



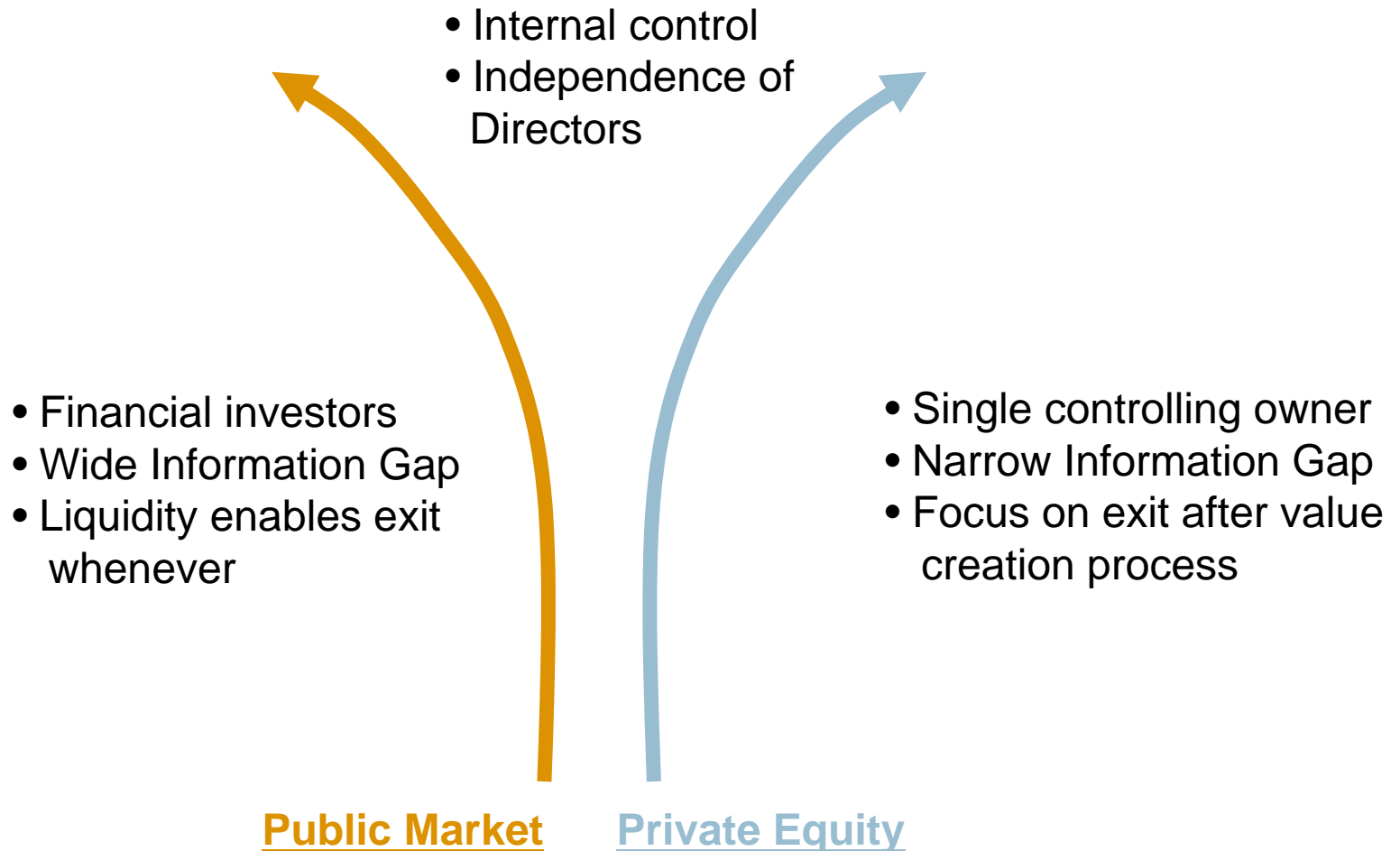
Private Equity and Public Markets: Ownersteering

