

LPP

FACT SHEET 2Q19

LPP is a Polish clothing producer. Based in Gdańsk, the Company has more than 25 years of experience in designing and selling clothes and accessories.

The Company owns five well-known fashion labels: Reserved, Cropp, House, Mohito and Sinsay, each in mainstream price range. Each brand has its own features and target group.

LPP's stores are located in 24 countries around the world, including highstreets of London, Berlin and Munich. Revenues from Poland constitute below 50% of group sales.

The Company does not have own factories. The majority of production is sourced from suppliers from the Far East. Part is produced in Europe, including Poland.



SHAREHOLDERS

As at 12.09.2019	# shares	%	# votes	%
Semper Simul Foundation	319,208	17.2%	1,019,208	31.5%
Sky Foundation	226,338	12.2%	926,338	28.6%
Treasury shares	18,006	1.0%	0	0.0%
Free-float	1,288,871	69.6%	1,288,871	39.9%
TOTAL	1,852,423		3,234,417	

Semper Simul Foundation is linked to the CEO Marek Piechocki, while Sky Foundation is linked to Chairman of the Supervisory Board, Jerzy Lubianiec.

STOCK DATA

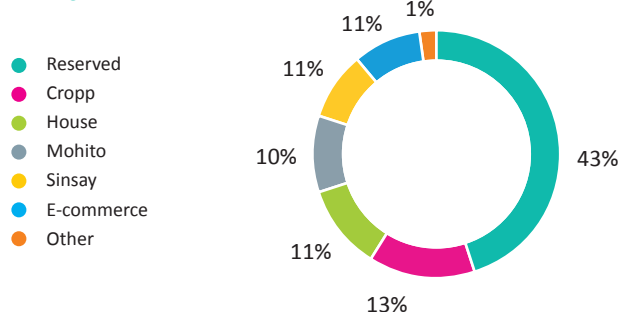
Price (30.06.2019)	7,640	EPS (2018)	275.53
Min (1Y)	7,090	DPS (2018)	60.00
Max (1Y)	9,540	Div yield (%)	0.8
Mkt Cap (PLN m)	14,153	Ticker	LPP
Free-float (PLN m)	9,847	Bloomberg	LPP PW
Book value (PLN m)	2,879	Reuters	LPPPWA

INVESTMENT THESIS

- Continued floorspace growth via new markets development.
- Dynamic e-commerce sales growth.
- Efficient business model with high operating leverage.
- Net cash allows for dividend payments.
- A socially responsible company.

REVENUE SPLIT BY BRANDS

1H19

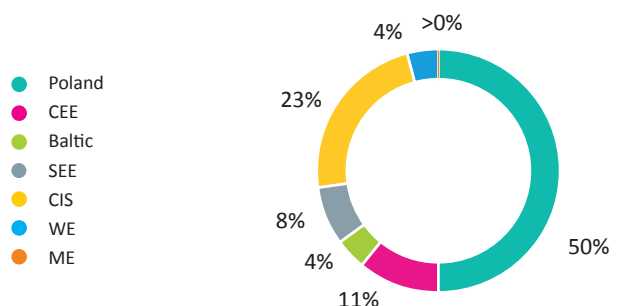


SHARE PRICE PERFORMANCE



REVENUE SPLIT BY COUNTRIES

1H19



RESERVED

CROPP

house

MOHITO

sinsay

LPP

NETWORK

	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2016	2017	2018
NO. OF STORES												
Reserved	458	454	468	458	463	451	464	451	453	461	468	464
Cropp	386	373	381	377	382	362	373	365	374	379	381	373
House	338	324	333	332	335	326	332	320	326	330	333	332
Mohito	288	285	294	291	294	291	296	289	289	290	294	296
Sinsay	204	213	233	236	253	256	272	274	288	198	233	272
Tallinder	0	0	0	0	0	0	0	0	0	9	0	0
Outlets	36	34	34	34	29	28	28	25	22	36	34	28
TOTAL	1.710	1.683	1.743	1.728	1.756	1.714	1.765	1.724	1.752	1.703	1.743	1.765
FLOORSPACE (tho m²)												
Poland	492.1	490.5	514.0	511.5	518.0	507.2	529.5	513.9	521.2	496.6	514.0	529.5
Europe	216.9	224.1	232.8	235.0	254.9	261.8	279.4	287.4	327.1	209.5	232.8	279.4
CIS	216.5	218.7	247.3	247.8	254.7	259.0	275.4	277.1	278.9	207.0	247.3	275.4
ME	8.2	6.6	6.6	6.6	6.6	7.3	7.1	7.1	7.1	7.6	6.6	7.1
TOTAL	933.7	939.9	1.000.6	1.000.9	1.034.2	1.035.4	1.091.3	1.085.4	1.134.3	920.7	1.000.6	1.091.3

