

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.

NG2 S.A. – stock listed since 2004



Stock info

Share Price = 43.9 PLN

Reuters: CCCC.WA

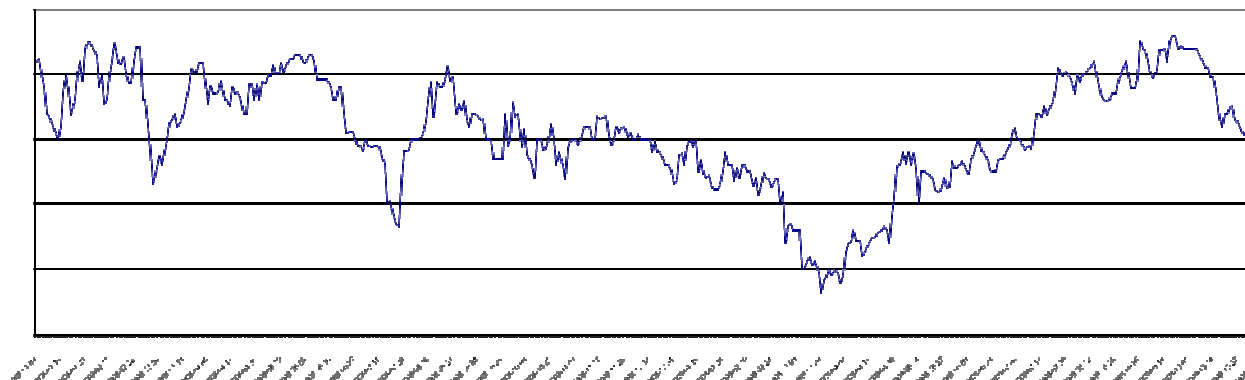
Bloomberg: CCC PW

Market Cap :
(PLNm) 1,686
(EURm) 408.4

Number of shares
38.400.000

Free float 28.65%

NG2 share price performance (January 2008 - November 2009)



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

Fig. XX Po Poland, footwear market value in PLN

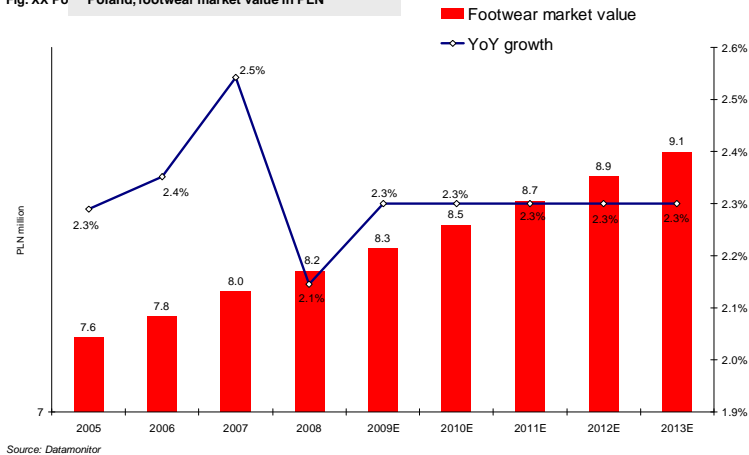
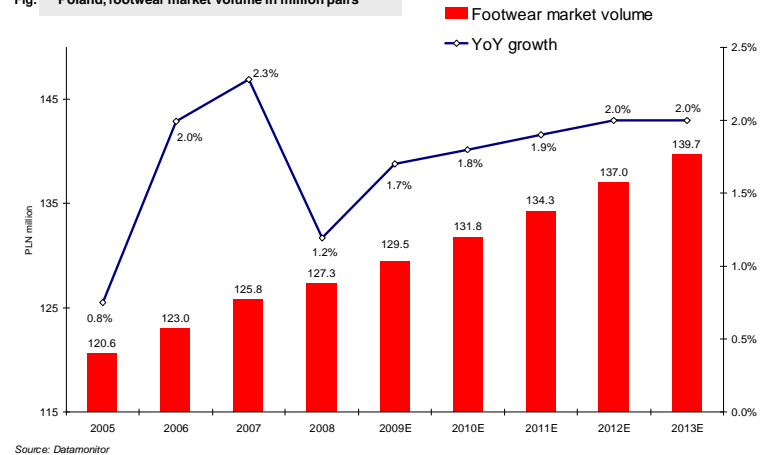


