Spotlight Research

MCI Capital

April 14, 2022

Others/Poland

Price 13.04.22*	19.50
Year high/low	25.9/16.8
Currency	PLN
PLN/EUR	4.64
GDR rate	n.a.
Shares outstanding eoy in mn	51.43
Market capitalisation (total shares) in EUR mn	1002.9
Free float	22.1%
Free float in EUR mn	221.6
Index	WIG 20
ISIN code	PLMCIMG00012
Bloomberg	MCI PW
Reuters	MCI.WA
www.mci.pl	

This generic research report does not constitute investment advice. It is generic information and does not substitute professional investment or tax advice. A total loss of a potential investment in the share presented herein is possible. Any possible investment decision has to be made on the basis of a duly approved or published prospectus or a duly published information memorandum. For further important information please see disclosures/disclaimers at the end of this report.

Analyst: Oliver Simkovic, CFA
Tel.: +43 1 71707 - 3858
e-mail: oliver.simkovic@rbinternational.com
Analyst: Bernd Maurer, CAIA
Tel.: +43 1 71707 - 3858
e-mail: bernd.maurer@rbinternational.com
Published by: Raiffeisen Bank International AG, A-1030 Vienna, Am Stadtpark 9
Bloomberg: RCBR <GO>
Disclosures: https://equityresearch.rbinternational.com
European Central Bank (ECB) within Single Supervisory Mechanism, Austrian Financial Market Authority and Austrian National Bank
* The indicated price is the last price as available at 6.30 AM on 21.12.21, Source: Reuters/Bloomberg

#1 listed disruptive tech-focused private equity fund in CEE

Company Highlights & Investment Case

- MCI Capital is the only listed private equity company and the largest digital PE firm in CEE with an owned portfolio of ca. PLN 2 bn and ca. PLN 2.5 bn (EUR 600 mn) under management in its two primary funds MCI.TechVentures 1.0 and MCI.EuroVentures 1.0. Its regional focus clearly lies on CEE and Poland; however SEE and the DACH region are also markets of interest. The company is not dependent on regular cyclical fundraising.
- The group targets companies which show promising digital business models, such as providing digital infrastructure to support the transition towards a more data driven economy. Those include investments in e-commerce, fintechs, insurtechs, payment processing, medtech, edtech and software as a service companies. That sector is strongly supported by pandemic tailwinds and accelerated digital transition. This is also reflected in the strong track record with an IRR of 27% and a 2.5x multiple on invested capital on exits since 2012, with an average holding period of just 3.5 years on the buyout and expansion portfolio. Most prominent were recent partial exits from Netrisk and Pigu.lt and the 2020 exit of Atman.
- The investment focus is on participations which generate positive EBITDA and have an equity ticket size of ca. EUR 25-100 mn. Growth is crucial, with an organic expected growth rate of 20-50% p.a. at the time of investment, while the target company should hold at least a top-3 market position.
- The valuation of MCI seems rather undemanding relative to comparable firms in Europe with a discount of 45% to its NAV, especially in light of the planned exits over the course of the coming years. The historical return profile of MCI is broadly in line with other private equity players.

What's hot: recent developments and financial performance

- On the back of several exits in FY 21, MCI's funds have a substantial liquidity position of PLN 810 mn (YE 21), which is to be reinvested in the portfolio. Investments of around EUR 500 mn are targeted until 2025.
- The merger with related (listed) company PEM in mid-2021 integrated fund management into MCI Capital and has reduced complexity in the group structure.
- In FY 21 MCI Capital benefited from pandemic tailwinds and exits, realising significant positive valuation effects on its investment certificates resulting in a record profit. The company plans to propose a dividend of 2% of its reported equity, which given the discount of ca. 45% to book value corresponds to a dividend yield of ca. 3.4%.

Key Financials

Income statement	*2019*	*2020*	*2021*	*Per share data*	*2019*	*2020*	*2021*
(PLN k)				*(PLN)*			
Gain on. certificates	165,097	164,095	374,078	EPS	2.2	2.7	9.3
Other gains/losses	-9,494	52,164	33,600	Book value	24.6	27.6	35.2
Investment profit	155,603	216,259	407,678	Dividend	0.00	0.54	0.72
EBT	142,647	168,429	346,823	Payout ratio	0.0%	19.7%	7.8%
Net profit after min.	113,388	134,353	465,790	Dividend, % of Equity	0.0%	2.0%	2.0%

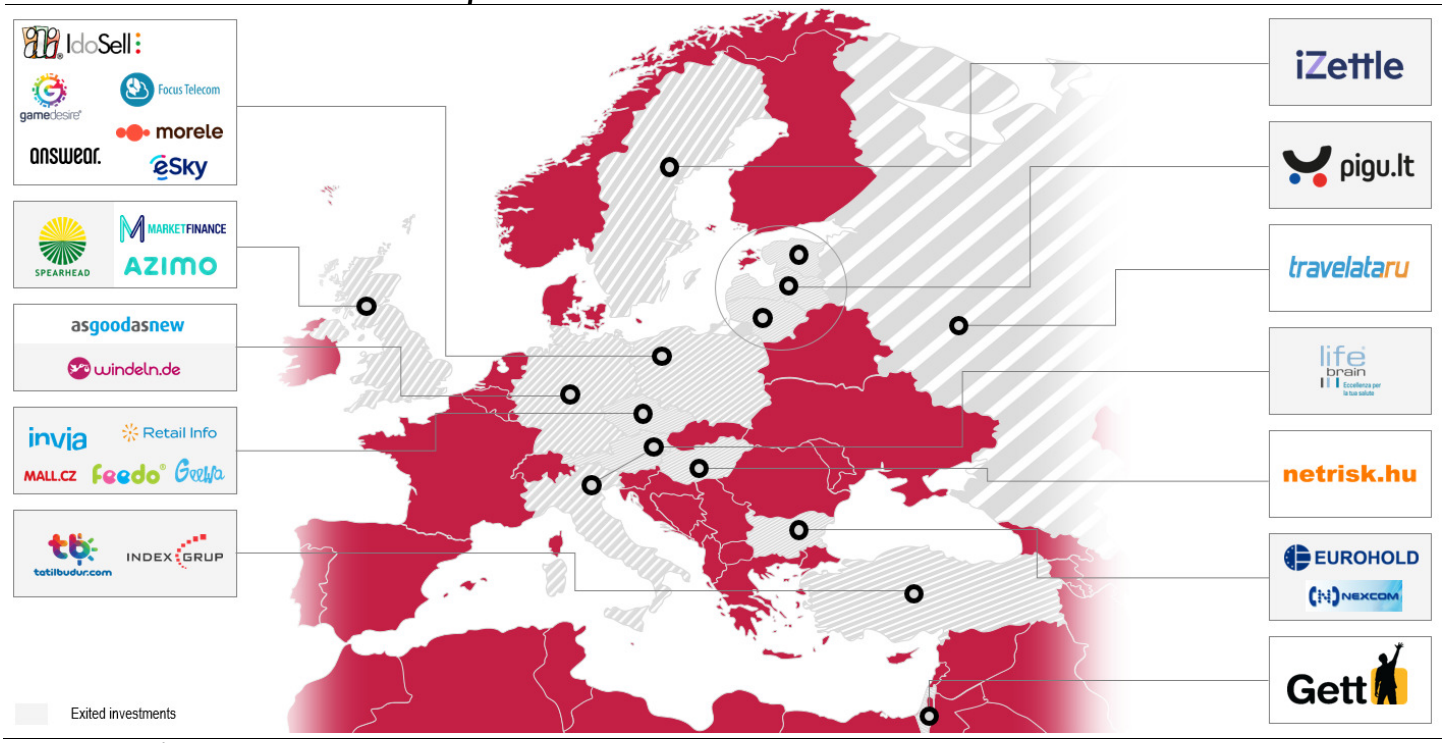
Balance sheet				**Valuation (x, 12m)**	**2019**	**2020**	**2021**
Total assets	1,527	1,793	2,064	PE	4.3	6.1	2.3
Investments	1,511	1,662	2,009	Price book value	0.37	0.57	0.60
Shareholders' equity	1,271	1,356	1,808	Dividend yield	0.0%	3.5%	3.4%
NIBD	135	227	202	EV/EBIT	4.0	5.5	3.6

Source: MCI Capital, RBI/Raiffeisen Research

MCI: the number 1 tech/digital investment company in CEE

MCI is a Warsaw listed private equity company with a clear focus on digital business models and associated enablers in the fields of digital infrastructure. With assets under management of about EUR 600 mn MCI is the number 1 tech/digital investment company in the CEE region. Founded in 1999 MCI can leverage its long-standing expertise in the fields of technology and digitalisation having an impressive CoC (cash on cash return) of 3.3x and a realised IRR of 27% over the last 20 years on the buyout and expansion strategy (past exits as well as returns to be executed in the future). MCI has successfully implemented IPOs (e.g. Allegro, Answear) and public to private transactions (e.g. IAI, ABC Data) and the company realised some impressive growth over the past 22 years, with NAV growing with a CAGR of 18.1%. MCI currently has a market cap of ca. PLN 1.0 bn (EUR 215 mn) and the free float amounts to approx. 22%. The company is managed by CEO Tomasz Czechowicz, a well-known Polish entrepreneur and PE investor.

Focus on CEE and selected Western European investments



Source: MCI Capital

Clear focus on digital business models and enablers in CEE, SEE and DACH!

