

# **DEBICA®**



**Tire Company DEBICA S.A.**

**Summary of Financial Performance in Q1 2010**

*Warsaw, May 13, 2010*

## Agenda



Executive summary



Market situation



Consolidated financial performance



Material events in Q1 2010







Summary

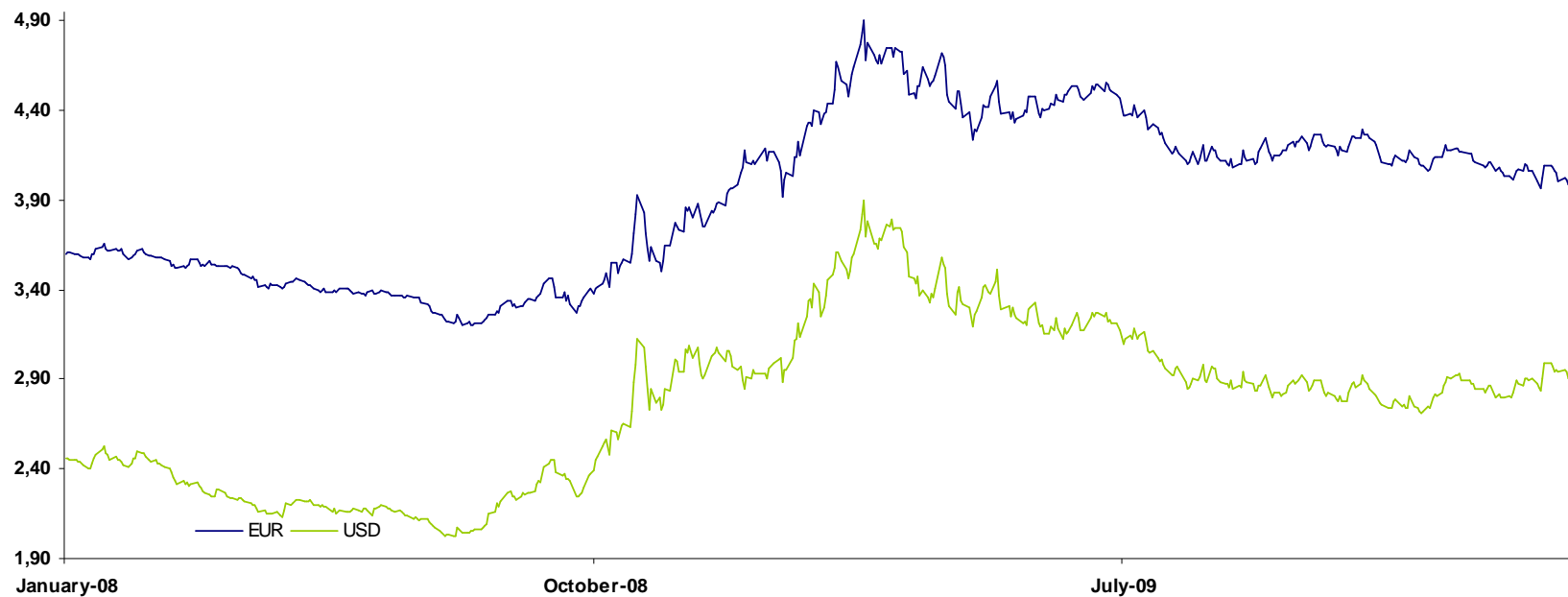
## Executive Summary



Drawings used in this slide presentation: Mariusz Stawarski, KreacjaPRO

-  **Sales revenues up by 9%** on a year-to-year basis up to PLN 418.2 MLN.
-  Raw materials price increases and impact of PLN appreciation on export profitability result in sales margin squeeze.
-  Cost control – **reduction of cost of sales and general administrative costs by 1.2%** on a year-to-year basis.
-  **Gross profit** in Q1 2010 totaled PLN **13.8 MLN** while net profit totaled PLN **11 MLN**, both were down on a year-to-year basis.

## Foreign exchange rate



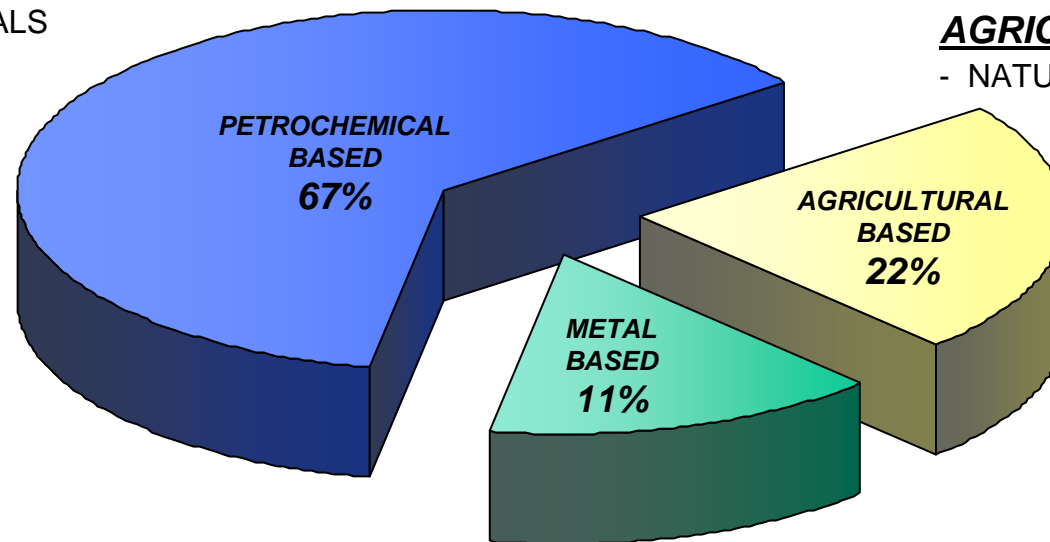
**Differences in the rate of PLN appreciation against Euro and US dollar have negative impact on the Company net exports**

