



## **PRESENTATION OF FINANCIAL RESULTS**

July-September 2013

*Warsaw, 14 November 2013*

# PRESENTATION OUTLINE

## 1. Financial results

## 2. Level of financial forecast target achievement

## 3. Strengthening of activities in Poland

- Development of sales channels: dealers, sales networks, tenders, Telco, retail chains and e-commerce

## 4. International expansion

- Devil GmbH
- Export

## 5. Private labels: *ActiveJet, Actis and Pentagram*

## 6. Directions of development for the ACTION GROUP

## 7. Foundations of the ACTION GROUP

Grupa Kapitałowa ACTION S.A.



## FINANCIAL RESULTS

### Q3 2013 IN THE ACTION GROUP

#### KEY PARAMETERS

- High revenue dynamics of **37.8%**
- Growth of sales in Poland by **28.7%**
- Increased number of active resellers:  
**11,223** in 3Q vs 10,259 in Q2
- Higher number of sales invoices:  
**182,089** in 3Q vs 176,130 in Q2
- Growth of average sales invoice value:  
**PLN 6,050** in Q3 vs PLN 5,521 in Q2

#### ACTION AT THE STOCK EXCHANGE

- Share price increase by **59%** in Q3 2013  
(according to: [gpwinfstrefa.pl](http://gpwinfstrefa.pl))
- **ACTION S.A.** is the only IT distributor  
in the WIGdiv index



#### SIGNED DISTRIBUTION CONTRACTS

SONY®

htc

FUJITSU

HGST  
a Western Digital company

lenovo. **FOR**  
STORAGE: **THOSE**  
**WHO DO.**

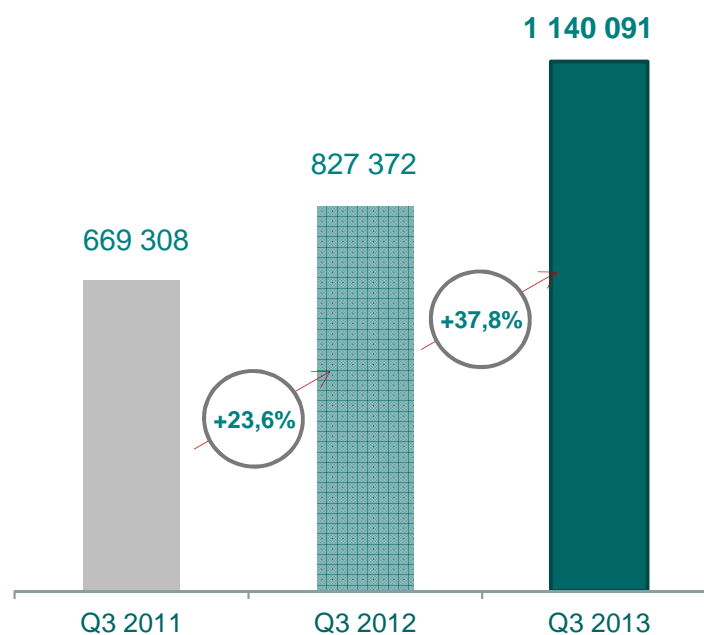
HUAWEI

## FINANCIAL RESULTS

### ACTION GROUP'S SALES DYNAMICS

- Sales revenue grew in **Q3 2013** by **37.8%** compared to the corresponding period of the previous year
- Steady growth trend in recent years

Sales dynamics (in PLN thousand)

