

LPP

FACT SHEET 3Q18

LPP is a Polish clothing producer. Based in Gdańsk, the Company has more than 25 of 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 22 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 20.11.2018	# 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%
TOTAL	1,852,423		3,233,562	

Semper Simul Foundation is linked to the CEO Marek Piechocki, while Sky Foundation is linked to Chairman of the Supervisory Board, Jerzy Lubianiec.

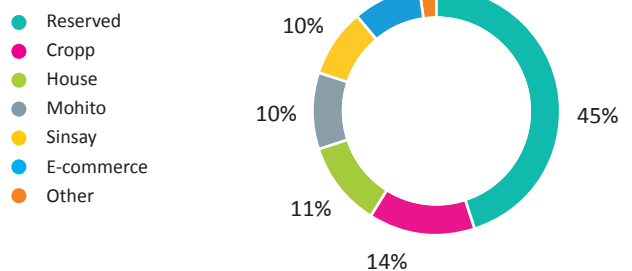
STOCK DATA

Price (30.09.2018)	8,625	EPS (2017)	241
Min (1Y)	7,670	DPS	40.00
Max (1Y)	10,170	Div yield (%)	0.5
Mkt Cap (PLN m)	15,977	Ticker	LPP
Free-float (PLN m)	11,109	Bloomberg	LPP PW
Book value (PLN m)	2,555	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.

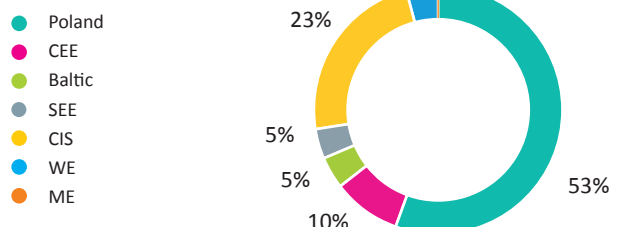
REVENUE SPLIT BY BRANDS (9M18)



SHARE PRICE PERFORMANCE



REVENUE SPLIT BY COUNTRIES (9M18)



RESERVED

CROPP

house

MOHITO

sinsay

LPP

NETWORK

	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	2015	2016	2017
NO. OF STORES												
Reserved	449	461	455	458	454	468	458	463	451	449	461	468
Cropp	375	379	376	386	373	381	377	382	362	372	379	381
House	326	330	321	338	324	333	332	335	326	319	330	333
Mohito	288	290	285	288	285	294	291	294	291	280	290	294
Sinsay	185	198	198	204	213	233	236	253	256	170	198	233
Tallinder	8	9	0	0	0	0	0	0	0	0	9	0
Outlets	37	36	36	36	34	34	34	29	28	37	36	34
TOTAL	1,668	1,703	1,671	1,710	1,683	1,743	1,728	1,756	1,714	1,627	1,703	1,743
FLOORSPACE (thm m²)												
Poland	471.2	496.6	485.3	492.1	490.5	514.0	511.5	518.0	507.2	465.0	496.6	514.0
Europe	205.2	209.5	212.8	216.9	224.1	232.8	235.0	254.9	261.8	179.0	209.5	232.8
CIS	204.0	207.0	208.2	216.5	218.7	247.3	247.8	254.7	259.0	193.9	207.0	247.3
ME	7.6	7.6	7.6	8.2	6.6	6.6	6.6	6.6	7.3	5.5	7.6	6.6
TOTAL	888.0	920.7	913.9	933.7	939.9	1,000.6	1,000.9	1,034.2	1,035.4	843.5	920.7	1,000.6

