

PRESENTATION OF RESULTS

Q1 2014



**UNLIMITED  
DEVELOPMENT POSSIBILITIES**





## Major events in Q1 2014

# Major events in Q1 2014

## GROWTH FACTORS

Audio/video appliances  
& household equipment

Growth in the  
German market

Development of B2B  
and the dealer  
channel

Development of own  
brands

Exports

## MAJOR ACHIEVEMENTS

✓ Daily sales record for the 23-year  
history of ACTION S.A.



✓ International agreement covering  
Poland, the Czech Republic, Hungary and Slovakia



✓ Purchase of 51% of the  
shares of



✓ Leader in PS4 sales  
28% market share



## ACTION ON THE WARSAW STOCK EXCHANGE



15. edycja  
Giełdowa Spółka  
Roku 2013

**2nd** position in the  
Service and Product Quality  
sub-ranking list

**3rd** position in the principal  
ranking list



15. edycja  
Giełdowa Spółka  
Roku 2013

ACTION S.A.

**11 miejsce**

w rankingu  
Giełdowa Spółka Roku 2013  
w kategorii  
„Jakość produktów i usług”

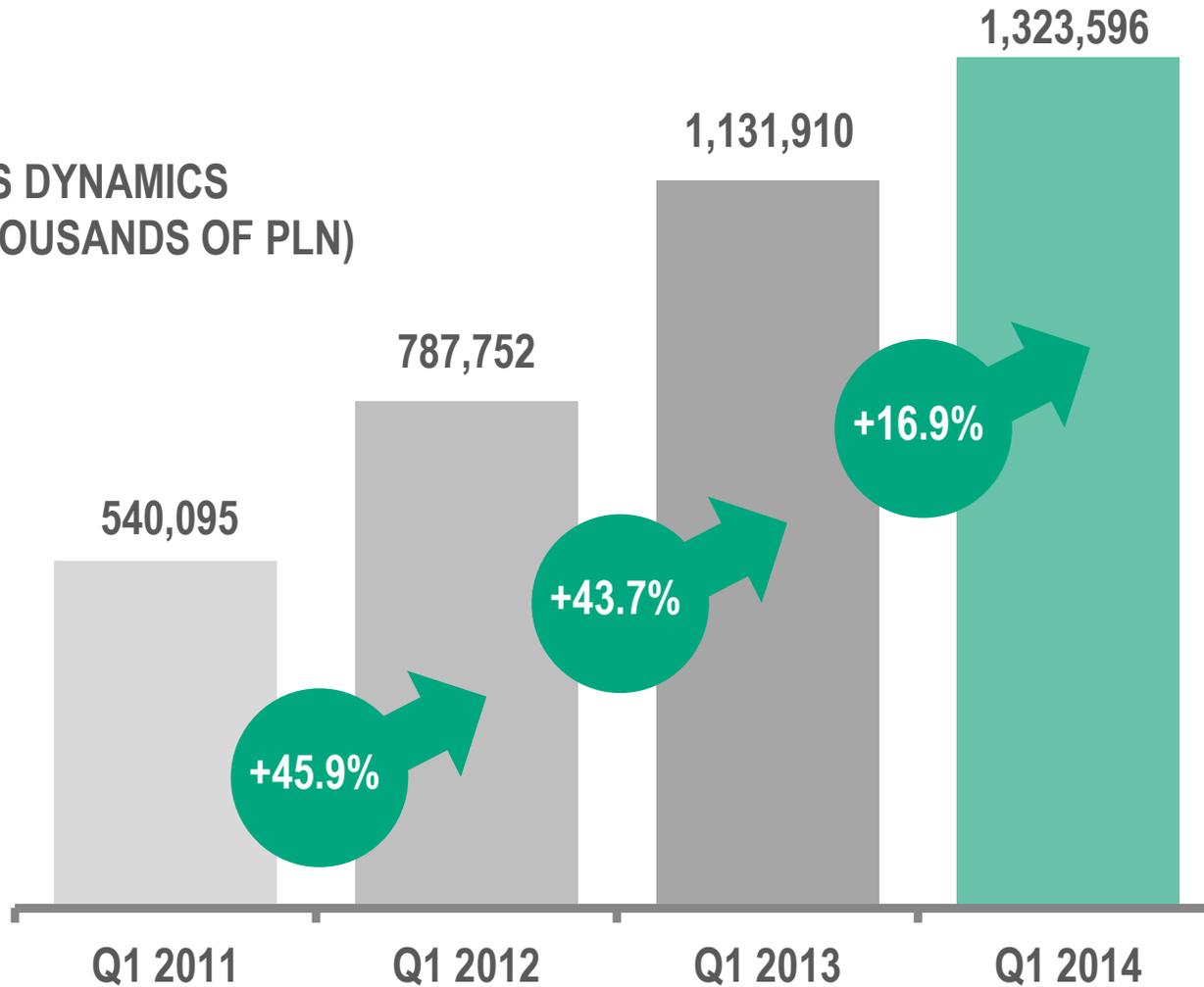




## Financial results in Q1 2014

# GK Action revenues

SALES DYNAMICS  
(IN THOUSANDS OF PLN)

