



CIP Merchant Capital Limited
Q3 2019 - Corporate Presentation

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Overview

Executive Summary

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50% of the NAV invested in 7 companies

Software/Tech



Alkemy S.p.A.
("Alkemy")
*Italian digital consulting
firm*

Software/Tech



Brave Bison Group
plc
("Brave Bison")
Video maker

Healthcare



CareTech Holdings
plc
("CareTech")
Specialist social care services

Oil & Gas



Coro Energy plc
("Coro")
*UK exploration and
production company*

Healthcare



7Star S.r.l.
("Happy Friends")
*Italian veterinary clinics
chain*

Healthcare



Orthofix Medical Inc.
("Orthofix")
US medical devices producer

Software/Tech

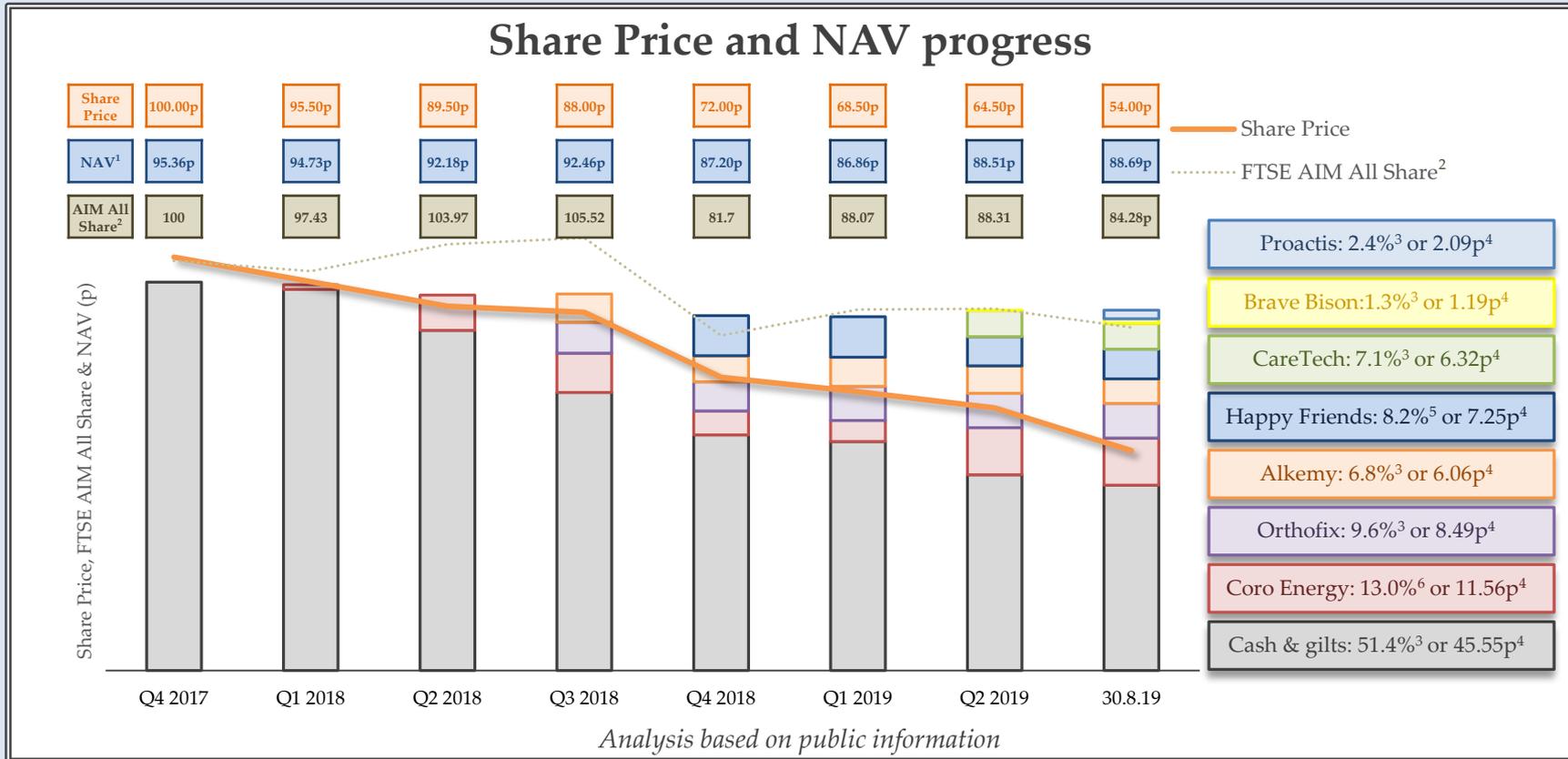


Proactis Holdings plc
("Proactis")
Procurement software

Performance Review

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- Cautious approach taken to deploy capital
- Remain well placed to take advantage of investment opportunities



¹ NAV in Q4 2017 is equal to the NAV on admission, being the net proceeds of the fundraise divided by the number of CIP Merchant shares in issue

² FTSE AIM All Share, 27/12/2017 rebased to 100

³ Market Value of the listed investment divided by NAV

⁴ Value of the investment divided by number of CIP Merchant shares in issue. For private companies Value is Book Value, for listed businesses Value is Market Value, for Coro's bonds is discounted cash flow

