

# Conference on results of the AB Group

## Q2 FY 2020-2021



03.03.2021



AB ON THE MARKET

over 30 years  
**AB** PL  
Digital World



# DISTRIBUTION MARKET IN CY 2020

POLAND/CZECH REP./SLOVAKIA

**+30,1%**

growth market  
in Poland in CY y/y

**+38,6%**

AB S.A. growth CY y/y

**+15,0%**

growth market  
in Czech Rep. in CY y/y

**+17,2%**

ATC growth CY y/y

**-6,8%**

growth market  
Slovakia in CY y/y

**+13,6%**

ATC growth CY y/y

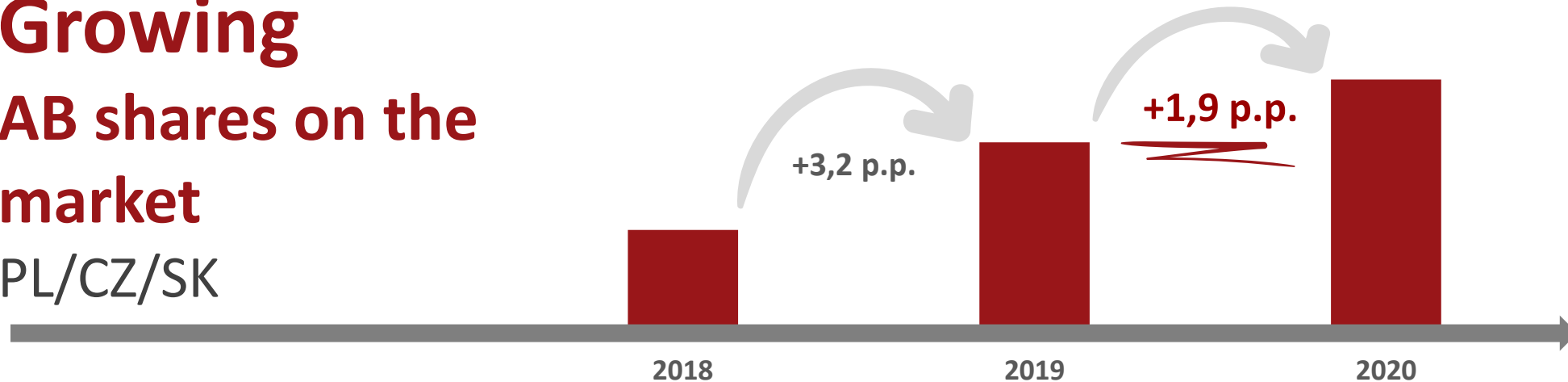
**+18,7%**

growth market  
in PL/CZ/SK CY y/y

**+25,7%**

AB Group growth AB CY y/y

**Growing**  
**AB shares on the**  
**market**  
PL/CZ/SK



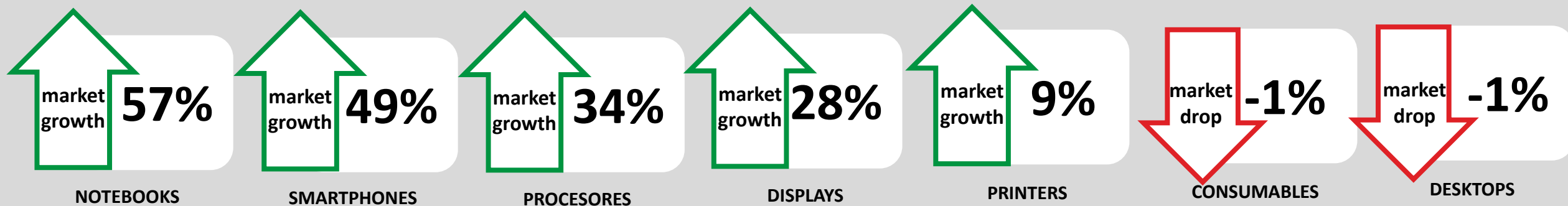
\* Source: Context, 2020

# SITUATION ON THE DISTRIBUTION MARKET IN POLAND IN 2020

POSITIVE SALES RESULTS



Growth in the main product categories in CY 2020\*:



# PROGRAMS SUPPORTING IT EXPENDITURES IN POLAND

## Closed

**EUR 22 bn**

in public guarantees to support Poland's economy in connection with the coronavirus pandemic

**PLN 135 bn**

disbursed to enterprises under the crisis shield

**PLN 367 m**

government's support to the development of digital school under the anti crisis shield - "Remote School" and "Remote School +" programs

## Current

**PLN 130 m**

computer hardware for children in foster care

**PLN 1 500**

for purchases of computers for children in farming families

**PLN 500**

government subsidies for each teacher for IT hardware and Internet access

**PLN 50 m**

grants for teachers supporting remote education

**PLN 14 Thousand/educational institution**

Continuation of the "active blackboard" program for 2020-24; as a subsidy to each educational institution

## Planned

**EUR 66.8 bn**

Poland to be the largest beneficiary of the EU Recovery Fund (Next Generation EU) for 2021 – 2027 of which:

**20%**

will be allocated to **Digitisation** Of which

**PLN 13.7 bn**

**for Digital transformation** under the National Recovery Plan (KPO)

**EUR 9.3 bn**

in financial services to Poland under the Digital Europe Programme (DEP) for 2021-2027

**EUR 2 bn**

support to "Digital Poland" program under EU's Cohesion Policy Policy

# IT MARKET TRENDS IN 2021\*

## DEVELOPMENT DIRECTIONS INCREASE DEMAND FOR IT HARDWARE



### WORK

Remote work,  
collaboration software



### BUSINESS

Cloud computing,  
Industry 4.0



### E-COMMERCE

E-shopping  
(tools supporting sales)



