

LPP

FACT SHEET 4Q18

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 23 countries around the world, including highstreets of London, Berlin and Munich. Revenues from Poland constitute around 53% 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 11.04.2019	# 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.

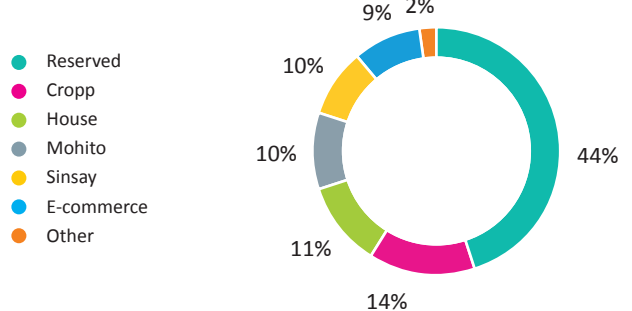
STOCK DATA

Price (31.12.2018)	7,850	EPS (2018)	275.53
Min (1Y)	7,535	DPS (2017)	40.00
Max (1Y)	10,170	Div yield (%)	0.5
Mkt Cap (PLN m)	14,542	Ticker	LPP
Free-float (PLN m)	10,111	Bloomberg	LPP PW
Book value (PLN m)	2,861	Reuters	LPPPWA

INVESTMENT THESIS

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

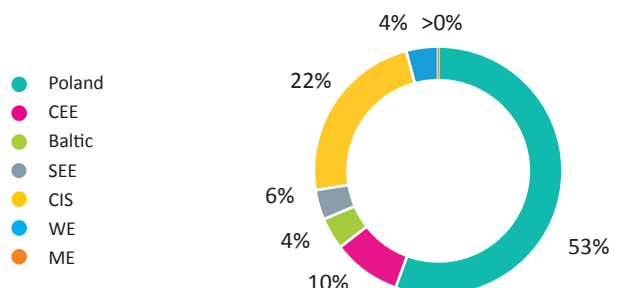
REVENUE SPLIT BY BRANDS 2018



SHARE PRICE PERFORMANCE



REVENUE SPLIT BY COUNTRIES 2018



RESERVED

CROPP

house

MOHITO

sinsay

NETWORK

	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	2016	2017	2018
NO. OF STORES												
Reserved	461	455	458	454	468	458	463	451	464	461	468	464
Cropp	379	376	386	373	381	377	382	362	373	379	381	373
House	330	321	338	324	333	332	335	326	332	330	333	332
Mohito	290	285	288	285	294	291	294	291	296	290	294	296
Sinsay	198	198	204	213	233	236	253	256	272	198	233	272
Tallinder	9	0	0	0	0	0	0	0	0	9	0	0
Outlets	36	36	36	34	34	34	29	28	28	36	34	28
TOTAL	1,703	1,671	1,710	1,683	1,743	1,728	1,756	1,714	1,765	1,703	1,743	1,765
FLOORSPACE (thm m²)												
Poland	496.6	485.3	492.1	490.5	514.0	511.5	518.0	507.2	529.5	496.6	514.0	529.5
Europe	209.5	212.8	216.9	224.1	232.8	235.0	254.9	261.8	279.4	209.5	232.8	279.4
CIS	207.0	208.2	216.5	218.7	247.3	247.8	254.7	259.0	275.4	207.0	247.3	275.4
ME	7.6	7.6	8.2	6.6	6.6	6.6	6.6	7.3	7.1	7.6	6.6	7.1
TOTAL	920.7	913.9	933.7	939.9	1,000.6	1,000.9	1,034.2	1,035.4	1,091.3	920.7	1,000.6	1,091.3

