



# Central and Eastern Europe Statistics 2012

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An EVCA Special Paper

Edited by the EVCA Central and Eastern Europe Task Force

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# Contents

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## 1. Introduction

Page 3

---

## 2. Executive summary

Page 4

---

## 3. Fundraising

Page 5

---

## 4. Investment activity

Page 10

---

## 5. Market segments

Page 18

---

## 6. Exits

Page 21

---

## 7. The CEE venture capital market

Page 26

---

## 8. The CEE buyout & growth market

Page 31

---

## 9. Methodology

Page 37

---

## 10. Definitions

Page 39

---

## About Gide Loyrette Nouel

Page 42

## About this report

This document provides annual activity statistics for the private equity and venture capital markets of Central and Eastern Europe in 2012 and prior years. The statistics contained herein are based solely on the "market approach", wherein information is compiled to show activity in a particular country, regardless of the origin or location of private equity fund managers. This contrasts with the "industry approach" that shows the activity of fund managers based in a particular country, and which is not applied in this paper. The EVCA believes using the market approach gives a more accurate picture of the overall investment trends and activities in the markets of Central & Eastern Europe (CEE) due to the predominance of regional funds and fund managers. For the purposes of this publication, CEE comprises the countries of Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine.

## Amendments of prior years' statistics

All data from 2007 through 2012 reported in this publication is based on the PEREP\_Analytics database, which is continuously updated and therefore subject to change. Continual updating achieves the highest level of accuracy. However, the results depend on the timely, complete and accurate submissions of information from private equity fund managers. In order to ensure the highest standards of data quality, all data collected through PEREP\_Analytics since 2007 was reviewed and if necessary restated for this publication.

The foregoing methodology has led to a number of corrections of prior years' data presented in this publication as compared to the previous year's publication. The most material corrections relate to:

- Changes to amounts invested in certain years due to corrections of inaccurately reported data and additions of previously un-reported transactions. This led to a reduction of the invested amount in 2007 by €329m (related mostly to Bulgaria), an increase by €75m in 2008 (related mostly to the Czech Republic and Ukraine) and smaller changes in 2009 and 2010.
- Re-classification of some transactions by stage of investment in 2008, where three specific transactions were changed from growth stage to buyout stage in a total amount of €222m in the Czech Republic, Poland and Ukraine.
- Divestment amounts changed in prior years due to several previously un-reported transactions being added and rectifications of country of origin of the exited company. This resulted in €111m of additional divestment in 2008, €48m in 2010 and €235m in 2011, and minor changes in other years.

The PEREP\_Analytics database offers private equity firms the possibility to submit surveys and validate previously populated data captured from public sources at a later stage. In addition, each year sizeable transactions are re-audited and reconsidered as new information might become available after the closing of previous reports. Furthermore, no portfolio company is reflected with negative capital flow in the database. Therefore, if a firm submits a divestment and the corresponding investment has never been reported by the private equity firm, PEREP\_Analytics will create the investment or will correct the previously collected information. Finally, during their investment period, some funds might have changed their investment strategy; therefore their investment focus is modified accordingly. This type of reorientation of investment strategy is reflected in the fundraising analysis of this report on funds investment focus split.

The EVCA always recommends readers to use the most recent publication when analysing historical data to ensure the highest level of accuracy.

# 1. Introduction

Dear colleague,

The EVCA, in collaboration with the EVCA Central and Eastern Europe Task Force as well as PEREP\_Analytics, is pleased to present this special paper on private equity and venture capital activity in Central and Eastern Europe.

The region of Central and Eastern Europe (CEE) represents over €1.2 trillion of combined GDP and a population of more than 160 million people. With the very recent accession of Croatia, the CEE region now boasts 11 out of the 28 member states of the European Union, with many having already entered their 10th year of EU membership. The vast majority of the region's countries have integrated successfully with the rest of the EU, not only in a political sense but also culturally and economically. The region today is a key trading partner and manufacturing and service base for all of Europe.

While historically considered an emerging market, CEE increasingly deserves to be characterised in a new way. With many of the CEE markets being firmly part of the European structures, the investment environment in those CEE countries where the overwhelming majority of private equity activity takes place is basically on par with major European markets in terms of risk profile. Yet, the CEE economies remain under-developed with average GDP per capita at less than 40% of the European overall average. The continued convergence of the CEE-EU countries with Europe in every possible dimension is set to continue for the foreseeable future, and is expected to drive growth and provide attractive opportunities for private equity investors. With lower risk yet continued growth fundamentals, CEE can increasingly be considered a developed region with an emerging market upside.

The private equity industry in CEE was started more than 20 years ago and now boasts multiple long-term experienced fund managers that have specialised in the region and whose investors have done well. The EVCA and the national private equity associations representing CEE have more than 100 GP members in the region. A recent study conducted by a group of local CEE associations found that among the leading 18 fund managers, they had already raised on average three funds and had an average 13 years tenure among their partners. That is an impressive level of experience and reflects the fact that most of the private equity activity in the CEE region is carried out by fund managers that specialise in or have dedicated teams for the region. This paper tries to capture what those firms have been doing across CEE in 2012 and prior years. We hope you will agree with us that it shows the resilience and the continued potential of private equity in this exciting and dynamic region.

Best regards,



Dörte Höppner  
EVCA Secretary-General




Robert Manz  
Chairman of the  
EVCA CEE Task Force



## 2. Executive summary

### Fundraising market in the region

- In 2012, fundraising for the CEE region reached €673m, a 28% decrease from 2011, but in line with the overall trend across all of Europe, which showed a 43% decrease year-on-year. CEE fundraising in 2012 was at a level similar to the 2009-2011 annual average and represented only 2.85% of the total funds raised in Europe in 2012.
- Nearly 92% of CEE fundraising in 2012 was driven by buyout funds and mezzanine funds whereas the amount raised by venture funds was significantly less than in 2011.
- In 2012, government agencies were the largest source of capital providing 29% of the total capital raised, funds-of-funds were the second largest with 19% and pension funds followed with 15%.
- European investors from outside of the CEE region continued to be the leading source of funding in 2012, having invested nearly 60% of the total capital raised, while investors from the US accounted for 20% of the total.
- Domestic investors from within the CEE region accounted for an insignificant 4% of funds raised in 2012, confirming the continued lack of in-region institutional investors.

### Investment activity

- Investment in the CEE region remained above the €1bn level in 2012, but decreased 19% in value terms compared to 2011, the same percentage decrease that was seen in investments across Europe as a whole. Investment activity in the CEE region represented 2.8% of the total investment value in Europe in 2012, the same level as in 2011.
- For the third year in a row, the number of completed deals continued to rise significantly in the CEE region with a total of 220 companies receiving private equity backing in 2012, an increase of 13% compared to 2011. This was driven almost entirely by a higher number of companies receiving venture financing.
- Investment activity was concentrated in Poland (47% of total investment value), the Czech Republic (11%), Hungary (10%), Slovakia (10%) and Bulgaria (8%). Poland was the largest single market for buyout and growth capital investments by value, while Hungary led the region in venture financings.

- In 2012 life sciences became the most invested sector by amount in CEE with 26% of the total amount invested. Consumer goods and retail, although declining vs. 2011, remained a strong sector comprising 20% of the total amount invested in the region, while financial services grew strongly to become the third largest investment sector at 11% of the total.
- Buyouts continued to be the largest segment of the CEE private equity market, accounting for 65% of all investments by value in 2012, with growth capital investments in second place at 20% of the total. Compared to Europe overall, CEE had a stronger concentration of growth capital investments, which is to be expected considering the continuing long-term convergence dynamic of the region.
- In 2012, the ratio of private equity investment value to GDP in the CEE region was 0.082% compared to the Europe-wide average of 0.260%. Total investment as a percentage of GDP dropped for both Europe overall and the CEE region in comparison to 2011, when the ratio was 0.104% for the CEE region and 0.328% for Europe.

### Divestment activity

- Exits in the CEE region reached €1,071m (measured at historical investment cost) in 2012, the second highest level ever recorded in CEE, but showing a decrease of 34% compared to 2011. The decrease is comparable to a 29% drop in divestment value across Europe as whole in 2012.
- The divestment amount recorded for 2012 was driven by a very large transaction, which by itself accounted for more than 60% of the total exit value.
- By country, the Czech Republic accounted for 69% of the CEE divestment value in 2012, followed by Romania at 11% and Bulgaria and Poland at 5% each.
- Trade sale was the most prominent exit route in the CEE region accounting for 85% of the total exit value by amount.
- Among CEE exits, sales to another private equity firm (so-called "secondaries") represented a very small part of the market and in 2012 were nearly zero. By comparison, this exit route comprised nearly 25% of exit value in Europe as a whole in 2012.
- In 2012, only four company exits were reported as write-offs in CEE, accounting for 6% of both total exit value and number of exited companies. As in prior periods, the CEE region registered comparably less write-offs than in Europe as a whole, where write-offs in 2012 accounted for 9% of the total amount of exit value and 18% by number of companies.

## 3. Fundraising

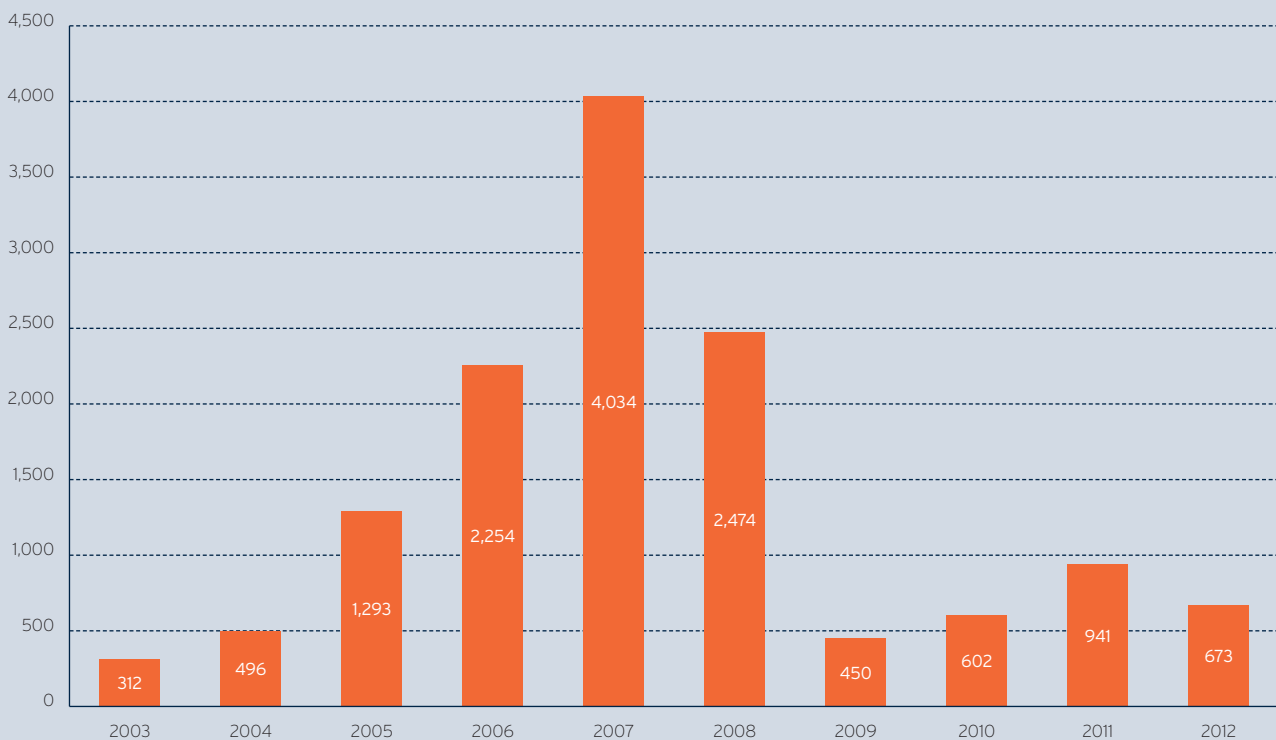
In 2012, fundraising for the CEE region amounted to €673m, which represents a 28% decrease compared to the previous year. This was in line with an overall trend across all of Europe, which showed a decrease of 43% in fundraising in 2012 compared to 2011.

Overall, CEE fundraising for 2012 was in line with the 2009-2011 average. Contributing to this was the fact that a number of fund managers who had raised capital during the peak 2006-2008 period were not yet back on the market in 2012, or had not yet completed their fundraising efforts during the year.

It's also clear that CEE was following the global trend in 2012 whereby fundraising required more time to complete as compared to prior rounds that occurred before the global financial crisis.

Despite having nearly 8.7% of Europe's total GDP, private equity fundraising in CEE represented a mere 2.85% of the total funds raised in Europe in 2012, which is just slightly more than in 2011 (2.26%). Independent funds comprised 97% of the total fundraising in 2012.

**Figure 1 - Fundraising for CEE private equity, 2003-2012 (in € million)**



Source: EVCA/PEREP\_Analytics for 2007-2012 data.  
EVCA/Thomson Reuters/PricewaterhouseCoopers for previous years' data.  
Disclaimer: Data is continuously updated and therefore subject to change.

<sup>1</sup> Fundraising for CEE comprises funds raised by fund managers based in the region as well as funds raised by managers outside the region that are 100% dedicated to the CEE region. The data does not include those funds that may allocate a portion of their capital to CEE but whose primary focus is elsewhere. As the vast majority of private equity funds raised for CEE were for the region as a whole - and not for any specific country - fundraising is presented here as a total pool of capital raised for the region.

Nearly 92% of CEE fundraising in 2012 was driven by buyout funds and mezzanine funds. Although the amounts raised for each of these types of funds was very similar to the previous year, 2012 saw a significant reduction in the amounts raised by venture funds and growth capital funds. CEE buyout funds raised more than €468m in 2012, representing nearly 70% of total CEE fundraising (vs. 52% in 2011), and at the same percentage that buyout fundraising represented in Europe overall. CEE buyout funds were most strongly supported by fund of fund investors and government agencies, who accounted respectively for 28% and 17% of the amount they raised. Mezzanine funds, which raised €150m in 2012, comprised just over 22% of total CEE fundraising and were supported mainly with commitments from government agencies that represented 47% of the amount raised.

CEE venture funds only raised €35m in 2012, a 77% decrease from 2011, which is likely the result of less fund managers in the market after two relatively strong years (2010-2011) for venture fundraising. Balanced and early-stage funds saw their fundraising decrease by more than 65% in 2012, with less than €11m and €25m raised, respectively. Additionally, no later-stage venture fund was raised. Although growth capital fundraising only reached a very low level, it should be noted that the line between buyout and growth capital funds in the CEE region is often blurred and transactions often combine both forms of investment, so it should not be interpreted as a reduction in fundraising for growth capital transactions. Overall, fundraising in the CEE region remains subject to significant annual swings depending on when CEE fund managers are in or out of the market for new funds. This needs to be taken into account particularly when analysing the categories of funds raised.

