

**Valuation Report on
Dinamia Capital Privado, S.C.R., S.A.
at 31st December 1998**

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The purpose of this report by AB Asesores Electra is to estimate the net asset value of Dinamia S.C.R., S.A.

The following criteria were used:

- Investments in unlisted stocks were evaluated at cost, except those cases in which, in accordance with the internationally accepted guidelines of the EVCA (European Venture Capital Association) for the valuation of stocks held by venture capital companies, their restatement or provisions were estimated.

The adjoined report gives the valuation details on 31.12.98.

- Stocks in listed companies were estimated at their market value on 31.12.98 (Funespaña: Pta2,525; Ibex 35: 9836.6).

On the basis of these data, the results are:

Net Asset Value per share

	NAV 31.12.1997	Portfolio at acquisition cost 31.12.1998	Portfolio at ABAE value 31.12.1998
Stocks	8.756	6.515	7.959
Shareholders' loans	250	1.507	1.507
Other loans		541	541
Unlisted stocks (1)	9.006	8.563	10.007
Listed stocks (Ibex)*		3.085	3.085
Listed stocks (Funespaña)*		1.465	1.465
Cash	10.939	7.607	7.607
Total liquid assets (2)	10.939	12.157	12.157
Other assets (3)	13	47	47
TOTAL ASSETS (4) = (1+2+3)	19.958	20.767	22.211
Liabilities (5)	(79)	(171)	(171)
TOTAL NET ASSETS (6) = (4+5)	19.879	20.595	22.040
No. of shares (7)	9.000.000	8.550.000	8.550.000

NAV per share = ⁽⁶⁾/₍₇₎	2.209 Pta	2.409 Pta	2.578 Pta
	13,28 €	14,48 €	15,49 €
Increase in value of NAV per share		9,1%	16,7%
Stockmarket price	2.435 Pta	1.620 Pta	1.620 Pta
Discount (Premium) on NAV	(10,2%)	32,7%	37,2%

*At market price on 31.12.98: Funespaña Pta2,525(15.18 €); Ibex35 9,836.6

General valuation criteria used

As a rule, two criteria were used to evaluate the companies in the portfolio:

- Application of the multiples at which Dinamia acquired the companies to the estimated 1998 closing results.
- Criteria of the EVCA (European Venture Capital Association) for evaluating companies that form part of a venture capital company's portfolio: valuation based on the comparable multiples of listed companies, applying a 30% discount for illiquidity. Insofar as reliable data were available, the multiples of the acquisition transactions of comparable companies were also used.

These general criteria have been changed in some of the valuations when significant distortions would otherwise occur, owing either to the company's specific characteristics or to the nature of the data collected. In any event, the individual reports on each company describe the specifics of the valuation criteria used.

Summary of the report on the valuation of the portfolio

Figures in Pta m

Equity: (A) Plus shareholders' loans: (B) Plus other loans: (C)	VALUATION OF TOTAL PORTFOLIO (EQUITY+LOANS)				
	Acquisition Cost	a 31.12.98			
		Mkt. Mult.	Acq. Mult.	ABAE Value	Revaluation
TOTAL PORTFOLIO (A+B+C)	8.873	12.410	11.453	10.007	12,78%

	% Dinamia	Diluted	EQUITY VALUATION				
			Acquisition Cost	a 31.12.98			
				Mkt. Mult.	Acq. Mult.	ABAE Value	Revaluation
Movinord	45,18%	45,18%	998	1.335	1.593	1.335	33,8%
Duraval	47,50%	45,00%	329	740	660	660	100,7%
Europastry	26,02%	26,02%	1.426	1.480	1.631	1.426	0,0%
Educa Sallent	50,00%	50,00%	620	310	310	310	-50,0%
Equipamientos Urbanos	40,70%	40,70%	738	945	1.284	945	28,0%
Ubago	65,27%	65,27%	1.548	2.583	1.969	1.956	26,4%
EI System	38,50%	36,58%	480	1.906	663	480	0,0%
Marie Claire	25,06%	25,06%	351	568	801	351	0,0%
Industrias Murtra*	11,19%	11,19%	158	319	319	319	101,4%
Dr. Peter Wessels V. GmbH**	4,94%	4,94%	155	155	155	155	0,0%
Dr. Peter Wessels B. GmbH**	5,55%	5,55%	22	22	22	22	0,0%
TOTAL EQUITY (A)			6.825	10.362	9.405	7.959	16,62%

*In April 1998 an agreement was signed for the sale of I. Murtra's 16.79% stake (whose acquisition cost was Pta237m), of which two of the six payments of Pta83.65m each have already been paid. Its valuation reflects the restatement of the risk-free rate of the outstanding payments at 31.12.98 (4/6 of the total)

**These are the two holding companies that were used as the vehicle for the investment in the Deutsche Woolworth Group. Their full names are Dr. Peter Wessels Vermögensverwaltung GmbH and Dr. Peter Wessels Beteiligungsverwaltungs GmbH

	SHAREHOLDERS' LOANS		
	Accrued		
	Principal	interest	TOTAL
Duraval	250	36	286
Marie Claire	451	25	476
EI System	693	52	745
	1.394	113	1.507 (B)

	OTHER LOANS TO INVESTEES		
	Accrued		
	Principal	interest	TOTAL
Deutsche Woolworth	534	7	541
	534	7	541 (C)

The adjoined table shows the 1998 performance of Dinamia's initial portfolio (acquired in December 1997), measured by the sale prices of the stakes already sold and, in the case of stakes still in its portfolio, on the basis of their present value according to the criteria described in this report. The conclusion of this analysis is that **the return on the initial portfolio of stocks has been more than 23%** (representing 31.1% in stakes already sold and 19% in stakes still in its portfolio).

Performance of the initial portfolio acquired by Dinamia in December 1997

Initial stake	Acquisition cost	Value of stake/ sale price	% change
	OPENING VALUE 31.12.97	CLOSING VALUE 31.12.98	
Movinord	998	1.335	33,81%
Duraval	590	947	60,44%
Europastry	1.426	1.426	0,00%
Educa Sallent	620	310	-50,00%
Equipamientos Urbanos	738	945	27,98%
Ubago	1.548	1.956	26,37%
Industrias Murtra*	237	486	105,19%
Funespaña**	1.985	2.558	28,87%
Multimedia Cable	66	247	274,24%
Fundiciones Viuda de Ansola	1.011	1.146	13,35%
TOTAL	9.219	11.356	23,18%
Stakes sold (1)	3.141	4.118	31,11%
Stakes not sold	6.078	7.238	19,08%

*The value shown at 31.12.98 for I. Murtra includes the portion already paid to Dinamia plus the restatement of the outstanding payments

**The value shown at 31.12.98 for Funespaña includes the portion already paid to Dinamia plus the market value of the stake still in its portfolio on that date.

(1) The stakes already sold are Funespaña, Industrias Murtra, Multimedia Cable and Viuda de Ansola

Movinord, S. A. (Group)



Office partitions and false ceilings

Date of investment:	December 1997
Acquisition cost:	Pta998m
Value of stake 31.12.97:	Pta998m
End of accounting year:	31 December
Stake of Dinamia Capital Privado, S.C.R.:	45.18%
Value of stake 31.12.98:	Pta1,335m

Summary of the transaction:

The funds obtained from the share subscription offering of Dinamia Capital Privado, S.C.R. were used to acquire the 45.18% stake in Movinord, S.A., which formed part of the venture capital funds of AB Asesores (now in liquidation). The breakdown of the company's other shareholders is as follows:

➤ Funds managed by Schroders	45.17%
➤ Directors	9.65%

The acquisition cost places the value of the company's equity at Pta2,209m, representing (on 1997 figures) multiples of:

EBITDA ¹	EBIT	Net profit
5.7x	7.7x	10.1x

¹EBITDA is defined as EBIT plus depreciation and amortisation. The multiples of EBITDA and EBIT are calculated in terms of enterprise value, defined as equity value + debt - cash

Description of the company

Movinord is the leader in Spain in the manufacture of office partitions and also one of the main manufacturers of false ceiling structures. Movinord's partitions fall within a medium-range product segment, and they include highly successful products developed exclusively by the company, such as moveable partitions and wardrobe dividers. Its false ceiling structures are known for their high quality and capacity to bear heavy weight.

