



IMPEL

Management Presentation

Pre Q1 results Company update

29 April 2004



All data according to Polish Accounting Standards



••••• Presentation outline

Pre Q1 2004 Company update

- Developments since IPO
- 2003 results
- Q1 2004 expectations and 2004 forecast
 - Expected Q1 results
 - Revenue and profit 2004 forecasts sustained
 - Growth of key business segments
- Subsidiaries and ZPChr status
- Other
 - GP Bis deal
 - Accelerated growth strategy
 - M&A
 - New business
 - Corporate matters

••••• Developments since IPO

Major events

- New major clients

Client	month	total revenue
		PLN m
2 major hospitals (cleaning)	Oct '03	35.0*
BOŚ bank (security)	Dec '03	27.3*
DTC (FM, cleaning, security)	Feb '04	24.8*
PKO BP (cleaning)	Mar '04	56.0*

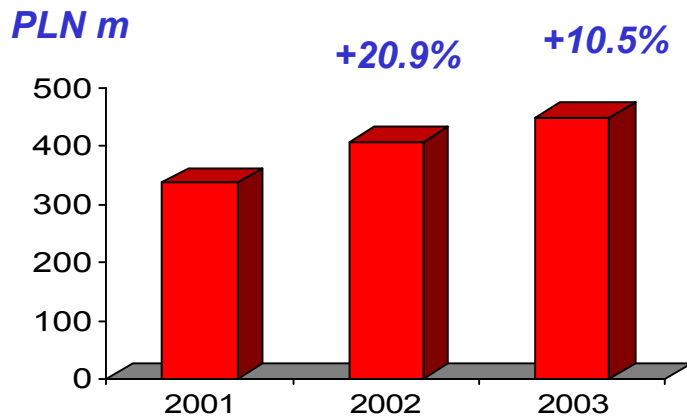
- New business development
 - Facility management, GP bis acquisition
 - Laundry and rental business (new legal entity)
- Quality certificate ISO 9001:2000 for cleaning business
- Grzegorz Dzik active in Management Board
- Organisational improvements underway



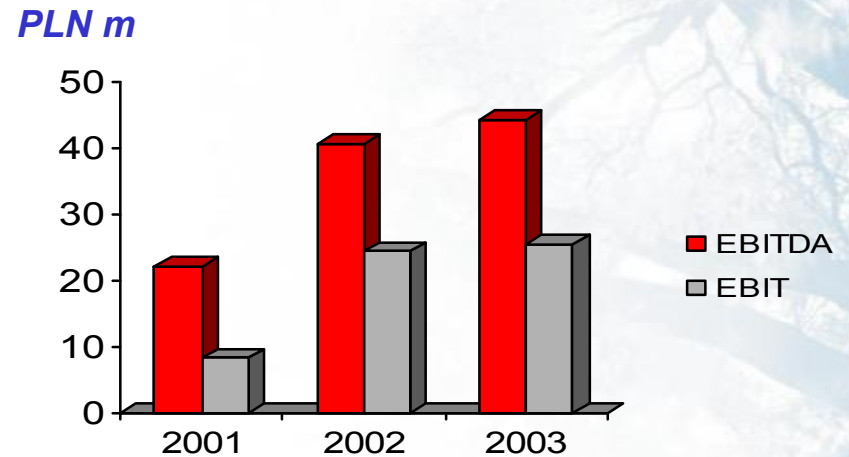
* long-term contracts (revenue posted for 5 years)

2003 Results - in line with expectations

Revenue growth



Operating results growth



Stable operating margins





2003 Results

Key figures

'000 PLN	2001	2002	2003
Revenue	336 147	406 417	449 130
Operating profit (EBIT)	8 411	24 378	25 555
Profit (loss) before tax	(97)	20 131	22 935
Profit (loss) after tax	(187)	34 495	22 017
EBITDA	22 181	40 532	44 311
Total assets	194 929	235 075	393 856
Long term liabilities	21 447	7 803	7 140
Current liabilities	94 811	109 702	98 954
Interest bearing debt	45 580	30 442	19 388
Net assets	55 765	89 709	255 684

••••• 2003 Results – one-off's explanation

One off's impacting Q4 and H2 results

	PLN m
Catering	
Loss relating to drop in revenues in 2nd half 2003	(3.9)
less: savings on fixed costs	0.8
MegaCom Sp. z o.o.	
Write off receivables from a non-consolidated subsidiary	(2.1)
Tax rate change	
Deferred tax asset adjustment due to corporate tax rate change from 27% to 19%	(4.0)
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Net profit 2003 impact	(9.2)

