



First Quarter  
**INVESTOR REPORT**

January 1, 2020 – April 30, 2020

**Class A & B Shareholders of MPD SME Capital One**

Published on May 15, 2020

# Management and Organisation

## Board of Directors

Francesco Rubinacci,  
President  
Head of Control Textile, Interiors and Supply Chain Luxury Goods at Loro Piana

Mirco Coccoli,  
CEO & Partner at MPD Partners

Simone Bocchi,  
Head of Strategic Planning and Business Intelligence at Bridgestone EMEA

Alexandro Sances,  
Global Operations Director at Trak Global Group

Vincenzo D'Ottavi,  
Manager Data Management at Philip Morris International

Francesco Simonetti,  
Business Advisor at SAS Institute

Giulia Falcone,  
Manager at MPD Partners

## April Investment Committee

Alexandra Karacsonyi  
Managing Director at Elixir Consulting CH

Martin Sengel  
Head of IT Group at SOLEVO Group

Michele Martino  
Project Engineer – PhD at CERN

Stephan Noppes  
Director Global Audits PMI at Philip Morris International

Miguel Dupret  
Associate Strategic Operations at Kearney

## Bank

UBI Banca  
Fil. 5549 - Milano De Angeli

## Treasury Controller

Vincenzo D'Ottavi,  
Manager Data Management at Philip Morris International

## Company Management

MPD Partners Group Companies

## Class A Shareholders

Simone Bocchi  
Head of Strategic Planning and Business Intelligence at Bridgestone EMEA

Mirco Coccoli  
CEO at MPD Partners

Vincenzo D'Ottavi  
Manager Data Management at Philip Morris International

Miguel Dupret  
Associate Strategic Operations at Kearney

Andrea Marazzi  
Management Consultant & M&A Advisor

Stephan Noppes  
Director Global Audits PMI at Philip Morris International

Luca Rabbeni  
Head of Operations Governance at Octo Telematics SpA

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Martin Sengel  
Head of IT Group at SOLEVO Group

Alexandra Karacsonyi  
Managing Director at Elixir Consulting CH

Fabrizio Colzani  
Group R&D Controller at Ferrero

Lucio De Costanzo  
COO & CFO at Caeli Nova

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## Introduction

MPD Partners is a financial boutique specialized in PE for SMEs, registered and incorporated in Geneva. It offers shareholders long-term capital appreciation by making commitments and investments into SMEs on behalf of MPD SME Capital One and authorised representatives like family offices that are with other financial operators, providing its stakeholders with direct and indirect exposure to a diversified portfolio of unlisted private equity type investments (“Portfolio Companies”). The “Group” refers to the consolidated results of the asset under management.

MPD Partners has come from an increased track record in transactions and SMEs value improvement. The focus on such segment comes from passion and the un-derstanding that many Private Equity competitors cannot focus on such segment because of their corpulent cost structures that forces them to look at higher bids.

At MPD Partners we foresee to create an SME focused PE Fund in the medium/long run. The best way to reach our goal is to increase our track record with MPD SME Capital One, an investment vehicle created to invest in two SMEs, (one subscale acquisition and one main acquisition), which aims to involve investors in the in-vestment and value creation process by entrusting decisional power.

MPD Partners has structured for MPD SME Capital One a solid and innovative governance and decisional process that involves three boards in consequential steps. Such Boards are composed by the Class A Shareholders who are professionals with extensive executive experience, and external competent individuals such as lawyers, auditors and managers.

## Innovation Executed and Planned

MSCO performs a detailed and investment-driven screening activity of potential targets, submitting SMEs innovation cases to shareholders that will have the opportunity to provide their green light SME investment and on value creation plan through technology development and big-data analytics to enhance business development.

### 2019

The activity for fiscal year 2019 has been centered into MSCO portfolio company La Centrale de Prévoyance.

- Big data analytics project for LCP - Step 0  
Initial feasibility study aimed at developing a custom algorithm that improves and automatize the customers profiling process and creates customized new offers for each profile

A small portion of the R&D Costs for the year has also been allocated the MPD Partners team for the design of the MSCO business model.

### 2020

The initial model built in step 0 for LCP will be used to build a custom optimization algorithm to be implemented into the other MSCO invested companies.

