FINANCIAL RESULTS FOR 4Q16

GLOBAL ASPIRATIONS

WARSAW, 23rd FEBRUARY 2017

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AGENDA

- Executive summary
- 4Q16 financial results
- Key corporate events
- 2017 outlook
- Q&A

Over PLN 6 billion revenues in 2016

1,703
STORES
18
COUNTRIES

+6.4%
LFLs
+9.2%
m2

PLN 6,021m
REVENUES
+17%

48.8%
GROSS PROFIT MARGIN

+7.3%
SG&A / m2

PLN 229m EBIT

Key 4Q16 achievements

Stores in new shopping mall in Poznan

Stores of 5 brands
in Posnania mall in Poznan

October 2016

Important openings in Russia

7 new stores in Russia
(Moscow and St. Petersburg)

October & November 2016

4 brands on-line in 5 countries

4 brands on-line in Czech Rep., Slovakia, Hungary, Romania and Germany

December 2016

Preparations for Serbian launch

Step forward to opening the first RESERVED store in Belgrade

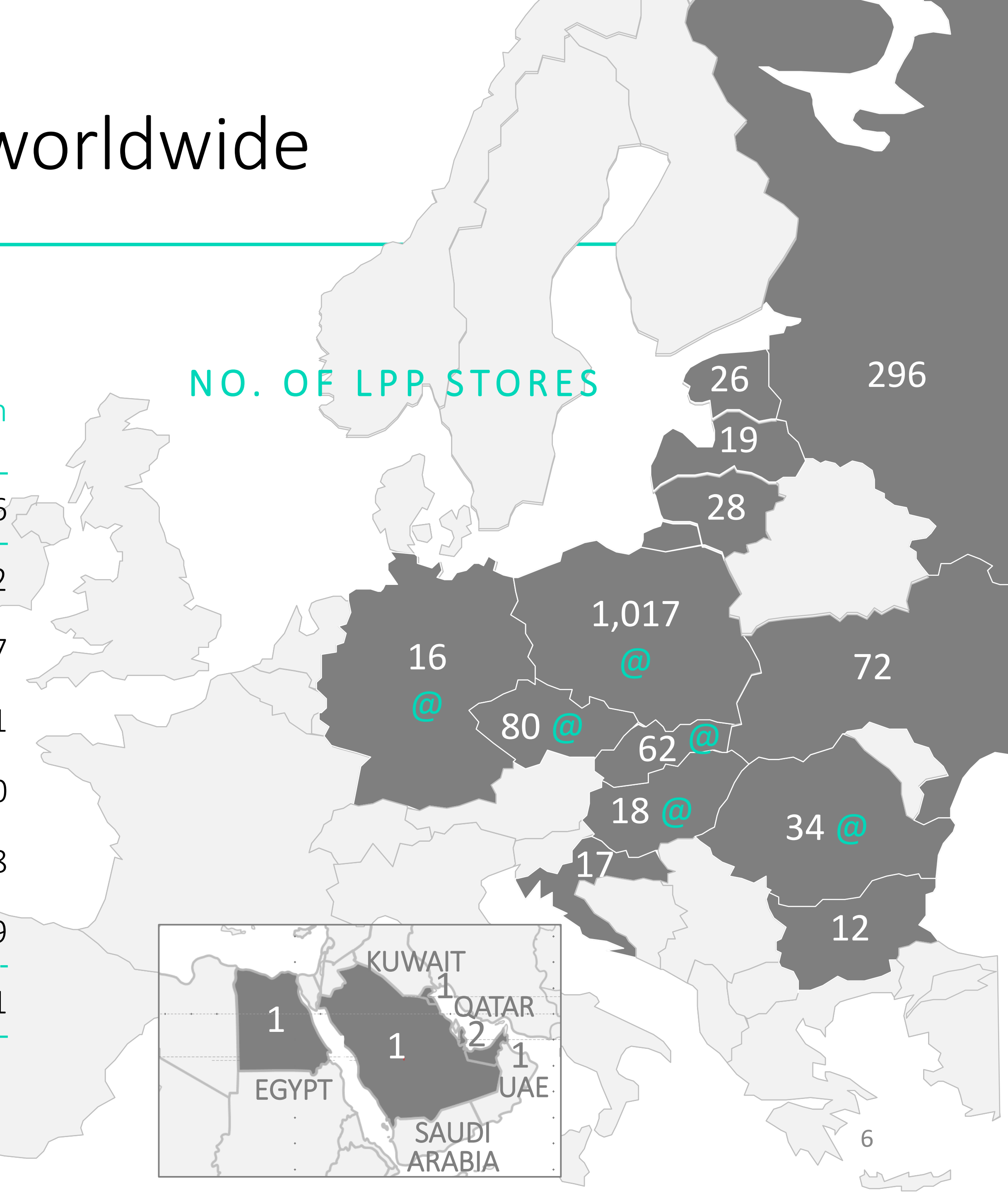
December 2016

Over 1,700 stores worldwide

31.12.2016	No. of stores	YoY growth
LPP GROUP	1,703	+76
RESERVED	461	+12
Cropp	379	+7
House	330	+11
MOHITO	290	+10
SiNSAY	198	+28
Tallinder	9	+9
Outlets	36	-1

xx Number of stores
@ Internet store

NO. OF LPP STORES



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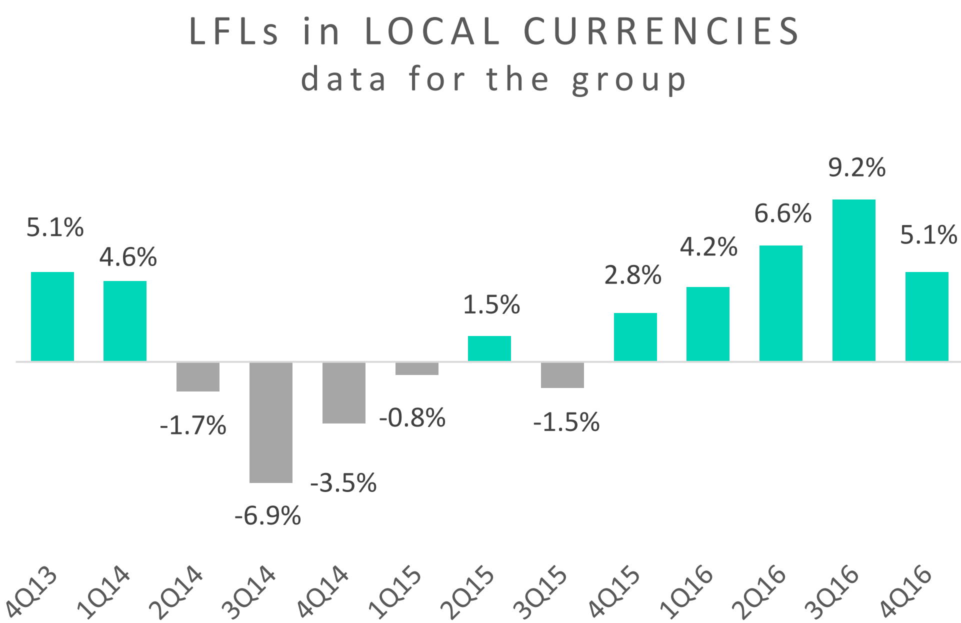
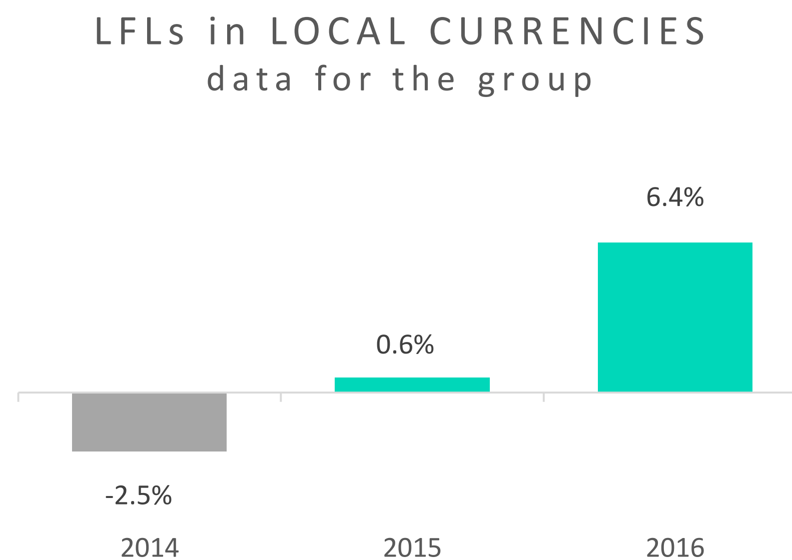
Dynamic LFL growth

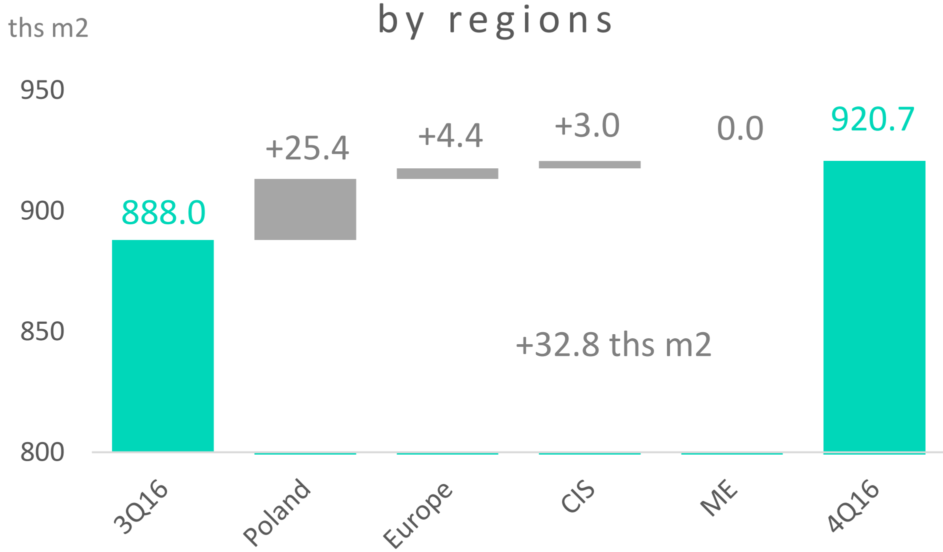




- LFLs were positive in each month in 4Q16. All brands showed positive LFLs in 4Q16.
- RESERVED LFLs in Poland stood at -3.7% in 4Q16, due to YoY differences in sell-off periods.
- 4Q16 LFLs were in the black in all countries. The highest double-digit positive LFLs in 4Q16 were recorded in Russia, Ukraine, Romania, Czech Republic and Hungary.

Floorspace growth in Poland

FLOORSPACE GROWTH
by regions



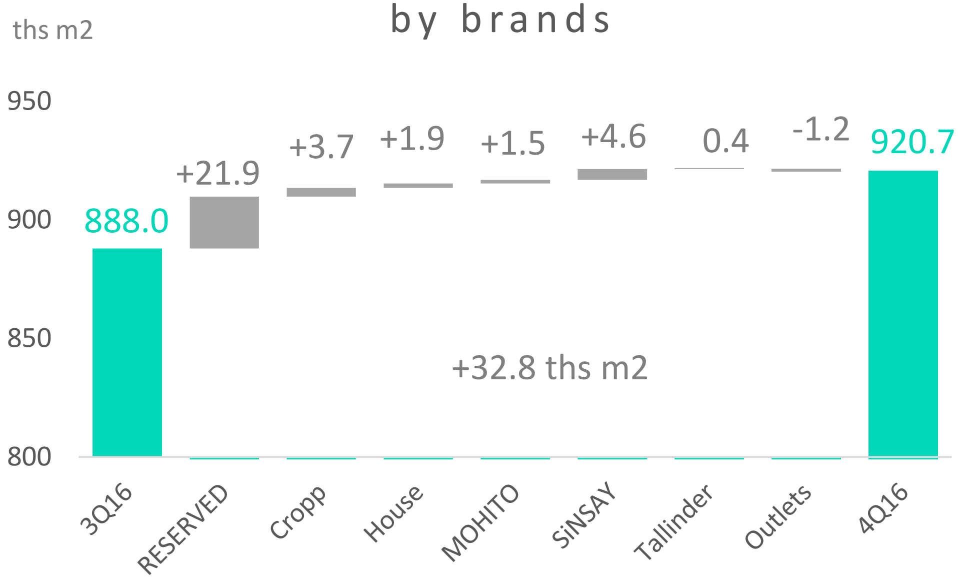
4Q16 FLOORSPACE
by regions

ths m2	4Q15	4Q16	YoY
LPP GROUP	843.5	920.7	9.2%
Poland	465.0	496.6	6.8%
Europe	179.0	209.5	17.1%
CIS	193.9	207.0	6.7%
ME	5.5	7.6	38.3%

- Store openings of all brands in Poland in 4Q16.
- Dynamic growth in Europe in 4Q16 results from development in Slovakia and Hungary.
- Acceleration of development in the CIS region: 3 ths m2 of new floorspace and 170 ths m2 eop in Russia.
- There were no openings in the Middle East in 4Q16.

