

NEW PEOPLE, NEW FUND... GENESIS ADVANCES AT A RECORD PACE

In the last 2017 newsletter, I discussed our record-high investment pace and the unprecedented speed at which the portfolio of the fourth Genesis fund was being filled. It may perhaps sound a bit surprising, but I would actually not describe the first months of 2018 in any other way.

The end of 2017 and the beginning of 2018 will quite certainly hold an exceptional position in the almost twenty-year history of Genesis Capital. In mid-February, we acquired, together with Poland-based Avallon, the Polish and Czech divisions of EQOS Energie. For the GPEF III fund this was already the fifth investment over the last twelve months. In mid-May, we successfully sold a 47% stake in POS Media Group, which marked the first successful exit of the youngest Genesis fund.

The exceptional investment pace also reflects the other major development—preparations for the setup of a new fund targeting EUR 40 million, which we have launched this spring. Genesis Growth Equity Fund I (GGEF I) will focus on smaller promising businesses in the Czech Republic and Slovakia with a significant growth potential. Through this fund, Genesis Capital is entering into a segment where the supply of equity financing has so far been limited.

GGEF I will have an autonomous ownership structure and an independent team composed of seasoned private equity professionals. The new fund represents an important milestone for us: a group of Genesis funds is emerging, geared towards market segments of small and medium-sized enterprises, complementary in terms of size—and we dare say that we are turning into a leading player in this market in Central Europe. Naturally, the rising number of companies in the GPEF III portfolio and the establishment of GGEF I have precipitated the need to reinforce our team. In this area too we "are running" at a record pace.

The director of the emerging GGEF I fund, Jiří Beneš, an exceptionally experienced professional with a strong track record of numerous successful investments, has become an important member of our team. At Genesis Capital, we now also have a new CFO for the group of Genesis funds, Petr Janovský, while the talented Adam Ruta is a new valuable addition to our team of analysts.

There is no question that talented workers and colleagues are some of the key and lasting values for Genesis Capital. I have no doubt that with Jiří, Petr, and Adam, we will continue in this tradition.



Jan Tauber, Managing Partner of Genesis Capital



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GENESIS WILL LAUNCH A NEW FUND WITH A TARGET SIZE OF EUR 40 MILLION

Genesis Capital prepares to launch a new fund, Genesis Growth Equity Fund I (GGEF I) intended to focus on smaller companies with significant growth potential present in the Czech and Slovak markets. With GGEF I, Genesis Capital is tapping a market segment where the supply of private equity financing has, until now, been limited. GGEF I will have a dedicated team of three experienced private equity professionals: Jiří Beneš, Marek Hoščálek, and Radim Jasek. The fund's target size is EUR 40 million. The first closing of the fund is scheduled for the turn of 2018 and 2019.

"The fund will invest in established companies in the Czech Republic and Slovakia with strong growth potential which plan, for example, enlarging their production facilities, expanding internationally, or investing in innovations. We see a number of opportunities in this segment of the market, therefore we decided to support the launch of a new independent fund," says Jan Tauber, Managing Partner at Genesis Capital. "The fund will operate independently within the Genesis Capital structure, using our back office and know-how. The fund's investment activities will be driven by three recognised experts with an impressive track record of successful transactions in the field of private equity and venture capital," Jan Tauber adds.

"Founding and developing a new fund is a great professional opportunity for us. We believe that there are numerous companies with experienced management teams and the ambition of developing their business and taking it to the next level. There are many rapidly growing companies active in various innovative sectors that are able to use growth capital efficiently. We also see many family businesses facing the issue of succession of the original founders," Jiří Beneš comments on GGEF I's strategy. "As opposed to the current GPEF III, the new fund, GGEF I, will focus on investing in a different segment of firms. It will target smaller promising businesses with revenues of up to EUR 15 million and EBITDA values of up to EUR 2 million," Jiří Beneš explains.

THE GENESIS GROWTH EQUITY FUND I TEAM

The GGEF I team is composed of experienced and highly qualified experts with complementary professional backgrounds and strong track records in private equity and venture capital. The team possesses a wealth of experience in various industries as well as a detailed knowledge of the Czech and Slovak markets.

Jiří Beneš was previously a partner with 3TS Capital Partners, one of the leading private equity and venture capital companies in the Central and Eastern European region, for seventeen years. He has private equity transaction experience in a number of CEE countries, and in the past he worked on many successful transactions including investments in NEJ.TV, ZOOT, Systinet, and Internet Mall. In addition, he has been the President of the Czech Private Equity and Venture Capital Association since 2012. Prior to 3TS, Jiří Beneš worked for the Corporate Finance team at PwC and in Equity Research at Deutsche Bank in London.

Marek Hoščálek was a partner at Genesis Capital for twelve years. He was involved in a number of successful transactions such as the investments in AB Facility and eTarget. Prior to that, he worked for ten years with various Czech financial institutions in the fields of private equity and mergers and acquisitions. During his tenure at HSBC Investment Bank in Prague, he provided advisory services in relation to the sale of a major Czech bank to GE Capital.

Radim Jasek spent twelve years as one of the partners of Genesis Capital, where he participated in, for example, the successful investments in companies such as Gumotex and CTS Servis, an engineering company. Earlier, he worked at the US-based company FMC as the Chief Sales Officer for Central and Eastern Europe. Also, he worked as a researcher at Lawrence Berkeley Laboratory.



From left: Jiří Beneš, Radim Jasek, and Marek Hoščálek.

