LPP

FINANCIAL RESULTS FOR 4Q15

GLOBAL ASPIRATIONS

WARSAW, 19th FEBRUARY 2016

RESERVED TALLINDER MOHITO house CROPP sinsay

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AGENDA

- Executive summary
- 4Q15 financial results
- Key corporate events
- 2016 outlook
- Q&A

2015 achievements

1,627
STORES
17
COUNTRIES

0.6%
LFLs
+16.7%
SPACE m2

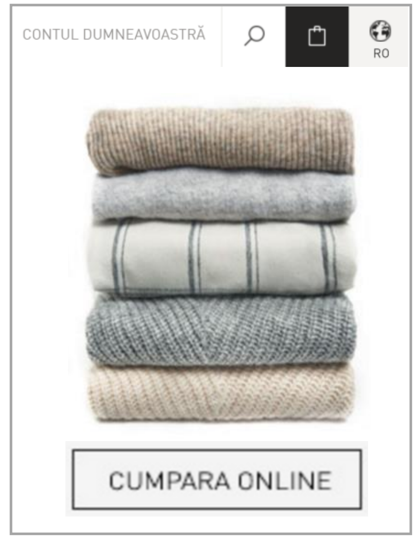
PLN 5,130m
REVENUES
+7.6%

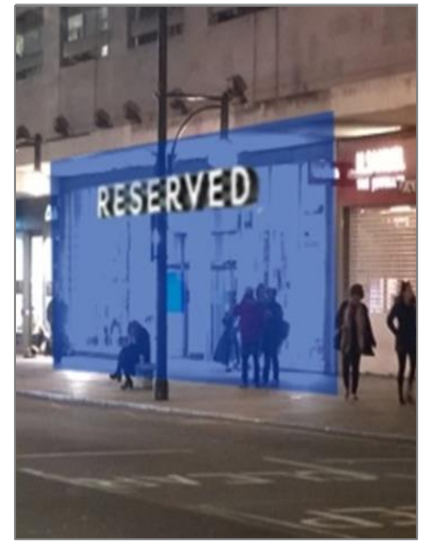
53.5%
GROSS PROFIT MARGIN

-15%
SG&A / m2

PLN 503m EBIT

Key 4Q15 achievements





Acceleration of Hungarian development

New stores of 5 brands.
First stores of House and SiNSAY.
6,000m2

October, December 2015

2 new stores in Germany

RESERVED own stores in Aachen and Mannheim.
Total 4,794m2

October 2015

On-line store In Romania

Fifth country with RESERVED on-line offer.

November 2015

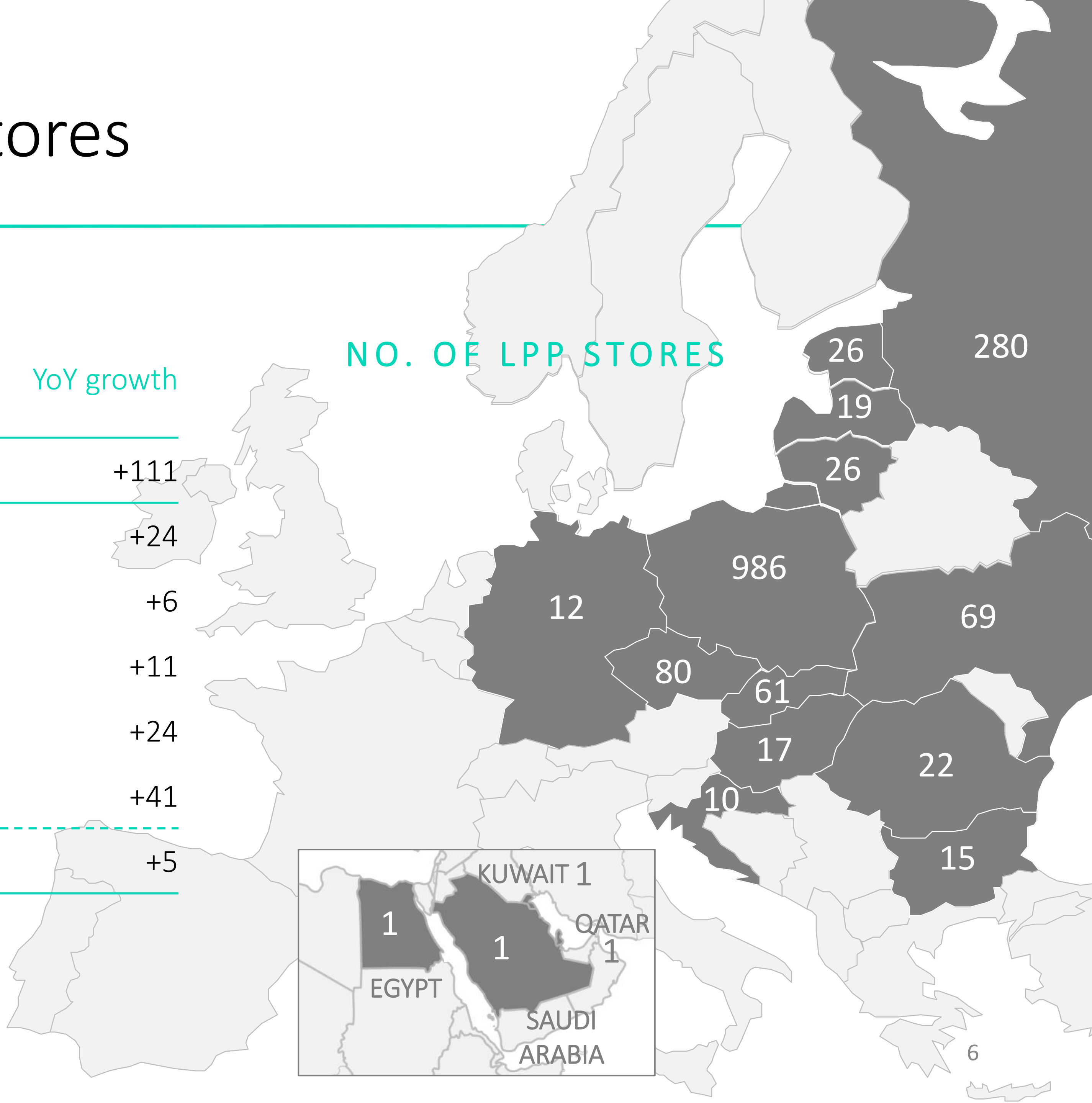
Conditional agreement for a London store

We await the consent of the Oxford Street building owner to open a RESERVED store.

December 2015

Over 1,600 stores

31.12.2015	No. of stores	YoY growth
LPP GROUP	1,627	+111
RESERVED	449	+24
Cropp	372	+6
House	319	+11
MOHITO	280	+24
SiNSAY	170	+41
Outlets	37	+5



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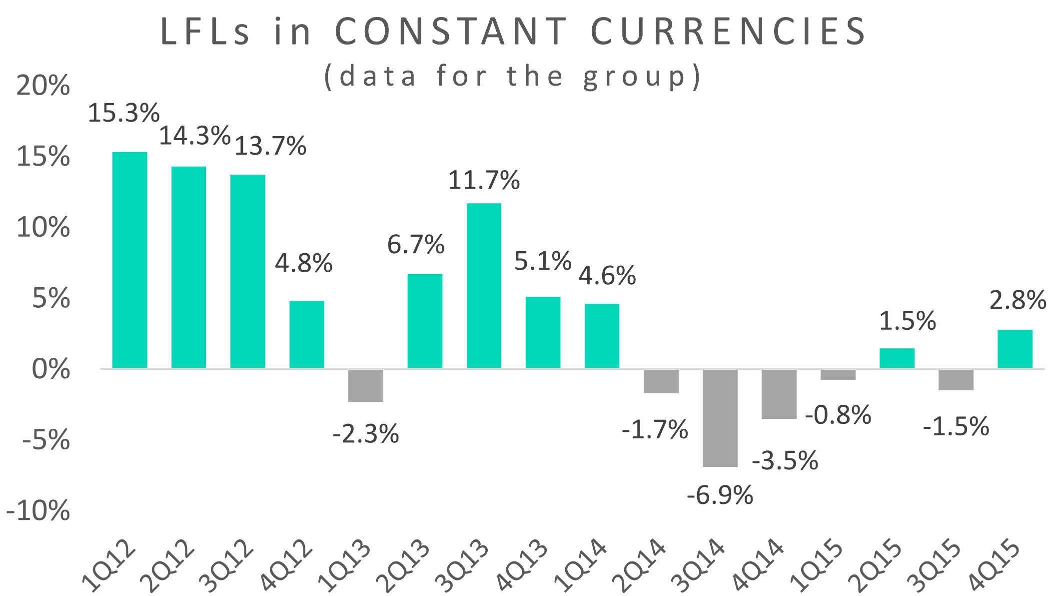
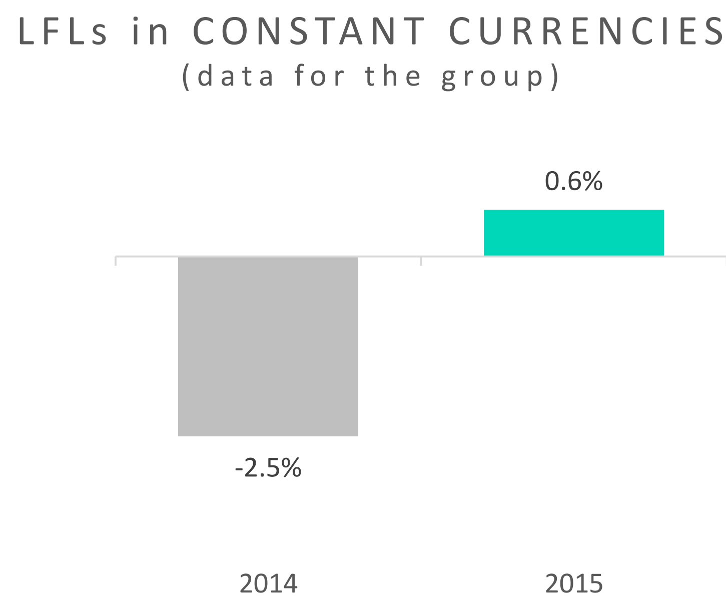
Return of positive LFLs

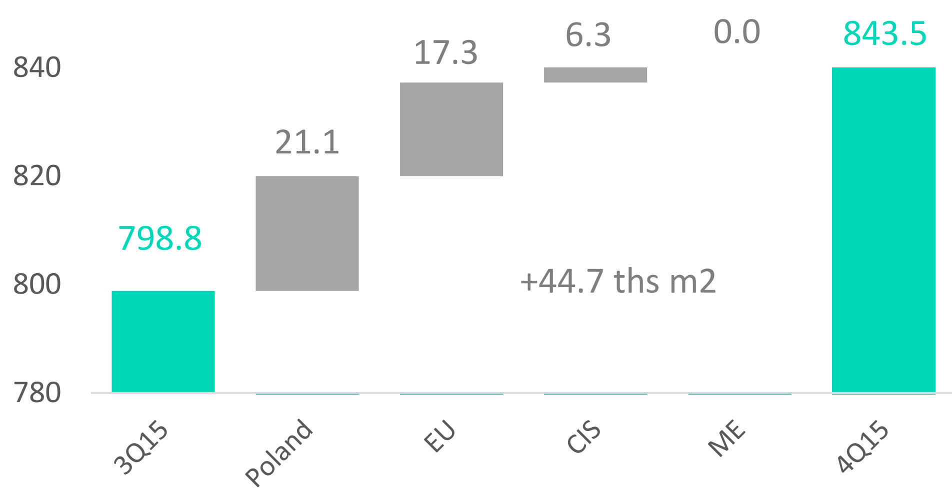




- LFLs were positive in October and December. All brands showed positive LFLs in 4Q15.
- 4Q15 LFLs were in the black in all countries except for Poland (falling traffic) and Germany (high base of the first stores).
- Despite macroeconomic situation, LFLs in Russia and Ukraine remained double-digit positive in 4Q15.