RESERVED brand – the growth leader

FLOORSPACE GROWTH by brands

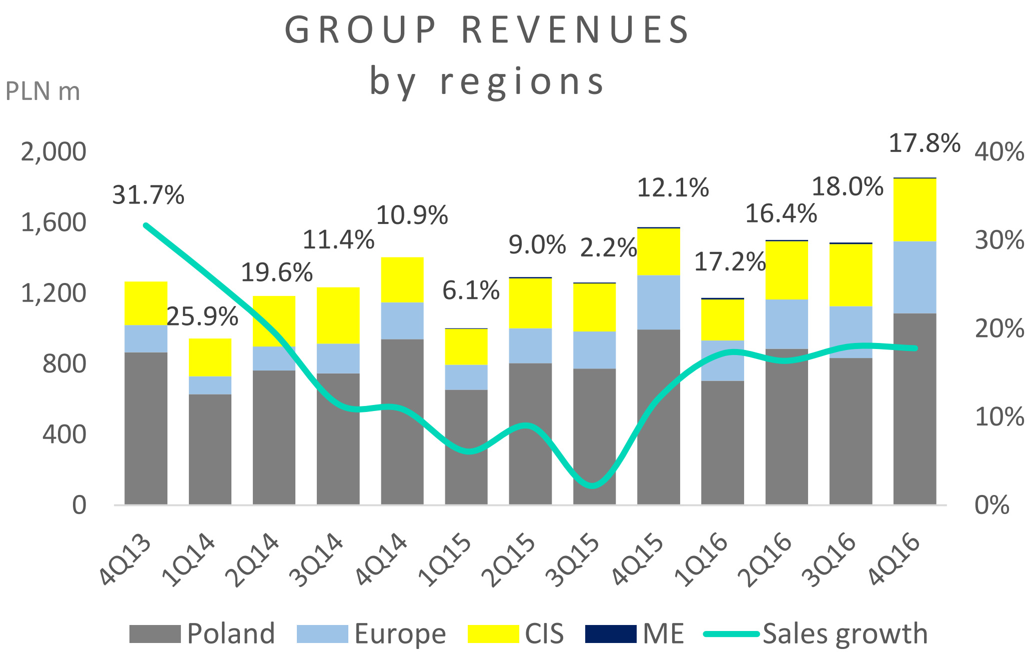


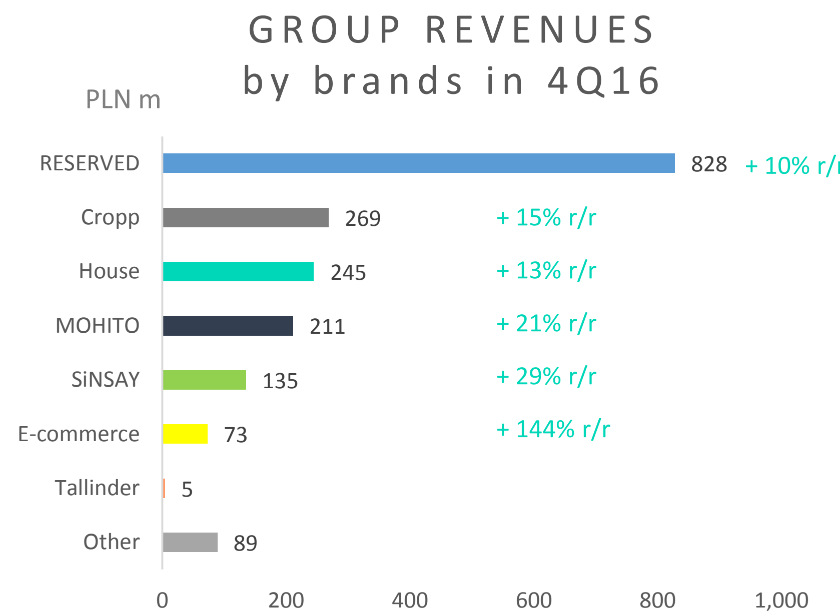
4Q16 FLOORSPACE by brands

ths m2	4Q15	4Q16	YoY
LPP GROUP	843.5	920.7	9.2%
RESERVED	461.3	509.1	10.4%
Cropp	114.5	120.4	5.2%
House	99.7	105.7	6.0%
MOHITO	94.5	99.1	4.9%
SiNSAY	59.7	69.8	16.9%
Tallinder	0.0	4.1	n/m
Outlets	13.8	12.6	-8.6%

- Dynamic RESERVED development in 4Q16 due to: (1) openings in Poland (17 ths m2), (2) accelerated openings in Russia and (3) further openings in the CEE region.
- Cropp and MOHITO openings in Poland and abroad in 4Q16.
- SiNSAY was the fastest growing brand in our portfolio due to development in Poland and abroad.

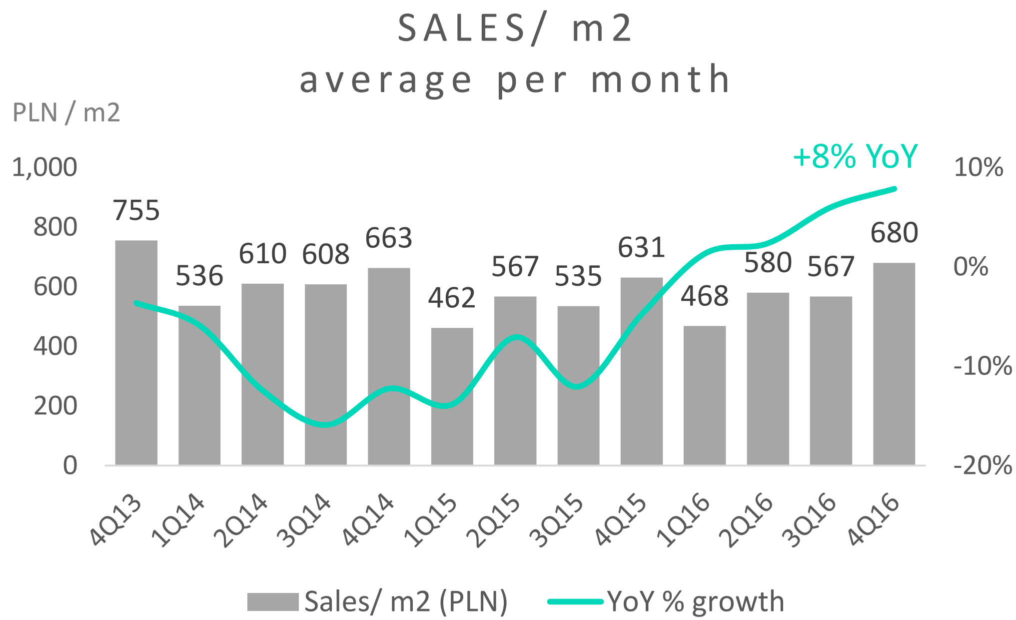
Fast top-line growth continues





- Group revenues up 18% YoY in 4Q16 due to higher floorspace and positive LFLs.
- The largest nominal revenue growth in 4Q16 took place in Poland, Russia and Germany.
- The largest nominal revenue growth in 4Q16 was generated by RESERVED and MOHITO brands.
- Once again SiNSAY was the fastest growing brand in our portfolio.

Acceleration of sales/ m2 growth

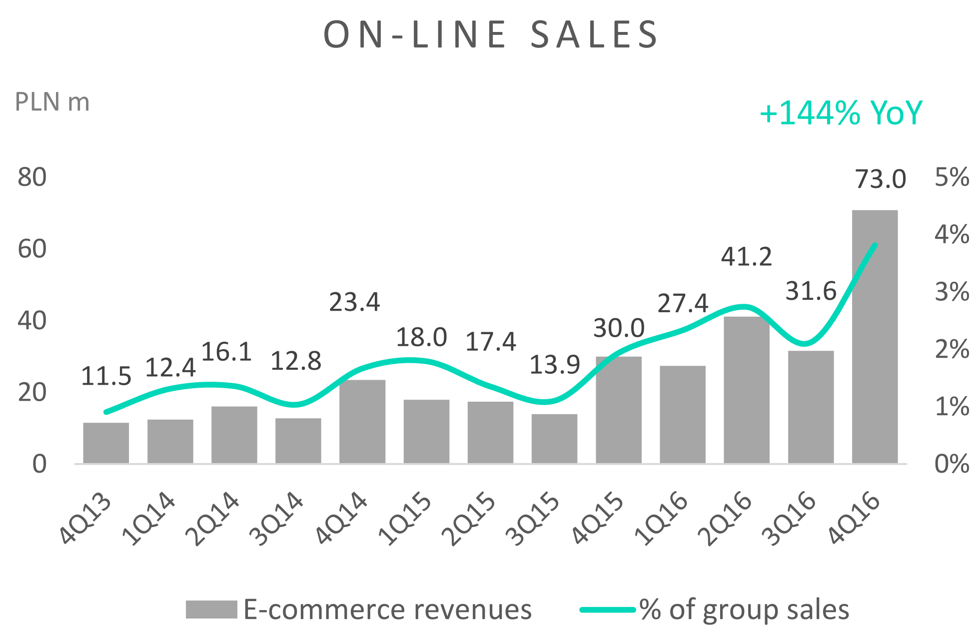


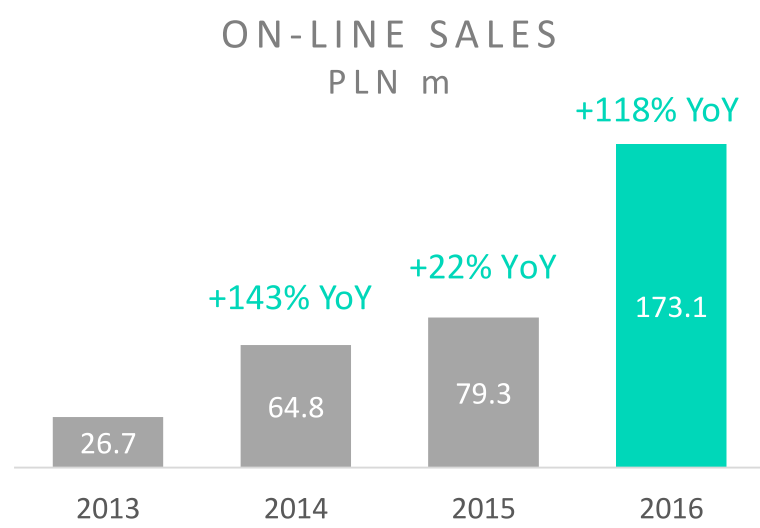
RETAIL SALES/ m2

PLN (monthly)	4Q15	4Q16	YoY
LPP GROUP	611	659	7.8%
Poland	698	718	2.8%
Europe	589	649	10.1%
CIS	446	543	21.8%

- In 4Q16 both group sales/ m2 and retail group sales/ m2 showed positive YoY dynamics.
- Double-digit YoY sales/ m2 growth was recorded in the Czech Republic, Hungary, Romania and Russia.
- In local currencies sales/ m2 grew 11% YoY in Russia and 14% YoY in Ukraine in 4Q16.

Triple-digit e-commerce growth





- On-line sales constituted 5.3% of revenues from Poland and 3.9% of group revenues in 4Q16.
- Around 80% of on-line sales was generated in Poland in 4Q16 versus some 90% in 3Q16.
- Acceleration of e-commerce dynamics due to investments in the internet and mobile web pages of all brands as well as roll-out abroad (on-line stores of 4 brands in 5 countries in 4Q16).

December inventory sell-off

- Obsolete inventory valued at PLN 138m was sold for PLN 26m in December 2016.
- The inventory was stocked in post-season warehouses in Poland and 12 other countries.
- The goods were purchased by an international company specialising in trading with post-season clothes.
- The sold goods are going to be liquidated on markets on which LPP does not conduct its operations.
- Goods from SS16, AW15, SS15 and AW14 took up some 80% of the sold inventory.

FINANCIAL STATEMENTS IMPACT OF THE TRANSCATION

PLN m	4Q16 no transaction	YoY	4Q16 incl. transaction	YoY
Revenues	1,829	+16%	1,855	+18%
Gross profit margin	57.7%	+2.9 p.p.	50.8%	-4.0 p.p.
Gross profit	1,055	+22%	943	+9%
Inventory	1,302	-1%	1,165	-12%

New inventory management policy (1)

C. **PLN 3bn PLN** of goods purchased annually.

3-4% of goods remain unsold,
i.e. c. **PLN 90-120m**.

C. PLN 80m of goods sold
in outlets with no loss (no need
to make write-offs).

C. PLN 10-40m of goods (mostly
from foreign subsidiaries) sold
to third parties (write-off for
c.60% of their value).

A new inventory write-off policy in place since December 2016.

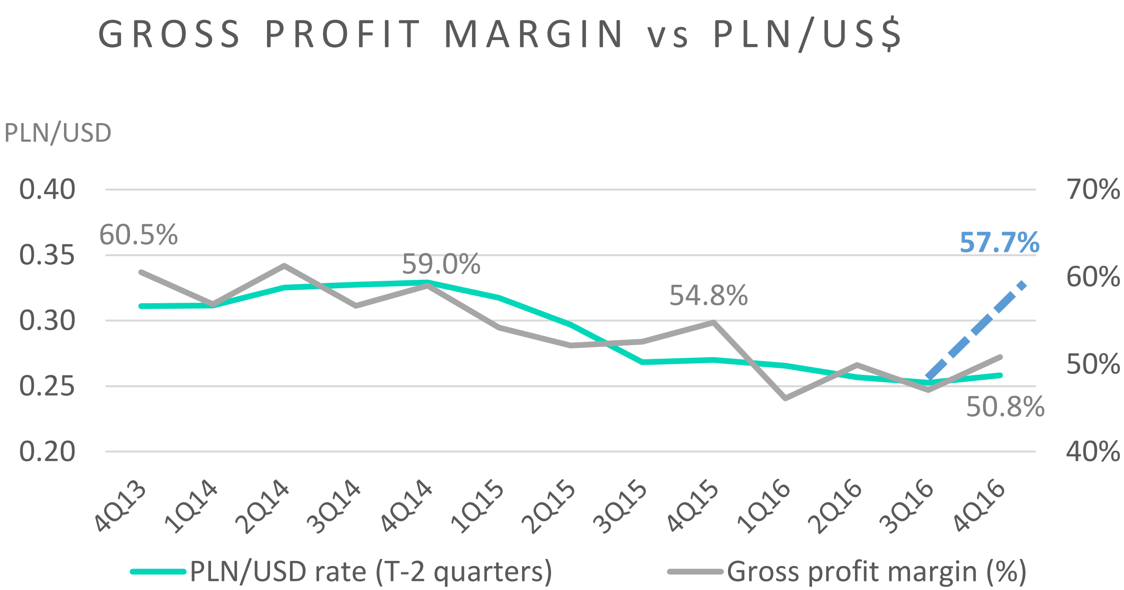
From 2017 inventory sell-offs to be evenly split between months.