- Big data analytics project – Step 1
  1. Re-definition and adaptation of the algorithm based on data analytics to the other business models of MSCO invested companies
  2. In this phase the digital / big data analytics skills are combined with the financial ones to create an algorithm that, based on certain KPIs, will lead to optimize and innovate the customer profiling and service offering processes of all MSCO invested companies.

### 2021-2023

In the following 3 years, there are few things we plan to do:

1. Evaluate the potential of the work produced so far to understand possible developments
2. Potential creation of a software based on the algorithm created
3. Other activities to be defined also considering the new invested companies

## Origination & Investment Committee

### Cases in pipeline

MPD SME Capital One currently holds 30+ cases in the pipeline and a close relationship with 11 M&A advisors. We create value through active ownership and professional expertise, providing worldwide knowledge for companies operating in standard businesses in need of technological development and growth. We want our fund investments to be significantly exposed to SMEs on our “core” and “extended” reach list regardless of the sector because we believe we can drive management and efficiency through our network of experienced investors. A full list of deals that we are analysing is available on request.

## Case in advanced negotiation

### Laminates

#### Company Description

The company is based in Italy and specialises in the transformation, machining and distribution of High-Pressure Laminates (HPL). The Company holds a leadership position in the market.

#### Key Financials

Laminates	Figures
2018 Revenue (Mln)	€ 3.1
EBITDA %	12.4 %

The Company can count on strengths like in-depth knowledge of the product and the market, exclusive business relationships with foreign suppliers, cutting-edge machinery, consolidate relationships with customers and architects.

All products are highly customised and characterised by high standard requirements.

Other applications can be done in the expansion for commercialization. Use other cladding products, such as Composite panels (Alucobond), Stone panels (Stoneware, Ceramics, Prestressed Material) to expand the range of products. A full pitch of the company is available on request.

#### Internal Rate of Return

In order to give a visibility about the target return, we listed two different sample scenarios about the investment return.

Scenario 1: MSCO exits the company with 3x Equity Valuation in 3 years with IRR of 44%

Scenario 2: MSCO exits the company with 5x Equity Valuation in 3 years with IRR of 71%

## Portfolio Company

### La Centrale de Prévoyance



#### Company Description

La Centrale de Prévoyance (LCP) is a Swiss broker insurance regulated agency, working in the previdential and healthcare insurance business.

LCP is a spinoff of the homonymous French debt brokerage firm specialized in real estate. The latter recently saw Kering, a key asset of Groupe Artémis, passing over control to April, French leader in Insurance brokerage. The Company LCP holds partnerships with some of the major insurance company including Groupe Mutuel, Generali, Allianz, Axa, Re-traites Populaires du Vaud etc.

MPD SME Capital One shareholders saw the opportunity to kick-start its investment activity by acquiring in August 2019 51% of the shares of LCP, a subscale investment on top of the main target that MSCO will select in the following months. Starting from day one from the acquisition, MPD Partners has started working closely with the former CEO Gilles Lakajzen and all existing LCP team in Geneva in order to meet all the needs, in line with the agreed business plan.

In January 2020, MPD Partners has presented, negotiated and closed a share increase in the company. The MSCO Class A Shareholders voted with a unanimous “Yes” and an additional 30% shares has been acquired by MSCO.

#### How has been the 2020 year so far

LCP closed 2019 Q4 with an impressive increase in its monthly revenues, landing in 2020 with a cumulative +300% revenues improvement compared to pre-MSCO acquisition results (considering five months of MPD Partners management until January 2020). LCP has proved in several different times its cyclical character, thus the management requires a forward-looking behavior in order to cope with low revenue months.

Cyclicalities have put under pressure the cash generation power of the company in many different times. Part of the causes were the result of the poor management and lack of rules at the time of the acquisition that required time to be controlled and put in place. Another limit of the company, that represents at the same time an opportunity of growth in the next future, is the focus in few products that are characterized by an one-off payment from the final client, thus not allowing the company to rely on recurring revenues.

The business has good potential to grow especially considering the disruption caused by the pandemic COVID-19 showing a radical focus on online services that can considerably enlarge the reach.

LCP allocation has been rotating among MPD Partners Italian team throughout the whole 2020 year with Mirco maintaining an active role of CEO of the company.

