

Financial Results of Private Equity Managers Group for 2016

Warsaw, 29 March 2017

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**financial results
of PEM Group**

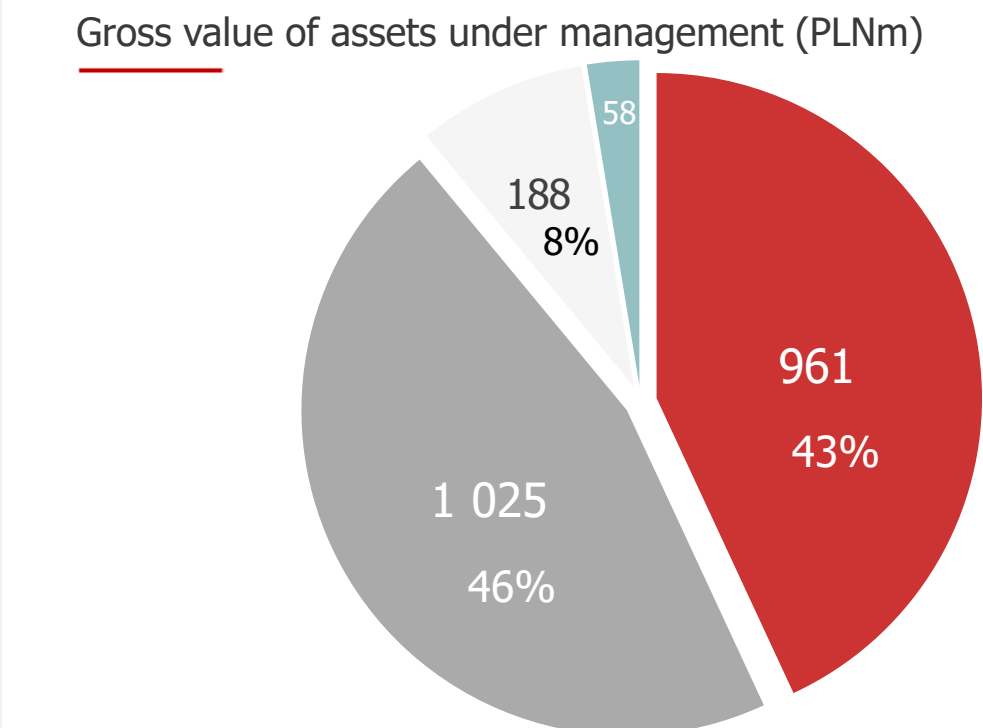
