

# Results of MCI CG after 3Q 2012

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14 November 2012

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# Summary after Q3 2012

# Summary after 3Q 2012

PLAN 2012	REALIZATION	
<b>Year of new investments</b>	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li><input type="checkbox"/> 3 new investments in 3Q 2012 (one big ticket) – KupiVip.ru, moje-biuro.pl, 21Diamonds</li> <li><input type="checkbox"/> Planned at least three investment until the announcement of the results for the year 2012</li> <li><input type="checkbox"/> Continuing the investment strategy (new investments in the segments growth and early stage, Internet and new technologies, going beyond CEE - Russia and Germany)</li> </ul>
<b>At least 1 BIG EXIT</b>	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Exit Mall.cz (buyer: Naspers) - received about 38 million (the impact of the first tranche in June 2012, the second tranche in November 2012, 4.2 x invested capital)</li> <li><input type="checkbox"/> 7 projects in the portfolio with a big exit potential (&gt; 100 million PLN) in 2013/2014</li> </ul>
<b>Building value of portfolio companies</b>	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li><input type="checkbox"/> The dynamic development of revenues in e-commerce and e-travel:             <ul style="list-style-type: none"> <li>• Invia.cz – dynamic growth, high EBITDA and investment in Russia.</li> <li>• Morele.net, Geewa, Frisco.pl – revenue growth 100% y/y</li> </ul> </li> <li><input type="checkbox"/> ABC Data - A new president, rebuilding strategy, revenue growth around 30% y / y</li> </ul>

# Results GK MCI after 3Q 2012

in million PLN	3Q 2012
<b>consolidated net result of MCI</b>	<b>31.8</b>
<b>total consolidated assets</b>	<b>764.2</b>
<b>total net consolidated assets</b>	<b>561.7</b>
<b>net IRR since creation</b>	<b>18%</b>

## Factors affecting the result in 2012:

- The increase in value of the MCI.TechVentures fund (>10%):
  - Mall.cz – recorded record profit on the sale of an asset
  - Increased value of investments in Invia.cz, Geewa, Morele.net (due to a very good operating performance)
- Reduction in the share price of ABC Data SA from 2.35 PLN to 1.98 PLN (-16%)
- Good performance of the management company

## Indicators

	3Q 2012	3Q 2011	Change y/y
MCI share price	<b>4.50 PLN</b>	3.80 PLN	+18%
capitalization	<b>280.4 million PLN</b>	236.9 million PLN	+18%
AUM	<b>811 million PLN</b>	765 million PLN	+6%
P/BV	<b>0.50</b>	0.46	+9%
debt / equity*	<b>12%</b>	15%	+20%

\* Debt – mortgages, loans, bonds

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# **New Investments**

# MCI investment strategy

- MCI uses the potential of the rapidly growing e-commerce markets in the CEE
- Going beyond CEE (previously Poland, Czech Republic and Bulgaria - from 2012, Russia and DACH countries)
- Planned investments in other CIS countries and Turkey



- Selective investments / stable portfolio
- Focus on growth capital investments in the fields of technology and Internet in the CEE, DACH, CIS and Turkey
- Candidates for regional leaders
- Areas of investment on the Internet: cloud computing, FinTech, E-commerce, social media, mobile internet, online entertainment / Smart TV
- Approx. PLN 300 million investment in 2013

- e-grocery market leader in PL  

- e-commerce market leader IT/home appliances and electronics in PL  

- candidate for global champion in the segment of online gaming  

- e-travel market leader in CEE  

- e-fashion market leader in Russia  


# MCI investment strategy for 2012/2013

- The effect of macroeconomic uncertainty is the focus on *growth technology* and *consumer Internet* investments.
- MCI wants to invest 300 million PLN, and if a new fund is launched that is now in preparation (MCI Partners Fund 3.0), over PLN 500 million in the years 2012-2013.
- In 2012, new investments should reach 100 million PLN (3-5 new projects plus *follow-ons* in the portfolio).
- We will focus on:
  - *growth capital* investments in the field of technology and Internet in **CEE, DACH, CIS** and **Turkey**
  - European candidates for global champions (investments with Intel Capital and other global Class A VC funds)
  - *early stage investments* in Internet and med-tech companies in Poland (NCF and PARP).
- Areas of investment on the Internet: cloud computing, FinTech, e-commerce, social media, mobile internet and online entertainment / smart TV.
- **We will not execute LBO investments (except for the Internet industry / TMT) and real estate (other than mezzanine and special situations).**