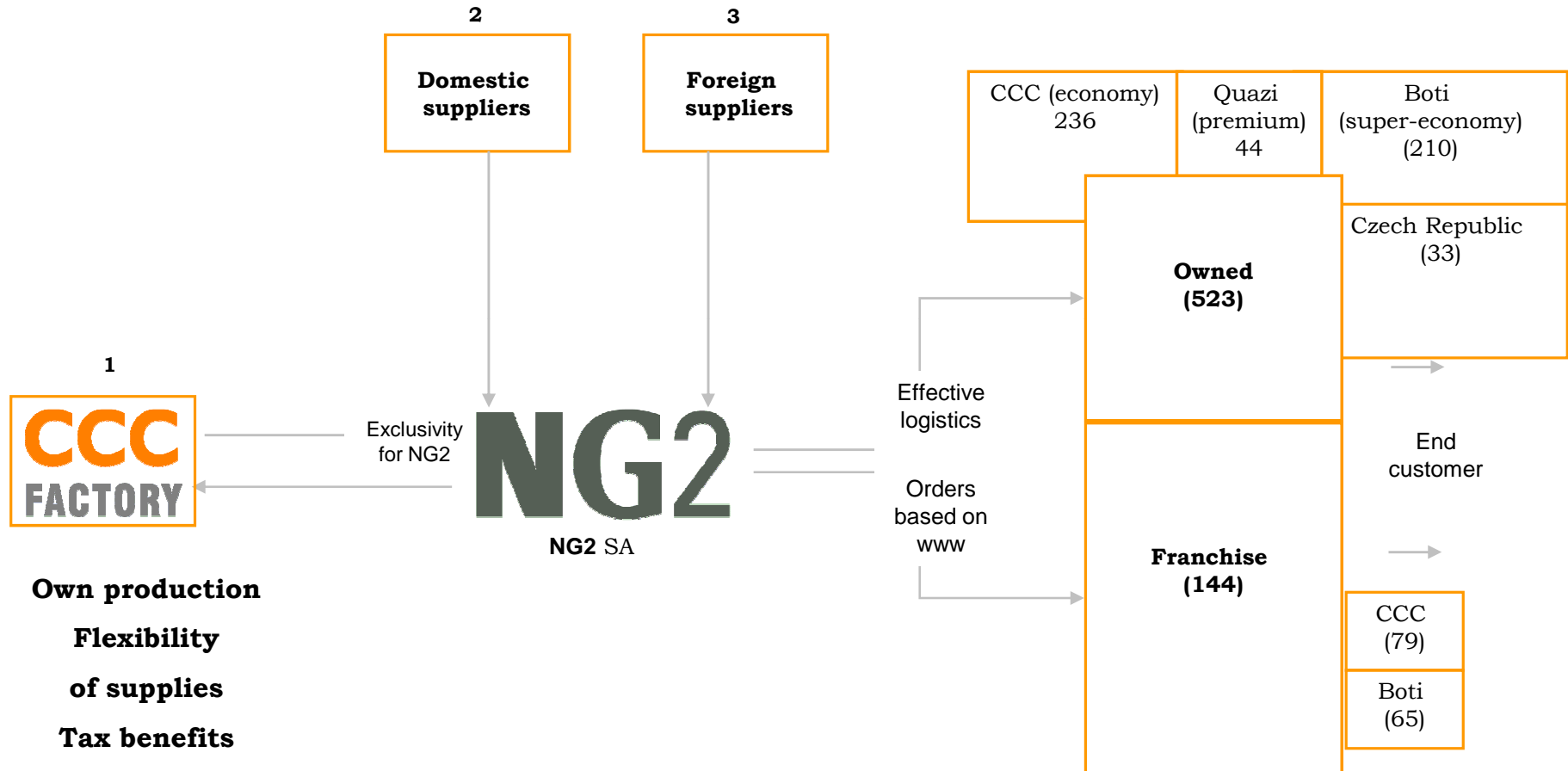
Fig. Poland, footwear market volume in million pairs



