

Invalda AB today and tomorrow (outlook to future)

Vilnius, 7 October 2011

Content

- ✓ **What is Invalda?**
- The current situation
- Possible alternatives
- Future outlook

What is Invalda?

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

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

- Invalda started its activity in 1991.

Since its incorporation Invalda has executed numerous business acquisition, sale and capital raising transactions, with the total value reaching approximately LTL 3.45 bn.

2010 gross turnover of the entities controlled by Invalda AB or associated to it accounted for LTL 1.9 bn. Such entities employed more than 5,000 employees.

Investment philosophy

- Invalda is the company driven by shareholder value creation.

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

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

Invalda does not avoid complex business opportunities. Such approach is supported by belief that the efforts lead to good results.

- Long-term prospects.

With a view to maximize the investment potential, Invalda normally pursues long-term perspectives.

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 proposal matching future prospects of companies.

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

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.

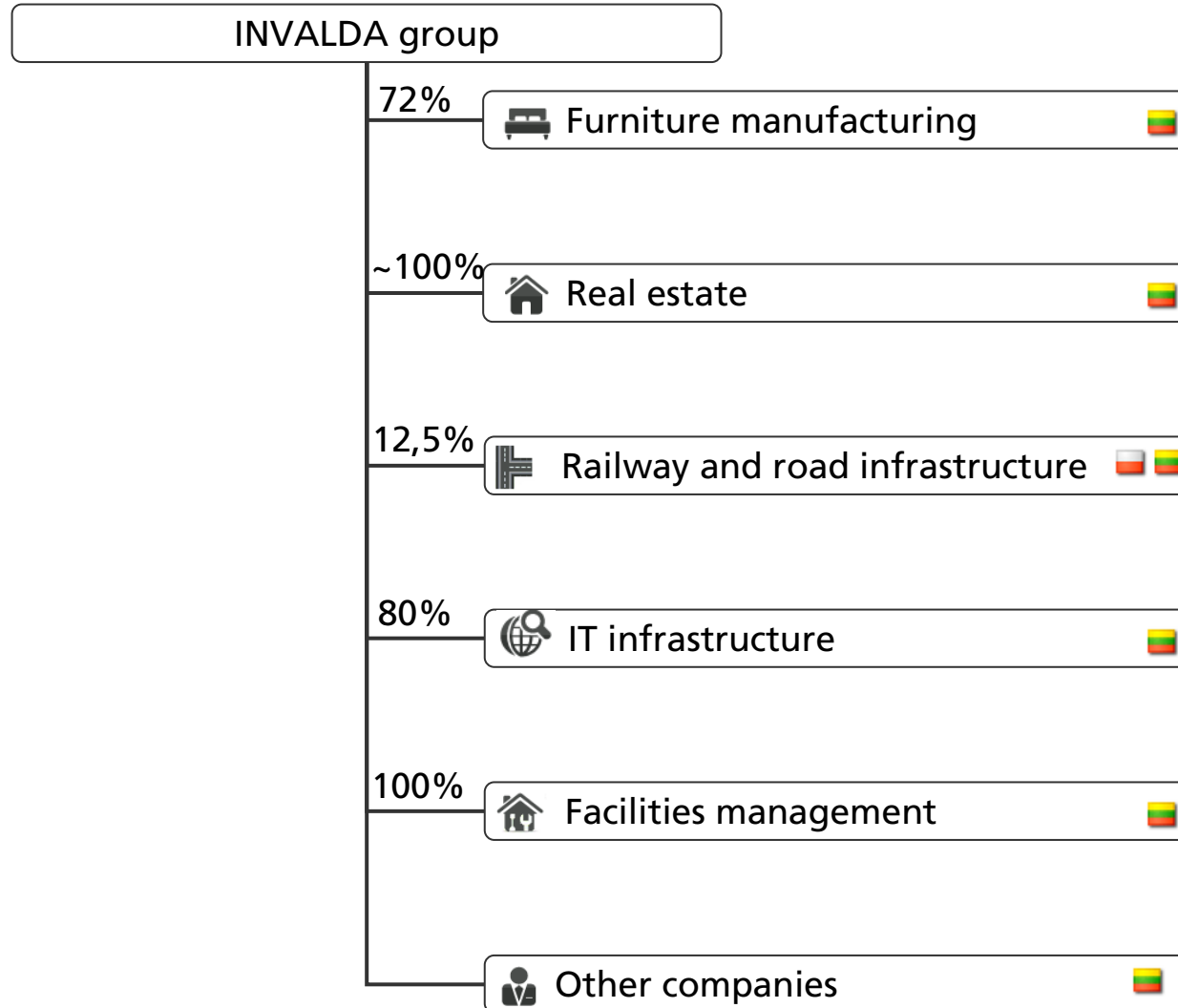
- **Transparency**

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 or competing business.

Activity sectors of Invalda Group



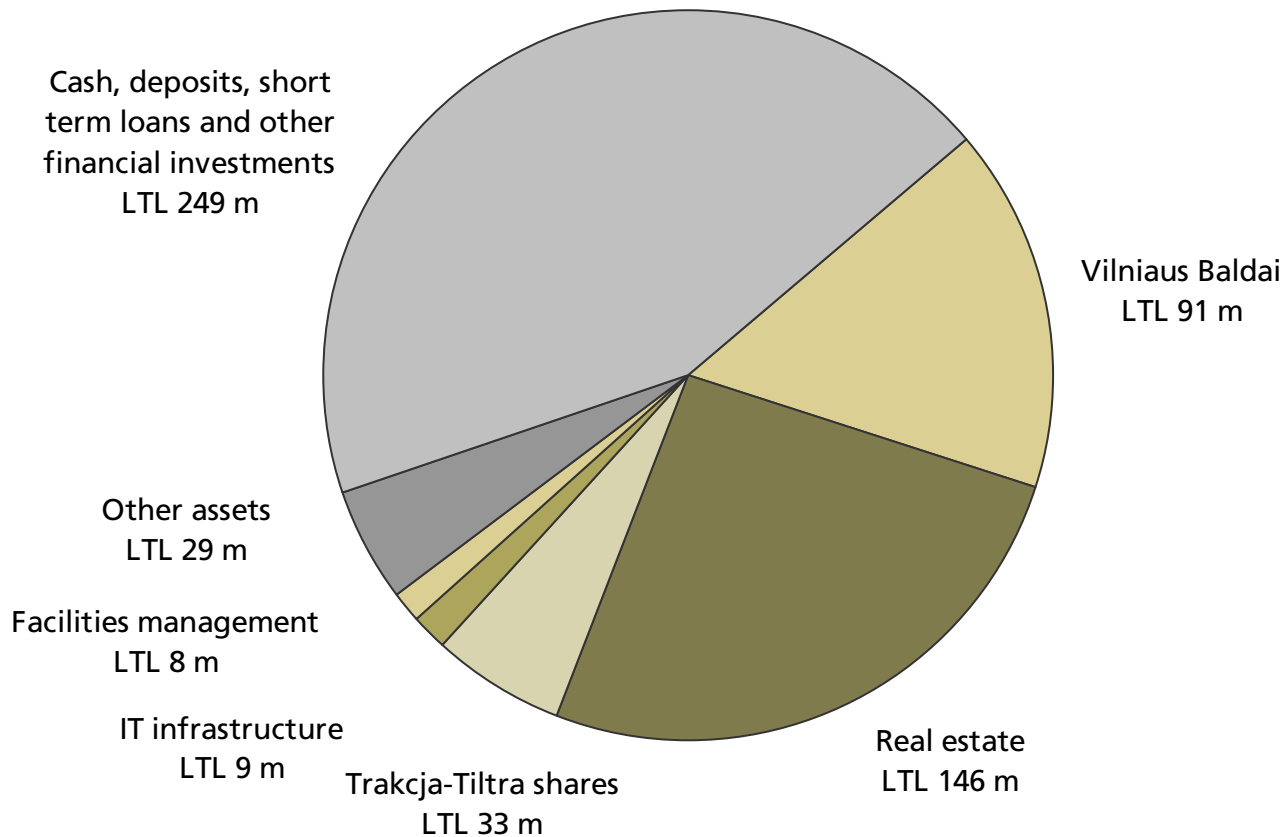
Split of the balance sheet of Invalda as of 30.09.2011 (preliminary data)



