



PRESENTATION OF FINANCIAL RESULTS

January – June 2013

Warsaw, 3 September 2013



PRESENTATION OUTLINE

1. Financial results
2. Level of financial forecast target achievement
3. Dividend policy
4. New growth areas
5. ACTION Group companies and e-commerce projects
6. Private labels
7. Directions of development for the ACTION Group
8. Foundations of the ACTION Group

Grupa Kapitałowa ACTION S.A.



FINANCIAL RESULTS

H1 2013 IN THE ACTION GROUP

KEY PARAMETRES

- ✓ High revenue dynamics of **37.7%**
- ✓ Growth of sales in Poland by **23.6%**
- ✓ Growth in the export customer base
- ✓ Establishing new sales channels
- ✓ Signing further distribution agreements
- ✓ Growth of sales to sub-distributors
- ✓ Verification of customer base of **10,259** active resellers
- ✓ Execution of new procurement orders

ACTION AT THE STOCK EXCHANGE

- ✓ Share price increase by **50%** in H1 2013
(according to: gpwinfostrafa.pl)
- ✓ **ACTION S.A.** is the only IT distributor in the WIGdiv index



ACTION'S IMAGE

- ✓ ACTION S.A. holds the high position of the 30th **Listed Company of the Year** (according to a ranking prepared for Puls Biznesu by TNS Polska)
- ✓ **“IT Golden Ace”** award granted by the Reseller News magazine
- ✓ **1st position** as the largest IT exporter in the TOP 200 ranking of the Computerworld monthly
- ✓ HP Enterprise Group award in the “Largest growth in sales of mass products in the server segment” category
- ✓ **“The Company of the 15th Anniversary”** title from the CRN magazine

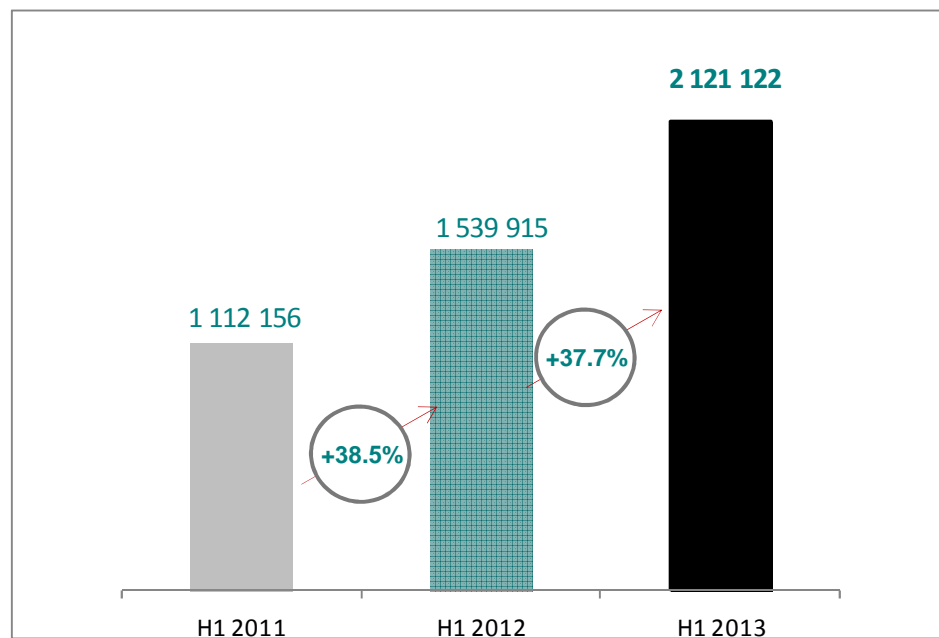


FINANCIAL RESULTS

ACTION GROUP'S SALES DYNAMICS

- In **H1 2013** sales revenue grew by **37.7%** year-on-year
- Steady growth trend over recent years

