INVEST EUROPE

Private Equity in CEE

Creating Value and Continued Growth

February 2021

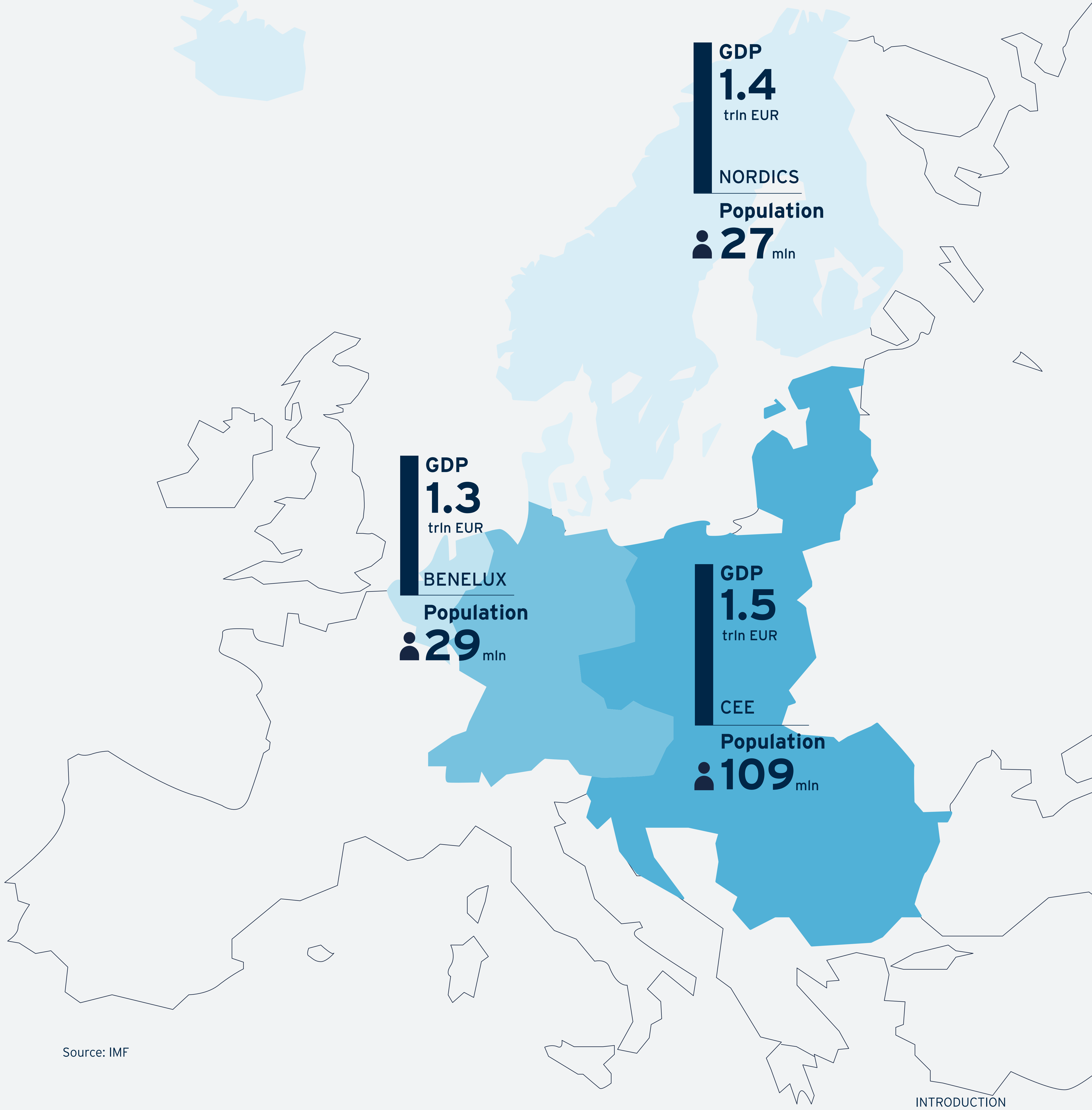
In partnership with BNP PARIBAS Deloitte. WOLF THEISS

Menu

Introduction

Central and Eastern Europe (CEE) now boasts over 30 years of growth and development since its 'restart' in the early 1990s, and private equity has been a part of the story since the beginning. As CEE and Europe as a whole have continued to develop, investment themes and strategies have evolved, and the region has responded with new and exciting opportunities. Invest Europe published its first CEE Success Stories in 2004, highlighting the region's strategies and opportunities at the time. This publication features 22 of the region's successful private equity and venture capital investments fully exited between 2015 and 2019, to show the investment and value creation strategies that private equity is employing today in CEE. While by no means an exhaustive list of the region's successes, these case studies provide insight into how private equity managers are leveraging the fundamental attractiveness of the CEE region into high returns for investors and value creation for citizens.

Sizable population and economy



Source: IMF

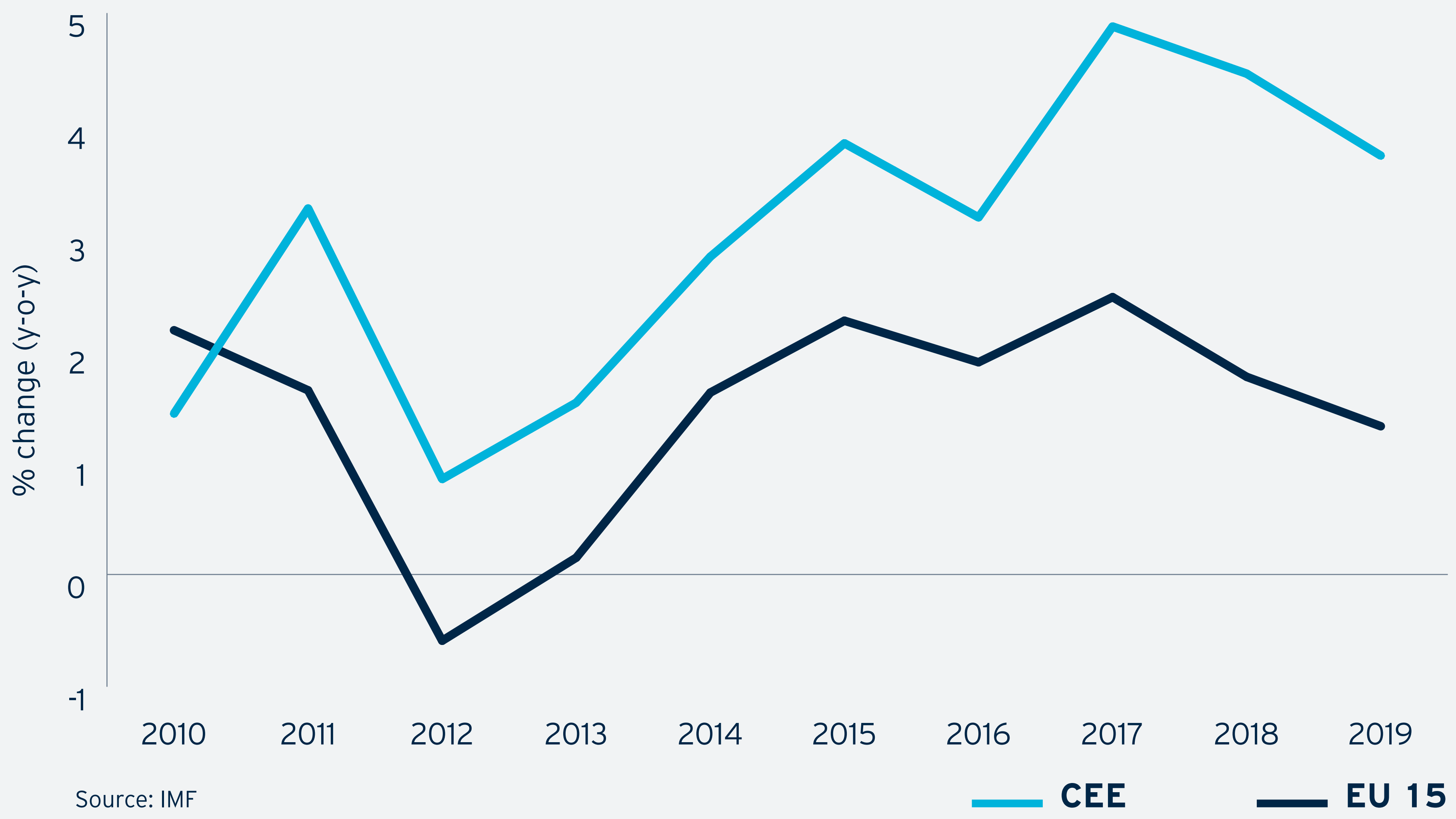
A region of dynamic growth and development

CEE has changed dramatically since the first private equity investors targeted the region at the beginning of the 1990s. Today, with a fourfold increase in GDP from 1995 to 2019, the region plays a significant role within the overall European political and economic landscape. Indeed, Central and Eastern Europe includes 11 of the 27 European Union member states, and the region's trade and industrial capabilities have made it an integral part of Europe's production and service economy. The following graphs showing comparisons of the region to the 15 countries which had joined the EU before 1 May 2004 (the EU 15) highlight the progress already made by the region and its continuing potential for further growth.

Sustained, above average growth

 # 1 fastest-growing region of Europe

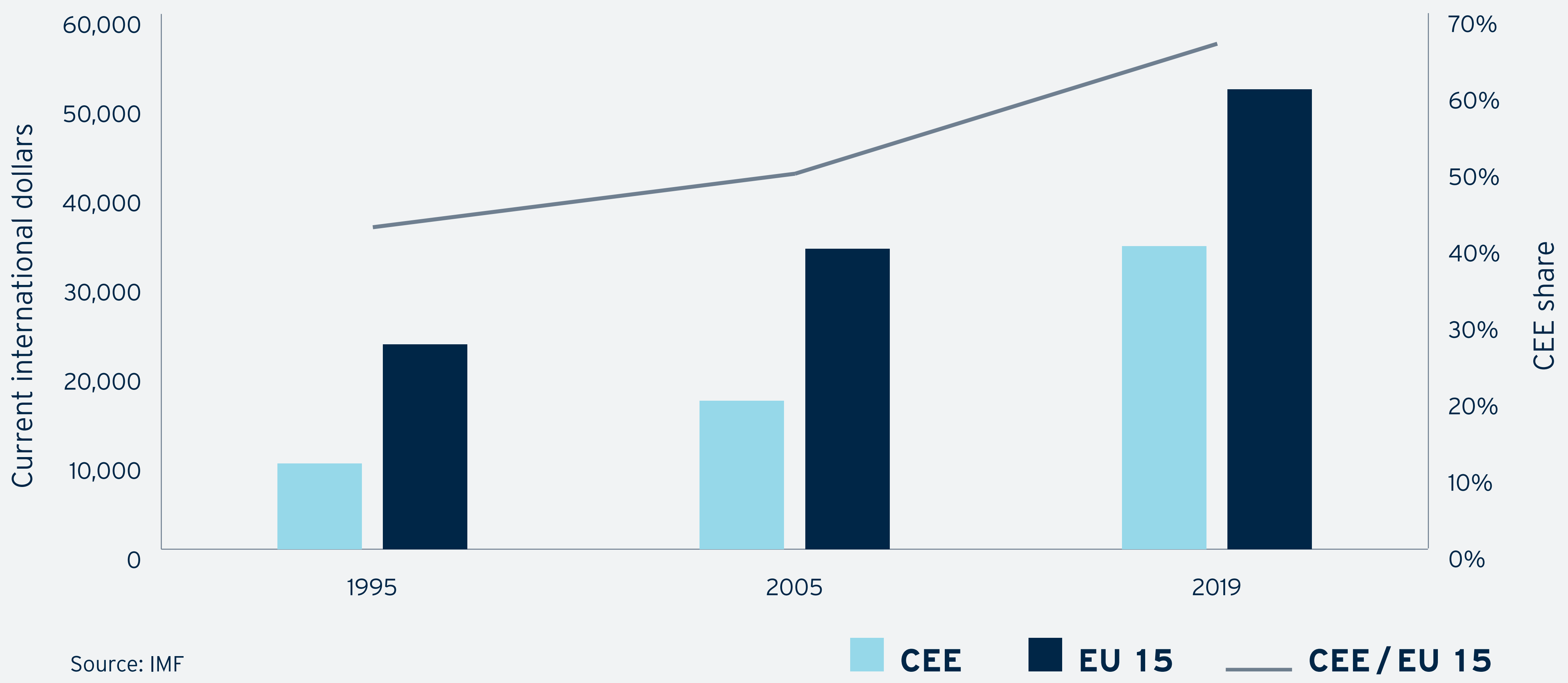
Fig. 1: Real GDP growth



Source: IMF

3.5x increase in GDP per capita closes gap with the EU 15

Fig. 2: GDP per capita at PPP



Source: IMF

Private equity plays an important role

The private equity industry has contributed to the region's growth. Between 2003 and 2019 the industry invested nearly EUR 29 billion of capital in 4,300 CEE companies. These PE-backed enterprises have played an important role in bringing skills, knowledge and know-how, especially to mid-market and growth businesses, throughout CEE.

Almost **EUR 19 billion** invested 2010–2019

Almost **3,200** CEE companies benefiting from PE/VC ownership between 2010 and 2019

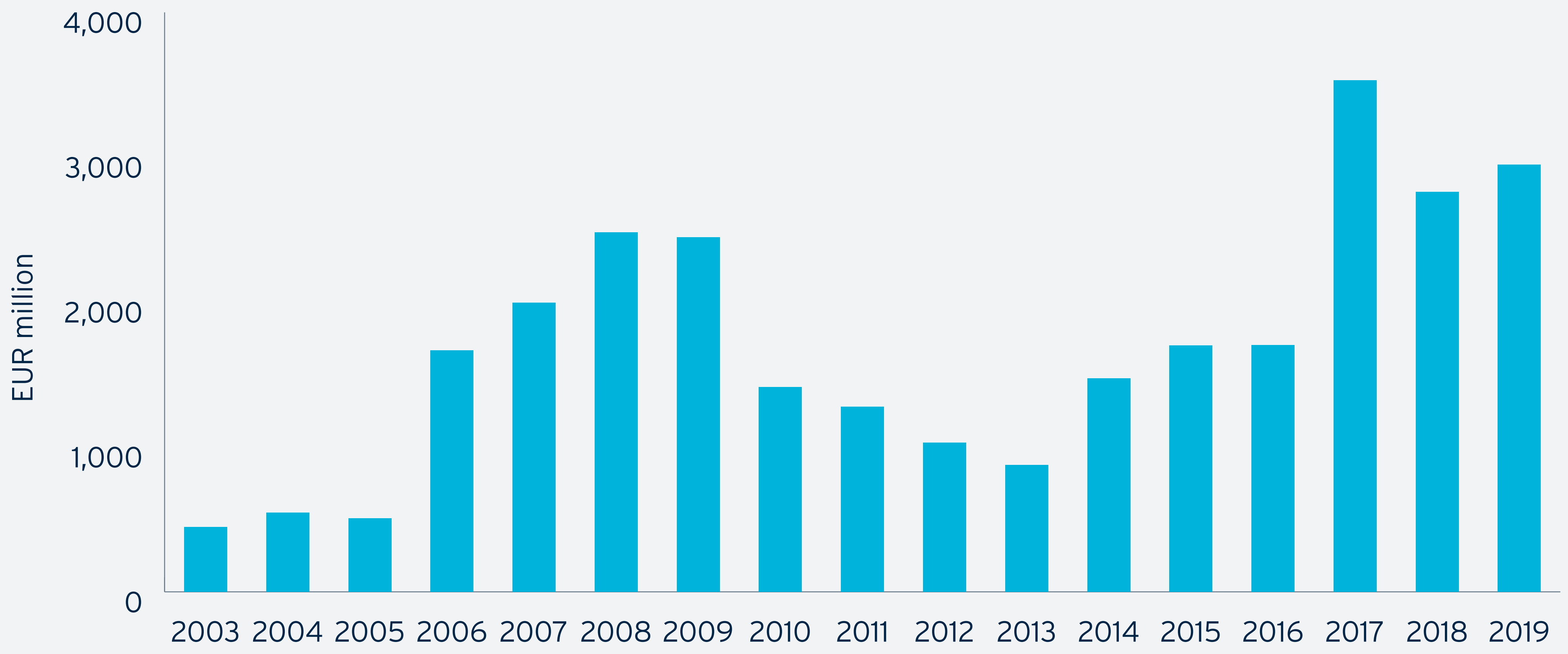
Almost **1,300** CEE companies in PE/VC portfolios at end of 2019

Many of the region's general partners have also grown with the region, and CEE now boasts numerous managers raising their fourth, fifth or greater successive fund.

Over **EUR 11 billion** raised between 2010 and 2019

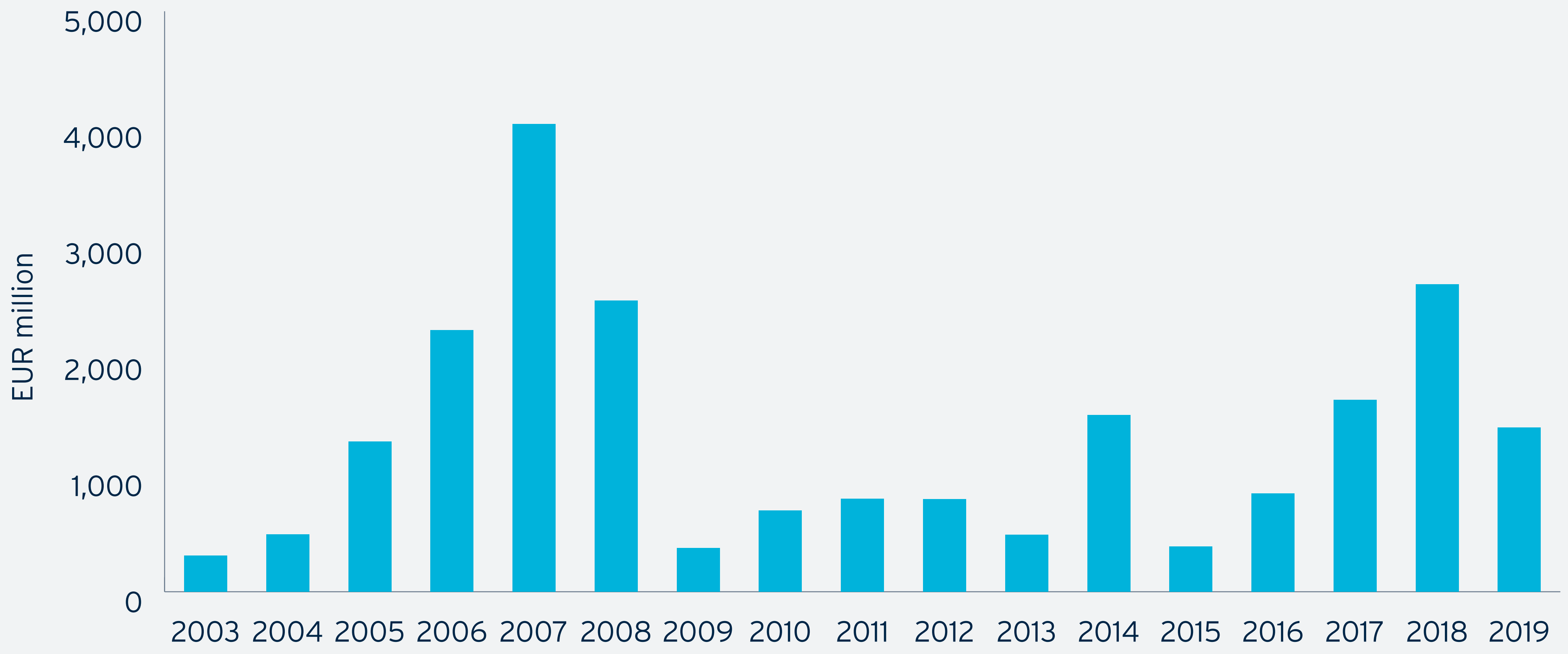
Nearly **150** GP members of the local PE/VC associations

Fig. 3: Annual investment value in the CEE region



Source: Invest Europe / EDC for 2007-2019 data.
Invest Europe / Thomson Reuters / PricewaterhouseCoopers for previous years' data.

Fig. 4: Fundraising for CEE private equity



Source: Invest Europe / EDC for 2007-2019 data.
Invest Europe / Thomson Reuters / PricewaterhouseCoopers for previous years' data.

ESG and impact

Central and Eastern European GPs are creating more than returns. Invest Europe's recent study on private equity's economic impact found that CEE led all other regions in terms of the percentage of jobs created! CEE's private equity-backed companies grew their employment to over 316,000 workers in 2018, which represents a growth rate of 10.7% year to year, compared to the 0.7% growth of the overall employment market in the same period. In fact, CEE has a long history of building ESG into its investment processes. For example, CEE managers had to deal with extensive environmental challenges and constraints in the 1990s, and since then have consistently integrated these issues into their post-investment activities as key sources of value creation. Each of the case studies presented here displays how CEE managers have created significant employment opportunities and addressed other ESG issues in the nurturing of their portfolios.

316,459 employees in CEE private equity-backed companies in 2018

12,796 new private equity-backed jobs in 2018 vs. 2017

CEE investment themes

While the COVID-19 pandemic continues to impact business around the globe and potentially accelerate trends such as digitalization that will open up new opportunities for private equity, the investments presented in this publication were also selected to highlight some of the investment themes that are expected to continue to dominate in the region for years to come.

Catch-up

Often called convergence, the continued momentum towards EU levels of wealth and development provides a key driver for underlying business growth, often exceeding that found in more mature markets across the EU. By spotting and investing in segments where this catch-up is strongest, private equity can capture exceptional growth and often benefits from a re-rating of multiples between entry and exit as convergence increases the portfolio company's scale and attractiveness.

Case study examples: **Dino**, **Rankomat**, **PBKM** (**Famicord Group**), **Profi Rom Food**

Consolidation

Increasing pressure from global competition and greater market complexity is prompting many CEE businesses to reconsider the advantages of independence, creating opportunities for portfolio companies to be successful consolidators. Private equity's ability to provide capital, acquisition skills and, importantly, integration expertise can unlock these opportunities and lead to the creation of clear market champions, improving growth and margin dynamics while enhancing exit values.

Case study examples: **Dotcard**, **Wirtualna Polska**, **Urgent Cargus**, **KVK Holding**

Catalyst

Many CEE enterprises are great businesses but are not yet great companies. They often lack the structure, processes and resources to rapidly capture emerging opportunities. In many investments, private equity is the catalyst for these companies to capture new markets, better serve existing clients and strengthen management teams. CEE general partners are experienced in unlocking the potential of these businesses to capture the underlying value and accelerate their portfolio companies' growth and development.

Case study examples: **Knjaz Miloš**, **Bambi**, **Magnetic MRO**, **MSV Group**, **Deutek**, **Fitek**

Ownership transition

Whether it is the need for new ownership as the founder ages in a region without a family succession culture, or a corporate orphan created from shifts in global strategies, CEE private equity has proven expertise in managing ownership transitions. For the many founders who have built successful businesses, teaming up with one of the region's experienced GPs is often the preferred way to crystalize their first fortunes and ensure their 'baby's' future prosperity. For private equity, successfully managing the transition process raises the company's chances of a higher multiple and a wider range of potential buyers at exit.

Case study examples: **Anwis**, **AZ Klima**, **Home.pl**, **Novago**, **Swell**, **Velvet Care**

Advantage

CEE managers can also drive returns in their portfolio companies by capturing an inherent advantage offered by the region. CEE often offers cost advantages across labour, services, real estate or taxes, which remain at attractive levels versus international benchmarks and make the region a desirable location, particularly for near-shoring in Europe. CEE also has a rich history of technical education and, increasingly, innovation, which has proved capable of creating global market-leading products and services. While unicorns exist in CEE portfolios, many businesses have the advantages needed to become prize-winning local, European or international racehorses, with the support of the region's private equity investors.

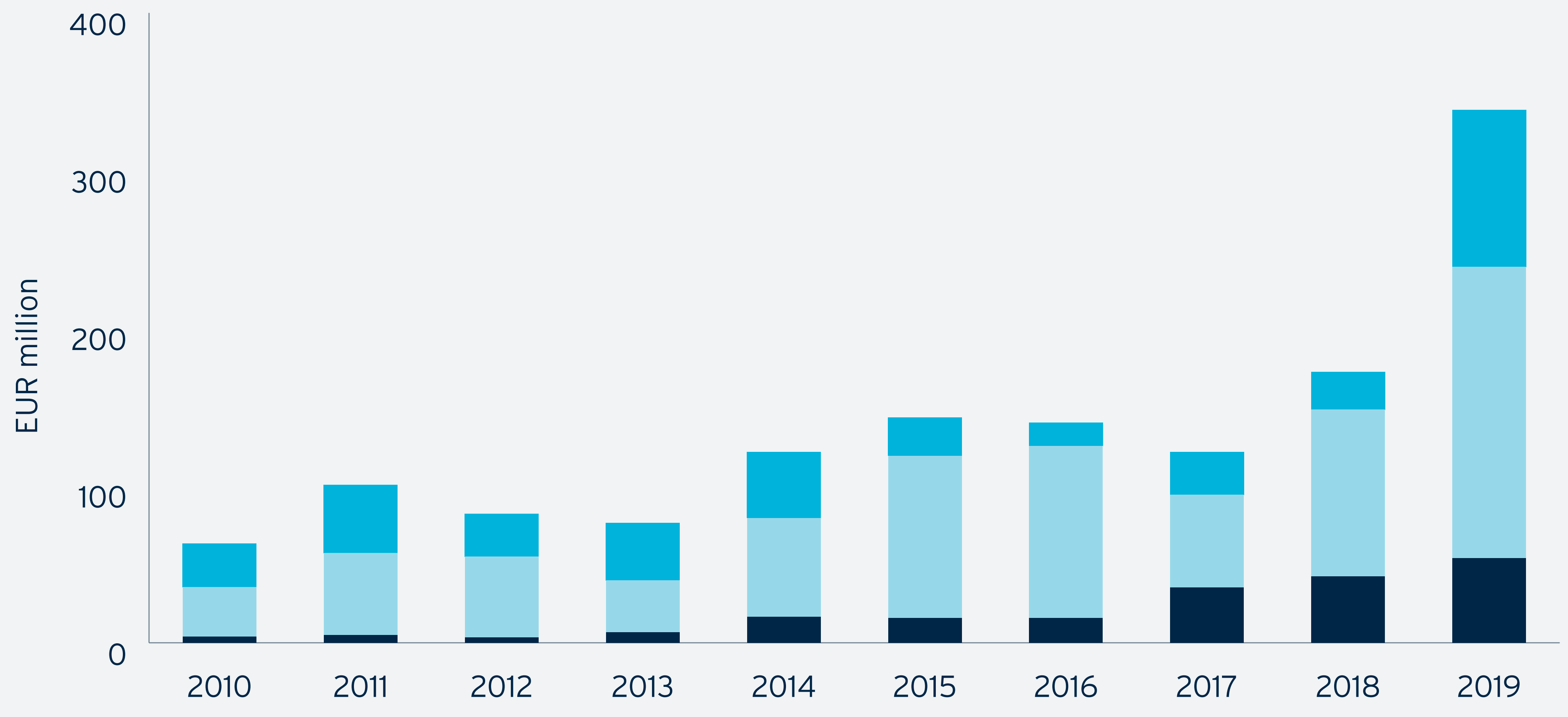
Case study examples: **Bitdefender**, **Eutecus**

Venture and innovation

CEE is also increasingly home to venture, technological investment and innovation. The region's traditionally strong technical education and skills, available human resources in areas such as programming and development, dynamic local environments with limited legacy infrastructure and government support programmes that recognize the importance of developing innovative businesses have changed the investment landscape. Experienced general partners are now supporting these businesses and raising even more capital targeted to venture investment. The growth trend is expected to continue going forward due to the record level of VC fundraising over the last three years.

