G.research, Inc.
One Corporate Center
Rye, NY 10580-1422
Tel (914) 921-8355
www.gabelli.com

April 2, 2014

Gabelli & Company

Online Takes Center Stage

Source: Company websites

Investment AB Kinnevik

(KINV’A – SEK 239.50 – Stockholm)
(KINV’B – 238.00 – ")

Sergey Dluzhevskiy, CFA
(914) 921-8355

-Please Refer To Important Disclosures On Page 7 Of This Report-

G.research, Inc.
One Corporate Center
Rye, NY 10580-1422
Tel (914) 921-8335
www.gabelli.com

April 2, 2014

Gabelli & Company

Investment AB Kinnevik (KINV'B - SEK 238.00 - Stockholm) — Online Takes Center Stage – Buy

Year	Sales *(in mil.)*	EBITDA *(in mil.)*	PMV		
2016P	SEK 1,743	SEK (27)	SEK 312	Dividend [a]: SEK 6.50	Current Return: 2.7%
2015P	1,685	(102)	315	Shares O/S [b]: 277.3 million consisting of:	
2014E	1,628	(180)	317	42.4 ”	Class A – 10 votes
2013A	1,541	(284)	-	234.9 ”	Class B – 1 vote
				52-Week Range:	SEK 313.10 – SEK 156.10

(a) Proposed dividend increase to SEK 7.00 per share (from SEK 6.50 per share) is expected to be approved at the company's AGM in May 2014. (b) Stenbeck family and related entities collectively own 33.8 million Class A shares and 0.7 million Class B shares, representing 12.4% economic and 51.4% voting interest.

COMPANY OVERVIEW

Investment AB Kinnevik, headquartered in Stockholm, Sweden, was established in 1936 as an investment company. Kinnevik manages a portfolio of listed holdings, primarily in the telecommunications and media sectors, including stakes in Millicom, Tele2, and Modern Times Group. Through its Kinnevik Capital subsidiary, the company invests in small and mid-size companies with significant growth potential, focusing primarily on online, microfinancing, and agriculture areas. Kinnevik's largest unlisted holding is its 36% interest in Zalando, a leading European online footwear and fashion retailer.

Reason For Comment

Over the last 12-18 months, Kinnevik's online portfolio has arguably become the primary source of investor interest in the name. The company's direct and indirect investments (mainly through Rocket Internet) in a significant number of fast-growing online ventures (with a focus on global e-commerce and marketplaces) should help Kinnevik benefit from strong secular long-term trends, as online services are increasingly taking share from traditional brick-and-mortar stores.

Online retail, and specifically online fashion and footwear retail, has been the dominant investment theme for Kinnevik over the past few years. There are several reasons for this focus:

- E-commerce is a top global growth story. E-commerce sales exceeded $1 trillion in 2012, and are expected to more than double by 2017 (to over $2.3 trillion).
- Online penetration of retail sales is still low. It stood at 4% globally in 2012 (and under 10% in all principal global regions).
- Online apparel and accessories retail is among the largest and fastest growing areas of e-commerce as consumers get increasingly comfortable with purchasing clothing and footwear on the web.

Kinnevik owns sizeable stakes in a number of market-leading online players in various global regions. Its largest online asset is the 36% direct interest in Zalando, a leading European online fashion and footwear retailer operating in 14 countries. Kinnevik also has meaningful direct and indirect stakes in a number of other online fashion retailers in emerging markets (e.g. Dafiti in Brazil, Lamoda in Russia, Jabong in India, etc.). Another interesting and valuable online asset is the company's 31% stake in Avito, the leading online classifieds site in Russia. We believe that some of these companies will likely go public in not-too-distant future.

The stock is down ~20% year-to-date, mainly due to investor concerns about slowdown in traffic growth to Zalando sites and some disappointment around the lack of progress on the margin improvement front at the online retailer. However, we believe that Zalando's long-term fundamentals are intact, helped by a strong secular growth trend (offline to online shift in retail).

We continue to recommend purchase. Kinnevik is trading at a 26% discount to its NAV, on a marked-to-market basis (SEK 319), and a 32% discount to our marked-to-model NAV estimate (SEK 350).

We are updating our NAV estimates to reflect recent decline in the average trading multiple for Zalando's most relevant publicly-traded peers. We now value Zalando at 5.0x TTM revenues (previously it was valued at 5.5x), consistent with the average multiple for its peers. We value Kinnevik's stakes in Bigfoot I and II as well as in BigCommerce at 4.5x TTM revenues (compared to 5.0x previously) for underlying respective portfolio companies. We value Avito based on the implied valuation of Vostok Nafta's (VNIL-Stockholm) stake in the firm. Remaining online holdings are valued consistently with Kinnevik's valuation methodology.

