LPP

EQUITY STORY

GLOBAL ASPIRATIONS

MARCH 2017

RESERVED TALLINDER MOHITO house CROPP sinsay

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OVERVIEW

The largest clothing retailer on the WSE

1,703
STORES

18
MARKETS

c. PLN 6 bn
REVENUES

69%
FREE FLOAT

c. PLN 10 bn
MARKET CAP

MSCI POLAND
WIG 20 MEMBER

Note: All data as of 31.12.2016

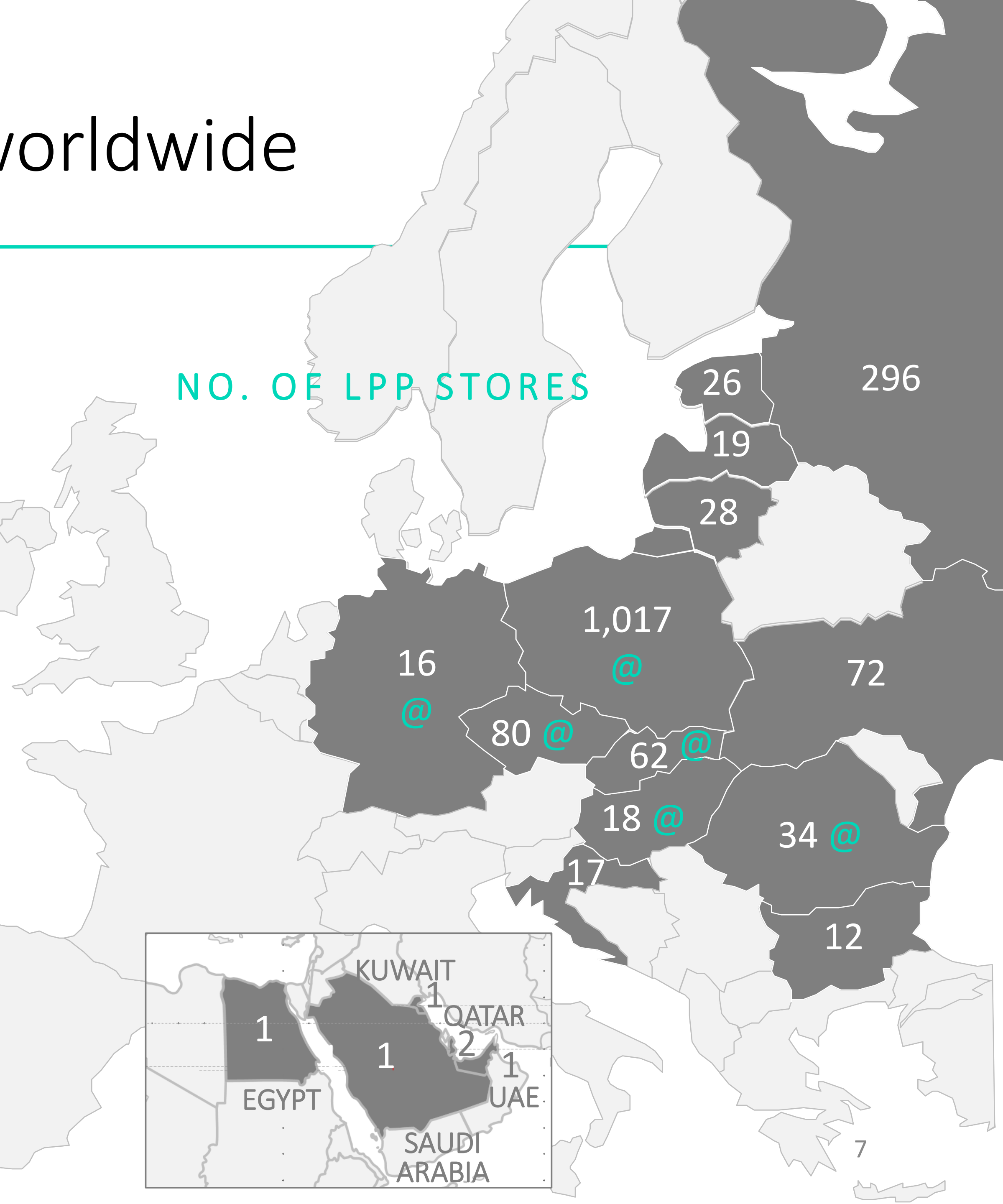
A diversified brand portfolio

Note: Tallinder brand was closed down in February 2017.

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



A lean retail-oriented business model

DESIGN	PRODUCTION	LOGISTICS	STORE	CUSTOMER
200+ employees in designing departments	> 500 suppliers c.90% goods sourced from Asia	2 logistics centers up to 1.5 million products sent every day in high season	> 1,700 stores 18 markets on-line stores in 6 countries	545 million visitors annually 170 million items of clothing and accessories sold annually

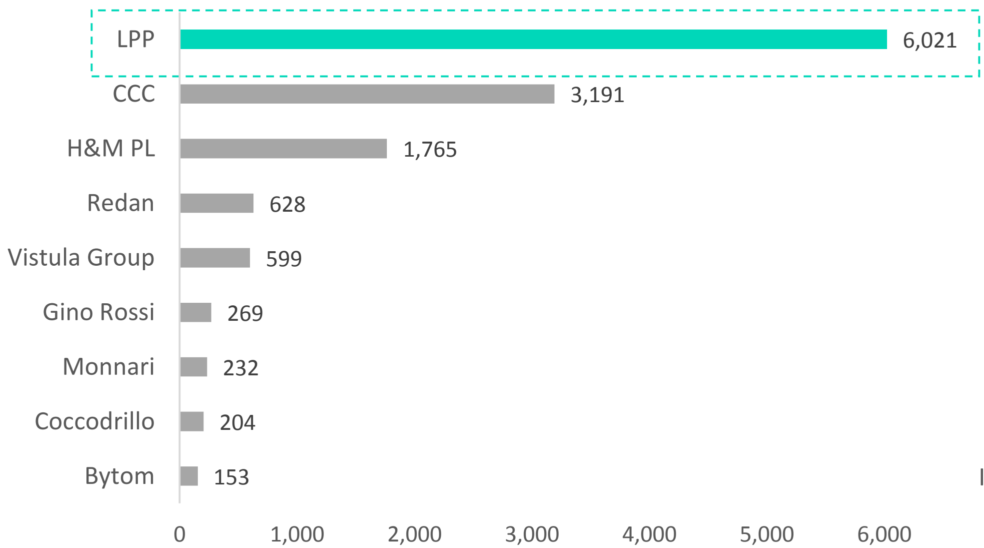
6 TO 9 MONTHS PRODUCTION LEAD TIME

Note: The duration of the production cycle varies depending on the model, size of the order and country of production. Our models reflect the latest trends (the so-called must-haves) and are designed and manufactured as quickly as 30 days. The rest of the collection is manufactured in approx. 90-100 days.

Eyeing the international giants

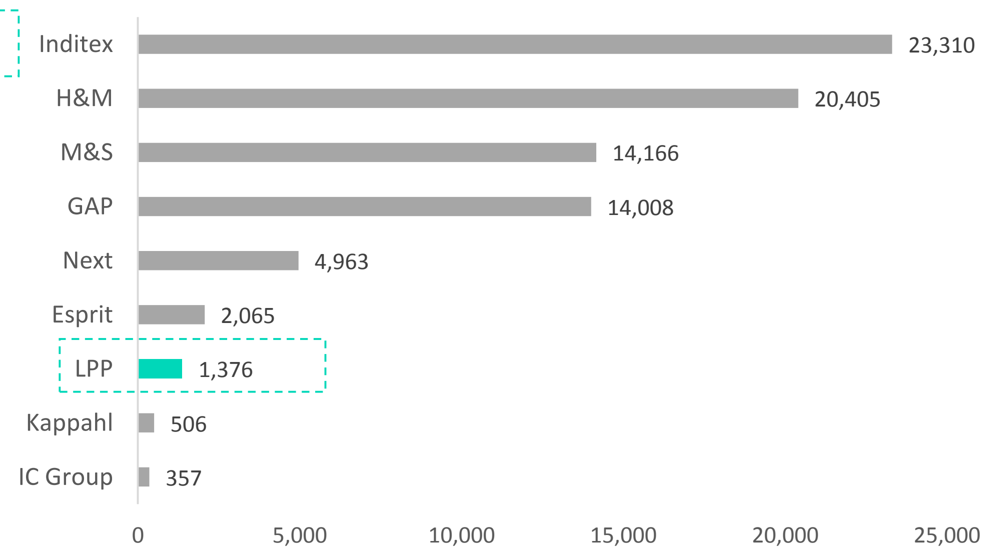
Leader domestically

Revenues (PLN m)
selected companies



Challenging international players

Revenues (EUR m)
selected companies



Note: Data based on 2016 revenues or equivalent annual if available.
Values calculated at average exchange rates for the period.

INVESTMENT THESIS

Investment thesis

1	New markets development	9% YoY floorspace growth in 2016, but **12% targeted for 2017**
2	Dynamic e-commerce growth	**c.120%** YoY growth in 2016 foreign e-stores of **4** brands in **5** new countries in 2016, RESERVED in **6** new countries in 2017
3	Efficient business model	c. **8%** EBITDA margin and c. **9%** ROE in a year of internal changes
4	Free cash flow generation, sustaining dividend payments	C. **PLN 800m** paid in dividends so far
5	Experienced executives with long-term vision	CEO with **> 25 years** of experience

LPP

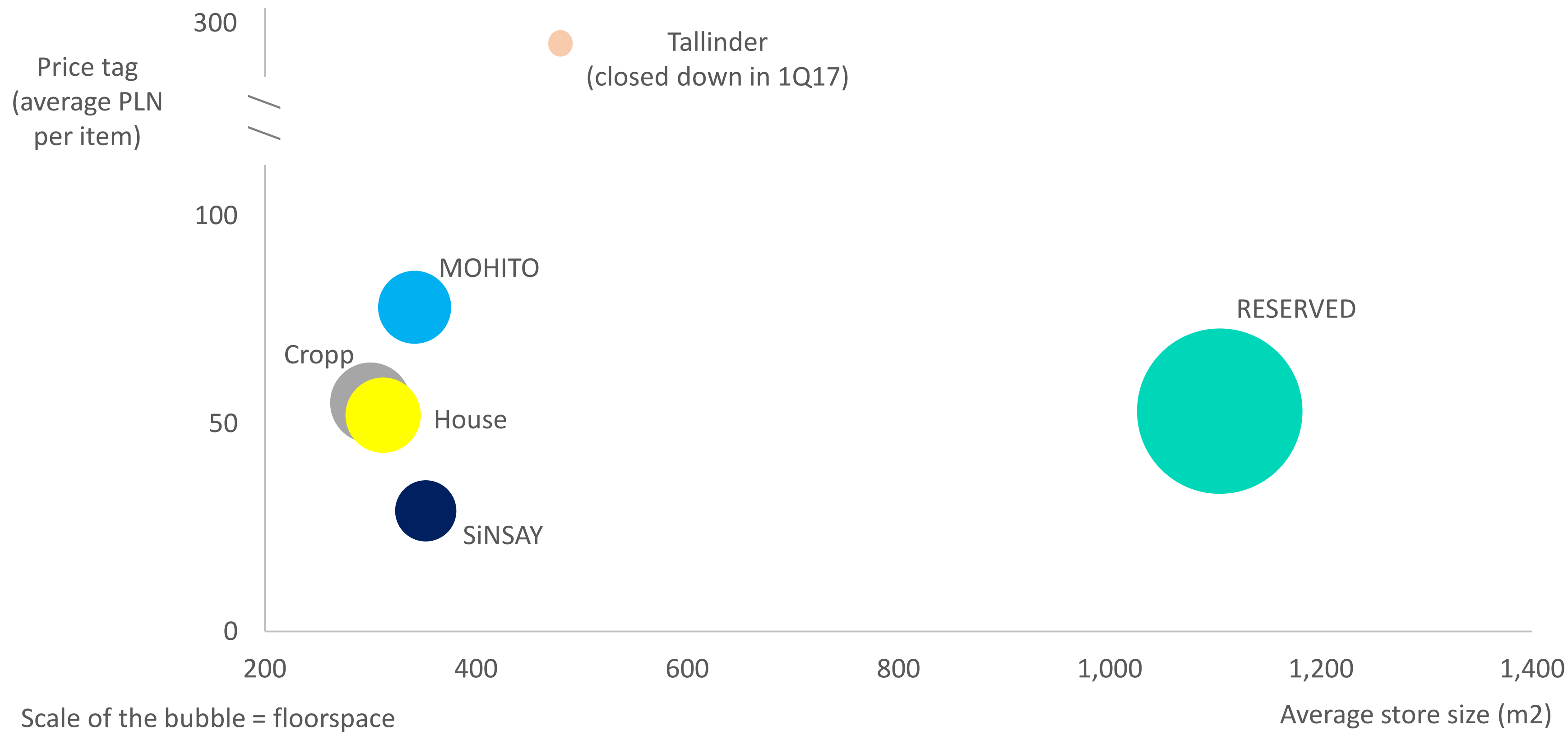
Brand portfolio optimisation

PRICE TAG	MAINSTREAM					UP-MARKET (brand closed)
	RESERVED	CROPP	house	MOHITO	sinsay	TALLINDER
KEY BRAND FEATURES	Fast fashion brand with broad customer base	Casual streetwear brand offering also international labels	Urban fashion brand with folk and vintage elements	Comfort and elegance for business and informal meetings	Clothes for every day inspirations and original party outfits	High quality clothing for more demanding customers
TARGET CUSTOMERS	Women, men, children	Teenagers (boys and girls).	Teenagers (boys and girls)	Young women	Teenagers (girls only)	Men and women
YEAR OF LAUNCH	1998	2004	2001 (at LPP since 4Q08)	2008 (at LPP since 4Q08)	2013	1Q16 (closed down in 1Q17 due to unsatisfactory results)
COUNTRIES/ REGIONS PRESENT	CEE, SEE, Baltic, CIS, Germany, ME	CEE, SEE, Baltic, CIS	CEE, SEE, Baltic, CIS	CEE, SEE, Baltic, CIS	CEE, Baltic, CIS, SEE (excl. BGN)	Poland
# STORES FLOORSPACE 4Q16	461 509.1k m2	379 120.4k m2	330 105.7k m2	290 99.1 m2	198 69.8k m2	9 4.1k m2
AVERAGE STORE SIZE	1,104 m2	318 m2	320 m2	342 m2	352 m2	452 m2

Note: Sum of brand floorspace does not equal group floorspace as on top we have 12.6k m2 of outlets.

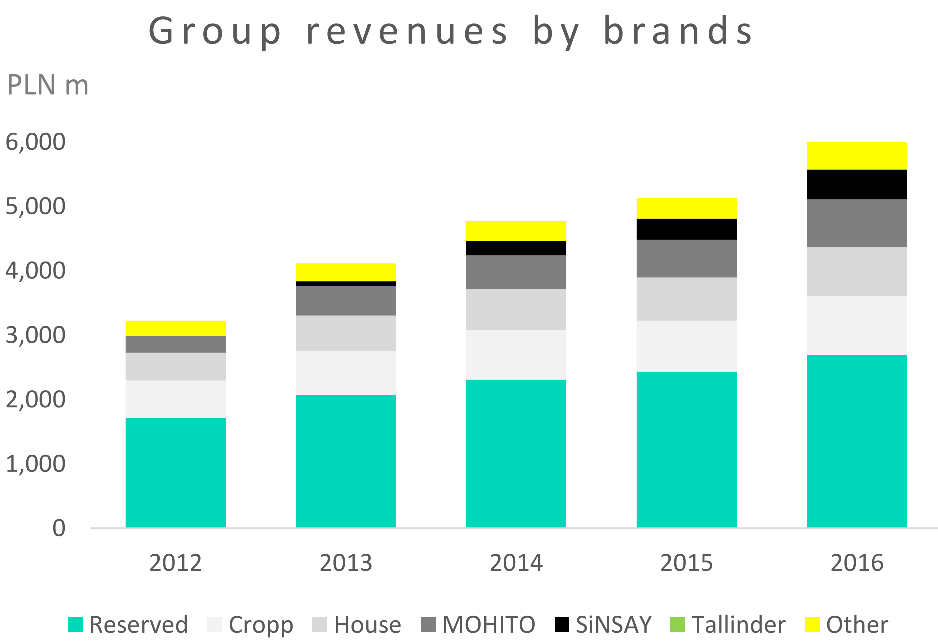
Concentration on mainstream customer

LPP’s brands: floorspace versus price tag



Note: Average price per piece of clothing and average store size based on 2016 data.

Dependency on Reserved to diminish



Group revenues by brands

PLN m	2012	2013	2014	2015	2016
LPP GROUP	3,224	4,116	4,769	5,130	6,021
Reserved	1,714	2,074	2,311	2,434	2,693
Cropp	580	687	771	790	915
House	437	546	634	673	767
MOHITO	259	456	523	586	737
SiNSAY	0	74	225	329	461
Tallinder	0	0	0	0	12
Other	233	279	306	318	436

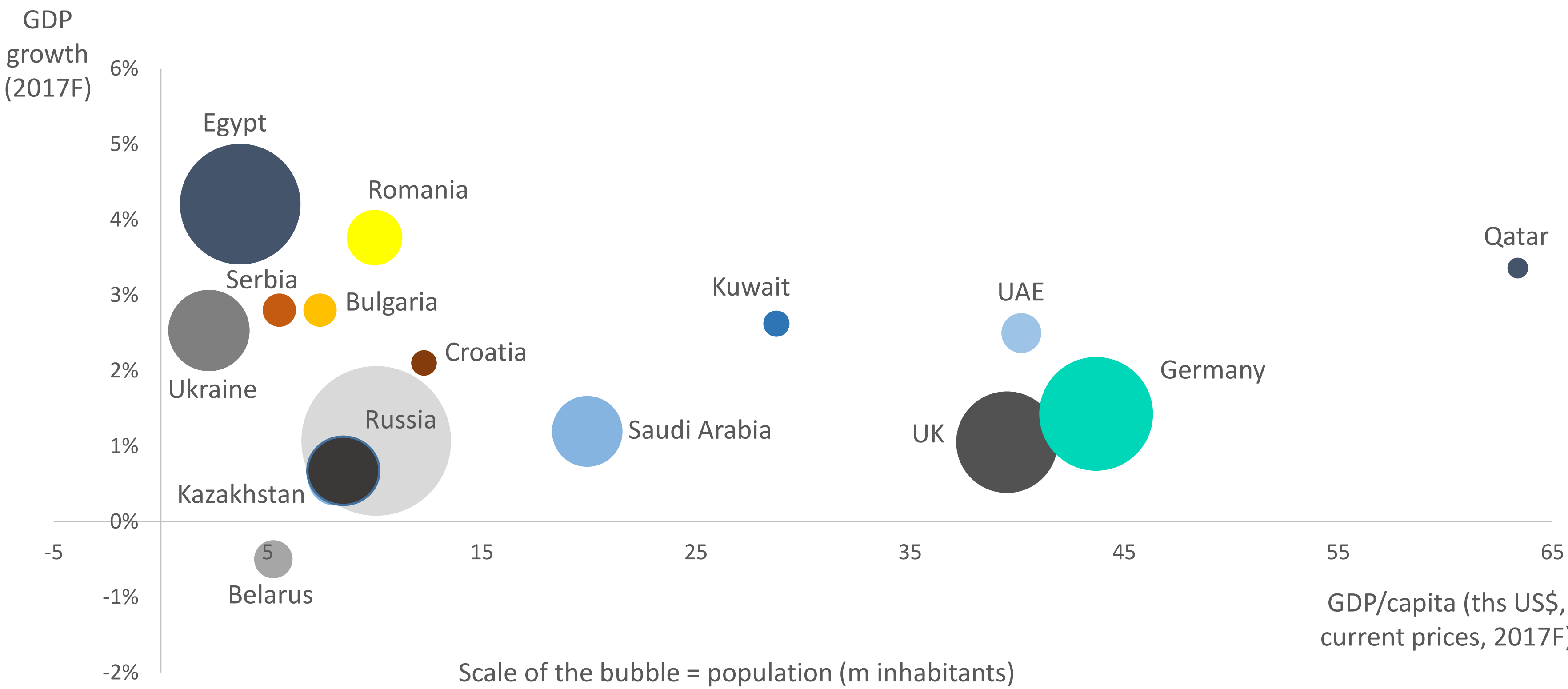
- It is LPP's strategy to diversify revenues from the key Reserved brand to minimise fashion risk.
- In the long-term we plan to open stores of each brand in all countries in which we are present today.
- The priority in new markets' expansion is given to Reserved brand (Germany, Middle East, the UK).

