



Hungarian Venture Capital and Private Equity Association

Development of the Hungarian Venture Capital and Private Equity Market

2007
Budapest

13 May, 2008

Overview

- **Methodology**

- 2001-2006: HVCA survey (market approach)

- electronic data gathering and archiving

- 2007: PEREP_Analytics survey for Hungary (market approach)

- new and independent data-gathering body endorsed by the EVCA and 16 national associations in Europe, including HVCA

- **Analysis structure**

- Raised capital

- VC/PE investment activity

- Exit



Fundraising 2007

**The surveyed funds reported EUR 3.1 billion raised
funds regionally in 2007**

- **High increase of raised amount**
- **Increased size of new funds**
- **Regional experience and focus**
- **Investment strategy: buy-out**
- **Missing domestic funds: JEREMIE in 2008**



VC/PE Investment Activity 2001-2007

	2001	2002	2003	2004	2005	2006	2007*
Number of Transactions	28	29	32	41	26	39	26
Number of Investee Companies	27	28	25	35	26	39	24
Total Invested (EUR m)	71	127	117	108	131	534	491
Avg. Investment Volume (EUR m)	2.5	4.4	3.7	2.6	5.0	13.7	18.9

* PEREP_Analytics data

- **Investment activity decreased as state-owned funds activity was below previous years'**
- **Increased number of large structured buy-out transactions play significant role in the volume of transactions**
- **Due to the buy-out domination the average investment volume has increased**



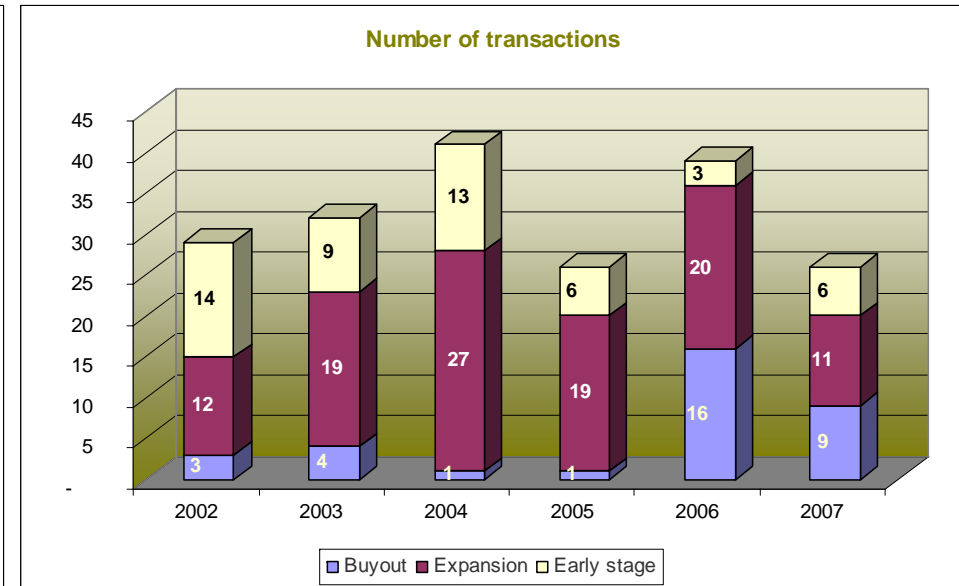
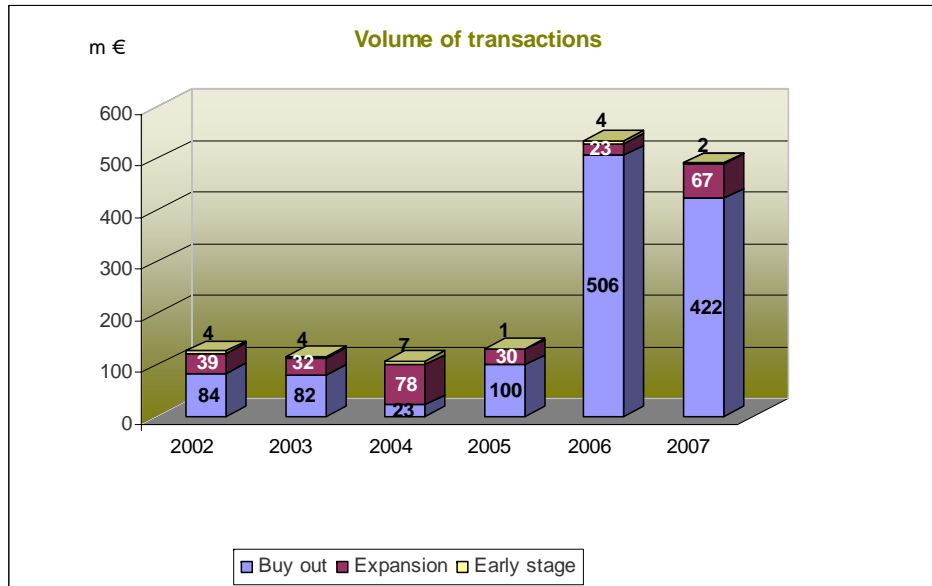
VC/PE Investment Activity 2007