Movinord does not sell directly to final clients nor does it install its products, but instead sells through a network of exclusive distributors both in Spain and abroad. These distributors order the product and then adapt the installation to the customer's needs starting from modular designs. Exports account for nearly 40% of the company's turnover, and the European Union is its chief export market.

Company management

The company's main managers are Francisco Canales (General Manager), Javier Leoz (Financial Manager), F. Larreta, J. Eslava, S. Labayen, L. Iturgaiz and P. Yetano.

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*Figures in Pta m

	Audited 31.12.1997	Estimated 31.12.1998	Budget 31.12.1998	Budget 31.12.1999
Operating revenue	3.368	4.306	3.491	3.981
EBITDA	506	742	537	643
EBIT	377	621	388	529
PBT	292	550	313	467
Net profit	219	418	241	348

Balance sheet

*Figures in Pta m

<u>ASSETS</u>	Audit	Estimated	<u>LIABILITIES</u>	Audit	Estimated
	1997	1998		1997	1998
Fixed assets	1.036	972	Equity	1.654	1.723
Own shares	400	57	Long-term creditors	446	287
Current assets	1717	1921	Short-term debt	313	203
Cash	71	94	Current liabilities	811	831
TOTAL ASSETS	3.224	3.044	TOTAL LIABILITIES	3.224	3.044

Description of the market

The manufacturing sector specialised in office partitions and ceilings is highly fragmented, with few companies of any significant size. It is a mature market whose demand is directly linked to trends in construction and economic activity in general. It is worth noting that the cycle of false ceiling structures runs slightly ahead of that of partitions, because the former are usually installed at the time of a building's construction or refurbishment, while the latter are installed just before the building's occupancy.

Movinord's profitability is higher than that of its closest competitors owing to its considerable investment in plant facilities and the use of own technology and machinery specifically designed by its engineers. Most of its competitors are small-sized companies with little innovative or financial capacity.

Performance in 1998

Trends on Movinord's target market were very good, with strong demand accompanied by a recovery in large projects. Movinord was able to take on this demand in a highly flexible way with no loss of quality in service or delivery periods. This was possible thanks to previous years' investments in buildings and machinery, which have given it the capacity to cope with the increase in activity. International business was more uneven, with notable improvement in exports to France despite the sluggishness of the French market. In Europe, the Near East and Latin America activity held strong, while in Asia business was slower than expected.

By product line, the sale of partitions grew sharply (+44%), reaching record-high levels, while sales of false ceilings advanced more moderately, albeit still significantly (+10%). The company's operating margin fell somewhat, primarily due to the increase in the price of steel in the first half of the year.

The company's results were therefore very satisfactory, with growth of nearly 28% in turnover and a 49% increase in operating profit in relation to the previous year (+65% in its consolidated accounts). Profit after tax was Pta399m (+70%) and Pta418m (+90%) in the consolidated accounts. Equity stood at more than Pta1,700m, with net debt of less than Pta400m.

Valuation

On the basis of the company's acquisition multiples and applying a 15% discount to reflect the cyclical nature of the business, we arrived at a valuation of Pta3,525m for the company and Pta1,593m for Dinamia's stake.

Following the guidelines of the EVCA (European Venture Capital Association) for the valuation of companies that form part of the portfolio of stocks held by venture capital companies, we obtained a valuation for Movinord, S.A. of Pta2,956m, **placing the value of Dinamia's stake at Pta1,335m**. This valuation is based on a comparison with the profitability multiples of other European companies in the sector, applying a 30% discount for illiquidity. (See the adjoined analysis).

Applying the more conservative of the two results, **the company's valuation is 33.8% higher than in the previous year.**

MOVINORD. VALUATION ON 1998 FIGURES

	EBITD	EBIT	Net Pr	Average	
Multiples at purchasing price:	5,7	7,7	10,1		
Valuation:	3.833	4.386	4.222	4147	Average 3525

Ciclicity penalty 15%

Construction Materials. European quoted companies.

							liquidity Penalty 30%		
Valuation on multiples of							AVERAGE		
	Net Pr	C-F	Book V.	Sales	EBITD	EBIT	Unadjusted	Adjusted	
AVERAGE Const. Mat.	1	5.634	3.738	2.923	3.284	4.148	5.610	4.223	2.956

	Net Pr	C-F	Book V.	Sales	EBITDA	EBIT	N.Debt
MOVINORD Figures	418	539	1.666	4.306	742	621	396

	PER	P/CF	P/Book	EV/Sales	EV/EBITD	EV/EBIT	
AVERAGE Const. Mat.	1	13,5	6,9	1,8	0,9	6,1	9,7
AGGREGATEINDUSTRIE	GB	16,6	10,0	0,6	1,7	6,4	8,9
BPB INDUSTRIES	GB	9,7	5,9	1,2	0,9	4,7	6,5
CRH	IE	20,5	14,5	3,7	1,5	12,2	16,5
DECEUNINCK	BE	31,8	19,5	5,2	2,9	14,4	21,6
DLW	DE	18,4	5,9	2,9	0,4	5,4	12,9
FLUGGER	DK	8,7	5,8	1,2	0,4	3,6	5,2
FORBOHOLDING	CH	11,2	5,6	1,1	0,6	6,4	15,4
HANSON	GB	14,9	9,2	2,9	1,3	6,9	9,6
HEPWORTH	GB	9,7	6,1	1,7	0,6	5,2	8,0
HEWDEN-STUART	GB	11,4	4,4	1,7	1,1	3,8	8,0
HILTI	CH	11,3	7,4	1,3	1,0	8,7	14,2
IMETAL	FR	12,9	6,9	1,3	1,0	6,1	8,8
JUNCKERS (F)	DK	12,9	4,1	0,5	0,5	6,6	11,9
KCI KONECRANES	FI	16,9	12,4	4,0	0,9	9,5	11,9
KORAMIC BUILD PROD	BE	14,1	4,3	2,6	1,1	6,2	11,4
LINDAB	SE	11,3	7,2	2,1	0,7	5,8	7,7
MARLEY	GB	10,6	4,6	1,1	0,6	4,4	7,0
METRA	FI	14,6	5,4	1,1	0,4	5,8	10,1
MEYER INTERNATIONAL	GB	10,3	7,5	1,5	0,4	7,9	10,0
PANNONPLAST	HU	9,9	6,3	1,6	1,3	7,6	11,8
RMC	GB	11,5	4,7	1,2	0,5	4,5	6,8
ROCKWOOL INTL	DK	12,5	4,7	1,3	0,5	3,5	7,7
RUGBYGROUP	GB	11,3	7,0	1,4	0,6	5,9	8,2
SAINT GOBAIN	FR	14,4	6,4	1,3	0,8	5,7	9,2
SARNA KUNSTSTOFF	CH	10,3	6,6	1,4	0,6	4,4	6,5
SIKA FINANZ	CH	13,0	6,1	1,6	0,6	4,8	7,0
TAFISA	ES	12,2	2,6	0,9	0,6	2,9	5,3
TARMAC	GB	12,1	6,2	1,2	0,5	5,6	8,1
TULIKIWOY	FI	7,6	4,5	1,7	0,9	3,6	5,3
WIENERBERGER	AT	13,6	6,2	1,8	1,4	6,1	10,4
WOLSELEY	GB	11,3	7,2	2,0	0,4	6,4	7,6
ZZHOLDING	CH	23,8	6,6	1,1	0,6	5,1	9,8

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Figures in Pta m

	Audited 31.12.97	Estimated 31.12.1998	Budget 31.12.1998	Budget 31.12.1999
Operating revenue	3.250	3.305	3.473	3.416
EBITDA	396	475	450	457
EBIT	361	422	385	406
PBT	331	146	137	171
Net profit	243	125	87	111

Balance sheet

*Figures in Pta m

ASSETS	Audit	Estimated	LIABILITIES	Audit	Estimated
	1997	1998		1997	1998
Fixed assets	469	398	Equity	449	573
Goodwill	1.025	918	Shareholders' loan	549	604
Current assets	1.558	1.590	Long-term creditors	902	900
Cash	3	5	Short-term debt	418	75
			Current liabilities	737	758
TOTAL ASSETS	3.055	2.911	TOTAL LIABILITIES	3.055	2.911

Description of the market

Duraval has a 4% market share in its sector. It is a specialist producer, with a good position in the higher-margin segments. The company owns a brand that is well positioned in a market with sizeable barriers: scant imports, environmental factors that make it difficult to set up new plants, consolidated positions of the sector leaders...

