

Funds and companies

MCI Capital TFI

Main Funds strategy and selected Case Studies

MCI.TV wants to actively participate in the financing of potential global champions in the CEE region and selected companies from Western Europe

ASPIRATION

- Becoming one of the top VC/growth funds in Europe
- Achieving a 3-10x return on investments
- Achieving an IRR of 30% across the entire portfolio without recording any significant losses

APPROACH

- Focusing on "iconic deals" across the EU – including in particular secondaries from C round
- Continuing the financing of CEE champions on the basis of proven models in USA/EU
- Financing potential global champions in the CEE region
- Limiting exposure in RU/TR – maintaining and developing the current portfolio

MODUS OPERANDI

- Our goal is to become a leading investor – Partner in Poland and the CEE region that actively participates in the process of value creation
- Drawing on our network of contacts, we intend to secure "iconic deals" and act as a co-investor in B-C rounds in Western Europe, we allow participation of attractive models (disruption) in A rounds (take-a-look money) – limiting the risk for our investors, while retaining the essential characteristics of a growth fund

geography

60% - Poland/CEE
40% - WE/IL

investment scale

PL/CEE
EUR 2.5 – 10M+
WE/IL
EUR 1 – 20M+

investment stages

PL/CEE
B/C/D rounds (lead)
M&A buyout
WE/IL
Secondaries (iconic)
A round (take-a-look)
B (co-lead)
C/D (follow-on)

Answer – a regional leader of the e-fashion market

Description of activities

- Multi-brand e-fashion store operating in the CEE region, introducing its own fashion brands
- The company established by Krzysztof Bajolek in 2011, Kraków
- Offer: 300+ brands, operating in 6 CEE markets: Poland, the Czech Republic, Slovakia, Ukraine, Romania and Hungary

Investment theses

- Achieving a leading position over a 5-year period in the multibrand e-fashion platform segment, including own brands
- Exit strategy: 2018+ (IPO or trade sale – strategic investors)