Table 1 Investment AB Kinnevik - Net Asset Value Per Share

Asset	Marked To Market	Marked To Model
Listed Holdings:		
Millicom International Cellular	89	105
Tele2 AB	40	48
Modern Times Group (MTG)	15	19
CDON Group	2	3
Black Earth Farming	1	3
Transcom	2	2
Seamless	0	0
Listed Holdings	149	180
Zalando	103	103
Other Online	49	49
Media, financail services, other	9	9
Unlisted Holdings	161	161
Gross Asset Value	310	342
Net cash (debt)	9	9
Net asset value (NAV)	**SEK 319**	**SEK 350**

Source: Company reports, Gabelli & Company estimates

Table 2 Unlisted Holdings - Fair Market Value Estimate

(in SEK mil., except per share data)

Unlisted Holding	Ownership Interest Direct	Indirect	Total	FMV Estimate Value	Per Share
Zalando GmbH	36%	0%	36%	SEK 28,552	SEK 103
Bigfoot I (Dafiti, Lamoda, Jabong, partly Namshi)	27	8	35	3,604	13
Bigfoot II (The Iconic, Zalora, partly Zando and Jumia)	30	10	39	934	3
Home24	22	11	33	687	2
Westwing	15	7	23	278	1
Wimdu	29	12	41	388	1
BigCommerce (Lazada, Linio, partly Namshi)	14	12	26	625	2
Other Rocket portfolio companies	mixed	mixed	mixed	1,342	5
Avito (directly and through Vosvik)	31	-	31	5,317	19
Other online portfolio companies	mixed	mixed	mixed	459	2
Online (ex-Zalando)				13,633	49
Media, financial services, other				2,480	9
Total Unlisted Holdings				**SEK 44,665**	**SEK 161**

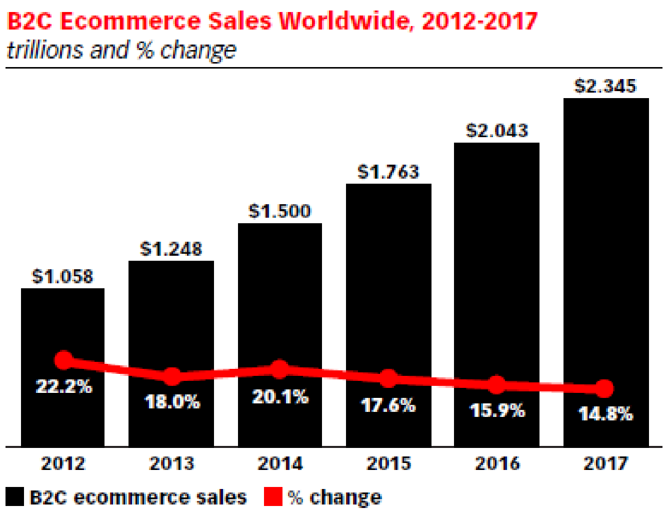
Source: Company reports, Gabelli & Company estimates

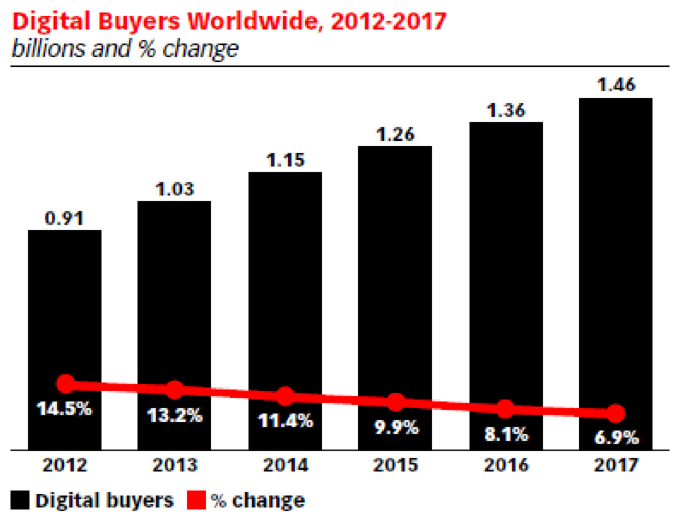
ONLINE RETAIL = STRONG SECULAR GROWTH TREND

Online has been the dominant investment theme for Kinnevik over the past five years for several reasons:

– E-commerce is a top global growth story. E-commerce sales exceeded $1 trillion in 2012, and are expected to more than double by 2017 (to $2.3 trillion). Approximately 1 billion internet users made at least one purchase via a digital channel in 2013. This figure is expected by rise to 1.46 billion by 2017.

