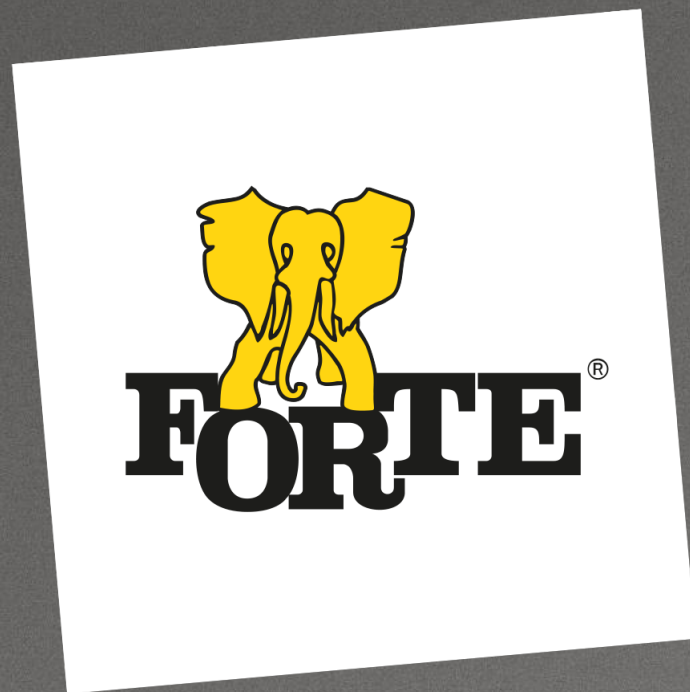




25  
LAT

## CONSOLIDATED FINANCIAL RESULTS FOR 2016

WARSAW, MARCH 23, 2017

## FINANCIAL RESULTS 2016

3,9 m



We sold 3.9 m items  
of furniture

1090 m PLN



