



BULGARIAN VENTURE
CAPITAL ASSOCIATION

GLOBAL & LOCAL INVESTMENT TRENDS

IS IT TIME FOR BVCA?



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Agenda

- **Global activity**
- **European perspective**
- **Bulgaria...momentum, but challenges**
- **Role of BVCA**

The importance of private investment...

The cornerstones of Europe's 2020 Strategy are:

Innovation

Patents granted in 2006-2011 to PE-backed firms – worth up to **€350bn**, or **2x the total amount of PE investment**.

Productivity

PE contributes to the creation of up to **5,600 new businesses** in Europe each year.

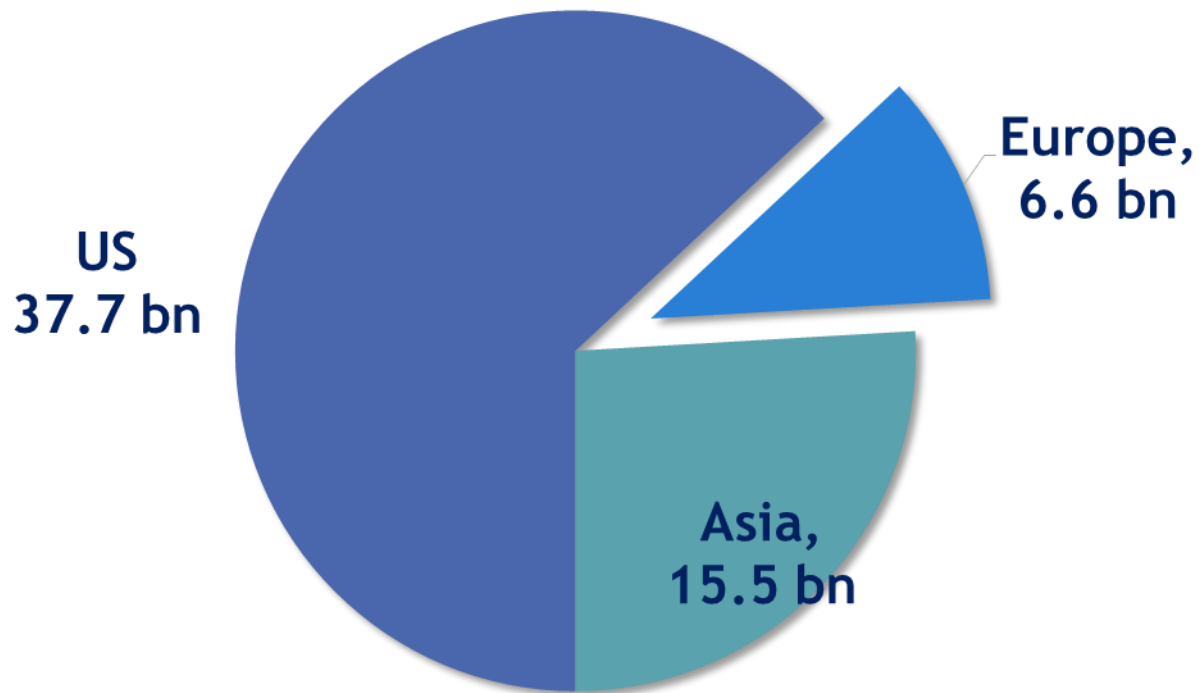
Competitiveness

Combination of investment and hands-on support that PE brings creates **long-term value** in the businesses it backs.

