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Press release

In Q3, ABC Data doubled its EBITDA and tripled its net profit

ABC Data Capital Group closed Q3 of 2017 with over twofold EBTIDA and EBIT growth and a three times higher (YoY) net profit. During that period, the Company generated consolidated EBITDA amounting to PLN 15.7 million, EBIT amounting to PLN 14.3 million and PLN 9.2 million of net profit. In Q3 of 2017, the Group significantly increased its return on sales and achieved a margin of over 6%.

In Q3 of 2017, ABC Data Group increased its sales revenue up to PLN 1.117 billion, which exhibits a YoY growth by 2%. During that period, the Company generated gross profit on sales amounting to PLN 66.9 million, which means growth by 8% as compared to the corresponding period of the year 2016. Consistent elimination of low-margin transactions translated into the increase of margin on sales from 5.7% in Q3 of 2016 to 6.0% in Q3 of 2017.

– ABC Data financial results clearly show that the acquired strategy involving concentration on high-margin transactions appears to be more than satisfactory. Thanks to actions that we take, each quarter we are able to enjoy and proudly announce a growing level of profitability, which is one of the most important aspects in distribution industry – says Ilona Weiss, CEO of ABC Data S.A. – The forecasts for Q4 are equally optimistic. Our estimated sales revenue generated in October prove this well. They are identical to those from the previous year and amount to PLN 470 million - adds Ms Weiss.

In Q3 of 2017, the Group generated a two times higher EBIT than in the previous year, which reached PLN 14.3 million as compared to PLN 6.3 million in 2016. This year's first three quarters showed a YoY increase of EBIT by 14%, which ended up at the level of PLN 26.9 million. In turn, EBITDA witnessed an increase from PLN 6.9 million in Q3 of 2016 to PLN 15.7 million as



compared to the corresponding period this year. During first three quarters of 2017, in comparison with the first three quarters of 2016, it grew by 56% reaching the level of PLN 30.8 million (excluding the net result from the transaction related to Bizneslink CO Sp. z o.o. disclosed in Q1 of 2016).

Consolidated net profit of ABC Data in Q3 of 2017 increased to PLN 9.2 million, which means that it was over three times higher than in the corresponding period last year (PLN 2.9 million). In turn, net profit of ABC Data Group in the first three quarters of 2017 reached PLN 14.0 million. It means that it grew by 76% (after the exclusion of Bizneslink CO transaction). Due to actions aimed at reducing SG&A costs, after the exclusion of subsidiary S4E S.A., ABC Data Group successfully decreased the costs of sales and general administrative expenses by, respectively, 8% and 2% YoY within the first three quarters of 2017.

ABC Data Group retains a strong market position in the CEE region. In Q3 of 2017, the Company recorded an increase of sales revenue in the majority of markets in which it is present. The sales growth rate of ABC Data was the highest in Hungary (sales growth by +11% YoY), in Lithuania (+7%) and Romania (+6%). Higher revenue was accompanied by a higher margin on sales in the CEE region, which placed above the market average. The Group is gradually expanding its sales channel in the region, which leads to an increasing number of customers and an increasing number of products from wide ABC Data portfolio available in particular markets.

In Q3 of 2017, the Group continued to invest in developing the key areas for growth: mobile, value-added services, cloud platform and e-commerce. ABC Data dynamically develops the cooperation with Xiaomi, thanks to which in Q3 of 2017 it achieved a 60% growth in sales as compared to Q2 of the same year. – *As declared, we are gradually expanding our sales channel in other countries of the CEE region. Having launched Xiaomi products in Lithuania, we also marketed them in other Baltic states (in Latvia and in Estonia), and in October*





we launched the Xiaomi distribution in Romania – explains Andrzej Kuźniak, Vice President of the Management Board of ABC Data S.A. – Xiaomi smartphones are increasingly gaining market share in Poland and in the CEE region. According to GfK, Xiaomi retail market share in Poland has already reached 7.5%, whereas in Lithuania its entire market share equals to as much as 7.1%. It proves best that ABC Data, as the first official Xiaomi distributor in the EU, is a very valuable business partner – adds Mr Kuźniak.

As far as e-commerce is concerned, the Company runs intensive development works on a mobile app to the InterLink system: m-InterLink. Recently, the app has been upgraded with many new functionalities, including a product search engine with a barcode scanner. In turn, as far as ABC Data Cloud platform is concerned, ABC Data is currently working on the expansion of existing cloud services sales channel. The Company also strives for broadening its portfolio of available IT solutions.

About ABC Data S.A.

ABC Data S.A. is a leading provider of IT equipment and services and consumer electronics in the CEE region. As the only company in the industry, it operates directly in eight countries of Central and Eastern Europe. The company successfully creates market trends and systematically expands its portfolio with products in the area of new, innovative technologies. Thanks to many years of investments in online client service platforms, the distributor has nowadays a leading position in B2B online sales. In the years 2009-2017, ABC Data was awarded seven times with one of the industry's most important awards, i.e. the EMEA Channel Academy award for the best distributor of the CEE region. It has become a member of GTDC, a prestigious association of the largest IT distributors in the world, as the first company in Poland. Since 2010, it has also been listed on the Warsaw Stock Exchange.

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