TURNOVER OF PLN 1090 m  
Up 9% on 2015

15,3%



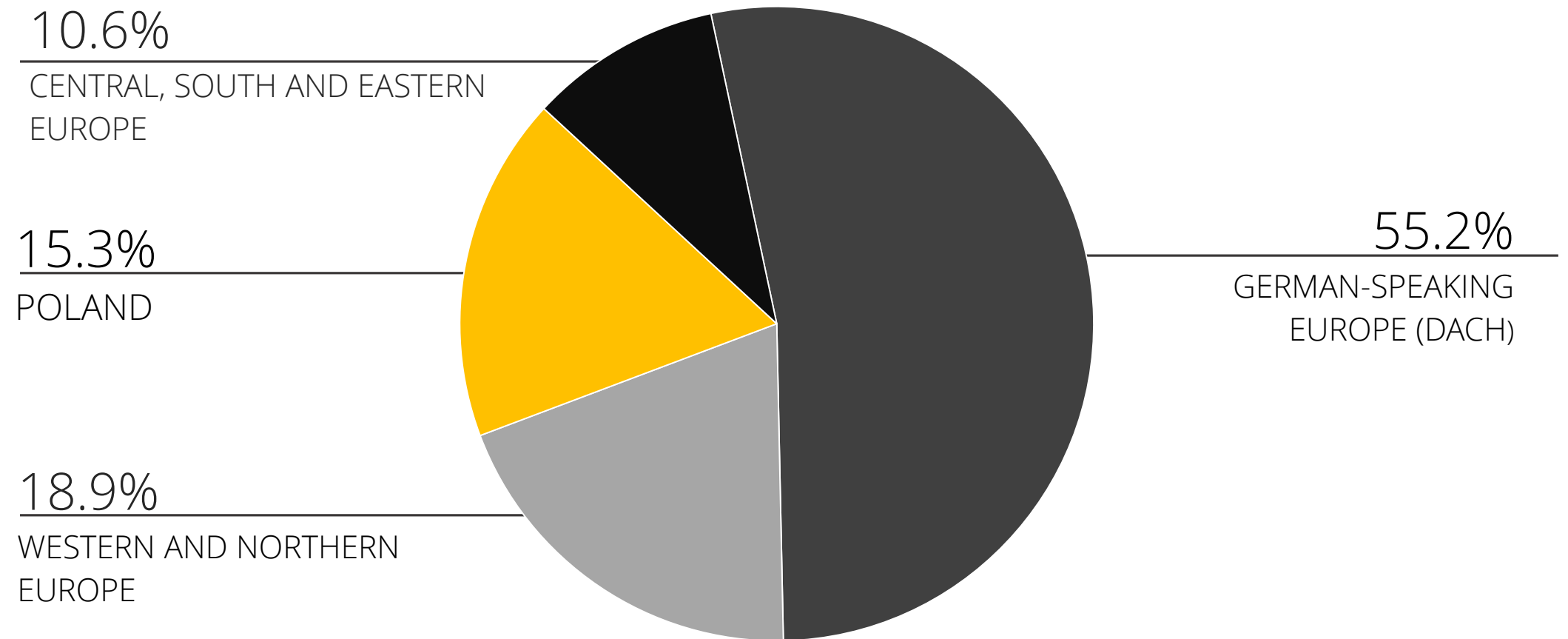
EBITDA Marge 15,3%  
2015: 12,3 %

10,1 %



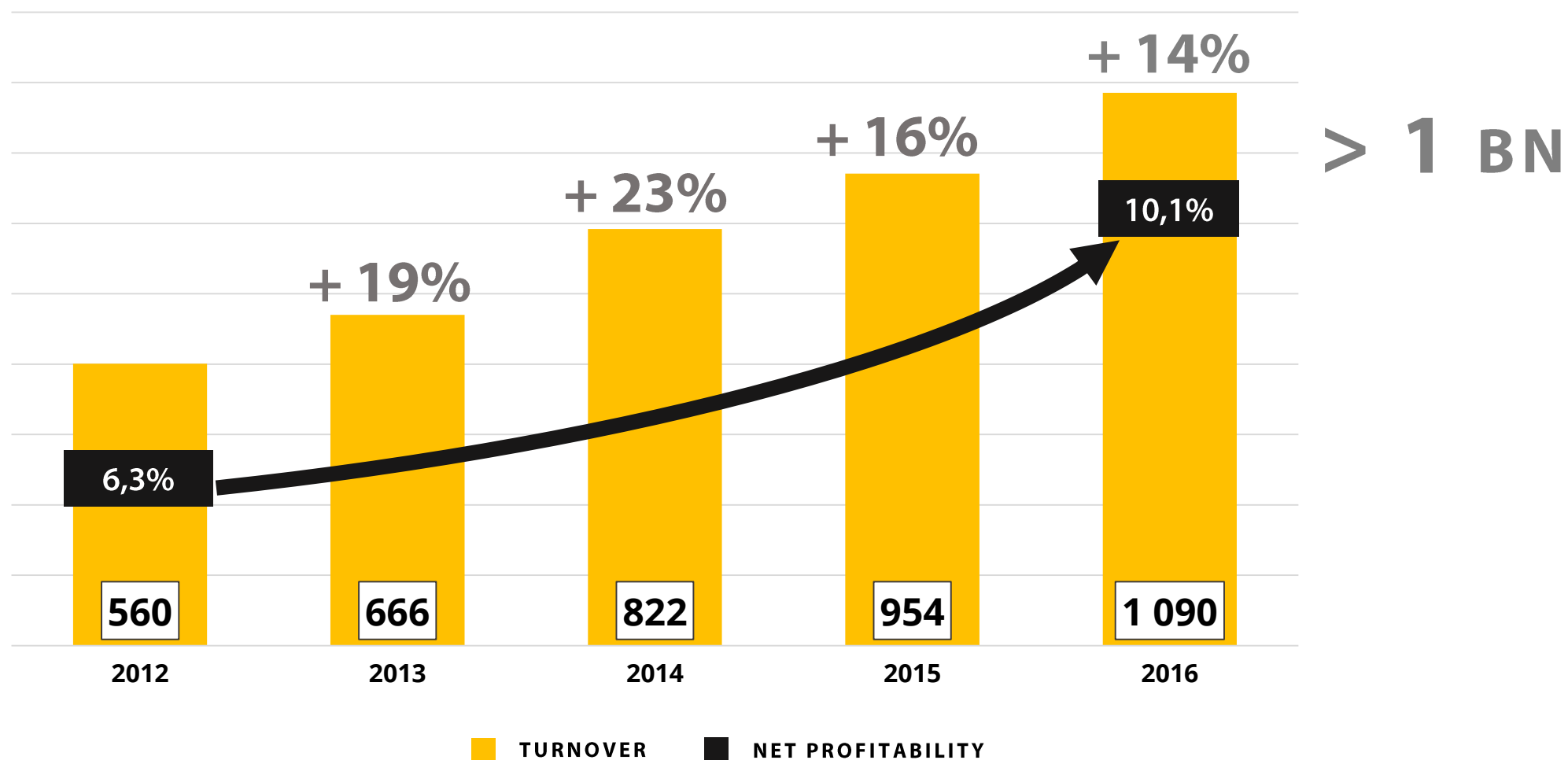
Net profitability 10.1%  
Up 31% on 2015

