

# Venture Capital and Private Equity update Hungary - Q2 2017

## Participants in the survey:

3TS Capital Partners  
ABC  
Arx Equity Partners  
Bonitas  
Buran Venture  
CEE Equity Partners  
Central Fund  
Docler Investments  
Euroventures  
Finatech Capital  
Finext Startup  
Hiventures  
iEurope Capital  
MFB Invest  
Mid Europa Partners  
PBG-FMC  
PortfoLion Fund Manager  
Primus  
SZTA  
Venturio  
X-Ventures

The above response rate represents 81% of HVCA members.

## Introduction

The following is an analysis of data provided by the members of the Hungarian Private Equity and Venture Capital Association and collected from public sources in order to present venture capital and private equity activity in Q2 2017.

The data was collected through questionnaires completed by our members. Sometimes these questionnaires are not completed in full which may distort the outcome of the analysis. In addition to questionnaires we collected published transactions from various online news portals.

The report is prepared by HVCA and EY, should you be interested in further industry related information or previous issues of the report please visit <http://www.hvca.hu/hu/statisztika/>.

## Highlights - Q2 2017

- ▶ Number of closed transactions by VCs: 5
- ▶ Number of divestments: 12
- ▶ Total capital invested: HUF 1,862 million
- ▶ Top three most active industries (by value):
  1. Business and industrial products
  2. Consumer services
  3. Computer and consumer electronics

## Equity investments

During Q2 2017, 5 transactions were closed in Hungary involving 5 target companies that received a total investment of HUF 1,862 million. This is significantly lower compared to Q2 2016, in which 60 companies received HUF 7.9 billion equity investment.

The average transaction value was HUF 372.4 million with investment sizes varying from HUF 57 million to HUF 1 billion start-up investments. The average investment sizes in Q2 2016 were lower at HUF 131 million.

## Equity investments cont'd

90% of the total amount invested was a first time investment, which is higher than 54% a year ago. The remaining part of the investments were follow-on capital injections.

Investments in Q2 2017 were executed by 5 funds that are managed by 2 fund managers. 67% of the total transaction value was invested by four funds with governmental management and 33% by 1 privately financed fund.

The most common investment stage, with 96% of all capital injected, was the VC start-up phase, in line with most quarters of 2016.

## Equity investments - sector breakdown by value

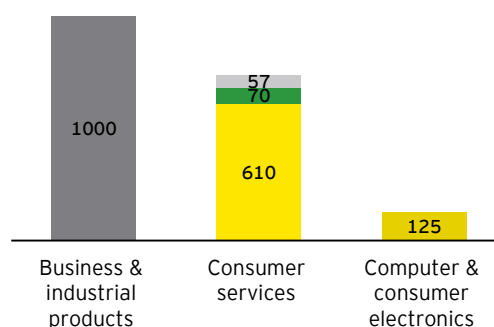
Companies from three sectors received funding in Q2 2017, of which the largest accounted for 54% of total transaction value (see chart on the right).

The below table provides more details and comparisons to the respective quarters of 2016.

Sector	Q2 2016		Q3 2016		Q4 2016		Q1 2017		Q2 2017	
	Number of transactions	Amount (HUFm)	Number of transactions	Amount (HUFm)	Number of transactions	Amount (HUFm)	Number of transactions	Amount (HUFm)	Number of transactions	Amount (HUFm)
Business & industrial products	4	512	1	60	-	-	-	-	1	1,000
Business & industrial services	11	3,457	-	-	-	-	-	-	-	-
Chemicals & materials	-	-	-	-	1	20	3	160	-	-
Communications	1	62	-	-	-	-	-	-	-	-
Computer & consumer electronics	8	1,313	1	90	2	115	2	240	1	125
Construction	-	-	-	-	-	-	-	-	-	-
Consumer goods & retail	8	328	-	-	2	25	1	50	-	-
Consumer services	10	537	-	-	2	41	2	106	3	737
Energy & environment	6	871	-	-	-	-	-	-	-	-
Financial services	1	60	-	-	-	-	1	154	-	-
Life sciences	7	419	-	-	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-	-	-	-	-
Transportation	4	310	-	-	-	-	-	-	-	-
<b>Total</b>	<b>60</b>	<b>7,869</b>	<b>2</b>	<b>150</b>	<b>7</b>	<b>201</b>	<b>9</b>	<b>710</b>	<b>5</b>	<b>1,862</b>

Table 1. - Quarterly breakdown of investments by sector

Chart 1. - Q2 2017 Invested capital by sector (HUFm)



## Divestments

7 funds reported a total of 12 divestments in Q2 2017 comprising of 3 trade sales, 2 repayments of silent partnership and 7 other divestments across 6 sectors (see chart on the right).

## Fund raising

There has been no fundraising reported in this quarter.

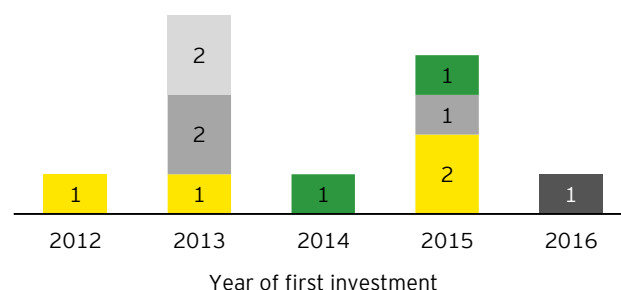
## Summary

During Q2 2017 5 companies received HUF 1,862 million from VC funds, most of which were in the VC start-up phase.

The largest transaction accounted for 54% of total market activity.

There were 12 divestments by 7 funds in 6 sectors.

Chart 2. - Q2 2017 Divestments based on year of first investment and form of exit



- Sale to management
- Sale to another private equity firm
- Repayment of silent partnerships
- Divestment by write-off
- Divestment by other means