CONSOLIDATED INCOME STATEMENT

PLN m	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	2015	2016	2017
Revenues	1,488.4	1,853.4	1,362.3	1,705.4	1,812.8	2,148.9	1,580.4	2,049.7	2,043.9	5,130.4	6,019.0	7,029.4
COGS	787.8	911.7	741.7	734.5	924.1	902.6	867.5	825.3	1,000.6	2,387.5	3,085.2	3,309.5
Gross profit on sales	700.6	941.7	620.6	970.9	888.6	1,246.3	712.8	1,224.5	1,043.4	2,742.8	2,933.8	3,720.0
SG&A costs	662.2	699.6	719.2	743.8	775.0	861.9	820.5	891.6	898.8	2,191.7	2,608.8	3,099.9
Other operating activity	-33.6	-43.0	-10.4	-19.5	-10.5	-7.7	-10.1	-21.1	-15.4	-48.5	-98.6	-41.6
EBIT	4.8	199.1	-109.0	207.6	103.1	376.7	-117.7	311.8	129.2	502.7	226.4	578.4
Net financials	-8.0	-21.7	-2.5	1.4	11.2	-24.9	14.5	-15.5	-19.2	-88.3	-32.3	-14.8
Pre-tax profit	-3.2	177.4	-111.5	209.0	114.3	351.9	-103.2	296.3	110.0	414.4	194.1	563.7
Tax	3.2	20.4	5.5	35.8	29.3	52.3	1.6	90.2	18.4	63.0	19.3	122.9
Minorities	0.0	0.0	0.0	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-0.1
Net income	-6.5	157.0	-117.0	173.3	85.1	299.5	-104.8	206.1	91.6	351.3	174.8	440.9
EBITDA	72.9	269.2	-35.2	281.2	175.5	450.3	-33.3	397.4	217.4	726.2	493.8	871.9

EFFICIENCY

	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	2015	2016	2017
Sales / m ² per month	567	680	499	622	648	741	532	674	663	548	575	628
Gross profit on sales / m ² per month	267	345	227	354	318	430	240	403	338	293	280	332
Costs of own stores / m ² per month	205	201	214	211	214	216	212	212	207	189	200	214
SG&A costs / m ² per month	254	258	266	271	280	300	279	297	295	234	251	280
Gross profit margin	47.1%	50.8%	45.6%	56.9%	49.0%	58.0%	45.1%	59.7%	51.0%	53.5%	48.7%	52.9%
EBITDA margin	4.9%	14.5%	-2.6%	16.5%	9.7%	21.0%	-2.1%	19.4%	10.6%	14.2%	8.2%	12.4%
EBIT margin	0.3%	10.7%	-8.0%	12.2%	5.7%	17.5%	-7.4%	15.2%	6.3%	9.8%	3.8%	8.2%
Net margin	-0.4%	8.5%	-8.6%	10.2%	4.7%	13.9%	-6.6%	10.1%	4.5%	6.8%	2.9%	6.3%
ROE	10.0%	8.9%	6.2%	10.2%	14.2%	20.3%	20.1%	20.5%	20.0%	19.9%	8.7%	19.3%

