



mci.  
PRIVATE EQUITY  
MANAGERS S.A.

# Investor presentation H1 2019

Warsaw, 6 September 2019

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- 6) Appendices – detailed financial data of MCI and PEM

## Market environment

## Exits

## New investments

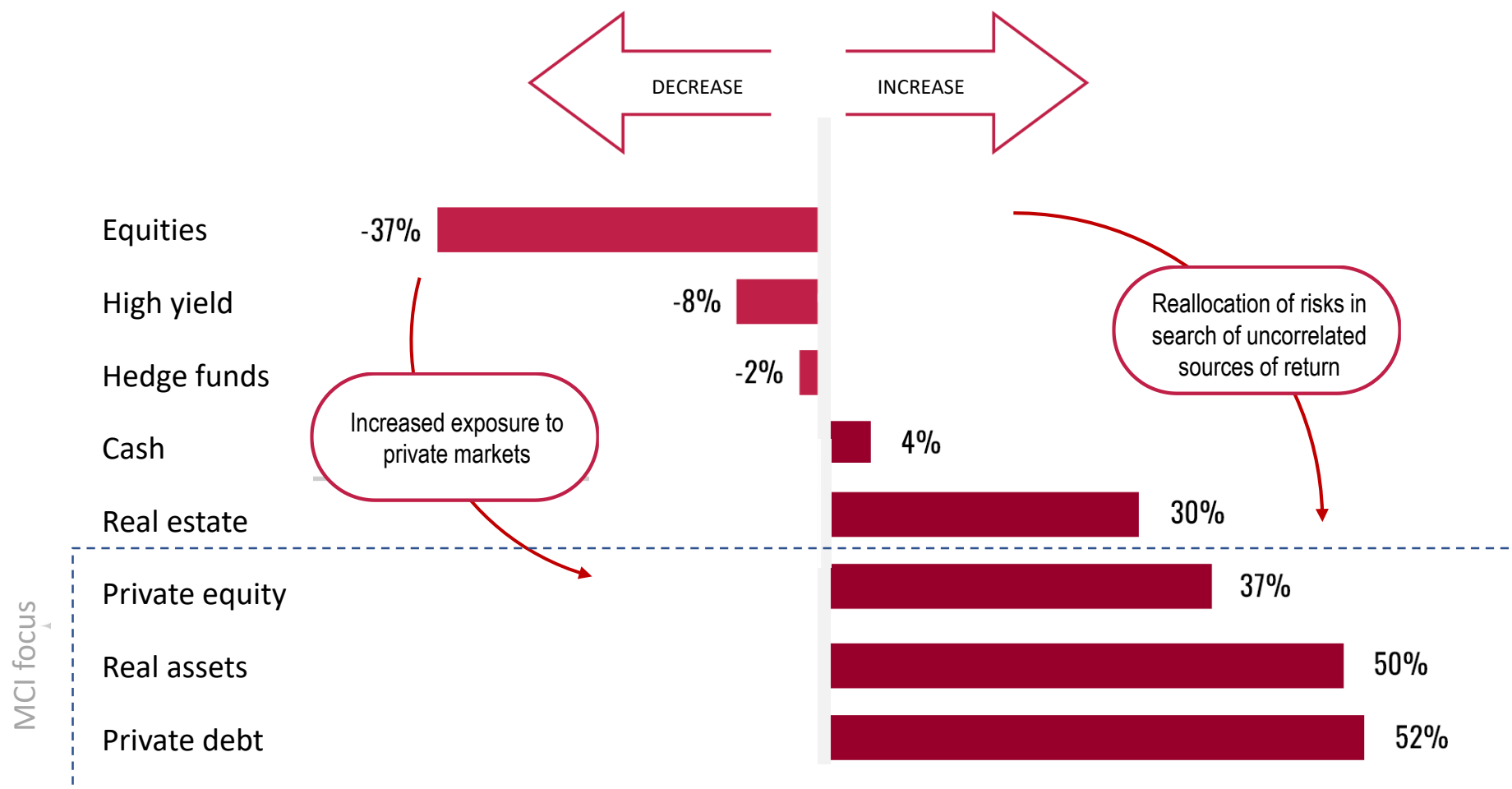
## Debt reduction and buyback

## Goals for H2 2019

- Poland and its economy as well as all of the CEE region continue to stand out from the rest of Europe
- Blackrock survey among 230 institutional clients: “Institutional investors continue to embrace illiquid assets” Private Equity sector is the biggest winner
- 2018: Another successful period in terms of the sale of assets MCI funds accounted for 15% of the value of exits in the CEE region among VC/PE funds
- 2019: Projects completed: Dotpay/eCard (PLN 255M), ABC Data (PLN 142M)  
Ongoing processes: ATM at MCI.EV, analysis of projects as part of MCI.TV.
- Focus on digital buyout / EUR 25-100M Equity Ticket, EUR 50-250M Enterprise Value
- Systematically decreasing debt – bond repayment worth PLN 54.5M in June 2019
- A successful buyback at MCI Capital S.A. worth PLN 30M as part of a PLN 50 million worth program;ne accepted by the EGM – the Company purchased 5.67% of treasury shares
- Possible new investments and pipeline building for 2020. Continue portfolio exits – 2-4 sales transactions analysed in H2.
- Support amendments to the articles of associations of MCI.TechVentures
- Continue dialogue with domestic investors
- Continue international fundraising

# 1. Institutional investors increasing their exposure to illiquid assets

Expected changes in asset allocation for institutional investors in 2019 representing more than USD 7 trillion in AuM



# 1. Digital Private Equity – more and more PE funds operating in the region get involved in digital economy investments



## KEY DIGITAL PRIVATE EQUITY DEALS IN CEE IN RECENT QUARTERS

Vitruvian	Bitdefender
Apax	Baltic Classifieds
General Atl.	Kiwi.com
MidEuropa	invite
MCI	IAI
Cinven	RTB House*
Innova	CS Group*

