

Investment AB Kinnevik



Financial Results Second Quarter 2014

18 July 2014

Highlights

- Lorenzo Grabau assumed the role of CEO of Kinnevik on 1 May. Kinnevik will focus on building a select number of leading digital consumer brands through key partnerships around the world.
- NAV growth of 4% to SEK 68.5bln net of dividends paid of SEK 1.9bln, share price increase of 19% to SEK 285.
- Compared to the first half of 2013, Kinnevik's proportional share of its investee companies' revenues grew by 10% with E-commerce & Marketplaces growing 38%.
- Based on preliminary numbers for the first half of 2014, Zalando reached revenues of EUR 1,020-1,060m and recorded an operating profit during the second quarter, resulting in an operating result around breakeven for the first half of 2014.
- In May, Bigfoot I and Bigfoot II shares were transferred from Rocket Internet to Kinnevik, increasing its direct ownership by 5.5% in Bigfoot I and 4.6% in Bigfoot II.
- In June, Rocket Internet's legal form was transformed into a German stock corporation (AG).
- On 30 June, Kinnevik had a net cash position of SEK 1.1bln in the parent company.
- Revised guidance for new investments for the full year 2014 is SEK 1.0-1.5bln.
- Kinnevik was included in the OMXS30 index on 1 July.

Investment Review

CEO Lorenzo Grabau

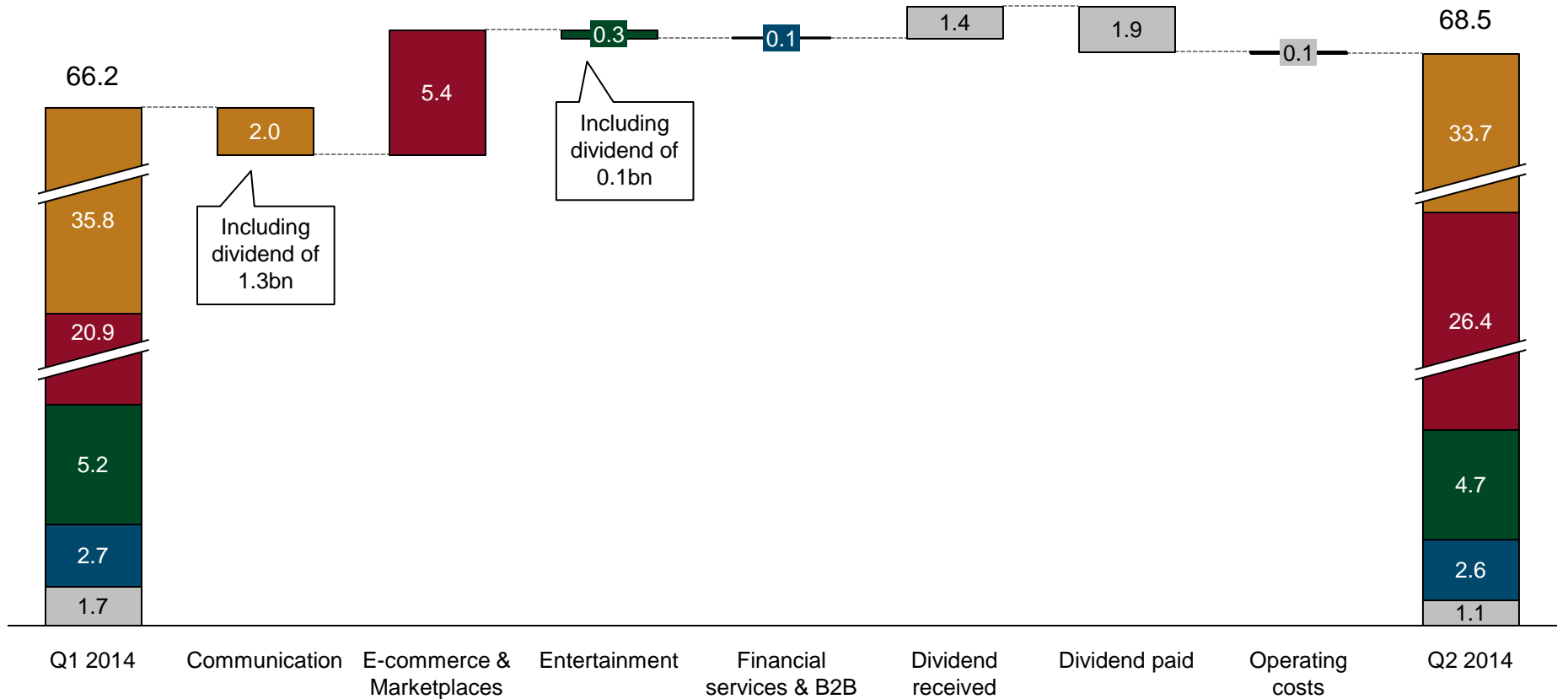
Kinnevik's investments



= Net Asset Value (Q2 2014)

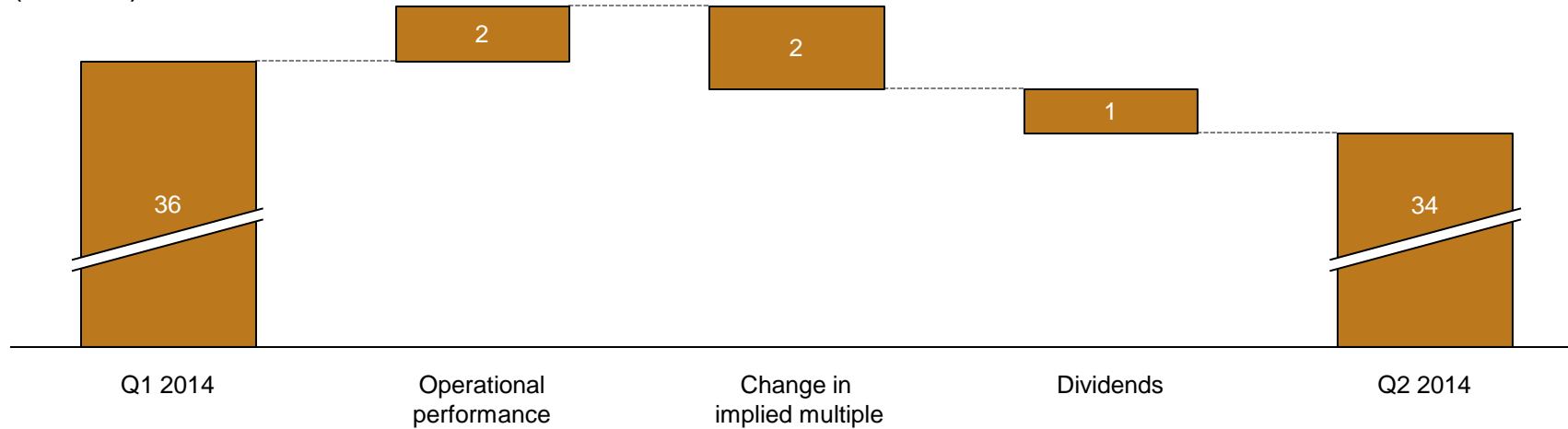
Development of Net Asset Value

NAV by segment
(SEKbn)