Exhibit 1





Source: eMarketer

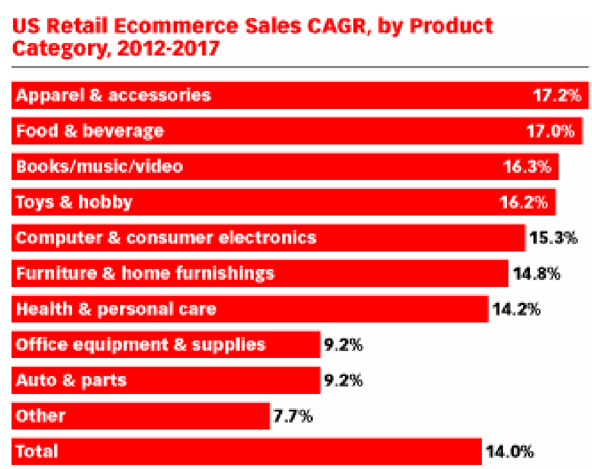
– Online penetration of retail sales is still low. It stood at 4% globally in 2012 (according to Euromonitor), and at under 10% in all principal global regions. Even in leading countries, like South Korea and the United Kingdom, current online retail penetration is in the low teens. However, the offline to online shift in retail is a strong global secular trend that is being driven by a number of factors: rising fixed and mobile broadband penetration, increasing adoption of smartphones and tablets, improving online user experience, higher consumer confidence in online payment solutions, as well as rising GDP and disposable income in emerging markets.

– Online fashion retail is among the largest and the fastest growing areas of e-commerce as consumers get more comfortable with purchasing clothing and footwear on the web. For example, in the U.S., apparel and accessories is the second largest e-commerce area behind computer and consumer electronics, and is expected to grow at a 17% CAGR between 2012-17, while the annual growth rate for overall e-commerce is expected to be around 14%.

Exhibit 2

US Retail Ecommerce Sales, by Product Category, 2011-2016
billions

	2011	2012	2013	2014	2015	2016
Computer & consumer electronics	$42.0	$49.3	$56.8	$66.2	$76.5	$87.9
Apparel & accessories	$37.6	$45.6	$54.2	$64.5	$75.7	$87.8
Auto & parts	$21.6	$23.7	$25.5	$27.8	$30.5	$33.5
Books/music/video	$17.4	$20.8	$24.4	$28.6	$33.2	$38.4
Furniture & home furnishings	$15.1	$17.7	$20.2	$23.3	$26.9	$30.9
Toys & hobby	$9.5	$11.2	$13.1	$15.3	$17.8	$20.7
Health & personal care	$9.3	$10.9	$12.5	$14.4	$16.5	$18.8
Office equipment & supplies	$6.5	$7.3	$8.0	$8.8	$9.6	$10.5
Food & beverage	$4.3	$5.0	$5.8	$6.8	$8.0	$9.4
Other	$31.4	$34.0	$38.4	$40.9	$44.1	$47.2
Total	**$194.7**	**$225.5**	**$258.9**	**$296.7**	**$338.9**	**$384.9**



Source: eMarketer

– Global apparel and footwear market grew 5% to ~$1.8 trillion in 2013. It is expected to reach $2 trillion by 2018 (per Euromonitor). Sales through the online channel currently represent a small fraction of the overall figure (under 10%), which should translate into significant growth opportunities over the next 5-10 years.

ZALANDO = EUROPE'S LARGEST ONLINE FASHION STORE

Source: Company presentation

Kinnevik's largest online retail holding is its 36% interest in Zalando, a leading European online fashion and footwear retailer. It is present in 14 countries, targeting over 400 million people and a €500 billion European fashion market.

The company started its operations in Germany in 2008 as an online footwear retailer. It has been growing rapidly and is currently the largest pure play online fashion retailer in Europe by sales. Today, 50% of sales come from outside of Germany and 50% of sales come from new categories (outside of footwear). Zalando has become the most visited fashion website in Europe with over 300 million website visits in 4Q'13 from both desktops and mobile devices.

Like a number of other Kinnevik's online holdings, Zalando was developed by Rocket Internet, an e-commerce company incubator that often identifies successful internet businesses globally and quickly replicates them in other markets. For example, Zalando was inspired by the U.S. online retailer Zappos.com.

In 2013, Zalando increased sales by 52% to €1.76 billion. Overall, sales growth has been slowing down (e.g. 38.5% yoy in 2H'13 vs. 71% yoy in 1H'13). EBIT margin for 2013 was slightly better than negative 7% (essentially unchanged from a year ago). The main factors that contributed to slowing sales and margin pressure include: (a) late start of the summer season and a mild winter that led to high discount levels in the market; (b) Zalando's decision to continue strategic initiatives in 2013 which led to ramp-up costs in areas such as fulfilment and technology.

Management expects sales growth and profitability to improve in 2014. There are no plans to enter new markets this year. As of the end of 2013, Zalando was well capitalized to fund future growth with over €350 million in net cash.

