

# Private Equity & Venture Capital for Hidden Champions in CEE: Broken Dreams or Hidden Potential?

Hidden Champions in CEE and Dynamically Changing Environments  
17-18 November 2011, Vienna

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(CVCA)



# Access to Finance in CEE Trends

**No.1**

**Access to finance is significant business obstacle but not the most pressing problem for companies in the region**

**No.2**

**Companies rely heavily on internally generated funds and external financing is scarce ...**

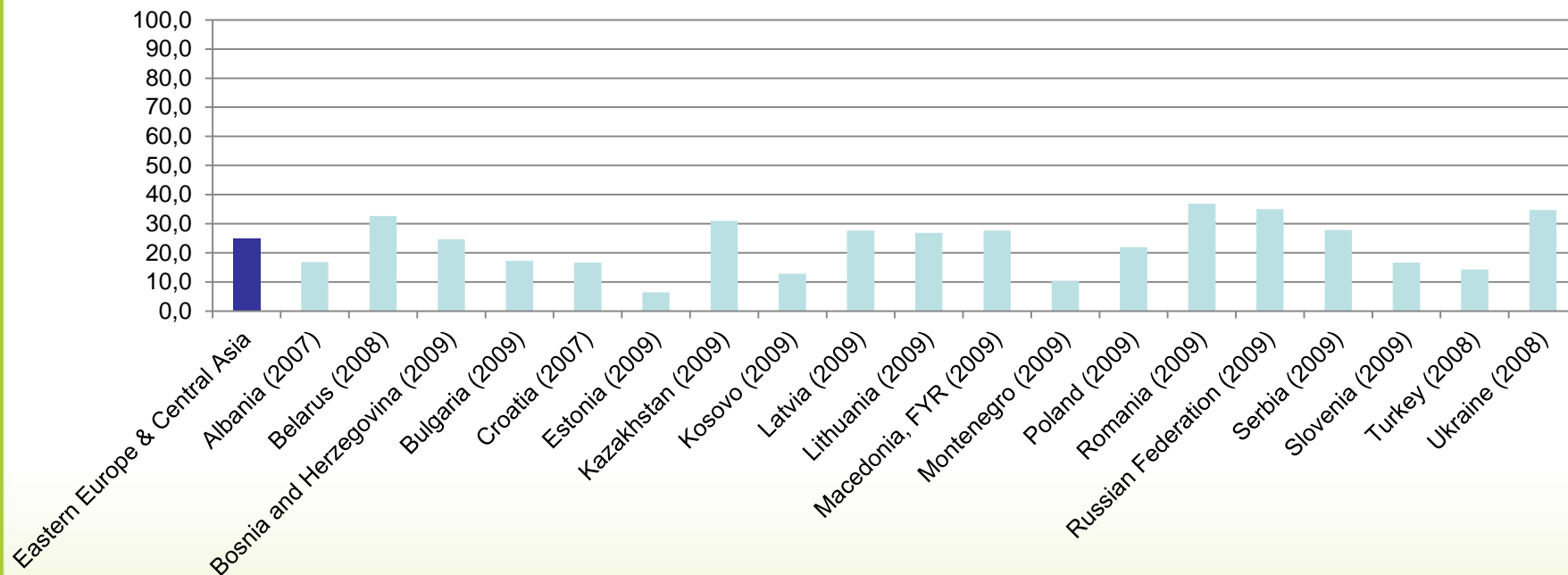
**No.3**

**Private Equity & Venture Capital financing is not readily available for most Hidden Champions...**

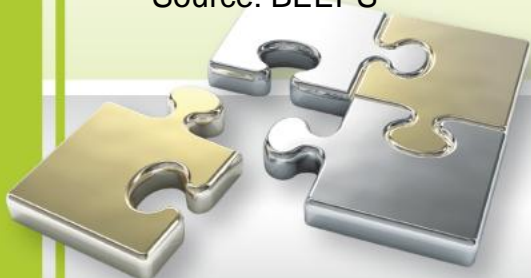


# Access to finance is significant business obstacle but not the most pressing problem for companies in the region

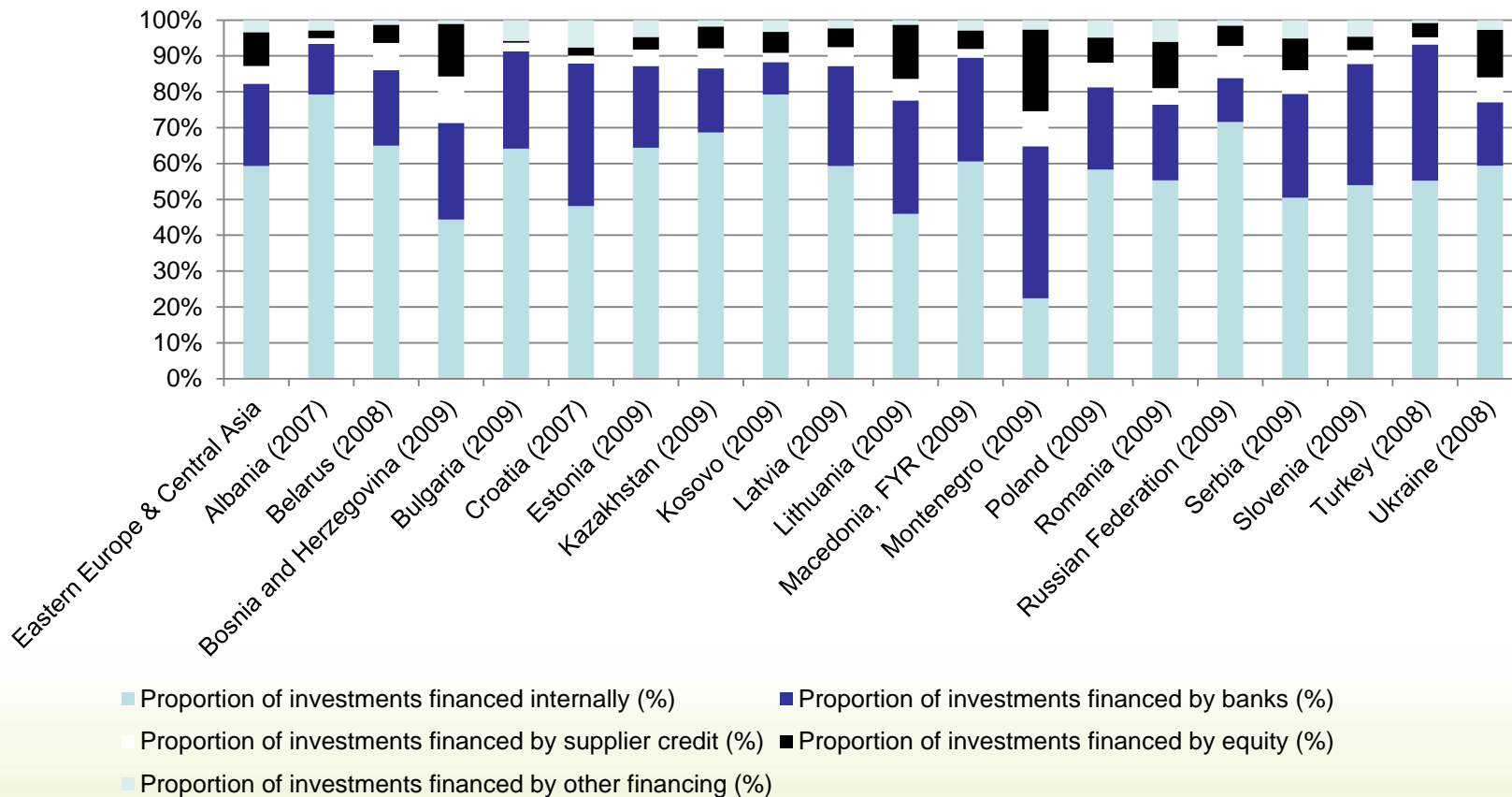
## Percent of firms identifying access to finance as major constraint (%)



