

Emperia
Grupa Kapitałowa

Q2 2017

Disclaimer

This presentation is for information purposes only and does not constitute or form part of and should not be construed as an advertisement of securities, an offer or invitation to sell or issue or the solicitation of an offer to buy or acquire or subscribe for securities of Emperia Group or any of its subsidiaries, or any depositary receipts representing such securities in any jurisdiction or an invitation or inducement to engage in investment activity in relation thereto. In particular, this presentation does not constitute an advertisement or an offer of securities in Poland.

No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. No representation, warranty or undertaking, express or implied, is given by or on behalf of Emperia Group or any of its directors, officers, employees, shareholders, affiliates, advisers, representatives or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein or any other material discussed at the presentation. Neither Emperia Group nor any of its directors, officers, employees, shareholders, affiliates, advisors, representatives or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or any other material discussed at the presentation or their contents or otherwise arising in connection with the presentation.

This presentation includes statements that are, or may be deemed to be, "forward-looking statements", with respect to the financial condition, results, operations and businesses of Emperia Group. These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal" believe", or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond Emperia Group's control. As a result, Emperia Group's actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements. Emperia Group assumes no responsibility to update any of the forward looking statements contained in this presentation.

This presentation is not for distribution in, nor does it constitute an offer of securities for sale, or the solicitation of an offer to subscribe for securities in Australia, Canada, Japan or in any jurisdiction where such distribution, offer or solicitation is unlawful. Neither the presentation nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions, or distributed, directly or indirectly, in the United States of America, its territories or possessions or to, or viewed by any U.S. person as defined in Regulation S under the US Securities Act 1933 ("Securities Act"). Any failure to comply with these restrictions may constitute a violation of the securities laws of the United States of America, Australia, Canada or Japan or any other jurisdiction where such activities would constitute an infringement of the relevant laws or regulations. The distribution of this presentation in certain jurisdictions may be restricted by law and persons into whose possession this document or any other document or other information referred to herein comes should inform themselves about, and observe, any such restrictions. Failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. Some of the information presented in this document may still be in draft form. Neither Emperia Group nor any other party is under any obligation to update or inform recipients of this presentation of any changes to such information or opinions. In particular, it should be noted that some of the financial information relating to Emperia Group and its subsidiaries contained in this document has not been audited and in some cases is based on management information and estimates.

Neither Emperia Group nor any of its agents, employees or advisors intend or have any obligation to supplement, amend, update or revise any of the statements contained in this presentation.

Significant events in Q2 2017

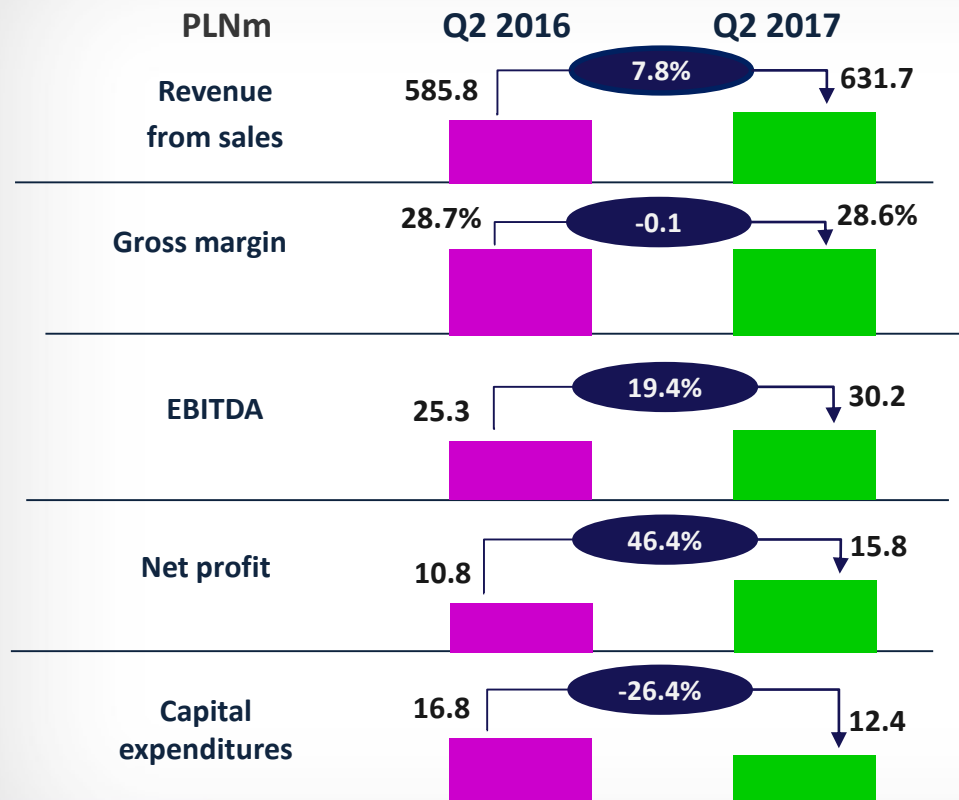
- Dynamic improvement in results: revenue from sales up by 7.8%, EBITDA up by 19.4% and net profit up by 46.4%
- Launch of 10 new stores
- Reorganisation in property segment completed
- Record-low unemployment
- On-going tax proceeding



Emperia Group

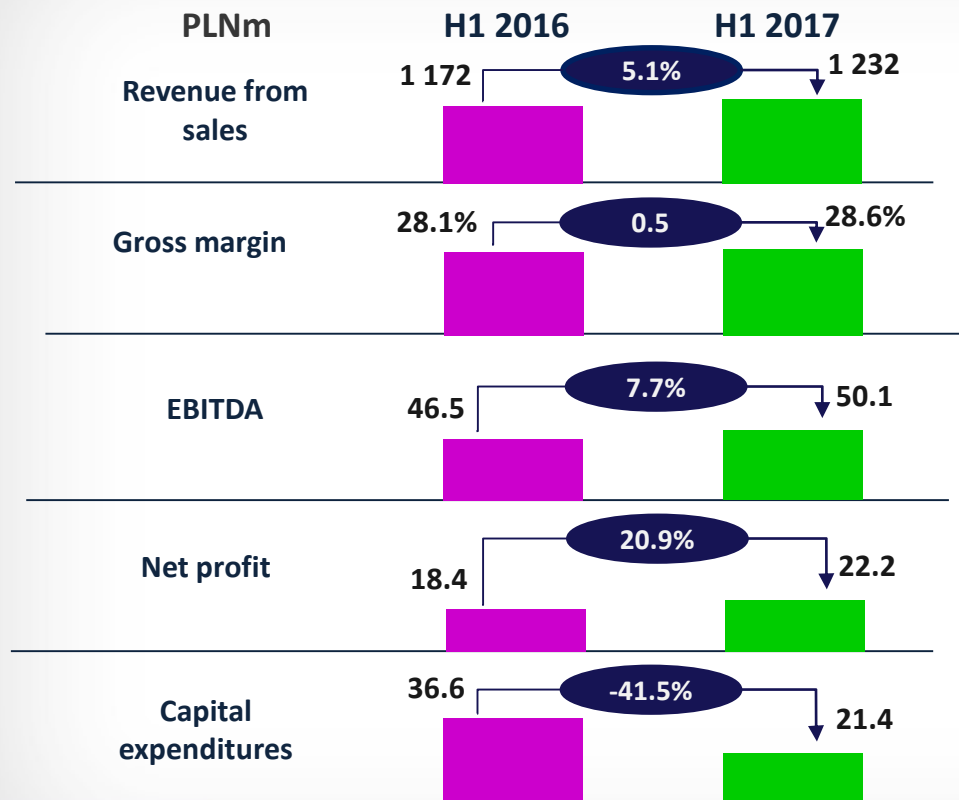
Grupa Kapitałowa Emperia

Emperia Group – Q2 2017 financial results



- Group results under positive impact from retail segment
- LFL sales in retail segment up by 2.5%
- Retail-segment results are offsetting weaker results in IT
- Stable impact of property segment on results
- Release of provision for compensation in Q2 2017: PLN 1.4m (Q2 2016: none)

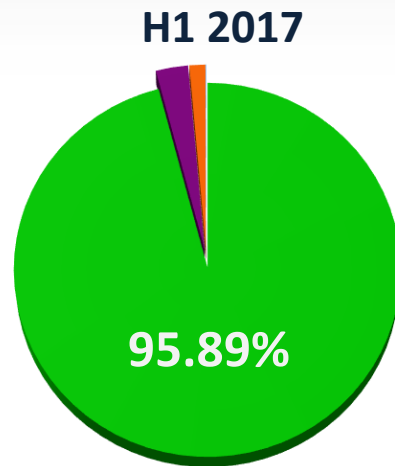
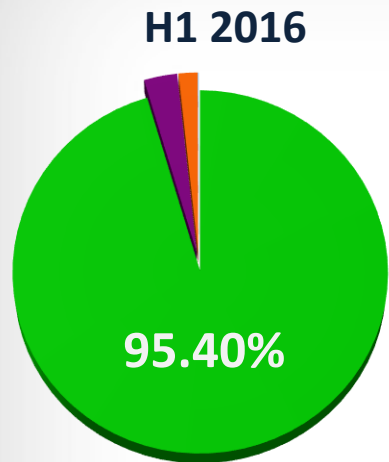
Emperia Group – H1 2017 financial results