**Table 1 - CEE funds raised, 2011-2012 - incremental closings during the year (in € x 1,000)**

AMOUNTS IN € THOUSANDS	2011		2012	
	AMOUNT	%	AMOUNT	%
<b>FUNDS RAISED BY FUND STAGE FOCUS</b>				
Early-stage	71,020	7.6	24,870	3.7
Later-stage venture	2,460	0.3	0	0.0
Balanced	78,750	8.4	10,550	1.6
<b>TOTAL VENTURE</b>	<b>152,230</b>	<b>16.2</b>	<b>35,420</b>	<b>5.3</b>
Growth capital	83,300	8.9	5,000	0.7
Buyout	488,280	51.9	468,340	69.6
Mezzanine	140,000	14.9	150,100	22.3
Generalist	76,840	8.2	14,120	2.1
<b>TOTAL FUNDS RAISED</b>	<b>940,650</b>	<b>100.0</b>	<b>672,980</b>	<b>100.0</b>

Source: EVCA/PEREP\_Analytics

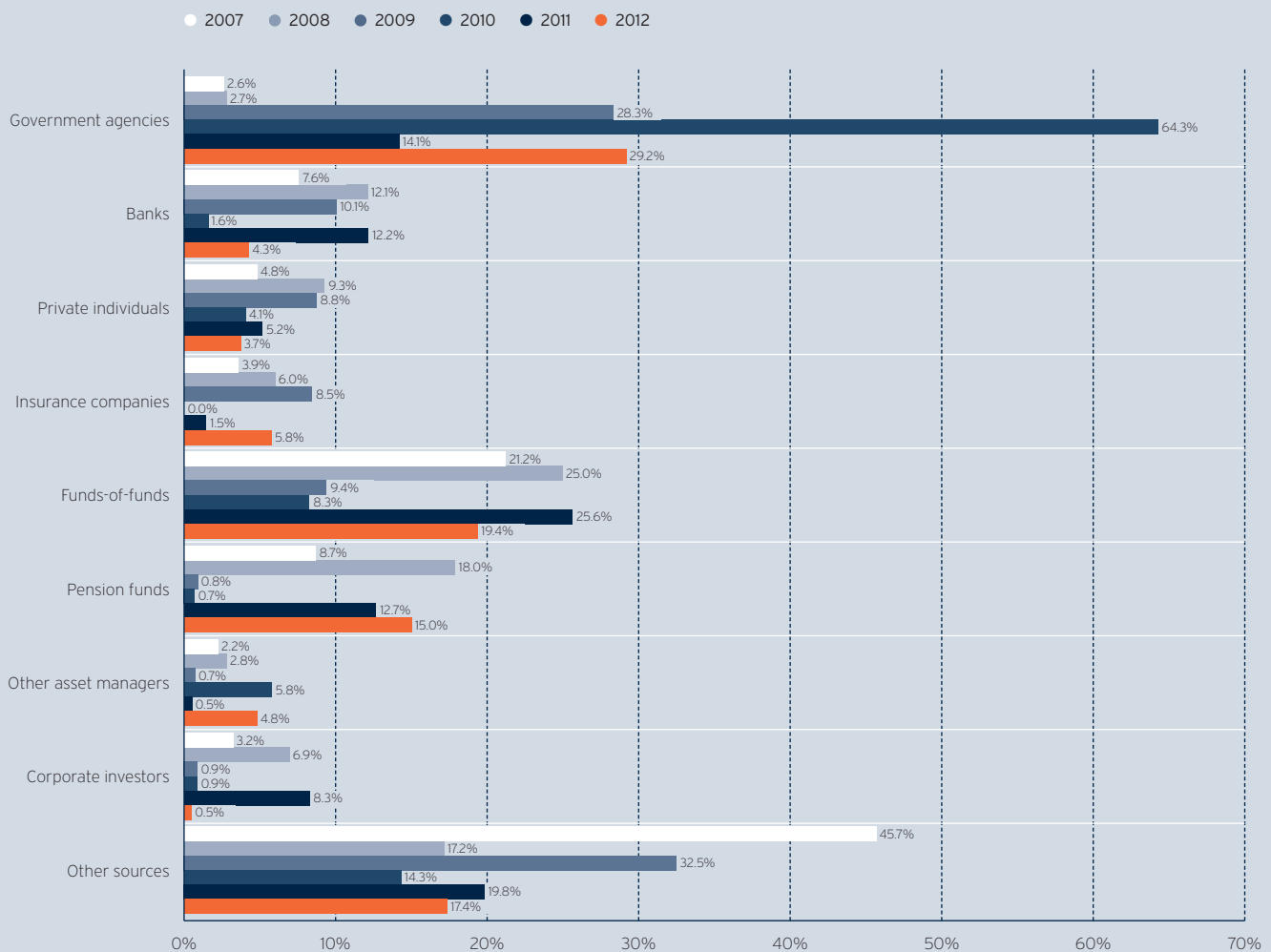
Disclaimer: Data is continuously updated and therefore subject to change.



In 2012, government agencies became again the largest source of capital with 29% of the total capital raised versus 14% in 2011. Since 2009, government agencies have been the most important source of capital, contributing over 30% of cumulative capital raised in the last four years vs. only 3% in the robust fundraising years of 2007-2008. Funds of funds accounted for the second largest source of capital for CEE in 2012, comprising 19% of the total raised (versus 26% in 2011), while pension funds were in third place with 15% of the total (versus 13% in 2011).

Fundraising from banks only represented 4% of the total capital raised in 2012 compared to 12% in 2011. Finally, sovereign wealth funds showed an interest in CEE, in particular for buyout funds, and provided a noticeable amount of capital for the first time since 2007, with almost 9% of the total raised in 2012.

**Figure 2 - Sources of capital raised for CEE private equity in 2007-2012 (% of total)**

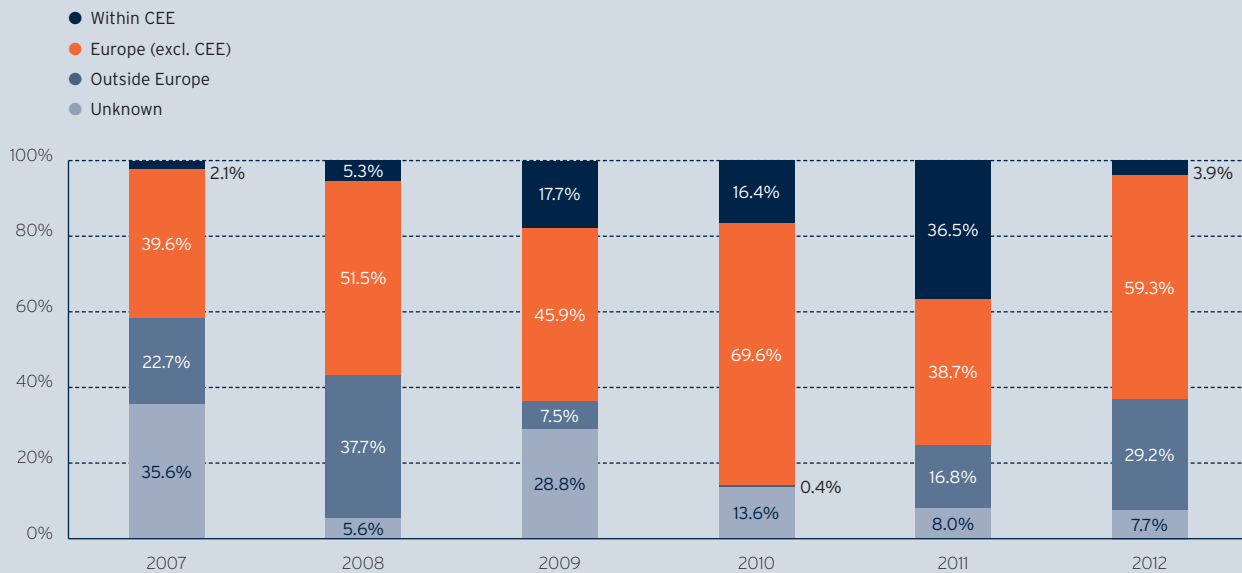


Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.

In terms of geography, European investors from outside of the CEE region continued to be the leading source of funds in 2012, investing almost €400m and comprising nearly 60% of capital raised (vs 39% in 2011). Domestic funding (defined in this paper as originating within the CEE countries) returned to its historically low levels and comprised less than 4% of total fundraising. This was driven by a reduction in activity of specific government-led private equity support initiatives that were prevalent in 2011 (e.g. the “Economic Cooperation Funds” program for Croatia mentioned in last year’s report, which made no further commitments in 2012), and better reflects the true and continuing lack of institutional investors in the CEE region.

Capital raised outside of Europe increased by 24% in 2012 to the level of €196m, or 29% of the total for CEE. This was particularly driven by an increase in funding from the United States, which accounted for €136m of capital raised.

**Figure 3 - Geographic sources of funds raised for CEE private equity, 2007-2012 (% of total)**



Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.

Four funds reached final closings in 2012, compared to nine in the previous year. Notably, it was the first time since 2009 that either a buyout fund or a mezzanine fund reached a final closing.

**Table 2 - Funds raised - final closings in the year by independent funds - cumulative amount raised since inception (in € x 1,000)**

AMOUNTS IN € THOUSANDS	2011		2012	
	AMOUNT	NUMBER OF FUNDS	AMOUNT	NUMBER OF FUNDS
<b>FUNDS RAISED BY FUND SECTORAL FOCUS</b>				
Early-stage	59,730	4	6,010	1
Later-stage venture	10,120	1	0	0
Balanced	78,750	2	0	0
<b>TOTAL VENTURE</b>	<b>148,600</b>	<b>7</b>	<b>6,010</b>	<b>1</b>
Growth	51,300	1	25,000	1
Buyout	0	0	50,000	1
Mezzanine	0	0	280,100	1
Generalist	46,090	1	0	0
<b>INDEPENDENT FUNDS RAISED</b>	<b>245,990</b>	<b>9</b>	<b>361,110</b>	<b>4</b>

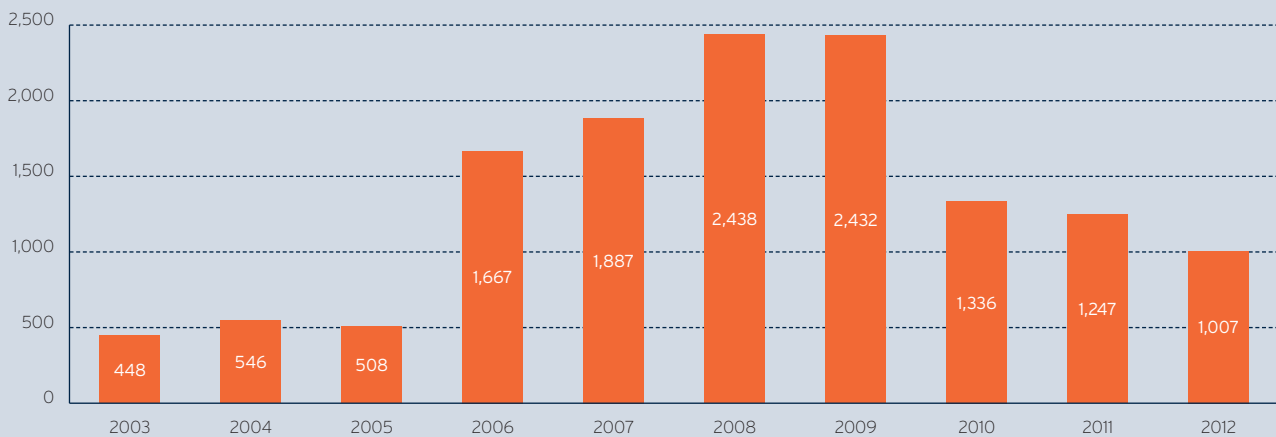
Source: EVCA/PEREP\_Analytics  
Disclaimer: Data is continuously updated and therefore subject to change.

## 4. Investment activity

Private equity investment in the CEE region remained above the €1bn level in 2012, but decreased 19.2% in value terms compared to 2011. This was in line with the trend across all of Europe, which in 2012 showed a decrease of 18.7% to reach €36.5bn of private equity investment. Investment activity in the CEE region represented 2.8% of the total investment value in Europe in 2012, the same level as in 2011.

For the third year in a row, despite the decrease in the value of investments, the number of completed deals continued to rise significantly in the CEE region. A total of 220 companies received private equity backing in 2012, an increase of about 13% compared to 2011 when 195 companies were financed with private equity and a 76% increase from the 125 companies receiving backing in 2009.

**Figure 4 - Annual investment value in the CEE region 2003-2012 (in € million)**



Source: EVCA/PEREP\_Analytics for 2007-2012 data.  
Thomson-Reuters/PriceWaterhouseCooper for previous' years data.

As in prior years, private equity investment activity in 2012 was concentrated in a few countries in the CEE region. Poland, the Czech Republic, Hungary, Slovakia and Bulgaria accounted for 86% of investments by value and 63% by number of companies. Notably, Romania and Ukraine saw their investment amounts fall to some of the lowest levels of the past few years.

As in 2010 and 2011, Poland remained the largest CEE private equity investment market, accounting for 47% of the total amount invested in the region in 2012. Polish companies attracted €478m of investment in 2012, a 30% decrease from 2011. However, the number of Polish companies financed grew by 36% to 75 (vs. 55 in the previous year). With €291m of buyout investments (44% of the region), Poland remained the largest buyout market in CEE, as has been the case since 2010. Poland was also the largest market for growth investments in 2012 at €144m, comprising 70% of this type of investment across the region. At only €9m, venture investments in Poland were surprisingly low in 2012, but financed 32 companies, the most in a single year since 2008.

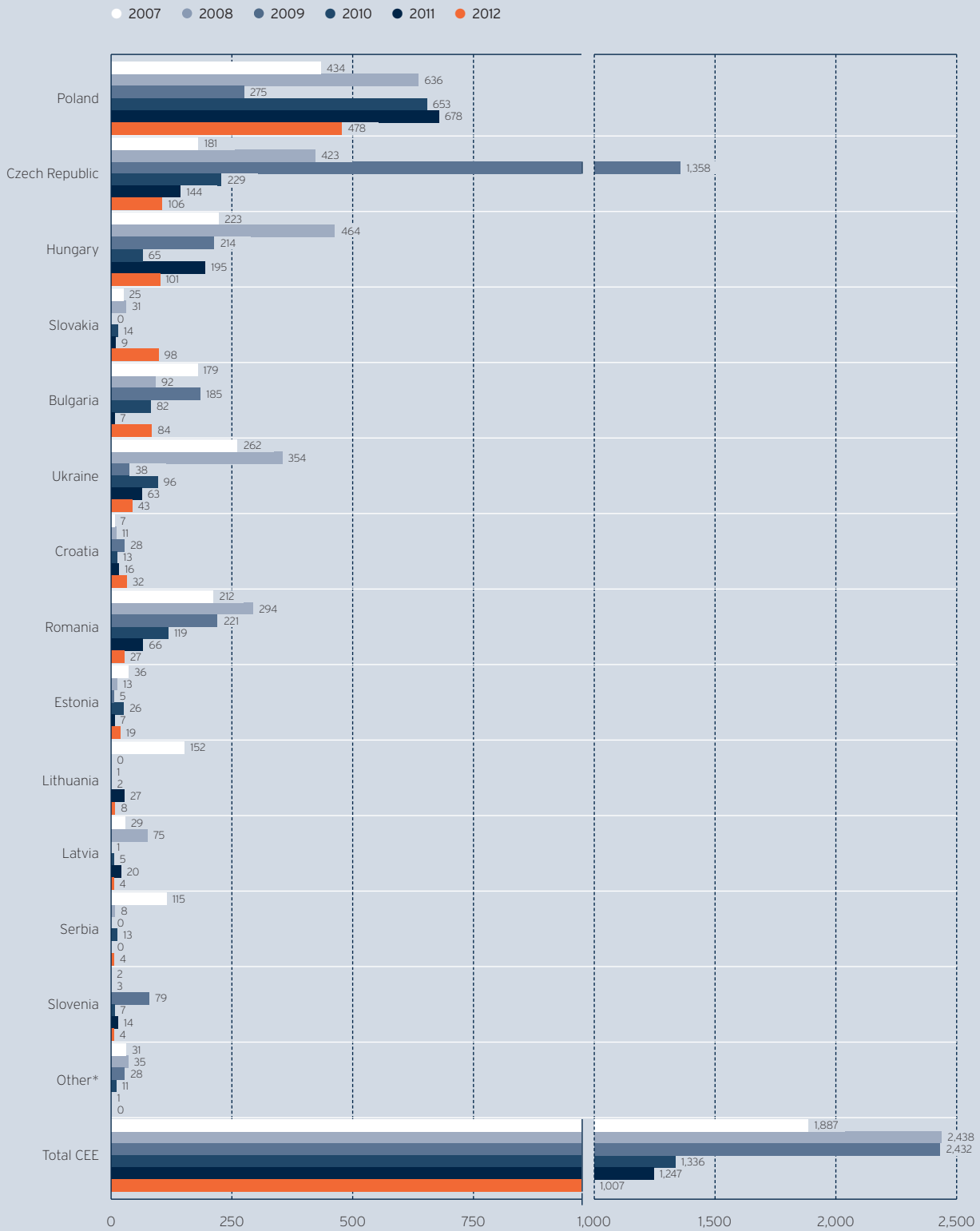
The Czech Republic (€106m) and Hungary (€101m) came next in the investment ranking in 2012. The value of investments in the Czech Republic and in Hungary dropped in 2012 by 26% and 48% respectively, compared to 2011. The decrease in the Czech Republic was fairly homogenous among the stages of investment, while in Hungary buyout investments decreased by 78% and venture investments grew by 61%. As a result, in 2012 Hungarian venture capital investments comprised a significant majority (i.e. 63%) of all venture investment activity across the region. The number of companies financed in the Czech Republic dropped to 10 in 2012, while in Hungary it grew to 42, thanks to a significant increase in venture-backed companies (up from 29 to 40).