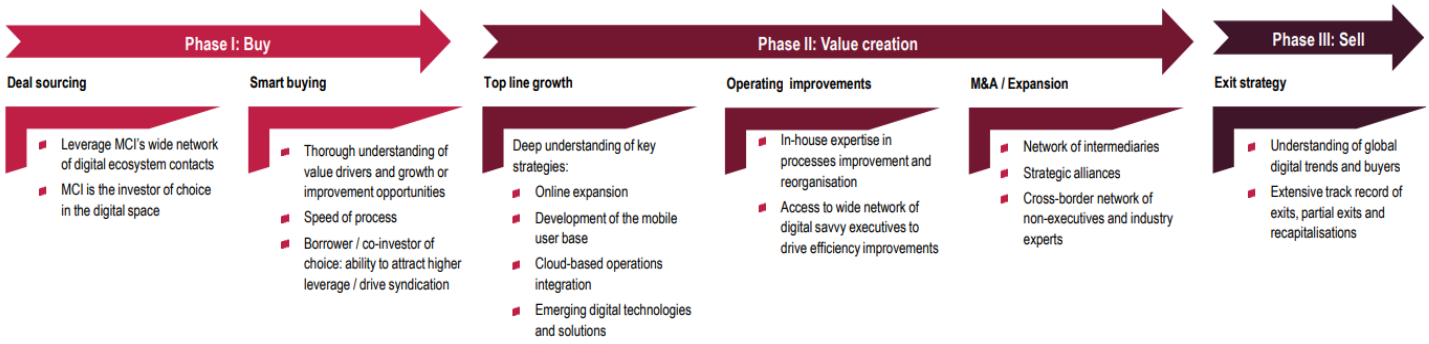
MCI Capital targets investments in pure internet business models like e-commerce and marketplaces, fintechs, insurtechs, payments, gaming, media, medtech, edtech and SaaS (software as a service) as well as enablers like telcos, data collectors, processing centres and logistics infrastructure for e-commerce. The regional focus is clearly on CEE, SEE and DACH incl. Italy. The equity ticket size in the expansion or a buyout of a single project usually ranges between EUR 25 – 100 mn, acting as a lead investor or participating in syndicates with other PE firms, looking for up to three deals per year, according to company information. Target KPIs for investments are an EV of EUR 50 – 250 mn, positive EBITDA of roughly EUR 3 – 30 mn and an organic growth rate of approx. 20-50% p.a. Companies should hold a top-3 market position with the potential to become the market leader via organic or inorganic growth. In the past MCI was also investing in private debt and venture capital but is not conducting any new investments in these areas and rather focusing on divestments.

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

In-house expertise and a strong network of advisors as key characteristics

One of the key characteristics of MCI is its concept of providing comprehensive support to the management teams of its portfolio companies. MCI acts as an industry partner based on its in-house industry know-how and expertise in process improvement and reorganisation as well as its access to a network of digital and sector experts.

MCI Group value chain



Source: MCI Capital

Investments of EUR 500 mn by 2025

For the next five years MCI plans to invest roughly EUR 500 mn in digital technology targeting EUR 1 bn assets under management by 2025, thus being the leading PE company in CEE with an envisaged share of Western European assets of at least 33% of total assets. At the end of 2020 MCI announced a merger with PEM (Private Equity Managers), which was completed in 2021. PEM specialised in private equity funds, including venture capital funds and private debt, and was earlier established as a spin-off of the asset management business of MCI Group in 2010 to 2012.

SWOT Analysis

Strengths/Opportunities

- Secular trends towards more digitalisation and artificial intelligence provide tailwinds for many portfolio companies
- Leading PE firm focusing on attractive CEE market
- Ability to assist portfolio companies in scaling business models
- Track record of solid returns above industry average
- Focus on companies valued at EUR 25-100 mn with positive EBITDA limits risks compared to e.g. venture capital companies

Weaknesses/Threats

- Portfolio valuation mostly done internally (but audited by EY)
- PE companies face exit risks regarding timing and pricing
- Large and relatively complex portfolio, time-intensive process to scrutinise all holdings
- Relatively limited free float of 22%
- Financial statements published regularly only in Polish

Focus on two funds

Two main funds: MCI.EuroVentures 1.0, MCI.TechVentures 1.0

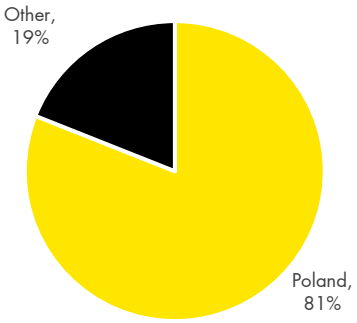
MCI holds its investments through investment certificates in funds which are managed by the company. Not all of the investment certificates are held by MCI, as external investors are also invested. MCI's portfolio is focused on two primary funds, MCI.EuroVentures 1.0 and MCI.TechVentures 1.0, which account for 83% and 16% of the total investment certificates, respectively (YE 20). Other funds of the company such as InternetVentures FIZ and Helix Venutres are currently in the process of being liquidated. For MCI.CreditVentures 2.0 liquidation is being considered, but no final decision has been reached yet. MCI owns 99% of the total outstanding certificates of MCI.EuroVentures 1.0 and in MCI.TechVentures 1.0 the stake amounts to 49%. Plans of the company also include MCI.TechVentures 1.0 to be gradually wound down by 2024 (or if extended by 2026), thus anticipating exits of portfolio companies in the coming years. Investment certificates in the funds are accounted for at fair value. For more information regarding the valuation of portfolio companies please refer to the section "Valuation of portfolio companies" on p. 6.

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

MCI.EuroVentures 1.0

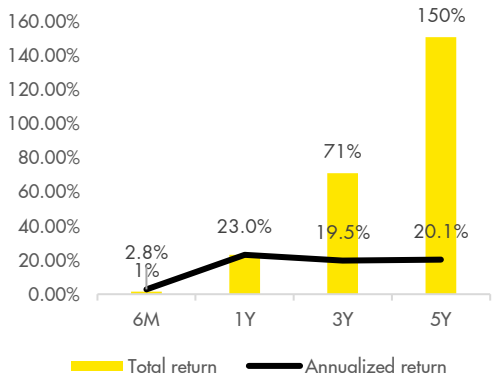
MCI.EuroVentures 1.0 is a fund that focuses on buyouts of medium sized companies that are leaders in the digital market and digital ecosystem. Those include IAI, Netrisk Group and Pigu Hobby Hall Group, among others. MCI holds a 99% stake in the fund, which includes participations in fields like software as a service, e-commerce, fintech/insurtech companies and other firms with EBITDA in a target range of EUR 3-30 mn that provide digital infrastructure. The fund has had a very strong performance history with a return of 150% (20.1% p.a.) over the past five years, broadly in line with the more recent past (3-year return 19.5% p.a., 1-year 23.0%, Series A). The 10-year IRR equals 28.7%.

Geographical breakdown (FY 21)



Source: MCI, RBI/Raiffeisen Research

Rates of return (in %, FY 21)*

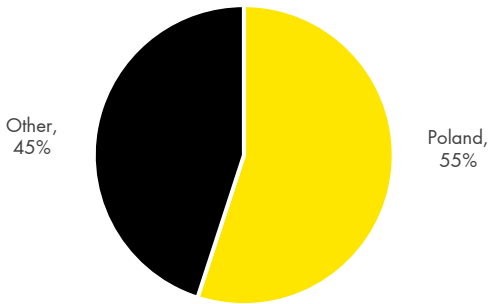


Source: MCI, RBI/Raiffeisen Research, *certificate series A

MCI.TechVentures 1.0

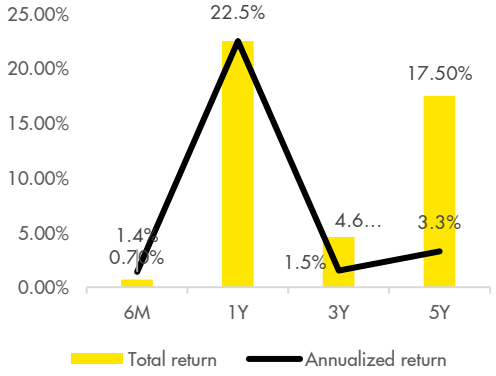
MCI.TechVentures 1.0's strategy is more focused on venture capital. It also includes a higher proportion of companies outside of Poland (2/3 Poland, 1/3 other). The fund targets a cash-on-cash return of 3-5x and, similarly to MCI.EuroVentures 1.0, focuses on e-commerce, fintech, software as a service and AI. MCI holds a 49% stake in TechVentures with the remaining 51% being owned by external investors. Tech Ventures has somewhat underperformed its counterpart in the past five years (17.5% return, 3.3% p.a.); however, this has picked up over the course of the past year with a return rate of 22.5%. The IRR of the fund over the past ten years amounts to 9.9%. MCI guarantees a return of 5% to certain investors in the TechVentures fund, which can however only become effective in the case of redemption or sale.

Geographical breakdown (FY 21)



Source: MCI, RBI/Raiffeisen Research

Rates of return (in %, FY 21)*

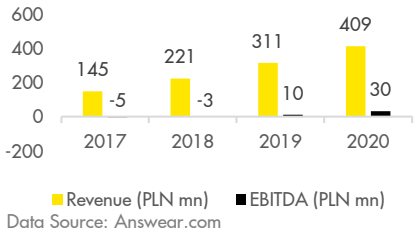
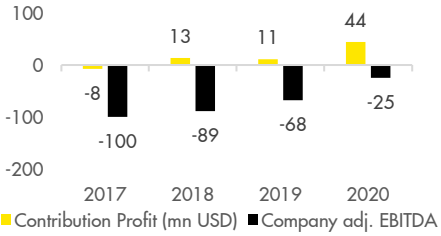
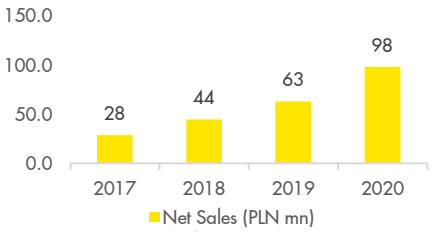
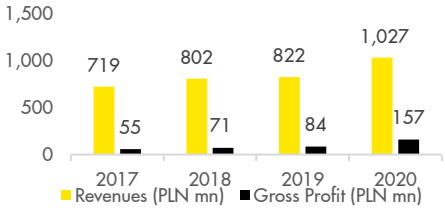
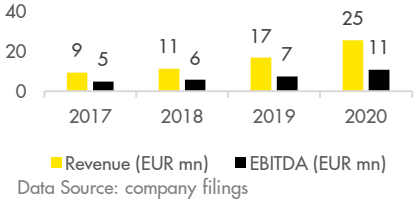
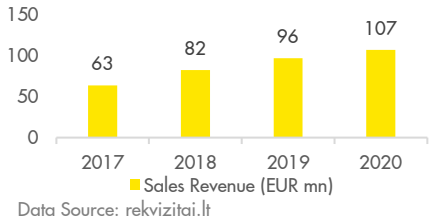


