

Emperia
Grupa Kapitałowa

Q1 2016



Significant events in Q1 2016

- On-going tax proceeding
- Legislative work in progress on retail tax
- Launch of 17 new stores
- Launch of distribution centre in Lublin
- Revenue higher than expected, results in line with expectations
- Buy-back programme continued



Emperia Group – operating structure

Retail

Stokrotka

Own and franchise stores

Property segment

**Elpro Development and
other companies**

Property management
and development

IT segment

Infinite

B2B communications, document
management, ERP systems for
retail

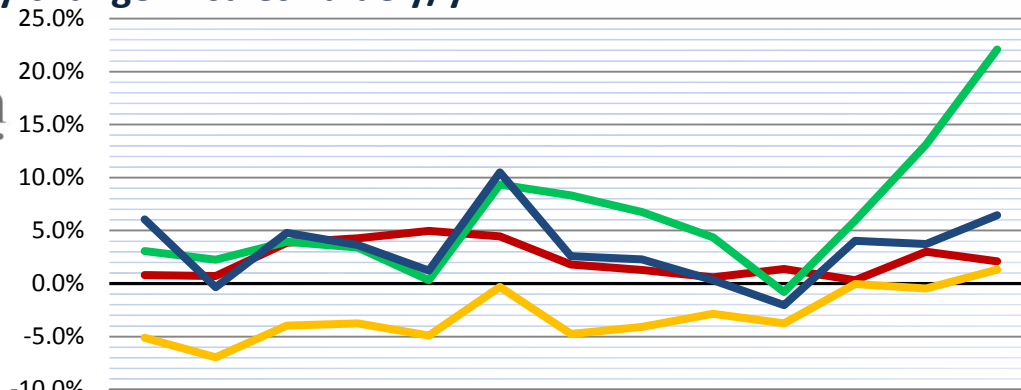
Retail

Grupa Kapitałowa Emperia

Poland's retail market 2013-2016

Quarterly change in sales value y/y

nielsen



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016
— Retail sales*	0.8%	0.7%	3.9%	4.3%	5.0%	4.5%	1.8%	1.3%	0.6%	1.4%	0.3%	3.0%	2.1%
— Stokrotka	3.1%	2.2%	3.9%	3.4%	0.3%	9.3%	8.3%	6.7%	4.4%	-0.8%	5.9%	13.1%	22.1%
— Supermarkets**	6.1%	-0.3%	4.8%	3.6%	1.2%	10.5%	2.6%	2.3%	0.3%	-2.0%	4.0%	3.7%	6.5%
— Hypermarkets**	-5.1%	-6.9%	-4.0%	-3.8%	-4.9%	-0.3%	-4.7%	-4.1%	-2.8%	-3.8%	0.0%	-0.5%	1.3%

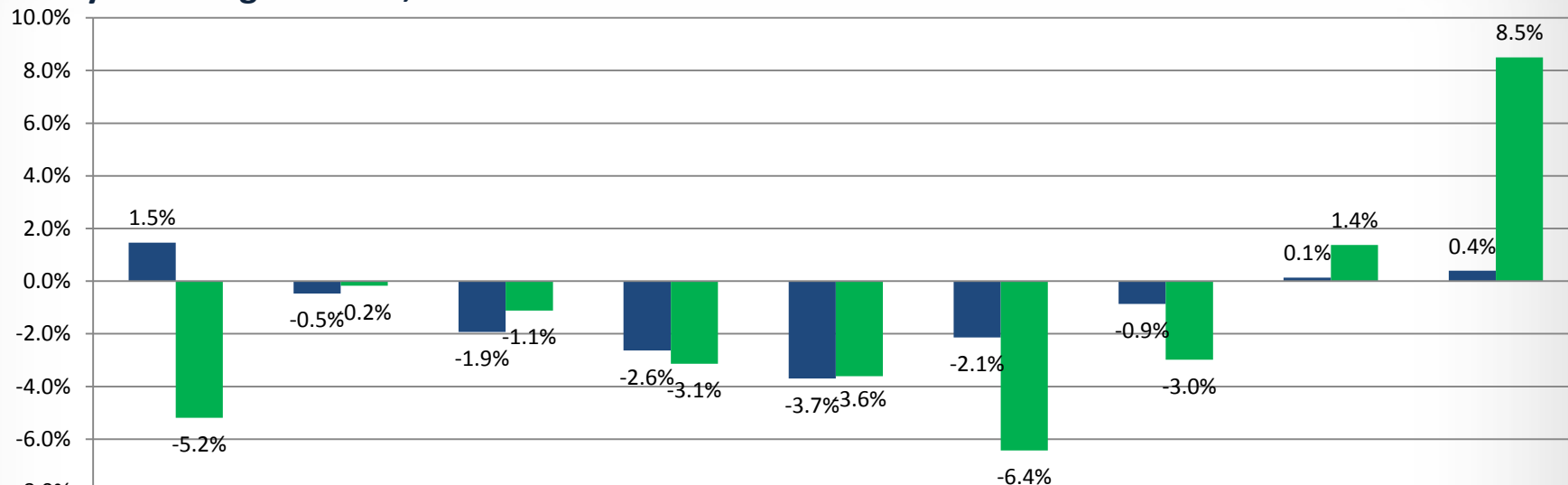
*Total retail sales y/y, GUS data

** Nielsen data - overall sales (Hipermarkets: Real, Auchan, Tesco >2500sqm, Carrefour >2500sqm, E. Leclerc >2500sqm, b1, Supermarkets: Carrefour <2500sqm, Carrefour Market, Simply Market, E. Leclerc <2500sqm, Intermarcne, Netto, Polomarket, Mila, Tesco <2500sqm)

- According to GUS, retail sales in Q1 2016 advanced 2.1% on the previous year.
- According to Nielsen, first-quarter sales at Stokrotka increased by 22.1% from the year before, while the Supermarkets segment saw a 6.5% increase y/y, and the Hypermarkets segment grew by 1.3%, compared to the previous year.

