

# NG2

New Gate Group



**Resilience to economic slowdown**

- 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.

## Stock info

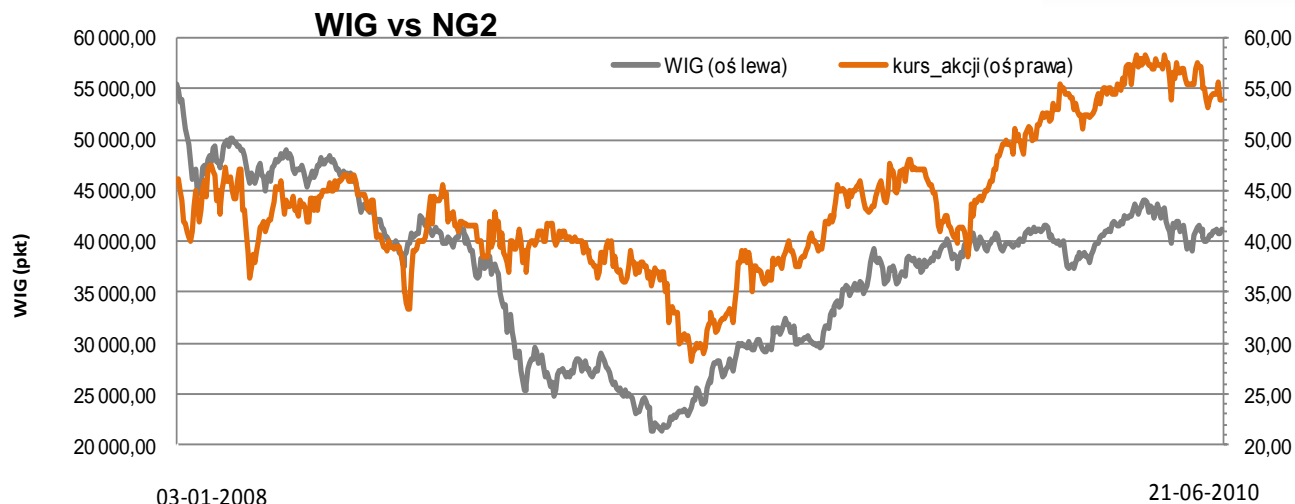
Share Price = 54,0 PLN

Reuters: CCCC.WA  
Bloomberg: CCC PW

Market Cap :  
(PLNm) 2,074  
(EURm) 514,5

Number of shares  
38.400.000

Free float 26%



## Analysts coverage

Institution	Analyst	Contact
DB Securities	Łukasz Wachelko	lukasz.wachelko@db.com
Citibank	Włodek Giller	wlodek.giller@citi.com
ING Securities	Milena Olszewska	milena.olszewska@pl.ing.com
KBC Securities	Kamil Szlaga	kamil.szlaga@kbcsecurities.pl
Unicredit CAIB	Michał Potyra	michal.potyra@caib.unicredit.eu
Woods&Company	Anna Krasieńska	annie.krasinska@wood.cz
Raiffeisen Centrobank	Marta Gizejowska	marta.gizejowska@rcb.at
Ipopema Securities	Tomasz Duda	tomasz.duda@ipopema.pl
IDM	Marek Kaźmierczak	m.kazmierczak@idmsa.pl
Beskidzki Dom Maklerski	Marcin Stebakow	stebakow@bdm.com.pl

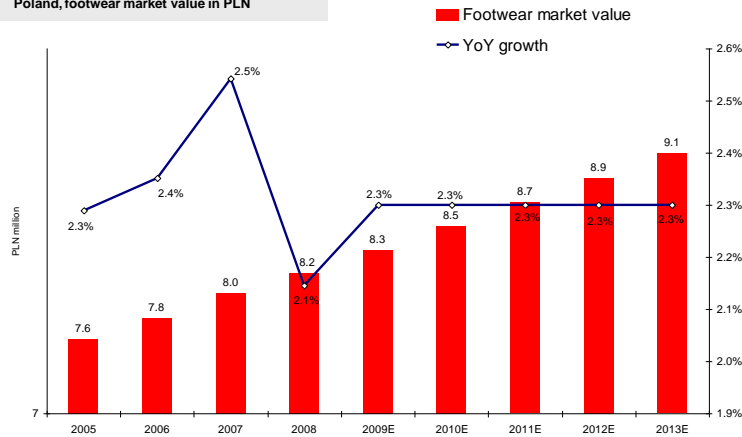
*Two things are very significant in life: a good bed and comfortable shoes.*

