

LPP

3Q18 FINANCIAL RESULTS PRESENTATION

WARSAW, 20th NOVEMBER 2018

RESERVED

CROPP

 **house**

MOHITO

sinsay

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1. 3Q18 financial results

2. Key corporate events

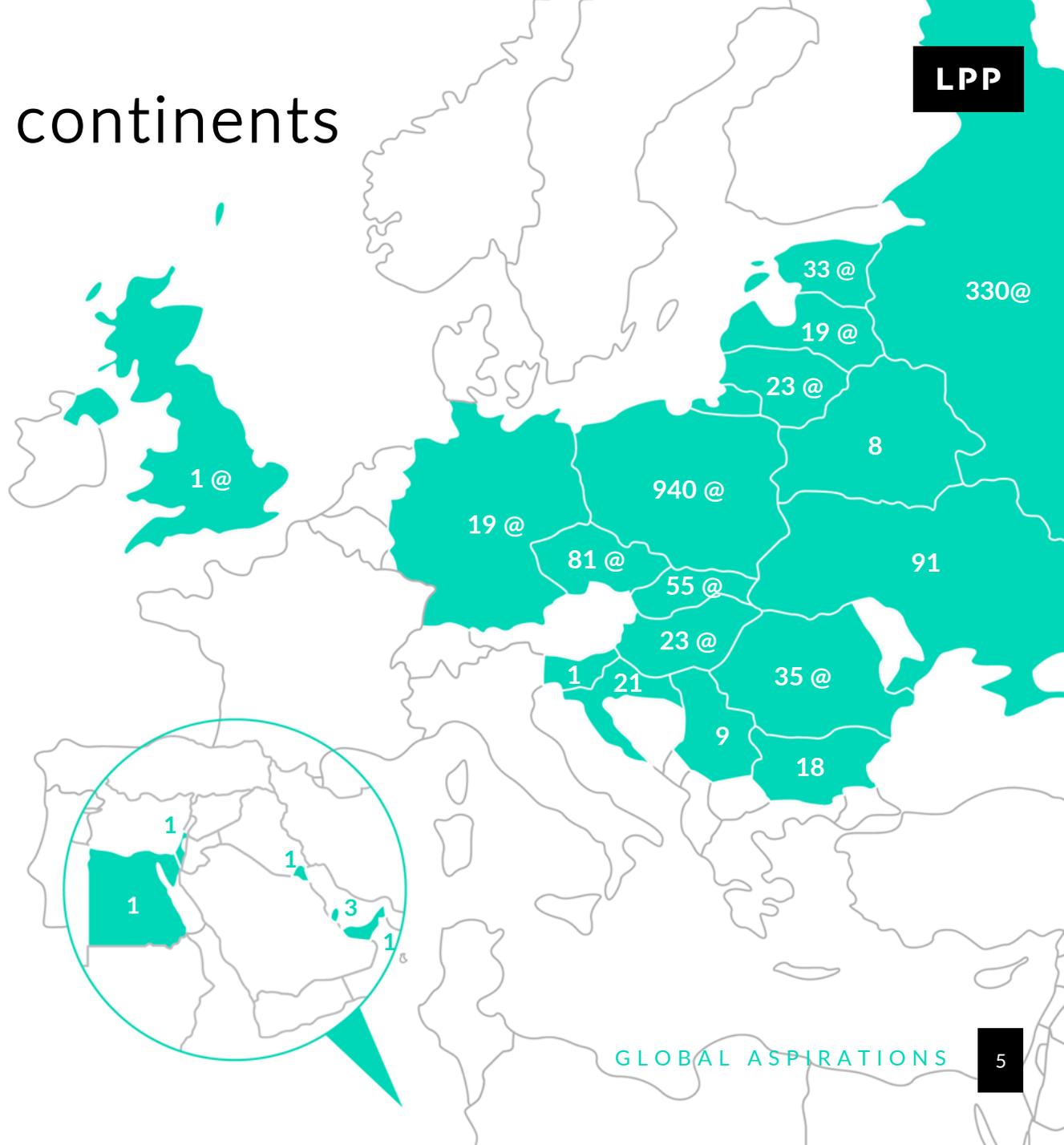
3. 2018 and 2019 outlook

Dynamic e-commerce growths



22 countries on 3 continents

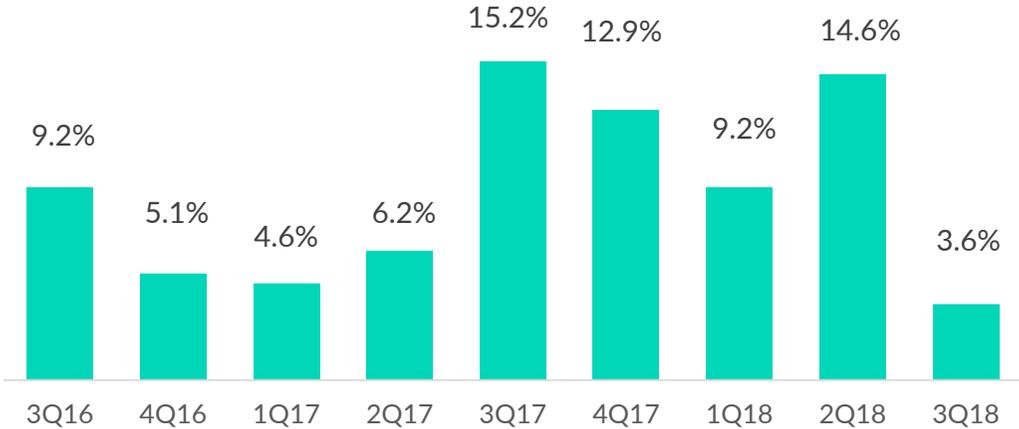
30.09.2018	No. of stores	YoY
LPP GROUP	1,714	+ 31
Reserved	451	- 3
Cropp	362	- 11
House	326	+ 2
Mohito	291	+ 6
Sinsay	256	+ 43
Outlets	28	- 6



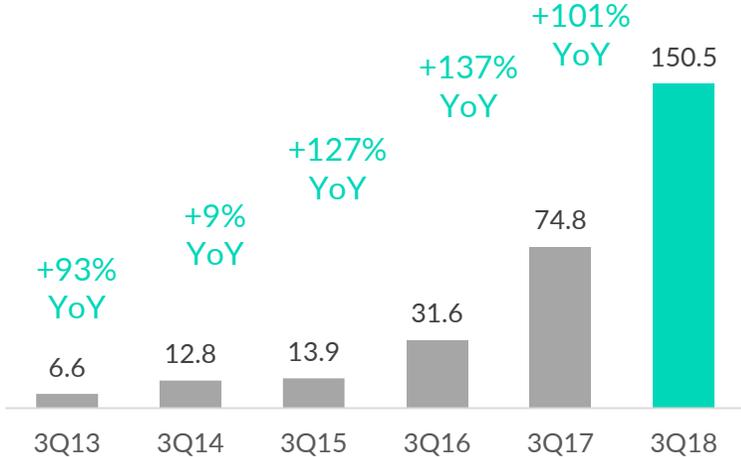
xx Number of stores
 @ Internet stores

LFL and e-commerce growths

LFL DYNAMICS
(local currencies)



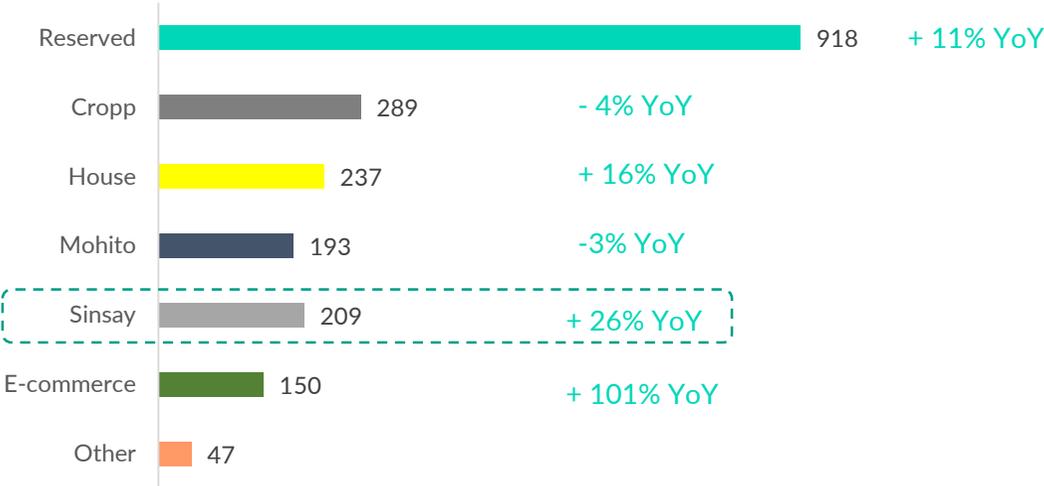
ON-LINE SALES
(PLN m)



- LFLs were positive in each month of 3Q18. Reserved, House and Sinsay showed positive LFLs in 3Q18.
- In 3Q18 LFLs were positive in most countries (the highest in Romania, Lithuania, Ukraine and Russia), despite a high base.
- High 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 8.3% of revenues from Poland and 7.4% group revenues in 3Q18.

