2Q 2017 RESULTS

Financial Statement - Summary

PLN m	2Q 2016	2Q 2017	% of Sales 2Q 2016	% of Sales 2Q 2017	Y/Y Change
Net sales	5 341	**6 084**			14%
EBITDA Normalized	110	**120**	2,1%	**2,0%**	9%
One-off net impact	-	*114*			
EBITDA Reported	110	**6**	2,1%	**0,1%**	-95%
Net profit Normalized	53	**53**	1,0%	**0,9%**	-1%
Net profit Reported	53	**-62**	1,0%	**-1,0%**	-

- **THE COMPANY AFFECTED BY EXTERNAL ENTITIES WHICH PARTICIPATED IN MECHANISM OF VAT FRAUD**
- **ONE-OFF IMPACT ON RESULTS BUT WITHOUT IMPACT ON LIQUIDITY AND DIVIDEND POLICY**

VAT payment issue

P&L impact	PLN m
Other operating costs	-140,10
Other operating income	25,70
Total Impact on Net Profit	**-114,40**
Other operating costs	**-140,10**
Potential VAT liability	*-121,45*
Costs of audit	*-5,56*
VAT receivables	*-13,10*

CF impact	PLN m
Net Profit	**-114,40**
Change of liabilities (security for potential tax liability paid in cash)	***95,75***
Change of receivables	*13,10*
Costs of audit	*5,56*

- Company affected by third parties participating in VAT fraud scheme
- Considered period: 2013-2017
- One-off impact on results
- Company filed notification about suspicion of the commission of a crime

- Estimated Net Profit impact: negative 114m or 0.82 PLN per share
- Net Debt impact: PLN 96m – 22% of 2016 EBITDA

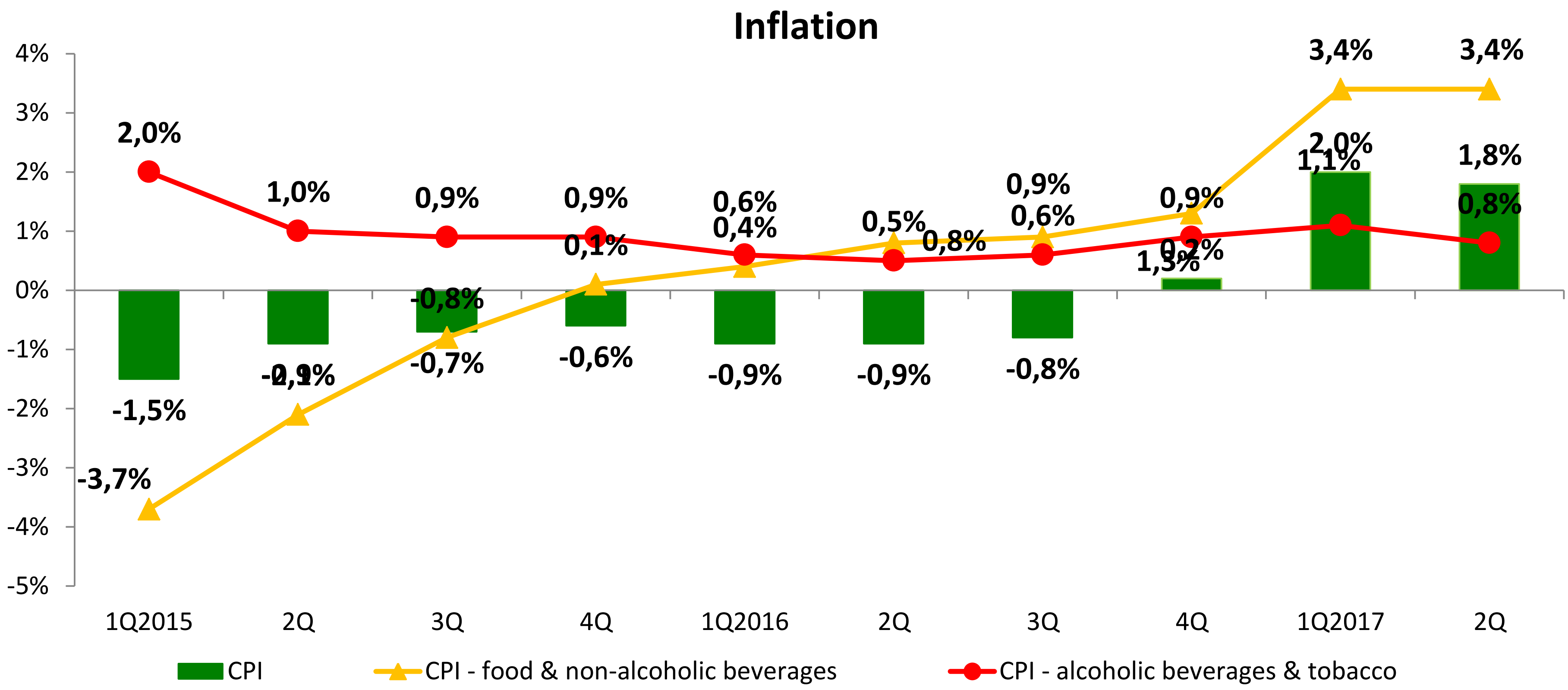
*adjusted by intercompany sales to own stores, which were moved to Retail Segment

2Q 2017 Operational highlights

- **GROWING INFLATION SUPPORTING MARKET**
- **EUROCASH SALES GREW BY 13.9% IN 2Q 2017 AND 11.6% IN 1H 2016 MAINLY FROM M&A AND ORGANIC GROWTH**
- **EBITDA HIGHER BY 10 M PLN IN 2Q 2017**
- **POSITIVE LFL IN C&C AND STRONG LFL IN DELIKATESY CENTRUM**
- **STRONG OPERATIONAL CASH FLOW AT 217% OF EBITDA LEVEL**
- **VAT ISSUE - ONE-OFF IMPACT ON RESULTS BUT WITHOUT IMPACT ON LIQUIDITY AND DIVIDEND POLICY**
- ***FOLLOWING SLIDES WITH FINANCIAL AND OPERATIONAL RESULTS PRESENTS COMPANY'S RECURRING BUSINESS EXCLUDING ONE-OFF ITEM***

Macroeconomic outlook

3.4% Food inflation in 2Q YoY, while only 0.8% inflation on alcohol & tobacco



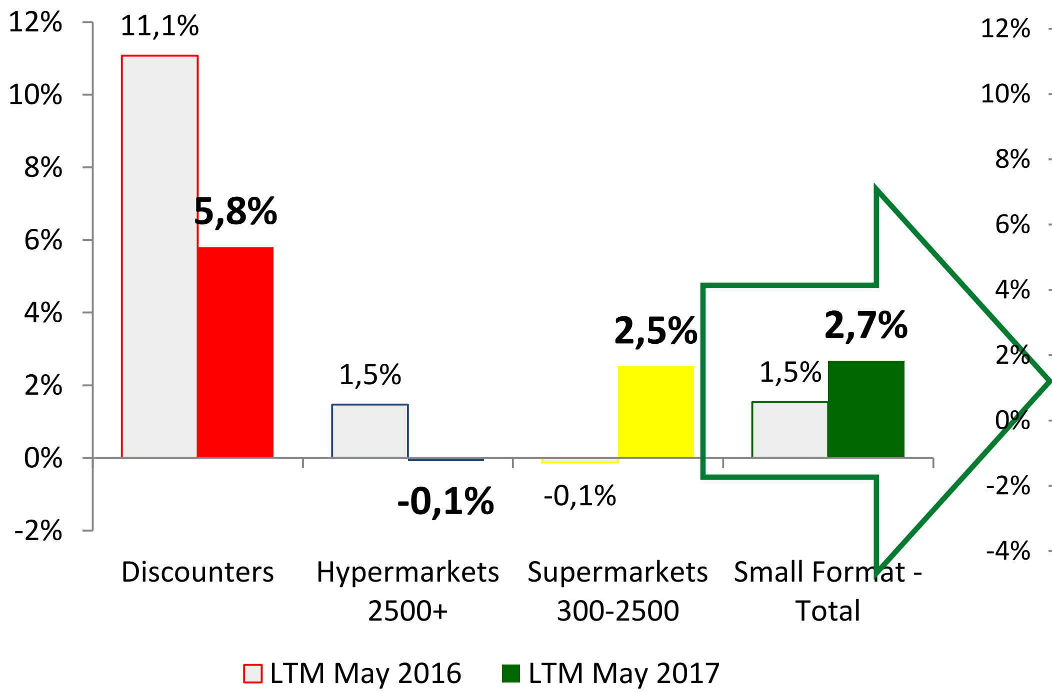
Source: CSO

- CPI in 2Q 2017 driven by transportation (+4.2% YoY) and food & beverages (+3.4% YoY)

