



Israeli cash still fancies Europe

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As investors eye up emerging economies, Israeli finance gurus Haggai Ravid and Edouard Cukierman argue that Europe is still an attractive place to raise cash.

By Candice Krieger, March 4, 2010



Haggai Ravid

Europe has fallen out of favour with financiers as they fret over the possibility of a European debt crisis emerging from the continuing turmoil in Greece. But according to Edouard Cukierman and Haggai Ravid, experts on investing in the region, it is still a fruitful place to raise money.

Mr Cukierman, 44, and Mr Ravid, 49, directors at Israel's leading investment house Cukierman & Co, have been key players in the flotation of 45 Israeli firms on European markets. They have facilitated close to €3bn worth of transactions since the company was founded 13 years ago - 66 per cent of these have been Europe-related - and they don't see this proportion changing.

French-born Mr Cukierman says: "We will still be very much focused on Europe. Eventually there will be more money raised in Europe than in the US. That is the trend."

According to Mr Ravid, the managing partner of Cukierman & Co's investment banking activities, things are "heating up" for floating big companies on European markets. The Israeli says: "In spite of what everyone is saying, we think that Europe is still a good place for companies to raise money in and do business in. It's not a surprise that Chinese and Indian companies are still looking at European exchanges - despite new endeavours to create their own capital markets."



Edouard Cukierman

Israel-based Cukierman & Co was founded by Mr Cukierman in 1993. Today, it incorporates the Catalyst Investments venture capital fund, which, with over \$100m under management, invests in late-stage Israeli and Israel-related companies. The company and the Catalyst Fund are the organisers of the Go4Europe conference - the leading Israel-European gathering in Israel. Now in its 8th year and to be held in Tel Aviv on March 15, the conference aims to create partnerships and promote capital investments between Israeli and European companies. Cukierman & Co is active on all exchanges.

Why are they so focused on Europe? Mr Cukierman, fluent in four languages, explains: "The average company going public on the Nasdaq is \$1bn market capital. Europe is better adapted for medium-sized businesses. Israeli companies are looking at Europe as a serious alternative." What's more, says Mr Ravid, is that "Europe has a very solid foundation. The European nations are considered to be the least corrupt; notably Norway, Finland and the UK. This is very important when people want to raise money abroad. If someone knows that they can negotiate in a least corrupt way, it makes things much easier."

The duo are very optimistic about Poland, and more concerned about Hungary and the Ukraine. In terms of Western Europe, they are bullish about Britain, Germany and France. "Some pockets have problems. We know for a fact that Italy has some economic problems." Stung by the market turmoil, London's Alternative Investment Market (AIM) has also taken a battering over the past couple of years, leaving many Israeli-associated companies with little choice but to de-list.

And then there is Greece, which suffered renewed turmoil last week as a leading credit rating agency threatened to further downgrade the country's long-term rating. According to reports, Greece saw its assets tumble €481m to €7.03bn in the last three months of 2009. Have investors not lost faith in Europe as a result? "Everybody knew about Greece. What happened was not that big a surprise," says Mr Ravid. "If it was France and Germany then it could be scary but we are talking about a country which is relatively small. It's an exception to the strength of the EU. It's a problem but we don't think it will have an effect that will astound the European economy."

Yet Mr Cukierman and Mr Ravid say they feel more comfortable introducing clients to European partners as opposed to embarking on new ventures in some of the developing nations. That said, they warn that the markets are "out of the question" for some sectors.

"For pure development real estate companies wanting to go public, it's not going to happen. There are no banks giving the leverage that they gave in 2005, 2006 and 2007. Real estate is now viewed with a modest suspicion. The fundamentals are not that bad. Real estate is still holding on in developed countries but in terms of the public and capital markets, it is not a place for real estate companies."

Mr Ravid cites renewable energies and life sciences sectors as "in vogue". The index of the life science firms on the Tel Aviv Stock Exchange went up by close to 400 per cent in 12 months." Telecoms and IT have also held pretty firmly.

Mr Cukierman, who moved to Israel 1984, says companies eyeing up Europe need to be patient. "The markets are not yet there. When the market opens up to IPOs, then the Israeli ones will be first out of the starting block to resume the process of raising money in Europe."

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