

LPP

FACT SHEET 2Q18

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 production is sourced from suppliers from the Far East. Part is produced in Europe, including Poland.



SHAREHOLDERS

As at 04.09.2018	shares	%	votes	%
Semper Simul Foundation	319,208	17.2%	1,019,208	31.5%
Sky Foundation	226,338	12.2%	926,338	28.6%
Treasury shares	18,861	1.0%	0	0.0%
Free-float	1,288,016	69.5%	1,288,016	39.8%
RAZEM	1,852,423		3,233,562	

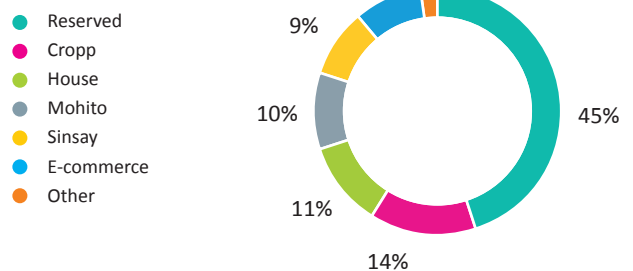
STOCK DATA

Price (30.06.2018)	8,485	EPS (2017)	241
Min (1Y)	6,701	DPS	40.00
Max (1Y)	10,170	Div yield (%)	0.5
Mkt Cap (PLN m)	15,718	Ticker	LPP
Free-float (PLN m)	10,928	Bloomberg	LPP PW
Book value (PLN m)	2,340	Reuters	LPPPWA

INVESTMENT THESIS

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

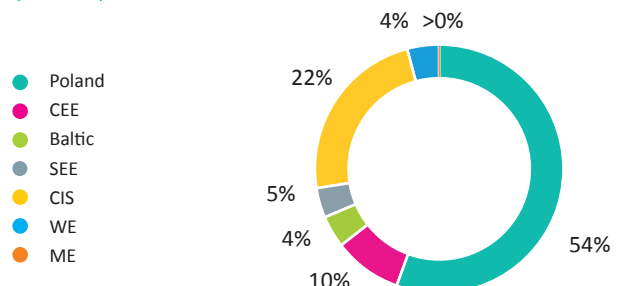
REVENUE SPLIT BY BRANDS (1H18)



SHARE PRICE PERFORMANCE



REVENUE SPLIT BY COUNTRIES (1H18)



RESERVED

CROPP

house

MOHITO

sinsay

LPP

NETWORK

	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2015	2016	2017
NO. OF STORES												
Reserved	447	449	461	455	458	454	468	458	463	449	461	468
Cropp	388	375	379	376	386	373	381	377	382	372	379	381
House	343	326	330	321	338	324	333	332	335	319	330	333
Mohito	284	288	290	285	288	285	294	291	294	280	290	294
Sinsay	179	185	198	198	204	213	233	236	253	170	198	233
Tallinder	8	8	9	0	0	0	0	0	0	0	9	0
Outlets	37	37	36	36	36	34	34	34	29	37	36	34
TOTAL	1,686	1,668	1,703	1,671	1,710	1,683	1,743	1,728	1,756	1,627	1,703	1,743
FLOORSPACE (thm m²)												
Poland	477.4	471.2	496.6	485.3	492.1	490.5	514.0	511.5	518.0	465.0	496.6	514.0
Europe	190.8	205.2	209.5	212.8	216.9	224.1	232.8	235.0	254.9	179.0	209.5	232.8
CIS	196.9	204.0	207.0	208.2	216.5	218.7	247.3	247.8	254.7	193.9	207.0	247.3
ME	7.6	7.6	7.6	7.6	8.2	6.6	6.6	6.6	6.6	5.5	7.6	6.6
TOTAL	872.7	888.0	920.7	913.9	933.7	939.9	1,000.6	1,000.9	1,034.2	843.5	920.7	1,000.6