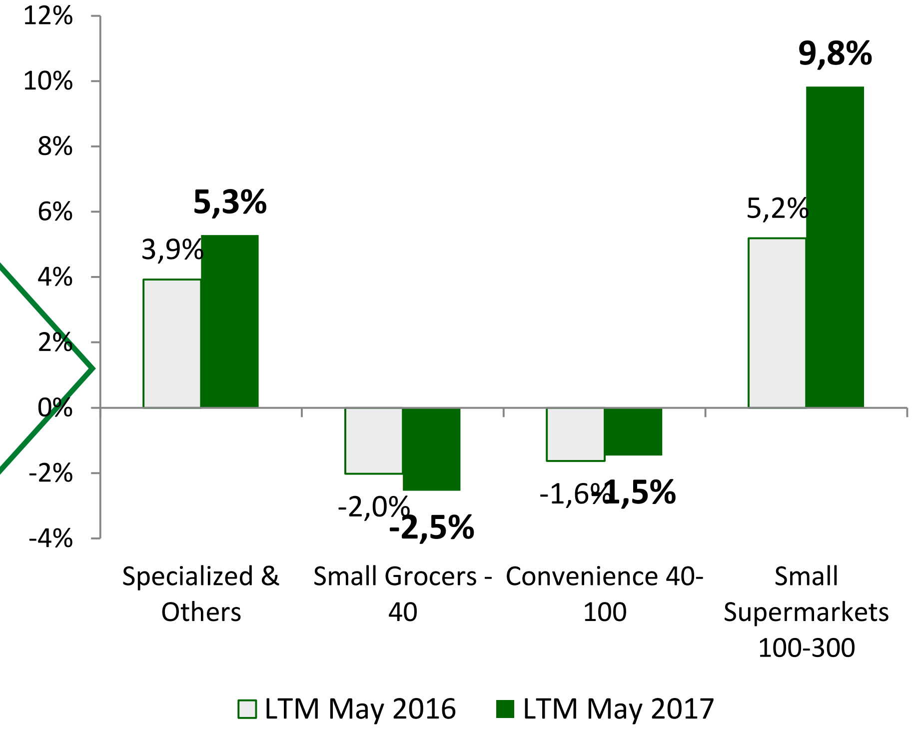
FMCG MARKET GROWTH

Small Format growing 2.7% vs. FMCG market growth of 3.2% in LTM May 2017

FMCG market growth by channels (YoY)



Small Format Food market growth (YoY)

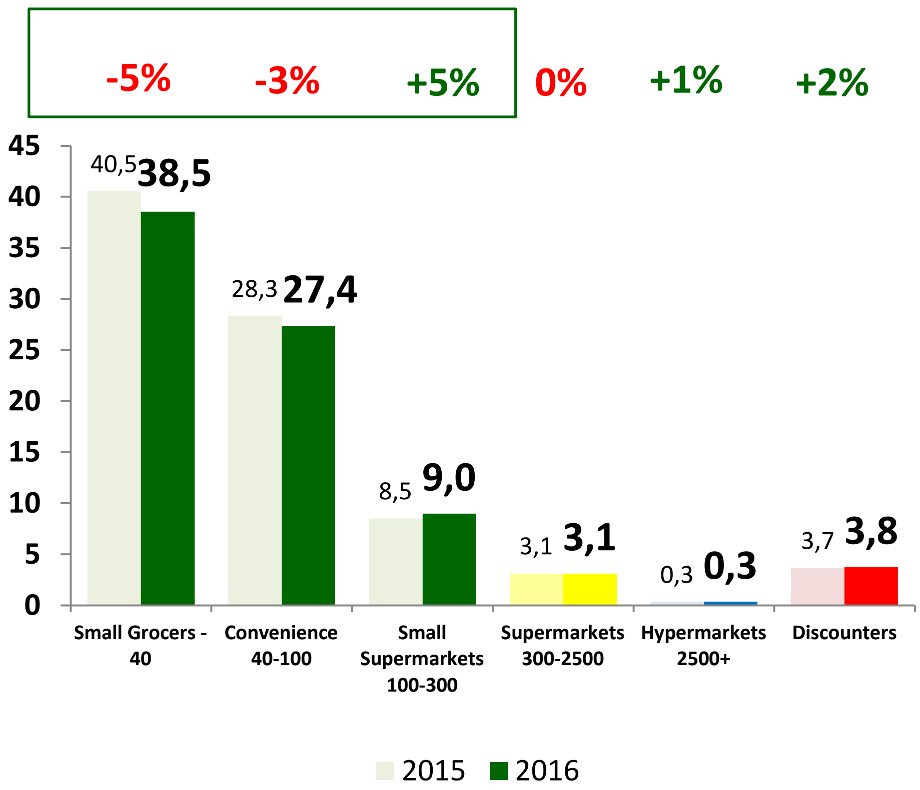


Source: Nielsen
*LTM – Last Twelve Month

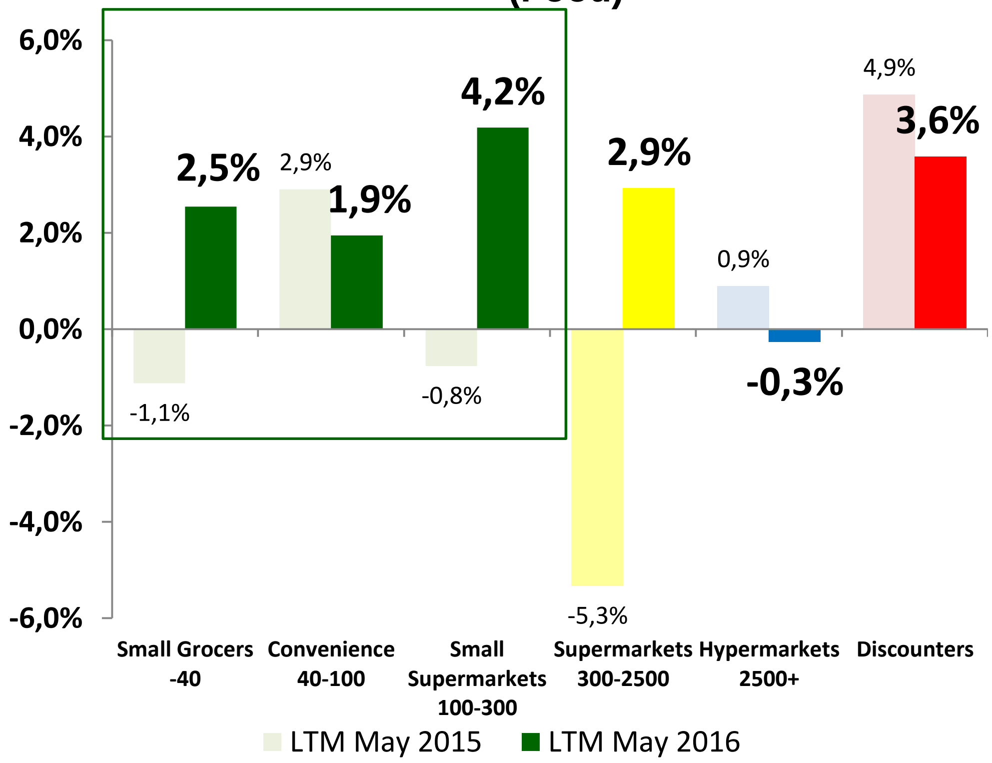
Small format segment

Decline in number of stores results in increased sales per remaining stores

No. of stores in Poland (thsd.)



