

Corporate finance boutiques launch international network

KATALIN TÓTH

Seven independent financial advisory firms operating in nine Central East European countries were scheduled to sign an agreement on forming a regional corporate finance alliance this Monday, Dec. 15, one of the executives involved told the *BBJ* last week.

To be called M&A CEE Network, the partnership aims to help regional companies acquire businesses, merge, and build strategic alliances across Central, Eastern and Southern Europe, said István Préda. He is owner and manager of **Magánbankár Financial Advisory Kft**, the Hungarian company that initiated the team-up.

Clients working with a member firm will have access to the local contacts, accounting, business and language skills and information sources of the whole network, he explained.

Founded in September 2002, Magánbankár is a corporate finance boutique advising on management buy-outs and buy-ins and company sales. It has four full-time staff.

Préda, a former head of corporate finance at the former ABN Amro (Magyar) Bank Rt and later at **K&H Bank Rt**, started the network with a view to branching out into cross-border M&A,

advising medium-sized and large Hungarian companies, he said.

"There is a large number of owner-managed local companies which were started as green-field investments or privatized after the transformations, but have outgrown their home markets," Préda said in mid-November.

"The owners of these companies have bought out their parents, shaken off their privatization debt shackles, and have resources to expand. Some of our clients are entrepreneurs who have built well positioned, profitable businesses ready to be rolled out in the region in the wake of European [Union] accession," he added.

Magánbankár's partners in the network are **Hertford Management Ltd.** and **NB Financial Advisors** (Czech Republic and Slovakia), **Ascendence Capital Advisors** (Croatia), **Osprey Partners** (Romania and Turkey), **SEECAP** (Serbia and Montenegro) and the **Agency for Direct Investments** (Russia and Ukraine). Negotiations are ongoing with further companies in Poland, Bulgaria and the Baltic states, a participant of the network said.

"Our members were nearly all founded by former investment bankers working with multinational banks and accountancy firms, many of

whom felt that, independently, we could provide more flexible services," said Jan Krizansky, M&A CEE co-founder. He formerly served as chief banker at the Czech and Slovak operations of corporate finance multinational **Bankers Trust**.

"We may not have the brand names of our multinational competitors. But our business models are based on personal reputation and track records, built with local clients who we guard with our lives," Krizansky added.

The new cooperation comes at a time when the number of domestic and cross-border mergers in Central and Eastern Europe is likely to increase, commented Péter Márk, a director of **Corvinus Rt**. This firm, a subsidiary of the **Hungarian Development Bank Rt (MFB)**, is charged with investing Ft 10 billion into cross-border M&A transactions by Hungarian medium-sized companies.

"Mid-sized Hungarian firms are already very interested in investing into expanding in neighboring countries," Márk noted.

He said firms in the region often operate in a fragmented ownership structure and are short of capital. They will have to merge to be big enough to compete on the EU market, he said.