

Financial results and highlights Q3 2018

MCI Capital & Private Equity Managers



mci.
PRIVATE EQUITY
MANAGERS S.A.

Warsaw, 26 November 2018

Agenda

1. Exits summary 2018
2. Financial results of MCI Capital
3. Financial results of Private Equity Managers
4. Investment Funds
5. Outlook 2019



1. Exits summary 2018

Announced exits till the date of publication of the report and dividends amounted to almost **PLN 670 M**

PLN 592.5 M – sale of shares in portfolio companies

PLN 76.8 M – received dividends

This is a proof of high liquidity of the portfolio that gives a significant room for future investments.

Most significant exits announced :



Date of sale: May 2018

Sector: Diagnostic laboratories

Investment strategy:
Digital transformation

Revenue: PLN 157 M

IRR: 22%

Fund: MCI.EV

iZettle

Date of sale: May 2018

Sector: Fintech

Investment strategy:
Digital disruption

Revenue: PLN 165 M

IRR: 70%

Fund: MCI.TV



Date of sale: June 2018*

Sector: Fintech

Investment strategy:
Digital disruption

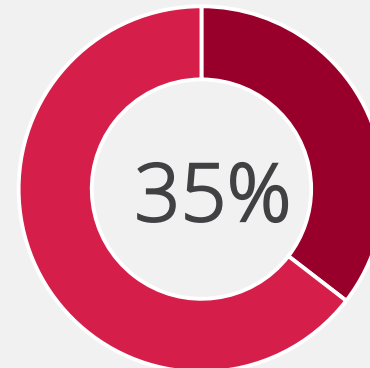
Revenue: PLN 255 M

IRR: 40%

Fund: MCI.EV

** Expected closing of the transaction – December 2018
(approval of Polish Financial Supervision Authority)*

Value of exits to the
total value of funds'
portfolio



Dividends and VC exits

There were two exits in VC portfolio in 2018:

- o Genomed
- o ZdroweGeny.pl

Funds from MCI Group have received **dividends** from ABC Data, Indeks and ATM; in total **PLN 76.8 M**



2. Financial results for the period 1-3Q 2018 MCI Capital

↗ **2,313**

M PLN

Funds' Assets

↗ **1,999**

M PLN

Funds' Net Asset Value

↗ **1,365**

M PLN

Investment Certificates
in MCI's Balance Sheet

↗ **1,160**

M PLN

Net Asset Value (NAV)