- 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)

NG2 S.A. – growth & value delivered

Total number of outlets : 667
(30.09.2009)

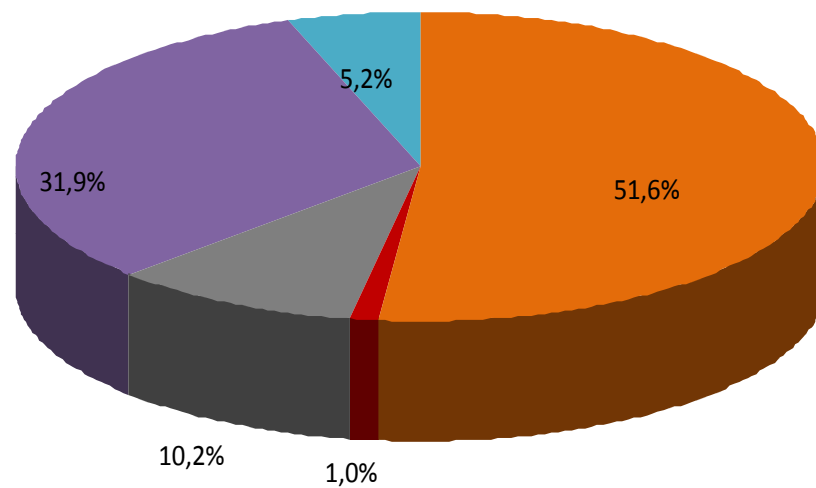


Why aren't we afraid of the slowdown of the economy?

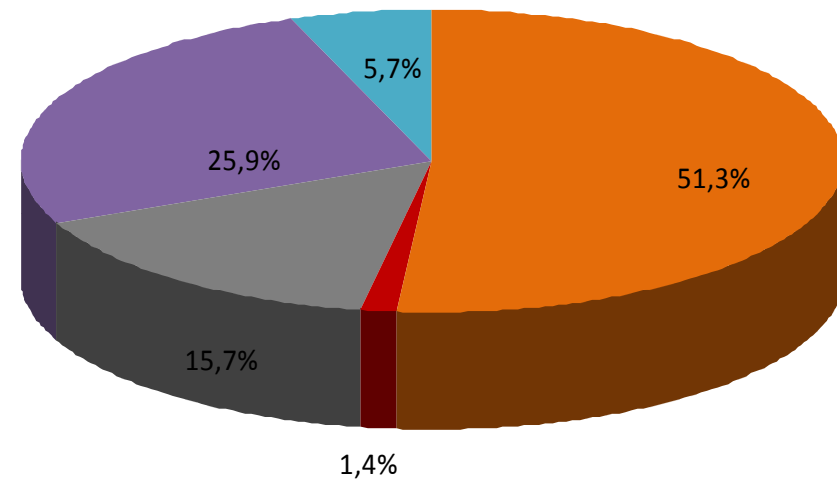
- **Defensive business model** – low-priced products are the most successful in the slowdown period.
- NG2 is “well shaped” to achieve limited profits contraction during the consumption slowdown.
- NG2 based its strategy on the **organic growth** in the domestic market.
- Slowdown means increase of our **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 of return for shareholders :
 - Strict control of costs,
 - Constant increase of sales efficiency
 - High margins determine high profitability
 - Low leverage guarantee low interest costs