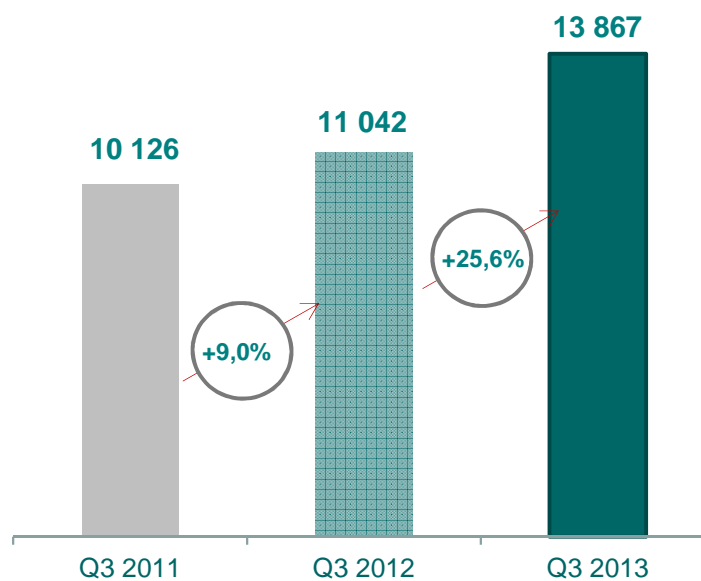


## FINANCIAL RESULTS

### *ACTION GROUP'S NET PROFIT DYNAMICS*

- Net profit in **Q3 2013** amounted to **PLN 13,867 thousand**
- Steady growth trend in recent years

Net profit dynamics (in PLN thousand)



# FINANCIAL RESULTS

## ACTION GROUP'S SELECTED FINANCIAL FIGURES

Data in PLN thousand	Q3 2012	Q3 2013	%	Q3 2012 YTD	Q3 2013 YTD	%
<b>Sales revenues</b>	<b>827,372</b>	<b>1,140,091</b>	<b>37.8%</b>	<b>2,367,287</b>	<b>3,261,213</b>	<b>37.8%</b>
<b>Gross profit on sales</b>	<b>53,616</b>	<b>68,678</b>	<b>28.1%</b>	<b>158,302</b>	<b>197,883</b>	<b>25.0%</b>
<b>Gross margin on sales</b>	<b>6.5%</b>	<b>6.0%</b>	<b>-0.5 pp</b>	<b>6.7%</b>	<b>6.1%</b>	<b>-0.6 pp</b>
<b>Sales and marketing costs</b>	<b>-31,932</b>	<b>-43,652</b>	<b>36.7%</b>	<b>-96,224</b>	<b>-121,265</b>	<b>26.0%</b>
<b>In relation to revenues</b>	<b>-3.9%</b>	<b>-3.8%</b>	<b>0.1 pp</b>	<b>-4.1%</b>	<b>-3.7%</b>	<b>0.4 pp</b>
<b>General administrative expenses</b>	<b>-5,651</b>	<b>-5,995</b>	<b>6.1%</b>	<b>-17,987</b>	<b>-18,874</b>	<b>4.9%</b>
<b>In relation to revenues</b>	<b>-0.7%</b>	<b>-0.5%</b>	<b>0.2 pp</b>	<b>-0.8%</b>	<b>-0.6%</b>	<b>0.2 pp</b>
<b>Other revenues and expenses</b>	<b>14</b>	<b>-297</b>	<b>-2,221.4%</b>	<b>1,069</b>	<b>80</b>	<b>-92.5%</b>
<b>Result of operating activities</b>	<b>16,047</b>	<b>18,734</b>	<b>16.7%</b>	<b>45,160</b>	<b>57,824</b>	<b>28.0%</b>
<b>EBITDA</b>	<b>18,815</b>	<b>21,090</b>	<b>12.1%</b>	<b>53,712</b>	<b>64,756</b>	<b>20.6%</b>
<b>In relation to revenues</b>	<b>2.3%</b>	<b>1.8%</b>	<b>-0.5%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>-0.3%</b>
<b>Net financial costs</b>	<b>-1 876</b>	<b>-1 092</b>	<b>-41.8%</b>	<b>-5 449</b>	<b>-4 083</b>	<b>-25.1%</b>
<b>Net result</b>	<b>11,042</b>	<b>13,867</b>	<b>25.6%</b>	<b>31,494</b>	<b>42,237</b>	<b>34.1%</b>
<b>Net profit margin</b>	<b>1.3%</b>	<b>1.2%</b>	<b>-0.1 pp</b>	<b>1.3%</b>	<b>1.3%</b>	<b>0.0 pp</b>