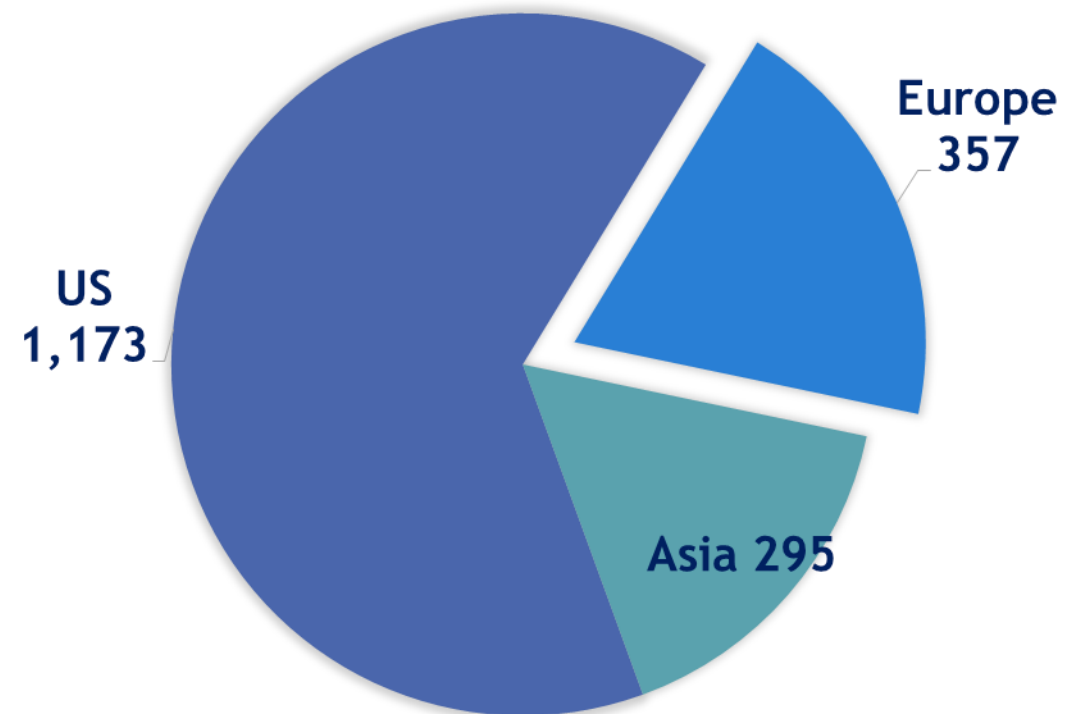
Global Venture Capital activity

- Investment levels now stand at their highest point since the bursting of the dot-com bubble
- There has been \$60bn already invested in H1 2015, vs. \$88.3bn in 2014