International growth opportunities

DEVELOPMENT STAGE	MATURITY		DEVELOPING		EARLY STAGE	
	CEE	BALTIC	SEE	CIS	WE	ME
COUNTRIES PRESENT	Poland, Czech Republic, Hungary, Slovakia	Lithuania, Latvia, Estonia	Bulgaria, Romania, Croatia	Russia, Ukraine	Germany	Egypt, Kuwait, Qatar, Saudi Arabia, UAE
# COUNTRIES PRESENT	4	3	3	2	1	5
BRANDS	Reserved, Cropp, House, MOHITO, SiNSAY, Tallinder	Reserved, Cropp, House, MOHITO, SiNSAY	Reserved, Cropp, House, MOHITO, SiNSAY	Reserved, Cropp, House, MOHITO, SiNSAY	Reserved	Reserved
# STORES 4Q16	1,177	73	63	368	16	6
TYPE OF STORES	Own (majority), franchise	Own	Own	Own (majority), franchise	Own	Franchise
FLOORSPACE 4Q16	580.6k m2	39.5k m2	48.3k m2	207.0k m2	37.7k m2	7.6k m2

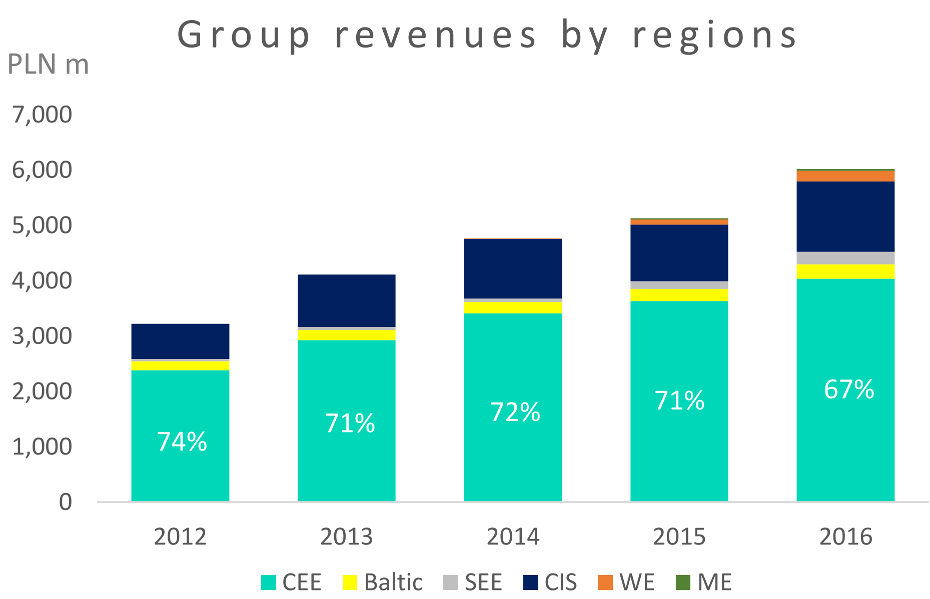
Entry into high growth potential markets

Growth potential of countries developed



Source: International Monetary Fund, October 2016 dataset. 2017F with exception of Egypt.

Diversification by countries to continue



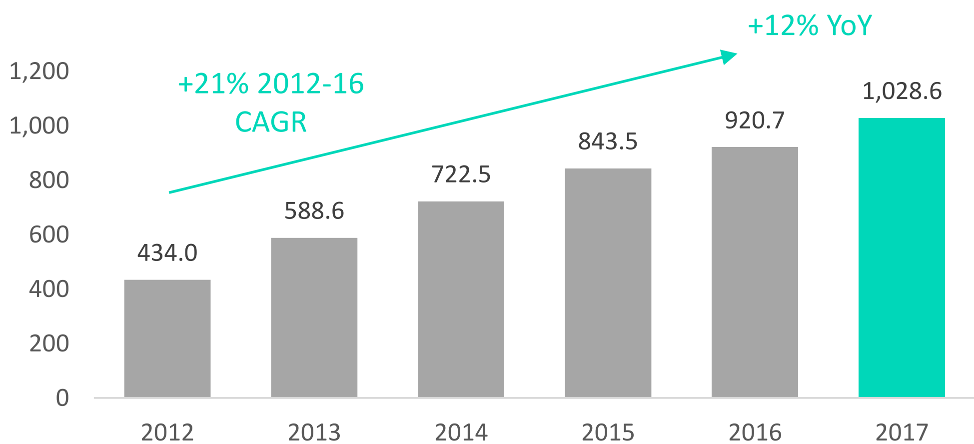
Group revenues by regions

PLN m	2012	2013	2014	2015	2016
LPP GROUP	3,224	4,116	4,769	5,130	6,021
CEE	2,382	2,927	3,414	3,634	4,040
Baltic	162	186	200	222	256
SEE	42	52	65	134	230
CIS	638	952	1,076	1,025	1,269
WE	0	0	15	94	194
ME	0	0	0	23	31

- CEE: dependency on Poland should continue to diminish in upcoming years. Maturity has been reached in Czech Republic, but Slovakia and Hungary still offer growth potential.
- CIS: acceleration in 2017 – step-up in store openings in Russia and Ukraine and entry via franchise stores into Belarus and Kazakhstan. SEE: entry into Serbia planned for 2017.
- WE: 19 stores in Germany by the end of 2017 and first store in London in 3Q17.

Acceleration of floorspace growth

Floorspace growth targets (ths m2)

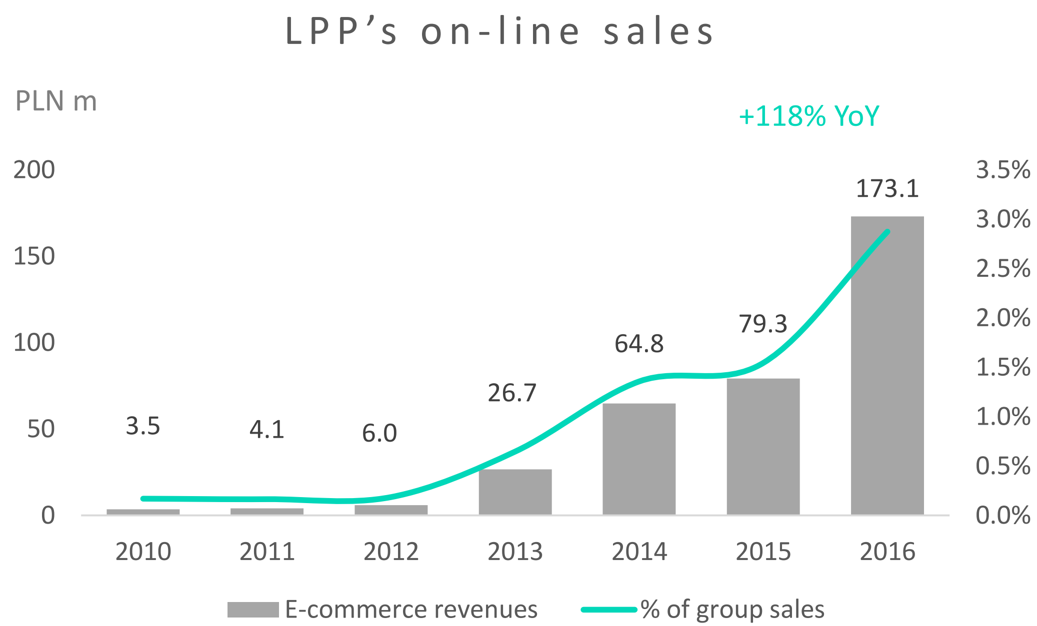


Floorspace targets by regions

ths m2	2016	YoY	2017	YoY
LPP GROUP	920.7	9%	1,028.6	12%
Poland	496.6	7%	517.5	4%
Europe	209.5	17%	250.9	20%
CIS	207.0	7%	249.3	20%
ME	7.6	38%	10.9	43%

- In 2017 we plan to accelerate floorspace growth to 12% YoY versus 9% YoY growth in 2016.
- 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 WE and the ME.
- We plan to open stores in 4 new countries in 2017: Belarus and Kazakhstan (both franchise) and Serbia and the UK (both own stores).

Dynamic e-commerce growth



4Q16 STATUS

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

- We believe on-line sales in Poland should converge to the European average.
- Five main LPP's brands have their own internet stores in Poland.
- On-line stores of five main brands are present in Czech Rep., Slovakia, Hungary, Romania, Germany.
- LPP's integrated on-line sales platform is scalable onto the new markets.

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

RUSSIA

Start of on-line store in 2H17.

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

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

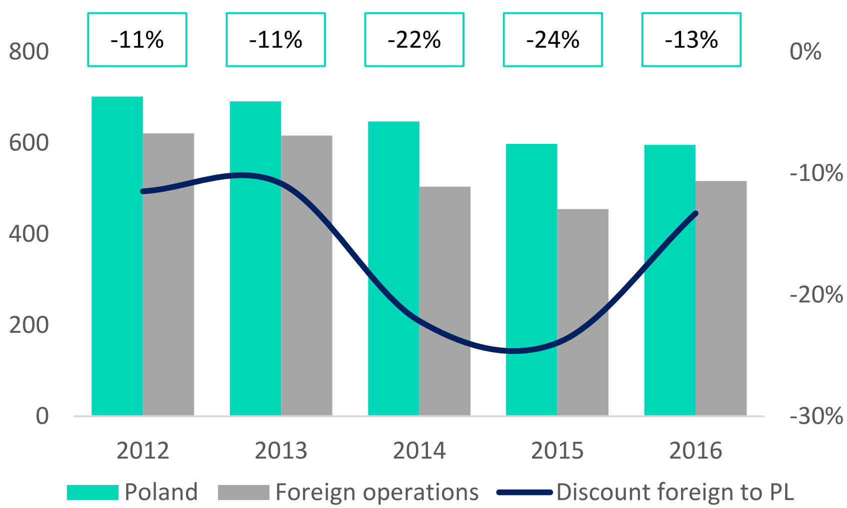
- LFLs improvement, especially at Reserved brand.
- Dynamic e-commerce development (6 new markets).

2017 RISKS

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

Sales/ m2 on the rise

Revenues/ m2 monthly



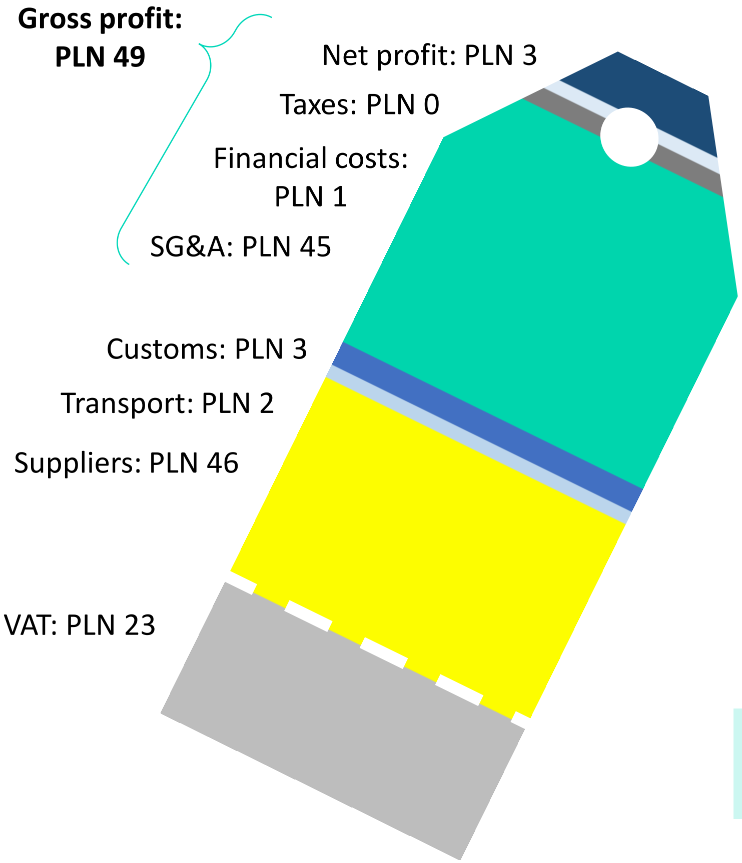
Revenues/ m2 monthly

PLN	2012	2013	2014	2015	2016
LPP GROUP	675	664	589	548	575
Poland	702	691	647	598	595
Foreign operations	621	616	503	454	516
RESERVED	628	617	547	483	475
Cropp	756	725	647	591	653
House	654	652	612	579	621
MOHITO	843	759	583	549	636
SiNSAY	-	670	584	531	607
Tallinder	-	-	-	-	346

- Revenues/ m2 in Poland were on average c.17% higher in 2012-15 than on foreign markets.
- The difference narrowed in 2016 due to stronger recognition of the younger brands abroad, more favourable FX trends especially in 2H16 and introduction of a new replenishment system abroad.
- Except for Cropp, in 2012-16 revenues/ m2 in Poland were higher than abroad due to superior brand recognition, yet the difference gradually dissipates.

Gross profit margin dependent on FX

Retail price split
PLN 123



Gross profit margin development

Gross profit margin	2012	2013	2014	2015	2016
LPP GROUP	56.7%	58.5%	58.6%	53.5%	48.8%

Factors affecting gross profit margin:

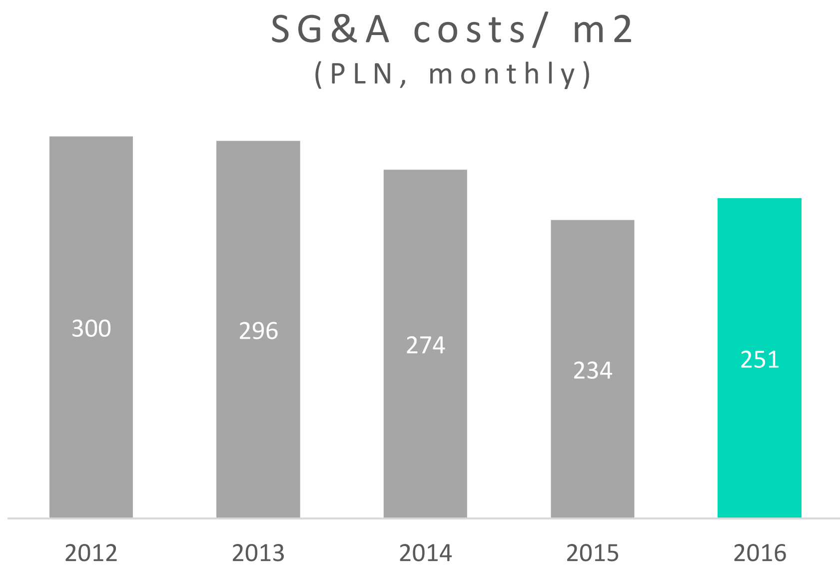
- FX - c. 90% of purchases made in the Far East and indexed to US$. Depreciation of zloty to US$ increases costs of purchases from Asia. FX exposure is not hedged.
- Consumer demand - the retail industry aims to transfer any increased costs of purchase onto the final consumer.
- Sell-off policy – new inventory management policy, aimed at selling goods to a maximum extent in stores to avoid the costs of their return and transport to post-season warehouse.

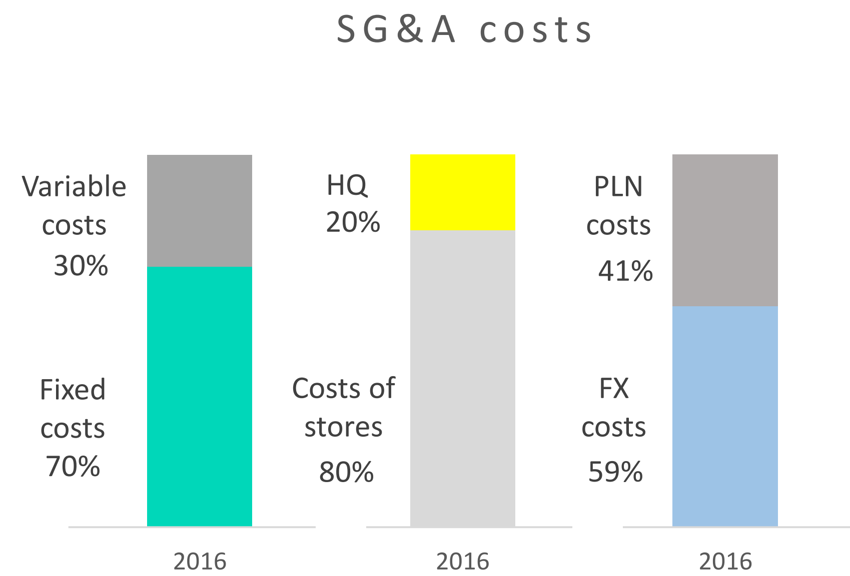
We believe 2017 gross profit margin should be between 52-53%.

New inventory management policy

	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 were 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.

