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## The results of *Invalda AB* group for 2012

Vilnius, April 8, 2013

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## What is *Invalda AB*?

- *Invalda AB* is one of the largest Lithuanian investment companies whose primary objective is to steadily increase the investor equity value

*Invalda AB* actively manages its investments, exercising control or significant influence over target businesses.

More about businesses managed by *Invalda AB* can be found in the slides No. 19-28 and on [www.invalda.lt](http://www.invalda.lt)

- *Invalda AB* started its activity in 1991

Its shares have been traded on the NASDAQ OMX Vilnius exchange since 1995.

More about shares of *Invalda AB* can be found in the slides No. 9-10.

# Management principles

*Invalda AB* follows these principles:

- **Competitiveness and independence**

Each business of the Group must be competitive and self-sustainable, have professional management teams capable of forming business strategy and implementing ambitious objectives.

- **Risk segregation**

*Invalda AB* does not grant guarantees or assume any obligations in respect of individual businesses, and individual businesses do not assume any obligations in respect of each other.

- **Diversification**

The company diversifies its investment in order to avoid any excessive risk concentration in homogeneous business sectors.

- **Transparency**

*Invalda AB* discloses information in adherence to the principle that market participants must get equivalent information at the same time, except for such cases where the publication of the information is not possible because of the obligations assumed in respect of third parties, and/or the disclosure may adversely affect the businesses' ability to compete.

- **Avoidance of conflicts of interest**

Managers of the Group companies do not participate in competing activities.

# Investment philosophy

- *Invalda AB* is a company driven by shareholder value creation

*Invalda AB* seeks to acquire competitive businesses that, with additional capital or management resources, may successfully be developed organically, consolidate fragmented markets or otherwise increase value.

*Invalda AB* invests into undervalued assets that, when restructured, may facilitate significant value increase.

*Invalda AB* does not avoid complex business transactions and opportunities. Such approach is supported by our belief that the efforts will lead to good results.

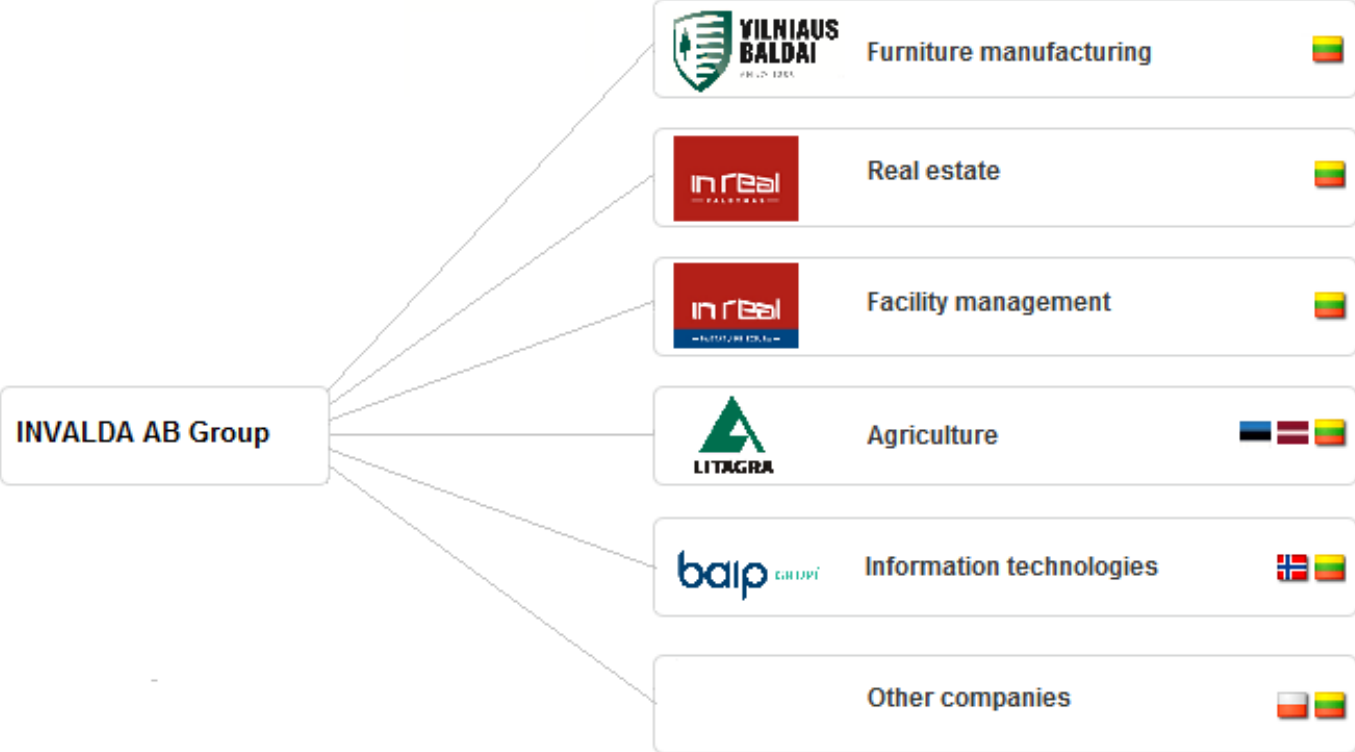
- Long-term prospects

With a view to maximize the investment value, *Invalda AB* normally pursues long-term investment horizon.

