



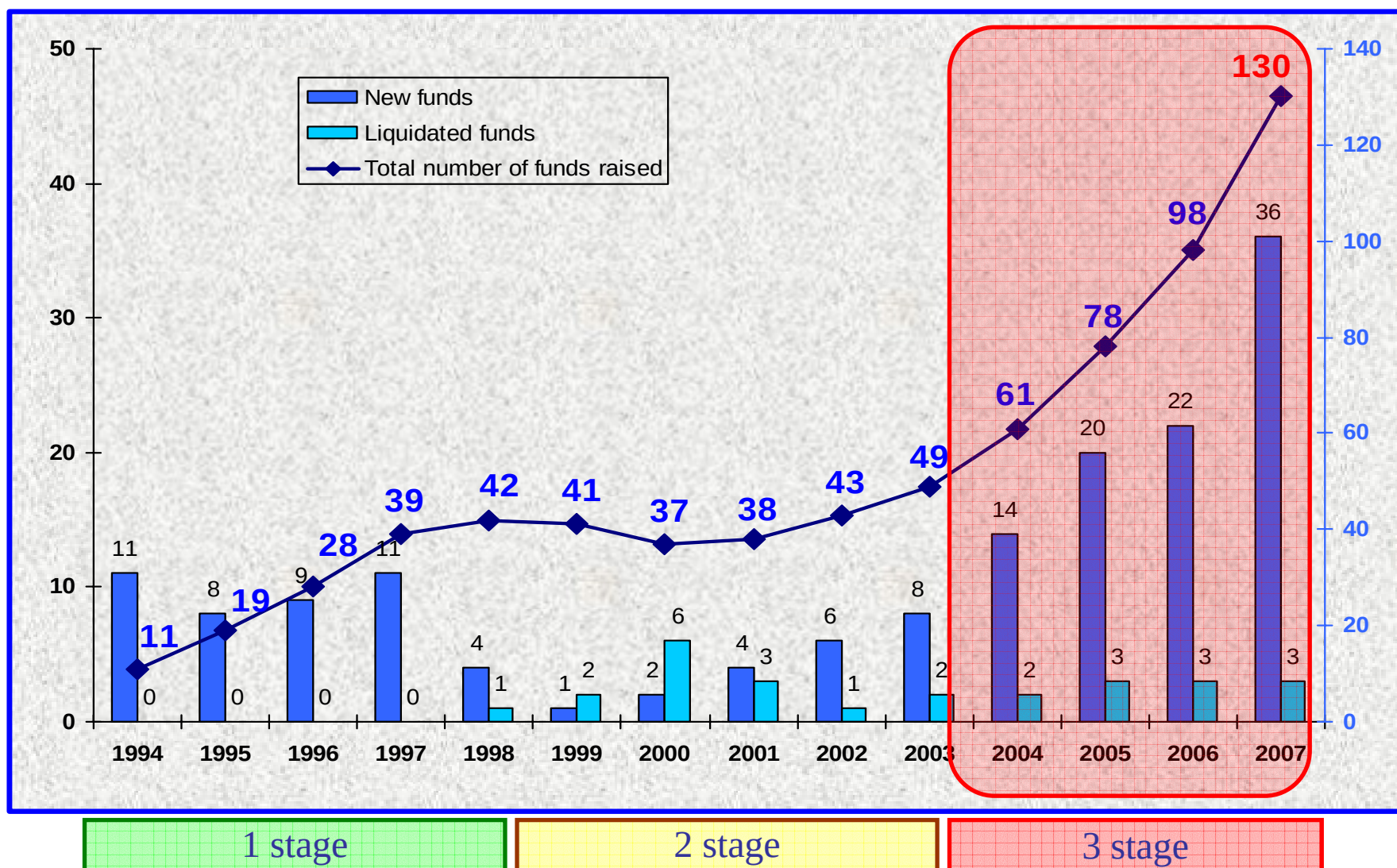
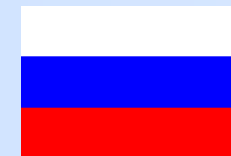
**Russian Private Equity
and Venture Capital Association
(RVCA)**

Gladkikh Igor

**Venture capital and innovation system
in Russia**

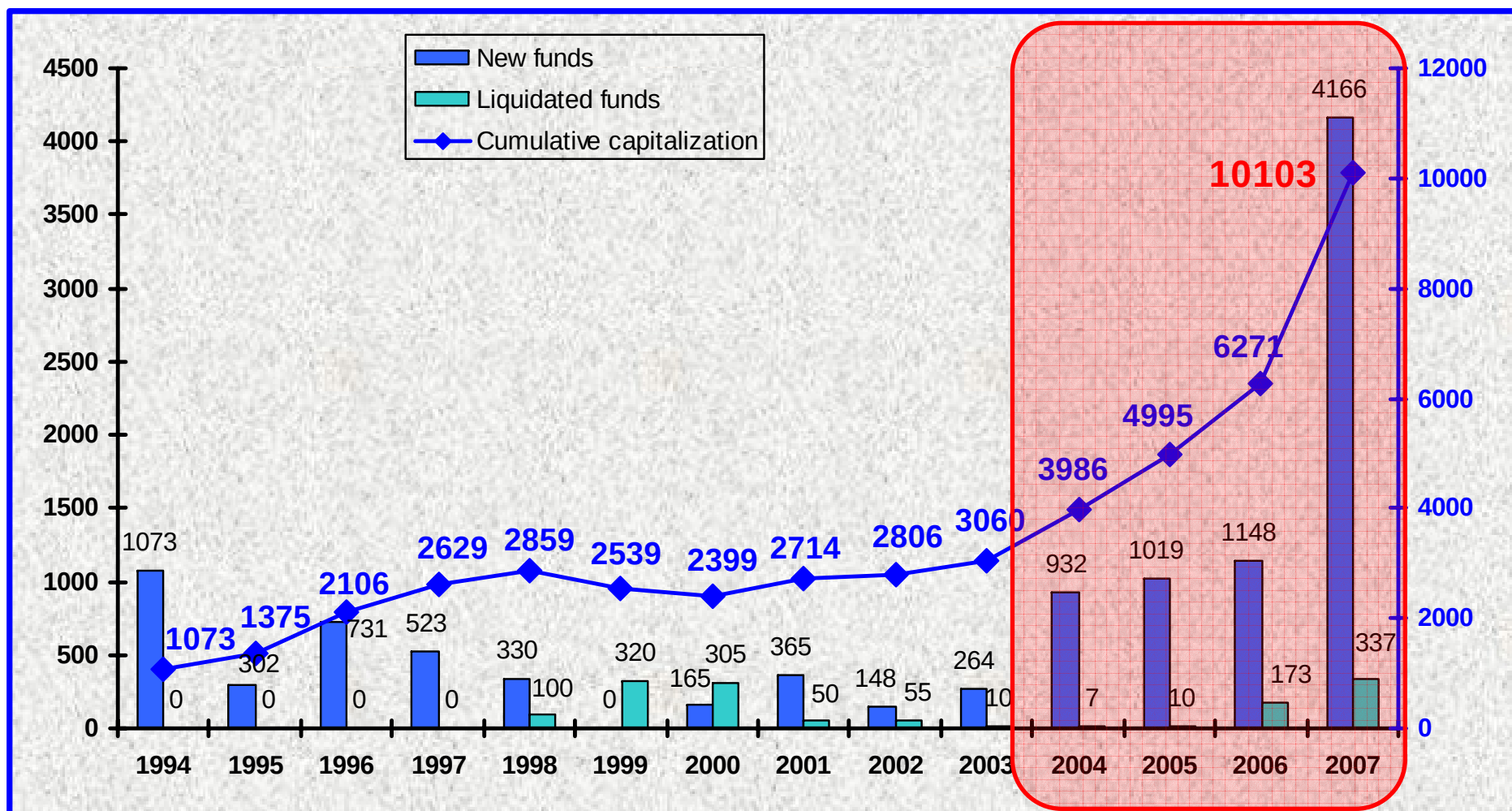
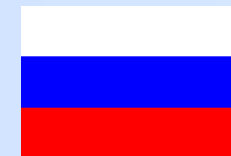