LFL sales – Stokrotka

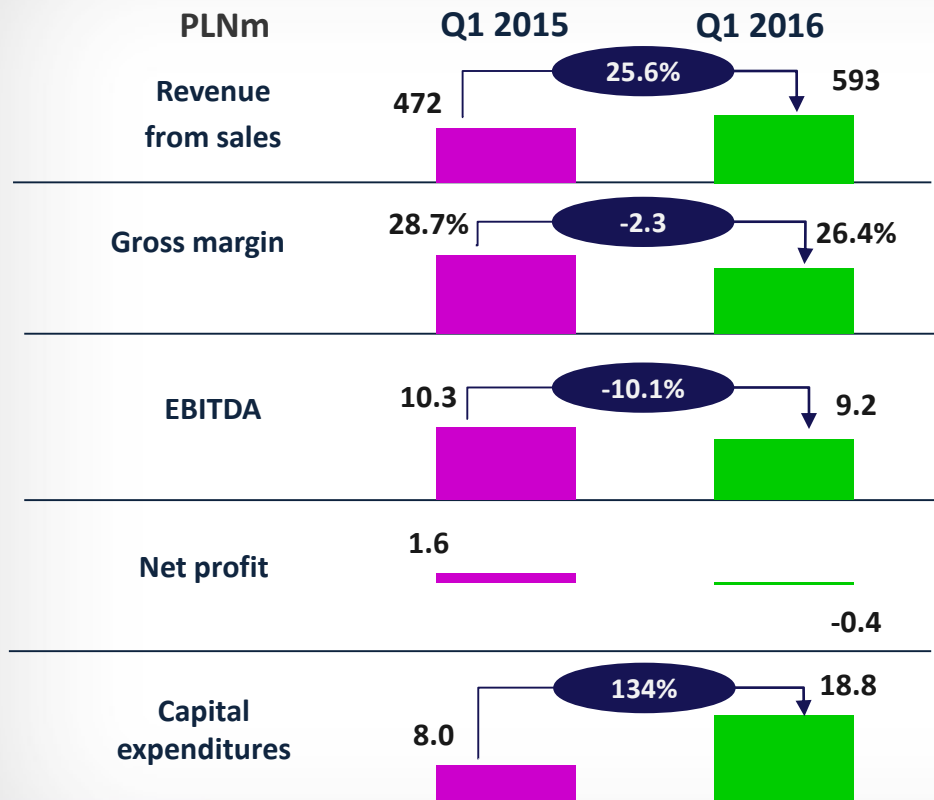
Year-on-year change in sales, on same-store basis



	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016
■ Inflation GUS	1.5%	-0.5%	-1.9%	-2.6%	-3.7%	-2.1%	-0.9%	0.1%	0.4%
■ LFL Stokrotka	-5.2%	-0.2%	-1.1%	-3.1%	-3.6%	-6.4%	-3.0%	1.4%	8.5%

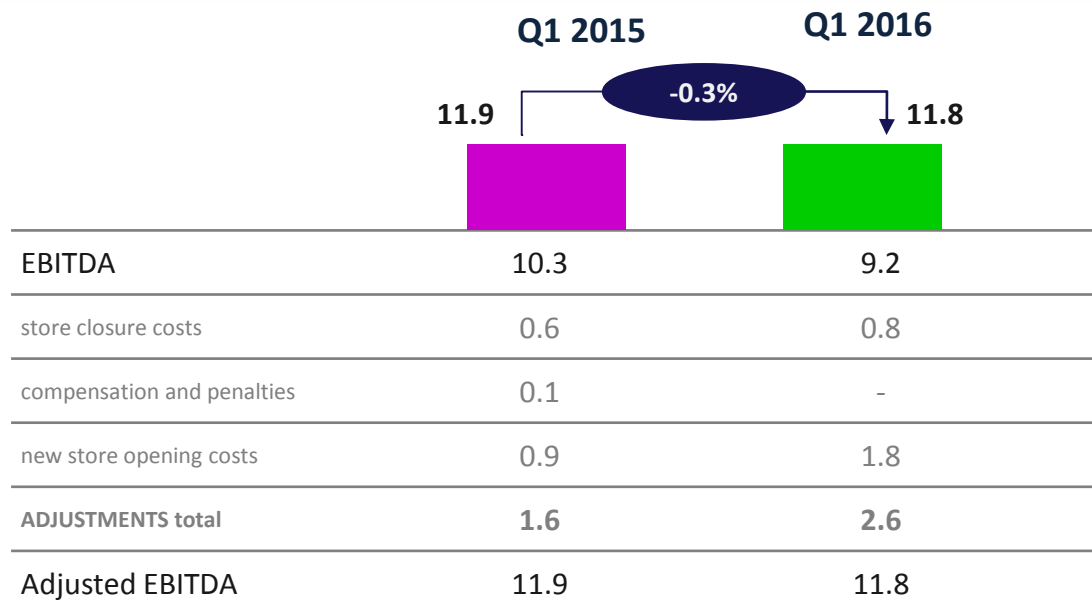
GUS inflation data for the food and non-alcoholic beverage category

Retail segment – Q1 2016 results



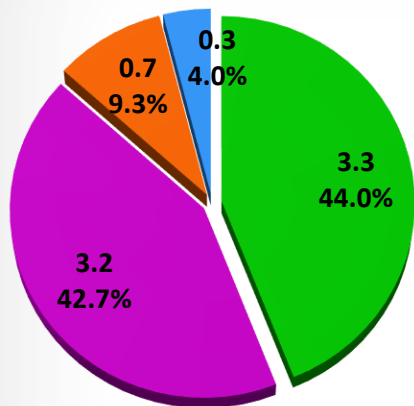
- Revenue growth: LFL and new store openings
- New pricing policy - substantial investment in price perception
- Margins impacted by settlement of customer loyalty programmes and launch of new stores
- Costs to launch new distribution centre in Lublin
- Costs connected with new store openings in Q1 2016: PLN 1.8m (15 own stores); Q1 2015: PLN 0.9m (8 own stores)
- Compensation and penalties paid in Q1 2016: n/a, Q1 2015: PLN 0.1m
- Store closure costs in Q1 2016: PLN 0.8m, Q1 2015: PLN 0.6m