Source: MCI, RBI/Raiffeisen Research, *certificate series O

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Portfolio

Selected Portfolio Companies

Company name	Description	Financial highlights (in EUR mn)
(MCI stake: 21.1%)	Answear is an **online shopping platform** for fashion products and is based in the CEE region, similar to Zalando. It currently is among the biggest CEE multi-brand clothing retailers. Their offer includes over 300 global brands and 80,000 products, additionally the company is rolling out its own, in-house label. Answear experienced staggering growth of 43% p.a. over the past four years with gross margins around 40%. In 2019 and 2020 it also reached positive EBITDA levels before the company was IPOed in January 2021with a partial exit of MCI. The exists are currently planned for 2023 and after 2026 (in two parts). The company is included in the MCI.TechVentures 1.0 fund of MCI.	 Data Source: Answear.com
(MCI stake: 5.0%)	Gett, previously known as GetTaxi, is an Israeli developed **technology platform focused on corporate car services**, by aggregating existing transportation services onto a single platform. Gett allows corporate customers to manage all their transportation needs by connecting them to a global grid of thousands of ground transportation providers. The company was founded in 2010 and is headquartered in London. Since then it has raised more than USD 750 mn of capital from various private equity companies and also ca. EUR 300 mn from the VW group. It is the leader in the industry serving a quarter of the fortune 500 companies. An exit is planned for FY 24. The company is included in MCI.TechVentures.	 Data Source: sec.gov
(MCI stake: 51.0%)	IAI (platform brand Idosell) provides comprehensive **software as a service** based solutions for professionals interested in opening an online shop. The company offers a wide range of services for creating a functional digital store, from developing an integration or marketing strategy to modifying the available website design template to training employees. At the moment over 6,500 online shops are actively using the services provided. The company has grown GMV by 44% p.a. over the past two years. Additionally, in July 2021 it successfully acquired Shoprenter, a leading e-commerce platform in Hungary. The exits are planned for 2024 and sometime after 2026. The company is included the MCI.EuroVentures 1.0 fund. It accounts for around 30% of its NAV.	 Data Source: EMIS, Puls Biznesu
(MCI stake: 51.6%)	Morele.net is the second largest **multicategory e-commerce** platform in Poland combining the best of first party and third party models. Established in 2004, the company is successfully managed by its two founders. Currently, Morele.net follows the strategy of extending the Group´s range to include new categories in their e-commerce portfolio. The group benefits from the relatively low penetration of the Polish market by global players such as Amazon and eBay. The company reached average growth levels of 25% over the past four years. It is included in the MCI.TechVentures 1.0 fund and the exit is planned for 2024.	 Data Source: company filings
(MCI stake: 22.4%)	Netrisk Group is a Hungary based company which operates **online platforms for comparing and distributing personal-line insurance policies** across Central and Eastern Europe. The company distributes several types of insurance products as well as certain non-insurance products, including retail loans, energy contracts and telecommunication contracts. In 2021 the acquisition of Lithuanian Edrauda and the Austrian platform Durchblicker.at was announced. MCI completed a partial exit in January 2020. Netrisk is included in the MCI.EuroVentures 1.0 fund and an exit of the remaining stake is planned for FY 24.	 Data Source: company filings
(MCI stake: 22.9%)	Pigu.lt is an **e-commerce platform** primarily focused on the Baltics, where it is the leader in the segment. It has over 2,000 merchants on the platform. The investment case is based on the belief that the Baltic states are less saturated in terms of online shopping compared to Western Europe and as penetration increases pigu.lt will be able to achieve strong growth dynamics. Pigu.lt experiences a growth of 28% p.a. on average in gross merchandise value (GMV). MCI exited part of their stake in 2021 as Pigu.lt merged with Hobby Hall Group in which MCI still holds a 20% stake. The company is included in the MCI.EuroVentures 1.0 fund with an exit planned for 2025.	 Data Source: rekvizitai.lt

Source: MCI Capital, RBI/Raiffeisen Research

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Companies value internally but audited semi-annually

Valuation of portfolio companies

Portfolio companies are valued internally by MCI Capital and valuations are audited semi-annually by EY. Following an acquisition the investment is initially recognised at cost for up to one to two years. For subsequent periods MCI uses multiples-based valuation methods to adjust the value of their investments. Multiples are based on comparable companies in terms of business model and firms from various jurisdictions (also US, etc.) are considered for inclusion in the respective peer group. Generally, MCI applies a liquidity discount (ca. 15%) to its valuations and in certain cases sometimes due to specific (country/regional/internal) risk factors impacting valuation MCI uses additional discounts. For companies in the MCI.EuroVentures 1.0 fund, most of which are profitable on EBITDA, an EV/EBITDA multiple is applied. As many MCI.TechVentures 1.0 investments still have negative EBITDA, due to the fund being more focused on earlier-stage investments, EV/Sales and EV/gross margin multiples are the predominant valuation multiples used.

Track record and planned exits

In terms of exits MCI Group shows a strong track record. Since 2012 the company has done 13 larger exits of its buyout and expansion portfolio – most of the companies were under the control of MCI or held as a joint venture. The median exit value amounted to EUR 36.2 mn, while the total volume realised over the period is equivalent to somewhat more than EUR 600 mn.

Selected historical exists

Company	Country	Control	Entry Date	Exit Date	Years held	MCI value (in EUR mn)	Gross MoIC	Gross IRR
invia	CZ	Control	Apr-08	Mar-16	7.92	60.1	5.0x	41%
MALL.CZ	CZ	JV	Sep-10	Oct-12	2.08	35.9	4.1x	174%
wp	PL	JV	Jan-14	Dec-16	2.92	36.2	2.7x	54%
NETIA	PL	JV	May-14	Apr-15	0.92	37.4	1.1x	18%
life brain	AT	JV	Jun-15	May-18	2.92	34.6	1.9x	22%
iZettle	SWE	Minority	Oct-15	Sep-18	2.92	36.2	3.7x	62%
dotpay CARD	PL	Control	Jul-15	Jan-19	3.51	58.4	3.1x	38%
ABCDATA	PL	Control	Nov-07	Jun-19	11.59	58.2	2.1x	11%
netrisk.hu	HU	Control	Dec-17	Jan-20	2.08	71.8	4.1x	104%
INDEX GRUP	TR	Minority	May-13	Apr-20	6.92	29.6	1.3x	7%
tatilbudur.com	TR	Control	Nov-15	Jul-20	4.67	1.5	n.m.	n.m.
atman	PL	Control	Mar-16	Dec-20	4.76	113.1	2.8x	30%
pigu.lt	Baltics	Control	Jul-15	Mar-21	5.67	32.1	2.8x	20%
Total realized					**3.5***	**604.5**	**2.5x**	**27.2%**

*Source: MCI Capital, RBI/Raiffeisen Research, *Median*

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

The return also looks in line with or even above what private equity firms are currently targeting. According to a survey done by Paul Gompers at al. (Private Equity and Covid, 9/2020), the median PE fund targets a 25% IRR and 2.5x MoIC (Multiple on Invested Capital), which compares to MCI Group's historical 27.2% IRR and 2.5x MoIC. The 2.5x MoIC is also similar to what a report from eFront finds for holding periods of more than five years. According to the report, holding periods below five years result in less than a 2x gross multiple on invested capital, while this increases and then stabilises at more than 2.5x beyond five years, reaching a maximum of 2.6x with a holding period of nine to ten years. MCI's median holding period of 3.5 years fares relatively well against this comparison.

Portfolio with exit value of PLN 2.5 bn

MCI Capital has an exit pipeline until 2025 which encompasses an estimated exit value of PLN 2.5 bn, most of which (EUR 500 mn) is to be reinvested into the portfolio through one to three investments per year with a ticket size of EUR 25-100 mn. The table below shows the planned exit pipeline. Mobiltek was already exited in February 2022 while in March MCI Capital completed a partial exit from British payment solutions provider Azimo which MCI entered in 2015. The remaining stake in Azimo was exchanged for a stake in Papaya Global, the new owner of Azimo.

Planned exits

2022	2023	2024	2025	2026+
AZIMO*	answear.com	morele	pigu.lt	IAI
Focus Telecom	eSky GROUP Recapitalisation	netrisk group	eSky GROUP	AZIMO
linxdatacenter Dividend	VORTEX II tranche	IAI	MARKETFINANCE	answear.com
HOJO.PL		asgoodasnew	linxdatacenter Dividend	
		gamedesire		
		papayaglobal		
		Gett BUSINESS SOLUTIONS		

2022 – 2026+ : Total exit value of at least PLN 2.5 bn

*Source: MCI Capital, companies listed twice: first exit is partial exit. * Exited in already in Q1 2022*

In March it was also announced that Gett has suspended its plans to go public (through a merger with Rosecliff Acquisition Corp I, a SPAC) and the two companies have mutually agreed to terminate their previously announced business combination agreement. Gett also announced that it is withdrawing from Russia, where it generated less than 14% of direct gross profit in Q4 21 and a negative result on operations.

Market outlook

Supported by new technologies, industries and business models are constantly changing and replacing traditional businesses. With regard to the accelerating speed of digital disruption, responsible managers are forced to respond with an adequate digital solution in order to stay competitive. Truly digitally transformed companies have digital infrastructure, digital processes as well as digital customers at their disposal. In the last few years, digital transformation has taken place across all industries, revealing how the future development of society and the economy can

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

be expected to unfold. With regard to funding issues in early stages, private equity facilitates to overcome this first hurdle.

