

Emperia Grupa Kapitałowa

Q4 2015

Significant events in Q4 2015

- Record number of new store openings
- Results in line with expectations
- Significant impact of deflation on retail sales
- 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

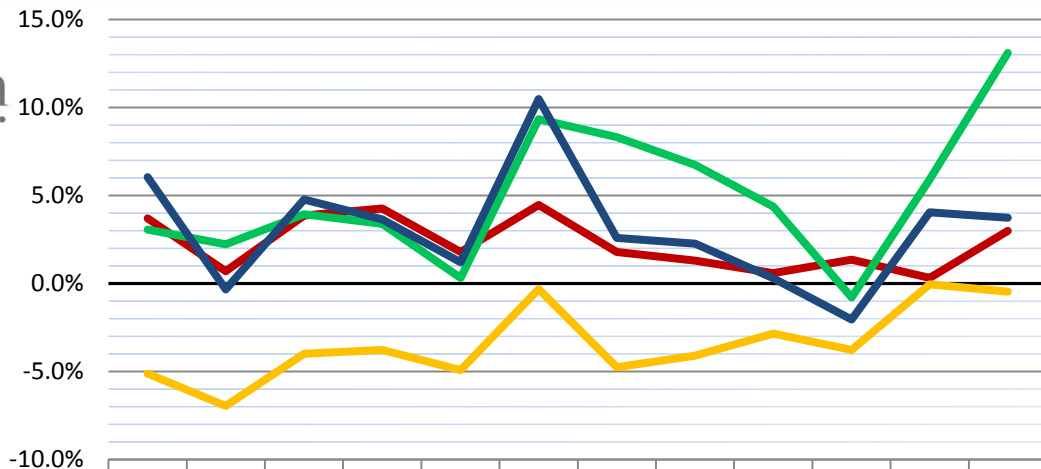
Retail

Grupa Kapitałowa Emperia

Poland's retail market 2013-2015

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
Retail sales*	3.7%	0.7%	3.9%	4.3%	1.8%	4.5%	1.8%	1.3%	0.6%	1.4%	0.3%	3.0%
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%
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%
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%

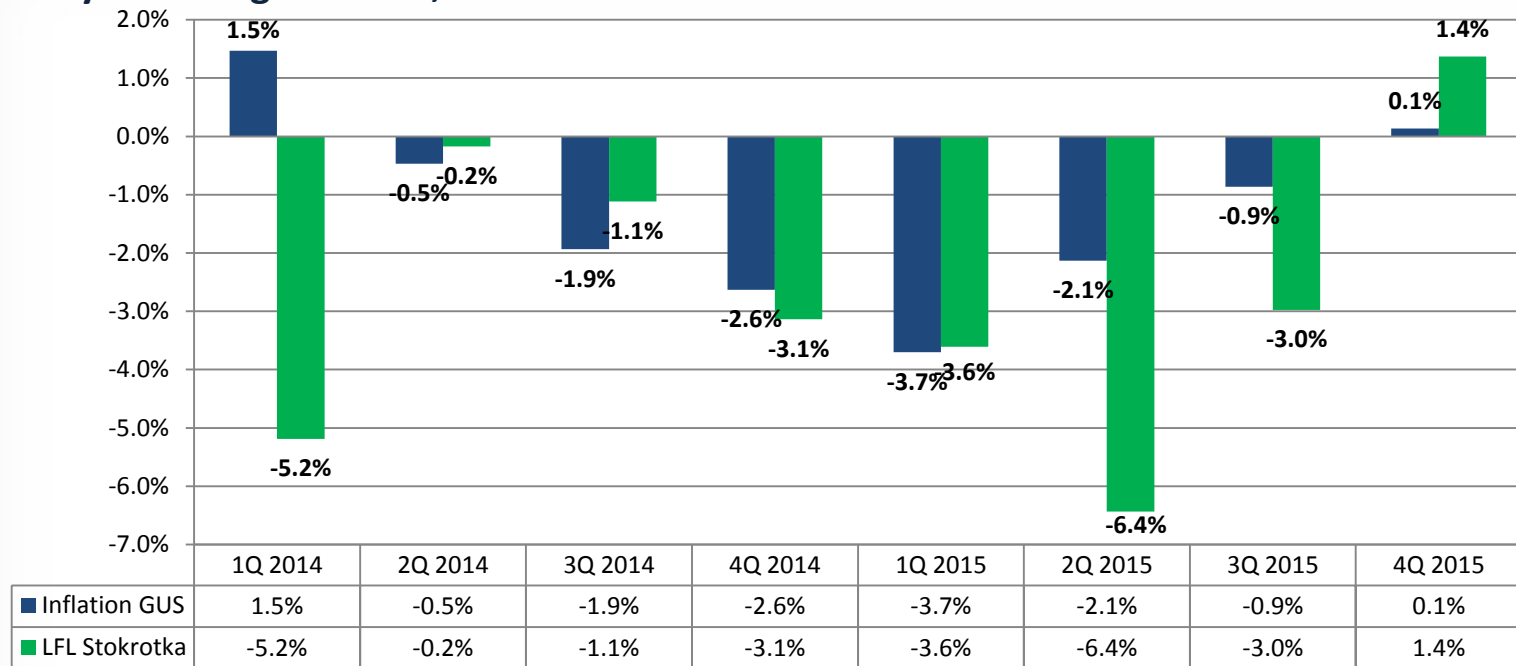
*Total retail sales y/y, GUS data

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

- According to GUS, retail sales in Q4 2015 increased by 3.0% from the previous year.
- According to Nielsen, fourth-quarter sales at Stokrotka increased by 13.1% from the year before, while the Supermarkets segment saw a 3.7% increase y/y, and the Hypermarkets segment fell by 0.5%, compared to the previous year.