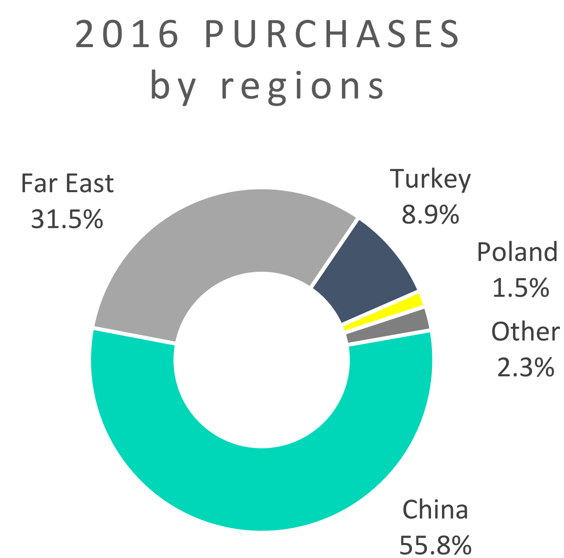
No more than 1 p.p. negative gross profit margin impact due to sell-offs annually.

New inventory management policy (2)

	FORMER	CURRENT
Change in customer preferences	Price as key purchase trigger. Possibility to sell goods from previous seasons.	Clients increasingly reluctant to accept old stock. Limited ability to liquidate unsold goods in outlets.
Promotions and sell-offs	Mid-season promotions depending on attractiveness of collections and competitors' actions.	Concentration on gross profit margin during the season but stronger post-season sell-offs.
Unsold goods	Unsold goods sent to post-season warehouse, while later were once again shifted to stores.	Post-season inventory sold to third parties. Goods older than 12 months no longer in stores.
Outlets	Unsold collections from the past season sold in outlets in Poland and abroad.	Outlets only in selected locations in Poland, due to focus on brand image.

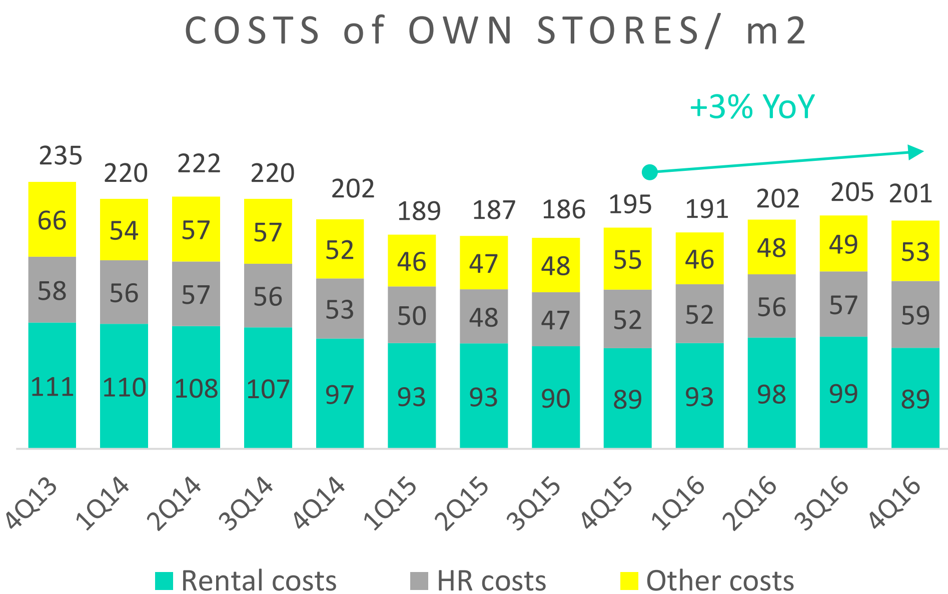
Adjusted gross profit margin improvement

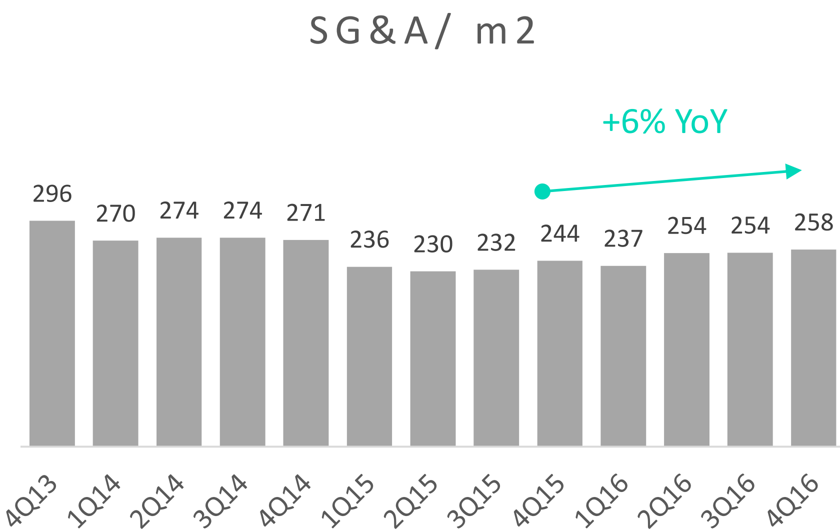




- Fall in 4Q16 gross profit margin resulted from sell-off of obsolete inventory in December 2016.
- Without this transaction, the gross profit margin would be 2.9 p.p. higher (at 57.7%) due to better YoY perception of the women RESERVED collection.
- The aim of the current inventory management policy is to sell goods to a maximum extent in stores to avoid the costs of their return and transport to post-season warehouse.

Higher costs per/ m2





- Stable rental charges → depreciation of PLN vs. EUR offset by overpayment on rentals (annual settlement of turnover-based rental agreements).
- Growth in personnel costs → growth in salaries, especially in the Baltic and CIS countries.
- Lower other costs of stores → lower costs of materials for store openings and modernisations.
- Pick-up in SG&A/ m2 → higher costs of headquarters (development of product divisions, further e-commerce expansion) and higher costs of stores.

December sell-off's impact on 4Q numbers

PLN m	4Q15	4Q16	YoY
Revenues	**1,575.0**	**1,855,0**	**17.8%**
Gross profit on sales	862.8	943.1	9.3%
Gross profit margin	*54.8%*	*50.8%*	*-4.0 p.p.*
SG&A costs	608.9	698.7	14.7%
Other operating activity	-18.5	-42.5	
EBIT	**235.4**	**201.9**	**-14.2%**
EBIT margin	*14.9%*	*10.9%*	*-4.0 p.p.*
Net financials	-42.0	-21.7	
Pre-tax profit	193.4	180.3	-6.8%
Tax	21.0	22.1	
Net income	**172.3**	**158.2**	**-8.2%**
Net margin	*10.9%*	*8.5%*	*-2.4 p.p.*

- Dynamic revenue growth (positive LFLs and floorspace increase).
- Decrease in gross margin: impact of December 2016 obsolete inventory sell-off.
- YoY growth in SG&A costs lower than top-line growth.
- EBIT burdened by write-offs along with new inventory management policy (PLN 28.4m write-offs in other operating costs).
- PLN 16.0m of FX losses (4Q15: PLN 35.8m losses), out of which PLN 2.1m losses on rubble and hryvna (4Q15: PLN 25.5m losses) and PLN 14.1m losses on US$ (PLN 2.6m losses in 4Q15).
- Lower net financial charges and FX losses due to lower receivables from subsidiary to the parent company.

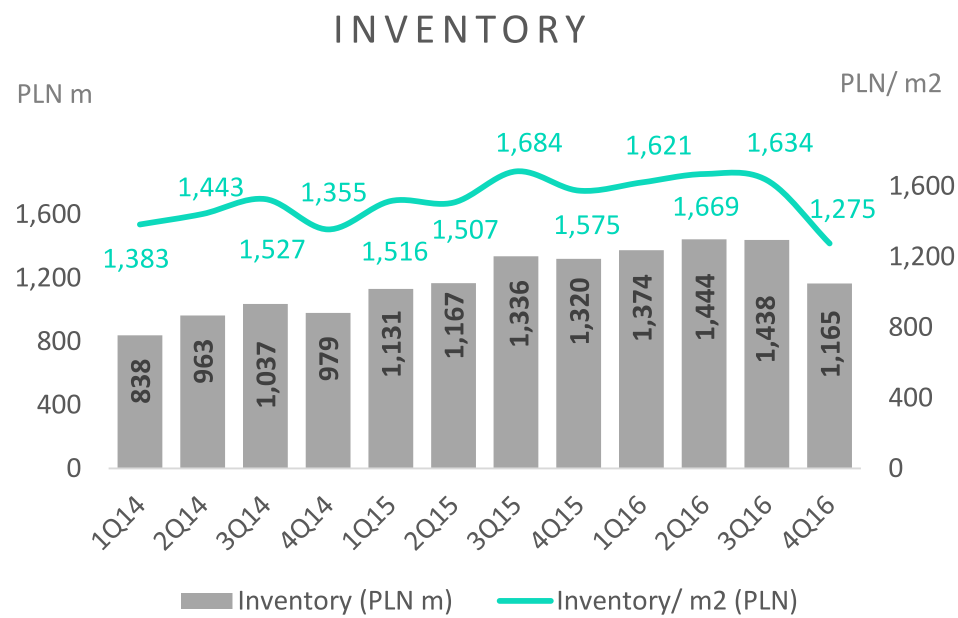
Impact of write-offs on 2016 numbers

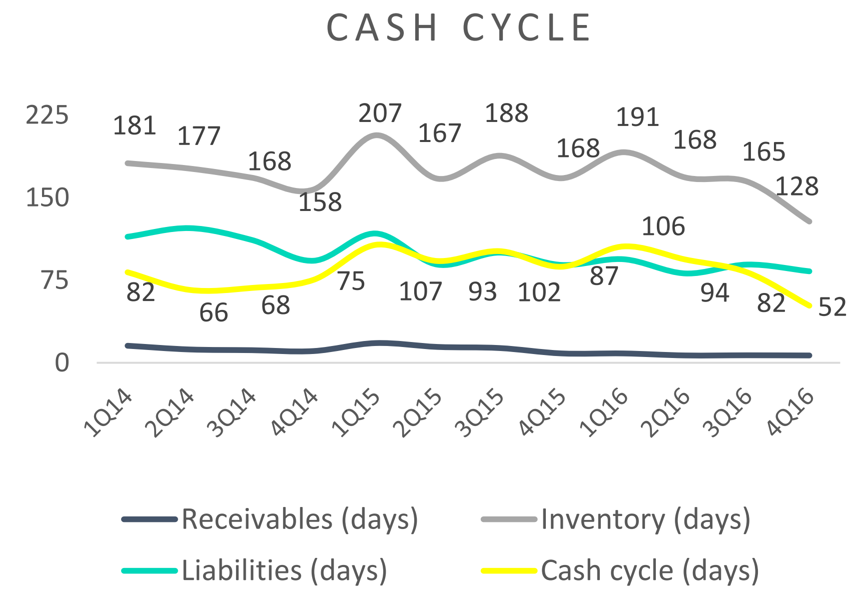
PLN m	2015	2016	r/r
Revenues	**5,130.4**	**6,020.6**	**17.4%**
Gross profit on sales	2,742.8	2,935.3	7.0%
Gross profit margin	*53.5%*	*48.8%*	*-4.7 p.p.*
SG&A costs	2,191.7	2,607.9	19.0%
Other operating activity	-48.5	-98.1	
EBIT	**502.7**	**229.3**	**-54.4%**
EBIT margin	*9.8%*	*3.8%*	*-6.0 p.p.*
Net financials	-88.3	-32.3	
Pre-tax profit	414.4	197.0	-52.5%
Tax	63.0	21.0	
Net income	**351.3**	**175.9**	**-49.9%**
Net margin	*6.8%*	*2.9%*	*-3.9 p.p.*

- Dynamic revenue growth (positive LFLs and higher floorspace).
- Continuation of trends on gross profit margin: new inventory management policy.
- YoY growth in SG&A costs due to higher cost of stores and headquarters from 2Q16.
- Increase in other operating costs due to write-downs related to resignation from the Tallinder brand and write-offs related to the new inventory management policy.
- Negative net financials: PLN 7.3m of FX losses (2015: PLN 68.6m losses), out of which PLN 2.8m gains on rubble and hryvna (2015: PLN 58m loss) and PLN 8.9m losses on US$ (2015: PLN 13.6m of losses).

LPP

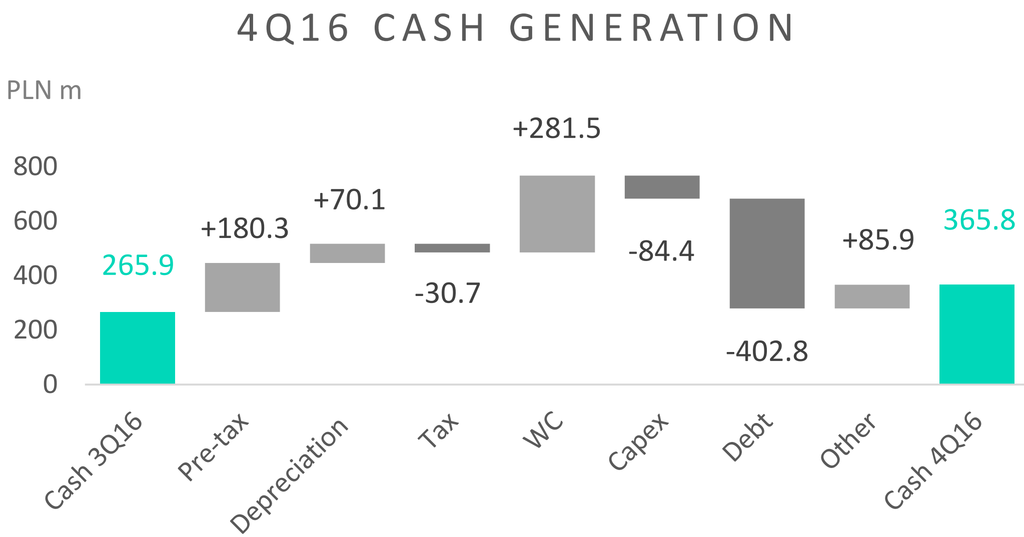
Dynamic fall in inventory/ m2

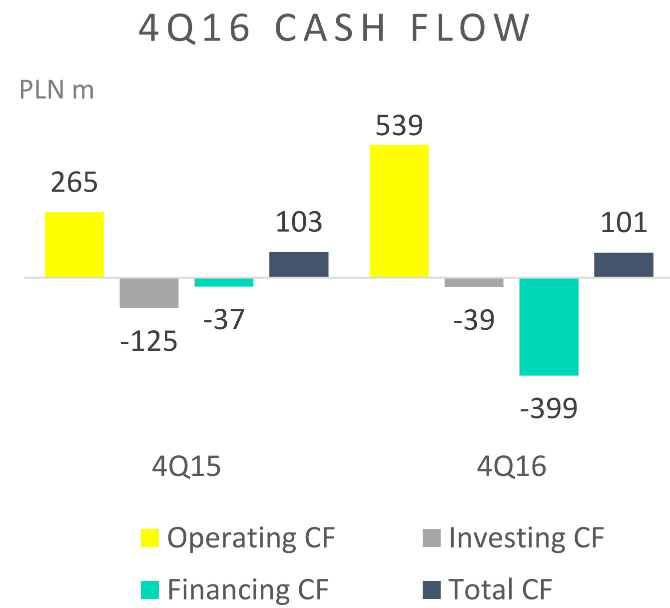




- Nominal YoY fall in inventory despite higher floorspace, due to the new inventory management policy.
- Fall in inventory/ m2 YoY results from improved customer perception of our collections.
- Faster YoY and QoQ cash cycle mainly due to lower inventory turnover.

