



## Small Enterprise Assistance Funds



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**Contact: Katherine H. Wheeler**  
**(202) 737-8463 ex. 110**

### **SEAF INVESTS IN HISTORIC POLISH BOOK RETAILER AND DISTRIBUTOR**

Small Enterprise Assistance Funds (SEAF) announced its investment in a growth-oriented wholesale and retail book distributor in Poland. Matras S.A. received debt and equity financing from the SEAF SME Debt Facility (SSDF) and the SEAF Global SME Facility (SGSF) in the amount of USD 4,000,000. This financing, SEAF's second investment in the Polish book distribution company, will help the chain expand into new areas of Poland, enhance its relationship with publishers and improve its on-line retail platform.

Matras was founded in the 1980s as an underground distribution network for pamphlets and newsletters of the pro-democracy group Solidarity. After the dissolution of the Communist Polish government, Matras became a federation of independent regional book wholesalers that transformed into a fully formal corporation. With the help of SEAF's initial investment in the company in 1996, Matras expanded into retail book stores. Fifteen years later, the company operates more than 100 bookstores in 73 cities and towns and operates the second largest domestic book retail network in Poland. Its gross profit margins have increased at a rate that exceeds industry standards and are competitive even when compared to performances of other segment leaders like the US-based Barnes and Nobles, Amazon and Borders.

This investment package comes at an ideal time for the company in terms of the growing retail book industry and depressed competitive landscape in Poland. Despite an overall downturn in the economy, demand for books in Poland continues to increase. Matras is taking advantage of this trend by opening 30 new stores in the next three to four years and increasing the number of titles available in store, from 75,000 to 100,000. This investment will also allow Matras to expand its position in the

on-line wholesale and retail market, taking advantage of the rapid technological adoption and growth seen in this distributional channel in Poland in the last decade.

This expansion will bring bookstores to rural areas and create 250 jobs, many in small towns and villages in western Poland. In addition to increasing access to books, Matras sponsors social development and youth education programs to increase literacy throughout Poland through local literacy workshops, book drives, and community outreach initiatives. The company also operates a foundation to support area libraries.

“This is a very exciting time for Matras,” CEO Jan Sieracki said. “We look forward to increasing the availability of books and richness of titles to Poles in big cities and small towns across the nation as well as enabling them to order books from the convenience of their homes. SEAF is helping us to achieve these goals.”

“We have seen great growth in Matras over the last decade,” SEAF executive chairman and co-founder Bert van der Vaart said. “We look forward to our collaboration with Matras as it expands into new markets and reaches more readers.”

SSDF and SGSF are global vehicles that deploy capital to small and medium enterprises (SMEs). Created in 2009, the facilities provide a framework for SEAF to extend medium to long-term debt in addition to equity capital to small businesses in emerging markets. These facilities complement financing with management expertise. SSDF is a USD 30 million facility financed by the Overseas Private Investment Corporation (OPIC) and SGSF is a USD 5 million facility funded by the Calvert Large Cap Growth Fund.

In addition to the commercial success of SEAF’s investments, analysis of its development impact has shown that for every \$1 invested in small and medium enterprise (SME), an additional \$12 in benefits returns to the local economy. Beyond providing growth capital to a company, SME investment yields economic benefits to a host of other stakeholders—employees, suppliers, customers, competitors, the local community and local government. With stable and secure jobs and growing incomes, families can begin to plan for their futures—investing in improved housing, preventive health care and education for their children that can end the cycle of poverty.

SEAF is a not-for-profit global fund management group that provides growth capital and business support to SMEs in developing countries. Headquartered in Washington, D.C., SEAF manages investment funds in emerging markets through a network of offices around the world. SEAF supports the sustainable growth of SMEs through structured debt and equity capital and extensive post-investment business development assistance. SEAF’s more than 20 years of experience investing in over 335 companies have permitted it to effectively and efficiently deploy growth capital to SMEs in markets where companies are underserved by traditional sources of capital.

**For more information on SEAF and its international funds, please visit: [www.seaf.com](http://www.seaf.com)**