

Private Equity in Central & Eastern Europe in a Nutshell

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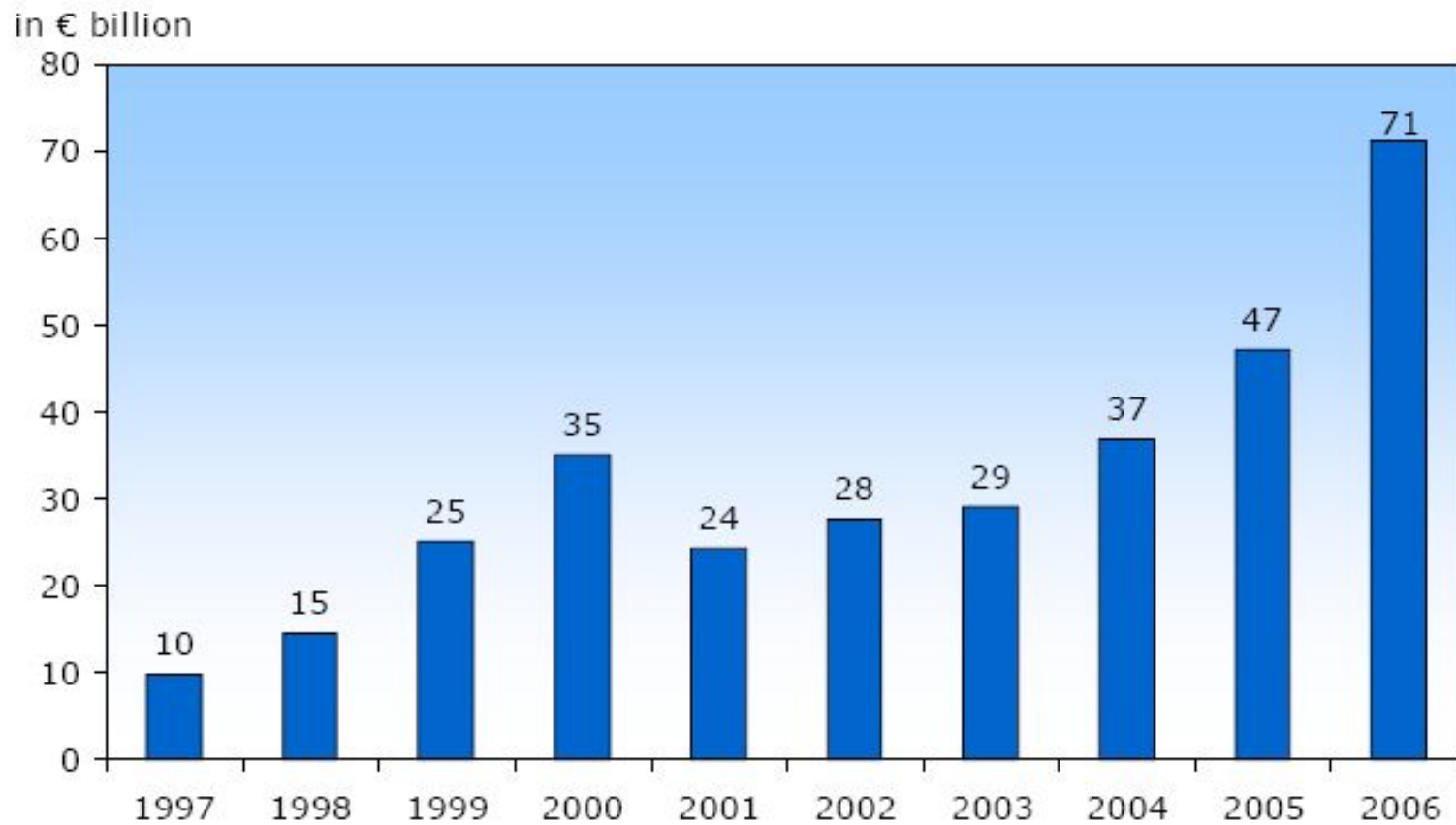
General Situation

