

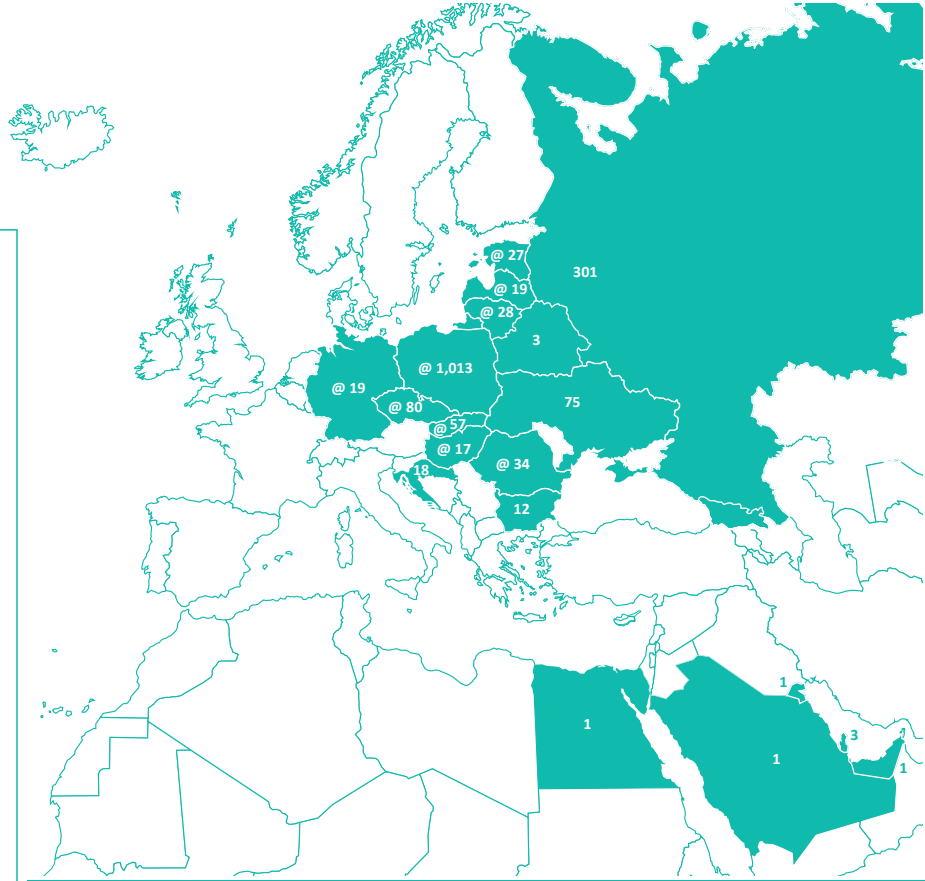
# LPP

## FACT SHEET 2Q17

LPP is an international retail company based in Gdańsk with over 20 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. In February 2016 LPP launched its first up-market brand – Tallinder. However, due to unsatisfactory sales levels and willingness to concentrate on development of the main Reserved brand, Tallinder stores were closed down in February 2017.

LPP's stores are located in 19 countries around the world. Revenues from Poland constitute around 55% of group sales.

The Company does not have own factories. The majority of the production is sourced from the Far East.



NO. OF STORES: 1,710

### SHAREHOLDERS

As at 30.06.2017	shares	%	votes	%
Marek Piechocki	175,497	9.5%	875,493	27.2%
Jerzy Lubianiec	174,999	9.5%	874,995	27.2%
Forum TFI	200,730	10.9%	200,738	6.2%
Treasury Shares	18,978	1.0%	0	0.0%
Free-float	1,269,087	69.0%	1,269,087	39.4%
<b>TOTAL</b>	<b>1,839,291</b>		<b>3,220,313</b>	

As of 30.08.2017 the number of shares was higher by 13,132 due to conversion of warrants into shares. Forum TFI manages Forum 64 FIZ related to Jerzy Lubianiec and Forum 65 FIZ related to Marek Piechocki.

