

# *Emperia* Grupa Kapitałowa

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Q1 2015

# Significant events in Q1 2015

- Sale of property in Lublin – significant impact on results
- Store openings in line with expectations
- Record deflation
- PLN 14.8m spent on buy-back programme
- Share cancellation process in progress

# Emperia Group – operating structure

## Retail

Stokrotka

Supermarkets

## Property

Elpro Development S.A.  
and other companies

Property management  
and development

## IT

Infinite

B2B communications  
ERP systems for retail

*Retail*

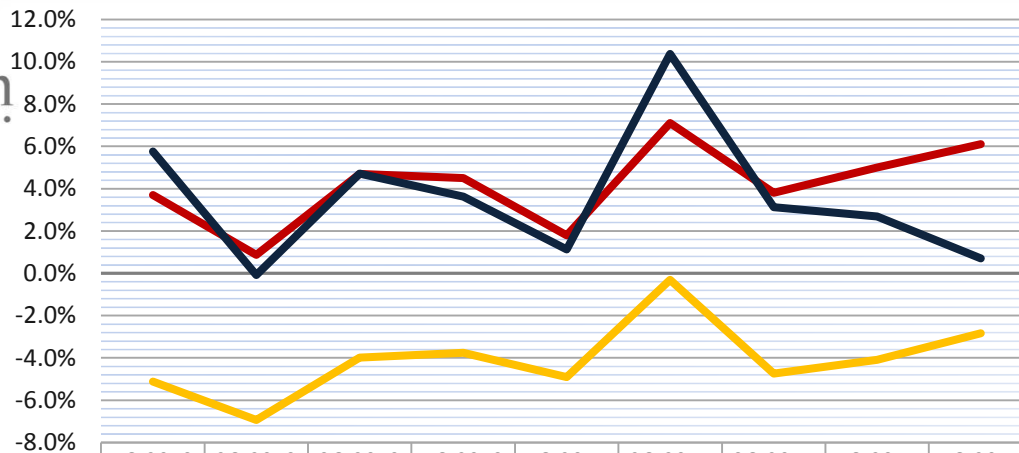
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# Poland's retail market 2013-2015

## Quarterly change in sales value y/y

nielsen



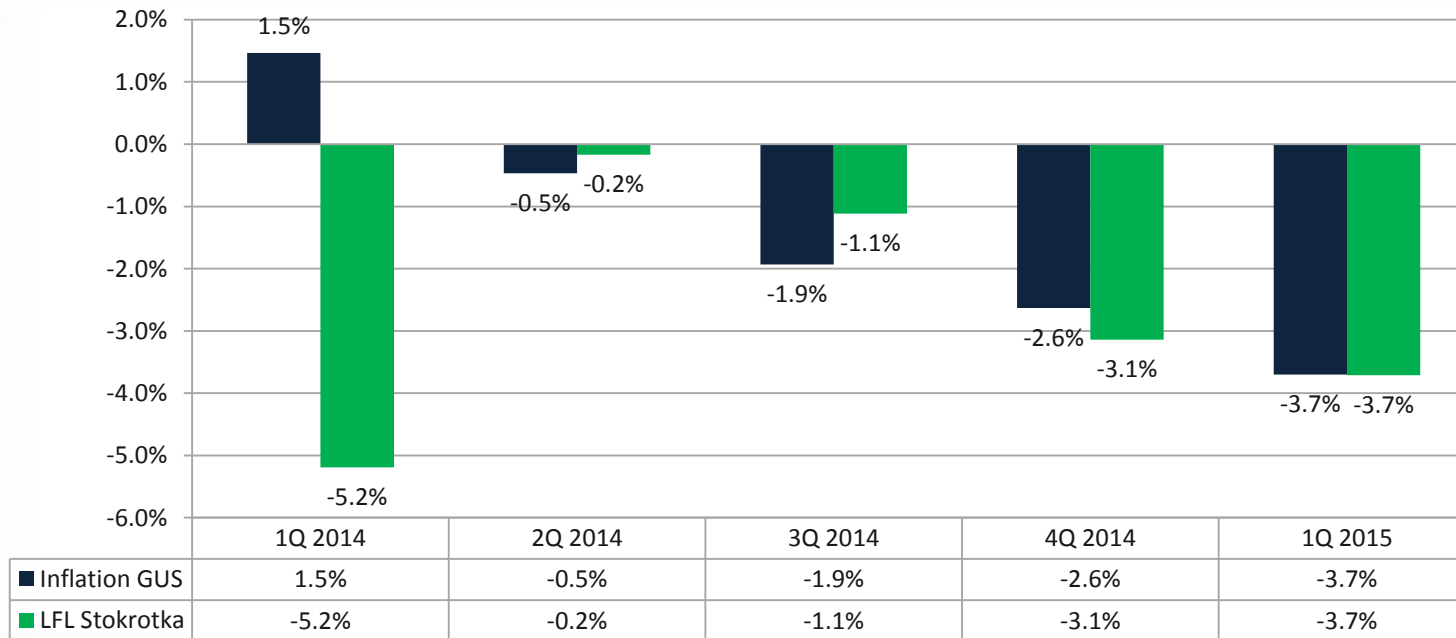
- According to GUS, retail sales in Q1 2015 advanced 6.1% on the previous year.
- According to Nielsen, first-quarter sales in the Supermarkets segment grew by 0.7% from the year before, while the Hipermarkets segment saw a 2.8% decline y/y.

