

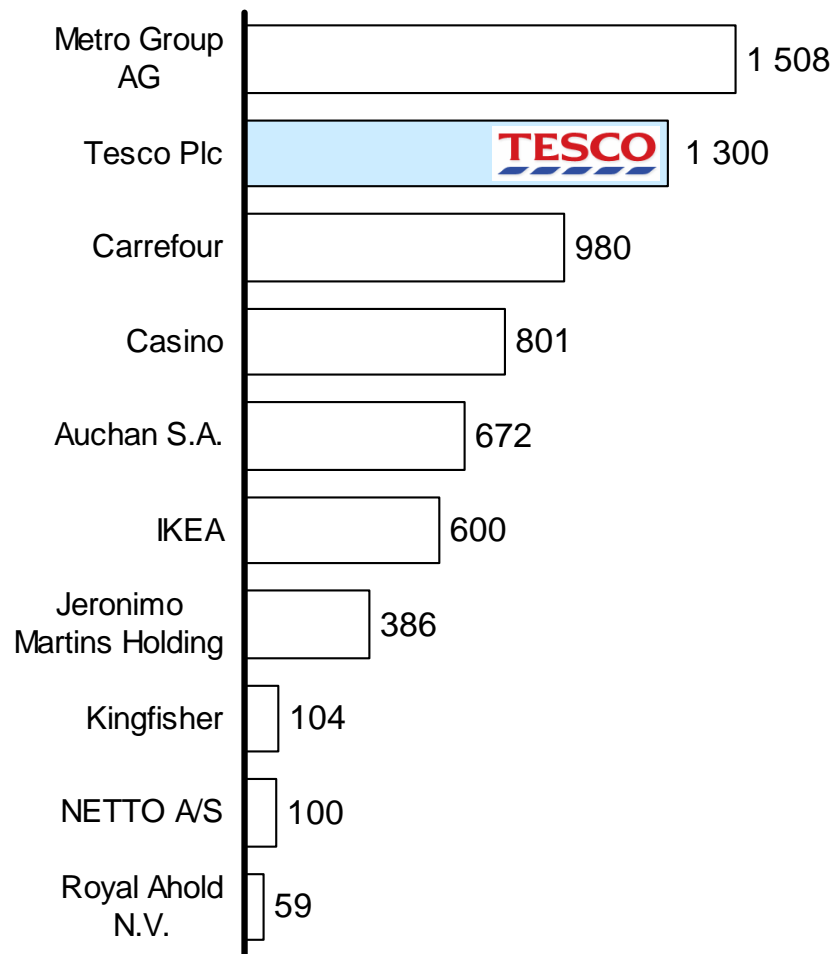
**RETAIL MARKET IN POLAND :  
TESCO - OVERVIEW**

**by Marcin Mazurek**

**Intelace Research  
October 2005**

# TESCO - THE SECOND LARGEST INVESTOR IN RETAIL IN POLAND IS DETERMINED TO STAY ON THE TOP

## Top foreign investors in the retail trade sector\*, FDI in US\$ millions



## Recent announcements

*„With no doubt Poland is for Tesco the most important market in the Central and Eastern Europe ... largest investments will be focused on this market.... up to now we have invested in Poland around PLN 5,5 billion, and we see opportunities for further investments here.... „*

**Kevin Grace – CEO Tesco 2005**

*„We will consider every option to defend our position and to increase share on the retail market ....”*

