



Q1-Q3 2020 results

November 24th 2020

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1. About the Group
2. Market environment
3. Financial performance
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**Aleksander Górecki**

President of the Management Board/Founder



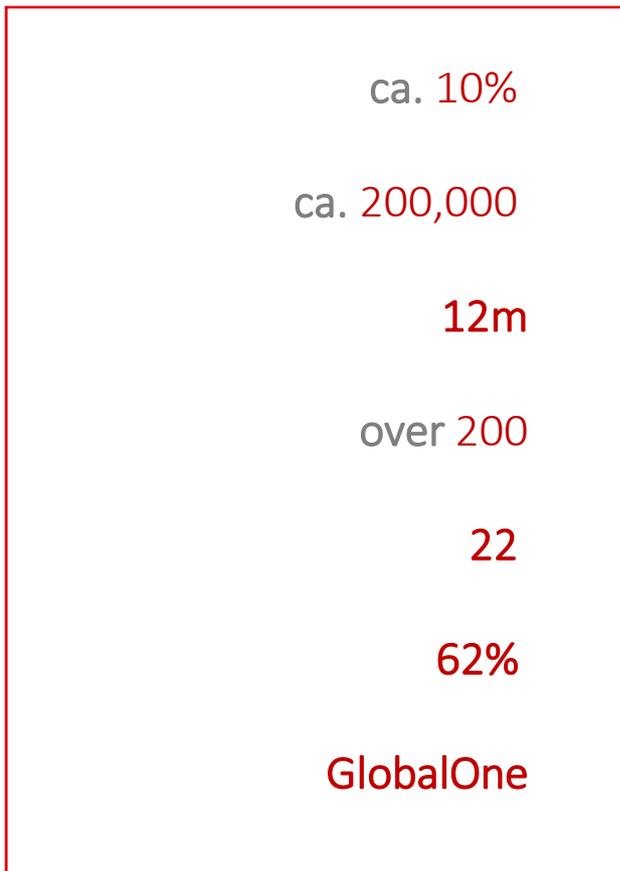
**Andrzej Manowski**

Vice President of the Management Board



**Piotr Janta**

Vice President of the Management Board



share in the Polish market of spare parts distribution

references available

parts stored in warehouses throughout Poland

global suppliers

sale markets

online orders

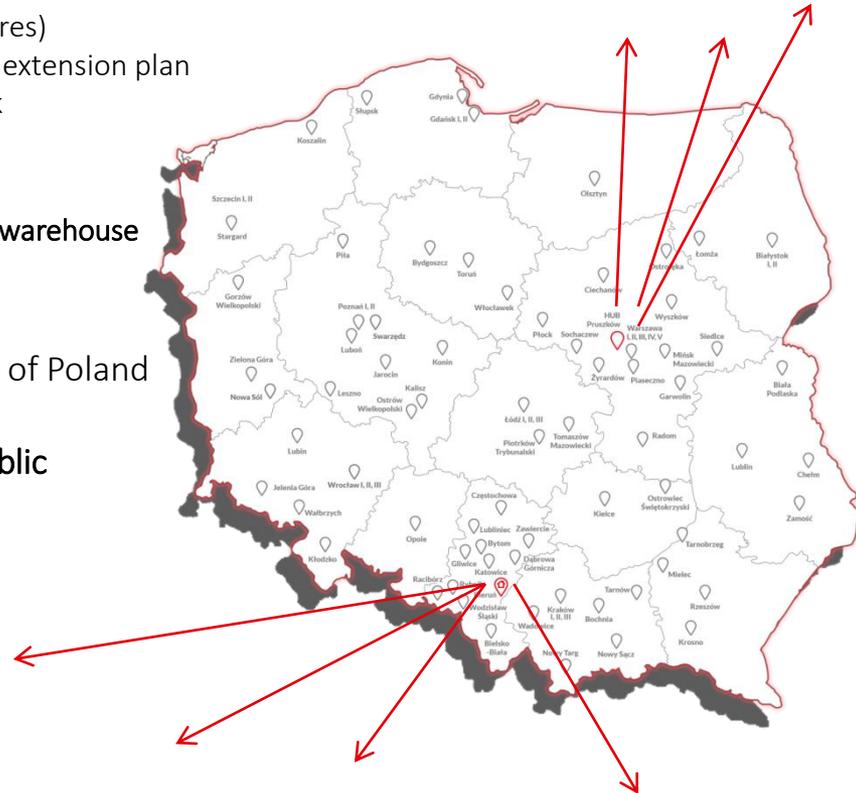
international GPO membership

# Key developments in Q3 2020

- Business continuity maintained despite the pandemic
- Prices raised in April 2020 maintained at higher levels in response to rising exchange rates (USD, EUR)
- Continued foreign expansion, double-digit sales growth
- Further improvement in profitability
- Strengthening of the existing distribution network



- IT-supported logistics – just-in-time deliveries to geographically dispersed customers at a frequency of **3-5** times per day, subject to Covid-19 spread prevention measures