Digital transformation has been accelerating and omnipresent since the outbreak of the pandemic as restrictions forced companies as well as employees to make use of the digital scope. In fact, seven years of digital adoption, with company-wide transformations across the globe happened in a short period of time. While the old private equity paradigm suggested overcoming the value gap, nowadays it should be the priority for PE investors to bridge digital gaps. Especially the CEE region has a lot of digital potential. The top-100 CEE digital companies are worth more than USD 130 bn, with a stronger growth rate than China in this sector.

Private equity in CEE

CEE market attractive for PE firms

Nowadays, the CEE region constantly gets more attention from investors due to various meaningful reasons. The political and economic influence of this area within the European Union is undeniable. Compared to the EU the GDP growth rate observed was constantly higher in the last ten years and overall increasing annually. Growing markets, centred in Europe, in combination with a large share of the EU population, create an environment in which long-term investment decisions should be made. Over the years a few investments and value creation strategies were identified, aiming for maximised returns based on the attractiveness of the CEE area. Especially start-ups and upcoming companies in the digital industry are quickly developing, where MCI is positioned as a leading private equity company with a compelling track record successful purchases and sales. The mix of available human resources, need for technical/digital developments, numerous government support programs as well as dynamic local environments all together lead to technological investment and innovation. Another topic highlighting the attractiveness of CEE for investors is the implementation of ESG related topics in the company's strategic orientation.

MCI only listed and largest digital PE player

MCI Capital has several non-listed peers focusing on CEE, such as MidEuropa partners (ca. EUR 5.3 bn assets under management, active in various industries), Enterprise investors (EUR 2.1 bn AuM, various industries), Innova (EUR 1 bn AuM, various industries), Abris (EUR 1.2 bn AuM, various industries) and Rockaway (smaller than MCI, focus on digital/IT). What sets MCI Capital apart in this peer group is that it is the only listed Private Equity firm in the region and the largest player in the digital segment.

Impact from the war in Ukraine

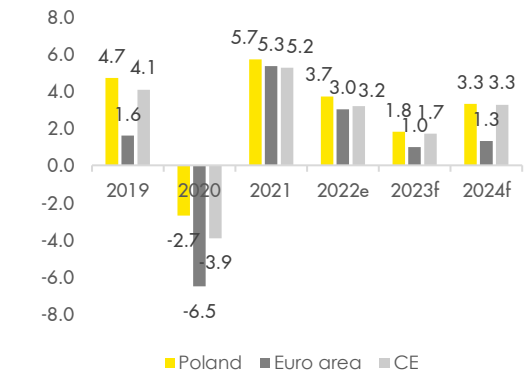
March sentiment decline mostly visibible in consumer sector

The current economic situation, driven by the war in Ukraine creates a challenge for central banks, which have to strike a balance between price pressures, FX volatility and possible harm to the real economies in their decisions. The flash estimate of inflation in the euro area in March surprised on the upside. The headline reading came it at 7.5% yoy, significantly above Raiffeisen Research and consensus forecasts. The reason for this, once again, was due to energy prices, which have jumped by 12.5% mom. According to flash data, inflation in Poland spiked to 10.9%, also above our forecasts (10.1%).

On the back of recent developments, our macroeconomists have significantly reduced their GDP growth estimates and raised inflation forecasts. At the country level, the closer the trade integration with Russia/Ukraine and the more important the industrial sector, the more negatively affected the countries should be. For the euro area and Central Europe, the supply shock for commodities as well as partial frictions in the supply chains are likely to have the biggest impact on growth.

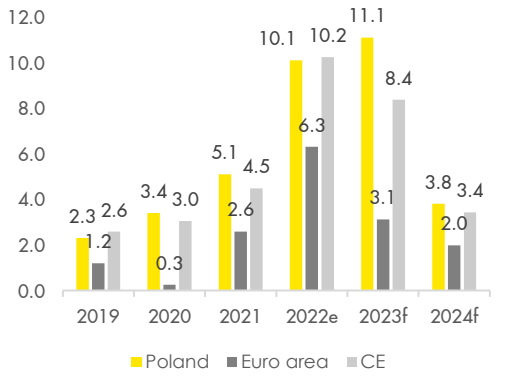
Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Real GDP (avg, % yoy)



Source: RBI/Raiffeisen Research

CPI inflation (avg, % yoy)



Source: RBI/Raiffeisen Research

Limited direct exposure of MCI

MCI's direct exposure to the Ukraine and Russia is limited. MCI.EuroVentures 1.0 (MCI holds 99.5% stake) subfund does not have investments in Russia or Ukraine. Therefore, apart from temporary declines in valuations (resulting from declines in valuations of comparable companies), the fund should not observe a direct impact of the war.

Travelata most significantly affected

Regarding MCI.TechVentures 1.0 subfund (MCI stake 48.7%), 91% of the net asset value of MCI.TV is not directly related to Russia. Only Travelata, representing 9% (PLN 67 mn) of MCI.TV's net asset value (YE 21), is a company directly exposed to the Russian market. It operates in the online travel sector and thus, due to the imposed sanctions, its valuation will likely significantly decrease.

Gett withdraws from Russia, postpones planned IPO

Portfolio company Gett has a more minor exposure to Russia with about 14% of gross profit. Recently the firm announced a withdrawal from the Russian market (which generated a negative operating result thus it should not adversely affect group profitability). MVI's exposure amouts to PLN 110 mn (15% of MCI.TV's NAV as of YE 21). The outbreak of the war also postponed the planned IPO of Gett and thus additional investor financing. Considering the fact that Gett has significant financing from Sberbank the current situation may cause liquidity risks for Gett which could lower its valuation.

Answear ca. 16% Ukraine exposure

Answear.com (16% of MCI.TV as of YE 21, PLN 114 mn) has operations in the Ukraine which account for ca. 16.7% (FY 21) of revenues and which are likely to decline.

Declines in valuations due to stock market effects

Otherwise, MCI's portfolio will mostly be affected by potential declines in revenues due to the general economic development and decreaseses in valuations in the investment funds due to the effects of the crisis on stock markets (and relevant peer groups). In Q1 2022, according to MCI, appropriate write-offs were made on selected investments/portfolio companies.

According to the valuations reported as of March 31, 2022, the value of MCI.EV subfund's NAV decreased in Q1 2022 by approximately PLN -16.2 mn (of which PLN -16.1 mn was allocated to MCI Capital) and the value of MCI.TV subfund's NAV decreased by approximately PLN -152.3 mn (of which PLN -74.2 mn was allocated to MCI Group). Therefore, the total impact of the NAV decrease of the both subfunds on the results of MCI Group (taking into account the MCI Group's share/participation in both subfunds), amounted to approximately PLN 90.4 mn, which accounts for less than 5% of MCI's equity as of December 21.

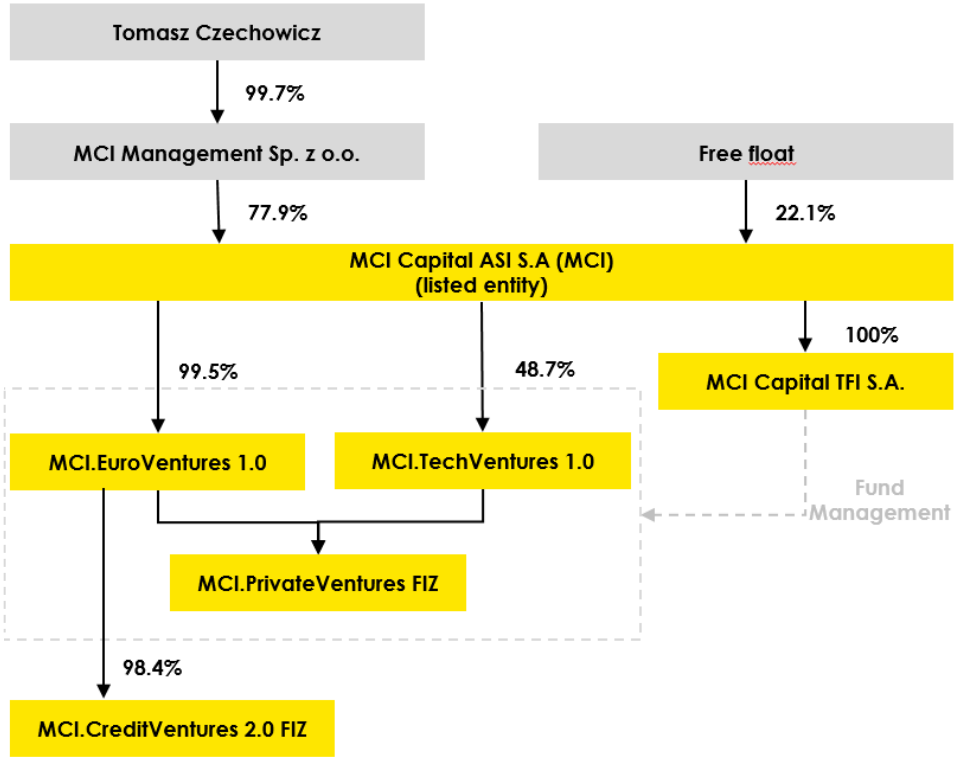
Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Corporate governance

Founded by current managing partner Tomasz Czechowicz in 1999

MCI Capital was founded by Tomasz Czechowicz in 1999. He still remains on board as managing partner and owns 78% of the group through MCI Management Sp. z o.o, and the remaining 22% are free float. Previously MCI Capital's funds were managed externally through the associated public company Private Equity Managers S.A (PEM) in which MCI held a 29% stake before PEM was merged into MCI Capital ASI in 2021. Following the merger the company's funds are being managed internally through its 100% subsidiary MCI Capital TFI S.A. Investment into the funds is done through investment certificates. MCI owns 99.5% of the investment certificates in MCI.EuroVentures 1.0 and 48.8% of the certificates in MCI.TechVentures 1.0, the remaining being attributed to external investors. For MCI.CreditVentures liquidation is being considered, but no final decision has been reached yet.

Organisational structure



*Source: MCI, *pooled holdings*

Dividend policy

In Q4 20 MCI group adopted a dividend policy for the years 2021-2023, which foresees the management recommending a distribution of approximately 1-2% of the company's equity as reported in the most recent annual financial statements. As MCI Group is currently trading at a 40% discount to its book value, the dividend yield would amount to 3.4%.