### CONNECTIVITY

5G, Wifi 6,  
IoT



### AS A SERVICE

SaaS, DaaS,  
IaaS



### CYBERSECURITY

Firewall,  
Software

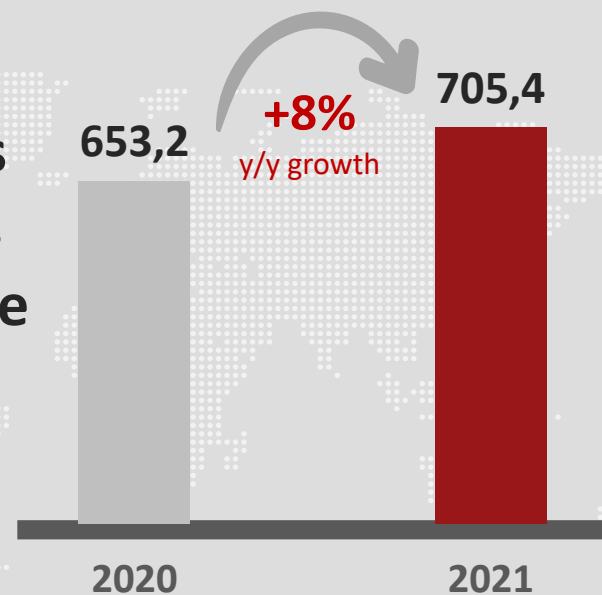


### OTHERS

Virtual reality,  
augmented reality

## Global expenditures on IT devices and hardware

USD BN  
acc. to Gartner\*\*



# IT PENDINGS IN 2020

**24% of the respondents purchased IT hardware (computer, smartphone, laptop) in connection with the pandemic\*\*\*\***

PL/CZ/SK

USD 148

VS

Western Europe

USD 204

Digital Transformation Index\*\*\*

Poland

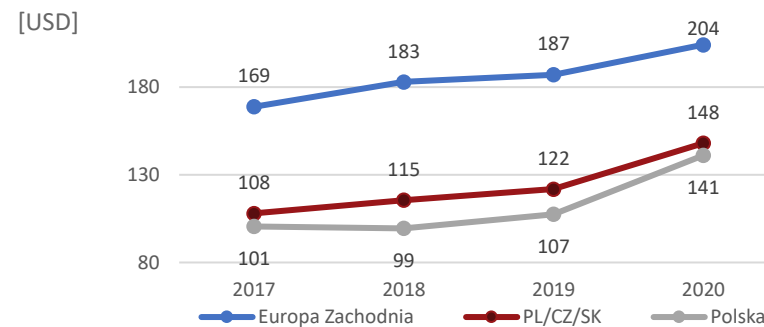
81%

VS

European average

75%

IT expenditures per capita for last 3 years\*



**3 OUT OF 4 POLES HAVE REDUCED THEIR SPENDING TO A MINIMUM DURING THE PANDEMIC – AN OPPORTUNITY FOR SPENDING IN 2021\*\*\*\***

# DIGITISATION OF POLAND A KEY PRIORITY FOR NATIONAL DEVELOPMENT

INTERVIEW WITH MAREK ZAGÓRSKI, MINISTER IN THE CHANCELLERY OF THE PRIME MINISTER



**E-VISIT FORMULAS – EQUIVALENT TO A PERSONAL VISIT TO A GOVERNMENT OFFICE**





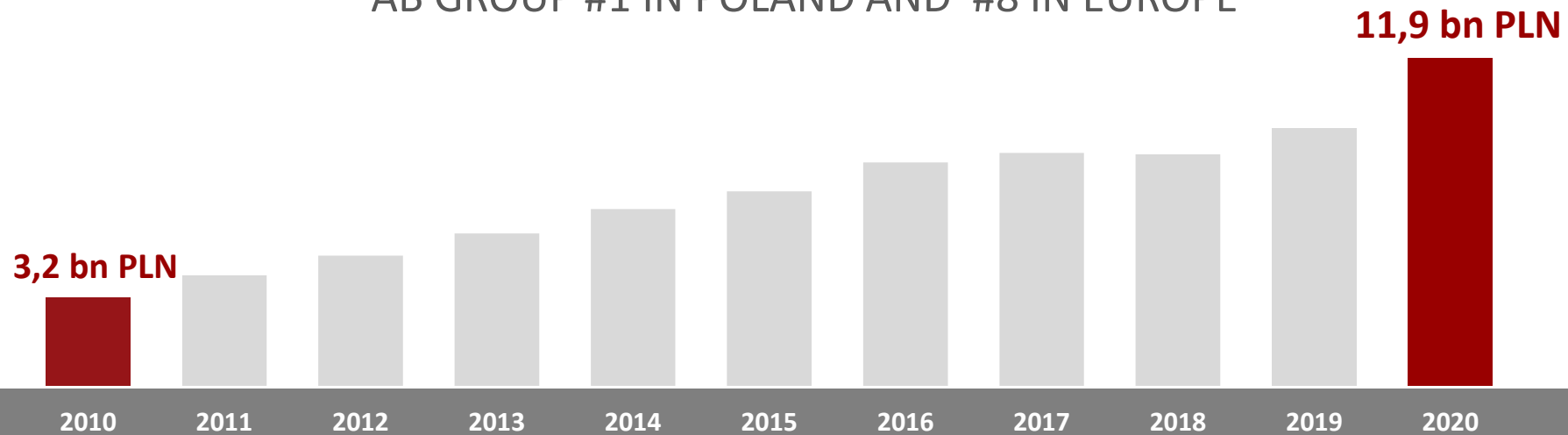
## FINANCIAL RESULTS

over 30 years  
**AB** PL  
Digital World



# AB GROUP

AB GROUP #1 IN POLAND AND #8 IN EUROPE



**100 mln PLN**

net profit  
2020

**151 mln PLN**

EBITDA  
2020

**83 mln PLN**

operational flows  
2020

**85%**

automatic transactions  
2020

# CONSOLIDATED RESULTS OF AB GROUP

## CONSOLIDATED RESULTS OF AB GROUP

Item	Q4 2020	Q4 2019	Y/Y
	[thous. PLN]	[thous. PLN]	%
<b>Income from sales</b>	<b>4 243 612</b>	<b>3 250 987</b>	<b>30,5%</b>
Gross profit on sales	135 371	104 130	30,0%
Gross profitability on sales	3,2%	3,2%	
Profit on sales	65 822	37 381	76,1%
Profitability on sales	1,6%	1,1%	
Other operating income/expenses (net)	-72	-1 895	-96,2%
<b>Profit on operational activity</b>	<b>65 750</b>	<b>35 486</b>	<b>85,3%</b>
<b>EBITDA</b>	<b>70 040</b>	<b>39 437</b>	<b>77,6%</b>
<i>EBITDA margin</i>	1,7%	1,2%	
Financial income/expenses (net)	-375	-2 063	-81,8%
<b>Net profit</b>	<b>52 862</b>	<b>26 713</b>	<b>97,9%</b>
Net profitability	1,2%	0,8%	
Assets	3 023 045	2 606 852	16,0%

# CONSOLIDATED RESULTS OF AB GROUP

## CONSOLIDATED RESULTS OF AB GROUP

Item	H1 2020/21	H1 2019/20	Y/Y
	[thous. PLN]	[thous. PLN]	%
<b>Income from sales</b>	<b>7 125 240</b>	<b>5 413 310</b>	<b>31,6%</b>
Gross profit on sales	221 746	179 000	23,9%
Gross profitability on sales	3,1%	3,3%	
Profit on sales	95 934	58 586	63,7%
Profitability on sales	1,3%	1,1%	
Other operating income/expenses (net)	-1 222	-3 150	-61,2%
<b>Profit on operational activity</b>	<b>94 712</b>	<b>55 436</b>	<b>70,8%</b>
<b>EBITDA</b>	<b>103 083</b>	<b>63 334</b>	<b>62,8%</b>
<i>EBITDA margin</i>	1,4%	1,2%	
Financial income/expenses (net)	-6 070	-7 389	-17,9%
<b>Net profit</b>	<b>71 954</b>	<b>38 444</b>	<b>87,2%</b>
Net profitability	1,0%	0,7%	
Assets	3 023 045	2 606 852	16,0%