Number of private & venture capital funds In Russia 1994–2007





Capitalization of private & venture capital funds In Russia 1994–2007



1 stage

2 stage

3 stage



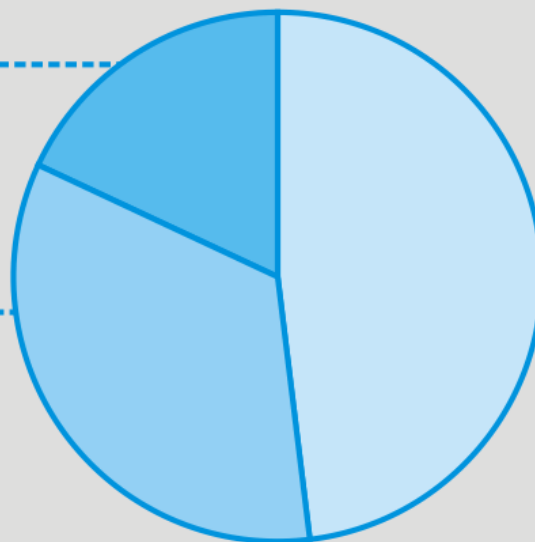
**Number of fund management companies (MC)
by total capitalization of funds under management,**

15 MC (18%)

with \$151–1500 mln
under managemen

28 MC (34%)

with \$51–150 mln
under management



39 MC (48%)

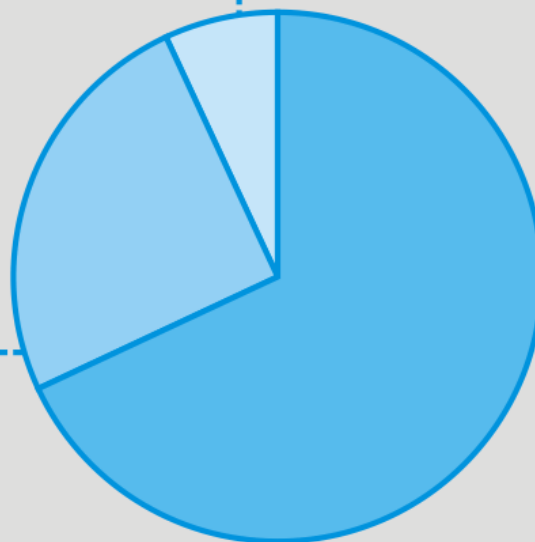
with \$5–50 mln
under management



Capital of fund management companies (MC) by total capitalization of funds under management,

39 “small” MC
totally managing
\$720 mln (7%)

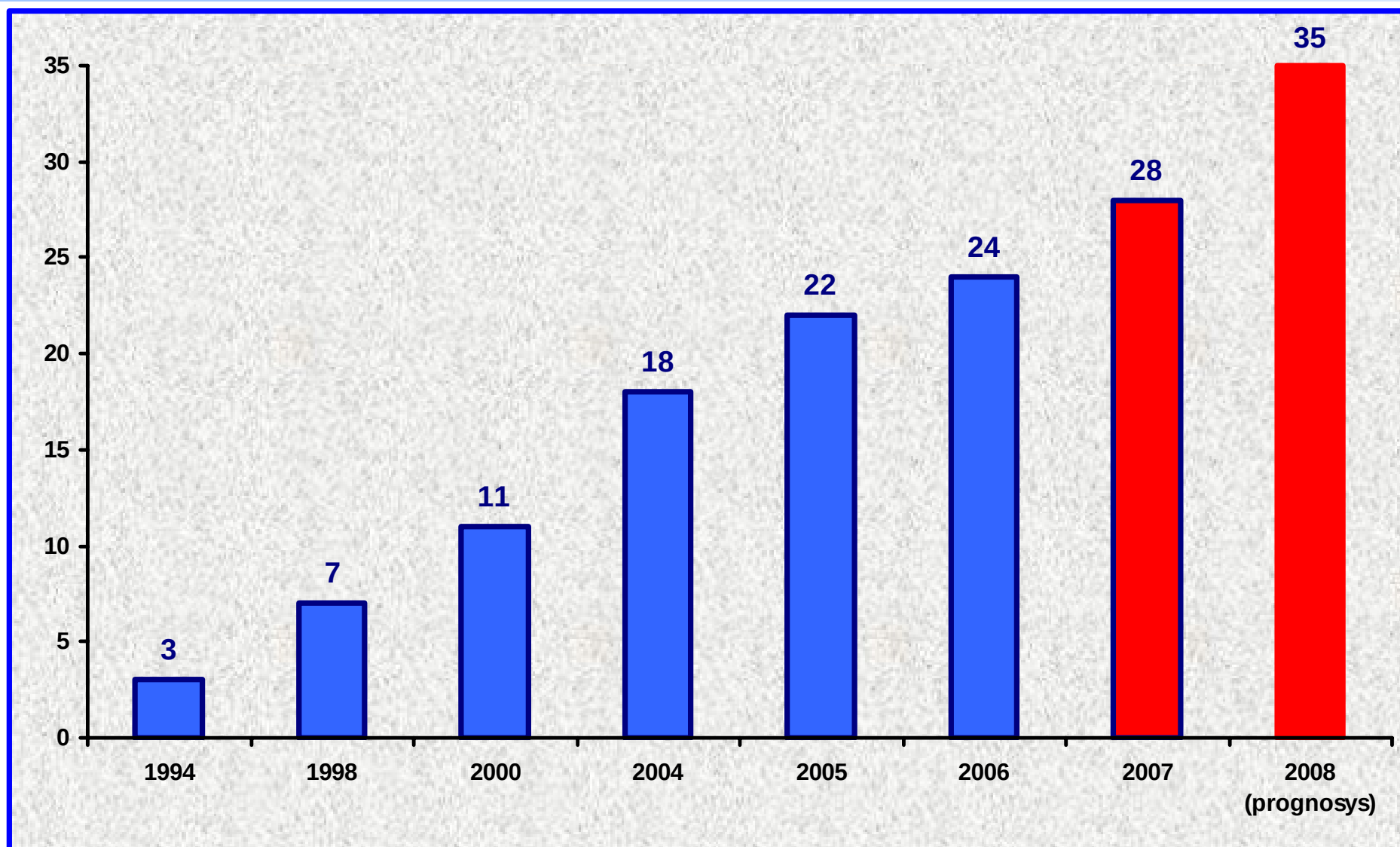
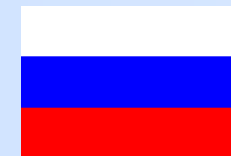
28 “medium” MC
totally managing
\$2640 mln (26%)