*Since a person is either in bed or wearing shoes.*

**Marcel Achard**

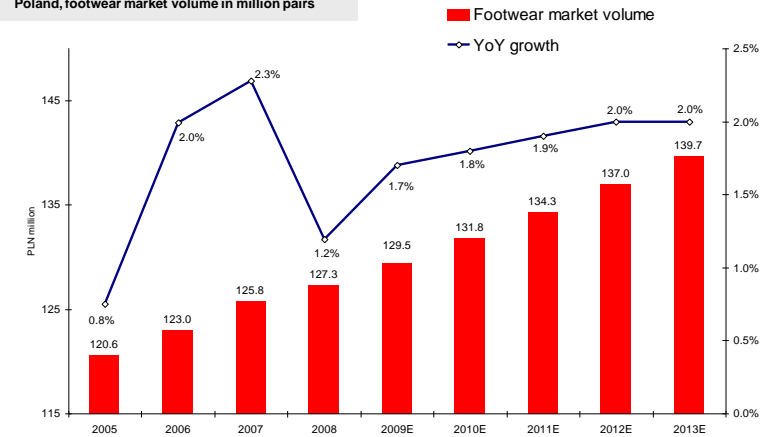


Poland, footwear market value in PLN



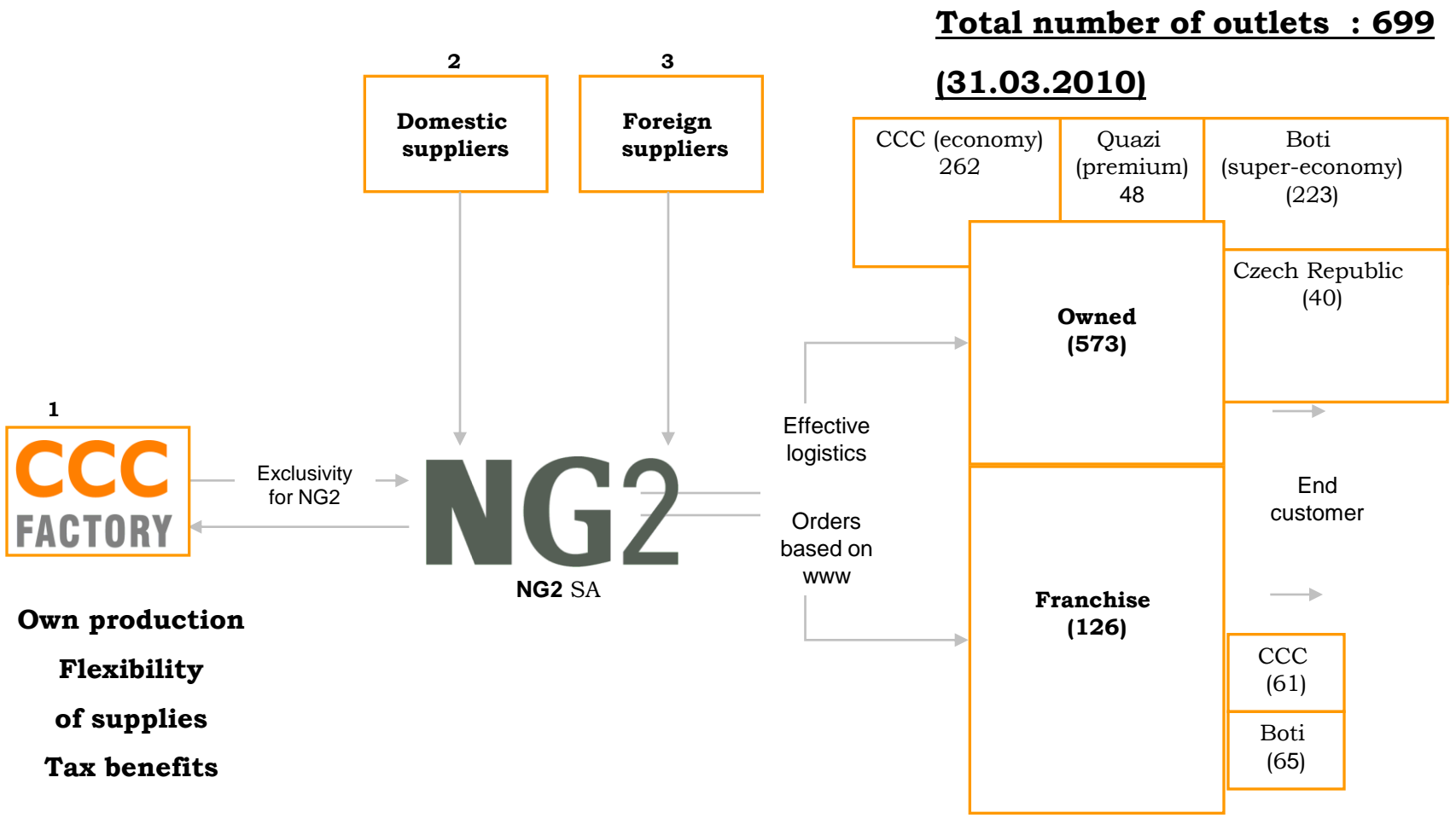
Source: Datamonitor

Poland, footwear market volume in million pairs



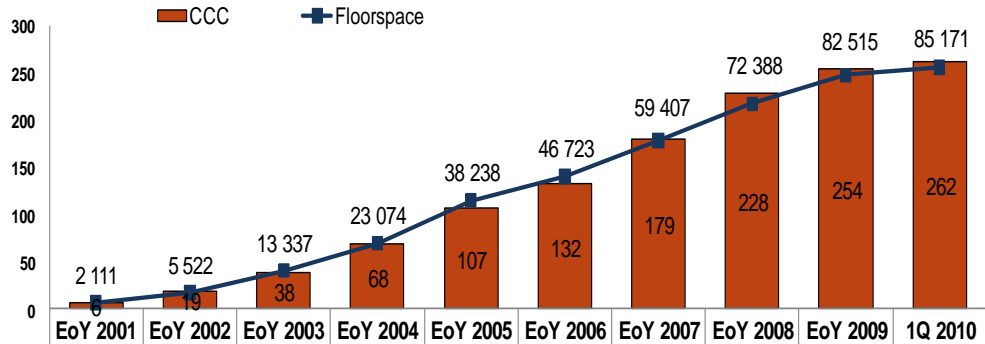
Source: Datamonitor

- 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 9,4%/ 11% in terms of value / volume (FY 2008)
- 12% and 13,1% market share expected, respectively, in 2009 (management guidance)

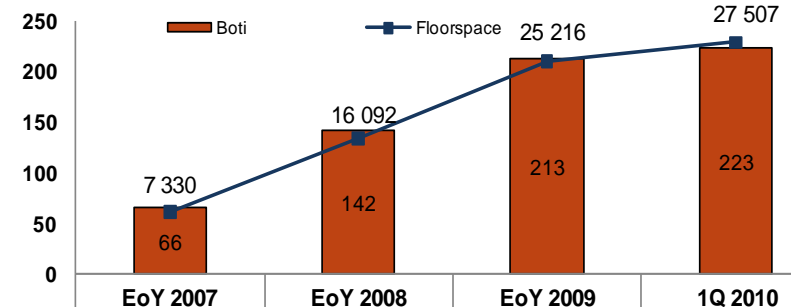


- **Defensive business model** – low-priced products are the most successful in the slowdown period.
- NG2 is “well shaped” to achieve limited profits contraction during the consumption slowdown.
- NG2 based its strategy on the **organic growth** in the domestic market.
- Slowdown means increase of our **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