\* Retail sales (food, beverages and tobacco products) year to year, GUS data

\*\* Nielsen data - overall sales (Hipermarkets: Real, Auchan, Tesco >2500sqm, Carrefour >2500sqm, E. Leclerc >2500sqm, Supermarkets: Carrefour <2500sqm, Carrefour Market, Simply Market, E. Leclerc <2500sqm, Intermarc, Netto, Polomarket, Stokrotka, Tesco <2500sqm)

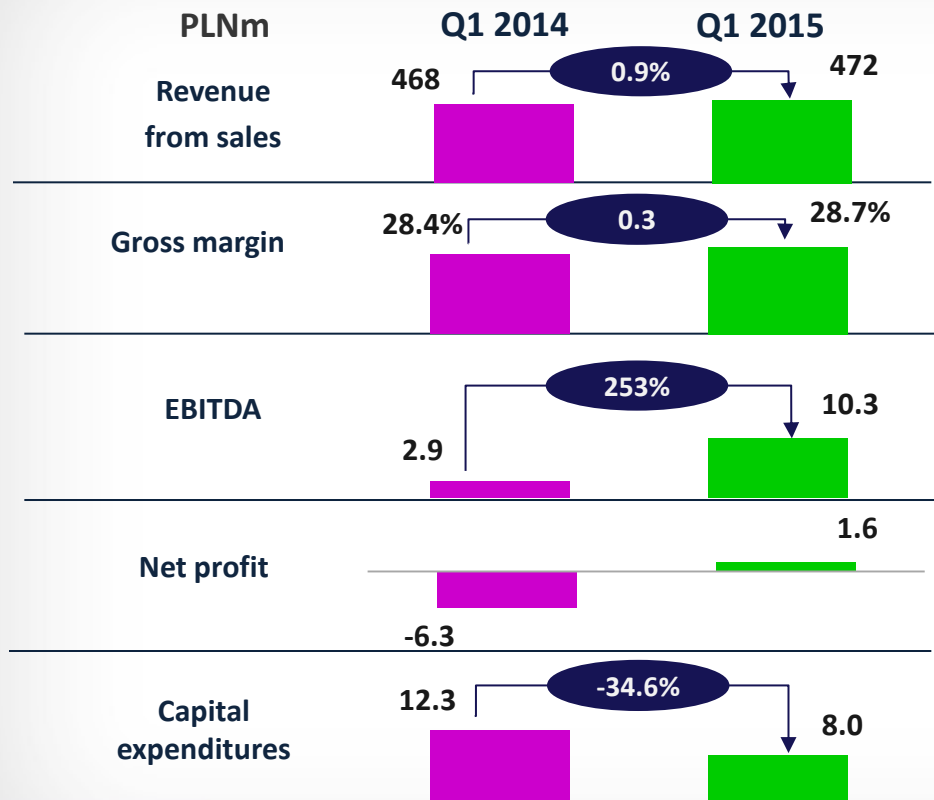
# LFL sales – Stokrotka

Year-on-year change in sales, on same-store basis



*GUS inflation data for the food and non-alcoholic beverage category*

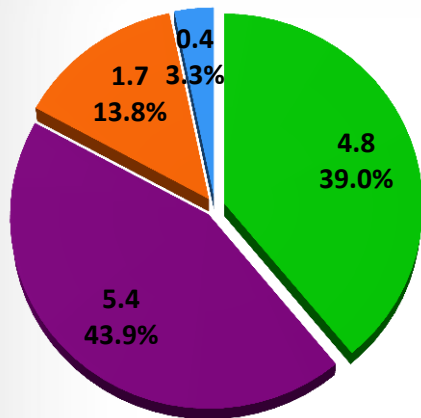
# Retail segment – Q1 2015 results



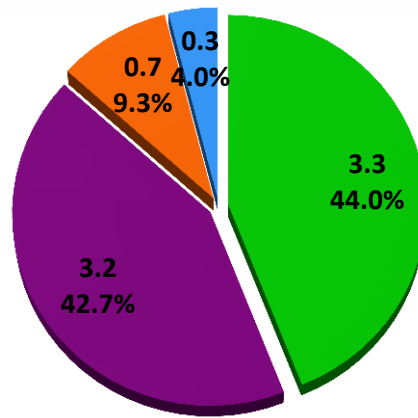
- Strong impact of deflation on revenue
- Holiday effect weaker than expected
- Intensified promotional campaigns in discount stores
- Cost discipline
- Improved logistics parameters
- Increase in gross sales margin: 0.4pp
- Costs of store closure in Q1 2015: PLN 0.6m, Q1 2014: PLN 1.0m
- Retail company merger costs in Q1 2014: PLN 1m

