

# PRESENTATION OF FIRST QUARTER 2016

27 APRIL 2016

# Q1 2016 HIGHLIGHTS

## OPERATING COMPANIES PERFORMANCE

- E-Commerce: strategic investments support strong growth across fashion and home & living e-commerce companies
- Communication: build out of 4G network fuels data growth and monetization
- Rocket Internet: significant increase in revenue generation and focus on improved profitability across portfolio
- Media: launch of new digital products with global potential

## INVESTMENT MANAGEMENT ACTIVITIES

- New investments in focus sectors: USD 65m in Betterment, a digital wealth management company and GBP 10m in babylon, a digital healthcare company
- SEK 500m investment in Kinnevik shares successfully executed with 2.3 million shares purchased at c. SEK 217 per share
- Two step exit in Lazada: 3.8% stake divested to Alibaba for USD 57m in April, put-call arrangement for remaining stake between April and October 2017
- Committed to invest up to EUR 200m in a minimum EUR 300m capital increase in Global Fashion Group, partially prefunded through shareholder loans

## KINNEVIK FINANCIAL POSITION

- Challenging capital markets with multiple contraction in listed peers and sharp decline in supply of private capital putting pressure on valuations
- Net Asset Value down 13% or SEK 10.8bn to SEK 72.7bn (SEK 264.39 per share), primarily driven by:
  - 13% or SEK 8.5bn decrease in value of the listed investee companies,
  - 16% or SEK 1.7bn decrease in value of the unlisted investee companies
- Net cash position of SEK 5.8bn at the end of the quarter
- SEK 7.1bn proposed to be returned to shareholders subject to AGM approval (ordinary dividend of SEK 7.75 per share; redemption program of SEK 18 per share)

SECTION A

OPERATING COMPANIES PERFORMANCE

# OUR PUBLIC COMPANIES CONTINUE TO EXECUTE ON THEIR STRATEGY

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- Revenues of EUR 788-801m in the first quarter, corresponding to 22.5-24.5% growth according to preliminary figures
- Expected adjusted EBIT margin of 1.5-3.5%
- Reiterates full-year guidance of revenue growth at the upper end of 20-25% and an adjusted EBIT margin of 3.0-4.5%



- Revenues of USD 1.53bn, organic service revenue growth of 4%
- Adjusted EBITDA margin of 36%, up 1.8 percentage points
- 3.6 million additional mobile customers in the last 12 months, reaching a total of 58 million
- Sale of Democratic Republic of Congo business to Orange for USD 160m finalized



- Net sales of SEK 6,446m in the quarter with EBITDA margin of 19%
- Number of customers increased by 21% in the quarter to 15 million, mobile end-user service revenue increased by 4%
- Positive momentum in the Netherlands driven by ramp-up in mobile customer net intake and shift to more 4G customers
- JV in Kazakhstan completed, solid growth in net intake for the quarter



- Larger portfolio companies delivered continued strong revenue growth across sectors averaging 69% in 2015
- Six percentage points average improvement in adjusted EBITDA margin in 2015
- 15x return on Rocket Internet's partial exit of Lazada to Alibaba for a USD 137m cash consideration
- Divestures of non-core food take-away businesses PizzaBo and La Nevera Roja for EUR 125m completed



- Net sales of SEK 3,826m in the quarter, representing 5% growth at constant FX, a first quarter record
- EBIT margin before non-recurring items of 4%
- Audience shares increased in almost all markets, with number of subscribers in the Nordics reaching all time high
- Sale of MTG's 38% stake in CTC Media completed, with cash expected to be returned in Q2

# ZALANDO CONTINUES TO INNOVATE

## KEY TRENDS IN ONLINE FASHION

### Mobile devices increasingly important

- 60% of customers visit Zalando through mobiles

### Apps the best way of reaching customers on mobiles

- 80% of time spent on mobiles is spent in apps

### Expanded offering to attract new customer groups

- E.g. the affordable fashion customer segment

### Vertical expansion to influence customer behavior

- Reach consumers earlier in the purchasing process through lifestyle and inspiration platforms

### Shift to marketplace model

- Broader assortment, lower inventory risk

### Online communities and social interaction

- E.g. linking shopping to social media feeds from retailers and brands, as well as to other customers

### Increased personalization

- Tailoring the customer experience based on preferences

## ZALANDO'S MOST RECENT INNOVATIONS



### Fleek

- Lifestyle app inspiring users with fashion and seamlessly connects them to the products
- Consumers build their own news flow with the latest fashion trends and social media feeds from retailers and brands



### Movmnt

- Marketplace connecting consumers and merchants
- Focused on the affordable fashion consumer segment
- No inventory risk, offers add-on services for the brands such as storage and fulfillment



### Zalon by Zalando

- Free personal style advice for consumers seeking fashion inspiration
- Personalized outfits from Zalando, based on questionnaires and conversations
- Builds a long-term relationship between consumers and Zalon's fashion experts

# OUR PRIVATE COMPANIES CONTINUE TO GROW



- GMV of EUR 1.5bn in 2015, corresponding to a growth of 46%
- Revenues of EUR 281m in the fourth quarter resulting in EUR 930m for 2015 (+48% Y/Y)
- Adjusted EBITDA<sup>1</sup> of EUR -275m for the full year, -30% of Net Revenue and -18% of GMV
- Successful roll out of marketplace offering to further increase assortment, improve margin profile, and de-risk operations



- Replies per listing, a key metric to measure the platform's value and monetization ability, at an all-time high in the first quarter, having more than doubled year-on-year
- Media-for-equity transaction with Brand Capital, an affiliate of the Times Group, India's largest media group with interests across print, television and outdoor advertising
- Focus on monetisation following verticalisation initiatives, resulting in strong revenue growth, driven by solid operational performance across categories



- 64 000 new loans issued in Q4 2015 (USD 82m in aggregate) resulting in 628,000 loans outstanding by year end 2015 to 572,000 customers, and a net loan book of USD 725m
- Operating income of USD 51m in Q4 2015, down 3% Q/Q due to currency headwinds
- Capital base strengthened and diversified through the successful execution of a debut local currency Ghana bond in January
- Continued focus on developing the My Money offering, Bayport's mobile-enabled multi-product platform