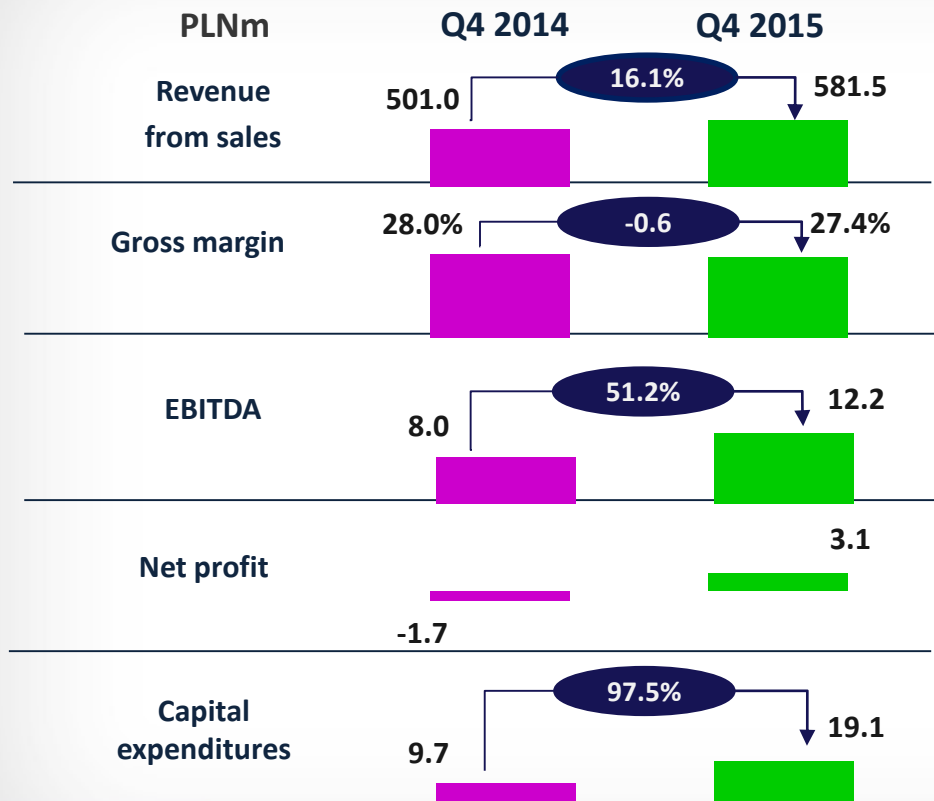
LFL sales – Stokrotka

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



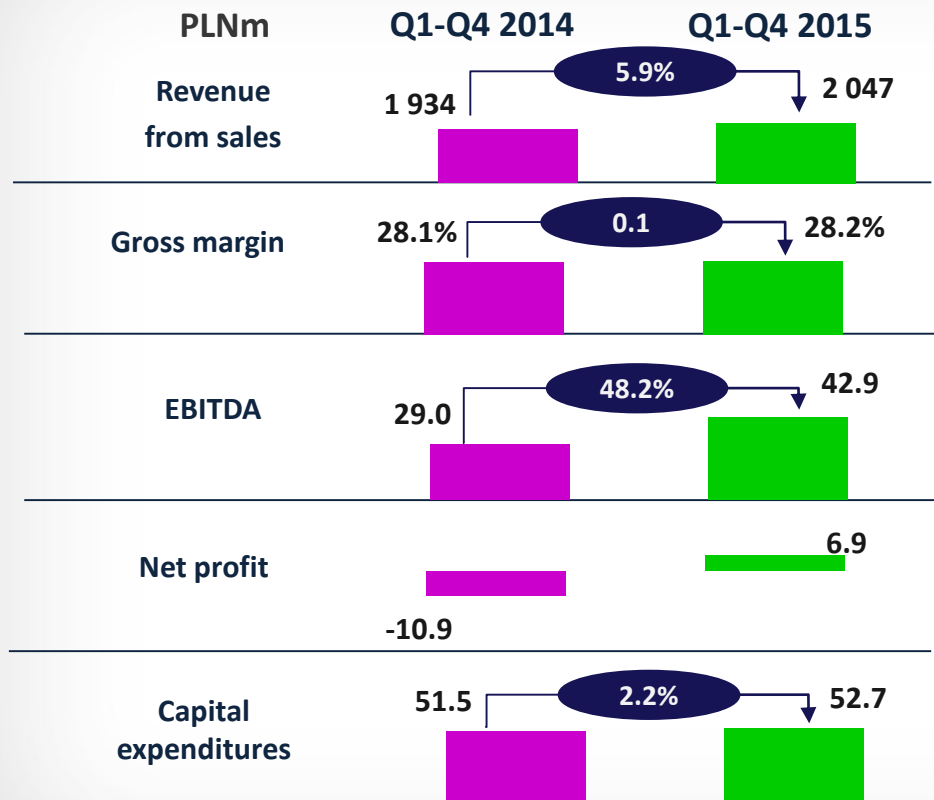
GUS inflation data for the food and non-alcoholic beverage category

Retail segment – Q4 2015 results



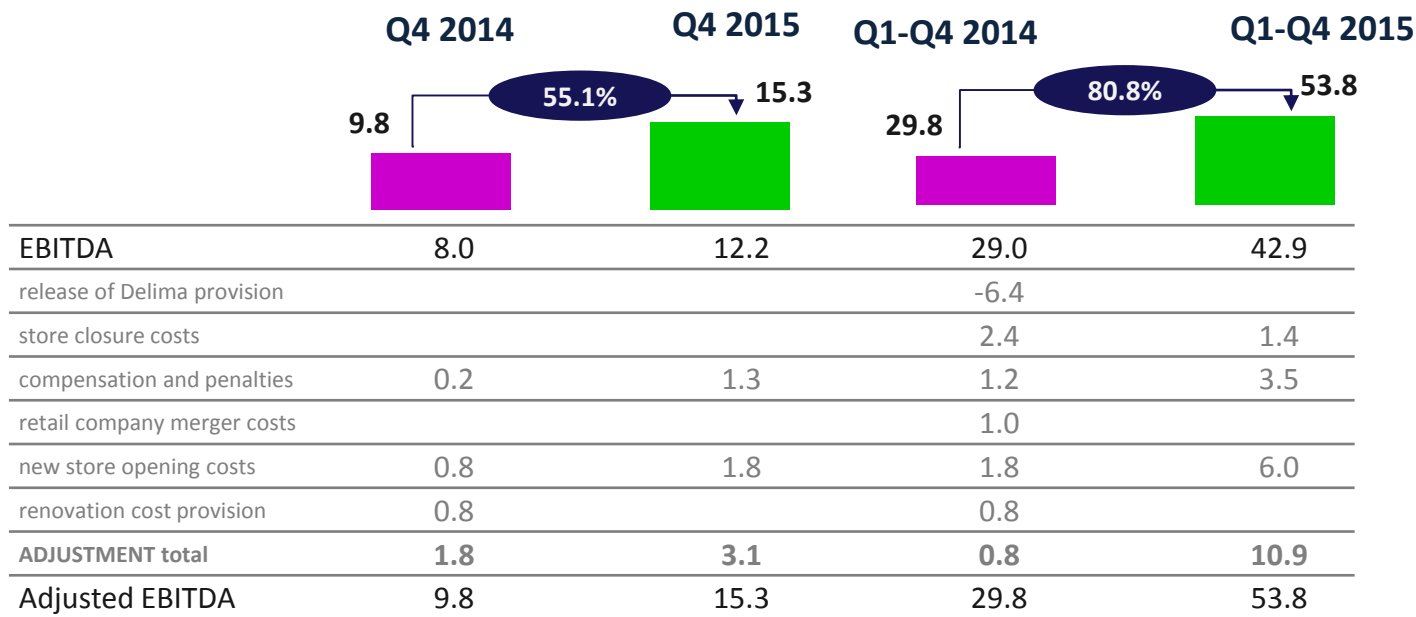
- Revenue growth: LFL and new store openings
- Costs connected with new store openings in Q4 2015: PLN 1.8m (16 own stores); Q4 2014: PLN 0.8m (7 own stores)
- Compensation and penalties paid in Q4 2015: PLN 1.3m, Q4 2014: PLN 0.2m
- PLN 0.8m provision for renovations in Q4 2014

Retail segment – Q1-Q4 2015 results



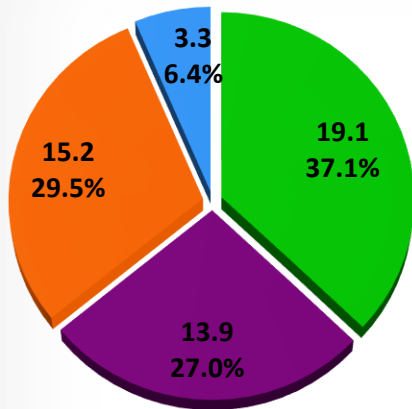
- Strong impact of deflation on revenue (-1.7%)
- Release of Delima cost provision in Q1-Q4 2014: PLN 6.4m
- Costs connected with new store openings in Q1-Q4 2015: PLN 6.0m (53 own stores); Q1-Q4 2014: PLN 1.8m (13 own stores)
- Costs of store closures in Q1-Q4 2015: PLN 1.4m, Q1-Q4 2014: PLN 2.4m
- Compensation and penalties paid out in Q1-Q4 2015: PLN 3.5m; Q1-Q4 2014: PLN 1.2m
- Retail company merger costs in Q1-Q4 2014: PLN 1m
- PLN 0.8m provision for renovations in Q4 2014

