



Moscow 23 March 2006

Entrepreneurial Investing

- ❑ **Early to Expansion Stage**
- ❑ **Business Model often subject to discussion**
- ❑ **Strong Management and Basic Operations**
- ❑ **Weak or No Reporting**
- ❑ **Rapid Historic Growth**



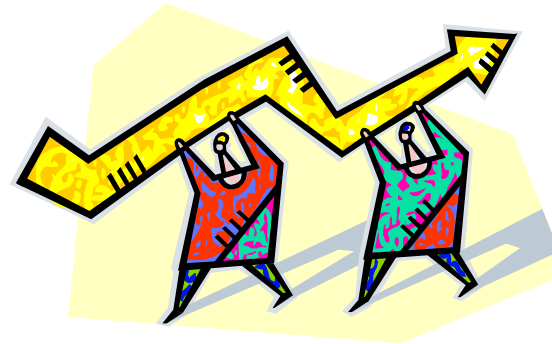
“A lot of work...
Considerable Risk...
But good potential...”

“I don’t really need the money...
My business is already great...
Why should I give up a stake...”

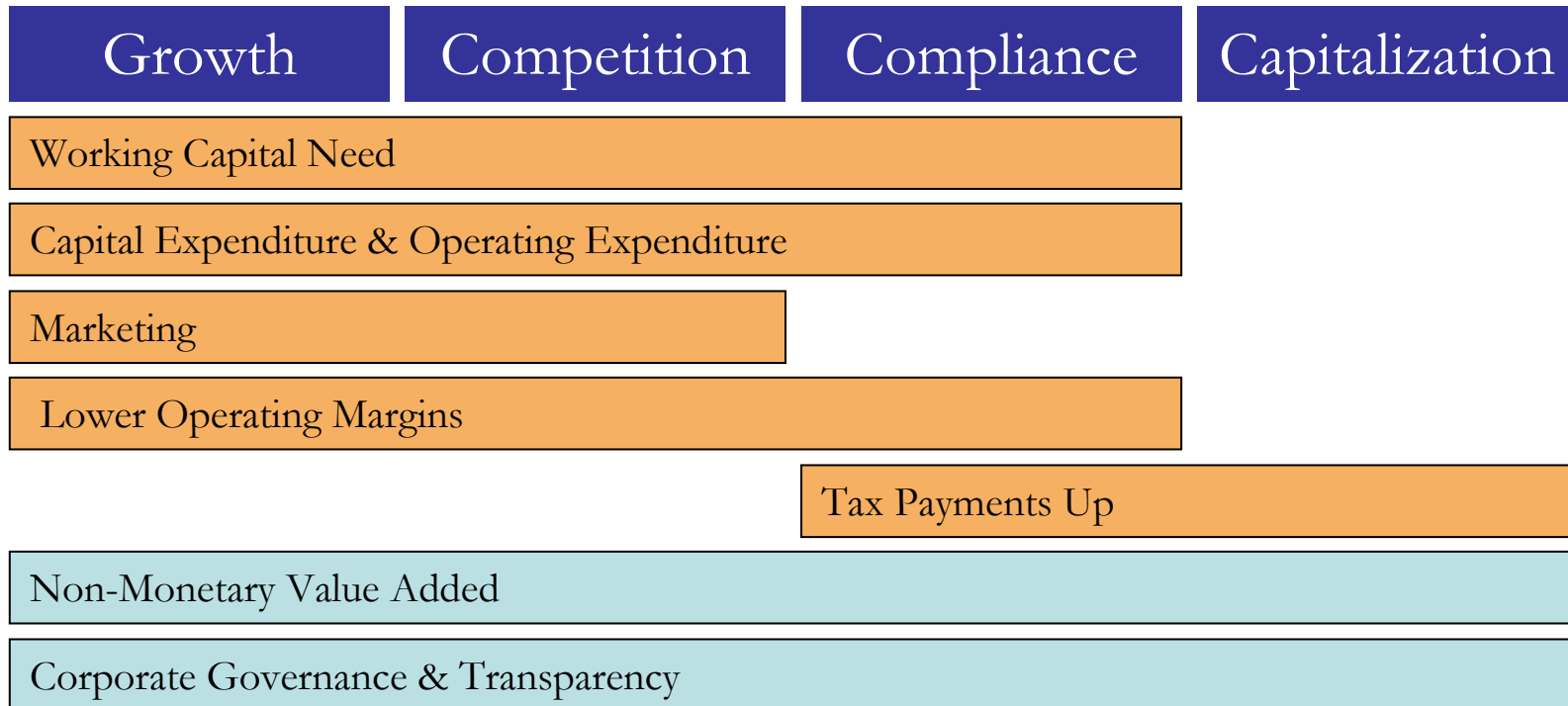


Entrepreneurial Investing

- ❑ **Difficult Negotiations**
 - ❑ **Several months of Due Diligence**
 - ❑ **Restructuring**
 - ❑ **Transaction Documents**
 - ❑ **Closing ?**
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- ❑ **The pre-investment work is worth it and useful in itself**
 - ❑ **More money is typically needed that at first planned**
 - ❑ **A Matter of Choice for the Entrepreneur**



Demand for External Capital



Value Creation 2x2

Value from Growth

- ❑ >25% organic sales growth annually
- ❑ Maintain or improve EBIT margin
- ❑ M&A opportunities can bolster growth further

Value from Change

- ❑ Unlock value from change in business organization
- ❑ Lead transformation work:
 - ❑ Financial management
 - ❑ Decision-making process
 - ❑ Legal structure
 - ❑ Human Resources

Objective: Align superior operational performance with best of breed corporate governance = improved valuation