

# Financial Results Benefit Systems Group

1-3Q 2018

7<sup>th</sup> November 2018



## Stable growth in Poland and in the foreign markets



Increase in the number of sport cards in Poland by 109.3 thousand y/y to a total of 917.2 thousand



Increase in the number of cards in foreign markets by 81.4 thousand y/y to a total of 187.0 thousand

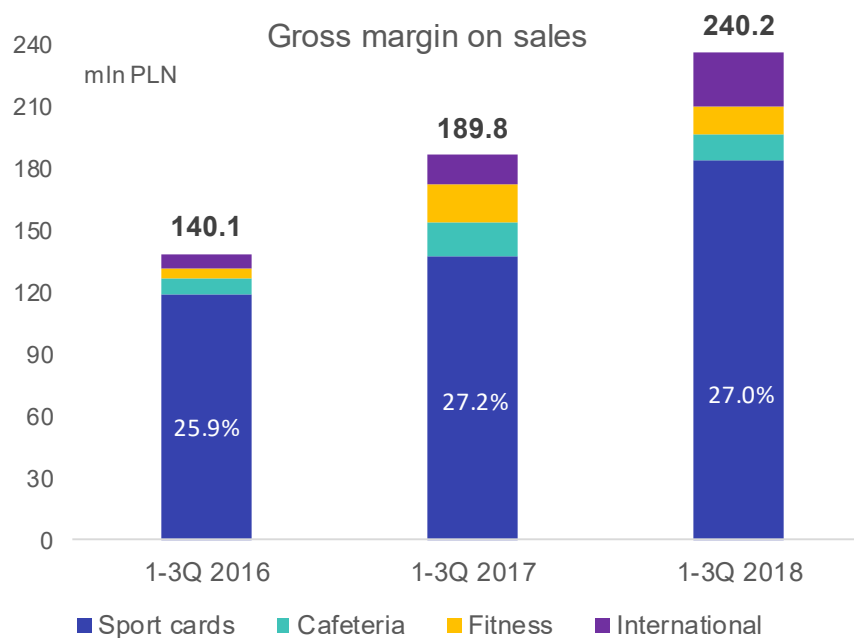
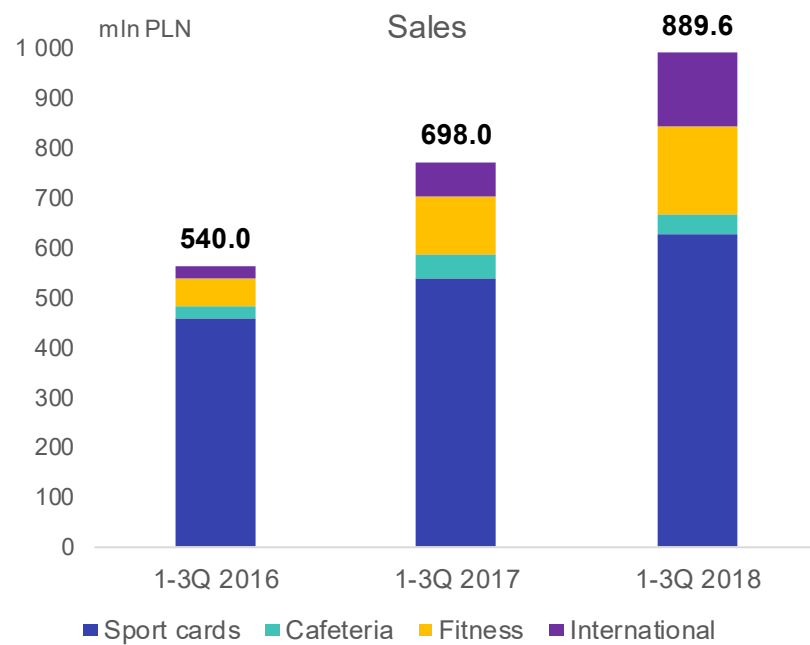


Fitness segment: winding down of acquisition strategy in Poland; reorganization and restructuring