Slovakia (€98m) and Bulgaria (€84m) both showed significantly higher levels of investment in 2012 compared to 2011. Thanks to a small number of sizeable buyout transactions, Slovakia recorded its highest amount of investment for at least the last 6 years and Bulgaria was back in line with its historical level of investment after a very low level of investment in 2011. The number of companies financed in these countries was low at 6 in Slovakia and 5 in Bulgaria.

Ukraine (€43m) and Romania (€27m) showed lower levels of investment value in 2012 compared to 2011, with decreases of 32% and 60% respectively, due to less capital being invested in venture and growth deals. Amounts invested in Croatia (€32m) increased compared to 2011, driven primarily by growth capital transactions. Finally, although the total investment by value across the three Baltic states declined in 2012 by 44% to €30m, it was notable that Estonia showed a significant increase while Latvia and Lithuania registered significant decreases. Importantly, the number of companies financed in the Baltic states was significant at 57, accounting for 26% of all CEE companies financed with private equity throughout CEE in 2012. A large majority of this was related to venture-backed companies in Lithuania and Estonia.

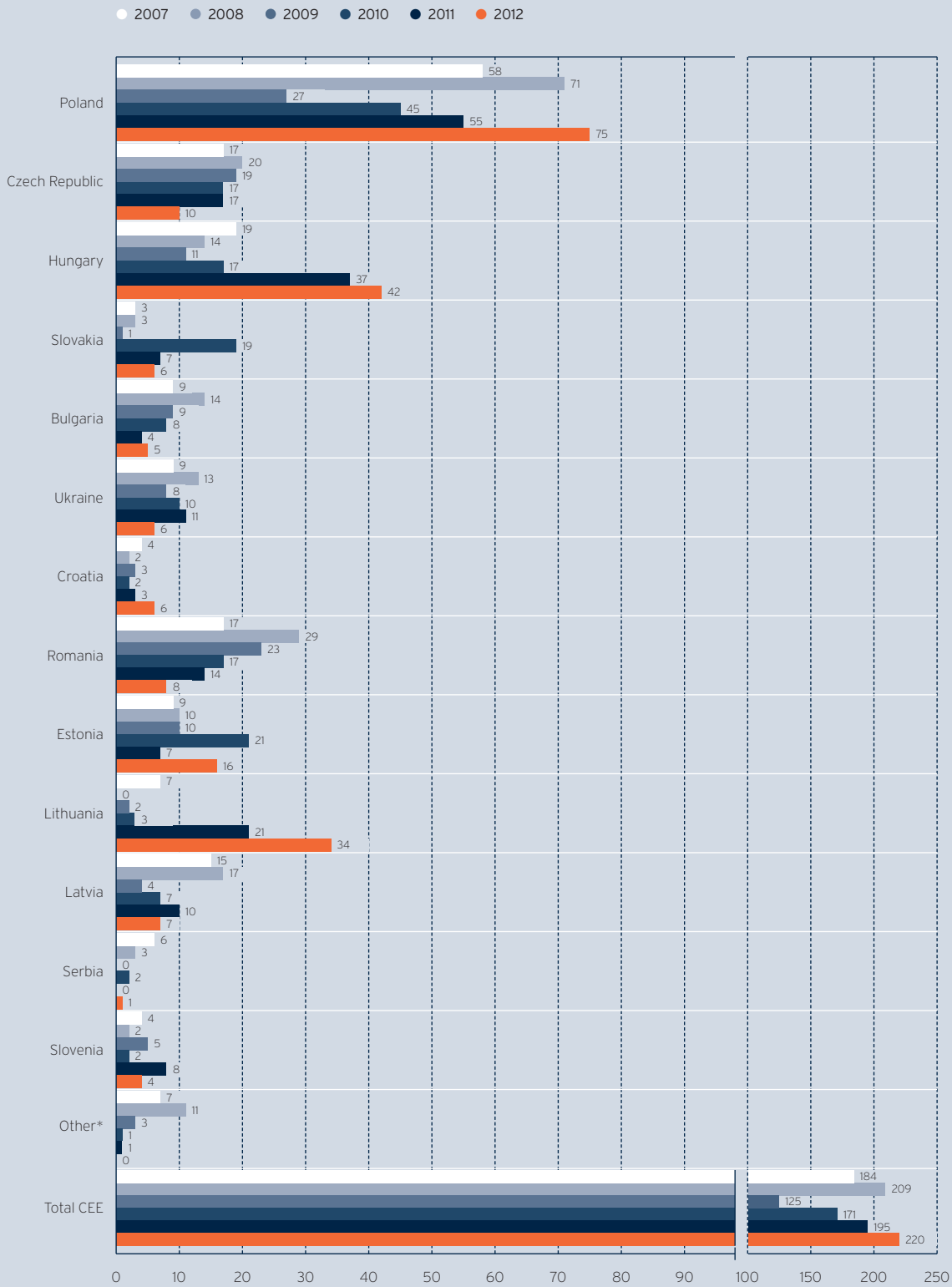
It should be noted that year-on-year changes in the reported investment amounts for individual CEE countries may be directly affected by a limited number of large transactions in a particular country. Furthermore, private equity fund managers in CEE mostly operate on a regional basis and complete transactions in those countries where they believe the particular deals are most attractive, which can also account for shifts between countries in a given year.

**Figure 5 - Annual investments in the CEE region, 2007-2012 (no bank leverage included) (in € million)**



Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.  
 \* Bosnia & Herzegovina, Macedonia, Moldova and Montenegro.

**Figure 6 - Annual investments in the CEE region, 2007-2012 (number of companies)**



Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.  
 \* Bosnia & Herzegovina, Macedonia, Moldova and Montenegro.

The increase in number of companies receiving private equity investments in the CEE region in 2012 compared to 2011 was driven almost entirely by a higher number of companies receiving venture financing. Out of a net increase of 25 companies, 24 were venture-backed. In contrast to 2011 when the region achieved an almost equal balance between venture-backed companies and companies receiving buyout and growth financing, the balance in 2012 was clearly in favour of venture with 123 venture-backed companies from a total of 220 private equity-backed companies. Since the total venture investment amount did change materially year-on-year, it means the average venture investment value per company dropped to €0.83m from over €1m.

In 2012, four countries experienced a relatively large increase in the number of companies receiving private equity investments, namely Poland (+20 companies year-on-year), Lithuania (+13) and Estonia (+9) and Hungary (+5). In Poland the distribution by stage of the number of companies financed was fairly similar compared to 2011.

In the cases of Lithuania, Estonia and Hungary, the growth was nearly exclusively led by an increase in venture-backed companies. Those countries showing the largest decreases in numbers of companies financed in 2012 were the Czech Republic (-7) and Romania (-6).

In terms of sector activity, in 2012 life sciences became the most invested sector by amount in CEE with 26% of the total amount invested. With €259m invested in this sector, the amount more than doubled from 2011, and it was clearly a preferred area for CEE fund managers who recognised the still significant gap in health care services compared to the rest of Europe. Despite a 32% decrease in 2012, consumer goods and retail remained a strong sector with almost €200m invested, amounting to 20% of the total amount invested in the region. With an increase of 18% by value, financial services was the third largest investment sector, with €115m of investments completed in 2012. It is fair to say that life sciences (mostly as health care), consumer goods and services and financial services, which together accounted for about 60% of all investment activity in CEE in 2012, are sought after as being part of the on-going convergence of the region's consumer behaviour to other European markets.

**Table 3 - Annual investments in CEE by sector, 2011-2012 (in € x 1,000)**

AMOUNTS IN € THOUSANDS	2011		2012	
	AMOUNT	%	AMOUNT	%
<b>SECTOR FOCUS</b>				
Agriculture	6,721	0.5	8,638	0.9
Business and industrial products	108,845	8.7	83,268	8.3
Business and industrial services	41,021	3.3	7,107	0.7
Chemicals and materials	10,688	0.9	8,719	0.9
Communications	272,364	21.8	109,075	10.8
Computer and consumer electronics	61,005	4.9	67,885	6.7
Construction	25,301	2.0	11,552	1.1
Consumer goods and retail	294,028	23.6	199,486	19.8
Consumer services	68,026	5.5	43,825	4.4
Energy and environment	50,842	4.1	86,057	8.5
Financial services	97,994	7.9	115,283	11.4
Life sciences	118,418	9.5	259,074	25.7
Real estate	0	0.0	0	0.0
Transportation	91,436	7.3	7,046	0.7
Unknown	213	0.0	0	0.0
<b>TOTAL INVESTMENT IN YEAR</b>	<b>1,246,901</b>	<b>100.0</b>	<b>1,007,015</b>	<b>100.0</b>

Source: EVCA/PEREP\_Analytics

Disclaimer: Data is continuously updated and therefore subject to change.



Investments in communications, €109m in 2012, showed a 60% decrease from 2011, but still remained an important area with nearly 11% of total investments. Finally, with more than €80m of investments each, the energy & environment and business & industrial products sectors each represented more than 8% of the total amount invested, up by 69% compared to 2011 for the former and down by 23% for the latter.

Looking at number of companies financed by sector, communications remained at the top of the list as was the case in the last few years. In 2012, 39 companies in the communication sector received investments, accounting for 18% of the total number of private equity-backed companies in CEE. As in 2011, the computer and consumer electronics sector, which only accounted for 6.7% of total investments by value, was the second-most active sector by number of companies, with 34 financed, representing 15.5% of the total number of companies receiving investments in 2012. This results from a higher level of activity in this sector by the region's venture funds.

Life sciences and consumer goods & retail were the next most active sectors in term of number of companies financed, with 29 and 26 companies respectively receiving investment in 2012. Both showed the largest changes in term of number of companies invested compared to 2011 (+15 for life sciences and +9 for consumer goods and retail).

**Table 4 - Annual investments in CEE by sector, 2011-2012 (in number of companies)**

AMOUNTS IN € THOUSANDS	2011		2012	
	NUMBER OF COMPANIES	%	NUMBER OF COMPANIES	%
<b>SECTOR FOCUS</b>				
Agriculture	3	1.5	5	2.3
Business and industrial products	18	9.2	19	8.6
Business and industrial services	9	4.6	12	5.5
Chemicals and materials	4	2.1	4	1.8
Communications	38	19.5	39	17.7
Computer and consumer electronics	37	19.0	34	15.5
Construction	7	3.6	6	2.7
Consumer goods and retail	17	8.7	26	11.8
Consumer services	11	5.6	17	7.7
Energy and environment	17	8.7	13	5.9
Financial services	12	6.2	10	4.5
Life sciences	14	7.2	29	13.2
Real estate	0	0.0	0	0.0
Transportation	5	2.6	6	2.7
Unknown	3	1.5	0	0.0
<b>TOTAL INVESTMENT IN YEAR</b>	<b>195</b>	<b>100.0</b>	<b>220</b>	<b>100.0</b>

Source: EVCA/PEREP\_Analytics

Disclaimer: Data is continuously updated and therefore subject to change.

In 2012, the ratio of private equity investment value to GDP in the CEE region was 0.082% compared to the Europe-wide average of 0.260%. Total investment as a percentage of GDP dropped for both Europe overall and the CEE region in comparison to 2011, when the ratio was 0.104% for the CEE region and 0.328% for Europe. The CEE level in 2012 remained at approximately one third of the European level. This continuing gap is in line with the historical trend of the CEE region's investment levels and indicates the region's long-term potential for further private equity development as it is still under-invested compared to Europe.

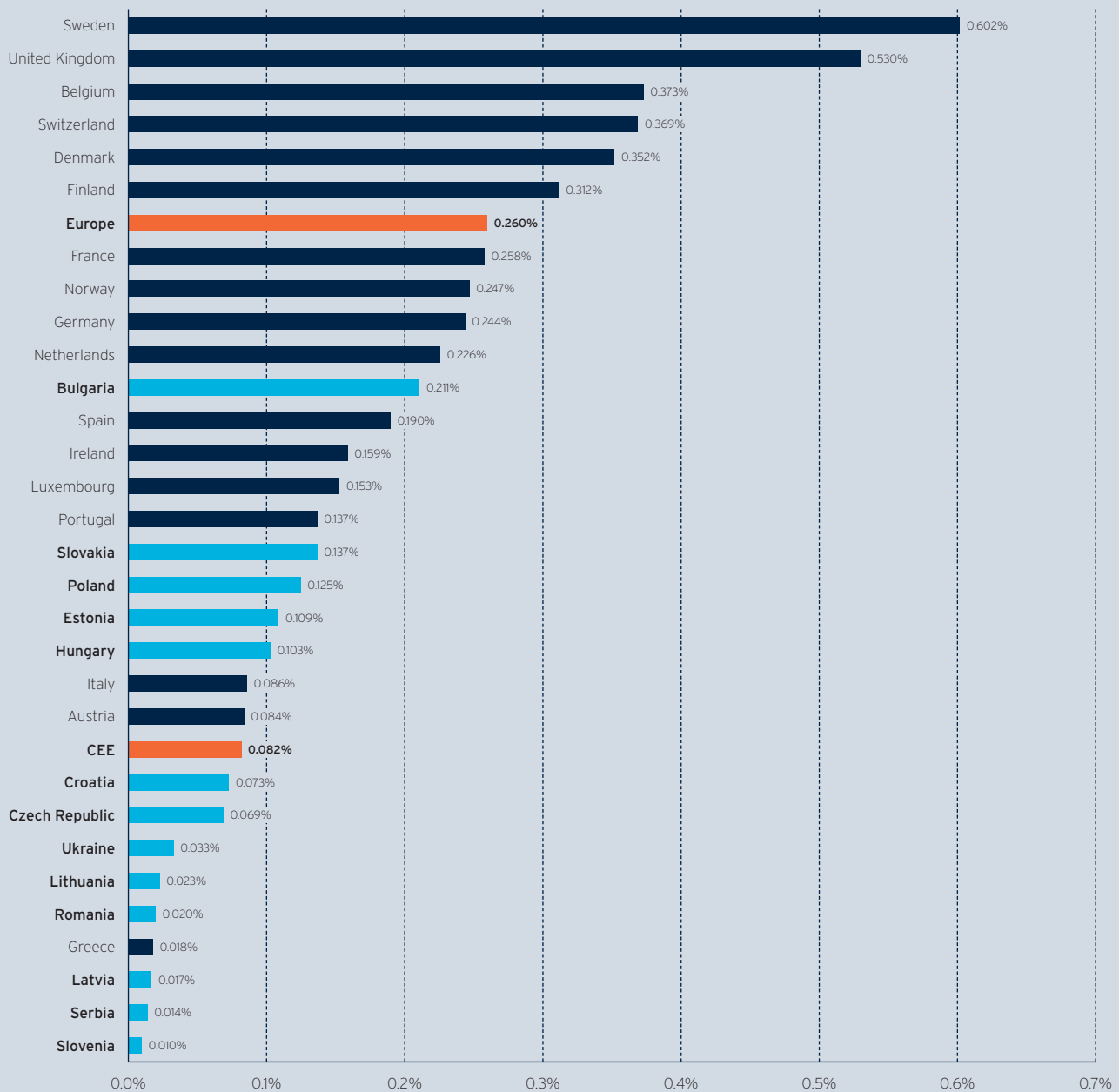
Bulgaria, Slovakia and Poland showed the highest ratio investment vs. GDP of the CEE region in 2012, but all remained below the Europe-wide average.

**Table 5 - Private equity investment by amount (in € x 1,000) and as a percentage of GDP in CEE, 2011-2012**

	TOTAL INVESTMENT		INVESTMENT AS % OF GDP	
	2011	2012	2011	2012
Bosnia-Herzegovina	0	0	0.000%	0.000%
Bulgaria	7,225	84,164	0.019%	0.211%
Croatia	15,625	32,299	0.035%	0.073%
Czech Republic	143,933	105,874	0.092%	0.069%
Estonia	6,508	18,630	0.041%	0.109%
Hungary	194,841	101,455	0.194%	0.103%
Latvia	20,222	3,802	0.100%	0.017%
Lithuania	26,671	7,651	0.086%	0.023%
Macedonia	0	0	0.000%	0.000%
Moldova	975	0	0.019%	0.000%
Montenegro	0	0	0.000%	0.000%
Poland	678,436	477,615	0.183%	0.125%
Romania	65,918	26,506	0.049%	0.020%
Serbia	0	4,350	0.000%	0.014%
Slovakia	9,149	97,848	0.013%	0.137%
Slovenia	14,089	3,508	0.039%	0.010%
Ukraine	63,309	43,314	0.053%	0.033%
<b>TOTAL CEE</b>	<b>1,246,901</b>	<b>1,007,015</b>	<b>0.104%</b>	<b>0.082%</b>
<b>TOTAL EUROPE</b>	<b>44,870,147</b>	<b>36,459,491</b>	<b>0.328%</b>	<b>0.260%</b>

Source: EVCA/PEREP\_Analytics for investment data and Thomson Reuters for GDP data.  
Disclaimer: Data is continuously updated and therefore subject to change.

