

# *Emperia* Grupa Kapitałowa

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Q3 2015

# Significant events in Q3 2015

- Record number of new store openings
- Results in line with expectations
- Significant impact of deflation on retail sales
- Buy-back programme continued



# Emperia Group – operating structure

**Retail**

**Stokrotka**

**Supermarkets**

**Property segment**

**Elpro Development S.A.  
and other companies**

**Property management  
and development**

**IT segment**

**Infinite**

**B2B communications  
ERP systems for retail**

*Retail*

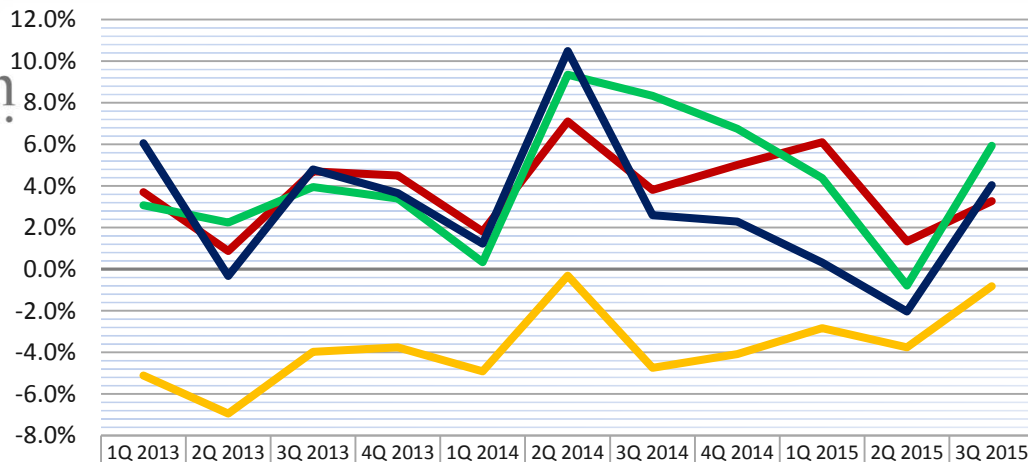
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*Grupa Kapitałowa Emperia*

# Poland's retail market 2013-2015

## Quarterly change in sales value y/y

nielsen



Retail sales*	3.7%	0.9%	4.7%	4.5%	1.8%	7.1%	3.8%	5.0%	6.1%	1.3%	3.3%
Stokrotka	3.1%	2.2%	3.9%	3.4%	0.3%	9.3%	8.3%	6.7%	4.4%	-0.8%	5.9%
Supermarkets**	6.1%	-0.3%	4.8%	3.6%	1.2%	10.5%	2.6%	2.3%	0.3%	-2.0%	4.0%
Hipermarkets**	-5.1%	-6.9%	-4.0%	-3.8%	-4.9%	-0.3%	-4.7%	-4.1%	-2.8%	-3.8%	-0.8%

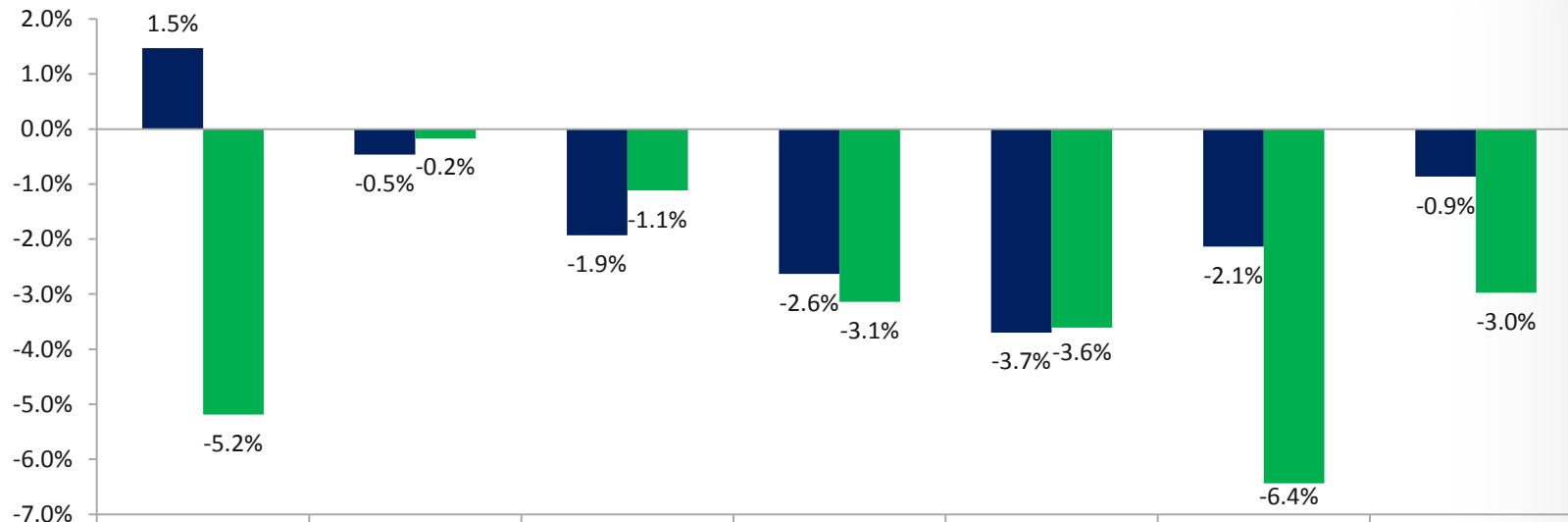
\* Retail sales (food, beverages and tobacco products) year to year, GUS data

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

- According to GUS, retail sales in Q3 2015 increased by 3.3% compared with the previous year.
- According to Nielsen, third-quarter sales at Stokrotka increased by 5.9% from the year before, while the Supermarkets segment saw a 4.0% increase y/y, and the Hipermarkets segment fell by 0.8%, compared to the previous year.

