

Who are we?

Invest Europe is the world's largest association of private capital providers, with almost 600 members. We represent:

- Private equity investment firms;
- Venture capital investment firms;
- Infrastructure investment firms;
- And their investors, pension funds and insurers amongst others.



What is PE/VC?

Private Equity and Venture Capital are alternative sources of financing for SMEs, start-ups and scale-ups.

Private equity: is an alternative form of private financing, away from public markets, in which funds and investors directly invest in companies or engage in buyouts of such companies.

Venture capital: is when private equity is invested into young, entrepreneurial, high-potential companies that are typically driven by technological innovation.

€407bn

invested by private equity in European companies from 2016–2020

8,163

European companies backed by private equity in 2020

85%

of which are SMEs

What is PE/VC?

Employment 2019

10.2 million

European employees worked in private equity backed companies

4.3%

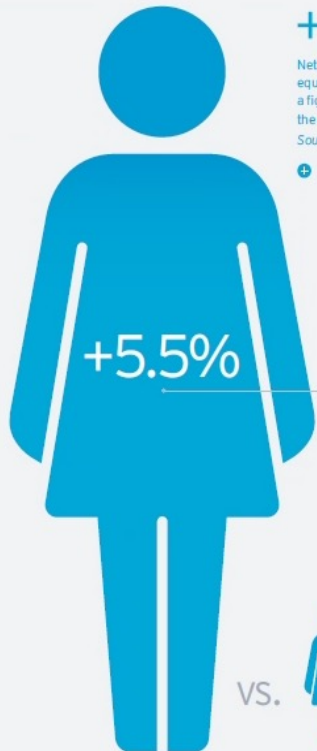
of Europe's total 236 million workforce
Source: Eurostat

Job creation 2018-19

+254,157

Net jobs were created by private equity backed companies in 2019, a figure roughly comparable to the working population of Tallinn
Source: Eurostat

See page 14 for full analysis



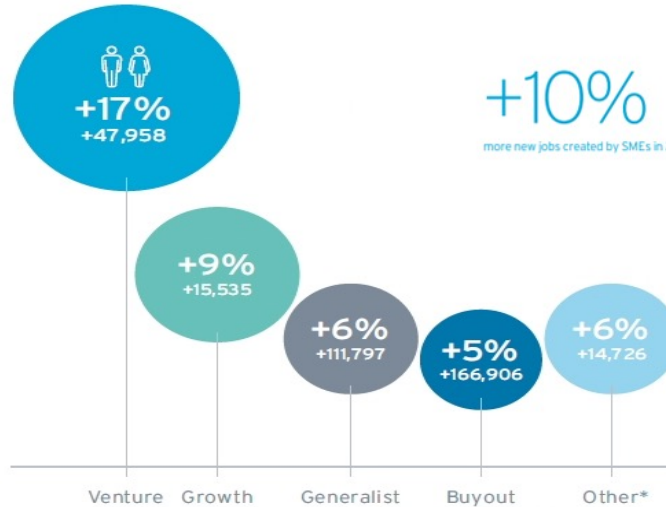
Job creation of +5.5% in private equity backed companies in 2019

+0.9%

This compares to the overall European market's job growth of +0.9%

Job creation 2018-19

By type of firm



+10%

more new jobs created by SMEs in 2019

* Other includes Mezzanine & Rescue/Turnaround

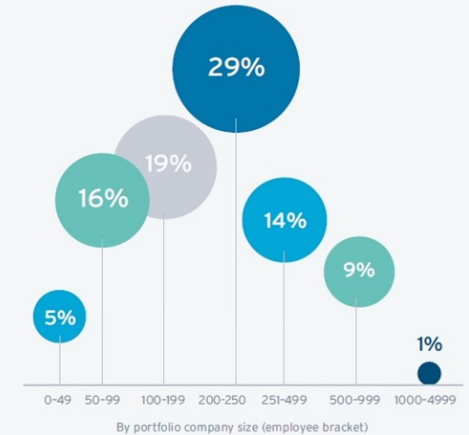
'Graduation' to higher size category

We estimate that overall, 9% of portfolio companies 'graduated' to a higher category of number of employees, between 2018 and 2019.

