

# PREZENTACJA WYNIKÓW ZA I PÓŁROCZE 2014



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## The most significant events in H1 2014

- ❑ Obtaining a final use permit for the investment of Oaza Piątkowo in Poznań.
- ❑ The start of the construction of Łódź Osiedle Centrum III project comprising 96 flats (April, 2014);
- ❑ The start of the construction and sales of the project at Kasprzaka Street, Warsaw, stage B1, comprising 673 flats (May, 2014);
- ❑ Nearly 150 flats were sold in the stage B1, at Kasprzaka Street, Warsaw (within 3 months of sales), of which 73 flats in Q2.
- ❑ Obtaining a building permit for construction of the stage B2, at Kasprzaka Street, Warsaw, comprising 291 flats (June, 2014).
- ❑ The preparation of the issue of Series C Shares to obtain funds to finance their own contributions in the planned development projects.



# Factors influencing the Company's activity in H1 2014

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- ❑ Maintaining **low interest rates of mortgages** as a favourable factor to finance the flat purchase.
- ❑ **The increasing availability of financing** - in H1 2014 PLN 18.4 billion of loans was granted y/y\*
- ❑ Low inflation and moderate real wage growth, as well as the low level of interest rates, increase the availability of mortgage financing and reduce its current cost, and thus positively translate into demand for housing.
- ❑ **The introduction of the government program Mieszkanie dla Młodych (since early 2014)** - the Company had at the beginning of the year 500 completed units available in this program.
- ❑ **Finalisation of processes associated with the preparation of key investments** designed to run in the nearest periods

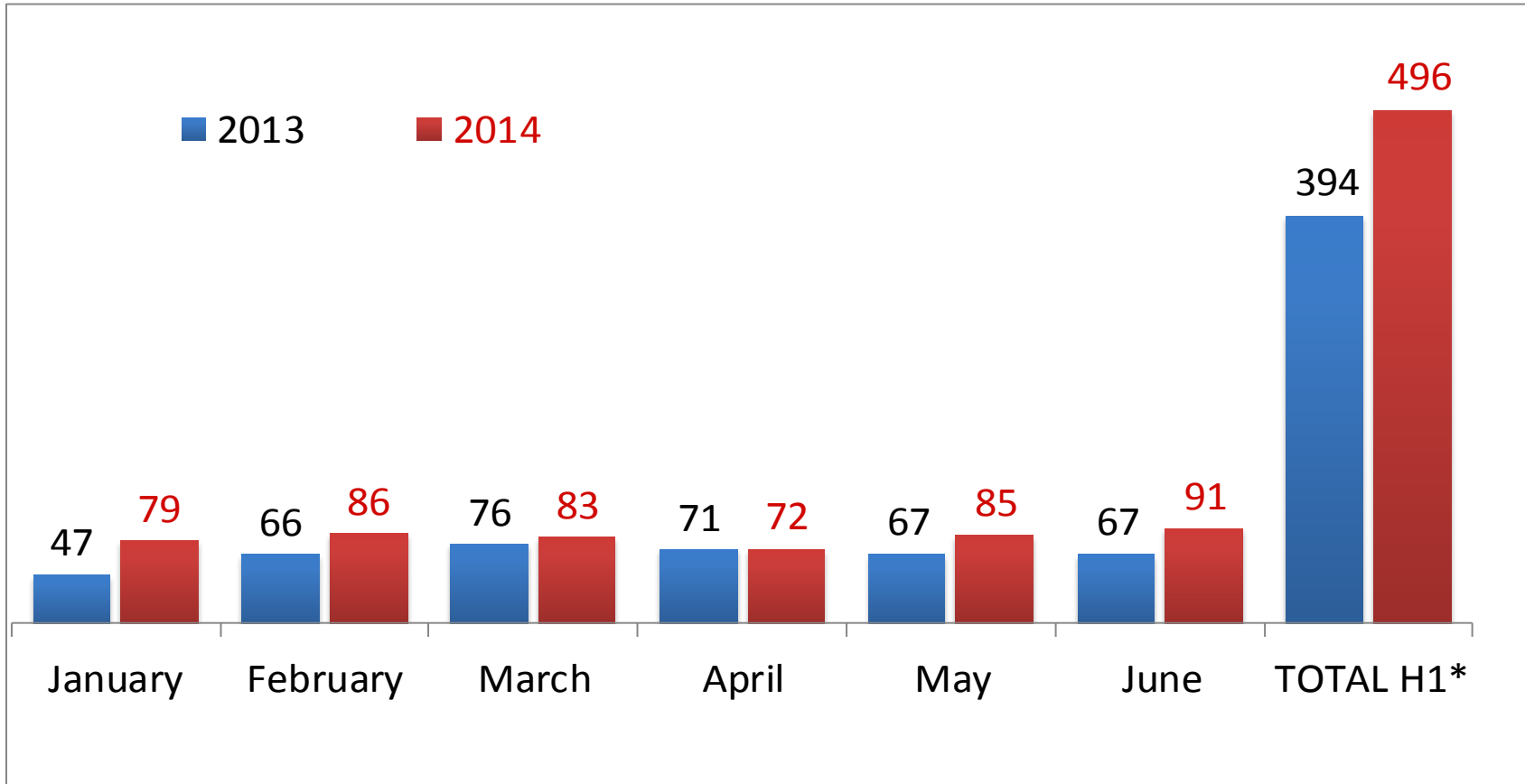
\* Source: Związek Banków Polskich, raport AMRON-SARFIN

## Factors influencing the Company's activity in H1 2014

NEGATIVE

- ❑ **Still restrictive policy of FSA in relation to mortgage credits** - restrictions on loans in foreign currencies, Recommendation S
- ❑ **Act developer introducing trust accounts** - the act inhibits quick proceeding in the scope of financing and enforces increase in financial expenses
- ❑ **Changes in government support projects in the housing market** - the uncertainty in the market resulting in significant seasonality of demand
- ❑ **Long-lasting process** of obtaining necessary administrative decisions in relation to the currently ongoing and future projects.

