NG2

New Gate Group

Resilience to economic slowdown

NG2 S.A. – growth & value delivered

- Very good financial results of market leader confirm **efficiency of business model** and resilience to economic slowdown.
- Company's strategy, based on the **organic growth** and retail chain development, will lead to the **growth of the value** for shareholders.
- Investments will increase effectiveness and optimize business processes of the Group.

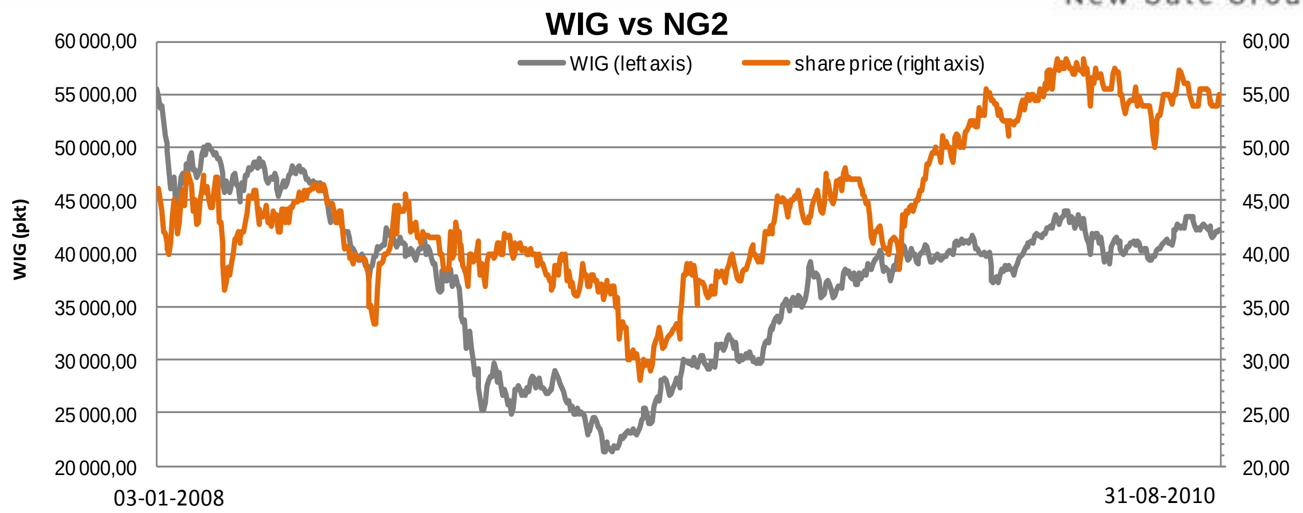
NG2 S.A. – stock listed since 2004

NG2 New Gate Group

Stock info

Share Price = 54,95 PLN

Reuters: CCCC.WA
Bloomberg: CCC PW



Market Cap :
(PLNm) 2,110
(EURm) 527.0

Number of shares
38.400.000

Free float 30%

Analysts coverage

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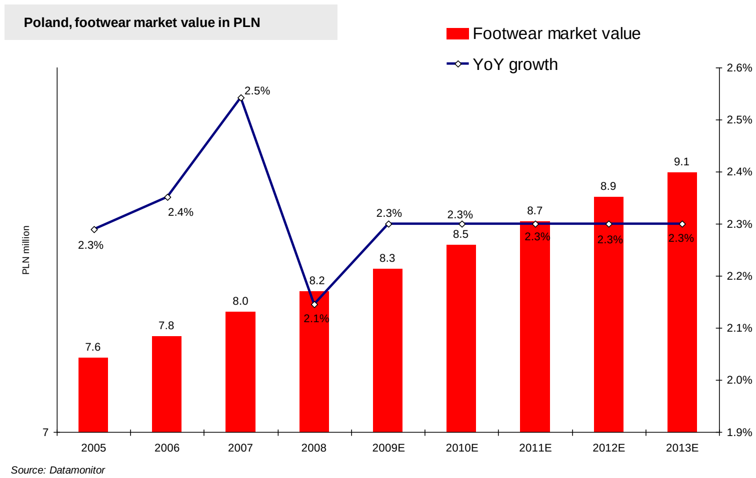
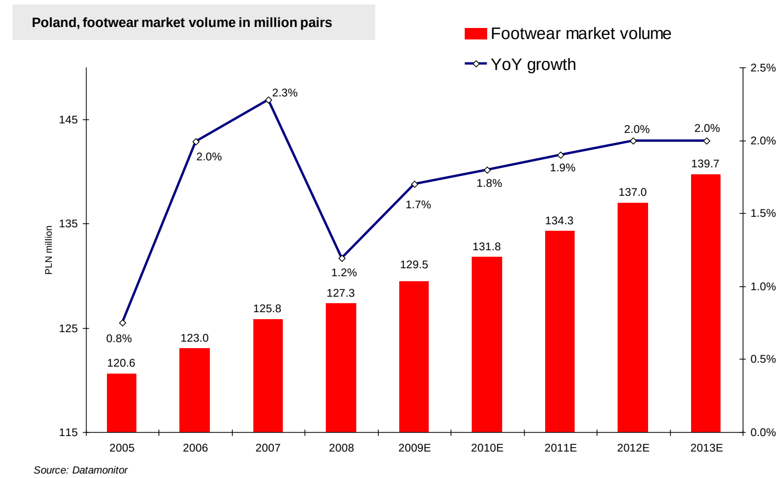
NG2 S.A. – leader of the footwear market in Poland

Two things are very significant in life: a good bed and comfortable shoes.

Since a person is either in bed or wearing shoes… Marcel Achard

Footwear market in Poland





- **Unsaturated market (4.1 pairs of shoes per year while the average figure for EU is 6.2)**