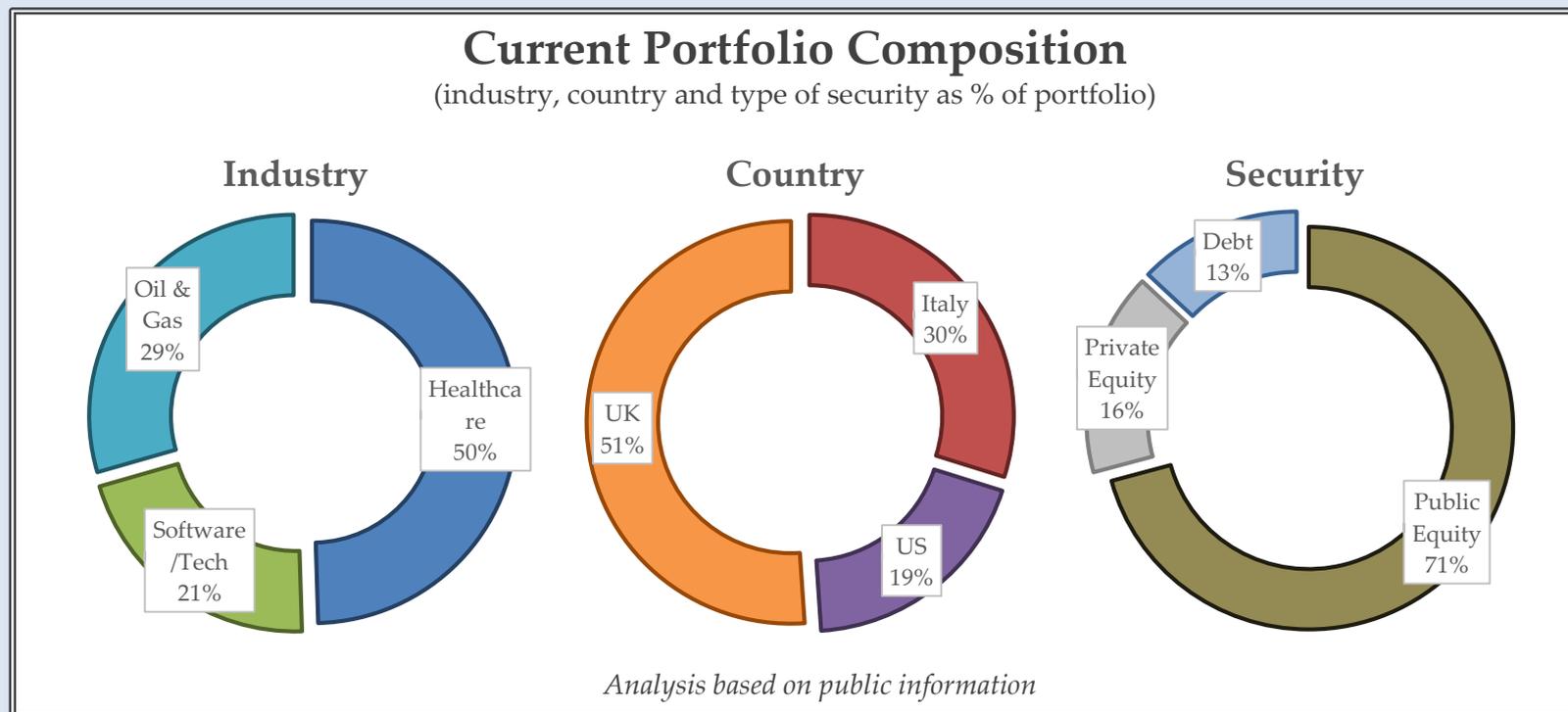
⁵ Book Value of the investment divided by NAV

⁶ Value of the investment consists of Market Value of Coro's shares, warrants valued using Black Scholes model and bonds with a discounted cash flow valuation, all divided by NAV

Portfolio Review

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- Current¹ portfolio value: £24.5 million 30 August 2019
- Diversification among different industries, countries and type of securities
- 50% of NAV invested



