

# LPP

## FINANCIAL RESULTS FOR 1Q16

GLOBAL ASPIRATIONS

WARSAW, 12th MAY 2016

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RESERVED

 TALLINDER

M O H I T O

 **house**

CROPP

**sinsay**

# DISCLAIMER

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# AGENDA

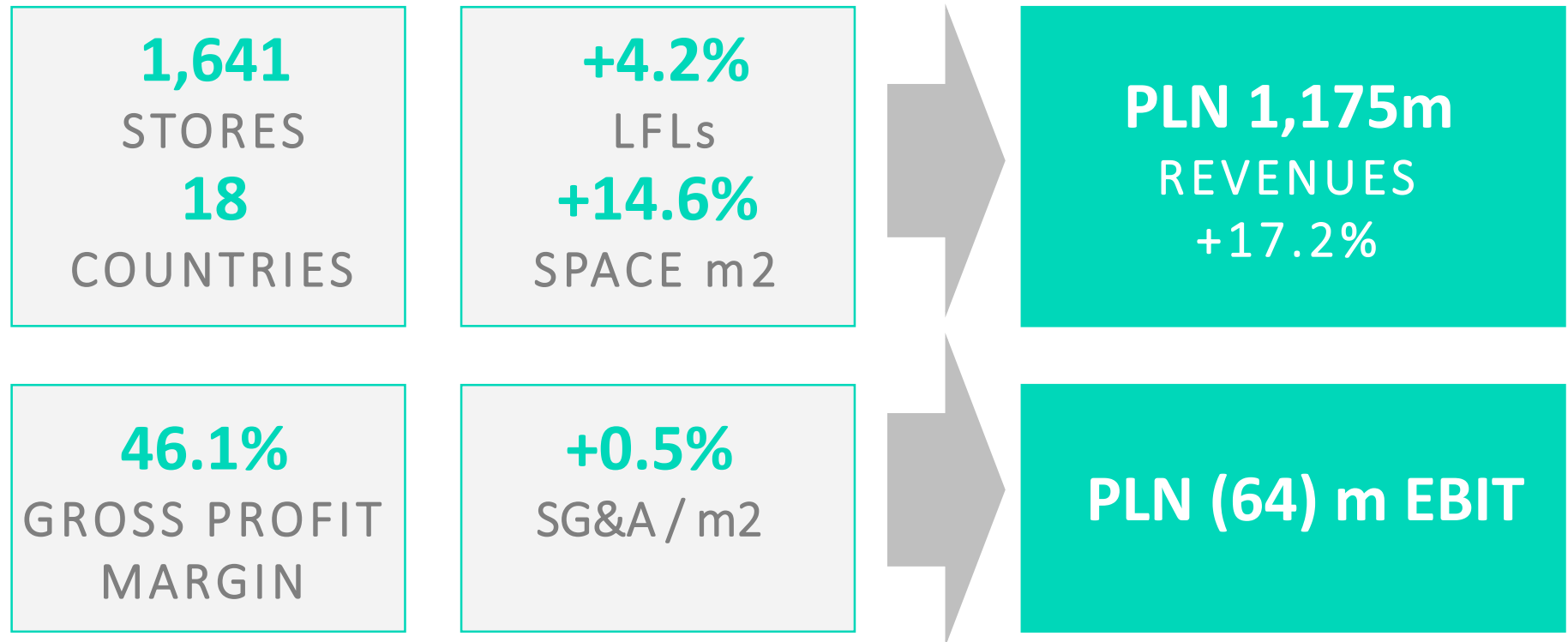
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- Executive summary
- 1Q16 financial results
- Key corporate events
- 2016 outlook
- Q&A



# Key 1Q16 figures

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# Key 1Q16 achievements



First store in United Arab Emirates

RESERVED franchise store  
in Abu Dhabi.  
1,030 m<sup>2</sup>  
January 2016



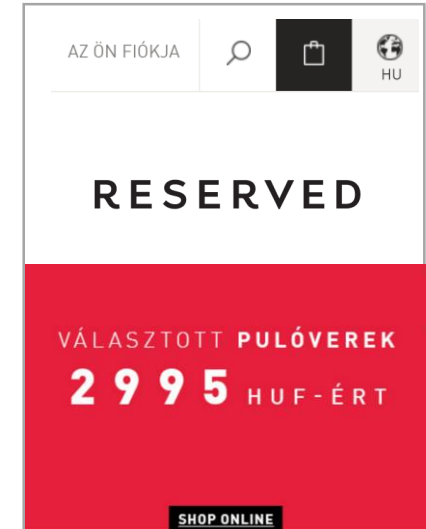
Another opening  
in Germany

RESERVED own store  
in Hanover.  
2,669 m<sup>2</sup>  
March 2016



Acceleration of  
development in Croatia

Stores of five brands  
in Split shopping mall.  
March 2016



On-line store  
in Hungary

Sixth country with  
RESERVED on-line offer.  
March 2016

# Over 1,600 stores worldwide

**NO. OF LPP STORES**

31.03.2016	No. of stores	YoY growth
LPP GROUP	1,641	+116
RESERVED	448	+23
Cropp	375	+14
House	322	+19
MOHITO	281	+19
SiNSAY	172	+31
Tallinder	6	+6
Outlets	37	+4

Map data (Number of stores):

- Algeria: 278
- Tunisia: 26
- Libya: 19
- Egypt: 1
- Saudi Arabia: 1
- Qatar: 2
- UAE: 1
- Kuwait: 1
- Jordan: 26
- Syria: 995
- Lebanon: 13
- Israel: 80
- Palestine: 61
- Yemen: 17
- Oman: 15
- Azerbaijan: 21
- Georgia: 15
- Armenia: 69
- Iran: 26
- Turkey: 278
- Iraq: 26
- Somalia: 6

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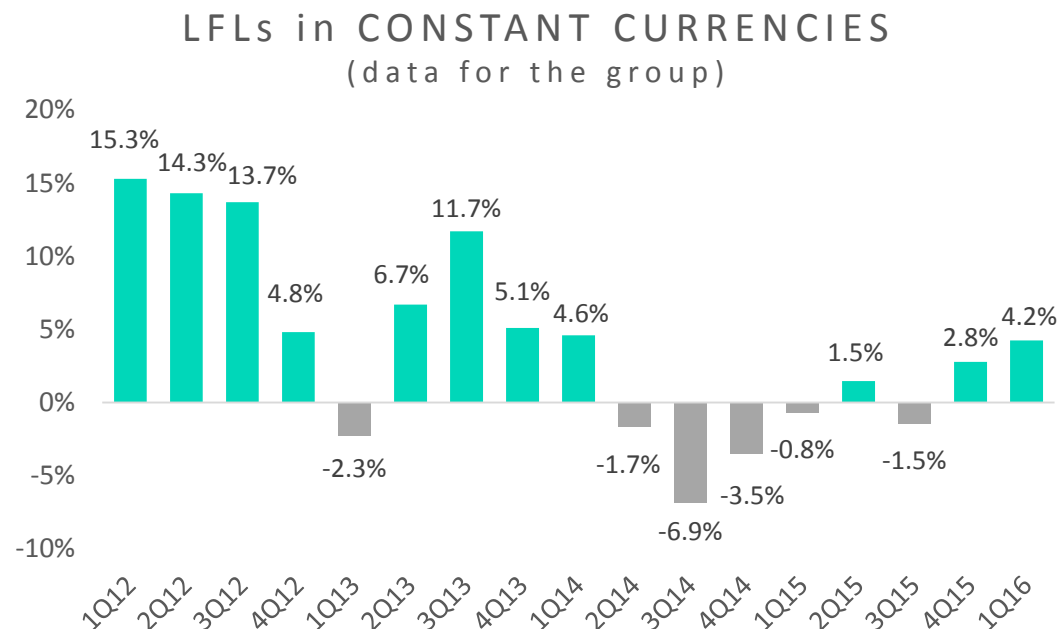
# AGENDA

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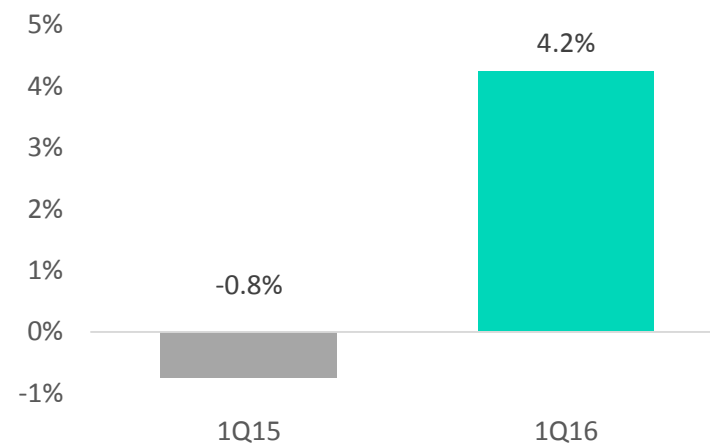
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# Continuation of positive LFLs



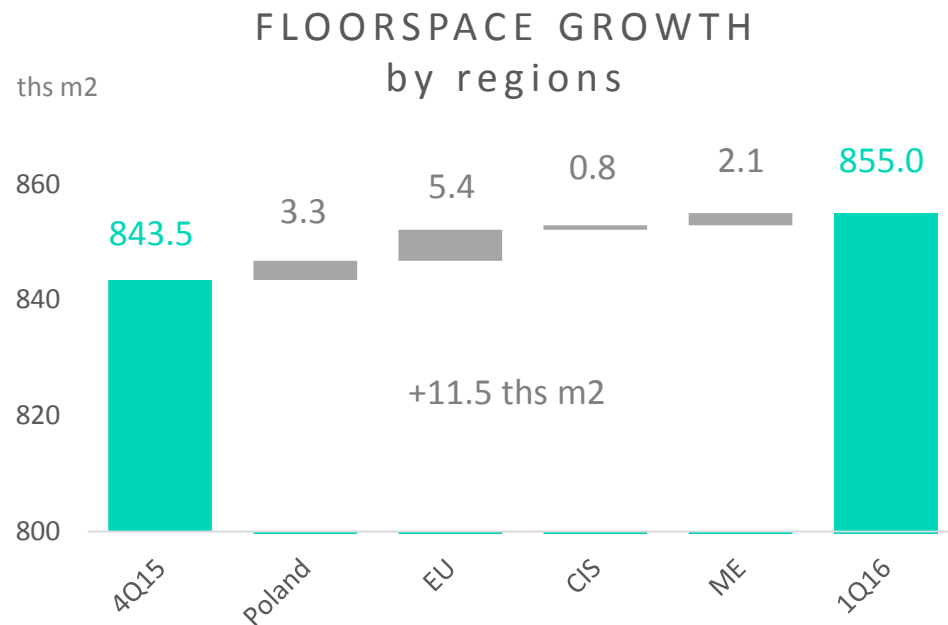
LFLs in CONSTANT CURRENCIES  
(data for the group)



- LFLs were positive in all months of 1Q16. All brands showed positive LFLs in 1Q16 except for RESERED. Cropp, MOHITO and SiNSAY showed double-digit positive dynamics.
- 1Q16 LFLs were in the black in all countries except for Poland (falling traffic) and Germany (high base of the first stores resulting from the 'opening' effect).
- The highest double-digit positive LFLs in 1Q16 were in Romania, Ukraine, Latvia and Russia.