Jukka Ruuska

CapMan

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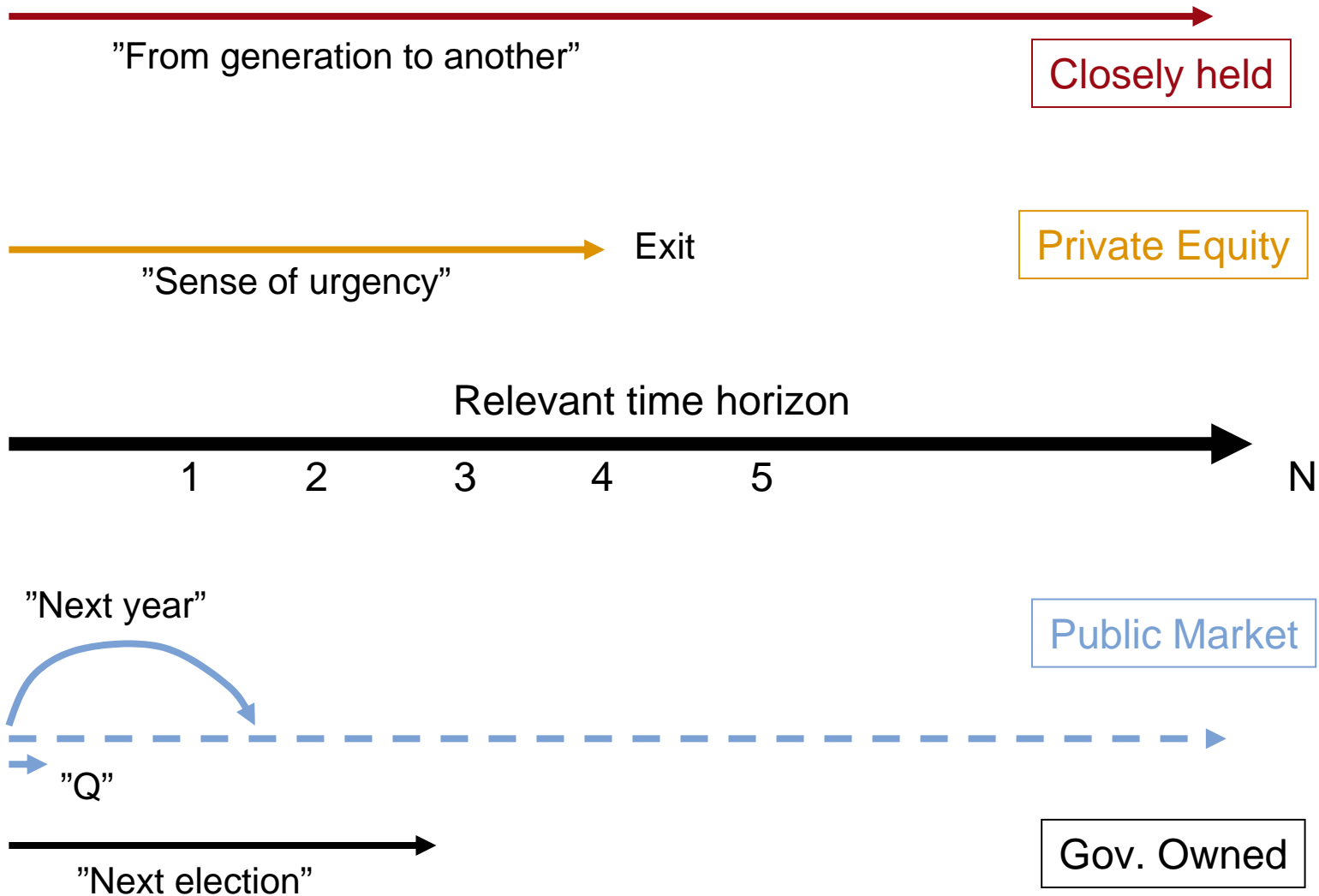
Growing gap in ownersteering



Key Success Factors of Private Equity

ISSUE	SUCCESS FACTORS	BENEFITS	APPLICABILITY TO PUBLIC MARKET
Time	Defined time horizon Long term	Sense of urgency	Decent
Focus	Performance Goal setting	Discipline You get what ...	Good "Internal control"
Incentives	Management Board	Alignment Commitment	Decent "Political correctness"
Resources	Committed Board General Partner	Support for management Methods, tools	Decent
Leverage	Sufficient risk level Efficient cap. structures	Optimal return	Decent "Risk averness"

