



**CAPITAL CRIATIVO**  
Adding Vision to Investments



# FIN-EN Meeting

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Sharing Methodologies on Financial  
Engineering for Enterprises

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## CAPITAL CRIATIVO: Brief Presentation

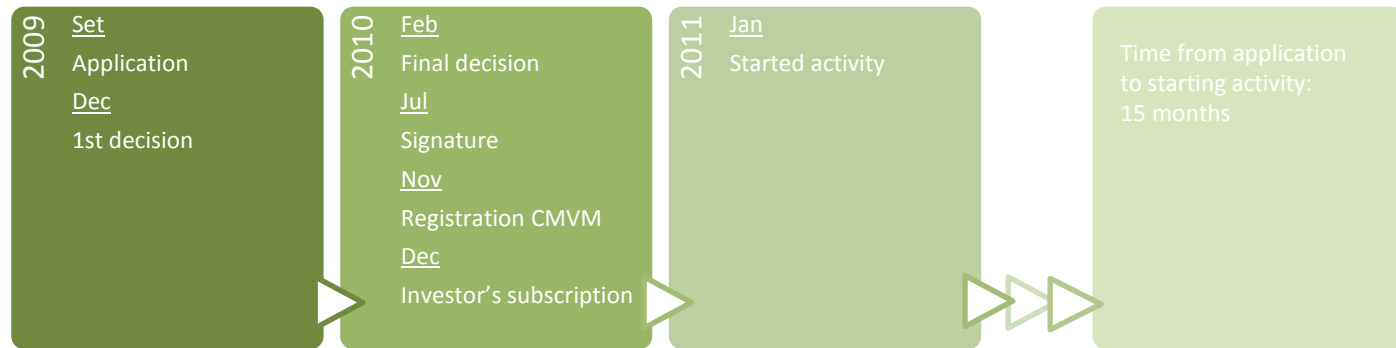
- Founded in 2009 in a partnership between an independent management team with experience in the industry and a reputed institutional (minority) investor: Portugal Telecom.
- Based on the Portuguese business environment experience, and the triple deficit of the Portuguese SMEs (equity, management, international orientation), focused its strategy on the growth of SMEs, preferably producers of transferable goods.
- After 4 years has €80,5 MM under management considering both funds, a team with 11 executives and a diversified portfolio of investments.





# FUND I: Backgrounds

## SAFPRI application 25/09/2009



### Fund at the present time

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Duration: 34 months

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Approved investments: 19

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Investment made: 6

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Committed amount: €15,5 M

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Execution rate: 74,5%

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### Lessons Learned

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Pre-notice of the application opening and timing of the private fund raising.

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Difficulties to conciliate SAFPRI rules and CMVM/ legal rules.







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Delay between application and subscription of the fund with investment cycle non-adjustable (deadline does not change).

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# FUND I: Portfolio & Key achievements

COMPANY	YEAR	BUSINESS	ACHIEVEMENTS
	2011	Smart metering	<ul style="list-style-type: none"> <li>• Average turnover growth: 19%</li> <li>• Alternext</li> <li>• Cloogy + Kisense</li> </ul>
	2011	Digital marketing	<ul style="list-style-type: none"> <li>• Average turnover growth: 85%</li> <li>• Big Accounts</li> <li>• Brazil + Mexico</li> </ul>
	2011	Logistics	<ul style="list-style-type: none"> <li>• Greenfield Morocco</li> <li>• Breakeven 2014</li> <li>• IT Operations ongoing</li> </ul>
	2012	Market intelligence/IT	<ul style="list-style-type: none"> <li>• European Centre of R&amp;D</li> <li>• New products/ business model</li> </ul>
	2012	DMC	<ul style="list-style-type: none"> <li>• Average turnover growth: 72%</li> <li>• Brazil</li> </ul>
	2013	Digital wallet	<ul style="list-style-type: none"> <li>• PT closed, others in negotiation</li> <li>• ME + Latam</li> </ul>



# FUND I: Portfolio & Key achievements

## Lessons learned

**Stable portfolio in 3 years with:**

- International operations
- 120 jobs created
- 24 % Average turnover growth
- Significant operational improvements

**“Good companies”/ “Good deals” are out of the market.**

**- Portuguese SMEs are (almost) all start-ups.**

**- Venture Capital is always a cost.**

**- Hard time to finance growth with debt.**

**- Risk is still there.**





## FUND CCI & SAFPRI

### VC/PE as the right tool

- Capitalization
- Hands on approach: operational improvements, access to new markets
- Reporting/ accountability/ tax

### Portuguese market underdeveloped

- Statistics are wrong (turnaround funds/ bank credits)
- SMEs still need equity, management and access to markets
- Sources of fundraising are limited (State + Banks)

VC/SAFPRI as interesting case to develop both PE/VC market and Portuguese based SMEs: VC/PE as the right tool

- **Public funding with private/ independent management.**
- **Sharing risk with private funding.**
- **Hands on management.**
- **Developing SMEs:**
  - Capitalization/ Equity
  - Management
  - New markets
- **Developing independent VC/PE operators.**



# Capital Criativo & SAFPRI: Improvements

## Lessons learned & Rules to improve

### FROM AN INVESTMENT POINT OF VIEW

- Time to evaluate SAFPRI requirements (1<sup>st</sup> investment vs. cycle of life).
- €1,5 MM/year/company limitation.
- Combined capitalization and acquisition.
- Investing in new markets/ internationalization.
- Sector limitations: health services, education, agro business, others.
- SME certifications (rules).
- “Modern” investment not always has a “territory”.

### FROM A MANAGEMENT POINT OF VIEW

- % fund for 2<sup>nd</sup> round investments, cash needs and commissions/ management fees.
- Inspections/audits and confidentiality of information.
- Fund extra costs (due diligence, lawyers, consultants) and cost limitations.
- Corporate governance rules:
  - Investment committee, plus...
  - Internal approval, plus...
- Privileges over the private investors (makes the private fundraising harder).



Obrigado



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