High operating leverage business





Note: SG&A relations based on group 2016 data.

- 70% of our SG&A costs are fixed, which implies a high operating leverage.
- 59% of SG&A costs are linked to foreign currencies → zloty appreciation is favourable for EBIT.
- Fall in SG&A/ m2 over 2012-15 → optimisation of costs of stores and headquarters.
- Higher SG&A/ m2 in 2016 → growth in costs of stores (higher rentals due to depreciation of zloty versus euro, higher HR costs due to growing salaries) and pick-up in HQs costs.

ROE levels should rebound

LPP's ROE contributors

Operating cost discipline		A lean business model		Moderate usage of debt		
NET INCOME PROFITABILITY		OPERATING EFFICIENCY		FINANCIAL LEVERAGE		
ADJ. NET INCOME / REVENUES	×	REVENUES / ASSETS	×	ASSETS / EQUITY	=	ROE

	NI margin	Asset Turnover	Equity Multiplier	ROE
2012	10.9%	1.7	1.8	**33.4%**
2013	10.5%	1.7	1.8	**32.0%**
2014	7.9%	1.6	1.9	**23.9%**
2015	6.9%	1.4	2.0	**20.0%**
2016	2.9%	1.6	1.8	**8.7%**

Lean business model remains intact.

Note: 2014 net income adjusted for tax asset.

We generate free cash flow…

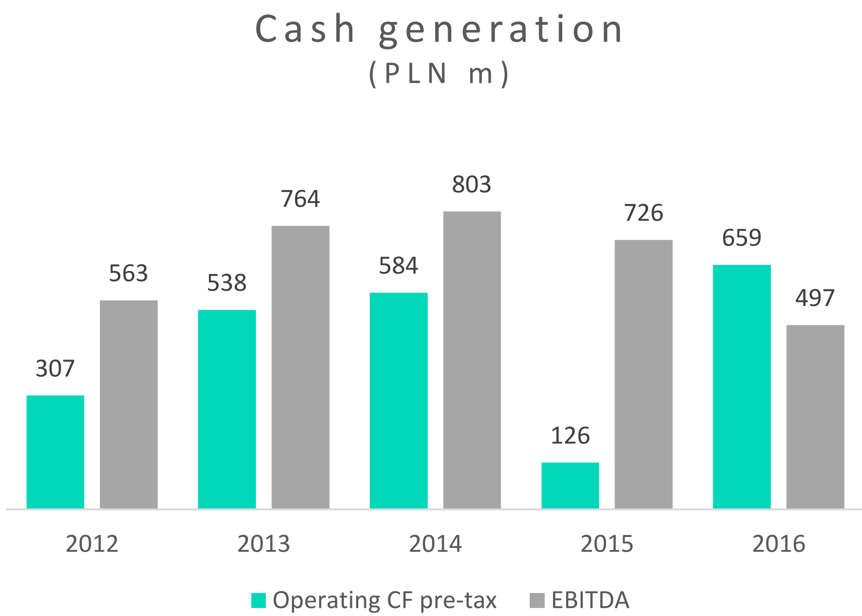
FCFF generation

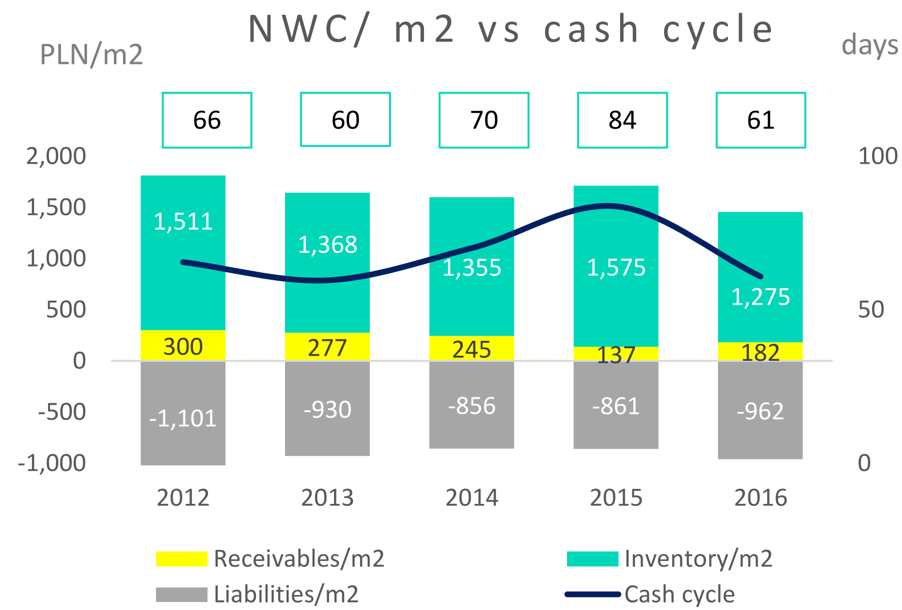
PLN m	2012	2013	2014	2015	2016
FCFF	178	19	154	-64	454
NOPAT	379	509	638	426	205
D&A	109	148	194	224	267
Capex	-288	-542	-551	-491	-272
NWC	-22	-96	-127	-223	254

2016 cash flow bridge
(PLN m)

- We continue to focus on FCFF:
  - NOPAT: improvements within the product, search for best suppliers and new sell-off policy.
  - NWC: focus on maintaining optimal inventory/ m2, supplier financing programme.
  - Capex: franchise store openings.

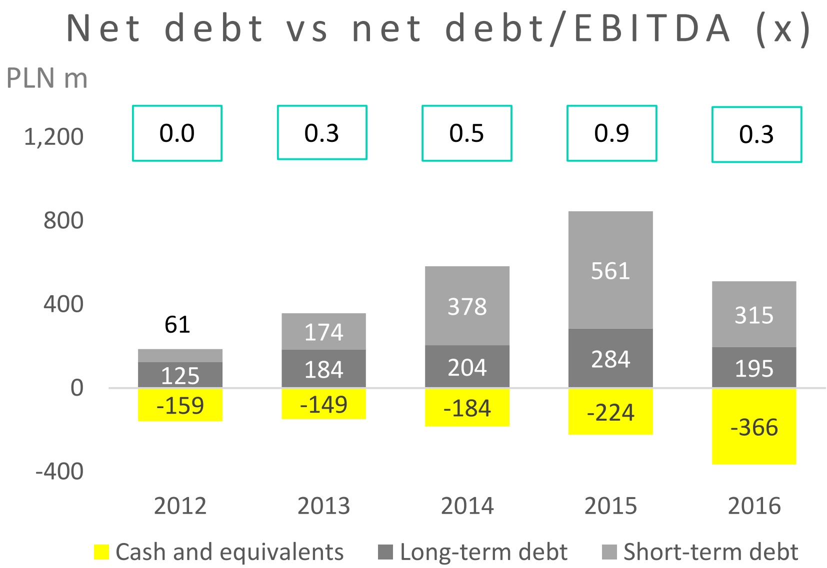
…despite NWC drag

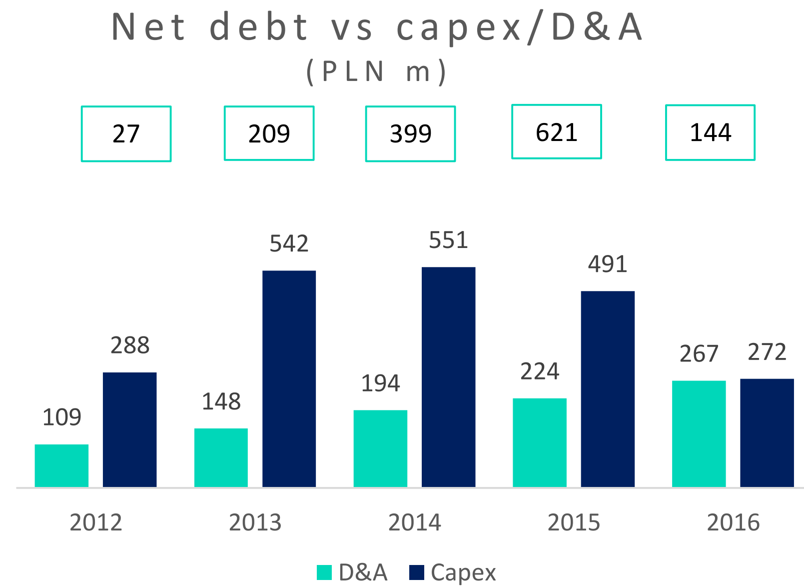




- Introduction of a new inventory management policy since 2Q16 lessened the pressure on NWC, despite stronger US$ vs PLN and higher number of stores.
- Liabilities cycle should be favourably affected by 4Q16 introduction of a supply chain finance (suppliers can discount invoices at a banking platform in exchnage for extended payment periods for LPP).
- As majority of sales is conducted in our retail stores, receivables cycle is low.

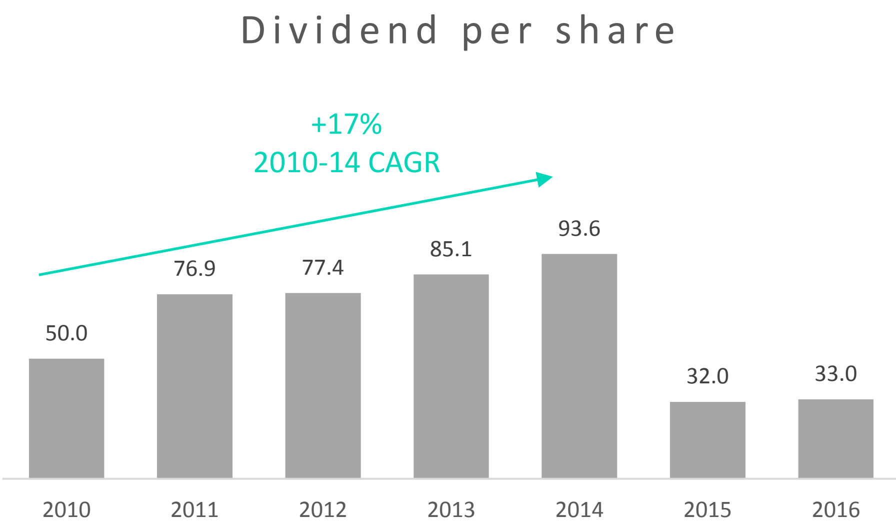
Safe net debt level…



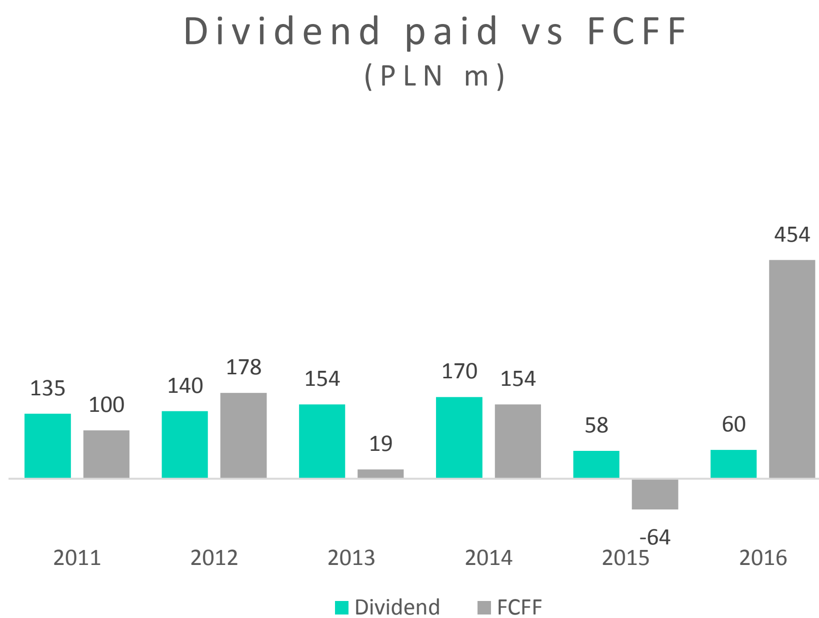


- Despite dynamic organic growth, the net debt/EBITDA ratio remained at a safe level in 2012-16.
- In 2016 capex equalled depreciation due to slowdown in expansion, shift in headquarters' enlargement into 2017 as well as prolonging the payment periods for contractors.
- Our aim is to maintain the net debt/EBITDA ratio at a safe level.

...allows to pay dividend



Note: DPS and dividends shown under year paid.



- LPP has a history of dividend payments (first in 2010 from 2009 earnings).
- It is the intention of LPP's management to continue dividend payments in future.
- Dividend from 2015 earnings (paid in September 2016) was stable YoY, despite unfavourable FX and competitive pressure in Poland.

Experienced and deliverable executives

- 1991 Jerzy Lubianiec (56) and Marek Piechocki (56) form Mistral company (LPP's predecessor).
- Each of the founders has over 25 years of experience in the retail business.
- Both founders still control the business with 30% of equity and c.61% of votes.
- They are still actively involved in LPP's operations, with Marek Piechocki being the CEO and Jerzy Lubianiec holding the post of Chairman of the Supervisory Board.
- Current management board members are long-standing employees, at LPP at least since 2008.
- Since IPO, top-ranked management for the quality of investor relations in domestic surveys among investment professionals.

RECENT AWARDS

Index of Success awarded by Deloitte and Rzeczpospolita newswire in 2016 for the last 10-year performance

No 1 IR by Parkiet (2014, 2015)

Most effective CEO by Harvard Business Review (2013)

No 1 at ranking Stock Company of the Year by Puls Biznesu (2014, 2012, 2011)

The most dynamically growing company in Pomerania region by Forbes (2014)

LPP – an investment opportunity

1

High quality Company overcoming medium-term turbulences.

2

Stock benefiting from liquidity and recognition from WIG20 and MSCI Poland membership.

3

Company actively pursuing international expansion.

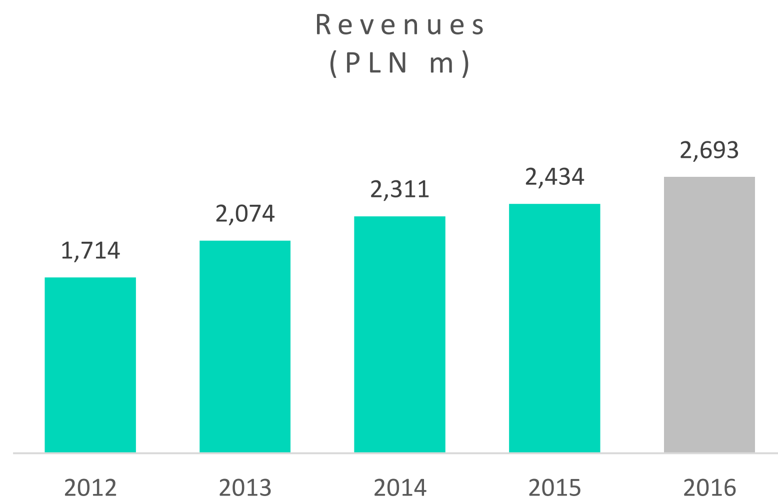
BACK-UP

RESERVED

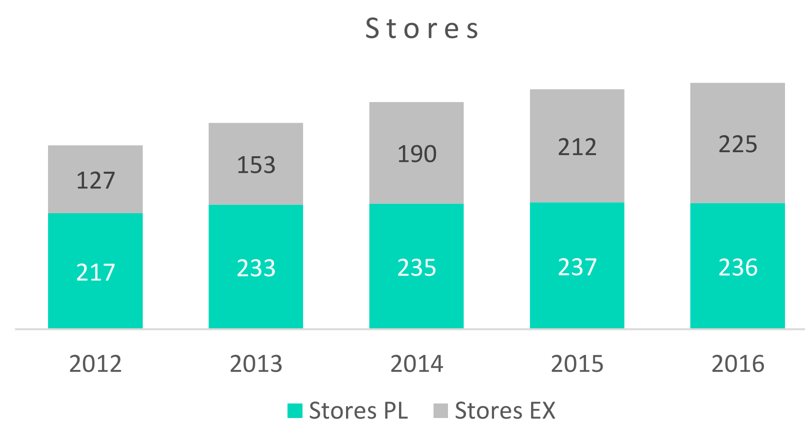
KEY BRAND FEATURES	Fast fashion brand with broad customer base
TARGET CUSTOMERS	Women, men, children
YEAR OF LAUNCH	1998
# STORES	461
# MARKETS	18
STORE SIZE	1,104 m2
ADVERTISING	International stars like Georgia May Jagger

RESERVED

Key data	2012	2013	2014	2015	2016
Revenues (PLN m)	1,714.1	2,073.8	2,311.3	2,433.8	2,692.9
No. of stores	344	386	425	449	461
Store size (m2)	733	835	917	1,027	1,104
Floorspace (eop, m2)	252.3	322.3	389.7	461.3	509.1
Sales/ m2 monthly	628	617	547	483	475
% of floorspace in PL	62%	59%	54%	50%	49%

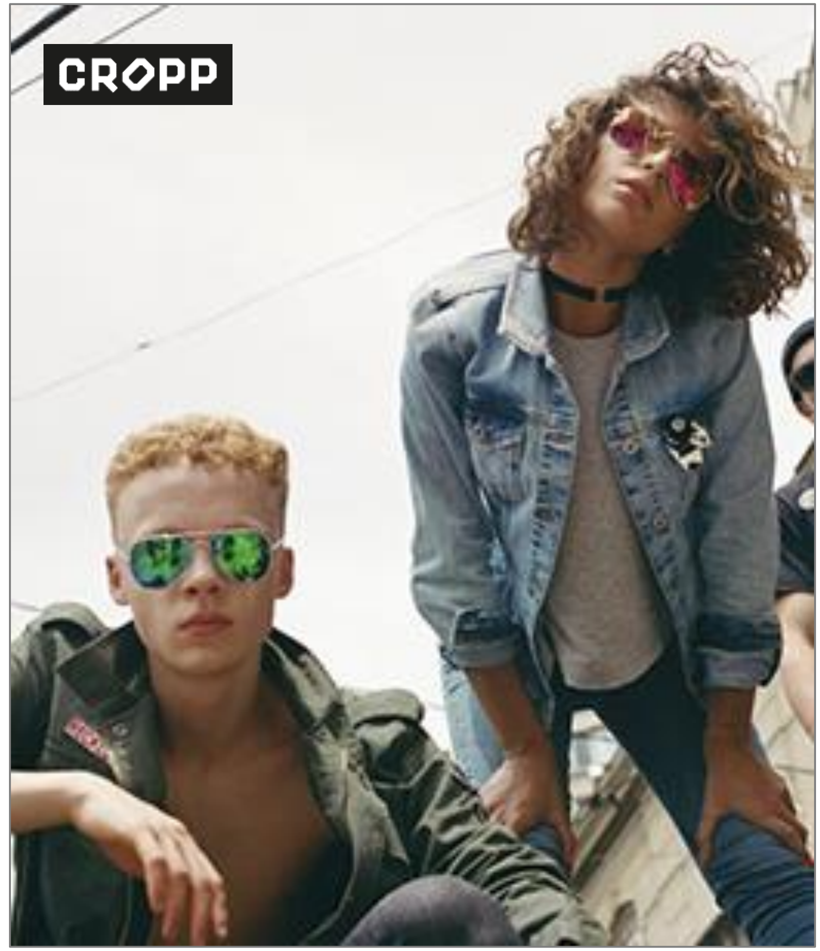


YoY growth	2012	2013	2014	2015	2016
Revenues (PLN m)	25%	21%	11%	5%	11%
No. of stores	13%	12%	10%	6%	3%
Store size (m2)	5%	14%	10%	12%	7%
Floorspace (eop, m2)	19%	28%	21%	18%	10%
Sales/ m2 monthly	11%	-2%	-11%	-12%	-2%
% of floorspace in PL	-3ppt	-3ppt	-5ppt	-4ppt	-1ppt