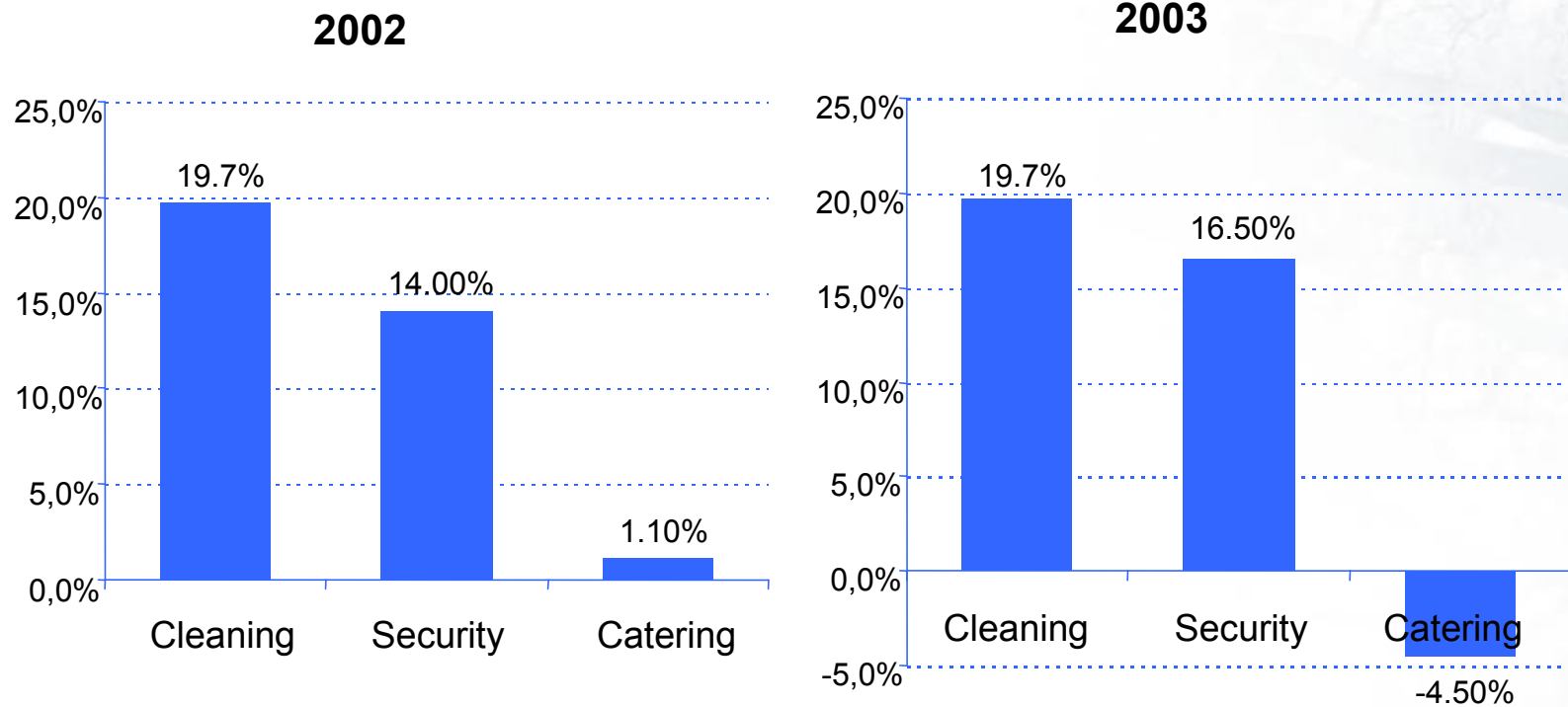
2003 Results – segmental development

Revenue growth, catering disappointing

	Cleaning		Security		Catering	
	2002	2003	2002	2003	2002	2003
Net revenue change%	158 323	189 475 19.7%	165 719	179 144 8.1%	40 886	47 784 16.9%
EBIT before SG&A	31 138	37 237	23 169	29 563	431	(2 137)
EBIT before SG&A%	19.7%	19.7%	14.0%	16.5%	1.1%	-4.5%

2003 Results – Margins

Margins maintained except for catering





Catering

Business under operational and strategic review

- Negative margins in 2003
- Working on margin improvements in 2004
 - labour cost more flexible
 - termination of loss making contracts
 - closing underutilised production facilities
 - further application of cook & chill technology
- Balanced growth (positive margin operational target)
- VAT challenge in 2004 under control (22% instead of 7% VAT starting from May 1st)
- Hospital receivables under control