Floorspace growths in all brands

REVENUES BY BRANDS
(PLN m)



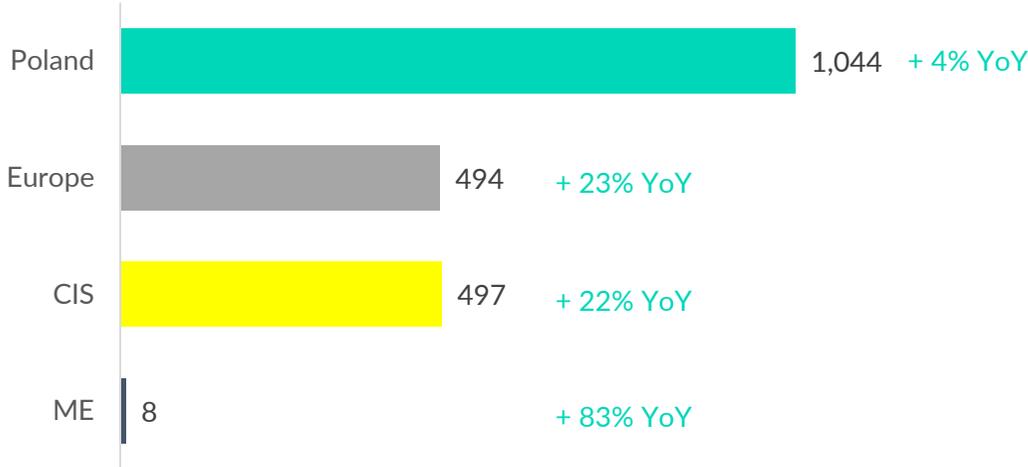
3Q18 FLOORSPACE
(by brands)

ths m2	3Q17	3Q18	YoY
LPP GROUP	939.9	1,035.4	10.2%
Reserved	526.8	584.9	11.0%
Cropp	121.4	126.4	4.1%
House	105.6	112.4	6.4%
Mohito	98.5	106.2	7.8%
Sinsay	76.0	94.7	24.5%
Outlets	11.6	10.8	-7.1%

- In 3Q18 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 (entry to new countries: Slovenia and Israel).

Growths in key regions

REVENUES BY REGIONS
(PLN m)



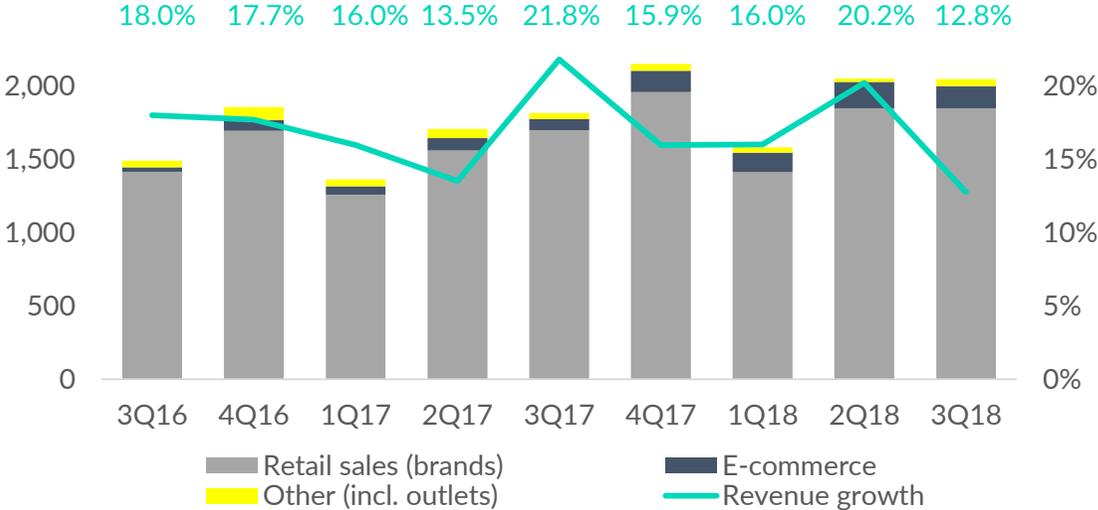
3Q18 FLOORSPACE
(by regions)

ths m2	3Q17	3Q18	YoY
LPP GROUP	939.9	1,035.4	10.2%
Poland	490.5	507.2	3.4%
Europe	224.1	261.8	16.8%
CIS	218.7	259.0	18.4%
ME	6.6	7.3	11.1%

- Revenue dynamics in Poland were affected by floorspace optimisation and unfavourably warm weather in September.
- Dynamic revenue growth in Europe in 3Q18 due to strong development in the CEE and SEE regions.
- High sales dynamics in all CIS countries in 3Q18.
- Growth in Middle East revenues due to successful launch of the first store in Israel.
- Among countries, the highest nominal YoY revenue growth was recorded in Russia and Poland.

Group sales dynamics continue

GROUP REVENUES
(PLN m)



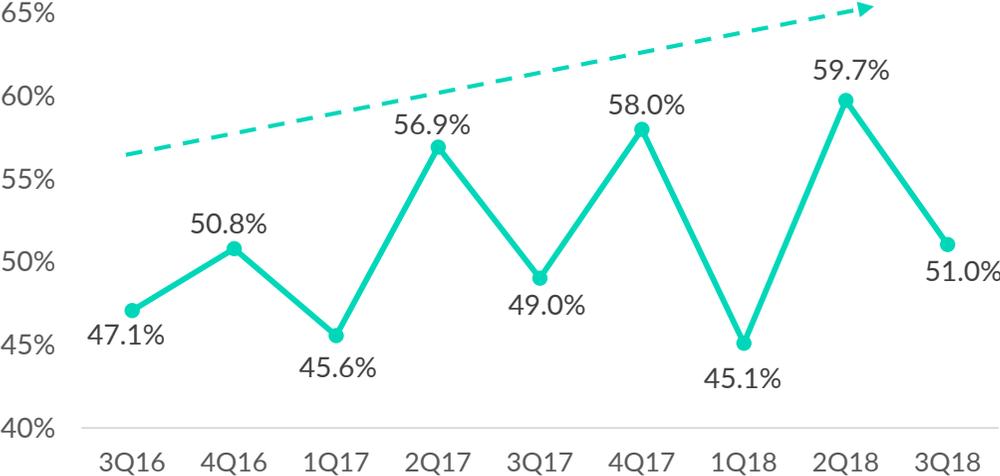
REVENUES/ M2

PLN (monthly)	3Q17	3Q18	YoY
LPP GROUP retail	638	618	-3.1%
Poland	661	634	-4.1%
Europe	605	588	-2.8%
CIS	625	617	-1.3%
LPP GROUP	648	663	2.3%

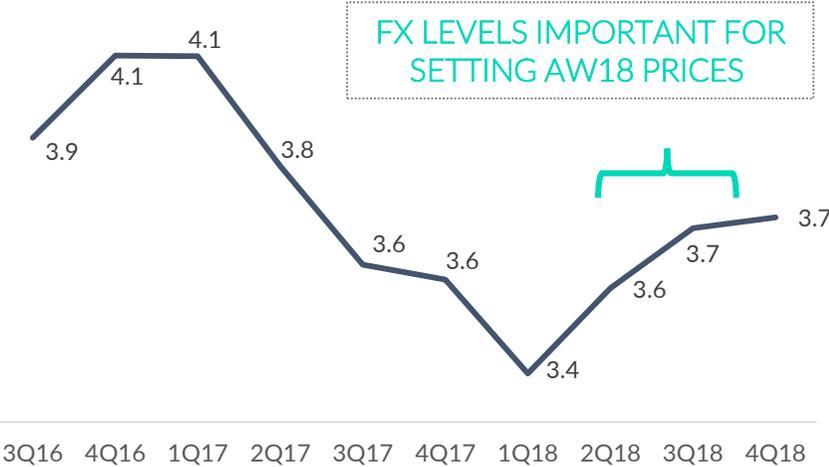
- Group revenues grew 12.8% YoY in 3Q18 due to higher floorspace, positive LFLs and high e-commerce dynamics.
- 3Q18 sales/ m2 were higher YoY due to e-commerce development. Slight YoY falls in retail sales/ m2 due to dynamic floorspace growth.
- The highest double-digit retail sales/ m2 were recorded in 3Q18 in Romania, Lithuania and Latvia.

Gross profit margin expansion

QUARTERLY GROSS PROFIT MARGIN



AVERAGE QUARTERLY US\$/PLN



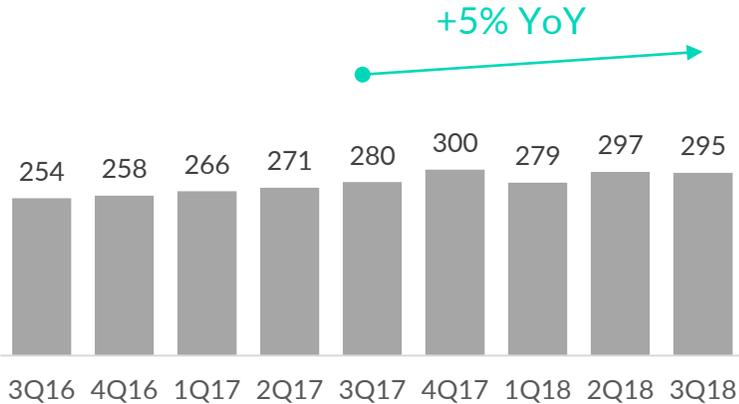
- YoY gross profit margin increase in 3Q18, despite unfavourable weather in September, due to good reception of the autumn-winter collection by customers (including Reserved) and favourable FX trends.
- The gross margin was also favourably affected by the new inventory management policy, which allows to allocate goods to individual stores.
- There were no inventory write-offs in 3Q18, along with the current accounting policy.

Operating costs under control

COSTS OF OWN STORES/ M2



SG&A COSTS/ M2



- Lower YoY rental charges → increasing the average size of stores lowers average rental paid.
- 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) as well as higher on-line and off-line marketing costs.