↗ **110**

M PLN

Investment Profit

↗ **70**

M PLN

Net Profit

↗ **21.94**

PLN

Net Asset per share

→ **17%**

Net Debt/Assets

3. Financial results for the period 1-3Q 2018 PEM

↗ 2,313

M PLN

Funds' Assets

↗ 1,999

M PLN

Funds' Net Asset Value

↘ 10

M PLN

Profit before tax

285

M PLN

New Investments

↗ 39

M PLN

Profit from management

↗ 11.9%

Gross IRR MCI.EV
LTM

↗ 7.2%

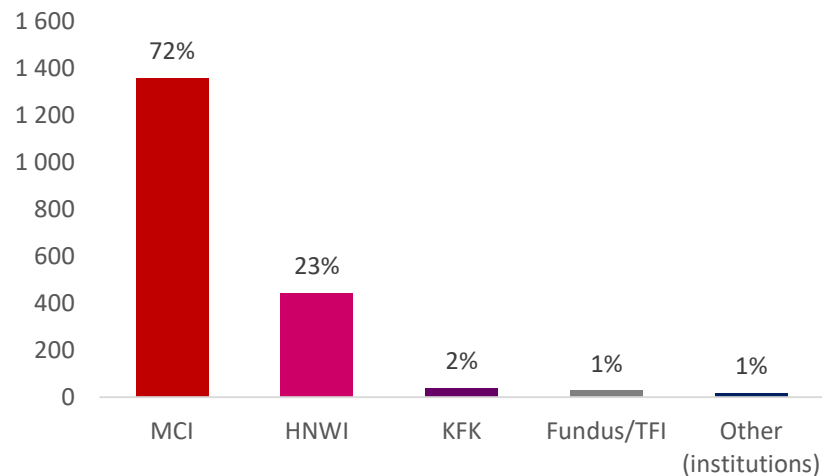
Gross IRR MCI.TV
LTM

↗ 7.4%

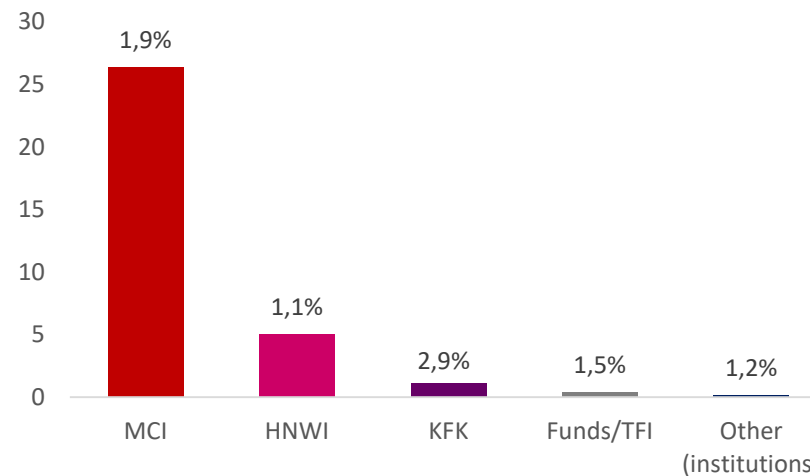
Gross IRR MCI.CV
LTM

3. Financial results for the period 1-3Q 2018 PEM

Net asset value (M PLN) subject to management fee and share (%) according to the groups of investors.



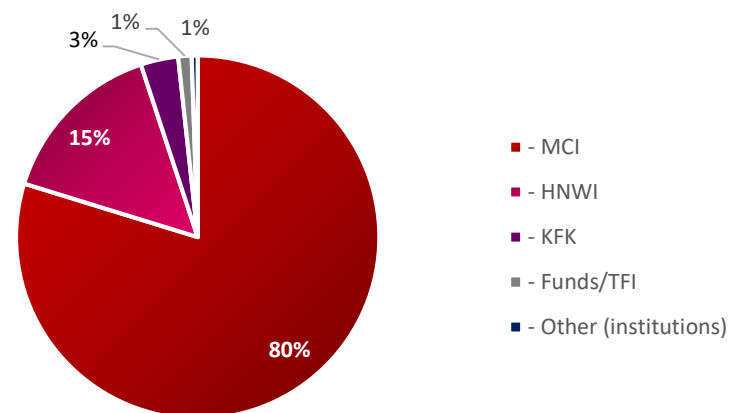
Margin nominal (M PLN) including success fee and percentage (%) according to the groups of investors.



MCI provides approximately 72% of assets under management and 78% of margin, which determines the stability of the current results of PEM SA Capital Group despite the difficult market conditions in Poland.

Share in margin (%) according to the groups of investors

	EV	TV	CV	IV	HVP	TOTAL
Annual Margin / NAV (including success fee)	1,5%	1,8%	1,9%	3,8%	0,0%	1,8%
- MCI	2,0%	3,2%	2,4%	5,0%	n/a	1,9%
- HNWI	2,6%	1,4%	1,5%	n/a	n/a	1,1%
- KFK	n/a	n/a	n/a	5,0%	0,0%	2,9%
- Funds/TFI	4,1%	1,5%	1,4%	n/a	n/a	1,5%
- Other (institutions)	1,4%	1,4%	1,9%	n/a	n/a	1,2%



4. Funds / MCI.TechVentures 1.0 3Q 2018

Fund Managers :
Tomasz Danis /
Tomasz Czechowicz/
Krzysztof Konopiński

MCI.TechVentures 1.0

focuses on investments in fast-growing companies from the CEE and Western Europe, with aim to get a 3-5x cash-on-cash refund.

Interest areas: marketplace, fintech/insurtech, SaaS, AI.

Key investment thesis:

- o Digital disruption
- o Digital adoption
- o Digital ecosystem

Key exits, last 6 years
 exits valued at PLN 700M

iZettle

Investment: 2015
Exit: 2018
CoC: 3.6x
IRR: 70%
Exit value:
 PLN 165M

naviexpert

Investment: 2010
Recapitalization: 2017
CoC: 17.8x
IRR: 37%

invia

Investment: 2008
Exit: 2016
CoC: 11x primary,
 3.5x secondary
IRR: 46%
Exit value: PLN 270M

windeln.de
 alles für mein Baby

Investment: 2013
Partial exit: 2015
Coc: 3,5x
IRR: >90%

MALL.CZ

Investment:
 2010
Exit: 2012
CoC: 4.1x
IRR: 174%
Exit value:
 PLN 162M

eBroker.pl

Investment: 2010
Exit: 2015
CoC: 5.7x
IRR: >60%

Gross assets value
 (958 PLN M)

