

LPP



LPP EQUITY STORY

GLOBAL ASPIRATIONS

SEPTEMBER 2018

RESERVED

CROPP

 **house**

MOHITO

sinsay

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RESERVED

01. Overview

02. Investment case

03. Back-up

The largest clothing retailer on WSE

1,756
STORES

20
COUNTRIES

PLN 3.6bn
REVENUES

69%
FREE FLOAT

MSCI POLAND
WIG 20 MEMBER

PLN 15.7bn
MARKET
CAPITALISATION

Data as of 30.06.2018

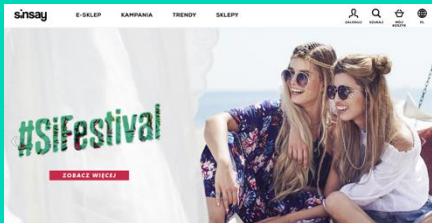
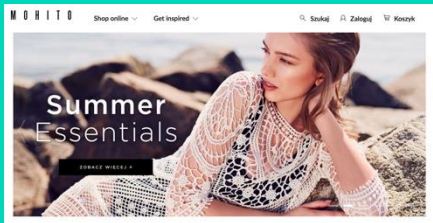
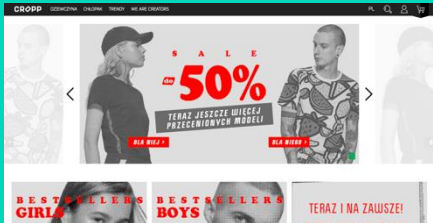
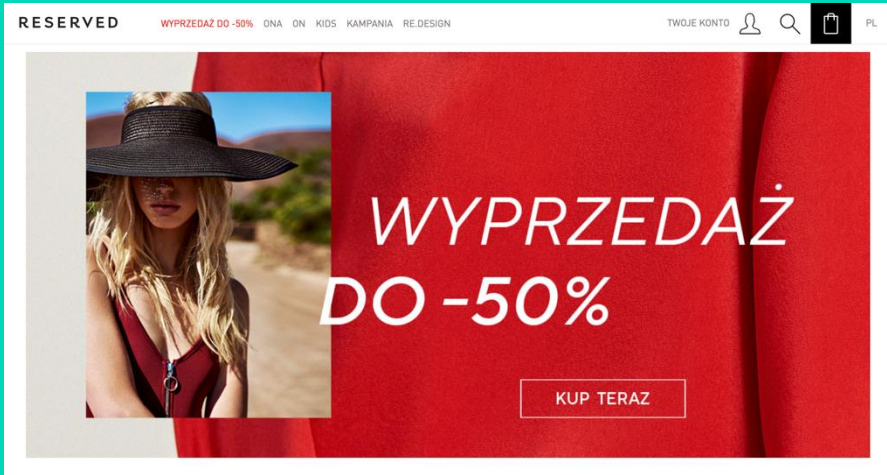
A diversified brand portfolio ...



...with varied store concepts



2 growth pillars: stores and e-commerce



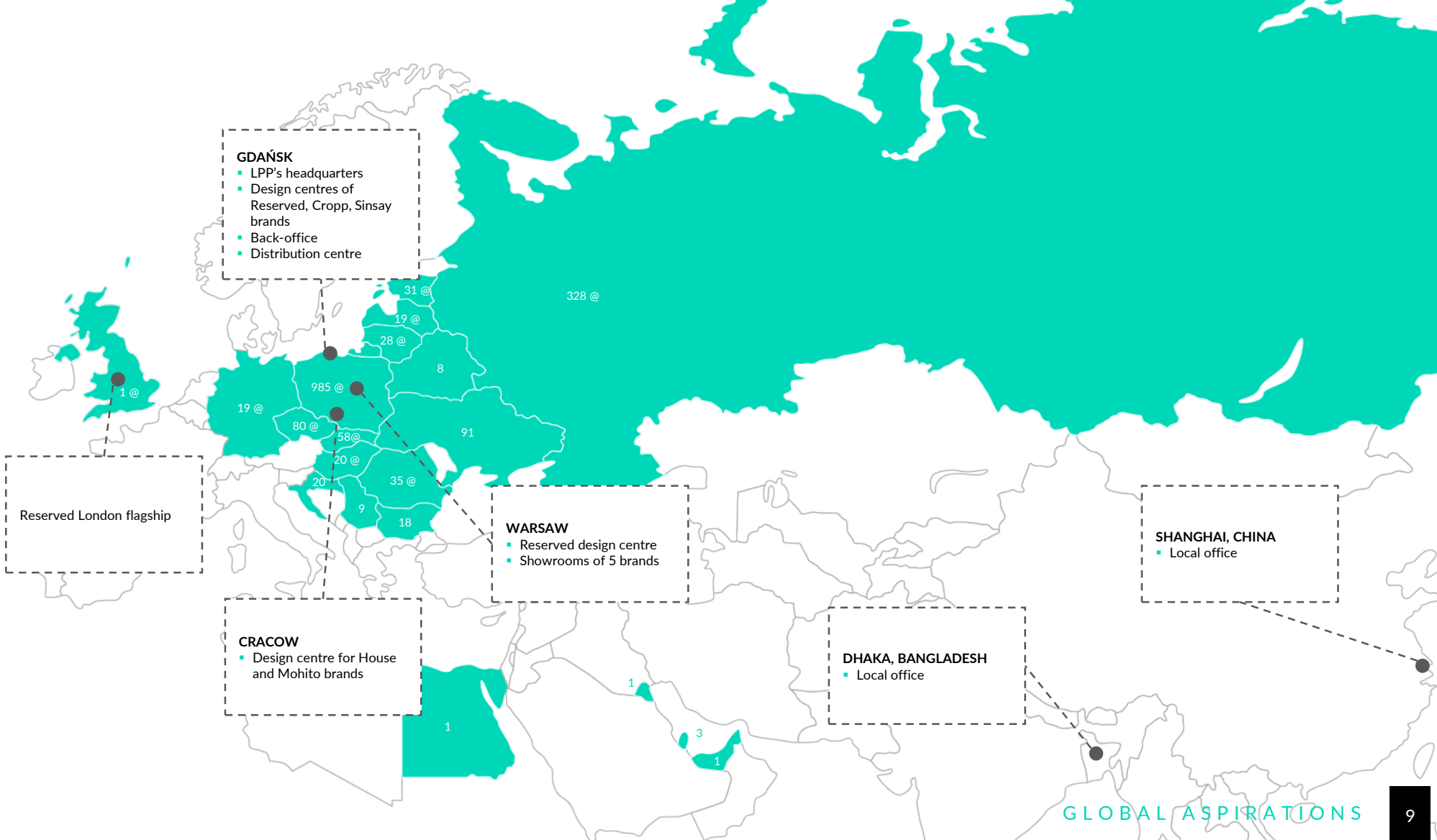
20 countries off-line

11 countries on-line

2 pillars of growth

	30.06.2018	No. of stores	YoY
LPP GROUP		1,756	+ 46
Reserved		463	+ 5
Cropp		382	- 4
House		335	- 3
Mohito		294	+ 6
Sinsay		253	+ 49
Outlets		29	- 7

1,756 stores on 3 continents



A lean retail oriented business model



250+
designers

700+
total number of people
creating collections
of 5 brands

89%
goods sourced
from Asia

1,000+
suppliers

capacity to send up to
1.5m
products daily to stores

the largest and most
modern clothing
logistics centre in CEE

1,756
stores

20
countries

3 continents
Europe, Asia, Africa

689m
customers annually

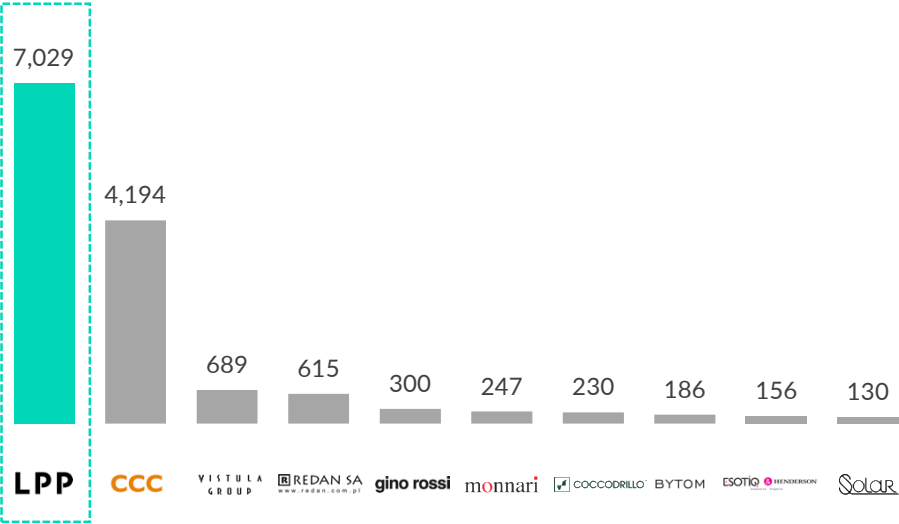
170m
pieces of clothing
and accessories sold

Time of implementation from design to stores: up to 30 days for the most fashionable items. The rest of the collection is manufactured in approx. 90-100 days.

Eyeing the international giants

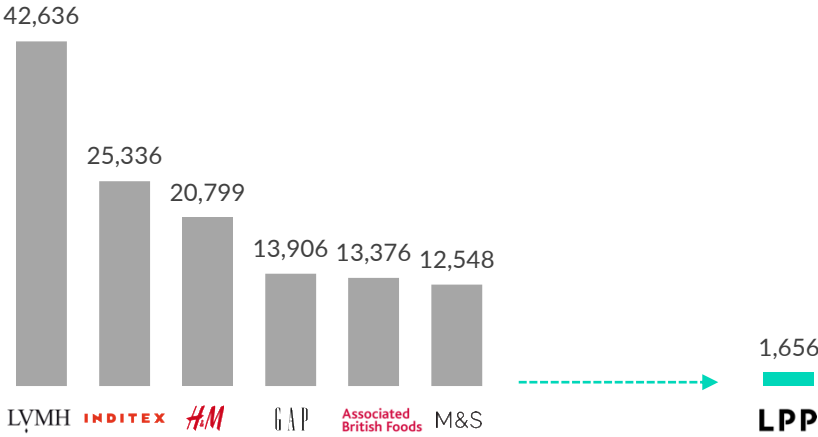
LEADER ON THE DOMESTIC RETAIL MARKET

REVENUES (PLN m)



AMBITIONS TO BE AMONG THE INTERNATIONAL LEADERS

REVENUES (EUR m)



Note: Data based on 2017 revenues or equivalent annual if available. Values calculated at average exchange rates for the period.



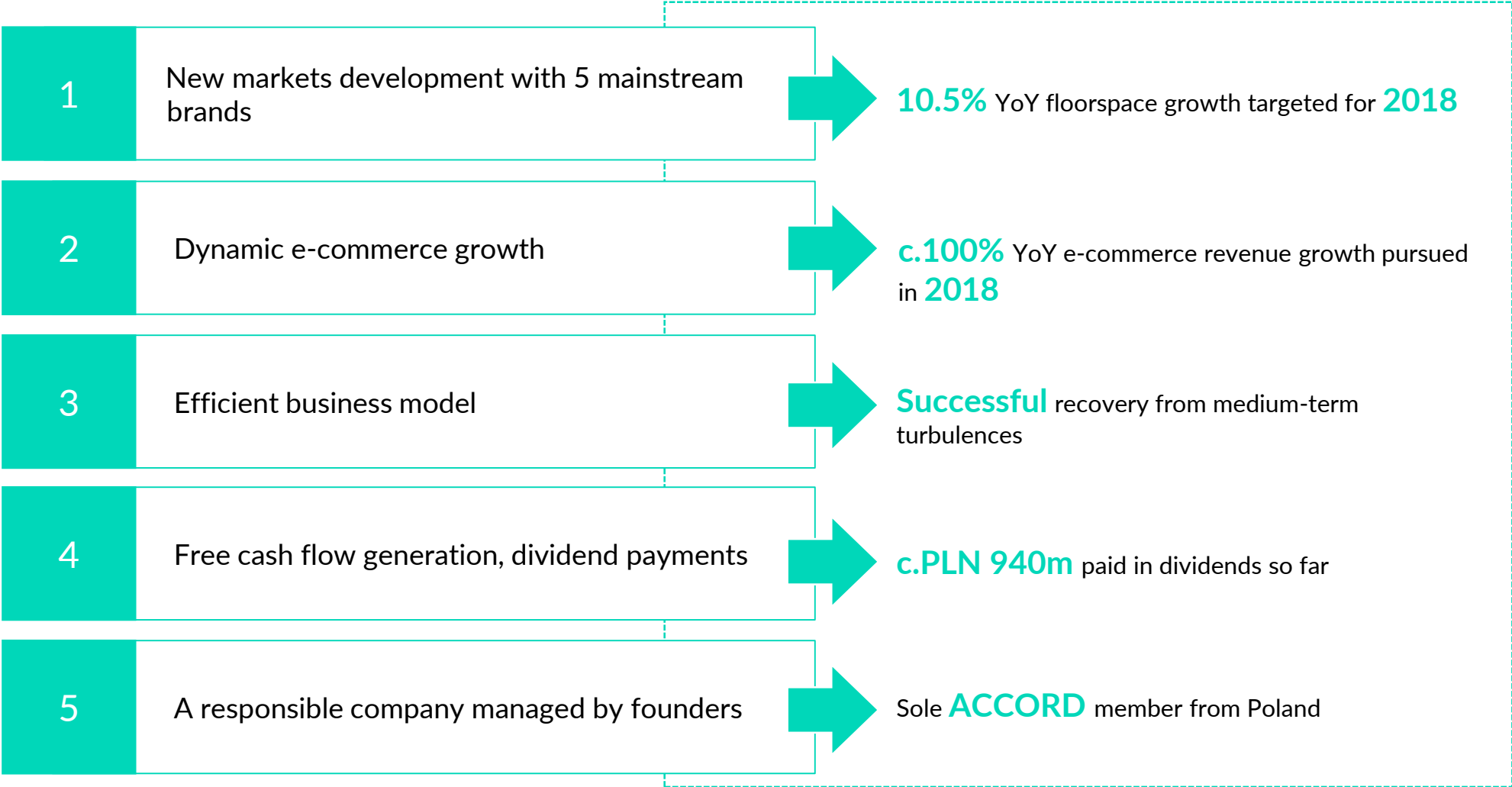
CROPP

01. Overview

02. Investment case

03. Back-up

Investment case



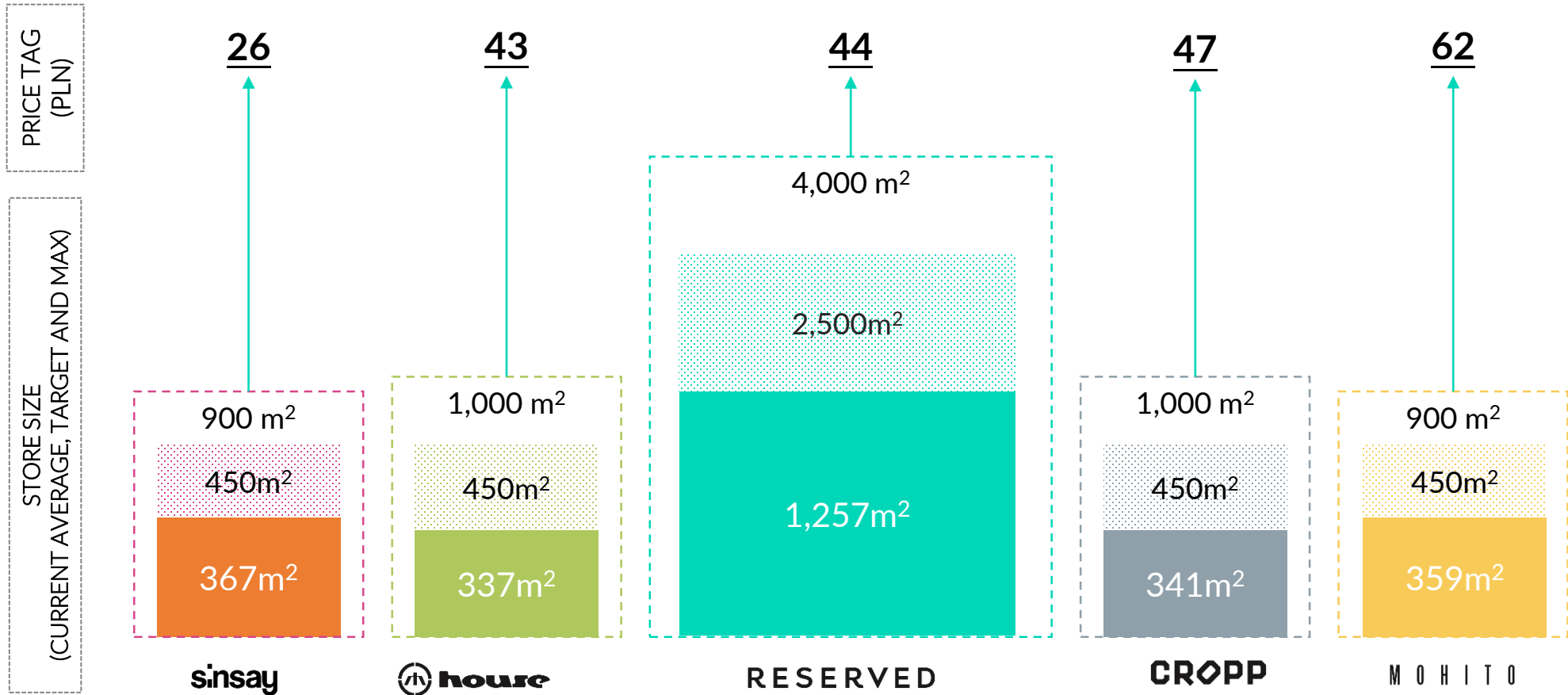
Portfolio of 5 mainstream brands

WE FOCUS ON MAINSTREAM-PRICED BRANDS

	RESERVED	CROPP	 hourse	M O H I T O	sinsay
KEY BRAND FEATURES	Anchor brand with broad customer base	Streetwear brand influenced by hip-hop and pop-culture	Urban fashion brand	Comfort and elegance for business and informal meetings	Clothes for every day inspirations and original party outfits
TARGET CUSTOMERS	Women, men, children	Teenagers (boys and girls)	Teenagers (boys and girls)	Young women	Teenagers (girls only)
YEAR OF LAUNCH	1998	2004	2001 (at LPP since 4Q08)	2008 (at LPP since 4Q08)	2013
COUNTRIES / REGIONS PRESENT	CEE, SEE, Baltic, CIS, WE, ME	CEE, SEE, Baltic, CIS	CEE, SEE, Baltic, CIS	CEE, SEE, Baltic, CIS	CEE, Baltic, CIS, SEE
# STORES / FLOORSPACE 1H18	463 582.2 ths m2	382 130.1 ths m2	335 113.0 ths m2	294 105.5 ths m2	253 92.8 ths m2
AVERAGE STORE SIZE	1,257 m2	341 m2	337 m2	359 m2	367 m2

Note: Sum of brand floorspace does not equal group floorspace as on top we had c.11 ths m2 of outlets at the end of 1H18.

Store upgrades to continue

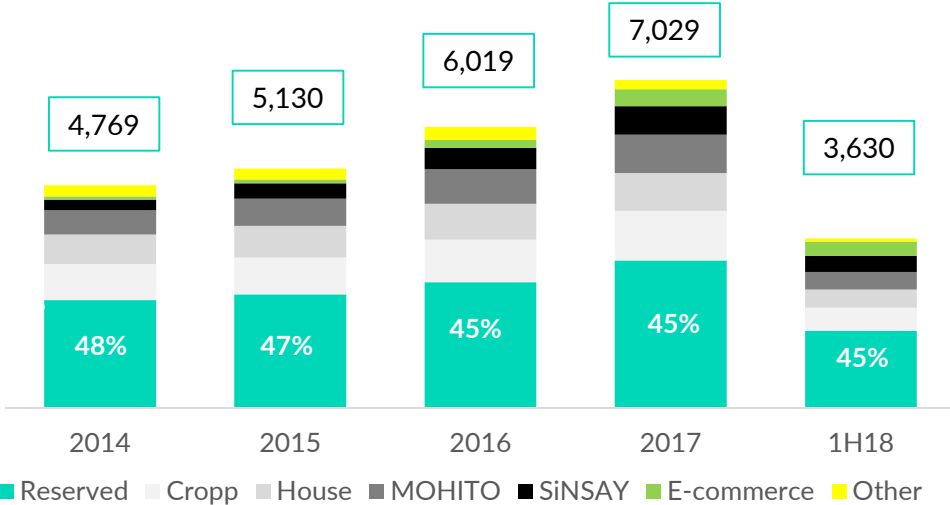


We plan to continue to gradually enlarge the average size of stores of all our brands so as to accommodate room for more comprehensive collections.

Reserved remains our most important brand

GROUP REVENUES BY BRANDS
(PLN m)

GROUP REVENUES BY BRANDS



PLN m	2014	2015	2016	2017	1H18
LPP GROUP	4,769	5,130	6,019	7,029	3,630
Reserved	2,311	2,434	2,693	3,160	1,649
Cropp	771	790	915	1,064	497
House	634	673	767	805	392
Mohito	523	586	737	829	375
Sinsay	225	329	461	610	345
E-commerce	65	79	173	361	309
Other	241	239	273	201	63

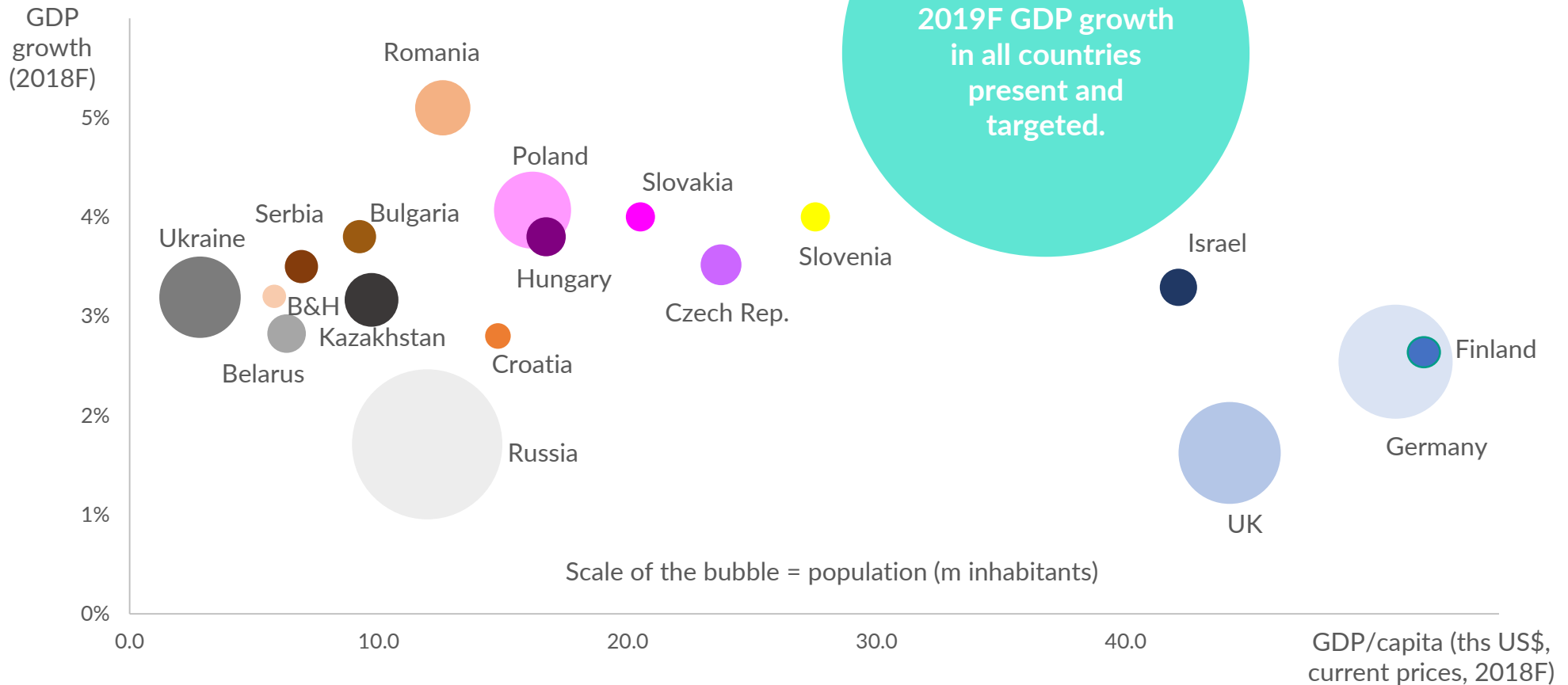
- Reserved remains our key brand. We continue to develop other brands to minimise fashion risk and benefit from economies of scale.
- In the long-term we plan to open stores of each brand in all countries in which we are present today.
- The priority in new markets' expansion is given to Reserved brand (Western Europe, Middle East).