Merger with Private Equity Managers

Private Equity Managers S.A. (PEM) was separated from MCI Capital ASI in 2014 and acted as the parent company in the Group with the focus on asset management of private equity investment funds. At that time PEM entered into an agreement with MCI under which PEM, through its subsidiary MCI Capital TFI managed the assets of the MCI Group. PEM Group was to separate from MCI in order to also raise funds in private banking channels and in the end become independent from the MCI Group, which would only be one investor in the funds. As those objectives were not fully achieved and certificates are not offered to private banking clients

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

anymore the decision was made to merge the two companies again, which was completed in June 2021.

Management and investment team

Tomasz Czechowicz is the founder and majority shareholder of MCI Captal and has remained managing partner of the private equity company until today. He has an IT and entrepreneurial background, co-founding JTT Computer in the 90s, which he turned into one of the leading CEE PC assembly and distribution centres. In 1999 he founded MCI Group, where he is responsible for the development strategy and business plans as well as the group management.

MCI.TV and MCI.EV funds are co-managed by Maciej Kowalski, board member of MCI Capital TFI S.A., who has joined the company in 2014 after several years in M&A and investment banking advisory. Ewa Ogryczak, who is a certified auditor and former Partner at PKF Consult and Manager at KPMG, is a vice president and COO of MCI Capital.

The investment team, is comprised of eight additional members. Greg Dębicki is Investment Partner and Head of Syndication. Stefan Kruger recently joined as Investment Partner/Head of E-commerce and market place practice. Filip Berkowski and Michał Górecki are Investment Partners at MCI. Additionally, the team is supported by Senior Investment Manager Hubert Wichrowski and 3 Senior Analysts.

Zbigniew Jagiełło, former head of PKO Bank Polski, to become new head of the supervisory board

The supervisory board has been chaired by Jaroslaw Dubinski, who is specialised in civil law, M&A and capital markets; additionally, he drafted legal acts and advised several Polish capital markets related associations in recent years. In February 2022 it was announced that Zbigniew Jagiełło, the former head of PKO Bank Polski and member of the council of the Polish Bank Association, will become the new head of the supervisor board. In total the supervisory board has five members, including Mariusz Grendowicz, Andrzej Jacaszek, Grzegorz Warzocha, Marcin Kasiński.

Vast network of advisers

Additionally, management is being supported by several senior advisors and non-executive directors. Those include partners at renowned consulting firms (Piotr Czapski, McKinsey; Franek Hutten-Czapski, BCG), law firms and CEO's, Vice Presidents and executive directors from other firms, mostly focusing on financial services, technology or strategic planning (e.g. Marcin Petrykowski, Mariusz Grendowicz).

Sustainability

Over the course of the pandemic MCI Capital has developed an ESG strategy, taking into account the UN Sustainable Development Goals and the standards developed by IFC on environmental and social issues. All investment decisions by MCI will be assessed in terms of their impact on ESG issues and MCI wants to promote activities aimed at reducing GHG emissions, increasing energy and natural resources efficiency. Especially companies such as AsGoodAsNew, which is active in the area of refurbished high-tech consumer electronics, contribute to this goal, in our view.

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Financials

MCI Capital merged with PEM S.A., the former parent of the fund management company MCI Capital TFI, in FY 21, which limits the comparability of financial statements on a historical basis as the fund management was integrated and thus the costs internalised instead of outsourced. The primary driver of MCI's P&L is the valuation of investment certificates in the MCI.EuroVentures 1.0 and MCI.TechVentures 1.0 subfunds, which are generally valued internally, as described in the "Portfolio" section above.

On the back of the merger, the expenses for fund management have been integrated into MCI as operating expenses, while being largely compensated for by revenues from fund management which are being charged to the individual funds of MCI. The funds are not consolidated and recognised at fair value as investment certificates.

2021 started off strongly in the first three quarters as substantial revaluation effects on investment certificates, especially thanks to the stronger returns of the MCI.EuroVentures 1.0 fund were realised (result on investment certificates PLN 392 mn vs. PLN 42 in Q1-3 20). In Q4 a slowdown of the strong valuation dynamics earlier in the year was observable with a slight decline in valuations (MCI.TV Q4 fair value decrease due to Morele, Answear and GameDesire valuation), the profit/loss on investment certificates coming in at PLN 374 mn for FY 21. The above average valuation gains in FY 21 are partially driven by a strong revaluation effect on IAI (peer listed with high valuation) which supported the result. However, also MCI.TechVentures 1.0 made a positive contribution, which was driven by the (partial) exit from pigu.lt, merged with Hobby Hall Group in 2021 (in which MCI still holds a stake).

The bottom line in FY 21 was also supported by a release of deferred tax liabilities of ca. PLN 124 mn, which contributed to the record earnings levels of PLN 466 mn (FY 20: PLN 134 mn, Q1-3 21: PLN 507 mn).

Income Statement (in PLN k)	*2018*	*2019*	*2020**	*2021**	*comments*
Profit/loss on investment certificates	**90,000**	**165,097**	**164,095**	**374,078**	2021 gains mostly from EV subfund, increase in valuation of IAI. In TV subfund: profit on exit from Pigu
Revaluation of shares	-71	-5,458	2,149	440	
Revaluation of other financial instruments	0	-4,036	-4,080	5,736	
Revenues from fund management	0	0	54,268	31,320	Decrease due to changes to the calculation of management fees (lower fixed fees, quarterly cap on variable fee)
Dividend income	97,611	0	0	0	
Costs of core activities	0	0	-173	-3,896	
Investment profit	**187,540**	**155,603**	**216,259**	**407,678**	
Operating expenses	-3,930	-4,715	-36,389	-50,059	FY 21 increase driven by management incentive program for the president of the management board (EUR 24.5 mn)
Other operating income/costs	-31,358	116	453	646	
Net financial costs	-12,500	-8,357	-11,894	-11,442	
Profit before tax	**139,752**	**142,647**	**168,429**	**346,823**	
Income tax	-2,208	-29,259	-34,076	118,967	Release of deferred tax liabilities
Net profit	**137,544**	**113,388**	**134,353**	**465,790**	

*Source: MCI Capital RBI/Raiffeisen Research. * Merger with PEM in June 2021, changes due to consolidation only reflected in FY 20 & 21 data*

The strong FY 21 investment certificate valuation effects in both funds supported the expansion of the balance sheet, while redemptions remained relatively minor. MCI Capital restated FY 20 results, including the full consolidation of PEM. This was possible as the merger with PEM was settled using the pooling of interests method as both companies were under the control of MCI Management Sp. z o.o.

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Following the balance sheet date, MCI placed bonds with total proceeds of PLN 81 mn which are to be allocated to current corporate needs including the acquisition of investment certificates of MCI funds and repayment of current debt. The securities have a variable interest rate of 3M WIBOR + 3.5%.

Balance sheet (in PLN k)	***2018***	***2019***	***2020****	***2021****	
Investments certificates	1,342,475	1,511,044	1,662,022	2,008,606	Growth primarily due to increase of portfolio valuation
Other Investments	9,179	3,722	54,218	1,007	
Receivables	3,368	3,542	35,603	28,561	
Other assets	6,031	534	2,056	5,089	
Cash and cash equivalents	7,203	8,116	38,918	20,970	
Total assets	**1,368,257**	**1,526,958**	**1,792,817**	**2,064,233**	
Equity	**1,187,911**	**1,271,174**	**1,355,872**	**1,808,247**	
Liabilities due to bonds	178,429	102,302	198,418	126,764	
Other debt (bank, promissory notes, bills of exchange)	0	41,000	67,887	95,842	
Deferred tax liabilities	0	104,592	131,313	10,613	
Provisions	175	663	17,047	13,699	
Other liabiltiies	1,742	7,227	22,280	9,068	
Total liabilties	**180,346**	**255,784**	**436,945**	**255,986**	
Liabilities and Equity	**1,368,257**	**1,526,958**	**1,792,817**	**2,064,233**	

*Source: MCI Capital RBI/Raiffeisen Research. * Merger with PEM in June 2021, changes due to consolidation, not reflected in historical data*

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Peer Group

Peer Group Overview

Company Name	Description	Portfolio size	Country focus
3i Group	3i Group plc is a British private equity and infrastructure investment company based in London and listed on the LSE. The company has a portfolio of almost GBP 13 bn (> EUR 15 bn). There is no particular sector focus as sectors which the company invests in include infrastructure, consumer, industrials, energy and health care. The average gross investment return amounted to 24% over the past five years with 26% in FY 21 (2020 4%).	EUR 15.2 bn	Global
Gimv	Gimv is a European private equity company listed on Euronext Brussels. Investments focus on Western Europe, mostly the Benelux region and Germany. The portfolio includes companies from various industries. The company realised an average portfolio return of 14% p.a. since FY 16/17 with a decline in portfolio valuation of 10% in FY 19/20 on the back of the corona pandemic. FY 21/22 saw a recovery of 27% and H1 21/22 a return of 14.3%.	EUR 1.1 bn	Western Europe
Eurazeo	Eurazeo is a French investment company focusing on private equity (ca. 70%), private debt (20%) and real assets (10%). The company is active across four continents with the focus on fast growing market segments in Europe and North America. Over the past five years Eurazeo's horizon fund achieved an IRR of 17% with 23% realised in 2020.	EUR 8 bn (EUR 27 bn AuM)	Global
Deutsche Beteiligungs AG	Deutsche Beteiligungs AG is a listed private equity company from Germany that manages closed-end private equity funds. The focus is on German mid-market companies, particularly in the industrial sector.	EUR 570 mn (EUR 2.5 bn)	Germany
Molten Ventures	Molten Ventures is a venture capital firm investing in high-growth technology companies. The company is based in London and listed on the London Stock Exchange. They invest in innovative Deeptech, Consumer Tech, Healthtech and SaaS and Enterprise software. The target return of Molten Ventures is ca. 20% through the cycle, with a 15% return target for 2022. In 2021 portfolio value increased by 51%.	EUR 1.6 bn	UK, USA, EU, CEE
Altamir	Altamir is a listed (Euronext Paris) private equity company which invests through and alongside of the funds managed by Apax Partners. The company is managed by Maurice Tchenio, one of the founders of Apax Partners. He owns a 65% stake in the company. Altamir pays a dividend of 2-3% of year-end NAV.	EUR 1.1 bn	Global (Europe 82%, USA 12%, other 6%)
IDI Emerging Markets	IDI EM is financing SMEs in emerging markets by pure co-investments alongside local private equity funds or direct investments. IDI EM has a partnership with idi Group, a leading European private equity institution, listed on the NYSE Euronext Paris.	EUR 1 bn	China, India, South-East Asia, Latin America, Middle-East and Africa
Ratos	Ratos, a Swedish private equity institution, is targeting companies headquartered in the Nordics to contribute to the long-term and sustainable operational development. The three focused business areas are Construction & Services, Consumer as well as Industry. Financial goals include EBITA growth to at least SEK 3 bn by 2025 or a dividend payout ratio of 30-50% of profit after tax.		Nordics

