

LPP

FACT SHEET 4Q17

LPP is a Polish clothing producer. Based in Gdańsk, the Company has more than 25 years 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 20 countries around the world, including highstreets of London, Berlin and Munich. 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, yet part is produced in Europe, including Poland.



SHAREHOLDERS

As at 31.12.2017	shares	%	votes	%
Marek Piechocki	175,497	9.5%	875,493	27.1%
Jerzy Lubianiec	174,999	9.4%	874,995	27.1%
Forum TFI	195,050	10.5%	195,058	6.0%
Treasury shares	18,978	1.0%	0	0.0%
Free-float	1,287,899	69.5%	1,287,899	39.8%
TOTAL	1,852,423		3,233,445	

Forum TFI manages Forum 64 FIZ related to Jerzy Lubianiec and Forum 65 FIZ related to Marek Piechocki.

INVESTMENT THESIS

- Floorspace growth via new markets development.
- Dynamic e-commerce growth.
- Efficient business model with high operating leverage.
- Cash generation allows for sustaining dividend payments.
- A socially responsible company.

SHARE PRICE PERFORMANCE



RESERVED

CROPP

house

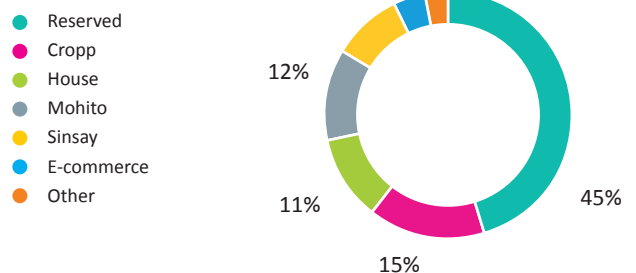
MOHITO

sinsay

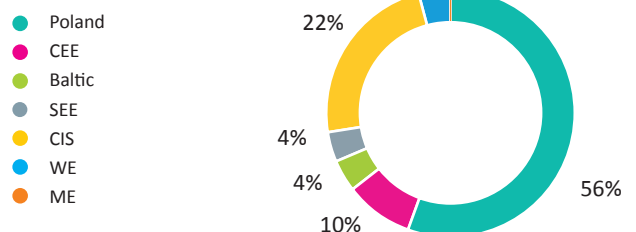
STOCK DATA

Price (31.12.2017)	8,910	EPS (2017)	241
Min (1Y)	5,090	DPS	35.74
Max (1Y)	9,063	Div yield (%)	0.4
Mkt Cap (PLN m)	16,505	Ticker	LPP
Free-float (PLN m)	11,475	Bloomberg	LPP PW
Book value (PLN m)	2,443	Reuters	LPPPWA

REVENUE SPLIT BY BRANDS (2017)



REVENUE SPLIT BY COUNTRIES (2017)



NETWORK

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2015	2016	2017
NO. OF STORES												
Reserved	449	448	447	449	461	455	458	454	468	449	461	468
Cropp	372	375	388	375	379	376	386	373	381	372	379	381
House	319	322	343	326	330	321	338	324	333	319	330	333
Mohito	280	281	284	288	290	285	288	285	294	280	290	294
Sinsay	170	172	179	185	198	198	204	213	233	170	198	233
Tallinder	0	6	8	8	9	0	0	0	0	0	9	0
Outlets	37	37	37	37	36	36	36	34	34	37	36	34
TOTAL	1,627	1,641	1,686	1,668	1,703	1,671	1,710	1,683	1,743	1,627	1,703	1,743
FLOORSPACE (thn m²)												
Poland	465.0	468.3	477.4	471.2	496.6	485.3	492.1	490.5	514.0	465.0	496.6	514.0
Europe	179.0	184.4	190.8	205.2	209.5	212.8	216.9	224.1	232.8	179.0	209.5	232.8
CIS	193.9	194.7	196.9	204.0	207.0	208.2	216.5	218.7	247.3	193.9	207.0	247.3
ME	5.5	7.6	7.6	7.6	7.6	7.6	8.2	6.6	6.6	5.5	7.6	6.6
TOTAL	843.5	855.0	872.7	888.0	920.7	913.9	933.7	939.9	1,000.6	843.5	920.7	1,000.6

