Public Equity Capital

Start-ups and technology companies are often financed by a high degree of equity capital. However, equity capital also represents an efficient method of business activity financing for companies from the classical industry sectors. In Germany, equity capital from public sources is available from a number of different investor channels.

Choosing Appropriate Public Equity Capital Providers

Depending on a company’s growth phase status as well as its industry sector, different amounts of equity capital will be needed.

Start-ups are normally looking for seed financing for market entry. In this case, the selection of a venture capital provider is a suitable solution.

Growing enterprises with a sound track record usually need higher amounts of capital in order to further expand. MBGs are in place to offer higher volumes of capital for expansion financing. So called “pitch events” are one way of getting in touch with venture capital companies.

Enterprises in a later stage of development are often contacted directly by providers of equity capital looking for investment opportunities. They may also contact equity capital providers directly.

GTAI’s financing experts support investors in identifying appropriate equity partners according to their company’s development stage.

High-Tech Gründerfonds and Coparion

The High-Tech Gründerfonds (HTGF) is the largest and most active seed stage fund in Germany focusing on technology driven start-ups. The initial investment totals EUR 1 million. The maximum possible HTGF investment level available amounts to EUR 3 million per enterprise.

HTGF support goes beyond providing money for realizing new business ideas. It also offers a high level of technology expertise, a broad network of scouts and capital providers to secure further growth of the new company after the seed phase. Besides the KfW and the Federal Ministry for Economic Affairs and Energy, more than 15 renowned German corporations have provided capital to the fund.

Coparion offers young and innovative companies in the start-up and early growth phases direct access to funds of up to EUR 10 million in several rounds. Coparion adheres to a principle of investing in companies who have their headquarters in Germany, and together with other investors subject to the same conditions and amounts.

With assets of EUR 225 million under management in 2017, Coparion has the required flexibility to invest in promising businesses.

Public VC in the Federal States

Venture capital companies (VC) in the federal states offer equity financing to young and innovative enterprises to support early stage development. These VCs act as subsidiaries of the development banks of the federal states and support companies actively by providing risk capital as well as management and industry knowledge for their further development.
The investment focus is on innovation and is mainly in industry sectors including ICT, life sciences, and new materials. Subject to the regulations of the individual venture capital company, financing volumes of up to EUR 5 million are achievable.

Public-Private Equity in the Federal States

For established companies seeking to finance further growth, but for start-ups as well, Mittelständische Beteiligungs­gesellschaften (MBGs - "Public-Private Equity Companies for Small and Medium-Sized Enterprises") are available as financing partners in the federal states. As independent institutes, they are supported by the federal states.

MBGs operate primarily through silent participation through the provision of subordinated capital. They have no investment focus on special industry sectors.

An equity searching company can expect a financing volume of up to EUR 3 million. It is characteristic that the individual MBGs are only active in their respective federal state. They do not operate to maximize profits. A further advantage of financing by equity capital from the federal state MBGs for companies is that they have easier access to the financing network of the respective development bank. That is why they are an important instrument for the economic development policy of the federal states.