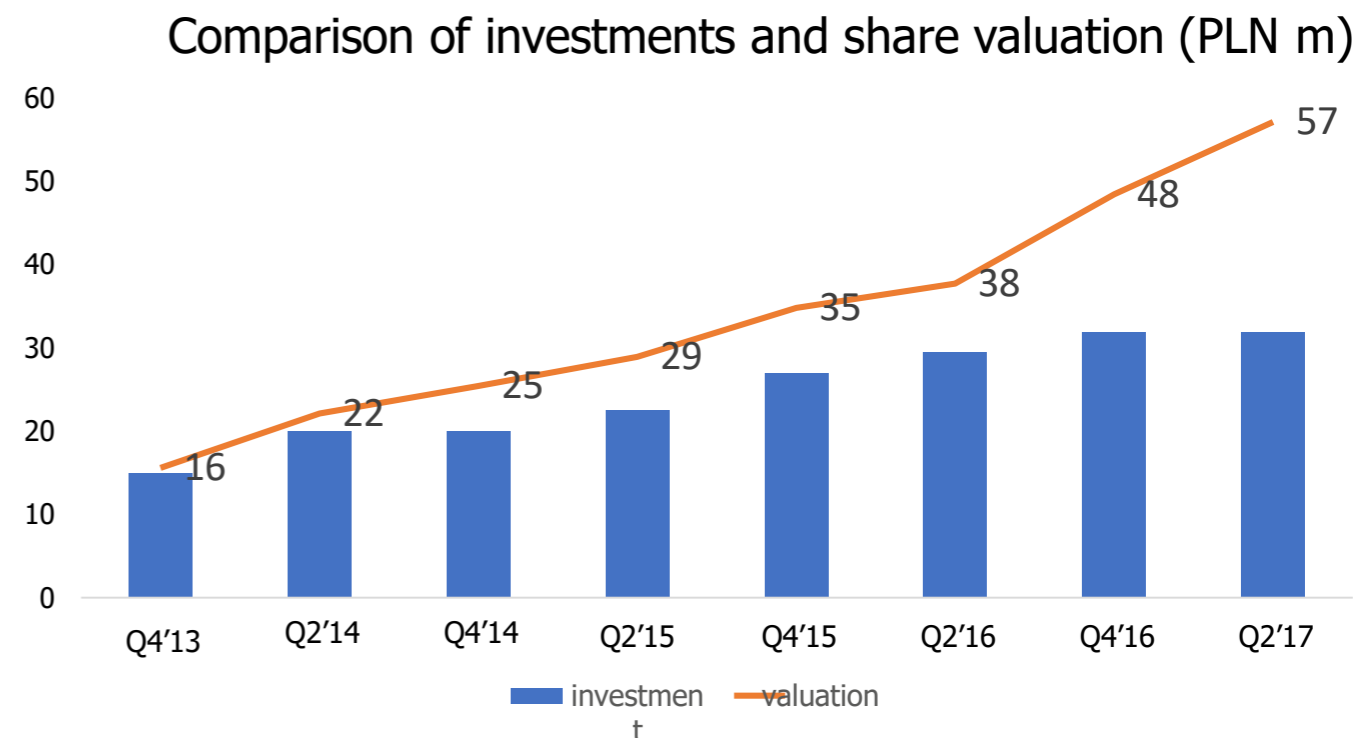
Strategic objectives for 2017

- Further dynamic growth of business scale:
 - Revenue growth plan: +85% YoY
 - Expand operations in PL, CZ, SK, UKR, RO and HU
 - Continue to expand into new markets
 - Increase the share of own brands
- Systematically optimise individual economics and margin

Ownership structure



Valuation of shares (PLN m)



Company's performance in H1'17

- Revenue growth: +85% YoY
- 2013 → 2016 – growth rate: 3.96x, i.e. an increase of +296%
- Gross margin growth: +89% YoY

Gett – from a local leader to a global player

Description of activities

- An app for ordering taxi rides, with a focus on the B2B segment and profitable B2C segments
- A business model of cooperation with licensed taxi companies
- The company established in 2010 by Shahar Waiser and Roi More (currently not engaged in Gett's operations that are managed by Jackpot)
- Currently, the company provides its services in Israel, Russia, UK and USA

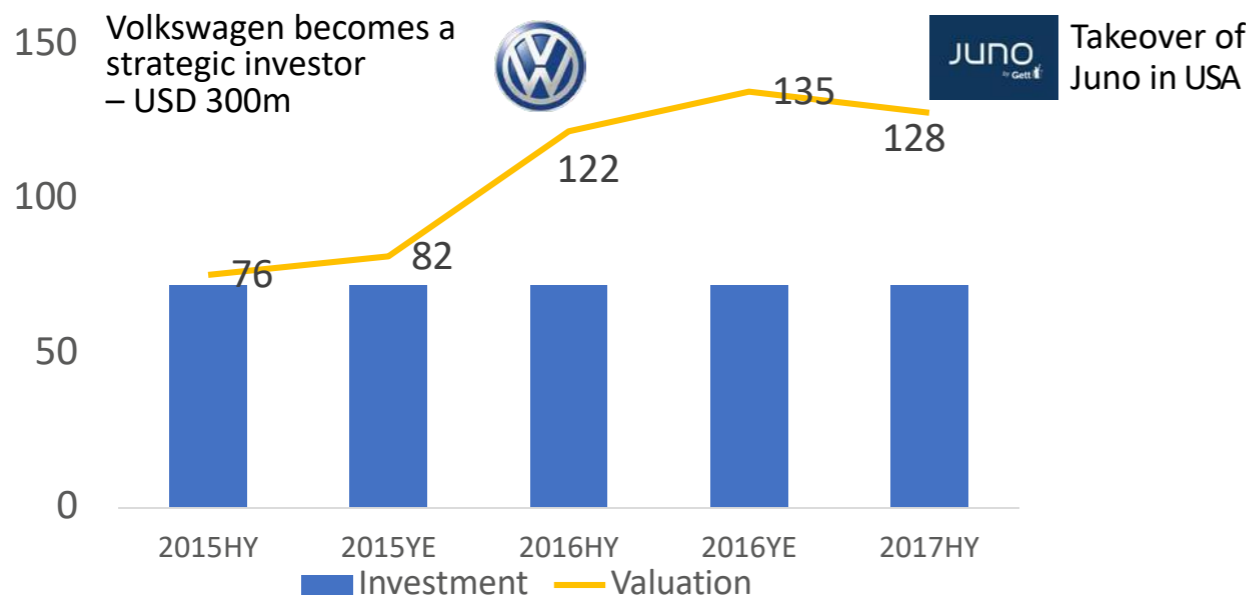
Investment theses

- Achieving a leading position in selected markets with a large growth potential on a global scale within a period of 3-5 years
- Exit strategy: 2018+ (IPO or trade sale – strategic investors or M&A with other global players)