# LFL sales – Stokrotka

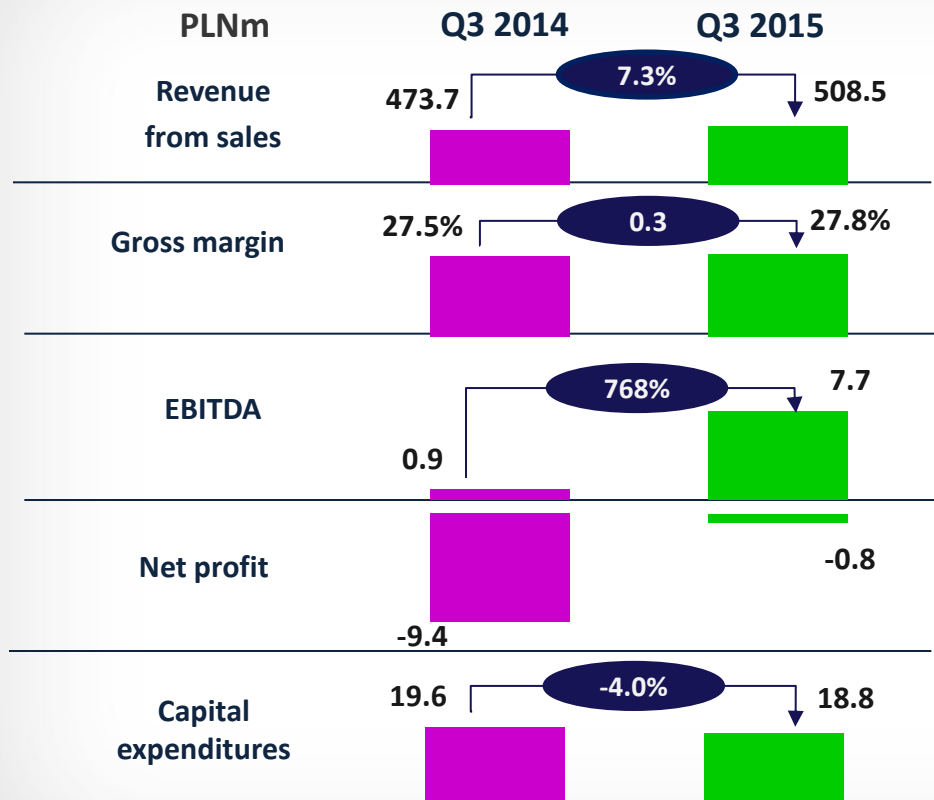
Year-on-year change in sales, on same-store basis



	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015
Inflation GUS	1.5%	-0.5%	-1.9%	-2.6%	-3.7%	-2.1%	-0.9%
LFL Stokrotka	-5.2%	-0.2%	-1.1%	-3.1%	-3.6%	-6.4%	-3.0%

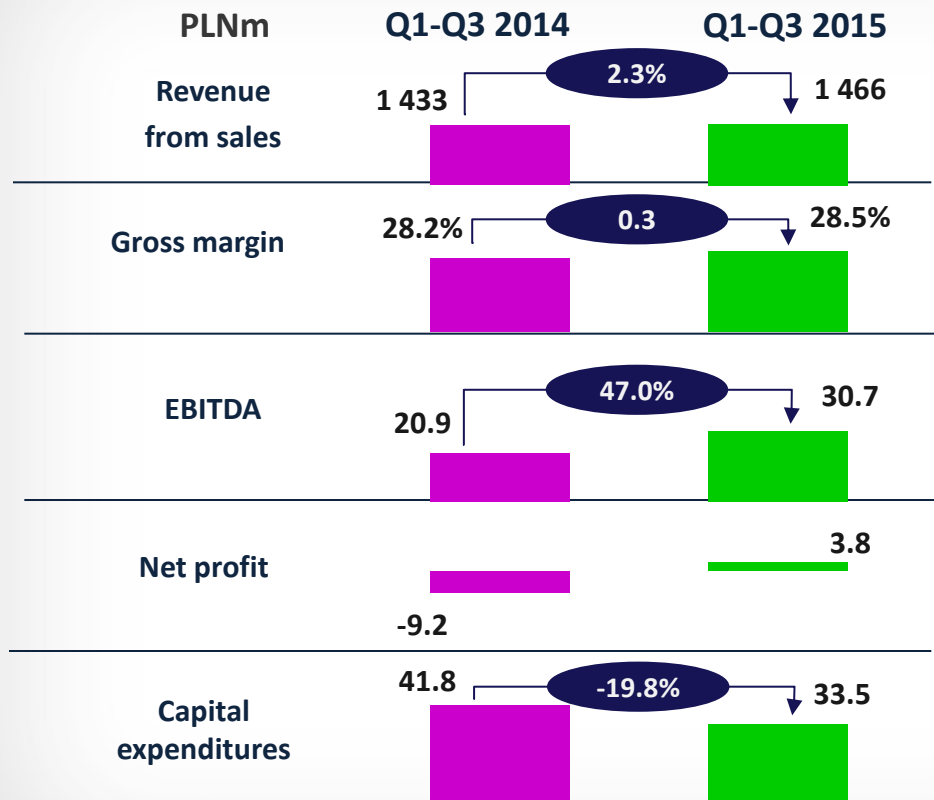
*GUS inflation data for the food and non-alcoholic beverage category*

# Retail segment – Q3 2015 results



- Strong impact of deflation on revenue (-0.9%)
- Cost discipline
- Costs of store closures in Q3 2014: PLN 0.6m, compared to 0 in Q3 2015
- Costs connected with new store openings in Q3 2015: PLN 2.8m (25 own stores); Q3 2014: PLN 0.5m (4 own stores)