International growth opportunities

DEVELOPMENT STAGE	MATURITY		DEVELOPING		EARLY STAGE	
	CEE	BALTIC	SEE	CIS	WE	ME
	COUNTRIES PRESENT	Poland, Czech Republic, Hungary, Slovakia	Lithuania, Latvia, Estonia	Bulgaria, Romania, Croatia, Serbia	Russia, Ukraine, Belarus	Germany, UK
# COUNTRIES PRESENT	4	3	4	3	2	4
BRANDS	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved	Reserved
# STORES 1H18	1,143	78	82	427	20	6
TYPE OF STORES	Own (majority), franchise	Own	Own	Own (majority), franchise	Own	Franchise
FLOORSPACE 1H18	614.5 ths m2	44.8 ths m2	65.1 ths m2	254.7 ths m2	48.4 ths m2	6.6 ths m2

Entry into high growth potential markets

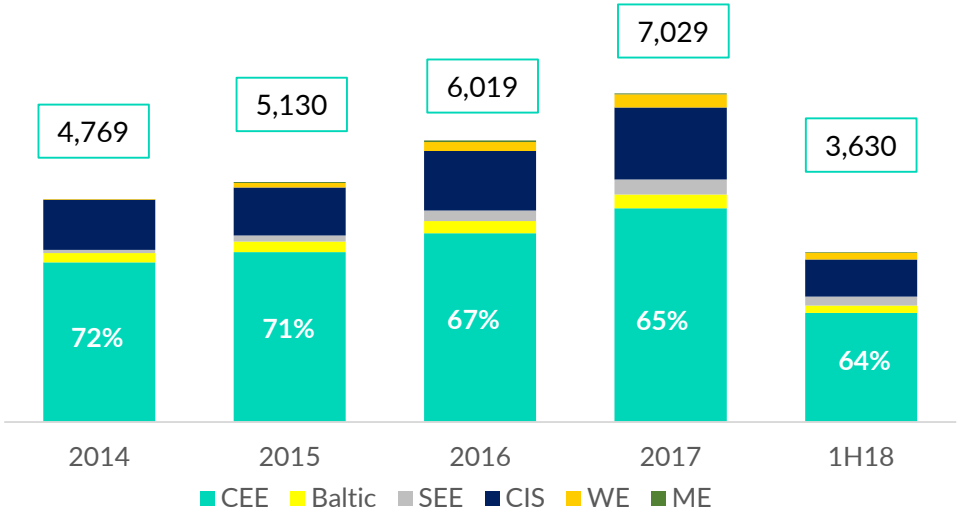
GROWTH POTENTIAL OF COUNTRIES DEVELOPED



Source: International Monetary Fund, April 2018 dataset.

New countries fuel revenue growth

GROUP REVENUES BY REGIONS
(PLN m)



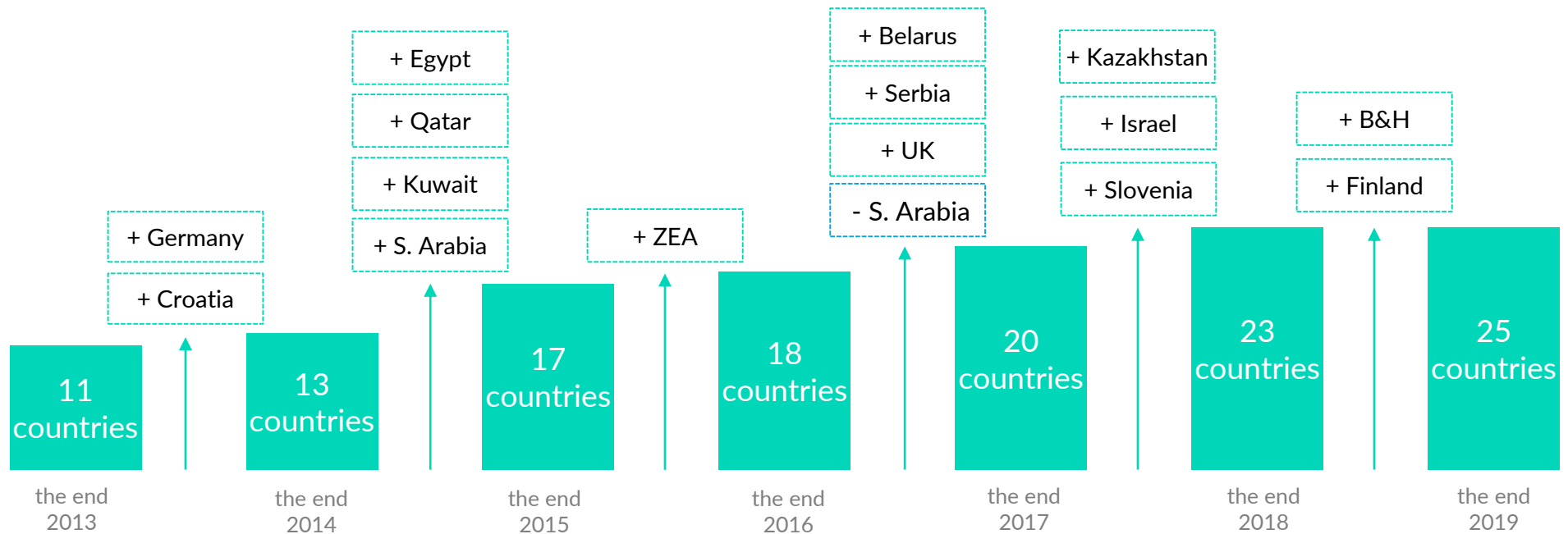
GROUP REVENUES BY REGIONS

PLN m	2014	2015	2016	2017	1H18
LPP GROUP	4,769	5,130	6,019	7,029	3,630
CEE	3,414	3,634	4,039	4,572	2,328
Baltic	200	222	256	295	161
SEE	65	134	230	317	195
CIS	1,076	1,025	1,269	1,542	792
WE	15	94	194	279	146
ME	0	23	31	24	8

- CEE: dependency on Poland should continue to diminish in upcoming years. Maturity has been reached in Czech Republic and Slovakia, but Hungary still offers growth potential.
- CIS: acceleration from 2017 – step-up in store openings in Russia and Ukraine and entry via franchise stores into Belarus (April 2017). Entry into Kazakhstan planned for 4Q18. SEE: entry into Slovenia in 2H18 and into B&H in 2019.
- WE: 20 stores in Germany by the end of 2018. ME: first store in Israel opened in August 2018.

At least one new country each year

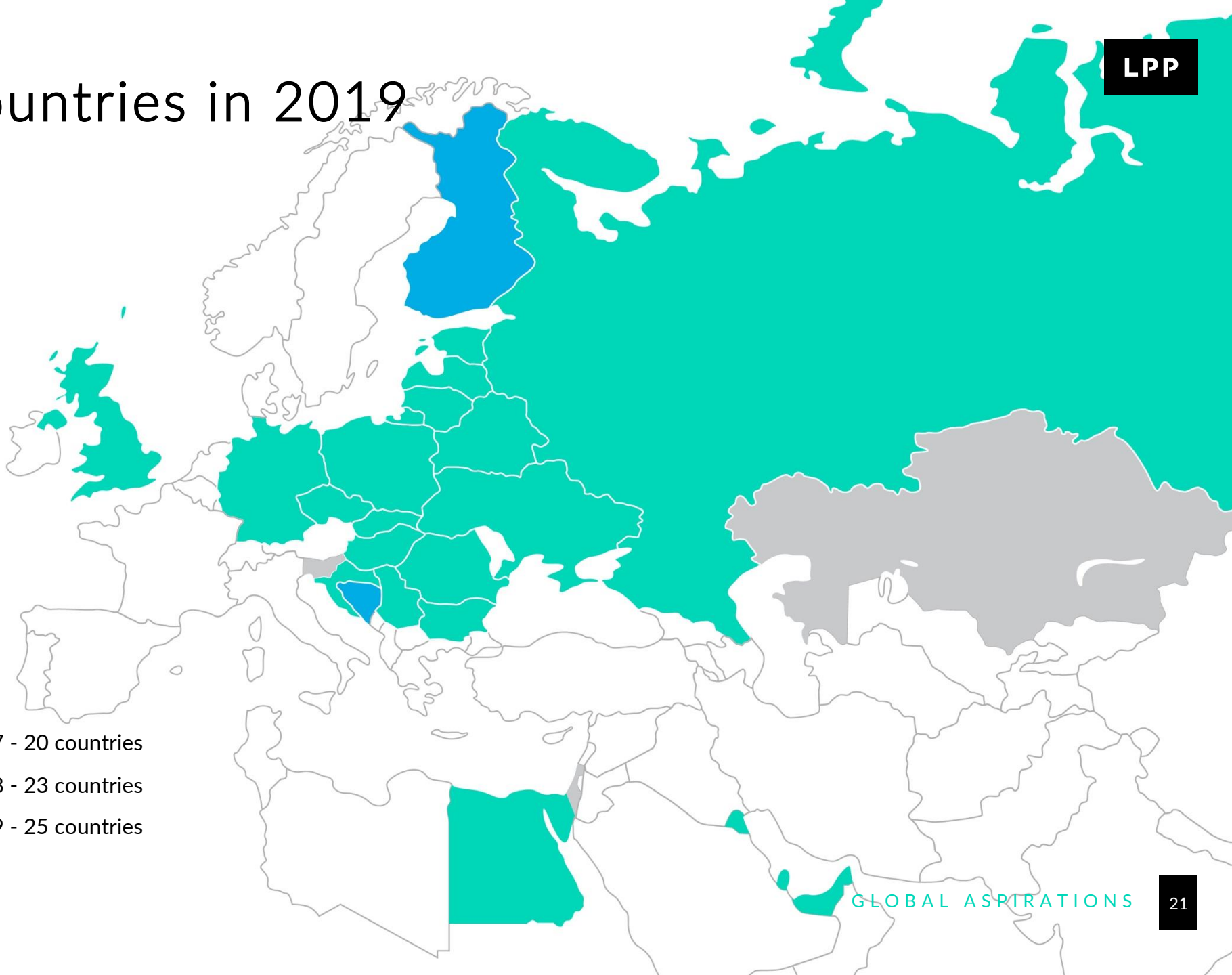
EXPANSION BY COUNTRIES



- In 2017, we entered 3 new markets: Belarus (with franchise stores), Serbia and the UK (both markets with own stores).
- In 2018, we plan to enter 3 new countries: Kazakhstan (own stores, change from franchise), Israel (franchise stores, first opened in August 2018) and Slovenia (own stores).
- In 2019, we will open our first own stores in Bosnia & Herzegovina and Finland.

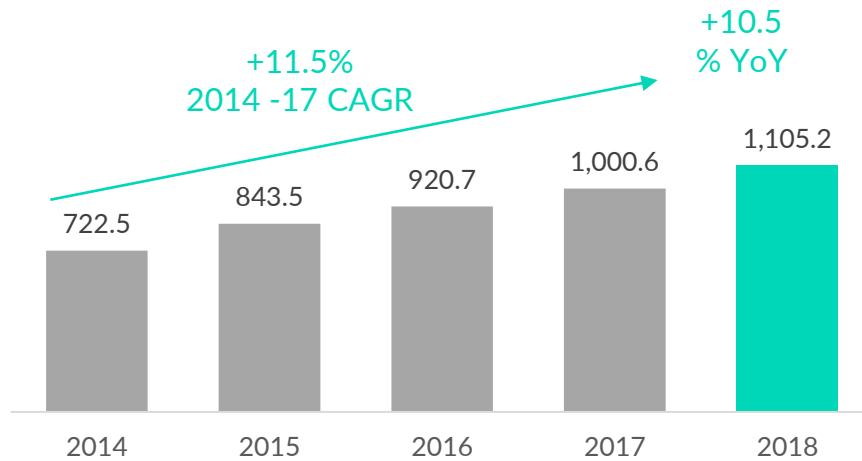
25 countries in 2019

- Eop 2017 - 20 countries
- Eop 2018 - 23 countries
- Eop 2019 - 25 countries



Double-digit floorspace growth

FLOORSPACE GROWTH TARGETS
(ths m2)

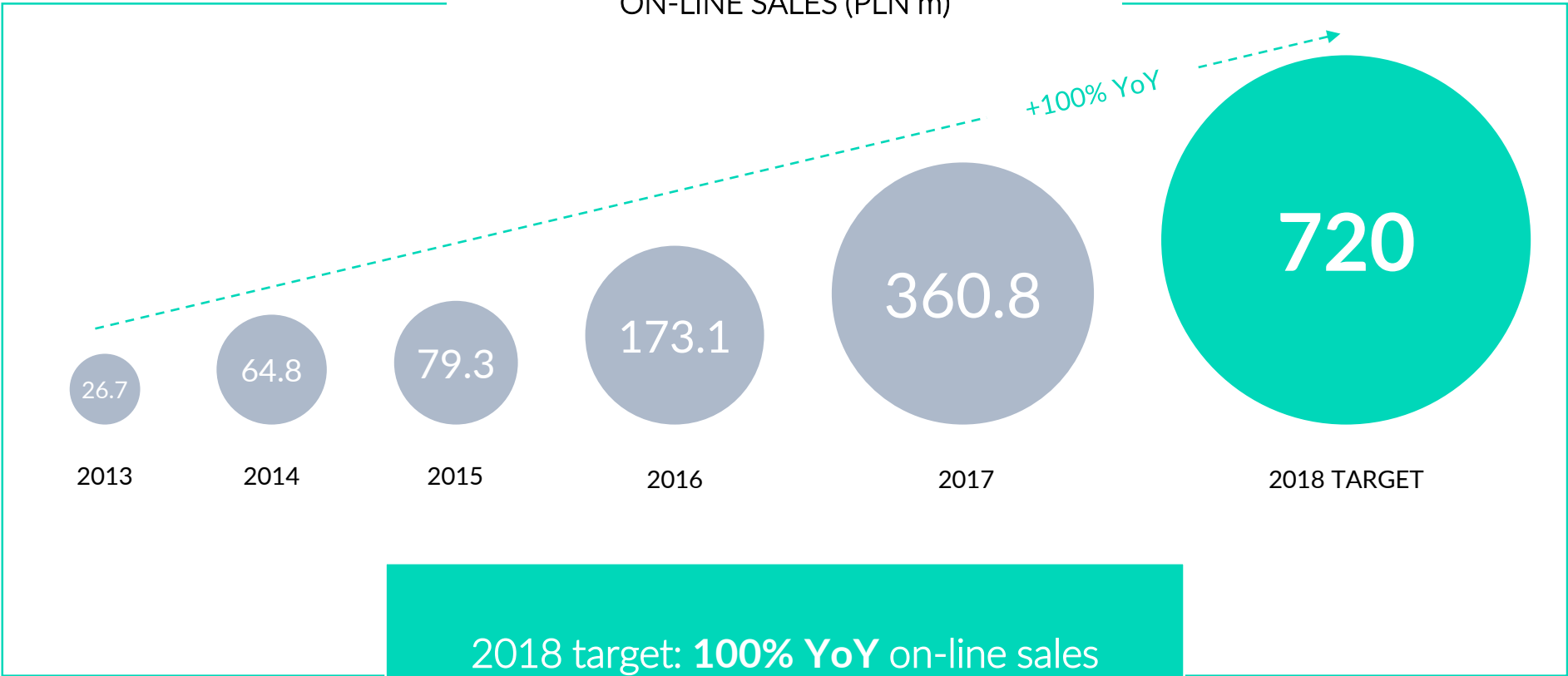


FLOORSPACE TARGETS BY REGIONS

ths m2	2017	YoY	2018	YoY
LPP GROUP	1,000.6	9%	1,105.2	10%
Poland	514.0	3%	527.2	3%
Europe	232.8	11%	289.5	24%
CIS	247.3	19%	282.3	14%
ME	6.6	-13%	6.2	-5%

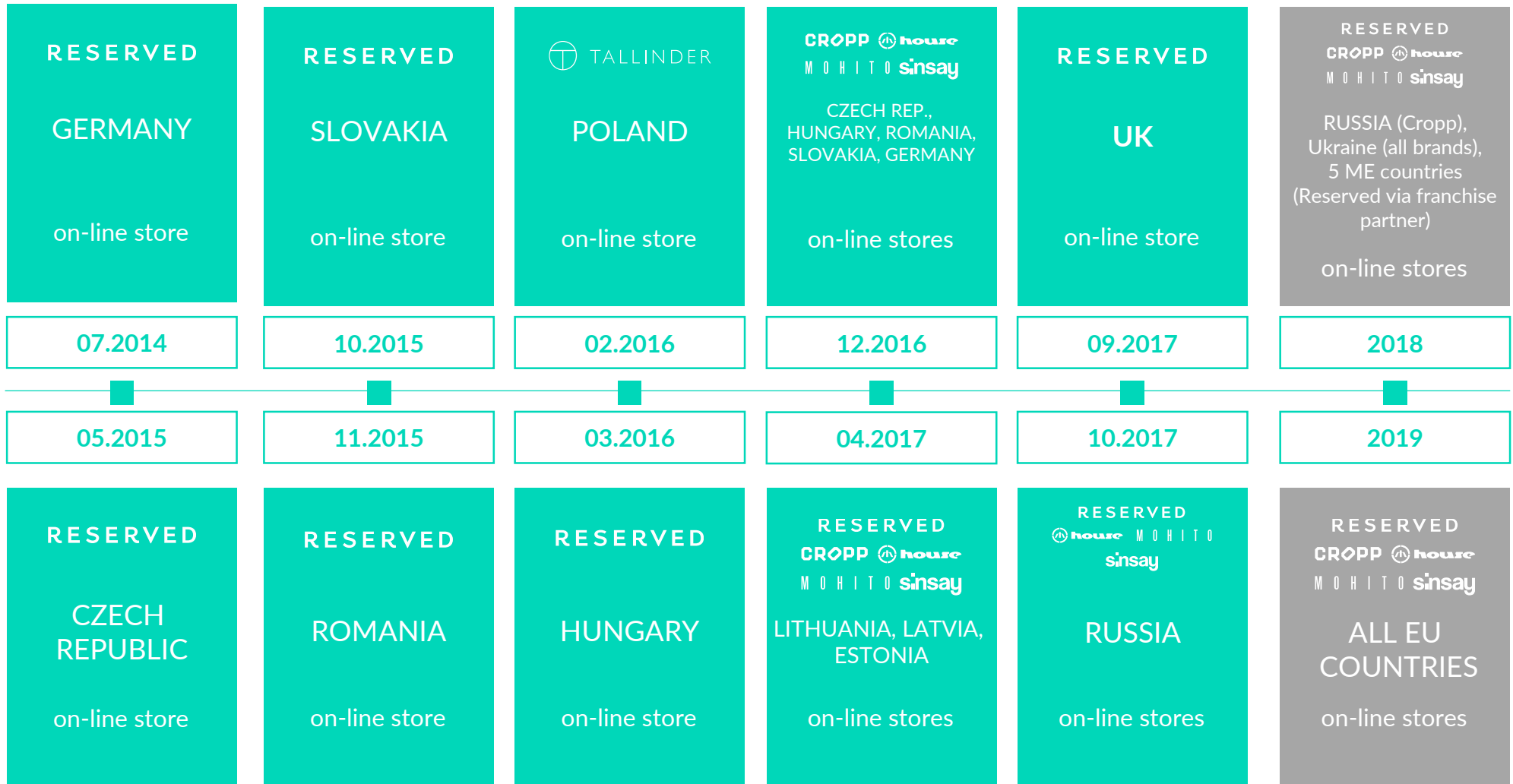
- We plan to grow floorspace by 10.5% YoY in 2018.
- Reserved stores in 23 countries at the end of 2018. 3 new markets in 2018: Kazakhstan and Slovenia (own stores) and Israel (franchise stores, opened in August 2018). Strongest floorspace growth in Reserved and Sinsay brands.
- 2018 targets: (1) selective development in Poland, (2) acceleration of growth in Europe (emphasis on South Eastern Europe) and (3) further development in the CIS region.

Triple-digit on-line sales growth



2018 target: 100% YoY on-line sales growth.

Acceleration of e-commerce roll-out



A more ambitious target for e-commerce

E-commerce is the
second pillar
of our growth strategy.

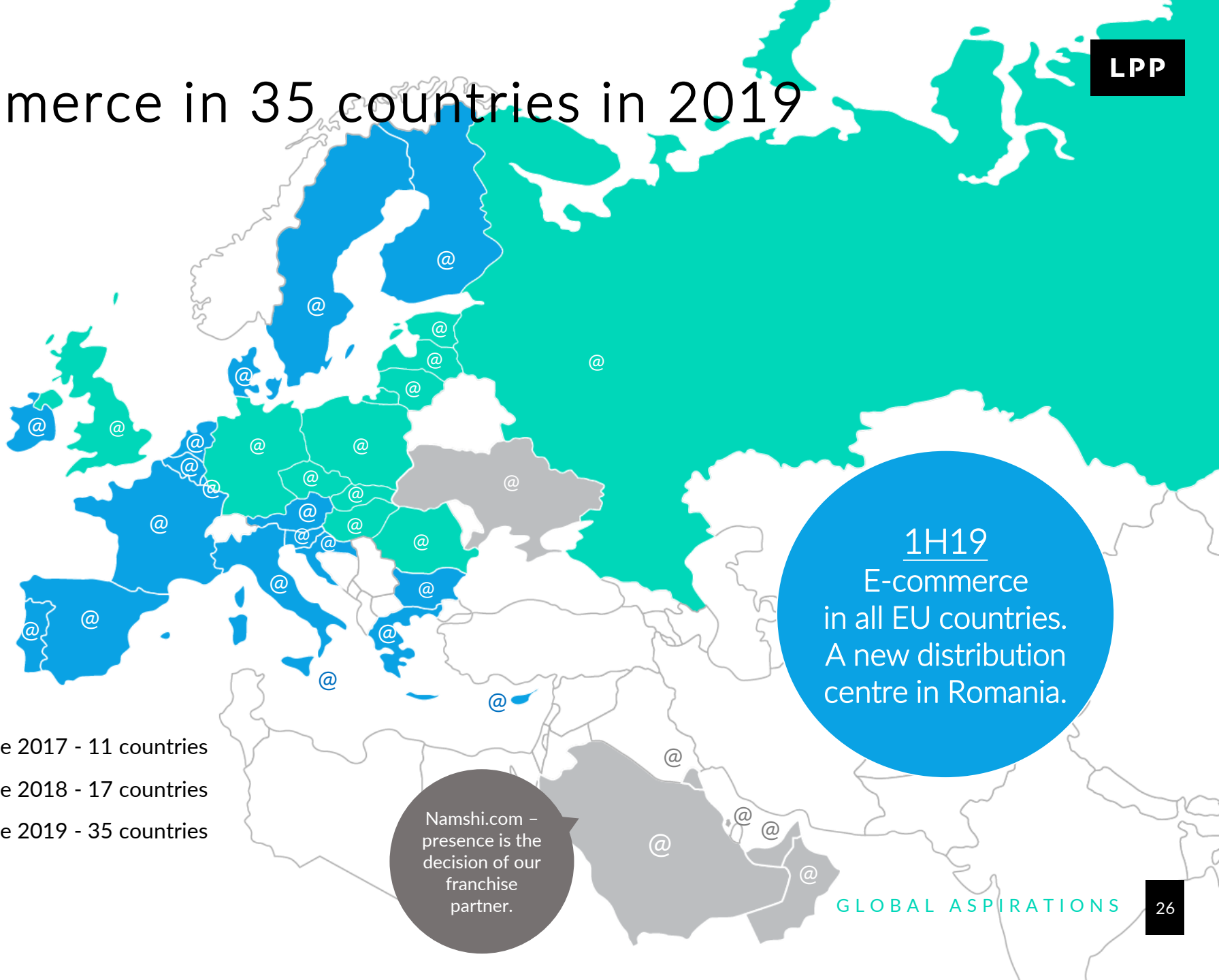
2021 target for e-commerce:

20% of sales.



