



LPP



LPP EQUITY STORY

GLOBAL ASPIRATIONS

MAY 2019

RESERVED

CROPP

 **house**

M O H I T O

sinsay

Disclaimer

This presentation (the “Presentation”) was prepared by LPP SA (the “Company”) with a due care. Still, it may contain certain inconsistencies or omissions. The Presentation does not contain a complete or thorough financial analysis of the Company and does not present its standing or prospects in a comprehensive or in-depth manner. Therefore, anyone who intends to make an investment decision with respect to the Company should rely on the information disclosed in the official reports of the Company, published in accordance with the laws applicable to the Company. This Presentation was prepared for information purposes only and does not constitute an offer to buy or to sell any financial instruments.

The Presentation may contain 'forward-looking statements'. However, such statements cannot be treated as assurances or projections of any expected future results of the Company. Any statements concerning expectations of future financial results cannot be understood as guarantees that any such results will actually be achieved in future. The expectations of the Management Board are based on their current knowledge and depend on many factors due to which the actual results achieved by the Company may differ materially from the results presented in this document. Many of those factors are beyond the awareness and control of the Company or the Company’s ability to foresee them.

Neither the Company, nor its directors, officers, advisors, nor representatives of any such persons are liable on account of any reason resulting from any use of this Presentation. Additionally, no information contained in this Presentation constitutes any representation or warranty of the Company, its officers or directors, advisors or representatives of any of the above persons. The Presentation and the forward-looking statements speak only as at the date of this Presentation. These may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review, to confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Presentation.

Table of contents

4	OVERVIEW
12	INVESTMENT CASE
14	NEW MARKETS DEVELOPMENT
23	DYNAMIC E-COMMERCE GROWTH
29	EFFICIENT BUSINESS MODEL
35	FREE CASH FLOW GENERATION
38	A RESPONSIBLE COMPANY

42	BACK-UP
43	BRANDS
53	LFLs
57	FLOORSPACE
60	REGIONS
73	GROWTH DRIVERS
77	BUSINESS MODEL DETAILS
95	CORPORATE MILESTONES
97	CORPORATE AND SOCIAL RESPONSIBILITY
107	STOCK EXCHANGE/IR



RESERVED

01. Overview

02. Investment case

03. Back-up

The largest clothing retailer on WSE

1,765
STORES

23
COUNTRIES

PLN 8.0bn
REVENUES

69%
FREE FLOAT

MSCI POLAND
WIG 20 MEMBER

PLN 14.5bn
MARKET
CAPITALISATION

Data as of 31.12.2018

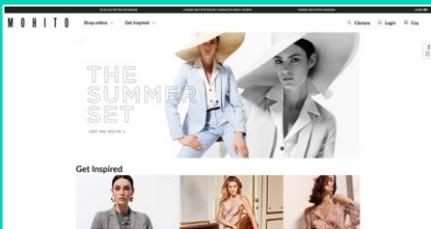
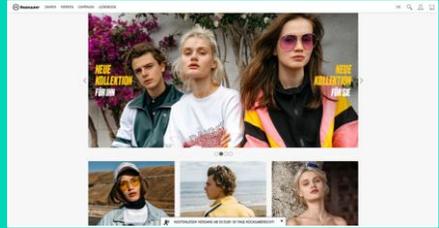
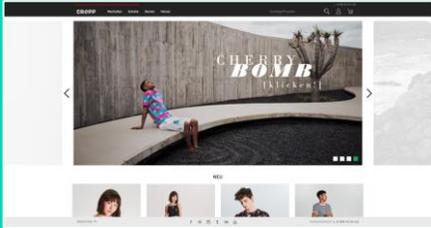
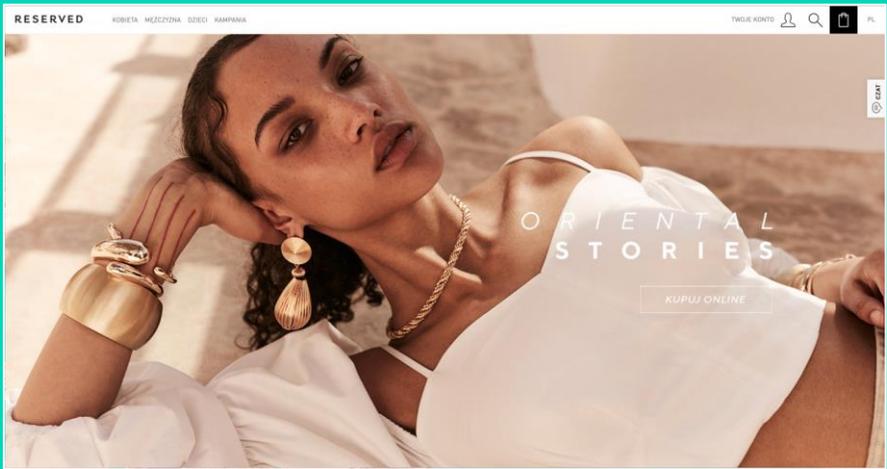
A diversified brand portfolio ...



...with varied but modern store concepts



2 growth pillars: stores and e-commerce



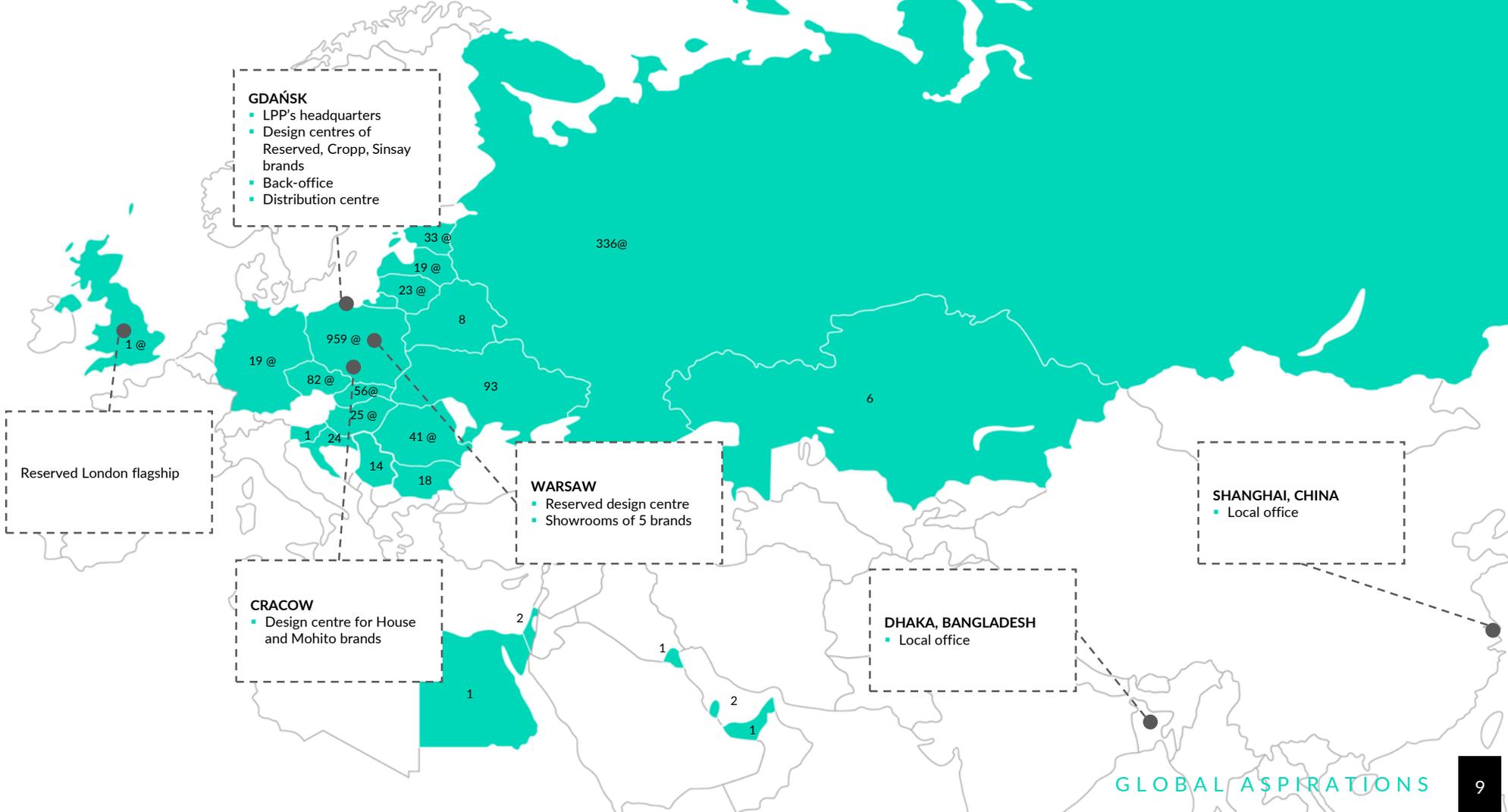
23 countries off-line

11 countries on-line (own e-stores)

2 pillars of growth

	31.12.2018	No. of stores	YoY
LPP GROUP		1,765	+ 22
Reserved		464	- 4
Cropp		373	- 8
House		332	- 1
Mohito		296	+ 2
Sinsay		272	+ 39
Outlets		28	- 6

1,765 stores on 3 continents



A lean retail oriented business model



250+
designers

750+
total number of people
creating collections
of 5 brands

90%
goods sourced
from Asia

1,148
suppliers

capacity to send up to
1.5m
products daily to stores

3 distribution centres
worldwide

2 under construction

1,765
stores

23
countries

3 continents
Europe, Asia, Africa

212m
pieces of clothing
and accessories sold

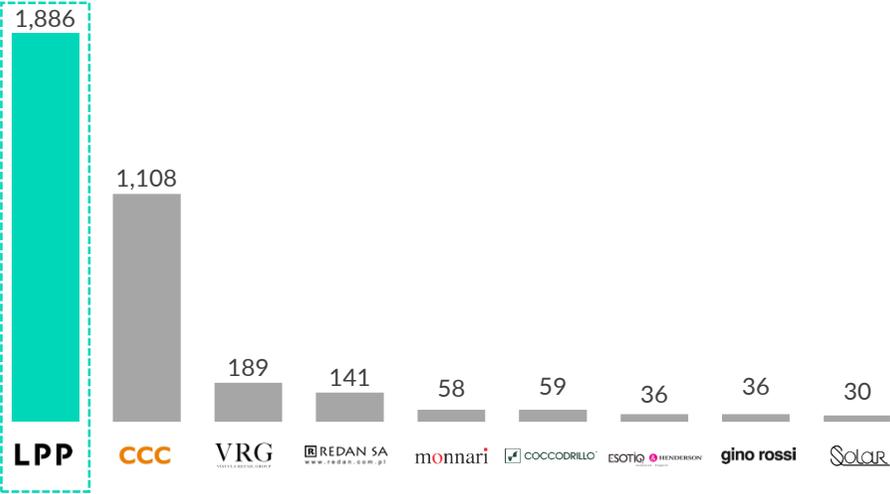
0.5m + of on-line
orders handled monthly

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

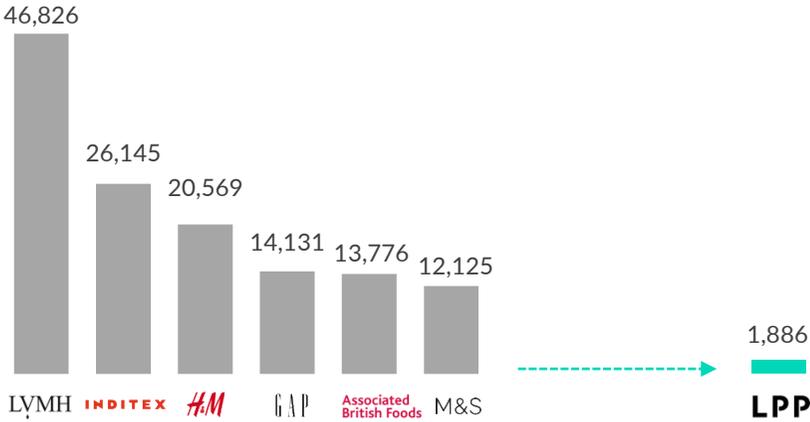
LEADER ON THE DOMESTIC RETAIL MARKET

REVENUES (EUR m)



AMBITIONS TO BE AMONG THE INTERNATIONAL LEADERS

REVENUES (EUR m)



Note: Data based on 2018 revenues or equivalent annual if available. Values calculated at average exchange rates for the period.



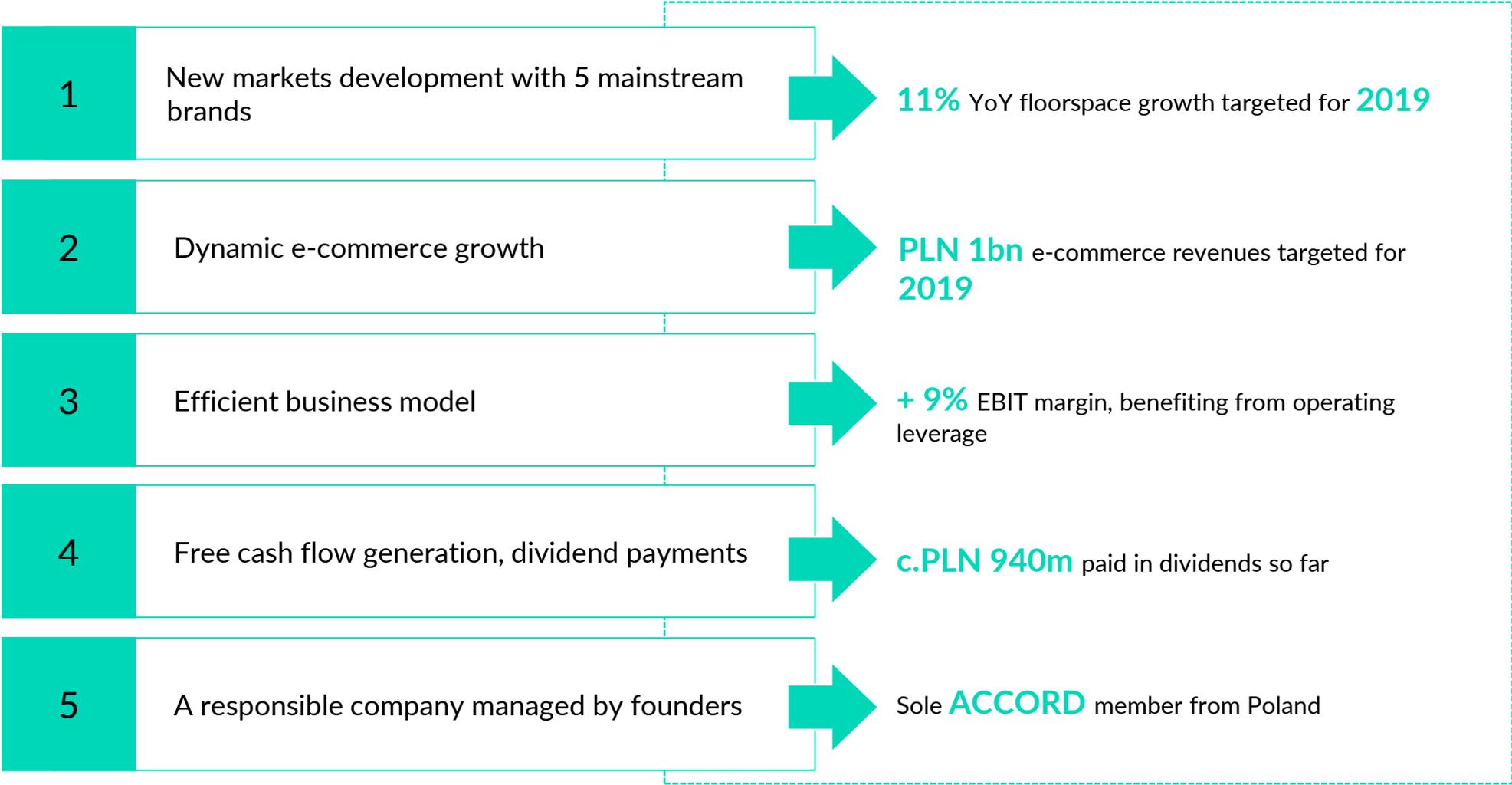
CROPP

01. Overview

02. Investment case

03. Back-up

Investment case



Portfolio of 5 mainstream brands

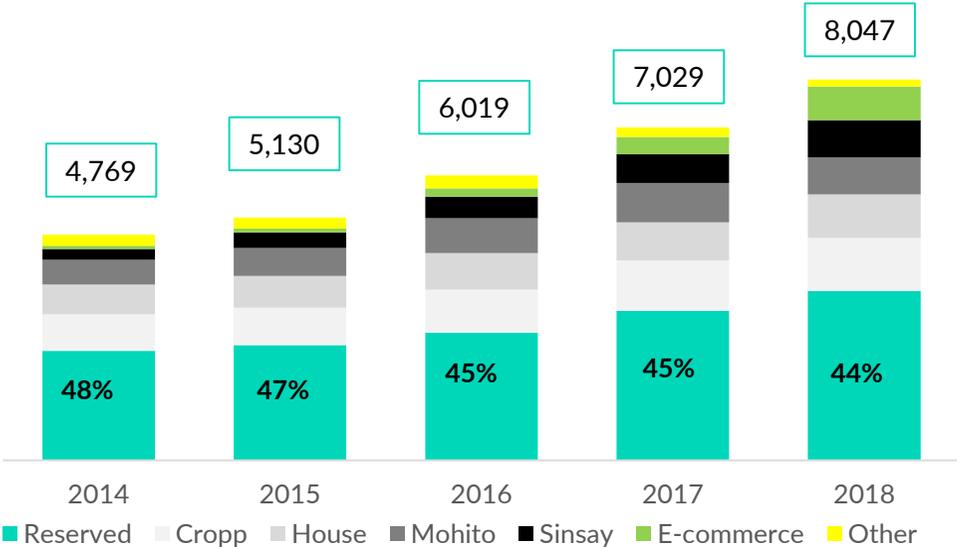
WE FOCUS ON MAINSTREAM-PRICED BRANDS

	RESERVED	CROPP	house	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	An optimistic 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 / FLOORSACE 2018	464 616.7 ths m2	373 134.0 ths m2	332 116.2 ths m2	296 109.4 ths m2	272 103.0 ths m2
AVERAGE STORE SIZE	1,329 m2	359 m2	350 m2	370 m2	379 m2

Note: Sum of brands' stores and floorspace does not equal group floorspace as on top we had c.12 ths m2 of outlets at the end of 2018.

Reserved remains our most important brand

GROUP REVENUES BY BRANDS
(PLN m)



GROUP REVENUES BY BRANDS

PLN m	2014	2015	2016	2017	2018
LPP GROUP	4,769	5,130	6,019	7,029	8,047
Reserved	2,311	2,434	2,693	3,160	3,578
Cropp	771	790	915	1,064	1,120
House	634	673	767	805	920
Mohito	523	586	737	829	782
Sinsay	225	329	461	610	789
E-commerce	65	79	173	361	712
Other	241	239	273	201	146

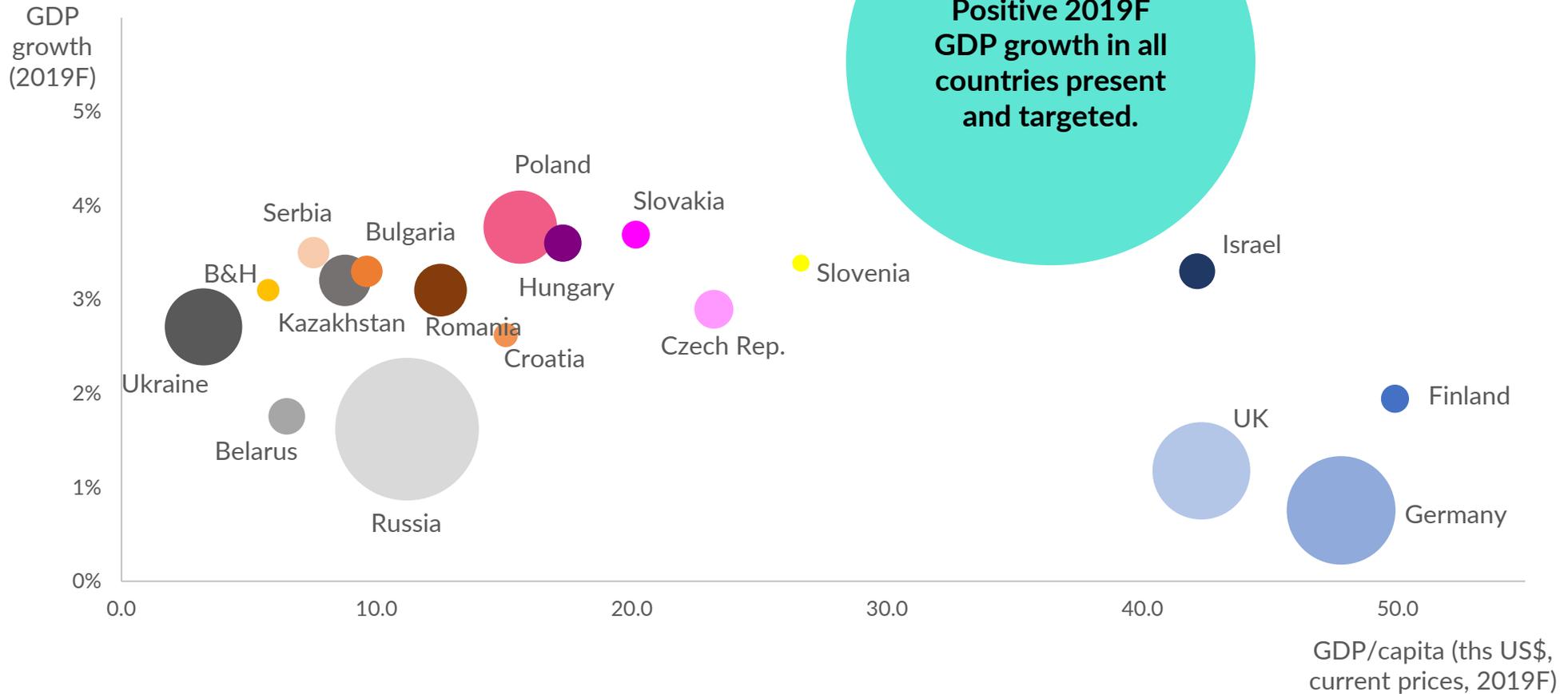
- Reserved remains our key and anchor brand.
- We continue to develop other brands to minimise fashion risk and benefit from economies of scale.
- The priority in new markets' expansion is given to Reserved brand (CIS, Western Europe, Middle East).