# Retail segment – CAPEX

Q1 2014



Q1 2015



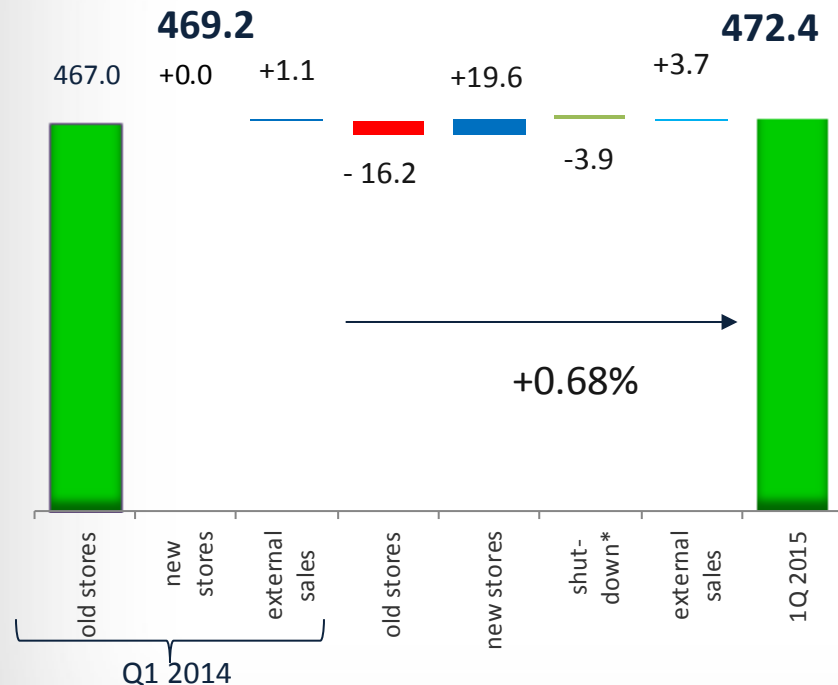
- Site renovations
- Store fittings
- Equipment and IT systems
- Motor vehicles





# Retail segment – sales drivers in Q1 2015

## Change, in PLNm



- Negative impact of deflation on sales
- Higher relevance of new sites
- Commencement of sales to franchise stores

# Retail segment – Stokrotka

## Number of stores

Number of stores at the end of Q4 2014	252
Stores opened in Q1 2015	9
Stores closed in Q1 2015	2
Number of stores at the end of Q1 2015	259

## Average monthly sales per sqm (in PLN)

	Q1 2014	Q1 2015	change
Supermarkets	1 272	1 216	-4.4%
Stokrotka	1 259	1 226	-2.6%

-Nielsen data - all Supermarkets: Carrefour<2500m2, Carrefour Market, Simply Market, E.Leclerc <2500m2, Intermarche, Netto, Polomarket, Tesco <2500m2)  
- amounts inclusive of VAT

## Stores by format

	Number of stores	Revenue from sales*
own supermarkets	222	441.6
own markets	33	24.4
franchise stores	4	3.1
stores shut-down	2	0.5

