



Enterprise Investors

Warsaw, January 2014

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### ***2013 – Record Exit Proceeds***

*Last year Enterprise Investors once again proved to be one of the most active funds in the region, completing three investments and seven exits that led to the full realization of PEF IV, the last fund raised by EI before Poland joined the European Union.*

*We identified new investment opportunities in comprehensive pallet pooling services (EP Serwis), non-ferrous metals and electro-waste recycling (Elemental Holding), and production of prefabricated timber houses (Danwood). We also made follow-on investments in the healthcare sector. The total cost of these acquisitions amounted to EUR 47 million.*

*In 2013 we exited many of our longstanding investments including Kruk, Zelmer, Nay and Magellan. We also completed our second exit from the venture fund portfolio. The combined gross proceeds from these transactions amounted to EUR 332 million, which represents the highest gross proceeds in any year in EI's history.*

*2013 also marks the final closing of Enterprise Investors' most recent fund, Polish Enterprise Fund VII, at EUR 314 million. This fund continues EI's strategy of financing mid-market buyouts and growth companies in selected industries, mainly in Poland.*

*We invite you to read the following summary of Enterprise Investors' achievements in 2013.*

## Investments

In February Enterprise Venture Fund I (EVF) paid EUR 2.2 million for a 49% stake in **EP Serwis**, a Polish company offering comprehensive services on the wooden pallets market. The capital helped EP Serwis develop its pallet pooling services and strengthen its market position.

In May and June EVF invested in **Elemental Holding**, the largest and fastest-growing collector and processor of metals from secondary sources in Poland. The total value of the transaction was EUR 7.9 million. In December the company moved from NewConnect (Warsaw Stock Exchange's alternative trading platform) to the main floor of the WSE.

In the fall PEF VII made **an additional commitment** to one of our portfolio companies that is developing **a chain of radiotherapy clinics** in Poland. The funds will be used to open a third clinic located in central Poland.

The last investment of the year was in **Danwood**, one of the largest and most dynamically developing European companies specialized in the production of prefabricated timber houses. The deal was announced in November. PEF VII purchased a 100% stake from Budimex Group in a EUR 57 million transaction financed with equity and debt. We plan to support the company's further growth based on its strong position in Germany, Europe's most demanding market in this niche.

**The total equity value of the transactions** completed by our funds last year **amounted to EUR 47 million**.

<p>Enterprise Venture Fund I, L.P.</p>  <p>Pallet pooling</p> <p><b>EUR 2.2 million</b> Expansion capital</p> <p>Enterprise Investors</p> <p>February 2013</p>	<p>Enterprise Venture Fund I, L.P.</p>  <p>Elemental Holding SA</p> <p>Non-ferrous metals and electro-waste recycling</p> <p><b>EUR 7.9 million</b> Expansion capital</p> <p>Enterprise Investors</p> <p>May 2013</p>	<p>Polish Enterprise Fund VII, L.P.</p>  <p>Prefabricated timber houses</p> <p><b>EUR 57 million</b> Leveraged buyout</p> <p>Enterprise Investors</p> <p>December 2013</p>
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## Exits and Full Realization of Polish Enterprise Fund IV

In November 2012 Polish Enterprise Fund V (PEF V) signed a binding agreement with BSH Bosch und Siemens Hausgeräte (BSH) based on which we were to sell our entire 49% stake in Zelmer. BSH subsequently launched a successful public tender offer for 100% of Zelmer shares, becoming the company's strategic investor as of March 2013. **Total gross proceeds from our investment in Zelmer amounted to EUR 92 million** (including proceeds from the EUR 71 million tender offer).

April was marked by the sale of our remaining stake in Kruk through a secondary transaction on the Warsaw Stock Exchange. **Gross proceeds from our investment in Kruk totaled EUR 138 million** (including EUR 59 million realized in 2013).