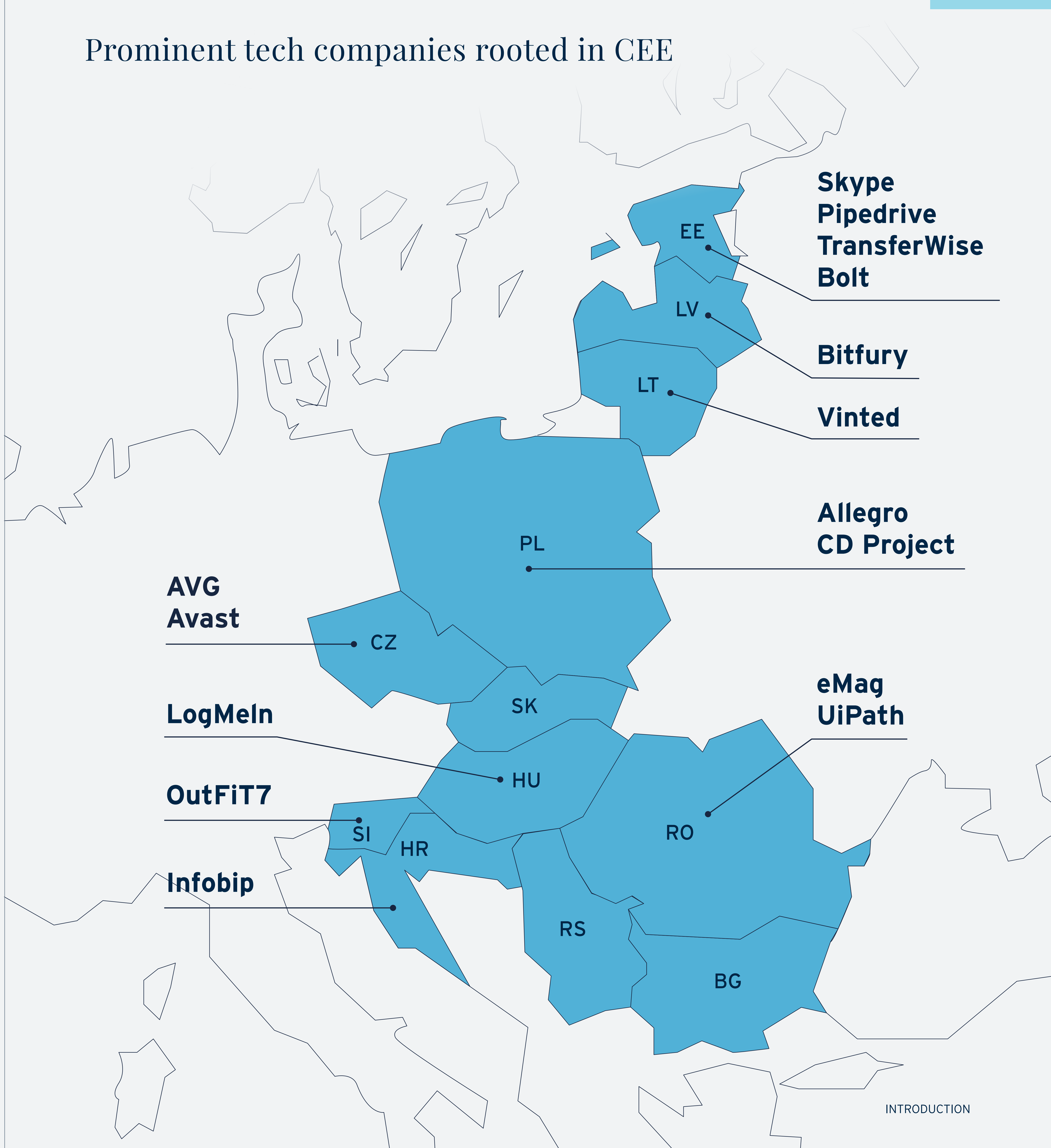
A record of EUR 338 million invested in CEE VC in 2019

Fig. 5: CEE venture capital investments by stage



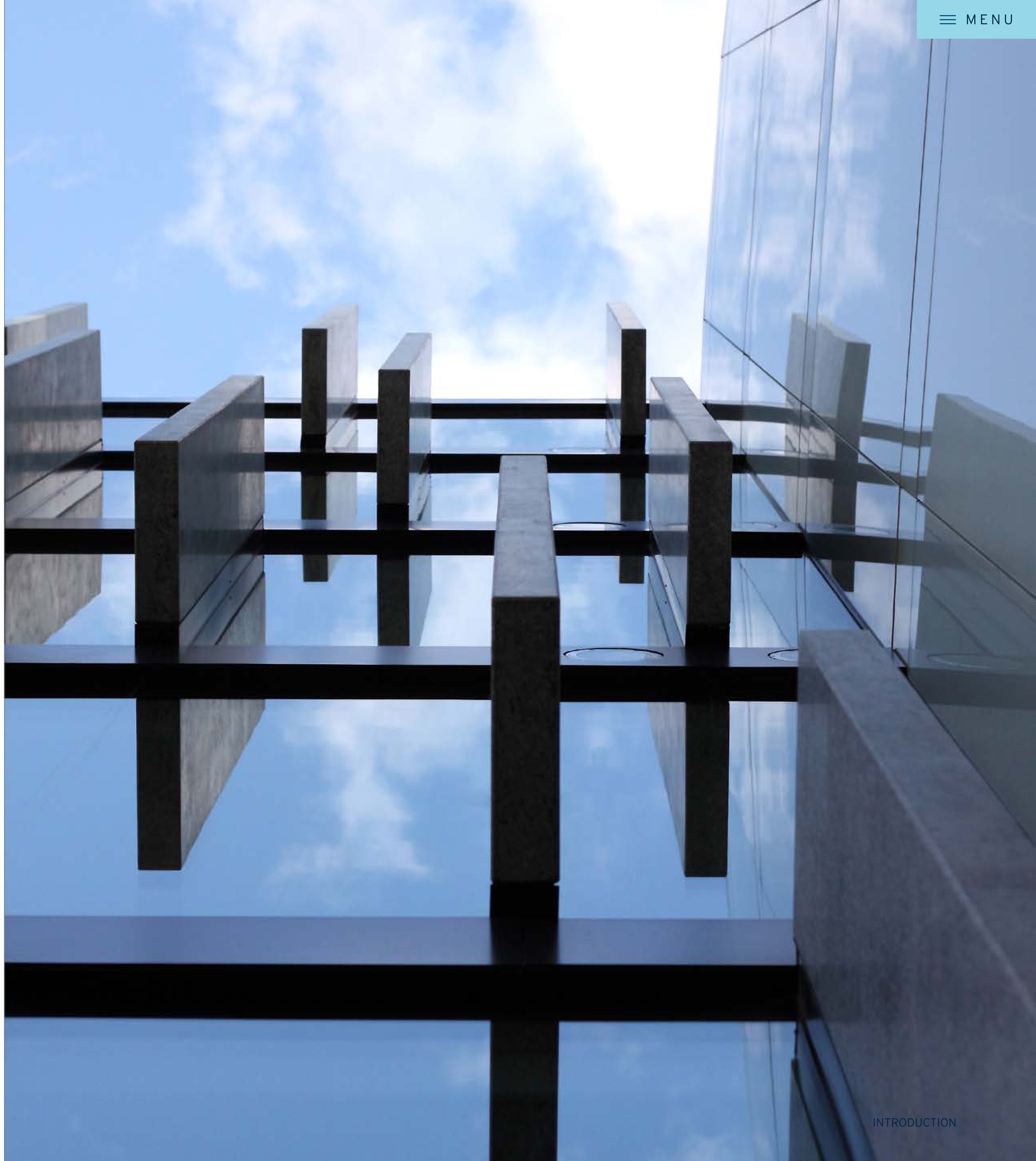
Source: Invest Europe/EDC

Prominent tech companies rooted in CEE



2020 success stories

Of course, any collection of stories has a cut-off point, which in this case means some notable 2020 success stories were not included. The listing of **Allegro**, Poland's leading e-commerce marketplace, became one of the most sizeable and successful European-grown IPOs of the year when Mid Europa Partners, Permira and Cinven floated the business on the Warsaw Stock Exchange. The full exit of **Danwood**, a Polish manufacturer of pre-fabricated houses, earned Enterprise Investors a reported 9x return after a six-year hold. **Auto24**, Estonia's leading automotive classified advertising platform, was sold by BaltCap for some 4x money invested after a three-year hold. **Baltik Vairas**, a Lithuania-based bicycle manufacturer exporting over 270,000 bikes to some 14 countries, earned LitCapital wide media coverage for its successful turnaround. Innova Capital's exit from **Polskie ePłatności**, a Polish payment provider, highlighted the region's digitalization potential. ARX Equity Partners' exit from **Diagnostični Center Bled**, a Slovenian private healthcare services company, returned 3.6x and demonstrated the continued appetite shown by strategic investors for private equity-owned companies. And, two unicorns – Estonia's sales CRM developer **Pipedrive** and Croatia's full-stack communications platform provider **Infobip** – were born when mid 2020 financing rounds pushed their valuations to over EUR 1 billion.



Case studies

Anwis

Polish leader in sun shading systems

Repositioning a traditional family business to meet design trends, use e-commerce channels and dynamically grow exports

COUNTRY	Poland	RETURN	3.4x
GP	ARX Equity Partners	GROWTH	>2x exports
INVESTMENT	EUR 10.1 million	EMPLOYMENT	298 new jobs

With ARX as our trusted partner we implemented an all-encompassing strategy, turning Anwis into a great business that was very attractive to its next owner.

Bartosz Marczuk, CEO, Anwis

Sector	**Window coverings**	Investment type	**Buyout**
Investment	**August 2014**	Fund ownership	**97%**
Exit	**August 2019**	Exit route	**Re-capitalization; trade sale**

Investment rationale

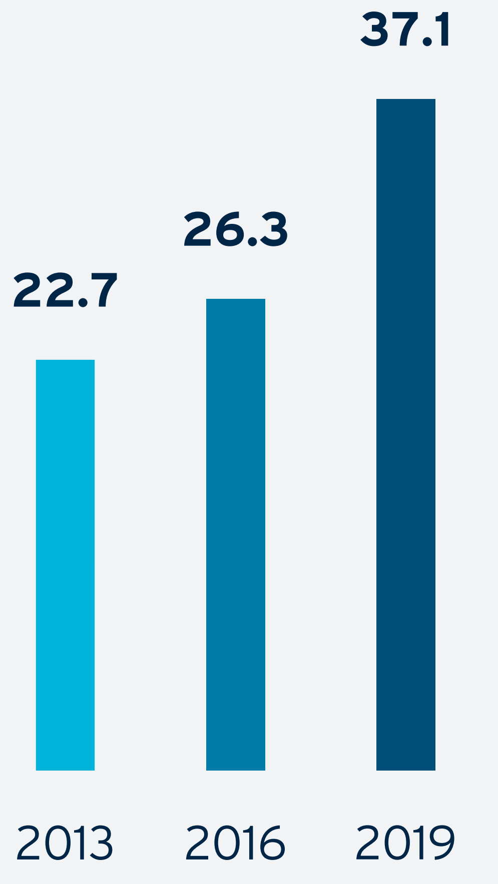
ARX approached Anwis because of the company's technical know-how, quality products, and leading market position in Poland. The lack of a successor convinced Anwis's founder to partner with private equity to secure his company's future. The sun shading market was expected to accelerate due to climate change, energy consumption reduction and trends in home decoration. Structural market changes in Western Europe offered an opportunity to replace traditional distribution channels with online sales and leverage Anwis's local cost advantage.

Deal history and structure

ARX partnered with two managers to buy out the founder and his family. The managers later became the company's CEO and COO. The deal was financed with EUR 10.1 million of equity and a similar amount of debt. After the transaction, the founder continued supporting the company through 2017 as a member of the supervisory board.

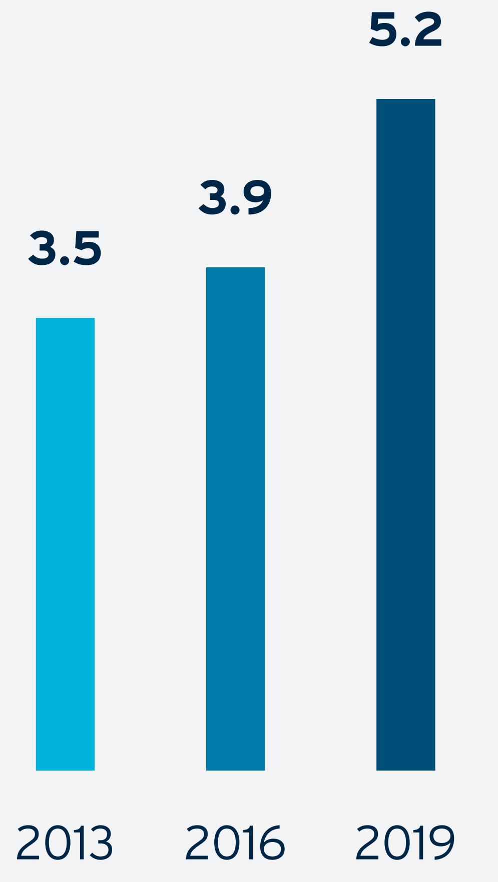
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Smooth founder succession

ARX took over a family-owned, domestically oriented business, installed new management and institutionalised the company while securing the founder's continuing input.

E-commerce and exports

While strengthening its leadership in traditional channels in Poland, Anwis launched an online ordering platform for domestic clients. By the time of ARX's exit, over 50% of clients used the new digital system. The company developed a strategy to enter Germany and the Netherlands via the e-commerce channel and implemented an electronic data interchange for foreign clients. Anwis became a leading player in these markets and export sales increased by 130% during the investment period. Thanks to the breadth of its product offer Anwis developed a 'one-stop' solution for internet retailers.

Professional management

ARX hired a new CEO and CFO with a track-record of working with private equity, attracted new operational managers, developed the second tier of managers and introduced KPI-driven reporting and risk management.

Modernized operations

The company grew its scale, invested in automation, improved working capital management, implemented digital ordering, renewed its product portfolio and modernized production capabilities.

Capital structure

The capital structure was optimized and the investment de-risked through dividends and recaps, returning ARX's initial investment prior to exit.

ESG impact

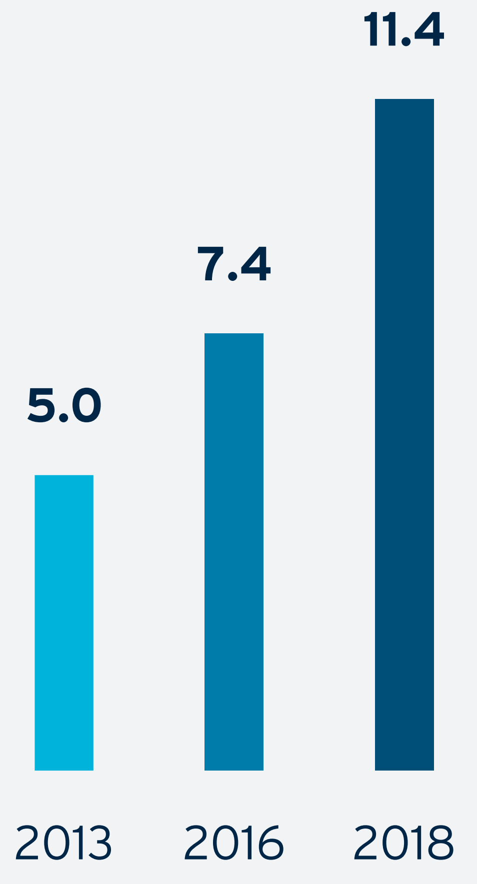
Anwis's products were redesigned to make them child safe. Fulfilment of environmental goals was closely monitored, including fully certified wood sourcing. The company increased work safety conditions and implemented employee educational programmes with a local vocational school and the city government. Anwis also participated in a programme to employ prisoners. Headcount grew from 272 to 570 employees during ARX's holding period.

Exit

ARX's auction process targeted European trade players, PE funds and family businesses. The company was sold to Warema Renkhoff SE, a top German player expanding globally. Under Warema, the Anwis brand remained independent and was supported by the new owner in its further European expansion.

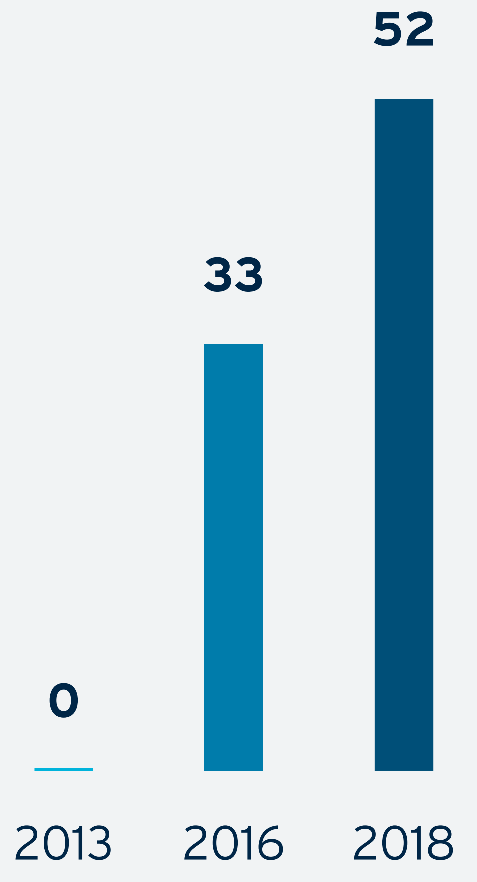
Exports

Sales to Germany and Netherlands (EUR million)



E-commerce

Share of Polish orders through e-platform (%)



AZ Klima

Hottest player on the Czech HVAC market

Executing a founder succession using an LBO transaction structure and leveraging embedded management to drive market share growth

COUNTRY	Czech Republic	RETURN	7.2x
GP	Genesis Capital	GROWTH	+90% revenue
INVESTMENT	EUR 1.4 million	EMPLOYMENT	64 new jobs

The company became the top player on the ventilation and air-conditioning market thanks to the partnership with Genesis Capital.

Karel Břenek, Executive Director and Chairman, AZ Klima

Sector	**Air handling systems**	Investment type	**Buyout**
Investment	**August 2011**	Fund ownership	**69% (at peak)**
Exit	**September 2016**	Exit route	**Trade sale**

Investment rationale

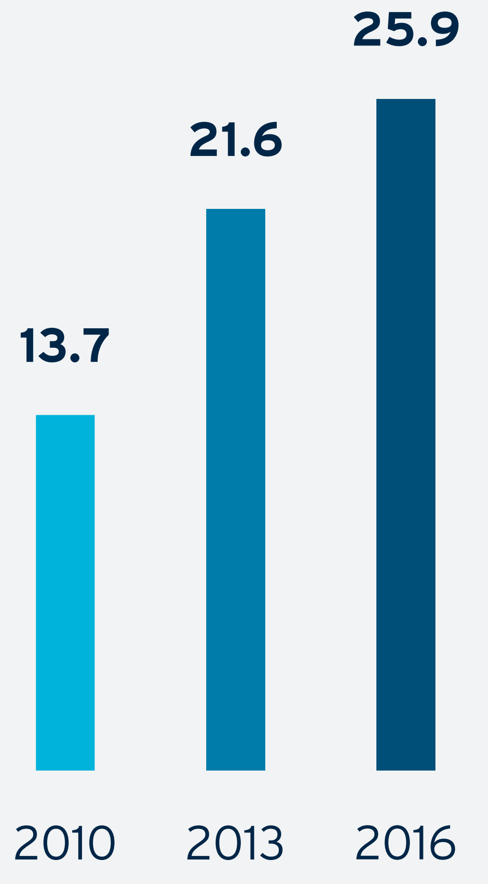
AZ Klima manufactures, installs and services HVAC systems in residential, industrial and administrative buildings. Prior to Genesis Capital's entry, the company had achieved a solid market position and successfully withstood the industry's slowdown after the financial crisis. Genesis saw an opportunity for a founder succession transaction, building on the company's experienced management team. Entry pricing reflected the industry's cyclicality.

Deal history

Genesis structured an LBO that accommodated the two founders' differing objectives. It fully bought out one founder and enabled the other to stay on as its key partner with 50% of his original stake, and transitioned management away from the founders. The fund invested equity of EUR 1.4 million in a deal that included an EBITDA-based earnout scheme for the founders, paid from the company cash flow.

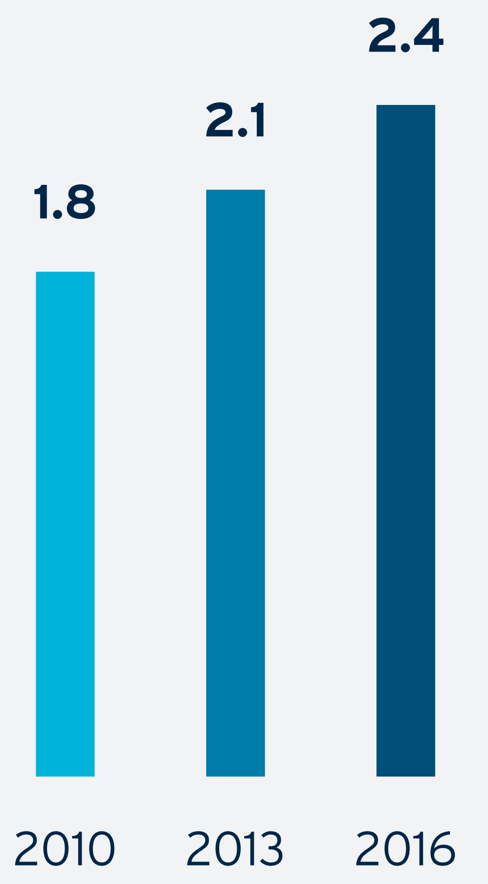
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Empowering a new generation of management

AZ Klima's experienced managers, a generation younger than the founders, partnered with Genesis Capital from the outset of the deal. They acquired a minority stake in the company alongside the fund and led a smooth succession from the founders as executives. Full succession of management responsibilities was completed during the first half of the investment period, as planned. Genesis led the transition process and helped establish an effective new organizational structure. AZ Klima also relocated its HQ to more modern premises.

Organic growth

AZ Klima significantly increased its market share throughout the holding period, while maintaining profitability margins above the industry average. Between 2010 and 2016 revenues grew by 90%.

Strong cash position

The company continued to generate good cash flows. This allowed for the payment of founder earnouts without drawing any further equity from the fund, and significantly enhanced overall returns.

ESG impact

AZ Klima's HVAC solutions helped improve the air quality and, by extension, the general working environment for its customers. At the same time, systems delivered by the company helped reduce their clients´ climate footprint. The company was actively involved in the education of university and technical secondary school students, by funding and organizing numerous student-oriented industry events and courses. The number of employees at AZ Klima grew during the investment period from 183 to 247.

Exit

Genesis sold its stake in AZ Klima to CEZ ESCO, part of the CEZ Group, the second largest Czech company. CEZ ESCO represents the CEZ Group's strategic diversification from its core energy business. The acquisition of AZ Klima was one of a series of investments that the group completed to capitalize on energy-saving trends in the market.

Business growth

Market share

+50%

Employment growth

# of employees

Bambi

Serbian biscuit and confectionery producer

Unlocking a market-leading brand as a platform for domestic and export expansion

COUNTRY	Serbia	RETURN	4.5x
GP	Mid Europa Partners	GROWTH	+28% EBITDA
INVESTMENT	EUR 51 million (with LP co-invest.)		

MEP was a great partner that provided stewardship and support to enable Bambi to capitalize on the market opportunity in a sustainable and profitable way.

Dragan Stajković, CEO, Bambi

Sector	**Consumer food products**	Investment type	**Buyout**
Investment	**April 2015**	Fund ownership	**100% (incl. LP co-invest.)**
Exit	**June 2019**	Exit route	**Trade sale**

Investment rationale

Prior to the investment, Bambi was a leading biscuit and confectionery producer with a well-recognized brand, Plazma, in the countries of the former Yugoslavia. The company's robust financial performance despite challenging economic conditions confirmed the strength of its business. Mid Europa Partners (MEP) saw the opportunity to refocus Bambi on its core advantages and leverage its market position for further growth.

Deal history and structure

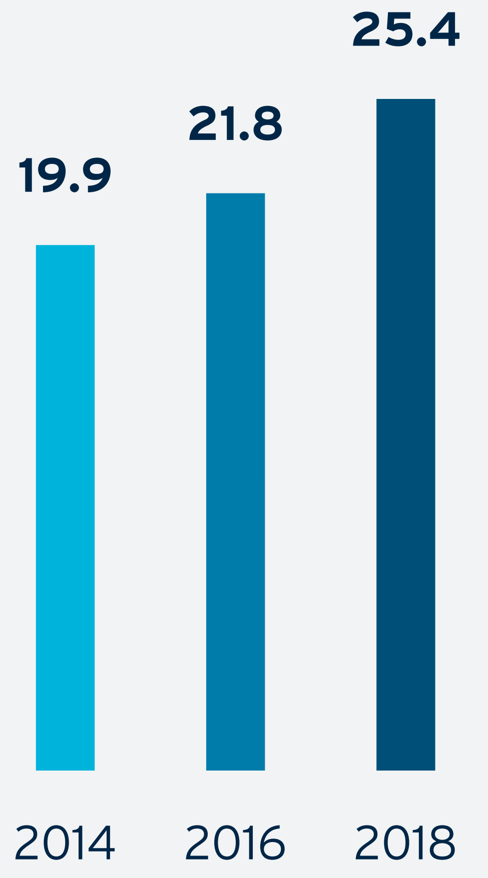
Mid Europa Partners acquired Bambi together with two other companies (jointly Danube Foods Group, restructured and renamed Moji Brendovi Group post-investment). Bambi, listed on the Belgrade Stock Exchange, was controlled by Imlek, another listed company from the group. Mid Europa successfully tendered for the shares of Imlek and Bambi and then de-merged the companies. MEP and its LP co-investors invested EUR 51 million for 100% of Bambi.