Source: National Bank of Poland (NBP)

## Standard Tire - Raw Material Requirements

### PETROCHEMICAL BASED

- SYNTHETIC RUBBER
- RUBBER CHEMICALS
- FABRIC
- CARBON BLACK



### AGRICULTURAL BASED

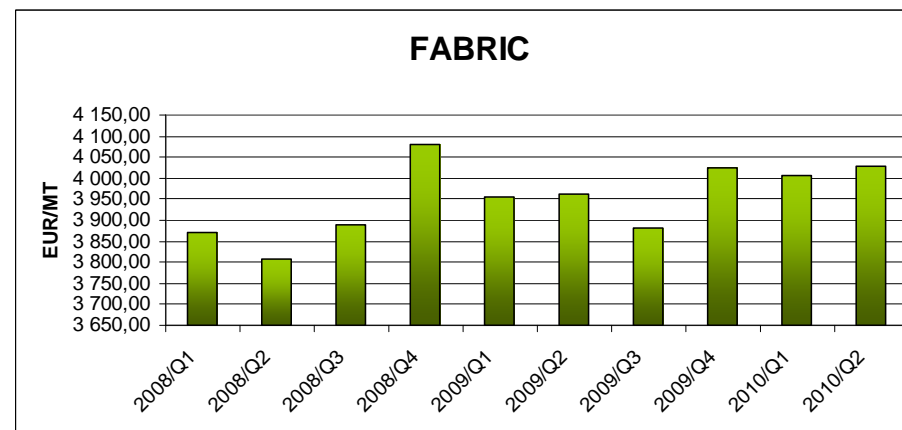
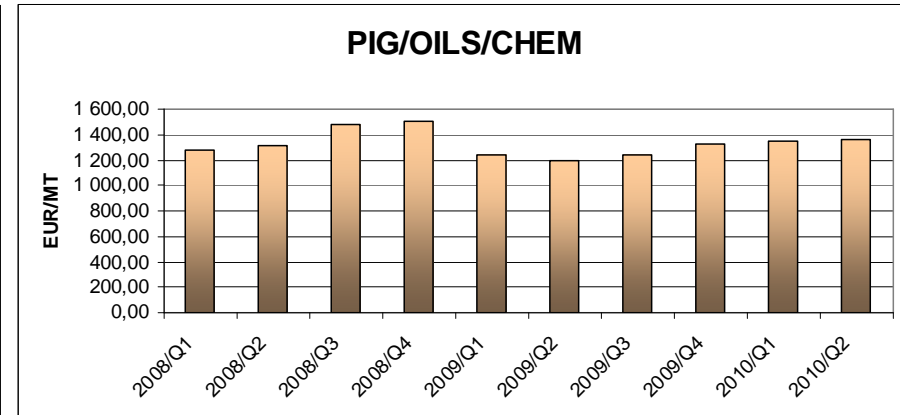
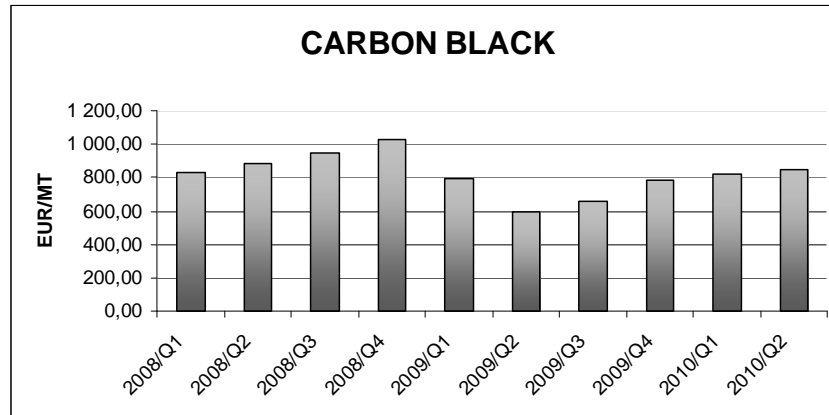
- NATURAL RUBBER