Q1 2004 expected results - highlights

Q1 indicates 2004 forecast results delivery

- Q1 Total Revenue
 - likely to exceed management plan
 - 15% over 2003 quarterly average
 - M&A impact not yet accounted for (except GP bis)
- ZPChr Subsidies erosion fully controlled
 - Q1 subsidies PLN 1.3 PLN m less than initially budgeted (only ca 5% below budget)
 - to be partially recovered further in 2004
- PAT expectations ca. 10-15% of 2004 annual profit (in line with annual trajectory)
- Q1 EBITDA margin expected to be 5%
 - restructuring and cost savings gradually over 2004
 - Q1 improvement of 2% before subsidies (compared to full year 2003 average)
- Segmental results
 - Cleaning exceeding expectations,
 - Security growing in line with expectations,
 - Catering growth managed by profitability objectives (segment under close review)





Q2 – Q4 performance targets

Cost savings and revenue increase - sources of extra margin

- Revenue increase in Q2 – Q4 expected to deliver minimum 20% annual y-o-y growth in 2004
- Additional revenue expected to bring ca. 8% margin before subsidies
- No net overheads increase expected
- Subsidies growth in line with revenue growth (compared to Q1 2004)
- Further cost savings in Q2 - Q4 at minimum level of 1.0% of revenues (labour cost optimisation)
- Interest income (assuming no acquisition)
- Further tax gains to be made, effective tax rate expected below 19%



2004 Forecast

2004 forecast sustained

- Revenue forecast of 537 PLN m likely to be exceeded
 - strong business pipeline
 - Q1 budget delivered
- PAT forecast of 29 PLN m sustained
- EBITDA change (based on organic only)
 - increase in absolute figures comparing to 2003
 - ca. net 10 PLN m lost in subsidies (2004/2003)
 - subsidies loss to be fully recovered in 2004
 - additional revenue (8% margin before subsidies)
 - cost savings
 - Good starting point to 2005
- Interest income (expense) impact over 6 PLN m on PBT compared to 2003
- Tax losses (credits) to be utilised – impact 1.3 PLN m





2004 Threats

Margins challenged

- Revenues
 - Low risk due to strong business pipeline
- Subsidies
 - New regulations excluded right to subsidies for certain employees groups
 - To grow subsidies new disabled employees required
 - Uncertainties relating to new regulations or practice (following EU entry)
- Margin pressure
 - Purchasing power of large clients
 - Price competition on public tenders
 - Price uncertainties after EU entry
- Taxes & regulatory
 - VAT regulations change from May 1st
 - Expected new regulations (VAT: cleaning, catering, transport cost)



GP Bis deal

Acquisition in line with strategy

- New outsourcing product, integrating:
 - technical maintenance + cleaning + security
 - administration services
- Cross-selling
- Important client win post acquisition (DTC, 24.8 PLN m in 5 years)
- Diversification
- Access to A-class office and commercial space clients
- High growth engine (40% growth target in 2004)
- Break-even results (in line with plan)



Accelerated growth strategy

To be communicated in 3 months

- Formal project underway
- Internal team fully devoted plus external experts
- Results will be reported to investors within 3 months
- Major Project Goal: **Further enhancement of shareholder value** to exceed investors expectations at IPO through:
 - i. accelerated organic growth
 - margin enhancement
 - revenue growth
 - internal benchmarking
 - cross-selling and bundling optimisation
 - new business/clients
 - ii. Non-organic strategy practical implementation
 - selection of non-organic best options
 - harmonisation of organic growth with M&A strategy
 - perfecting quasi non organic deals (outsourcing spin-off situations)





New business

Future growth platforms

- Facility management
 - Integrate cleaning, security and technical services
 - Market in early stage of development, high growth potential
- Textile rental and laundry services
 - Domestic market growth and export possibilities after EU accession
 - Professional washroom/logistic centre to be constructed
 - Greenfield investment in LSSE (special economic zone)
 - Total expected investment of ca. 12 million
 - Business opportunities in Germany
 - Not a „new business” - experience gained over a few years
- Cash handling
 - extension of security and cash transport business
 - under strategic consideration
 - market being created, outsourcing and spin-off processes in a few major banks on the way





Approach to M&A

Quasi non-organic deals in core segments

M&A further closings after full strategic review

Pipeline

- Outsourcing spin-offs in cleaning and security business
- A few local, specific client focused targets
- Window opportunity strategy

Transaction criteria

- NPV > 0 assuming WACC = 15%
- Making money 2 years post acquisition at latest
- Valuation EV/Sales (and EV/EBITDA after 2 years) below Impel
- Earnout schemes preferred to outright sale



Corporate matters

Corporate structure in line with IPO promises

- Supervisory board includes independent members (4 of 5)
- Preferential voting rights surrendered on 5,000,000 shares
- Formal share cancellation (after buy back) under way
- Dividend policy maintained (25% of consolidated net profit)
- Founders of Impel do not intend to exit
- Current shareholder and voting structure