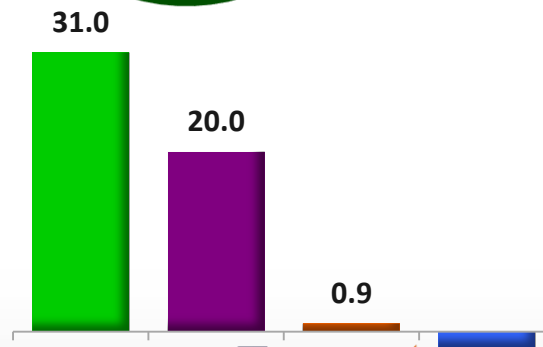
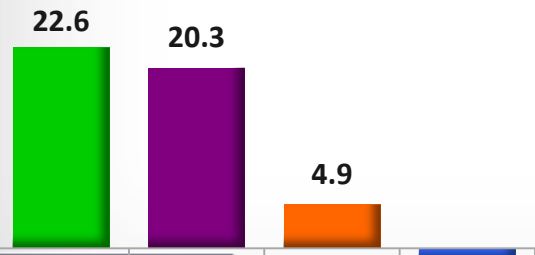
- Sales growth coming from new stores
- LFL sales in retail segment down by 0.1% (high base effect from 2016)
- LFL sales in retail segment up by 6.3% between 2015 and 2017
- EBITDA margin in retail segment up by 0.6pp
- Approx. 5% growth in personnel costs at stores in H1 2017, compared to H1 2016, with over 8% growth in minimum wage
- Financing from the State Fund for the Rehabilitation of the Disabled (PFRON) concerning previous periods in H1 2017: PLN 2.3m, H1 2016: none
- Release of provision for compensations in H1 2017: PLN 1.4m, H1 2016: none

Emperia Group – financial results

Revenue structure



EBITDA
(in PLNm)



Emperia Group – balance sheet

PLNm	1H2016	2016	1H2017
Goodwill	52.0	52.0	52.0
Property, plant and equipment	528.7	510.6	510.3
Net working capital	-61.5	-89.3	-84.0
Other	10.5	9.1	19.9
Invested assets	529.7	482.4	498.2
Borrowings	12.2	1.7	1.3
Cash and cash equivalents	83.4	146.4	147.4
Net debt	-71.1	-144.7	-146.1
Equity	600.8	627.1	644.3

- Increase in cash over the past 12 months by PLN 64m despite dynamic growth
- Proceeds from asset disposals, decreased by corporate income tax, in the past 12 months: PLN 27.1m
- Buy-back expenditure in the past 12 months: PLN 10.5m
- Capital expenditure in the past 12 months: PLN 41.4m

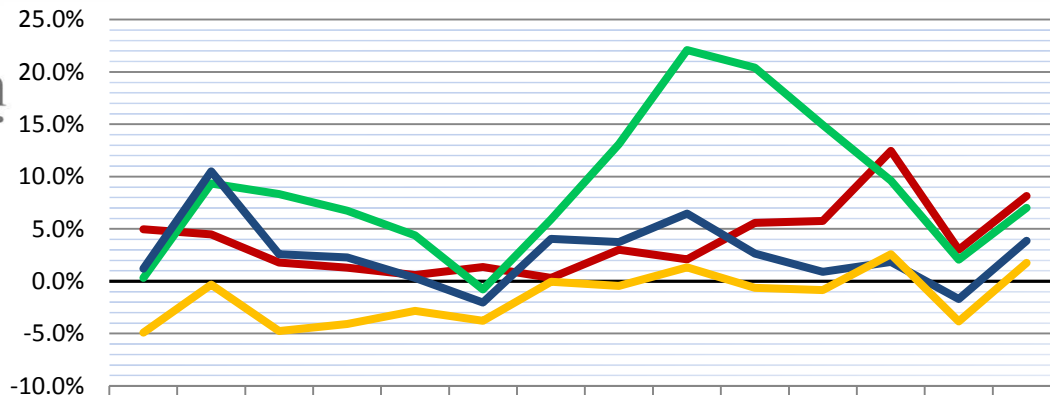
Retail segment

Grupa Kapitałowa Emperia

Poland's retail market 2014-2017

Quarterly change in sales value y/y

nielsen



	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Retail sales*	5.0%	4.5%	1.8%	1.3%	0.6%	1.4%	0.3%	3.0%	2.1%	5.6%	5.8%	12.5%	3.0%	8.1%
Stokrotka	0.3%	9.3%	8.3%	6.7%	4.4%	-0.8%	5.9%	13.1%	22.1%	20.4%	14.9%	9.6%	2.0%	7.0%
Supermarkets**	1.2%	10.5%	2.6%	2.3%	0.3%	-2.0%	4.0%	3.7%	6.5%	2.7%	0.9%	1.9%	-1.7%	3.9%
Hypermarkets**	-4.9%	-0.3%	-4.7%	-4.1%	-2.8%	-3.8%	0.0%	-0.5%	1.3%	-0.6%	-0.8%	2.6%	-3.8%	1.8%

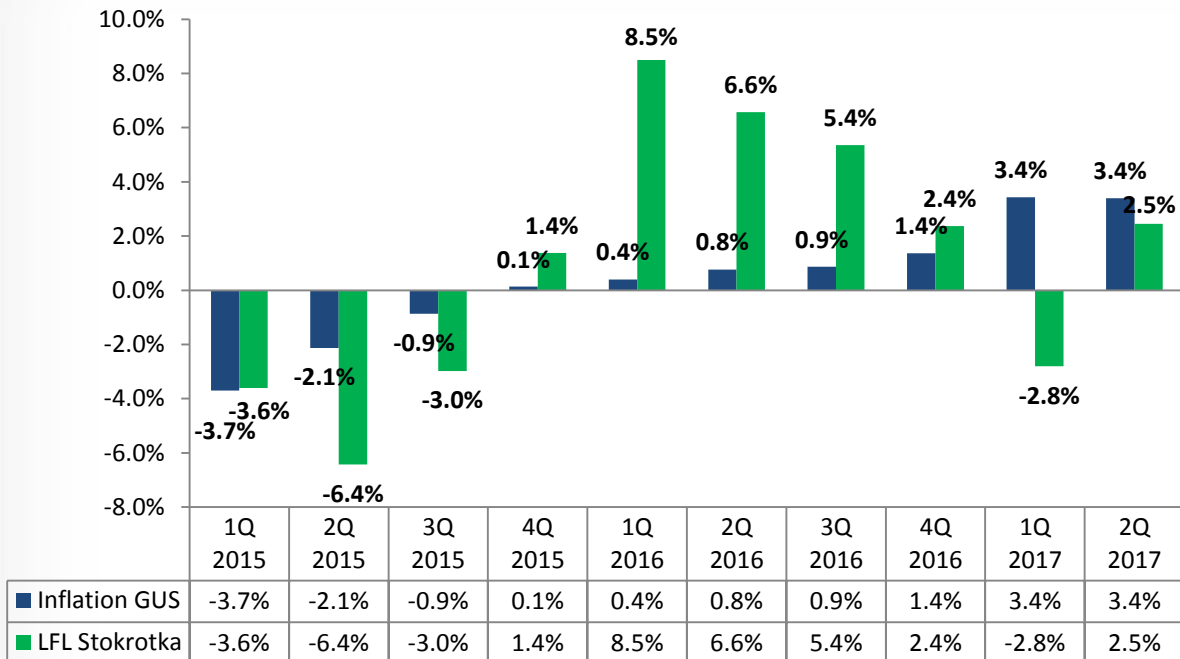
* Total retail sales, y/y, during 2013-2015, since 2016 sales in the following categories: food, beverages and tobacco products, GUS data

** Nielsen data - overall sales (Hypermarkets: Real, Auchan, Tesco>2500sqm, Carrefour>2500sqm, E. Leclerc>2500sqm, b1, Supermarkets: Carrefour<2500m2, Carrefour Market, Simply Market, E.Leclerc <2500m2, Intermarche, Netto, Polomarket, Mila, Tesco <2500m2)

- According to GUS, retail sales in Q2 2017 advanced 8.1% on the previous year.
- According to Nielsen, second-quarter sales at Stokrotka increased by 7.0% from the year before, while the Supermarkets segment saw a 3.9% increase y/y, and the Hypermarkets segment increased by 1.8%, compared to the previous year.

