

Press Release

Seventh iVCI Strategic Network Meeting focuses on the Value Added of PE/VC



Istanbul 9 May 2012: The seventh Strategic Network Meeting of the Istanbul Venture Capital Initiative (iVCI) took place on Tuesday 8 May 2012 in Istanbul and gathered over fifty professionals who discussed the value added of PE/VC for Turkish companies.

Ms. Pinar Eczacıbaşı, Chairwoman of the iVCI Strategic Network, facilitated a panel composed of Demet Ozdemir, Partner, E&Y, Gulcan Bozdemir, Advisor to the Minister of the Economy, Murat Ozgen, Managing Director İş Risk, and Robert Romain, Founder and Managing Partner Pera Capital. In her opening remarks, Pinar Eczacıbaşı stressed that, although iVCI had been a catalyst in building the foundation of Turkish PE/VC in Turkey over the past five years, it was important that the momentum demonstrated in investing, sharing industry knowledge and increasing impact was sustained.

Demet Ozdemir followed with a presentation on the results of the survey carried out in Turkey which asked companies who had received PE/VC backing their opinion on the adequacy of the support they received. Results showed that areas such as above average returns, corporate governance and visibility, were highly ranked, whilst results for other areas such as support in the supply chain and sector knowledge were more mixed. This discrepancy between service and expectation may be a reflection of the generalist strategies of many of the PE/VC funds in the market and the confusion on what supply chain improvements means. The need to create higher awareness amongst companies about PE/VC in order to ensure there is no mismatch in terms of expectations was cited as an important point to be addressed going forward.

The most important points of discussion included the challenge of counterparty risk when making a transaction and the value added by fund managers in bringing transparency to investee companies using tools such as appointing a new chief financial officer at the outset, ensuring the application of IFRS and having strong management information systems. All these aspects not only help the performance of the company, but also, in an emerging market such as Turkey, allow buyers to pay a premium at exit.

Also mentioned were the specific challenges in the Turkish market relating to PE/VC investment such as the limited disclosure of PE/VC information, lack of sector information making the job of fund managers more challenging and a high degree of regulatory risk whereby there have been cases in the past where with sudden changes in legislation fund managers found themselves involved in sectors that were no longer attractive.

A final point of discussion was the influence of the region being targeted on the value added brought by fund managers. With 85% of deals centred in Istanbul, there is a significant potential

beyond the Marmara region. However, such potential seems to be more in the shape of B2B rather than B2C and with a strong manufacturing and agribusiness linked component.

The iVCi Strategic Network demonstrated once more that it provides a platform for PE/VC specialists and stakeholders to share knowledge and network in the Turkish market. Two meetings take place every year on the first Tuesday of May and November.

About Istanbul Venture Capital Initiative

Established in November 2007, Istanbul Venture Capital Initiative (iVCi) is Turkey's dedicated fund of funds and co-investment programme.

Total fund commitments amount to EUR 160 million from public and private investors, including the Small and Medium Industry Development Organisation of Turkey (KOSGEB), the Technology Development Foundation of Turkey (TTGV), the Development Bank of Turkey (TKB), Garanti Bank, the National Bank of Greece Group (NBG Group) and the European Investment Fund (EIF). EIF is the adviser to iVCi.

For more information about iVCi visit www.ivci.com.tr or contact Sylvain Francois, Fund of Funds Administrator, s.francois@eif.org