Dynamic of sales per 1 store in Poland* (Food)



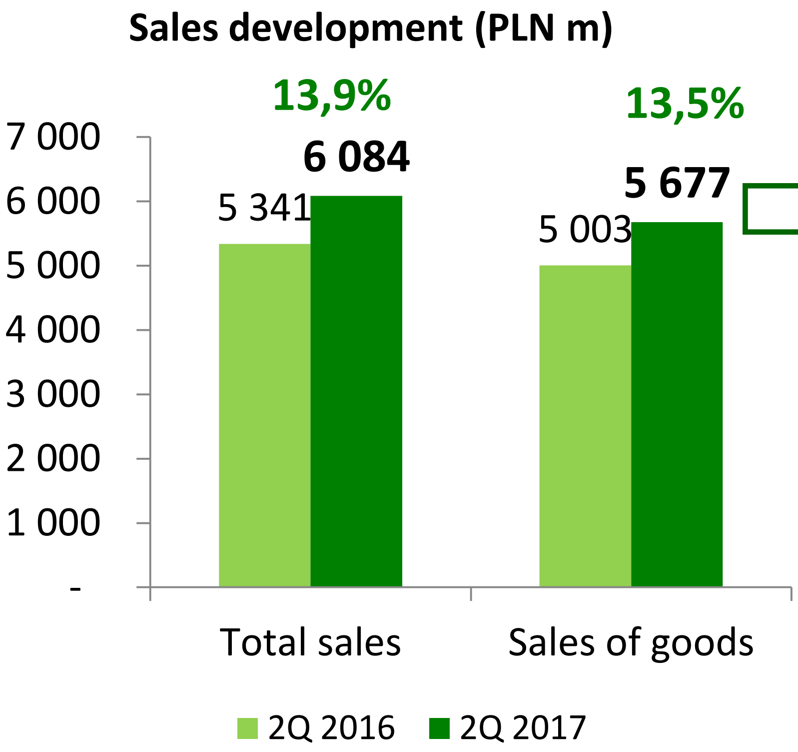
- Although no. of small format stores is decreasing, sales per 1 store noted health increase