main area of investments  
other investments  
indirect investments

} current  
investments

countries in the area of interest of MCI  
former investments



# Investment strategy – why Emerging Europe

## (1/2)



Assumed % of the investment portfolio

POLAND	CEE	DACH	CIS	TURKEY
25% - 50%	20% - 40%	5% - 15%	5% - 25%	5%

### Region

### Strategy area

### Sources of growth

#### POLAND

investments in the sectors of Internet / TMT, including companies at different stages of development

- companies at early stages of development with the potential to gain leading position (national / global level)
- growth stage (in the CEE leaders and global leaders)
- expansion stage (national leaders / leaders in Central Eastern Europe / European and Global leaders)

#### CEE

direct funding of (round B and C) companies to achieve market leader position in CEE / Emerging Europe or co-investments with other VCs in companies with the potential to become global leaders

- unique experience - MCI Management is present in the region since 2004, total IRR was so far 40% with limited competition from other PE/VC
- leveraging the specific investment potential in the Czech Republic, Hungary and the Baltic States
- large supply of companies that compete to become global leaders (LogMeln, Avg, Avast, GetJear) and regional leaders (Invia, Netretail Holding, Allegro)



# Investment strategy – why Emerging Europe

## (2/2)



Assumed % of the investment portfolio

POLAND	CEE	DACH	CIS	TURKEY
25% - 50%	20% - 40%	5% - 15%	5% - 25%	5%

Region

Strategy area

Sources of growth

**DACH**

focus on e-commerce / marketplaces / e-commerce enablers (round B and C) in syndication with reputable investors

- relations of MCI Management with most important VCs and entrepreneurship incubators in the region
- Use of experience in the areas of e-commerce and online media
- Transition from copycat model into „emerging world champions candidates” model, e.g. CitiDeal/Groupon, DeliveryHero, Zalando.de and Bigpoint

**CIS**

investments (round C and D) with strong international partners present on the market

- already developed relations with key MCI Management investors / projects; leveraging the experience of MCI national leaders to expand into the CEE region
- the largest Internet market in Europe (Mail.ru, Yandex.ru, Ozone, KupiVIP and Kaspersky) with the largest value of IPOs in the segment
- the highest returns for VC/PE (4-10 times greater than the exit valuations in Poland) due to the size of the players and the development potential of the region

**TURKEY**

syndicated investments with reputable partners

- large market, quickly adopting new technologies, one of the leading markets and economies in Europe and around the world, export of experience

# KupiVIP.ru (€ 12 million)



## Market position

- ❑ KupiVIP.ru is the pioneer and leader of e-commerce in Russia - e-commerce platform combining a shopping club and an online retailer of premium brands
- ❑ 9 million customers, 50k new customers per week, 500k unique buyers / 70% repeatable buyers
- ❑ Highly developed logistics system and infrastructure - KupiVIP.ru is well prepared for expansion and scalability in the region
- ❑ Exclusive contracts with many foreign luxury brands

## Market

- ❑ Since 2011, the Russians are the largest group of Internet users among all the countries in Europe and sixth in the world
- ❑ Uniqueness of the market (Cyrillic), the lack of global leaders / entry barriers and the strength of local leaders (Yandex, Ozon, V Kontakte)
- ❑ Rapid growth of society's wealth

## Strong management and investors

- ❑ Oskar Hartmann – Founder and CEO
- ❑ Knowledge of the market, established position
- ❑ MCI joined the group of reputable and experienced investors / management's goal is to grow Company revenues to \$1 billion and IPO on NASDAQ



