

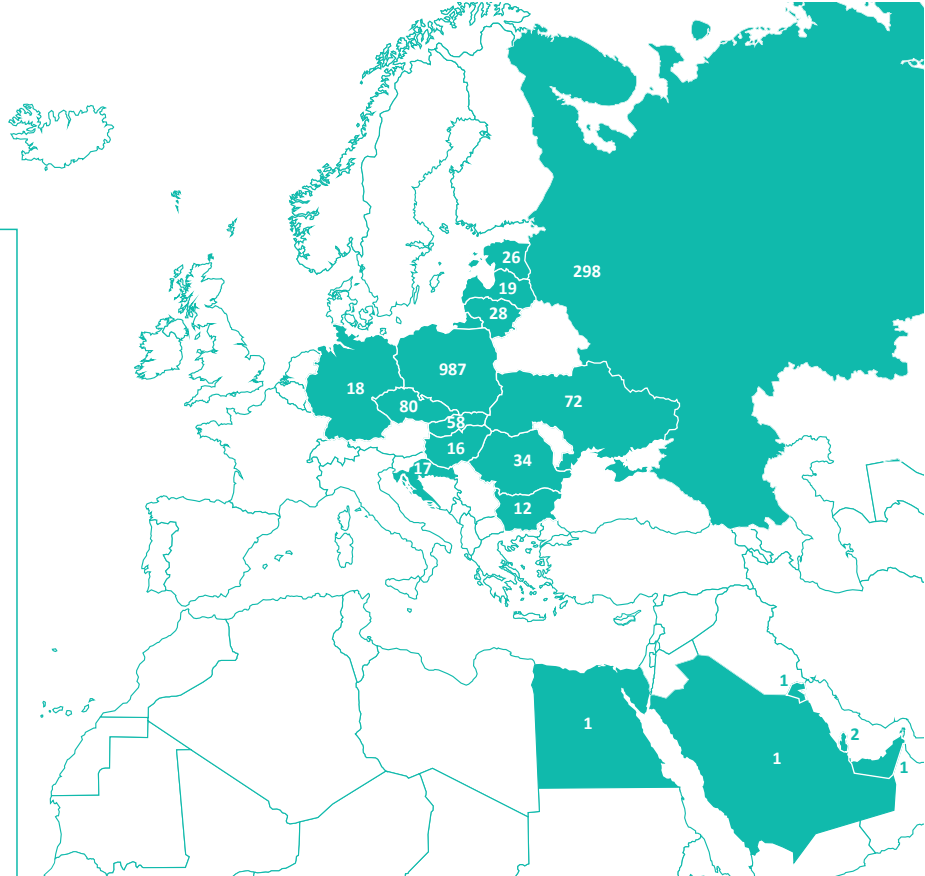
# LPP

## FACT SHEET 1Q17

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 18 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: 1,671

### SHAREHOLDERS

As at 31.03.2017	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>	

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.
- Cash generation allows for sustaining dividend payments.
- Experienced executives with long-term vision.

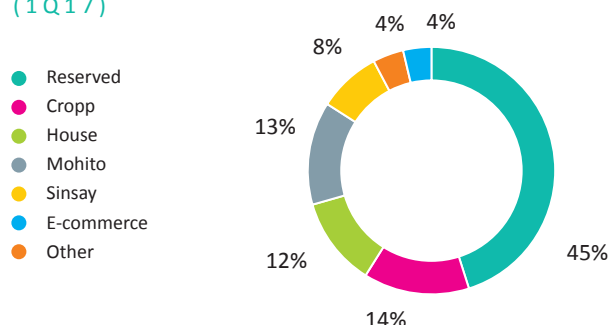
### SHARE PRICE PERFORMANCE



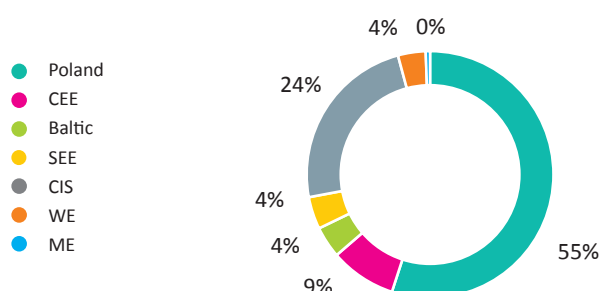
### STOCK DATA

Price (31.03.2017)	6,795	EPS (2016)	96
Min (1Y)	3,820	DPS	36
Max (1Y)	6,963	Div yield (%)	0.5
Mkt Cap (PLN m)	12,498	Ticker	LPP
Free-float (PLN m)	8,623	Bloomberg	LPP PW
Book value (PLN m)	2,016	Reuters	LPPPWA