LFL sales – Stokrotka

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



LFL sales compared to 2016:

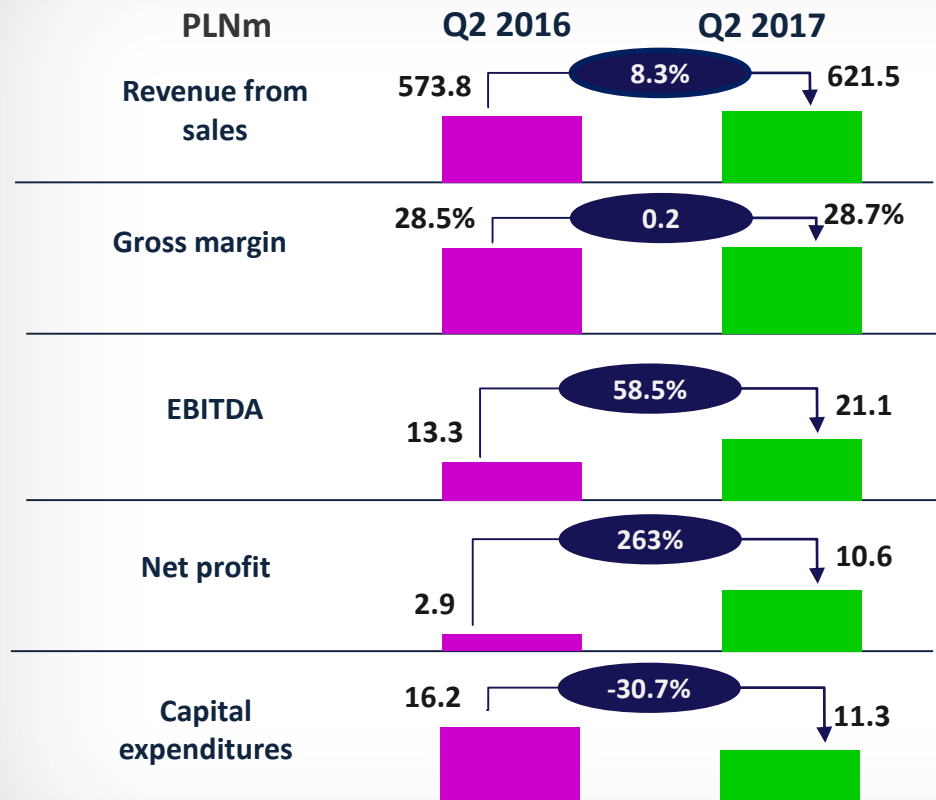
- Q2: 2.5%,
- H1: -0.1%

LFL sales compared to 2015:

- Q2: 8.2%
- H1: 6.3%

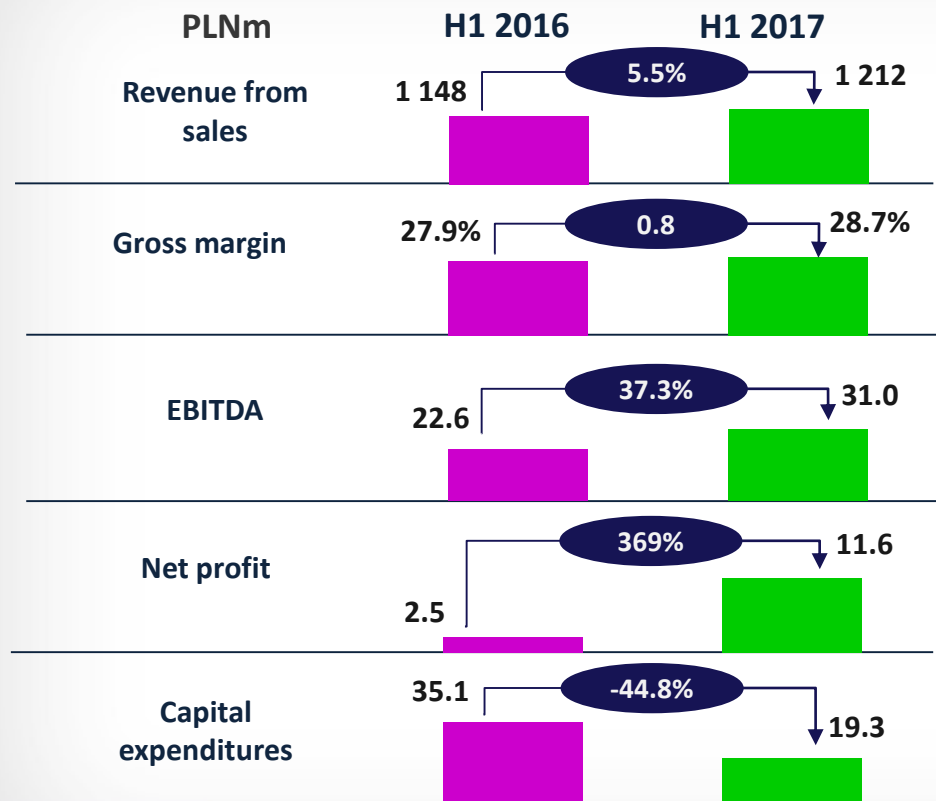
**GUS inflation data for the food and non-alcoholic beverage category*

Retail segment – Q2 2017 financial results



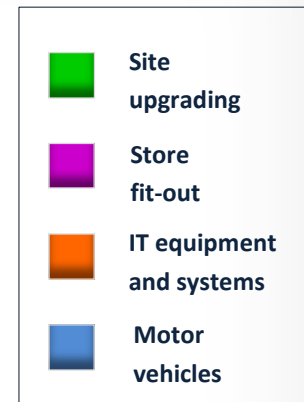
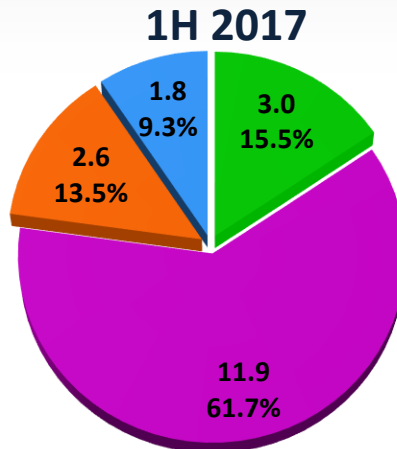
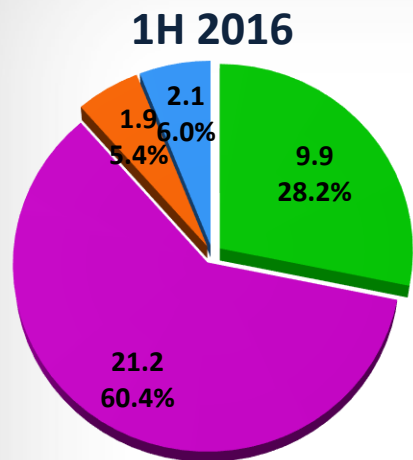
- Impact of holiday shift on results
- LFL sales up by 2.5% (up by 8.2% from 2015 to 2017)
- Significant impact of new stores on sales growth
- Significant EBITDA growth – effect of improvement in gross margins and operating costs
- Release of provision for compensations in Q2 2017: PLN 1.4m (Q2 2016: none)

