

## **Kreos Capital successfully closes Kreos III for EUR 200 million**

### **Global institutional investors back Kreos' team and model**

**London: 23 April 2007:** Kreos Capital, Europe's leading provider of specialty debt products to high growth companies, announced today the raising of its third fund led by Merrill Lynch and at the same time officially launching its new name, Kreos Capital (Kreos). This new fund, Kreos III, which had formal closing at the end of 2006, has an equity capital of Euro 200 million (USD 260 million) that can be recycled multiple times and offers individual financings of up to EUR 16 million both through secured loans and lease structures to equity sponsor-backed start-up companies across Europe and Israel.

Kreos' funds now include investments from a dozen global institutional investors such as Merrill Lynch, Deutsche Bank and the European Investment Fund.

Kreos established the European specialty debt market for high growth companies in 1998 and, today specialty debt has been firmly established as a complementary financing tool for equity sponsor-backed high growth companies in Europe. Since its launch, Kreos has completed close to 200 transactions in 12 countries across Europe and Israel and, committed a total of more than EUR 400 million.

Ross Ahlgren, Partner at Kreos, comments: "Our track record speaks for itself. We are proud of our team, our portfolio and our ongoing relationships with the leading growth capital funds. We are also delighted to launch our new name at the same time as officially announcing the closing of our third fund. We believe that this cements Kreos' leadership position in the European and Israeli market and gives us the capital we need to continue innovating."

Having worked with the top-tier growth capital funds, invested in some of the best equity sponsor-backed companies in Europe and experienced a full cycle, Kreos has carved out a reputation as a committed and long-term partner to entrepreneurs, equity sponsors and investors alike.

Kreos III follows the successful ramp of Kreos II (raised 2004), from which EUR 160 million has been committed in 70 transactions across a dozen countries and further investments are still being made. By the end of 2010, Kreos II will have committed approximately EUR 400 million.

Investments from Kreos II include Atrica (optical Ethernet systems for Metro networks), Colbar (biomaterials for reconstructive medicine and tissue, successful acquisition by J&J in 2006), CoreOptics (optical networking components), Erenis (Competitive Local Exchange Carrier, successful acquisition by Neuf Cegetel in 2007), LOVEFiLM (DVD online rental), Openet (communications mediation software), Packetfront (world leader in open access FTTH and next generation broadband aggregation), Phoqus (distinctive drug delivery systems, successful IPO in late 2005), PowerPaper (novel slim battery technology), Sequans (WiMAX chipsets) and Transmode (one of Europe's leading CWDM and DWDM equipment companies) amongst others.

With local presence in the UK, Israel and the Nordic region, Kreos' approach is designed to meet the demands of real-world entrepreneurs and growth capital investors, where traditional debt may simply not be available.

Maurizio Petitbon, Partner at Kreos, concludes: "Since our foundation in 1998, we have led the European and Israeli markets in specialty debt for high growth companies and have consistently achieved the goals of our investors, portfolio companies and equity sponsor partners. From our experience, one of the fundamentals of success is the strength of local networks both to source deals and support entrepreneurs. We have an impressive network that places us in a leading position for the future."

**-ENDS-**

### **About Kreos Capital**

Kreos Capital was formed in 1998 as Europe's first specialty debt provider to high growth companies in order to expand the financing alternatives of the maturing growth capital market. Kreos' specialty debt facilities, are a combination of traditional loans or leases and growth capital and were devised to specifically address the debt needs of innovative early stage companies. Kreos III will continue the tradition of enabling both entrepreneurs and growth capital investors to leverage a company's initial equity at a time when traditional debt financing

is simply not available. This leverage allows the entrepreneurs to stretch their equity through the critical early stages of their life cycle whilst also enabling the equity sponsors to commit less capital at the outset without adversely impacting on the company's development plans. Kreos provides companies with debt financing and growth capital from inception to pre-IPO – typically in the range of €750,000 to more than €15 million. Focused on the value creation of its portfolio companies, Kreos takes a growth capital view on each financing situation, offering quick decisions, but without requiring Board seats, complex due diligence, share revaluation, substantial equity dilution, deposits or personal guarantees.

For more information on Kreos, its services and products, please visit our website [www.kreoscapital.com](http://www.kreoscapital.com)

**For further information:**

Please contact Isabel Fox or Louise Ballard at Ballard Associates on +44 207 062 1111.