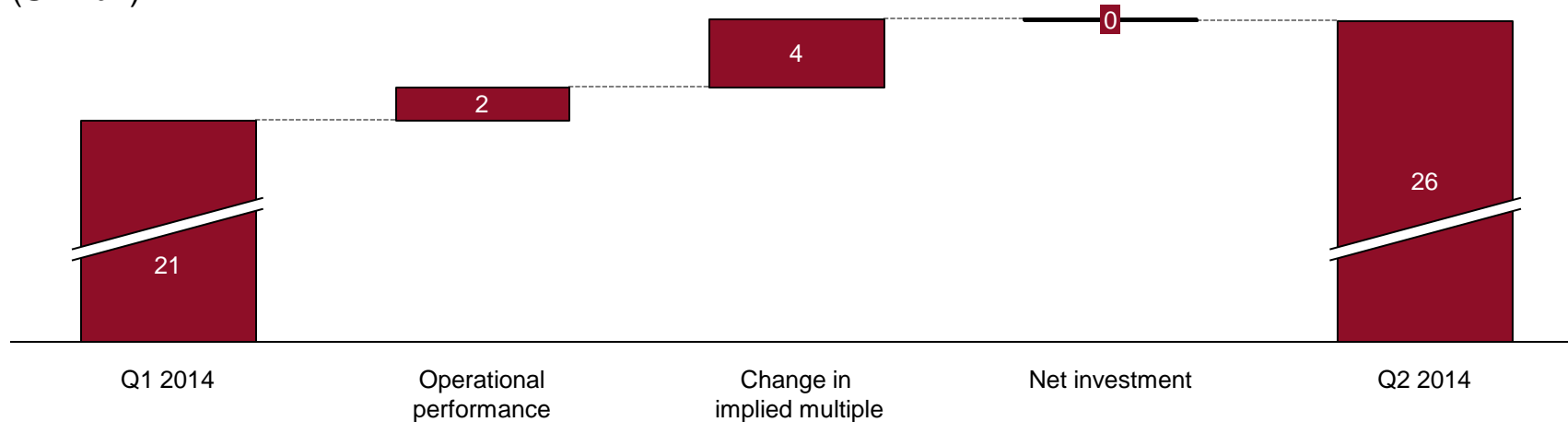


Drivers of NAV growth

Communication (SEKbn)



E-commerce & Marketplaces (SEKbn)



Note: Operational performance assessed as change in EBIT (communication) and Sales (e-com) x implied Q1 multiples;
Change in implied multiple assessed as change in (implied) multiple x EBIT or Sales

Communication & Entertainment

- Building leading digital consumer brands

 - Millicom*

 - mobile money interoperability in Tanzania – first agreement of its kind in Africa
 - Edu Me: Easy access to mobile learning
 - expanding the cooperation with Facebook to Tanzania

 - Tele2*

 - focus on M2M/Internet of Things connectivity solutions

 - MTG*

 - MTG closed the investment in Trace – an international brand and media group with strong presence in Africa

- Strengthening partnerships

 - Millicom and MTN partnership in African Internet Holding completed

- Pursuing consolidation

 - Tele2 Norway sold to Telia Sonera following a strategic review
 - Millicom divested its share in Mauritius business
 - MTG closed sale of Zitius

