

Press release 9 Jan 2013

East Capital successfully exits ELKO Grupa AS in Latvia

East Capital has successfully exited ELKO Grupa AS (ELKO) in Latvia on behalf of three East Capital funds: East Capital Bering New Europe Fund, East Capital Bering Russia Fund, and East Capital Bering Ukraine Fund. ELKO, a leading IT component and solution distributor in Eastern Europe, is one of the largest companies in Latvia by turnover, with over 90% of its sales achieved outside of the Baltic States, primarily in Russia and Ukraine. East Capital's 8.8% equity interest was sold to existing ELKO's shareholders.

East Capital made its initial investment into ELKO in 2005 providing growth capital supporting the company's successful development. East Capital further supported the company by providing debt financing during the financial crisis in 2008 and 2009, when bank financing was limited. By completing this deal East Capital achieved a total return of 107% and an IRR of 11% on its investment in ELKO. During the same period the Baltic benchmark index remained flat, which implies an alpha of 80% for the total return when excluding dividends. East Capital exited ELKO at a valuation 36% higher than the value at which its funds held ELKO on their books, and follows an earlier increase in valuation of 15% made in October 2012.

Aivaras Abromavicius, Senior Adviser and Partner, East Capital, said: *"This transaction furthers our track record of identifying and aligning with outstanding management teams, such as ELKO, to further build and accelerate growth, and to produce strong returns for our investors. The ELKO management team's high level of professionalism was instrumental in the successful development of the company and we wish them the best as they continue to grow the business."*

Egons Mednis, President of ELKO Grupa AS: *"We are grateful to East Capital for this collaboration as it has contributed to several major objectives which ELKO has achieved. Despite the unpleasant economic situation around the world, during the years of cooperation ELKO's turnover has increased more than 1.5 times. We have doubled the number of products we offer, built a solid customer and vendor portfolio, further strengthening our leadership positions in the region. We have gained a strong and reliable company reputation in the financial and investment markets. This transaction between ELKO and East Capital has shown that the Baltic companies are providing great returns for investors. I wish East Capital successful business deals in the Baltics in the future, as well."*

Gert Tiivas, Head of East Capital Private Equity Baltic States said: *"Continued reforms and export-led growth have made the Baltics one of the most attractive destinations for investment. Our longstanding experience as an active investor in the Baltic States since 1998 has contributed to our achieving positive results despite Latvia being the hardest hit country in the EU in terms of GDP contraction during the financial crisis. This exit was timely as we continue to focus on other attractive private equity opportunities in the Baltics."*

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About East Capital

East Capital is the leading independent asset manager specializing in the emerging markets of Eastern Europe and China. The company, founded in 1997, bases its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams. East Capital actively manages EUR 3.8 billion in public equity, private equity and real estate. It is headquartered in Stockholm with offices in Hong Kong, Kyiv, Moscow, Oslo, Paris, Shanghai and Tallinn. www.eastcapital.com

About ELKO Group

ELKO Group was founded in 1993 and is one of the largest IT product wholesalers in Eastern Europe. The main course of action is wholesale of computer and electronic products in the Baltic States, Central and Eastern Europe, and CIS member states. ELKO Group represents more than 80 producers and sells their goods to more than 5600 retailers, local computer producers and system integrators. ELKO Group offers more than 15000 product titles from the most famous suppliers - Acer, AMD, Asus, HGST, Intel, Lenovo, Microsoft, Seagate, Sony, Western Digital and others. At the moment more than 340 people are employed with ELKO Group. ELKO Group belongs to several legal entities and investment fund Amber Trust. www.elkogroup.com