Sales dynamics (in PLN'000)

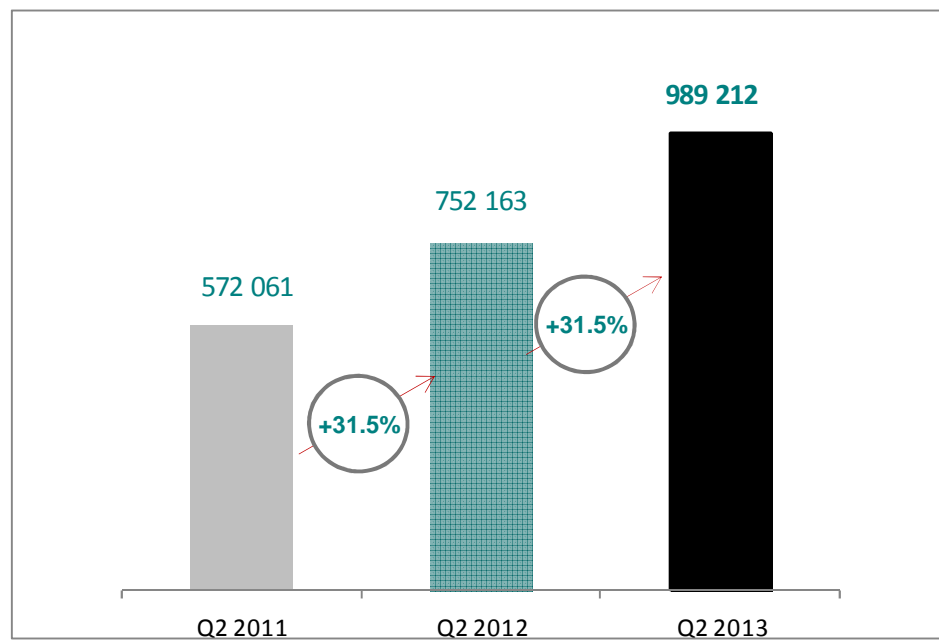


FINANCIAL RESULTS

ACTION GROUP'S SALES DYNAMICS

- In **Q2 2013** sales revenue grew by **31.5%** year-on-year
- Steady growth trend over recent years

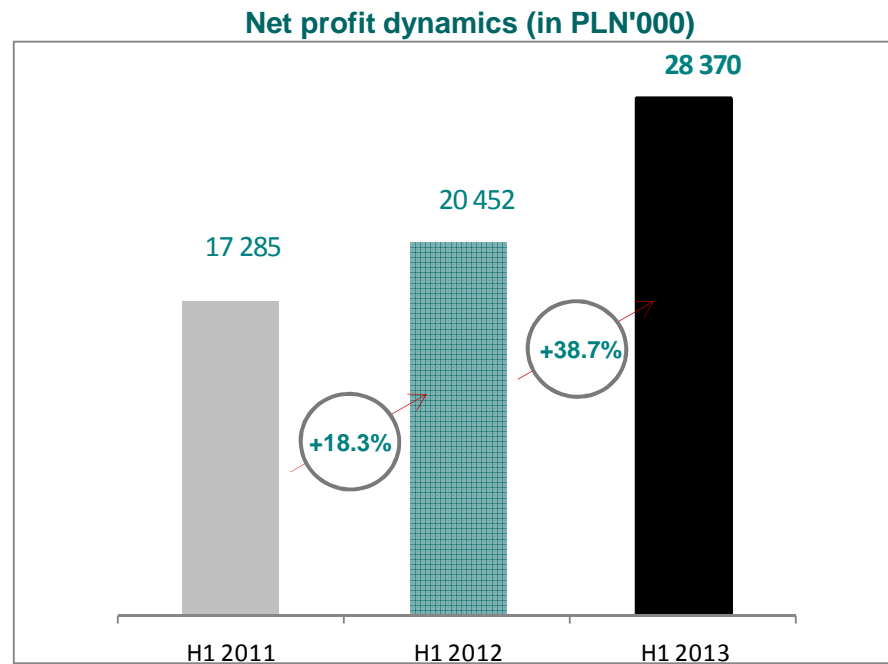
Sales dynamics (in PLN'000)