# Growth on all markets

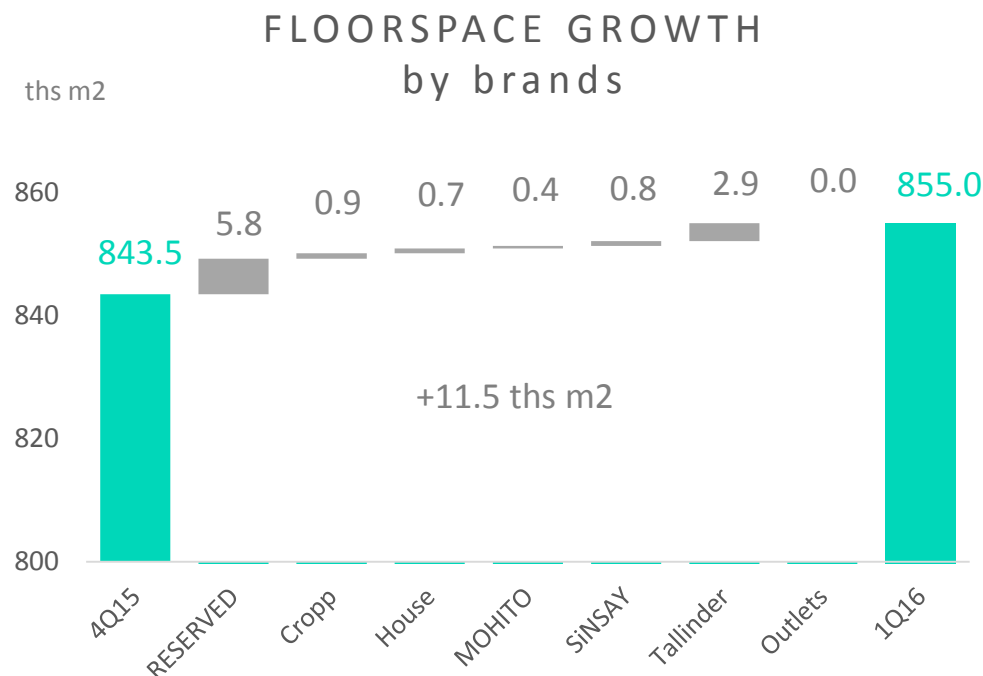


**1Q16 FLOORSPACE by regions**

ths m2	1Q15	1Q16	YoY
LPP GROUP	745.8	855.0	14.6%
Poland	423.5	468.3	10.6%
EU	139.6	184.4	32.1%
CIS	181.2	194.7	7.5%
ME	1.5	7.6	395.7%

- Most of the openings in Poland came from the new Tallinder brand (2.9 ths m2 out of total 3.3 ths m2).
- Dynamic growth in the EU region in 1Q16 due to: (1) development in Germany (one store, 2.7 ths m2) and (2) new openings in Croatia (five stores, 3.4 ths m2).
- There were two new openings in the Middle East (one store in UAE and one in Qatar).
- There were no openings in Ukraine in 1Q16, but we increased floorspace in Russia.

# Growth in all brands

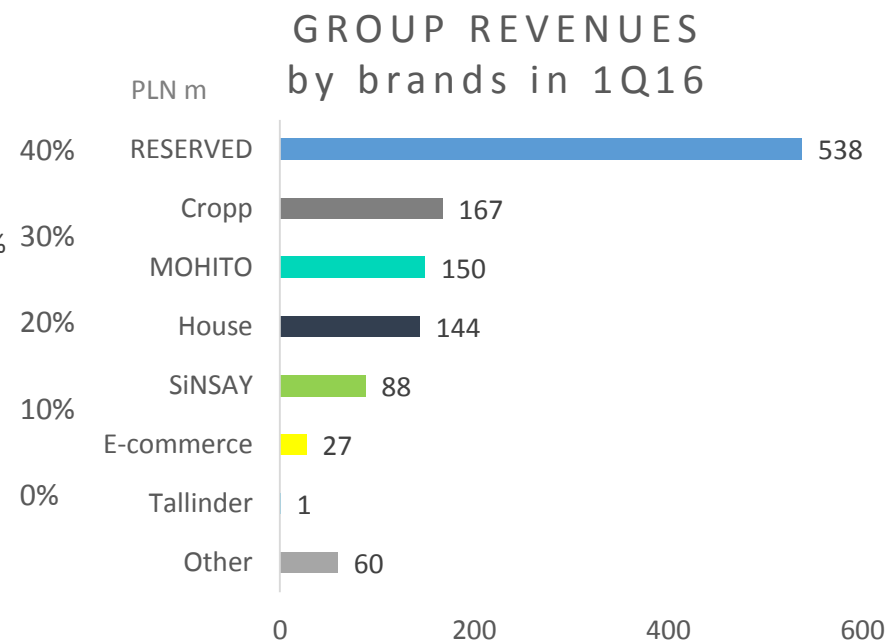
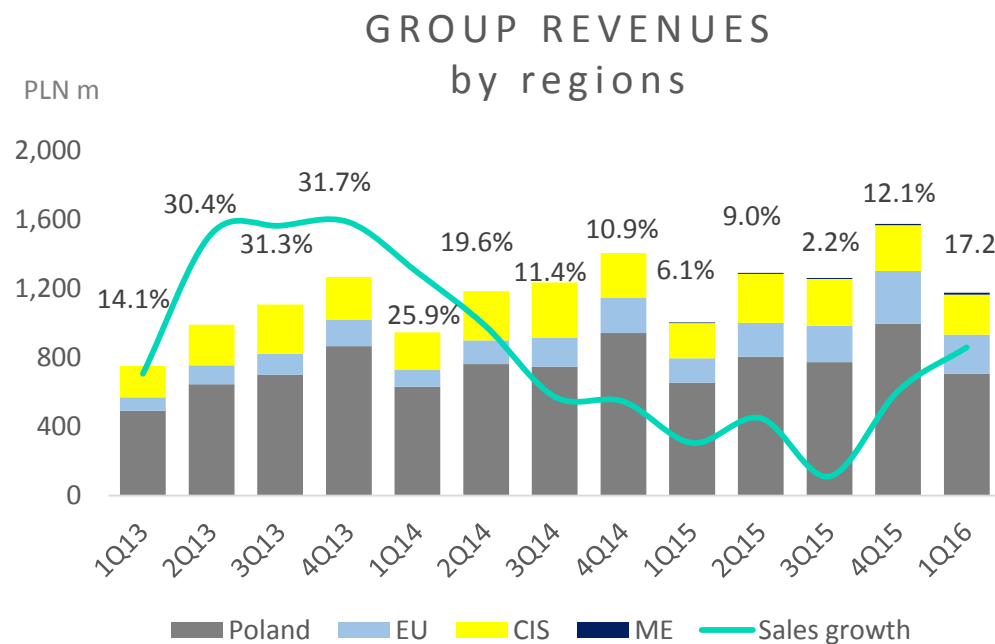


**1Q16 FLOORSPACE by brands**

ths m2	1Q15	1Q16	r/r
LPP GROUP	745.8	855.0	14.6%
RESERVED	402.7	467.1	16.0%
Cropp	106.6	115.4	8.3%
House	89.9	100.5	11.7%
MOHITO	86.4	94.9	9.9%
SiNSAY	48.4	60.5	24.9%
Tallinder	0.0	2.9	n/m
Outlets	11.8	13.8	16.3%

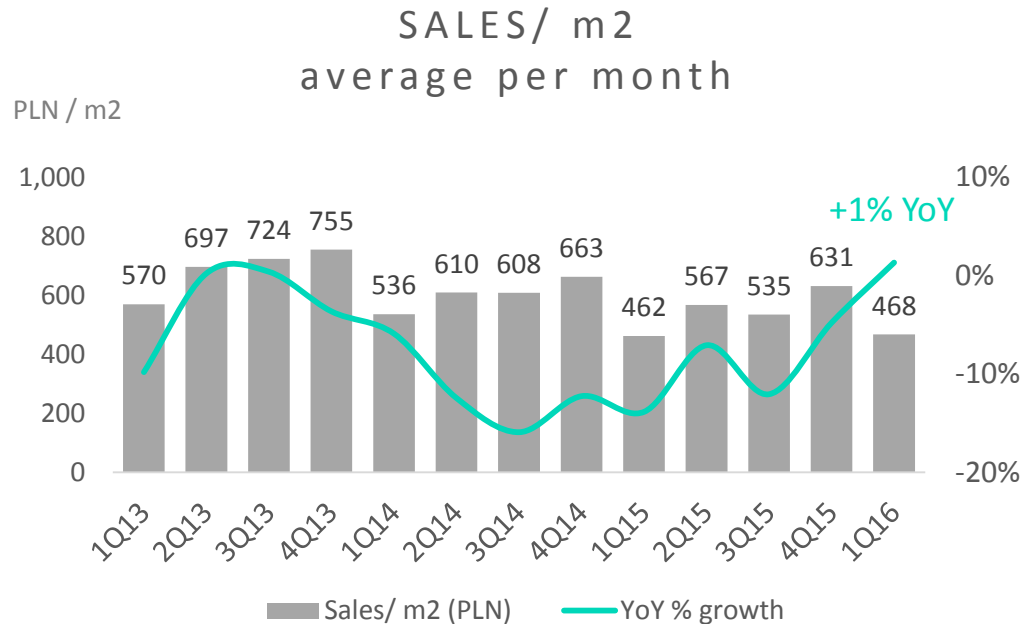
- Dynamic RESERVED development in 1Q16 due to: 1) openings in the Middle East (one store in ZEA, one store in Qatar) and 2) openings in Germany (one store).
- The new Tallinder brand was the second largest floorspace growth contributor in 1Q16.
- There were selected openings of Cropp, House, MOHITO and SiNSAY in Poland and abroad in 1Q16.

# Acceleration of revenue growth



- Group revenues up 17.2% YoY in 1Q16 due to higher floorspace and positive LFLs.
- The largest nominal revenue growth in 1Q16 took place in Poland, Germany and Russia.
- The largest nominal growth in 1Q16 was generated by RESERVED and MOHITO brands.
- The new Tallinder brand was launched in 1Q16.

# Return to sales/ m2 growth

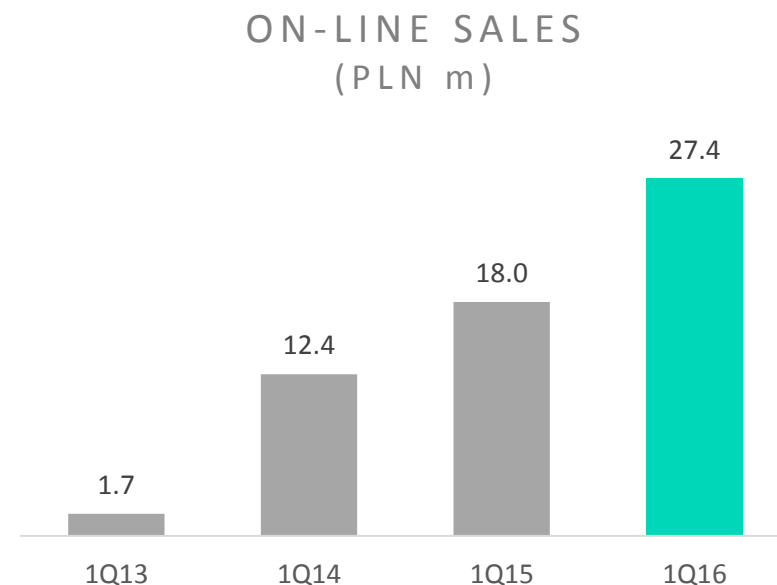
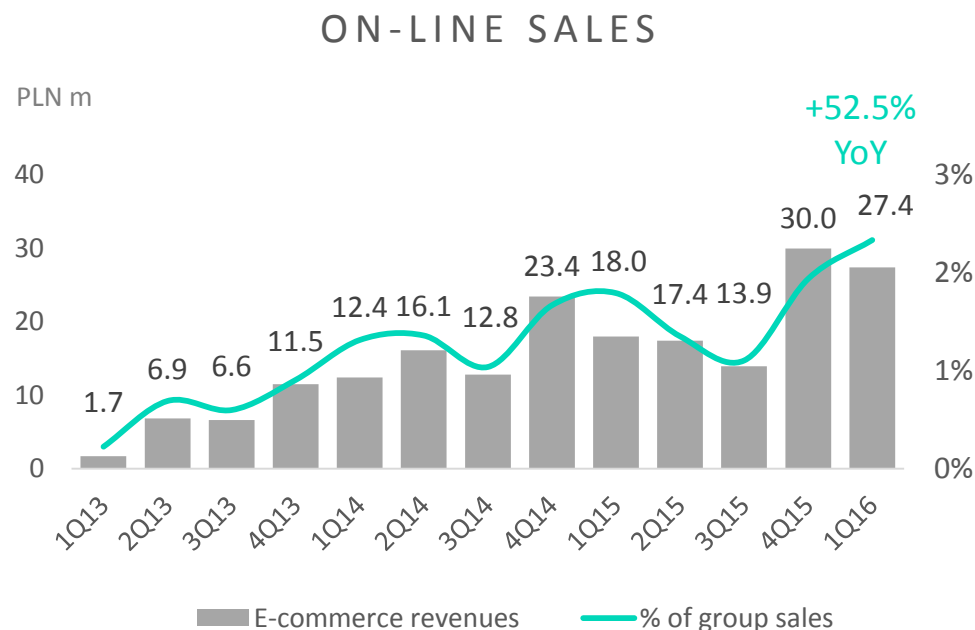