- Total warehousing space at the Group (held under leases) – **over 100,000 square metres**:
  - Distribution centre in Bieruń (41,000 square metres)
  - Warehouse in Pruszków (8,500 square metres) – extension plan
  - Local storage facilities within the branch network (more than 48,000 square metres)
- Domestic and export sales handled from the central warehouse in Bieruń
- **90 branch offices** covering all regions of Poland
- Subsidiary and warehouse in the Czech Republic





## POLAND

- Approximately 18.5m passenger cars and light commercial vehicles (<3.5t) in Poland
- Average vehicle age: 15.3 years, vehicles imported in Oct 2020: approx. 12 years ([according to IBRM SAMAR](#))
- Drop in passenger car registrations in Q3 2020: -27.4% y/y; in September: +9.4% y/y (according to PZPM)
- Unemployment rate in September: 6.1% (according to Statistics Poland)
- Poland's GDP shrinking in Q3 2020: -1.6% y/y

## EUROPE

- Approximately 271m passenger cars in Europe (according to [ACEA](#))
- Average vehicle age: 10.8 years (according to ACEA)
- EU-wide drop in passenger car registrations in Q3 2020: -28.8% (according to ACEA)
- Unemployment rate in September: 8.3% (according to Eurostat)
- EU GDP shrinking in Q3 2020: -3.9% y/y (according to Eurostat)