E-Commerce & Marketplaces

1 Zalando



2 Emerging Markets
Fashion Cos



3 Home & Living



4 Rocket Internet



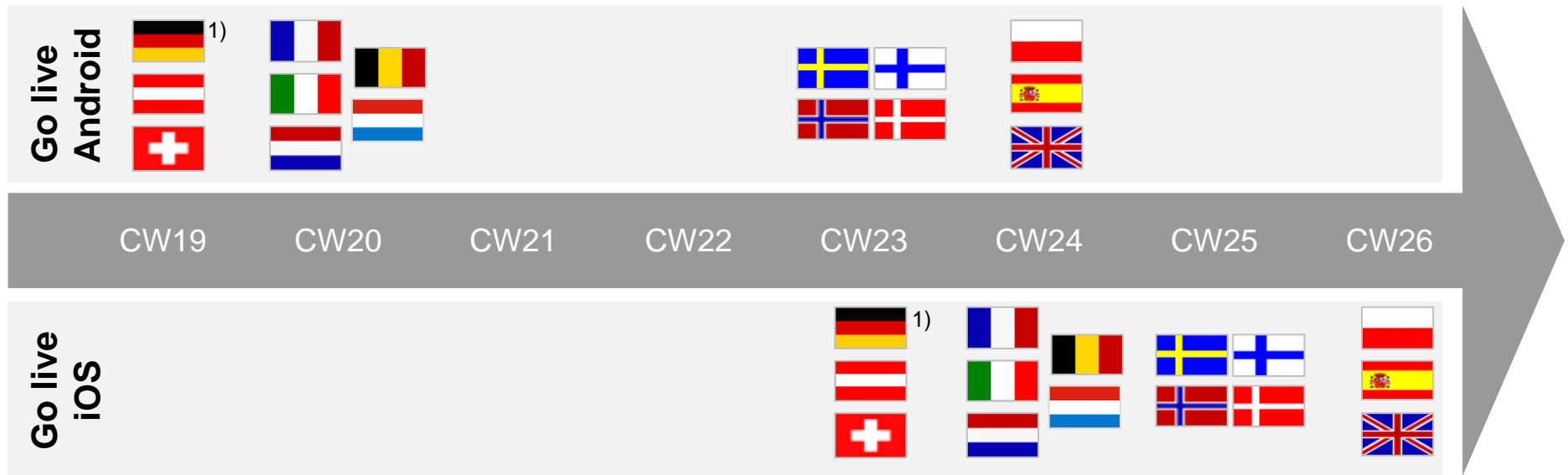
5 Marketplaces



Note: Selected investments only

Zalando: significant progress in executing mobile strategy

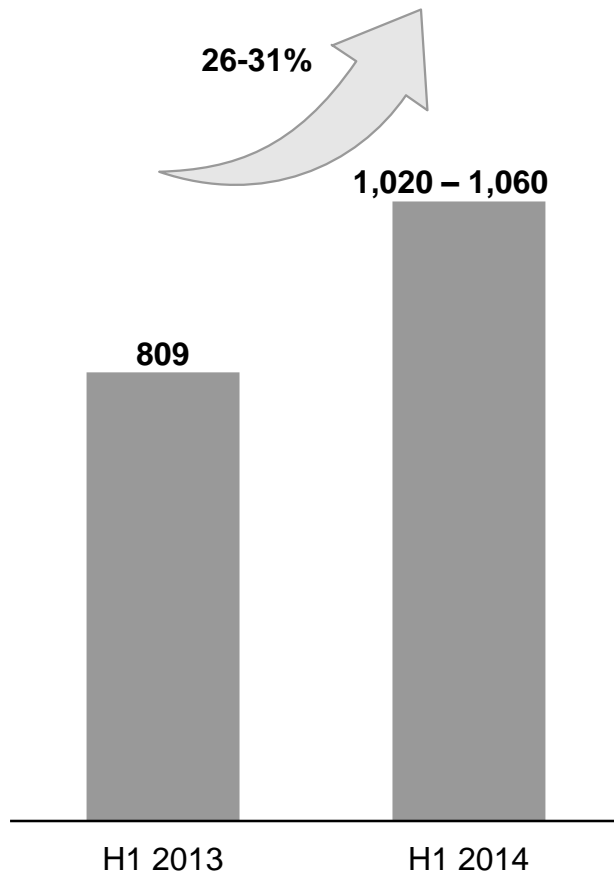
- New app for Android and iOS rolled out across all international markets during Q2
- Top positions in download rankings within few weeks in many markets
- Mobile traffic share of 41% during Q2, and over 3.8 million app downloads by the end of Q2



Zalando preliminary H1 results: continued strong growth and significant margin improvement

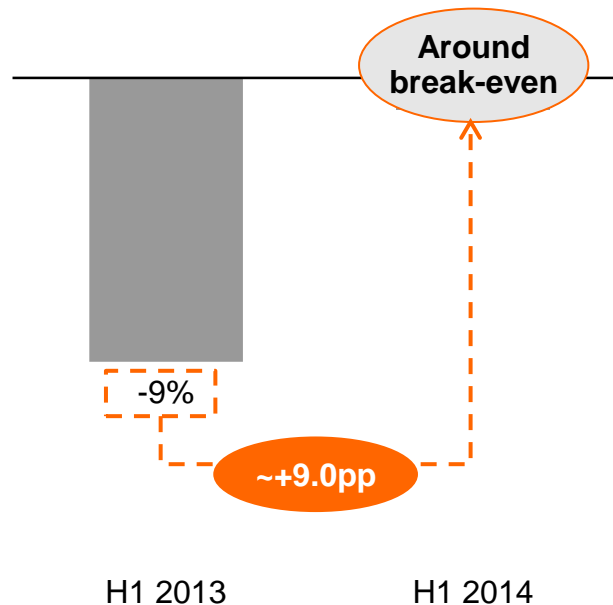
Strong revenue growth....