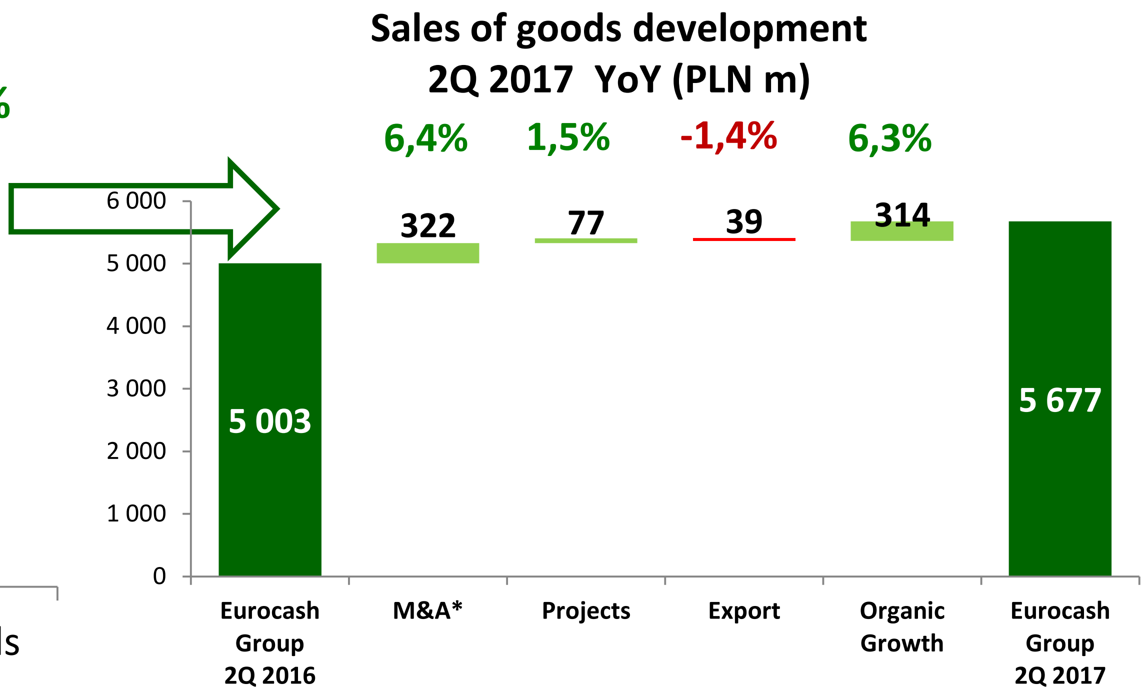
Source: Nielsen

*No. of stores as of the end of year. Value of sales of Last Twelve Months

Eurocash Group sales growth

supported by M&A and New Projects



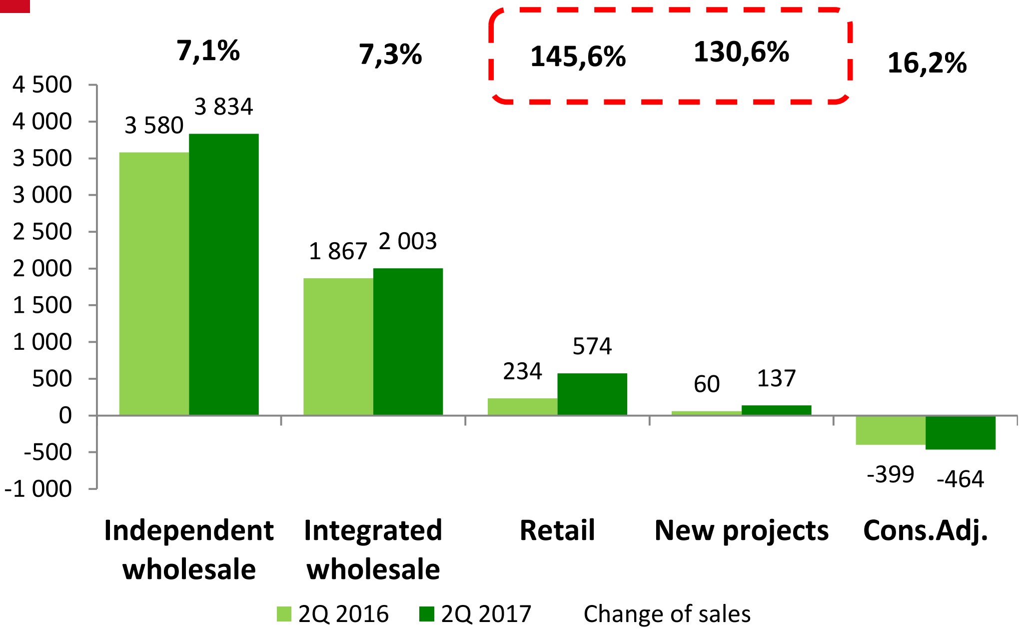


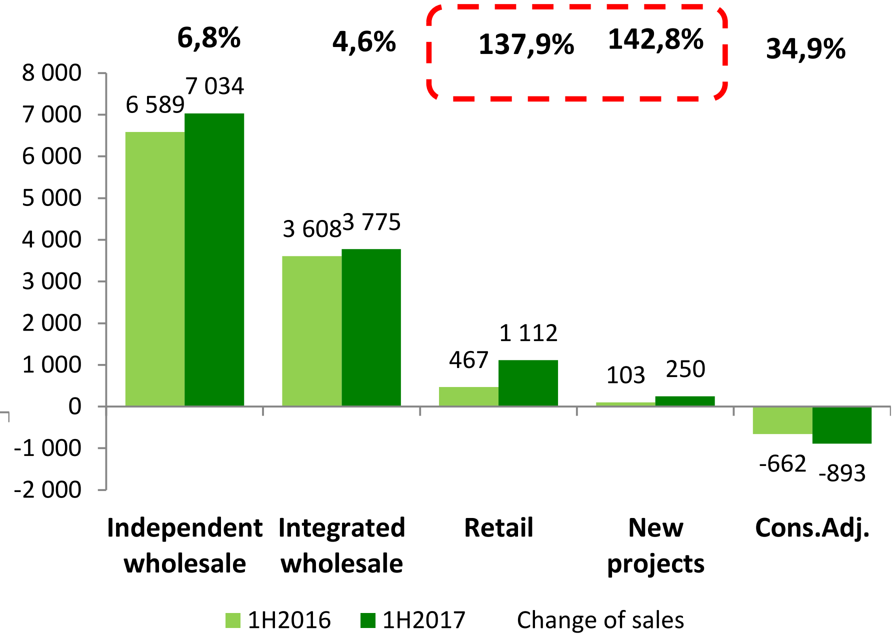
- Strong organic growth +6,3% supported by 1.5% growth from projects,
- M&A responsible for 6.2% of sales increase

*M&A growth adjusted by PLN 45.1 m of Total Group sales to FHC-2

Strong sales growth

…supported by M&A and New Projects



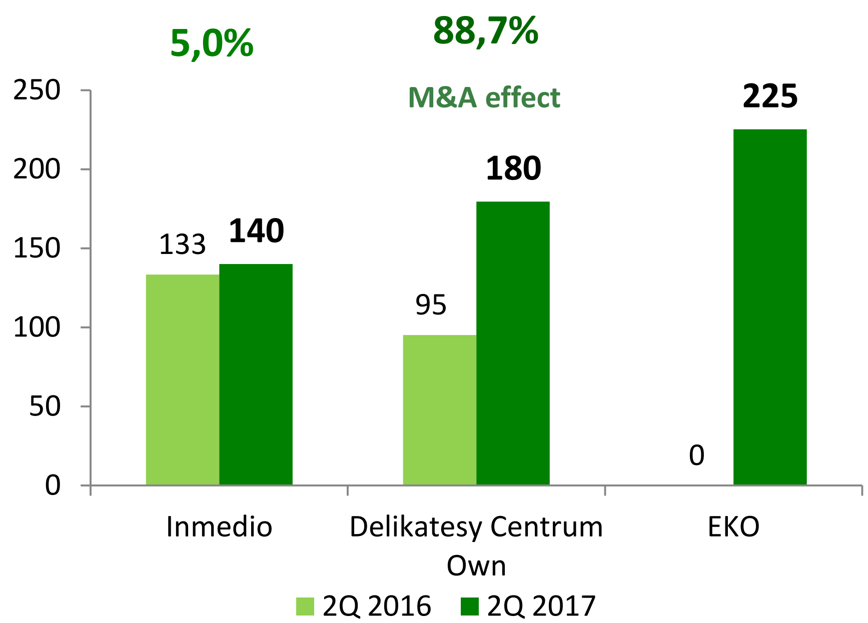


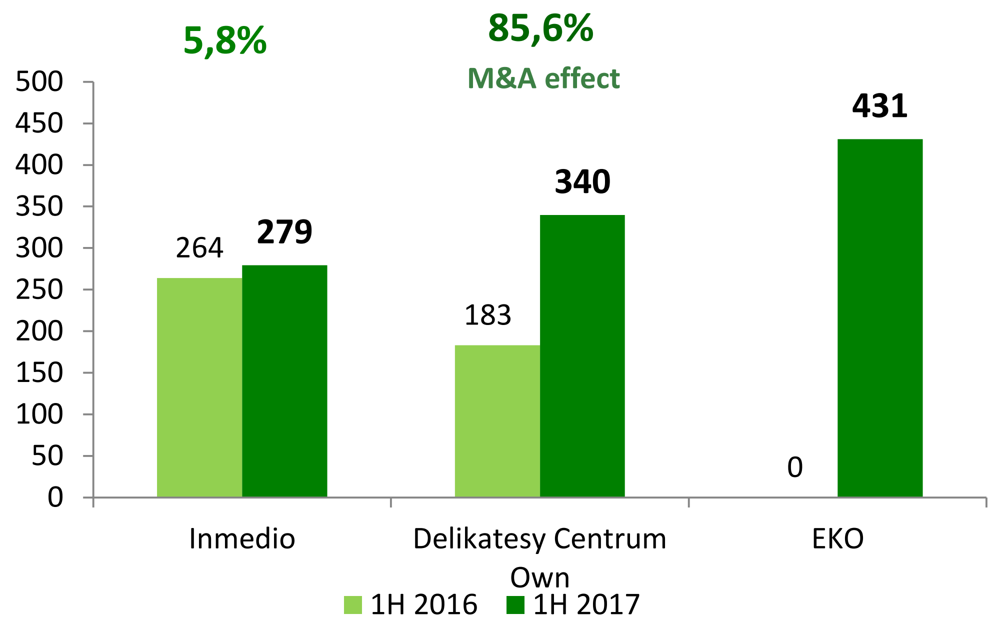
Sales growth by segments

- All segments improved sales
- Retail segment consists of EKO chain, Inmedio and own Delikatesy Centrum
- New Project sales driven by development of Fresh Project (+PLN 135m vs. 1H 2016), Faktoria Win transferred from New Projects.