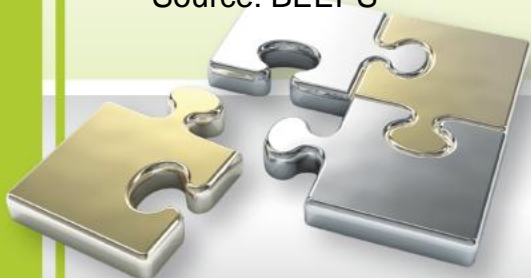
Source: BEEPS



# Companies rely heavily on internally generated funds and external financing is scarce ...

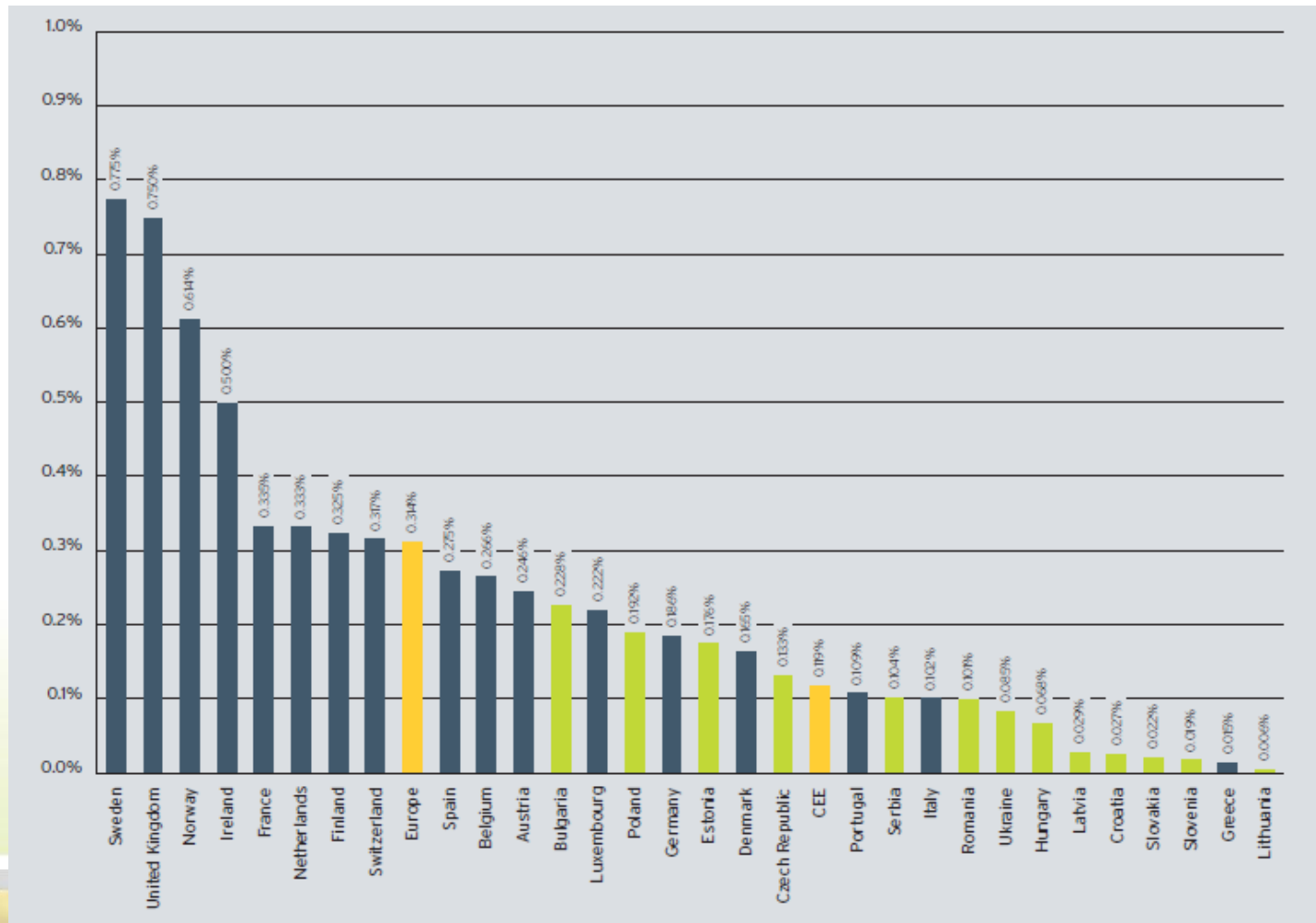


Source: BEEPS



# Private Equity & Venture Capital financing is not readily available for most Hidden Champions...

Private Equity as % of GDP, CEE and selected European Countries (2010)



Source: EVCA

# Lies, damned lies and...statistics!

## The CEE Fundraising statistics

	2007	2008	2009	2010
<b>Total funds raised (in EUR million)</b>	<b>3,983</b>	<b>2,489</b>	<b>400</b>	<b>654</b>
<b>% Government agencies (inc. IFIs)</b>	<b>6.1%</b>	<b>2.5%</b>	<b>34.8%</b>	<b>58.3%</b>
<b>Amount provided by GA (in EUR million)</b>	<b>243</b>	<b>62</b>	<b>139</b>	<b>381</b>
<b>Change (y-o-y)</b>		<b>-74.4%</b>	<b>123.7%</b>	<b>173.9%</b>

Source: EVCA, 2011



# Access to Finance in CEE Trends

## No.1

**Access to finance is significant business obstacle but not the most pressing problem for companies in the region**

- ✓ In addition to financing, hidden champions need access to markets and networks to expand their businesses

## No.2

**Companies rely heavily on internally generated funds and external financing is scarce ...**

- ✓ Alternatives to bank financing are not very developed and companies lacking collateral face the most significant financing gap

## No.3

**Private Equity & Venture Capital financing is not readily available for most Hidden Champions...**

- ✓ Government/ IFIs sponsored initiatives to develop PE/VC markets are vital for supporting early stage equity financing and financing in frontier markets



# Private Equity and Venture Capital in CEE can do better!

## Faster

### Hidden Champions have a good story to tell...

- ✓ Identifying HC helps promote them to investors' community;