Even though the cumulative value of the afore-mentioned investments (EV) is estimated at ca. EUR 2 billion, it is still significantly lower than the purchase of Allegro by Cinven, Permira, MEP in 2016 (ca. EUR 3 billion)

\*No official data available on investment amounts and enterprise value

## 2. Key financial data for H1 2019 MCI Capital



↘ PLN 2,413

million

Funds' assets

↘ PLN 2,027

million

Funds' net  
asset value

↘ PLN 1,438

million

IC value  
in MCI balance sheet

↗ PLN 1,203

million

Net asset  
value (NAV) of MCI

↘ PLN 25

million

Profit on investment

↘ PLN 15

million

Net profit

↗ PLN 22.74

Net assets per share

↘ 13%

Net Debt/Assets

## MCI CAPITAL SHARE BUYBACK PROGRAMME

- In July and August 2019 MCI completed share buyback
- **The Company bought back shares representing 5.67% of the share capital** and of votes in the GSM
- PLN 30 million was earmarked for the buyback (out of the PLN 50 million authorised by EGM)
- Shares bought back will be redeemed in Q4 2019.
- The impact of share redemption on NAV/S – **NAV per share up by PLN 0.76**
  - ✓ NAV/S before treasury share redemption: PLN 22.74
  - ✓ NAV/S after treasury share redemption: PLN 23.50\*

## HISTORICALLY, MCI SHARE BUYBACK LOOKED AS FOLLOWS:

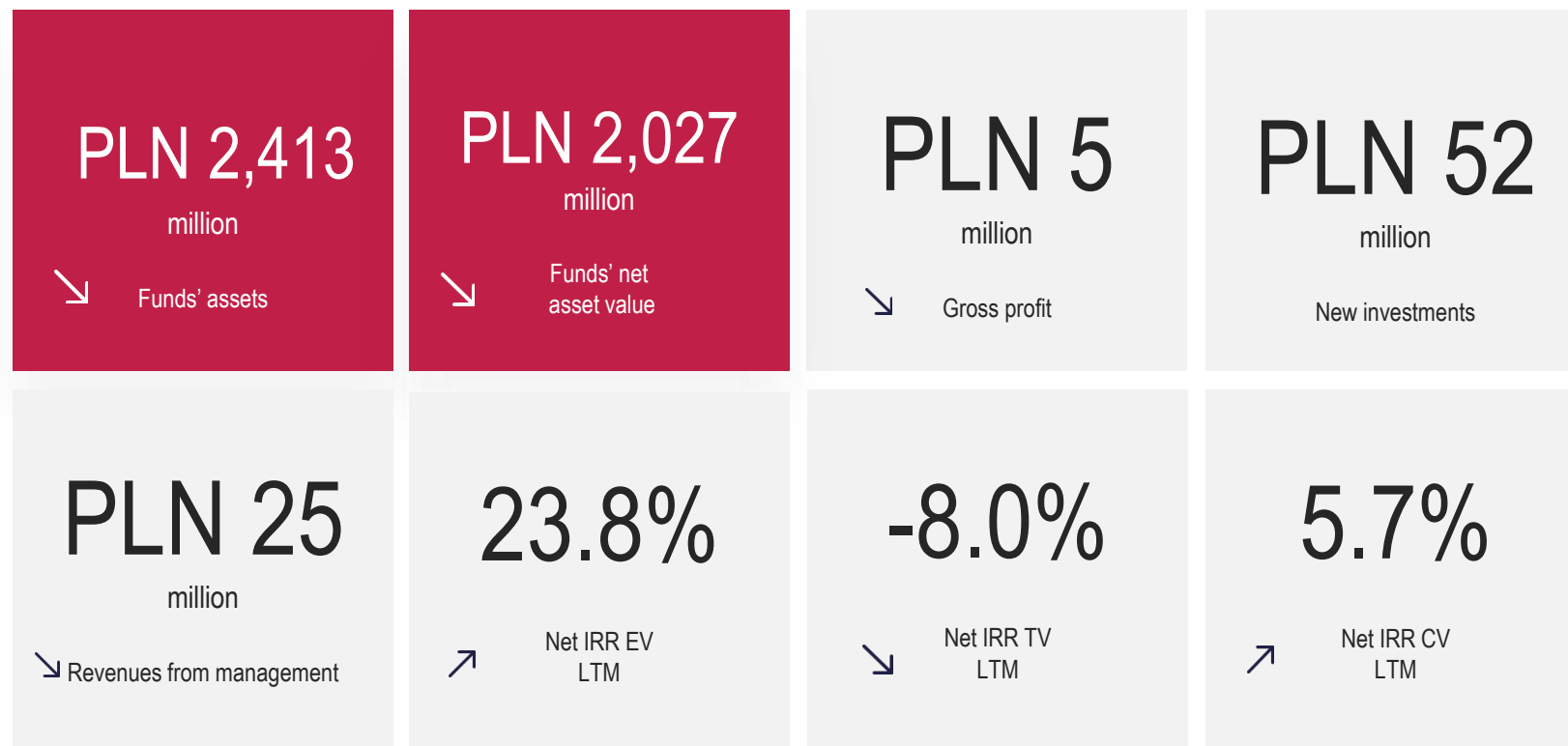
- **July 2011 – January 2012:** 1,837,405 shares; total buyback value **PLN 9 million**
  - **2016:** 3,027,421 shares; total buyback value **PLN 30 million**
  - **2017:** 5,899,084 shares; total buyback value **PLN 58 million**
- 
- **2019:** 3,000,000 shares; total buyback value **PLN 30 million**

*\*The calculation takes account of other parameters affecting NAV per share as of 30 June 2019*