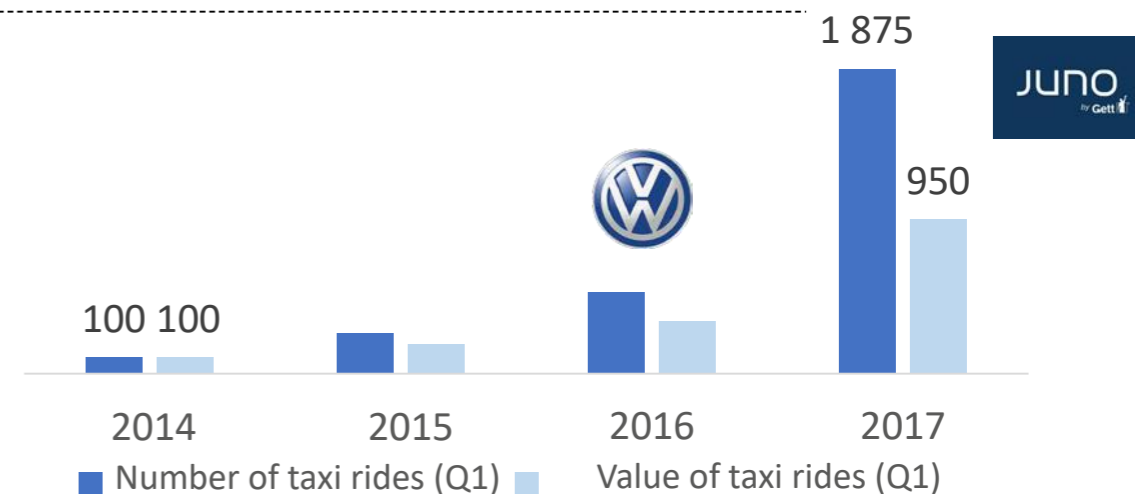
Geographical expansion and clients



Valuation of shares (PLN m)



Increase in the number and value of taxi rides (index)



A leader in digital transformation that builds a strategic partnership with mature companies

ASSUMPTIONS

- A regional leader in digital transformation
- Engaged in business development activities, a PE leader, a partner in business management

OBJECTIVES

- Digitalization of traditional business models
- Investing in mature technological companies and segments with a high level of innovation
- Initiating and supporting strategic and operational changes within the organisation

MODUS OPERANDI

- Supporting main business areas through technology-based programmes and initiatives
- Harnessing technology to provide a competitive advantage
- Supporting acquisitions that promote business innovation
- Opening new markets in the region /EU/ and across the globe
- Strengthening the teams by utilising the network of MCI contacts at the level boards of directors and technology experts

geography

80%-Polska/CEE
20% - DACH

investment scale

PLN 100 - 200M
3-5 year period

sectors

- Media
- Travel
- Telecom
- E-Commerce/Retail
- Transport & Logistics
- B2B Services
- Software/SaaS
- Healthcare
- Financial Services
- Gaming

dealflow

- Delisting of companies from the stock exchange
- Succession
- VC/PE syndication
- Advisors and intermediaries
- Corporate Spinoffs
- Private companies

Case Study



Dotpay/eCard (DotCard) – after the merger, a leader of the Polish FinTech sector is currently focusing on implementing its sales strategy and business development

Description of activities

- Dotpay/eCard is one of the rapidly growing leaders on the Polish market of electronic payments
- Both companies, acquired in Q1'2016 by MCI.EV, have completed the process of legal (DotCard) and business integration in H1'2017, creating a number of synergies that have a positive impact on their performance
- Dotpay/eCard support a total of 11 500 merchants (+10% YoY increase and an increase of nearly + 30% since the date of acquisition by MCI)