Topline growth

Revenue (EUR million)

Profitability

EBITDA (EUR million)



Value creation and GP contribution

Focus on the core

By spinning off its non-core chocolate business, the company was able to focus on its key biscuit category and streamline operations. The 'category killer' Plazma brand was used as a platform for expansion and new product innovations. By 2018, new SKUs represented 10% of revenue, compared to just 4% in 2015.

International expansion

Export sales grew by 29% during the investment period after the brand's presence abroad was repositioned from specialty to mainstream shelves.

Managerial effectiveness

MEP introduced a management structure at the holding level, including a group CEO and CFO, to support each of the Moji Brendovi Group's assets. It also replaced Bambi's C-level team with experienced managers from the best regional and international players, building a stand-alone management capability for execution of the development plan.

Productivity improvements

The company made a significant capital investment in its operations, including capacity increases and automation, which yielded 25% growth in productivity per FTE.

Optimized capital structure

Mid Europa recapitalized the group which enabled it to return 40% of the initial equity investment within a year.

ESG impact

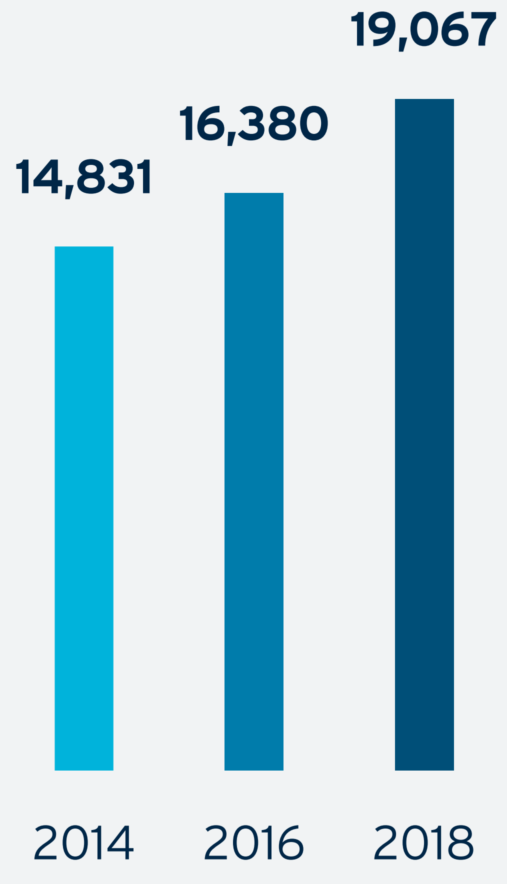
Under MEP's ownership, management significantly improved employee safety, measurably reducing the number of injuries incurred on site. Social responsibility became an integral part of Bambi's business culture, with the company regularly supporting initiatives related to education, youth sports and volunteering campaigns. The company made donations, partly in-kind, to charitable causes.

Exit

A competitive exit process attracted a number of strategic investors, with particularly strong interest from global FMCG players. Ultimately, the company was sold to Coca-Cola HBC in what proved the multinational's first acquisition outside its core beverage segment. The sale further confirmed the high value of Bambi's portfolio, the company's ability to grow through innovations and the professionalism of the organization.

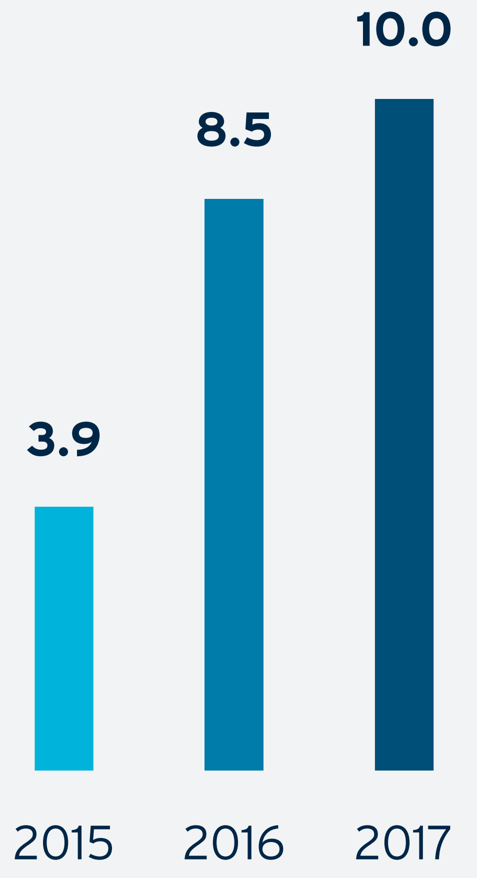
Business growth

Key biscuit product (tonnes)



New SKUs

Share of revenue (%)



Bitdefender

Global cybersecurity innovator

Pioneering cybersecurity in cloud computing, social networks and Internet of Things (IoT) devices to become a global player and CEE unicorn

COUNTRY	Romania	RETURN	13.9x
GP	Axxess Capital	GROWTH	500M systems in 150 countries
GP	EUR 6 million	EMPLOYMENT	+140% jobs

Our ambition was to take a Romanian tech company from zero to global. Axxess Capital helped make that happen.

Florin Talpeș, Founder and CEO, Bitdefender

Sector	**Cybersecurity**	Investment type	**Buyout**
Investment	**June 2009**	Fund ownership	**16%**
Exit	**December 2017**	Exit route	**Sale to a PE house**

Investment rationale

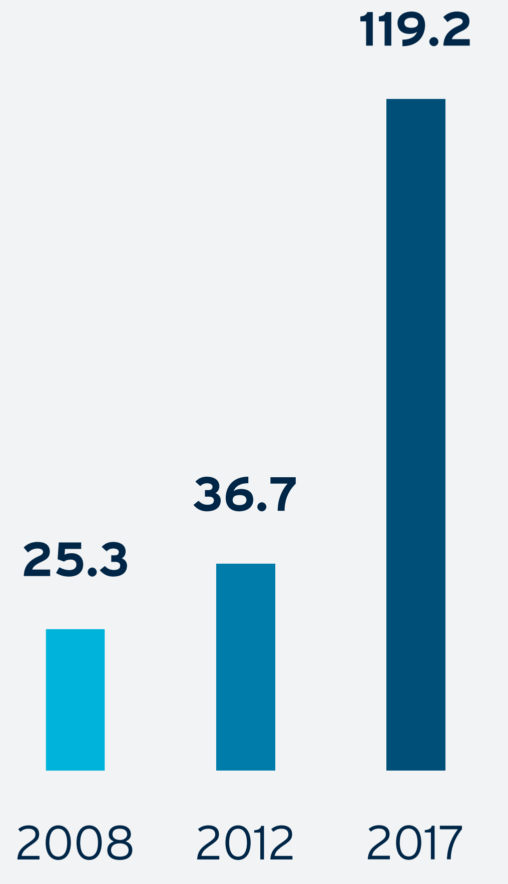
Bitdefender was created by a team with 10+ years of experience in breakthrough cybersecurity innovation. The company's proprietary solutions focused on the key growing security markets and had the potential to expand into the sought-after enterprise segment. Its Romanian operations provided access to cost-effective technical talent, while the business prospects were global.

Deal history and structure

In 2007, Axxess Capital's individual partners acquired a minority stake and helped the founders establish the business as a spin-off from a software integrator. Two years later the founders decided to sell part of their holding. Building on the existing relationship, Axxess secured an exclusive EUR 6 million equity transaction for the fund to purchase a minority stake. The investment was completed in a fully transparent process.

Topline growth

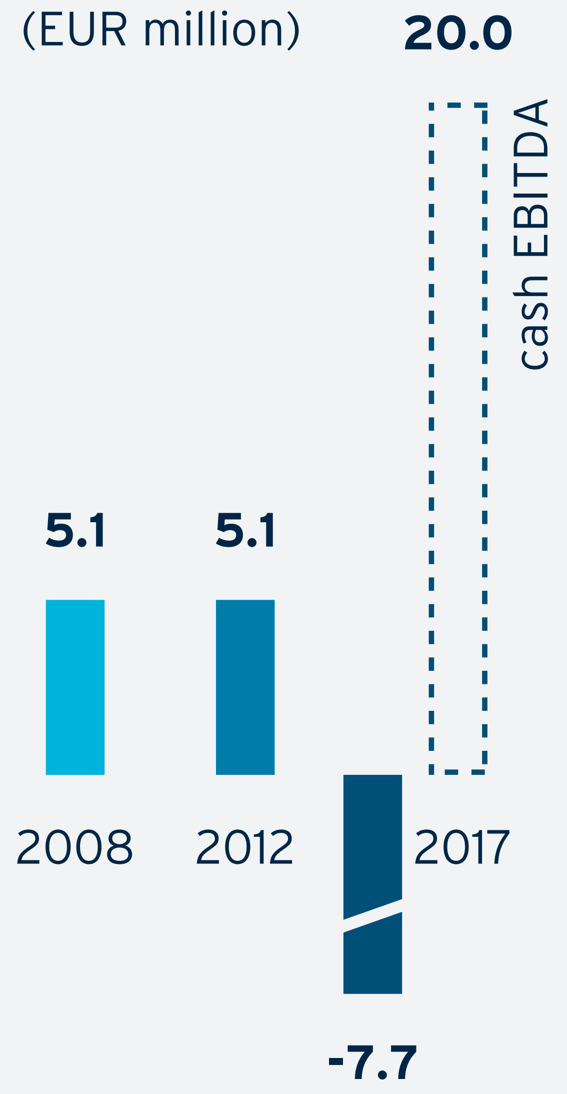
Revenue (EUR million)



Profitability

EBITDA

(EUR million)



Value creation and GP contribution

Technology leadership

Ahead of the competition, Bitdefender developed protection technologies for cloud computing, social networks, mobile and IoT devices. Its technologies are embedded in over 38% of the world's security solutions. The company generated valuable IP assets, increasing the number of patents from fewer than ten in 2009 to more than 250 at the fund's exit.

Addressing new markets

Bitdefender evolved from the consumer antivirus niche to a global player active across a broad spectrum of market segments. Within a year of its 2011 launch, the enterprise sector accounted for a fifth of its top line. The company also proactively developed distribution, engaging with managed IT service providers and promoting online channels.

Professional management

Axxess introduced top talent to Bitdefender's financial function and supported C-level recruitment. Senior fund representatives joined the supervisory board, provided support at the executive level and participated in critical organizational projects such as standard operating procedures design, reporting, financial controls and cash management.

Expansion through M&A

Axxess Capital helped Bitdefender develop M&A opportunities. The first acquisition originated by Axxess enabled penetration of the French market, which added EUR 10 million to the top line and accelerated the company's dynamic growth.

ESG impact

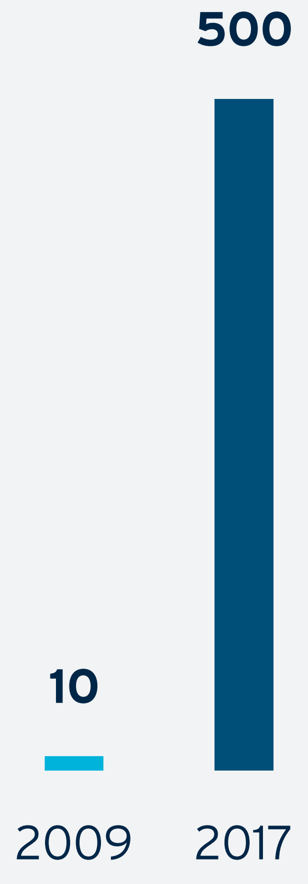
In partnership with Europol, the FBI and the NCA, Bitdefender developed decryptors to help ransomware victims recover their encrypted information, and in doing so protected 30,000 victims and saved 50+ million dollars in ransom payments. Working alongside international law enforcement authorities, the company helped shut down one of the largest criminal Dark Web markets.

Exit

As part of their pre-IPO strategy, Axxess Capital and the controlling shareholders sought to attract a larger PE fund with IPO experience in the security technology sector. Axxess organized a highly competitive process and sold its entire stake to Vitruvian Partners.

Business growth

# of protected systems (million)



Employment growth

+140%

Deutek

Romanian paints and coatings innovator

Freshening its positioning with innovation and marketing brightened growth, profits and strategic appeal

COUNTRY	Romania	RETURN	3.9×
GP	Axxess Capital	GROWTH	+46% sales in premium products
INVESTMENT	EUR 12.5 million	EMPLOYMENT	22 new jobs

Working with Axxess Capital enabled us to realize management's vision of building a leadership position and delivering growth rates above the market.

Gabriel Enache, CEO, Deutek

Sector	**Paints and coatings**	Investment type	**Buyout**
Investment	**August 2013**	Fund ownership	**100%**
Exit	**January 2017**	Exit route	**Trade sale**

Investment rationale

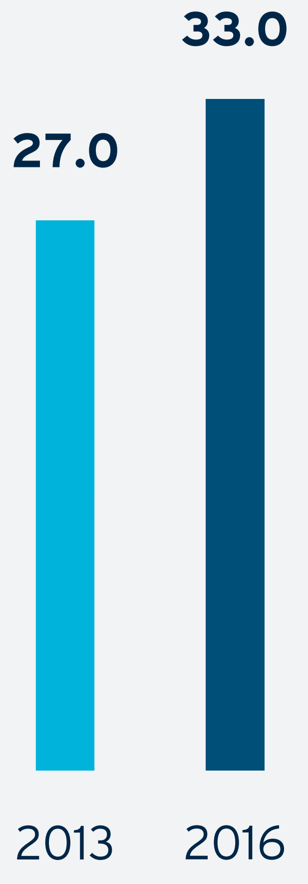
Axxess foresaw a cyclical upturn in the Romanian paints and coatings industry driven by a housing shortage and growing demand for renovation projects. The competitive landscape was favourable – local players were struggling in the downturn and there were no multinationals. Axxess was convinced that the right executive team could leverage Deutek's excellent position and strong brand recognition, while at the same addressing its financial and regulatory shortcomings.

Deal history and structure

Deutek was owned by a global PE fund looking to exit. The company was highly indebted after an unsuccessful investment programme, and the bank demanded full repayment. Using its industry experience and armed with a professional plan, Axxess convinced a new bank to refinance Deutek. This enabled it to close the deal, investing EUR 12.0 million of equity and EUR 0.5 million of subordinated debt.

Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)

Value creation and GP contribution

Market repositioning

Continuous investment in R&D enabled Deutek to move upmarket and introduce a premium brand that grew to 50% of sales. Deutek was soon the most innovative player in the sector and left the competitors lagging behind. The move paid off and Deutek achieved an 18% EBITDA margin, the highest in the market.

Focus on sales growth

With a leading industry expert as chairman actively advising management, a growth strategy was developed, supported by enhanced sales capabilities and real time measurement plus constant marketing campaigns. Deutek over-performed the market, becoming # 1 in the critical DIY retail channel and, with a 20% market share, # 2 overall.

Cleaning up the past

The company focused on its core Romanian market and divested loss-making operations in Ukraine, thus removing the related financial, environmental and regulatory risks. Axxess also successfully resolved past Romanian competition council issues, further eliminating uncertainties.

Reduced debt burden

With the most profitable business model in the sector, Deutek generated significant cash flow to cover its R&D investments and reduce outstanding debt. Net debt fell by 74% from before the transaction to the time of exit.

ESG impact

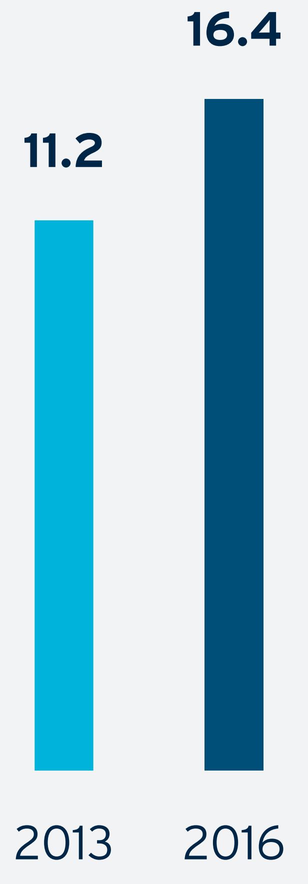
The company made significant investments to enhance health, safety (e.g. a new fire suppression system) and environmental protection standards in its production and storage facilities. R&D was focused on increasing the share of environmentally friendly products.
As a result, sales of solvent-based coatings (which emit toxic fumes) fell to below 5% after being replaced with water-based coatings. Employment grew by 10% and shifted towards positions with higher qualifications.

Exit

Axxess sold its entire stake in Deutek via a competitive process to PPG, a global manufacturer of paints and coatings. The buyer had looked at Deutek previously, but at the time dropped the opportunity due to financial, regulatory and legal concerns. With these addressed, the company became an attractive target. This was Romania's first trade sale in the sector.

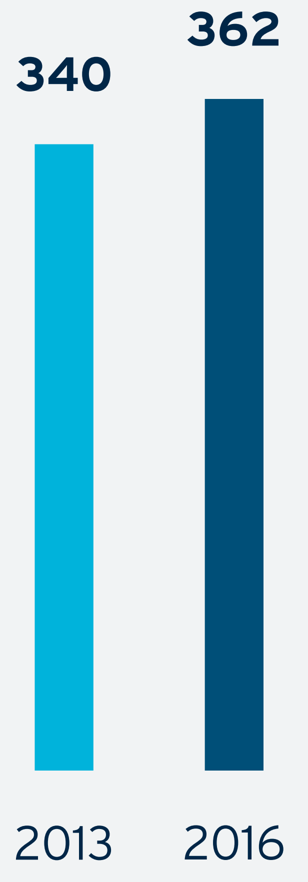
Premium products

Sales (EUR million)



Employment growth

# of employees



Dino

Poland's proximity supermarket champion

Foreseeing a shift in shopping habits, private equity led and financed a multifaceted development effort to create this dynamically growing retailer

COUNTRY	Poland	RETURN	7.6×
GP	Enterprise Investors	GROWTH	7× more stores
INVESTMENT	EUR 49.4 million	EMPLOYMENT	10,000+ new jobs

Dino's IPO set a new record in 2017 as the largest PE–backed listing in the CEE region, confirming EI's vision of food retail trends and the company's potential.

Michał Rusiecki, Managing Partner, Enterprise Investors

Sector	**Food retail**	Investment type	**Buyout and growth**
Investment	**July 2010**	Fund ownership	**49%**
Exit	**April 2017**	Exit route	**Public markets**

Investment rationale

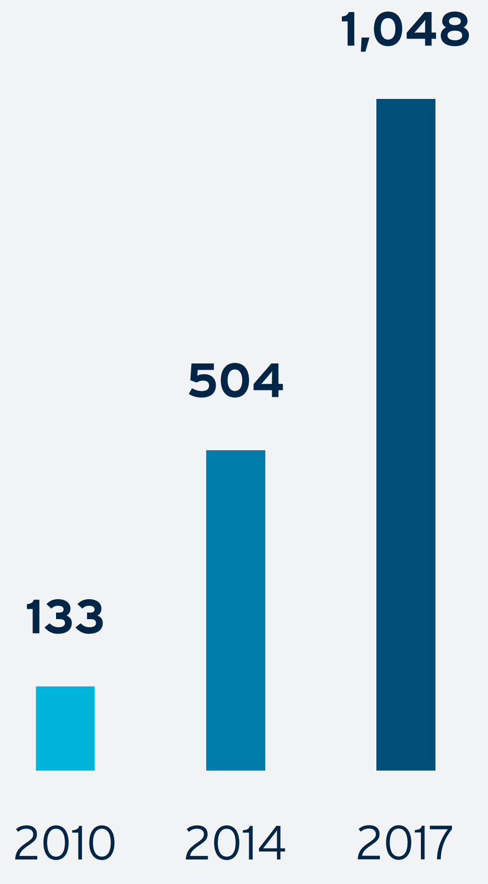
In 2009 Enterprise Investors (EI), already a successful investor in the grocery retail sector, spotted high potential in the proximity supermarket concept, as it foresaw market consolidation and a shift towards more frequent smaller-ticket shopping. Searching for a platform, it found Dino, which already had a successful format and was a dynamically growing Polish regional player operating 93 stores, but needed support to jump to the next level. EI saw the chain as a base for rolling out a proximity supermarket chain targeted at smaller towns and big city suburbs, and knew the company could benefit from its expertise.

Deal history and structure

EI acquired 49% of Dino's shares in a fully proprietary equity transaction structured as a partial buyout of the founder's stake and a capital increase. The total investment value was EUR 49.4 million.

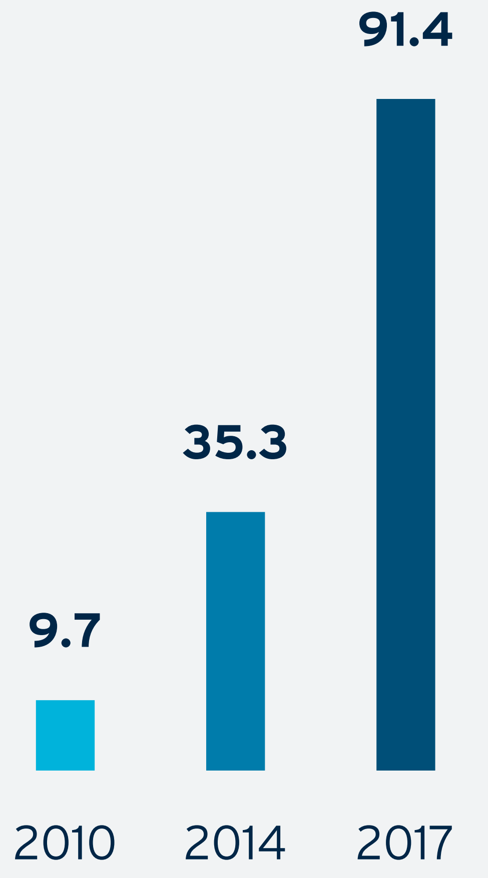
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Accelerated growth

The plan for Dino envisaged a ramped-up rollout based on the purchase of own sites, penetration of new regions in Poland and upgraded logistics with new distribution centres.

Improved performance

Dino drove the strong performance of the individual stores by honing the product assortment, developing a high-quality fresh offering and refining the store format. Dino consistently outperformed the market, delivering strong like-for-like sales reaching +11.3% in the year prior to exit.

Efficient operations

The company modernized its IT environment to match its size and rapid growth. Implemented solutions included new sales, cash register, financial, time management and HR/payroll systems as well as a data warehouse.

Access to capital

Thanks to EI's financial credibility, Dino gained much better access to bank financing at more competitive rates. This, coupled with the capital injection from EI's fund, triggered dynamic network expansion – a feat that no direct competitor could match.

Professional management

Post-investment, Dino's founder became its executive chairman. The CFO was promoted to CEO – a role in which he excelled throughout EI's investment and after the IPO. EI also created a rollout department to bring in the talent, structures and processes needed for a successful expansion.

ESG impact

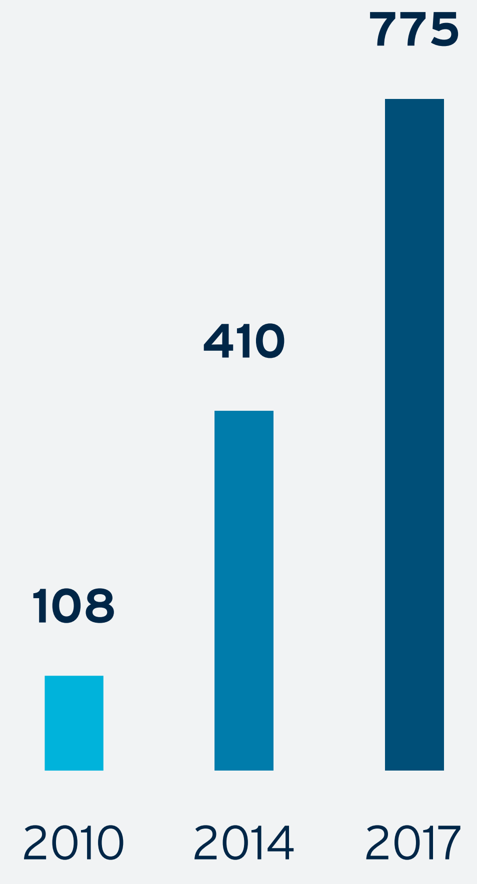
Dino actively pursued opportunities to reduce the climate impact of its stores. The company invested in solar energy sources, energy recuperation and energy-saving lighting. The company's dynamic growth brought 10,000+ new jobs during the investment period.

Exit

Dino was listed on the Warsaw Stock Exchange in April 2017. EI sold its entire stake in the IPO, generating EUR 376 million in proceeds. At the time of listing, this was the largest private company IPO by value in Poland since 2012 and the largest ever private equity-backed IPO in Central and Eastern Europe.