**Figure 7 - Private equity investments as a percentage of GDP for Europe, CEE and selected European countries, 2012**



Source: EVCA/PEREP\_Analytics for investment data and Thomson Reuters for GDP data.  
 Disclaimer: Data is continuously updated and therefore subject to change.  
 By country of destination of investment.

## 5. Market segments

Buyouts continued to be the largest segment of the CEE private equity market, comprising 65% of all investments by value in 2012, and amounting to €655m. This represented a decrease of some 24% compared to the €856m of buyouts achieved in 2011. Growth investments followed a similar trend, falling 23% from 2011 to the level of €205m in 2012, yet still comprising an important 20% of total investments made. Notably, the amount of venture investments showed a slight growth in 2012 versus 2011, amounting to €102m and therefore registering more than 10% of total investment activity in the region, close to the historic high of 10.5% in 2008. Venture investments were driven by start-up transactions, accounting for 71% of all venture investments, amounting to €73m, and up a significant 36% compared to 2011. On the other hand, seed and later-stage venture each decreased by nearly 40% year-on-year in 2012. By number of companies, the net growth of 25 companies in 2012 to 220 in total, was caused by an increase in the number start-up companies (+13) and seed companies (+8) receiving venture capital. The growth in start-up companies is attributable primarily to Lithuania as well as Hungary and Estonia. Efforts across the region to promote venture investing are having a sustainable impact with the continued development of the venture segment.

In 2012, the CEE region's structure of investments by type broadly matched that of Europe overall, with the exception, as in prior years, that CEE had a higher proportion of growth capital investments. The growth segment accounted for 20% of CEE investments in 2012 vs. 10% in Europe. This is natural and is likely to continue as CEE fund managers are generally focused on growth companies in the higher growth CEE economies. Otherwise, Europe showed a higher percentage of buyouts at 77% versus 65% for CEE. For the first time since recording CEE investment activity, CEE showed an overall higher percentage of investments in the venture segment than was seen across all of Europe, with 10.2% vs. 8.7%, respectively. The relatively strong proportion of venture investing in certain countries of the CEE region in 2012 was supported by certain EU-driven government programs (for example, the Jeremie program) that have brought needed funding to the venture segment over the past couple years.

**Table 6 - Type of investment in CEE and Europe, 2012 (no bank leverage included) (in € x 1,000)**

AMOUNTS IN € THOUSANDS	TOTAL CEE	% OF TOTAL	TOTAL EUROPE	% OF TOTAL
<b>STAGE FOCUS</b>				
Seed	3,247	0.3	130,260	0.4
Start-up	72,773	7.2	1,802,639	4.9
Later-stage venture	26,502	2.6	1,251,615	3.4
<b>TOTAL VENTURE</b>	<b>102,522</b>	<b>10.2</b>	<b>3,184,515</b>	<b>8.7</b>
Growth	204,820	20.3	3,807,652	10.4
Rescue/Turnaround	3,100	0.3	372,040	1.0
Replacement capital	41,899	4.2	1,104,748	3.0
Buyout	654,675	65.0	27,990,536	76.8
<b>TOTAL 2012</b>	<b>1,007,015</b>	<b>100.0</b>	<b>36,459,491</b>	<b>100.0</b>
<b>TOTAL 2011</b>	<b>1,246,901</b>		<b>44,870,147</b>	

Source: EVCA/PEREP\_Analytics

Disclaimer: Data is continuously updated and therefore subject to change.

By companies, in 2012, the structure of the CEE market was very similar to Europe. CEE's buyout segment accounted for 15% of the total companies receiving private equity investment, compared to 17% for Europe overall. The proportion of growth investments measured in companies was 26% in the CEE region versus 20% across all of Europe. Finally, venture-backed companies in CEE accounted for 55% of all financed companies compared to 59% in all of Europe.

**Table 7 - Type of investment in CEE, 2011-2012 (in € x 1,000)**

AMOUNTS IN € THOUSANDS	2011		2012	
	AMOUNT	NUMBER OF COMPANIES	AMOUNT	NUMBER OF COMPANIES
<b>STAGE FOCUS</b>				
Seed	5,370	10	3,247	18
Start-up	53,379	61	72,773	74
Later-stage venture	41,682	29	26,502	31
<b>TOTAL VENTURE</b>	<b>100,430</b>	<b>99</b>	<b>102,522</b>	<b>123</b>
Growth	266,384	58	204,820	58
Rescue/Turnaround	1,923	1	3,100	1
Replacement capital	21,770	2	41,899	9
Buyout	856,394	39	654,675	33
<b>TOTAL</b>	<b>1,246,901</b>	<b>195</b>	<b>1,007,015</b>	<b>220</b>

Source: EVCA/PEREP\_Analytics

Disclaimer: Data is continuously updated and therefore subject to change.

**Table 8 - Type of investment by CEE country, 2011-2012 (no bank leverage included) (in € x 1,000)**

2012

AMOUNTS IN € THOUSANDS	2012													
	BULGARIA	CROATIA	CZECH REP.	ESTONIA	HUNGARY	LATVIA	LITHUANIA	POLAND	ROMANIA	SERBIA	SLOVAKIA	SLOVENIA	UKRAINE	OTHER*
<b>STAGE FOCUS</b>														
Seed	0	0	0	327	0	200	2,720	0	0	0	0	0	0	0
Start-up	85	0	127	8,329	55,930	400	4,080	2,522	0	0	0	1,300	0	0
Later-stage venture	0	3,000	5,101	0	8,303	1,642	0	3,843	3,055	0	0	0	1,557	0
<b>TOTAL VENTURE</b>	<b>85</b>	<b>3,000</b>	<b>5,229</b>	<b>8,656</b>	<b>64,233</b>	<b>2,042</b>	<b>4,280</b>	<b>9,084</b>	<b>3,055</b>	<b>0</b>	<b>0</b>	<b>1,300</b>	<b>1,557</b>	<b>0</b>
Growth	3	12,102	4,220	8,974	2,683	1,360	3,371	144,042	6,750	0	5,348	8	15,959	0
Rescue/Turnaround	0	0	0	0	0	0	3,100	0	0	0	0	0	0	0
Replacement capital	0	0	0	1,000	0	400	0	30,301	0	0	0	0	10,198	0
Buyout	84,076	17,198	96,425	0	34,539	0	0	291,087	16,700	4,350	92,500	2,200	15,600	0
<b>TOTAL</b>	<b>84,164</b>	<b>32,299</b>	<b>105,874</b>	<b>18,630</b>	<b>101,455</b>	<b>3,802</b>	<b>7,651</b>	<b>477,615</b>	<b>26,506</b>	<b>4,350</b>	<b>97,848</b>	<b>3,508</b>	<b>43,314</b>	<b>0</b>

2011

AMOUNTS IN € THOUSANDS	2011													
	BULGARIA	CROATIA	CZECH REP.	ESTONIA	HUNGARY	LATVIA	LITHUANIA	POLAND	ROMANIA	SERBIA	SLOVAKIA	SLOVENIA	UKRAINE	OTHER*
<b>STAGE FOCUS</b>														
Seed	0	0	0	137	3,850	0	900	483	0	0	0	0	0	0
Start-up	100	5,625	2,713	1,192	28,254	2,450	546	10,697	0	0	0	1,802	0	0
Later-stage venture	324	0	7,811	0	7,913	403	2,185	15,281	4,000	0	0	500	3,266	0
<b>TOTAL VENTURE</b>	<b>424</b>	<b>5,625</b>	<b>10,523</b>	<b>1,329</b>	<b>40,016</b>	<b>2,853</b>	<b>3,631</b>	<b>26,461</b>	<b>4,000</b>	<b>0</b>	<b>0</b>	<b>2,302</b>	<b>3,266</b>	<b>0</b>
Growth	6,801	0	7,733	4,200	494	1,500	9,394	162,856	31,763	0	9,149	4,920	26,600	975
Rescue/Turnaround	0	0	0	0	0	0	1,923	0	0	0	0	0	0	0
Replacement capital	0	0	0	0	0	3,270	0	0	18,500	0	0	0	0	0
Buyout	0	10,000	125,678	979	154,331	12,600	13,646	487,196	11,654	0	0	6,867	33,443	0
<b>TOTAL</b>	<b>7,225</b>	<b>15,625</b>	<b>145,933</b>	<b>6,508</b>	<b>194,841</b>	<b>20,222</b>	<b>26,671</b>	<b>678,436</b>	<b>65,918</b>	<b>0</b>	<b>9,149</b>	<b>14,089</b>	<b>63,309</b>	<b>975</b>

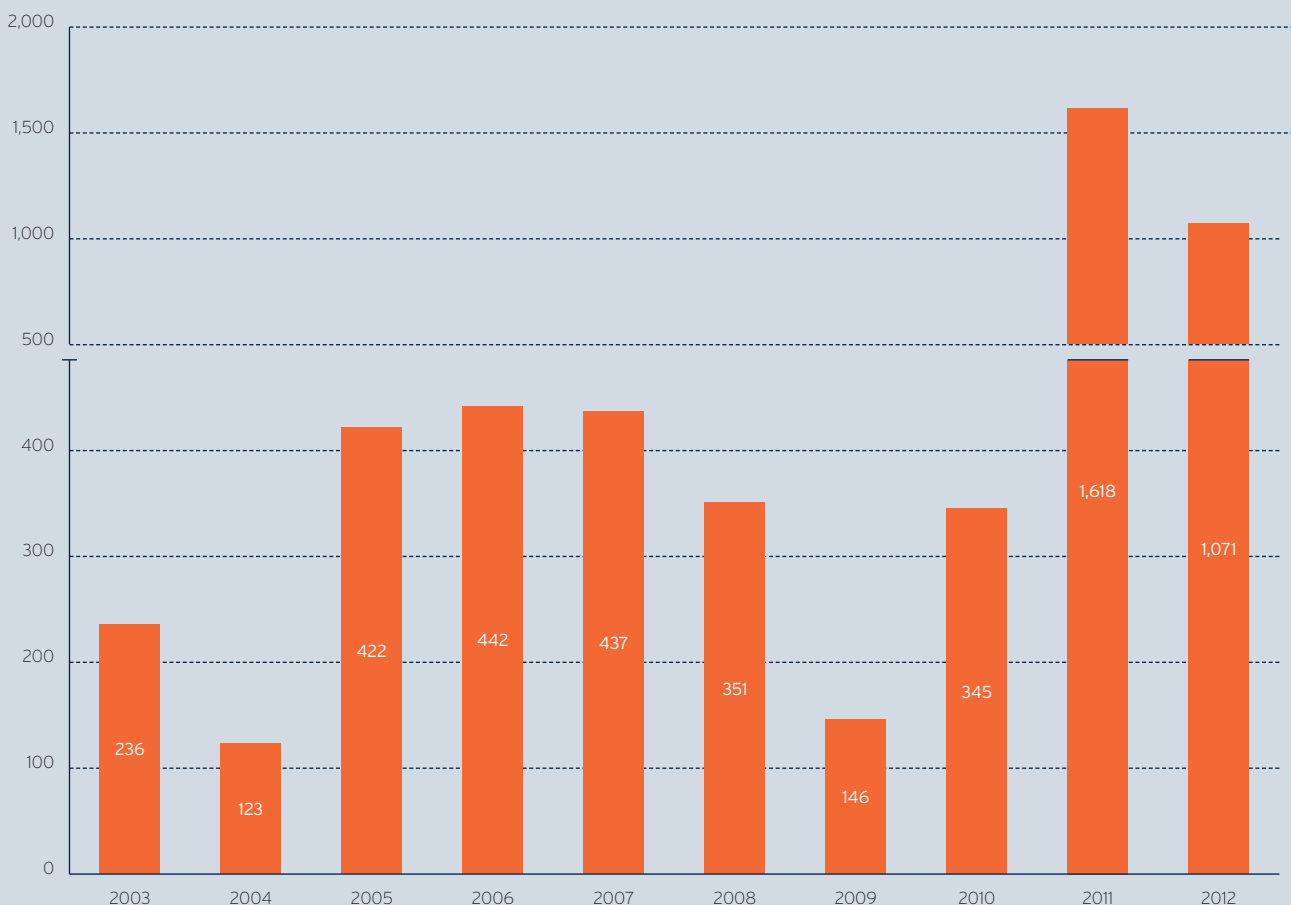
Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.  
 \* Bosnia & Herzegovina, Macedonia, Moldova and Montenegro.

## 6. Exits

CEE divestments, measured at historical investment cost, decreased by 34% in 2012 compared to 2011, but remained strong as the second highest ever recorded level in CEE. The decrease is comparable to a 29% drop in divestments across Europe as a whole in 2012. Exits in the CEE region reached €1,071m at cost in 2012, compared to €1,618m in 2011.

The amount recorded for 2012 was driven by a very large transaction, which by itself accounted for more than 60% of the total exit value. This is similar to 2011, when two large transactions accounted for 63% of the total. Altogether, CEE divestments at cost accounted for almost 5% of the total exit value in Europe, a similar level to 2011 when it was 5.3%.

**Figure 8 - Annual divestment value in the CEE region 2003-2012 (exit value at investment cost) (in € million)**



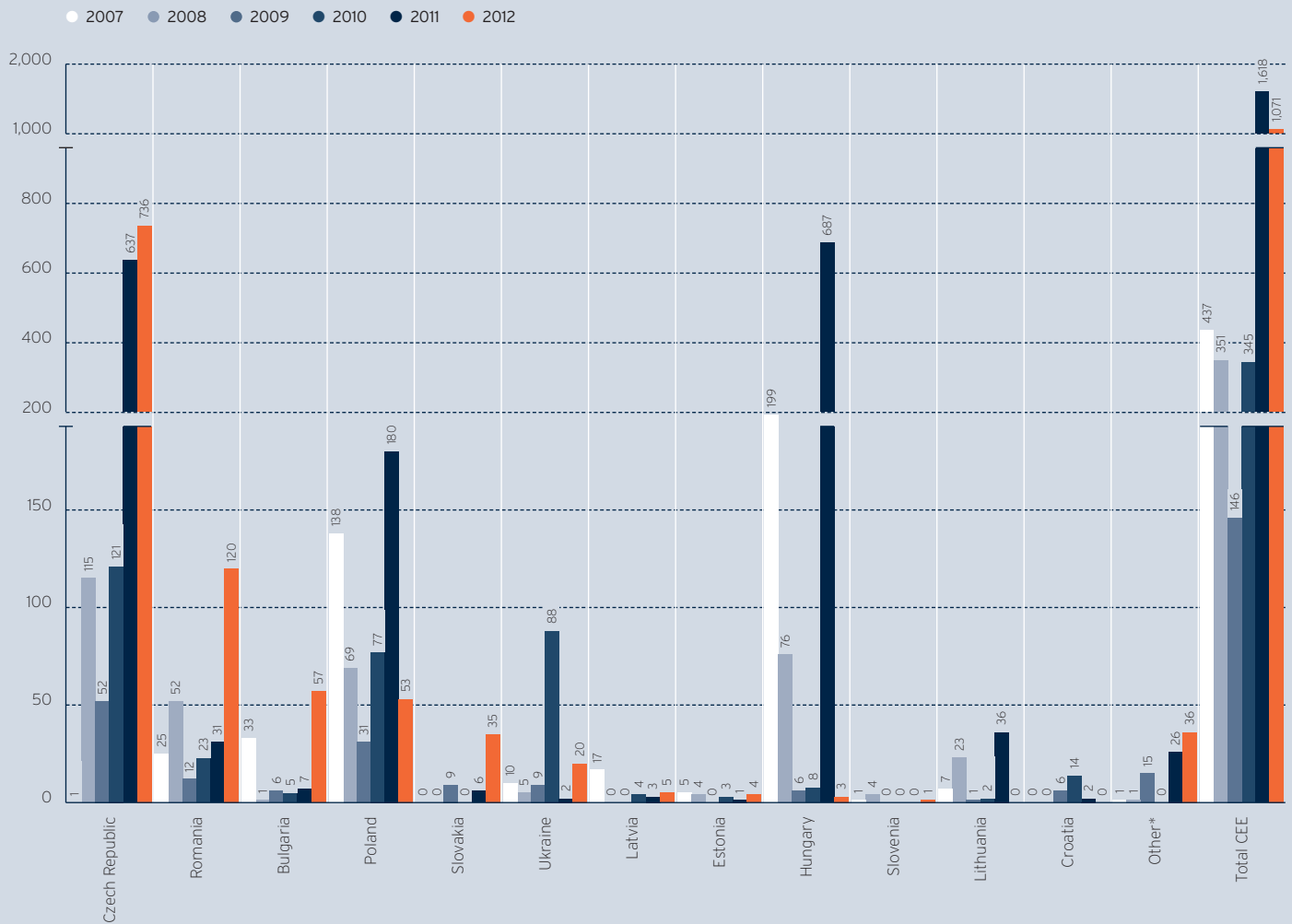
Source: EVCA/PEREP\_Analytics.  
Disclaimer: Data is continuously updated and therefore subject to change.