# Retail segment – Q1-Q3 2015 results



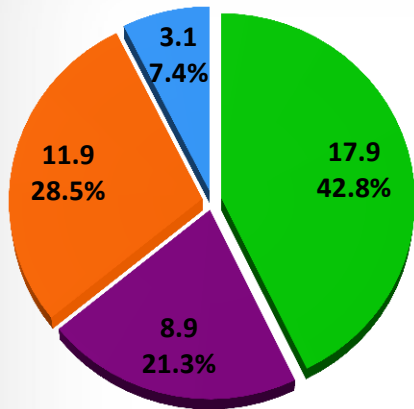
- Strong impact of deflation on revenue (-2.2%)
- Release of Delima cost provision Q1-Q3 2014 (PLN 6.4m)
- Cost discipline
- Costs of store closures in Q1-Q3 2015: PLN 1.4m, Q1-Q3 2014: PLN 2.4m
- Compensation and penalties paid out in Q1-Q3 2015: PLN 2.2m; Q1-Q3 2014: PLN 1.0m
- Retail company merger costs in Q1-Q3 2014: PLN 1m

Adjusted EBITDA for Q1-Q3 2014: PLN 18.9m;  
Q1-Q3 2015: PLN 34.3m

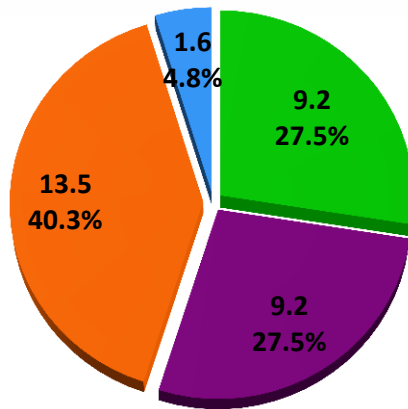


# Retail segment – CAPEX

Q1-Q3 2014



Q1-Q3 2015

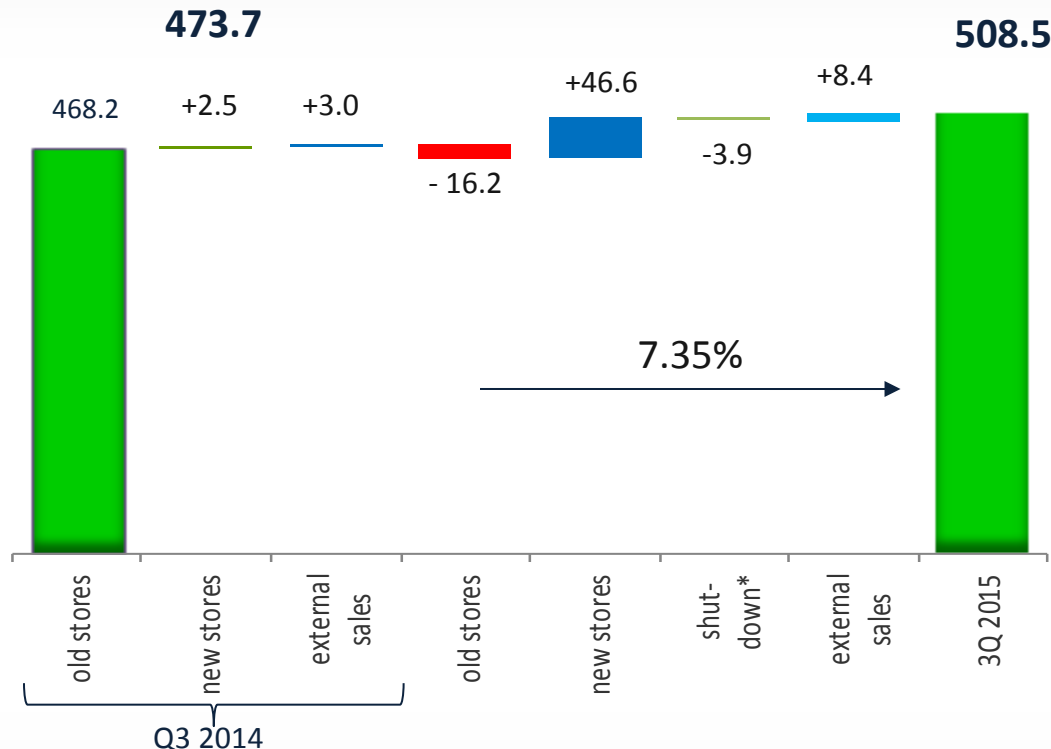


- Site renovations
- Store fittings
- IT equipment and systems
- Motor vehicles



# Retail segment – sales drivers in Q3 2015

Change, in PLNm



*older sites - stores open as of the end of Q2 2015, newer sites - opened since Q3 2015*

# Retail – Stokrotka

## Number of stores

Number of stores at the end of Q2 2015	264
Stores opened in Q3 2015	35
Stores closed in Q3 2015	0
Number of stores at the end of Q3 2015	299

## Average monthly sales per sqm (in PLN)

	Q3 2014	Q3 2015	change
Supermarkets	1 275	1 264	-0.9%
Stokrotka	1 219	1 201	-1.5%

-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	234	457.2
own markets	48	39.9
franchise stores	17	7.7
stores shut-down	0	0.0

\* / in PLNm /

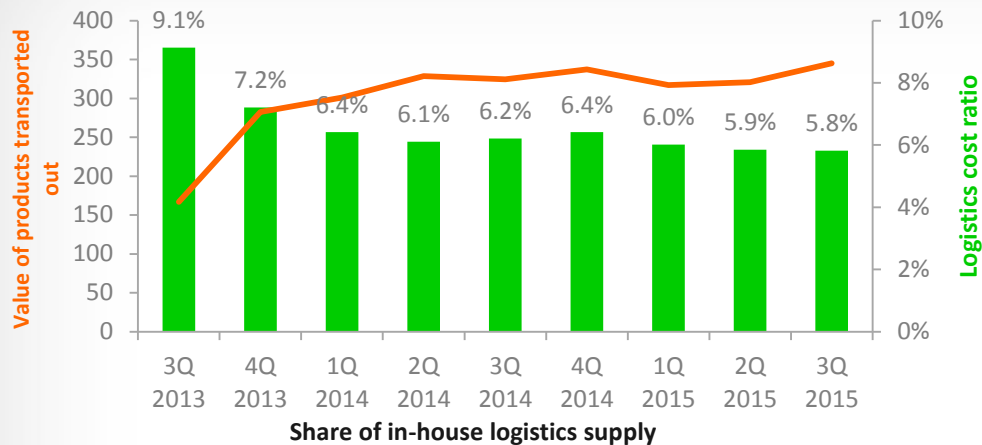
- Opened 11 supermarkets, 14 markets and 10 franchise stores
- Total floor area of stores opened in Q3 2014 was 18 358 sqm.
- CAPEX per new own store: PLN 0.6m