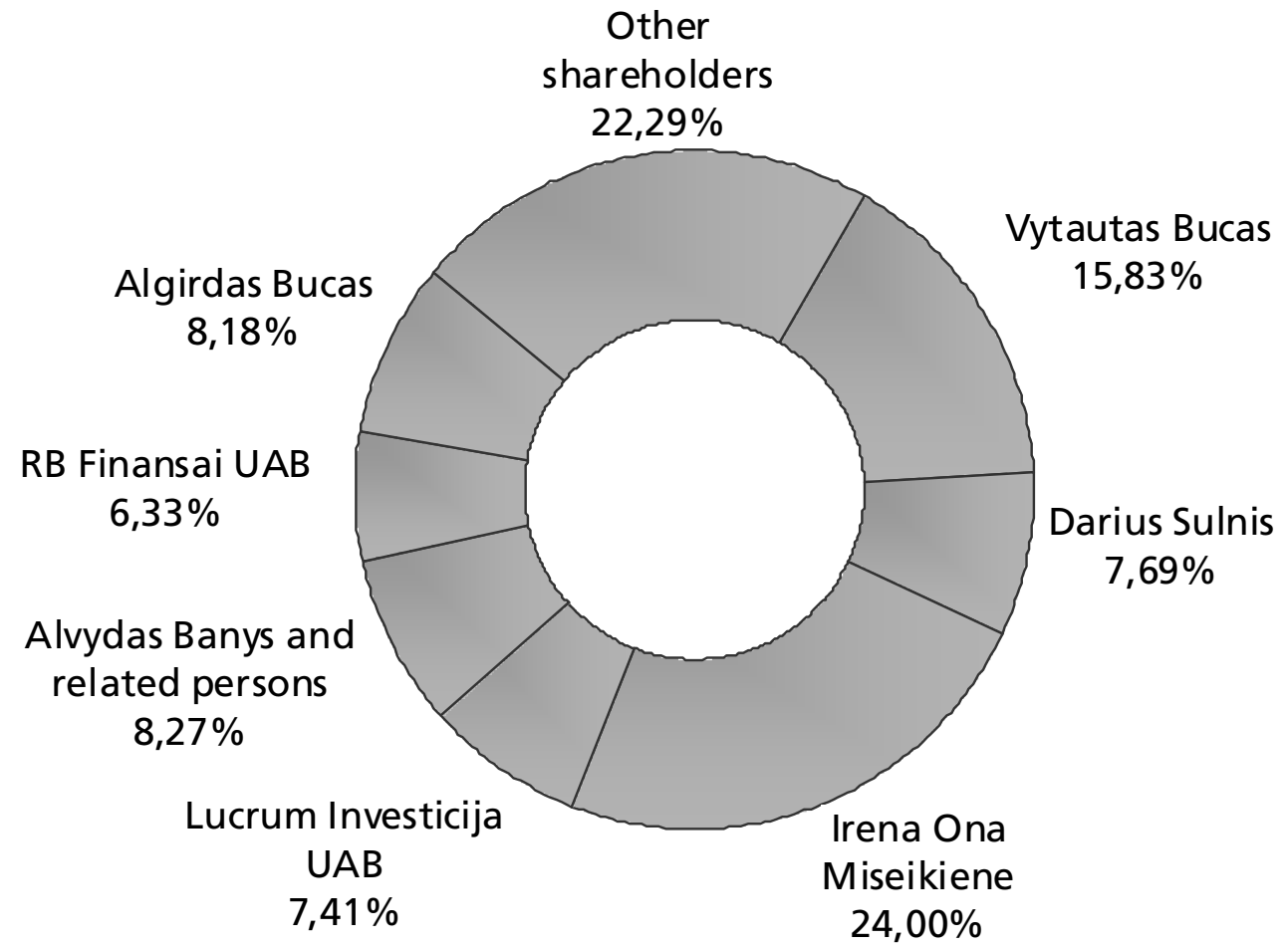
*Invalda AB* offers businesses for sale only when they are properly prepared for sale and become attractive to potential buyers, or having received any proposal matching future prospects of the businesses.

- A synergy of different competences may potentially increase the investment

# Invalda AB Group activity sectors



# Shareholder structure



Votes for the announcement day as of December 31, 2012

# Management



## **Vytautas Bucas - Chairman of the Board**

Vytautas Bucas is a member of ACCA (Association of Chartered Certified Accountants, UK) since 2002. After graduation from his studies at Vilnius University for a period he worked at the audit company *Arthur Andersen* where he started as an auditor's assistant and then grew to the position of the Chief auditor. Later on, in *SEB Bank* he was managing the Finance and IT departments, was holding the position of the Deputy President, and was a Member of the Board of the Bank. For the past five years he was a member of the Board at companies which are operating in the finance and real estate sector, also the pharmaceuticals company *Sanitas AB*. Currently he is a member of the Boards of *Inreal Pastatu Prieziura UAB*, *BAIP Group UAB* and *Litagra UAB*, Chairman of the Board of *Vilniaus Baldai AB*, *Invaldos Nekilnojamojo Turto Fondas UAB* and *Invalda AB* which he joined in 2006.