- We have been successful on every on-line market that we have launched. Poland remains the largest on-line sales contributor due to strong recognition of our brands and much earlier roll-out.
- In April 2017 we signed an agreement with Arvato to outsource on-line logistics of four our brands with the aim to speed up and improve the logistics. The agreement became operational in Autumn 2017.
- E-commerce should exceed 9% of revenues in 2018. In 1H19 we plan to launch an on-line store for all EU countries.

E-commerce in 35 countries in 2019

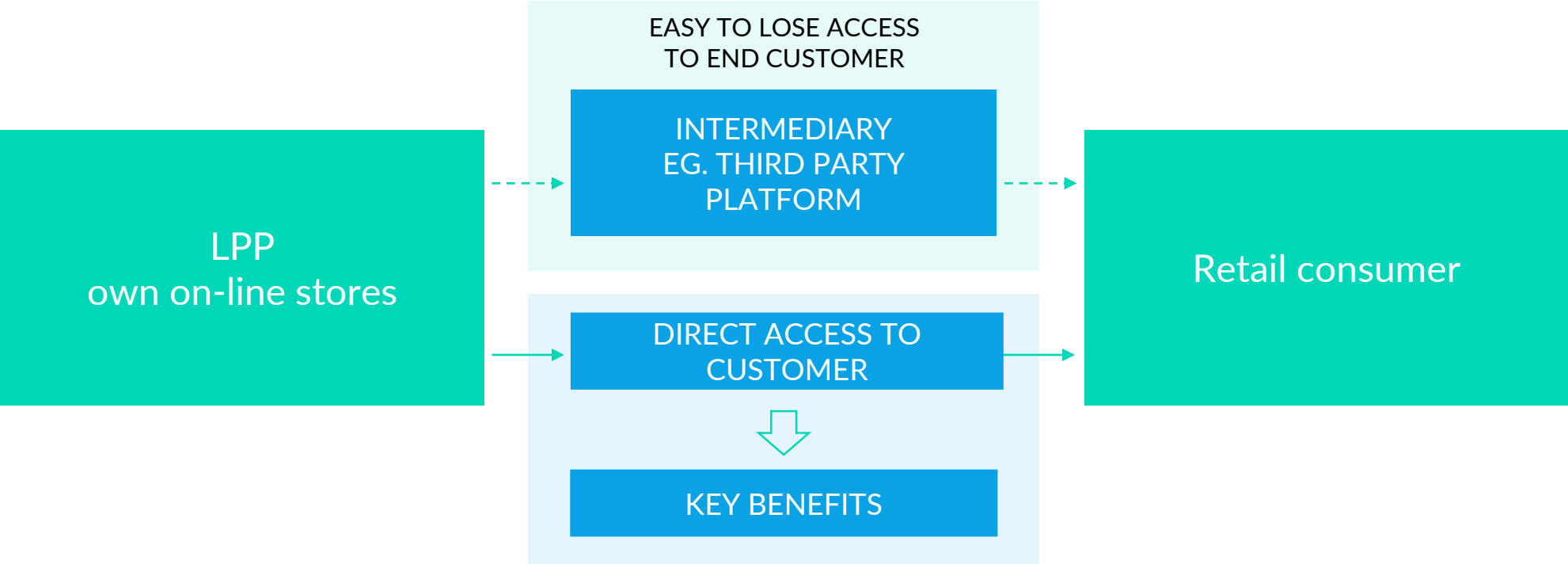


- E-commerce 2017 - 11 countries
- E-commerce 2018 - 17 countries
- E-commerce 2019 - 35 countries

1H19
E-commerce
in all EU countries.
A new distribution
centre in Romania.

Namshi.com –
presence is the
decision of our
franchise
partner.

Focus on own on-line stores



- Direct contact and knowledge of the retail customer
- Ability to obtain retail margin
- Control over inventory
- No intermediaries
- Stability (not possible to lose access)

We believe in omnichannel

M-COMMERCE

40% of on-line sales takes place via smartphones.

NEXT BUSINESS DAY DELIVERY

We streamline warehouse and logistics to speed up e-commerce deliveries.

OMNICHANNEL

We focus on combining traditional stores with e-commerce and m-commerce.

We implement new technologies to be able to respond to the individual needs of our clients.

A positive 2018 outlook

- Continuation of double-digit revenue growth due to floorspace development and e-commerce.
- Group's gross profit margin should be between 54-55% (higher YoY).
- Net cash to continue.

2018 TARGETS

- LPP's stores in new countries.
- Dynamic e-commerce growths.

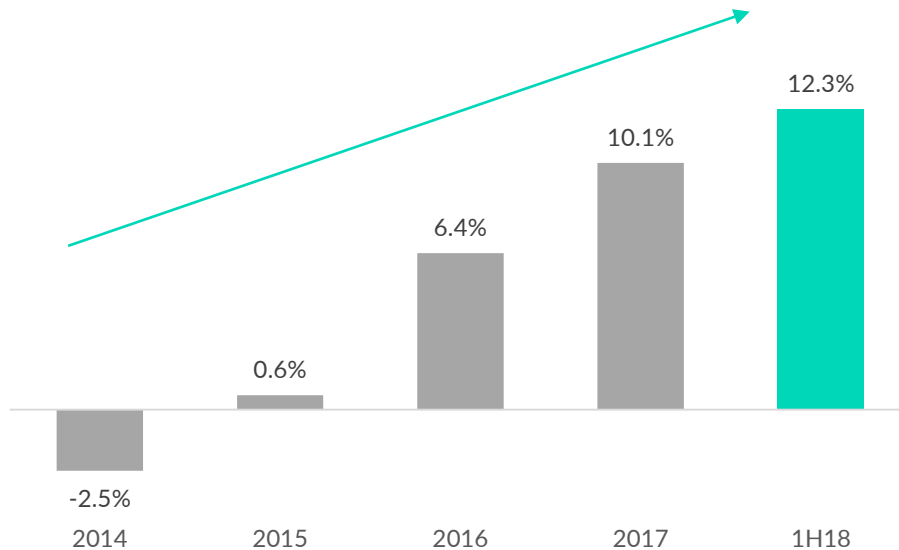
OPPORTUNITIES

- Unfavourable FX trends on US\$, EUR and RUB in relation to PLN.
- Ban on trade on Sundays (18% of Polish revenues).

RISKS

LFLs and sales/ m2 should continue to grow

LFLs (local currencies)



AVERAGE MONTHLY REVENUES/ M2

PLN m	2014	2015	2016	2017	1H18
LPP GROUP	589	548	575	628	577
Poland	647	598	595	654	609
Export	503	454	516	593	533
Reserved	547	483	475	514	493
Cropp	647	591	653	732	654
House	612	579	621	639	586
Mohito	583	549	636	696	607
Sinsay	584	531	607	690	663

- LFLs show the strength of our collections across our brands. We have successfully restructured the Reserved brand.
- Difference between sales/ m2 in Poland and abroad narrowed in 2016-17 due to stronger recognition of the younger brands abroad, more favourable FX trends and introduction of a new replenishment system abroad.
- Except for Cropp, in 2014-17 revenues/ m2 in Poland were higher than abroad due to superior brand recognition, yet the difference gradually dissipates on other brands.

RFID to support sales/ m2



STORE VISION

Author's mobile application, informing about the availability of products and giving the opportunity to order them to the store and customer.

RFID

A system of electronic tags that enables identification of a single product in the supply chain.

RFID implementation means an increase in sales by a c. 3% (annual cost is c. PLN 60m).

BIG DATA

We analyze trends in sales to individualize the offer of each store.

Gross profit margin on the rise

SOURCES OF GROSS PROFIT MARGIN IMPROVEMENT

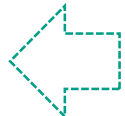
FX – c. 90% of purchases are made in the Far East and indexed to US\$. Appreciation of zloty to US\$ decreases costs of purchases from Asia.

Sell-off policy – new inventory management policy is aimed at selling goods to a maximum extent in stores to avoid the costs of their return and transport to post-season warehouse.

Quality of collections – we have introduced far reaching changes within our design departments so as to better meet the customers' expectations.



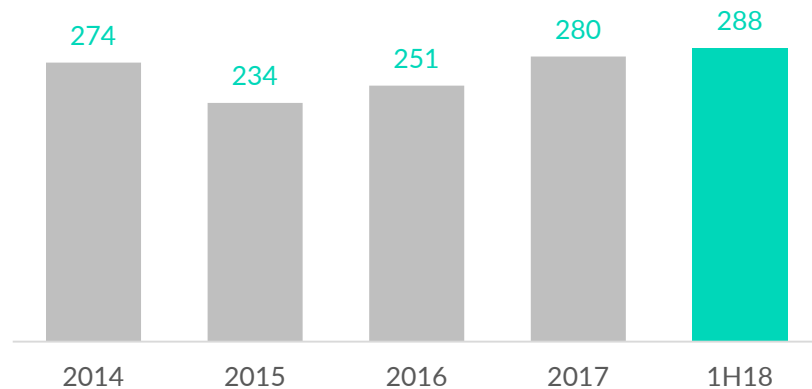
%	2014	2015	2016	2017	1H18
LPP GROUP	58.6%	53.5%	48.7%	52.9%	53.4%



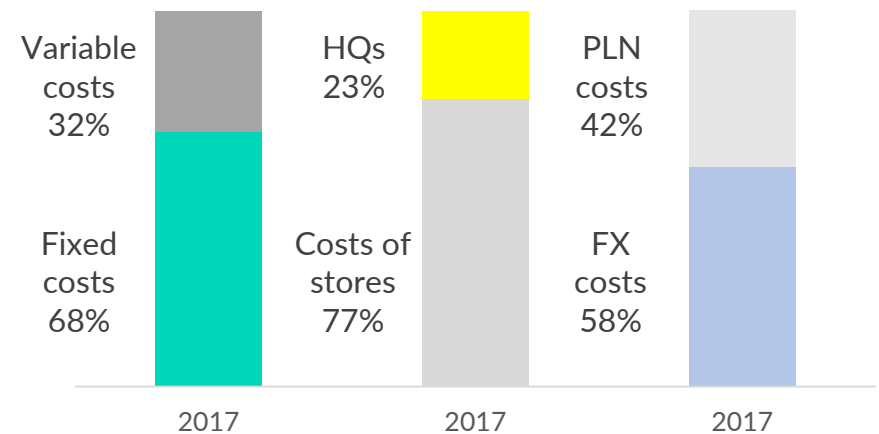
Successful recovery

High operating leverage business

AVERAGE MONTHLY SG&A COSTS/ M2 (PLN)



SG&A COSTS

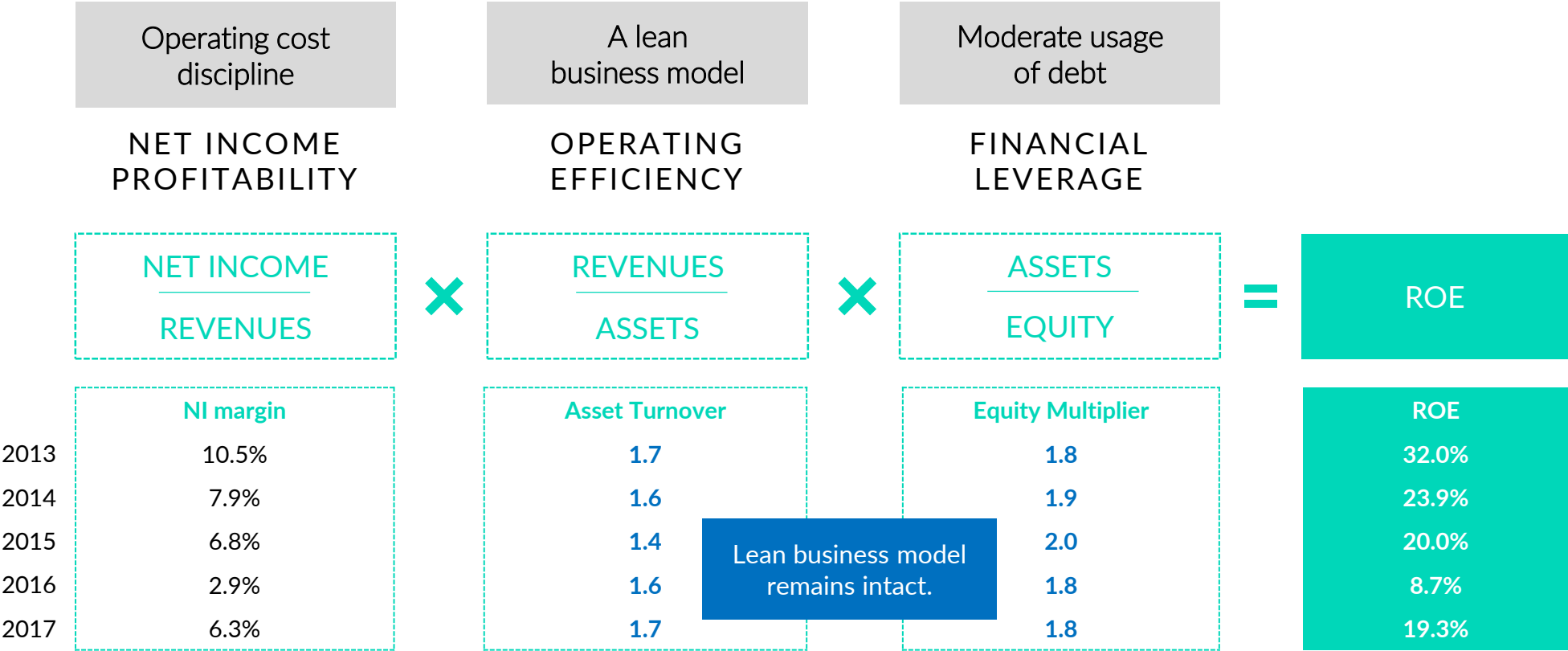


Note: SG&A relations based on group 2017 data.

- Almost 70% of our SG&A costs are fixed, which implies a high operating leverage.
- Almost 60% of SG&A costs are linked to foreign currencies → zloty appreciation is favourable for EBIT.
- Fall in SG&A/ m2 over 2013-15 → optimisation of costs of stores and headquarters.
- Higher SG&A/ m2 in 2016-1H18 → growth in costs of stores (higher rentals, higher HR costs due to growing salaries, higher other costs of stores due to flagship openings) and pick-up in HQs costs (including e-commerce).

ROE levels should continue to rebound

LPP'S ROE CONTRIBUTORS



Note: 2014 net income adjusted for tax asset.

We focus on FCFF generation

FCFF GENERATION

PLN m	2013	2014	2015	2016	2017
FCFF	19	154	-64	454	405
NOPAT	509	638	426	205	452
D&A	148	194	224	267	293
Capex	-542	-551	-491	-272	-442
NWC	-96	-127	-223	256	101

Strong and stable positive 2016 and 2017 FCFF (Free Cash Flow to Firm).

NOPAT

- We focus on positive LFLs on all brands.
- Positive LFLs trigger the operating leverage to work in our favour.
- Strong growths in the higher margin e-commerce should additionally support EBIT margin.

CAPEX & D&A

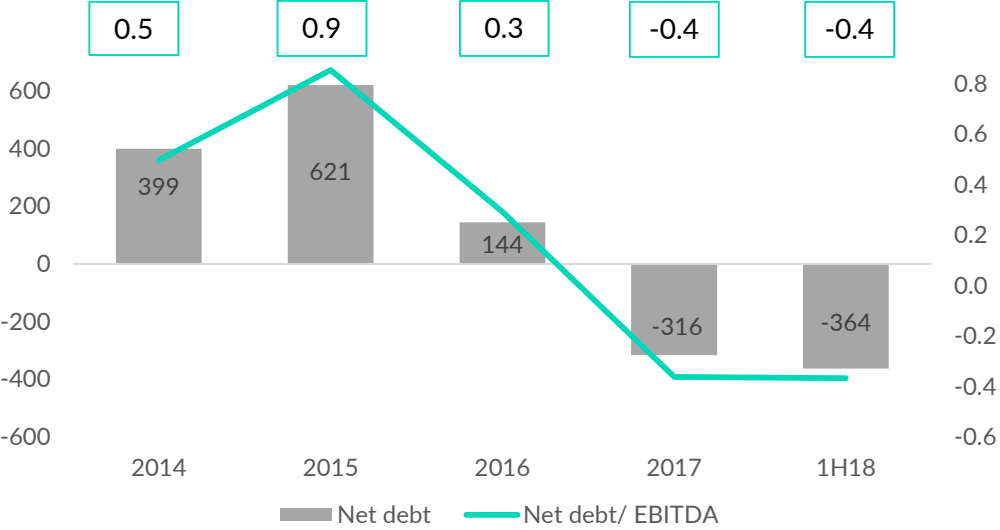
- We invest in high quality store locations where we obtain fit-outs.
- Current logistics centre is sufficient until 2020.
- We outsource e-commerce logistics.

NWC

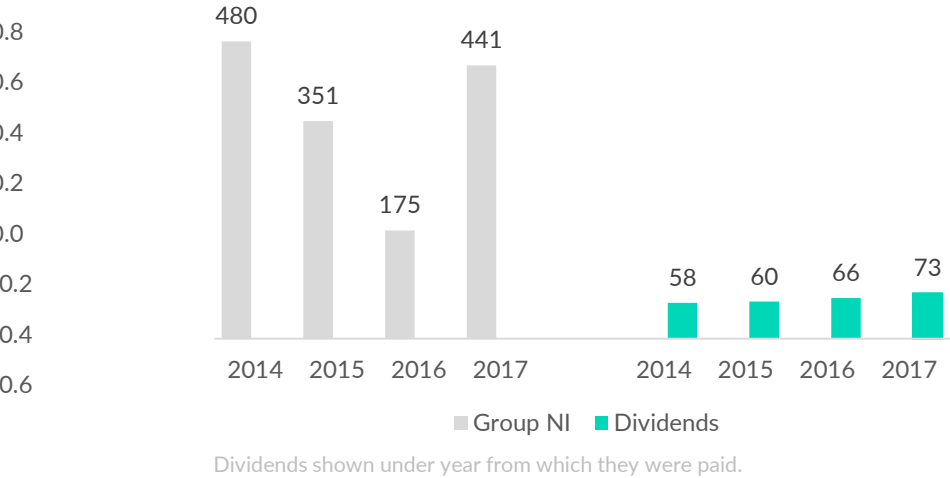
- It is our aim to match liabilities to the level of inventory.
- We use supply chain financing for our suppliers.
- We search for the optimal inventory/ m2 level.

Net cash supports dividends

NET DEBT VS NET DEBT/EBITDA
(PLN m)



DIVIDENDS VS NET EARNINGS
(PLN m)



- Despite dynamic organic growth, we turned net debt into net cash.
- Our aim is to maintain net cash levels in the upcoming quarters due to plans to further develop supply chain financing.
- LPP has a history of dividend payments (first in 2010 from 2009 earnings).
- It is the intention of LPP’s management to continue dividend payments in future.

LPP MORE - Sustainable Development Strategy

4 PILLARS OF LPP'S SUSTAINABLE DEVELOPMENT STRATEGY FOR 2017-2019



MORE SAFE

OUR PRODUCTS

Covers our practices related to design of clothes and accessories, with the way they are designed and manufactured.



MORE CARE

OUR EMPLOYEES

Includes our practices related to relations with employees, both potential and former employees.



MORE MINDFUL

OUR ENVIRONMENT

Covers our practices related to consumer education, broad fashion industry and our presence in local communities.



MORE ETHICAL

OUR PRINCIPLES

Includes our management approach and the way we conduct business.

A socially responsible Polish family company

LPP TEAM

- **PLN 250,000** worth of clothing and equipment
- **37** starts in triathlon
- **11** number of competitions the most active athlete participated in

From May 2017 LPP's employees can use free corporate bicycles.

LPP TEAM for KIDS

- **160** employees involved in the initiative
- **3m** calories burned
- **PLN 35,000** collected for children's homes in Gdańsk and Cracow



Safety in factories matters to us

Over 190 retail companies and NGOs joined ACCORD in October 2013.

LPP was the only Polish retail company to join ACCORD (Accord on Fire and Building Safety in Bangladesh).

The aim of the alliance was to improve the safety of workers in Bangladesh.

Co-operation was signed for 5 years.



In January 2018 LPP signed the second ACCORD agreement aimed at preparing the Bengali government to carry out independent checks in factories and ensure improvement of working conditions.



Since April 2017 we co-operate with an international SGS company in frames of auditing the working conditions at our Asian subcontractors.

Company managed by founders

Index of Success awarded by Deloitte and Rzeczpospolita newswire in 2016 for the last 10-year performance



Most effective CEO by Harvard Business Review (2013)



The most dynamically growing company in Pomerania region by Forbes (2014)

Forbes

No 1 Investor Relations by Parkiet (2015, 2014)



No 1 at ranking Stock Company of the Year by Puls Biznesu (2014, 2012, 2011)

Puls Biznesu

Polish company - International Champion: distinction in the Exporter category: Poland. Private company - a large enterprise (2017)

Puls Biznesu

- Both LPP's founders, Marek Piechocki (CEO, 57) and Jerzy Lubianiec (Chairman of the Supervisory Board, 58) have over 25 years of experience in the retail business and actively support LPP's development.
- Both founders still control the business with 29.5% of equity and 60.2% of votes via their foundations.
- Since IPO, top-ranked management for the quality of investor relations in surveys among investment professionals.

LPP – an investment opportunity



Company actively pursuing international expansion.

High quality company after a successful earnings recovery.

Stock benefiting from liquidity and recognition from WIG20 and MSCI Poland membership.