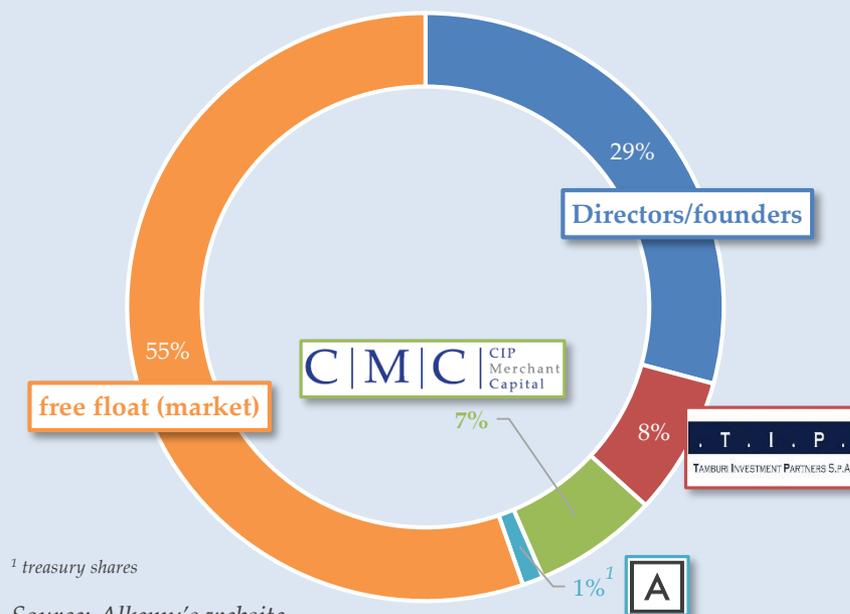
NOTE: the Company accounts and share price are denominated in sterling. All the investments in foreign currencies are not hedged at this time. Investors are encouraged to consider thoroughly and carefully the impact of fluctuations in the exchange rates in relation to their unique needs, goals and risk considerations.

¹ Based on 30 August 2019 NAV as reported to shareholders on 3 September 2019.

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Market: AIM, Borsa Italiana
Ticker: ALK
Country: Italy
Industry: Software/Tech
First investment date: July 2018
Transaction: Purchase of shares on market
Strategy: Active approach

SIGNIFICANT SHAREHOLDERS



THE CASE

Alkemy grows through acquisitions: it first identifies leading digital consulting firms in niches out of those already covered, acquires and integrates the firm into its environment and then maximise the value cross-selling the enlarged range of services to present and acquired clients.

RATIONALE OF THE INVESTMENT

1. Double digit growth both through organic growth and aggressive M&A policy
2. High standing and cross-industry client base, with high loyalty and room for cross-selling
3. Plan to move from AIM Italia to the STAR segment of Borsa Italiana's Main Market MTA
4. Trading at a discount to peers and potential for a re-rating

RECENT DEVELOPMENTS

- Jul.19 Acquisition of an initial 20% stake of Design Group Italia, an internationally accredited innovation & design consultancy company counting on 50 years of experience and offices in Milan, Reykjavik, New York and Palo Alto.
- Aug.19 Announced 1H2019 results with +53% growth in revenue vis-à-vis 1H2018, +42% in EBITDA and +33% in Net Income.

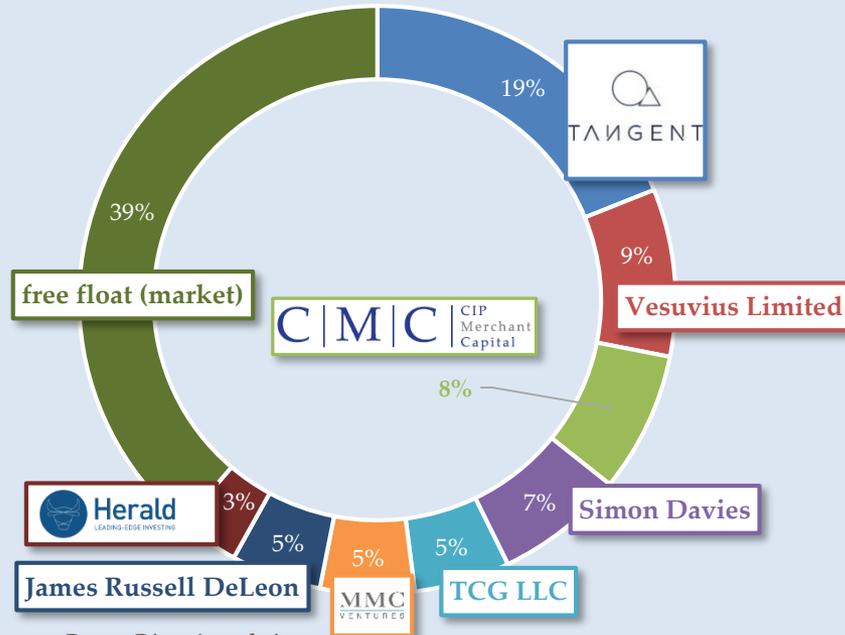
Business development



Source: Alkemy's financial statements and market releases

Market: AIM, London Stock Exchange
Ticker: BBSN
Country: UK
Industry: Software/Tech
First investment date: June 2019
Transaction: Purchase of shares on market
Strategy: Opportunistic

SIGNIFICANT SHAREHOLDERS



Source: Brave Bison's website

THE CASE

The share price of the company collapsed after the announcement of business issues, including the new Facebook's policies which required the company to demonetise its pages. Having recently changed its Chief Executive, Brave Bison has the potential for a share price recovery.

RATIONALE OF THE INVESTMENT

1. Growth potential from its market leadership, with the benefits of the operating leverage all still to be exploited.
2. Valuation extremely attractive for a digital company which has recently turned into a profitable company.
3. Truly global footprint and the potential to bank on Asia Pacific growth.