The exit activity in 2012 was highly concentrated in a few countries. The Czech Republic alone accounted for almost 69% of the amount divested in the CEE region, with a total of €736m. Romania accounted for 11% of the amount divested. Bulgaria and Poland each accounted for approximately 5% of the total.

A total of 62 companies were exited in 2012, representing a slight decrease compared to the 69 companies exited in 2011.

The geographic distribution by number of companies divested differs quite dramatically from that presented below. Poland accounted for 34% of exited companies (similar to 35% of companies exited in 2011), Slovakia recorded 13% (versus only 3% of exit amount), the three Baltic countries combined accounted for 15% (versus less than 1% of total exit value), and the Czech Republic registered 11% of companies exited.

**Figure 9 - Divestment by CEE country (exit value at investment cost), 2007-2012 (in € million)**



Source: PEREP\_Analytics for 2007 data, EVCA/Thomson Reuters/PricewaterhouseCoopers for previous years' data.  
 Disclaimer: Data is continuously updated and therefore subject to change.  
 \* Bosnia & Herzegovina, Macedonia, Moldova Montenegro and Serbia.



In 2012, trade sale stood out as the most prominent exit route in the CEE region. The amount of exit value recorded in this category was driven significantly by the one large exit noted earlier, and caused trade sales to account for 85% of the total exit value by amount (measured at historical cost of investment). This is consistent with prior periods in CEE in that trade sale remains by far the most common exit route. By comparison, in 2012, trade sale was also the largest exit route in Europe overall, but it amounted to only 38% of divestments by value. Notably, sales to another private equity house (so-called "secondaries") accounted for nearly 25% of exit value in Europe as a whole in 2012, but in CEE was nearly zero. This is another consistent and key feature of the CEE market, whereby secondaries represent a very small part of the market and confirms that transactions are not typically sourced from other private equity fund managers.

Public market exits in CEE in 2012 remained at a muted level compared to Europe overall, with 1.5% and 15% of total divested amounts, respectively. This is curious in light of the fact that the CEE region hosts one of the most active European stock exchanges, the Warsaw Stock Exchange, which registered the largest number of IPOs among all European exchanges in each year between 2009 and 2012. The low level of exits via public market in 2012 in CEE can be explained by timing issues and that only a few portfolio companies (3 in total) used this exit route. It can already be foreseen that 2013 will register significantly more exit activity in public markets in CEE.

The CEE region has historically experienced very few write-offs. In 2012, with only four company exits recorded as write-offs throughout the year, accounting for 6% of total exit value and number of companies exited, the CEE region remained below the comparable figure for Europe as a whole, where write-offs in 2012 accounted for 9% of the total amount of exit value and 18% by number of companies.

**Table 9 - Exits in CEE vs. total Europe, 2012 (exit value at investment cost) (in € x 1,000)**

AMOUNTS IN € THOUSANDS	TOTAL CEE	% OF TOTAL	TOTAL EUROPE	% OF TOTAL
<b>EXIT ROUTE</b>				
Divestment by trade sale	914,817	85.4	8,237,737	38.1
Divestment by public offering	16,285	1.5	3,175,558	14.7
<i>Divestment on flotation (IPO)</i>	<i>6,892</i>	<i>0.6</i>	<i>293,139</i>	<i>1.4</i>
<i>Sale of quoted equity</i>	<i>9,392</i>	<i>0.9</i>	<i>2,882,420</i>	<i>13.3</i>
Divestment by write-off	63,520	5.9	1,887,226	8.7
Repayment of silent partnerships	9,993	0.9	243,318	1.1
Repayment of principal loans	28,494	2.7	1,035,203	4.8
Sale to another private equity house	1,000	0.1	5,300,039	24.5
Sale to financial institution	16,416	1.5	742,985	3.4
Sale to management (MBO)	6,548	0.6	469,541	2.2
Divestment by other means	13,557	1.3	549,989	2.5
<b>TOTAL 2012</b>	<b>1,070,630</b>	<b>100.0</b>	<b>21,641,596</b>	<b>100.0</b>
<b>TOTAL 2011</b>	<b>1,617,502</b>		<b>30,329,210</b>	

Source: EVCA/PEREP\_Analytics

Disclaimer: Data is continuously updated and therefore subject to change.

Ranking exit routes by number of companies in 2012 shows a somewhat different outcome to the preceding analysis for exit value. Nonetheless, the number of companies divested by trade sale is also at the top of the list with 25 companies, representing 40% of the total number of companies exited. This is the highest figure recorded for companies divested by trade sale since 2007. Notably, Slovakia recorded the largest number of companies divested by trade sale, at 8.

Repayment of principal loans and sale to financial institution were the second and the third most common exit routes by company in 2012, representing 11% and 8% respectively of the total number of companies exited.

**Table 10 - Exits in CEE, 2011-2012 (exit value at investment cost) (in € x 1,000)**

AMOUNTS IN € THOUSANDS	2011		2012	
	AMOUNT	NUMBER OF COMPANIES	AMOUNT	NUMBER OF COMPANIES
<b>EXIT ROUTE</b>				
Divestment by trade sale	928,503	19	914,817	25
Divestment by public offering	41,792	6	16,285	3
<i>Divestment on flotation (IPO)</i>	<i>22,706</i>	<i>3</i>	<i>6,892</i>	<i>1</i>
<i>Sale of quoted equity</i>	<i>19,086</i>	<i>3</i>	<i>9,392</i>	<i>2</i>
Divestment by write-off	27,100	2	63,520	4
Repayment of silent partnerships	297	1	9,993	4
Repayment of principal loans	36,839	18	28,494	7
Sale to another private equity house	29,815	5	1,000	1
Sale to financial institution	538,811	12	16,416	5
Sale to management (MBO)	4,568	4	6,548	4
Divestment by other means	9,778	3	13,557	11
<b>TOTAL</b>	<b>1,617,502</b>	<b>69</b>	<b>1,070,630</b>	<b>62</b>

Source: EVCA/PEREP\_Analytics

Disclaimer: Data is continuously updated and therefore subject to change.

The most divested sectors by amount in 2012 were consumer goods and retail (€714m via 9 companies with one company accounting for more than half of this sector's exit value), life sciences (€126m via 7 companies) and communications (€123m via 16 companies). These three sectors accounted for almost 90% of the total amount divested at cost. Notably, 2012 showed a significant shift in sectors exited compared to 2011, with consumer goods and retail growing dramatically while the chemicals, energy & environment and communications sectors showed significantly less activity.

Similarly to 2010 and 2011, the communications sector showed the greatest number of companies exited (16 companies accounting for 26% of the total), followed by the consumer goods and retail sector (9 companies, 15% of the total).

**Table 11 - CEE divestments by sector, 2011-2012 (exit value at investment cost) (in € x 1,000)**

AMOUNTS IN € THOUSANDS	2011		2012	
	AMOUNT	NUMBER OF COMPANIES	AMOUNT	NUMBER OF COMPANIES
<b>SECTOR FOCUS</b>				
Agriculture	778	2	13,213	3
Business and industrial products	85,263	9	4,050	3
Business and industrial services	3,900	1	6,727	5
Chemicals and materials	679,223	1	223	1
Communications	435,829	15	122,619	16
Computer and consumer electronics	2,461	4	16,203	3
Construction	0	0	20,108	2
Consumer goods and retail	41,220	11	714,011	9
Consumer services	26,819	6	8,281	2
Energy and environment	245,707	10	11,708	7
Financial services	23,178	7	3,656	3
Life sciences	70,899	2	126,101	7
Real estate	0	0	0	0
Transportation	2,227	1	23,730	1
Unknown	0	0	0	0
<b>TOTAL DIVESTMENT IN YEAR</b>	<b>1,617,502</b>	<b>69</b>	<b>1,070,630</b>	<b>62</b>

Source: EVCA/PEREP\_Analytics

Disclaimer: Data is continuously updated and therefore subject to change.

## 7. The CEE venture capital market

In 2012, €103m of venture capital was invested in 123 companies located in the CEE region. The amount invested was only slightly higher than in 2011, by some 2%, but the number of companies receiving venture investments increased significantly by 24%. The amount invested in venture in 2012 represents just 40% of the recent peak in 2008, but the number of companies receiving venture investments reached a level above the prior 2008 record. Overall, the CEE venture capital market accounted for 3.2% of total European venture capital investments by amount and 4.2% in number of companies.

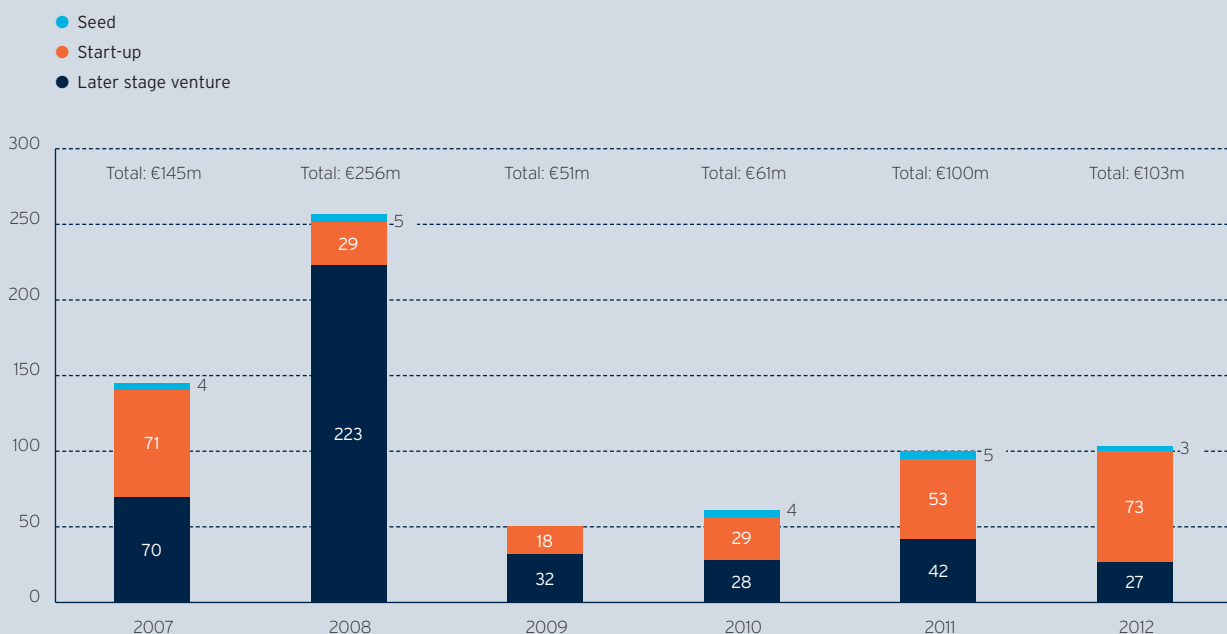
Underlying the total venture investment numbers, start-up stage deals comprised the largest category of deals, with 71% of total venture investments by amount and 60% by number of companies. This is a continuation of the dynamic started in 2011 and saw start-up stage investments grow 36% by amount and 21% by number of companies in 2012. Contrary to what the venture capital market experienced in 2011 in the CEE region, each of later stage venture and seed financing decreased by nearly 40% in amount in 2012.

This was despite the fact that the number of companies receiving seed financing grew substantially from 10 to 18 year-on-year, and the number of companies receiving later stage financing also grew slightly. It clearly shows why the average venture capital investment per company in CEE decreased somewhat from €1.0m in 2011 to €0.83m in 2012. Looking at amount invested per venture capital investment, the CEE and the overall European venture market were similar, but Europe was slightly higher at €1.1m per company.

Overall, looking at the total amount by value invested in venture in 2012, the CEE market was more oriented towards early-stage investment (seed and start-up stage) than the European venture market overall. Early-stage investments accounted for 74% of total venture investment in CEE compared with 61% in the overall European market.

By number of companies, the composition of the CEE venture capital market in 2012 was very similar to that of Europe as a whole. In both regions, early-stage (seed and start-up) companies accounted for just over 70% of the total venture companies financed in 2012 and start-ups predominated.

**Figure 10 - CEE venture capital investments by stage, 2007-2012 (amount in € million)**



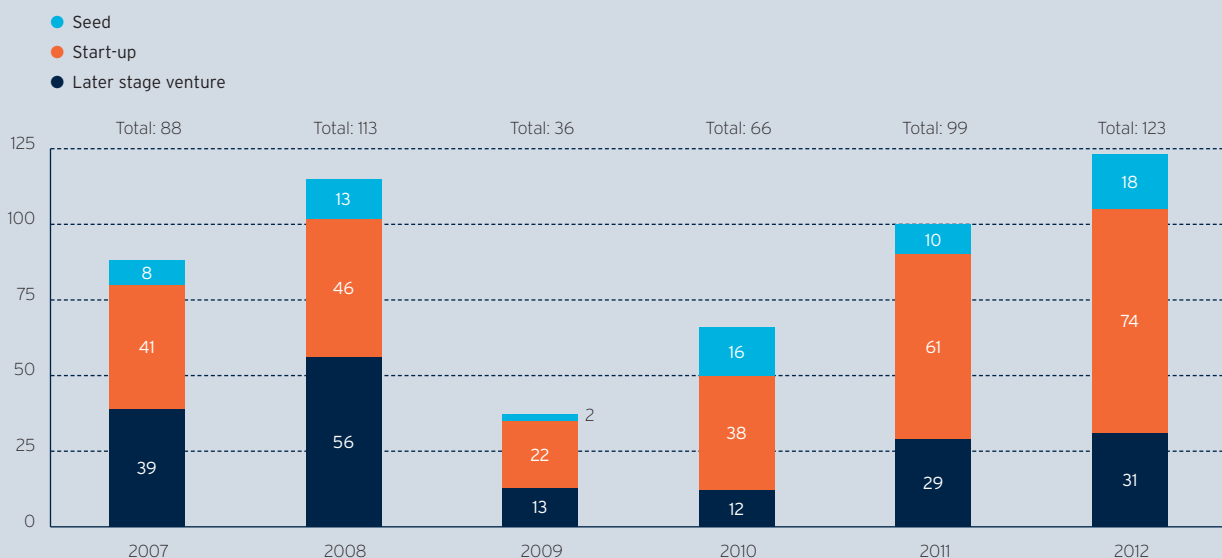
Source: EVCA/PEREP\_Analytics  
Disclaimer: Data is continuously updated and therefore subject to change.

Hungary, for the second year in a row, generated the greatest amount of venture capital investments in CEE in 2012, with €64m, or 63% of the total across the region. That reflects a significant increase of 60% versus 2011. Poland was the second largest CEE venture market in 2012, with €9m invested, only accounting for 9% of the regional total in 2012. This reflects a significant decrease versus 2011 of 66%. The three Baltic countries, with an aggregated €15 million, together accounted for 15% of the total amount invested in venture in CEE in 2012. The Czech Republic, which over the 2009-2011 period registered an annual average of more than €20m of venture capital investment, only showed €5m in 2012. Other countries across the region showed even less, i.e. insignificant, amounts of venture investments in 2012.

