



**IMPEL S.A.**

**Management's presentation**

**Q3 2007 Financial Performance**

November 14<sup>th</sup> 2007



# Consolidated financial results

## Financial statements according to IFRS

PLN'000	2006	Q1-Q3 2006	Q1-Q3 2007
Sales revenue	748 361	538 919	655 045
Subsidies	50 280	36 965	39 374
Depreciation/Amortization	18 084	13 139	15 019
EBIT	16 111	11 682	11 775
EBIT <i>net of subsidies</i>	(34 169)	(25 283)	(27 599)
EBITDA	34 195	24 821	26 794
EBITDA net of subsidies	(16 085)	(12 144)	(12 580)
Net profit	16 329	10 338	4 543
Assets	392 060	365 084	455 703
Cash	40 617	45 568	21 928
Equity and reserves	230 155	222 991	231 177
Non-current liabilities	4 966	4 169	28 950
Current liabilities	140 742	125 503	179 669
Interest bearing debt	3 252	4 116	56 615

*balance-sheet data as at end of periods*



# Comparison of Consolidated Quarterly Results

Business growth at lower efficiency – result of the market situation

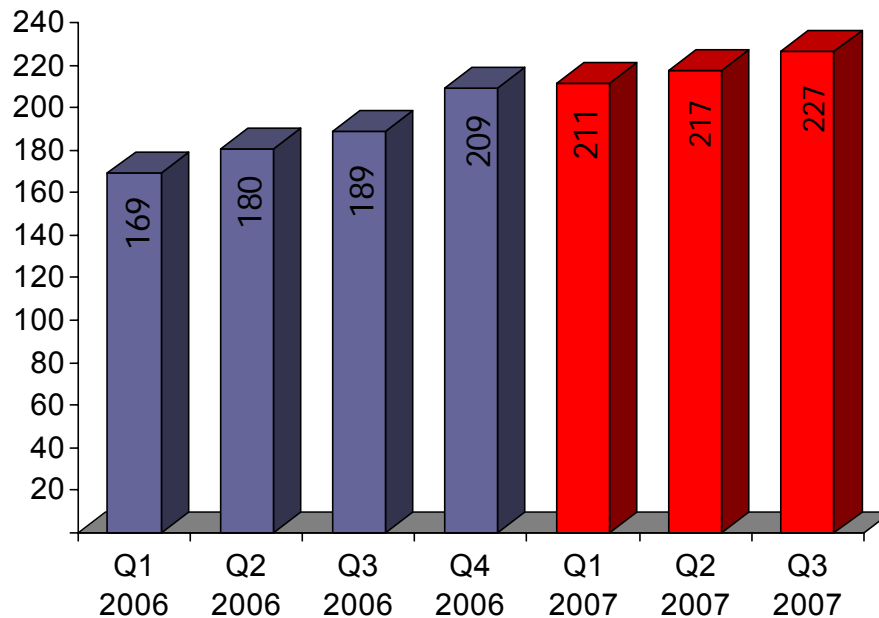
PLN'000	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007
Sales revenue	169 426	180 494	188 999	209 442	211 405	217 087	226 553
Subsidies	12 923	12 130	11 912	13 315	13 756	14 594	11 024
Depreciation/Amortization	4 294	4 395	4 450	4 946	4 902	5 009	5 108
EBIT	3 806	3 725	4 151	4 429	99	6 082	5 594
EBIT <i>net of subsidies</i>	(9 117)	(8 405)	(7 761)	(8 886)	(13 657)	(8 512)	(5 430)
EBITDA	8 100	8 120	8 601	9 375	5 001	11 091	10 702
EBITDA net of subsidies	(4 823)	(4 010)	(3 311)	(3 940)	(8 755)	(3 503)	( 322)
Net profit	2 920	3 641	3 777	5 991	462	1 278	2 803

