



LPP

2Q18 FINANCIAL RESULTS PRESENTATION

WARSAW, 4 SEPTEMBER 2018

RESERVED

CROPP

 **house**

MOHITO

sinsay

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RESERVED

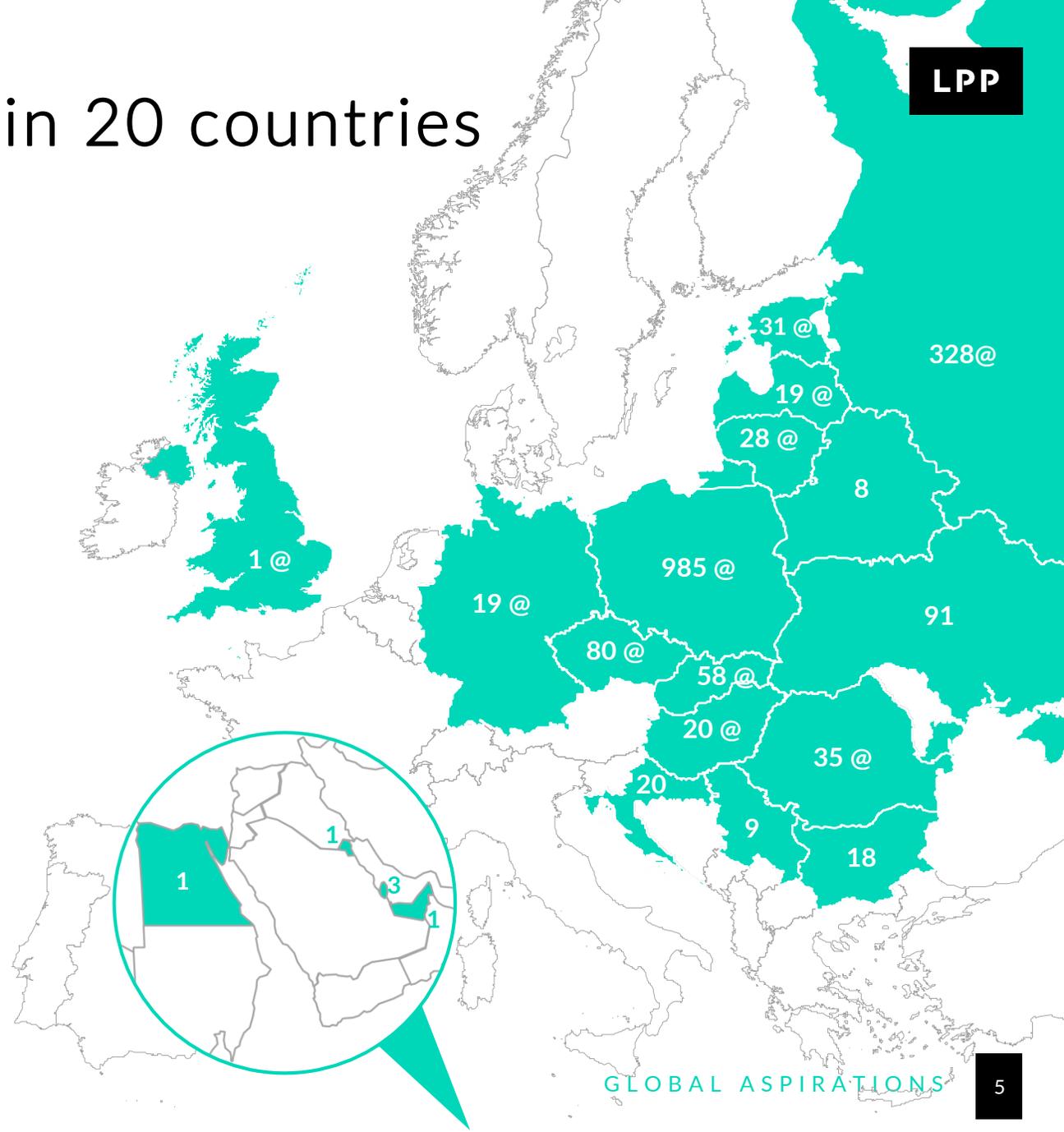
1. 2Q18 financial results
2. Key corporate events
3. 2018 outlook

Over one million m2 of floorspace



Over 1,750 stores in 20 countries

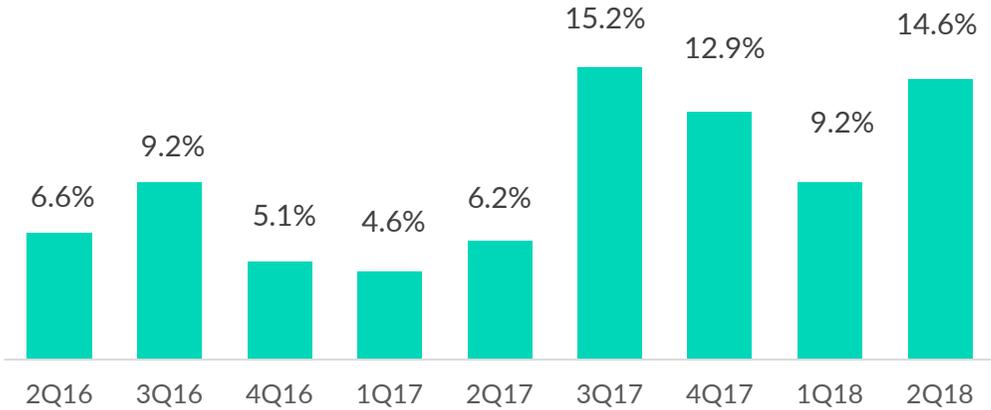
30.06.2018	No. of stores	YoY
LPP GROUP	1,756	+ 46
Reserved	463	+ 5
Cropp	382	- 4
House	335	- 3
Mohito	294	+ 6
Sinsay	253	+ 49
Outlets	29	- 7



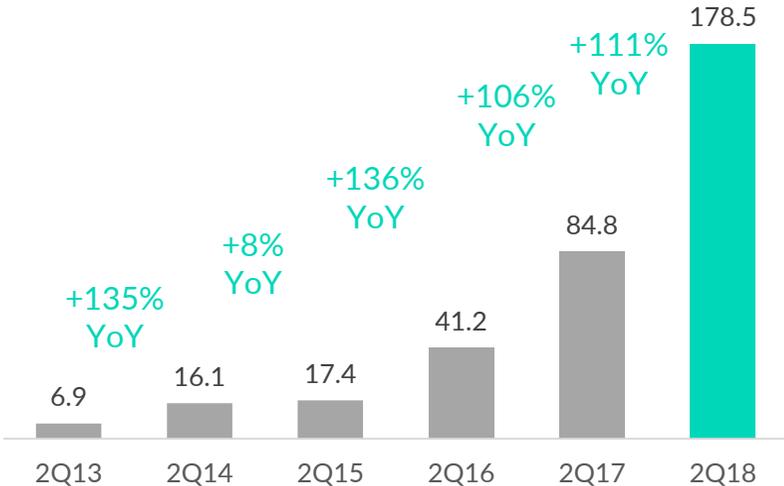
xx Number of stores
 @ Internet stores

Dynamic LFL and e-commerce growths

LFL DYNAMICS
(local currencies)



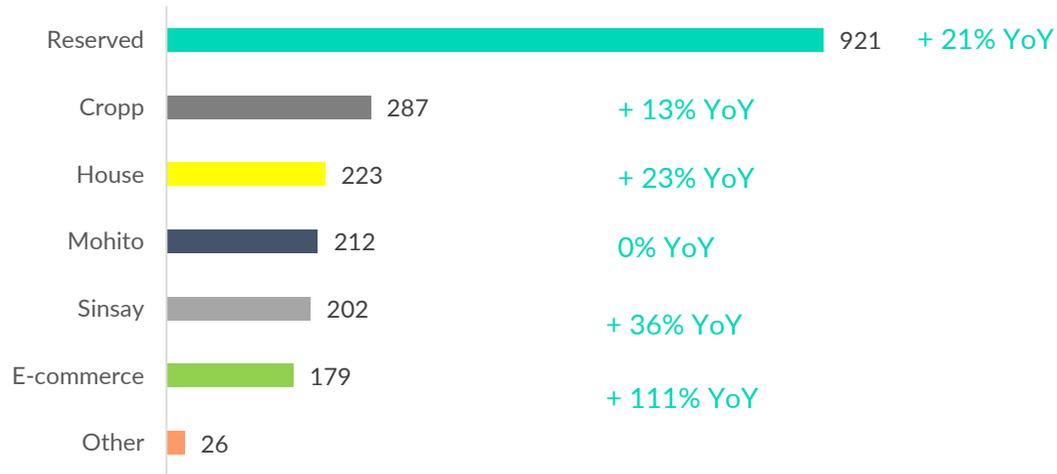
ON-LINE SALES
(PLN m)



- LFLs were positive each month of 2Q18. All brands showed double-digit positive LFLs in 2Q18 except for Mohito.
- In 2Q18 LFLs were positive in most countries (the highest in Romania, Ukraine and Hungary).
- Continuation of triple-digit e-commerce growth due to development of e-stores outside of Poland (Russia added), marketing outlays (co-operation with bloggers and influencers) and changing customer habits in Poland (stores partially closed on Sundays).
- On-line sales amounted to 10.2% of revenues from Poland and 8.7% group revenues in 2Q18.

Floorspace growths in all brands

REVENUES BY BRANDS
(PLN m)



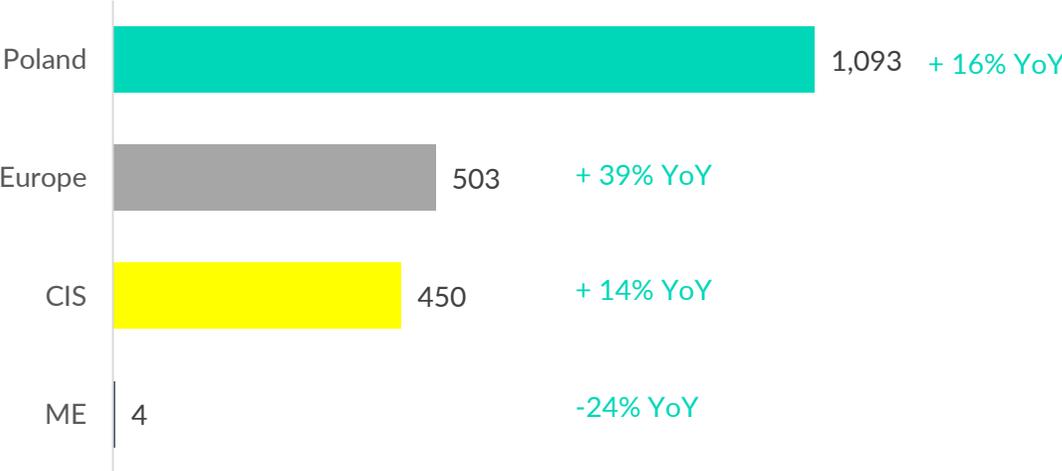
2Q18 FLOORSPACE
(by brands)

th m2	2Q17	2Q18	YoY
LPP GROUP	933.7	1,034.2	10.8%
Reserved	520.8	582.2	11.8%
Cropp	121.9	130.1	6.7%
House	106.6	113.0	6.0%
Mohito	99.3	105.5	6.3%
Sinsay	72.5	92.8	28.1%
Outlets	12.6	10.6	-15.9%

- In 2Q18, Reserved and Cropp generated more revenues from abroad than from Poland. In the case of Mohito, slightly more revenues came from Poland than abroad.
- The fastest sales growth was recorded by Sinsay (successful collections and dynamic network development) and House brand (significant YoY improvement in collection).
- Reserved maintained high revenue dynamics thanks to new collections that were accepted by customers as well as consistent floorspace development (new stores and store enlargements).