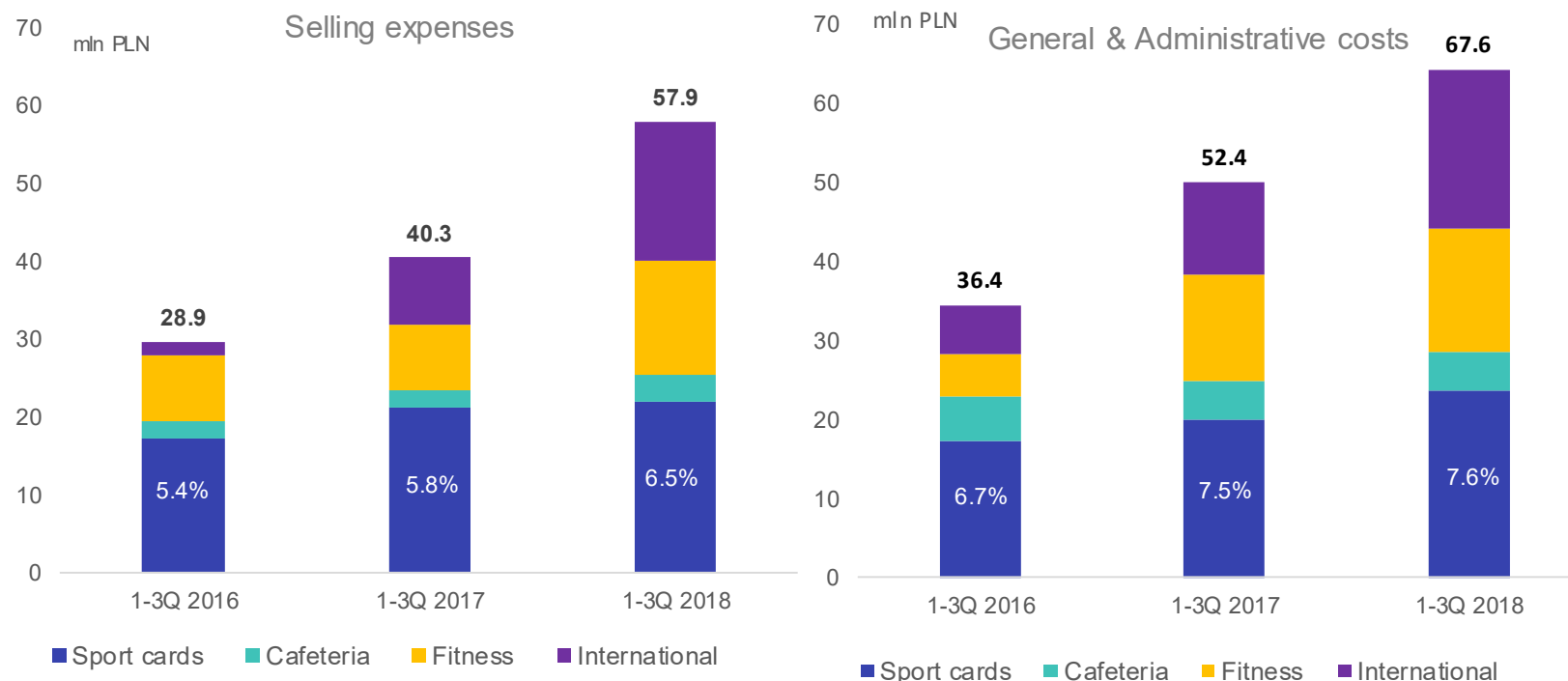
## Key financial data

| (m PLN)             | 1-3Q 2017 | 1-3Q 2018 | Change | Change (%) |
|---------------------|-----------|-----------|--------|------------|
| Sales               | 698.0     | 889.6     | 191.6  | 27.4%      |
| EBITDA (excl. MSOP) | 119.4     | 143.0     | 23.6   | 19.8%      |
| EBITDA              | 114.2     | 133.7     | 19.5   | 17.1%      |
| EBIT                | 89.7      | 102.9     | 13.2   | 14.7%      |
| Pre-tax profit      | 88.2      | 97.9      | 9.7    | 11.0%      |
| Net profit          | 68.9      | 74.8      | 5.9    | 8.6%       |

## Sales and gross margin on sales



## Selling, General & Administrative expenses (excl. MSOP)



## Summary of segment results

| EBITDA (m PLN) | 1-3Q 2017    | 1-3Q 2018    | Change      | Change (%)   |
|----------------|--------------|--------------|-------------|--------------|
| Sport cards    | 102.3        | 145.0        | 42.7        | 41.7%        |
| Cafeteria      | 9.6          | 4.8          | (4.8)       | (50.0%)      |
| Fitness        | 10.9         | 0.2          | (10.7)      | (98.0%)      |
| International  | (5.4)        | (7.0)        | (1.7)       |              |
| Sport cards    | (2.4)        | (0.7)        | 1.8         |              |
| Fitness        | (2.6)        | (6.4)        | (3.8)       |              |
| Other          | (3.2)        | (9.2)        | (6.0)       |              |
| <b>TOTAL</b>   | <b>114.2</b> | <b>133.7</b> | <b>19.5</b> | <b>17.1%</b> |

## Cash flows

| CASH FLOW (m PLN)            | 1-3Q 2017     | 1-3Q 2018    |
|------------------------------|---------------|--------------|
| Operating cash flow          | 105.3         | 108.2        |
| Investing cash flow          | -151.4        | -191.4       |
| Financial cash flow          | 27.2          | 214.2        |
| Change in cash               | -18.9         | 130.9        |
| <b>Net cash / (net debt)</b> | <b>-192.6</b> | <b>-13.7</b> |

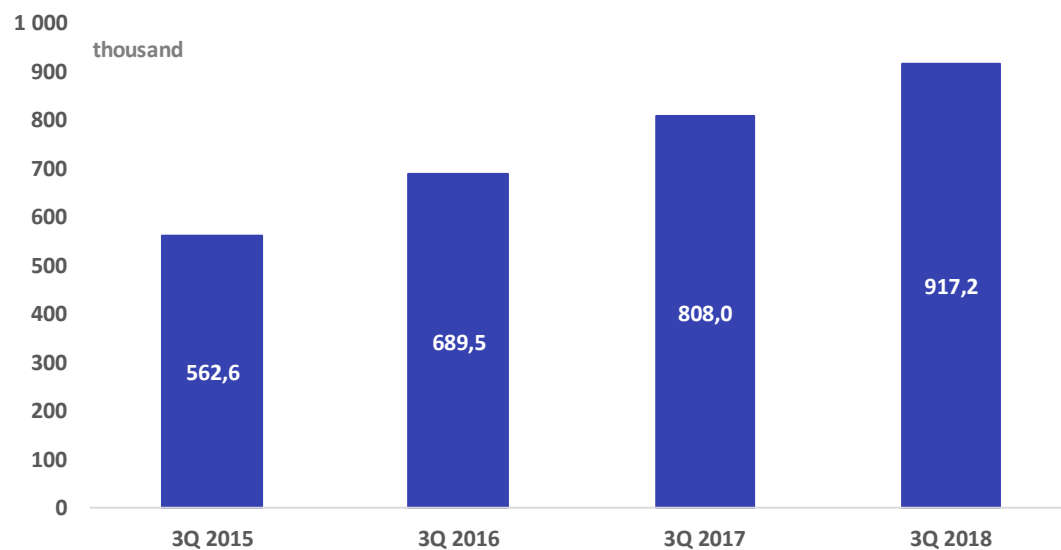


Sport Cards





## Number of sport cards – Polish market



1-3Q 2018:  
+51.7 thousand  
(+6.0%)