The paint sector is a very fragmented market, with half a dozen relevant companies. The factors that most affect the market are the trends in the general economy, the construction sector (decorative paint) and industry (industrial paint), as well as the trends in raw material costs, particularly titanium dioxide, which is cyclical in nature and whose price is now rising.

Performance in 1998

The paint sector's performance in 1998 was not particularly good, despite the positive economic setting. This is partly explained by adverse weather conditions, slack activity in housing refurbishment (Duraval's main market) and, above all, the increase in the price of titanium dioxide, the main raw material used in paint manufacture. At the same time, competition in the sector remains very stiff, with a large number of small companies that in general do not meet the quality standards of the major producers.

Nonetheless, Duraval's business continued to make satisfactory headway, with moderate growth in turnover (+1.4%) and significant improvement in operating profit (+16.9%) beyond the targets set. Specifically, sales of brand-name paint for construction (Duraval's main product line) grew by 8.7% in tonnage terms and 6.4% in pesetas, amply offsetting the fall in its production of white brands (lower value added). Sales of paint for tinctometers have risen by more than 17%, reflecting the previous years' drive to market this type of machine.

For these reasons, Duraval still stands among the most profitable paint manufacturers in relative terms, ahead of much more well-known brands. Turnover in 1998 was Pta3,294m, and operating profit totalled Pta422m, or 12.8% of sales. The company's debt also made good progress, declining by Pta343m, or 26%, to Pta970m.

Valuation

For Duraval, we used the multiples of EBIT and EBITDA in order to prevent the distortions in net profit arising from the shareholders' loan, the leverage derived from the acquisition and the amortisation of goodwill.

On the basis of the company's acquisition multiples, its valuation is Pta1,468m, **placing the value of Dinamia's stake at Pta660m** (to which the Pta286m shareholders' loan must be added), **thus raising its valuation by 100.7%** (60.4% if we also take into account the shareholders' loan).

Following the guidelines of the EVCA (European Venture Capital Association) for the valuation of companies that form part of the portfolio of stocks held by venture capital companies, we obtained a valuation of Pta1,645m for Duraval, S.A. and Pta781m (to which the Pta286m shareholders' loan must be added) for Dinamia's stake. This valuation is based on a comparison with the profitability multiples of other European companies in the sector, applying a 30% discount for illiquidity.

DURAVAL. VALUATION ON 1998 FIGURES

	EBITD	EBIT	Average
Multiples at purchasing price:	6,5	7,1	
Valuation:	1.513	1.422	1.468

Paint. European and Northamerican Quoted companies.

						Liquidity Penalty	30%
Valuation on multiples of						AVERAGE	
Net Pr	C-F	Book V	Sales	EBITDA	EBIT	Unadjusted	Adjusted
				2.013	2.685	2.349	1.645

	Net Pr	C-F	Book	Sales	EBITDA	EBIT	N.Debt
DURAVAL Figures	125	285	573	3.305	475	422	1.574

		PER	P/CF	P/Book	EV/Sales	EV/EBITD	EV/EBIT
AVERAGE		16,8	10,8	2,9	0,9	7,6	10,1
CIN	PT	13,2	7,7	3,4	1,2	6,8	8,7
BOERO	IT		13,3	1,2	0,4	7,3	11,2
RPM INC.	US	17,5					
SICO	CA	16,2	9,3	1,8	0,5	6,9	8,8
FERRO CORP	US	15,3		4,1	0,8		
LILLY INDUSTRIES	US	14,2	8,0	2,6	1,0		
SHERWIN-WILLIAMS	US	19,0	11,5	2,7	1,2	9,2	11,7
VALSPAR CORP. (THE)	US	22,4	15,2	4,3	1,5		

Europastry, S. A.



ESPECIALISTAS DEL PAN Y DE LA
PASTELERIA ULTRACONGELADOS

Frozen bread and bakery

Date of investment:	December 1997
Acquisition cost:	Pta1,426m
Value of stake 31.12.97:	Pta1,426m
End of accounting year:	31 December
Stake of Dinamia Capital Privado, S.C.R.:	26.02%
Value of stake 31.12.98:	Pta1,426m

Summary of the transaction:

The funds obtained from the share subscription offering of Dinamia Capital Privado, S.C.R. were used to acquire the 26.02% stake in Europastry, S.A., which formed part of the venture capital funds of AB Asesores (now in liquidation). The breakdown of the company's other shareholders is as follows:

- Directors 73.98%

The acquisition cost places the value of the company's equity at Pta5,480m, representing (on 1997 figures) multiples of:

EBITDA ¹	EBIT	Cash flow
7.3x	27.2x	5.5x

¹EBITDA is defined as EBIT plus depreciation and amortisation. The multiples of EBITDA and EBIT are calculated in terms of enterprise value, defined as equity value + debt - cash

Europastry is a growth company, and it follows a policy of accelerated depreciation. As such, EBITDA is the most appropriate multiple for its analysis.

Description of the company

Europastry, S.A. produces and sells frozen bread (72.5% of the total in tonnage terms) and pastry. It has a wide range of products and, in the area of frozen bread, its main products are baguettes and ciapattas (Italian-style bread).

The company was set up in 1988, specialising in cakes, and in 1991 it began producing pre-cooked ultra-frozen bread, becoming a pioneer in this market segment. In recent years the company has been immersed in an ambitious industrial plan, at a cost of Pta4,000m, and the new facilities have been fully operational since 1997. Sales are mostly channelled through exclusive distribution networks, although it also has direct customers.

Company management

In 1998 Antoni Masferrer Solduga (until then Director and Executive Vice-Chairman of the company) was appointed Managing Director. The previous Executive Chairman, Pedro Gallés, has lost his executive status but is still the Technical Director. Carlos Palou remains in his post of General Manager, focusing primarily on sales tasks.

P&L

*Figures in Pta m

	Audited 31.12.1997	Estimated 31.12.98	Budget 31.12.1998	Budget 31.12.1999
Operating revenue	7.091	7.998	8.156	9.180
EBITDA	1.230	1.389	1.862	1.934
EBIT	328	463	930	913
PBT	140	230	631	663
Net profit	92	149	n.a.	431

Balance sheet

*Figures in Pta m

<u>ASSETS</u>	Audit	Estimated	<u>LIABILITIES</u>	Audit	Estimated
	1997	1998		1997	1998
Fixed assets	4.241	4.693	Equity	2.006	2.207
Current assets	3.020	2.821	Long-term creditors	2.414	2.688
Cash	1	522	Short-term debt	1.031	632
TOTAL ASSETS	7.262	8.036	Current liabilities	1.811	2.509
			TOTAL LIABILITIES	7.262	8.036

Description of the market

Europastry is the market leader in frozen bread and ranks third in frozen cakes in volume terms. It has two plants and a highly automated and efficient factory for speciality products. The importance of this factor is very great, as technology is a strong entry barrier because of the complexity of the production process.

These products are substitutes for traditional cakes and bread, with compound annual growth rates of 84% during the past five years in the case of ultra-frozen bread and 15% in frozen cakes. However, consumption in Spain is still at a far remove from that of other countries such as France, where frozen products represent 12% of the total bread market (5% in Spain) and 60% of the cake market (20% in Spain).

In the case of bread, frozen products are expected to account for 10% of the market by the year 2000, while for cakes this figure is likely to reach 30%. Europastry is now in a position to absorb this strong growth without having to take on any major investment in capacity (around Pta500m annually) until 2001, when it plans to establish a new plant for baguettes in the Barcelona area and a new cake factory adjoined to its plant at Azuqueca de Henares.