WAN **Liabilities:** Raiffeisen credit line, Alior, retail bonds



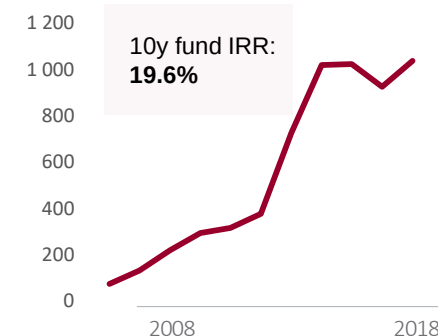
- MCI: 51%
- HNWI: 49%

10% right to remission per year

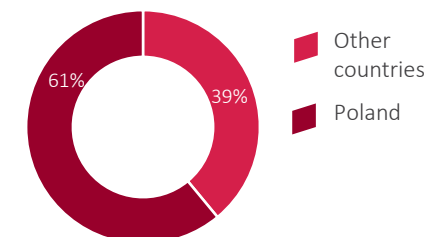
Portfolio (PLN M)

	COUNTRY	MODEL / FIELD	CUMULATED PURCHASE PRICE	PARTIAL EXIT	VALUE
Morele/Pigu	PL / LT	eCommerce	67		233
Gett	IL	Marketplace	109		149
Answear	PL	eCommerce	43		114
Frisco	PL	eCommerce	40		69
KupiVIP	RU	eCommerce	85		59
Tatilbudur	TR	Marketplace	48		39
Travelata	RU	Marketplace	28		42
MarketInvoice	UK	Fintech	32		41
Telematics	PL	Fintech	4	40	38
Azimo	UK / PL	Fintech	28		30
AsGoodAsNew	DE	eCommerce	19		26
Windeln.de	DE	eCommerce	80	32	17
Gamedesire	DE	Gry online	25		12
Geewa	PL	Gry online	16		7

Gross assets value 2008-2018
 (PLN M)

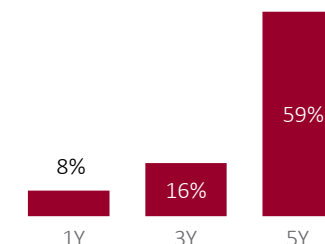


Geographic presence:



Based on 3Q 2018 data

Return rate (%), series A



4. Funds / MCI.EuroVentures 1.0 3Q 2018

Fund Managers:

Tomasz Czechowicz/Maciej Kowalski

MCI.EuroVentures 1.0

invests in medium-sized digital market or digital ecosystem leaders, with EBITDA at EUR 3-30M; with preference for the following industries:

- TMT,
- retail i consumer,
- financial services,
- transport and logistics,
- B2B services and software,

Region: Poland, CEE.

Carried out investments may take the form of buy-outs or managerial buyouts, leveraged buyouts, pre-IPO transactions and P2P (investments in undervalued public companies with withdrawal from the stock exchange).

Key exits



Sector: laboratory diagnostics, biotech
Investment: 2015
Exit: 2018
IRR: 22%



Sector: Internet, media
Investment: 2014
Exit: 2016
CoC: 2.5 x
IRR: 60%

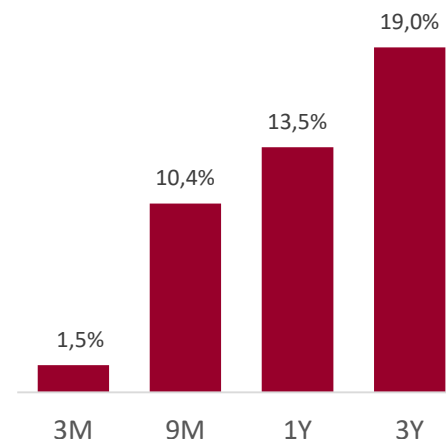


Sector: telecommunication
Investment: 2014
Exit: 2015
CoC: 1.1x
IRR: 19%



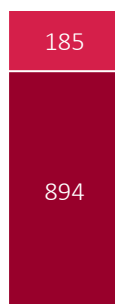
Sector: fintech
Investment: 2015
Exit: 2018
CoC: 3.1x
IRR: 40%

Investment certificates ROI (%), seria N



Gross assets (1.079 PLN M)

WAN: **Liabilities:**
Alior, retail bonds



- MCI: 96%
- HNWI: 4%

10% right to remission per year



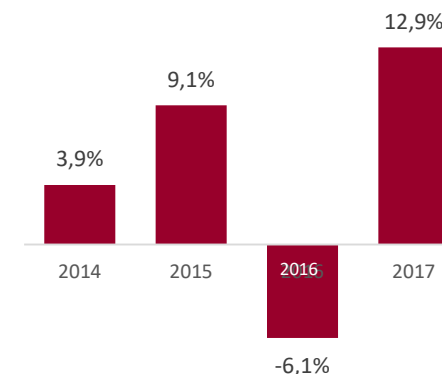
Portfolio (PLN M)

COUNTRY	CUMULATED PURCHASE PRICE	PARTIAL EXIT	VALUE
PL	230.2	46.3	220.6
PL	85		252.7
PL	122.0	171.9	117.1
HU	77,9		117.8
TR	100.6	75.3	42.5
PL	65,3		69.0
PL	140.0*		

*transaction will be closed in 4Q 2018

** estimated time of transaction closure – December 2018 (KNF approval)

Track record ROI (%), series N



4. Funds / MCI.CreditVentures 1H 2018

Fund Manager
Krzysztof Konopiński

MCI.CreditVentures

MCI.CreditVentures is a subordinated debt fund of the 2nd lien and mezzanine type. It invests in companies that operate or have assets in the CEE countries, with an emphasis on Poland.