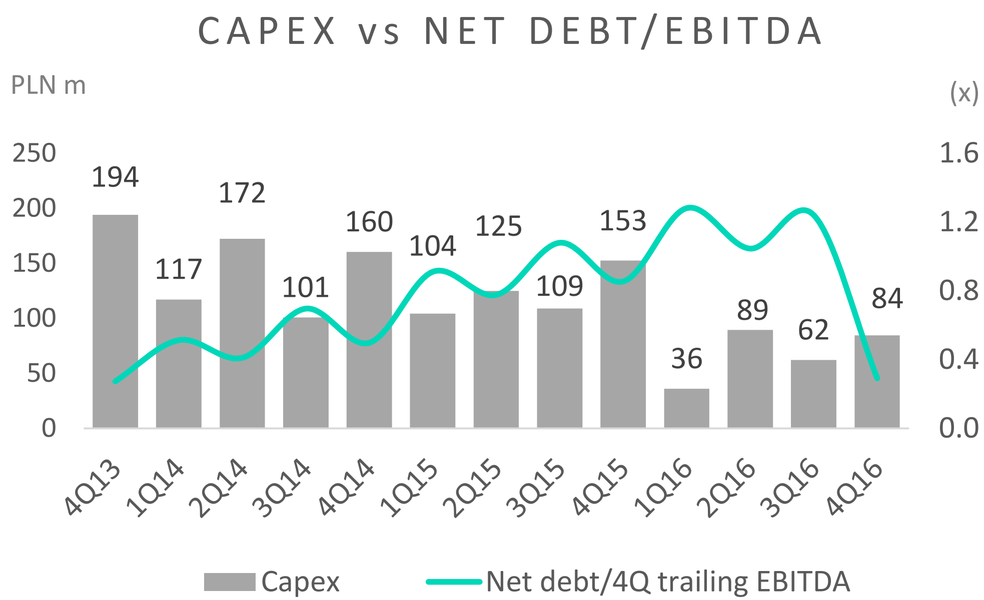
Record high operating cash flow

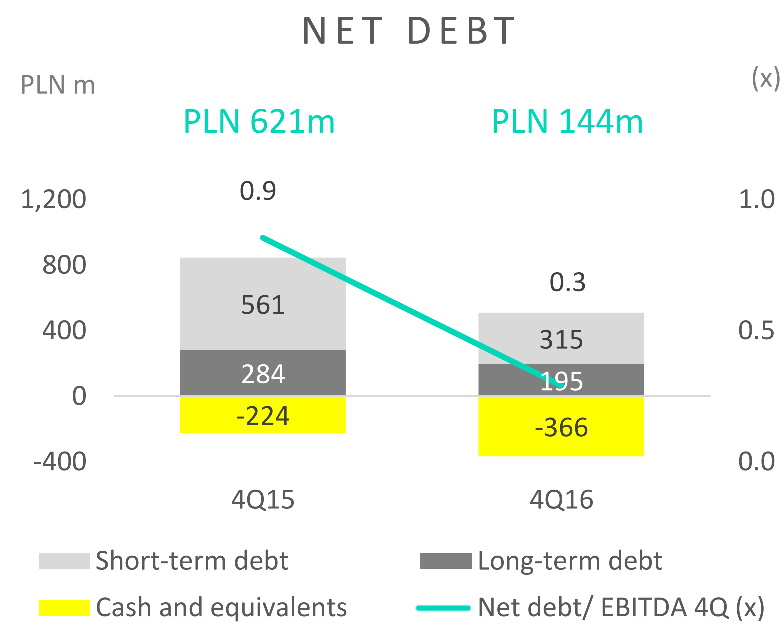




- Operating cash flow → YoY increase thanks to freeing up cash from inventory and extending the payment terms in frames of supplier financing programme (PLN 50m).
- Investing cash flow → lower YoY capex results from fewer new m2 of floorspace opened.
- Financing cash flow → lower usage of debt, repayment of lines from operating cash flow.
- PLN 1.6bn in open credit lines used for letters of credits, guarantees and overdrafts.

Lower YoY indebtedness and capex





- 4Q16 capex down 45% YoY due to a lower number of new openings and extending the payment terms for building suppliers until 1Q17.
- Fall in short-term debt due to strong operating cash flows in 4Q16.
- Fall in net debt/ EBITDA. Our aim is to keep the ratio at a safe level.

2016 executive summary

1. Improvement in RESERVED collection for women. Work in progress.
2. Strong results of MOHITO, SiNSAY, Cropp and House brands.
3. Acceleration of e-commerce dynamics.
4. New inventory management policy.
5. Net working capital improvement.

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New openings in Russia

STORES IN RUSSIA
END-2016

Brand	Stores	Floorspace (ths m2)
RESERVED	82	89.3
Cropp	73	27.5
House	53	19.8
MOHITO	63	23.6
SiNSAY	23	9.0
Outlets	2	0.8

- 7 new stores in Russia in 4Q16:
  - 4 stores in Moscow
  - 3 stores of two brands: Cropp and SiNSAY in St. Petersburg
- Next important openings are planned for 1Q17 in Russia. Among these is a RESERVED store of over 2,000 m2 in Moscow.

RESERVED store in St. Petersburg is the best selling store in the whole network.

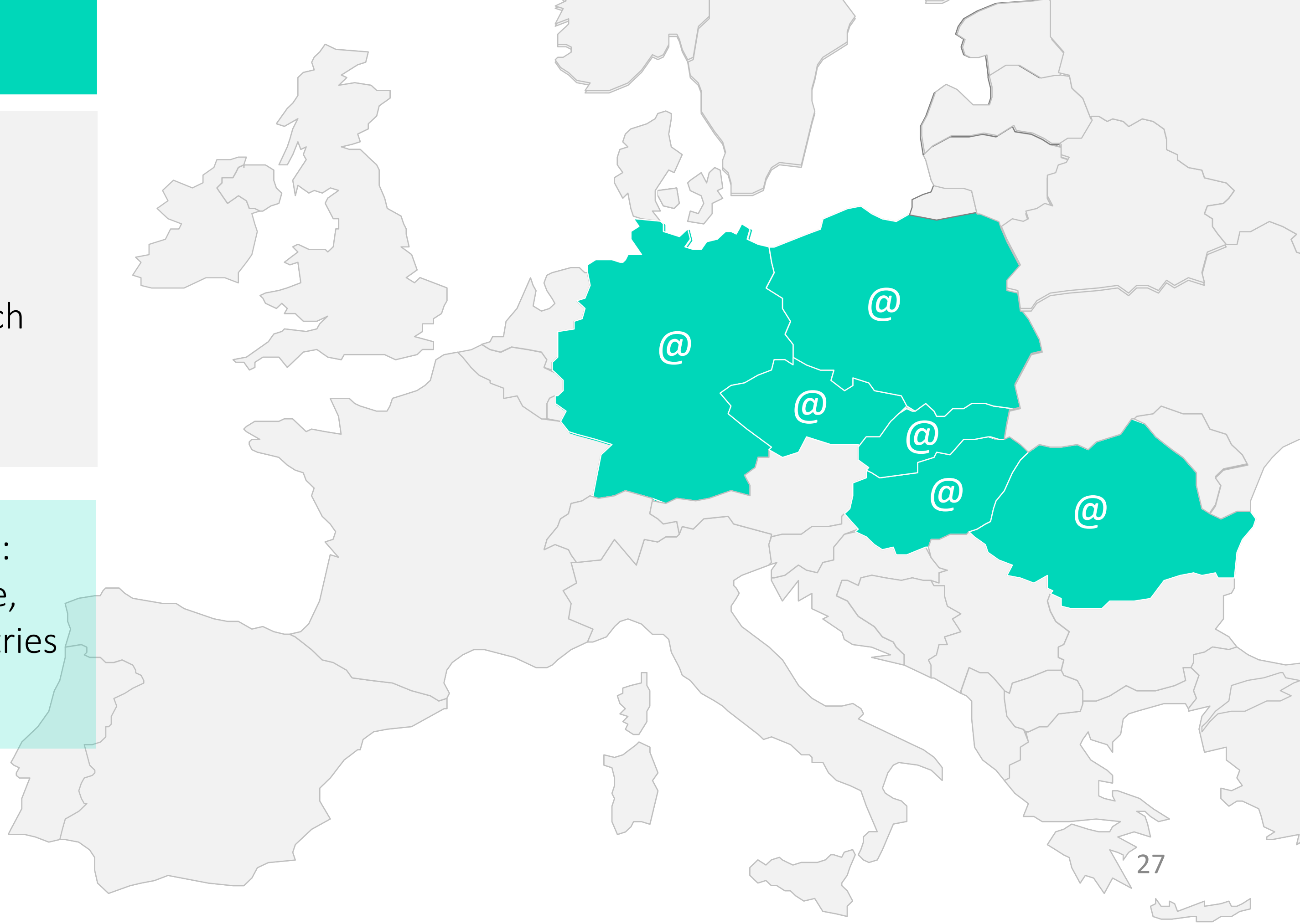
Dynamic e-commerce development

4Q16 STATUS

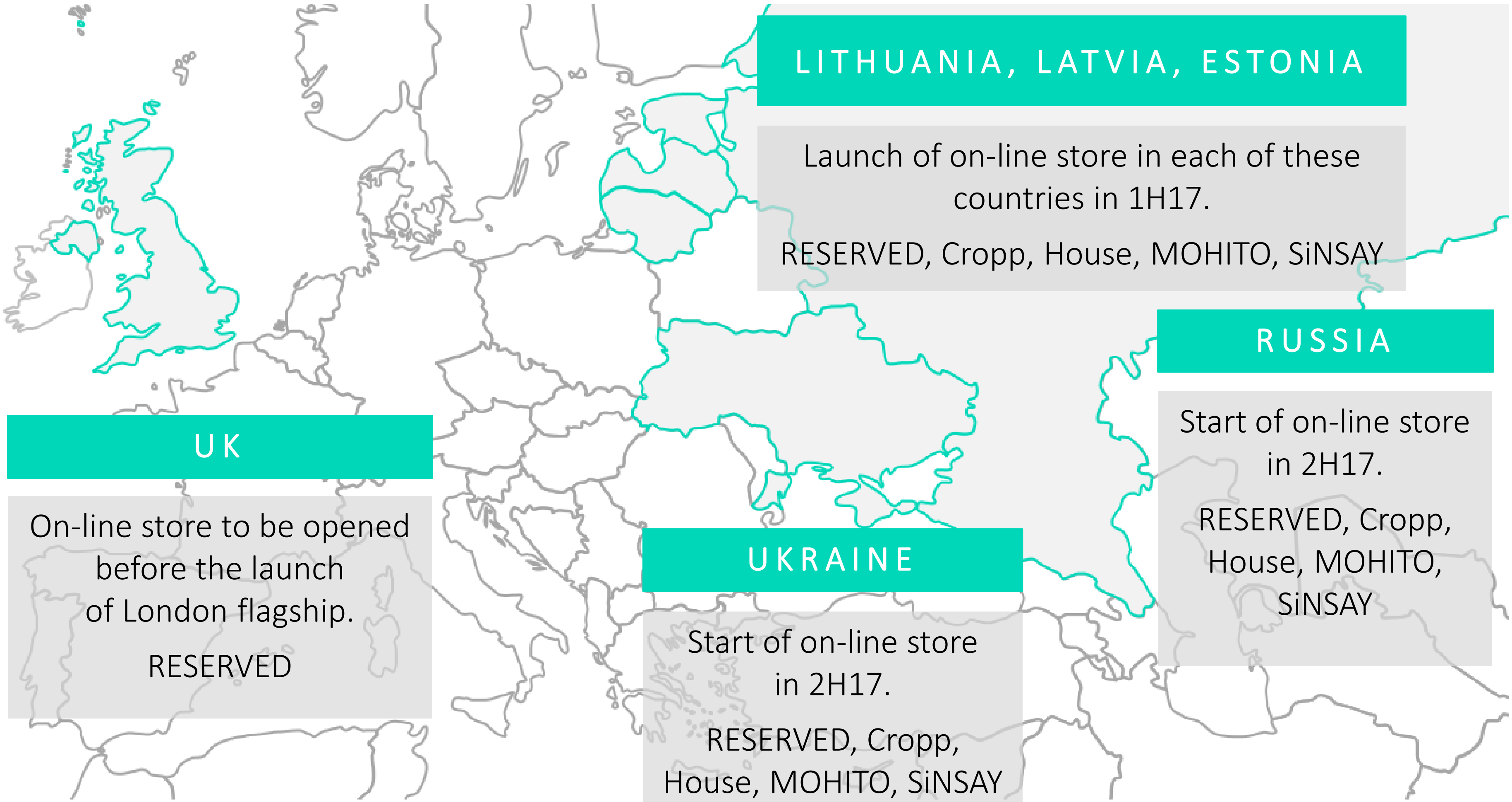
- 4 new brands on-line: Cropp, House, MOHITO, SiNSAY
- in 5 new countries: Czech Rep., Slovakia, Hungary, Romania, Germany

E-stores of 5 LPP brands: RESERVED, Cropp, House, MOHITO, SiNSAY in 6 countries at the end of 2016.