FINANCIAL RESULTS

ACTION GROUP'S NET PROFIT DYNAMICS

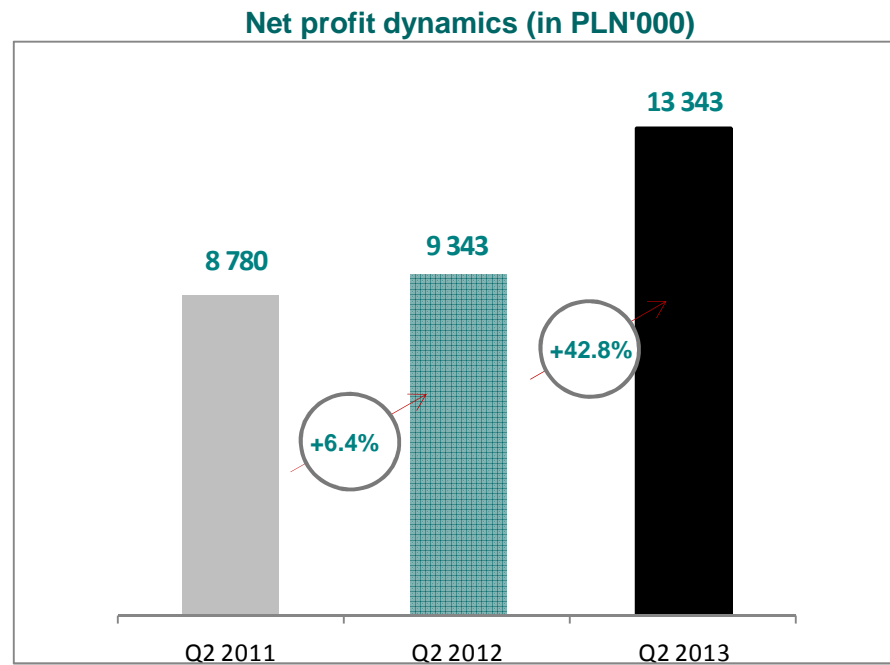
- Net profit in **H1 2013** amounted to **PLN 28,370 thousand**
- Steady growth trend over recent years



FINANCIAL RESULTS

ACTION GROUP'S NET PROFIT DYNAMICS

- Net profit in **Q2 2013** amounted to **PLN 13,343 thousand**
- Steady growth trend over recent years



FINANCIAL RESULTS

ACTION GROUP'S SELECTED FINANCIAL FIGURES

Data in PLN '000	2012 2Q	2013 2Q	%	2012 1HY	2013 1HY	%
Sales revenue	752,163	989,212	31.5%	1,539,915	2,121,122	37.7%
Gross profit on sales	53,620	71,587	33.5%	104,686	129,205	23.4%
Gross margin on sales	7.1%	7.2%	0.1 p.p.	6.8%	6.1%	-0.7 p.p.
Sales and marketing costs	-32,722	-45,262	38.3%	-64,292	-77,613	20.7%
In relation to revenue	-4.4%	-4.6%	-0.2 p.p.	-4.2%	-3.7%	0.5 p.p.
General administrative costs	-5,783	-6,712	16.1%	-12,336	-12,879	4.4%
In relation to revenue	-0.8%	-0.7%	0.1 p.p.	-0.8%	-0.6%	0.2 p.p.
Other revenue and costs	-1,087	-841	-22.6%	1,055	377	-64.3%
Result of operating activities	14,028	18,772	33.8%	29,113	39,090	34.3%
Operating result EBITDA	16,858	21,063	24.9%	34,897	43,668	25.1%
In relation to revenue	2.2%	2.1%	-0.1%	2.3%	2.1%	-0.2%
Net financial costs	-2,108	-1,408	-33.2%	-3,573	-2,991	-16.3%
Net result	9,343	13,343	42.8%	20,452	28,370	38.7%
Net profit margin	1.2%	1.3%	0.1 p.p.	1.3%	1.3%	0.0 p.p.