## Sales of flats in H1 2014



- J.W. J.W. Construction Holding S.A in H1 2014 sold **496** units compared to **394** units y/y, an increase by **25.9%** y/y.
- An important factor influencing the sale of the first quarter is the government program MdM, stimulating demand from Customers and introducing new flats to the offer.

\* Data on sales include sales of "Oxygen" investment (45 premises in H1 2014, 34 premises in H1 2013)

# Selected consolidated financial data for H1 2014

Selected financial data	H1 2014	H1 2013	Change H/H
Revenues on sales	PLN 116.9 mil	PLN 181.3 mil	-36%
Gross profit on sales	PLN 28.3 mil	PLN 38.7 mil	-27%
Gross margin on sales	24%	21%	+3 p.p.
Operating profit	PLN 23.2 mil	PLN 24.3 mil	- 4%
Net profit	PLN 5.95 mil	PLN 5.15 mil	+16%

- ❑ Decrease in revenues from sales in H1 2014 by 36%, y/y.
- ❑ Increase in net profit in H1 2014 by 16% y/y

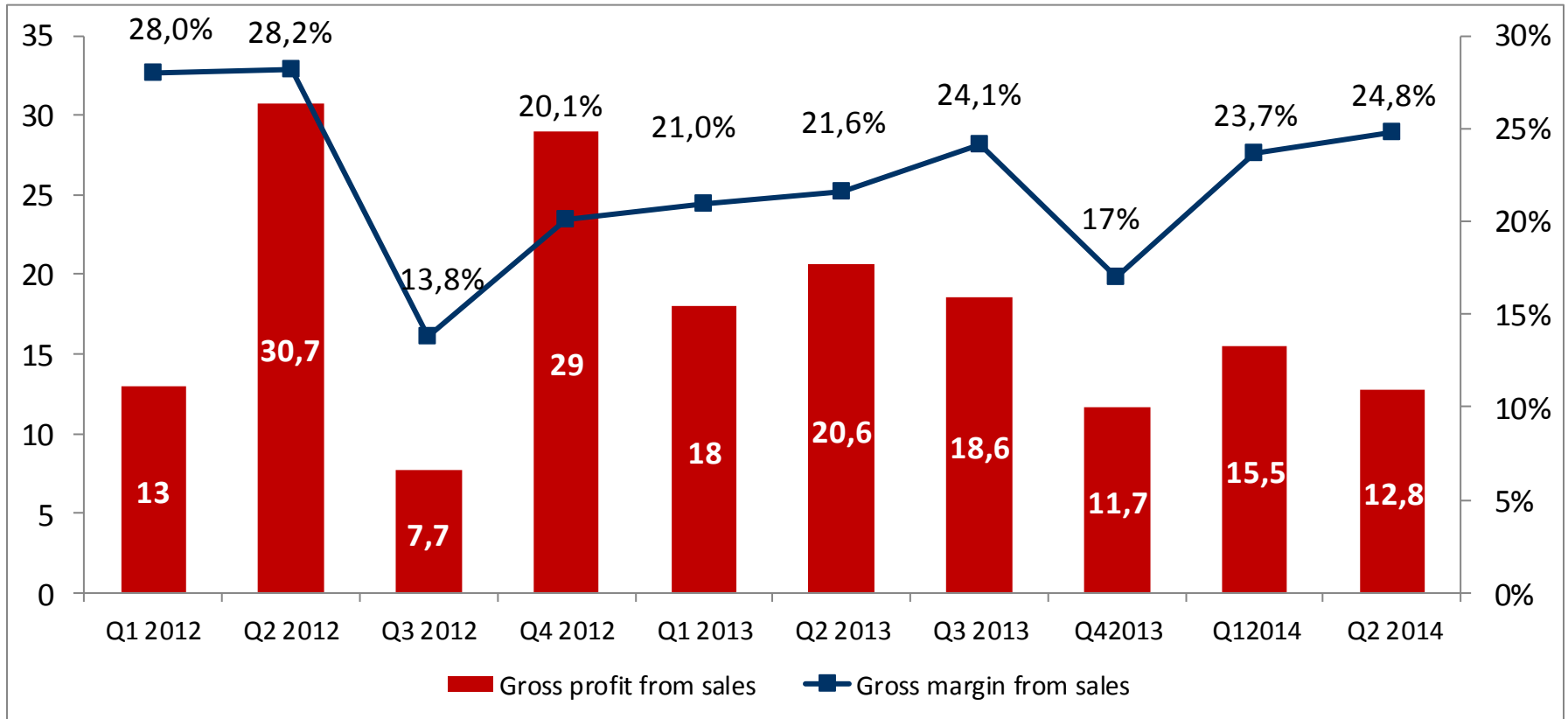
# Selected consolidated financial data for Q2 2014

Selected financial data	Q2 2014	Q2 2013	Change Q/Q
Revenues on sales	PLN 51.6 mil	PLN 95.5 mil	-46%
Gross profit on sales	PLN 12.8 mil	PLN 20.6 mil	-38%
Gross margin on sales	25%	22%	+3 p.p.
Operating profit	PLN 10.1 mil	PLN 9.6 mil	+6%
Net profit	PLN 0.76 mil	PLN 0.83 mil	-8%

- ❑ Decrease in revenues from sales in Q2 2014 by 46%, y/y.
- ❑ Decrease in net profit in Q2 2014 by 8% y/y