Kinnevik is Zalando's largest shareholder, with a 36% direct interest. The company signed an agreement with Rocket Internet to transfer its indirectly held Zalando shares into direct ownership in August of 2013. Other large shareholders include European Founders Fund (17%) (an investment vehicle of Rocket Internet's founders – Samwer brothers); Anders Holch Povlsen (10%) (owner of BESTSELLER, one of Europe's leading fashion companies); DST Global (9%).

We expect an IPO of Zalando in the next 12-18 months. It would likely try to make more progress on the profitability side, before going public.

Table 3 Zalando's Public Comparables

(in millions, except per share data)		**ASOS plc** (ASC - London)		**Start Today Co., Ltd.** (3092 - Tokyo)		**YOOX Group** (YOOX - Milan)	
12-Month High/Low		£71.95	£ 29.59	¥ 3,080	¥ 1,144	€ 35.09	€ 24.80
Capitalization		FYE	31-Aug	FYE	31-Mar	FYE	31-Dec
Balance Sheet as of:		4Q'13	8/31/13	3Q'13	12/31/13	4Q'13	3/4/14
Shares Outstanding		82.4		109.9		58.7	
Price as of	4/1/2014	£52.09		¥ 2,707		€ 25.13	
Equity Market Capitalization		**£4,291**		**¥ 297,472**		**€ 1,474**	
Total Debt and Preferred Stock		-		-		47	
Cash and Equivalents		(71)		(12,551)		(58)	
Hidden Assets		-		(1,667)		(10)	
Total Enterprise Value (TEV)		**£4,220**		**¥ 283,254**		**€ 1,453**	
Net Revenues	2015P	£1,267	*25.2%*	¥ 50,790	*13.0%*	€ 687	*22.3%*
(growth)	2014E	1,012	*31.5%*	44,958	*13.4%*	562	*23.3%*
	TTM	891		37,761		456	
	2013A/E	769	*39.2%*	39,645	*13.1%*	456	*21.2%*
	2012A	553		35,050		376	
EBITDA	2015P	£ 116	*9.1%*	¥ 18,613	*36.6%*	€ 73	*10.7%*
(margin)	2014E	86	*8.5%*	15,485	*34.4%*	57	*10.2%*
	TTM	77	*8.6%*	12,293	*32.6%*	43	*9.5%*
	2013A/E	68	*8.8%*	12,869	*32.5%*	43	*9.5%*
	2012A	56	*10.1%*	9,002	*25.7%*	32	*8.5%*
TEV/Revenues	2015P	3.3	x	5.6	x	2.1	x
	2014E	4.2		6.3		2.6	
	TTM	4.7		7.5		3.2	
	2013A/E	5.5		7.1		3.2	
	2012A	7.6		8.1		3.9	
TEV/EBITDA	2015P	36.4	x	15.2	x	19.9	x
	2014E	49.2		18.3		25.4	
	TTM	54.9		23.0		33.7	
	2013A/E	62.4		22.0		33.7	
	2012A	75.6		31.5		45.3	

Source: Company reports, Gabelli & Company estimates

We value Kinnevik's stake in Zalando at SEK 28.6 billion, or ~SEK 103 per KINV'B share. Our valuation estimate for Zalando is based on 5.0x TTM sales (in line with an average trading multiple (~5.1x TTM) for Zalando's most relevant publicly-traded comparables in online fashion space – ASOS plc, Start Today Co., and YOOX Group).

Source: Zalando sites

ROCKET INTERNET = LEADING GLOBAL INTERNET INCUBATOR

Rocket Internet is one of the world's largest internet company incubators, developing e-commerce and other consumer-oriented online companies. The firm was founded in 2007 by Samwer brothers (Alexander, Marc, and Oliver). Rocket's primary strategy is focused on finding successful online businesses and/or business concepts all over the world (but largely in developed markets) and quickly replicating/cloning them in other markets (with recent increasing focus on emerging markets). The company focuses on execution and tries to implement best-practices across its portfolio of companies, with many of them operating in online retail space.

Exhibit 3 Rocket Internet Portfolio Companies

Source: Rocket Internet website

ROCKETINTERNET

Source: Rocket Internet and European Founders Fund websites

Kinnevik has made several investments in Rocket since 2010 and now owns 23.9% of the parent company Rocket Internet GmbH. Kinnevik has also co-invested in a significant number of Rocket's portfolio companies. Thus, it has both direct and indirect (through Rocket) stakes in the majority of its online holdings.

We value Kinnevik's interest in Rocket Internet and its portfolio companies, on a see-through basis, at ~SEK 7.9 billion or SEK 28 per Kinnevik share (see Table 4). We value stakes in Bigfoot I and II as well as in BigCommerce at 4.5x TTM revenues for underlying respective portfolio companies. Remaining online holdings are valued consistently with Kinnevik's internal valuation methodology.

