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W.KRUK  
1840

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VISTULA



VRG

VISTULA RETAIL GROUP

# INITIAL JULY AND 2Q20 NUMBERS

AUGUST 5, 2020

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# 01

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## SALES RESULTS



# ACTIONS SUPPORTING REVENUES



## Support for on-line ...

Higher outlays for on-line traffic.

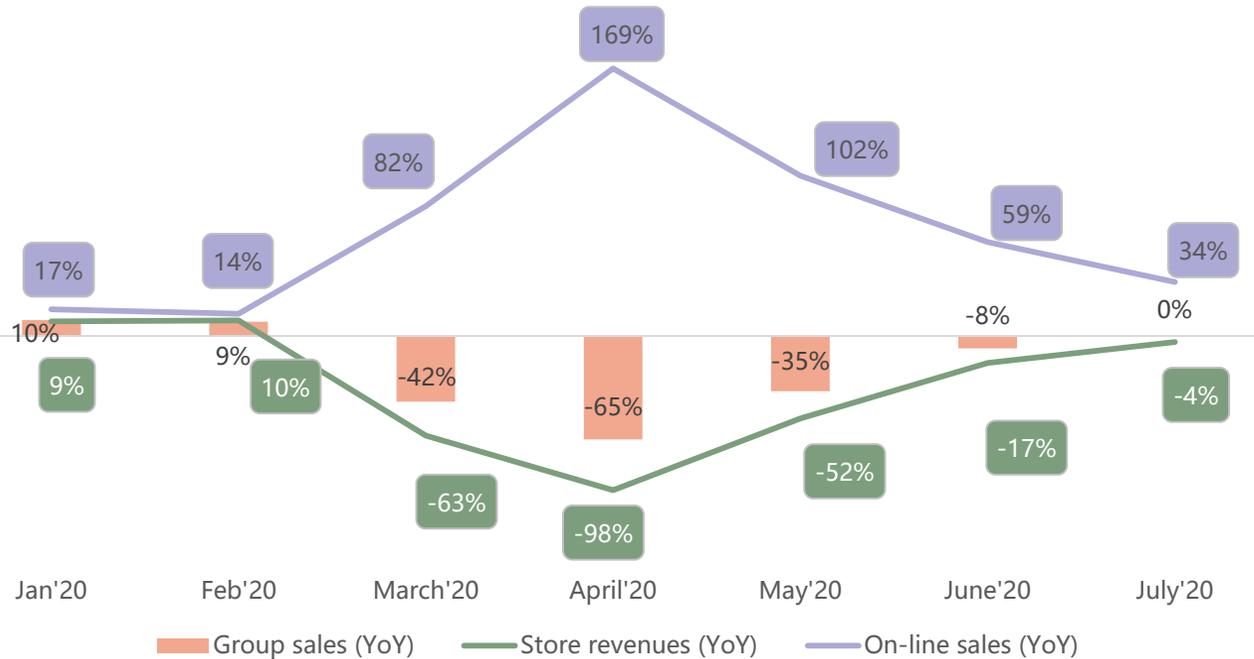
Streamlining of on-line logistics.

## ... and off-line stores

Promotions to attract customers to stores in May and June.

Focus on higher conversion in stores in July.

# COVID-19 IMPACT ON REVENUES



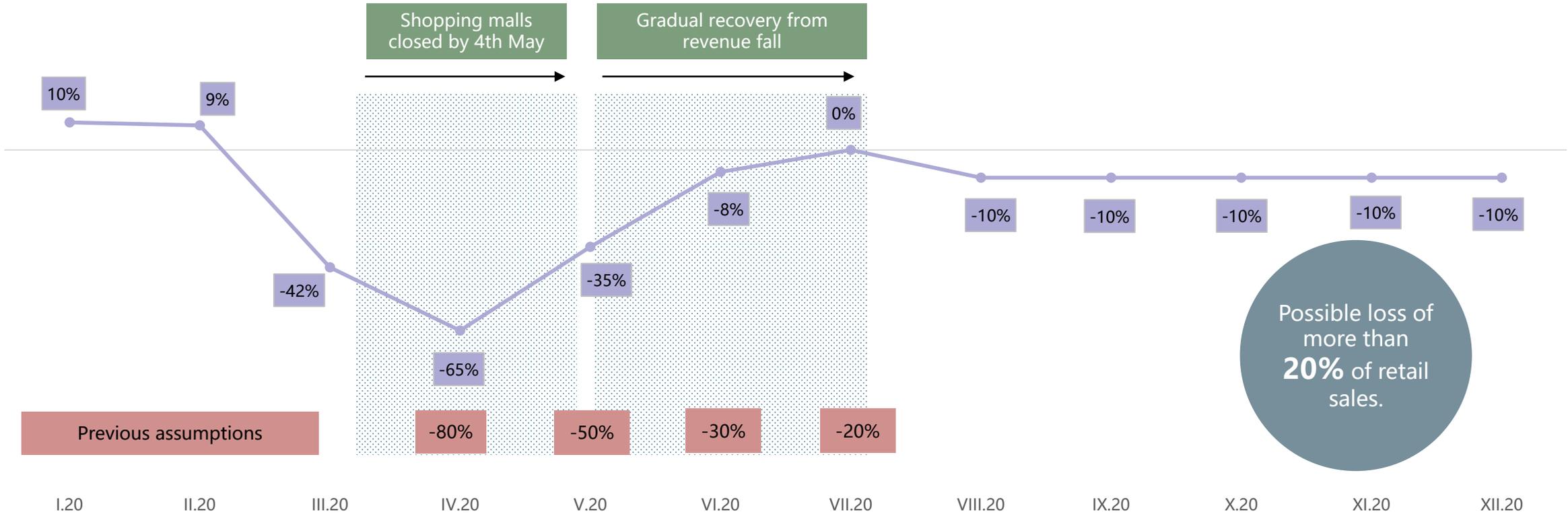
## 1 E-stores

E-stores of our brands operate and record high sales growths, despite opening of traditional stores. Weaker MoM dynamics due to rebound of sales in the traditional channel.