Retail segment – H1 2017 financial results



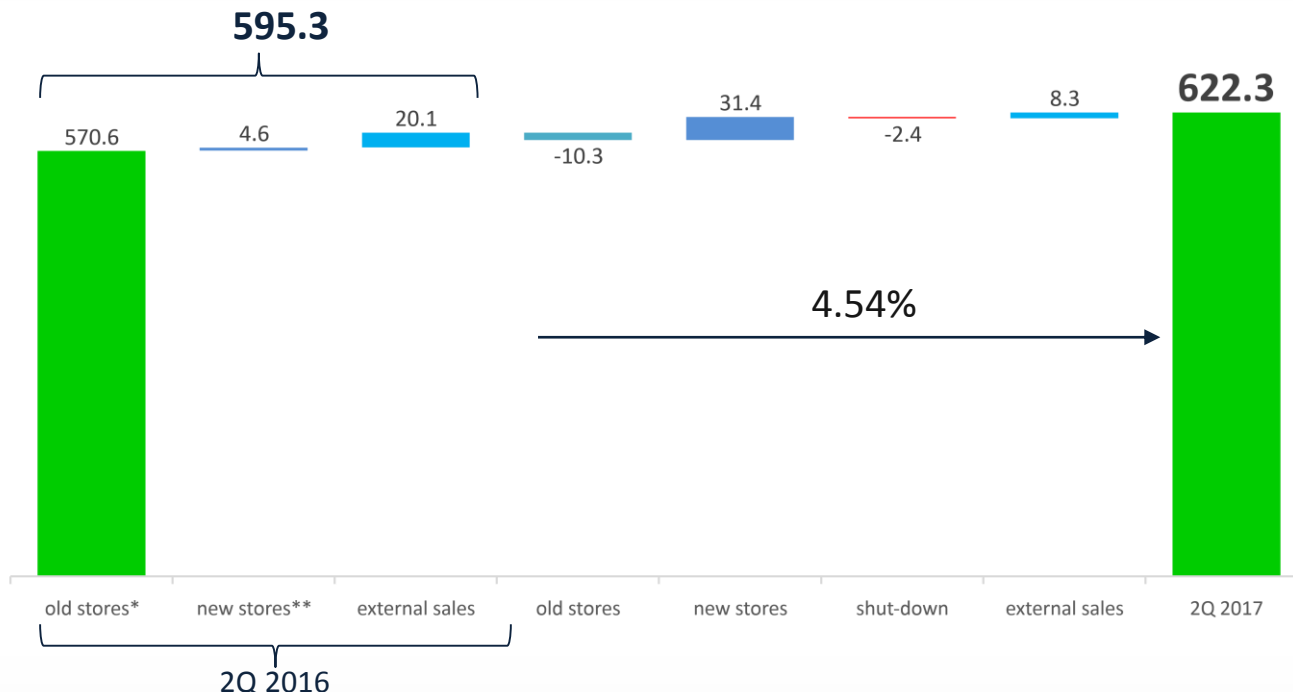
- Sales growth coming from new stores
- LFL sales down by 0.1% (high base effect from 2016)
- LFL sales up by 6.3% from 2015 to 2017
- EBITDA margin growth by 0.6pp to 2.56%
- Approx. 5% growth in personnel costs at stores in H1 2017, compared to H1 2016, with over 8% growth in minimum wage
- Financing from the State Fund for the Rehabilitation of the Disabled (PFRON) concerning previous periods in H1 2017: PLN 2.3m, H1 2016: none
- Release of provision for compensations in H1 2017: PLN 1.4m, H1 2016: none

Retail segment – CAPEX



Retail segment – sales drivers in Q2 2017

Change, in PLNm



older sites - stores open as of the end of Q1 2016, newer sites - opened since Q2 2016

Retail – Stokrotka

Number of stores

Number of stores at the end of Q1 2017	380
Stores opened in Q2 2017	10
Stores closed in Q2 2017	4
Number of stores at the end of Q2 2017	386

Average monthly sales per sqm (in PLN)

	2Q2016	2Q2017	change
Supermarkets	1 262	1 297	2.8%
Stokrotka	1 296	1 343	3.6%

-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	250	506.0
Own markets	88	87.3
'5' markets	2	0.2
Franchise stores	46	22.6
Stores shut-down	4	0.5

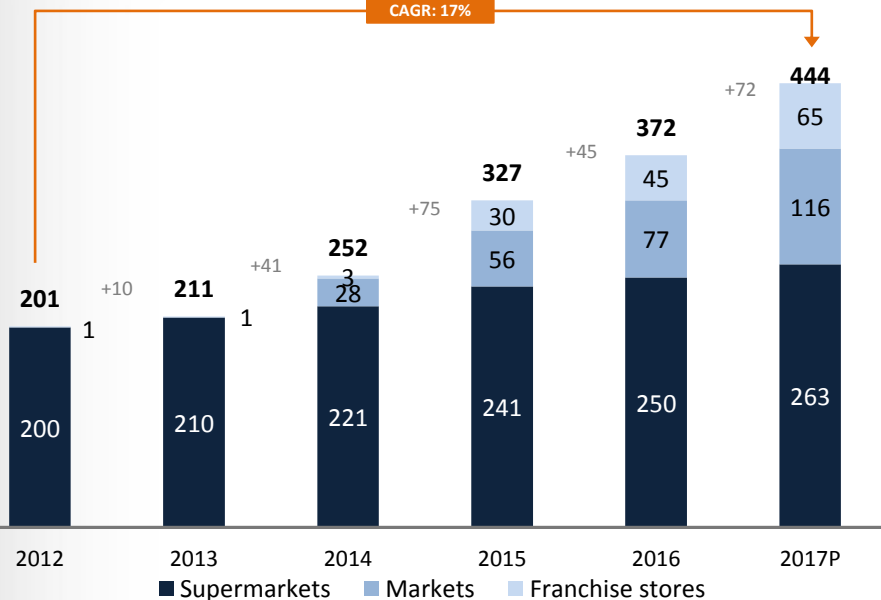
* / in PLNm/

- 2 supermarkets, 5 markets, 2 „5” markets and 1 franchise store opened
- Total floor area of stores opened in Q2 2017 was 3 737 sqm
- CAPEX per new own store: supermarkets PLN 1.03m, markets PLN 0.56m

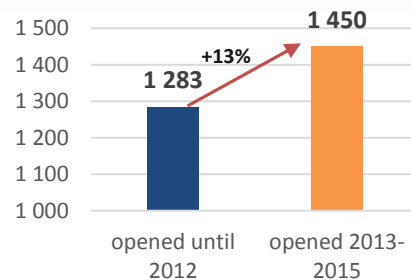
Stokrotka – chain expansion

Chain development by format 2012-2017P

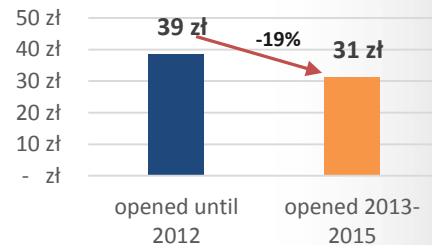
CAGR: 17%



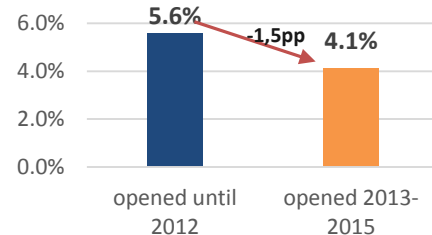
Average sales per sqm**/**



Cost of rent per sqm**



Cost of rent /% of sales/ **



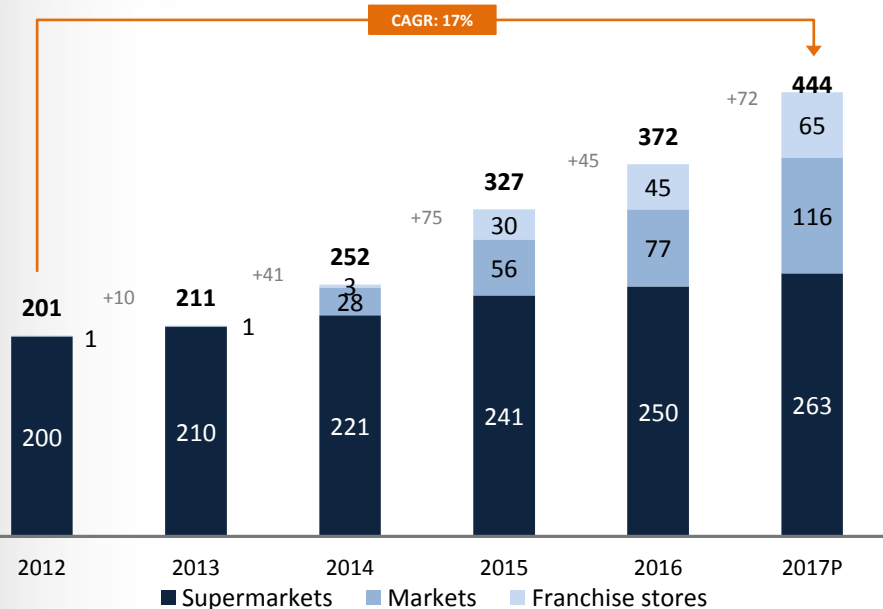
* Values are inclusive of VAT

Average sales per sqm is PLN 1 152 for stores opened until 2012 and PLN 1 300 for stores opened in 2013-2015