	LTL mln
Furniture manufacturing	14
Real estate	146
Trakcja-Tiltra shares	33
IT infrastructure	9
Facilities management	8
Other assets	29
Cash, deposits, short term loans and other financial investments	249
Total assets	488
Total liabilities	81
Equity	407

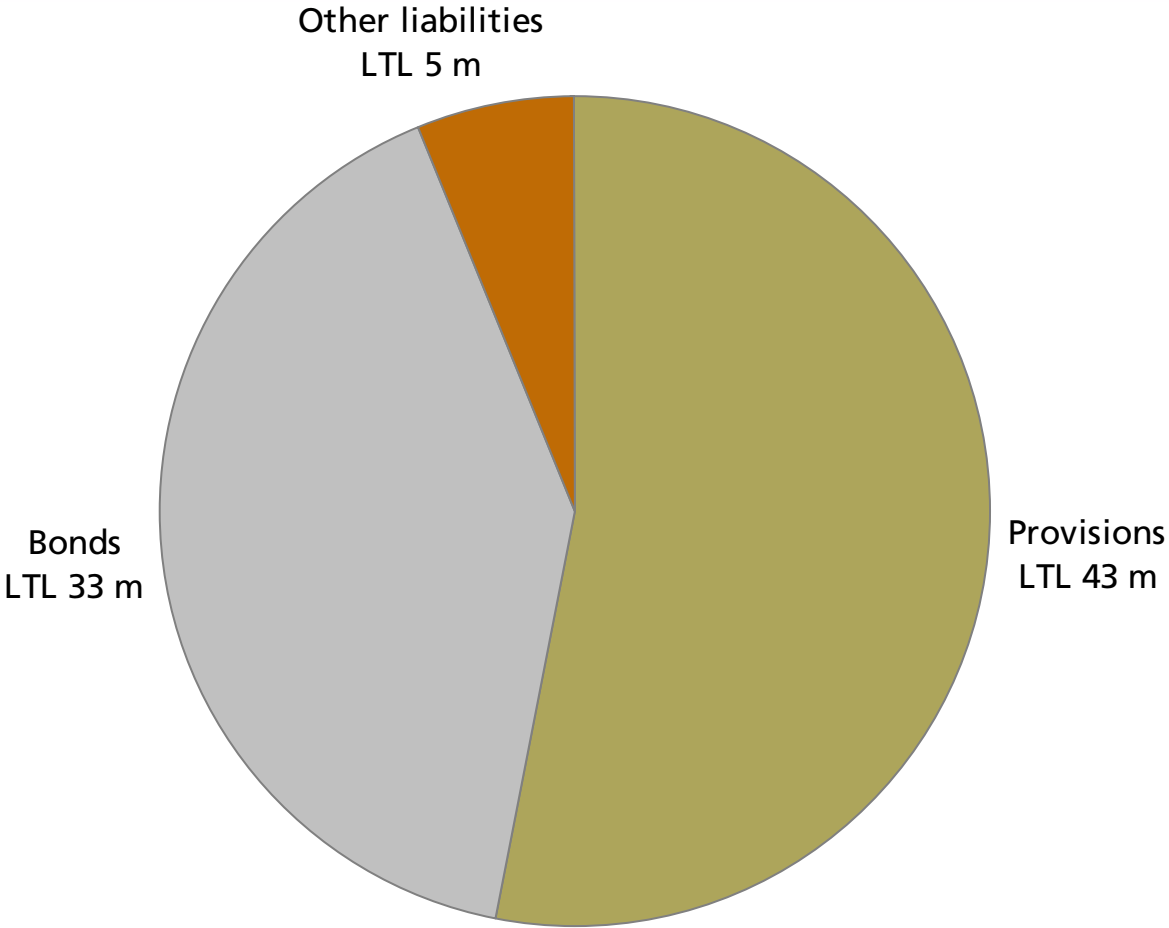
- Balance sheet values reflect historic acquisition cost of the shares and may differ from fair values.
- Investment property in the real estate sector is accounted at fair values.
- Trakcja-Tiltra shares are market-to-market at the last price on Warsaw Stock Exchange.