- Growth speed
- 70ies: Newly founded enterprises in Western Europe: 20 years till export
- 80ies: 5 years
- 90ies: 1 year or less
- Quality of national capital market and capitalisation of companies crucial for success. In Austria and many other CEE countries only recent improvement of capitalisation and stock exchange performance.
- Linked to high tech sector: Fast internationalisation a must. Break through technologies cannot prosper in small domestic markets (e.g. digital image processing, medical IT, mobile applications):

„Born Globals“

Europe

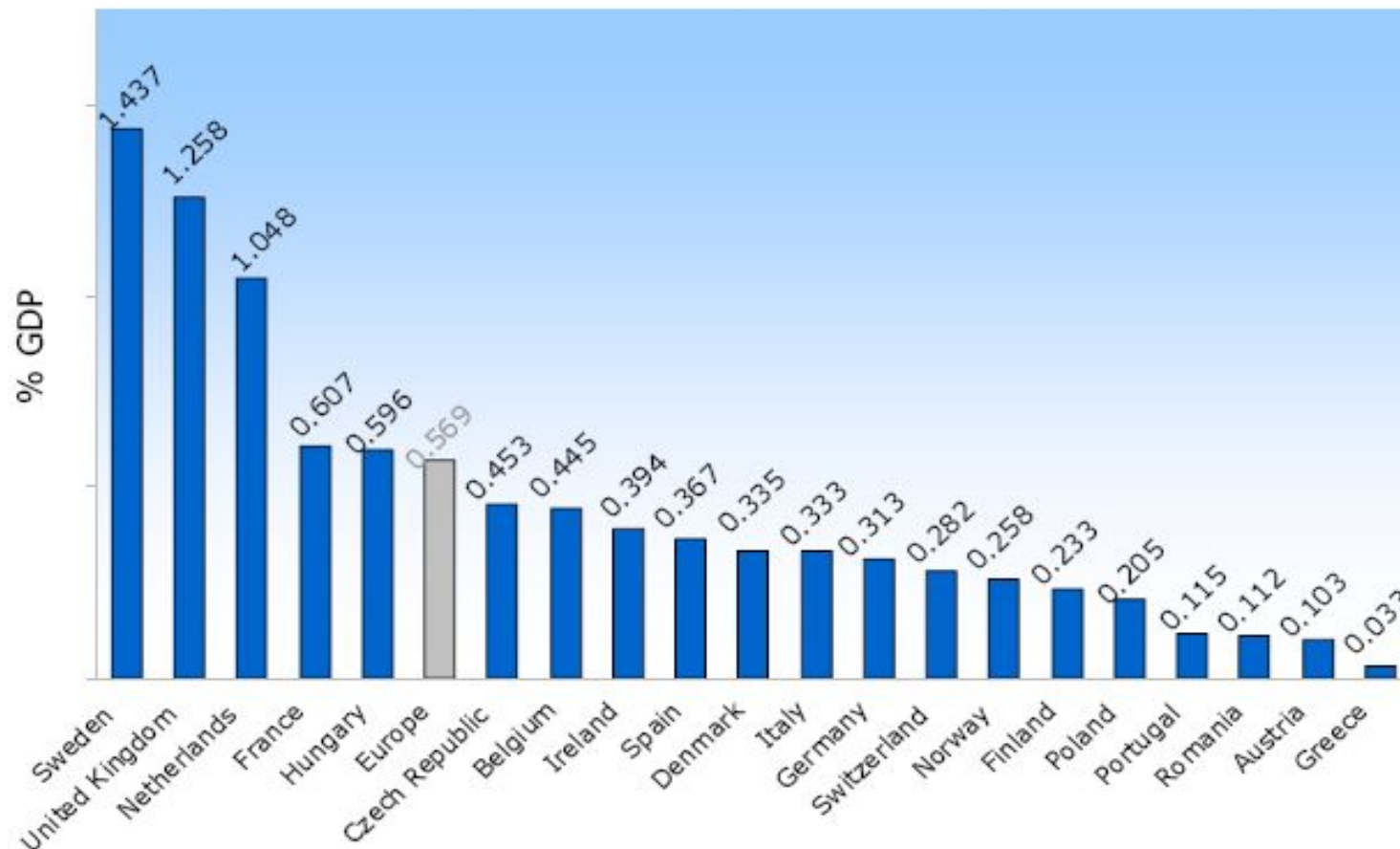
Annual Private Equity Investments in Europe