Growths in key regions

REVENUES BY REGIONS
(PLN m)



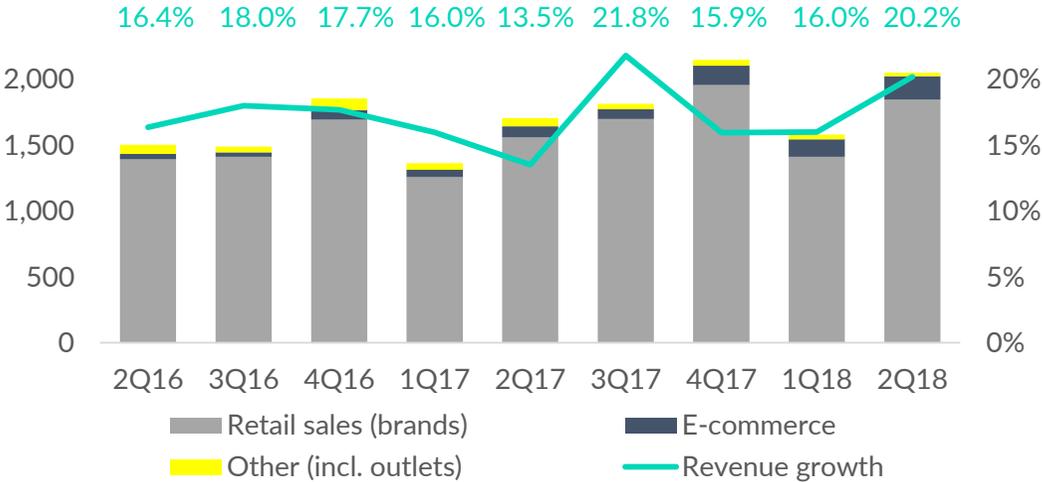
2Q18 FLOORSPACE
(by regions)

ths m2	2Q17	2Q18	YoY
LPP GROUP	933.7	1,034.2	10.8%
Poland	492.1	518.0	5.3%
Europe	216.9	254.9	17.5%
CIS	216.5	254.7	17.6%
ME	8.2	6.6	-19.5%

- Revenue growth in Poland sizably higher than floorspace growth due to positive LFLs.
- Dynamic revenue growth in Europe in 2Q18 due to strong development in the CEE region.
- Double-digit opening rate in the CIS countries, but unfavorable changes in RUB/PLN.
- Among countries, the highest nominal YoY revenue growth was recorded in Poland and Russia.

Sales/ m2 dynamics continue

GROUP REVENUES
(PLN m)



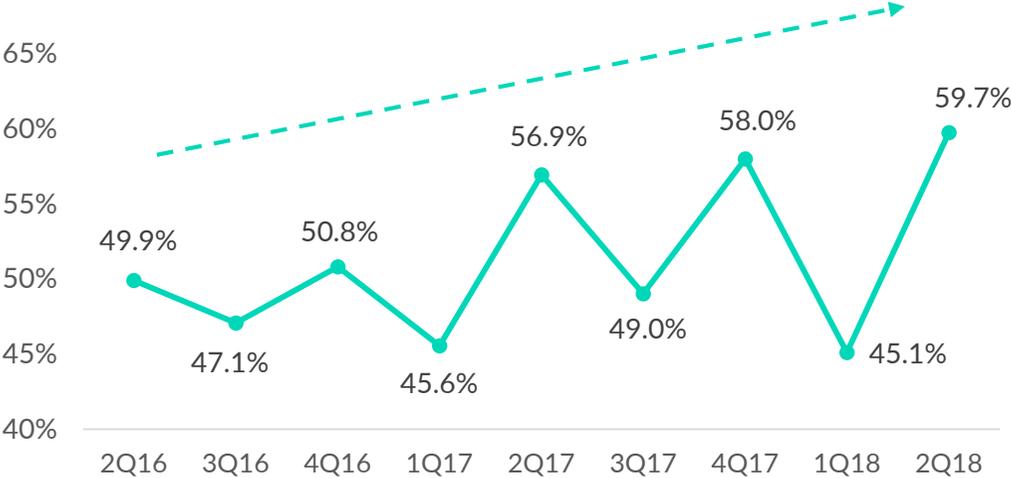
REVENUES/ M2

PLN (monthly)	2Q17	2Q18	YoY
LPP GROUP retail	603	631	4.7%
Poland	630	656	4.1%
Europe	561	612	9.0%
CIS	589	599	1.7%
LPP GROUP	622	674	8.4%

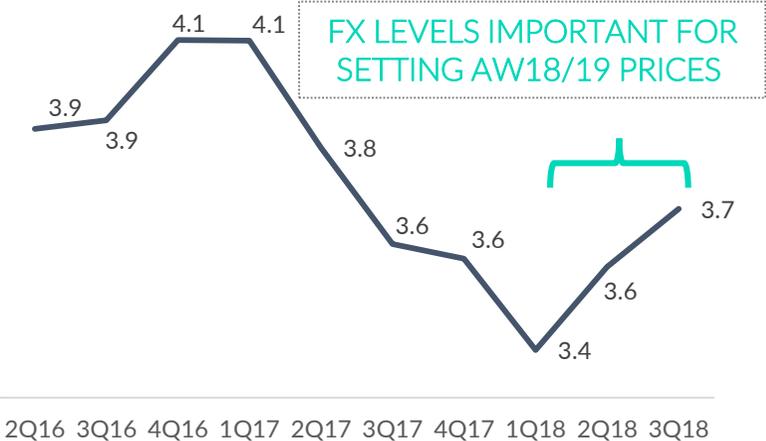
- Group revenues grew 20.2% YoY in 2Q18 due to higher floorspace, positive LFLs and high e-commerce dynamics.
- In 2Q18 both retail sales/ m2 and sales/ m2 were higher YoY.
- The highest double-digit retail sales/ m2 were recorded in 2Q18 in Romania, Czech Republic and Hungary.

Gross margin expansion

QUARTERLY GROSS PROFIT MARGIN



AVERAGE QUARTERLY US\$/PLN



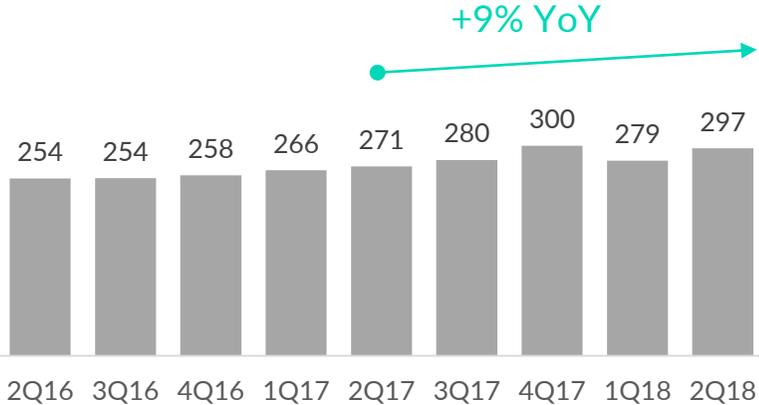
- Sizeable YoY and QoQ gross profit margin increase in 2Q18 – very good acceptance of collections by clients (incl. Reserved) and favourable FX trends. Improvement versus autumn-winter collection.
- Gross profit margin was favourably affected also by the new inventory policy, especially the system allocating 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).

Stable costs of stores/ m2

COSTS OF OWN STORES/ M2



SG&A COSTS/ M2



- Lower YoY rental charges → closing down of older less favourable locations, lower rentals in Russia and Ukraine and change in fit-out recognition. Pick-up QoQ results from depreciation of euro versus PLN.
- Lower YoY personnel costs and higher YoY other costs → we reduce the responsibilities of sales personnel and we shift part of these to external subcontractors (other costs of stores).
- Growth in SG&A/ m2 YoY → higher costs of headquarters due to: further e-commerce development and resultant pick-up in logistics costs (variable costs), higher on-line and off-line marketing costs.

Dynamic earnings growths

PLN m	2Q17	2Q18	YoY
Revenues	1,705.4	2,049.7	20.2%
<i>Gross profit margin</i>	<i>56.9%</i>	<i>59.7%</i>	<i>2.8pp.</i>
SG&A costs	743.8	891.6	19.9%
EBIT	207.6	311.8	50.2%
<i>EBIT margin</i>	<i>12.2%</i>	<i>15.2%</i>	<i>3.0pp.</i>
Net profit	173.3	206.1	19.0%

- Dynamic group revenue growth:
 - double-digit positive LFL and floorspace increase,
 - on-line sales development.
- Significant increase in gross margin: favorable FX trends, but also very good acceptance of the spring-summer collection of most brands (including Reserved).
- SG&A costs growth in line with sales increase.
- Less favorable impact of net financial activity:
 - lower interest due to the decline in debt,
 - but FX losses as compared to gains in 2Q17.
- Double-digit increase in net profit.

Doubling of EBIT

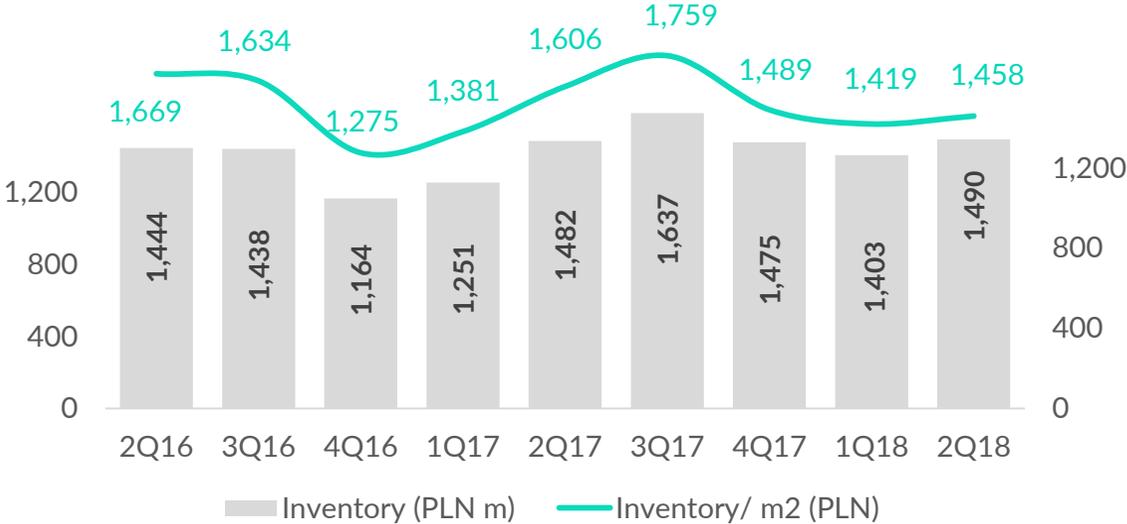
PLN m	1H17	1H18	YoY
Revenues	3,067.7	3,630.1	18.3%
<i>Gross profit margin</i>	<i>51.9%</i>	<i>53.4%</i>	<i>1.5pp.</i>
SG&A costs	1,463.0	1,712.1	17.0%
EBIT	98.6	194.0	96.7%
<i>EBIT margin</i>	<i>3.2%</i>	<i>5.3%</i>	<i>2.1pp.</i>
Net profit	56.2	101.4	80.2%



- Dynamic group revenue growth:
 - positive LFLs and floorspace growth,
 - on-line sales increase.
- Gross profit margin improvement in 1H18 despite weaker 1Q18 result due to the strong 2Q18 performance.
- SG&A growth below top-line growth.
- More favourable net financials:
 - lower interest due to lower indebtedness,
 - but lower FX gains.
- High net profit dynamics.