Assets



- Shares of Vilniaus Baldai and Trakcja-Tiltra are market-to-market at the end of the third quarter;
- Real estate is valued at fair values (last appraisal was performed at the end of 2010);
- Investments in companies in other sectors are presented at their cost;
- Total value of investments is shown with loans provided by Invalda to appropriate sector.

Liabilities



- Most provisions are related to the liabilities arising from Tiltra Group deal.
- If bondholders decide to convert bonds into shares, liability of Invalda will decrease accordingly.

Invalda shares

- Capitalization – LTL 347 million (as of 30.09.2011).
- Shares in issue – 51,659,758 units, 1 LTL par value.
- If bondholders decide to convert bonds into equity, shares in issue will increase by 5,898,182 units to 57,557,940 units (bonds could be converted into equity for 5.5 LTL plus accrued interest, effective conversion price at maturity – around 6.86 LTL).

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Current situation - cons

- In our opinion, share price of Invalda is lower than the net asset value.
- Investors can not directly invest into separate projects attractive to particular investors.
- Investors can not forecast an investment horizon.
- Taxation is higher if compared with fund structures.

Current situation - pros

- About LTL 200 m of free cash for investment or payments to shareholders (no liabilities to financial institutions).
- Remaining businesses are competitive, generate positive cash flows and can expand (either organically or by acquisitions) or could be sold.
- Functioning business model and a team of professionals.
- Experience and recognition in different countries and sectors

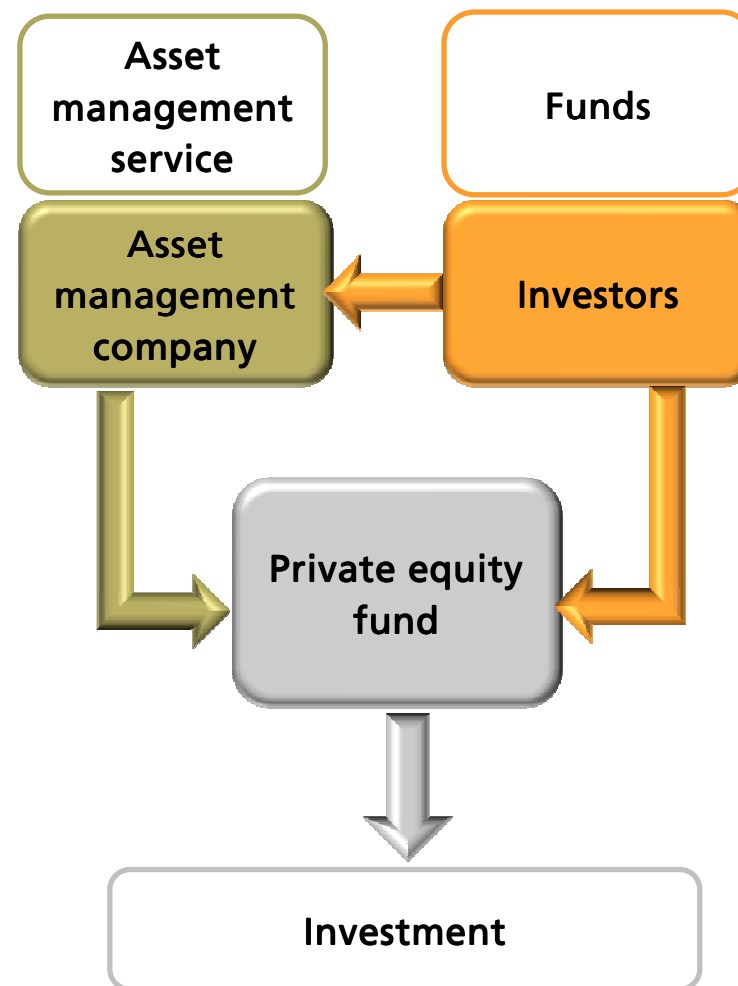
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Possible alternatives