### METAL BASED

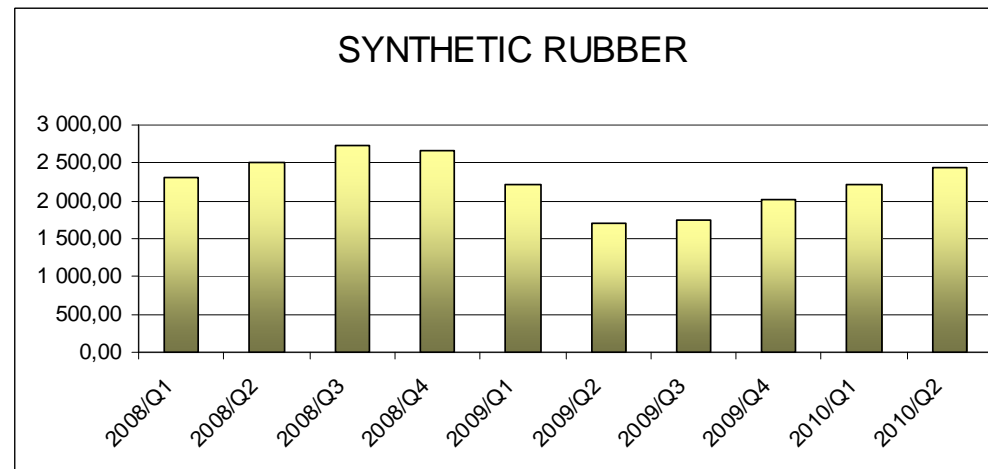
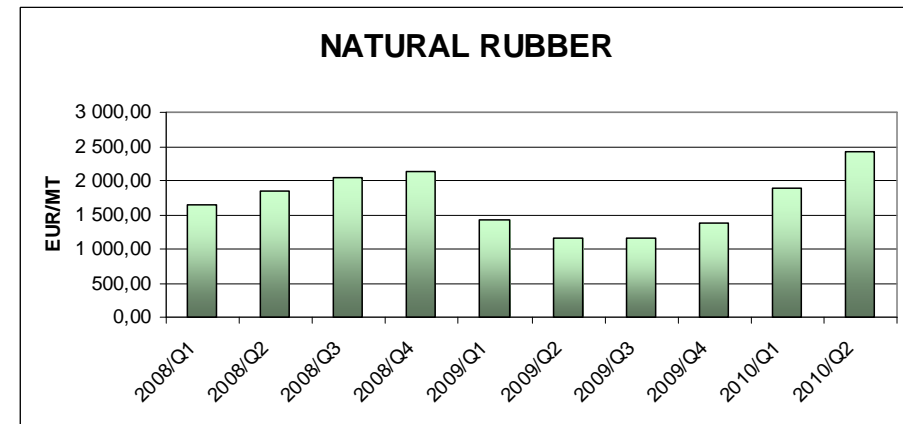
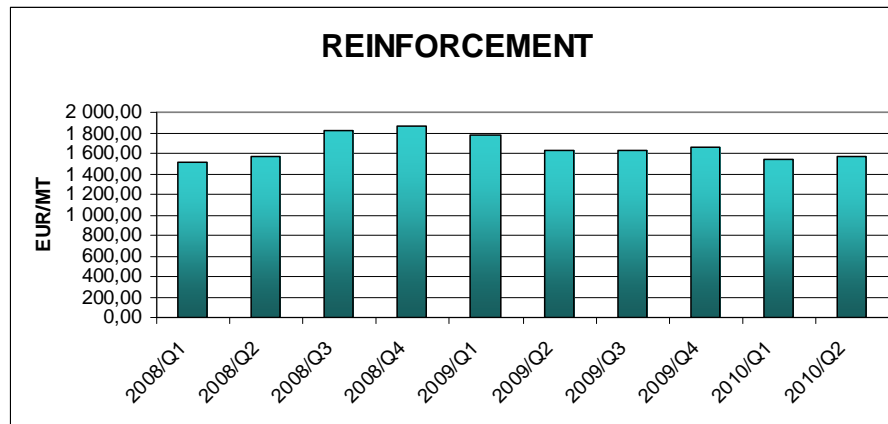
- STEEL ROD
- WIRE
- BEAD WIRE
- ZINC