CROPP

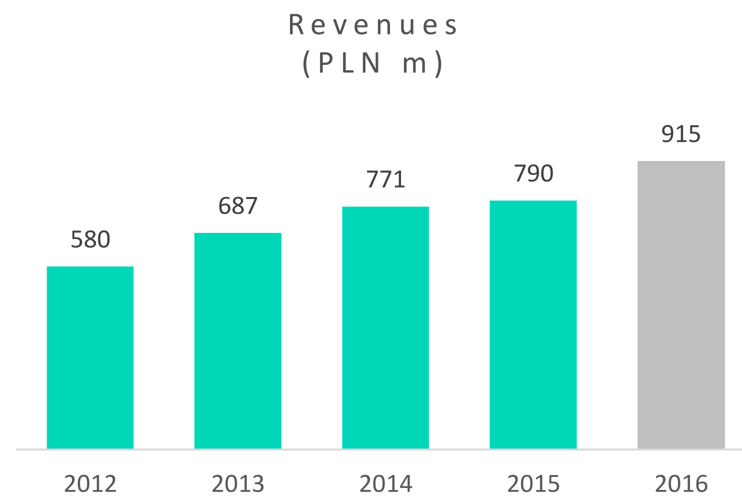
KEY BRAND FEATURES	Casual streetwear brand and international labels
TARGET CUSTOMERS	Teenagers (boys and girls)
YEAR OF LAUNCH	2004
# STORES	379
# MARKETS	12
STORE SIZE	318 m2
ADVERTISING	Partner of artists and street art events

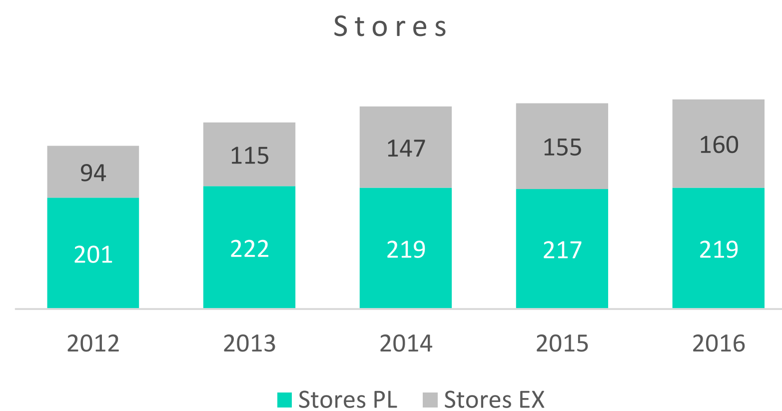


CROPP

Key data	2012	2013	2014	2015	2016
Revenues (PLN m)	580.4	687.0	770.9	789.9	914.9
No. of stores	295	337	366	372	379
Store size (m2)	244	269	288	308	318
Floorspace (eop, m2)	72.0	90.6	105.4	114.5	120.4
Sales/ m2 monthly	756	725	647	591	653
% of floorspace in PL	62%	60%	55%	55%	54%

YoY growth	2012	2013	2014	2015	2016
Revenues (PLN m)	30%	18%	12%	2%	16%
No. of stores	13%	14%	9%	2%	2%
Store size (m2)	7%	10%	7%	7%	3%
Floorspace (eop, m2)	21%	26%	16%	9%	5%
Sales/ m2 monthly	16%	-4%	-11%	-9%	11%
% of floorspace in PL	-5ppt	-2ppt	-5ppt	0ppt	-1ppt



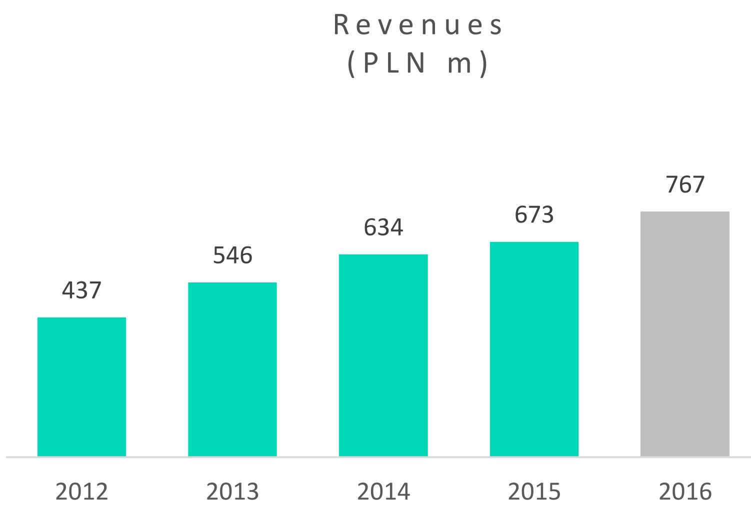


house

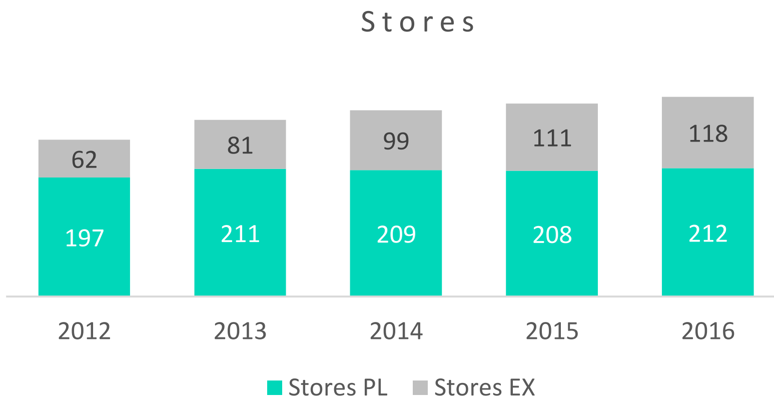
KEY BRAND FEATURES	Urban fashion brand with folk and vintage elements
TARGET CUSTOMERS	Teenagers (boys and girls)
YEAR OF LAUNCH	2001 (at LPP since 4Q08)
# STORES	330
# MARKETS	12
STORE SIZE	320 m2
ADVERTISING	Artistic events partner and music sponsor

house

Key data	2012	2013	2014	2015	2016
Revenues (PLN m)	436.6	546.3	633.6	673.2	767.1
No. of stores	259	292	308	319	330
Store size (m2)	247	275	291	313	320
Floorspace (eop, m2)	63.9	80.2	89.6	99.7	105.7
Sales/ m2 monthly	654	652	612	579	621
% of floorspace in PL	73%	69%	64%	62%	61%

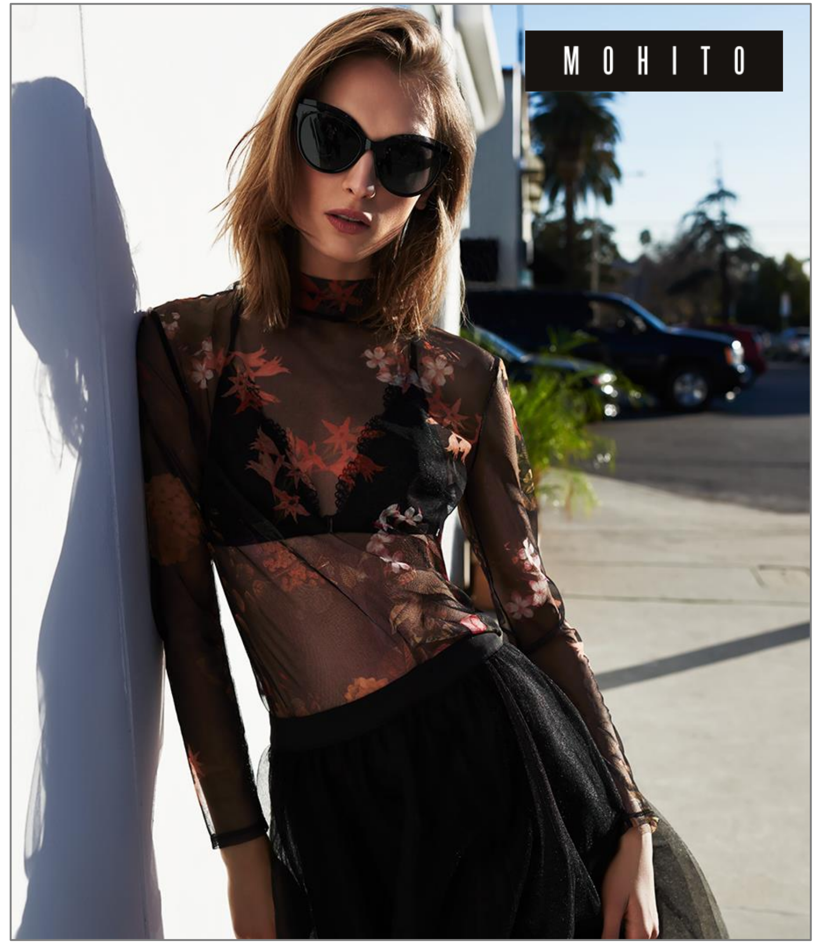


YoY growth	2012	2013	2014	2015	2016
Revenues (PLN m)	16%	25%	26%	6%	14%
No. of stores	17%	13%	5%	4%	3%
Store size (m2)	7%	11%	6%	7%	2%
Floorspace (eop, m2)	25%	26%	12%	11%	6%
Sales/ m2 monthly	3%	0%	-2%	-5%	7%
% of floorspace in PL	-7ppt	-4ppt	-5ppt	-2ppt	-1ppt



M O H I T O

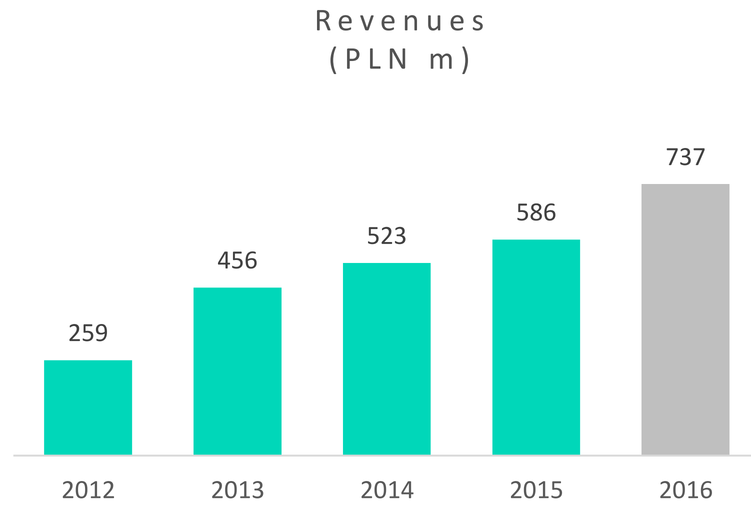
KEY BRAND FEATURES	Comfort and elegance; business and casual
TARGET CUSTOMERS	Young women
YEAR OF LAUNCH	2008 (at LPP since 4Q08)
# STORES	290
# MARKETS	12
STORE SIZE	342 m2
ADVERTISING	Super models (Anna Jagodzinska, Anja Rubik)

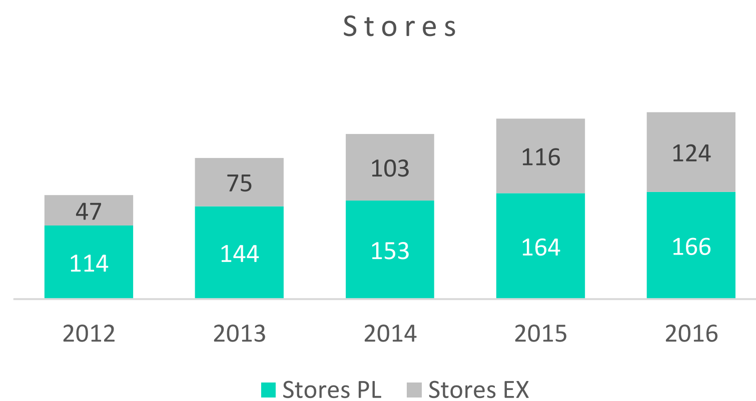


MOHITO

Key data	2012	2013	2014	2015	2016
Revenues (PLN m)	259.4	456.4	522.9	586.5	736.8
No. of stores	161	219	256	280	290
Store size (m2)	242	301	323	337	342
Floorspace (eop, m2)	38.9	66.0	82.8	94.5	99.1
Sales/ m2 monthly	843	759	583	549	636
% of floorspace in PL	67%	62%	56%	55%	54%

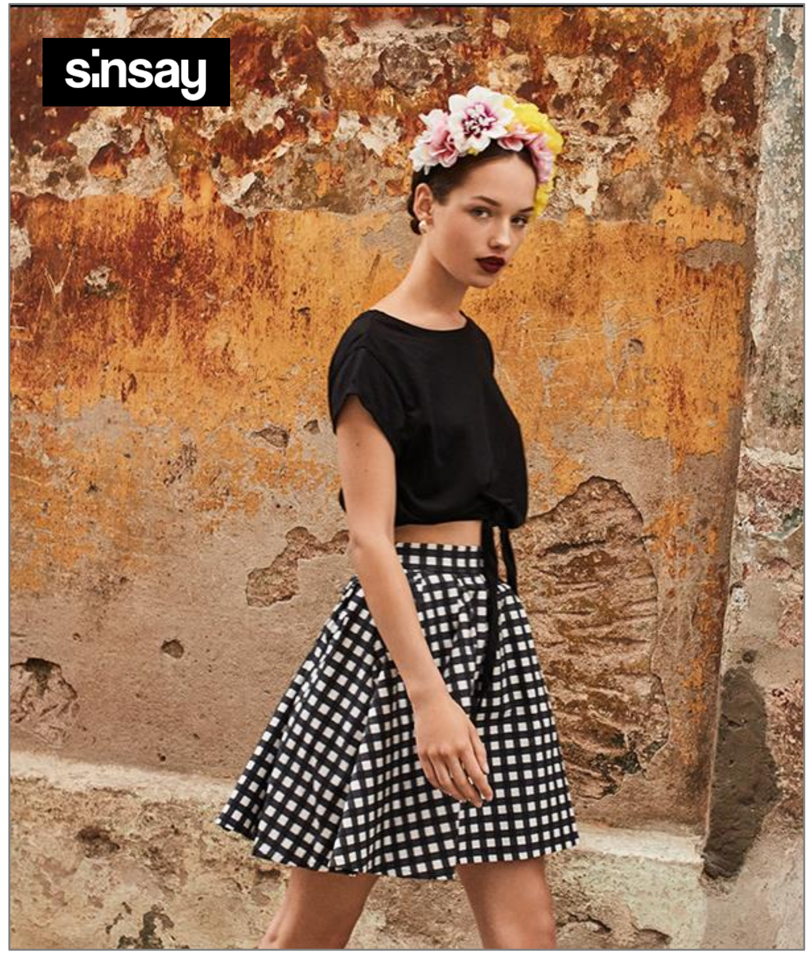
YoY growth	2012	2013	2014	2015	2016
Revenues (PLN m)	149%	76%	15%	12%	26%
No. of stores	73%	36%	17%	9%	4%
Store size (m2)	30%	25%	7%	4%	1%
Floorspace (eop, m2)	125%	70%	26%	14%	5%
Sales/ m2 monthly	53%	-6%	-19%	-6%	16%
% of floorspace in PL	-10ppt	-5ppt	-6ppt	-1ppt	-1ppt





sinsay

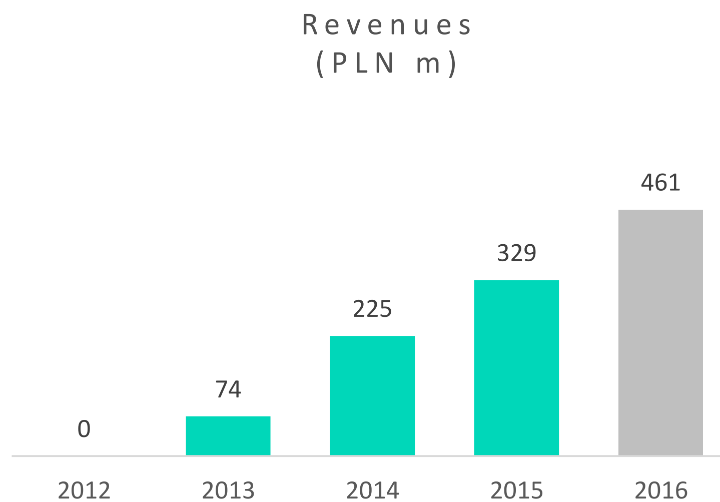
KEY BRAND FEATURES	Every day clothes and original party outfits
TARGET CUSTOMERS	Teenagers (girls only)
YEAR OF LAUNCH	2013
# STORES	198
# MARKETS	11
STORE SIZE	352 m2
ADVERTISING	Social media

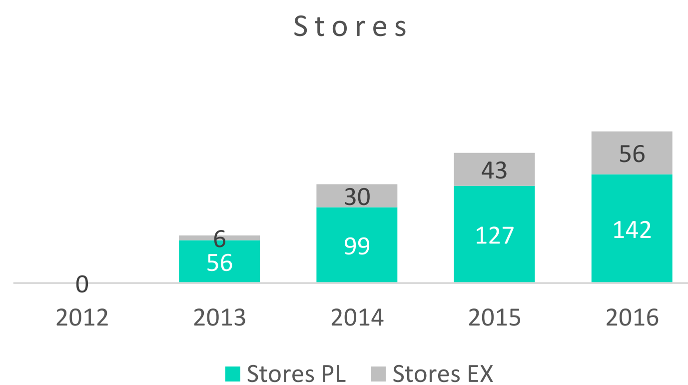


sinsay

Key data	2012	2013	2014	2015	2016
Revenues (PLN m)	-	74.0	224.7	328.9	460.9
No. of stores	-	62	129	170	198
Store size (m2)	-	325	338	351	352
Floorspace (eop, m2)	-	20.1	43.7	59.7	69.8
Sales/ m2 monthly	-	670	584	531	607
% of floorspace in PL	-	89%	75%	73%	70%