\$60BN INVESTMENTS IN H1 2015

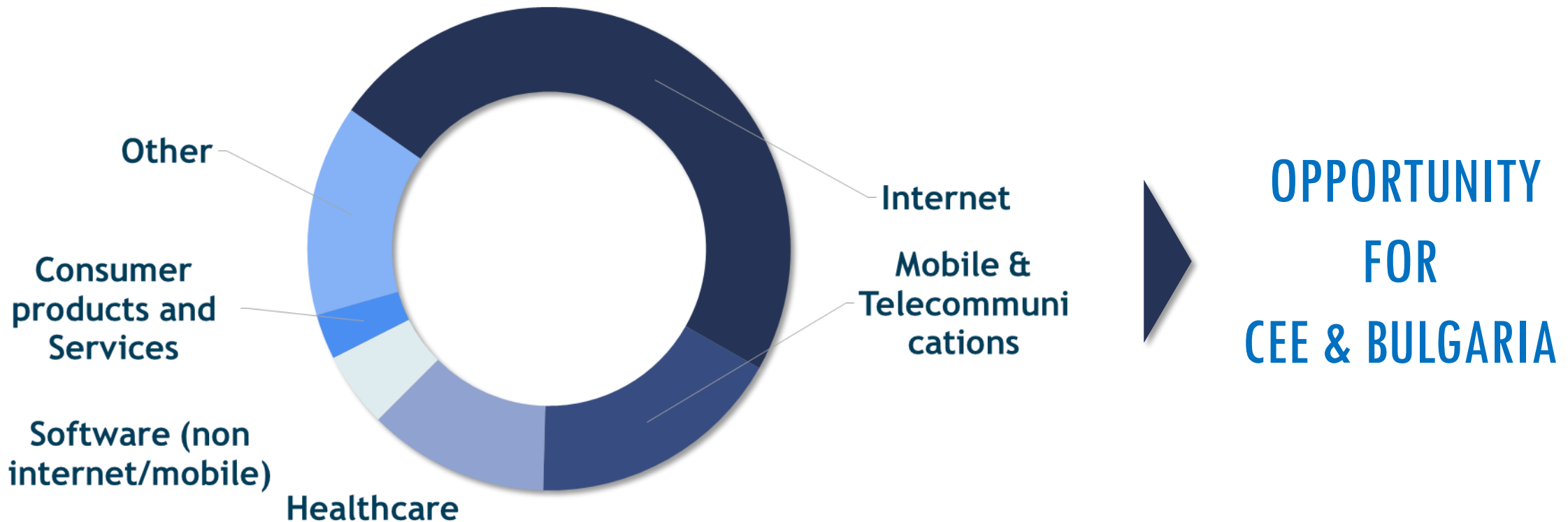


1,825 DEALS IN H1 2015



Where do VCs invest?