Growth in Poland and Europe

FLOORSPACE GROWTH by regions



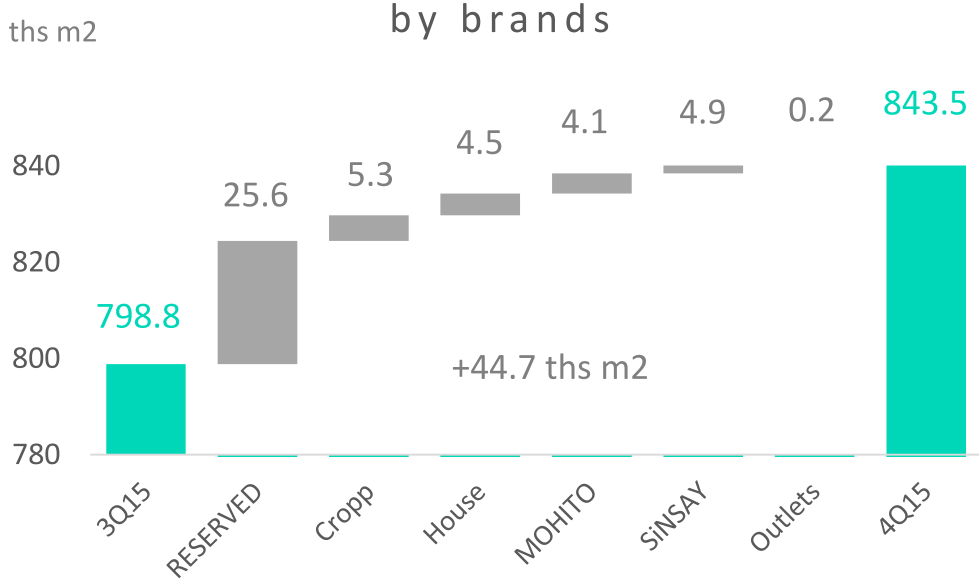
4Q15 FLOORSPACE by regions

ths m2	4Q14	4Q15	YoY
LPP GROUP	722.5	843.5	16.7%
Poland	413.6	465.0	12.4%
EU	128.6	179.0	39.2%
CIS	180.3	193.9	7.5%
ME	0.0	5.5	N/M

- Poland: dynamic development of floorspace of all brands (1/3 of openings comes from RESERVED).
- Dynamic growth in the EU region in 4Q15 results from: (1) development in Germany (two stores, 4.8 ths m2) and (2) openings in Hungary.
- There we no openings in Ukraine but we opened 10 stores in Russia in 4Q15.
- There were no openings in the Middle East in 4Q15.

Growth in all brands

FLOORSPACE GROWTH by brands

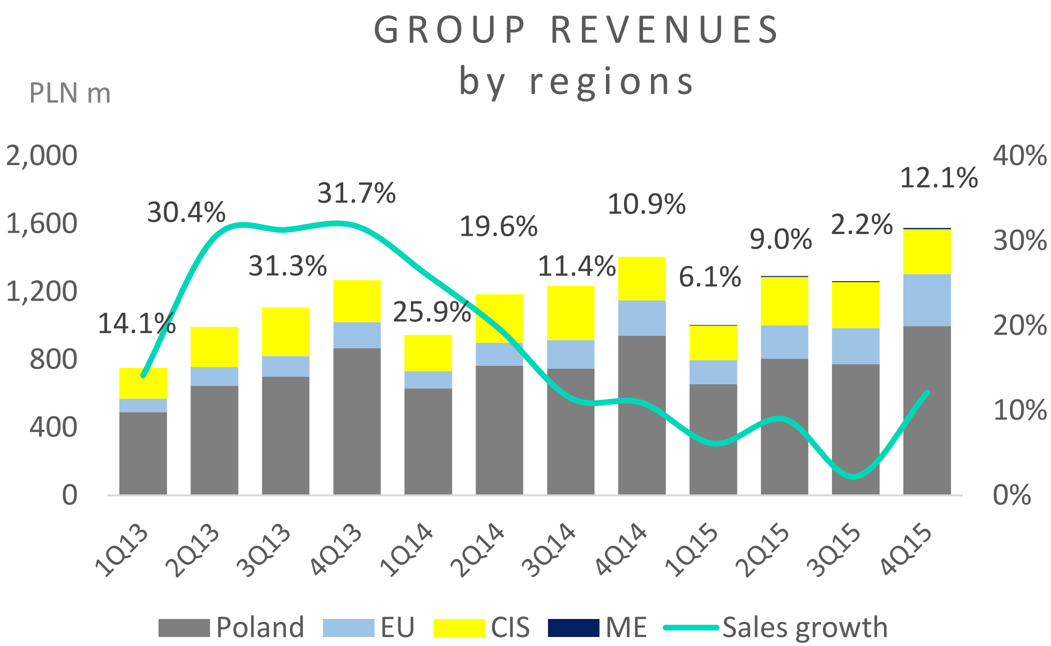


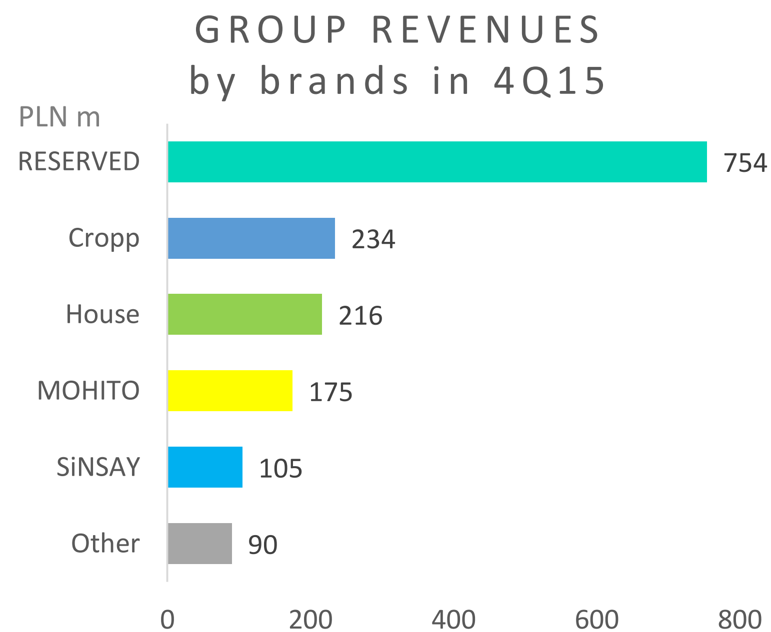
4Q15 FLOORSPACE by brands

ths m2	4Q14	4Q15	YoY
LPP GROUP	722.5	843.5	16.7%
RESERVED	389.7	461.3	18.4%
Cropp	105.4	114.5	8.7%
House	89.6	99.7	11.3%
MOHITO	82.8	94.5	14.1%
SiNSAY	43.7	59.7	36.7%
Outlets	11.3	13.8	21.3%

- Dynamic RESERVED development in 4Q15 due to openings in Poland, Germany, Hungary, Slovakia and Lithuania.
- First stores of House and SiNSAY brands opened in Hungary in 4Q15.
- Growth of Cropp and MOHITO floorspace due to openings in Poland and Russia.

Double digit revenue growth

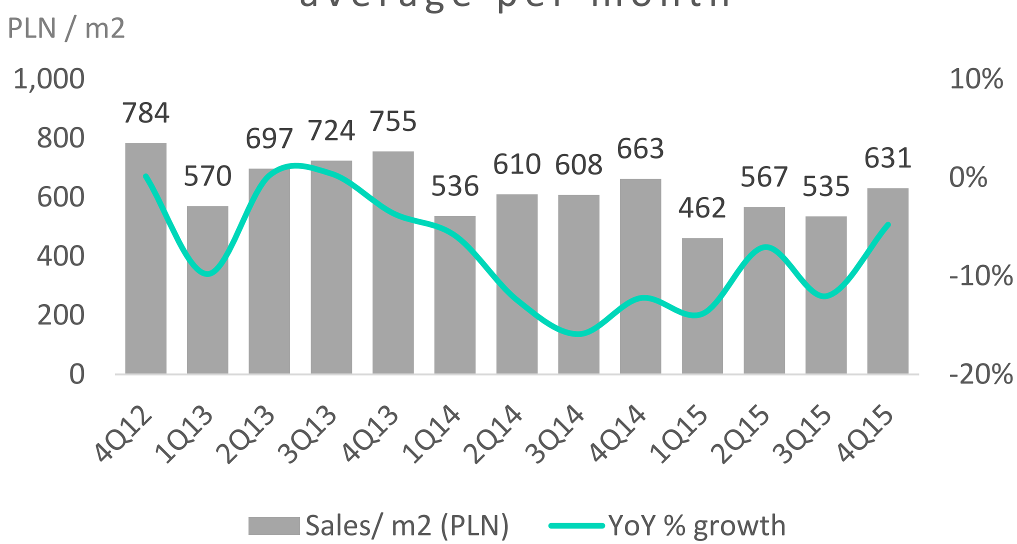




- Group revenues up 12.1% YoY in 4Q15 due to higher floorspace and positive LFLs.
- The largest nominal revenue growth in 4Q15 took place in Poland, Germany and Czech Republic.
- Despite currency depreciation and macroeconomic situation, revenues in Russia and Ukraine grew single digit in PLN in 4Q15.
- The largest nominal growth in 4Q15 was generated by RESERVED brand.

Growth in floorspace lowers sales/ m2

SALES/ m2
average per month



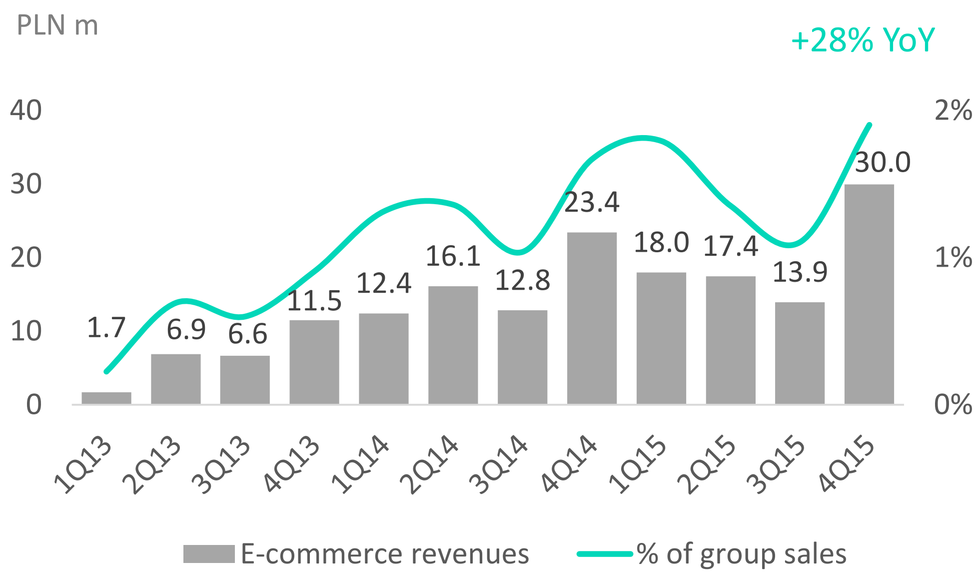
RETAIL SALES/ m2

PLN (monthly)	4Q14	4Q15	YoY
LPP GROUP	628	611	-2.6%
Poland	736	698	-5.2%
EU	568	589	3.7%
CIS	451	446	-1.2%

- In 4Q15 sales/ m2 in PLN grew double digit in Bulgaria, Estonia and Latvia. Significant single digit growth was recorded in Czech Republic, Hungary, Lithuania and Romania.
- In 4Q15 sales/ m2 in PLN were flat YoY in Russia despite rubble depreciation. Dynamics in Ukraine were in the red due to stronger YoY hryvna depreciation.
- In 4Q15, in local currencies, sales/ m2 grew 19% YoY in Russia while 33% YoY in Ukraine.

E-commerce continues to grow

ON-LINE SALES



- On-line sales constituted 1.9% of group revenues in 4Q15.
- Each of our six brands has its own internet store in Poland.