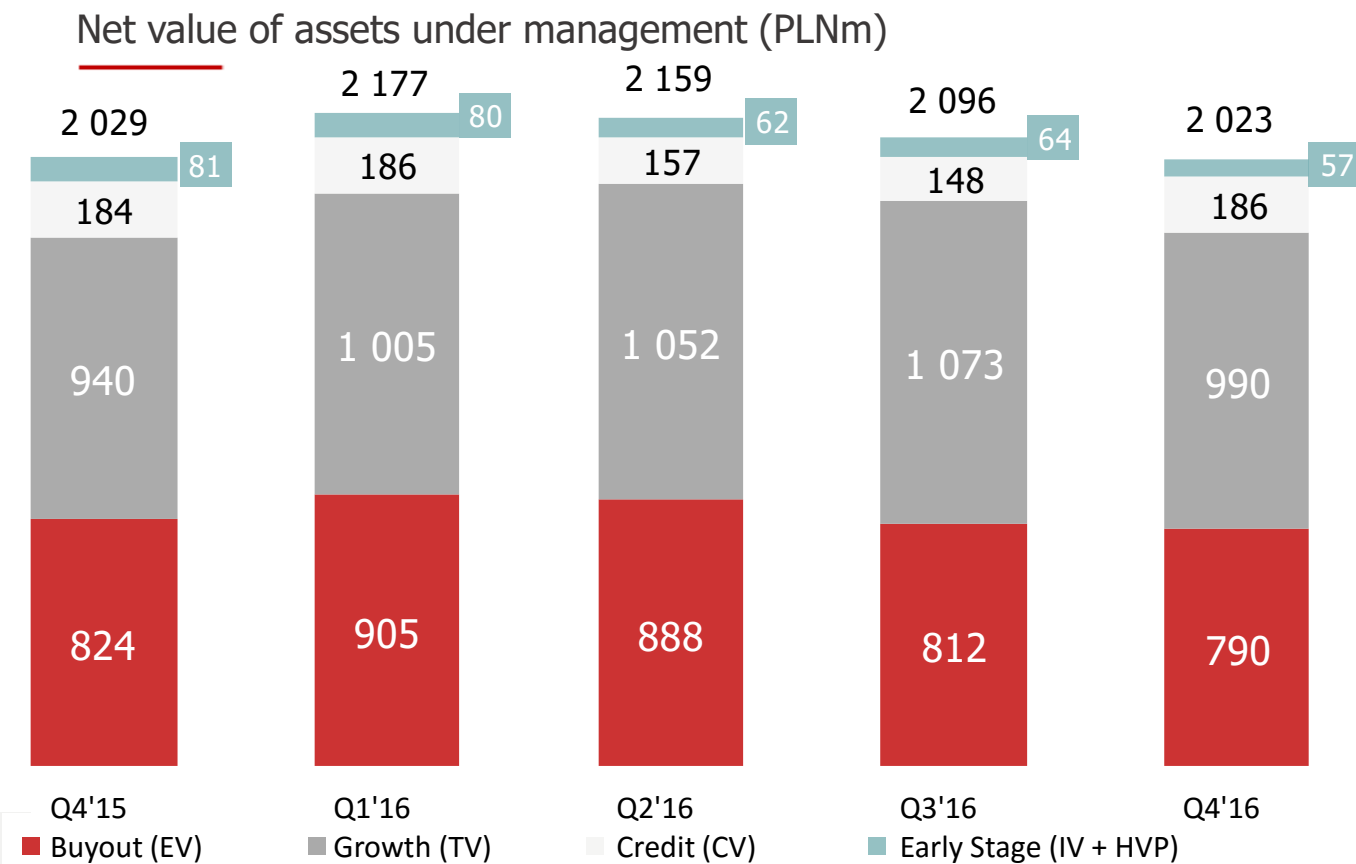
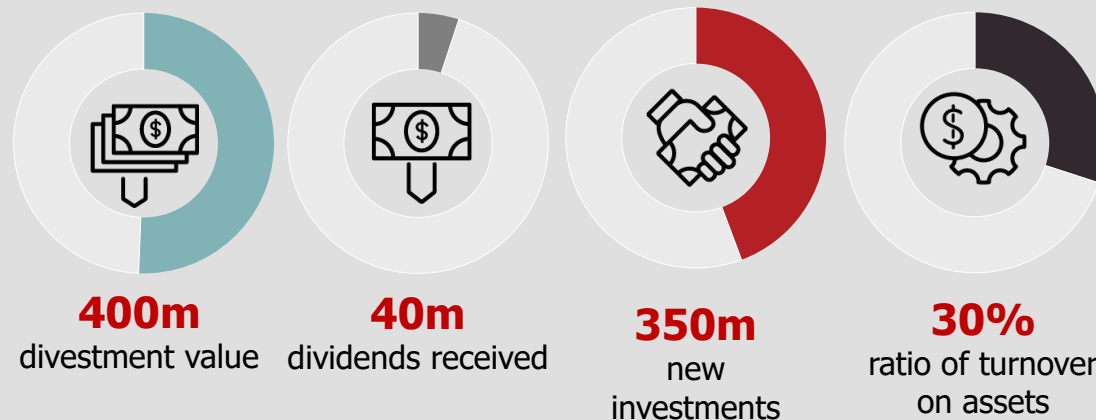
In 2016, PEM Group achieved net profit of PLN 14.4m, with costs down by PLN 7.6m and a lack of variable remuneration