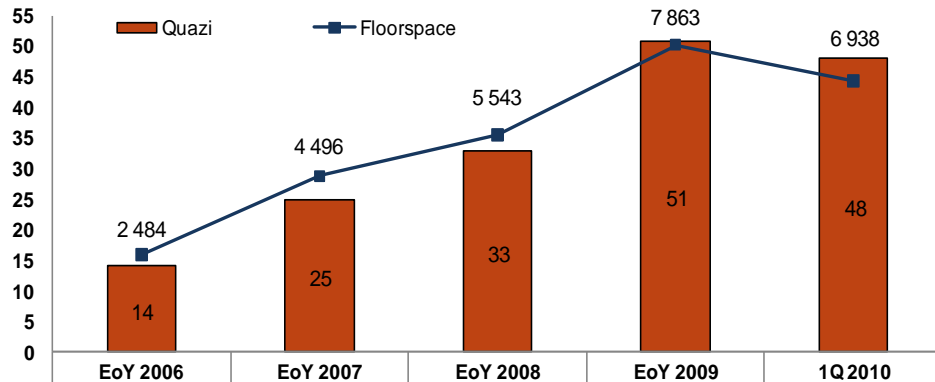
# Floorspace and number of outlets



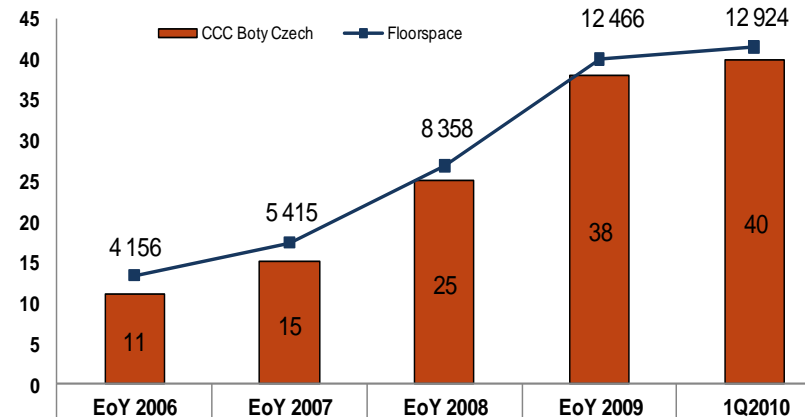
CCC	6	19	38	68	107	132	179	228	254	262
Floorspace	2 111	5 522	13 337	23 074	38 238	46 723	59 407	72 388	82 515	85 171