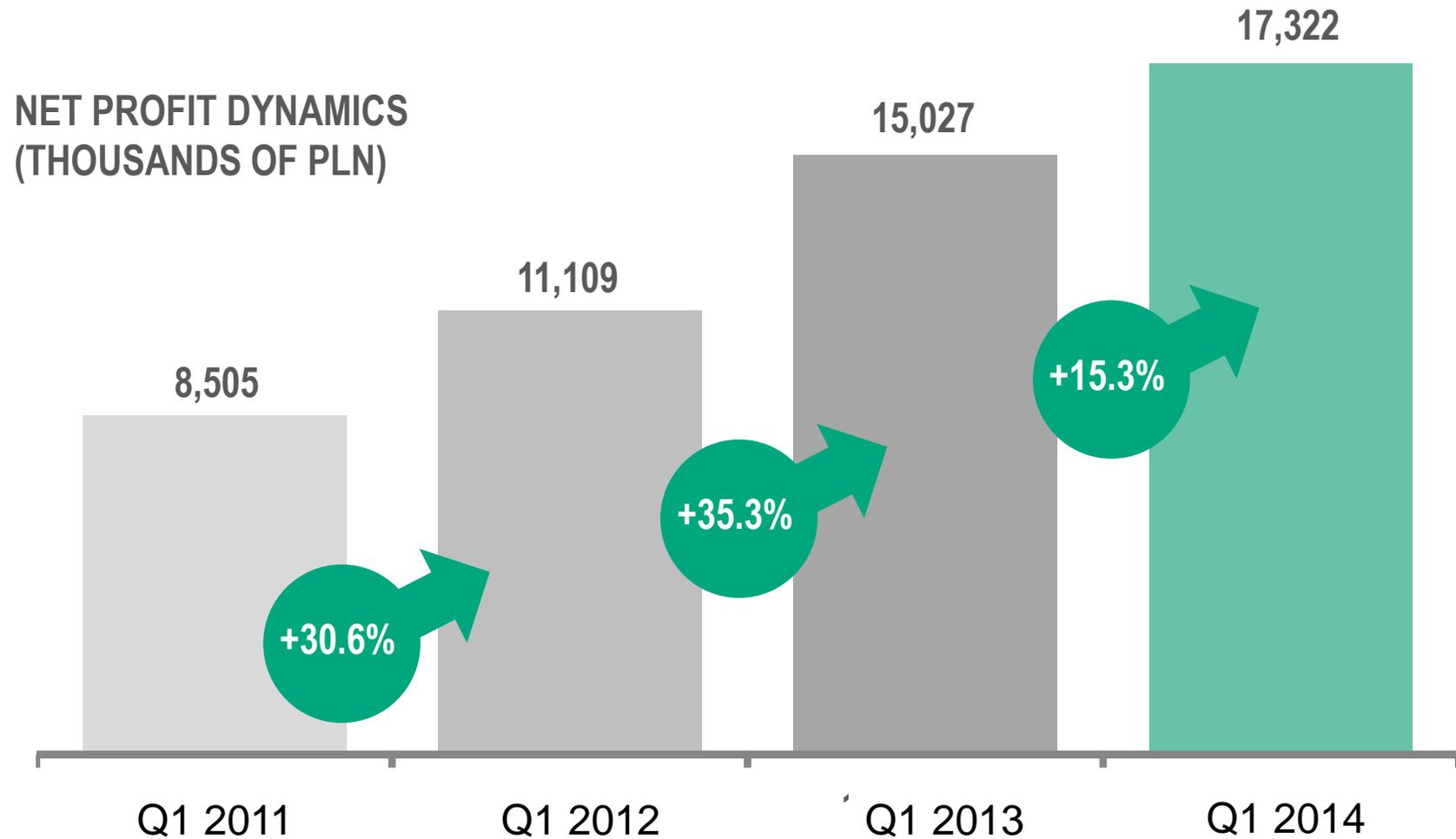


## Negative factors in Q1:

- ✓ High 2013 base
- ✓ Crisis in Ukraine
- ✓ Payment backlogs and retail overstocking
- ✓ Telecoms withdrawing from subsidies and notebook sales
- ✓ Notebooks being replaced by more affordable tablets
- ✓ Fewer public tenders