## **Darius Sulnis - Member of the Board**

Darius Sulnis took his Master's degree in accounting and audit at Vilnius University. He has managed the financial brokerage firm *Finasta AB* for eight years and a real estate company *Inreal Valdymas UAB* for four years . Furthermore, Darius Sulnis had been a member of Boards and Supervisory Boards of several Polish, Latvian and Lithuanian companies. Currently Darius Sulnis is a Member of the Board of the investment company *Invalda AB* where he was a president until 2012. He is also a Member of the Boards of *Vilniaus Baldai AB*, *Invaldos Nekilnojamojo Turto Fondas UAB* and *Litagra UAB*.

# Management



## **Indre Miseikyte – Member of the Board (from April 30, 2012)**

Indre Miseikyte has graduated architecture studies in Vilnius Gediminas technical university. From 1994 till 1996 she worked in *Vilniaus Baldai AB*, late – in real estate and investment companies *Gildeta UAB*, *Kremi UAB* and *Invalda AB*. From 2002 she works as an architect in *Inreal Valdymas UAB*. She was elected as Member of the Board of *Invalda AB* from April, 2012.



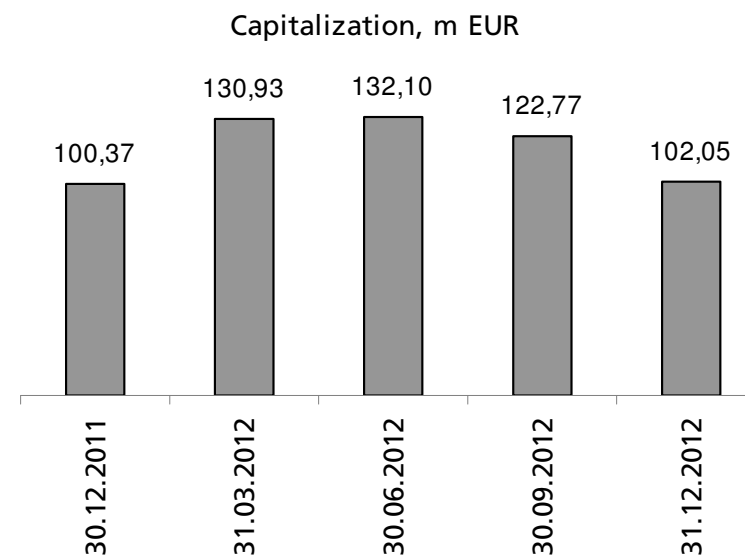
## **Dalius Kaziunas - President**

Dalius Kaziunas holds a Master's degree in economics from Vilnius University. Dalius Kaziunas has worked at the financial brokerage company *Finasta AB* for more than 10 years and he has been its General Manager for six years. He was a General Manager and Chairman of the Board of the AB bank *Finasta* in 2008-2009. Dalius Kaziunas has been working as an advisor for *Invalda AB* for the past two years and is a Member of its Board as well as a Member of the Boards of *Vilniaus Baldai AB*, *Litagra UAB*, *BAIP Group UAB* and *Inreal Pastatu Prieziura UAB* and Chairman of the Board of *Kelio Zenklai UAB*. He is also member of Supervisory Board of *Vernitas AB*