- **Lack of strong competitors**

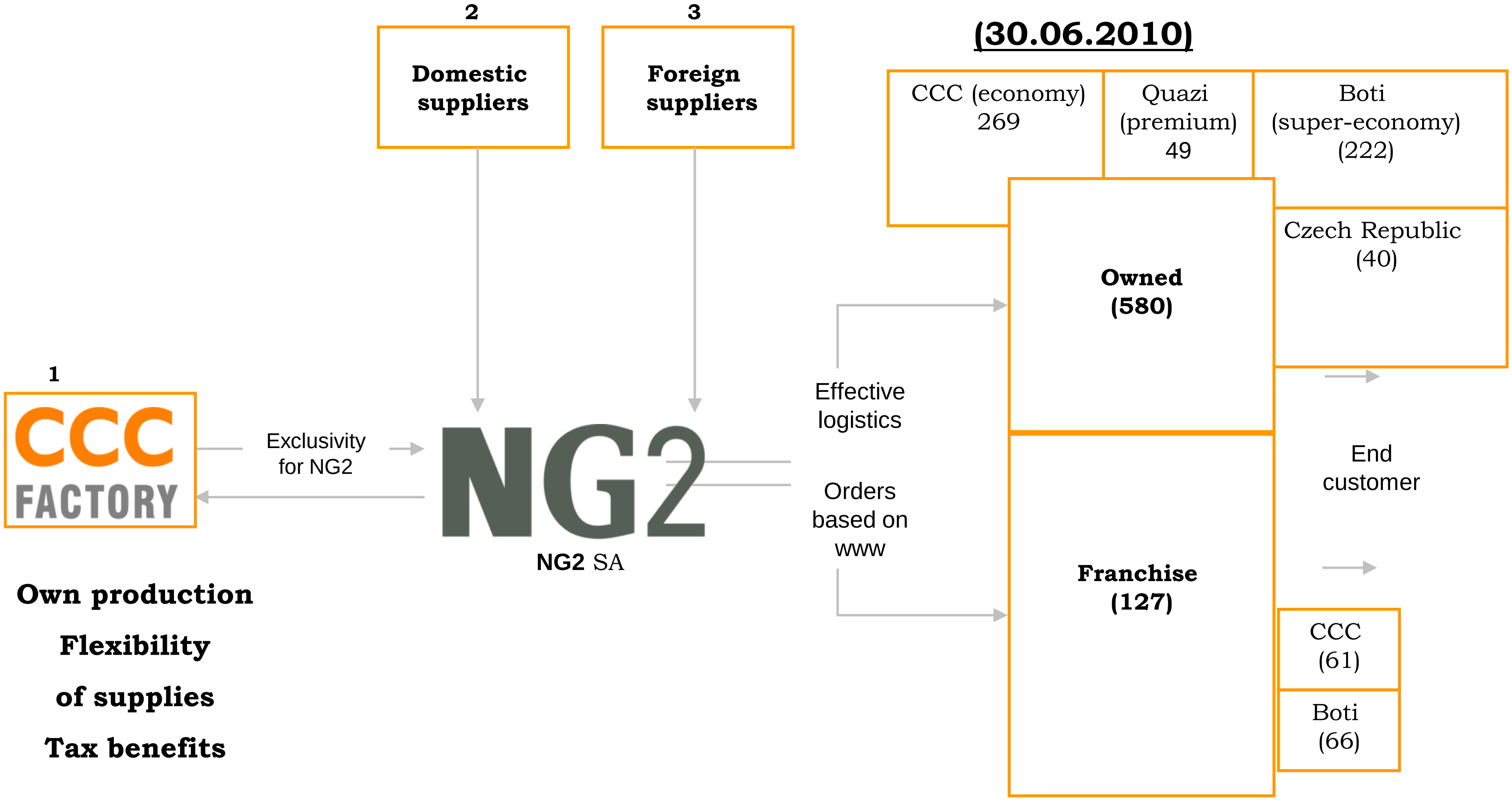
- **NG2 is the market leader in Poland**

- **Market share of NG2 estimated to 11% / 12% in terms of value / volume (2009)**

NG2 S.A. – growth & value delivered

NG2 New Gate Group

Total number of outlets : 707 (30.06.2010)



Wide portfolio of business concepts

NG2 New Gate Group

CCC

Economy, shopping centres & the cities

Floorspace (average - sq m)	324
Capex (PLN per sq m)	970

BOTI

Super-economy concept, hypermarkets & midsized towns

Floorspace (average - sq m)	123
Capex (PLN per sq m)	767

QUAZI

Premium brand, shopping malls

Floorspace (average - sq m)	146
Capex (PLN per sq m)	2 225

Why aren't we afraid of the slowdown of the economy?

- **Defensive business model** – low-priced products are the most successful in the slowdown period.
- NG2 is "well shaped" to achieve limited profits contraction during the consumption slowdown.
- NG2 based its strategy on the **organic growth** in the domestic market.
- Slowdown means increase of our negotiation power against suppliers of services, producers and owners of the shopping space.
- NG2 Group is extremely well prepared to further efficient expansion while generating high rate or return for shareholders :
  - Strict control of costs,
  - Constant increase of sales efficiency
  - High margin determine high profitability
  - Low leverage guarantee low interest costs

CCC – key driving factor of NG2 performance

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
<u>Number of outlets</u>										
domestic company-owned outlets	181	197	207	228	229	237	236	254	262	269
abroad company-owned outlets	15	19	19	25	29	32	33	38	40	40
franchise shops, partners	99	100	100	95	85	82	79	72	61	61
Floorspace (sq m)	**<u>89 540</u>**	**<u>92 823</u>**	**<u>95 528</u>**	**<u>102 527</u>**	**<u>103 787</u>**	**<u>106 360</u>**	**<u>106 490</u>**	**<u>111 858</u>**	**<u>112 207</u>**	**<u>114 185</u>**
domestic company-owned outlets	62 280	63 798	66 463	72 388	73 807	76 286	76 758	82 515	85 171	87 149
abroad company-owned outlets	5 415	6 679	6 679	8 358	9 835	10 699	10 925	12 466	12 933	12 933
franchise shops, partners	21 845	22 346	22 386	21 781	20 145	19 375	18 807	16 877	14 103	14 103
Gross Profit on Sale Margin (%)										
owned	56,8	60,1	55,8	53,4	46,8	54,3	51,0	56,7	55,8	58,6
franchise	37,7	38,6	36,6	21,2	18,8	28,8	35,6	33,1	34,5	32,4
abroad CCC	44,2	49,0	34,0	50,9	51,8	61,4	50,9	45,0	45,5	47,5

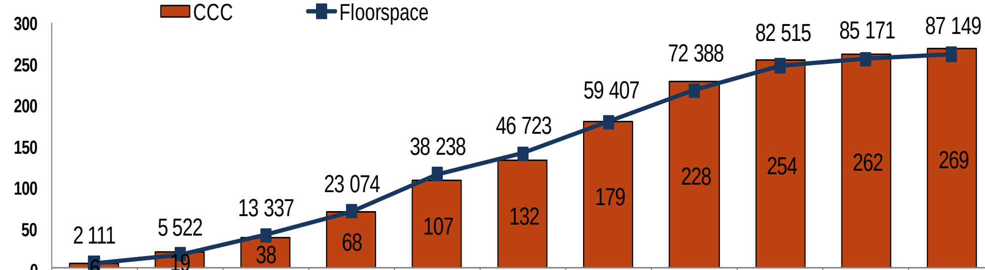
BOTI – super-economy second leg of NG2

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Number of outlets										
domestic company-owned outlets	84	108	119	142	164	181	210	213	223	222
franchise shops	80	80	83	73	73	76	65	64	65	66
Floorspace (sq m)	**17 478**	**20 043**	**21 697**	**23 393**	**26 283**	**29 281**	**31 636**	**32 306**	**34 811**	**35 229**
domestic company-owned outlets	9 583	12 148	13 487	16 092	18 765	21 358	24 586	25 216	27 507	27 750
franchise shops	7 895	7 895	8 210	7 301	7 518	7 923	7 050	7 090	7 304	7 479
Gross Profit on Sale Margin (%)										
owned	57,3	60,1	55,6	54,8	46,0	51,6	50,5	56,4	54,4	58,3
franchise	37,7	38,6	36,6	21,2	18,8	28,8	35,6	33,1	34,5	32,4