A large proportion of SMEs in our sample saw year-on-year growth and job creation, fuelled by investment and management support from their private equity backers.

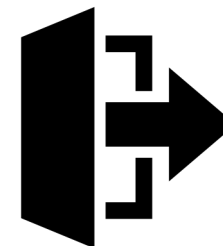
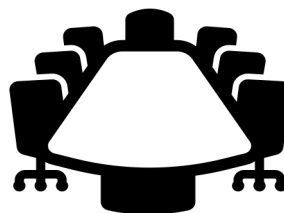
The highest proportion was seen in the 200-250 employee category, with 29% of these companies moving up to a higher size category in 2019.

By portfolio companies that moved to higher employment size category



Why PE/VC?

- They invest **long-term**, usually, private equity funds are **10-year** limited partnerships.
- Moreover, private equity and venture capital are **not for everyone**.
- However, these alternative sources of financing have some **unique characteristics**.




ABOUT PRIVATE EQUITY

Find an investor

Why do we care about IPR?

- Intellectual Property & Innovation
 - Intellectual Property & higher returns
 - Intellectual Property & value creation
-
- In some cases, IPR is a binary decisive factor that can make or break the investment.
 - IPR is also a factor taken into account in valuation.
 - IPR can help in the sustainable and digital transitions.



 We care about IPR and investors do too given the numerous benefits linked to IPR.

The impact and value of intellectual property

Sabina Rusconi
Customer Department, EUIPO

30 November 2021

Value of IP: industry level view

IPR-intensive industries and economic performance in the European Union



IPR-intensive industries and economic performance in the European Union

Industry-Level Analysis Report, September 2019
Third edition

A joint project between the European Patent Office
and the European Union Intellectual Property Office

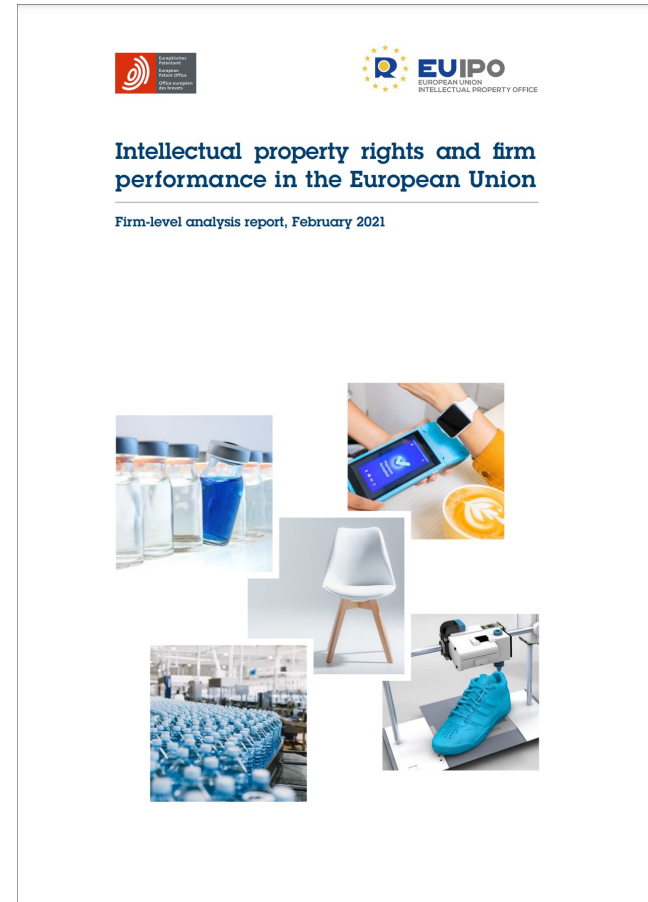


Contribution of IPR-intensive industries to

- Employment: **29%** of all EU jobs directly generated by IPR-intensive industries: **63 million jobs**. An **additional 10%** generated indirectly, by industries that supply goods and services to the IPR-intensive industries: **84 million jobs**
- GDP: **45% of GDP** in the EU was generated by IPR-intensive industries (which totals **over € 6.6 trillion** annually);
- Remuneration: IPR-intensive industries **pay significantly more** than other industries, with a wage premium of **47%**;
- Trade: **80%** of EU imports and exports consist of products from IPR-intensive industries. The EU had an overall trade **surplus of goods and services of €166 billion**.