## GEOGRAPHICAL STRUCTURE OF SALES IN I-IV Q2016



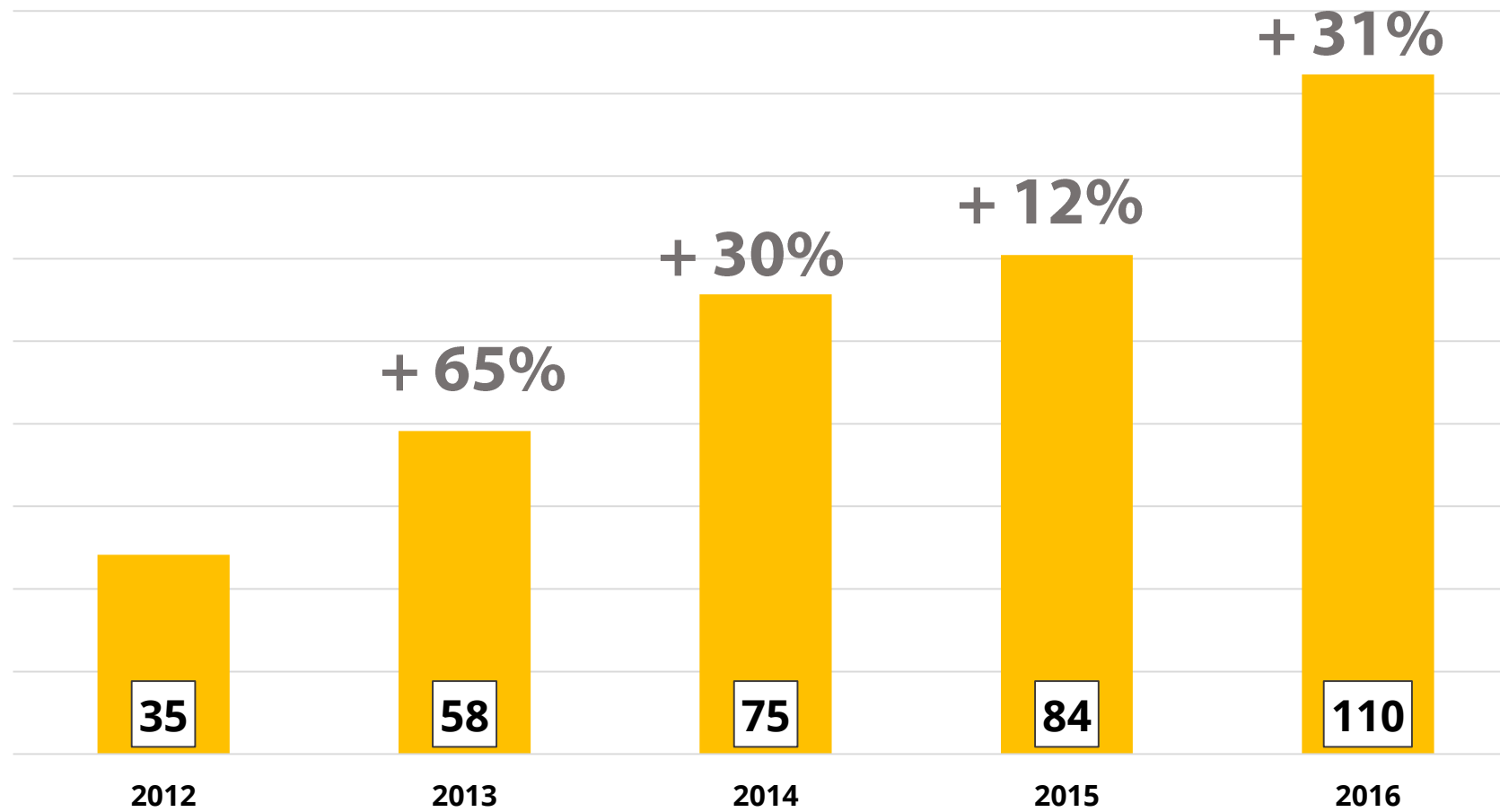
## SALES REVENUE 2016

M PLN



## NET PROFIT 2016

M PLN





## FINANCIAL DATA – IVQ COMPERATIVE DATA

| T PLN                          | IV Q2014       | IV Q2015       | IV Q2015<br>vs IV Q2014 | IV Q2016       | IV Q2016<br>vs IV Q2015 |
|--------------------------------|----------------|----------------|-------------------------|----------------|-------------------------|
| <b>Sales revenue</b>           | <b>230 450</b> | <b>283 425</b> | <b>23,0%</b>            | <b>304 820</b> | <b>7,5%</b>             |
| Gross profit on sales          | 84 600         | 106 750        | 26,2%                   | 124 678        | 16,8%                   |
| <b>Gross margin</b>            | <b>36,7%</b>   | <b>37,7%</b>   | <b>1,0%</b>             | <b>40,9%</b>   | <b>3,2%</b>             |
| Cost of sales                  | 48 309         | 58 585         | 21,3%                   | 65 323         | 11,5%                   |
| <b>As % of sales</b>           | <b>21,0%</b>   | <b>20,7%</b>   | <b>-0,3%</b>            | <b>21,4%</b>   | <b>0,8%</b>             |
| <b>Result on sales</b>         | <b>36 291</b>  | <b>48 165</b>  | <b>32,7%</b>            | <b>59 355</b>  | <b>23,2%</b>            |
| <b>Sales margin</b>            | <b>15,7%</b>   | <b>17,0%</b>   | <b>1,2%</b>             | <b>19,5%</b>   | <b>2,5%</b>             |
| <b>G&amp;A costs</b>           | <b>9 522</b>   | <b>10 404</b>  | <b>9,3%</b>             | <b>16 085</b>  | <b>54,6%</b>            |