Retail segment – adjusted EBITDA

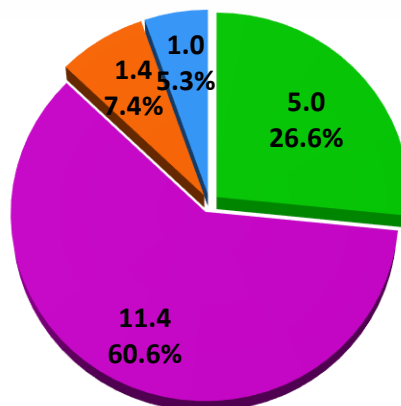


Retail segment – CAPEX

Q1 2015

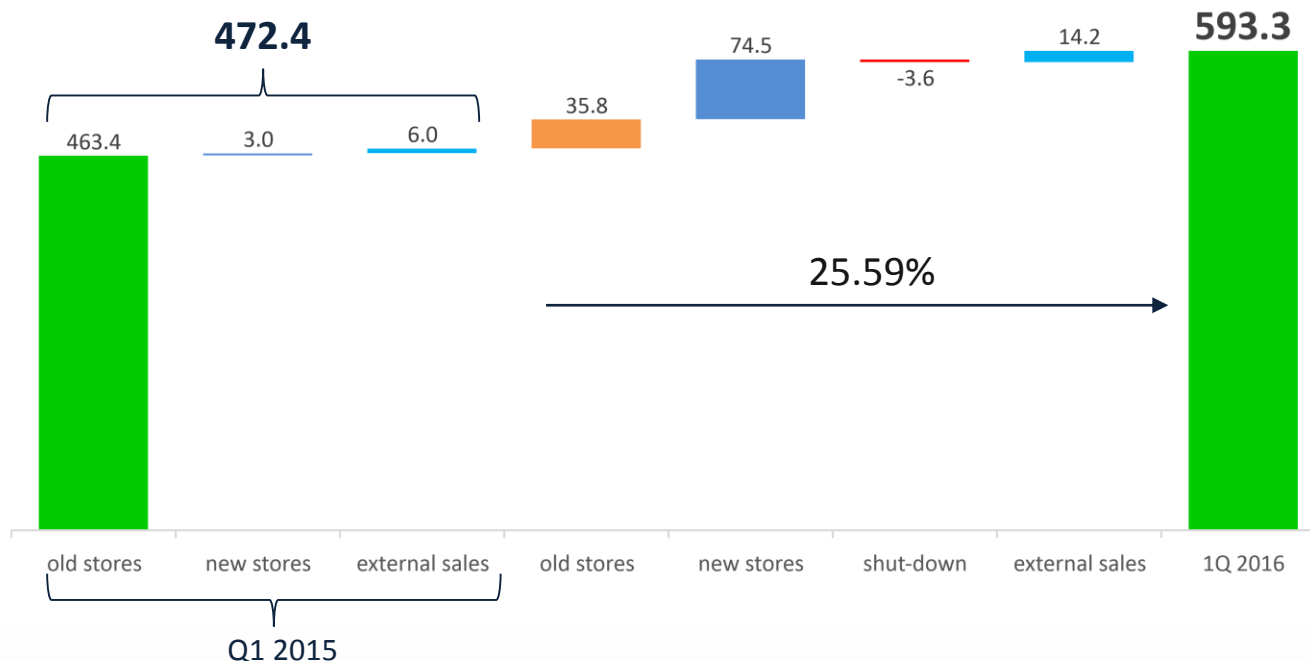


Q1 2016



Retail segment – sales drivers in Q1 2016

Change, in PLNm



older sites - stores open as of the end of Q4 2015, newer sites - opened since Q1 2016

Retail – Stokrotka

Number of stores

Number of stores at the end of Q4 2015	327
Stores opened in Q1 2016	17
Stores closed in Q1 2016	4
Number of stores at the end of Q1 2016	340

Average monthly sales per sqm (in PLN)

	Q1 2015	Q1 2016	change
Supermarkets	1 216	1 262	3.7%
Stokrotka	1 226	1 334	8.8%

-Nielsen data - all Supermarkets: Carrefour<2500m2, Carrefour Market, Simply Market, E.Leclerc <2500m2, Intermarche, Netto, Polomarket, Mila, Tesco <2500m2)
- amounts inclusive of VAT

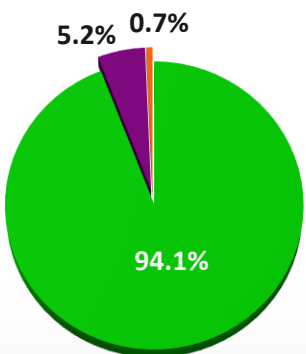
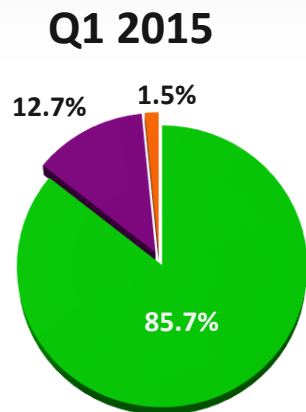
Stores by format

	Number of stores	Revenue from sales*
own supermarkets	243	511.1
own markets	67	61.7
franchise stores	30	15.3
stores shut-down	4	0.3

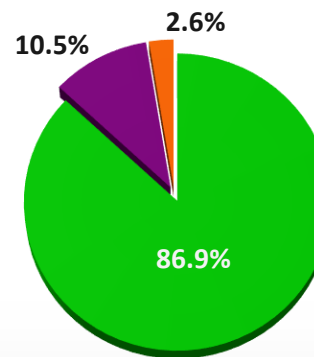
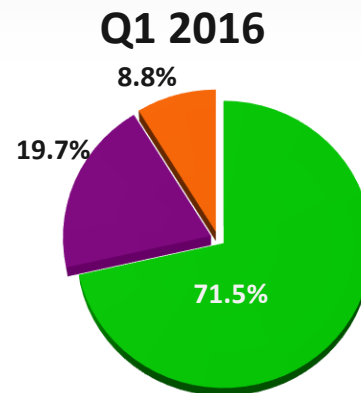
* / in PLNm /

- Opening of 4 supermarkets, 11 markets and 2 franchise stores
- Total floor area of stores opened in Q1 2016 was 7 698 sqm.
- CAPEX per new own store: PLN 0.7m