Retail segment

Sales by formats

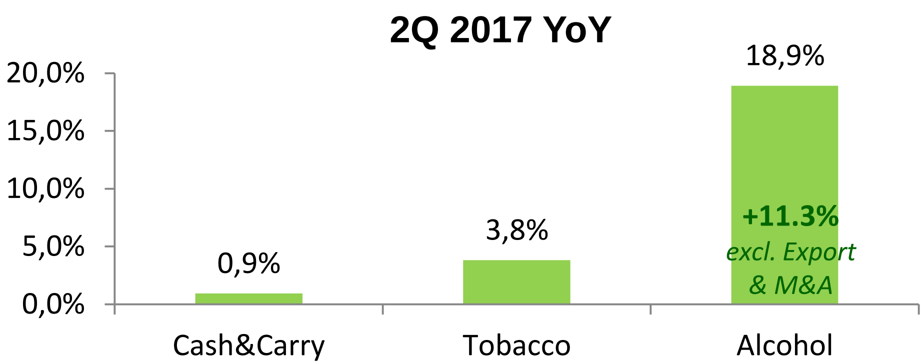


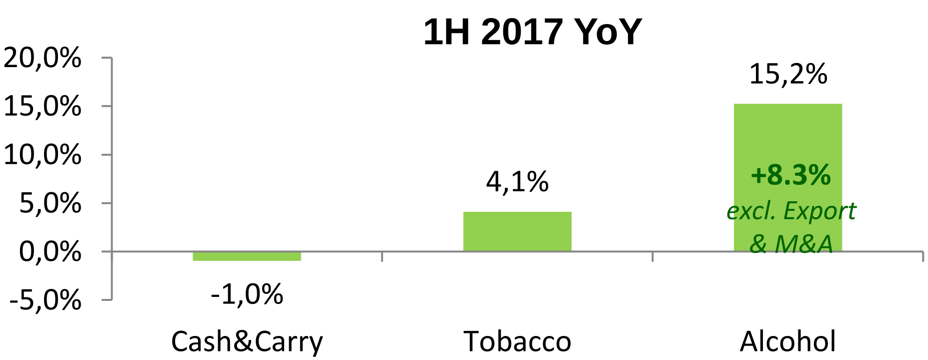


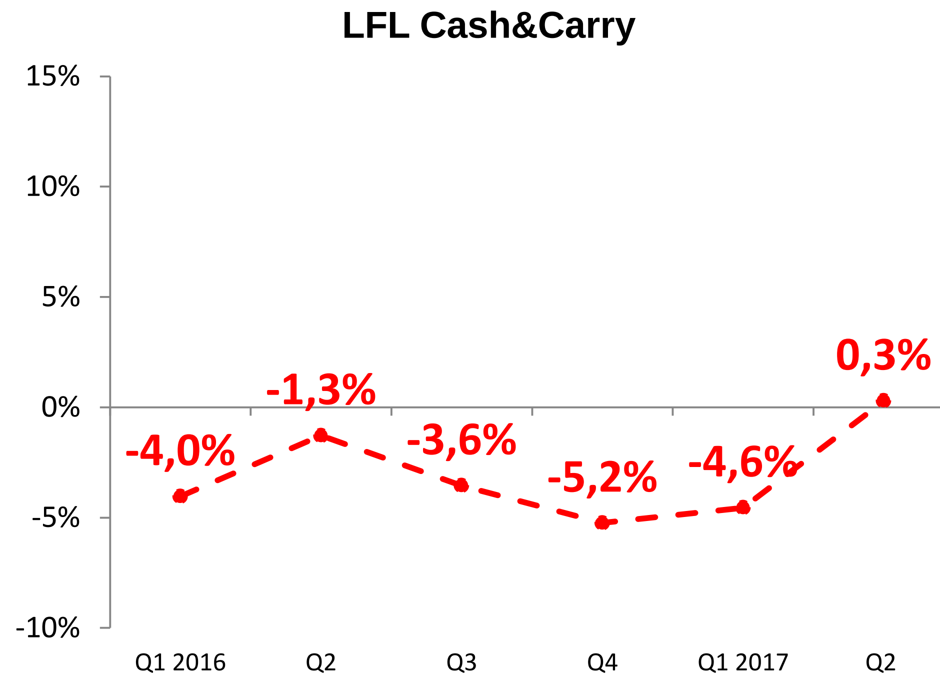
- LFL in 2Q 2017:
  - Inmedio +2.4%
  - Delikatesy Centrum Own +3.7%
  - EKO +4.8%
- LFL in 1H 2017:
  - Inmedio +3.0%
  - Delikatesy Centrum Own +1.8%
  - EKO +1.5%
- No. of stores
  - Inmedio 452
  - Delikatesy Centrum Own 116
  - EKO 244

    incl. 11 DC rebranded stores

Independent Wholesale sales dynamic

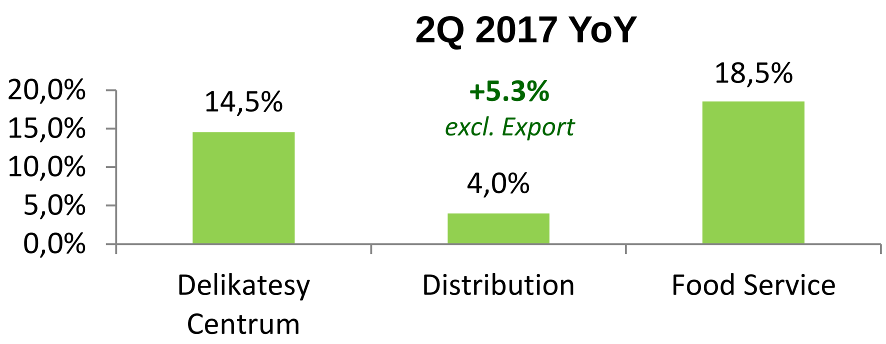


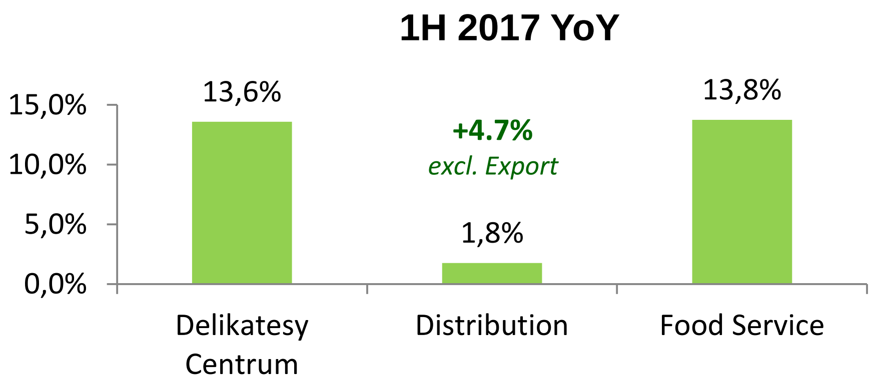


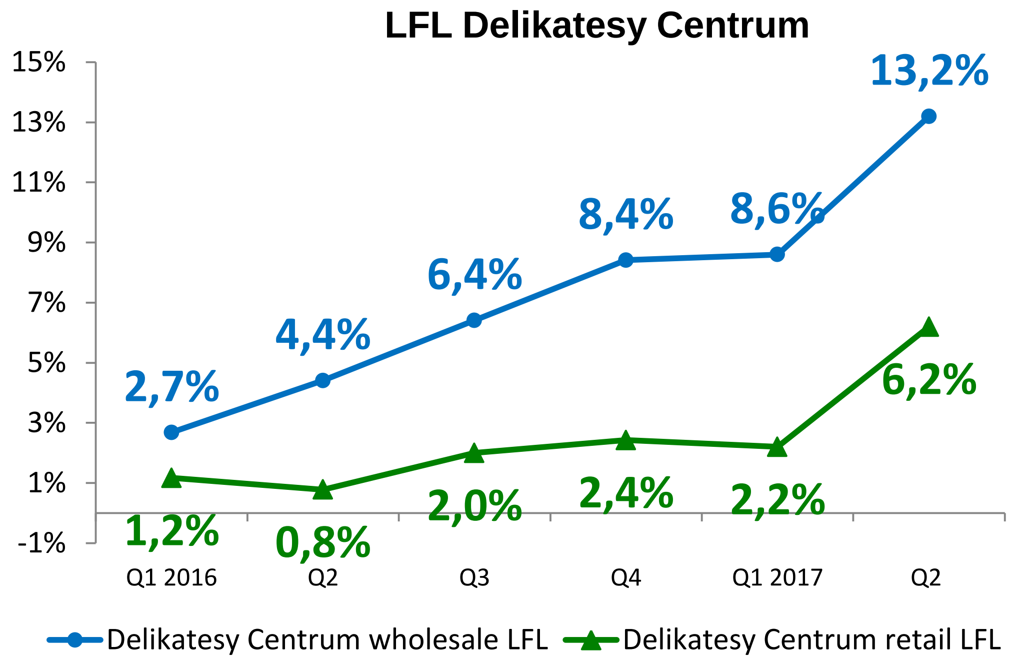


- Cash&Carry closed 3 stores in 1H 2017, next 7 stores to be closed 3Q/4Q 2017
- Till July 2017 83% of sales recovered from closed stores
- Tobacco distribution format with increasing sales, but with lower costs efficiency
- Alcohol distribution format with additional PLN 66.7 m in 2Q 2017 and PLN 115.5m in 1H 2017 sales from M&A

Integrated Wholesale







- Improvement of Delikatesy Centrum Retail LFL
- Wholesale LFL driven by Fresh Project (+PLN 71m, up to PLN 121.2m in 2Q 2017)
- 7 net openings in Delikatesy chain (total 1102)
- Eurocash Distribution sales to franchise clients increased by 10.1%

*Adjustments: Fresh project movement to Projects segment, wholesale sales to own stores moved to Retail