Time horizons in different ownerstructures

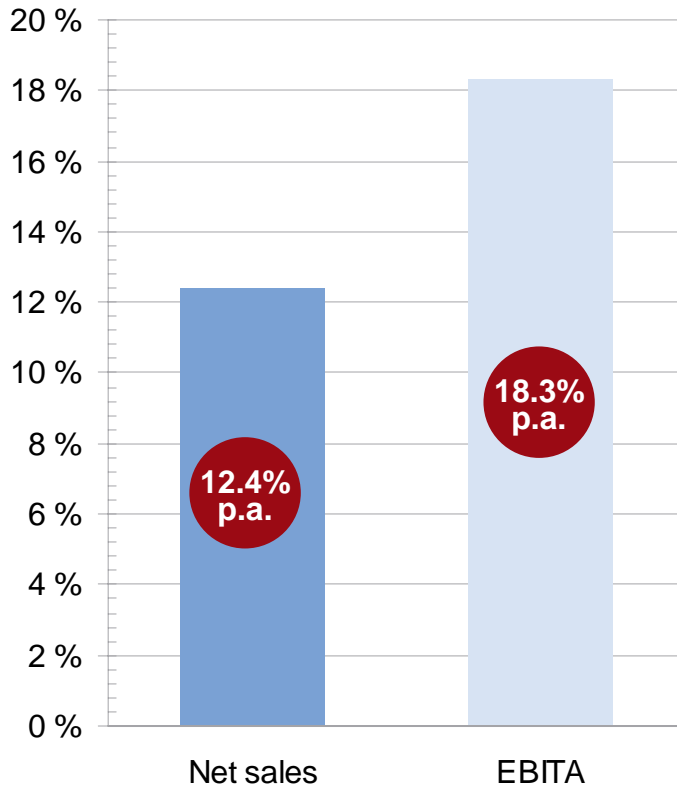


Value creation in realised investments

39 realised buyout investments

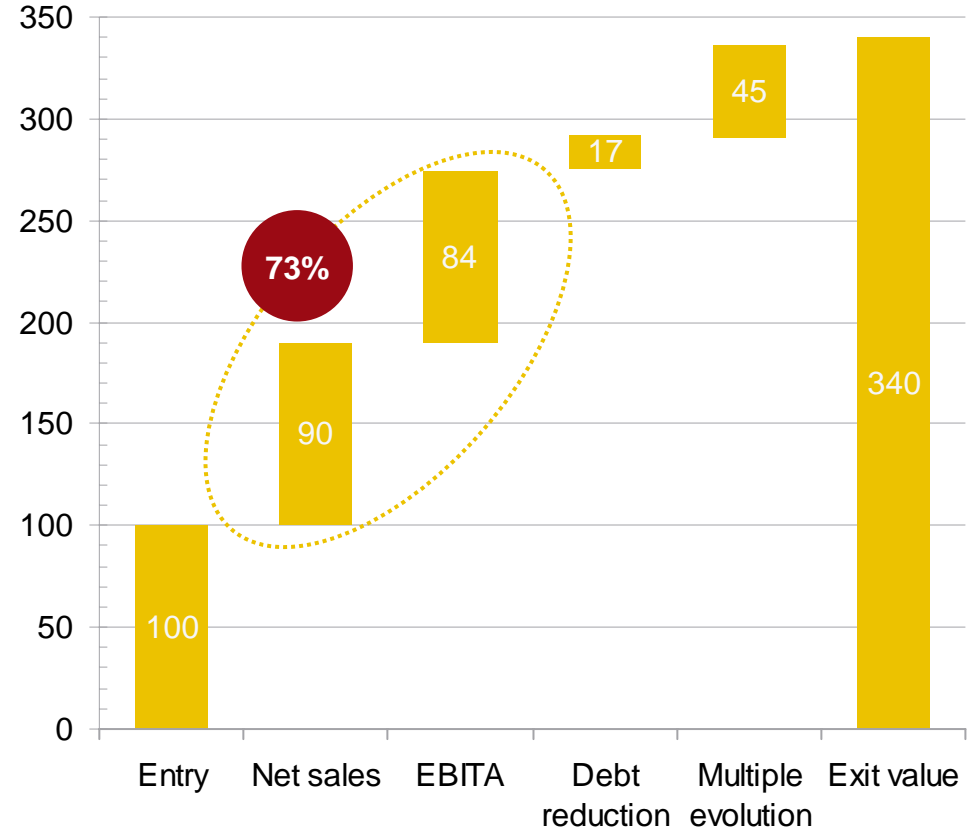
Operational evolution

(average CAGR)