Improvement on all lines

PLN m	3Q17	3Q18	YoY
Revenues	1,812.8	2,043.9	12.8%
<i>Gross profit margin</i>	49.0%	51.0%	2.0pp.
SG&A costs	775.0	898.8	16.0%
EBIT	103.1	129.2	25.3%
<i>EBIT margin</i>	5.7%	6.3%	0.6pp.
Net profit	85.1	91.6	7.6%

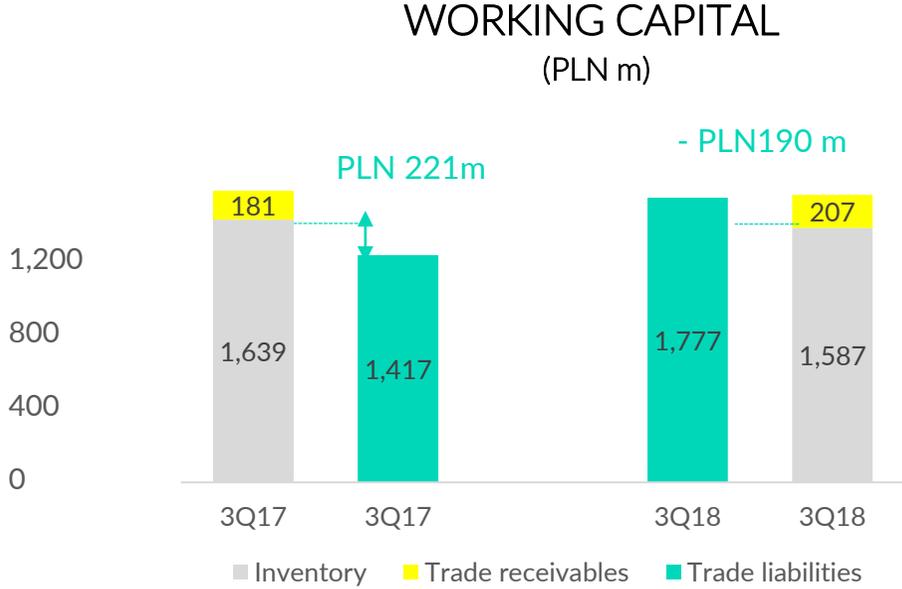
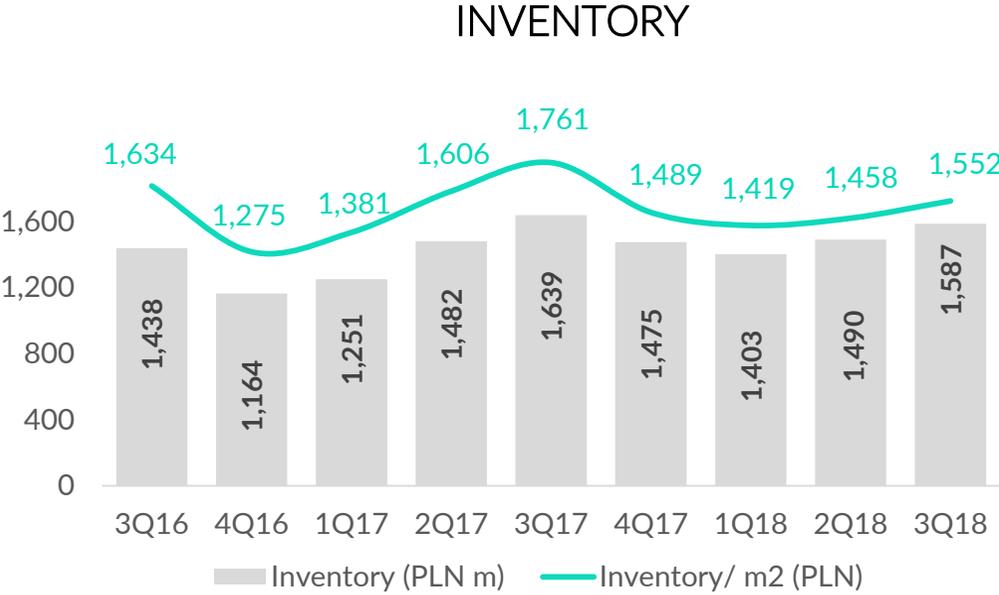
- Dynamic group revenue growth:
 - positive LFL and floorspace increase,
 - on-line sales development.
- Significant increase in gross profit margin despite the sell-off period due to favourable FX trends and very good acceptance of the autumn-winter collection of most brands (including Reserved).
- SG&A costs growth above sales increase due to development of foreign structures and growth in logistics costs.
- Less favourable net financial activity due FX differences.
- Single-digit net profit growth.

Double-digit EBIT and net income growth

PLN m	9M17	9M18	YoY
Revenues	4,880.5	5,674.0	16.3%
<i>Gross profit margin</i>	50.8%	52.5%	1.7pp.
SG&A costs	2,238.1	2,610.9	16.7%
EBIT	201.7	323.2	60.2%
<i>EBIT margin</i>	4.1%	5.7%	1.6pp.
Net profit	141.4	192.9	36.5%

- Dynamic group revenue growth:
 - positive LFLs,
 - floorspace growth, entry to new countries,
 - on-line sales increase.
- Gross profit margin improvement in 9M18 due to favourable FX trends and good reception of the collection in 2Q18 and 3Q18.
- SG&A growth in line with top-line growth.
- Less favourable net financial activity due to FX differences.
- High net profit dynamics.

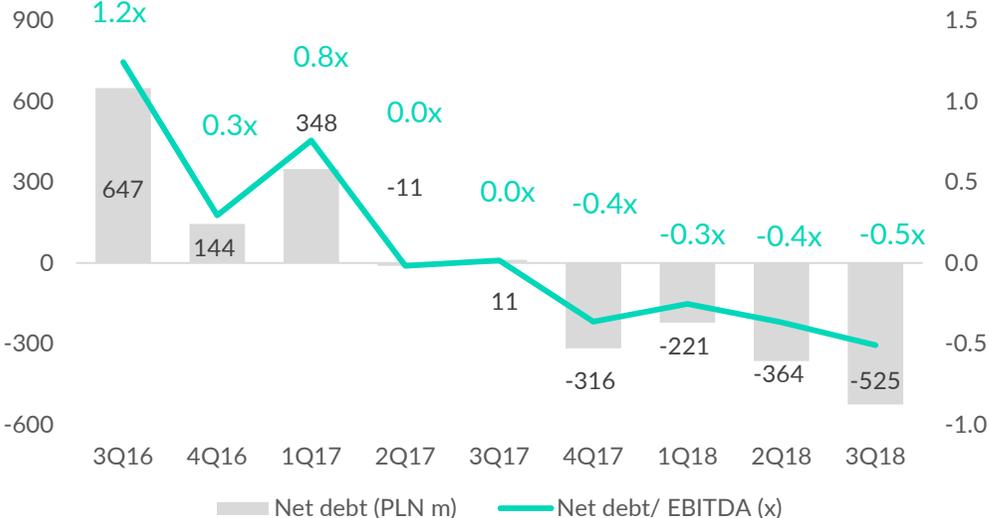
Trade liabilities greater than inventory



- 3% YoY fall in inventory and 12% YoY fall in inventory/ m2, due to strong sales and more efficient inventory management.
- Our long-term goal is to match trade liabilities to inventory level. The goal has been achieved in 3Q18.
- PLN 910m additional liabilities due to supplier financing programme at the end of 3Q18.
- As a result, we reduced our cash cycle to 3 days in 3Q18 compared to 32 days in 3Q17 and 82 days in 3Q16.

Net cash on the balance sheet

NET DEBT VS NET DEBT/EBITDA
(PLN m)



CAPEX
(PLN m)



- At the end of 3Q18, we had PLN 525m of net cash. In addition, we had PLN 192m worth of money market funds. Our target is to keep net cash in the next quarters for future investments.
- 3Q18 capex grew 74.5% YoY due to outlays for distribution centres (modernization of Pruszcz Gdański and first costs of Brześć Kujawski) and expansion of our HQ.
- YoY increase in short-term debt due to taking loans by two subsidiaries.

9M18 executive summary

- 1 Positive dynamics in comparable stores.
- 2 Triple-digit e-commerce growth.
- 3 Control of costs of stores.
- 4 Decrease in inventory/ m2.
- 5 Increase in net cash.



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Key corporate events



**NEW COUNTRY:
ISRAEL**

Debut on the 21st market - Reserved store located in Tel Aviv shopping mall.

730 m2

August 2018

September 2018

**NEW COUNTRY:
SLOVENIA**

Reserved store on the 22nd market in the City Center shopping mall in Celje.

1,700 m2



**NEW RESERVED
CAMPAIGN**

A new global campaign for the Reserved brand - this time with Joanna Kulig and Jeanne Damas.

September 2018

September 2018

**ANOTHER STORE
IN GERMANY**

20th Reserved store opened in Germany in Frankfurt am Main at Zeil street.

2,644 m2



I Can Boogie

Global #icanboogie campaign in three scenes.

Reserved advertisement featured Joanna Kulig and Jeanne Damas.

Joanna Kulig appeared in Reserved suit at the premiere of the *Cold War* film in New York.



Changes in Reserved collection



- ✓ Successfully implemented changes in the Reserved women and children collection. Currently, these are introduced to menswear part of the collection.
- ✓ The first effects should be visible already in the spring - summer 2019 collection.
- ✓ For the first time 40% of the Reserved autumn-winter premium collection was produced from environmentally friendly materials.