Retail segment – structure by format in Q1 2016



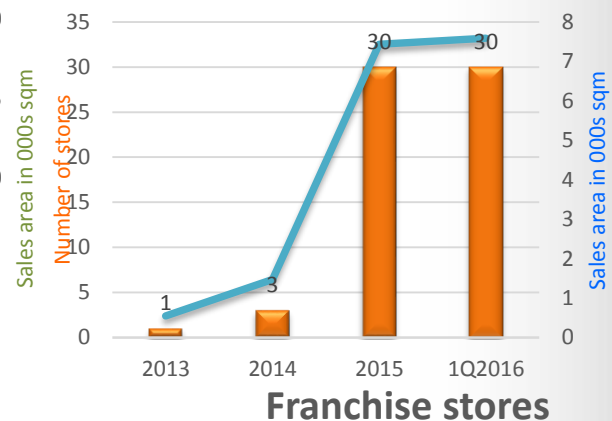
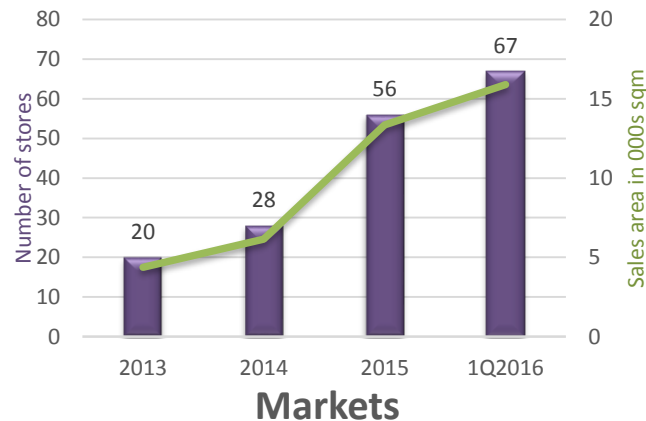
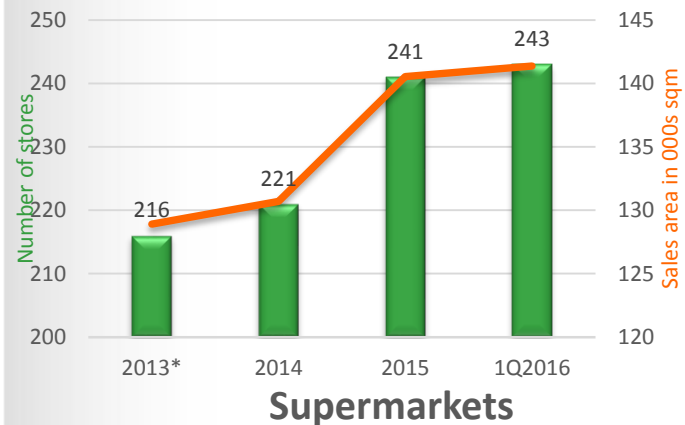
Number of stores



Sales value



Retail segment – structure by format



*Total, including Maro Markety and Społem Tychy, which joined in 2014.

Retail segment – working capital turnover

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Inventory turnover	45.2	45.1	44.2	43.1	44.4
Receivables turnover	4.4	4.6	5.1	5.8	5.7
Payables turnover	63.2	59.0	63.8	69.7	67.0
Cash conversion cycle	-13.6	-9.3	-14.4	-20.8	-16.9

Turnover ratios presented in days

Stokrotka – store profitability*

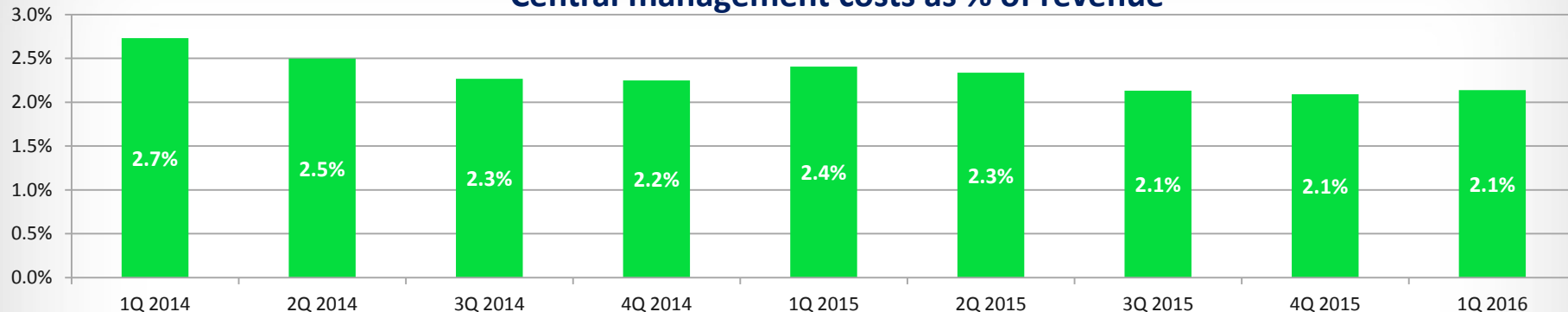
	Q1 2015	Q1 2016
Revenue from product sales	442.5	476.3
Store operating costs	103.5	105.3
<i>Operating costs as % of revenue</i>	<i>23.4%</i>	<i>22.1%</i>
EBITDA	26.0	29.2
<i>% EBITDA</i>	<i>5.9%</i>	<i>6.1%</i>

/PLNm/

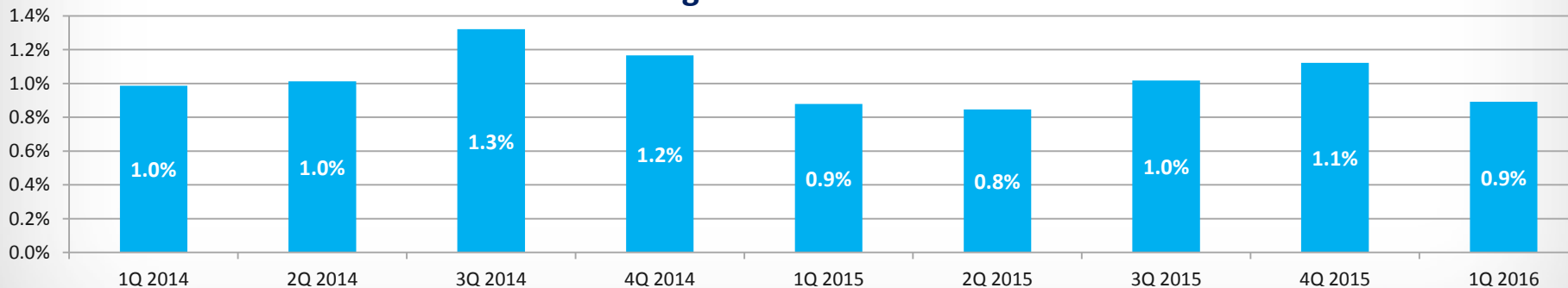
* 242 Stokrotka stores operating at the end of 2014