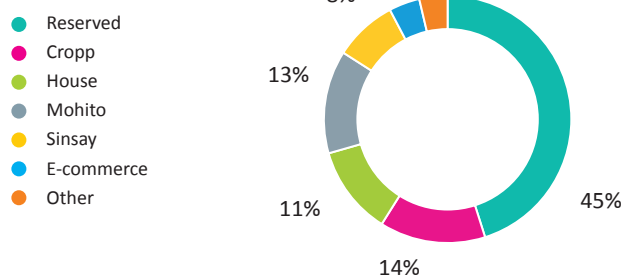
### STOCK DATA

Price (30.06.2017)	7,150	EPS (2016)	96
Min (1Y)	4,490	DPS	35.74
Max (1Y)	7,200	Div yield (%)	0.5
Mkt Cap (PLN m)	13,151	Ticker	LPP
Free-float (PLN m)	9,074	Bloomberg	LPP PW
Book value (PLN m)	2,016	Reuters	LPPPWA

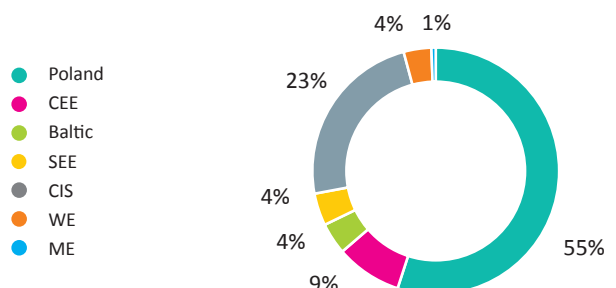
### INVESTMENT THESIS

- Floorspace growth via new markets development.
- Dynamic e-commerce growth.
- Efficient business model.
- Cash generation allows for sustaining dividend payments.
- Experienced executives with long-term vision.

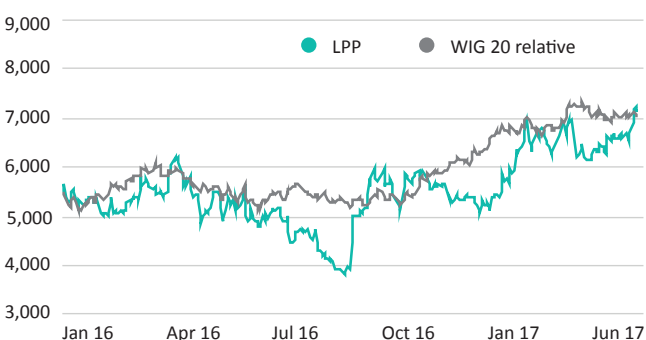
### REVENUES SPLIT BY BRANDS (1H17)



### REVENUES SPLIT BY COUNTRIES (1H17)



### SHARE PRICE PERFORMANCE



RESERVED

CROPP

house

MOHITO

sinsay

## NETWORK

	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	2014	2015	2016
<b>NO. OF STORES</b>												
Reserved	429	437	449	448	447	449	461	455	458	425	449	461
Cropp	382	362	372	375	388	375	379	376	386	366	372	379
House	330	311	319	322	343	326	330	321	338	308	319	330
Mohito	268	271	280	281	284	288	290	285	288	256	280	290
Sinsay	150	157	170	172	179	185	198	198	204	129	170	198
Tallinder	0	0	0	6	8	8	9	0	0	0	0	9
Outlets	35	36	37	37	37	37	36	36	36	32	37	36
<b>TOTAL</b>	<b>1,594</b>	<b>1,574</b>	<b>1,627</b>	<b>1,641</b>	<b>1,686</b>	<b>1,668</b>	<b>1,703</b>	<b>1,671</b>	<b>1,710</b>	<b>1,516</b>	<b>1,627</b>	<b>1,703</b>
<b>FLOORSPACE (th m²)</b>												
Poland	443.5	443.9	465.0	468.3	477.4	471.2	496.6	485.3	492.1	413.6	465.0	496.6
Europe	147.7	161.7	179.0	184.4	190.8	205.2	209.5	212.8	216.9	128.6	179.0	209.5
CIS	183.2	187.7	193.9	194.7	196.9	204.0	207.0	208.2	216.5	180.3	193.9	207.0
ME	3.9	5.5	5.5	7.6	7.6	7.6	7.6	7.6	8.2	0.0	5.5	7.6
<b>TOTAL</b>	<b>778.4</b>	<b>798.8</b>	<b>843.5</b>	<b>855.0</b>	<b>872.7</b>	<b>888.0</b>	<b>920.7</b>	<b>913.9</b>	<b>933.7</b>	<b>722.5</b>	<b>843.5</b>	<b>920.7</b>