Revenue split by volume and sales channels

I-IX 2008

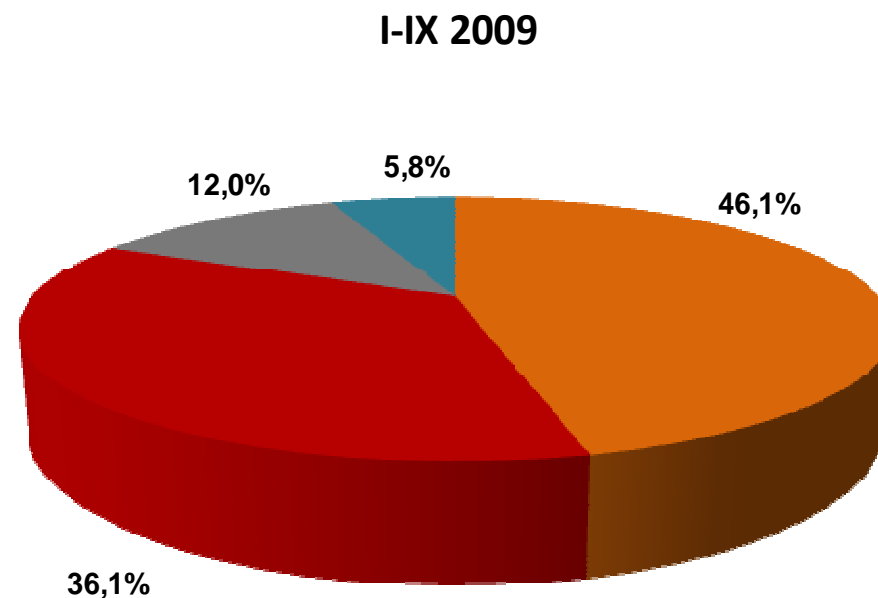
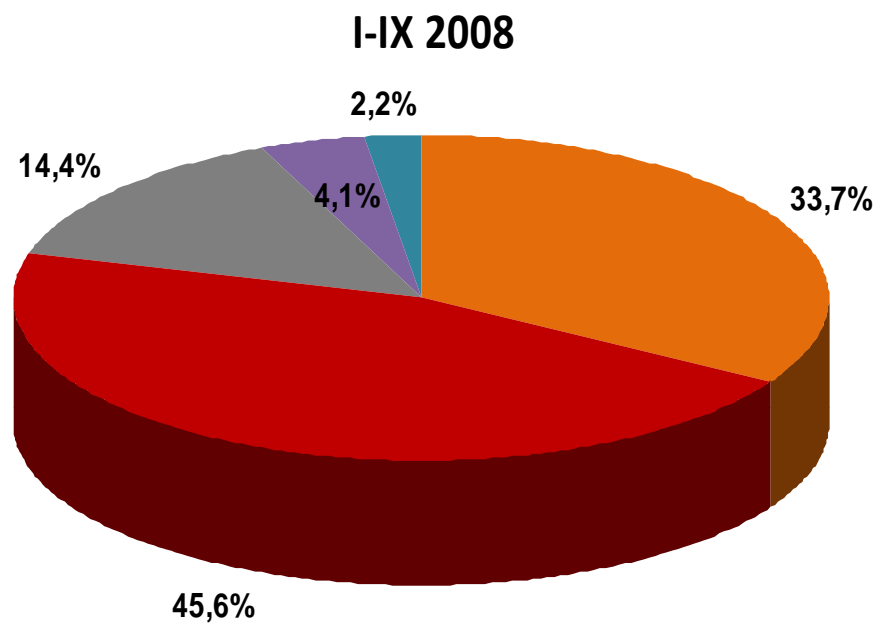


