

# Results of MCI Capital Group after 2012 and new investment in Turkey

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## Best year in MCI's history

The MCI Group met expectations and recorded good financial results. In 2012, it generated 41.6 million PLN consolidated net profit with a record-breaking exit level of about 200 million PLN. In 2012, four new prospective companies entered the portfolio and on the day of publishing results for 4Q 2012, the signing of the agreement to acquire shares in Turkish public listed company, Indeks, was announced. With the greatest liquidity in history, in 2013, MCI intends to execute 4 to 6 investment projects allocating several hundred million zlotys for this purpose.

*Results for 2012 prove that we are heading in the right direction for MCI to grow. Successful investments in new technology companies positively contributed to our result. We saw dynamic growth of our net result, the value of assets under management and net assets – said Tomasz Czechowicz, President of MCI Management SA. We also have record cash levels allowing us to continue our dynamic investment actions in the coming years – he added.*

The online market – MCI's main investment area – is witnessing a digital revolution. Global markets increasingly penetrated by devices with mobile Internet access and quickly improving websites, make companies selling their services online witness considerable growth. With substantial liquidity over 200 million PLN, MCI as a fund investing mainly in online technology endeavors is ready to actively participate in developing the global market. Only in 2013, MCI plans to allocate most of capital acquired for new investments. At this scale of investment activities, MCI has a flowing pipeline of new financing using proven fundraising channels. Subsequent successful private issues of investment certificates in 2012 and expected earnings from the planned bonds issue program, in connection with record-breaking earnings from investment exits make MCI sure to maintain dynamic growth of results in the coming

years.

## Financial results

In 2012, the MCI Group generated 41.6 million PLN consolidated net profit, compared to 18.7 million PLN in 2011. Consolidated net assets of the fund grew to the level of 572.1 million PLN up from 526 million PLN last year (Y/Y growth 8.7%). Assets under management of Private Equity Managers, the company managing the fund's assets, grew by 5% against last year up to 830 million PLN.

Significant improvement of the result was possible due to growth of MCI.TechVentures FIZ certificate value as a result of recording record-breaking profits on the sale of Mall.cz and growing value of investments in the portfolio companies Invia.cz, Geewa and Morele.net - fueled by their outstanding operating results. Steadily improving results of the asset management company also positively contributed to the result of the MCI Group.

Very good investment results positively impacted share price. Investors appreciated the solid foundations and growth perspectives of the fund. Annual return on MCI shares was 61% in 2012, compared to the 26% growth of the WIG index.

## New investments

As announced back in 2012, the MCI Group focused on developing its investment portfolio. Four new entities became portfolio companies. The first transaction was acquisition of a minority share package in KupiVIP.ru for EUR12 million. After only four years, the company grew to become the largest player on the e-fashion market in Russia. KupiVIP Holding operates the KupiVip.ru website, which is the largest shopping club on the Russian market offering daily flash sales of products and accessories of over 1500 brands. KupiVIP Holding also operates the KupiLUXE.ru online boutique (shopping club for selected brands), a regular online store ShopTime.ru and the special e-commerce platform (KupiVIP E-Commerce Services) delivering ready solutions to fashion brand manufacturers (using "white label" model) for opening dedicated online stores, development and customer service supporting online sales, e.g. shop.quiksilver.ru, mexx-shop.ru and shop.tsum.ru.

MCI's second investment in 2012 was 21Diamonds, online jewelry store with the largest selection of models, stones and precious metals. The offer includes, among others,

rings, jewelry, necklaces, earrings and custom ordered jewelry. 21Diamonds allows you to create your own jewelry design by choosing your favorite model, gemstone and precious metal. Moreover, the website offers a carefully selected offer of brand-name jewelry. The company operates in Europe, Brazil, India and the United States building its position on the global market. The jewelry market is globally estimated at 150 billion dollars a year, with online stores penetrating a significantly small portion of the market (3%). It is estimated the value of online jewelry sales to reach EUR10 billion by the 2015, increasing its share to 10% in the total turnover of the industry.

The third investment executed in 2012 is located in Poland. The Helix Ventures Partners FIZ fund created in cooperation with the National Capital Fund, invested 5 million PLN in the service [moje-biuro.pl](http://moje-biuro.pl) - leading supplier of accounting software and tools, including cloud-based online accounting. The financing will be allocated to support marketing, development of distribution channels and strengthening the expert team. Currently the company is already working with such well-known institutions as Alior Bank, offering the bank's clients access to applications supporting management of their companies in the "Virtual Office" service.

The company [windeln.de](http://windeln.de) was fourth to join MCI's portfolio. Investment in Germany's largest online store offering products for babies and kids amounted to a total of EUR15 million in the third round of financing. The online vendor offers over 20,000 products of more than 300 brands that young parents can order from the convenience of their own home. MCI was the largest investor in this round. The fund hopes that [windeln.de](http://windeln.de) will maintain its high growth dynamics of 300% in 2012, and grow to the leading position in the category of online sales in German-speaking countries.

The MCI fund also supported its portfolio company Invia (e-travel) in the acquisition of Travelata Company from Russia. Invia continues its strategy of regional growth through acquisitions and begins expansion to the highly potential Russian market.

Total value of MCI's investments in 2012 was 95 million PLN, including 77 million PLN for new investments and 18 million PLN for subsequent rounds of financing.

### **Newest investment - first one in Turkey**

On the day of publishing this report, MCI announced that it is finalizing its first investment in Turkey, on which it had been working for some time. The investment target is company Indeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.Ş. The

transaction is planned to close in the second quarter of this year.

MCI intends to acquire a 20% stake in the company paying as much as 4.35 TRL (Turkish lire = 1.76 PLN) per share. Payment of the last tranche will depend on the Indeks Company meeting its highly ambitious financial forecasts in the years 2013-2014.

Indeks is the largest IT distributor in Turkey with annual revenue exceeding USD850 million. MCI hopes the latest acquisition will positively impact results in the first quarter of 2013.

Record-breaking amount from exits - about 200 million PLN

In 2012, MCI raised almost 200 million PLN in cash from disinvestments. Results this good are mainly due to the record-breaking exit from Mall.cz (deal with Naspers) which gave the fund about EUR38 million.

In 2012, the majority share package in the company Nexto Sp. z o.o. was sold to Ruch S.A., and shares in Retail Info were sold to the Czech media group, Mafra. MCI also received almost PLN15 million in dividends on 2011 profits from ABC Data SA, as well as cash from selling assets in the CreditVentures FIZ fund.

Results of ABC Data

Facing challenging market conditions, MCI's largest portfolio company recorded in 2012 record-breaking revenue of 3.7 billion PLN (Y/Y growth 25%) and EBITDA result comparable to previous year, in the amount of about 59 million PLN in 2012. ABC Data generated adjusted net profit on continued activity in the amount 56.2 million PLN (down by 5% Y/Y), combined with the board maintaining its current dividend policy give MCI high earning potential.