

# MCI Group has published its results for the III quarter of 2011

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After the third quarter of 2011, MCI Management SA increased its total consolidated net assets by 37% and its consolidated net assets by 48%, as compared with the third quarter of 2010. Its financial report for the third quarter of 2011 was published on 8 November 2011.

## FINANCIAL SITUATION

The consolidated net result generated by the MCI Group in the III quarter of 2011 amounted to PLN 2.9 million. The value of consolidated assets amounted to PLN 623.8 million and the value of consolidated net assets was PLN 513.3 million. During a period from 01/01/99 to 30/09/11, MCI achieved the net internal rate of return on investments (net IRR) at the level of 19.4% (the average net IRR of the entire MCI portfolio during a period from 01/01/99 to 30/09/11 – computed as the sum of full and partial exits and of the portfolio book valuations as of 30/09/11).

“In the III quarter, we managed to generate a small profit, despite the weak condition of capital markets and the decrease in the stock price of the MCI’s largest asset – ABC Data SA. It is the confirmation of the proper choice of our strategy, which is based on the diversification of the investment portfolio and investments in the e-commerce sector, which is characterized by a high potential of growth and a lesser dependence on the macroeconomic situation. Thanks to our investments in the e-commerce sector, the value of certificates of our venture capital fund, MCI.TechVentures, went up by 12% as compared with the end of 2010. This proves that a thoroughly chosen and a diversified investment portfolio can also do well in the period of economic slowdown” – said Tomasz Czechowicz, President of the Management Board of MCI Management SA.

The portfolio of MCI.TechVentures has registered an explicit growth in the value of its investment in Mall.cz, the leader on the e-commerce market in the Czech Republic and

Central and Eastern Europe. MCI.EuroVentures division, however, has recorded a reduced value of the certificate, which was caused by the drop in the stock value of ABC Data, but it was partially compensated by the recognition of receivables and revenues from damages awarded by the final court order in the JTT case, which court order was received in May 2011, as well as by the recognition of the goodwill of the managing company. MCI.BioVentures and MCI.ImmoVentures demonstrated their stable organic growth (YOY growth of 30% and 20%, respectively).

## INVESTMENTS

In September 2011, MCI.BioVentures, the leading Polish fund making investments in the sphere of biotechnologies, new medicines, dietary supplements and therapy, medical materials and equipment as well as health services, announced the investment of PLN 2.5 million in Continuum Care, a company providing care services to older people. Continuum Care offers care services to a group of people aged 65 years and over, which in Poland within the upcoming 10-15 years will grow by 50%. At the same time, the increase in the prosperity of this group makes it possible for the Company to achieve the market-based success. Continuum Care is a reply to the growing demand for professional and comprehensive services for the old people and the handicapped. The unique nature of the offer consists in the services, which can be adjusted to the health of older people and health changes over time – from care through nursing custody and medical care to rehabilitation. All these services are provided by one organization, which guarantees continuity of services.

In October of this year, MCI.TechVentures, the venture capital fund, made an investment in Morele.net, the Poland's second largest Internet shop, which sells IT equipment. Morele.net holds a strong market position, achieved thanks to the effective strategy and competent management team. The investment in Morele.net means both the consistent implementation of MCI.TechVentures' strategy, which is focused on investing in high-growth companies operating in the segments of the e-commerce market that are characterized by high-yield growth, and in the segments, where the leaders achieve economies of scale and build the market consolidation potential.

Morele.net was established in the year 2000. It is a shop, which is friendly to its customers and sells simple consumer electronic goods and home appliances. Currently, given its offer of more than 50,000 products (of which more than 50% are off-the-shelf items), Morele.net is one of the leaders on the Polish market. Thanks to implementation of modern technological and organizational solutions, the company can

provide top-level services per day to more than 100,000 customers, who visit Morele.net's website and its service points at netPoints.

## MOST IMPORTANT EVENTS IN PORTFOLIO COMPANIES

- ABC Data: a 19.2% year-over-year increase in sales (the sales in Q3 2011 amounted to PLN 2.1 billion); EBITDA went up by 1.1% (EBITDA for Q3 = PLN 34.1 million); a 15.1%-increase in net profit (PLN 23.9 million); a 17.6%-decrease in debts to banks of PLN 125.2 million; the successful introduction of the I high-margin product segment of its own brand Colorovo (currently it is the bestselling brand of consumption materials for printers); after its successful entry into the Lithuanian market, as soon as in Q4 2011, the Company will start its business in Latvia and Estonia (ABC Data has plans to launch its business in Bulgaria and Hungary); the products distributed by APC Data go to the countries with a total population of 75 million people (in the year 2012, the Company will be present in the countries being home to 100 million people); the Management Board of ABC Data supports the forecast of its results for the year 2011 (the fourth quarter is the best quarter in terms of sales in the sector of IT distributors, and a possibility of implementation of the forecast is strengthened by record-breaking results of September and October);
- Mall.cz: it is the number one online e-commerce business in Central and Eastern Europe; its firm position / customer database will be an asset for competitors who are planning their entry into this market / for financial investors; it is present on five markets of Central and Eastern Europe, it takes advantage of the high potential growth of the e-commerce market in Central and Eastern Europe; it has 1.4 million of registered customers (the year-over-year increase by 40%) and 400.000 visits per day; in the year 2010, EUR 110 million was generated in revenues / in the year 2011, the implementation of the ambitious budget is obvious; it pursues a strategy of the CEE e-commerce market consolidation - Mall.cz stands a chance of becoming a key asset on the M&A market of Central and Eastern Europe in the future; market evaluations of 1,2x - 2x EV/sales of similar economic entities prove that Mall.cz may be valued at EUR 130 -200 million;
- Geewa: it has more than 6.1 million of registered users; it has more than 7.2 million of unique users per month in 200 countries; there are more than 2.9 million users of Pool Live Tour per month on Facebook solely; the increase in the per-day number of active users from the beginning of the year at 1.490%;

## EXIT TRANSACTIONS

On 16 September of this year, Invia.cz, the leader of the e-travel market in the Czech

Republic and Slovakia, bought from MCI.TechVentures the entire package of fund-owned shares in Travelplanet, the leader of the Poland's e-travel market (constituting 44.44 % of the share capital), for PLN 14.4 million. In this way Invia implemented yet another stage of its strategy of consolidation of this sector in Central and Eastern Europe and establishment of the regional leader. The goal of MCI is to establish the company holding a leading position in the region, taking advantage of synergy, a huge potential of market growth, and benefits arising from the scale of its operations. In the year 2011, the combined value of services sold by Invia.cz and Travelplanet SA will exceed PLN 500 million, which will also greatly increase the attractiveness of the entire Group for investors, particularly, taking into consideration Invia's plans for IPO. MCI's IRR on this investment amounted to 60%.