

The Importance of Global Investors for Creating Global Ventures in the Region

31st PODIM



20 April 2011

ABOUT PRIVATE EQUITY IN GENERAL

Company and Investment Stages

		Growth Capital			
Type of Investment	Seed	Early Stage	Expansion	Later Stage	Buyout
Age of Company	0 - 1 years	> 1 - 3 years	< 3 - 10+ years	3 - 10+ years	~ 10 - 50 years
Stage of Company	Idea Formation, Startup	1st Stage of Development; Few Customers and Little to No Revenue	2nd or More Stage of Development	Expansion Capital for Growth	Established and low growth

Source: National Venture Capital Association

Three Pillars of a Deal

Price

- Stake
- Amount

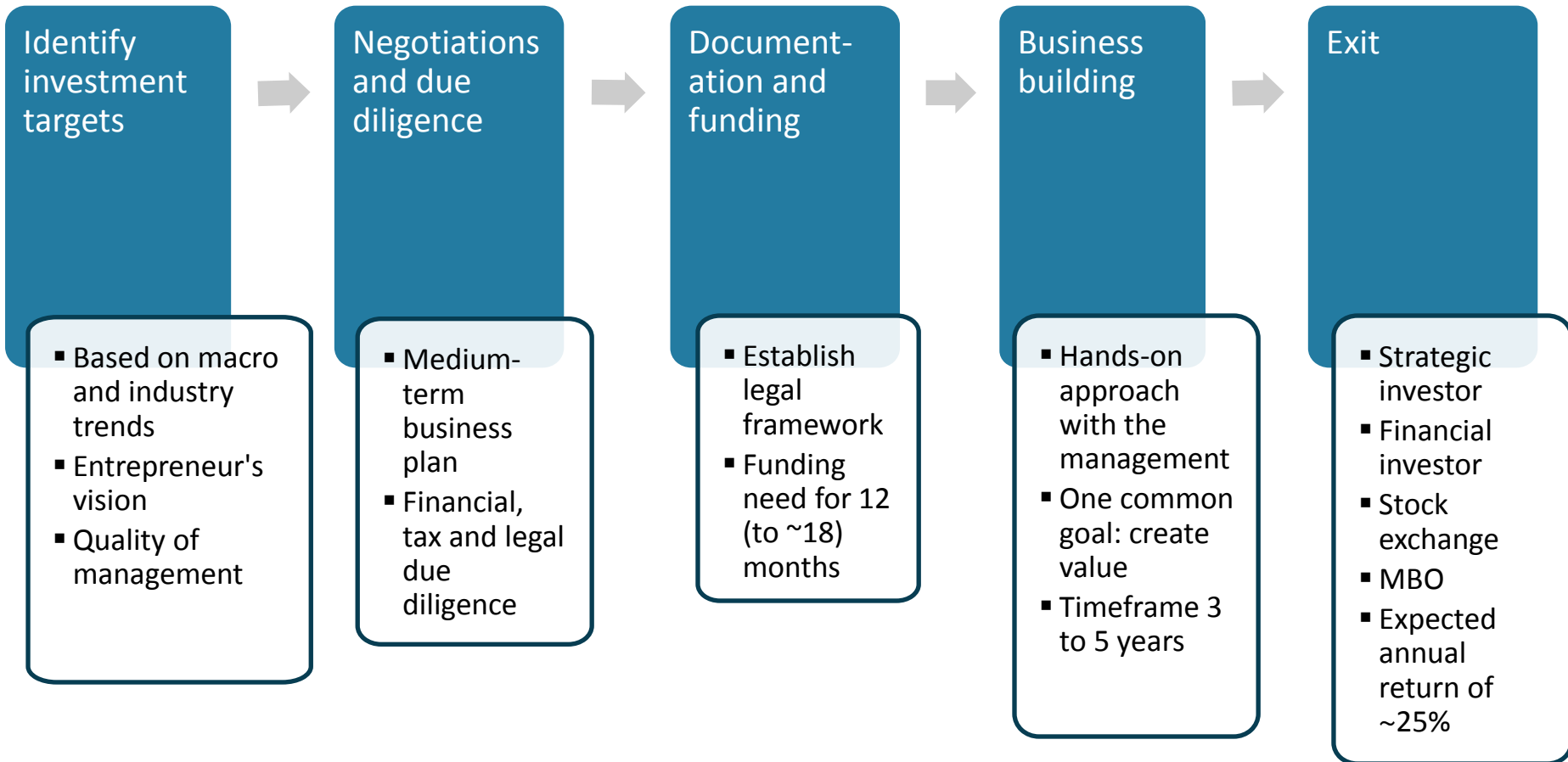
Structure

- Legal framework
- Other aspects

Governance

- Shareholders and Board
- Board and Management
- Management and Company

Typical Investment Process





CASE STUDY

Historical background

- Founding
 - In 2000-ben, by Panos Gomopolous and eVision
 - Further investor eQuest (VC fund) – US\$2 million
- Origin of the Vatera brand name
 - A beach on the island of Lesbos
- Operations in 5 countries
 - Poland, Czech Republic, Hungary, Greece, Turkey