Source: Goodyear own source

## Raw materials (1)



## Raw materials (2)

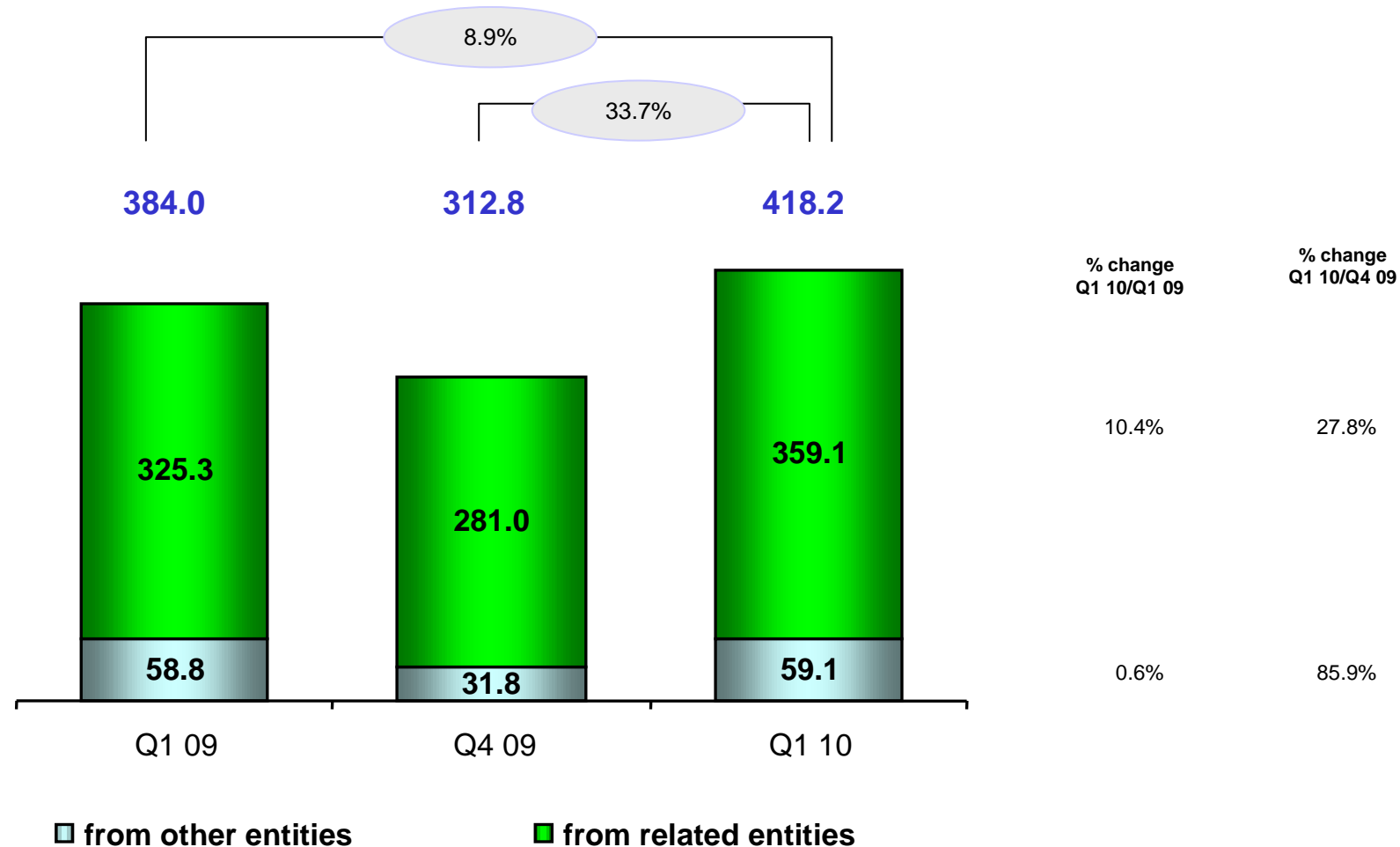


**Consolidated financial  
performance  
in Q1 2010**



## Sales Revenues Breakdown

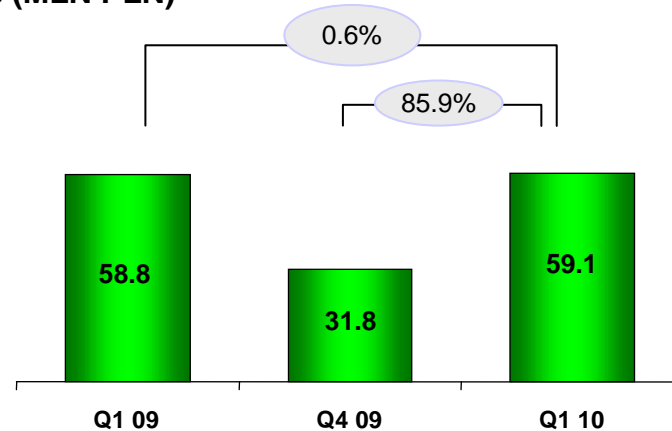
Sales revenues (MLN PLN)



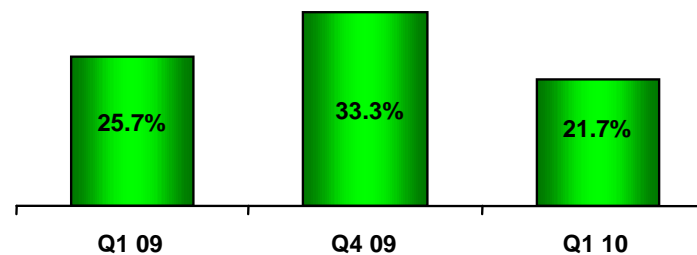
Sales revenues in Q1 2010 totaled PLN 418.2 MLN + 8.9% y/y