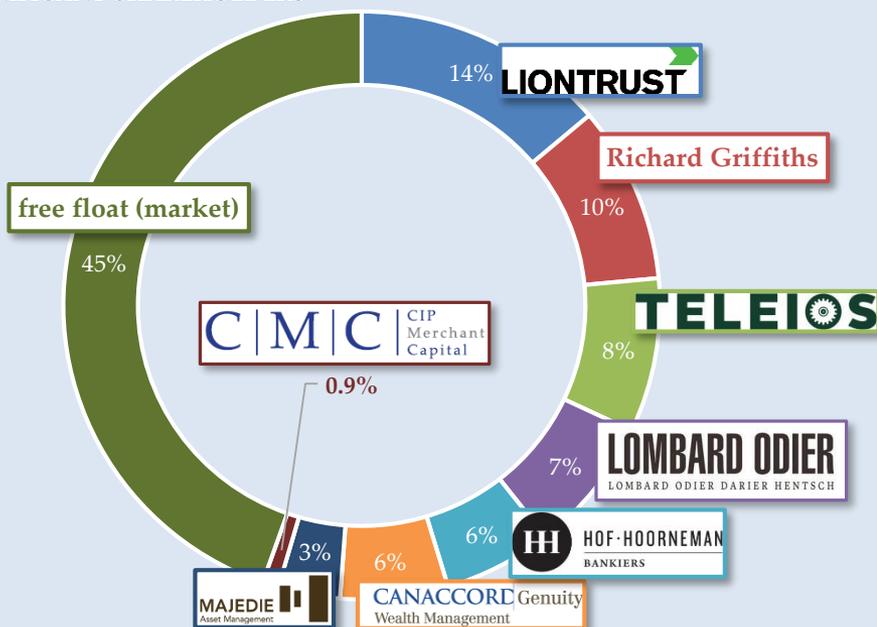
RECENT DEVELOPMENTS

- Jul.19 Interim results for 1H2019 show 9% growth vis-à-vis 1H2018, thanks to development in fee-based APAC branded content business and despite revenue impacted by demonetisation of Facebook pages. Adjusted EBITDA for the period £0.3 million and cash balance as at 30 June 2019 of £3.7 million (31 December 2018: £5.4 million).
Operational targets for 2019: exclusively licensing the content, diversifying platforms revenue streams, expanding APAC footprint.
- Aug.19 Appointment as Non-executive Director of Miriam Mulcahy, who relies on multi-year strategy consulting experience within the media and technology sector.

Source: Brave Bison's financial statements and market releases

Market: AIM, London Stock Exchange
Ticker: CTH
Country: UK
Industry: Healthcare
First investment date: April 2019
Transaction: Purchase of shares on market
Strategy: Opportunistic

SIGNIFICANT SHAREHOLDERS



Source: CareTech's website

THE CASE

The company is the leading independent provider of social care services. Having acquired, in Q4 2018, Cambian Group plc, CareTech has increased its reach and offering yet further.

RATIONALE OF THE INVESTMENT

1. Despite gearing of 102%, the company has a solid, steadily growing business.
2. Management capabilities may unlock further value from Cambian Group plc operation.
3. Potential takeover target for international player seeking to enter the market or increase its share.
4. The company owns a large real estate portfolio, potentially capable to unlock hundreds of millions of £ with second ground rent transaction.

RECENT DEVELOPMENTS

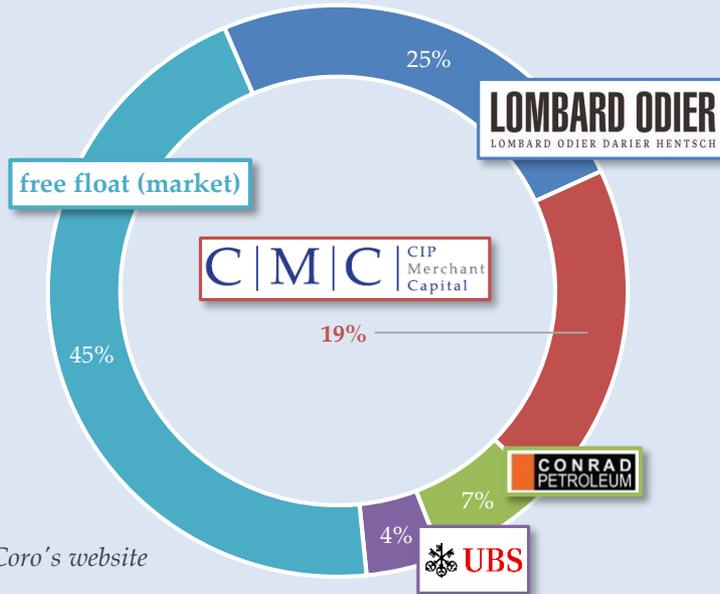
Aug.19 Announced 1H2019 results, comprising Cambian Group plc figures.

