

LPP

Revenues from sales generated by LPP SA Capital Group in May 2017

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The Management Board of LPP SA hereby informs that consolidated revenues from sales of LPP SA Capital Group generated in June 2017 totalled about PLN 627 million and were higher about 13% in comparison with the revenues generated in June 2016.

In the period between January and June 2017 consolidated revenues from sales totalled PLN 3 069 million and were higher about 15% as compared with the revenues generated in the corresponding period in the previous year.

Estimated gross margin on sales would be 52% and was higher to gross margin on sales achieved in June in the previous year about 5 percentage point.

The E-commerce revenues from sales in June 2017 totaled about PLN 34,3 mln and were higher about 105% in comparison to June 2016. In the period January – June 2017 the E-Commerce revenues from sales totaled about 136 mln PLN and were higher by 99% year over year.

The commercial space of stores was about 933 thousand square meters at the end of June 2017, and was about 7% higher as compared with the commercial space of stores at the end of June 2016.

Additionally, the Company reports that since Q3 2017, it has started to hedge USD/PLN exchange rate by entering into forward contracts. The transaction is to minimise the level of exchange differences recognised in profit and loss positions in financial revenues and expenses (below the operating profit).

The Company has started to hedge the exchange rates for USD payments to suppliers - in the period between incurring a financial liability (booking of invoice from the supplier) and the invoice payment date. According to the accepted model the hedge of any USD payment will amount to 70% of its volume. Forward foreign exchange contracts entered into by the Company will be settled with actual currency delivery. The first transactions were completed at the end of June to hedge payments to suppliers falling for the Q3 and Q4 2017.

The amount of the hedged items on the balance sheet as at 30.06.2017 is USD 123 million.

Art. 17 item 1 of MAR - confidential information

Signatures: Przemysław Lutkiewicz – Vice President of the Management Board
Jacek Kujawa - Vice President of the Management Board