

2016 was a record year in terms of exits. The priority is a renewed NAV per share increase.

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- **As at 31 December 2016, NAV per share (NAV/s) stood at PLN 17.75, as compared with PLN 18.69 as at 31 December 2015. Despite the decrease year-on-year, a NAV/s compound annual growth rate of over 35 % has been maintained over the last decade or so.**
- **As at 31 December 2016, the value of MCI's assets was PLN 1.341 billion.**
- **Throughout 2016, the company recorded a net loss of PLN 82.2 million, mostly due to a decrease in the value of investment certificates (ICs) of MCI.EuroVentures and MCI.TechVentures funds and a significant decrease in the value of the block of shares held in PEM S.A.**

"For us, 2016 means mainly record exists of the funds affiliated with us from two major investments: Invia and WP. The first investment was an example of how the value of a private equity company should be built and of how conservative the policy applied to evaluate our non-public assets is. Ultimately, Invia was sold for an amount higher than the last valuation made before the transaction. In turn, the investment in WP showed how efficiently companies with a high growth potential are found and exited through a stock exchange, with attractive indices. The funds gained nearly PLN 400 million in total from the sale of all investments and from the dividends paid to us", said

Tomasz Czechowicz, President of the Management Board of MCI Capital S.A.

"Equally intensive efforts were taken to expand the funds' portfolio, for which several interesting investments were acquired in 2016. Ultimately, the funds whose ICs MCI holds allocated over PLN 350 million for all last year's investments, which means that the last year was fairly balanced in terms of exits and new investments", added Tomasz Czechowicz.

As regards non-public assets, the funds affiliated with MCI follow a conservative

valuation policy. In line with that policy, the new investments made in 2016 are recognised in the funds' portfolio according to the purchase price, which offers prospects for an increase in their valuations in the future.

MCI Capital S.A. consistently put into effect resolutions of general shareholders' meetings concerning the buy-back of own shares for redemption. In the third and fourth quarter of 2016, the company bought back 2,111,932 shares in total, i.e. 3.42 % of the company's capital, spending nearly PLN 20 million. Because of the regulations in force in 2016, the buy-back of shares in the last quarter of the year was held on a "micro-call" basis. In the opinion of MCI's Management Board, amendments to the Act on Public Offering, which entered into force on 17 March 2017, may help intensify this process initiated by the company.

"The new regulations have abolished the obligation to announce 'small calls' if a significant increase of the share in the company's capital is planned within a specified time. It is no longer necessary to meet numerous stringent conditions. Moreover, a party interested in intensive buy-back of shares from the market will not have to bear the substantial costs of announcing a call, which should streamline the buy-back of own shares," said **Ewa Ogryczak, Vice-President of the Management Board of MCI Capital S.A.**

Financial results

The value of MCI's assets at the end of 2016 was PLN 1.341 billion. The net asset value per share at the end of the year was PLN 17.75, as compared with PLN 18.69 at the end of 2015. In 2016, MCI Capital S.A. recorded a net loss of PLN 82.2 million. The company's financial results are mainly due to changes in the value of the investment certificates it holds and a lower valuation of the PEM shares held by the company. The net loss was primarily due to a decrease in the value of the investment certificates of MCI.EuroVentures (PLN 45.8 million) and MCI.TechVentures (PLN 6.7 million) and a lower valuation of the PEM shares (PLN 20.3 million).

New investments

The scale of investments in 2017 may be similar to that in the previous year. The funds affiliated with MCI will be looking for investment opportunities mainly in niche market segments, which offer attractive growth prospects but, at the same time, are not popular among regional or global PE players. One of such areas is leveraged buyouts. It is a market sector with attractive valuations and a low level of competition for

transactions below EUR 100 million. MCI and the funds whose investment certificates it holds have over PLN 300 million in liquidity, which they can allocate for their investment plans.