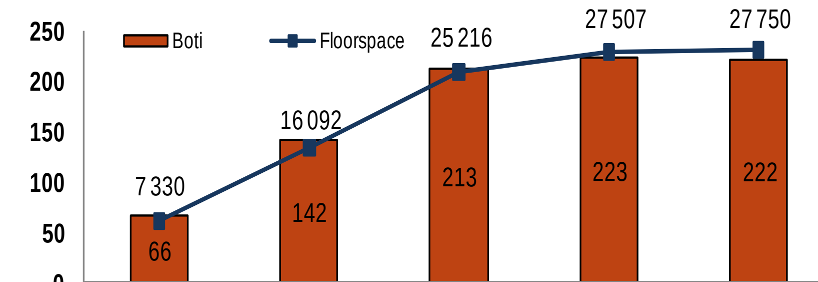
Quazi – premium brand, start-up project

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Number of outlets										
owned	25	28	29	33	34	41	44	51	48	49
Floorspace (sq m)	**4 391**	**4 767**	**4 935**	**5 543**	**5 641**	**6 568**	**6 943**	**7 863**	**6 938**	**7 033**
Gross Profit on Sale Margin (%)										
owned	40,0	45,5	32,7	46,2	36,1	46,5	44,1	49,6	50,4	56,8

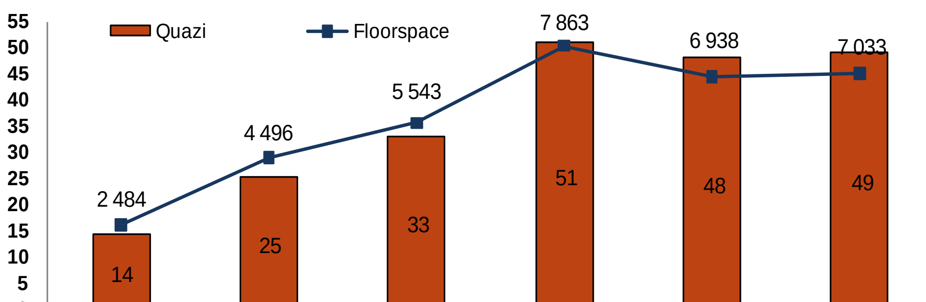
Floorspace and number of outlets



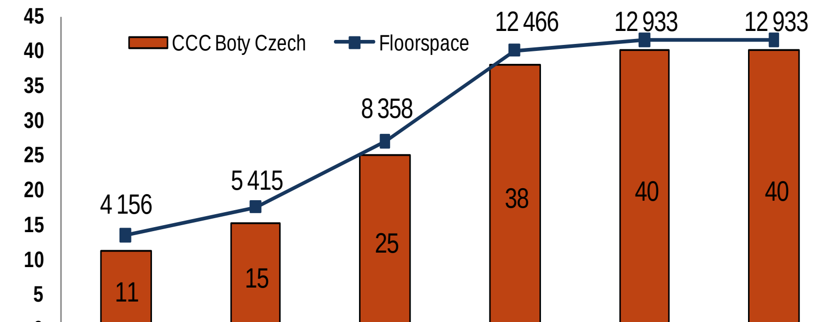
	EoY 2001	EoY 2002	EoY 2003	EoY 2004	EoY 2005	EoY 2006	EoY 2007	EoY 2008	EoY 2009	1Q 2010	2Q 2010
CCC	6	19	38	68	107	132	179	228	254	262	269
Floorspace	2 111	5 522	13 337	23 074	38 238	46 723	59 407	72 388	82 515	85 171	87 149



	EoY 2007	EoY 2008	EoY 2009	1Q 2010	2Q 2010
Boti	66	142	213	223	222
Floorspace	7 330	16 092	25 216	27 507	27 750

