

MCI invests in Turkey

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One of the companies from the MCI Management Group finalized the acquisition of 20% shares in the largest Turkish IT distributor – Indeks Bilgisayar Company. With this investment, MCI gains a solid foothold for further expansion in the region of so-called *Large Emerging Europe*

Having received appropriate permissions from Turkish authorities (permit from Turkish Competition Authority) and corporate approvals, MCI Management signed the final acquisition agreement for 20% shares in Indeks Bilgisayar (11,200,000 shares) with Erol Bilecik, the founder, majority shareholder and President of the Board of Directors. The payment is to be made in tranches, with the first one at a significant discount against market price. The total value of the transaction will depend upon fulfillment of the company's ambitious forecasts for 2013-2014. The entity purchasing shares from Erol Bilecik is Alfanor 13131 AS, a subsidiary of the subfund MCI.EuroVentures 1.0.

- The investment in Indeks is a consequence of our regional expansion strategy in countries with above-average returns. With this transaction, MCI becomes a significant stakeholder with strong minority shareholder rights – said Tomasz Czechowicz, Managing Partner of MCI Management. – We are glad MCI became an investor to an attractive company operating on a highly prospective market – he added.

MCI expects the value of acquired shares to grow as the company develops on a particularly growing market to bring steady dividend streams. Execution of this large buyout investment will positively influence MCI portfolio stability. As part of the commitment to the project, upon MCI's recommendation the Supervisory Board and the Advisory Committee welcomed Tomasz Czechowicz and Fabian Bohdziul (MCI Management) as well as Ulrich Kottmann (the current president of the supervisory board of ABC Data SA), who will actively support the company's development.

On 15 May, the MCI Group published a results forecast assuming about 90 million PLN consolidated net profit in Q1 2013. One of the forecast's assumptions is that Index

share price will remain at a similar level as on the day of publication. MCI financial forecast for H1 2013 also includes expected dividend from Indeks profits in 2012. The Board of Directors of the Turkish company recommended to pay out dividend of 0,246 Turkish Lira per share, giving MCI additional revenue of about 4,9 million PLN (at the exchange rate: 1 TRL = 1.76 PLN). The shareholders of Index will decide on profit distribution at the annual general meeting, which will take place on 21 May.

Earlier this year on 21 March, MCI informed about the conclusion of a conditional share purchase agreement with Indeks Bilgisayar. A party to the agreement then was the company MCI Venture Projects Sp. z o. o. S.K.A., a subsidiary of MCI.EuroVentures 1.0 subfund, part of the MCI.PrivateVentures Fundusz Inwestycyjny Zamknięty fund, in which MCI Management owns 99,99% investment certificates.

Investment decision premises:

- Dividend company: for several years payout dividend ratio has exceeded 41% of the financial result, thus MCI expects an upside and regular revenue from dividends. In 2013, the dividend payout is expected to reach 6% of the purchase price;
- Growth potential for the *value added* segment on the Turkish market, confirmed by activities of international players, with whom Indeks successfully competes remaining on the leading position;
- Investment risk limited by, among others, the liquidity of the company and very good perception of dividend companies by Turkish long-term investors;
- Potential of the company's real-estate unrecognized in the stock market capitalization (plots in the business and residential center of Istanbul / investments planned to commence in Q4 2013);
- Dynamically growing Turkish economy. GDP of Turkey is to exceed 1 billion euros by the end of 2015. (forecast steady growth of GDP in following years by an average 5% per annum);
- Investment in the market leader twice the size of the runner up (premium market share);

- MCI's Experience in building value in this market segment and the potential of e-commerce (large population of online shoppers in Turkey);
- Expected returns 20-40% IRR, time horizon 5 years.

About Indeks

Indeks Bilgisayar operates on the IT distribution market since 2001. The company is the unprecedented leader in IT equipment sales on the local market with about 27% market share and annual revenue of over USD850 million, that is twice the size of the next largest competitor. Indeks is also the eighth largest ICT company in Turkey. It cooperates with nearly 8000 business partners. Since 2004, Indeks is listed on the Istanbul Stock Exchange

In Q1 2013, Indeks generated revenue of 691.1 million PLN (at the exchange rate: 1 TRY = 1.76 PLN) against 559.8 million PLN the previous year, meaning growth of 23%. Gross sales revenue and EBIT in Q1 2013 were 40.5 million PLN and 24.4 million PLN respectively, with y/y growth of 27% and 72% respectively.

Tab. Indeks results

INDEKS A.S. (in '000 PLN)

	1Q 2013	1Q 2012	Change % y/y
Revenue	691 117 518	559 853 944	23%
Gross sales revenue	40 541 222	31 967 153	27%
EBIT	24 451 967	14 175 640	72%