## RETAIL SALES/ m2

PLN (monthly)	1Q15	1Q16	YoY
LPP GROUP	439	449	2.3%
Poland	509	491	-3.5%
EU	378	418	10.5%
CIS	357	390	9.2%

- In 1Q16 both sales/ m2 and retail sales/ m2 showed positive YoY dynamics.
- Double-digit YoY sales/ m2 growth was recorded in Bulgaria, Czech Republic, the Baltic countries, Romania, Ukraine and Croatia. YoY falls were visible in Poland, Germany and Hungary.
- Russian sales/ m2 in PLN grew single-digit in 1Q16. In local currencies sales/ m2 grew 18% YoY in Russia and 35% YoY in Ukraine in 1Q16.

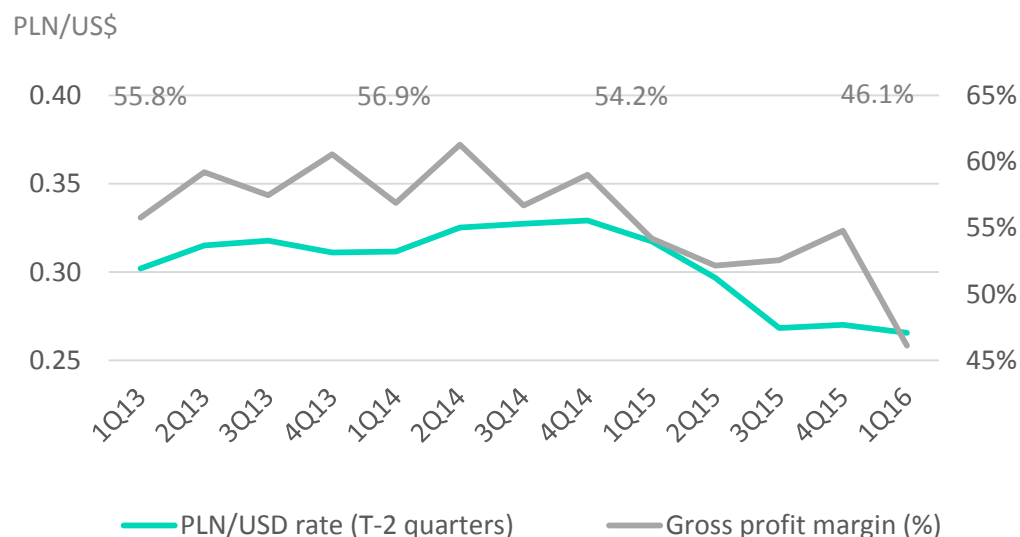
# E-commerce continues to grow



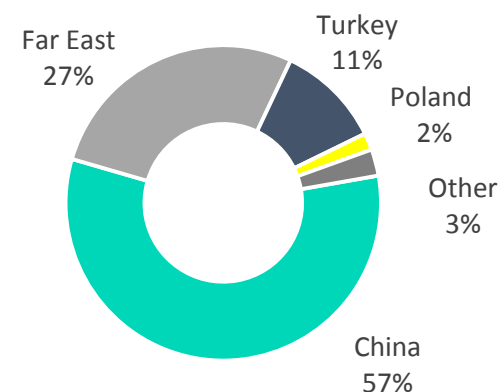
- On-line sales constituted 2.3% of group revenues in 1Q16 and 3.9% of revenues from Poland.
- Around 90% of on-line sales was generated in Poland.
- Each of our six brands has its own internet store in Poland.
- We have RESERVED on-line stores in six countries.

# Stronger US\$ increases COGS

## GROSS PROFIT MARGIN vs PLN/US\$

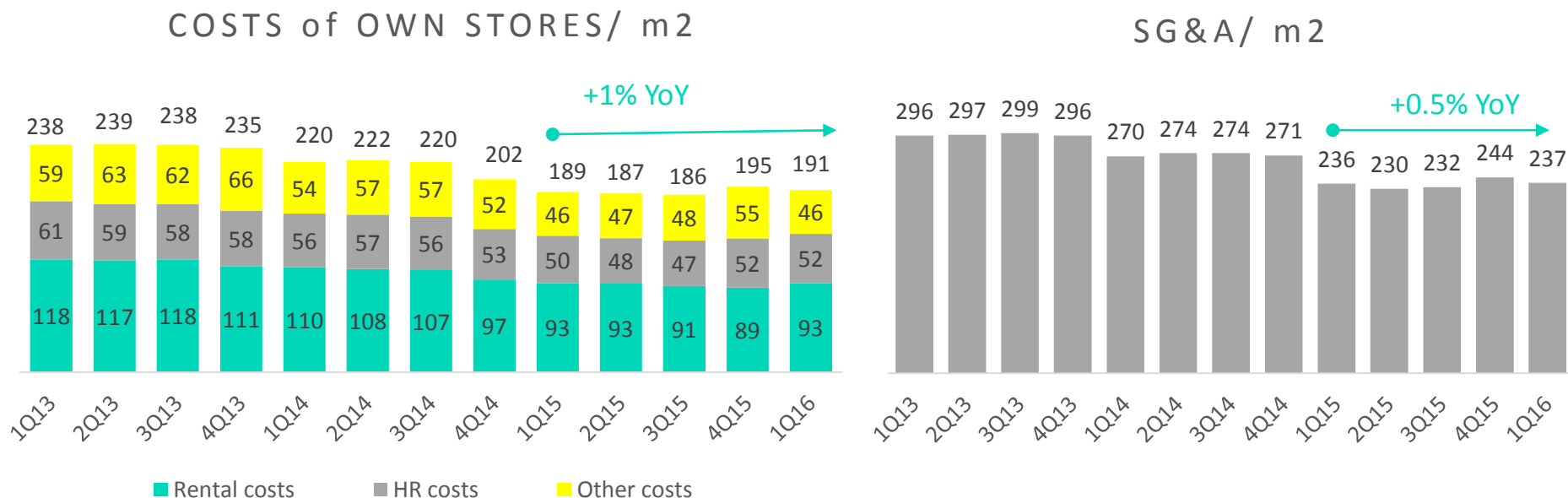


## 1Q16 PURCHASES by regions



- Fall in 1Q16 gross profit margin resulted from appreciation of US\$ to PLN, which was not translated into retail prices due to competitive pressure in Poland.
- Gross profit margin on own stores abroad is c. 3 pp higher compared to stores in Poland.
- Further US\$ appreciation to PLN is a risk factor to gross profit margin levels in upcoming quarters.

# Stable costs per m2



- Stable rental charges → further rental renegotiations, but depreciation of zloty versus euro.
- Growth in personnel costs → growth in salaries and higher headcount in e-commerce.
- Stable other costs of stores → lower cost of materials due to lower number of openings.
- Stable SG&A/m2 → higher costs of headquarters (increase in depreciation due to new logistic centre and new headquarters) and lower costs of franchise stores in Poland.

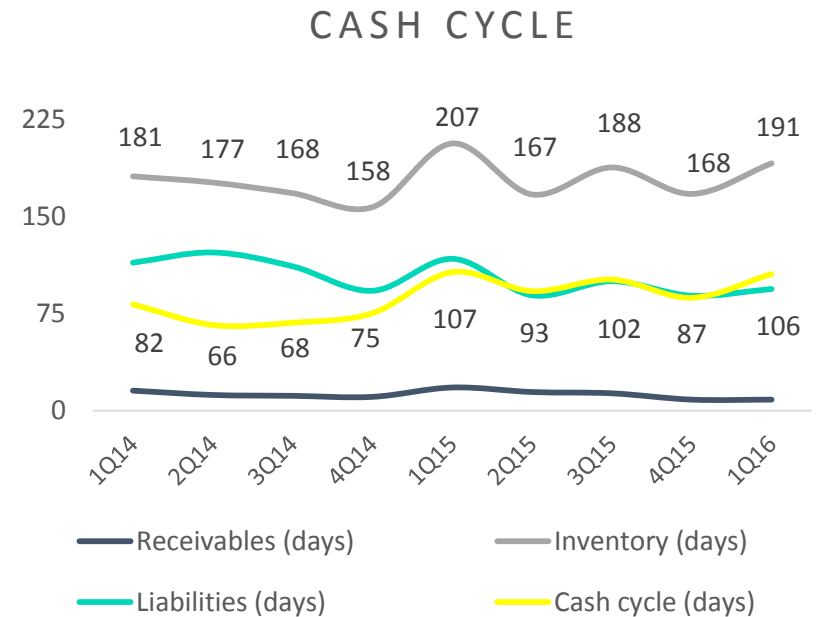
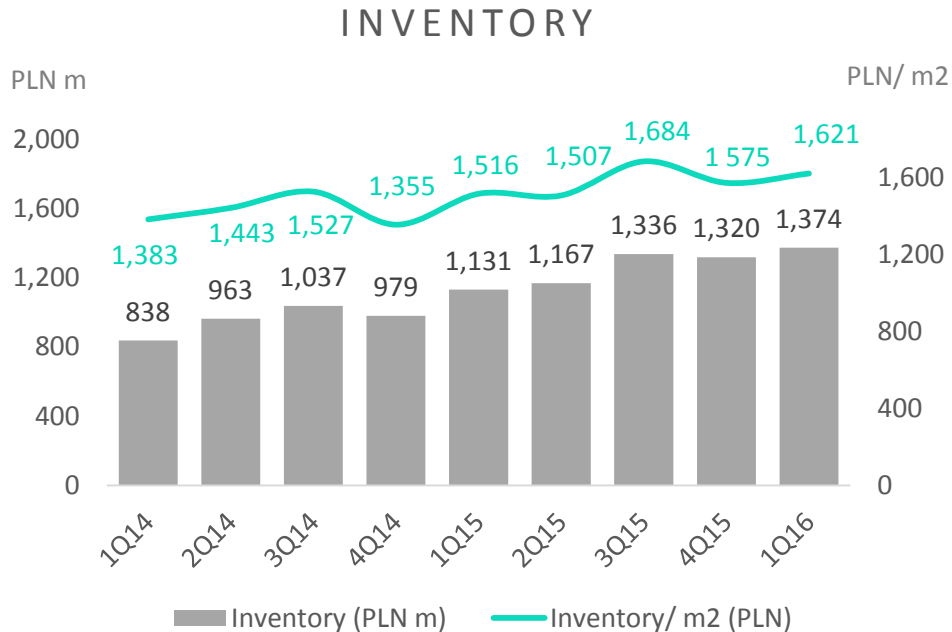
# Seasonally weak result in 1Q16