	1H2019	1H2018	Change
Group revenue	£192.5m	£87.6m	120%
CareTech LFL ⁽ⁱ⁾ revenue	£98.2m	£87.6m	12%
Underlying EBITDA ⁽ⁱ⁾	£33.3m	£19.5m	71%
CareTech LFL ⁽ⁱ⁾ EBITDA	£20.2m	£19.5m	4%
Underlying profit before tax ⁽ⁱⁱ⁾	£20.7m	£13.8m	50%
Underlying basic EPS ⁽ⁱⁱ⁾	15.82p	14.86p	7%
Statutory PBT	£6.9m	£8.5m	(19)%
Statutory EPS	5.77p	8.62p	(33)%
Net debt ⁽ⁱⁱⁱ⁾	£293.0m	£147.0m	99%
Net assets	£328.4m	£208.3m	58%
Interim dividend	3.75p	3.50p	7%

Source: CareTech's financial statements and market releases

Market: AIM, London Stock Exchange
Ticker: CORO
Country: UK
Industry: Oil & Gas
First investment date: January 2018
Transaction: Acquisition of c. 20% interest in fundraise, bond subscription
Strategy: Active management with PE approach and seat on the Coro Board

SIGNIFICANT SHAREHOLDERS



Source: Coro's website

THE BUSINESS

Coro Energy plc is a pan Euro-Asian upstream oil and gas exploration and production company. Full cycle E&P company, with 5 production licences in Italy & 6 exploration licences across Italy and Indonesia.

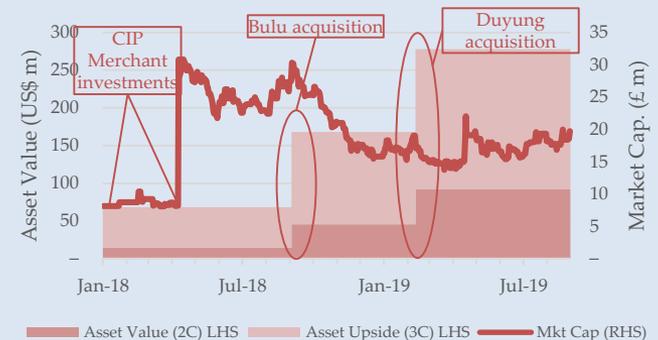
RATIONALE OF THE INVESTMENT

1. Operations in Italy constitute the foundation for an international expansion in South East Asia.
2. Strategy of expansion in a geography with untapped resources.
3. Target markets population growth trends will create shortages of gas production.
4. CEO has track record of building and selling a portfolio of assets in South East Asia.

RECENT DEVELOPMENTS

- Jul.19 Restructuring of Bulu PSC Acquisition Terms with the delay of US\$7.5 million (of the total US\$12 million) in four tranches, the latest being on 31 December 2022.
- Aug.19 Operational Update on Duyung PSC: well planning complete and approved by Duyung PSC partners and the Indonesian authorities; two well programme planned with rig mobilisation from Singapore to the first well location is anticipated in late September.

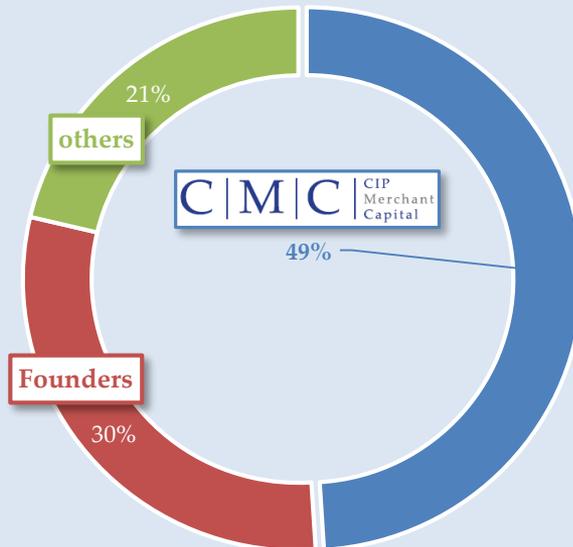
Asset Value & Market Capitalisation development



Source: Coro's website

Market: private company
Ticker: (-)
Country: Italy
Industry: Healthcare
First investment date: December 2018
Transaction: Share capital increase + shareholder loan
Strategy: Active approach, Board seat

SIGNIFICANT SHAREHOLDERS



Source: company share register

THE CASE

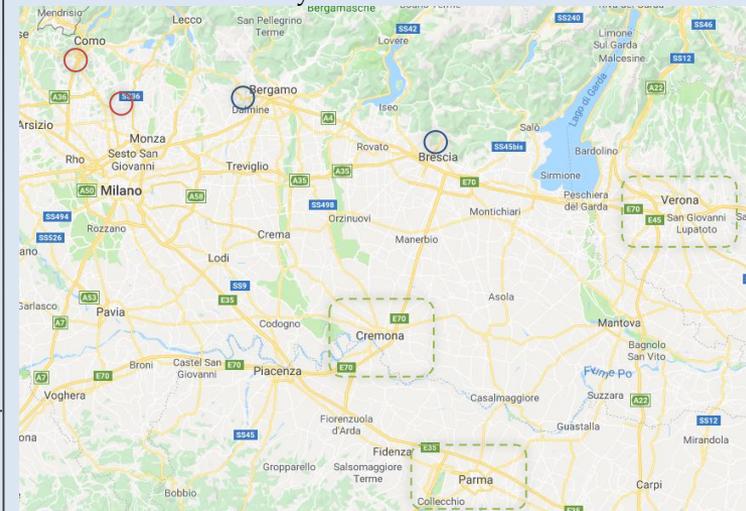
Happy Friends seeks to disrupt the veterinary industry creating the first Italian chain of veterinary practices. Founded by two successful entrepreneurs with a significant track record in building and selling retail services, the last one being a dental practices chain sold to a leading European private equity fund in 2017.