- GMV of EUR 1.0bn in 2015, corresponding to a growth of 167%
- Revenues of EUR 87m in the fourth quarter resulting in EUR 275m for 2015 (+78% Y/Y)
- Adjusted EBITDA<sup>1</sup> of EUR -297m for the full year, -108% of Net Revenue and -29% of GMV

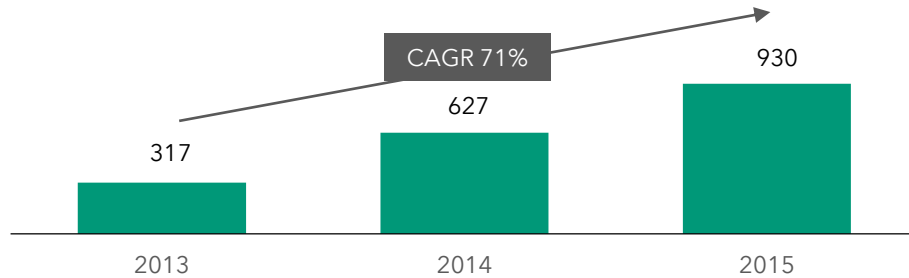


- Customer growth of 21% Q/Q to 152,000 in the first quarter
- Despite volatile markets, increase of assets under management by 24% Q/Q to USD 4.0bn
- Launch of new products, including account aggregation and improved joint accounts

# GLOBAL FASHION GROUP - DELIVERING GROWTH AND IMPROVED PROFITABILITY

## STRONG FINANCIAL PERFORMANCE

Revenue (EURm)



## FOCUS ON INNOVATION

### Marketplaces

- Continued roll out helping to further increase assortment, improve margin profile, and de-risk
- Marketplace in Russia launched in Q4 2015

### Cross-listing

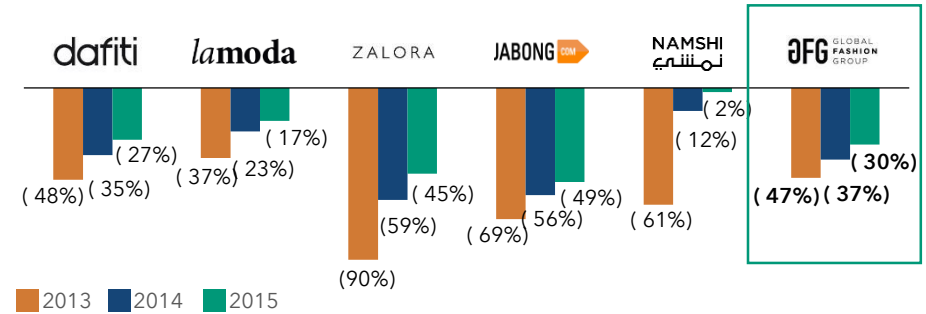
- Dafiti launched external shopping module with Kanui and Tricae websites which allows for cross-listing

### Apps

- Focus on developing best-in-class apps is paying off, and GFG's apps are the most downloaded in 4 of 6 regions
- Traffic and revenue outgrow desktop and display more attractive economics and conversion rates

## IMPROVED PROFITABILITY

Adj. EBITDA<sup>1</sup> margin



## RECRUITING OF KEY PERSONEL

GFG completed the build up of its extended management team, including hiring of:

- International Commercial Director
- Chief Technology Officer
- General Counsel
- Head of Marketplace