**Wojciech Sokół – spokesman Tesco, 2005**

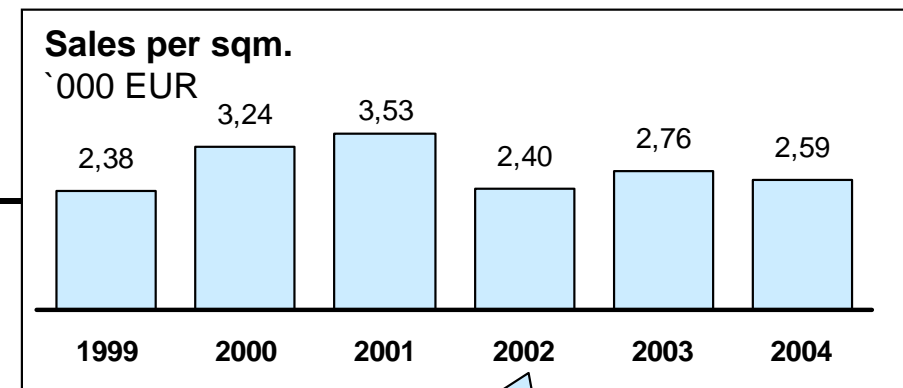
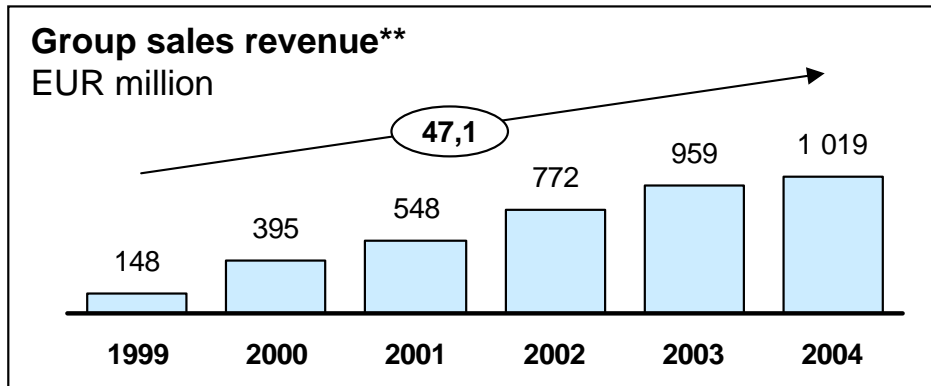
*„Now Tesco plans development of medium-sized or even smaller outlets with sales space up to 1000 sqm.... In Poland there is a room for 500 such outlets and that is what Tesco would like to do in the next 8-10 years...”*

**Press, 2005**

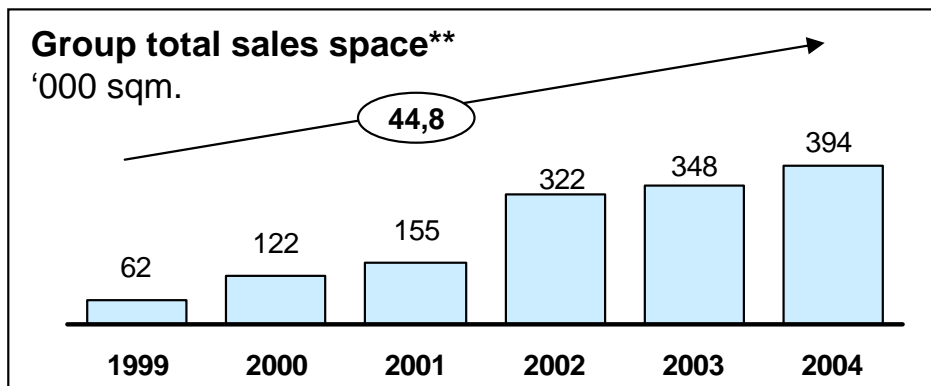
\* Investments up to 31 Dec. 2004, Fuel distributors excluded

Source: PAIZ, press

# BOTH SALES REVENUE AND SALES AREA GROW QUICKLY, BUT THERE IS NO PROGRESS IN TERMS OF SALES EFFICIENCY



Retail Trade in Poland - 2005



In 2002 Tesco acquired from German Dohle 13 „HIT” hypermarkets with total sales space of 114,500 sqm