CONSOLIDATED INCOME STATEMENT

PLN m	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2015	2016	2017
Revenues	1,502.4	1,488.4	1,853.4	1,362.3	1,705.4	1,812.8	2,148.9	1,580.4	2,049.7	5,130.4	6,019.0	7,029.4
COGS	752.7	787.8	911.7	741.7	734.5	924.1	902.6	867.5	825.3	2,387.5	3,085.2	3,309.5
Gross profit on sales	749.7	700.6	941.7	620.6	970.9	888.7	1,246.3	712.8	1,224.5	2,742.8	2,933.8	3,720.0
SG&A costs	651.7	662.2	699.6	719.2	743.8	775.0	861.9	820.5	891.6	2,191.7	2,608.8	3,099.9
Other operating activity	-11.6	-33.6	-43.0	-10.4	-19.5	-10.6	-7.7	-10.1	-21.1	-48.5	-98.6	-41.6
EBIT	86.5	4.8	199.1	-109.0	207.6	103.1	376.7	-117.7	311.8	502.7	226.4	578.4
Net financials	2.4	-8.0	-21.7	-2.5	1.4	11.2	-24.9	14.5	-15.5	-88.3	-32.3	-14.8
Pre-tax profit	88.9	-3.2	177.4	-111.5	209.0	114.3	351.9	-103.2	296.3	414.4	194.1	563.7
Tax	-0.9	3.2	20.4	5.5	35.8	29.3	52.3	1.6	90.2	63.0	19.3	122.9
Minorities	0.0	0.0	0.0	0.0	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	-0.1
Net income	89.8	-6.5	157.0	-117.0	173.3	85.1	299.5	-104.8	206.1	351.3	174.8	440.9
EBITDA	152.7	72.9	269.2	-35.2	281.2	175.5	450.3	-33.3	397.4	726.2	493.8	871.9

EFFICIENCY

	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2015	2016	2017
Sales / m ² per month	580	567	680	499	622	648	741	532	674	548	575	628
Gross profit on sales / m ² per month	290	267	345	227	354	318	430	240	403	293	280	332
Costs of own stores / m ² per month	202	205	201	214	211	214	216	212	212	189	200	214
SG&A costs / m ² per month	254	254	258	266	271	280	300	279	297	234	251	280
Gross profit margin	49.9%	47.1%	50.8%	45.6%	56.9%	49.0%	58.0%	45.1%	59.7%	53.5%	48.7%	52.9%
EBITDA margin	10.2%	4.9%	14.5%	-2.6%	16.5%	9.7%	21.0%	-2.1%	19.4%	14.2%	8.2%	12.4%
EBIT margin	5.8%	0.3%	10.7%	-8.0%	12.2%	5.7%	17.5%	-7.4%	15.2%	9.8%	3.8%	8.2%
Net margin	6.0%	-0.4%	8.5%	-8.6%	10.2%	4.7%	13.9%	-6.6%	10.1%	6.8%	2.9%	6.3%
ROE	14.9%	10.0%	8.9%	6.2%	10.2%	14.2%	20.3%	20.1%	20.5%	19.9%	8.7%	19.3%