Retail segment – adjusted EBITDA

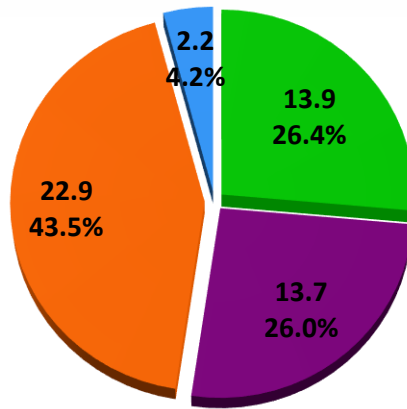


Retail segment – CAPEX

Q1-Q4 2014



Q1-Q4 2015

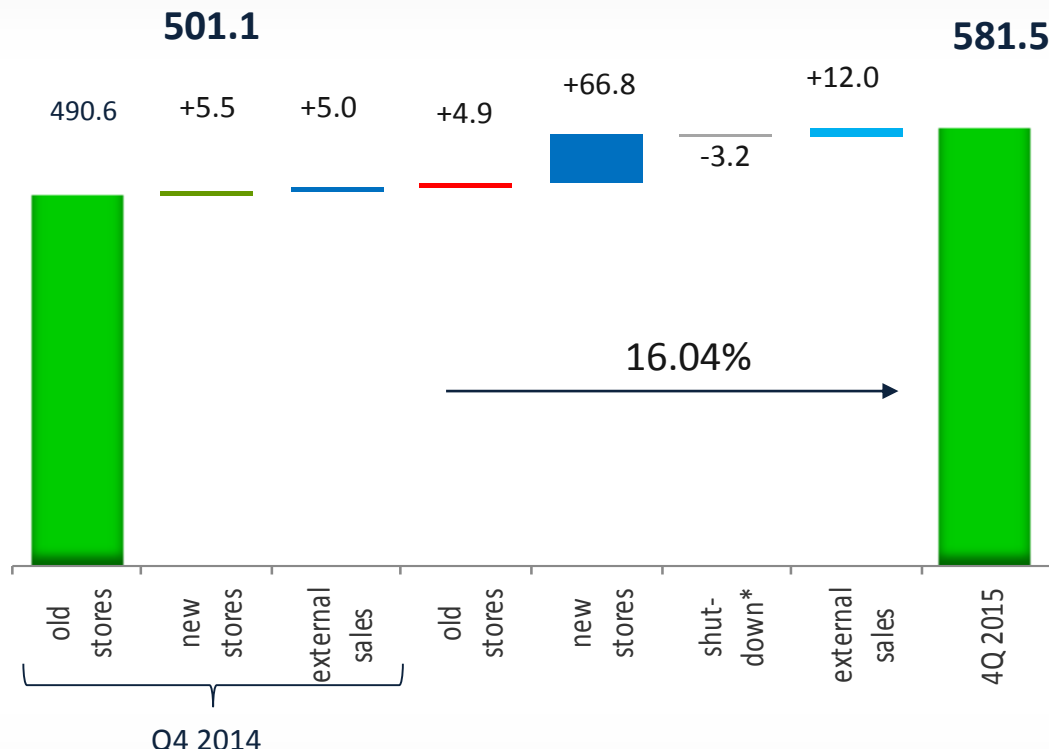


- Site renovations
- Store fittings
- IT equipment and systems
- Motor vehicles



Retail segment – sales drivers in Q4 2015

Change, in PLNm



older sites - stores open as of the end of Q3 2015, newer sites - opened since Q4 2014

Retail segment – Stokrotka

Number of stores

Number of stores at the end of Q3 2015	299
Stores opened in Q4 2015	29
Stores closed in Q4 2015	1
Number of stores at the end of Q4 2015	327

Average monthly sales per sqm (in PLN)

	Q4 2014	Q4 2015	change
Supermarkets	1 347	1 335	-0.9%
Stokrotka	1 261	1 286	2.0%

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

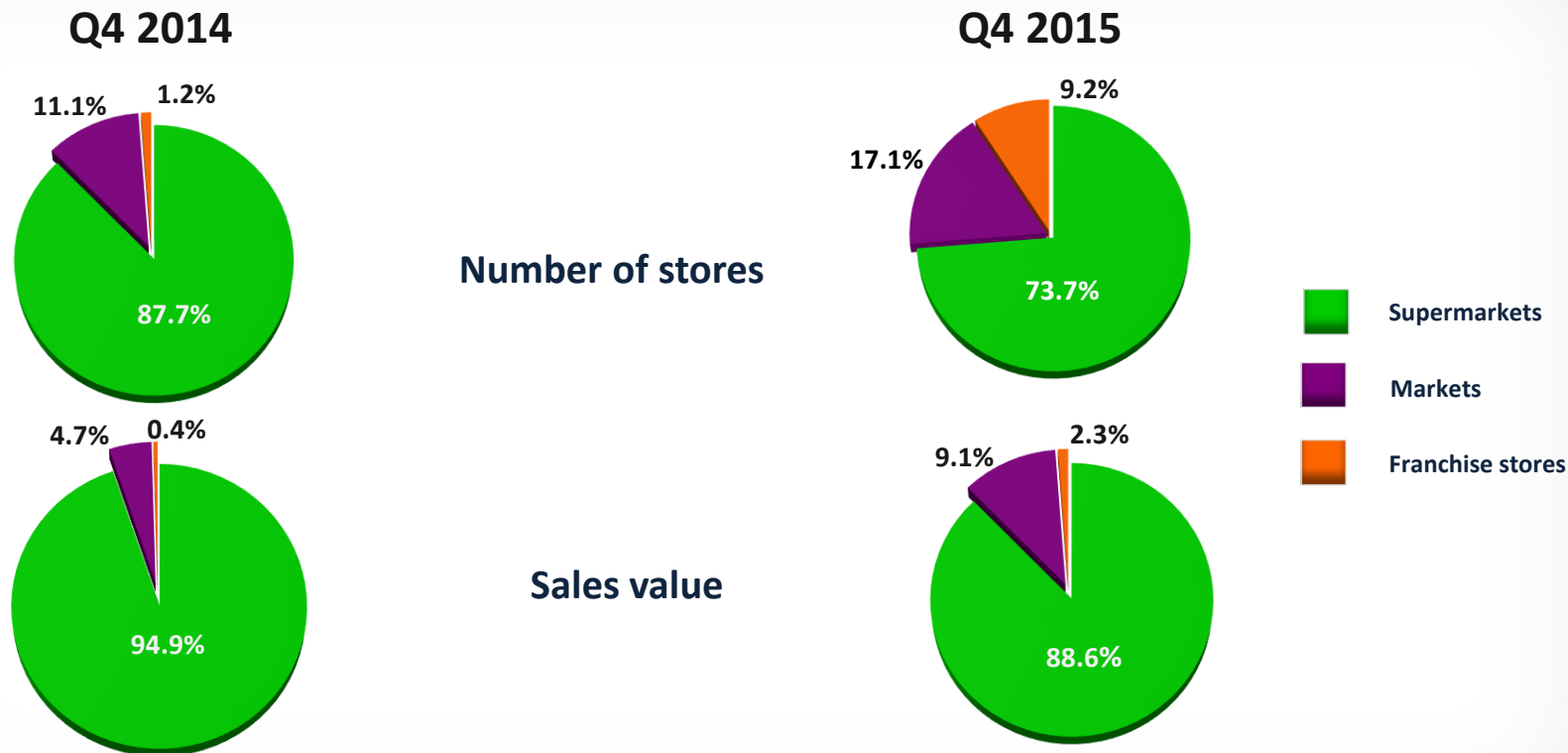
Stores by format

	Number of stores	Revenue from sales*
own supermarkets	241	511.8
own markets	56	52.5
franchise stores	30	13.1
stores shut-down	1	0.3

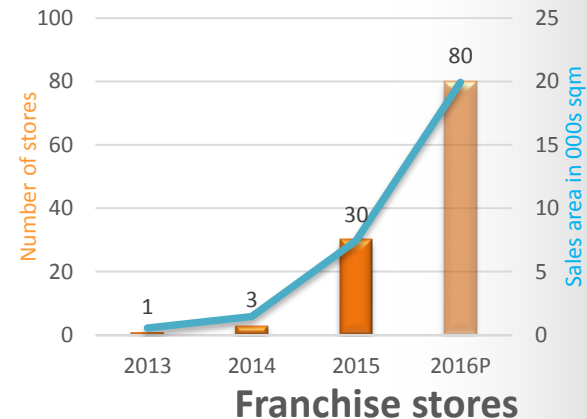
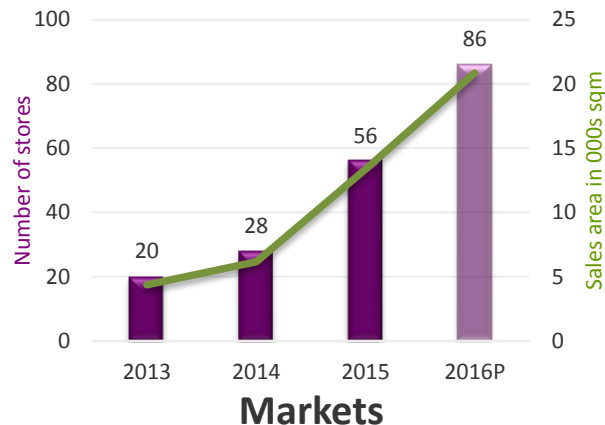
* / in PLNm /

- Opening of 7 supermarkets, 9 markets and 13 franchise stores
- Total floor area of stores opened in Q4 2015 was 12 606 sqm.
- CAPEX per new own store: PLN 0.8m