The Investment

- iEurope acquires majority stake from shareholders
 - Esther Dyson as co-investor
 - Some key managers (CZ and HU) receive shares
- Transfer of assets and some liabilities, creation of new holding structure
- Reorganisation of operations
 - Focus needed: only HU and CZ remain


Period of Slow Growth

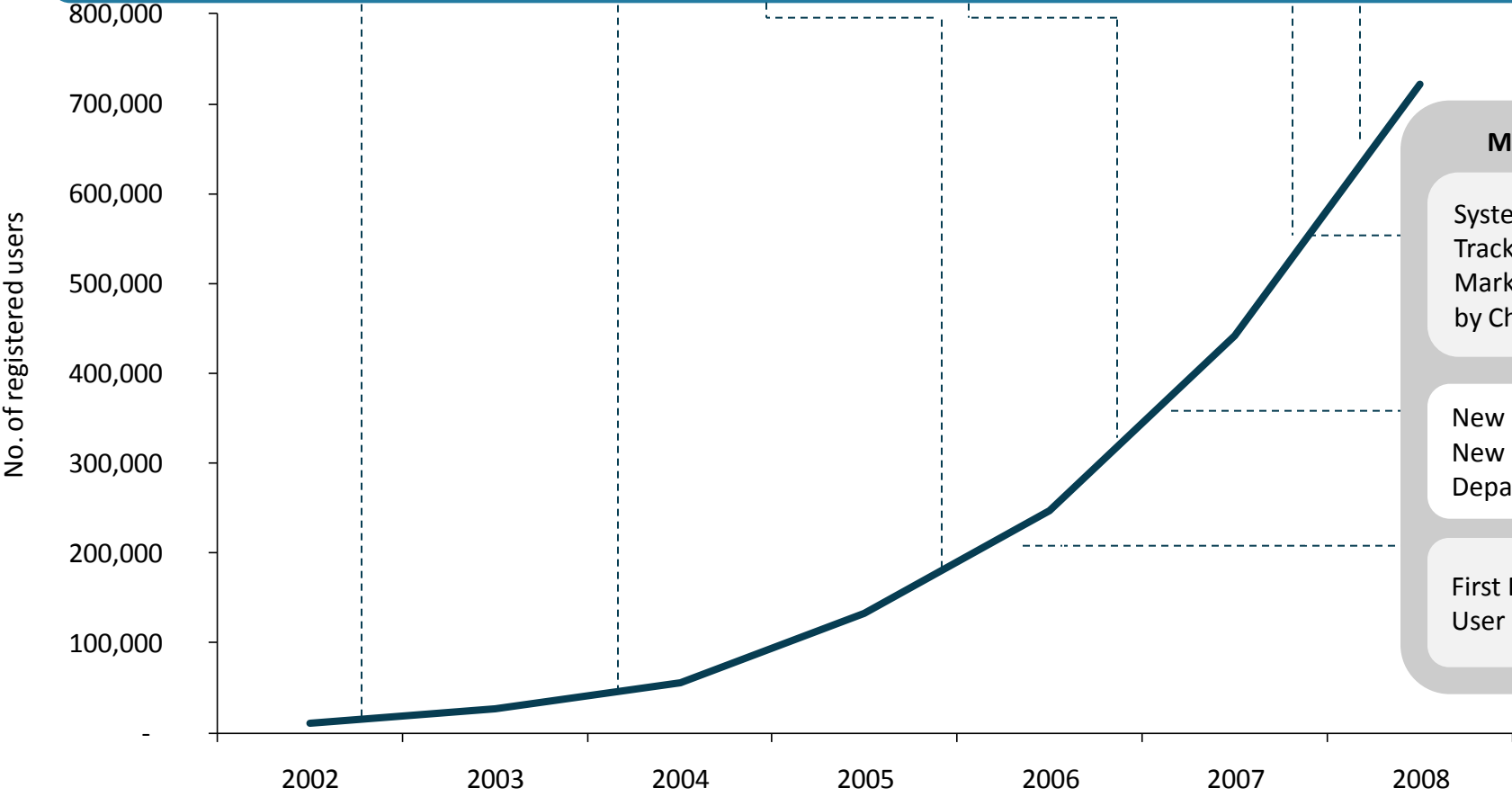
- Low internet penetration
- iEurope's unrelenting belief in the viability of the business model
 - Online marketplaces are a success globally
- Wait and see, survival techniques
 - Resale of impounded leased cars
 - Stock clearances
- Bringing in experts to promote growth under the circumstances

Reorganisation of Management, Growth Picks Up

- Finally internet usage has started to grow in Hungary too
 - Shift in approach needed
- Build on proven members of the old management
 - Director of operations
 - Head of customer services
 - Lead developer
- Team additions
 - New managing director

Milestones

Operations/ Finance Initial Capital Increase 2nd Round Financing Positive EBITDA MIS Upgrade Revenue above €1m, New CFO Sale to 



Marketing

- Systematic Tracking of Marketing Spend by Channel
- New CMO
New Marketing Department
- First Detailed User Study

Capacity Building/ Human Resources New CEO
New Incentive Scheme CTO Expansion into Slovakia

Focus on Marketing...

