



# Successful value creation brings record exits

2016 was an outstanding year for Enterprise Investors in terms of value creation and successful exits. Polish Enterprise Fund VII (PEF VII), together with its minority co-investors, sold a 100% stake in sports nutrition manufacturer Scitec Nutrition to a South African strategic investor at a transaction value of EUR 170 million. This exit, the first divestment from the PEF VII portfolio, built on the strong value appreciation delivered during EI's three years with the firm. Towards the end of the year, Polish Enterprise Fund VI (PEF VI) signed an agreement to sell 100% of shares in Romanian supermarket chain Profi Rom Food. At a total equity value of EUR 533 million, this is not only the largest exit ever completed by EI but also the largest transaction by a private equity fund in Romania and the largest retail deal in the country's history.

Altogether, in 2016 Enterprise Investors completed four full and two partial exits, and by year-end had committed to closing two further divestments. Moreover, two portfolio companies held IPOs on the Warsaw Stock Exchange, demonstrating the firm's continued active contribution to the development of the region's public markets.

Enterprise Investors performed well also in terms of new investment activity. During the year PEF VII completed two buyout transactions, which included the firm's first foray – with Slovenia-based Intersport ISI – into the Balkan market. EI funds also provided three existing portfolio companies with follow-on financing.

We invite you to read the following summary of Enterprise Investors' achievements in 2016.



# Investments

In April PEF VII signed an agreement to acquire 100% of shares in **Noriel Group**, the largest toys and games retailer in Romania. The value of the transaction, completed in June, was EUR 24 million. As part of the deal, EI provided EUR 2 million in funding to support the company's further development. Our plan is to replicate our successful experience with Profi Rom Food, Romania's biggest retail chain, by strengthening Noriel's management team with industry experts and by supporting a further nationwide rollout that will double the number of Noriel stores in the coming years.

In September PEF VII announced its plan to invest EUR 34.5 million in the leading sporting goods retailer in the Balkans, **Intersport ISI**, through a carve-out transaction from Mercator Group. Following the transaction, which was completed in December, the fund holds 100% of shares in the company. Going forward, EI plans a rollout of stores across the Balkan region as well as dynamic e-commerce expansion.

Polish Enterprise Fund VII



Toys and games retailer

**EUR 24 million**  
Buyout

June 2016

Polish Enterprise Fund VII



Sporting goods retailer

**EUR 34.5 million**  
Leveraged buyout

December 2016

In addition to these two new acquisitions, in 2016 our funds made three follow-on investments.

PEF VI invested a further EUR 4.2 million in **Wento**, a renewable energy company developing wind farms in Poland. The investment brings PEF VI's total investment in this company to EUR 46.4 million. The funds will be used mainly to finalize development of the projects in Wento's portfolio.

Enterprise Venture Fund I (EVF) committed another EUR 2 million to **J.S. Hamilton Poland**, the country's second-largest provider of independent

inspection and analytical services. The funds will be used primarily to finance the acquisition of the leading market player in the Baltic States, Sekargas. With this investment EVF's total commitment to J.S. Hamilton Poland now stands at EUR 10 million.

PEF VII also invested a further EUR 5.7 million in **Nu-Med**, a network of radiotherapy clinics, increasing its total commitment to this company to EUR 37.4 million. The funds were used to consolidate the group and strengthen the balance sheet.

Polish Enterprise Fund VI



Renewable energy company

**EUR 4.2 million**  
Follow-on financing

November 2016

Enterprise Venture Fund I



Inspection and analytical services

**EUR 2 million**  
Follow-on financing

December 2016

Polish Enterprise Fund VII



Network of radiotherapy clinics

**EUR 5.7 million**  
Follow-on financing

February–December 2016

**The total equity value of the transactions completed by our funds last year is EUR 70 million.**

# Exits

Two of our portfolio companies were listed on the Warsaw Stock Exchange (WSE) in April. First, EVF partially exited **Polski Bank Komórek Macierzystych (PBKM)**, a leading stem cell bank in Europe and Turkey, through an IPO. The fund sold 17.3% of PBKM and retained a 38.1% stake in the company. The transaction generated gross proceeds of EUR 8.5 million, yielding a 6.5x total gross multiple of cost on this partial exit. The WSE listing completed later that month by **X-Trade Brokers (XTB)**, a leading European financial brokerage house, was the 33rd IPO of an EI portfolio company. XTB's founders reduced their stake from 80.8% to 66.8% and generated gross proceeds of EUR 43 million. PEF VI, a minority shareholder in XTB, did not take part in the offering, retaining its 19% stake in the company.