## FINANCIAL RESULTS

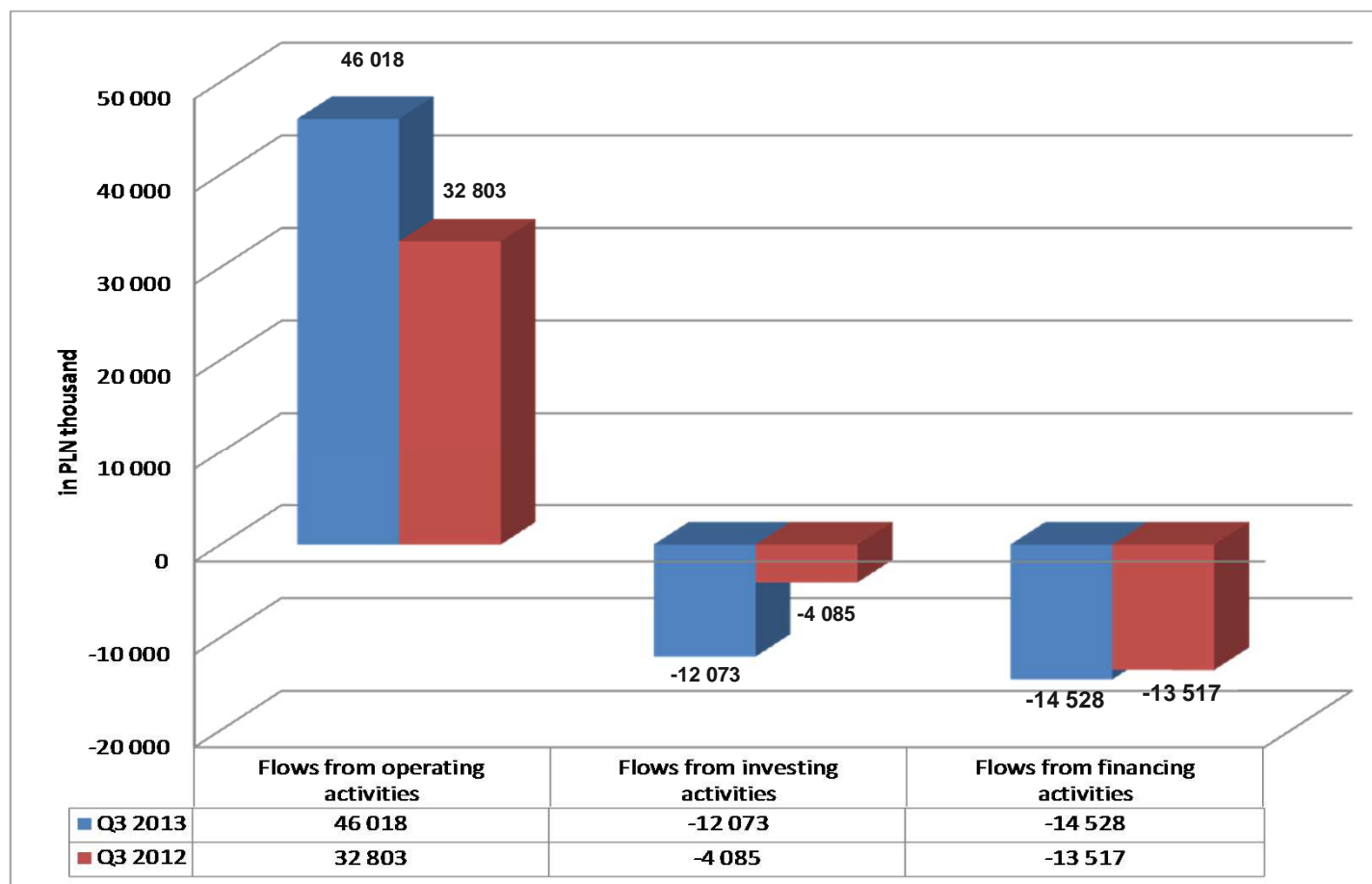
### *ACTION GROUP'S LIQUIDITY AND DEBT*

Liquidity ratios	Q3 2013	Q3 2012
Current ratio (current assets / current liabilities)	1.19	1.19
Quick ratio (liquid current assets / current liabilities)	0.69	0.62