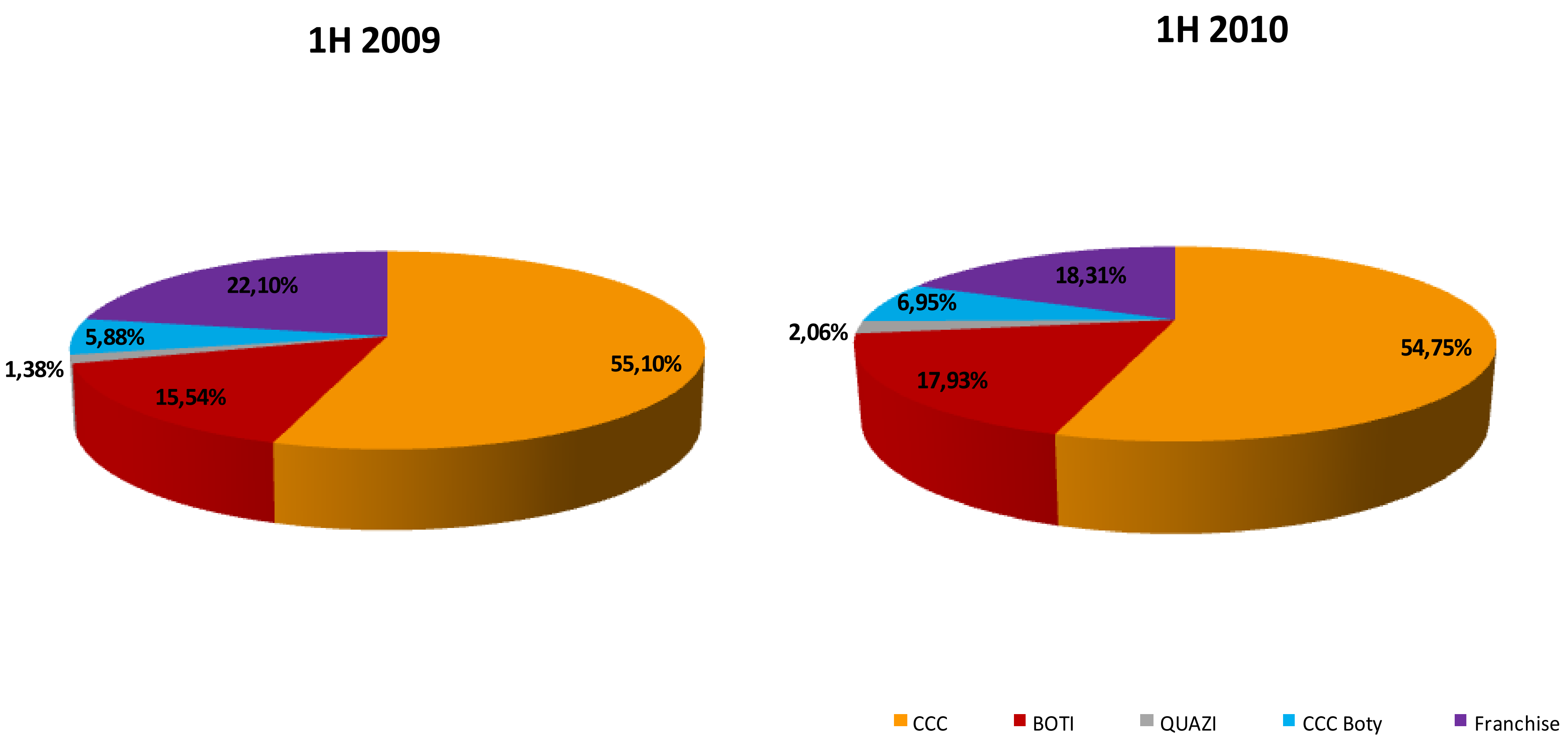


	EoY 2006	EoY 2007	EoY 2008	EoY 2009	1Q 2010	2Q 2010
Quazi	14	25	33	51	48	49
Floorspace	2 484	4 496	5 543	7 863	6 938	7 033



	EoY 2006	EoY 2007	EoY 2008	EoY 2009	1Q 2010	2Q 2010
CCC Boty Czech	11	15	25	38	40	40
Floorspace	4 156	5 415	8 358	12 466	12 933	12 933

Revenue split by volume and sales channels (%)



Purchases split by sources of supplies (PLN 000')

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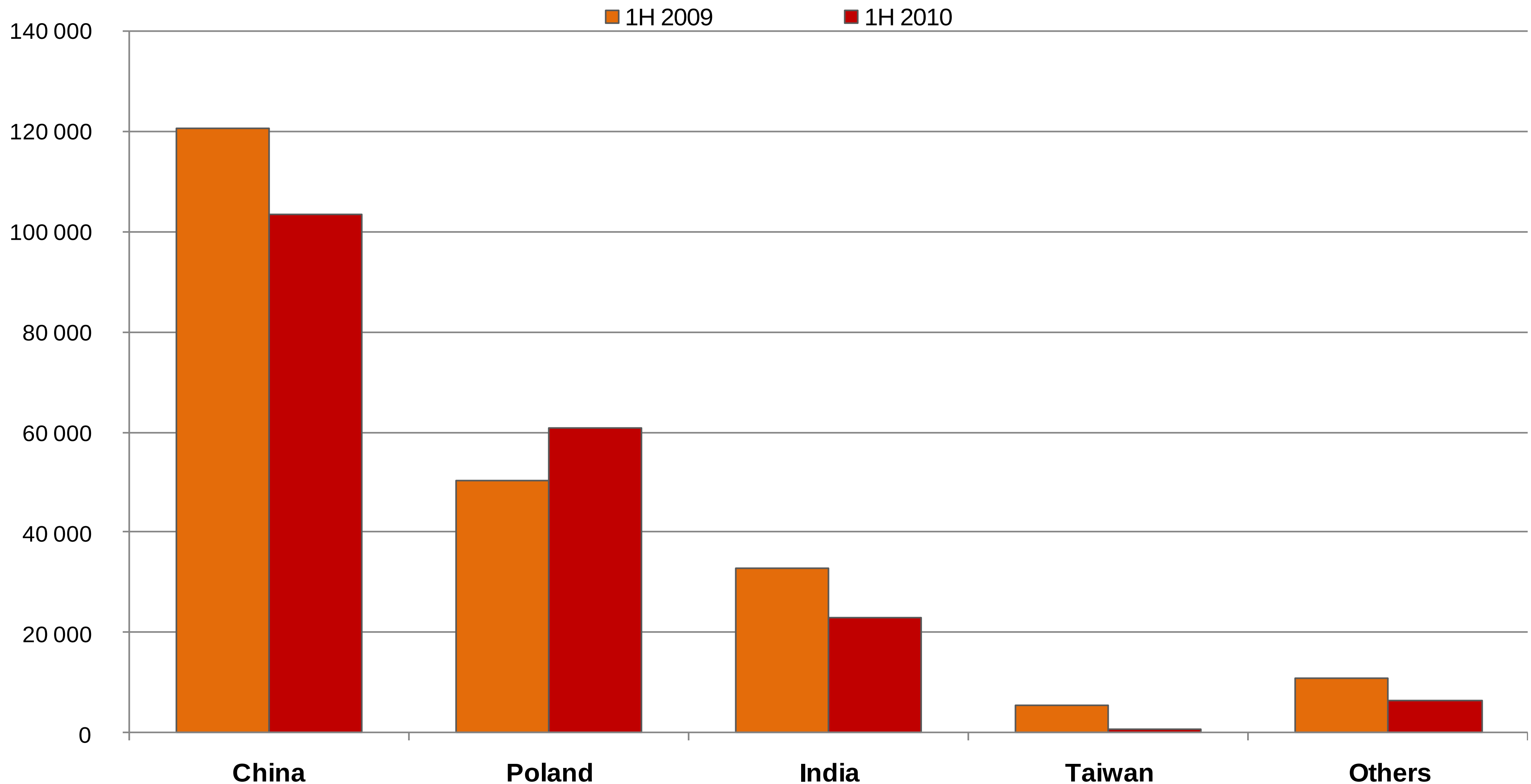


Financial results 2008 - 2009

NG2 New Gate Group

	I-XII 2008 `000 PLN	I-XII 2009 `000 PLN	change 2009/2008
Revenue	**754 281**	**922 408**	22,3%
Gross Profit on Sale	405 339	481 202	18,7%
Gross Profit on Sale Margin	53,7%	52,2%	-2,8%
Selling Costs	266 274	361 448	35,7%
General & Administrative Costs	8 319	13 133	57,9%
EBIT	131 916	108 159	-18,0%
EBIT Margin	17,5%	11,7%	-33,0%
Financial Costs	9 970	9 341	-6,3%
Gross Profit	122 201	99 677	-18,4%
Net Profit	**102 463**	**83 603**	-18,4%
Net Profit Margin	13,6%	9,1%	-33,3%
Total Assets	491 597	551 125	12,1%
Liabilities nad Reserves	196 440	210 916	7,4%
Long Term Liabilities	13 823	81 361	488,6%
Short Term Liabilities	182 617	129 555	-29,1%
Equity	295 157	340 209	15,3%
Return on Equity	**34,7%**	**24,6%**	-29,2%