JULY 2014: RESERVED on-line in Germany

MAY 2015: RESERVED on-line store in Czech Republic

OCT 2015: RESERVED on-line store in Slovakia

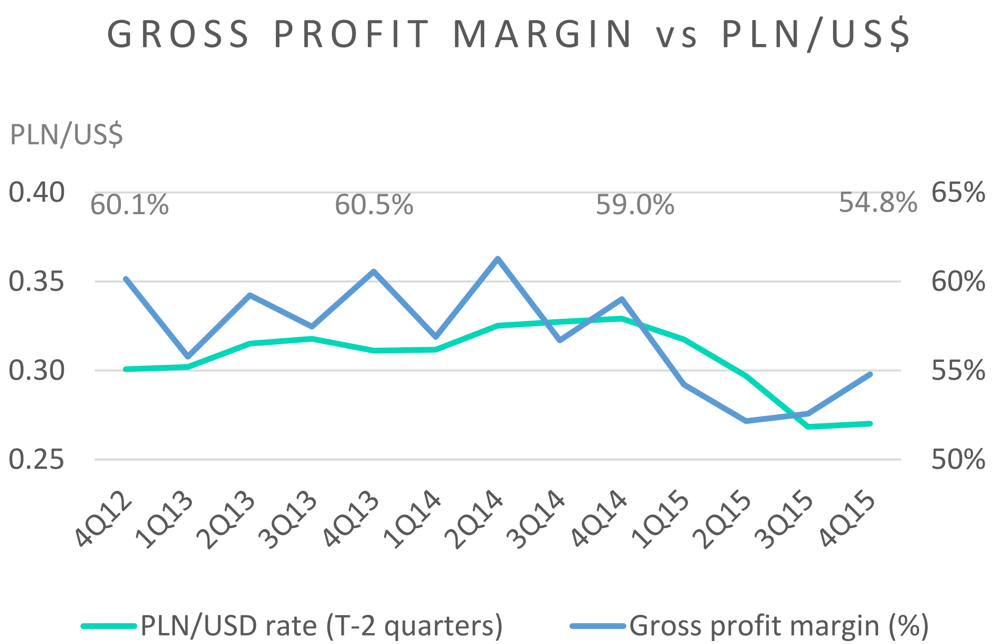
NOV 2015: RESERVED on-line store in Romania

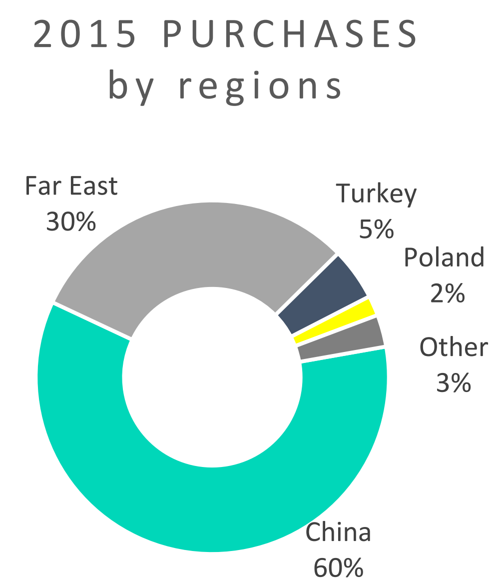
FEB 2016: Tallinder.com store in Poland

1Q16: target to open RESERVED on-line store in Hungary

2016: target to open on-line stores of two brands in Czech Republic, Slovakia, Hungary and Romania

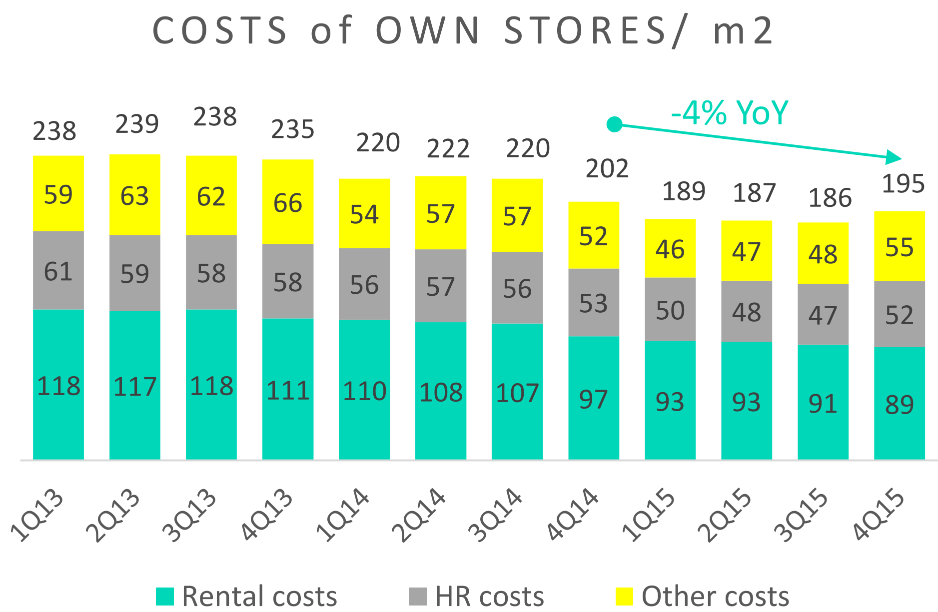
Stronger US$ increases COGS

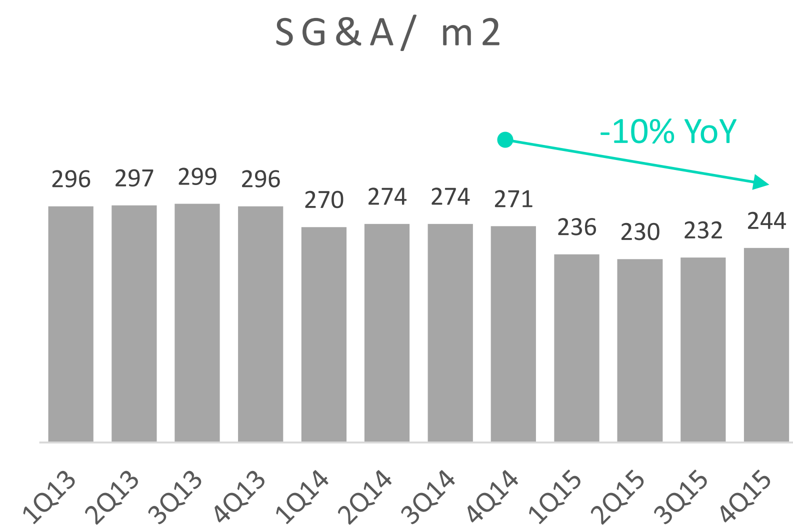




- Fall in 4Q15 due to appreciation of US$ to PLN, which was not translated into retail prices due to competitive pressure.
- Yuan devaluation allows for renegotiations of contracts with suppliers. We aim to achieve a better price to quality ratio of our products.
- Further US$ appreciation to PLN is a risk factor to gross profit margin levels in upcoming quarters.

Lower average costs per m2





- Fall in rental charges → further renegotiations of existing agreements, favourable new contracts signed.
- Stable personnel costs → continuous headcount optimisation but growth in salaries.
- Growth in other costs of stores → pick-up in cost of materials for store openings and repairs.
- Fall in SG&A/m2 → lower costs of headquarters (cut in marketing budget and third party costs) and lower costs of franchise stores in Poland.

Growth in adjusted net income

PLN m	4Q14	4Q15	YoY
Revenues	**1,404.9**	**1,575.0**	**12.1%**
Gross profit on sales	829.1	862.8	4.1%
Gross profit margin	*59.0%*	*54.8%*	*-4.2 pp*
SG&A costs	576.2	608.4	5.6%
Other operating activity	-4.7	-18.5	
EBIT	**248.3**	**235.9**	**-5.0%**
EBIT margin	*17.7%*	*15.0%*	*-2.7 pp*
Net financials	-74.6	-42.0	
Pre-tax profit	**173.7**	**193.9**	**11.7%**
Tax	-72.0	20.9	
Effective tax rate	*-41.4%*	*10.8%*	
Minorities	0.6	0.0	
Net income	**245.1**	**173.0**	**-29.4%**
Net margin	*17.4%*	*11.0%*	*-6.4 pp*
Adjusted net income	**138.2**	**173.0**	**25.2%**
Adjusted net margin	*9.8%*	*11.0%*	*1.2%*

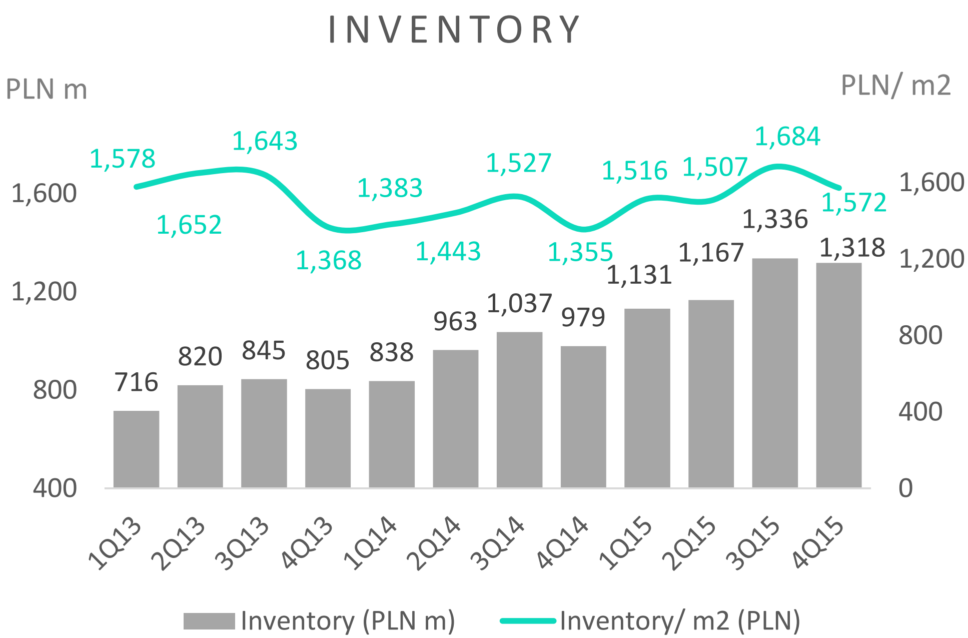
- Double-digit group revenue growth.
- Deterioration of gross profit margin:
  - higher COGS in PLN,
  - competitive pressure.
- YoY growth in SG&A costs due to floorspace development.
- Lower YoY other operating costs due to changes in fit-out recognition.
- Negative net financials:
  - PLN 35.8m of FX losses (4Q14: PLN 48.9m), out of which PLN 25.5m on rubble and hryvna (4Q14: PLN 37m) and PLN 2.6 m losses on US$ (PLN 14m of losses in 4Q14).
- PLN 107m of tax asset recognised in 4Q14. Low effective tax rate in 4Q15 due to changes in deferred taxation.

