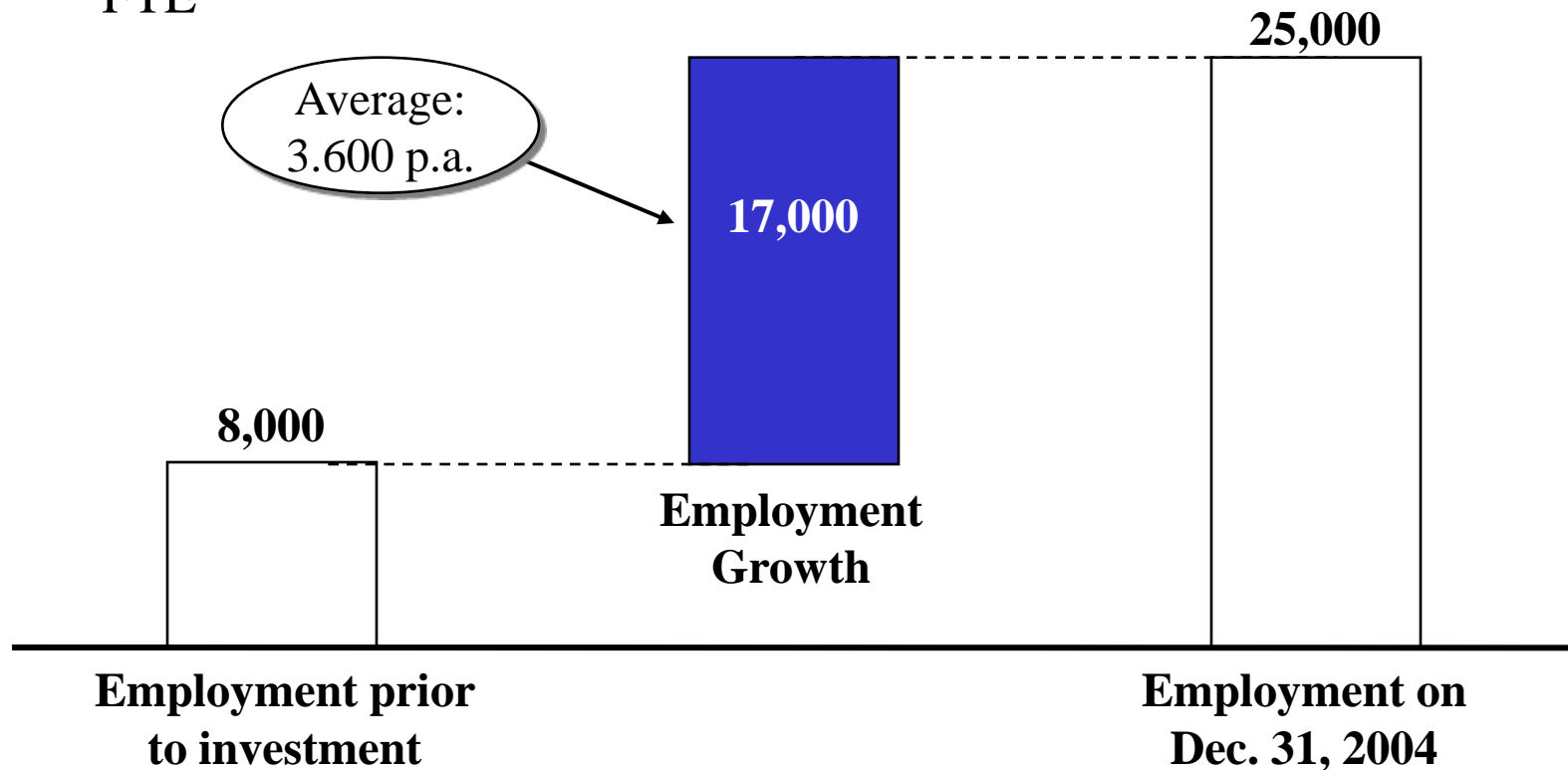


# Total Employment in VC-Backed Companies

**ESTIMATE**

**Employment Evolution in Venture Capital backed companies  
until December 31, 2004**

FTE



# Agenda

---



- Introduction
  - Employment contribution from Venture Capital investments
  - **Employment contribution from small and mid-sized buy out investments**
  - Conclusions
-