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, Slovenia	Russia, Ukraine, Belarus, Kazakhstan	Germany, UK	Egypt, Kuwait, Qatar, UAE, Israel
# COUNTRIES PRESENT	4	3	5	4	2	5
BRANDS	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved	Reserved
# STORES 2018	1,122	75	98	443	20	7
TYPE OF STORES	Own (majority), franchise	Own	Own	Own (majority), franchise	Own	Franchise
FLOORSPACE 2018	635.4 ths m2	43.5 ths m2	81.0 ths m2	275.4 ths m2	49.0 ths m2	7.1 ths m2

Entry into high growth potential markets

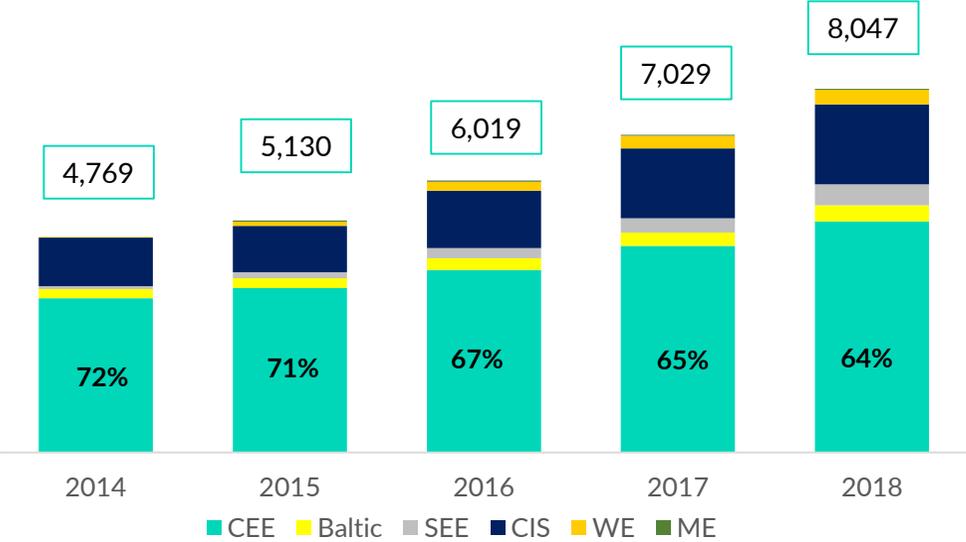
GROWTH POTENTIAL OF COUNTRIES DEVELOPED



Source: International Monetary Fund, April 2019 dataset. Scale of the bubble = population (m inhabitants)

New countries fuel revenue growth

GROUP REVENUES BY REGIONS
(PLN m)



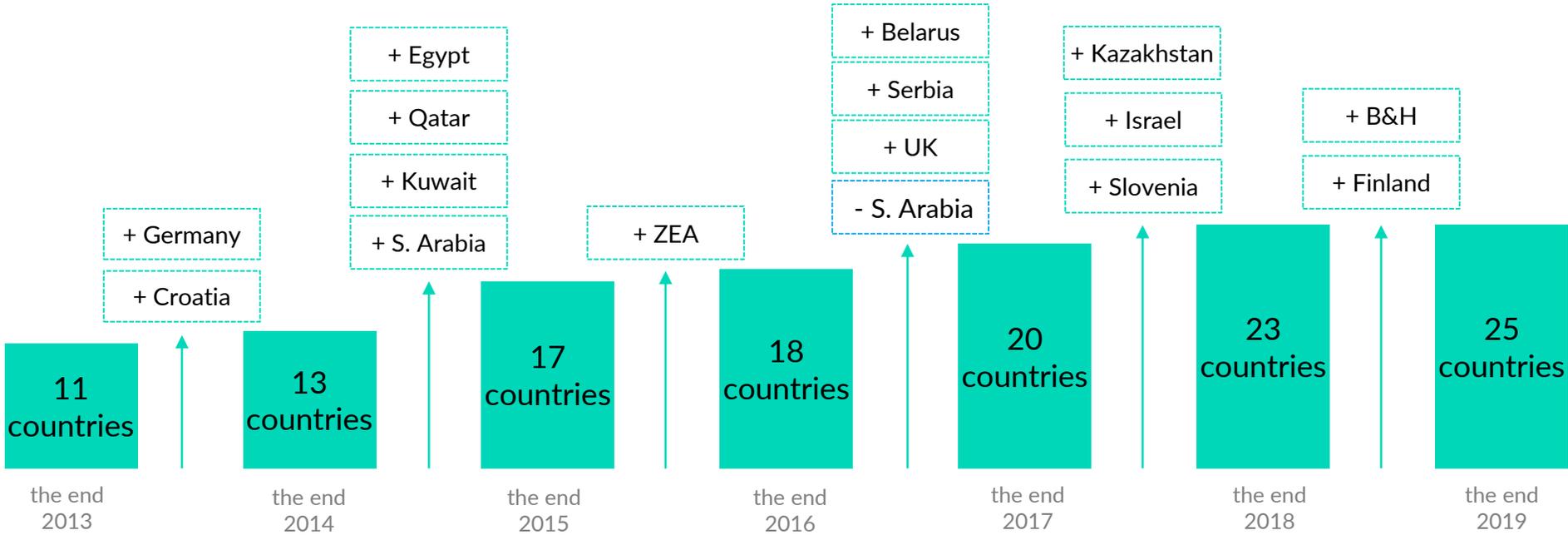
GROUP REVENUES BY REGIONS

PLN m	2014	2015	2016	2017	2018
LPP GROUP	4,769	5,130	6,019	7,029	8,047
CEE	3,414	3,634	4,039	4,572	5,115
Baltic	200	222	256	295	358
SEE	65	134	230	317	463
CIS	1,076	1,025	1,269	1,542	1,770
WE	15	94	194	279	320
ME	0	23	31	24	22

- CEE: dependency on Poland should continue to diminish in upcoming years. Maturity has been reached in Czech Republic and Slovakia, but Hungary still offers some growth potential.
- CIS: acceleration from 2018 – step-up in store openings in Russia and Ukraine, continuation of Belarus development and entry into Kazakhstan executed in 4Q18. SEE: entry into Slovenia took place in 2H18 and into B&H in 1H19.
- WE: 19 stores in Germany at the end of 2018. Entry to Finland planned for 2019. ME: new stores in Israel planned in 2019 following successful 2018 launch.

Adding at least one new country each year

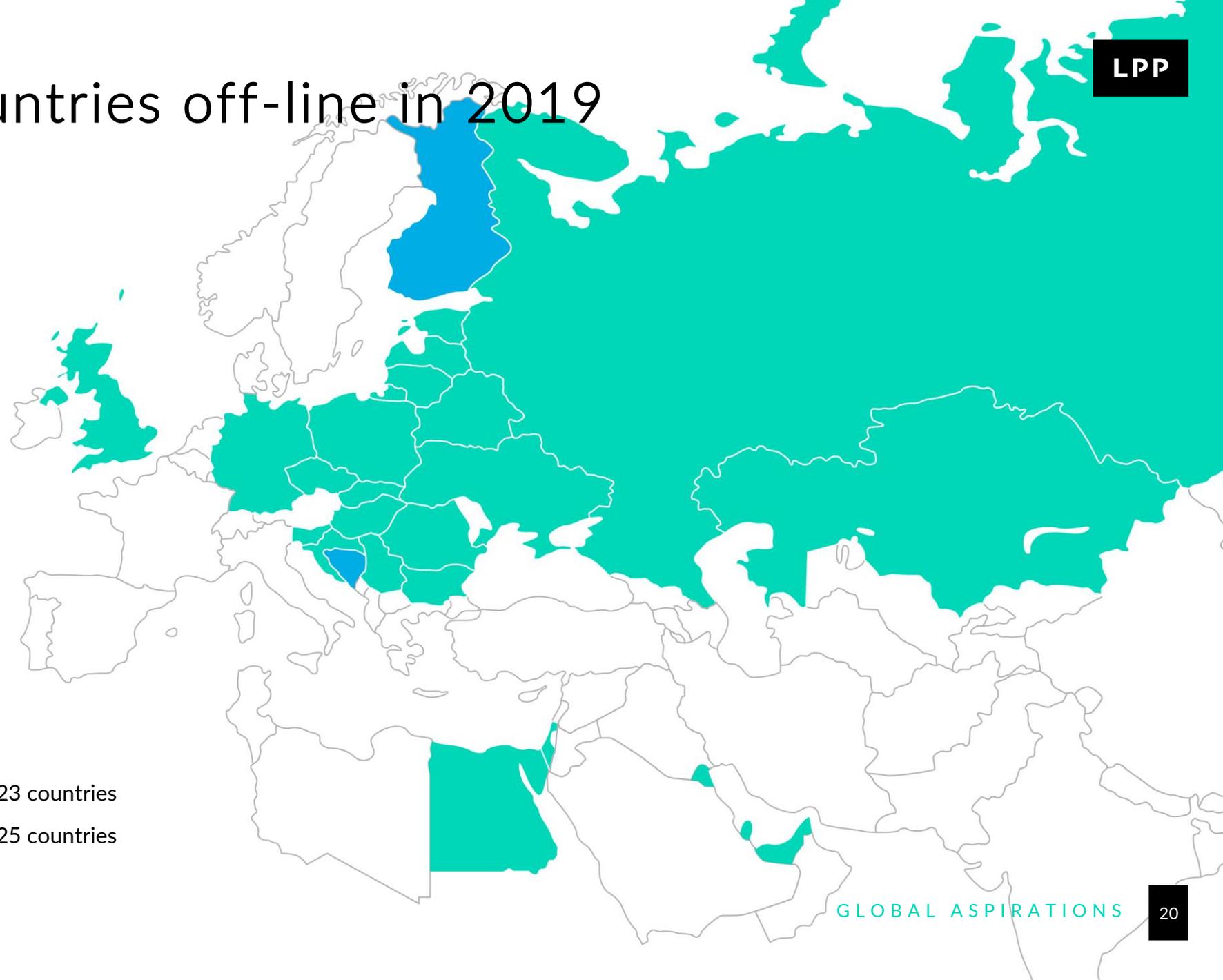
EXPANSION BY COUNTRIES



- In 2017, we entered 3 new markets: Belarus (with franchise stores), Serbia and the UK (both markets with own stores).
- In 2018, we entered 3 new countries: Kazakhstan (own stores), Israel (franchise stores, first opened in August 2018) and Slovenia (own stores).
- In 2019, we opened our first own stores in Bosnia & Herzegovina, while entry to Finland is planned for 2H19.

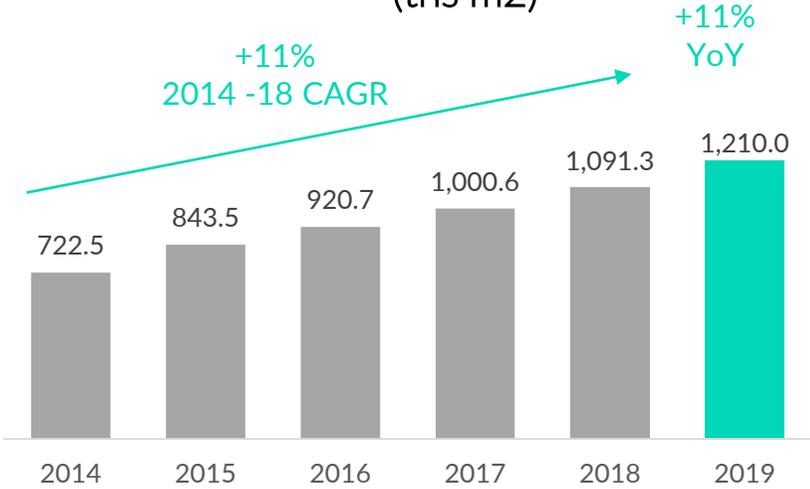
25 countries off-line in 2019

- Eop 2018 - 23 countries
- Eop 2019 - 25 countries



Double-digit floorspace growth

FLOORSPACE GROWTH TARGETS
(ths m2)

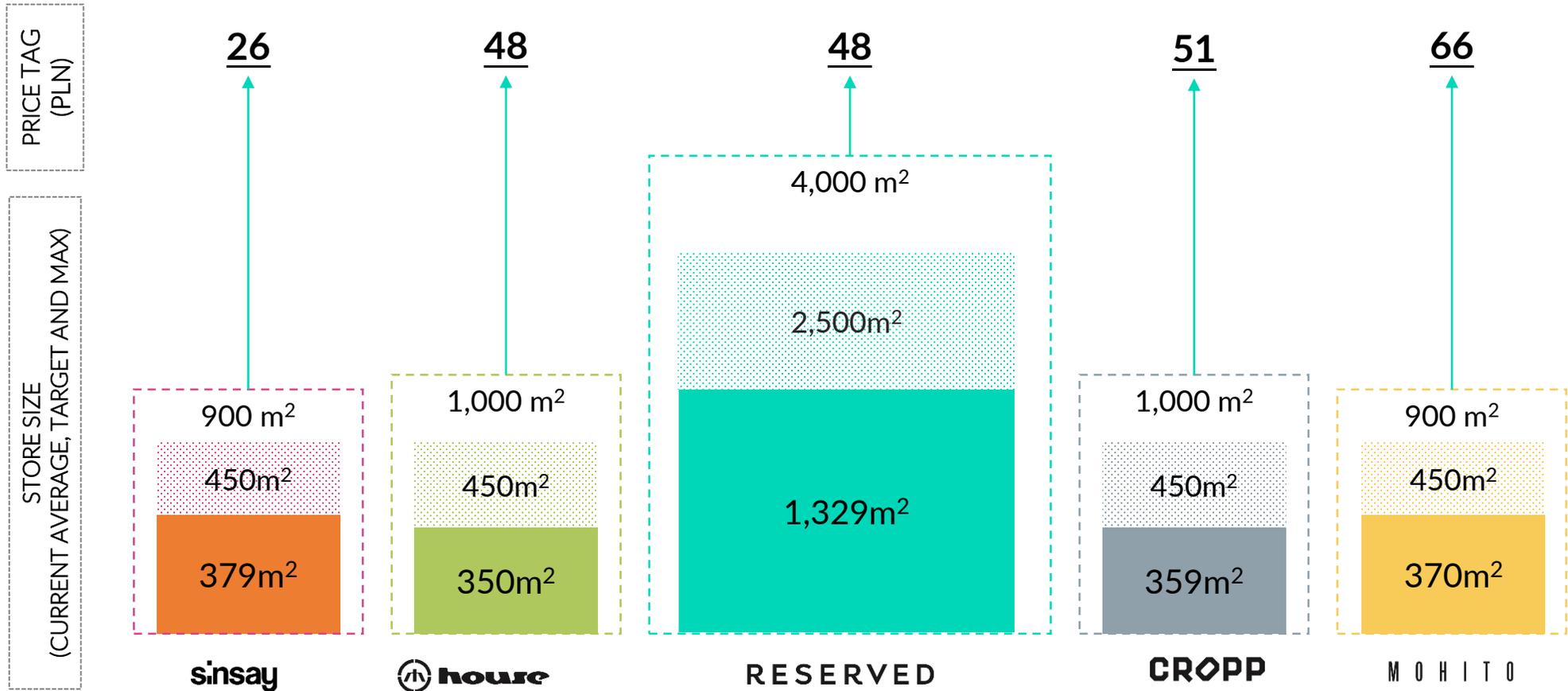


FLOORSPACE TARGETS BY REGIONS

ths m2	2018	YoY	2019	YoY
LPP GROUP	1,091.3	9%	1,210.1	11%
Poland	529.5	3%	532.6	1%
Europe	279.4	20%	351.3	26%
CIS	275.4	11%	316.7	15%
ME	7.1	7%	9.5	34%

- We plan to grow floorspace by 11% YoY in 2019.
- Reserved stores in 25 countries at the end of 2019. 2 new markets in 2019: Bosnia & Herzegovina and Finland (both with own stores). Strongest floorspace growth in Cropp, House and Sinsay brands.
- 2019 targets: (1) floorspace stabilization in Poland, (2) acceleration of growth in Europe (emphasis on South Eastern Europe), (3) continuation of floorspace development on the CIS region, and (4) new stores in the Middle East (Israel).

Store upgrades behind floorspace growth

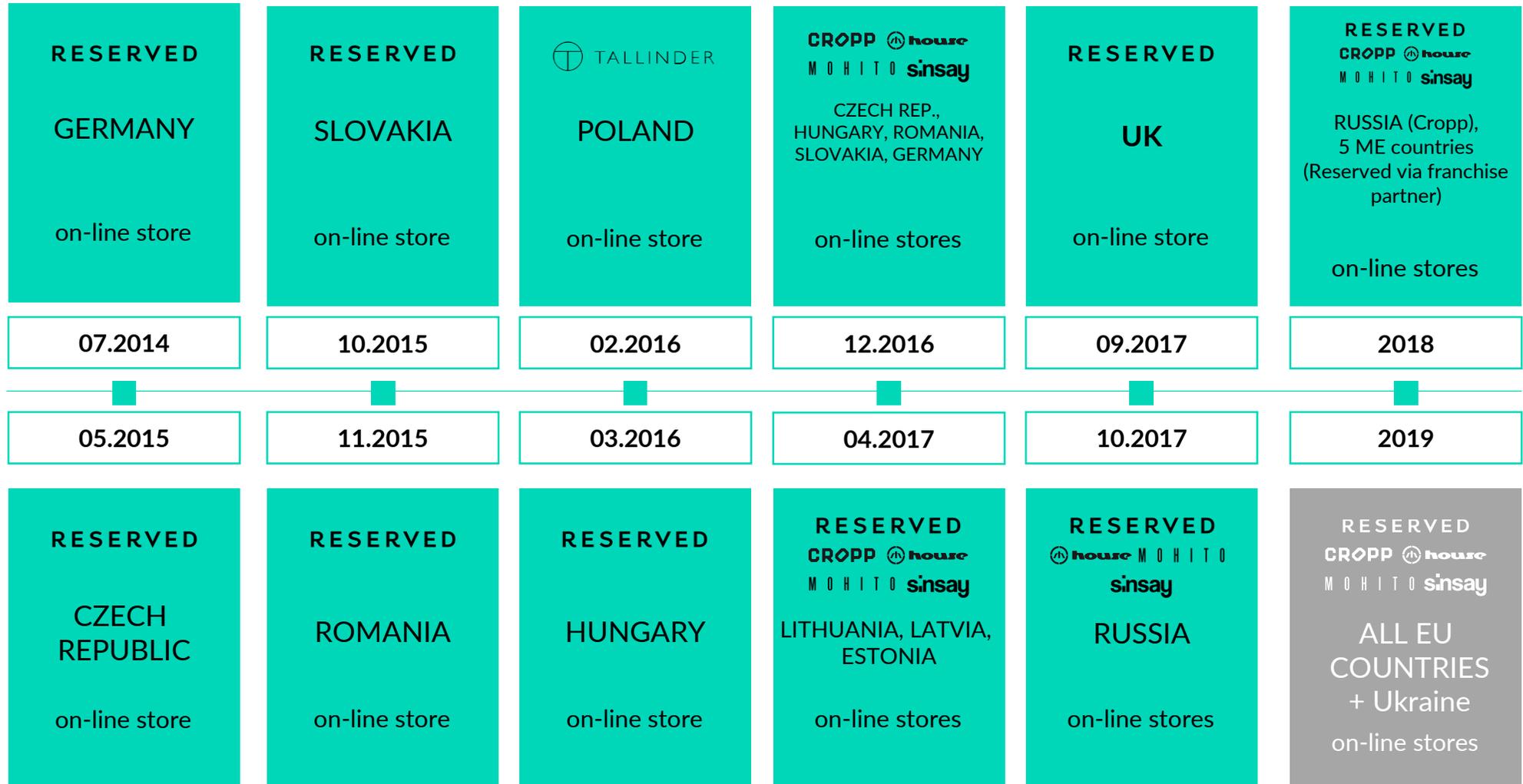


We plan to continue to gradually enlarge the average size of stores of all our brands so as to accommodate room for more comprehensive collections.