YoY growth	2012	2013	2014	2015	2016
Revenues (PLN m)	-	-	204%	46%	40%
No. of stores	-	-	108%	32%	16%
Store size (m2)	-	-	4%	4%	0%
Floorspace (eop, m2)	-	-	117%	37%	17%
Sales/ m2 monthly	-	-	-4%	-9%	14%
% of floorspace in PL	-	-	-14ppt	-2ppt	-3ppt





TALLINDER (closed down in 1Q17)

KEY BRAND FEATURES	High quality clothing
TARGET CUSTOMERS	More demanding men and women 30+
LAUNCH/ CLOSING DOWN	February 2016 (closed down in February `17)
# STORES	9
# MARKETS	Poland
STORE SIZE	452 m2
ADVERTISING	Billboards, social media, word-of-mouth

Acceleration of LFL growth

ACTIONS TAKEN TO BOOST LFLs

- New collections
- International stars
- Attractive floorspace
- Price
- Promotions

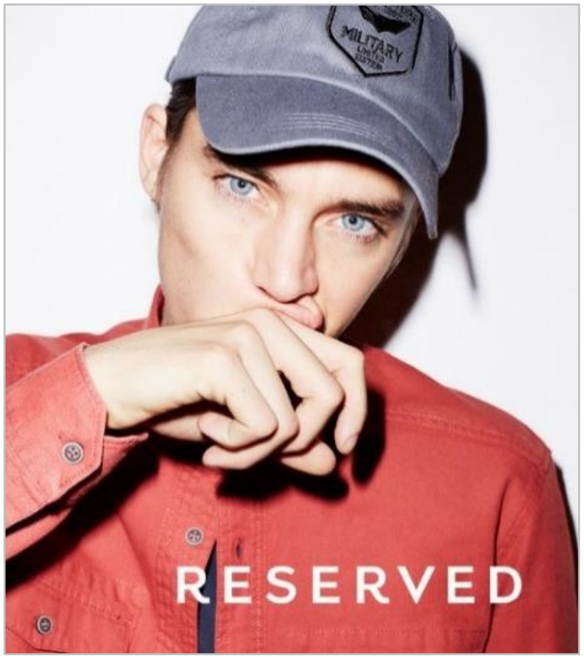
LFLs

	2012	2013	2014	2015	2016
LPP GROUP	11.3%	5.6%	-2.5%	0.6%	6.4%

LFLs DEFINITION

- Stores that
  - have been the same as a year before (have not changed their floorspace, have not undergone upgrades) and
  - have been in operation for the past 12 months (without a break longer than 7 days).
- Calculations are conducted without taking into account changes in currencies in countries in which LPP's stores are run.

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.

Attractive floorspace – new store concepts

Note: Tallinder brand was closed down in February 2017.

Successful launch of Reserved new concept

- Wide, open and transparent storefront allows for a deep view into the store.
- Modern LED lamps and LED screens illuminate the collections in a better way and create a warm ambience.
- Comfortable, large and spacious fitting rooms.
- Lack of dedicated zones allows for a smooth transition between women, men and children zones.
- Furniture made of straight profiles, flexible and more mobile.
- First store: Munich, September 2016.

International stars promote our brands

Magdalena Frąckowiak

Face of MOHITO
AW16/17 collection

Georgia May Jagger

Designed star
AW 15/16 Reserved
collection.
Face of AW14/15 & SS15

Brooklyn Beckham

Face of Reserved
SS15 collection

Anja Rubik

Designer of MOHITO
AW14/15 star
collection

Consistent 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

LPP

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).

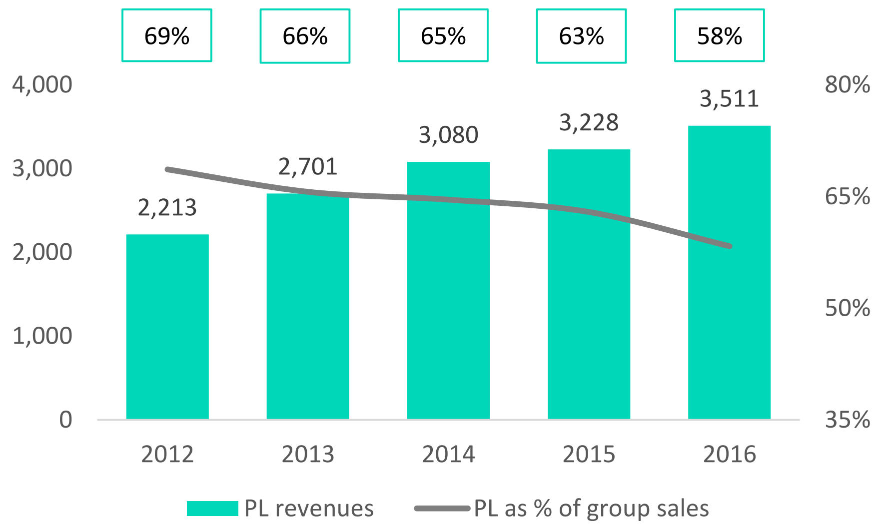
2017 network development details

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%

Established position domestically

Poland remains our main market (PLN m)



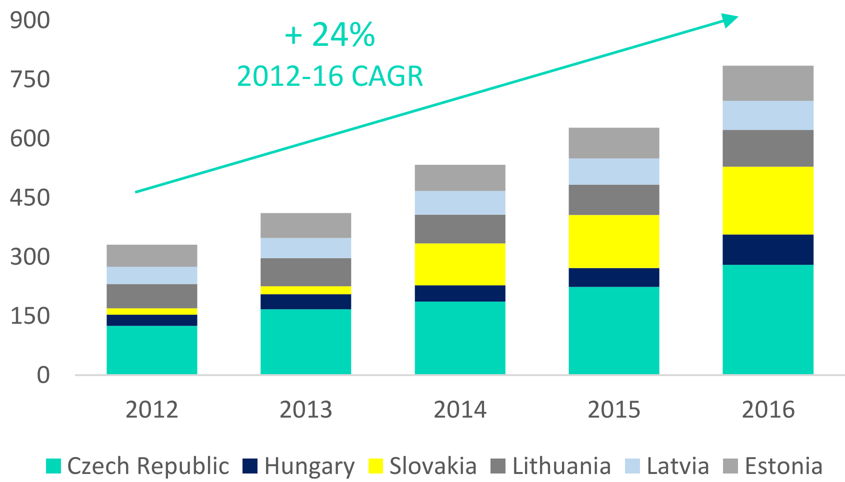
Polish network development

No. of stores	2012	2013	2014	2015	2016
Poland	745	886	943	986	1,017
Reserved	217	233	235	237	236
Cropp	201	222	219	217	219
House	197	211	209	208	212
MOHITO	114	144	153	164	166
SiNSAY	0	56	99	127	142
Tallinder	0	0	0	0	9
Outlets	16	20	28	33	33

- Poland is LPP's largest market, generating 58% of group revenues in 2016.
- As development of company-owned stores was initiated in Poland with the Reserved brand in 1998, Poland is the market where sales/ m2 are higher than average abroad due to stronger brand recognition.
- Currently, stores of all brands are present in Poland in best shopping malls and high-streets. Further development in Poland planned via new shopping malls. Tallinder was closed down in 1Q17.

Strong presence in CEE and Baltic

Revenues from CEE and Baltic
(PLN m)



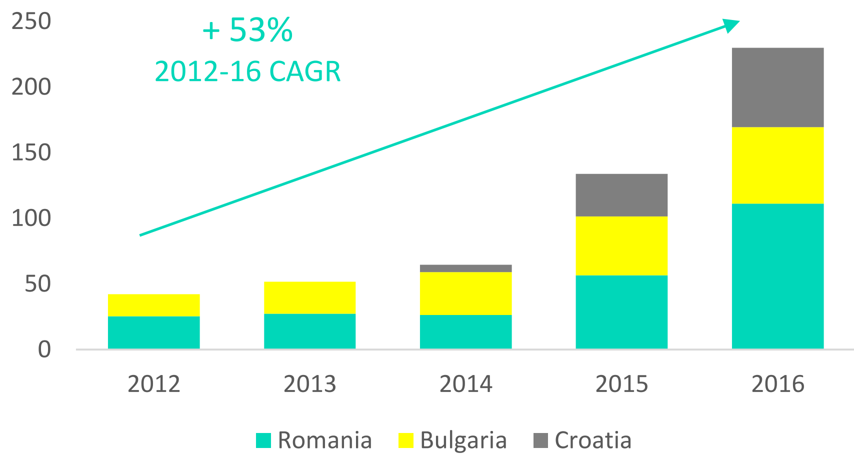
CEE and Baltic network development

No. of stores	2012	2013	2014	2015	2016
CEE (excl. Poland)	64	90	132	158	160
Czech Republic	43	66	73	80	80
Hungary	9	11	11	17	18
Slovakia	12	13	48	61	62
Baltic	59	58	70	71	73
Lithuania	25	23	25	26	28
Latvia	14	16	19	19	19
Estonia	20	19	26	26	26

- All five mainstream brands are now in Czech Republic and maturity has been reached.
- Hungary remains the least saturated CEE market, despite 2015 introduction of House and SiNSAY brands.
- After taking over the Slovak franchise stores (April 2014), we still see development potential.
- Five mainstream brands present in Lithuania, Latvia and Estonia. Focus on on-line sales.

Further growth potential in the SEE

Revenues from SEE
(PLN m)



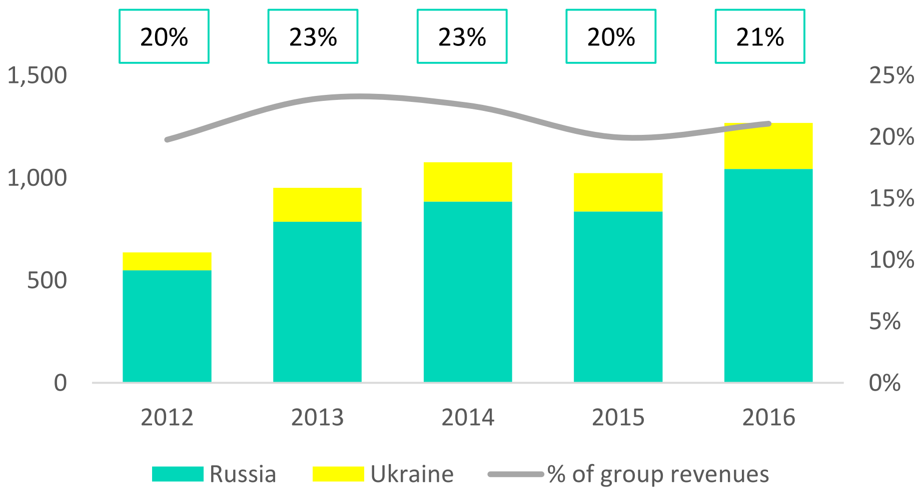
SEE network development

No. of stores	2012	2013	2014	2015	2016
SEE	11	23	31	47	63
Romania	5	5	11	22	34
Bulgaria	6	9	15	15	12
Croatia	0	0	5	10	17

- Late SEE entry (2008) due to: 1) priority given to CIS, 2) limited appropriate infrastructure in the region.
- Along with softer macro environment, in 2014 we have stepped up our SEE development, opening more stores in Romania and Bulgaria and entering Croatia.
- We see medium-term development potential, as so far we have only entered 3 regional countries. In 2017, first Reserved stores are going to be opened in Serbia.

CIS – the second largest market

CIS revenue contribution (PLN m)



CIS network development

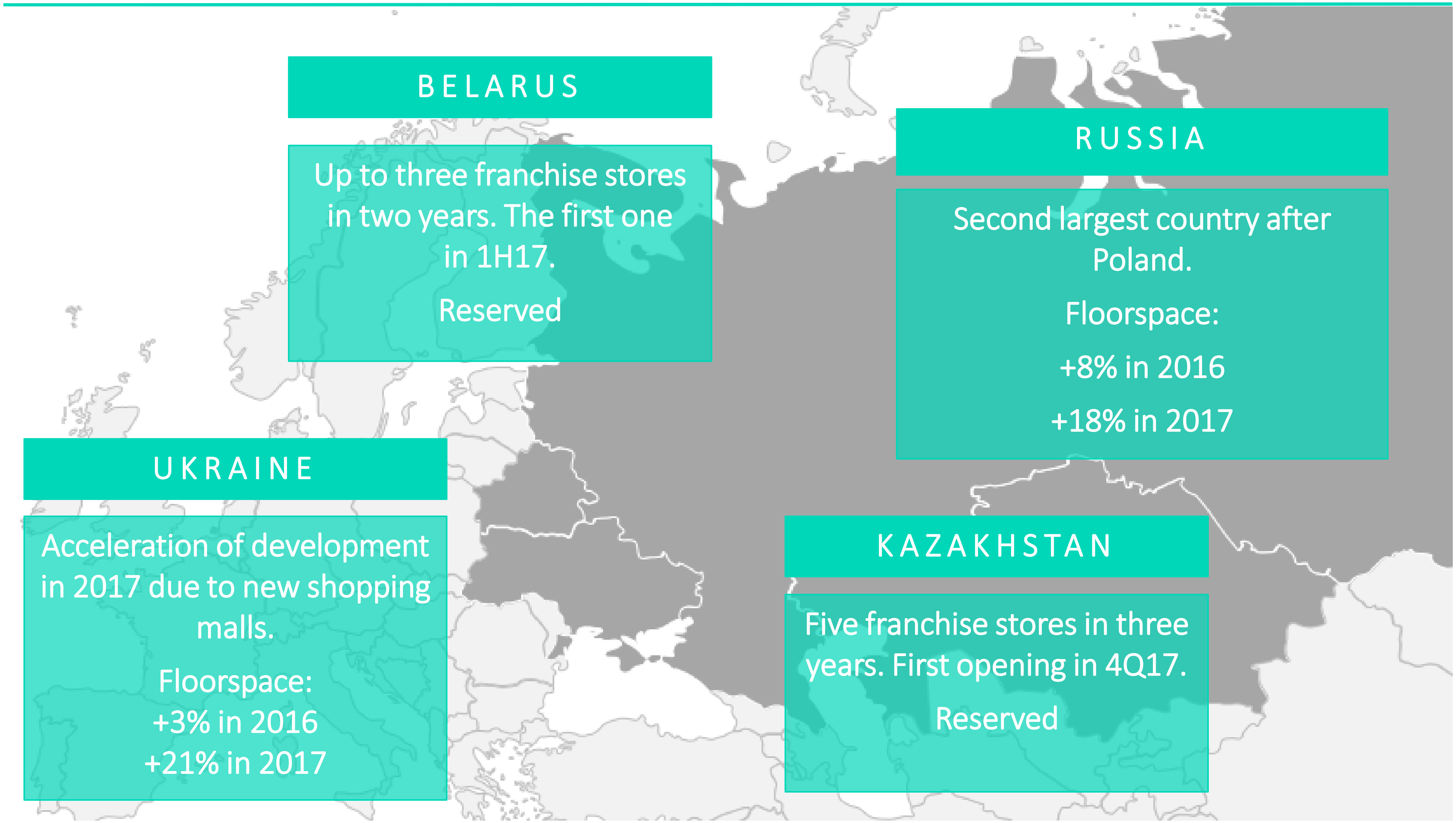
No. of stores	2012	2013	2014	2015	2016
CIS	198	272	336	349	368
Russia	159	219	267	280	296
Ukraine	39	53	69	69	72

FX changes

FX	2012	2013	2014	2015	2016
PLN/RUB	9.5	10.1	12.0	16.1	16.9
PLN/UAH	2.5	2.6	3.7	5.7	6.5

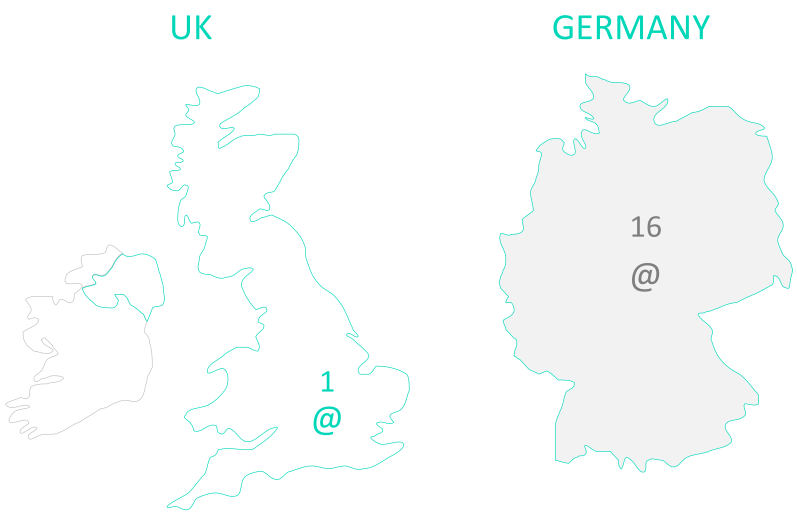
- CIS is the second most important market after Poland, responsible for 21% of group sales in 2016. Due to high-growth potential, development in Russia was initiated in 2002. The pace of new openings was dependent on the quality of shopping mall floorspace available.
- Following the geopolitical issues from 2014, we have withheld new Russian and Ukrainian openings. From 2017 we plan to accelerate development in both Russia and Ukraine.
- First Reserved franchise stores in Belarus and Kazakhstan to be opened in 2017.

CIS development acceleration



Western Europe – the new pillar

Western Europe development



Summary of German expansion

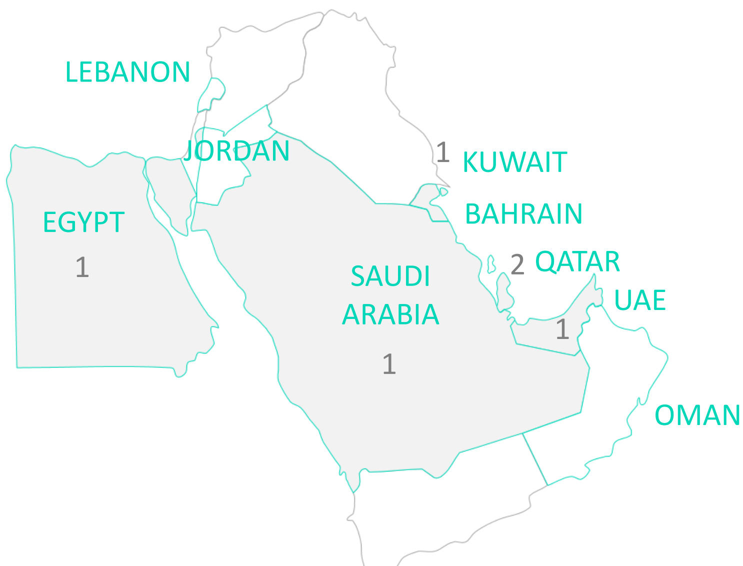
	2014	2015	2016
Revenues (PLN m)	15	94	194
No. of stores	4	12	16
Floorspace (k m2)	7.6	27.1	37.7
Store size (m2)	1,910	2,255	2,356

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

- Germany was the first Western European country entered. In July 2014 we launched Reserved on-line store, while first shop was opened in September 2014.
- Flagship store in Munich opened in September 2016 is the first Reserved store in the new concept.
- Our target: 19 stores in Germany by the end of 2017. Further development once these reach profitability.
- Our first store in the UK, in the centre of London, is to be opened in 3Q17.

