

# Preliminary results of *Invalda AB* group for 6 months of 2011

Vilnius, 31 August 2011

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## What is *Invalda AB*?

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

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

More about businesses managed by Invalda in on [www.invalda.lt](http://www.invalda.lt)

- *Invalda* started its activity in 1991.

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

# Management principles

Invalda is proactively managing its investments following these principles:

- **Competitiveness and independence**

Each business of the Group must be competitive and self-sufficient, have professional teams and top managers capable of creating business visions and implementing ambitious objectives.

- **Risk segregation**

Invalda does not grant guarantees or assumes 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* discloses information in adherence to the requirement that market participants must get equivalent information at the same time, except such cases where the publication of the information is not possible in view of obligations assumed in respect of third parties, and/or the disclosure may adversely affect the Group's or business ability to compete.

- **Avoidance of conflicts of interest**

Managers of the Group companies do not participate in the activities' of their competitors.



# Investment philosophy

- Invalda is the company driven by shareholder value creation objectives.

Invalda seeks to acquire competitive businesses that, with an influx of additional capital or management resources, may successfully further develop organically, consolidate fragmented markets or provide other possibilities to increase value.

Investing into undervalued assets that, when restructured, may facilitate significant value increase.

Invalda doesn't avoid any complex business opportunities. This is supported by its belief that the efforts will lead to good results.

- Long-term prospects.

With a view to maximizing the investment potential to its full scale, Invalda normally pursues long-term prospects.

Invalda focuses its efforts to maximize the investment value in the long-term perspective, and offers business for sale only when they are properly prepared and become attractive to potential buyers, or having received any proposal matching the corporate future prospects.

- A merge of different competences may potentially appreciate the investment value.

# Activity sectors of *Invalda* Group





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# Financial results

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## Key events

(1)

- On 19 August 2011 the sale of shareholding in Sanitas AB to Valeant Pharmaceuticals International, Inc. was completed.

Invalda sold 26.5 percent stake in Sanitas AB, for which Valeant has paid 83 mEUR (286.7 mLTL), or 10.06 EUR (34.74 LTL) per share.

Taking into account share price adjustment mechanism set out in the agreement signed on 24th October, 2008, (regarding sale of 20.3 percent of the share capital of Sanitas) total proceedings of Invalda from Sanitas shares amounted to 91.4 mEUR (315.6 mLTL).

Net gain in the consolidated financial statements of Invalda Group and standalone financial statements of AB Invalda is approximately 188 mLTL (54.4 mEUR) and 204.5 mLTL (59.2 mEUR) respectively.

During the first half 44.2 mLTL (12.8 mEUR) was reflected in net profit, remaining part will be accounted in the third quarter.

This is one of the most successful deals during Invalda's history, which allowed to earn profits to other financial investors, small shareholders and to Sanitas' management.

## Key events

(2)

- In April a merger of Trakcja Polska and Tiltra Group completed.

Invalda sold 44.8 percent stake in Tiltra Group and 43.4 percent stake in Kauno Tiltai AB for 314.1 mPLN and acquired 12.5 percent stake in Trakcja Polska for 132.3 mPLN, Trakcja Polska bonds for 119.8 mPLN and got 62 mPLN in cash.

Proceedings paid to Invalda AB for shares in Tiltra Group AB and Kauno Tiltai AB might be reduced by not more than 60.6 mPLN, depending on the financial results of the years ending 31 March 2011 and 31 March 2012.

Positive result in consolidated financial statements of Invalda Group is 103.6 mLTL (30 mEUR), standalone company – 150.8 mLTL (43.7 mEUR).

During the first half of 2011, a provision amounting to 46.7 mLTL (13.5 mEUR) and related to a possible price decrease was formed.



## Other events

- New companies joined the Group during I half.

Group company acquired 51 percent of Lauko Gelininkystes Bandymu Stotis shares from the State Property Fund for 911 thousand LTL (263.8 thousand EUR). Later the stake was increased up to 100 percent.