Debt ratios	Q3 2013	Q3 2012
General debt ratio	0.74	0.71
Equity debt ratio	2.82	2.41
Interest debt / equity	41.99%	41.33%

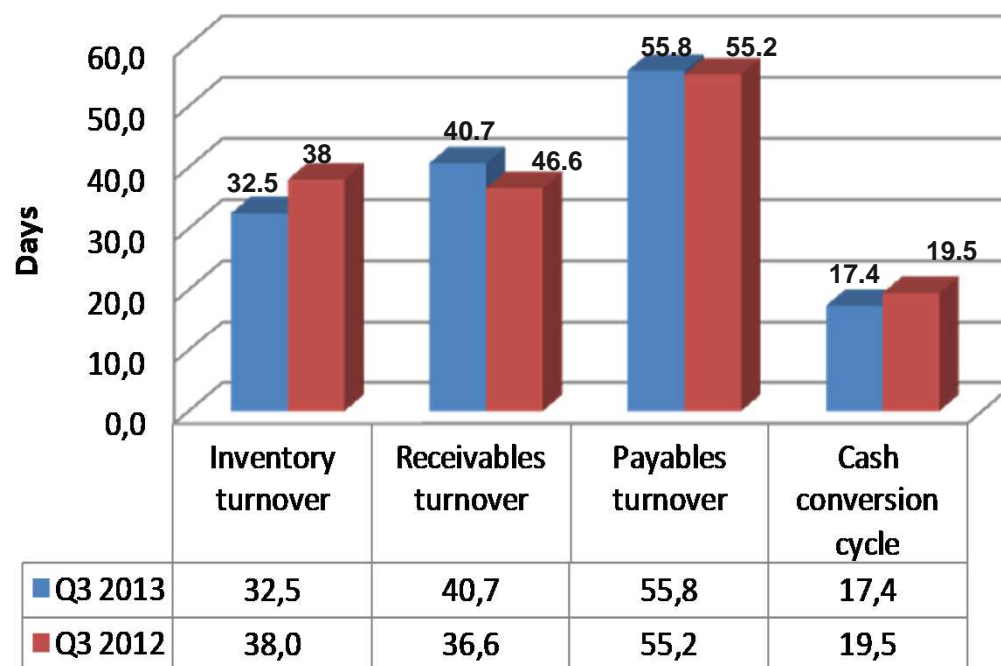
# FINANCIAL RESULTS

## CASH MANAGEMENT



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## CASH MANAGEMENT



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## 6. Directions of development for the ACTION GROUP

## 7. Foundations of the ACTION GROUP

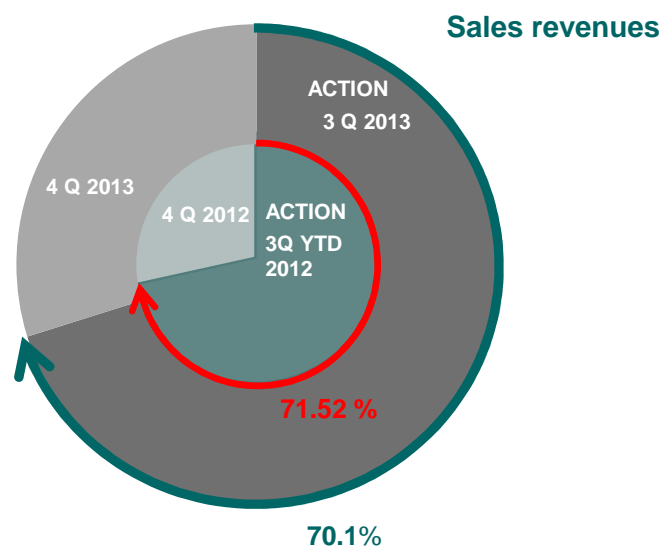
Grupa Kapitałowa ACTION S.A.