PLN m	1Q15	1Q16	YoY
<b>Revenues</b>	<b>1,002.6</b>	<b>1,174.8</b>	<b>17.2%</b>
Gross profit on sales	543.4	541.8	-0.3%
<i>Gross profit margin</i>	54.2%	46.1%	-8.1 pp
SG&A costs	512.5	595.3	16.2%
Other operating activity	-7.3	-10.4	
<b>EBIT</b>	<b>23.7</b>	<b>-63.9</b>	<b>n/m</b>
<i>EBIT margin</i>	2.4%	-5.4%	-7.8 pp
Net financials	-53.4	-5.0	
<b>Pre-tax profit</b>	<b>-29.7</b>	<b>-68.9</b>	<b>n/m</b>
Tax	7.6	-3.4	
<i>Effective tax rate</i>	-25.6%	4.9%	
<b>Net income</b>	<b>-37.3</b>	<b>-65.6</b>	<b>n/m</b>
<i>Net margin</i>	-3.7%	-5.6%	-1.9 pp

- Group revenue dynamics exceeds floorspace growth.
- Deterioration of gross profit margin:
  - higher COGS in PLN,
  - competitive pressure in Poland.
- YoY growth in SG&A costs due to floorspace development.
- Higher YoY other operating costs due to higher write-offs.
- Negative net financials:
  - PLN 1.9m of FX gains (1Q15: PLN 49.6m losses), out of which PLN 1.4m gain on ruble and hryvna (1Q15: PLN 28.6m losses) and PLN 1.1m gain on US\$ (PLN 23m of losses in 1Q15).
- Positive impact of tax in 1Q16 results from tax asset creation as a consequence of losses incurred in Poland.



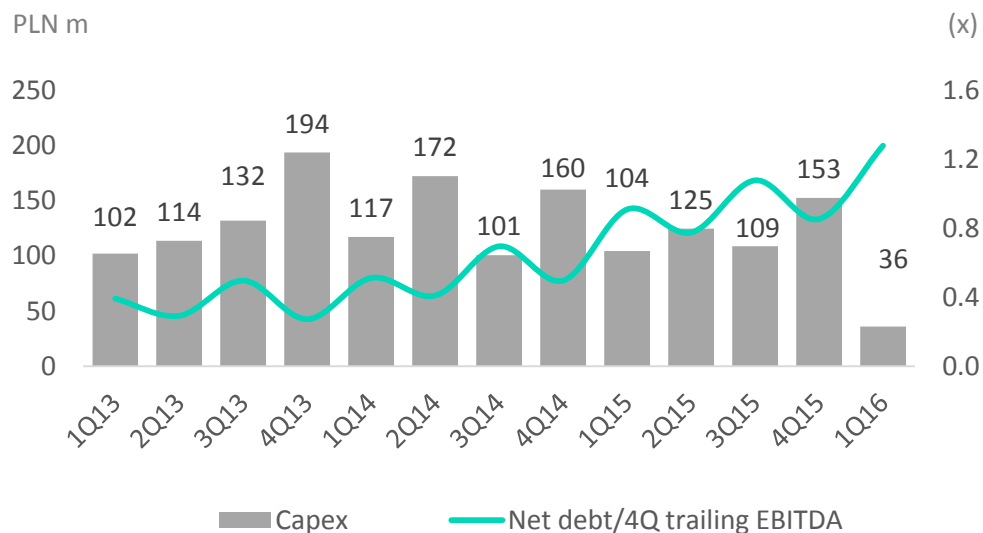
# A stable cash cycle



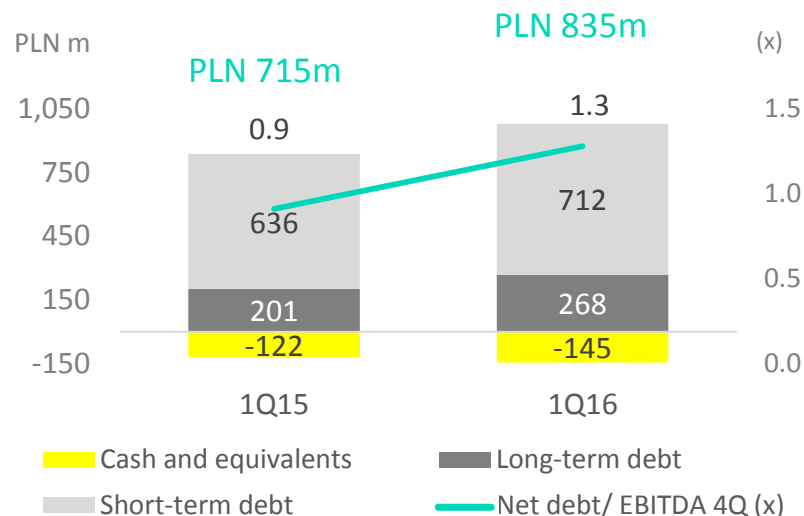
- YoY growth in inventory results from higher floorspace and appreciation of US\$ to PLN.
- Cash cycle was stable YoY. Lower inventory turnover was offset by lower liabilities turnover.
- The mode of settlements with suppliers has remained unchanged.

# Indebtedness at a safe level

CAPEX vs NET DEBT/EBITDA

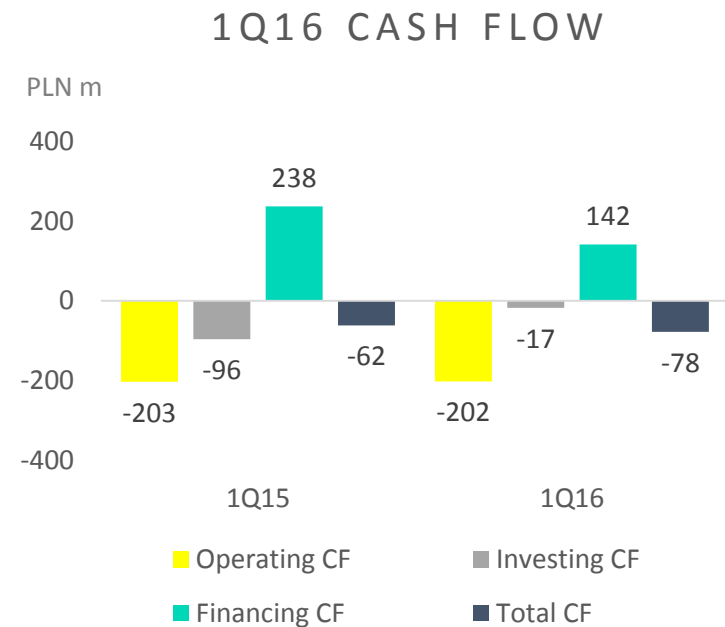
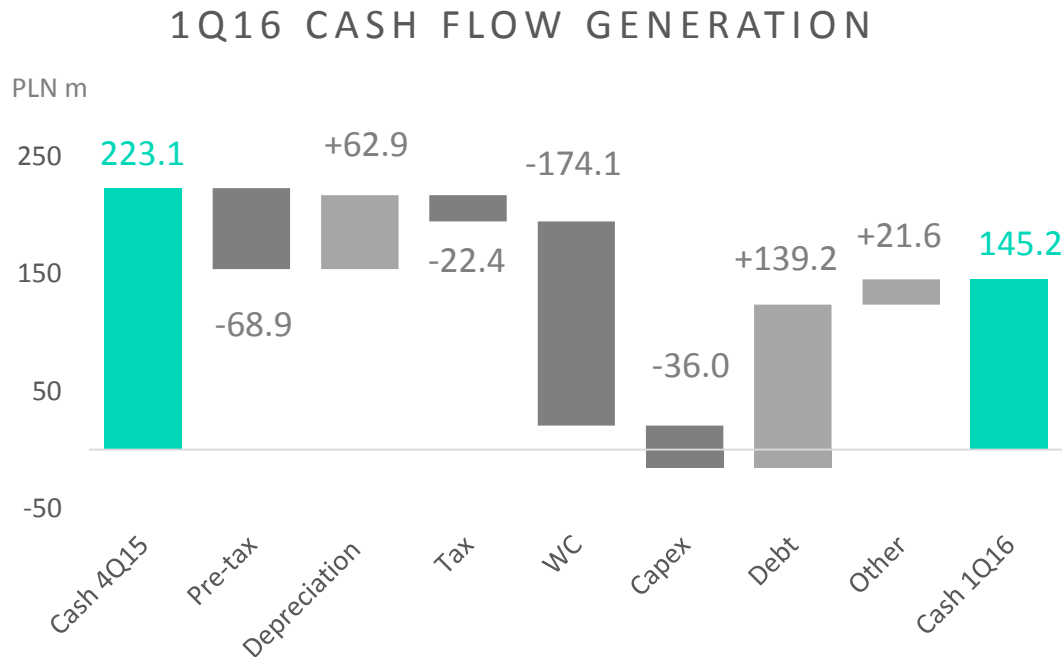


NET DEBT



- 1Q16 capex down 66% YoY thanks to higher usage of fit-outs.
- Low capex in 1Q16 results also from the completion of investment in the logistics centre and HQs.
- Despite YoY pick-up, net debt / EBITDA remains at a safe level.
- Our aim is to reduce net debt / EBITDA ratio.

# A stable operating cash flow



- Operating cash flow → stable YoY due to lower increase in inventory but decrease in liabilities.
- Investing cash flow → lower YoY capex despite openings abroad and development of Tallinder brand.
- Financing cash flow → lower usage of debt for inventory and openings financing.
- PLN 1.6bn in open credit lines used for letters of credits, guarantees and overdrafts.

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# Further development of our premium brand



- First store opened 10 February in Gdansk.
- At the end of 1Q16 six Tallinder stores were opened with total 2 900m2 of floorspace.
- Internet store was launched mid-February 2016.
- Assessment of the brand's performance will be made one year post its debut.
- We maintain our target to open 30 stores in Poland in three years. We chose only prestigious locations.
- Decision to open Tallinder stores abroad to be taken by the end of the year.

# Continuation of prestigious openings

## Another RESERVED in Qatar



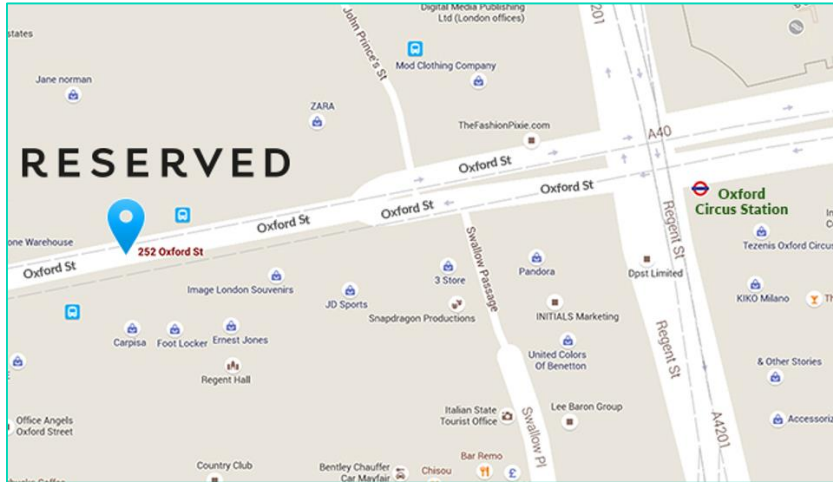
- Second RESERVED store in Qatar opened in February 2016 in prestigious Villagio Mall.
- Floorspace of the store: 1,070 m2.
- Due to favourable sales results of women collection we consider opening RESERVED stores with offer for ladies only.