Slovenia - the fifth country in the Balkans



- ✓ Slovenia is the fifth country in the Balkans, where stores of LPP's brands are located.
- ✓ We are satisfied with the so-far results of this region.
- ✓ At the beginning, Reserved store was opened in Slovenia. We are also planning to open stores of other brands.
- ✓ In 2019, the first Reserved store will be open in Bosnia and Herzegovina.
- ✓ In 2019, we focus on development of on-line stores in the region after the success of e-stores in Romania.

A new e-commerce warehouse



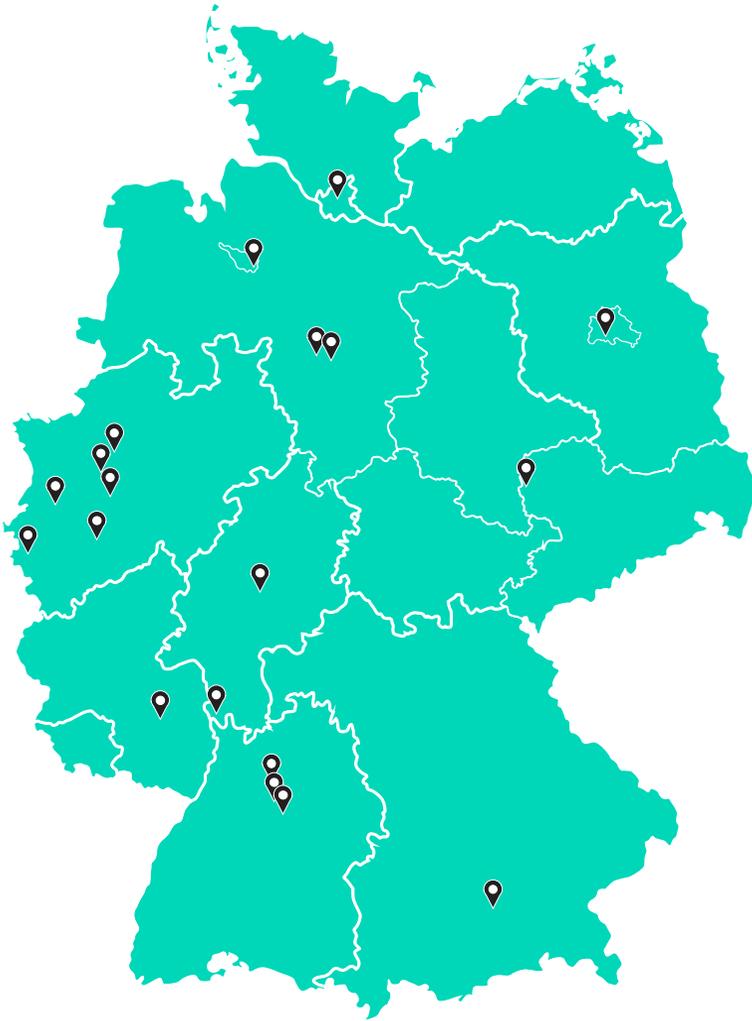
- ✓ We are planning to rent a distribution center in Romania.
- ✓ The warehouse is to streamline the on-line operations of LPP in the SEE Region.
- ✓ On-line purchases of our Reserved and Mohito customers are packed in recycled packages.

Floorspace: 22 ths m2

Rented

Planned opening: end of 2019

Strengthening presence in Germany

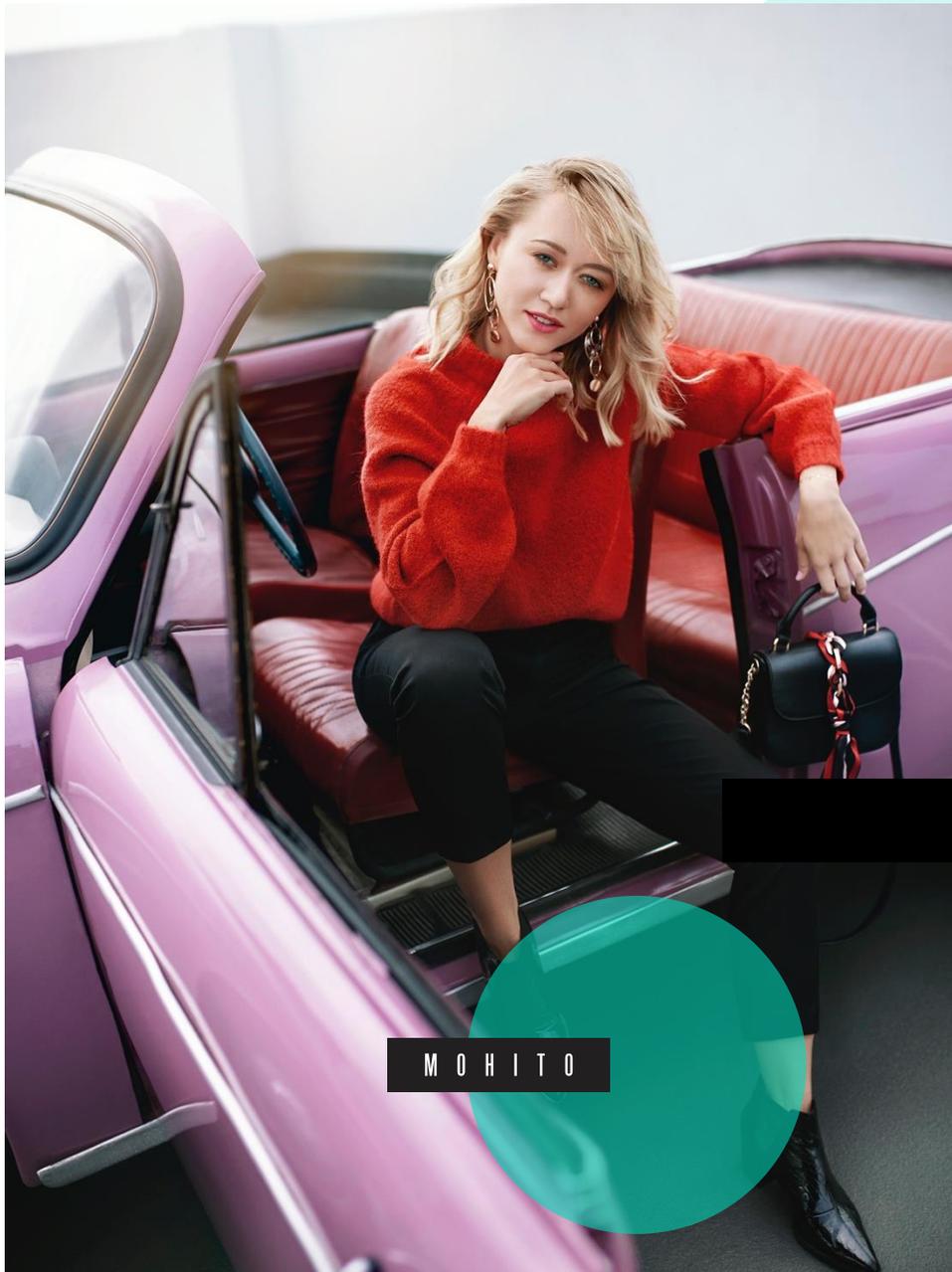


- ✓ 5th largest country in terms of revenue.
- ✓ Development through Reserved brand stores and e-commerce.
- ✓ Further development only after obtaining profitability.
- ✓ Resignation from one store in Ludwigsburg in 3Q18.
- ✓ Finland will be the next Western European country after Germany and the UK.

Kazakhstan – LPP’s 23rd market launched



- ✓ Kazakhstan is the third new country opened in 2018.
- ✓ Reserved store with 2,385 m2 of floorspace was opened in the Dostyk Plaza shopping center in Almaty at the end of October 2018.
- ✓ Opening of House, Mohito and Sinsay stores is planned by the end of November 2018 in A'port shopping mall.
- ✓ In 2019, we plan to open stores of all brands in the capital of the country - Astana.



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Floorspace growth to continue in 2018

Floorspace (ths m2)	2017	2018 former target	2018 target	YoY
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BY BRANDS

Reserved	562.3	627.8	617.2	10%
Cropp	127.2	134.8	133.8	5%
House	110.6	116.9	116.8	6%
Mohito	103.8	110.0	109.3	5%
Sinsay	84.6	105.0	103.4	22%
Outlets	12.1	10.8	12.0	-1%

BY REGIONS

Poland	514.0	527.2	529.3	3%
Europe	232.8	289.5	274.4	18%
CIS	247.3	282.3	281.8	14%
ME	6.6	6.2	7.1	7%
TOTAL	1,000.6	1,105.2	1,092.5	9%

- 9% YoY floorspace growth in 2018. Shifts in openings of selected stores for 2019.
- Reserved stores are at present in 23 countries.
- 3 new markets in 2018: Kazakhstan (own stores, October and November), Slovenia (own stores, September) and Israel (franchise stores, August).
- 4Q18 target:
 - opening of c. 22 ths m2 floorspace in Poland,
 - development in Europe (new stores, including Serbia and Romania),
 - continuation of development in the CIS region (opening c.7 ths m in Kazakhstan).
- Planned 2018 capex at c. PLN 560m, up c. 27% YoY. Planned store capex at PLN 320m, HQs outlays at PLN 135m, logistics outlays at PLN 60m and IT at PLN 45m.

Dynamic e-commerce growth

E-commerce in 2018 should exceed
9%
Group sales.

In **1H19** we plan to launch an on-line store for all **EU countries and Ukraine.**

2021 e-commerce target:
20%
of revenues.



