Abstract

Private equity has played an important role in financing of non-publicly traded companies since its appearance in the 1950’s. Private equity funds were first focused on providing capital for start-up especially technological projects and have later reoriented towards buyouts with high level of leverage thanks to favorable economic situation. Private equity is no longer aimed to support and promote the latest technological innovations, but it rather serves as a tool to improve company’s efficiency in the more competitive environment.

Thanks to the oversupply of liquidity on the world markets, low interest rates and the potential of the region, the number of financial investors willing to invest in Central and Eastern Europe kept growing in the recent years together with the number of the local private equity funds and private equity focused financial groups.

In this thesis, we analyze the development of private equity funds and the overall private equity market in the Czech Republic since 1990 until now within the European context. We will outline the main determinants of private equity activity, trends and obstacles that inhibit further private equity market development in the Czech Republic. In the last part of the thesis, we will focus on the liquidity crisis and its impact on the European versus the Czech private equity market.