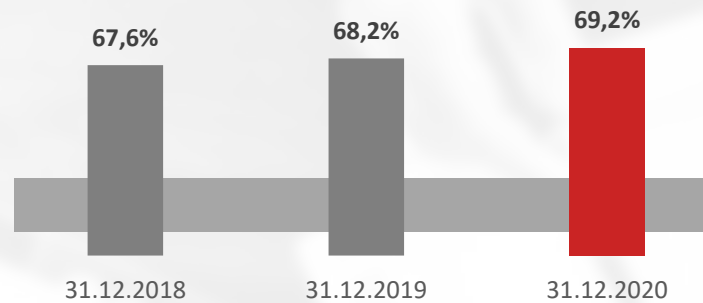
# CONSOLIDATED RESULTS OF AB GROUP

## BALANCE SHEET ITEMS

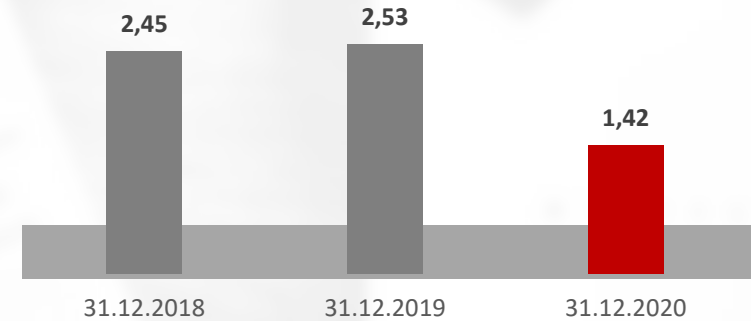
Item	31.12.2020	31.12.2019	Y/Y
<b>Total receivables</b>	<b>1 005 025</b>	<b>1 134 332</b>	<b>-11,4%</b>
of which trade receivables	1 551 082	1 075 791	44,2%
<b>Cash</b>	<b>1 536 869</b>	<b>1 065 227</b>	<b>44,3%</b>
Accruals and prepaid expenses	168 541	121 300	38,9%
<b>Total assets</b>	<b>3 129</b>	<b>3 932</b>	<b>-20,4%</b>
Total receivables	<b>3 023 045</b>	<b>2 606 852</b>	<b>16,0%</b>
<b>Shareholders' equity</b>	<b>930 436</b>	<b>828 589</b>	<b>12,3%</b>
Provisions for liabilities	<b>6 970</b>	<b>7 034</b>	<b>-0,9%</b>
Bank loans and bonds	382 449	387 223	-1,2%
<b>Trade payables</b>	<b>1 273 090</b>	<b>1 116 953</b>	<b>14,0%</b>
Other liabilities	416 462	257 103	62,0%
Accruals and prepaid expenses	<b>13 638</b>	<b>9 950</b>	<b>37,1%</b>
<b>Total liabilities</b>	<b>3 023 045</b>	<b>2 606 852</b>	<b>16,0%</b>
<b>Net debt</b>	<b>213 908</b>	<b>265 923</b>	<b>-19,6%</b>
<b>Net working capital</b>	<b>1 268 804</b>	<b>1 082 606</b>	<b>17,2%</b>

# SAFE AND DIVERISIFIED DEBT

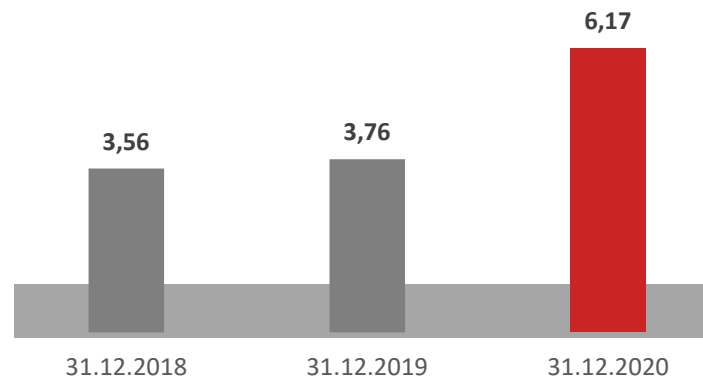
Total debt ratio



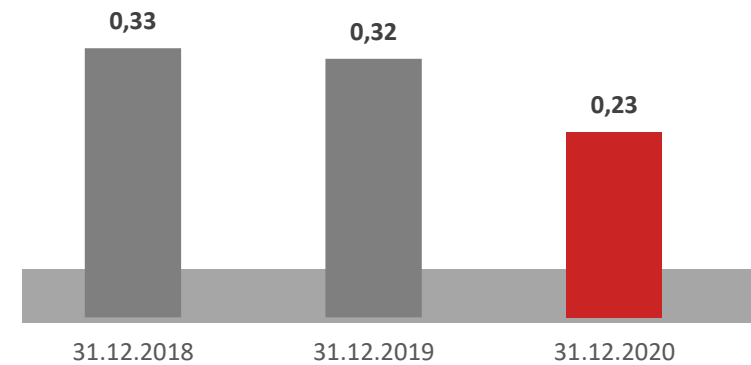
financial debt / EBITDA



Earnings per share (EPS)