Performance in 1998

In 1998 the company advanced at its historical growth rate, despite the high figures of its consolidated activities in prior years.

Also noteworthy is that bread manufacture already accounts for 58% of total sales in value terms, and in addition it is growing at a fast pace.

During the first four months of 1998 the second stage of the plant enlargement at Azuqueca de Henares came on stream and was fully operational by summer, leading to significant cost savings. For 1999 the company intends to complete the second stage of the Azuqueca de Henares plant with the introduction of three new product lines, for a total of eight, placing its

capacity at 20,000 baguettes per hour. In addition, the ciapatta factory is already running two shifts, notably improving its efficiency in a business where industrial efficiency is the keynote.

This has considerably enhanced the company's P&L, with 63% growth in net profit thanks to its new distribution model in Madrid and the Barcelona area, despite higher depreciation (Pta 921m versus Pta795m in 1997) and extraordinary provisions for non-recurrent bad debts of more than Pta200m.

Equally notable is the improvement in the company's working capital, primarily stemming from the shortening of payment periods and a reduction of Pta 650m in debt, which is now entirely long term.

Valuation

For this specific case, we used only the multiples for sales, cash flow and EBITDA, because of the company's accelerated depreciation policy.

On the basis of its acquisition multiples, we arrived at a valuation of Pta6,267m for the company, with Dinamia's stake worth Pta1,631m.

Following the guidelines of the EVCA (European Venture Capital Association) for the valuation of companies that form part of the portfolio of stocks held by venture capital companies, we obtained a valuation of Pta5,690m for Europastry, S.A. and Pta1,480m for Dinamia's stake. This valuation is based on a comparison with the multiples of other companies in the sector, applying to the specific case of Europastry (owing to Dinamia's minority stake vis-à-vis the directors) a 35% discount for illiquidity.

Because of the company's accelerated depreciation policy, for valuation purposes we used a standard P&L account, with depreciation of Pta551m (instead of Pta926m):

Standard	Estimated 31.12.98
Operating revenue	7.998
EBITDA	1.389
EBIT	839
PBT	606
Net profit	394
Cash flow	944

Although both criteria raise the value of Europastry, **we have maintained its valuation at Dinamia's acquisition cost**, since the upward differences with respect to the most conservative criterion are not very large.

EUROPASTRY VALUATION ON 1998 FIGURES

	EBITD	C-F	
Multiples at purchasing price:	7,3	5,5	Average
Valuation:	7.342	5.191	6.267

Bakery. Quoted companies.

On Average (1)	Valuation on Multiples of						AVERAGE		Unliquidity Penalty	35%
	N.Pr	C-F	Book	Sales	EBITDA	EBIT	Unadjusted	Adjusted		
		11.743			6.418	8.099		8.754	5.690	

Europastry FIGURES	Net Pr	C-F	Book V	Sales	EBITDA	EBIT	N.Debt
	394	944	2.207	7.998	1.389	839	2.798

		PER	P/CF	P/Book	EV/Sales	EV/EBITD	EV/EBIT
BRIOCHE PASQUIER	FR	18,6	10,7	3,5	1,3	7,1	9,9
CHIPITA INT'L	GR	40,3					
GREGGS	GB	19,6	11,6	3,8	1,0	9,9	15,1
HIESTAND HOLDINGS	CH	17,8	7,4	2,0	1,1	6,5	10,7
HELLENIC BISCUIT CO	GR	41,6	24,9				
KATSELIS BROS	GR	16,5	7,5	2,6			
AVERAGE EUROPE (1)		25,7	12,4	3,0	1,2	7,8	11,9

Educa Sallent, S. A.**Educational toys**

Date of investment:	December 1997
Acquisition cost:	Pta620m
Value of stake 31.12.97:	Pta620m
End of accounting year:	31 March
Stake of Dinamia Capital Privado, S.C.R.:	50%
Value of stake 31.12.98:	Pta310m

Summary of the transaction:

The funds obtained from the share subscription offering of Dinamia Capital Privado, S.C.R. were used to acquire the 50% stake in Educa Sallent, S.A., which formed part of the venture capital funds of AB Aseores (now in liquidation). The breakdown of the company's other shareholders is as follows:

- Sallent family 50%

The acquisition cost places the value of the company's equity at Pta1,240m, representing (on 1997 figures) multiples of:

EBITDA ¹	EBIT	Net profit
9.4x	12.4x	10.9x

¹EBITDA is defined as EBIT plus depreciation and amortisation. The multiples of EBITDA and EBIT are calculated in terms of enterprise value, defined as equity value + debt - cash

Description of the company

Educa Sallent specialises in the manufacture and sale of educational toys. It has a large catalogue of jigsaw puzzles and educational toys, board games, educational games and building toys.

The company manufactures its own jigsaw puzzles and educational and board games, which it sells under the label Educa, highly prestigious on the Spanish market. Electronic games are manufactured in Asia by Team Concepts and are sold under the brands Educa and Team Concepts.

Exports are very important, as sales to more than 40 countries generate nearly 30% of the company's turnover.

Company management

More or less since 1994, the company has made notable efforts to modernise its management structure. Professional managers (led by Florenci Verbón, now the General Manager) have been appointed to posts formerly held by members of the founding family in order to rejuvenate and strengthen the brand, update the product range and consolidate the new management team.

P&L

*Figures in Pta m

	Audited 31.3.1997	Audited 31.3.1998	9 months 31.12.98
Operating revenue	2.753	3.127	2.977
EBITDA	211	180	152
EBIT	160	97	88
PBT	113	66	-9
Net profit	114	66	-9

Balance sheet

*Figures in Pta m

	31.03.98 Audit	31.12.98 9 months		31.03.98 Audit	31.12.98 9 months
ASSETS			LIABILITIES		
Fixed assets	810	807	Equity	1.219	1.153
Own shares	58		Short-term debt	1.132	1.551
Current assets	2.032	2.900	Current liabilities	659	1.014
Cash	110	10			
TOTAL ASSETS	3.010	3.717	TOTAL LIABILITIES	3.010	3.718

Description of the market

Educa is the national leader in jigsaw puzzles, and is the second-ranking domestic manufacturer in the toy sector, or sixth-ranking if foreign firms are included. It also has the largest existing product range of Spanish- and Portuguese-language wood and cardboard educational toys. Thanks to its strong position, it is able to obtain licences for popular characters and cartoons (including Walt Disney's).

Performance in 1998

In recent years Educa has made considerable efforts to revitalise the brand and to increase its market share and entry barriers, strengthening the company's and the brand's position. These efforts focused on enlarging the budget for product design, marketing and structural growth.

Together these measures have translated into compound annual growth of 15% since 1994. For 1998 growth of 19% was expected, but the Christmas sales campaign was particularly adverse for the traditional toy sector as a whole, because Sony and Nintendo's video games proved hugely successful and drained much of the other manufacturers' market share.

As a result, the profits of a large part of the traditional toy sector will be lower, with some companies even entering the red.

Valuation

The year's results have led us to reconsider our strategy with respect to certain Educa products that contribute volume but little profit. In view of the results to December after the Christmas campaign, from a conservative criterion it seemed appropriate to provision 50% of the company's value, **placing the value of Dinamia's stake at Pta310m.**

Equipamientos Urbanos, S. A. (Group)



Outdoor advertising

Date of investment:	December 1997
Acquisition cost:	Pta535m
Value of stake 31.12.97:	Pta535m
Capital increase December 1998	Pta204m
End of accounting year:	31 December
Stake of Dinamia Capital Privado, S.C.R.:	40.70%
Value of stake 31.12.98:	Pta941m

Summary of the transaction:

The funds obtained from the share subscription offering of Dinamia Capital Privado, S.C.R. were used to acquire the 41.47% stake in Equipamientos Urbanos, which formed part of the venture capital funds of AB Asesores (now in liquidation). In the present year this stake has been diluted to 40.70% in favour of the management team. The breakdown of the other shareholders is as follows:

- Fondos de Inversión de Barings 40.06%
- Inversiones Juan de Mena 14.26%
- Management team 4.98%

The acquisition cost places the value of the company's equity at Pta1,282m, representing (on 1997 figures) multiples of:

EBITDA ¹	EBIT	Net profit
6.48x	11.2x	13.8x

¹EBITDA is defined as EBIT plus depreciation and amortisation. The multiples of EBITDA and EBIT are calculated in terms of enterprise value, defined as equity value + debt - cash

Description of the company

Equipamientos Urbanos specialises in the sale of advertising space on urban fixtures. The business centres on concessions (for 10 to 15 years), under which it sells advertising space in exchange for installing and maintaining the urban fixture used as a support.