FINANCIAL RESULTS

ACTION GROUP'S LIQUIDITY AND DEBT

Liquidity ratios	2013 2Q	2012 2Q
Current ratio (current assets/current liabilities)	1.21	1.20
Quick ratio (liquid current assets/current liabilities)	0.71	0.60

Debt ratios	2013 2Q	2012 2Q
Total debt ratio	0.71	0.71
Debt to equity ratio	2.40	2.42
Interest debt / equity	23.66%	61.81%

FINANCIAL RESULTS

CONTINUED IMPROVEMENT IN CASH MANAGEMENT



FINANCIAL RESULTS

CONTINUED IMPROVEMENT IN CASH CONVERSION CYCLE

Cash conversion





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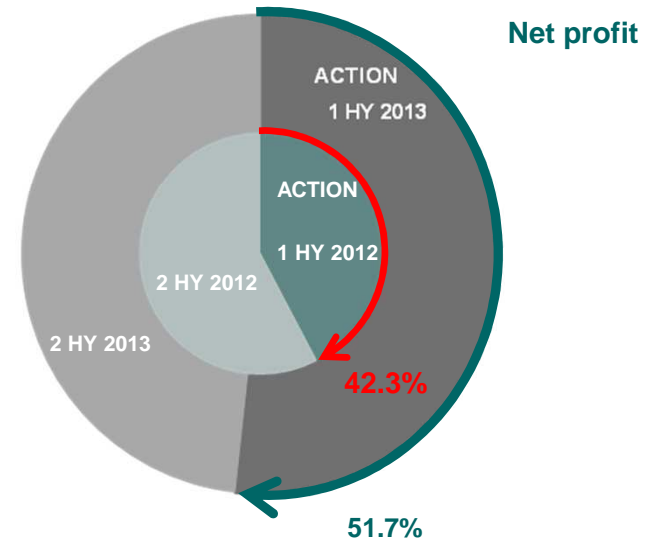
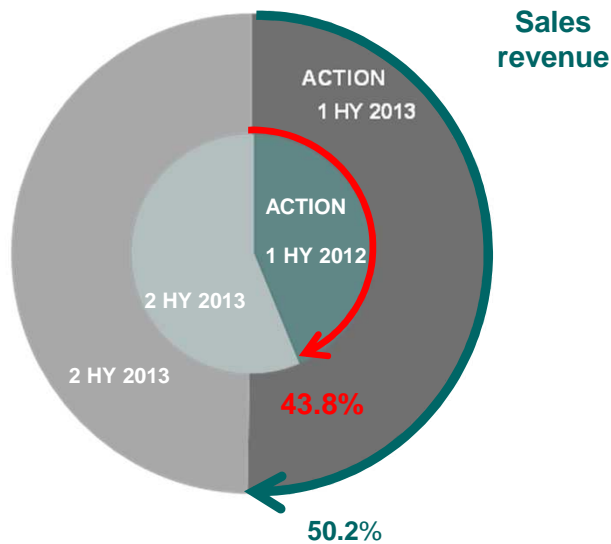
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LEVEL OF FINANCIAL FORECAST TARGET ACHIEVEMENT

ACTION Group revenue forecast target achievement

ACTION Group net profit forecast target achievement



ACTION GROUP	2011	2012	2013
Sales revenue	2,804,768	3,515,189	4,218,737
Net result	42,409	48,319	54,855
Net profit margin	1.51%	1.37%	1.30%



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DIVIDEND POLICY

CONTINUATION OF THE DIVIDEND POLICY DUE TO EXCELLENT FINANCIAL STANDING

- Since the stock exchange debut, over **PLN 90 million** was paid off as dividend, with an annual average of almost **PLN 12.8 million**
- **118.5%** increase of the book value ratio per 1 share since the Company's stock exchange debut in 2006.