Dynamic on-line sales growth



Acceleration of e-commerce roll-out



A more ambitious target for e-commerce



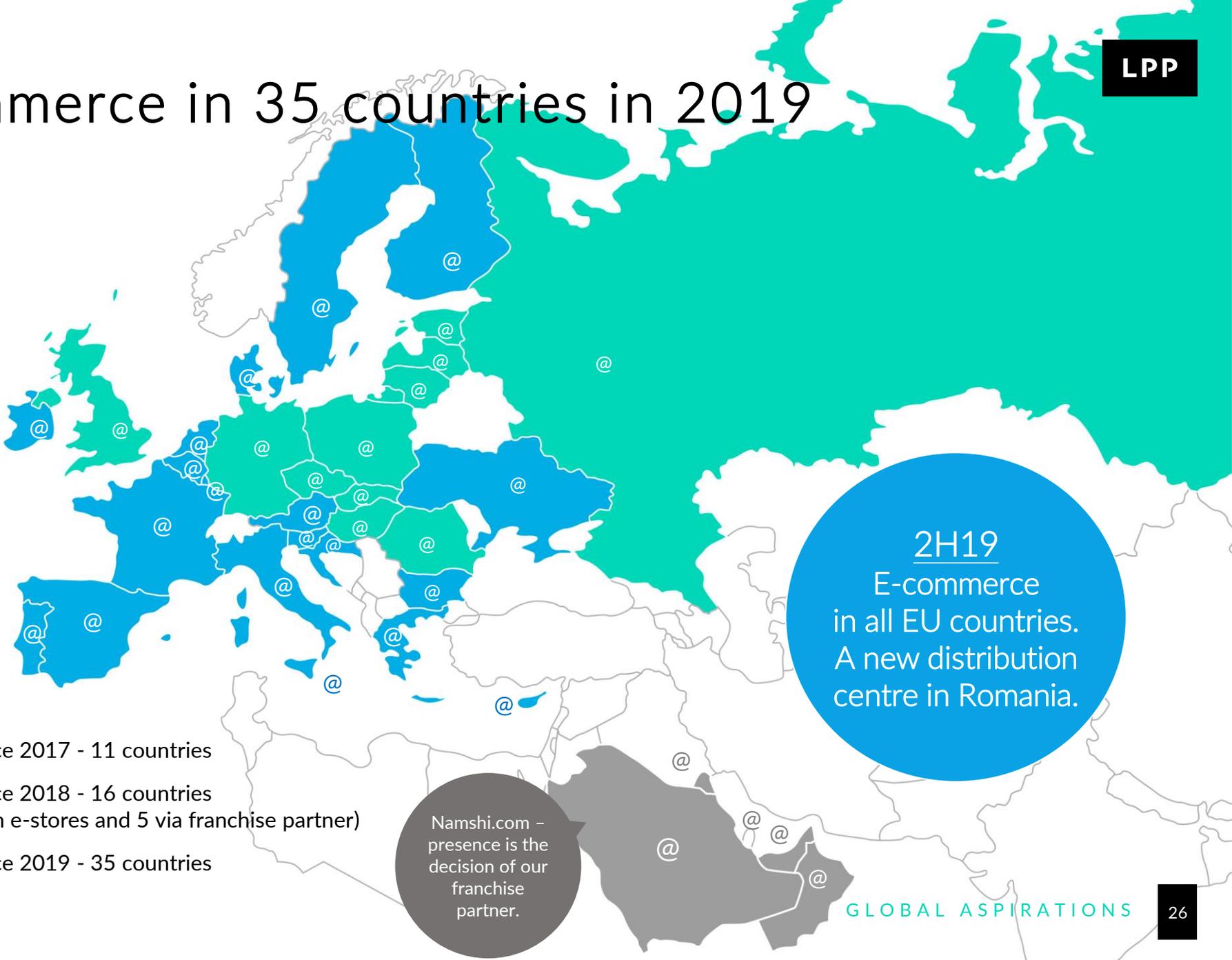
In 2019
e-commerce revenues should
exceed:
PLN 1bn.

2021 target maintained:
20%
e-commerce share
in revenues.

In **2H19** we plan to launch an on-line store
for all **EU countries and Ukraine**
and a distribution centre in Romania.

- 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 our logistics. We expanded the centre at the year break from c.30 ths to c.46 ths m2.
- In May 2019 we opened o fulfillment centre in Slovakia to support e-commerce logistics for the region.

E-commerce in 35 countries in 2019

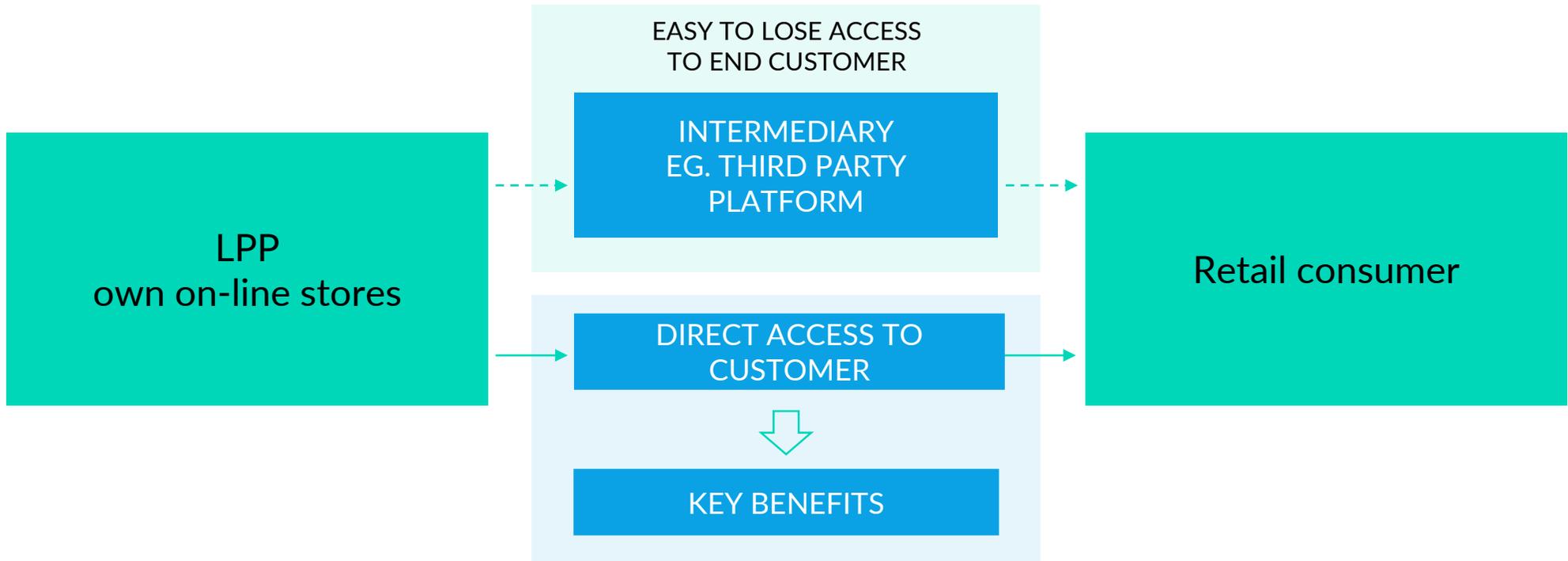


- E-commerce 2017 - 11 countries
- E-commerce 2018 - 16 countries (11 via own e-stores and 5 via franchise partner)
- E-commerce 2019 - 35 countries

2H19
E-commerce in all EU countries. A new distribution centre in Romania.

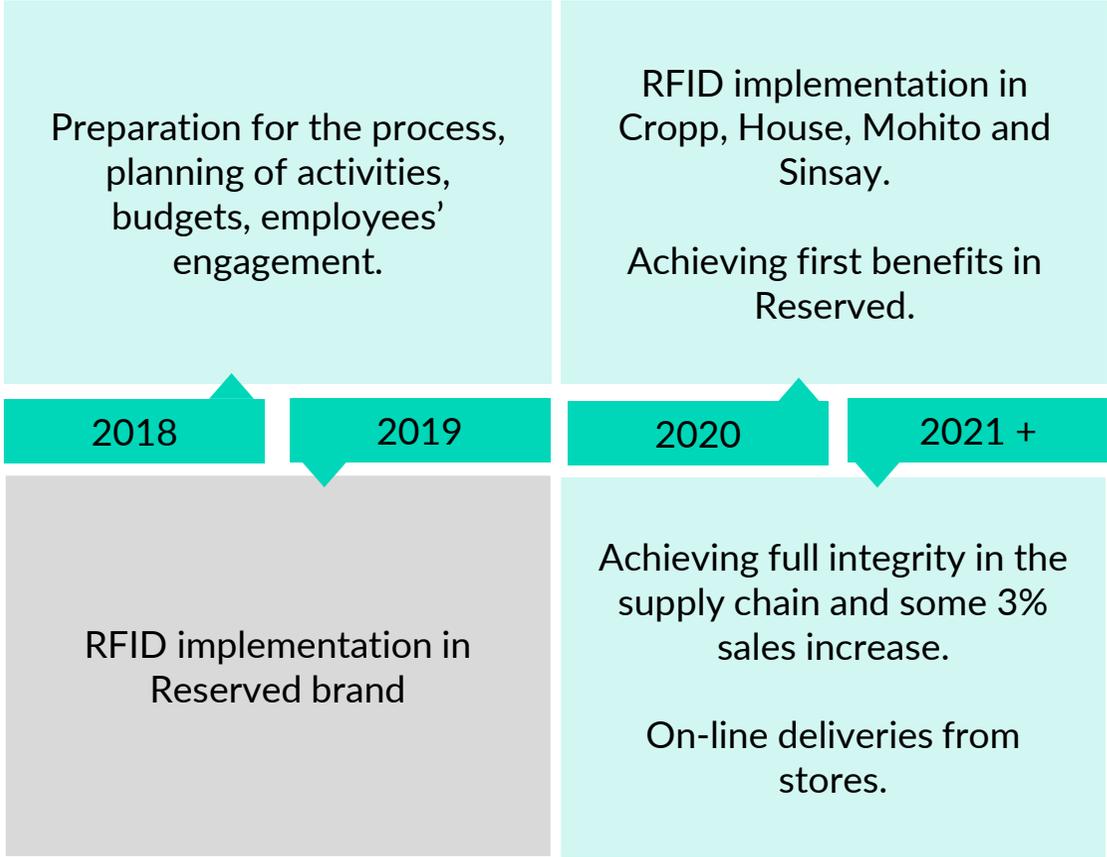
Namshi.com – presence is the decision of our franchise partner.

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



2019 outlook (calendar year, no IFRS16)

Target

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

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

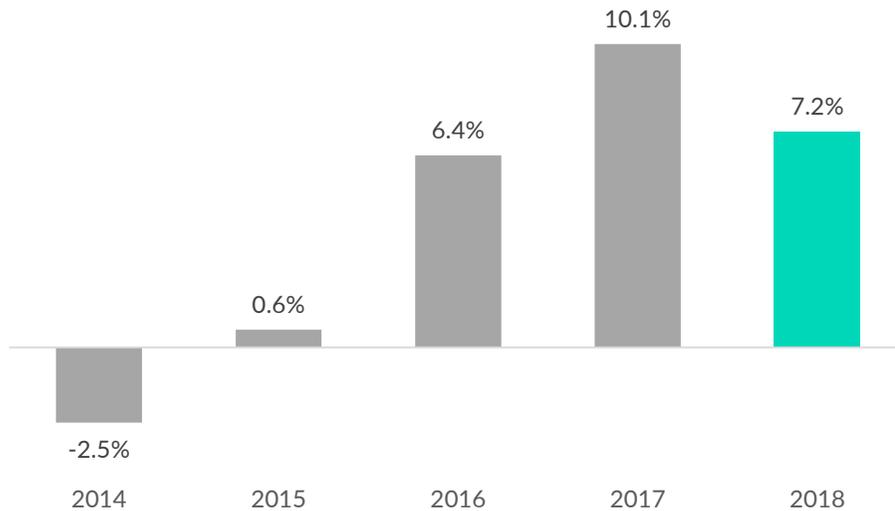
OPPORTUNITIES

- Unfavourable FX trends on US\$, EUR and RUB in relation to PLN.
- More severe ban on trade on Sundays (12% of Polish revenues).

RISKS

LFLs should continue to grow

LFLs (local currencies)



AVERAGE MONTHLY REVENUES/ M2

PLN m	2014	2015	2016	2017	2018
LPP GROUP	589	548	575	628	662
Poland	647	598	595	654	693
Export	503	454	516	593	619
Reserved	547	483	475	514	527
Cropp	647	591	653	732	729
House	612	579	621	639	689
Mohito	583	549	636	696	620
Sinsay	584	531	607	690	719

- 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 2016-18 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 2014-18 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

PLN 60m annually -
cost of electronic tags that will be
circulating between stores and
suppliers.

Additional costs:
IT department work time, purchase
of new IT tools, investments in
stores and distribution centers.

COSTS

HOW STORES BENEFIT?

60% faster delivery receipt

70% shorter time of product registration at the counter

Faster transfer of goods from the storage room to the sales
room (availability of 95% of models and sizes)

Gross profit margin on the rise

SOURCES OF GROSS PROFIT MARGIN IMPROVEMENT

FX – 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 – current 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.



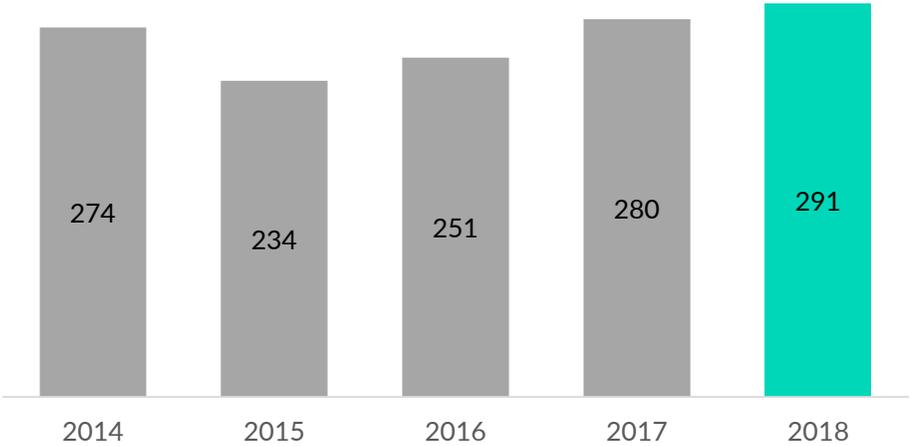
%	2014	2015	2016	2017	2018
LPP GROUP	58.6%	53.5%	48.7%	53.0%	54.7%



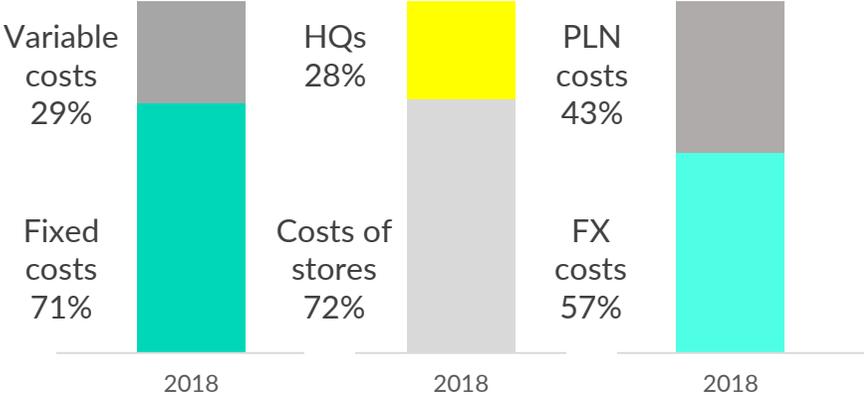
Successful recovery

High operating leverage business

AVERAGE MONTHLY SG&A COSTS/ M2 (PLN)



SG&A COSTS

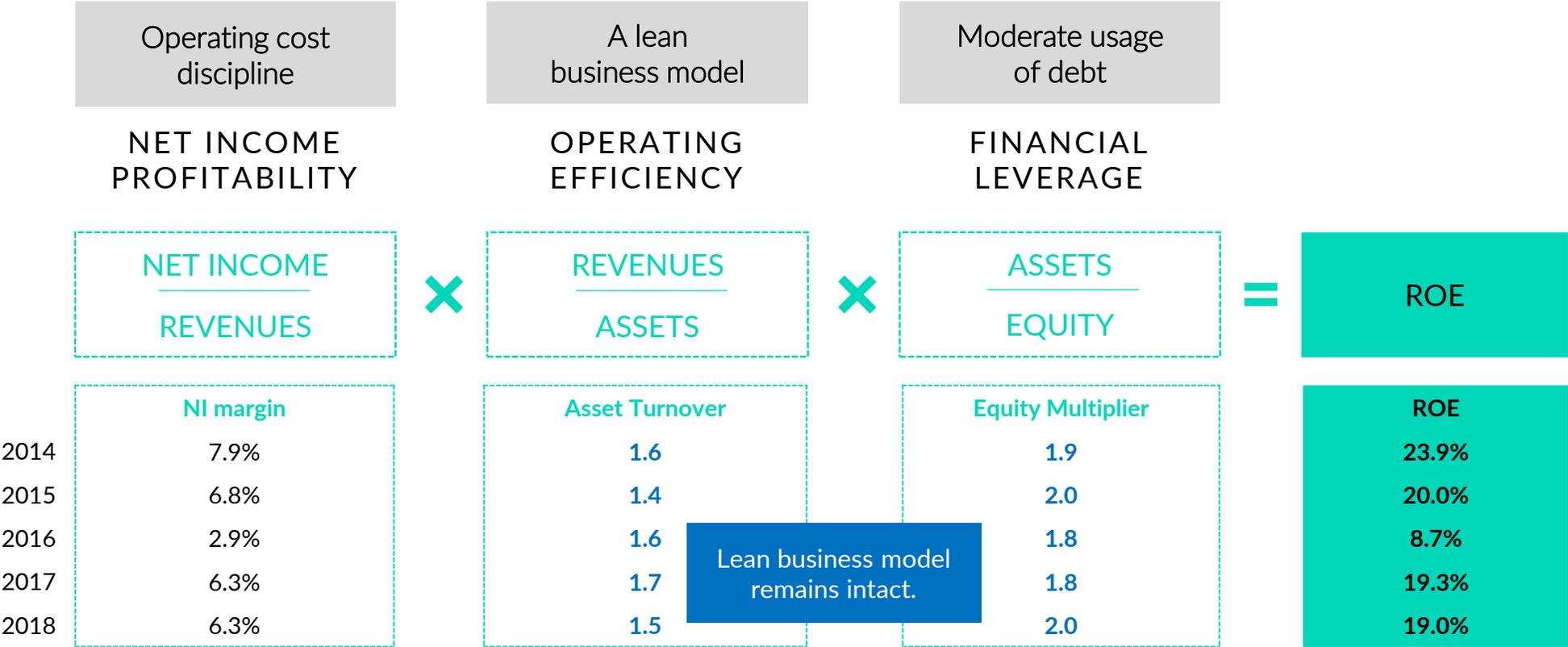


Note: SG&A relations based on group 2018 data.

- More than 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 2014-15 → optimisation of costs of stores and headquarters.
- Higher SG&A/ m2 in 2016-2018 → growth in costs of stores (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	2014	2015	2016	2017	2018
FCFF	154	-64	454	405	204
NOPAT	638	426	205	452	528
D&A	194	224	267	293	349
Capex	-551	-491	-272	-442	-799
NWC	-127	-223	256	101	125

Strong and stable positive 2016 – 2018 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 distribution centre is sufficient until 2020. We are in the process of constructing the next one and upgrading our HQs.
- We outsource e-commerce logistics.

NWC

- We have achieved our target of matching liabilities to the level of inventory.
- We use supply chain financing for our suppliers.
- We search for the optimal inventory/ m2 level.

Strong FCFF allows us to revamp stores

In 2018-2020, a significant part of our rental agreements expires.

Rental agreements are signed on average for 8 years.

We have decided to thoroughly renew existing stores.



Why are we upgrading stores?

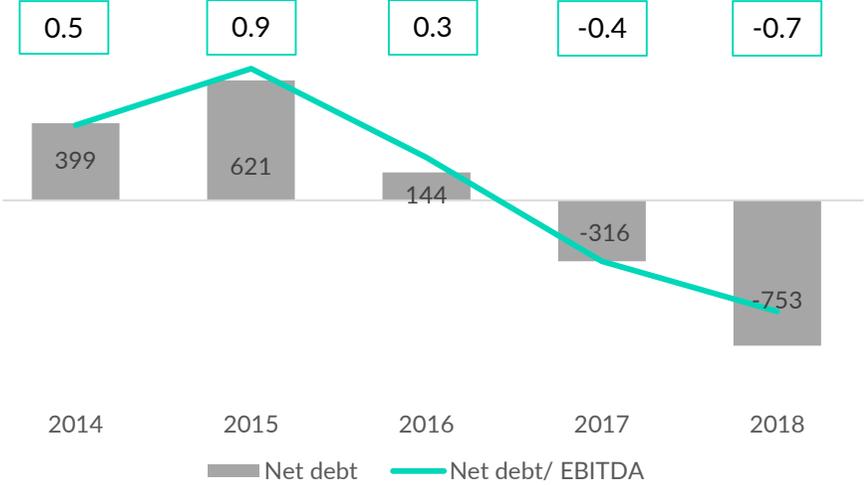
We invest in modern stores, encouraging customers to visit them.

We use modern technological solutions that increase the comfort and speed of shopping.

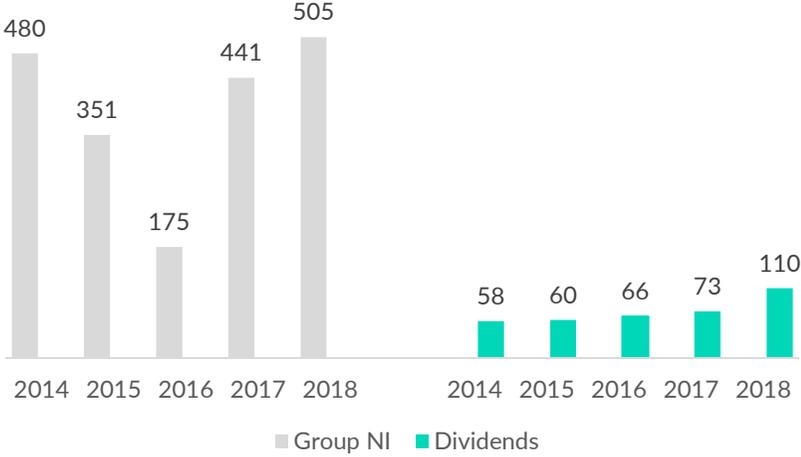
We believe that the future belongs to omnichannel and stores support on-line sales.