## Revenues from non-related entities

Revenues from non-related entities (MLN PLN)



Margin

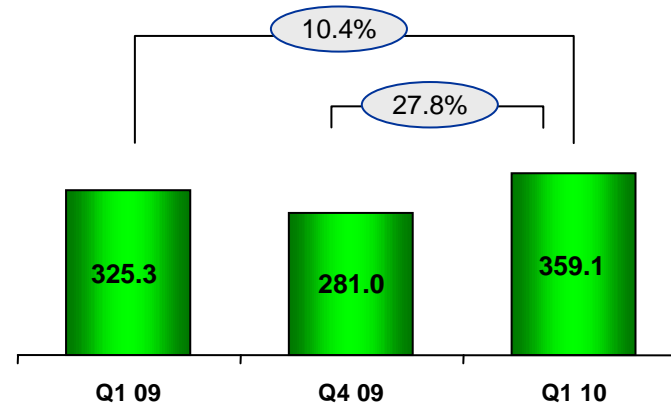


In Q1 2010 sales revenues from non-related entities amounted to PLN 59.1 MLN and were up by 0.6% on a y/y basis. Compared to Q4 2009 they were up by 85.9% due to sales seasonality.

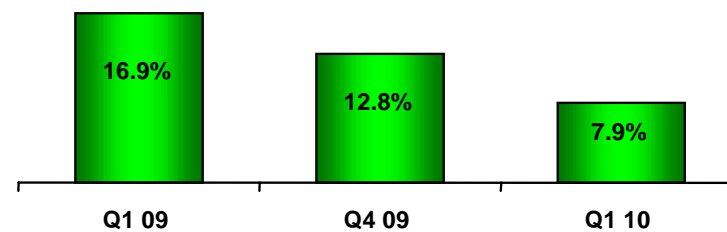
Margin in Q4 2010 was at the level of 21.7% and was down by 4% on a y/y basis and down by 11.6% on a q/q basis due to rising raw material costs and negative impact of exchange rates volatility on market situation.

## Revenues from related entities

Revenues from related entities (MLN PLN)



Margin

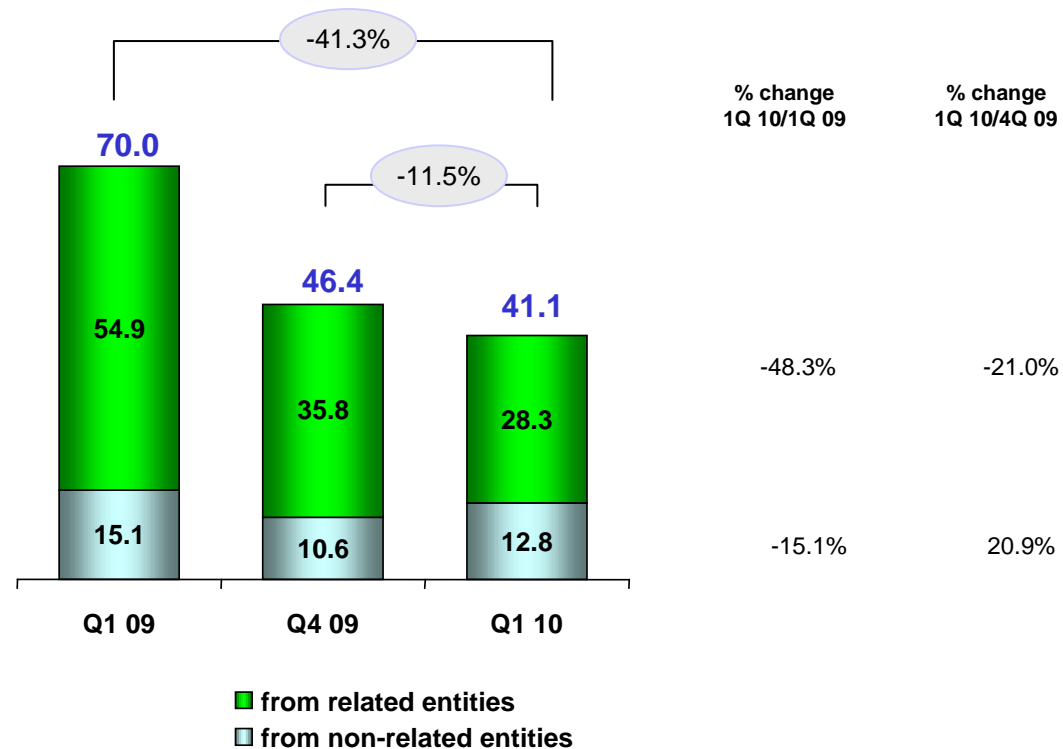


In Q1 2010 the sales revenues from related entities amounted to PLN 359.1 MLN. They were up by +10.4% on a y/y basis and up by +27.8% on a q/q basis.

Margin totaled 7.9% and was down by 4.9% on a q/q basis due to negative impact of PLN appreciation partly compensated by application of margin leveling off policy.