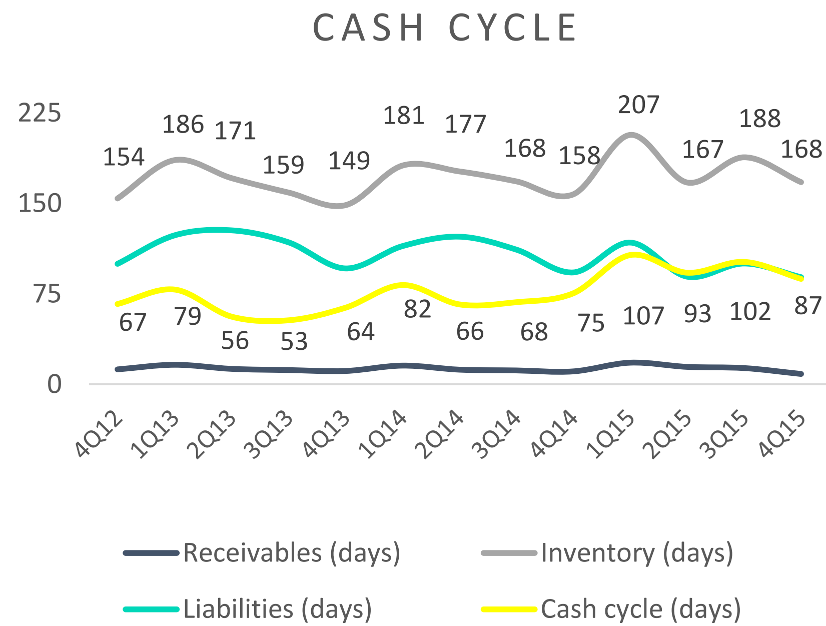
Over PLN 5bn revenues in 2015

PLN m	2014	2015	YoY
Revenues	**4,769.3**	**5,130.3**	**7.6%**
Gross profit on sales	2,792.5	2,742.8	-1,8%
Gross profit margin	*58.6%*	*53.5%*	*-5.1 pp*
SG&A costs	2,148.3	2,191.1	2.0%
Other operating activity	-35.0	-48.5	
EBIT	**609.1**	**503.2**	**-17.4%**
EBIT margin	*12.8%*	*9.8%*	*-3.0 pp*
Net financials	-149.2	-88.3	
Pre-tax profit	**459.9**	**414.9**	**-9.8%**
Tax	-22.0	62.9	
Effective tax rate	*-4.8%*	*15.2%*	
Minorities	2.3	0.0	
Net income	**479.5**	**352.0**	**-26.6%**
Net margin	*10.1%*	*6.9%*	*-3.2 pp*
Adjusted net income	**372.5**	**352.0**	**-5.5%**
Adjusted net margin	*7.8%*	*6.9%*	*-0.9 pp*

- Deterioration of gross profit margin:
  - weaker consumer demand and traffic
  - less favorable FX trends.
- Flat YoY SG&A costs despite growth in floorspace. Fall in SG&A/ m2.
- Lower YoY EBIT as cost reductions did not fully offset gross profit margin fall.
- High net financial charges :
  - PLN 68.6m FX losses (2014: PLN 111.8m), out of which PLN 58m on rubble and hryvna (2014: PLN 86m losses) and PLN 13.6m losses on US$ (PLN 20m in 2014).
- PLN 107m of tax asset recognised in 2014. Effective tax rate in 2015 lower than statutory due to changes in deferred taxation.

Cash cycle quarterly improvement

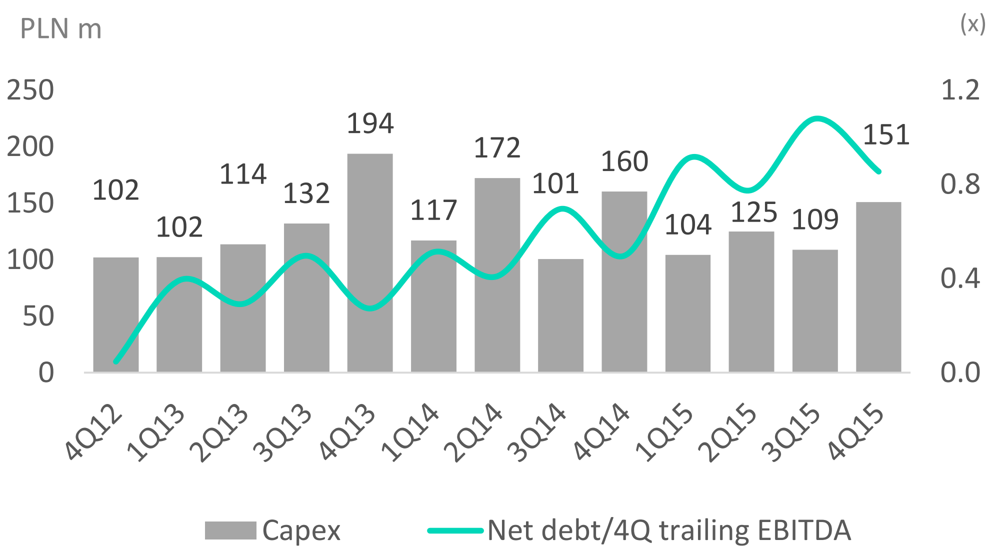




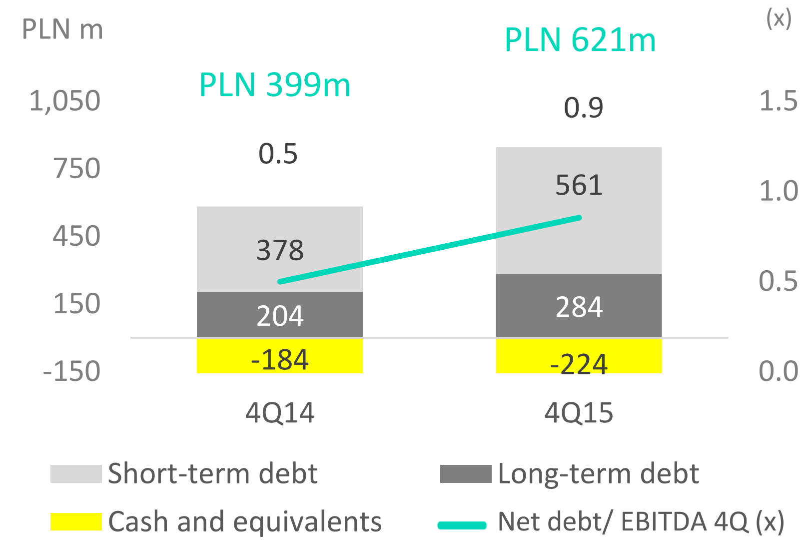
- YoY growth in inventory results from higher floorspace and appreciation of US$ to PLN.
- Cash cycle improved QoQ due to faster inventory rotation (favourable sales dynamics).
- Settlements with suppliers have remained unchanged (around half of these is conducted in the form of a letter of credit).

Indebtedness at a safe level

CAPEX vs NET DEBT/EBITDA



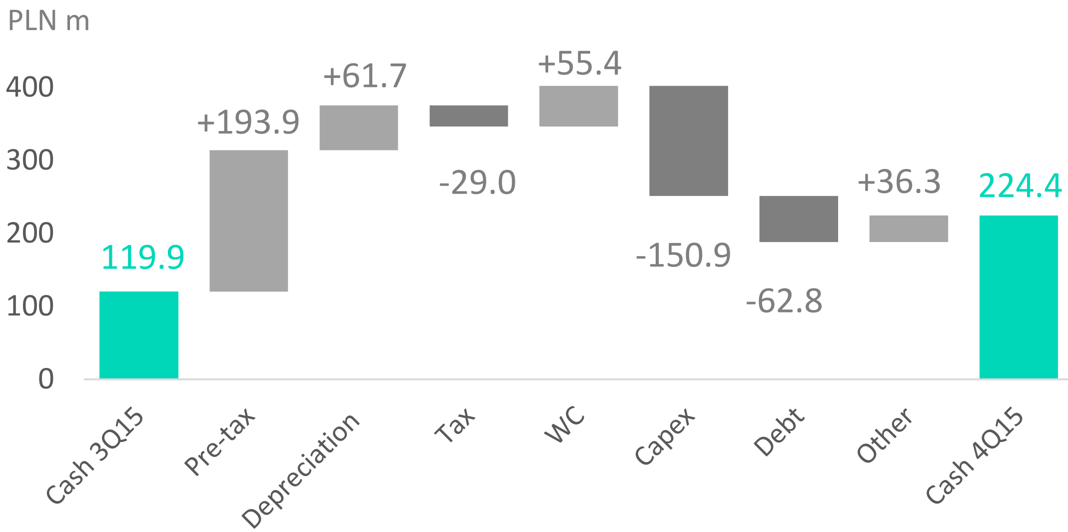
NET DEBT



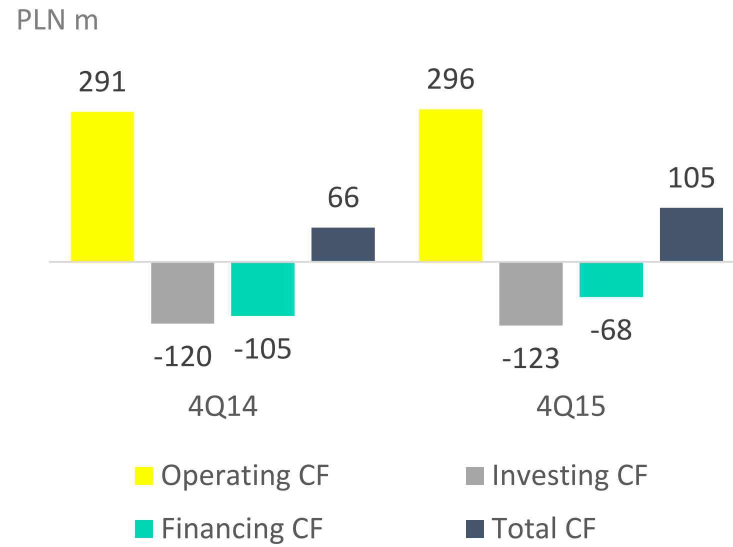
- 4Q15 capex down 6% YoY despite openings in Germany.
- 2015 capex reached PLN 489m, down 11% YoY, due to lower outlays for the logistics centre.
- Despite YoY pick-up, net debt / EBITDA remains at a safe level.

Stable operating cash flow

4Q15 CASH FLOW GENERATION



4Q15 CASH FLOW



- Operating cash flow → stable YoY due to higher pre-tax and more favourable net working capital.
- Investing cash flow → lower YoY capex, despite openings in Germany.
- Financing cash flow → lower usage of debt for inventory and openings financing.
- PLN 1.54bn in open credit lines used for letters of credits, guarantees and overdrafts.

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Tallinder – a new premium brand

Clothing, accessories, shoes

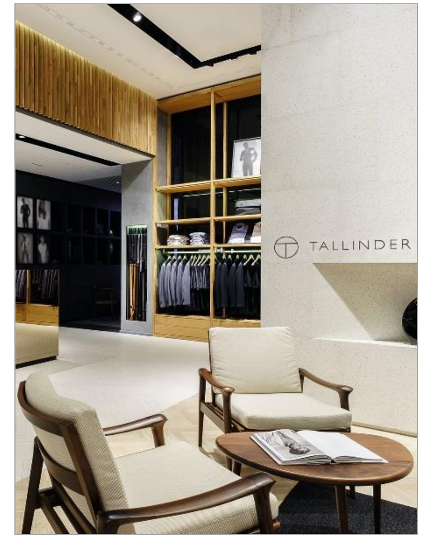
It's about style
Customers 35 +, who value timeless elegance and classics as well as high quality.

High quality finishing

70% of collection is sourced in Europe (Poland, Italy, Portugal) and in Turkey.

Elegant stores

Natural materials: stone, leather and ink-dyed wood.



A lounge relax area

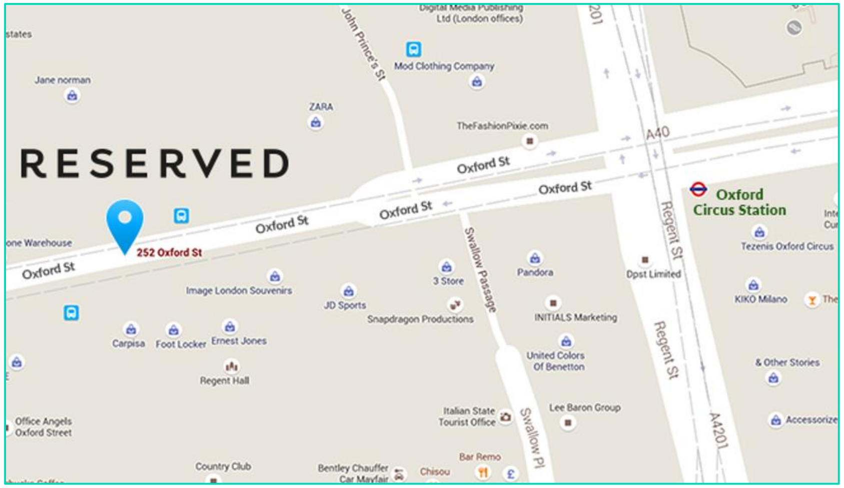
Magazines and albums on art, design, fashion and architecture available in the lounge.