 **ACTION**<sup>®</sup>

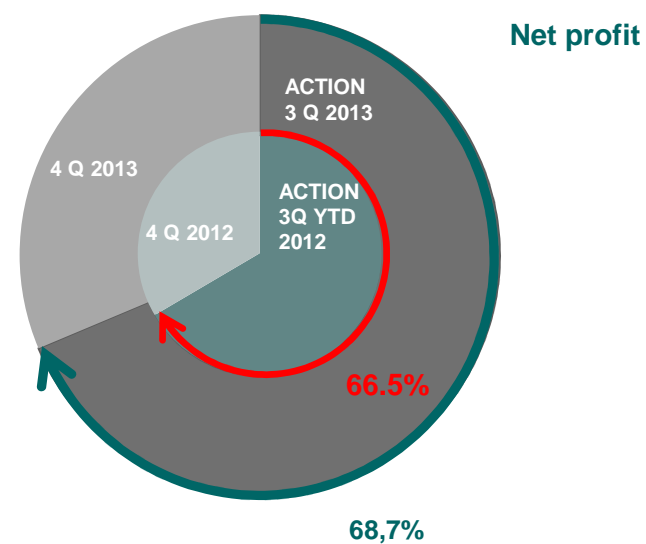


## LEVEL OF FINANCIAL FORECAST TARGET ACHIEVEMENT

ACTION Group revenue forecast target achievement



ACTION Group net profit forecast target achievement



ACTION GROUP	2011	2012	2013
Sales revenues	2,804,768	3,515,189	4,650,000
Net result	42,409	48,319	61,500
Net profit margin	1.51%	1.37%	1.32%

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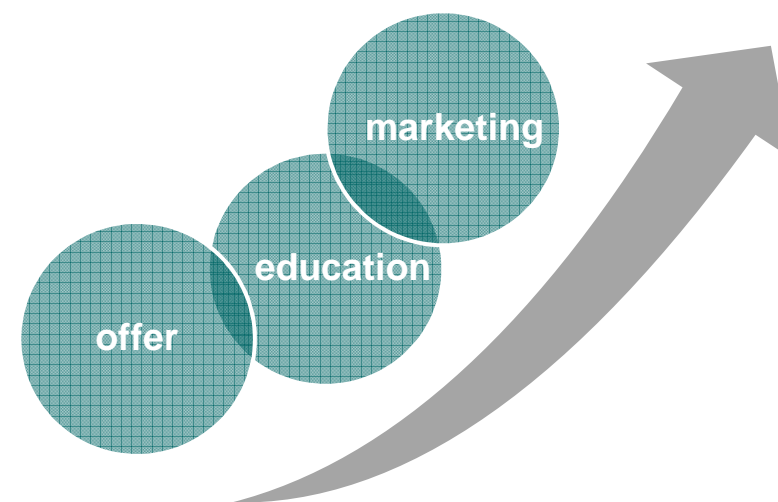
# STRENGTHENING OF ACTIVITIES IN POLAND

## DEVELOPMENT OF SALES CHANNELS

### SALES CHANNELS IN POLAND

Dealer channel (IT, home appliances/electronics)	Retail chains (IT)	Telco (IT)
11,223 Resellers	RETAIL: IT and home appliances /electronics FOOD DIY	T - Mobile Orange Polkomtel
Tenders and corporate sales (IT)	Retail network (IT, home appliances/electronics)	E – commerce (IT, home appliances/electronics)
B2B, B2G	Sferis	Gram.pl More4kids.pl