Financial results 1H 2009 - 2010

NG2 New Gate Group

	1H 2009 `000 PLN	1H 2010 `000 PLN	change 2010/2009
Revenue	**422 138**	**440 264**	4,3%
Gross Profit on Sale	214 766	241 357	12,4%
Gross Profit on Sale Margin	50,9%	54,8%	7,7%
Selling Costs	172 356	186 969	8,5%
General & Administrative Costs	5 407	5 953	10,1%
EBIT	46 738	47 825	2,3%
EBIT Margin	11,1%	10,9%	-1,9%
Financial Costs	4 658	4 646	-0,3%
Gross Profit	42 578	43 449	2,0%
Net Profit	**35 487**	**52 786**	48,7%
Net Profit Margin	8,4%	12,0%	42,6%
Total Assets	556 692	598 377	7,5%
Liabilities nad Reserves	264 670	240 016	-9,3%
Long Term Liabilities	91 492	51 064	-44,2%
Short Term Liabilities	173 178	188 952	9,1%
Equity	292 022	358 361	22,7%

Tax optimization (trademark's amortization) PLN 15 787

Selling costs in company-owned stores

	CCC		BOTI		QUAZI	
	selling costs (PLN/m2)	rental costs (PLN/m2)	selling costs (PLN/m2)	rental costs (PLN/m2)	selling costs (PLN/m2)	rental costs (PLN/m2)
I H 2010	182	91	171	71	319	160
I H 2009	196	98	191	69	336	170
change % 2010/2009	-7,1%	-7,1%	-10,5%	2,9%	-5,1%	-5,9%
II Q 2010	186	93	173	73	323	161
II Q 2009	207	101	201	70	359	180
change % 2010/2009	-10,1%	-7,9%	-13,9%	4,3%	-10,0%	-10,6%
I Q 2010	179	90	169	68	314	158
I Q 2009	184	96	181	68	313	161
change % 2010/2009	-2,7%	-6,3%	-6,6%	0,0%	0,3%	-1,9%
2009	195	96	187	70	327	165
2008	171	76	179	61	278	127
change % 2009/2008	14,0%	26,3%	4,5%	14,8%	17,6%	29,9%

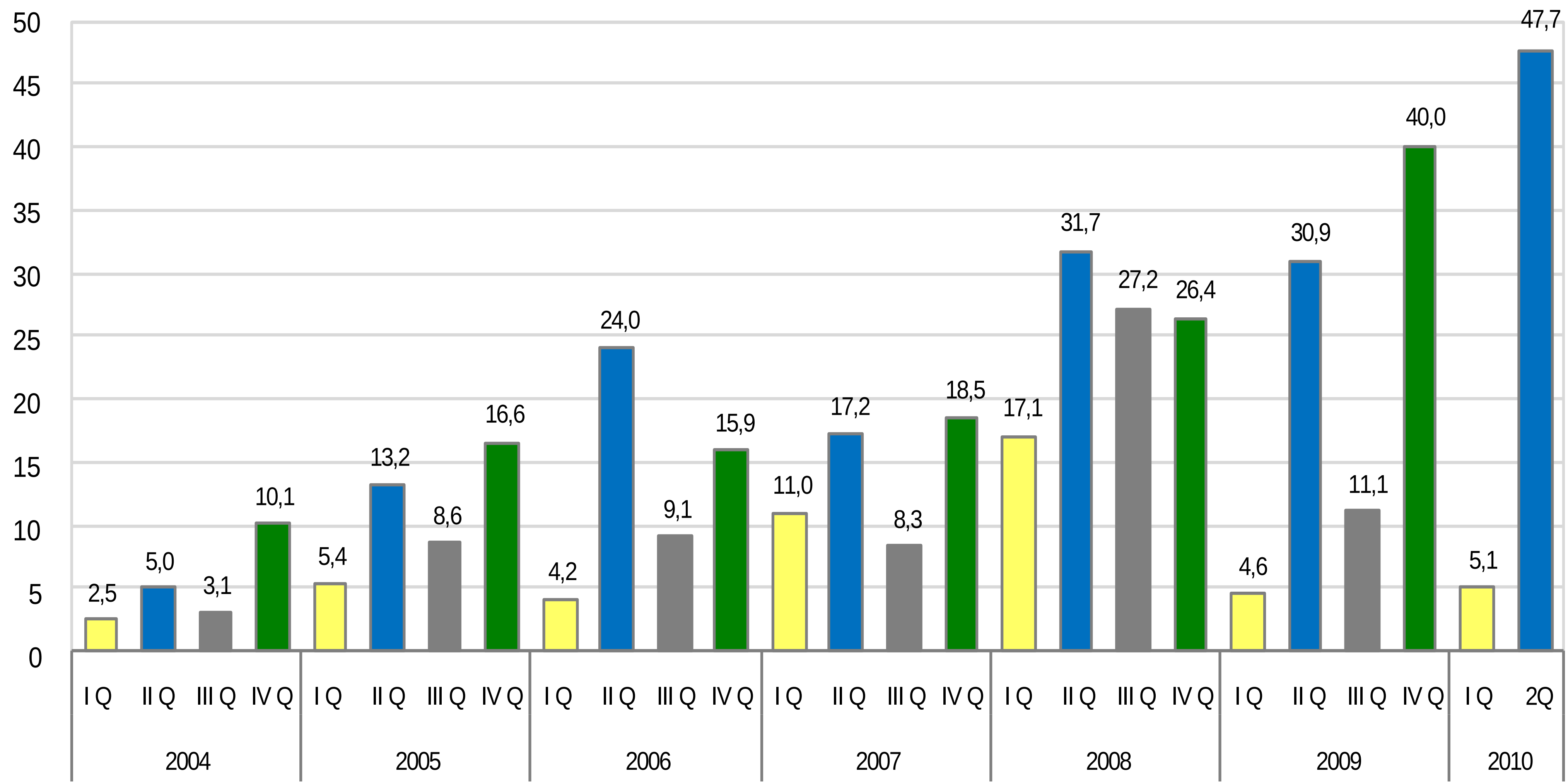
Q2 results driven by low traffic and lack of demand…