## Higher

### Local knowledge and value added networks are essential for successful marriages of interest...

- ✓ In addition to financing, PE/VC funds are providing the know-how for the industry

## Stronger

### Private Equity and Venture Capital in CEE need kick-start...

- ✓ Importance of private and public initiatives to support and promote availability of equity financing for HC





# Financing growth and development down the championship road and beyond

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## **Panellists:**

Peter Derendinger, Partner, CEO, Alpha Associates AG, Switzerland

Bert Twaalfhoven, Founder EFER and Former President of Indivers B.V.,  
the Netherlands

Mirna Marovic, President, Croatian Private Equity and Venture Capital  
Association (CVCA), Croatia

Andreas Schoberwaller, Consultant, Vienna Insurance Group, Austria

## **Moderated by:**

Pavel Lebedev, Deputy Director of Centre for Banking Management,  
Department for Finance and Banking, RANEP, Russia



# VentureXchange South East Europe Investment Opportunities

- VentureXchange South East Europe – initiative to develop private equity and venture capital markets in the SEE region
- Database of investment projects –free access to qualified investors subject to NDA, free service to entrepreneurs – expected to be launched soon
- The competition for the selection of the most promising businesses and entrepreneurial ventures to be financed with Private Equity / Venture Capital



## Contact Details

**Thank you for your attention.**

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*Events, competitions and networking -  
an initiative to develop Private Equity and  
Venture Capital markets in the region*

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