A new facility management sector, which includes Invalda Service UAB and Priemiestis UAB, was established in the financial statements of Invalda.

A company Inreal GEO, which will provide land geodetic measurements services, was established.

Invalda group increased stake in Vernitas AB up to more than 20 percent.

A company Jurita joined the facility management sector from August 2011. This company was acquired for 2.5 mLTL (0.7 mEUR) from Vilnius City Municipality.

# Activity results of Invalda AB

mLTL	Consolidated		Parent company	
	2010 H1	2011 H1	2010 H1	2011 H1
Assets	566.5	725.6	319	484.5
Equity	153.6	341.9	94	279
Liabilities	412.9	383.7	225	205.5
Profit (loss)	12.1	146.2	-2.3	193.1
Attributable to equity holders of the parent company	6.6	142.4	-2.3	193.1

detailed in 11 slide

# Equity and liabilities

A profit from Sanitas stake sale will increase equity by 160.3 mLTL (46.4 mEUR) in the third quarter .

Invalda AB, mLTL	2010 H1	2011 H1
Equity	94	279
Liabilities to financial institutions	141.3	80.3
from this long term	97.8	78.6
Liabilities to group companies	41.8	31.9
Bonds	36.8	32.4
Other liabilities	5.1	60.9
Total liabilities	225	205.5
<b>Total equity and liabilities</b>	<b>319</b>	<b>484.5</b>

# Preliminary results



- Group sectors and financial investments impact to the profit (loss) statement of Invalda.

mLTL	2010 H1	2011 H1
Furniture manufacturing	9.0	9.6
Real estate	1.0	-1.4
Change in Trakcja-Tiltra stock price	-	-19.5
Change in value of Trakcja-Tiltra bonds	-	1.0
IT infrastructure sector	-1.2	-0.2
Facilities management	0.3	0.2
Road construction (sold segment)	-4	103.6
Pharmaceuticals (sold segment)	4.6	1.6
Change in value of derivative related to Sanitas shares sale price correction according to the agreement	-	44.2
Other	-3.1	3.2
<b>Total</b>	<b>6.6</b>	<b>142.4</b>



## Pharmaceuticals sector (Sanitas AB)

- In August 2011 a sale of stake in Sanitas was completed.

Controlling shareholders sold 87.2 percent stake in Sanitas to Valeant Pharmaceuticals International.

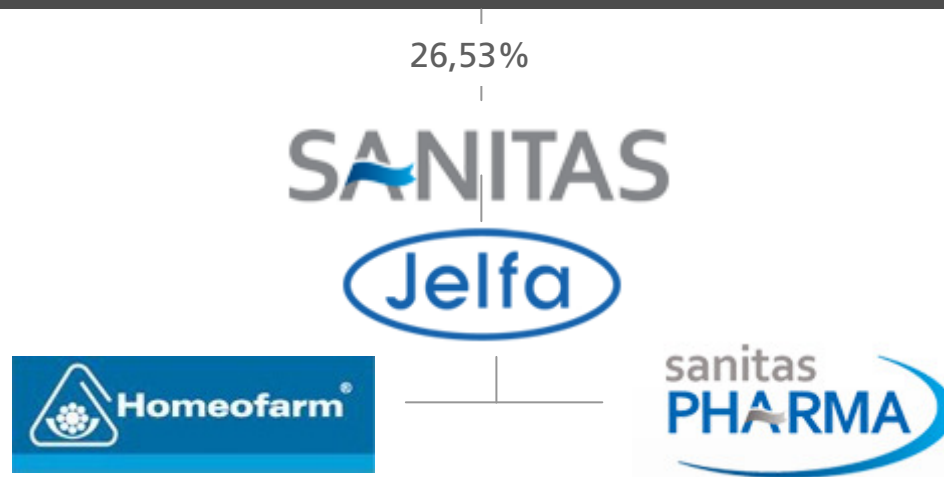
Enterprise value amounts to 365 mEUR (1260.3 mLTL), equity value – to 312,9 mEUR (1080.5 mLTL).