## CONSOLIDATED INCOME STATEMENT

PLN m	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	2014	2015	2016
<b>Revenues</b>	<b>1,291.3</b>	<b>1,261.5</b>	<b>1,575.0</b>	<b>1,174.8</b>	<b>1,502.4</b>	<b>1,488.4</b>	<b>1,853.4</b>	<b>1,362.3</b>	<b>1,705.4</b>	<b>4,769.3</b>	<b>5,130.4</b>	<b>6,019.0</b>
COGS	617.9	598.3	712.3	633.1	752.7	787.8	911.7	741.7	741.1	1,976.8	2,387.5	3,085.2
<b>Gross profit on sales</b>	<b>673.4</b>	<b>663.2</b>	<b>862.8</b>	<b>541.8</b>	<b>749.7</b>	<b>700.6</b>	<b>941.7</b>	<b>620.6</b>	<b>964.4</b>	<b>2,792.5</b>	<b>2,742.8</b>	<b>2,933.8</b>
SG&A costs	523.5	546.8	608.9	595.3	651.7	662.2	699.6	719.2	743.8	2,148.3	2,191.7	2,608.8
Other operating activity	-13.1	-9.6	-18.5	-10.4	-11.6	-33.6	-43.0	-10.4	-13.0	-35.0	-48.5	-98.6
<b>EBIT</b>	<b>136.8</b>	<b>106.8</b>	<b>235.4</b>	<b>-63.9</b>	<b>86.5</b>	<b>4.8</b>	<b>199.1</b>	<b>-109.0</b>	<b>207.6</b>	<b>609.1</b>	<b>502.7</b>	<b>226.4</b>
Net financials	21.5	-14.4	-42.0	-5.0	2.4	-8.0	-21.7	-2.5	1.4	-149.2	-88.3	-32.3
<b>Pre-tax profit</b>	<b>158.3</b>	<b>92.5</b>	<b>193.4</b>	<b>-68.9</b>	<b>88.9</b>	<b>-3.2</b>	<b>177.4</b>	<b>-111.5</b>	<b>209.0</b>	<b>459.9</b>	<b>414.4</b>	<b>194.1</b>
Tax	21.6	12.7	21.0	-3.4	-0.9	3.2	20.4	5.5	35.8	-22.0	63.0	19.3
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	2.3	0.0	0.0
<b>Net income</b>	<b>136.6</b>	<b>79.7</b>	<b>172.3</b>	<b>-65.6</b>	<b>89.8</b>	<b>-6.5</b>	<b>157.0</b>	<b>-117.0</b>	<b>173.3</b>	<b>479.5</b>	<b>351.3</b>	<b>174.8</b>
<b>EBITDA</b>	<b>192.5</b>	<b>162.6</b>	<b>297.1</b>	<b>-1.0</b>	<b>152.7</b>	<b>72.9</b>	<b>269.2</b>	<b>-35.2</b>	<b>281.2</b>	<b>802.8</b>	<b>726.2</b>	<b>493.8</b>

## EFFICIENCY

	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	2014	2015	2016
Sales / m² per month	567	535	631	468	580	567	680	499	622	589	548	575
Gross profit on sales / m² per month	296	281	346	216	290	267	346	227	352	356	293	280
Costs of own stores / m² per month	187	186	195	191	202	205	201	214	211	218	189	200
SG&A costs / m² per month	230	232	244	237	254	258	254	266	271	274	234	251
Gross profit margin	52.1%	52.6%	54.8%	46.1%	49.9%	47.1%	50.8%	45.6%	56.5%	58.6%	53.5%	48.7%
EBITDA margin	14.9%	12.9%	18.9%	-0.1%	10.2%	4.9%	14.5%	-2.6%	16.5%	16.8%	14.2%	8.2%
EBIT margin	10.6%	8.5%	14.9%	-5.4%	5.8%	0.3%	10.7%	-8.0%	12.2%	12.8%	9.8%	3.8%
Net margin	10.6%	6.3%	10.9%	-5.6%	6.0%	-0.4%	8.5%	-8.6%	10.2%	10.1%	6.8%	2.9%
ROE	26.1%	25.2%	20.1%	17.9%	14.9%	10.0%	8.9%	6.2%	10.2%	30.6%	19.9%	8.7%