The company has a large catalogue of all types of fixtures, of its own design and patented, which it installs at concessions and sells to third parties. It subcontracts the manufacture of these fixtures out to small workshops.

Company management

In 1995 the company appointed a new General Manager, Antonio Sánchez, with broad experience in the sector. He gradually replaced the former shareholders holding management posts, and they departed definitively in 1996. In the course of 1996 and 1997, all areas have been reinforced, including the creation of a department of international expansion and new projects.

P&L

Figures in Pta m

	Audited 31.12.97	Budget 31.12.1998	Estimated 31.12.98
Operating revenue	1.713	1.816	2.692
EBITDA	301	487	612
EBIT	174	315	428
PBT	158	278	312
Net profit	93	234	189

Balance sheet

*Figures in Pta m

ASSETS	Audit	Estimated	LIABILITIES	Audit	Estimated
	1997	1998		1997	1998
Fixed assets	1.225	1.676	Equity	729	1.609
Goodwill	21		Minority interests	18	5
Current assets	1.215	1.866	Long-term creditors	169	96
Cash	65	79	Long-debt	211	337
TOTAL ASSETS	2.526	3.621	Short-term debt	524	498
			Current liabilities	875	1.076
			TOTAL LIABILITIES	2.526	3.621

Description of the market.

Equipamientos Urbanos ranks third in Spain, with some 40 concessions, including ones awarded by the regional government of Madrid, the regional government of Catalonia, Valladolid, Pamplona, Córdoba... and the recent concession of the Mexican government.

There are two key factors in the market where the company operates: winning concessions and developing appropriate sales strategies for their exploitation.

- As to concessions, for the successful bidding and maintenance of already existing concessions, a company must have a certain size, prior experience, a broad product range and good relations with government agencies. In this respect, the company's strategy focuses on winning concessions in countries where the market is fairly undeveloped (such as the recent concession awarded in Mexico); for domestic expansion, its strategy essentially rests on the development of new products.
- On the sales side, a good sales team and good co-ordination are the objectives. Combined with the company's expertise, this should create a barrier to new competitors and lead to a gradual concentration of the market.

Performance in 1998

The year's highlights:

- As seen in the adjoined P&L accounts, growth was considerable both in sales and profits, owing to the concession awards of previous years that have now begun to bear fruit.
- Numerous new concessions were obtained: the regional government of Catalonia, SIT Madrid, Estepona, Lugo, Mexican government, etc., representing 10,000 new sites.

- The large number of new concessions required major investment: all cash flow was reinvested, a capital increase of Pta500m was carried out and the company's debt was increased. And the process of raising fresh funds continues.

Valuation

For valuation purposes, the part attributable to the minority shareholding (45%) in Mediaplus, one of the Group's subsidiaries, was eliminated from the P&L account. Thus the P&L used in the valuation is as follows:

Figures in Pta m

	Estimated 31.12.98
Operating revenue	2.317
EBITDA	588
EBIT	405
PBT	290
Net profit	189

On the basis of the company's acquisition multiples, we arrived at a valuation of Pta3,154m, which places the value of Dinamia's stake at Pta1,284m.

Following the guidelines of the EVCA (European Venture Capital Association) for the valuation of companies that form part of the portfolio of stocks held by venture capital companies, we obtained a valuation of Pta2,321m for the Equipamientos Urbanos Group and **Pta945m for Dinamia's stake, raising its (post-capital increase) valuation by 28%**. This valuation is based on a comparison with the multiples of other European companies in the sector, applying a 30% discount for illiquidity.

In the case of Equipamientos, an additional discount of 5% was applied because of its small size in relation to the companies used in the comparison:

- The sector is marked by a high level of operating leverage, and the profitability of companies primarily depends on the number, degree of maturity and size of the concessions exploited.
- As a result, there are large economies of scale with respect to the size of companies, and the large companies are precisely the ones which are listed on the stock market and have been used in the analysis here.
- In addition, it must be borne in mind that the concessions of Equipamientos Urbanos are small- or medium-sized vis-à-vis the European companies with which it is compared.

EQUIPAMIENTOS URBANOS, S.A. VALUATION ON 1998 FIGURES

	EBITD	EBIT	Net Pr	
Multiples at purchasing price:	6,5	11,2	13,8	Average
Valuation:	3.064	3.790	2.608	3.154

Outdoor advertising. Quoted companies.

							liquidity Penalty	30%
	Valuation on Multiples of						AVERAGE	
	Net Pr	C-F	Book	Sales	EBITDA	EBIT	Unadjusted	Adjusted
On Average (1)	3.730	4.256		2.348	3.438	3.682	3.491	2.321
On Average (2)	34.461	11.107		18.076	11.031	12.316	17.398	11.570
							Size Penalty	5,00%
EUSA FIGURES	Net Pr	C-F	Book	Sales	EBITDA	EBIT	N.Debt	
	189	372	1.609	2.317	588	405	747	

		PER	P/CF	P/Book	EV/Sales	EV/EBITD	EV/EBIT
Maiden Group	UK	24,7	16,2		1,4	7,5	10,2
Affichage	CH	17,4	8,9		1,5	6,9	12,8
Dauphin O.T.A.	FR	17,1	9,2		1,1	6,9	9,8
AVERAGE EUROPE (1)		19,7	11,4		1,3	7,1	10,9
Clear Channel	US	222,2	35,7		9,8	25,7	
Outdoor Systems Inc.	US	142,5	35,3		9,4	20,0	31,2
Chancellor Media	US		21,5		7,2	21,2	
Lamar Advertising Co.	US		26,9		6,1	13,2	33,3
AVERAGE US (2)		182,3	29,9		8,1	20,0	32,3

Jaime Martínez de Ubago, S. A. (Group)



Smoked products and tinned fish

Date of investment:	December 1997
Acquisition cost:	Pta1,548m
Value of stake 31.12.97:	Pta1,548m
End of accounting year:	31 December
Stake of Dinamia Capital Privado, S.C.R.:	65.27%
Value of stake 31.12.98:	Pta1,956m

Summary of the transaction:

The funds obtained from the share subscription offering of Dinamia Capital Privado, S.C.R. were used to acquire the 51.66% stake in Jaime Martínez de Ubago, S. A., which formed part of the venture capital funds of AB Asesores (now in liquidation). After the amortisation of own shares this year, its stake has increased to 65.27%. The breakdown of the company's other shareholders is as follows:

- Ubago family 33.06%
- Others 1.67%

The acquisition cost places the value of the company's equity at Pta2,997m, representing (on 1997 figures) multiples of:

EBITDA ¹	EBIT	Net profit
5.5x	7.4x	10,7x

¹EBITDA is defined as EBIT plus depreciation and amortisation. The multiples of EBITDA and EBIT are calculated in terms of enterprise value, defined as equity value + debt - cash

Description of the company

Ubago is a group of companies specialised in the production and sale of fish products. Conservas Ubago produces and sells tinned fish (under label Ubago, though it also produces white and distributors' brands).

Vensy España, S.A., a wholly owned subsidiary of Ubago, produces and sells smoked fish, which it mostly distributes to large retail outlets and supermarkets. Ahumados Wonder, with a strong presence on the hotel/restaurant market, was recently reorganised, and Vensy now handles all its production.

Company management

The General Manager is Eugenio Martínez de Ubago, a shareholder of the company. Professional managers form the rest of the management team.

P&L

Figures in Pta m

	Audited 31.12.1997	Estimated 31.12.1998	Budget 31.12.1998
Operating revenue	6.082	7.480	6.735
EBITDA	718	752	739
EBIT	529	613	664
PBT	454	533	574
Net profit	281	360	n.a.