NG2 New Gate Group

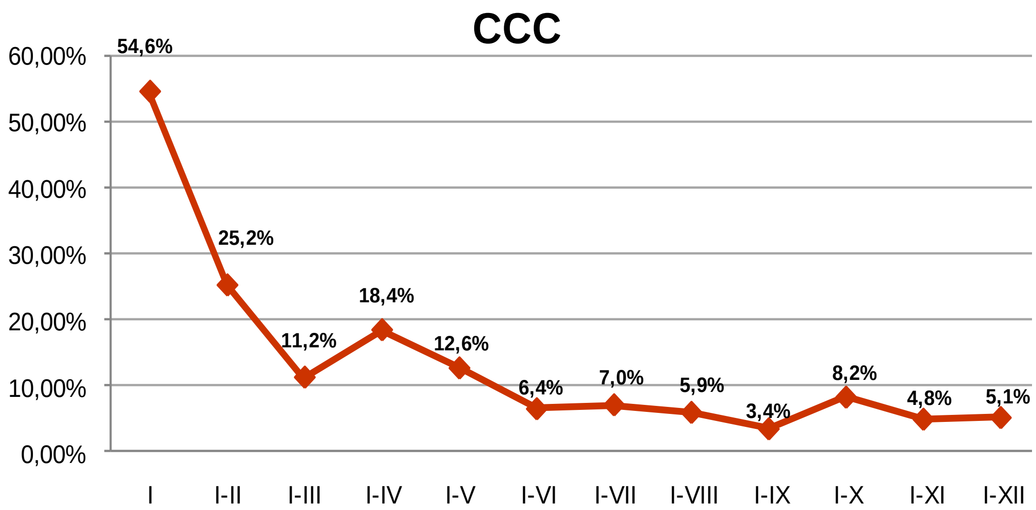
213 CCC stores	April 2009	April 2010	%
Number of visitors	9 026 932	7 111 027	-21,22%
Number of transactions	850 753	622 694	-26,81%
Net sales	57 601 431 PLN	40 521 012 PLN	-29,65%
Effectiveness of sales	9,4%	8,8%	-0,67%
Av. ticket value	68 PLN	65 PLN	-3,89%
Revenue per 100 customers	638 PLN	570 PLN	-10,70%
213 CCC stores	**May 2009**	**May 2010**	**%**
Number of visitors	10 105 452	8 829 514	-12,63%
Number of transactions	881 689	737 093	-16,40%
Net sales	56 406 368 PLN	46 042 675 PLN	-18,37%
Effectiveness of sales	8,7%	8,3%	-0,38%
Av. ticket value	64 PLN	62 PLN	-2,36%
Revenue per 100 customers	558 PLN	521 PLN	-6,58%
221 CCC stores	**June 2009**	**June 2010**	**%**
Number of visitors	7 546 855	8 373 307	10,95%
Number of transactions	593 851	787 474	32,60%
Net sales	36 034 646 PLN	45 856 787 PLN	27,26%
Effectiveness of sales	7,9%	9,4%	1,54%
Av. ticket value	61 PLN	58 PLN	-4,03%
Revenue per 100 customers	477 PLN	548 PLN	14,70%

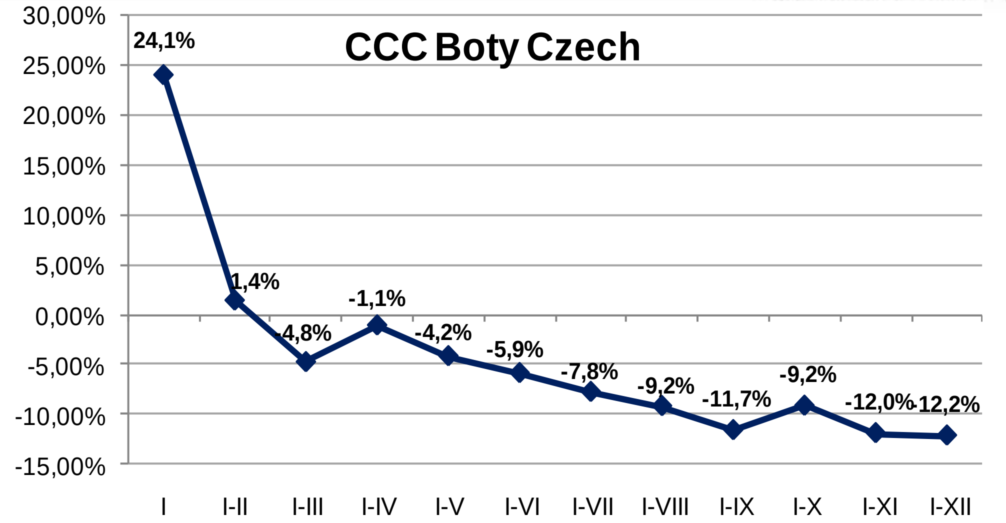
Consolidated Net Profit 2004-2010 (PLN million)