# GK Action revenues

Q1 2013



## Selected GK ACTION financial data

	Q1 2013	Q1 2014	% change
Sales revenues	1,131,910	1,323,596	16.9%
Gross sales profit	57,600	76,748	33.2%
Gross margin on sales	5.1%	5.8%	0.7% (pp)
Sales and marketing costs	-32,351	-46,413	43.5%
Against revenues	-2.9%	-3.5%	-0.6% (pp)
General management costs	-6,167	-7,981	29.4%
Against revenues	-0.5%	-0.6%	-0.1% (pp)
Other revenues and costs	1,238	1,113	-10.1%
Operating result	20,320	23,467	15.5%
Net financial expenses	-1,583	-1,376	-13.1%
Net result	15,027	17,322	15.3%
Net result profitability	1.3%	1.3%	-

# Cash flow

	31/03/2013	31/03/2014
Net cash flow from operations	30,101	-89,744
Net cash flow from investments	-1,023	-13,208
Net cash flow from financial activities	-3,461	73,201

# Cash conversion cycle

STILL THE SHORTEST CYCLE AMONG THE MAIN MARKET PLAYERS

	31/03/2013	31/03/2014
Stock turnover	28.76	33.35
Cash inflow from receivables	32.36	36.71
Repayment of liabilities	44.82	50.43
<b>Cash conversion</b>	<b>16.30</b>	<b>19.63</b>



## GK ACTION companies and projects in Q1 2014

# Dealer channel development

Support for partners in transforming the business model from reseller to modern integrator



## WE OFFER A WIDE RANGE OF B2B SOLUTIONS

## EDUCATION AND MARKETING SUPPORT

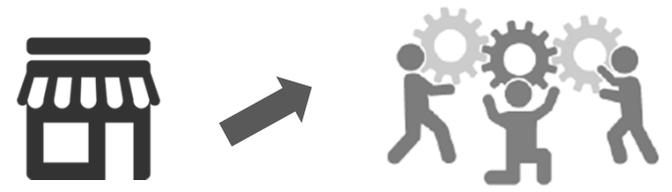
- ✓ Servers
- ✓ Clouds
- ✓ Digital Signage
- ✓ Storage
- ✓ LFD

- ✓ Workshops
- ✓ Road Shows
- ✓ Training
- ✓ Partnership programs
- ✓ Advertising materials