Retail – central office

Central management costs as % of revenue



Marketing costs as % of revenue



Retail segment – developments

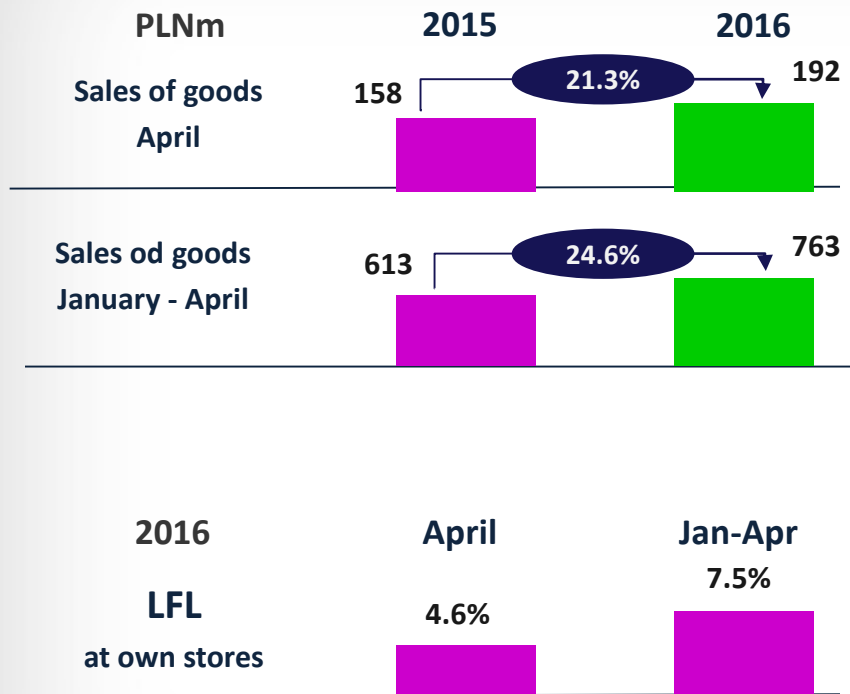
- Reducing goods losses
- Higher marketing activity in the media
- Implementing new customer loyalty programmes
- Productivity improvement programme implementing in stores with the external company



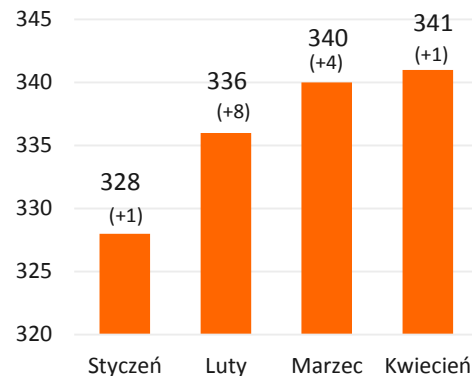
-50%



Retail segment – preliminary sales results



Number of stores at the end of period

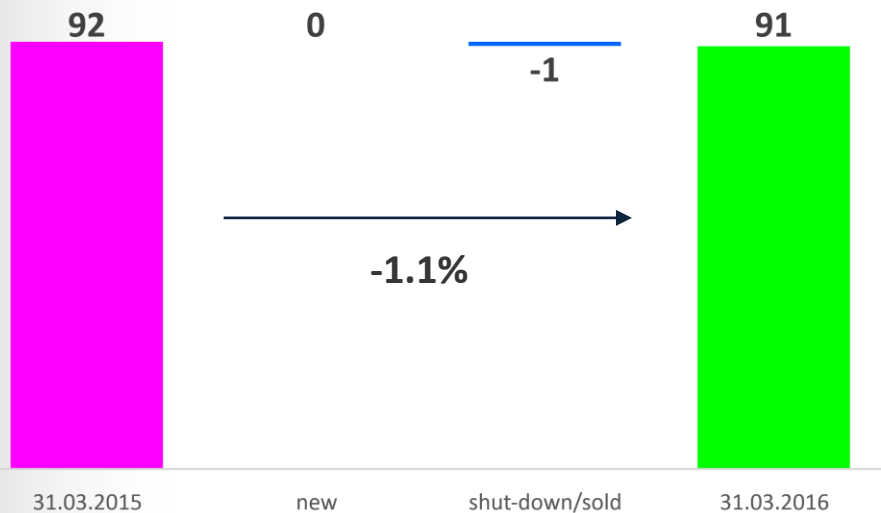


Property segment

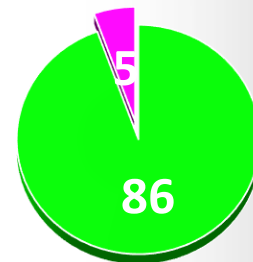
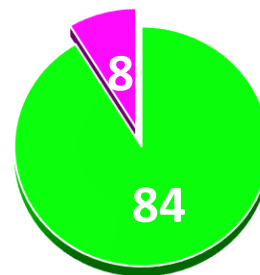
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Property segment

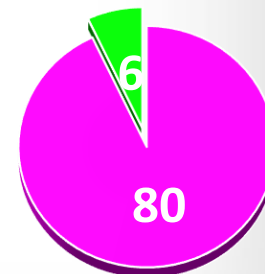
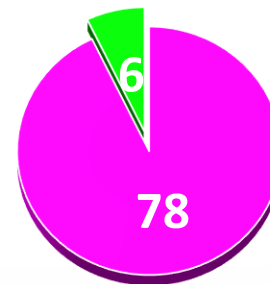
Change in number of properties



Q1 2015 Type of property Q1 2016



Structure of operating properties



Property segment

NOI* (in PLNm)

	Number of facilities	Average monthly NOI in Q1 2016
NOI – operating facilities	86	3.6
including retail sites	80	3.2

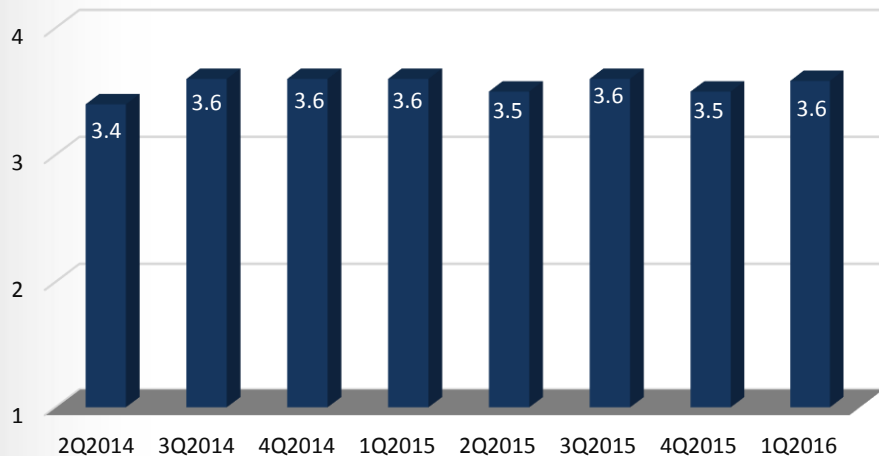
* NOI (net operating income) is defined as the difference between a property's operating revenue and operating costs, less depreciation

Retail sites

	Related tenants	Other tenants
Lease space [sqm 000s]	55.8	31.8
Average lease rate [PLN per sqm]	43.5	40.1