Source: Company financials

Peer Valuation

MCI Capital's peers are generally valued at 0.79-0.86x book value (which should reflect the fair value of portfolio companies) for FY 22e and FY 23e and have a dividend yield of around 3.1-3.4%. In comparison, MCI Capital's valuation seems quite attractive relative to its peers, as the company is currently trading at a ca. 45% discount to its latest trailing NAV and at a 40% P/B discount to other listed private equity and venture capital companies which trade at a trailing P/B of ca. 0.9 on average. Keeping in mind the impressive NAV growth of 18.1% per annum in the past 22 years, this discount could be somewhat overdone. We acknowledge that a slight discount to peers might be justified on the back of a lower free float.

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Peer Group trailing P/B multiples

	Trailing P/B
3I GROUP PLC	1.14
GIMV NV	1.06
EURAZEO SE	0.95
DEUTSCHE BET. AG	0.76
MOLTEN VENTURES PLC	0.87
ALTAMIR	0.81
IDI	0.68
RATOS AB-B SHS	1.34
MCI Capital	0.55
MEDIAN**	**0.91**

*Source: Bloomberg, RBI/Raiffeisen Research, *excl. MCI Capital*

Peer Group Forward Multiples*

	Last close	Currency	Mkt.Cap	P/E (est.)			P/BV (est.)			Div. yield (est)		
				2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e
3I GROUP PLC	1320	GBp	12,837	3.6	6.3	5.0	1.03	0.90	0.74	3.1%	3.4%	4.0%
GIMV NV	55.1	EUR	1,463	n.a.	n.a.	n.a.	N.A.	N.A.	N.A.	4.6%	n.a.	n.a.
EURAZEO SE	75.75	EUR	6,041	12.2	9.0	5.9	0.85	0.78	0.50	2.5%	2.4%	2.3%
DEUTSCHE BET. AG	28.1	EUR	527	n.a.	6.0	5.0	0.86	0.79	0.73	4.8%	5.6%	5.7%
MOLTEN VENTURES PLC	773	GBp	1,186	4.3	4.4	3.7	0.80	0.67	0.57	n.a.	n.a.	n.a.
ALTAMIR	26.275	EUR	962	47.1	43.9	41.2	1.27	1.27	1.27	2.5%	2.5%	2.5%
IDI	54.6	EUR	395	18.3	17.6	14.2	0.61	0.60	0.59	3.8%	3.8%	3.7%
RATOS AB-B SHS	49.94	SEK	16,735	15.3	12.9	11.7	1.26	1.18	1.11	2.5%	3.0%	3.2%
MEDIAN				**13.8**	**9.0**	**6.0**	**0.86**	**0.79**	**0.73**	**3.1%**	**3.2%**	**3.4%**

Source: Bloomberg, RBI/Raiffeisen Research

Peer Group ROE

NAME	5Y hist. average	2021	2022e	2023e	2024e
3I GROUP PLC	19.1%	21.9%	21.9%	32.1%	16.5%
GIMV NV	6.6%	17.3%	n.a.	n.a.	n.a.
EURAZEO SE	8.7%	29.1%	14.2%	9.9%	10.1%
DEUTSCHE BETEILIGUNGS AG	13.5%	33.0%	28.6%	0.8%	10.8%
MOLTEN VENTURES PLC	25.9%	31.6%	29.7%	22.9%	19.2%
ALTAMIR	12.6%	13.0%	2.5%	2.7%	2.9%
IDI	16.9%	6.3%	3.5%	3.6%	3.7%
RATOS AB-B SHS	7.5%	24.8%	14.7%	7.3%	8.8%
MCI CAPITAL SA	11.2%	29.4%	n.a.	n.a.	n.a.
PEERS MEDIAN	**13.0%**	**25.5%**	**14.7%**	**7.3%**	**10.1%**

Source: Bloomberg, RBI/Raiffeisen Research

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Acknowledgements

Date of completion of this report: 14.04.2022 20:41 UTC+2
Date of email-distribution of this report: 14.04.2022 20:42 UTC+2

DISCLAIMER FINANCIAL ANALYSIS

Publisher and responsible for this publication: Raiffeisen Bank International AG (hereinafter "RBI")

RBI is a credit institution according to §1 of the Austrian Banking Act (Bankwesengesetz) with its registered office Am Stadtpark 9, 1030 Vienna, Austria

Raiffeisen Research is an organisational unit of RBI.

Supervisory authorities: As a credit institution (acc.to § 1 Austrian Banking Act; Bankwesengesetz), Raiffeisen Bank International AG is subject to the supervision by the Austrian Financial Market Authority (FMA, Finanzmarktaufsicht), 1090 Vienna, Otto-Wagner-Platz 5, Austria and the National Bank of Austria (OeNB, Oesterreichische Nationalbank, 1090 Vienna, Otto-Wagner-Platz 3, Austria). Additionally, RBI is subject to the supervision by the European Central Bank (ECB), 60640 Frankfurt am Main, Germany, which undertakes such supervision within the Single Supervisory Mechanism (SSM),which consists of the ECB and the national responsible authorities (Council Regulation (EU) No 1024/2013 - SSM Regulation). Unless otherwise explicitly set out herein, references to legal acts refer to acts which have been enacted by the Republic of Austria.

NO INVESTMENT ADVICE
This research report (hereinafter, "Report" or "Document") is for information purposes only. The Report does not constitute a personal recommendation in the sense of the Austrian Securities Supervision Act 2018 (Wertpapieraufsichtsgesetz 2018) to buy or sell financial instruments. Neither this Document nor any of its components shall form the basis for any kind of contract or commitment whatsoever. This Document is not a substitute for the necessary advice on the purchase or sale of securities, investments or other financial products. In respect of the sale or purchase of securities, investments or financial products, a banking advisor may provide individualised advice which might be suitable for investments and financial products. This Document is fundamentally based on generally available information and not on any confidential information which the author that has prepared this Document has obtained exclusively on the basis of his/her client relationship with a third person. Unless otherwise expressly stated in this Document, RBI deems all of the information included herein to be reliable, but does not make any warranties regarding its accuracy and completeness. This Report constitutes the current judgment of the analyst as of the date of this Report and is subject to change without notice. It may be outdated by future developments, without the Document being changed or amended.

NO REPRODUCTION/DISTRIBUTION OF REPORT WITHOUT PRIOR PERMISSION FROM RBI
The Document may not be reproduced or distributed to other persons without RBI's permission.

ANY POSSIBLE INVESTMENTS IN THE EQUITY STOCK PRESENTED HEREIN ONLY IN CONNECTION WITH SEPARATE PROSPECTUS OR INFORMATION MEMORANDUM
This Document neither constitutes a solicitation of an offer nor is it a prospectus in the sense of the Regulation (EU) 2017/1129 (EU Prospectus Regulation) or the Austrian Stock Exchange Act 2018 (Börsegesetz 2018) or any other applicable law.
Any investment decision in respect of securities, financial products or investments may only be made on the basis of (i) an approved and published prospectus or (ii) the complete documentation such as an information memorandum that will be or has been published in connection with the securities, financial products or investments in question, and must not be made on the basis of this Document.

GENERAL RISK EXPLANATION/MEASURES UNDERTAKEN BY RBI TO MINIMIZE CONFLICTS OF INTEREST
In emerging markets, there may be higher settlement and custody risk as compared to markets with an established infrastructure. The liquidity of stocks/financial instruments may be influenced by the number of market makers. Both of these circumstances may result in a higher risk in relation to the safety of the investments that will be, or may have been, made on the basis of the information contained in this Document.
Unless otherwise expressly stated (www.raiffeisenresearch.com/special_compensation), the analyst that has drafted (or contributed to) this Report is not compensated by RBI for specific investment banking transactions. Compensation of the analyst or analysts of this Report is based (among other things) on the overall profitability of RBI, which includes, inter alia, earnings from investment banking and other transactions of RBI. In general, RBI prohibits its analysts and persons contributing to the Report to acquire securities or other financial instruments of any company which is covered by the analysts (and contributing persons), unless such acquisition is authorised by RBI's Compliance Department in advance.
RBI has established the following organisational and administrative agreements, including Chinese walls, to impede or prevent conflicts of interest in relation to recommendations: RBI has designated fundamentally binding confidentiality zones. Confidentiality zones are units within credit institutions, which are isolated from other units by organisational measures governing the exchange of information, because compliance-relevant information is continuously or temporarily processed in these zones. Compliance-relevant information must not leave a confidentiality zone and is to be treated as strictly confidential in internal business operations, including interaction with other units. This is not applicable to the transfer of information necessary for usual business operations. Such transfer of information is limited, however, to what is absolutely necessary (need-to-know principle). The exchange of compliance-relevant information between two confidentiality zones must only be conducted with the involvement of the Compliance Officer. RBI may have effected a proprietary transaction in any investments mentioned herein or in related investments and or may have a position or holding in such investments as a result. RBI may have acted, or might be acting, as a manager or co-manager in a public offering of any securities mentioned in this Report or in any related security.