RATIONALE OF THE INVESTMENT

1. Attractive market with structural growth due to increasingly smaller families and humanization of pets
2. Very fragmented market in Italy, while structurally concentrating industry in other European countries, including the UK
3. Strong Private Equity appetite within the sector

RECENT DEVELOPMENTS

- Jun.19 syndication completed with a €1.7m stake sold to co-investors.
- Jul.19 2nd hospital opened in Brescia, further 2 locations under negotiation and other 3 areas under analysis.

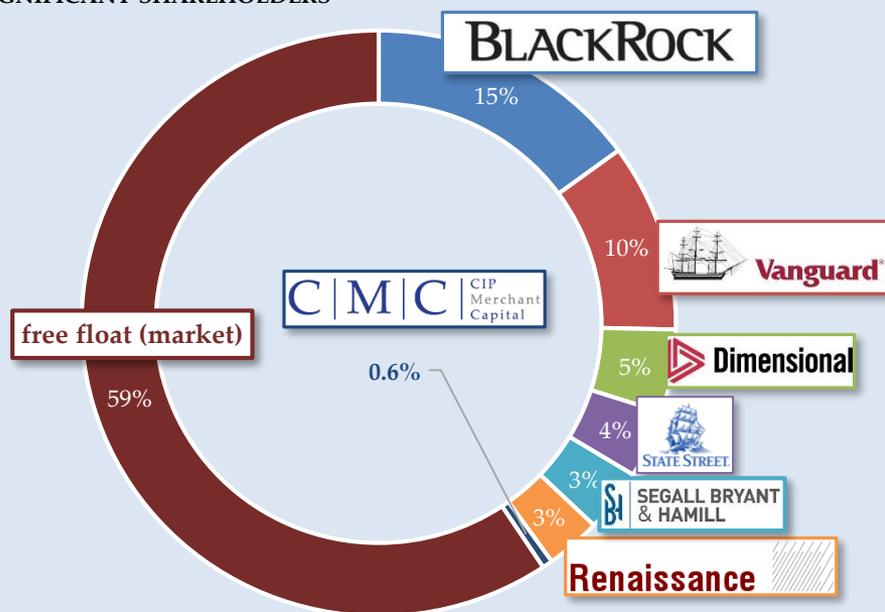


- Hospital – live
- Hospital – negotiation in progress
- Future geographic expansions

Source: Happy Friends

Market: NASDAQ
Ticker: OFIX
Country: United States of America
Industry: Healthcare
First investment date: July 2018
Transaction: Purchase of shares on market
Strategy: Passive approach

SIGNIFICANT SHAREHOLDERS



Source: Bloomberg

THE CASE

Headquartered in Lewisville, Orthofix is a global medical device company focused on musculoskeletal healing products and value-added services.

KEY FINANCIAL METRICS

US\$ M	2017-12	2018-12	TTM	2019 Guidance	
				Low	High
Revenue	433.8	453.0	457.7	472.0	477.0
Adj. EBITDA	81.6	87.6	78.8	86.0	89.0
Net income	6.2	13.8	8.0	12.7	13.6

Source: Orthofix's financial statements

RATIONALE OF THE INVESTMENT

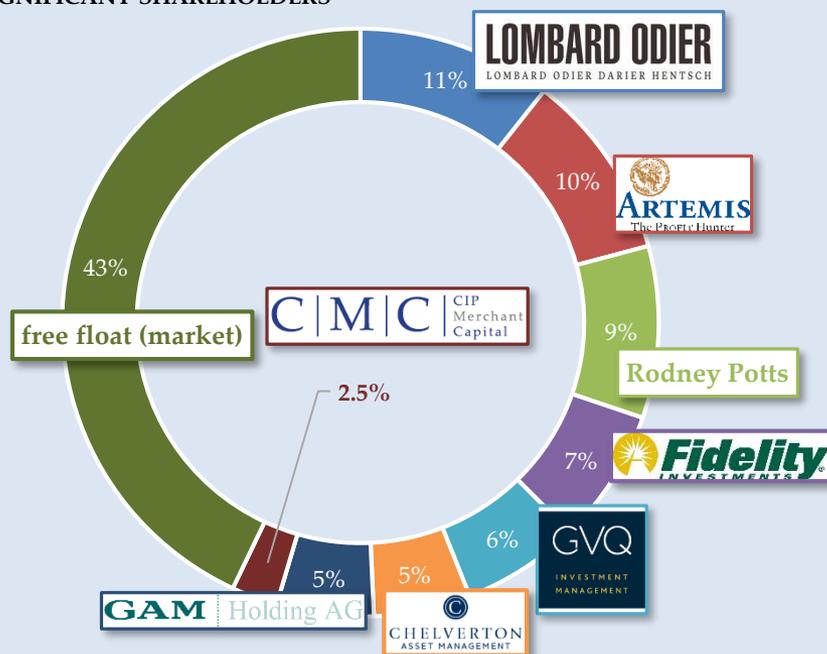
1. Global company with growing sales and EBITDA
2. Market leading position in its niche
3. Healthy financial structure
4. Significant upside potential from
 - Accelerating top line
 - Margin expansion
 - Premium paid by larger players from the acquisition of the business units or in delisting process
 - Multiple alignment to industry