<sup>1</sup> Excluding share based compensation  
Source: GFG

## SECTION B

# Q1 CAPITAL MARKETS ENVIRONMENT

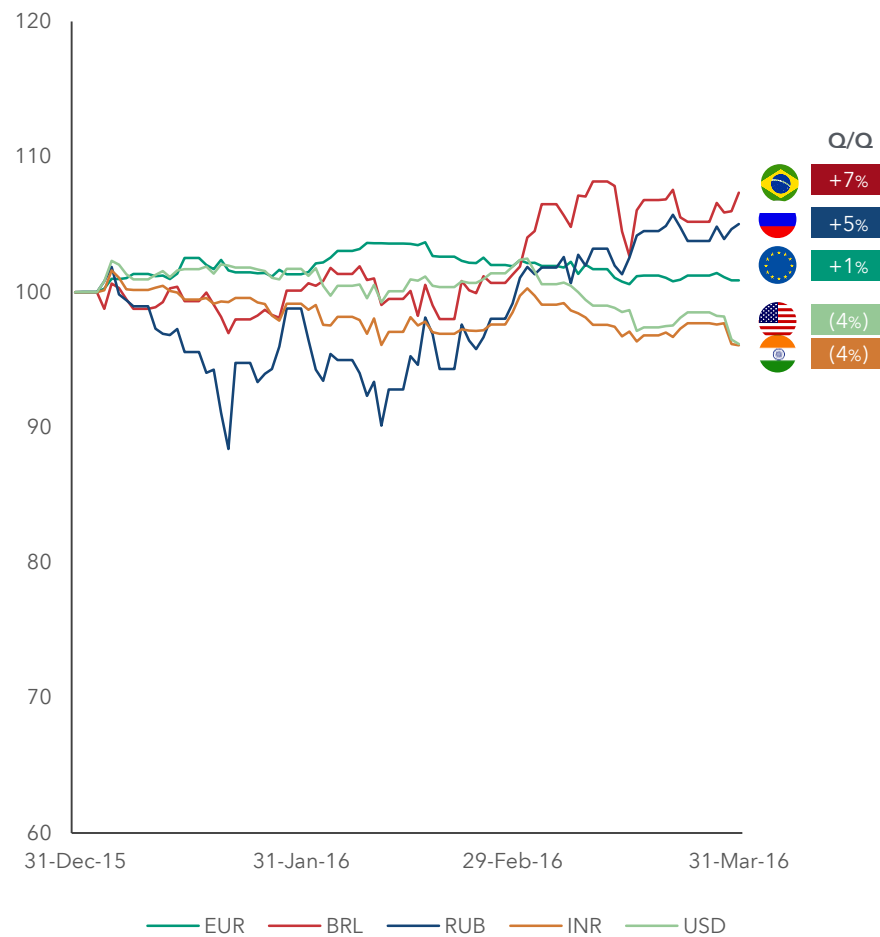


# VOLATILE CAPITAL MARKETS IN THE FIRST QUARTER...

## DEVELOPMENT OF KEY INDEXES Q1 2016



## CURRENCY TRADING Q1 2016 (VS SEK)

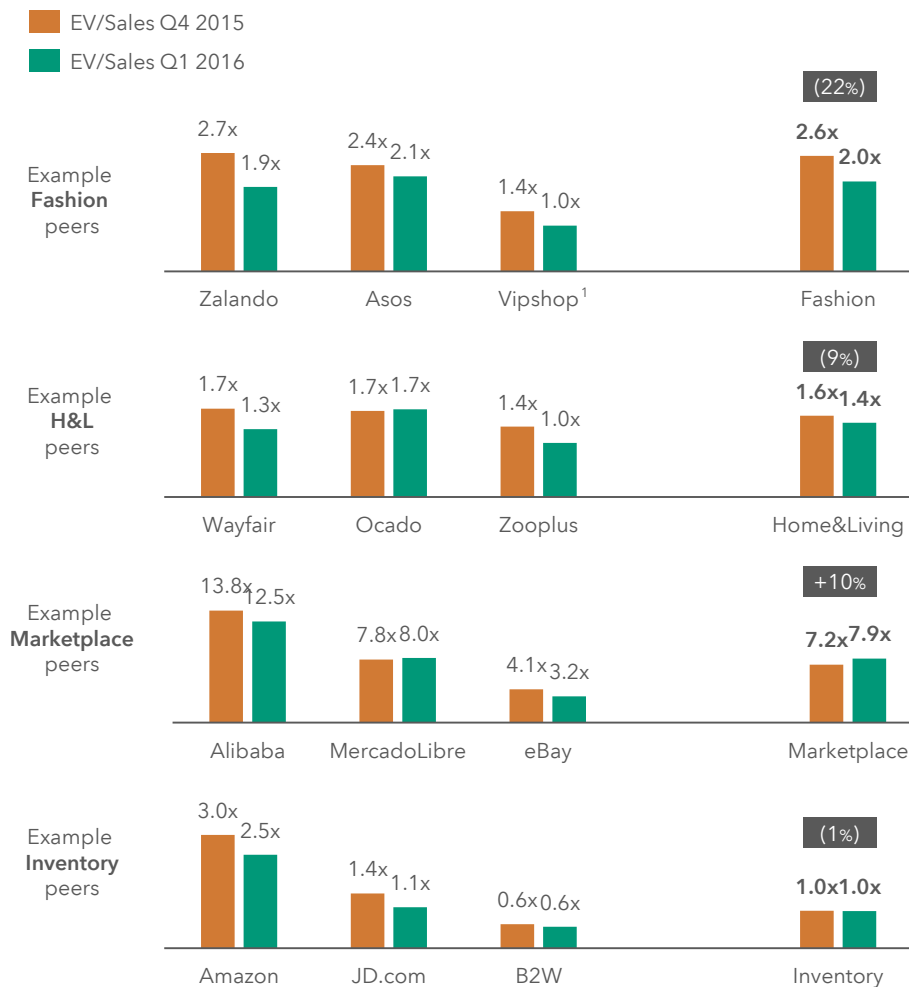


# ...WITH SUBSTANTIAL IMPACT ON VALUATIONS

## PRICE DEVELOPMENT FOR LISTED PEERS Q1 2016...



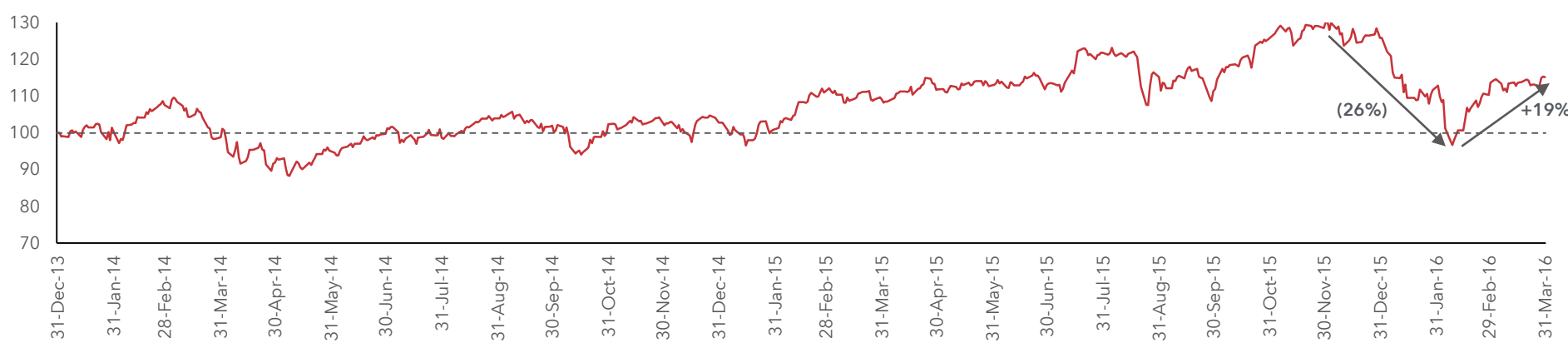
## ... WITH IMPACT ON EV/SALES MULTIPLES