## July – September 2020:

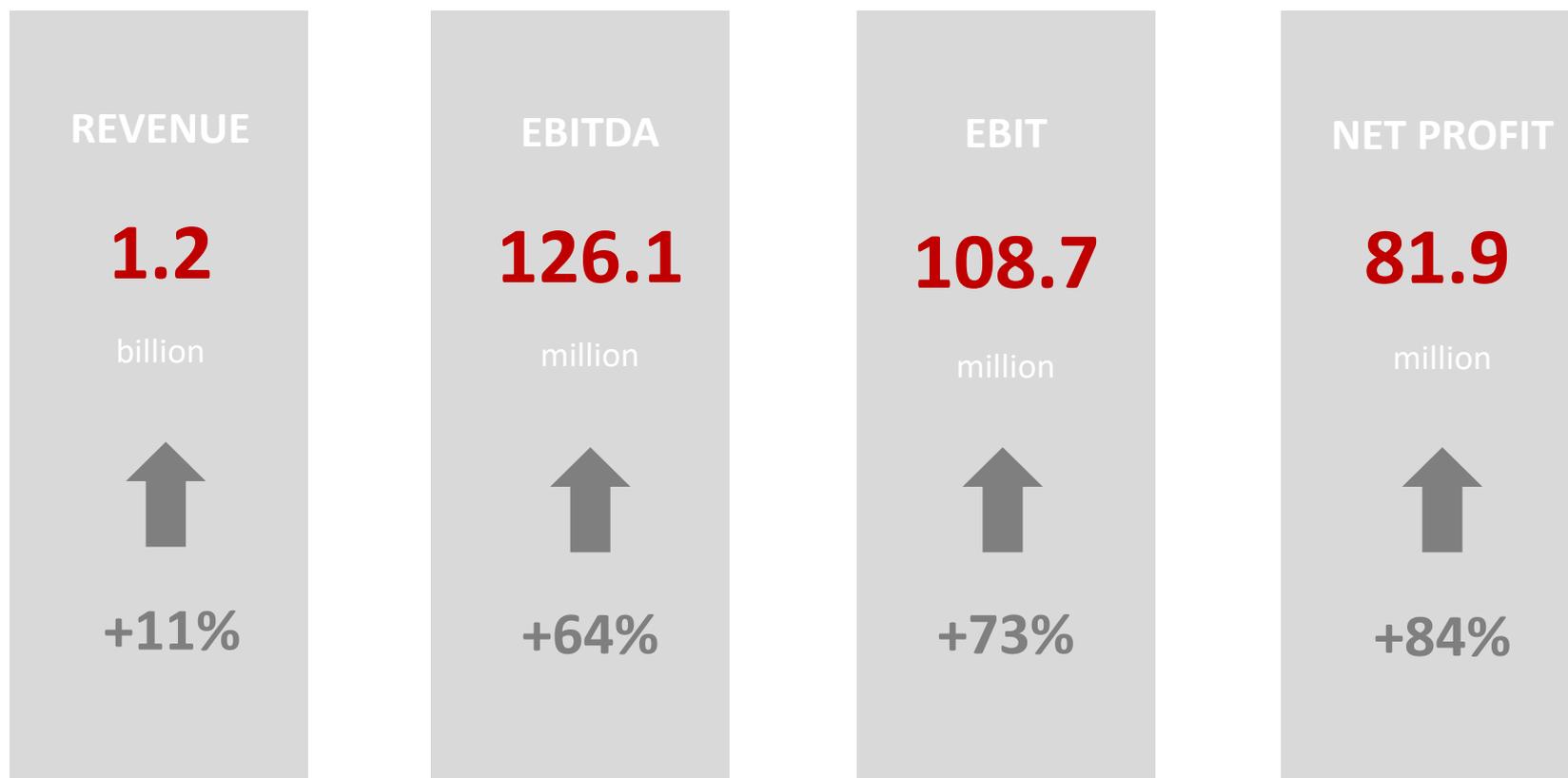
- Customer mobility, upbeat consumer sentiment
- Free cross-border freight traffic
- At end of September, new vehicle sales fell cumulatively -25.97% y/y (-133,639) (IBRM SAMAR data)
- EUR/PLN exchange rate broadly unchanged, falling USD/PLN exchange rate

## October – November 2020:

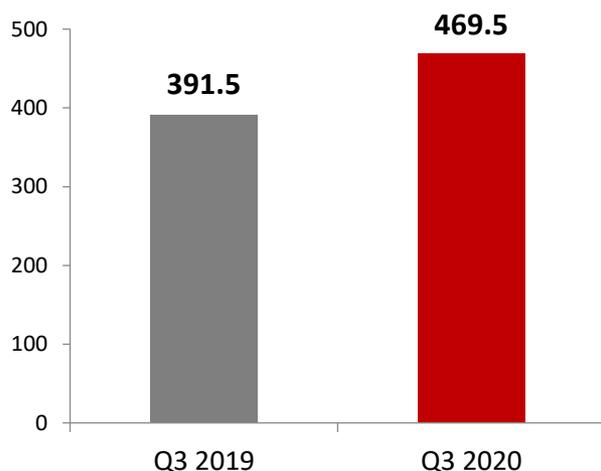
- No symptoms of major decline in customer mobility
- Absence of freight constraints
- In October 2020, 81,721 imported vehicle registrations (-13.2% y/y, IBRM SAMAR data)
- Plans to increase excise duty on imported cars put on hold

The Group has not identified any impediments to its business.