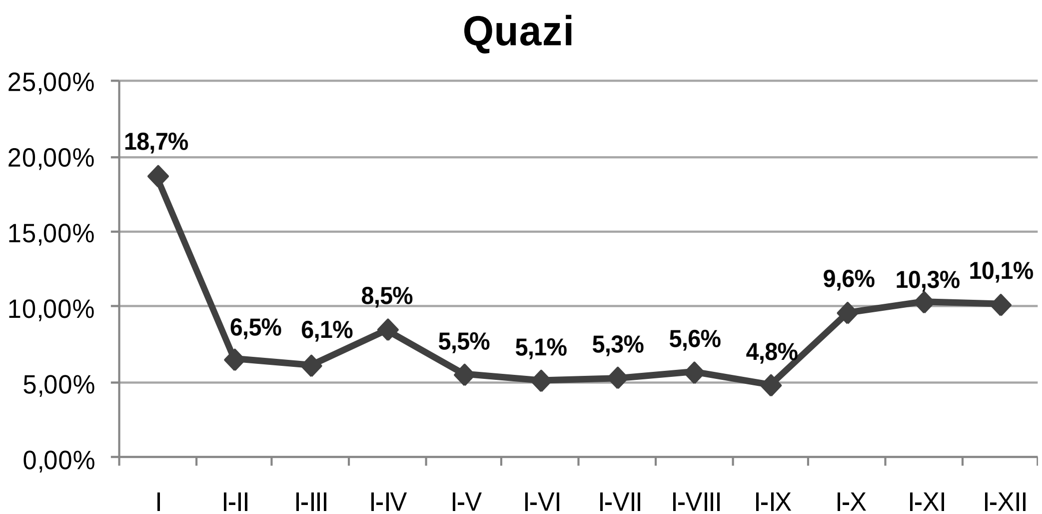
NG2 New Gate Group

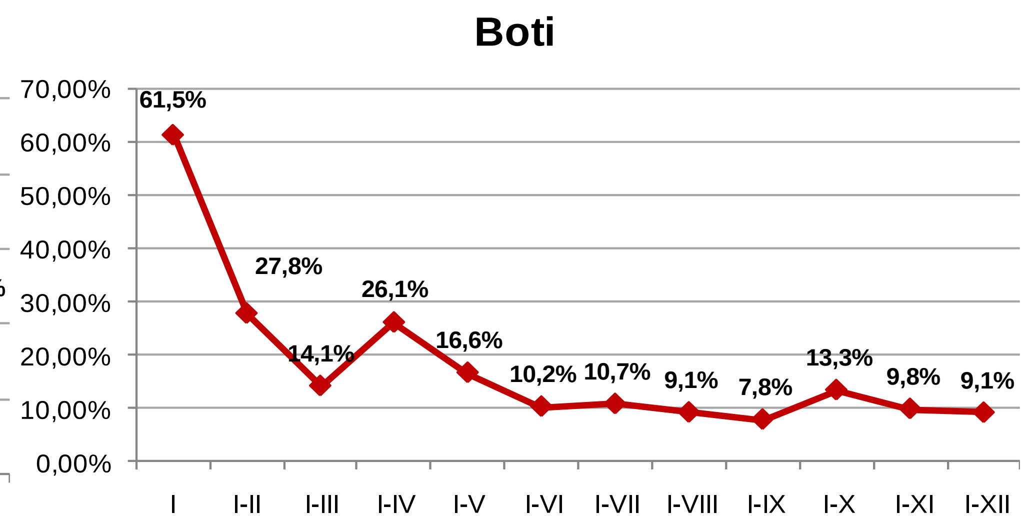


L-f-l sales I-XII 2009

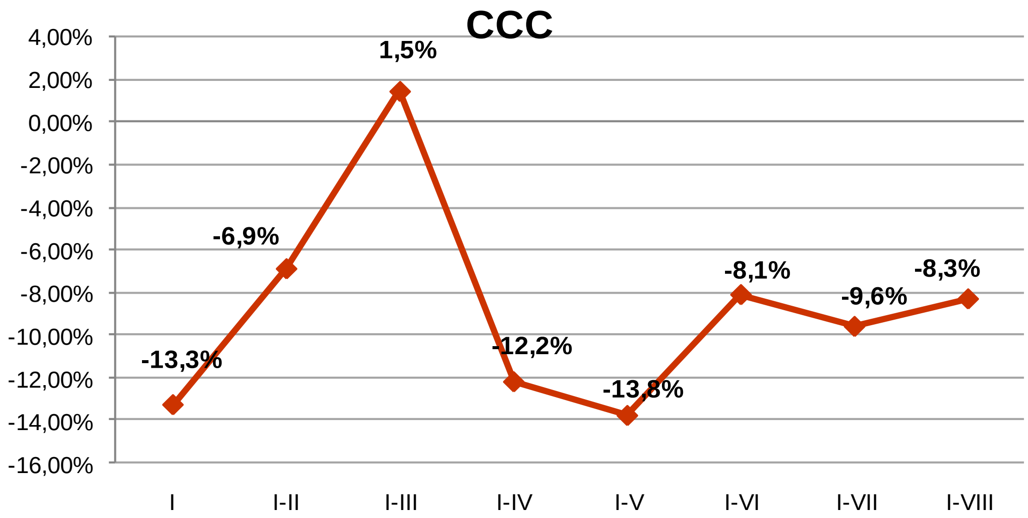


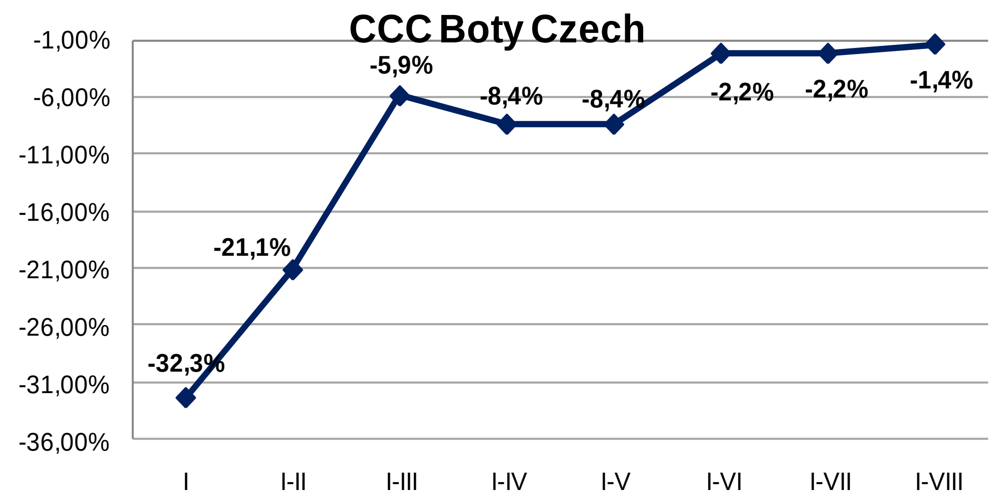


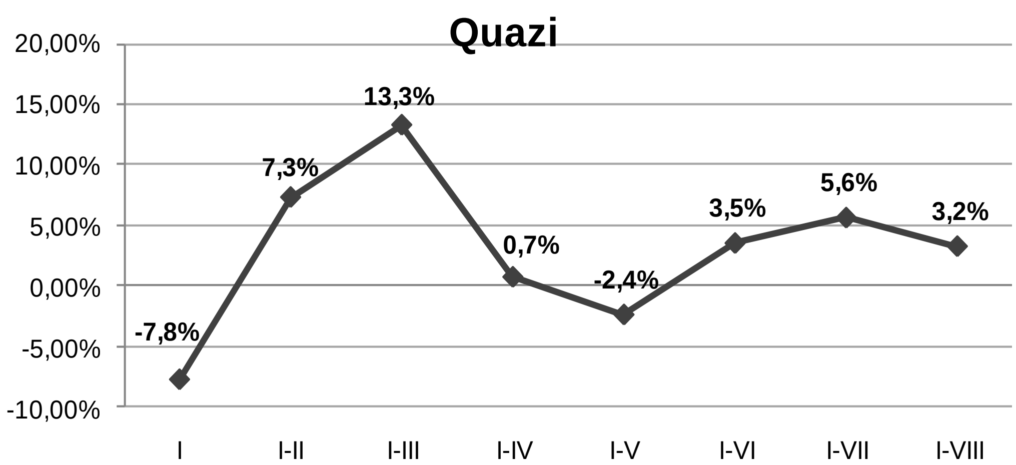


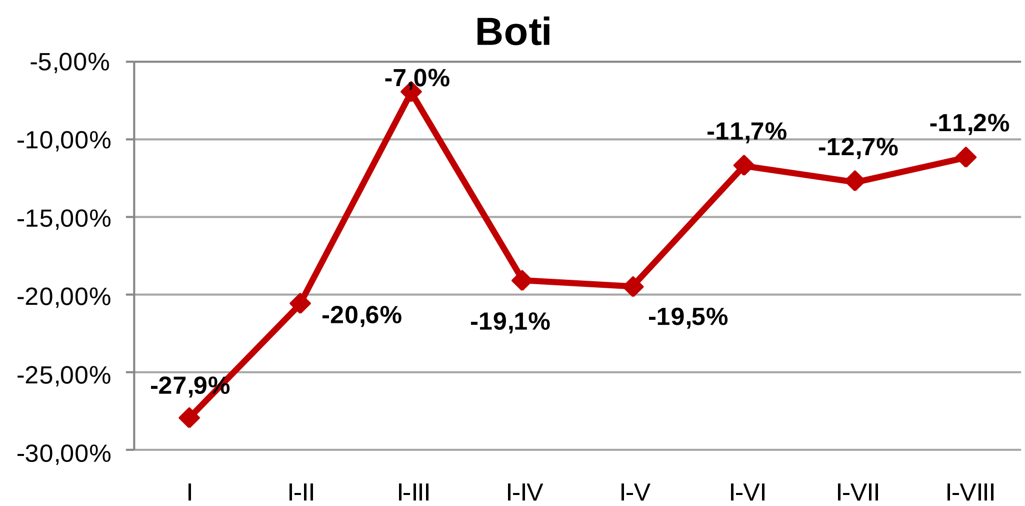


L-f-l sales I-VIII 2010









Factors affecting strategy of NG2

- **Characteristics of the footwear market in Poland**
  - Domestic footwear market in Poland dispersed and not saturated.
  - Foreign footwear chains lost momentum to grow in Polish market.
  - Lack of large multinational players (Deichmann is an exception).
- **Financial strength of NG2**
  - Low leverage allows to finance rapid expansion.
  - Low interest costs guarantee stability of business development.
  - High equity and ROE make NG2 unique low-risk retail chain.
- **Economic slowdown**
  - NG2 wasn't surprised by the slowdown – in opposite to other retail companies.
  - NG2 is well-shaped organization with low level of costs and effective structure.
  - Opportunities are taken to increase the competitive advantages.
  - Crisis is the best possible period to increase the awareness of the brand among customers.
  - Marketing and advertising activity wasn't limited.

Strategy of NG2

- **Strategy of NG2 is based on constant dynamic growth and increase of the market share in Poland**.
  - Value of the market is estimated to be PLN **8 billion (130 million pairs).**
  - NG2 is the market leader in Poland with market share of **11-12%.**
  - Company's three years mid-term target is market share in Poland **above 20%.**
- **Organic growth**
  - Lack of attractive companies to acquire.
  - Opening of new CCC , BOTI and Quazi stores in Poland and Czech Republic.
