



## Enterprise Investors

Warsaw, January 2010

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### *2009 – Four Venture Capital Deals, Two Successful Partial Exits and a Buyout*

*The enclosed is a summary of Enterprise Investors' investment activity in 2009. In this annual publication we list the transactions that our funds have completed over the last 12 months and draw attention to other important events that took place at our firm last year.*

*The venture capital fund we launched mid-2008 demonstrated a high level of investment activity in the last 12 months. It became clear over the course of the year that our decision to extend our operations to include this segment of the transaction market was perfectly judged, responding as it does to the need for capital among fast-growing small and medium sized companies. In the space of nearly one year Enterprise Venture Fund I invested 15 million euro in five companies from the consumer, IT and healthcare sectors. The fund will support these firms over the coming years as minority shareholder.*

*The economic slowdown had a noticeable impact on the market of acquisitions in the 50 million euro and above category, which is the segment our buyout fund – Polish Enterprise Fund VI – deals with. Far fewer projects of this type were available in 2009, above all due to the difference between buyers' and sellers' valuation expectations, coupled with uncertainties about which way the economy will go in the next few years. Nonetheless we can take satisfaction in having successfully completed the acquisition of the Romanian supermarket chain Profi. This 66 million euro management buyin was deemed the largest transaction in the Romanian retail sector last year.*

*In 2009 the private equity funds managed by Enterprise Investors achieved extremely attractive rates of return on partial sales of AVG Technologies and Magellan, two portfolio companies that have shown exceptionally fast growth. The AVG Technologies transaction yielded an elevenfold multiple on the capital we invested in that firm in 2005, and was the largest private equity exit transaction to have taken place in Central and Eastern Europe last year. The Magellan sale, carried out in response to the interest shown by institutional investors, gave us the opportunity to sell a stake in that company in block transactions, and generated an eight times return on our investment.*

*The Board of Directors of Enterprise Investors Corporation, which takes key decisions regarding the firm, welcomed five more Enterprise Investors partners to its membership last year.*

*Enterprise Investors celebrates its 20th anniversary in 2010. We will be organizing various meetings and seminars across Poland and in other countries of Central and Eastern Europe to mark this milestone in our history, and invite you to take part in the celebrations. We look forward to meeting with you at one or more of these events.*

## Investments in 2009

In February 2009, our venture capital fund Enterprise Venture Fund I (EVF) acquired a 36 percent stake in **Bio-Profil** in a 2.9 million euro transaction. This fast-developing firm, which operates on the dermo-cosmetics market and manufactures products used in aesthetic medicine, allocated the funds for its further development.

In May, Enterprise Venture Fund signed the acquisition of 48 percent of the shares of **R&C Union**, a company listed on New Connect, the WSE parallel market. R&C Union will use the funds raised in this 2.9 million euro investment to develop its chain of **Sioux** restaurants and **Lizard King** and **Fever** music clubs. The transaction was finalized in June.

In June, EVF acquired 100 percent of **Web Inn**, a company providing IT outsourcing, in a 3.3 million euro transaction. The change in ownership allows Web Inn to benefit from EI's team of investment professionals, many of whom are IT experts. Thanks to this the company is able to continue its rapid expansion on the IT market.

In December, Enterprise Venture Fund became an investor in **Polski Bank Komórek Macierzystych** or PBKM. This company is the largest bank collecting and storing umbilical cord blood in Poland and the fourth largest in Europe. EVF acquired a 50 percent stake in PBKM for 4.3 million euro, in a transaction that has provided financing for the firm's further expansion.

Enterprise Venture Fund was **the most active venture capital fund in Central and Eastern Europe in 2009**. We are very pleased with the rate at which our new fund has been making decisions regarding the financing of successive firms. At the same time we value very highly the achievements of those companies and the development strategies that they presented.

Polish Enterprise Fund VI (PEF VI), our buyout fund, can also pride itself on having completed a significant new investment. In November PEF VI signed the acquisition of **Profi Rom Food**, one of the largest supermarket chains in Romania. The fund paid 66 million euro for 100 percent of Profi. We worked on this transaction, which took the form of a management buyin (MBI), together with a team of experienced managers from the retail sector.

