



UFG Asset Management

Presentation for IV Russian Private Equity Congress

Active portfolio management in private equity:

the key factor to drive superior performance in the current environment

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Deal closing is just the beginning ...

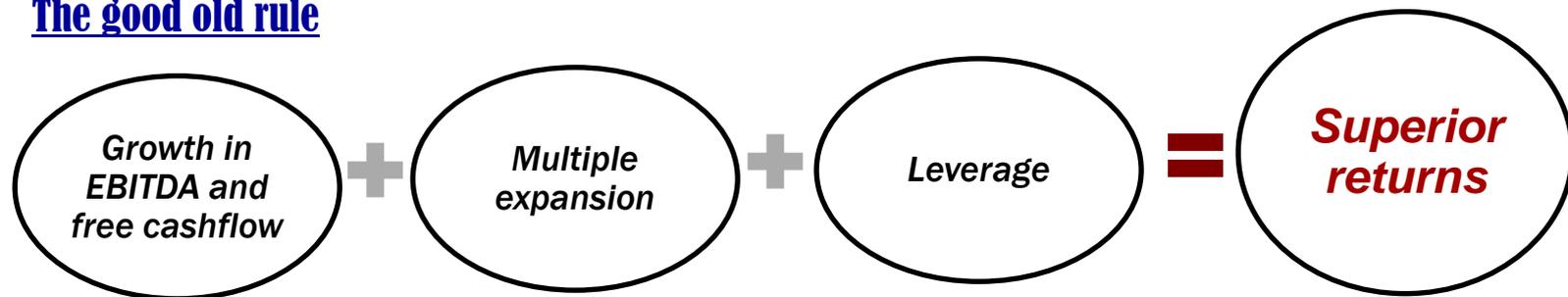


Key success factors

- ✓ Strong and motivated management team
- ✓ Industry growth
- ✓ Market leaders are typically winning
- ✓ Fair entry price
- ✓ Proper deal structuring
- ✓ Financial rationality
- ✓ Proactive monitoring



The good old rule



Investment approach

illustration of investment approach



Invest In Idea

- Invest in Growing industry
- Invest in Market leader
- Invest in Strong management team
- Pay “Fair entry price”
- Minority investment



Buy and Build

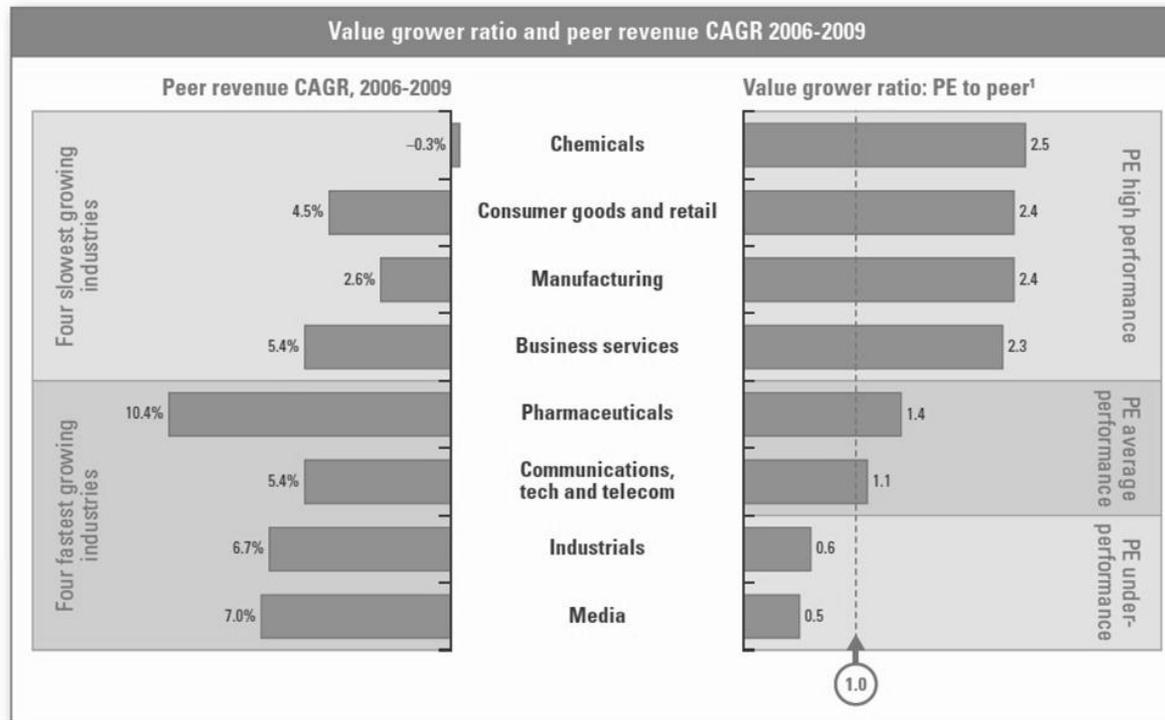
- Good industry knowledge
- Building Market leadership through M&A
- Strengthen Management team
- Pay “Discount price”
- Control stake buy out

Investment approach

The great success stories are in stable but relatively slow-growth industries such as chemicals, consumer products and retail...

PE fund companies outperform peers in low-growth industries

Select industries



¹ Ratio is share of value growers in PE group divided by share of value growers in peer group; a ratio above 1 implies a larger share of PE owned companies in the value grower quadrant compared to peer group.

Source: A.T. Kearney Private Equity study, 2011

Investment approach

Examples of promising sectors in the current environment

Sector	Investment Rationale
<p>1 <u>Invest in Idea</u></p> <p>Undeveloped industries/ sectors with high growth potential</p> <ul style="list-style-type: none"> • Internet tech companies • E-commerce • Medical Services • Fast Food 	<ul style="list-style-type: none"> • High Internet growth rates • Service infrastructure is still underdeveloped • Limited modern private medical services
<p>2 <u>Buy and Build</u></p> <p>Traditional sectors</p> <ul style="list-style-type: none"> • Retail • FMCG • Pharma • Telecom 	<ul style="list-style-type: none"> • M&A opportunities, important to find right platform for consolidation • Regional growth potential • New formats/ products development • Room for improvement (margins, working cap)

What value we bring as investor



Raising new equity rounds and attracting debt financing



Building proper corporate governance



M&A process initiation and management



Participation in business strategy development



Identifying and providing help in operational improvements



Help in bringing right people to the team



Preparing company for the exit

And last but not least...



Own money

SMART MONEY

Private equity tool box

Private Equity
Tools



- Proper Financial, Legal and Commercial due diligence
- 100 days plan
- Proper budgeting / reporting package
- Clear Road map (3-5 year financial plan)
- CFO / Financial controller
- Active Board involvement
- Frequent interaction with management

UFG Private Equity portfolio companies

Examples of active portfolio management

Fund I (\$280m)

Fund II (\$225m)





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THANK YOU FOR YOUR ATTENTION!

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