## WE OFFER STATE-OF-THE-ART SOLUTIONS

## WE SHOW HOW TO GENERATE SERVICES



# Partnership program

Experts in audio/video appliances & household equipment

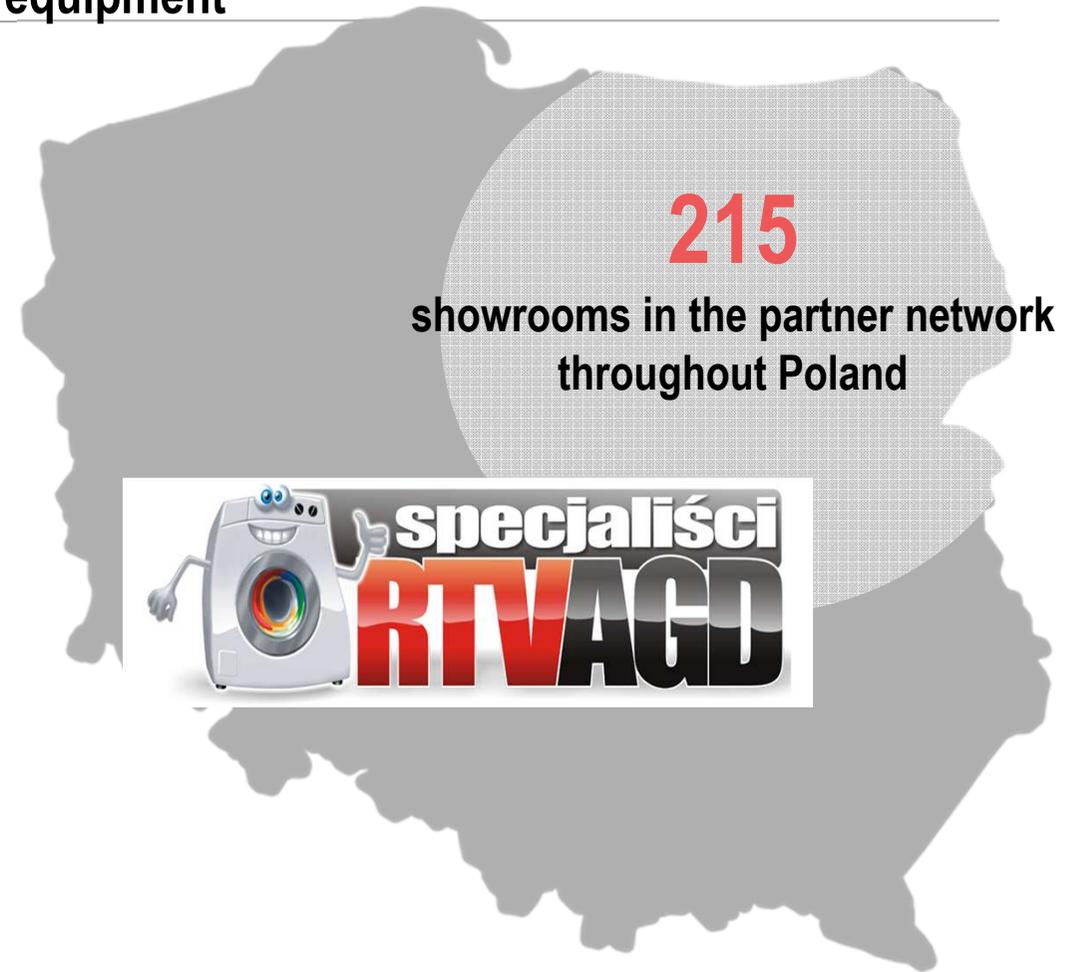
## GROWTH FACTORS

- ✓ Intense pro-marketing actions
- ✓ Know-how support

Over **200** participants for the country-wide meeting of partners at the National Stadium in Warsaw



- ✓ Modern solutions for partners:
  - Electronic sales support system
  - Expert Academy
  - Buy & Go Competition



**GROWTH IN SALES OF 48%**  
(Q1 2013 vs Q1 2014)

# E-commerce in GK ACTION

- ✓ Creating benefits for the ACTION Group

**gram.pl**®

Digital distribution of games in Poland and abroad

MORE  KIDS

Extending the product range and building a strong position in distribution

 **Lapado**

Wide range of products in consumer electronics and others

**SFeRIS**

Specialized range of IT as well as audio/video appliances & household equipment

# Sferis – specialized network of stores

## GROWTH FACTORS DESPITE A DECLINING MARKET

- ✓ Regular development of the portfolio
  - Distribution of Apple products extended by iPhones
- ✓ Intense marketing and pro-sales actions
  - Pre-sale campaigns for newly launched products:



Authorised Reseller



SFERIS

697 collection points

115 partner showrooms

21 own showrooms

41 trade islands

GROWTH OF SALES IN SHOWROOMS BY **12.3%**

# Expansion in non-domestic markets



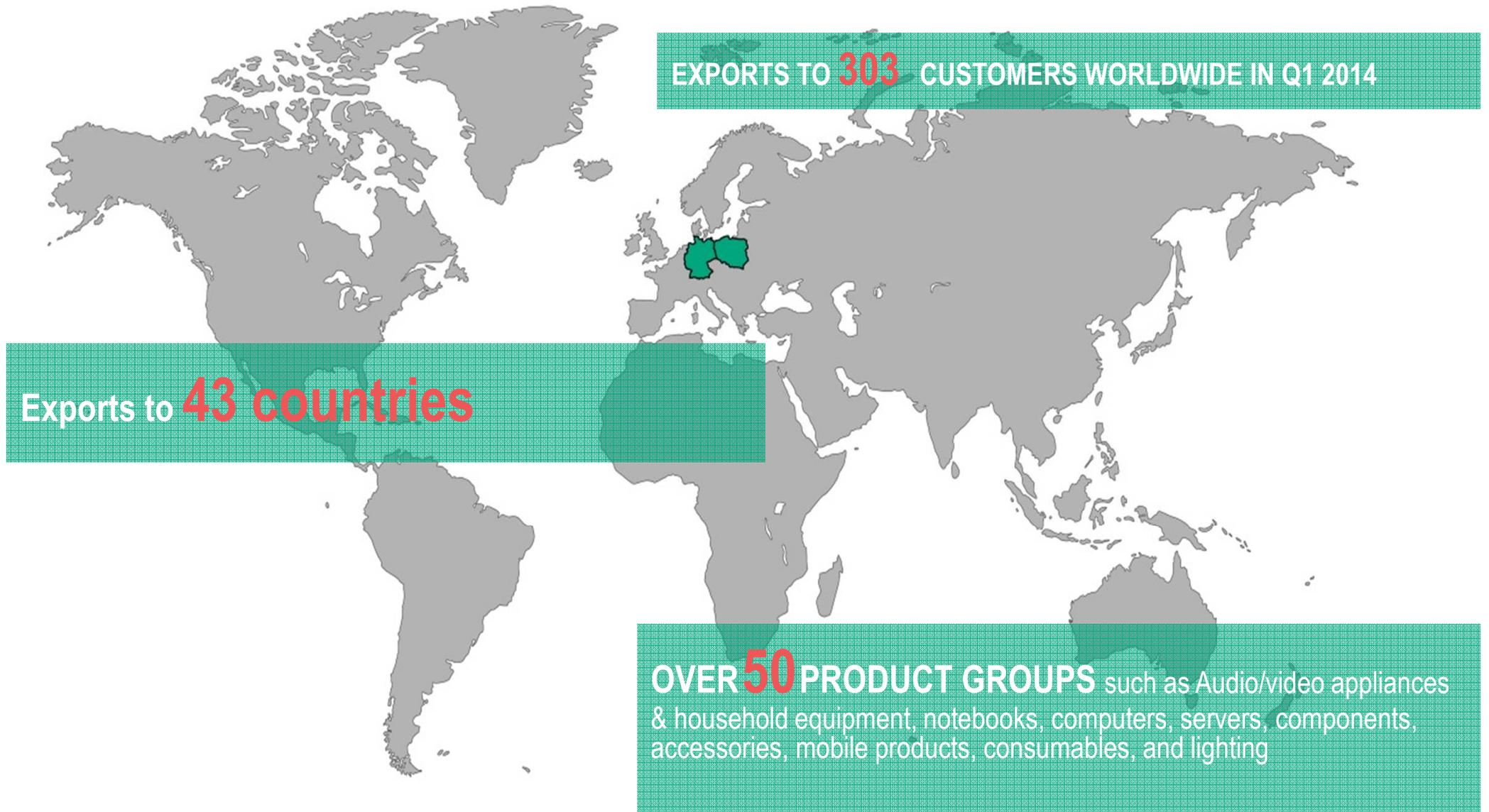
# ACTION Europe GmbH abroad

## REGULAR GROWTH OF THE GERMAN DISTRIBUTOR

- ✓ 100% of shares taken over by Action S.A.
- ✓ Change of the name to ACTION EUROPE GmbH
- ✓ Systematic increase in the number of clients:
  - **4296** unique clients
  - over **500** clients dealt with daily
- ✓ Increase in turnover:
  - **28 m €** - turnover in Q1 2014 → **138 m €** planned for 2014
  - approx. **10%** - current share in the GK ACTION turnover
- ✓ Valid distribution contracts:



# Exports



# Lapado – new sales channel

## PURCHASE OF 51% OF THE LAPADO COMPANY SHARES

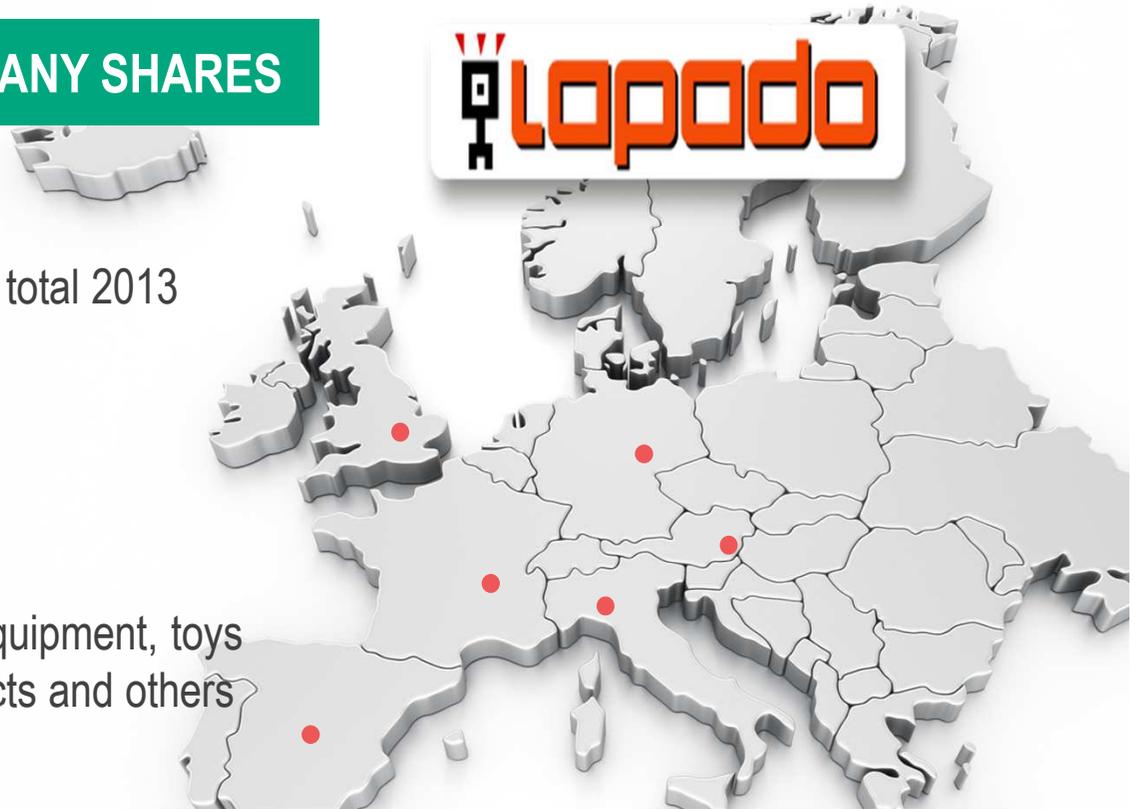
- ✓ Dynamic growth in turnover:
  - **21.55 m €** corresponding to **58%** of the total 2013 turnover
  - Goal for 2014: **100 m €**
- ✓ Product groups:
  - IT, audio/video appliances & household equipment, toys and accessories for children, office products and others



- ✓ Extensive customer base:

 x **180,726**

**SALES IN GERMANY, AUSTRIA, ITALY, ENGLAND, SPAIN AND FRANCE**





Own brands

# Leader in the market of consumable components

## INCREASE IN MARKET SHARE DESPITE A DECLINING MARKET



EXPERT BRAND



ECONOMICAL BRAND



Share in the market of consumables

✓ The ActiveJet brand recorded the **highest** growth in the ink market

✓ **Highest** increase in the volume of ink and toner sales in the entire market

✓ **Most** popular consumer brand



## GEOGRAPHICAL DIVERSIFICATION



Intense expansion on non-domestic markets: Germany, Slovakia, Slovenia, Greece, Lithuania, Estonia, Russia, Ireland, Spain, Romania, Bulgaria, and Croatia

**No. 2** on the market of consumable components in the Czech Republic

\* Most recent available IDC market data from Q2 2013

# Action S.A. sports sponsorship

## SPONSORING A CYCLING TEAM



- ✓ ActiveJet **IS THE PRINCIPAL SPONSOR** of a professional cycling team
- ✓ **12** athletes, featuring World Champion **DAVID MUNATNER**



## BENEFITS FOR THE BUSINESS

- ✓ ACTIVEJET – most recognizable brand of spares
- ✓ Increase in consumer confidence in the products
- ✓ Important brand exposure in Polish and foreign media
  - building brand awareness abroad helps to obtain new customers

**ADRENALINA | ROWER...**

**DOGÓŃ MISTRZÓW KIEROWNICY**  
Zapraszamy topowych zawodników różnych kolarskich dyscyplin o to, jak trenują, jedzą i ustawiają sprzęt. Jeśli zastosujesz ich porady, będziesz o krok, a właściwie o obrotor bliżej do czasów osiągniętych przez najlepszych.

**KRĘĆ NA MIĘSKO**  
Czyli jak trenować na rowerze? Skoro nie ma już profesjonalnych trenerów, którzy by ci powiedzieli, jak trenować, to musisz zrobić to samemu. W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować.

**TWÓJ PIERWSZY WYŚCIG**  
Zanim przystąpisz do jazdy, musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować.

**SZUKAJ SKRĘCANIA**  
W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować.

**CSKÓSI SZOSA Z MICHAIŁEM PODŁASKIM**  
W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować.

**SZUKAJ JAZDY W GRUPIE**  
W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować.

**W GRUPIE SIŁA**  
W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować. W tym celu musisz wiedzieć, jak trenować.