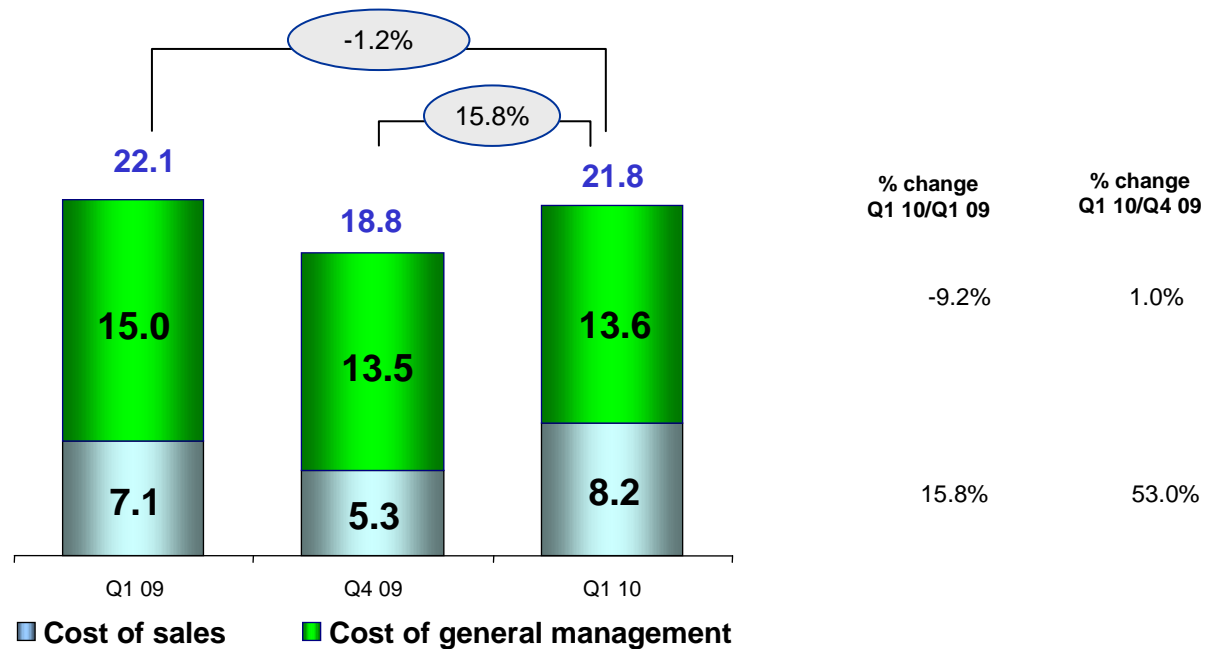
## Gross margin

Gross profit (MLN PLN)



In Q1 2010 gross margin reached PLN 41.1 MLN, down by 41.3% on a y/y basis due to sales margin squeeze.

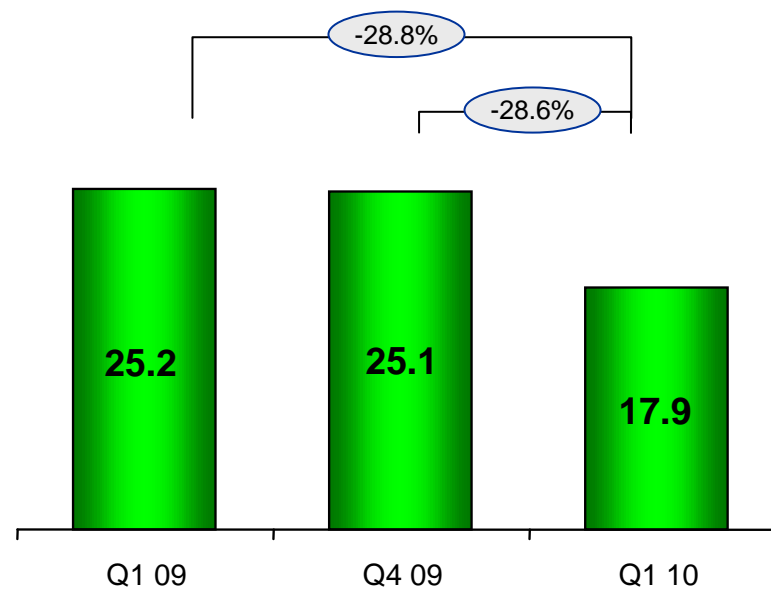
## Cost of Sales and General Management



In Q1 2010 the cost of sales and general management was under control and was down by 1.2% on a y/y basis.