# Retail segment – working capital turnover

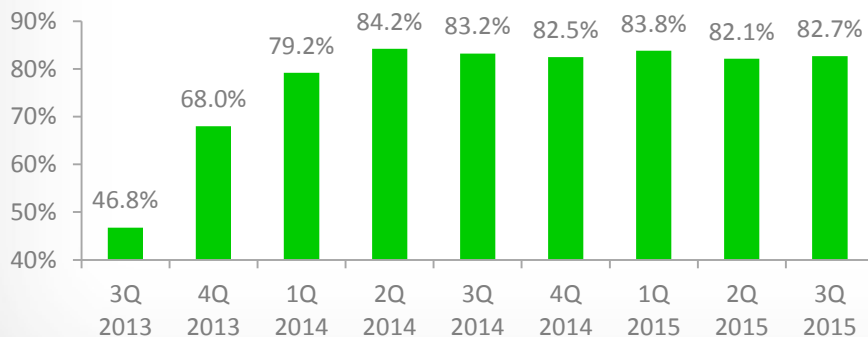
	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Inventory turnover	46.9	42.0	45.2	45.1	44.2
Receivables turnover	5.8	4.1	4.4	4.6	5.1
Payables turnover	61.1	63.4	63.2	59.0	63.8
Cash conversion cycle	-8.4	-17.2	-13.6	-9.3	-14.4

*Turnover ratios presented in days*

# Retail segment – in-house logistics



- Improved logistics parameters
- Potential for further improvement
- Launch of Lublin distribution centre, with area of approx. 6 000 sqm in January 2016



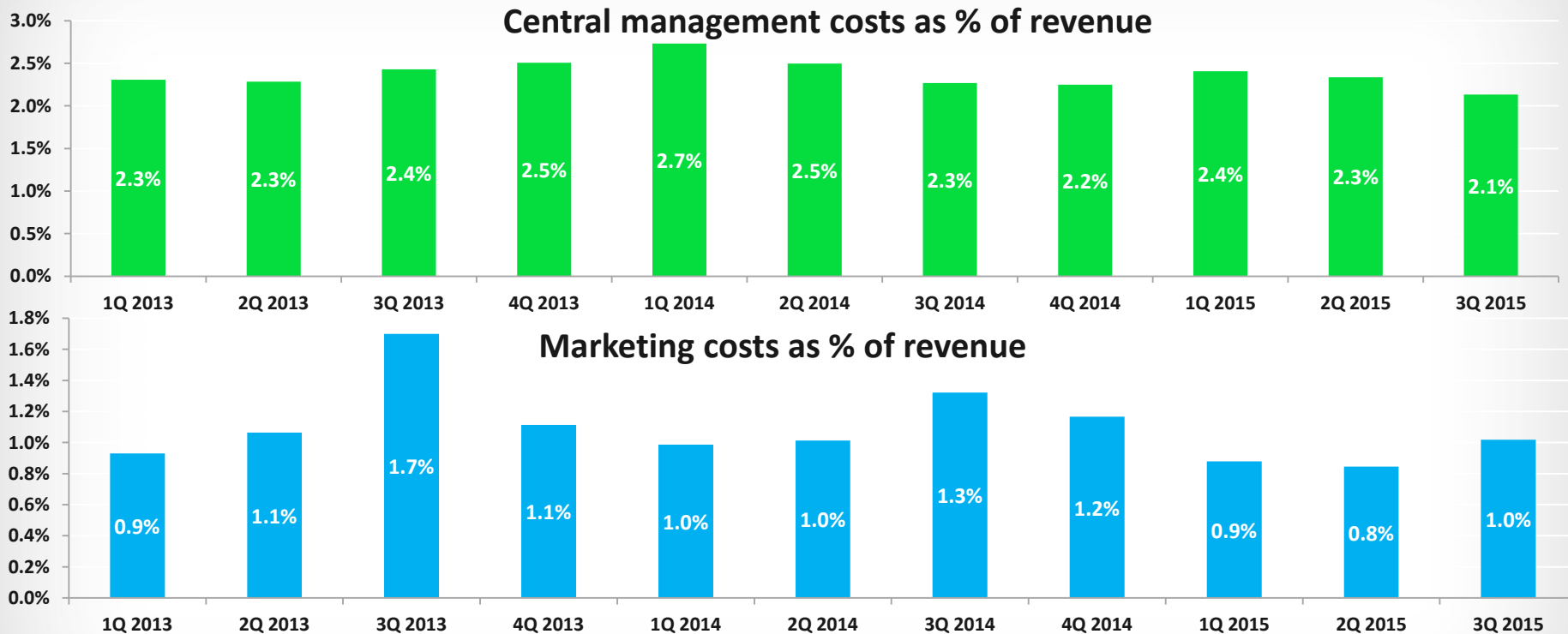
# Stokrotka – store profitability\*

	I-IX 2014	I-IX 2015
Revenue from product sales	1 343.8	1 282.2
Store operating costs	314.8	297.3
<i>Operating costs as % of revenue</i>	<i>23.4%</i>	<i>23.2%</i>
EBITDA	65.0	82.0
% EBITDA	4.8%	6.4%

/PLNm/

\* 232 Stokrotka stores operating at the end of 2013

# Retail – central office



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

# Retail segment – developments

- Intensification of new store openings; 13 stores already launched in Q4 2015
- Implementing new pricing scenarios
- Implementing new customer loyalty programmes
- Higher marketing activity