Tallinder – first store in Poland opened

KEY BRAND FEATURES	Modern elegance
# STORES	Target: 30 stores in Poland
# MARKETS	Initial development in Poland
STORE SIZE	350 m2 on average
PRICE TAG	PLN 300 on average
CAPEX/M2	PLN 4,000

- First premium brand in our portfolio – diversification of target group, exposure to more affluent customer.
- Stores in the most prestigious venues in Poland.
- First store opened 10 February in Gdansk in Galeria Baltycka shopping mall.
- Further six stores to be opened in March (Bydgoszcz, Lublin, Katowice, Szczecin, Wroclaw and Gdynia).
- Internet store in February 2016.
- Internet site: tallinder.com includes a fashion magazine *Style Almanac*.
- Four lines in SS16 season: Everyday Beauty (modern elegance), Soft Lab (pastels), Essential Resort (preppy style) and Serene City (white and beige).

Store in the centre of London



- Conditional agreement for the first UK flagship at 252/258 Oxford Street, London, next to Zara and H&M stores, replacing a BHS store.
- We await the building's landlord consent.
- Target store size at c. 3 ths m2.
- 25-year-long agreement worth PLN 675m. Long-term agreements are typical for the UK market.
- Risk mitigated by the possibility to sublet the floorspace.

Introduction of organic cotton

RESPONSIBLE PRODUCTION

- Signing the ACCORD agreement (2013).
- Efficient supervision over factories and suppliers:
  - factory audit department (2014),
  - offices in Dhaka/ Bangladesh (2015).
- Update of Code of Conduct for suppliers (April 2015).
- Eco production:
  - resignation from usage of angora, i.e. rabbit fur (November 2014),
  - introduction of organic cotton (December 2015).

ORGANIC COTTON

- We answer the needs voiced by our customers and follow the market trends.
- Initial implementation at the RESERVED brand.
- 2 areas of usage:
  - products containing organic cotton,
  - products made in the organic process.
- We plan to increase the usage of organic cotton in our collections.

Open communication with investors

NEW MATERIALS

February 2016 – Databook premiere
(a comprehensive database in excel file).
Materials available on www.lppsa.com

NEW BRAND PRESENTATION

February 2016 – presentation of our new brand, Tallinder, for analysts and investors at our Chmielna street showroom in Warsaw.

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Further floorspace development in 2016

Floorspace (ths m2)	31.12.2015	2016 previous target	2016 new target	YoY growth
BY BRANDS				
RESERVED	461.3	533.4	521.8	13%
Cropp	114.5	121.8	119.9	5%
House	99.7	108.3	105.4	6%
MOHITO	94.5	102.2	98.9	5%
SiNSAY	59.7	75.2	69.1	16%
Tallinder	0.0	5.2	4.4	-
Outlets	13.8	12.4	13.8	0%
BY REGIONS				
Poland	465.0	500.7	494.2	6%
EU	179.0	226.5	210.2	17%
CIS	193.9	206.0	214.2	10%
ME	5.5	25.3	14.6	166%
TOTAL	**843.5**	**958.6**	**933.3**	**11%**

- C.11-13% YoY floorspace growth targeted for 2016.
- In 2016 we plan to open franchise stores in three new countries: UAE (January 2016), Belarus and Kazakhstan.
- 2016 targets: (1) further development in Germany, (2) 10% floorspace growth in Russia and (3) Tallinder development in Poland.
- By the end of 2016 RESERVED stores should be present in 20 countries.
- Planned 2016 capex at c.PLN 370m, down 24% YoY. Planned investments in own stores at PLN 290m, down 26% YoY, due to more franchise openings.
- MOHITO and SiNSAY openings in the Middle East in 2017.

Further development possibilities in 2016

2016 TARGETS	▪ Revenue growth should exceed floorspace growth. ▪ E-commerce development (Tallinder in Poland, RESERVED in Hungary, 2 new brands on-line in CEE/SEE region). ▪ Gross profit margin at levels similar to 2015.
2016 OPPORTUNITIES	▪ LFLs improvement. ▪ New markets development (UAE, Belarus, Kazakhstan). ▪ More favourable price-to-quality ratio (yuan depreciation allows renegotiation of terms with suppliers).
2016 RISKS	▪ Higher taxation of retail companies. ▪ Continuation of unfavourable FX trends on PLN/US$ and PLN/EUR. ▪ Continuation of negative macroeconomic situation in Russia.

We aim to improve LFLs

2016 TARGET	▪ Positive LFLs in 2016, especially at the RESERVED brand in Poland.
WIDER ASSORTMENT	▪ 50% more models within RESERVED collection from SS16 season. ▪ More varied models in stores and diverse fabrics used.
MORE DESIGNERS	▪ New employees in design departments of all six brands. ▪ First employer branding campaign promoting LPP as an attractive employer.
QUALITY CONTROL	▪ More effective control over the production process (direct supervision). ▪ Verification of the list of suppliers, focus on the best in kind.

CEE: We strengthen our position in the region

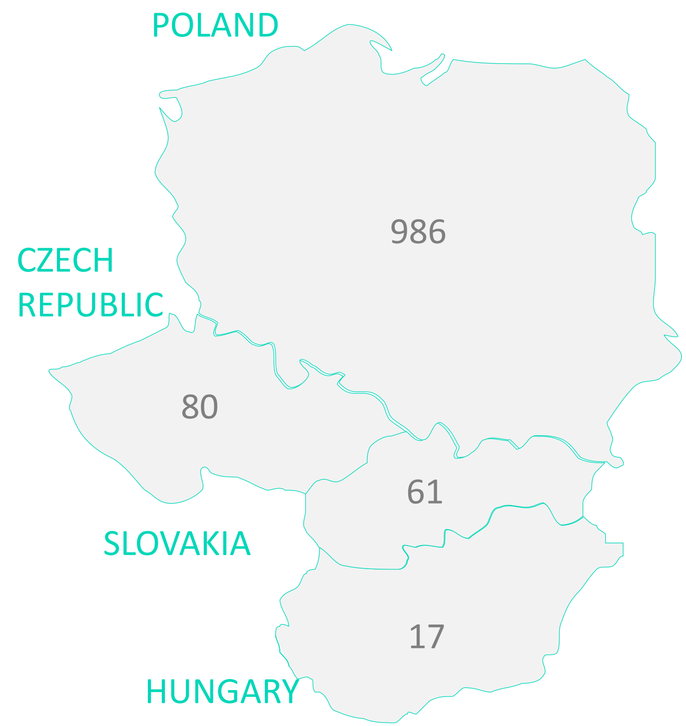
POLAND

- In 2016 Poland is going to remain our most important market.
- A developed market – focus on:
  - increasing LFLs (emphasis on RESERVED)
  - opening new stores of five brands in new attractive concepts.
- Launch of the new brand – Tallinder – openings at the most attractive shopping malls.

CZECH REPUBLIC, SLOVAKIA, HUNGARY

- In 2016 we focus on:
  - sales efficiency at traditional stores,
  - launch of on-line stores of the next two brands.

CENTRAL EASTERN EUROPE



SEE: We see development potential

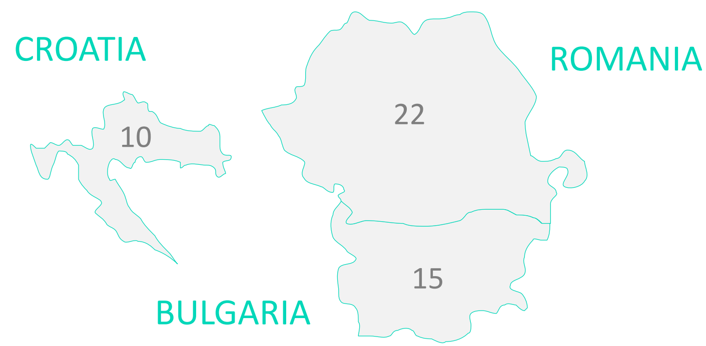
ROMANIA, BULGARIA, CROATIA

- Development potential in the region, especially in Romania (traditional stores and on-line stores).
- We plan to open stores in each of the three countries of the region we are present in.
- At the end of 2016 five our brands should be present in those three countries.
- We consider development in Serbia and Slovenia.

LITHUANIA, LATVIA, ESTONIA

- In 2016 we plan openings in Lithuania.
- We focus on sales efficiency in Latvia and Estonia.

SOUTH EASTERN EUROPE



BALITC COUNTRIES

CIS: Step by step development

OWN STORES

- In 2016:
  - selected openings in Ukraine,
  - at least 10% YoY floorspace growth in Russia (development of stores of five brands).

FRANCHISE STORES

- In 2016 we plan to launch franchise stores in two new countries: Belarus and Kazakhstan.

FURTHER DEVELOPMENT IN THE EAST

WE: Start of Western expansion

EXPANSION

- First store in Germany opened in September 2014. Target: 20 stores in 3 years time.
- In 2016 we plan to spend EUR 4m (flat YoY) on marketing expenses to increase awareness of our RESERVED brand.
- Improved store inventory (i.e. more items of expensive clothes).

FLAGSHIP STORES

- Conditional agreement for the first RESERVED flagship in London signed.
- We are on the look-out for new attractive venues for RESERVED flagship stores in Milan, Paris and Vienna.
- In 2017 we plan opening of RESERVED flagship in Berlin.

GERMANY: FURTHER DEVELOPMENT

CITY	M2	OPENING
Essen	1 879	MAR 2016
Hanover	2 635	MAR 2016
Ludwigsburg	2 450	JUN 2016
Munich	3 456	SEP 2016

ME: Significant growth potential

FRANCHISE-BASED DEVELOPEMENT

- In the Middle East we foresee development only through franchise stores (no capex needed).
- Targets for 2016:
  - opening in the new country – Abu Dhabi/ UAE (January 2016),
  - development of RESERVED brand in majority of the Middle East countries currently present.
- 2015 Middle East revenues amounted to PLN 22.6m.

TARGET

- 70 franchise stores: 30 RESERVED, 20 MOHITO and 20 SiNSAY in six years.

MIDDLE EAST: DEVELOPMENT PLANS

AGENDA

- Executive summary
- 4Q15 financial results
- Key corporate events
- 2016 outlook
- Q&A

- Back-up

Network development

Floorspace (ths m2)	31.12.2013	31.03.2014	30.06.2014	30.09.2014	31.12.2014	31.03.2015	30.06.2015	30.09.2015	31.12.2015
RESERVED	322.3	327.1	358.9	367.4	389.7	402.7	416.3	435.7	461.3
Poland	188.9	193.7	202.8	204.7	209.2	215.2	219.0	223.4	232.5
EU	52.4	52.4	64.6	69.6	83.9	90.1	95.1	106.5	120.2
CIS	81.0	81.0	91.5	93.2	96.6	95.8	98.3	100.4	103.1
ME	0.0	0.0	0.0	0.0	0.0	1.5	3.9	5.5	5.5
Cropp	90.6	91.8	102.2	101.2	105.4	106.6	111.5	109.1	114.5
Poland	54.5	54.5	59.1	57.0	58.3	58.5	62.8	59.6	63.0
EU	10.9	10.7	14.5	15.6	17.1	17.8	18.7	19.1	19.8
CIS	25.2	26.6	28.6	28.6	30.0	30.2	30.0	30.4	31.7
House	80.2	82.3	89.9	87.3	89.6	89.9	96.7	95.2	99.7
Poland	55.4	55.6	59.3	56.9	57.3	56.2	62.4	59.3	62.2
EU	9.2	9.0	10.5	10.3	11.4	12.7	13.2	14.4	15.1
CIS	15.6	17.7	20.1	20.1	20.9	21.0	21.1	21.6	22.4
MOHITO	66.0	69.3	76.7	78.4	82.8	86.4	89.1	90.3	94.5
Poland	40.9	42.3	44.7	45.1	46.2	47.8	49.2	49.7	52.1
EU	6.5	6.5	8.6	9.4	11.8	13.6	14.5	15.2	16.1
CIS	18.5	20.5	23.4	24.0	24.8	25.0	25.4	25.4	26.2
SiNSAY	20.1	25.8	35.1	38.0	43.7	48.4	52.4	54.8	59.7
Poland	17.9	22.4	27.2	29.1	32.7	35.5	38.6	40.3	43.5
EU	2.2	1.7	2.7	3.1	4.4	5.4	6.3	6.6	7.6
CIS	0.0	1.7	5.2	5.8	6.6	7.6	7.6	7.9	8.6
Outlets	9.3	9.3	9.3	8.8	11.3	11.8	12.4	13.6	13.8
Total by regions									
Poland	365.5	376.3	401.1	400.0	413.6	423.5	443.5	443.9	465.0
EU	80.7	80.3	100.9	107.9	128.6	139.6	147.7	161.7	179.0
CIS	142.4	148.8	170.2	173.2	180.3	181.2	183.2	187.7	193.9
ME	0.0	0.0	0.0	0.0	0.0	1.5	3.9	5.5	5.5
TOTAL	588.6	605.5	672.2	681.1	722.5	745.8	778.4	798.8	843.5