## Operating Profit

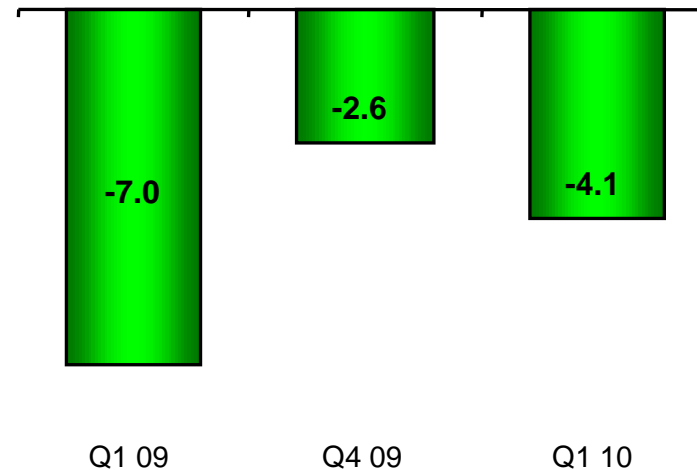
EBIT (MLN PLN)



In Q1 2010 EBIT totaled PLN 17.9 MLN and was down by 28.8% on a y/y basis.

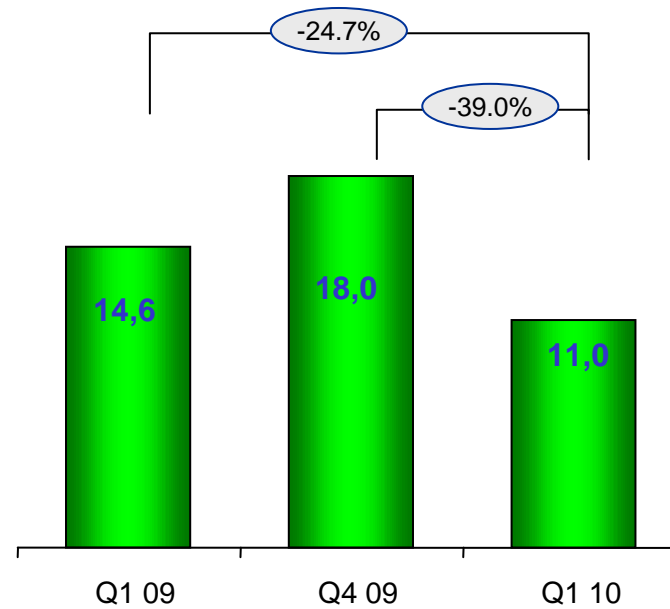
## Financial activity performance

Financial gain/loss (MLN PLN)



In Q1 2010 the financial gain/loss was up by PLN 2.9 MLN on a y/y basis, mainly due to positive impact of revaluation of embedded derivatives by PLN 13.3 MLN and lower costs of loan servicing by PLN 1.0 MLN. Foreign exchange losses in the amount of PLN -11.4 MLN had negative impact.