**The total value of the transactions completed by our funds last year is 79 million euro.**

<p>Enterprise Venture Fund I, L.P.</p>  <p>Sales and marketing of dermo-cosmetics</p> <p>€2.9 million Expansion &amp; buyout capital</p> <p>Enterprise Investors</p> <p>February 2009</p>	<p>Enterprise Venture Fund I, L.P.</p>  <p>IT outsourcing company</p> <p>€3.3 million Buyout capital</p> <p>Enterprise Investors</p> <p>June 2009</p>	<p>Enterprise Venture Fund I, L.P.</p>  <p>Chain of restaurants and music clubs</p> <p>€2.9 million Expansion &amp; buyout capital</p> <p>Enterprise Investors</p> <p>June 2009</p>	<p>Polish Enterprise Fund VI, L.P.</p>  <p>Chain of supermarkets</p> <p>€66 million Buyout capital</p> <p>Enterprise Investors</p> <p>November 2009</p>	<p>Enterprise Venture Fund I, L.P.</p>  <p>Cord blood bank</p> <p>€4.3 million Expansion financing</p> <p>Enterprise Investors</p> <p>December 2009</p>
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## Exits

The environment for exiting private equity investments was less than ideal throughout the course of last year. Therefore we are particularly pleased that our private equity funds managed to achieve excellent rates of return on their partial sales of AVG Technologies and Magellan.

In October 2009, Polish Enterprise Fund V (PEF V) announced the sale of part of its stake in **AVG Technologies**. AVG is a Czech-based producer of computer security software that we helped develop into a powerful firm which has conquered the global IT market and become one of the most recognized brands in its sector worldwide. The minority stake sold by PEF V and two other shareholders was acquired for over 200 million dollars by TA Associates, an American private equity firm with 40 years' experience. This was **the largest private equity exit transaction in Central and Eastern Europe in 2009**, and one of the largest to be completed in the last few years. Together with the dividend paid to the seller, the return on our original investment was **elevenfold**. Believing firmly in the company's excellent prospects for further growth, we decided to remain its largest shareholder. We currently control a 34 percent stake in AVG Technologies.

In December 2009 Polish Enterprise Fund IV (PEF IV) sold 8.3 percent of the publicly traded firm **Magellan** to financial investors. The outstanding results achieved by this non-banking financial institution operating in Poland's healthcare market have allowed EI and Magellan to reap the benefits of their joint efforts to develop the firm in the last few years. The transaction gave our

fund an **eight times return** on the capital invested. PEF IV reduced its shareholding in Magellan to 68 percent.

**In 2009 the net proceeds**, including dividends, from exited investments came to **64 million euro**.

## Expansion of the EIC Board of Directors

Since December 2009, the **Board of Directors of Enterprise Investors has five new members**, all partners at Enterprise Investors: **Rafał Bator, Stanisław Knaflewski, Agnieszka Kowalska, Sebastian Król** and **Jacek Woźniak**. The Board also decided to expand the group of EIC stockholders to include all five new members.

These changes have been implemented to further democratize the management of Enterprise Investors and to recognize the importance of a broader group of partners to the organization.

The Board of Directors of Enterprise Investors, which jointly takes the most important decisions concerning strategy and employment policy at EI, now numbers ten partners and managing partners, including the President of Enterprise Investors.

## New office in Prague

Over the past 11 years Enterprise Investors has systematically expanded its investment presence in Central and Eastern Europe, and in the last six years we have been opening successive representative offices in the region. In 2004 we opened an office **in Bucharest**, followed by one **in Bratislava** in 2007. As from September 2009, Enterprise Investors also has an office **in Prague**. Our Czech outpost is located in the very heart of the city, at Václavské náměstí 19.

After completing our Kofola acquisition in fall 2008, the Czech market became the second largest in terms of capital invested by EI. The total funds injected by Enterprise Investors in the Czech firms AVG Technologies and Kofola exceed 107 million euro. These two standard bearers of the Czech economy are very notable additions to our investment portfolio. The decision to open the Prague office is in line with our policy of securing a direct presence on our most important markets.

**Contact details for all our representative offices in CEE** are available **on our website**. We encourage you to visit the local language versions.