- First detailed user study prepared in 2006 (by NRC)
- Applying offline marketing experience online
 - FMCG brand manager (Nestlé, Coca Cola)
 - Concentrating on analysing user activity
- Creating a buzz
 - Widespread use of the coined phrase “Vaterázz”
 - Auctions starting from HUF1
 - Items used by celebrities
 - Charity auctions

... as well as IT, Finance and MIS

- IT upgrade
- CFO with experience as an auditor and head of controlling at a multinational
- Upgrade of information tracking system (MIS), for
 - Data mining/analysis
 - Monthly reports (financial and operational)
 - Frequent reviews with the management

Regional Expansion: Slovakia

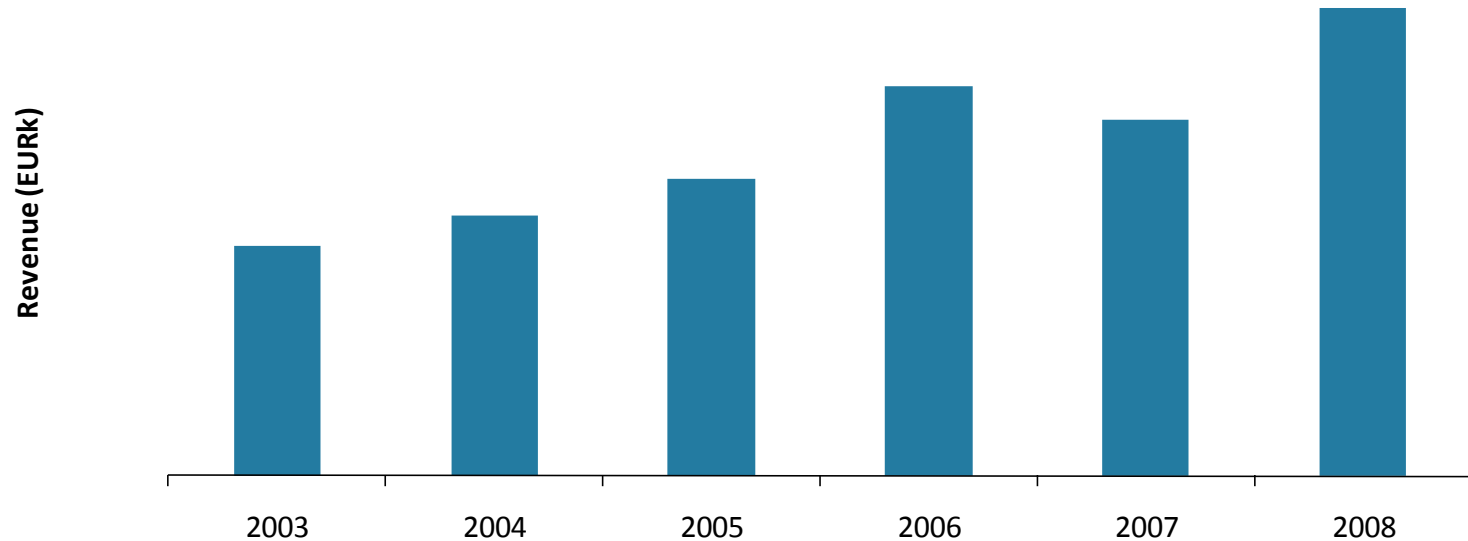
- Preparation for almost one year
 - Detailed strategic, marketing and financial plan
- Finding the country manager of key importance
 - Took longer than expected
- Filling up the shelves after launch

The Exit

- Appointment of well-known experts
 - Financial advisers: Concorde and Aelios Finance
 - Legal adviser: White & Case
- Maintained alternative route of raising new capital through private placement
 - Created a 5-year growth plan
- Conventional and unorthodox steps during due diligence and pricing
- IRR 59%, COC 13.x5

CASE STUDY FROM SLOVENIA

ATech



23 employees



105 employees

ABOUT IEUROPE

iEurope's Investors & Focus



iEurope Investors =

“Family Offices” and High Net Worth Individuals
with Substantial Business Experience and Networks



iEurope Capital = Fund Management Company

Targeting Niche Investment Areas

Managing Multiple Funds and Relationships

Traditional Private Equity & Estate Investments

New iEurope Innovation Fund Focus



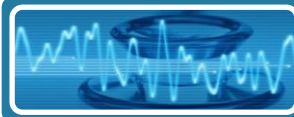
IT and Media



Technology-enabled Business Services



Renewable Energy



Health/Medical Equipment and Services



Niche Industrial Technology



Consumer Products/Services

Contact:

Laszlo Czirjak

laszlo@ieurope.com

+ 1 (212) 828 0037 + (36) 1 200 4015