| <b>As % of sales</b>           | <b>4,1%</b>    | <b>3,7%</b>    | <b>-0,5%</b>            | <b>5,3%</b>    | <b>1,6%</b>             |
| Result on other operations     | -1 662         | -7 536         | -353,4%                 | -2 470         | 67,2%                   |
| <b>Operating profit</b>        | <b>25 107</b>  | <b>30 225</b>  | <b>20,4%</b>            | <b>40 800</b>  | <b>35,0%</b>            |
| <b>Operating margin</b>        | <b>10,9%</b>   | <b>10,7%</b>   | <b>-0,2%</b>            | <b>13,4%</b>   | <b>2,7%</b>             |
| <b>EBITDA</b>                  | <b>29 527</b>  | <b>35 778</b>  | <b>21,2%</b>            | <b>46 666</b>  | <b>30,4%</b>            |
| <b>EBITDA margin</b>           | <b>12,8%</b>   | <b>12,6%</b>   | <b>-0,2%</b>            | <b>15,3%</b>   | <b>2,7%</b>             |
| Result on financial operations | -318           | -459           | -44,3%                  | -4 980         | -985,0%                 |
| <b>Gross profit</b>            | <b>24 789</b>  | <b>29 766</b>  | <b>20,1%</b>            | <b>35 820</b>  | <b>20,3%</b>            |
| <b>As % of sales</b>           | <b>10,8%</b>   | <b>10,5%</b>   | <b>-0,3%</b>            | <b>11,8%</b>   | <b>1,2%</b>             |
| <b>Net profit</b>              | <b>19 469</b>  | <b>23 892</b>  | <b>22,7%</b>            | <b>28 075</b>  | <b>17,5%</b>            |
| <b>Net profit margin</b>       | <b>8,4%</b>    | <b>8,4%</b>    | <b>0,0%</b>             | <b>9,2%</b>    | <b>0,8%</b>             |
| <b>Net profit per share</b>    | <b>0,82</b>    | <b>1,00</b>    | <b>23,1%</b>            | <b>1,18</b>    | <b>17,2%</b>            |

