

MCI to exit Netia for over PLN 158 million

27.03.2015

The fund from the MCI Management Group undertook to sell all its Netia shares to FIP 11 Closed End Non-public Asset Investment Fund. Proceeds from the sale of shares will be over PLN 158 million and the IRR rate - 19%.

Under the “obliging agreement”, almost 27 million shares will be sold at PLN 5.86 each, for a total value of PLN 158 million. The transaction is planned for 9 April 2015; but the settlement date may be moved to 15 April 2015.

*- Our idea to build Netia's value assumed real influence on the company's development strategy. However, since our share is too small and there is no possibility to buy a major holding at a good price, our chances to have real impact on the directions of Netia's development were very limited. That is why we decided to exit the investment, with a 19% IRR - said **Cezary Smorszczewski, the President of the Management Board of MCI Management S.A.***

Even though MCI Management sold its shares, it still maintains that Netia remains a very attractive telecom asset. The restructuring of the company is significantly reducing operating costs, which will lead to higher profitability and the possibility to generate more cash, which will in turn increase the dividend potential. Netia's competitive advantage, i.e. high quality modern optic fibre network and own access network allow for attractive offers for both individual and business clients. The division of the Company into three parts: B2B, B2C and infrastructure will enable the creation of a clear strategy for individual divisions, which will streamline operational efficiency.

On 15 May 2014 the investment sub-fund MCI.EuroVentures 1.0 FIZ, owned by MCI.PrivateVentures FIZ from the MCI Group, acquired a block of Netia S.A. shares (5% of Netia's share capital), the largest alternative fixed line operator in Poland. After further purchase transactions, on the day of signing an agreement with FIP 11 Closed End Asset Investment Fund, the MCI Group held 26 973 328 Netia S.A. shares, i.e. 7.75% of its share capital.