Freeing up working capital even further

INVENTORY



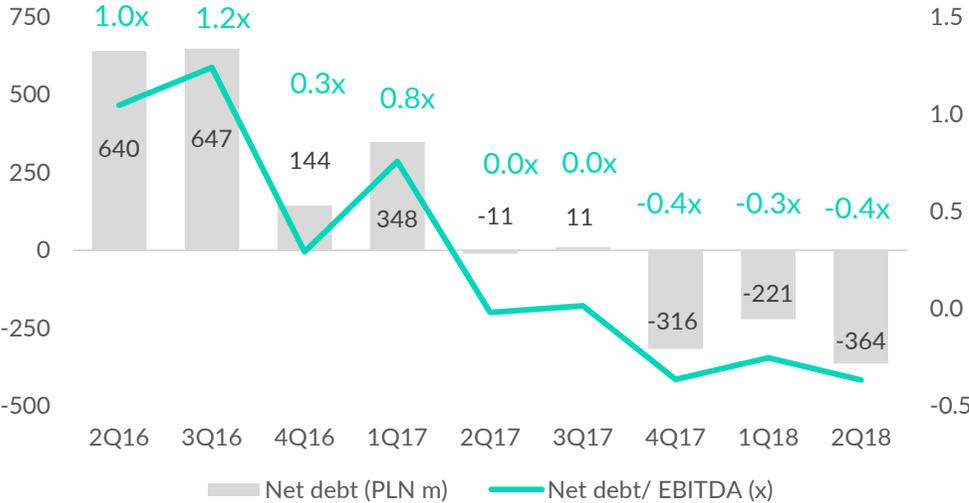
WORKING CAPITAL (PLN m)



- 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\$.
- 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.
- As a result, we reduced our cash cycle to 18 days in 2Q18 compared to 47 days in 2Q17 and 94 days in 2Q16.

Net cash on the balance sheet

NET DEBT VS NET DEBT/EBITDA
(PLN m)



CAPEX
(PLN m)



- At the end of 2Q18, we had PLN 364m of net cash. In addition, we had PLN 190m worth of money market funds. Our target is to keep net cash in the next quarters for future investments.
- 2Q18 capex grew 55% YoY due to outlays for distribution centres (modernization of Pruszcz Gdański and first costs of Brześć Kujawski).
- Fall in short-term debt due to favourable operating cash flows and higher YoY usage of supply chain financing.

1H18 executive summary

1

Double-digit LFLs growths due to successful collections.

2

Triple-digit on-line sales growth.

3

Control of costs of own stores.

4

Decrease in inventory / m2.

5

Increase in net cash.



sinsay

- 1. 2Q18 financial results
- 2. Key corporate events
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Key corporate events



ACCELERATION IN SINSAY

17 new stores in 2Q18 in 6 countries. Focus on development outside of Poland.
7,000 m²

May 2018

LPP WORLD OF FASHION TECH

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

June 2018

WAREHOUSE IN BRZEŚĆ KUJAWSKI

Announcement of decision to locate another LPP's distribution centre in **Brześć Kujawski**.

July 2018

LPP - A FAMILY COMPANY

Transfer of LPP's founders' assets to **foundations** to preserve the identity of LPP as a Polish company.

July 2018

Dynamic Sinsay development



In 2Q18 we opened **17** new Sinsay stores floorspace **7ths m2**.

6 stores opened in Poland and **11** in six countries, including Russia, Ukraine and Serbia.

2018 target for the brand: exceeding **100 ths m2** of floorspace.

New technologies support our stores



STORE VISION

Dedicated mobile application, informing about products' availability and allowing to order them to the stores and customers.

RFID

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

We expect a c. 3% sales increase from RFID implementation (annual cost is c. PLN 60m).

BIG DATA

Analysis of trends in sales to individualize the offer of each store.

Technology brings us closer to the customer



M-COMMERCE

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

NEXT BUSINESS DAY DELIVERY

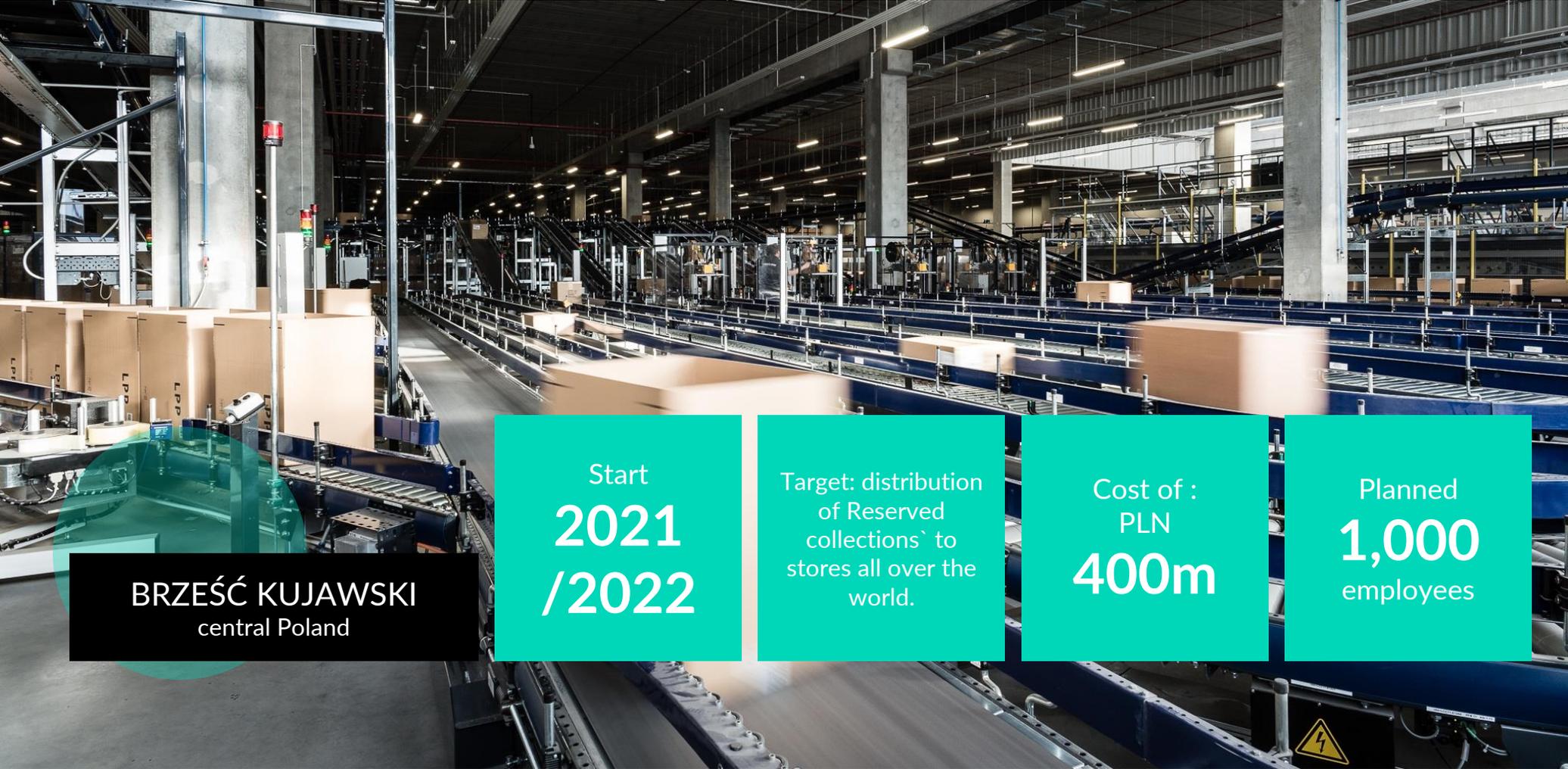
Streamlining of warehouse and logistics to speed up e-commerce deliveries.

OMNICHANNEL

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 new distribution center



BRZEŚĆ KUJAWSKI
central Poland

Start
2021
/2022

Target: distribution
of Reserved
collections` to
stores all over the
world.

Cost of :
PLN
400m

Planned
1,000
employees

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.