\* / in PLNm /

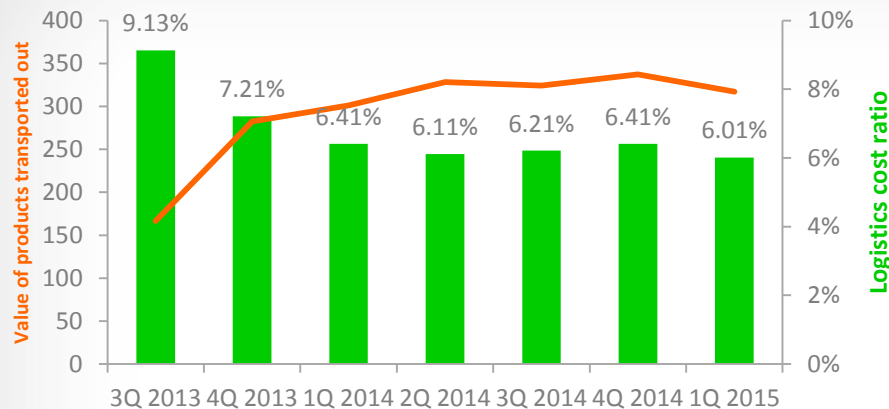
- 2 supermarkets, 6 markets and 1 franchise store opened
- 1 supermarket and 1 market closed
- Total floor area of stores opened in Q1 2015: 3 752 sqm.
- CAPEX per new own store: PLN 0.7m

# Retail segment – working capital turnover

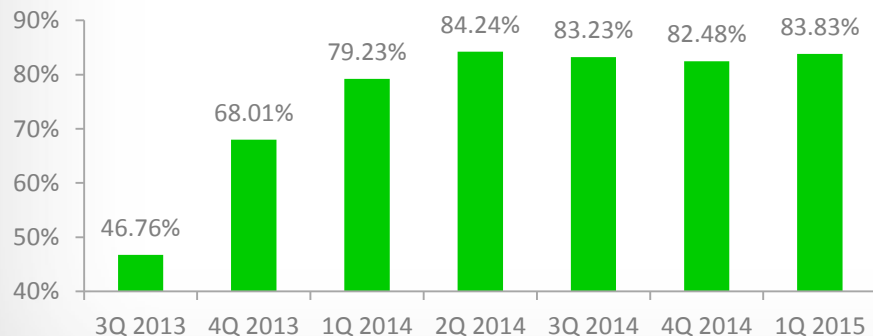
	Q1 2014	Q4 2014	Q1 2015
Inventory turnover	45.2	42.0	45.2
Receivables turnover	4.8	4.1	4.4
Payables turnover	62.5	63.4	63.2
Cash conversion cycle	-12.5	-17.2	-13.6

*Turnover ratios presented in days*

# Retail segment – in-house logistics



Share of in-house logistics supply



- Improved logistics parameters
- Potential for further improvement
- Launch of 6 000 sqm distribution centre in Lublin at the end of 2015 / start of 2016
- The share of logistics costs in revenue 4.58% in Q1 2015