1-3Q 2017:  
+64.5 thousand  
(+8.7%)

Growth y/y



## Sport cards segment results

| (m PLN)                     | 1-3Q 2017 | 1-3Q 2018 | Change    | Change (%) |
|-----------------------------|-----------|-----------|-----------|------------|
| Number of cards (thousands) | 808.0     | 917.2     | 109.3     | 13.5%      |
| Sales                       | 536.7     | 624.8     | 88.2      | 16.4%      |
| Gross profit on sales*      | 137.7     | 184.1     | 46.5      | 33.8%      |
| Gross margin                | 25.6%     | 29.5%     | +3.8 p.p. | -          |
| SG&A's                      | 40.9      | 45.4      | 4.5       | 11.1%      |
| EBITDA                      | 102.3     | 145.0     | 42.7      | 41.7%      |

\*includes recharge to Fitness segment: 24.0mln in 1-3Q 2018 and 8.0 mln in 1-3Q 2017



Fitness Segment



## Finalization of the acquisition program in Poland

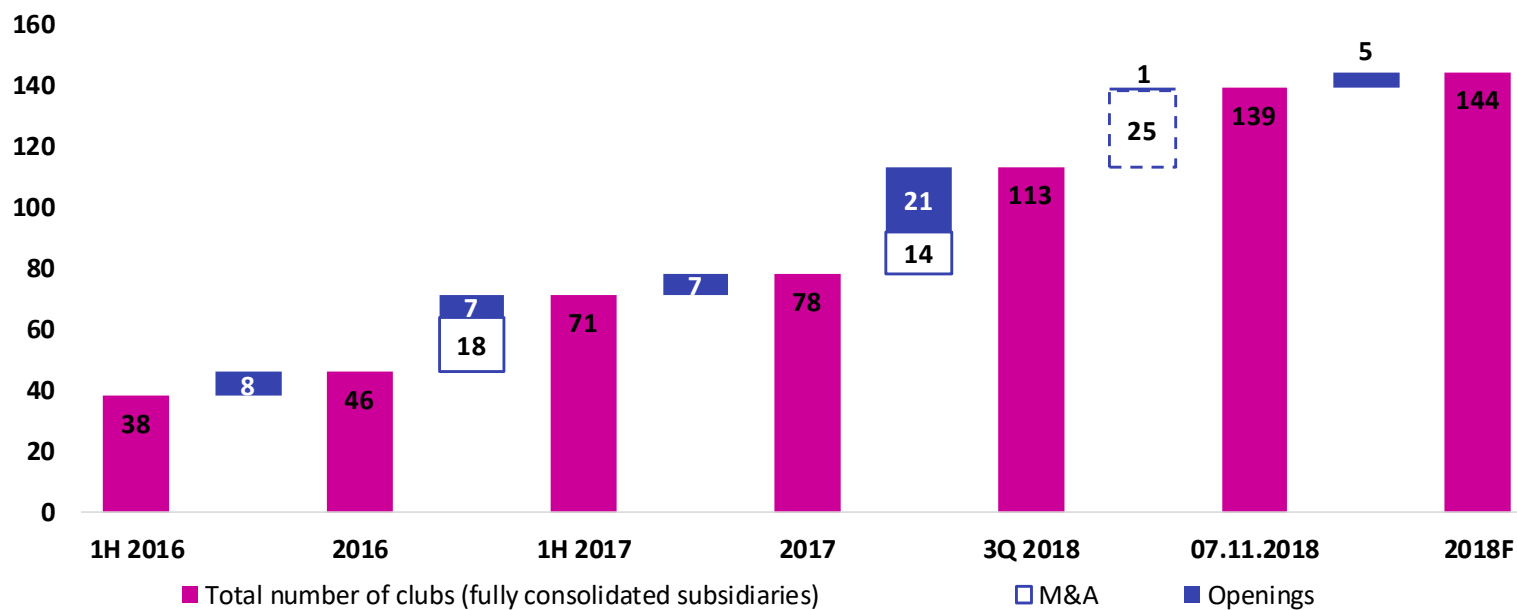


- 14 clubs in the agglomeration of Warsaw:
  - Arkadia, Galeria Mokotów, Galeria Północna, Wola Park, Plac Unii, Spire, Europlex, Bielany, Wawer, Wilanowska, Ursynów, Mangalia, Piaseczno, Piastów.
- 4 rental agreements/investments in progress:
  - Trakt Brzeski, Ursus, Galeria Młociny, X20.
- Transaction value: 69mln + max. 37mln earn-out conditional on Benefit Systems share price.