CONSOLIDATED INCOME STATEMENT

PLN m	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2015	2016	2017
Revenues	1,575.0	1,174.8	1,502.4	1,488.4	1,853.4	1,362.3	1,705.4	1,812.8	2,148.9	5,130.4	6,019.0	7,029.4
COGS	712.3	633.1	752.7	787.8	911.7	741.7	741.1	924.1	902.6	2,387.5	3,085.2	3,309.5
Gross profit on sales	862.8	541.8	749.7	700.6	941.7	620.6	964.4	888.7	1,246.3	2,742.8	2,933.8	3,720.0
SG&A costs	608.9	595.3	651.7	662.2	699.6	719.2	743.8	775.0	861.9	2,191.7	2,608.8	3,099.9
Other operating activity	-18.5	-10.4	-11.6	-33.6	-43.0	-10.4	-13.0	-10.6	-7.7	-48.5	-98.6	-41.6
EBIT	235.4	-63.9	86.5	4.8	199.1	-109.0	207.6	103.1	376.7	502.7	226.4	578.4
Net financials	-42.0	-5.0	2.4	-8.0	-21.7	-2.5	1.4	11.2	-24.9	-88.3	-32.3	-14.8
Pre-tax profit	193.4	-68.9	88.9	-3.2	177.4	-111.5	209.0	114.3	351.9	414.4	194.1	563.7
Tax	21.0	-3.4	-0.9	3.2	20.4	5.5	35.8	29.3	52.3	63.0	19.3	122.9
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.1	0.0	0.0	-0.1
Net income	172.3	-65.6	89.8	-6.5	157.0	-117.0	173.3	85.1	299.5	351.3	174.8	440.9
EBITDA	297.1	-1.0	152.7	72.9	269.2	-35.2	281.2	175.5	450.3	726.2	493.8	871.9

EFFICIENCY

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2015	2016	2017
Sales / m ² per month	631	468	580	567	680	499	622	648	741	548	575	628
Gross profit on sales / m ² per month	346	216	290	267	345	227	352	318	430	293	280	332
Costs of own stores / m ² per month	195	191	202	205	201	214	211	214	216	189	200	214
SG&A costs / m ² per month	244	237	254	254	258	266	271	280	300	234	251	280
Gross profit margin	54.8%	46.1%	49.9%	47.1%	50.8%	45.6%	56.5%	49.0%	58.0%	53.5%	48.7%	52.9%
EBITDA margin	18.9%	-0.1%	10.2%	4.9%	14.5%	-2.6%	16.5%	9.7%	21.0%	14.2%	8.2%	12.4%
EBIT margin	14.9%	-5.4%	5.8%	0.3%	10.7%	-8.0%	12.2%	5.7%	17.5%	9.8%	3.8%	8.2%
Net margin	10.9%	-5.6%	6.0%	-0.4%	8.5%	-8.6%	10.2%	4.7%	13.9%	6.8%	2.9%	6.3%
ROE	20.1%	17.9%	14.9%	10.0%	8.9%	6.2%	10.2%	14.2%	20.3%	19.9%	8.7%	19.3%