CONSOLIDATED BALANCE SHEET

PLN m	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2015	2016	2017
Non-current assets	1,811.7	1,797.8	1,838.7	1,874.6	1,886.1	1,855.9	2,041.4	2,043.8	2,128.6	1,797.0	1,838.7	2,041.4
Fixed assets	1,266.0	1,260.3	1,291.3	1,338.0	1,346.1	1,294.5	1,478.2	1,480.1	1,558.5	1,258.8	1,291.3	1,478.2
Intangibles (incl. goodwill)	326.5	325.9	330.6	334.2	339.3	344.2	351.2	354.7	359.1	324.4	330.6	351.2
Current assets	1,913.3	1,954.7	1,839.3	1,855.9	2,146.3	2,203.6	2,289.5	2,163.8	2,609.1	1,768.2	1,839.3	2,289.5
Inventory	1,444.0	1,438.3	1,164.1	1,251.4	1,481.6	1,637.1	1,475.2	1,402.9	1,490.5	1,319.7	1,164.1	1,475.2
Trade receivables	116.5	112.8	165.4	154.8	134.8	181.5	199.6	175.2	169.6	115.1	165.4	199.6
Cash and equivalents	219.2	265.9	365.8	280.4	434.9	256.4	514.8	440.9	651.5	224.4	365.8	514.8
Total assets	3,724.9	3,752.4	3,677.9	3,730.5	4,032.4	4,059.4	4,330.8	4,207.7	4,737.7	3,565.2	3,677.9	4,330.8
Equity	1,933.9	1,913.0	2,134.7	2,016.4	2,063.3	2,184.0	2,443.4	2,340.4	2,504.4	1,889.7	2,134.7	2,443.4
Long-term liabilities	303.3	292.3	267.3	305.0	316.2	233.6	324.4	317.9	322.4	344.1	267.3	324.4
Interest bearing debt	239.6	223.5	195.0	181.8	168.5	155.2	141.8	128.5	115.2	284.3	195.0	141.8
Provisions	2.7	8.1	2.7	0.0	3.0	3.3	0.8	0.8	0.8	7.1	2.7	0.8
Other long-term liabilities	55.3	60.6	69.5	123.2	144.6	75.1	181.8	188.6	206.4	52.7	69.5	181.8
Short-term liabilities	1,487.8	1,547.2	1,275.9	1,409.1	1,652.9	1,641.8	1,563.0	1,549.3	1,911.0	1,331.3	1,275.9	1,563.0
Interest bearing debt	619.2	689.4	315.1	446.2	255.4	112.1	56.5	91.2	172.7	561.1	315.1	56.5
Trade liabilities	755.9	808.5	881.1	881.9	1,216.5	1,415.6	1,325.3	1,296.3	1,410.6	721.4	881.1	1,325.3
Provision	23.8	22.6	38.2	29.7	36.8	49.7	63.4	32.6	73.2	17.8	38.2	63.4
Other short-term liabilities	88.9	26.8	41.6	51.3	144.2	64.3	117.8	129.2	254.5	31.1	41.6	117.8
Total liabilities	3,724.9	3,752.4	3,677.9	3,730.5	4,032.4	4,059.4	4,330.8	4,207.7	4,737.7	3,565.2	3,677.9	4,330.8

INDEBTEDNESS

PLN m	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2015	2016	2017
Net debt	639.7	647.0	144.4	347.6	-11.0	10.8	-316.5	-221.1	-363.6	620.9	144.4	-316.5
Cash	219.2	265.9	365.8	280.4	434.9	256.4	514.8	440.9	651.5	224.4	365.8	514.8
Debt	858.9	912.9	510.1	628.0	423.9	267.2	198.3	219.7	287.9	845.3	510.1	198.3
Net debt/EBITDA (4 quarters)	1.0	1.2	0.3	0.8	0.0	0.0	-0.4	-0.3	-0.4	0.9	0.3	-0.4

TURNOVER RATIOS

	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2015	2016	2017
Cash cycle (days)	94	82	52	50	47	32	26	24	18	109	61	33
Receivables (days)	7	7	7	11	8	8	8	11	8	8	9	9
Inventory (days)	168	165	128	147	167	152	155	149	158	221	147	145
Liabilities (days)	81	89	83	107	129	128	137	136	148	121	95	122

CONSOLIDATED CASH FLOW

PLN m	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2015	2016	2017
Operating CF	279.6	101.4	539.4	-93.4	442.4	129.3	414.9	51.0	420.3	253.9	718.2	893.2
D&A	66.3	68.1	70.1	73.8	73.7	72.5	73.5	84.0	85.6	223.6	267.4	293.4
Investing CF	-81.4	-43.2	-39.3	-106.3	-80.7	-105.6	-91.3	-146.0	-281.3	-415.5	-181.4	-383.9
Capex	-89.4	-62.1	-84.4	-112.2	-89.4	-120.3	-119.7	-148.6	-138.4	-490.6	-271.8	-441.6
Financing CF	-125.2	-11.2	-399.3	114.6	-205.3	-204.0	-65.2	19.8	62.8	201.2	-393.8	-359.9
Total CF	73.0	47.0	100.8	-85.1	156.4	-180.3	258.4	-75.2	2			