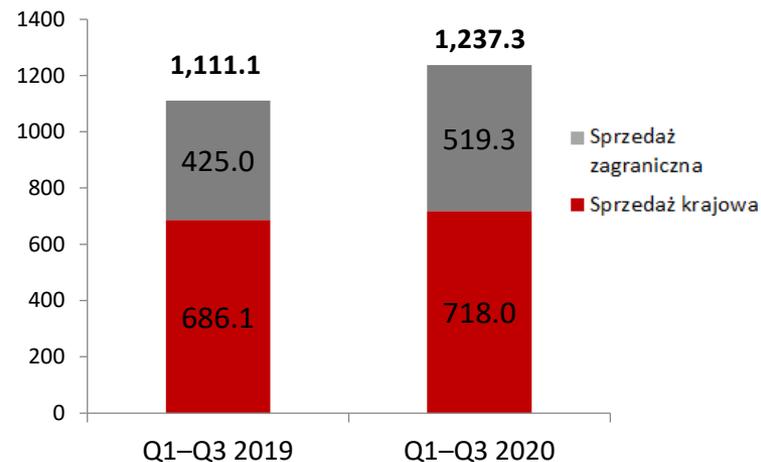




Q3 sales y/y [PLNm]



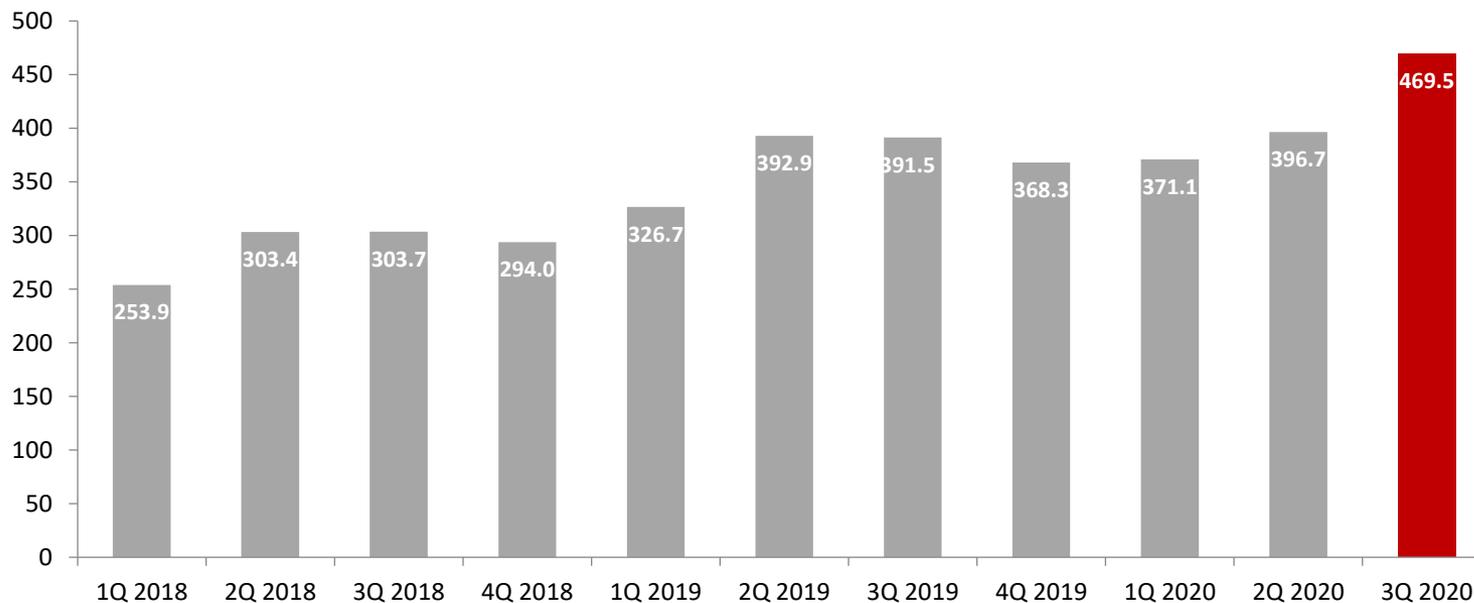
Sales by geographies [PLNm]