REGULATION NO 833/2014 CONCERNING RESTRICTIVE MEASURES IN VIEW OF RUSSIA'S ACTIONS DESTABILISING THE SITUATION IN UKRAINE
Kindly note that research is done and recommendations are given only in respect of financial instruments which are not affected by the sanctions under EU regulation no 833/2014 as amended, i.e. financial instruments which have been issued before 1 August 2014. We may remind you that the acquisition of financial instruments with a term exceeding 30 days issued after 31 July 2014 is prohibited under EU regulation no 833/2014 as amended.

RISK NOTIFICATIONS AND EXPLANATIONS
No opinion is given with respect to such prohibited financial instruments. **Figures on performance refer to the past. Past performance is not a reliable indicator for future results and developments of a financial instrument, a financial index or a securities service**. This is particularly true in cases when the financial instrument, financial index or securities service has been offered for less than 12 months. In particular, this very short comparison period is not a reliable indicator for future results. Performance of a financial instrument, a financial index or a securities service is reduced by commissions, fees and other charges, which depend on the individual circumstances of the investor. The return on an investment can rise or fall due to exchange rate fluctuations. Forecasts of future performance are based solely on estimates and assumptions. Actual future performance may deviate from the forecast. Consequently, forecasts are not a reliable indicator for future results and development of a financial instrument, a financial index or a securities service.

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Acknowledgements

Please follow this link for viewing RBI's concepts & methods: https://equityresearch.rbinternational.com/concepts.php
Please follow this link for viewing RBI's distribution of recommendations: https://equityresearch.rbinternational.com/distribution.php

RBI'S RATING AND RISK CLASSIFICATION SYSTEM
Risk ratings: indicators of potential price fluctuations are: low, medium, high. Risk ratings take into account volatility. Fundamental criteria might lead to a change in the risk classification. The classification may also change over the course of time. Investment rating: Investment ratings are based on expected total return within a 12-month period from the date of the initial rating.

DISCLOSURE UND REGULATION (EU) NO 596/2014
1. RBI or a natural person involved in the preparation of the financial analysis owns a net long or short position exceeding the threshold of 0.5% of the total issued share capital of the issuer; in the case the threshold is exceeded a statement to that effect specifying whether the net position is long or short is provided.
2. The issuer holds more than 5% of the entire issued share capital of RBI.
3. RBI or one of its affiliated legal entities is a market maker or specialist or designated sponsor or stabilisation manager or liquidity provider in the financial instruments of the issuer.
4. During the last 12 months, RBI or one of its affiliated legal entities played a major role or was co-leader (e.g. as lead manager or co-lead manager) in any publicly disclosed offer of financial instruments of the issuer.
5. An agreement relating to the provision of services of investment firms set out in Sections A (investment services and activities) and B (ancillary services) of Annex I of Directive 2014/65/EU of the European Parliament and of the Council has been in effect during the previous 12 months between RBI or one of its affiliated legal entities and the issuer or such agreement has given rise during the same time period to the payment of a compensation or to the promise to get compensation paid for such services; in such cases, a disclosure will only be made if it would not entail the disclosure of confidential commercial information.
6. RBI or one of its affiliated legal entities has entered into an agreement with the issuer on the provision of investment recommendations.
7. The responsible analyst or a person involved in the production of the financial analysis owns financial instruments of the issuer which she/he analyses.
8. The responsible analyst or a person involved in the production of the financial analysis is a member of the executive board, the board of directors or supervisory board of the issuer which she/he analyses.
9. The responsible analyst or a natural or legal person involved in the production of the financial analysis, received or acquired shares in the issuer she/he analyses prior to the public offering of such shares. The price at which the shares were acquired and the date of acquisition will be disclosed.
10. The compensation of the responsible analyst or a natural or legal person involved in the production of the financial analysis is (i) linked to the provision of services of investment firms set out in Sections A (investment services and activities) and B (ancillary services) of Annex I of Directive 2014/65/EU of the European Parliament and of the Council provided by RBI or one of its affiliated legal entities resp. is (ii) linked to trading fees, that RBI or one of its affiliated legal entities receives.

Applicable disclosures: 6

If not already disclosed in 1-10: RBI or one of its affiliated legal entities resp. the relevant analyst or a natural or legal person involved in the production of the financial analysis discloses all relationships, circumstances or interests that may reasonably be expected to impair the objectivity of the financial analysis, or which represent a substantial conflict of interest concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates. The relationships, circumstances or interests include for example significant financial interests with respect to the issuer or other received incentives for taking into consideration third party interests. Interests or conflict of interests (as described in the preceding paragraph) of persons belonging to one of RBI´s affiliated legal entities are known or could reasonably have been known to the persons involved in the production of the financial analysis. The same applies to interests or conflict of interests of persons who, although not involved in the production of the financial analysis, have or could reasonably be expected to have access to the financial analysis prior to its publication.

SPECIAL ADDITIONAL REGULATIONS FOR THE UNITED STATES OF AMERICA
This report and any recommendation (including any opinion, projection, forecast or estimate; hereinafter referred to as "Report" or "Document") contained herein have been prepared by Raiffeisen Bank International AG (a non-US affiliate of RB International Markets (USA) LLC) or any of its affiliated companies (Raiffeisen Bank International AG shall hereinafter be referred to as "RBI") and are distributed in the United States by RBI´s affiliate, RB International Markets (USA) LLC ("RBIM"), a broker-dealer registered with FINRA® and RBI. This Report constitutes the current judgment of the author as of the date of this Report and is subject to change without notice. RBI and/or its employees have no obligation to update, modify or amend or otherwise notify a recipient of this Report if the information or recommendation stated herein changes or subsequently becomes inaccurate. The frequency of subsequent reports, if any, remains in the discretion of the author and RBI. This Report was prepared outside the United States by one or more analysts who may not have been subject to rules regarding the preparation of reports and the independence of research analysts comparable to those in effect in the United States. The analyst or analysts who prepared this research Report (i) are not registered or qualified as research analysts with the Financial Industry Regulatory Authority ("FINRA") in the United States, and (ii) are not allowed to be associated persons of RBIM and are therefore not subject to FINRA regulations, including regulations related to the conduct or independence of research analysts.

The research analyst or analysts identified on the cover of this report certify that (i) the views expressed in the research report accurately reflect his or her respective personal views about any and all of the subject securities or issuers; and (ii) no part of his or her respective compensation was, is, or will be, directly or indirectly, related to the recommendation or views expressed by him or her in the research report.
RBI´S RATING AND RISK CLASSIFICATION SYSTEM (PLEASE CONSIDER THE DEFINITION GIVEN BEFORE)
This Report does not constitute an offer to purchase or sell securities and neither shall this Report nor anything contained herein form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. The information contained herein is not a complete analysis of every material fact regarding the respective company, industry or security. This Report may contain forward-looking statements, which involve risks and uncertainties, does not guarantee future performances whatsoever and is, accordingly, subject to change. Though the information and opinions contained in this Report are based on sources believed to be reliable, neither RBI nor RBIM has independently verified the facts, assumptions and estimates contained in this report. Accordingly, no representation or warranty, expressed or implied, is made to, and reliance should not be placed on, the fairness, accuracy, completeness or correctness of the information and opinions contained in this Report. Although the opinions and estimates stated reflect the current judgment of RBI and RBIM, opinions and estimates are subject to change without notice. This Report is being furnished to you for informational purposes only and investors should consider this Report as only a single factor in making their investment decision. Investors must make their own determination of the appropriateness of an investment in any securities referred to in this Report based on the tax, or other considerations applicable to such investor and its own investment strategy.

INVESTMENT RISKS
Investments in securities generally involve various and numerous risks and may even result in the complete loss of the invested capital. This Report does not take into account the investment objectives, financial situation or particular needs of any specific client of RBIM. Before making an investment decision on the basis of this Report, the

recipients of this Report should consider whether this Report or any information contained herein are appropriate or suitable with regard to their own investment needs, objectives and suitability. Any recommendation contained in this Report may not be suitable for all investors. Past performance of securities and other financial instruments are not indicative of future performance. RBIM can be neither a price guarantor nor an insurer of market conditions.

This Report may cover numerous securities, some of which may not be qualified for sale in certain states and may therefore not be offered to investors in such states. This Document should not be construed as providing investment advice. Investing in non-U.S. securities, including ADRs, involves significant risks such as fluctuation of exchange rates that may have adverse effects on the value or price of income derived from the security. Securities of some foreign companies may be less liquid and prices more volatile than securities of U.S. companies. Securities of non-U.S. issuers may not be registered with or subject to Securities and Exchange Commission reporting requirements; therefore, information regarding such issuers may be limited. Securities which are not registered in the United States may not be offered or sold, directly or indirectly, within the United States or to U.S. persons (within the meaning of Regulation S under the Securities Act of 1933 [the ´Securities Act´]), except pursuant to an exemption under the Securities Act. This Report and the contents therein are the copyright product, and property of, RBIM or RBI. It is intended solely for those to whom RBIM directly distributes this Report. Any reproduction, republication dissemination, and/or other use of this Report by any recipient of it, or by any third party, without the express written consent of RBIM, is strictly prohibited.