15 “large” MC
totally managing
\$6900 mln (67%)

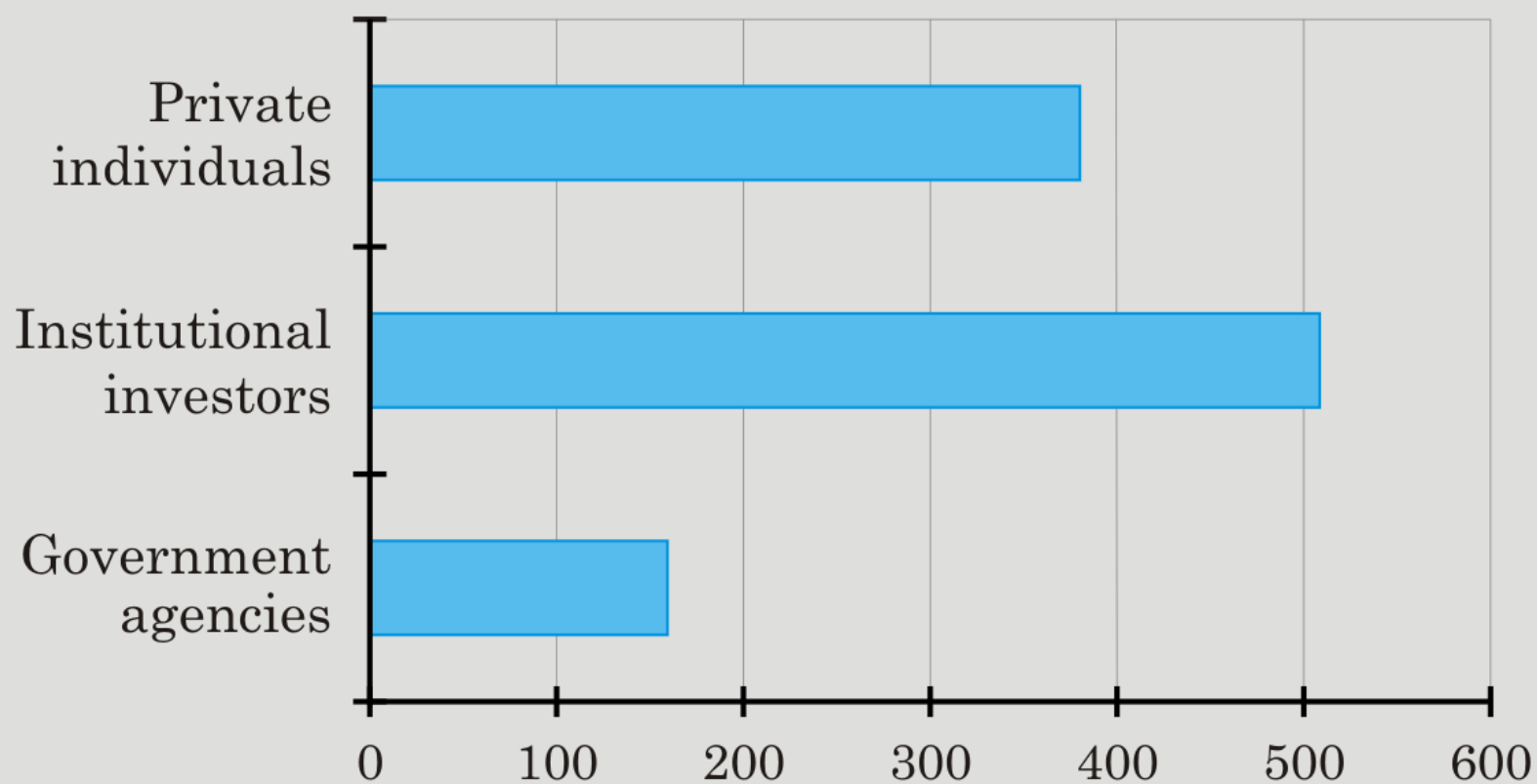


Growth dynamics of the Russian capital share at PE & VC market



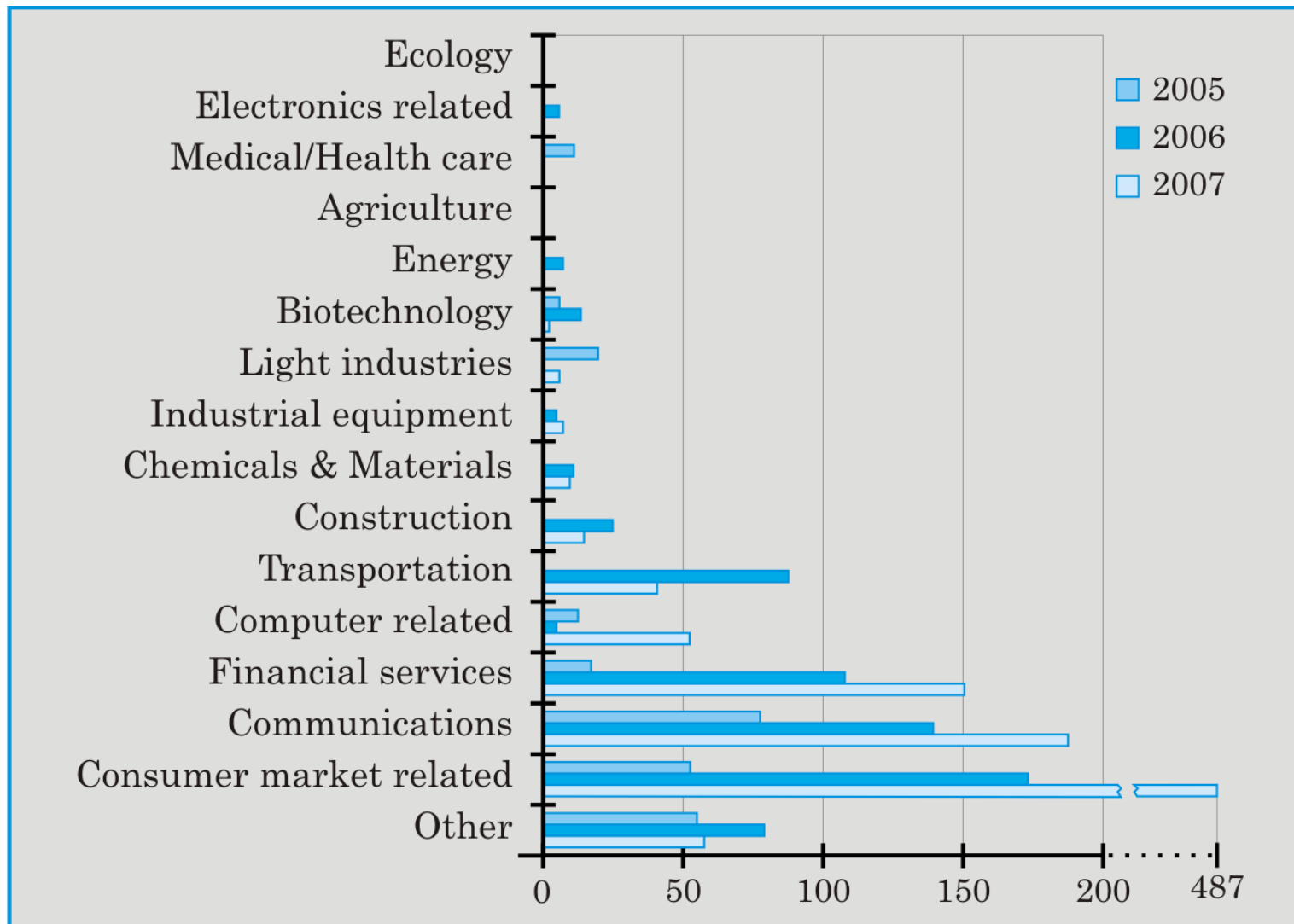


Russian sources of capital, \$ million



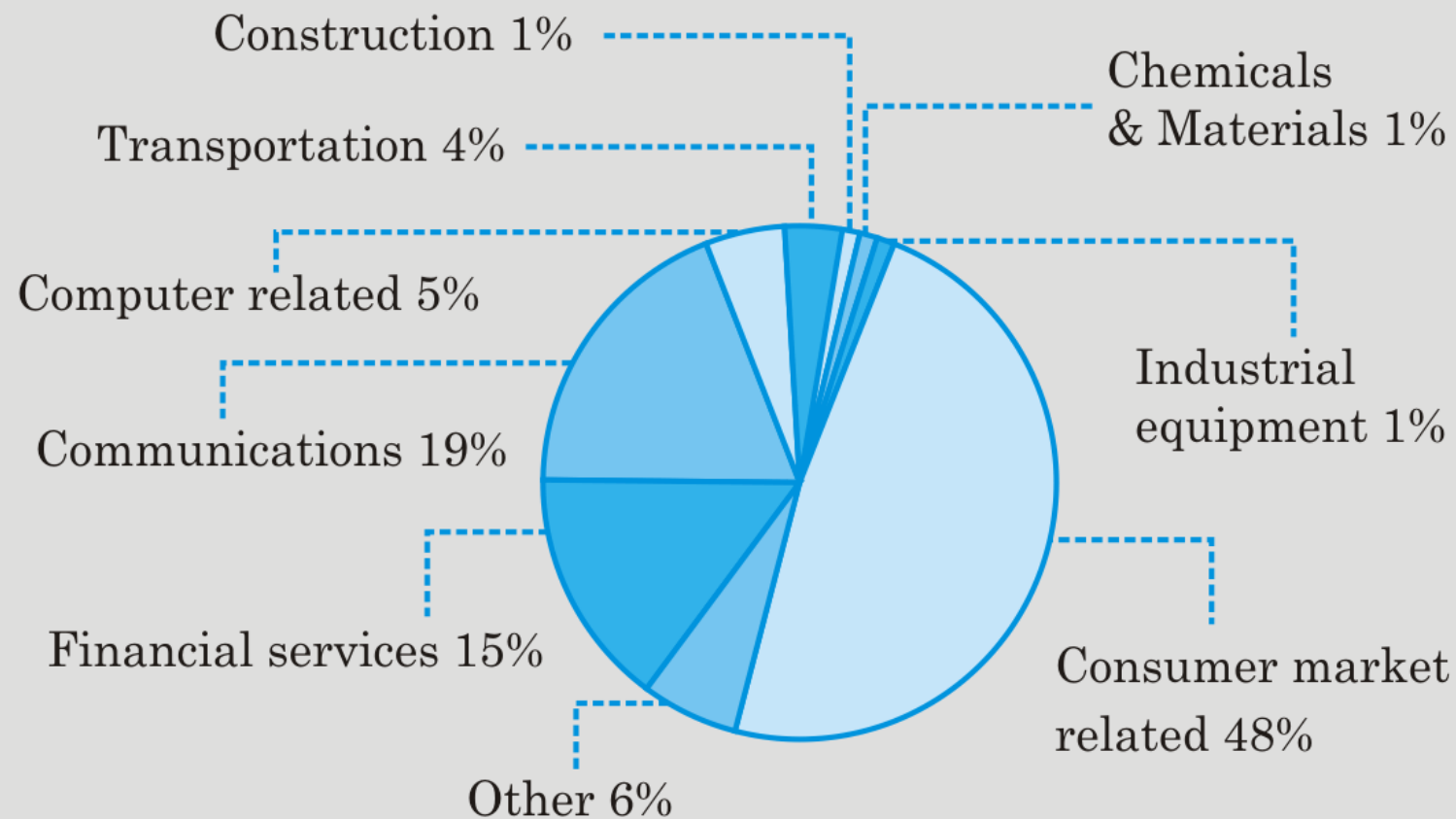


Investment distribution by industry, 2005-2007, \$ million