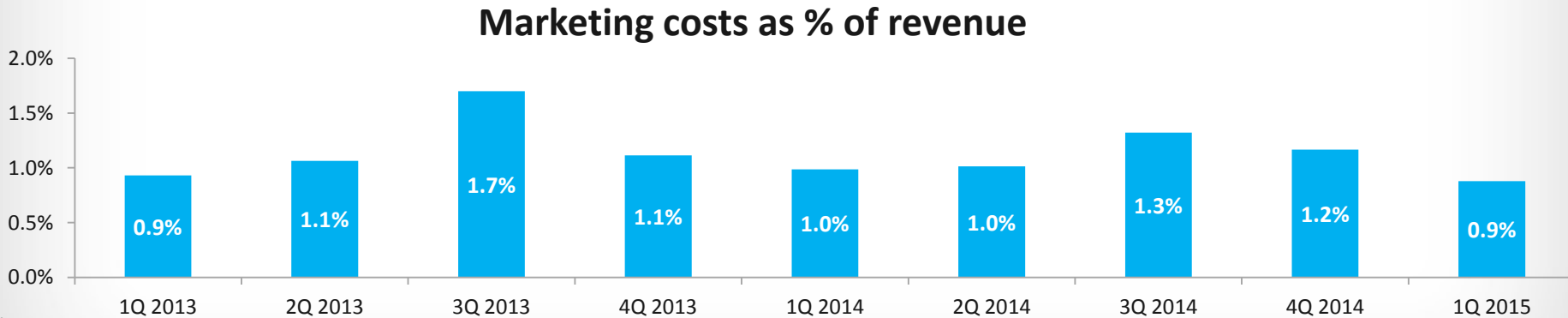
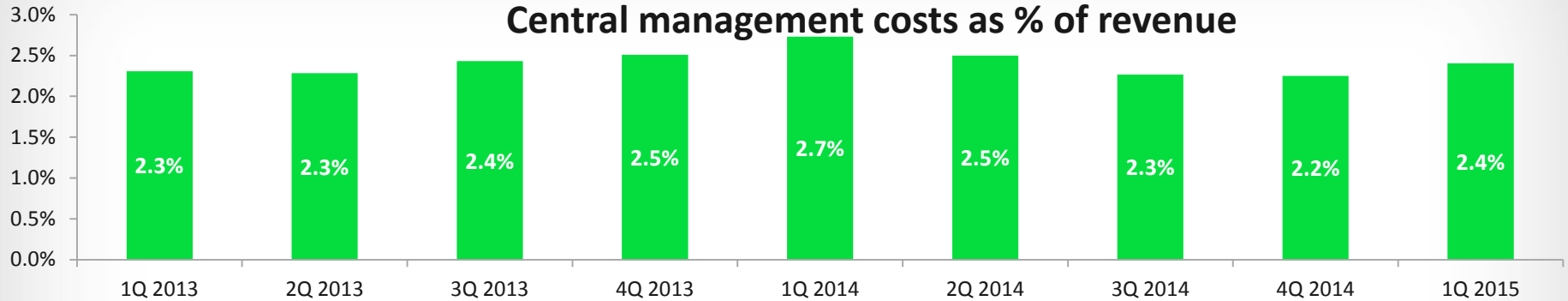
# Stokrotka – store profitability\*

	Q1 2014	Q1 2015
Revenue from product sales	434.7	418.4
Store operating costs	101.9	98.3
<i>Operating costs as % of revenue</i>	<i>23.5%</i>	<i>23.5%</i>
EBITDA	21.3	24.6
% EBITDA	4.9%	5.9%

/PLNm/

\* 234 Stokrotka stores operating at the end of 2013

# Retail segment – central office



\* 2013 data includes the acquired Maro Markety and Społem Tychy

# Retail segment – developments

- Preparations to acquire 19 FRAC stores
- Testing new pricing scenarios
- Continuous improvement in supermarket and market formats – testing new solutions
- Mitigating product losses
- Launch of Polskie Supermarkety project



# Retail segment – FRAC

## FRAC

- Acquisition of 19 FRAC stores: 10 supermarkets and 9 markets
- Value of the agreement: PLN 20.5m