Retail segment – structure by format in Q4 2015



Retail segment – structure by format



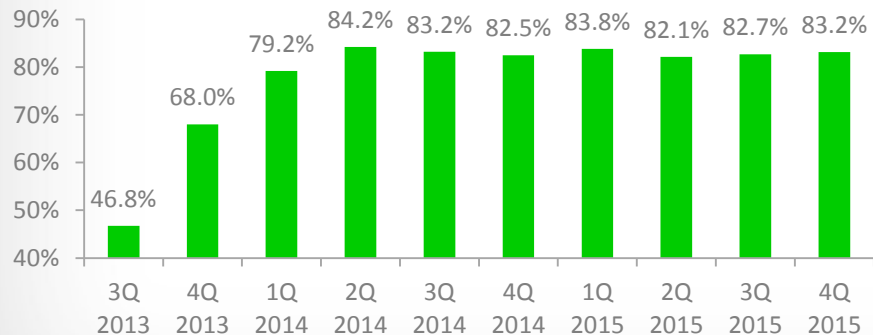
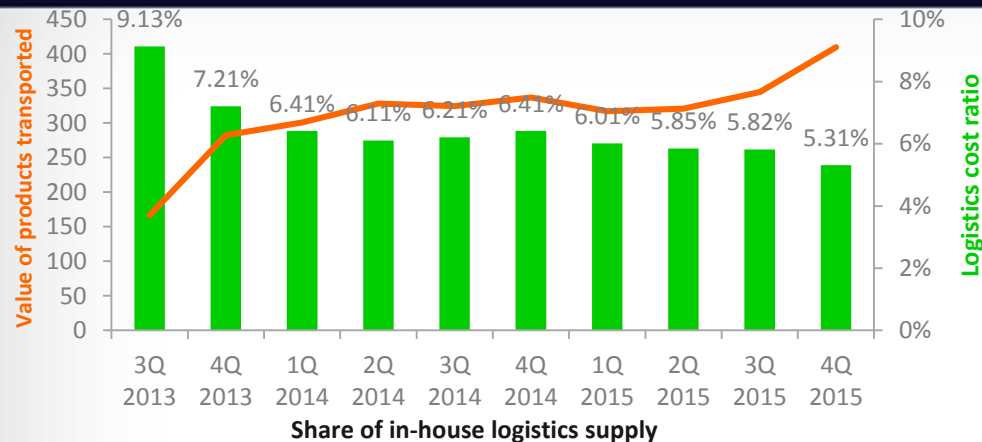
*Total, including Maro Markety and Społem Tychy, which joined in 2014.

Retail segment – working capital turnover

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Inventory turnover	42.0	45.2	45.1	44.2	43.1
Receivables turnover	4.1	4.4	4.6	5.1	5.8
Payables turnover	63.4	63.2	59.0	63.8	69.7
Cash conversion cycle	-17.2	-13.6	-9.3	-14.4	-20.8

Turnover ratios presented in days

Retail segment – in-house logistics



- Improved logistics parameters
- Potential for further improvement
- Launch of Lublin distribution centre, with area of approx. 6 000 sqm in January 2016



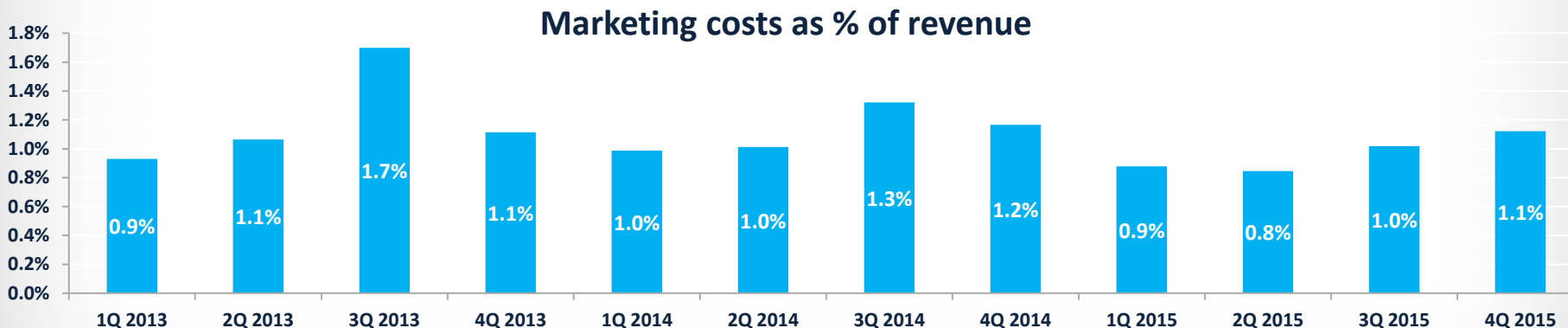
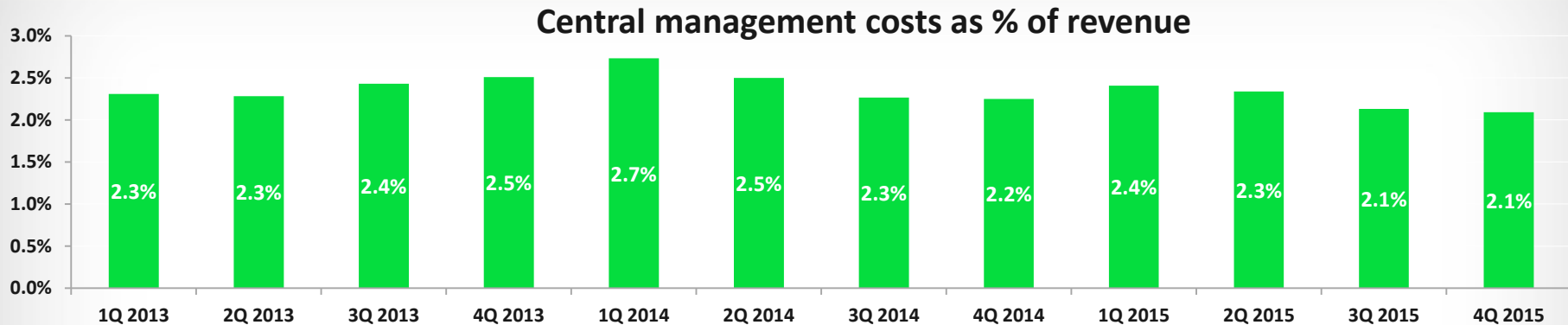
Stokrotka – store profitability*

	I-XII 2014	I-XII 2015
Revenue from product sales	1 808.3	1 746.2
Store operating costs	419.3	401.1
<i>Operating costs as % of revenue</i>	<i>23.2%</i>	<i>23.0%</i>
EBITDA	91.2	115.4
% EBITDA	5.0%	6.6%

/PLNm/

* 232 Stokrotka stores operating at the end of 2013

Retail segment – central office



* 2013 data includes the acquired Maro Markety and Społem Tychy

Retail segment – developments

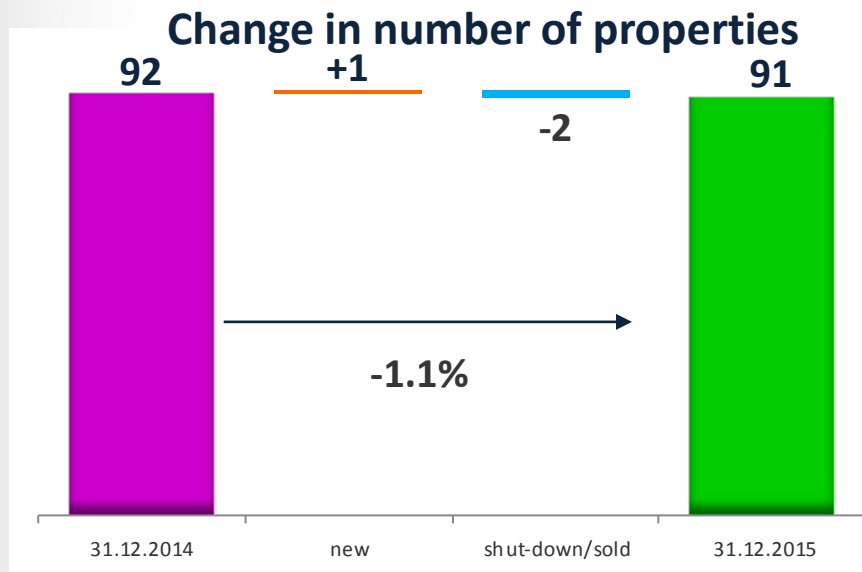
- Intensification of new store openings; 12 stores already launched in Q1 2016
- Introduction of new lower prices in the meat category
- Implementing new customer loyalty programmes
- Higher marketing activity