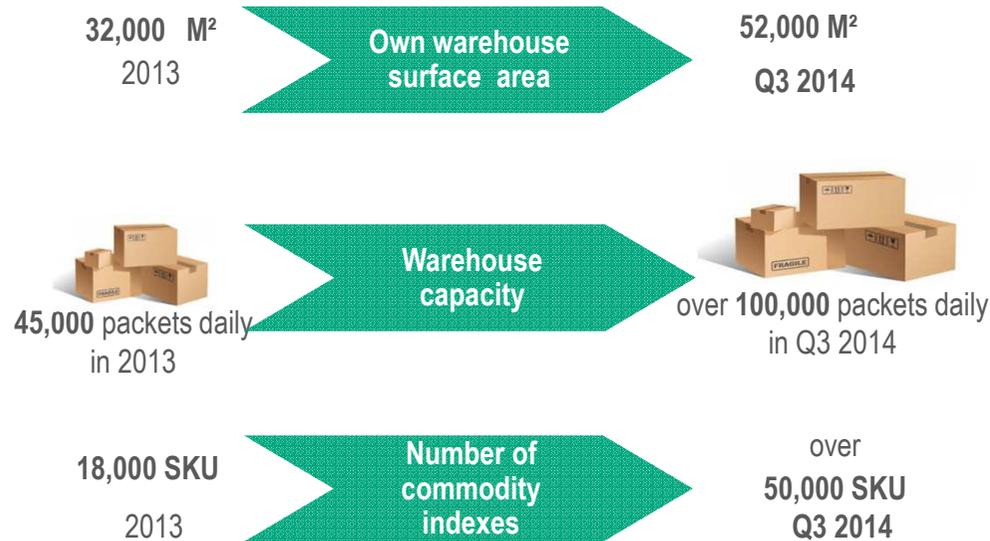
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## Guidelines for development