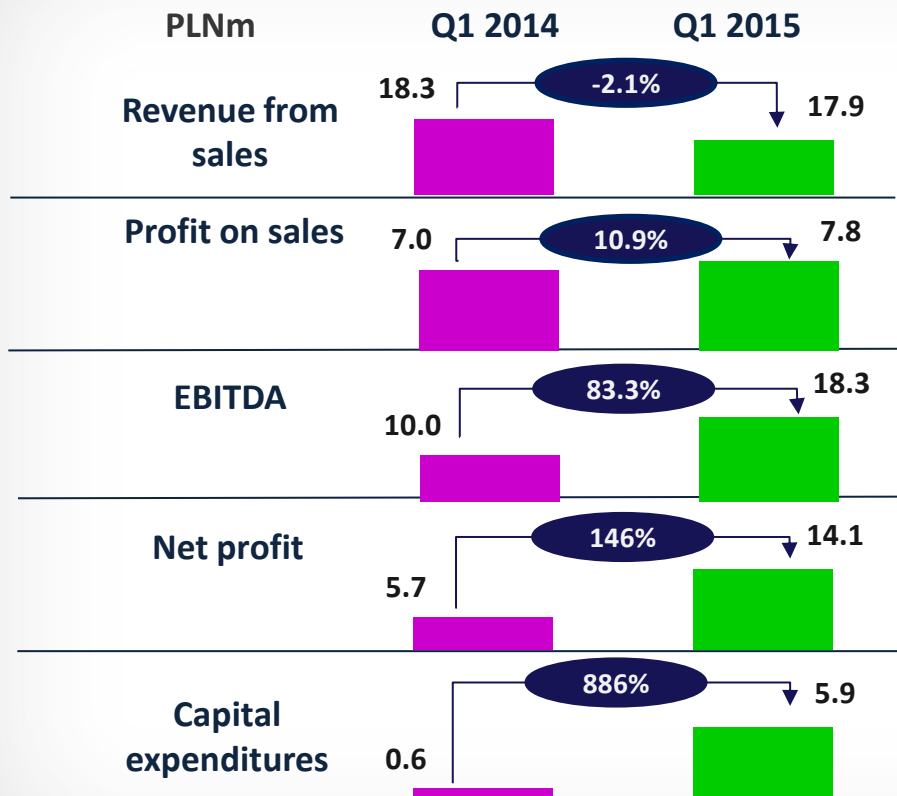


## *Property segment*

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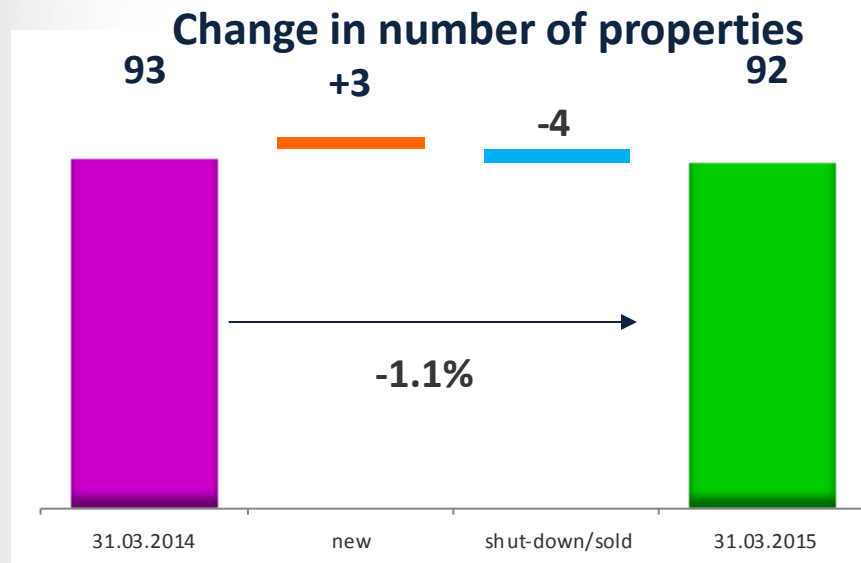
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# Property segment – Q1 2015 results



- Gross result on property disposals in Q1 2015: PLN 7.8m, and in Q1 2014: PLN 0m
- Purchase of a land parcel

# Property segment



Q1 2014 Type of property Q1 2015



**Structure of operating properties**



# Property segment

## NOI\* (in PLNm)

	Number of facilities	Average monthly NOI in Q1 2015
NOI – operating facilities	84	3.6
including retail sites	78	3.3

*\* NOI (net operating income) is defined as the difference between a property's operating revenue and operating costs, less depreciation*

## Retail sites

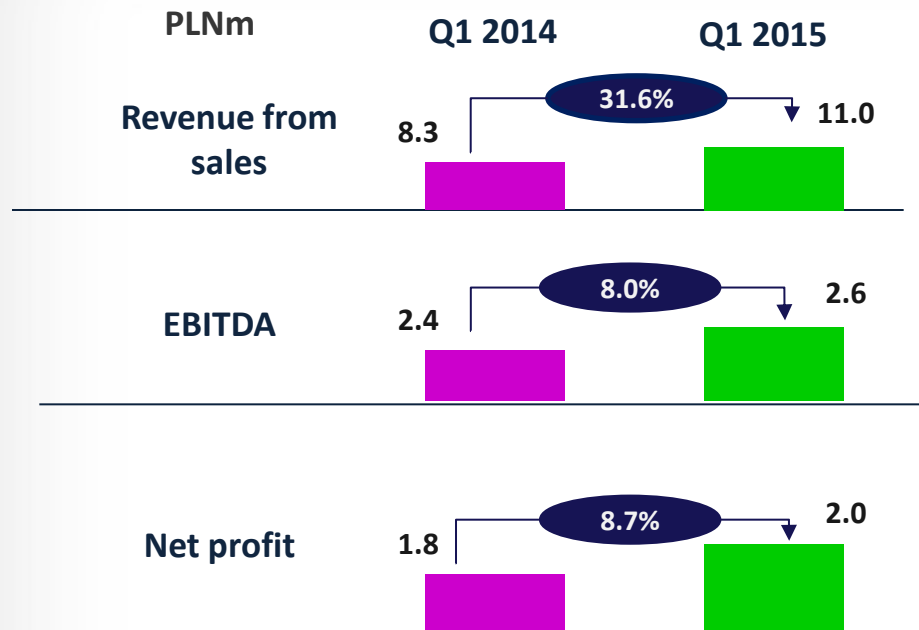
	Related tenants	Other tenants
Lease space [sqm 000s]	54.2	34.4
Average lease rate [PLN per sqm]	43.4	39.5