I-IX 2009



■ CCC ■ BOTI ■ QUAZI ■ Franchise ■ CCC BOTY

Purchases split by origin of products



■ China ■ Poland ■ India ■ Italy ■ Other

CCC – key driving factor of NG2 performance

<u>Number of outlets</u>	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
domestic company-owned outlets	181	197	207	228	229	237	236
abroad company-owned outlets	15	19	19	25	29	32	33
franchise shops	99	100	100	95	85	82	79
Floorspace	<u>89 439</u>	<u>92 717</u>	<u>95 422</u>	<u>102 047</u>	<u>103 232</u>	<u>105 741</u>	<u>105 867</u>
domestic company-owned outlets	62 280	63 798	66 463	72 388	73 807	76 286	76 758
abroad company-owned outlets	5 314	6 573	6 573	7 878	9 280	10 080	10 302
franchise shops	21 845	22 346	22 386	21 781	20 145	19 375	18 807
Gross Profit on Sale Margin (%)							
owned	56,8	60,1	55,8	53,4	46,8	54,3	51,0
franchise	37,7	38,6	36,6	21,2	18,8	28,8	35,6
abroad CCC	44,2	49,0	34,0	50,9	51,8	61,4	50,9

BOTI – super-economy

<u>Number of outlets</u>	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
domestic company-owned outlets	84	108	119	142	164	181	210
franchise shops	80	80	83	73	73	76	65
Floorspace	<u>17 478</u>	<u>20 043</u>	<u>21 697</u>	<u>23 393</u>	<u>26 283</u>	<u>29 281</u>	<u>31 636</u>
domestic company-owned outlets	9 583	12 148	13 487	16 092	18 765	21 358	24 586
franchise shops	7 895	7 895	8 210	7 301	7 518	7 923	7 050
Gross Profit on Sale Margin (%)							
owned	57,3	60,1	55,6	54,8	46,0	51,6	50,5
franchise shops	37,7	38,6	36,6	21,2	18,8	28,8	35,6

Quazi – premium brand

<u>Number of outlets</u>	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
domestic company-owned outlets	25	28	29	33	34	41	44
Floorspace	4 391	4 767	4 935	5 543	5 641	6 568	6 943
Gross Profit on Sale Margin (%)							
owned	40,0	45,5	32,7	46,2	36,1	46,5	44,1

Financial results 2007 - 2008

	2007 `000 PLN	2008 `000 PLN	Change (%) 2008/2009
Revenue	544 493	769 011	41,2 %
Gross Profit on Sale	278 678	405 338	45,5 %
Gross Profit on Sale Margin	51,2%	52,7%	2,9 %
Selling Costs	189 535	265 241	39,9 %
General & Administrative Costs	6 318	8 319	31,7 %
EBIT	63 246	132 948	110,2 %
Financial Costs	5 317	9 970	87,5 %
Gross Profit	58 287	123 234	111,4 %
Net Profit	47 653	103 496	117,2 %
Net Profit Margin	8,8%	13,5%	53,4 %
Total Assets	326 550	519 305	59,0 %
Liabilities nad Reserves	133 722	224 148	67,6 %
Long Term Liabilities	1 797	14 783	722,6 %
Short Term Liabilities	131 925	209 365	58,7 %
Equity	192 828	295 157	53,1 %
Return on Equity	24,7%	35,1%	41,9 %
Return on Assets	14,6%	19,9%	36,6 %

Financial results – I-IX 2009

	I-IX 2008 `000 PLN	I-IX 2009 `000 PLN	Change (%) 2009/2008
Revenue	532 758	651 831	22,4 %
Gross Profit on Sale	284 444	331 287	16,5 %
Gross Profit on Sale Margin	53,4%	50,8%	-4,8 %
Selling Costs	175 622	260 646	48,4 %
General & Administrative Costs	5 932	8 840	49,0 %
EBIT	99 535	62 321	-37,4 %
Financial Costs	8 129	6 962	-14,4 %
Gross Profit	91 535	55 917	-38,9 %
Net Profit	76 045	46 554	-38,8 %
Net Profit Margin	14,3%	7,1%	-50,3 %
Total Assets	493 678	617 873	25,2 %
Liabilities nad Reserves	221 880	314 796	41,9 %
Long Term Liabilities	17 763	107 210	503,6 %
Short Term Liabilities	204 117	207 586	1,7 %
Equity	271 798	303 077	11,5 %
Return on Equity	32,1%	24,4%	-24,0 %
Return on Assets	17,6%	12,0%	-31,8 %