Boti	66	142	213	223
Floorspace	7 330	16 092	25 216	27 507



Quazi	14	25	33	51	48
Floorspace	2 484	4 496	5 543	7 863	6 938

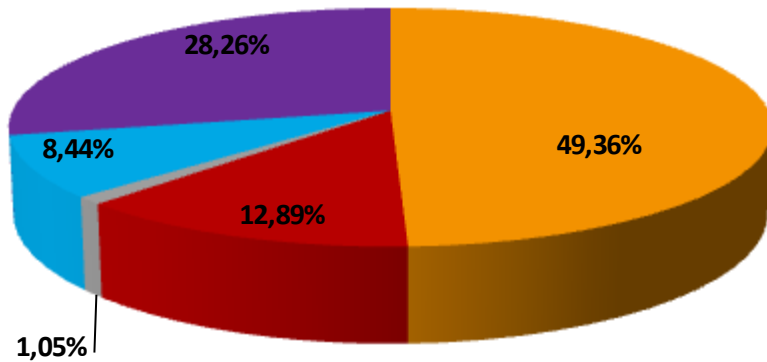


CCC Boty Czech	11	15	25	38	40
Floorspace	4 156	5 415	8 358	12 466	12 924

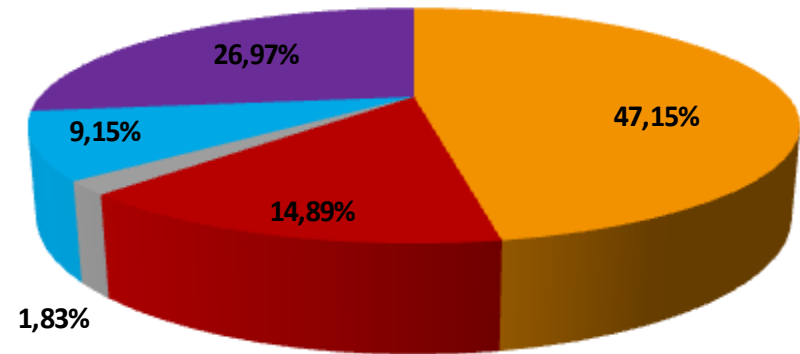


# Revenue split by volume and sales channels (%)

Q1 2009

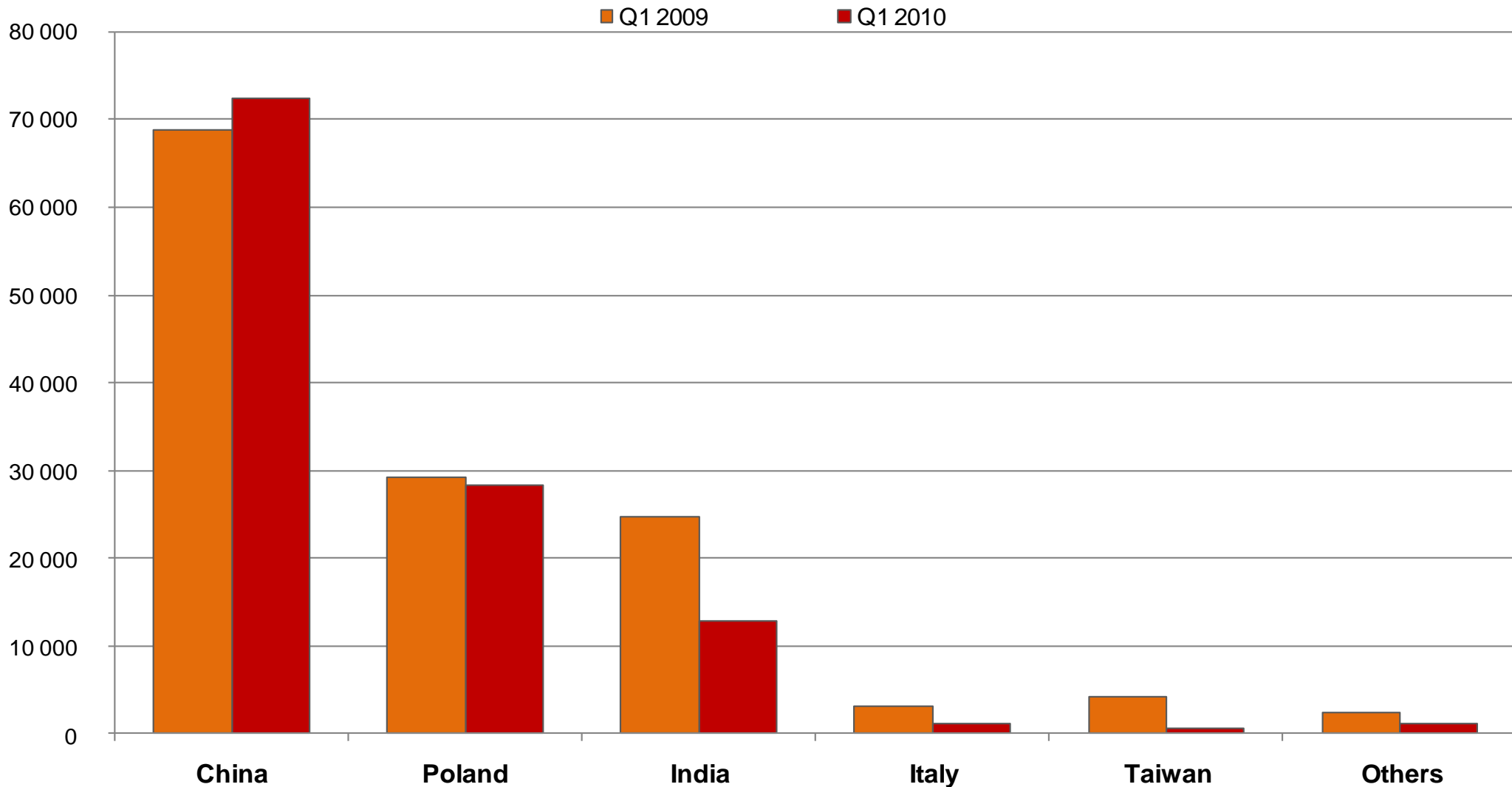


Q1 2010

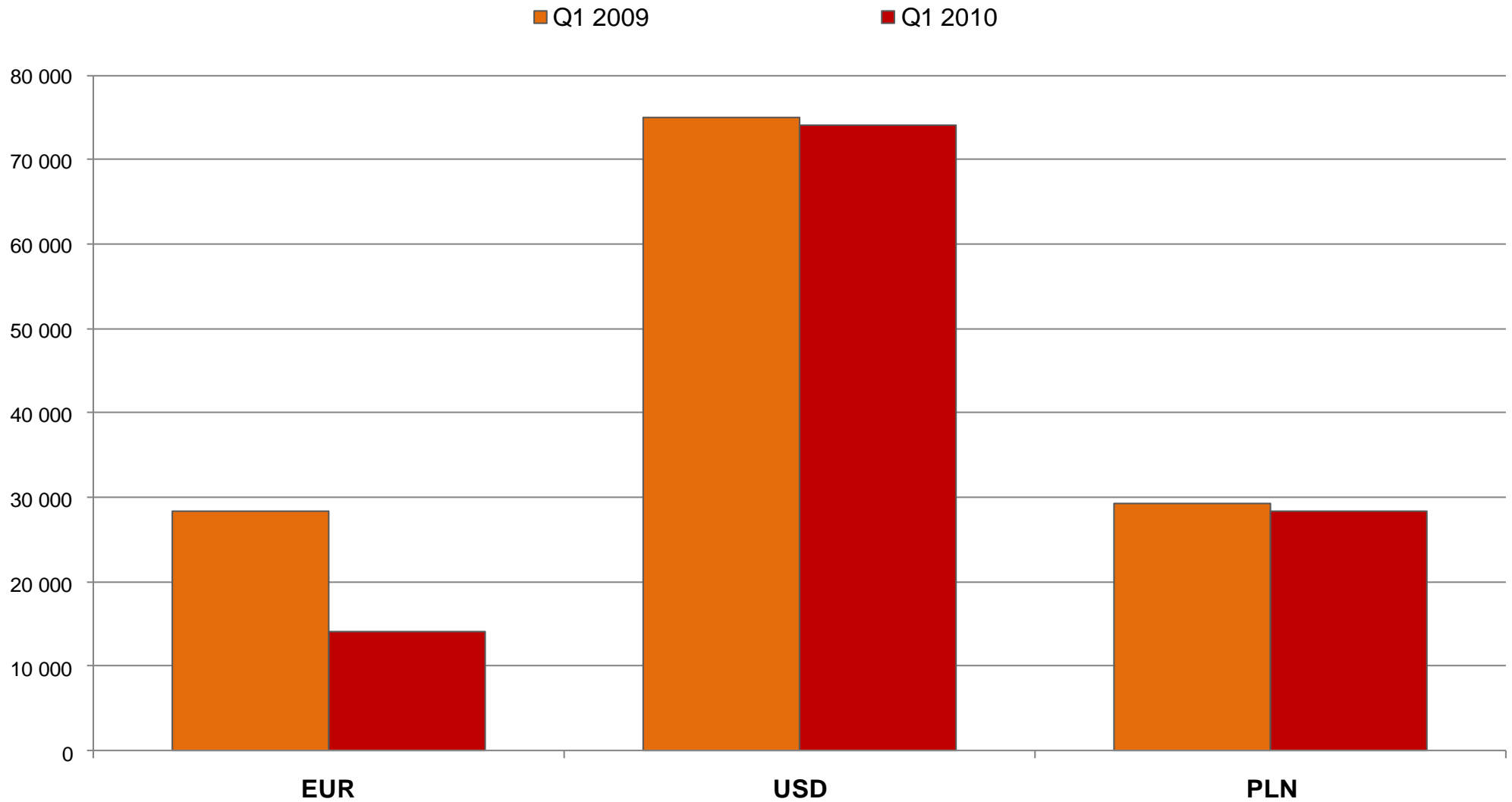


■ CCC ■ BOTI ■ QUAZI ■ CCC Boty ■ Franchise

# Purchases split by sources of supplies ( PLN 000')



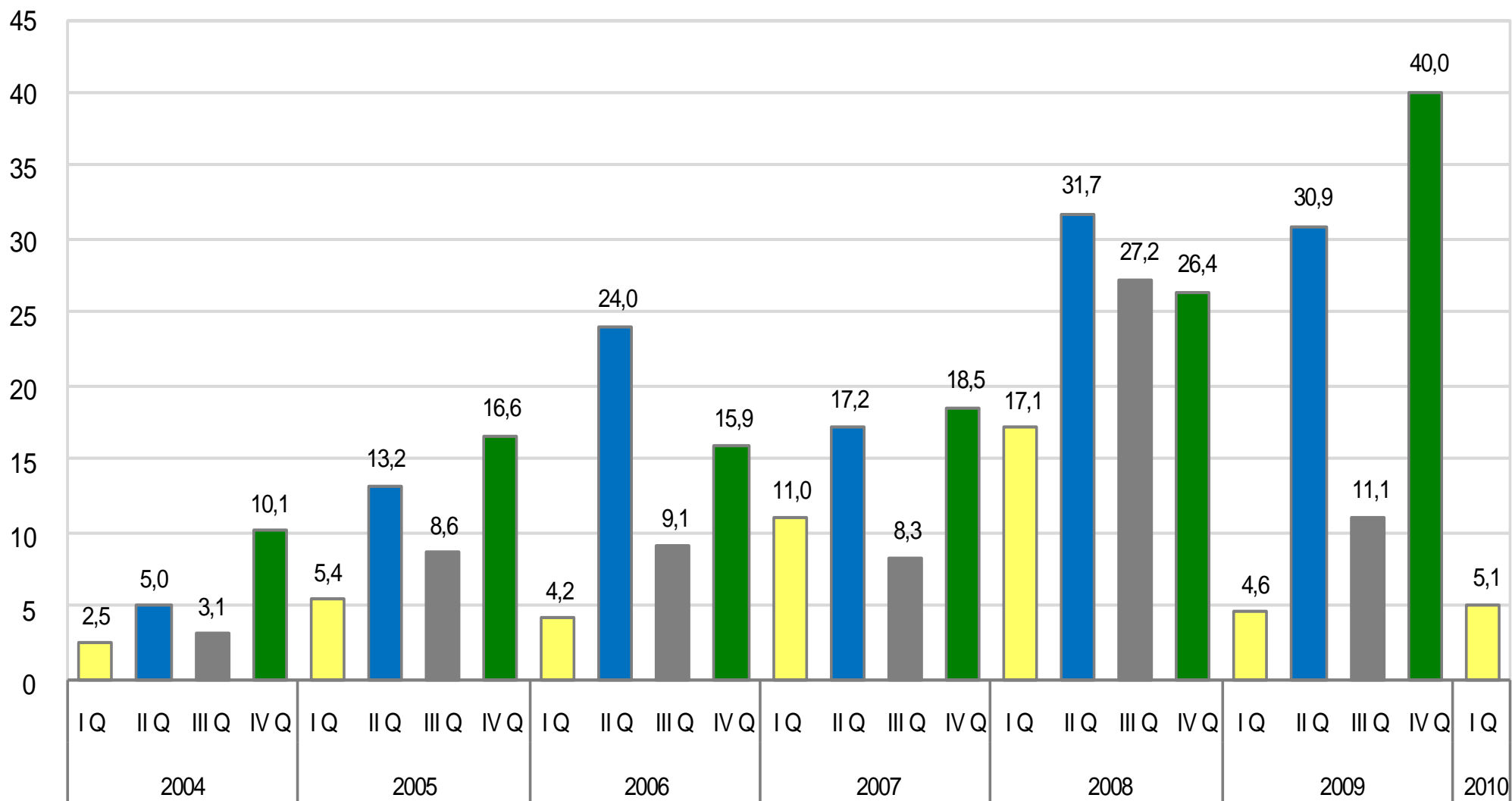