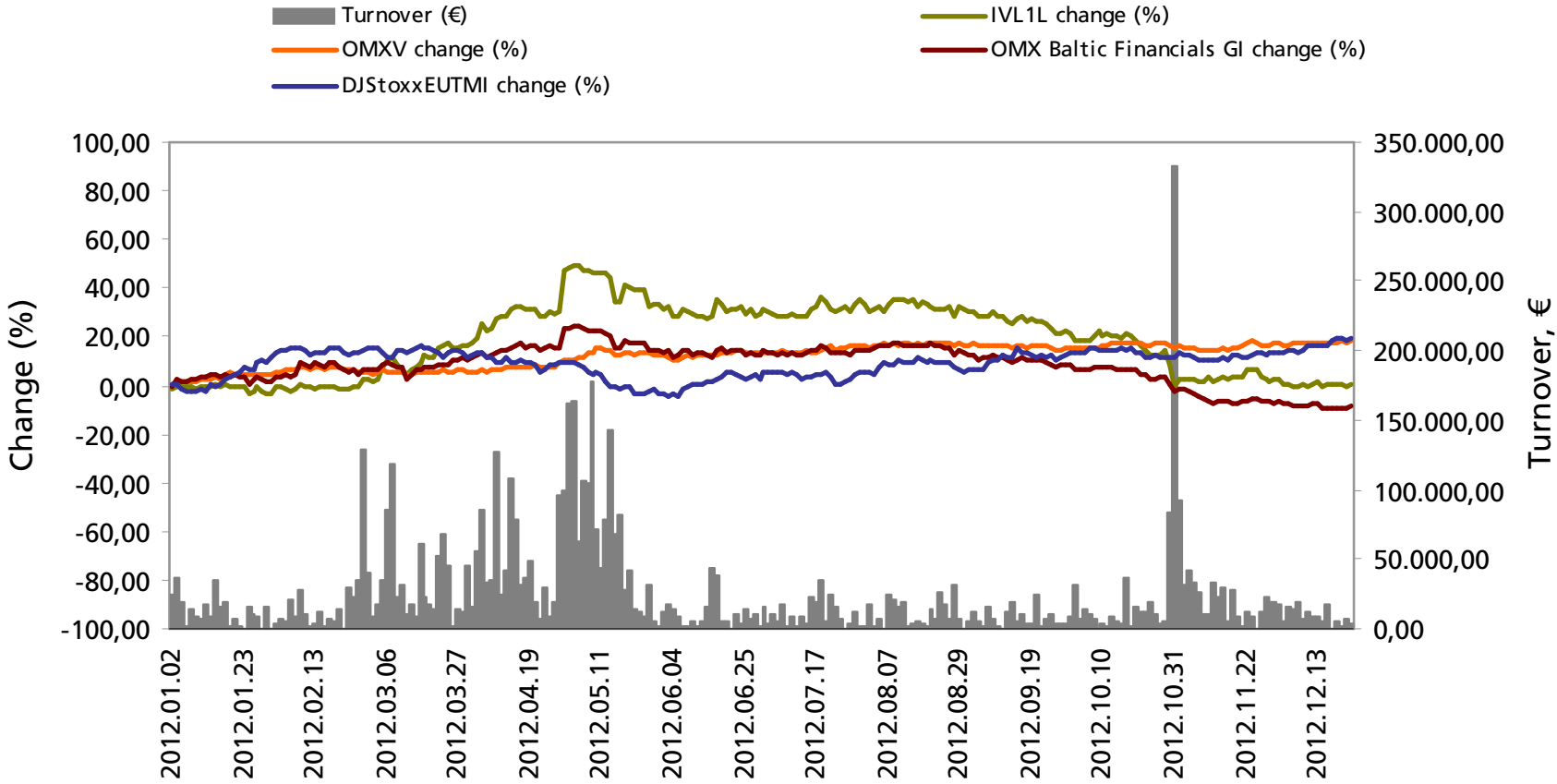
# The shares of *Invalda AB*

Total number of securities	51,802,146 (shares)
Total number of votes	46,621,932 (votes)
Nominal (par) value	1 litas
ISIN	LT0000102279
Name	IVL1L
Exchange	NASDAQ OMX Vilnius
List	BALTIC MAIN LIST



	2012	2011
Share price, € :		
- open	1.930	2.000
- highest	2.940	2.650
- lowest	1.871	1.733
- last	1.970	1.943
Volume traded, € million	5.858	10.143

# Trading in shares



OMXV index is an all-share index consisting of all the shares listed on the Main and Secondary lists of the NASDAQ OMX Vilnius with exception of the shares of the companies where a single shareholder controls more than 90% of the outstanding shares. Dow Jones Stoxx EU Enlarged TMI index covers approximately 95% of the free float market capitalization of the New Europe countries, including Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.



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# Financial results

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## Key events of 2012

The Extraordinary General Shareholders Meeting of Invalda AB of November 20, 2012 approved drawing up of the terms of Invalda AB split-off and authorized the Board to prepare the terms of split-off of the Company.

On August 6, 2012, the share capital of *Invalda AB* was reduced from 57,557,940 litas (€16,669,931.64) to 51,802,146 (€15,002,938.48) litas by cancelling 5,755,794 ordinary registered shares at par value of 1 litas (€0.29).

The resolution reduce the Company's authorized share capital to 51.8 million litas (€15 million) by cancelling Company's treasury shares was adopted on 24th of May in the *Invalda AB* Extraordinary General Shareholders' meeting.

The General Shareholders' Meeting, of April 30, 2012, *Invalda AB* shareholders approved the results for the year 2011, formed a reserve of 269.1 million litas (€77.94 million) for the share buy-back. Invalda AB acquired 10 percent of its own shares, i.e. 5,755,794 units, for the amount of 59.6 million litas (€17.26 million) after completion of the share buy-back program.

The notification to convert 32.44 million litas (€9.4 million) par value bonds into *Invalda AB* shares was received from the bondholders. After the conversion, Invalda AB share capital was increased by 5.898 million litas (€1.708 million) to 57.558 million litas (€16.670 million).

In January 2012, *Invalda AB* sold 29.5 percent of shares of the metal processing company *Umega AB*. Shares sold for the 3.7 million litas (€1.07 million). The transaction should have a preliminary positive effect of approximately 2 million litas (€0.6 million) in the consolidated statements.



## Significant events since the end of the last financial year (1)

On February 13, 2013 the Board of *Invalda AB* finished the drawing – up of the Company's split – off terms and initiated a share buy – back program for acquisition of up to 10 percent of the treasury shares.

According to the publicly announced split – off terms, a part of *Invalda AB* will be split – off and on the basis of this part a new public joint – stock company *Invalda Privatus Kapitalas AB* will be formed. In the split – off, 45.45 percent of the total assets of the Company (a balance sheet value of the Company's assets at the end of 2012 totaled to 372.2 million litas (€107.8 million)) as well as 45.45 percent of the Company's equity capital and liabilities will be allocated to the newly established entity.