Period – at the end	Book value per 1 share	Company's market value	Value of the dividend	Dividend rate	Dividend per share
31/07/2006	7.24	222,355,500	2,461,500	1.1%	0.15
31/07/2007	8.40	424,854,900	4,430,700	1.0%	0.27
31/07/2008	10.44	365,943,000	23,735,951	6.5%	1.46
31/12/2009	10.75	265,021,500	13,948,500	5.3%	0.85
31/12/2010	11.50	286,190,400	7,056,300	2.5%	0.43
31/12/2011	13.55	301,944,000	13,784,400	4.6%	0.84
31/12/2012	15.82	367,584,000	24,615,000	6.7%	1.50



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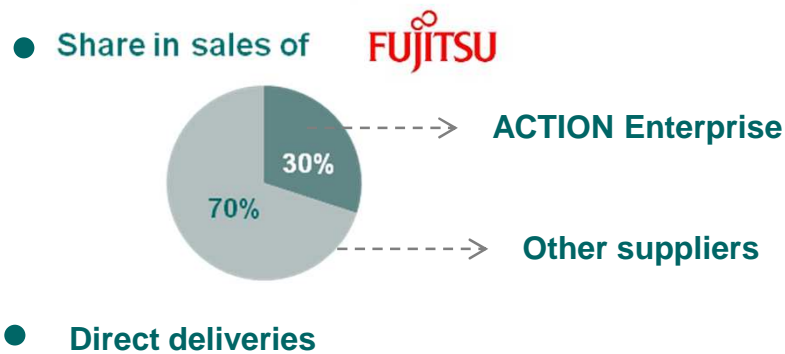
NEW GROWTH AREAS

CONSISTENT DEVELOPMENT OF ACTION ENTERPRISE

Implementation of business principles according to the adopted schedule

Obtaining new contracts

✓ Achieving a high position on the Polish market in a short time with 4 products of the global server provider – FUJITSU;



✓ Including in the offer server solutions of **IBM** x86;

Obtaining new customers

✓ Constant development of the Enterprise's customer base



NEW GROWTH AREAS

SPECJALIŚCI RTV/AGD A UNIQUE PARTNER PROGRAMME

Dynamic growth of the SPECJALIŚCI RTV/AGD partner programme



Specjaliści RTV/AGD is a national chain developed based on the ACTION S.A.'s partner programme

June 2012
25 stores



+ 125 stores

June 2013
over 150 stores



Specjaliści RTV/AGD partner programme assumes building expert competence among local sellers through cyclic conferences and training



The first large conference for partner programme members on the national stadium.



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ACTION GROUP COMPANIES AND E-COMMERCE PROJECTS

SFERIS

I. EXPERT SHOWROOM CHAIN

- **193** retail outlets, of which at the end of **June 2013**:
 - ✓ **117** partner showrooms vs **97** at the end of June 2012
 - ✓ **27** own showrooms vs **33** at the end of June 2012
 - ✓ **49** retail islands vs **56** at the end of June 2012
- **Further sales growth: 42%** (Q2 2013/Q2 2012)
 - ✓ with **83.85%** in e-commerce sales



INTENSIVE MARKETING ACTIVITIES

- National campaigns involving the largest IT equipment producers
- Special actions:
 - ✓ Toshiba with a case designed by Mariusz Przybylski,
 - ✓ Lenovo with a Lola Victoria Design case.