### SALES SUPPORT ACTIONS



✓ Sales growth in Poland by **28.7%**

# STRENGTHENING OF ACTIVITIES IN POLAND

## DEVELOPMENT OF SALES CHANNELS

### DEALER CHANNEL

#### 1. Education

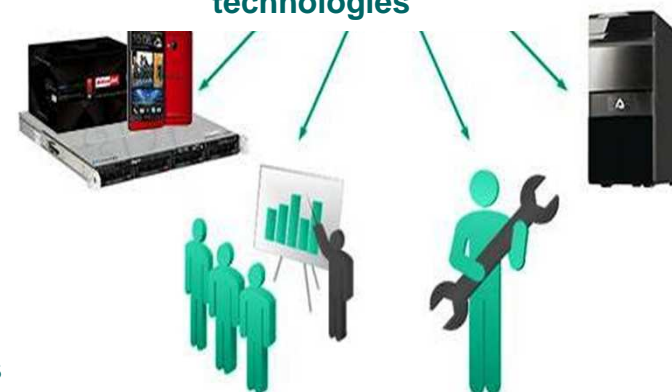


- Training and workshops on the latest technologies
- Top experts
- Membership of the elite **Leader Learning Partners Association**

#### *Road Show*

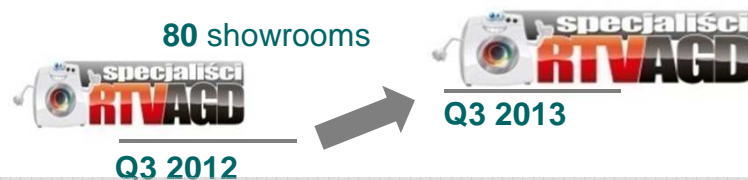
- Presentations on integration possibilities of heterogeneous home environments

We instruct how to generate services based on the latest technologies



#### 2. Marketing support

Dynamic development of partner programme **Specjaliści RTVAGD**  
189 showrooms



Sales growth in home appliances and consumer electronics by **88.5%**

#### New solutions

- Special conditions of our new hire-purchase scheme for Sygma Bank partners
- Extension of warranty period on preferential terms
- Electronic Sales Support System

## STRENGTHENING OF ACTIVITIES IN POLAND

### DEVELOPMENT OF SALES CHANNELS

#### DEALER CHANNEL

##### 3. Offer development



Building a complementary range of products and services using new technologies for homes and companies:

- Integration with alarm systems
- Integration with cloud
- Management of consumer electronics and home appliances



SONY

SAMSUNG

FIBARO

LINKSYS

QNAP

Synology

EDIMAX  
NETWORKING PEOPLE TOGETHER

LG

NETGEAR

SHARP

D-Link

PENTAGRAM  
THE PERFECT SIMPLICITY

lenovo FOR  
THOSE WHO DO.

PLANET  
Networking & Communication

**ACTION SMART HOUSE** is based around an intelligent system that makes it possible to control IT, household appliances and audio/video devices by means of a phone or tablet.

# STRENGTHENING OF ACTIVITIES IN POLAND

## DEVELOPMENT OF SALES CHANNELS

### DEALER CHANNEL

#### 3. B2B offer development

#### Digital Signage - B2B Visual Displays

**SHARP**



- Leader in Digital Signage sales

- Wide array of customers:

*retail, HoReCa, shopping centres, railway stations, industry, office, management centres, cinemas, banks, advertising agencies, outdoor, airports, etc.*