(1)

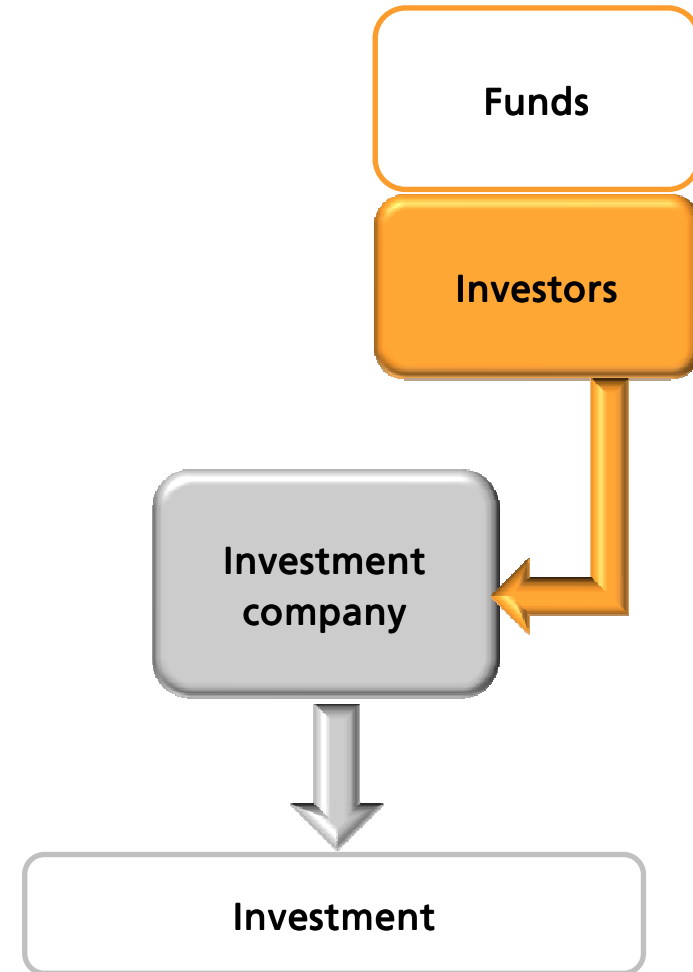
- More and more asset management companies in the world are listed.
 - Pros:
 - investors value not only assets of a company, but also business of investment management (revenues from success and management fees);
 - It is possible to choose from investments directly into a fund with defined strategy and lifetime or into management company.
 - Cons:
 - quite complicated valuation;
 - founders of a company usually have disproportionate management rights compared with ownership rights.



Possible alternatives

(2)

- Closed end investment companies, listed on stock exchanges.
 - Pros:
 - Possibility to invest into chosen asset class, geography.
 - Cons:
 - Stock price is usually lower than net asset value:
 - in developed markets – by 5-10 per cent., in the Eastern Europe – by 30-40 per cent.
 - Often an investment period is not defined;
 - Only funds of shareholders are managed.



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Possible scenarios

The first scenario



Invalda continues to act as an investment company, allocating majority of its free funds based on historical principles

Possible scenarios

The second scenario



Invalda distributes cash to shareholders (dividends, share buy-backs, decrease of share capital)

Possible scenarios

The third scenario

Invalda is reorganized into an asset management company

Possible scenarios

The fourth scenario

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New business model, not mentioned above, is selected

