

MCI Management forecasts its 2014 performance

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MCI, a leading Group of PE/VC technology funds in CEE, expects its net asset value per share to grow to PLN 16.50, and its new investments to reach at least PLN 305 million in 2014.

On 18 December 2013, after three very successful quarters of 2013 and record-breaking financial performance of the fund, the Board of MCI Management published the forecast of basic ratios for 2014. The financial projection envisages that net asset value per share will increase to PLN 16.50. Furthermore, MCI envisages that the scale of investments carried out by the funds within the Group will reach at least PLN 305 million by the end of 2014.

'The market environment is in our favour. Digital economy as a whole, and in particular the segments in our investment focus, present an impressive growth potential. We have the concept and the financial capacity to build shareholder value on that growth', commented Tomasz Czechowicz, Managing Partner at MCI Management. *'Given the growth projections for companies in such segments as digital media and e-commerce, our forecasts could be regarded as conservative',* he added.

The forecasts were based on the assumption that the 'priorities' for the Group for the year 2014 would be met in at least 50 % in relation to the existing plan. The IPO of a subsidiary, Private Equity Managers SA, scheduled for H1 2014, will be of key significance if the forecast is to be achieved. Additionally, the Fund's management expects a stock market upturn and at least 2 % growth in the Polish GDP in 2014.

Along with the publication of the forecast, MCI Management took the opportunity to present the framework of its revised investment strategy. In recognition of the growth dynamics and exciting prospects of the internet business, MCI focuses on companies that, to a varying extent, develop their business models on the basis of capabilities offered by the internet. The revised investment strategy is based on three growth pillars:

1) So-called digital disruption investments

MCI contemplates and carries out investments in pure-play internet business models (so-called pure players). MCI forecasts that the strongest growth will be recorded in the following segments: digital media, e-commerce, marketplaces, Fintech, Internet of Things, Software as a Service, cloud computing, mobile internet and digital entertainment.

2) So-called digital ecosystem investments

MCI considers investments in companies operating on the internet infrastructure development market, such as telecoms and data storage centres.

3) So-called digital adaptation investments

MCI provides investment support to companies which, being already well established in the traditional economy, aspire to become European- and global-level players using opportunities offered by the internet. The fund is searching for companies with the potential to be as successful as Polish champions such as Empik.com, mBank and GPW.

After three quarters of 2013, MCI Management Group has recorded a consolidated net profit of PLN 170.5 million, compared to PLN 31.8 million last year. Total assets increased by 16 %, to PLN 907 million, from PLN 780 million at the end of 2012. Over the nine months of 2013, net assets increased by PLN 142 million YoY and exceeded PLN 747 million, meaning growth by more than 15 % YoY. As expected by the Board, MCI Group's assets under management exceeded PLN 1 billion for the first time in history and now amount to PLN 1.051 billion.

A positive opinion about the potential and prospects of MCI Management's portfolio companies encouraged Noble Securities analysts to give a BUY recommendation and to set the 9-month target price at PLN 13.56. As the share price on the day of the recommendation was PLN 10.22, the growth potential of MCI share price was

estimated at 33 %.