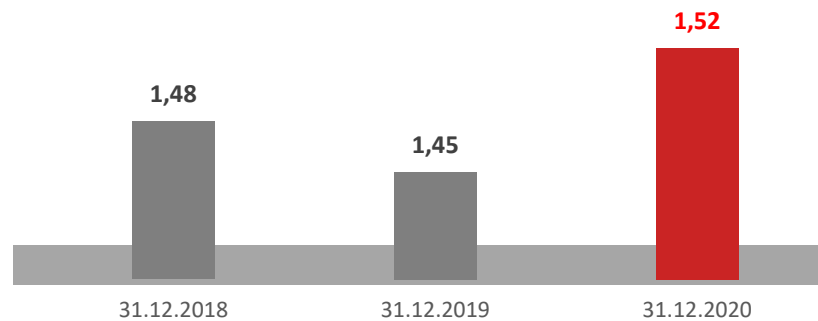
Net financial debt/equity



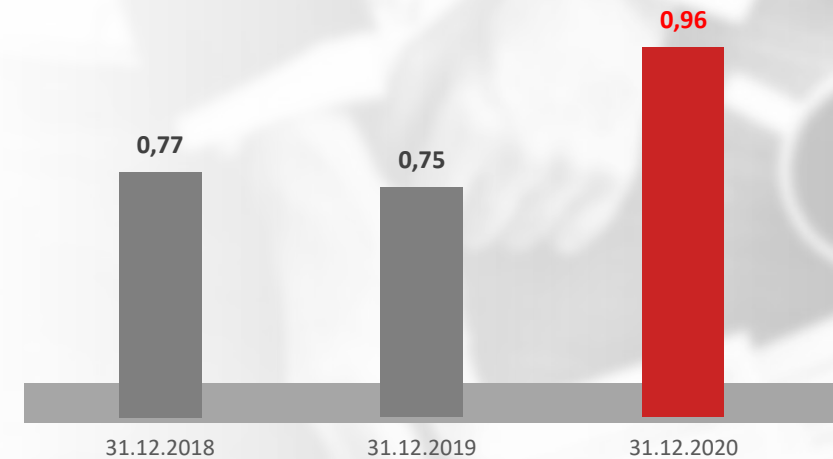
# STABLE FINANCIAL LIQUIDITY

## LIQUIDITY RATIOS

### Current liquidity ratio



### Quick liquidity ratio



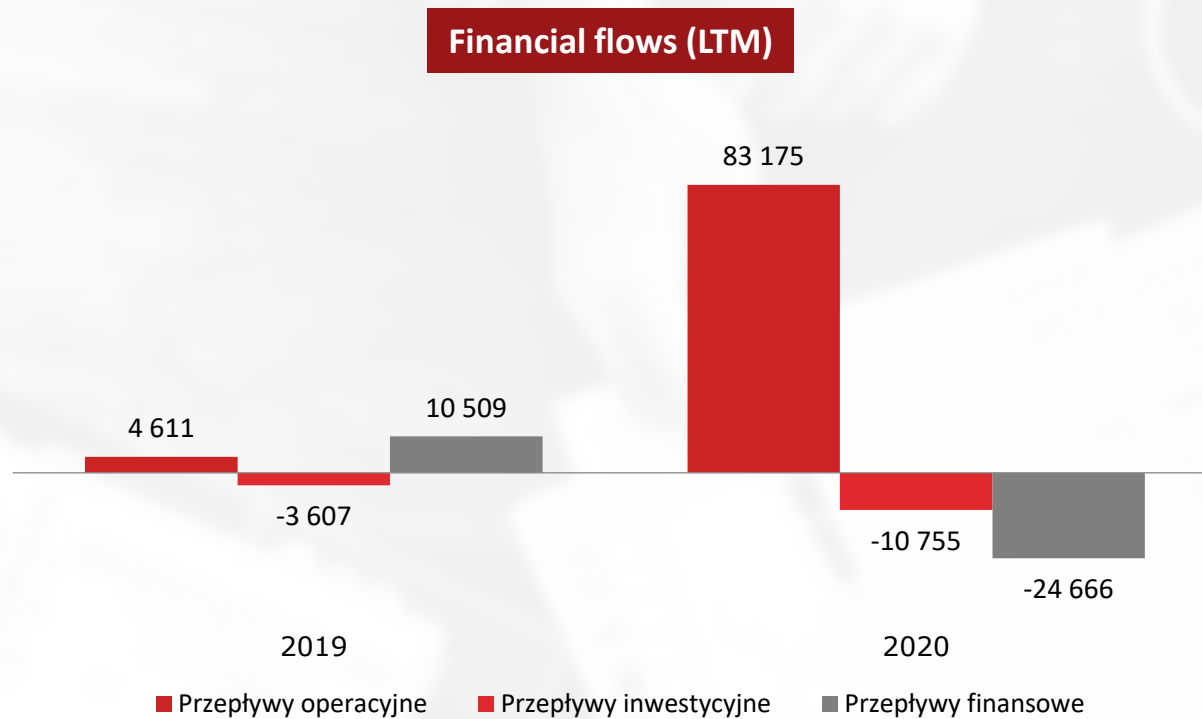
**A safe level of financial liquidity** is the long-term goal of the AB Group

**The Group has recorded an increase in its current liquidity ratio** - to the level of 1.52.  
Security of full solvency at least in the medium term

**The growing fast liquidity** ratio is an effective use of inventory rotation and a place to finance high sales increases in the cash conversion cycle

# CASH FLOWS

## STRONG OPERATING CASH FLOWS



Strong operating flows show AB's ability to generate cash

Visible economies of scale. Successive increases in sales generated with continuous optimization of working capital

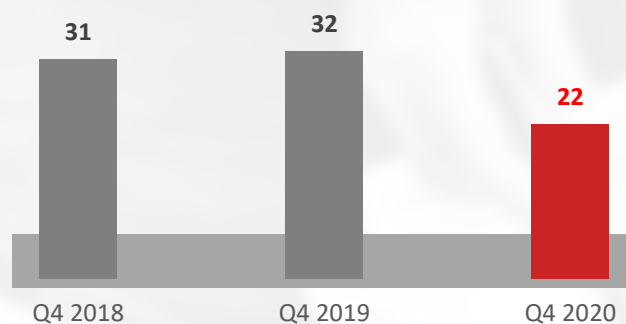
Safe and stable operating flows allow for dynamic development of operations, regardless of the external environment



