

# **Funds and companies**

## **MCI Capital TFI**

Main Funds strategy and selected Case Studies

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# **MCI.TV wants to actively participate in the financing of potential global champions in the CEE region and selected companies from Western Europe**

## **ASPIRATION**

- Becoming one of the top VC/growth funds in Europe
- Achieving a 3-10x return on investments
- Achieving an IRR of 30% across the entire portfolio without recording any significant losses

## **APPROACH**

- Focusing on "iconic deals" across the EU – including in particular secondaries from C round
- Continuing the financing of CEE champions on the basis of proven models in USA/EU
- Financing potential global champions in the CEE region
- Limiting exposure in RU/TR – maintaining and developing the current portfolio

## **MODUS OPERANDI**

- Our goal is to become a leading investor – Partner in Poland and the CEE region that actively participates in the process of value creation
- Drawing on our network of contacts, we intend to secure "iconic deals" and act as a co-investor in B-C rounds in Western Europe, we allow participation of attractive models (disruption) in A rounds (take-a-look money) – limiting the risk for our investors, while retaining the essential characteristics of a growth fund

### **geography**

60% - Poland/CEE  
40% - WE/IL

### **investment scale**

PL/CEE  
EUR 2.5 – 10M+  
WE/IL  
EUR 1 – 20M+

### **investment stages**

PL/CEE  
B/C/D rounds (lead)  
M&A buyout  
WE/IL  
Secondaries (iconic)  
A round (take-a-look)  
B (co-lead)  
C/D (follow-on)

# Answer – a regional leader of the e-fashion market

## Description of activities

- Multi-brand e-fashion store operating in the CEE region, introducing its own fashion brands
- The company established by Krzysztof Bajolek in 2011, Kraków
- Offer: 300+ brands, operating in 6 CEE markets: Poland, the Czech Republic, Slovakia, Ukraine, Romania and Hungary

## Investment theses

- Achieving a leading position over a 5-year period in the multibrand e-fashion platform segment, including own brands
- Exit strategy: 2018+ (IPO or trade sale – strategic investors)