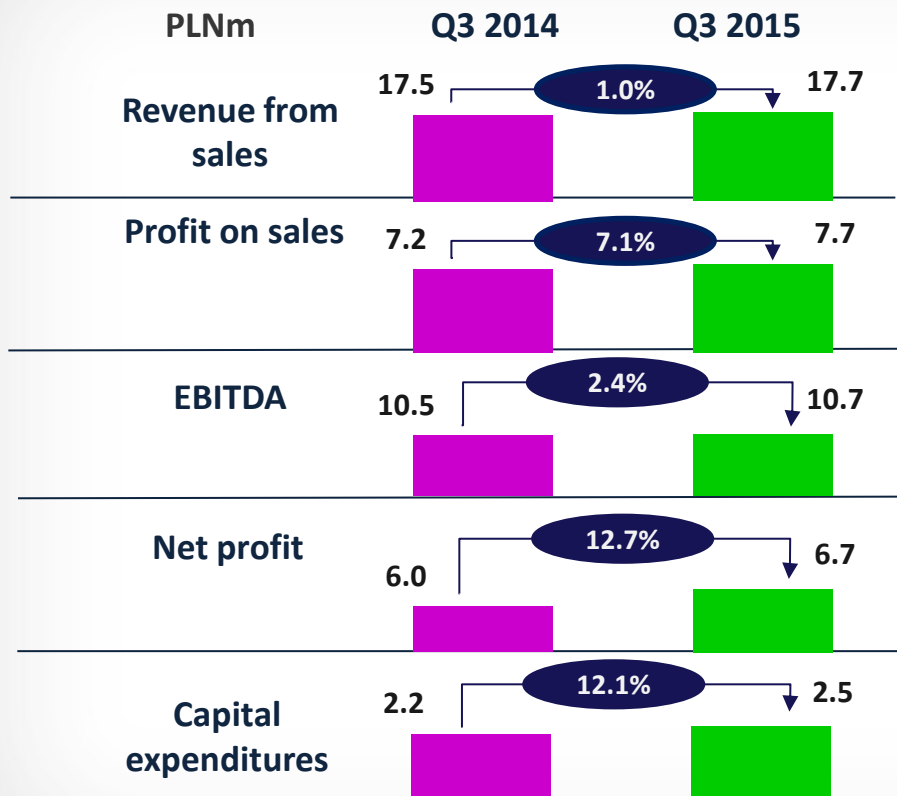


## *Property segment*

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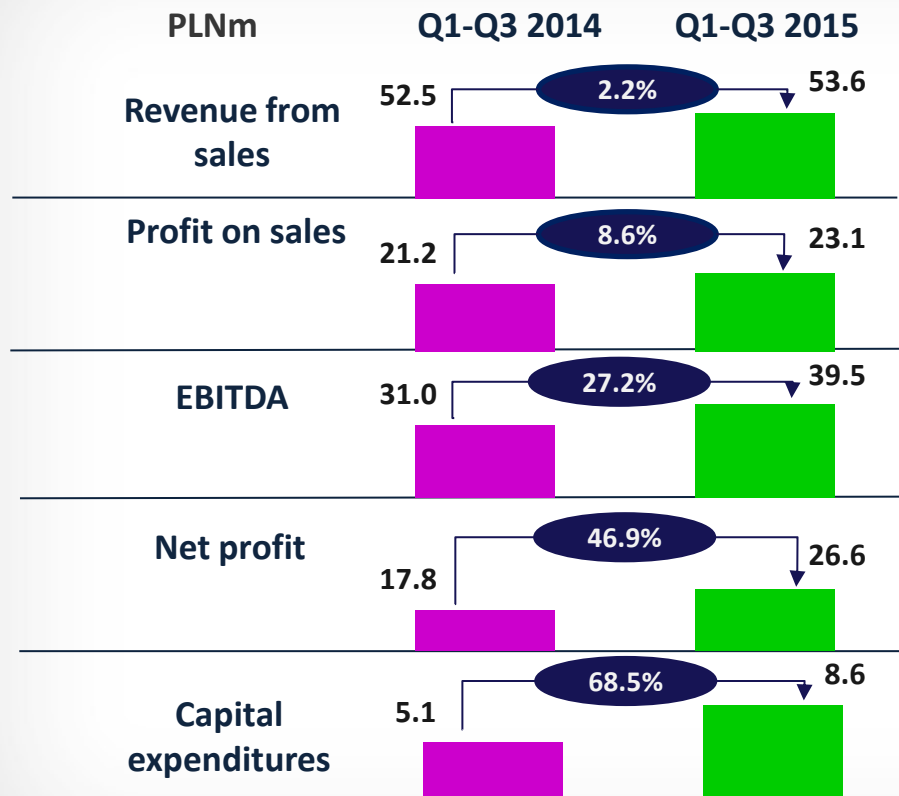
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# Property segment – Q3 2015 results



- Gross result on property disposals in Q3 2015: PLN 0.2m, and in Q3 2014: PLN 0.5m

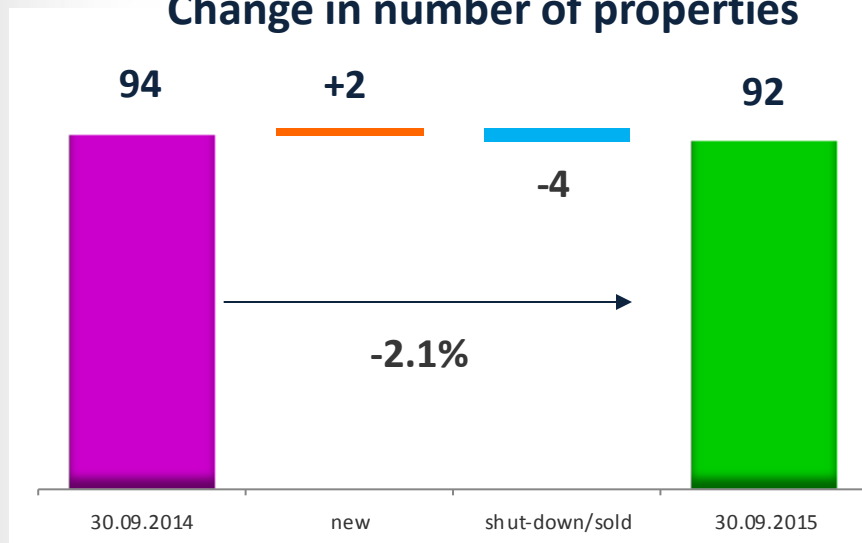
# Property segment – Q1-Q3 2015 results



- Gross result on property disposals in Q1-Q4 2015: PLN 8.0m, Q1-Q3 2014: PLN 1.2m