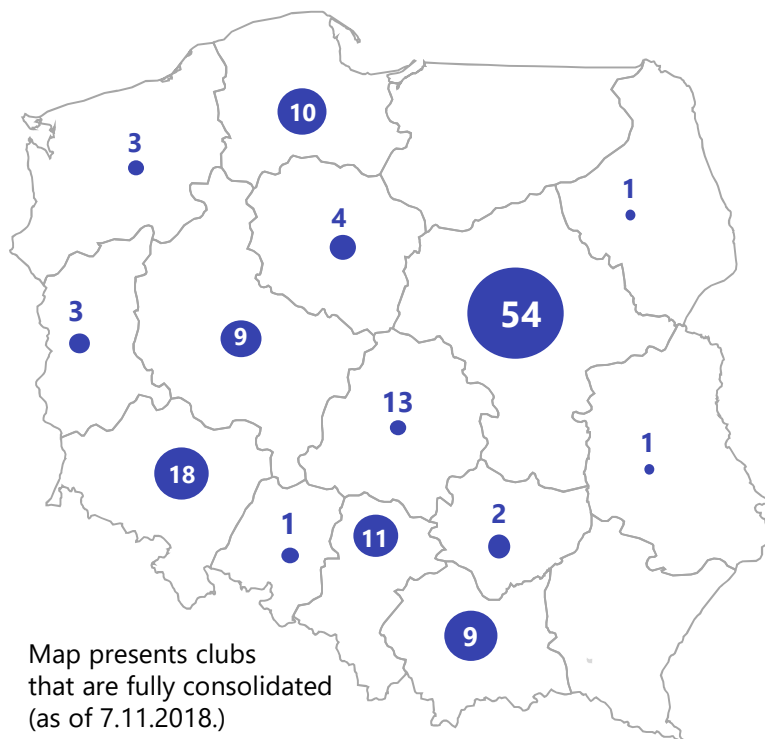


- 11 clubs in the agglomeration of Łódź:
  - 8 clubs Łodzi,
  - Andrespol, Konstantinów Łódzki, Tomaszów Mazowiecki.
- Planned network size at the end of 2019: 20 clubs;
- Transaction value: 9.6mln for 22.5%; max. 31mln for the remaining 47.5% (conditional on Fit Fabric earnings) (until July 2021).

## Expansion of fitness clubs – fully consolidated subsidiaries



## Network of fitness clubs is growing



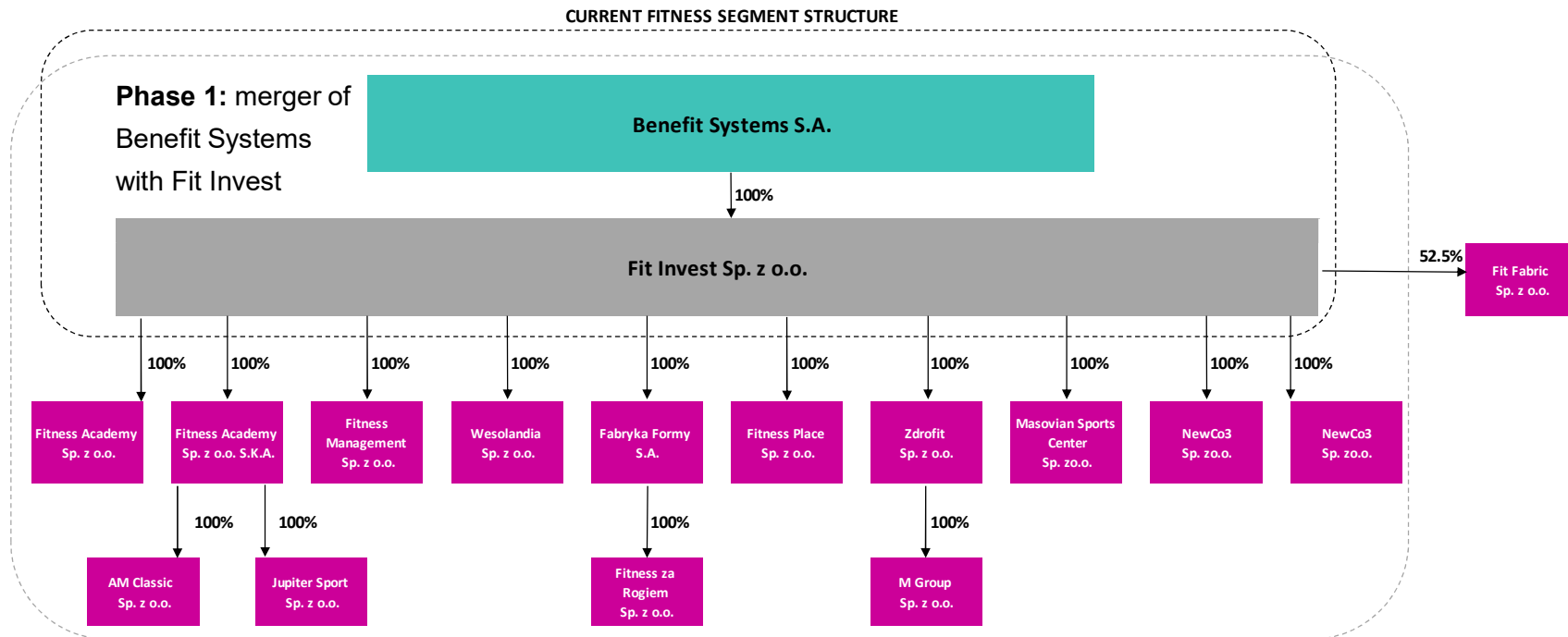
Map presents clubs that are fully consolidated (as of 7.11.2018.)

| COMPANY          | Dec 2017  | Sept 2018  | 7 Nov 2018 | Dec 2018F  |
|------------------|-----------|------------|------------|------------|
| Fabryka Formy    | 23        | 25         | 25         | 27         |
| Fitness Academy  | 17        | 19         | 19         | 19         |
| Zdrofit          | 17        | 40         | 41         | 43         |
| My Fitness Place | 11        | 14         | 14         | 14         |
| Fitness Club S4  | -         | 14         | 14         | 14         |
| Tiger Gym*       | 9         | -          | -          | -          |
| Fit Fabric       | -         | -          | 11         | 12         |
| Calypso          | -         | -          | 14         | 14         |
| Wesolandia       | 1         | 1          | 1          | 1          |
| <b>TOTAL</b>     | <b>78</b> | <b>113</b> | <b>139</b> | <b>144</b> |

\* Rebranded and merged into Zdrofit

In affiliate entities:  
 69 clubs as of 30.09.2018 (of which 58 Calypso, 10 FitFabric)  
 45 clubs as of 7.11.2018