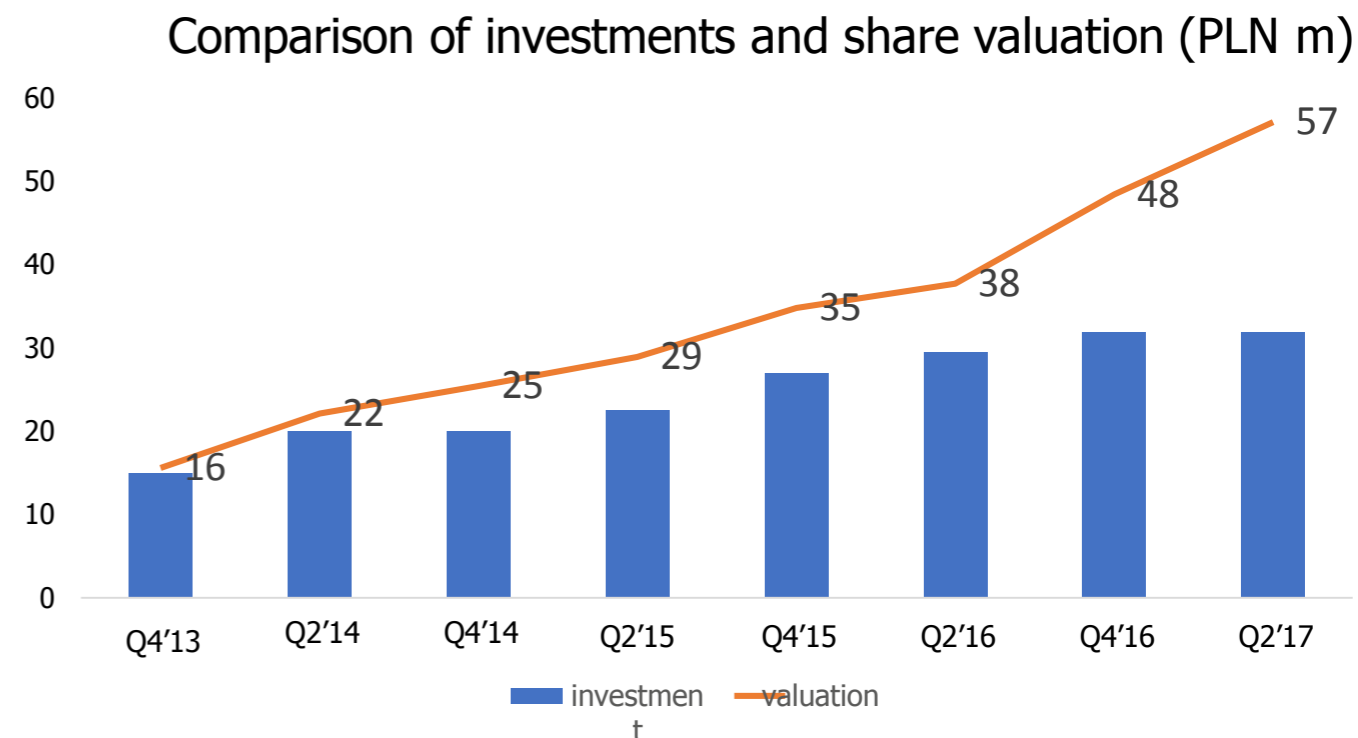
## Strategic objectives for 2017

- Further dynamic growth of business scale:
  - Revenue growth plan: +85% YoY
  - Expand operations in PL, CZ, SK, UKR, RO and HU
  - Continue to expand into new markets
  - Increase the share of own brands
- Systematically optimise individual economics and margin

## Ownership structure



## Valuation of shares (PLN m)



## Company's performance in H1'17

- Revenue growth: +85% YoY
- 2013 → 2016 – growth rate: 3.96x, i.e. an increase of +296%
- Gross margin growth: +89% YoY

# Gett – from a local leader to a global player

## Description of activities

- An app for ordering taxi rides, with a focus on the B2B segment and profitable B2C segments
- A business model of cooperation with licensed taxi companies
- The company established in 2010 by Shahar Waiser and Roi More (currently not engaged in Gett's operations that are managed by Jackpot)
- Currently, the company provides its services in Israel, Russia, UK and USA

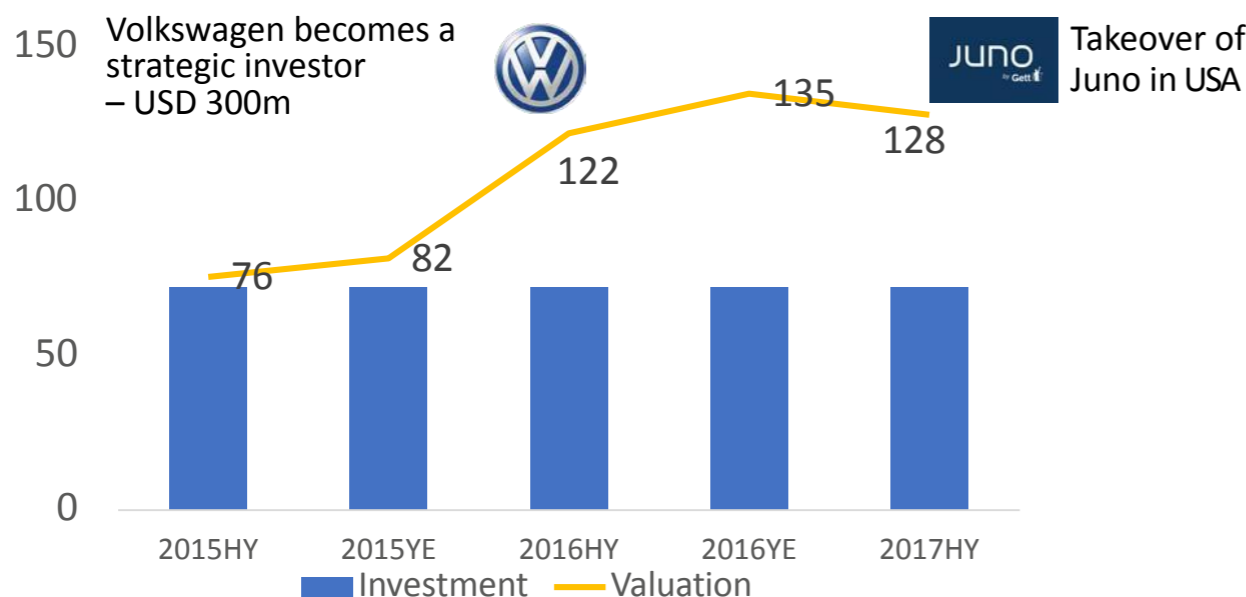
## Investment theses

- Achieving a leading position in selected markets with a large growth potential on a global scale within a period of 3-5 years
- Exit strategy: 2018+ (IPO or trade sale – strategic investors or M&A with other global players)