Group revenue (€m)



...and EBIT close to break-even

Group EBIT margin



Commentary

- Group EBIT improved significantly, with a profitable Q2 and H1 results around break-even
 - Improvement driven by all major cost line items, including cost of sales, fulfillment, and marketing
- Zalando reiterates its plan to take a significant step towards, but not quite reaching, EBIT breakeven at group level for the full year 2014
- Operational highlights include the ongoing and on track ramp-up of operations at the fulfilment center in Mönchengladbach and strong mobile development

Emerging Markets Fashion Companies: significant growth and profitability improvement

lamodaTM
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NAMSHI

ZALORA²

Key Financials (EURm)	2012	2013	2012	2013	2012/13 ¹	2013/14 ¹	2012	2013	2012	2013
Revenue	34.9	121.8	78.3	146.9	18.5	56.6	3.4	10.9	n.a.	68.9
% Growth		249%		88%		206%		221%		n.a.
Gross Profit	10.9	48.2	31.7	50.1	(4.9)	(5.8)	(0.2)	3.0	n.a.	18.8
% Margin	31%	40%	41%	34%	(26%)	(10%)	(5%)	28%		27%
Operating Profit	(38.2)	(46.9)	(59.7)	(72.9)	(38.1)	(33.2)	(12.0)	(10.1)	n.a.	(69.2)
Selected KPIs (m)	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Unique Visitors	44.1	67.5	167.5	208.4	70.4	180.4	9.3	7.9	56.8	97.4
Total Orders	0.76	2.29	1.87	3.30	1.14	3.37	0.06	0.15	0.80	2.02
% Growth		203%		77%		195%		138%		153%
Active Customers	0.42	1.09	1.04	1.63	n.a.	n.a.	0.04	0.08	0.45	1.02
% Growth		159%		57%				111%		128%

Note: Financials based on IFRS accounts; KPIs based on management information; FX conversion based on 2013 yearly average as provided by Riksbanken

¹ Jabong financial year end March

² Including The Iconic

Emerging Markets Fashion Companies: continued strong performance in H1 2014

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ZALORA

Selected KPIs (m)	6 months Jun-13	6 months Jun-14	6 months Jun-13	6 months Jun-14	6 months Jun-13	6 months Jun-14	6 months Jun-13	6 months Jun-14	6 months Jun-13	6 months Jun-14
GMV (EURm)	91.7	205.1	72.8	95.2	22.3	65.8	4.9	14.8	38.5	55.5
% Growth		124%		31%		195%		202%		44%
Unique Visitors	34.6	44.8	112.1	102.1	72.7	155.0	4.3	5.5	52.4	45.4
Total Orders	0.83	1.68	1.52	1.91	1.18	3.20	0.06	0.17	0.93	1.49
% Growth		103%		26%		171%		187%		61%
Active Customers	0.71	1.40	1.41	1.79	n.a.	n.a.	0.06	0.13	0.81	1.25
% Growth		98%		27%				125%		53%

- Continued strong growth of Gross Merchandise Value and customer base during the first half of 2014 across all five companies
- Positioning of brands as fashion authority in respective regions including upgrades to website and mobile app design and content
- Increasing share of mobile traffic and sales across all companies with e.g. Dafiti reaching 1 million app downloads by end of Q2
- Improvements to operations and back-end systems to drive service quality and efficiency

Note: Based on management information; FX conversion based on 2013 yearly average as provided by Riksbanken

¹ GMV defined as total value of orders in period, excl. taxes and shipping costs

Home & Living: attractive gross margins and strong momentum

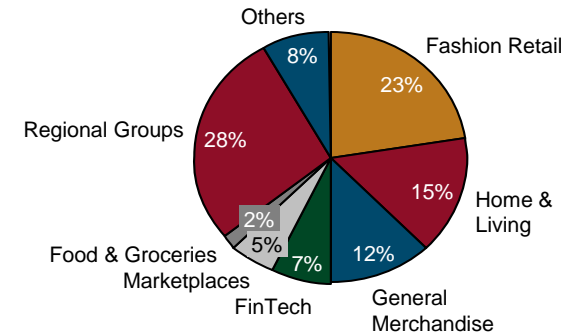


Key Financials (EURm)	2012	2013	2012	2013
Revenue	62.1	92.8	45.8	111.4
% Growth		50%		143%
Gross Profit	18.1	36.2	11.8	44.8
% Margin	29%	39%	26%	40%
Operating Profit	(81.1)	(40.2)	(62.2)	(40.2)
Selected KPIs (m)	2012	2013	2012	2013
Total Orders	0.38	0.54	0.52	1.16
% Growth		42%		122%
Active Customers	0.29	0.44	0.23	0.45
% Growth		52%		98%