### REVENUES SPLIT BY BRANDS (1Q17)



### REVENUES SPLIT BY COUNTRIES (1Q17)



RESERVED

CROPP

house

MOHITO

sinsay

# LPP

## NETWORK

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2014	2015	2016
<b>NO. OF STORES</b>												
Reserved	425	429	437	449	448	447	449	461	455	425	449	461
Cropp	361	382	362	372	375	388	375	379	376	366	372	379
House	303	330	311	319	322	343	326	330	321	308	319	330
Mohito	262	268	271	280	281	284	288	290	285	256	280	290
Sinsay	141	150	157	170	172	179	185	198	198	129	170	198
Tallinder	0	0	0	0	6	8	8	9	0	0	0	9
Outlets	33	35	36	37	37	37	37	36	36	32	37	36
<b>TOTAL</b>	<b>1,525</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>1,516</b>	<b>1,627</b>	<b>1,703</b>
<b>FLOORSPACE (th m<sup>2</sup>)</b>												
Poland	423.5	443.5	443.9	465.0	468.3	477.4	471.2	496.6	485.3	413.6	465.0	496.6
Europe	139.6	147.7	161.7	179.0	184.4	190.8	205.2	209.5	212.8	128.6	179.0	209.5
CIS	181.2	183.2	187.7	193.9	194.7	196.9	204.0	207.0	208.2	180.3	193.9	207.0
ME	1.5	3.9	5.5	5.5	7.6	7.6	7.6	7.6	7.6	0.0	5.5	7.6
<b>TOTAL</b>	<b>745.8</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>722.5</b>	<b>843.5</b>	<b>920.7</b>

## CONSOLIDATED INCOME STATEMENT

PLN m	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2014	2015	2016
Revenues	1,002.6	1,291.3	1,261.5	1,575.0	1,174.8	1,502.4	1,488.4	1,853.4	1,362.3	4,769.3	5,130.4	6,019.0
COGS	459.1	617.9	598.3	712.3	633.1	752.7	787.8	911.7	741.7	1,976.8	2,387.5	3,085.2
<b>Gross profit on sales</b>	<b>543.4</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>2,792.5</b>	<b>2,742.8</b>	<b>2,933.8</b>
SG&A costs	512.5	523.5	546.8	608.9	595.3	651.7	662.2	699.6	719.2	2,148.3	2,191.7	2,608.8
Other operating activity	-7.3	-13.1	-9.6	-18.5	-10.4	-11.6	-33.6	-43.0	-10.4	-35.0	-48.5	-98.6
<b>EBIT</b>	<b>23.7</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>609.1</b>	<b>502.7</b>	<b>226.4</b>
Net financials	-53.4	21.5	-14.4	-42.0	-5.0	2.4	-8.0	-21.7	-2.5	-149.2	-88.3	-32.3
<b>Pre-tax profit</b>	<b>-29.7</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>459.9</b>	<b>414.4</b>	<b>194.1</b>
Tax	-7.6	-21.6	-12.7	-21.0	3.4	0.9	-3.2	-20.4	-5.5	22.0	-63.0	-19.3
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.0	0.0
<b>Net income</b>	<b>-37.3</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>479.5</b>	<b>351.3</b>	<b>174.8</b>
<b>EBITDA</b>	<b>74.1</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>802.8</b>	<b>726.2</b>	<b>493.8</b>

## EFFICIENCY

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2014	2015	2016
Sales / m <sup>2</sup> per month	462	567	535	631	468	580	567	680	499	589	548	575
Gross profit on sales / m <sup>2</sup> per month	250	296	281	346	216	290	267	346	227	356	293	280
Costs of own stores / m <sup>2</sup> per month	189	187	186	195	191	202	205	201	214	218	189	200
SG&A costs / m <sup>2</sup> per month	236	230	232	244	237	254	254	258	266	274	234	251
Gross profit margin	54.2%	52.1%	52.6%	54.8%	46.1%	49.9%	47.1%	50.8%	45.6%	58.6%	53.5%	48.7%
EBITDA margin	7.4%	14.9%	12.9%	18.9%	-0.1%	10.2%	4.9%	14.5%	-2.6%	16.8%	14.2%	8.2%
EBIT margin	2.4%	10.6%	8.5%	14.9%	-5.4%	5.8%	0.3%	10.7%	-8.0%	12.8%	9.8%	3.8%
Net margin	-3.7%	10.6%	6.3%	10.9%	-5.6%	6.0%	-0.4%	8.5%	-8.6%	10.1%	6.8%	2.9%
ROE	29.2%	26.1%	25.2%	20.1%	17.9%	14.9%	10.0%	8.9%	6.2%	30.6%	19.9%	8.7%