# Property segment

## Change in number of properties



## Q3 2014 Type of property Q3 2015



## Structure of operating properties



# Property segment

## NOI\* (in PLNm)

	Number of facilities	Average monthly NOI in Q3 2015
NOI – operating facilities	84	3.6
including retail sites	78	3.2

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

## Retail sites

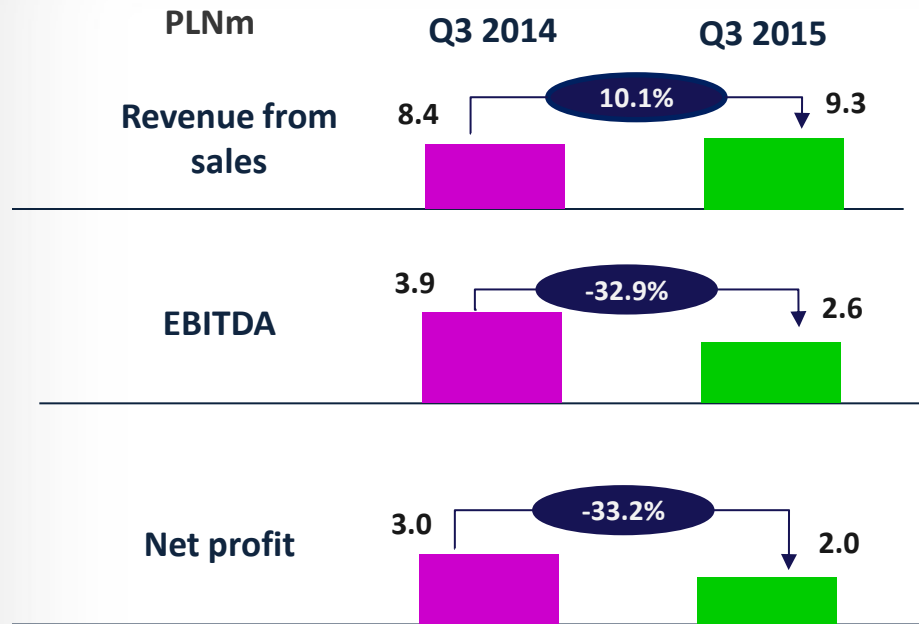
	Related tenants	Other tenants
Lease space [sqm 000s]	54.2	32.2
Average lease rate [PLN per sqm]	43.4	39.1

*IT segment*

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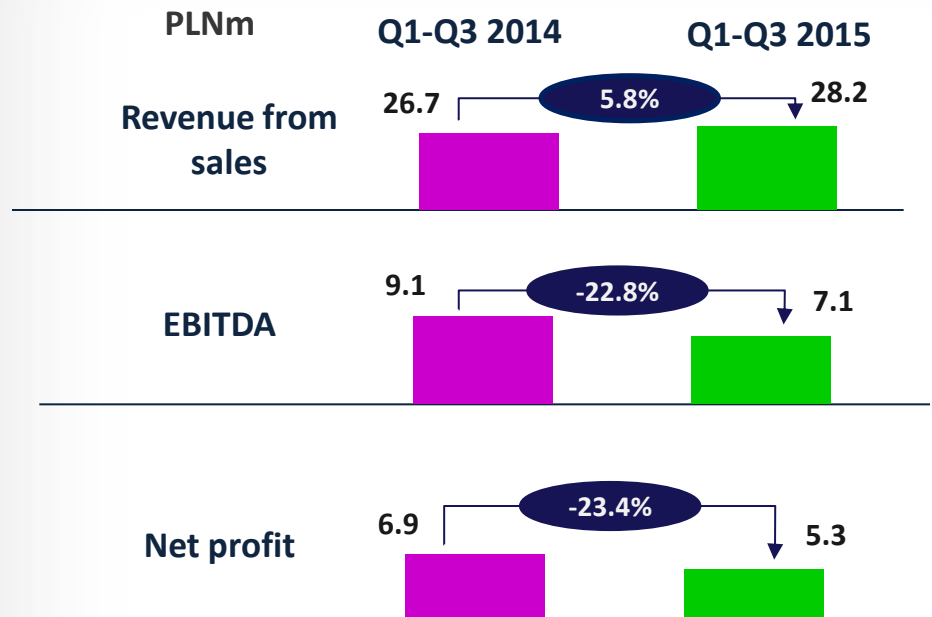
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# IT segment – Q3 2015 results



- Different structure of revenue from product sales in Q3 2015 and 2014
- Increase in employment expenses in Q3 2015 – strong market demand for IT staff
- Revenue structure Q3 2015: 74.6% services, 25.4% products; Q3 2014: 89.9% services, 16.1% products
- Share of external revenue in Q3 2015: 58.6%; in Q3 2014: 58.5%

# IT segment – Q1-Q3 2015 results



- Increase in employment expenses in Q1-Q3 2015 – strong market demand for IT staff
- Revenue structure: Q1-Q3 2015: 73.0% services, 27.0% products; Q1-Q3 2014: 75.8% services, 24.2% products
- Share of external revenue in Q1-Q3 2015: 67.5%; in Q1-Q3 2014: 61.2%