Value creation breakdown

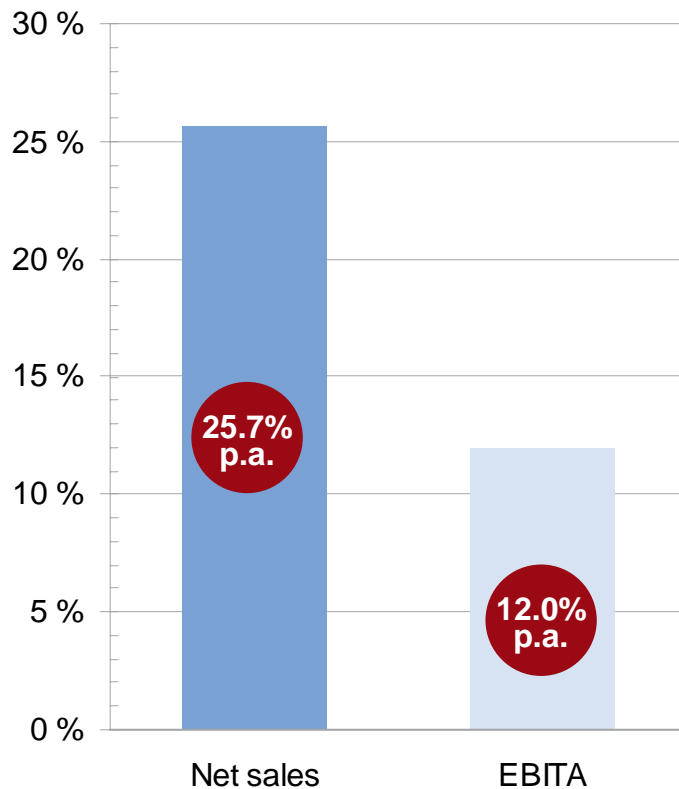
(indexed)



Value creation in unrealised investments

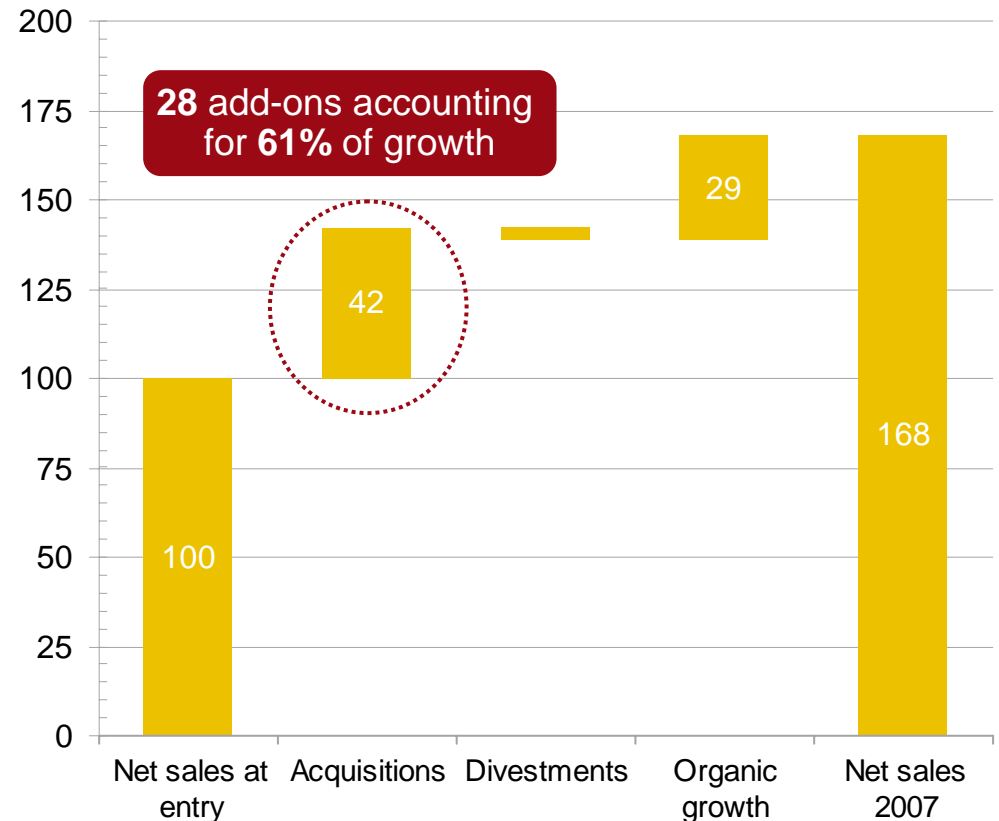
Operational evolution*

(average CAGR)



Breakdown of net sales growth

(indexed, aggregate for unrealised investments**)



