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Press release

ABC Data continues strong growth trend: consolidated profit higher by 41%

ABC Data, leading Polish distributor of IT equipment and consumer electronics, quoted on GPW Warsaw Stock Exchange, again, as predicted, significantly improved its key financial results. The company closed the year 2015 with consolidated net profit of PLN 46.8 million. This translates into 41% improvement in relation to 2014. Consolidated EBITDA was also higher than a year before with its value in 2015 of PLN 69.0 million i.e. more than 10% than in 2014. These results prove strong financial position of ABC Data and the fact the strategic initiatives bring expected results.

The results presented by the Company comply with the forecasts that ABC Data published in November last year. Consolidated net profit in 2015 was PLN 46.8 million and was higher by more than PLN 13.5 million when compared to 2014. In the whole year 2015, from one quarter to another, the Company kept a stable margin increase trend with a 0.5 to 0.7 pp raise that resulted in increase of EBITDA. In 2015 it was more than PLN 69.0 million, i.e. more than 10% than in 2014 and it was also more than PLN 1.0 million more than forecasted. Consolidates sales revenues in 2015 exceeded PLN 4,856.3 million, which translates into a result better by more than PLN 93 million than forecasted. ABC Data keeps efficient working capital management which resulted in shortening cash conversion cycle to 25.6 days. Together with more profitable bank agreements this translated into significant reduction of financial costs in 2015 from PLN 12.0 million in 2014 to PLN 7.3 million. ABC Data also kept net debt, amounting to PLN 64.2 million, at a level far lower than comparable companies in the industry.



'Such good results are a reflection of changes that ABC Data implemented in the last year. As an effect, not only did the Company improve financial results, but it also strengthened its position in Poland and the whole CEE region', says Ilona Weiss, President of the Board of ABC Data. 'Regular growth in margins, one of the most important parameters in distribution, is very important for us. From our results you can see that concentrating on the most profitable transactions, and not on their number, was a good choice', President of the Board of ABC Data added.

The Company entered the year 2015 with introduction of a structure and process optimization project for the whole Group. The new finance management policy in the CEE region and more flexible decision process contributed to significant improvement in respective financial indicators. In the middle of the year, the Company announced a new business strategy and started implementation of the majority of key initiatives defined therein. Intensive development of product offer in the Mobile and Telco areas, products in the Value+ department and TV and household appliances resulted in broadening assortment from 73,000 to 180,000 products. Thanks to this, portfolio of the ABC Data Company is now the richest from among distributors operating in the CEE region. The Company also introduced new, high-margin product categories such as office supplies which allowed for implementation of 20% of the plan for increasing the number of customers included in the plan. Currently, the company has more than 13,000 active customers.

'Distributor's role has changed a lot recently and it shifts towards services not only in logistics but also on marketing, finance and specialized technical counselling. In ABC Data we put a lot of pressure on the development of competences and services with added value that are often characterized by significantly higher margins. We keep investing in development of our e-commerce platforms and initiatives in construction of light market place platform', explains Ilona Weiss. 'From our research among customers on CEE markets we can conclude that



financial offer and support in this scope are one of the decisive factors for distributor selection. We outperform our competitors in this area. ABC Data offers the highest level of support for Partners on the Polish market in the industry; it has been increased from PLN 1.5 billion to PLN 1.8 billion', adds President of the Board of ABC Data.

The changes that ABC Data introduced not only allow this modern and dynamic company to consequently improve its results and achieve higher and higher positions on respective markets in Central and Eastern Europe, but they also make it first choice distributor for a large number of resellers in the CEE region. The title of "Central & Eastern Europe Distributor Of The Year 2016", awarded to the Company by EMEA Channel Academy, can prove it. One of the most important prizes in the industry put ABC Data on a par with such global distributors as Ingram Micro that became "Distributor of the Year of the DACH region", or Tech Data selected "Distributor of the Year" in France, Great Britain and Ireland. Moreover, it was the sixth time the Company was awarded the title of "Central & Eastern Europe Distributor Of The Year 2016". This award confirms that actions we initiated last year for the development of ABC Data have been noticed by the industry and deemed as accurate and effective.

Very good financial results in 2015 give the Company some space for payment of one of the highest dividends on the market. The policy of ABC Data in this respect assumes payments from Company profits to shareholders of about 50% of net profits resulting from separate financial statement of the Company. A couple of months ago, the Company paid one of the highest dividends on the Polish market for 2014. It amounted to more than PLN 44 million. It is not excluded that this year the amount of dividend will be exceptionally high.

About ABC Data S.A.

ABC Data S.A. is a leader in the market of IT hardware and consumer electronics distribution in Poland and the only entity operating directly in eight Central and Eastern European countries (EU Member States). For over 25 years, the company has been offering computer



hardware, software, and consumer electronics. ABC Data has the largest market product range including 180 thousands products from over 1000 renowned brands. In the recent months, the product portfolio was expanded with new categories, such as smart products, stationery, office equipment, toys as well as tools and power tools. Thanks to continuous development and many years of investment in on-line platforms of customer service, the company is one of the leaders in online sales. Between 2009 and 2016, ABC Data received five EMEA Channel Academy awards for the best distributor in Central and Eastern Europe. In 2015, the company again took the first place in the Computerworld TOP 200 main ranking, thus keeping its status of the largest IT company in the Polish market. ABC Data was the first Polish company to join GTDC, a prestigious association of the largest IT distributors worldwide. In 2010, ABC Data S.A. made its debut on the Warsaw Stock Exchange.

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