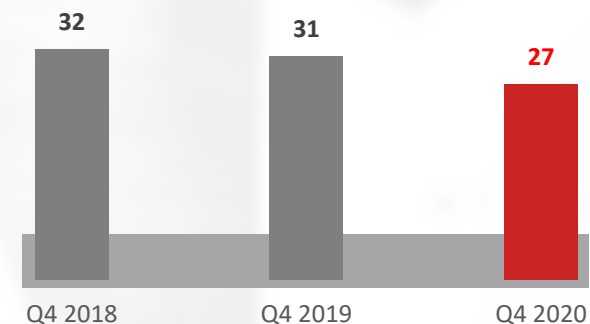
# CASH CONVERSION CYCLE

## OPTIMISED CASH CONVERSION CYCLE

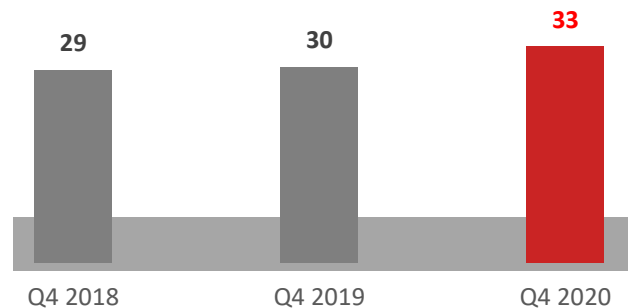
Inventory turnover



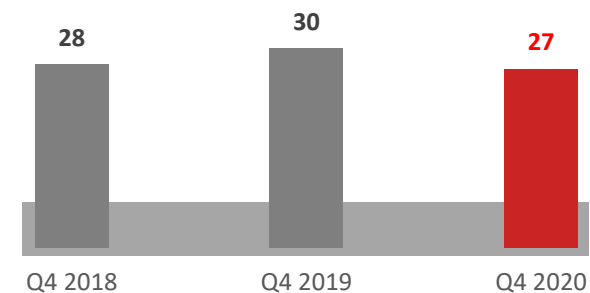
Turnover of receivables



Payables turnover



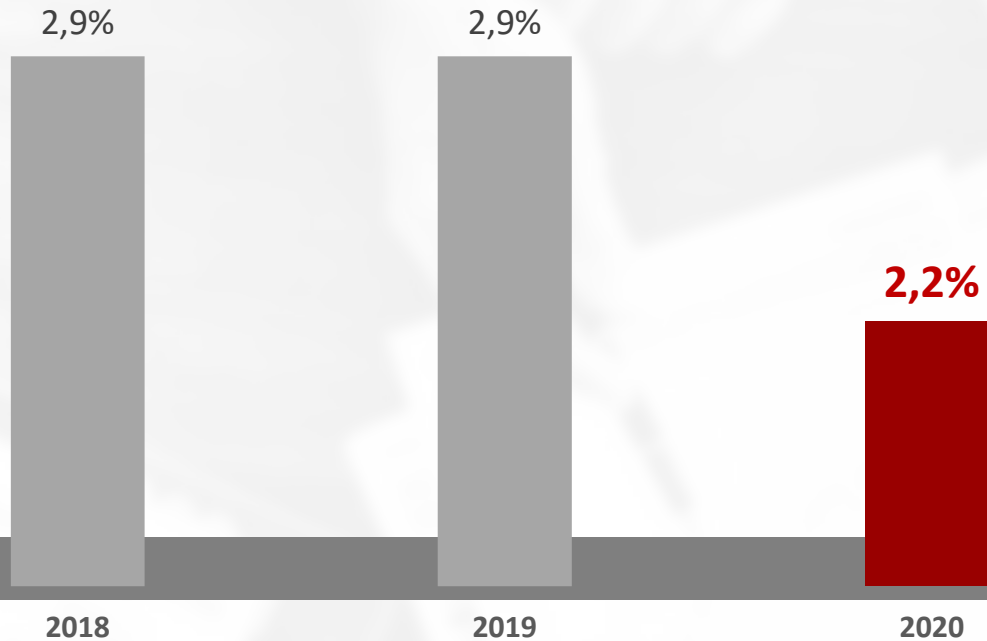
Cash conversion cycle



# COST RATIO SG&A

AB GROUP - EFFICIENCY LEADER

## SG&A in AB Group

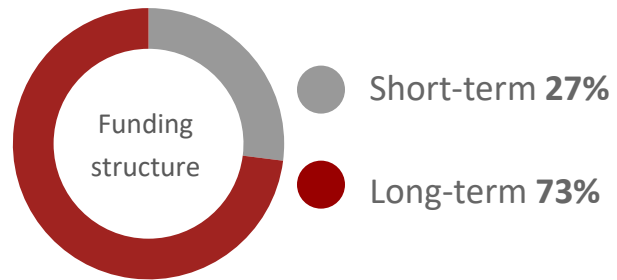
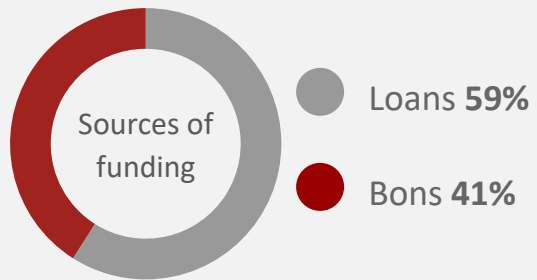


- **High efficiency** allows you to scale business without incurring significant costs
- **Continuous investments** in the development of competitive advantages contribute to the effective implementation of the market strategy
- **Competences, stability and consistency in action** guarantee stable development in the long term

The industry's lowest SG&A cost index is the basis for safe development

# STRONG FINANCIAL FOUNDATIONS

LOTS OF SPACE TO FINANCING FURTHER GROWTH



**Stable and diversified funding sources create a safe base for further business development**



## BUSINESS AREAS

over 30 years  
**Ab** PL  
Digital World



# DEVELOPMENT OF VALUE ADDED DISTRIBUTION

## New contact in VAD's offer

**DELL**Technologies

Contract for EMC products  
(data storage and backup)

**Microsoft Azure**

own sales platform in the  
consumption model

## AB awarded by suppliers



**DELL EMC**  
Infrastructure  
Solution  
Distributor of  
the Year



**HPE**  
istributor of  
the Year  
2020



**Lenovo**  
istributor of  
the Year in  
commercial  
sales  
segment

## Other awards for AB

**EAT•N**

the biggest sales of all  
distributors in PL

**Synology**

the widest partner  
database among all  
Synology resellers

**legrand**

leader / largest  
distribution sales

**Lanberg**

AB - leader in the sale  
of infrastructure - over  
1000 server cabinets  
per year

## Important brands in AB's offer in the Enterprise segment



# VALUE ADDED DISTRIBUTION IN AB

## AB COMPETENCY CENTER - STRONG GROWTH OF WEBINARS



**[www.ck.ab.pl](http://www.ck.ab.pl)**

our competence center has a website containing the necessary information about the activities and a blog where we publish the materials we discuss on an ongoing basis

**197**

No of webinars in CY 2020

**6 355**

No of webinar participants in CY 2020



**CK AB**  
Centrum Kompetencyjne

**TOP 3 news in training in the form of webinars**



Microsoft - Cloud – unlimited horizons



Microsoft for young people



Almost everything about...Dell EMC

**Smooth transition to full online training**



# VALUE ADDED DISTRIBUTION AT AB

## PRIORITIES FOR 2021

I

### MASS STORAGE AND BACKUP

An explosion of the volume of processed and stored data as a core determinant of growth

II

### ENTERPRISE CLASS NETWORK SOLUTIONS

The increasing importance of speed, reliability and primarily network security in the context of challenges resulting from remote work

III.

### EDUCATION

Knowledge of innovative IT solutions as a core component of value added offered to partners

IV

### AS A SERVICE

Focus on the development of modern provision mechanisms of IT solutions on the basis of a consumer model

V

### DEVELOPMENT OF DYNAMICALLY GROWING AREAS

The dynamic growth of work in a distributed environment contributes to growing demand for advanced devices to increase work speed, improve work reliability and security in the network: IT security, visual monitoring, smart home or IoT

# TELCO IN AB GROUP

## BUSINESS EFFICIENCY THANKS TO EXPERIENCE IN SMARTPHONE DISTRIBUTION

### TELCO









+28%

AB Group revenue growth  
in CY 2020 y/y

+40%

Apple revenue growth in  
smartphone category in AB Group  
in CY 2020 r/r

TOP 5 vendors' position in Smartphones' category in Europe in Q4 2020

Position	Vendor	% Share in the number of smartphones delivered	% change Q4 y/y
#1 	 Apple	32%	+9%
#2 	<b>SAMSUNG</b>	27%	-9%
#3 	 xiaomi	15%	+34%
#4 	 HUAWEI	10%	-42%
#5 	oppo	3%	+186%

\*Source: Canalys, Q4 2020



Development of growth among key brands in the smartphone segment



# CLOUD COMPUTING MARKET

## DEVELOPMENT PROSPECTS FOR THE NEAR FUTURE

In 2019 the sales value of cloud services in Poland was **PLN 1.383 bn**

Until 2023 the value of the cloud market in Poland is expected to **grow at 15-20% annually\*\***

Until 2026 the Polish public cloud market will grow on the average **5 times faster** than the traditional IT service market