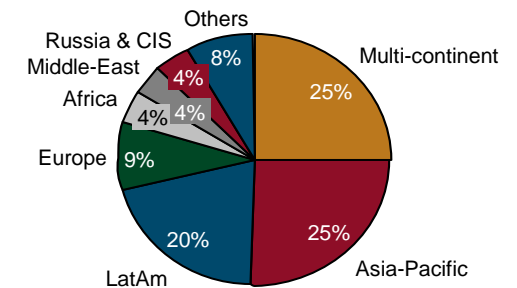
Rocket Internet: Highlights Of a Five-year Relationship

- Kinnevik first invested in Rocket Internet in 2009 and today holds a 24% stake
 - Accumulated net invested amount of SEK -3,077m post distributions including Zalando, Bigfoot I and Bigfoot II stakes
 - Kinnevik fair value of SEK 1,828m per 30 Jun 2014
- Rocket Internet has invested approximately EUR 100m of its own capital together with approximately EUR 2.9bln of third party capital to build a sizable network of consumer internet companies operating across all five continents
- Based on post-money valuations of last funding rounds of the respective companies, the value of Rocket's interest in such companies is c. EUR 2.1bln today¹, a >20x value increase
- Total cash position and secured investments at Rocket and its network of companies in excess of EUR 1.4bln per 30 Jun 2014
- Since the beginning of its relationship with Rocket Internet, Kinnevik has written off approximately 2.6% of the total amount of capital invested

Rocket Internet value by sector ¹



Rocket Internet value by region ¹



¹ Based on post-money valuation of last funding round or transaction of the respective companies excluding liquidation preferences

Rocket Internet: Now Transformed Into an AG

- Rocket Internet changed its legal form into a stock corporation (*Aktiengesellschaft – AG*)
- Established Management Board led by Oliver Samwer
- Hired Peter Kimpel from Goldman Sachs as CFO



Recent developments among Rocket's network of companies



**Germany Launch
(April)**



**Acquisition of Delivery
Club in Russia (June)**



**France, Netherlands,
Austria, Sweden Launch
(June)**



**Australia Launch
(June)**



UK Launch (July)



**EUR 72m Funding
Round (April)**
Fidelity Worldwide Investment,
Odey, Tengemann



**USD 50m Funding
Round (June)**
Insight Venture Partners



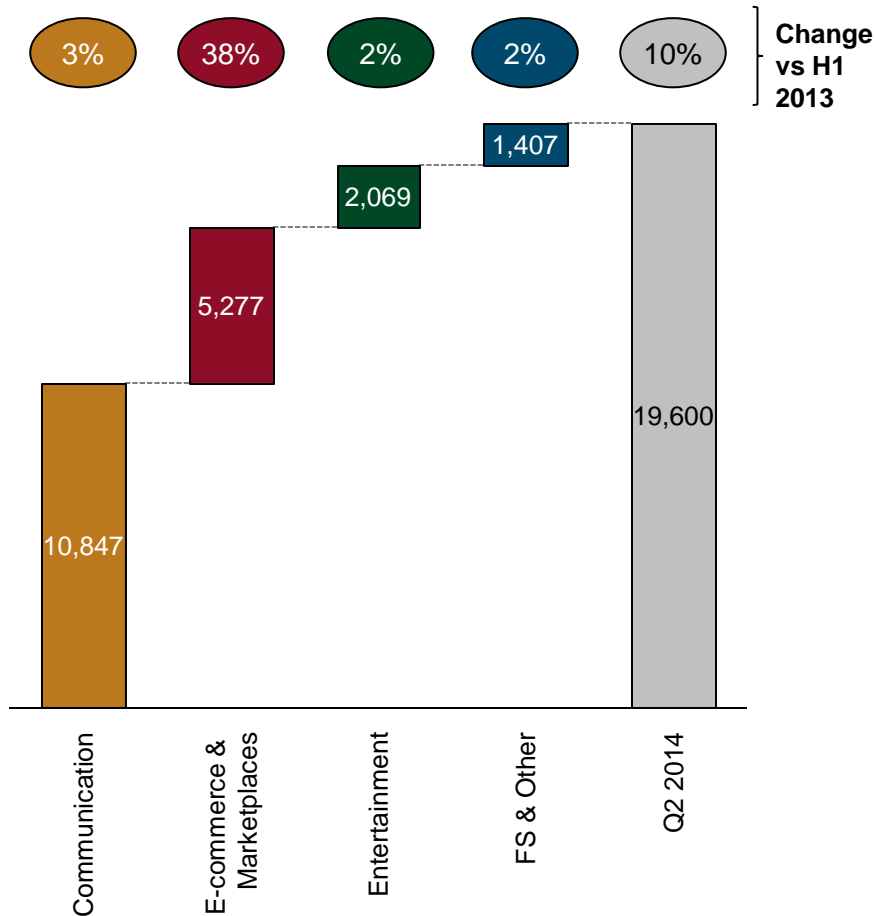
**EUR 58m Funding
Round (July)**
Northgate, Access