2018 outlook maintained

- 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

Floorspace growth acceleration in 2019

Floorspace (ths m2)	2018 target	2019 target	YoY
BY BRANDS			
Reserved	617.2	673.9	9%
Cropp	133.8	149.8	12%
House	116.8	129.2	11%
Mohito	109.3	111.9	2%
Sinsay	103.4	130.3	26%
Outlets	12.0	11.5	-4%
BY REGIONS			
Poland	529.3	537.3	2%
Europe	274.4	337.6	23%
CIS	281.8	324.7	15%
ME	7.1	7.1	0%
TOTAL	1,092.5	1,206.6	10%

- 10% YoY floorspace growth in 2019.
- Planned entry into 2 new markets with own stores: Bosnia and Herzegovina and Finland.
- As a result, at the end of 2019 Reserved stores should be located in 25 countries.
- 2019 target:
 - selective floorspace growth in Poland,
 - acceleration of growth in Europe (emphasis on South-Eastern Europe),
 - further development in the CIS region.
- Planned 2019 capex at c. PLN 700m, up c. 25% YoY. Planned store capex at PLN 380m, HQs outlays at PLN 100m, logistics outlays at PLN 170m and IT at PLN 50m.



Q&A



Back-up

 house

Network development

Floorspace (ths m2)	30.09.2016	31.12.2016	31.03.2017	30.06.2017	30.09.2017	31.12.2017	31.03.2018	30.06.2018	30.09.2018
Reserved	487.2	509.1	510.7	520.8	526.8	562.3	561.0	582.2	584.9
Poland	232.0	248.7	245.9	247.4	247.9	266.8	264.9	264.7	259.3
Europe	140.0	144.1	147.7	151.3	157.6	160.8	162.2	178.1	182.3
CIS	107.7	108.7	109.5	114.0	114.7	128.1	127.3	132.8	136.0
ME	7.6	7.6	7.6	8.2	6.6	6.6	6.6	6.6	7.3
Cropp	116.7	120.4	120.1	121.9	121.4	127.2	127.7	130.1	126.4
Poland	63.0	65.3	65.1	66.5	64.9	65.7	65.7	67.9	64.2
Europe	21.0	21.2	21.0	20.8	21.2	22.3	22.1	22.6	22.8
CIS	32.8	34.0	34.0	34.7	35.3	39.3	39.8	39.6	39.3
House	103.8	105.7	102.9	106.6	105.6	110.6	110.9	113.0	112.4
Poland	63.1	64.9	62.4	65.1	64.0	65.0	64.9	66.8	65.9
Europe	16.8	16.4	16.2	16.2	16.2	17.1	17.2	17.0	17.0
CIS	23.9	24.3	24.3	25.4	25.4	28.6	28.7	29.2	29.4
Mohito	97.6	99.1	97.8	99.3	98.5	103.8	103.4	105.5	106.2
Poland	52.4	53.4	51.7	52.6	52.1	53.0	52.3	53.7	52.9
Europe	18.1	18.1	18.1	18.1	18.1	19.7	20.1	21.2	22.2
CIS	27.1	27.7	28.0	28.6	28.4	31.1	31.0	30.6	31.1
Sinsay	65.2	69.8	69.8	72.5	76.0	84.6	85.8	92.8	94.7
Poland	45.5	48.6	48.6	49.0	50.9	53.2	53.3	56.0	56.4
Europe	9.2	9.7	9.7	10.4	10.9	12.8	13.1	15.9	17.3
CIS	10.5	11.5	11.5	13.1	14.2	18.7	19.4	21.0	21.0
Tallinder (Poland only)	3.7	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlets	13.8	12.6	12.6	12.6	11.6	12.1	12.1	10.6	10.8
Total by regions									
Poland	471.2	496.6	485.3	492.1	490.5	514.0	511.5	518.0	507.2
Europe	205.2	209.5	212.8	216.9	224.1	232.8	235.0	254.9	261.8
CIS	204.0	207.0	208.2	216.5	218.7	247.3	247.8	254.7	259.0
ME	7.6	7.6	7.6	8.2	6.6	6.6	6.6	6.6	7.3
TOTAL	888.0	920.7	913.9	933.7	939.9	1,000.6	1,000.9	1,034.2	1,035.4

2018 network development details

Floorspace (thś m2)	31.12.2017	31.12.2018	Nom. growth	YoY growth
Reserved	562.3	617.2	54.9	10%
Poland	266.8	273.1	6.3	2%
Europe	160.8	192.4	31.7	20%
CIS	128.1	144.6	16.5	13%
ME	6.6	7.1	0.5	7%
Cropp	127.2	133.8	6.6	5%
Poland	65.7	66.5	0.8	1%
Europe	22.3	24.8	2.6	12%
CIS	39.3	42.4	3.1	8%
House	110.6	116.8	6.2	6%
Poland	65.0	67.3	2.3	4%
Europe	17.1	18.9	1.8	10%
CIS	28.6	30.6	2.1	7%
Mohito	103.8	109.3	5.5	5%
Poland	53.0	54.0	1.0	2%
Europe	19.7	23.6	3.9	20%
CIS	31.1	31.7	0.7	2%
Sinsay	84.6	103.4	18.8	22%
Poland	53.2	60.1	6.9	13%
Europe	12.8	14.5	1.7	13%
CIS	18.7	28.8	10.2	54%
Outlets	12.1	12.0	-0.1	-1%
Poland	10.3	8.3	-2.1	-20%
Europe	0.2	0.2	0.0	0%
CIS	1.6	3.5	2.0	128%
TOTAL	1,000.6	1,092.5	91.9	9%

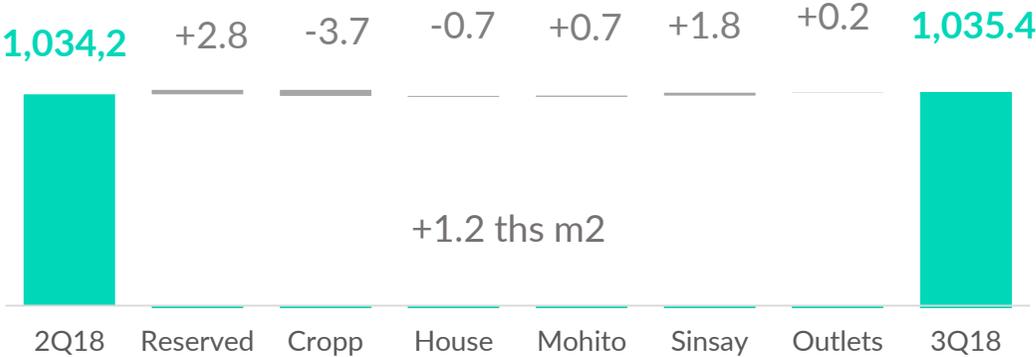
No. of STORES	31.12.2017	31.12.2018	Nom. growth	YoY growth
Reserved	468	464	-4	-1%
Poland	232	216	-16	-7%
Europe	119	128	9	8%
CIS	111	113	2	2%
ME	6	7	1	17%
Cropp	381	372	-9	-2%
Poland	211	200	-11	-5%
Europe	69	69	0	0%
CIS	101	103	2	2%
House	333	333	0	0%
Poland	205	200	-5	-2%
Europe	52	54	2	4%
CIS	76	79	3	4%
Mohito	294	296	2	1%
Poland	160	156	-4	-3%
Europe	53	60	7	13%
CIS	81	80	-1	-1%
Sinsay	233	273	40	17%
Poland	152	165	13	9%
Europe	33	51	18	55%
CIS	48	57	9	19%
Outlets	34	28	-6	-27%
Poland	30	22	-8	-27%
Europe	1	1	0	0%
CIS	3	5	2	67%
TOTAL	1,743	1,766	23	1%

Capex planned for 2018-20

PLN m	2018	2019	2020	2018-2020
Stores	320	380	350	1,050
Poland and abroad stores	320	380	350	1,050
Office	135	100	140	375
New office Gdańsk Łąkowa - Building 1	60	20		80
New office Gdańsk Łąkowa - Building 2		70		70
New office Gdańsk Łąkowa - Building 3			70	70
New office Gdańsk Łąkowa - Building 4			70	70
New office Krakow	35			35
New office Gdańsk (purchase)	40	10		50
Logistics	60	170	230	460
Expansion of LC Pruszcz Gdański	40	20		60
New LC Central Poland	20	150	230	400
IT & others	45	50	50	145
TOTAL	560	700	770	2,030

Changes in 3Q18 floorspace

CHANGE IN FLOORSPACE BY BRANDS
(ths m2)



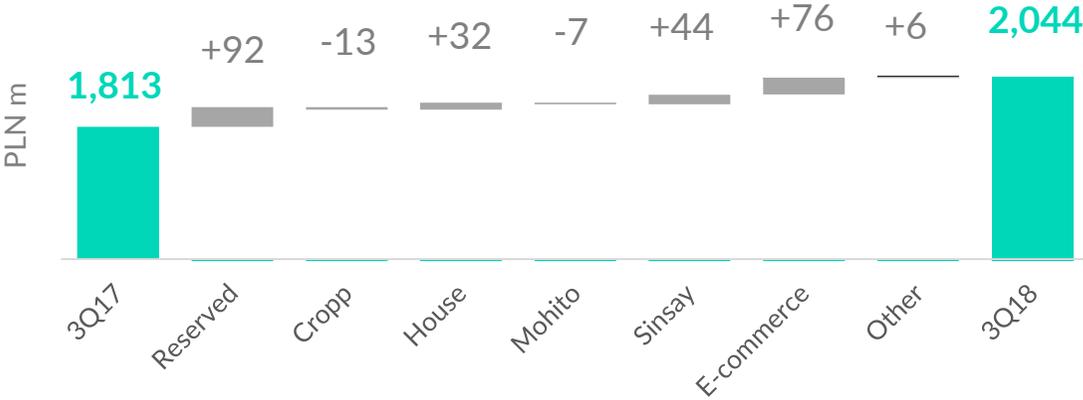
CHANGE IN FLOORSPACE BY REGIONS
(ths m2)