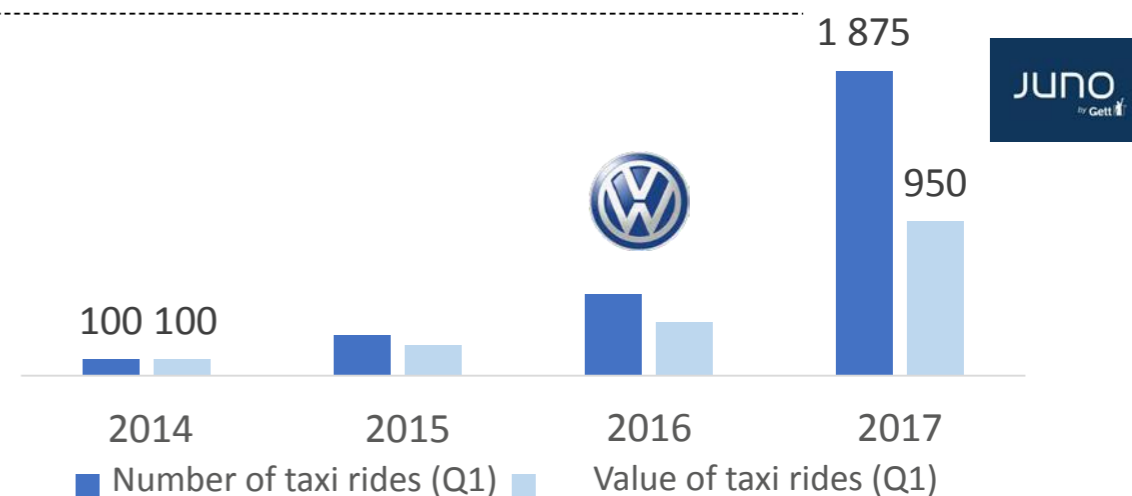
## Geographical expansion and clients



## Valuation of shares (PLN m)



## Increase in the number and value of taxi rides (index)



## A leader in digital transformation that builds a strategic partnership with mature companies

### ASSUMPTIONS

- A regional leader in digital transformation
- Engaged in business development activities, a PE leader, a partner in business management

### OBJECTIVES

- Digitalization of traditional business models
- Investing in mature technological companies and segments with a high level of innovation
- Initiating and supporting strategic and operational changes within the organisation

### MODUS OPERANDI

- Supporting main business areas through technology-based programmes and initiatives
- Harnessing technology to provide a competitive advantage
- Supporting acquisitions that promote business innovation
- Opening new markets in the region /EU/ and across the globe
- Strengthening the teams by utilising the network of MCI contacts at the level boards of directors and technology experts

### geography

80%-Polska/CEE  
20% - DACH

### investment scale

PLN 100 - 200M  
3-5 year period

### sectors

- Media
- Travel
- Telecom
- E-Commerce/Retail
- Transport & Logistics
- B2B Services
- Software/SaaS
- Healthcare
- Financial Services
- Gaming

### dealflow

- Delisting of companies from the stock exchange
- Succession
- VC/PE syndication
- Advisors and intermediaries
- Corporate Spinoffs
- Private companies

## Case Study



# Dotpay/eCard (DotCard) – after the merger, a leader of the Polish FinTech sector is currently focusing on implementing its sales strategy and business development

## Description of activities

- Dotpay/eCard is one of the rapidly growing leaders on the Polish market of electronic payments
- Both companies, acquired in Q1'2016 by MCI.EV, have completed the process of legal (DotCard) and business integration in H1'2017, creating a number of synergies that have a positive impact on their performance
- Dotpay/eCard support a total of 11 500 merchants (+10% YoY increase and an increase of nearly + 30% since the date of acquisition by MCI)