LPP's ON-LINE STORES



6 new markets on-line in 2017



LITHUANIA, LATVIA, ESTONIA

Launch of on-line store in each of these countries in 1H17.

RESERVED, Cropp, House, MOHITO, SiNSAY

UK

On-line store to be opened before the launch of London flagship.

RESERVED

UKRAINE

Start of on-line store in 2H17.

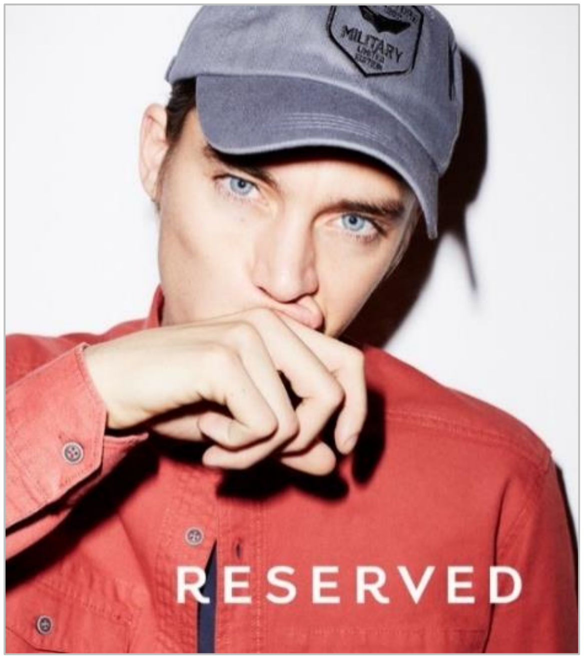
RESERVED, Cropp, House, MOHITO, SiNSAY

RUSSIA

Start of on-line store in 2H17.

RESERVED, Cropp, House, MOHITO, SiNSAY

New RESERVED brand



- Redefining the DNA of our flagship brand.
- A refreshed brand image.
- Emphasis on a consistent brand image at the product and store level.
- Focus on on-line marketing, especially social media.

RESERVED - a new approach

SPEED

New models in stores twice a week.

Must-haves produced in no more than 6 weeks.

FRESHNESS

We boldly adapt the latest trends.

We focus on creativity.

BALANCE

We maintain the right proportions while preparing the models: fashion forward, new basic and bestsellers.

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Double-digit floorspace growth in 2017

Floorspace (ths m2)	2016	2017 previous target	2017 current target	YoY growth
BY BRANDS				
RESERVED	509.1	581.4	578.1	14%
Cropp	120.4	128.5	131.5	9%
House	105.7	113.4	114.3	8%
MOHITO	99.1	104.2	105.2	6%
SiNSAY	69.8	81.2	87.8	26%
Tallinder	4.1	0.0	0.0	-100%
Outlets	12.6	11.0	11.8	-6%
BY REGIONS				
Poland	496.6	527.1	517.5	4%
Europe	209.5	237.9	250.9	20%
CIS	207.0	243.9	249.3	20%
ME	7.6	10.9	10.9	43%
TOTAL	**920.7**	**1,019.8**	**1,028.6**	**12%**

- 12% YoY floorspace growth in 2017.
- RESERVED stores in 22 countries at the end of 2017. 4 new countries in 2017:
  - Serbia and the UK in Europe (own stores);
  - Belarus and Kazakhstan in CIS (franchise stores).
- 2017 targets: (1) further CEE development (emphasis on Poland), (2) CIS acceleration (especially in Russia), (3) faster growth in the SEE region (focus on Romania) and (4) new stores in Western Europe and the Middle East.
- Planned 2017 capex at c. PLN 440m, up 60% YoY, due to faster floorspace growth (planned store capex at c. PLN 380m) and headquarters expansion (PLN 60m).

Strengthening the CEE region position

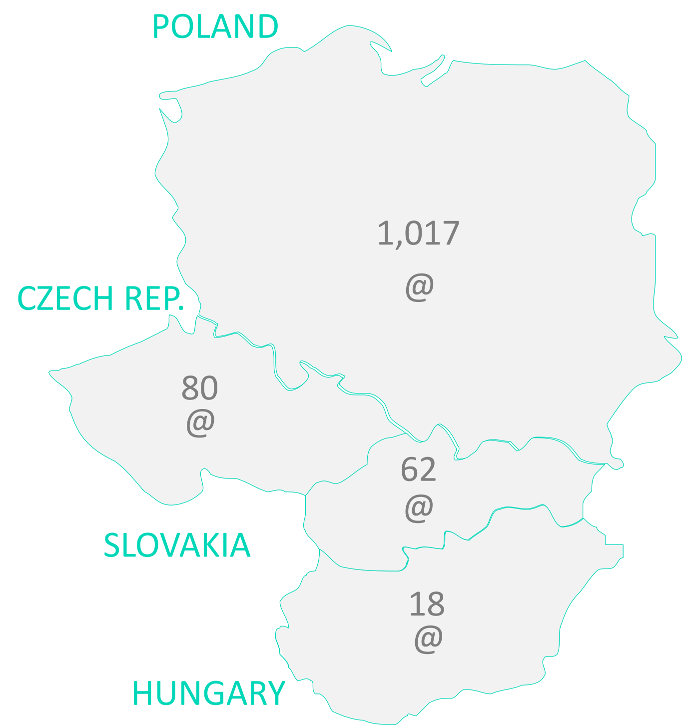
POLAND

- Poland should remain the key market in 2017.
- A mature market – focus on:
  - increasing LFLs (especially RESERVED),
  - opening stores of five brands in new concepts in attractive locations.
- Closing the Tallinder stores in February 2017.

CZECH REPUBLIC, SLOVAKIA, HUNGARY

- In 2017 focus on:
  - higher efficiency in traditional stores,
  - development of on-line stores of all brands (e-stores of 4 brands launched in 4Q16).

CENTRAL EASTERN EUROPE



xx Number of stores, end `16

@ On-line stores

Stronger entry into the SEE

ROMANIA, BULGARIA, CROATIA, SERBIA

- Entry into the fourth country in the region in 2017 – first store in Belgrade in 4Q17.
- New store openings planned for 2017 in each of the four countries.
- Development potential in the region, especially in Romania (via traditional and on-line stores).

LITHUANIA, LATVIA, ESTONIA

- On-line stores in all three countries in 1H17.
- New stores in Estonia and Lithuania in 2017.

SOUTH EASTERN EUROPE

BALTIC COUNTRIES

xx Number of stores, end `16
@ On-line stores
Planned countries and stores

LPP

Acceleration in the CIS

OWN STORES

- 2017 plans:
  - 30 ths new m2 in Russia, +18% YoY floorspace growth (development of stores of 5 brands),
  - almost 8 ths new m2 in Ukraine, up 21% YoY.

FRANCHISE STORES

- First store in Belarus planned for 2017 – RESERVED store in Minsk in 2Q17. Up to three franchise RESERVED stores in two years.
- First franchise RESERVED store in Kazakhstan in 4Q17. Five franchise RESERVED stores in three years.

ON-LINE

- On-line stores of 5 brands in Russia and Ukraine in 2017.

CIS DEVELOPEMENT

xx Number of stores, end `16
@ Planned on-line stores
Planned countries

Further WE expansion

GERMANY

- 19 stores in Germany by the end of 2017 (first store opened in September 2014). 20th store in 2018.
- Flat YoY marketing budget at EUR 4m aimed at strengthening the RESERVED brand recognition.
- E-commerce acceleration (on-line stores of all five brands since 4Q16).

UNITED KINGDOM

- Agreement for first RESERVED flagship in London in place.
- Start of Oxford Street flagship in 3Q17.
- RESERVED on-line store in the UK before flagship opening in London.

WESTERN EUROPE

xx Number of stores, eop `16
@ On-line stores
Planned countries & stores

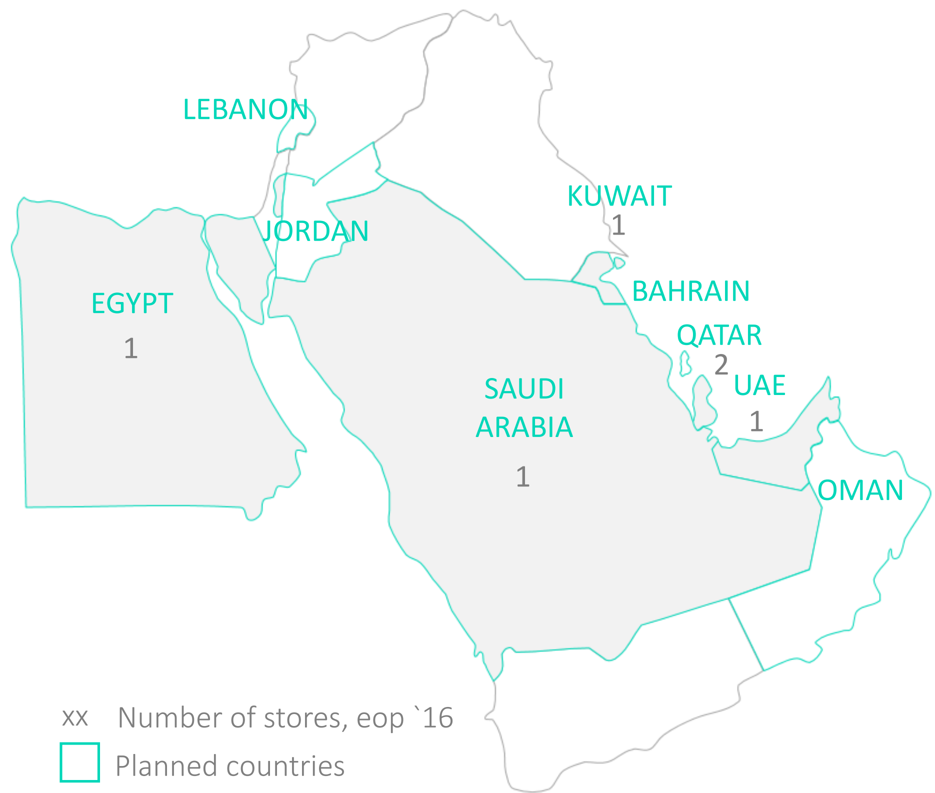
NEW CITIES	M2	DATE
Hamburg	2,780	1Q 17
Cologne	2,884	1Q 17
Berlin	2,096	2Q 17
Frankfurt am Main	2,644	4Q 18
London	2,900	3Q 17

Development potential in the ME

FRANCHISE-BASED DEVELOPEMENT

- Solely franchise based development in the Middle-East (no need for capex on LPP's side).
- 2017 plans: new stores in Egypt and Qatar.
- Revenues from the Middle-East reached PLN 31.4m in 2016.

MIDDLE-EAST



2017 outlook

2017 TARGETS

- Revenue growth should exceed floorspace growth (positive LFLs at all brands).
- Pick-up in gross profit margin versus 2016 level. Estimated 2017 gross profit margin at 52-53%.

2017 CHANCES

- LFLs improvement, especially at RESERVED brand.
- Dynamic e-commerce development (6 new markets).

2017 RISKS

- Ban on trade on Sundays (19% of turnover).
- Unfavourable FX trends on PLN/US$ and PLN/EUR.

Net working capital improvement

SUPPLY CHAIN FINANCE - SCF
(SUPPLIER FINANCING PROGRAMME)

BENEFITS FOR LPP

- Extended payment periods on invoices for goods purchased.
- Net working capital and operating cash flows improvement.

BANKING PLATFORM

BENEFITS FOR SUPPLIERS

- Possibility to discount invoices for LPP before the payment deadline (low discount rate based on LPP's standing).
- No impact on credit ability.

Positive effect on LPP's net working capital since 4Q16.