- In 2016, the PEM Group's **revenue from fixed management fee was 7% higher**, with an increased cost of kick-back for banks: (1) positive net sales of certificates (PLN 97m) and (2) assets obtained via the banking channel in 2015 generated revenue for full 12 months of 2016 (PLN 168m)
- No variable management fee achieved as the funds did not exceed the minimum rates of return.
- **Operating costs fell by 43% y/y.** In 2015, PEM Group posted non-recurring costs of PLN 6m (IPO costs, tax on civil-law transactions). In addition, it incurred double fundraising costs, i.e. for 2014 and a provision for 2015 costs + lower carry fee provisions in 2016
- **Maintaining the value of net assets under management:** down PLN 6m vs. last year: (1) positive balance of inflows (PLN 97m), (2) redemption and payout of income in HVP and IV, (3) negative result of the EV and TV funds (PLN 60m), (4) collected management fee (PLN 45m)

PLN 000s	YE'16	YE'15
Fixed management fee	41 877	39 218
Variable management fee	2 033	40 596
Other revenue	429	366
Total revenue	44 339	80 180
Costs of continuing operations	(10 285)	(7 011)
Operating costs	(15 942)	(28 131)
Net financial costs	(4 482)	(3 188)
Total costs	(30 709)	(38 330)
	806	7 793
Net profit	14 436	49 643
Net profit per share	4,22 zł	14,89 zł
% Net profit/Fund management revenue	32,9%	62,2%
% Selling costs/Fund management revenue	23,4%	8,8%
Total NAV	2 023 468	2 029 030
% Revenue/Revenue generating NAV	2,1%	1,9%
% Costs/Revenue generating NAV	(1,5%)	(1,9%)
% Net profit/Revenue generating NAV	0,7%	2,4%

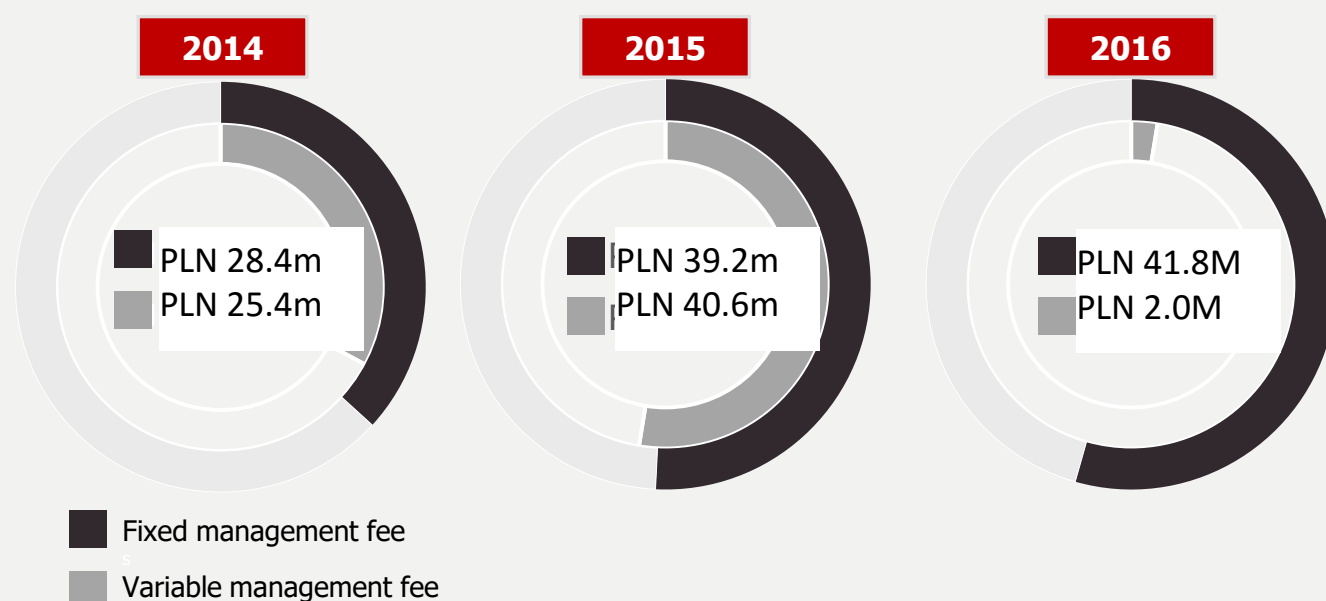
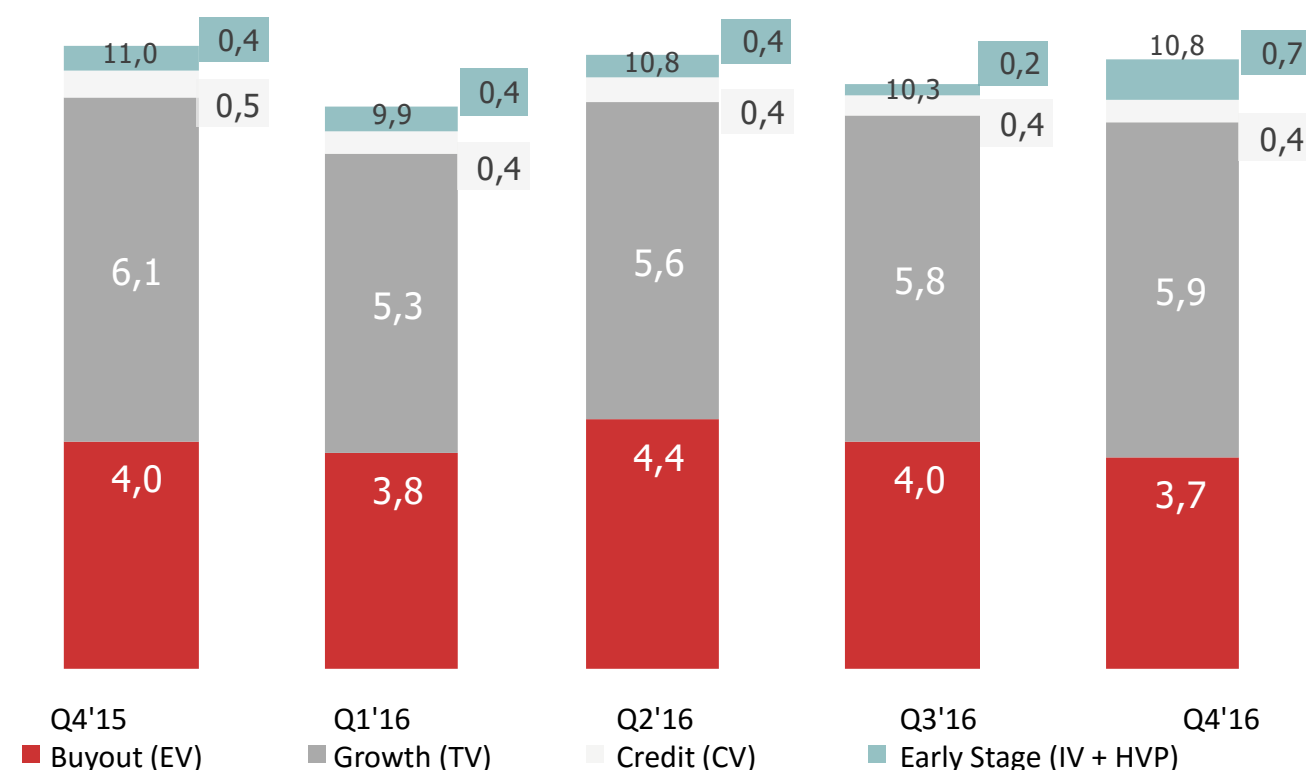
The value of gross assets under management in 2016 exceeded PLN 2,200m with a slight change in AUM structure