**PaaS**  
Platform  
as a service

**IaaS**  
Infrastructure  
as a service

**SaaS**  
Software  
as a service

### The IT world is heading towards the cloud

# DYNAMIC DEVELOPMENT OF THE SOFTWARE MARKET

LEADER IN CLOUD DISTRIBUTION

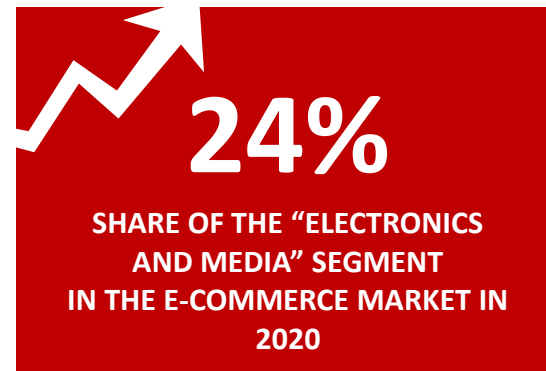
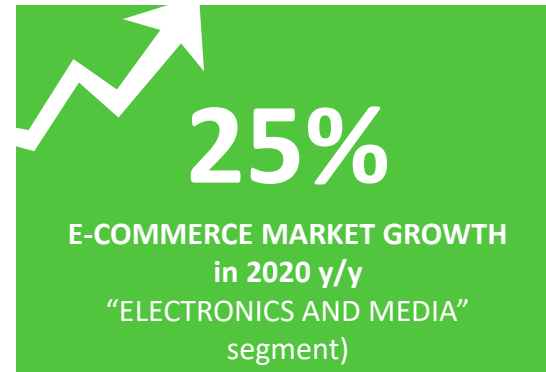
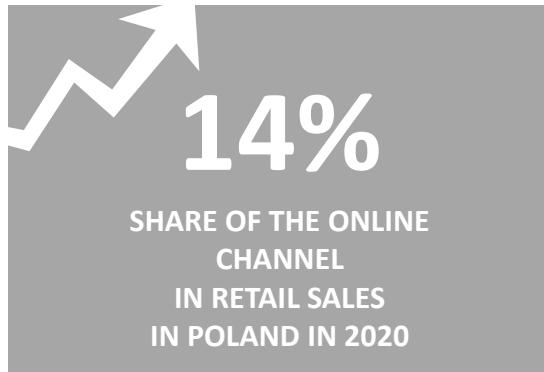
Dedicated cloud  
platforms  
in  
Poland, Czech  
Republic  
and Slovakia

- AB Group a pioneer of Cloud distribution in the region
- First-choice platform for customers
- Dynamic development of sales

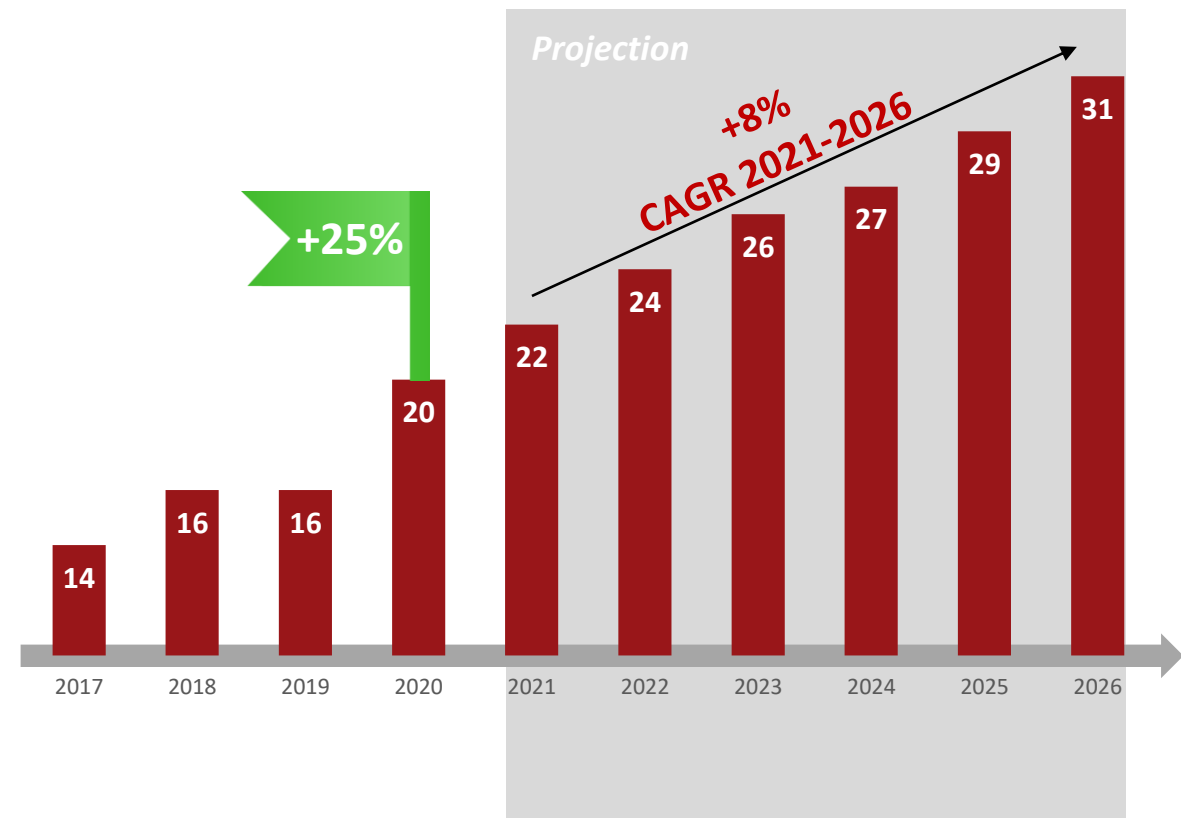
**AB Group - a beneficiary of Cloud Computing development in the CEE region**