Source: EVCA/Thomson Financial/PricewaterhouseCoopers

Europe

2006 Investment as % of GDP – Investments by Country of Destination



Source: EVCA/Thomson Financial/PricewaterhouseCoopers

Europe



Sectoral Distribution of Investments in Europe

	2005	2006
Communications	7,247,098	9,848,836
Computer Related	2,445,356	5,397,718
Other Electronics Related	620,138	899,294
Biotechnology	868,257	860,204
Medical/Health Related	3,498,191	6,778,255
Energy	961,458	1,655,576
Consumer Related	12,973,329	10,958,633
Industrial Products and Services	4,163,936	7,129,389
Chemicals and Materials	911,712	2,055,674
Industrial Automation	1,171,586	775,627
Other Manufacturing	2,885,462	3,589,226
Transportation	1,014,793	2,047,618
Financial Services	1,628,383	2,376,655
Other Services	2,564,618	10,920,336
Agriculture	160,999	78,525
Construction	1,460,936	1,554,292
Other	2,481,021	4,238,647
Total Investment	47,057,275	71,164,505

Source: EVCA/Thomson Financial/PricewaterhouseCoopers

CEE: Trends

- Better opportunities

After fall of Iron Curtain 1989 and EU's Domestic Market new situation: CEE as fast adopters compared to A, D: Debt financing still dominant

Major profits in CR, SK, HU, PL, SLO
Simultaneously major demand
Overall volume still small

CEE: Fundraising by source

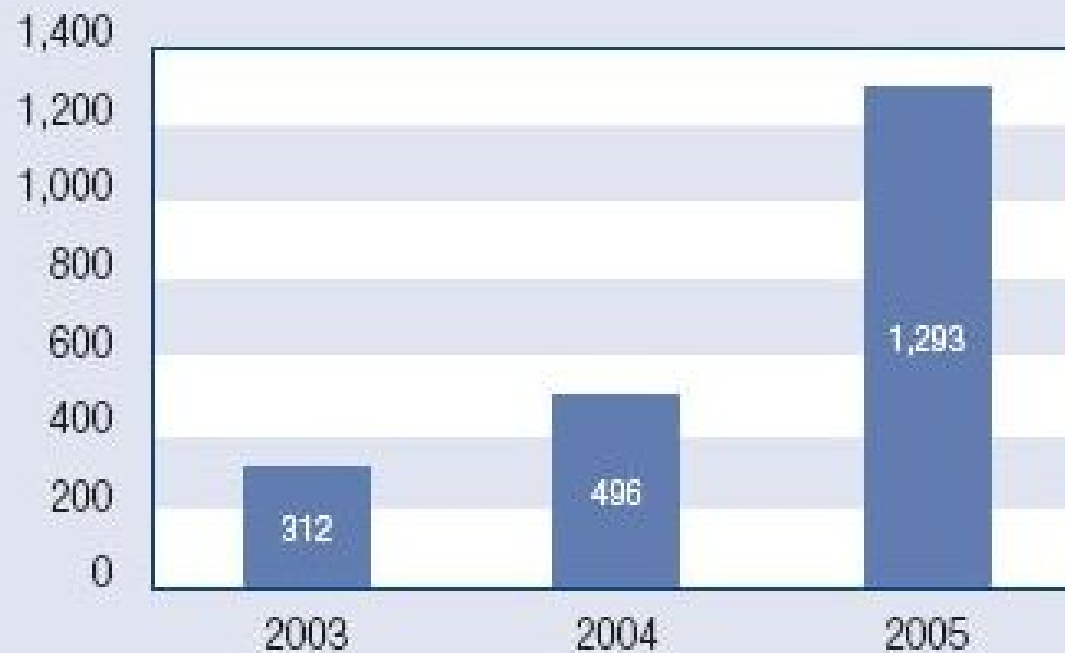
Table 1: Fundraising for CEE Private Equity by Source of Funding, 2004-2005
(Amounts in € th)