Net cash supports dividends

NET DEBT VS NET DEBT/EBITDA
(PLN m)



DIVIDENDS VS NET EARNINGS
(PLN m)



Dividends shown under year from which they were paid.

- 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 10 year 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

A safe delivery chain from Asia

audits in production facilities conducted by SGS and internal auditors,
PLN 20.5m invested in safety and proper working conditions since 2013

LPP Foundation activities

volunteering actions as well as financial and in-kind donations for over **PLN 1.5m**, 108 entities benefited from our support

Responsible approach to environment

permanent **eco collection** in the offer, **recycling** in Reserved stores, **eco-friendly materials** in EcoAware offer

Support for troubled young people

First Fitting programme, second edition in Tri-city and Warsaw, a couple dozen of participants



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)



Digital Excellence Awards for Store Vision (2018)



Top Investor Relations by Parkiet (2017, 2018)



Top Stock Company of the Year by Puls Biznesu (2017, 2018)



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



- Both LPP's founders, Marek Piechocki (CEO, 58) 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.



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

High quality growth company with a successful track record.



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 464

MARKETS 23

STORE SIZE 1,329 m2

ADVERTISING International stars like Cindy Crawford, Kate Moss, Georgia May Jagger and Polish stars like Joanna Kulig. Cooperation with influencers and bloggers.

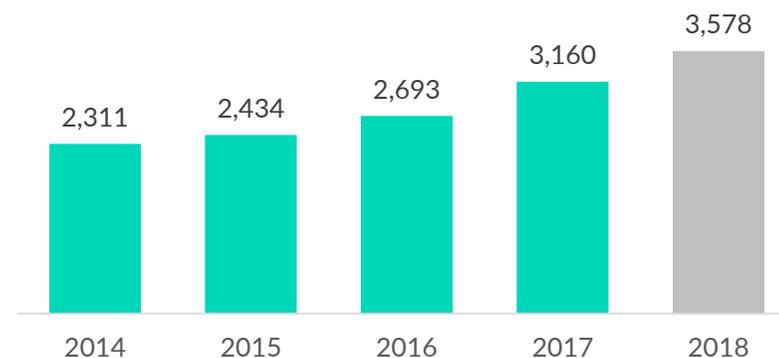


RESERVED

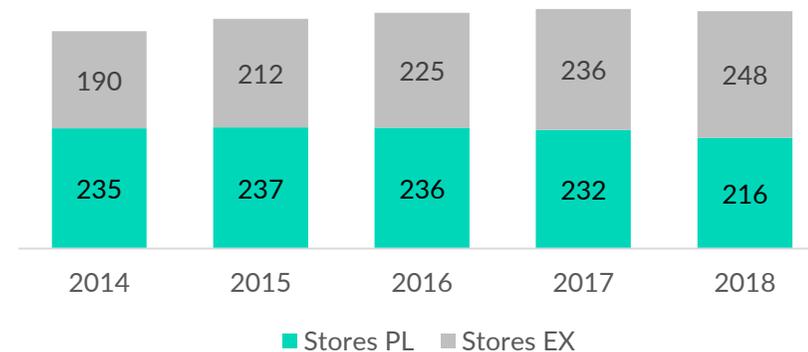
Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	2,311.3	2,433.8	2,692.9	3,159.5	3,578.4
No. of stores	425	449	461	468	464
Store size (m2)	917	1,027	1,104	1,202	1,329
Floorspace (ths, m2)	389.7	461.3	509.1	562.3	616.7
Sales/ m2 monthly	547	483	475	514	527
% of floorspace in PL	54%	50%	49%	47%	44%

YoY growth	2014	2015	2016	2017	2018
Revenues (PLN m)	11%	5%	11%	17%	13%
No. of stores	10%	6%	3%	2%	-1%
Store size (m2)	10%	12%	7%	9%	11%
Floorspace (eop, m2)	21%	18%	10%	10%	10%
Sales/ m2 monthly	-11%	-12%	-2%	8%	2%
% of floorspace in PL	-5pp	-4pp	-1pp	-2pp	-3pp

REVENUES (PLN m)



STORES



■ Stores PL ■ Stores EX

CROPP



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

TARGET CUSTOMERS Teenagers (boys and girls)

YEAR OF LAUNCH 2004

STORES 373

MARKETS 15

STORE SIZE 359 m2

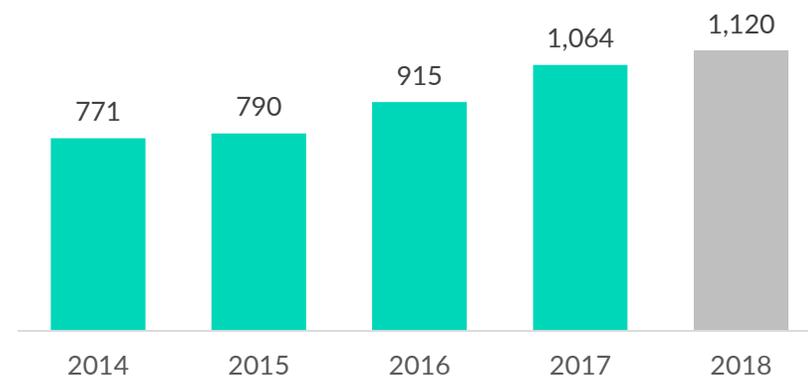
ADVERTISING Partner of artistic and street art events

CROPP

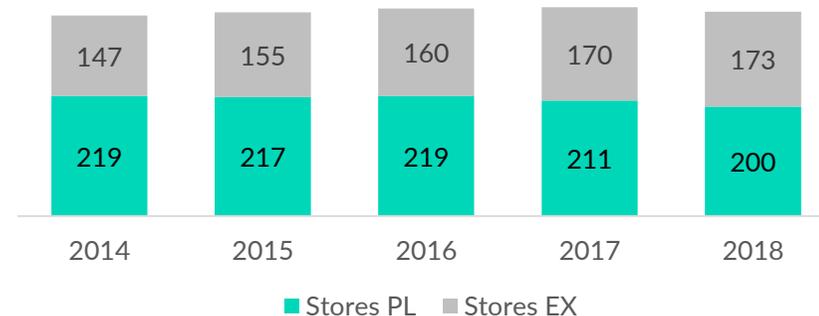
Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	770.9	789.9	914.9	1,063.9	1,119.9
No. of stores	366	372	379	381	373
Store size (m2)	288	308	318	334	359
Floorspace (ths, m2)	105.4	114.5	120.4	127.2	134.0
Sales/ m2 monthly	647	591	653	732	729
% of floorspace in PL	55%	55%	54%	52%	50%

YoY growth	2014	2015	2016	2017	2018
Revenues (PLN m)	12%	2%	16%	16%	5%
No. of stores	9%	2%	2%	1%	-2%
Store size (m2)	7%	7%	3%	5%	8%
Floorspace (eop, m2)	16%	9%	5%	6%	5%
Sales/ m2 monthly	-11%	-9%	11%	12%	0%
% of floorspace in PL	-5pp	Opp	-1pp	-2pp	-2pp

REVENUES (PLN m)



STORES





KEY BRAND FEATURES An optimistic fashion brand

TARGET CUSTOMERS Teenagers (boys and girls)

YEAR OF LAUNCH 2001 (at LPP since 4Q08)

STORES 332

MARKETS 15

STORE SIZE 350 m2

ADVERTISING Artistic events partner and music sponsor

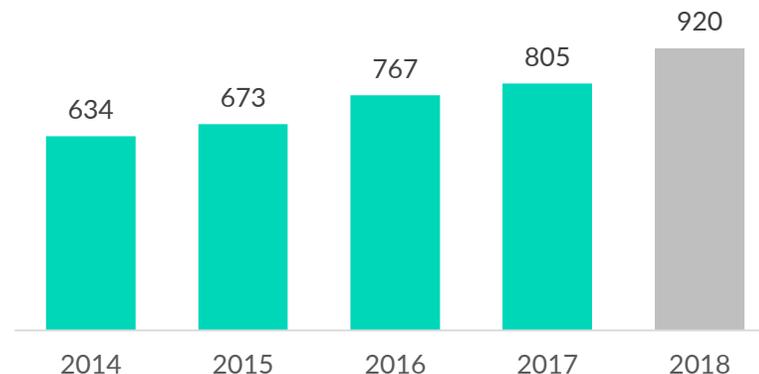




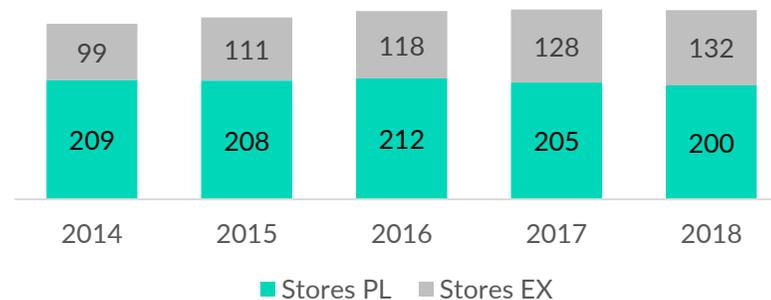
Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	633.6	673.2	767.1	805.3	920.0
No. of stores	308	319	330	333	332
Store size (m2)	291	313	320	332	350
Floorspace (ths, m2)	89.6	99.7	105.7	110.6	116.2
Sales/ m2 monthly	612	579	621	639	689
% of floorspace in PL	64%	62%	61%	59%	58%

YoY growth	2014	2015	2016	2017	2018
Revenues (PLN m)	26%	6%	14%	5%	14%
No. of stores	5%	4%	3%	1%	0%
Store size (m2)	6%	7%	2%	4%	5%
Floorspace (eop, m2)	12%	11%	6%	5%	5%
Sales/ m2 monthly	-2%	-5%	7%	3%	8%
% of floorspace in PL	-5pp	-2pp	-1pp	-2pp	-1pp

REVENUES (PLN m)



STORES



M O H I T O

KEY BRAND FEATURES Comfort and elegance;
business and casual

TARGET CUSTOMERS Young women

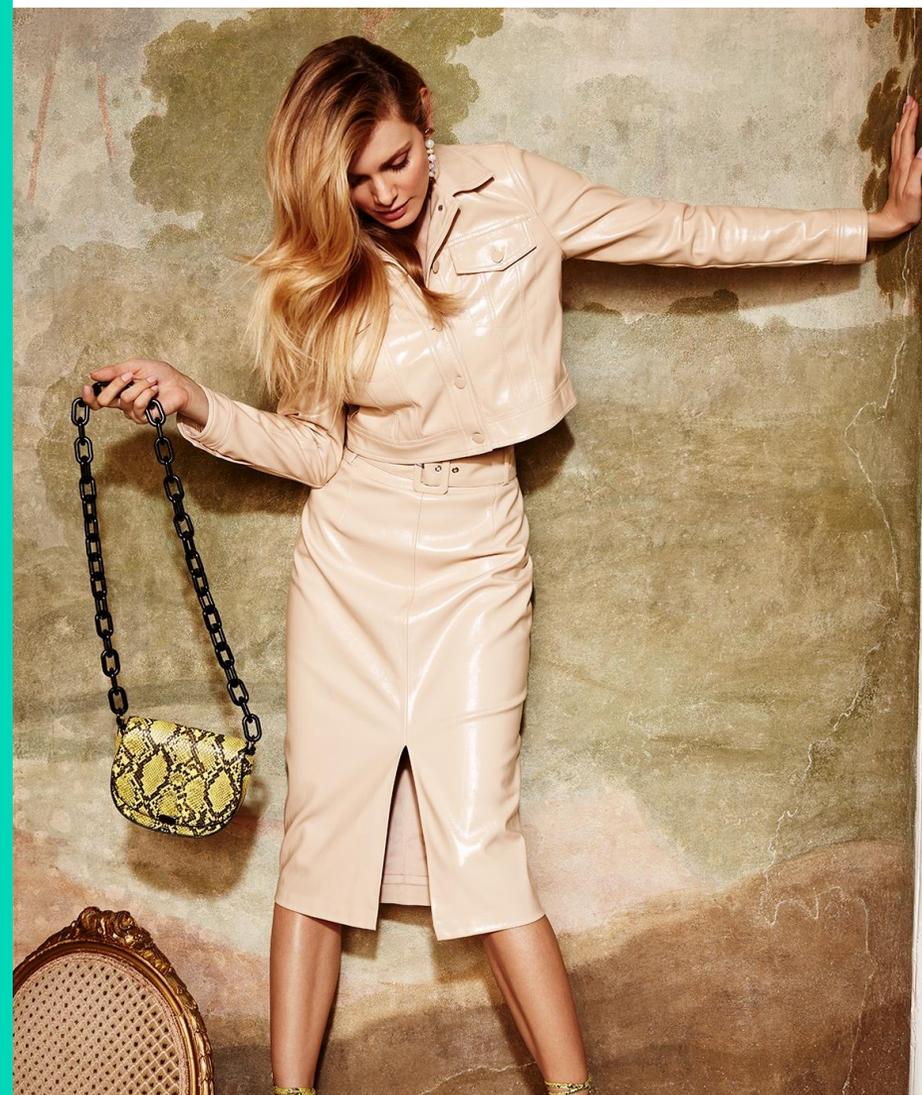
YEAR OF LAUNCH 2008
(at LPP since 4Q08)

STORES 296

MARKETS 15

STORE SIZE 370 m²

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

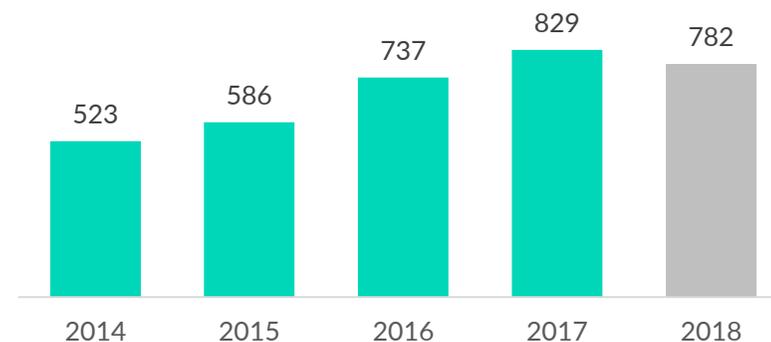


M O H I T O

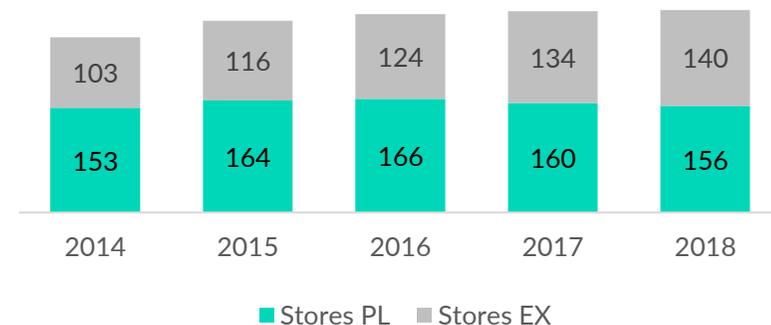
Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	522.9	586.5	736.8	828.6	781.6
No. of stores	256	280	290	294	296
Store size (m2)	323	337	342	353	370
Floorspace (ths, m2)	82.8	94.5	99.1	103.8	109.4
Sales/ m2 monthly	583	549	636	696	620
% of floorspace in PL	56%	55%	54%	51%	49%

YoY growth	2014	2015	2016	2017	2018
Revenues (PLN m)	15%	12%	26%	12%	-6%
No. of stores	17%	9%	4%	1%	1%
Store size (m2)	7%	4%	1%	3%	5%
Floorspace (eop, m2)	26%	14%	5%	5%	5%
Sales/ m2 monthly	-19%	-6%	16%	10%	-11%
% 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 272

MARKETS 15

STORE SIZE 379 m2

ADVERTISING Social media

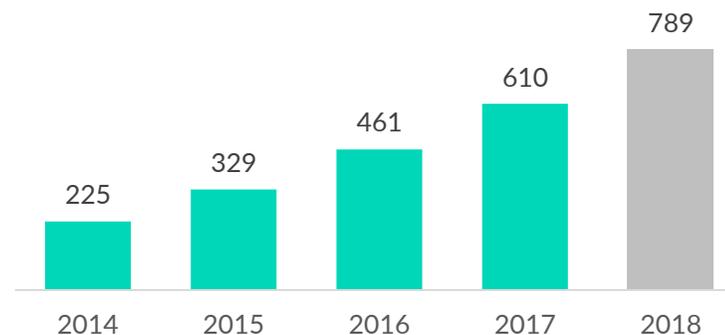


sinsay

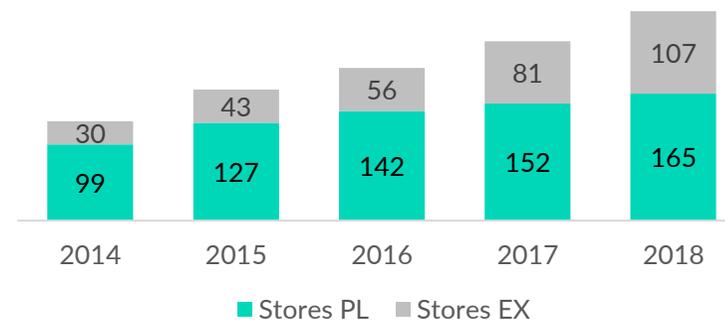
Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	224.7	328.9	460.9	610.2	788.9
No. of stores	129	170	198	233	272
Store size (m2)	338	351	352	363	379
Floorspace (ths, m2)	43.7	59.7	69.8	84.6	103.0
Sales/ m2 monthly	584	531	607	690	719
% of floorspace in PL	75%	73%	70%	63%	58%

YoY growth	2014	2015	2016	2017	2018
Revenues (PLN m)	204%	46%	40%	32%	29%
No. of stores	108%	32%	16%	18%	17%
Store size (m2)	4%	4%	0%	3%	4%
Floorspace (eop, m2)	117%	37%	17%	21%	22%
Sales/ m2 monthly	-4%	-9%	14%	14%	4%
% of floorspace in PL	-14pp	-2pp	-3pp	-7pp	-5pp

REVENUES (PLN m)



STORES



LFL growth to continue

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	2018
LPP GROUP	-2.5%	0.6%	6.4%	10.1%	7.2%



International stars promote our brands



Cara Delevingne



Georgia May Jagger



Kate Moss



Cindy Crawford



Anja Rubik



Anna Jagodzińska



Zuzanna Bijoch



Joanna Kulig

We focus on flagships

Reserved in London, UK



Reserved in Berlin, Germany



Reserved in Moscow, Russia



Reserved in Riga, Latvia



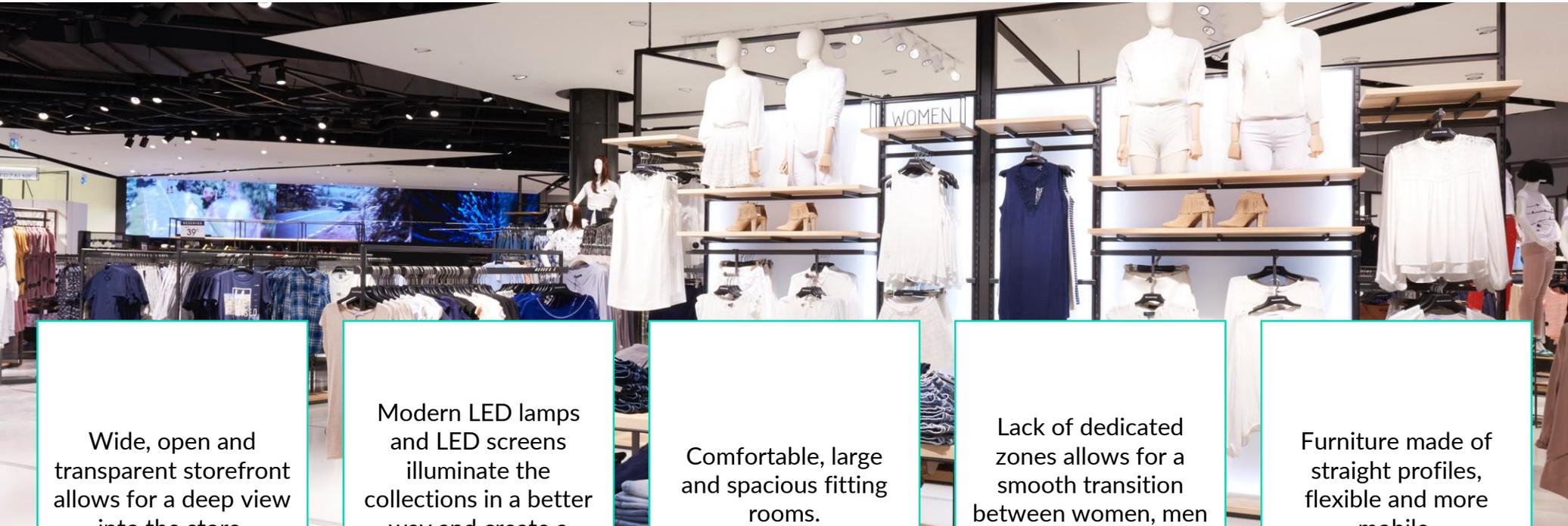
Reserved in Warsaw, Poland



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)	31.12.2016	31.03.2017	30.06.2017	30.09.2017	31.12.2017	31.03.2018	30.06.2018	30.09.2018	31.12.2018
Reserved	509.1	510.7	520.8	526.8	562.3	561.0	582.2	584.9	616.7
Poland	248.7	245.9	247.4	247.9	266.8	264.9	264.7	259.3	273.3
Europe	144.1	147.7	151.3	157.6	160.8	162.2	178.1	182.3	191.7
CIS	108.7	109.5	114.0	114.7	128.1	127.3	132.8	136.0	144.6
ME	7.6	7.6	8.2	6.6	6.6	6.6	6.6	7.3	7.1
Cropp	120.4	120.1	121.9	121.4	127.2	127.7	130.1	126.4	134.0
Poland	65.3	65.1	66.5	64.9	65.7	65.7	67.9	64.2	66.5
Europe	21.2	21.0	20.8	21.2	22.3	22.1	22.6	22.8	24.9
CIS	34.0	34.0	34.7	35.3	39.3	39.8	39.6	39.3	42.6
House	105.7	102.9	106.6	105.6	110.6	110.9	113.0	112.4	116.2
Poland	64.9	62.4	65.1	64.0	65.0	64.9	66.8	65.9	67.3
Europe	16.4	16.2	16.2	16.2	17.1	17.2	17.0	17.0	18.9
CIS	24.3	24.3	25.4	25.4	28.6	28.7	29.2	29.4	30.1
Mohito	99.1	97.8	99.3	98.5	103.8	103.4	105.5	106.2	109.4
Poland	53.4	51.7	52.6	52.1	53.0	52.3	53.7	52.9	54.1
Europe	18.1	18.1	18.1	18.1	19.7	20.1	21.2	22.2	23.5
CIS	27.7	28.0	28.6	28.4	31.1	31.0	30.6	31.1	31.8
Sinsay	69.8	69.8	72.5	76.0	84.6	85.8	92.8	94.7	103.0
Poland	48.6	48.6	49.0	50.9	53.2	53.3	56.0	56.4	60.1
Europe	9.7	9.7	10.4	10.9	12.8	13.1	15.9	17.3	20.2
CIS	11.5	11.5	13.1	14.2	18.7	19.4	21.0	21.0	22.7
Tallinder (Poland only)	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlets	12.6	12.6	12.6	11.6	12.1	12.1	10.6	10.8	12.0
Total by regions									
Poland	496.6	485.3	492.1	490.5	514.0	511.5	518.0	507.2	529.5
Europe	209.5	212.8	216.9	224.1	232.8	235.0	254.9	261.8	279.4
CIS	207.0	208.2	216.5	218.7	247.3	247.8	254.7	259.0	275.4
ME	7.6	7.6	8.2	6.6	6.6	6.6	6.6	7.3	7.1
TOTAL	920.7	913.9	933.7	939.9	1,000.6	1,000.9	1,034.2	1,035.4	1,091.3