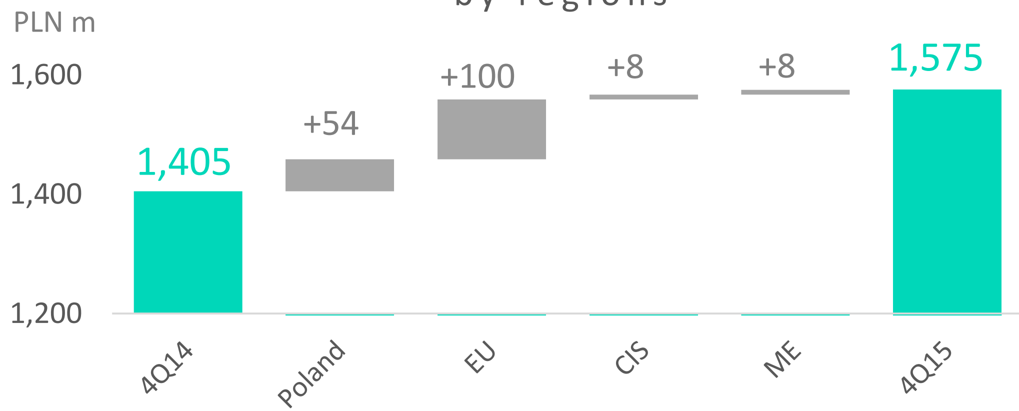
2016 network development details

Floorspace (ths m2)	31.12.2015	2016 TARGET	Nominal growth	YoY growth
RESERVED	461.3	521.8	60.5	13%
Poland	232.5	246.8	14.3	6%
EU	120.2	145.2	25.0	21%
CIS	103.1	115.1	12.0	12%
ME	5.5	14.6	9.1	166%
Cropp	114.5	119.9	5.4	5%
Poland	63.0	65.4	2.4	4%
EU	19.8	20.7	0.9	5%
CIS	31.7	33.8	2.1	7%
House	99.7	105.4	5.6	6%
Poland	62.2	64.5	2.3	4%
EU	15.1	16.5	1.3	9%
CIS	22.4	24.3	2.0	9%
MOHITO	94.5	98.9	4.5	5%
Poland	52.1	53.7	1.5	3%
EU	16.1	17.6	1.4	9%
CIS	26.2	27.7	1.5	6%
ME	0.0	0.0	0.0	-
SiNSAY	59.7	69.1	9.4	16%
Poland	43.5	47.7	4.2	10%
EU	7.6	10.3	2.7	36%
CIS	8.6	11.1	2.5	30%
ME	0.0	0.0	0.0	-
Tallinder	0.0	4.4	4.4	n/m
Poland	0.0	4.4	4.4	-
EU	0.0	0.0	0.0	-
CIS	0.0	0.0	0.0	-
Outlets	13.8	13.8	0.0	0%
Polska	11.6	11.6	0.0	-
EU	0.2	0.2	0.0	-
CIS	2.0	2.0	0.0	-
TOTAL	843.5	933.3	89.8	11%

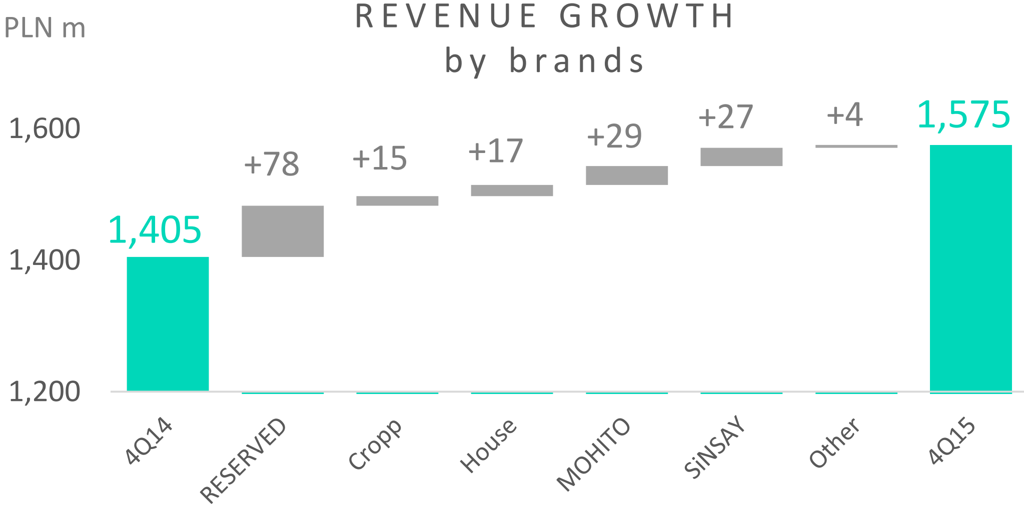
No. of stores	31.12.2015	2016 TARGET	Nominal growth	YoY growth
RESERVED	449	473	24	5%
Poland	237	238	1	0%
EU	107	115	8	7%
CIS	101	110	9	9%
ME	4	10	6	150%
Cropp	372	382	10	3%
Poland	217	221	4	2%
EU	66	68	2	3%
CIS	89	93	4	4%
House	319	329	10	3%
Poland	208	211	3	1%
EU	48	51	3	6%
CIS	63	67	4	6%
MOHITO	280	289	9	3%
Poland	164	166	2	1%
EU	52	56	4	8%
CIS	64	67	3	5%
ME	0	0	0	-
SiNSAY	170	196	26	15%
Poland	127	139	12	9%
EU	21	27	6	29%
CIS	22	30	8	36%
ME	0	0	0	-
Tallinder	0	10	10	n/m
Poland	0	10	10	-
EU	0	0	0	-
CIS	0	0	0	-
Outlets	37	37	0	0%
Poland	33	33	0	0%
EU	1	1	0	0%
CIS	3	3	0	0%
TOTAL	1,627	1,716	89	5%

Group 4Q15 revenue growth contributors

REVENUE GROWTH
by regions



REVENUE GROWTH
by brands

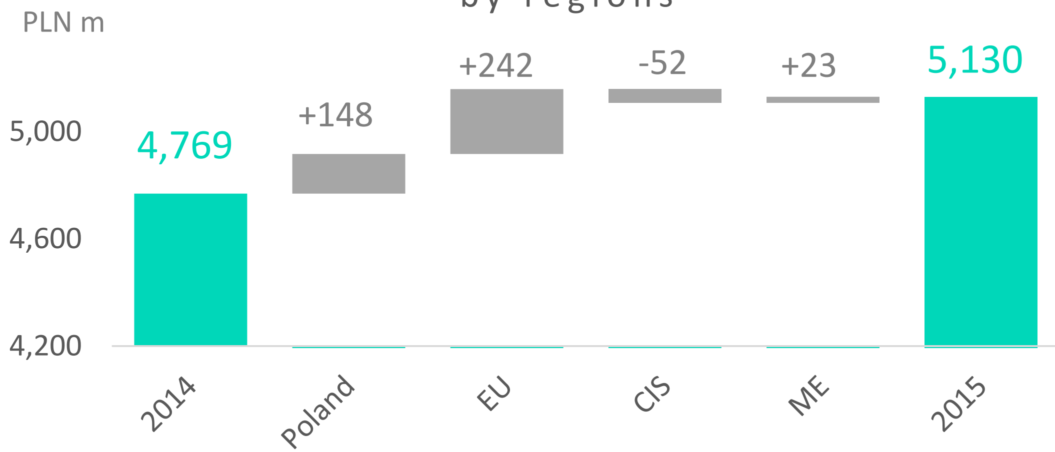


REVENUES
by brands

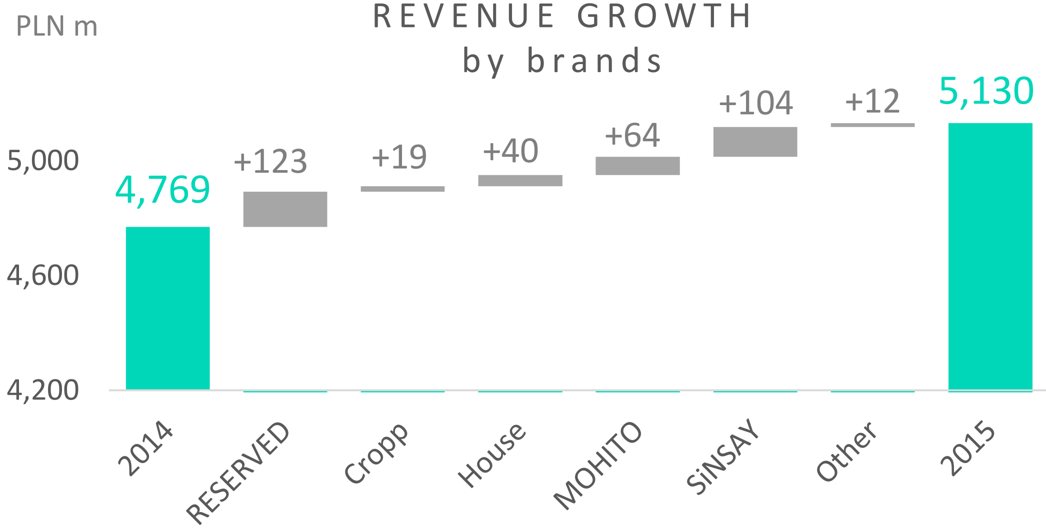
PLN m	4Q14	4Q15	YoY
LPP GROUP	1,404.9	1,575.0	12.1%
RESERVED PL	429.9	436.4	1.5%
RESERVED EX	246.3	317.7	29.0%
Cropp PL	138.1	137.2	-0.6%
Cropp EX	81.7	97.1	18.9%
House PL	146.8	151.3	3.1%
House EX	52.8	65.1	23.4%
MOHITO PL	98.9	105.5	6.6%
MOHITO EX	47.0	69.5	47.8%
SiNSAY PL	63.4	84.5	33.3%
SiNSAY EX	14.1	20.4	44.7%
Other	86.1	90.4	5.0%