The shares in *Invalda Privatus Kapitalas AB* are not going to be listed on NASDAQ OMX Vilnius Stock Exchange.

The new name of the Company after the split – off will be *Invalda LT AB*.

The Board of *Invalda AB* initiated a share buy – back program for acquisition of up to 10 percent of treasury shares for the price of 8.287 litas (€2.4). The total amount of 42.9 million litas (€12.42 million) has been allocated to this share buy – back program. According to the decision of the Board, the share buy back program will last two weeks starting from February 19.

After the split – off, Darius Sulnis, Alvydas Banyš and Irena Ona Miseikiene as well as the persons related to them will be the largest shareholders in *Invalda LT AB*; and Vytautas Bucas, Algirdas Bucas and Irena Ona Miseikiene will be the largest shareholders in *Invalda Privatus Kapitalas AB*.



## Significant events since the end of the last financial year (2)

On March 8, 2013, after the settlement of the shares acquired by *Invalda AB* during the share buy – back program within the time period from February 19, 2013 till March 5, 2013, the Company acquired 5,180,214 shares that constitutes 10 percent in the Company's authorized capital. As own shares of the Company do not have voting rights, the shares of *Invalda AB* (ISIN LT0000102279) with voting rights totals to 46,621,932.

On March 21, 2013 the Board of the *Invalda AB* approved the procedure, under which the shares of minor shareholders will be redeemed after approval of the split – off terms of the Company.

The share redemption price will be equal to the weighted average price of transactions with Company's shares on NASDAQ OMX Vilnius stock exchange during the period of six months immediately preceding the General Meeting of Shareholders which has on its agenda the issue of adoption of the decision on the split – off and approval of the split – off terms. The shares will be redeemed within 45 days period after this shareholders meeting.

Shareholders of *Invalda AB* holding the shares the nominal value whereof is less than 10 percent of the authorized capital of the Company, shall have the right to provide share sale orders, except the shareholders whose rights to sell shares to the Company during the split - off are limited according to the split – off terms.

Maximum number of shares to be redeemed is 5,180,214, i.e. 10 percent of the authorized capital of *Invalda AB*.

# Activity results of *Invalda AB*

million litas	Consolidated		Parent company	
	2012	2011	2012	2011
Assets	589.9	646.4	372.2	399.0
Equity	416.2	415.3	360.6	360.7
Liabilities	173.7	231.1	11.6	38.2
Profit (loss) for the period	32.0	216.5	20.9	274.9
Attributable to equity holders of the parent company	24.7	209.0	-	-

} detailed on slide 16

# Equity and liabilities

<i>Invalda AB</i> , million litas	2012	2011
Equity	360.6	360.7
Liabilities to financial institutions	-	-
of which are long term	-	-
Liabilities to group companies	9.1	0.4
Bonds	-	34.1
Other liabilities	2.5	3.8
Total liabilities	11.6	38.3
<b>Total equity and liabilities</b>	<b>372.2</b>	<b>399.0</b>



# *Invalda AB* assets according to standalone financial statements (book value)



Asset	Book value December 31, 2012, million litas	Description
Furniture manufacturing	13.9	72.14 percent stake of <i>Vilniaus Baldai AB</i> , the share value on December 31, 2012 in NASDAQ OMX Vilnius is 137.4 million litas (€39.8 million)
Real estate	162.4	Investments into the real estate and loans granted to the sector companies
Facility management	6.9	100 percent stake in <i>Inreal Pastatu Prieziura UAB</i> , <i>Priemiestis UAB</i> and <i>Jurita UAB</i> ; loans granted to the sector companies
Agricultural	38.6	Investment into <i>Litagra UAB</i> shares
Information technology infrastructure sector	11.4	80 percent stake in <i>BAIP Group UAB</i> and loans granted
Rail and road construction	10.0	8.58 percent stake in <i>Trakcja – Tiltra, S.A.</i>
Other investments	24.9	Investment into <i>Umega AB</i> , <i>Vernitas AB</i> shares and other assets
Deferred income tax assets	17.4	Deferred income tax assets
Cash, deposits, short-term loans and investments	86.7	Cash, deposits, other financial investments
<b>Total assets</b>	<b>372.2</b>	

# Results

- Impact to the profit (loss) statement of *Invalda AB* due to group sectors and financial investments

million litas	2012	2011
Furniture manufacturing	19.4	19.3
Real estate	(11.0)	(17.8)
Facilities management	(0.3)	1.03
Agricultural	8.7	-
Information technology infrastructure sector	(0.9)	(0.7)
Change in share price of <i>Trakcja-Tiltra, S.A.</i>	1.0	(76.6)
Road and bridge construction (sold segment)	-	110.5
Pharmaceuticals (sold segment)	-	187.5
Other companies	7.8	(14.2)
<b>Total</b>	<b>24.7</b>	<b>209.0</b>