# STRENGTHENING OF ACTIVITIES IN POLAND

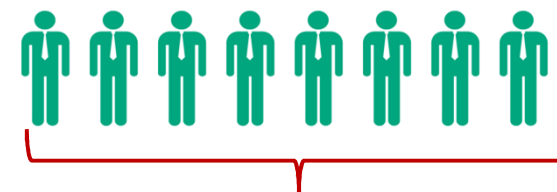
## DEVELOPMENT OF SALES CHANNELS

### DEALER' CHANNEL

#### 4. Enterprise offer development

##### Action ENTERPRISE

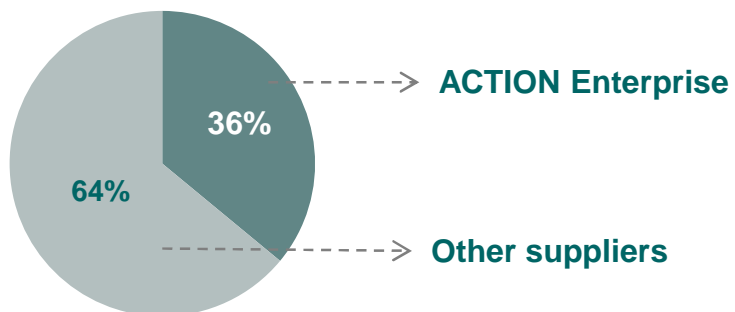
- Becoming **number 1** distributor of 



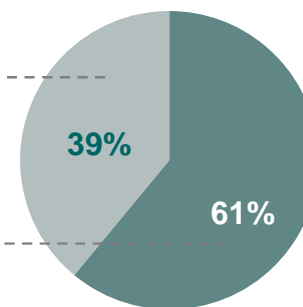
OVER **800** CUSTOMERS

GROWTH BY **100** NEW CUSTOMERS IN Q3

Share of servers and storage sales



Share of PC & mobile sales



- Development of  customer base

# STRENGTHENING OF ACTIVITIES IN POLAND

## DEVELOPMENT OF SALES CHANNELS

### TENDERS AND CORPORATE SALES

#### 1. Tenders won in Q3:



Marshal Office of the Podkarpackie Voivodeship  
in Rzeszów – **PLN 35.4 million**

#### 2. Tender orders executed in Q3:



Tax Chambers – **PLN 43 million**



Warsaw Municipal Office – **PLN 5.3 million**



Social Insurance Company (ZUS) – **PLN 39.8 million**

Total value  
**PLN 123.5 million**



## STRENGTHENING OF ACTIVITIES IN POLAND

### DEVELOPMENT OF SALES CHANNELS

#### SFERIS RETAIL NETWORK

##### DEVELOPMENT OF SFERIS EXPERT SHOWROOM CHAIN



- **130** partner showrooms vs **103** at the end of September 2012
- **25** own showrooms vs **30** at the end of September 2012
- **46** display islands vs **56** at the end of September 2012

✓ **Further sales growth:** 12.52% (Q3 2012 vs Q3 2013)  
with 42.02% in e-commerce sales

##### INTENSIVE MARKETING ACTIVITIES

- ✓ National campaigns and special actions involving the largest IT equipment producers  
Special action **Pocket Money with HP**



Najlepszy dla ucznia

**HP Pavilion g6-2330ew**  
Z procesorem Intel® Core™ i5-3230M

**2249,-**




**HTC ONE** htc one  
W KOLORZE CZERWONYM  
JUŻ JEST!

# STRENGTHENING OF ACTIVITIES IN POLAND

## DEVELOPMENT OF SALES CHANNELS

### SFERIS RETAIL CHAIN AND E-COMMERCE

#### INTENSIVE MARKETING ACTIVITIES - CONTINUED

- **650** new drop points under the project Petrol Station with a Parcel 
- Completion of the final stage of the **ERP** system implementation
- Expansion of portable devices range – premieres of new smartphones:
  - Sony XperiaM,
  - Huawei Ascent P6,
  - Samsung Galaxy Note3,
  - HTC,
  - Pentagram.