# Purchases split by currency Q1 2009/2010



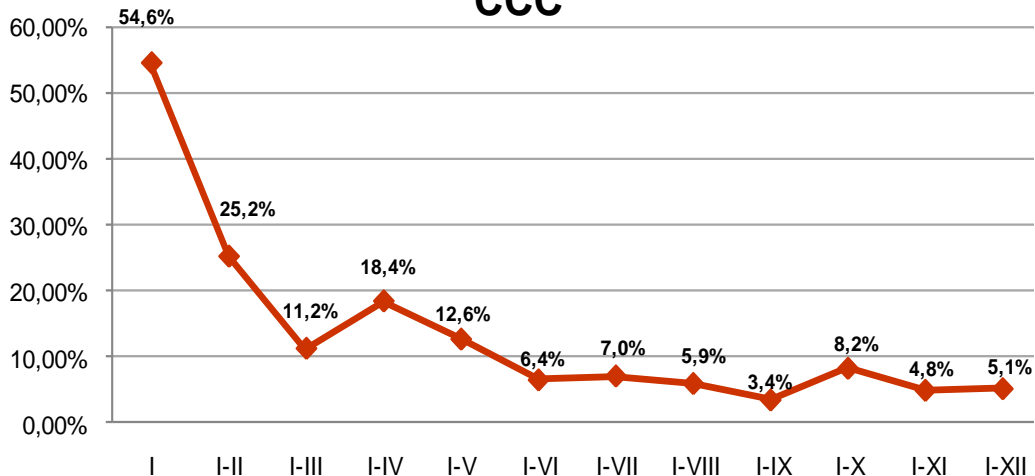
	I-XII 2008 `000 PLN	I-XII 2009 `000 PLN	change 2009/2008
<b>Revenue</b>	<b>754 281</b>	<b>922 408</b>	22,3%
Gross Profit on Sale	405 339	481 202	18,7%
Gross Profit on Sale Margin	53,7%	52,2%	-2,8%
Selling Costs	266 274	361 448	35,7%
General & Administrative Costs	8 319	13 133	57,9%
EBIT	131 916	108 159	-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%
<b>Net Profit</b>	<b>102 463</b>	<b>83 603</b>	-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%
<b>Return on Equity</b>	<b>34,7%</b>	<b>24,6%</b>	-29,2%