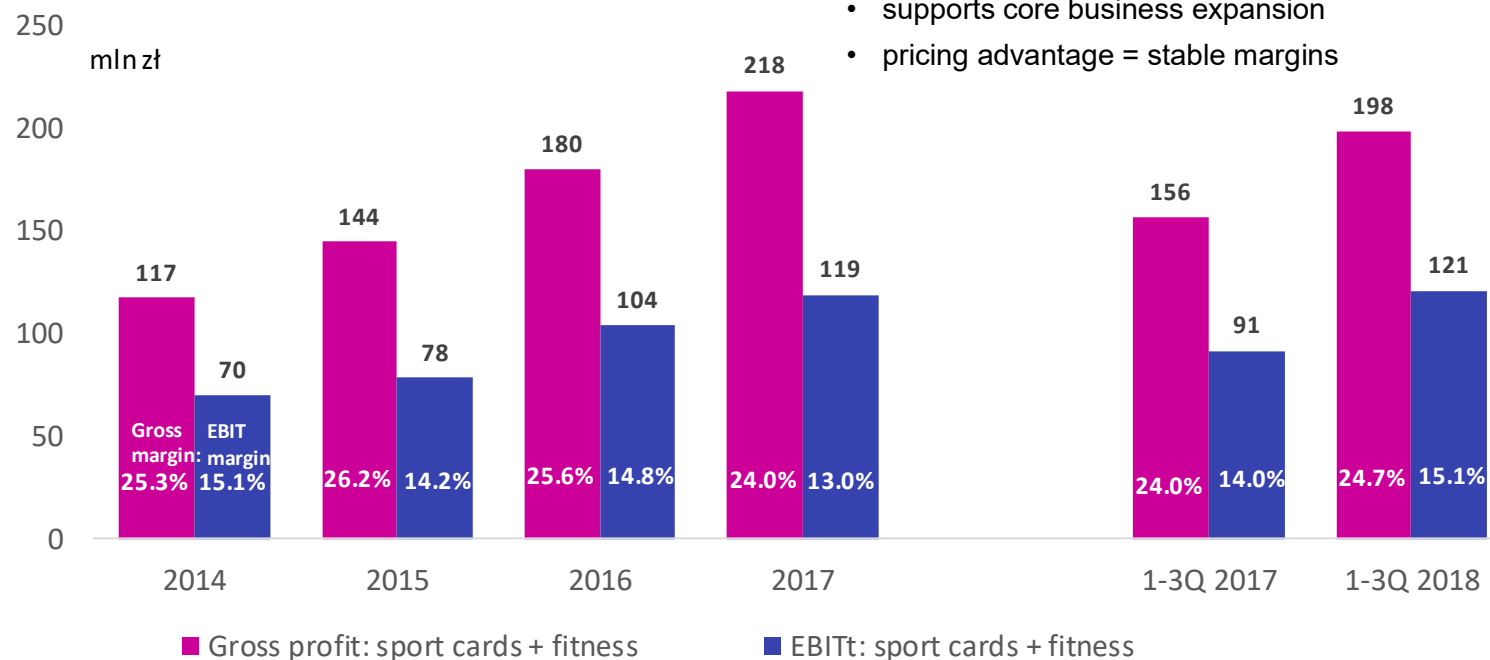
# Reorganization of fitness segment: Simplification of capital group structure and efficiency improvement



## Sport cards and fitness: complementary segments with growing profits and steady margins

Fitness segment:

- competitive advantage for sport cards
- supports core business expansion
- pricing advantage = stable margins





## Fitness segment results

| (m PLN)                              | 1-3Q 2017 | 1-3Q 2018 | Change    | Change (%) |
|--------------------------------------|-----------|-----------|-----------|------------|
| Number of clubs                      | 77        | 113       | 36        | 46.8%      |
| Sales*                               | 115.3     | 177.1     | 61.7      | 53.6%      |
| Gross profit on sales                | 18.6      | 14.3      | (4.3)     | (23.0%)    |
| Gross margin                         | 16.1%     | 8.1%      | -8.2 p.p. |            |
| SG&A's                               | 22.0      | 30.3      | 8.3       | 37.7%      |
| EBITDA                               | 10.9      | 0.2       | (10.7)    |            |
| Share of profit/(loss) of associates | 1.8       | -3.2      | (5.0)     |            |