Number of Employees	Amount of Investment (EUR million)	Number of Companies	Average Size of Investment (EUR million)
Less than 19	2.782	8	0.348
20 – 99	1.995	3	0.665
100 – 199	0	0	0
200 – 499	0	0	0
500 – 999	0	0	0
1000 – 4999	220.376	2	110.188
5000 +	0	0	0
Subtotal	225.153	13	17.319
Unknown	266.214	13	20.478
TOTAL	491.367	26	18.899



VC/PE Investment Activity

Investment Stages, 2002 – 2007

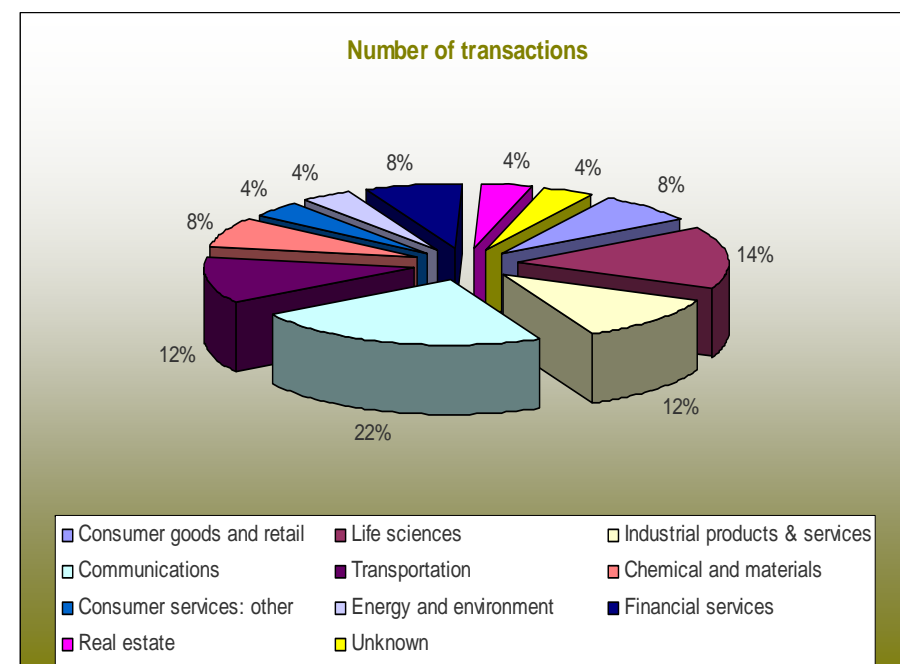
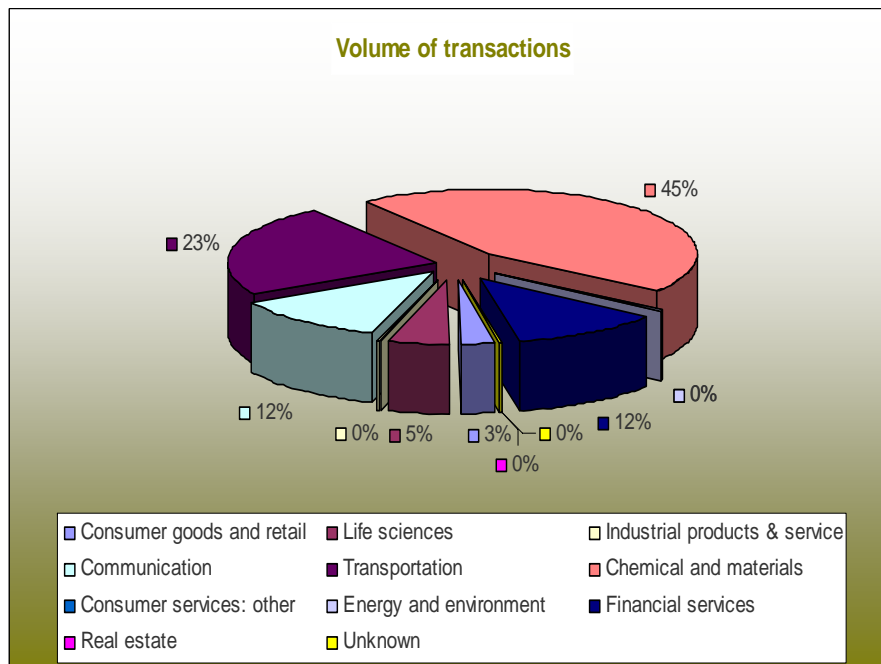