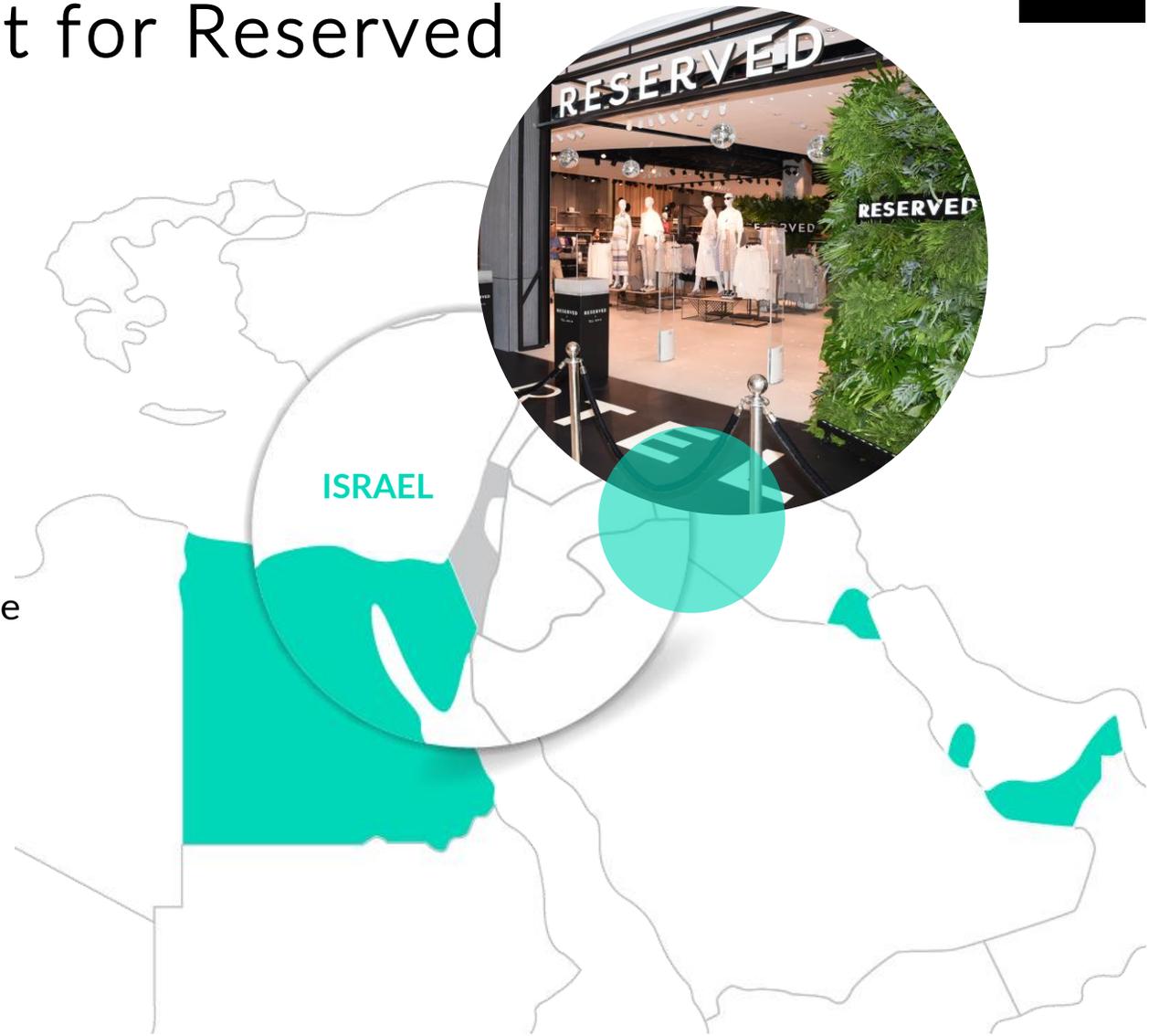
Israel – 21st market for Reserved

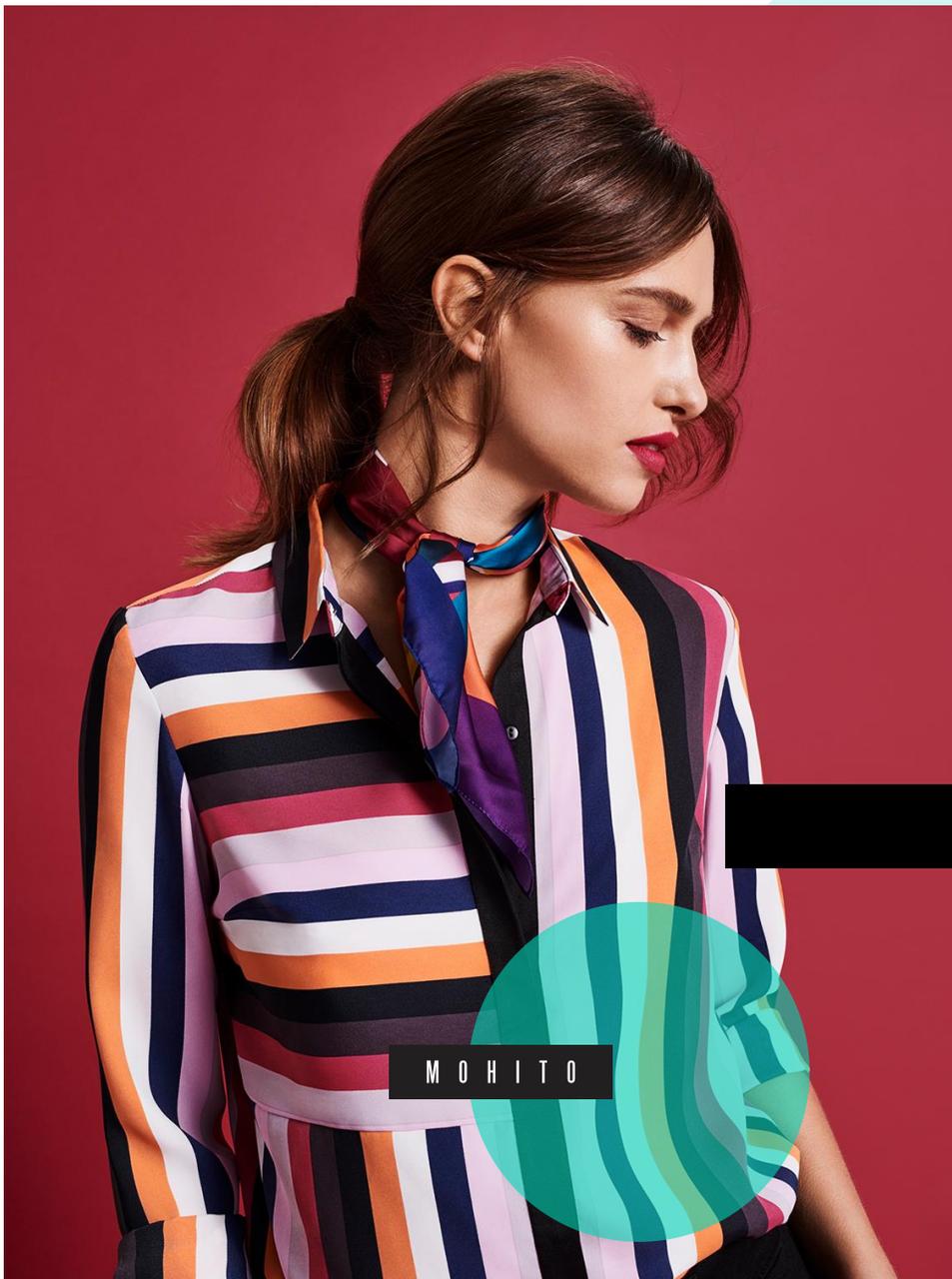
First franchise store **730 m²**

large in shopping mall in Tel Aviv
opened in August 2018

Next two franchise stores will be
opened in Israel in 2019.

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





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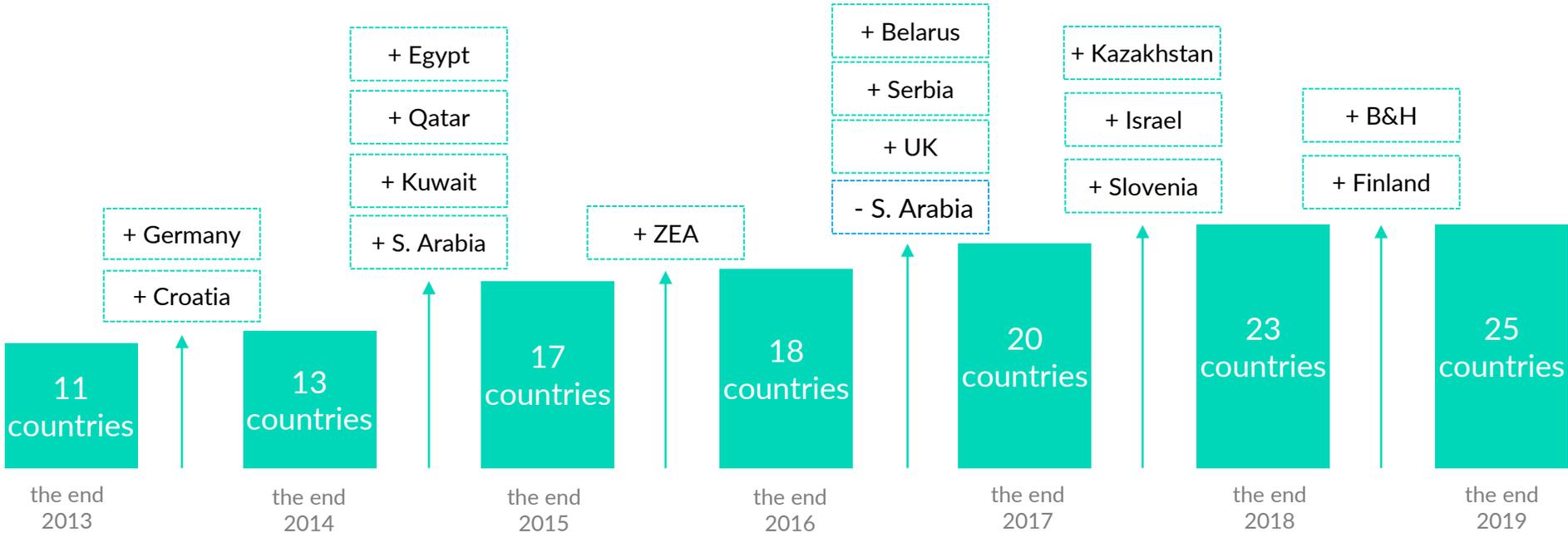
Floorspace growth to continue

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.