\*includes recharge revenue: 24.0 mln in 1-3Q 2018 and 8.0mln in 1-3Q 2018

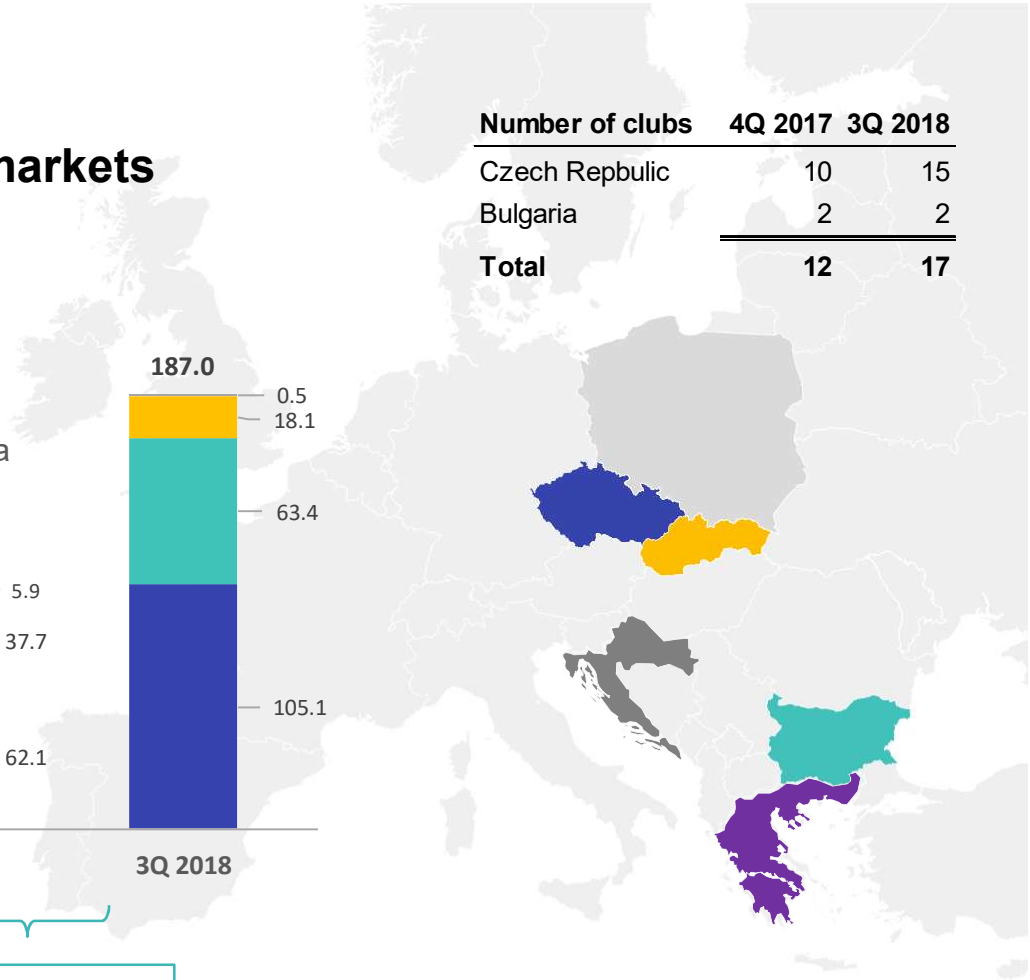
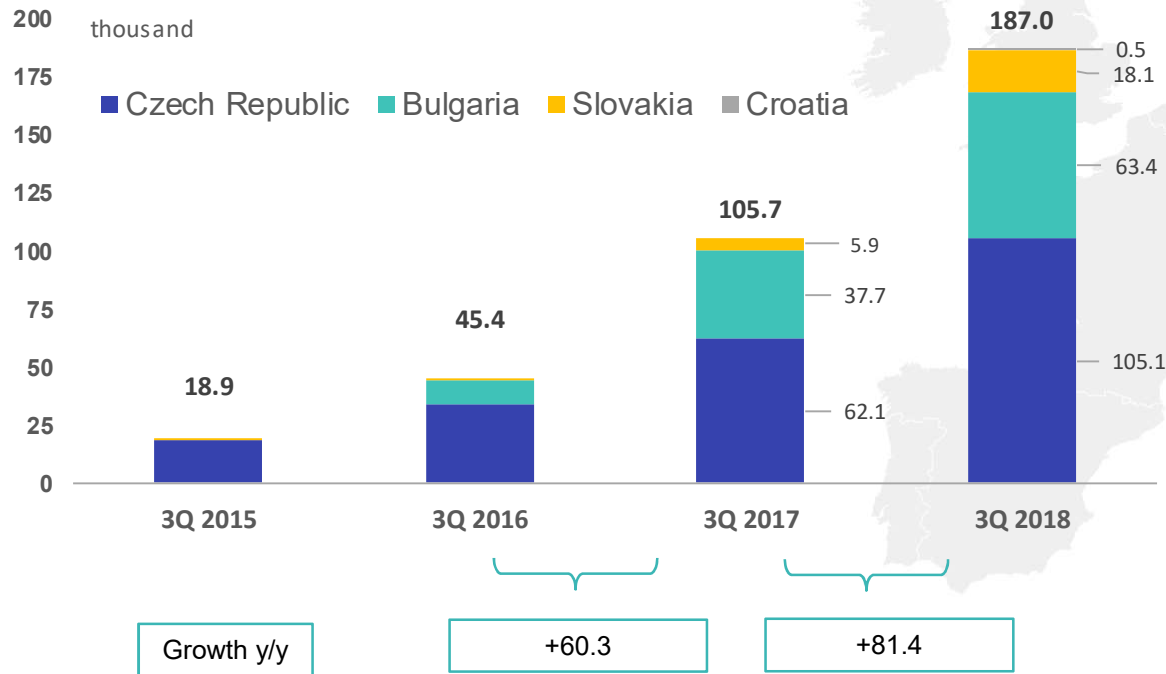


International



# Number of sport cards – foreign markets

| Number of clubs | 4Q 2017   | 3Q 2018   |
|-----------------|-----------|-----------|
| Czech Republic  | 10        | 15        |
| Bulgaria        | 2         | 2         |
| <b>Total</b>    | <b>12</b> | <b>17</b> |



## International segment results

| (m PLN)                     | 1-3Q 2017 | 1-3Q 2018 | Change    | Change (%) |
|-----------------------------|-----------|-----------|-----------|------------|
| Number of cards (thousands) | 105.7     | 187.0     | 81.4      | 77.0%      |
| Sales                       | 69.4      | 148.0     | 78.6      | 113.2%     |
| Gross profit on sales       | 14.0      | 25.7      | 11.6      | 82.8%      |
| Gross margin                | 20.2%     | 17.3%     | -2.9 p.p. | -          |
| SG&A's                      | 20.3      | 38.0      | 17.8      | 87.9%      |
| EBITDA                      | (5.4)     | (7.0)     | (1.7)     | -          |
| Sport cards                 | (2.4)     | (0.7)     | 1.8       |            |
| Fitness                     | (2.9)     | (6.4)     | (3.5)     |            |

