

# **Noble Securities recommends BUY MCI Management stock**

02.12.2013

Noble Securities began issuing recommendations for MCI Management by recommending BUY. The target price for the fund's stock was set at the level 13.56 PLN, giving a 33% growth potential above the listed price on the day the report was published.

In the report dated 27 November 2013, the analysts of Noble Securities highly evaluated the growth potential of MCI management share price. They emphasized effective investment portfolio diversification, visible through the decreasing role played by ABC Data in the assets of the MCI Group and the exposure of the investment portfolio to the continuing bull market in the segments of small and medium enterprises.

Noble Securities emphasizes that MCI has public listed companies in its portfolio. In the case of ABC Data, they expect strong increases in the value of the company on the Warsaw Stock Exchange as a derivative of maintaining high results growth dynamics in connection with the prevailing bull market on the Warsaw Stock Exchange. Furthermore, MCI plans to exit some portfolio investments in the years 2014 and 2015, which should be made easier by favorable market conditions. Another argument according to Noble securities for the attractiveness of MCI stock is the growth potential of its portfolio companies that will be reflected through increasingly better results of the fund and thus its market capitalization.

The positive appraisal of the potential and prospects lying ahead of MCI Management's portfolio companies convinced the analysts of global securities to issue a BUY recommendation and set a target price in the nine-month horizon at the level of 13.56 PLN. Because the share price on the day the recommendation was published was 10.22 PLN, the growth potential for MCI stock was estimated at 33%.

MCI was founded in 1999 and two years later, it made its debut on the Warsaw Stock

Exchange. In the year 2007, MCI Capital TFI SA was founded in the model in which the company operates will systematically transformed to the form in which it operates today. In this model, MCI Management S.A. is a holding company and the activities concerning asset management are focused in the Private Equity Managers S.A. Group (PEM), which is the parent company of MCI Capital TFI. MCI Capital TFI manages assets gathered under closed-end investment funds. This solution allows for effective asset management, the possibility of raising funds from external investors through the issue of investment certificates and tax optimization.

At the end of 3Q 2013, the value of assets under management of MCI was 1051 million PLN, with equity at the level of 747 million PLN. So far, the group has executed over 50 investment projects and nearly 30 full exits. In the period from 01.01.1999 to 30.09.2013, MCI generated net internal rate of return (net IRR) at the level of 19.8% and ranked among the leading European private equity funds.