AGENDA

- Executive summary
- 4Q16 financial results
- Key corporate events
- 2017 outlook
- Q&A

- Back-up

Network development

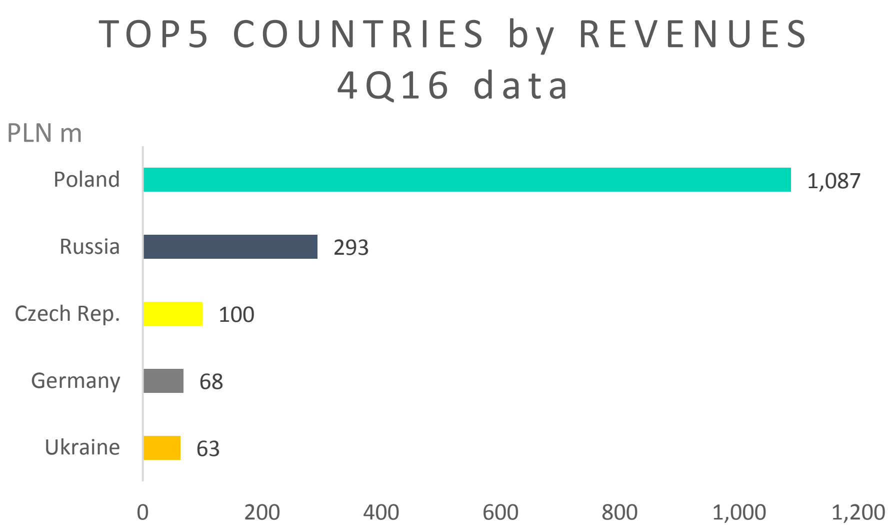
Floorspace (ths m2)	31.12.2014	31.03.2015	30.06.2015	30.09.2015	31.12.2015	31.03.2016	30.06.2016	30.09.2016	31.12.2016
RESERVED	389.7	402.7	416.3	435.7	461.3	467.1	473.8	487.2	509.1
Poland	209.2	215.2	219.0	223.4	232.5	230.9	235.1	232.0	248.7
Europe	83.9	90.1	95.1	106.5	120.2	124.0	127.2	140.0	144.1
CIS	96.6	95.8	98.3	100.4	103.1	104.6	103.9	107.7	108.7
ME	0.0	1.5	3.9	5.5	5.5	7.6	7.6	7.6	7.6
Cropp	105.4	106.6	111.5	109.1	114.5	115.4	117.8	116.7	120.4
Poland	58.3	58.5	62.8	59.6	63.0	63.6	65.2	63.0	65.3
Europe	17.1	17.8	18.7	19.1	19.8	20.2	20.6	21.0	21.2
CIS	30.0	30.2	30.0	30.4	31.7	31.6	31.9	32.8	34.0
House	89.6	89.9	96.7	95.2	99.7	100.5	104.8	103.8	105.7
Poland	57.3	56.2	62.4	59.3	62.2	62.9	65.4	63.1	64.9
Europe	11.4	12.7	13.2	14.4	15.1	15.5	16.4	16.8	16.4
CIS	20.9	21.0	21.1	21.6	22.4	22.0	23.1	23.9	24.3
MOHITO	82.8	86.4	89.1	90.3	94.5	94.9	95.9	97.6	99.1
Poland	46.2	47.8	49.2	49.7	52.1	52.5	51.8	52.4	53.4
Europe	11.8	13.6	14.5	15.2	16.1	16.5	17.7	18.1	18.1
CIS	24.8	25.0	25.4	25.4	26.2	25.9	26.3	27.1	27.7
SiNSAY	43.7	48.4	52.4	54.8	59.7	60.5	63.1	65.2	69.8
Poland	32.7	35.5	38.6	40.3	43.5	43.9	44.5	45.5	48.6
Europe	4.4	5.4	6.3	6.6	7.6	8.0	8.8	9.2	9.7
CIS	6.6	7.6	7.6	7.9	8.6	8.6	9.8	10.5	11.5
Tallinder (Poland only)	0.0	0.0	0.0	0.0	0.0	2.9	3.7	3.7	4.1
Outlets	11.3	11.8	12.4	13.6	13.8	13.8	13.8	13.8	12.6
Total by regions									
Poland	413.6	423.5	443.5	443.9	465.0	468.3	477.4	471.2	496.6
Europe	128.6	139.6	147.7	161.7	179.0	184.4	190.8	205.2	209.5
CIS	180.3	181.2	183.2	187.7	193.9	194.7	196.9	204.0	207.0
ME	0.0	1.5	3.9	5.5	5.5	7.6	7.6	7.6	7.6
TOTAL	722.5	745.8	778.4	798.8	843.5	855.0	872.7	888.0	920.7

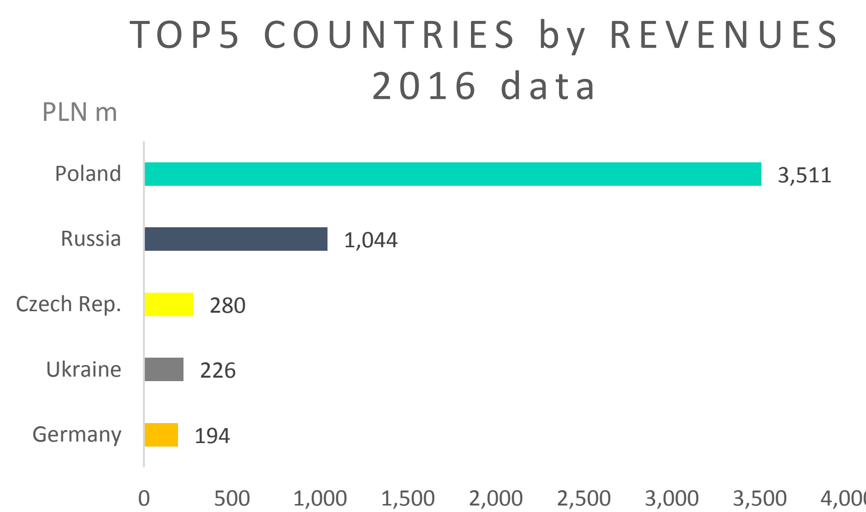
2017 network development details

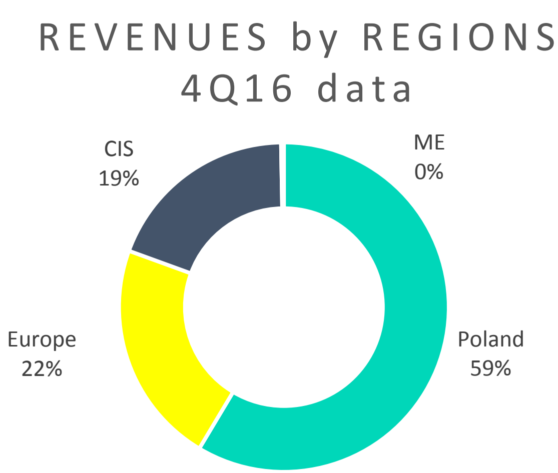
FLOORSPACE (thsm2)	31.12.2016	2017 TARGET	Nom. growth	YoY growth
RESERVED	509.1	578.1	69.0	14%
Poland	248.7	264.8	16.1	6%
Europe	144.1	168.3	25.1	17%
CIS	108.7	133.2	24.5	23%
ME	7.6	10.9	3.3	43%
Cropp	120.4	131.5	11.1	9%
Poland	65.3	67.5	2.3	3%
Europe	21.2	25.6	4.5	21%
CIS	34.0	38.3	4.3	13%
House	105.7	114.3	8.6	8%
Poland	64.9	66.4	1.5	2%
Europe	16.4	19.2	2.8	17%
CIS	24.3	28.7	4.3	18%
MOHITO	99.1	105.2	6.0	6%
Poland	53.4	53.2	-0.2	0%
Europe	18.1	21.4	3.3	19%
CIS	27.7	30.6	2.9	10%
ME	0.0	0.0	0.0	-
SiNSAY	69.8	87.8	18.0	26%
Poland	48.6	55.2	6.7	14%
Europe	9.7	15.4	5.7	59%
CIS	11.5	17.2	5.7	49%
ME	0.0	0.0	0.0	-
Tallinder	4,1	0.0	-4.1	-
Poland	4.1	0.0	-4.1	-
Europe	0.0	0.0	0.0	-
CIS	0.0	0.0	0.0	-
Outlets	12.6	11.8	-0.8	-6%
Poland	11.6	10.3	-1.3	-11%
Europe	0.2	0.2	0.0	0%
CIS	0.8	1.3	0.5	64%
TOTAL	920.7	1,028.6	107.8	12%

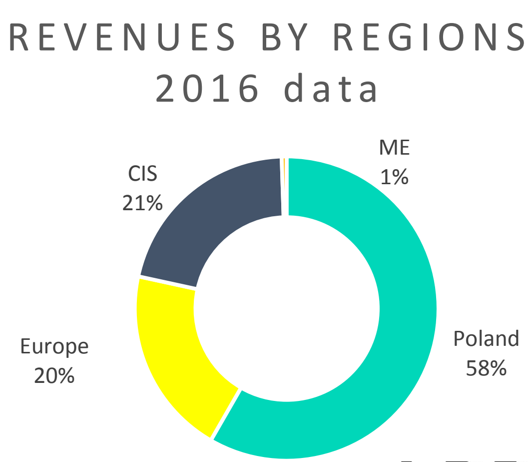
NO. of STORES	31.12.2016	2017 TARGET	Nom. growth	YoY growth
RESERVED	461	468	7	2%
Poland	236	229	-7	-3%
Europe	116	120	4	3%
CIS	103	110	7	7%
ME	6	9	3	50%
Cropp	379	392	13	3%
Poland	219	216	-3	-1%
Europe	68	76	8	12%
CIS	92	100	8	9%
House	330	341	11	3%
Poland	212	209	-3	-1%
Europe	51	56	5	10%
CIS	67	76	9	13%
MOHITO	290	296	6	2%
Poland	166	160	-6	-4%
Europe	57	56	-1	-2%
CIS	67	80	13	19%
ME	0	0	0	-
SiNSAY	198	243	45	23%
Poland	142	157	15	11%
Europe	26	41	15	58%
CIS	30	45	15	50%
ME	0	0	0	-
Tallinder	9	0	-9	-100%
Poland	9	0	-9	-100%
Europe	0	0	0	-
CIS	0	0	0	-
Outlets	36	34	-2	-6%
Poland	33	30	-3	-9%
Europe	1	1	0	0%
CIS	2	3	1	50%
TOTAL	1,703	1,774	71	4%

Revenues by countries and regions



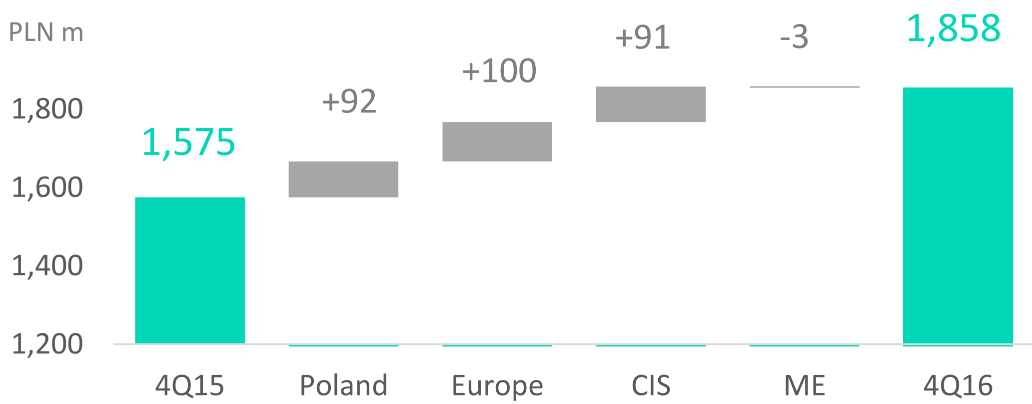




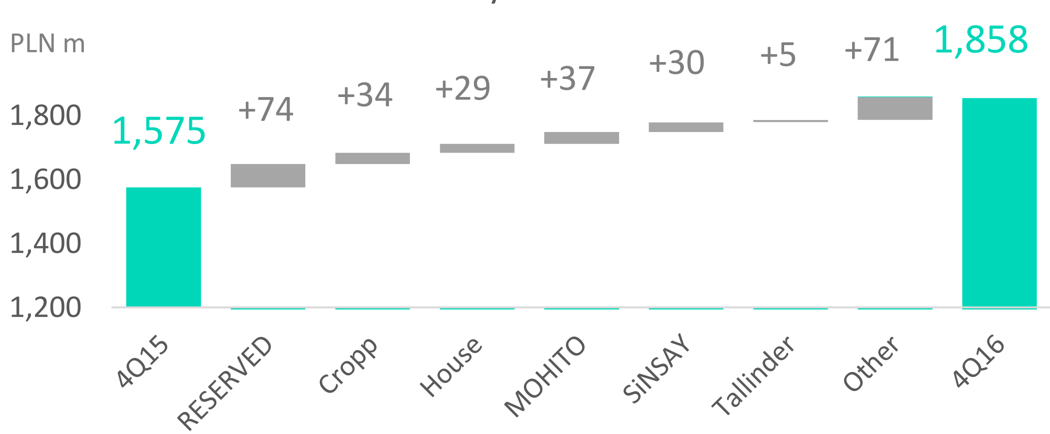


Group 4Q16 revenue growth contributors

REVENUE GROWTH
by regions



REVENUE GROWTH
by brands

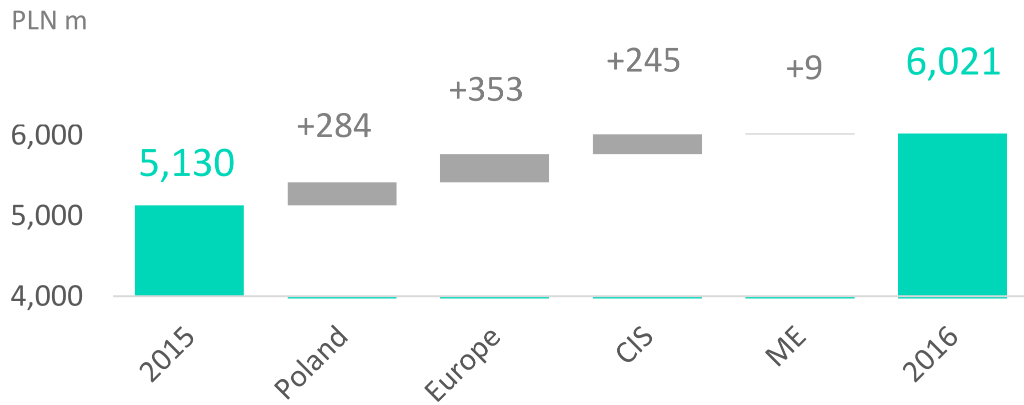


REVENUES
by brands

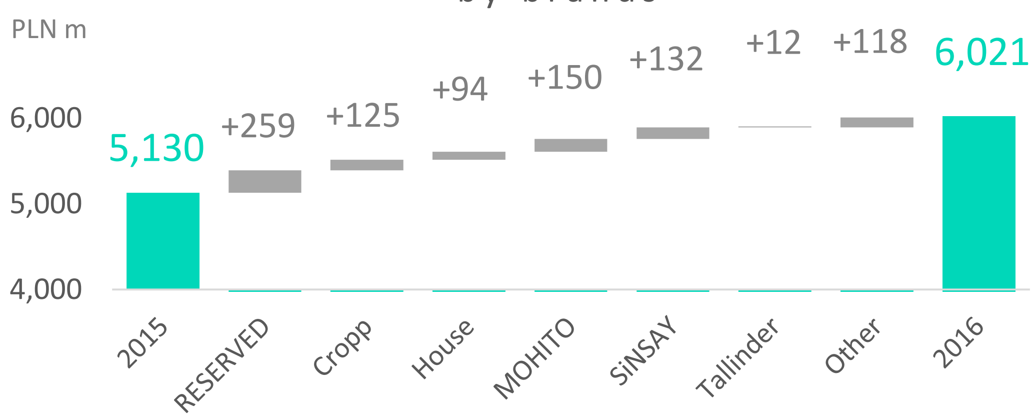
PLN m	4Q15	4Q16	YoY
LPP GROUP	1,575.0	1,855.0	17.8%
RESERVED PL	436.4	435.6	-0.2%
RESERVED EX	317.7	392.4	23.5%
Cropp PL	137.2	142.1	3.6%
Cropp EX	97.1	126.6	30.4%
House PL	151.3	163.9	8.4%
House EX	65.1	81.1	24.5%
MOHITO PL	105.5	119.1	12.9%
MOHITO EX	69.5	92.4	33.1%
SiNSAY PL	84.5	102.2	21.0%
SiNSAY EX	20.4	33.1	62.4%
Tallinder PL	0.0	4.6	n/m
Other	90.4	161.9	79.1%