Acceleration of growth in 2019

Floorspace (ths m2)	2018	2019 former target	2019 target	YoY
---------------------	------	--------------------	-------------	-----

BY BRANDS

Reserved	616.7	673.9	675.1	9%
Cropp	134.0	149.8	152.1	14%
House	116.2	129.2	132.4	14%
Mohito	109.4	111.9	111.6	2%
Sinsay	103.0	130.3	129.6	26%
Outlets	12.0	11.5	9.2	-23%

BY REGIONS

Poland	529.5	537.3	532.6	1%
Europe	279.4	337.6	351.3	26%
CIS	275.4	324.7	316.7	15%
ME	7.1	7.1	9.5	34%
TOTAL	1,091.3	1,206.6	1,210.0	11%

- 11% YoY floorspace growth in 2019.
- 2 new markets in 2019: Bosnia and Herzegovina and Finland (own stores).
- As a result, at the end of 2019 Reserved brand stores should be present in 25 countries.
- 2019 target:
 - floorspace stabilization in Poland,
 - acceleration of growth in Europe (emphasis on South Eastern Europe),
 - continuation of floorspace development on the CIS region,
 - new stores in the Middle East (Israel).
- Planned 2019 capex at c. PLN 860m, up c. 8% YoY. Planned store capex at c. PLN 670m, HQs outlays at PLN c. 110m, logistics outlays at c. PLN 30m and IT at c. PLN 50m.

2019 network development details

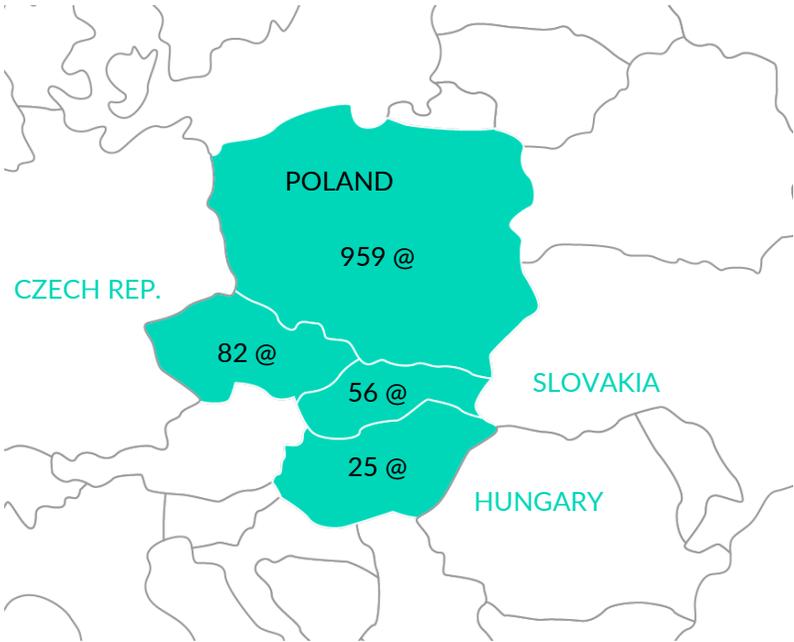
Floorspace (ths m2)	31.12.2018	31.12.2019	Nom. growth	YoY growth
Reserved	616.7	675.1	58.4	9%
Poland	273.3	272.0	-1.2	0%
Europe	191.7	226.4	34.6	18%
CIS	144.6	167.2	22.6	16%
ME	7.1	9.5	2.4	34%
Cropp	134.0	152.1	18.1	14%
Poland	66.5	63.7	-2.9	-4%
Europe	24.9	34.1	9.3	37%
CIS	42.6	54.3	11.7	27%
House	116.2	132.4	16.1	14%
Poland	67.3	66.1	-1.2	-2%
Europe	18.9	31.2	12.2	65%
CIS	30.1	35.1	5.1	17%
Mohito	109.4	111.6	2.2	2%
Poland	54.1	52.7	-1.4	-3%
Europe	23.5	30.1	6.6	28%
CIS	31.8	28.8	-3.0	-9%
Sinsay	103.0	129.6	26.6	26%
Poland	60.1	72.5	12.4	21%
Europe	20.2	29.5	9.3	46%
CIS	22.7	27.7	4.9	22%
Outlets	12.0	9.2	-2.8	-23%
Poland	8.3	5.6	-2.7	-32%
Europe	0.2	0.0	-0.2	-100%
CIS	3.5	3.6	0.1	2%
TOTAL	1,091.3	1,210.0	118.7	11%

No. of STORES	31.12.2018	31.12.2019	Nom. growth	YoY growth
Reserved	464	452	-12	-3%
Poland	216	199	-17	-8%
Europe	127	131	4	3%
CIS	114	113	-1	-1%
ME	7	9	2	29%
Cropp	373	365	-8	-2%
Poland	200	180	-20	-10%
Europe	69	76	7	10%
CIS	104	109	5	5%
House	332	324	-8	-2%
Poland	200	180	-20	-10%
Europe	54	64	10	19%
CIS	78	80	2	3%
Mohito	296	283	-13	-4%
Poland	156	145	-11	-7%
Europe	60	67	7	12%
CIS	80	71	-9	-11%
Sinsay	272	288	16	6%
Poland	165	166	1	1%
Europe	51	60	9	18%
CIS	56	62	6	11%
Outlets	28	17	-11	-39%
Poland	22	13	-9	-41%
Europe	1	0	-1	-100%
CIS	5	4	-1	-20%
TOTAL	1 765	1 729	-36	-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	1,122
FLOORSPACE	635.4 ths m2
TYPE OF STORES	Own (majority), franchise

CENTRAL EASTERN EUROPE



XX NUMBER OF STORES, END 2018
 @ ON-LINE STORES, END 2018

Established position domestically

Key data Poland	2014	2015	2016	2017	2018
Revenues (PLN m)	3,080	3,228	3,511	3,906	4,274
% of group revenues	65%	63%	58%	56%	53%
No. of stores	943	986	1,017	990	959
Floorspace (ths m2)	413.6	465.0	496.6	514.0	529.5

No. of stores	2014	2015	2016	2017	2018
Poland	943	986	1,017	990	959
Reserved	235	237	236	232	216
Cropp	219	217	219	211	200
House	209	208	212	205	200
Mohito	153	164	166	160	156
Sinsay	99	127	142	152	165
Tallinder	0	0	9	0	0
Outlets	28	33	33	30	22

Focus set on network optimisation in Poland.

- Poland is LPP's largest market, generating 53% of group revenues in 2018.
- 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	2018
Revenues (PLN m)	334	406	527	666	840
% of group revenues	7%	8%	9%	9%	10%
No. of stores	132	158	160	159	163
Floorspace (ths, m2)	61.9	79.7	84.0	88.1	105.9

No. of stores	2014	2015	2016	2017	2018
Other CEE countries	132	158	160	159	163
Czech Republic	73	80	80	83	82
Slovakia	48	61	62	57	56
Hungary	11	17	18	19	25

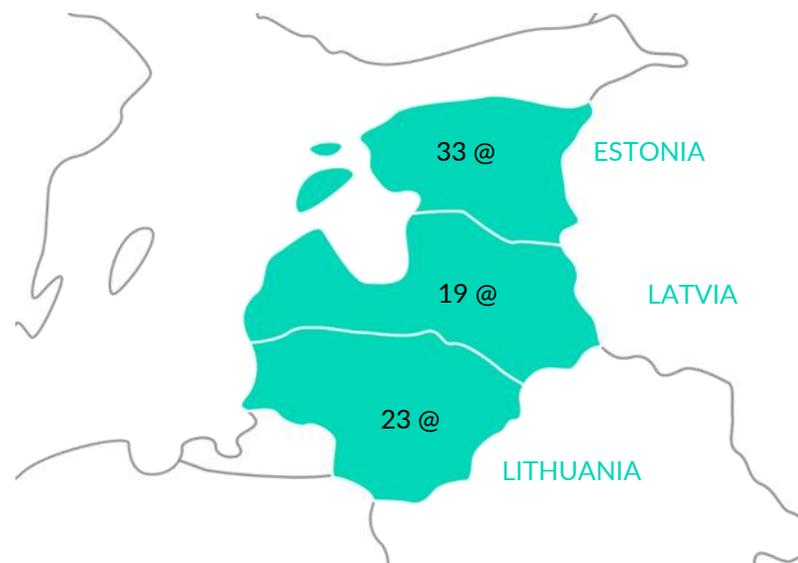
Strong presence in other CEE countries.

- 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	75
FLOORSPACE	43.5 ths m2
TYPE OF STORES	Own

BALTIC COUNTRIES



XX NUMBER OF STORES, END 2018
 @ ON-LINE STORES, END 2018

Strong presence in Baltic countries

Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	200	222	256	295	358
% of group revenues	4%	4%	4%	4%	4%
No. of stores	70	71	73	79	75
Floorspace (ths, m2)	36.4	38.2	39.5	43.0	43.5

No. of stores	2014	2015	2016	2017	2018
Baltic countries	70	71	73	79	75
Lithuania	25	26	28	28	23
Latvia	19	19	19	19	19
Estonia	26	26	26	32	33

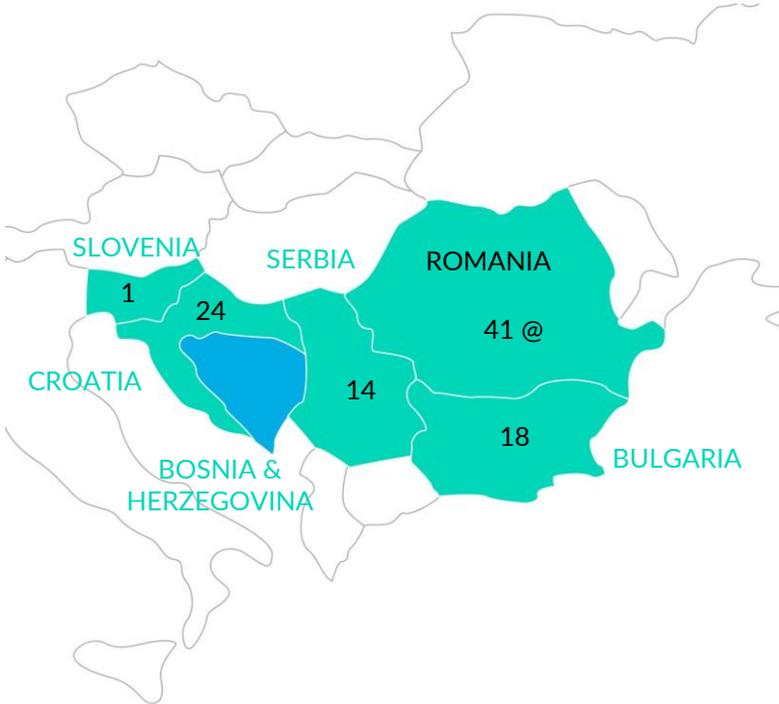
On-line stores now in all Baltic countries.

- 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, Slovenia
GROWTH STAGE	Developing
TRADITIONAL STORES	Reserved (all countries), Cropp, House, Mohito, Sinsay (all countries except Slovenia)
ON-LINE STORES	Reserved, Cropp, House, Mohito, Sinsay in Romania
# STORES	98
FLOORSPACE	81.0 ths m2
TYPE OF STORES	Own

SOUTH EASTERN EUROPE



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

Developing presence in SEE countries

Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	65	134	230	317	463
% of group revenues	1%	3%	4%	4%	5%
No. of stores	31	47	63	69	98
Floorspace (ths, m2)	22.6	34.1	48.3	53.1	81.0

No. of stores	2014	2015	2016	2017	2018
SEE countries	31	47	63	69	98
Romania	11	22	34	35	41
Bulgaria	15	15	12	13	18
Croatia	5	10	17	18	24
Serbia	0	0	3	3	14
Slovenia	0	0	0	0	1

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 entered Slovenia with Reserved brand.
- In 1H19 we opened first stores in B&H.

CIS region

COUNTRIES PRESENT	Russia, Ukraine, Belarus, Kazakhstan
GROWTH STAGE	Developing
TRADITIONAL STORES	Reserved, Cropp, House, Mohito, Sinsay
ON-LINE STORES	Reserved, Cropp, House, Mohito, Sinsay in Russia
# STORES	443
FLOORSPACE	275.4 ths m2
TYPE OF STORES	Own (majority), franchise

CIS REGION



XX NUMBER OF STORES, END 2018
 @ ON-LINE STORES, END 2018

More opportunities in the CIS region

Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	1,076	1,025	1,269	1,542	1,770
% of group revenues	23%	20%	21%	22%	22%
No. of stores	336	349	368	420	443
Floorspace (ths, m2)	180.3	193.9	207.0	247.3	275.4

No. of stores	2014	2015	2016	2017	2018
CIS countries	336	349	368	420	443
Russia	267	280	296	327	336
Ukraine	69	69	72	88	93
Belarus	0	0	0	5	8
Kazakhstan	0	0	0	0	6

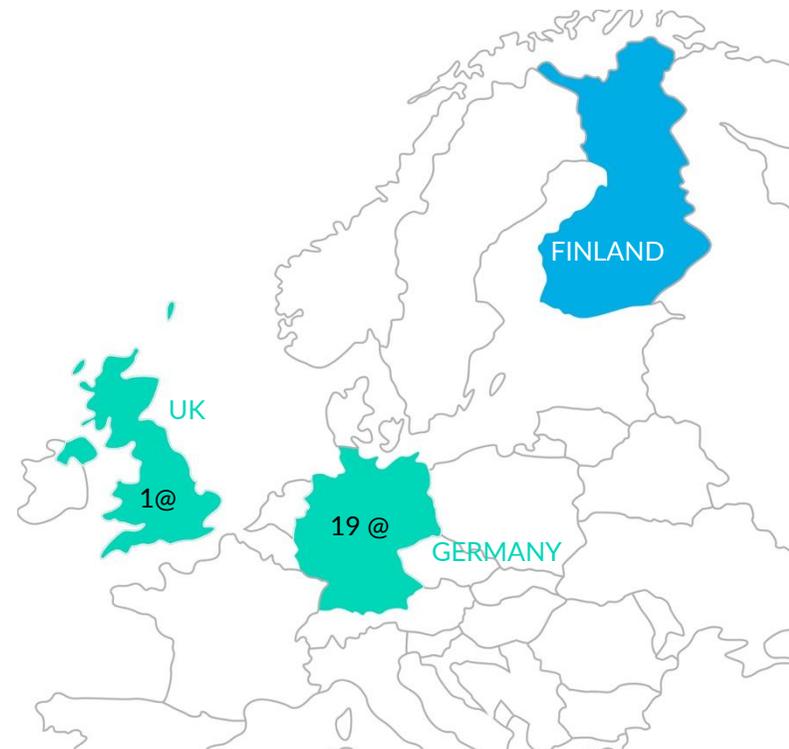
We see growth opportunities.

- CIS is the second most important market after Poland, responsible for 22% of group sales in 2018.
- 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 were successfully opened in 2018. Further development is planned for 2019.

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	49.0 ths m2
TYPE OF STORES	Own

WESTERN EUROPE



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

Western Europe as a new growth pillar

Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	15	94	194	279	320
% 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	49.0

No. of stores	2014	2015	2016	2017	2018
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: 19 stores in Germany by the end of 2018 has been reached. Further development once these stores 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
GROWTH STAGE	Early stage
TRADITIONAL STORES	Reserved
ON-LINE STORES	No own stores; Reserved on Namshi.com from July 2018
# STORES	7
FLOORSPACE	7.1 ths m2
TYPE OF STORES	Franchise



XX NUMBER OF STORES, END 2018
 @ ON-LINE STORES, END 2018

ME – foothold on the third continent

Key data	2014	2015	2016	2017	2018
Revenues (PLN m)	0	23	31	24	22
% of group revenues	0%	0%	1%	0%	0%
No. of stores	0	4	6	6	7
Floorspace (ths, m2)	0	5.5	7.6	6.6	7.1

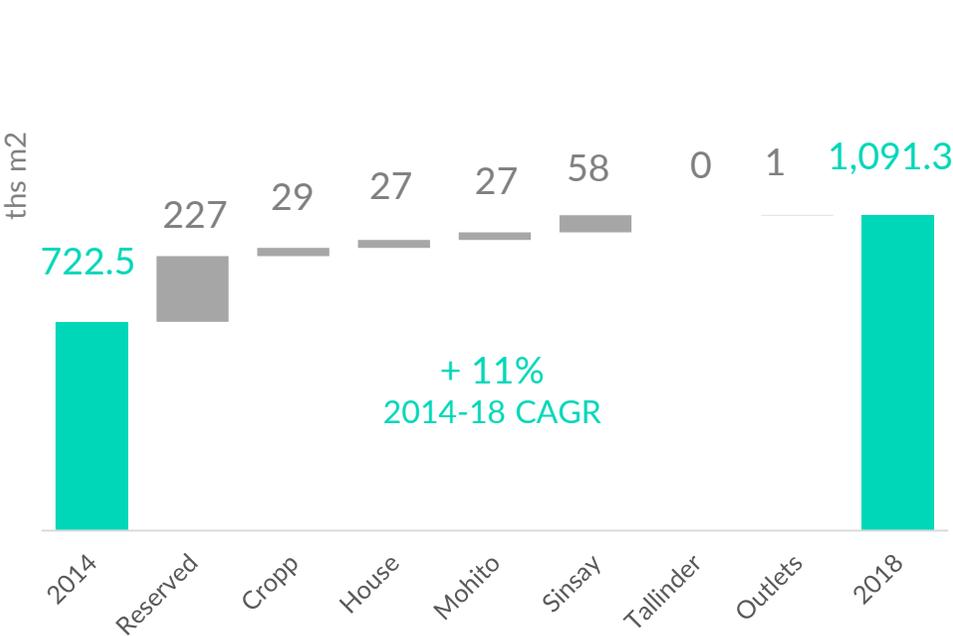
No. of stores	2014	2015	2016	2017	2018
ME countries	0	4	6	6	7
Egypt	0	1	1	1	1
Kuwait	0	1	1	1	1
Qatar	0	1	2	3	2
Saudi Arabia	0	1	1	0	0
UAE	0	0	1	1	1
Israel	0	0	0	0	2

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. Further stores will follow.
- Reserved products are available on on-line platform Namshi.com (decision of our franchise partner, July 2018).