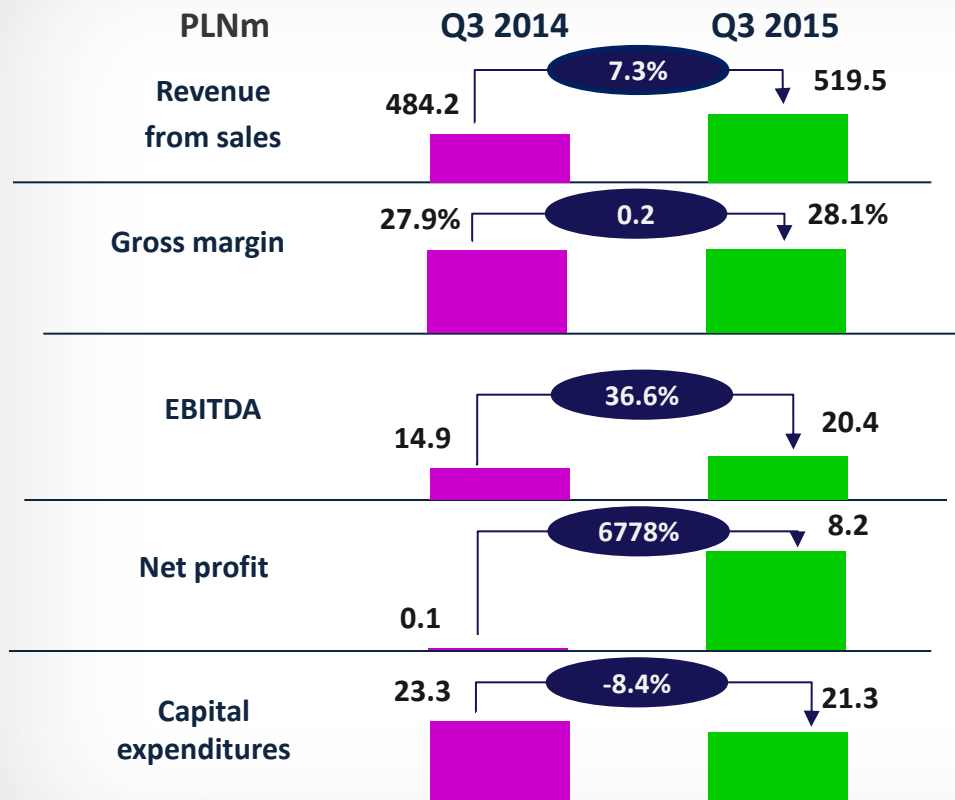


# *Emperia Group*

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*Grupa Kapitałowa Emperia*

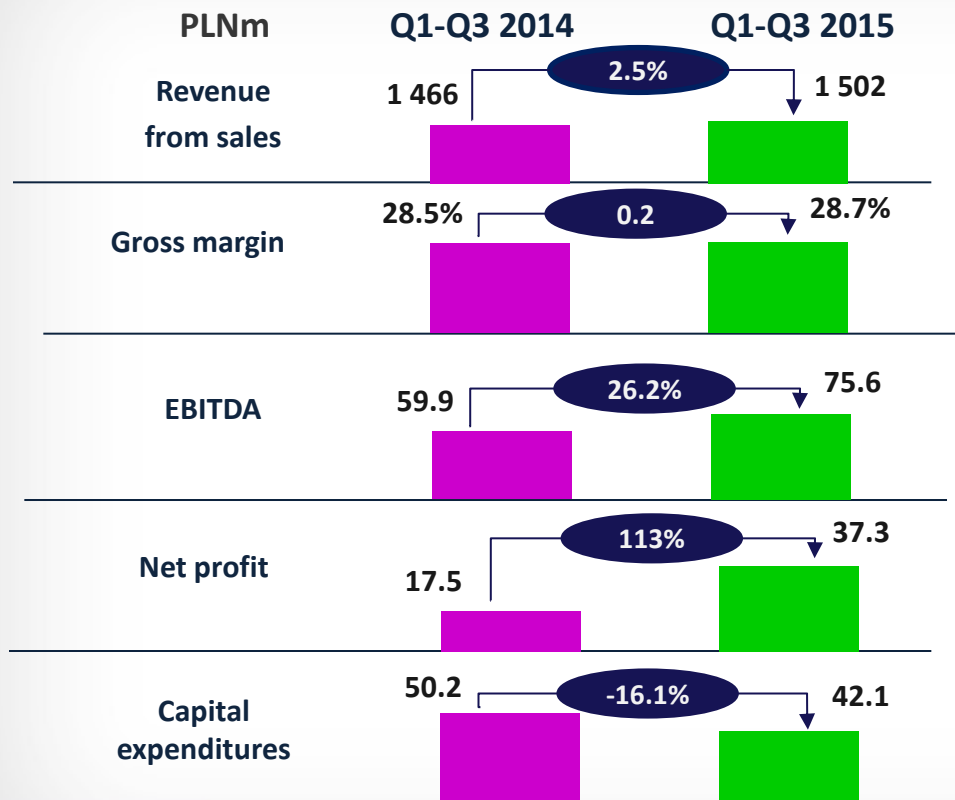
# Emperia Group – Q3 2015 results



- Costs of store closures in Q3 2014: PLN 0.6m, compared to 0 in Q3 2015
- Costs connected with new store openings in Q3 2015: PLN 2.8m (25 own stores); Q3 2014: PLN 0.5m (4 own stores)
- Gross result on property disposals in Q3 2015: PLN 0.2m, and in Q3 2014: PLN 0.5m