Group 2016 revenue growth contributors

REVENUE GROWTH
by regions



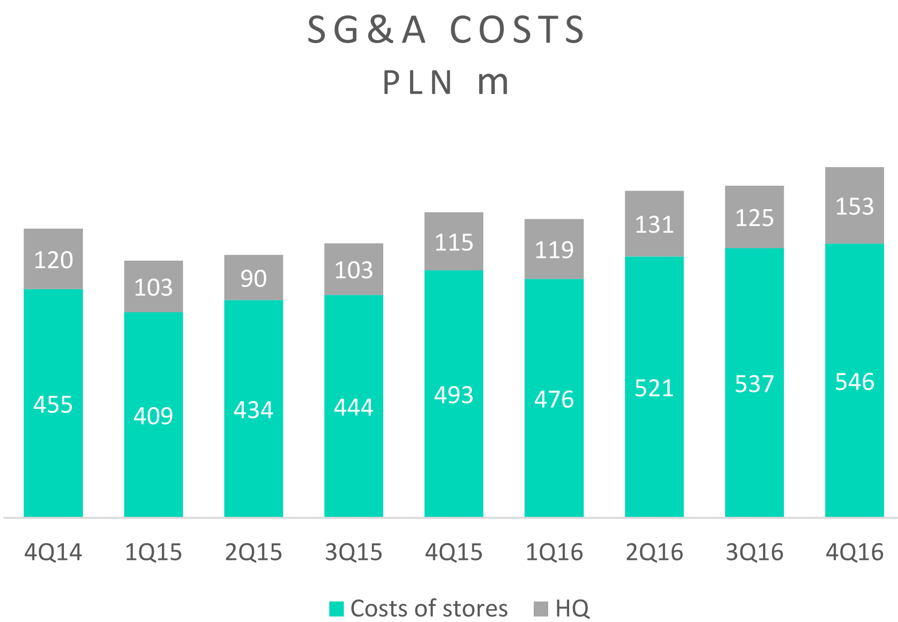
REVENUE GROWTH
by brands

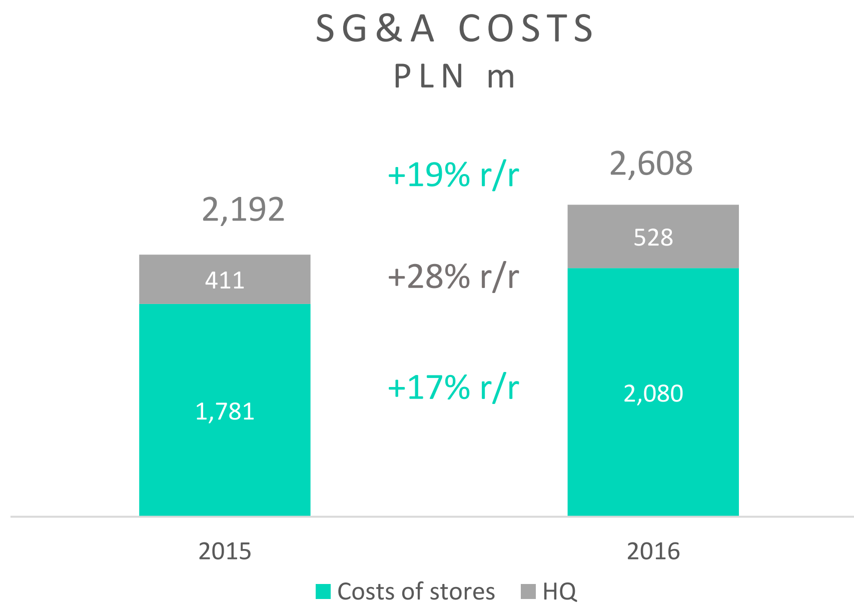


REVENUES
by brands

PLN m	2015	2016	YoY
LPP GROUP	5,130.4	6,020.6	17.4%
RESERVED PL	1,421.5	1,407.0	-1.0%
RESERVED EX	1,012.3	1,285.9	27.0%
Cropp PL	467.8	497.4	6.3%
Cropp EX	322.0	417.5	29.7%
House PL	469.7	517.3	10.1%
House EX	203.4	249.9	22.8%
MOHITO PL	353.5	405.5	14.7%
MOHITO EX	233.0	331.3	42.2%
SiNSAY PL	262.0	346.1	32.1%
SiNSAY EX	66.9	114.8	71.6%
Tallinder PL	0.0	12.1	n/m
Other	318.2	436.0	37.0%

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. Stores in the Middle East do not affect SG&A costs.
- Costs of stores ➔ YoY growth in 4Q16 due to higher YoY floorspace, depreciation of zloty versus euro and HR costs. Fall in costs of franchise stores in Poland, due to switch to company owned stores.
- HQ costs ➔ YoY growth in 4Q16 due to development of product departments and further e-commerce expansion.

New inventory write-off policy

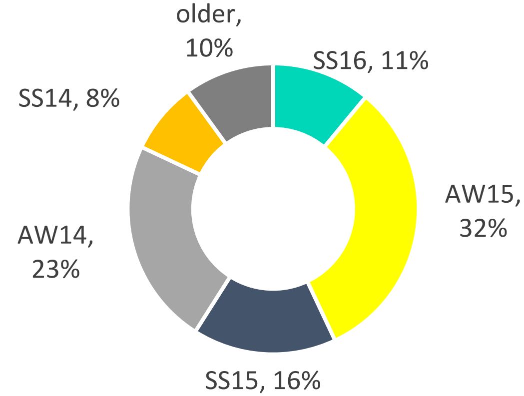
PREVIOUSLY

- Unsold goods were shifted to post-season warehouse and outlets. The goods returned to stores in the next season.
- Inventory older than 3 years was written-off.

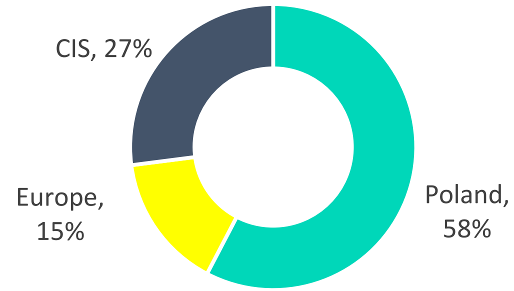
CURRENTLY

- Write-offs are updated twice a year, after the end of the season (in June and in December).
- Write-offs equal to 60% of the goods value sold to third parties (the rest of the goods is sold to outlets, no write-offs).

INVENTORY SOLD XII `16
by COLLECTIONS



INVENTORY SOLD XII `16
by REGIONS



Other operating activity and net financials in 4Q16

OTHER OPERATING REVENUES

PLN m	4Q15	4Q16
Inventory excess (write-ups)	3.8	6.1
Gain on sale of assets	6.1	10.3 *
Other operating revenues	**7.7**	**18.3**

OTHER OPERATING COSTS

PLN m	4Q15	4Q16
Write-offs	6.1	39.6
Inventory losses	14.4	17.0
Donations and others	4.6	1.4
Other operating costs	**26.2**	**60.8**

OTHER OPERATING ACTIVITY	-18.5	-42.5

* Incl. c.PLN 8m of write-off reversal in 4Q16.

FINANCIAL REVENUES

PLN m	4Q15	4Q16
FX gains	0.0	-8.7
Interest	0.0	0.4
Financial revenues	**0.0**	**-8.0**

FINANCIAL COSTS

PLN m	4Q15	4Q16
FX losses	35.8	7.3
Interest	5.6	5.1
Fees and charges	0.3	1.3
Financial costs	**42.1**	**13.6**

NET FINANCIALS	-42.0	-21.7

Other operating activity and net financials in 2016

OTHER OPERATING REVENUES

PLN m	2015	2016
Inventory excess (write-ups)	13.1	18.2
Gain on sale of assets	6.9	17.7 *
Other operating revenues	**24.2**	**39.4**

OTHER OPERATING COSTS

PLN m	2015	2016
Write-offs	11.4	69.2
Inventory losses	39.7	52.1
Donations and others	15.0	9.3
Other operating costs	**72.7**	**137.5**

OTHER OPERATING ACTIVITY	-48.5	-98.1

* Incl. c.PLN 8m of write-off reversal in 4Q16.

FINANCIAL REVENUES

PLN m	2015	2016
FX gains	0.0	0.0
Interest	1.8	0.9
Financial revenues	**2.0**	**1.3**

FINANCIAL COSTS

PLN m	2015	2016
FX losses	68.6	7.3
Interest	19.1	22.6
Fees and charges	1.9	3.8
Financial costs	**90.3**	**33.6**

NET FINANCIALS	-88.3	-32.3

Historical quarterly numbers

PLN m	1Q15	1Q16	2Q15	2Q16	3Q15	3Q16	4Q15	4Q16	YoY
Revenues	**1,002.6**	**1,174.8**	**1,291.3**	**1,502.4**	**1,261.5**	**1,488.4**	**1,575.0**	**1,855.0**	**17.8%**
Gross profit on sales	543.6	541.8	673.4	749.7	663.2	700.6	862.8	943.1	9.3%
Gross profit margin	*54.2%*	*46.1%*	*52.1%*	*49.9%*	*52.6%*	*47.1%*	*54.8%*	*50.8%*	*-4,0 p.p.*
SG&A costs	512.5	595.3	523.5	651.7	546.8	662.2	608.9	698.7	14.7%
Other operating activity net	-7.3	-10.4	-13.1	-11.6	-9.6	-33.6	-18.5	-42.5	
EBIT	**23.7**	**-63.9**	**136.8**	**86.5**	**106.8**	**4.8**	**235.4**	**201.9**	**-14.2%**
EBIT margin	*2.4%*	*-5.4%*	*10.6%*	*5.8%*	*8.5%*	*0.3%*	*14.9%*	*10.9%*	*-4,0 p.p.*
Net financial activity	-53.4	-5.0	21.5	2.4	-14.4	-8.0	-42.0	-21.7	
Pre-tax profit	**-29.7**	**-68.9**	**158.3**	**88.9**	**92.5**	**-3.2**	**193.4**	**180.3**	**-6.8%**
Tax	7.6	-3.4	21.6	-0.9	12.7	3.2	21.0	22.1	
Net income	**-37.3**	**-65.6**	**136.6**	**89.8**	**79.7**	**-6.5**	**172.3**	**158.2**	**-8.2%**
Net income margin	*-3.7%*	*-5.6%*	*10.6%*	*6.0%*	*6.3%*	*-0.4%*	*10.9%*	*8.5%*	*-2.4 p.p.*

Balance sheet remains stable

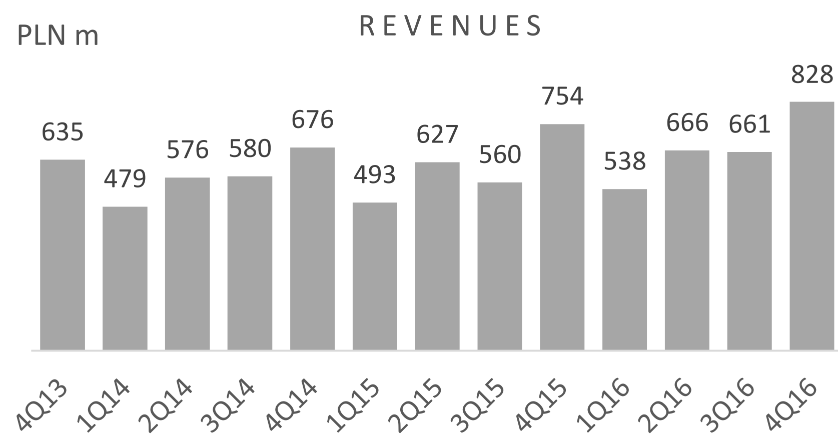
PLN m	31.12.2015	31.12.2016
Non-current assets	**1,797.0**	**1,840.6**
intangibles (including goodwill)	324.4	330.6
fixed assets	1,258.8	1,292.9
Current assets	**1,768.2**	**1,839.9**
inventory	1,319.7	1,164.7
trade receivables	115.1	165.9
cash and equivalents	224.4	365.8
Total assets	**3,565.2**	**3,680.5**
Equity	**1,889.7**	**2,135.5**
Long-term liabilities	**344.1**	**269.3**
interest bearing debt	284.3	195.0
Short-term liabilities	**1,331.3**	**1,275.7**
trade liabilities	721.4	878.3
interest bearing debt	561.1	315.1
Total liabilities	**3,565.2**	**3,680.5**

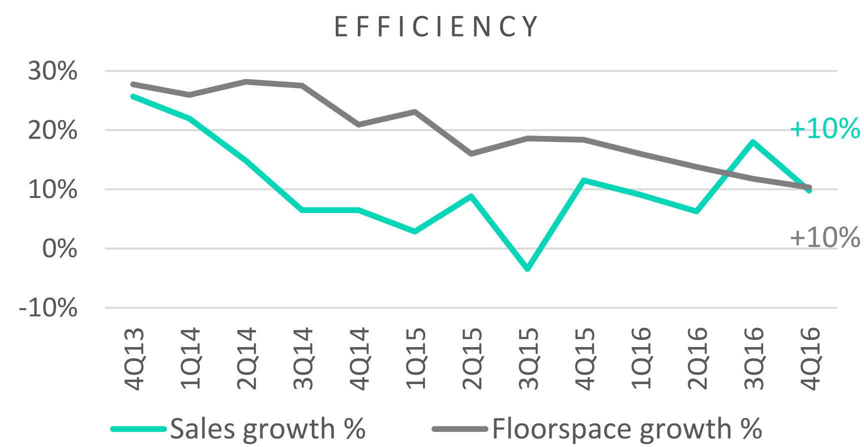
- Higher YoY fixed assets due to investments in stores.
- Stable YoY intangibles due to investments in concept stores of five brands, but write-offs for Tallinder brand.
- YoY fall in inventory due introduction of new management policy.
- YoY growth in receivables due to sell-off of inventory in December 2016.
- Pick-up in trade liabilities due to higher floorspace.
- YoY fall in short-term debt due to stronger operating cash flow.
- YoY fall in long-term debt – part of the debt used for investments reclassified to short-term borrowing.