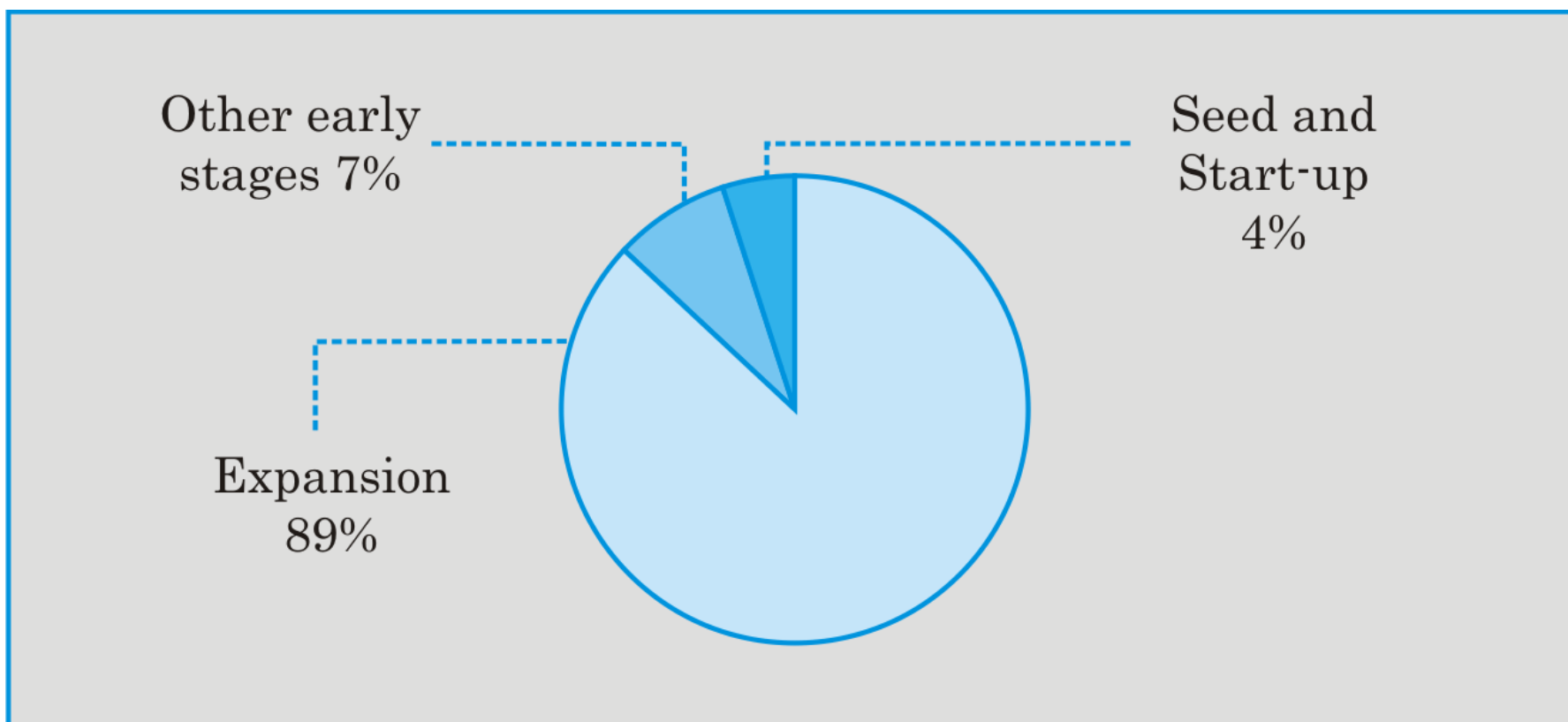


Investment distribution by industry, 2007



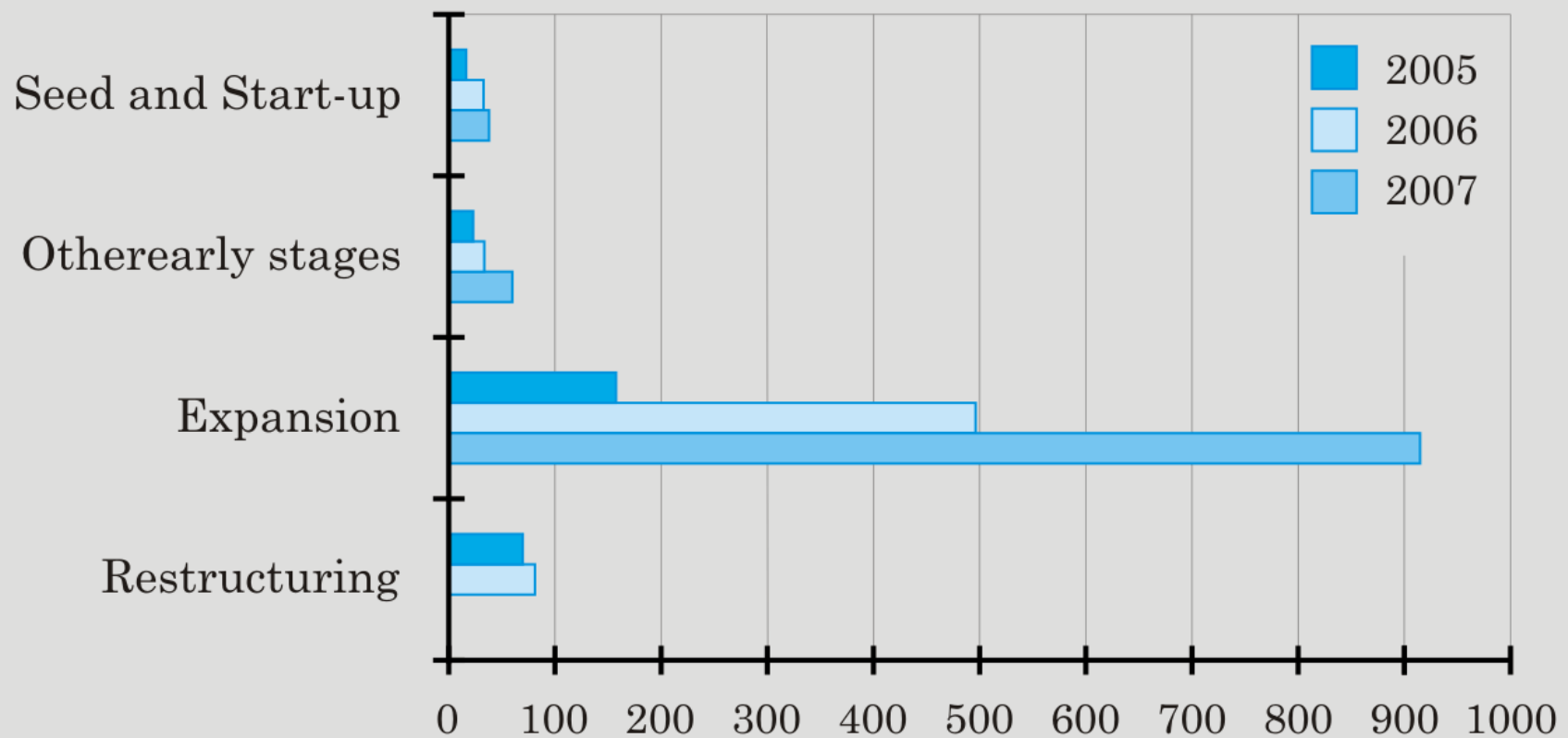


Stage distribution of total amount invested



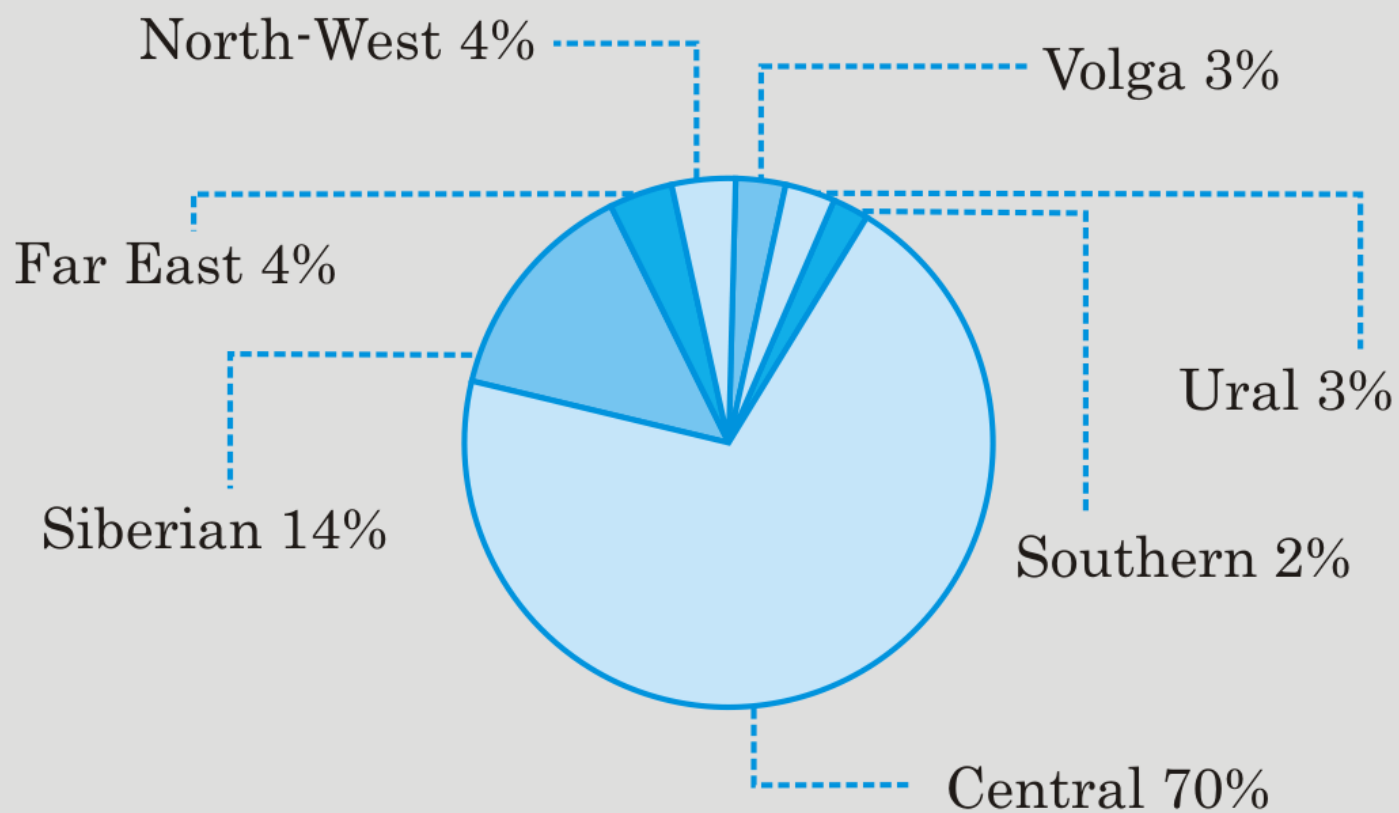


Total amount invested by stages 2005-2007, \$ million



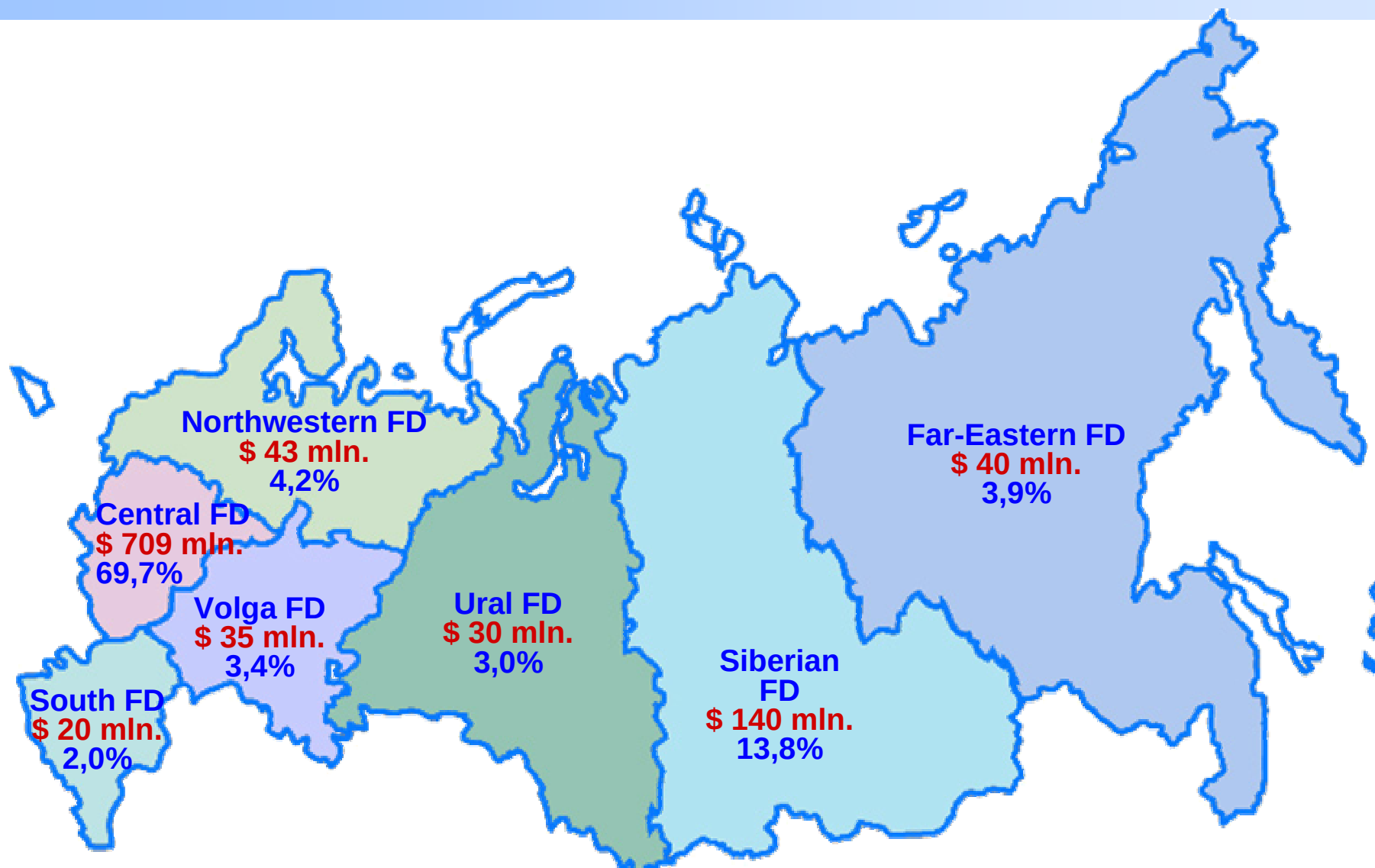


