

## Forging a partnership

*Max Cancre*, director at TA Associates, and *Filip Berkowski*, investment partner at MCI Capital, speak to *Real Deals* about how their collaboration has yielded success

### What is MCI Capital's focus as a firm?

*Filip Berkowski:* This year, 2024, marks our 25th anniversary and we have made close to 100 investments in digital businesses across Central and Eastern Europe in that time. Today, we have more than €600m under management.

We typically write equity checks of between €25m and €50m but can go up to €100m if circumstances permit. Our two most recent deals closed in December 2023, with investments in Polish low-code B2B software company Webcon and Polish contact-centre-as-a-service platform Focus Telecom.

We plan to deploy a further €500m during the next three years and are actively looking at SaaS, B2B software and digital infrastructure opportunities, as well as potential investments in payments, fintech and insurtech.

### When did you first invest in Netrisk and what was the investment rationale?

*Berkowski:* Netrisk was a great fit for our investment strategy, as a Hungarian insurance broker capitalising on the shift from offline to online distribution, and we acquired a majority stake in December 2017 from Enterprise Investors, which, during its investment period, focused on building the online presence of Netrisk.

Our ambition was to create a regional champion. We introduced our value creation plan, which included improvement of digital excellence, building the dominant position in Hungary (with the acquisition of the number two player in the Hungarian market, biztositas.hu) and started regional expansion (by lining up add-on acquisitions in Czechia), which we later continued under leadership of TA Associates. Accompanying organic growth meant we almost doubled the size of the business.

In late 2019, we recapitalised Netrisk, bringing in TA Associates (TA) as the new majority shareholder while we retained a minority stake.



We welcome the opportunity to stay with the asset

*Filip Berkowski (right)*

### What was the appeal of this opportunity for TA?

*Max Cancre:* Over the years, TA has considered a number of investment opportunities in the online marketplace and online price comparison sectors, and we have seen how important those businesses have become in Western European markets.

When MCI came to us with the opportunity to join the next stage of Netrisk's journey, we recognised both the Hungarian growth opportunity, where Netrisk had already consolidated the market, and the regional consolidation opportunity, as neighbouring markets were not as advanced in the migration from offline to online insurance brokerage. We therefore saw this partnership as a great opportunity.

We liked the fact that we were starting with a high-quality, high-growth and profitable business with an M&A thesis that had already been demonstrated with a domestic acquisition. We were also encouraged by the strong pipeline of additional acquisition targets available, all underpinned by great secular tailwinds.

### How has the business grown since your initial investment?

*Cancre:* We quickly began to pursue acquisitions in neighbouring countries and today, Netrisk occupies a leading position in six markets: Lithuania, Poland, Czech Republic, Slovakia, Hungary and Austria. The group operates very well-known brands in each of those markets, which supports cost-

efficient customer acquisition, creating a stickier and more profitable business.

In 2024, Netrisk expects to broker or renew well more than five million insurance policies and generate approximately 10 times more revenue than it did in 2019.

While a lot of that growth has come through M&A, all our businesses have also delivered significant organic growth. The scale of the group has allowed it to be more innovative, invest more in products and services, and leverage the learnings of each operating entity for the benefit of the whole group.

### What do you see as MCI's role in the business now that you are a minority investor?

*Berkowski:* We are a minority investor but we still play an active role, supporting management and lead investor TA with Netrisk's continued growth story. I remain a board member of the Luxembourg holding company.

Indeed, we see this as a great example of a recapitalisation strategy. We started out with a local company, growing it to a point where it attracted the attention of larger firms such as TA. We then formed a partnership with the new majority owners, which extended the holding horizon of our investment.

There is a limited number of attractive opportunities in the region, so once we have found a good company and transformed it into a great company, we obviously welcome the opportunity to stay

with that asset as it continues on its journey. We see this as a great case study for this type of recapitalisation and it is certainly something we would consider pursuing with other businesses in our portfolio.

### What is next for Netrisk and what do you see as your ultimate exit?

*Cancre:* We have recently completed a transformational deal with Bauer Media Group, wherein Srovnejto and Rankomat have now joined the Netrisk Group, so the current focus is digesting and building value from that merger. We are also continuing to look at further M&A opportunities and value-add initiatives that will best position Netrisk for the future, particularly as we approach the five-year mark in our investment.

*Berkowski:* The significant market share that Netrisk Group has built in six distinct countries makes it a highly defensible business – well resourced to grow and expensive to compete against. We believe this makes Netrisk a unique and attractive asset. The sale of Italian online insurance broker Facile in 2022 generated a lot of private equity interest and achieved a high valuation multiple, which is reflective of appetite for the sector as a whole. ●

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