

# PRIVATE EQUITY MARKET REVIEW 2010, RUSSIA AND CIS

*Private Equity Russia & CIS Journal (PERCIS) presents the brief review of private equity major deals and trends in Russia and the Commonwealth of Independent States (CIS) in 2010*



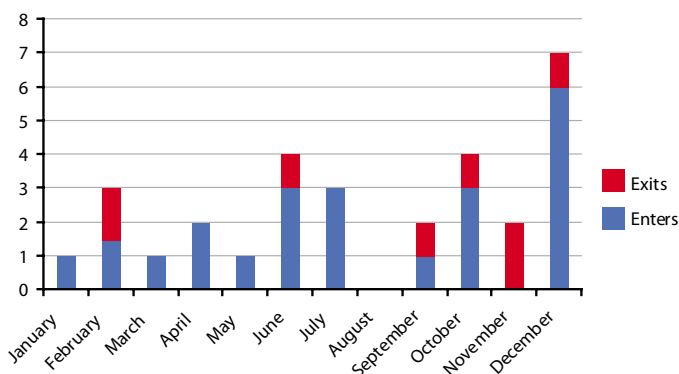
## RUSSIA

After a dramatic decline of activity in 2009, due to the financial crisis, the private equity market showed growth in 2010. Yet the number of deals remains at a lower level than it was before the crisis but we are anticipating future growth in 2011.

## DEALS

In total, in 2010, there were thirty deals made with private equity funds. Among them, eight were exit deals. One deal was the sale of company's stake from one private equity fund to another (sale of Alawar Entertainment by Finam Capital Partners to Almaz Capital Russia Fund I).

Number of deals distribution (2010)



The total value of the deals exceeds 1,628 million USD, including a volume of 384 million USD of exit deals. The average deal size in 2010 was 62.6 million USD.

Two of the exit deals were done at symbolic prices (exits from Modis and Tinkoff Restaurants).

There were four deals worth more than 100 million USD: in Finance & Insurance, Food & Beverage and in IT.

## The largest deals with PE funds in Russia (2010)

	FUND	TARGET	DEAL SIZE, USD M	STAKE, %	DEAL TYPE
1	VTB Capital	Rosbank	425*	19,28	Enter
2	Lion Capital	Nidan Juices	276	75+1	Exit
3	Baring Vostok Private Equity Fund IV	Orient Express Bank	197*	30	Enter
4	Digital Sky Technologies (DST)	ICQ	187,5	100	Enter

\*Estimations (by Private Equity Russia & CIS Journal)

Two funds made three deals during 2010, four other private equity funds made two deals during the year. One fund made two exit deals during 2010 (Mint II).

When comparing the overall investments, the leader is VTB Capital with almost half a billion USD of investments in 2010.

### Leading private equity funds by number of new deals (2010)

Private Equity Fund	Number of new deals
VTB Capital	3
United Capital Partners	3
Baring Vostok Private Equity Fund IV	2
CapMan Russia Fund L.P.	2
Prometheus Capital Partners	2
UFG Private Equity Fund II	2

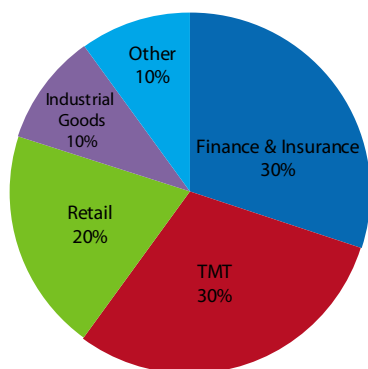
### Leading private equity funds by sum of investments (2010)

Private Equity Fund	Volume of deals, USD M
VTB Capital	496,5*
Baring Vostok Private Equity Fund IV	277*
Lion Capital	276

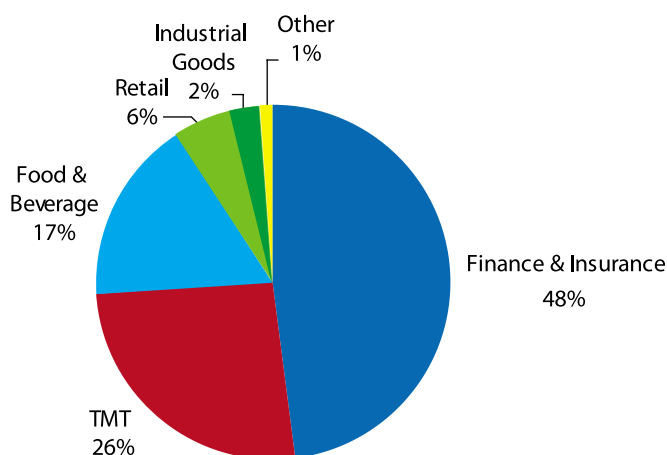
\* Estimations (by Private Equity Russia & CIS Journal)

In 2009, most of the deals were made with retail companies. Now the situation has changed – the leading sectors are Finance & Insurance and Technology, Media and Telecommunications (TMT), both in number of deals and in total investments.