**~ PLN 130 million**

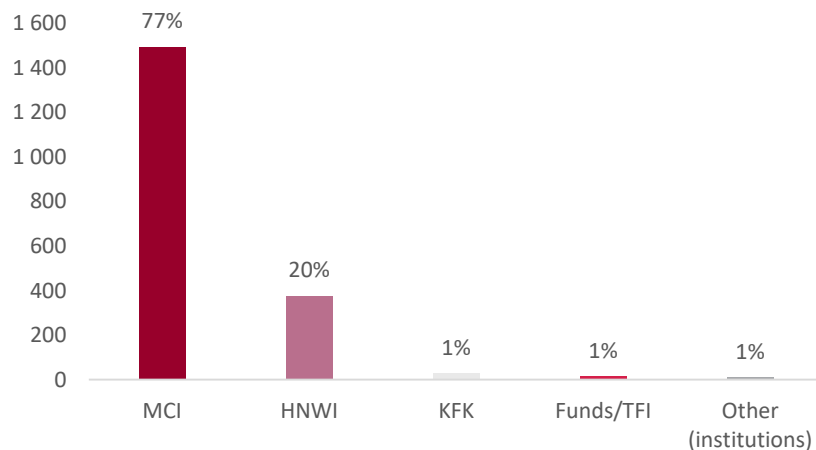
### 3. Key financial data for H1 2019 Private Equity Managers



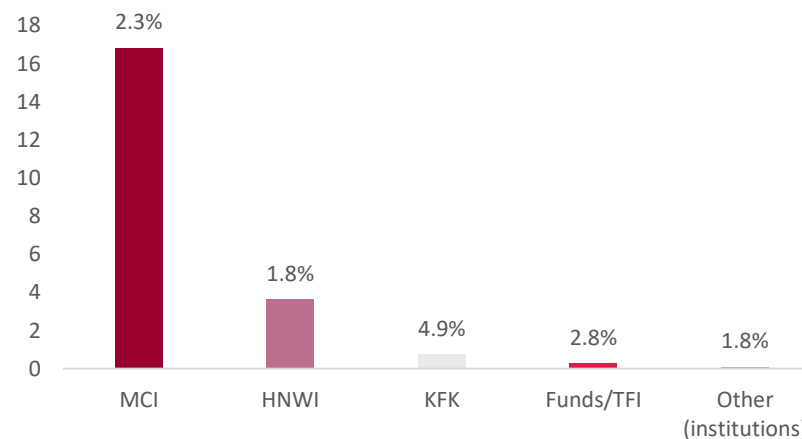


### 3. Key financial data for H1 2019 Private Equity Managers

**Net asset value** subject to a management fee (PLN million) and share (%) by participant group



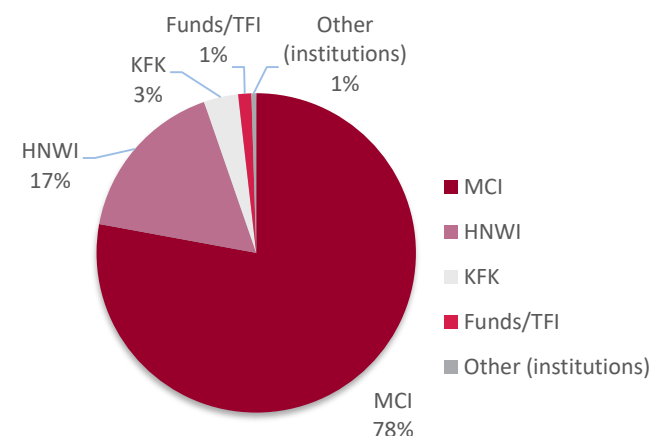
**Nominal margin** including success fee (PLN million) and share (%) by participant group



MCI provides ca. 77% of assets under management and ca. 78% of the margin, which determines the stability of the current results of PEM SA despite the difficult market situation in Poland.

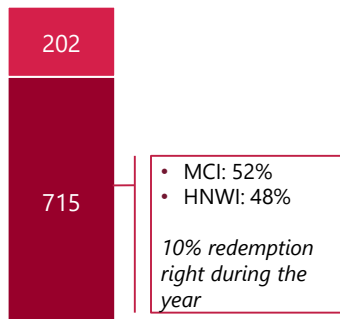
	CV	EV	TV
<b>Margin/NAV per year (including a success fee)</b>	<b>2.1%</b>	<b>1.9%</b>	<b>2.4%</b>
– MCI	2.1%	1.9%	3.0%
– HNWI	1.5%	2.0%	1.8%
– Funds/fund management entity (TFI)	2.8%	n/a	2.0%
– Other (institutions)	2.1%	n/a	1.7%

**Share of the margin** by participant group



## Gross asset value (PLN 917 M)

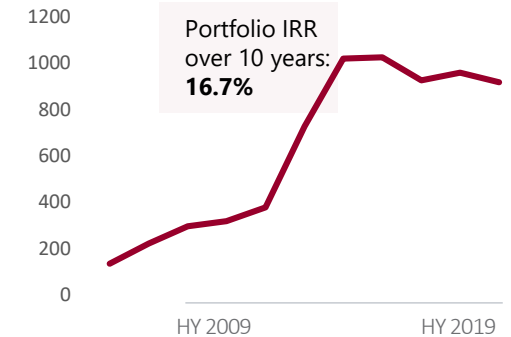
**NAV** **Liabilities:** Raiffeisen, Bank Millennium, retail bonds



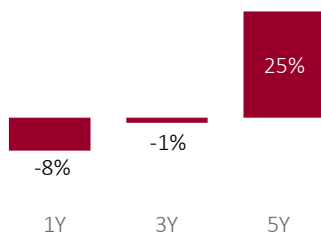
## Portfolio (PLN M) for HY 2019

	COUNTRY	MODEL / AREA	CUMULATIVE PURCHASE PRICE	PARTIAL EXIT	VALUE
Morele/Pigu	PL / LT	eCommerce	69		197
Gett	IL	Marketplace	144		201
Answear	PL	eCommerce	46		118
Frisco	PL	eCommerce	44		84
KupiVIP	RU	eCommerce	96		40
Tatilbudur	TR	Marketplace	48		47
Travelata	RU	Marketplace	27		48
Marketinvoice	UK	Fintech	32		36
Telematics	PL	Fintech	4	40	25
Azimo	UK / PL	Fintech	27		32
AsGoodAsNew	DE	eCommerce	20		29
Windeln.de	DE	eCommerce	80	32	4
Gamedesire	DE	Gry online	26		0
Geewa	PL	Gry online	15		24