2Q 2017 Adjusted* financial summary

Strong EBITDA improvement

PLN m	2Q 2016	2Q 2017	% of Sales 2Q 2016	% of Sales 2Q 2017	Y/Y Change
Net sales	5 341	**6 084**			14%
Gross profit	558	**670**	10,5%	11,0%	20%
EBITDA*	110	**120**	2,1%	**2,0%**	9%
EBIT*	70	**75**	1,3%	**1,2%**	7%
Profit before tax*	63	**67**	1,2%	**1,1%**	6%
Net profit*	53	**53**	1,0%	**0,9%**	-1%

- Gross Margin growth driven by M&A of retail business

- EBITDA driven by integrated clients, partially off-set by lower Tobacco format profitability and New Projects

- Net Profit affected by higher interests due to increased Net Debt

*Adjusted for one-off item as described on slide 2

1H 2017 Adjusted* financial summary

Growth projects affecting profitability

PLN m	1H 2016	1H 2017	% of Sales 1H 2016	% of Sales 1H 2017	Y/Y Change
Net sales	10 105	**11 278**			11,6%
Gross profit	1 021	**1 216**	10,1%	**10,8%**	19,2%
EBITDA*	158	**158**	1,6%	**1,4%**	0,1%
EBIT*	77	**68**	0,8%	**0,6%**	-11,5%
Profit before tax*	66	**51**	0,7%	**0,4%**	-24,0%
Net profit*	55	**38**	0,5%	**0,3%**	-31,7%

- Gross Margin growth driven by M&A of retail business

- EBITDA driven by integrated clients, partially off-set by lower Tobacco format profitability and New Projects

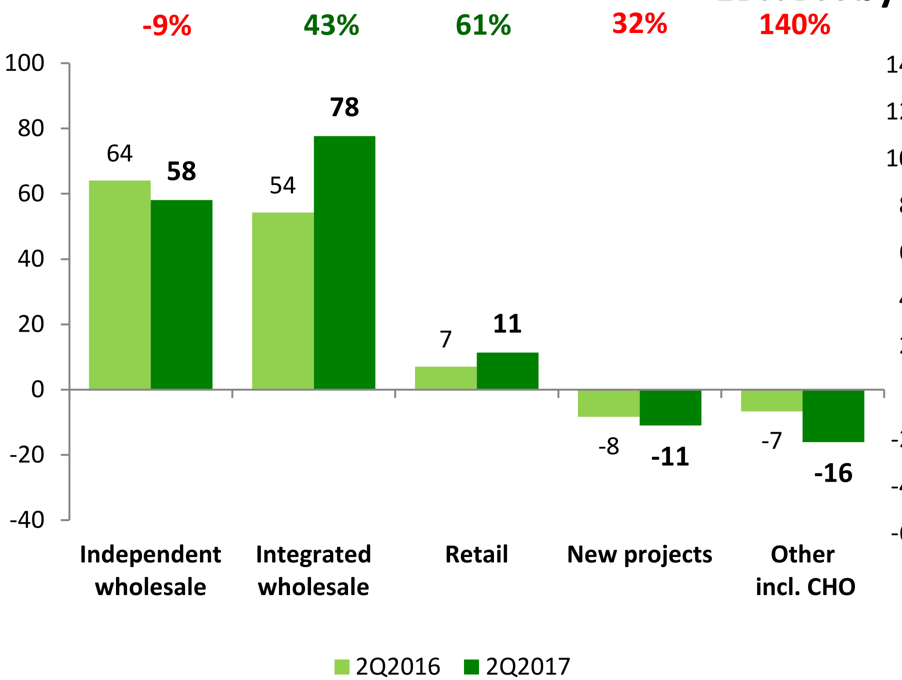
- EBIT affected by additional depreciation in retail

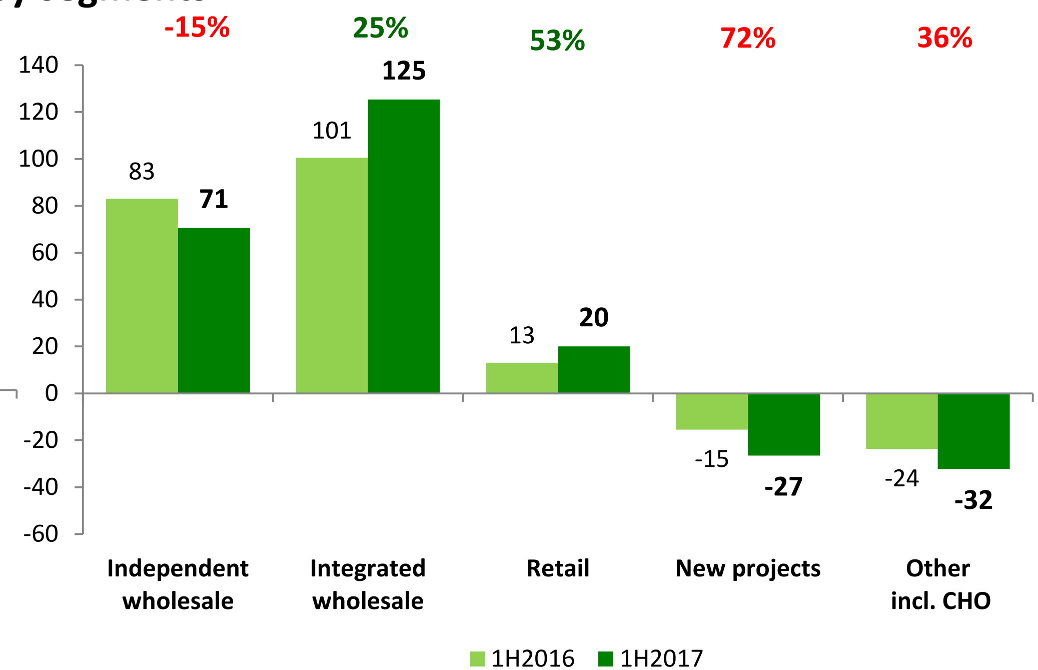
*Adjusted for one-off item as described on slide 2

Integrated Wholesale driving EBITDA

New Projects and Tobacco affecting Group profitability

EBITDA by segments





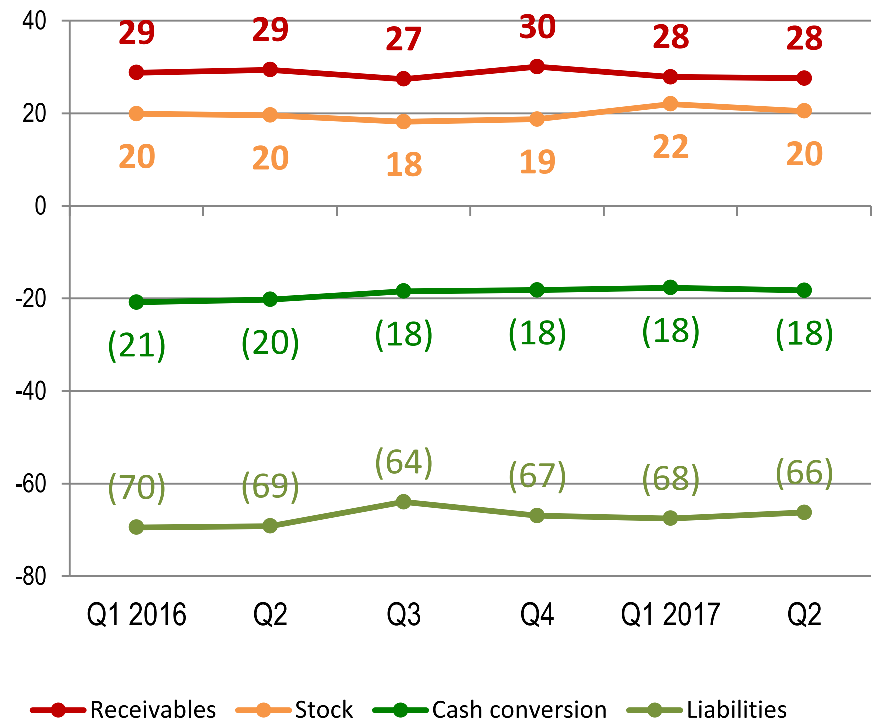
- Key factors impacting EBITDA:
  - New Projects: PLN -2.7m in 2Q 2017 and PLN -11.1m in 1H 2017
  - Independent Wholesale: -5.9m in 2Q 2017 and PLN -12.4m in 1H 2017
  - Integrated Wholesale: +23.5m in 2Q 2017 and PLN +24.8m in 1H 2017