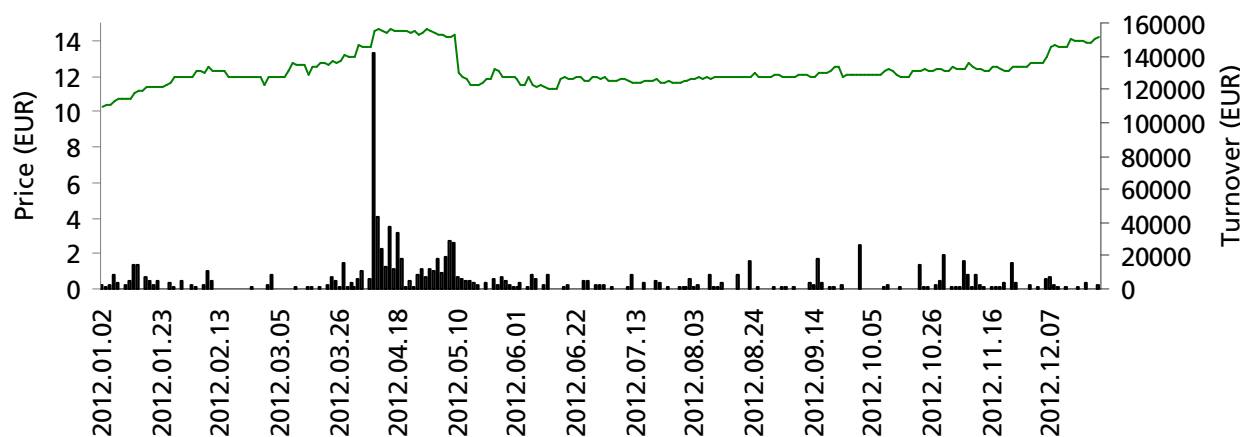
# Furniture manufacturing

(1)



million litas	2012	2011	Change	Change, %
Sales	230.1	238.4	(8.3)	(3.5)
EBITDA	34.8	36.1	(1.3)	(3.6)
Net profit	26.8	26.8	-	-
Capitalization	190.5	138.2	52.3	37.8
Number of employees	464	507	(43)	(8.5)

- Shares of *Vilniaus Baldai AB* are listed on NASDAQ OMX Vilnius stock exchange



More information about company's activities and results are provided on [www.vilniausbaldai.lt](http://www.vilniausbaldai.lt)

# Furniture manufacturing

(2)

## ▪ Main events

In 2012, sales of *Vilniaus Baldai AB* amounted to 230.14 million litas (€66.65 million) or 3.5 percent less than in 2011 (238.37 million litas (€69.04 million)). EBITDA reached 34.78 million litas (€10.07 million) (in 2011 - 36.10 million litas(€10.46 million)).

Having eliminated the influence of one-off costs in 2012, EBITDA totalled to 37.78 million litas (€10.94 million) and exceeded the EBITDA of 2011 by 2.4 percent (36.9 million litas (€10.69 million)). In 2012, the Company earned a net profit of 26.84 million litas (€ 7.77 million)(in 2011 - 26.81 million litas (€7.76 million)).

In 2012 the market of raw materials remained stable, while due to improvement in production process, the Company managed to use raw materials more effectively, increasing the gross margin by 1 percent, and reducing production costs even under higher labor costs.

Lower sales were caused by changes in product portfolio that had started in 4th quarter of 2012. Within the period between the 4th quarter of 2012 and 1st and 2nd quarters of 2013, the Company intends to change approximately 50 percent of product portfolio.

In order to be able to manufacture new production and ensure required volumes, the Company has embarked on a series of reforms: new equipment was introduced and advanced technologies implemented, while planned investments in technological equipment to be made in 2012-2013 will amount to approximately 27 million litas (€7.8 million).

## Furniture manufacturing sector of *Invalda AB* group

72.14%



# Real estate sector (consolidated data) (1)



million litas	2012	2011	Change	Change, %
Value of real estate	243.8	255.4	(11.6)	(4.5)
Commercial real estate	148.2	155.6	(7.4)	(4.8)
Real estate for development	36.8	57.1	(20.3)	(35.6)
Residential real estate	17.0	7.9	9.1	115
Agricultural land	41.8	34.8	7.0	20
Shareholders' equity (incl. loans from <i>Invalda AB</i> )	154.6	131.9	22.7	17.2
Loans from credit institutions	101	121.8	(20.8)	(17.1)
Rental income	17.9	16.7	1.2	7.2
from this owned by clients	5.3	5.0	0.3	6.0
Change of the real estate value	(8.7)	(15.6)	6.9	-
Companies' sales result, allowance and other non-monetary items	0.1	1.5	(1.4)	(93.3)
Result of the real estate sector	(11.0)	(17.9)	6.9	-
Number of employees	89	67	22	32.8

# Real estate sector

(2)



## ▪ Main events

The companies of real estate sector of *Invalda AB* incurred a 11.0 million litas (€3.2 million) loss during 2012. The majority of this loss was caused by the revaluation of investment property of 8.7 million litas (€2.5 million). The loss of 2011 amounted to 17.9 million litas (€5.18 million).