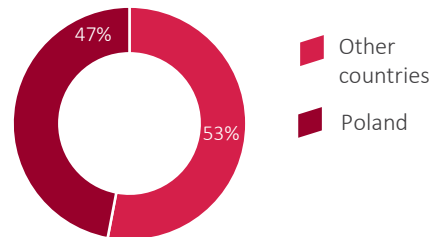
## Gross asset value HY'09-HY'19(PLN M)



## Rates of return (%), series A



## Geographical breakdown of portfolio


**KEY EXITS**  
**LAST 6 YEARS**  
 exits totalling nearly PLN 700M


**iZettle**

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


**naviexpert**

**Investment:** 2007  
**Recapitalisation:** 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**

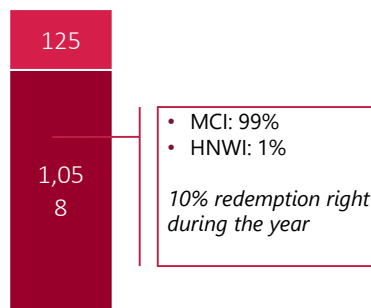
**Investment:** 2010  
**Exit:** 2012  
**CoC:** 4.1x  
**IRR:** 174%  
**Exit value:** PLN 162M


**eBroker.pl**

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

## Gross assets (PLN 1,183 M)

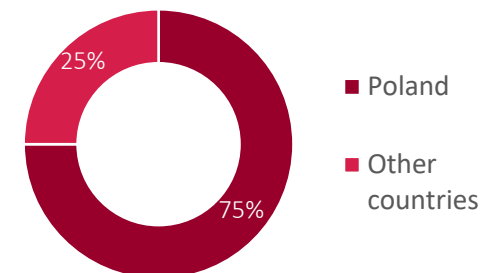
**NAV:** **Liabilities:**  
 Alior, retail bonds



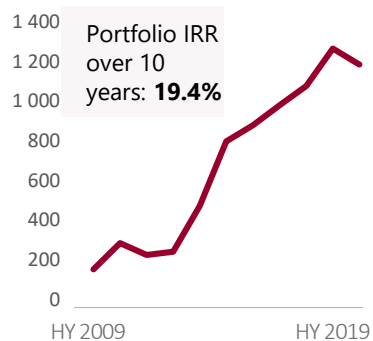
## Portfolio (PLN M)

COUNTRY	CUMULATIVE PURCHASE PRICE	PARTIAL EXIT	VALUE
PL	230.4	46.3	370.1
PL	122.1	175.5	105.2
HU	77.9		170.6
TR	100.6	77.9	47.6
PL	23.5		20.4
PL	115.1		115.0

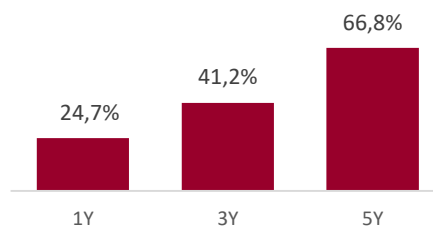
## Geographical breakdown of portfolio



## Gross asset value HY'09-HY'19(PLN M)



## Investment certificates ROI (%), series A



## EXITS TO DATE 2019:



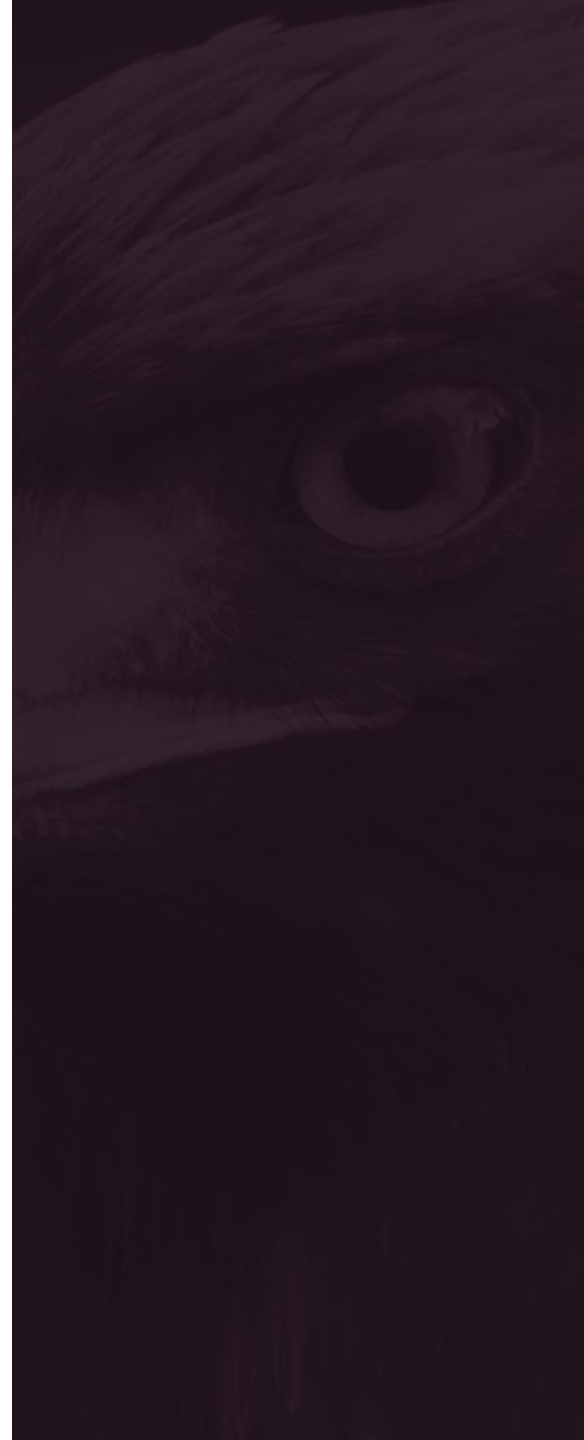
Dotpay/eCard  
 MCI.EV: **PLN 254.8 million**