ACTION GROUP COMPANIES AND E-COMMERCE PROJECTS

SFERIS

II. DEVELOPING ADDITIONAL PROJECTS

- ✓ **SFERIS**® an operator of the first **Samsung Brand Store** in Central and Eastern Europe
- ✓ The store is located in the CH Arkadia shopping centre in Warsaw
- ✓ The store opening was connected with the launch of the latest smartphone, the Samsung Galaxy S4



ACTION GROUP COMPANIES AND E-COMMERCE PROJECTS

E-COMMERCE PROJECTS

STORES OPERATED BY SFERIS



OWN PROJECTS



CAPABILITIES OF THE GROUP

- Comprehensive logistics services
- IT system supplier
- Extensive product offer
- B2B and B2C services

ADVANTAGES FOR THE GROUP:

- Possibility of building a unique offer
- Cooperation with producers in new areas
- Additional sales channels

ACTION EDUCATIONAL CENTRE

ACTIVE PROMOTION OF CLOUD LABS

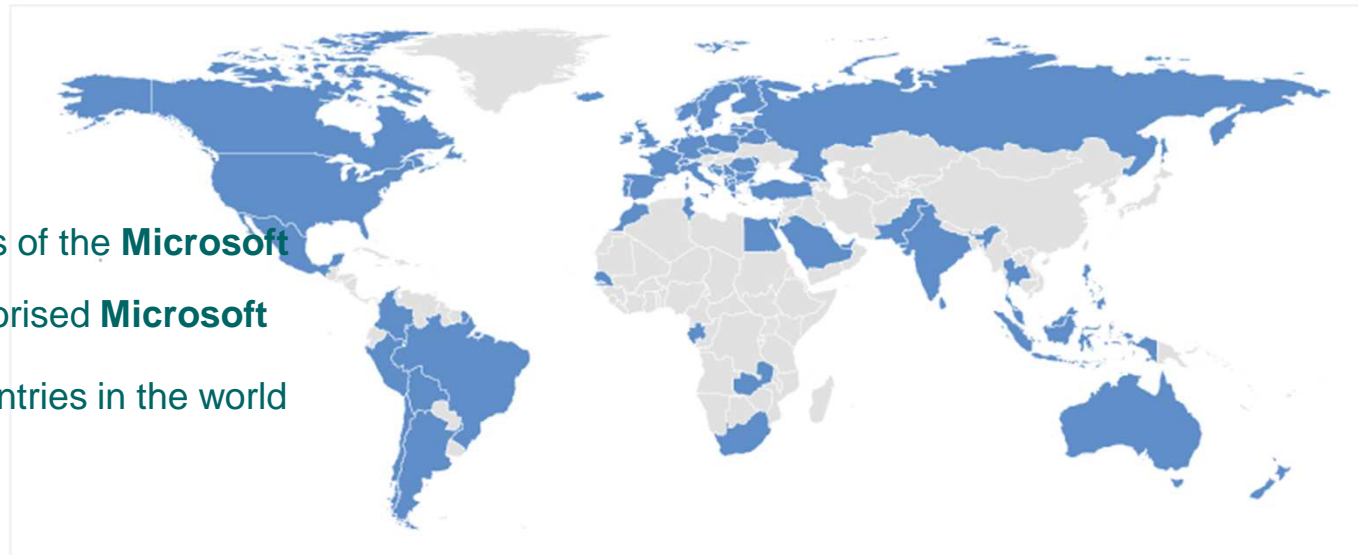
- a cloud-based service supporting the new generation of IT training



Aktywna promocja Cloud Labs

- ACTION Educational Centre helps training companies to quickly and effectively provide training courses and workshops without the need to implement and maintain an extended server infrastructure

More than **300** customers of the **Microsoft** training partners and authorised **Microsoft** trainers from over **60** countries in the world use **Cloud Labs**





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PRIVATE LABELS

CONSUMABLES – CONSISTENT BRAND DEVELOPMENT

PRODUCT DIVERSIFICATION

- ✓ Constant broadening of the product range in each of the segments below;
- ✓ Three growth segments:

1	2	3
Brand products	Economic products	White box" products
 	 	<p>No name</p>

COMPREHENSIVE SERVICE OF ALL SEGMENTS OF THE ALTERNATIVE MATERIAL MARKET

GEOGRAPHICAL DIVERSIFICATION

- ✓ Constant strengthening of position on the Polish market;
- ✓ Entering new markets in Europe
Germany, Slovakia, Czech Republic, Belgium, Ireland, Slovenia, Hungary, Kosovo, Bulgaria, Greece, Cyprus, Lithuania, Latvia, Estonia, Russia (Kaliningrad Oblast)



PRIVATE LABELS

LIGHTING PRODUCTS – CONSISTENT BRAND DEVELOPMENT

CONSUMER BRAND



Products: LED light sources, LED strips, compact fluorescent lamps (CFLs), halogen lamps, LED torches, decorative fixtures and seasonal decorative lighting

Channel of sales: retail chains
Praktiker, Leroy Merlin, Bricoman, Polskie Składy Budowlane "Mrówka", Bricomarche. Recently, Carrefour and MSHP

Entering new markets in Europe:
 Estonia, Lithuania, Cyprus, Slovakia



EXPERT BRAND



Products: LED light sources, energy-efficient and linear fluorescent lamps, lighting fixtures (louver, hermetic, evacuation, ceiling light fixtures)

Channel of sales: electric wholesalers





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DIRECTIONS OF DEVELOPMENT FOR THE ACTION GROUP

I. BUILDING THE DEVIL'S STRONG DISTRIBUTION POSITION ON THE GERMAN MARKET

- Obtaining contracts on the German market and their further development
- Development of private labels on the German market: ActiveJet - Pentagram
- Use of the Devil – ACTION synergy:
 - ✓ Modern logistics on the German market
 - ✓ Purchase centralisation

II. CORE ACTIVITY

- Increasing the logistics potential
- Seeking new trade contracts and methods of using them in existing sales channels
- Building new sales channels
- Consistently developing customer base in each area of activity
- Establishing competitive advantages using the diverse range of products and resources of the ACTION Group
- Continuing activity in the B2B area
- Consistently strengthening private labels position on the Polish and European markets

III. LOOKING FOR PROSPECTIVE BUSINESS AREAS:

- Use of possibility of consolidating various market areas (sectors) and intermingling them
- Effective use of ACTION's logistics potential, changing model of retail sales and evolving customer tastes

IV. EDUCATIONAL ACTIVITY

- Changing the sales team education model
- Introducing up-to-date methods of sales channel education

DIRECTIONS OF DEVELOPMENT FOR THE ACTION GROUP

DEVELOPMENT OF DEVIL GMBH

DEVELOPMENT IN GERMANY

- ✓ Reactivating customer base
- ✓ Expanding product portfolio
- ✓ Using ACTION's unique know-how in the area of logistics and its flexibility

DEVELOPMENT ON THE NEIGHBOURING MARKETS

- ✓ Devil will further develop trade contacts on the Italian, Austrian, French, Danish and Scandinavian markets

RESTORING FULL OPERATIONAL EFFICIENCY OF THE BRAND

- ✓ Devil will strive to gain the top position among IT distributors in Germany again.



- **Devil** was formed in 1994 in Brunswick in Lower Saxony
- **EUR 360 million** revenue in 2010
- Established business contacts with customers
- **3,360** regular customers
- ACTION took 2/3 shares in the Company's increased share capital for **EUR 1.6 million**
- **Devil GMBH** acquired all assets necessary to carry out business activity: IT system, databases, warehouse

DIRECTIONS OF DEVELOPMENT FOR THE ACTION GROUP

ADVANTAGES FOR ACTION S.A.