CONSOLIDATED INCOME STATEMENT

PLN m	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2016	2017	2018
Revenues	1,705.4	1,812.8	2,148.9	1,580.4	2,049.7	2,043.9	2,372.7	1,827.7	2,214.1	6,019.0	7,029.4	8,046.8
COGS	734.5	924.1	901.9	867.5	825.3	1,000.6	952.1	1,034.7	901.3	3,085.2	3,302.3	3,645.5
Gross profit on sales	970.9	888.6	1,247.0	712.8	1,224.5	1,043.4	1,420.6	793.0	1,312.8	2,933.8	3,727.1	4,401.3
SG&A costs	743.8	775.0	861.9	820.5	891.6	898.8	921.3	874.0	948.6	2,608.8	3,099.9	3,532.2
Other operating activity	-19.5	-10.5	-8.4	-10.1	-21.1	-15.4	-66.0	-19.1	-11.7	-98.6	-48.7	-112.5
EBIT	207.6	103.1	376.7	-117.7	311.8	129.2	433.3	-100.2	352.5	226.4	578.4	756.6
Net financials	1.4	11.2	-24.9	14.5	-15.5	-19.2	-12.7	-16.6	-10.8	-32.3	-14.8	-32.9
Pre-tax profit	209.0	114.3	351.9	-103.2	296.3	110.0	420.6	-116.9	341.8	194.1	563.7	723.7
Tax	35.8	29.3	52.3	1.6	90.2	18.4	108.3	-2.3	136.3	19.3	122.9	218.5
Minorities	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Net income	173.3	85.1	299.5	-104.8	206.1	91.6	312.3	-114.6	205.5	174.8	440.9	505.2
EBITDA	281.2	175.5	450.3	-33.3	397.4	217.4	524.2	132.2	594.9	493.8	871.9	1,105.7

EFFICIENCY

	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2016	2017	2018
Sales / m ² per month	622	648	741	532	674	663	751	567	667	575	628	662
Gross profit on sales / m ² per month	354	318	430	240	403	338	445	238	396	280	332	358
Costs of own stores / m ² per month (IAS17)	211	214	216	212	212	207	201	201	203	200	214	207
SG&A costs / m ² per month (IAS17)	271	280	300	279	297	295	292	277	283	251	280	291
Gross profit margin	56.9%	49.0%	58.0%	45.1%	59.7%	51.0%	59.9%	43.4%	59.3%	48.7%	53.0%	54.7%
EBITDA margin	16.5%	9.7%	21.0%	-2.1%	19.4%	10.6%	22.1%	7.2%	26.9%	8.2%	12.4%	13.7%
EBIT margin	12.2%	5.7%	17.5%	-7.4%	15.2%	6.3%	18.3%	-5.5%	15.9%	3.8%	8.2%	9.4%
Net margin	10.2%	4.7%	13.9%	-6.6%	10.1%	4.5%	13.2%	-6.3%	9.3%	2.9%	6.3%	6.3%
ROE (4Q)	10.2%	14.2%	20.3%	20.8%	21.3%	20.8%	19.0%	19.3%	18.4%	8.7%	19.3%	19.0%