### Number of deals distribution by sector (2010)



### Deals value distribution by sector (2010)



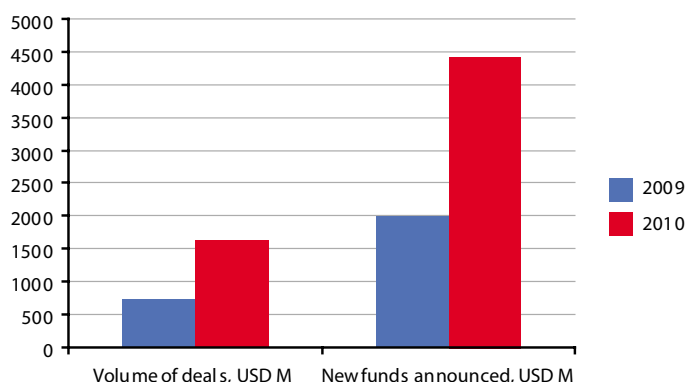
### FUNDS

In total, private equity firms announced thirteen new funds that they planned to start, with a total size of more than 4,442 million USD. They have planned to invest in TMT, Agriculture, distressed assets and other sectors.

In 2009, the majority of such funds were planned with the participation of the government, while now most of them are planned without state money.

The dynamics of new funds and new deals is quite positive in relation to 2009. Yet we expect that year 2011 could be more positive for the private equity market and that we would see further growth.

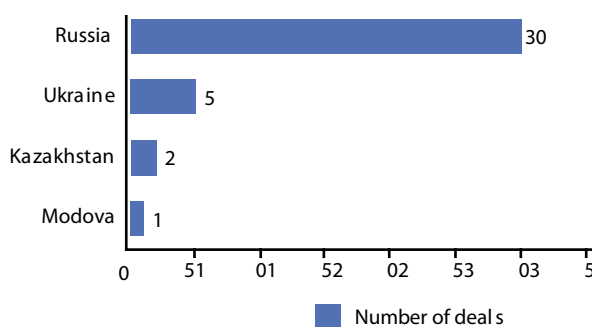
### Private equity deals and new funds dynamics (2009-2010)



### CIS

In the CIS, the most active markets in 2010 were Ukraine and Kazakhstan. In Ukraine, five deals were made with private equity funds (more than 90 million USD of investments).

### Number of deals with PE funds in CIS countries (2010)



The most active private equity fund was Emerging Europe Growth Fund II (EEGF II) of Horizon Capital private equity firm (five deals). In Kazakhstan, two deals with Tau Capital were announced (with a total investment of 365 million USD). One deal by Horizon Capital was done in Moldova (Bostavan Wineries Group).

### Leading private equity funds by sum of investments (CIS, 2010)

Private Equity Fund	Volume of deals, USD M
Emerging Europe Growth Fund II (EEGF II)	>95*
Tau Capital	36.5

\* Estimations (by Private Equity Russia & CIS Journal)

Regarding new funds, a total of seven of them were announced with a total size of 1,628 million USD. Almost half of the funds are planned to invest in distressed assets.