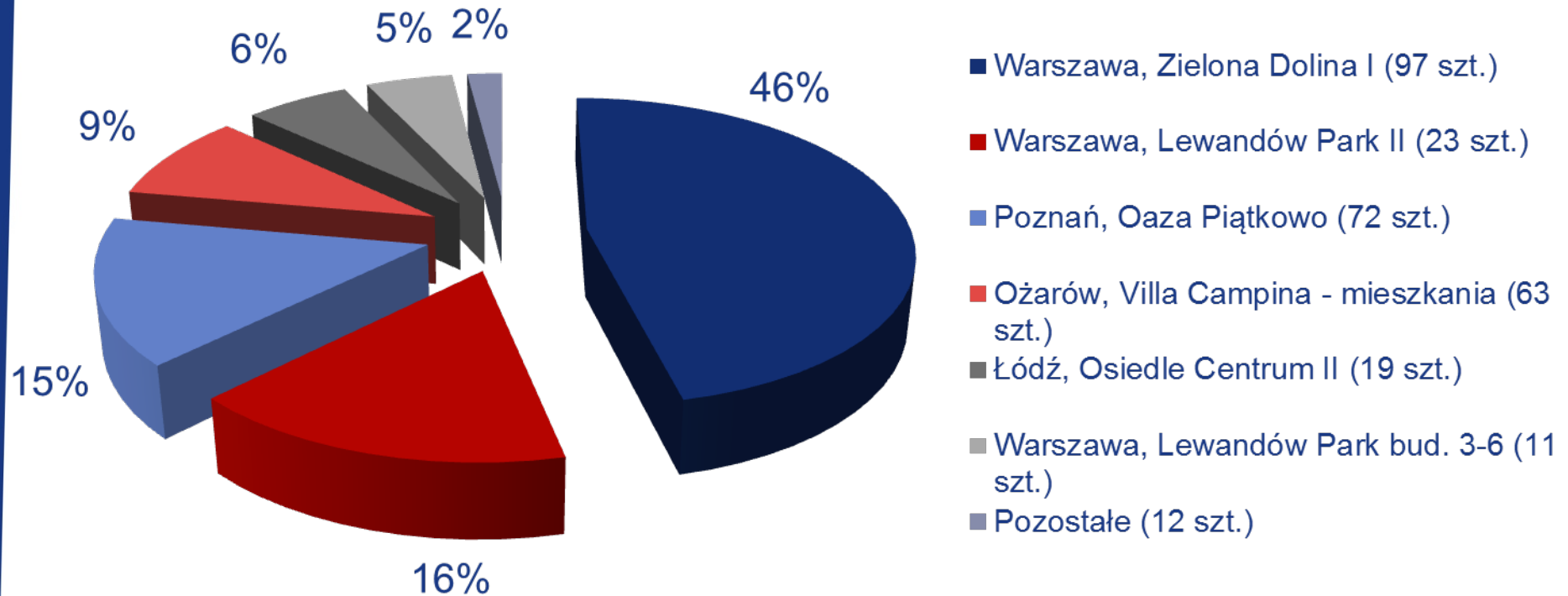
## Gross margin on sales vs gross profit on sales



□ Gross margin on sales in the long term is maintained at a level of **about 20%**.

# Implementation of the profit from sales from developer projects in H1 2014

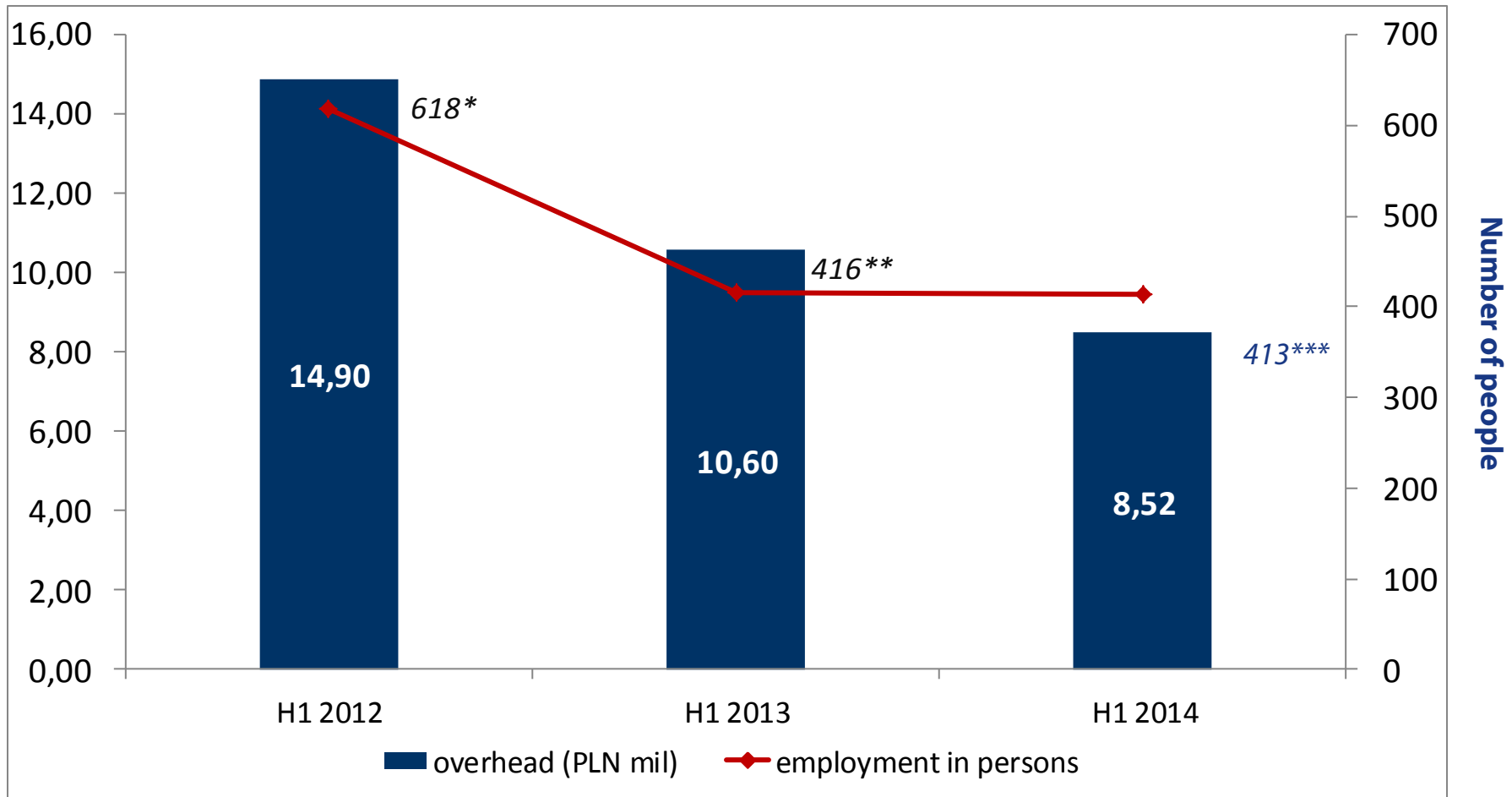
- The percentage of particular investments recognized in profit from sales within developer projects:



- Units recognized in results in **HQ1 2013** vs **H1 2014**



# Overheads vs employment



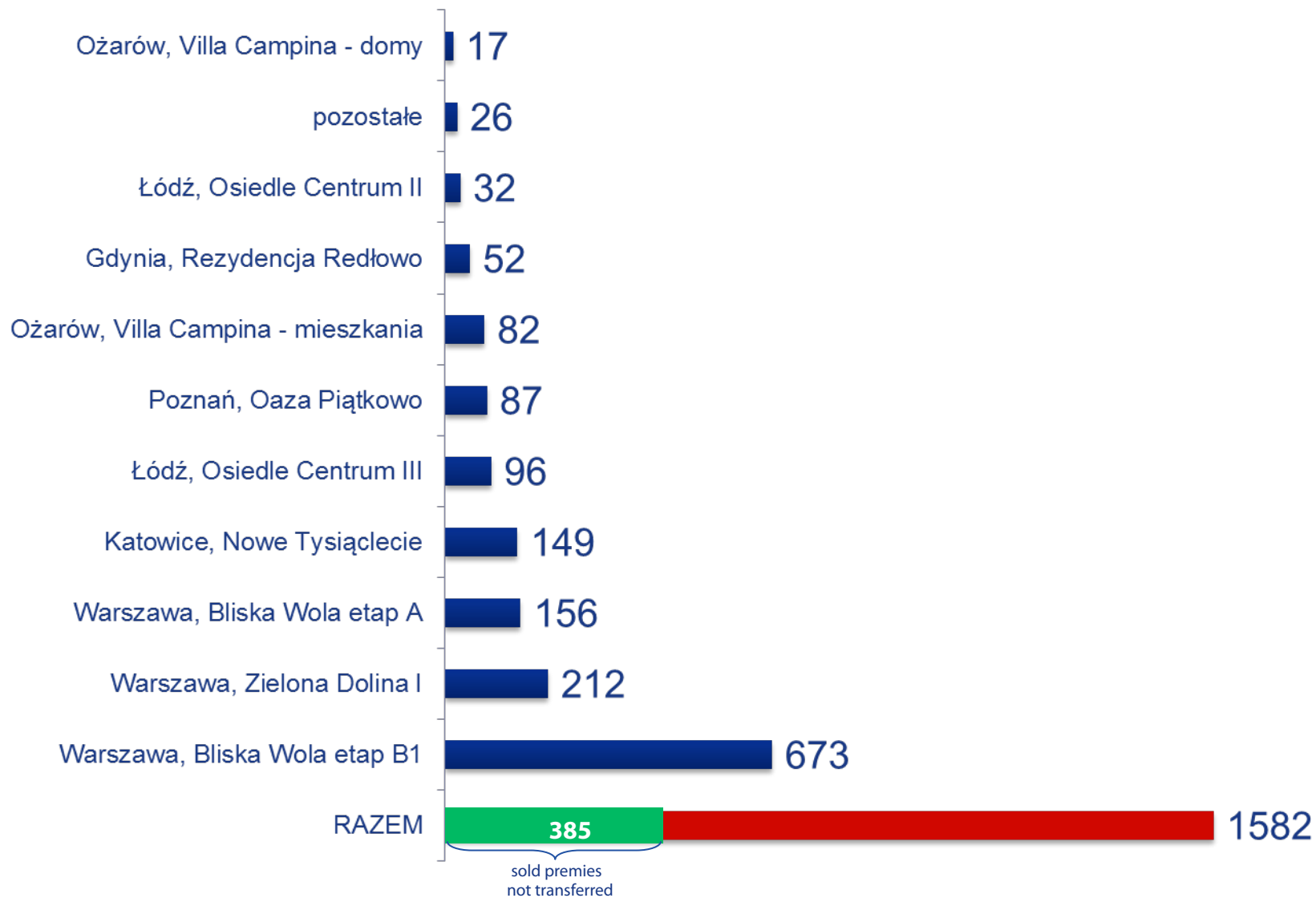
□ Including employment in hotels:

\* 131 people

\*\* 130 people

\*\*\* 131 people

## Premises (in units) in the offer to be recognized in the result in subsequent quarters



## Implemented investments in H1 2014

- In H1 2014, the Company implemented **6 residential investments** with the total number of **1.134 units** covering **55,000 square metres** of UFS.

Housing investments	Number of units	US (m <sup>2</sup> )
Bliska Wola - Stage B1, Warsaw - Bliska Wola 1 Sp. z o.o.	673	30,368
Bliska Wola - Stage A, Warsaw - J.W. Group Sp. z o.o. 1 SKA	156	7,716
Nowe Tysiąclecie, Katowice – Nowe Tysiąclecie Sp. z o.o.	149	7,085
Osiedle Centrum III, Łódź – Łódź Invest Sp. z o.o.	96	4,886
Rezydencja Redłowo – Gdynia – Seahouse Sp. z o.o.	52	3,223
Villa Campina - houses, Ożarów	8	1,285
<b>TOTAL</b>	<b>1,134</b>	<b>54,563</b>

- In addition to housing investments, the Company implemented a hotel venue in H1 called Stara Dana in Szczecin with an estimated net total area of 5,077 m<sup>2</sup>.