## Rankings of fast growing firms in CEE

In connection with our investment activity in other countries of Central and Eastern Europe we have become involved in co-organizing rankings of the most dynamically developing companies in the **Czech Republic (Štiky Českého Byznysu)**, **Slovakia (Diamanty Slovenského Biznisu)**, **Romania (Cele Mai Dinamice Companii din România)** and **Hungary (Pegazus 2009 Díj)**. We invite firms that are growth leaders on their respective markets to participate in annual events at which we present the results of these rankings.

## MBI & MBO Club

In 2009 our MBI & MBO Club, which is an affiliation of top executives interested in pursuing management buyouts, continued with its program of club meetings. In keeping with the club's five-year tradition, we held these events in Poland and in those countries of Central and Eastern Europe where Enterprise Investors actively seeks partners for buyout transactions.

More than 1,000 managers took part in the 20 club meetings held last year. The capital of Slovenia, Ljubljana, hosted an MBI & MBO Club event for the first time. The high attendance figures showed this city was a good choice. In addition to discussing EI's past investments, participants gave greater consideration last year to trends prevailing in the global, European and regional economies.

We invite you to attend the upcoming club meetings, which this year are scheduled to be held in 11 countries across the CEE region. First-time host cities include **Belgrade** in Serbia and **Gdańsk**

in Poland. We hope that discussions at the forthcoming events will lead to Enterprise Investors financing further MBIs with the involvement of those attending. **The 2010 schedule of club meetings** is available on the **MBI & MBO Club section of our website**.

## People

We are pleased to inform that in 2009 **Robert Manz, a Managing Partner and a Member of the Board of Directors of Enterprise Investors**, was once again elected **President of the Polish Private Equity Association (PSIK)**. Robert founded this very active organization and headed it for the first three terms. PSIK plays a major role in promoting private equity and venture capital investments in Poland through such activities as organizing seminars, offering partnership at conferences, producing a range of publications and lobbying for the further development of our industry. We congratulate Robert on his re-election, fully support him in all he does on behalf of the Association, and wish him every success in realizing the goals he has set for himself and for the organization.

## Awards

**Robert Manz** has also been awarded the NESsT **Golden Egg Award for his outstanding achievements in venture philanthropy**.

NESsT, an international non-profit organization that promotes venture philanthropy in ten countries of Central and Eastern Europe and Latin America, presented the award last November in London during the CEE Private Equity Forum. Mr. Manz was judged a philanthropic role model for his peers and recognized for having dedicated his time and ideas to promoting venture philanthropy, as well as for having opened his network of contacts for the benefit of NESsT's initiatives.

Enterprise Investors is an active donor of NESsT. For more information about this organization, including details of its new fund which is due to close in 2010, please visit [www.nesst.org](http://www.nesst.org).

Enterprise Investors' strong position in **Romania** came into the spotlight in 2009 when our firm received an award from *Business Arena Magazine*. This publication selected Enterprise Investors for the title of **Investment Fund of the Year**, announcing the news at the Financial Leaders' Hall of Fame 2009 – an annual event honoring Romania's financial leaders.

## Summary of investments

By the end of 2009, funds managed by Enterprise Investors had invested 1.3 billion euro in 115 companies across a range of industries. This figure includes 838 million euro invested in 102 companies in Poland and 421 million euro in 13 companies in the region. Our funds currently hold shares in 24 companies, which at the end of last year employed 17,500 people and reported an aggregate turnover of 1.5 billion euro. Funds managed by EI have exited 91 companies, achieving total proceeds of 1.4 billion euro (of which 347 million euro has been generated by investments outside Poland). The total capital raised by all the Enterprise Investors funds to date amounts to 1.7 billion euro.

*Thank you for contributing to this achievement, and please accept our warmest wishes for every success in 2010.*

### **Enterprise Investors**

E. Plater 53, 00-113 Warsaw, Poland  
tel. (+48 22) 458 85 00, fax (+48 22) 458 85 55

2500 Plaza 5, Harborside Financial Center, Jersey City, NJ 07311, USA  
tel. (+1 201) 633 36 12, fax (+1 732) 572 89 80

[www.ei.com.pl](http://www.ei.com.pl)  
[info@ei.com.pl](mailto:info@ei.com.pl)