## Czech Republic: sport cards segment results

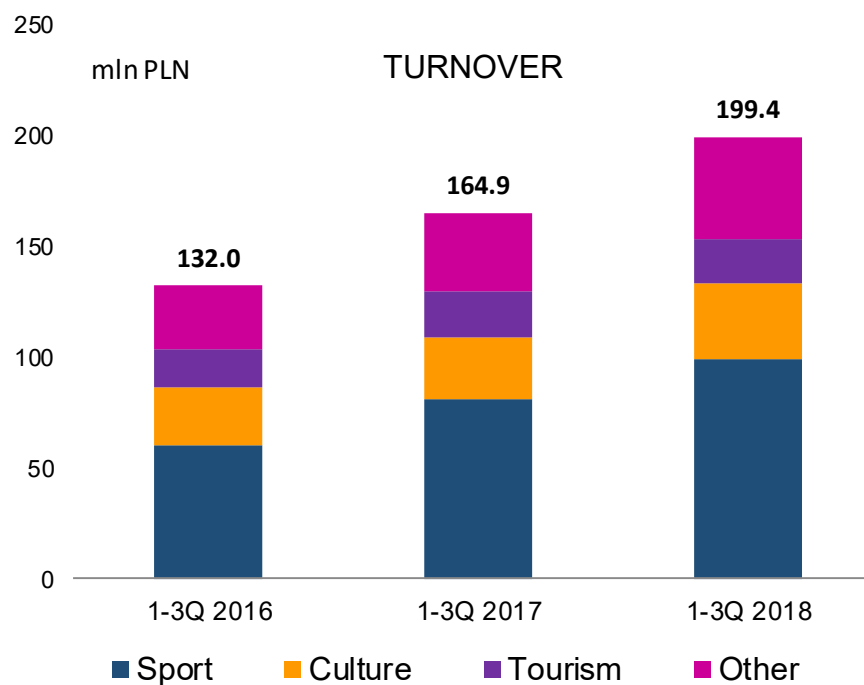
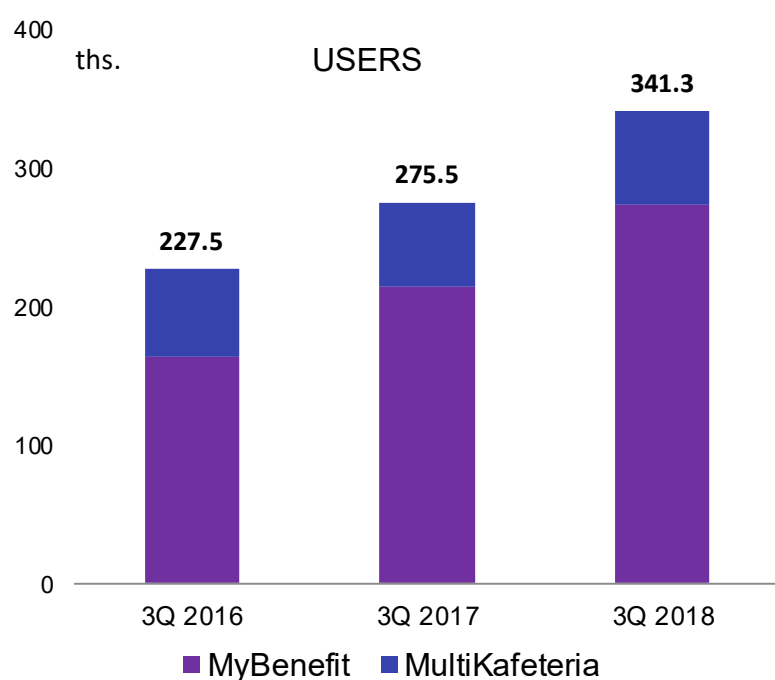
| (m PLN)                     | 2016  | 2017  | 1-3Q 2017 | 1-3Q 2018 | Change    | Change (%) |
|-----------------------------|-------|-------|-----------|-----------|-----------|------------|
| Number of cards (thousands) | 40.4  | 74.1  | 62.1      | 105.1     | 42.9      | 69.1%      |
| Sales                       | 32.9  | 55.1  | 38.1      | 71.6      | 33.5      | 87.8%      |
| Gross profit on sales       | 10.0  | 14.7  | 10.2      | 18.5      | 8.3       | 80.9%      |
| Gross margin                | 30.4% | 26.7% | 26.8%     | 25.9%     | -1,0 p.p. |            |
| SG&A's                      | 6.9   | 12.8  | 8.2       | 15.3      | 7.1       | 86.9%      |
| EBITDA                      | 2.9   | 2.4   | 2.2       | 3.4       | 1.2       | 54.1%      |