CONSOLIDATED INCOME STATEMENT

PLN m	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	2016	2017	2018
Revenues	1,853.4	1,362.3	1,705.4	1,812.8	2,148.9	1,580.4	2,049.7	2,043.9	2,372.7	6,019.0	7,029.4	8,046.8
COGS	911.7	741.7	734.5	924.1	901.9	867.5	825.3	1,000.6	952.1	3,085.2	3,302.3	3,645.5
Gross profit on sales	941.7	620.6	970.9	888.6	1,247.0	712.8	1,224.5	1,043.4	1,420.6	2,933.8	3,727.1	4,401.3
SG&A costs	699.6	719.2	743.8	775.0	861.9	820.5	891.6	898.8	921.3	2,608.8	3,099.9	3,532.2
Other operating activity	-43.0	-10.4	-19.5	-10.5	-8.4	-10.1	-21.1	-15.4	-66.0	-98.6	-48.7	-112.5
EBIT	199.1	-109.0	207.6	103.1	376.7	-117.7	311.8	129.2	433.3	226.4	578.4	756.6
Net financials	-21.7	-2.5	1.4	11.2	-24.9	14.5	-15.5	-19.2	-12.7	-32.3	-14.8	-32.9
Pre-tax profit	177.4	-111.5	209.0	114.3	351.9	-103.2	296.3	110.0	420.6	194.1	563.7	723.7
Tax	20.4	5.5	35.8	29.3	52.3	1.6	90.2	18.4	108.3	19.3	122.9	218.5
Minorities	0.0	0.0	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Net income	157.0	-117.0	173.3	85.1	299.5	-104.8	206.1	91.6	312.3	174.8	440.9	505.2
EBITDA	269.2	-35.2	281.2	175.5	450.3	-33.3	397.4	217.4	524.2	493.8	871.9	1,105.7

EFFICIENCY

	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	2016	2017	2018
Sales / m ² per month	680	499	622	648	741	532	674	663	751	575	628	662
Gross profit on sales / m ² per month	345	227	354	318	430	240	403	338	445	280	332	358
Costs of own stores / m ² per month	201	214	211	214	216	212	212	207	207	200	214	207
SG&A costs / m ² per month	258	266	271	280	300	279	297	295	292	251	280	291
Gross profit margin	50.8%	45.6%	56.9%	49.0%	58.0%	45.1%	59.7%	51.0%	59.9%	48.7%	53.0%	54.7%
EBITDA margin	14.5%	-2.6%	16.5%	9.7%	21.0%	-2.1%	19.4%	10.6%	22.1%	8.2%	12.4%	13.7%
EBIT margin	10.7%	-8.0%	12.2%	5.7%	17.5%	-7.4%	15.2%	6.3%	18.3%	3.8%	8.2%	9.4%
Net margin	8.5%	-8.6%	10.2%	4.7%	13.9%	-6.6%	10.1%	4.5%	13.2%	2.9%	6.3%	6.3%
ROE (4Q)	8.9%	6.2%	10.2%	14.2%	20.3%	20.8%	21.3%	20.8%	19.0%	8.7%	19.3%	19.0%