Net profit in standalone financial statements of Invalda AB amounts to 204.5 LTL (59.2 mEUR), to consolidated –188 mLTL (54.4 mEUR).

During the first half a contribution of this deal to the net profit amounted to 44.2 mLTL (12.8 mEUR) (share price adjustment arising from transaction in 2008).

During the third quarter, positive impact from Sanitas sale to Invalda AB standalone statements will amount to 160.3 mLTL (46.4 mEUR), to group – 143.7 mLTL (41.6 mEUR).

### Pharmaceuticals sector of *Invalda* group.



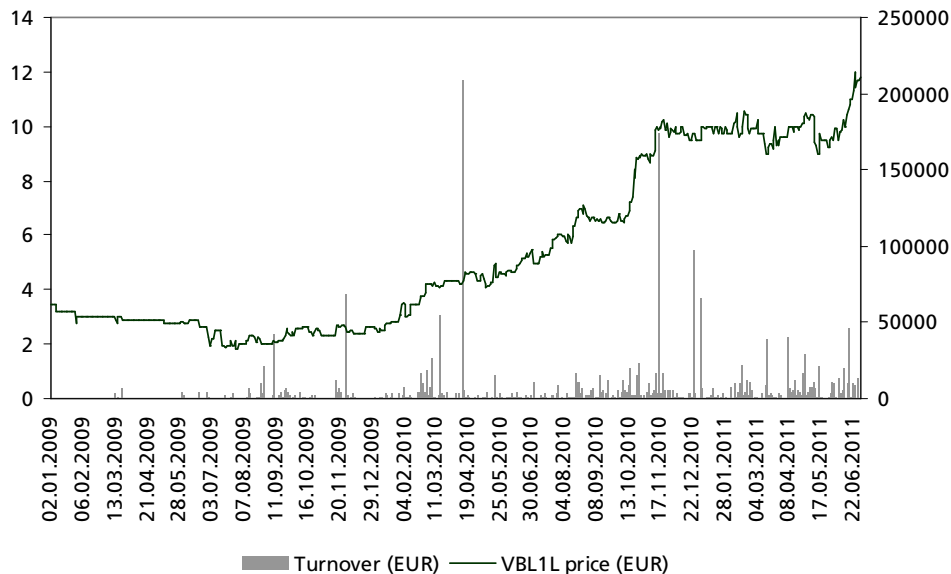
# Furniture manufacturing (Vilniaus baldai AB) (1)



	mLTL	2010 H1	2011 H1	Change, mLTL
Sales		86.7	114.8	28.1
EBITDA		17.8	18.2	0.4
Net profit		12.6	13.4	0.8
Capitalization		73	158	85

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

Turnover and share price of Vilniaus Baldai AB, EUR



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

## Furniture manufacturing (Vilniaus baldai AB) (2)



### ▪ Trends

Ikea increased sales offset the decline in margins on the rising prices of raw materials.

Company can not increase prices due to high competition on the market.

15.5 mLTL (4.5 mEUR) allocated for dividends, which is 4 LTL (1.2 EUR) per share.

The company generated stable cash flows from its activities.

Furniture manufacturing sector of Invalda group.

72.01%



# Real estate sector

(1)