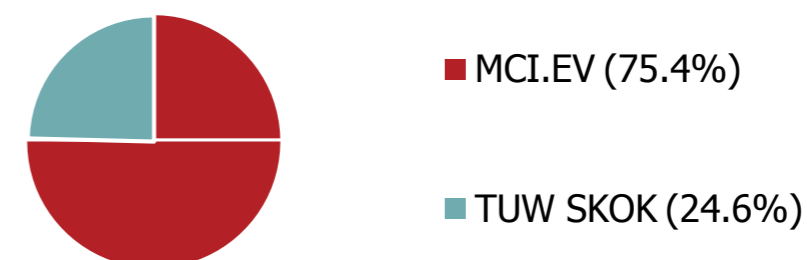
## Investment theses

- Consolidating the e-payments market and developing a leading position in Poland, while maintaining a sustainable level of expansion in the CEE region
- The e-commerce market in Poland is growing at an annual rate of ~15% (2016 = PLN 37m; 2021 = PLN 78m)
- The e-payment market, which is closely correlated to the e-commerce market, has recorded higher growth due to changes in Poles' payment habits and the integration of online/mobile payments within the following new market segments: e-government, VoD, gaming, bill payment, etc.

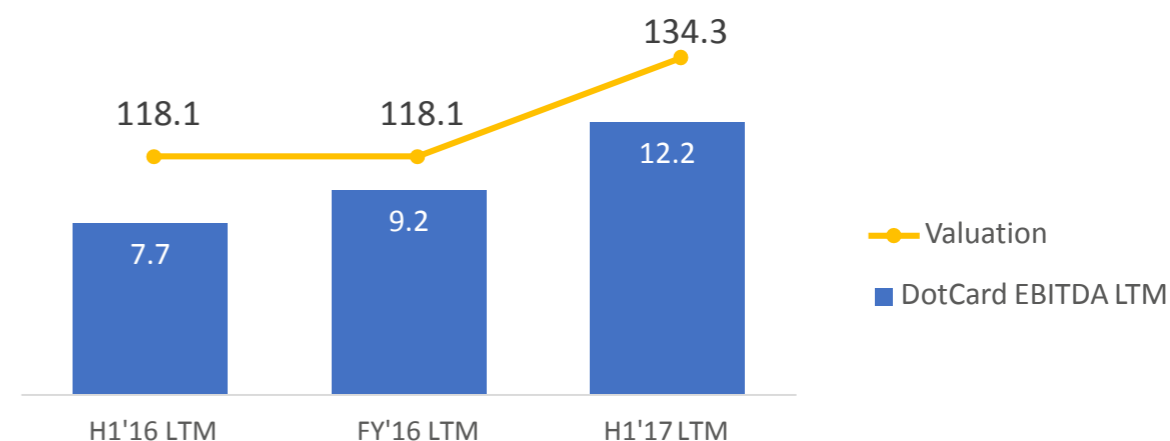
## Strategic objectives for 2017

- Dotpay/eCard operating as a single organisation
- Generating two times the level of EBITDA'17 compared to EBITDA'15
- Maintaining a focus on Company's core business operations during the implementation of a new unified sales strategy
- Improving the level of competence in POS offline payment services (a trend towards omni-channel services)
- Expanding the product portfolio to include new high-margin finance-related services within B2B and B2C models

## Ownership structure



## Valuation of shares (PLN m)



## Company's performance in H1'2017

- TTV = PLN 3.1 bn – 104% of budget target
  - Dotpay = PLN 1.6 bn – an increase of +55% YTD
  - eCard = PLN 1.5 bn – an increase of +29% YTD
- Revenues – 105% of budget target (+15% YoY increase)
- EBITDA – 105% of budget target (+58% YoY increase)

## Proving flexible forms of debt financing, actively supporting the business through partner relations

### ASSUMPTIONS

- We provide flexible and specifically tailored debt financing services through partnership approach
- As a partner, we provide support and assistance in conducting business operations

### OBJECTIVES

- We understand the nature of new economy and digital economy business
- LBOs, MBOs and MBIs, M&As, P2P
- Bridging finance (pre-IPO)
- Growth/expansion, reconstruction of the shareholder structure

### MODUS OPERANDI

- We understand that every business is unique and therefore we develop creative solutions tailored to specific needs
- We are supportive and perform the duties of a creditor in a pro-active manner, providing assistance in difficult situations
- We strengthen the teams and companies, drawing on the MCI experience and network of contacts (board members, directors, experts)
- We assist with expansion into new or global markets

#### geography

60% - Poland  
40% - CEE

#### investment scale

PLN 10-100M  
3-7 years

#### sectors

- E-commerce / Retail
- Transport & Logistics
- Agriculture
- Healthcare
- B2B Services
- Software / SaaS
- Financial services
- Media / Telecom