## Investments to be run (as at 30 June 2014)

- During the next 2 years, the Company, on a basis of an owned land bank, plans to start the implementation of **5,100** units:

### *Investments in Warsaw and vicinity*

Investment	Number of units	Usable Space	Investment	Number of units	Usable Space
<b>Warsaw, Bliska Wola stage B2*</b>	<b>291</b>	<b>12,960 m<sup>2</sup></b>	<b>Warsaw, Lewandów Park IV*</b>	<b>90</b>	<b>3,230 m<sup>2</sup></b>
Warsaw, Bliska Wola Stage C	479	21,185 m <sup>2</sup>	Warsaw, Aluzyjna I	32	1,850 m <sup>2</sup>
Warsaw, Bliska Wola Stage D	527	24,200 m <sup>2</sup>	Warsaw, Aluzyjna II	68	3,670 m <sup>2</sup>
Warsaw, Bliska Wola Stage E	733	33,000 m <sup>2</sup>	Warsaw, Odkryta II	82	4,158 m <sup>2</sup>
Warsaw, Zielona Dolina II stage II	549	25,486 m <sup>2</sup>	<b>Warsaw, Osada Wiślana *</b>	<b>21</b>	<b>1,088 m<sup>2</sup></b>
<b>Warsaw, Zielona Dolina II stage I</b>	<b>315</b>	<b>12,772 m<sup>2</sup></b>	Warsaw, Zielona Dolina III	54	2,248 m <sup>2</sup>
<b>Warsaw, Berensona Street*</b>	<b>263</b>	11,717 m <sup>2</sup>	Warsaw, Nowodworska	12	1,903 m <sup>2</sup>
Warsaw, Antoniewska Street	221	13,763 m <sup>2</sup>	<b>Villa Campina - houses, Ożarów*</b>	<b>31</b>	<b>4,983 m<sup>2</sup></b>
			Warsaw, Lewandów Park III	129	7,501 m <sup>2</sup>
<b>Total</b>	<b>Number of units 3,897</b>		<b>Usable Space 185,714 m<sup>2</sup></b>		

\*Investments planned to be run at the turn of 2014/2015

## Investments to be run (as at 30 June 2014)

### Investments beyond Warsaw

Investment	Number of units	Usable Space
Katowice, Nowe Tysiąclecie, Stage 2, Building B1	149	7,085 m <sup>2</sup>
Katowice, Nowe Tysiąclecie, Stage III	329	16,175 m <sup>2</sup>
<b>Katowice, Bałtycka Street, Stage I*</b>	<b>71</b>	<b>4,182 m<sup>2</sup></b>
Katowice, Bałtycka Street, Stage II	79	5,309 m <sup>2</sup>
Katowice, Bałtycka Street, Stage III	86	4,996 m <sup>2</sup>
Gdynia Bernadowo Park, Stage II	236	13,500 m <sup>2</sup>
<b>Gdynia Bernadowo Park, Stage I*</b>	<b>196</b>	<b>11,471 m<sup>2</sup></b>
<b>Gdynia, Sochaczewska Street*</b>	<b>51</b>	<b>3,478 m<sup>2</sup></b>
<b>Total:</b>	<b>1,197</b>	<b>66,196 m<sup>2</sup></b>

\*Investments planned to be run at the turn of 2014/2015

# The most important marketing- sale events in H1 2014

- ❑ Investment Bliska Wola, stage II, next buildings of Zielona Dolina Investment, and energy-efficient houses in Villa Campina introduced to the sales.
  
- ❑ Organization of promotional and sales events:
  - "Mieszkania dla Młodych" seminar - fusion of educational function with flats promotions
  - "Piknik z Super Ceną" - celebrating the start of sales of Bliska Wola (B1) investment
  
- ❑ Concentration of promotional activities on campaigns related to the introduction of **new projects** and ready apartments available in the "**Mieszkanie dla Młodych**" for sales.



**PIKNIK Z SUPER CENĄ**

**BLISKA WOLA**

od **6300** zł/m<sup>2</sup>  
Sobota 28 czerwca

Zgłoś swój udział

JW CONSTRUCTION





# Marketing and sales policy in H1 2014

- ❑ **Continuation of strategic marketing activities** in all areas of communication with the Client
- ❑ **Individual approach to the Client** – the flexibility in terms of possibility of negotiating the prices (depending on the amount and schedule of payments).
- ❑ The organization of the **"Saleout of Last Flats"** from ready to settle investments
- ❑ Organization of regular **Open Days** at Trade Offices and participation at **Local Real Estate trade fairs**
- ❑ **Effective cross marketing** - the cooperation with Hotel 500 and Czarny Potok Resort & Spa chain in terms of cross-promotion.