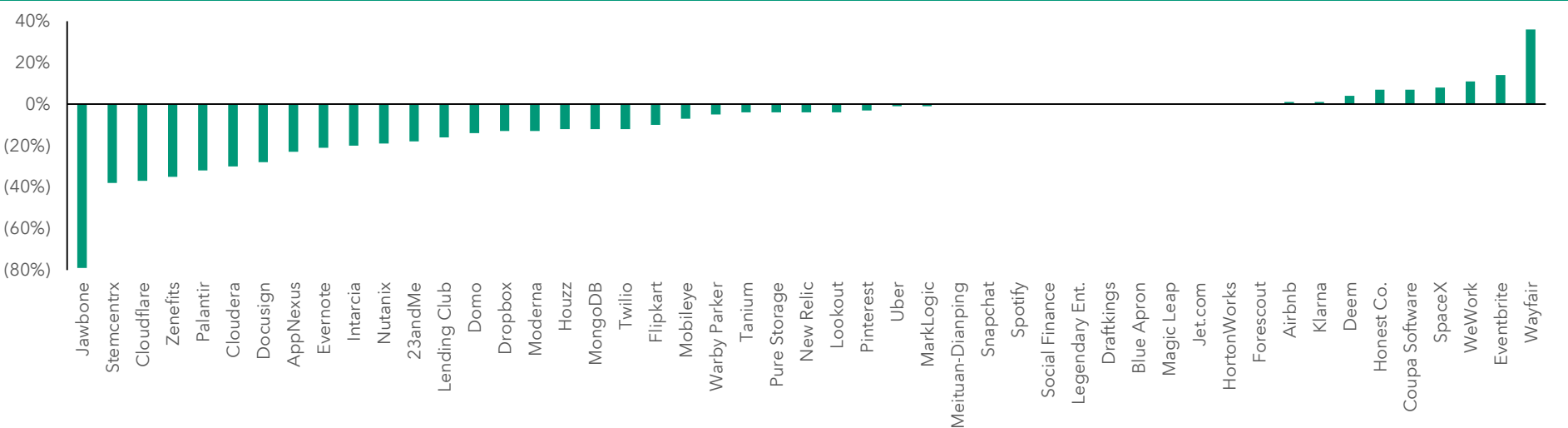
<sup>1</sup> Not included in Fashion average  
 Note: Equally-weighted share price development with index value 100 per 2015-12-31  
 Source: FactSet as of 2016-03-31

# FUNDING ENVIRONMENT: DROP-OFF IN PUBLIC MARKET VALUATIONS LEADING TO LATER STAGE PRIVATE ASSETS WRITE DOWNS

## DOW JONES GLOBAL INTERNET COMPOSITE INDEX



## MUTUAL FUNDS' AVERAGE CHANGE IN UNICORN VALUATIONS FROM PREVIOUS QUARTER

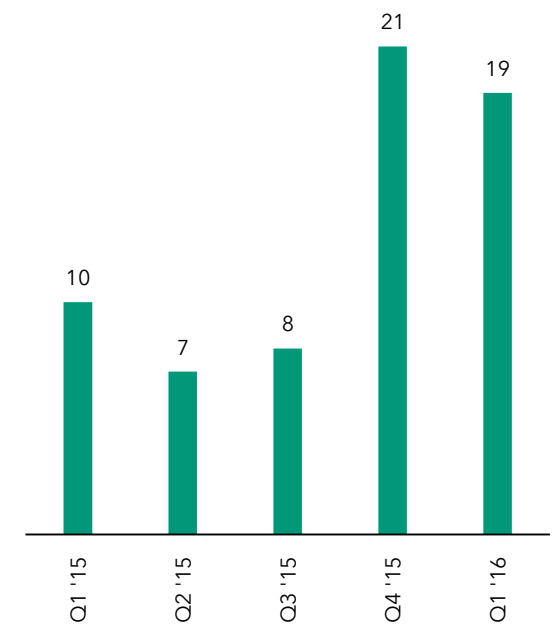
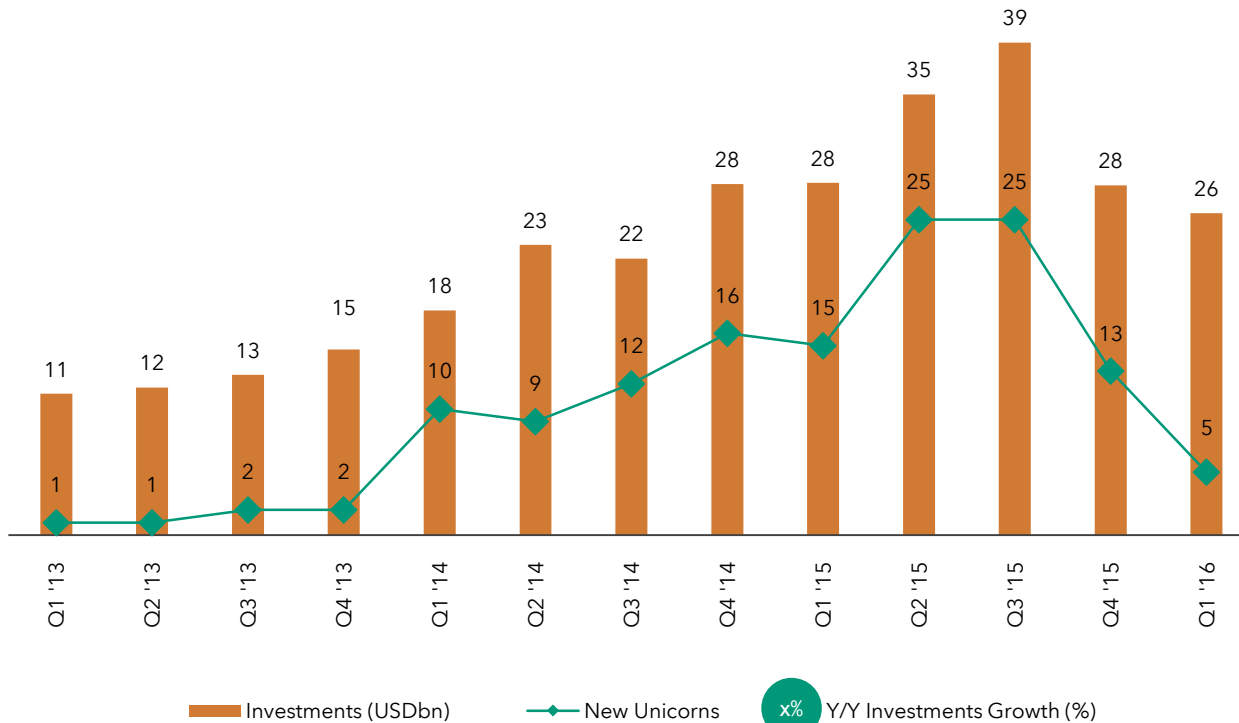


Source: FactSet as of 2016-04-25 and The Wall Street Journal, "The Startup Stock Tracker" as of 2016-04-25. "Unicorn" refers to private companies valued at USD1bn and above