Table 4 Kinnevik's Ownership in Rocket Internet Portfolio Companies

(in SEK mil., except per share data)	Ownership Interest			FMV Estimate	
Holding	**Direct**	**Indirect**	**Total**	**Value**	**Per Share**
Bigfoot I (Dafiti, Lamoda, Jabong, partly Namshi)	27%	8%	35%	3,604	13
Bigfoot II (The Iconic, Zalora, partly Zando and Jumia)	30	10	39	934	3
Home24	22	11	33	687	2
Westwing	15	7	23	278	1
Wimdu	29	12	41	388	1
BigCommerce (Lazada, Linio, partly Namshi)	14	12	26	625	2
Other Rocket portfolio companies	mixed	mixed	mixed	1,342	5
Total				**SEK 7,858**	**SEK 28**

Source: Company reports, Gabelli & Company estimates

dafiti .com.br

Dafiti offers a broad assortment of women's and men's shoes and fashion online. The company started in Brazil (in early 2011), and has since expanded to Argentina, Chile, Colombia, and Mexico. Dafiti has established itself as one of the key online retailers of fashion in Latin America (a region with total population of 400 million). In 2013, Dafiti continued to develop well, with an increased focus on unit economics. Dafiti reported net revenue of €155 million in 2013, compared to €82 million in 2012 (+89% yoy).

lamoda.ru

Lamoda was started in early 2011 with its core offering being shoes and fashion in Russia and the Commonwealth of Independent States (CIS). The region has an internet population of around 70 million people. Lamoda's focus in 2013 has been on further ramping up its own delivery fleet LamodaExpress, which now covers 28 cities in Russia and Kazakhstan. In addition, the company has established in-house warehouse operations. Sales in 2013 amounted to ~ €137 million, up 223% year-over-year (from €42 million in 2012).

Jabong is a leading online fashion shop in India that launched in 2012. The population of India is greater than one billion and it has the 3rd largest Internet population in the world, despite a relatively low Internet penetration. Jabong has successfully scaled its in-house delivery service fleet to currently fulfill a majority of all shipped orders. Jabong reported net revenue of €32 million in the first 9 months of 2013, compared to €9 million in the same period a year ago (+244% yoy).

Namshi is active within footwear and fashion in six markets in the Middle East (United Arab Emirates, Saudi Arabia, Bahrain, Kuwait, Oman, and Qatar). Namshi has lately expanded into private label offering and increased the number of brands per product category during 2013. The company reported net revenue of €7 million for the first nine months of 2013, compared to €2 million in the same period a year ago (+315% yoy).

The Iconic is an online store offering shoes and fashion in Australia and New Zealand covering a population of around 30 million. The company has focused on expanding its product offering and has acquired a number of important brands, and also launched apps for mobile and tablets. The Iconic reported net revenue of €28 million for the first nine months of 2013, compared to €12 million in the same period a year ago (+128% yoy).

Zalora started its operations in 2012 and serves a number of emerging markets with shoes and fashion in South East Asia, including Singapore, Malaysia, Indonesia, Thailand, Philippines, Vietnam, Hong Kong. Zalora recently announced that it is launching a marketplace platform to encourage third party sellers to offer their products through its websites. Zalora reported net revenue of €23 million for the first nine months of 2013, compared to €5 million in the same period a year ago.

Jumia, launched in 2012, is a pan-African online retailer of general merchandise that started out in Nigeria, Egypt, and Morocco, and has since expanded into Kenya, Ivory Coast, and Uganda. The offerings comprise of products such as fashion, shoes, mobile phones, video and audio devices, games and consoles, books, toys, and beauty products. Jumia has developed its own delivery fleet that fulfills order deliveries as well as its own sales team that visits prospecting customers and educates the market in online shopping.

Zando, founded in 2012, offers shoes and fashion to the South African market with a population of 50 million. During 2013 Zando has continued to build the local online shopping market and taken a leading position within fashion e-commerce.

Both Jumia and Zando are AEH brands. AEH reported net revenue of €18 million for the first nine months of 2013, compared to €2 million in the same period in 2012.

Lazada, launched in early 2012, is active in offering general merchandise in five markets in South East Asia – Indonesia, Vietnam, Thailand, Philippines and Malaysia. Lazada has successfully developed a marketplace platform for third party sellers that now contribute 20% of the total transaction value. In 2013 Lazada acquired more than half a million new customers and now has an offering in excess of 200,000 different stock units. Lazada reported net revenue of €38 million for the first nine months of 2013, compared to €3 million in the same period in 2012.

Linio, founded during 1H'12, is the leading general e-commerce platform in Mexico, Colombia, Peru and Venezuela, that boasts a total population of more than 200 million. Linio has secured a leading position in all of its markets, and has been expanding its marketplace offering that makes up an increasing share of transaction value. Linio reported net revenue of €25 million for the first nine months of 2013, compared to €1 million in the same period in 2012.