Reserved dominated floorspace growth

FLOORSPACE GROWTH BY BRANDS



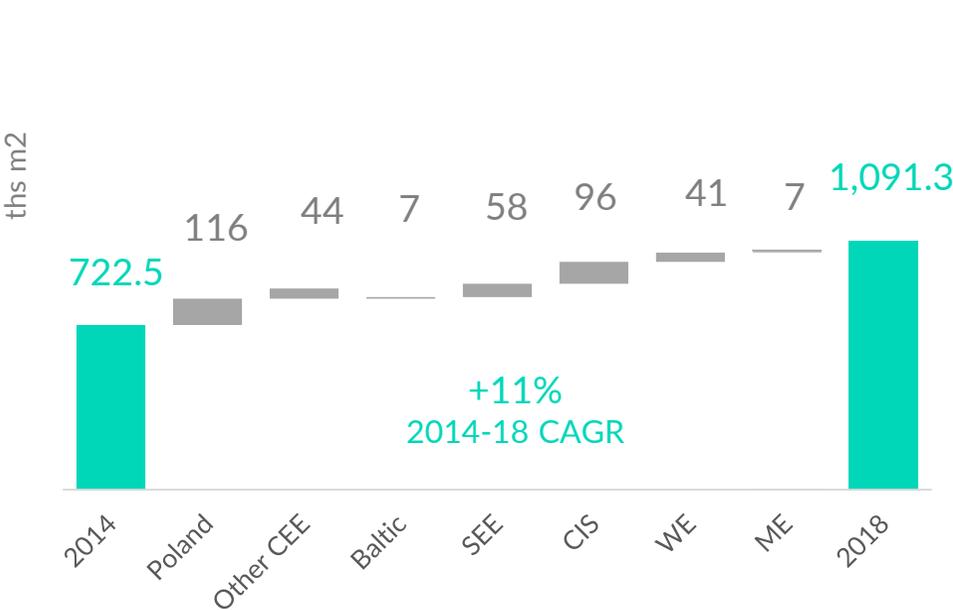
FLOORSPACE BY BRANDS

ths m2	2014	2015	2016	2017	2018
LPP GROUP	722.5	843.5	920.7	1,000.6	1,091.3
Reserved PL	209.2	232.5	248.7	266.8	273.3
Reserved EX	180.5	228.8	260.4	295.5	343.4
Cropp PL	58.3	63.0	65.3	65.7	66.5
Cropp EX	47.1	51.5	55.1	61.6	67.5
House PL	57.3	62.2	64.9	65.0	67.3
House EX	32.3	37.5	40.7	45.7	49.0
Mohito PL	46.2	52.1	53.4	53.0	54.1
Mohito EX	36.6	42.4	45.7	50.7	55.3
Sinsay PL	32.7	43.5	48.6	53.2	60.1
Sinsay EX	11.0	16.2	21.2	31.4	42.9
Tallinder PL	0.0	0.0	4.1	0.0	0.0
Outlets	11.3	13.8	12.6	12.1	12.0

- In 2014-18, 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 2014-18.
- Cropp and House growths came from domestic and foreign expansion.

New regions fuel floorspace growth

FLOORSPACE GROWTH BY REGIONS



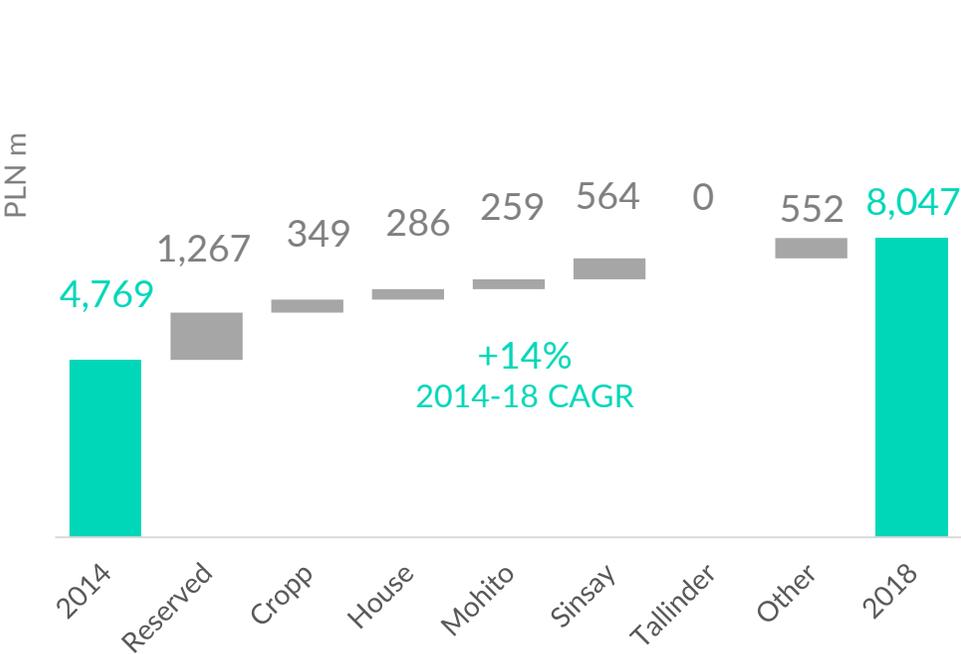
FLOORSPACE BY REGIONS

ths m2	2014	2015	2016	2017	2018
LPP GROUP	722.5	843.5	920.7	1,000.6	1,091.3
CEE	475.5	544.7	580.6	602.1	635.4
Poland	413.6	465.0	496.6	514.0	529.5
Other CEE	61.9	79.7	84.0	88.1	105.9
Baltic	36.4	38.2	39.5	43.0	43.5
SEE	22.6	34.1	48.3	53.1	81.0
CIS	180.3	193.9	207.0	247.3	275.4
WE	7.6	27.1	37.7	48.5	49.0
ME	0.0	5.5	7.6	6.6	7.1

- 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 and new countries were entered into (Belarus and Kazakhstan).
- SEE was the third largest floorspace growth contributor in 2014-18 due to acceleration of expansion and entry to new countries.

Reserved an important revenue growth driver

REVENUE GROWTH BY BRANDS



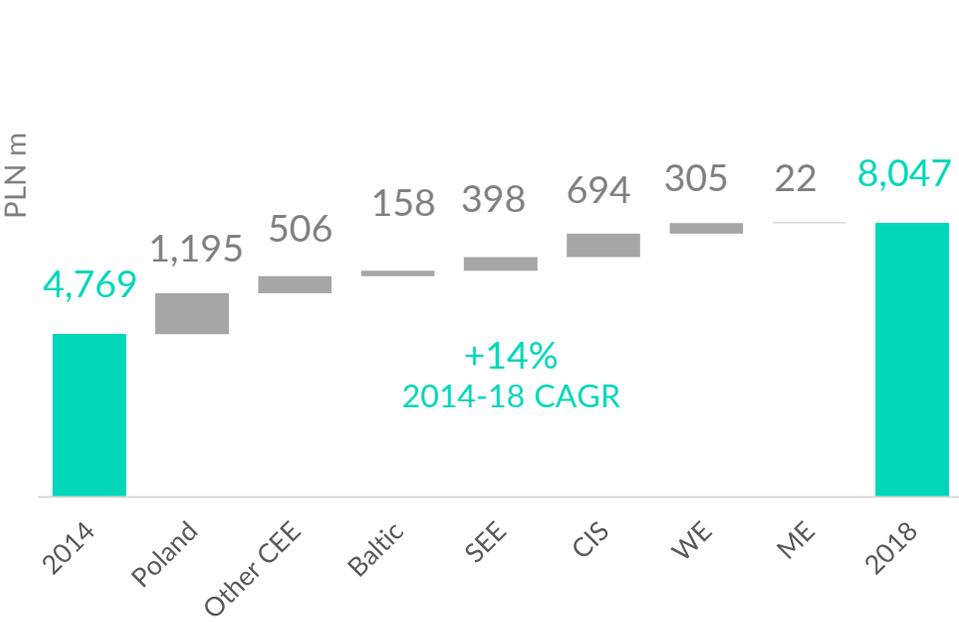
REVENUES BY BRANDS

PLN m	2014	2015	2016	2017	2018
LPP GROUP	4,769.3	5,130.3	6,019.0	7,029.4	8,046.8
Reserved PL	1,425.7	1,421.5	1,407.0	1,560.5	1,740.1
Reserved EX	885.6	1,012.3	1,285.9	1,599.0	1,838.3
Cropp PL	469.8	467.8	497.4	540.5	529.8
Cropp EX	301.2	322.0	417.5	523.4	590.1
House PL	454.9	469.7	517.3	524.3	575.6
House EX	178.7	203.4	249.9	281.0	344.4
Mohito PL	340.5	353.5	405.5	445.4	406.0
Mohito EX	182.4	233.0	331.3	383.1	375.6
Sinsay PL	186.0	262.0	346.1	430.4	502.0
Sinsay EX	38.6	66.9	114.8	179.8	287.0
Tallinder PL	0.0	0.0	12.1	1.1	0.0
Other	305.9	318.2	434.4	560.7	858.0

- Despite its scale in Poland, Reserved was the largest group revenue contributor in 2014-18 compared to other brands.
- Sinsay proved to be a successful concept, growing domestically and abroad. House and Mohito were similar revenue contributors. These were outpaced by Cropp.
- E-commerce development was another source of growth.

New regions fuel revenue growth

REVENUE GROWTH BY REGIONS



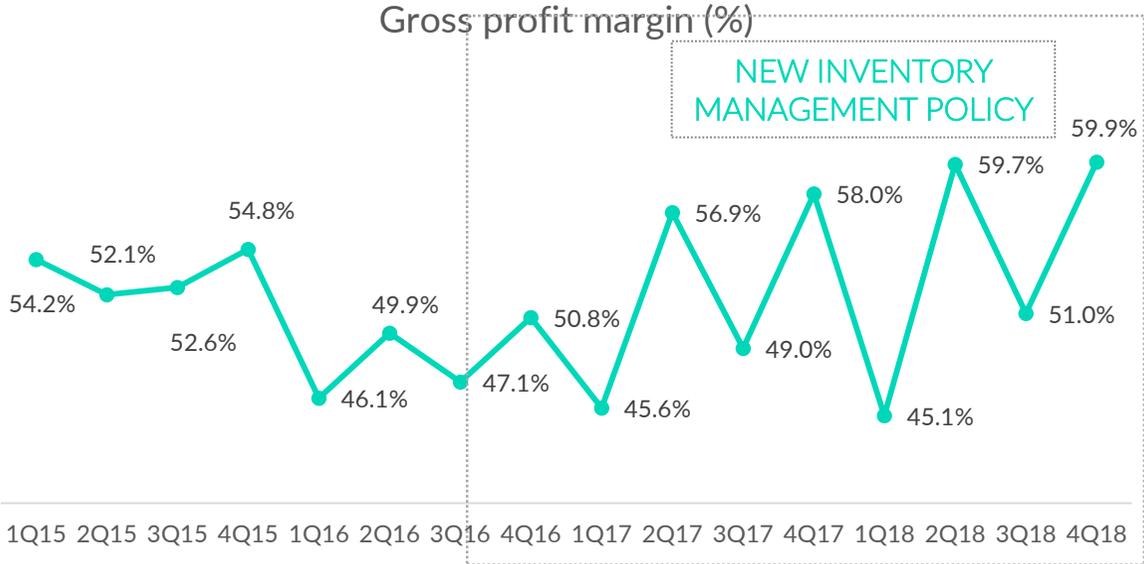
REVENUES BY REGIONS

PLN m	2014	2015	2016	2017	2018
LPP GROUP	4,769.3	5,130.4	6,019.0	7,029.4	8,046.8
CEE	3,413.6	3,633.8	4,038.6	4,572.1	5,114.6
Poland	3,079.6	3,227.7	3,511.4	3,906.0	4,274.5
Other CEE	333.9	406.1	527.2	666.1	840.1
Baltic	199.8	221.6	256.4	294.7	358.0
SEE	64.6	133.8	229.8	317.4	462.6
CIS	1,076.2	1,024.6	1,269.3	1,542.4	1,770.1
WE	15.2	93.9	193.6	278.6	319.7
ME	0.0	22.6	31.4	24.1	21.7

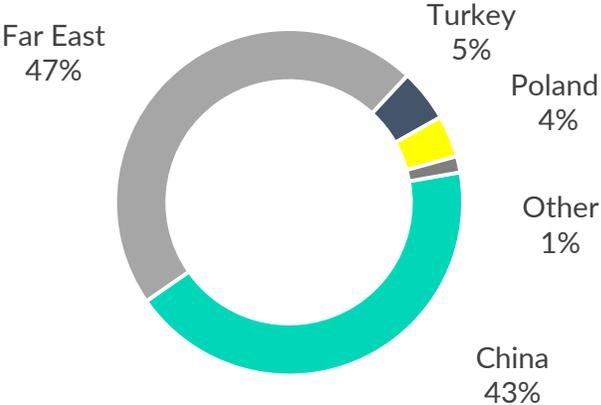
- The CEE dominated in terms of revenue contribution largely due to the core Polish market.
- Floorspace expansion in Russia translated into CIS being the second largest revenue addition.
- Expansion into SEE and WE is visible on our top-line. Since 2015 we develop in the Middle East.

Gross profit margin on the upward trend

QUARTERLY GROSS PROFIT MARGIN

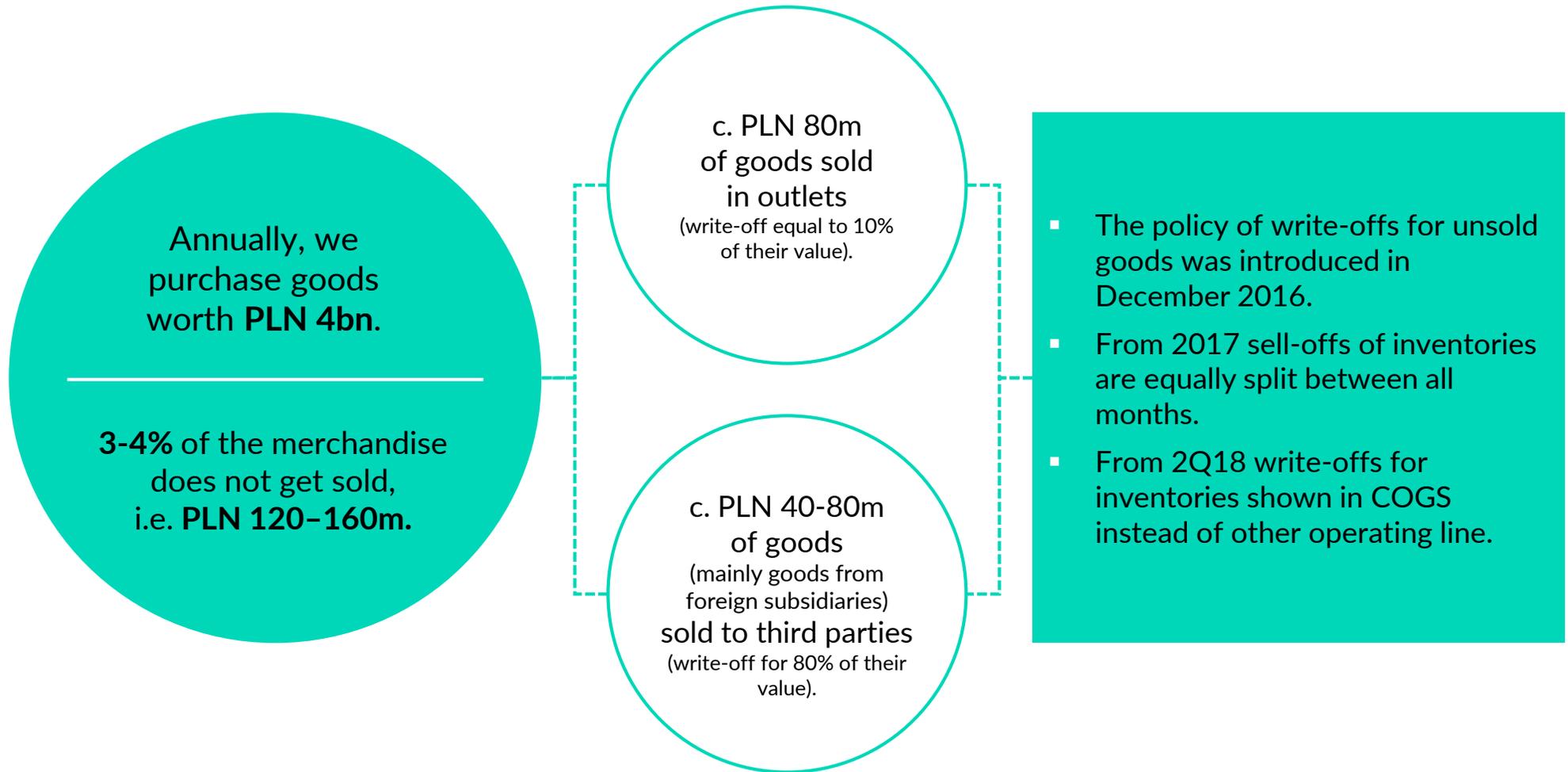


2018 PURCHASES BY REGION



- YoY gross profit margin increase in 2018 – 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 (c. PLN 40m write-offs charged against 2Q18 gross profit margin, c. PLN 3m in 4Q18).

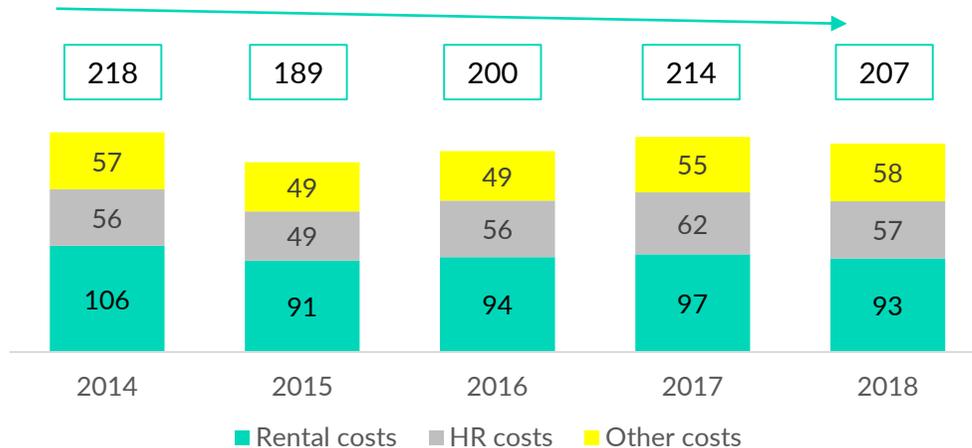
Inventory write-offs model (from 4Q16)



Costs of own stores depend on rentals

COSTS OF OWN STORES/ m2

-1%
2014-18 CAGR
(PLN monthly)



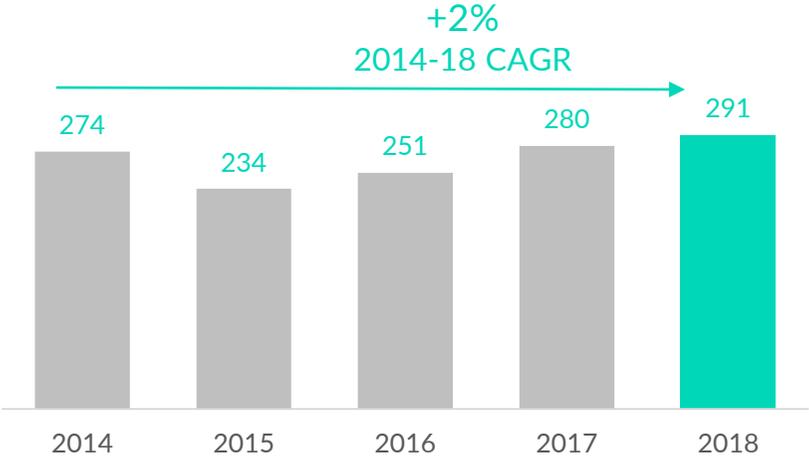
2018 COSTS OF OWN STORES SPLIT



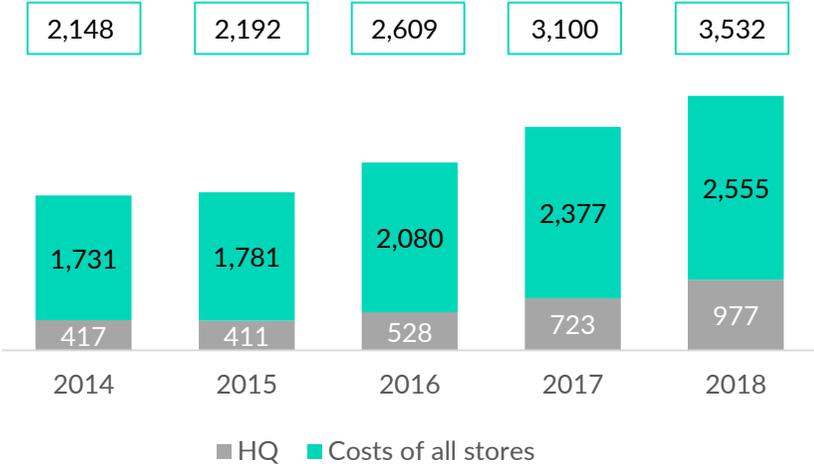
- Rental charges → successful rental renegotiations; level paid depends on EUR/PLN exchange rate.
- Personnel costs → continuous headcount optimisation in 2014-15, but pressure on salaries growth in 2016-17.
- Lower YoY personnel costs and higher YoY other costs in 2018 → we reduce the responsibilities 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)



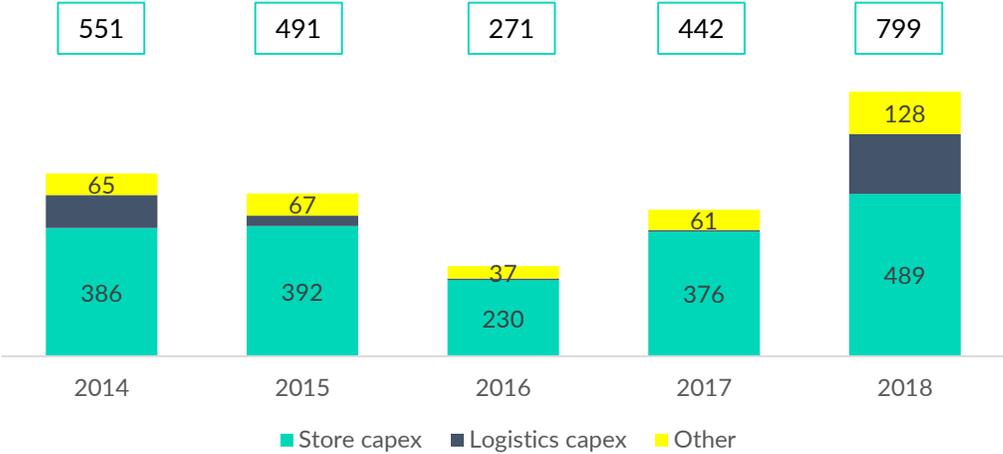
SG&A COSTS
(PLN m)



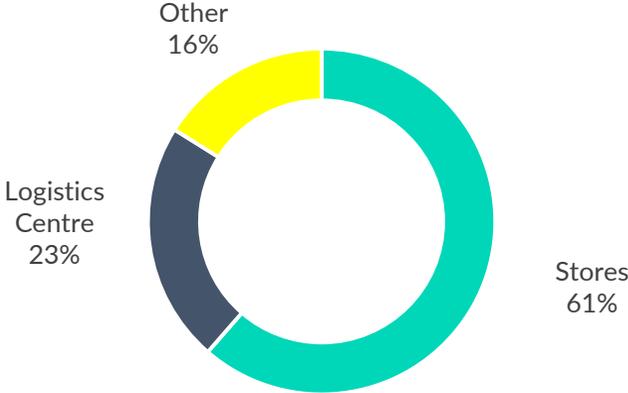
- Costs of stores → YoY growth in 2016-18 due to higher YoY floorspace, FX relations and other costs of stores. Fall in costs of franchise stores in Poland, due to switch to company owned stores.
- HQ costs → YoY growth in 2016-2018 due to investments in product departments and e-commerce.
- Franchise stores in the Middle East and in Belarus do not affect SG&A costs.