### **Plan of Action**

During the 4 months period from January 2020 MPD Partners has implemented several operating and strategic actions:

- Implemented controlling dashboard with tracking of monthly commissions and revenues, with breakdown per source of lead generation for a better performance measurement of each channel and KPI implementation
- Implemented a cash management process directly connected to the controlling dashboard, in order to monitor the burn-rate and the cash-in for each month
- Established a co-marketing partnership with Migros, in order to enhance the brand awareness of LCP by offering Migros discounts to the clients signing for an insurance
- Restructured the employees' structure and the commission sharing agreements in place
- Creation of a new web site with a customized AdWord and Facebook campaigns
- Insurers such as Generali, Helvetia, Groupe Mutuel, and others have increased LCP compensation by 10-25% each with no impact on client's final price, but leading to an increased margin for the company

### **Covid-19 Impact**

The pandemic has brought market contraction in mainly all the sectors that require a human contact and LCP is in the list.

The business has been forced to shut down and file the procedure for technical unemployment for most of the team in Geneva.

The business has been valued as eligible to receive a bank loan of 50.000,00 CHF to sustain the fixed costs while closed.

During this time the monthly burn-rate of the company has been decreased by 40% and the focus of the management has shifted to online development to try to take advantage of the situation. This has led the team to develop a new website and revisit the business strategy, coming up with important results:

- Development of a donation plan to the HUG Foundation for the Covid-19 and provide a certificate of donation for each insurance signed
- Employment of a new state-paid employee
- Signed the first contracts online, following the insurers instructions that allowed for the first-time digital signature for certain insurance products that are the core business for LCP
- Website reconstruction and reformulation of the communication strategy to improve brand awareness and generation of leads
- Definition of an integrated digital marketing plan that involves various channels, defining objectives in terms of audience, ROI and growth
- Study of the analytics for conversion rate optimization and scale-up strategies

### **La Centrale de Prévoyance 2020 Budget**

Given the current COVID 19 situation, establishing a budget is premature and the focus of the management is on company solvency. The level of commercial activity is completely stopped between mid of March and end of April, with signals of slow recovery only after April 20, 2020. At the time of release of this report, the commercial activity is recovering to a sustainable level and the revenues acquisition budget is reviewed daily.

## MPD SME Capital One Valuation

Company valuation is based on MSCO assets and liabilities. Owing to the small amount of MSCO liabilities, MSCO's value mainly depends on the assets side, which is composed by the following five parts:

1. Cash in Hand
2. LCP Shareholders Financing
3. 81% Shares of LCP
4. MSCO Intangible Assets
5. Others (few invoices and tax credit)

The value corresponding to each part is highly confidential and is available on request.

### MSCO Pre-Money Valuation

Based on our existing assets mentioned above, the total amount of pre money valuation of MSCO of € 636.000 has been approved by the shareholders meeting held on April 17, 2020.

The following table summarizes the detail of our pre-money valuation:

	Class A	Class B
Number of Shares	18	17
Shared Capital (per share)	3.77%	1.89%
Total Nominal Value (A+B)	€ 31.800	
MSCO Pre-Money	€ 636.000	

## Capital Increase

The capital increase of €888.000 was approved in the shareholder's meeting held on April 17, 2020. (further details are included in the shareholder's meeting section– P14). The capital increase subscription is open from April 15, 2020 to Dec 31, 2020.

The capital, to be subscribed by the different categories of shareholders, is as follows:

		Nominal Value	Market Value
Capital Increase	To be Subscribed A	€ 16.800	€ 336.000
Capital Increase	To be Subscribed B	€ 27.600	€ 552.000
<b>Total</b>		<b>€ 44.400</b>	<b>€ 888.000</b>

## MSCO Post-Money Valuation

After including the new capital increase, MSCO has a post-money valuation of € 1.524.000.

The following table summarizes the post money valuation for MSCO:

	Class A	Class B
Number of Shares	18 + 14	17 + 46
Shared Capital (per share)	1.57%	0.79%
Market Price (per share)	€ 24.000	€ 12.000
Total Nominal Value (A+B)	€ 76.200	
MSCO Post-Money	€ 1.524.000	

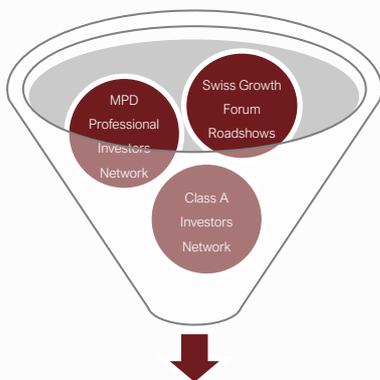
## Fundraising

In 2020 MSCO welcomed the onboarding of:

- Alexandra Marcoin-Karacsonyi (Managing Director at Elixir Consulting in Geneva).
- De Costanzo Lucio (COO & CFO at Caeli Nova) with extensive experience in Investment Banking.
- 1 Class B Investor.