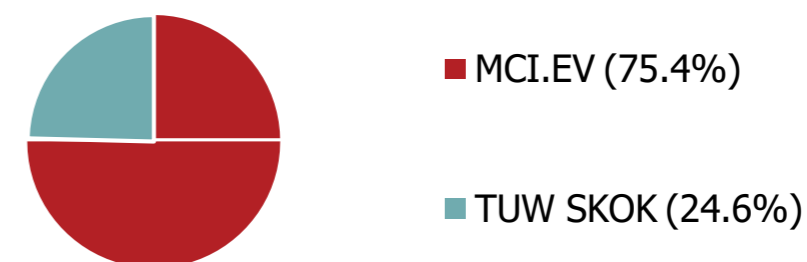
Investment theses

- Consolidating the e-payments market and developing a leading position in Poland, while maintaining a sustainable level of expansion in the CEE region
- The e-commerce market in Poland is growing at an annual rate of ~15% (2016 = PLN 37m; 2021 = PLN 78m)
- The e-payment market, which is closely correlated to the e-commerce market, has recorded higher growth due to changes in Poles' payment habits and the integration of online/mobile payments within the following new market segments: e-government, VoD, gaming, bill payment, etc.

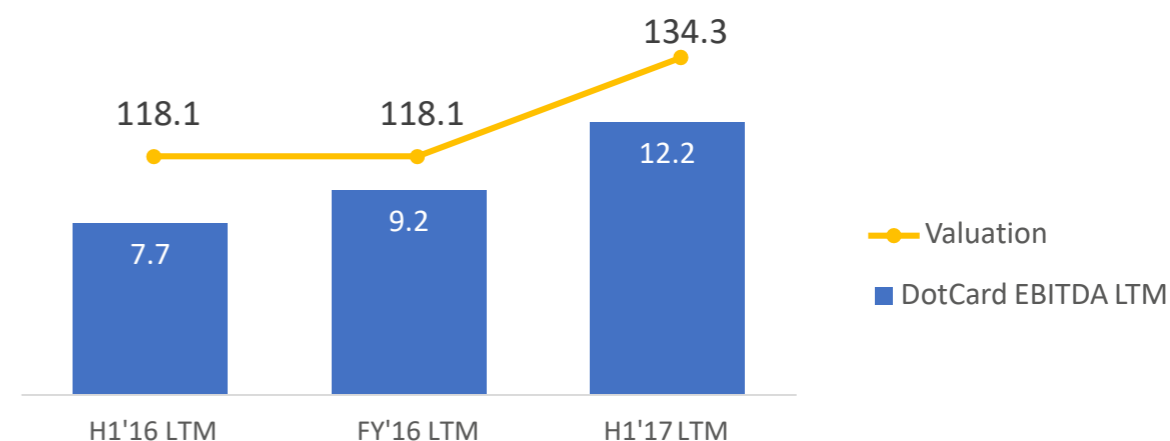
Strategic objectives for 2017

- Dotpay/eCard operating as a single organisation
- Generating two times the level of EBITDA'17 compared to EBITDA'15
- Maintaining a focus on Company's core business operations during the implementation of a new unified sales strategy
- Improving the level of competence in POS offline payment services (a trend towards omni-channel services)
- Expanding the product portfolio to include new high-margin finance-related services within B2B and B2C models

Ownership structure



Valuation of shares (PLN m)



Company's performance in H1'2017

- TTV = PLN 3.1 bn – 104% of budget target
 - Dotpay = PLN 1.6 bn – an increase of +55% YTD
 - eCard = PLN 1.5 bn – an increase of +29% YTD
- Revenues – 105% of budget target (+15% YoY increase)
- EBITDA – 105% of budget target (+58% YoY increase)

Proving flexible forms of debt financing, actively supporting the business through partner relations

ASSUMPTIONS

- We provide flexible and specifically tailored debt financing services through partnership approach
- As a partner, we provide support and assistance in conducting business operations

OBJECTIVES

- We understand the nature of new economy and digital economy business
- LBOs, MBOs and MBIs, M&As, P2P
- Bridging finance (pre-IPO)
- Growth/expansion, reconstruction of the shareholder structure

MODUS OPERANDI

- We understand that every business is unique and therefore we develop creative solutions tailored to specific needs
- We are supportive and perform the duties of a creditor in a pro-active manner, providing assistance in difficult situations
- We strengthen the teams and companies, drawing on the MCI experience and network of contacts (board members, directors, experts)
- We assist with expansion into new or global markets

geography

60% - Poland
40% - CEE

investment scale

PLN 10-100M
3-7 years

sectors

- E-commerce / Retail
- Transport & Logistics
- Agriculture
- Healthcare
- B2B Services
- Software / SaaS
- Financial services
- Media / Telecom

dealflow

- Capital investors, co-investors, relations with PE funds
- Entrepreneurs and management boards
- Local advisors M&A and banks
- M&A advisors from blue chip firms
- Successions