Property

Grupa Kapitałowa Emperia

Property segment



Q4 2014 Type of property Q4 2015



Structure of operating properties



Property segment

NOI* (in PLNm)

	Number of facilities	Average monthly NOI in Q4 2015
NOI – operating facilities	86	3.5
including retail sites	80	3.2

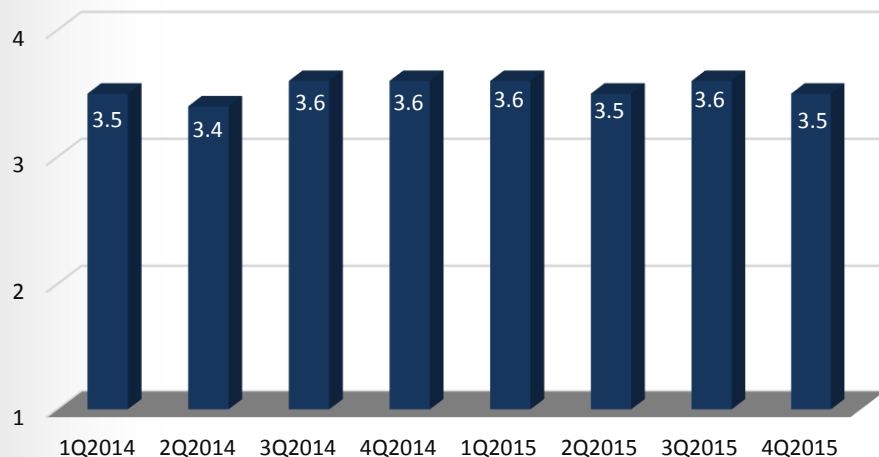
** NOI (net operating income) is defined as the difference between a property's operating revenue and operating costs, less depreciation*

Retail sites

	Related tenants	Other tenants
Lease space [sqm 000s]	54.6	31.3
Average lease rate [PLN per sqm]	43.4	40.3

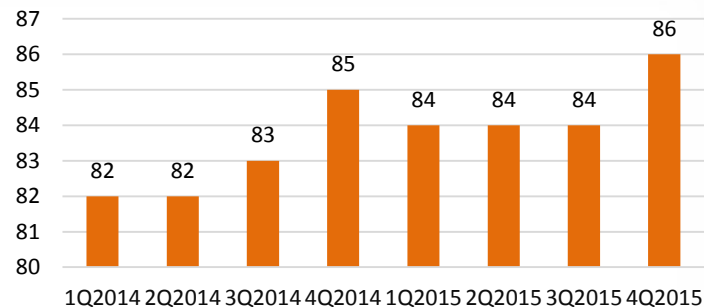
Property segment

Average monthly NOI* - operating facilities

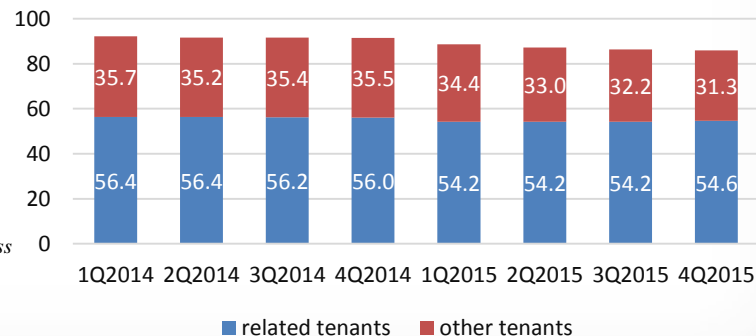


* NOI (net operating income) for a property is the difference between operating revenue and operating costs, less depreciation; in PLNm.

Number of operating facilities

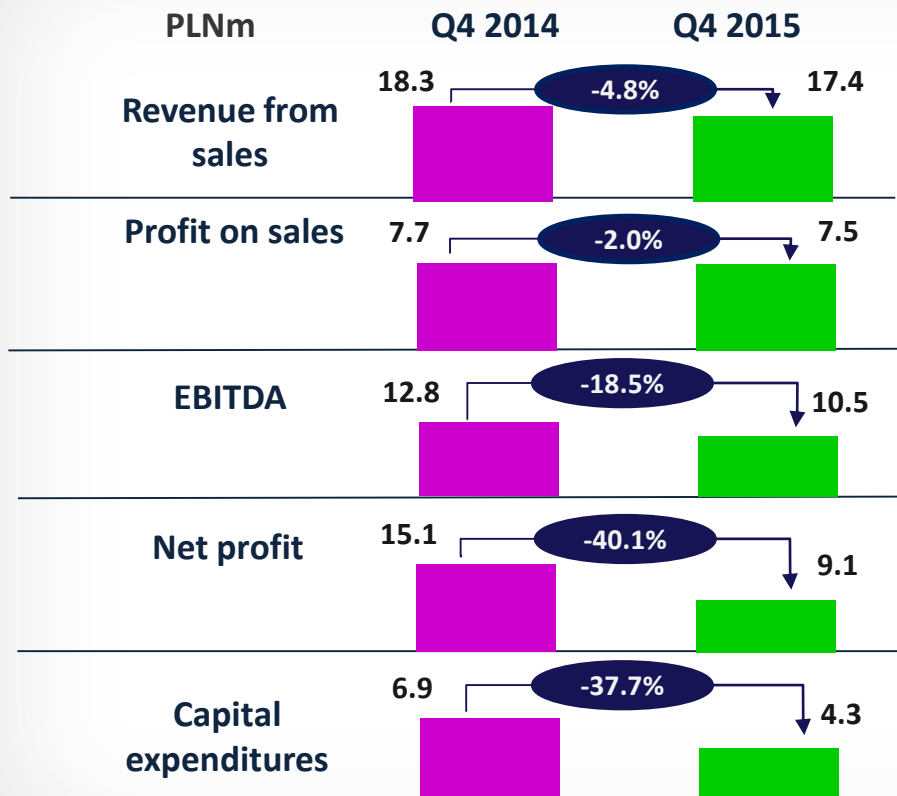


Lease area in operating facilities (000s sqm)