# FINANCIAL DATA 2016



| T PLN                          | 2014           | 2015           | I-IV Q2015<br>vs I-IV Q2014 | 2016             | I-IV Q2016<br>vs I-IV Q2015 |
|--------------------------------|----------------|----------------|-----------------------------|------------------|-----------------------------|
| <b>Sales revenue</b>           | <b>822 414</b> | <b>954 275</b> | <b>16,0%</b>                | <b>1 090 294</b> | <b>14,3%</b>                |
| Gross profit on sales          | 298 151        | 346 010        | 16,1%                       | 426 856          | 23,4%                       |
| <b>Gross margin</b>            | <b>36,3%</b>   | <b>36,3%</b>   | <b>0,0%</b>                 | <b>39,2%</b>     | <b>2,9%</b>                 |
| Cost of sales                  | 166 673        | 200 267        | 20,2%                       | 225 684          | 12,7%                       |
| <b>As % of sales</b>           | <b>20,3%</b>   | <b>21,0%</b>   | <b>0,7%</b>                 | <b>20,7%</b>     | <b>-0,3%</b>                |
| <b>Result on sales</b>         | <b>131 478</b> | <b>145 743</b> | <b>10,8%</b>                | <b>201 172</b>   | <b>38,0%</b>                |
| <b>Sales margin</b>            | <b>16,0%</b>   | <b>15,3%</b>   | <b>-0,7%</b>                | <b>18,5%</b>     | <b>3,2%</b>                 |
| <b>G&amp;A costs</b>           | <b>34 716</b>  | <b>36 864</b>  | <b>6,2%</b>                 | <b>51 262</b>    | <b>39,1%</b>                |
| <b>As % of sales</b>           | <b>4,2%</b>    | <b>3,9%</b>    | <b>-0,4%</b>                | <b>4,7%</b>      | <b>0,8%</b>                 |
| Result on other operations     | -3 158         | -10 720        | -239,5%                     | -5 540           | 48,3%                       |
| <b>Operating profit</b>        | <b>93 604</b>  | <b>98 159</b>  | <b>4,9%</b>                 | <b>144 370</b>   | <b>47,1%</b>                |
| <b>Operating margin</b>        | <b>11,4%</b>   | <b>10,3%</b>   | <b>-1,1%</b>                | <b>13,2%</b>     | <b>3,0%</b>                 |
| <b>EBITDA</b>                  | <b>110 441</b> | <b>117 847</b> | <b>6,7%</b>                 | <b>167 069</b>   | <b>41,8%</b>                |
| <b>EBITDA margin</b>           | <b>13,4%</b>   | <b>12,3%</b>   | <b>-1,1%</b>                | <b>15,3%</b>     | <b>3,0%</b>                 |
| Result on financial operations | 1 319          | 683            | -48,2%                      | -5 148           | -853,7%                     |
| <b>Gross profit</b>            | <b>94 923</b>  | <b>98 842</b>  | <b>4,1%</b>                 | <b>139 222</b>   | <b>40,9%</b>                |
| <b>As % of sales</b>           | <b>11,5%</b>   | <b>10,4%</b>   | <b>-1,2%</b>                | <b>12,8%</b>     | <b>2,4%</b>                 |
| <b>Net profit</b>              | <b>75 152</b>  | <b>84 373</b>  | <b>12,3%</b>                | <b>110 385</b>   | <b>30,8%</b>                |
| <b>Net profit margin</b>       | <b>9,1%</b>    | <b>8,8%</b>    | <b>-0,3%</b>                | <b>10,1%</b>     | <b>1,3%</b>                 |
| <b>Net profit per share</b>    | <b>3,16</b>    | <b>3,55</b>    | <b>12,3%</b>                | <b>4,62</b>      | <b>30,1%</b>                |