Private Equity Raised by Source	2004	2005	% of total
Independent Funds Raised in Year	370,620	1,120,257	86.6%
Amount Raised by Captives	108,008	51,817	4.0%
Subtotal New Funds Raised	478,628	1,172,074	90.6%
Realised Capital Gains	17,391	121,145	9.4%
Total Funds Raised	496,019	1,293,219	100.0%
Geographical Breakdown of Private Equity Raised	2004	2005	% of total
Domestic	72,847	48,615	3.8%
Other European	313,257	822,129	63.6%
Non-European	109,915	422,475	32.6%
Total Funds Raised	496,019	1,293,219	100.0%

Source: EVCA

CEE: Fundraising

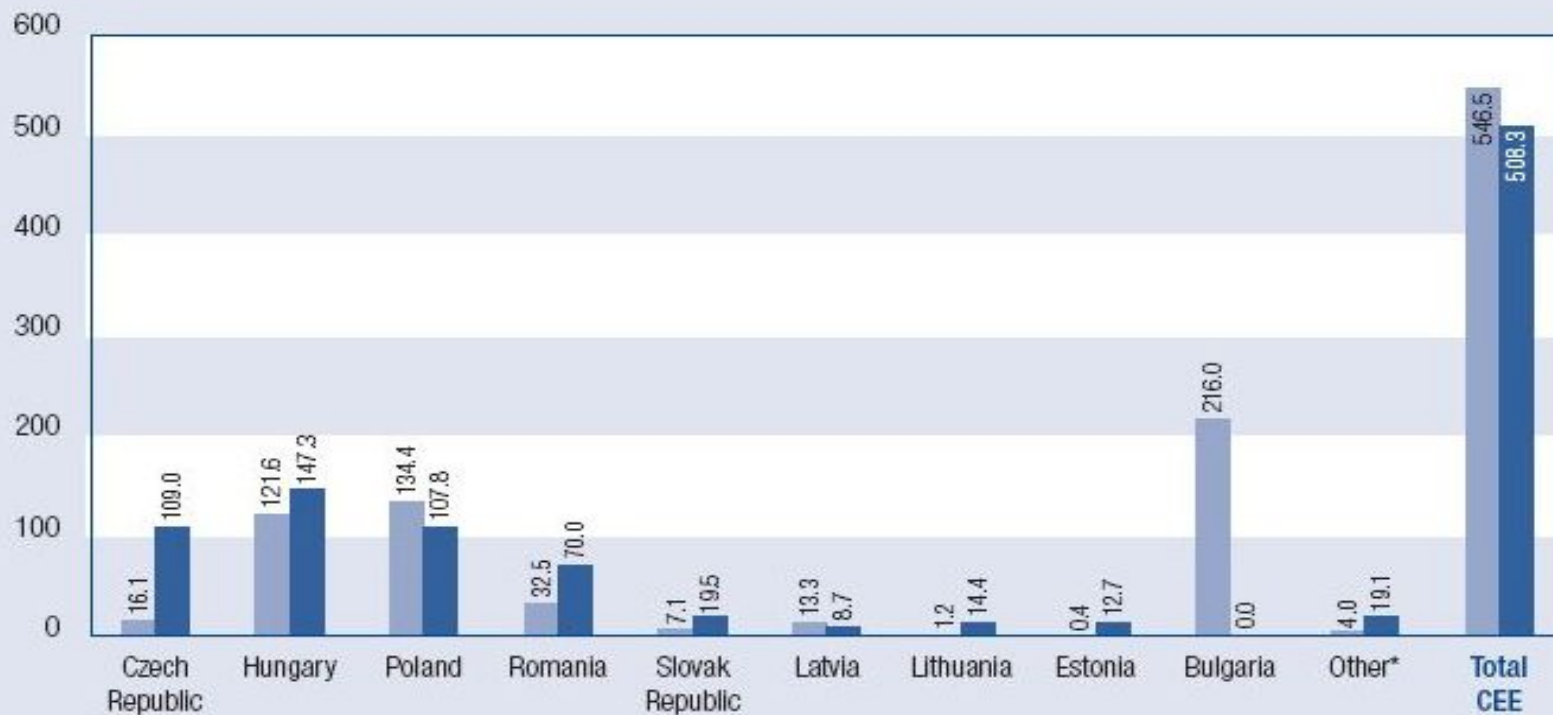
Figure 1: Fundraising for CEE Private Equity, 2003-2005
(Amounts in € m)