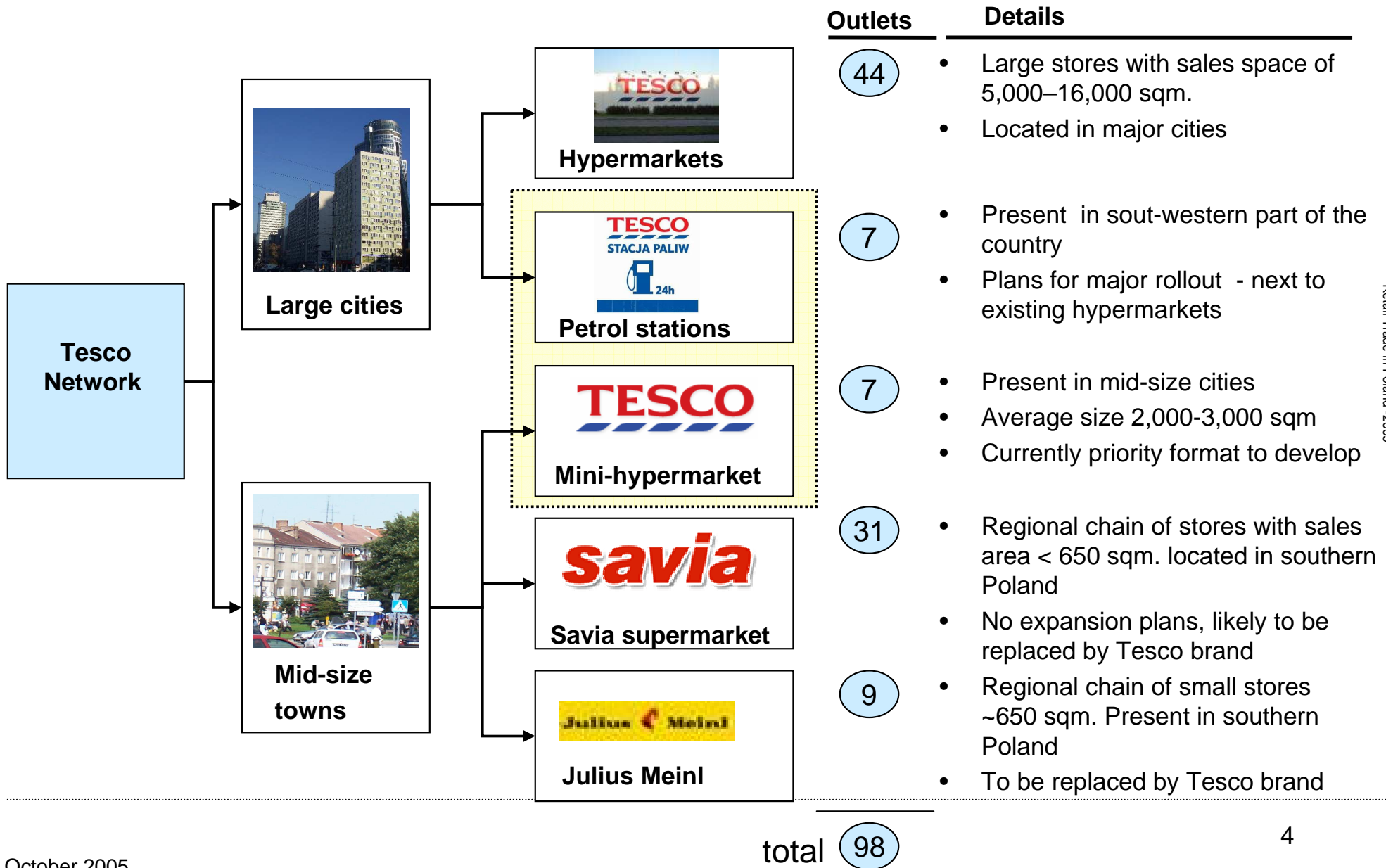
\*\* Including Savia chain, share of Savia chain in sales revenue and sales space is 6% and 5% respectively