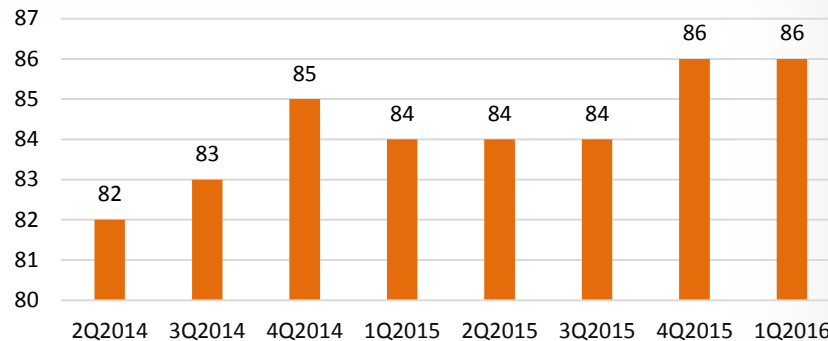
Property segment

Average monthly NOI* - operating facilities

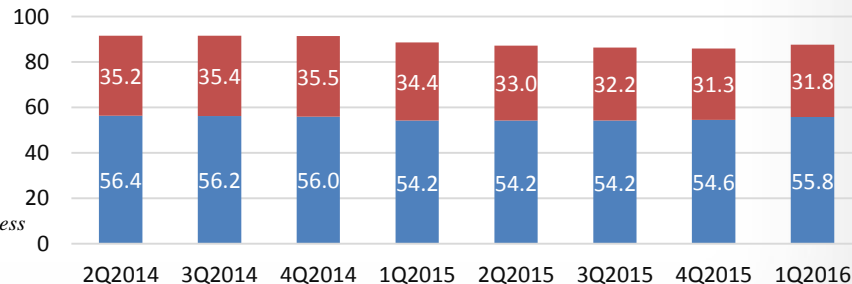


* NOI (net operating income) for a property is the difference between operating revenue and operating costs, less depreciation; in PLNm.

Number of operating facilities

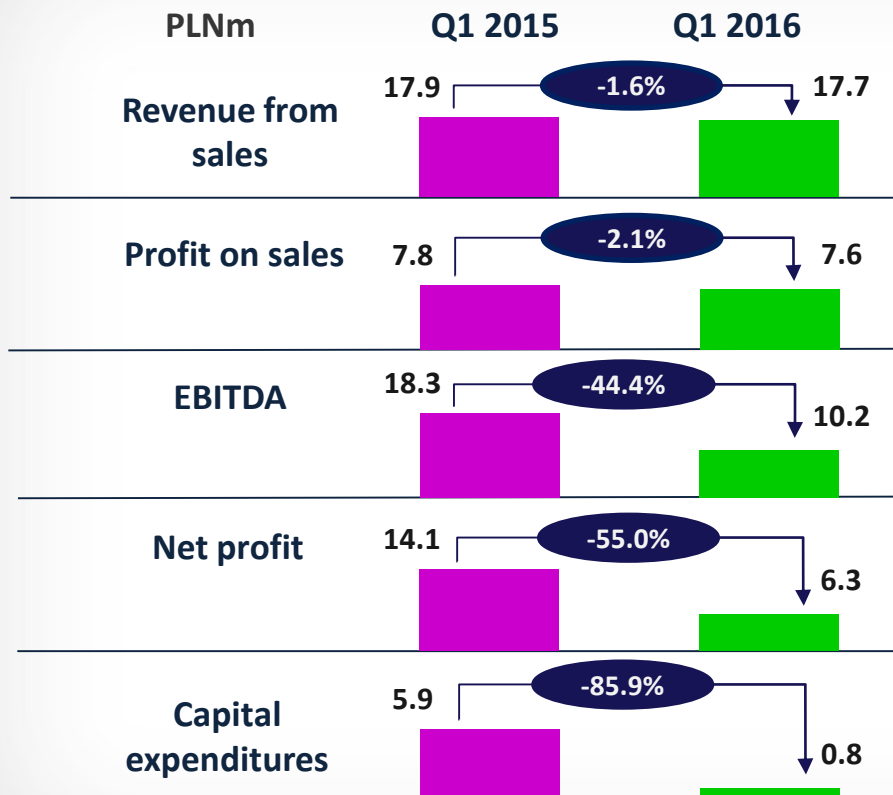


Lease area (000s sqm)



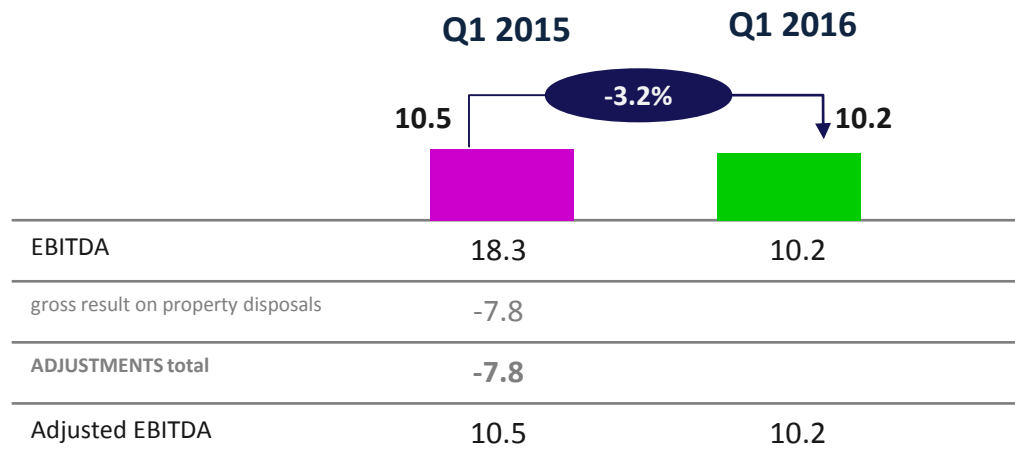
■ related tenants ■ other tenants

Property segment – Q1 2016 results



- Gross result on property disposals in Q1 2016: n/a, in Q1 2015: PLN 7.8m

Property segment – adjusted EBITDA



IT segment

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IT segment

Infinite's flagship systems and services



Infinite EDI solutions for electronic document exchange between business partners all over the world, without time-consuming and error-prone paper-based transactions. Process automation within the supply chain translates into more effective production and inventory management and, in consequence, a reduction in operating costs.