# GROWING E-COMMERCE MARKET

INTERNET SALES IN POLAND ACCELERATED IN 2020 DUE TO COVID-19

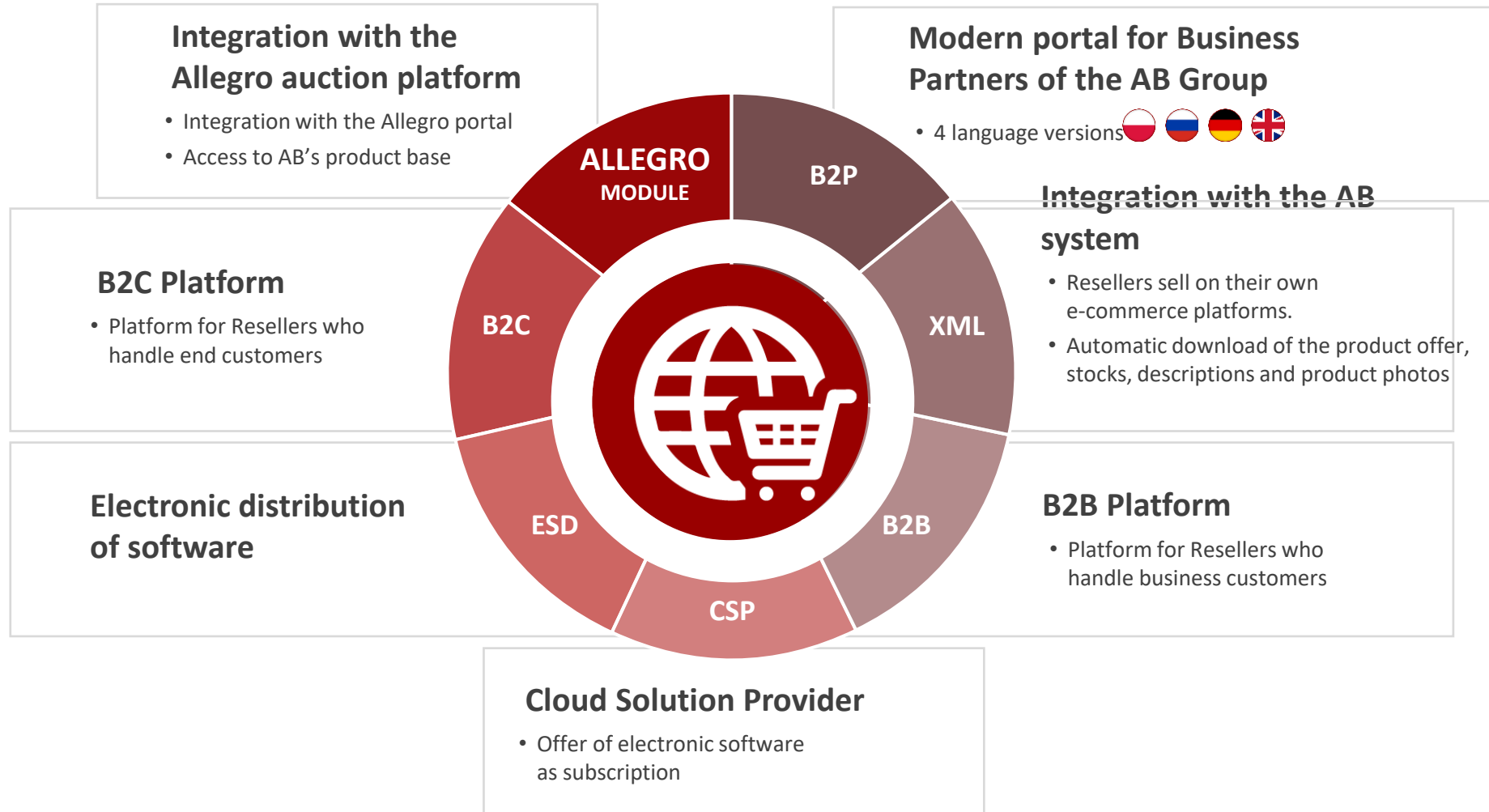


The value of the e-commerce market (Electronics and Media) in PLN bn



# STAY WITH AB IN E-COMMERCE DAY BY DAY

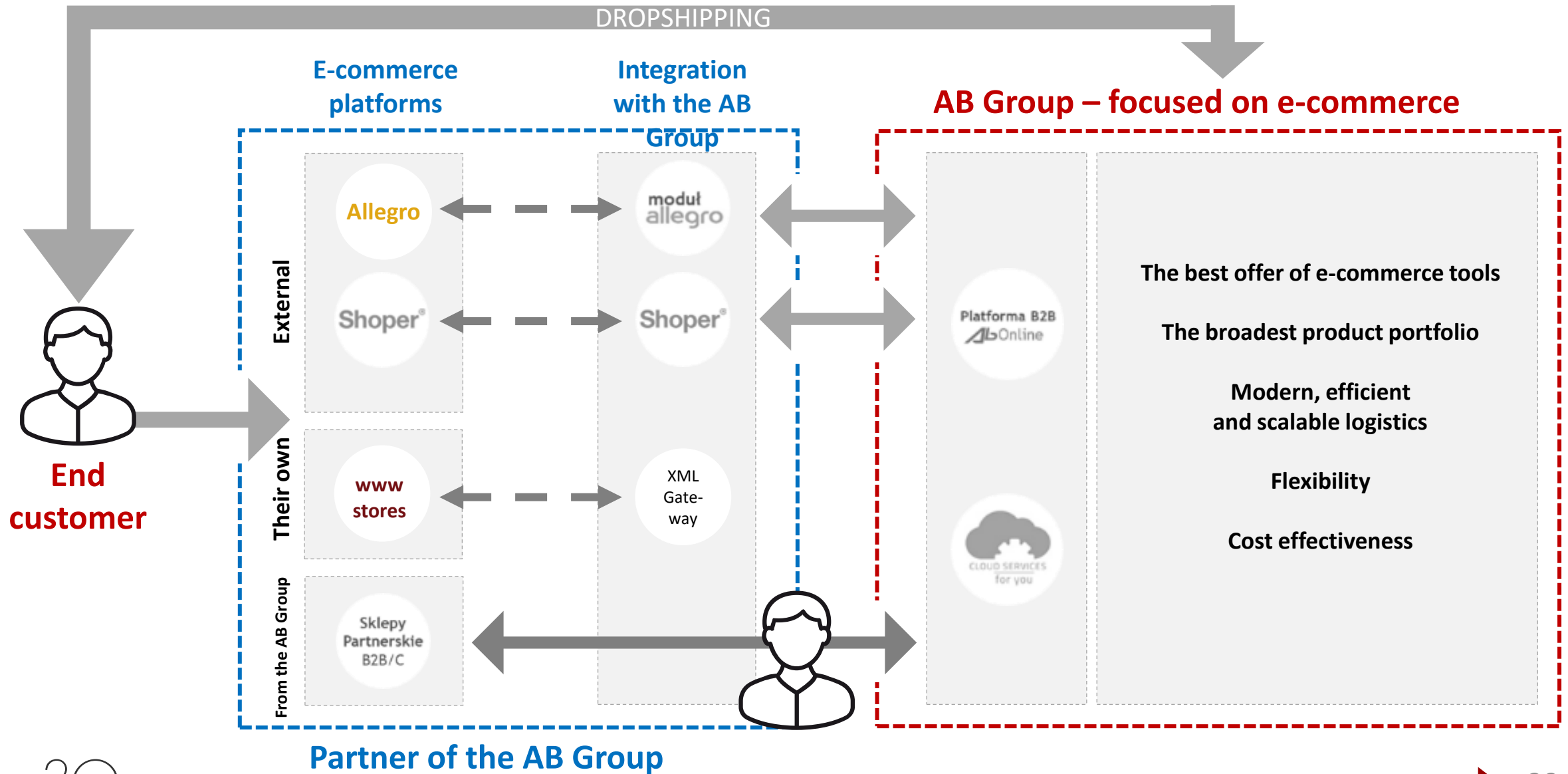
## COMPREHENSIVE OFFERS OF E-COMMERCE TOOLS



Over  
**16.000**

The largest business  
partner  
base in the CEE region

# THE AB GROUP COMPREHENSIVELY PROVIDES FOR THE NEEDS OF ITS PARTNERS IN THE E-COMMERCE AREA



# THE COMPREHENSIVENESS OF AB'S ACTIONS IN E-COMMERCE AS A DRIVER OF SALES

We provide **tools for small and medium-sized**

so that they can operate in the Internet



## AB ONLINE

The most modern technologically sales platform

We provide services to the largest companies as **we offer scalability** and efficiently handle high sales growth

## WE ARE THE ONLY ONES TO HANDLE ALL AREAS

Others operate in a **classical manner**





# NEW TECHNOLOGIES IN THE AB GROUP

PROFITABILITY, SCALABILITY AND COMPETITIVE ADVANTAGES

## AREAS BEING DEVELOPED

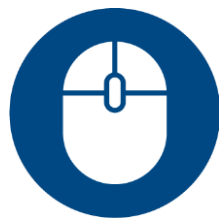
- **unique warehouse automation** resilient to seasonal peaks
- **automated transaction handling** - 85% of order lines with human interaction
- **a spectre of e-commerce tools**, including off-the shelf sales platforms for customers
- **cloud platforms to distribute software** - a leading role in the market revolution, fully digital sales without the traditional logistics, unlimited scalability