*IT segment*

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# IT segment – Q1 2015 results



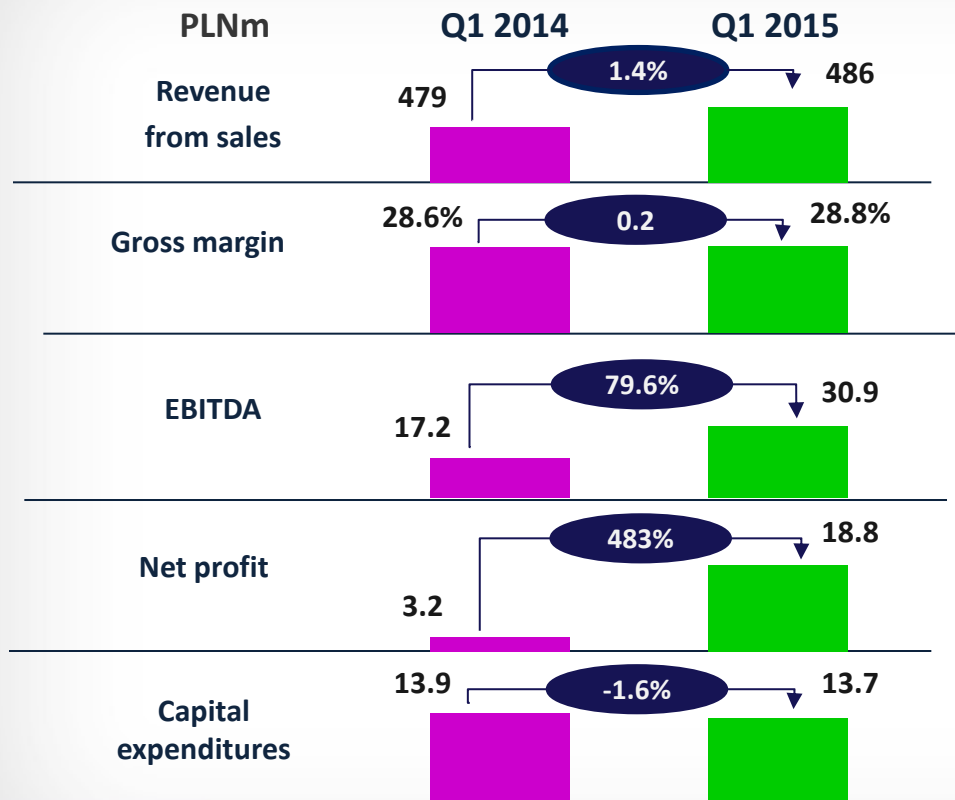
- Share of external revenue in Q1 2015: 73.9%; in Q1 2014: 56.6%
- Revenue structure Q1 2015: 65.2% services, 34.8% products; Q1 2014: 78.2% services, 21.8% products

# *Emperia Group*

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# Emperia Group – Q1 2015 results

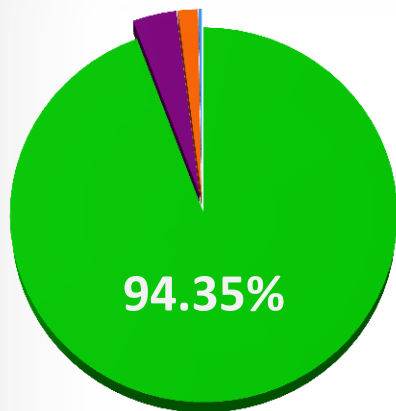


- Gross result on property disposals in Q1 2015: PLN 7.8m, and in Q1 2014: PLN 0m
- Costs of store closure in Q1 2015: PLN 0.6m, Q1 2014: PLN 1.0m
- Court-awarded compensation received in Q1 2014: PLN 1.6m
- Retail company merger costs Q1 2014: PLN 2m