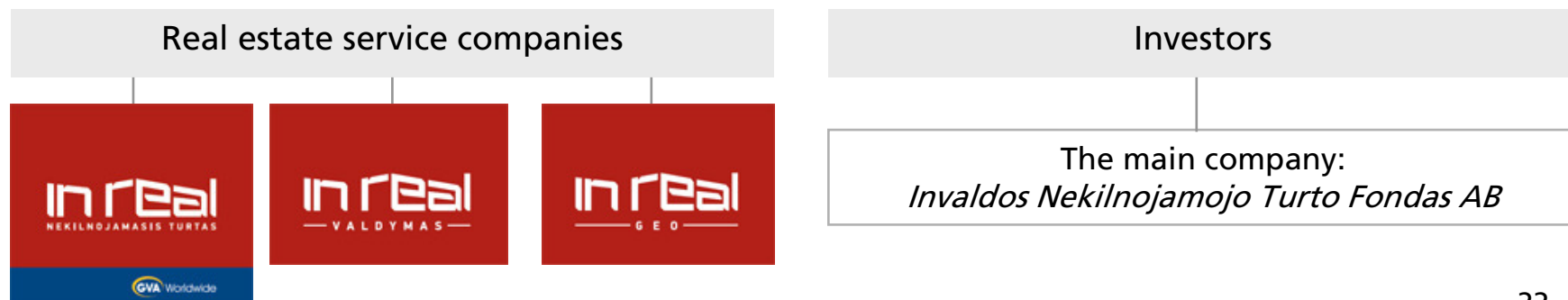
New acquisitions worth 3.1 million litas (€0.9 million) in total were made in 2012. The largest part of this sum was invested into agricultural land, while the disposals in real estate sector amounted to 13.1 million litas (€3.8 million): commercial – 6.1 million litas (€1.8 million) and residential – 7 million litas (€2.03 million) during 2012.

Total rental income including income from the property owned by clients was 17.9 million litas (€5.8 million) during 2012 or 7.2 percent bigger than in 2011. Rental income has increased due to recovering economy and demand of the office space.

In the second half of the 2012 *Invalda* group company started a development of the complex of residential apartments and commercial premises Danes Uzutekis in the old town of Klaipeda as well as the construction of the new residential apartment house Kopu Vetrunges in Kursiu Nerija.

Real estate value, owned by *Invalda AB* stood at 243.8 million litas (€ 70.6 million) in the beginning of 2013.

## Real estate sector of *Invalda AB* group



# Facility management sector

(1)



## ▪ Sector's results

million litas	2012	2011	Change	Change, %
Sales	13.1	10.7	2.4	24.4
EBITDA	0.4	0.9	(0.5)	(55.6)
Net profit	(0.3)	1.0	(1.3)	-
Number of employees	231	167	64	38.3

From the first quarter of 2011 facility management sector is recognized as a separate sector in the financial statements of *Invalda AB*.

## Facility management sector of *Invalda AB* group



# Facility management sector

(2)



## ▪ Main events

Building maintenance sector companies focused on the development and quality improvement of their services in 2012. Due to larger operating costs the results were poor, but in the long period the group competitive advantages should strengthen and this will create the conditions for faster growth.

During the past year the department providing cleaning and landscaping services started its activities, a team was formed, the first contracts were signed and became active.

A tender for the maintenance of apartment houses in Silale city and Kvedarna town was won.

A tender for the maintenance of apartment houses in Alytus district was won. The service will be launched in 2013.

A department was opened in Siauliai and started its operations.

During the year 2012, over 60 new contracts to provide services were signed.

### *Improvement of Service Quality*

- *Organizational structure of the facility management sector was reorganized*
- *Business processes were reengineered with the focus on customer satisfaction and quality of services.*
- *The quality management systems were recertified.*
- *The new business management system was started to be implemented in all companies.*
- *The new IT solutions which enable quick and precise messages reception were implemented.*



# Agricultural sector

(1)



## Activity of Litagra UAB group

The companies of *Litagra UAB* group are engaged in the primary crop and livestock (milk) production, grain processing and agricultural services. Group companies trade in plant protection products, fertilizers, seeds, compound feed, feed supplements, veterinary products. Moreover, the companies buy grain; provide drying of grain and other raw materials, cleaning, loading and storage services. Group companies provide agricultural services in Lithuania, Latvia and Estonia.

## Agricultural sector of *Invalda AB*

36,9%



Litagros Zemes Ukio  
Centras UAB

Companies: Aristavos ZUB,  
Sesupes ZUB, Bausu ZUB,  
Slapaberzes ZUB, Kalpoku ZUB,  
Raktineliu ZUB, Berzu ZUB

Litagros Grudu  
Centras UAB

Companies: Joniskio grudai AB,  
Kedainiu Grudai AB, Marijampoles  
Grudai AB, Taurages Grudai AB

Litagros Prekybos  
Centras UAB

Companies: Litagros Grudai UAB,  
Litagros Prekyba UAB, Litagros  
Prekyba UAB (Latvian subsidiary),  
Litagra OU (Estonia)

## Agricultural sector

(2)



### ▪ Sector's results

In 2012, compared with the same period in 2011, an income grew by 34.9 percent, to 429.2 million litas (€124.3 million); earnings before interest, taxes, depreciation and amortization (EBITDA) – grew by 85.4 percent to 36.9 million litas (€10.69 million), net profit according to business accounting standards amounted to 19.9 million litas (€5.76 million) changed the net profit of 0.5 million litas (€0.14 million).