At least one new country each year

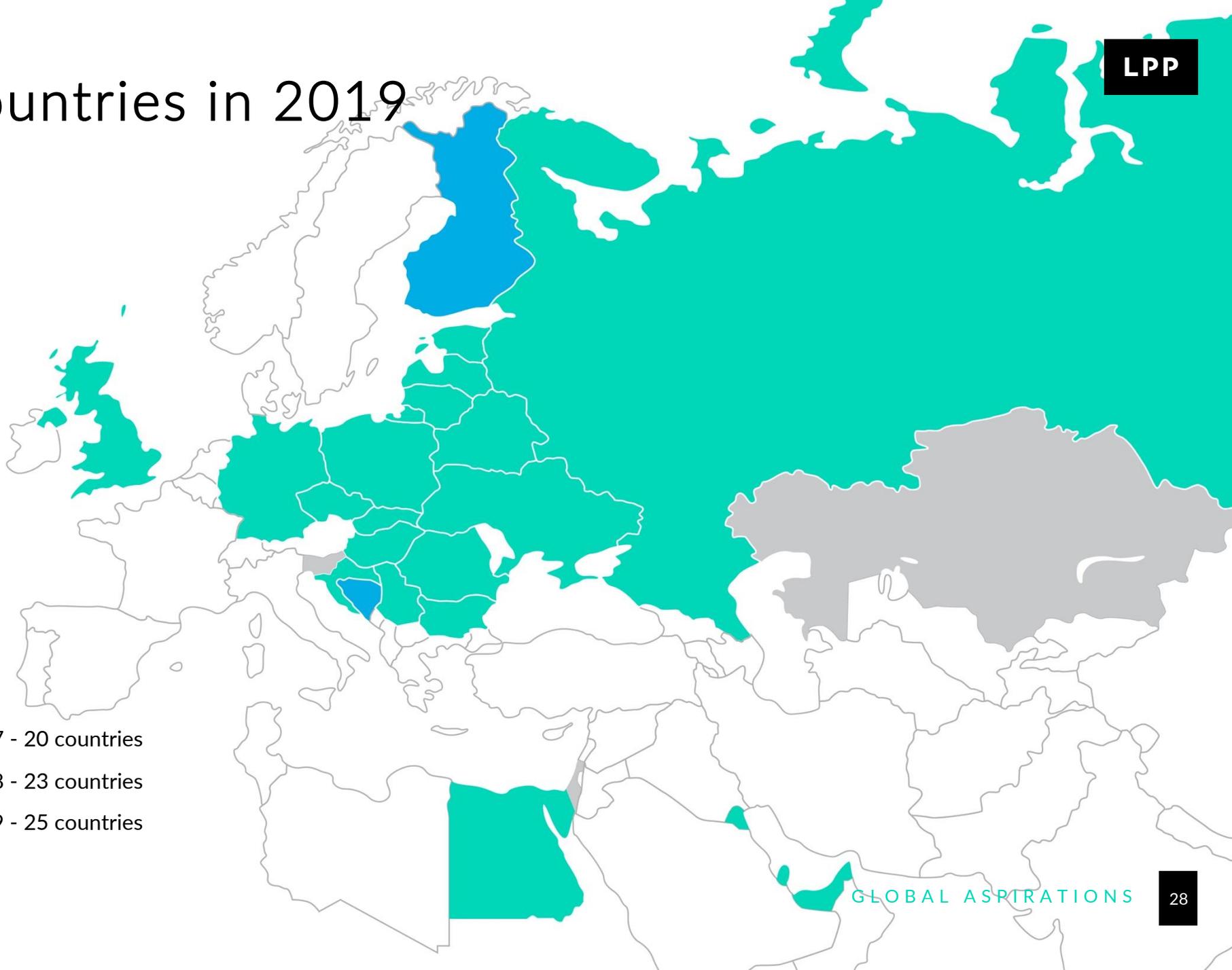
EXPANSION BY COUNTRIES



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

25 countries in 2019

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



A more ambitious target for e-commerce

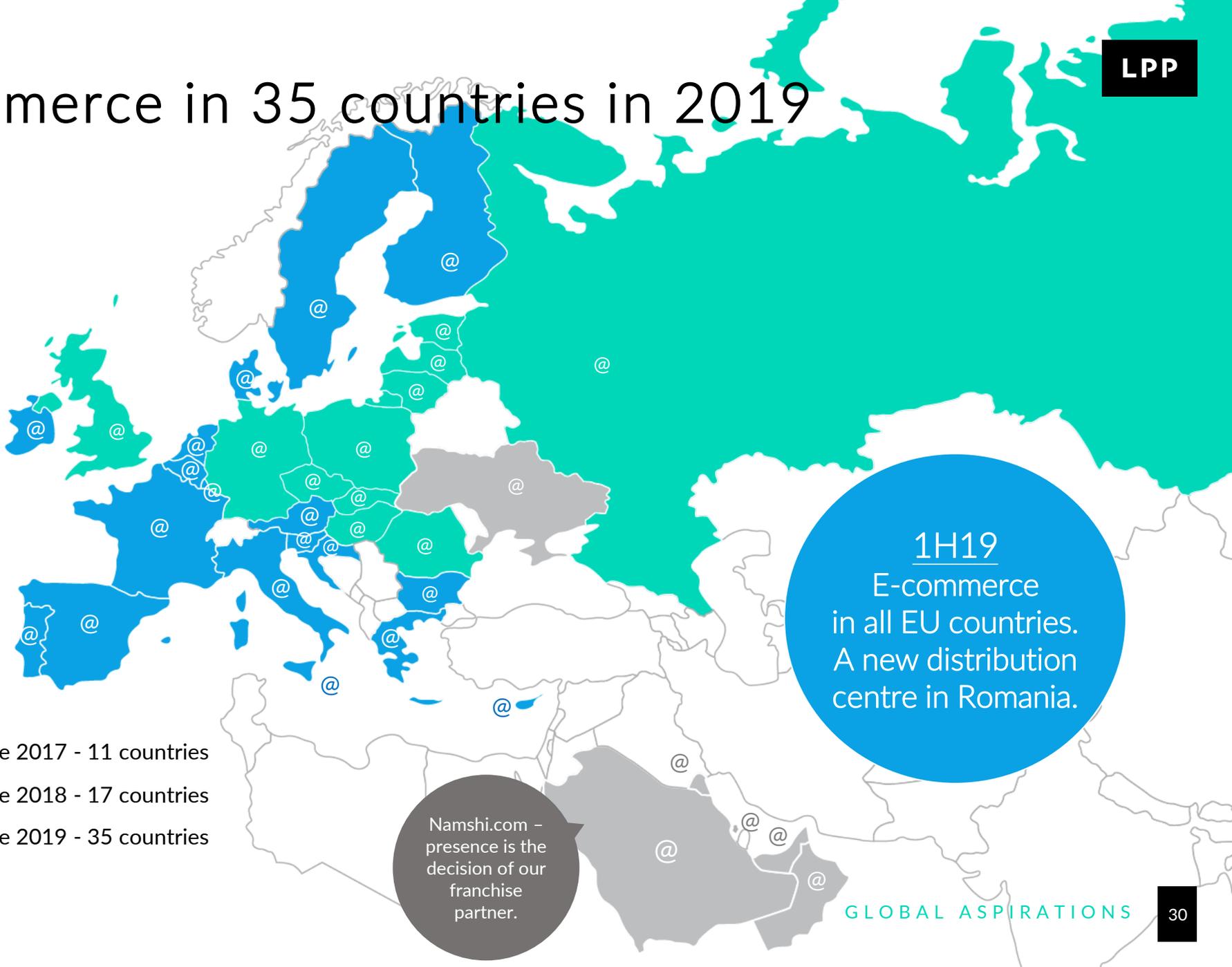


E-commerce should exceed **9%** of 2018 group revenues.

2021 e-commerce target at: **20%** of sales.

In **1H19**, we plan to launch e-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.

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



Q&A

RESERVED



Back-up



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

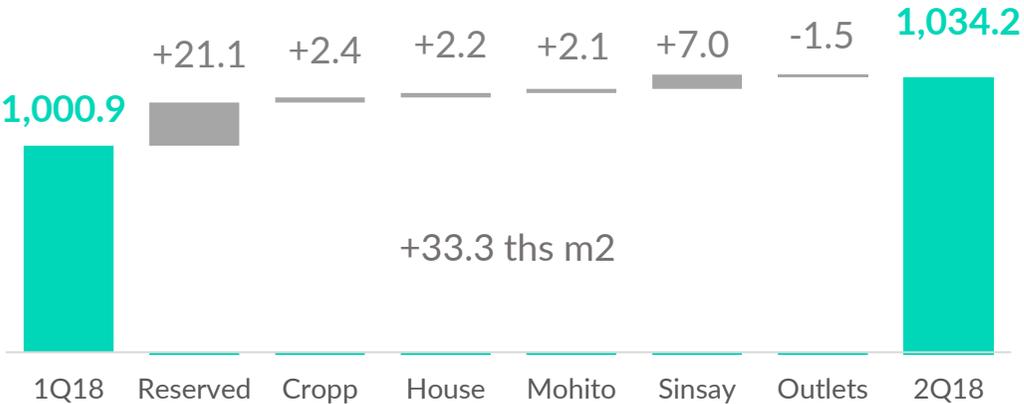
2018 network development details

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%

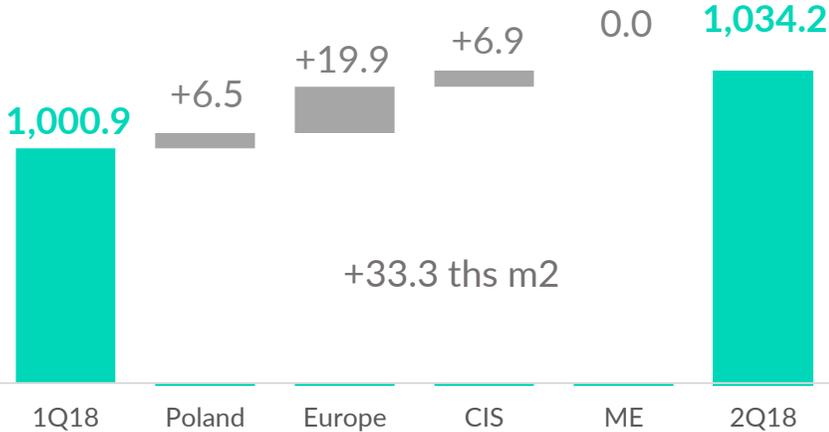
No. of STORES	31.12.2017	31.12.2018	Nom. growth	YoY growth
Reserved	468	468	0	0%
Poland	232	216	-16	-7%
Europe	119	132	13	11%
CIS	111	114	3	3%
ME	6	6	0	0%
Cropp	381	373	-8	-2%
Poland	211	199	-12	-6%
Europe	69	72	3	4%
CIS	101	102	1	1%
House	333	333	0	0%
Poland	205	199	-6	-3%
Europe	52	56	4	8%
CIS	76	78	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%

Changes in 2Q18 floorspace

CHANGE IN FLOORSPACE BY BRANDS
(ths m2)



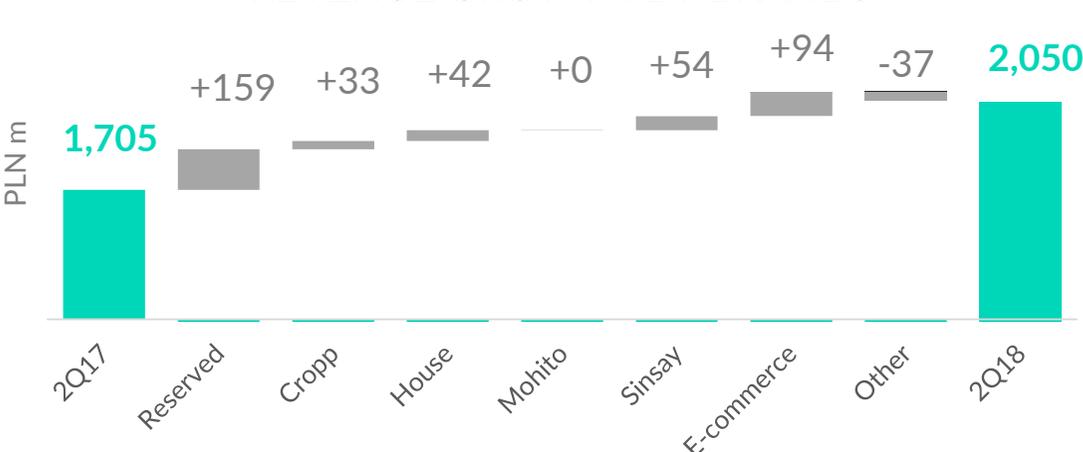
CHANGE IN FLOORSPACE BY REGIONS
(ths m2)



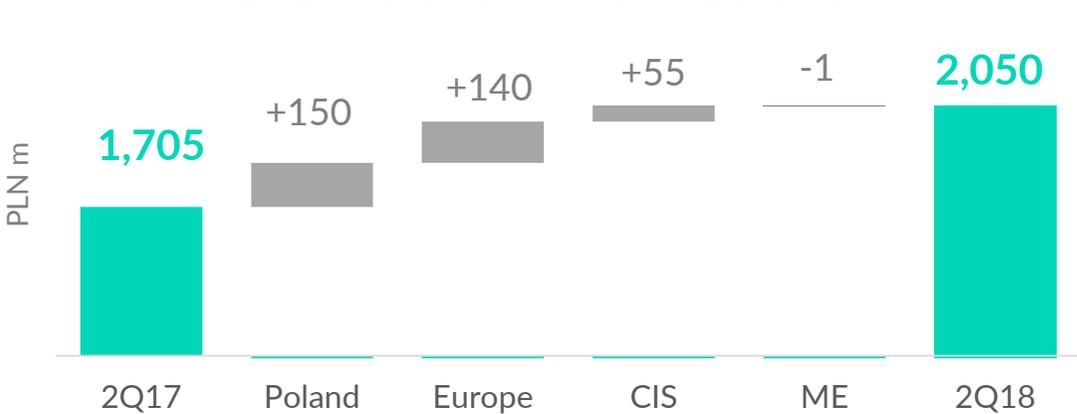
- 2Q18 was a period of rapid network growth – we opened 33.3 ths m2, of which only 6.5 ths m2 in Poland.
- In 2Q18 the fastest growth took place in Europe, especially in Serbia, where opened 6 ths m2.
- In 2Q18 in the CIS region the fastest growth took place in Ukraine, where opened 5.4 ths m2
- Reserved recorded the strongest growth among all brands. Sinsay, our youngest brand, ranked second in terms of floorspace growth.