- Depending on the allocation between the 2nd lien and mezzanine instruments, the expected rate of return of the net fund is between 5% and 7% per annum.
- Fund performance in the first three quarters of 2018 slightly above the expected rate of return due to the undervalued sale in the Genomed share register.
- The structure of deposits output at the end of Q'2018 places the expected rate of return 2018 in the range of 5% and 7%.
- Getting out of the debt investment in Lifebrain and selling the Genomed shares in 1H'18

Key exits

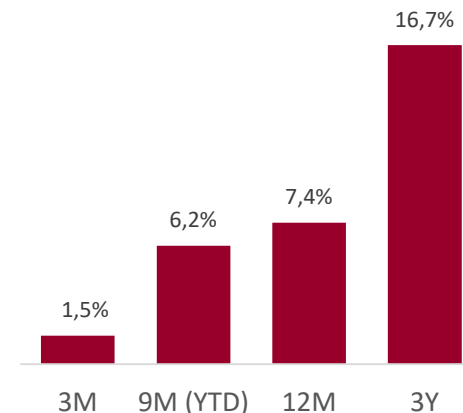


Sector: agriculture
Investment: 2015
Exit: 2017
IRR: 15%



Sector: e-commerce
Investment: 2017
Partial exit: 2018

Investment certificates ROI (%), seria N



Gross assets (209 PLN M)

WAN: Liabilities:



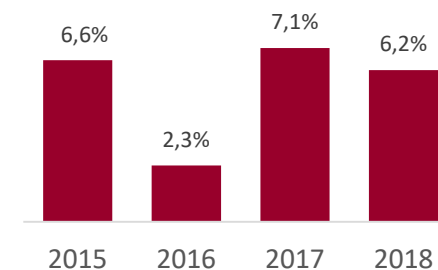
- MCI: 80%
- Financial institutions 11%
- HNWI: 9%



Portfolio (PLN M)

COUNTRY	FUNDS INVESTED	PARTIAL REPAYMENTS	INTERESTS RECEIVED	VALUE
PL	50.0	20.0	5.5	29.9
BG	45.0	0	5.4	45.9
PL	21.3	0	1.0	24.1
LT	3.8	0	0.3	4.0
PL	4.0	0	0	4.6
PL				57.5

Track record ROI (%)



4. Funds / Internet Ventures 3Q 2018

Fund Manager
Tomasz Danis

Commitment seed & startup
Fund

Investments and exits

PLN 60M invested in 18
companies

By Q3 2018, the fund
returned approximately 50%
of the capital invested

- 3 complete exits
- 1 loan payback
- 1 dividend

Years 2019-2020 – exit
activities intensification

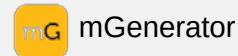
Exits InternetVentures



Investment: 2014
Exit: 2015-2016
CoC: 3.8x (6x on initial
capital)
IRR: 500+%
Exit value:
PLN 23M



Investment: 2015
Exit: 2018
CoC: n/a
IRR: n/a
Exit value: n/a



Investment: 2014
Exit: 2018
CoC: n/a
IRR: n/a
Exit value: n/a

New capital in portfolio companies 2017-2018



PLN 10M
venture debt



PLN 2.0M equity
PLN 2.7M grant RPO
PLN 1.0M grant G2B



PLN 200k loan



PLN 2.9M equity

Most promising companies IV



Comparison
engine +
insurance
purchase
(Marketplace)



Cloud gaming
platform; *Netflix*
for games (SaaS)



Multichannel
contact-center
cloud services
(SaaS)



Band + telemedical
service
(IoT + SaaS)



Platform/
Communication
and PR tool
(SaaS)



Platform for short-
term apartments
rental (Marketplace)

5. Outlook MCI 2019 OUTLOOK - DISCUSSION



Fundraising

- o Commitment Fund -> Year of Hard Work
- o Captive Fundraising -> Going International
- o Traditional Market -> Focus on institutional investors

Exits

- o Record Gross Pipeline
- o Conversion of Gross to Net Realized

Portfolio

- o Ahead of 2016 – 2018 J-Curve effect ?
- o Conservative valuation approach (iZettle case valuation vs exit)

New Investments

- o Focus on digital LBO deals in CEE EUR 25-50M ticket with 3x expected CoC
- o Strong pipeline in Poland and resources in place