Balance sheet

*Figures in Pta m

ASSETS	Audit	Estimated	LIABILITIES	Audit	Estimated
	1997	1998		1997	1998
Fixed assets	1.455	1.588	Equity	2.371	2.417
Current assets	3.805	4.473	Long-term creditors	261	307
Cash	84	34	Short-term debt	1.500	1.710
TOTAL ASSETS	5.344	6.095	Current liabilities	1.212	1.661
			TOTAL LIABILITIES	5.344	6.095

Description of the market

Conservas Ubago is a cannery specialised in certain products, with a well-known brand image. Vensy in turn has the leading brand in the smoked fish market, as well as a considerable market share in white brands.

The tinned fish market is quite mature, with growth rates of around 1-2%. For this reason, the company has moved its tinning business to Morocco, where labour costs and consumption are lower. Results are expected to improve in the years ahead, even though the country and currency risks are greater.

Growth in the smoked products market has greatly outpaced the average in the food sector, with rates of more than 10%. However, consumption per capita of smoked fish (50gr/year) in Spain (the second largest consumer of fresh fish worldwide) is still far below that of other European countries (Switzerland: 250 gr./year, France: 200 gr./year). This, together with the increasing popularity of these products, suggests that the Spanish market will continue to grow at rates in the region of 10% over the next few years.

Performance in 1998

In July 1998, the company decreased its capital by returning shareholders' contributions. Dinamia's stake went from 51.66% to 65.27%.

Valuation

For Ubago, considering the high seasonality of its business, we took as its debt level the figure of Pta1,320m, this being the average balance of the company's net bank debt during 1998.

On the basis of the company's acquisition multiples, we arrived at a valuation for the company of Pta3,017m, which places the value of Dinamia's stake at Pta1,969m. The company's value thus remains the same as Dinamia's acquisition cost. But, given that its stake in the company

has increased, the value of Dinamia's stake is Pta1,956m, representing a revaluation of 26.4%.

Following the guidelines of the EVCA (European Venture Capital Association) for the valuation of companies that form part of the portfolio of stocks held by venture capital companies, we obtained a valuation of Pta3,957m for Ubago and Pta2,583m for Dinamia's stake. This valuation is based on a comparison with the multiples of other European companies in the sector, applying a 30% discount for illiquidity.

UBAGO. VALUATION ON 1998 FIGURES

	EBITD	EBIT	
Multiples at purchasing price:	5,5	7,4	Average
Valuation:	2.816	3.217	3.017

Fish & Canned. European quoted companies.

						liquidity Penalty	30%
Valuation on Multiples of						AVERAGE	
Net Pr	C-F	Book V.	Sales	EBITDA	EBIT	Unadjusted	Adjusted
5.712	5.143			5.050	6.706	5.653	3.957

UBAGO Figures	Net Pr	C-F	Book	Sales	EBITDA	EBIT	N.Debt
	360	499	2.417	7.480	752	613	1.320

	PER	P/CF	P/Book	EV/Sales	EV/EBITD	EV/EBIT
AVERAGE	15,9	10,3	2,8	1,1	8,5	13,1

BOOKER	GB	4,4	1,2	2,1	0,1	2,6	3,7
GLOBUS KONSERVIPARI	HU	5,1					
HILLSDOWN HOLDING	GB	5,7	2,8	0,8	0,3	3,4	4,6
KUHNE & HEITZ	NL	10,2	10,8	1,1	0,1	7,3	8,6
MERKO	TR	16,4					
RAISION TEHTAAT	FI	42,8	26,3	5,6	2,1	22,2	39,6
SAUPIQUET	FR	20,7					
SELONTA FISH	GR	9,5		2,9	2,2		12,2
TAT KONSERVE	TR	28,0	10,4	4,3	2,1	6,8	9,9

New PC Holdings, S.A. (EI System)



Retail sales and assembly of PCs and accessories

Date of investment:	January 1998
Acquisition cost:	Pta1,173m (including Pta693m shareholders' loan)
Value of stake at 31.01.98:	Pta1,173m
End of accounting year:	31 December
Stake of Dinamia Capital Privado, S.C.R.:	38.5%
Totally diluted stake of Dinamia:	36.575%
Value of stake at 31.12.98:	Pta1,225m (including Pta745m shareholders' loan)

Summary of the transaction:

The funds obtained from the share subscription offering of Dinamia Capital Privado, S.C.R. were used to acquire the 38.5% stake in E.I. System, S.A. The breakdown of the company's other shareholders is as follows:

➤ Funds of Electra Fleming	31.5%	(29.925% totally diluted*)
➤ Directors	30.0%	(28.500% totally diluted*)

*The company's new general manager has a purchase option for up to 5% of the capital. These shares will be offered by all shareholders on a pro rata allocation basis, leaving Dinamia's totally diluted stake at 36.575%.

The acquisition cost places the value of the company's equity at Pta3,047m, representing (on 1997 figures) multiples of:

EBITDA ¹	EBIT	Net profit
4.0x	4.3x	8.6x

¹EBITDA is defined as EBIT plus depreciation and amortisation. The multiples of EBITDA and EBIT are calculated in terms of enterprise value, defined as equity value + debt - cash

However, an additional payment was agreed in the event that the average operating profit in 1997 and 1998 exceeded Pta600m, estimating the company's value for this purpose at 5 times EBT. Nevertheless, we will not change the acquisition cost until its full liquidation, which will probably occur in June 1999.

Description of the company

The company specialises in the assembly of PCs as well as their distribution and retail and wholesale marketing. In 1997 retail sales represented 27% of total sales, but the company's Strategic Plan envisions the expansion of the network of shops in the years ahead (from three to at least 14). EI System's customer service has an excellent reputation, and the company is able to provide a custom-made PC in only 48 hours (besides its standard models).

Company management

The new Managing Director, Javier Cuesta, worked at McKinsey before setting up his own computer publication business. He has developed good relations with the former owners and is structuring and professionalising the organisation and management at all levels. A new management team has been created that has already replaced the previous team formed by the shareholders, covering the areas of stores, marketing, retail sales, foreign activity and human resources.

P&L

**Figures in Pta m*

	Real agr. 31.12.1997	Standard* 31.12.1998	Stand. budget* 31.12.99
Operating revenue	13.903	14.998	21.076
EBITDA	672	673	1.165
EBIT	629	637	1.069
PBT	546	638	1.069
Net profit	355	434	695

*These accounts have been standardised to make them comparable with those of 1997: they do not include the amortisation of goodwill, expenses derived from the transaction or the interest on the shareholders' loan.

The P&L account for end-1998, which includes all the items previously stripped out (Pta80m in goodwill amortisation, Pta65m in expenses derived from the transaction, and Pta135m in interest on the shareholders' loan), is as follows:

**Figures in Pta m*

	Estimated 31.12.1998
Operating revenue	14.998
EBITDA	673
EBIT	637
PBT	358
Net profit	183

Balance sheet

**Figures in Pta m*

<u>ASSETS</u>	Real	Estimated	<u>LIABILITIES</u>	Real	Estimated
	1997	1998		1997	1998
Fixed assets	182	400	Equity	712	1.430
Goodwill		2.092	Shareholders' loan		1.935
Current assets	1.713	2.372	Short-term debt	41	
Cash	413	531	Current liabilities	1.555	2.030
TOTAL ASSETS	2.308	5.395	TOTAL LIABILITIES	2.308	5.395

Description of the market

The Spanish market has strong growth potential, as spending in Spain on data processing as a percentage of GDP is among the lowest in Western Europe. At present, most of the PCs sold by EI System are clones, whose market share is expected to increase to the detriment of brand-name PCs. The opportunity for EI System lies in the fact that there is no relevant competitor in retail sales of computer products, and its goal is to become the leader in the sector.

Performance in 1998

1998 was a key year, marking the incorporation of an entirely new management team that replaced the previous managers. This task has now reached a very successful end. On the business side, the prime objective was to launch an aggressive plan for openings of megastores, with the start-up of four stores in Madrid, Bilbao, Valencia and Murcia. In addition, the company signed agreements with other manufacturers to consolidate EI System stores as multi-brand outlets.