Store capex reduced by fit-outs

CAPEX SPLIT
(PLN m)



2018 CAPEX SPLIT
(PLN m)



- We are now in a process of upgrading our traditional stores. Along with rental agreements expiring, we plan to modernisation capex in year 2019-20 especially, to make our stores ready for omnichannel.
- We are in the process of building a new distribution centre – this time in the centre of Poland. The current one is sufficient until the end of 2020.
- Modernisation of Gdansk headquarters finished in September 2015. We continue to expand our HQs to make room for future growth.

Further logistics development

AT PRESENT		FUTURE
POLAND	RUSSIA	
Pruszcz Gdański 66 ths m2 own	Moscow, stores 14 ths m2 rented	Brześć Kujawski 100 ths m2 own
Stryków, e-commerce 46 ths m2 rented	Moscow, e-commerce 8 ths m2 rented	Slovakia e-commerce 25 ths m2 rented
		Rumunia e-commerce 22 ths m2 rented

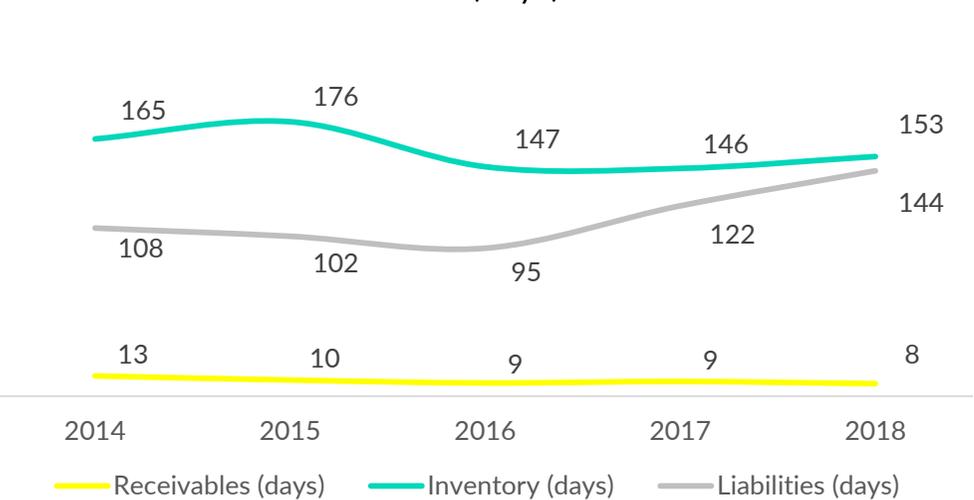


Investments in LPP's future

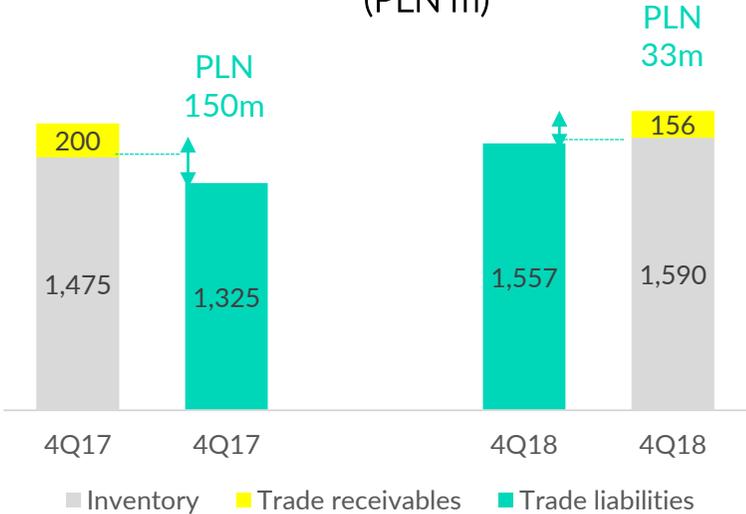
PLN m	2019	2020	2021	2022	2019-2022
Stores	670	620	500	450	2,240
Stores in Poland and abroad	670	620	500	450	2,240
Offices	110	110	70	0	290
New office Gdańsk Łąkowa - building 1	50				50
New office Gdańsk Łąkowa - building 2	30	40			70
New office Gdańsk Łąkowa - building 3		70	70		140
New office Kraków	30				30
Logistics	30	200	200	0	430
Expansion LC Pruszcz Gdański	20				20
New LC Central Poland	10	200	200		410
IT & others	50	50	50	50	200
TOTAL	860	980	820	500	3,160

Freeing up working capital

CASH CYCLE (days)



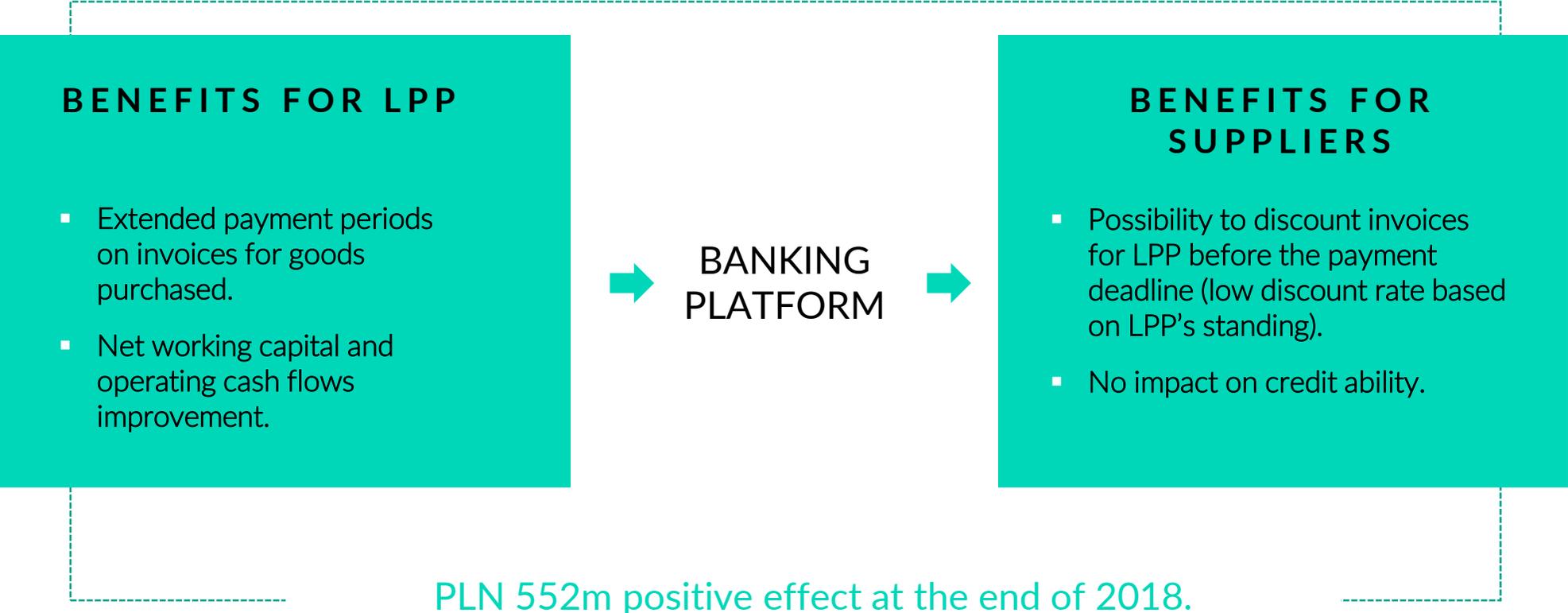
WORKING CAPITAL (PLN m)



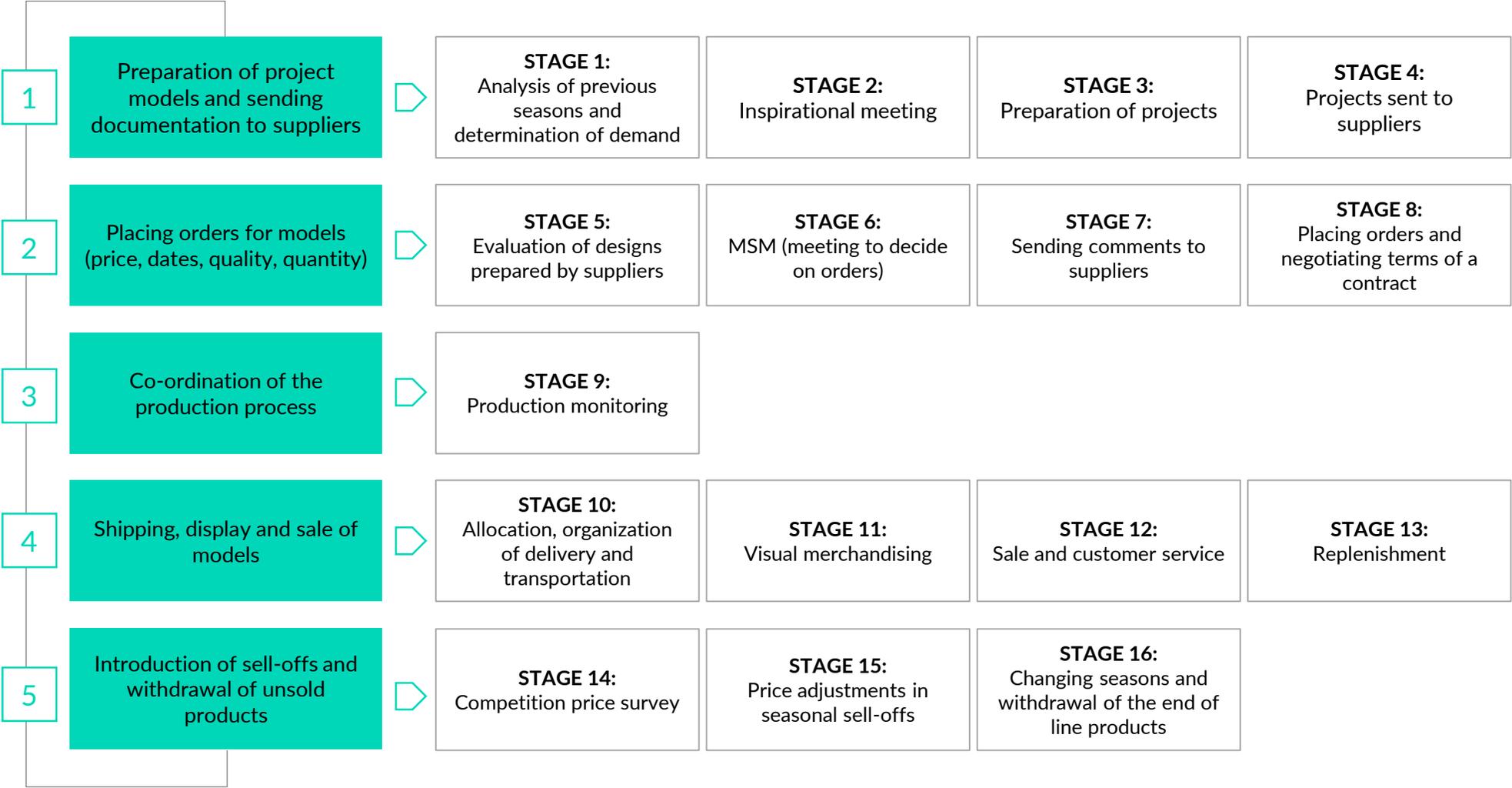
- 8% YoY growth in inventory at the end of 2018, due to weaker than expected December. 1% YoY fall in inventory/ m2, due to floorspace development and a more efficient way of inventory management.
- We are in line with our long-term target of matching liabilities to the inventory level.
- PLN 552m additional liabilities due to supplier financing programme at the end of 2018.
- As a result, we reduced our cash cycle to 17 days in 2018 compared to 33 days in 2017.

Optimisation of NWC

SUPPLY CHAIN FINANCE - SCF (SUPPLIER FINANCING PROGRAMME)



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.
- Cooperation with designing schools.

WARSAW

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

Group FX exposure (excluding IFRS16)

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, KAZAKHSTAN
(Foreign subsidiaries)

RUB/PLN
US\$/PLN



MIDDLE EAST & BELARUS
STORES
(Franchise)

US\$/PLN



53% PLN REVENUES
47% FX REVENUES

LPP
(Parent company)

86% US\$
10% EUR
4% PLN

COSTS

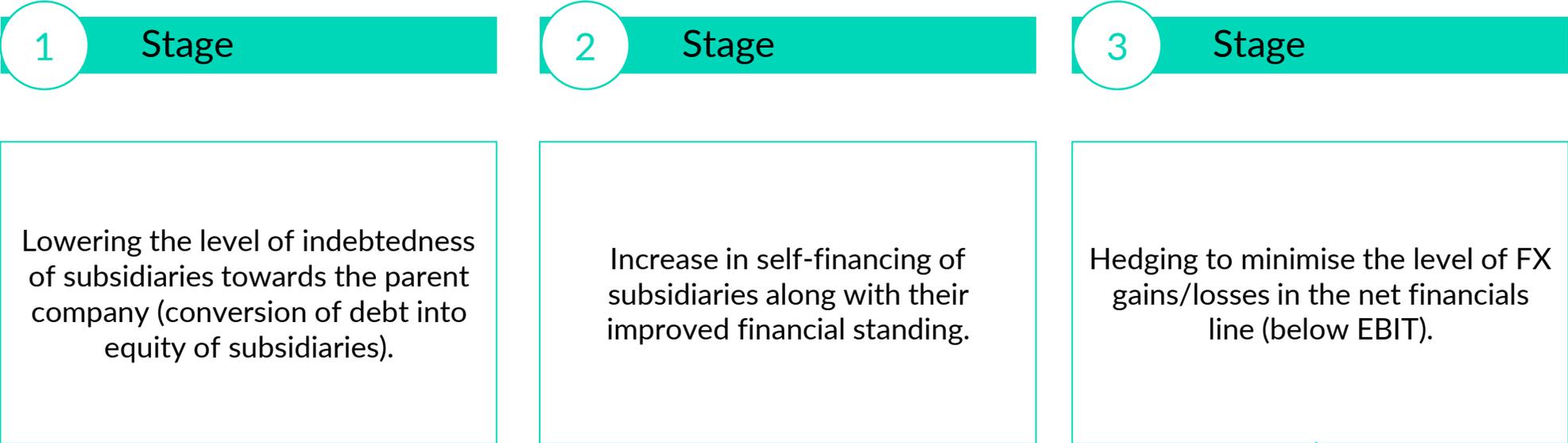
MANUFACTURERS

43% PLN SG&A COSTS
57% FX SG&A COSTS

77% EUR
10% US\$
13% other

RENTALS

First hedging transactions

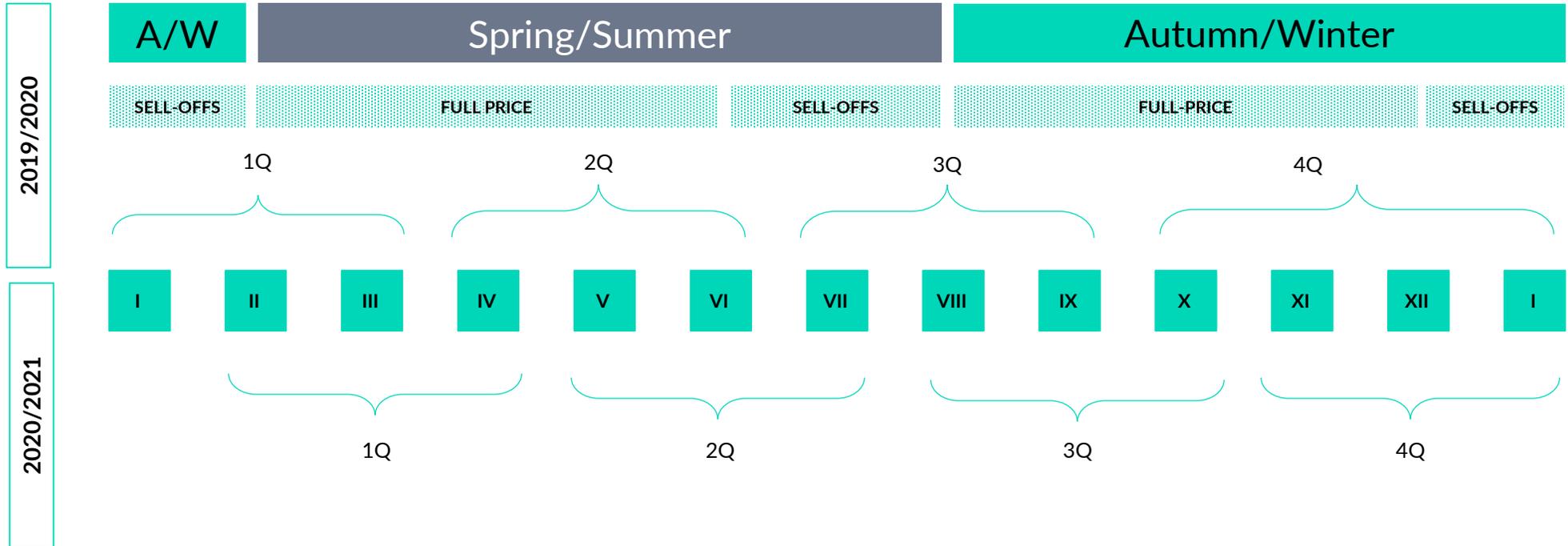


- Hedging of US\$/PLN FX rate.
- Forwards with currency delivery.
- We hedge the period between booking the invoice from the supplier and invoice payment.

- We hedge 70% of payments.
- Hedged amount at US\$ c.74m end 2018.

Hedging does not affect gross profit margin.

Change in the fiscal year from 2019



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

The fiscal year in 2019 will be 13 months long and 4Q19 will be 4 months long.

The first 12-month financial year after the fiscal year change from February 1, 2020.

Record high earnings in 2018

PLN m	2014	2015	2016	2017	2018	YoY
Revenues	4,769.3	5,130.4	6,019.0	7,029.4	8,046.8	14.5%
Gross profit on sales	2,792.5	2,742.8	2,933.8	3,720.0	4,401.3	18.1%
Gross profit margin	58.6%	53.5%	48.7%	52.9%	54.7%	1.7pp.
SG&A costs	2,148.3	2,191.7	2,608.8	3,099.9	3,532.2	13.9%
Other operating line	-35.0	-48.5	-98.6	-41.6	-112.5	
EBIT	609.1	502.7	226.4	578.4	756.6	30.8%
EBIT margin	12.8%	9.8%	3.8%	8.2%	9.4%	1.2pp.
Net financial activity	-149.2	-88.3	-32.3	-14.8	-32.9	
Pre-tax profit	459.9	414.4	194.1	563.7	723.7	28.4%
Tax	-22.0	63.0	19.3	122.9	218.5	
Minorities	2.3	0.0	0.0	0.1	0.0	
Net income	479.5	351.3	174.8	440.9	505.2	14.6%
Net income margin	10.1%	6.8%	2.9%	6.3%	6.3%	0.0pp.

Balance sheet increasingly strong

PLN m	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018
Non-current assets	1,516.4	1,797.0	1,838.7	2,041.4	2,417.8
fixed assets	315.9	324.4	1,291.3	1,478.2	1,818.3
intangibles (inc. goodwill)	1,038.8	1,258.8	330.6	351.2	376.7
Current assets	1,417.3	1,768.2	1,839.3	2,289.5	2,963.1
inventory	979.3	1,319.7	1,164.1	1,475.2	1,590.4
trade receivables	176.9	115.1	165.4	199.6	156.3
cash and equivalents	183.5	224.4	365.8	514.8	1,045.0
Total assets	2,933.7	3,565.2	3,677.9	4,330.8	5,380.8
Equity	1,638.4	1,889.7	2,134.7	2,443.4	2,860.5
Long-term liabilities	210.7	344.1	267.3	324.4	346.1
interest bearing debt	204.5	284.3	195.0	141.8	88.6
Short-term liabilities	1,084.6	1,331.3	1,275.9	1,563.0	2,174.1
trade liabilities	618.6	721.4	881.1	1,325.3	1,557.4
interest bearing debt	378.3	561.1	315.1	56.5	203.2
Total liabilities	2,933.7	3,565.2	3,677.9	4,330.8	5,380.8

Strong operating cash flows

PLN m	2014	2015	2016	2017	2018
Pre-tax profit	459.9	414.4	194.1	563.7	723.7
D&A	193.7	223.6	267.4	293.4	349.2
NWC	-127.3	-223.4	255.9	101.3	125.2
Operating CF	492.9	253.9	718.2	893.2	1,212.0
Capex	-550.5	-490.6	-271.8	-441.6	-798.9
Investing CF	-476.0	-415.5	-181.4	-383.9	-704.4
Interest bearing debt	204.0	277.7	-328.7	-309.0	108.5
Dividends	-169.6	-58.0	-59.9	-65.5	-73.3
Interest	-14.8	-18.5	-21.6	-11.6	-14.3
Financing CF	17.2	201.2	-393.8	-359.9	20.9
Total CF	34.2	39.5	143.0	149.4	528.5

IFRS16 – impact on financial statements

BALANCE SHEET

- Assets higher by some PLN 3 bn.
- Liabilities higher by some PLN 3 bn.
- Only basic rental agreements within the scope of IFRS16 (no additional charges, no floating rates).