**Nowa Oferta Mieszkań**

**Zielona Dolina**  
już w sprzedaży

**Zapraszamy na dni otwarte**

**SPRAWDŹ**



**Mieszkania dla Młodych**

**MDM PROGRAM**

w najniższej cenie  
od **4.400 zł/m<sup>2</sup>**

**SPRAWDŹ**



**The shares issuance as an important event after the balance sheet date**

## Conditions for intensification of the investment program

- ❑ The entrance of the housing market in the growth phase of the cycle resulting from the gradual improvement of the macroeconomic situation in Poland and the increasing availability of credit financing;
- ❑ Reflection on the housing market confirmed by the increase in housing sales and increase transaction prices over the past 12 months;
- ❑ The increase of quarterly ROS in the Group's offer in the second half of 2013 additionally confirms the favourable situation on the primary market activity;
- ❑ The Group has a significant land bank acquired and prepared for development in times of market downturn;
- ❑ The bank land includes plots in major Polish cities including prestigious locations in Warsaw and Gdynia;
- ❑ The Group intends to develop its offer more than 2,300 units in 2014 and another 3,500 units in next two years;
- ❑ Commencement of housing projects in the assumed scale and schedule will require obtaining approximately PLN 95 million of own funds to complement their own contribution in projects to 30%;
- ❑ Given the recovery in demand into account , the launch of a significant number of new projects in various locations should result in an abrupt increase in the Group's sales in the near term;
- ❑ The Group's goal is to achieve the sale rate at the level of 1,500 - 2,000 units per annum in the medium term;
- ❑ Inflows from the realization of the investment program will provide a major source of reducing financial leverage of the Group in the future.

# Investment thesis

The strategy  
focused on  
release of  
the Group's  
potential

Favorable  
external  
environment

Expected  
results

- ❑ **Release of significant surplus from the sale of completed units** - 638 apartments in offer as at 31 March 2014, of which 459 are completed;
- ❑ **Development of a large bank of land owned by the Company** - plans to start a construction of 5,863 flats / 287.2 thousandm<sup>2</sup> of US in 2014-2016;
- ❑ **Recognized brand and experience** in the residential construction market, covering all phases of the business cycle - **resources for efficient operation of the investment program;**
  
- ❑ **Polish housing market enters the growth phase of the business cycle** - observed increase in the number of transactions and housing prices.
- ❑ **The favorable macroeconomic environment and the increasing availability of credit**
- ❑ **Commissioning housing support programs:** Mieszkanie dla Młodych (from the beginning of 2014) and Fundusz Mieszkań na Wynajem (in preparation) - programmes include many projects from the Group's portfolio;
  
- ❑ **27 new residential projects offered by the Group in 2014-2016;**
- ❑ **Achieving the sales at the level of approx. 1,500 - 2,000 flats per year;**
- ❑ **Increase of the scale of generated revenue and profit in a few years;**
- ❑ **Development of free cash to reduce the Group's financial liabilities in the future;**
- ❑ **The increase in the market value of the Company's equity.**

## Summary of the issuance of shares series C

### Release rate

- 34,786,163 shares of series C

### Issue price

- PLN 3.15 per share

### Issue value

- PLN 109.6 mil

### Share capital increase

- PLN 7.0 mil

### The structure of the offer payment

- PLN 40.4 million settled with liabilities of the Company on issued bonds
- PLN 69.2 million paid in cash, including PLN 38.2 million transferred to the Company prior to the date of records and PLN 31.0 million transferred to the Company on the date of records

### Benefits of the issue

- Due to the issue, the Company:
  - Raised funds to finance their own contributions on development projects which are strategic investment program, which translates to the current size of the Company's offer, and thus a positive effect on its future prospects. launched the stage B1 and B2 of the project at Kasprzaka Street, Warsaw and Łódź Centrum, from funds obtained from the issue of Series C,
  - Decreased level of financial debt, which will result in a reduction of current interest expenses and favorably affect the Company's ability to incur new financial obligations, primarily loans for development projects

# Projects to be run in 2014-2016

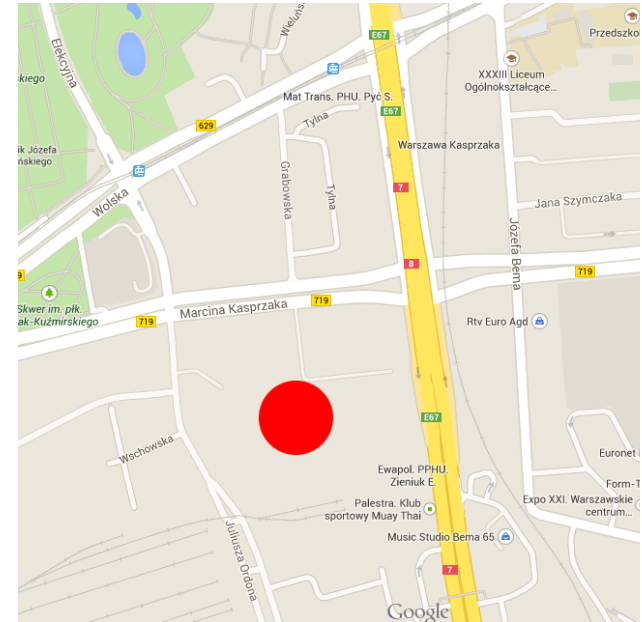
Project's name	Market Segment	Location	UFS in m2	Service and commercial area in m2	Number of units
Bliska Wola II - Stage B1	Flats with higher standard	Warsaw	29,679	689	673
Bliska Wola II - Stage B2	Flats with higher standard	Warsaw	12,960	-	291
Zielona Dolina II, Stage I	Popular flats:	Warsaw	12,772	-	315
Zielona Dolina II, Stage II	Popular flats:	Warsaw	23,888	1,598	549
Berensona Street	Popular flats:	Warsaw	11,277	440	263
Osada Wiślana (plot 67/1)	Popular flats:	Warsaw	1,088	-	21
Katowice, Bałtycka, stage I	Popular flats:	Katowice	4,182	-	71
Gdynia, Sochaczewska Street	Popular flats:	Gdynia	3,478	-	51
Łódź Centrum III	Popular flats:	Łódź	4,886	-	96
Gdynia Bernadowo Park, Stage I	Popular flats:	Gdynia	11,471	-	196
Lewandów Park IV (plot 53/6)	Popular flats:	Warsaw	3,230	-	90
Ożarów, Villa Campina Houses-Anita i Margarita	Single-family houses	Ożarów Maz	4,983	-	31
Bliska Wola III - Stage C	Flats with higher standard	Warsaw	20,941	19,244	479
Bliska Wola III - Stage D	Flats with higher standard	Warsaw	23,600	35,100	527
Bliska Wola III - Stage E	Flats with higher standard	Warsaw	33,000	17,300	733
Zielona Dolina III	Popular flats:	Warsaw	2,248	-	54
Katowice, Tysiąclecia II, stage B1	Popular flats:	Katowice	7,085	-	149
Katowice, Tysiąclecia II, stage A2, B2, B3	Popular flats:	Katowice	16,175	-	329
Katowice, Bałtycka, stage II	Popular flats:	Katowice	5,309	-	79
Katowice, Bałtycka, stage III	Popular flats:	Katowice	4,996	-	86
Odkryta II	Popular flats:	Warsaw	4,158	-	82
Aluzyjna I	Popular flats:	Warsaw	1,850	-	32
Aluzyjna II	Popular flats:	Warsaw	3,670	-	68
Lewandów Park III	Popular flats:	Warsaw	7,501	-	129
Antoniewska Street	Popular flats:	Warsaw	13,763	-	221
Nowodworska	Terraced houses	Warsaw	1,903	-	12
Gdynia Bernadowo Park, Stage I	Popular flats:	Gdynia	13,500	-	236
<b>Total</b>			<b>283,593</b>	<b>74,371</b>	<b>5,863</b>