Results were very similar to those of 1997, even though a notable fall had been expected due to the strong rate of openings, surpassing the budget targets for the year. Retail sales now generate 30% of turnover, contributing around 40% of operating profit despite the fact that the new stores were not launched until the end of the final quarter.

Valuation

Following the guidelines of the EVCA (European Venture Capital Association) for the valuation of companies that form part of the portfolio of stocks held by venture capital companies, **we have maintained the current valuation at acquisition cost**, since less than 12 months have elapsed since the purchase of the stake in the company.

Nonetheless, for indicative purposes, a valuation was made of EI System:

- The figures of the standard accounts were used, but included the interest on the shareholders' loan, and thus the figure used for net profit (the only changed one) was Pta327m.
- On the basis of the company's acquisition multiples, we obtained a valuation for the company of Pta1,812m, placing the value of Dinamia's stake at Pta663m.
- In comparing its multiples with those of other European companies in the sector and applying a 30% discount for illiquidity, we arrived at valuation of Pta5,211m for the company and Pta1,906 for Dinamia's stake. The large discrepancy between this valuation and the previous one is basically due to the fact that the valuation was made with respect to listed companies specialised in retail sales, whereas in the case of EI System (even though its strategic objective is to focus on retail sales) the weight of the distribution business is still larger. Nonetheless, it was evaluated in relation to these companies because its aim is to focus on this business, which generates higher margins than those of the segment where it operates. Moreover, as shown, the acquisition multiples were quite low, due precisely to the preponderance of the distribution business at the time of purchase.
- Consequently, as long as the weight of retailing does not reach the desired levels, the criterion of acquisition multiples provides a more exact evaluation of EI System.

EI SYSTEM. VALUATION ON 1998 FIGURES

	Net Pr	EBITD	EBIT	
Multiples at purchasing price:	8,6	4,0	4,3	Average
Valuation:	2.812	1.288	1.335	1.812

Computer retailing. European quoted companies

liquidity Penalty 30%

Valuation on Multiples of						AVERAGE	
Net Pr	C-F	Book V.	Sales	EBITDA	EBIT	Unadjusted	Adjusted
6.828	6.252	7.478		7.094	9.568	7.444	5.211

EI SYSTEMS Figures

Net Pr	C-F	Book V	Sales	EBITDA	EBIT	N.Debt
327	363	1.430	14.998	673	637	1.404

PER	P/CF	P/Book	EV/Sales	EV/EBITD	EV/EBIT
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AVERAGE	20,9	17,2	5,2	1,5	12,6	17,2
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ALPHAMEDIA	FR	13,5					
COMPUTERLAND	PL	14,5					
DICOM GROUP	GB						
ERGO DATA	GR	38,4	2,6	2,5			
MACROTRON	DE	15,3	15,9	3,3	0,1	6,4	7,6
TIETO GROUP	FI	42,3	30,7	10,7	4,0	23,5	34,7
SKILLSGROUP	GB	15,9		8,2	0,4		
INFOPOINT	FR	6,3	5,0	1,4	0,3	7,9	9,5

Marie Claire, S.A. (Aznar Group)



Manufacture and sale of tights, socks, lingerie and swimwear

Date of investment:	July 1998
Acquisition cost:	Pta351m in shares Pta451m in shareholders' loan
Value of stake 31.07.98:	Pta802m
End of accounting year:	31 March
Stake of Dinamia Capital Privado, S.C.R.:	25.06%
Value of stake 31.12.98:	Pta827m (including Pta476m shareholders' loan)

Summary of the transaction:

Dinamia acquired 25.06% of the Aznar Group in July 1998 at a total cost of Pta6,390m. The breakdown of the other shareholders is as follows:

➤ Funds managed by Natwest	25.06%
➤ Espiga	16.88%
➤ Directors	33.00%

The acquisition cost places the value of the company's equity at Pta1,400m, representing (on 31.03.1998 figures) multiples of:

EBITDA ¹	EBIT	Net profit	Cash flow
4.2x	6.0x	10.1x	6.1x

¹EBITDA is defined as EBIT plus depreciation and amortisation. The multiples of EBITDA and EBIT are calculated in terms of enterprise value, defined as equity value + debt - cash

Description of the company

The Aznar Group was founded in 1907 by the Aznar family at Villafranca del Cid, Castellón. Its core activity is the manufacture of tights and socks, widening this activity four years ago to lingerie, underwear, night-clothes and swimwear.

Company management

The company's management has not changed since its acquisition by the Hartstone Group, i.e. the former management team that owned 100% of the company, which it sold to Hartstone and which the financial partners have incorporated in the capital. No changes are foreseen in the future.

P&L

*Figures in Pta m

	Real aggregate 31.03.98	Standard Consolidated 31.03.99 (E)
Operating revenue	10.852	11.063
EBITDA	1.376	1.460
EBIT	958	1.037
PBT	941	919
Net profit	633	597

*These accounts are standardised to make them comparable with those of 1997-98: they do not include expenses derived from the transaction or interest on the shareholders' loan.

The estimated P&L for 1998-99 (real to December and budget to closing date), which includes the previously stripped out items (Pta122m in expenses derived from the transaction, Pta171m in interest on the shareholders' loan), is as follows:

	Estimated Consolidated 31.03.99
Operating revenue	11.063
EBITDA	1.338
EBIT	915
PBT	626
Net profit	438

Balance sheet

*Figures in Pta m

ASSETS	Aggregate	Consolidated	LIABILITIES	Aggregate	Consolidated
	31.03.98	31.03.99		31.03.98	31.03.99
Fixed assets	1.688	1.729	Equity	6.314	2.196
Working capital	3.956	5.549	Shareholders' loan		1.899
Cash	1.116	67	Long-term debt		3.250
TOTAL ASSETS	6.760	7.345	Short-term debt	446	
			TOTAL LIABILITIES	6.760	7.345

Description of the market

Tights are a very mature and highly diversified product, with a broad range of quality, designs, colours and thickness, etc. As a result, there is also a wide price range, running from Pta100 to Pta5,000 or even more for a pair of tights. The latest novelty is the use of lycra in tights, involving the intertwining of this fibre with the other threads (usually nylon) in two different directions, covering the lycra with a strand of nylon or weaving it along with the others, with the lycra covering the nylon thread. Lycra's main contribution has been to make tights stronger, which has had two basic effects. First, the product lasts much longer, leading to lower margins in volume terms. Second, the average price of tights has increased, offsetting the volume effect. Marie Claire is the Spanish market leader in tights, with a 14.8% share, having gradually risen from a 12.6% share in 1994. The market is characterised by certain cyclicity due to changing fashions, and is now at its lowest point.

The sock market is highly fragmented. It has been growing at two-digit rates but is expected to stabilise. The brand name is practically irrelevant.

In lingerie, underwear, swim suits and nightwear, Marie Claire is active via Azinsa, which sells a large range of products under the Marie Claire label. This market is also fragmented, and Marie Claire's strategy is to occupy profitable market niches. Azinsa is virtually the only Spanish manufacturer of slips, a declining market as this product is only used by older women. Taking advantage of the technology of circular weaving used for tights, the company has created a very successful line of seamless underwear. This product and swimwear account for Aznar's growth. The growth in its swimwear line is explained by its price/quality ratio and advertising. In addition, Azinsa has just entered the segment of men's underwear with the Kler label, likely to be the driving force in its future growth.

Performance in 1998-1999

Marie Claire closes its accounts in March, when the summer campaign has not yet begun. Nonetheless, on the domestic market, the tights business remains stable, while socks are expected to grow moderately, albeit with a clear tendency to stabilise. Notable, however, is the good progress in the activities of Aznar Industrial.

As to the company's main challenge, namely internationalisation, the activity of its UK subsidiary is now fully consolidated, with three large accounts. In addition, negotiations continue on the possible purchase of Ipko Amcor, a Dutch distributor that would provide access to the Central European market and contribute sales of around Pta1,500m.