# ••• Sales Revenue of the Impel Group

Q3' 07 relative to Q3' 06

- **Organic** sales growth – PLN 22.6 million
- **Acquisitions** - sales growth – PLN 15.0 million

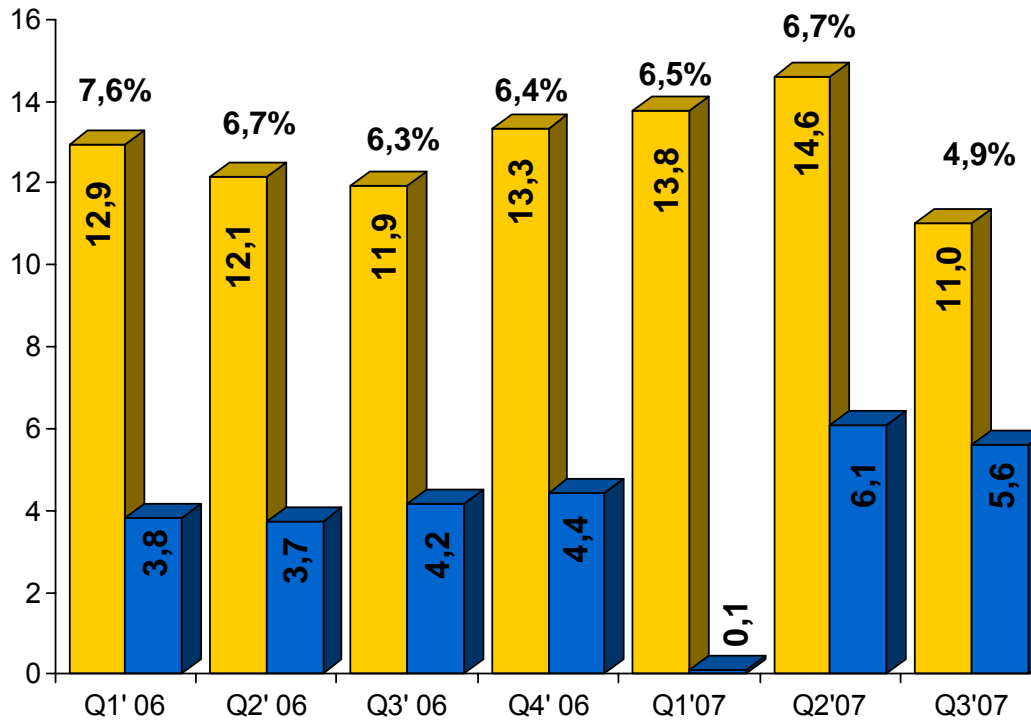
PLN million



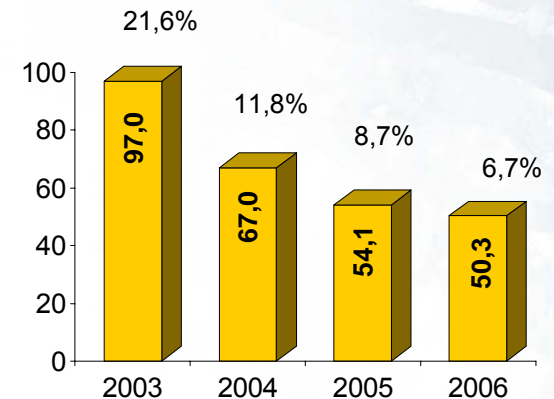
# EBIT and subsidies in Q3 2007

Lower share of subsidies – effect of subcontracting strategy

PLN million



Subsidies expressed as a percentage of sales revenue



Subsidies

EBIT



# Performance by Business Segments – Q1 relative to Q3 2007

## Segments according to IFRS (IAS 14)

PLN'000	Total	Facility Management	Security	Staff Management	Distribution	Other
	Q1-Q3'07	Q1-Q3'07	Q1-Q3'07	Q1-Q3'07	Q1-Q3'07	Q1-Q3'07
Sales revenue 1)	<b>655 045</b>	<b>271 327</b>	<b>237 182</b>	<b>65 545</b>	<b>72 835</b>	<b>8 155</b>
Subsidies	39 374	21 900	15 691	300	238	1 245
SEGMENT'S RESULT net of charges payable to corporation 2)	<b>29 210</b>	<b>16 990</b>	<b>13 755</b>	<b>-2 959</b>	<b>1 244</b>	<b>180</b>
EBIT margin 3)	4,5%	6,3%	5,8%	-4,5%	1,7%	2,2%
Unallocated Group's overhead	-14 537					
Eliminations	-2 897					
<b>EBIT</b>	<b>11 775</b>					

1) Revenue on sales outside the Group

2) Charges for trademarks, as well as strategic and corporate management services

3) Relative to sales revenue