September, October 2008 vs. September, October 2009

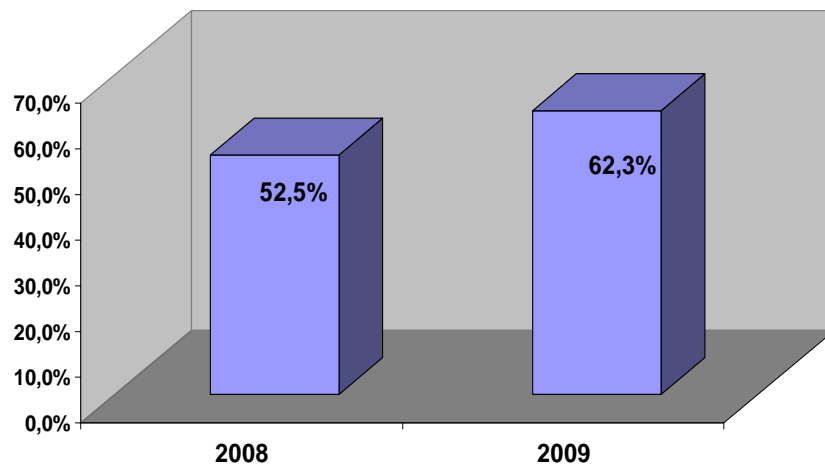
178 CCC stores	September 2008	September 2009	change %
Number of visitors	7 154 439	6 948 944	-2,9%
Number of transactions	618 131	539 816	-12,7%
Net sales	43 996 951	37 625 291	-14,5%
Effectiveness of sales	8,6%	7,8%	-10,1%
Av. ticket value	PLN 71	PLN 70	-2,1%
Revenue per 100 customers	PLN 615	PLN 541	-12,0%

188 CCC stores	October 2008	October 2009	change %
Number of visitors	7 759 415	8 955 511	15,4%
Number of transactions	604 972	751 619	24,2%
Net sales	53 383 594	70 247 559	31,6%
Effectiveness of sales	7,8%	8,4%	7,6%
Av. ticket value	PLN 88	PLN 93	5,9%
Revenue per 100 customers	PLN 688	PLN 784	14,0%

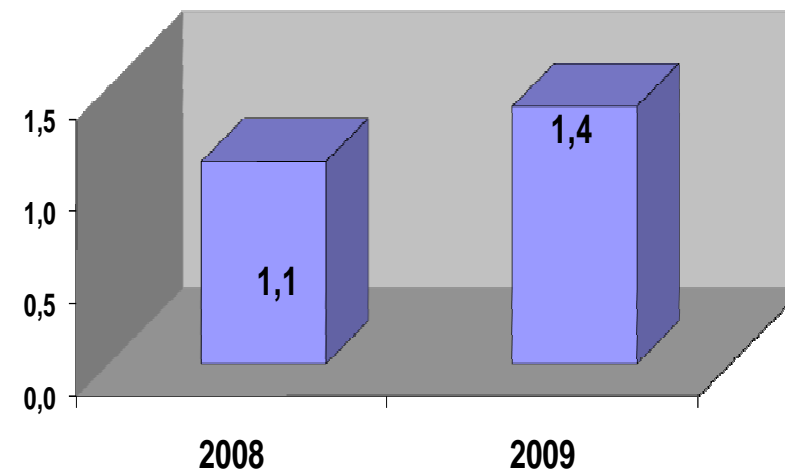
	September - October 2008	September - October 2009	change %
Number of visitors	14 913 854	15 904 455	6,6%
Number of transactions	1 223 103	1 291 435	5,6%
Net sales	97 380 545	107 872 850	10,8%
Effectiveness of sales	8,2%	8,1%	-1,0%
Av. ticket value	PLN 80	PLN 84	4,9%
Revenue per 100 customers	PLN 653	PLN 678	3,9%