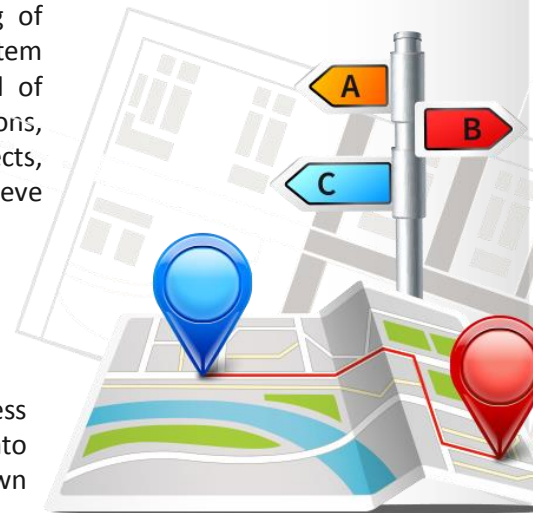
Infinite SFA is a solution supporting the handling of processes and tasks by mobile employees. The system improves productivity whilst ensuring a high level of customer service. Thanks to a wide array of functions, the application features reporting for key work aspects, as well as planning and defining tasks needed to achieve business objectives.



Proprietary **ERP** systems (Enterprise Resource Planning) offered by Infinite facilitate management of key processes at both small and large businesses in retail and FMCG sectors.



The **Infinite BI** system, which belongs to the Business Intelligence software group, transforms data into business information. It facilitates modern drill-down analysis, report automation and geomarketing.



IT segment

Infinite's flagship systems and services



Infinite ECM is a group of solutions intended for management of documents coming in and out of the organisation. By integrating and processing data from various ICT systems, these tools generate electronic documents, which can be quickly distributed.



As companies develop their IT capabilities, demand for highly qualified IT staff grows. Based on many years of experience, Infinite supports businesses in selecting specialists through competence- and project-based **outsourcing**.



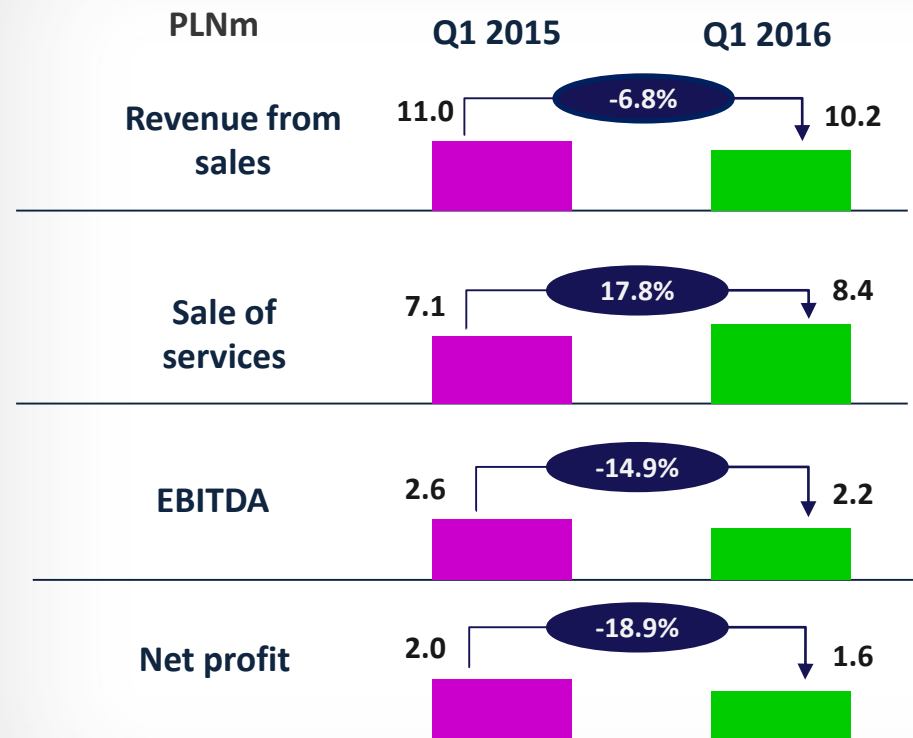
Infinite RCP allows companies to more effectively plan and record work time in accordance with the existing Labour Code regulations. The system is used by small, medium and large businesses alike, also those with dispersed and complex organisational structures.



Comprehensive package of **IT services** for business, covering: service and purchase of computer, network and accounting equipment from renowned manufacturers, which is guaranteed by Service Level Agreements adapted to client requirements.



IT segment – Q1 2016 results

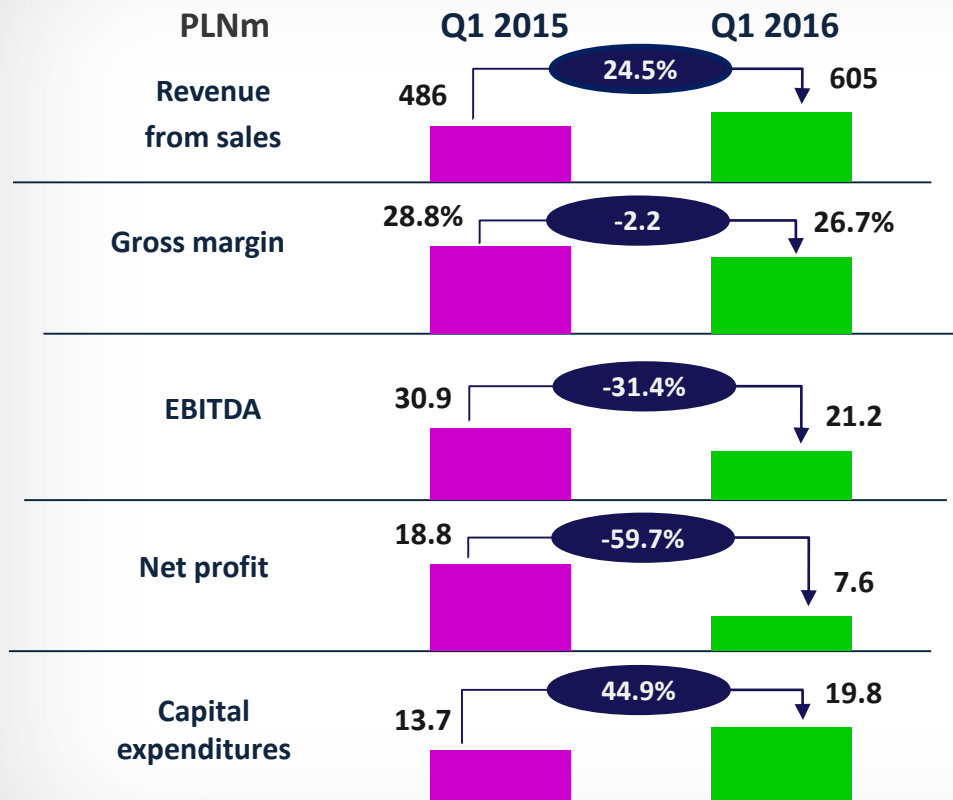


- Development of owned products
- Entrance into new sectors - banking
- Growth in service sales in Q1 2016 by 17.8%, including to external entities by 27.0%
- Share of external sales of services in Q1 2016: 74.0%; in Q1 2015: 68.7%