Total investments by federal districts



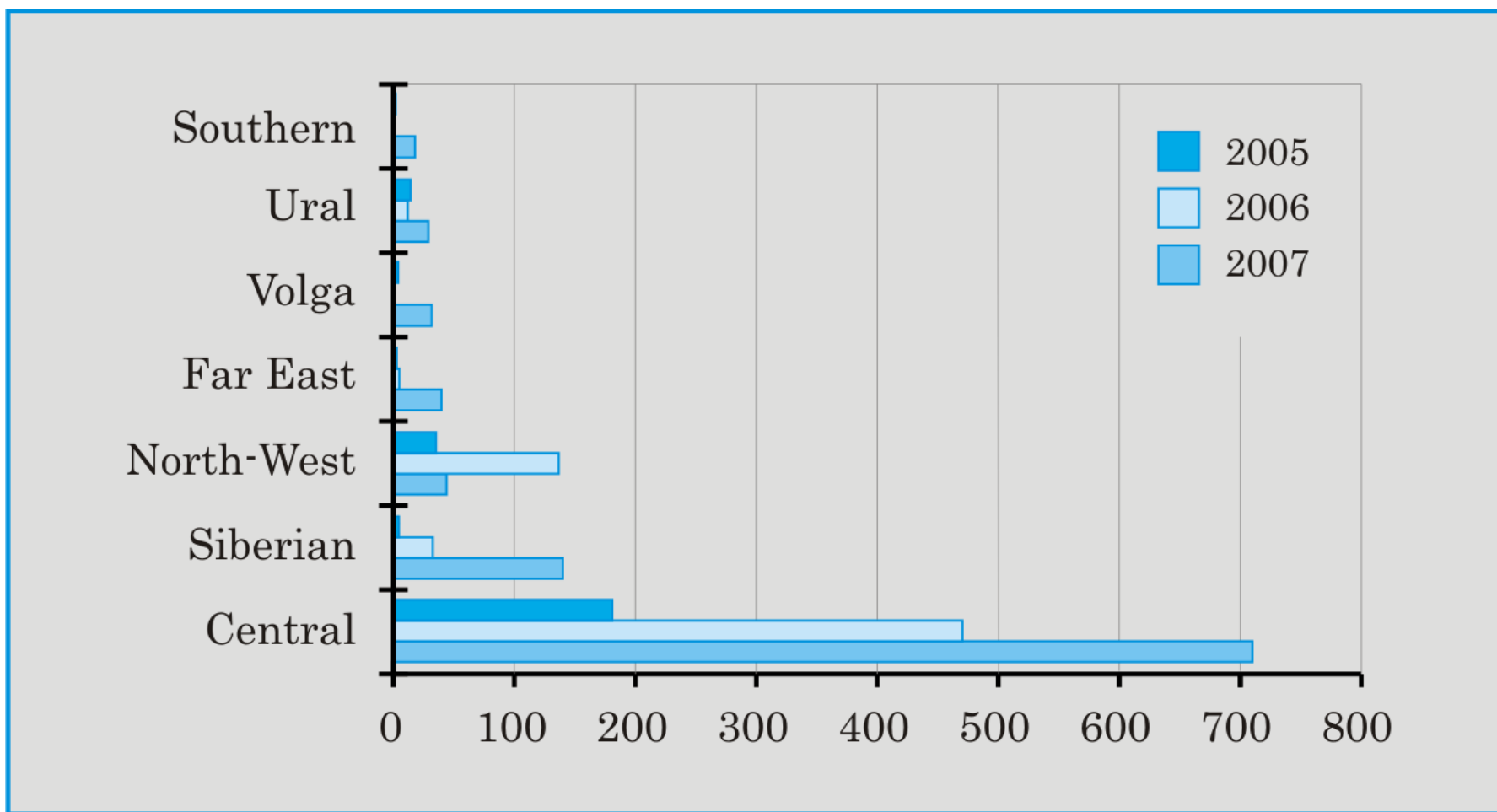


Federal Districts distribution by percentage of amount invested, 2007



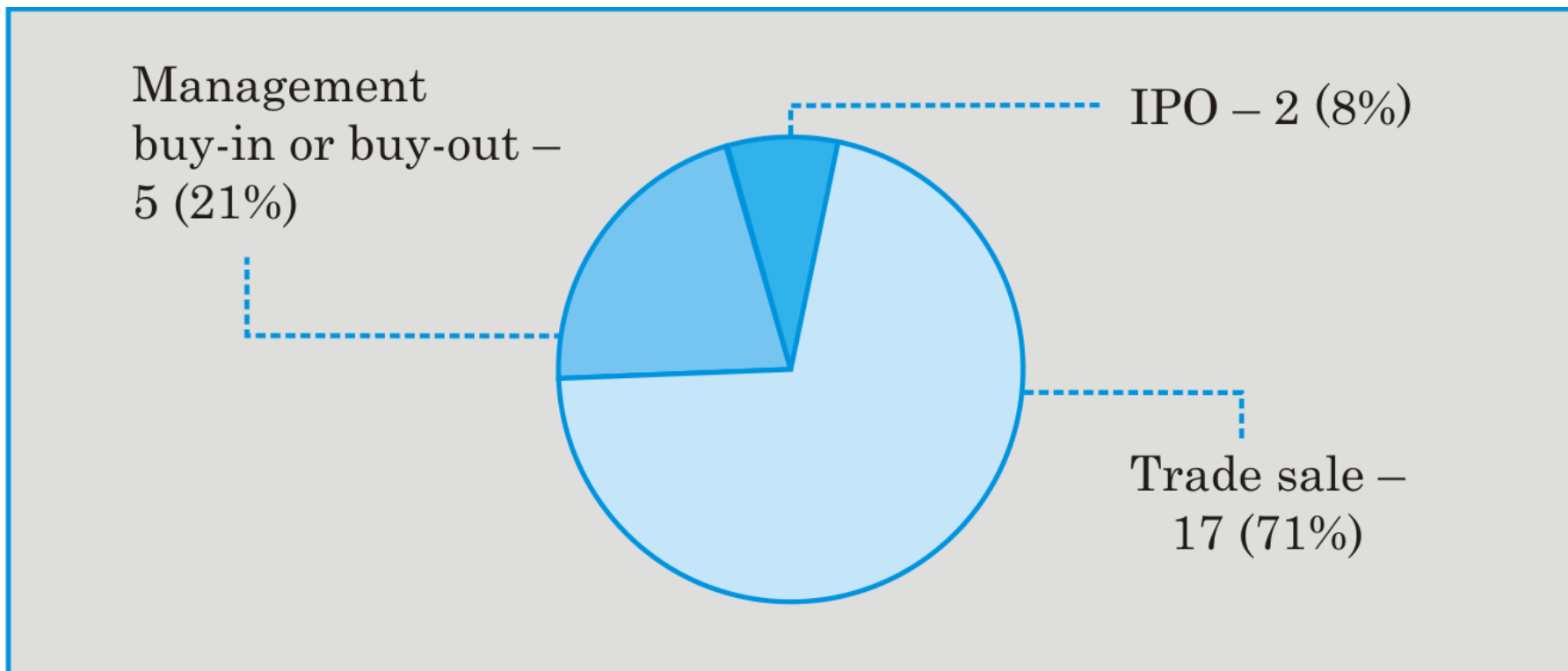


Total investments by federal districts, 2005-2007, & million





Exits distribution by number of divestments



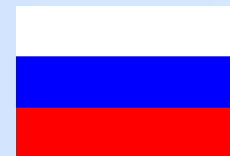


What has Changed during last 12 years

- Industry has - «Grown-up»
- Fund Managers realized 1-2-3 full investments cycle
- Market Leaders and Outsiders Clearly Visible
- VC & PE Concept adopted and accepted by business and Government
- Project Quality - Improved
- First Success Stories in Business and Track Records of Management Teams
- Market Infrastructure Emplace:
 - Better Liquidity in Equity and Debt Markets
 - More Financial Consultants
 - Improved Legal Environment



Government efforts on creation of environment



Legislation

Investment funds law (*amendments*)

Shareholders' agreements law (*under preparations*)

Corporate legislation (*amendments*)