# FUNDING ENVIRONMENT: REDUCTION IN CAPITAL AVAILABLE TO PRIVATE COMPANIES LEADING TO DOWN AND MORE STRUCTURED ROUNDS

## GLOBAL FINANCING TO VC-BACKED COMPANIES

## DOWN ROUNDS OR DOWN EXITS



SECTION C

INVESTMENT MANAGEMENT ACTIVITIES

# INVESTMENT MANAGEMENT ACTIVITY - SUMMARY

## NEW INVESTMENTS



- Kinnevik invested USD 65m for a 9% stake in Betterment
- The USD 100m financing round was led by Kinnevik with existing investors Bessemer Venture Partners, Menlo Ventures, Anthemis Group and Francisco Partners also participating



- Kinnevik invested GBP 10m for a 13% stake in babylon
- The financing round was led by Kinnevik and included participation and support from Hoxton Ventures and the founders of DeepMind, the British artificial intelligence company acquired by Google



- Kinnevik investing up to EUR 200m in a minimum EUR 300m internal capital increase in GFG
- Pre-funding of EUR 50m during Q1 as a shareholder loan, with the balance expected to be invested during Q2



- SEK 500m investment in Kinnevik shares successfully executed during the first quarter
- 2.3 million shares purchased at c. SEK 217 per share

## EXITS



- Kinnevik has entered into an agreement to sell a 3.8% stake in Lazada for a gross consideration of USD 57m to Alibaba
- The transaction is structured in a two-step process which allows Kinnevik to maintain exposure to additional value creation



- Kinnevik has exchanged the entire 8% holding in AEH comprising its shares in Jumia and Zando against shares in Linio corresponding to 10.5% of the company resulting in Kinnevik increasing its ownership to 17%



- As a further step in our strategy to focus our portfolio, DealDey was divested to Ringier Africa and Silvertree
- Kinnevik has invested SEK 98m in DealDey directly and indirectly since 2011



- FabFurnish was divested to Future Retail in April 2016, a large Indian retail conglomerate
- Kinnevik has invested approx. SEK 57m in FabFurnish indirectly via the holding company Bigfoot I since 2011

## USD 65M SERIES E INVESTMENT INTO BETTERMENT FOR 9% STAKE



**Founded in 2008** and launched in 2010 with a vision to **better manage the financial lives of its customers** and become **their central financial relationship**, now with a ~150 person team



Leading independent digital advisor in the US with **>150,000 customers** and **>USD 4bn in Assets under Management**



**Personalized, goal based, customer-aligned investment advice**, including tools to identify goals, how much to save, and how to stay on track. Portfolios of selected low-cost ETFs from leading providers



**Direct** and via **B2B2C** channels: **Retail** offering for medium and long-term goals, **401(k)** offering for workplace pension, and **Institutional** offering for RIAs



Positioned to **benefit** from **shift** from **active to passive investing** and from **intermediated to direct channels** as well as **increasing consumer comfort with online based financial service**



Full **vertical integration** across front/middle/back office enabling quick product development and competitive long-term operating cost



2015 **CNBC Disruptor 50**, 2014 **Webby award winner** for Best Website in the Financial Services/Banking Category, 2015 Top5 in **ConsumerReports' Best Customer service** among Brokerage firms

### Reporting KPIs

	Q1 2015	Q1 2016	Q/Q Growth	Y/Y Growth
Number of customers (k)	68	<b>152</b>	21%	125%
Assets under Management (USDbn)	1.7	<b>4.0</b>	24%	133%

## NEW INVESTMENTS IN PRIORITY SECTORS (2/2)

### GBP 10M SERIES A INVESTMENT INTO BABYLON FOR 13% STAKE



babylon launched to the public in the UK in February 2015



**Covers over 250,000 patients** in the UK and Ireland and is starting a pilot in Rwanda



Patients access a **doctor network of 100 certified GPs** available 7 days a week



Nearly **60 corporates partnered** with babylon to cover employees with a fully digital, personal health service



**Mobile App of the Year** at the UK IT Industry Awards 2015

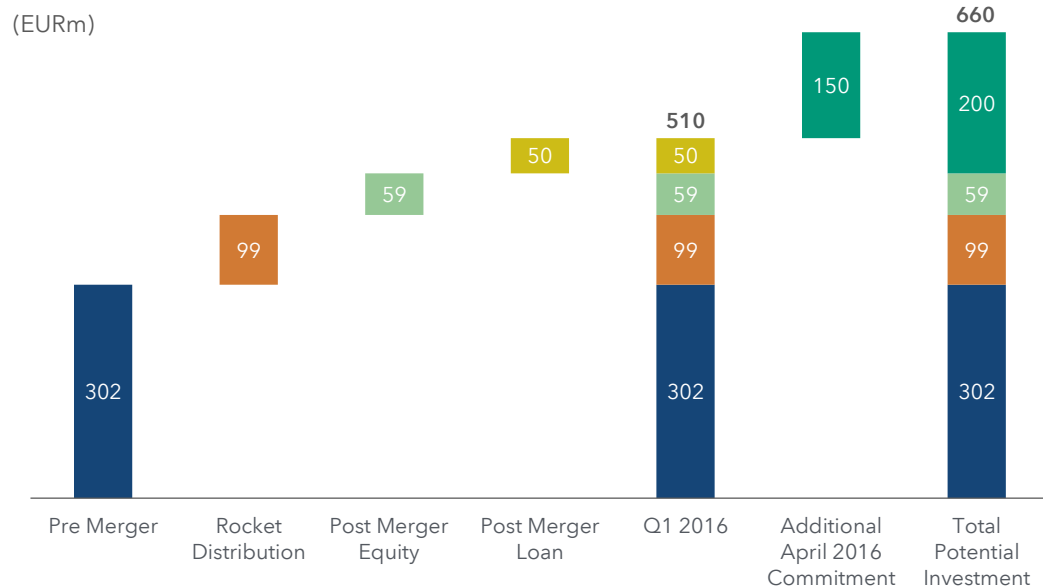


Building an **interconnected platform powered by artificial intelligence** to augment a doctor's reach, accuracy and scalability