The share capital subscription details are as follows:

		Nominal Value
Round 1	Total Subscribed A	€ 21.600
Round 1	Total Subscribed B	€ 10.200
	<b>Total</b>	<b>€ 31.800</b>



MSCO was counting 21 investors at the start of the year 2020, during the period MSCO has been presented to a diversified audience in several different contest.

MSCO has also participated to two roadshows, one in October 2019 between Monaco and Milan, and another one in February 2020 in Lugano, Zurich and Geneva. These events have brought some potential new dry power to MSCO.

The following list of candidates is highly qualified and interested in MSCO, if we have our decision on the target companies that we intend to invest in.

- 17 contacts representing HNWI, single and multi-family offices, PE funds
- 7 of them already confirmed the interest in investing once a target is selected
- 2 private investors that confirmed the interest in investing once a target is selected

## Shareholders Meetings (Jan'20-Mar'20)

### March 25, 2020

100% of the shareholders attended the meeting with the following agenda:

#### 1. Resignation of Sole Administrator

Mirco Coccoli resigned from the position of Sole Administrator as a result of the changes in the shareholding pattern of MPD SME Capital One.

#### 2. Appointment of Board of Directors

The Board consists of five professionals representing the interest of the shareholders and two members from the MPD Partners team.

#### 3. Signature Mandate between MPD SME Capital One SrL and MPD RE Italia SrL

MPD SME Capital One has signed the management mandate with MPD Partners which defines the monthly services provided by MPD for the overall management of MPD SME Capital One.

#### 4. Approval of MPD SME Capital One Rules of Functioning

MSCO unanimously approved the rules of functioning illustrated in a document that was circulated among the shareholders.

### April 17, 2020

#### MSCO Capital Increase

MSCO has proceed with a series of paid-in share capital increases, in cash, divisible and progressive, structured as follows:

- for Euro 16.800, to be carried out by issuing 14 category "A" shares with a nominal value of Euro 1.200 each, with a share premium of Euro 22.800 for each share, reserved for third parties, to be completed by December 2020;

- for Euro 27.600, to be carried out by issuing 46 category "B" shares with a nominal value of Euro 600 each, with a share premium of Euro 11.400 for each share, reserved for third parties, to be completed by December 2020.

The shares may also be subscribed by shareholders holding category "A" and category "B" shares:

- Category "A" and "B" shares are offered at a ratio of Price/Nominal Value.
- Category "A" shares have voting rights.

## Shareholders

### Class A Shareholders

Class A Shareholders are a group international mid-to-top managers and entrepreneurs passionate about investing, networking and willing to join forces to invest in SME and bring innovation and new technology. They will make the investment decision and put their expertise, competences and network at the service of the value creation process once gained control of the target company.

MSCO can leverage on the experience of 18 A Shareholders with a various background and a European reach.

Shareholder	Current Role	Location	Exp. Years
Simone Bocchi	Head of Strategic Planning and Business Intelligence at Bridgestone EMEA	Brussels	14
Mirco Coccoli	CEO at MPD Partners	Geneva	16
Vincenzo D'Ottavi	Manager Data Management at Philip Morris International	Lausanne	25
Miguel Dupret	Associate Strategic Operations at Kearney	Vienna	15
Andrea Marazzi	Management Consultant & M&A Advisor - Freelance	Bologna	27
Stephan Noppes	Director Global Audits PMI at Philip Morris International	Lausanne	27
Luca Rabbeni	Head of Operations Governance at Octo Telematics SpA	Rome	25
Francesco Rubinacci	Head of Control Textile, Interiors and Supply Chain Luxury Goods at Loro Piana	Milan	22
Alexandro Sances	Global Operations Director at Trak Global Group	London	25
Francesco Simonetti	Business Advisor at SAS Institute	Milan	14
Daniela Terziotti	Business Development and Marketing Manager at Orvem SpA	Milan	8
Roberto Terziotti	Managing Director at Orvem SpA	Milan	21
Federico Simonelli	Chief Stress Engineer at FACC AG	Austria	22
Michele Martino	Project Engineer – PhD at CERN	Geneva	15
Martin Sengel	Head of IT Group at SOLEVO Group	Basel	16
Alexandra Karacsonyi	Managing Director at Elixir Consulting CH	Geneva	22
Fabrizio Colzani	Group R&D Controller at Ferrero	Luxembourg	22
Lucio De Costanzo	COO & CFO at Caeli Nova	London	12

## Shareholders

### Class B Shareholders

Class B Shareholders is a group of mid-to-top managers and entrepreneurs passionate about investing, networking and willing to join forces to invest in SME who are entitled to monthly networking events and annual investor's meetings.