# ACTION S.A. Logistics Centre

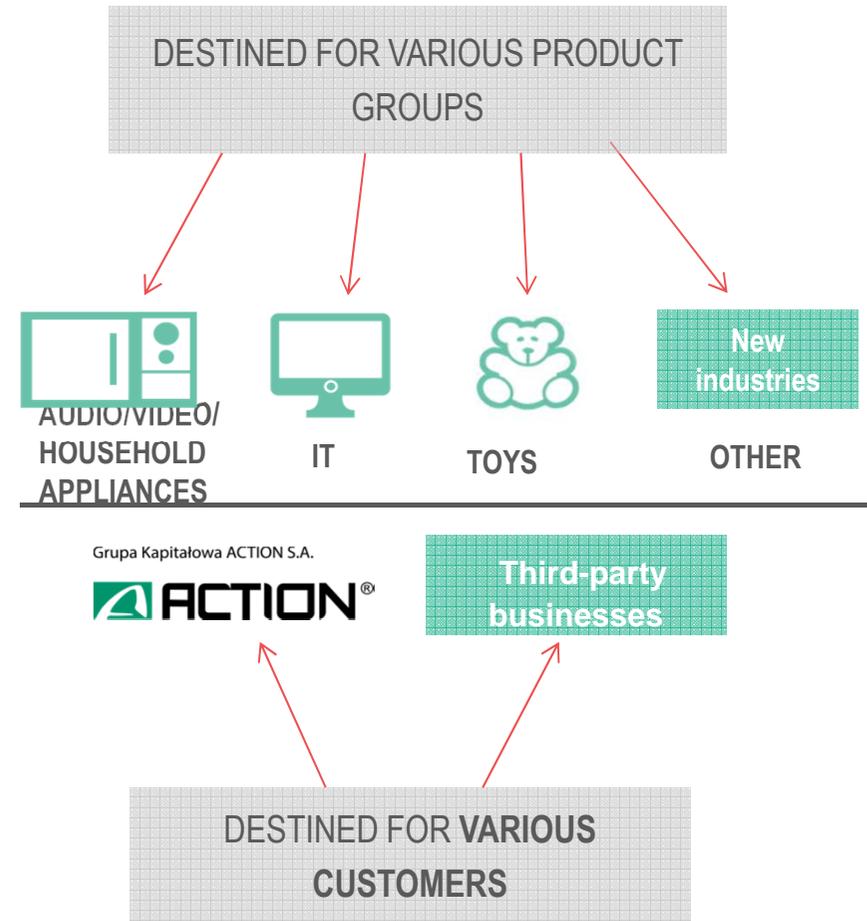
## CONSIDERABLE GROWTH IN WAREHOUSING



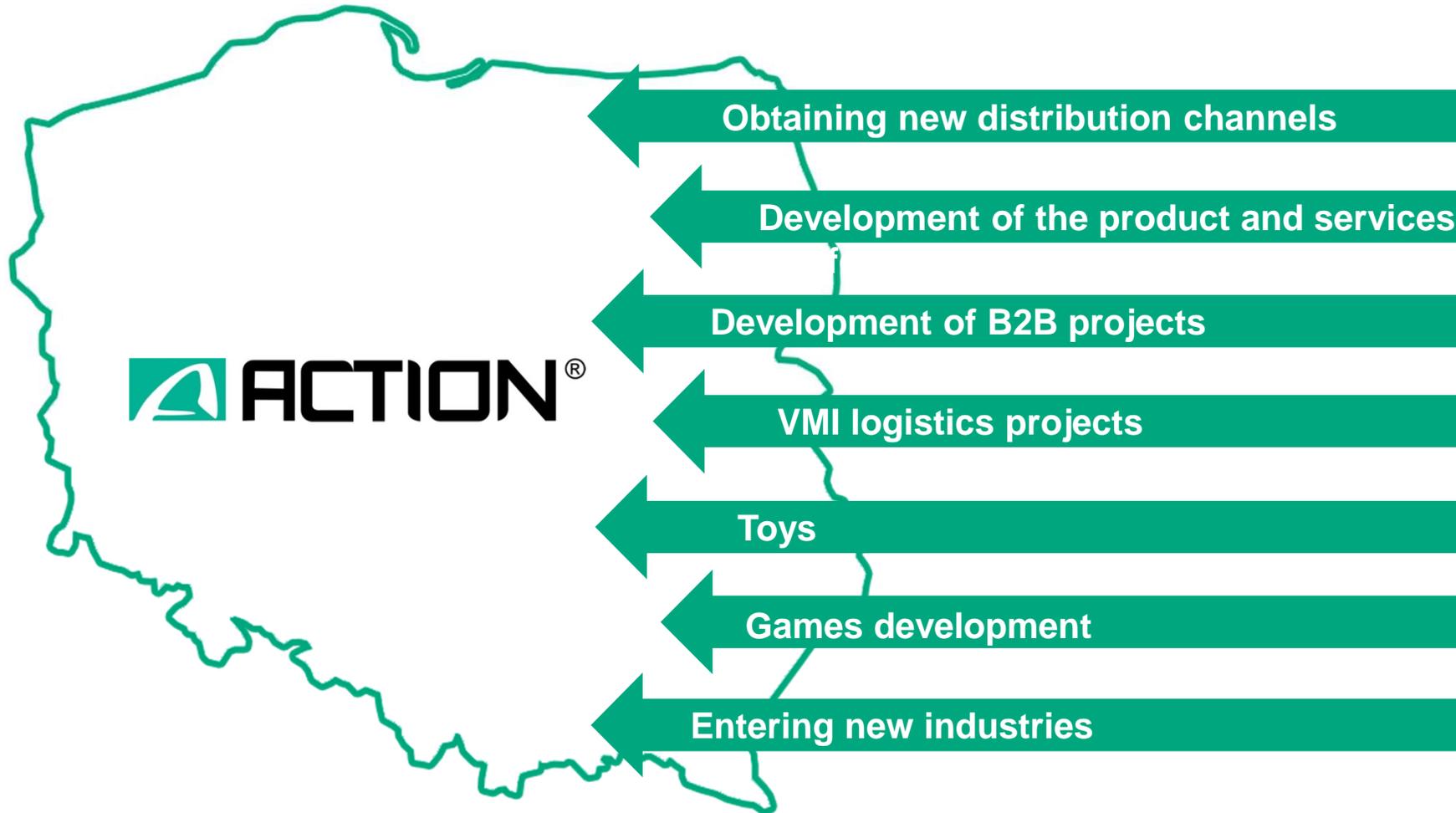
## PERFECT LOCATION

- ✓ Direct access to the **S7** express road linking Gdańsk to Kraków
- ✓ Two exits and roundabouts in close proximity to the ACTION logistics center

## VERSATILITY



# Expansion in Poland



# Expansion in Europe



- ✓ Obtaining new distribution contracts
- ✓ Regionalization of working with manufacturers – introducing the central purchasing model
- ✓ Launching logistics operations directly from Poland for German resellers
- ✓ IT system integration
- ✓ Standardization of management systems and structures



- ✓ Building a wide product range of consumer goods
- ✓ Participation in partnership programs for producers in German-speaking Europe
- ✓ Using new logistics opportunities and conducting operations from the ACTION S.A. logistics centre in Poland

# Thank you



Reliable partner:



GIEŁDA PAPIERÓW  
WARTOŚCIOWYCH  
w Warszawie



**REMONDIS**  
ELECTRORECYCLING