#### dealflow

- Capital investors, co-investors, relations with PE funds
- Entrepreneurs and management boards
- Local advisors M&A and banks
- M&A advisors from blue chip firms
- Successions

## Case Study

# Mezzanine debt for experts in food and agribusiness for LBO of one of the largest agricultural producers in the EU

### description of activities

- Spearhead International is a European agricultural group that supplies products and services to the processors, manufacturers and retailers operating on the 85 000 hectares of high quality agricultural land
- The company increased its acreage from 35 000 acres in 2007 to 85 000 acres as of today
- The Group is engaged in the following activities: cultivation of cereals, oilseeds, potatoes, vegetables, sugar beet; seed production, cattle breeding and milk production
- The company has changed its original area of production competence to more stable segments that yield high returns on invested capital (ROIC) and involve seed production and supply chain management
- A partner supplying high added value ingredients to high-end clients (PepsiCo, Danone) and providing supply chain management services

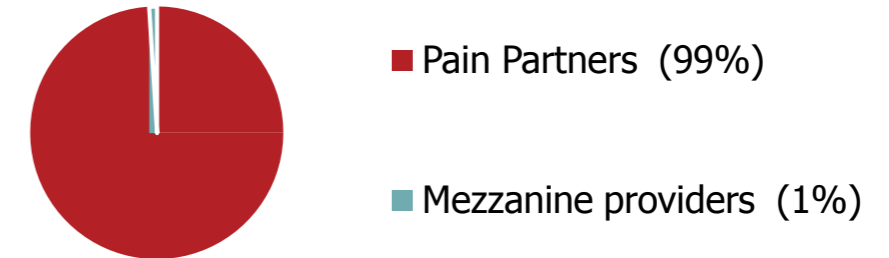
### investment theses

- Unique, geographically diversified asset with a difficult-to-replicate structure and scale, having 85 000 h of cultivated land, a strong relationship with key customers, trend-resistant, financially stable, having favourable characteristics of free cash flow, a significant asset value and an impressive management team

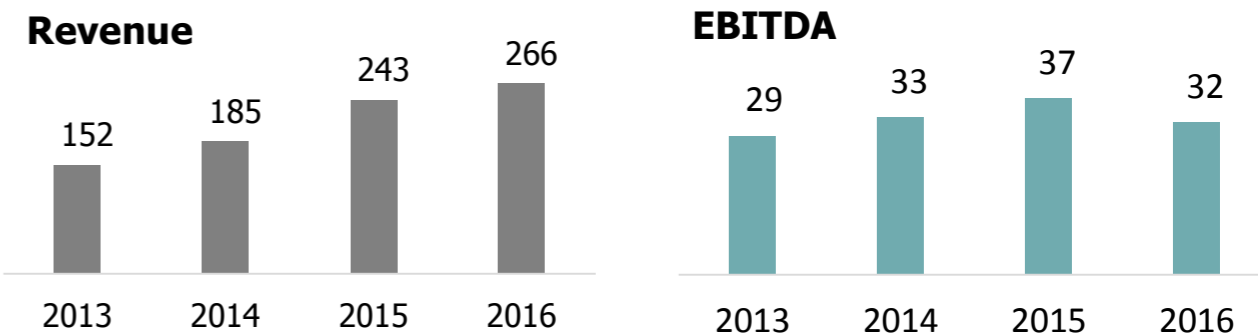
### risk management

- Security over the company's shares
- Observer, monthly and quarterly reporting of results and business performance
- Covenants: gross debt/EBITDA, debt coverage ratio, total interest coverage ratio
- A strong capital investor with a solid track record of agricultural production activities

### ownership structure



### finance (GBP M)



### investment structure

- Investment structure: leveraged buyout (LBO) financing for the established SPV provided by Pain Partners, a contractually and structurally subordinated debt in relation to bank financing, balloon payments
- Profitability: a cash interest rate of 8.0% p.a., a preparation fee of 1.0% plus warranty for a 1.0% stake in the company, total IRR of up to 15% p.a., a make-whole clause, non-call, a co-sale right and a tag-along right, anti-dilution protection
- Exit strategy: (1) EBITDA; (2) refinancing; (3) IPO/trade sale

### investment process

- Source: private equity fund
- Investment process: pre-DD -> TS -> DD -> documentation and closure



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