Financial Summary

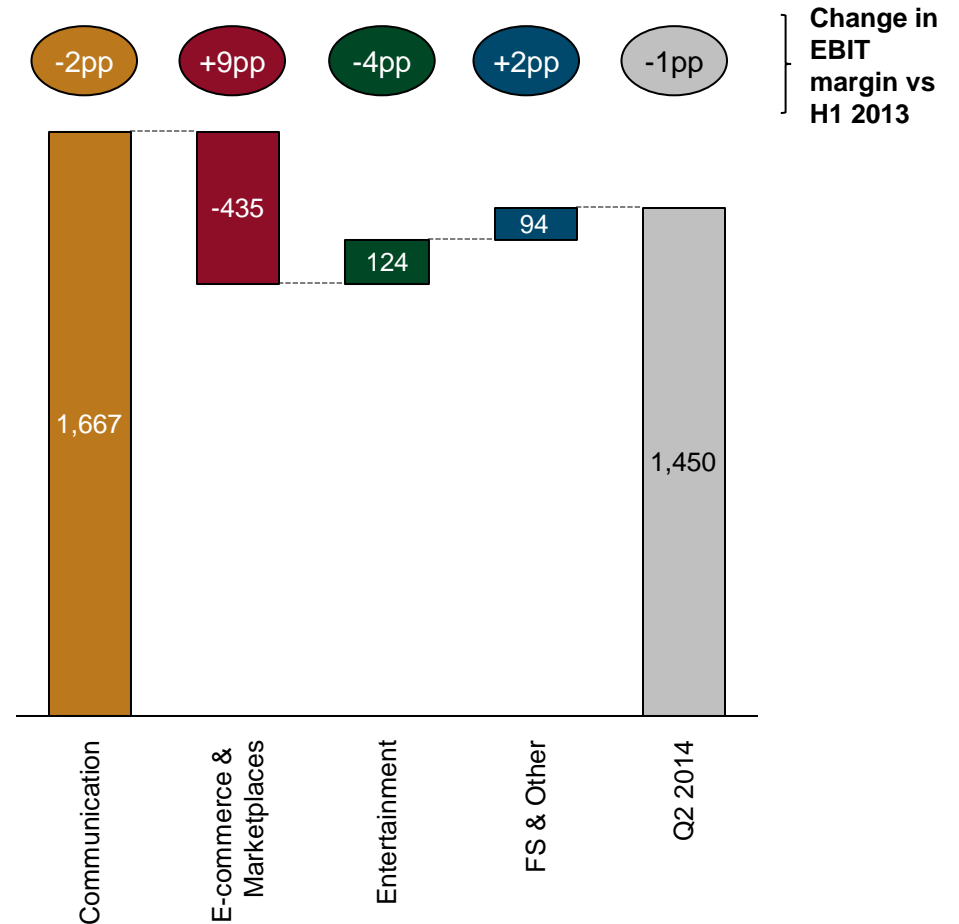
CFO Mikael Larsson

Kinnevik's operating performance

Kinnevik revenues (proportional part)
(SEKm) Jan-June 2014



Kinnevik EBIT (proportional part)
(SEKm) Jan-June 2014



Change in public market multiples and applied multiples

SEKm	Valuation method	Change in market multiple Q2/Q1	Applied Multiple Q1	Applied Multiple Q2	Change in applied multiple Q2/Q1
Zalando	EV/LTM sales	-15%	1.9	1.8	-5%
Home 24	EV/LTM sales	-1%	1.1	1.5	+36%
Westwing	EV/LTM sales	-14%	1.3	1.5	+15%
Avito	EV/LTM sales	-21%	12.0	9.5	-21%

- Sales multiples in listed peers decreased
- Strong sales growth compensated for the impact of lower market multiples
- Discount versus listed peers lowered due to strong EBIT improvement in Zalando and positive development of performance in Home24 and Westwing.