Home24 is an online retailer of furniture and home decoration products. The company is active under the brand Home24 in Germany, Austria, France, Netherlands, and under the brand Mobly in Brazil. The company has successfully managed to double its offering during 2013 with increasing basket sizes as a result. Home24 and Mobly reported net revenue of €93 million for the first nine months of 2013, compared to €52 million in the same period in 2012, corresponding to an increase of 79% yoy.

Westwing Home & Living was founded in 2011 and offers a curated selection of home décor, furniture, and lifestyle products online. The company is present in 10 countries including Germany, Italy, France, Russia, and Brazil. Westwing differentiates itself by having an inventory-light business model with an emphasis on editorial and style driven merchandising, to build a trusted brand and generate loyalty from its audience. Westwing reported net revenue of €76 million for the first nine months of 2013, compared to €26 million in the same period in 2012, corresponding to an increase of 192% yoy.

Wimdu is a marketplace for brokering short-term vacation housing and was founded in 2011. The company addresses the growing market of rentals of secondary homes with efforts mainly focused on Western Europe. Revenue is derived from commission as intermediary in the rental process. During 2013 Wimdu has continued to grow its inventory which has doubled during the year. Wimdu reported net revenue of €9 million for the first nine months of 2013, compared to €5 million in the same period in 2012, corresponding to an increase of 79% yoy.

AVITO = LEADING ONLINE CLASSIFIED PLATFORM IN RUSSIA

Source: Avito, practica.pro

Avito is the largest and fastest growing online classified platform in Russia. The merger with Slando.ru and OLX.ru in the beginning of 2013 has significantly reaffirmed this #1 position in the Russian market and the company is a market leader in terms of visitors and number of ads. Avito is already the leading brand and has the highest brand awareness among its peers in Moscow and St. Petersburg. Avito also has early stage online classifieds sites in Ukraine (Torg.ua), Morocco (Avito.ma) and Egypt (Bekam.com).

Avito is one of 5 Russian sites with over 100 million page views per day and one of the largest online classifieds in the world. Main classifieds verticals include Auto, Real Estate, Services, and Jobs. Russia still has relatively low internet penetration. By the end of 2016, the number of internet users in Russia is expected to grow to 100 million, compared to 70 million in 2013. The Russian e-commerce market was worth ~$12 billion in 2012, and is expected to double in the coming three years.

In September 2013, Avito's Russian operations attracted an audience of 23.1 million users who browsed a total of 4.1 billion page views compared to 2.3 billion for the same month a year ago. Avito reported revenues of SEK 330 million in the first nine months of 2013, up 167% year over year. Revenues amounted to SEK 130 million for 3Q'13, up 173% yoy. Avito had a cash position of more than $100 million at the end of 2013.

Kinnevik owns 31% of Avito. We value Avito based on the implied valuation of Vostok Nafta's (VNIL-Stockholm) stake in the firm. Vostok Nafta is an investment company with the focus on Russia and the other CIS states. VNIL's two primary investments include a 13.7% interest in Avito and a 4.8% stake in Tinkoff Credit Systems (TCS – London), an innovative provider of online retail financial services operating in Russia through a high-tech branchless platform. Since Tinkoff is public and remaining VNIL assets (other than Avito) include largely cash, we estimate the implied value of Avito as follows:

Table 5 **Valuation of Kinnevik's Interest in Avito**

(in SEK mil., except as noted)	Shares	Price	Exhange Rate (per USD)	Value
Vostok Nafta market capitalization	83.4	SEK 50.50		SEK 4,209
Less: TCS stake (at market)	8.7	$ 8.21	SEK 6.45	(463)
other assets				(214)
net cash				(1,182)
Implied Value of VNIL's stake in Avito				SEK 2,350
Economic interst in Avito				13.7%
Value of Avito Equity				SEK 17,151
Kinnevik's interest in Avito				31.0%
Value of Kinnevik's stake in Avito				SEK 5,317
Value of Avito stake per Kinnevik share				SEK 19

Source: Company reports, Gabelli & Company estimates

Investment Case

We continue to recommend purchase. We believe that the recent sell-off (stock is down ~20% year-to-date) has improved the stock's risk/reward profile and provides an attractive entry point for longer-term investors.

– Significant exposure to emerging markets. Over 40% of portfolio companies' revenues come from emerging markets, including Central and South America, Eastern Europe and Russia, Asia, and Africa. Kinnevik continues to increase its exposure to emerging markets and their expanding middle class through growth of its mature businesses (Millicom, Tele2, MTG) as well as new ventures (Avito, Dafiti, Lamoda, etc.).

– Call option on online retail. Kinnevik should benefit from strong growth in online fashion and footwear retail, as online services are increasingly taking share from traditional (brick and mortar) retailers. Kinnevik has significant exposure to this trend on a global basis through multiple holdings. Its largest online holding Zalando has already become the leader in European online fashion and footwear retail and could go public in not-too-distant future.