Forecasts for operating profit in 1999 signal little change with respect to the figure for the year ended in March 1998, even though the company's budget had foreseen a fall of around 20%.

Valuation

Following the guidelines of the EVCA (European Venture Capital Association) for the valuation of companies that form part of the portfolio of stocks held by venture capital companies, the **company's current value is the same as the acquisition cost**, since less than 12 months have elapsed since the stake was purchased

Nonetheless, for indicative purposes, a valuation was made of Marie Claire:

- The figures of the standard accounts were used, but included the interest on the shareholders' loan, and thus the figure used for net profit (together with cash flow, the only relevant one) was Pta407m.
- On the basis of the company's acquisition multiples, we obtained a valuation for the company of Pta3,196m, placing the value of Dinamia's stake at Pta801m.
- In comparing its multiples with those of other European companies in the sector and applying a 30% discount for illiquidity, we arrived at a valuation of Pta2,264m for the company and Pta568m for Dinamia's stake.
- As seen in the adjoined analysis, the results vary greatly depending on the multiple used. This stems from the company's high leverage, due in particular to the impact of the shareholders' loan, quasi-capital in nature and with the sole purpose of providing a tax shield.

EI SYSTEM. VALUATION ON 1998 FIGURES

	Net Pr	EBITD	EBIT	
Multiples at purchasing price:	8,6	4,0	4,3	Average
Valuation:	2.812	1.288	1.335	1.812

Computer retailing. European quoted companies

liquidity Penalty 30%

Valuation on Multiples of						AVERAGE	
Net Pr	C-F	Book V.	Sales	EBITDA	EBIT	Unadjusted	Adjusted
6.828	6.252	7.478		7.094	9.568	7.444	5.211

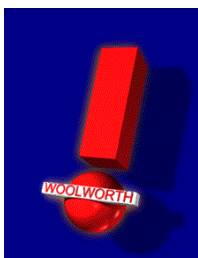
EI SYSTEMS Figures

Net Pr	C-F	Book V	Sales	EBITDA	EBIT	N.Debt
327	363	1.430	14.998	673	637	1.404

	PER	P/CF	P/Book	EV/Sales	EV/EBITD	EV/EBIT
AVERAGE	20,9	17,2	5,2	1,5	12,6	17,2

ALPHAMEDIA	FR	13,5				
COMPUTERLAND	PL	14,5				
DICOM GROUP	GB					
ERGO DATA	GR	38,4	2,6	2,5		
MACROTRON	DE	15,3	15,9	3,3	0,1	6,4
TIETO GROUP	FI	42,3	30,7	10,7	4,0	23,5
SKILLSGROUP	GB	15,9		8,2	0,4	
INFOPOINT	FR	6,3	5,0	1,4	0,3	7,9

Deutsche Woolworth



Chain of 357 department stores in Germany and Austria

Date of investment:	December 1998
Acquisition cost:	Pta176m in shares Pta541m in loans
End of accounting year:	31 January
Stake of Dinamia Capital Privado, S.C.R.:	5%
➤ Dr. Peter Wessels Vermögensverwaltung GmbH	4.94%
➤ Dr. Peter Wessels Beteiligungsverwaltung GmbH	5.55%
Value of stake at 31.12.98:	Pta717m:
➤ Dr. Peter Wessels Vermögensverwaltung GmbH	Pta154.6m
➤ Dr. Peter Wessels Beteiligungsverwaltung GmbH	Pta 21.7m
➤ Loans	Pta541m

Summary of the transaction:

In December 1998 Dinamia acquired a 5% stake in Deutsche Woolworth as part of an MBO led by Electra Fleming, through two asset management companies: Dr. Peter Wessels Vermögensverwaltung GmbH and Dr. Peter Wessels Beteiligungsverwaltung GmbH. The breakdown of the company's other shareholders is as follows:

- | | | |
|---|----------------------------------|-----|
| ➤ | Funds managed by Electra Fleming | 85% |
| ➤ | Directors | 10% |

The total acquisition cost was DM1,100m:

	DM	Pta	€
Equity	40,6	3.454	20,8
Shareholders' loan	109,4	9.307	55,9
Bank debt	950	80.818	485,7
TOTAL	1.100	93.579	562,4

The acquisition cost places the value of the company's equity at Pta3,454m, representing (on 1998 figures) multiples of:

EBITDA ¹	EBIT
7.41x	12.20x

¹EBITDA is defined as EBIT plus depreciation and amortisation. The multiples of EBITDA and EBIT are calculated in terms of enterprise value, defined as equity value + debt - cash

Description of the company

The German Woolworth Group is formed by a chain of 357 department stores, targeted at middle-class consumers and with low price levels. The stores are located in Germany (the majority) and in Austria.

The group has considerable real estate assets, as it owns 118 of the 357 store properties, valued at DM1,200m (Pta102,000m). These assets were used as the collateral to finance the leverage borne by the group in the acquisition transaction.

The Woolworth Group is now in the final stage of a restructuring process that began in 1997, during which its profitability has improved within a scenario of tighter demand.

Company management

The new management team took over in 1996, designing and implementing a restructuring plan. The plan mainly focused on: rationalisation of the product line, closure of unprofitable stores, improvement in logistics, and greater flexibility and reduction of personnel costs.

The management team (which also owns 10% of the company) is formed by Manfred Schönheimer (Managing Director), Berthold Honecker (Logistics), Dr Ulrich Schillert (Human Resources), Ronald Koch (Property), Friedrich J. Dann (Finance) and Manfred Schönmeier (Growth Opportunities).

P&L

**Figures in Pta m*

	Proforma 1997	Estimated* 1998
Operating revenue	193.751	174.397
EBITDA	8.099	8.609
EBIT	3.964	5.232
PBT	4.279	
Net profit	3.403	

**Figures estimated by Electra Fleming on 30.09.98*

Balance sheet

**Figures in Pta m*

<u>ASSETS</u>	<u>Estimated 1998</u>	<u>LIABILITIES</u>	<u>Estimated 1998</u>
Fixed assets	34.012	Equity	2.663
Goodwill	41.983	Deferred Income	3.131
Current assets	37.015	Shareholders' loans	9.545
TOTAL ASSETS	113.009	Debt	86.671
		Current liabilities	11.000
		TOTAL LIABILITIES	113.009

**Figures estimated by Electra Fleming on 30.09.98*

Valuation

Because of the company's recent incorporation in Dinamia's portfolio, closely coinciding with the valuation date of the present report, we have maintained the **valuation at acquisition cost: Pta717m (including the Pta 541m loan).**

Industrias Murtra, S. A.



Polypropylene spinning

Date of investment:	December 1997
Acquisition cost:	Pta237m
Date of divestment:	April 1998
Amount of divestment:	Pta502m
Value of stake at 31.12.97:	Pta237m
End of accounting year:	31 December
Stake of Dinamia Capital Privado, S.C.R.:	11.19% (16.79% at 31.12.97)
Value of stake at 31.12.98:	Pta319m

Summary of the transaction:

The funds obtained from the share subscription offering of Dinamia Capital Privado, S.C.R. were used to acquire the 16.79% stake Murtra, S.A., which formed part of the venture capital funds of AB Asesores (now in liquidation). The breakdown of the company's other shareholders is as follows:

- Murtra family 66.42%
- Others 16.79%

In April 1998 an agreement was signed for the sale of Dinamia's stake in Industrias Murtra, S.A. The sale was implemented via a purchase option on this stake. For all practical purposes, six payments will be made periodically, each for one-sixth of the price agreed, in accordance with the timetable shown in the adjoined table. On 31.12.98, two payments had been made, and thus Dinamia still owns four-sixths of its original stake. To evaluate Dinamia's stake in the company at 31.12.98, we discounted the outstanding payments at a rate of 3.9% (discount rate equal to the yield on 10-year government debt), obtaining a **valuation of Pta 319m**.

Industrias Murtra. Valuation of stake pending payment on 31.12.98.

**Figures in Pta m*

	dec-98	jun-99	dec-99	jun-00	dec-00
Flow diagram		83,65	83,65	83,65	83,65

NAV	319
Six-month discount rate	1,93%
Annual discount rate	3,90%