ACTION S.A. and DEVIL GMBH's synergies

Advantages

Gaining direct access to the largest IT market in EU

Possibility of operating on the higher trade margins

Significantly increasing the scale of distribution

Better access of ActiveJet and Actis products to German resellers

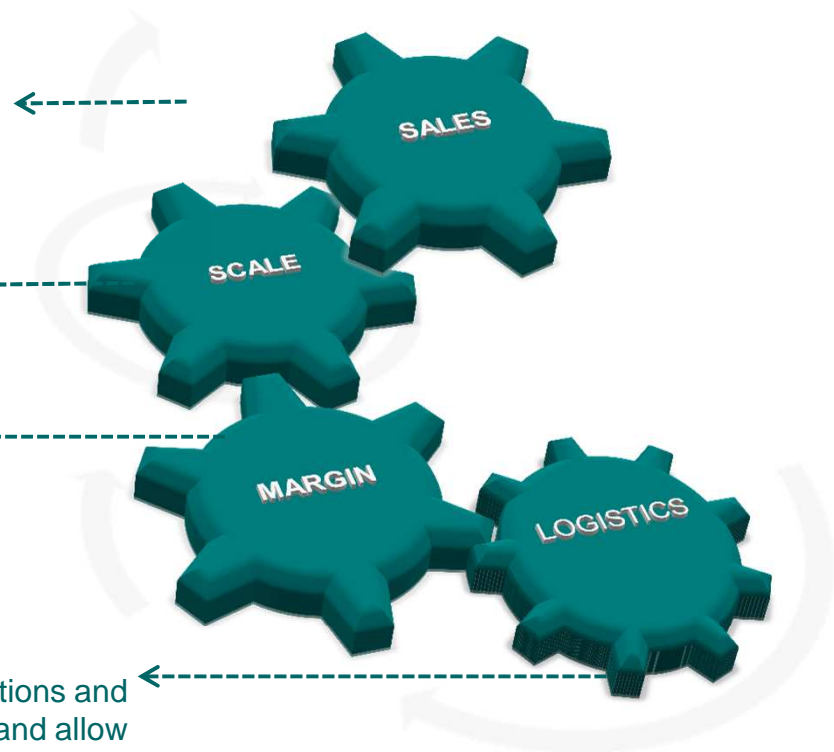
Possibility of selling additional product categories on the German market

Higher growth of the German economy than analysts expected

7 times larger market than the Polish market

Higher margin

Modern logistics solutions and close distance to Poland allow shipments from Poland to be effected efficiently





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FOUNDATIONS OF THE ACTION GROUP

GROWTH AREAS



STRONG DISTRIBUTOR

- ✓ Presence in two countries already: Poland and Germany
- ✓ over **17,000** products  
- ✓ over **550** producers – IT equipment, radio and television products, home appliances, mobile devices and more, from the strongest global brands
- ✓ diversified sales channels

GLOBAL LOGISTICS

- ✓ **over 30 thousand** square metres of storage space
- ✓ **over 2.5 km** of modern conveyor lines
- ✓ **up to 45 thousand** parcels shipped daily – capacity of the main warehouse
- ✓ **approx. 5 thousand parcels shipped per hour** – maximum speed of the fast sorter

ADVANCED IT SYSTEMS

- ✓ I-service
- ✓ **BitStore** sales platform
- ✓ **WebService**
- ✓ **XML** – Customer receives ready product base (description, product specification, photos)

RELIABLE PARTNER

- ✓ Valued private labels
- ✓ Stable financial standing
- ✓ Over **20 years** of experience
- ✓ Certificates confirming quality:

UNIQUE KNOW - HOW

- ✓ Employee competence building programme
- ✓ Solutions for **e-commerce** and **B2B**
- ✓ **ACTION Educational Centre**
- ✓ Building a home appliance/radio and television equipment network
- ✓ Setting trends in the sector – e.g. **ActiveJet** marketing





ACTION®

The logo consists of a stylized 'A' icon on the left, followed by the word 'ACTION' in a bold, black, sans-serif font. A registered trademark symbol (®) is positioned to the right of the word.

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