They receive updated reports on the invested companies and can become MPD next initiative investors with the same first investment conditions of MSCO as well as benefit from MSCO capital increase.

## Other Activities

We organise additional activities in order to increase the MSCO brand awareness and to provide additional information to stakeholders that approach MSCO for any reason. In addition to that, some activities focus on potential stakeholders to gain a better understanding of the MSCO operation and strategies.

**Event:** Webinar – Why Crisis Made Us Stronger Than Ever

**Date:** May 7, 2020

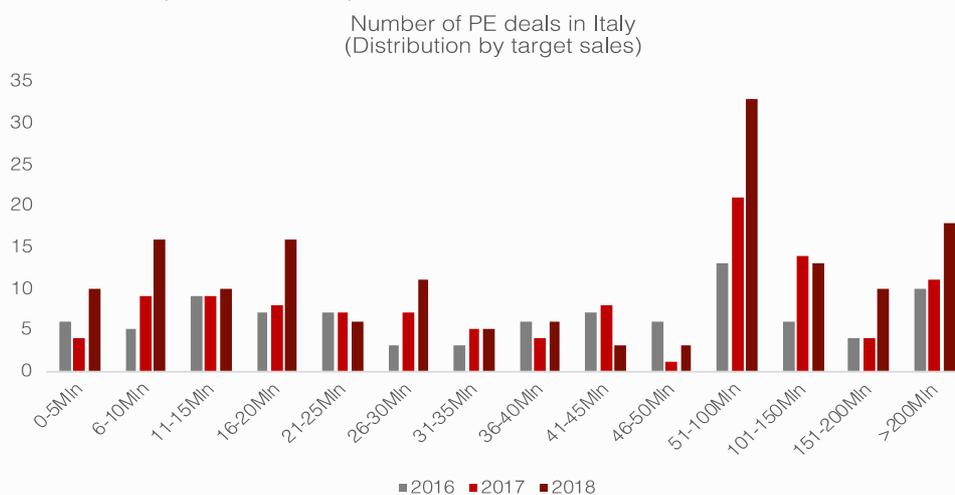
**Organised by:** Swiss Growth Forum

During the webinar, we highlighted the market opportunities for MSCO in the light of current situation of crisis in Italy caused by the coronavirus pandemic. We elaborated the implications of COVID-19 crisis for the private equity market, which is less affected than the public equity market where stocks are rallying every day. Following are the key topics discussed in the webinar presentation (available on request from MPD Partners):

### Bargaining Power

In Italy, the struggle for small scaled enterprises in such an unprecedented situation is real. Unlike PE giants, we are now focusing on troubled companies of smaller scale and help them turn around their strategy to cope with the COVID-19 crisis.

It is evident from the graph that buyers in the market underestimate the potential of companies with smaller scale of operations. Typically, in Italy, less than 10 acquisitions occurred in targets with sales lower than €5Mln. Total number of deals: 175 in 2018, 123 in 2017, 100 in 2016.