## RESERVED in St. Petersburg



- Opening of the largest RESERVED store in Russia in Galeria shopping mall in St. Petersburg at the beginning of April 2016.
- Floorspace of the store: 2,434 m2.
- LPP's stores are now located in 42 cities in Russia.

# More favourable London store conditions



	PREVIOUSLY	NEW	CHANGE
CONTRACT	25 years	10 years	↓
TOTAL RENT	PLN 675m	PLN 226m	↓
TOTAL RENT	GBP 114m	GBP 42m	↓
OPENING DATE	2016	4Q17	↑

- Conditional agreement for the first UK flagship at 252/258 Oxford Street, London, next to Zara and H&M stores, replacing a BHS store.
- Risk mitigated by the possibility to sublet the floorspace.

- Target store size at c. 3 ths m2.
- Renegotiations of the rent conditions with landlord: shorter rent agreement and lower rental costs.
- We await the building's landlord consent and adjustment of the building to the store requirements.

# We focus on sports collections

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**RESERVED**  
Be Active

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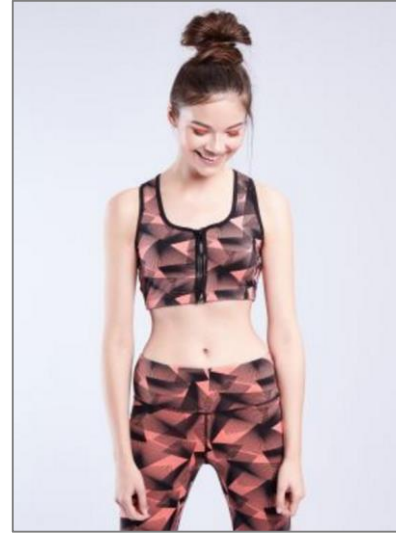
We offer clothing for men and women. The collection encompasses accessories ie. bags and shoes.



**MOHITO**  
Athleisure

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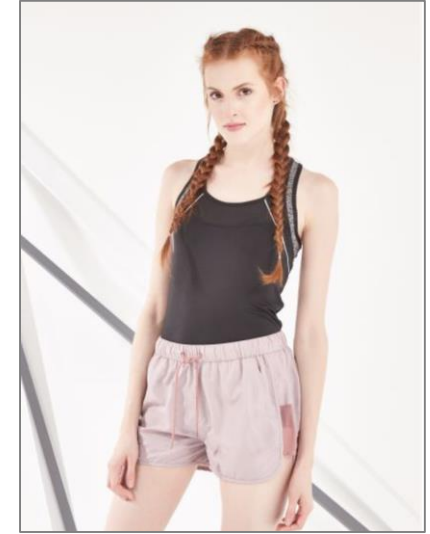
We introduce sport trends on highstreets and the "red carpet".



**SiNSAY**  
Run&Fun

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The line of fashionable clothes for girls joggers.



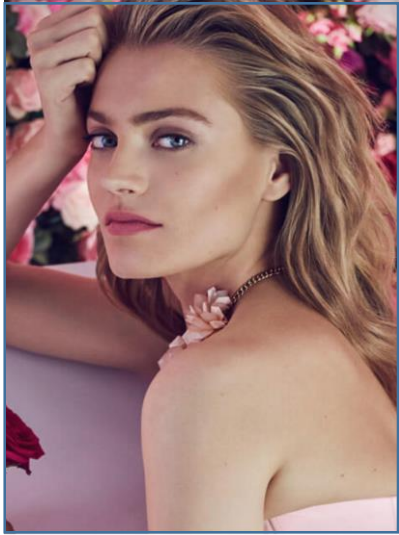
**House**  
Fitness

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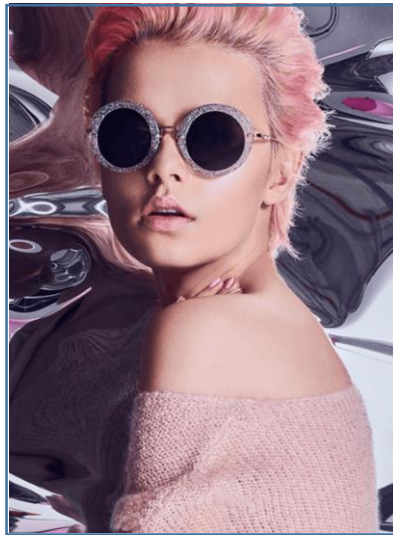
Clothing for people attending fitness clubs and yoga practitioners.



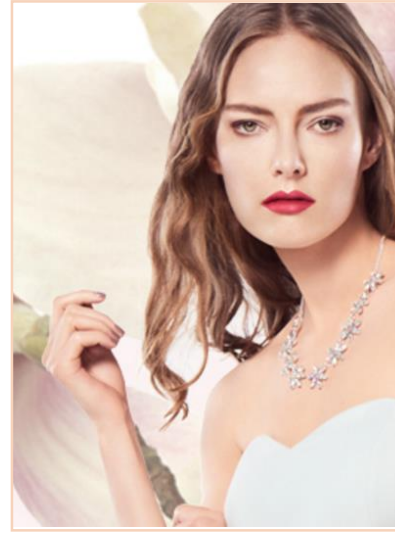
# New Spring trends at MOHITO brand



Romantic collection promoted by the top model Anna Jagodzinska.



Avant-garde more expensive collection for girls in pastel colours.



Dresses and outfits for special occasions for chic women.



Collection for courageous women with a majority of leather and denim.

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# Further floorspace development in 2016

Floorspace (thś m2)	31.12.2015	2016 previous target	2016 new target	YoY growth
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## BY BRANDS

RESERVED	461.3	521.8	516.5	12%
Cropp	114.5	119.9	120.4	5%
House	99.7	105.4	106.3	7%
MOHITO	94.5	98.9	100.4	6%
SiNSAY	59.7	69.1	69.6	17%
Tallinder	0.0	4.4	4.3	-
Outlets	13.8	13.8	13.8	0%

## BY REGIONS

Poland	465.0	494.2	496.6	7%
EU	179.0	210.2	212.7	19%
CIS	193.9	214.2	213.1	10%
ME	5.5	14.6	9.0	64%
<b>TOTAL</b>	<b>843.5</b>	<b>933.3</b>	<b>931.3</b>	<b>10%</b>

- 10% YoY floorspace growth targeted for 2016.
- 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 will remain in 18 countries.
- Planned 2016 capex at c. PLN 390m, down 20% YoY. Planned investments in own stores at PLN 290m, down 26% YoY, due to more franchise openings.
- Openings in Belarus and Kazakhstan postponed until 2017 due to delays in shopping malls construction.

# Further development possibilities in 2016

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## 2016 TARGETS

- Revenue growth should exceed floorspace growth.
- E-commerce development (two new brands on-line in CEE/SEE in 4Q16).
- Fall in gross profit margin by c.2% pp versus 2015 level.

## 2016 OPPORTUNITIES

- LFLs improvement.
- Development on existing foreign markets.
- More favourable price-to-quality ratio.

## 2016 RISKS

- Higher taxation of retail companies and/or ban for trade on Sundays.
- Continuation of FX trends on PLN/US\$ and PLN/EUR.
- Delays in the Middle East expansion.

# Awaiting profitability in Germany

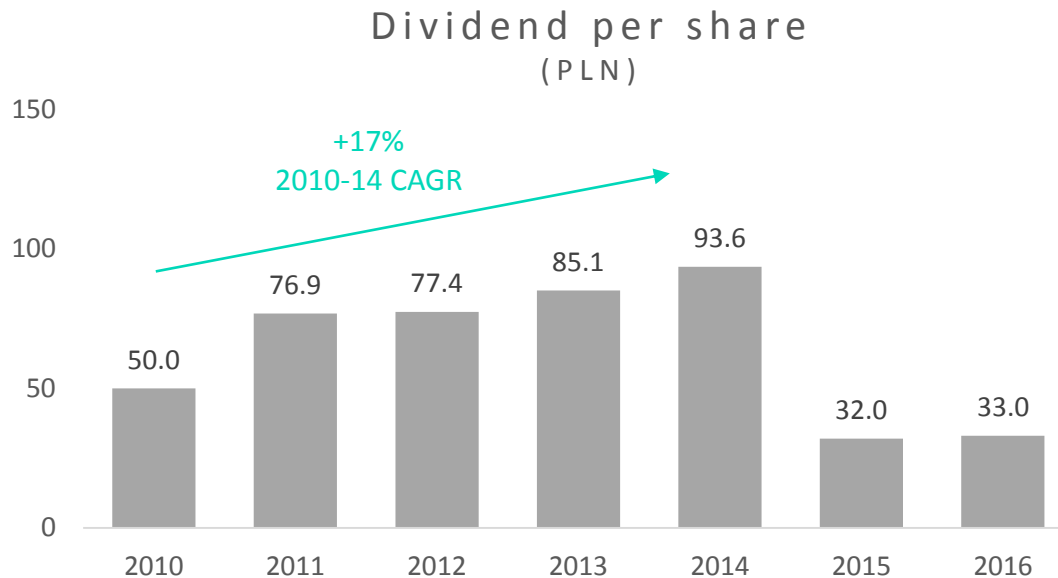
- First store in Germany opened in September 2014.
- Target: 20 stores in Germany by the end of 2017.
- In 2016 we plan to spend EUR 4m (flat YoY) on marketing expenses to increase awareness of our RESERVED brand.
- Further business model improvements (i.e. more items of expensive clothes).
- Further development in Germany after reaching profitability on the 20 planned stores.

## GERMANY: FURTHER DEVELOPMENT



CITY	M2	OPENING
Essen	1,879	APR 2016
Ludwigsburg	2,450	JUNE 2016
Munich	3,456	SEPT 2016
Berlin	2,096	1Q 2017
Hamburg	2,780	1Q 2017
Cologne	2,884	1Q 2017

# We share our profits with shareholders



*Dividend shown under year of payment..*

## KEY DATES

General Shareholders  
Meeting

June 2016

Dividend and payment date

5 and 21 September 2016

- The Management recommends payment of PLN 59.9m as dividend from 2015 profits.
- The amount is c. 3.5% higher YoY and constitutes 17% of 2015 consolidated audited net income.
- The proposal translates into a dividend of PLN 33 per share. If before dividend day 17,216 warrants are converted into shares, the amount is going to fall to 32.69 PLN per share.

# Individual Reporting Standards

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## ISR

From July 2016 regulation regarding current reports expires.  
We are working on the new catalogue of price sensitive information.