## Cloud-based accounting service

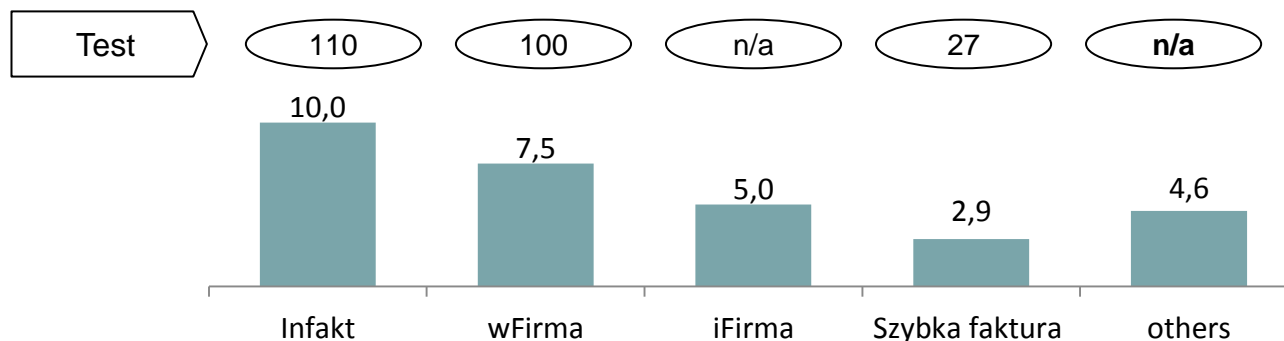
- ❑ moje-biuro.pl is the leading provider of accounting software and tools for cloud computing
- ❑ Provider of a unique online program / software as a service for SMEs facilitating cooperation with accounting office
- ❑ Accounting data and historical resources available from anywhere, process automation, no need to maintain expensive accounting departments and to purchase expensive accounting systems – SERVICE OF THE FUTURE

## Investments

- ❑ MCI plans to invest 5 million PLN from Helix Ventures Partners fund.
- ❑ The investment will be allotted to support marketing / development of distribution channels and strengthening of the team
- ❑ The company cooperates with Alior Bank as part of the Virtual Office service / access to customers
- ❑ The company records very good financial results



## Penetration of online accounting in Poland (in thousand paying clients)





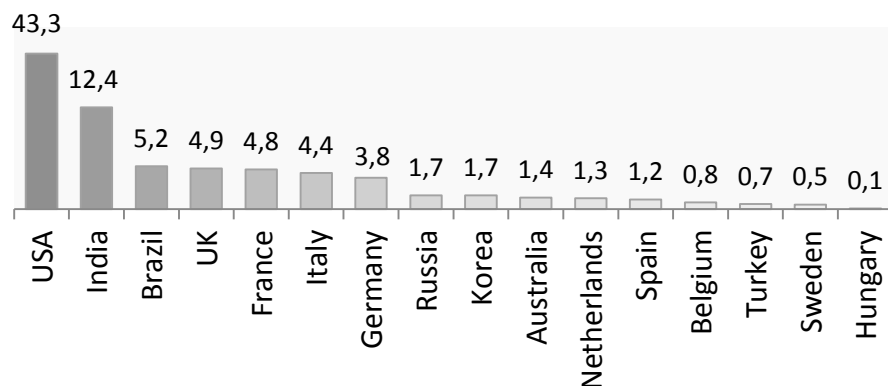
## Investment

- ❑ Online jewelry store founded in Germany, currently also operates in Brazil and India (3 countries from among the top10 diamond sellers in the world)
- ❑ Great potential for business scalability and economics of scale
- ❑ The company previously raised 4 million EUR (known venture market players in Western Europe), MCI participated in the second round of financing (5 million EUR together with Ventech and Edipresse)
- ❑ The funds will be used to expand the portfolio, build brand awareness and support marketing
- ❑ A very strong team with extensive experience in e-commerce and strategic consulting (ex-COO Zalando, BCG, Amazon and T-Online)

## Market

- ❑ Global market size - \$ 130 billion USD
- ❑ Currently, low penetration of online stores / huge potential for growth
- ❑ High margins