RESERVED

- A fast fashion brand with a broad customer base; wide range of collections.
- Target customers: women, men and children.
- Established in 1998.
- 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.

	4Q15	4Q16	YoY
Average store space (m2)	1,027	1,104	7%
Average monthly sales (PLN/m2)	556	560	1%

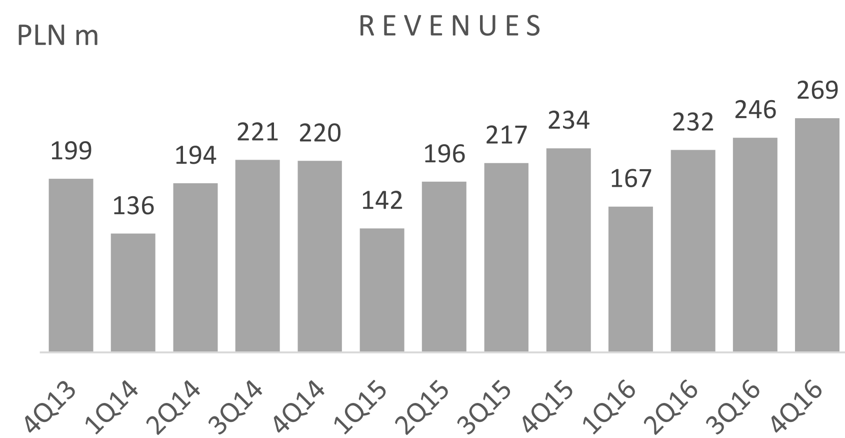


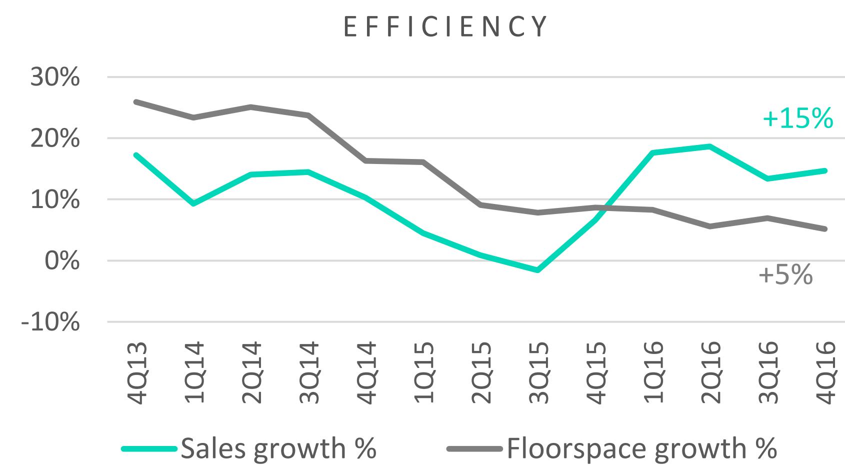


CROPP

- 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.

	4Q15	4Q16	YoY
Average store space (m2)	308	318	3%
Average monthly sales (PLN/m2)	669	751	12%

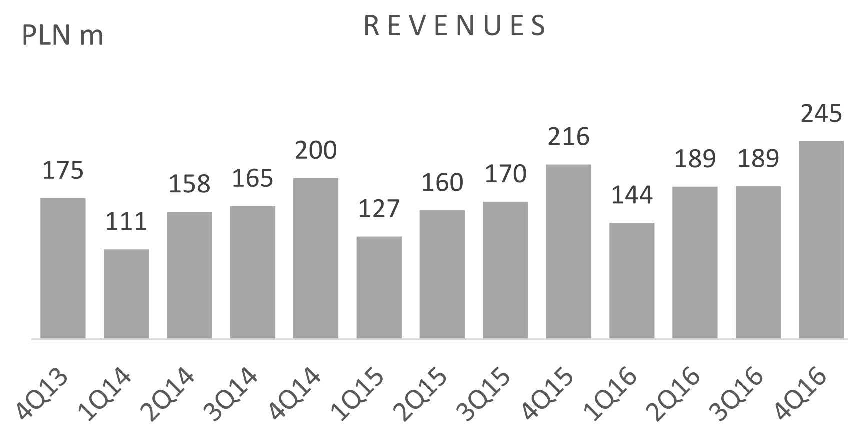


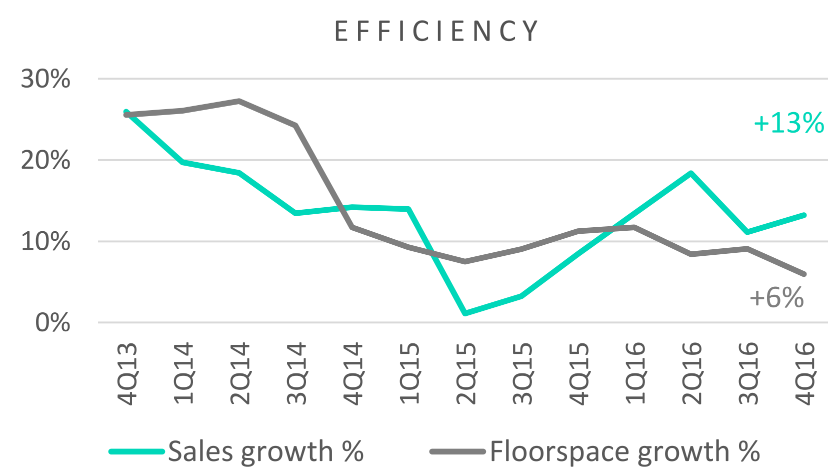


house

- 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.

	4Q15	4Q16	YoY
Average store space (m2)	313	320	2%
Average monthly sales (PLN/m2)	701	777	11%

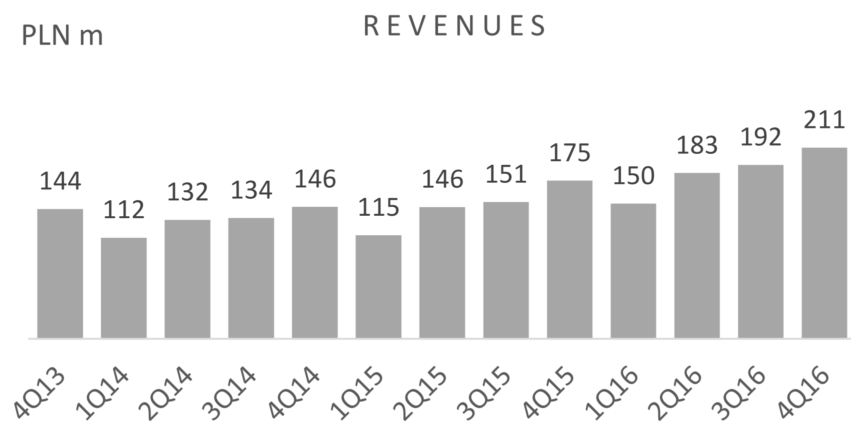


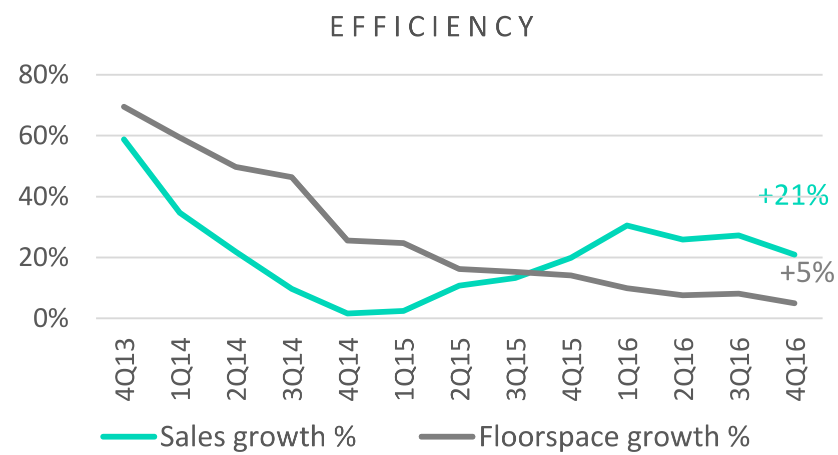


MOHITO

- 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 was the face of AW2015/16 collection. Top-model Anna Jagodzińska advertised SS16 collection.
- Store concept: relates to elegance and beauty. The centre of the store is bright and is surrounded by a darker environment.

	4Q15	4Q16	YoY
Average store space (m2)	337	342	1%
Average monthly sales (PLN/m2)	614	714	16%

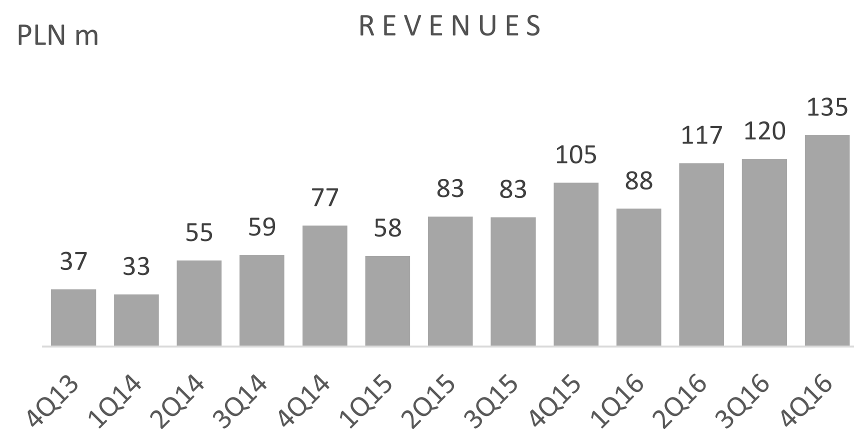


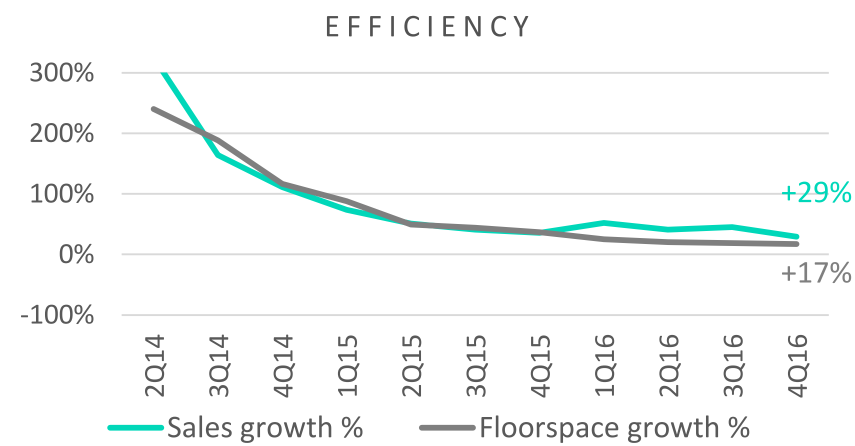


sinsay

- 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.

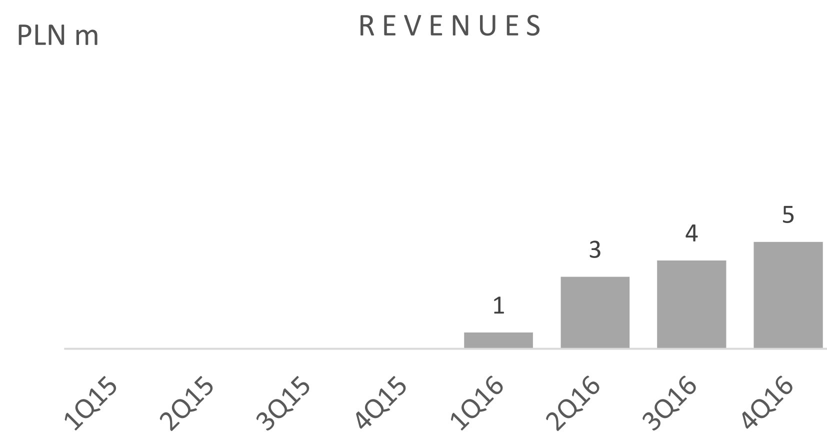
	4Q15	4Q16	YoY
Average store space (m2)	351	352	0%
Average monthly sales (PLN/m2)	602	669	11%





TALLINDER

- Fashion brand for customers who appreciate timeless elegance, minimalism and high quality.
- Target customer: Men and women + 30 years old.
- First stores: February 2016.
- All stores closed down in February 2017.
- SS16 collection advertised by a well-known football player Jarosław Bieniuk.
- Elegant store interiors decorated in natural materials like stone, leather and wood stained in ink.



	4Q15	4Q16	YoY
Average store space (m2)	-	452	n/m
Average monthly sales (PLN/m2)	-	382	n/m

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 and from 2017 also Belarus and Kazakhstan.
SEE	Region including: Bulgaria, Romania, Croatia, while from 2017 also Serbia.
WE	Region including Germany and from 2017 also the UK.
ME	Region including: Egypt, Qatar, Kuwait, Saudi Arabia, UAE.
Europe	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 all franchise stores which represent c. 6% of the working floorspace) / 3.
Average monthly SG&A PLN/m2	Quarterly SG&A costs/ average working total floorspace excluding stores located in ME / 3.
Inventory/ m2	End of period group inventory/ total floorspace without franchise stores in ME.
Inventory days	Average quarterly inventory/ group COGS * 90 days.
Receivables days	Average quarterly 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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