01. Overview

02. Investment case

03. Back-up

RESERVED

KEY BRAND FEATURES Anchor brand with broad customer base

TARGET CUSTOMERS Women, men, children

YEAR OF LAUNCH 1998

STORES 463

MARKETS 20

STORE SIZE 1,257 m2

ADVERTISING International stars like Cindy Crawford, Kate Moss and Georgia May Jagger, Cara Delevigne

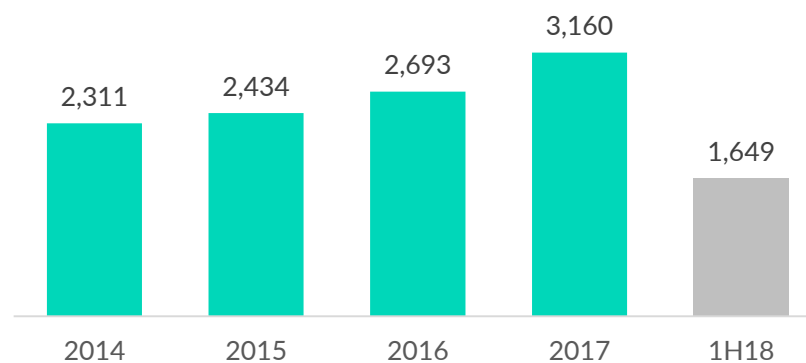


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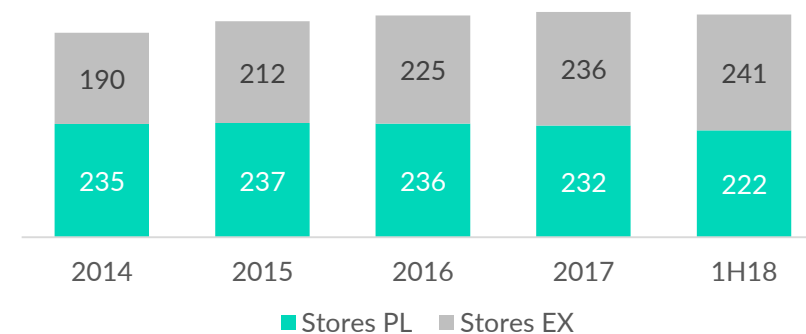
Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	2,311.3	2,433.8	2,692.9	3,159.5	1,649.0
No. of stores	425	449	461	468	463
Store size (m2)	917	1,027	1,104	1,202	1,257
Floorspace (ths, m2)	389.7	461.3	509.1	562.3	582.2
Sales/ m2 monthly	547	483	475	514	493
% of floorspace in PL	54%	50%	49%	47%	45%

YoY growth	2014	2015	2016	2017	1H18
Revenues (PLN m)	11%	5%	11%	17%	20%
No. of stores	10%	6%	3%	2%	1%
Store size (m2)	10%	12%	7%	9%	11%
Floorspace (eop, m2)	21%	18%	10%	10%	12%
Sales/ m2 monthly	-11%	-12%	-2%	8%	8%
% of floorspace in PL	-5pp	-4pp	-1pp	-2pp	-2pp

REVENUES (PLN m)



STORES



CROPP

KEY BRAND FEATURES Streetwear brand influenced by hip-hop and pop-culture

TARGET CUSTOMERS Teenagers (boys and girls)

YEAR OF LAUNCH 2004

STORES 382

MARKETS 13

STORE SIZE 341 m²

ADVERTISING Partner of artistic and street art events

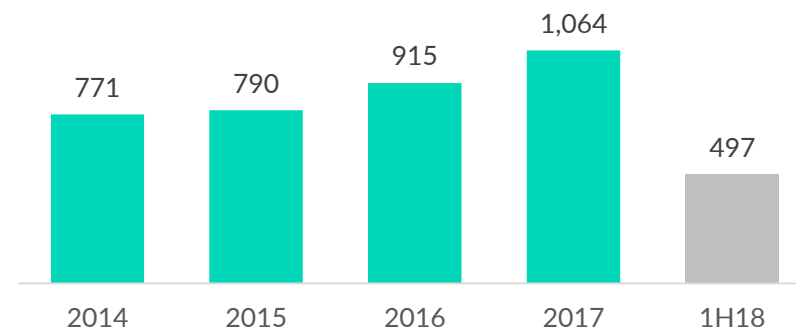


CROPP

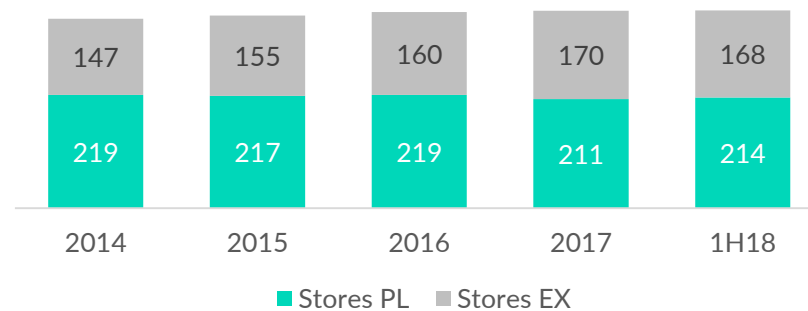
Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	770.9	789.9	914.9	1,063.9	496.7
No. of stores	366	372	379	381	382
Store size (m2)	288	308	318	334	341
Floorspace (ths, m2)	105.4	114.5	120.4	127.2	130.1
Sales/ m2 monthly	647	591	653	732	654
% of floorspace in PL	55%	55%	54%	52%	52%

YoY growth	2014	2015	2016	2017	1H18
Revenues (PLN m)	12%	2%	16%	16%	12%
No. of stores	9%	2%	2%	1%	-1%
Store size (m2)	7%	7%	3%	5%	8%
Floorspace (eop, m2)	16%	9%	5%	6%	7%
Sales/ m2 monthly	-11%	-9%	11%	12%	6%
% of floorspace in PL	-5pp	Opp	-1pp	-2pp	-3pp

REVENUES (PLN m)



STORES





KEY BRAND FEATURES	Urban fashion brand
TARGET CUSTOMERS	Teenagers (boys and girls)
YEAR OF LAUNCH	2001 (at LPP since 4Q08)
# STORES	335
# MARKETS	13
STORE SIZE	337 m2
ADVERTISING	Artistic events partner and music sponsor

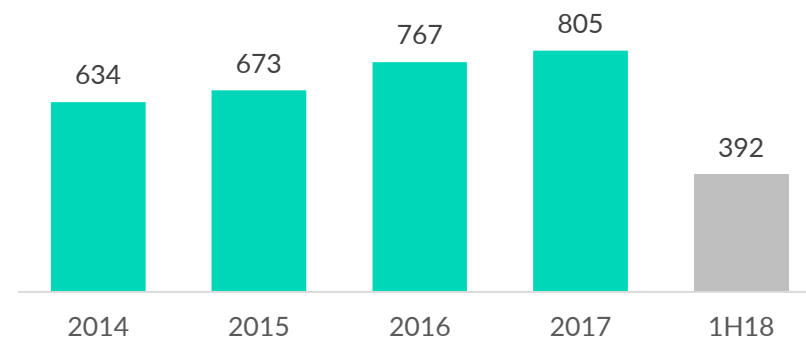




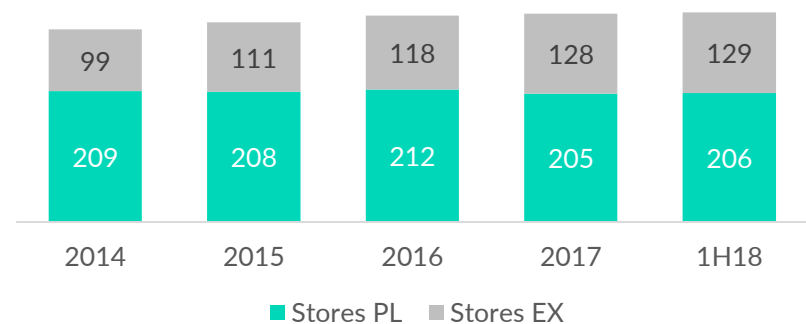
Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	633.6	673.2	767.1	805.3	392.5
No. of stores	308	319	330	333	335
Store size (m2)	291	313	320	332	337
Floorspace (ths, m2)	89.6	99.7	105.7	110.6	113.0
Sales/ m2 monthly	612	579	621	639	586
% of floorspace in PL	64%	62%	61%	59%	59%

YoY growth	2014	2015	2016	2017	1H18
Revenues (PLN m)	26%	6%	14%	5%	16%
No. of stores	5%	4%	3%	1%	-1%
Store size (m2)	6%	7%	2%	4%	7%
Floorspace (eop, m2)	12%	11%	6%	5%	6%
Sales/ m2 monthly	-2%	-5%	7%	3%	7%
% of floorspace in PL	-5pp	-2pp	-1pp	-2pp	-2pp

REVENUES (PLN m)



STORES



M O H I T O

KEY BRAND FEATURES Comfort and elegance;
business and casual

TARGET CUSTOMERS Young women

YEAR OF LAUNCH 2008
(at LPP since 4Q08)

STORES 294

MARKETS 13

STORE SIZE 359 m2

ADVERTISING Super models (Anna Jagodzińska, Anja Rubik, Zuzanna Bijoch)

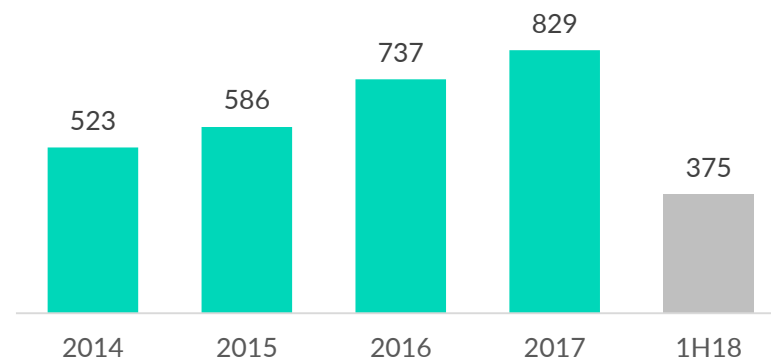


M O H I T O

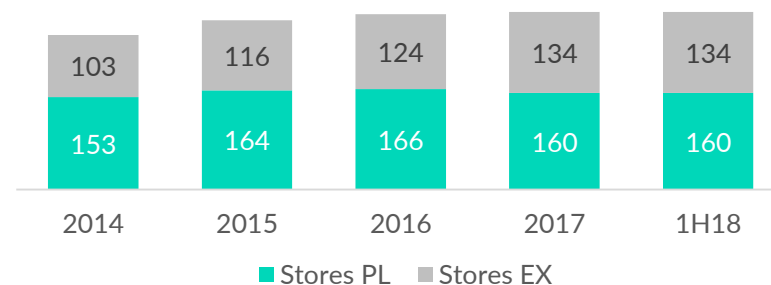
Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	522.9	586.5	736.8	828.6	374.7
No. of stores	256	280	290	294	294
Store size (m2)	323	337	342	353	359
Floorspace (ths, m2)	82.8	94.5	99.1	103.8	105.5
Sales/ m2 monthly	583	549	636	696	607
% of floorspace in PL	56%	55%	54%	51%	51%

YoY growth	2014	2015	2016	2017	1H18
Revenues (PLN m)	15%	12%	26%	12%	-5%
No. of stores	17%	9%	4%	1%	2%
Store size (m2)	7%	4%	1%	3%	4%
Floorspace (eop, m2)	26%	14%	5%	5%	6%
Sales/ m2 monthly	-19%	-6%	16%	10%	-9%
% of floorspace in PL	-6pp	-1pp	-1pp	-3pp	-2pp

REVENUES (PLN m)



STORES



sinsay

KEY BRAND
FEATURES Every day clothes and original
party outfits

TARGET
CUSTOMERS Teenagers (girls only)

YEAR OF
LAUNCH 2013

STORES 253

MARKETS 13

STORE SIZE 367 m2

ADVERTISING Social media

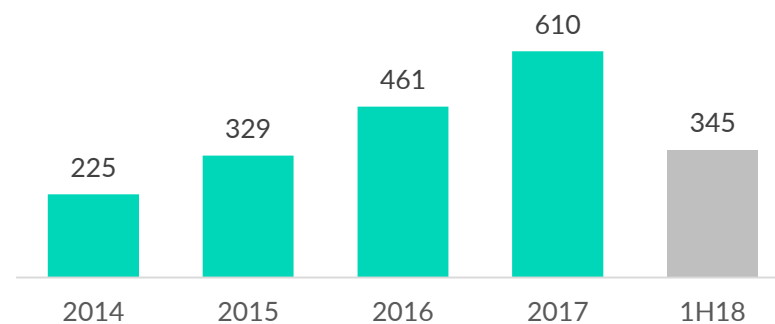


sinsay

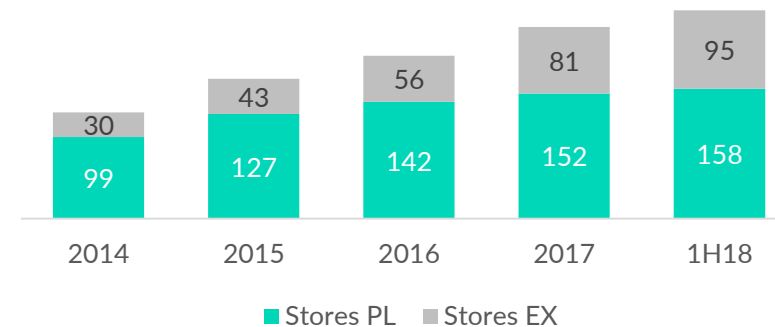
Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	224.7	328.9	460.9	610.2	344.5
No. of stores	129	170	198	233	253
Store size (m2)	338	351	352	363	367
Floorspace (ths, m2)	43.7	59.7	69.8	84.6	92.8
Sales/ m2 monthly	584	531	607	690	663
% of floorspace in PL	75%	73%	70%	63%	60%

YoY growth	2014	2015	2016	2017	1H18
Revenues (PLN m)	204%	46%	40%	32%	32%
No. of stores	108%	32%	16%	18%	24%
Store size (m2)	4%	4%	0%	3%	3%
Floorspace (eop, m2)	117%	37%	17%	21%	28%
Sales/ m2 monthly	-4%	-9%	14%	14%	8%
% of floorspace in PL	-14pp	-2pp	-3pp	-7pp	-8pp

REVENUES (PLN m)



STORES



Acceleration of LFL growth

LFLs DEFINITION

- Stores that
 - have been the same as a year before (have not changed their floorspace, have not undergone upgrades) and
 - have been in operation for the past 12 months (without a break longer than 7 days).
- Calculations are conducted without taking into account changes in currencies in countries in which LPP's stores are run, i.e. in local currencies.

LFLs IN LOCAL CURRENCIES

%	2014	2015	2016	2017	1H18
LPP GROUP	-2.5%	0.6%	6.4%	10.1%	12.3%

ACTIONS TAKEN TO BOOST LFLs

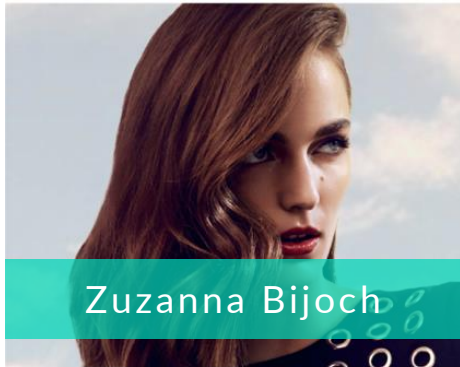
- New collections
- Price
- International stars
- Promotions
- Attractive floorspace
- RFID introduction

International stars promote our brands

RESERVED



M O H I T O



We focus on flagships

Reserved in London, UK



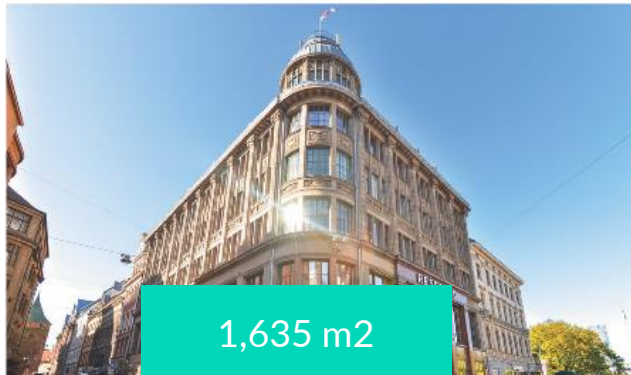
Reserved in Berlin, Germany



Reserved in Moscow, Russia



Reserved in Riga, Latvia



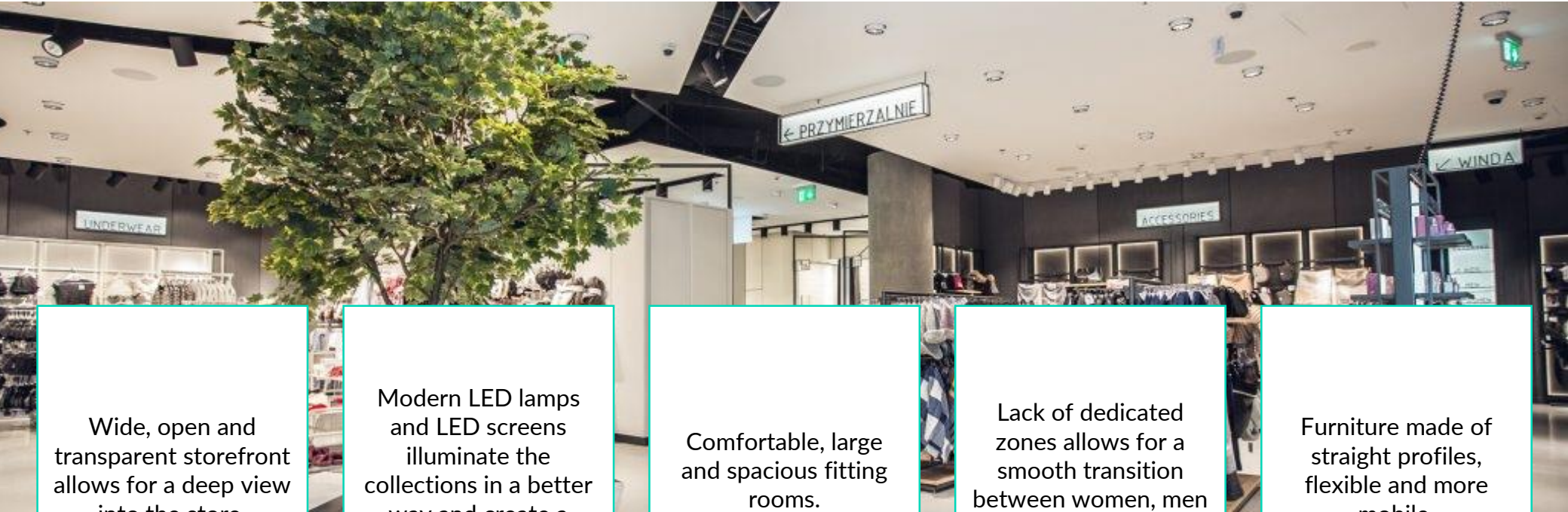
Reserved in Warsaw, Poland



Reserved in Belgrade, Serbia



New Reserved store concept



Wide, open and transparent storefront allows for a deep view into the store.

Modern LED lamps and LED screens illuminate the collections in a better way and create a warm ambience.

Comfortable, large and spacious fitting rooms.

Lack of dedicated zones allows for a smooth transition between women, men and children zones.

Furniture made of straight profiles, flexible and more mobile.

Network development

Floorspace (ths m2)	30.06.2016	30.09.2016	31.12.2016	31.03.2017	30.06.2017	30.09.2017	31.12.2017	31.03.2018	30.06.2018
Reserved	473.8	487.2	509.1	510.7	520.8	526.8	562.3	561.0	582.2
Poland	235.1	232.0	248.7	245.9	247.4	247.9	266.8	264.9	264.7
Europe	127.2	140.0	144.1	147.7	151.3	157.6	160.8	162.2	178.1
CIS	103.9	107.7	108.7	109.5	114.0	114.7	128.1	127.3	132.8
ME	7.6	7.6	7.6	7.6	8.2	6.6	6.6	6.6	6.6
Cropp	117.8	116.7	120.4	120.1	121.9	121.4	127.2	127.7	130.1
Poland	65.2	63.0	65.3	65.1	66.5	64.9	65.7	65.7	67.9
Europe	20.6	21.0	21.2	21.0	20.8	21.2	22.3	22.1	22.6
CIS	31.9	32.8	34.0	34.0	34.7	35.3	39.3	39.8	39.6
House	104.8	103.8	105.7	102.9	106.6	105.6	110.6	110.9	113.0
Poland	65.4	63.1	64.9	62.4	65.1	64.0	65.0	64.9	66.8
Europe	16.4	16.8	16.4	16.2	16.2	16.2	17.1	17.2	17.0
CIS	23.1	23.9	24.3	24.3	25.4	25.4	28.6	28.7	29.2
Mohito	95.9	97.6	99.1	97.8	99.3	98.5	103.8	103.4	105.5
Poland	51.8	52.4	53.4	51.7	52.6	52.1	53.0	52.3	53.7
Europe	17.7	18.1	18.1	18.1	18.1	18.1	19.7	20.1	21.2
CIS	26.3	27.1	27.7	28.0	28.6	28.4	31.1	31.0	30.6
Sinsay	63.1	65.2	69.8	69.8	72.5	76.0	84.6	85.8	92.8
Poland	44.5	45.5	48.6	48.6	49.0	50.9	53.2	53.3	56.0
Europe	8.8	9.2	9.7	9.7	10.4	10.9	12.8	13.1	15.9
CIS	9.8	10.5	11.5	11.5	13.1	14.2	18.7	19.4	21.0
Tallinder (Poland only)	3.7	3.7	4.1	0.0	0.0	0.0	0.0	0.0	0.0
Outlets	13.8	13.8	12.6	12.6	12.6	11.6	12.1	12.1	10.6
Total by regions									
Poland	477.4	471.2	496.6	485.3	492.1	490.5	514.0	511.5	518.0
Europe	190.8	205.2	209.5	212.8	216.9	224.1	232.8	235.0	254.9
CIS	196.9	204.0	207.0	208.2	216.5	218.7	247.3	247.8	254.7
ME	7.6	7.6	7.6	7.6	8.2	6.6	6.6	6.6	6.6
TOTAL	872.7	888.0	920.7	913.9	933.7	939.9	1,000.6	1,000.9	1,034.2

Floorspace growth to continue

Floorspace (th's m2)	2017	2018 former target	2018 target	YoY
BY BRANDS				
Reserved	562.3	632.3	627.8	12%
Cropp	127.2	132.9	134.8	6%
House	110.6	114.8	116.9	6%
Mohito	103.8	111.0	110.0	6%
Sinsay	84.6	106.3	105.0	24%
Outlets	12.1	11.8	10.8	-10%
BY REGIONS				
Poland	514.0	529.6	527.2	3%
Europe	232.8	286.4	289.5	24%
CIS	247.3	285.9	282.3	14%
ME	6.6	7.3	6.2	-5%
TOTAL	1,000.6	1,109.1	1,105.2	10.5%

- 10.5% YoY floorspace growth in 2018.
- Reserved stores in 23 countries at the end of 2018.
- 3 new markets in 2018:
 - Kazakhstan and Slovenia (own stores),
 - Israel (franchise stores).
- 2018 target:
 - selective development in Poland,
 - acceleration of growth in Europe (emphasis on South-Eastern Europe),
 - further development in the CIS region.
- Planned 2018 capex at c. PLN 590m, up c. 34% YoY. Planned store capex at PLN 350m, HQs outlays at PLN 135m, logistics outlays at PLN 60m and IT at PLN 45m.