## FORTE – INVESTMENTS IN FIXED ASSETS 2016



**PLN 38,0 M**



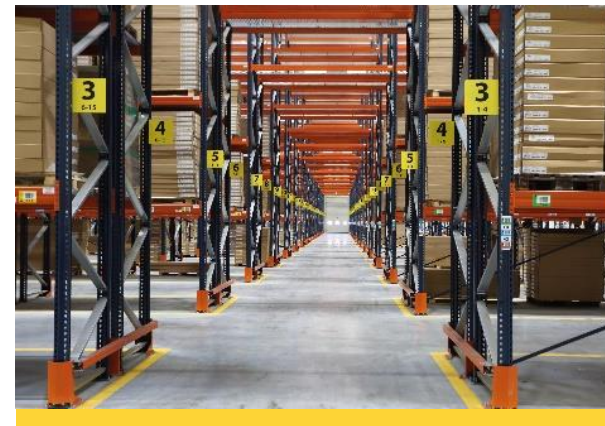
**CAPITAL EXPENDITURE TO  
INCREASE THE PRODUCTION  
CAPACITY OF FORTE**



**PLN 211,3 M**



**TANNE INVESTMENT**

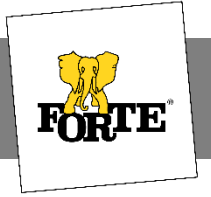


**PLN 12,7 M**



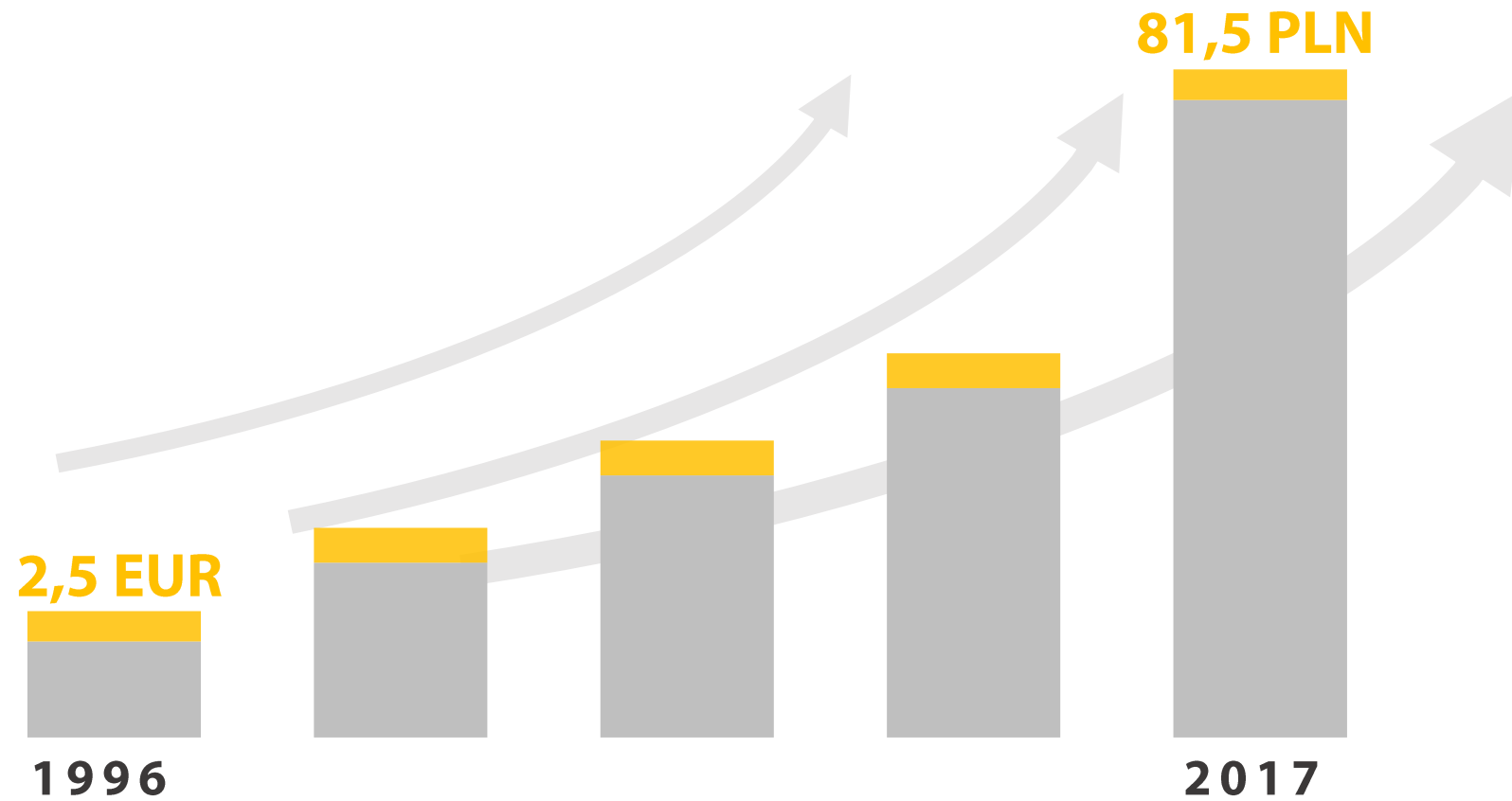
**CAPITAL EXPENDITURE ON  
INFRASTRUCTURE (INCLUDING  
THE WAREHOUSE)**

## FINANCIAL INDICATORS



|                   | 2012 | 2013  | 2014 | 2015 | 2016 |
|-------------------|------|-------|------|------|------|
| CURRENT RATIO     | 2,66 | 3,21  | 3,17 | 1,78 | 2,54 |
| QUICK RATIO       | 1,52 | 2,00  | 1,85 | 1,15 | 1,89 |
| DEBT RATIO/EBITDA | 0,57 | -0,07 | 0,40 | 0,69 | 1,94 |
| ROE               | 10%  | 15%   | 18%  | 18%  | 20%  |

## FORTE 20 YEARS ON THE WSE



## RESPECT INDEX



**THIS YEAR, OUR COMPANY HAS JOINED THE ELITE GROUP OF COMPANIES LISTED IN THE RESPECT INDEX**

**THE HIGHEST STANDARDS OF GOVERNANCE, INCLUDING:**

- CORPORATE GOVERNANCE
- INFORMATION GOVERNANCE
- INVESTOR RELATIONS
- ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STANDARDS



## DEVELOPMENT PLAN FOR 2016-2021



## DEVELOPMENT PLAN - SALES

- STRENGTHENING OUR POSITION AS A LEADER ON THE EUROPEAN MARKET
- ACQUIRING FMCG CHANNELS
- INCREASING SALES ON THE NON-EUROPEAN MARKETS
- INTERNET SALES – ACCESS TO LARGE MARKETS