- Return to strong double-digit quarterly revenue growth (+20% y/y in Q3 2020)
- Sales in Poland +13% y/y
- Export sales +30% y/y

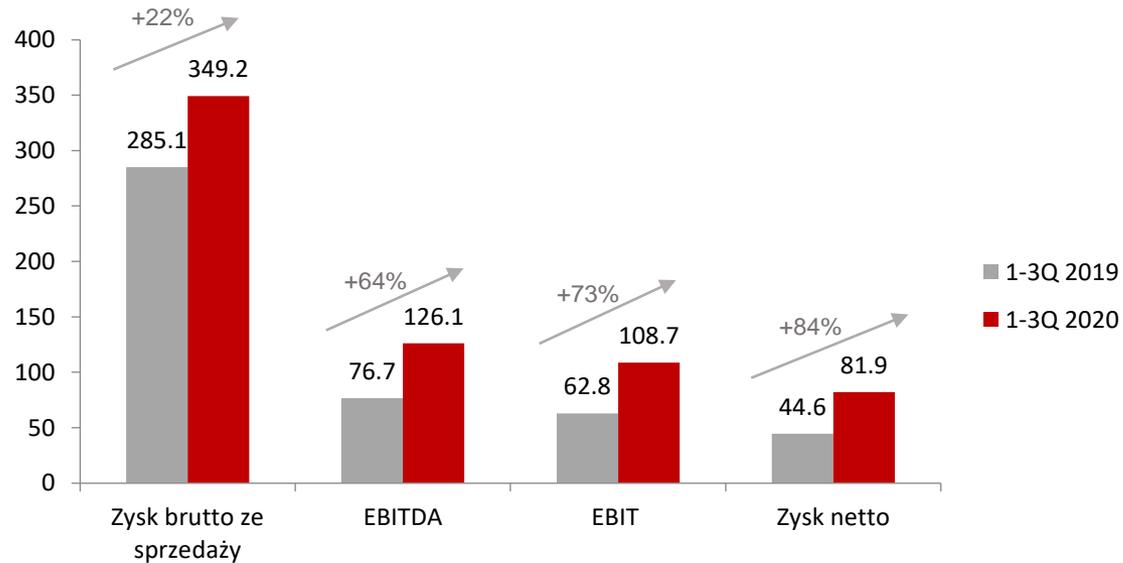
- 11% growth in sales after Q1-Q3 2020 despite lower y/y sales in March, April and partly in May due to the pandemic
- Strong sales after Q1-Q3 2020 (PLN 1.2bn) vs full-year sales in 2019 (PLN 1.5bn)
- Further strong increase in exports: +22% y/y
- Domestic sales: +5% y/y

Quarterly sales [PLNm]