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

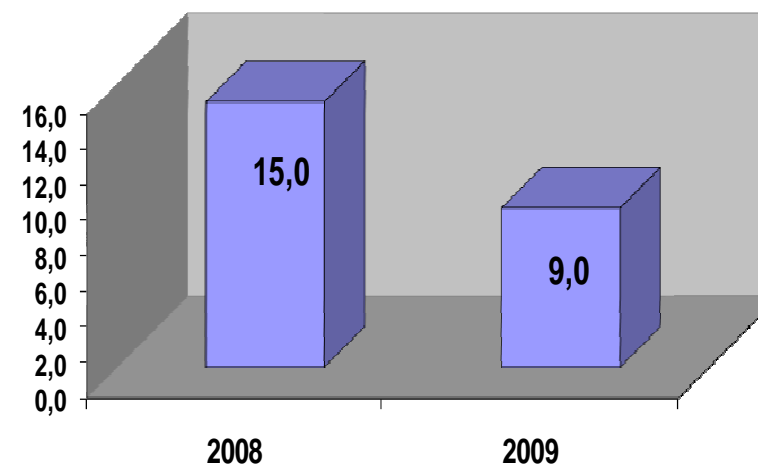
Financial Indebtedness/Equity



Net debt / EBITDA

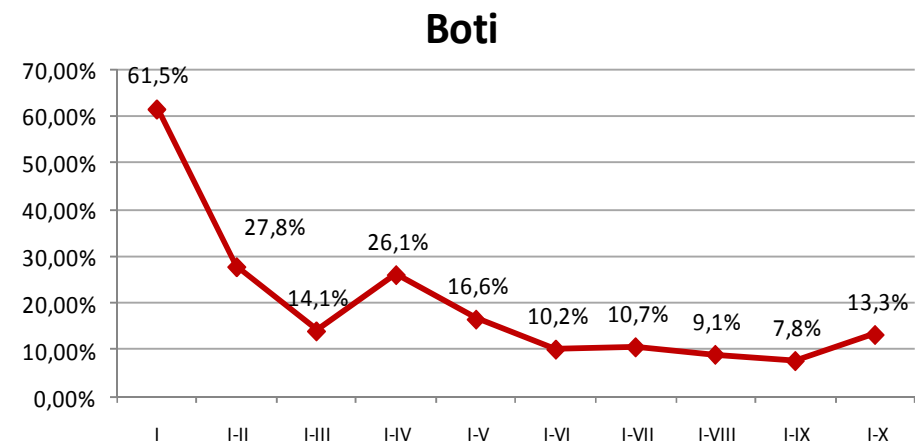
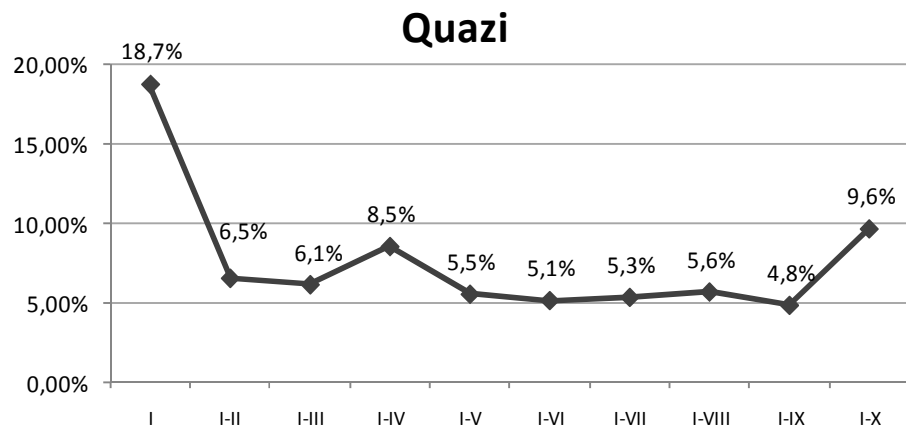
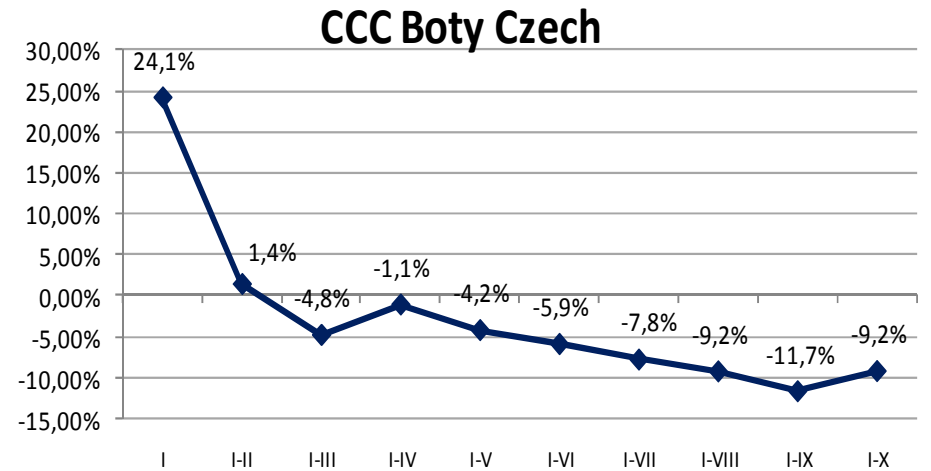
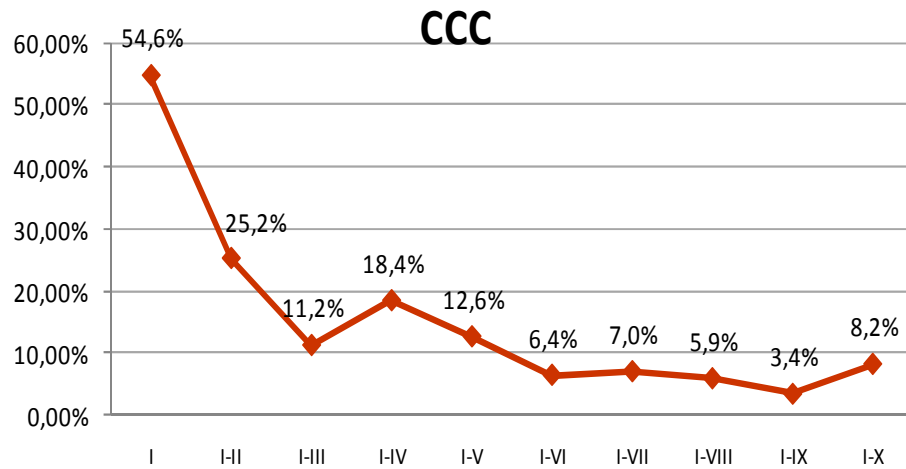


Gross Profit Interest Cover



	2008	2009
Financial Indebtedness / Equity	52,5%	62,3%
Net debt / EBITDA	1,1	1,4
Gross Profit Interest Cover	15,0	9,0

L-f-I sales - 2009



■ 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 **12-13%**.
 - 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 m²
 - Larger BOTI shops – 150-170 m²

- **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**

Capex per brand

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 ahead
 - Effective start of the process – early February

Shareholders structure