ABC Data  
 MCI.EV: **PLN 142.3 million**

## 5. Presentations of portfolio companies

- ✓ Answear.com – MCI.TechVentures
- ✓ Frisco.pl – MCI.TechVentures



## 6. Appendices



Detailed financial results  
of MCI Capital



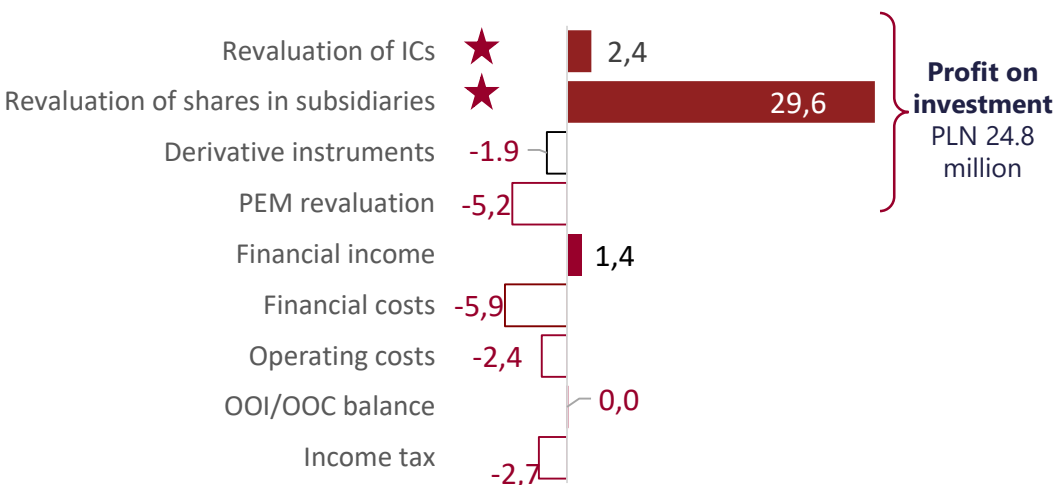
Detailed financial results  
of Private Equity Managers

# Financial results of MCI Capital



## 4.A. Detailed results of MCI Capital

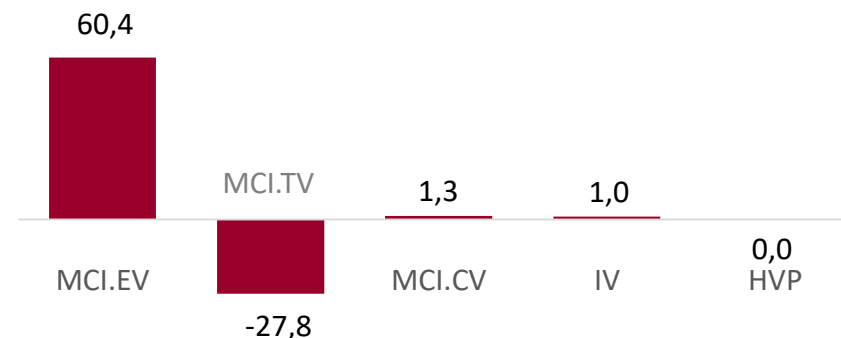
### Contributors to MCI performance (PLN 15 million)



★ The sum total of revaluation of ICs and revaluation of shares in the subsidiary (PLN 32.0) differs from the Fund's contribution to MCI performance (PLN 35.0 million); the differences represent overhead costs and financial costs in the subsidiary (PLN 3.0 million)

- Revaluation of shares in subsidiaries (**PLN 29.6 million**) is the most important contributor to MCI performance
- Revaluation of ICs (**PLN 2.4 million**) refers to certificates held directly by MCI
- Financial income (**PLN 1.4 million**) mainly includes revenue from guarantees and warranties
- Revaluation of derivative instruments (**-PLN 1.9 million**) is the cost of guaranteed minimum rate of return provided
- Financial costs (**-PLN 5.9 million**) are the costs of interest on the bonds issued
- Decrease in PEM S.A. value (**-PLN 5.2 million**) is due to declining stock exchange prices
- Operating expenses (**-PLN 2.4 million**) refer to the current costs (external services, salaries) of providing Group services
- Income tax (**-PLN 2.7 million**) involves mainly the tax paid to the tax office as a result of IC redemptions

### Contribution of the Funds to MCI performance (PLN 35.0 million)



IC revaluation (**PLN 35.0 million**) mainly involves valuation of ICs from MCI.EV and MCI.TV. Major contributing factors:

#### ✓ For MCI.EV (PLN 60.4 million)

- Operating profit of MCI.EV: PLN 62.3 million, with main value increases: ATM (+PLN 40.2 million), Netrisk (+PLN 19.6 million), ABC Data (+PLN 5.6 million), Indeks (+PLN 5.0 million), Mobiltek (+PLN 1.4 million)
- MCI.EV's operating and financial costs: PLN 14.1 million

MCI's contribution to MCI.EV performance is **98.7%** (share of NAV as at 30.06.2019)

#### ✓ For MCI.TV (-PLN 27.8 million)

- Operating profit of MCI.TV: -PLN 58.6 million, with main value decreases: Morele Group (-PLN 39.2 million), KupiVip (-PLN 20.2 million), Telematics (-PLN 13.3 million), partly compensated by the following value increases: Gett (+PLN 13.5 million), Geewa (+PLN 6.3 million), Frisco (+PLN 4.8 million), Travelata (+PLN 2.5 million), AGAN (+PLN 2.1 million)
- MCI.TV's financial and operating costs: PLN 15.9 million

MCI's contribution to MCI.TV results (above) is **43.7%** (share of NAV as at 30.06.2019)