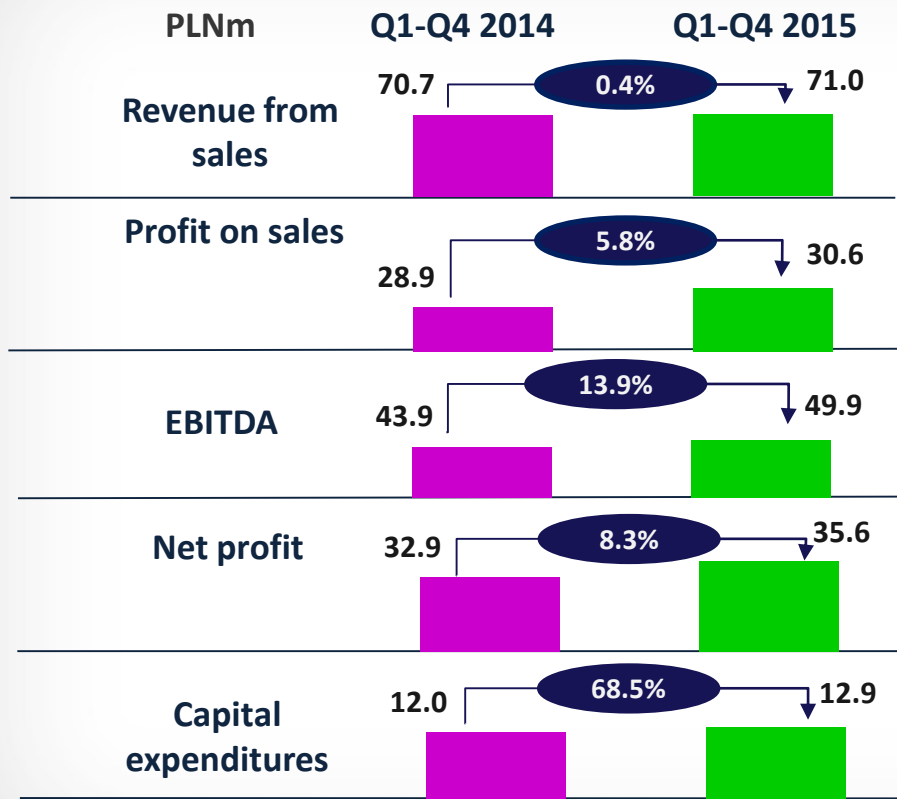
■ related tenants ■ other tenants

Property segment – Q4 2015 results



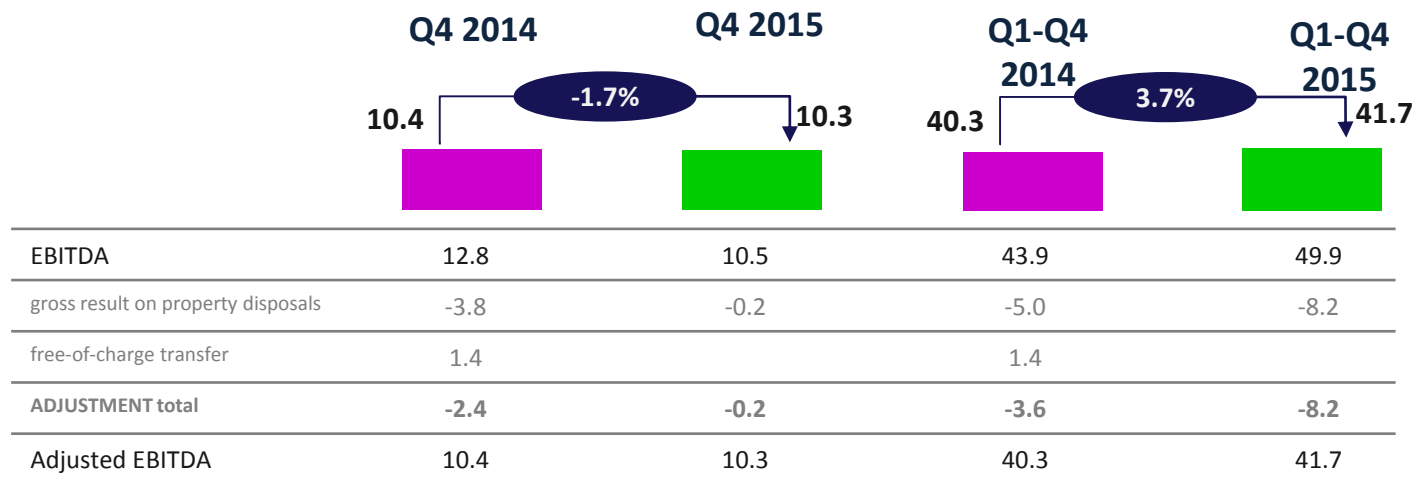
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- Free-of-charge transfer in Q4 2014: PLN 1.4m
- Gain on sale of equity in Q4 2014: PLN 6.1m, Q4 2015: PLN 2.7m
- Income tax in Q4 2014: PLN 1.2m, Q4 2015: PLN 1.2m

Property segment – Q1-Q4 2015 results



- Gross result on property disposals in Q1-Q4 2015: PLN 8.2m, Q1-Q4 2014: PLN 5.0m
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- Gain on sale of equity in Q4 2014: PLN 6.1m, Q4 2015: PLN 2.7m
- Income tax in Q1-Q4 2014: PLN 4.4m, Q1-Q4 2015: PLN 4.3m

Property segment – adjusted EBITDA



IT

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IT segment

Infinite's flagship systems and services



Infinite EDI solutions for electronic document exchange between business partners globally, 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.



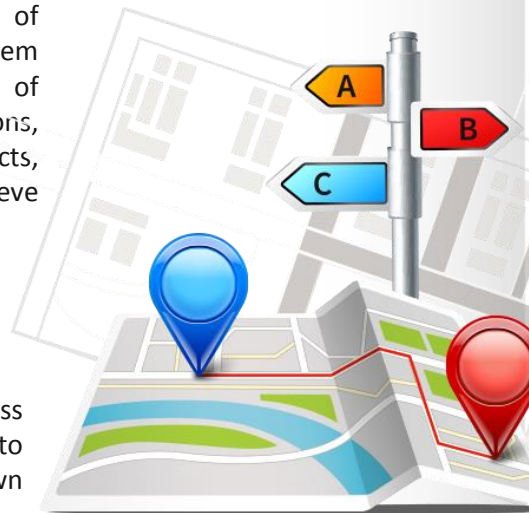
Proprietary **ERP** (Enterprise Resource Planning) systems offered by Infinite facilitate management of key processes at both small and large businesses in retail and FMCG sectors.



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.



The **Infinite BI** system, which belongs in 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 the 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**.



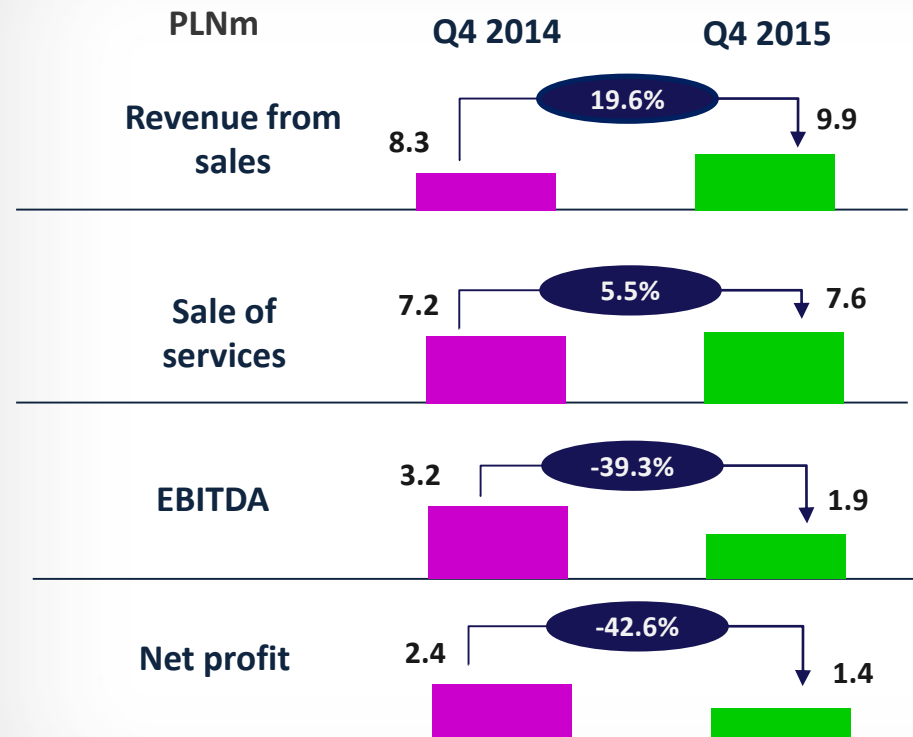
Infinite RCP allows companies to more effectively plan and record work time in accordance with the existing Labour Code regulations. The system is used by small, medium and large businesses alike, also those with dispersed and complex organisational structures.