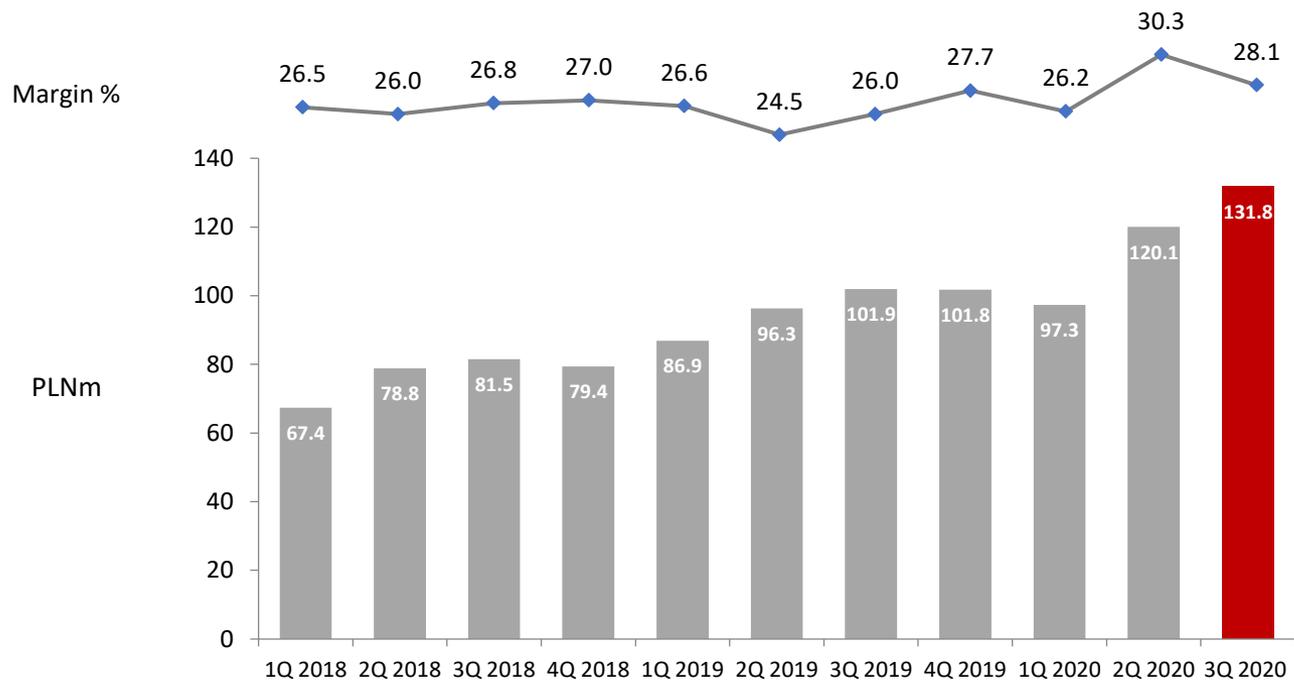


- Sales supported by the well-developed distribution network (branch offices + warehouses)
- Continued diversification of the product mix, including new categories (lighting, tools)

Q1-Q3 2020 profit figures  
[PLNm]

