

# 2020



Enterprise  
Investors

Warsaw, January 2021

## A year like no other

Last year was undoubtedly a watershed. The world faced a challenge that will change the way we look at business. Despite the adversities, the Enterprise Investors team and the funds we manage had a year filled with interesting events. Some of those took the form of exits and the rest will, we hope, translate into measurable success in the future. In 2020 we significantly increased our stake in two of our portfolio companies and announced two new investments in promising sectors. We also successfully exited three portfolio companies.

It is already more than thirty years since the US government established the Polish-American Enterprise Fund. That historic moment, in May 1990, marked the beginning of Enterprise Investors and private equity investments in Central and Eastern Europe. The PAEF was entrusted with USD 240 million by the US Congress, and its task was to support the development of the market economy and private entrepreneurship in Poland. In the 1990s, the PAEF was one of the largest foreign investors in the country.

Thirty years later, that fund's legacy is very much still alive. Through our investment activities we have created tens of thousands of jobs, empowered countless entrepreneurs to spread their wings and allowed Polish companies to cross national borders and become regional or international players.

Each watershed brings new opportunities, so we are full of optimism as we look ahead to 2021 and beyond.

## Investments

In October Polish Enterprise Fund VII (PEF VII) signed an agreement to acquire the remaining 35% stake in **PAN-PEK**, a leading bakery producer and retailer in Croatia. The company serves modern grocery retailers and operates its own 65-store chain of bakery outlets. The fund originally bought a 65% share in the company for an undisclosed sum in May 2018. Last year Enterprise Investors agreed with Mr. Ivan Parać, PAN-PEK's founder, to buy out his entire stake. Upon closing, which took place in December, PEF VII became PAN-PEK's sole owner. The value of the transaction was not disclosed.

In November Polish Enterprise Fund VIII (PEF VIII) announced that it would become the majority shareholder of **Anwim**. The company is Poland's largest independent fuel retailer, operating a chain of more than 300 fuel stations under the MOYA brand. It is also involved in fuel wholesale. EI bought a significant minority stake in the company in 2018, for an undisclosed amount. The latest transaction was closed in December and its value will remain confidential.

Later that month PEF VIII announced a tender offer for 100% of **PragmaGO**, a WSE-listed provider of financial services to the SME sector. Our intention is to delist PragmaGO so it can continue its development in the private market. The fund has secured the right to acquire from the majority shareholder – Pragma Inkaso – a stake that will give it 72.07% of votes at the general shareholders' meeting. The subscription period for the tender offer started on 16 December and will run till 29 January 2021. The maximum value of the tender offer is EUR 11.9 million. Once the tender is settled, EI plans to increase the company's share capital by EUR 13.4 million. If the required voting threshold is reached, the fund will take measures to squeeze out those among PragmaGO's minority shareholders who did not respond to the initial tender offer.

December was marked by PEF VIII's announcement that it would invest up to EUR 25 million in a Polish provider of software development outsourcing services – **Software Mind**. The company is an operating division of WSE-listed Ailleron, and as part of the transaction it will be carved out from the parent company, subject to approval at Ailleron's extraordinary general meeting. The transaction will consist of a EUR 9 million buyout of 26.7% of Software Mind shares from Ailleron and a EUR 16 million capital increase, which in effect will raise PEF VIII's stake in the business to 50.2%.

The total equity value of investments made and committed  
by our funds last year amounts to

EUR 89  
million

## Exits

In March Polish Enterprise Fund VII sold **Danwood**, the number one manufacturer of prefabricated turnkey houses in Germany and Poland. The buyer – GS Engineering & Construction – is one of the biggest construction companies in South Korea. The value of the transaction was EUR 140 million. Total gross proceeds generated by the investment amount to EUR 238 million, yielding a 9x total gross multiple of cost.

In early May, through a series of secondary transactions on the Warsaw Stock Exchange, Polish Enterprise Fund VI (PEF VI) sold its remaining stake in **X-Trade Brokers**, an international provider of trading and investment products, services and technology solutions. These transactions (including dividends) generated gross proceeds of EUR 30 million.

Less than a month later, in June, through a series of secondary transactions on Nasdaq Baltic, PEF VI sold its remaining 34.4% stake in **Novaturas**, the largest tour operator in the Baltic States. The transactions generated gross proceeds of EUR 4.9 million.

In late July PEF VI, through its investment vehicle **Wento**, sold the Skoczyłody wind farm. The buyer is a subsidiary of PGE Polska Grupa Energetyczna – PGE Energia Odnawialna. The enterprise value of the deal was EUR 50 million.

**Total gross proceeds, including dividends, from exits completed in the past year by EI-managed funds amount to**

**EUR 210 million**

## Other initiatives and events

Due to the SARS-CoV-2 pandemic, we could not meet with entrepreneurs and managers in the usual way in 2020. Still, we managed to stay involved with the business community all over CEE and took part in online and hybrid events such as Diamanty českého byznysu in the Czech Republic, Campioni în Business in Romania, Diamanty slovenského biznisu in Slovakia and the Ventura Awards Gala in Poland, to name a few.

## Summary of investments

Since its founding in 1990, Enterprise Investors has raised nine funds with total capital exceeding EUR 2.5 billion. Until the end of 2020, the funds managed by Enterprise Investors invested **EUR 2 billion in 146 companies** across a range of industries. This figure includes EUR 1.4 billion invested in 122 companies in Poland and EUR 678 million in 24 companies in the CEE region. The funds managed by Enterprise Investors have exited **134 companies**, achieving total gross proceeds of **EUR 4.1 billion**, of which EUR 1.6 billion has been generated by investments outside of Poland. EI funds currently hold stakes in ten companies and have made investment commitments in a further two.

**We would like to thank you for your support, and we wish you a healthy and successful 2021**

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