Cafeteria



## Users and turnover on Cafeteria platforms



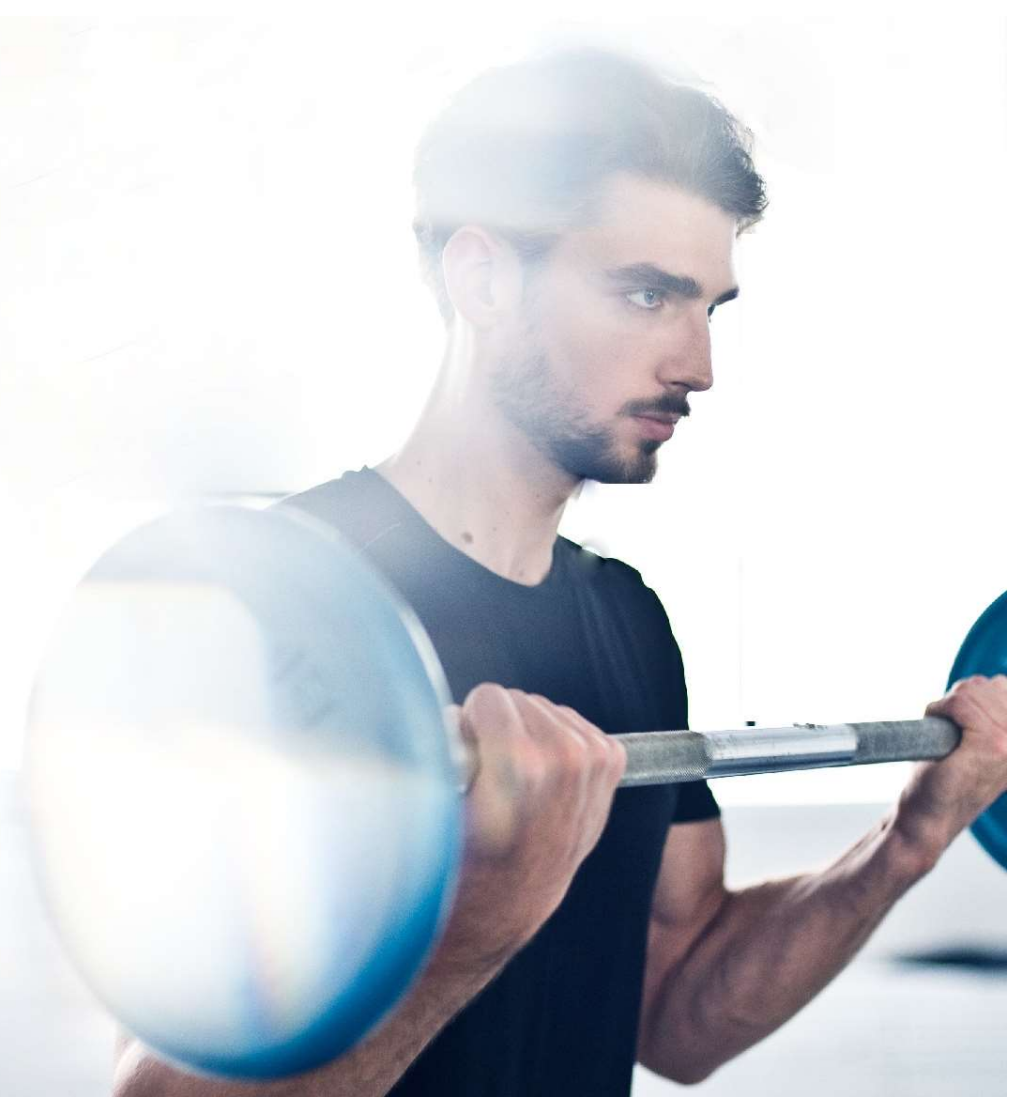
## Cafeteria segment results

| (m PLN)               | 1-3Q 2017 | 1-3Q 2018 | Change    | Change (%) |
|-----------------------|-----------|-----------|-----------|------------|
| Sales                 | 49.9      | 39.8      | (10.1)    | (20.3%)    |
| Gross profit on sales | 15.9      | 11.8      | (4.1)     | (25.6%)    |
| Gross margin          | 31.9%     | 29.7%     | -2.1 p.p. |            |
| SG&A's                | 7.2       | 8.2       | 1.1       | 14.9%      |
| EBITDA                | 9.6       | 4.8       | (4.8)     | (50.0%)    |

Cafeteria segment recognized PLN 5.6mln profit on the summer promotional action in 1-3Q 2017 and 0.7mln in 1-3Q 2018.



## Summary




## MultiSport initiatives in Poland

Zamów kartę MultiSport Senior dla  
Twoich najbliższych!


 *dobry*  
**MultiUczynek**



 **Aktywne Szkoły**  
**MultiSport**

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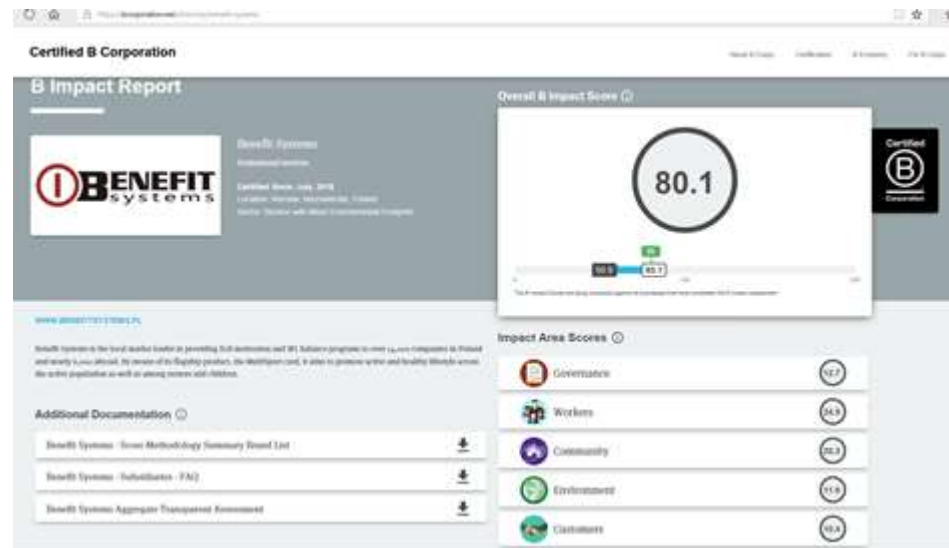
**RAZEM  
PODEJMIJMY  
TO WYZWANIE!**



# Benefit Systems: first in Poland



- We are the first public company in the CEE that received B Corp certificate – granted by international non-profit organization B Lab;
- Our business model based on partnership with all stakeholders and drive for sustainable growth, is in line with B Corp's perspective on business.
- B-Lab's assessment covers: corporate governance; employment policies; impact on the community and the environmental; relationships with clients.
- B Corp today: 2,655 companies, 60 countries, 150 sectors.



## Conclusions



STABLE CARD GROWTH IN POLAND



DYNAMIC CARD PROGRESS ABROAD



FITNESS SEGMENT: CONTINUATION OF INVESTMENT ACTIVITIES;  
PLANNED REORGANIZATION

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