# Performance by Business Segments – Q3 relative to Q2 2007

## Change in order portfolio – gradual improvement in efficiency of the biggest businesses

PLN'000	Total		Facility Management		Security		Staff Management		Distribution		Other	
	Q2'07	Q3'07	Q2'07	Q3'07	Q2'07	Q3'07	Q2'07	Q3'07	Q2'07	Q3'07	Q2'07	Q3'07
Sales revenue 1)	217 061	226 553	90 980	90 820	78 374	82 162	20 753	24 417	24 388	25 795	2 565	3 360
Subsidies	14 691	11 024	7 505	6 984	6 598	3 519	80	74	86	68	422	379
SEGMENT'S RESULT net of charges payable to corporation 2)	10 973	13 745	5 625	7 212	6 493	6 270	-1 619	-434	482	393	-8	305
EBIT margin 3)	5,1%	6,1%	6,2%	7,9%	8,9%	7,6%	-7,8%	-1,8%	2,0%	1,5%	-0,3%	9,1%
Unallocated Group's overhead	-4 635	-5 443			4,5%	5,0%						
Eliminations	-256	-2 708			↓ ↓ Segment's margin net of one-off events (compensation and disposal of real estate)							
EBIT	6 082	5 594										

1) Revenue on sales outside the Group

2) Charges for trademarks, as well as strategic and corporate management services

3) Relative to sales revenue



# ••••• Subsidies: Group Policy and Regulatory Environment

## Negligible effect of the Act on the Impel Group's standing

### **Changes in the regulatory environment effective in 2007:**

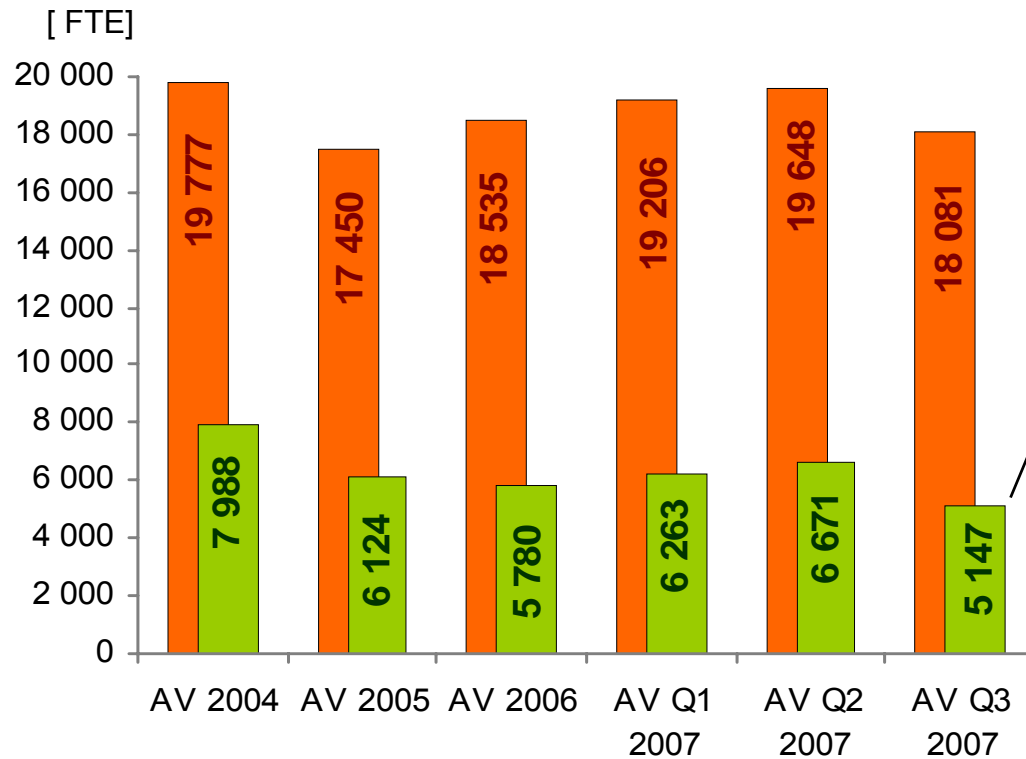
- Obligation to transfer resources to ZFRON (Company Fund For Rehabilitation of Disabled Persons) within the period of 7 days of their receipt – effect on liquidity for about 20 days