Case Study

Mezzanine debt for experts in food and agribusiness for LBO of one of the largest agricultural producers in the EU

description of activities

- Spearhead International is a European agricultural group that supplies products and services to the processors, manufacturers and retailers operating on the 85 000 hectares of high quality agricultural land
- The company increased its acreage from 35 000 acres in 2007 to 85 000 acres as of today
- The Group is engaged in the following activities: cultivation of cereals, oilseeds, potatoes, vegetables, sugar beet; seed production, cattle breeding and milk production
- The company has changed its original area of production competence to more stable segments that yield high returns on invested capital (ROIC) and involve seed production and supply chain management
- A partner supplying high added value ingredients to high-end clients (PepsiCo, Danone) and providing supply chain management services

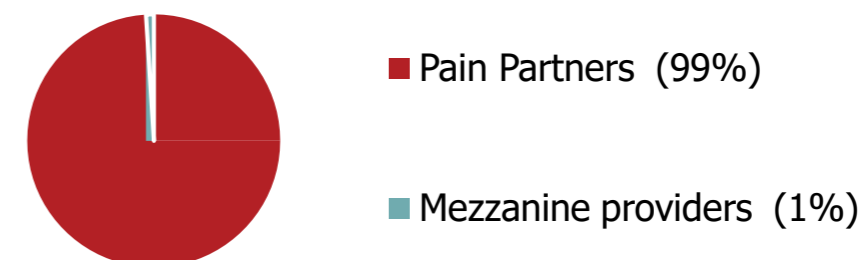
investment theses

- Unique, geographically diversified asset with a difficult-to-replicate structure and scale, having 85 000 h of cultivated land, a strong relationship with key customers, trend-resistant, financially stable, having favourable characteristics of free cash flow, a significant asset value and an impressive management team

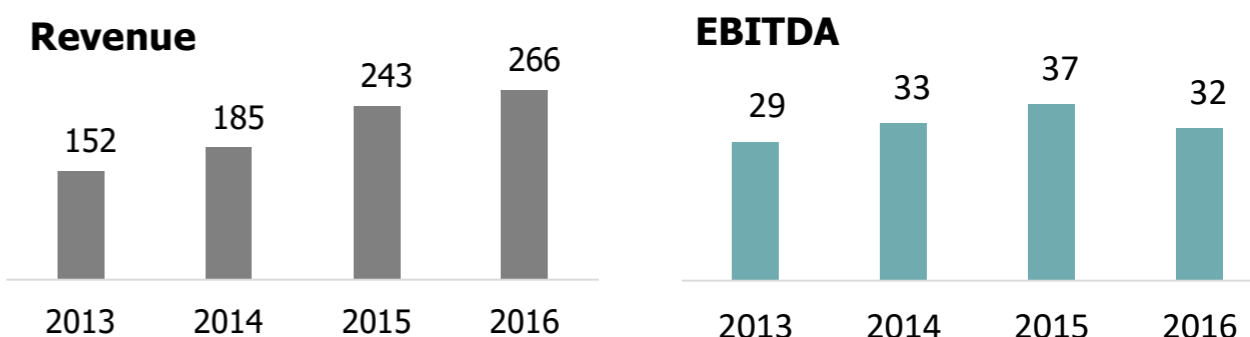
risk management

- Security over the company's shares
- Observer, monthly and quarterly reporting of results and business performance
- Covenants: gross debt/EBITDA, debt coverage ratio, total interest coverage ratio
- A strong capital investor with a solid track record of agricultural production activities

ownership structure



finance (GBP M)



investment structure

- Investment structure: leveraged buyout (LBO) financing for the established SPV provided by Pain Partners, a contractually and structurally subordinated debt in relation to bank financing, balloon payments
- Profitability: a cash interest rate of 8.0% p.a., a preparation fee of 1.0% plus warranty for a 1.0% stake in the company, total IRR of up to 15% p.a., a make-whole clause, non-call, a co-sale right and a tag-along right, anti-dilution protection
- Exit strategy: (1) EBITDA; (2) refinancing; (3) IPO/trade sale

investment process

- Source: private equity fund
- Investment process: pre-DD -> TS -> DD -> documentation and closure

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