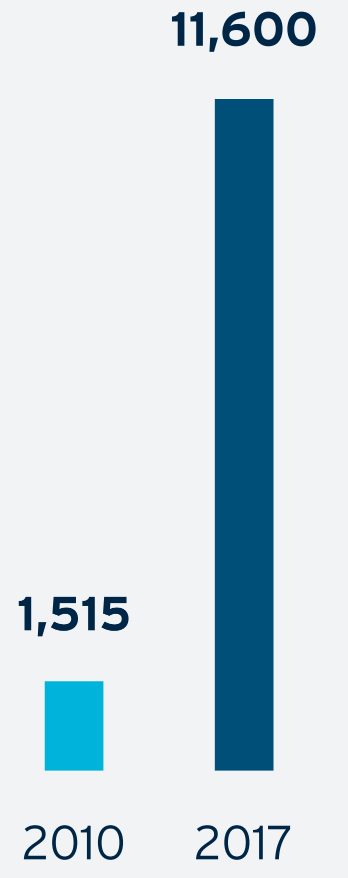
Network expansion

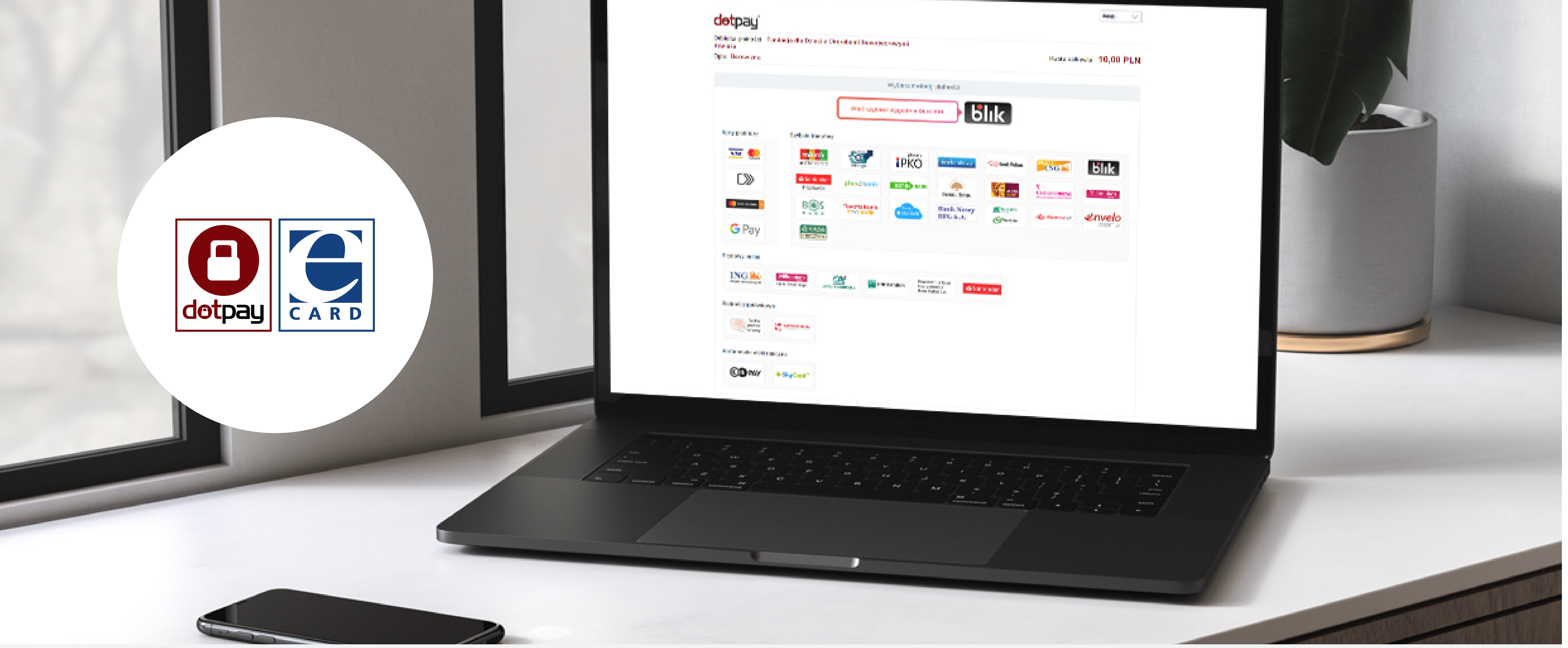
\# of stores



Employment

\# of employees





Dotcard

Poland's leading omni-channel PSP

Driving a merger and helping establish an omni-channel payment company with the most comprehensive portfolio of services in Poland

COUNTRY	Poland	RETURN	**3.1×**
GP	MCI Capital	GROWTH	**+145%** payment volume
INVESTMENT	EUR 20.2 million		

MCI was the catalyst for broadening our services and creating the first omni-channel player in Poland's e-payments market.

Andrzej Budzik, CEO, Dotcard

Sector	**E-payment services**	Investment type	**Buyout and growth**
Investment	**March 2016**	Fund ownership	**87%**
Exit	**January 2019**	Exit route	**Trade sale**

Investment rationale

As an active investor in the e-commerce sector, MCI sought opportunities in the growing online payment solutions market. MCI made parallel investments in two complementary Polish e-payment service providers: eCard, the 2nd largest online card acquirer serving large merchants, and Dotpay, the 3rd largest online payment service provider. The merged entity, Dotcard, became Poland's first provider of omni-channel payment solutions.

Deal history and structure

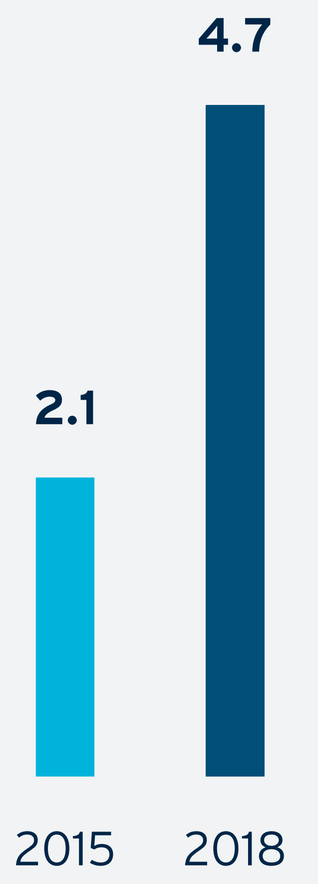
MCI invested in publicly listed eCard and reached a 51% stake after a squeeze-out of minority investors, delisting and a capital increase. In parallel, MCI acquired Dotpay's owner, Mobiltek Group. Dotpay was subsequently acquired by eCard to create the Dotcard merged entity. The above transactions included a EUR 17 million purchase of existing shares and a EUR 3.2 million capital increase by MCI plus bank leverage.

Topline growth

Revenue (EUR million)

Profitability

EBITDA (EUR million)



Value creation and GP contribution

Successful merger

Following the two acquisitions, MCI led the post-merger integration. It focused on five specific streams identified as success drivers: development of a new revenue strategy for the joint entity; realization of cost synergies; assessment of competences and optimization of human resources; integration of IT platform and development and legal compliance for the payment activity. The process lasted a year, produced major synergies, and created the 3rd largest player in Poland's e-payment sector.

Comprehensive product portfolio

The merged company became the only player offering a truly omni-channel payment solution. This allowed for expansion into new segments such as money transfers, forex platforms, insurance, bill payment, gaming, e-government, VoD, merchant financing and a buy-now, pay-later payment solution. The company also started servicing CEE's cross-border merchants supporting their regional expansion.

Client acquisition

MCI introduced Dotcard to its extensive investment portfolio of companies using e-payments.

Top talent

MCI helped recruit experts to join the company's board, including the former country manager of PayU (Naspers) and former managers at Mastercard and Visa. The fund introduced option programmes for the management, aligning their interests with those of the shareholders.

ESG impact

MCI drove the introduction of transparent and professional corporate governance standards at Dotcard. This included minority shareholder protections, clear and uniform reporting and unequivocal remuneration guidelines. The company sought ways to reduce its impact on the environment, for example by introducing electronic merchant invoicing, which cut paper use for thousands of merchants.

Exit

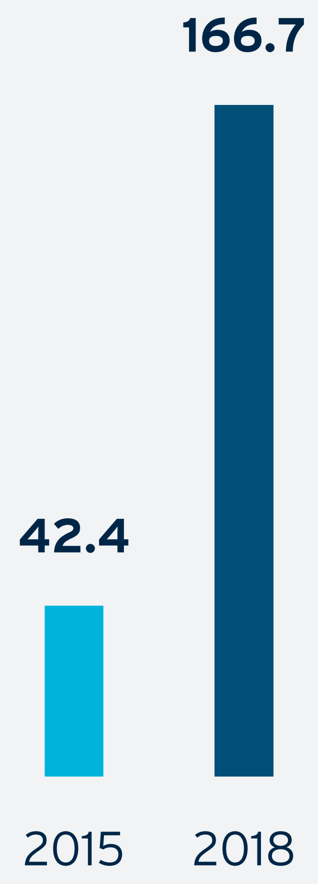
Amid a wave of market consolidation, MCI launched an exit auction process that generated significant interest from financial and trade buyers. Nets A/S, a European payment market leader supported by private equity investors Hellman & Friedman, Advent International and Bain Capital, won the process. The transaction price represented a 15.7x EBITDA multiple on Dotcard's 2018 results. At the time of exit, Dotcard was the largest fintech deal in Poland.

Business growth

Total payment volume (EUR billion)

Business growth

Total payment volume at POS (EUR million)



Eutecus

Winning technology in video analytics

Commercializing research to gain a Silicon Valley foothold for unique smart city solutions with global sales potential

COUNTRY	Hungary	RETURN	4.5x
GP	Euroventures	GROWTH	From science to **commercial applications**
INVESTMENT	EUR 3 million (EUR 6 million incl. co-invest.)	EMPLOYMENT	37 new FTEs

It was an unbelievable ride – doing a merger followed by an acquisition within a year and contributing to Verizon's data intelligence transformation.

Csaba Rekeczky, CEO, Eutecus

Sector	**Computer vision technology**	Investment type	**Venture capital**
Investment	**September 2011**	Fund ownership	**51% (73% with co-invest.)**
Exit	**October 2016**	Exit route	**Trade sale**

Investment rationale

Eutecus was created to commercialize scientific research focused on image analysis in the human brain. The company developed an FPGA chip solution for fast digital processing of high-resolution video feeds without data transmission to central computers. Traffic control, car driving systems and smart lighting solutions are the most interesting applications. Euroventures recognized not only the quality of the technology and its market potential but the founder's combination of top scientific background and strong business skills.

Deal history and structure

Eutecus was established by the developer of the technology, Euroventures, and its co-investor, Fast Ventures. They provided the seed capital and four further financing rounds totalling EUR 6 million, and controlled an aggregate 73% stake at the peak.

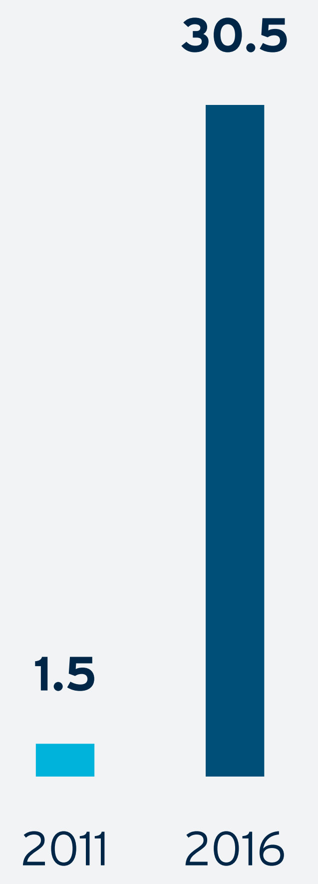
Funding

Number of rounds

5

Growth of technical team

FTE



Value creation and GP contribution

The move to Silicon Valley

The initial investment financed opening of the head office in Berkeley, CA, led by the co-founder and two C-level executives. This enabled the CEE-based R&D team to access top-tier development projects using state-of-the-art FPGA platforms available only to development partners of chip manufacturers.

Technology commercialization

The unmatched combination of detection speed and low-power technology allowed for a broad spectrum of applications. Through chip manufacturers, the company had direct access to actual customer needs in the most attractive sectors.

Strategic merger with a US player

Eutecus tested two options for further growth: licensing its technology to chip manufacturers or merging with a solutions provider. It chose the latter and merged with Sensity, an American provider of IoT solutions for smart cities. The Eutecus technology became a strategic differentiator in Sensity's product offering and made the company attractive to larger players.

Capital to fund technology development

Financing provided by Euroventures helped to commercialize Eutecus's technology on the highly competitive American market and grow the company's CEE operations.

ESG impact

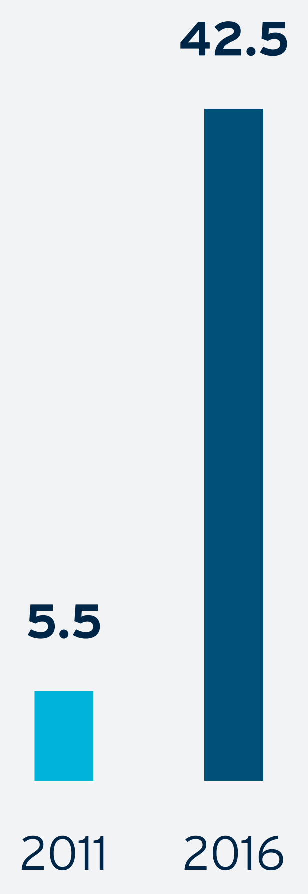
Eutecus's technology is applied in a number of smart city development projects worldwide that decrease emissions by improving energy efficiency. Investment by a local venture capital fund helped maintain a local connection, ensuring continued employment and development benefits for the local community.

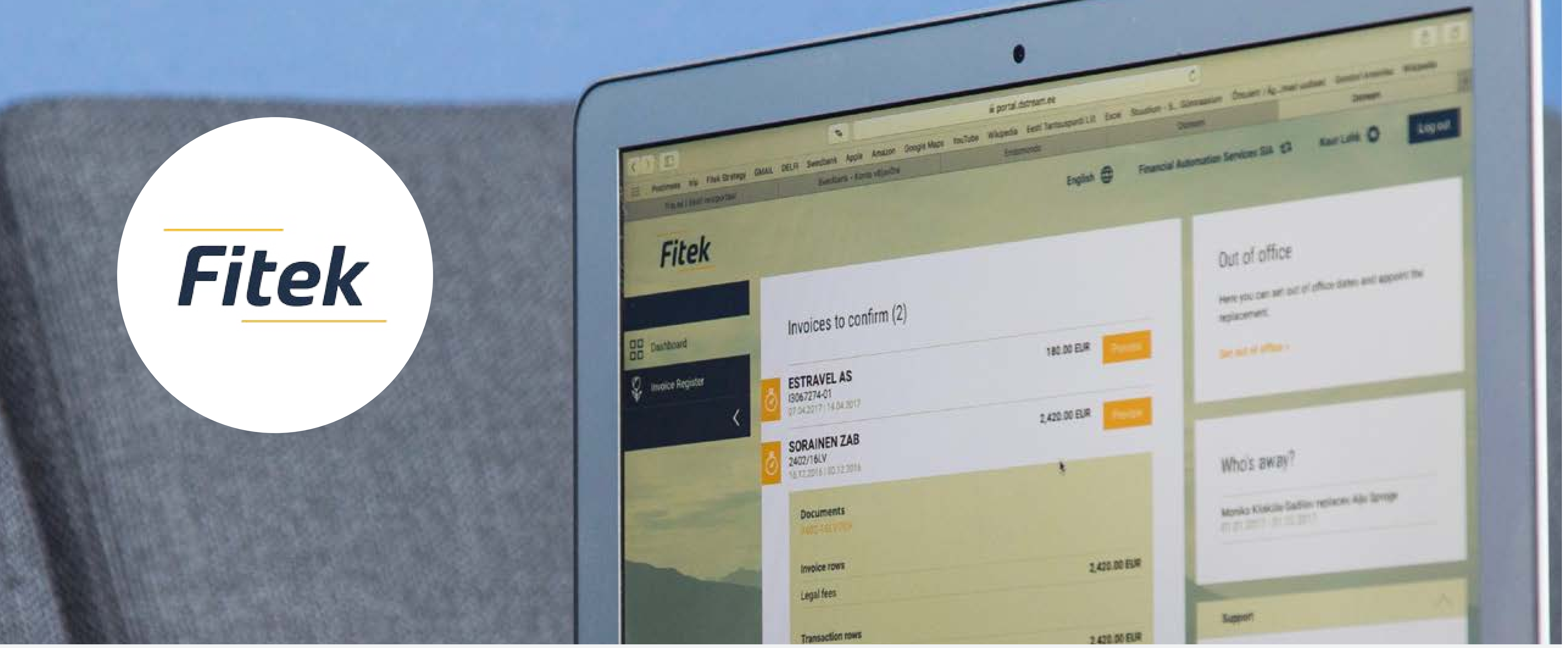
Exit

As a first step, Eutecus merged with Sensity to protect the key technological advantage of Sensity's product offering. Within a year, the merged company was acquired by US telecom giant Verizon at a considerable premium to the price of the Sensity transaction. Eutecus's management has remained with Verizon to date, taking a lead role in the development of Verizon's smart city solutions globally. In addition, the CEE R&D team has more than doubled in size and continues to apply core elements of these solutions globally.

Employment growth

FTE





Fitek

Financial automation leader in CEE

Transforming a corporate orphan into a leading CEE platform for proprietary digital automation solutions

COUNTRY	Estonia	RETURN	3.3x
GP	BaltCap	GROWTH	6 add-on acquisitions
INVESTMENT	EUR 10 million	EMPLOYMENT	163 new jobs

The BaltCap team worked with us to create an environment where innovation was converted into a business success. They helped us turn Fitek into a winner.

Mait Sooaru, CEO and co-shareholder, Fitek

Sector	**Financial automation solutions**	Investment type	**Buyout and growth**
Investment	**December 2015**	Fund ownership	**100%**
Exit	**March 2019**	Exit route	**Trade sale**

Investment rationale

Fitek, a provider of financial automation services, was a corporate orphan – a non-core asset of Posti Group, the Finnish state-owned postal company. With the shift to paperless solutions bound to accelerate on the back of new legislative measures, Fitek offered a market-leading platform and a solid client pool, which provided a good base for new owners to build on. A pan-Baltic management team with a vision for how to capitalize on the transition from paper to digital invoicing was needed to unlock the platform's potential.

Deal history and structure

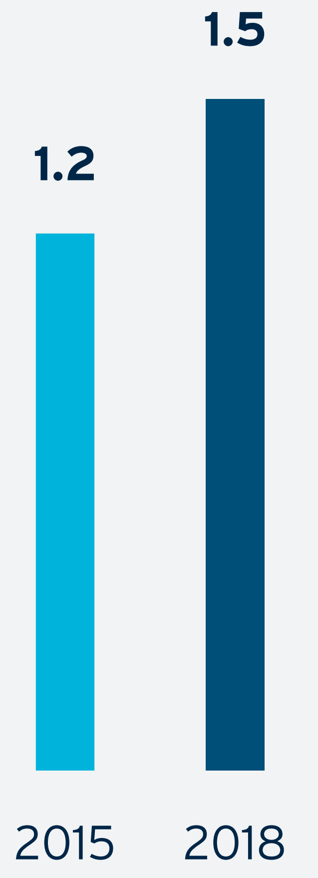
BaltCap acquired 100% of the shares in Fitek in a proprietary process, following Posti's failed attempt at a competitive auction. After the transaction, 5% of shares were sold to the MBI team. BaltCap, with EIF as a co-investor in a subsequent round, also provided expansion financing for add-on acquisitions.

Topline growth

Revenue (EUR million)

Profitability

EBITDA (EUR million)



Value creation and GP contribution

Successful spin-off

BaltCap negotiated and structured the original carve-out transaction to ensure the independent entity's viability and brought in a seasoned MBI team that helped shape the strategy and vision of the business.

Transformation

Under BaltCap's ownership, Fitek went through a complete transformation of its product portfolio, geographical footprint and corporate governance. The company shifted from paper-based services to paperless solutions with proprietary software developed in-house, repositioning itself as a fintech business. DStream, a technology company that created a purchase invoice management solution, acquired separately by BaltCap, was integrated into Fitek as an in-house R&D department.

Growth through acquisition

During the investment period, Fitek completed six further strategic add-on acquisitions. Each brought new technologies, products, geographies or customer groups. Apart from three Baltic acquisitions which strengthened Fitek's local presence, a 50% takeover of Slovak Smartpost provided a foothold in the Slovak, Austrian, Hungarian and Czech markets. A 50% acquisition of Serbia's New Image allowed Fitek to penetrate the Balkan region. In both cases a JV model with the founders was used. All foreign businesses were rebranded and integrated into the Fitek structure.

Organic expansion

The company unified and integrated its organization across three Baltic markets, and later its foreign operations. Fitek also expanded organically to the UK, opening an office in Leeds.

ESG impact

The transition from paper-based to digital invoicing, accounting and management tools – the core benefit of Fitek's products – brings significant environmental benefits. It also improves efficiency and saves clients' time. BaltCap facilitated the introduction of best-in-class transparent governance structures, which were absent prior to the transaction. Moreover, the company created new jobs in the Estonian city of Jõhvi, located in an area of relative poverty and high unemployment.

Exit

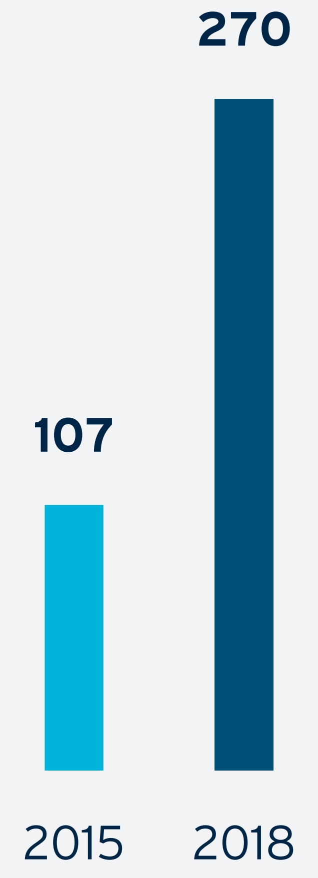
Unified Post made an unsolicited offer to buy Fitek in November 2018. This Belgium-based consolidator of the Western European digital business solutions market sought Fitek as a platform for CEE expansion.

Business growth

# of documents processed (million)

Employment growth

# of employees



Home.pl

The GoDaddy of Poland

Catalysing a founder transition to unlock growth and acquisitions turned Home.pl into the key target for strategics eyeing Poland's SME digitization

COUNTRY	Poland	RETURN	3.4x
GP	Value4Capital	GROWTH	+50% revenue +60% EBITDA
INVESTMENT	EUR 20.3 million (with LP co-invest.)	EMPLOYMENT	27 new jobs

Polish digitalization provided momentum but a strong team and owners with a clear vision made for a great deal and a company still out-performing even today.

Marcin Kuśmierz, CEO, Home.pl

Sector	**Web hosting and SAAS resales**	Investment type	**Buyout**
Investment	**February 2012**	Fund ownership	**34% (54% incl. LP co-invest.)**
Exit	**December 2015**	Exit route	**Trade sale**

Investment rationale

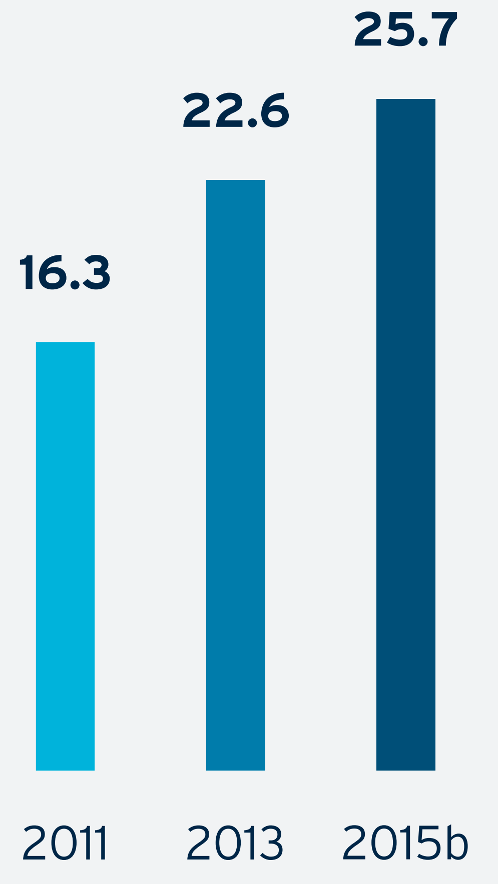
Home.pl was the leading web hosting business in Poland at a time when digitization was increasing. The company had the largest share in domain registrations and shared hosting, plus a diversified stream of recurring revenues. Strategic players were increasingly acquisitive and the sector was already popular with global private equity, offering proven business models for rollout in Poland's under-penetrated market.

Deal history and structure

Value4Capital (V4C) secured the deal with a structure that addressed the transition issues of current owners' and future managers. Within three years it had built a business designed to appeal directly to strategic buyers. V4C invested EUR 16.3 million and an LP co-invested EUR 4 million for a majority buyout of the founders. The financing package also included senior debt and mezzanine.

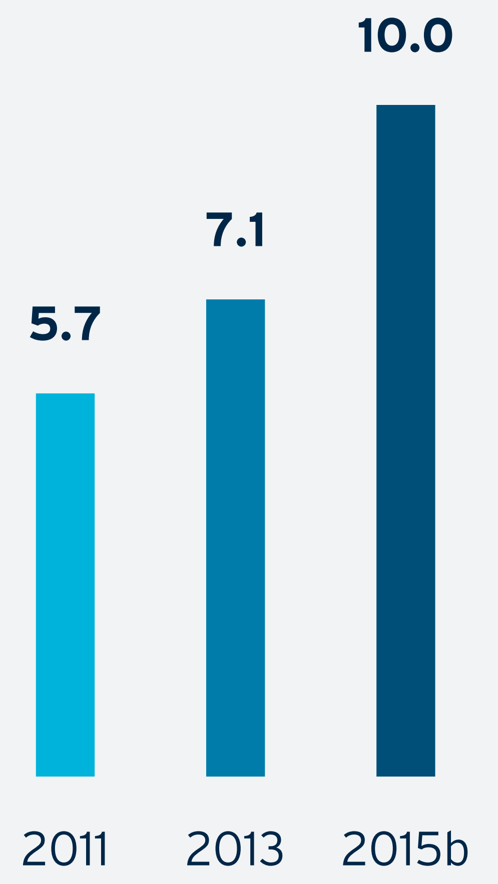
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Catalyst

V4C created a deal structure combining senior debt, mezzanine and an LP equity co-investment that addressed the founders' need to retain sufficient upside after ceding control. The deal aligned the owners and managers for the sprint to an exit as the market's undisputed leader.

Consolidation

In a market where the major competitors were entrepreneurial companies, V4C turned a discussion between rivals into a financial negotiation, which enabled it to buy the third largest player and make Home.pl the only viable target for strategics entering Poland.

Optimization

Post-investment, the key focus was improving time to market for new product launches, broadening the SME offer, introducing new value-added services, improving customer care and shifting the company's mindset from reliance on in-house solutions to external tools and systems.

Facilitation

With the former owners retaining a significant stake and management empowered to accelerate development, V4C worked closely with both groups to ensure everyone remained focused on the agreed goals.

ESG impact

Home.pl moved to modern new premises shortly after investment, reducing energy consumption and the inefficiency of multiple locations to create a strong corporate culture and improved work experience. The company was actively involved in the community, supporting local sports clubs and charities. V4C implemented governance and reporting structures to move towards a professionalized corporate culture.

Exit

When V4C launched a competitive auction, web hosting was a hot sector across Europe and Poland's large SME market made it an attractive target. With its strong market position, recurring revenue base and first class management team, Home.pl attracted top strategic and financial buyers. The company was sold to United Internet (1&1; now Ionos), a global strategic, at one of the highest valuation multiples in the sector.