- 2/3 OF VC-FUNDING IS IN INTERNET AND MOBILE

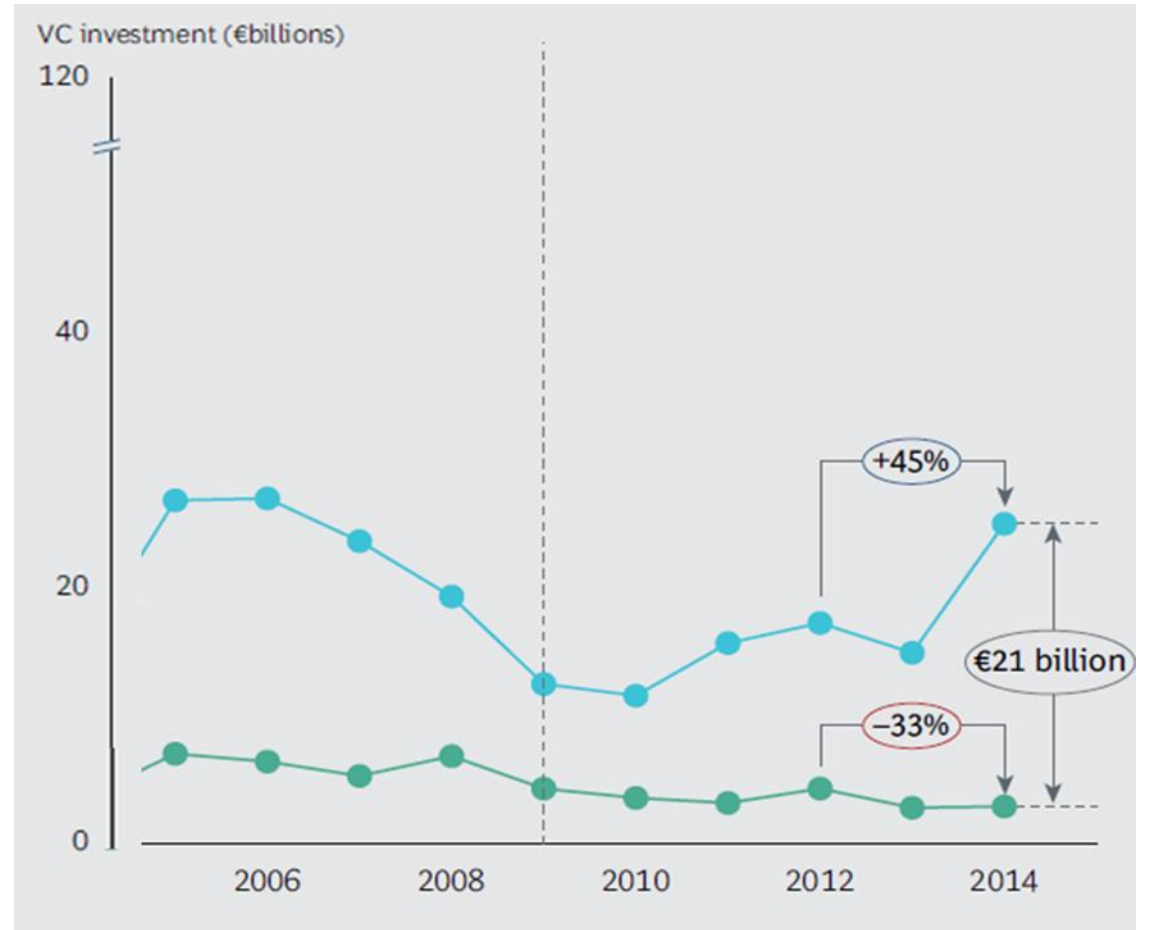


The state of European VC \approx 800 funds

Strong investment momentum



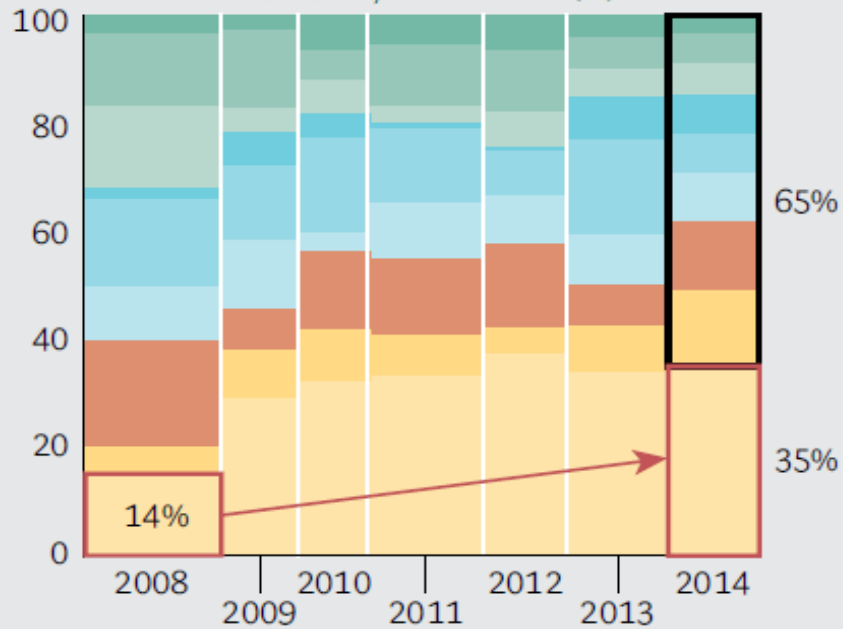
...but fundraising in Europe is at multi-year low



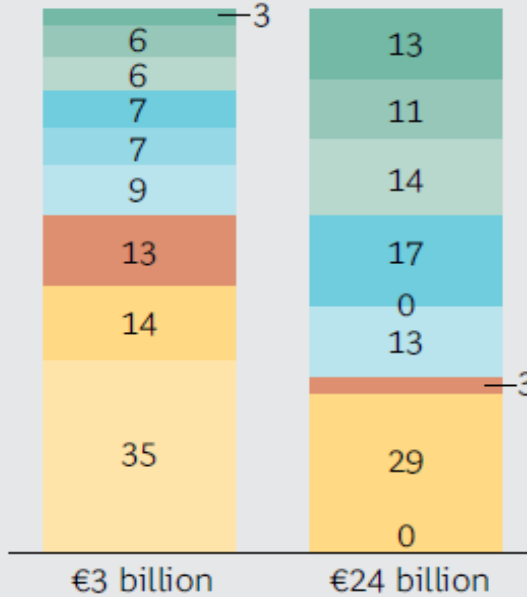
Government is by far the biggest investor...