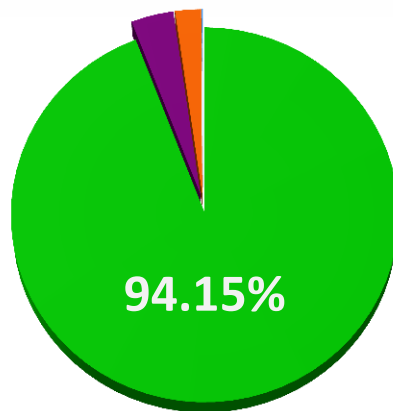
# Emperia Group – results

Q1 2014

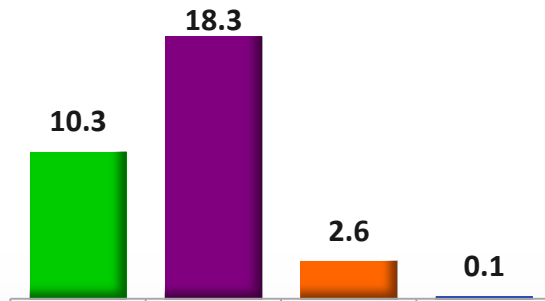
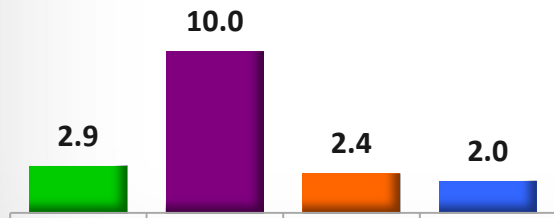


Revenue from sales

Q1 2015



EBITDA  
(in PLNm)



# Emperia Group – balance sheet

PLNm	Q1 2014	2014	Q1 2015
Goodwill	52.0	52.0	52.0
Property, plant and equipment	495.3	509.3	499.9
Net working capital	-47.8	-80.3	-60.9
Other	-20.2	-12.9	-11.6
<b>Invested assets</b>	<b>479.3</b>	<b>468.1</b>	<b>479.4</b>
Borrowings	4.2	3.6	3.4
Cash and cash equivalents	158.5	145.2	135.0
<b>Net debt</b>	<b>-154.3</b>	<b>-141.6</b>	<b>-131.6</b>
<b>Equity</b>	<b>633.6</b>	<b>609.7</b>	<b>611.0</b>

# *Corporate governance*

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# Corporate governance 2015

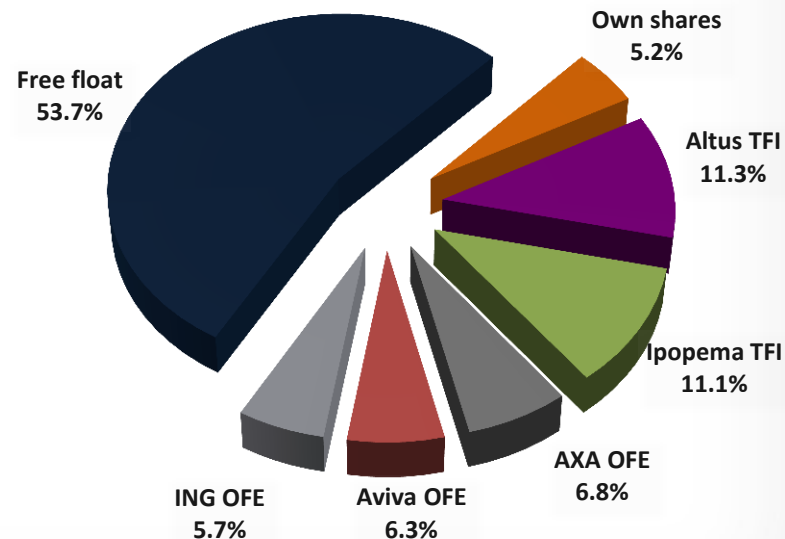
- Total number of shares purchased by Emperia Holding S.A. and Elpro Development S.A. as of 15 May 2015: 679 551 (i.e. 5.15%)
- Value of own shares purchased in 2015 YTD: PLN 14.8m
- Cancellation of 2 031 547 shares
- Management Board recommendation regarding payment of dividend of PLN 1.33 per share
- General meeting called for 27 May 2015

Number of registered shares: 13 192 018

Number of shares publicly traded: 12 542 467

## Shareholding structure

(as per the Company's latest data)



# Thank you for your attention

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