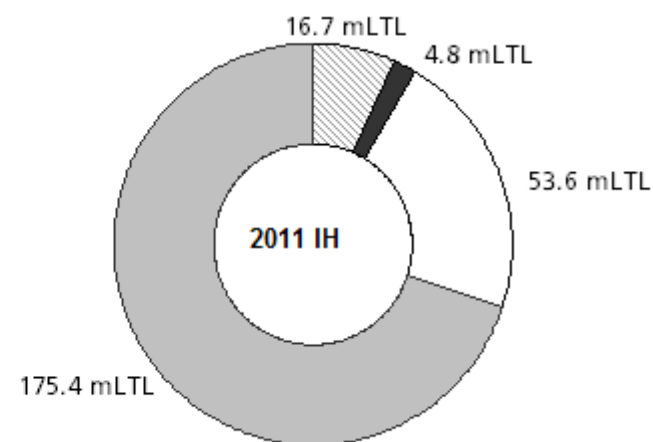
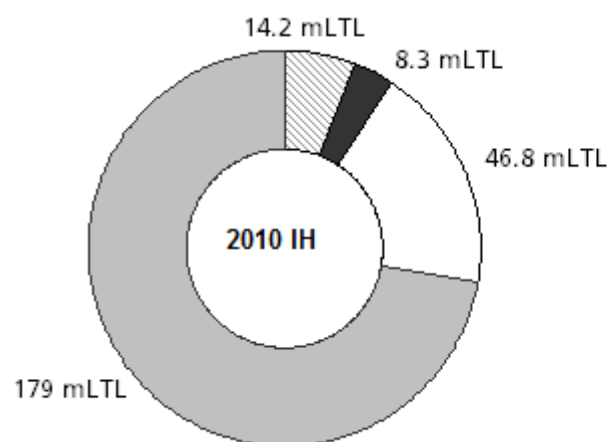


	mLTL	2010 H1	2011 H1
Value of real estate		248.3	250.5
Shareholders' equity (incl. loans from <i>Invalda</i> )		99.9	111.7
Loans from credit institutions		143.5	133.2
Rent income		9.3	8.4
from this owned by clients		2.6	2.4
Change of the real estate value		-0.1	0.0
Companies' sale result, allowance and other non-monetary items		4.4	0.9
Result of the real estate sector		3.3	-1.4

Appraisal is made at the end of the year.

## Real estate values

- ▣ Agricultural land
- Residential
- For development
- ▣ Commercial







## ▪ Trends

Rental income decreased during the year, but a trend of stabilization is observed in the first half of 2011.

New construction of 17 flats apartment in Vilnius, Valakampiai district, was launched. 7 flats reserved.

A company Inreal GEO was established. It will provide geodetic measurements services.

Amendments to the credit agreement with Nordea bank were signed. Liabilities' fulfillment term was extended for 3 years.

## Real estate sector of Invalda group

### Service companies



*Invalda  
Nekilnojamojo Turto  
Valdymas*

### Real estate owners

*The main companies:  
Invaldos Nekilnojamojo Turto Fondas, Naujoji  
Svara, Ineturas, Ekotra*

# Rail and road infrastructure (1)



- A merger of Trakcja Polska and Tiltra Group completed.

In November 2010 it was announced about the activities merger of Tiltra Group and the Polish railway infrastructure construction market leader Trakcja Polska S.A.

Total amount of the deal - 777.536 mPLN.

The part of Invalda before the expenses related to the deal - 314.1 mPLN.

Invalda sold 44.78 percent stake in Tiltra Group and 43.36 percent stake in Kauno Tiltai AB and subsequently acquired:

- 12.5 percent stake in Trakcja Polska for 132.3 mPLN;
- 59.9 m nominal value bonds of Trakcja Polska, annual interest rate – 7%, maturity date – 12 December 2013;
- 59.9 m nominal value bonds of Trakcja Polska, annual interest rate – 7%, maturity date – 12 December 2014;

Remaining 62 mPLN was paid to Invalda in cash.

## Rail and road infrastructure (2)



Proceedings paid to Invalda might be reduced by not more than 60.6 mPLN, depending on the financial results of Tiltra Group for the years ending 31 March 2011 and 31 March 2012.

During the financial year which ended in 31 March 2011, Tiltra Group had to achieve 109 mPLN EBITDA and 63 mPLN net profit.

During the financial year which ends in 31 March 2012, Tiltra Group has to achieve 119 mPLN EBITDA and 67.5 mPLN net profit.

Invalda made a provision of 46.7 mLTL (13.5 mEUR) due to a possible liability.

