



RAEF unaffected by troubled start of the year

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Horia Manda, senior vice-president and chief investment officer of RAEF (Romanian American Enterprise Fund), has stated that he intends to make acquisitions worth over 40 million euros this year in financial services, retail, logistics and FMCG.

"Our strategy for 2008 has not been affected by the trouble at the start of the year, because we had anticipated the situation some time ago. Financial difficulties on the US mortgage and the international lending markets combined and, to a certain degree, further intensified the already existing problems the Romanian economy has been quite clearly experiencing since early 2007," Manda said in an interview with ZF.

Enterprise Capital manages RAEF, the first investment vehicle launched by the Americans on the local market, as well as investment fund BAF (Balkan Accession Fund), which operates in the Balkans. The estimate of 40 million-euros regards potential investments by both funds.

Last year, the two entities managed by Horia Manda were the most active in terms of exits and stake purchases.

One such move included RAEF's exit from the Golden Tulip business, in which it held 58% of shares. In the wake of the deal, RAEF received more than twice the amount initially invested. RAEF also exited the Certinvest business, in which it was the majority shareholder with 78% of shares.

"It was a transaction with a very good exit multiple," said Manda, without providing further details. Last year also saw RAEF and BAF exit the Domo business.

"This transaction will be concluded in two stages: the initial sum was paid in September, with the rest of the sum to be paid over the coming weeks," explained Manda. Following this exit, BAF got back four times the money invested, while RAEF got back five times the investment.

According to ZF calculations, the two funds will collect around 24 million euros in total. Last year's investments included the purchase of Cluj-based micro-finance company Capa Finance.

"Immediately after the takeover of Capa Finance, a capital increase was performed, and RAEF also brought BAF on board. Currently, RAEF controls 55% of shares, and BAF 44%. The company's management holds the remaining 1%," specified Manda.

Another investment conducted last year involved Industrial Access, which leases equipment for the construction industry.

"The transaction entailed the acquisition of shares and a capital increase. We purchased 90% of the company's old and new shares. The manager holds the rest of the shares. The value of the transaction stood at 3.6 million euros, but we will probably perform a major capital increase, depending on how the business evolves," concluded Manda.

As for the fields they are looking at, Manda explained they are the same as last year: financial services, FMCG, retail, logistics and construction.

Enterprise Capital

- Is considering acquisitions worth over 40 million euros in 2008 through RAEF (Romanian American Enterprise Fund) and BAF (Balkan Accession Fund)
- In 2007, RAEF and BAF were the two most active equity funds on the local market
- Exits by RAEF included Golden Tulip, Certinvest, Domo and Capa Finance

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