2Q18 revenue growth contributors

REVENUE GROWTH BY BRANDS



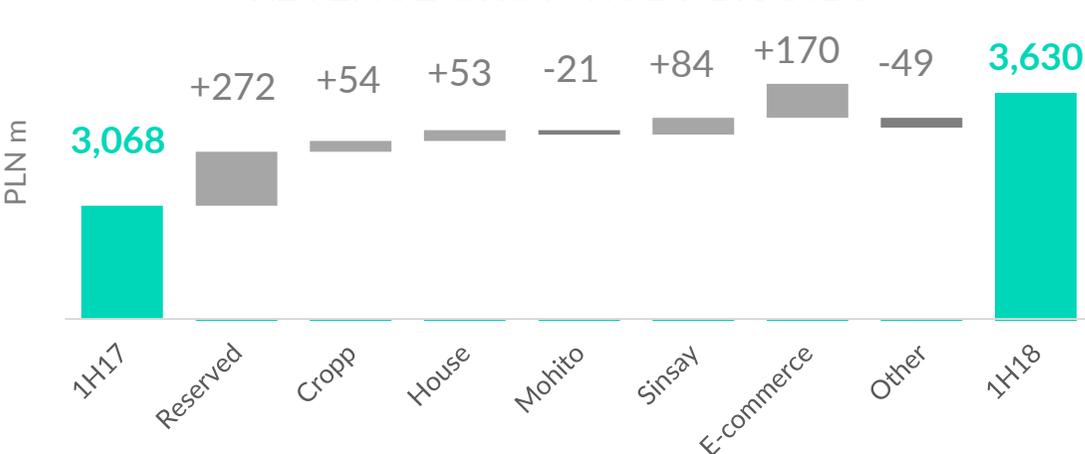
REVENUE GROWTH BY REGIONS



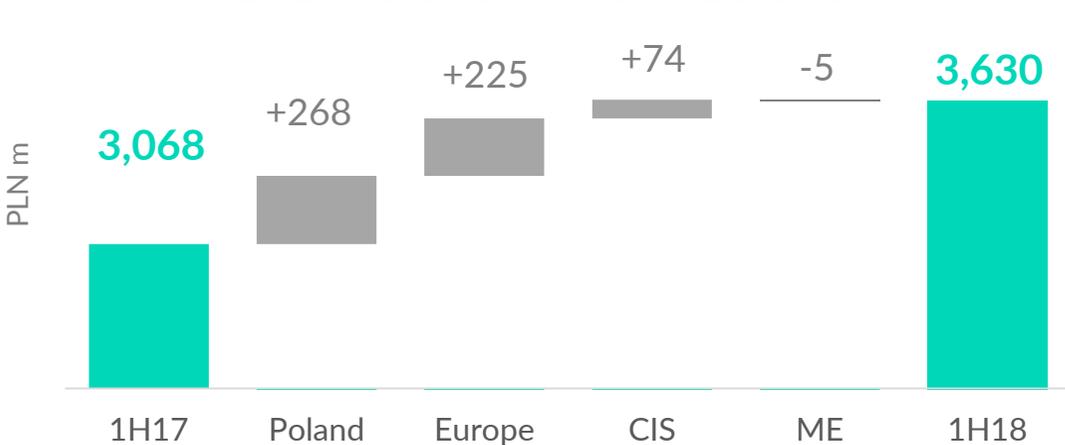
PLN m	2Q17	2Q18	YoY
LPP GROUP	1,705.4	2,049.7	20.2%
Reserved PL	374.1	447.2	19.5%
Reserved EX	388.5	474.3	22.1%
Cropp PL	130.9	134.3	2.6%
Cropp EX	123.0	152.3	23.8%
House PL	119.0	139.6	17.3%
House EX	62.0	83.1	34.1%
Mohito PL	111.5	110.1	-1.3%
Mohito EX	100.7	102.3	1.6%
Sinsay PL	106.4	128.7	20.9%
Sinsay EX	42.1	73.7	75.1%
E-commerce	84.8	178.5	110.6%
Other	62.5	25.7	-58.8%

1H18 revenue growth contributors

REVENUE GROWTH BY BRANDS



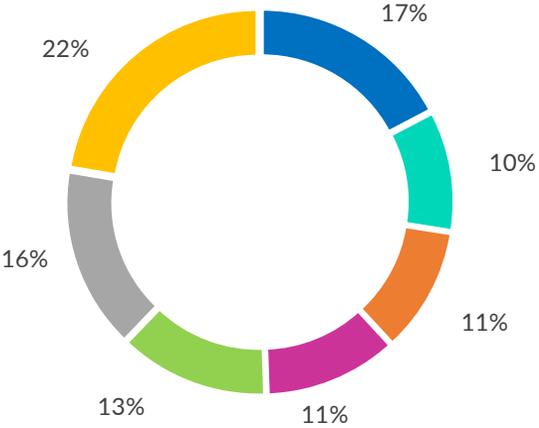
REVENUE GROWTH BY REGIONS



PLN m	1H17	1H18	YoY
LPP GROUP	3,067.7	3,630.1	18.5%
Reserved PL	670.0	815.1	21.7%
Reserved EX	706.9	833.9	18.0%
Cropp PL	224.7	238.3	6.1%
Cropp EX	217.6	258.4	18.7%
House PL	220.6	246.7	11.8%
House EX	118.9	145.8	22.6%
Mohito PL	206.8	196.9	-4.8%
Mohito EX	189.1	177.8	-6.0%
Sinsay PL	187.9	224.6	19.6%
Sinsay EX	72.9	119.9	64.6%
E-commerce	139.7	309.4	121.5%
Other	112.7	63.1	-43.9%

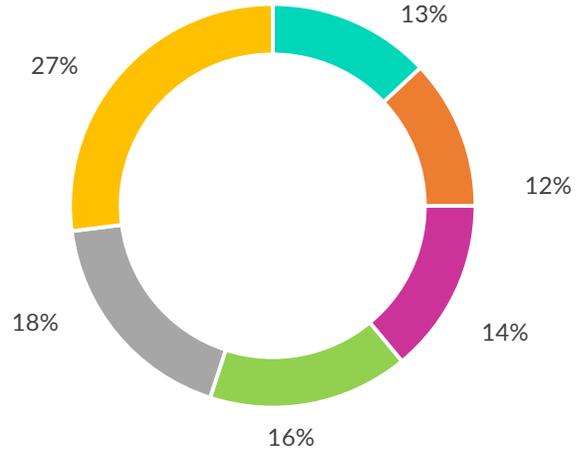
Impact of closed Sunday stores on revenues

DAYS OF THE WEEK SHARE IN 2Q18 REVENUES IN WEEKS WITH TRADING SUNDAY



DAYS OF THE WEEK SHARE IN 2Q18 REVENUES IN WEEKS WITH NON-TRADING SUNDAY

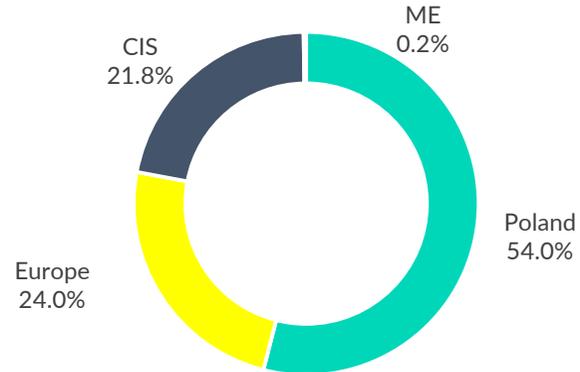
- Monday
- Tuesday
- Wednesday
- Thursday
- Friday
- Saturday
- Sunday



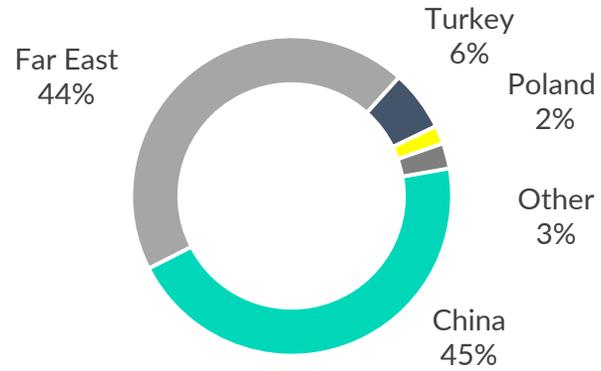
In weeks with non-trading Sundays demand transfers to other days of the week. Positive LFLs in Poland show that LPP deals well with the ban on trade on selected Sundays. 80% of LFL stores recorded higher YoY revenues in 2Q18.

Revenue and COGS split

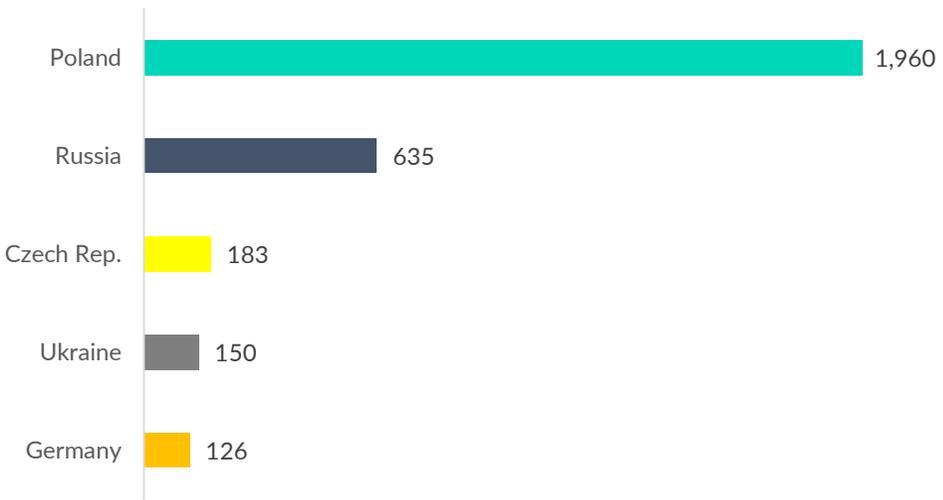
1H18 REVENUES BY REGIONS
(PLN m)



1H18 PURCHASES BY REGIONS
(PLN m)



TOP5 REVENUES BY COUNTRIES IN 1H18
(PLN m)



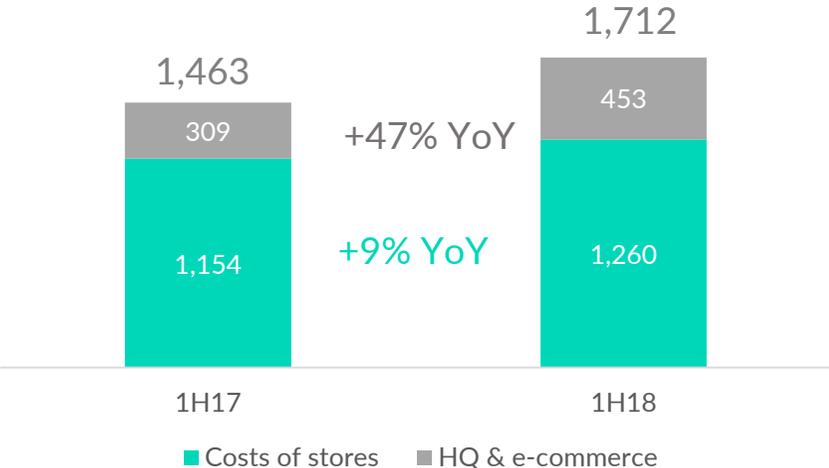
Poland remains our most important market.

Costs of stores and HQs

SG&A COSTS
(PLN m)



SG&A COSTS
(PLN m)



- Costs of stores encompass costs of own stores (rentals, personnel and other) as well as costs of franchise stores in Poland. Stores in the Middle East and Belarus do not have any material effect on SG&A costs.
- Costs of stores → YoY growth in 2Q18 due to higher YoY floorspace.
- HQ costs → YoY growth in 2Q18 due to further e-commerce expansion, expansion of logistics, higher marketing costs and on-line advertising.

2Q18 other operating and net financial lines

OTHER OPERATING ACTIVITY

PLN m	2Q17	2Q18
OTHER OPERATING REVENUES	4.0	7.7
Compensations and stocktaking write-ups	2.8	10.0
Gain on sale of assets, write-ups	-2.1	-0.2
OTHER OPERATING COSTS	23.5	28.8
Write-offs	2.1	6.7
Inventory losses and shortages	16.4	17.7
Donations and other	4.0	4.0
OTHER OPERATING ACTIVITY	-19.5	-21.1

Higher other operating revenues due to higher stocktaking write-ups. Higher other operating cost, due to write-offs for unprofitable stores. Write-offs for inventories shown in gross profit margin since 2Q18.

NET FINANCIAL ACTIVITY

PLN m	2Q17	2Q18
FINANCIAL REVENUES	7.0	-10.3
FX differences	5.1	-11.7
Interest	1.6	1.4
FINANCIAL COSTS	5.6	5.2
FX differences	0.0	0.0
Interest	4.7	4.4
Fees and charges	0.9	0.8
NET FINANCIAL ACTIVITIES	1.4	-15.5

PLN 11.7m of FX losses (2Q17: PLN 5.1m gains), out of which PLN 8.5m losses on ruble and hryvna (2Q17: PLN 8.6m losses), PLN 1m losses on US\$ (2Q17: PLN 10.4m gains) and PLN 2.2m losses on other currencies (EUR, RON, HUF, CZK).