# DEVELOPMENT PLAN –VERTICAL INTEGRATION



## BUILDING OUR OWN CHIPBOARD FACTORY

VOLUME OF INVESTMENT:  
**PLN 320 M**

LAUNCH DATE:  
**1 Q 2018**



## BUILDING THE FIFTH FURNITURE FACTORY

VOLUME OF INVESTMENT:  
**PLN 250 M**

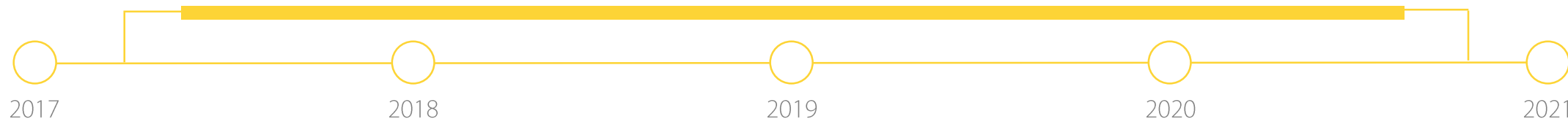
LAUNCH DATE:  
**1 Q 2019**



## EXTENSION OF THE WAREHOUSE CAPACITY

VOLUME OF INVESTMENT:  
**PLN 50 M**

LAUNCH DATE:  
**GRADUAL EXPANSION 2017–2020**



# BENEFITS FROM VERTICAL INTEGRATION

**HIGH FLEXIBILITY  
OF PRODUCTION**



**HIGHEST  
ECOLOGICAL  
STANDARDS**



**LOWERING COSTS  
OF RAW MATERIAL**



**TECHNOLOGICAL  
INNOVATIONS**



## DEVELOPMENT PLAN – GLOBALIZATION



**FORTE FURNITURE PRODUCTS INDIA PRIVATE LIMITED**

# WHY INDIA?

- > INDIE IS THE AREA OF 3.28 M KM2 WHAT STANDS FOR 2.4% AREA OF THE WORLD (MORE THAN 10X THE SIZE OF POLAND)
- > 1.3 BN PEOPLE – 17.86 % OF THE WORLD POPULATION
- > THE YOUNGEST COUNTRY IN THE WORLD WITH THE POPULATION AVERAGE AGE OF 26
- > GROWING MIDDLE CLASS
- > RAPID URBANIZATION
- > GDP GROWTH ABOVE 7%
- > TRANSFORMATION OF FURNITURE INDUSTRY FROM „UNORGANIZED” TO „ORGANIZED”



# FORTE FURNITURE PRODUCTS INDIA - TODAY

- **OUR PARTNER** - INDIAN CONGLOMERATE WITH INTERNATIONAL REACH, 26 GROUP COMPANIES, HELD BY 3 HOLDINGS, LISTED ON THE INDIAN STOCK EXCHANGE, ABOVE 3 MLD USD – YEARLY TURNOVER OF THE ADVENTZ GROUP



- **HEADQUARTERED IN CHENNAI** – THE CAPITAL OF THE SOUTHERN STATE OF TAMIL NADU
- **APRIL 1, 2017** – THE START OF ALL OPERATIONS
- **FURNITURE FACTORY** – TAKING OVER FROM ITS FORMAL PARTNER JOINT VENTURE (INDIAN FURNITURE PRODUCTS LIMITED, A SUBSIDIARY OF THE ADVENTZ GROUP) – AFTER UPGRADING A TARGET OUTPUT OF 250.000 PIECES OF FURNITURE YEARLY
- **DISTRIBUTION NETWORK** - 45 SHOPS THROUGHOUT INDIA AND A NETWORK OF WHOLESALERS



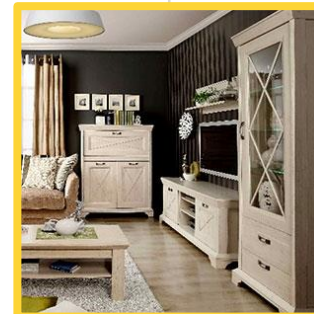
# DEVELOPMENT PLAN FOR FORTE FURNITURE PRODUCTS INDIA

**SIGNING THE  
JOINT VENTURE  
AGREEMENT**

**PRODUCTION  
INVESTMENTS**

**PRODUCT  
DEVELOPMENT**

**EXTENSION OF  
DISTRIBUTION  
NETWORK**



# FORTE FURNITURE PRODUCTS INDIA – IN THE FUTURE

- ONE OF THE LEADING RTA FURNITURE PRODUCERS OF THE COUNTRY
- TO INTRODUCE THE FORTE BRAND TO THE INDIAN MARKET
- TO USE THE INDIAN BASE FOR EXPORTS INTO OTHER EASTERN AND MIDDLE-EASTERN COUNTRIES





## PUBLICATIONS OF RESULTS IN 2017

I QUARTER

30 MAY

I HALF

14 SEPTEMBER

III QUARTER

29 NOVEMBER



25  
LAT

THANK YOU FOR  
YOUR ATTENTION