

MCI Management boosts its stake in Netia

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A company controlled by MCI.PrivateVentures Closed-Ended Investment Fund, a buyout fund of MCI Group, has acquired another block of 2.15 % shares in Netia S.A.'s ("the Company" or "Netia") share capital. After clearance of the transaction made on 21 May, the MCI Group fund will hold 7.15 % of Netia' share capital. The value of the transaction is PLN 40.5 million.

Following the announcement of 15 May 2014 about purchasing a block of shares in Netia, today a Fund of MCI Group informed of another transaction of acquisition of Netia' shares, strengthening its position amongst the Company's shareholders. Just as in the previous transaction, the block of 7,466,788 shares in Netia, i.e. 2.1462 % of its share capital, was purchased by Navicorp Trust Polska Spółka z ograniczoną odpowiedzialnością 3 S.K.A. having its registered office in Warsaw. The aggregate value of the transaction is PLN 40.5 million. Following clearance of the purchase, made on 21 May, MCI Group will hold 24,862,328 shares in Netia, making up 7.1462 % of its share capital.

"We have increased our stake in Netia, as we want to strengthen our position amongst the shareholders and more effectively exercise the rights of a minority shareholder. Netia needs effective corporate governance. We want to appoint our representative to the Supervisory Board and have real influence on the company's strategy," said Cezary Smorszczewski, President of the Board of MCI Management S.A.

MCI's investment strategy encompassed investing in companies of digital ecosystem segment, creating an ecosystem for internet development. Additionally, MCI also plans to engage in digital disruption projects involving pure players, as well as in digital adaptation, i.e. business models which, after attaining the leading position in traditional economy, intend to dynamically develop using opportunities offered by the Internet. Netia is an example of a strong company operating in the field of digital ecosystem.

The purchase of ca. 7.15 % of Netia's shares is the largest MCI's investment this year

and one of the largest recorded by the fund to date. Valuation of the entire block of shares of the Company in MCI portfolio makes this investment one of the fund's biggest assets.

“When I became the President of the Management Board in March 2014, I informed that one of our goals for the upcoming years would be greater diversification of our portfolio and reduction of the share of single investments in the total of our assets to less than 20 %, which would reduce the correlation between the prices of each asset and the stock market valuation of MCI. Acquisition of a substantial block of shares in Netia is a step towards accomplishing this goal,” adds Cezary Smorszczewski.

On 13 May 2014, MCI Group published its results for Q1 2014. In this period it generated a consolidated net profit of PLN 108.5 million. In the first quarter of 2014, the value of the company's assets under management amounted to PLN 1.3 billion, as compared to PLN 838 million in the first quarter of 2013. Net assets amounted to PLN 873 million, compared to PLN 582.1 million at the end of the first quarter of 2013, and its net asset value per share amounted to PLN 14. The forecast announced in December 2013 assumed an increase in net asset value per share from PLN 12.20 at the end of 2013 to PLN 16.50 at the end of 2014, which means that after the first quarter of 2014, half of the planned increase has already been attained. Additionally, MCI plans that its investment level throughout the year will not be lower than PLN 305 million.