Source: EVCA

CEE by Country

Figure 2: Annual Investment Value in CEE, 2004-2005
(Amounts in € m)



* Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro

■ 2004
■ 2005

Source: EVCA

CEE vs. EU & type of investment

Table 3: Type of Investment in CEE vs. Europe, 2005
(Amounts in € th)

	Total CEE	% of Total	Total Europe	% of Total
Seed	-	0.0%	96,847	0.2%
Start-up	8,994	1.8%	2,340,704	5.0%
Expansion	131,646	25.9%	10,282,362	21.8%
Replacement Capital	125,837	24.8%	2,278,221	4.8%
Buyout	241,844	47.6%	32,108,891	68.2%
Total 2005	508,320	100.0%	47,107,024	100.0%
Total 2004	546,480		36,952,185	

Source: EVCA

CEE by Country & Type

Table 4: Type of Investment by CEE Country, 2005
(Amounts in € th)

	Czech Rep.	Hungary	Poland	Romania	Slovak Rep.	Baltic States	Others*
Seed	-	-	-	-	-	-	-
Start-up	408	1,865	667	3,751	-	1,100	1,203
Expansion	10,621	62,349	2,196	11,358	1,430	25,789	17,902
Replacement Capital	31,331	18,495	55,283	-	18,037	2,690	-
Buyout	66,593	64,538	49,671	54,890	-	6,151	-
Total 2005	108,953	147,247	107,818	70,000	19,467	35,730	19,105
Total 2004	16,074	121,562	134,437	32,543	7,059	14,808	219,997

* Bulgaria, Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro

Source: EVCA

CEE: Exits

Table 5: Exits in CEE vs Total Europe, 2005 (Exit Value at Investment Cost)
(Amounts in € th)

	Total CEE	% of Total	Total Europe	% of Total
Divestment by Trade Sale	293,907	69.7%	6,746,933	22.6%
Divestment by Public Offering	44,915	10.7%	2,658,969	8.9%
Divestment by Write-Off	13,507	3.2%	1,406,802	4.7%
Repayment of Principal Loans	8,122	1.9%	6,964,814	23.3%
Sale to another Private Equity House	25,065	5.9%	5,476,272	18.3%
Sale to Financial Institution	629	0.1%	1,206,962	4.0%
Sale to Management (Buyback)	15,205	3.6%	1,592,532	5.3%
Divestment by Other Means	20,345	4.8%	3,790,390	12.7%
Total Divestment 2005	421,693	100.0%	29,843,673	100.0%
Total Divestment 2004	122,561		19,562,478	

Source: EVCA

Thank you...



...For your attention!

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