# 2010 DEALS WITH PRIVATE EQUITY FUNDS\*\*

	FUND	TARGET	INDUSTRY	DEAL SIZE, USD M	STAKE, %	DEAL TYPE	DATE
<b>RUSSIA</b>							
1	Aurora Russia Limited	OSG Records Management	IT	13,9	45,5	Enter	12 January 2010
2	Almaz Capital Russia Fund I	Alawar Entertainment	IT	17-27*	23	Enter	5 February 2010
	Finam Investment Holding					Exit	
3	Russia New Growth Fund	Modis	Retail	~0*	30	Exit	10 February 2010
4	Russia Partners	Parallels	IT	n/a	minority	Enter	18 February 2010
5	UFG Private Equity Fund II	Enforta	Telecom	12,5*	15	Enter	March 2010
6	Venture Investments & Yield Management LLP	Agro-Alliance	Agriculture	5-10*		Enter	April 2010
7	CapMan Russia Fund L.P.	LMZ	Industrial Goods	n/a	41,18	Enter	27 April 2010
8	VTB Capital	EPAM Systems	IT	33-50*	15-20*	Enter	12 May 2010
9	Prometheus Capital Partners	Beethoven	Retail	73*	51*	Enter	2 June 2010
10	Prometheus Capital Partners	Zoobum	Retail		51*	Enter	2 June 2010
11	United Capital Partners	Uralmash Drilling Equipment	Industrial Goods	40	100	Enter	4 June 2010
12	Prosperity Capital Management	Rostpromstroybank	Finance & Insurance	11*	25,14	Exit	23 June 2010
13	CapMan Russia Fund L.P.	Bank Evropeiskij	Finance & Insurance	5	19,67	Enter	7 July 2010
14	Digital Sky Technologies (DST)	ICQ	IT	187,5	100	Enter	8 July 2010
15	United Capital Partners	Monocrystal	Industrial Goods	n/a	minority	Enter	23 July 2010
16	Lion Capital	Nidan Juices	Food & Beverage	276	75+1	Exit	1 September 2010
17	ATON Capital Partners	HENDERSON-Russia	Retail	>10	>15	Enter	29 September 2010
18	Foresight Capital Partners	RosEvroBank	Finance & Insurance	27	5,9	Enter	October 2010
19	Detroit Investments	Asteros	IT	17,5*	17,5	Exit	October 2010
20	Baring Vostok Private Equity Fund IV	Orient Express Bank	Finance & Insurance	197*	30	Enter	26 October 2010
21	Baring Vostok Private Equity Fund IV	ER-Telecom	Telecom	80*	10	Enter	28 October 2010
22	Mint II	Tinkoff Restaurants	Food Services	~0*	100	Exit	12 November 2010
23	Elbrus Capital	Mail.ru Group	IT	50*	1	Exit	18 November 2010
24	Mint II	Maratex	Retail	8,2*	14	Exit	December 2010
25	Uralsib Private Equity Fund	Academy	Retail	10*	>25	Enter	December 2010
26	Macquarie Renaissance Infrastructure Fund	Brunswick Rail	Finance & Insurance	60	16	Enter	2 December 2010
27	VTB Capital	Rosbank	Finance & Insurance	425*	19,28	Enter	6 December 2010
28	UFG Private Equity Fund II	Brunswick Rail	Finance & Insurance	24	minority	Enter	23 December 2010
29	VTB Capital	Brunswick Rail	Finance & Insurance	30	minority	Enter	23 December 2010
30	United Capital Partners	Saint-Petersburg Exchange	Finance & Insurance	n/a	9,97	Enter	28 December 2010
	TOTAL			>1628,6			
<b>UKRAINE</b>							
1	Emerging Europe Growth Fund II (EEGF II)	Agro-Soyuz	Agriculture	40	25*	Enter	1 June 2010
2	Euroventures Ukraine Fund (EUF) II	Avanta	Retail	<10	<30	Enter	29 June 2010
3	Emerging Europe Growth Fund II (EEGF II)	Datagroup	Telecom	40	30	Enter	11 August 2010
4	Emerging Europe Growth Fund II (EEGF II)	Fortis Life Insurance Ukraine	Finance & Insurance	n/a	100	Enter	16 September 2010
5	Emerging Europe Growth Fund II (EEGF II)	Vitmark-Ukraine	Food & Beverage	n/a	n/a	Enter	1 October 2010
	TOTAL			>90			
<b>KAZAKHSTAN</b>							
1	Tau Capital	Stopharm	Pharmaceuticals	21,5	24	Enter	1 September 2010
2	Tau Capital	Lucent Petroleum	Oil & Gas	15	6,18	Enter	22 September 2010
	TOTAL			36,5			
<b>MOLDOVA</b>							
1	Emerging Europe Growth Fund II (EEGF II)	Bostavan Wineries Group	Food & Beverage	15	51*	Enter	16 June 2010
	TOTAL			15			

# ANNOUNCED NEW PRIVATE EQUITY FUNDS

	FIRM	FUND   INDUSTRIES	TARGET SIZE, USD M	ANNOUNCED DATE
<b>RUSSIA</b>				
1	Finam Capital Partners	Finam Technology Fund II   TMT	100	February 2010
2	Wermuth Asset Management	Consumer companies (such as providers of cable television and high-speed Internet)	200	February 2010
3	United Capital Partners	UCP Agricultural Property PE Fund   Agriculture	308	March 2010
4	Elbrus Capital	All industries	600-700	1 April 2010
5	Pharos Financial Group	Agriculture	350	7 April 2010
6	Pharos Financial Group	Timber	350	7 April 2010
7	RMB Invest	Distressed, real estate, retail, telecom	500-1000	21 April 2010
8	Quadro Capital Partners	Kvartal   Infrastructure	200	23 April 2010
9	Ogma Capital Partners	Ogma Special Situations   Agriculture, real estate	350	18 May 2010
10	Alpha Associates Group	Alpha Russia & CIS Secondary L.P.   Fund-of-funds	350	28 May 2010
11	Prometheus Capital Partners Limited	Prometheus Capital Partners Fund I   Services, consumer	350	29 June 2010
12	MDC	Distressed and undervalued assets in telecom and development	350	9 July 2010
13	East Capital	Special Opportunities Fund II   Distressed, undervalued assets	134	13 September 2010
	TOTAL		>4442	
<b>CIS</b>				
1	CRG Capital	CEE Special Situations Fund   Distressed assets	278	11 January 2010
2	Wermuth Asset Management	Electricity companies	200	February 2010
3	ADM Capital	ADM CEECAT Recovery Fund   Distressed assets	395	14 April 2010
4	ADM Capital	Kazakhstan Capital Restructuring Fund C.V.   Distressed assets	225	04 June 2010
5	VISUM Capital	VISUM Capital Private Equity Fund III   All industries	50	24 June 2010
6	Kazakhstan Hong Kong Development Fund	All industries	400	14 October 2010
7	Kazakhstan-Tajikistan Private Equity Fund	Energy, infrastructure, extraction and processing of mineral resources, light industry, agro-processing	80	24 November 2010
	TOTAL		1628	

\* Estimations \*\* Publicly declared deals

**AIE** equityFunds

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