In case of not reaching these rates, the price will be reduced by the larger value:

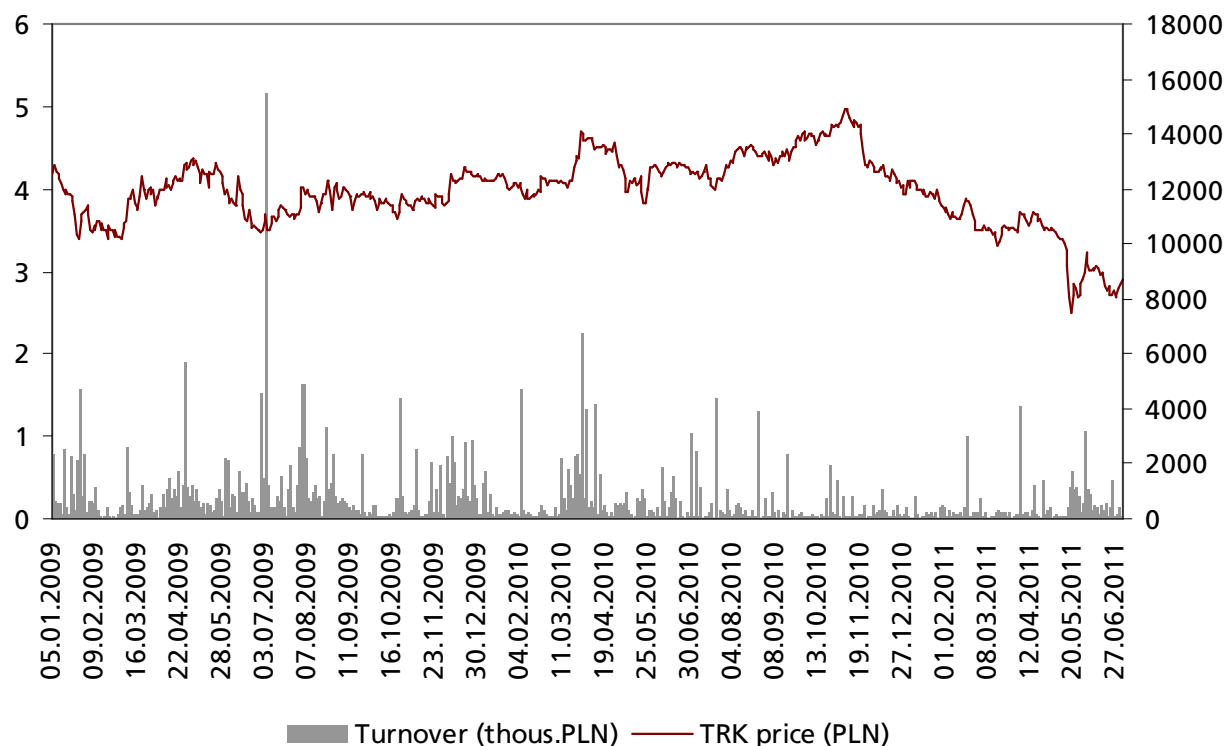
- the amount of net profit failed to reach \* 4;
- the amount of EBITDA failed to reach \* 3.





# Trakcja-Tiltra share price development

Trading in Trakcja-Tiltra (name changed from Trakcja Polska) shares:



During the first half of 2011, Invalda group recorded 19.5 mLTL (5.6 mEUR) loss due to declining stock price of Trakcja-Tiltra (shares are valued at closing price on 30 June 2011 in Warsaw Stock Exchange).



- Consolidated BAIP group results.

	mLTL	2010 H1	2011 H1	Change, mLTL
Sales		6.5	14.5	8.0
EBITDA		-0.1	0.8	0.9
Net profit attributable to Invalda shareholders		-1.2	-0.2	1.0

- Key events of 2011:

Growing revenues and amount of stable services allowed to increase results in first half of 2011 significantly.

BAIP together with Vilnius University held European Grid Infrastructure users forum.