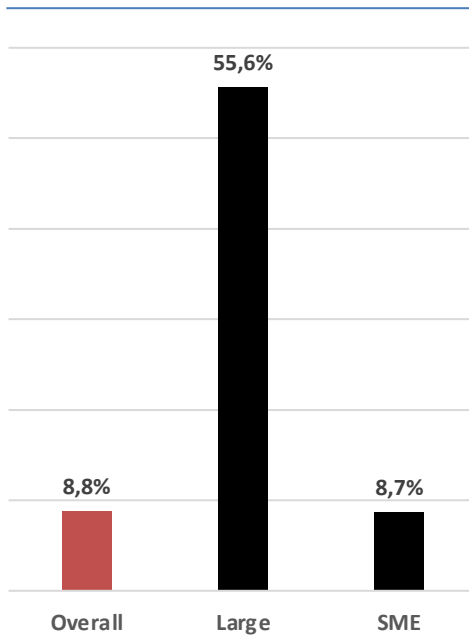
Value of IP: firm level view

Intellectual property rights and firm performance in the European Union



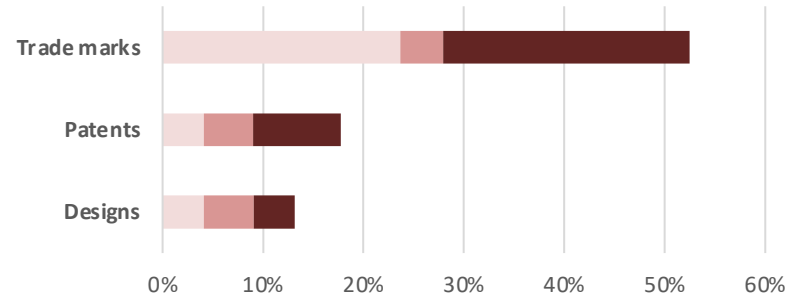
IPR ownership patterns in small and large firms

Share of IPR owners

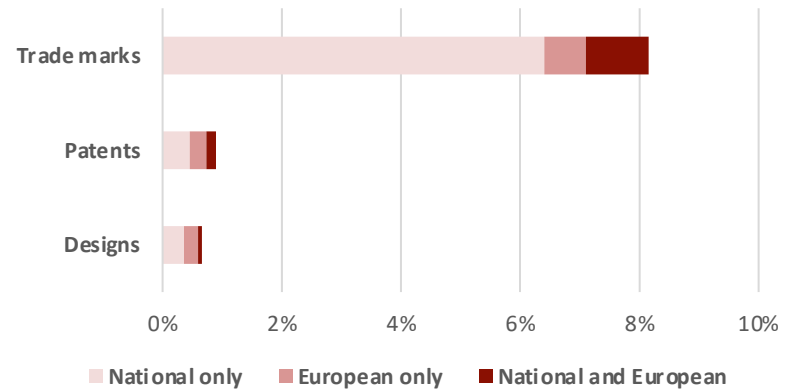


N = 106 958

Large firms



SMEs



Summary

- About **10% of firms in the EU own IPRs (8.7% of SMEs)**
 - EU firms use **trade marks** much more frequently than patents or designs
 - **Large companies** own (European) IP rights much more frequently
 - The share of IPR-owners varies between **sectors** and countries
- Evidence points to a **stronger performance of IPR-owners**
 - **+20.2% higher revenue on average** for EU firms
 - The premium is even higher (+55%) when controlling for firms characteristics, **especially for SMEs (+68%)**
 - IPR premium increases when different types of IP rights are bundled