## 2 Stores

Majority of Group's traditional stores were opened on May 4. Floorspace at the end of July 2020 came in at 53.1 ths m2, -0.6% YoY

# I REVENUES ABOVE BASE CASE SCEARIO



# I STABLE GROUP REVENUES

JULY 2020

Group's gross profit margin:

49.6%

- 0.6pp.

## Key trends

- faster recovery of demand in the jewellery segment than in the apparel segment,
- focus on conversion due to lower traffic,
- lower MoM share of on-line sales positively influenced gross profit on sales margin.

Group revenues

**PLN 85.2m**

0.2% YoY

Apparel segment  
revenues

**PLN 48.6m**

-5.0% YoY

Jewellery segment  
revenues

**PLN 34.9m**

10.8% YoY



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# 02

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## COSTS AND LIQUIDITY



# I STABILISING ACTIONS

Cost reductions:

HR, rentals,  
marketing

01

Working capital  
improvements

02

Maintaining  
liquidity

03



# I ACTIONS TOWARDS HR AND RENTAL COSTS

## HR COSTS

- May and June: holiday use, impact of subsidies and salary reduction.
- July: extension of 4/5 of working time in stores of apparel brands, departure from this solution in W.KRUK stores.

## RENTAL COSTS

- Successfully renegotiated rents for 90% of the Group's floorspace.
- Negotiations on the remaining 10% should be completed within the next few weeks.



# | SAFE LIQUIDITY POSITION



## WORKING CAPITAL

- Reduction of Autumn/Winter orders by 30% in the apparel segment and 20% in the jewellery segment.
- Delayed shipment dates by suppliers.
- Use of supply chain financing.

## INDEBTEDNESS

- Secured current financing:
- extension of multi-purpose loan agreements with PKO BP for 2 years,
  - the total value of financing from PKO BP for all Group members at PLN 190m (PLN 265m in total for all banks),
  - overdraft facilities from PKO BP guaranteed by BGK.

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# PRELIMINARY 2Q20 RESULTS



# I PRELIMINARY 2Q20 RESULTS

PLN m, IFRS16	2Q19	2Q20	YoY
Revenues	270.2	174.9	-35%
EBITDA	56.7	18.4	-68%
EBIT	28.6	-10.4	N/M
Net income (loss)	23.9	-2.3	N/M

PLN m, IAS17	2Q19	2Q20	r/r
Revenues	270.2	174.9	-35%
EBITDA	34.8	-5.6	N/M
EBIT	28.7	-11.3	N/M
Net income (loss)	22.0	-8.3	N/M

Estimated 2Q20 gross profit on sales margin in came in at c. 46.9% and was some 6.6 pp. lower than in 2Q19 due to higher YoY promotions caused by the COVID-19 pandemic.

Estimated SG&A costs in 2Q20 amounted to c. PLN 83m. The 28% YoY decline resulted from the savings made. EBIT was positively affected by c. PLN 7.8m in subsidies for salaries, and negatively by c. PLN 13.9m from write-offs on inventories older than SS20 collection.

PLN 6m of FX gains due to application of IFRS16. FX gains also occurred under IAS17.

# PRELIMINARY 1H20 RESULTS

PLN m, IFRS16	1H19	1H20	r/r
Revenues	484.6	372.3	-23%
EBITDA	81.4	35.8	-56%
EBIT	27.3	-22.3	N/M
Net income (loss)	21.5	-34.3	N/M

PLN m, IAS17	1H19	1H20	r/r
Revenues	484.6	372.3	-23%
EBITDA	39.4	-11.8	N/M
EBIT	27.7	-23.5	N/M
Net income (loss)	20.8	-22.3	N/M

Estimated gross profit on sales margin in H120 amounted to c. 47.3% and was some 4.2 pp. lower than in 1H19 due to higher YoY promotions caused by the COVID-19 pandemic.

Estimated SG&A costs in 1H20 amounted to c. PLN 188m. The 15% YoY drop resulted from the savings made. The impact of one-offs was similar to 2Q20.

Some PLN 11m of FX losses due to the application of IFRS16.

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## IR ACTIONS



# | UPCOMING IR EVENTS



## 26<sup>th</sup> August

before market opens

Publication of 2Q20 results along with supplementary materials

## 26<sup>th</sup> August

during the trading session

- Videoconference on 2Q20 results
- Similar level of detailed disclosure as in past presentations

## 1<sup>st</sup> week

of September

- Publication of preliminary revenues for August 2020

# I PERSONS TO CONTACT

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regarding operational issues  
(current brands' functioning)

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regarding financial matters

**Mr Ernest Podgórski**

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Responsible for Financial Matters

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Q&A



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THANK YOU

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