## Profit and loss account

Revaluation of stocks/shares	24,340	68,021	(43,681)	-64%
Profit/loss on investment certificates	2,357	(3,070)	5,427	-177%
Revaluation of derivative financial instruments	(1,923)	32	(1,955)	-6109%
<b>Profit on investment</b>	<b>24,774</b>	<b>64,983</b>	<b>(40,209)</b>	<b>-62%</b>
Operating expenses	(2,407)	(2,031)	(376)	19%
Other operating income	78	120	(42)	-35%
Other operating costs	(74)	(171)	97	-57%
<b>Operating profit</b>	<b>22,371</b>	<b>62,901</b>	<b>(40,530)</b>	<b>-64%</b>
Financial income	1,430	2,464	(1,034)	-42%
Financial costs	(5,931)	(8,380)	2,449	-29%
<b>Profit before tax</b>	<b>17,870</b>	<b>56,985</b>	<b>(39,115)</b>	<b>-69%</b>
Income tax	(2,654)	(663)	(1,991)	300%
<b>Net profit</b>	<b>15,216</b>	<b>56,322</b>	<b>(41,106)</b>	<b>-73%</b>

### HY'19 VS HY'18 – MAIN CHANGES:

1. Profit on investment fell by PLN 40 million due to lower increases in IC valuations for the funds owned by MCI Group
2. A decrease of PLN 1.0 million in financial income due to reduced commission income from guarantees and warranties
3. Financial costs fell by PLN 2.4 million due to lower average debt in H1 2019 vs H1 2018 (an average debt balance on the debt issued: PLN 180 million vs PLN 248 million in the corresponding period last year)
4. Income tax (-PLN 2.7 million) involves above all the tax paid to the tax office as a result of IC redemptions



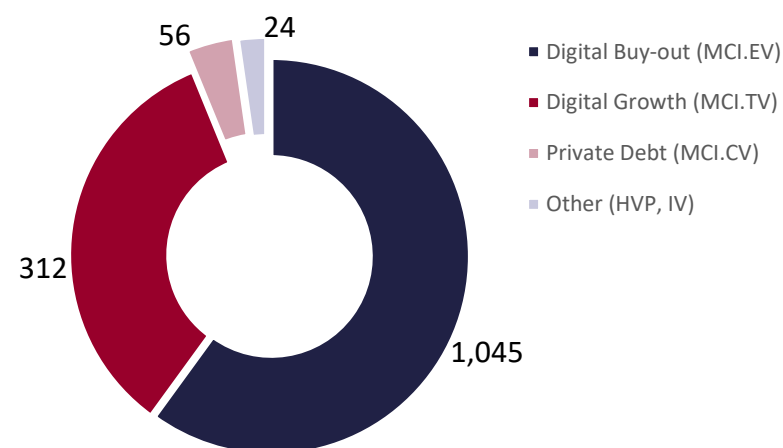
## 4.A. Detailed results of MCI Capital

### From Funds' NAV to ICs included in MCI balance sheet (PLN million)

Fund/Sub-Fund	% of Funds' ICs held by MCI (%)	Funds' NAV as at 30.06.2019	NAV as at 30.06.2019 attributable to GK MCI
MCI.TechVentures 1.0.	43.7%	714.8	312.1
MCI.EuroVentures 1.0.	98.7%	1,058.2	1,044.8
MCI.CreditVentures 2.0 FIZ	29.6%	190.8	56.4
Internet Ventures FIZ	44.4%	54.9	24.4
Helix Ventures Partners FIZ	45.3%	8.1	-*
<b>Total FIZ assets</b>		<b>2,026.7</b>	<b>1,437.7</b>

Investment certificates held by Companies from GK MCI	1,437.7
Accounts payable (net) from subsidiaries of MCI Capital S.A.	(63.3)
<b>Investments in subsidiaries and CIs recognised in the MCI balance sheet</b>	<b>1,374.4</b>

### ICs included in MCI balance sheet (PLN million)



\*Additionally, MCI holds a derivative instrument that guarantees a return of PLN 0.2 million on investments made by the fund (as at 30.06.2019).

- MCI indirectly and directly holds investment certificates (ICs) for 4 closed-ended investment funds (FIZs).
- The IC and investment balance for subsidiary, as reported in the MCI balance sheet (PLN 1,374.4 million), is higher than total ICs attributable to MCI (PLN 1,437.7 million) due to accounts payable in the subsidiary amounting to PLN (63.3) million.
- ICs of MCI.EV and MCI.TV contribute the most to MCI balance sheet (98.7% and 43.7% respectively).

## 4.A. Detailed results of MCI Capital



### MCI Balance Sheet

PLN thousands	30-06-2019	31-12-2018	diff	diff (%)	
<b>Assets</b>	<b>1.394.265</b>	<b>1.368.257</b>	<b>26.008</b>	<b>2%</b>	
Investment Certificates	80.800	78.443	2.357	3%	(a)
Investment in subsidiaries	1.293.603	1.264.032	29.571	2%	(b)
<b>ICs + Investment in subsidiaries</b>	<b>1.374.403</b>	<b>1.342.475</b>	<b>31.928</b>	<b>2%</b>	
Investment in related entities	3.942	9.173	(5.231)	-57%	(c)
Trade and other receivables	4.770	3.368	1.402	42%	(d)
Cash and cash equivalents	5.262	7.203	(1.941)	-27%	
Other assets	5.888	6.038	(150)	-2%	
<b>Equity and liabilities</b>	<b>1.394.265</b>	<b>1.368.257</b>	<b>26.008</b>	<b>2%</b>	
<b>Equity</b>	<b>1.203.160</b>	<b>1.187.911</b>	<b>15.249</b>	<b>1%</b>	(e)
<b>Liabilities</b>	<b>191.105</b>	<b>180.346</b>	<b>10.759</b>	<b>6%</b>	
Bond liabilities	124.138	178.429	(54.291)	-30%	(f)
Other liabilities	66.967	1.917	65.050	3393%	(g)
<b>NAV/S (PLN)</b>	<b>22,74</b>	<b>22,46</b>	<b>0,28</b>	<b>1%</b>	
<b>share price (PLN)</b>	<b>7,60</b>	<b>9,32</b>	<b>(1,72)</b>	<b>-18%</b>	
<b>P/BV</b>	<b>33%</b>	<b>41%</b>	<b>(0,08)</b>	<b>-19%</b>	