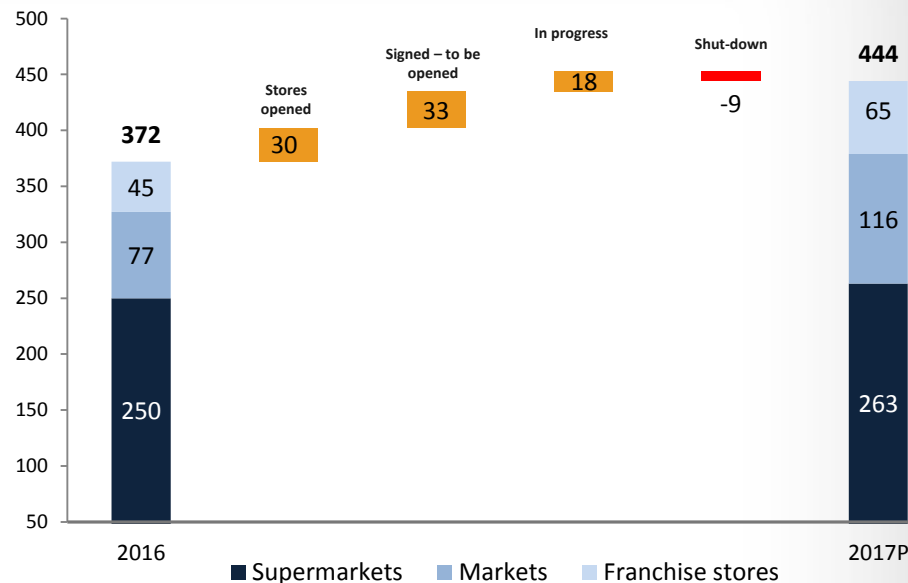
** Value for the past 12 months

Stokrotka – chain expansion

Chain development by format 2012-2017P

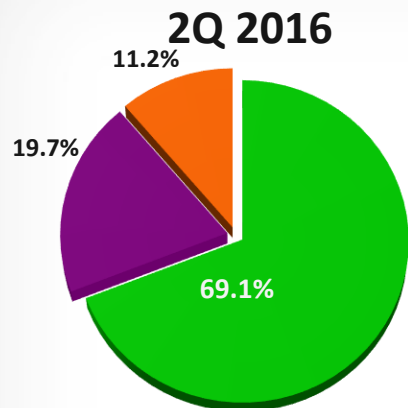


Chain development 2016-2017 *

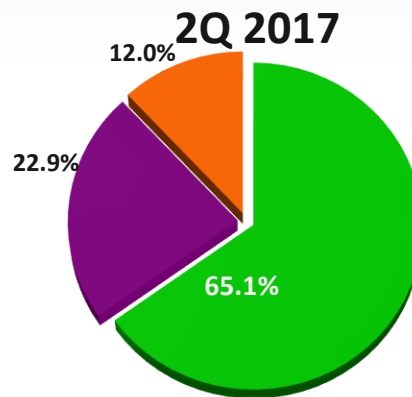


* as at 28 August 2017

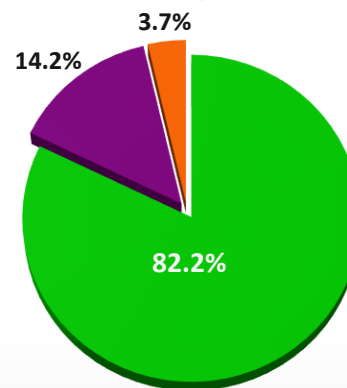
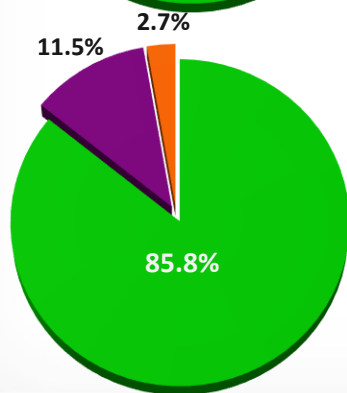
Retail segment – structure by format in Q2



Number of stores



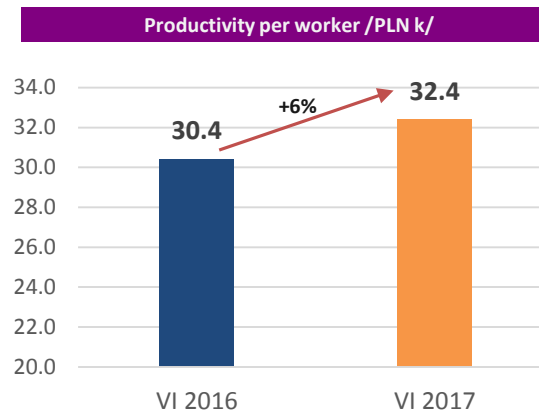
Sales value



Stokrotka – store profitability*

	1-2Q 2016	1-2Q 2017
Revenue from product sales	1 066.2	1 056.1
Store operating costs	238.7	245.2
<i>Operating costs as % of revenue</i>	22.4%	23.2%
EBITDA	58.9	61.2
<i>% EBITDA</i>	5.5%	5.8%

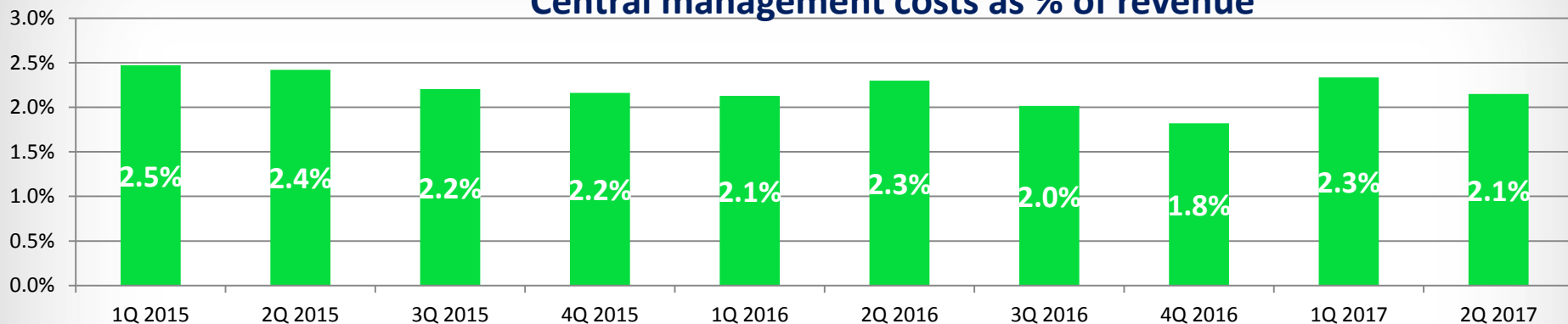
/mln PLN/



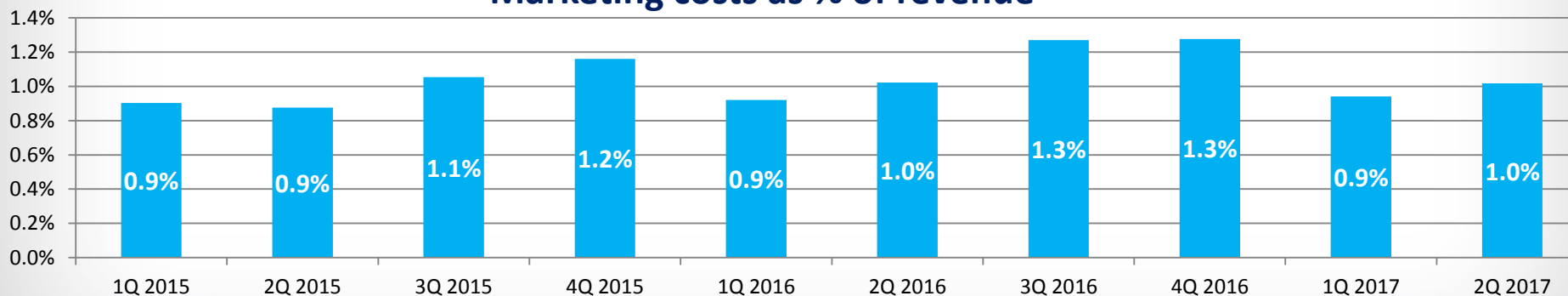
* 289 Stokrotka stores operating at the end of 2015

Retail segment – central office

Central management costs as % of revenue



Marketing costs as % of revenue



Retail segment – working capital turnover

	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Inventory turnover	48.5	47.7	45.5	49.3	47.6
Receivables turnover	5.8	6.0	6.6	7.0	6.6
Payables turnover	70.6	63.2	71.7	69.8	69.0
Cash conversion cycle	-16.3	-9.5	-19.6	-13.5	-14.9