## CONSOLIDATED BALANCE SHEET

PLN m	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	2014	2015	2016
<b>Non-current assets</b>	<b>1,638.4</b>	<b>1,664.3</b>	<b>1,797.0</b>	<b>1,782.7</b>	<b>1,811.7</b>	<b>1,797.8</b>	<b>1,838.7</b>	<b>1,813.8</b>	<b>1,795.2</b>	<b>1,516.4</b>	<b>1,797.0</b>	<b>1,838.7</b>
Fixed assets	1,129.2	1,149.0	1,258.8	1,241.3	1,266.0	1,260.3	1,291.3	1,272.0	1,248.5	1,038.8	1,258.8	1,291.3
Intangibles (incl. goodwill)	321.0	323.3	324.4	325.2	326.5	325.9	330.6	334.2	339.3	315.9	324.4	330.6
<b>Current assets</b>	<b>1,601.8</b>	<b>1,742.2</b>	<b>1,768.2</b>	<b>1,761.6</b>	<b>1,913.3</b>	<b>1,954.7</b>	<b>1,839.3</b>	<b>1,856.1</b>	<b>2,145.1</b>	<b>1,417.3</b>	<b>1,768.2</b>	<b>1,839.3</b>
Inventory	1,167.1	1,336.0	1,319.7	1,373.6	1,444.0	1,438.3	1,164.1	1,251.4	1,480.2	979.3	1,319.7	1,164.1
Trade receivables	192.0	186.6	115.1	109.6	116.5	112.8	165.4	154.8	134.8	176.9	115.1	165.4
Cash and equivalents	155.7	119.9	224.4	145.3	219.2	265.9	365.8	280.4	434.9	183.5	224.4	365.8
<b>Total assets</b>	<b>3,240.2</b>	<b>3,406.6</b>	<b>3,565.2</b>	<b>3,544.3</b>	<b>3,724.9</b>	<b>3,752.4</b>	<b>3,677.9</b>	<b>3,669.9</b>	<b>3,940.3</b>	<b>2,933.7</b>	<b>3,565.2</b>	<b>3,677.9</b>
<b>Equity</b>	<b>1,725.4</b>	<b>1,739.7</b>	<b>1,889.7</b>	<b>1,851.1</b>	<b>1,933.9</b>	<b>1,913.0</b>	<b>2,134.2</b>	<b>2,016.4</b>	<b>2,063.3</b>	<b>1,638.4</b>	<b>1,889.7</b>	<b>2,134.7</b>
<b>Long-term liabilities</b>	<b>217.9</b>	<b>360.6</b>	<b>344.1</b>	<b>326.8</b>	<b>303.3</b>	<b>292.3</b>	<b>267.3</b>	<b>258.3</b>	<b>245.9</b>	<b>210.7</b>	<b>344.1</b>	<b>267.3</b>
Interest bearing debt	182.8	320.3	284.3	268.2	239.6	223.5	195.0	181.8	168.5	204.5	284.3	195.0
Provisions	6.9	7.1	7.1	2.9	2.7	8.1	2.7	2.6	3.0	6.3	7.1	2.7
Other long-term liabilities	28.1	33.2	52.7	55.8	55.3	60.6	69.5	74.0	74.4	0.0	52.7	69.5
<b>Short-term liabilities</b>	<b>1,297.0</b>	<b>1,306.3</b>	<b>1,331.3</b>	<b>1,366.4</b>	<b>1,487.8</b>	<b>1,547.2</b>	<b>1,275.9</b>	<b>1,395.2</b>	<b>1,631.1</b>	<b>1,084.6</b>	<b>1,331.3</b>	<b>1,275.9</b>
Interest bearing debt	556.1	586.4	561.1	711.8	619.2	689.4	315.1	446.2	255.4	378.3	561.1	315.1
Trade liabilities	645.1	687.4	721.4	604.0	755.9	808.5	881.1	881.9	1,215.1	618.6	721.4	881.1
Provision	16.1	14.2	17.8	22.1	23.8	22.6	33.6	24.9	31.1	58.2	17.8	33.6
Other short-term liabilities	79.6	18.3	31.1	28.5	88.9	26.8	46.2	42.2	129.5	29.5	31.1	46.2
<b>Total liabilities</b>	<b>3,240.2</b>	<b>3,406.6</b>	<b>3,565.2</b>	<b>3,544.3</b>	<b>3,724.9</b>	<b>3,752.4</b>	<b>3,677.9</b>	<b>3,669.9</b>	<b>3,940.3</b>	<b>2,933.7</b>	<b>3,565.2</b>	<b>3,677.9</b>