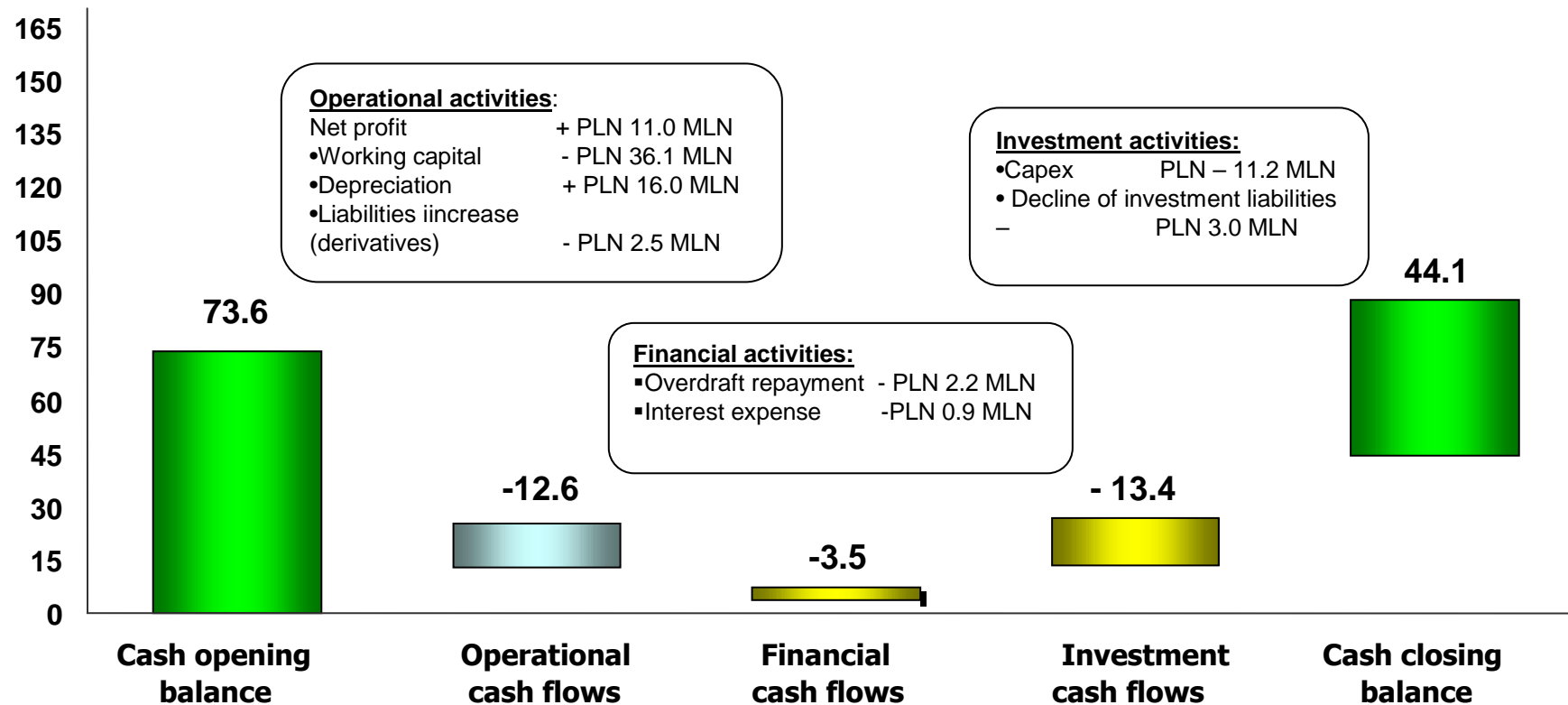
## Net Profit



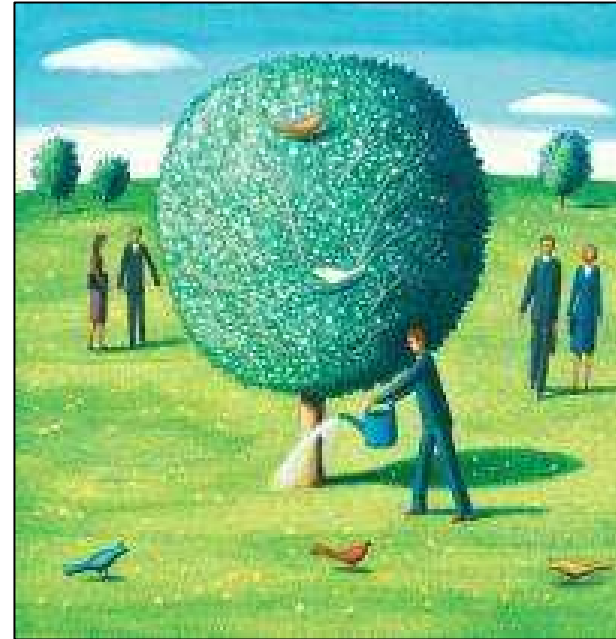
Net profit in Q1 2010 was down by 24.7% on a y/y basis.

## Cash Flows in Q1 2010

MLN PLN



## Material Events in Q1 2010



## Company Significance in the Polish economy

Most recent rankings: of the Polityka weekly (Top 500) and the Rzeczpospolita daily (Top 500)

### The Polityka weekly ranking



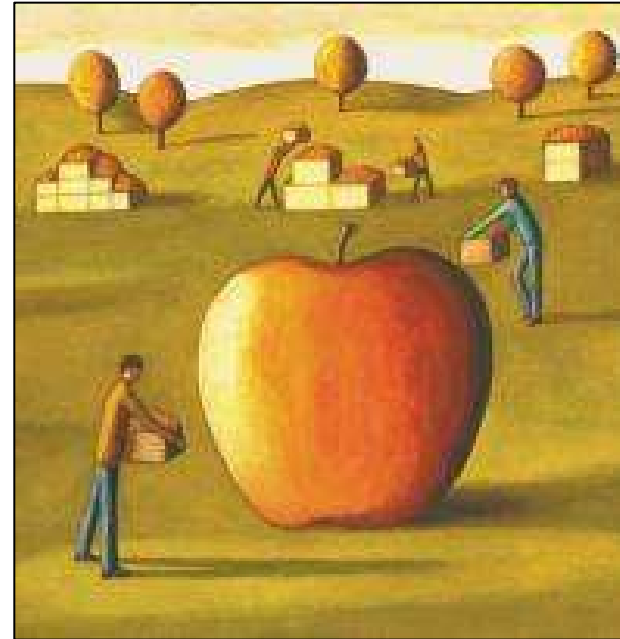
- 29<sup>th</sup> position amongst major exporters on Top 500 list
- 156<sup>th</sup> position on Top500 list of major domestic businesses
- The highest position of all businesses in the Polish tire business: 216<sup>th</sup> position - Bridgestone Poznań Sp. z o.o., 300<sup>th</sup> position - Continental Opony Polska Sp. z o.o. Warszawa

### The Rzeczpospolita daily ranking









- 197<sup>th</sup> position on the list of major businesses in Poland and 189<sup>th</sup> position on the list of businesses with the highest value

## Summary



## Summary

-  Sales revenues up by 9%.
-  Raw materials price increases and impact of PLN appreciation on export profitability mainly result in sales margin squeeze.
-  Cost control – **reduction of cost of sales and general management by 1.2%** on a year-to-year basis.
-  Growing optimism of industry analysts with regard to demand assessment in 2010.
-  Positive signals concerning markets potential on sell in level, still limited demand on end-user level.
-  Mechanism of margin leveling - off mechanism hedges against impact of high volatility of F/X on results

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