Business growth

Market share in .pl domains by volume (%)

Employment growth

# of employees

Knjaz Miloš

Serbian mineral water brand

Reinvigorating a 200-year old sparkling water business to become a modern innovative beverages company

COUNTRY	Serbia	RETURN	4.8x
GP	Mid Europa Partners	GROWTH	+89% EBITDA
INVESTMENT	EUR 36 million (with LP co-invest.)		

With Mid Europa's support we were able to capitalize on Knjaz Miloš's excellent reputation and position in the market.

Miloš Stojisavljević, CEO, Knjaz Miloš

Sector	**Consumer beverages**	Investment type	**Buyout**
Investment	**April 2015**	Fund ownership	**100% (incl. LP co-invest.)**
Exit	**August 2019**	Exit route	**Trade sale**

Investment rationale

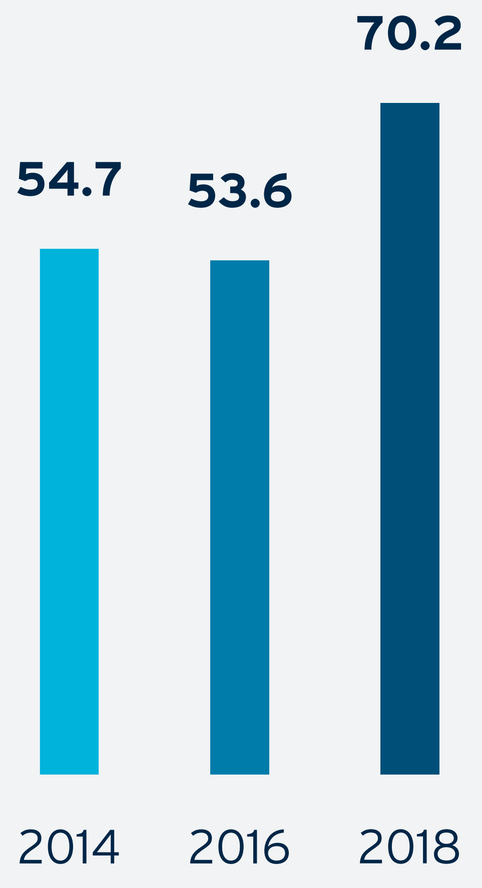
Knjaz Miloš was one of Serbia's strongest consumer brands, and well established in neighbouring countries. It was the country's # 1 player in sparkling water and energy drinks and # 2 in still water. Mid Europa saw an opportunity to build on the historic brand's recognition and market positioning while modernizing its image and capitalizing on increased consumer demand for innovative drinks.

Deal history and structure

Knjaz Miloš was one of three consumer goods companies constituting Danube Foods Group. Mid Europa Partners and its co-investor vehicle took over the group and subsequently restructured it and renamed it Moji Brendovi Group, with the aim of separating each of the companies into distinct businesses. EUR 36 million of equity was invested to acquire a 100% stake in Knjaz Miloš.

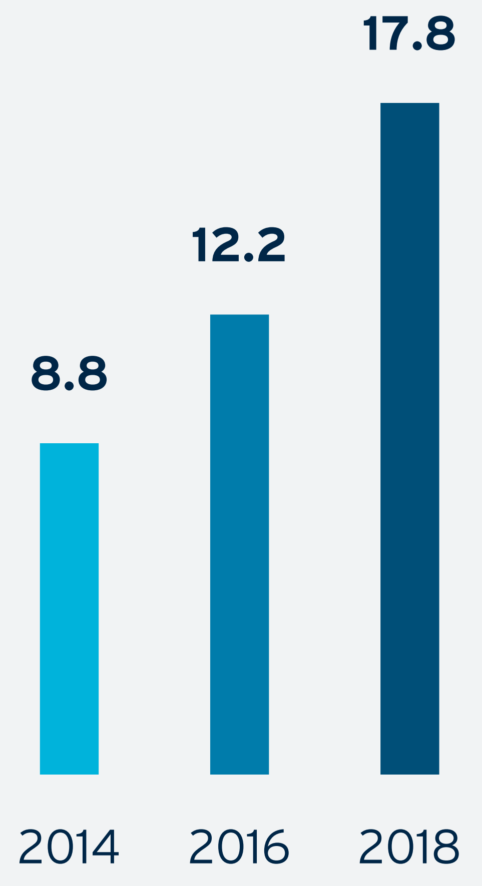
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Revitalization of an incumbent brand

Knjaz Miloš transformed from a traditional mineral water producer into an innovative beverage maker thanks to significant investments into portfolio expansion and creative marketing. The product range was designed to appeal to consumers of all ages. The company successfully combined its traditional roots with modern FMCG practices. The company redefined communications and got closer to customers thanks to the use of digital marketing channels targeting the younger generation. These efforts led to double-digit sales growth and 100% margin improvement. New products grew to 13% of revenues.

Increase in market share

The company achieved a 13% CAGR in sales during the investment period, further strengthening its leadership in the core sparkling water segment (+4 p.p. market share) and developing innovative new products and brands in adjacent categories.

Continued expansion abroad

During MEP's investment, Knjaz Miloš's exports grew by 22%.

Effective management

MEP introduced a management structure at the holding level, including a group CEO and CFO, to support each of the Moji Brendovi Group's assets. Concurrently, the Knjaz Miloš management team was strengthened with top talent from leading regional and international brands.

Optimized capital structure

Mid Europa recapitalized the group which enabled it to return 40% of the initial equity investment within 12 months of the acquisition.

ESG impact

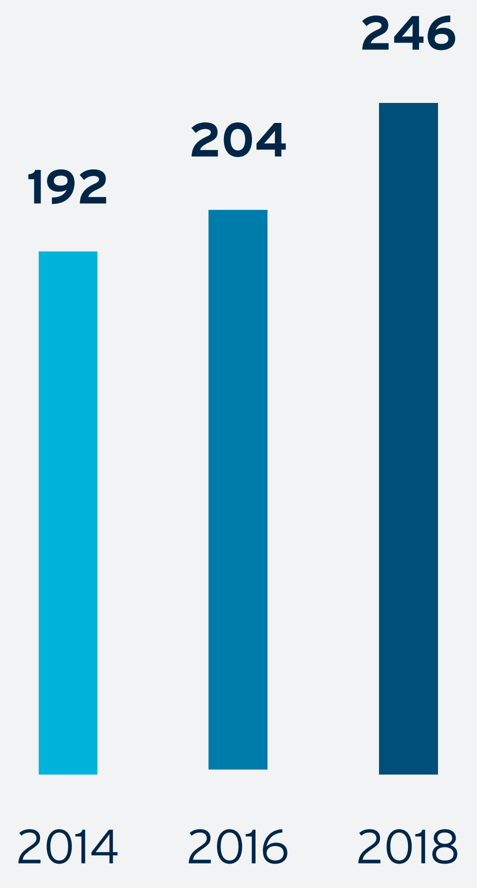
MEP introduced a new corporate governance structure, reporting tools and performance targets. A focus on diversity increased the proportion of female employees from 25% to 34%. Knjaz Miloš also prioritized the needs of its local community by participating in the activities of the town's cultural institutions, schools and healthcare providers. Support included product donations as well as other initiatives aimed primarily at promoting healthy and safe lifestyles among children.

Exit

Knjaz Miloš was sold to a joint venture between Mattoni 1983 (formerly Karlovarské Minerální Vody) and PepsiCo in a competitive process, with a number of global FMCG players showing strong interest. The acquisition came 11 years after PepsiCo's first unsuccessful attempt to buy Knjaz Miloš in 2008.

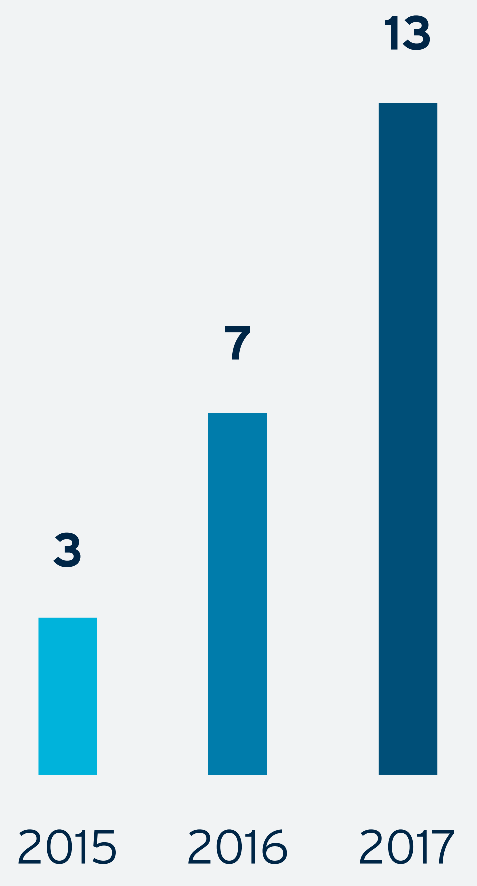
Business growth

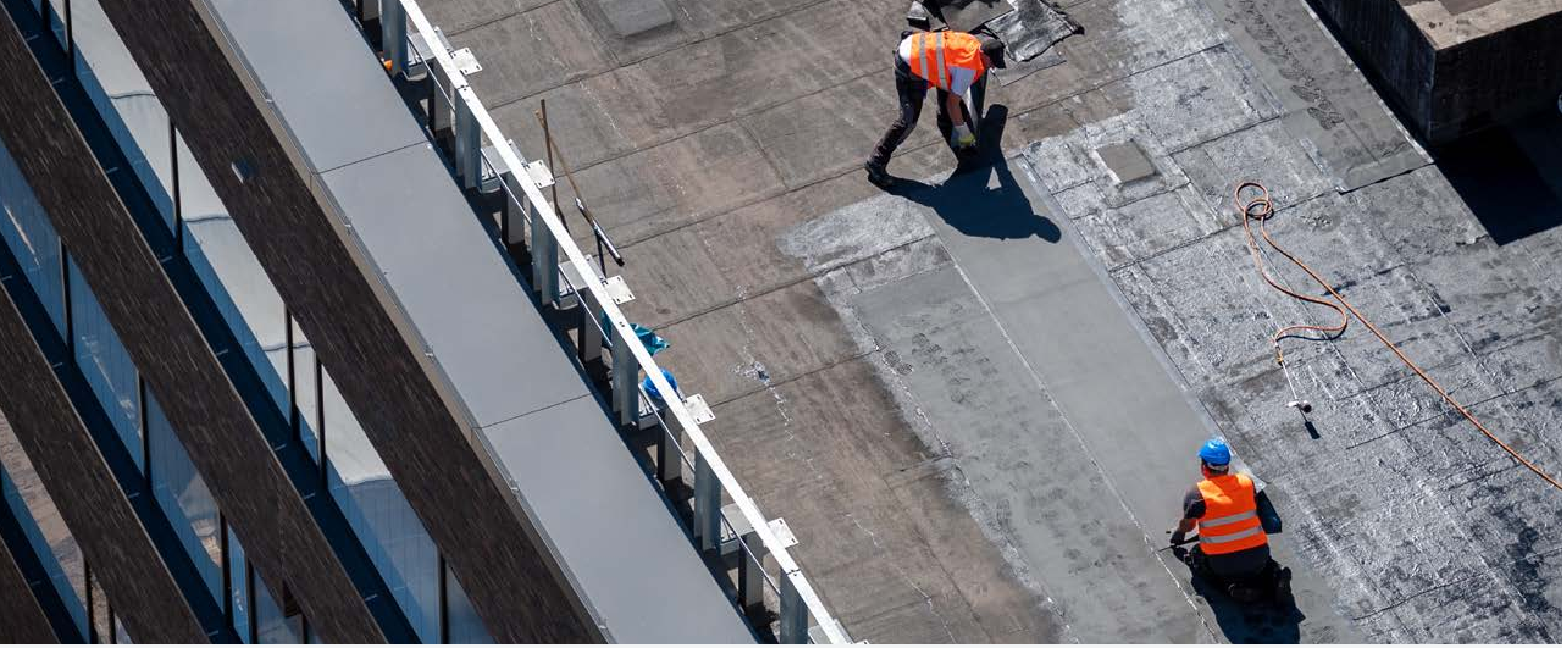
Drinks volume (million litres)



New SKUs

Share of revenue (%)





KVK Holding

Czech producer of construction materials

Transforming a stagnant business into a highly profitable consolidation platform via a private equity–led MBO

COUNTRY	Czech Republic	RETURN	3.9x
GP	ARX Equity Partners	GROWTH	+80% EBITDA margin
INVESTMENT	EUR 9.8 million	EMPLOYMENT	60 new jobs

The ARX team systematically supported KVK's management to realize key value-building initiatives for the company.

Martin Kovac, CEO and co-owner, KVK Holding

Sector	**Construction materials**	Investment type	**Buyout and growth**
Investment	**August 2010**	Fund ownership	**74%**
Exit	**October 2017**	Exit route	**Trade sale**

Investment rationale

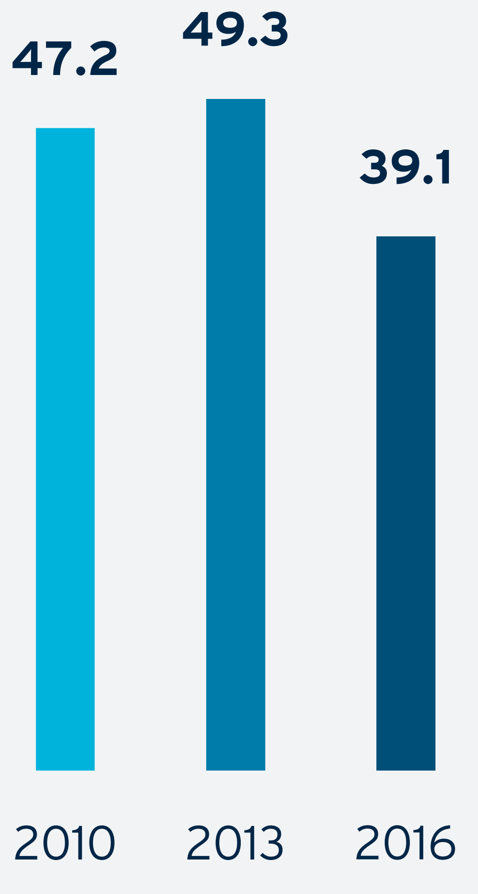
KVK is a leading Czech producer of waterproofing materials (e.g. bitumen membranes and polystyrene sheets), mortars, adhesives and insulation materials. The company exports to Slovakia and Germany. In 2010, when diverging interests between the CEO and the majority shareholder created obstacles to growth, ARX saw the potential to consolidate the sector, drive synergies and focus the business on the most profitable products.

Deal history and structure

ARX was approached by KVK's CEO and minority shareholder to replace the passive majority shareholder and support a growth plan. The CEO co-invested alongside ARX in the buyout. ARX invested EUR 5.8 million of equity in the buyout and injected a further EUR 4 million of capital for follow-on acquisitions. The transaction and expansion were co-financed with debt.

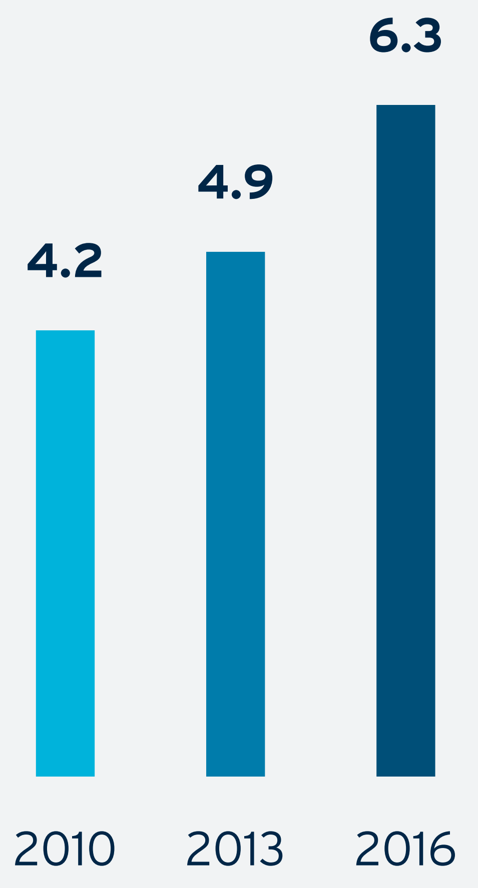
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Market consolidation

The acquisition of KRPA Dechtochema in 2011 established KVK as an undisputed leader of the Czech and Slovak markets in the bitumen sheets sector with approximately a 50% market share. ARX sourced and led the transaction. The successful integration of KPRA and a second strategically important acquisition drove distribution channel gains and delivered material cost synergies.

Streamlined portfolio and operations

KVK streamlined its core activities as well as its product portfolio and production sites. The focus was to evolve the sales mix towards higher-margin products and discontinue the unattractive portfolio. This, plus declining input and selling prices in the market overall, led to a decline in total revenues, yet the EBITDA margin nearly doubled and EBITDA grew by 50% during the investment period.

Professional management

The company enhanced its senior management team by appointing a new CFO and head of production. The CEO helped recruit his successor, who also became an investor in the company. ARX worked alongside the CEO to develop modern KPI-based reporting standards.

Cash flow optimization

Improved profitability and cash flow generation allowed ARX to return 1.7x the total investment cost in dividends during the investment period.

ESG impact

KVK sought to reduce its environmental footprint. The company installed a new filtration system that decreased odours emitted by its bitumen production line. It reconstructed a milling facility to decrease noise pollution levels. KVK invested in heating system upgrades, switching from coal to a low-emission gas technology.
The company supported its local community. It donated CZK 4 per tonne of limestone extracted from its quarry to the local municipality. KVK also donated limestone to improve the community's dams, which had been damaged by a major flood.

Exit

In 2017, ARX identified and negotiated without sell-side advisors with the most promising trade buyers, and ultimately executed a 100% sale to Sika AG, a Swiss publicly traded construction materials producer. Sika was already present on the Czech market and was attracted by KVK's substantial share in key market segments.

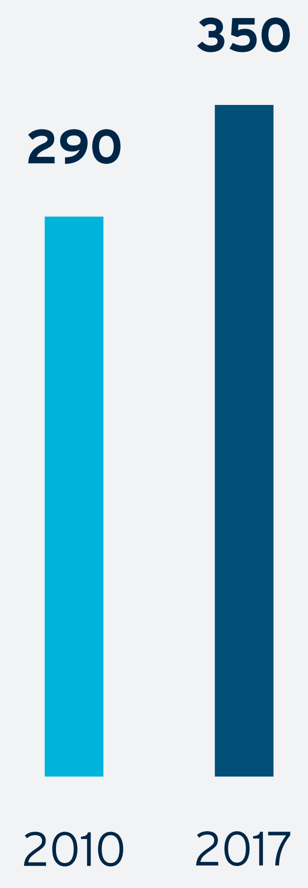
Business growth

Share in Czech market of bitumen sheets (%)

from
25
to
50

Employment growth

# of employees



Magnetic MRO

Full-service aircraft MRO specialist

Transforming a corporate low-margin airframe maintenance business into an independent full-service and aftermarket specialist with global reach

COUNTRY	Estonia	RETURN	4.6x
GP	BaltCap	GROWTH	7x revenue
INVESTMENT	EUR 7.1 million	EMPLOYMENT	260 new jobs

By teaming up with BaltCap we gained like-minded business partners who think big, execute creatively and make no compromises on business ethics.

Jonas Butautis, CEO and co-owner, Magnetic MRO

Sector	**Aircraft maintenance**	Investment type	**Buyout and growth**
Investment	**February 2010**	Fund ownership	**100%**
Exit	**March 2018**	Exit route	**Trade sale**

Investment rationale

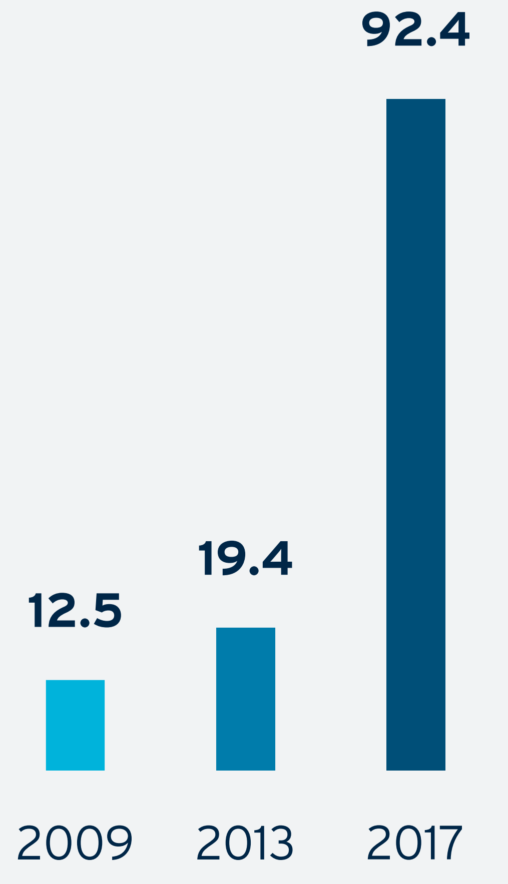
In 2010 Magnetic MRO was predominantly a subcontractor to its parent company, Scandinavian Airlines (SAS). BaltCap saw an opportunity to create an independent aircraft MRO (maintenance, repair and operations) provider that would be well positioned to serve the European and CIS markets from its base in Estonia. With the industry moving from selling manhours to providing comprehensive technical care, improved margins were possible. BaltCap aimed to triple Magnetic's capacities by developing modern hangar facilities in partnership with Tallinn Airport.

Deal history

BaltCap acquired 100% of Magnetic MRO from SAS in a limited auction process. The equity ticket was EUR 5 million. A further EUR 2 million was provided in 2012-2013 for additional investments. BaltCap's shareholding was diluted to 70% in 2014 when an incentive package was introduced for the incoming management team.

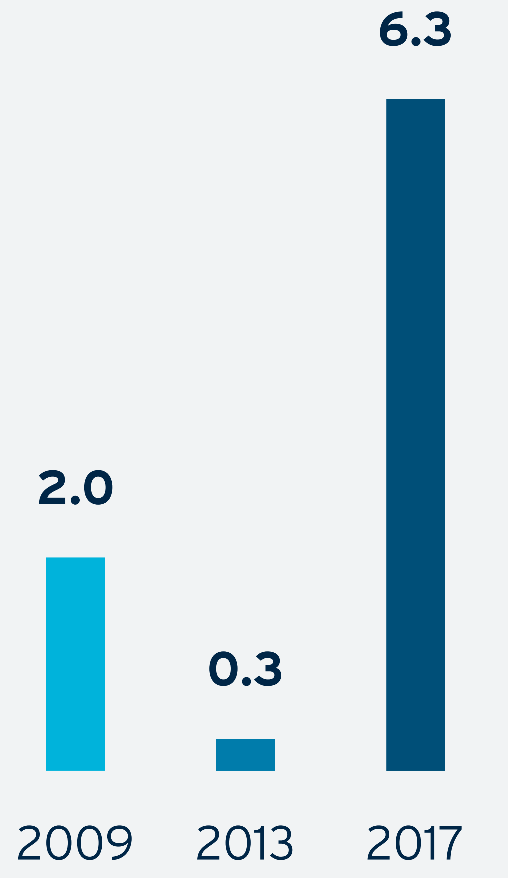
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Capacity and service expansion

A new hangar was built and funded by Tallinn Airport against a long-term lease from Magnetic MRO. This allowed the company to offer heavy maintenance services and Airbus fleet capability. The services portfolio was developed to include engineering, engine maintenance, parts brokering, engine stands rental and – thanks to a second new hangar – aircraft painting.

Growth via acquisitions and partnerships

Magnetic MRO acquired British aircraft interior specialist MAC. The company also entered into a JV with Crestline, a US hedge fund active in high value airframe and engine part-outs, which enabled the launch of a trading subsidiary. BaltCap supported Magnetic with financing and deal know-how. Magnetic expanded its geographical presence from one to 13 countries.

Shareholder value mindset

BaltCap made sure the management team was right for each stage of the company's development, and changed it in 2014 to reflect to transition from spin-off to accelerated expansion and international development. BaltCap aligned its interest with that of the new team through a generous and highly motivating incentive package.

ESG impact

The expansion of Magnetic MRO at Tallinn Airport, which tripled capacity during the first three years of investment, led to the creation of 220 new jobs, mainly in well paid technical functions. A further 40 jobs were added via the MAC acquisition. Magnetic became a driving force of Estonia's aviation industry and a cornerstone of the whole ecosystem. Its contribution to the local economy was recognized with the Company of the Year and Exporter of the Year awards, the highest such public accolades in Estonia.

Exit

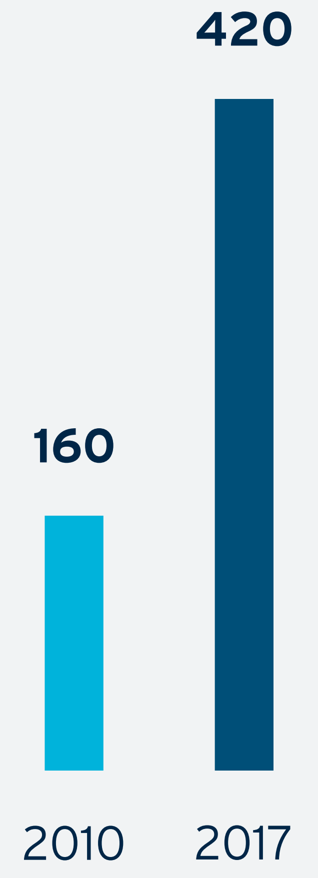
BaltCap ran a competitive exit process to sell a 100% stake jointly with the management team. The company was acquired by Guangzhou Hangxin Aviation Technology, a Chinese listed company servicing 50 airlines in Asia, the Middle East, Europe and North America. Magnetic MRO provided an ideal platform for strengthening the buyer's position in Europe. This was the largest exit in BaltCap's history and the largest acquisition of an Estonian company by a Chinese trade buyer.

Business growth

Geographical presence (# of countries)

Employment growth

# of employees



MSV Metal Studénka

European leader in railcar subassemblies

Rescuing from insolvency and restructuring one of the key suppliers to Europe's railway industry

COUNTRY	Czech Republic	RETURN	5.5x
GP	Jet Investment	GROWTH	+75% EBITDA
INVESTMENT	~ EUR 15 million	EMPLOYMENT	302 new jobs

Seven years of restructuring efforts led to a successful outcome for MSV, taking it from insolvency to clear market leader and enabling further growth under an industrial buyer.