## INDEBTEDNESS

PLN m	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	2014	2015	2016
<b>Net debt</b>	<b>583.3</b>	<b>786.9</b>	<b>620.9</b>	<b>834.6</b>	<b>639.7</b>	<b>647.0</b>	<b>144.4</b>	<b>347.6</b>	<b>-11.0</b>	<b>399.3</b>	<b>620.9</b>	<b>144.4</b>
Cash	155.7	119.9	224.4	145.3	219.2	265.9	365.8	280.4	434.9	183.5	224.4	365.8
Debt	739.0	906.8	845.3	980.0	858.9	912.9	510.1	628.0	423.9	582.8	845.3	510.1
<b>Net debt/EBITDA (4 quarters)</b>	<b>0.8</b>	<b>1.1</b>	<b>0.9</b>	<b>1.3</b>	<b>1.0</b>	<b>1.2</b>	<b>0.3</b>	<b>0.8</b>	<b>0.0</b>	<b>0.5</b>	<b>0.9</b>	<b>0.3</b>

## TURNOVER RATIOS

	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	2014	2015	2016
<b>Cash cycle (days)</b>	<b>93</b>	<b>102</b>	<b>87</b>	<b>106</b>	<b>94</b>	<b>82</b>	<b>52</b>	<b>50</b>	<b>46</b>	<b>70</b>	<b>84</b>	<b>61</b>
Receivables (days)	15	14	9	9	7	7	7	11	8	13	10	9
Inventory (days)	167	188	168	191	168	165	128	147	166	165	176	147
Liabilities (days)	89	100	89	94	81	89	83	107	127	108	102	95

## CONSOLIDATED CASH FLOW

PLN m	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	2014	2015	2016
<b>Operating CF</b>	<b>231.2</b>	<b>-39.4</b>	<b>265.1</b>	<b>-202.2</b>	<b>279.6</b>	<b>101.4</b>	<b>539.4</b>	<b>-93.4</b>	<b>442.4</b>	<b>492.9</b>	<b>253.9</b>	<b>718.2</b>
D&A	55.7	55.8	61.7	62.9	66.3	68.1	70.1	73.8	73.7	193.7	223.6	267.4
<b>Investing CF</b>	<b>-94.4</b>	<b>-100.0</b>	<b>-125.0</b>	<b>-17.5</b>	<b>-81.4</b>	<b>-43.2</b>	<b>-39.3</b>	<b>-106.3</b>	<b>-80.7</b>	<b>-476.0</b>	<b>-415.5</b>	<b>-181.4</b>
Capex	-124.9	-108.8	-152.6	-36.0	-89.4	-62.1	-84.4	-112.2	-89.4	-550.5	-490.6	-271.8
<b>Financing CF</b>	<b>-103.0</b>	<b>103.5</b>	<b>-37.0</b>	<b>141.9</b>	<b>-125.2</b>	<b>-11.2</b>	<b>-399.3</b>	<b>114.6</b>	<b>-205.3</b>	<b>17.2</b>	<b>201.2</b>	<b>-393.8</b>
<b>Total CF</b>	<b>33.8</b>	<b>-35.8</b>	<b>103.2</b>	<b>-77.8</b>	<b>73.0</b>	<b>47.0</b>	<b>100.8</b>	<b>-85.1</b>	<b>156.4</b>	<b>34.2</b>	<b>39.5</b>	<b>143.0</b>