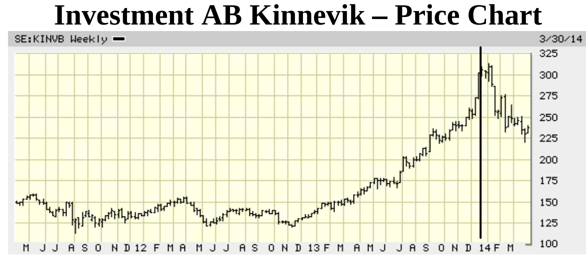
– Kinnevik is trading at a 26% discount to its NAV, on a marked-to-market basis (SEK 319), and a 32% discount to our marked-to-model NAV estimate (SEK 350). Kinnevik can liquidate its portfolio essentially with no tax leakage. In Sweden, a capital gains tax exemption applies to the sale of shares in listed companies if the holding represents at least 10% of the voting power in the company and shares are held for a minimum period of one year, as well as to the sale of shares in non-listed companies.

Table 6 Investment AB Kinnevik – Private Market Value Analysis

(in SEK mil., except per share data)	2013A	2014E	2015P	2016P	2017P	2018P	2013-2018 CAGR
Net revenues	SEK 1,541	SEK 1,628	SEK 1,685	SEK 1,743	SEK 1,797	SEK 1,848	4%
EBITDA	(284)	(180)	(102)	(27)	11	33	(165)
% Margin	*-18.4%*	*-11.0%*	*-6.1%*	*-1.5%*	*0.6%*	*1.8%*	
Metro							
Revenues	SEK 1,299	SEK 1,374	SEK 1,415	SEK 1,454	SEK 1,490	SEK 1,524	3%
EBITDA	12	44	99	145	171	183	72
Valuation Multiple (of revenues)	0.7x	0.7x	0.7x	0.7x	0.7x	0.7x	
Segment Value	SEK 909	SEK 962	SEK 990	SEK 1,018	SEK 1,043	SEK 1,067	
New ventures							
Revenues	SEK 234	SEK 246	SEK 260	SEK 279	SEK 297	SEK 315	6%
EBITDA	(119)	(49)	(26)	3	15	25	(173)
Valuation Multiple (of revenues)	1.8x	1.8x	1.8x	1.8x	1.8x	1.8x	
Segment Value	SEK 410	SEK 430	SEK 456	SEK 488	SEK 519	SEK 551	
Total Private Market Value	SEK 1,319	SEK 1,392	SEK 1,446	SEK 1,505	SEK 1,563	SEK 1,617	
Less: Net debt	2,752	(589)	(1,371)	(2,103)	(2,818)	(3,534)	
Minority Interest	(73)	(77)	(80)	(83)	(86)	(89)	
Add: Listed holdings (at market)	41,439	41,439	41,439	41,439	41,439	41,439	
Unlisted holdings	43,347	45,847	45,847	45,847	45,847	45,847	
Discontinued Operations	-	-	-	-	-	-	
Equity Private Market Value	SEK 88,784	SEK 88,012	SEK 87,282	SEK 86,606	SEK 85,944	SEK 85,280	
Shares Outstanding (basic)	277	277	277	277	277	277	
PMV per share	**SEK 320**	**SEK 317**	**SEK 315**	**SEK 312**	**SEK 310**	**SEK 308**	

Source: Company reports, Gabelli & Company estimates

Investment AB Kinnevik – Price Chart



Source: Public data. As of April 2, 2011 KINV'B was rated BUY and changed to HOLD on December 27, 2013.

Other Companies Mentioned:

ASOS plc	(ASC	- £	52.09	- London)	Start Today Co., Ltd.	(3092	- ¥	2,707	- Tokyo)
Black Earth Farming Ltd.	(BEF	- SEK	5.90	- Stockholm)	Tele2 AB	(TEL2'B	- SEK	79.45	- Stockholm)
CDON Group AB	(CDON	- "	23.50	- ")	TCS Group Holding PLC	(TCS	- $	8.21	- London)
Investment AB Kinnevik	(KINV'A	- "	239.50	- ")	Transcom Worldwide	(TWW'A	- SEK	1.23	- Stockholm)
Millicom International	(MIC	- "	655.00	- ")	Vostok Nafta Investment Ltd.	(VNIL	- "	50.50	- ")
Modern Times Group AB	(MTG'B	- SEK	307.50	- ")	YOOX Group	(YOOX	- €	25.13	- Milan)
Seamless	(SEAM	- "	33.60	- ")					

I, ***Sergey Dluzhevskiy,*** the Research Analyst who prepared this report, hereby certify that the views expressed in this report accurately reflect the analyst's personal views about the subject companies and their securities. The Research Analyst has not been, is not and will not be receiving direct or indirect compensation for expressing the specific recommendation or view in this report.