1H18 other operating and net financial lines

OTHER OPERATING ACTIVITY

PLN m	1H17	1H18
OTHER OPERATING REVENUES	11.8	13.9
Compensations and stocktaking write-ups	6.4	10.7
Gain on sale of assets, write-ups	2.0	0.0
OTHER OPERATING COSTS	41.7	45.0
Write-offs	2.1	8.1
Inventory losses and shortages	28.3	25.5
Donations and other	7.8	6.4
OTHER OPERATING ACTIVITY	-29.9	-31.2

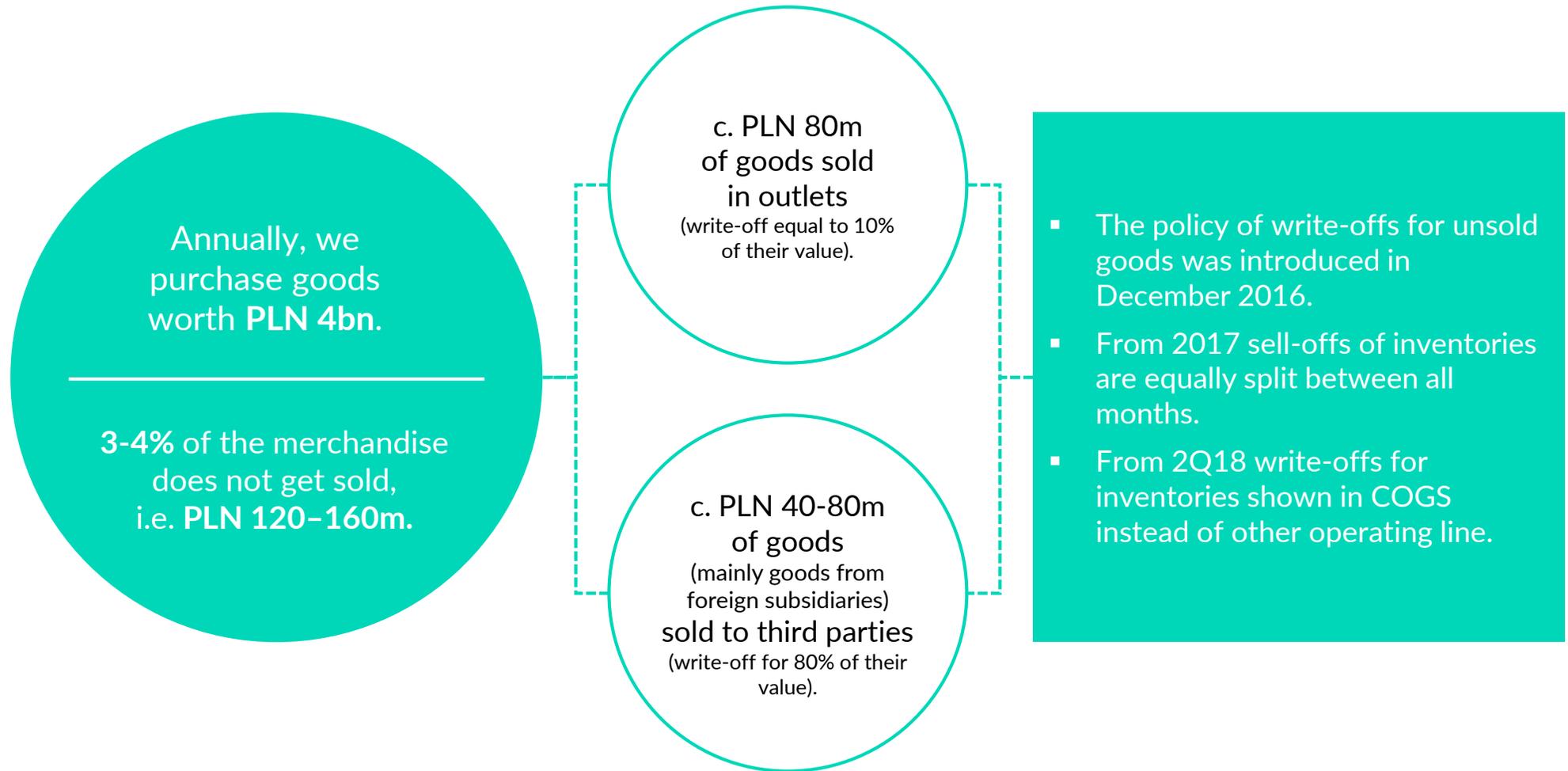
Higher level of other operating income due to higher compensations and stocktaking write-ups. Higher other operating costs due to write-offs for unprofitable stores. Write-offs for inventories shown in gross profit margin since 2Q18.

NET FINANCIAL ACTIVITY

PLN m	1H17	1H18
FINANCIAL REVENUES	8.7	6.8
FX differences	5.4	4.5
Interest	2.9	2.3
FINANCIAL COSTS	9.8	7.7
FX differences	0.0	0.0
Interest	8.1	6.0
Fees and charges	1.7	1.7
NET FINANCIAL ACTIVITIES	-1.2	-0.9

PLN 4.5m of FX gains (1H17: PLN 5.4m gains), out of which PLN 14.0m of losses on ruble and hryvna (1H17: PLN 13.7m losses), PLN 19.3m gains on US\$ (1H17: PLN 27.1m gains) and PLN 0.8m losses on other currencies (EUR, RON, HUF, CZK).

Inventory write-offs model (from 4Q16)

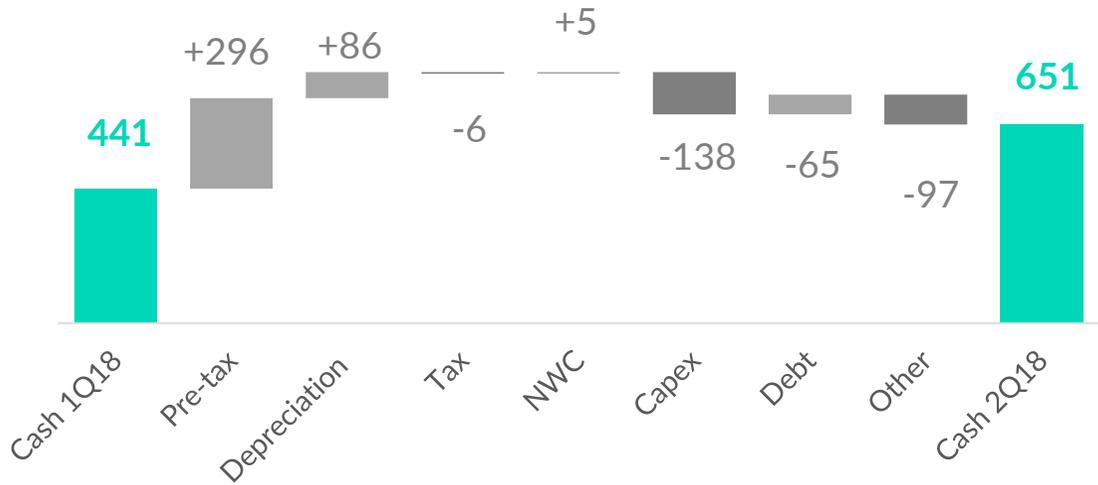


Historical quarterly numbers

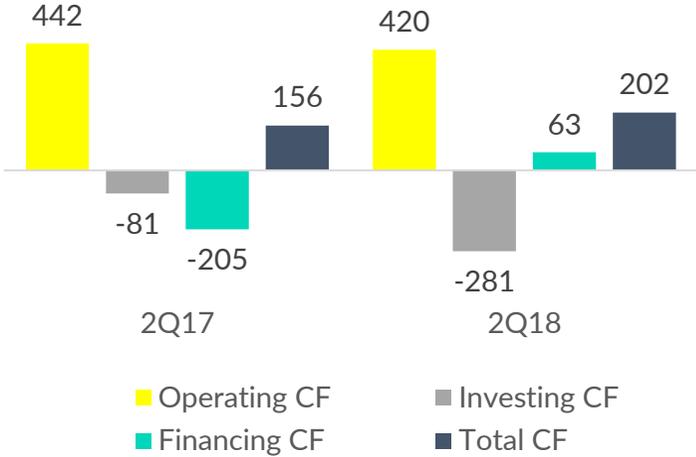
PLN m	3Q16	3Q17	4Q16	4Q17	1Q17	1Q18	2Q17	2Q18	YoY
Revenues	1,488.4	1,812.8	1,853.4	2,148.9	1,362.3	1,580.4	1,705.4	2,049.7	20.2%
Gross profit on sales	700.6	888.7	941.7	1,246.3	620.6	712.8	970.9	1,224.5	26.1%
Gross profit margin	47.1%	49.0%	50.8%	58.0%	45.6%	45.1%	56.9%	59.7%	2.8pp.
SG&A costs	662.2	775.0	699.6	861.9	719.2	820.5	743.8	891.6	19.9%
Other operating line	-33.6	-10.6	-43.0	-7.7	-10.4	-10.1	-19.5	-21.1	
EBIT	4.8	103.1	199.1	376.7	-109.0	-117.7	207.6	311.8	50.2%
EBIT margin	0.3%	5.7%	10.7%	17.5%	-8.0%	-7.4%	12.2%	15.2%	3.0pp.
Net financial activity	-8.0	11.2	-21.7	-24.9	-2.5	14.5	1.4	-15.5	
Pre-tax profit	-3.2	114.3	177.4	351.9	-111.5	-103.2	209.0	296.3	41.8%
Tax	3.2	29.3	20.4	52.3	5.5	1.6	35.8	90.2	
Net income	-6.5	85.1	157.0	299.5	-117.0	-104.8	173.3	206.1	19.0%
Net income margin	-0.4%	4.7%	8.5%	13.9%	-8.6%	-6.6%	10.2%	10.1%	-0.1pp.

Cash flows

2Q18 CASH GENERATION
(PLN m)



2Q18 CASH FLOWS
(PLN m)



- Operating cash flow → release of working capital by extending the repayment of liabilities.
- Investing cash flow → higher YoY capex, net purchases of money market funds.
- Financing cash flows → higher usage of debt QoQ due to overdrafts in CIS.
- PLN 1.3bn in open credit lines used for letters of credits, guarantees and overdrafts.

Balance sheet increasingly strong

mIn PLN	30.06.2017	31.12.2017	30.06.2018
Non-current assets	1,886.1	2,041.4	2,128.6
fixed assets	1,346.1	1,478.2	1,558.5
intangibles (inc. goodwill)	339.3	351.2	359.1
Current assets	2,146.3	2 289,5	2,609.1
inventory	1,481.6	1,475.2	1,490.5
trade receivables	134.8	199.6	169.6
cash and equivalents	434.9	514.8	651.5
Total assets	4,032.4	4,330.8	4,737.7
Equity	2,063.3	2,443.4	2,504.4
Long-term liabilities	316.2	324.4	322.4
interest bearing debt	168.5	141.8	115.2
Short-term liabilities	1,652.9	1,563.0	1,911.0
trade liabilities	1,216.5	1,325.3	1,410.6
interest bearing debt	255.4	56.5	172.7
Total liabilities & equity	4,032.4	4,330.8	4,737.7

- YoY growth in fixed assets due to network development and investments in HQs.
- Higher YoY intangibles, due to investments in concept stores of five brands and IT outlays.
- Stable YoY inventories due to strong sales in 1H18.
- YoY increase receivables results from a larger scale of business (higher revenues mean more card transactions).
- Current assets include also PLN 190m of investments in money market funds, which are not part of cash and equivalents line.
- Pick-up in trade liabilities YoY and YoY fall in short-term debt due to new supply chain financing policy.

RESERVED

CUSTOMER	Women, men and children.
YEAR OF LAUNCH	1998
BRAND CONCEPT	An anchor brand with a broad customer base and wide range of collections.
STORE CONCEPT	Lack of dedicated zones allows for a smooth transition between women, men and children areas. Wide, open and transparent storefront coupled with comfortable, large and spacious fitting rooms.
MARKETING	Advertised by international stars (Cindy Crawford, Kate Moss, Georgia May Jagger, Brooklyn Beckham).