Adjusted* Cash Flow

Operational CF at 217% EBITDA level

PLN m	2Q 2016	2Q 2017	1H 2016	1H 2017
Net operating cash flow	**96**	**261**	**143**	**181**
Net profit (loss) before tax	*63*	*67*	*66*	*51*
Depreciation	*40*	*45*	*81*	*90*
Change in working capital	*(31)*	*134*	*(20)*	*33*
Other	*23*	*15*	*15*	*8*
Net investment cash flow	**(32)**	**(65)**	**(136)**	**(204)**
Net financial cash flow	**(41)**	**(180)**	**33**	**15**
Total cash flow	**23**	**15**	**40**	**8**

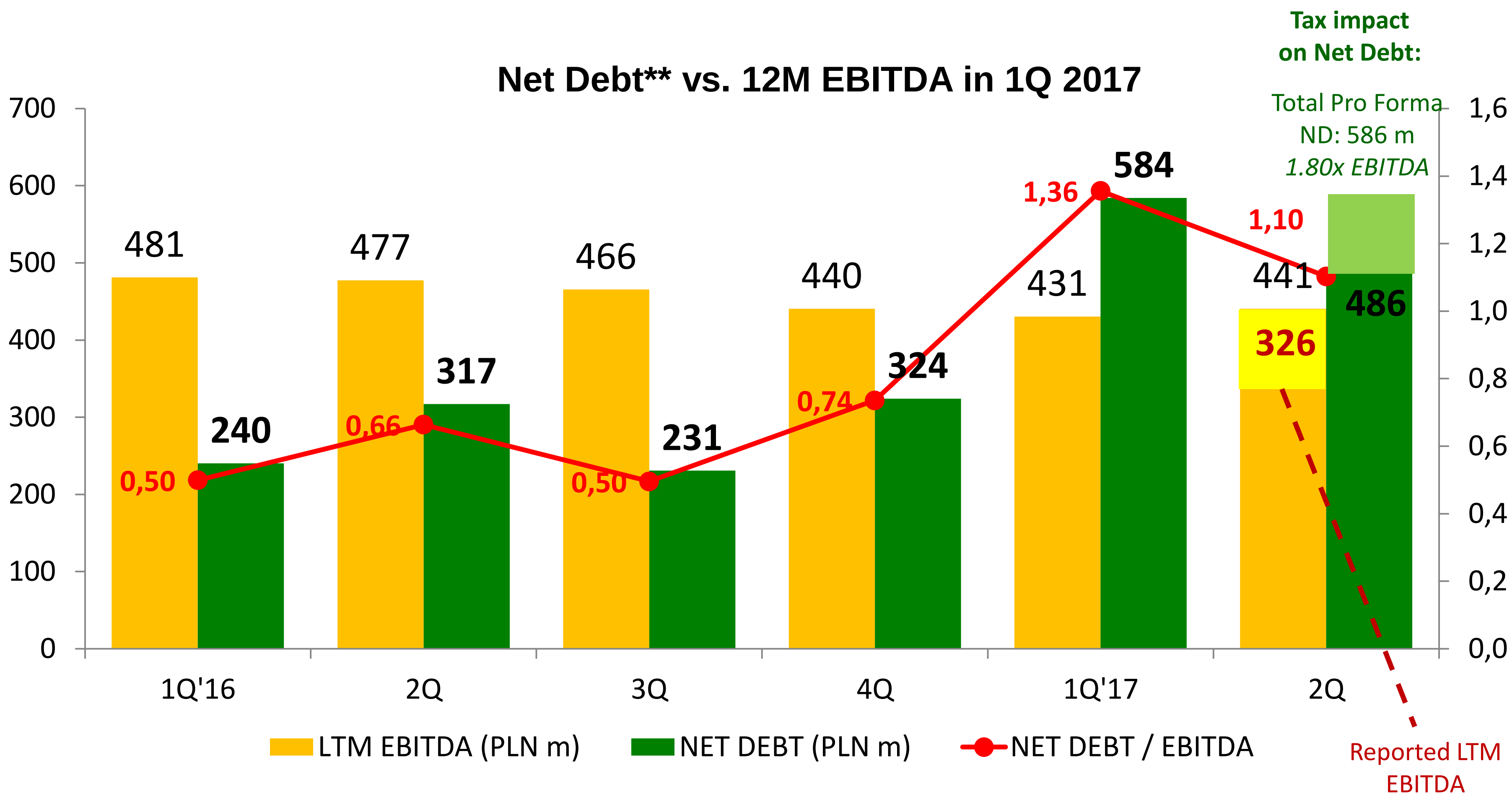
Cash conversion cycle



- Cash conversion at long term optimum level, in line with last quarters
- Strong Operational Cash generation mainly from working capital improvement

*Adjusted for one-off item as described on slide 2

Net Debt vs. Adjusted* EBITDA



- Decrease of Net Debt in 2Q 2017 vs. 1Q 2017 due to strong operational cash flow
- Additional VAT payment not affecting Company’s liquidity

*Adjusted for one-off item as described on slide 2

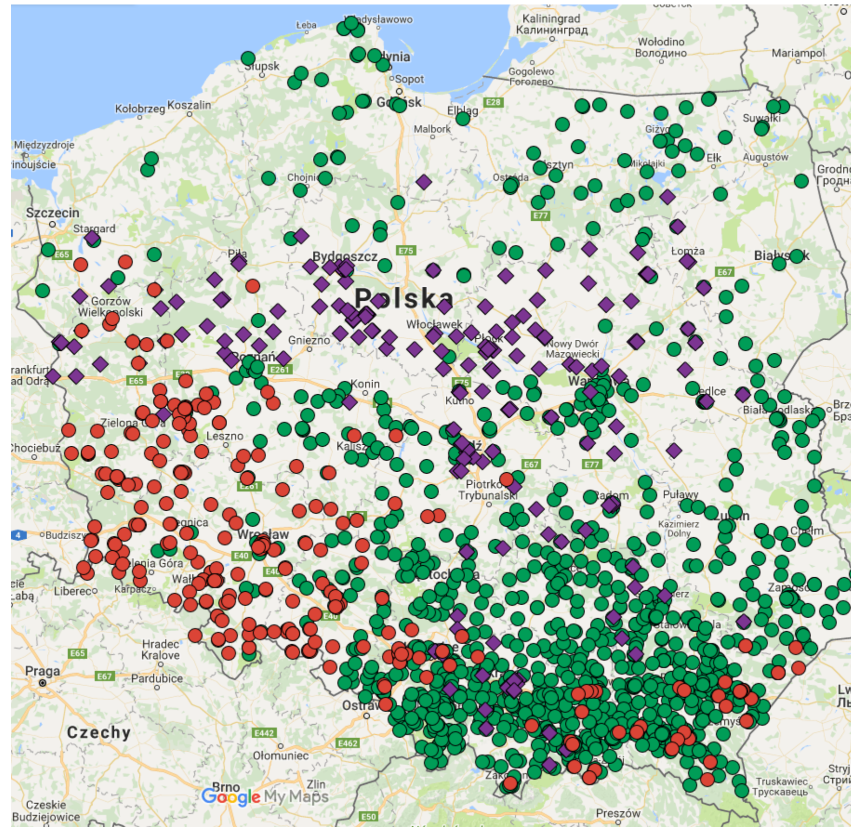
**NET DEBT - the sum of long and short term loans, borrowings and financial liabilities less cash and cash equivalents