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- Back-up



# Network development

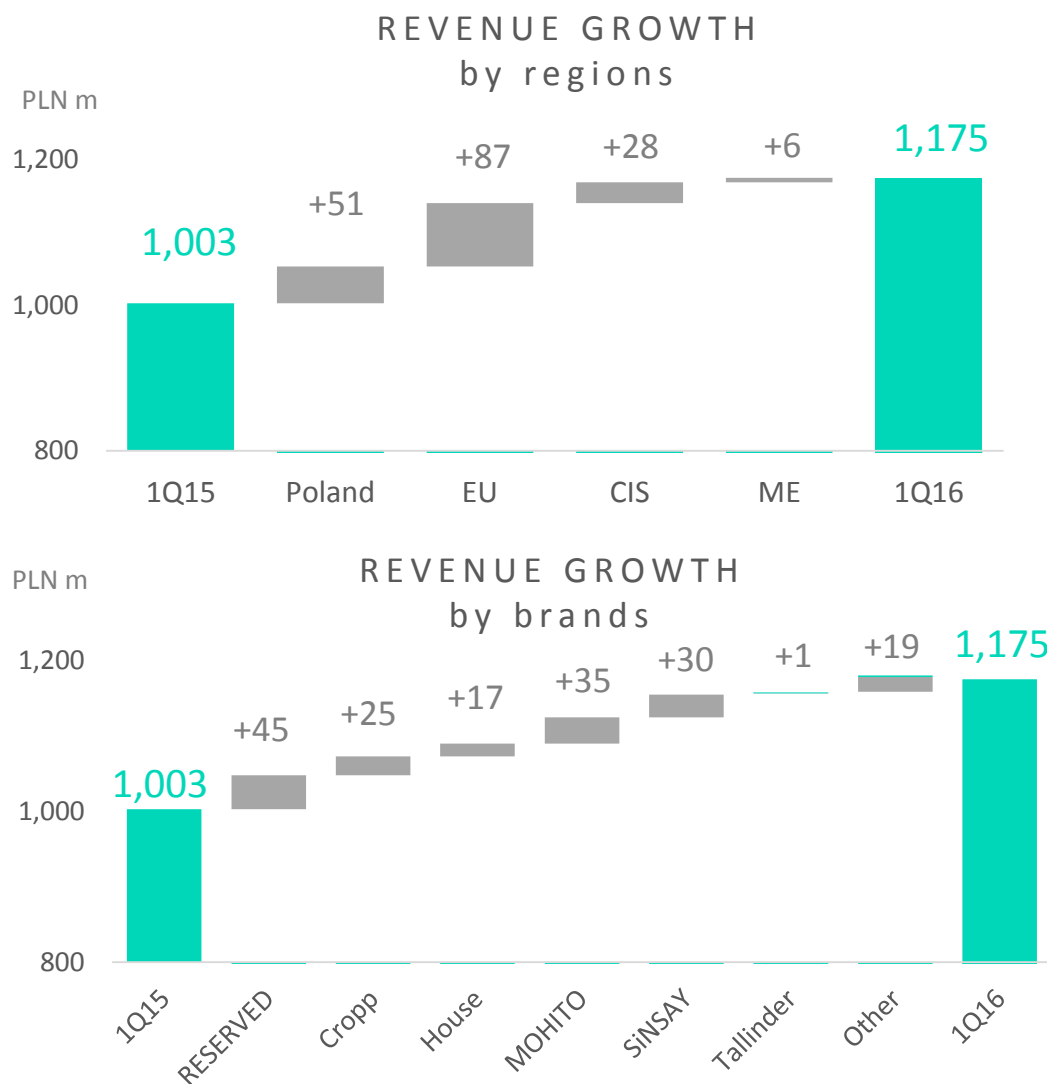
Floorspace (thns m2)	31.03.2014	30.06.2014	30.09.2014	31.12.2014	31.03.2015	30.06.2015	30.09.2015	31.12.2015	31.03.2016
<b>RESERVED</b>	<b>327.1</b>	<b>358.9</b>	<b>367.4</b>	<b>389.7</b>	<b>402.7</b>	<b>416.3</b>	<b>435.7</b>	<b>461.3</b>	<b>467.1</b>
Poland	193.7	202.8	204.7	209.2	215.2	219.0	223.4	232.5	230.9
EU	52.4	64.6	69.6	83.9	90.1	95.1	106.5	120.2	124.0
CIS	81.0	91.5	93.2	96.6	95.8	98.3	100.4	103.1	104.6
ME	0.0	0.0	0.0	0.0	1.5	3.9	5.5	5.5	7.6
<b>Cropp</b>	<b>91.8</b>	<b>102.2</b>	<b>101.2</b>	<b>105.4</b>	<b>106.6</b>	<b>111.5</b>	<b>109.1</b>	<b>114.5</b>	<b>115.4</b>
Poland	54.5	59.1	57.0	58.3	58.5	62.8	59.6	63.0	63.6
EU	10.7	14.5	15.6	17.1	17.8	18.7	19.1	19.8	20.2
CIS	26.6	28.6	28.6	30.0	30.2	30.0	30.4	31.7	31.6
<b>House</b>	<b>82.3</b>	<b>89.9</b>	<b>87.3</b>	<b>89.6</b>	<b>89.9</b>	<b>96.7</b>	<b>95.2</b>	<b>99.7</b>	<b>100.5</b>
Poland	55.6	59.3	56.9	57.3	56.2	62.4	59.3	62.2	62.9
EU	9.0	10.5	10.3	11.4	12.7	13.2	14.4	15.1	15.5
CIS	17.7	20.1	20.1	20.9	21.0	21.1	21.6	22.4	22.0
<b>MOHITO</b>	<b>69.3</b>	<b>76.7</b>	<b>78.4</b>	<b>82.8</b>	<b>86.4</b>	<b>89.1</b>	<b>90.3</b>	<b>94.5</b>	<b>94.9</b>
Poland	42.3	44.7	45.1	46.2	47.8	49.2	49.7	52.1	52.5
EU	6.5	8.6	9.4	11.8	13.6	14.5	15.2	16.1	16.5
CIS	20.5	23.4	24.0	24.8	25.0	25.4	25.4	26.2	25.9
<b>SINSAY</b>	<b>25.8</b>	<b>35.1</b>	<b>38.0</b>	<b>43.7</b>	<b>48.4</b>	<b>52.4</b>	<b>54.8</b>	<b>59.7</b>	<b>60.5</b>
Poland	22.4	27.2	29.1	32.7	35.5	38.6	40.3	43.5	43.9
EU	1.7	2.7	3.1	4.4	5.4	6.3	6.6	7.6	8.0
CIS	1.7	5.2	5.8	6.6	7.6	7.6	7.9	8.6	8.6
<b>Tallinder (Poland only)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.9</b>
<b>Outlets</b>	<b>9.3</b>	<b>9.3</b>	<b>8.8</b>	<b>11.3</b>	<b>11.8</b>	<b>12.4</b>	<b>13.6</b>	<b>13.8</b>	<b>13.8</b>
<b>Total by regions</b>									
Poland	376.3	401.1	400.0	413.6	423.5	443.5	443.9	465.0	468.3
EU	80.3	100.9	107.9	128.6	139.6	147.7	161.7	179.0	184.4
CIS	148.8	170.2	173.2	180.3	181.2	183.2	187.7	193.9	194.7
ME	0.0	0.0	0.0	0.0	1.5	3.9	5.5	5.5	7.6
<b>TOTAL</b>	<b>605.5</b>	<b>672.2</b>	<b>681.1</b>	<b>722.5</b>	<b>745.8</b>	<b>778.4</b>	<b>798.8</b>	<b>843.5</b>	<b>855.0</b>

# 2016 network development details

Floorspace (ths m2)	31.12.2015	2016 TARGET	Nominal growth	YoY growth
<b>RESERVED</b>	<b>461.3</b>	<b>516.5</b>	<b>55.2</b>	<b>12%</b>
Poland	232.5	248.8	16.2	7%
EU	120.2	146.7	26.5	22%
CIS	103.1	112.0	8.9	9%
ME	5.5	9.0	3.5	64%
<b>Cropp</b>	<b>114.5</b>	<b>120.4</b>	<b>5.9</b>	<b>5%</b>
Poland	63.0	65.3	2.2	4%
EU	19.8	20.8	1.0	5%
CIS	31.7	34.4	2.7	8%
<b>House</b>	<b>99.7</b>	<b>106.3</b>	<b>6.5</b>	<b>7%</b>
Poland	62.2	64.8	2.5	4%
EU	15.1	16.6	1.4	10%
CIS	22.4	24.9	2.6	12%
<b>MOHITO</b>	<b>94.5</b>	<b>100.4</b>	<b>5.9</b>	<b>6%</b>
Poland	52.1	53.3	1.1	2%
EU	16.1	19.0	2.9	18%
CIS	26.2	28.1	1.9	7%
ME	0.0	0.0	0.0	-
<b>SiNSAY</b>	<b>59.7</b>	<b>69.6</b>	<b>9.9</b>	<b>17%</b>
Poland	43.5	48.6	5.0	12%
EU	7.6	9.6	2.0	26%
CIS	8.6	11.5	2.9	34%
ME	0.0	0.0	0.0	-
<b>Tallinder</b>	<b>0.0</b>	<b>4.3</b>	<b>4.3</b>	<b>n/m</b>
Poland	0.0	4.3	4.3	-
EU	0.0	0.0	0.0	-
CIS	0.0	0.0	0.0	-
<b>Outlets</b>	<b>13.8</b>	<b>13.8</b>	<b>0.0</b>	<b>0%</b>
Poland	11.6	11.6	0.0	-
EU	0.2	0.2	0.0	-
CIS	2.0	2.0	0.0	-
<b>TOTAL</b>	<b>843.5</b>	<b>931.3</b>	<b>87.9</b>	<b>10%</b>

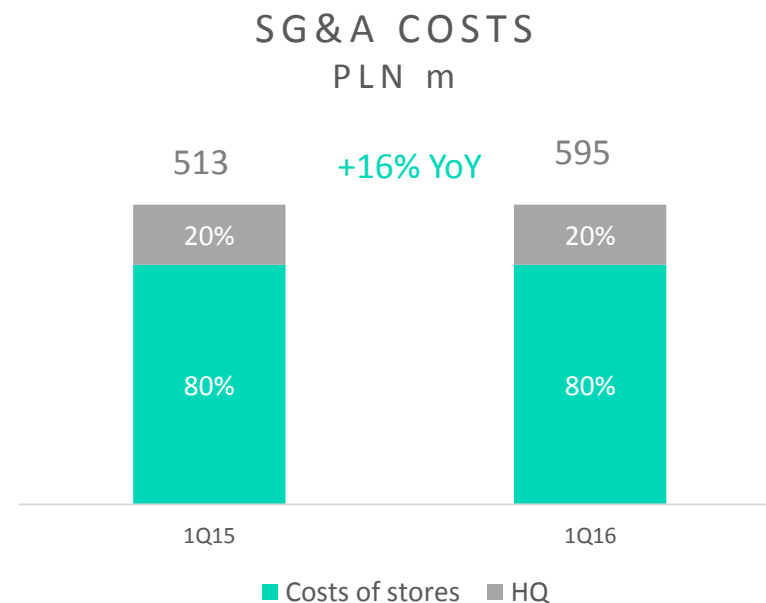
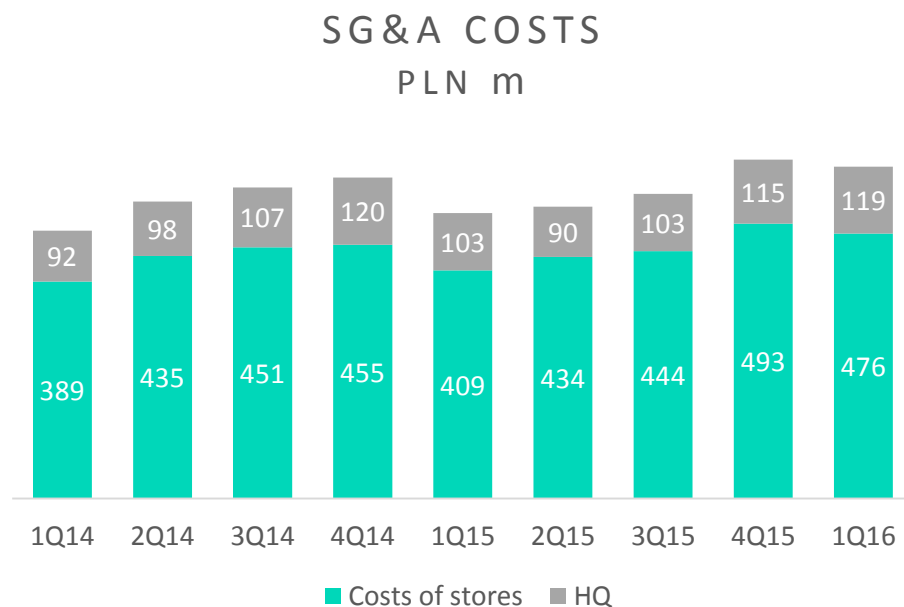
No. of stores	31.12.2015	2016 TARGET	Nominal growth	YoY growth
<b>RESERVED</b>	<b>449</b>	<b>464</b>	<b>15</b>	<b>3%</b>
Poland	237	236	-1	0%
EU	107	117	10	9%
CIS	101	104	3	3%
ME	4	7	3	75%
<b>Cropp</b>	<b>372</b>	<b>382</b>	<b>10</b>	<b>3%</b>
Poland	217	220	3	1%
EU	66	68	2	3%
CIS	89	94	5	6%
<b>House</b>	<b>319</b>	<b>330</b>	<b>11</b>	<b>3%</b>
Poland	208	211	3	1%
EU	48	51	3	6%
CIS	63	68	5	8%
<b>MOHITO</b>	<b>280</b>	<b>292</b>	<b>12</b>	<b>4%</b>
Poland	164	165	1	1%
EU	52	59	7	14%
CIS	64	68	4	6%
ME	0	0	0	-
<b>SiNSAY</b>	<b>170</b>	<b>198</b>	<b>28</b>	<b>16%</b>
Poland	127	142	15	12%
EU	21	26	5	24%
CIS	22	30	8	36%
ME	0	0	0	-
<b>Tallinder</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>n/m</b>
Poland	0	10	10	-
EU	0	0	0	-
CIS	0	0	0	-
<b>Outlets</b>	<b>37</b>	<b>37</b>	<b>0</b>	<b>0%</b>
Poland	33	33	0	0%
EU	1	1	0	0%
CIS	3	3	0	0%
<b>TOTAL</b>	<b>1,627</b>	<b>1,713</b>	<b>86</b>	<b>5%</b>