## CONSOLIDATED BALANCE SHEET

PLN m	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2014	2015	2016
<b>Non-current assets</b>	<b>1,557.5</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>1,516.4</b>	<b>1,797.0</b>	<b>1,838.7</b>
Fixed assets	1,080.1	1,129.2	1,149.0	1,258.8	1,241.3	1,266.0	1,260.3	1,291.3	1,272.0	1,038.8	1,258.8	1,291.3
Intangibles (incl. goodwill)	318.2	321.0	323.3	324.4	325.2	326.5	325.9	330.6	334.2	315.9	324.4	330.6
<b>Current assets</b>	<b>1,565.0</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>1,417.3</b>	<b>1,768.2</b>	<b>1,839.3</b>
Inventory	1,131.1	1,167.1	1,336.0	1,319.7	1,373.6	1,444.0	1,438.3	1,164.1	1,251.4	979.3	1,319.7	1,164.1
Trade receivables	224.1	192.0	186.6	115.1	109.6	116.5	112.8	165.4	154.8	176.9	115.1	165.4
Cash and equivalents	121.9	155.7	119.9	224.4	145.3	219.2	265.9	365.8	280.4	183.5	224.4	365.8
<b>Total assets</b>	<b>3,122.5</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>2,933.7</b>	<b>3,565.2</b>	<b>3,677.9</b>
<b>Equity</b>	<b>1,637.3</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>2,134.7</b>	<b>2,016.4</b>	<b>1,638.4</b>	<b>1,889.7</b>	<b>2,134.7</b>
<b>Long-term liabilities</b>	<b>207.3</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>210.7</b>	<b>344.1</b>	<b>267.3</b>
Interest bearing debt	201.0	182.8	320.3	284.3	268.2	239.6	223.5	195.0	181.8	204.5	284.3	195.0
Provisions	6.3	6.9	7.1	7.1	2.9	2.7	8.1	2.7	2.6	6.3	7.1	2.7
Other long-term liabilities	0.0	28.1	33.2	52.7	55.8	55.3	60.6	69.5	74.0	0.0	52.7	69.5
<b>Short-term liabilities</b>	<b>1,277.8</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>1,084.6</b>	<b>1,331.3</b>	<b>1,275.9</b>
Interest bearing debt	636.0	556.1	586.4	561.1	711.8	619.2	689.4	315.1	446.2	378.3	561.1	315.1
Trade liabilities	581.2	645.1	687.4	721.4	604.0	755.9	808.5	881.1	881.9	618.6	721.4	881.1
Provision	19.9	16.1	14.2	17.8	22.1	23.8	22.6	33.6	24.9	58.2	17.8	33.6
Other short-term liabilities	40.8	81.2	18.3	31.1	28.5	27.9	26.8	46.2	42.2	29.5	31.1	46.2
<b>Total liabilities</b>	<b>3,122.5</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>2,933.7</b>	<b>3,565.2</b>	<b>3,677.9</b>

## INDEBTEDNESS

PLN m	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2014	2015	2016
<b>Net debt</b>	<b>715.1</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>399.3</b>	<b>620.9</b>	<b>144.4</b>
Cash	121.9	155.7	119.9	224.4	145.3	219.2	265.9	365.8	280.4	183.5	224.4	365.8
Debt	837.0	739.0	906.8	845.3	980.0	858.9	912.9	510.1	628.0	582.8	845.3	510.1
<b>Net debt/EBITDA (4 quarters)</b>	<b>0.9</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>0.5</b>	<b>0.9</b>	<b>0.3</b>

## TURNOVER RATIOS

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2014	2015	2016
<b>Cash cycle (days)</b>	<b>107</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>70</b>	<b>84</b>	<b>61</b>
Receivables (days)	18	15	14	9	9	7	7	7	11	13	10	9
Inventory (days)	207	167	188	168	191	168	165	128	147	165	176	147
Liabilities (days)	118	89	100	89	94	81	89	83	107	108	102	95

## CONSOLIDATED CASH FLOW

PLN m	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2014	2015	2016
<b>Operating CF</b>	<b>-203.0</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>492.9</b>	<b>253.9</b>	<b>718.2</b>
D&A	50.4	55.7	55.8	61.7	62.9	66.3	68.1	70.1	73.8	193.7	223.6	267.4
<b>Investing CF</b>	<b>-96.2</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>-476.0</b>	<b>-415.5</b>	<b>-181.4</b>
Capex	-104.4	-124.9	-108.8	-152.6	-36.0	-89.4	-62.1	-84.4	-112.2	-550.5	-490.6	-271.8
<b>Financing CF</b>	<b>237.6</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>17.2</b>	<b>201.2</b>	<b>-393.8</b>
<b>Total CF</b>	<b>-61.6</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>34.2</b>	<b>39.5</b>	<b>143.0</b>

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RESERVED