# Buy out Investments - Method

---



- The Belgian market is predominantly a Venture Capital market (70% of investment). BVA members have been less active in buy outs
- BVA members are active in the segment of **small and midsize buy outs**. The large buy outs (e.g. Ontex, Balta, Massive, Aliplast) are therefore not included in the study.
- In total **15 companies** were included in the study.
- We looked at:
  - Employment growth in first 3 years after the buyout
  - The total employment in the buyout companies

# Calculating 3 Year Growth

---



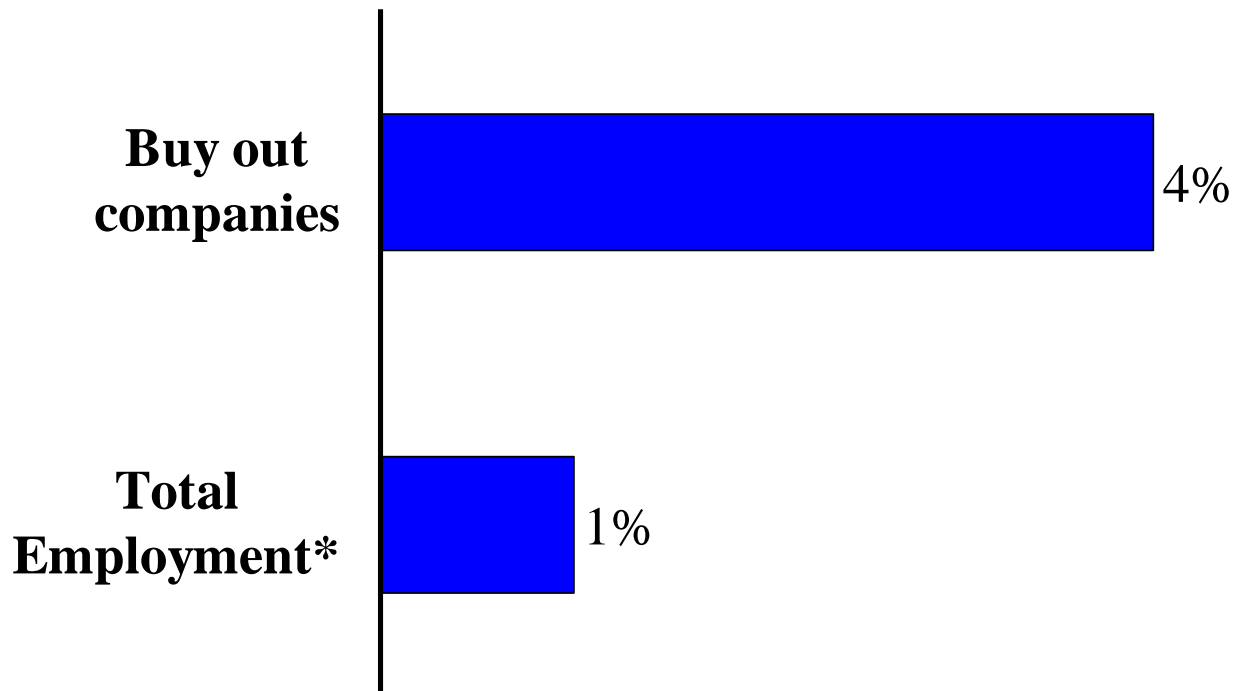
- Only companies receiving a first investment in the years 1997-2001 (9 companies)
- Looked at total employment at the end of 3rd year\* after initial investment
- Compared this figure to the total employment number just prior to the buyout.

(\* ) We limited the period to 3 years in order to have more companies included in the analysis