2018 network development details

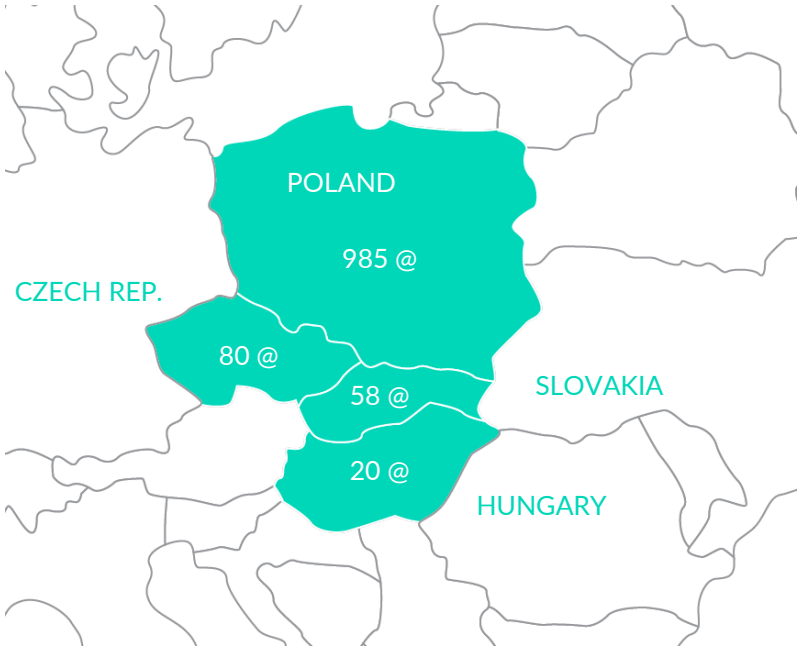
Floorspace (ths m2)	31.12.2017	31.12.2018	Nom. growth	YoY growth
Reserved	562.3	627.8	65.6	12%
Poland	266.8	271.7	4.9	2%
Europe	160.8	201.0	40.2	25%
CIS	128.1	148.9	20.8	16%
ME	6.6	6.2	-0.4	-5%
Cropp	127.2	134.8	7.5	6%
Poland	65.7	66.2	0.5	1%
Europe	22.3	26.3	4.1	18%
CIS	39.3	42.3	3.0	8%
House	110.6	116.9	6.2	6%
Poland	65.0	66.9	2.0	3%
Europe	17.1	19.7	2.6	15%
CIS	28.6	30.2	1.7	6%
Mohito	103.8	110.0	6.2	6%
Poland	53.0	54.0	1.0	2%
Europe	19.7	25.1	5.5	28%
CIS	31.1	30.8	-0.2	-1%
Sinsay	84.6	105.0	20.4	24%
Poland	53.2	59.9	6.7	13%
Europe	12.8	17.2	4.5	35%
CIS	18.7	27.8	9.2	49%
Outlets	12.1	10.8	-1.3	-10%
Poland	10.3	8.5	-1.9	-18%
Europe	0.2	0.2	0.0	0%
CIS	1.6	2.1	0.6	38%
TOTAL	1,000.6	1,105.2	104.6	10.5%

No. of STORES	31.12.2017	31.12.2018	Nom. growth	YoY growth
Reserved	468	468	0	0%
Poland	232	216	-16	-7%
Europe	119	132	13	11%
CIS	111	114	3	3%
ME	6	6	0	0%
Cropp	381	373	-8	-2%
Poland	211	199	-12	-6%
Europe	69	72	3	4%
CIS	101	102	1	1%
House	333	333	0	0%
Poland	205	199	-6	-3%
Europe	52	56	4	8%
CIS	76	78	2	3%
Mohito	294	297	3	1%
Poland	160	156	-4	-3%
Europe	53	63	10	19%
CIS	81	78	-3	-4%
Sinsay	233	274	41	18%
Poland	152	164	12	8%
Europe	33	54	21	64%
CIS	48	56	8	17%
Outlets	34	28	-6	-18%
Poland	30	23	-7	-23%
Europe	1	1	0	0%
CIS	3	4	1	33%
TOTAL	1,743	1,773	30	2%

CEE region

COUNTRIES PRESENT	Poland, Czech Republic, Slovakia, Hungary
GROWTH STAGE	Maturity
TRADITIONAL STORES	Reserved, Cropp, House, Mohito, Sinsay in all countries
ON-LINE STORES	Reserved, Cropp, House, Mohito, Sinsay in all countries
# STORES	1,143
FLOORSPACE	614.5 ths m2
TYPE OF STORES	Own (majority), franchise

CENTRAL EASTERN EUROPE



XX NUMBER OF STORES, END 1H18
 @ ON-LINE STORES, END 1H18

Established position domestically

Key data Poland	2014	2015	2016	2017	1H18
Revenues (PLN m)	3,080	3,228	3,511	3,906	1,960
% of group revenues	65%	63%	58%	56%	54%
No. of stores	943	986	1,017	990	985
Floorspace (ths m2)	413.6	465.0	496.6	514.0	518.0

No. of stores	2014	2015	2016	2017	1H18
Poland	943	986	1,017	990	985
Reserved	235	237	236	232	222
Cropp	219	217	219	211	214
House	209	208	212	205	206
Mohito	153	164	166	160	160
Sinsay	99	127	142	152	158
Tallinder	0	0	9	0	0
Outlets	28	33	33	30	25

Focus set on network optimisation in Poland.

- Poland is LPP's largest market, generating 54% of group revenues in 1H18.
- As development of company-owned stores was initiated domestically, Poland is the market where sales/ m2 are higher than average abroad due to stronger brand recognition.
- Currently, stores of all brands are present in Poland in best shopping malls and high-streets.
- We focus on network optimisation and quality of stores in Poland.

Strong presence in other CEE countries

Key data of other CEE	2014	2015	2016	2017	1H18
Revenues (PLN m)	334	406	527	666	368
% of group revenues	7%	8%	9%	9%	10%
No. of stores	132	158	160	159	158
Floorspace (ths, m2)	61.9	79.7	84.0	88.1	96.6

No. of stores	2014	2015	2016	2017	1H18
Other CEE countries	132	158	160	159	158
Czech Republic	73	80	80	83	80
Slovakia	48	61	62	57	58
Hungary	11	17	18	19	20

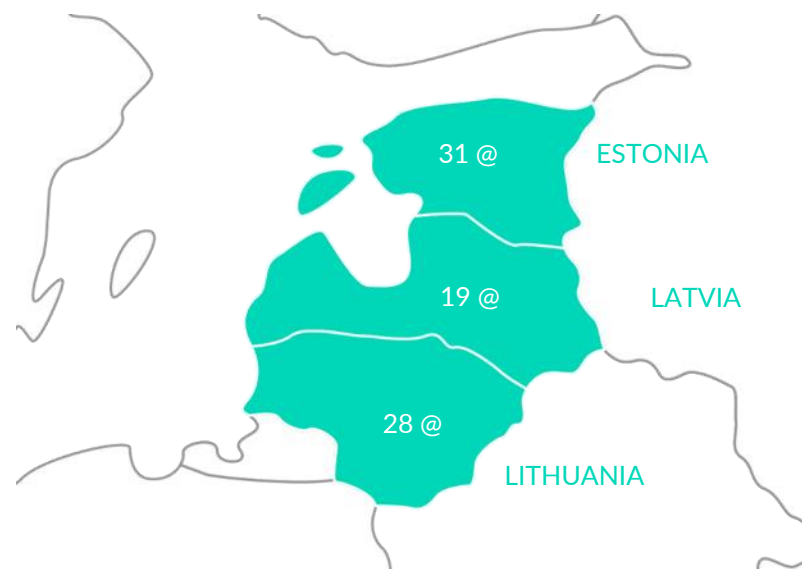
Strong presence in other CEE countries.

- All five mainstream brands are now in Czech Republic and maturity has been reached.
- Hungary remains the least saturated CEE market, despite 2015 introduction of House and Sinsay brands.
- After taking over the Slovak franchise stores (April 2014), we still see some development potential.

Baltic region

COUNTRIES PRESENT	Lithuania, Latvia, Estonia
GROWTH STAGE	Maturity
TRADITIONAL STORES	Reserved, Cropp, House, Mohito, Sinsay
ON-LINE STORES	Reserved, Cropp, House, Mohito, Sinsay
# STORES	78
FLOORSPACE	44.8 ths m2
TYPE OF STORES	Own

BALTIC COUNTRIES



XX NUMBER OF STORES, END 1H18
 @ ON-LINE STORES, END 1H18

Strong presence in Baltic countries

Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	200	222	256	295	161
% of group revenues	4%	4%	4%	4%	4%
No. of stores	70	71	73	79	78
Floorspace (ths, m2)	36.4	38.2	39.5	43.0	44.8

No. of stores	2014	2015	2016	2017	1H18
Baltic countries	70	71	73	79	78
Lithuania	25	26	28	28	28
Latvia	19	19	19	19	19
Estonia	26	26	26	32	31

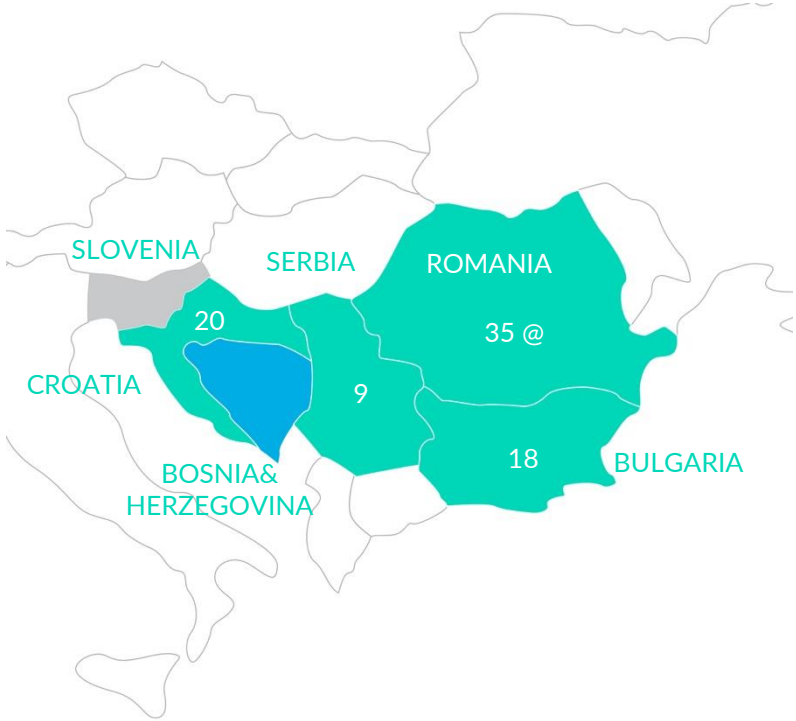
On-line stores now in all Baltic countries.

- Five mainstream brands present in Lithuania, Latvia and Estonia.
- Emphasis on efficiency improvement in traditional stores.
- Focus on on-line sales. On-line stores of all brands launched in April 2017.

SEE region

COUNTRIES PRESENT	Bulgaria, Romania, Croatia, Serbia
GROWTH STAGE	Developing
TRADITIONAL STORES	Reserved (all countries), Cropp (not in Serbia), House (not in Serbia), Mohito (not in Serbia), Sinsay (all countries)
ON-LINE STORES	Reserved, Cropp, House, Mohito, Sinsay in Romania
# STORES	82
FLOORSPACE	65.1 ths m2
TYPE OF STORES	Own

SOUTH EASTERN EUROPE



XX NUMBER OF STORES, END 1H18
 @ ON-LINE STORES, END 1H18
 ■ NEW COUNTRIES, END 2018
 ■ NEW COUNTRIES, END 2019

Developing presence in SEE countries

Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	65	134	230	317	195
% of group revenues	1%	3%	4%	4%	5%
No. of stores	31	47	63	69	82
Floorspace (ths, m2)	22.6	34.1	48.3	53.1	65.1

No. of stores	2014	2015	2016	2017	1H18
SEE countries	47	63	69	69	82
Romania	22	34	35	35	35
Bulgaria	15	12	13	13	18
Croatia	10	17	18	18	20
Serbia	0	0	3	3	9

We see development potential in the SEE region.

- Late SEE entry (2008) due to: 1) priority given to CIS and 2) limited appropriate infrastructure in the region.
- Along with softer macro environment, in 2014 we stepped up our development, opening more stores in Romania and Bulgaria and entering Croatia.
- We see medium-term development potential. First store in Serbia was opened in August 2017. In 2018 we plan to enter Slovenia and in 2019 B&H.

CIS region

COUNTRIES PRESENT	Russia, Ukraine, Belarus
GROWTH STAGE	Developing
TRADITIONAL STORES	Reserved, Cropp, House, Mohito, Sinsay in Russia, Ukraine and Belarus
ON-LINE STORES	Reserved, House, Mohito, Sinsay in Russia (Cropp since 1Q18)
# STORES	427
FLOORSPACE	254.7 ths m ²
TYPE OF STORES	Own (majority), franchise

CIS REGION



XX NUMBER OF STORES, END 1H18
 @ ON-LINE STORES, END 1H18
 ■ NEW COUNTRIES, END 2018

More opportunities in the CIS region

Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	1,076	1,025	1,269	1,542	792
% of group revenues	23%	20%	21%	22%	22%
No. of stores	336	349	368	420	427
Floorspace (ths, m2)	180.3	193.9	207.0	247.3	254.7

No. of stores	2014	2015	2016	2017	1H18
CIS countries	336	349	368	420	427
Russia	267	280	296	327	328
Ukraine	69	69	72	88	91
Belarus	0	0	0	5	8

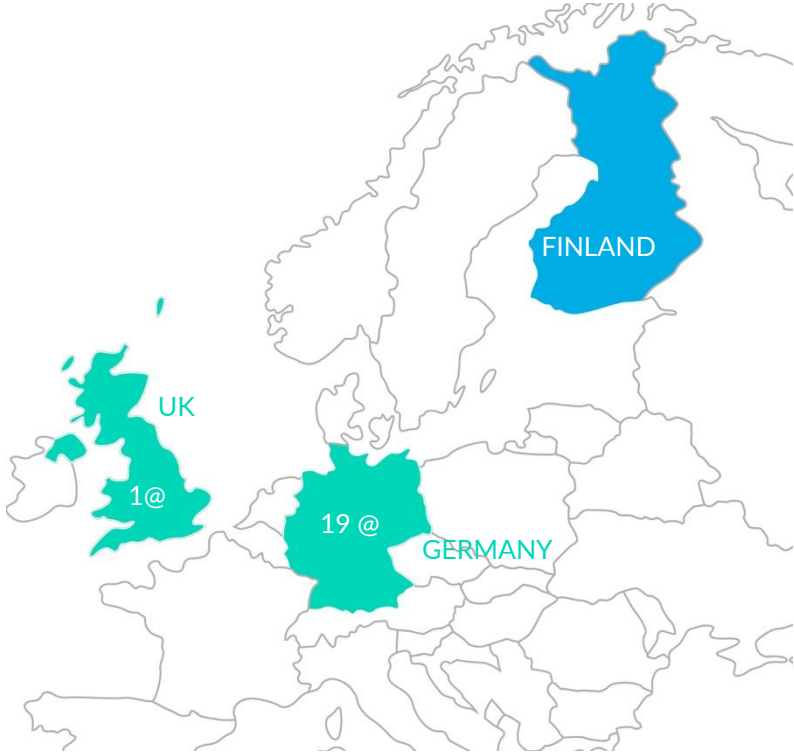
We seek growth in Russia.

- CIS is the second most important market after Poland, responsible for 22% of group sales in 1H18.
- Following the geopolitical issues from 2014, we have withheld new Russian and Ukrainian openings. From 2017 we accelerated development in both Russia and Ukraine.
- First franchise stores in Belarus were opened in 2017.
- Own stores in Kazakhstan are planned for 2018.

Western Europe

COUNTRIES PRESENT	Germany, the UK
GROWTH STAGE	Early stage
TRADITIONAL STORES	Reserved
ON-LINE STORES	Reserved, Cropp, House, Mohito, Sinsay in Germany, Reserved on-line in UK
# STORES	20
FLOORSPACE	48.4 ths m2
TYPE OF STORES	Own

WESTERN EUROPE



XX NUMBER OF STORES, END 1H18
 @ ON-LINE STORES, END 1H18
 ■ NEW COUNTRIES, END 2019

Western Europe as a new growth pillar

Key data	2014	2015	2016	2017	1H18
Revenues (PLN m)	15	94	194	279	146
% of group revenues	0%	2%	3%	4%	4%
No. of stores	4	12	16	20	20
Floorspace (ths, m2)	7.6	27.1	37.7	48.5	48.4

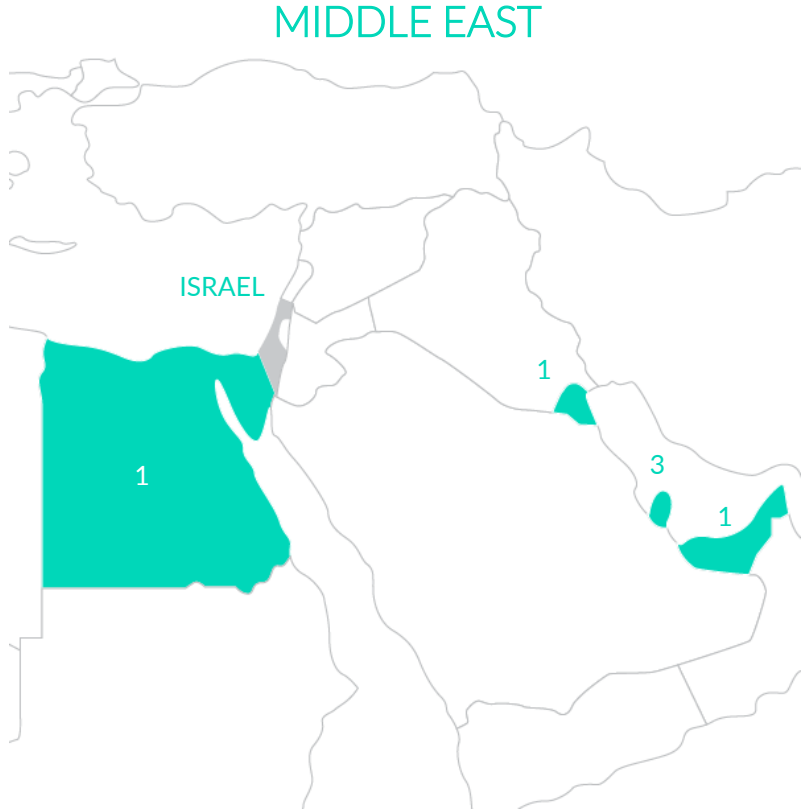
No. of stores	2014	2015	2016	2017	1H18
WE countries	4	12	16	20	20
Germany	4	12	16	19	19
UK	0	0	0	1	1

We focus on BEP in Germany.

- Germany was the first Western European country entered. In July 2014 we launched Reserved on-line store, while first shop followed in September 2014.
- Our target: 20 stores in Germany by the end of 2018. Further development once these reach profitability.
- Our first store in the UK, in the centre of London, was opened in September 2017.
- We plan first own stores in Finland in 2019.

Middle East

COUNTRIES PRESENT	Egypt, Kuwait, Qatar, UAE; Israel opened in August 2018
GROWTH STAGE	Early stage
TRADITIONAL STORES	Reserved
ON-LINE STORES	No own stores; Reserved on Namshi.com from July 2018
# STORES	6
FLOORSPACE	6.6 ths m2
TYPE OF STORES	Franchise



XX NUMBER OF STORES, END 1H18
 @ ON-LINE STORES, END 1H18
 ■ NEW COUNTRIES, END 2018

ME – foothold on the third continent

Key data	2014	2015	2016	2017	2017
Revenues (PLN m)	0	23	31	24	8
% of group revenues	0%	0%	1%	0%	0%
No. of stores	0	4	6	6	6
Floorspace (ths, m2)	0	5.5	7.6	6.6	6.6

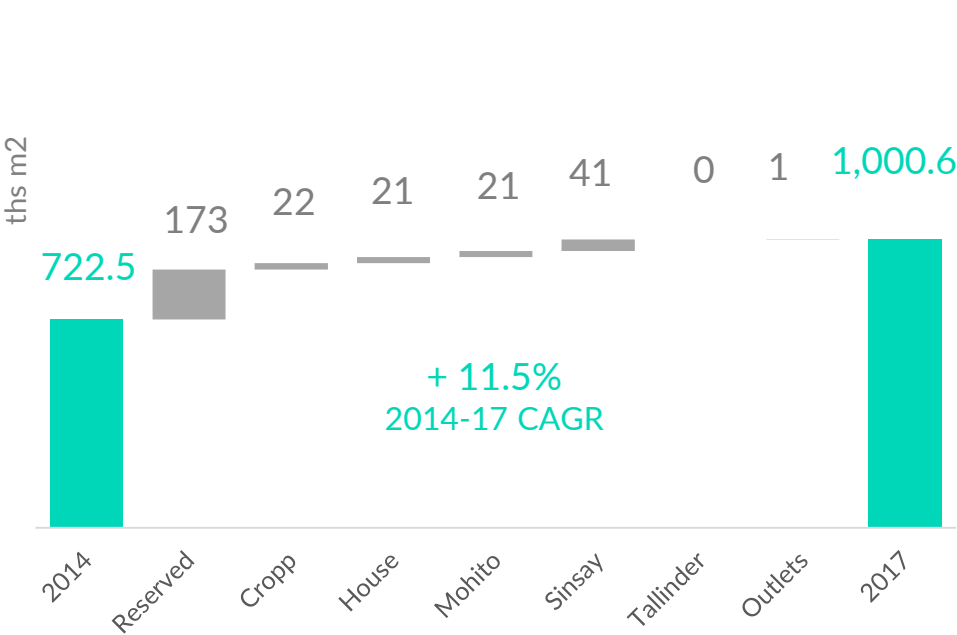
No. of stores	2014	2015	2016	2017	2017
ME countries	0	4	6	6	6
Egypt	0	1	1	1	1
Kuwait	0	1	1	1	1
Qatar	0	1	2	3	3
Saudi Arabia	0	1	1	0	0
UAE	0	0	1	1	1

We develop ME via franchise stores.

- Development via franchise stores opened by franchisee Azadea since 1Q15.
- Franchise stores require no capex, yet bear no retail margin.
- Now, only Reserved stores are developed within the region.
- New country – Israel – was opened in August 2018 in a shopping mall in Tel Aviv.
- Reserved products are now available on on-line platform Namshi.com (decision of our franchise partner).

Reserved dominated floorspace growth

FLOORSPACE GROWTH BY BRANDS



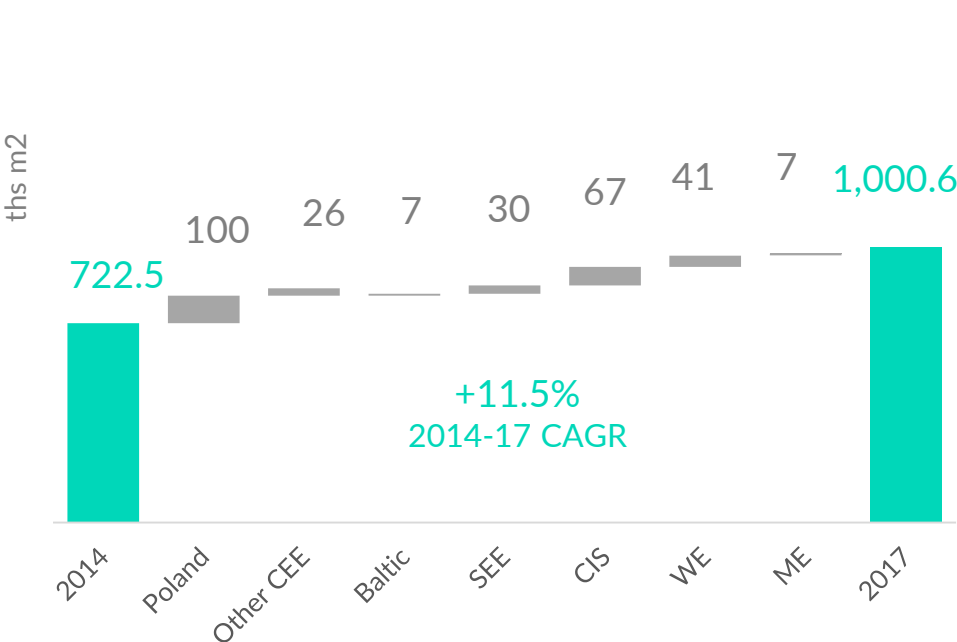
FLOORSPACE BY BRANDS

ths m2	2014	2015	2016	2017	1H18
LPP GROUP	722.5	843.5	920.7	1,000.6	1,034.2
Reserved PL	209.2	232.5	248.7	266.8	264.7
Reserved EX	180.5	228.8	260.4	295.5	317.4
Cropp PL	58.3	63.0	65.3	65.7	67.9
Cropp EX	47.1	51.5	55.1	61.6	62.2
House PL	57.3	62.2	64.9	65.0	66.8
House EX	32.3	37.5	40.7	45.7	46.2
Mohito PL	46.2	52.1	53.4	53.0	53.7
Mohito EX	36.6	42.4	45.7	50.7	51.8
Sinsay PL	32.7	43.5	48.6	53.2	56.0
Sinsay EX	11.0	16.2	21.2	31.4	36.8
Tallinder PL	0.0	0.0	4.1	0.0	0.0
Outlets	11.3	13.8	12.6	12.1	10.6

- In 2014-17, Reserved dominated in floorspace openings due to entry into new countries.
- Even though Sinsay was launched in 2013, it added more floorspace than the more mature Mohito in 2014-17.
- Cropp and House growths came from domestic and foreign expansion.