Exclusivity for MILA

EUROCASH GRUPA

- Exclusivity for negotiations until 8th September 2017
- 188 supermarkets in Poland
- 2016 Sales of PLN 1.5bn
- 2016 EBITDA of app. PLN 5m
- Stores operated by MILA, rented real estate
- Transaction conditional on finalizing and signing of the preliminary agreement and then UOKIK consent
- Potential acquisition of MILA will be next step on growth of the Delikatesy Centrum supermarket chain

Mila locations vs. Delikatesy Centrum+EKO



◆ MILA
● EKO
● Delikatesy Centrum

Strategy to develop retail operations

EUROCASH GRUPA

Wholesale + Franchise
- Delikatesy Centrum as wholesale business
- Franchise system to support clients

Retail with Partners
- We acquire control position in main franchisees
- Partnership approach

M&A in Retail
- We start acquiring retail companies within our format to get to new regions

One Brand
- Brand unification to Delikatesy Centrum
- Unified strategy

Integration
- Integration of Logistics
- Integration of HQ

Retail Company with mix of own and franchised stores

1H 2017 Adjusted* Financial Summary

P&L

PLN m	2Q 2017	2Q 2016	Y/Y Change	1H 2017	1H 2016	Y/Y Change
Sales revenues (traded goods, materials)	6 084	5 341	14%	11 278	10 105	12%
Gross profit on sales	670	558	20%	1 216	1 021	19%
Gross profitability on sales (%)	11,0%	10,5%	0,55p.p.	10,8%	10,1%	0,69p.p.
EBITDA	120	110	9%	158	158	0%
(EBITDA margin %)	2,0%	2,1%	-0,09p.p.	1,4%	1,6%	-0,16p.p.
EBIT	75	70	7%	68	77	-12%
(EBIT margin %)	1,2%	1,3%	-0,08p.p.	0,6%	0,8%	-0,16p.p.
Net Income	53	53	-1%	38	55	-32%
(Net profitability %)	0,9%	1,0%	-0,13p.p.	0,3%	0,5%	-0,21p.p.

*Adjusted for one-off item as described on slide 2

1H 2017 Adjusted* Financial Summary

EUROCASH GRUPA

Cash Flow

PLN m	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
Net operating cash flow, including:	**261**	**96**	***165***	**181**	**143**	***39***
Net profit (loss) before tax	67	63	*4*	51	66	*-16*
Depreciation	45	40	*5*	90	81	*9*
Change in working capital	**134**	**(31)**	***165***	**33**	**(20)**	***53***
Change in inventories	*-218*	*-162*	*-56*	*292*	*-135*	*426*
Change in trade receivables	*-130*	*-240*	*111*	*-51*	*36*	*-88*
Change in trade payables	*380*	*382*	*-2*	*303*	*46*	*257*
Other	*15*	*23*	*-8*	*8*	*15*	*-7*
Net investment cash flow	**-65**	**-32**	***-12***	**-204**	**-136**	***-47***
Net financial cash flow	**-180**	**-41**	***-139***	**15**	**33**	***-19***
Total cash flows	**15**	**23**	***14***	**8**	**40**	***-27***

*Adjusted for one-off item as described on slide 2

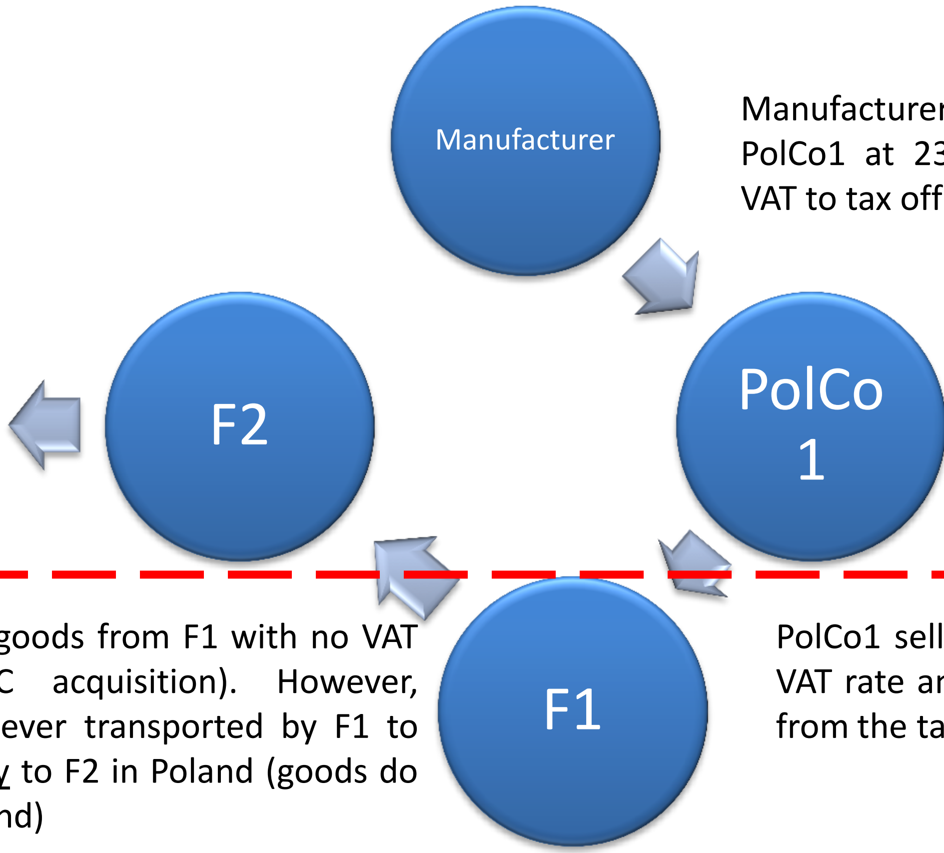
1H 2017 Adjusted* Financial Summary

Balance Sheet

PLN m	30 JUN 2017	31 DEC 2016	Change [%]	Change
Non-current assets	**2 548**	**2 322**	**9,7%**	**225**
Current assets	**3 637**	**3 199**	**13,7%**	**438**
Inventories	1 368	1 089	25,6%	279
Trade receivables	1 855	1 748	6,1%	107
Cash and cash equivalents	153	162	-5,2%	-8
Total Assets	**6 185**	**5 522**	**12,0%**	**663**
Equity	**1 083**	**1 155**	**-6,3%**	**-72**
Liabilities	**5 102**	**4 367**	**16,8%**	**735**
Long-term financial debt	8	154	-94,6%	-146
Short-term financial debt	631	332	90,2%	299
Trade payables	3 963	3 459	14,6%	504
Total equity and liabilities	**6 185**	**6 185**	**0,0%**	**0**

*Adjusted for one-off item as described on slide 2

VAT fraud scheme in case of goods purchased from the Manufacturer



Manufacturer sells goods to PolCo1 at 23% VAT and pays VAT to tax office

F2 sells goods at the market under standard 23% VAT rate

F2 purchases goods from F1 with no VAT applicable (IC acquisition). However, goods were never transported by F1 to EU but directly to F2 in Poland (goods do not leave Poland)

PolCo1 sells goods to F1 at 0% VAT rate and recovers 23% VAT from the tax office

- F1 and F2 are fraudulent entities which are using PolCo1 (genuine entity) for the fraud scheme.
- If F2 would purchase goods directly from PolCo1, F2 would be charged with 23% of Polish VAT. F1 is used in the scheme in order to avoid the payment of the amount of VAT by F2.
- The State Treasury is questioning the right of PolCo1 to apply the 0% VAT rate (since F1 has never transported goods to EU). In result, PolCo1 may be required to repay the amount of previously recovered VAT.

Disclaimer and contacts

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