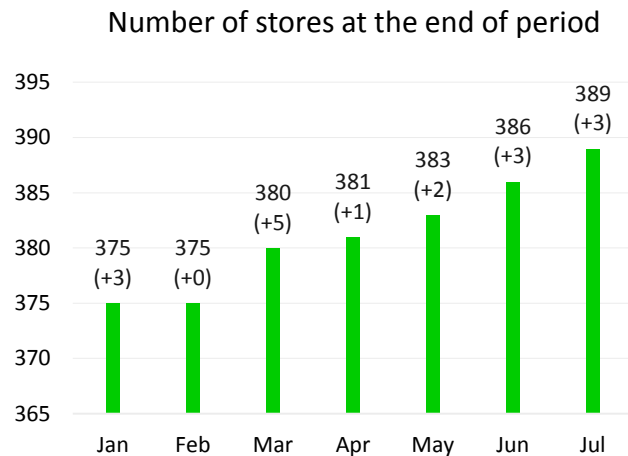
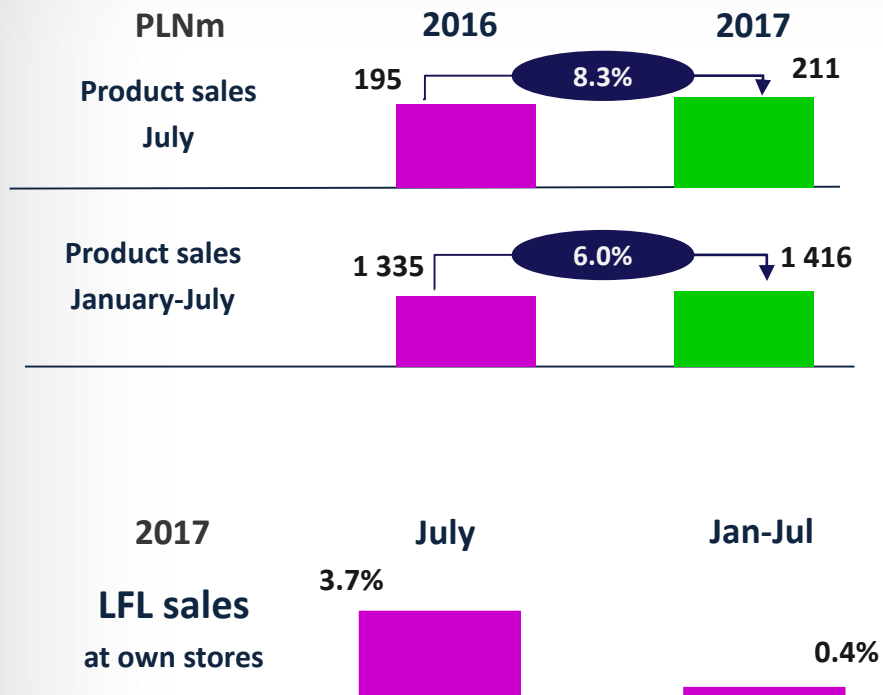
Turnover ratios presented in days

Retail segment – developments

- Continued productivity improvement activities at stores
- Implementation of new inventory management solutions
- Intensified work on own brand products
- Expansion of distribution centre in Lublin
- High number of new store openings planned for second half-year
- Expansion of own store development department
- Implementation of new loyalty campaign
- Testing convenience store model on newly-opened stores



Retail segment – preliminary sales results

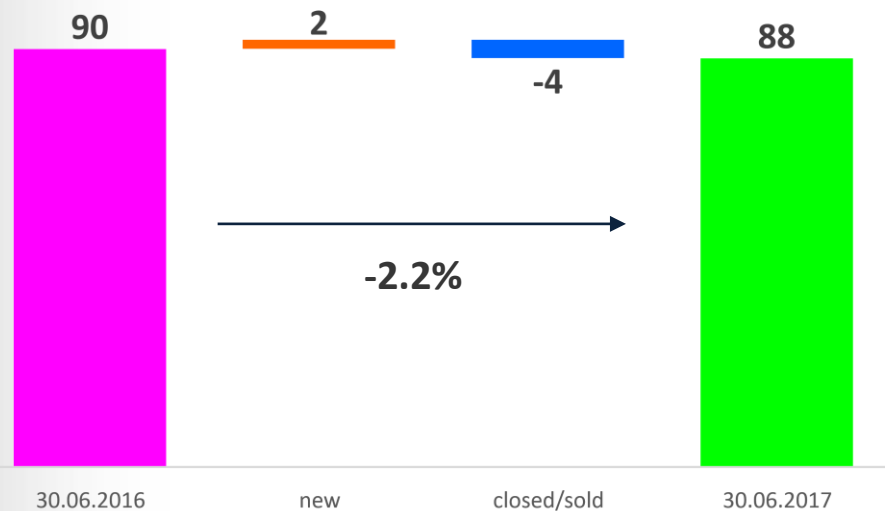


Property segment

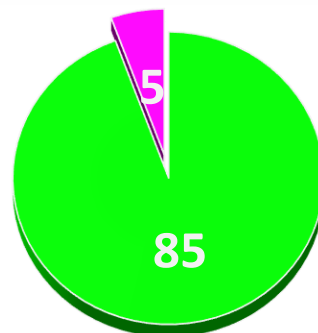
Grupa Kapitałowa Emperia

Property segment

Change in number of properties

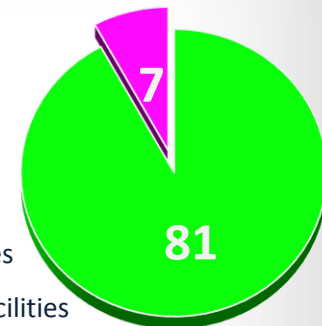


2Q 2016



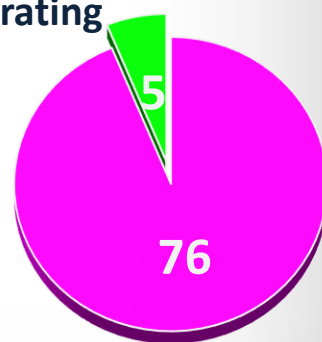
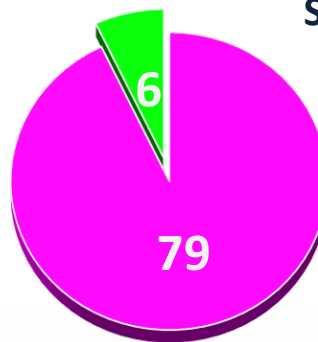
Type of property

2Q 2017



- Operating facilities
- Non-operating facilities

Structure of operating properties



- Retail sites
- Other

Property segment

NOI* (in PLNm)

	Number of facilities	Average monthly NOI in Q2 2017
NOI – operating facilities	81	3.4
including retail sites	76	3.1

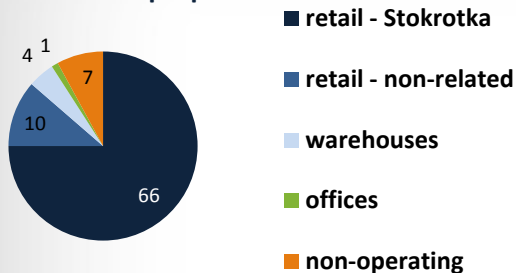
* NOI (net operating income) is defined as the difference between a property's operating revenue and operating costs, less depreciation

Retail sites

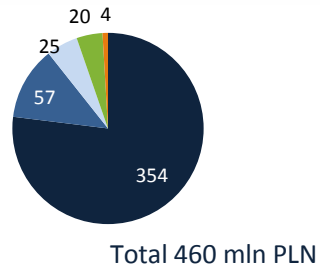
	Related tenants	Other tenants
Lease space [sqm 000s]	53.4	29.0
Average lease rate [PLN per sqm]	44.2	40.2