In terms of the number of companies that were venture financed in 2012, Hungary led the region with 40 companies, followed by Poland (32 companies) and within the Baltics countries, Lithuania (27) and Estonia (10). These four countries thus made up about 90% of all venture financed companies in 2012 in CEE.

By sector, energy & environment received the most venture capital investments in CEE in 2012 with €34m invested into only 7 companies. The amount invested in communications-related companies with €32m in 30 companies was close to its recent peak reached in 2009. This sector comprised the largest number of venture financed companies in 2012, with 24% of the total. Finally, with €15m invested in 26 companies, the computer and consumer electronics sector remained an important sector, although it registered a significantly smaller amount invested (down by 67%) than in 2011.

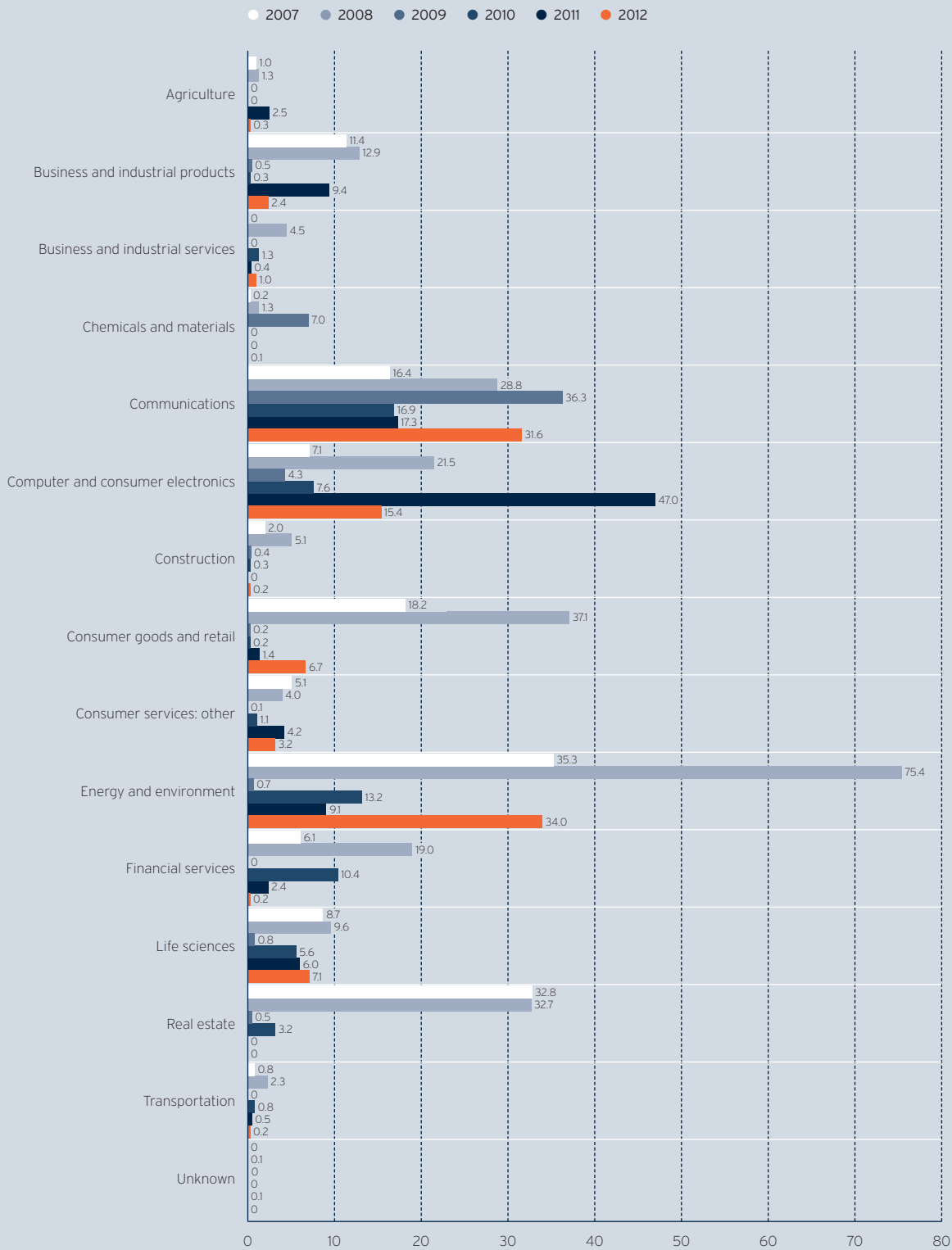
**Figure 11 - CEE venture capital investments by stage, 2007-2012 (number of companies)**



Source: EVCA/PEREP\_Analytics

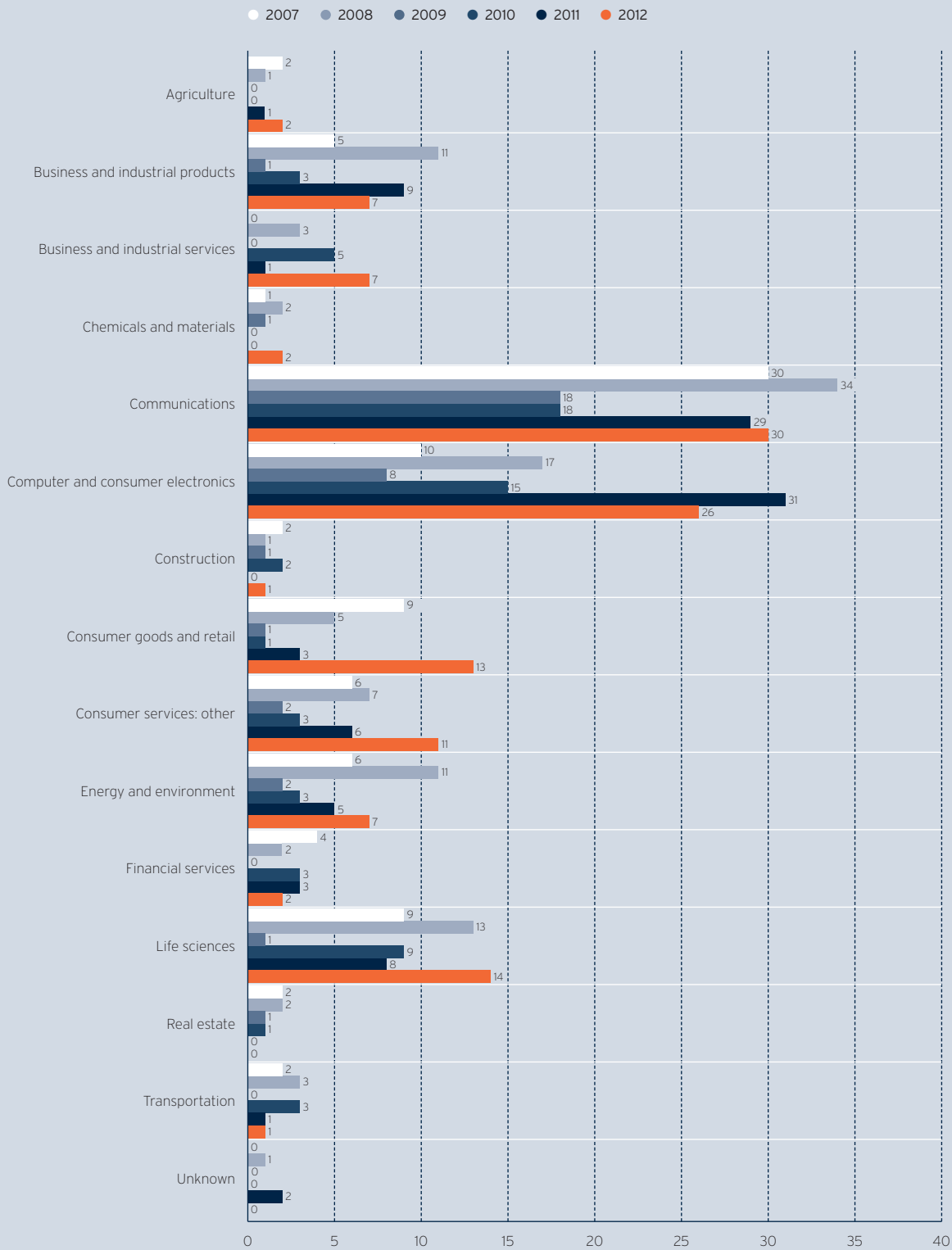
Disclaimer: Data is continuously updated and therefore subject to change.

**Figure 12 - CEE venture capital investments by sector, 2007-2012 (amount in € million)**



Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.

**Figure 13 - CEE venture capital investments by sector, 2007-2011 (number of companies)**



Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.

In 2012, 16 venture-backed companies were exited (accounting for 26% of all CEE companies exited). The total amount divested at cost was €39m, which accounted for 3.6% of total CEE divestments. CEE venture divestments in 2012 decreased by 43% in amount at cost compared to 2011 and by 38% in number of companies. This contrasts to Europe overall, where venture exits dropped by 20% in amount and were fairly stable in number of companies.

In CEE, eight trade sales accounted for 83% of venture divestments at cost and 50% of the venture-backed companies divested in 2012. One IPO represented 10% of the total venture divestment amount. Notably, only two write-offs were recorded in the CEE region among venture investments in 2012, comprising less than 4% of divested venture amount. This contrasts sharply with Europe overall, where write-offs comprised 24% of all venture divestments in amount at cost.

**Table 12 - CEE venture capital divestments by stage, 2011-2012 (exit value at investment cost)**  
(in € x 1,000)

AMOUNTS IN € THOUSANDS	2011		2012	
	AMOUNT	NUMBER OF COMPANIES	AMOUNT	NUMBER OF COMPANIES
<b>EXIT ROUTE</b>				
Divestment by trade sale	46.368	9	31.956	8
Divestment by public offering	10.752	3	3.795	1
<i>Divestment on flotation (IPO)</i>	<i>10.706</i>	<i>2</i>	<i>3.795</i>	<i>1</i>
<i>Sale of quoted equity</i>	<i>46</i>	<i>1</i>	<i>0</i>	<i>0</i>
Divestment by write-off	2.100	1	1.400	2
Repayment of silent partnerships	0	0	0	0
Repayment of principal loans	5.063	5	36	1
Sale to another private equity house	259	2	1.000	1
Sale to financial institution	3.070	5	123	1
Sale to management (MBO)	500	1	419	2
Divestment by other means	0	0	0	0
<b>TOTAL DIVESTMENT IN YEAR</b>	<b>68.112</b>	<b>26</b>	<b>38.729</b>	<b>16</b>

Source: EVCA/PEREP\_Analytics  
Disclaimer: Data is continuously updated and therefore subject to change.



## 8. The CEE buyout and growth market

For the purposes of this section, unless specifically stated otherwise, "buyout & growth" refers collectively to buyouts, growth capital, rescue/turnaround and replacement capital transactions.

In the CEE region in 2012, €904m of buyout & growth capital was invested into 99 companies. Compared to 2011, buyout & growth investments were down by approximately 21% in value, but the number of companies financed grew slightly (by 2 companies vs. 2011). In comparison, buyout & growth investments in Europe followed a similar trend with an overall decrease of 19% in value and a small 6% increase in number of companies.

Similarly to previous years, buyout & growth investment accounted for 90% of total private equity investment value in the CEE region in 2012. In terms of the number of companies financed, the share of the buyout & growth segment continued to drop from 72% in 2009, to 61% in 2010, 50% in 2011 and 45% in 2012. This reflects the continued increase in the number of venture companies financed against a relatively constant number of buyout & growth capital transactions.

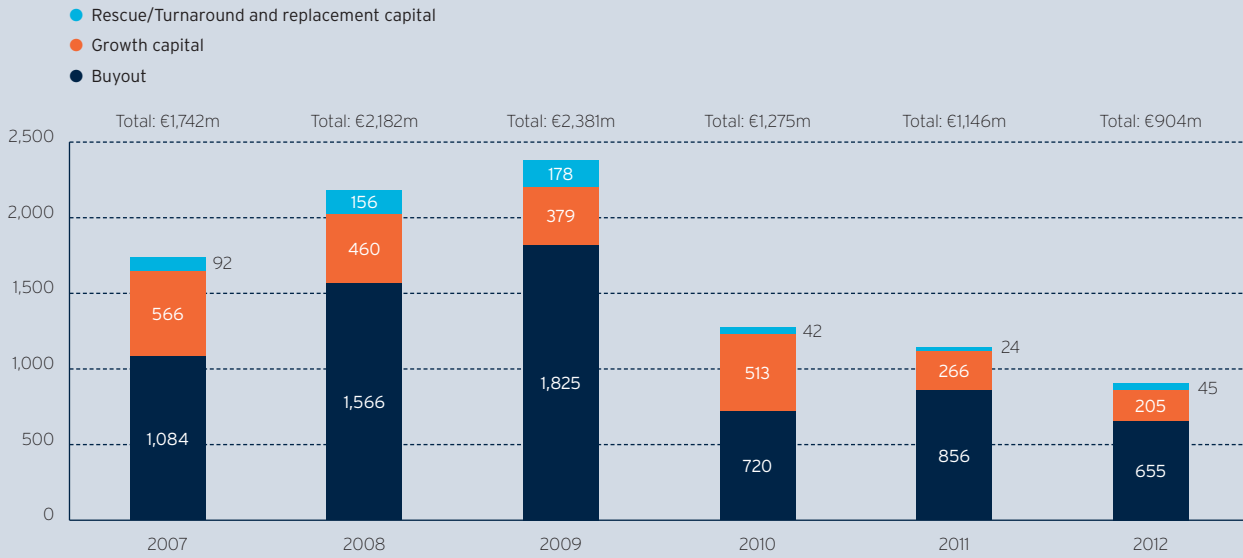
The distribution of investment activity among the individual sub-segments of the CEE buyout & growth market remained fairly stable. In 2012, buyouts accounted for 72% of the buyout & growth market segment compared to 75% in 2011; growth capital accounted for 23% in both 2012 and 2011; rescue/turnaround and replacement capital investments made up 5% in 2012 compared to 2% in 2011.

The average investment size per company decreased on all sub-segments of the CEE buyout and growth market. The average investment size for buyouts was down by 10% from about €22m in 2011 to €20m in 2012. The average growth capital investment per company fell by 23% from €4.6m in 2011 to €3.5m in 2012.

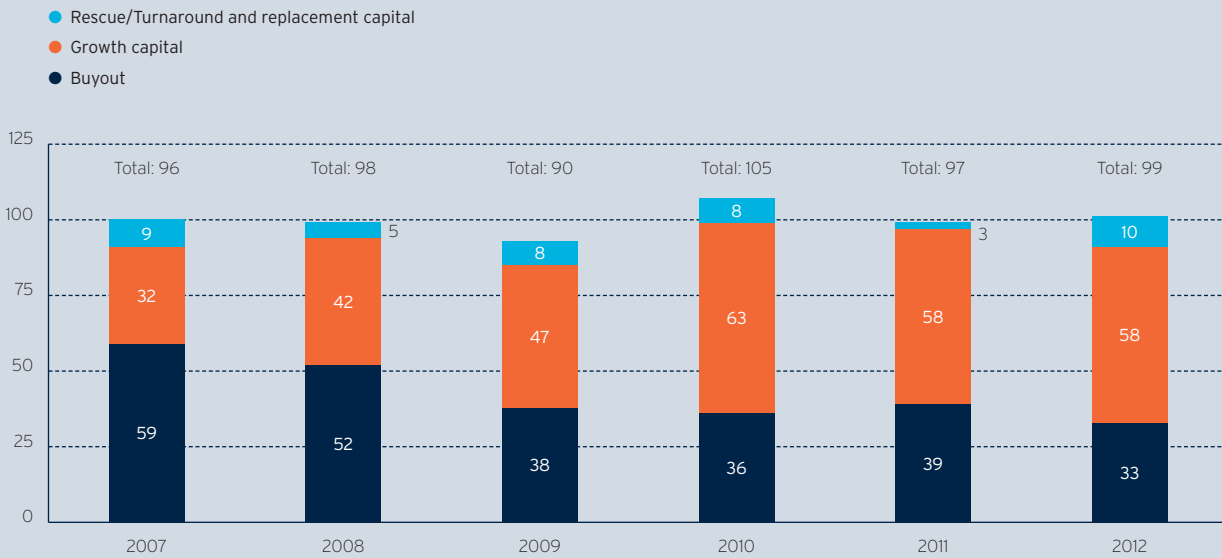
By amount, CEE buyout & growth investments represented 2.7% of the total European buyout & growth investment value, compared to a very similar 2.8% in 2011. By number of companies financed, the CEE region accounted for 4.8% of the companies financed with buyout & growth capital in Europe as a whole in 2012, compared to 5.0% in 2011.