# Group 1Q16 revenue growth contributors



REVENUES by brands			
PLN m	1Q15	1Q16	YoY
LPP GROUP	1,002.6	1,174.8	17.2%
RESERVED PL	300.9	288.1	-4.3%
RESERVED EX	191.9	249.6	30.0%
Cropp PL	88.0	96.2	9.4%
Cropp EX	54.4	71.2	30.9%
House PL	91.4	101.0	10.5%
House EX	35.7	43.1	20.9%
MOHITO PL	73.9	86.1	16.5%
MOHITO EX	40.7	63.5	55.8%
SiNSAY PL	47.1	68.2	44.7%
SiNSAY EX	10.9	20.0	84.0%
Tallinder	0.0	0.7	n/m
Other	67.7	87.2	28.8%

# 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 1Q16 due to higher YoY floorspace. Fall in costs of franchise stores in Poland, due to switch to company owned stores.
- HQ costs → YoY growth in 1Q16 due to additional depreciation (logistic center and a new headquarters) and higher personnel costs.

# Other operating activity and net financials in 1Q16

## OTHER OPERATING REVENUES

PLN m	1Q15	1Q16
Inventory excess	4.3	4.5
Gain on sale of assets	1.0	0.8
<b>Other operating revenues</b>	<b>6.1</b>	<b>6.4</b>

## OTHER OPERATING COSTS

PLN m	1Q15	1Q16
Write-offs	1.7	4.1
Inventory losses	7.3	9.4
Donations and others	4.0	2.3
<b>Other operating costs</b>	<b>13.4</b>	<b>16.8</b>

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<b>OTHER OPERATING ACTIVITY</b>	<b>-7.3</b>	<b>-10.4</b>
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## FINANCIAL REVENUES

PLN m	1Q15	1Q16
FX gains	0.0	1.9
Interest	0.7	0.2
<b>Financial revenues</b>	<b>0.7</b>	<b>2.2</b>

## FINANCIAL COSTS

PLN m	1Q15	1Q16
FX losses	49.6	0.0
Interest	4.2	5.8
Provisions	0.2	1.5
<b>Financial costs</b>	<b>54.1</b>	<b>7.2</b>

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<b>NET FINANCIALS</b>	<b>-53.4</b>	<b>-5.0</b>
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# Historical quarterly numbers

PLN m	2Q14	2Q15	3Q14	3Q15	4Q14	4Q15	1Q15	1Q16	YoY
<b>Revenues</b>	<b>1,185.1</b>	<b>1,291.3</b>	<b>1,234.2</b>	<b>1,261.5</b>	<b>1,404.9</b>	<b>1,575.0</b>	<b>1,002.6</b>	<b>1,174.8</b>	<b>17.2%</b>
Gross profit on sales	726.2	673.4	699.6	663.2	829.1	862.8	543.6	541.8	-0.3%
<i>Gross profit margin</i>	<i>61.3%</i>	<i>52.1%</i>	<i>56.7%</i>	<i>52.6%</i>	<i>59.0%</i>	<i>54.8%</i>	<i>54.2%</i>	<i>46.1%</i>	<i>-8.1 pp</i>
SG&A costs	533.2	523.5	558.4	546.8	576.2	608.9	512.5	595.3	16.2%
Other operating activity net	-15.0	-13.1	-6.9	-9.6	-4.7	-18.5	-7.3	-10.4	
<b>EBIT</b>	<b>178.1</b>	<b>136.8</b>	<b>134.4</b>	<b>106.8</b>	<b>248.3</b>	<b>235.4</b>	<b>23.7</b>	<b>-63.9</b>	<b>n/m</b>
<i>EBIT margin</i>	<i>15.0%</i>	<i>10.6%</i>	<i>10.9%</i>	<i>8.5%</i>	<i>17.7%</i>	<i>14.9%</i>	<i>2.4%</i>	<i>-5.4%</i>	<i>-7.8 pp</i>
Net financial activity	25.5	21.5	-39.3	-14.4	-74.6	-42.0	-53.4	-5.0	
<b>Pre-tax profit</b>	<b>203.5</b>	<b>158.3</b>	<b>95.1</b>	<b>92.5</b>	<b>173.7</b>	<b>193.4</b>	<b>-29.7</b>	<b>-68.9</b>	<b>n/m</b>
Tax	35.1	21.6	13.1	12.7	-72.0	21.0	7.6	-3.4	
<i>Effective tax rate</i>	<i>17.2%</i>	<i>13.7%</i>	<i>13.8%</i>	<i>13.8%</i>	<i>-41.4%</i>	<i>10.9%</i>	<i>-25.6%</i>	<i>4.9%</i>	
Minorities	0.8	0.0	0.3	0.0	0.6	0.0	0.0	0.0	
<b>Net income</b>	<b>167.7</b>	<b>136.6</b>	<b>81.7</b>	<b>79.7</b>	<b>245.1</b>	<b>172.3</b>	<b>-37.3</b>	<b>-65.6</b>	<b>n/m</b>
<i>Net income margin</i>	<i>14.1%</i>	<i>10.6%</i>	<i>6.6%</i>	<i>6.3%</i>	<i>17.4%</i>	<i>10.9%</i>	<i>-3.7%</i>	<i>-5.6%</i>	<i>-1.9 pp</i>

# Balance sheet remains stable

PLN m	31.03.2015	31.12.2015	31.03.2016
<b>Non-current assets</b>	<b>1,557.5</b>	<b>1,797.0</b>	<b>1,782.7</b>
intangibles (including goodwill)	318.2	324.4	325.2
fixed assets	1,080.1	1,258.8	1,241.3
<b>Current assets</b>	<b>1,565.0</b>	<b>1,768.2</b>	<b>1,761.6</b>
inventory	1,131.1	1,319.7	1,373.6
trade receivables	224.1	115.1	109.6
cash and equivalents	121.9	224.4	145.3
<b>Total assets</b>	<b>3,122.5</b>	<b>3,565.2</b>	<b>3,544.3</b>
<b>Equity</b>	<b>1,637.3</b>	<b>1,889.7</b>	<b>1,851.1</b>
<b>Long-term liabilities</b>	<b>207.3</b>	<b>344.1</b>	<b>326.8</b>
interest bearing debt	201.0	284.3	268.2
<b>Short-term liabilities</b>	<b>1,277.8</b>	<b>1,331.3</b>	<b>1,366.4</b>
trade liabilities	581.2	721.4	604.0
interest bearing debt	636.0	561.1	711.8
<b>Total liabilities</b>	<b>3,122.5</b>	<b>3,565.2</b>	<b>3,544.3</b>

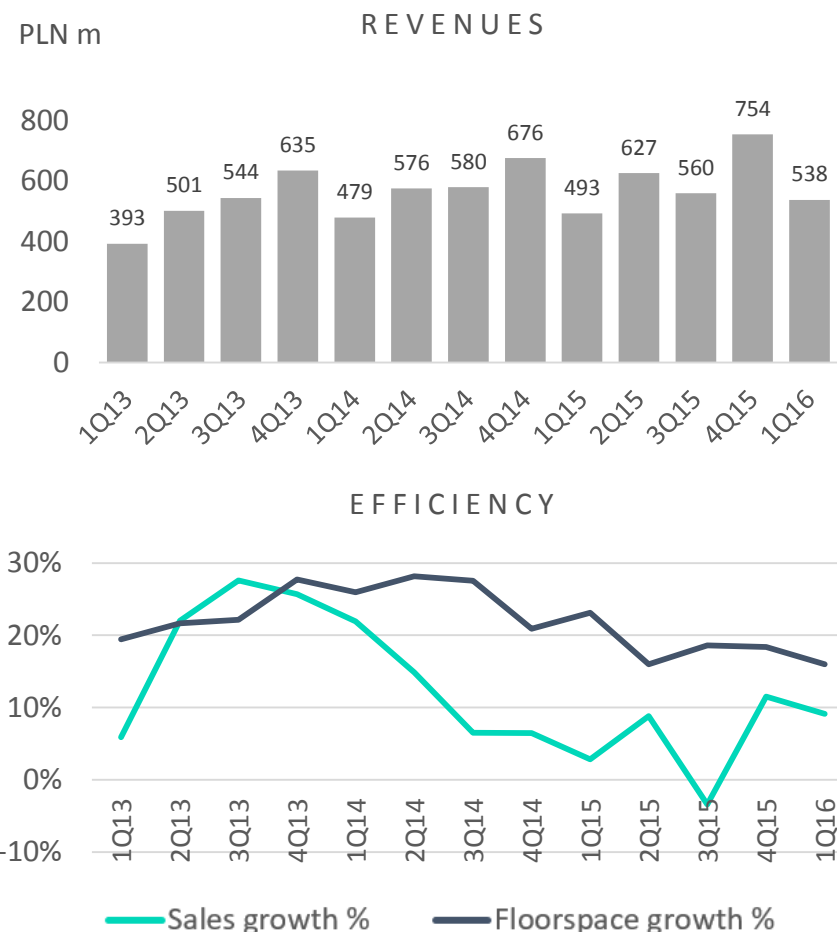
- Higher YoY fixed assets due to investments in stores. Fall QoQ as depreciation exceeded capex in 1Q16.
- Growth in intangibles due to investments in concept stores of all brands.
- Higher YoY inventory due to growth in floorspace and zloty depreciation vs US\$.
- YoY fall in receivables results from lack of downpayments 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 – the aim is to stabilize the 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.