Ivo Lazecký, CEO, MSV Group

Sector	**Rail cargo vehicle parts production**	Investment type	**Rescue/turnaround**
Investment	**January 2013**	Fund ownership	**100%**
Exit	**February 2020**	Exit route	**Trade sale**

Investment rationale

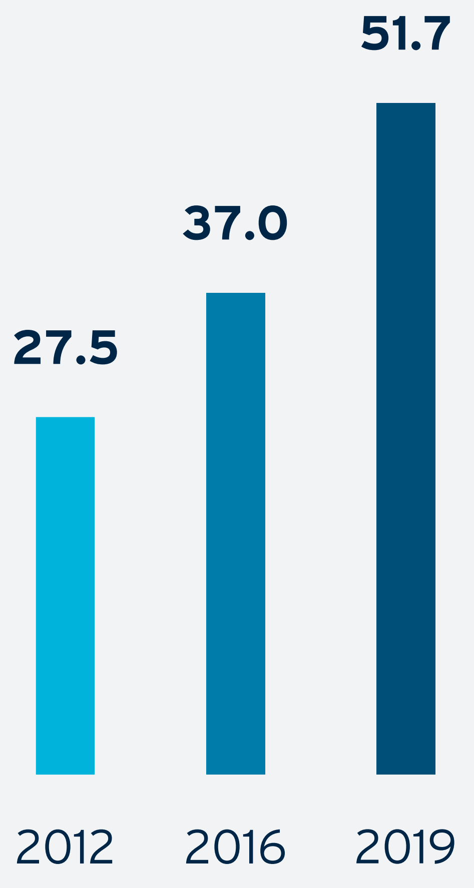
MSV Group, a company with over 100 years of history, manufactures forgings, pressings and other components for rail cargo vehicles. At the time of investment, MSV was part of Astra Rail Industries and a supplier to companies within the group. Following MSV's insolvency, Jet saw an opportunity to restructure the business, optimize its assets and product portfolio and extend sales to major European state railway operators, freight wagon lessors and cargo wagon producers.

Deal history and structure

Having fought off other financial and strategic competitors, Jet acquired the insolvent MSV in 2013. The buyer successfully negotiated with MSV's lenders to refinance its debt package, and invested app. EUR 15 million of equity for the share purchase and a capital increase to finance a later acquisition.

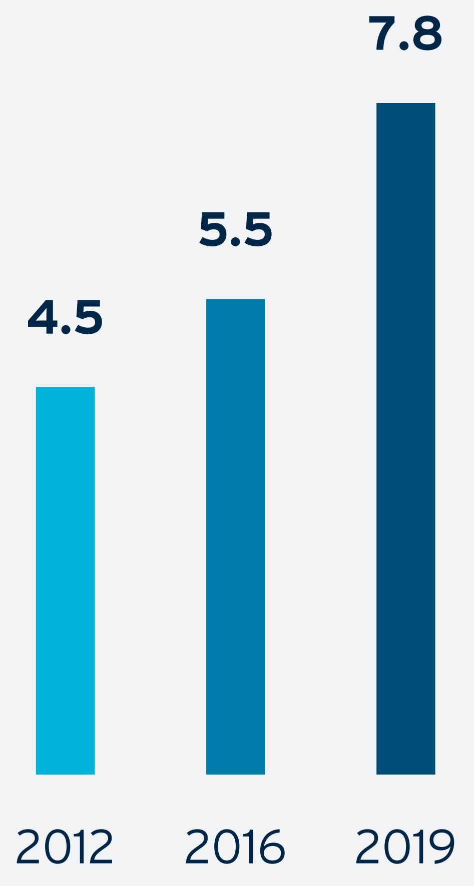
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Operational turnaround

In the first two years, Jet focused on reorganizing and stabilizing the business by regaining customers' confidence, spinning off non-core assets and rebuilding profitability and cash flow. The next priority was new customer acquisition, adding value-added production, debottlenecking operations, raising productivity and filling unused capacity.

Investments and expanded offer

MSV invested heavily in new technologies to develop state-of-the-art facilities. Production capabilities were broadened into machining, heat treatments and painting. New products with improved quality and features were added, accelerating customer acquisition. By Jet's exit, MSV had its strongest order backlog ever and the leading position in the European market.

Market consolidation and optimization

With Jet's assistance, in 2017 MSV acquired its major competitor, Kuźnia Ostrów Wielkopolski (KOW). Extensive synergies were realized with this Polish player in manufacturing, product portfolio and market penetration. Production allocation was streamlined between the sites and capacity optimized.

Strengthening the management

Jet added a new CFO to strengthen the management team and replaced KOW's CEO, sales and technical directors.

Financial turnaround

The restructured and expanded business generated above-average margins thanks to production excellence, unique products and repositioning as a high-quality supplier. The company produced strong cash flows thanks to a solid cash conversion ratio.

ESG impact

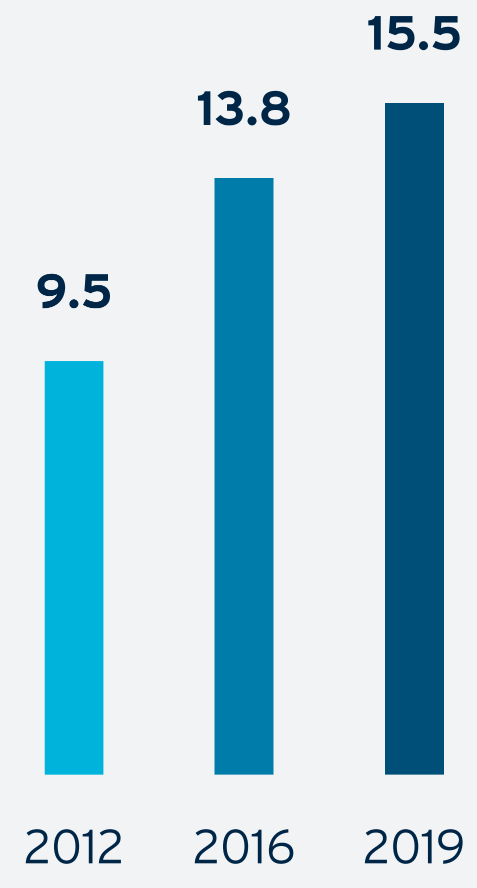
MSV invested heavily in energy-saving measures, thus reducing its climate footprint. The number of employees grew from 356 to 658, including KOW, and the average salary increased by 40%. The company also organized family events for the local community and for its employees to raise the profile of the forging profession.

Exit

MSV was sold to a Czech strategic investor, Moravia Steel, a leading industrial group in Central Europe and a major exporter active across 60 countries, which was looking for acquisitions up the value chain. The buyer was attracted by MSV's number one position in its core market segments.

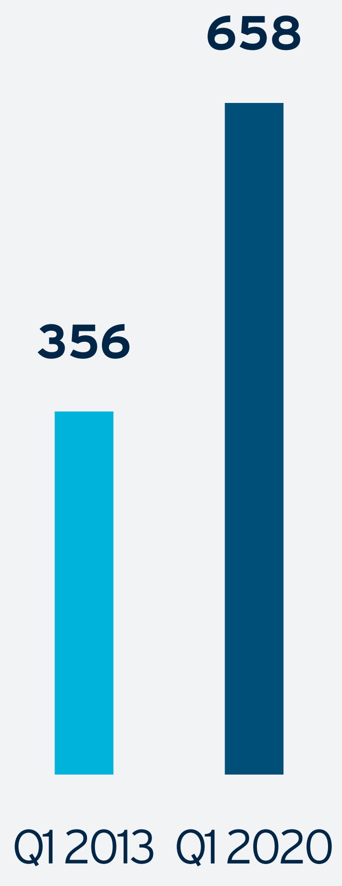
Business growth

Sales (thousand tonnes)



Employment growth

# of employees



Novago

Poland's leading waste-to-energy group

Anticipating market pressures to improve municipal waste recycling, Abris financed Novago's transformation into a fully integrated waste management player

COUNTRY	Poland	RETURN	3.8x
GP	Abris Capital Partners	GROWTH	4x processed waste volume
INVESTMENT	EUR 20 million	EMPLOYMENT	295 new jobs

Abris's support and strategic input helped us to achieve new heights and to become stronger in every aspect of our business.

Michał Dąbrowski, Vice President of the Management Board, Novago

Sector	**Waste management**	Investment type	**Buyout and growth**
Investment	**March 2013**	Fund ownership	**60%**
Exit	**August 2016**	Exit route	**Trade sale**

Investment rationale

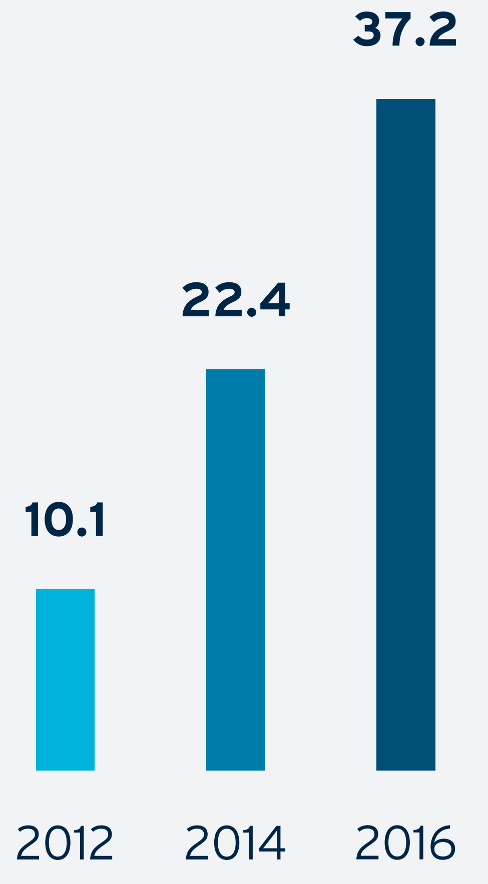
Although Novago was a local waste management company focused on municipal waste collection and landfilling, Abris recognized its greater potential having already completed a detailed evaluation of the Polish waste management industry. The company owned a substantial land bank officially approved for waste treatment and had proprietary technologies enabling advanced waste recovery in accordance with industry best practices, making it an attractive target.

Deal history and structure

In-depth knowledge of industry drivers and challenges allowed Abris to quickly build a constructive dialogue with Novago's entrepreneur-owner and secure early exclusivity during a highly competitive auction process. Abris achieved a very attractive price at entry, investing EUR 20 million for a 60% stake, with the founder retaining 40%.

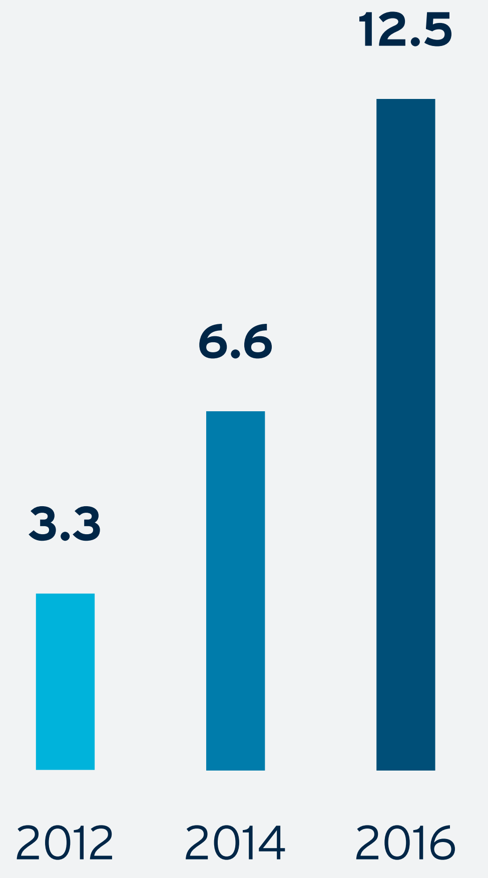
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Business transformation

Novago was transformed from a family-owned company into a corporate business with strong governance, finance, operations and compliance structures; Abris brought in a new COO and CFO, and professionalized IT and reporting.

Strategy shift

Abris helped to refocus Novago's strategy on building a fully integrated waste-to-energy group, developing additional proprietary technology for waste processing, signing new contracts and executing bolt-on acquisitions.

Business model expansion

Revenues were diversified away from a single source to include alternative fuel, energy sales and services. The company significantly improved waste recovery levels to close to 80%, which allowed it to increase the EBITDA margin to more than 30%. Additionally, Novago built up the landfill bank to provide the company with 100 years of capacity at current production levels, in full alignment with new EU standards.

Investment programme

Novago completed a EUR 30 million investment programme that helped it secure a strategic position in the market and triple the number of operating locations.

Accelerated growth

Processed volumes grew fourfold to nearly 1 million tonnes, while both revenues and EBITDA also nearly quadrupled between 2012 and 2016. Novago's Polish market share rose from less than 2% to over 8% and employment almost tripled, from 150 at entry to more than 400 at exit.

ESG impact

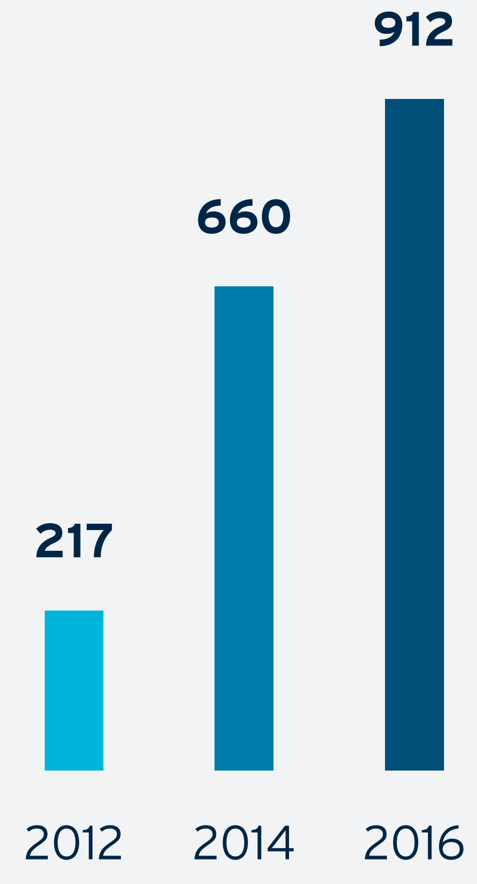
During Abris's stewardship, the company reduced waste sent to landfill, increased green energy generation and built employee wellbeing through improved health and safety programmes. An EU-funded R&D project was established with local universities to develop further waste-to-energy technologies. Novago provided financial support for local communities, schools, universities, fire departments and charities.

Exit

An auction process attracted over 40 potential buyers. The eventual sale to China Everbright International, a Hong Kong-listed waste recycling business, was the largest single Chinese investment in Poland to date. The sale price represented an exit multiple of 17.7x EBITDA.

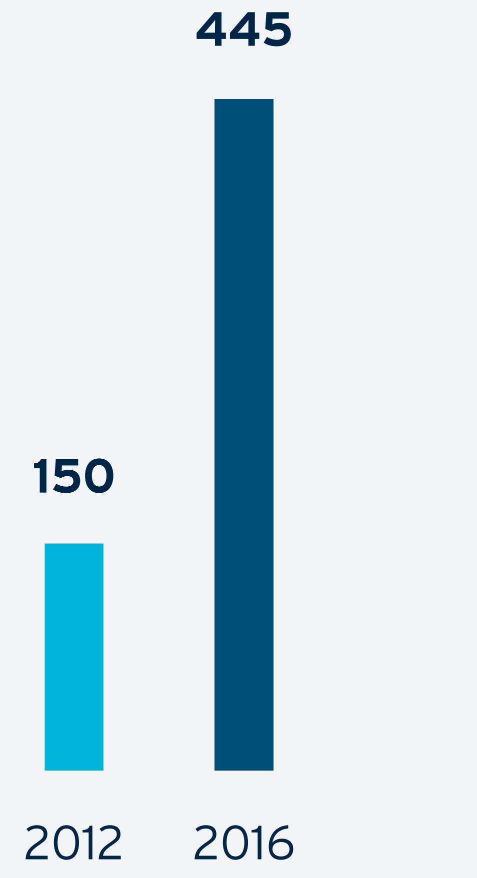
Business growth

Waste processed (thousand tonnes)



Employment growth

# of employees



PBKM (Famicord Group)

Europe's leading stem cell bank

Consolidating the European market via a Polish local champion with a unique subscription-based business model

COUNTRY	Poland	RETURN	8.1x
GP	Enterprise Investors	GROWTH	4.7x the number of stored units
INVESTMENT	EUR 4.3 million	EMPLOYMENT	303 new jobs

Both the industry and PBKM were poised for further dynamic growth. The strong results of the IPO confirmed this global trend.

Rafał Bator, Partner, Enterprise Investors

Sector	**Stem cell banking**	Investment type	**Buyout and growth**
Investment	**November 2009**	Fund ownership	**58.3% (max. stake)**
Exit	**June 2017**	Exit route	**Public markets**

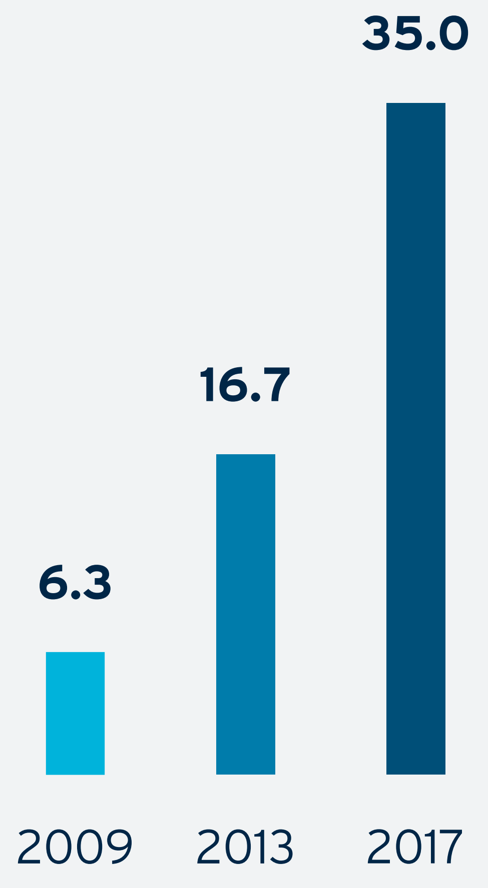
Investment rationale

PBKM, known internationally as Famicord, collects, processes and stores cord blood stem cells and other biological material used in life-saving transplants and experimental therapies. Interest in such services in Poland was expected to surge and PBKM, as market leader, was well positioned to benefit. The company was also an attractive platform for consolidating the European market through add-on acquisitions. Its unique subscription-based business model allowed for strong topline growth and enhanced profitability.

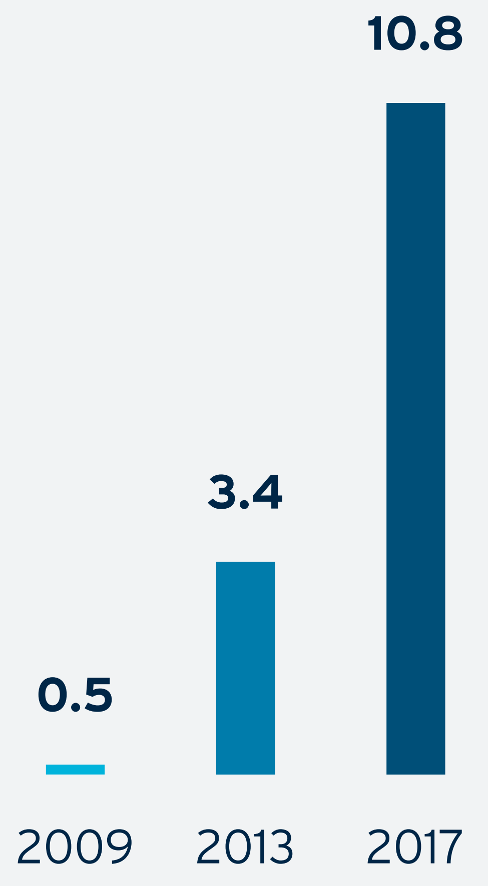
Deal history and structure

PBKM's shareholding was highly dispersed. Enterprise Investors (EI) invested in a capital increase and buyout of two of the 13 individual shareholders, and further increased its holding by redeeming some minority shareholders, securing a 50%+ stake. Together with the four founders who co-invested in the deal, EI controlled over 80% of the company.

Topline growth
Revenue (EUR million)



Profitability
EBITDA (EUR million)



Value creation and GP contribution

Expansion platform

PBKM became the largest stem cell bank in Europe by number of new collections and therapy applications. EI helped the company execute close to half of all acquisitions of European cord blood banks (in Poland, Hungary, Romania, Spain and Turkey). The expansion also included greenfield investments (Italy) and partnership models (Estonia, Moldavia, North Macedonia, Switzerland and the US).

Subscription model

The company delivered strong financial performance based on its unique subscription-based service. With two thirds of all customers choosing this model, PBKM gained a major advantage over competitors, who used upfront prepaid contracts.

Distributed capabilities

The company expanded its central laboratory in Warsaw and grew its network to include nine stem cell processing labs and 11 storage locations. This network approach distinguished the company from its competitors, who employed single central processing and storage models.

Product expansion

PBKM introduced many new products: cord tissue collection, genetic tests, medical insurance, placental blood collection and DNA isolation. Establishing a public stem cell bank allowed PBKM to provide biological material for clinical research (B2B).

Proof in treatment

The number of patients treated with PBKM's biological materials in various therapies increased from three in 2009 to 520 in 2016.

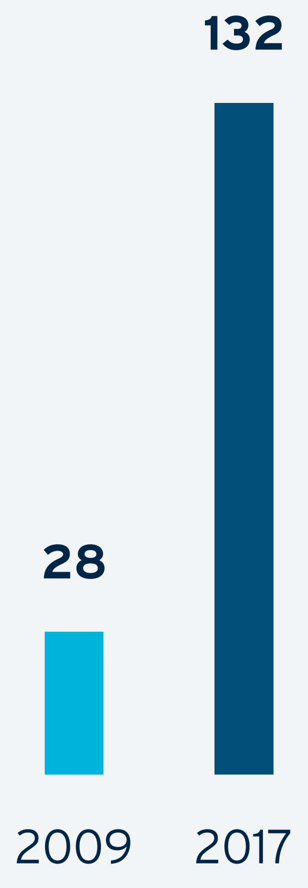
ESG impact

Between 2009 and 2017, stem cells collected by the company were used in 1,370 emergency therapies of life-threatening diseases, including metabolic disorders, leukemias, immune system and lymphatic system disorders, and myelodysplastic syndromes. The company provided services at no cost to expectant mothers whose older children required urgent cord blood-based treatment. PBKM's public cord blood bank in Poland improved access to treatment for unrelated families needing stem cells.

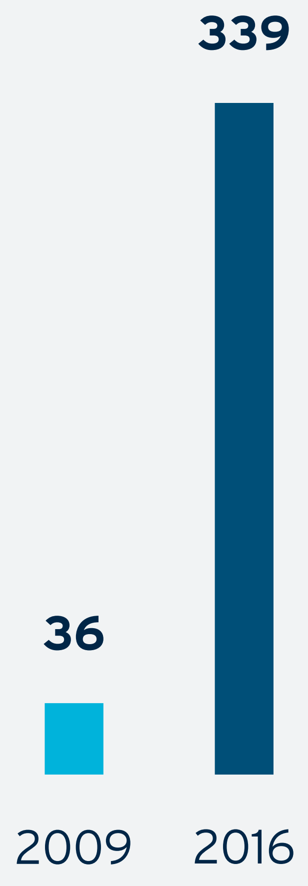
Exit

In April 2016, EI partially exited PBKM through an IPO on the Warsaw Stock Exchange, selling a 17.3% stake. It sold the remaining 38.1% 15 months later through the public market via an accelerated bookbuilding process. Total gross proceeds reached EUR 34.8 million.

Business growth
# of accumulated units in storage (thousand)



Employment growth
# of employees



Profi Rom Food

Romania's fastest-growing food retailer

Taking advantage of shifting consumer shopping behaviour, the company re-designed its store formats and accelerated its rollout nationwide

COUNTRY	Romania	RETURN	6.7x
GP	Enterprise Investors	GROWTH	6x more stores
INVESTMENT	EUR 76.4 million	EMPLOYMENT	9,523 new jobs

Profi succeeded in transforming itself from a private business into a corporation with the support of a strong financial investor that brought extensive retail experience.

Sebastian Król, Partner, Enterprise Investors

Sector	**Food retail**	Investment type	**Buyout and growth**
Investment	**March 2010**	Fund ownership	**100%**
Exit	**February 2017**	Exit route	**Sale to a PE house**

Investment rationale

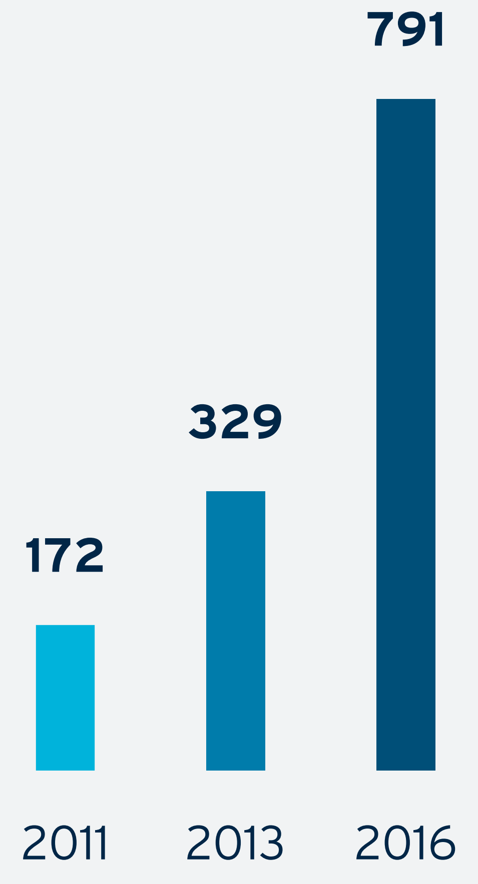
Enterprise Investors (EI) saw a steady shift in consumer behaviour towards frequent shopping for smaller quantities, coupled with market consolidation and the demise of traditional independent retail. EI spotted the opportunity to develop Profi from its initial discounter model into a modern proximity supermarket with improved assortment and store layout, thus positioning it in a segment that was bound to develop further. Favourable real estate market conditions supported the case for an investment where value was to be created by rolling out the store network across Romania.

Deal history and structure

EI acquired 100% of the share capital of Profi Group from its Belgian owner. The aggregate value of the investment was EUR 76.4 million, of which EUR 66.4 million was contributed at closing and a further EUR 10 million was provided to finance growth and M&A activity.