Emperia Group

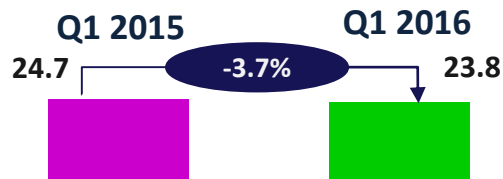
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Emperia Group – Q1 2016 results



- Costs connected with new store openings in Q1 2016: PLN 1.8m (15 own stores); Q1 2015: PLN 0.9m (8 own stores)
- Gross result on property disposals in Q1 2016: n/a, and in Q1 2015: PLN 7.8m
- Compensation and penalties paid in Q1 2016: n/a, Q1 2015: PLN 0.1m
- Store closure costs in Q1 2016: PLN 0.8m, Q1 2015: PLN 0.6m

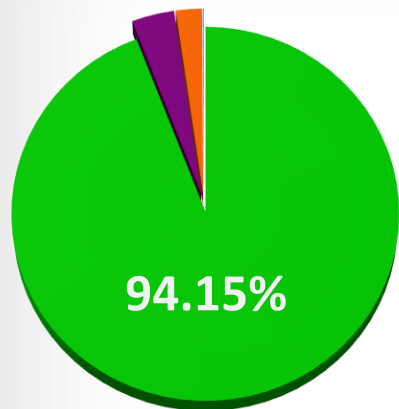
Emperia Group – adjusted EBITDA



EBITDA	30.9	21.2
result on property disposals	-7.8	
store closure costs	0.6	0.8
compensation and penalties	0.1	
new store opening costs	0.9	1.8
ADJUSTMENTS total	-6.2	2.6
Adjusted EBITDA	24.7	23.8

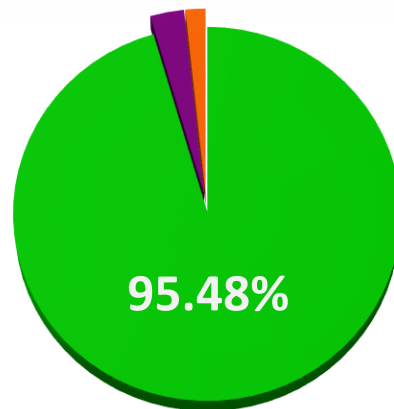
Emperia Group – results

Q1 2015

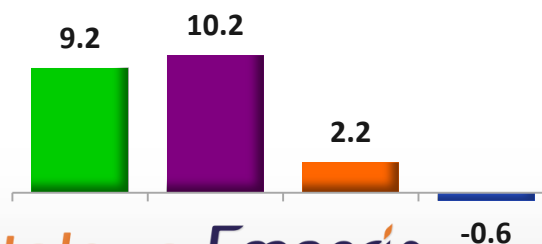
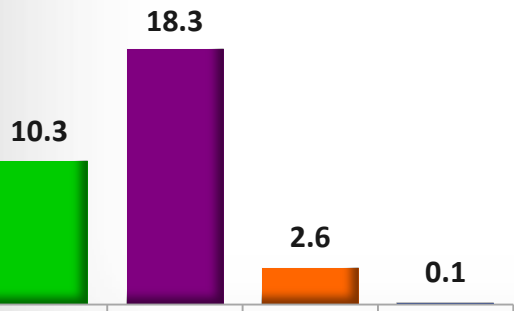


Revenue
from sales

Q1 2016



EBITDA
(in PLNm)



Emperia Group – balance sheet

PLNm	Q1 2015	2015	Q1 2016
Goodwill	52.0	52.0	52.0
Property, plant and equipment	499.9	522.8	527.3
Net working capital	-60.9	-97.8	-83.5
Other	-11.6	5.6	7.1
Invested assets	479.4	482.6	502.9
Borrowings	3.4	2.6	2.4
Cash and cash equivalents	135.0	114.9	91.7
Net debt	-131.6	-112.3	-89.3
Equity	611.0	594.9	592.2

Expenditure in Q1 2016:

- Share buy-back PLN 10.3m
- Capital expenditures PLN 19.8m

Decrease in cash in Q1 2016: PLN 23.2m, including growth in cash flows from operating activities: PLN 3.8m

Corporate governance

Grupa Kapitałowa Emperia

Corporate governance 2016

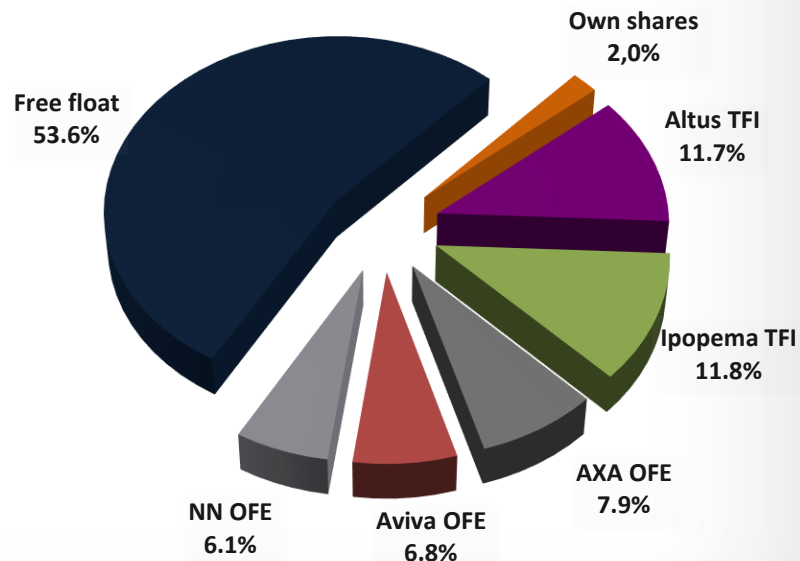
- Total number of shares purchased by Emperia Holding S.A. and Elpro Development S.A. as at 16 May 2016: 247 336 (2.00%), of which 254 902 in Q1 2016 for PLN 10.3m
- Cancellation of 900 219 own shares on 30 March 2016

Number of registered shares: 12 340 049

Number of shares publicly traded: 12 092 713

Shareholding structure

(as per the Company's latest data)



Thank you for your attention

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