THE VC INVESTOR LANDSCAPE

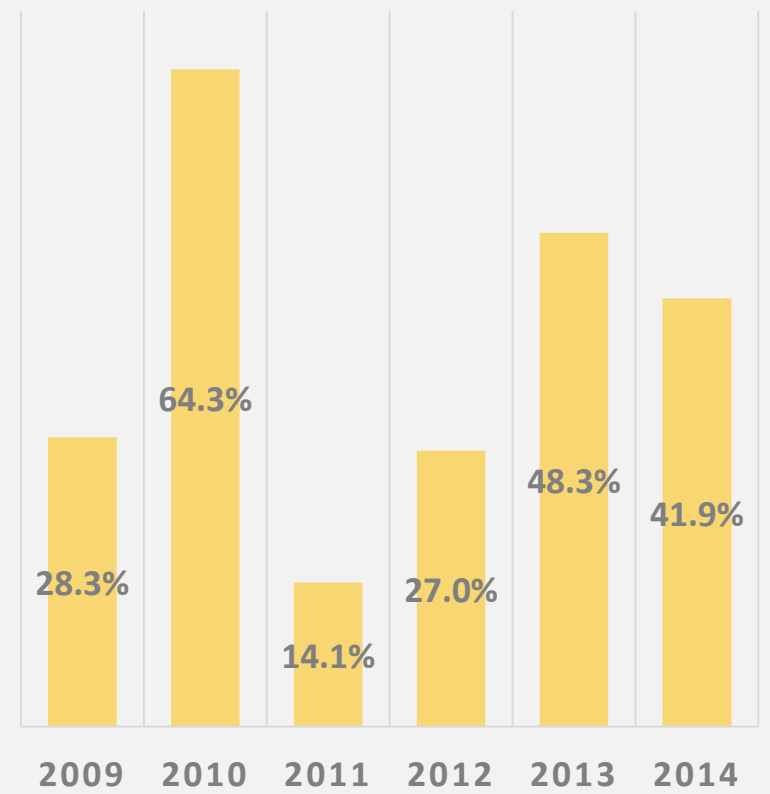
EUROPE, 2008–2014 (%)



EUROPE (%)