	Q1 2009 `000 PLN	Q1 2010 `000 PLN	change 2010/2009
<b>Revenue</b>	<b>162 561</b>	<b>195 708</b>	20,4%
Gross Profit on Sale	77 132	100 716	30,6%
Gross Profit on Sale Margin	47,4%	51,5%	8,6%
Selling Costs	79 718	91 456	14,7%
General & Administrative Costs	2 702	2 720	0,7%
EBIT	7 493	9 172	22,4%
EBIT Margin	4,6%	4,7%	1,7%
Financial Costs	2 829	2 090	-26,1%
Gross Profit	4 702	7 199	53,1%
<b>Net Profit</b>	<b>4 601</b>	<b>5 090</b>	10,6%
Net Profit Margin	2,8%	2,6%	-8,1%
Total Assets	539 200	606 555	12,5%
Liabilities nad Reserves	240 169	261 214	8,8%
Long Term Liabilities	112 390	76 830	-31,6%
Short Term Liabilities	127 779	184 384	44,3%
Equity	299 031	345 341	15,5%

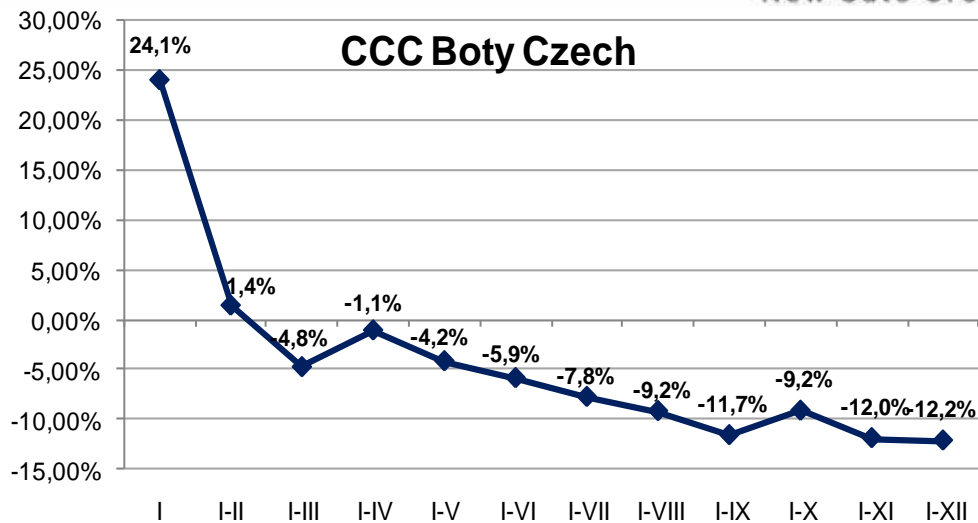
# Consolidated Net Profit 2004-2010 (PLN million)