### **Changes in the regulatory environment effective in 2008:**

- Obligation to pay ZUS (social security contributions) for the disabled and subsequent reimbursement of such payment – effect on liquidity for 30 days
- No subsidising of remuneration in the case of employees eligible for pensions

# Impel Group Workforce

## Strategic subcontracting – structural change in employment



A drop in employment figures resulting from the disposal of Red Point Security Sp. z o.o. – reduction in the direct provision of property security services in the low price segment ("Low Cost Security").

*Average employment in the quarter – under employment contracts*

■ total workforce  
■ disabled workforce



# ••••• Minimum wages rise

## Price rise strategy

- On the basis of the regulation of the Council of Ministers on minimum wages, effective as of January 1<sup>st</sup> 2008, the minimum wages rise by about 20%, to the gross amount of **PLN 1,126**.
- Influence on service segments with a high labour content in their costs, i.e. facility management and security
- Renegotiations of contracts to minimise the impact of changes of minimum wages on the Impel Group's performance – growing understanding on the part of our Clients
- New sales taking into consideration the changes on the Polish labour market

# ••••• Comment on the Impel Group's Q3 2007 Performance

## Impact of external and internal factors

- Renegotiations of contracts with our Clients – higher prices for services as a response to the situation on the labour market
- Higher margin on new sales
- Costs related to the implementation management systems incurred according to the plan
- Increasing costs of labour

# Property development business

## Concentration in a specialised entity

## Investment Agreement in Q4 2007

- **Concluded Agreement on project management** – open property development projects managed by Asset Invest in Poland S.A.
- Main assumptions have been prepared for concentrating the property development business in a specialised entity, Asset Invest in Poland S.A.
  - Acquisition of shares in Asset by Impel as a result of contribution of land and shares of the undertakings managing open property development projects
  - Acquisition of shares based on the parity with land valuation according to current market prices – Cushman&Wakefield – revaluation in progress
  - the Company will be involved in the process of accessing new outside funds to finance development
- Impel and Asset have adopted a consistent concept for developing real estate in the centre of Wrocław, in ul. Rychtalska (total of 15ha) – highly attractive Master Plan, presentation to the Wrocław Authorities already made
- Legibility of operations → the Impel Group – services, Asset – development

# Orientation of the Impel Group's activities in 2007

- Increase in sales margin through price rises
- Continued implementation of management systems
  - Optimisation of business processes:
    - ✓ Centralization of purchasing and logistics in the Impel Group
    - ✓ Contact centre
- Development on new markets (Ukraine, Great Britain)
- Introduction of investors at the product line level
- Concentration of the property development business in one entity – Asset Invest in Poland S.A.



**Thank you for your attention**