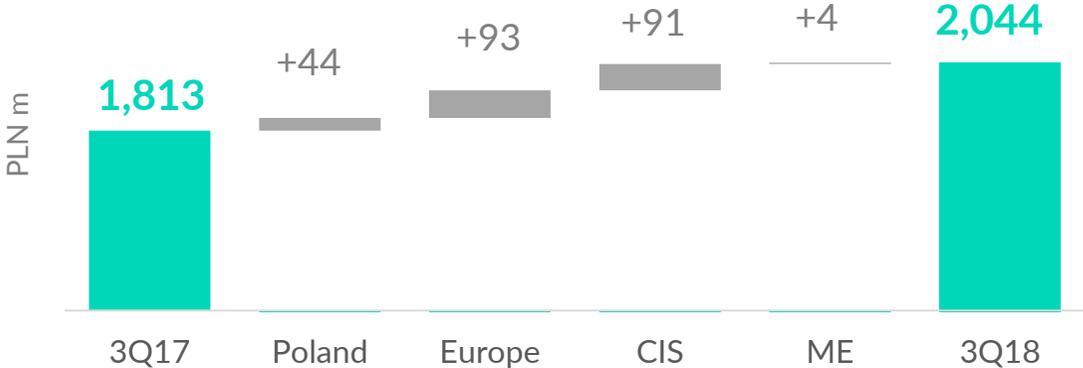
- 3Q18 was marked by optimization of group floorspace and development of new markets – we opened 1.2 ths m2 net, due to closing down of stores in Poland (10.8 ths m2), especially seasonal stores.
- The fastest growth among regions took place in Europe, where we opened 6.9 ths m2. Floorspace growth took place in Hungary, Germany (opening of a new store, but closing of an existing one), in Croatia and Slovenia (new country).
- In the CIS region, the fastest growth in 3Q18 took place in Russia, where we opened 3.9 ths m2.
- Reserved recorded the fastest growth due to the entry into two new countries (Slovenia and Israel).

3Q18 revenue growth contributors

REVENUE GROWTH BY BRANDS



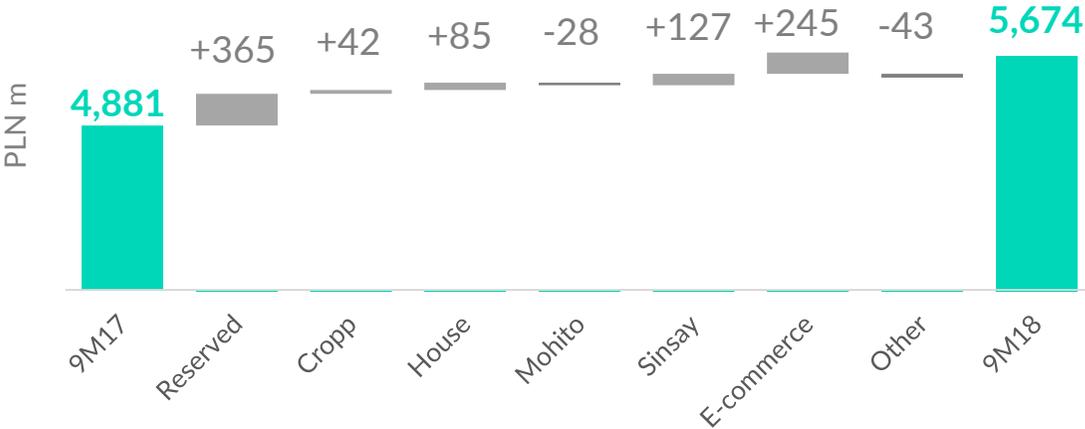
REVENUE GROWTH BY REGIONS



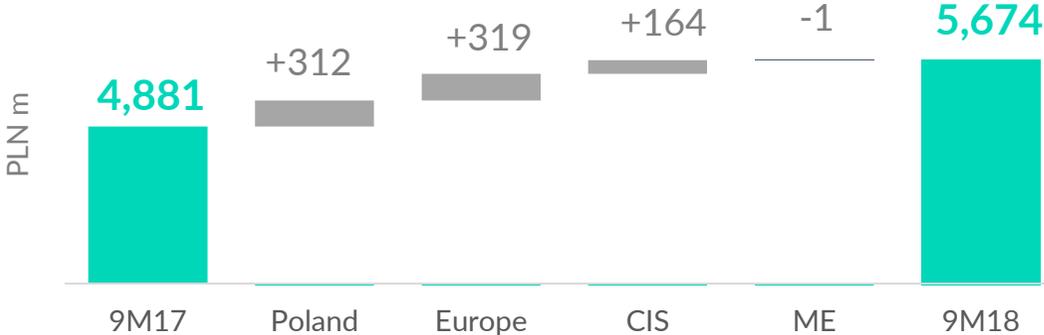
PLN m	3Q17	3Q18	YoY
LPP GROUP	1,812.8	2,043.9	12.8%
Reserved PL	400.6	427.6	6.7%
Reserved EX	424.7	490.2	15.3%
Cropp PL	158.4	135.5	-14.4%
Cropp EX	143.2	153.5	7.2%
House PL	133.3	146.1	9.6%
House EX	71.7	91.2	27.3%
Mohito PL	107.3	96.8	-9.8%
Mohito EX	92.7	96.5	4.1%
Sinsay PL	115.6	127.6	10.3%
Sinsay EX	49.6	81.2	63.8%
E-commerce	74.8	150.5	101.3%
Other	40.8	47.2	15.6%

9M18 revenue growth contributors

REVENUE GROWTH BY BRANDS



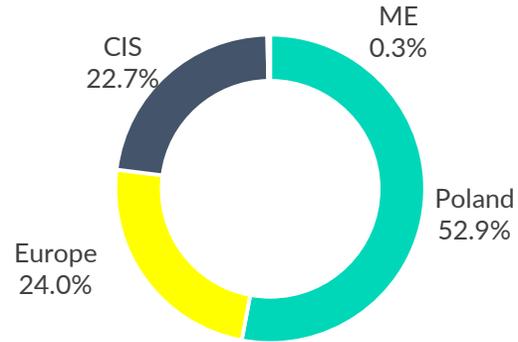
REVENUE GROWTH BY REGIONS



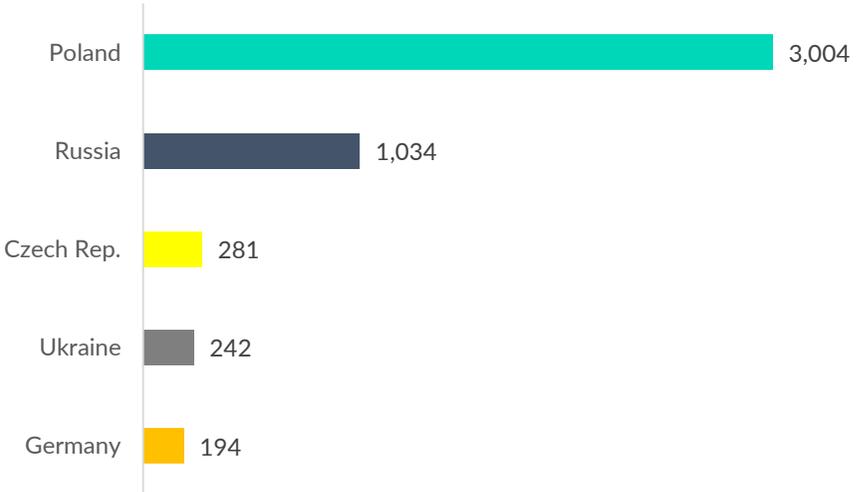
PLN m	9M17	9M18	YoY
LPP GROUP	4,880.5	5,674.0	16.3%
Reserved PL	1,070.6	1,242.7	16.1%
Reserved EX	1,131.6	1,324.1	17.0%
Cropp PL	383.1	373.8	-2.4%
Cropp EX	360.9	411.9	14.1%
House PL	353.9	392.9	11.0%
House EX	190.5	237.0	24.4%
Mohito PL	314.1	293.7	-6.5%
Mohito EX	281.9	274.3	-2.7%
Sinsay PL	303.5	352.2	16.0%
Sinsay EX	122.4	201.1	64.3%
E-commerce	214.4	459.8	114.5%
Other	153.6	110.4	-28.1%

Revenue and COGS split

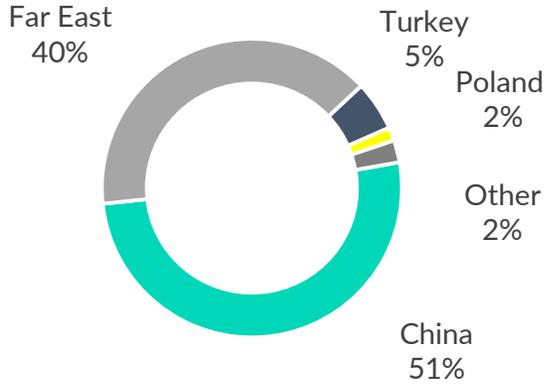
9M18 REVENUES BY REGIONS
(PLN m)



TOP5 REVENUES BY COUNTRIES IN 9M18
(PLN m)