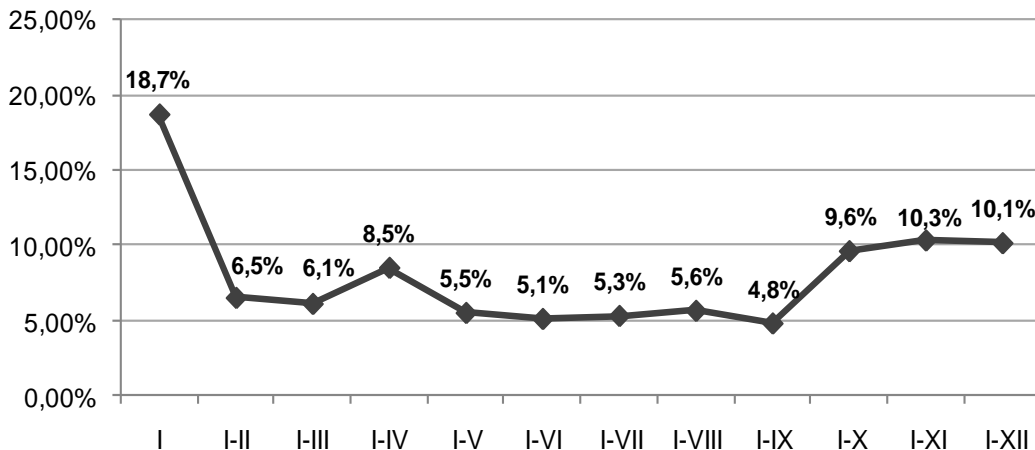
## CCC



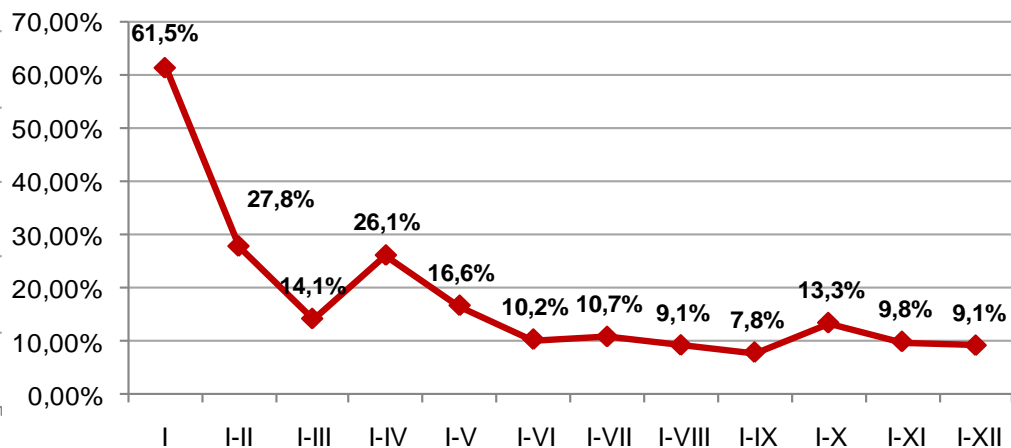
## CCC Boty Czech

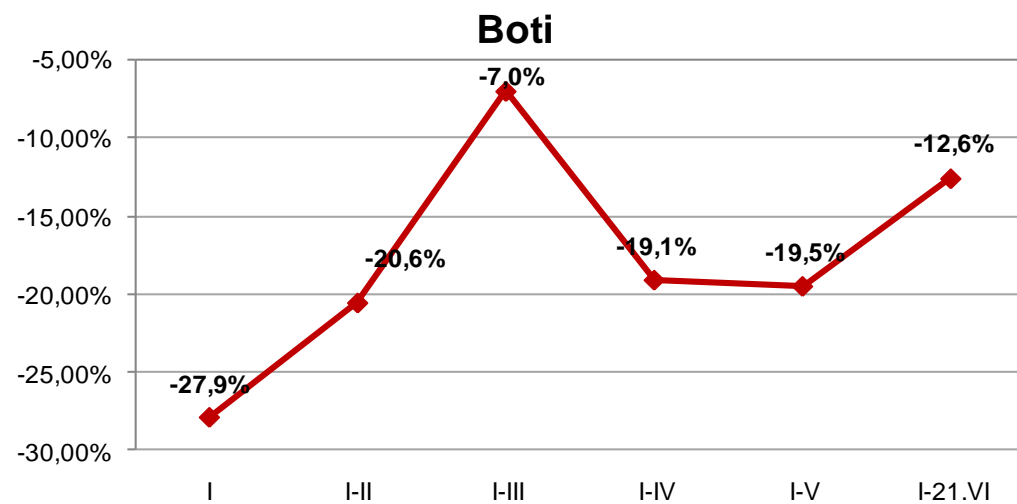
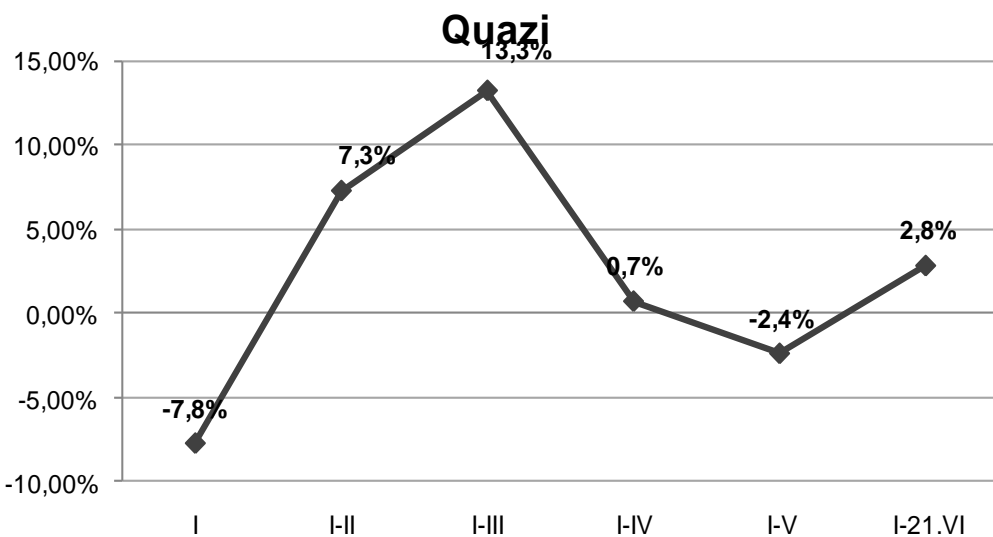
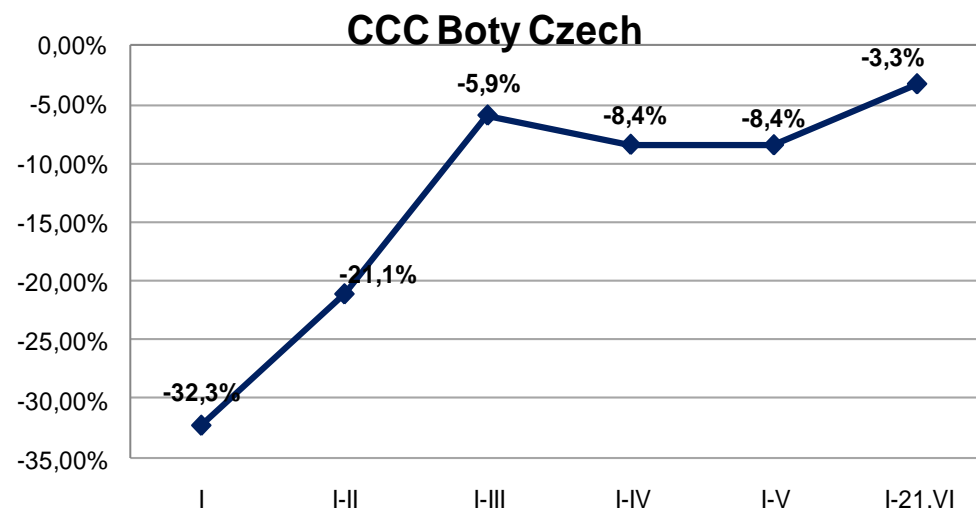
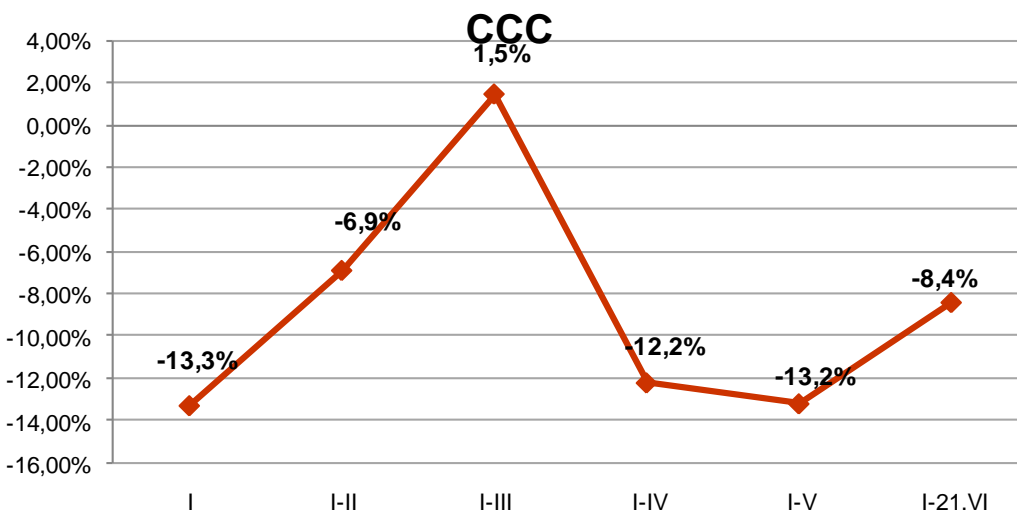