CONSOLIDATED BALANCE SHEET

PLN m	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2016	2017	2018
Non-current assets	1,886.1	1,952.1	2,041.4	2,043.8	2,128.6	2,238.1	2,417.8	5,320.5	5,393.4	1,838.7	2,041.4	2,417.8
Fixed assets	1,346.1	1,397.5	1,478.2	1,480.1	1,558.5	1,648.3	1,818.3	1,861.9	1,992.0	1,291.3	1,478.2	1,818.3
Right of use assets (IFRS16)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,889.0	2,868.2	0.0	0.0	0.0
Intangibles (incl. goodwill)	339.3	344.2	351.2	354.7	359.1	368.1	376.7	384.6	394.7	330.6	351.2	376.7
Current assets	2,146.3	2,205.0	2,289.5	2,163.8	2,630.9	2,929.8	2,963.1	2,750.2	3,197.3	1,839.3	2,289.5	2,963.1
Inventory	1,481.6	1,638.7	1,475.2	1,402.9	1,512.2	1,587.1	1,590.4	1,370.0	1,984.8	1,164.1	1,475.2	1,590.4
Trade receivables	134.8	181.5	199.6	175.2	121.4	207.3	121.7	177.1	167.3	165.4	199.6	121.7
Cash and equivalents	434.9	256.4	514.8	440.9	651.5	851.2	1,045.0	991.8	862.9	365.8	514.8	1,045.0
Total assets	4,032.4	4,157.1	4,330.8	4,207.7	4,759.5	5,167.8	5,380.8	8,070.7	8,590.7	3,677.9	4,330.8	5,380.8
Equity	2,063.3	2,184.0	2,443.4	2,340.4	2,504.4	2,555.3	2,860.5	2,786.0	2,878.6	2,134.7	2,443.4	2,860.5
Long-term liabilities	316.2	307.5	324.4	317.9	322.4	315.3	346.1	2,618.8	2,609.2	267.3	324.4	346.1
Interest bearing debt	168.5	155.2	141.8	128.5	115.2	101.9	88.6	75.2	61.9	195.0	141.8	88.6
Financial leases (IFRS16)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,432.1	2,431.3	0.0	0.0	0.0
Provisions	3.0	3.3	0.8	0.8	0.8	0.8	1.0	1.0	1.0	2.7	0.8	1.0
Other long-term liabilities	144.6	149.0	181.8	188.6	206.4	212.6	256.6	110.4	115.0	69.5	181.8	256.6
Short-term liabilities	1,652.9	1,665.6	1,563.0	1,549.3	1,932.7	2,297.2	2,174.1	2,665.9	3,103.0	1,275.9	1,563.0	2,174.1
Interest bearing debt	255.4	112.1	56.5	91.2	172.7	224.1	203.2	322.7	175.0	315.1	56.5	203.2
Financial leases (IFRS16)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	586.5	599.0	0.0	0.0	0.0
Trade liabilities	1,216.5	1,417.3	1,325.3	1,296.3	1,444.3	1,776.8	1,557.4	1,566.6	2,056.0	881.1	1,325.3	1,557.4
Provisions	36.8	36.3	53.5	47.2	124.9	146.9	234.4	78.9	153.6	38.2	53.5	107.1
Other short-term liabilities	144.2	100.0	127.7	114.7	202.8	149.3	179.1	111.2	119.4	41.6	127.7	306.4
Total liabilities	4,032.4	4,157.1	4,330.8	4,207.7	4,759.5	5,167.8	5,380.8	8,070.7	8,590.7	3,677.9	4,330.8	5,380.8

INDEBTEDNESS

PLN m	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2016	2017	2018
Net debt	-11.0	10.8	-316.5	-221.1	-363.6	-525.1	-753.2	-593.9	-625.9	144.4	-316.5	-753.2
Cash	434.9	256.4	514.8	440.9	651.5	851.2	1,045.0	991.8	862.9	365.8	514.8	1,045.0
Debt	423.9	267.2	198.3	219.7	287.9	326.0	291.8	397.9	236.9	510.1	198.3	291.8
Net debt/EBITDA (4 quarters)	0.0	0.0	-0.4	-0.3	-0.4	-0.5	-0.7	-0.5	-0.9	0.3	-0.4	-0.7

TURNOVER RATIOS

	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2016	2017	2018
Cash cycle (days)	47	32	27	23	15	3	-1	0	-6	61	33	16
Receivables (days)	8	8	8	10	6	8	6	7	7	9	9	7
Inventory (days)	167	152	155	149	159	138	150	129	167	147	146	153
Liabilities (days)	129	128	137	136	149	143	158	136	181	95	122	144

CONSOLIDATED CASH FLOW

PLN m	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2016	2017	2018
Operating CF	442.4	129.3	414.9	51.0	420.3	429.8	310.9	121.9	514.5	718.2	893.2	1,212.0
D&A	73.7	72.5	73.5	84.4	85.6	88.2	90.9	232.4	242.4	267.4	293.4	349.2
Investing CF	-80.7	-105.6	-91.3	-146.0	-281.3	-192.3	-84.8	-123.7	-180.8	-181.4	-38	