Group 2015 revenue growth contributors

REVENUE GROWTH
by regions



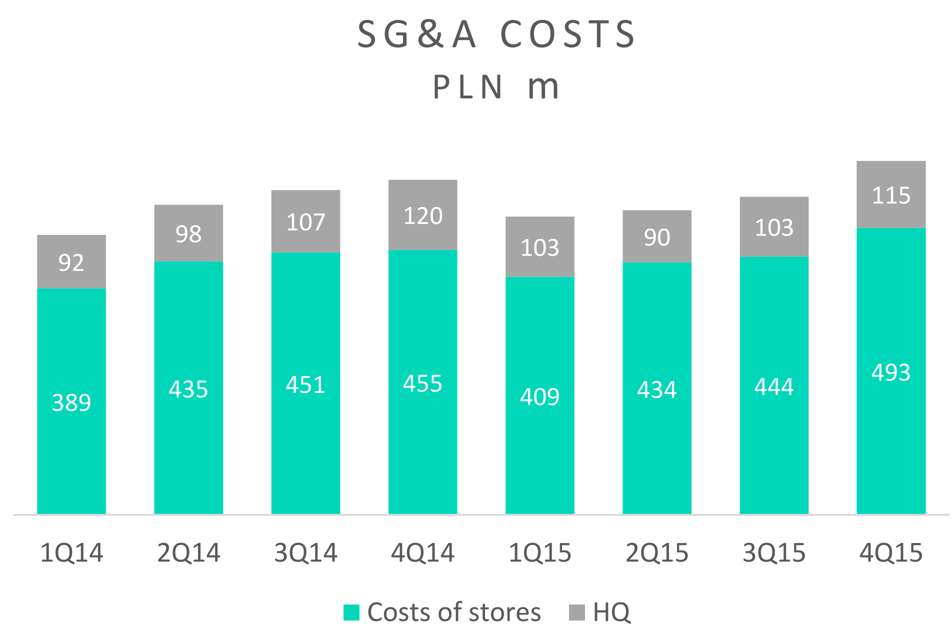
REVENUE GROWTH
by brands

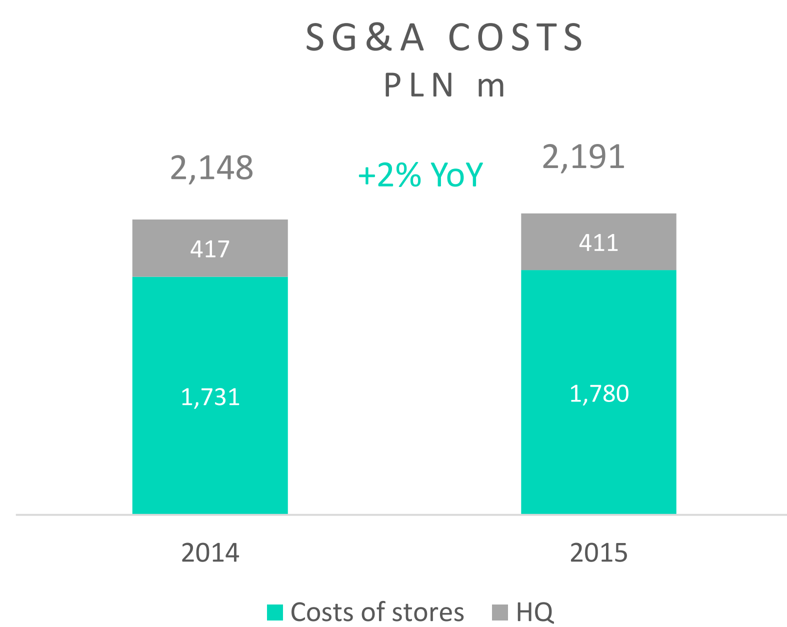


REVENUES
by brands

PLN m	2014	2015	YoY
LPP GROUP	4,769.3	5,130.3	7.6%
RESERVED PL	1,425.7	1,421.5	-0.3%
RESERVED EX	885.6	1,012.3	14.3%
Cropp PL	469.8	467.8	-0.4%
Cropp EX	301.2	322.0	6.9%
House PL	454.9	469.7	3.3%
House EX	178.7	203.4	13.8%
MOHITO PL	340.5	353.5	3.8%
MOHITO EX	182.4	233.0	27.7%
SiNSAY PL	186.0	262.0	40.8%
SiNSAY EX	38.6	66.9	73.2%
Other	305.9	318.2	4.0%

Costs of stores and HQs





- Costs of stores encompass costs of own stores (rentals, personnel and other) as well as costs of franchise stores in Poland.
- Costs of stores ➔ YoY growth in 4Q15 due to higher YoY floorspace. Fall in costs of franchise stores in Poland, due to switch to company owned stores.
- HQ costs ➔ YoY fall despite costs of new brand launch, due to lower marketing and third party costs.

Other operating activity and net financials in 4Q15

OTHER OPERATING REVENUES

PLN m	4Q14	4Q15
Inventory excess	3.2	3.8
Gain on sale of assets	11.4	2.6
Other operating revenues	**18.9**	**7.7**

OTHER OPERATING COSTS

PLN m	4Q14	4Q15
Write-offs	6.2	6.1
Inventory losses	13.2	14.4
Donations and others	2.0	4.6
Other operating costs	**23.6**	**26.2**

OTHER OPERATING ACTIVITY	-4.7	-18.5

FINANCIAL REVENUES

PLN m	4Q14	4Q15
FX gains	0.0	0.0
Interest	0.8	0.0
Financial revenues	**1.0**	**0.0**

FINANCIAL COSTS

PLN m	4Q14	4Q15
FX losses	48.9	35.8
Interest	4.9	5.6
Provisions	1.0	0.3
Financial costs	**75.6**	**42.1**

NET FINANCIALS	-74.6	-42.0

Other operating activity and net financials in 2015

OTHER OPERATING REVENUES

PLN m	2014	2015
Inventory excess	12.3	13.1
Gain on sale of assets	22.8	6.9
Other operating revenues	**45.9**	**24.2**

OTHER OPERATING COSTS

PLN m	2014	2015
Write-offs	20.0	11.4
Inventory losses	43.4	39.7
Donations and others	10.2	15.0
Other operating costs	**80.9**	**72.6**

OTHER OPERATING ACTIVITY	-35.0	-48.5

FINANCIAL REVENUES

PLN m	2014	2015
FX gains	0.0	0.0
Interest	2.6	1.8
Financial revenues	**3.0**	**2.0**

FINANCIAL COSTS

PLN m	2014	2015
FX losses	111.8	68.6
Interest	15.9	19.1
Provisions	3.6	1.9
Financial costs	**152.2**	**90.3**

NET FINANCIALS	-149.2	-88.3

Historical quarterly numbers

PLN m	1Q14	1Q15	2Q14	2Q15	3Q14	3Q15	4Q14	4Q15	YoY
Revenues	**945.0**	**1,002.6**	**1,185.1**	**1,291.3**	**1,234.2**	**1,261.5**	**1,404.9**	**1,575.0**	**12.1%**
Gross profit on sales	537.6	543.3	726.2	673.4	699.6	663.2	829.1	862.8	4.1%
Gross profit margin	*56.9%*	*54.2%*	*61.3%*	*52.1%*	*56.7%*	*52.6%*	*59.0%*	*54.8%*	*-4.2 pp*
SG&A costs	480.7	512.5	533.2	523.5	558.4	546.8	576.2	608.4	5.6%
Other operating activity net	-8.5	-7.3	-15.0	-13.1	-6.9	-9.6	-4.7	-18.5	
EBIT	**48.4**	**23.7**	**178.1**	**136.8**	**134.4**	**106.8**	**248.3**	**235.9**	**-5.0%**
EBIT margin	*5.1%*	*2.4%*	*15.0%*	*10.6%*	*10.9%*	*8.5%*	*17.7%*	*15.0%*	*-2.7 pp*
Net financial activity	-60.8	-53.4	25.5	21.5	-39.3	-14.4	-74.6	-42.0	
Pre-tax profit	**-12.4**	**-29.7**	**203.5**	**158.3**	**95.1**	**92.5**	**173.7**	**193.9**	**11.7%**
Tax	1.8	7.6	35.1	21.6	13.1	12.7	-72.0	20.9	
Effective tax rate	*-14.8%*	*-25.6%*	17.2%	13.7%	*13.8%*	*13.8%*	*-41.4%*	*10.8%*	
Minorities	0.7	0.0	0.8	0.0	0.3	0.0	0.6	0.0	
Net income	**-14.9**	**-37.3**	**167.7**	**136.6**	**81.7**	**79.7**	**245.1**	**173.0**	**-29.4%**
Net income margin	*-1.6%*	*-3.7%*	*14.1%*	*10.6%*	*6.6%*	*6.3%*	*17.4%*	*11.0%*	*-6.4 pp*

Balance sheet remains stable

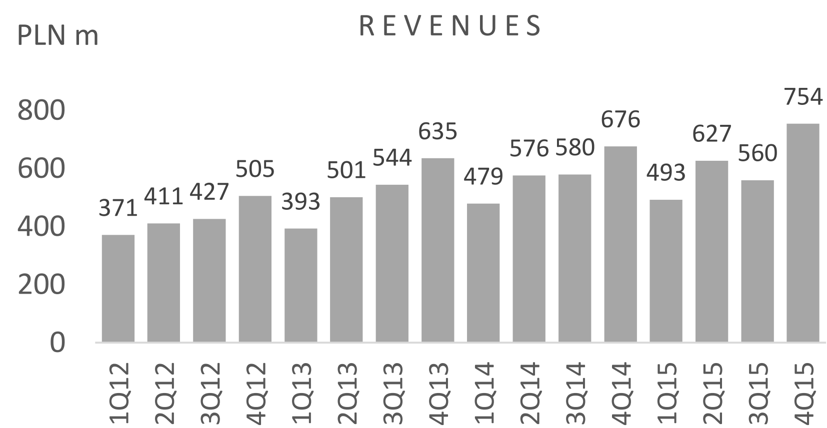
PLN m	31.12.2014	30.06.2015	31.12.2015
Non-current assets	**1,516.4**	**1,638.4**	**1,795.8**
intangibles (including goodwill)	315.9	321.0	324.4
fixed assets	1,038.8	1,129.2	1,258.7
Current assets	**1,417.3**	**1,601.8**	**1,766.0**
inventory	979.3	1,167.1	1,317.6
trade receivables	176.9	192.0	116.4
cash and equivalents	183.5	155.7	224.4
Total assets	**2,933.7**	**3,240.2**	**3,561.8**
Equity	**1,638.4**	**1,725.4**	**1,890.5**
Long-term liabilities	**210.7**	**217.9**	**342.3**
interest bearing debt	204.5	182.8	284.3
Short-term liabilities	**1,084.6**	**1,297.0**	**1,329.1**
trade liabilities	618.6	643.5	719.2
interest bearing debt	378.3	556.1	561.1
Total liabilities	**2,933.7**	**3,240.2**	**3,561.8**

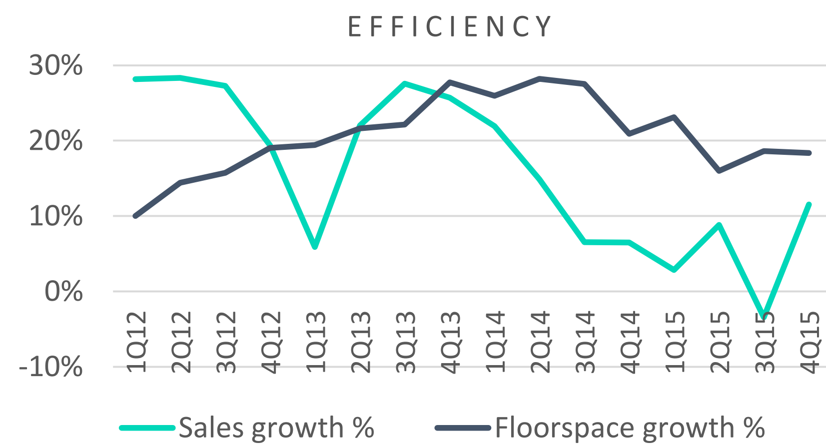
- Higher YoY fixed assets due to investments in stores.
- Growth in intangibles due to investments in concept stores of all brands.
- Higher YoY inventory due to growth in floorspace and zloty depreciation vs US$.
- YoY fall in receivables results from lack of down-payments for the logistics centre.
- Pick-up in trade liabilities due to higher floorspace.
- Short-term debt picked-up YoY due to the need to finance inventory and new openings.
- Changes in debt structure – pick-up in long-term debt aimed at achieving a more stable financing structure.

RESERVED

- A fast fashion brand with a broad customer base; wide range of collections.
- Target customers: women, men and children.
- Established in 1999.
- First brand in Germany and the Middle East.
- Advertised by international stars (Georgia May Jagger, Brooklyn Beckham).
- Store concept: each store has three sections - women, men and children, differentiated by colours and fixtures and fittings. Men and women zones are sub-divided to display lines.