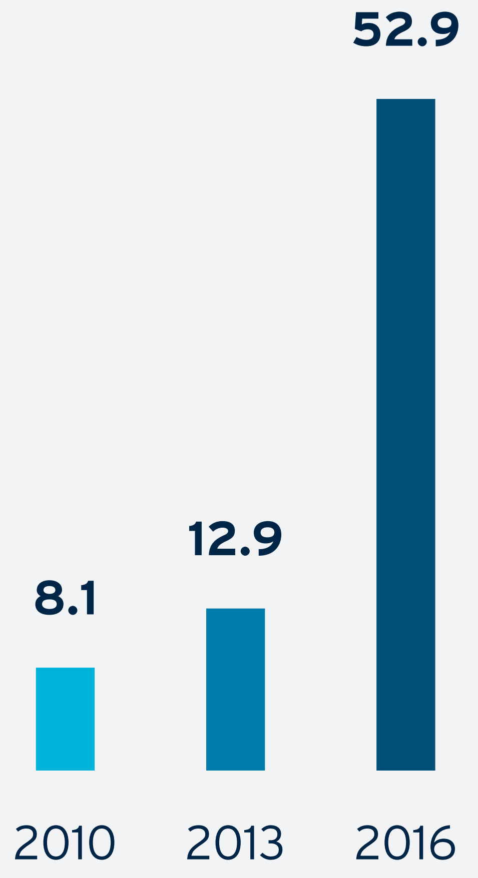
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Store performance boost

The plan developed by EI and the MBI team focused on improving the fresh food offering, restructuring the non-food assortment, optimizing the store layout and improving customer communication. Like-for-like sales dynamics grew to 14% by 2016.

Distinctive formats

Profi tailored its store models to specific location types as it went national: a proximity supermarket, a smaller 'last-minute shopping' urban format and a format for rural areas.

Dynamic rollout

Network expansion accelerated every year, reaching 133 new openings in 2016. At EI's exit, Profi was the fastest-growing chain, present in all 41 Romanian counties and with a leading position in a majority of them.

Technology advancements

New software enabled efficient management of the shop floor, shelf plans and stocks. Profi also developed an advanced loyalty programme for its customers.

Experienced management

The MBI team was led by the former CEO of Kaufland Romania and supported by the former CEO of Lidl in Czechia and Slovakia. Following the acquisition, EI's retail expert (a former Tesco executive) joined Profi's supervisory board to later become its CEO. EI also helped establish critical management functions in purchasing and network expansion.

Capital for growth

EI's support gave the company access to expansion financing at a low cost.

ESG impact

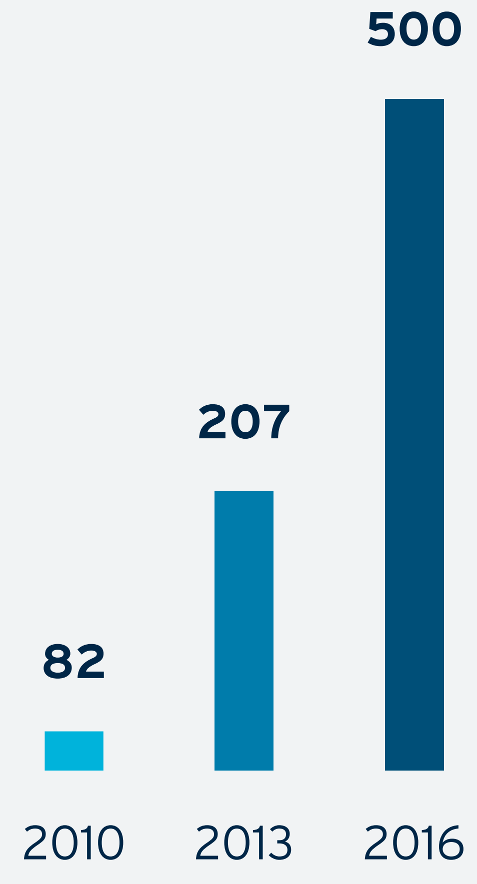
The company's growth fostered job creation, with the number of Profi employees growing by 10,000, i.e. more than eightfold. Profi developed recycling programs, introduced energy-saving measures in refrigeration and lighting and developed environmentally friendly shop designs and construction techniques. Profi also contributed to local communities. It helped modernize the cancer wing of a children's hospital, supported families whose children were in oncological treatment, funded autism therapies and provided local schools with 5,500 computers plus educational software.

Exit

An auction process attracted strong interest from both financial and strategic investors. A 100% sale of Profi was completed to PE firm Mid Europa Partners. The total equity value of the transaction was EUR 533 million, making it the largest deal by a PE fund in Romania and the largest retail deal in the country's history.

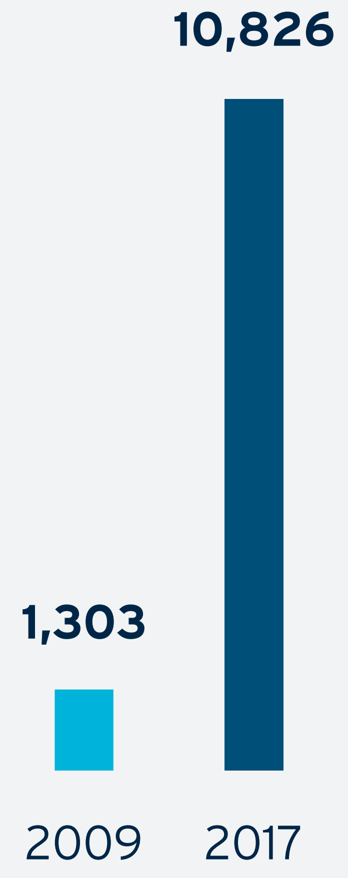
Business growth

\# of stores



Employment growth

\# of employees



Rankomat

Poland's # 1 online car insurance broker

Transforming the Polish car insurance market to become the undisputed leader in online policy transactions

COUNTRY	Poland	RETURN	**5.9×**
GP	3TS Capital Partners	GROWTH	From 30,000 to **2.2 million users**
INVESTMENT	EUR 1.7 million	EMPLOYMENT	**108** new jobs

Rankomat's success was a model for cooperation between founders, managers and investors, whose financial support and business know-how helped the company grow into a market leader.

Jacek Olechowski, Founder, Rankomat

Sector	**Online insurance**	Investment type	**Growth**
Investment	**October 2010**	Fund ownership	**40%**
Exit	**July 2015**	Exit route	**Trade sale**

Investment rationale

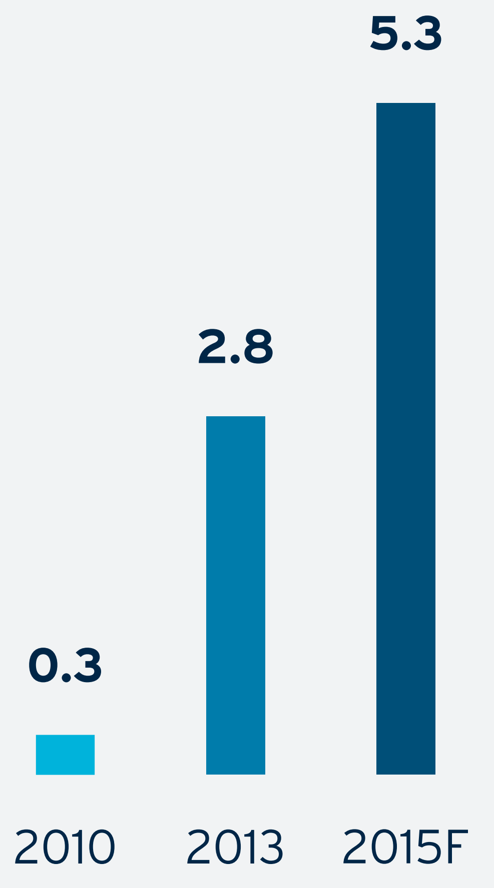
Prior to 3TS's investment, Rankomat was an early-stage first mover on Poland's nascent online car insurance brokerage market. Its first-rate platform for comparing and purchasing policies was well positioned for the rapid digital transformation of the local industry in line with global market trends. The company had sophisticated founders but needed a partner with growth experience and capital to catalyse fast development and maintain its market advantage.

Deal history and structure

3TS injected new capital into Rankomat to accelerate the company's growth. After the first investment in 2010, 3TS participated in several follow-on funding rounds in subsequent years, injecting EUR 1.7 million of equity in total. The founders remained actively engaged in the business until their joint exit with 3TS in 2015.

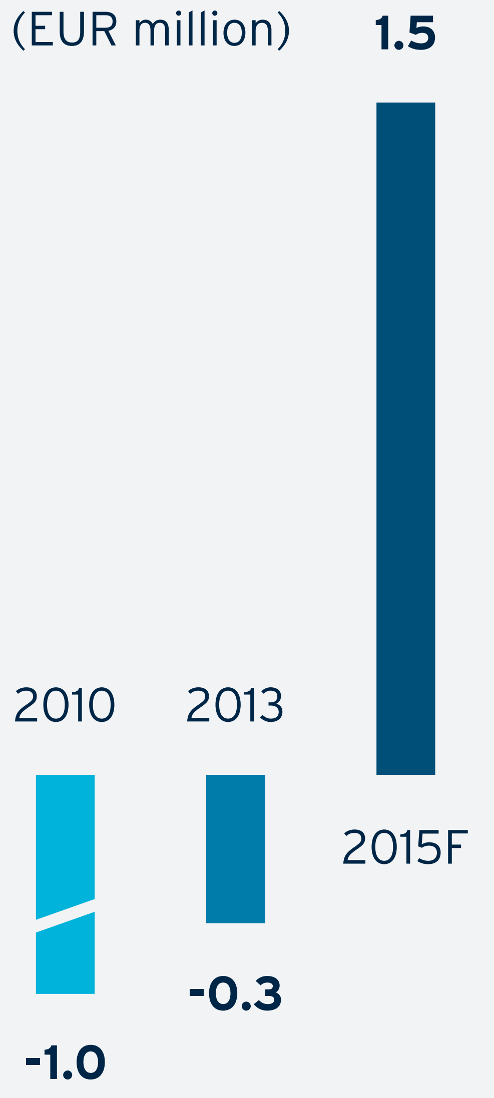
Topline growth

Revenue (EUR million)



Profitability

EBITDA
(EUR million)



Value creation and GP contribution

Upgraded business model

3TS guided Rankomat to find a successful business model. Following the investment, the company strengthened its technology competence and in 2011 launched a new strategy along with a proprietary online platform. Rankomat continued to optimize the product mix and marketing approach, while balancing policy sales and lead generation and improving terms with insurers to achieve its transformation from a small comparison website into Poland's undisputed market leader in online car insurance policy sales.

Building scale

With its proven business model, the company was ready for a major marketing push. In late 2013 Rankomat launched its first major media campaign, which resonated positively with consumers and opened up additional scaling opportunities. In 2014 the company launched other financial and insurance verticals. Exponential growth followed, with the number of visitors increasing at a 41% CAGR and registered users growing at a 100% CAGR between 2011 and 2015. In 2015 Rankomat had a 10% market share in the direct distribution channel, which includes online and call centre sales. The expansion catapulted the company into positive EBITDA from 2014.

Professional management

3TS introduced key changes to the team, rebuilding the entire management structure to empower senior and mid-level management. The marketing director was promoted to CEO. 3TS also helped fill the CIO position and strengthen the M&A, partnerships and new verticals functions.

ESG impact

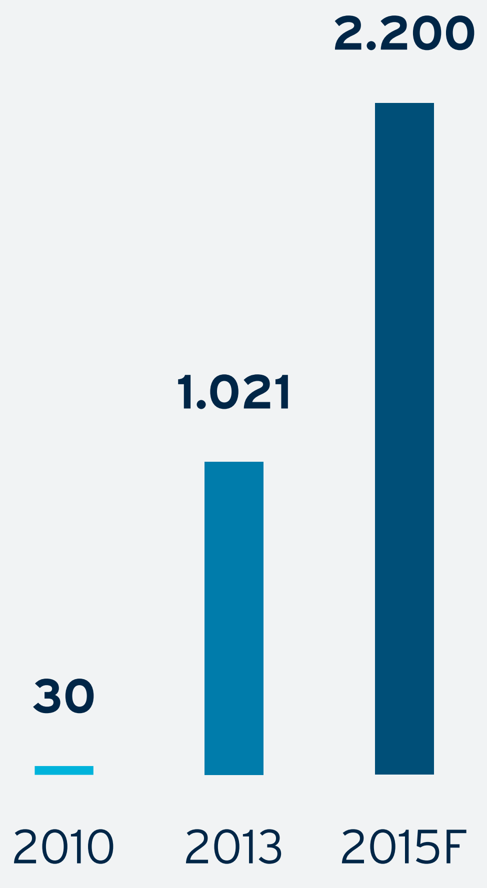
3TS drove the introduction of professional and transparent governance structures, supported by world-class controlling and reporting tools and procedures. During the holding period, Rankomat created 108 new jobs in Poland, including 100 at a call centre opened in 2012.

Exit

In early 2015, 3TS and the other shareholders launched a process to sell 100% of the company. The auction attracted a long list of potential buyers, with three large strategic players and one PE house shortlisted for the final round. In July 2015 Rankomat was sold to Bauer Media, as part of Bauer's strategy to diversify its revenue sources away from advertising.

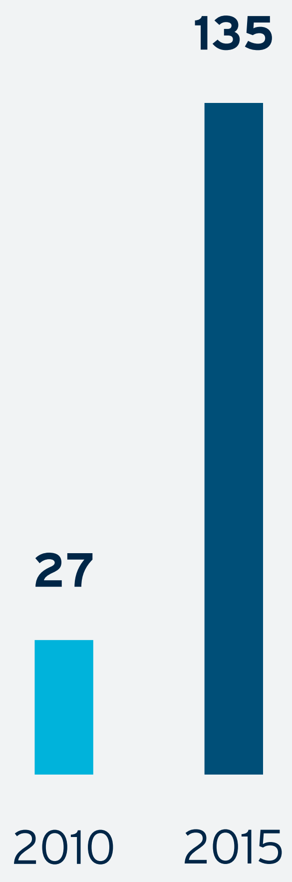
Business growth

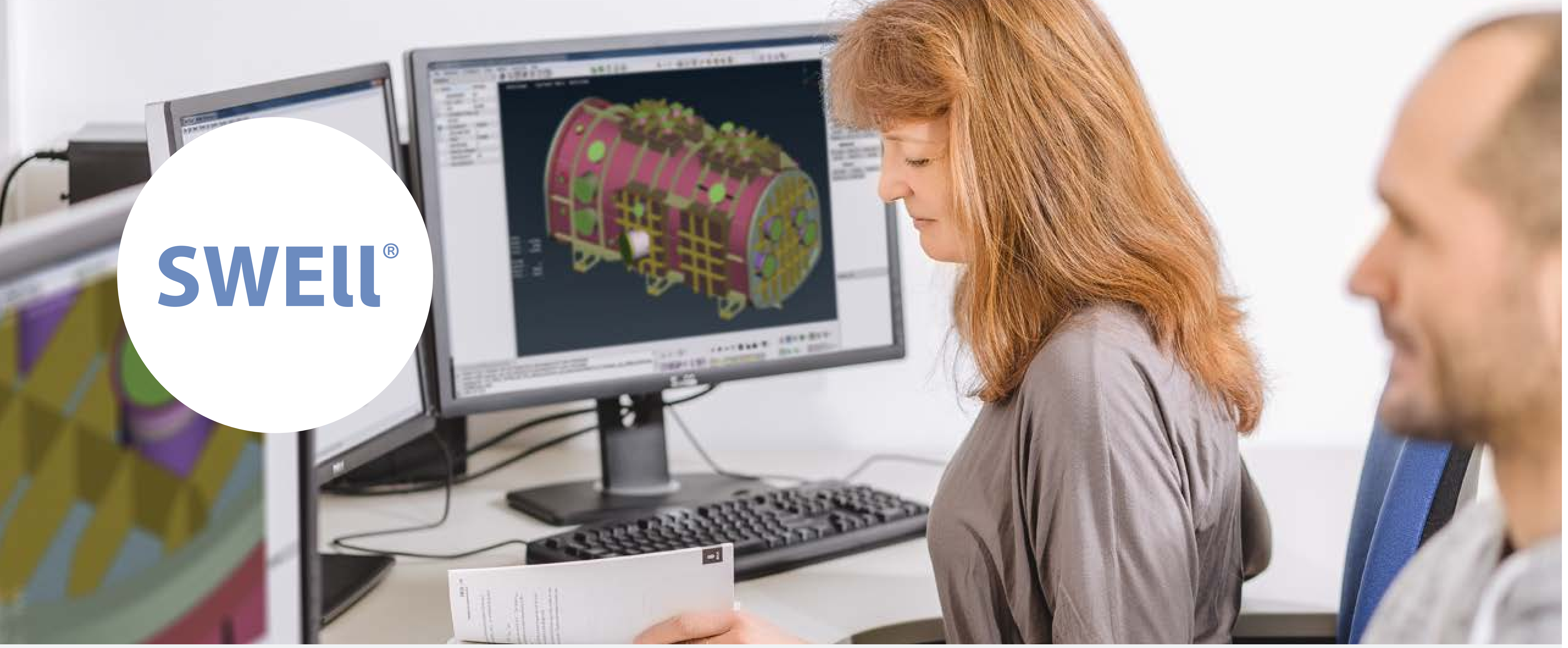
# of users (thousand)



Employment growth

# of employees





Swell

R&D outsourcing for Europe's automotive sector

Transitioning a family business to create a growth platform that would attract a global strategic buyer

COUNTRY	Czech Republic	RETURN	3.7x
GP	Genesis Capital	GROWTH	+45% revenue
INVESTMENT	EUR 3 million	EMPLOYMENT	46 new jobs

In two and a half years, we accelerated growth and transformed Swell from a founder-managed business to an independent organization that was acquired by the global leader in outsourced R&D.

Lucie Baleková, CEO, Swell

Sector	**R&D, testing and prototyping**	Investment type	**Buyout**
Investment	**June 2014**	Fund ownership	**96%**
Exit	**November 2016**	Exit route	**Trade sale**

Investment rationale

Swell was a well-established player in outsourced R&D, prototyping and testing services for the automotive sector, with a pan-European blue-chip customer base. Its key asset was a team of 120 highly qualified employees with technical degrees led by an experienced and skilled middle management. Genesis saw the opportunity to develop the business further in a full succession buyout.

Deal history and structure

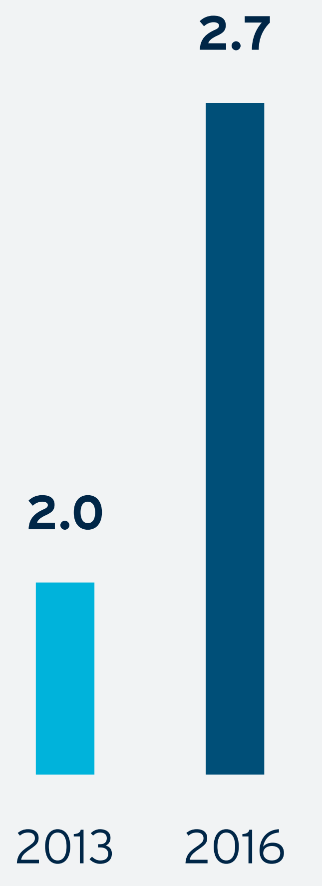
Having started the company in the late 1990s and built a recognized player in the industry, Swell's two founders decided to fully withdraw from their shareholding and management positions in the company and organized a tender process. Genesis's winning offer was supported by an experienced industry executive who would lead the transition and had already developed a plan for Swell's future that was attractive to the sellers. The transaction was financed by a combination of equity and debt.

Topline growth

Revenue (EUR million)

Profitability

EBITDA (EUR million)



Value creation and GP contribution

Arriving with a plan

Genesis worked closely with an experienced Czech automotive industry executive during the due diligence process on a plan that could be implemented right after closing. Recognizing the need for a greater sales focus, a more professional and structured approach to the organization was introduced and then reoriented to the dynamic growth of sales.

Managing the transition

The founders managed the business personally up to the sale. Following the transaction, Genesis appointed as CEO the industry executive who had supported them during due diligence. She successfully led the ownership and management transition, retaining key people within the company and developing the governance structure for an independent management.

Expanding the customer base

The new CEO strengthened Swell's long-term relationships with existing customers while successfully diversifying to new clients outside the automotive sector. The total number of clients grew from 120 to 165 during the investment period.

Capacity expansion

In the second year of the investment, Swell opened a new testing and prototyping hall and introduced additional modern equipment, thus substantially increasing capacity. In parallel the company enlarged its team, adding highly skilled new engineers.

The number of qualified employees grew from 122 in 2013 to 168 in 2016. This allowed for continued expansion and diversification of Swell's customer base.

ESG impact

During Genesis's investment, Swell refined its corporate governance standards and transitioned from a typical family-run business to a professional corporation with transparent oversight, diligent reporting and an effective internal organization. The company actively participated in education programmes for local universities and technical schools, and organized training schemes and other industry events that helped students to develop their technical skills.

Exit

Genesis sold Swell to the leading global player in outsourced R&D services, the multinational group Altran, headquartered in Paris and listed on the Paris Stock Exchange. Altran acquired Swell as a platform for regional development.

Business growth

# of customers

Employment growth

# of employees

Urgent Cargus

Romania's courier market consolidator

Delivering to the dynamic B2C market while picking up add-on acquisitions to reach a +30% market share

COUNTRY	Romania	RETURN	3.8x
GP	Abris Capital Partners	GROWTH	4x more parcels shipped
INVESTMENT	EUR 32 million	EMPLOYMENT	1,900 new jobs

I consider Abris not just as our business partners but as a key to our success. They supported our strategies, which led to an impressive fourfold increase in revenues.

Gian Sharp, CEO, Urgent Cargus

Sector	**Logistics**	Investment type	**Buyout**
Investment	**March 2013**	Fund ownership	**98%**
Exit	**December 2018**	Exit route	**Sale to a PE house**

Investment rationale

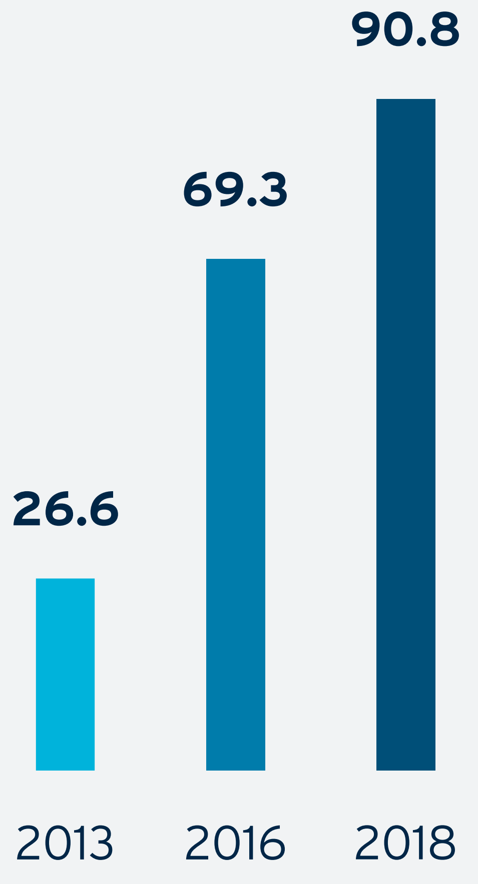
Despite being # 2 in Romania, Cargus was a small player in Romania's fragmented courier market when DHL put it up for sale after deciding to exit from domestic operations. Abris saw a clear opportunity to deploy sector expertise gained from a prior courier investment in Poland.
Its investment thesis was to create a leading player by consolidating the market and focusing on the rapidly growing B2C segment.

Deal history and structure

Abris acquired 98% of Cargus from DHL in 2013 and 100% of Urgent Curier (the # 3 player) in 2014, using a mixture of equity and debt in both transactions. The two companies were merged in 2015 under the name Urgent Cargus. Acquisition of five smaller competitors further consolidated the courier/parcel market.

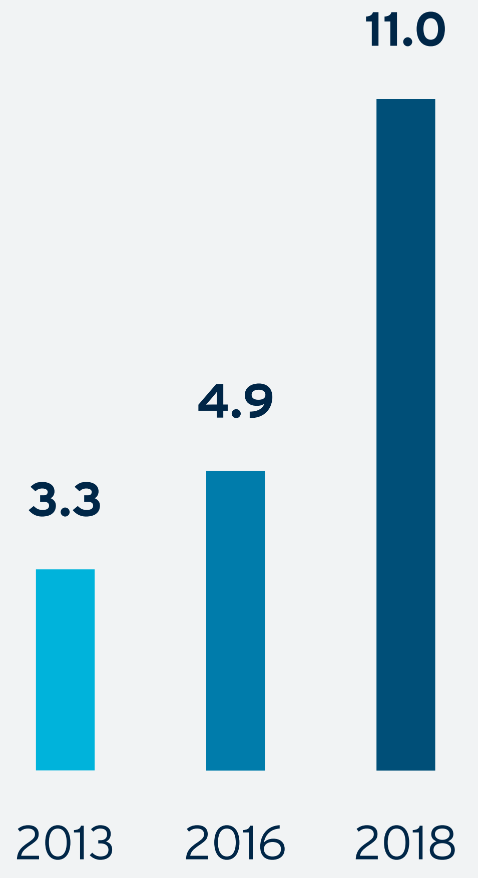
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Consolidation

Romania's very fragmented market was consolidated through multiple acquisitions that gave the leading two players more than 75% market share. The consolidation enabled Urgent Cargus to build scale, improve operating efficiency and offer countrywide coverage at competitive prices.

Merger and integration

Two similar-sized rivals were successfully merged, creating an integrated player that absorbed subsequent acquisitions without material loss of clients.

New investments

A substantial capex programme was implemented to create state-of-the-art sorting centres, add automated sorting equipment and scanners, and upgrade the delivery fleet. The IT systems and ERP software were replaced and improved across the group.

Professional management

The existing high-performing management team was strengthened with an experienced COO and a controlling team, who focused on improving the company's operations.

Efficiency

The warehouse and logistic network were redesigned and made more efficient. This reduced the number of linehaul routes needed for daily operations by approximately 40%, shortened the delivery times and improved margins.