* 15 unrealised investments in CapMan Equity VII and CapMan Buyout VIII funds held over one year

** 20 unrealised investments in CapMan Equity VII and CapMan Buyout VIII funds

Different shareholders with different roles

	Pure financial investor	Institutional investor with active approach	CapMan Public Market Fund
Deal flow and entry	<ul style="list-style-type: none"> • Own and sell side research • Market transactions 	<ul style="list-style-type: none"> • Own and sell side research • Network • Market transactions • Private placement 	<ul style="list-style-type: none"> • Proactive deal flow generation • Dedicated team supported by CapMan network • Own and external research • Business due diligence • Influential minority blocks
Active ownership	<ul style="list-style-type: none"> • AGM participation and voting • Vote with feet 	<ul style="list-style-type: none"> • AGM participation and voting • Dialogue with board • Nomination committee representation 	<ul style="list-style-type: none"> • Board seat(s) • Communication of the consolidated ownership policy • Value creation agenda formulation, measurement and follow-up • Management resources and remuneration • Committee work • AGM agenda formulation, participation and voting
Exit	<ul style="list-style-type: none"> • Market transactions 	<ul style="list-style-type: none"> • Market transactions • Private placements 	<ul style="list-style-type: none"> • Exit planning before entry • Proactive exit execution • Multiple exit options including trade sale, private placement and market transactions

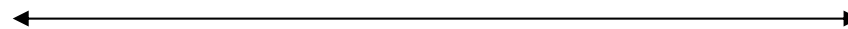
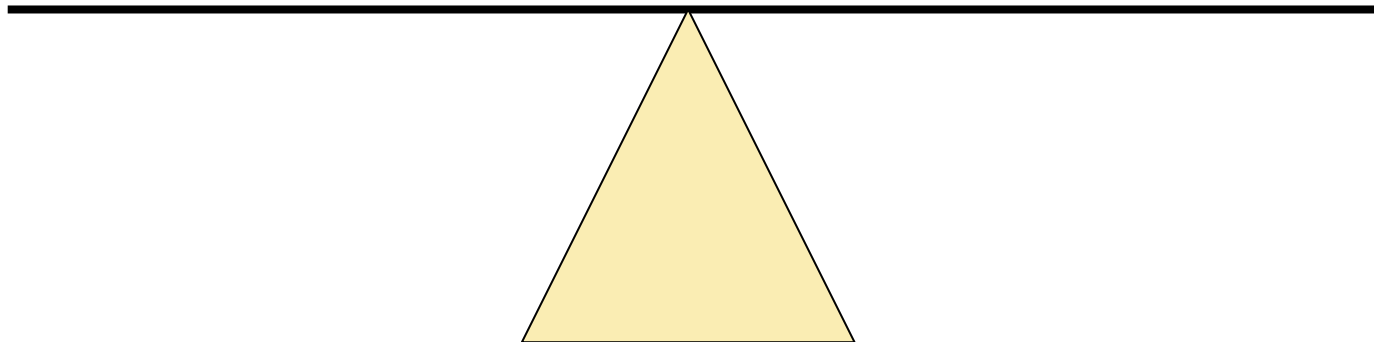
Public and Private Equity Markets complement each other

Public Market

- Highly efficient for asset allocation / portfolio diversification
- Need for asset diversification and liquidity creates capital flows to public market

Private Equity Market

- Highly efficient for owner steering -> value creation
- Capital flow based on value creation track record