Possible scenarios

The fifth scenario

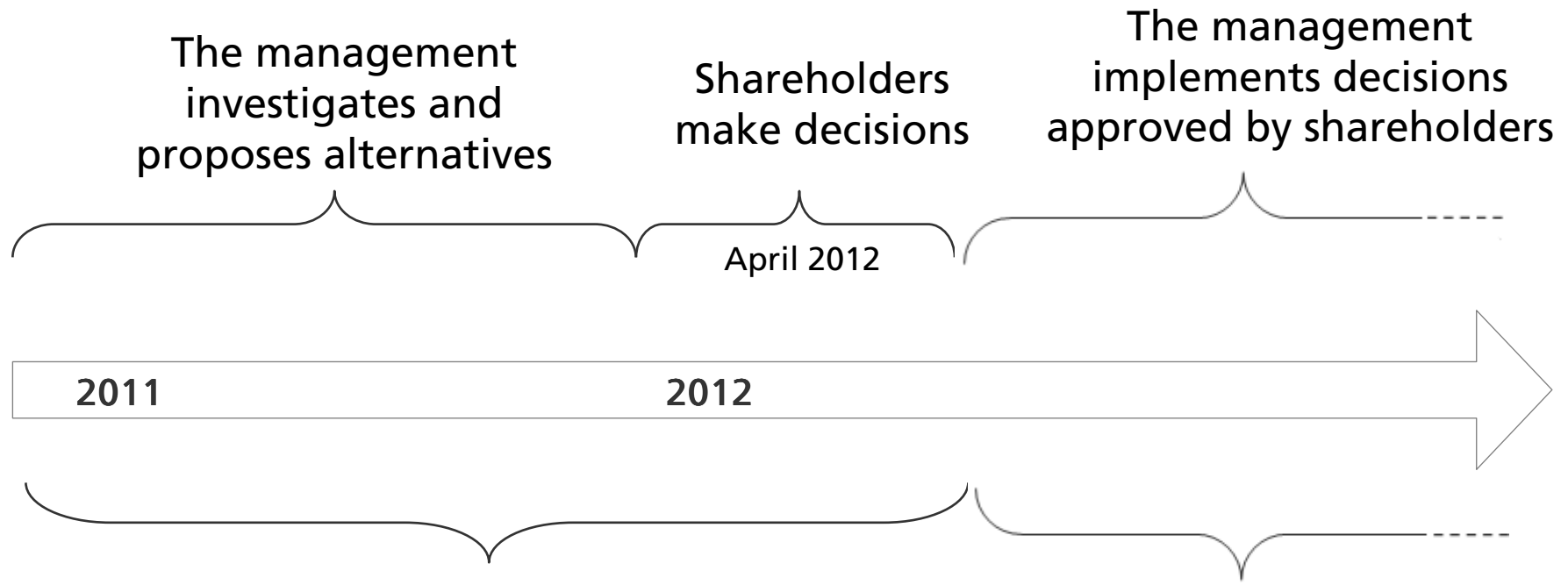


Combination of the above mentioned scenarios,
i.e. 1-2, 3-4 or other

Scenarios 1 - 4

1. Invalda continues to act as an investment company, allocating majority of its free funds based on historical principles.
2. Invalda distributes cash to shareholders (dividends, share buy-backs, decrease of share capital).
3. Invalda is reorganized into an asset management company.
4. New business model, not mentioned above, is selected.

Actions



- Improvement of existing businesses;
- Search, creation and implementation of various opportunities.

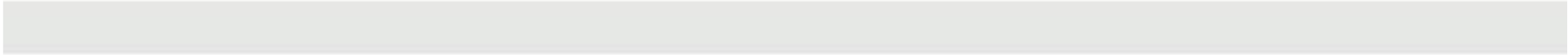
- Reorganisation of the activity according to the model selected.

Conclusions / summary

- The situation of Invalda is one of the best during the whole history of the company.
- It is an appropriate time to review the business model.
- It is expected that decisions will be made next year.

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- Invalda AB does not take responsibility for the actions any third parties make based only on information provided here.
- Invalda measure its investments into furniture manufacturing, IT infrastructure, facilities management sectors 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.
- According to information disclosure requirements that are approved by The Securities Commission of Lithuania, this presentation was made publically available on the NASDAQ OMX Vilnius information disclosure system before providing it to participants of the conference.
- EUR/LTL=3.4528



THANK YOU!