New regions fuel floorspace growth

FLOORSPACE GROWTH BY REGIONS



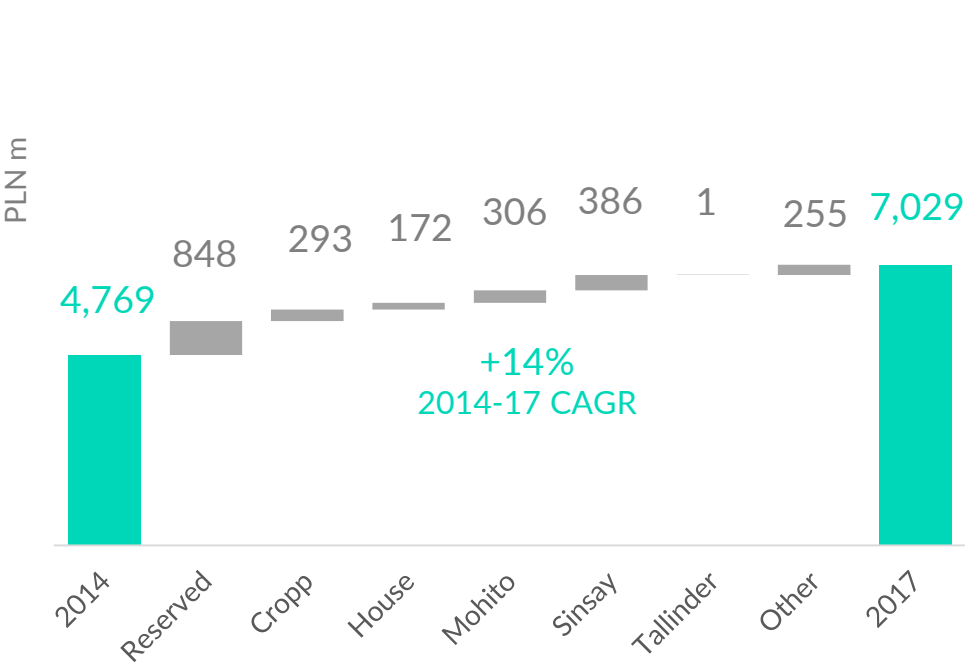
FLOORSPACE BY REGIONS

ths m2	2014	2015	2016	2017	1H18
LPP GROUP	722.5	843.5	920.7	1,000.6	1,034.2
CEE	475.5	544.7	580.6	602.1	614.5
Poland	413.6	465.0	496.6	514.0	518.0
Other CEE	61.9	79.7	84.0	88.1	96.6
Baltic	36.4	38.2	39.5	43.0	44.8
SEE	22.6	34.1	48.3	53.1	65.1
CIS	180.3	193.9	207.0	247.3	254.7
WE	7.6	27.1	37.7	48.5	48.4
ME	0.0	5.5	7.6	6.6	6.6

- The CEE region dominated in new floorspace due to development of 5 mainstream brands in Poland.
- The CIS region was the second largest contributor as more high quality mall space was available.
- Even though Germany was launched in 2H14, Western Europe (together with UK flagship) stores added more m2 than SEE in 2014-17.

Reserved an important revenue growth driver

REVENUE GROWTH BY BRANDS



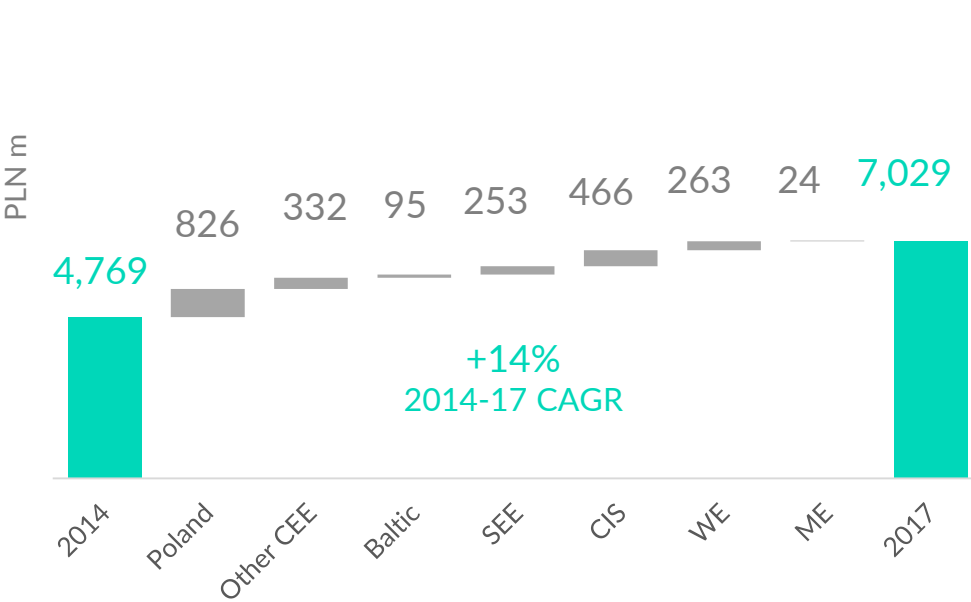
REVENUES BY BRANDS

PLN m	2014	2015	2016	2017	1H18
LPP GROUP	4,769.3	5,130.3	6,019.0	7,029.4	3,630.1
Reserved PL	1,425.7	1,421.5	1,407.0	1,560.5	815.1
Reserved EX	885.6	1,012.3	1,285.9	1,599.0	833.9
Cropp PL	469.8	467.8	497.4	540.5	238.3
Cropp EX	301.2	322.0	417.5	523.4	258.4
House PL	454.9	469.7	517.3	524.3	246.7
House EX	178.7	203.4	249.9	281.0	145.8
Mohito PL	340.5	353.5	405.5	445.4	196.9
Mohito EX	182.4	233.0	331.3	383.1	177.8
Sinsay PL	186.0	262.0	346.1	430.4	224.6
Sinsay EX	38.6	66.9	114.8	179.8	119.9
Tallinder PL	0.0	0.0	12.1	1.1	0.0
Other	305.9	318.2	434.4	560.7	372.6

- Despite its scale in Poland, Reserved was the largest group revenue contributor in 2014-17 compared to other brands.
- Sinsay proved to be a successful concepts, growing domestically and abroad.
- Cropp and Mohito were similar revenue contributors.

New regions fuel revenue growth

REVENUE GROWTH BY REGIONS



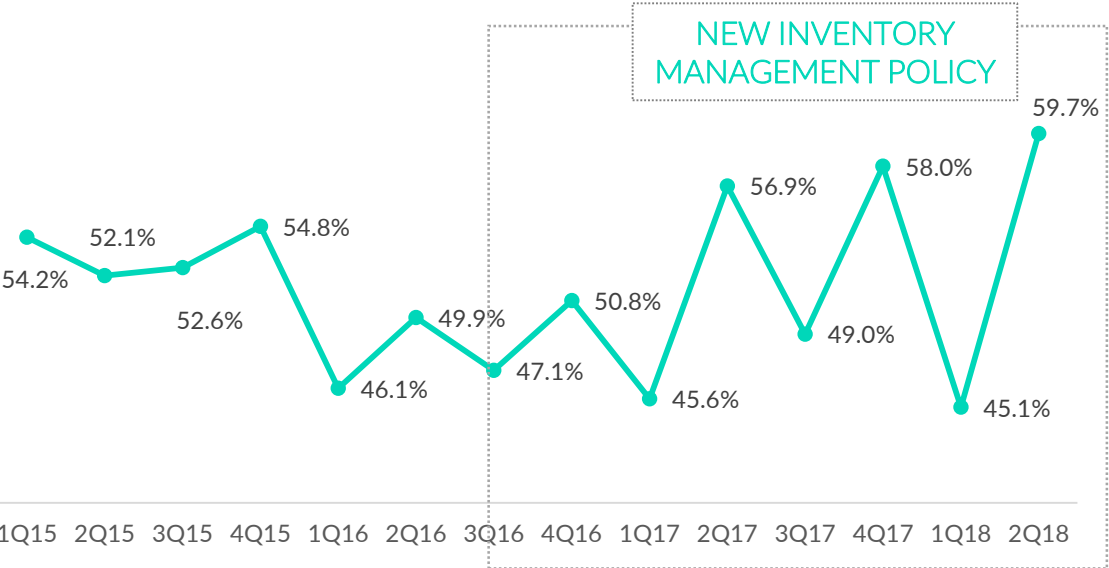
REVENUES BY REGIONS

PLN m	2014	2015	2016	2017	1H18
LPP GROUP	4,769.3	5,130.4	6,019.0	7,029.4	3,630.1
CEE	3,413.6	3,633.8	4,038.6	4,572.1	2,328.3
Poland	3,079.6	3,227.7	3,511.4	3,906.0	1,959.9
Other CEE	333.9	406.1	528.7	666.1	368.4
Baltic	199.8	221.6	256.4	294.7	161.4
SEE	64.6	133.8	229.8	317.4	194.5
CIS	1,076.2	1,024.6	1,269.3	1,542.4	791.8
WE	15.2	93.9	193.6	278.6	145.6
ME	0.0	22.6	31.4	24.1	8.5

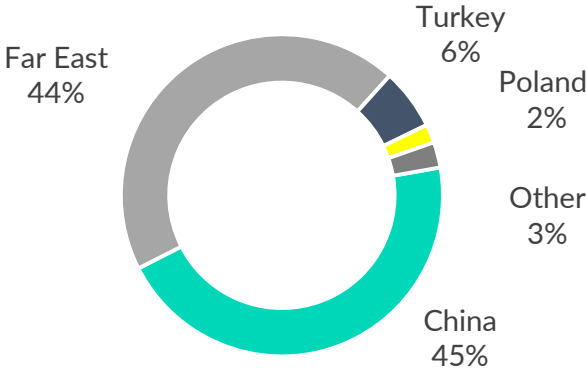
- The CEE dominated in terms of revenue contribution largely due to the core Polish market.
- Floorspace expansion in Russia translated into CIS being the second largest revenue addition.
- Expansion into SEE and WE is visible on our top-line. Since 2015 we develop in the Middle East.

Gross profit margin on the upward trend

QUARTERLY GROSS PROFIT MARGIN

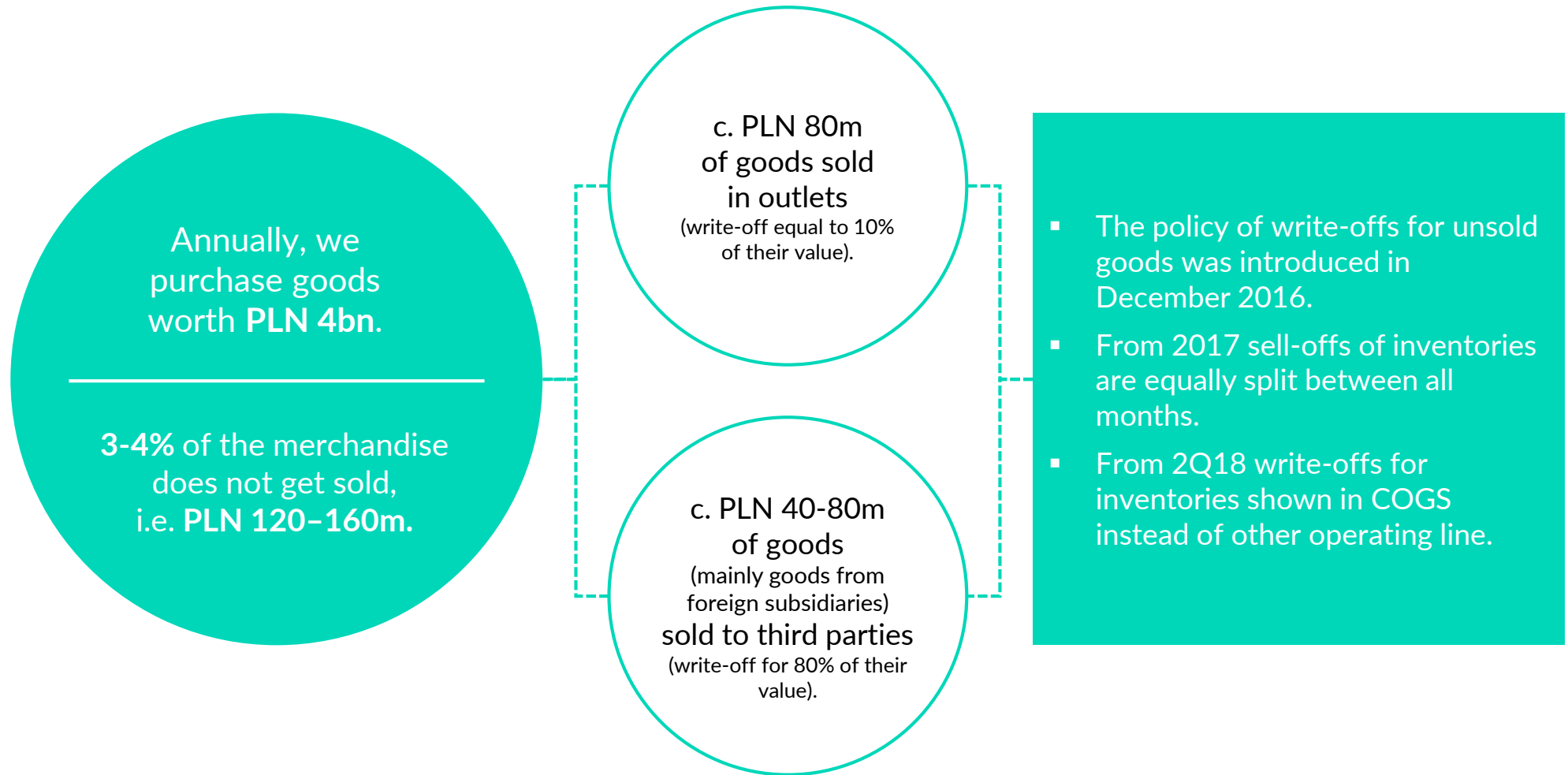


1H18 PURCHASES BY REGION

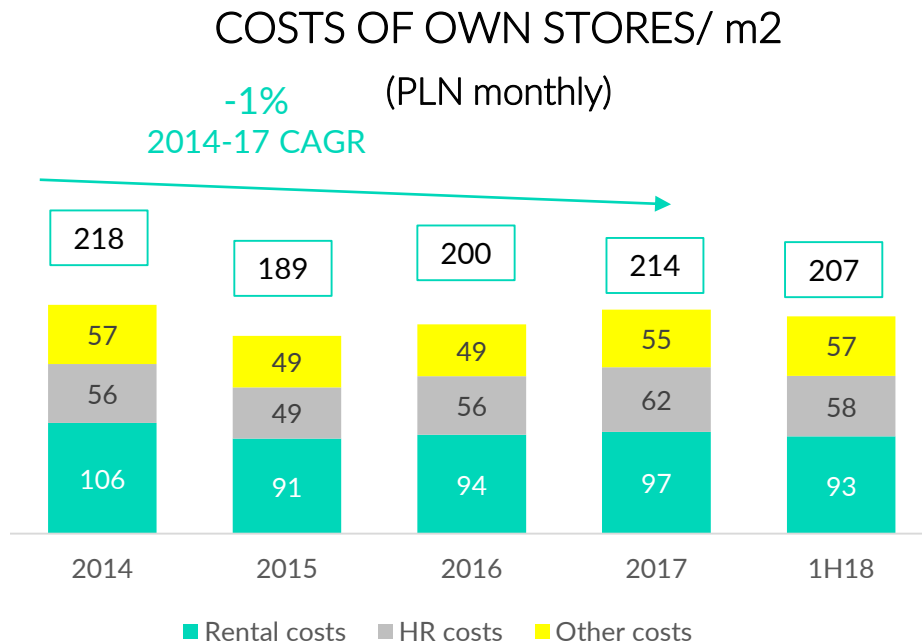


- Sizeable YoY and QoQ gross profit margin increase in 2Q18 – very good acceptance of collections by clients (incl. Reserved) and favourable FX trends. Improvement versus autumn-winter collection.
- Gross profit margin was favourably affected also by the new inventory policy, especially the system allocating goods to stores, which allows for individual allotment of inventory to each store.
- Since 2Q18 write-offs for inventory are shown in gross profit margin and not other operating costs (PLN 40.2m write-offs charged against 2Q18 gross profit margin).

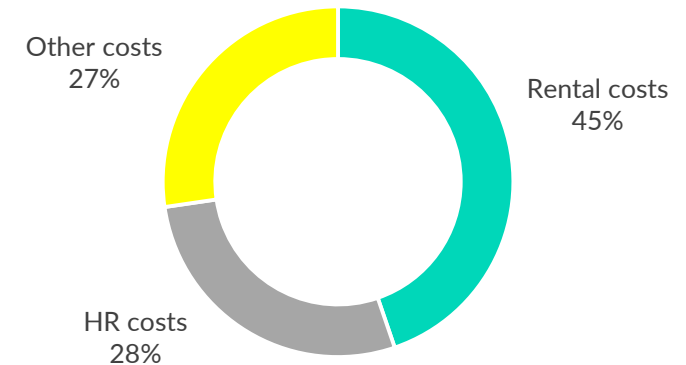
Inventory write-offs model (from 4Q16)



Costs of own stores depend on rentals



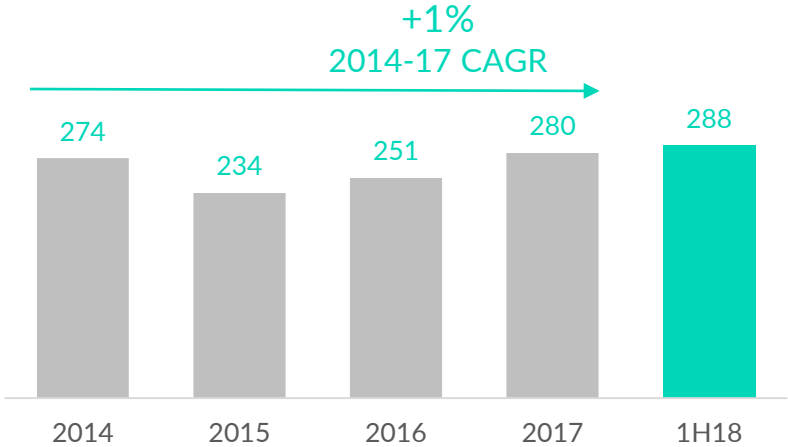
1H18 COSTS OF OWN STORES SPLIT



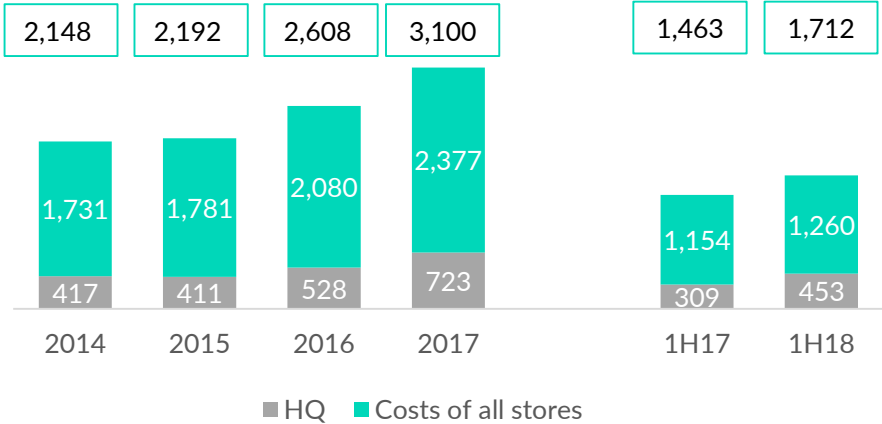
- Rental charges → successful rental renegotiations; level paid depends on EUR/PLN exchange rate.
- Personnel costs → continuous headcount optimisation in 2014-15, but pressure on salaries growth in 2016-17.
- Lower YoY personnel costs and higher YoY other costs in 1H18 → we reduce the responsibilities of sales personnel and we shift part of these to external subcontractors (other costs of stores).
- Other costs of stores → depreciation constitutes half of other costs of stores; other costs: energy, provisions, security.

We control SG&A/ m2

SG&A/ m2
(PLN monthly)



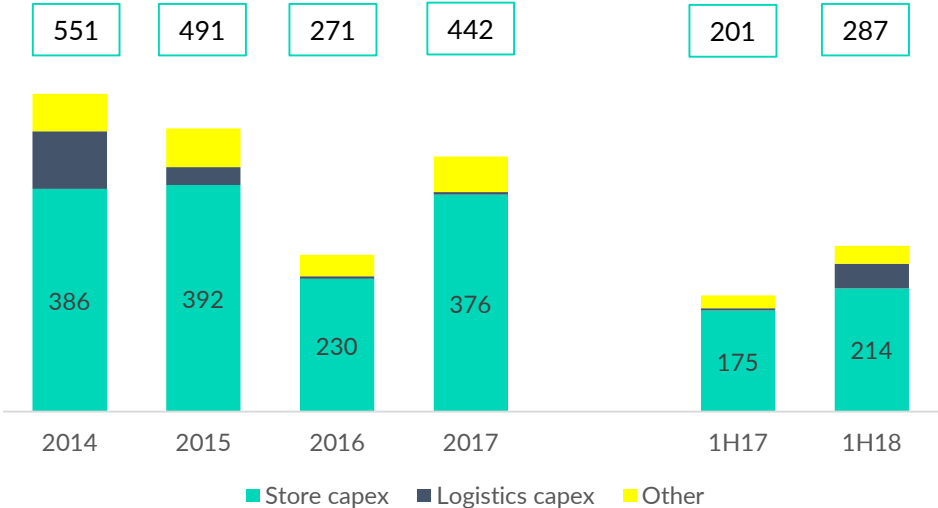
SG&A COSTS
(PLN m)



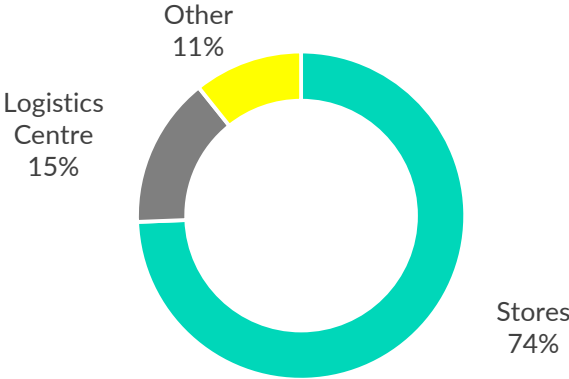
- Stable SG&A/ m2 in 2014-17 → optimisation of costs of own stores.
- Costs of stores → YoY growth in 2016-17 due to higher YoY floorspace, FX relations, HR costs and other costs of stores. Fall in costs of franchise stores in Poland, due to switch to company owned stores.
- HQ costs → YoY growth in 2016 and 2017 due to investments in product departments and e-commerce.
- Franchise stores in the Middle East and in Belarus do not affect SG&A costs.

Store capex reduced by fit-outs

CAPEX SPLIT
(PLN m)



1H18 CAPEX SPLIT
(PLN m)



- Target capex of PLN 3,000/ m2 is lowered by fit-outs obtained domestically and abroad. However, the number may go up along with more WE openings. Maintenance capex constitutes c.10% of store outlays.
- Upgrade of Polish distribution center conducted in 2013-15 cost PLN 177m. It was launched in 2Q15.
- Modernisation of Gdansk headquarters finished in September 2015. We continue to expand our HQs to make room for future growth.

Successful launch of two new distribution centers



	EXISTING		FUTURE
	POLAND	RUSSIA	
STORES	<p>Pruszcz Gdanski</p> <p>66 ths m2 owned</p>	<p>Moscow stores</p> <p>9.5 ths m2 rented</p>	<p>We are constructing a 100 ths m2 distribution centre in Poland.</p>
E-COMMERCE	<p>Strykow</p> <p>30 ths m2 (possibility of extending to 60 ths m2) rented</p>	<p>Moscow e-commerce</p> <p>7.0 ths m2 rented</p>	<p>We plan to rent a distribution centre in Romania from 1H19.</p>

Outsourcing of e-commerce logistics

WE AIM TO STREAMLINE E-COMMERCE OPERATIONS



CO-OPERATION DETAILS

Arvato Poland is responsible for e-commerce logistics of **4 LPP brands**: Reserved, House, Mohito and Sinsay.