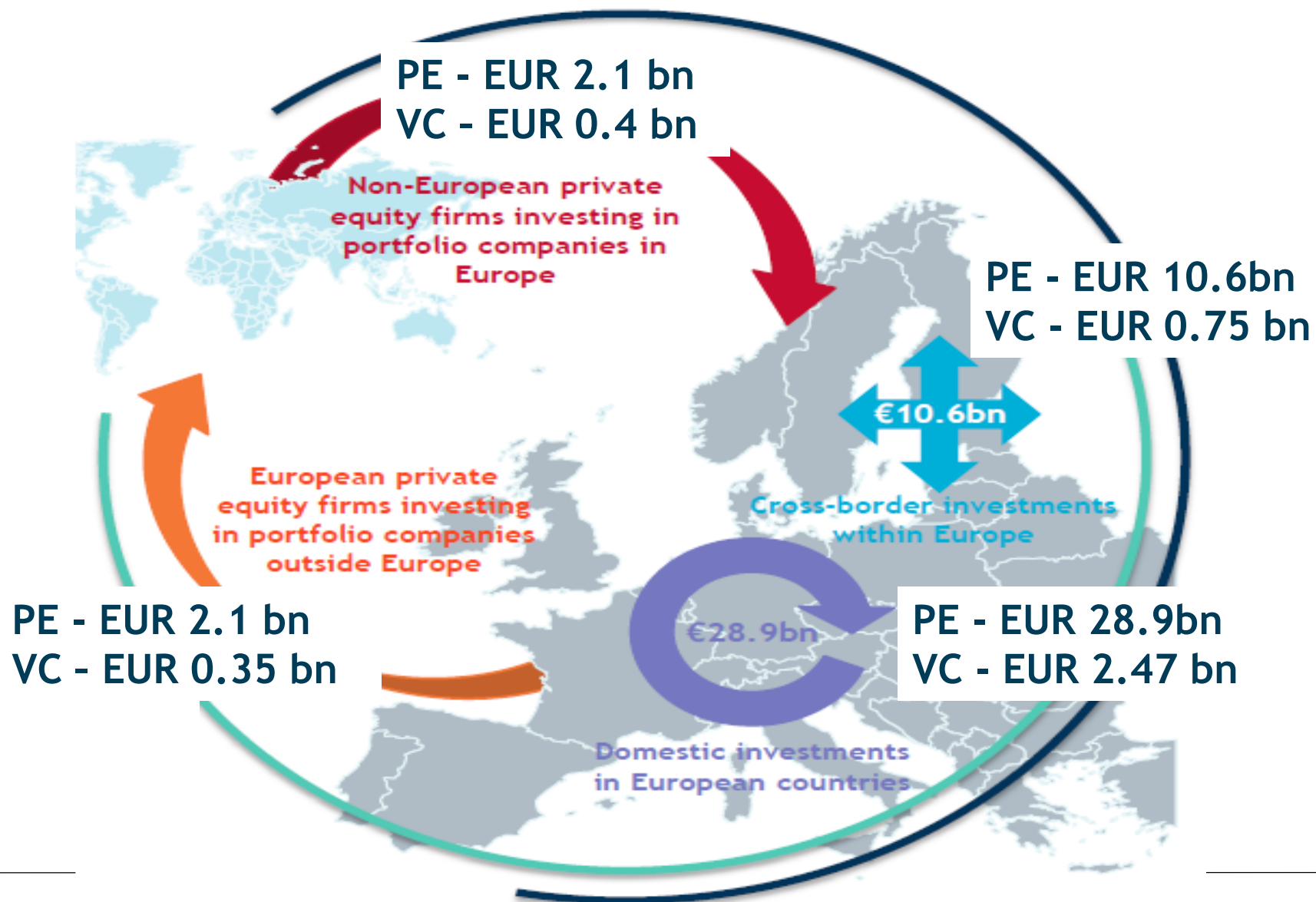


GOVERNMENT STAKE OF CAPITAL RAISED IN CEE



- Others
- Endowments
- Corporate investors
- Banks and insurance companies
- Individuals
- Pension funds
- Family offices
- Funds of funds
- Government agencies

Most investments in Europe are local



CEE activity is accelerating fast

Investment Activity

- **66% up to €1.31bn in 2014 vs. 14% growth in Europe**
- **290 companies received PE investment, an all-time high**
- **CEE share of total European PE investment - 3.2% in 2014, up from 2.2% in 2013**

PE Fundraising

- **Up more than 3x in 2014 to €1.47bn, in contrast to the rest of Europe where fundraising fell by 18%.**
- **The highest fundraising since 2008.**
- **CEE share of Europe-wide - 3.3% vs. 0.8% in 2013.**

Bulgaria experiences significant change of pace...

Before

- Few deals — mostly buyout profile
- No seed capital
- Lack of Venture Capital
- No angel investments, exotic terms
- M&A mainly among local players, IPO on local stock market
- 2-3 local funds

Now

- Many deals — mostly seed and growth
- Sofia — leading place for start-up funding
- Partnership and co-investments with leading VCs
- Syndicated with many prominent angels
- Over 10 locally based funds
- Top global growth funds with investments in Bulgaria

What is Bulgaria's equity story?

PAST

- Banks, telecoms, energy
- Consolidation, reorganization, operational efficiency
- Revenues from local consumers
- Bet on EU convergence and strong GDP growth



Regional, large
buyout funds

FUTURE

- Smaller companies, export oriented
- Niche manufacturing — lower costs, innovation
- Revenue from international consumers
- Integrate/support into global tech platforms



Necessity for
national/regional
capital providers

What next? Challenges and opportunities

- Local investment scene is **energized** ... but still a long way from significance
- **Government** has an important role to play ... as arms length LP investor
- Seed/VC **funds** needed in **new verticals** — medtech, electronics, industrial innovation
- **Large gap/niche** between Seed and Series A funding
- Tension between **regional vs. domain expertise**
- Policy discussion - ease the **regulatory restrictions** and increase **tax incentives** for pension funds, insurance companies and other private investors
- **US vs. European** partnerships/investors/customers

About BVCA

- Support the investor community in Bulgaria
- Facilitate interaction between its members, institutional investors, entrepreneurs and policymakers
- Aggregate & communicate investment activity in Bulgaria, locally and internationally
- Provide support to policymakers for measures encouraging private investment
- Membership open to investors or advisors with existing investments or those actively seeking to invest/advise

Founders

Black Peak Capital



EMP Invest Bulgaia

Eleven



LaunchHub

Neveq Capital Partners



Rosslyn Capital Partners

Law Firm of Boyanov & Co.



Postscriptum



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Thank you!