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

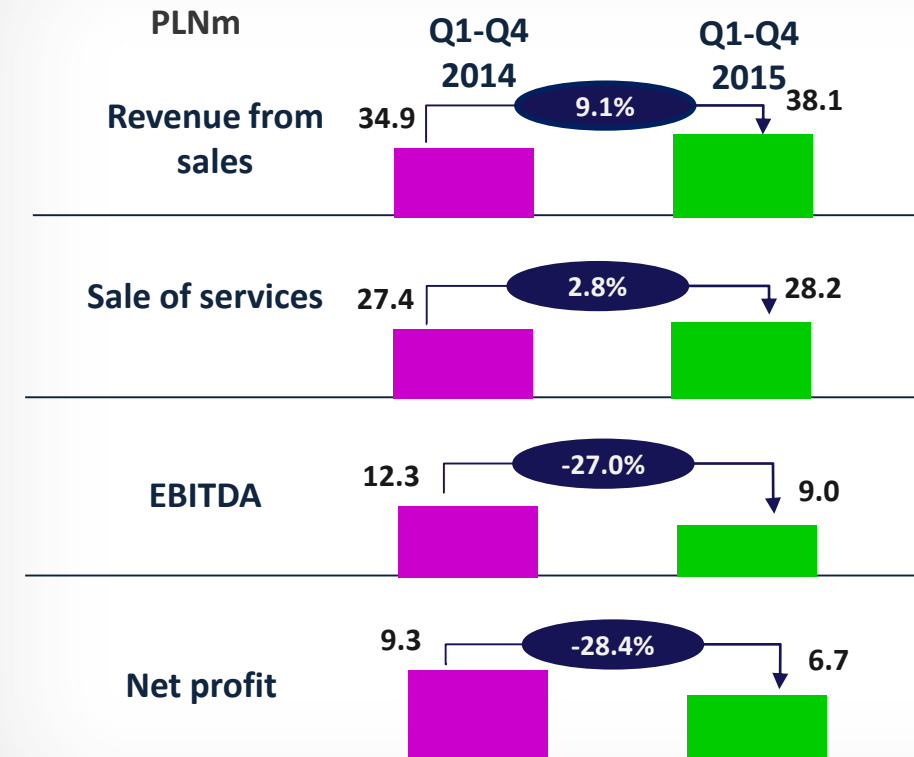


IT segment – Q4 2015 results



- Investment in product development
- Growth in service sales in Q4 2015 by 5.5%, including to external entities by 11.1%
- Share of external revenue in Q4 2015: 72.4%; in Q4 2014: 68.7%

IT segment – Q1-Q4 2015 results

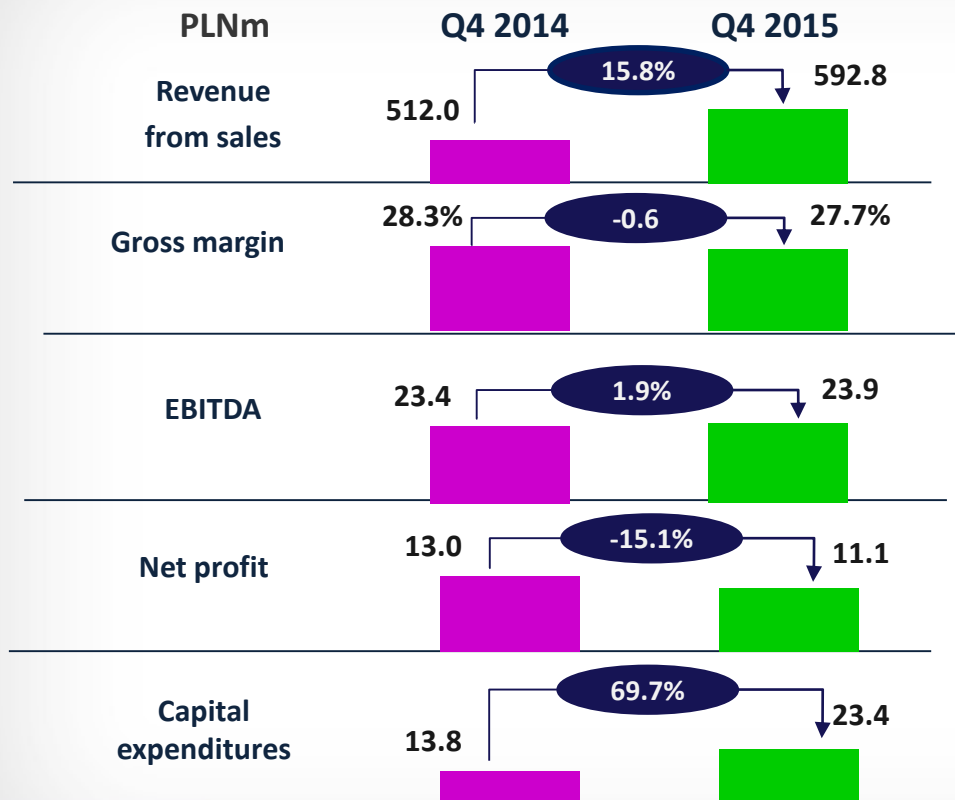


- Investment in product development
- Growth in service sales in Q1-Q4 2015 by 2.8%, including to external entities by 6.2%
- Share of external revenue in Q1-Q4 2015: 70.5%; in Q1-Q4 2014: 68.3%

Emperia Group

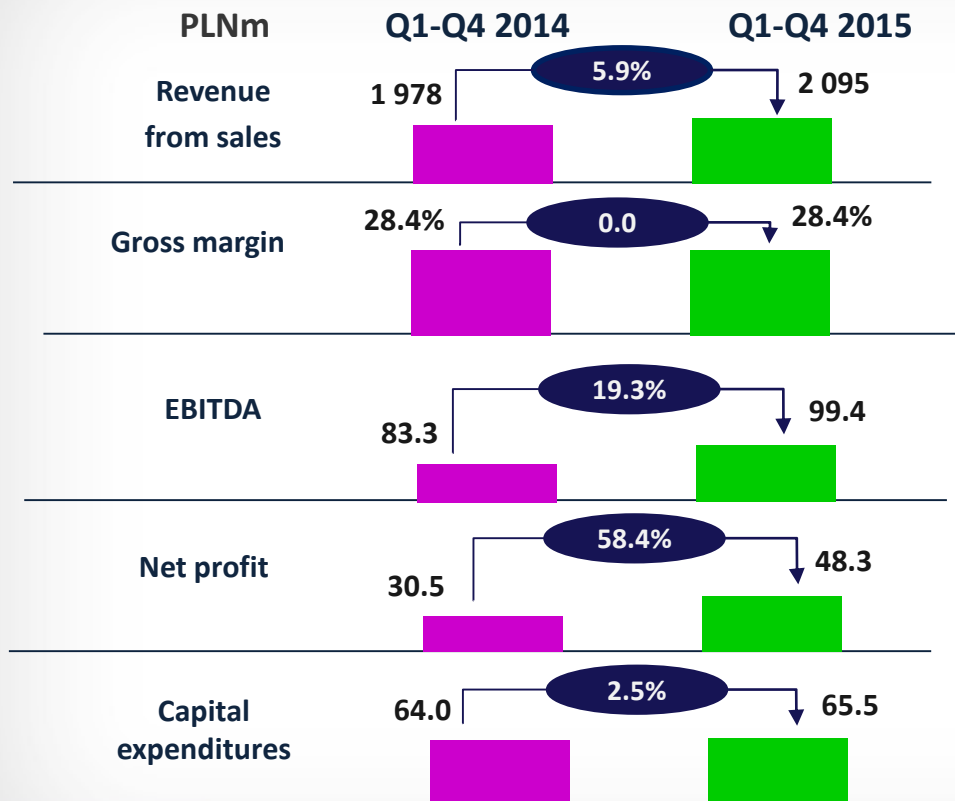
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Emperia Group – Q4 2015 results