## Quazi



## Boti







- **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 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 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 are gradually being taken over.
- **Increase of the effectiveness**
  - Two-digit I-f-I 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.

- **In 2010 opening of 80 new stores is planned:**
  - 20 CCC outlets in Poland
  - 10 CCC outlets in Czech Republic
  - 10 QUAZI boutiques
  - 40 BOTI shops
  
- **Change of the format of the stores announced:**
  - Smaller Quazi boutiques – 100-120 m<sup>2</sup>
  - Larger BOTI shops – 150-170 m<sup>2</sup>
  
- **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**

## CCC

Floorspace (average - sq m)	320
Capex (PLN per sq m)	1017

## BOTI

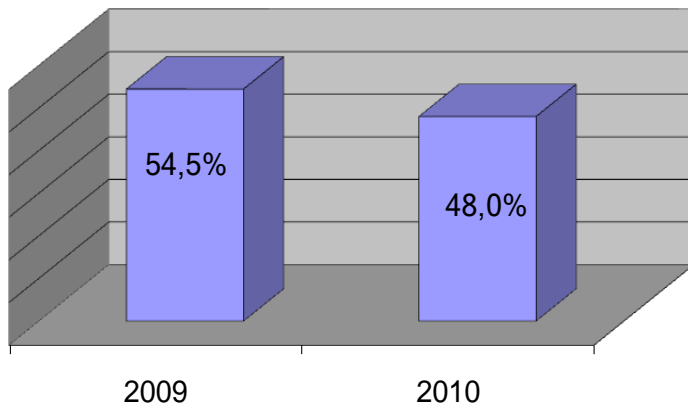
Floorspace (average - sq m)	119
Capex (PLN per sq m)	657

## Quazi

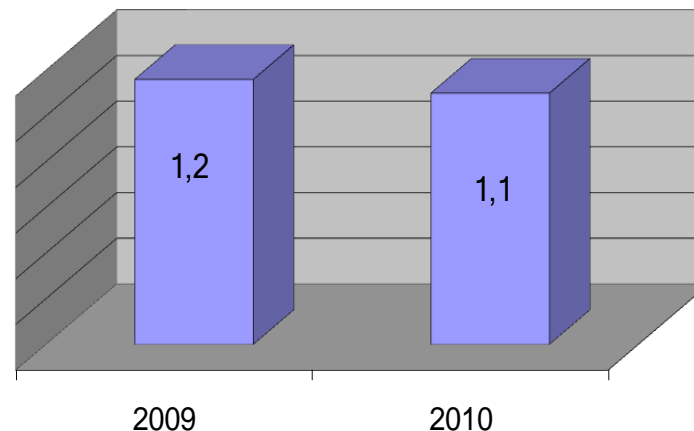
Floorspace (average - sq m)	172
Capex (PLN per sq m)	2245

- 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**
    - Business requirements analyzed
    - RFP sent, offers submitted, presentations and meetings conducted
    - Effective start of the implementation – early May

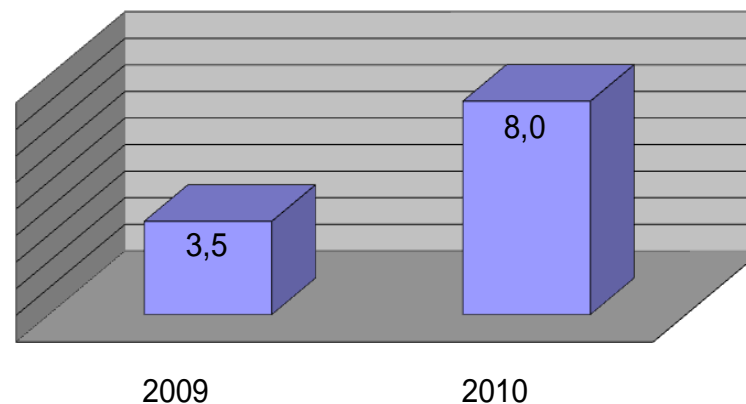
### Financial Indebtedness/Equity



### Net debt/EBITDA



### Gross Profit Interest Cover



	2009	2010
Financial Indebtedness / Equity	54,5%	48,0%
Net debt/ EBITDA	1,2	1,1
Gross Profit Interest Cover	3,5	8,0

# Shareholders structure (shares)