PE&VC

Financial infrastructure

Russian Venture Company

MEDT program of regional VC funds

Venture Innovation Fund

Russian Nanotechnology Corporation

VC

Investment Fund of Russia

100%

\$ 550 mln

Venture
Capitalists



JSC Russian Venture Company

manage

49%

\$ 22 – 55 mln

10 or more venture funds

51%

Fund
Management
companies

management

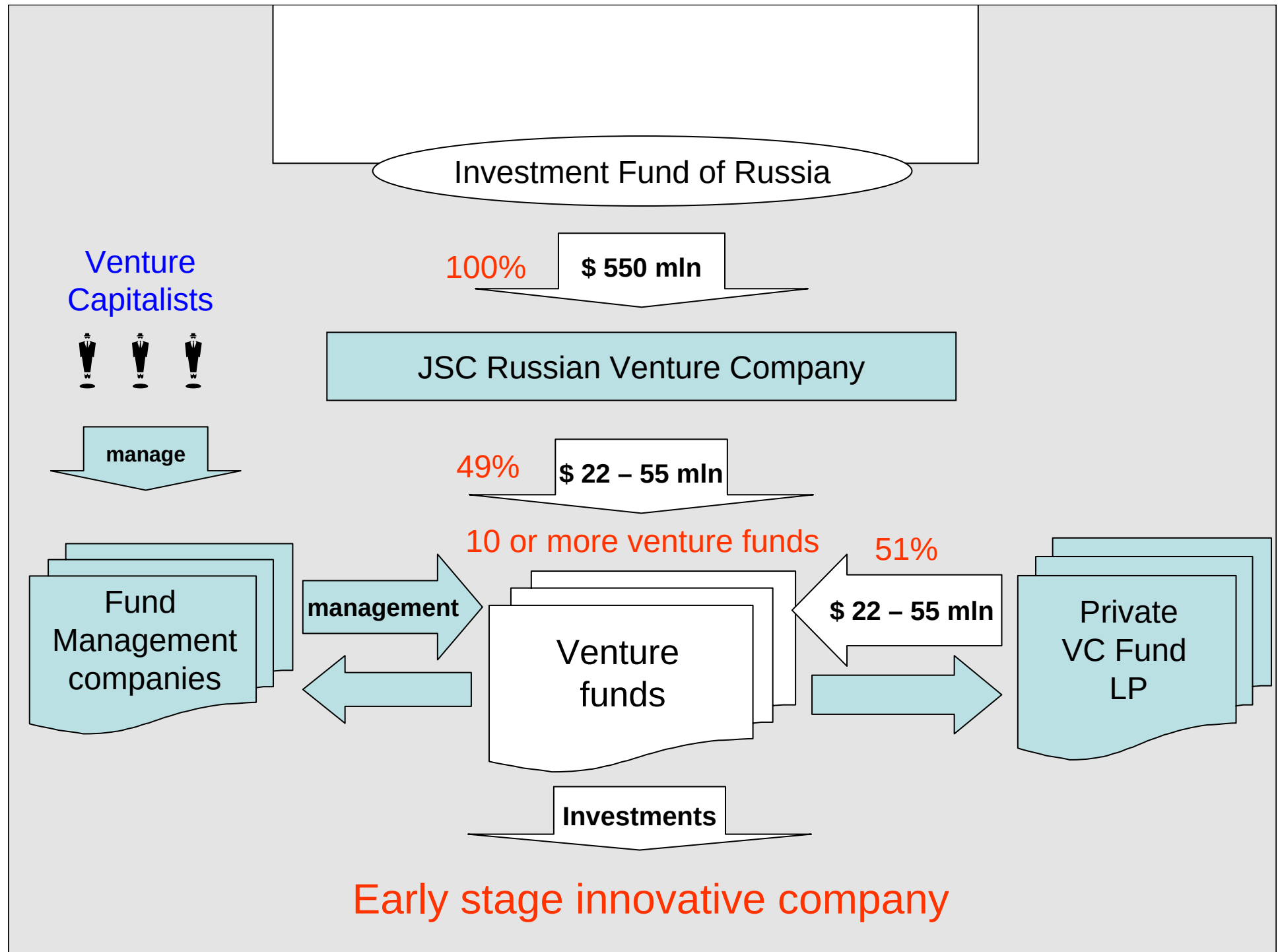
Venture
funds

\$ 22 – 55 mln

Private
VC Fund
LP

Investments

Early stage innovative company





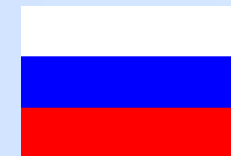
What we Expect in next 5 years? Who knows, but lets dream 😊

- **Fund Grows up** to \$12-17 bln in 2012
- **VC segment aggressive** Growth (50-100%) in next 3 years
- **More Companies** to Invest in
- **Number of Management Teams** will **increase** from 60 - in 2007 to 80-100 - in 2012
- **Global Players** are in coming
- **Russian Fund** are increase important
- **Competition** for Deals and People is Growing
- **Deals are Large**
- **Increase Role of Add-Value** Strategy
- **Strengthening Role of Russian Government** as Investor and Regulator

Increasing Role of Innovation Sector



Venture investments – the tip of the iceberg



Are necessary:

Entire system
of financial institutions
providing continuous cycle
of innovation companies' financing

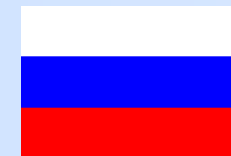
“Soft transition”
from grants at seed stage
to private capital at later stages

Development
of all sectors of infrastructure
(including consulting, staff, communicative)

Focus
at the corporate governance culture
and entrepreneurial activity



DEMANDS OF THE TIMES



REGIONAL LEVEL

PRIORITIES

MEANS

FEDERAL LEVEL

MEANS

INSTRUMENTS

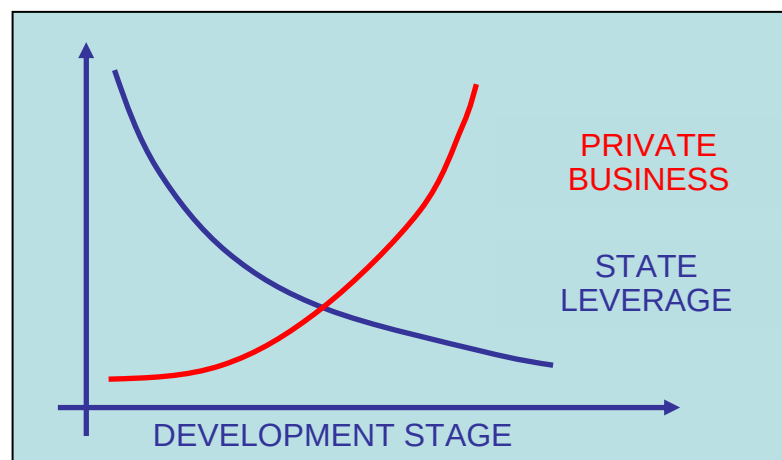
REGIONAL INSTITUTIONS FOR INNOVATION
DEVELOPMENT

FINANCIAL
INSTRUMENTS

WARRANTIES

LOANS

CO-FINANCING



INFRASTRUCTURE
DEVELOPMENT

CONTACT SECTOR

STAFF SECTOR

CONSULTING SECTOR



THANK YOU FOR YOUR ATTENTION!

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