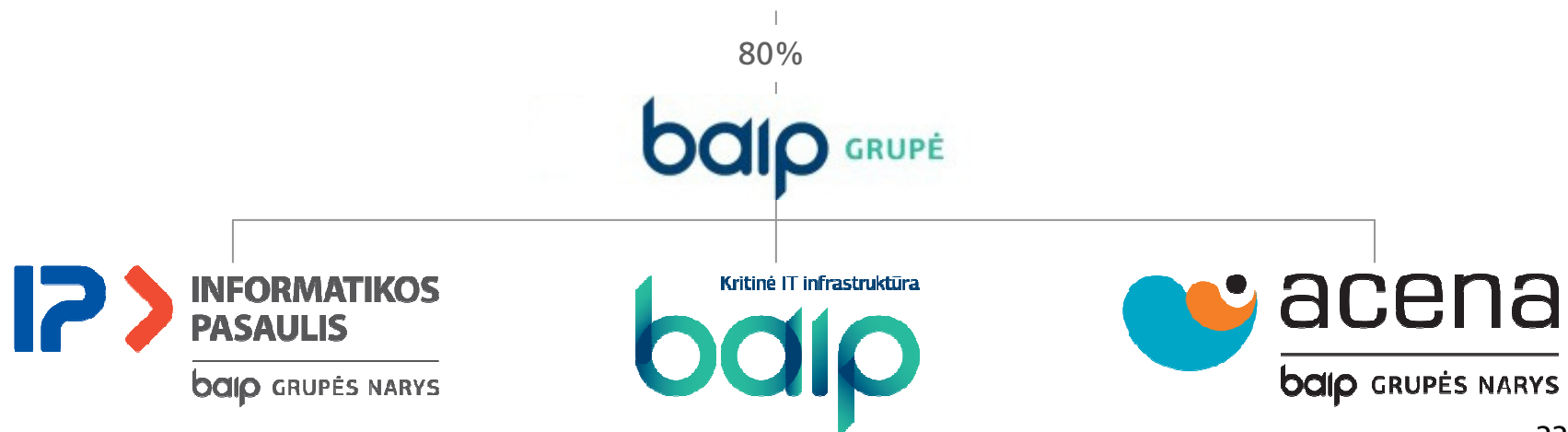
BAIP designed and introduced at Vilnius University a supercomputer, which will allow scientists to perform a new quality of multidimensional calculations.



- Changed names of the companies in 2011.

BAIP Group and BAIP changed their names and logos (before that BAIP Group was called Positor and BAIP - Baltic Amadeus Infrastrukturos Paslaugos). This change is a planned action by which one of the provisions of company acquisition is implemented according to which the company was obliged within a defined period of time to change its name and logo. In 2007, Baltic Amadeus UAB detached its infrastructure business into a separate company called Baltic Amadeus Infrastrukturos Paslaugos UAB and sold it to Positor group.

## IT sector of Invalda Group.



# Facility management sector

(1)



- Aggregated results of Invalda Service and Priemiestis.

From 1 quarter 2011 facility management sector is determined as separate sector in the financial statements of Invalda.

The group didn't own *Priemiestis* in H1 of 2010.

	mLTL	2010 H1	2011 H1	Change
Sales		2.9	4.4	1.5
EBITDA		0.3	0.5	0.2
Net profit		0.3	0.2	-0.1

# Facility management sector

(2)



- Investments into organic development and acquisitions.

In August 2011 facility management company Jurita was acquired for 2.5 mLTL (0.7 mEUR) from Vilnius City Municipality.

Agreements to provide facilities management services to business center Evita, DnB Nord subsidiary Intractus were signed.

Facility management sector of *Invalda* group.





# 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 for 6 months of 2010;
  - Preliminary consolidated and Company's financial statements of Invalda for 6 months of 2011.
- Data provided here is for information purpose 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 make based only on information provided here.
- Group composition charts are simplified. Invalda AB owns 100% in the companies if not stated otherwise.
- Invalda its investments into pharmaceuticals, road construction, furniture manufacturing and IT sectors measure at acquisition costs. Investment properties in the real estate sector are measured at fair value, and shares in Trakcja-Tiltra are valued at market price
- Since 22 November 2010, shares of the listed companies are traded only in EUR on NASDAQ OMX Vilnius stock exchange, therefore all information related to the securities trading is provided in EUR.



Thank you!