#### Major changes in balance sheet items:

- a) an increase in Investment Certificates (**of PLN 2.4 million**) was caused mainly by the increase in certificates of MCI.CV (by PLN 1.3 million) and certificates of Internet Ventures (by PLN 1.0 million)
- b) an increase in Investments in subsidiaries (**of PLN 29.6 million**), mainly due to appreciated valuations of ICs of MCI.EV (increase of PLN 60.4 million), partly compensated by the decrease in valuation of MCI.TV ICs (decrease of PLN 27.8 million) held by MCI Fund Management Sp. z o.o. (MCI FM). At the same time in H1 2019 an adjustment to deferred income tax provision was recognised at MCI FM due to the valuation of ICs of MCI.EV and MCI.TV. The total adjustment amounted to nearly PLN 75 million, decreasing the result of the period by PLN 3 million and MCI equity by PLN 72 million (MCI's NAV/S decreased by PLN 1.60 as a result of the adjustment)
- c) an decrease in Investment in related entities (PEM S.A.) (**of PLN 5.2 million**) due to stock market price of PEM S.A. declining

- d) an increase in Trade and other receivables (**of PLN 1.4 million**) mainly due to recognition of lease receivables on application of the new IFRS 16 standard *Leases* (MCI is a party to office space sublease agreements with related entities, which are classified as leasing agreements)
- e) an increase in Equity (**of PLN 15.2 million**) due to a net profit of **PLN 15.2 million** in H1 2018.
- f) a decrease in Liabilities from bonds (**of PLN 54.2 million**) following repayment of series K bonds – PLN 54.5 million in Q2 2019
- g) an increase in other liabilities items (**of PLN 65.1 million**) mainly due to the bill-of-exchange liability to MCI FM (PLN 60.0 million) and the lease liability (PLN 2.7 million) on application of the new IFRS 16 standard *Leases* (MCI is a party to Warsaw Spire office space lease agreement, which is classified as a leasing agreement; meanwhile, sublease of space to related entities is presented as subleasing and corresponding leasing receivables are recognised (item d).

# Financial results of Private Equity Managers

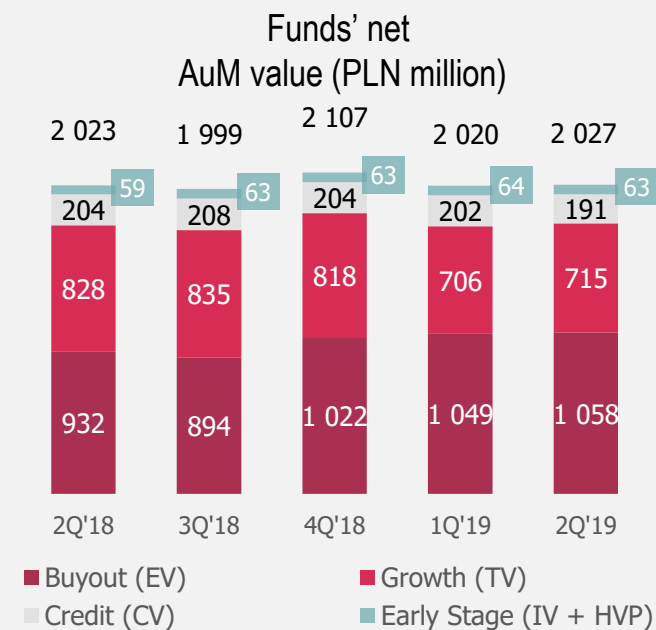


## 4.B. Detailed financial results of Private Equity Managers

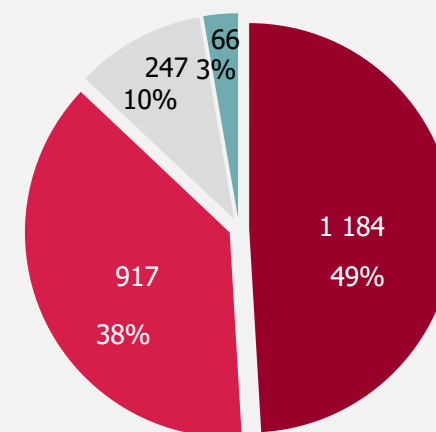
In H1 2019 GK PEM made revenues from management of **PLN 24.7 million**, i.e. **PLN 2.3 million lower** than last year (down by 8.4% y/y).

The gross result was **PLN 5.3 million**(down by PLN 1.2 million, or 18.7% y/y).

- In H1 2019 GK PEM's revenues from fixed management fee were 3.3% higher.
- The PLN 2.2 million (8.3%) decrease in operating income was mainly due to generating a lower success fee at MCI.TV, MCI.CV and MCI.EV.
- As of the end of H1 2019 we managed assets worth PLN 2,413 million. This value is 2.3% lower than in YE'18.
- Gross inflows into the funds managed by us amounted to PLN 40.2 million in H1 2019
- Average rates of return generated by MCI.TV, MCI.EV and MCI.CV in H1 2019 amounted to: (7.2%), 6.1% and 2.4%, respectively. In nominal terms, this represents the following results: -PLN 58.6 million – MCI.TV, PLN 62.3 million – MCI.EV and PLN 4.7 million – MCI.CV.
- H1 2019 was also a period where MCI.EV made the final settlement of the exit from Dotcard Sp. z o.o. at PLN 254.8 million. In the following months MCI.EV received proceeds from the sale of ABC Data amounting to over PLN 142 million.



Net AuM value (PLN million) as of the end of H1 2019



## 4.B. Detailed financial results of Private Equity Managers

In H1 2019 GK PEM's operating income was PLN 2.2 million lower than last year (down by 8.3% y/y). The gross result was PLN 5.3 million (down by PLN 1.2 million, or 18.7% y/y).