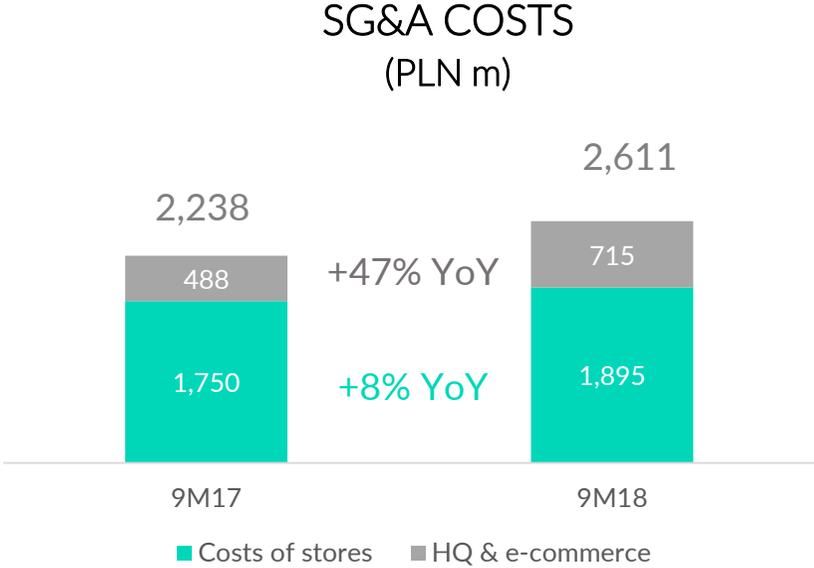
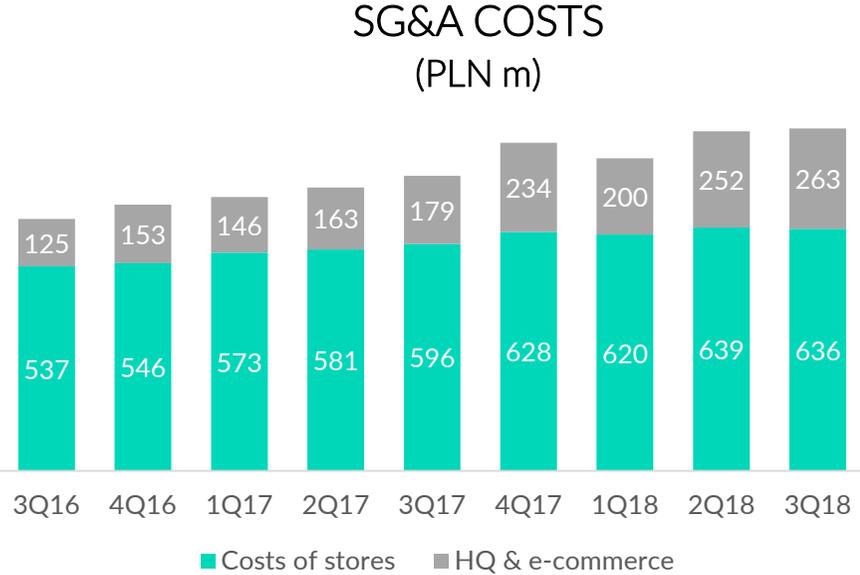


9M18 PURCHASES BY REGIONS
(PLN m)



Poland remains our most important market.

Costs of stores and HQs



- 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 3Q18 due to higher YoY floorspace.
- HQ costs → YoY growth in 3Q18 due to further e-commerce development, expansion of logistics, higher marketing costs and on-line advertising.

3Q18 other operating and net financial lines

OTHER OPERATING ACTIVITY

PLN m	3Q17	3Q18
OTHER OPERATING REVENUES	5.1	7.0
Compensations, inventory excess	4.1	4.3
Gain on sale of assets, write-ups	-0.3	0.8
OTHER OPERATING COSTS	15.5	22,4
Write-offs	-0.6	2.5
Inventory losses	11.5	15.7
Donations and liquidations	4.0	4.8
OTHER OPERATING ACTIVITY NET	-10.5	-15.4

Higher level of other operating income due to write-ups.
Higher YoY inventory losses behind pick-up in other operating costs. In 3Q18, there were no inventory write-offs, shown on the level of gross profit margin since 2Q18.

NET FINANCIAL ACTIVITY

PLN m	3Q17	3Q18
FINANCIAL REVENUES	13.5	-1.5
FX gains	12.3	-4.5
Interest	1.3	2.9
FINANCIAL COSTS	2.2	17.7
FX losses	0.0	12.8
Interest	1.9	4.0
Fees and charges	0.4	1.0
NET FINANCIAL ACTIVITY	11.2	-19.2

PLN 17.2m of FX losses (3Q17: PLN 12.3m gains), out of which PLN 10.5m losses on ruble and hryvna (3Q17: PLN 4.7m gains), PLN 4m losses on US\$ (3Q17: PLN 4.4m losses) and PLN 2.5m losses on other currencies (EUR, RON, HUF, CZK).

9M18 other operating and net financial lines

OTHER OPERATING ACTIVITY

PLN m	9M17	9M18
OTHER OPERATING REVENUES	16.9	20.9
Compensations, inventory excess	10.5	15.0
Gain on sale of assets, write-ups	1.7	0,8
OTHER OPERATING COSTS	57.2	67.4
Write-offs	1.6	10.6
Inventory losses	39.8	41.3
Donations and liquidations	11.8	11.2
OTHER OPERATING ACTIVITY NET	-40.4	-46.6

Higher level of other operating income due to higher compensations and write-ups in 9M18. Higher other operating costs due to write-offs for unprofitable stores in 2Q18.

NET FINANCIAL ACTIVITY

PLN m	9M17	9M18
FINANCIAL REVENUES	22.1	5.3
FX gains	17.8	0.0
Interest	4.2	5.2
FINANCIAL COSTS	12.0	25.4
FX losses	0.0	12.8
Interest	10.0	10.0
Fees and charges	2.0	2.7
NET FINANCIAL ACTIVITY	10.1	-20.1

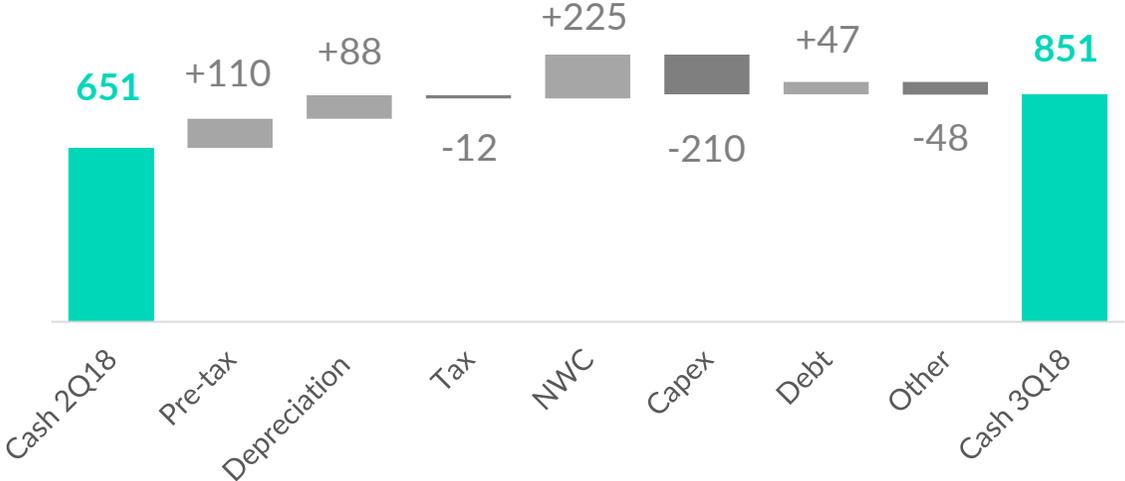
PLN 12.8m of FX losses (9M17: PLN 17.8m gains), out of which PLN 24.5m of losses on ruble and hryvna (9M17: PLN 9.0m losses), PLN 15.3m gains on US\$ (9M17: PLN 22.7m gains) and PLN 3.6m losses on other currencies (EUR, RON, HUF, CZK).

Historical quarterly numbers

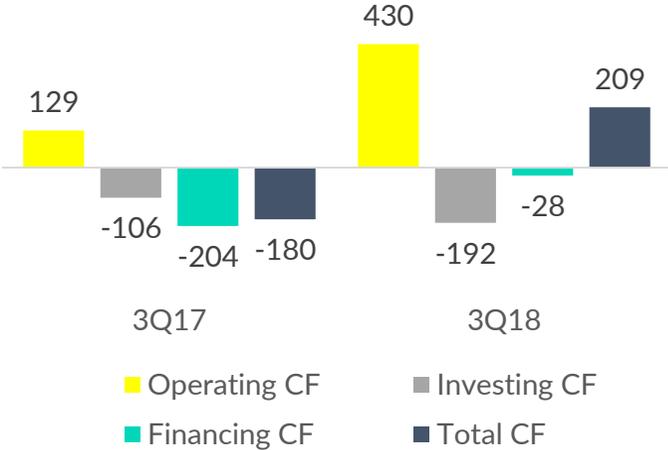
PLN m	4Q16	4Q17	1Q17	1Q18	2Q17	2Q18	3Q17	3Q18	YoY
Revenues	1,853.4	2,148.9	1,362.3	1,580.4	1,705.4	2,049.7	1,812.8	2,043.9	12.8%
Gross profit on sales	941.7	1,246.3	620.6	712.8	970.9	1,224.5	888.6	1,043.4	17.4%
Gross profit margin	50.8%	58.0%	45.6%	45.1%	56.9%	59.7%	49.0%	51.0%	2.0pp.
SG&A costs	699.6	861.9	719.2	820.5	743.8	891.6	775.0	898.8	16.0%
Other operating line	-43.0	-7.7	-10.4	-10.1	-19.5	-21.1	-10.5	-15.4	
EBIT	199.1	376.7	-109.0	-117.7	207.6	311.8	103.1	129.2	25.3%
EBIT margin	10.7%	17.5%	-8.0%	-7.4%	12.2%	15.2%	5.7%	6.3%	0.6pp.
Net financial activity	-21.7	-24.9	-2.5	14.5	1.4	-15.5	11.2	-19.2	
Pre-tax profit	177.4	351.9	-111.5	-103.2	209.0	296.3	114.3	110.0	-3.8%
Tax	20.4	52.3	5.5	1.6	35.8	90.2	29.3	18.4	
Net income	157.0	299.5	-117.0	-104.8	173.3	206.1	85.1	91.6	7.6%
Net income margin	8.5%	13.9%	-8.6%	-6.6%	10.2%	10.1%	4.7%	4.5%	-0.2pp.