As in the two previous years, investment in the CEE buyout & growth capital market in 2012 was concentrated in Poland, which accounted for €469m or 52% of the total value. Poland recorded €291m of buyout transactions, or 44% of all buyout investment activity in the region in 2012 (vs. €487m or 57% of total buyouts in 2011) and €144m of growth capital investments or 70% of all growth capital activity in the region in 2012 (vs. €163m or 61% of the total in 2011). Buyout investments in Poland in 2012 were more evenly distributed across a larger number of transactions than in 2011, with eight transactions between €15m and €65m of equity investment accounting for almost 80% of total buyout investment in Poland in 2012. In the prior year, just two large transactions made up the vast majority of Polish buyouts. The Czech Republic followed Poland with €101m of buyout & growth investments in 2012, which represented just over 11% of the total CEE buyout & growth market. Slovakia registered €98m of buyout & growth investments, or just under 11% of the total market (driven by one large transaction), followed by Bulgaria with €84m or 9% of the market (in two transactions). In terms of the number of companies financed in the buyout & growth segment, Poland came first as well with 45 companies, accounting for 45% of the total, followed by the Czech Republic, Romania and Lithuania, each with 7 companies or 7% of the total.

**Figure 14 - CEE buyout & growth investment by stage, 2007-2012 (amount in € million)**



**Figure 15 - CEE buyout & growth investment by stage, 2007-2012 (number of companies)**



Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.

The total transaction value (i.e. including debt and other non-private equity financing) of CEE buyouts in 2012 was €1.27bn, representing a 28% decrease from 2011. The 2012 breakdown of the buyout market between small and large transactions (based on total transaction value) is similar to 2011 and 2010. Once again, no large or mega buyouts took place in 2012 in the region.

A significant majority (72.7%) of the number of companies financed with buyouts were small buyouts, but most of the equity invested (57.6%) went into mid-market transactions. The ratio of private equity contribution vs. total transaction value for small buyouts was 74.8%, and only 42.1% for mid-market deals. Compared to the previous year, this ratio increased for small buyouts and was relatively stable for mid-market buyouts.

**Table 13 - Equity and transaction value by type of buyout in 2011-2012 (in € x 1,000)<sup>2</sup>**

2012							
AMOUNTS IN € THOUSANDS	AMOUNT (EQUITY VALUE)	%	NUMBER OF COMPANIES	%	TRANSACTION VALUE	%	EQUITY
							CONTRIBUTION OF PE FIRMS (IN %)
<b>BUYOUT INVESTMENT SIZE</b>							
Small	277,268	42.4	24	72.7	370,752	29.3	74.8
Mid-market	377,407	57.6	9	27.3	895,525	70.7	42.1
Large and mega	0	0.0	0	0.0	0	0.0	0.0
<b>TOTAL BUYOUT</b>	<b>654,675</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>1,266,277</b>	<b>100.0</b>	<b>51.7</b>
2011							
Small	252,852	29.5	32	82.1	428,645	24.3	59.0
Mid-market	603,542	70.5	7	17.9	1,332,325	75.7	45.3
Large and mega	0	0.0	0	0.0	0	0.0	0.0
<b>TOTAL BUYOUT</b>	<b>856,394</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>1,760,969</b>	<b>100.0</b>	<b>48.6</b>

Source: EVCA/PEREP\_Analytics

Note: The difference between the "equity value" and "transaction value" consists of the participation of syndicate members other than private equity firms (i.e. corporates, individuals, financial institutions) and leverage (debt provided by banks or others). Mezzanine investments are included in the equity amount.

By sector in 2012, life sciences related companies attracted 28% of the amount invested in the buyout & growth market. This represented €252m invested into 15 companies. The consumer goods & retail sector attracted 21% of CEE buyout & growth investment, or €193m invested into 13 companies. Financial services, at €115m, was the third most invested sector, accounting for 13% of total investment value and was made into 8 companies.

The business and industrial products sector followed and recorded investments of €81m (12 companies). Communications, although historically a key driver of the buyout segment CEE, only accounted for 9% of the buyout & growth market in 2012 with €77m invested in 10 companies.

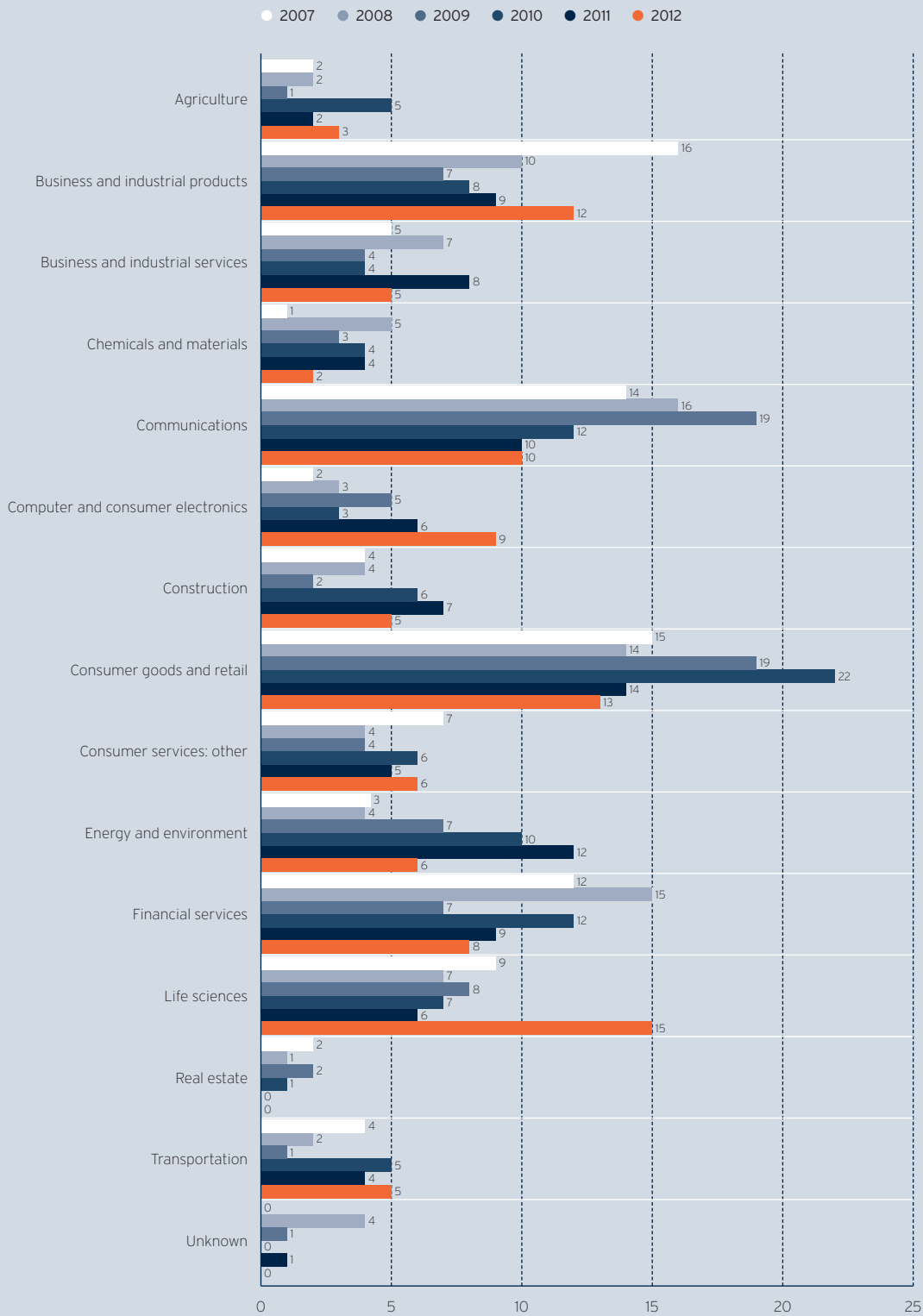
<sup>2</sup> This breakdown was calculated by using the Transaction Value ("X") to generate the following brackets: Small (X < €50m), Mid-market (€50m ≤ X < €500m), Large (€500m ≤ X < €1,000m) and Mega (X ≥ €1,000m).

**Figure 16 - CEE buyout & growth investment by sector, 2007-2012 (amount in € million)**



Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.

**Figure 17 - CEE buyout & growth investment by sector, 2007-2012 (number of companies)**



Source: EVCA/PEREP\_Analytics  
 Disclaimer: Data is continuously updated and therefore subject to change.

In 2012, divestments at cost from companies in the CEE buyout & growth segment were over €1bn, a decrease of 33% vs. 2011, but still at a very high level compared to previous years. The number of buyout & growth companies exited has grown continuously since 2009 from 24 that year to 30 in 2010, 43 in 2011 and 47 in 2012. The total divestment value in the buyout and growth segment in 2012 was generated primarily by one sizeable transaction accounting for about 65% of the total amount. This is similar to 2011, when two large transactions accounted for 63% of the total exit value.

Trade sale was by far the main exit method, representing 86% of the total amount with €883m divested at cost from 17 companies. The value of trade sale divestments was very similar to 2011 and, as in 2011, just one company accounted for over 75% of this amount in 2012. Sale to financial institution was significantly lower than in 2011, as no large transactions fell into this category. Just as with the investment statistics, exit amounts at cost, their categorization and interpretation can be significantly impacted by the occurrence of one or more large exits in a given year.

**Table 14 - CEE Buyout & growth divestment by exit route, 2011-2012 (exit value at investment cost) (in € x 1,000)**

AMOUNTS IN € THOUSANDS	2011		2012	
	AMOUNT	NUMBER OF COMPANIES	AMOUNT	NUMBER OF COMPANIES
<b>EXIT ROUTE</b>				
Divestment by trade sale	882,135	10	882,861	17
Divestment by public offering	31,040	3	12,490	3
<i>Divestment on flotation (IPO)</i>	12,000	1	3,097	1
<i>Sale of quoted equity</i>	19,040	2	9,392	2
Divestment by write-off	25,000	1	62,120	2
Repayment of silent partnerships	297	1	9,993	4
Repayment of principal loans	31,777	13	28,458	6
Sale to another private equity house	29,556	3	0	0
Sale to financial institution	535,741	7	16,293	4
Sale to management (MBO)	4,068	3	6,129	2
Divestment by other means	9,778	3	13,557	11
<b>TOTAL DIVESTMENT IN YEAR</b>	<b>1,549,390</b>	<b>43</b>	<b>1,031,900</b>	<b>47</b>

Source: EVCA/PEREP\_Analytics  
Disclaimer: Data is continuously updated and therefore subject to change.

# 9. Methodology

## Fundraising

The vast majority of private equity funds raised for CEE were for the region as a whole rather than for any specific country. Therefore, fundraising is presented in this paper as a total pool of capital raised for the region. Moreover, fundraising is limited to capital raised by funds that have declared CEE to be their target region. The data does not include those funds that may allocate a portion of their capital to the CEE region but whose primary focus is elsewhere.

The funds included in the statistics are:

- > private equity funds making direct private equity investments
- > mezzanine private equity funds
- > direct co-investment funds
- > rescue/turnaround funds

The following funds are excluded from the statistics:

- > infrastructure funds
- > real estate funds
- > distress debt funds
- > primary funds-of-funds
- > secondary funds-of-funds

## Geographical sources of funds

Capital raised from an LP located in the same country as the fund it commits to is usually considered to be domestically raised according to the EVCA classification. However, the CEE fundraising data includes private equity funds located outside of CEE but fully dedicated to the CEE region (e.g, a UK-based fund focused on the CEE region). For the purposes of this report, domestic fundraising ("Within CEE" category) only includes capital raised from CEE-based LPs, regardless of the location of the private equity fund itself. We believe this gives the most accurate picture of actual commitments made by CEE-based LPs to CEE-focused funds.

## Investments

Investments and divestments are generally aggregated via two methods - industry statistics and market statistics.

**Industry statistics** are an aggregation of the figures according to the country in which the private equity firm making a particular investment is based, and not related to the country in which the investee company is based. At the European level, this relates to investments made by European private equity firms regardless of the location of the target company.

**Market statistics** are an aggregation of the figures according to the country in which the investee company is based, regardless of the location of the private equity fund. At the European level, this relates to investments in European companies regardless of the location of the private equity firm.

This report uses only market statistics. For industry statistics, please consult the most recent EVCA Yearbook and its data appendix.

## Buyout split

Buyout investments are split into four categories: small, mid-market, large, and mega. This classification is based on the value of the transaction, as indicated below.

BUYOUT DEALS	TRANSACTION VALUE (X)
Small	$X < €50m$
Mid-market	$€50m \leq X < €500m$
Large	$€500m \leq X < €1,000m$
Mega	$X \geq €1,000m$

## Divestments

Divestment amounts are measured by cost of investment, not actual proceeds.

## Number of companies

The number of companies represents a distinct list of entities receiving investments throughout the reporting year. If a company receives two investments during the year, the number of companies will equal one, but the number of investments will equal two.

In some cases, subtotals and totals in respect of number of companies in this report may not appear to add up to the same number of companies compared to the individual items in the tables. This is due to the issue of counting distinct entities. For a company receiving multiple distinct rounds of financing in a year - for example, a later-stage venture investment of €1m by one investor in January, followed by a management buyout of €20m in November with two investors - the tables would indicate the following:

STAGE	AMOUNT (000s)	COMPANIES
Later-stage venture	1,000	1
Management buyout	20,000	1
Total investment	21,000	1

Since the same company can be recorded under several investment subcategories, the sum of all subcategories can exceed the total number of companies that receive investment. Therefore, although the table appears to indicate the total number of companies would be two (one later-stage venture and one buyout), the total is recorded as one. This will only affect counts of companies - it does not affect the amounts - and makes any calculations of average per company more accurate.

The same applies to the total number of venture companies. A venture company receiving both seed and start-up financing would be recorded as one seed company and one start-up company. However, in the total number of venture companies, it would be counted only once.

The principles described above also apply to the number of divested companies.

## Data updates

PEREP\_Analytics offers private equity market participants the possibility to submit surveys and validate previously populated data captured from public information sources at various points in time. For example, if a private equity firm submits information about a divestment, and the corresponding investment has never been previously reported or captured, the PEREP Analyst will enter the investment into the database so that no portfolio company is reflected with negative capital flow in the database. Moreover, some information may be disclosed on the websites of private equity firms at a later stage, after the cut-off for producing the EVCA Yearbook, and thus is processed subsequently in the database. For all the above reasons, historical figures may be updated each year to reflect the latest available statistics for previously released years, starting with 2007.



# 10. Definitions

- **Private equity:** Private equity is equity capital provided to enterprises not quoted on a stock market. Private equity includes the following investment stages: venture capital, growth capital, replacement capital, rescue/turnaround and buyouts. Private equity funds are pools of capital managed in general as closed-end, fixed-life funds making primarily equity capital investments into enterprises (i.e. direct private equity funds as opposed to primary or secondary private equity funds of funds) not quoted on a stock market.
- **Venture capital:** Venture capital is, strictly speaking, a subset of private equity and refers to equity investments made to support the pre-launch, launch and early stage development phases of a business.

## Types of investors (fundraising tables):

- **Corporate investor:** A corporation that produces products (manufacturing company) or delivers non-financial services. This definition excludes banks, funds of funds, insurance companies, pension funds and other asset managers.
- **Endowment:** An institution that is bestowed money (and possibly other assets) via a donation with the stipulation to invest it and use the gains for specific objectives so that the principal remains intact (for perpetuity, for a defined period of time or until sufficient assets have been accumulated to achieve a designated purpose).
- **Family office:** An office that provides services such as investment management and other services (accounting, tax and financial advice etc.) to one or several families.
- **Foundation:** A non-profit organisation through which private wealth is contributed and distributed for public purposes (usually charitable) purposes. It may either donate funds and support other organisations or be the sole source of funding for its own charitable activities.
- **Fund-of-funds:** A private equity fund that primarily invests and commits equity to private equity funds.
- **Other asset manager:** A financial institution (other than a bank, endowment, family office, foundation, insurance company or pension fund) managing a pool of capital by investing it across asset classes with the purpose to generate financial returns.