In H1 2019 GK PEM's **revenues from fixed management fee were 3.3% higher**, with significantly lower kick-backs for banks (PLN 3.1 million; down by PLN 0.9 million).

The **PLN 2.2 million (8.3%) decrease in operating income** was mainly due to generating a significantly lower success fee.

**Success fee** for management went down by 81.2% y/y (PLN 0.7 million in H1 2019 vs PLN 3.7 million in H1 2018) as a result of having generated no success fee from MCI.TV (compared to the fee of PLN 1.7 million in H1 2018) and a much lower success fee from MCI.CV (down by PLN 1.6 million to PLN 0.7 million) and from MCI.EV (down by PLN 0.4 million to PLN 0.03 million).

**Operating costs** were similar to last year's level (down by PLN 0.1 million, i.e. 0.3%).

**Decrease in Net AuM** in H1 2019 (down by PLN 80.3 million, i.e. 3.8% compared to EY 2018), caused mainly by:

- a positive total result of the funds [PLN 33.2 million; especially that of MCI.EV (PLN 71.8 million) and MCI.TV (-PLN 46.9 million)] [*result before the success fee for the fund management entity*],
- a negative balance of inflows to the funds [PLN 87.1 million; especially to MCI.TV (PLN 44.1 million), MCI.EV (PLN 26.5 million) and MCI.CV (PLN 16.5 million)],
- the management fee charged (PLN 24.7 million).

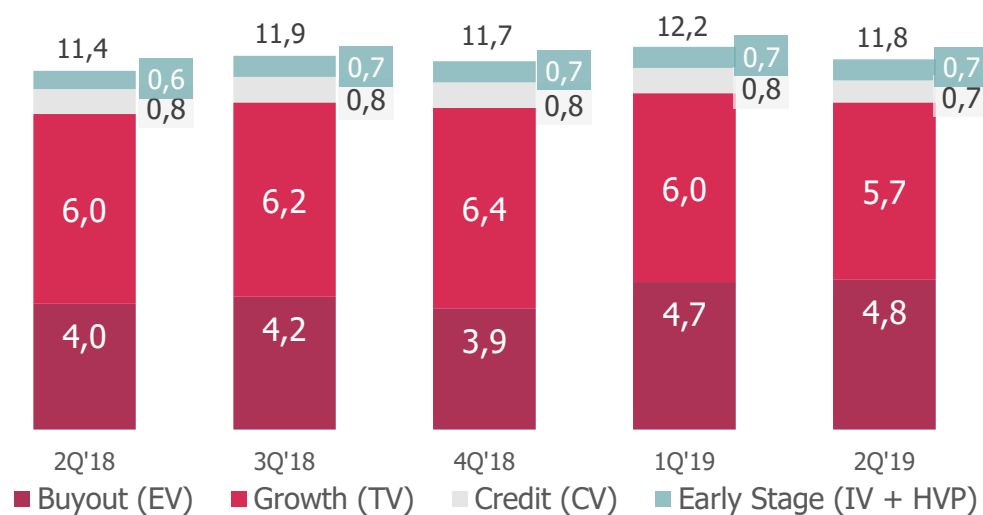
PLN'000	HY'19
Fixed management fee	24.012
Success fee	697
Other income	46
<b>Total income</b>	<b>24.755</b>
Costs of core activities	(4.037)
Operating costs	(14.303)
Net financial costs	(1.088)
<b>Total costs</b>	<b>(19.428)</b>
<b>Gross profit</b>	<b>5.327</b>
Tax	(650)
<b>Net profit</b>	<b>4.677</b>
Net profit per share	1,37 zł
% Net profit / Przychody z zarządzania	18,9%
% Costs of sales / Revenues from management	16,3%
<b>Income producing NAV</b>	<b>2.026.719</b>
% Income / Income producing NAV	1,2%
% Costs / Income producing NAV	(1,0%)

## 4.B. Detailed financial results of Private Equity Managers

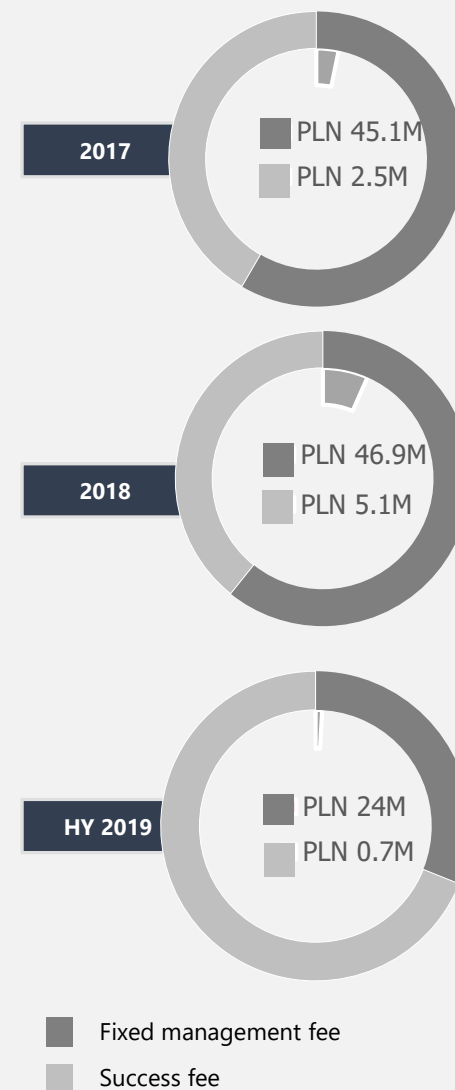
Total revenues from management in H1 2019 amounted to PLN 24.7 million, and were 8.4% lower than last year

- The fixed management fee for H1 2019 amounted to PLN 24.0 million.
- The success fee charged from Funds managed by PEM Group amounted to PLN 0.7 million.
- The success fee came from two funds: PLN 0.7 million – MCI.CV and PLN 0.03 million – MCI.EV.

Revenues from fixed management fee in respective quarters by fund



Revenues from management



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Thank you  
for your attention



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