# INVESTMENT IN EXISTING COMPANIES - GFG

## KINNEVIK INVESTMENT BREAKDOWN



- Kinnevik invested c. EUR 300m in cash into GFG's various operations from 2010 up until the merger in 2014, whereof more than 50% during 2012
- In 2015, Kinnevik led a EUR 150m convertible financing round with a EUR 59m investment. Subject to other shareholders' approval, this investment will convert at the valuation applied in the upcoming capital increase
- Accordingly, up to EUR 259m of Kinnevik's c. EUR 560m potential cash investment might be invested at the new valuation

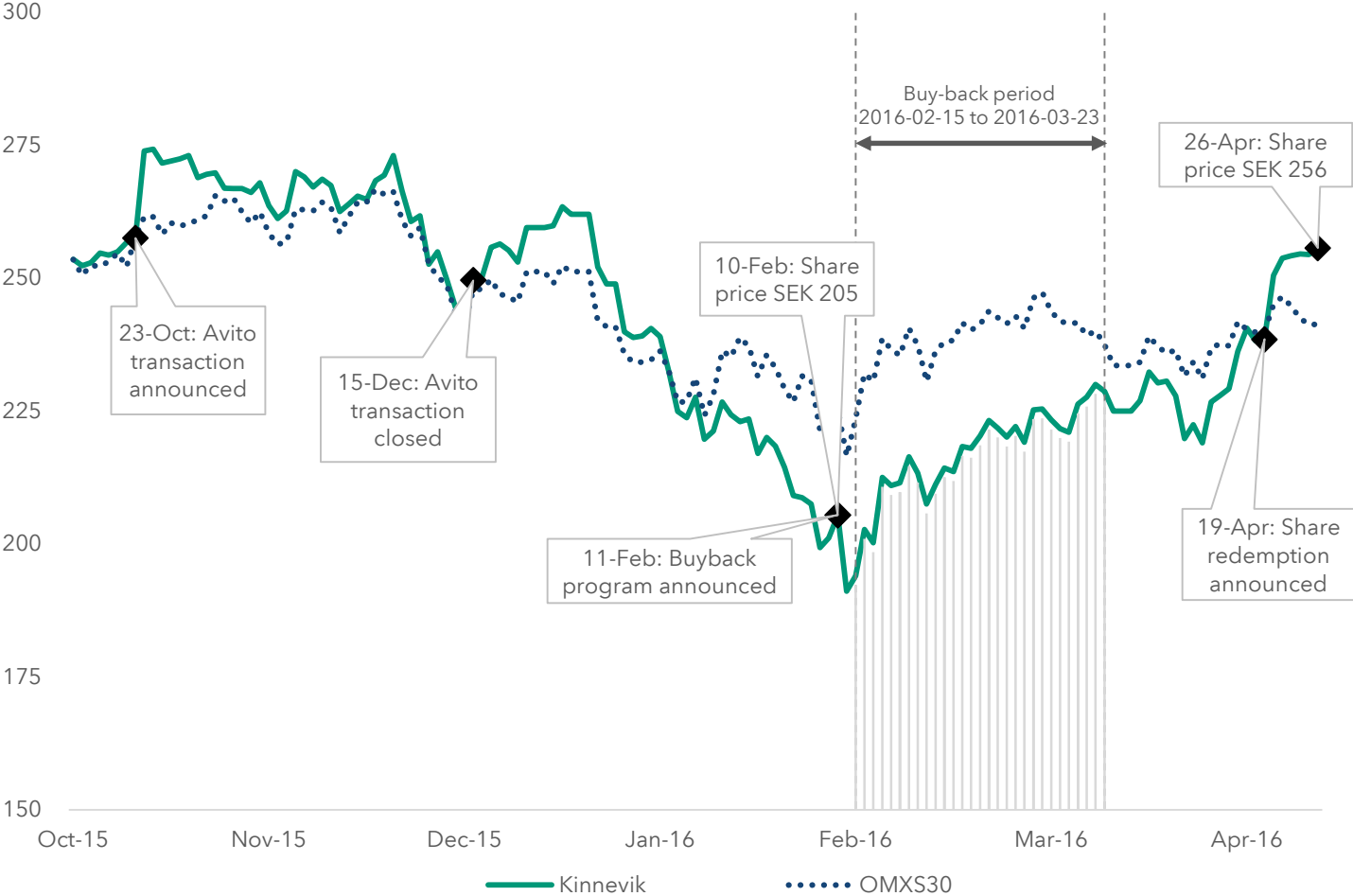
## APRIL 2016 TRANSACTION

- Kinnevik has committed to invest up to EUR 200m in a minimum EUR 300m capital increase by way of a joint underwriting with Rocket Internet
- The capital increase is to be executed on a post-money equity value of EUR 1.0bn
- EUR 50m has been pre-funded by way of a shareholder loan during the first quarter of 2016
- The shareholder loans are expected to be converted into equity, subject to other shareholders' participation and approval
- The financing will provide GFG the necessary capital to continue to execute its strategy of building its leading position in emerging markets online fashion

**GFG** GLOBAL  
FASHION  
GROUP

# INVESTMENT IN THE KINNEVIK SHARE

The launch of the share buy-back program was well timed



Quantum achieved  
**SEK 500m**

Shares acquired  
**2.3m**  
0.9% of issued shares  
To be cancelled at the 2016 AGM

Average purchase price  
**SEK 217 per share**

Source: FactSet as of 2016-04-26

# VALUE CREATION THROUGH PARTNERSHIPS - LAZADA

## HISTORY OF LAZADA

### 2012: Lazada founded

- Kinnevik co-founded Lazada in partnership with Rocket Internet and management as part of an overall e-commerce strategy
- Lazada launched in Indonesia, Malaysia, Philippines, Thailand and Vietnam

### 2013: Transition to marketplace and Tesco new partner

- Transitioned into a marketplace model to expand assortment and de-risk business
- Tesco entered as a new partner in November
- Launched in Singapore

### 2014: Temasek new partner and substantial growth

- Temasek entered as a new partner in November
- Grew GMV by more than 300% and number of transactions by more than 430%