Sergey Dluzhevskiy, CFA (914) 921-8355

Important Disclosures

ONE CORPORATE CENTER RYE, NY 10580 GABELLI & COMPANY TEL (914) 921-5130 FAX (914) 921-5098

GABELLI
& COMPANY

GLOBAL INSTITUTIONAL EQUITY RESEARCH

EQUITY RESEARCH	NAME	PHONE	EMAIL
Automotive	Brian Sponheimer	(914) 921-8336	bsponheimer@gabelli.com
Automotive	Colin Daddino	(914) 834-7717	cdaddino@gabelli.com
Basic Materials (Specialty Chemicals)	Rosemarie Morbelli, CFA	(914) 921-7757	rmorbelli@gabelli.com
Consumer Discretionary (Gaming & Lodging)	Amit Kapoor	(914) 921-7786	akapoor@gabelli.com
Consumer Staples (Beverages, Supermarkets, & Health & Wellness)	Damian Witkowski	(914) 921-5022	dwitkowski@gabelli.com
Consumer Staples (Food, Beverage & Household Products)	Joseph Gabelli	(914) 921-8331	josephg@gabelli.com
Consumer Staples (Food & Household Products)	Sarah Donnelly	(914) 921-5197	sdonnelly@gabelli.com
Energy Services	Simon Wong, CFA	(914) 921-5125	swong@gabelli.com
Financials	Macrae Sykes	(914) 921-5398	msykes@gabelli.com
Healthcare (Biotech & Pharmaceutical)	Kevin Kedra	(914) 921-7721	kkedra@gabelli.com
Industrials (Aerospace & Pump, Valve, Motor)	James Foung, CFA	(914) 921-5027	jfoung@gabelli.com
Industrials (Electrical, Building Products, Transports)	Justin Bergner, CFA	(914) 921-8326	jbergner@gabelli.com
Industrials (Water, Industrial Gases, Analytical Instruments)	Jose Garza	(914) 921-7788	jgarza@gabelli.com
Media (Entertainment)	Brett Harriss	(914) 921-8335	bharriss@gabelli.com
Media (Broadcasting, Publishing, Education & Motor Sports)	Barry Lucas	(914) 921-5015	blucas@gabelli.com
Technology	Hendi Susanto	(914) 921-7735	hsusanto@gabelli.com
Telecommunications	Sergey Dluzhevskiy, CFA	(914) 921-8355	sdluzhevskiy@gabelli.com
Global Telecommunications	Evan Miller, CFA	011-44-203-206-2104	emiller@gabelli.com
Utilities	Timothy Winter, CFA	(314) 238-1314	twinter@gabelli.com
Utilities	Nick Yuelys	(914) 921-8329	nyuelys@gabelli.com
Utilities	Heartie Dunnan	(914) 921-5216	hdunnan@gabelli.com
Waste Services	Tony Bancroft	(914) 921-5083	tbancroft@gabelli.com

GLOBAL INSTITUTIONAL EQUITY SALES & TRADING

SALES	AIM NAME	PHONE	EMAIL
Jessica Craw	GabelliJessica	(914) 921-8325	jcraw@gabelli.com
Lizzie Fleishman	GabelliLizzie	(914) 921-5294	Lfleishman@gabelli.com
Eddie Friedmann	GabelliEddie	(914) 921-7783	efriedmann@gabelli.com
MaryBeth Healy	GabelliMaryBeth	(914) 921-7726	mhealy@gabelli.com
Lauren Lundgren	GabelliLauren	(914) 921-7745	llundgren@gabelli.com
C.V. McGinity	GabelliCV	(914) 921-7732	cmcginity@gabelli.com
Dan Miller	GabelliDan	(914) 921-5193	dmiller@gabelli.com
Gustavo Pifano	GabelliGustavo	011-44-203-206-2109	gpifano@gabelli.com
Scott Sadowski	GabelliScott	(914) 921-7758	ssadowski@gabelli.com
Michael Wenner	GabelliMWenner	(914) 921-7731	mwenner@gabelli.com

TRADING	AIM NAME	PHONE	EMAIL
Vince Amabile	GabelliVince	(914) 921-5151	vamabile@gabelli.com
Robert Cullen	GabelliBob	(914) 921-5151	rcullen@gabelli.com
Alberto Dominguez	GabelliBert	(914) 921-5154	adominguez@gabelli.com
Armond Forcella	GabelliArmond	(914) 921-5155	aforcella@gabelli.com
C.V. McGinity	GabelliCV	(914) 921-5150	cmcginity@gabelli.com
John Riccio	GabelliJRiccio	(914) 921-5155	jriccio@gabelli.com
Earl Thorpe	GabelliEarl	(914) 921-5153	ethorpe@gabelli.com
Louis Venturelli	GabelliLou	(914) 921-5154	lventurelli@gabelli.com