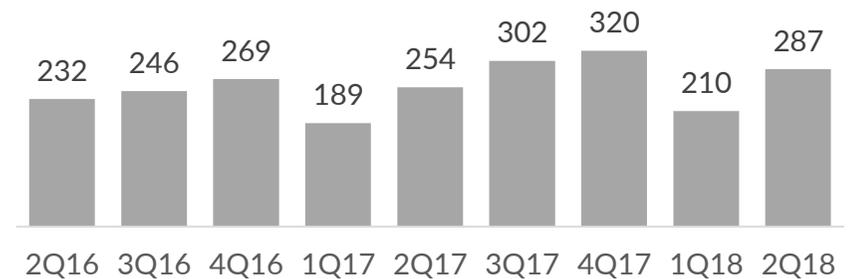
REVENUES (PLN m)



	2Q17	2Q18	YoY
Number of stores	458	463	+ 5
Floorspace (thn m2)	520.8	582.2	12%
Average store space (m2)	1,137	1,257	11%
Average monthly sales (PLN/m2)	501	546	9%

CUSTOMER	Teenagers – boys and girls.
YEAR OF LAUNCH	2004
BRAND CONCEPT	A streetwear brand, alluding to hip-hop and pop-culture.
STORE CONCEPT	The shopping space is designed in the form of squat, garage and industrial halls. Stores encompass special relax zones with PlayStation and tablets with WiFi. Shop window displays are equipped with modern multimedia.
MARKETING	Partner of events for artists and street art.

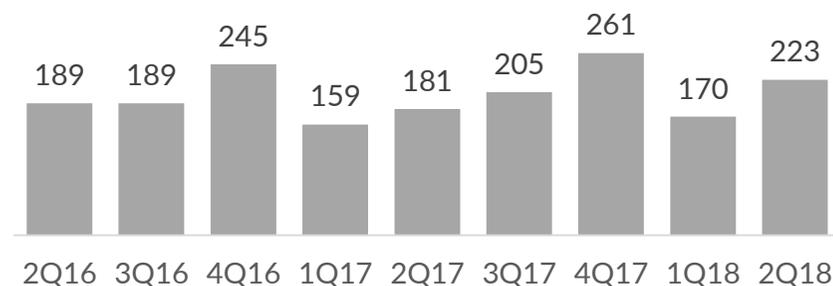
REVENUES (PLN m)



	2Q17	2Q18	YoY
Number of stores	386	382	- 4
Floorspace (ths m2)	121.9	130.1	7%
Average store space (m2)	316	341	8%
Average monthly sales (PLN/m2)	704	749	6%

CUSTOMER	Teenagers (boys and girls) who like brave fashion choices.
YEAR OF LAUNCH	2001 (in LPP's Group since 4Q08).
BRAND CONCEPT	Fashion brand for urban style lovers.
STORE CONCEPT	The interior of the store is inspired by music instruments and possesses many music related details. A fresh look is obtained by usage of wooden elements and glass & metal lamps.
MARKETING	Participates in multiple artistic events (especially music related). Communication is based on insights and humour.

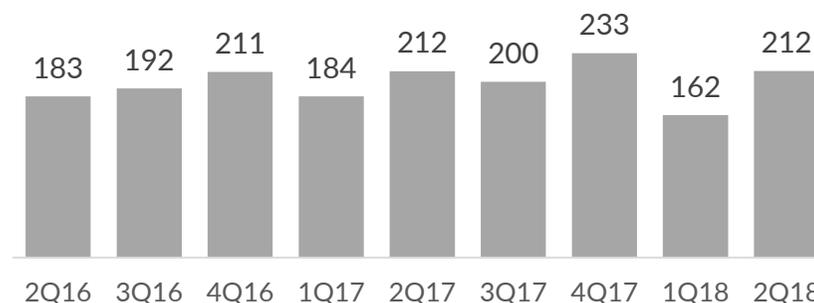
REVENUES (PLN m)



	2Q17	2Q18	YoY
Number of stores	338	335	-3
Floorspace (thb m2)	106.6	113.0	6%
Average store space (m2)	315	337	7%
Average monthly sales (PLN/m2)	578	660	14%

CUSTOMER	Young women.
YEAR OF LAUNCH	2008 (in LPP's Group since 4Q08)
BRAND CONCEPT	A brand that combines comfort and elegance for business and informal meetings.
STORE CONCEPT	Concept relates to elegance and beauty. The centre of the store is bright and is surrounded by a darker environment.
MARKETING	Anja Rubik created a limited collection for AW14/15. Zuzanna Bijoch was the face of AW15/16 collection. Top-model Anna Jagodzińska advertised SS16 collection, while Magdalena Frąckowiak the AW16/17 collection.

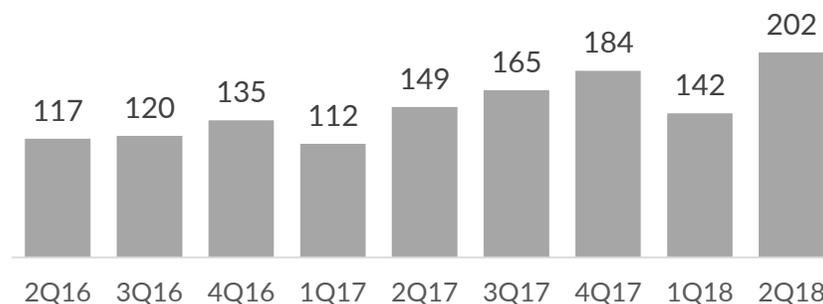
REVENUES (PLN m)



	2Q17	2Q18	YoY
Number of stores	288	294	+ 6
Floorspace (thn m2)	99.3	105.5	6%
Average store space (m2)	345	359	4%
Average monthly sales (PLN/m2)	717	682	-5%

CUSTOMER	Teenagers – girls only.
YEAR OF LAUNCH	2013
BRAND CONCEPT	Clothes for every day inspirations and original party outfits. The brand stands out for original T-shirts with extraordinary prints.
STORE CONCEPT	Fresh and edgy interiors yet monochromatic to differentiate from colourful clothes sold. Selling area divided into black and white parts.
MARKETING	Focus on social media. The brand co-operates with young fashion influencers and models. Last year Karolina Pisarek and Aleksandra Kowalska were the brand's faces.

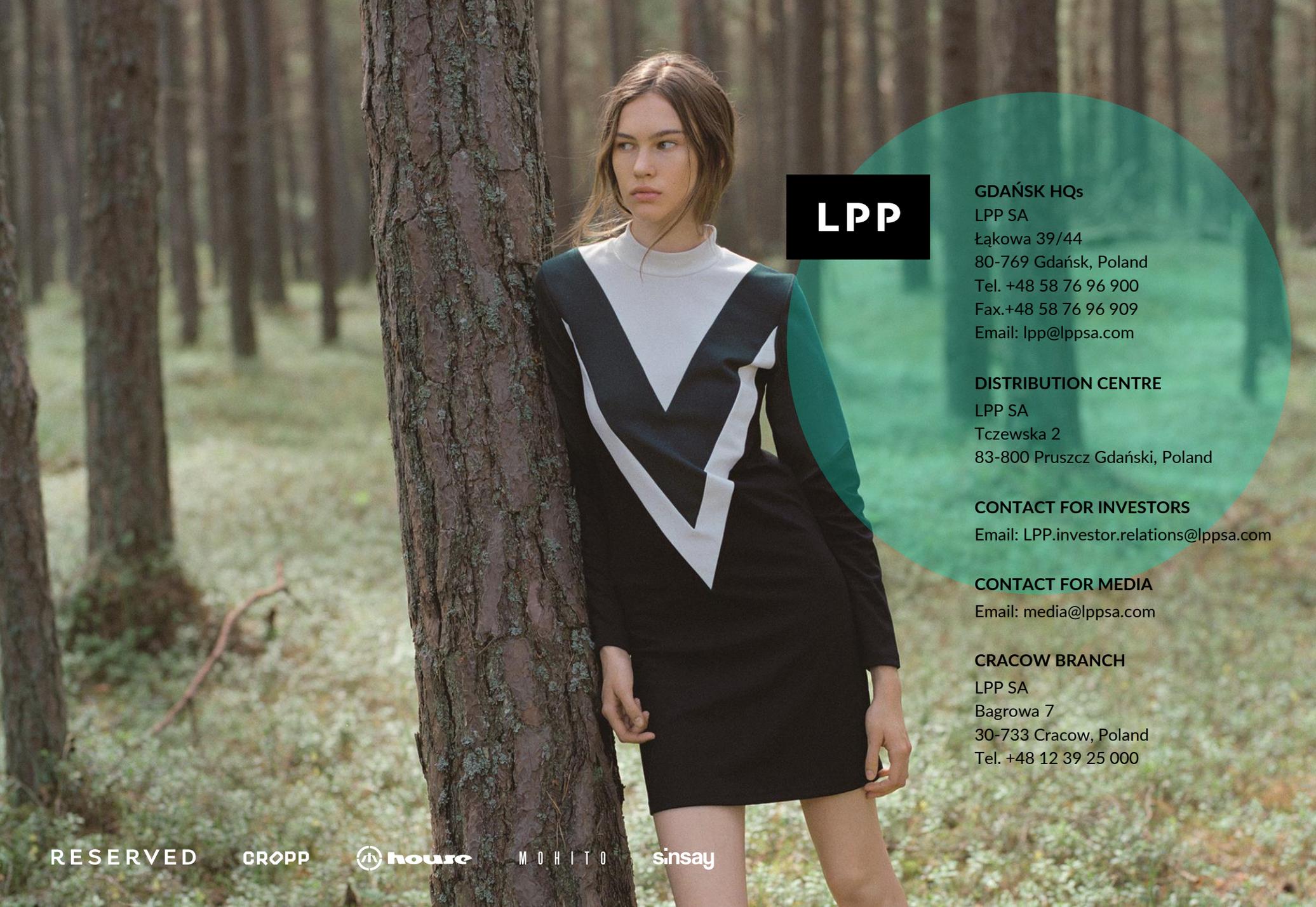
REVENUES (PLN m)



	2Q17	2Q18	YoY
Number of stores	204	253	+ 49
Floorspace (thn m2)	72.5	92.8	28%
Average store space (m2)	355	367	3%
Average monthly sales (PLN/m2)	694	756	9%

Glossary

Poland	Retail sales in Poland and other sales of LPP SA.
CEE	Region including: Czech Republic, Slovakia, Hungary.
Baltic	Region including: Lithuania, Latvia, Estonia.
CIS	Region including: Russia, Ukraine, Belarus and from 2018 also Kazakhstan.
SEE	Region including: Bulgaria, Romania, Croatia, Serbia, while from 2018 also Slovenia.
WE	Region including Germany and the UK.
ME	Region including: Egypt, Qatar, Kuwait, UAE, while from 2018 also Israel. Until mid-2017 the region also encompassed Saudi Arabia.
Europe	Region including: CEE, Baltic, SEE and WE.
EBITDA	EBIT + depreciation from cash flow statement.
Average monthly revenues/m ²	Revenues of segment or brand / average working total floorspace / 3.
Average monthly costs of own stores/m ²	Quarterly costs of own stores / average working floorspace of own stores (ie. excluding all franchise stores which represent c. 5.5% of the working floorspace) / 3.
Average monthly SG&A PLN/m ²	Quarterly SG&A costs/ average working total floorspace excluding stores located in ME and Belarus / 3.
Inventory/ m ²	End of period group inventory/ total floorspace without foreign franchise stores.



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RESERVED

CROPP

 riv house

MOHITO

sinsay