CONSOLIDATED BALANCE SHEET

PLN m	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2015	2016	2017
Non-current assets	1,797.0	1,782.7	1,811.7	1,797.8	1,838.7	1,813.8	1,795.2	1,855.9	1,919.7	1,797.0	1,838.7	1,919.7
Fixed assets	1,258.8	1,241.3	1,266.0	1,260.3	1,291.3	1,272.0	1,248.5	1,294.5	1,347.6	1,258.8	1,291.3	1,347.6
Intangibles (incl. goodwill)	324.4	325.2	326.5	325.9	330.6	334.2	339.3	344.2	351.2	324.4	330.6	351.2
Current assets	1,768.2	1,761.6	1,913.3	1,954.7	1,839.3	1,856.1	2,145.1	2,203.6	2,287.1	1,768.2	1,839.3	2,287.1
Inventory	1,319.7	1,373.6	1,444.0	1,438.3	1,164.1	1,251.4	1,480.2	1,637.1	1,472.5	1,319.7	1,164.1	1,472.5
Trade receivables	115.1	109.6	116.5	112.8	165.4	154.8	134.8	181.5	199.6	115.1	165.4	199.6
Cash and equivalents	224.4	145.3	219.2	265.9	365.8	280.4	434.9	256.4	514.8	224.4	365.8	514.8
Total assets	3,565.2	3,544.3	3,724.9	3,752.4	3,677.9	3,669.9	3,940.3	4,059.4	4,206.8	3,565.2	3,677.9	4,206.8
Equity	1,889.7	1,851.1	1,933.9	1,913.0	2,134.7	2,016.4	2,063.3	2,184.0	2,443.4	1,889.7	2,134.7	2,443.4
Long-term liabilities	344.1	326.8	303.3	292.3	267.3	258.3	245.9	233.6	233.1	344.1	267.3	233.1
Interest bearing debt	284.3	268.2	239.6	223.5	195.0	181.8	168.5	155.2	141.8	284.3	195.0	141.8
Provisions	7.1	2.9	2.7	8.1	2.7	2.6	3.0	3.3	0.8	7.1	2.7	0.8
Other long-term liabilities	52.7	55.8	55.3	60.6	69.5	74.0	74.4	75.1	90.6	52.7	69.5	90.6
Short-term liabilities	1,331.3	1,366.4	1,487.8	1,547.2	1,275.9	1,395.2	1,631.1	1,641.8	1,530.2	1,331.3	1,275.9	1,530.2
Interest bearing debt	561.1	711.8	619.2	689.4	315.1	446.2	255.4	112.1	56.5	561.1	315.1	56.5
Trade liabilities	721.4	604.0	755.9	808.5	881.1	881.9	1,215.1	1,415.6	1,322.6	721.4	881.1	1,322.6
Provision	17.8	22.1	23.8	22.6	38.2	24.9	31.1	49.7	53.5	17.8	38.2	53.5
Other short-term liabilities	31.1	28.5	88.9	26.8	41.6	42.2	129.5	64.3	97.6	31.1	41.6	97.6
Total liabilities	3,565.2	3,544.3	3,724.9	3,752.4	3,677.9	3,669.9	3,940.3	4,059.4	4,206.8	3,565.2	3,677.9	4,206.8

INDEBTEDNESS

PLN m	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2015	2016	2017
Net debt	620.9	834.6	639.7	647.0	144.4	347.6	-11.0	10.8	-316.5	620.9	144.4	-316.5
Cash	224.4	145.3	219.2	265.9	365.8	280.4	434.9	256.4	514.8	224.4	365.8	514.8
Debt	845.3	980.0	858.9	912.9	510.1	628.0	423.9	267.2	198.3	845.3	510.1	198.3
Net debt/EBITDA (4 quarters)	0.9	1.3	1.0	1.2	0.3	0.8	0.0	0.0	-0.4	0.9	0.3	-0.4

TURNOVER RATIOS

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2015	2016	2017
Cash cycle (days)	87	106	94	82	52	50	46	32	26	109	61	33
Receivables (days)	9	9	7	7	7	11	8	8	8	8	9	9
Inventory (days)	168	191	168	165	128	147	166	152	155	221	147	145
Liabilities (days)	89	94	81	89	83	107	127	128	137	121	95	122

CONSOLIDATED CASH FLOW

PLN m	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2015	2016	2017
Operating CF	265.1	-202.2	279.6	101.4	539.4	-93.4	442.4	129.3	414.9	253.9	718.2	893.4
D&A	61.7	62.9	66.3	68.1	70.1	73.8	73.7	72.5	73.5	223.6	267.4	293.2
Investing CF	-125.0	-17.5	-81.4	-43.2	-39.3	-106.3	-80.7	-105.6	-91.3	-415.5	-181.4	-383.9
Capex	-152.6	-36.0	-89.4	-62.1	-84.4	-112.2	-89.4	-120.3	-119.7	-490.6	-271.8	-441.6
Financing CF	-37.0	141.9	-125.2	-11.2	-399.3	114.6	-205.3	-204.0	-65.2	201.2	-393.8	-359.9
Total CF	103.2	-77.8	73.0	47.0	100.8	-85.1	156.4	-180.3	258.4	39.5	143.0	149.4