U.S. persons receiving the research and wishing to effect any transactions in any security discussed in the Report should do so through RBIM, and not the issuer of the research. RBIM can be reached at 1177 Avenue of the Americas, 5th Floor, New York, NY 10036, 212-600-2588.
RBI is a stock corporation, incorporated under the laws of the Republic of Austria and registered in the companies register of the commercial court in Vienna, Austria. The principal executive office of RBI is at, Am Stadtpark 9, 1030 Vienna, Austria. The shares of RBI are listed on the Vienna stock exchange (ISIN: AT0000606306 / Vienna Stock Exchange; ticker RBI AV).). RBI is a corporate investment bank and domiciled in Austria. For many years RBI has been operating in Central and Eastern Europe (CEE), where it maintains a network of subsidiary banks, leasing companies and numerous financial service providers in several markets. As a result of its position within Austria and CEE, RBI has an established course of dealing, stretching in some cases over many decades, with participants in the following industries: oil & gas, technology, utilities, real estate, telecommunications, financials, basic materials, cyclical and noncyclical consumers, healthcare and industrials. It strives to offer a wide spectrum of services and products including services and products associated with stock, derivatives, and equity capital transactions. RBI´s institutional equity research department covers Austrian and Eastern European companies from the business fields: utilities, information technology, banks, insurance, transportation & logistics, real estate, capital goods, construction & building materials, basic materials, oil & gas, consumer staples and consumer cyclicals, communication.
Supervisory authorities: Austrian Financial Market Authority (FMA), 1090 Vienna, Otto-Wagner-Platz 5, Austria and Oesterreichische Nationalbank, 1090 Vienna, Otto-Wagner Platz 3, Austria, as well as the European Central Bank (ECB), 60640 Frankfurt am Main, Germany, the latter within the context of Single Supervisory Mechanism (SSM), which consists of the ECB and the national responsible authorities (Council Regulation (EU) No 1024/2013 of the Council of the European Union).

DISCLOSURE ASPECTS
The following disclosures apply to the security when stated under the applicable disclosures section (RB International Markets (USA) LLC is hereinafter being referred to as "RBIM"):
21. RBIM, or an affiliate, has acted as manager, co-manager, or underwriting participant of a public offering for this company in the past 12 months.
22. RBIM, or an affiliate, has performed investment banking, capital markets, or other comparable services for this company or its officers in the past 12 months.
23. RBIM, or an affiliate, expects to receive or intends to seek compensation for investment banking services from the subject company in the next 3 months.
24. Securities, or derivatives thereof, of this company are owned either directly by the securities analyst or an affiliate, covering the stock, or a member of his/her team, or indirectly by the household family members.
25. An officer, or a household family member of an officer, of RBIM, or an affiliate, is a director or an officer of the company.
26. RBIM, or an affiliate, beneficially owns 1% or more of any class of this company(ies) common equity.

Applicable disclosures: 22

RBIM´s ultimate parent company is Raiffeisen Bank International AG ("RBI") (Vienna Stock Exchange; ticker RBI AV). Although RBI or its affiliated entities may have concluded transactions for products or services (including but not limited to investment banking services) with the subject company, MCI Capital, or companies in the past 12 months, no employee of RBI or of its affiliates has the ability to influence the substance of the research reports prepared by the research analysts of RBI or RBIM. RBIM is a broker-dealer registered with the SEC, FINRA and SIPC.

SPECIAL REGULATIONS FOR THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (UK)
This Document does neither constitute a public offer in the meaning of the Regulation (EU) 2017/1129 ("EU Prospectus Regulation") nor a prospectus in the meaning of the EU Prospectus Regulation or of the Austrian Stock Exchange Act 2018 (Börsegesetz 2018). Furthermore this Document is not intended to recommend the purchase or the sale of securities or investments in the meaning of the Austrian Securities Supervision Act 2018 (Wertpapieraufsichtsgesetz 2018). This Document does not replace the necessary advice concerning the purchase or the sale of securities or investments. For any advice concerning the purchase or the sale of securities of investments kindly contact Raiffeisen Bank International AG (Equity Sales). Special regulations for the United Kingdom of Great Britain and Northern Ireland (UK): this Document has either been approved or issued by RBI in order to promote its investment business. Raiffeisen Bank International AG ("RBI"), London Branch is authorised by the Austrian Financial Market Authority and subject to limited regulation by the Financial Conduct Authority ("FCA"). Details about the extent of its regulation by the FCA are available on request. This Document is not intended for investors who are Retail Customers within the meaning of the FCA rules and should therefore not be distributed to them. Neither the information nor the opinions expressed herein constitute or are to be construed as an offer or solicitation of an offer to buy (or sell) investments. RBI may have effected an Own Account Transaction within the meaning of FCA rules in any investment mentioned herein or related investments and or may have a position or holding in such investments as a result. RBI might have acted, or might be acting, as a manager or co-manager of a public offering of any securities mentioned in this Report or in any related security.

Information regarding the Principality of Liechtenstein:
COMMISSION DIRECTIVE 2003/125/EC of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest has been incorporated into national law in the Principality of Liechtenstein by the Finanzanalyse-Marktmissbrauchs-Verordnung.

If any term of this disclaimer is found to be illegal, invalid or unenforceable under any applicable law, such term shall, insofar as it is severable from the remaining terms, be deemed omitted from this disclaimer; it shall in no way affect the legality, validity or enforceability of the remaining terms.

Imprint

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Acknowledgements

Information requirements pursuant to the Austrian E-Commerce Act
Raiffeisen Bank International AG
Registered Office: Am Stadtpark 9, 1030 Vienna
Postal address: 1010 Vienna, POB 50
Phone: +43-1-71707-0; Fax: + 43-1-71707-1848
Company Register Number: FN 122119m at the Commercial Court of Vienna
VAT Identification Number: UID ATU 57531200
Austrian Data Processing Register: Data processing register number (DVR): 4002771
S.W.I.F.T.-Code: RZBA AT WW
Supervisory Authorities: Supervisory authority: As a credit institution (acc. to § 1 Austrian Banking Act; Bankwesengesetz) Raiffeisen Bank International AG is subject to the supervision by the Austrian Financial Market Authority (FMA, Finanzmarktaufsicht) and the National Bank of Austria (OeNB, Oesterreichische Nationalbank). Additionally, RBI is subject to the supervision by the European Central Bank (ECB), which undertakes such supervision within the Single Supervisory Mechanism (SSM), which consists of the ECB and the national responsible authorities (Council Regulation (EU) No 1024/2013 - SSM Regulation). Unless set out herein explicitly otherwise, references to legal norms refer to norms enacted by the Republic of Austria.
Membership: Austrian Federal Economic Chamber, Federal Bank and Insurance Sector, Raiffeisen Association

Statement pursuant to the Austrian Media Act
Publisher and editorial office of this publication: Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna
Media Owner of this publication: Raiffeisen Research – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen, Am Stadtpark 9, A-1030 Vienna
Executive Committee of Raiffeisen Research – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen: Mag. Peter Brezinschek (Chairman), Mag. Helge Rechberger (Vice-Chairman)
Raiffeisen Research – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen is constituted as state-registered society. Purpose and activity are (inter alia), the distribution of analysis, data, forecasts and reports and similar publications related to the Austrian and international economy as well as financial markets.
Basic tendency of the content of this publication
Presentation of activities of Raiffeisen Bank International AG and its subsidiaries in the area of conducting analysis related to the Austrian and international economy as well as the financial markets.
Publishing of analysis according to various methods of analyses covering economics, interest rates and currencies, gov¬ernment and corporate bonds, equities as well as commodities with a regional focus on the euro area and Central and Eastern Europe under consideration of the global markets.

Producer of this publication: Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.

Acknowledgements

Raiffeisen Bank International AG - Your contacts

A-1030 Vienna, Am Stadtpark 9, Internet: https://www.rbinternational.com

Equity Sales

Tel.:+43/1717 07-0

Klaus della Torre (Head) **ext. 3636**
klaus.della-torre@rbinternational.com

Reinhard Haushofer ext. 3899
reinhard.haushofer@rbinternational.com

Simon Huber ext. 3664
simon.huber@rbinternational.com

Sebastien Leon ext. 3531
christian-sebastien.leon@rbinternational.com

Tomislav Pasalic ext. 3178
tomislav.pasalic@rbinternational.com

Anita Thurnberger ext. 3638
anita.thurnberger@rbinternational.com

US Equity Sales

Tel.:+1/212-600-2588

Stefan Gabriele (Head)
stefan.gabriele@rbimusa.com

Stefan Niton
stefan.niton@rbimusa.com

Electronic Sales Trading

Günter Englhart (Head) **ext. 3524**
guenter.englhart@rbinternational.com

Tanja Braunsberger ext. 3770
tanja1.braunsberger@rbinternational.com

Adrian Ene ext. 3235
adrian.ene@rbinternational.com

Wojciech Kolacz ext. 3262
wojciech.kolacz@rbinternational.com

Oliver Schuster ext. 3630
oliver.schuster@rbinternational.com

Theodor Till ext. 3641
theodor.till@rbinternational.com

Christof Wallner ext. 3791
christof.wallner@rbinternational.com

Institutional Equity Research

Austria Tel.: +43/1717 07-0

Bernd Maurer (Head) **ext. 3863**
bernd.maurer@rbinternational.com

Oleg Galbur ext. 5610
oleg.galbur@rbinternational.com

Jakub Krawczyk ext. 5617
jakub.krawczyk@rbinternational.com

Markus Remis ext. 8577
markus.remis@rbinternational.com

Teresa Schinwald ext. 3820
teresa.schinwald@rbinternational.com

Jovan Sikimic ext. 5601
jovan.sikimic@rbinternational.com

Oliver Simkovic ext. 3858
oliver.simkovic@rbinternational.com

Croatia Tel.: +385/16174-0

Silvija Kranjec ext. 335
silvija.kranjec@rba.hr

Ana Turudic ext. 401
ana.turudic@rba.hr

Romania Tel.: +40/21306-0

Tiberiu Nicolae ext. 1239
tiberiu.nicolae@raiffeisen.ro

Adrian Cosmin Patruti ext. 1229
adrian-cosmin.patruti@raiffeisen.ro

Russia Tel.: +7/495 221

Sergey Garamita ext. 9842
sergey.garamita@raiffeisen.ru

Sergey Libin ext. 9838
sergey.libin@raiffeisen.ru

Egor Makeev ext. 9851
egor.makeev@raiffeisen.ru

Andrey Polischuk ext. 9849
andrey.polischuk@raiffeisen.ru

Mikhail Solodov ext. 9852
mikhail.solodov@raiffeisen.ru

Andrey Zakharov +7/4957219900.5520
andrey.a.zakharov@raiffeisen.ru

Important: This is no investment advice. Please read the references to conflicts of interest and disclaimers/risk disclosures at the end of this report. Please note that any reference to past performance data is no reliable indicator of future results.