Jewelry and watches market in selected countries in billion EUR\*



Jewelry market:online penetration



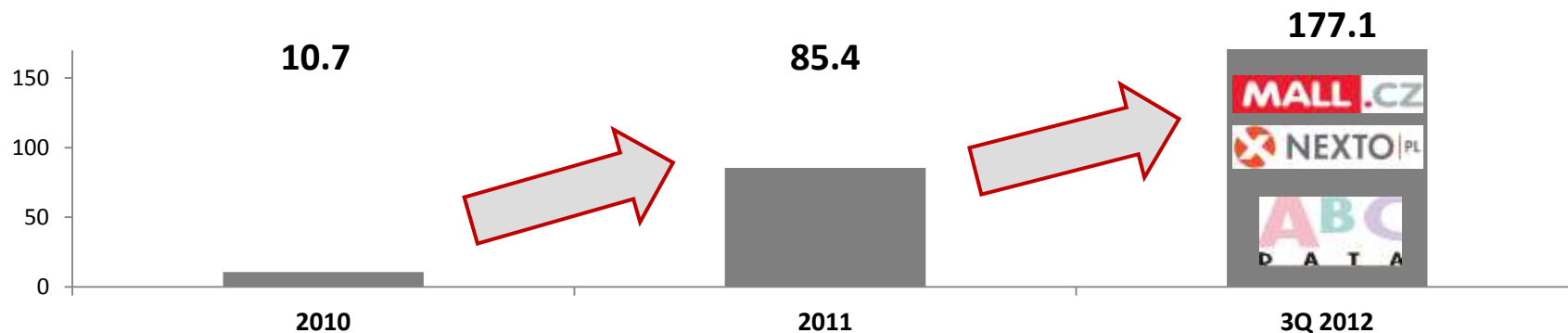
Source: Datamonitor Euro 2010, KPMG report; \* Watch market estimations based on the percentage relation to the jewelry market in Europe; \*\* Estimations based on GDP

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# **Significant events in 2012**

# Record value of exits in 2012



## SUMMARY OF 2012

- 1. Mall.cz** - an industry leader in e-commerce in the CEE region
  - MCI investment in September 2010 / MCI exit in June 2012 (4.2 x cash on cash, 170% IRR)
  - Buyer: **Naspers**
  - Full amount of revenue received (90%, or 34 million EUR June '2012, 10%, or 4 million EUR November'2012)
- 2. Nexto** - leader in e-books and e-press sales in Poland
  - MCI investment in July 2007 / MCI exit in August 2012
  - Buyer: **Ruch SA**
- 3. ABC Data SA**
  - Dividend 16 gr / share for 2011 (about 13 million PLN)

## FURTHER EXIT POSIBILITIES IN 2012/2013

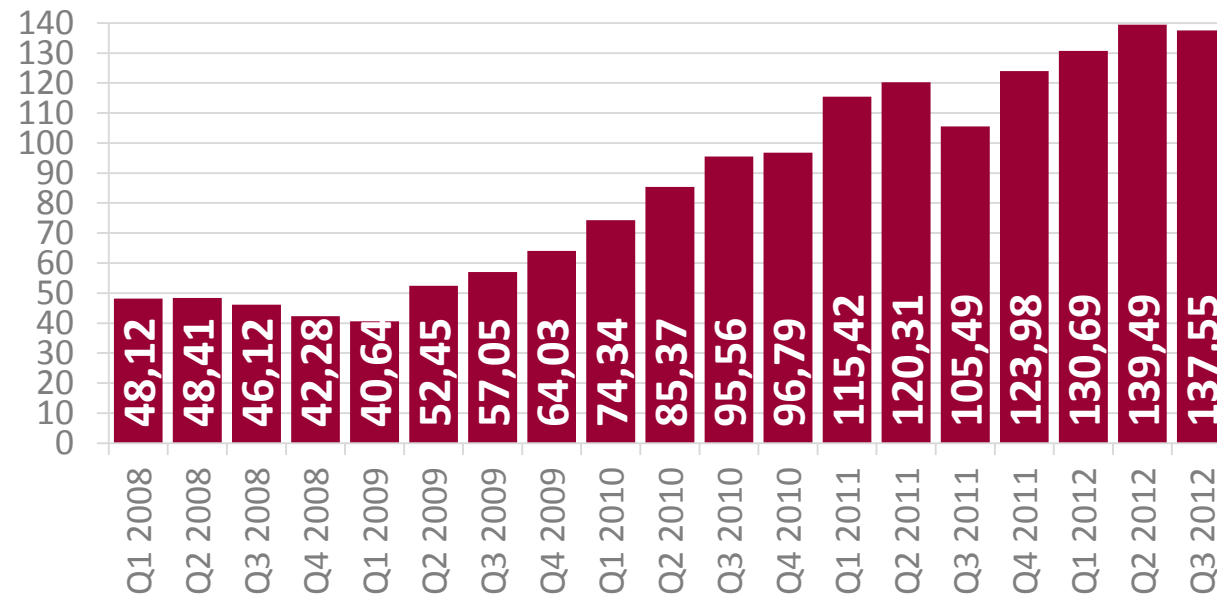
- **Advanced work on 4 exits in 2012** - expected transaction to close before the announcement of results for the year 2012
- At least seven companies with a high exit potential (over 100 million PLN for MCI)
- Key assets in the portfolio: PE MANAGERS, ABC Data, Invia.cz, Geewa, Morele.net, Frisco.pl and KupiVIP.ru
- We are working on expanding the list to 10 candidates through new investments
- A healthy portfolio, high liquidity and strong economic situation in the segment of new technologies allow us to execute exits selectively