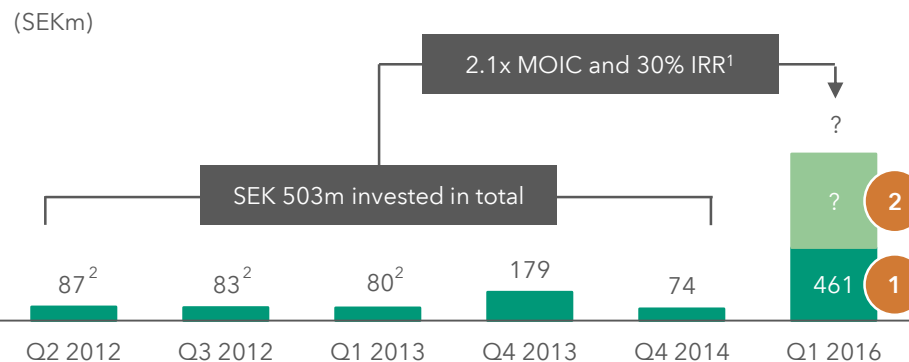
### 2015: Scaling across six Southeast Asian markets

- Lazada achieved > USD 1bn GMV

### 2016: Alibaba new partner

- Alibaba acquired control in Lazada with an option to acquire all of Kinnevik's shares

## ATTRACTIVE RETURN THROUGH TWO STEP EXIT



*The Alibaba transaction is structured in two steps allowing Kinnevik to maintain exposure to additional value creation*

**1** Kinnevik sold a **3.8%** stake in Lazada for **USD 57m** at a pre-money valuation of USD 1.5bn. The valuation implies **1.4x 2015 GMV** and 5.2x 2015 net revenue

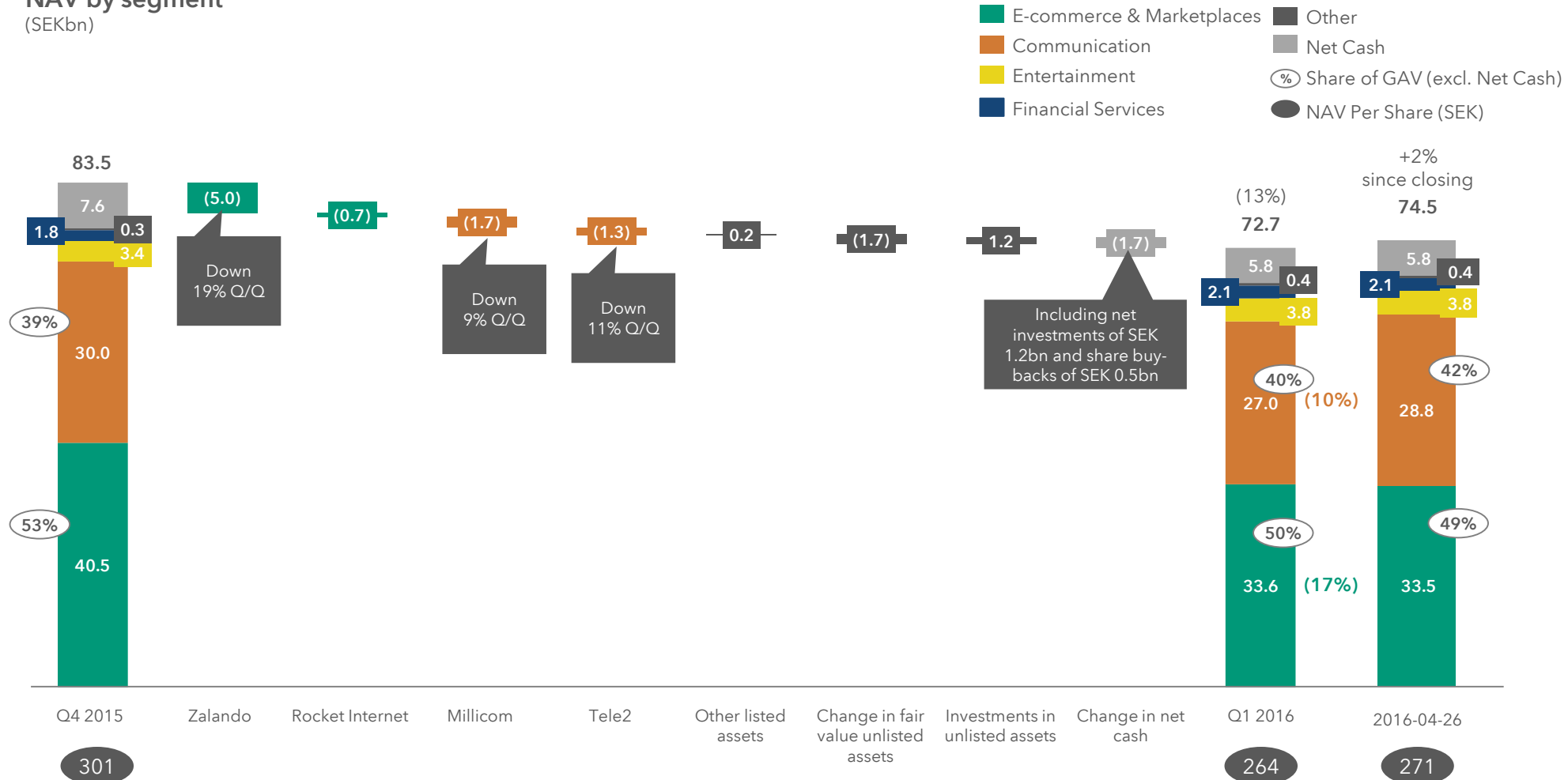
**2** The second step provides Alibaba the right to buy, and Kinnevik the right to sell the remaining 3.6% stake (taking into account Alibaba's investment of new funds) at fair market value between April and October 2017