CONSOLIDATED BALANCE SHEET

PLN m	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	2015	2016	2017
Non-current assets	1,797.8	1,838.7	1,874.6	1,886.1	1,952.1	2,041.4	2,043.8	2,128.6	2,238.1	1,797.0	1,838.7	2,041.4
Fixed assets	1,260.3	1,291.3	1,338.0	1,346.1	1,397.5	1,478.2	1,480.1	1,558.5	1,648.3	1,258.8	1,291.3	1,478.2
Intangibles (incl. goodwill)	325.9	330.6	334.2	339.3	344.2	351.2	354.7	359.1	368.1	324.4	330.6	351.2
Current assets	1,954.7	1,839.3	1,855.9	2,146.3	2,205.0	2,289.5	2,163.8	2,609.1	2,929.8	1,768.2	1,839.3	2,289.5
Inventory	1,438.3	1,164.1	1,251.4	1,481.6	1,638.7	1,475.2	1,402.9	1,490.5	1,587.1	1,319.7	1,164.1	1,475.2
Trade receivables	112.8	165.4	154.8	134.8	181.5	199.6	175.2	169.6	207.3	115.1	165.4	199.6
Cash and equivalents	265.9	365.8	280.4	434.9	256.4	514.8	440.9	651.5	851.2	224.4	365.8	514.8
Total assets	3,752.4	3,677.9	3,730.5	4,032.4	4,157.1	4,330.8	4,207.7	4,737.7	5,167.8	3,565.2	3,677.9	4,330.8
Equity	1,913.0	2,134.7	2,016.4	2,063.3	2,184.0	2,443.4	2,340.4	2,504.4	2,555.3	1,889.7	2,134.7	2,443.4
Long-term liabilities	292.3	267.3	305.0	316.2	307.5	324.4	317.9	322.4	315.3	344.1	267.3	324.4
Interest bearing debt	223.5	195.0	181.8	168.5	155.2	141.8	128.5	115.2	101.9	284.3	195.0	141.8
Provisions	8.1	2.7	0.0	3.0	3.3	0.8	0.8	0.8	0.8	7.1	2.7	0.8
Other long-term liabilities	60.6	69.5	123.2	144.6	149.0	181.8	188.6	206.4	212.6	52.7	69.5	181.8
Short-term liabilities	1,547.2	1,275.9	1,409.1	1,652.9	1,665.6	1,563.0	1,549.3	1,911.0	2,297.2	1,331.3	1,275.9	1,563.0
Interest bearing debt	689.4	315.1	446.2	255.4	112.1	56.5	91.2	172.7	224.1	561.1	315.1	56.5
Trade liabilities	808.5	881.1	881.9	1,216.5	1,417.3	1,325.3	1,296.3	1,410.6	1,776.8	721.4	881.1	1,325.3
Provisions	22.6	38.2	29.7	36.8	36.3	63.4	32.6	73.2	89.2	17.8	38.2	63.4
Other short-term liabilities	26.8	41.6	51.3	144.2	100.0	117.8	129.2	254.5	207.0	31.1	41.6	117.8
Total liabilities	3,752.4	3,677.9	3,730.5	4,032.4	4,157.1	4,330.8	4,207.7	4,737.7	5,167.8	3,565.2	3,677.9	4,330.8

INDEBTEDNESS

PLN m	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	2015	2016	2017
Net debt	647.0	144.4	347.6	-11.0	10.8	-316.5	-221.1	-363.6	-525.1	620.9	144.4	-316.5
Cash	265.9	365.8	280.4	434.9	256.4	514.8	440.9	651.5	851.2	224.4	365.8	514.8
Debt	912.9	510.1	628.0	423.9	267.2	198.3	219.7	287.9	326.0	845.3	510.1	198.3
Net debt/EBITDA (4 quarters)	1.2	0.3	0.8	0.0	0.0	-0.4	-0.3	-0.4	-0.5	0.9	0.3	-0.4

TURNOVER RATIOS

	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	2015	2016	2017
Cash cycle (days)	82	52	50	47	32	26	24	18	3	109	61	33
Receivables (days)	7	7	11	8	8	8	11	8	8	8	9	9
Inventory (days)	165	128	147	167	152	155	149	158	138	221	147	145
Liabilities (days)	89	83	107	129	128	137	136	148	143	121	95	122

CONSOLIDATED CASH FLOW

PLN m	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	2015	2016	2017
Operating CF	101.4	539.4	-93.4	442.4	129.3	414.9	51.0	420.3	429.8	253.9	718.2	893.2
D&A	68.1	70.1	73.8	73.7	72.5	73.5	84.4	85.6	88.2	223.6	267.4	293.4
Investing CF	-43.2	-39.3	-106.3	-80.7	-105.6	-91.3	-146.0	-281.3	-192.3	-415.5	-181.4	-383.9
Capex	-62.1	-84.4	-112.2	-89.4	-120.3	-119.7	-148.6	-138.4	-209.9	-490.6	-271.8	-441.6
Financing CF	-11.2	-399.3	114.6	-205.3	-204.0	-65.2	19.8	62.8	-28.2	201.2	-393.8	-359.9
Total CF	47.0	100.8	-85.1	156.4	-180.3	258.4	-75.2	<				