

PRESS RELEASE
4 MAY 2017



BaltCap is the largest independent private equity firm focusing on small and midmarket buyout and growth capital investments in the Baltic States.

BaltCap has strong presence in all three Baltic countries with local offices and experienced team.

Since 1995, BaltCap has been managing private equity and venture capital funds with total capital of over EUR 260 million and has invested in more than 70 companies.

BaltCap is a member of Invest Europe (www.investeurope.eu), Estonian Private Equity and Venture Capital Association (www.estvca.ee), Latvian Venture Capital Association (www.lvca.lv) and Lithuanian Venture Capital Association (www.vca.lt).

BaltCap is a signatory of the United Nations Principles for Responsible Investment (UNPRI) since 2008.

BaltCap in the process of establishing a new growth fund to invest in small and medium enterprises

BaltCap has secured commitments to establish a new regional fund to provide growth capital across the Baltic region for small and medium-sized (SME) companies.

The new fund would target both local and pan-Baltic companies who want to create new products and services, accelerate organic growth or acquire businesses with an ambition to grow and become the market leaders.

The new regional fund is formed jointly by BaltCap, European Investment Fund (EIF) investing through Baltic Innovation Fund (a Fund-of-Fund initiative between EIF and the governments of Estonia, Latvia and Lithuania acting through their respective national agencies KredEx, Altum and Invega) and local pension funds thus enabling latter institutions to invest into Baltic companies to strengthen their equity. The target size of the Fund will be EUR 50m.

Estonia, Latvia and Lithuania are showing strong fundamentals for growth opportunities in both traditional and new industries across all economic sectors. “SME companies of the region need investments to maintain competitiveness and increase productivity. We see that demand for growth capital remains strong in the Baltics,” said Managing Partner of BaltCap, Martin Kõdar.

“Total private equity investments in the region are 50% of the EU average. The ratio has improved for venture capital investments in recent years, but there is still a shortage of growth capital for SMEs and we want to fill the gap,” added Kõdar about the purpose to raise a new fund.

Roger Havenith, Deputy Chief Executive of EIF, stated, “BaltCap’s record and proven capabilities as investors in this region are unmatched and the establishment of the new fund would extend their reach further. This is the 5th commitment issued by EIF under Baltic Innovation Fund initiative and represents a significant milestone in the implementation of this unique pan-Baltic cooperation project. Being both the architect and key investor in the Baltic Innovation Fund alongside our National Promotional Institution partners, EIF is confident in the positive market impact the launch of this fund would have.”

BaltCap has already secured commitments from institutional investors of more than €40 million, and has submitted an application to the Estonian Financial Supervision Authority for registration of the management company, which is required for the establishment of the Fund. After obtaining necessary registrations, the Fund can be established, and start its intended investment activities. The investors who have already made their commitments to the Fund include Swedbank pension funds, DNB pension funds as well as EIF investing through Baltic Innovation Fund.

Kristjan Tamla, the CEO of Swedbank Investment Funds commented, “The main reason hampering further growth for small Baltic businesses is access to the capital market. Swedbank pension funds will happily make the effort in having the entry barrier removed. Our co-operation with BaltCap team has been long and effective. We are convinced that BaltCap is able to create our pension fund investors good returns also in the future.”

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Upon establishment, this fund would be a continuation of growth capital strategy from BaltCap. In 2001, BaltCap established its first growth strategy fund, the Baltic SME Fund, which was followed by two Jeremie funds in Latvia and Lithuania, established in 2010-2011.

About EIF

The European Investment Fund (EIF) is part of the European Investment Bank group. Its central mission is to support Europe's micro, small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment.

About Baltic Innovation Fund

The Baltic Innovation Fund is an innovative investment initiative created by cooperation between the Republic of Estonia, the Republic of Latvia, the Republic of Lithuania and EIF that is unique in its nature across Europe. The Baltic Innovation Fund will invest EUR 130 million into private equity, mezzanine and venture capital funds focused on the Baltic States during 2013-2017. It is a key initiative with EIF partnering with three important national agencies – Altum (Latvia), KredEx (Estonia) and Invega (Lithuania). This unique trans-national process provides a real opportunity to further develop the Baltic PE & VC market.

Additional information:

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