

SCS Private Equity Fund

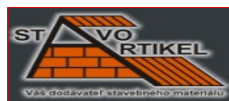
2012

- SCS is a private equity fund targeting small to mid-sized companies in Slovenia, and CEE with sound management teams, innovative products or services, and the ability to grow. The majority of the fund will be invested as add-on capital in order to speed up the process of growth for companies with the potential to become sector and industry leaders attractive to trade buyers or as secondary sales to larger private equity funds.
- Fund management will be performed by a highly experienced team with a track record of success. All members of the core management team have operational management experience with which to add value to SCS investments.
- Pipeline of investments already identified in diverse sectors, with investments expected to be €1 to 2 million each in 4 -5 companies.
- Total Fund size is € 5 million. Investments are expected to be made in Slovenia (5% to 70%), and rest of CEE.

SCS

INVESTMENT STRATEGY & TARGETS

Past Investments of management team:



- Investment Strategy Summary:
 - Focus on providing additional capital to already successful companies in high growth sectors. Some start up capital investments for successful serial entrepreneurs may be included.
 - Investment will be targeted to companies where potential trade buyer interest has been already detected. Fund managers have access to strategic players in a wide range of industries such as electronics, media, telecommunications, consumer goods etc.
 - Exit strategy of developing invested companies for trade buyers and secondary sales to larger private equity funds.

- Types of Investments:
 - *Expansion capital*: companies seeking capital to expand to a point that places the company on the radar screen of strategic trade buyers or larger private equity funds.
 - *Spin Offs*: targeting divisions or groups of employees spinning off from larger companies.
 - *Succession Issues*: companies that have good products but where the owners want to exit. SCS would offer co-investment to allow companies to grow to a level that will attract strategic trade buyers.
 - *Start Ups*: serial entrepreneurs who have proven their ability to build and grow successful companies.

- Target Sectors for Investment:

Services	<ul style="list-style-type: none">■ Many companies have strong technical abilities but need sales development skills to grow■ Niche products which can be exported
Media	<ul style="list-style-type: none">■ Media companies with attractive valuations■ High growth potential as economies recover
Health Care	<ul style="list-style-type: none">■ Niche products with potential for sale to trade buyers
Energy Conservation	<ul style="list-style-type: none">■ Technologies and services that can increase energy efficiency in households or industry■ Substantial EU and other funds being invested locally■ Major companies in the energy sector are looking for firms with innovative technology
Electronics	<ul style="list-style-type: none">■ Large pools of R&D knowledge in Slovenia and Croatia in the subsidiaries of multinationals and large local corporations■ Demand for niche products or services that can be sold to larger players

- Focus on deal size between € 1-4 mn
- Expansion stage investments
- Opportunistic approach
- Investments only with clear exit route in 3 to 5 years
- **Investments into niche players with potential to become niche leaders**
- Alignment of investee company's management/owners with exit strategy of SIP Funds
- Majority positions or minority positions with strong (esp. exit) rights
- The Fund Manager continues what he has been doing the last years

■ Value Creation Strategy:

APPROACH

- Local and active involvement on a daily basis
- Management board membership plus regular time commitments to each investment
- Close financial performance monitoring
- Heavy involvement for the first 100 days
- Being available on a regular, informal and flexible basis
- Participation in management and client/customer meetings
- If necessary, management team members have the ability to “parachute in” and run the company

AREAS OF INTERVENTION

- Recruitment of additional company management team members
- Getting other industry specific funds to co-invest with us
- Development of sales and distribution networks
- Improving access to bank financing and grants
- Outsourcing solutions
- Forming partnerships and joint ventures to get services and support without cash investment
- Assisting in new client acquisitions
- Strategy and business development functions

■ Exit Strategies:

EXIT OPTIONS

- Sale to trade buyers and larger private equity funds; or,
- Sale via LBO or MBO to management and/or new investors

STRATEGY

- Deliver a majority stake
- Create exitable investments in companies with:
 - Product, technology, or service that fits to the needs of major trade buyers
 - Strong management teams in place in invested companies
 - Solid balance sheets
 - Good corporate governance in place
 - Critical mass in local markets
 - Company growth meeting or exceeding relevant metrics for the sector

SCS MANAGEMENT



MATJAZ PETERMAN

Partner

Matjaz is a member of the SCS private equity fund investment committee. He has been in private equity business for the last 15 years. Before joining SCS venture fund Matjaz worked for the KD Private Equity Fund, focusing to Balkans.

Previously he was working for East Fund Management, a fund managing company running private equity funds in Slovakia, Czech Republic and Romania (2000-2005). Earlier, he worked with an EBRD sponsored private equity fund in Central Europe, which returned 50% gross IRR.

He started his carrier as consultant for AT. Kearney, where he worked on operational effectiveness improvement. Speaker of Slovenian, Croatian, Serbian and English.



ROLAND HAAS

Partner

Roland is a member of the SCS private equity fund investment committee and Managing Partner of HKK – manager of private equity funds.

Roland founded EFM in 1994 as a subsidiary of Girocredit and has managed initially listed equity and fixed income funds. Subsequently he focused on the management of Venture Capital Investments and Private Equity Deals. Parallel to his activity within EFM, he was Managing Director of Istroinvest, a Slovak Privatisation Fund and Head of Investment Bank Austria's research department in Slovakia. He also headed the Fund Advisory Department of Investment Bank Austria. He received his degree in Economics from Vienna University.



JURAJ KOMAN

Partner

Juraj is a member of the SCS private equity fund investment committee. He is managing partner of HKK – fund manager for private equity funds.

Before joining HKK, where he was together with Roland responsible for the management of the Slovak Post Privatization Fund, and HKK's own investments, Juraj was CFO of Globtel, a leading Slovak mobile telecom operator (renamed Orange Slovakia). Prior to that position, he worked with the media and entertainment group Bonton and was responsible for mergers and acquisitions in Central Europe (Prague based). Juraj holds a MSc in Economics and Management from Slovak Technical University in Bratislava and an MBA from the University of Pittsburgh.



MATJAZ KRC
Senior Advisor

Matjaz is a member of the SCS private equity fund investment committee. Has been an angel investor for last 3 years, supporting management with marketing consulting and training them business skills.

Before that, he worked in turnaround management for seven years in different industries (wood, technical textiles and nautical) in the field of business development and as MD. Speaker of Slovenian, Croatian, Serbian and English.

Matjaž has been helping startups to grow for the last 10 years. In his most recent case he has helped to grow a company from scratch to € 1,25 million revenues in 30 months.

SCS

CONTACT INFORMATION



Contact Information

Contact:

Matjaž Peterman
Managing Partner
SCS d.o.o.
Rečiška 11
4260 Bled
Slovenia

Tel: +386 41 355 585
Tel: +386 599 25 357
www.pequitymanagement.com