	4Q14	4Q15	YoY
Average store space (m2)	917	1,027	12%
Average monthly sales (PLN/m2)	593	556	-6%

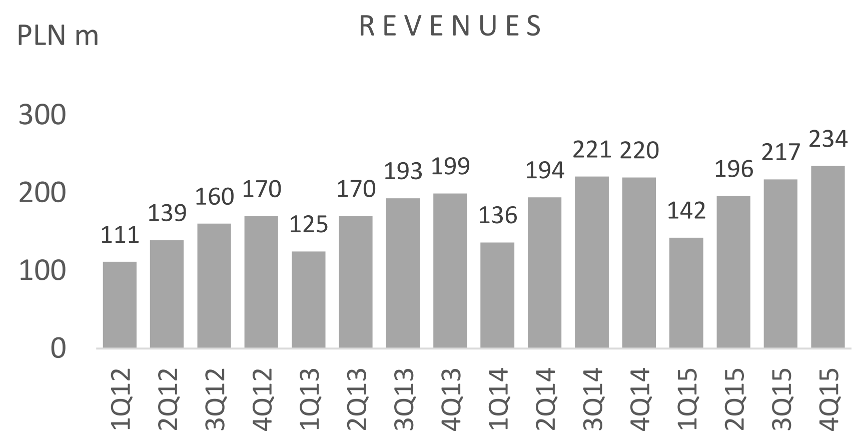


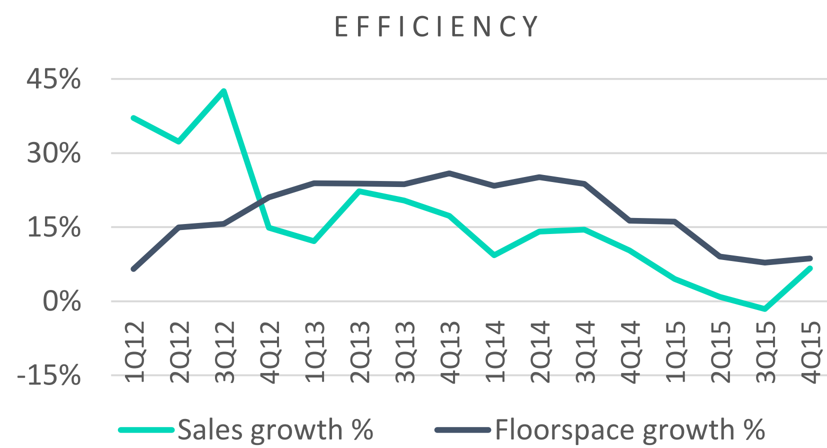


CROPP

- A casual streetwear brand.
- Target customers: teenagers (boys and girls).
- Established in 2004.
- Partner of events for artists and street art.
- Offers also international labels (eg. New Balance, Converse).
- Store concept: the shopping space is designed in the form of squat, garage and industrial halls. Stores encompass special relax zones with PlayStation and tablets with WiFi. Shop window displays are equipped with modern multimedia.

	4Q14	4Q15	YoY
Average store space (m2)	288	308	7%
Average monthly sales (PLN/m2)	699	669	-4%

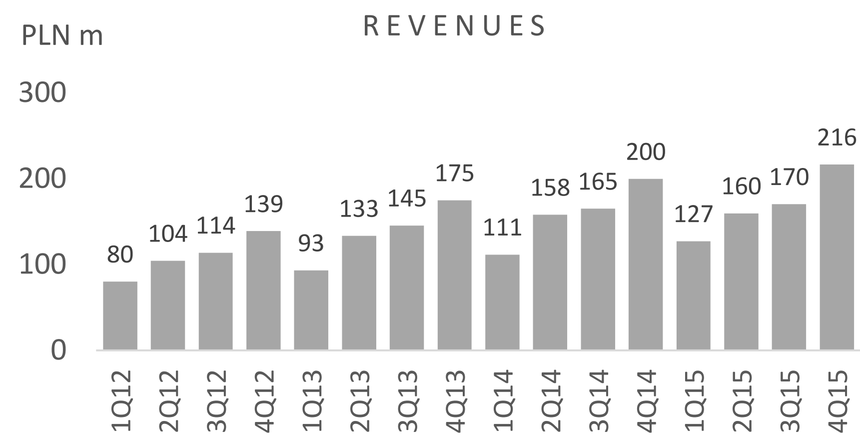


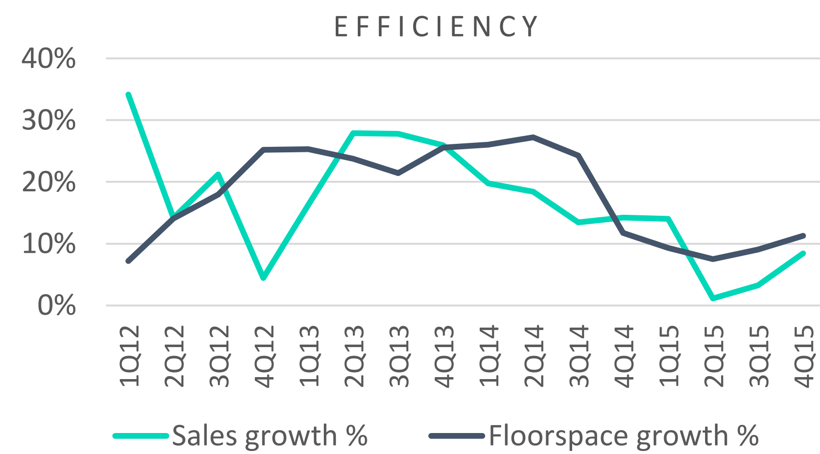


house

- Urban fashion brand with folk and vintage elements.
- Target customers: teenagers (boys and girls) who like brave fashion choices.
- Established in 2001 (in LPP Group since 4Q08).
- Participates in multiple artistic events and sponsors alternative music, eg. iFestival.
- Store concept: the interior of the store is inspired by music instruments and possesses many music and art related details. A fresh look is obtained by usage of wooden elements and glass & metal lamps.

	4Q14	4Q15	YoY
Average store space (m2)	291	313	7%
Average monthly sales (PLN/m2)	745	701	-6%

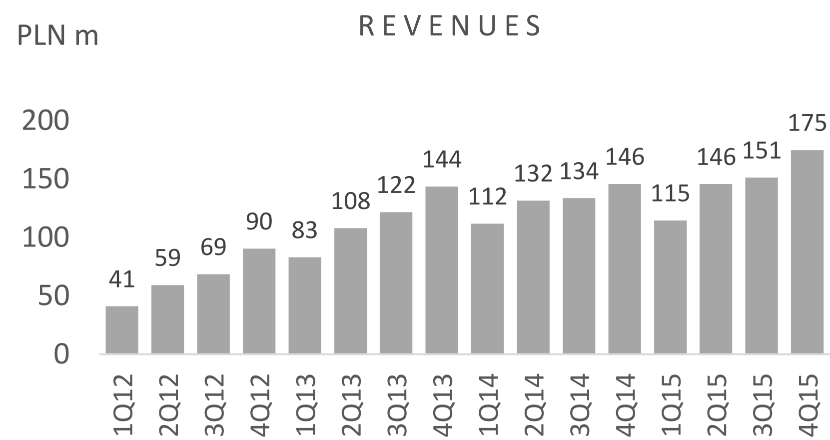


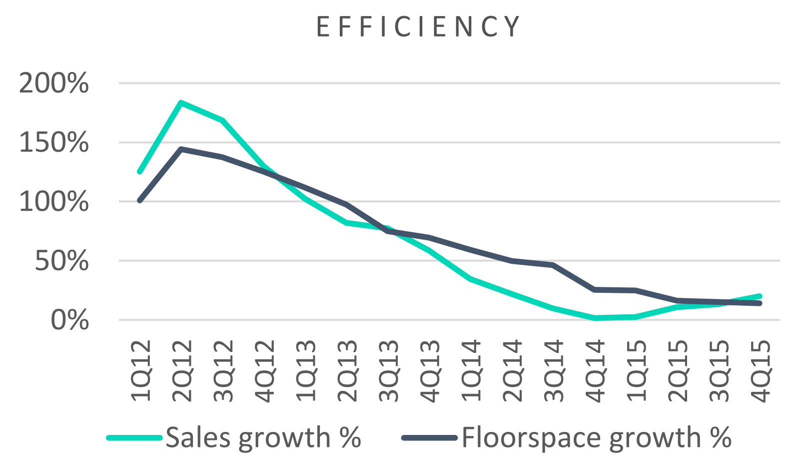


MOHITO

- A brand that combines comfort and elegance for business and informal meetings.
- Target customer: young women.
- Established in 2008 (in LPP's Group since 4Q08).
- Anja Rubik created a limited collection for AW2014/15. Zuzanna Bijoch is the face of AW2015/16 collection.
- Scheduled for ME development since 2017.
- Store concept: relates to elegance and beauty. The centre of the store is bright and is surrounded by a darker environment.

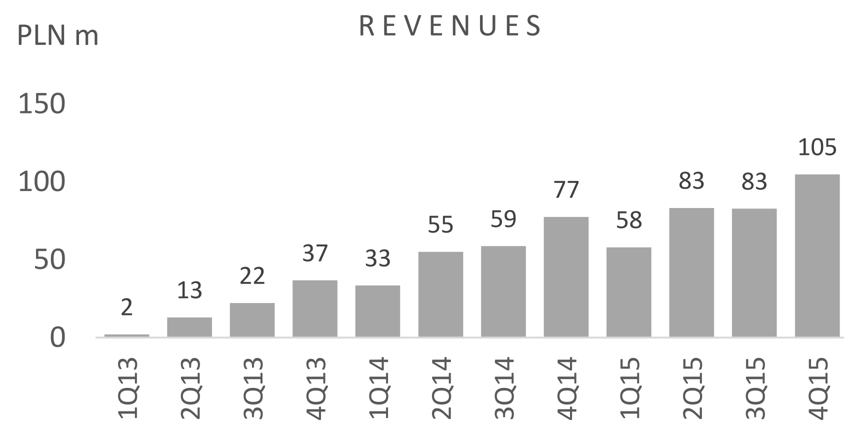
	4Q14	4Q15	YoY
Average store space (m2)	323	337	4%
Average monthly sales (PLN/m2)	600	614	2%

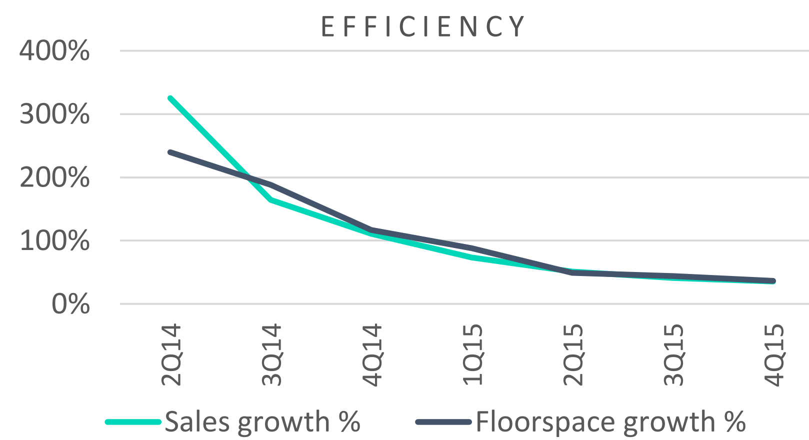




- Clothes for every day inspirations and original party outfits.
- Target customers: teenagers – girls only.
- Established in 2013.
- The brand stands out for original T-shirts with extraordinary prints.
- In AW15/16 singer Margaret designed her star collection. ME launch planned in 2017.
- Store concept: fresh and edgy interiors yet monochromatic to differentiate from colourful clothes sold. Selling area divided into black and white parts.

	4Q14	4Q15	YoY
Average store space (m2)	338	351	4%
Average monthly sales (PLN/m2)	626	602	-4%





Glossary

Poland	Retail sales in Poland and other sales of LPP SA.
CEE	Region including: Czech Republic, Slovakia, Hungary.
Baltic	Region including: Lithuania, Latvia, Estonia.
CIS	Region including: Russia, Ukraine.
SEE	Region including: Bulgaria, Romania, Croatia.
WE	Region including Germany.
ME	Region including: Egypt, Qatar, Kuwait, Saudi Arabia.
EU	Region including: CEE, Baltic, SEE and WE.
EBITDA	EBIT + depreciation from cash flow statement.
Average monthly revenues/m2	Revenues of segment or brand / average working total floorspace / 3.
Average monthly costs of own stores/m2	Quarterly costs of own stores / average working floorspace of own stores (ie. excluding franchise stores) / 3.
Average monthly SG&A PLN/m2	Quarterly SG&A costs/ average working total floorspace / 3.
Inventory days	Average inventory/ group COGS * 90 days.
Receivables days	Average receivables/ group revenues * 90 days.
Liabilities days	Average short-term liabilities/ group COGS * 90 days.
Cash conversion cycle	Inventory days + receivables days – liabilities days.

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