# **Selected projects planned to be run at the turn of 2014/2015**

# Selected projects planned to be run in 2014/2015:

## Warsaw, Kasprzaka Street - Bliska Wola, Stage II (B1+B2)

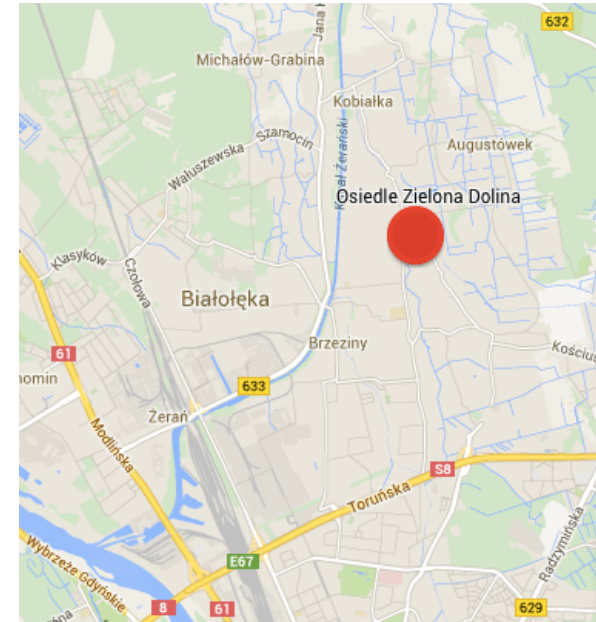
Project	Warsaw, Bliska Wola Stage II
Location	Wola, Warsaw
Number of units	964
UFS (m <sup>2</sup> )	43,328
Description	
<ul style="list-style-type: none"> <li><input type="checkbox"/> good location - just 3 km to the strict city centre</li> <li><input type="checkbox"/> very well developed communication infrastructure - subway station in the end of 2014</li> <li><input type="checkbox"/> recreation area - central park</li> <li><input type="checkbox"/> interesting, modern architecture of buildings</li> <li><input type="checkbox"/> competitive prices of flats</li> </ul>	





# Selected projects planned to be run in 2014/2015: Warsaw, Zielona Dolina II (stage I & II)

Project	Warsaw, Zielona Dolina II
Location	Warsaw, Białołęka
Number of units	864
UFS (m <sup>2</sup> )	38,258
Description	
<ul style="list-style-type: none"> <li><input type="checkbox"/> green area,</li> <li><input type="checkbox"/> recreational areas,</li> <li><input type="checkbox"/> good connection to the city centre,</li> <li><input type="checkbox"/> 1,2,3 room flats,</li> <li><input type="checkbox"/> easy to arrange,</li> <li><input type="checkbox"/> playgrounds.</li> <li><input type="checkbox"/> guard-gated estate,</li> </ul>	



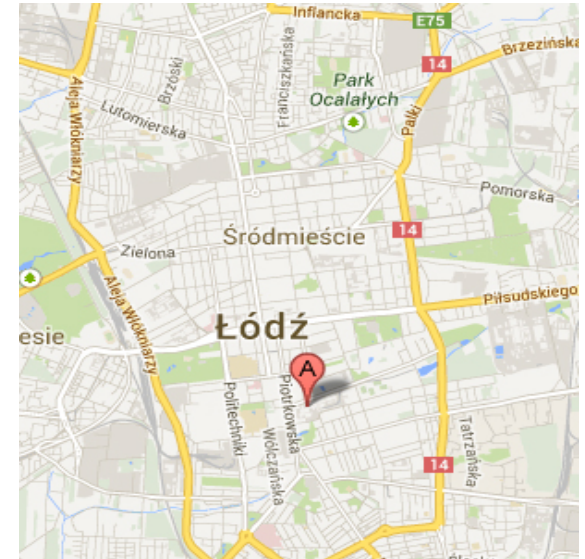
# Selected projects planned to be run in 2014/2015: Warsaw, Osada Wiślana

Project	Warsaw, Osada Wiślana
Location	Warsaw, Białołęka
Number of units	21
UFS (m <sup>2</sup> )	1,088
Description	
<ul style="list-style-type: none"> <li><input type="checkbox"/> cosy and suburban development,</li> <li><input type="checkbox"/> green na drecreational area,</li> <li><input type="checkbox"/> guard-gated estate,</li> <li><input type="checkbox"/> quick access to the downtown</li> </ul>	