Middle East – foothold on the third continent

Current and planned ME presence



ME development

	1H15	2015	1H16	2016
No. of stores	3	4	6	6
Floorspace (k m2)	3.9	5.5	7.6	7.6
No. of countries	3	4	5	5
Sales (PLN m)	9.1	22.6	16.4	31.4

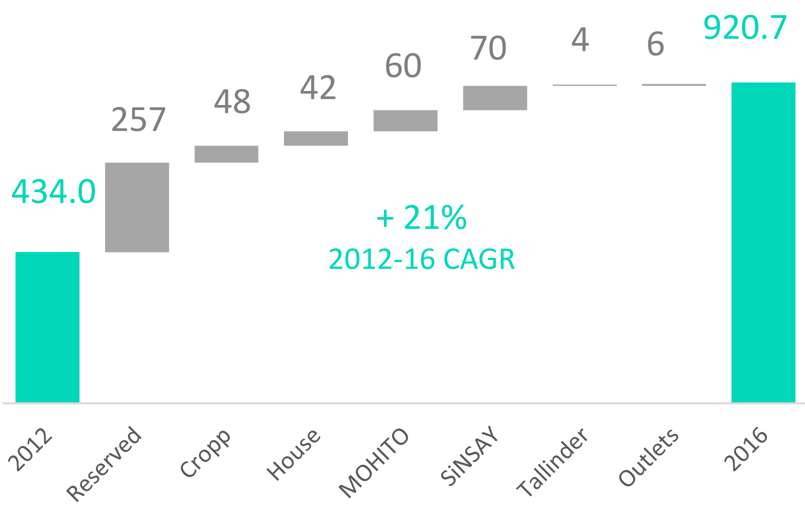
xx Number of stores, eop `16

Planned countries

- Development via franchise stores opened by franchisee Azadea (contrary to other markets) since 1Q15.
- Franchise stores require no capex, yet bear no retail margin.
- Now, only Reserved stores are opened, but MOHITO and SiNSAY are also scheduled for ME expansion.

Younger brands fuel floorspace growth

Floorspace growth by brands
(ths m2)



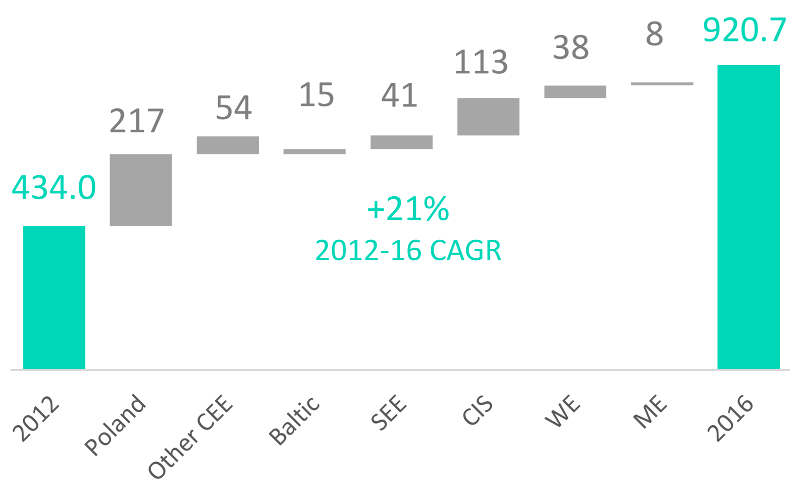
Floorspace by brands

ths m2	2012	2013	2014	2015	2016
LPP GROUP	434.0	588.6	722.5	843.5	920.7
Reserved PL	156.1	188.9	209.2	232.5	248.7
Reserved EX	96.2	133.4	180.5	228.8	260.4
Cropp PL	44.9	54.5	58.3	63.0	65.3
Cropp EX	27.0	36.1	47.1	51.5	55.1
House PL	46.5	55.4	57.3	62.2	64.9
House EX	17.4	24.8	32.3	37.5	40.7
MOHITO PL	26.1	40.9	46.2	52.1	53.4
MOHITO EX	12.8	25.0	36.6	42.4	45.7
SiNSAY PL	0.0	17.9	32.7	43.5	48.6
SiNSAY EX	0.0	2.2	11.0	16.2	21.2
Tallinder PL	0.0	0.0	0.0	0.0	4.1
Outlets	7.0	9.3	11.3	13.8	12.6

- In 2012-16, Reserved opened 92.5ths m2 in Poland but as much as 164ths m2 abroad.
- Even though SiNSAY was launched in 2013, it added more floorspace than the more mature MOHITO.
- Cropp and House growths came from domestic and foreign expansion.

New regions fuel floorspace growth

Floorspace growth by regions
(ths m2)



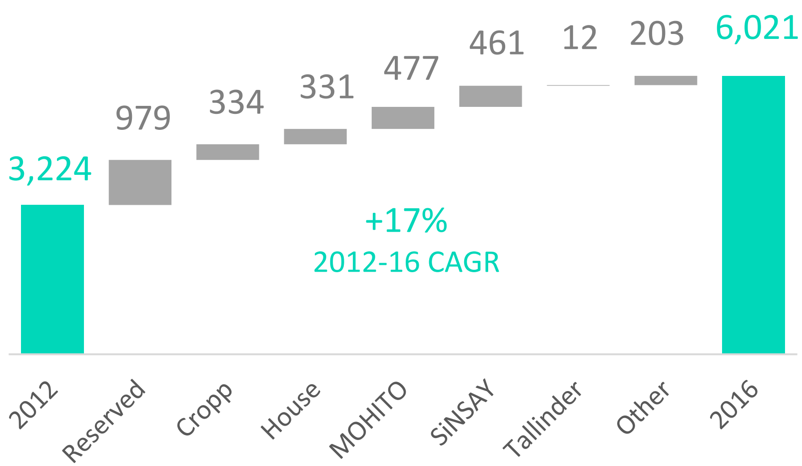
Floorspace by regions

ths m2	2012	2013	2014	2015	2016
LPP GROUP	434.0	588.6	722.5	843.5	920.7
CEE	309.1	408.8	475.5	544.7	580.6
Poland	279.4	365.5	413.6	465.0	496.6
Other CEE	29.6	43.3	61.9	79.7	84.0
Baltic	24.3	27.2	36.4	38.2	39.5
SEE	7.0	10.2	22.6	34.1	48.3
CIS	93.7	142.4	180.3	193.9	207.0
WE	0.0	0.0	7.6	27.1	37.7
ME	0.0	0.0	0.0	5.5	7.6

- The CEE region dominated in new floorspace due to development of 5 mainstream brands in Poland.
- The CIS region was the second largest contributor as more high quality mall space was available.
- Even though Germany was launched in 2H14, 16 stores added similar m2 to SEE in 2012-16.

Younger brands fuel revenue growth

Revenue growth by brands
(PLN m)



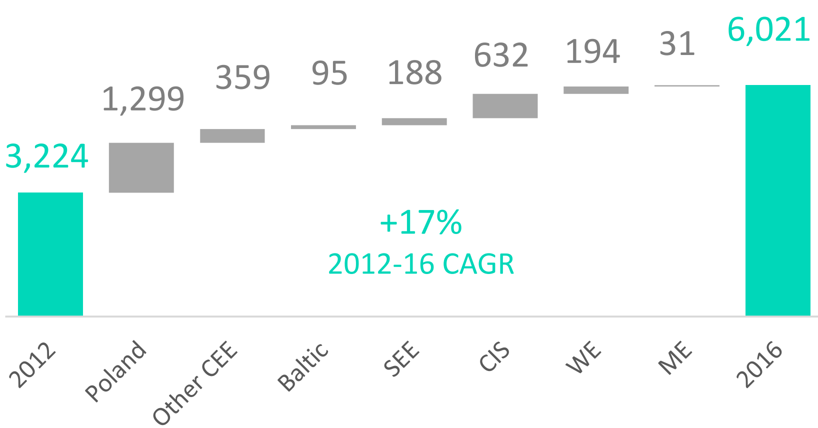
Revenues by brands

PLN m	2012	2013	2014	2015	2016
LPP GROUP	3,223.7	4,116.3	4,769.3	5,130.3	6,020.6
Reserved PL	1,134.9	1,298.0	1,425.7	1,421.5	1,407.0
Reserved EX	579.2	775.8	885.6	1,012.3	1,285.9
Cropp PL	372.2	419.3	469.8	467.8	497.4
Cropp EX	208.2	267.7	301.2	322.0	417.5
House PL	350.9	409.0	454.9	469.7	517.3
House EX	85.8	137.3	178.7	203.4	249.9
MOHITO PL	192.5	307.6	340.5	353.5	405.5
MOHITO EX	67.0	148.8	182.4	233.0	331.3
SiNSAY PL	0.0	70.7	186.0	262.0	346.1
SiNSAY EX	0.0	3.3	38.6	66.9	114.8
Tallinder PL	0.0	0.0	0.0	0.0	12.1
Other	233.1	278.8	305.9	318.2	436.0

- Despite its scale in Poland, Reserved was the largest group revenue contributor in 2012-16.
- MOHITO and SiNSAY proved to be successful concepts, growing domesticaly and abroad.
- Cropp and House were similar revenue contributors.

New regions fuel revenue growth

Revenue growth by regions
(PLN m)



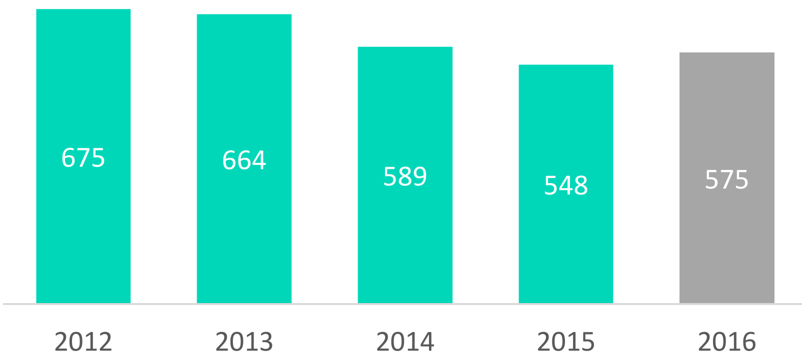
Revenues by regions

PLN m	2012	2013	2014	2015	2016
LPP GROUP	3,223.7	4,116.3	4,769.3	5,130.4	6,020.6
CEE	2,382.1	2,926.5	3,413.6	3,633.8	4,040.1
Poland	2,212.6	2,701.2	3,079.6	3,227.7	3,511.4
Other CEE	169.5	225.3	333.9	406.1	528.7
Baltic	161.9	186.4	199.8	221.6	256.4
SEE	42.1	51.7	64.6	133.8	229.8
CIS	637.7	951.7	1,076.2	1,024.6	1,269.3
WE	0.0	0.0	15.2	93.9	193.6
ME	0.0	0.0	0.0	22.6	31.4

- The CEE dominated in terms of revenue contribution largely due to the core Polish market.
- Floorspace expansion in Russia translated into CIS being the second largest revenue addition.
- Expansion into SEE and WE is visible on our top-line. Since 2015 we develop in the Middle East.

Pick-up in sales/ m2

Revenues/ m2 monthly
(PLN)



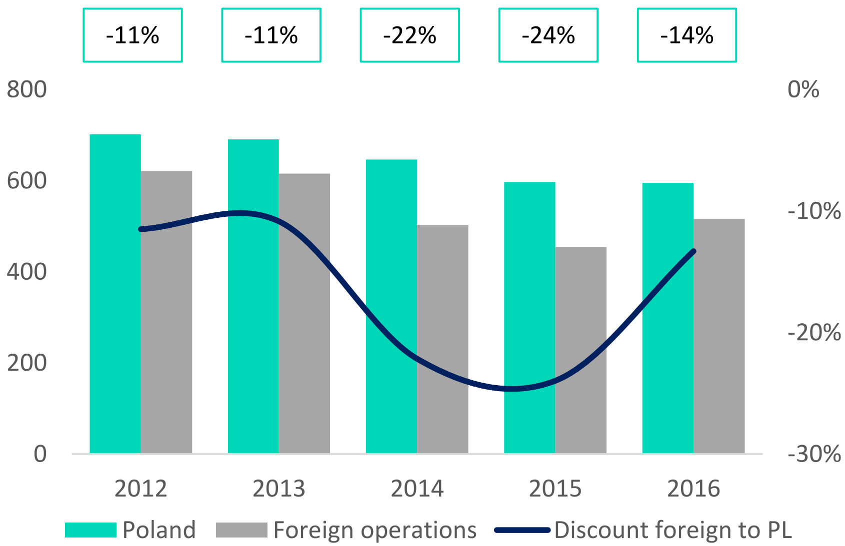
Revenues/ m2 monthly

PLN	2012	2013	2014	2015	2016
LPP GROUP	675	664	589	548	575
Reserved PL	654	644	599	536	494
Reserved EX	582	573	481	423	455
Cropp PL	754	720	684	624	648
Cropp EX	759	733	596	549	659
House PL	684	682	664	631	675
House EX	556	578	511	486	532
MOHITO PL	857	777	647	601	640
MOHITO EX	803	725	491	483	631
SiNSAY PL	-	682	613	576	640
SiNSAY EX	-	483	475	407	525
Tallinder PL	-	-	-	-	346

- Except for Cropp, all brands had higher revenues/ m2 in Poland than abroad.
- Growth in foreign sales/ m2 in PLN in 2016 relates to more favourable FX relations in 2H16 and growing recognition abroad of the younger brands.
- In 2016, House had the highest revenues/ m2 in Poland while Cropp abroad.

… and by regions

Revenues/ m2 monthly

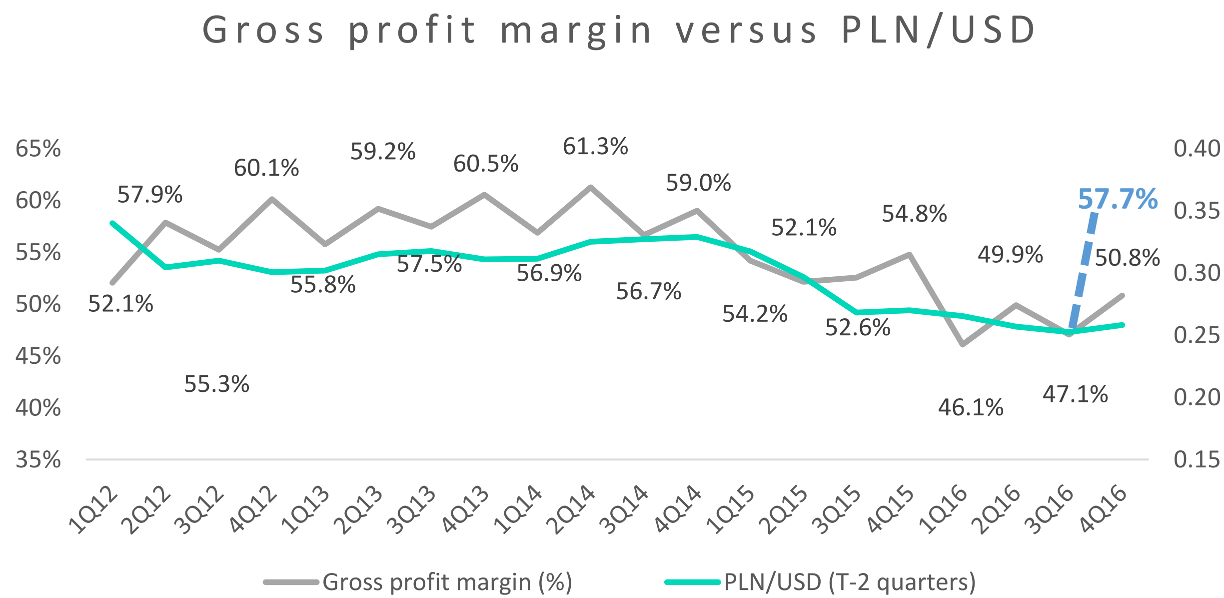


Revenues/ m2 monthly

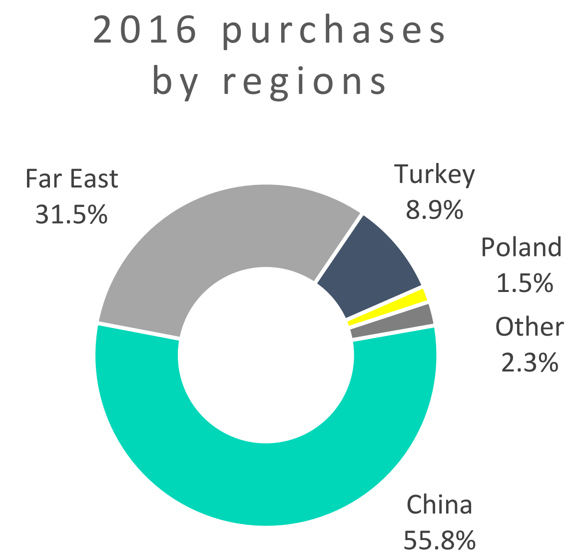
PLN	2012	2013	2014	2015	2016
LPP GROUP	675	664	589	548	575
CEE	578	578	543	528	557
Poland	702	691	647	598	595
Other CEE	537	540	509	505	544
Baltic	567	604	530	493	560
SEE	377	467	457	382	444
CIS	672	663	508	451	514
WE	-	-	836	510	490

- Sales/ m2 in Poland were on average c.17% higher in 2012-15 than on foreign markets.
- The difference narrowed in 2016 due to more favourable FX relations, especially in 2H16, and changes within the replenishment system at foreign stores.
- Situation in Russia and Ukraine affects also the revenues from the Baltic countries.