Adjusted EBITDA for Q3 2014: PLN 15.5m; Q3 2015: PLN 23.0m

# Emperia Group - Q1-Q3 2015 results

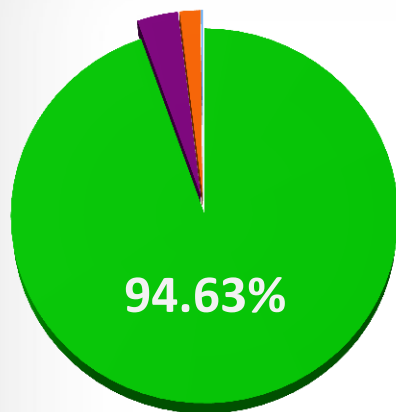


- Release of Delima cost provision in Q1-Q3 2014: PLN 6.4m
- Costs of store closures in Q1-Q3 2015: PLN 1.4m, Q1-Q3 2014: PLN 2.4m
- Compensation and penalties paid out in Q1-Q3 2015: PLN 2.2m; Q1-Q3 2014: PLN 1.0m
- Retail company merger costs in Q1-Q3 2014: PLN 1m
- Costs connected with new store openings in Q3 2015: PLN 2.8m (25 own stores); Q3 2014: PLN 0.5m (4 own stores)
- Gross result on property disposals in Q1-Q3 2015: PLN 8.0m, Q1-Q3 2014: PLN 1.2m

Adjusted EBITDA for Q1-Q3 2014: PLN 57.2m;  
Q1-Q3 2015: PLN 74.0m

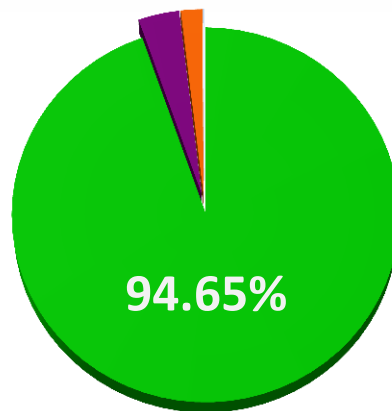
# Emperia Group – results

Q1-Q3 2014

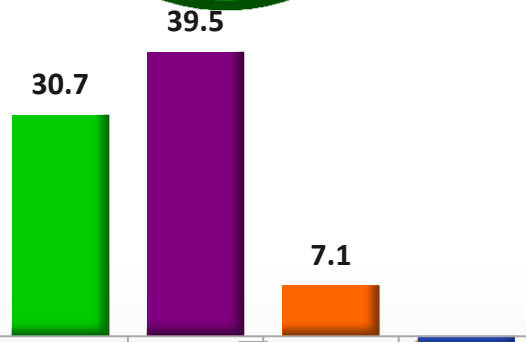
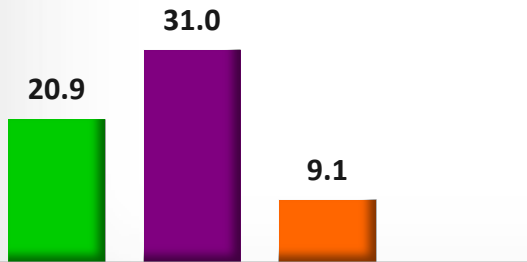


Revenue  
from sales

Q1-Q3 2015



EBITDA  
(in PLNm)



2015-11-17

-1.1

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-1.2

28

# Emperia Group – balance sheet

PLNm	Q3 2014	2014	Q3 2015
Goodwill	52.0	52.0	52.0
Property, plant and equipment	509.6	509.3	509.1
Net working capital	-32.2	-80.3	-58.4
Other	-12.9	-12.9	4.3
<b>Invested assets</b>	<b>516.5</b>	<b>468.1</b>	<b>507.0</b>
Borrowings	3.8	3.6	2.9
Cash and cash equivalents	102.2	145.2	86.2
<b>Net debt</b>	<b>-98.4</b>	<b>-141.6</b>	<b>-83.3</b>
<b>Equity</b>	<b>614.9</b>	<b>609.7</b>	<b>590.3</b>

Expenditure in Q1-Q3 2015:

- Share buy-back PLN 38.1m
- Dividend PLN 16.5m
- Capital expenditures PLN 42.1m

Growth in cash and cash equivalents in Q3 2015: PLN 2.8m, including cash flows from operating activities: PLN 22.2m

# *Corporate governance*

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# Corporate governance 2015

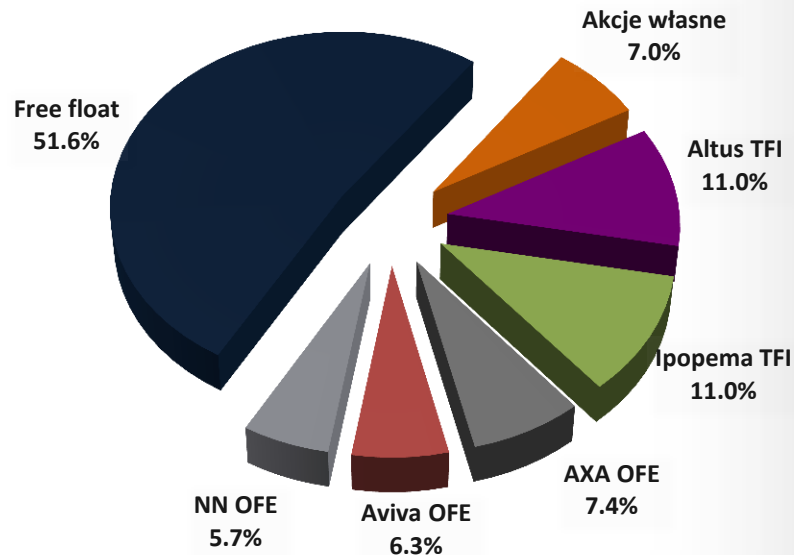
- Total number of shares purchased by Emperia Holding S.A. and Elpro Development S.A. as of 17 November 2015: 923 652 ( 6.98%), including 673 594 purchased in Q1-Q3 2015 for PLN 38.1m
- Dividend payment of PLN 1.33 per share
- Repurchase of 900 219 own shares from Elpro Development for cancellation
- General meeting called for 10 December 2015
- Management Options Programme, tranche 2010: 114 564 shares, 110 792 shares bought back, tranche 2011: 44 068 shares, 41 224 shares bought back

Number of registered shares: 13 235 495

Number of shares publicly traded: 12 311 843

## Shareholding structure

(as per the Company's latest data)



# Thank you for your attention

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