- Despite the good start, we finish the year with net AUM down by 0.3% y/y.
- In 2016, gross inflows to the funds we manage were **PLN 188.7m** (down 13% y/y)
- In 2016, for the first time in three years, net AUM decreased y/y, with a major reduction in the share price of ABC Data, impairment charge on Auctionata and Oktogo and the payout of income and redemption of certificates of HVP and IV, respectively.
- ...still, the average annual **increase in net assets** was **12%**
- We completed two large exits, both in MCI.TechVentures 1.0 (**Invia** PLN 225m) and in MCI.EuroVentures 1.0 (**WP** PLN 114m); funds received a total of **PLN 40m in dividends** and invested nearly **PLN 350m**, at the same time achieving more than **30% turnover on assets** for the second year in a row.
- MCI.CreditVentures 2.0 took part in financing the largest LBO of 2016 – purchase of **Allegro**



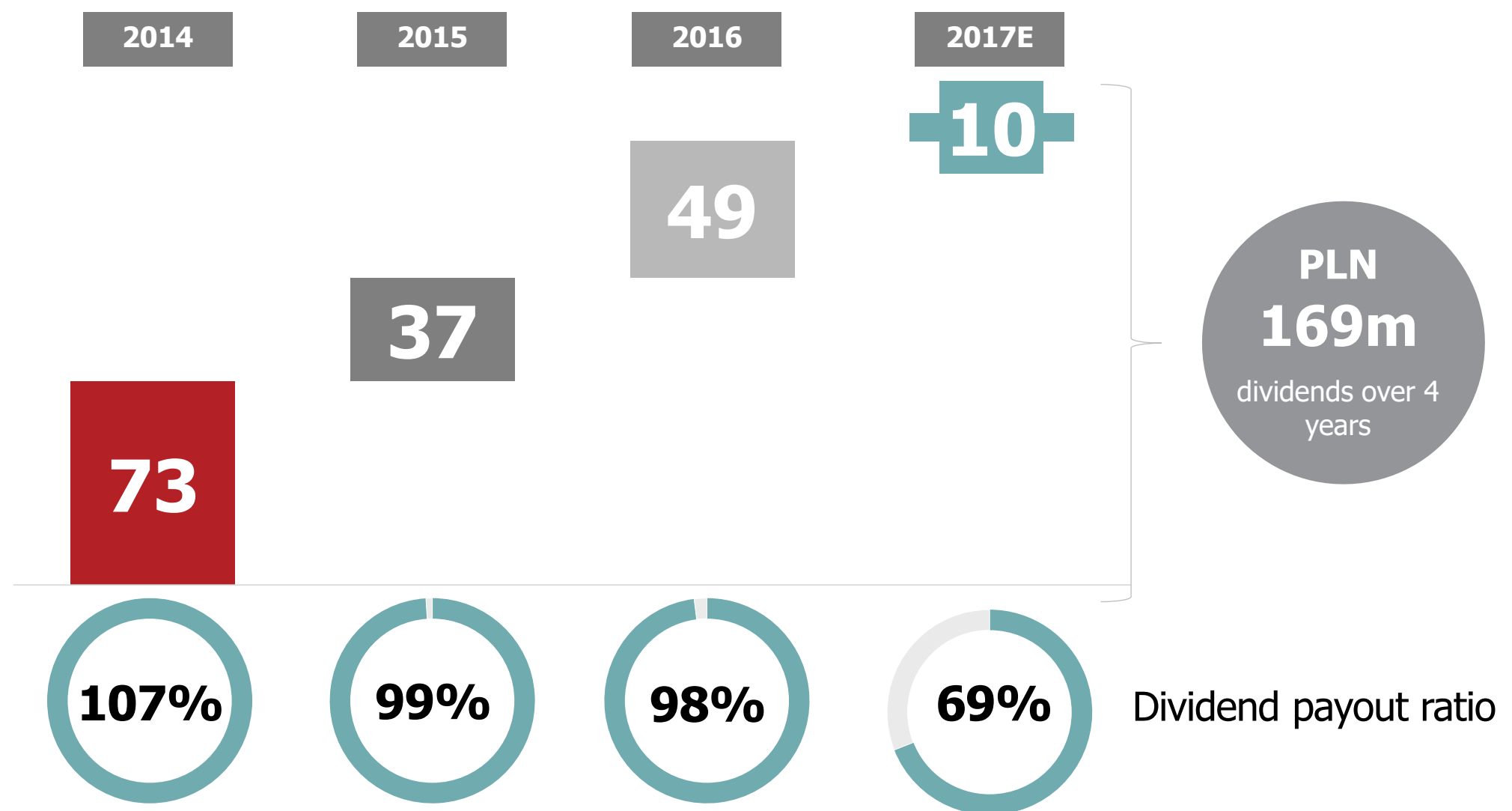
In 2016, fixed management fee increased by 7% yoy, funds did not pass the hurdle rate so no variable fee applied

- In individual quarters, fixed management fee was > PLN 10m due to the kick-back for MCI, in accordance with the tripartite agreement (exceeding a stated level of NAV, PLN 1,585m)
- Fixed management fee growing steadily year over year: **21% CAGR** for the last two years
- Token level of variable fee Last time a higher variable fee was collected in 27 May 2015. As at 31 December 2016, the hurdle rate to be passed was 16.5%



	LTM'16	LTM'15
MCI.TV	(1.4)%	16.7%
MCI.EV	(6.0)%	6.5%
MCI.CV	3.2%	7.6%

The Management Board plans to recommend to AGM a dividend payout in respect of the 2016 profit, which will ensure 5% dividend rate for our investors



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Disclaimer

02 Disclaimer

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