RECENT DEVELOPMENTS

- Apr.19 Announced first US patient implants following FDA approval of the M6-C artificial cervical disc designed to treat cervical disc degeneration
- Aug.19 Appointed Jon Serbousek as President of Global Spine and named to succeed to CEO on 1 November 2019
Announced 2Q results and essentially confirmed guidance for 2019

Market: AIM, London Stock Exchange
Ticker: PHD
Country: United Kingdom
Industry: Software/Tech
First investment date: July 2019
Transaction: Purchase of shares on market
Strategy: Opportunistic

SIGNIFICANT SHAREHOLDERS



Source: Proactis' website

THE CASE

The company creates, sells and maintains procurement software. With over 1,000 customers, it is the fifth largest independent eProcurement solution provider globally and recently pivoted to the Software-as-a-Service (SaaS) model.

RATIONALE OF THE INVESTMENT

1. SaaS model ensures stable recurring revenue and large margins.
2. The share price has declined significantly in the first half of 2019 following the announcement of lower level of retention and a deterioration of the pipeline in the Group's US and European operations. The business and the newly appointed CEO has the potential to be fixed by the management.
3. Should the turnaround not work, potential appetite for a trade buyer.

RECENT DEVELOPMENTS

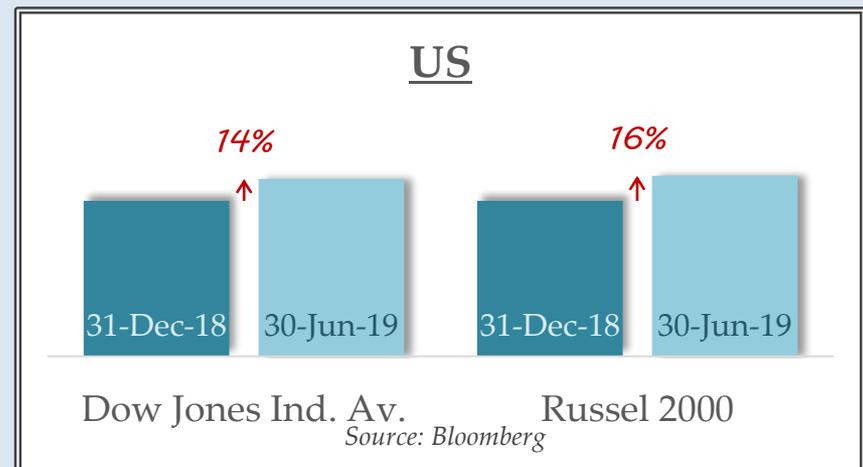
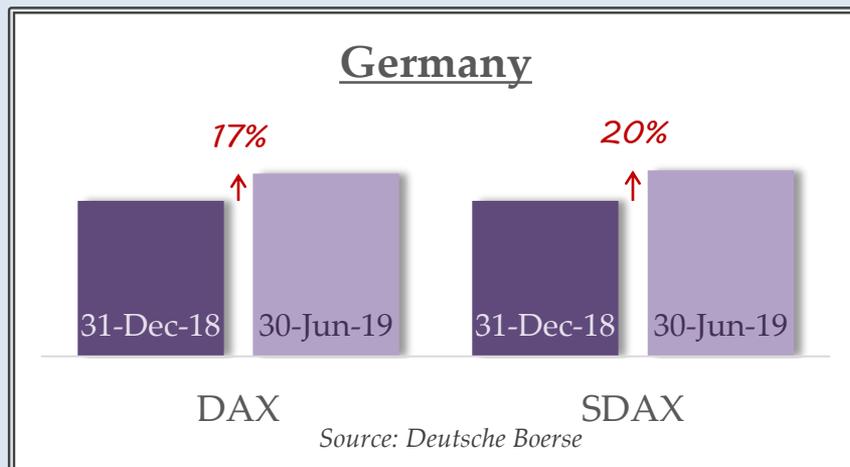
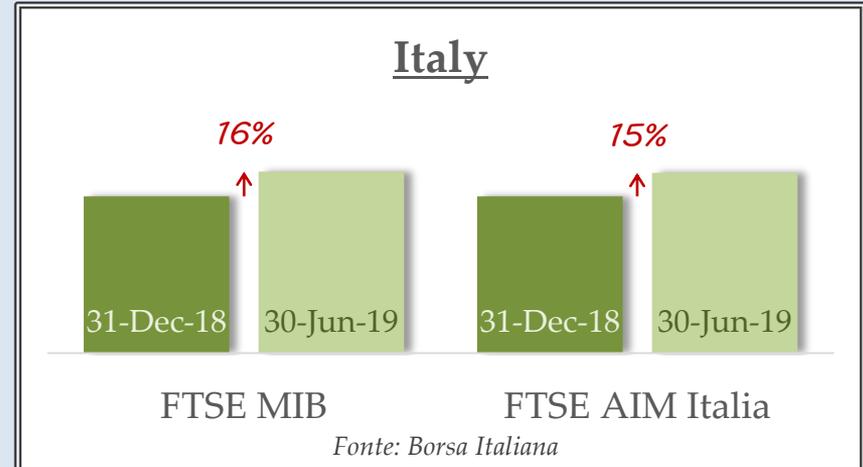
Jul.19 Preliminary unsolicited approach from a US-based investor with regard to an offer for the company and a number of preliminary unsolicited expressions of interest from other parties. Proactis appointed financial adviser to consider its strategic options.