Outsourcing of key elements (eg. warehouse, packaging, dispatch, returns) from a dedicated Arvato warehouse in the centre of Poland.

Agreement was signed in April 2017 and became operational in Autumn 2017.



WAREHOUSE DETAILS

After signing the contract, Arvato increased its warehouse space by **30 ths m2**.

The agreement stipulates the possibility to expand up to 60 ths m2 in the next 3 years.

Within the first year Arvato will increase headcount by c. 500 people.



OUR BENEFITS

Access to e-commerce logistics know-how.

A more convenient location of the distribution centre.

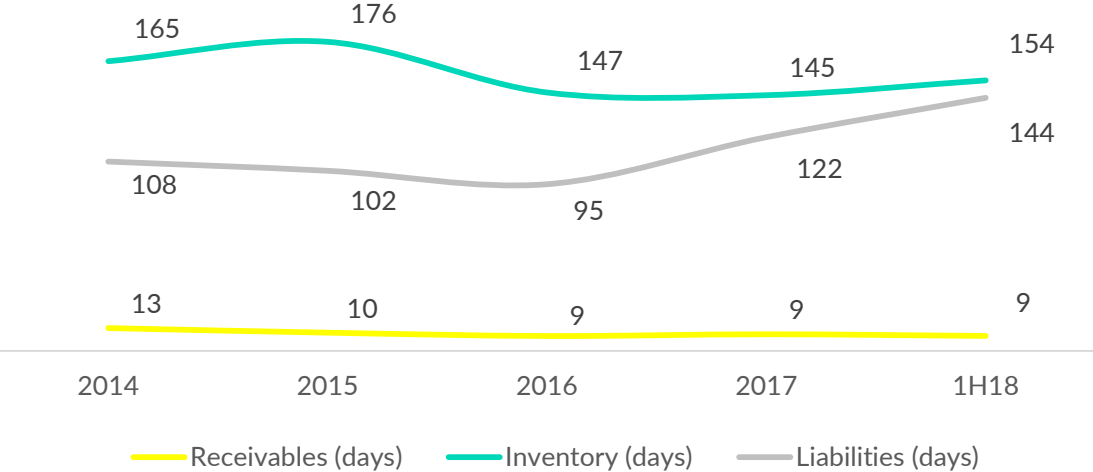
Faster delivery of products to customers.

Infrastructure spending plan for 2018-20

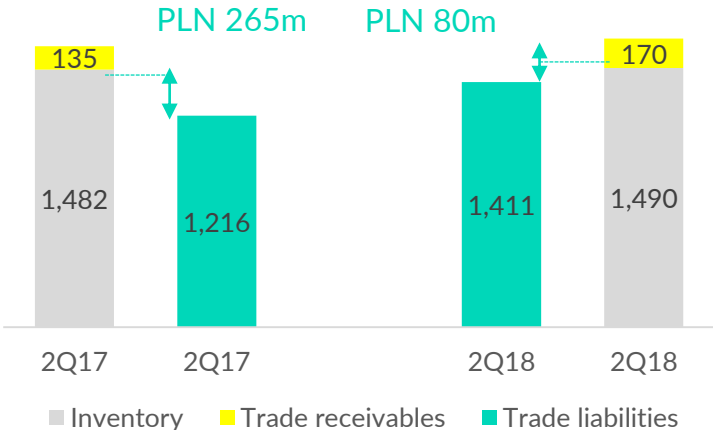
PLN m	2018	2019	2020	2018-2020
Stores	350	350	350	1,050
Stores PL and EX	350	350	350	1,050
HQs	96	90	140	375
New offices, Gdańsk Łąkowa - Building 1	60	20		80
New offices, Gdańsk Łąkowa - Building 2		70		70
New offices, Gdańsk Łąkowa - Building 3			70	70
New offices, Gdańsk Łąkowa - Building 4			70	70
New offices in Cracow	35			35
New offices, Gdańsk (purchase)	40	10		50
Logistics	60	170	230	400
Expansion of Pruszcz Gdański DC	40	20		60
New distribution centre in Brześć Kujawski	20	150	230	400
IT & Other	45	50	50	145
TOTAL	590	670	770	2,030

Freeing up working capital

CASH CYCLE
(days)



WORKING CAPITAL
(PLN m)



- Stable YoY inventory and 9% YoY fall in inventory/ m2, due to strong sales of collections in regular prices, further e-commerce growth and zloty appreciation versus US\$.
- Higher YoY receivables due to a sizeable amount of debit and credit card transactions at the end of the year.
- PLN 487m additional liabilities due to supplier financing programme at the end of 2Q18.
- We are close to our target of matching liabilities to the inventory level.

Optimisation of NWC

SUPPLY CHAIN FINANCE - SCF (SUPPLIER FINANCING PROGRAMME)

BENEFITS FOR LPP

- Extended payment periods on invoices for goods purchased.
- Net working capital and operating cash flows improvement.



**BANKING
PLATFORM**

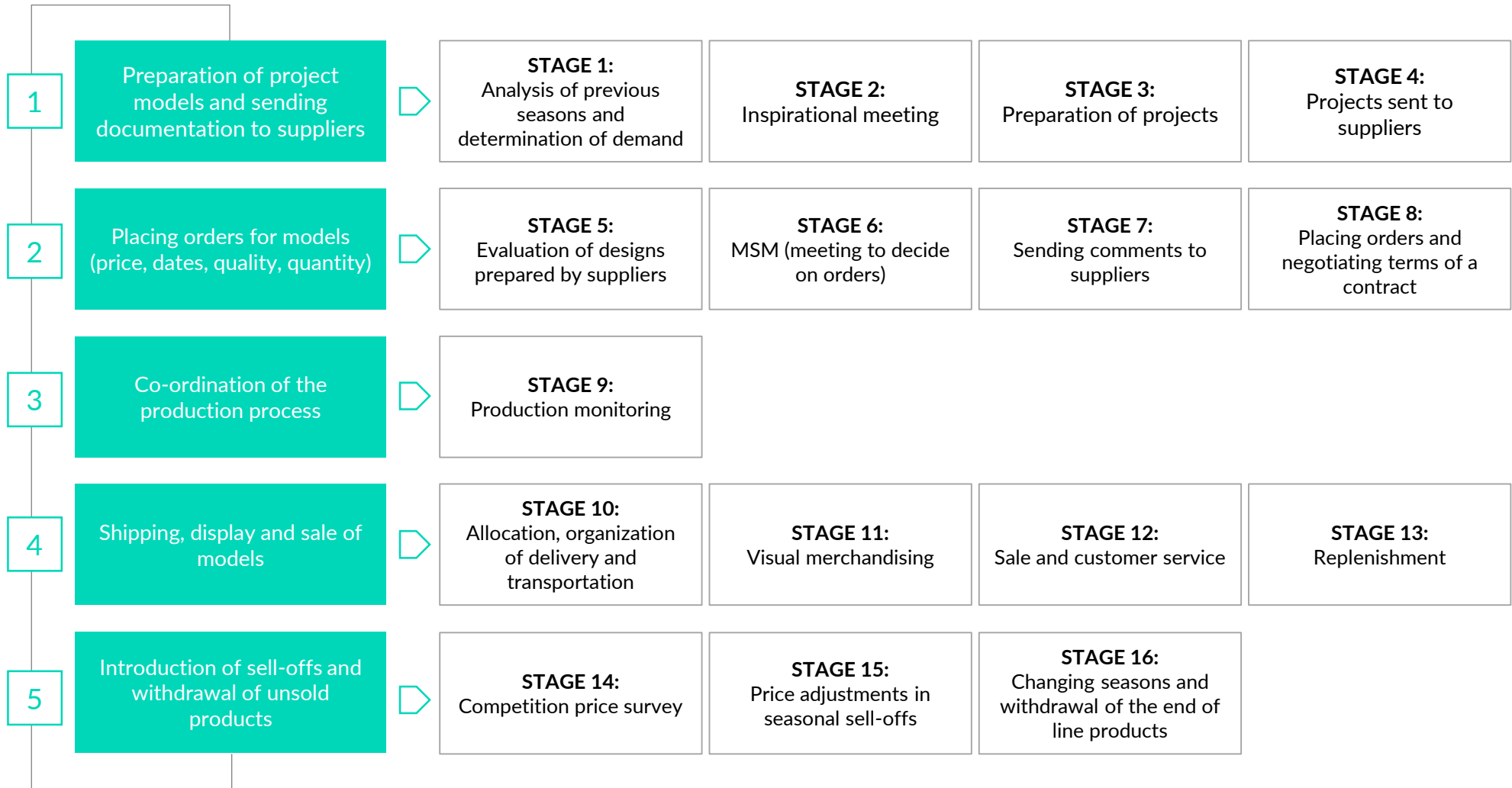


BENEFITS FOR SUPPLIERS

- Possibility to discount invoices for LPP before the payment deadline (low discount rate based on LPP's standing).
- No impact on credit ability.

PLN 487m positive effect at the end of 1H18

Stages of the designing and supply process



Strengthening the designing teams

DESIGN CENTRES IN TOP3 CITIES IN POLAND.



GDANSK

- LPP's largest design centre.
- The centre is responsible for Reserved, Cropp and Sinsay brands.



CRACOW

- Design centre for House and Mohito brands.
- Co-operation with designing schools.



WARSAW

- A new design centre responsible for Reserved.
- Upgraded Showroom of all brands.

Group FX exposure

REVENUES

STORES IN POLAND
& WHOLESALE

PLN



Stores in Czech Rep.,
Hungary, Bulgaria, Romania,
Croatia, Serbia, UK

LC/PLN



Stores in Slovakia, Lithuania,
Latvia, Estonia, Germany

EUR/PLN



STORES IN RUSSIA,
UKRAINE
(Foreign subsidiaries)

RUB/PLN
UAH/US\$



MIDDLE EAST & BELARUS
STORES
(Franchise)

US\$/PLN



56% PLN REVENUES
44% FX REVENUES

LPP

(Parent company)

92% US\$
4% EUR
4% other



COSTS

MANUFACTURERS

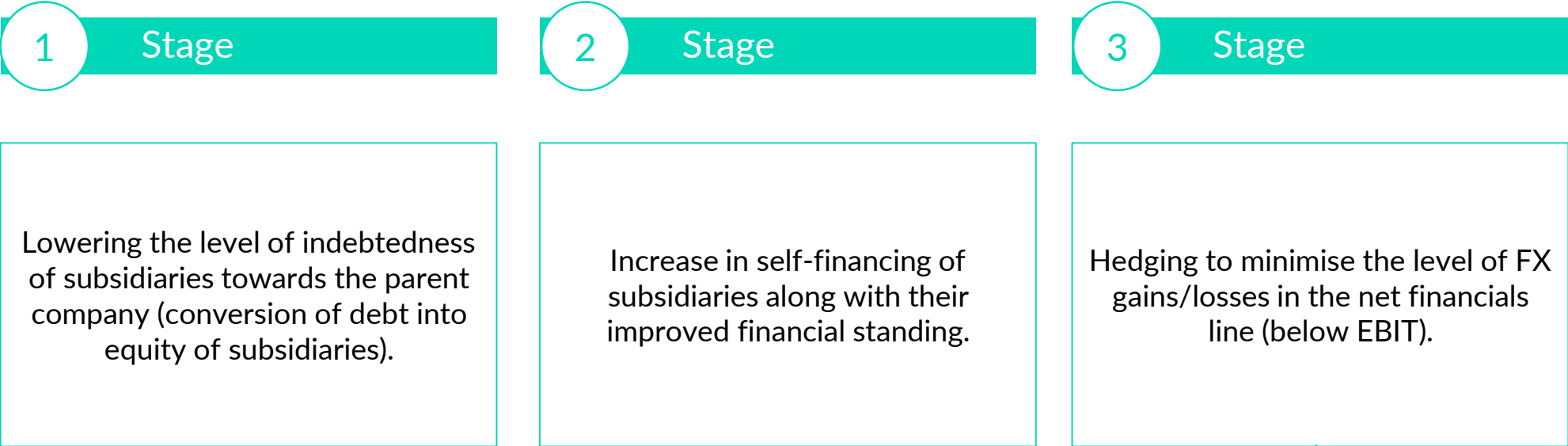
42% PLN SG&A COSTS
58% FX SG&A COSTS

75% EUR
12% US\$
13% other



RENTALS

First hedging transactions

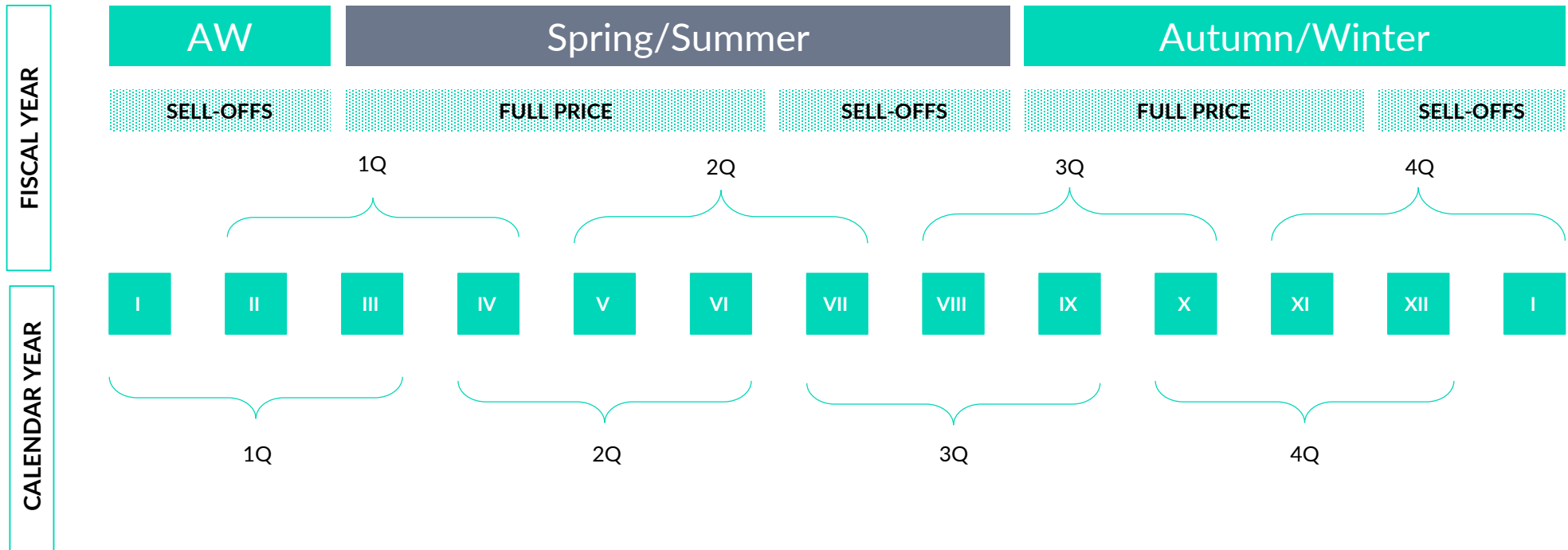


- Hedging of US\$/PLN FX rate.
- Forwards with currency delivery.
- We hedge the period between booking the invoice from the supplier and invoice payment.

- We hedge 70% of payments.
- Hedged amount at US\$ c.78m end 2017.

Hedging does not affect gross profit margin.

Change in fiscal year



The aim behind the planned fiscal year change is to align the fiscal year with the fashion seasons (collection assessment, lower seasonality).

2019 fiscal year will have 13 months.

First 12-month fiscal year after the change starting February 2020.

A successful earnings turnaround

PLN m	2014	2015	2016	2017	1H17	1H18	YoY
Revenues	4,769.3	5,130.4	6,019.0	7,029.4	3,067.7	3,630.1	18.3%
Gross profit on sales	2,792.5	2,742.8	2,933.8	3,720.0	1,591.6	1,937.3	21.7%
Gross profit margin	58.6%	53.5%	48.7%	52.9%	51.9%	53.4%	1.5pp.
SG&A costs	2,148.3	2,191.7	2,608.8	3,099.9	1,463.0	1,712.1	17.0%
Other operating line	-35.0	-48.5	-98.6	-41.6	-29.9	-31.2	
EBIT	609.1	502.7	226.4	578.4	98.6	194.0	96.7%
EBIT margin	12.8%	9.8%	3.8%	8.2%	3.2%	5.3%	2.1pp.
Net financial activity	-149.2	-88.3	-32.3	-14.8	-1.2	-0.9	
Pre-tax profit	459.9	414.4	194.1	563.7	97.5	193.1	98.1%
Tax	-22.0	63.0	19.3	122.9	41.3	91.7	
Minorities	2.3	0.0	0.0	0.1	0.0	0.0	
Net income	479.5	351.3	174.8	440.9	56.2	101.4	80.2%
Net income margin	10.1%	6.8%	2.9%	6.3%	1.8%	2.8%	1.0pp.

Balance sheet increasingly strong

PLN m	31.12.2014	31.12.2015	31.12.2016	31.12.2017	30.06.2017	30.06.2018
Non-current assets	1,516.4	1,797.0	1,838.7	2,041.4	1,886.1	2,128.6
fixed assets	315.9	324.4	1,291.3	1,478.2	1,346.1	1,558.5
intangibles (inc. goodwill)	1,038.8	1,258.8	330.6	351.2	339.3	359.1
Current assets	1,417.3	1,768.2	1,839.3	2 289,5	2,146.3	2,609.1
inventory	979.3	1,319.7	1,164.1	1,475.2	1,481.6	1,490.5
trade receivables	176.9	115.1	165.4	199.6	134.8	169.6
cash and equivalents	183.5	224.4	365.8	514.8	434.9	651.5
Total assets	2,933.7	3,565.2	3,677.9	4,330.8	4,032.4	4,737.7
Equity	1,638.4	1,889.7	2,134.7	2,443.4	2,063.3	2,504.4
Long-term liabilities	210.7	344.1	267.3	324.4	316.2	322.4
interest bearing debt	204.5	284.3	195.0	141.8	168.5	115.2
Short-term liabilities	1,084.6	1,331.3	1,275.9	1,563.0	1,652.9	1,911.0
trade liabilities	618.6	721.4	881.1	1,325.3	1,216.5	1,410.6
interest bearing debt	378.3	561.1	315.1	56.5	255.4	172.7
Total liabilities	2,933.7	3,565.2	3,677.9	4,330.8	4,032.4	4,737.7

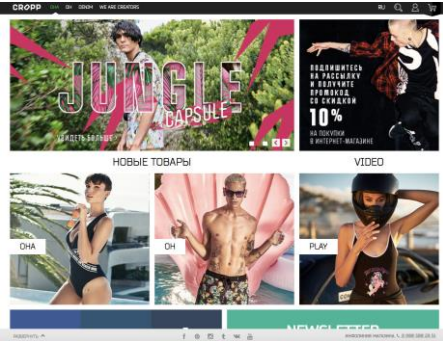
Strong operating cash flows

PLN m	2014	2015	2016	2017	1H17	1H18
Pre-tax profit	459.9	414.4	194.1	563.7	97.5	193.1
D&A	193.7	223.6	267.4	293.4	147.4	170.1
NWC	-127.3	-223.4	255.9	101.3	149.1	117.5
Operating CF	492.9	253.9	718.2	893.2	348.9	471.3
Capex	-550.5	-490.6	-271.8	-441.6	-201.5	-287.0
Investing CF	-476.0	-415.5	-181.4	-383.9	-187.0	-427.3
Interest bearing debt	204.0	277.7	-328.7	-309.0	-83.2	86.5
Dividends	-169.6	-58.0	-59.9	-65.5	0.0	0.0
Interest	-14.8	-18.5	-21.6	-11.6	-7.6	-3.8
Financing CF	17.2	201.2	-393.8	-359.9	-90.6	82.6
Total CF	34.2	39.5	143.0	149.4	71.2	126.6

LPP's success story



Key corporate events of 1H18



CROPP E-STORE IN RUSSIA

Launch of the fifth e-store in Russia for the **Cropp** brand.

February 2018



CAMPAIGN WITH CINDY CRAWFORD

Another global star promotes **Reserved** collection.

March 2018



LPP WORLD OF FASHION TECH

Conference summarizing the investments in new **technologies** throughout the supply chain.

June 2018



WAREHOUSE IN BRZEŚĆ KUJAWSKI

Decision on the location of another LPP central warehouse in **Brześć Kujawski**.

July 2018

Israel – 21st market for Reserved

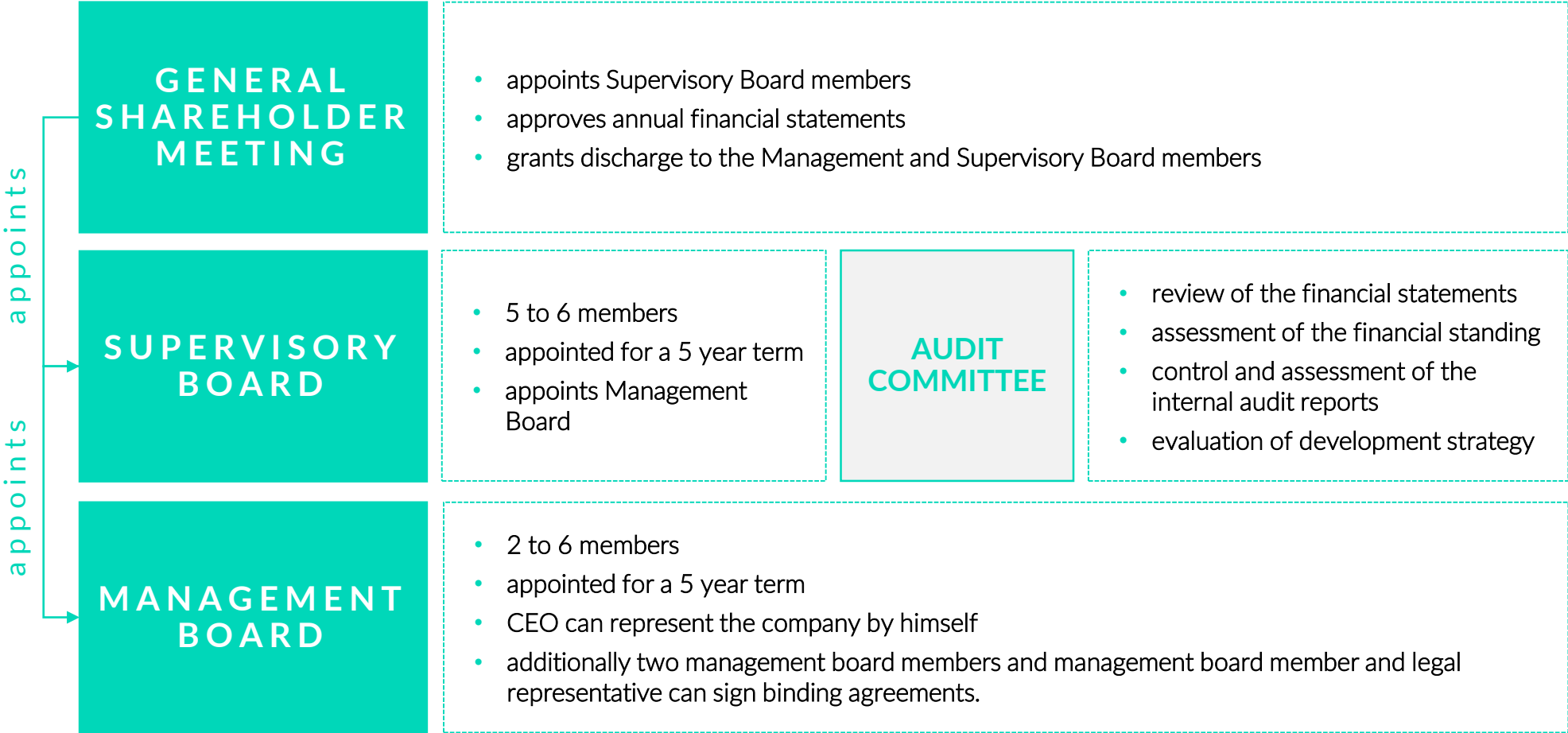
First franchise store 730 m² on one of the main streets of Tel Aviv opened in August 2018.