- Expansion capital is dominant in terms of number of transactions
- Ratio of structured transactions increased
- Buy-out represented 86% of the investment volume
- Number of early stage transactions is expected to increase based on JEREMIE program



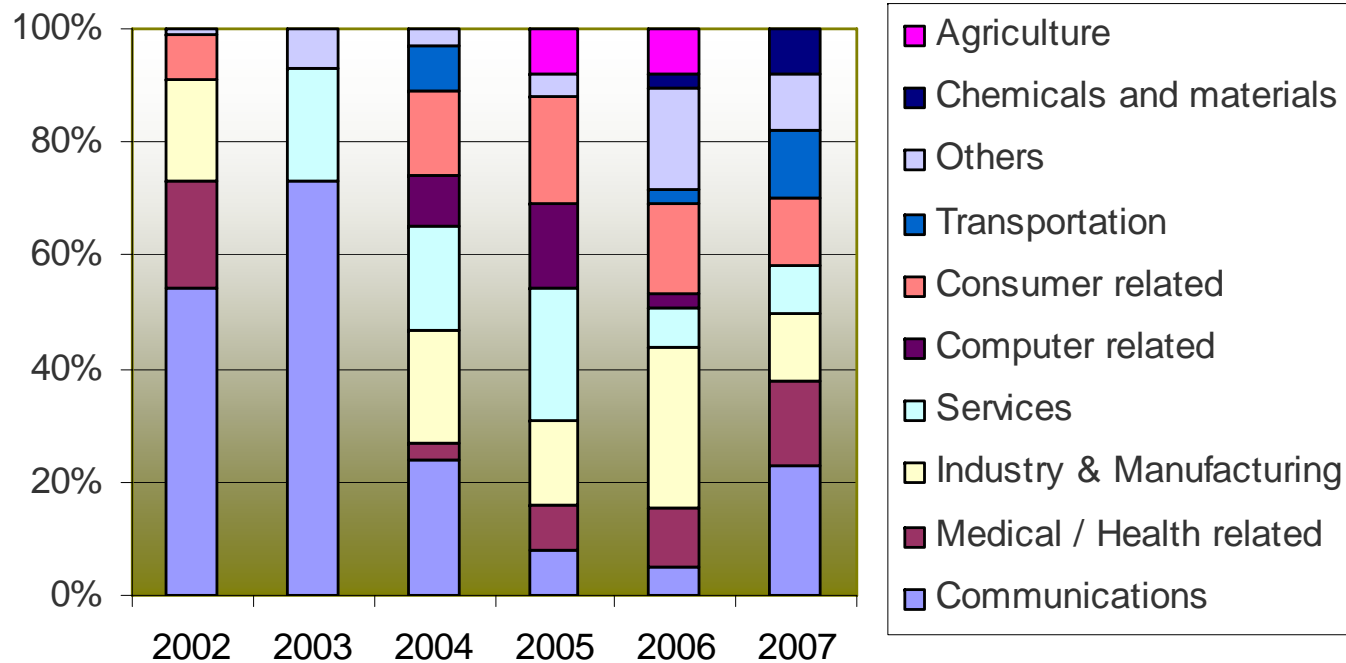
VC/PE Investment Activity Sector Distribution, 2007 (%)

Number and Volume of Transactions



Sector Distribution

by Number of Transactions, 2002-2007 (%)



Exits 2007

Exit Type	Amount of divestments (EUR million)	Number of divestments (Number)
Divestment by trade sale	219.052	5
Divestment by public offering	0	0
Divestment by write-off	0	0
Sale to another PE firm	1.592	1
Sale to financial institution	4.906	2
Sale to management (MBO)	7.829	6
TOTAL	233.379	14

- **Trade sale dominated the exit volume**
- **Buy-back from state-owned investors was dominant in number**
- **Public market played no role in exits**



Conclusions

Volume of regional (CEE) fundraising increased significantly

Fundraising was led by regional players

Trend of large, structured investments continued

Buy-outs remained the dominant investment method

Decreasing activity of state-owned investors effected a fall in number of early stage investments

JEREMIE program for early stage investments is in preparation

Trade sale remained the dominant exit form



Further information

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