\* Compound Annual Growth Rate

Source: Handel, press, NBP

# TESCO HAS CURRENTLY\* ALMOST 100 DIFFERENT OUTLETS IN POLAND

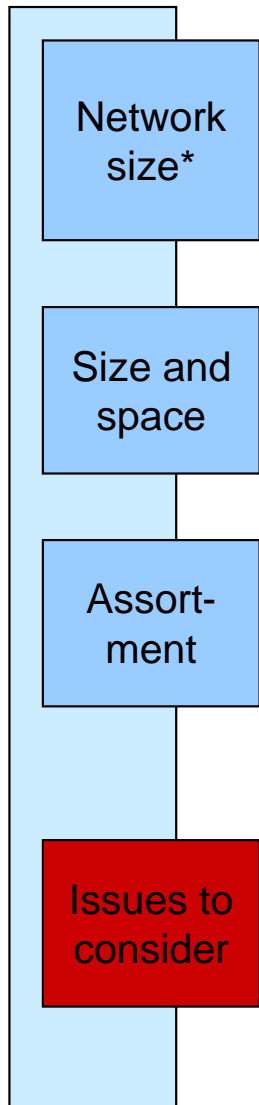
Current expansion focus



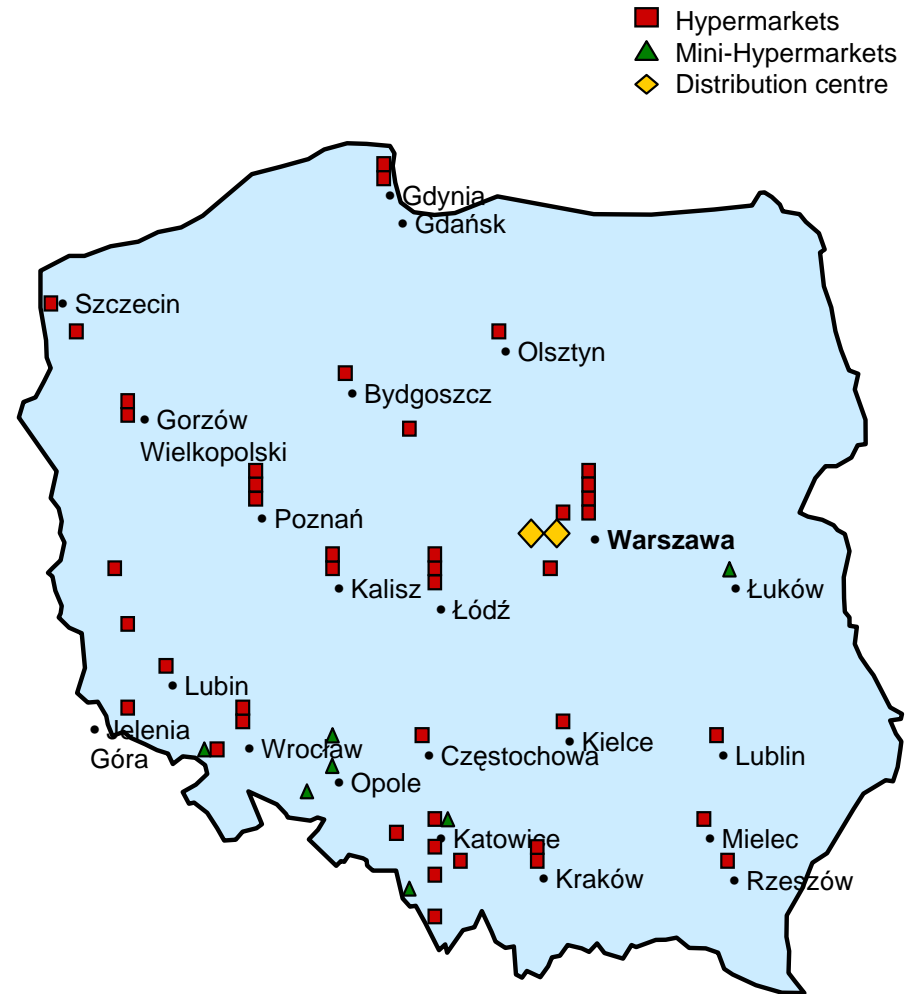
Retail Trade in Poland - 2005

\* as of October 2005  
Source: press, Tesco

# FORMAT OVERVIEW: HYPERMARKETS



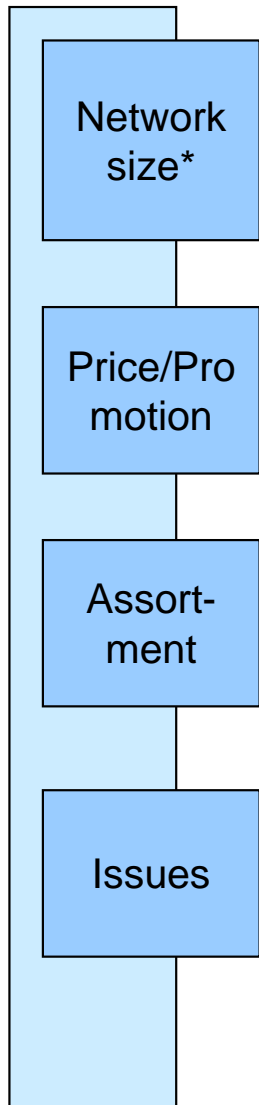
- 44 Tesco hypermarkets
- 7 Tesco mini-hypermarkets
- Focus on south-western Poland
- Two large central warehouses close to Warsaw
- Average hypermarket size 8,400 sqm.
- Typical mini-hypermarket size 2,000 sqm.
- Hypermarkets: 40,000 – 50,000 SKUs of which ~3,000 private label brands
- Mini-hypermarkets 10,000 – 12,000 SKUs
- Legacy network structure after take-over of German HIT:
  - Overrepresentation: Kalisz, Gorzów
  - Under-representation: Warsaw
  - No presence: Radom, Białystok



Retail Trade in Poland - 2005

\* as of October 2005  
Source: press, Tesco

# FORMAT OVERVIEW: FUEL STATIONS

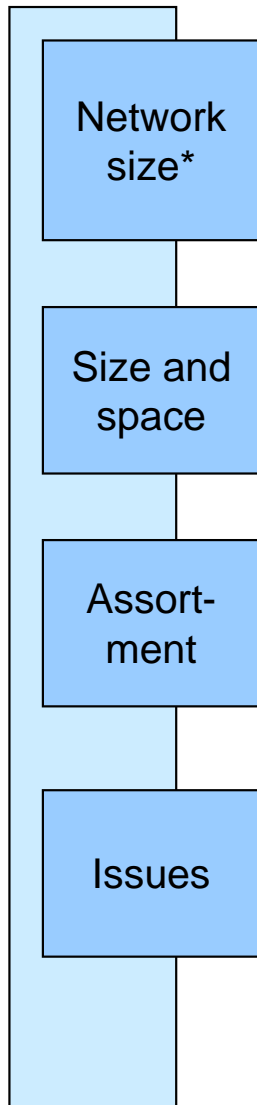


- 7 stations across Poland
- Typically located next to Hypermarket
- Advertised as cheapest station in the area (guaranteed in 3km radius)
- Full offer: 95, 98, ON, LPG
- Network still very limited
- Plans to open multiple new outlets in 2005/2006



Retail Trade in Poland - 2005

\* as of October 2005  
Source: press, Tesco



- 31 stores under „Savia” brand
- 9 Major Market (acquired in 2005 from Julius Meinl)
- Chains sourced from 6 warehouses

- Average supermarket size 600-800 sqm.

- Savia ~10,000 SKUs
- Major Market ~6,000 SKUs

- Savia stores likely to be converted to Tesco brand in the medium-term perspective