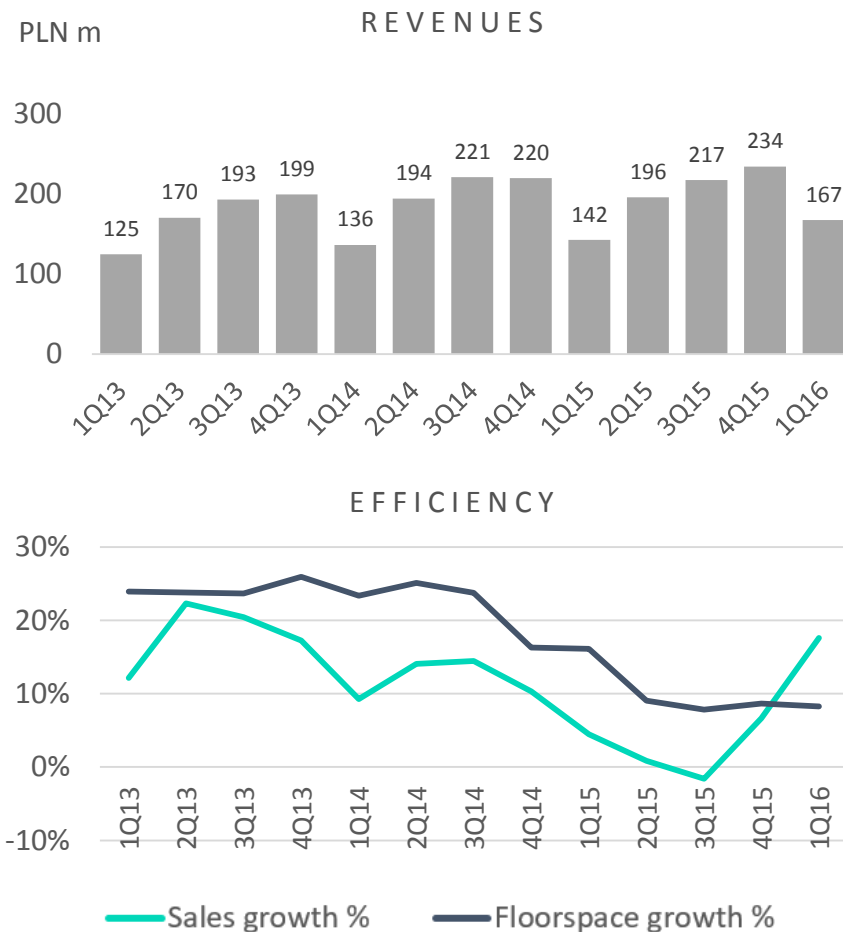
	1Q15	1Q16	YoY
Average store space (m2)	947	1,043	10%
Average monthly sales (PLN/m2)	421	395	-6%



# CROPP

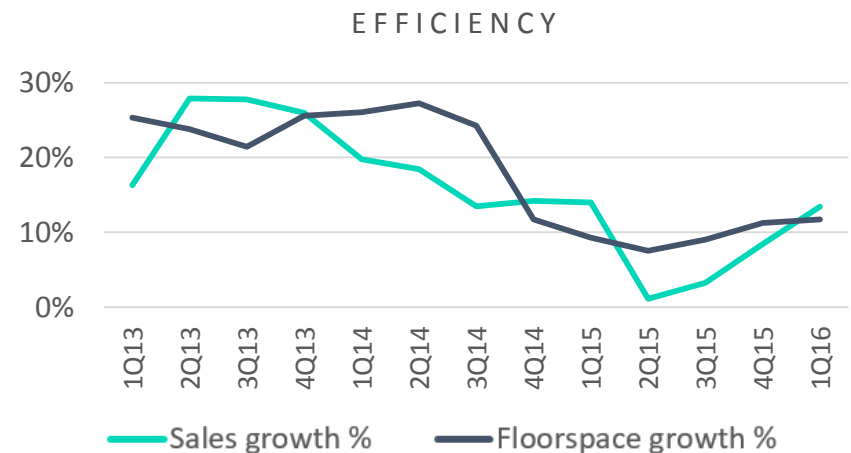
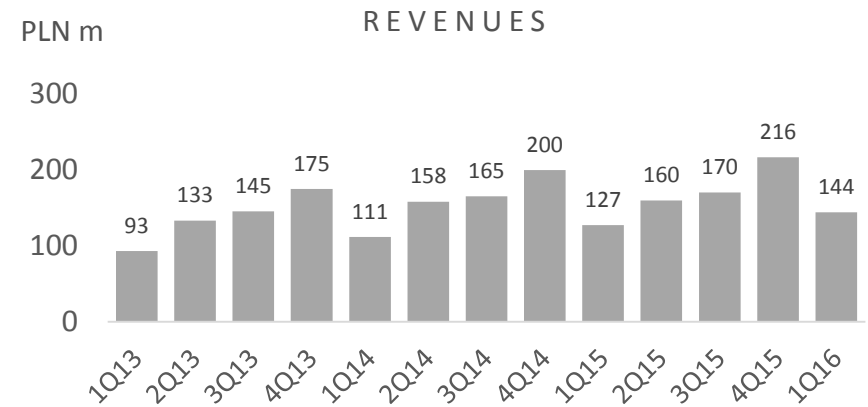
- A casual streetwear brand.
- Target customers: teenagers (boys and girls).
- Established in 2004.
- Partner of events for artists and street art.
- Offers also international labels (eg. New Balance, Converse).
- Store concept: the shopping space is designed in the form of squat, garage and industrial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

	1Q15	1Q16	YoY
Average store space (m2)	295	308	4%
Average monthly sales (PLN/m2)	454	487	7%



- 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.

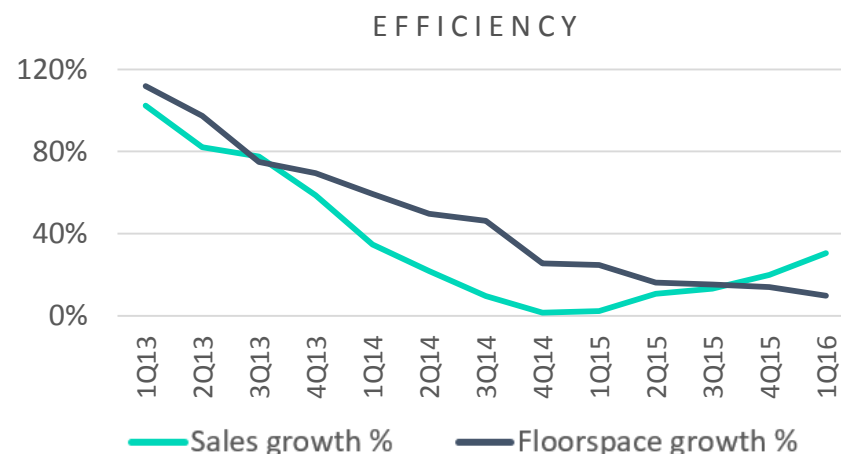
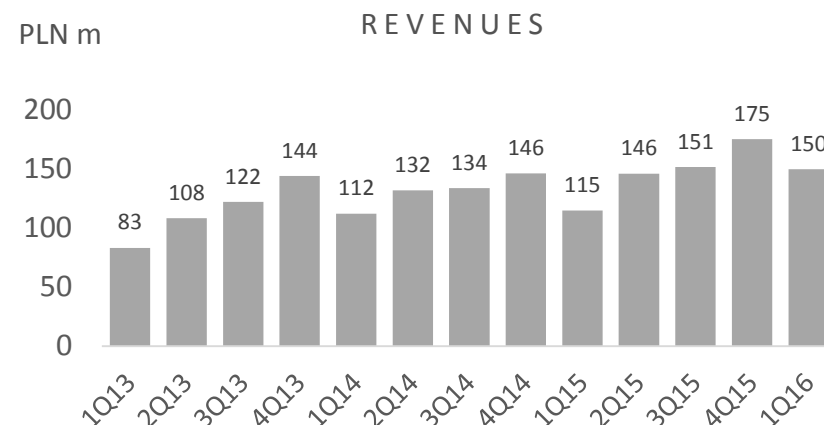
	1Q15	1Q16	YoY
Average store space (m2)	297	312	5%
Average monthly sales (PLN/m2)	473	481	2%



# M O H I T O

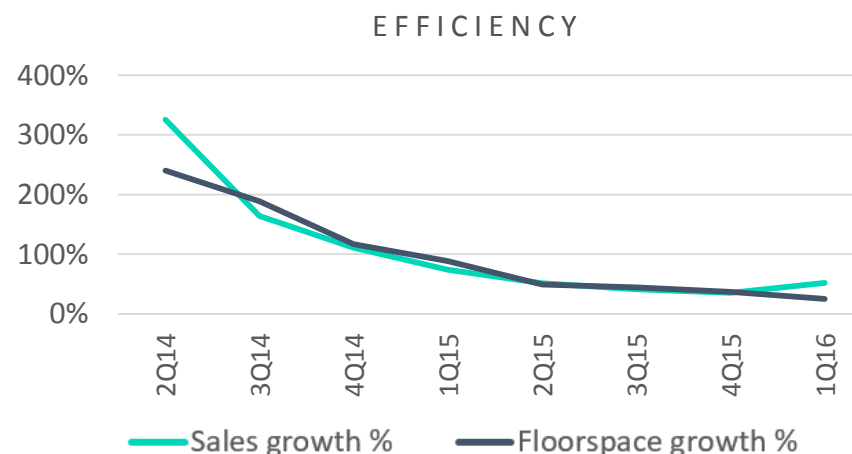
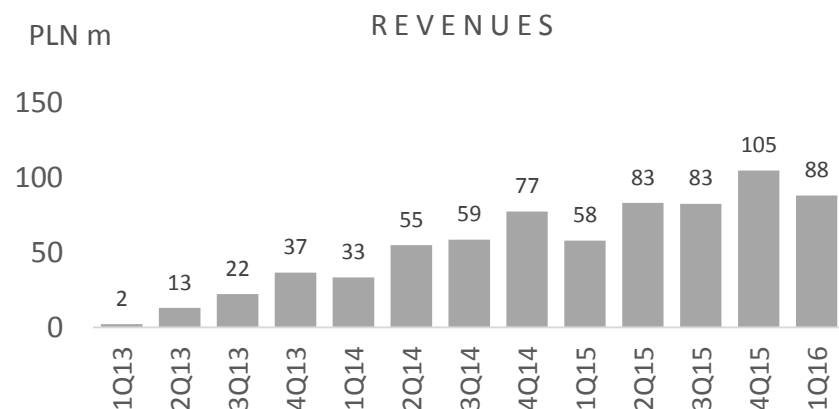
- A brand that combines comfort and elegance for business and informal meetings.
- Target customer: young women.
- Established in 2008 (in LPP's Group since 4Q08).
- Anja Rubik created a limited collection for AW2014/15. Zuzanna Bijoch is the face of AW2015/16 collection.
- Store concept: relates to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

	1Q15	1Q16	YoY
Average store space (m2)	330	338	2%
Average monthly sales (PLN/m2)	459	528	15%



- 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.
- Store concept: fresh and edgy interiors yet monochromatic to differentiate from colourful clothes sold. Selling area divided into black and white parts.

	1Q15	1Q16	YoY
Average store space (m2)	343	352	2%
Average monthly sales (PLN/m2)	432	491	13%



# Glossary

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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/ m2	End of period group inventory/ total floorspace minus franchise stores abroad.
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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**RESERVED**

 **TALLINDER**

**M O H I T O**

 **house**

**CROPP**

**sinsay**