Transfer of Bigfoot I and Bigfoot II Shares into Direct Ownership

- Announced distribution of Bigfoot I and Bigfoot II shares by Rocket on May 28th
 - Kinnevik received an additional 5.5% of the shares in Bigfoot I and 4.6% of the shares in Bigfoot II
 - Other shareholders received a mix of shares and cash
- In Q2, Kinnevik accounted for Bigfoot I & II at values implied in the transaction due to
 - Size and nature of of transaction – partly in cash
 - Arms length basis
- Positive change in fair value of SEK 2,121m for Bigfoot I and SEK 1,028m for Bigfoot II.
- Implied sales multiple of 3.4x for Bigfoot I and 5.9x for Bigfoot II.

Rocket Internet: stand-alone valuation

Investment (EUR m)	Fair value of Rocket's stake in Kinnevik's accounts		Valuation method
	100%	23.9%	
Bigfoot 1	371	89	Latest transaction
Bigfoot II	178	43	Latest transaction
Home24	33	8	Sales multiple
Westwing	63	15	Sales multiple
Big Commerce	3	1	Sales multiple
Other assets	116	28	Cost
Central cash	67	16	
Total	831	199	
Implied value of Rocket Internet based on latest financing rounds in each portfolio company	2 212	529	
Difference between implied value per latest financing rounds and book value		330	
Difference as per above, SEKm		3 036	

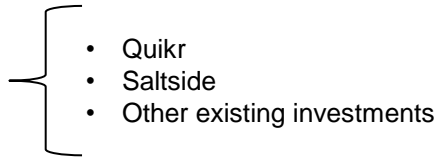
- Following transformation into a AG, Rocket Internet now accounted for on a stand-alone basis
- Kinnevik valuation methodology based on sum of the parts
- Significant gap versus valuation based on latest financing rounds driven by liquidation preferences

Valuation of Online portfolio

Investment (SEK m)	Kinnevik ownership	Accumulated net Invested amount	Fair Value 30 June 2014	Change in fair value & dividends received		Valuation method
				Apr-June 2014	Jan-June 2014	
Zalando	36%	7 916	12 481	338	345	Sales multiple
Emerging markets fashion						
Bigfoot 1	32%	2 307	4 428	2 121	2 122	Latest transaction
Bigfoot II	34%	1 149	1 658	1 028	1 005	Latest transaction
Home & Living						
Home24	22%	791	805	111	126	Sales multiple
Westwing	14%	175	263	44	46	Sales multiple
Other e-commerce						
Big Commerce						
Konga	46%	114	162	6	6	Latest transaction
Other	Mixed	689	427	28	-36	Mixed
Rocket Internet	24%	-3 077	1 828	1 574	1 559	Sum of the parts
Marketplaces						
Avito	31%	438	2 190	1	-108	Sales multiple
Quikr	16%	254	265	11	11	Latest transaction
Saltside	88%	154	154	-	-	Cost
Wimdu	29%	367	368	8	8	Sales multiple
Other	Mixed	286	119	17	17	Mixed
Total unlisted online investments		12,169	25,727	5,300	5,138	

Kinnevik has a strong financial position

SEKbn

Net cash in parent company end 2013	2.5	
Dividends received	1.4	
Dividends paid	-1.9	
Operating costs	-0.1	
Investments	-0.8	
Divestments	0	
Net cash in parent company 30 June 2014	1.1	

- Investments expected to be between SEK 1-1.5 billion in 2014
- Focus on existing portfolio companies

Learn more about our private digital investments

Welcome to our Capital Markets Day in Stockholm on 18 September 2014

Find out more and register at www.kinnevik.se