ESG impact

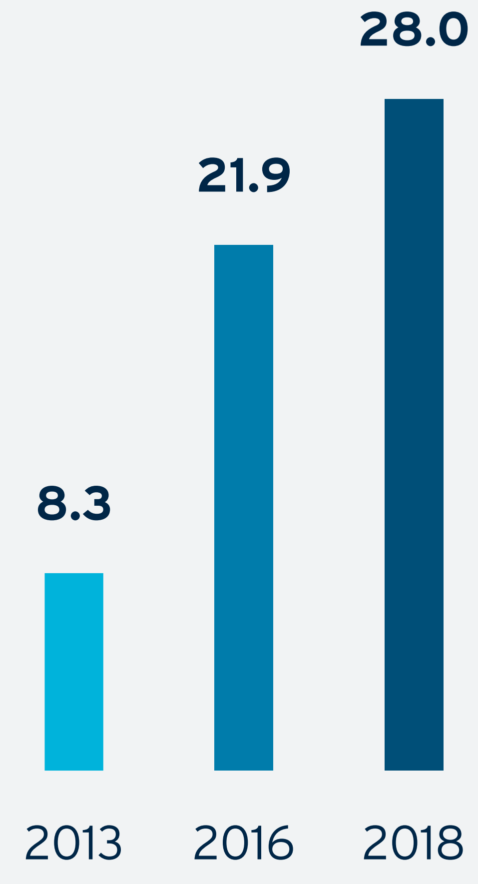
Optimized operations substantially reduced fuel consumption and the company's carbon footprint. Improved health and safety standards were imposed in warehouses and hubs throughout the business. Urgent Cargus generated more than 1,900 new jobs during the investment period.

Exit

A dividend recap was completed in 2015, returning a significant part of the initial investment. A sale to private equity buyer Mid Europa Partners was completed in December 2018, providing a full exit.

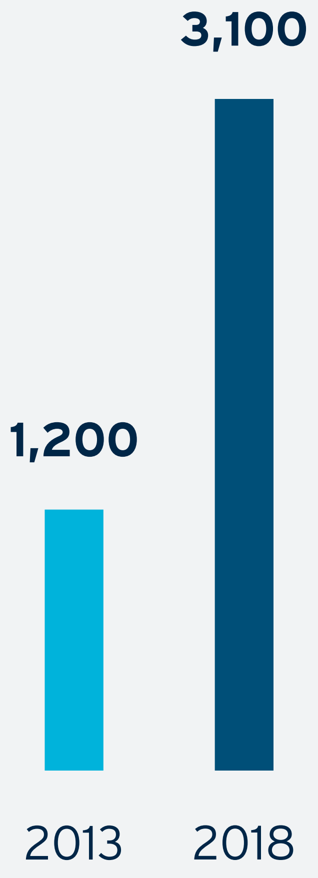
Business growth

Parcels delivered (million)



Employment growth

# of employees and contractors



Velvet Care

Spin-off of Poland’s consumer tissue brand

Unlocking local market expansion and successfully entering DACH with a private equity–backed MBO

COUNTRY	Poland	RETURN	13.3x
GP	Avallon Partners	GROWTH	2x sales 3x EBITDA
		EMPLOYMENT	210 new jobs

The Velvet brand had big potential but we needed a partner to finance our MBO which shared and supported our vision. Avallon delivered that and more.

Artur Pielak, CEO, Velvet Care

Sector	**Consumer tissue products**	Investment type	**Buyout**
Investment	**March 2013**	Fund ownership	**100%**
Exit	**May 2018**	Exit route	**Sale to a PE house**

Investment rationale

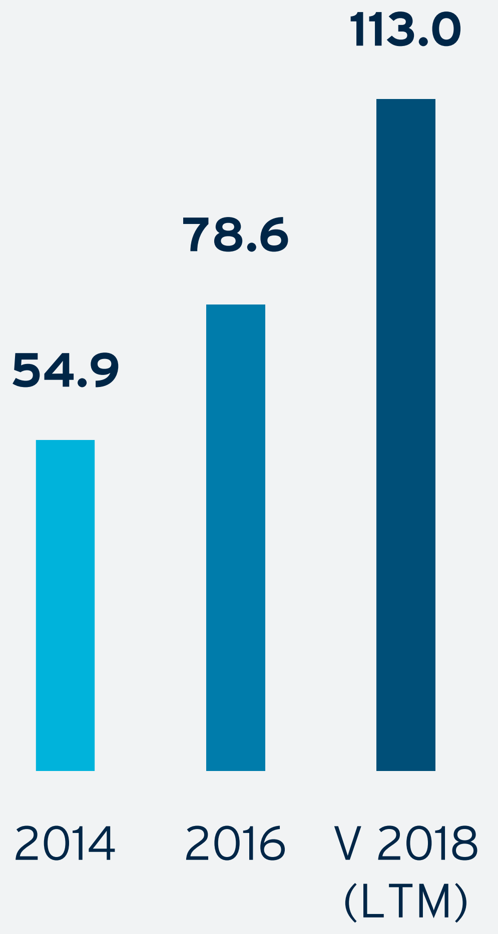
At the time of investment, consumer tissue products was the largest and most dynamic non-food FMCG category in Poland, with consumption levels still 50% below Western Europe. High barriers to entry favoured incumbents, and Velvet Care was a market leader in the bathroom tissue and kitchen paper towel segments and a favourite with consumers. Avallon, an MBO specialist, saw the opportunity to team up with the company's experienced managers and propel its further expansion.

Deal history and structure

When Kimberly-Clark decided to sell its Polish operations, the local management approached Avallon to back their MBO. The deal was signed within two months and included a takeover of key local brands and the Polish manufacturing facility. Velvet Care maintained a distribution agreement for Kimberly-Clark's other products in Poland, further enhancing its market position.

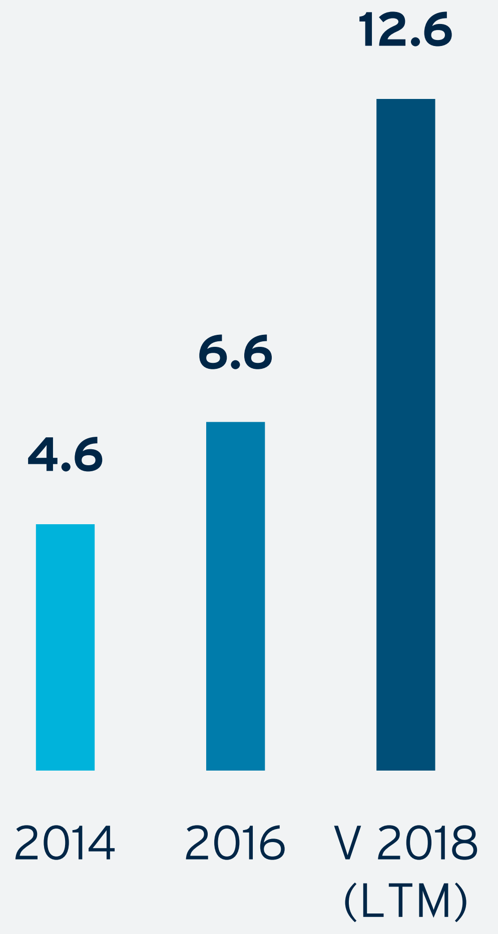
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Successful spin-off

Avallon helped create an entity that was fully independent from its former international parent. During the five months between signing and closing, Avallon and the MBO team set up independent procurement, accounting and IT departments, and were able to renew supply contracts, implement a standalone SAP solution and schedule a brand upgrade.

Market expansion

Velvet Care pursued growth opportunities and penetrated new product niches, strengthening its leading position on the Polish paper hygiene product market. By Avallon's exit, Velvet Care was number one in branded toilet paper and tissues and second in kitchen towels.

Broader distribution reach

Velvet Care successfully entered the private label channel and developed new export markets – most notably the DACH region in a joint venture with a German partner.

Capacity modernization

The company implemented an ambitious and unprecedented EUR 60 million investment programme that doubled its production capacity and improved logistics thanks to a newly built warehouse for finished products.

ESG impact

Velvet Care invested in technologies that reduced energy consumption by 12%. The company also appointed an environment, health and safety (EHS) coordinator and implemented a modern EHS management system. Avallon helped Velvet Care adopt a governance structure tailored to an independent company and put in place a management succession plan to ensure the business's long-term sustainability.

Exit

During the holding period, management options and a capital increase by a German partner reduced Avallon's stake to 59.5%. Avallon sold this stake to a CEE mid-market fund managed by Abris Capital Partners. Abris was able to leverage its industry insight gained through an investment in a similar business in Romania.

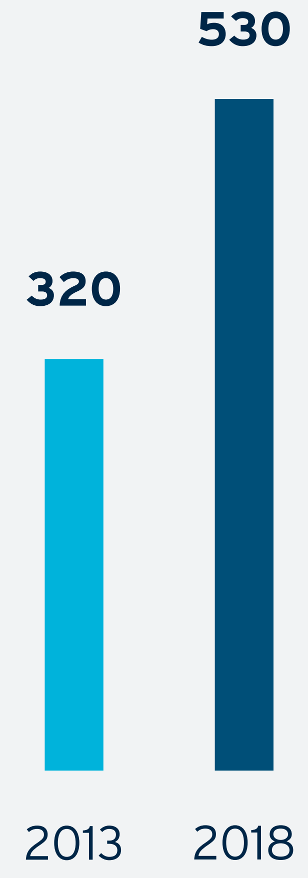
Business growth

Production capacity

2x

Employment growth

# of employees



Wirtualna Polska

A leading Polish internet portal

Combining the # 2 and # 5 players plus 14 more acquisitions created a leading portal and led to a quick and highly successful IPO

COUNTRY	Poland	RETURN	2.7x
GP	Innova Capital	GROWTH	14 acquisitions in 2.5 years
INVESTMENT	EUR 33.1 million	EMPLOYMENT	561 new jobs

> *Innova's support and confidence in us resulted in the acquisition of a four times larger rival, 14 consolidation add-ons and a successful IPO – all in less than two years.*

Jacek Świderski, CEO, Wirtualna Polska

Sector	**Online media**	Investment type	**Buyout**
Investment	**February 2014**	Fund ownership	**48%**
Exit	**February 2017**	Exit route	**Public markets**

Investment rationale

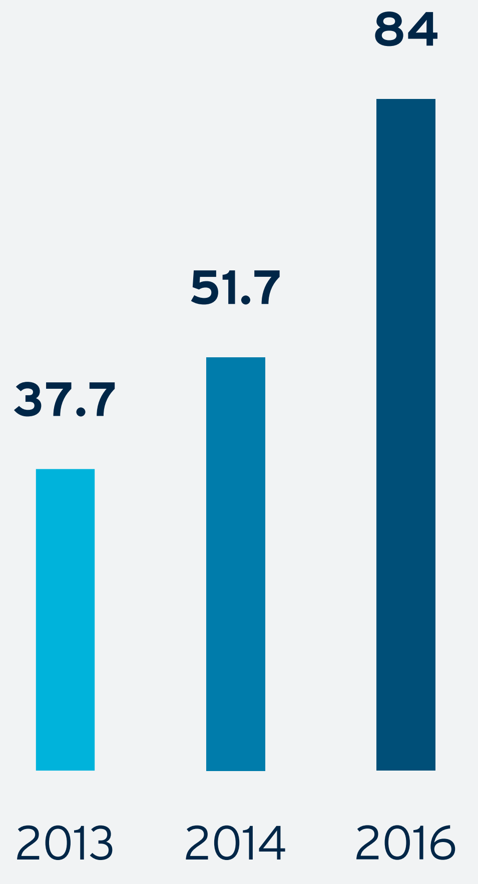
Wirtualna Polska (WP), Poland's second largest internet portal, was put up for sale by Orange at a time when the dynamic owners of o2, the # 5, were looking to leap ahead. Innova partnered with the o2 founders, realizing that a merger would close the gap to the leader and unlock revenue and cost synergies. With advertising shifting online, Innova expected the combined entity's position to drive substantial growth in advertising revenues.

Deal history and structure

Partnering with o2, Innova acted as a quasi-strategic buyer to win the hotly contested auction process, which included a number of local and international strategics as well as private equity investors. Following the transaction, o2 and WP were merged, with o2's founders rolling over their shares for a 32% stake in the combined entity alongside a private equity consortium comprising Innova (48%) and MCI (20%).

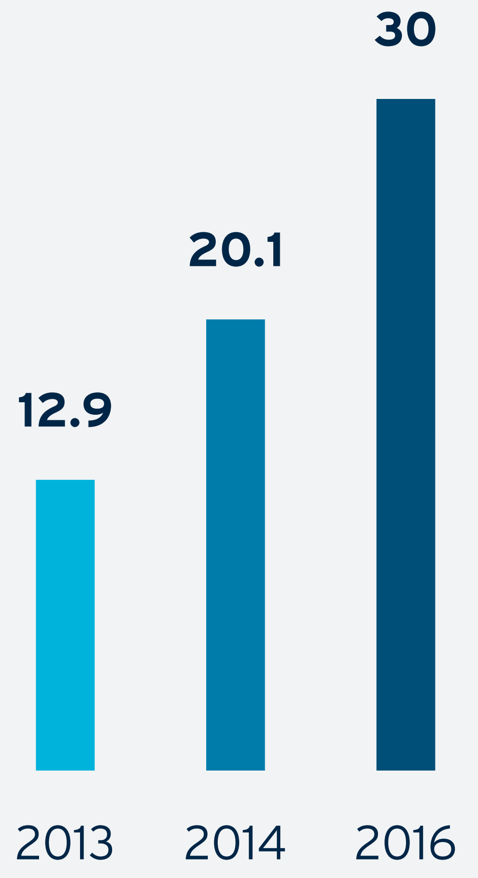
Topline growth

Revenue (EUR million)



Profitability

EBITDA (EUR million)



Value creation and GP contribution

Strengthening market position via buy and build

Combining WP with o2 positioned it on a par with the incumbent market leader. A further 14 add-on acquisitions (in high-growth segments like e-commerce) within 2.5 years cemented that position. Sales doubled and EBITDA tripled thanks to the improved position with users.

Management with industry experience

The o2 founders – industry insiders – formed Innova's MBI team. Following the transaction, the entrepreneurial team was strengthened with Innova serial executive chairman and a highly experienced CFO.

Material synergies

The merger with o2 produced opex and capex synergies that boosted efficiency and cash generation. The 120-day PMI process produced EUR 5 million of annual cost synergies.

IPO opportunity

Having created a local champion in the highly valued internet space, Innova was able to capture an early IPO opportunity on the Warsaw Stock Exchange to de-risk its investment in the rapidly changing technology sector.

ESG impact

During Innova's holding period, WP made major progress with establishing professional governance standards. The fund helped introduce appropriate oversight bodies, including an audit committee, and proper reporting standards supported by the implementation of SAP tools. Innova achieved all its ESG goals by 2015.

Exit

WP was floated on the Warsaw Stock Exchange in May 2015, 15 months after Innova's initial investment. Shares sold during the IPO returned c. 90% of Innova's invested capital, with the fund maintaining a 26% stake. Following expiry of the lock-up period, Innova sold the remaining ordinary shares via an accelerated bookbuilding in December 2016 at 56% above the IPO price. The fund sold its preferred stock to the o2 founders shortly thereafter.

Business growth

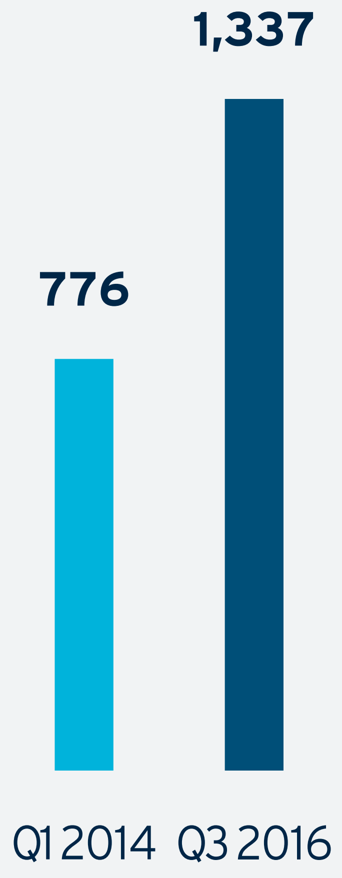
Acquisitions

14

add-ons

Employment growth

# of employees



GP introductions

3TS Capital Partners

3TS Capital Partners has been investing in the CEE region for more than 20 years, providing expansion capital and buyout funding for 40 small and medium-sized tech companies. Currently 3TS manages its third generation of technology focused growth funds with EUR 108 million AUM, bringing its total funds raised to date to over EUR 300 million from investors such as EIF, EBRD, Cisco, OTP, Sitra, 3i and KfW.

Abris Capital Partners

Abris Capital Partners is a leading PE firm focused on mid-market opportunities in CEE. Founded in 2006, Abris has raised 3 funds to date, totaling EUR 1.3 billion. Abris typically targets control positions in growing businesses and an investment ticket of EUR 30-80 million. The firm has completed 28 investments, resulting in the successful transformation of many local businesses into regional champions.

ARX Equity Partners

ARX has a 22-year track-record investing in and supporting the growth of mid-sized companies in Central and Eastern Europe. With more than EUR 300 million raised in four funds targeting lower mid-market buyouts, the firm has become a leading private equity firm in its segment. ARX has completed over 25 platform investments in five countries plus more than 10 complementary add-on acquisitions.

Avallon Partners

Avallon has been involved in capital investments for 25 years. It's a pioneer of the management buyout market in Poland, completing over 20 MBO transactions. In 2019, it launched its 3rd fund with the 1st close of EUR 80.6 million focusing on buyouts and growth financing. The previous two funds (2007, 2012) raised EUR 159 million in total. Avallon has invested EUR 170 million in Poland, and EUR 17 million abroad.

Axxess Capital

Axxess Capital has an established track record of 23 years as a leading PE firm operating within SEE. The team has raised 3 funds with total capital exceeding EUR 250 million, closed 35 investments and exited 27 portfolio companies. Axxess targets lower mid-market investments in growth capital & buyout, seeking to acquire control or strong minority positions in selected sectors.

BaltCap

The firm has a 25-year track record, being the largest and most experienced private equity investor in the Baltic states. It has raised more than EUR 640 million of capital across 12 funds. The firm is a multi-asset fund manager with buyout, growth, venture capital, and infrastructure strategies. To date, the firm has done more than 80 platform investments and completed more than 50 successful exits.

Enterprise Investors

Enterprise Investors is one of the largest private equity firms in Central and Eastern Europe specializing primarily in mid-market buyouts. Active since 1990, the firm has raised nine funds with total capital exceeding EUR 2.5 billion. These funds have invested EUR 2 billion in 146 companies across a range of sectors and exited 134 companies with total gross proceeds of EUR 4.1 billion.

Euroventures

Euroventures Budapest is a leading VC firm in CEE with a proven ability to achieve international exits, including IPOs (Vienna, NASDAQ, NYSE) and trade sales to global corporations. It has advised five funds totaling EUR 180 million since 1989, invested in 50 companies which have delivered significant returns to investors and management. The latest, Euroventures V, focuses on funding growth and innovation.

Genesis Capital

Established in 1999, Genesis Capital is a private equity firm investing in buyouts and growth capital in small and medium companies in the Czech Republic and Central and Eastern Europe. Genesis Capital's five funds with total capital of EUR 200 million have completed more than 55 investments and 35 exits.

Innova Capital

Innova Capital is an independent private equity firm established in 1994 in Poland with the objective of investing in controlling stakes of mid-sized companies with EV's of EUR 25–150 million in CEE. From its inception, Innova has raised six investment funds totaling EUR 1.1 billion, with almost 70 investments across 10 CEE countries. In August 2019, Innova closed its latest Innova/6 fund at EUR 271 million.

Jet Investment

Jet Investment is a Czech private equity investment company founded in 1997 specializing in late stage venture, growth, buyout, and turnaround investments. Over the last 23 years, the firm has invested in around 30 medium-sized industrial enterprises. Qualified investors invest with the firm through two Jet private equity funds, which have so far accumulated EUR 280 million of capital.

MCI Capital

With 21 years of track record, MCI is the Central and Eastern European technology investing leader. It has EUR 540 million capital under management dedicated to mid-market buy-out investments in the digital space. Since 1999, with 6 funds raised and 104 investments completed, MCI has been supporting entrepreneurs in their efforts to achieve digital transformation and become European champions.

Mid Europa Partners

Mid Europa Partners is a leading private equity firm focused on the growth markets of CEE. Since its inception in 1999, the firm has raised five funds with total commitments amounting to c. EUR 5.3 billion and has completed 42 investments across 18 countries in the region. The firm acquires market leading companies, principally in domestic-focused growth industries in the region's mid-market.

Value4Capital

Value4Capital is focused on buyout and growth capital investments in service sector companies in Poland and the other EU states of Central and Eastern Europe. Founded in 2011 as a spin-off from a bank, V4C is currently investing its second fund managing over EUR 100 million of capital. Its partners' track records go back to the 1990s, having invested in 28 companies the equivalent of over EUR 315 million.

Our partners

BNP PARIBAS

BNP Paribas Bank Polska

BNP Paribas Bank Polska S.A., which has been listed on the Warsaw Stock Exchange since 2011 is a member of the BNP Paribas banking group whose footprint spans 71 countries. In Poland, as a universal bank with a global reach, it provides services to retail customers and other segments including Wealth Management, microbusinesses, SMEs and corporate banking. As it advocates green initiatives, BNP Paribas supports its clients in the transition to a low carbon economy, endeavors to curtail the adverse impact of its operations on the natural environment and inspires clients to make good financial decisions. The Bank also consistently pursues its strategy of financing businesses in Poland while also supporting investments of strategic importance to the country with a positive social, economic and environmental impact.

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Deloitte

Deloitte Central Europe, a part of the global network of Deloitte, is a leading Financial Advisor serving the Private Equity community, seamlessly providing our clients with excellent, high quality and consistent services across the 18 countries of Central Europe and around the world through our Deloitte global network. The Deloitte Central Europe Financial Advisory practice combines a powerful mix of highly experienced professionals in the areas of M&A Transaction Services, Corporate Finance, Valuation & Modeling, Forensic and Value Creation Services - including performance improvement, post-merger integration and other tailored operational efficiency solutions services. Most recently we are pleased to have been recognized by Mergermarket as the #1 Financial Advisor to CE, European, and Global M&A deal activity for 2020. Additionally, our Deloitte Central Europe Private Equity Confidence Survey has become a highly anticipated barometer of PE sentiment for the region for the coming half year. We are very pleased to support the Invest Europe publication.

www.deloitte.com.pl

Contact: Mark Jung, Partner, Private Equity Leader, Deloitte Central Europe
markjung@deloittece.com

WOLF THEISS

Wolf Theiss

Wolf Theiss is one of the largest law firms in CEE and SEE with over 650 people in 13 countries across the region. We help industry, private equity & venture capital funds, and entrepreneurs structure, negotiate and execute all aspects of inbound and outbound M&A in the innovative and fast-developing markets in the region. Our history includes many ‚firsts', including facilitating landmark privatizations, drafting legislation, advising on the early venture capital and private equity transactions in the region, and structuring the first complex cross-border joint ventures. Today, we are first in using legal technologies to deliver efficient legal services of the highest quality and security. Our deep roots in the region and decades of cross-border experience allow us to be true legal partners to funds, industry and owners on their transactions in this unique and exciting part of the world.
Albania, Austria, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovak Republic, Slovenia, Ukraine

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About Invest Europe

Invest Europe is the association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors.

Our members take a long-term approach to investing in privately held companies, from start-ups to established firms. They inject not only capital but dynamism, innovation, and expertise. This commitment helps deliver strong and sustainable growth, resulting in healthy returns for Europe's leading pension funds and insurers, to the benefit of the millions of European citizens who depend on them.

Invest Europe aims to make a constructive contribution to policy affecting private capital investment in Europe. We provide information to the public on our members' role in the economy. Our research provides the most authoritative source of data on trends and developments in our industry. Invest Europe is the guardian of the industry's professional standards, demanding accountability, good governance and transparency from our members.

Invest Europe is a non-profit organisation with 25 employees in Brussels, Belgium.
For more information visit **www.investeurope.eu**

CEE national associations

BVCA – Bulgarian Private Equity and Venture Capital Association
www.bvca.bg

CVCA – Croatian Private Equity and Venture Capital Association
www.cvca.hr

CVCA – Czech Private Equity and Venture Capital Association
www.cvca.cz

EstVCA – Estonian Private Equity and Venture Capital Association
www.estvca.ee

HVCA – Hungarian Private Equity and Venture Capital Association
www.hvca.hu

LTVCA – Lithuanian Private Equity and Venture Capital Association
www.vca.lt

LVCA – Latvian Private Equity and Venture Capital Association
www.lvca.lv

PSIK – Polish Private Equity and Venture Capital Association
www.psik.org.pl

ROPEA – Romanian Private Equity Association
www.ropea.ro

SLOVCA – Slovak Venture Capital and Private Equity Association
www.slovca.sk

SPEA – Serbian Private Equity Association
www.spea.rs

Acknowledgements

Producing a compilation of success stories from across a region is a success story in itself. Fortunately, CEE private equity has a strong regional identity and a very cooperative spirit that brought many hands and minds together to make this project possible.

Invest Europe's CEE Task Force, a grouping of the region's national private equity and venture capital associations was the motivating force behind the original idea. In bringing idea to reality, we would like to thank in the first place the general partners who contributed their stories, making available return and other data often not publicly shared. Their openness allows us to add quantitative fact to our qualitative narrative; without their openness (and successes) there would be no publication. Their participation was encouraged by the national private equity and venture capital associations, whose support in promoting the project among their members ensured a wide coverage of the region's successes. A Steering Committee from the Task Force composed of leading general partners moderated the selection of the cases and provided essential input and guidance in developing the overall publication. From the selection, Dariusz Pietrzak turned GP submissions into consistent stories while Robert Manz and Bill Watson spent hours ensuring the accuracy of the write-ups as well as applying their critical pens to bring out the reasons behind the successes. Our editor, Lidia Polubiec, improved on their work.

Neil Milne and Beata Wolak contributed to our introduction on the region. And of course, the expert organization and eye for detail of Barbara Nowakowska and Anna Mierzejewska were essential to bringing it all together. We would also like to thank for the support of Invest Europe. Thierry Baudon was an early supporter of the project and Eric de Montgolfier has ensured we could realize our vision. Eric Drosin, Maria Nikolaidi and Julien Krantz as well as the PEREP team also helped immensely in seeing CEE success stories make it into a final product. Finally, our sponsors, BNP Paribas Bank Polska, Deloitte and Wolf Theiss also deserve our thanks for continuing to support the promotion of CEE private equity. Together with the financial contribution of Invest Europe, we are able to share our stories of success with a wider audience.

The CEE Success Stories Steering Committee

Bill Watson – Chairman of the CEE Task Force; Managing Partner, Value4Capital

Robert Manz – prior Chairman of the CEE Task Force; former Managing Partner, Enterprise Investors

Jiri Benes – Managing Partner, Genesis Capital; President of CVCA

Martin Kodar – Managing Partner, BaltCap

Horia Manda – Managing Partner, Axxess Capital; President of SEEPEA

Henry Potter – Partner, Alpha Associates

MENU

Invest Europe

Bastion Tower
Place du Champ de Mars 5
B-1050 Brussels, Belgium

T +32 2 715 00 20
F +32 2 725 07 04
info@investeurope.eu
www.investeurope.eu

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