CONSOLIDATED BALANCE SHEET

PLN m	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	2016	2017	2018
Non-current assets	1,838.7	1,874.6	1,886.1	1,952.1	2,041.4	2,043.8	2,128.6	2,238.1	2,417.8	1,838.7	2,041.4	2,417.8
Fixed assets	1,291.3	1,338.0	1,346.1	1,397.5	1,478.2	1,480.1	1,558.5	1,648.3	1,818.3	1,291.3	1,478.2	1,818.3
Intangibles (incl. goodwill)	330.6	334.2	339.3	344.2	351.2	354.7	359.1	368.1	376.7	330.6	351.2	376.7
Current assets	1,839.3	1,855.9	2,146.3	2,205.0	2,289.5	2,163.8	2,609.1	2,929.8	2,963.1	1,839.3	2,289.5	2,963.1
Inventory	1,164.1	1,251.4	1,481.6	1,638.7	1,475.2	1,402.9	1,490.4	1,587.1	1,590.4	1,164.1	1,475.2	1,590.4
Trade receivables	165.4	154.8	134.8	181.5	199.6	175.2	169.6	207.3	156.3	165.4	199.6	156.3
Cash and equivalents	365.8	280.4	434.9	256.4	514.8	440.9	651.5	851.2	1,045.0	365.8	514.8	1,045.0
Total assets	3,677.9	3,730.5	4,032.4	4,157.1	4,330.8	4,207.7	4,737.7	5,167.8	5,380.8	3,677.9	4,330.8	5,380.8
Equity	2,134.7	2,016.4	2,063.3	2,184.0	2,443.4	2,340.4	2,504.4	2,555.3	2,860.5	2,134.7	2,443.4	2,860.5
Long-term liabilities	267.3	305.0	316.2	307.5	324.4	317.9	322.4	315.3	346.1	267.3	324.4	346.1
Interest bearing debt	195.0	181.8	168.5	155.2	141.8	128.5	115.2	101.9	88.6	195.0	141.8	88.6
Provisions	2.7	0.0	3.0	3.3	0.8	0.8	0.8	0.8	1.0	2.7	0.8	1.0
Other long-term liabilities	69.5	123.2	144.6	149.0	181.8	188.6	206.4	212.6	256.6	69.5	181.8	256.6
Short-term liabilities	1,275.9	1,409.1	1,652.9	1,665.6	1,563.0	1,549.3	1,911.0	2,297.2	2,174.1	1,275.9	1,563.0	2,174.1
Interest bearing debt	315.1	446.2	255.4	112.1	56.5	91.2	17.2	224.1	203.2	315.1	56.5	203.2
Trade liabilities	881.1	881.9	1,216.5	1,417.3	1,325.3	1,296.3	1,410.6	1,776.8	1,557.4	881.1	1,325.3	1,557.4
Provisions	38.2	29.7	36.8	36.3	53.5	32.6	89.2	107.1	107.1	38.2	53.5	107.1
Other short-term liabilities	41.6	51.3	144.2	100.0	127.7	129.2	254.5	207.0	306.4	41.6	127.7	306.4
Total liabilities	3,677.9	3,730.5	4,032.4	4,157.1	4,330.8	4,207.7	4,737.7	5,167.8	5,380.8	3,677.9	4,330.8	5,380.8

INDEBTEDNESS

PLN m	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	2016	2017	2018
Net debt	144.4	347.6	-11.0	10.8	-316.5	-221.1	-363.6	-525.1	-753.2	144.4	-316.5	-753.2
Cash	365.8	280.4	434.9	256.4	514.8	440.9	651.5	851.2	1,045.0	365.8	514.8	1,045.0
Debt	510.1	628.0	423.9	267.2	198.3	219.7	287.9	326.0	291.8	510.1	198.3	291.8
Net debt/EBITDA (4 quarters)	0.3	0.8	0.0	0.0	-0.4	-0.3	-0.4	-0.5	-0.7	0.3	-0.4	-0.7

TURNOVER RATIOS

	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	2016	2017	2018
Cash cycle (days)	52	50	47	32	27	24	18	3	-1	61	33	17
Receivables (days)	7	11	8	8	8	11	8	8	7	9	9	8
Inventory (days)	128	147	167	152	155	149	158	138	150	147	146	153
Liabilities (days)	83	107	129	128	137	136	148	143	158	95	122	144

CONSOLIDATED CASH FLOW

PLN m	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	2016	2017	2018
Operating CF	539.4	-93.4	442.4	129.3	414.9	51.0	420.3	429.8	310.9	718.2	893.2	1,212.0
D&A	70.1	73.8	73.7	72.5	73.5	84.4	85.6	88.2	90.9	267.4	293.4	349.2
Investing CF	-39.3	-106.3	-80.7	-105.6	-91.3	-146.0	-281.3	-192.3	-84.8	-181.4	-383.9	-704.4
Capex	-84.4	-112.2	-89.4	-120.3	-119.7	-148.6	-138.4	-209.9	-301.9	-271.8	-441.6	-798.9
Financing CF	-399.3	114.6	-205.3	-204.0	-65.2	-199.3	62.8	-28.2	-33.6	-393.8	-359.9	20.9
Total CF	100.8	-85.1	156.4	-180.3								