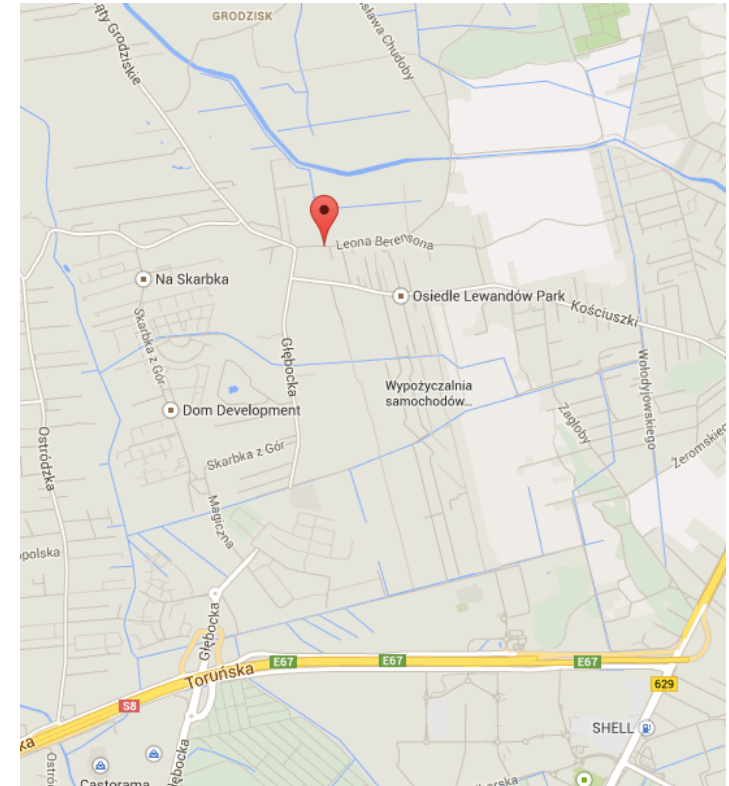
# Selected projects planned to be run in 2014/2015: Łódź, Tymienieckiego Street – Osiedle Centrum III

Project	Łódź, Osiedle Centrum III
Location	Łódź, Tymienieckiego Street
Number of flats:	96
UFS (m <sup>2</sup> )	4,886
Description	
<ul style="list-style-type: none"> <li><input type="checkbox"/> the design covers 3 facilities with max. 7 storeys</li> <li><input type="checkbox"/> prestigious location in the historic area of Łódź</li> <li><input type="checkbox"/> wide choice of metric areas and rooms arrangements</li> <li><input type="checkbox"/> enclosed and supervised area</li> <li><input type="checkbox"/> safe playgrounds</li> </ul>	



# Selected projects planned to be run in 2014/2015: Warsaw, Berensona Street

Project	Warsaw, Berensona Street
Location	Warsaw, Berensona Street
Number of flats:	263
UFS (m <sup>2</sup> )	11,717
Description	
<ul style="list-style-type: none"> <li>❑ the design covers 12 buildings</li> <li>❑ low, prestige development</li> <li>❑ located on Białołęka– the most resiliently developing district in Warsaw</li> <li>❑ safe playgrounds in the area of the development</li> <li>❑ proximity of agglomeration conveniences: schools, kindergartens, shopping centres</li> <li>❑ quick access to the downtown area.</li> </ul>	



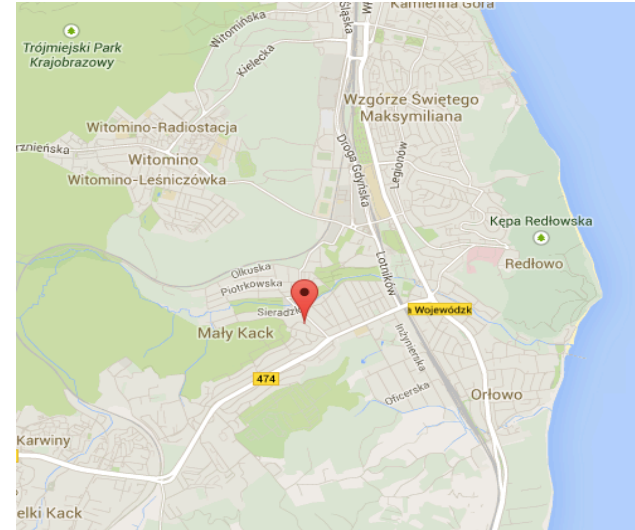
# Selected projects planned to be run in 2014/2015: Gdynia Bernadowo Park, Stage I

Project	Gdynia Bernadowo Park, Stage I
Location	Gdynia, Spokojna Street
Number of flats:	Stage 1 196
UFS (m <sup>2</sup> )	Stage 1 11,471
Description	
<ul style="list-style-type: none"> <li><input type="checkbox"/> attractive location - vicinity of Leśna and Spacerowa streets</li> <li><input type="checkbox"/> low, cosy development</li> <li><input type="checkbox"/> wide choice of metric areas and rooms arrangements</li> <li><input type="checkbox"/> the design of rooms arrangement allows for any interiors arrangement</li> <li><input type="checkbox"/> proximity of beach and Trójmiejski Park Krajobrazowy</li> </ul>	



# Selected projects planned to be run in 2014/2015: Gdynia, Sochaczewska Street

Project	Gdynia, Sochaczewska Street
Location	Gdynia, Sochaczewska Street
Number of flats:	51
UFS (m <sup>2</sup> )	3,478
Description	
<ul style="list-style-type: none"> <li><input type="checkbox"/> attractive location - the area of Sochaczewska Street</li> <li><input type="checkbox"/> green area, proximity of the beach, rich urban infrastructure</li> <li><input type="checkbox"/> low, cosy development</li> <li><input type="checkbox"/> interesting architecture</li> <li><input type="checkbox"/> varied metric areas, floorplans easy to arrange</li> </ul>	



# PREZENTACJA WYNIKÓW ZA I PÓŁROCZE 2014

**Thank you for your attention**

**INVESTOR RELATIONS:**

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