# MCI.TechVentures Fund

**No. 1 on Polish Market according to Money.pl**

MCI.TechVentures 1.0 executes venture capital (VC) investments in companies operating in the advanced technologies sector in Poland and Central European markets. Investment in investment certificates of MCI.TechVentures 1.0 brought the historical **rate of return of 15.94% in the scope of one year and 141.10% over three years.**

The value of investment certificates series A-E according to audited quarterly valuations



Investors who bought certificates of series E in June 2009 (the first series taken up by foreign investors), already earned **3.35 times** invested cash. Certificates acquired at **41 PLN**, are now worth **137 PLN**.

According to our internal research, the fund is among the leaders on the Polish market.

According to Money.pl, it recorded the best rate of return on the fund market in Poland within the last **36 months (141%)** and the second best rate of return on the market within 24 months (43%).

# MCI.TechVentures Fund (2)

## Selected investments of MCI.TechVentures



The biggest player  
on the e-fashion  
market in Russia



Publisher and  
developer of online  
games. The leader of  
e-gaming market in  
CEE



Leader of the  
Polish e-commerce  
food market  
(e-grocery)



Regional leader  
on the on-line  
tourist market



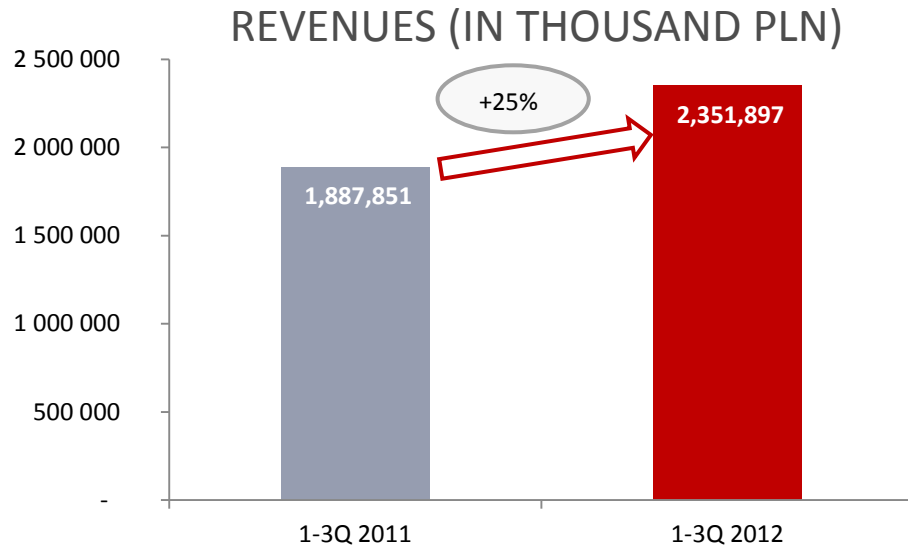
Leader of the Polish  
e-commerce market -  
in distribution of IT /  
home appliances /  
electronics