## NEW AREAS

- **machine learning / AI** - a successive improvement of the effectiveness of the commercial division
- **business intelligence tool** - result inter alia in an optimisation of the product offer - effect: over a little more than a year a growth of daily index sales from stocks grew from 20% to 33%



The AB Group follows the path of a technological company which has not been noted by investors (C/Z 5,7, C/WK



AT COMPUTERS  
GROUP DEVELOPMENT  
IN FOREIGN MARKETS

**ATComputers**





# AT COMPUTERS HOLDING

THE BIGGEST DISTRIBUTOR IN THE CZECH REPUBLIC AND SLOVAKIA



ATC revenue growth  
TOTAL CY 2020 y/y

**+13,6%**



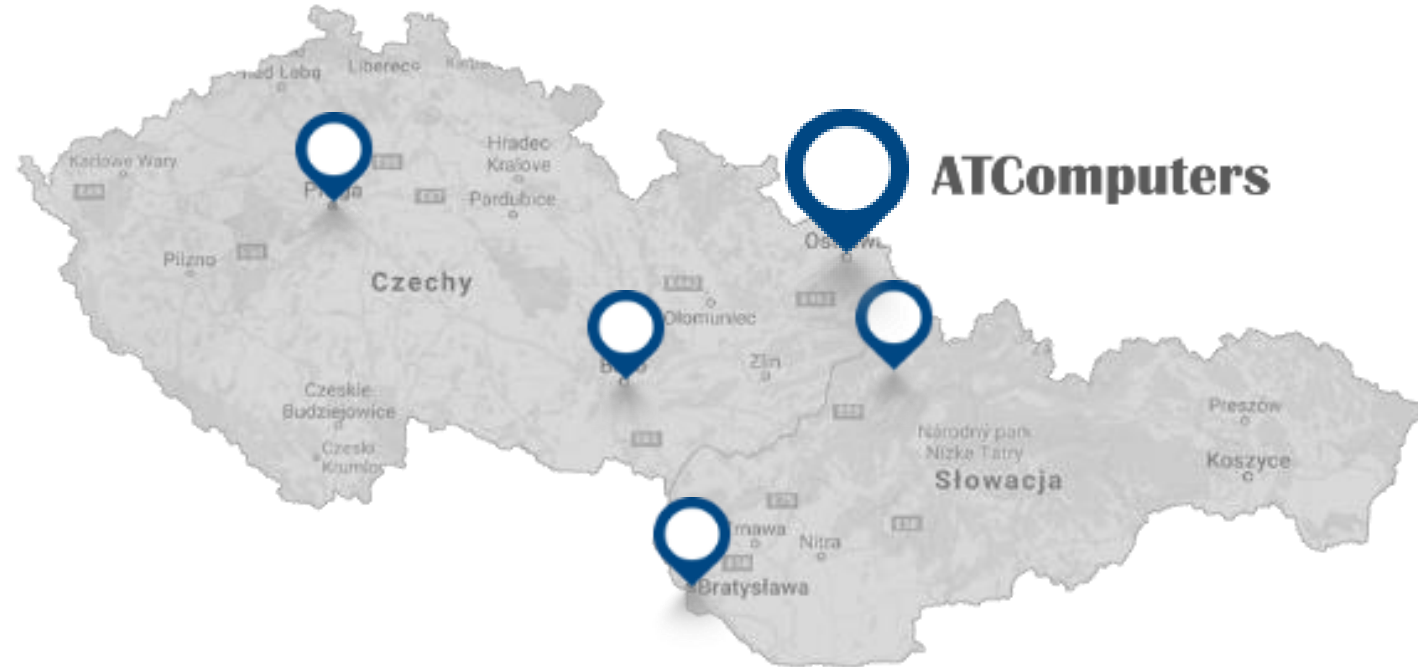
Czech Rep. and Slovakia  
distribution growth in CY  
2020 y/y\*

**+6,8%**



Market leader CZ and SK

**#1**



## ATComputers

**#1 distributor at CZ/SK market**



NUMBER  
ONE

over 30 years  
**Ab PL**  
Digital World



# AWARDS AND DISTINCTIONS IN CY2020



**ATComputers**

HP Distributor of AB Group  
2020  
for AB S.A.



HPE Distributor of AB Group  
2020  
for AB S.A.



HP Best growth  
distributor partner 2020  
dla ATComputers



Infrastructure Solution  
Distributor of the Year  
**DELL EMC**



The biggest IT distributor  
of System in the Secure  
Power division  
**Schneider Electric**



Distributor of the  
Year of commercial  
segment  
**Lenovo**



Distributor of the  
Year 2019  
**CRN**



The Man of the  
Year 2019  
**CRN**



Sales and  
Marketing  
Director 2019  
**CRN**



Sales person of  
the Year 2019  
**CRN**



Distributor  
of the Year  
2020  
**iTReseller**



Sales and  
Marketing  
Director 2020  
**iTReseller**



Man of IT  
Industry  
2020  
**iTReseller**



Special Award  
2020  
CSR Activity  
**iTReseller**

**AB appreciated by the market and key suppliers**

# OUTLOOK FOR 2021

- 
1. **MACROECONOMIC FACTORS** – very good prospects for 2021
  2. **ACCELERATION OF DIGITAL TRANSFORMATION**
  3. **GIVERNMENT AND EU PROGAMS** – supporting IT spending
  4. **LARGE DEMAND AMONG INSTITUTIONS AND COMPANIES TO PURCHASE HARDWARE** – new tenders
  5. **IT SPENDING IN POLAND** – continues to be much lower than in Western Europe (in PL - USD 148 vs EU - USD 204)
  6. **POLAND – THE STRONGEST DISTRIBUTION MARKET IN EUROPE IN 2020** – consolidation of AB's market position (#1)
  7. **ACCELERATED GROWTH OF CLOUD SERVICES** – large funding for development and purchases in the digital area
  8. **VAD** – change of technological solutions
  9. **FUETHER DEVELOPMENT OF NEW AB TECHNOLOGIES** – improvement of technological tools and business efficiency
  10. **FURTHER DEVELOPMENT OF E-COMMERCE AT AB** – improvement of tools and logistics efficiency

**THE AB GROUP IS BEST PREPARED TO HANDLE THE EXISTING AND UPCOMING MARKET DEMAND**

# THE ADVANTAGES OF AB GROUP



Flexibility, knowledge  
and adaptation to local  
markets backed by over **30 years**  
**experience**



**A loyal partner in business -**  
individual approach to the client



**Multi-channel sales** in various  
market segments (e-tail, retail, SMB,  
Enterprise, Telco)



**The modern automated logistics**  
solutions in the region



**Multibranch and cross-selling**  
IT, CE, MDA/SDA and TV in one place



**The widest product portfolio** with  
on demand availability



**The most modern e-commerce**  
transaction platform in the region



**A modern Competence Center**  
offering offline and online training

**Dominant position in the CEE Region, TOP 8 in Europe**

over 30 years  
**Ab** PL  
Digital World

► **THANK YOU**