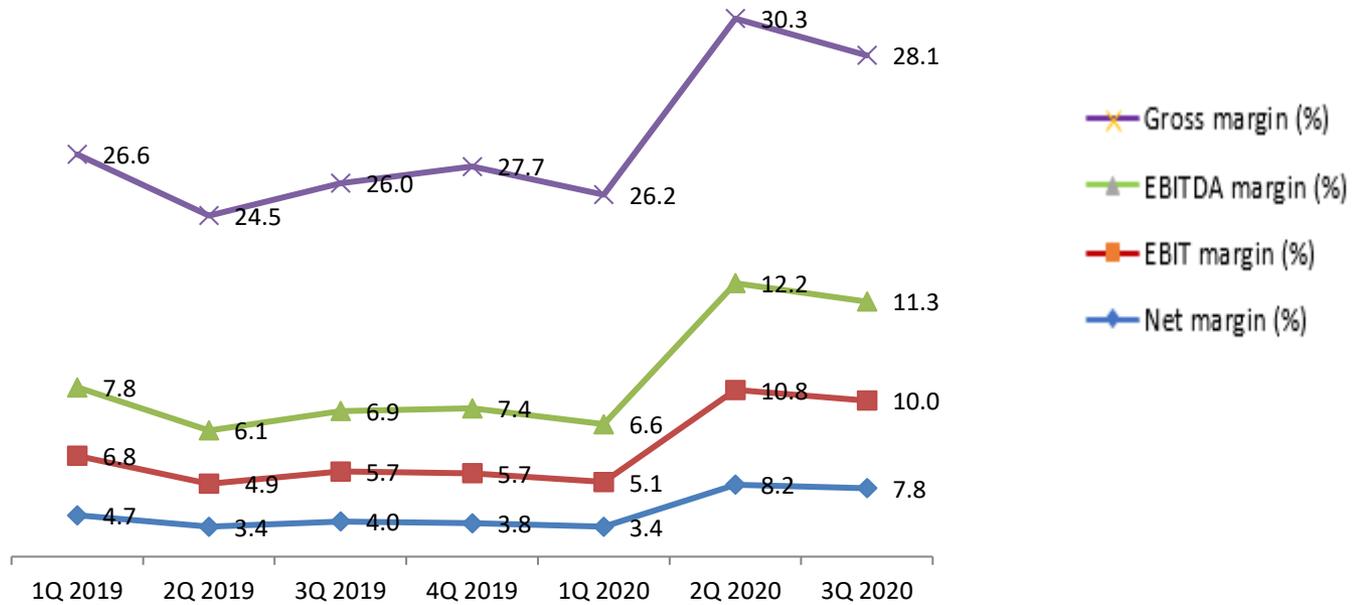


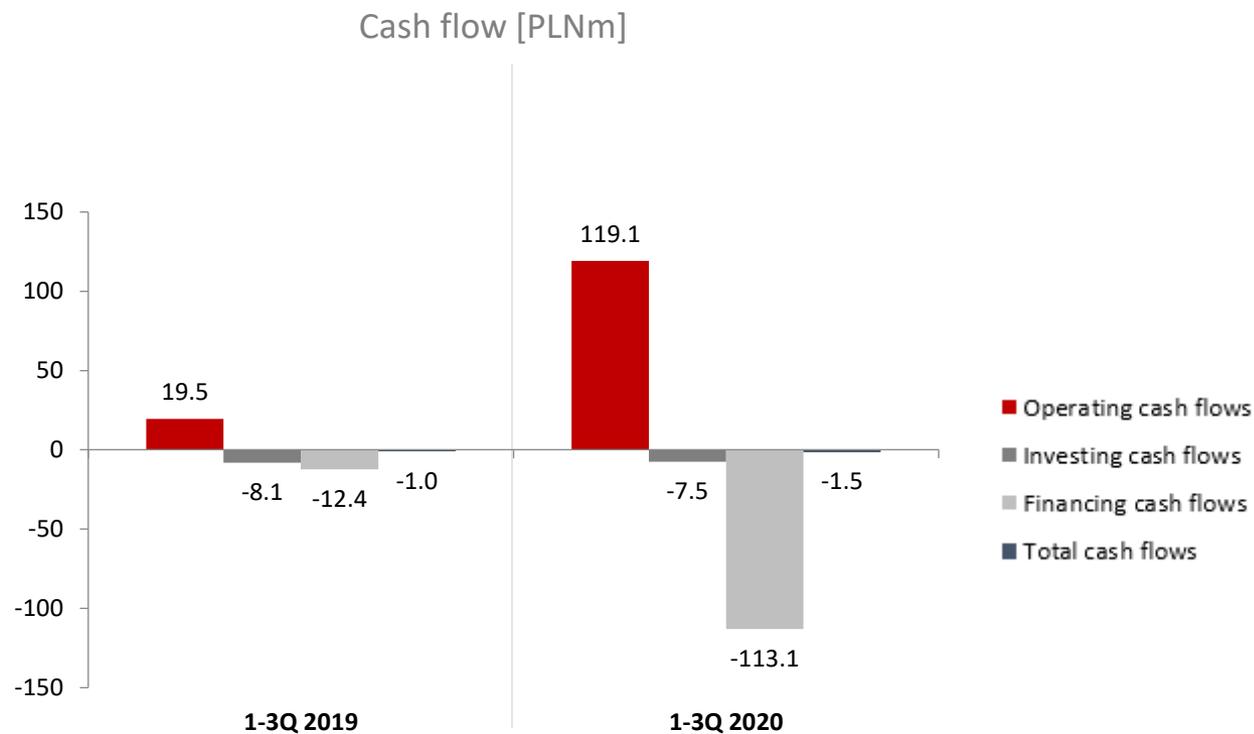
- Strong, double-digit growth across all profit levels
- Record high net profit posted by the Group after Q1-Q3 2020