Value of IP: firm growth

High-growth firms and intellectual property rights



High Growth Firms (HGF)

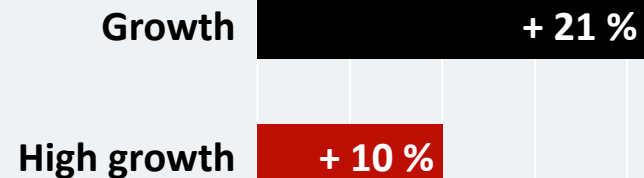
- SMEs with a **3 year-average growth rate** of at **least 20 %***
 - 179 060 HGF in the EU-28 in 2016
(EC, 2018)
- **International** growth typically driven by innovation and **intellectual assets**
- Focus on 64 998 European SMEs in **manufacturing industries**
- Observe the filings of **registered IPRs** (patents, trade marks, design rights) during a 3-year period
- Assess **likelihood of high growth** during subsequent years

* Definition used in this study; official EC definition is 10%.

SMEs with prior IPR activities are more likely to grow than other SMEs

Increase in odds of growth with
prior IPR use

= Innovation



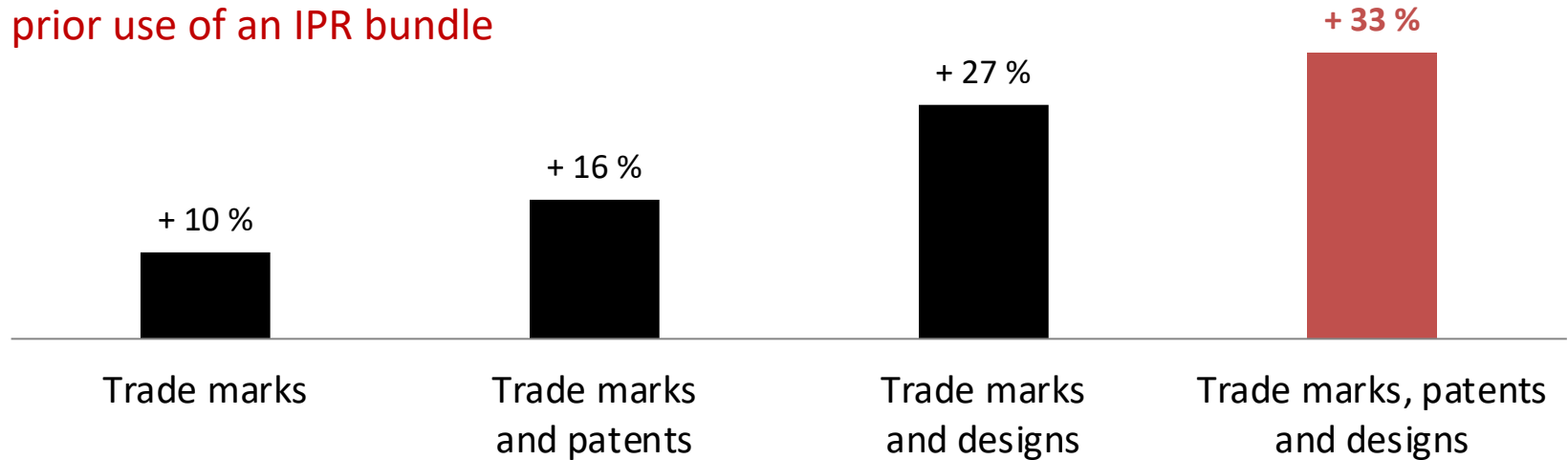
Increase in odds of growth with
prior use of a European IPR

= Innovation + international



SMEs that use bundles of trade marks, patents and designs are even more likely to achieve high growth

Increase in odds of high growth with
prior use of an IPR bundle



Bundles of different IPRs denote a variety of intellectual assets and the SME's ability to build a holistic IP strategy.

**More information on the studies can be found on the
Observatory website:**

<https://euiipo.europa.eu/ohimportal/en/web/observatory/home>



www.euipo.europa.eu



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Thank you