In July, Polish Enterprise Fund IV (PEF IV) sold its remaining stake in **Magellan** through a secondary transaction on the Warsaw Stock Exchange. The sale of Magellan concluded the full realization of this fund. **PEF IV**, the last fund raised by Enterprise Investors before Poland's accession to the European Union, was closed in 2001 with total committed capital of USD 217 million. The fund's objective was to give investors access to the opportunities generated by the fast-growing Polish and Central European markets. PEF IV invested in diverse sectors of the economy, including TMT, financial services, retail

and industrial production. **The fund generated total gross proceeds of USD 734 million** over the entire period of its activity.

In the same month EVF sold its 34.65% stake in **Ballroom International** to Stroer Media, a German outdoor advertising company, for an undisclosed sum. The transaction was the result of an unsolicited offer by this leading industry player.

Also in August, PEF V exited the Slovak electrical retailer **Nay**. PEF V sold its 48% stake to the company's majority shareholders.

In December we sold our shares in **Siveco**, the Romanian software and IT services company, and signed an agreement to sell our 100% stake in **Sklepy Komfort**, the Polish flooring retail chain. The latter requires the approval of Poland's Office of Competition and Consumer Protection.

Enterprise Investors also completed two partial exits in 2013. In May we carried out a recapitalization of **Gamet**, while in the second half of the year we sold parts of our stake in **AVG** through secondary transactions on the New York Stock Exchange.

**The total gross proceeds** (including dividends) **from investments exited** in the past year by EI-managed funds **amounted to EUR 332 million** – a record amount for Enterprise Investors.

## Closing of Polish Enterprise Fund VII

In May Enterprise Investors announced the final closing of its most recent fund, **Polish Enterprise Fund VII (PEF VII), with total commitments of EUR 314 million**. The fund had its first close in May 2012. PEF VII focuses on succession-driven buyouts from private entrepreneurs and provides expansion capital to growing businesses. We expect to invest approximately two-thirds of the fund in Poland, which remains the core market.

We plan to invest PEF VII in sectors driven by the convergence of CEE's domestic consumption with the "old" EU, such as consumer products and retail, financial services, and healthcare, where we have substantial deal and exit experience. PEF VII will also invest in sectors driven by CEE's growing internationalization and competitive cost position, for example IT, industrial products, and business process outsourcing.

The fund has made three investments to date – in radiotherapy clinics, a sports nutrition company, and Danwood.

## MBO/MBI Club

For ten years, Enterprise Investors and the executive search firm Pedersen & Partners have successfully developed a program of MBI & MBO Club meetings that have attracted interest among the business community in Poland and Central and Eastern Europe. In 2013 we organized 22 club meetings in Poland and other CEE countries. In all, we convened in 12 countries and met with more than 900 managers from companies representing many industries and operating on widely differing business models.

## Other Initiatives and Events

In 2013 we added a new initiative to our extensive list of activities – a series of conferences organized under the auspices of *Harvard Business Review Poland*. The series of meetings with managers focused on financial and legal aspects of management buyin and management buyout transactions. The meetings were held in six major Polish cities and were attended by 400 managers. The series was covered by the Polish edition of *Harvard Business Review* and a dedicated online platform. A very positive reception encouraged us to continue the initiative in 2014. Next year's edition will focus on the international M&A expansion of Polish companies.

Over the course of the year we completed a series of ten conferences for small and medium enterprises organized under the auspices of Confederation Lewiatan (Polish association of private employers). We plan to continue the initiative next year.

In 2013 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 present and award firms that are growth leaders on their respective geographical markets.

## Summary of Investments

The total capital raised by all the Enterprise Investors funds to date amounts to EUR 2 billion. Up to the end of 2013, the funds managed by Enterprise Investors invested EUR 1.6 billion in 131 companies across a range of industries. This figure includes EUR 1.08 billion invested in 113 companies in Poland and EUR 509 million in 18 companies in the CEE region. The funds managed by Enterprise Investors have exited 105 companies, achieving total gross proceeds of EUR 2.1 billion, of which EUR 626 million has been generated by investments outside Poland. Our funds currently hold shares in 26 companies.

*We would like to thank you for your support and we wish you every success in 2014.*

### **Enterprise Investors**

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