

# MCI Capital Group after Q1 2013

15.05.2013

MCI generated 9.9 million PLN net profit in the first quarter. The forecast is 90 million PLN net profit at the end of H1 2013

- In the first quarter of 2013, the MCI Group generated 9.9 million PLN consolidated net profit against 9.5 million PLN the year before. Net assets of the Group grew to 582.1 million PLN. Lowest indebtedness in the last 10 years (debt/capital ratio 11%)
- At the end of March 2013, assets under management were 838 million PLN against 805.2 million PLN the year before. MCI is on the right path to exceed 1 billion PLN assets under management at the end of 2013
- In the first quarter, MCI executed its first investment in Turkey. In the second half of the year, it will concentrate on new expansion and buyout investments
- MCI forecasts 90 million net profit at the end of H1 2013. It is possible to reach a three digit net result at the end of 2013
- Significant growth potential for the stock market valuation - valuation with 25% discount against NAV
- Above average growth potential in market segments where the fund's portfolio companies operate (e-commerce, mobile).

*- Results for the first quarter meet our expectations. The growth in both net assets and assets under management, as well as the amount of resources allocated to new investments show that MCI operates as a mature technology fund engaging in larger and larger projects. When looking for investment targets we are no longer limiting only to Europe. Our latest investment in Turkey shows that their market also has a huge growth potential - said Magda Piasecka, Member of the Board of MCI Management SA.*

*- We have substantial capital reserves allowing us to invest in further prospective projects - she added.*

The MCI Management SA Group closed the first quarter of 2013 with consolidated net profit of 9.9 million PLN, i.e. 4.2% higher than in the respective period of the previous year. In this time, net assets of the group grew by 9% Y/Y, up to 582.1 million PLN against 555.1 million PLN the year before. During the year, assets under management grew to the level of 838 million PLN, compared to 805.2 million in Q1 2012, i.e. by 4.1%. The target is to exceed the level of 1 billion PLN to the end of 2013.

The most significant event in the first quarter of 2013 was signing the agreement to acquire 20% shares in Turkey's largest IT distributor - the company Indeks Bilgisayar. Closing of the group's first Turkish investment is planned in the second quarter of this year after obtaining appropriate permissions of Turkish authorities (permission of Turkish Competition Authority) and corporate approvals. MCI intends to acquire 20% shares paying a maximum of 4.35 TRL (1 Turkish lire = 1.77 PLN) per share. Payment of the last tranche will depend on the company Indeks meeting its highly ambitious financial forecasts in the years 2013-2014.

MCI expects the value of acquired shares to grow as a result of the company's development on a highly prospective market and constant dividend revenue. Execution of this large buyout investment will positively influence the stability of MCI portfolio value.

Indeks Bilgisayar operates on the IT distribution market. The company is the leader in sales of computer equipment on the local market with market share of about 27% and revenues exceeding USD850 million, i.e. twice the size of the largest competitor. Indeks is listed on the Istanbul Stock Exchange.

Portfolio companies - MCI.TechVentures fund

The growth of tech ventures fund certificates in the first quarter results from successful business projects of companies like among others Geewa, which strengthened its position on the online games market introducing its products onto the mobile games market. Since April 2013, its *Pool Live Tour*, the most popular billiards game on Facebook, is also available for devices running the iOS operating system, i.e. iPad and iPhone. Soon the game will also be introduced for the Android platform. Meanwhile, Invia consequently pursued the strategy of regional expansion by expanding the scale of operations in countries with the highest potential for growth in sales of online travel packages and launched a new version of its airline ticket website Aero.pl. The investment in the Russian Travelata company back in the second half of 2012 allows the company to enjoy growth generated by that market. The Russian travel market is worth more than USD60 billion, with only a few percent of that amount generated by sales in the online channel. The largest group of Internet users in Europe with high expendable income, whose purchase decisions are more and more often characterized by selecting travel products online will make Russia the fastest-growing e-travel market in Europe in the coming years.

#### Portfolio companies - MCI. EuroVentures fund

Growth of the fund's assets by about 12 million PLN was possible mainly due to the growing value of ABC Data SA stock price on the WSE, which most significantly contributed to the results of the Group in the previous quarter. The board of ABC Data, on 8 May 2013, recommended the annual general meeting to pay dividends for the year 2012 in the amount of nearly 30 million PLN (24 Grosz per share), whereas the MCI fund could receive about 19 million PLN. The improving results of ABC Data (record-breaking revenue growth by 43% Y/Y in Q1), successful adoption of its geographical expansion and export strategy, as well as positive evaluation of its dividend plan found reflection in its share price, which grew to the highest level since 2011. Furthermore, ABC Data published a results forecast assuming in 2013 consolidated revenue will amount to 4.17 billion PLN (growth by 13% Y/Y) and EBITDA to 70.7 million PLN that is 20% growth Y/Y.

#### Fundraising

MCI is successfully gathering capital for further planned investments. In April 2015, it raised 36 million PLN through the issue of regular bearer bonds. For the first time in history, banks invested in MCI securities. The bonds have been acquired by around 10

financial investors, the majority of which being Polish TFIs. The bonds are traded on the Catalyst market.

### Investment strategy

MCI continues its chosen acquisition strategy: selective approach to investments, geographical diversification outside Central Europe, focus on the growth sector in new technologies and search for market leaders and candidates for regional and global champions. The MCI Group intends to allocate a significant portion of available liquidity for new investments still in the year 2013. In the second half of the year, it will focus on expansion and buyout investments.

### Results forecast for H1 2013

MCI also published the results forecast for the first half of 2013. It assumes 90 million PLN net profit generated mainly to the growth of ABC Data SA share price, recognizing profits from the shares acquired in March 2013 in the Turkish public listed company Indeks and the dividend revenue that MCI is to receive from Indeks.