Gross profit margin depends on US$

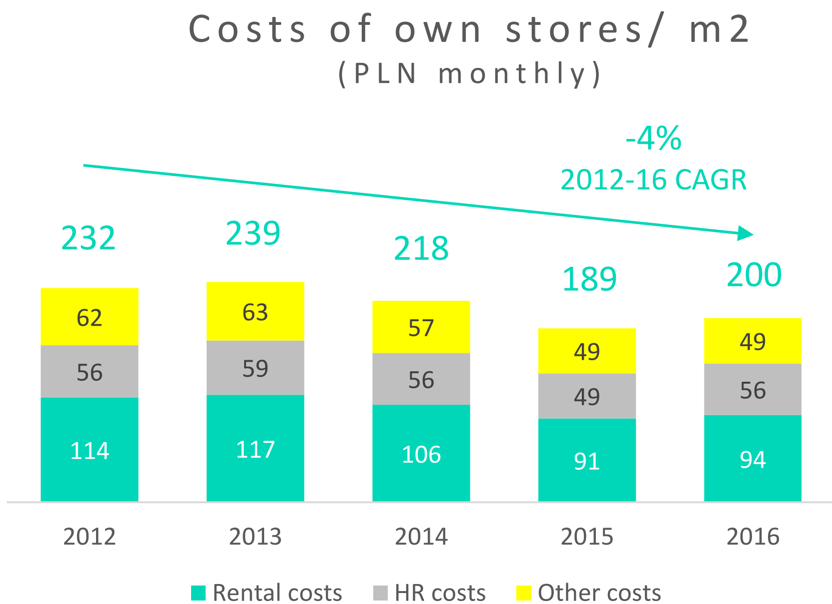


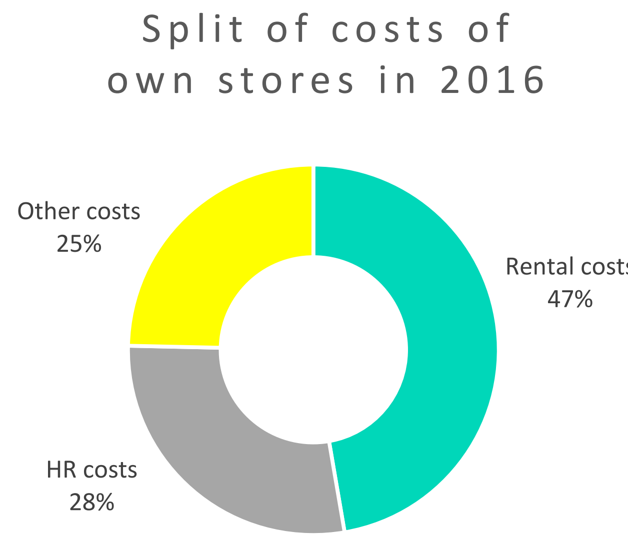
--- represents 4Q16 gross profit margin adjusted for the December 2016 obsolete inventory sell-off



- The majority of purchases is conducted in the Far East and indexed to US$. Depreciation of zloty to US$ increases costs of purchases from Asia.
- A new sell-out policy introduced from 2Q16 – goods are sold off to the maximum extent in stores, to avoid the costs of removal and transportation to the post-season warehouse.
- Without the December 2016 inventory sell-off, 2016 gross profit margin would come at 50.8%, down 2.7 p.p.

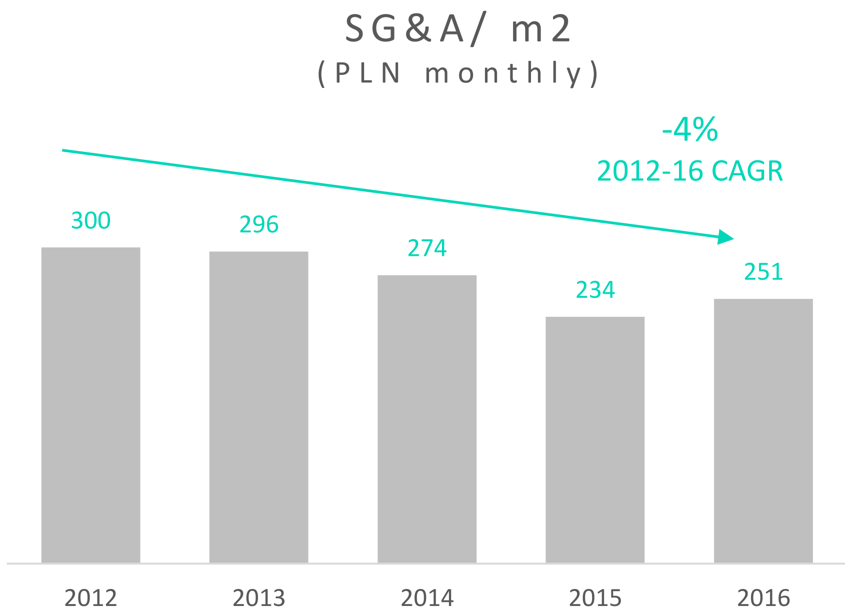
Costs of own stores depend on rentals

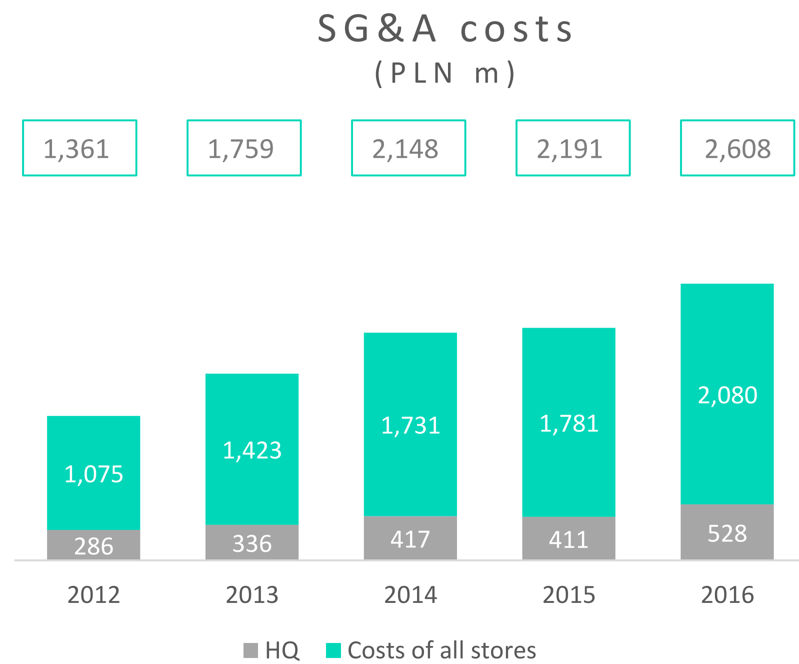




- Rental charges → successful rental renegotiations, yet impact of PLN depreciation to EUR in 2016.
- Personnel costs → continuous headcount optimisation, but pressure on salaries growth from 2016.
- Other costs of stores → depreciation constitutes half of other costs of stores; other costs: energy, provisions, security.

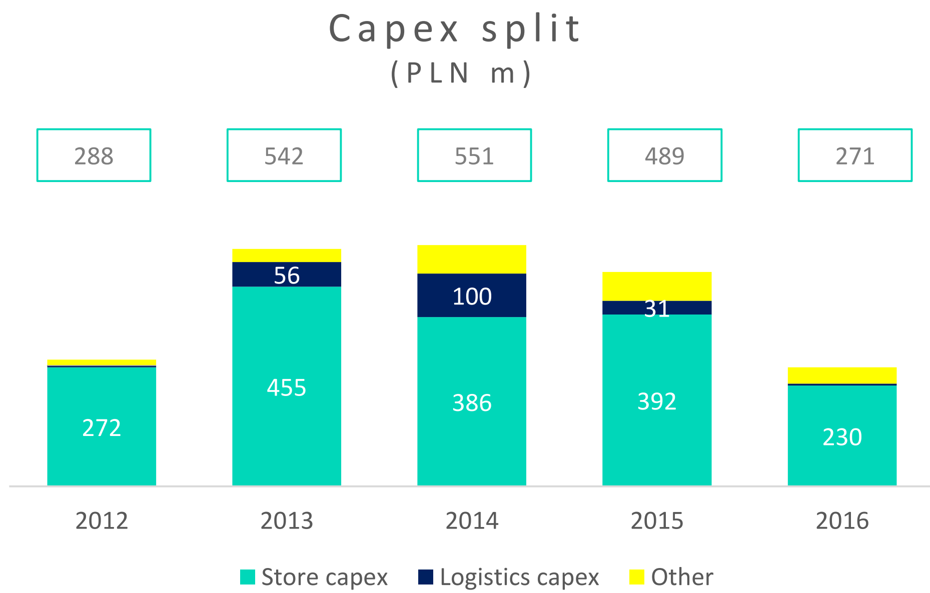
We control SG&A/ m2

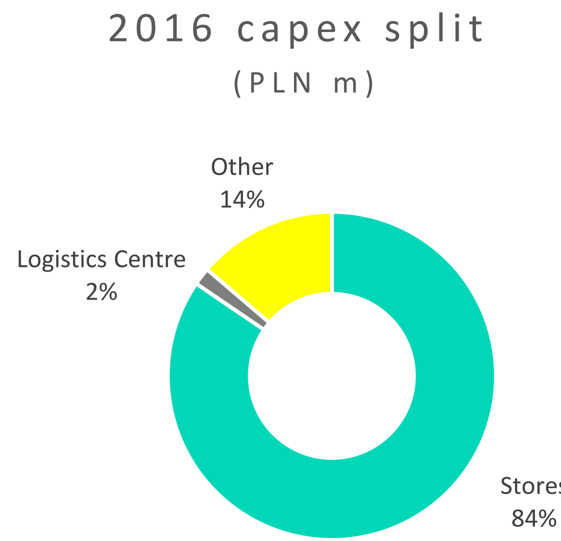




- Fall in SG&A/ m2 in 2012-16 → optimisation of costs of own stores and headquarters.
- Costs of stores ➔ YoY growth in 2016 due to higher YoY floorspace, depreciation of zloty versus euro and HR costs. Fall in costs of franchise stores in Poland, due to switch to company owned stores.
- HQ costs ➔ YoY growth in 2016 due to investments in product departments and e-commerce.
- Stores in the Middle East do not affect SG&A costs.

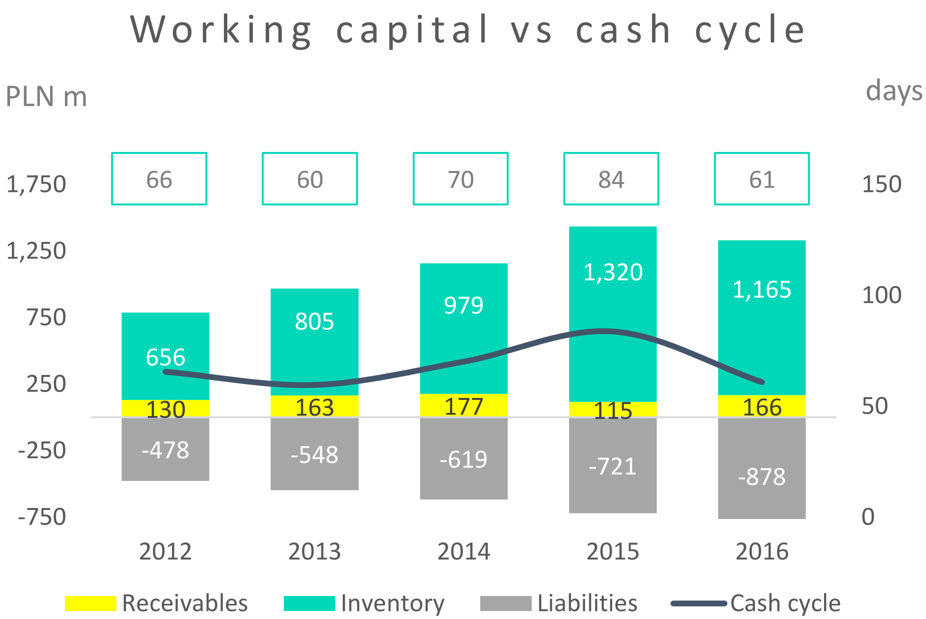
Capex reduced by fit-outs

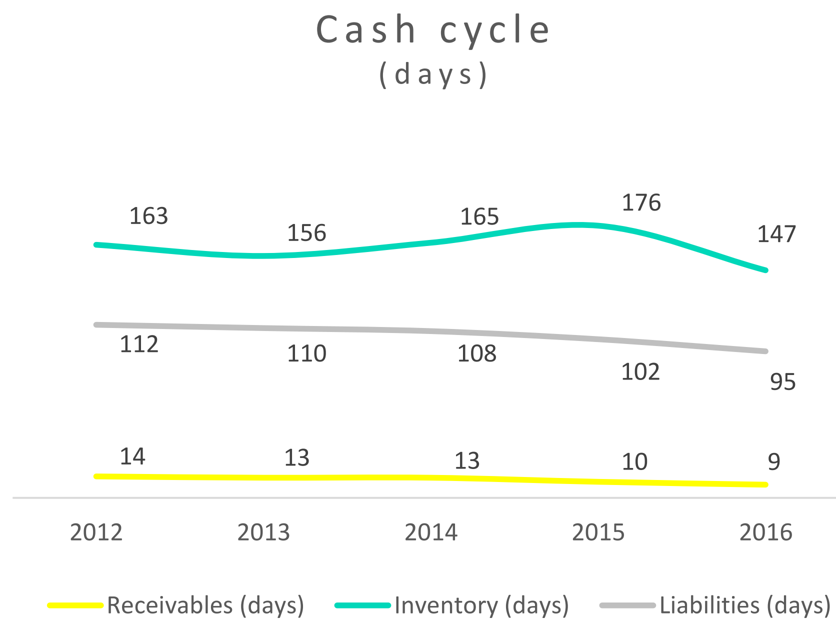




- Target capex of PLN 3,000/ m2 is lowered by fit-outs obtained domestically and abroad. However, the number may go up along with more WE openings. Maintenance capex constitutes c.10% of store outlays.
- Upgrade of Polish logistics center conducted in 2013-15 cost PLN 177m. It was launched in 2Q15.
- Modernisation of Gdansk headquarters finished in September 2015. We continue to expand our HQs to make room for future growth. Further investments are scheduled for 2017.

Cash cycle with potential to improve …





- The majority of receivables are obtained in cash. The wholesale business is the only exception.
- Goods are ordered 3-4 months before their shipment. We usually use marine transportation.
- Some half of settlements with suppliers is conducted in the form of a letter of credit. We do not use prepayments, contrary to documentary collection and bank transfers.

… due to introduction of supply chain finance

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

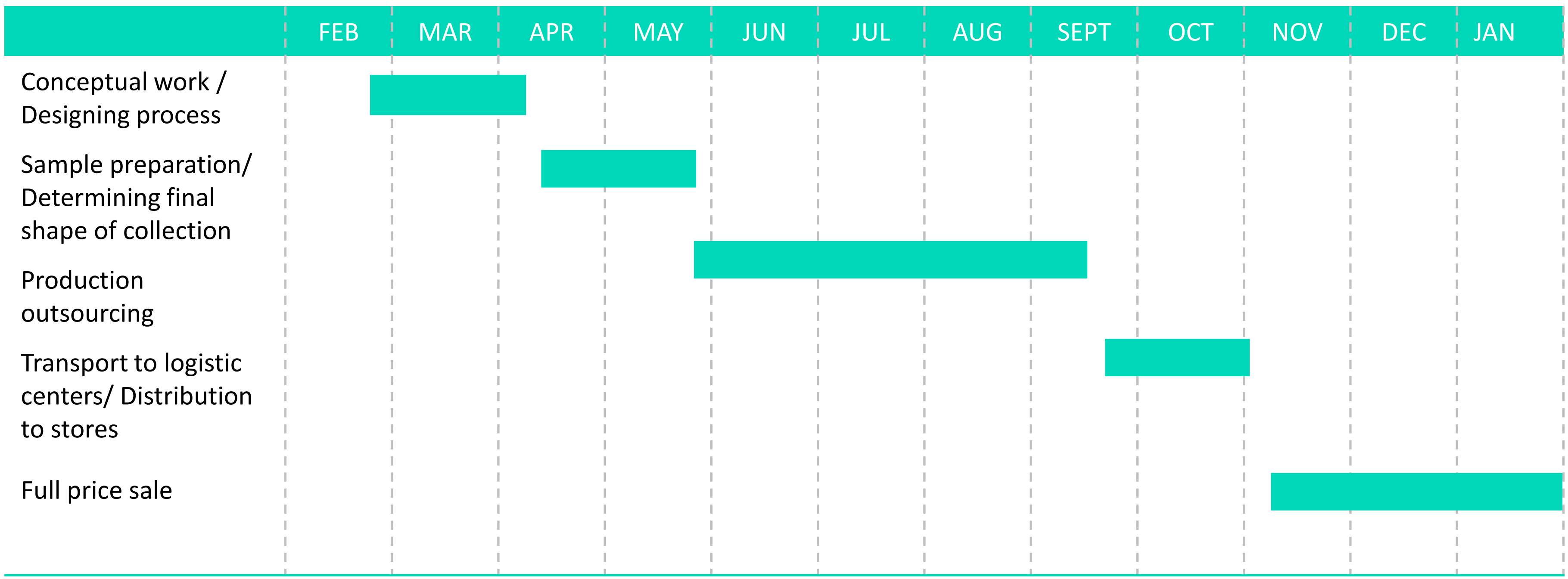
BENEFITS FOR SUPPLIERS

- 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.

Streamlining production lead time

EXAMPLE: COLLECTION FROM FAR EAST



Top quality logistics

LOGISTICS CENTERS

c. 90% goods sourced from Asia

c. 10% delivery from Europe

100 containers per week

In Poland (owned)

The largest and most modern in CEE of its kind

Services all LPP stores ex. Russia

66,000 m2 floorspace

Sufficient for development until 2020

In Russia (rent)

9,500 m2 floorspace

Services 90% of goods in Russian stores

> 1m pieces of clothes sent daily in high season

Center prepares orders for > 1,000 stores simultaneously

Group's FX exposure

COSTS

MANUFACTURERS

86% US$
9% EUR
5% other

RENTALS

78% EUR
12% US$
10% other

41% PLN SG&A COSTS
59% FX SG&A COSTS

LPP
(Parent company)

58% PLN REVENUES
42% FX REVENUES

REVENUES

STORES IN POLAND & WHOLESALE

PLN

Stores in Czech Rep., Hungary, Bulgaria, Romania, Croatia

LC/PLN

Stores in Slovakia, Lithuania, Latvia, Estonia, Germany

EUR/PLN

STORES IN RUSSIA, UKRAINE (Foreign subsidiaries)

RUB/PLN
UAH/US$

MIDDLE EAST STORES (Franchise)

US$/PLN

Note: LC stands for local currency. Calculations based on 2016 numbers.