  - Franchise stores in Poland are gradually being taken over. **Since 2011 new franchise stores will be opened in Russia and Ukraine**
- **Increase of the effectiveness**
  - Two-digit l-f-l growth remains strategic goal of NG2.
  - Further automation of the processes is intended to lower labour costs.
  - Precise budgets limit expenditures and increase the cost awareness.

Retail chain's development plans

- **In 2010 opening of the 50-57 new stores is planned**:
  - 20-25 CCC outlets in Poland
  - 7 CCC outlets in Czech Republic
  - 23-25 BOTI shops

- **Change of the format of the stores announced**:
  - Smaller Quazi boutiques – 100-120 m^2
  - Larger BOTI shops – 150-170 m^2

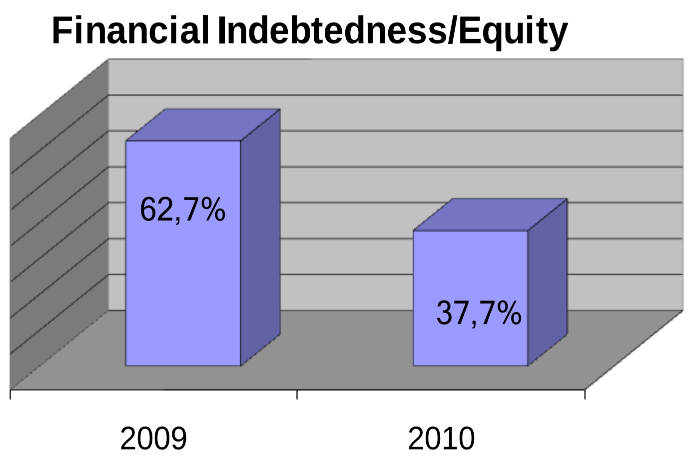
- **Long-term target (2015-2016) of the NG2 Group**
  - 1000 stores in Poland **:** 400 CCC saloons (incl.100 franchised), 500 BOTI (incl. 100 franchised) and 100 Quazi.
  - 70 CCC saloons in Czech Republic
  - **Number of franchise stores in Russia and Ukraine is hard to assess, will be released in 2011**

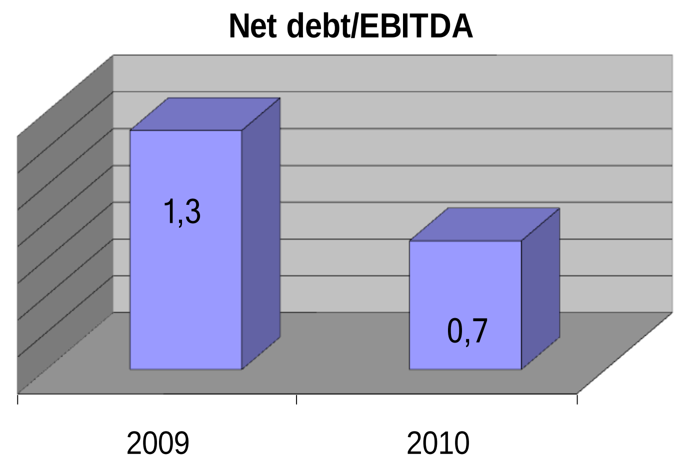
- Investments will increase effectiveness and optimize business processes

  - **New, fully-automated logistic center**
    - Total capex PLN 97 million
    - EU subsidy received (PLN 38.8 million)
    - Effective start - November 2011

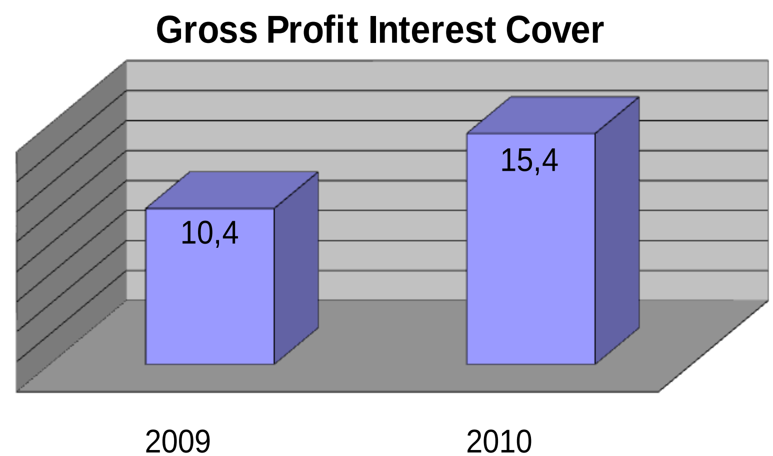
  - **Implementation of new IT system dedicated for retail**
    - Microsoft Dynamics AX was chosen
    - Implementation started in August
    - Go-live in January 2012

NG2 – unleveraged retailer (as of 30th of June)





	2009	2010
Financial Indebtedness / Equity	62,7%	37,7%
Net debt/ EBITDA	1,3	0,7
Gross Profit Interest Cover	10,4	15,4



Shareholders structure (shares)

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