In June EVF exited **Nortal**, an international software solutions provider based in Estonia. The fund sold its 41% stake to the company's shareholders. The value of the transaction was EUR 12.3 million, of which EUR 10.4 million was paid at closing and EUR 1.9 million is due in March 2017.

Two months later PEF VII, together with its minority co-investors (including Morgan Stanley Alternative Investment Partners), sold a 100% stake in **Scitec Nutrition**, a leading European sports nutrition producer, to Ascendis Health, a South African publicly listed health and care brands company. The value of the transaction was EUR 170 million, of which EUR 150 million was paid at closing and EUR 20 million is due after one year.

In November PEF VI announced that it had signed an agreement to sell 100% of shares in **Profi Rom Food**, the largest supermarket chain in Romania, to Mid Europa Partners. At a total equity value of EUR 533 million, this will be the largest deal ever completed by a private equity investor in Romania and the largest retail deal in the country's history. The transaction is awaiting antimonopoly approval and is expected to close in the first quarter of 2017.

In the first week of December Polish Enterprise Fund V (PEF V) partially exited **Skarbiec Holding** through a secondary transaction on the WSE. PEF V sold 31% of Skarbiec, retaining a 44% stake in the company. The transaction generated gross proceeds of EUR 12.5 million.

The 2016 list of exits also includes three divestments by EVF. Our venture fund sold Romanian HR administration outsourcing company **Smartree** in February, and wooden pallet service provider **EP Serwis** in May. In December, EVF signed an agreement to sell IT outsourcing company **itWorks**, and the transaction is expected to close in January 2017. The value of these divestments has not been disclosed.

**Total gross proceeds, including dividends, from exits signed in the past year by EI-managed funds amount to EUR 681 million.**

# Other initiatives and events

Last year we participated in two major business events in Poland: the European Economic Congress in Katowice and the Economic Forum in Krynica. On both occasions EI partners took part in panel discussions, focusing on the investment environment and M&A activity in Poland and the CEE region. Moreover, at the invitation of regional chambers of commerce in Poland we participated in meetings with local business communities in

Katowice, Łódź and Kraków. We also continued to work with *Harvard Business Review Poland*, jointly organizing a workshop for entrepreneurs that was focused on case studies from EI's investment portfolio.

Over the years we have taken part in many important initiatives and events hosted by the American Chamber of Commerce in Poland.

Last year we decided to replicate this successful cooperation model in other geographies, concentrating in particular on the Balkan region. We orchestrated a successful meeting in Zagreb, Croatia, and we plan to broaden this cooperation in 2017. We also continued to co-organize rankings of

the most dynamically developing companies in the Czech Republic (Štíky českého byznysu), Hungary (Pegazus Díj), Romania (Campioni în Business) and Slovakia (Diamanty slovenského biznisu). These annual events recognize and award the growth leaders in their respective geographical markets.

## Summary of investments

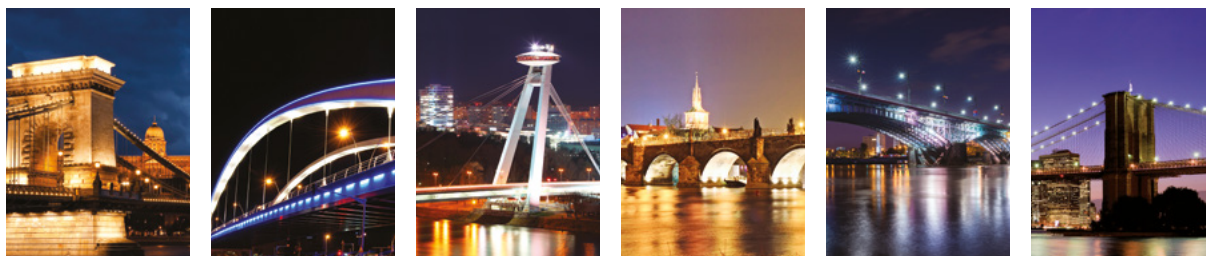
Since its founding in 1990, Enterprise Investors has raised eight funds with total capital exceeding EUR 2 billion. Until the end of 2016, the funds managed by Enterprise Investors invested EUR 1.7 billion in 137 companies across a range of industries. This figure includes EUR 1.2 billion invested in 116 companies in Poland and EUR 560 million in 21 companies in the CEE region. The funds managed by Enterprise Investors have exited 117 companies, achieving total gross proceeds of EUR 2.5 billion, of which EUR 899 million has been generated by investments outside of Poland. EI funds currently hold shares in 20 companies.

**We would like to thank you for your support  
and we wish you every success in 2017**

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