- Gross profit margin markedly higher
- Positive impact of maintained cost discipline and elevated product prices
- Strong sales of own brands and third-party brands distributed on an exclusive basis as additional drivers of the Group's higher return on sales relative to widely available brands
- Strong gross profit margin on a growing share of export sales (translating into net profitability gains)

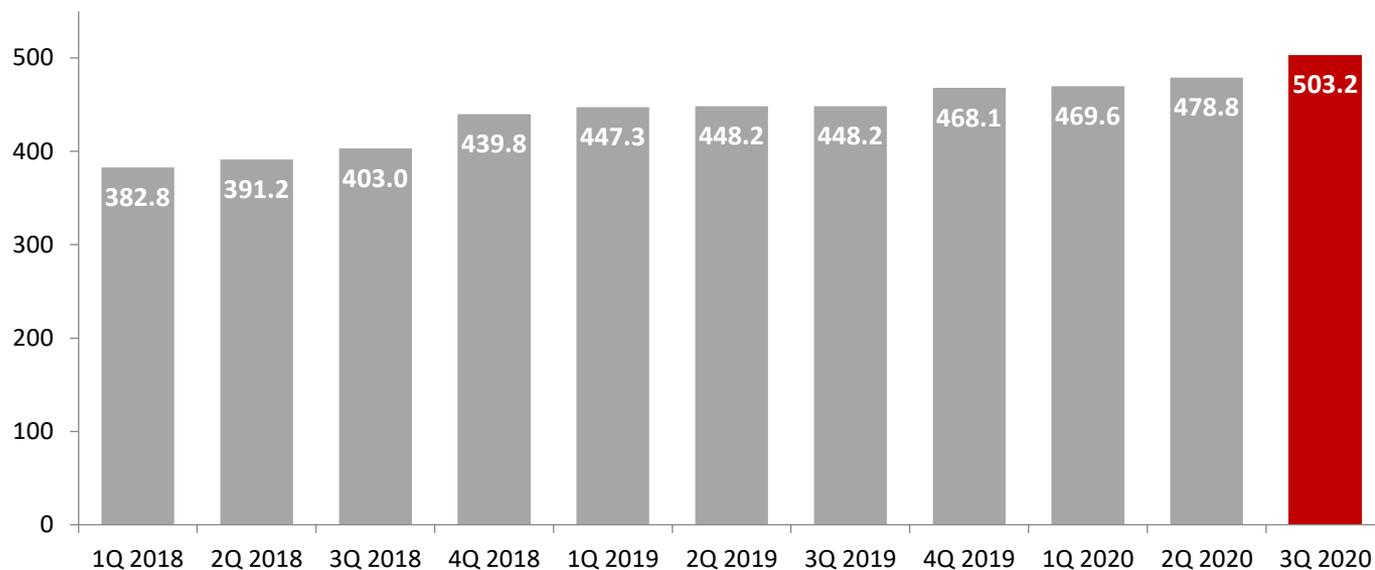
# Profit margins





- The Group's liquidity position remained stable
- Significant decrease in liabilities under borrowings and factoring facilities
- Debt reduction, mainly as a result of lower volumes of merchandise bought

Stocks\* [PLNm]



- Inventory turnover as at Sep 30 2020: 150 days, vs 147 days the year before
- Stable stock levels

\* Inventories and right of return assets



- Record high net profit posted at end of Q3 2020
- Cost-saving policy continued
- Product prices kept at new levels
- Major y/y improvement in profitability
- Supportive market environment despite the pandemic

THANK YOU!



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