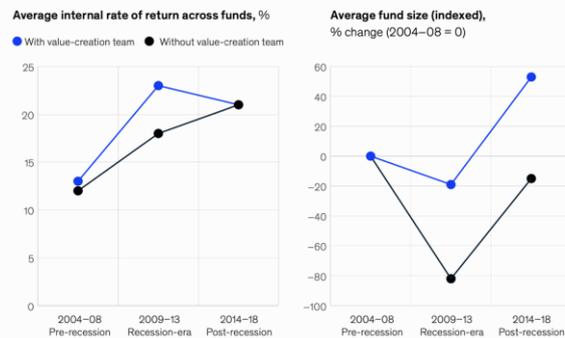
Source: Private Equity Monitor

## Value Creation

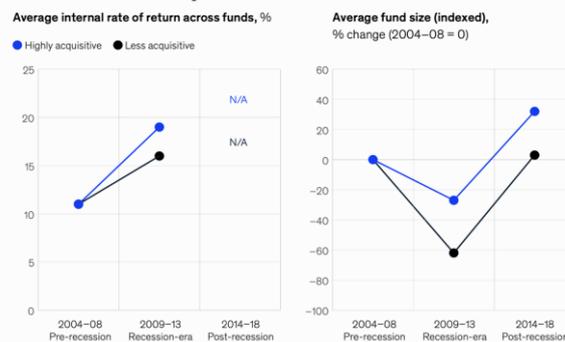
As much as we stress on value creation within the team, the more we realize how important it is. In fact, private equity companies with value creation teams have shown better performances & higher fund-raising from investors, especially during the period of crisis.

During the crisis years, firms with value-creation teams meaningfully outpaced the others, achieving about five full percentage points more in IRR (23 percent) than firms without portfolio-operating groups (18 percent). Additionally, Value-creation fund size fell 19 percent on average versus 82 percent for general partners (GPs) without an operating team.

**General partners with value-creation teams produced higher returns during the last recession, and raised more capital afterwards.**



**General partners that were more acquisitive during the recession performed better and raised more capital.**



Source: Mckinsey

## Financial Return

With a relevant number of companies at low valuations and ongoing negotiations in place, we have a leverage over others to close transactions with the main objective to maximize shareholder's wealth over the investment horizon. The targets can be bought at attractive valuations in the period of uncertainties and sold at a high price at exit.

## MPD Partners Team

### Name & Designation

### Experience



**Mirco Coccoli,  
CEO & Partner**

- Investment Manager experienced in developed and emerging countries
- In 2007, he left a very successful career in High Energy Physics at CERN, to join Reyl & Cie to help manage an equity hedge fund with €200M invested; in 2 years his help facilitated increasing to €500M
- In 2009 he joined BCV to help manage CHF 500M quant equity funds where he was able to increase 4% per year relative return, by mastering risk and with over 50'000 trades
- Studied Physics in Milan and Berkeley, Quant Portfolio Management in Geneva and holds the Diploma in Financial Strategy at the Saïd Business School of the University of Oxford



**Luis  
Brunschweiler,  
Partner**

- Serial entrepreneur with 30 years' experience
- Owns an audit firm in Geneva with clients in many industries and in a variety of sizes
- Director of a Geneva based accounting firm operating internationally
- His experience in audit, accounting, M&A, spinoffs, company valuation and with SMEs is impressive



**Miguel Dupret,  
Director**

- An Aerospace Engineer with +15 years' experience in consulting and industry environments in Europe, USA and Australia
- Founded successful start-ups in the drone industry and PE industries, attracting millions in investments from USA government and private investors
- Currently covering Associate role at Kearney
- Executive Education: Harvard Business School (Leading Professional Service Firms), Oxford University (Strategic Finance Diploma, Negotiation Program)



**Alexandro  
Sances,  
Manager**

- +25 years' experience in management and consulting within the Telecommunications, Insurtech, Mobility, Telematics, Satellite industries, IoT and Big Data
- Active Mentor and Innovation Advisor for Techitalia, Lloyd's Lab and several start-ups
- Currently covering the role of Global Operations Director at Trak Global Group



**Giulia Falcone,**  
Manager

- Manager of the MPD Partners Italian office and team in Milan
- Previously worked as audit intern in KPMG
- Graduated from Bocconi University, MSc in Management with Major in Corporate Finance



**Siying An,**  
Analyst

- Enrolled in MSc in International Management at Bocconi University
- Previously worked in different fields – corporate strategy and M&A in Medtech sector, and investment banking in Media sector



**Rohini Sethi,**  
Analyst

- Enrolled in MSc in Accounting, Financial Management and Control at Bocconi University
- 2.5 years of full-time work experience in varied fields including equity research, corporate finance and financial reporting for pension funds



**Beatrice Lanzani Dellerà,**  
Analyst

- Graduated from Bocconi University, MSc in Accounting, Financial Management and Control
- Experience in M&A advisory, consulting and accounting fields



**Francesca Savi,**  
Analyst

- Master's in finance student at IE Business School in Madrid and alumni of Bocconi University (Bachelor of Economics and Finance)
- Experience with SMEs, Family Offices and HNWI's with a focus on evaluation of investment portfolios, analysis of financial statements and client relations

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