In 2019 will be opened **two** franchise stores in Israel

Our partner H&O Fashion Chains, operates 70 stores an area of 40 ths m².



Corporate governance



Founders actively involved in the business

LPP'S FOUNDERS

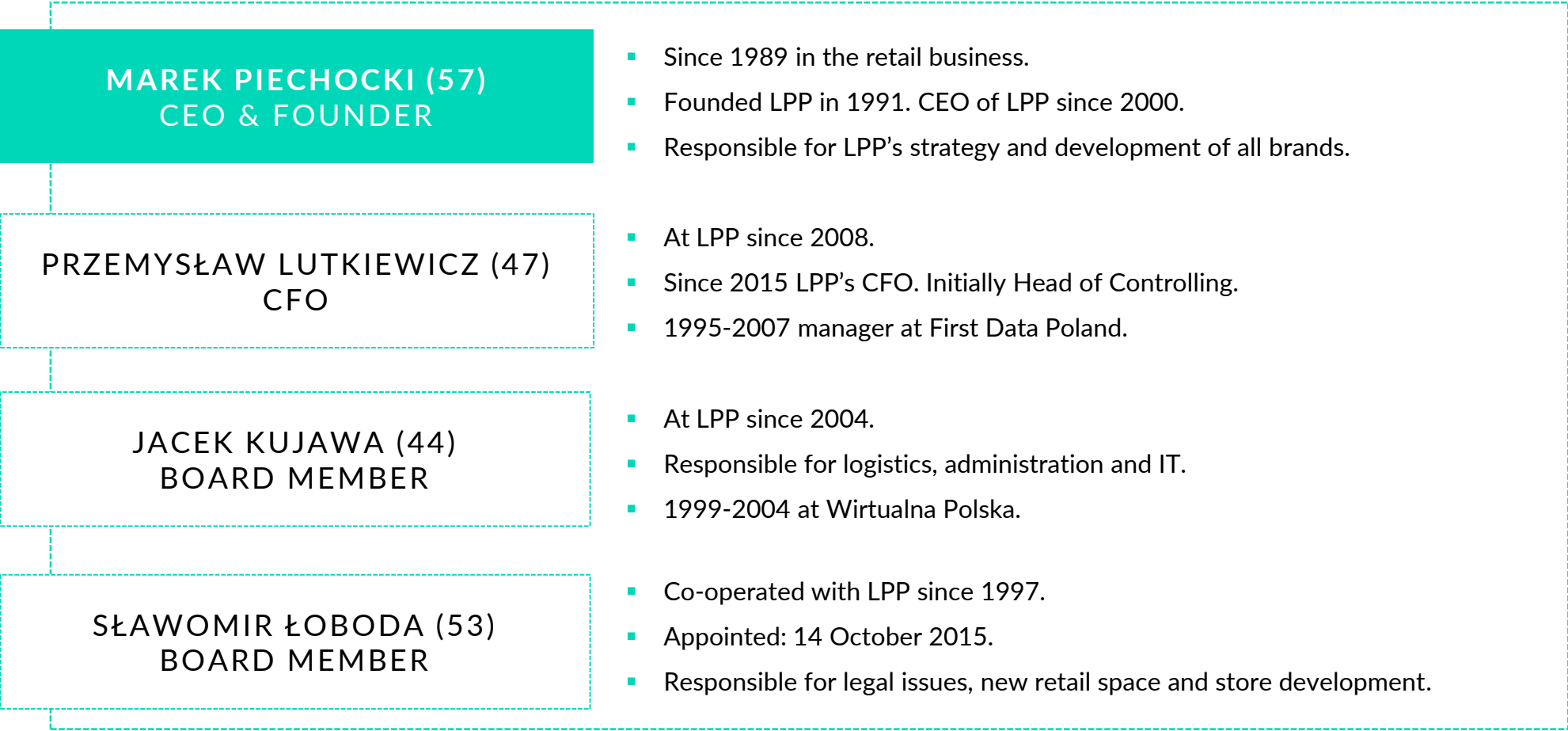
MAREK PIECHOCKI CHIEF EXECUTIVE OFFICER

- Present in the retail business since 1989.
- In 1991 together with Jerzy Lubianiec, founded a Mistral company, activities of which in 1995 were transferred into LPP.
- CEO of LPP since 2000.
- The Best-Performing CEO according to Harvard Business Review (2013).

JERZY LUBIANIEC CHAIRMAN of SUPERVISORY BOARD

- 1991 - 1997 ran Mistral company as a sole trader (LPP's predecessor).
- 1995 - 2000 CEO of LPP.
- Since 2000 Chairman of the Supervisory Board of LPP.

Management with long-term vision



Co-founder sits on the Supervisory Board

JERZY LUBIANIEC (58)
CHAIRMAN

WOJCIECH OLEJNICZAK (62)
Deputy Chairman

PIOTR PIECHOCKI (31)
Member

MAGDALENA SEKUŁA (43)
Independent member

ANTONI TYMIŃSKI (68)
Independent member

MIŁOSZ WIŚNIEWSKI (54)
Independent member

- Since 2000 Chairman of the Supervisory Board of LPP.
- 1995 – 2000 CEO of LPP. 1991 – 1997 ran Mistral company (LPP's predecessor).
- Since 1999 member of the Supervisory Board of LPP.
- 1996 – 1997 LPP Management Board member. 1991 – 1996 partner at Mistral company (LPP's predecessor).
- Graduated from Warsaw School of Economics and IE Business School in Madrid.
- 2012-2017 manager at LPP, responsible for creation and development of e-commerce.
- Graduated from Gdansk University and University of Toulouse and Orleans.
- CEO of Gdansk-Sopot sports hall. Earlier, among other, responsible for promotional and informational actions related to the sports hall.
- Holds a PHD in accounting. 2008-2009 member of LPP's supervisory board.
- +16 years as a consultant and auditor in top advisory and auditing companies (Deloitte, PWC). A certified auditor and member of Polish Audit Chamber.
- An MBA graduate (Paris). Since 2016 CEO of Robod SA.
- 2012-15 CFO of Boryszew SA. Earlier CFO and CEE & SEE Director at CPW.

LPP – a family company



LPP's founders transferred their shares to foundations to ensure the family status of the Company, continuation of activities in the long-term and to avoid fragmentation of capital.

The CEO, Marek Piechocki, transferred shares to the Semper Simul Foundation (always together), which currently holds 17.2% of equity and 31.5% of votes.

The Chairman of the Supervisory Board, Jerzy Lubianiec, transferred his shares to the Sky Foundation, which currently holds 12.2% of capital and 28.6% of votes.

Transfer of shares does not mean an automatic succession - both founders remain in their positions.

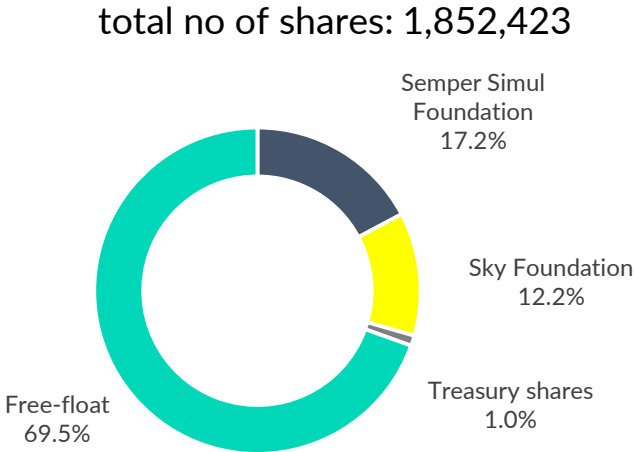
From the moment of transfer of shares to foundations, the founders ceased to be the owners of LPP's shares.

Families have written their goals in the statutes of their foundations.

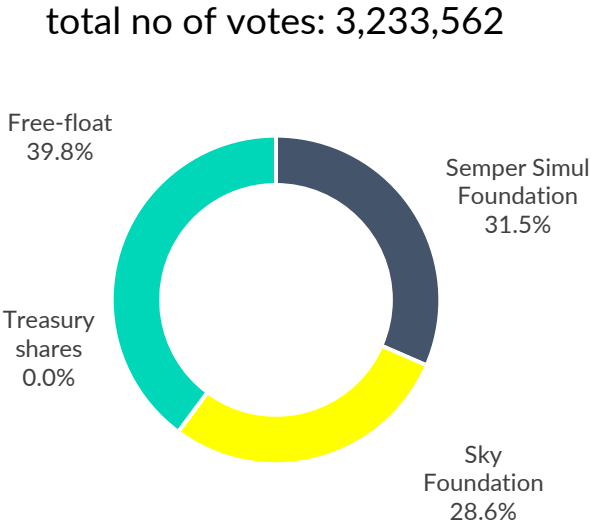
Decisions will be made by an independent foundation council in cooperation with an administrator, following objectives set out in the foundation's statute.

Company controlled by its founders

SHAREHOLDERS BY EQUITY

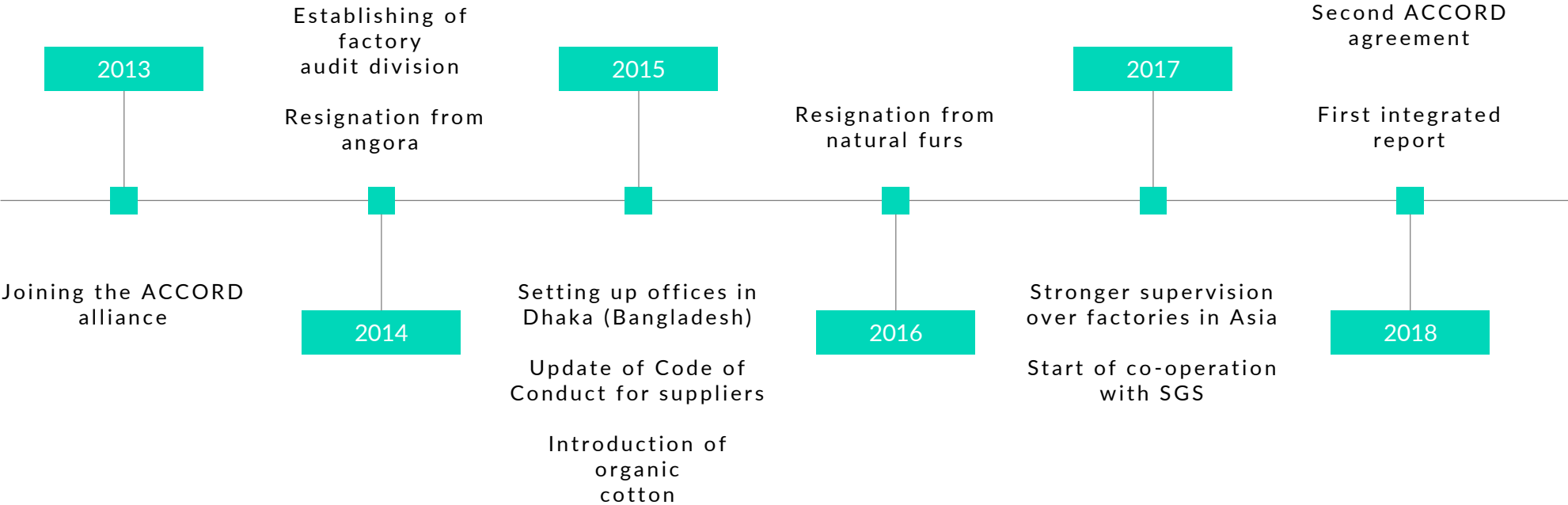


SHAREHOLDERS BY VOTES



- Founders' shares have been deposited in foundations. Effectively, they control 29.5% of equity and 60.2% of votes.
- Both ordinary and privileged shares (1 to 5 in votes) were deposited in foundations.
- Treasury shares are partially used for the purpose of stock option plan. These were purchased in 2008, between 13th March and 4th June.

First integrated report published in May



Safety in Asian factories is our goal



PLN 21m



93 factories



27 people



PLN 21m outlays for audits of working conditions in Bangladesh factories:

- 2/3 of the amount for working conditions audit was spent for on-site inspections and audits of working conditions in factories,
- the remaining amount comprises of membership fees for ACCORD and Rana Plaza Trust Fund.

93 factories under ACCORD control:

- 97% of factories had their electrical installations modernised or changed,
- 89% of factories ended up with additional anti-fire alarms and installations,
- 80% of factories had their constructions strengthened. In many cases the production was transferred to other venues.

27 people full-time employed in Bangladesh offices and Audit Department in HQs.

LPP's Code of Conduct puts safety in factories first. Suppliers have the obligation to provide a decent pay, max 48 hours of work per week and paid overtime. They are banned to hire children < 15 years old.

A Polish socially responsible company

FAMILY-RUN COMPANY

- Created and managed by Polish entrepreneurs-partners from student years
- A family capital and determination to preserve *status quo*
- Stability and long-term vision matched with large investments is at the heart of our development instead of profit consumption
- The well-being of the company and its people is more important than short-term profits



POLISH COMPANY

- Our roots are in Poland
- All strategic decisions are taken in Poland
- All our concepts are designed in Poland
- Our brand concepts have been made in Poland
- We pay all due taxes in Poland
- Our key shareholders live in Poland

SOCIALLY RESPONSIBLE COMPANY

- Ethical
- Responsible production
- Caring for workplaces
Supporting its employees and partners
- Environmentally friendly

Changes in information policy

2018

- From 2018, no more monthly trading updates. Our European competitors do not share such data.
- Instead, quarterly data with preliminary financial results (estimated sales, margin and EBIT) to be published on the first business day after the end of the quarter.

2019

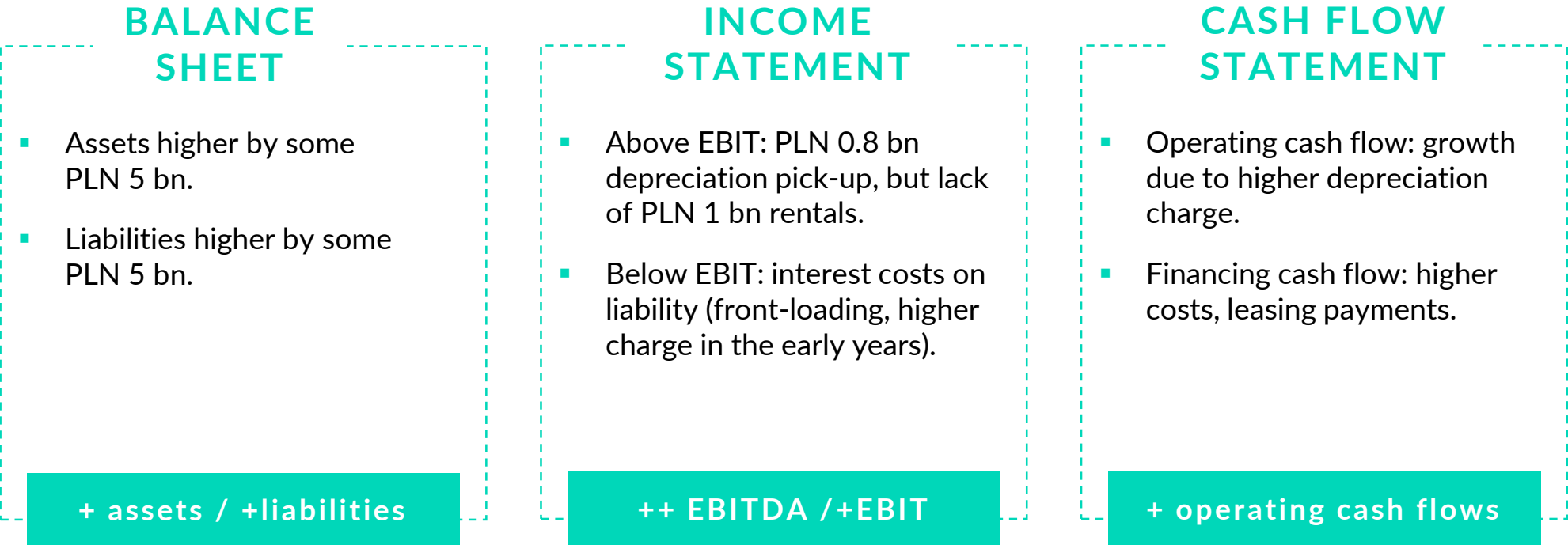
From **2019**, **IFRS 16** enters into force and with it a change in the presentation of leases of retail space.

3 areas of changes:

- balance sheet recognition of a liability equal to discounted rental payments (lease obligations),
- balance sheet recognition of asset showing the right to use the floorspace rented,
- changes within cost structure: lower rentals but pick-up in depreciation charge.

As a result, higher EBITDA and financial charges (incl. FX differences).

IFRS16 – financial statements impact



APPLICATION: 2019 BALANCE OF OPENING AND LATER QUARTERS.

Preliminary estimates, subject to change.

Presence in key indices

POLISH INDICES

WIG20

- The most important index of the WSE
- Member since March 2014
- c. 5.6% LPP's weight
- The sole clothing retailer in the index

WIG30

- WIG30 index of the 30 most liquid companies on the WSE
- WIG30 index was launched September 2013
- LPP member since index inception
- c. 5.1% LPP's weight

WIG

- The broadest index of the WSE
- c. 3.8% LPP's weight
- The largest clothing retailer in the index

INTERNATIONAL INDICES

MSCI POLAND

- MSCI Poland is a key index for international institutions investing in Poland
- LPP member since August 2014

FTSE

- Poland is a developed market for FTSE from 24 September 2018. LPP is part of FTSE Developed Index (Medium Classification)
- LPP member of All-World Index

CECE

- CECE Index is created by the Vienna Stock Exchange. It comprises of companies from Poland, Czech Republic and Hungary
- LPP re-entered the index mid-September 2017

STOXX EUROPE 600

- The index represents large, mid and small cap companies from 17 countries of the European Union
- Stoxx is part of Deutsche Boerse Group
- LPP entered the index in September 2018

Double-digit share price growth

LPP'S SHARE PRICE RELATIVE TO WIG 20 INDEX



TICKERS

WSE	LPP
Bloomberg	LPP PW
Reuters	LPPP.WA

PERFORMANCE

1Y	+20%
3Y	+28%
5Y	+30%

MARKET DATA

Price (30.06.18)	PLN 8,485
Min 1Y	PLN 6,701
Max 1Y	PLN 10,170

Broad analytical coverage

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Investor relations' calendar



KEY DATES

- 01.10.2018 3Q18 trading update
- 20.11.2018 3Q18 results publication
- 01.01.2019 Start of 13-month-long fiscal year
- 02.01.2019 4Q18 trading update
- March 2019 4Q18 results publication
- 02.05.2019 1Q19 trading update

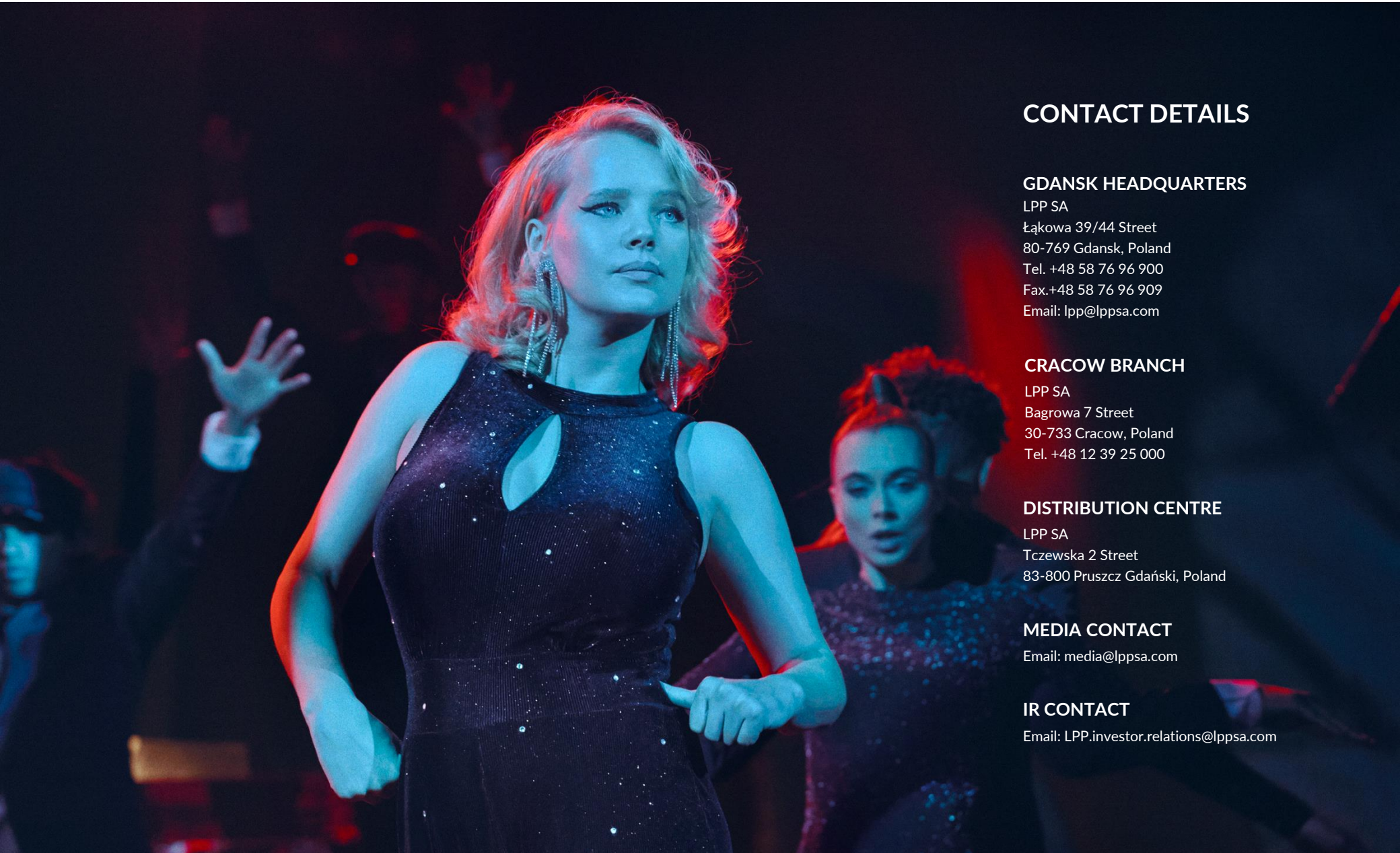


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Glossary

Poland	Retail sales in Poland and other sales of LPP SA.
CEE	Region including: Czech Republic, Slovakia, Hungary and Poland unless otherwise stated.
Baltic	Region including: Lithuania, Latvia, Estonia.
CIS	Region including: Russia, Ukraine, from 2017 Belarus and from 2018 also Kazakhstan.
SEE	Region including: Bulgaria, Romania, Croatia, from 2017 Serbia, from 2018 Slovenia and from 2019 B&H.
WE	Region including Germany, from 2017 the UK and from 2019 Finland.
ME	Region including: Egypt, Qatar, Kuwait and UAE. In 2017 the region included Saudi Arabia while in 2018 is encompasses Israel.
Europe	Region including: CEE, Baltic, SEE and WE.
EBITDA	EBIT + depreciation from cash flow statement.
Average monthly revenues/m2	Revenues of segment or brand / average working total floorspace / 12.
Average monthly costs of own stores/m2	Costs of own stores / average working floorspace of own stores (ie. excluding all franchise stores which represent c. 5.5% of the working floorspace) / 12.
Average monthly SG&A PLN/m2	SG&A costs/ average working total floorspace excluding stores located in ME and Belarus / 12.
Inventory/ m2	End of period group inventory/ total floorspace without franchise stores in ME and Belarus.
Inventory days	Average inventory/ group COGS * 365 days.
Receivables days	Average receivables/ group revenues * 365 days.
Liabilities days	Average short-term liabilities/ group COGS * 365 days.
Cash conversion cycle	Inventory days + receivables days – liabilities days.



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RESERVED

CROPP

 **house**

M O H I T O

sinsay