Cash flows

3Q18 CASH GENERATION
(PLN m)



3Q18 CASH FLOWS
(PLN m)



- Operating cash flow → further 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 → payment of dividend and increase of short-term debt.
- PLN 1.3bn in open credit lines used for letters of credits, guarantees and overdrafts.

Balance sheet increasingly strong

PLN m	30.09.2017	31.12.2017	30.09.2018
Non-current assets	1,952.1	2,041.4	2,238.1
fixed assets	1,397.5	1,478.2	1,648.3
intangibles (inc. goodwill)	344.2	351.2	368.1
Current assets	2,205.0	2,289.5	2,929.8
inventory	1,638.7	1,475.2	1,587.1
trade receivables	181.5	199.6	207.3
cash and equivalents	256.4	514.8	851.2
Total assets	4,157.1	4,330.8	5,167.8
Equity	2,184.0	2,443.4	2,555.3
Long-term liabilities	307.5	324.4	315.3
interest bearing debt	155.2	141.8	101.9
Short-term liabilities	1,665.6	1,563.0	2,297.2
trade liabilities	1,417.3	1,325.3	1,776.8
interest bearing debt	112.1	56.5	224.1
Total liabilities	4,157.1	4,330.8	5,167.8

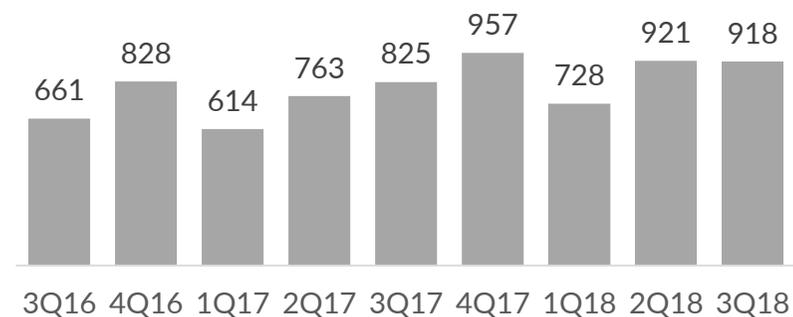
- YoY growth in fixed assets due to network development and investments in logistics.
- Higher YoY intangibles, due to investments in concept stores of five brands and IT outlays.
- Lower YoY inventory due to strong sales in 9M18.
- YoY increase in receivables results from a larger scale of business (higher revenues mean more card transactions).
- Current assets include also PLN 192m of investments in money market funds, which are not part of cash and equivalents line.
- YoY increase in trade payables due to the supplier financing programme.
- YoY growth in short-term debt due to taking loans by two subsidiaries.

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 (Kate Moss, Georgia May Jagger, Brooklyn Beckham).

REVENUES

(PLN m)



	3Q17	3Q18	YoY
Number of stores	454	451	- 3
Floorspace (thn m2)	526.8	584.9	11%
Average store space (m2)	1,160	1,297	12%
Average monthly sales (PLN/m2)	539	538	0%

CUSTOMER Teenagers – boys and girls.

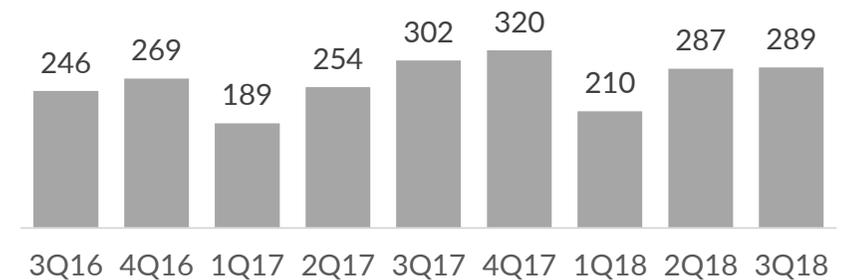
YEAR OF LAUNCH 2004

BRAND CONCEPT A casual streetwear brand.

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.

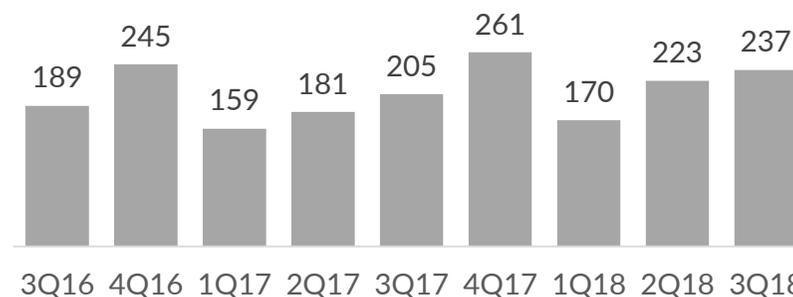
REVENUES (PLN m)



	3Q17	3Q18	YoY
Number of stores	373	362	- 11
Floorspace (thn m2)	121.4	126.4	4%
Average store space (m2)	325	349	7%
Average monthly sales (PLN/m2)	828	756	-9%

CUSTOMER	Teenagers (boys and girls) who like brave fashion choices.
YEAR OF LAUNCH	2001 (in LPP's Group since 4Q08).
BRAND CONCEPT	Urban fashion brand with folk and vintage elements.
STORE CONCEPT	The interior of the store is inspired by music instruments and possesses many music and art 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.

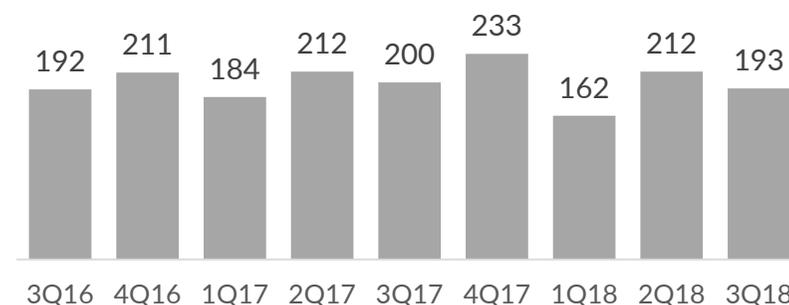
REVENUES (PLN m)



	3Q17	3Q18	YoY
Number of stores	324	326	+ 2
Floorspace (thn m2)	105.6	112.4	6%
Average store space (m2)	326	345	6%
Average monthly sales (PLN/m2)	648	710	10%

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)

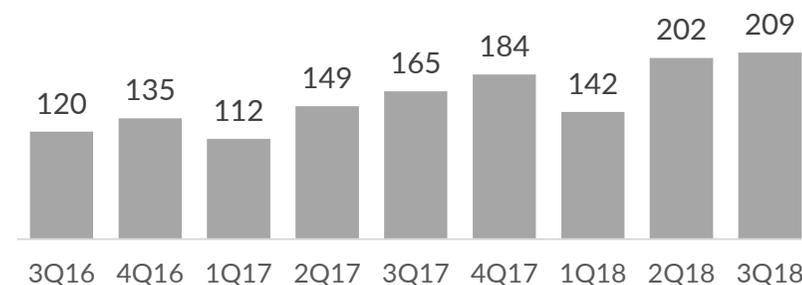


	3Q17	3Q18	YoY
Number of stores	285	291	+ 6
Floorspace (thn m2)	98.5	106.2	8%
Average store space (m2)	346	365	6%
Average monthly sales (PLN/m2)	674	611	-9%

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)



	3Q17	3Q18	YoY
Number of stores	213	256	+ 43
Floorspace (thn m2)	76.0	94.7	25%
Average store space (m2)	357	370	4%
Average monthly sales (PLN/m2)	748	749	0%

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 and from 2019 B&H.
WE	Region including Germany and the UK and from 2019 also Finland.
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	Quarterly 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% 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 franchise stores in ME and Belarus.
Cash cycle	Receivables (in days) plus inventory (in days) minus liabilities (in days). Calculated based on average values of receivables, inventory and liabilities.

The LPP logo is displayed in white, bold, sans-serif capital letters on a black rectangular background. The background of the entire page is a photograph of two women in a dimly lit room with a grand piano. One woman is seated on the piano bench, looking towards the right, while the other stands by the piano, looking down. The piano is a dark wood with a light-colored keyboard. The lighting is dramatic, with strong highlights and deep shadows.

GDAŃSK HQs

LPP SA

Łąkowa 39/44

80-769 Gdańsk, Poland

Tel. +48 58 76 96 900

Fax.+48 58 76 96 909

Email: lpp@lppsa.com

DISTRIBUTION CENTRE

LPP SA

Tczewska 2

83-800 Pruszcz Gdański, Poland

CONTACT FOR INVESTORS

Email: LPP.investor.relations@lppsa.com

CONTACT FOR MEDIA

Email: media@lppsa.com

CRACOW BRANCH

LPP SA

Bagrowa 7

30-733 Cracow, Poland

Tel. +48 12 39 25 000

RESERVED

CROPP

The logo for riv house, featuring the word 'riv' in a lowercase, sans-serif font inside a circle, followed by the word 'house' in a lowercase, sans-serif font.

MOHITO

sinsay