**STACJA Z PACZKA**

Kupuj w Sferis.pl i odbieraj paczki na Stacjach Paliw ORLEN oznaczonych znakiem

**STACJA Z PACZKA**

korzystając z atrakcyjnych warunków dostawy

**650** punktów odbioru

**24h/365dni** odbieraj każdego dnia

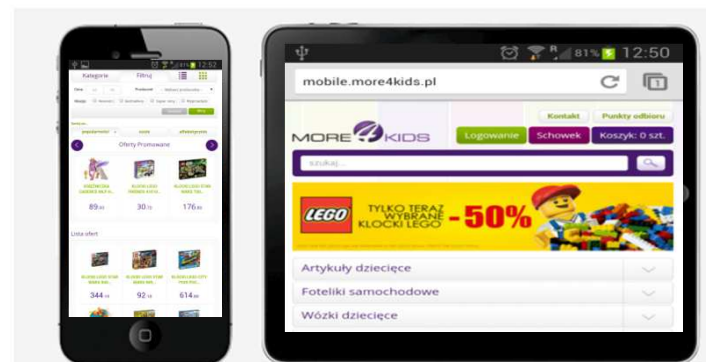
**500zł** dostaw od 1 GRATIS!

Zrób zakupy teraz



#### DEVELOPMENT OF ADDITIONAL PROJECTS

- Mobile version of 
- Digital distribution of games 



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## INTERNATIONAL EXPANSION

### DEVIL GmbH DEVELOPMENT

- Profit margin generated since the beginning of operations:

**EUR 8.9** million of turnover in Q3 2013

- Steadily rising client base:

More than **1,400** customers served per month



- New major distribution contracts:



## INTERNATIONAL EXPANSION

### DEVIL GmbH DEVELOPMENT

- Building a sale activity base for private labels:



Participation in international fairs:  
**Synaxon Fair – Germany**  
**12-13 September 2013**

## INTERNATIONAL EXPANSION

### EXPORT

- Growth in the number of customers:



EXPORT TO 300 COMPANIES WORLDWIDE

- Export sales growth by **62%** (Q3 2012 vs Q3 2013)
- Expanding product portfolio
- High growth in product groups:

*PHOTO, consumer electronics, home appliances, notebooks, mobiles, tablets, audio, printers, hard disks, processors, network solutions*

- Development of private label sales:



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# PRIVATE LABELS

## CONSISTENT DEVELOPMENT

### 1. UNCHALLENGED MARKET LEADER

- Overview of the alternative consumables market- IDC H1 2013 report

ActiveJet and Actis as the sales leader



- ActiveJet products praised in specialist tests

### 2. PRODUCT DIVERSIFICATION

- Steady expansion of offer in each of the segments below:

Brand products

Cost-efficient products

White box products

**ActiveJet**

**Actis**

No name

### 3. DEVELOPMENT OF THE LIGHTING PRODUCT CATEGORY

### 4. GEOGRAPHIC DIVERSIFICATION

- Sales development through Devil GmbH
- Entering into new European markets:  
*Romania, Spain*



- Constant strengthening of the position on the Polish market:

**5 thousand**  
customers in  
dealer channel

Cooperation with the  
largest retail chains

Cooperation with  
the largest  
providers of  
office supplies

## PRIVATE LABELS

PENTAGRAM

### Dynamic sales growth

- **80,000** tablets sold



### Development of sales channels

- Tablets, mobile phones, network devices
- **2,400** customers in 3 the channels below

#### 1. Telco



#### 2. Retail chains



#### 3. Dealer channel

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# DIRECTIONS OF DEVELOPMENT FOR THE ACTION GROUP

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

- Obtaining contracts on the German market
- Development of private labels on the German market: ActiveJet, Pentagram
- Benefiting of the Devil – ACTION synergy:
  - ✓ Modern logistics on the German market
  - ✓ Purchase centralization

## 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 activities in the B2B area
- Consistently strengthening the private labels' position on the Polish and European markets

## III. LOOKING FOR PROSPECTIVE BUSINESS AREAS:

- Taking advantage of the possibility of consolidating various market areas (sectors) and intermingling them
- Effective use of the 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

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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** – IT equipment, radio and television products, home appliances, mobile devices and more, from the strongest global brands
- ✓ Diversified sales channels

### ADVANCED IT SYSTEMS

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

### 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

### GLOBAL LOGISTICS

- ✓ **over 30 thousand** square meters 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
- ✓ Beginning of construction works on a **new logistics section**

### RELIABLE PARTNER

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





**Contact for media and capital market representatives**

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