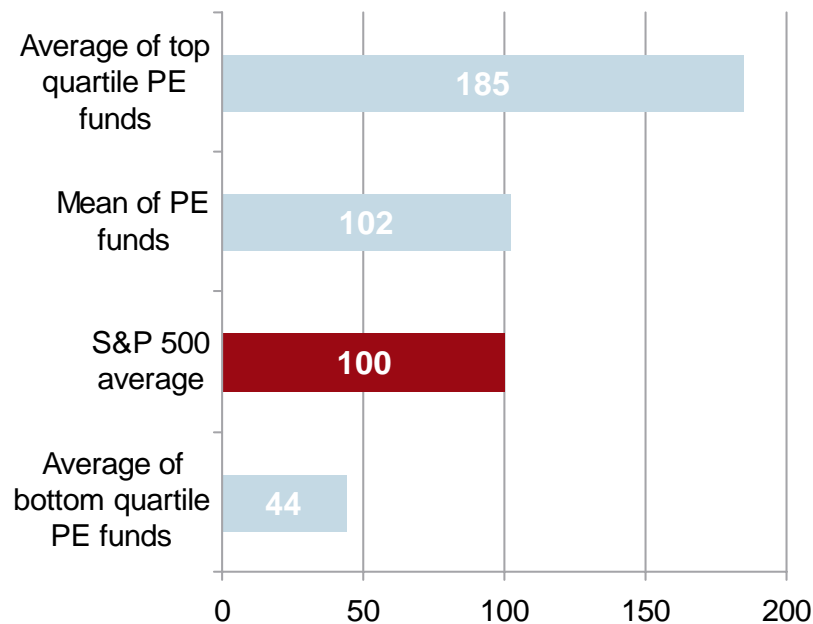


Constantly seeking for equilibrium

Private equity active ownership -model enabling superior value creation opportunities

- Successful PE companies outperform publicly traded companies in terms of value creation

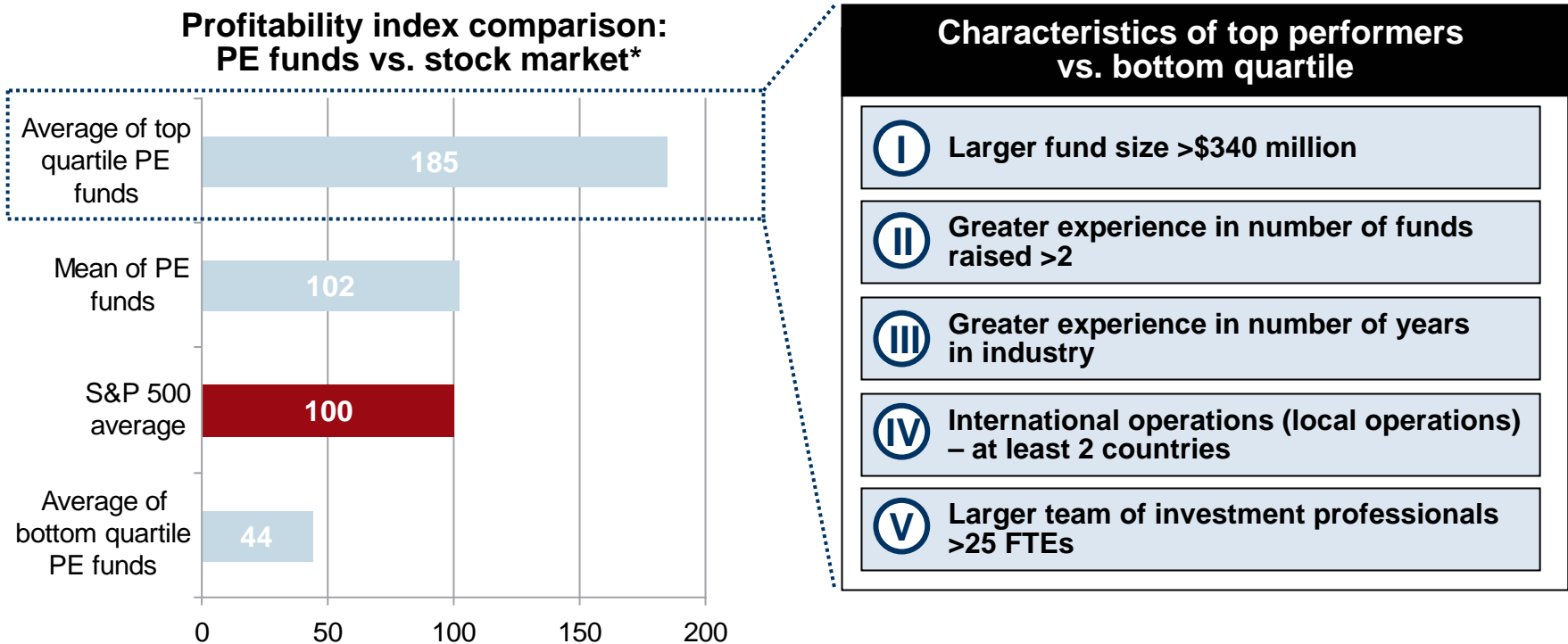
Profitability index comparison: PE funds vs. stock market*



* Profitability index is the present value of all cash flows related to an investment using the appropriate discount rate(s) divided by the initial investment amount
Source: HEC-INSEAD analysis of 422 mature PE buyout funds raised between 1980 and 1996, latest exit in 2005

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Proactive deal flow generation to support high selectivity