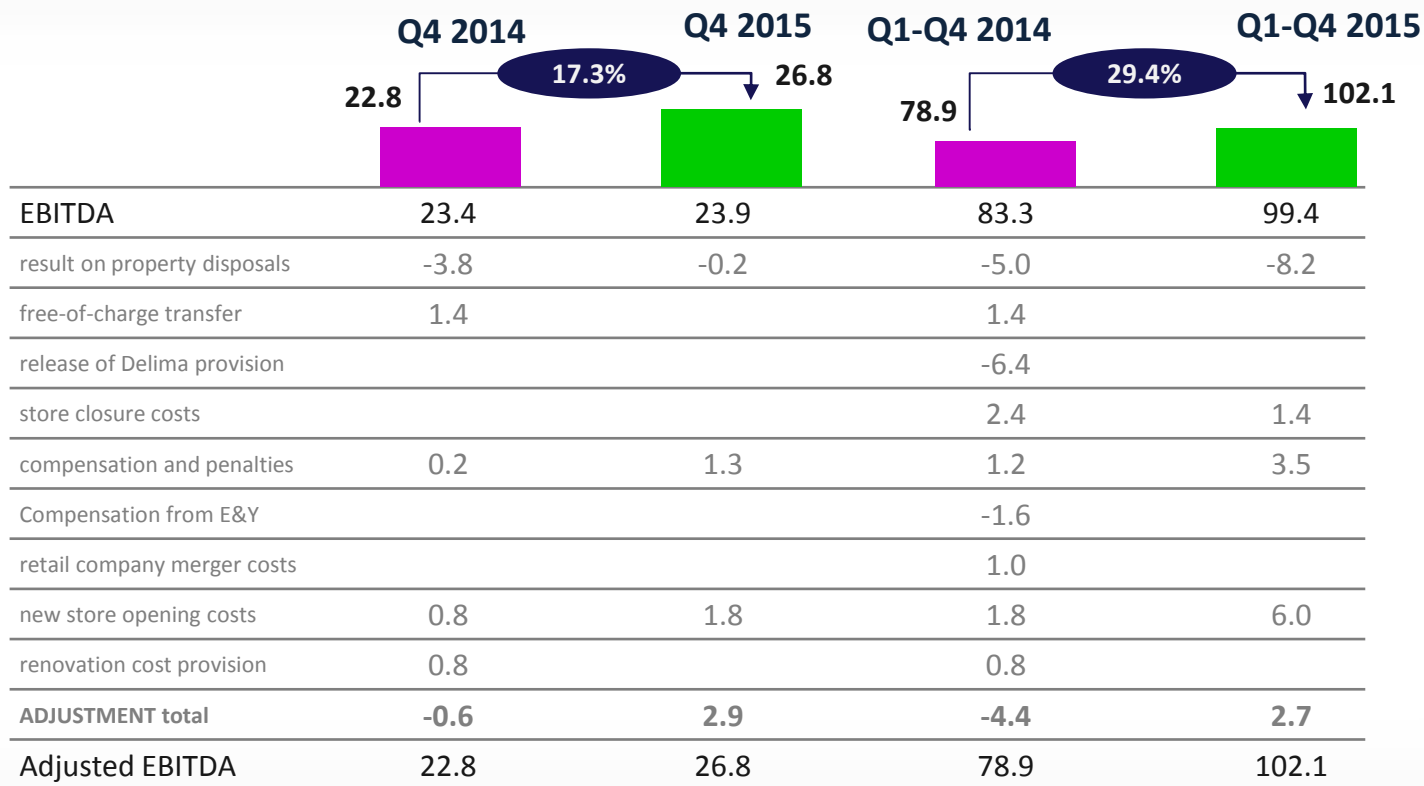
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Emperia Group - Q1-Q4 2015 results



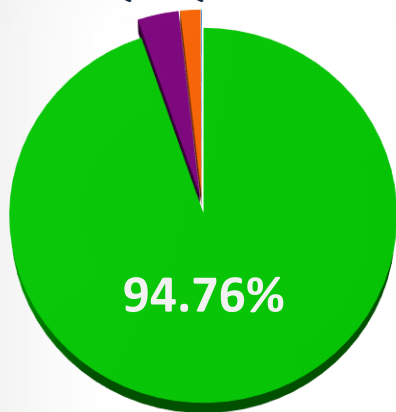
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- Retail company merger costs in Q1-Q4 2014: PLN 1m
- Gross result on property disposals in Q1-Q4 2015: PLN 8.2m, Q1-Q4 2014: PLN 5.0m
- Free-of-charge transfer in Q1-Q4 2014: PLN 1.4m
- PLN 0.8m provision for renovations in Q4 2014
- Compensation from Ernst & Young Q1-Q4 2014: PLN 1.6m

Emperia Group – adjusted EBITDA



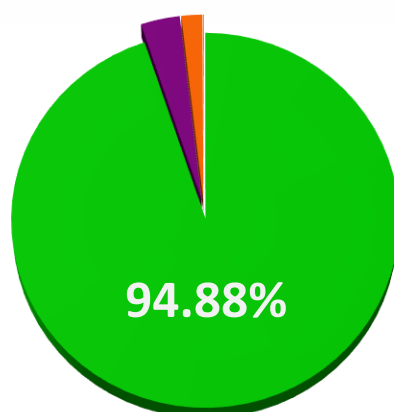
Emperia Group – results

Q1-Q4 2014

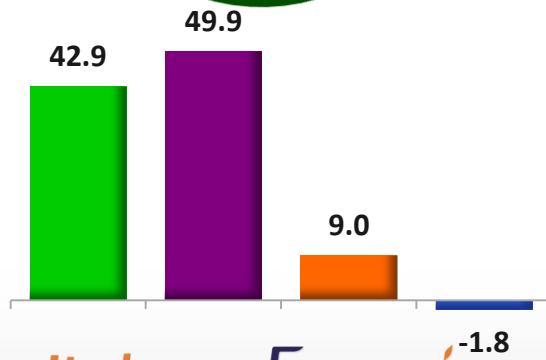
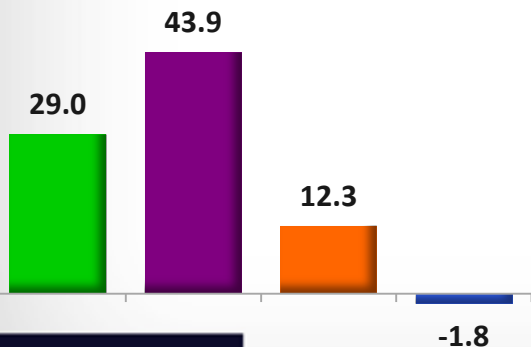


Revenue
from sales

Q1-Q4 2015



EBITDA
(in PLNm)



Emperia Group – balance sheet

PLNm	2014	Q3 2015	2015
Goodwill	52.0	52.0	52.0
Property, plant and equipment	509.3	509.1	522.8
Net working capital	-80.3	-58.4	-97.8
Other	-12.9	4.3	5.6
Invested assets	468.1	507.0	482.6
Borrowings	3.6	2.9	2.6
Cash and cash equivalents	145.2	86.2	114.9
Net debt	-141.6	-83.3	-112.3
Equity	609.7	590.3	594.9

Expenditure in Q1-Q4 2015:

- Share buy-back PLN 45.0m
- Dividend PLN 16.5m
- Capital expenditures PLN 65.5m

Growth in cash and cash equivalents in Q4 2015: PLN 28.5m, including cash flows from operating activities: PLN 60.6m

Corporate governance

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Corporate governance 2015

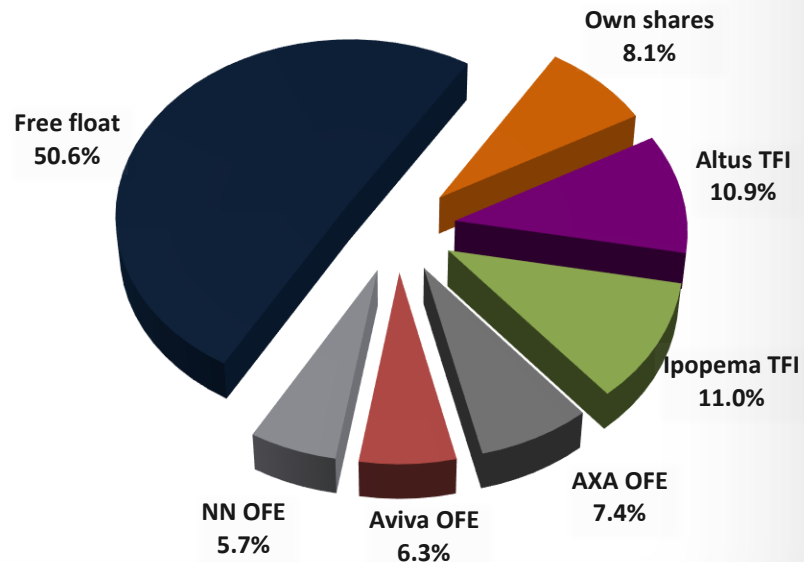
- Total number of shares purchased by Emperia Holding S.A. and Elpro Development S.A. as at 3 March 2016: 1 068 904 (i.e. 8.07%), including 717 818 purchased in Q1-Q4 2015 for PLN 45.0m
- Dividend payment of PLN 1.33 per share
- Repurchase of 900 219 own shares from Elpro Development for cancellation
- Management Options Programme, tranche 2010: 114 564 shares, 113 180 shares bought back, tranche 2011: 44 068 shares, 43 474 shares bought back

Number of registered shares: 13 240 268

Number of shares publicly traded: 12 196 642

Shareholding structure

(as per the Company's latest data)



Thank you for your attention

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