Excellent grain harvest in Lithuania allowed improving the results of the marketing department as well as elevator. The higher harvest and profit fixed and in the agricultural companies.

million litas	2012	2011	Change	Change, %
Sales	429.2	318.1	111.1	34.9
EBITDA	36.9	19.9	17	85.4
Net profit	21.5	0.5	21	-
Number of employees	750	785	(35)	(4.5)

# Information technology sector

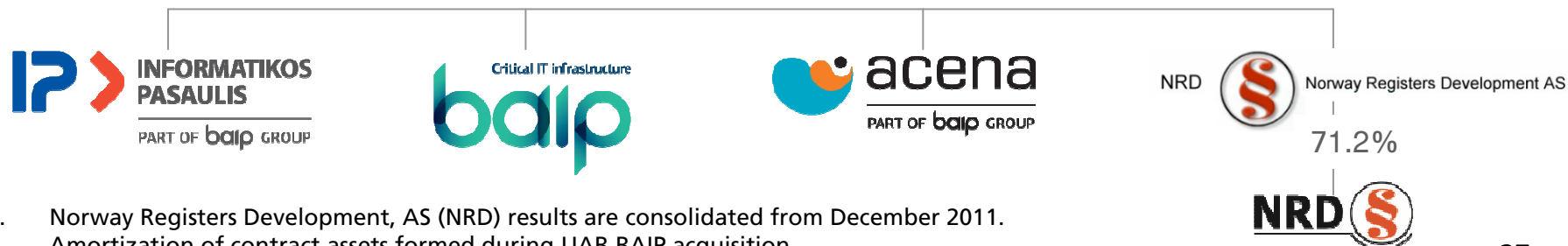
## Consolidated results of *BAIP Group*<sup>1</sup> UAB

million litas	2012	2011	Change	Change, %
Sales	40.8	34.5	6.3	18.3
EBITDA	2.7	3.2	(0.5)	(15.6)
Net profit before investment amortization <sup>2</sup> and cost of management options	(0.1)	1.1	(1.2)	-
Net profit	(1.1)	(0.7)	(0.4)	-
Number of employees	131	121	10	8.3

## Information technology sector of *Invalda AB* Group

80%

**baip** GROUP



1. Norway Registers Development, AS (NRD) results are consolidated from December 2011.
2. Amortization of contract assets formed during UAB BAIP acquisition.

# Information technology sector

(2)

baip GRUPE



## ▪ Main events

*BAIP UAB* implemented information technology services management standard and was granted with ISO20000 certificate.

Furthermore, *BAIP UAB* entered into agreement on supply of Dell End-to-End Enterprise and Client Solutions to all European offices of the company Western Union; also the company won number of tenders organized by *Lithuanian Ministry of National Defence*, the *Bank of Lithuania*, *Danske Bank*, *Carlsberg*, *Vilnius Gediminas Technical University* and other institutions and companies.

*BAIP UAB* cyber defense group presented active cyber-defense and IT criminal investigation processes and technologies to its clients.

The agreement on consulting project regarding civil registration and demographic information in *Central Bureau of Statistics* of Zanzibar was successfully completed by *NRD AS* and *NRD UAB*. The said companies also extended a project on information system for business registration in Vietnam: the project was extended by additional subsystems: distribution of information product, electronic payment, electronic signature and other.

*NRD UAB* and Rwanda development board entered into a new agreement on consultancy services for development of the electronic mortgage registration system project implementation.

*Norway Registers Development* and the joint venture partners *NRD UAB* and *Alna Software UAB* signed a one-year one million dollar contract on the design, development and implementation tax e-filing system in four Eastern Caribbean states.

*NRD AS*, partly financed by the *Norwegian Agency for Development Cooperation (NORAD)*, has finished a mission in Tanzania. *NRD AS* (and its sister company *BAIP UAB*) and *ISACA Tanzania Chapter* have signed a Memorandum of Understanding (MoU) on cooperation in the development and implementation of consultative Tanzanian National Cyber security framework.

# Disclaimer

- The presentation was prepared by *Invalda AB*. The following information was used for the preparation:
  - Preliminary consolidated and Company's financial statements of *Invalda AB* for 12 months of 2012;
- Data provided here is for information purposes only.
- The information provided here is not a recommendation or solicitation to buy or sell any securities of *Invalda AB* or companies related to *Invalda AB*.
- *Invalda AB* does not take responsibility for the actions any third parties made based only on information provided here.
- Group composition charts are simplified. Shares owned including shares sold under repurchase agreements are presented. *Invalda AB* owns 100% in the companies if not stated otherwise.
- *Invalda AB* accounts its investments into furniture manufacturing and information technology sectors at acquisition costs. Investment properties of the real estate sector are accounted at fair value. Results of agricultural land sector will be consolidated from the beginning of 2012. *Litagra UAB* is an associated entity.
- Since November 22, 2010, shares of the listed companies are traded only in Euros (€) on *NASDAQ OMX Vilnius* stock exchange, therefore all information related to the securities trading is provided in Euros (€).



Thank you!