Property segment

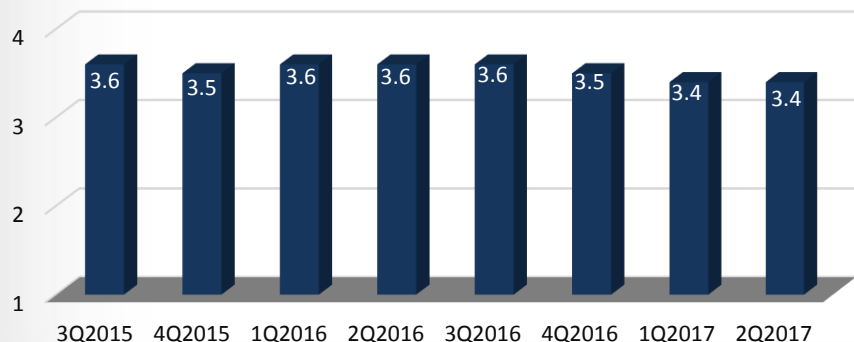
Number of properties



Estimated market value

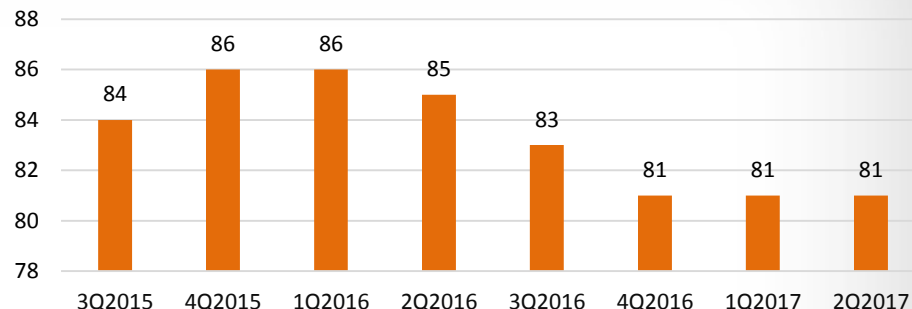


Average monthly NOI* - operating facilities

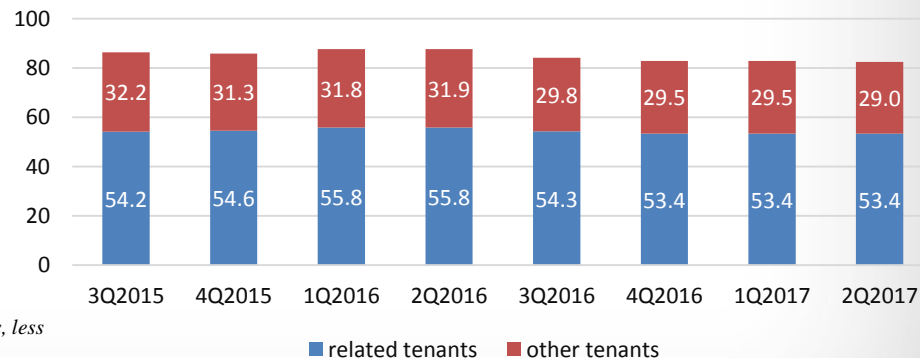


* NOI (net operating income) for a property is the difference between operating revenue and operating costs, less depreciation; in PLNm.

Number of operating facilities

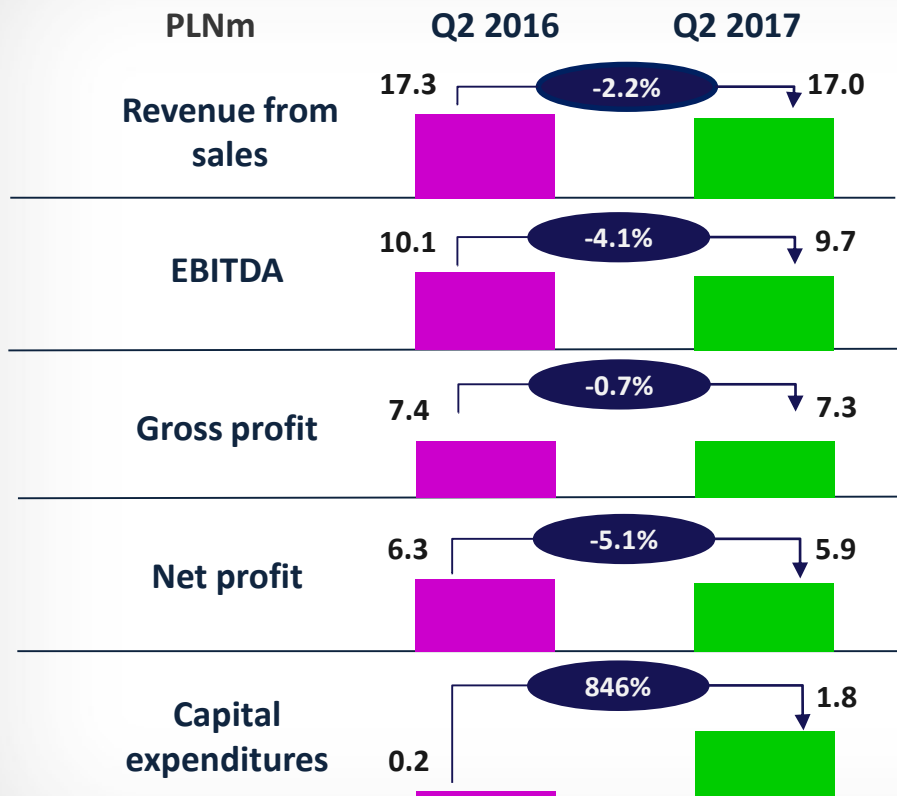


Lease area (in 000 sqm)



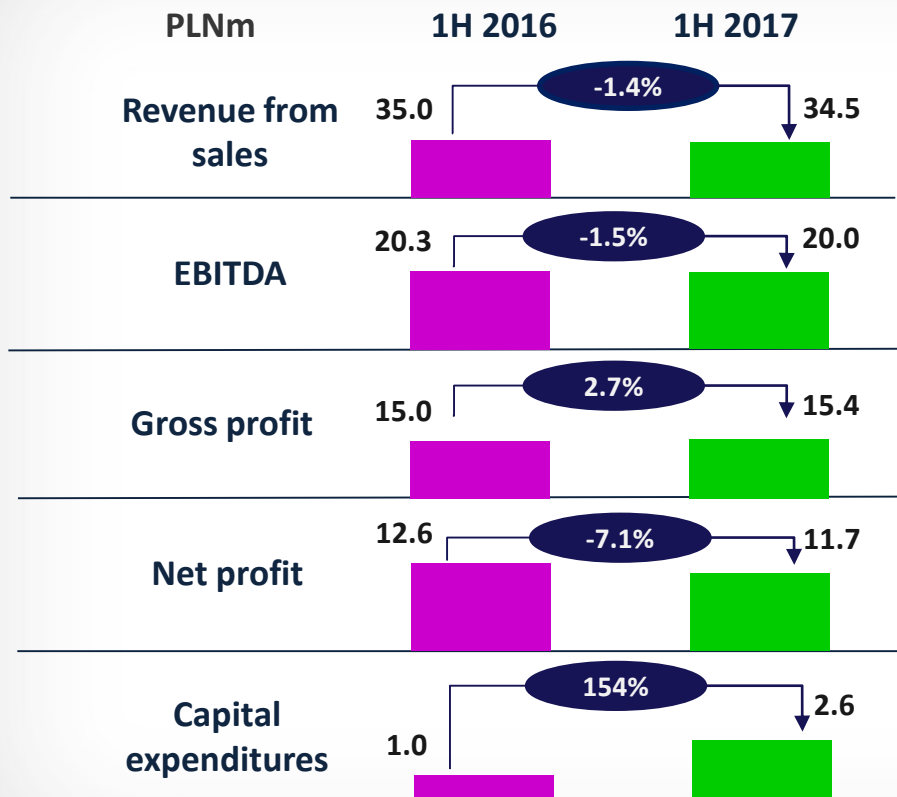
related tenants other tenants

Property segment – Q2 2017 financial results



- Stable rate of return on investment and portfolio profitability
- CIT in Q2 2017 higher by PLN 0.3m than in Q2 2016

Property segment – H1 2017 financial results



- CIT in H1 2017 higher by PLN 1.3m than in H1 2016

IT segment

Grupa Kapitałowa Emperia

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.



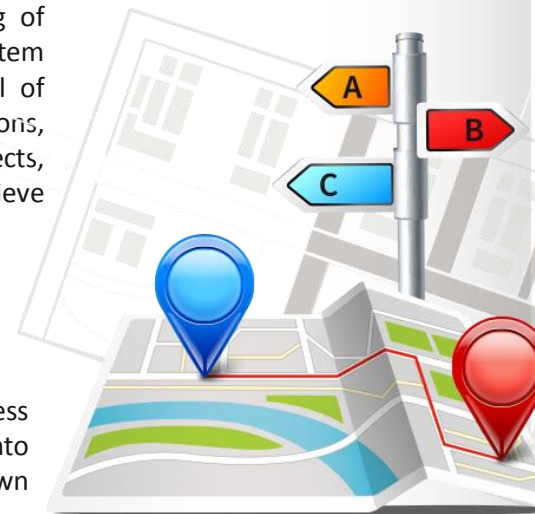
Infinite SFA is a solution supporting the handling of processes and tasks by mobile employees. The system improves productivity whilst ensuring a high level of customer service. Thanks to a wide array of functions, the application features reporting for key work aspects, as well as planning and defining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



Proprietary **ERP** (Enterprise Resource Planning) systems 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

Flagowe systemy i usługi Infinite



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**.