- Newly acquired stores need to be quickly adapted and re-branded



Retail Trade in Poland - 2005

\* as of October 2005  
 Source: press, Tesco

---

**THE END**

## On this report

---

This report has been prepared using publicly available sources including: press publications, industry magazines, directories, financial databases, expert opinions and a part of „2005 shopper research” performed by Intelace Research.

It has been made independently of any company mentioned in it or of any other third party. Views presented in this report reflect solely independent and unbiased opinion of Intelace Research and the author.

All due care has been taken in the production of this report, however Intelace Research does not accept any responsibility or liability for any omissions or inaccuracies of the information contained in this publication.

## On Intelace Research

---

Intelace Research is an independent and privately owned research firm based in the heart of Eastern Europe in Warsaw / Poland.

Our company is specializing in value-added research services and tailored business intelligence solutions.

Through our customized research services we help our clients to better understand their consumers, competitors and overall market dynamics.

The lead researcher and founder of Intelace Research is Marcin Mazurek.

Our contact details:

Intelace Research - Marcin Mazurek  
Stryjenskich 13c/78, 02-791 Warszawa ,  
POLAND  
Tel. +48 50 251 21 78, Fax. +48 22 408 66 20  
mail: [info@intelace.com](mailto:info@intelace.com) ,  
url: [www.intelace.com](http://www.intelace.com)