This category may include direct private equity funds that occasionally do indirect investments, but excludes funds of funds, which are a distinct category.

- **Government agency:** A country, regional, governmental or European agency or institution for innovation and development, including structures such as the European Bank for Reconstruction and Development (EBRD) and the European Investment Fund (EIF).
- **Sovereign wealth fund:** A state-owned investment fund managing a pool of money derived from a country's reserves. The funding for a sovereign wealth fund (SWF) comes from central bank reserves that accumulate as a result of budget and trade surpluses, and from revenue generated from the exports of natural resources.

## Fund stage focus (fundraising tables):

- **Early-stage fund:** A venture capital fund focused on investing in companies in the early stages of their existence.
- **Later-stage fund:** A venture capital fund focused on investing in later-stage companies in need of expansion capital, usually providing third or fourth (or subsequent) rounds of venture investment.
- **Balanced fund:** A venture capital fund focused on both early-stage and development financing, with no particular concentration on either.
- **Growth fund:** A fund whose strategy is to invest in or acquire relatively mature companies that are looking for capital to expand or restructure operations; they often provide the first private equity investment in a company.
- **Buyout fund:** A fund whose strategy is to acquire other businesses.
- **Mezzanine fund:** A fund that provides debt (generally subordinated) to facilitate the financing of buyouts, frequently including a right to some of the equity upside.
- **Generalist fund:** A fund with either a stated focus of investing in all stages of private equity investment, or with a broad area of investment activity.

### Stage definitions (investment tables):

Several financing stages can be identified in relation to the stages of development of a private-equity-backed company:

- **Seed:** Financing provided to research, assess and develop an initial concept before a business has reached the start-up phase.
- **Start-up:** Financing provided to a company for product development and initial marketing. The company may be in the process of being set up or may have been in business for a short time, but has not sold its product commercially. Please note that seed and start-up financing together are often referred to as “early stage” financing.
- **Other early-stage:** Financing to a company that has completed the product development stage and requires further funds to initiate commercial manufacturing and sales. It will likely not yet be generating a profit.
- **Later-stage venture:** Financing provided for the expansion of an operating company, which may or may not be breaking even or trading profitably. Later-stage venture tends to finance companies already backed by VCs, and therefore involves third or fourth (or subsequent) rounds of financing.
- **Growth:** A type of private equity investment – most often a minority investment but not necessarily – in relatively mature or developed companies that are looking for capital to expand or restructure operations, enter new markets or finance a significant acquisition usually without a change of control of the business. Growth capital tends to be a company’s first private equity financing. Additionally, most investments made by buyout funds into venture stages would be defined as growth capital.
- **Bridge financing:** Financing made available to a company for the period of transition between being privately owned and publicly quoted.
- **Rescue/turnaround:** Financing made available to an existing business that has experienced trading difficulties, with a view to re-establishing prosperity.
- **Replacement capital/secondary purchase:** The purchase of a minority stake of existing shares in a company from another private equity firm (a secondary purchase) or from another shareholder or shareholders (replacement capital).
- **Refinancing bank debt:** An injection of capital to reduce a company’s level of gearing.
- **Management buyout:** Financing provided to enable current operating management and investors to acquire existing product lines or businesses.
- **Management buy-in:** Financing provided to enable a manager or group of managers from outside the company to buy into the company with the support of private equity investors.
- **Public-to-private:** A transaction involving an offer for the entire share capital of a listed target company for the purpose of delisting the company. Management may be involved in the offering.
- **Other PIPE:** A private investment in public equity, as a minority or majority stake, without taking the company private.
- **Other (leveraged) buyout:** Financing provided to acquire a company (other than MBI, MBO, public-to-private or other PIPE). It may use a significant amount of borrowed money to meet the cost of acquisition.
- **Secondary buyout:** A form of buyout where both buyer and seller are private equity firms or financial sponsors (i.e. a leveraged buyout of a company that was acquired through a leveraged buyout). Secondary buyouts differ from secondaries or secondary market purchases, which typically involve the acquisition of portfolios of private equity assets, including limited partnership stakes and direct investments in corporate securities.

Mapping the above stages into the main stages described in this publication leads to the following classifications:

- **Seed:** seed
- **Start-up:** start-up, other early stage
- **Later-stage venture:** later-stage venture, bridge financing
- **Growth:** growth
- **Rescue/turnaround:** rescue/turnaround
- **Replacement capital:** replacement capital/secondary purchase, refinancing bank debt
- **Buyout:** management buyout, management buy-in, public-to-private, other PIPE, leveraged buyout, secondary buyout

Further mapping the above stages into the two main stages - venture and buyout & growth - leads to the following classifications:

- > **Venture deals:** seed, start-up, later-stage venture
- > **Buyout & growth deals:** growth, rescue/turnaround, replacement capital, buyouts

#### Amounts definition:

- > **Equity value:** The amount of capital invested to acquire shares in an enterprise. The equity value includes equity, quasi-equity, mezzanine, unsecured debt and secured debt financing provided by funds raised by private equity firms focused primarily on direct investments (including co-investment funds) or incorporated direct private equity firms investing from the balance sheet (evergreen and direct captive private equity programmes). Financing for investments is included only if it originates from funds raised through private equity vehicles. Debt amounts within all investment packages are removed, unless the debt originates from private equity funds. The equity amounts included in the statistics herein do not include transaction by transaction co-investments directly made by the investors of a fund ("LPs"). Nevertheless, the activity of direct co-investment funds is included.

#### Sectoral definitions (investment tables):

For a complete picture of the sectoral classification and its mapping to the NACE standardised sectoral classification of Eurostat (NACE Rev. 2, 2007), go to [www.evca.eu/uploadedFiles/sectoral\\_classification.pdf](http://www.evca.eu/uploadedFiles/sectoral_classification.pdf)

The above link shows the map between the old EVCA sectors, the 67 new sectors used in the online survey by PEREP, their grouping into the 14 sectoral classes used in the sectoral distribution of investments in the EVCA Yearbook and this publication, and their further grouping into the seven sectoral clusters used in the fundraising by fund sectoral focus in the EVCA Yearbook.

#### Divestment methods (divestment tables):

- > **Divestment on flotation (IPO):** An initial public offering (IPO) is the sale or distribution of a company's shares to the public for the first time by listing the company on the stock exchange.

- > **Sale of quoted equity:** This relates to the sale of quoted shares only if connected to a private equity investment, such as the sale of quoted shares by a private equity firm after an IPO and lock-up period, if any, restricting sales of shares for a defined period of time.
- > **Repayment of principal loans:** If a private equity firm provided loans or purchased preference shares in the company at the time of investment, then their repayment according to the amortisation schedule represents a decrease of the financial claim of the firm into the company, and hence a divestment.
- > **Repayment of silent partnership:** A silent partnership belongs to the so-called mezzanine financing instruments. It is similar to a long-term bank loan but, in contrast to a loan, a silent partnership is subject to a subordination clause, so that in the event of insolvency all other creditors are paid before the silent partner. The company has to repay the partnership and has to pay interest and possibly a profit-related compensation. The subordination clause gives the capital the status of equity despite its loan character. This financing instrument is frequently used in Germany.
- > **Sale to another private equity house:** The sale of a company's shares to another private equity fund.
- > **Sale to financial institution:** The sale of a company's shares to banks, insurance companies, pension funds, endowments, foundations and other asset managers other than private equity firms.
- > **Divestment by trade sale:** The sale of a company's shares to an industrial investor.
- > **Divestment by write-off:** The total or partial write-down of a portfolio company's value to zero or a symbolic amount (i.e. sale for a nominal amount) with the consequent exit from the company or reduction of the shares owned. The value of the investment is eliminated and the return to investors is equal or close to zero.

For more information on the methodology of this report, please contact [research@evca.eu](mailto:research@evca.eu).

# About Gide Loyrette Nouel

## Gide Loyrette Nouel in Central and Eastern Europe

Founded in Paris in 1920, Gide Loyrette Nouel today operates from 19 offices and 15 countries on four continents: Europe, with a focus on Central and Eastern Europe, as well as Asia, North America and Africa. With its 20 years of experience in Central and Eastern Europe, Gide is well-established as a law firm in this area, known for covering all areas of business and finance law.

Although perceived as one market by investors, Central and Eastern Europe comprises many different jurisdictions. Therefore, setting up and doing business in this region requires an in-depth knowledge of local regulations and specific market conditions. The organisation of Gide Loyrette Nouel's business in this region allows it to perfectly meet the needs and expectations of institutions, investors and other companies operating on the CEE market.

Gide Loyrette Nouel's business in Central and Eastern Europe is co-ordinated between five offices located in Budapest, Bucharest, Kyiv, Moscow and Warsaw, in close co-operation with Gide's Western European offices (Paris, Brussels and London) and with top-tier firms in the countries where the firm is not directly present (especially in Germany, Italy and Spain). Gide Loyrette Nouel's lawyers are respected and renowned specialists in all sectors of local and international finance.

With a strong presence in the region, ensured by the multi-disciplinary and multinational experienced team, Gide Loyrette Nouel is able to provide its clients with comprehensive knowledge of local markets, regional expertise and the resources of an international law firm. Gide is known for its wide range of clients, including international and local companies from all sectors.

### Warsaw

Gide Loyrette Nouel was one of the first international legal practices to open an office in Poland, back in 1990. Today employing about 40 lawyers and tax advisors, supervised by seven partners, Warsaw's office is the largest of Gide's office in the CEE region. Gide Loyrette Nouel Warsaw provides a wide range of legal services, including all areas of business law, and is frequently called upon to offer legal support to its local and international clients, including financial institutions, banks, private equity funds, insurance companies, investors, real estate developers, public companies and government ministries.

The firm has advised half of the Polish WIG-20 companies (a capitalisation-weighted stock market index of the twenty largest companies) including: KGHM, PGNIG, BRE Bank, Bank Handlowy, Bank Pekao, Bank PKO BP, PGE, PKN Orlen, Synthos and Telekomunikacja Polska.

### Bucharest

The Bucharest office, which opened in 1998, has advised on several large-scale investment projects, privatisations and the establishment of companies in Romania. Since opening, the Bucharest office has become one of the leading firms on the legal market. Its team of 20 Romanian and foreign lawyers is supervised by resident partner Bruno Leroy. Its team of highly regarded lawyers has an in-depth knowledge of the local markets. Its clients include multinationals, SMEs, international institutions and local businesses. The office provides them with comprehensive tax and legal services and is able to facilitate their contacts with the Romanian authorities. The firm routinely operates in Bulgaria.

### Budapest

The Budapest office has been offering first-rate legal services since 1993, using its profound knowledge of the local markets. Under the supervision of partner François d'Ornano, the Budapest Office includes about twenty French, Hungarian, English and German lawyers. The office provides tax and legal advice that their clients need at all stages of their investment projects in Hungary. Its lawyers offer a full range of services, including setting up joint ventures, designing innovative legal and tax schemes, and negotiating with local partners, banks and local authorities. The Budapest office also co-ordinates the works of the SEE Group, operating South-Eastern Europe where Gide Loyrette Nouel is not directly present, namely in: in Serbia, Bosnia, Herzegovina and Montenegro, as well as in Croatia, Slovenia, Macedonia, Slovakia and the Czech Republic.

### Kyiv

Established in Ukraine in 2006, the Kyiv office advises corporate clients in all branches of business law, with a particular emphasis on banking and finance. The Kyiv office offers the services of 20 Ukrainian, French and German lawyers and legal consultants under the leadership of Bertrand Barrier. The firm advises investors wishing to set up business in Ukraine as well as companies that are already established.

The Kyiv office provides its clients with a service covering all aspects of business life, and is one of the only firms in Ukraine to offer banking and finance expertise, in which it collaborates with the firm's specialist legal teams in London, Paris and New York.

### Moscow

Since 1993, the Moscow Office has been advising Russian and international corporations operating in Russia and other countries of the former Soviet Union. The Office includes some 30 Russian and French lawyers, supervised by David Lasfargue. The Moscow team has gained considerable expertise in Russian and international business law. The team's structure allows it to offer comprehensive legal advice to potential investors or companies already settled in Russia. The firm's specialised teams in Paris and London provide assistance wherever the needs of a particular file require it. The Moscow office often works together with other Gide Loyrette Nouel offices, especially those in Central and Eastern Europe.

### Private Equity

Gide Loyrette Nouel has an extensive private equity practice and is one of the leading legal teams advising on all forms of private equity transactions. The Private Equity Group's expertise covers increasingly complex corporate, financial, regulatory, tax and contractual legal issues that affect private equity funds, their sponsors and investors. We have experience in all types of private equity investment vehicles, including leveraged buyout funds, venture capital funds and real estate funds, and we advise numerous international and local investors, sponsors, management teams and industrial players on all forms of transactions involving private equity and real estate funds, from the provision of capital to start-up businesses and early-stage financing or the acquisition of properties to the largest pan-European LBOs.

We also offer full assistance in the context of recapitalisation transactions, build-ups and exits. The Private Equity Group has a recognised expertise in assisting numerous investment bankers, senior, mezzanine and "bridge" lenders with arranging complex bank financing projects for LBOs and real estate transactions.

## Contact details

### Warsaw (Poland)



› Dariusz Tokarczuk  
Partner  
[dariusz.tokarczuk@gide.com](mailto:dariusz.tokarczuk@gide.com)



› Paweł Grześkowiak  
Partner  
[grzeskowiak@gide.com](mailto:grzeskowiak@gide.com)

### Bucharest (Romania)



› Bruno Leroy  
Partner  
[bruno.leroy@gide.com](mailto:bruno.leroy@gide.com)

### Budapest (Hungary and CEE)



› François d'Ornano  
Partner  
[ornano@gide.com](mailto:ornano@gide.com)

### Kyiv



› Bertrand Barrier  
Partner  
[barrier@gide.com](mailto:barrier@gide.com)

### Moscow



› David Lasfargue  
Partner  
[lasfargue@gide.com](mailto:lasfargue@gide.com)

# About the EVCA

**European Private Equity & Venture Capital Association** The EVCA is the voice of European private equity. Our membership covers the full range of private equity activity, from early-stage venture capital to the largest private equity firms, investors such as pension funds, insurance companies, fund of funds and family offices and associate members from related professions. We represent 650 member firms and 500 affiliate members. The EVCA shapes the future direction of the industry, while promoting it to stakeholders such as entrepreneurs, business owners and employee representatives. We explain private equity to the public and help shape public policy, so that our members can conduct their business effectively. The EVCA is responsible for the industry's professional standards, demanding accountability, good governance and transparency from our members and spreading best practice through our training courses. We have the facts when it comes to European private equity, thanks to our trusted and authoritative research and analysis. The EVCA has 25 dedicated staff working in Brussels to make sure that our industry is heard.

**EVCA Central and Eastern Europe Task Force** Since 2003, the EVCA Central and Eastern Europe Task Force has undertaken initiatives specifically aimed at the development and promotion of private equity and venture capital in the region of Central and Eastern Europe (CEE). Among its accomplishments, the Task Force published Central and Eastern Europe Success Stories in October 2004, and special papers dedicated to annual statistics for 2005 to 2012. The Task Force also seeks to develop CEE topics of interest in other EVCA publications and conferences. Information about the members of the Task Force may be found at [www.evca.eu](http://www.evca.eu).

# PEREP\_Analytics

**PEREP\_Analytics™** is a centralised, non-commercial pan-European private equity database. Currently it is the joint statistical platform of the EVCA and 19 national and regional private equity and venture capital associations across Europe, of which eight are from the CEE region: CVCA (Croatia), CVCA (the Czech Republic), EstVCA (Estonia), HVCA (Hungary), LTVCA (Lithuania), PSIK (Poland), SEEPEA (South Eastern Europe) and SLOVCA (Slovakia).

The quantitative and qualitative data collected via PEREP\_Analytics serves:

- the needs of all stakeholders for market approach statistics
- the need for accurate, consistent and timely data
- the need for timely ad hoc analyses
- the intrinsic private equity market evolution, which has seen cross-border transactions become the norm, rather than the exception
- the needs of industry practitioners, investors, international organisations, governments and other stakeholders, all of which demand private equity statistics

Figures are updated on a continuous basis and are thus subject to change.

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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@evca.eu  
www.evca.eu

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