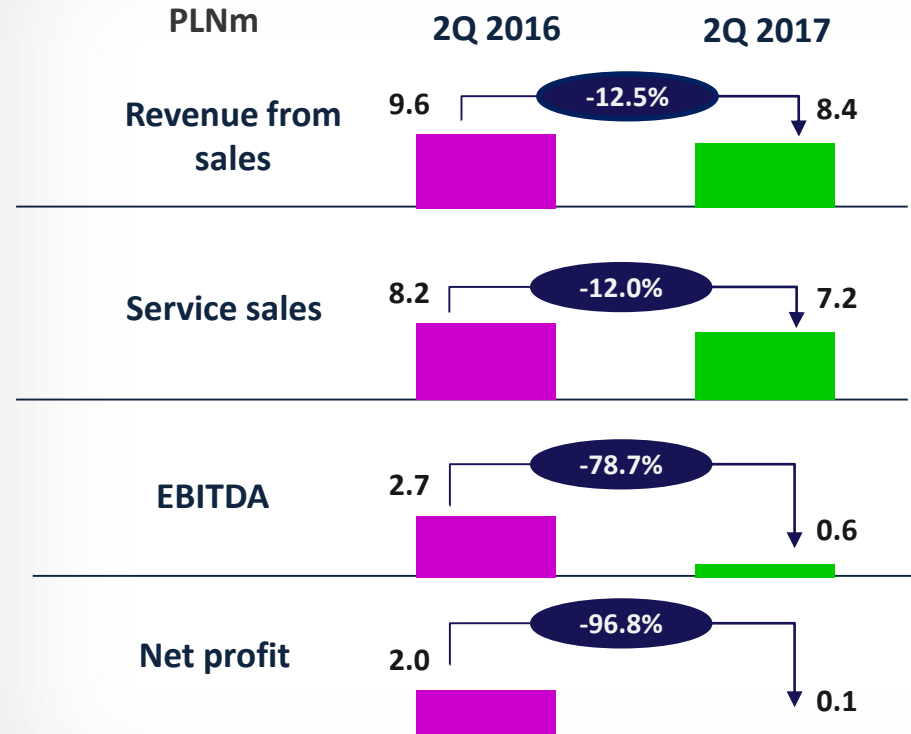
Infinite RCP allows companies to more effectively plan and record work time in accordance with the existing Labour Code regulations. The system is used by small, medium and large businesses alike, also those with dispersed and complex organisational structures.



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.

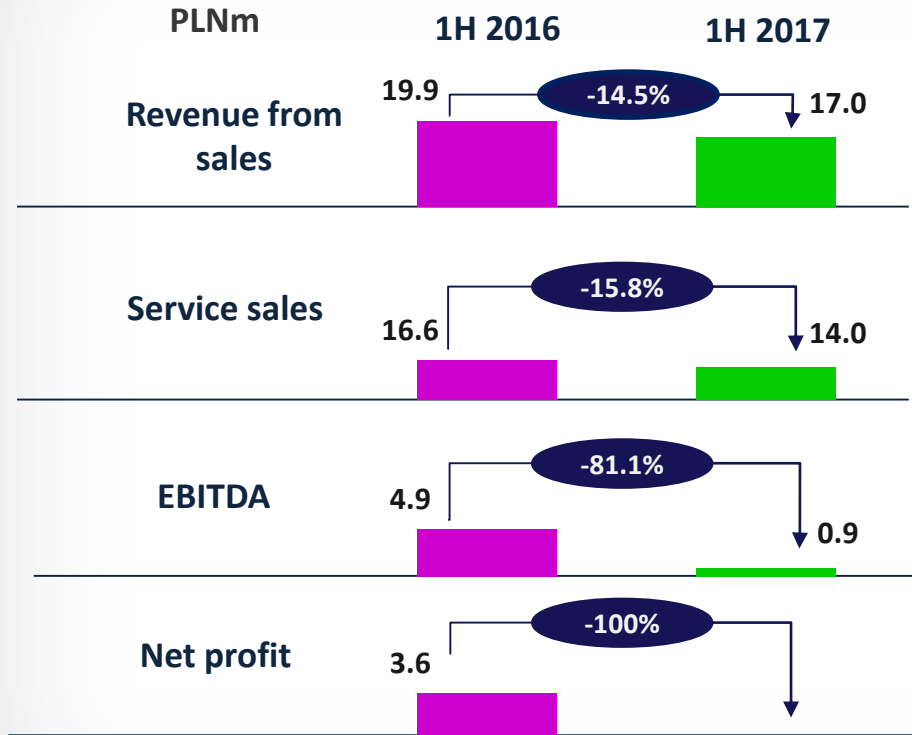


IT segment – Q2 2017 financial results



- Existing product development
- LFL sales to external clients reached PLN 4.8m in Q2 2017 vs PLN 3.9m in Q2 2016 (up by 23.1%)
- Sale of services to Group companies in Q2 2017: PLN 2.4m, Q2 2016: PLN 2.3m
- Development expenditures in Q2 2017: PLN 1.6m, Q2 2016: PLN 1.3m

IT segment – H1 2017 financial results



- Existing product development
- LFL sales to external clients reached PLN 9.3m in H1 2017 vs PLN 8.1m in H1 2016 (up by 14.8%)
- Sale of services to Group companies in H1 2017: PLN 3.1m, H1 2016: PLN 2.5m
- Development expenditures in H1 2017: PLN 3.1m, H1 2016: PLN 2.5m

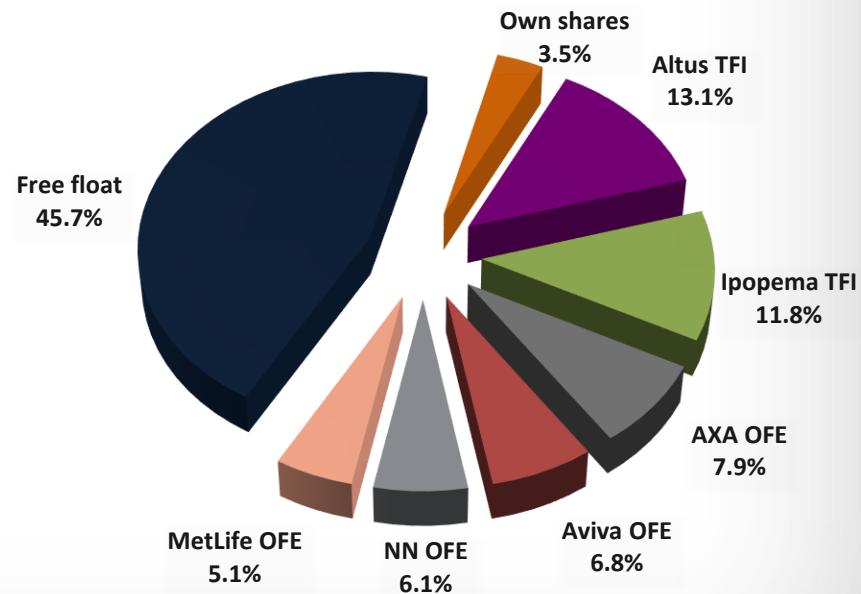
Corporate governance

Grupa Kapitałowa Emperia

Corporate governance in 2016

- Total number of own shares for cancellation as at 29 August 2017: **427 237 (i.e. 3.47%)**, including 60 246 shares purchased in H1 2017 for PLN 4.2m

Shareholding structure (as per the Company's latest data)



Number of registered shares: 12 342 027

Number of shares publicly traded: 11 913 790

Decision by Tax Control Office regarding Emperia Holding S.A.

- 31 January 2017 - receipt of a decision by the Head of the Tax Control Office in Lublin issued in inspection proceedings regarding CIT for 2011, establishing the Company's tax liability at PLN 143m plus interest
- The Company does not agree with these findings and the legal assessment carried out by the Head of the Tax Control Office in the decision
- The circumstances of the matter and the accusations made by the Tax Control Office were analysed by renowned representatives of academia, tax law and corporate law, who have considered that the position of the Tax Control Office is completely unjustified and in violation of the law
- The Company sees no grounds for recognising a provision for the amounts of tax liabilities indicated in the decision.
- 10 February 2017 – Emperia appealed the decision
- 8 August 2017 – the Head of the Tax Authority Chamber in Warsaw issued a decision upholding the decision issued by the Head of the Tax Control Office
- 21 August 2017 – the Company lodged a complaint with the Voivodeship Administrative Court, with the intermediation of the Head of the Tax Authority Chamber, regarding the decision issued by the Head of the Tax Control Office
- 21 August 2017 – the Company lodged a motion with the Head of the 2nd Mazowieckie Tax Office in Warsaw for suspension of decision issued by the Head of the Tax Control Office together with a motion to accept collateral for the tax liability in the form of a bank guarantee
- 21 August 2017 – the Company provided four bank guarantee documents to the Head of the 2nd Mazowieckie Tax Office in Warsaw, issued by the following banks: PKO BP S.A., BGŻ BNP Paribas S.A., mBank S.A. and Bank Pekao S.A., for a total amount of PLN 198 million

Search for investor

- August 2016: start of strategic options review
- 9 May 2017: decision on selection of specific option – search for an investor
- The aim is to bring in an investor to support further dynamic growth
- The selected investor would be interested in acquiring all of the Company's shares on equal terms
- Due diligence process is on-going
- Rothschild Global Advisory is exclusive adviser in the process

Thank you for your attention

Emperia Holding S.A.
02-566 Warszawa, ul. Puławska 2 budynek B

tel. +48 81 745-17-78

fax +48 81 746-32-89

e-mail: emperia@emperia.pl

www.emperia.pl

Grupa Kapitałowa Emperia