GENESIS INVESTMENTS

GENESIS PARTNERS WITH THE POLISH FUND AVALLON TO ACQUIRE EQOS ENERGIE

Poland-based Avallon MBO Fund II and Czech-based Genesis Private Equity Fund III (GPEF III) have teamed up to acquire EQOS Energie Polska and EQOS Energie Česko. Both companies have previously been part of the international EQOS Energie Group, one of the leading providers of services in comprehensive technical infrastructures in Europe, backed by the German-Swedish private equity firm Triton. **Upon transaction closing, the Czech and Polish companies will operate under a new brand, Stangl Technik.** For GPEF III the transaction marks its first ever deal in Poland.

The decision to exit the Czech and Polish markets was part of EQOS Energie Holding's long-term strategy to focus on its core business which includes energy, telecommunications, and transport infrastructures. In comparison, the Holding's divisions in the Czech Republic and Poland were historically fully concentrated on technical building services in their respective geographies.

The transaction has been undertaken as a historically first co-investment of the Polish private equity fund Avallon and the Czech private equity house Genesis, through the firms' latest investment vehicles—Avallon MBO Fund II and Genesis Private Equity Fund III, respectively.

"This transaction also fulfils our vision of GPEF III expanding its region of operation beyond its traditional core markets of Czech Republic and Slovakia," commented Alexander Kosovsky, Investment Manager at Genesis Capital. "We are delighted to see that experienced managers are staying on board. Their extensive experience in the sector and exceptional track record with the company were of great importance to us," added Alexander Kosovsky.

Piotr Miller, a partner at Avallon, commented on the transaction: *"In the management team, we see highly skilled and experienced managers who are strongly motivated to further develop the companies. We believe the transaction gives the two companies a major stimulus for further development and growth. Teaming up with Genesis, we have joined a local expert who has proven to be a solid partner throughout the investment process. We look forward to this cooperation."*

"As the companies' managers who have been on board ever since their foundation, we see this transaction as a new challenge. We have developed EQOS Energie in Poland and EQOS Energie Česko in the Czech Republic for almost eight years and we have a very clear vision of their future direction. Both in the Czech Republic and in Poland, our companies have developed a strong market position with a stable customer base, which we want to further build upon. I am confident that the combination of our expertise with the support of our new partners in Avallon and Genesis will open a new and probably more successful stage for the companies under the new name Stangl Technik," said Martin Horák, CEO of the group.

"The transaction marks the first successful exit of Genesis's latest fund. GPEF III acquired a 47% share in POS Media Group, a provider of point-of-sale advertising and in-store communications solutions, in March 2017. The stake is now being acquired by DemoPower, a Thailand-based firm specialising in point-of-sale demonstration and brand awareness campaigns, which in turn is part of Omni Marketing Global, the leader in shopper marketing services in Asia and Canada.

"POS Media is a strong regional player in a very dynamic field and, immediately from the moment of our investment, it has attracted interest from global marketing groups active in retail media. The new partner will help POS Media build on its strengths and realise its international potential beyond its European markets. The deal with DemoPower offered a highly attractive return to the Fund's investors already after a fairly short fourteen-month investment period. I am glad that Genesis's bet on retail marketing globally has paid off," said Jan Tauber, Managing Partner at Genesis Capital.

"Partnering with Omni Marketing Global, POS Media, as the European market leader in shopper activation solutions, will join the market leader in Asia and become part of a global group with greater international ambitions to realise the group's potential outside of POS Media's traditional European markets," says Richard van het Bolscher, founder and CEO of POS Media Group, who retains the controlling interest.

"The acquisition in POS Media Group by Omni Marketing Global, together with our publicly listed partner VGI Global Media, is very strategic for all involved. Among other things, it opens the door to the Central European markets and to Russia, where POS Media Group has a particularly strong position. This acquisition expands the Omni Marketing Global footprint to twenty-two countries, and provides further areas of activation expertise, creativity-based solutions, and technology to deliver better results for all our marketing and retail partners," says Robert Mebruer, CEO of Omni Marketing Global, commenting on the acquisition.

The sale of POS Media Group becomes the first successful exit for the latest Genesis fund, Genesis Private Equity Fund III, which is already in the third year of its initial five-year investment period. The fund has a total of over EUR 80 million in committed capital for investments in small and medium-sized enterprises in the Czech Republic, Slovakia, Poland, Hungary, and Austria, and will be actively investing until August 2020.

EQOS, under a new brand Stangl Technik, is a TOP 5 provider of comprehensive technical building services in Poland and the Czech Republic. It provides services in the entire building lifecycle, from conception and design, through delivery and construction, to future maintenance of all technical installations after a project's completion. Technical building services provided by EQOS cover a wide range of installations such as heating, ventilation, air conditioning, sanitary, and electrical, as well as fire protection, security, and building automation systems. The company reports revenue of EUR 50 million and employs about three hundred employees.

GENESIS SOLD ITS SHARE IN POS MEDIA GROUP TO DEMOPOWER THAILAND

DemoPower, a member of Omni Marketing Global, the leading retail marketing firm operating predominantly in markets across Asia Pacific, acquired the share in POS Media Group from Genesis Private Equity Fund III (GPEF III). The synergies of POS Media and Omni Marketing Global are opening the way to a major expansion both on current and new markets. The controlling share remained in the ownership of the founder and CEO of the company, Mr Richard van het Bolscher.

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POS Media Group was founded in Prague in 1998. The company is active in six countries in Central and Eastern Europe with related subsidiary offices in two countries in Western Europe. POS Media Group offers a wide range of products and services in the area of point-of-sale advertising in large retail chains, complemented by marketing solutions in the form of trade promotion, sampling, merchandising, mystery shopping, digital solutions, surveys, and comprehensive advisory services. The company reports revenue of nearly EUR 40 million.

CVCA Czech Private Equity & Venture Capital Association

Czech Private Equity and Venture Capital Association (CVCA) has moved. CVCA will share its headquarters with Genesis Capital at Na Šafráncce 22, Praha 10.

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