SECTION D

KINNEVIK FINANCIAL POSITION

# NAV DOWN 13% IN THE QUARTER

## NAV by segment (SEKbn)

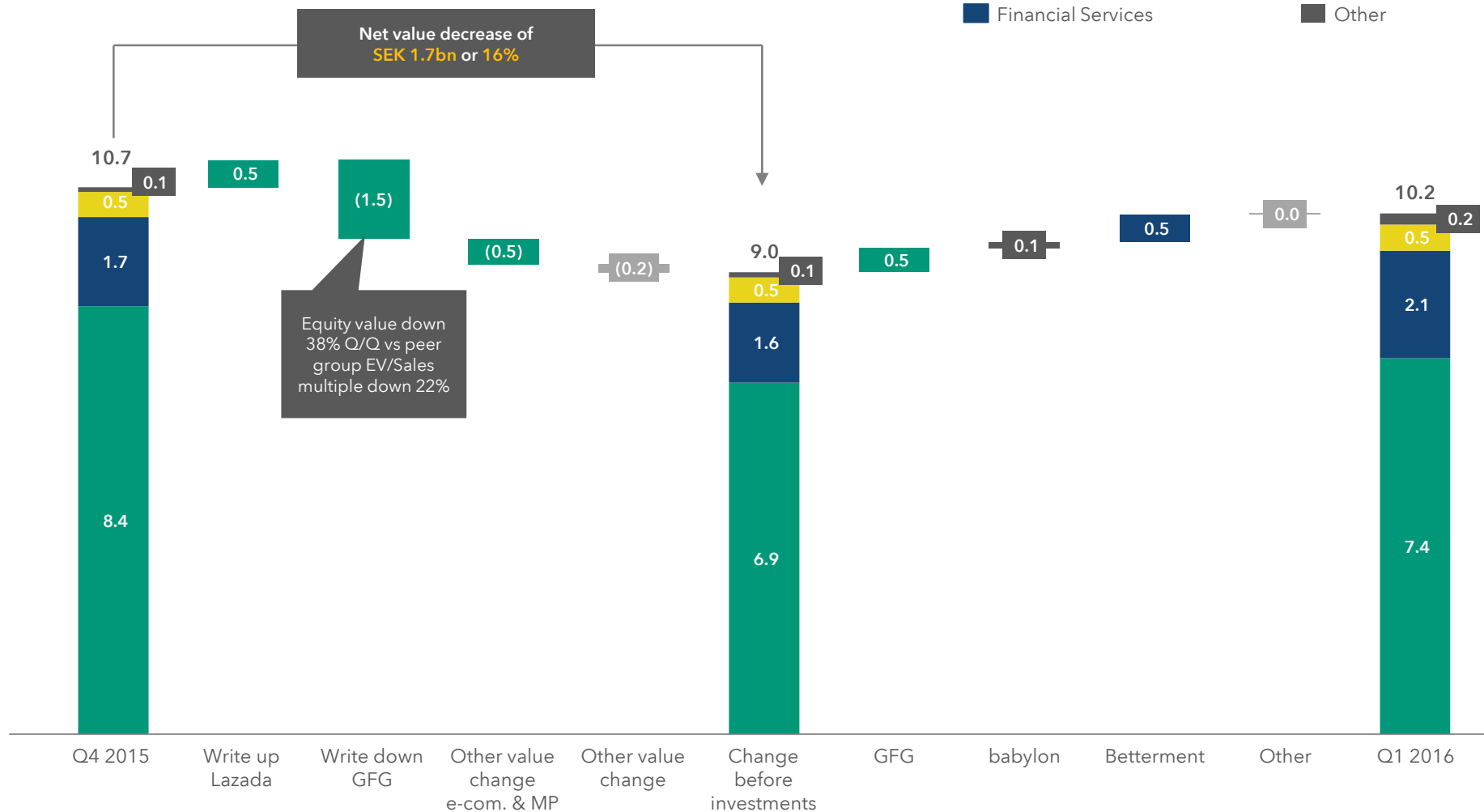


# CONTINUED CONSERVATIVE VALUATION OF UNLISTED ASSETS

## Unlisted assets by segment

(SEKbn)

- E-Commerce & Marketplaces
- Financial Services
- Entertainment
- Other



# HIGH INVESTMENT ACTIVITY - MAINTAINED SOLID FINANCIAL POSITION

1

## INVESTMENT ACTIVITY Q1 (SEK<sub>M</sub>)

Investments	Q1 2016
Betterment	538
GFG Loan	469
babylon	118
Other	27
<b>Total</b>	<b>1 152</b>

Divestments	Q1 2016
Other	2
<b>Total</b>	<b>2</b>

Net Investment Activity	Q1 2016
<b>Total</b>	<b>1 150</b>

2

## FINANCIAL POSITION (SEK<sub>M</sub>)

<b>Net Cash (31 December 2015)</b>	<b>7 558</b>
Net Investments	-1 150
Operating Expenses	-68
Share Buy-Backs	-500
Net Financial Expenses	-10
<b>Net Cash (31 March 2016)</b>	<b>5 831</b>

**Guidance 2016:  
Net Investments SEK 2-3bn**

SECTION E

# SUMMARY CONSIDERATIONS



# WE WELCOME 11 NEW DIRECTORS TO OUR PUBLIC INVESTEE COMPANIES

 zalando



Jørgen Madsen



Tom Boardman



Janet Davidson



José Miguel García Fernández



Simon Duffy



TELE2



Sofia Arhall Bergendorff



Georgi Ganev



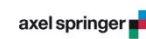
Cynthia Gordon



MTG



Donata Hopfen



John Lagerling



Qliro Group



Caren Genthner-Kappesz



# WE REMAIN FOCUSED ON DELIVERING ON OUR 3x3 2016 PRIORITIES

## OPERATING COMPANIES

- Drive innovation, growth and consolidation ✓ Zalando, MIC, T2 and MTG
- New talent and new partnerships ✓ 11 new Directors, Lazada/Alibaba
- Execute on our GRC and CR promise ✓ Multiple enhancement of processes, risks and controls across investee companies

## INVESTMENT ACTIVITIES

- Increased commitment to priority companies ✓ GFG Investment
- Build presence in sectors of focus through new investments ✓ babylon and Betterment
- Continued pruning of portfolio ✓ Exit from Dealdey, FabFurnish, Jumia/Linio swap

## KINNEVIK

- Completion of team build-up ✓ Recruited three new professionals
- Maintenance of strong balance sheet ✓ Net cash position
- Continue shareholder value creation ✓ Delivery of SEK 7.6bn through buy-backs, ordinary dividend and redemption share