---

# Buy outs— 3 Year Growth

**Compounded annual growth rate of Employment  
in 3 years after buyout**



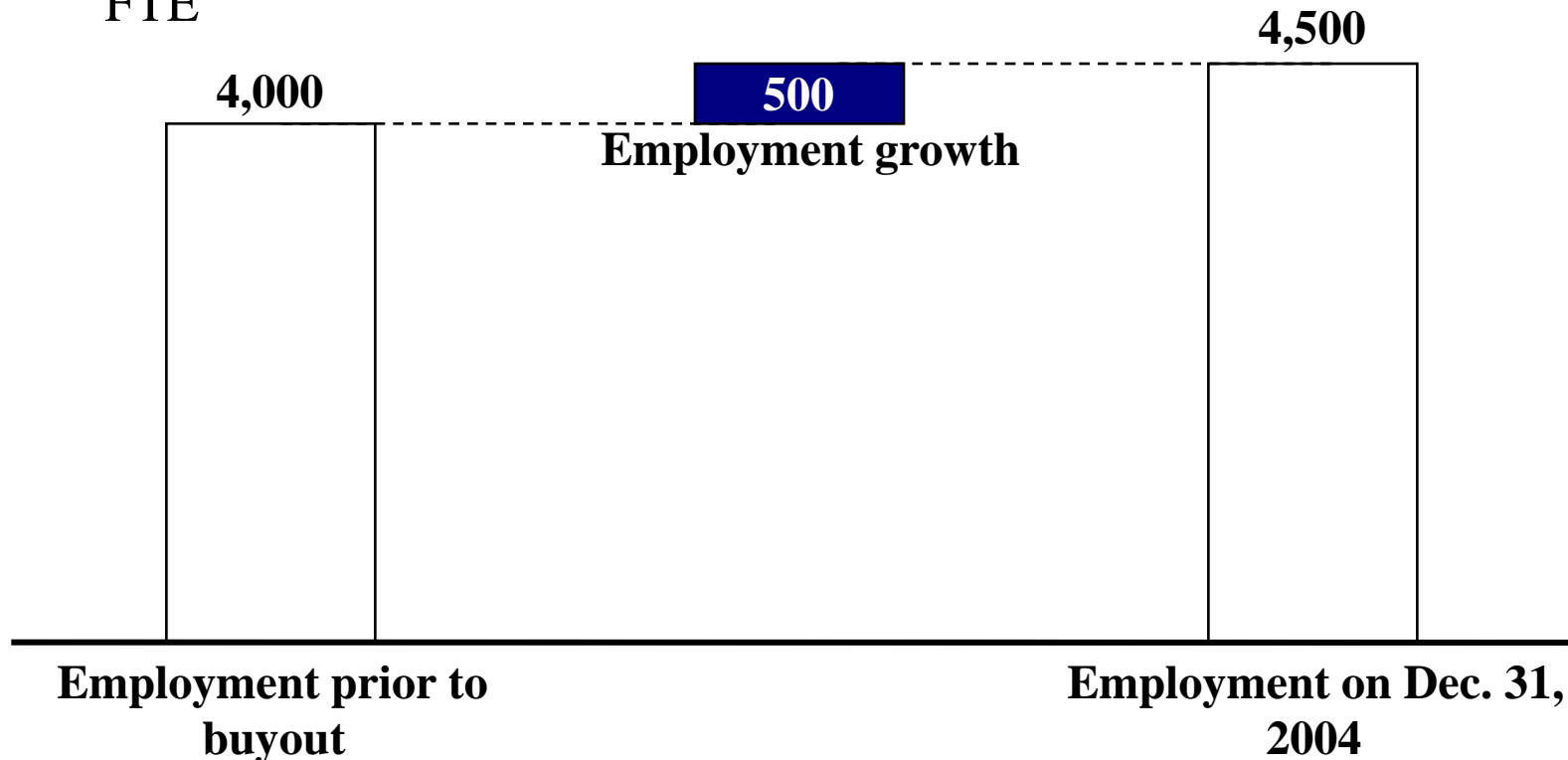
(\*) Average for equivalent periods in total Belgian labor market of private enterprises

# Total Employment in VC-Backed companies

**ESTIMATE**

**Employment Evolution in Buyout companies until  
December 31, 2004**

FTE



# Agenda

---



- Introduction
  - Employment contribution from Venture Capital investments
  - Employment contribution from small and mid-sized buy out investments
  - **Conclusions**
-

# Conclusions

---



- The BVA members' Venture Capital investments contribute in a very important way to the economic and social development of the Belgian economy.
    - Companies having received Venture Capital from BVA Members saw employment grow on average by almost **30% p.a.** during the first 4 years after the first investment
    - These companies have **created 17.000 jobs** in Belgium alone.
  - Contrary to certain public statements, small and mid-sized Buyout companies being supported by BVA members continue to grow
    - They continue to **outperform** the market in terms of employment growth
    - Our members' buyout companies employed on Dec. 31, 2004 **4.500 people** in Belgium, **500 more than prior to the buyout.**
  - The BVA members' portfolio companies directly employ in total about **30.000 people** in Belgium.
-

# What's Next

---

- Full report written (7 pages)
- To be sent to:
  - Members
  - Ministers and representatives of Cabinets
  - Unions
  - Federations
  - Universities
  - EVCA/NVCAs
- Will be made available on website