Historical numbers show cost efficiency

PLN m	2012	2013	YoY	2014	YoY	2015	YoY	2016	YoY	CAGR 2012-16
Revenues	**3,223.8**	**4,116.3**	**27.7%**	**4,769.3**	**15.9%**	**5,130.4**	**7.6%**	**6,020.6**	**17.4%**	**16.9%**
Gross profit on sales	1,827.1	2,409.2	31.9%	2,792.5	15.9%	2,742.8	-1.8%	2,935.3	7.0%	12.6%
Gross profit margin	*56.7%*	*58.5%*	*1.9 p.p.*	*58.6%*	*0.1 p.p.*	*53.5%*	*-5.1 p.p.*	*48.8%*	*-4.7 p.p.*	
SG&A costs	1,360.8	1,759.2	29.3%	2,148.3	22.1%	2,191.7	2.0%	2,607.9	19.0%	17.7%
Other operating activity	-11.9	-34.3		-35.0		-48.5		-98.1		
EBIT	**454.4**	**615.6**	**35.5%**	**609.1**	**-1.1%**	**502.7**	**-17.5%**	**229.3**	**-54.4%**	**-15.7%**
EBIT margin	*14.1%*	*15.0%*	*0.9 p.p.*	*12.8%*	*-2.2 p.p.*	*9.8%*	*-3.0 p.p.*	*3.8%*	*-6,0 p.p.*	
Net financials	-30.3	-91.8		-149.2		-88.3		-32.3		
Pre-tax profit	**424.1**	**523.9**	**23.5%**	**459.9**	**-12.2%**	**414.4**	**-9.9%**	**197.0**	**-52,5%**	**-17.5%**
Tax	70.2	91.0		-22.0		63.0		21.0		
Minorities	1.5	1.9		2.3		0.0		0.0		
Net income	**352.4**	**431.0**	**22.3%**	**479.5**	**11.3%**	**351.3**	**-26.7%**	**175.9**	**-49,9%**	**-15.9%**
Net margin	*10.9%*	*10.5%*	*-0.4 p.p.*	*10.1%*	*-0.4 p.p.*	*6.8%*	*-3.2 p.p.*	*2.9%*	*-3,9 p.p.*	

Balance sheet increasingly strong

PLN m	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2016
Non-current assets	**744.9**	**909.9**	**1,231.9**	**1,516.4**	**1,797.0**	**1 840,6**
intangibles (including goodwill)	272.6	278.7	281.2	315.9	324.4	330,6
fixed assets	447.7	598.5	896.8	1,038.8	1,258.8	1,292.9
Current assets	**868.9**	**1,022.4**	**1,259.7**	**1,417.3**	**1,768.2**	**1,839.9**
inventory	594.6	656.1	805.0	979.3	1,319.7	1,164.7
trade receivables	114.3	130.4	163.3	176.9	115.1	165.9
cash and equivalents	117.0	159.4	149.4	183.5	224.4	365.8
Total assets	**1,613.9**	**1,932.2**	**2,491.6**	**2,933.7**	**3,565.2**	**3,680.5**
Equity	**909.2**	**1,211.0**	**1,496.5**	**1,638.4**	**1,889.7**	**2,135.5**
Long-term liabilities	**89.4**	**131.0**	**192.3**	**210.7**	**344.1**	**269.3**
interest bearing debt	86.4	125.1	184.3	204.5	284.3	195.0
Short-term liabilities	**615.3**	**590.2**	**802.7**	**1,084.6**	**1,331.3**	**1,275.7**
trade liabilities	377.5	477.8	547.6	618.6	721.4	878.3
interest bearing debt	204.0	61.0	173.6	378.3	561.1	315.1
Total liabilities	**1,613.9**	**1,932.2**	**2,491.6**	**2,933.7**	**3,565.2**	**3,680.5**

Record high operating CF in 2016

PLN m	31.12.2011	31.12.2012	31.03.2013	31.12.2014	31.12.2015	31.12.2016
Pre-tax profit	**331.0**	**424.1**	**523.9**	**459.9**	**414.4**	**197.0**
D&A	95.4	109.0	148.2	193.7	223.6	267.4
NWC	-145.0	-21.7	-95.7	-127.3	-223.4	253.5
Operating CF	**254.0**	**481.3**	**508.8**	**492.9**	**253.9**	**718.2**
Capex	-129.3	-288.4	-541.9	-550.5	-490.6	-271.8
Investing CF	**-39.6**	**-260.7**	**-518.2**	**-476.0**	**-415.5**	**-181.4**
Interest bearing debt	-42.9	-18.4	167.4	204.0	277.7	-328.7
Dividends	-135.0	-140.0	-154.0	-169.6	-58.0	-59.9
Interest	-18.6	-17.9	-12.5	-14.8	-18.5	-21.6
Financing CF	**-193.9**	**-178.1**	**-0.6**	**17.2**	**201.2**	**-393.8**
Total CF	**20.5**	**42.4**	**-10.0**	**34.2**	**39.5**	**143.0**

Successful story of LPP

NO. of STORES

10

50

100

400

500

1,000

> 1,700

CORPORATE MILESTONES

1991	Creation of Mistral company by Marek Piechocki and Jerzy Lubianiec
1995	Mistral transformed into LPP
1997	Opening offices in Shanghai
1998	Launch of RESERVED – first retail store opened
2001	IPO on the Warsaw Stock Exchange
2002	Start of international expansion (Russia, Czech Rep., Estonia, Hungary, Latvia)
2003	Further international expansion (Lithuania, Ukraine, Slovakia)
2004	Launch of Cropp brand
2008	Acquisition of Artman, owner of the House and MOHITO brands
2008	Launch of the modern logistics center; expansion into Romania and Bulgaria
2010	Payment of first dividend
2013	Launch of SiNSAY brand
2014	New countries: Germany, Croatia; entry into MSCI Poland and WIG20 indices
2015	Middle East entry: Egypt, Kuwait, Qatar, Saudi Arabia
2016	Launch of Tallinder brand and decision to abandon it; entry into UAE

Founders still involved in the business

LPP's FOUNDERS

MAREK PIECHOCKI
CEO

- Present in the retail business since 1989.
- In 1991 together with Jerzy Lubianiec, founded a Mistral company, activities of which in 1995 were transferred into LPP.
- CEO of LPP since 2000.
- The Best-Performing CEO according to Harvard Business Review (2013).

JERZY LUBIANIEC
CHAIRMAN of SUPERVISORY BOARD

- 1991 - 1997 ran Mistral company as a sole trader (LPP's predecessor).
- 1995 – 2000 CEO of LPP.
- Since 2000 Chairman of the Supervisory Board of LPP.

Management with long-term vision

MAREK PIECHOCKI (56)
CEO & FOUNDER

- Since 1989 in retail business.
- Founded LPP in 1991. CEO of LPP since 2000.
- Responsible for LPP's strategy and development of all brands.

PRZEMYSŁAW LUTKIEWICZ (46)
CFO

- At LPP since 2008.
- Since 2015 LPP's CFO. Initially Head of Controlling.
- 1995-2007 manager at First Data Poland.

JACEK KUJAWA (42)
BOARD MEMBER

- At LPP since 2004.
- Responsible for logistics, administration and IT.
- 1999-2004 at Wirtualna Polska.

SŁAWOMIR ŁOBODA (52)
BOARD MEMBER

- Cooperated with LPP since 1997.
- Appointed: 14 October 2015.
- Responsible for legal issues, new retail space and store development.

Former CEO and CFO sit on the Supervisory Board

JERZY LUBIANIEC (56)
CHAIRMAN

- Since 2000 Chairman of the Supervisory Board of LPP.
- 1995 – 2000 CEO of LPP.
- 1991 – 1997 ran Mistral company (LPP's predecessor).

DARIUSZ PACHLA (55)
Member

- 2000 – 2014 CFO of LPP.
- 1995 – 2000 manager at LPP.
- 1991 – 1995 worked at Mistral (LPP's predecessor).

WOJCIECH OLEJNICZAK (61)
Member

- Since 1999 member of the Supervisory Board of LPP.
- 1996 – 1997 LPP Management Board member.
- 1991 – 1996 partner at Mistral company (LPP's predecessor).

KRZYSZTOF OLSZEWSKI (56)
Independent Member

- Since 2004 member of the Supervisory Board of LPP.
- Since 1993 a sole trader providing consulting services in real estate.
- Shareholder at Fasko limited liability company.

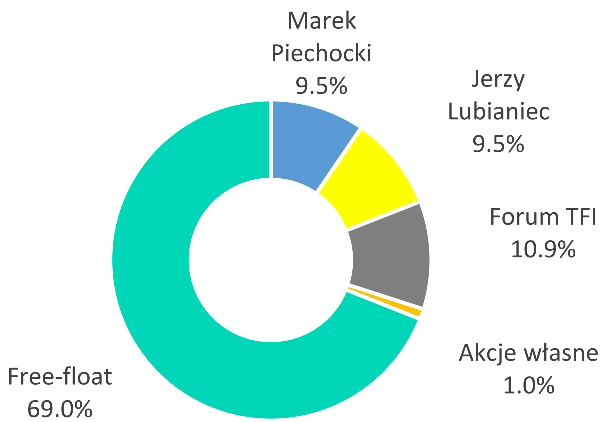
MACIEJ MATUSIAK (49)
Independent Member

- Since 2004 member of the Supervisory Board of LPP.
- Licensed stock broker, CFA charterholder.
- Since 2006 CEO of Artemis Investment limited liability company.

Company controlled by its founders

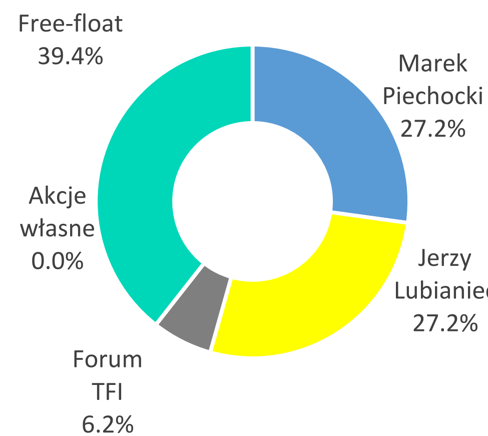
Shareholders by equity (31.12.2016)

total no of shares: 1,839,291



Shareholders by votes (31.12.2016)

total no of votes: 3,220,313



- The shares held by the founders are privileged 1 to 5 in votes. The Forum TFI manages Forum 64 FIZ related to Jerzy Lubianiec and Forum 65 FIZ related to Marek Piechocki.
- Effectively, the founders control 30.0% of equity and 60.6% of votes.
- Treasury shares (18,978) are valued at PLN 2,280 and partially used for the purpose of stock option plan.

A history of stock option plans

- Since 2011, there have been four stock option plans. Key summary below.

Tenure of stock option plan	Max dilution (no. of shares)	Shares issued	Cost in P&L (PLN m)	Issuance price	Criteria
2011-14	21,300	8,168	7.2	PLN 2,000 (market proxy)	10% YoY EPS growth
2013	2,420	2,420 (treasury shares used)	5.4	PLN2 (nominal price)	10% YoY EPS growth
2014	1,080	0	9.3	PLN2 (nominal price)	10% YoY EPS growth
2016	3,000	0 (treasury shares are to be used)	n/a	PLN2 (nominal price)	10% YoY EPS growth

- Stock option programs are used to align the goals of the Management Board with those of shareholders.
- The current stock option plan was approved by AGM on 17 June 2016. All 4 Management Board members are its beneficiaries.
- 2016 stock option target of 10% YoY growth in group 2016 EPS was not met. As a result, up to 3,000 treasury shares are not going to be allocated to the beneficiaries in 2019.

Corporate governance

appoints

GENERAL SHAREHOLDER MEETING

- appoints Supervisory Board members
- approves annual financial statements
- grants discharge to the Management and Supervisory Board members

SUPERVISORY BOARD

- 5 to 6 members
- appointed for a 5 year term
- appoints Management Board
- serves as an Audit Committee

Audit Committee

- review of the financial statements
- assessment of the financial standing
- control and assessment of the internal audit reports
- evaluation of development strategy

appoints

MANAGEMENT BOARD

- 2 to 6 members
- appointed for a 5 year term
- CEO can represent the company by himself
- additionally two management board members and management board member and legal representative can sign binding agreements.

Key CSR actions

EFFECTIVE SUPERVISION

- Creation of an Audit Department for Factories at LPP.
- Setting up offices in Dhaka (Bangladesh) responsible, among others, for auditing production facilities.
- All LPP factories producing in Bangladesh are subject to independent ACCORD inspections on fire, electrical and structural safety.

We have strict requirements versus our foreign suppliers: they have an obligation to provide workers with a safety environment, decent pay and paid overtime. We put a ban for hiring people < 15 years old.

RESPONSIBLE PRODUCTION

- Signing the ACCORD agreement (2013).
- Efficient supervision over factories and suppliers: 1) factory audit department (2014), 2) offices in Dhaka/ Bangladesh (2015).
- Update of Code of Conduct for suppliers (April 2015).
- Eco production:
  - resignation from usage of angora, i.e. rabbit fur (November 2014),
  - introduction of organic cotton (December 2015),
  - resignation from usage of natural furs from all brands' AW16/17 collections.

We take care of the safety of workers

- LPP was the only Polish retail company to join the international Alliance aimed at improving the safety of workers in Bangladesh (Accord on Fire and Building Safety in Bangladesh).
- The Accord was formed by over 190 retail companies and NGOs and signed by LPP in October 2013.
- It was signed for 5 years during which several actions are to be taken to improve the safety and conditions of Bangladesh employees.

Liquidity and interest supported by presence in key indices

POLISH INDICES

WIG20

- The most important index of the WSE
- Member since March 2014
- c. 4.2% LPP's weight
- The sole clothing retailer in the index

WIG30

- WIG30 index of the 30 most liquid companies on the WSE
- WIG30 index was launched September 2013
- LPP member since index inception
- c. 3.9% LPP's weight

INTERNATIONAL INDICES

MSCI POLAND

- MSCI Poland is a key index for international institutions investing in Poland
- LPP member since August 2014

FTSE

- FTSE indices are tracked by ETFs
- LPP member of three FTSE indices: All-World Index, Emerging Index, Global Style Index

Strong medium-term market outperformer

LPP'S SHARE PRICE RELATIVE PERFORMANCE TO WIG20

TICKERS

WSE	LPP
Bloomberg	LPP PW
Reuters	LPPP.WA

PERFORMANCE

1Y	+2%
3Y	-37%
5Y	+181%

MARKET DATA

Price (31.12.16)	PLN 5,674
Min 1Y	PLN 3,820
Max 1Y	PLN 6,210

Broad analytical coverage of LPP

INSTITUTION	ANALYST	E-MAIL
BDM	Adrian Górniak	gorniak@bdm.pl
BGŻ BNP Paribas BM	Michał Krajczewski	michal.krajczewski@bgzbnpparibas.pl
BofA/ML	Ilya Ogorodnikov	Ilya.ogorodnikov@baml.com
BOŚ DM	Sylwia Jaśkiewicz	s.jaskiewicz@bossa.pl
BZ WBK DM	Tomasz Sokołowski	tomasz.sokolowski@bzwbk.pl
Citi Handlowy	Rafał Wiatr	rafal.wiatr@citi.com
DB Securities	Tomasz Krukowski	tomasz.krukowski@db.com
Erste Securities	Marek Czachor	marek.czachor@erstegroup.com
Goldman Sachs	Maxim Nekrasov	maxim.nekrasov@gs.com
Haitong	Konrad Księżopolski	kksiezopolski@haitongib.pl
IPOPEMA Securities	Michał Bugajski	michal.bugajski@ipopema.pl
JP Morgan	Michał Kuzawiński	michal.kuzawinski@jpmorgan.com
mBank	Piotr Bogusz	piotr.bogusz@mdm.pl
Millennium DM	Marcin Palenik	marcin.palenik@millenniumdm.pl
Pekao IB	Maria Mickiewicz	maria.mickiewicz@pekaoib.pl
PKO BP DM	Adrian Skłodowski	adrian.skłodowski@pkobp.pl
Raiffeisen Centrobank	Jakub Krawczyk	jakub.krawczyk@rcb.at
Trigon DM	Dariusz Dziubiński	dariusz.dziubinski@trigon.pl
UBS	Michał Potyra	michal.potyra@ubs.com
Wood & Co.	Łukasz Wachełko	lukasz.wachelko@wood.com

Investor relations' calendar

KEY DATES

11 April 2017	2016 annual report
17 May 2017	1Q17 results publication
30 August 2017	2Q17 numbers announcement
21 November 2017	3Q17 results publication

IR CONTACT

Person: Magdalena Kopaczewska
IR Manager

E-mail: Magdalena.Kopaczewska@lppsa.com
LPP.investor.relations@lppsa.com

Phone: + 48 693 904 337

Address: Łąkowa 39/44 Street
80-769 Gdańsk, POLAND

Glossary

Poland	Retail sales in Poland and other sales of LPP SA.
CEE	Region including: Czech Republic, Slovakia, Hungary, unless otherwise indicated.
Baltic	Region including: Lithuania, Latvia, Estonia.
CIS	Region including: Russia, Ukraine, while from 2017 also Belarus and Kazakhstan.
SEE	Region including: Bulgaria, Romania, Croatia and from 2017 also Serbia.
WE	Region including Germany and from 2017 also the UK.
ME	Region including Egypt, Qatar, Kuwait, Saudi Arabia, United Arab Emirates.
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 / 12.
Average monthly costs of own stores/m2	Costs of own stores / average working floorspace of own stores (ie. excl. all franchise stores) / 12.
Average monthly SG&A PLN/m2	SG&A costs/ average working total floorspace excluding stores located in ME / 12.
Inventory/ m2	Inventory/ total floorspace floorspace excluding franchise stores in ME.
Inventory days	Average inventory/ group COGS * 365 days.
Receivables days	Average receivables/ group revenues * 365 days.
Liabilities days	Average short-term liabilities/ group COGS * 365 days.
Cash conversion cycle	Inventory days + receivables days – liabilities days.

CONTACT INFORMATION

GDANSK HEADQUARTERS
LPP SA
Łąkowa 39/44
80-769 Gdansk, Poland
Phone + 48 58 76 96 900
Fax + 48 58 76 96 909
E-mail: lpp@lppsa.com

CRACOW BRANCH
LPP SA
Bagrowa 7
30-733 Cracow, Poland
Phone + 48 12 39 25 000

LOGISTICS CENTRE
LPP SA
Tczewska 2
83-000 Pruszcz Gdanski, Poland

MEDIA CONTACT

E-mail: media@lppsa.com

INVESTOR RELATIONS CONTACT

E-mail: LPP.investor.relations@lppsa.com

RESERVED TALLINDER MOHITO house CROPP sinsay