Outlook

Public Markets

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- During 1H2019 markets recovered substantially from 2018 losses seen on the two sides of the 'Pond', though volatility has now returned.
- Hunting ground is at the smaller end of the market, which has mostly experienced wider movements than the blue-chip indexes.



Appendix

1. Investment Objective and Policy
2. Investment Team
3. Notes to recipients

Investment Objective and Policy

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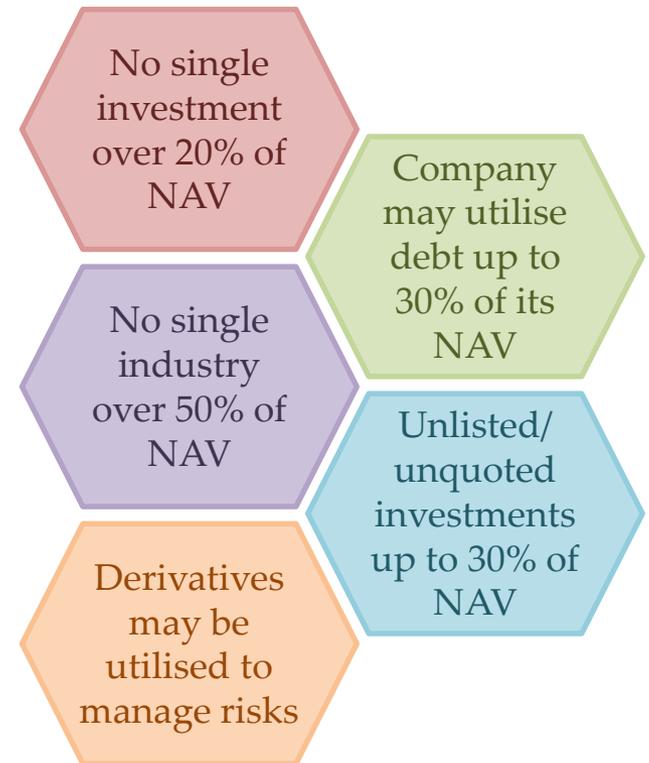
Investment Policy

Concentrated portfolio of 5 to 10 companies to be held between 12 and 60 months (investment to realisation).

The Company is seeking:



Investment Restrictions¹



¹ At the time of investment



CARLO SGARBI

Founding Partner of CIP

Non-Executive Director of CIP Merchant

Carlo has over 20 years' experience in investment banking with IMI Group, part of Intesa Sanpaolo, a leading Italian banking group, which included being appointed Global Head of Fixed Income and Derivatives, Co-Head of Global Markets Equities and Derivatives, where he was responsible for managing approximately 300 professionals specialised in different areas of market activities and risk. From 2007 to 2013, he was responsible for managing all investment activities within a Swiss family office. In 2013, he co-founded Continental Investment Partners ("CIP") and is co-founder of Merchant Capital Manager Limited ("Manager"), the Company's investment manager with Marco.



MARCELLO NESTA

Investment Manager of CIP

Board Member of Happy Friends

Marcello began his career at SAI Investimenti SGR, Real Estate investment manager of the Italian insurer UnipolSai. In 2011 he joined a financial advisory firm in Switzerland, where he advised small and middle enterprises in raising debt and equity capital as well as valued alternative investments. Marcello combines corporate finance skills with experience in alternative markets. Investment Manager at CIP since 2017, he focuses on CIP's Private Equity and Real Estate activities.



MARCO FUMAGALLI

Founding Partner of CIP

Non-Executive Director of CIP Merchant

Board Member of Coro Energy Plc

Marco has a significant transaction track-record as a Global Partner at the PE house 3i Group, with significant results in the management of investments in both private (eg, Giochi Preziosi, Coelsanus Preserves, Vis Pharmaceuticals, Newron) and listed companies (Biosearch Italy, Datamat Novuspharma). From 2010 to 2013 he was responsible for managing the private equity activities of a primary Swiss family office. Marco is a Founding Partner of CIP and co-founder of Manager.



VALERIA GIRALDIN

Head of administration of CIP

Valeria has started her career in 90's in the accounting/administration departments of diverse multinational companies, in Italy and Switzerland. From 2003 to 2013 she was in charge of the administration activities for a major Swiss family office. Since October 2013, Valeria is in charge of CIP's accounting and administration activities.

Notes to recipients

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