+ assets / +liabilities

INCOME STATEMENT

- Some half of rental expenses will be recognised under IFRS16.
- PLN 0.6bn depreciation pick-up, equal to the amount of rentals excluded from EBIT.
- C. PLN 0.1bn of additional annual interest on new liability.

++ EBITDA /+EBIT

CASH FLOW STATEMENT

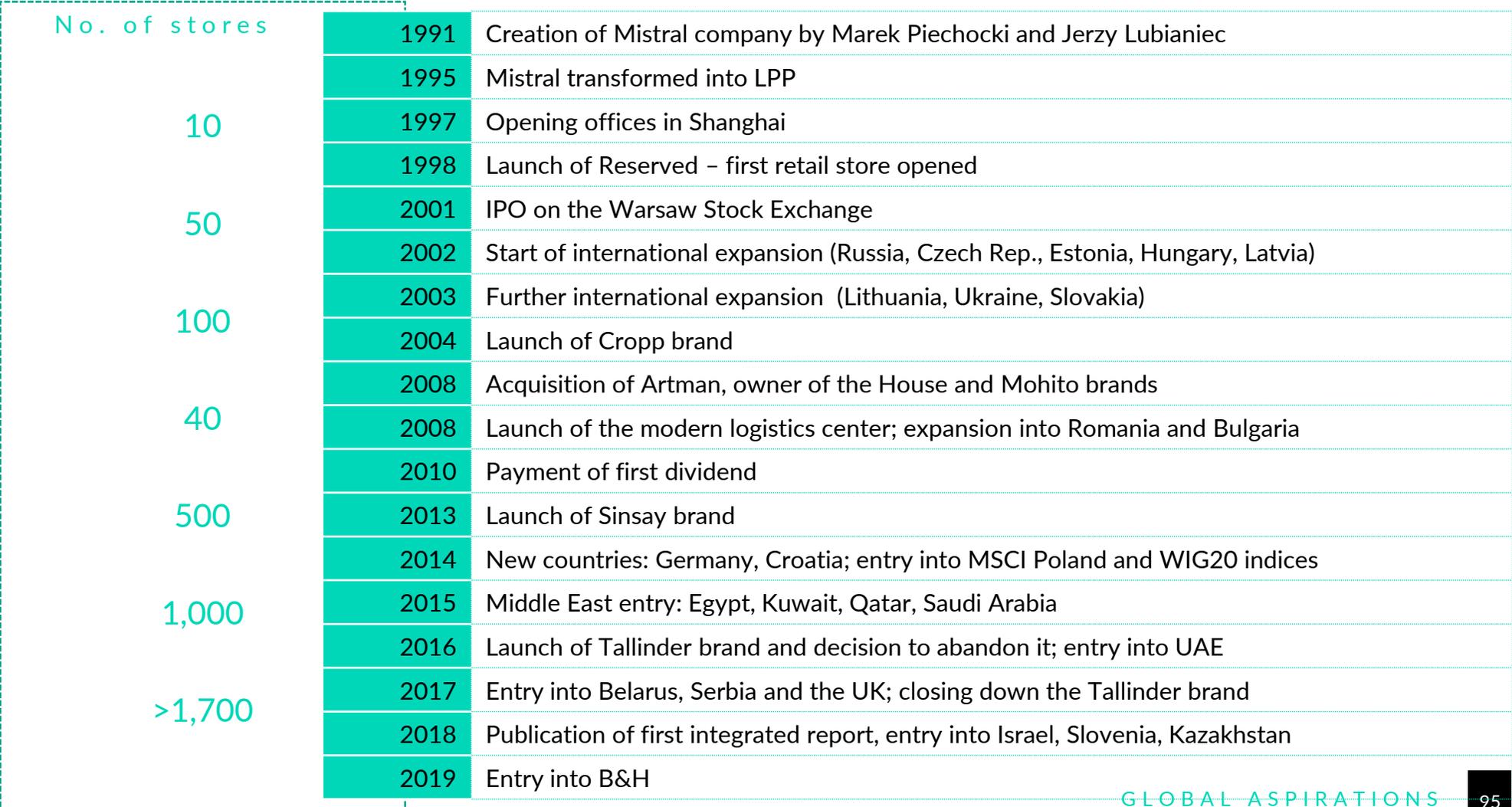
- Operating cash flow: growth due to higher depreciation charge.
- Financing cash flow: higher costs, leasing payments.

+ operating cash flows

APPLICATION: 2019 BALANCE OF OPENING AND LATER QUARTERS.

LPP's success story

CORPORATE MILESTONES



Key corporate events of 2018



**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 MARKET:
KAZAKHSTAN**

Debut on the 23rd market - stores of 5 brands in a shopping center in Almaty. Total retail space increased by further stores.

7,674 m²

October/November 2018

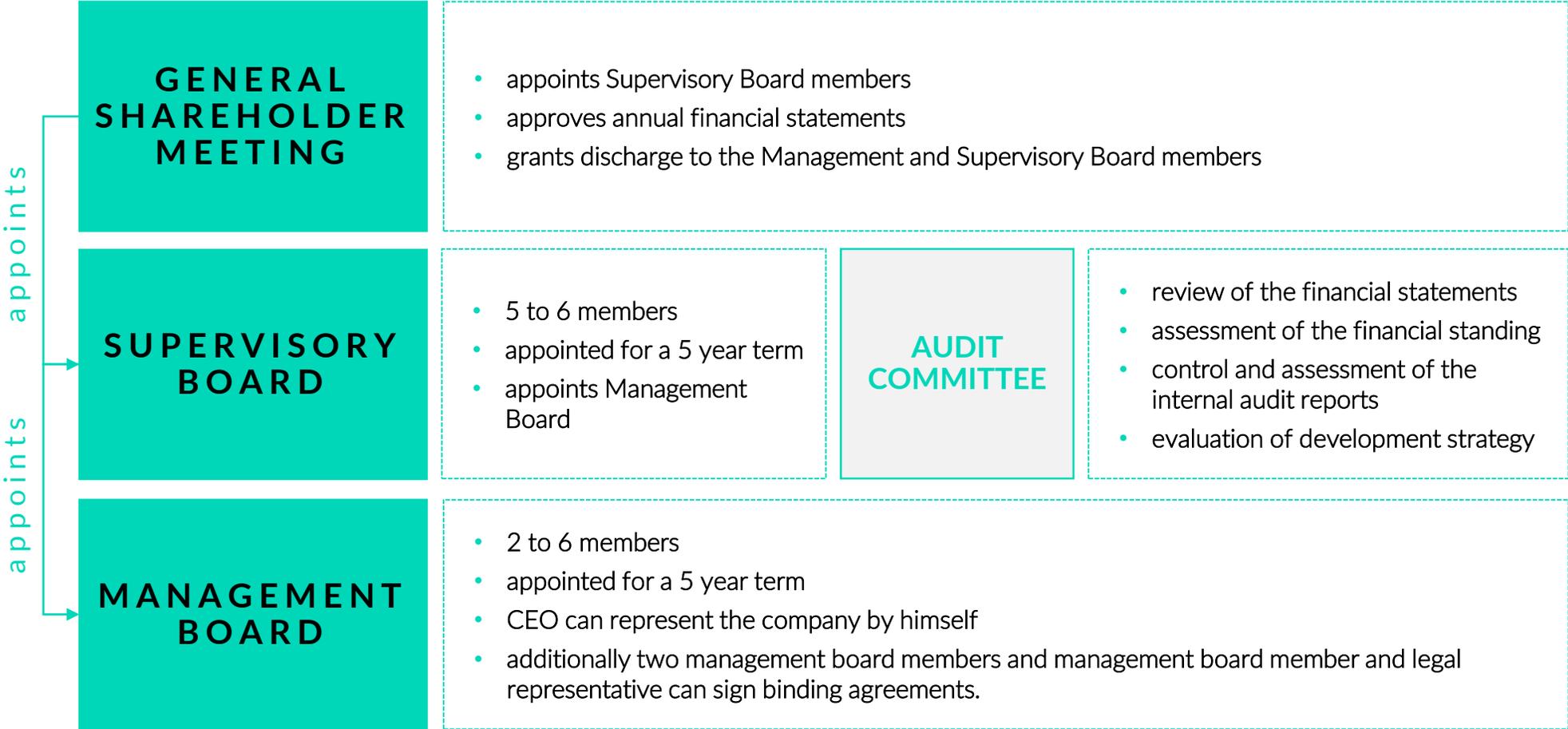
December 2018

**RESERVED AND VOGUE
UK PROJECT**

Reserved New Year's Eve collection created in cooperation with British Vogue stylists. Available in selected stores and on-line.



Corporate governance



Founders actively involved in the business

LPP's FOUNDERS

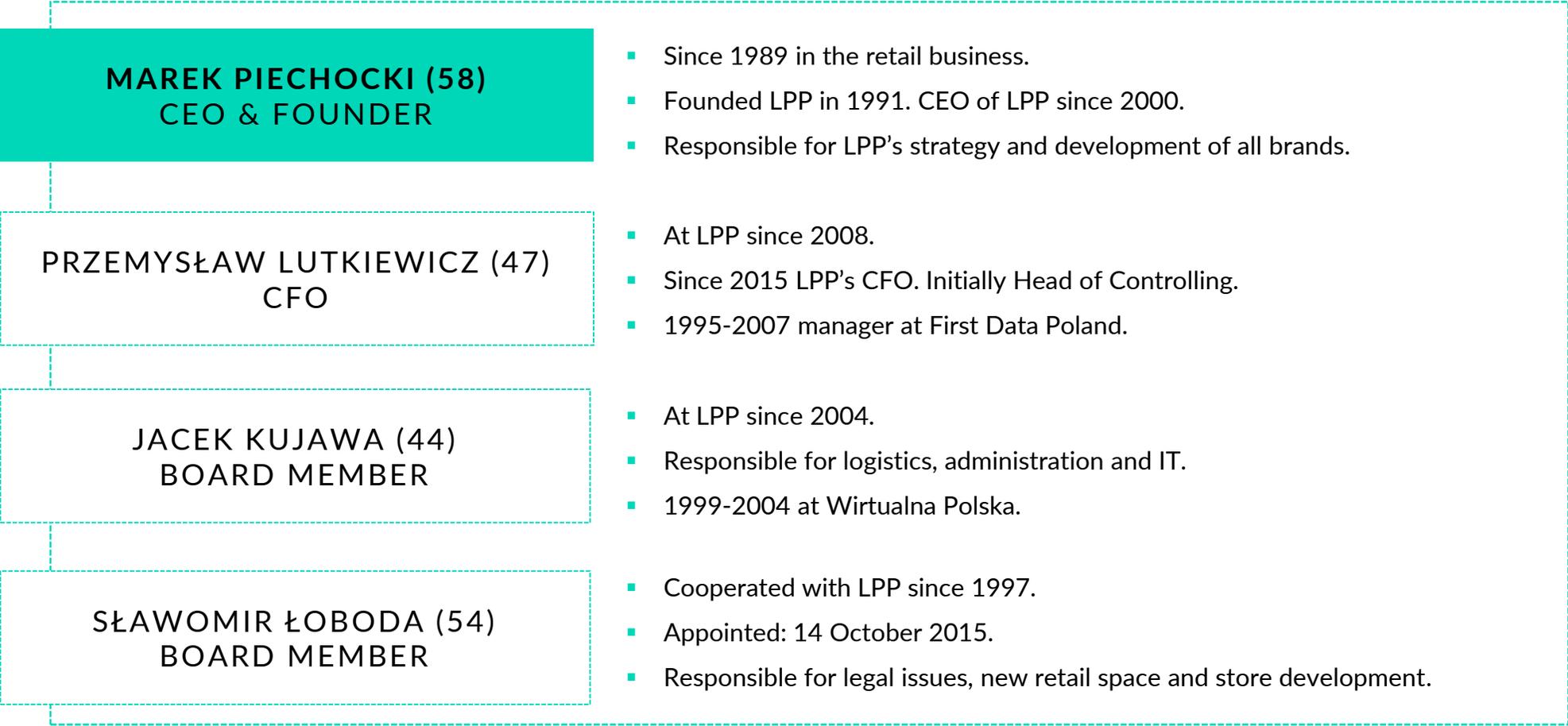
MAREK PIECHOCKI CHIEF EXECUTIVE OFFICER

- 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 (63)
Deputy Chairman

PIOTR PIECHOCKI (31)
Member

MAGDALENA SEKUŁA (43)
Independent member

ANTONI TYMIŃSKI (68)
Independent member

MIŁOSZ WIŚNIEWSKI (55)
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.

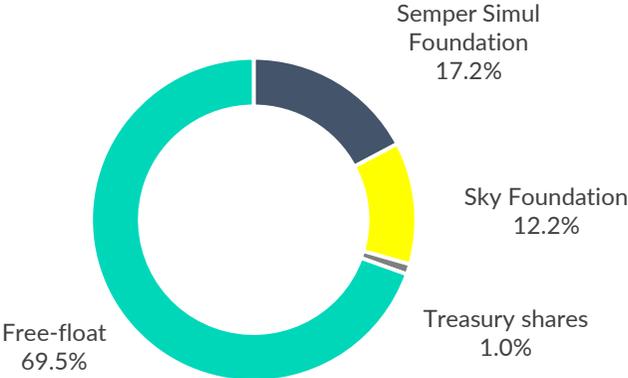
Families have written their goals in the statutes of their foundations.

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

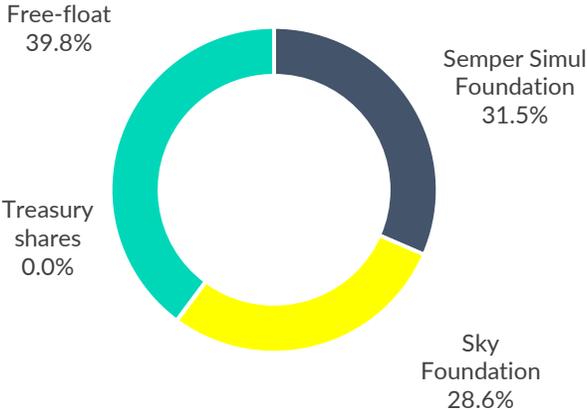
SHAREHOLDERS BY EQUITY

total no of shares: 1,852,423



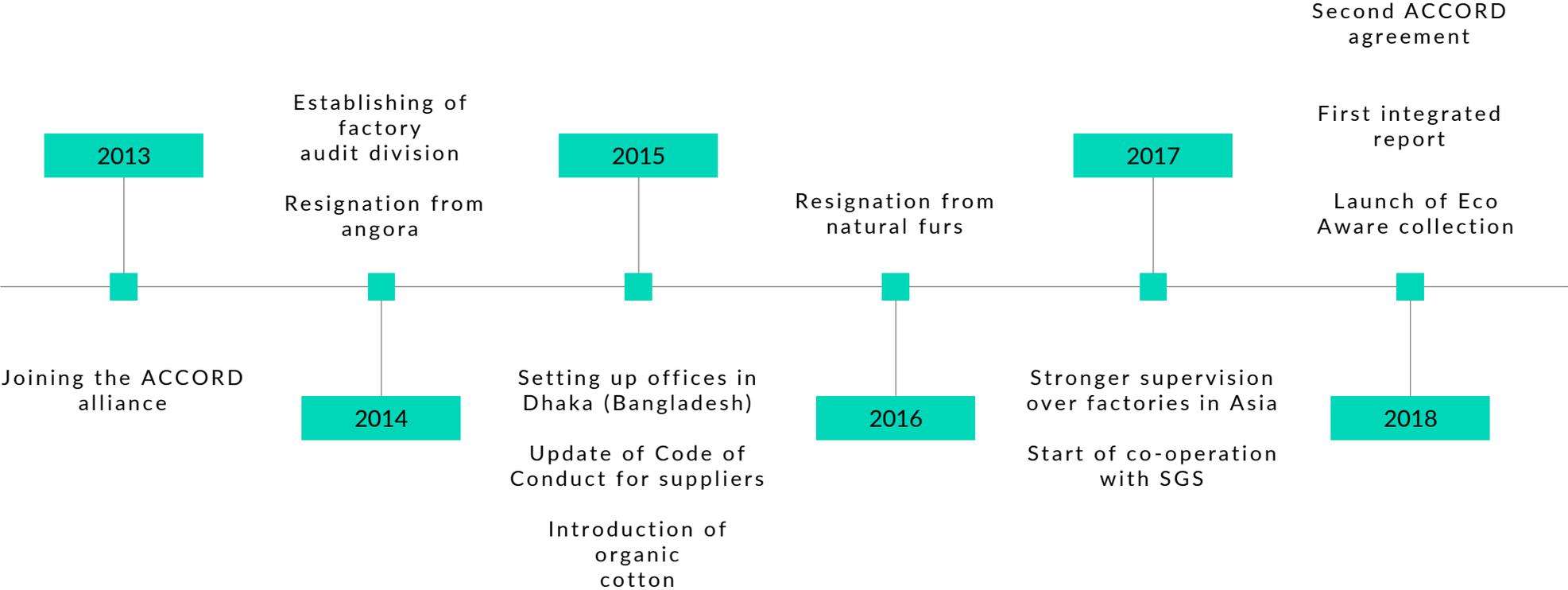
SHAREHOLDERS BY VOTES

total no of votes: 3,233,562



- 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.

Integrated reporting initiated in 2018



Safety in Asian factories is our goal

PLN 20.5m

110 SGS inspections

22,551 quality inspections



PLN 20.5m outlays for audits of working conditions in Bangladesh factories, especially for costs of on-site inspections, audits of working conditions and membership fees for ACCORD and Rana Plaza Trust Fund.

ACCORD control results:

- 90% of factories had their electrical installations modernised or changed,
- 84% of factories ended up with additional anti-fire alarms and installations,
- 83% of factories had their constructions strengthened. In many cases the production was transferred to other venues.

110 inspections conducted by SGS in Bangladesh in 2018.
22,551 number of quality inspections carried out by LPP in factories and distribution centres.

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.

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).

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.

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



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

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

Presence in key indices

POLISH INDICES

WIG20

- The most important index of the WSE
- Member since March 2014
- c. 4.9% 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. 4.6% LPP's weight

WIG

- The broadest index of the WSE
- c. 3.6% 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	-12%
3Y	+41%
5Y	-13%

MARKET DATA

Price (31.12.18)	PLN 7,850
Min 1Y	PLN 7,535
Max 1Y	PLN 10,170

Broad analytical coverage

INSTITUTION	ANALYST	E - MAIL
BDM	Adrian Górniak	gorniak@bdm.pl
BGŻ BNP Paribas BM	Michał Krajczewski	michal.krajczewski@bgzbnpparibas.pl
BofA/ML	Ilya Ogorodnikov	llya.ogorodnikov@baml.com
BOŚ DM	Sylwia Jaśkiewicz	s.jaskiewicz@bossa.pl
Centralny Dom Maklerski Pekao SA	Natalia Szomko	natalia.szomko@cdmpekao.com.pl
Citi Handlowy	Rafał Wiatr	rafal.wiatr@citi.com
Goldman Sachs	Maxim Nekrasov	maxim.nekrasov@gs.com
Haitong	Konrad Książkowski	kksiezopolski@haitongib.com
Ipopema Securities	Marek Szymański	marek.szymanski@ipopema.pl
JP Morgan	Michał Kuzawiński	michal.kuzawinski@jpmorgan.com
mBank	Piotr Bogusz	piotr.bogusz@mdm.pl
Millennium DM	Marcin Palenik	marcin.palenik@millenniumdm.pl
Pekao IB	Maria Mickiewicz	maria.mickiewicz@pekaoib.pl
PKO BP DM	Adrian Skłodowski	adrian.skłodowski@pkobp.pl
Raiffeisen Centrobank	Jakub Krawczyk	jakub.krawczyk@rcb.at
Santander DM	Tomasz Sokołowski	tomasz.sokolowski@bzwbk.pl
Trigon DM	Grzegorz Kujawski	grzegorz.kujawski@trigon.pl
UBS	Michał Potyra	michal.potyra@ubs.com
Vestor DM	Krzysztof Kubiszewski	krzysztof.kubiszewski@vestor.pl
Wood & Co.	Łukasz Wachetko	lukasz.wachelko@wood.com

Investor relations' calendar



KEY DATES

- 28.05.2019 1Q19 results publication
- 01.07.2019 2Q19 trading update
- 12.09.2019 2Q19 results publication
- 01.10.2019 3Q19 trading update
- 19.11.2019 3Q19 results publication
- 03.02.2020 4Q19 trading update



IR CONTACT

- Person: Magdalena Kopaczewska
IR Manager
- E-mail: Magdalena.Kopaczewska@lppsa.com
LPP.investor.relations@lppsa.com
- Phone: + 48 693 904 337
- Address: Łąkowa 39/44 Street
80-769 Gdańsk, POLAND

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. 5.4% 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.



CONTACT DETAILS

GDANSK HEADQUARTERS

LPP SA
Łąkowa 39/44 Street
80-769 Gdansk, Poland
Tel. +48 58 76 96 900
Fax.+48 58 76 96 909
Email: lpp@lppsa.com

CRACOW BRANCH

LPP SA
Bagrowa 7 Street
30-733 Cracow, Poland
Tel. +48 12 39 25 000

DISTRIBUTION CENTRE

LPP SA
Tczewska 2 Street
83-800 Pruszcz Gdański, Poland

MEDIA CONTACT

Email: media@lppsa.com

IR CONTACT

Email: LPP.investor.relations@lppsa.com

RESERVED

CROPP

 **house**

M O H I T O

sinsay