

PRESS RELEASE
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BaltCap is the leading independent private equity firm focusing on small and midmarket buyout and expansion capital investments in the Baltic States.

BaltCap has strong presence in all three Baltic countries with local offices and experienced team of 16 professionals.

Since 1995, BaltCap has been managing several private equity and venture capital funds with total capital of over EUR 240 million and has made more than 60 investments.

BaltCap is a member of European Private Equity & Venture Capital Association (www.evca.eu), Estonian Private Equity and Venture Capital Association (www.estvca.ee), Latvian Venture Capital Association (www.lvca.lv) and Lithuanian Venture Capital Association.

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

BaltCap Private Equity Fund II acquires 75% shareholding in Ecoservice

BaltCap, the leading dedicated private equity and venture capital investor in the Baltic States, has acquired a controlling interest in Ecoservice UAB, a leading waste management company in Lithuania. BaltCap Private Equity Fund II ("BPEF II"), advised by BaltCap, will control 75 percent of shares of Ecoservice. The remaining 25 percent of shares will remain with previous owner City Service, AB. The value of transaction is EUR 14.9 million (100% equity value).

"BaltCap's strategy is to invest in attractive, leading companies with growth potential in the Baltic States. As one of the leaders in the growing recycling services market, Ecoservice meets these criteria. The company has an experienced and ambitious management, as well as clear opportunities for expansion," said Šarūnas Alekna, BaltCap Investment Director.

The business is seeking to capitalise on the growing importance of environmental concerns, promoting the uptake of recycling. Combined with this, Lithuania is lagging behind Western countries on numerous parameters. Lithuanian waste generation per capita is lower than the EU average (400 kilograms and 500 kilograms respectively) – a figure that is expected to grow in tandem with country's economic recovery. About 75 percent of waste in Lithuania is currently put into landfill, many times higher than that seen in countries such as Sweden and Germany, where the vast majority is recycled or incinerated. Lithuania aims to reduce the amount of landfilled waste to 35 percent of total by 2020.

There are more than 100 municipal waste management companies currently operating in Lithuania, which provides opportunities for market consolidation in Lithuania and in other Baltic States.

"Considering the European Union directives and Lithuania's strategic plans, amounts of waste dumped in landfills will have to be decreased drastically. This will require significant investments in all segments of municipal waste management – from recycling containers and waste collection systems to sorting and recycling capacities," said Š. Alekna.

CEO of City Service Jonas Janukėnas added: "To adhere to unbundling requirements, we have sold a controlling stake in Ecoservice to BaltCap's BPEF II. I'm certain that BaltCap's experience in managing Baltic mid-sized companies will be instrumental in successfully developing Ecoservice's waste management business across the region going forward."

City Service, UAB, is obliged to sell Ecoservice due to regulatory requirements to unbundle businesses. City Service is to withdraw from business of collecting, transporting and processing of secondary raw materials and municipal waste by 1st June, 2014. City Service took the opportunity to maintain a part of company's shareholding without any exclusive acquisition or corporate governance rights.

The investment in Ecoservice is the first from BPEF II, which was launched last year and reached a first close on €51m earlier this year. The fund will pursue a similar strategy to its predecessor fund, aiming to acquire controlling stakes in leading Baltic growth businesses with the ability to scale across the region and wider Europe.

About Ecoservice

Ecoservice, together with subsidiaries, is engaged in collection, transportation and processing of secondary raw materials and household waste. The company has been actively expanding throughout regions of Lithuania since 2007. Consolidated revenues of the group amounted to EUR 16 million.

Established in 1995, the company has been operating this business for over ten years. The company employs about 260 people.

Additional information:

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