## Plany MCI.TechVentures:

- 2-3 transactions with an average value of € 10 million in 2013 (total about 100 million PLN)
- Building an attractive portfolio of companies through new investments in technological projects focusing on the e-commerce sector, mobile services and wireless solutions as well as digital entertainment
- Using market growth potential of Russia and Germany



# ABC Data



## ABC DATA S.A. RESULTS IN 3Q 2012

- In 3Q 2012, consolidated sales increased by **27.4%** compared to Q3 2011 . The increase in sales amounted to **24.6%** for the first three quarters of 2012 compared to the first three quarters of 2011.
- EBITDA for three quarters increased from 29,375 thousand PLN in 2011, to 30,720 thousand PLN in 2012 (up by 4.6%)
- Further improvement of cost efficiency and improved cash conversion cycle

## COMMENTARY – current situation

- Paid 20 million PLN in dividends for the year 2011
- Developed the offer and sales in the e-commerce channel
- Launched operations in Hungary, Q4 2012

### NEW CEO



**Norbert Biedrzycki was summoned as the President of the Board of ABC Data SA from 1 November 2012**

2010 - 2012 Chairman of the Board of Sygnity SA, where he successfully restructured the company and stabilized its performance

2002 - 2010 McKinsey & Company – customer service in the telecommunications and high-tech

1994 - 2002 Oracle Polska S.A. - responsible, among others, for building the business applications department and introducing products to the market

Graduate of Warsaw University, faculty of Computer Science and Mathematics, Finance and Management School of Economics and an MBA from Thames Valley

## Achievements in 9M 2012:

- Increased the number of daily orders handled, by more than 100% compared to the same period previous year
- Rapid growth of business scale (**acquisition of A.pl and Fresh24**):
  - For several months Frisco conducted operations of A.pl and Fresh24 - two brands associated with Bomi, which is going through amicable bankruptcy. Cooperation of the companies consists in full customer service of A.pl, i.e. assembly of orders and delivering them to homes
  - Prepared subsequent consolidation and green field projects
- Strengthening competitive advantages:
  1. **Well developed and highly efficient logistics system (unique system in Poland)**
  2. **Full automation allowing order completion of over 99%, unattainable for competition**
  3. **Excellent relationships with local suppliers of fresh products.**



1. After 5 years of legal proceedings, in May 2011, the Court of Appeals in Wroclaw adjudged 28,904k PLN plus interest in the amount of 17,447k PLN as damages for lost profits from the shares of JTT SA - a company driven to bankruptcy as a result of incorrect and unlawful decisions of the tax authorities.
2. Office of the Attorney General, acting on behalf of the Treasury, filed a cassation to the Supreme Court in June 2011, and June 2012, the Supreme Court overruled the judgment of the Court of Appeals, sending the case back to the Court of Appeals in Wroclaw.
3. The main thesis of the judgment:
  - **The Supreme Court rejected the defense base** (Attorney General) and recognized the legitimacy of MCI - as a former shareholder - to seek compensation
  - **MCI does not agree with the false theses included in the justification of the Supreme Court:**
    - ✓ MCI did not benefit from the bankruptcy of JTT/ MCI lost 100 to 200 million PLN on the company's collapse - that would be the current value of the JTT shareholding and accumulated dividends, which could be paid by the company in the years between 2004 and 2012 (JTT was a large distributor and its valuation analysis was conducted on the basis of a comparative valuation of the current market leaders in computer hardware such as TechData, ABC Data and Action)
    - ✓ MCI bought from the syndic only one asset – the Adax company, with the intention of building a technology center there, which failed, however - the asset was purchased for around 42k PLN and sold for about 119k PLN - the transaction was transparent and reported to the FSA and the Stock Exchange, so we find the objections raised in the press about the alleged conspiracy offensive.
    - ✓ MCI was actively looking for investors to save JTT - but "bad fame" and media repression of the state Treasury drove away potential lenders and investors in the company
4. The re-hearing in the Appeal Court will be held on **23 November 2012**.

# Disclaimer

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- This presentation does not constitute an offer within the meaning of the law.
- This presentation has been prepared based on the best knowledge of MCI Management SA and on the day of publication, all information contained herein was up to date.

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