



2017

Results Presentation

SUMMARY OF THE PRESENTATION

Part 1.

2017 RESULTS OVERVIEW:

- ❑ TOUGH IN TERMS OF PROFIT – STRONG IN TERMS OF CASH FLOW

Part 2.

2023 STRATEGY:

FIT FOR THE FUTURE

- ❑ OPTIMIZATION PLAN AND COST SAVINGS IDENTIFIED

RETAIL

DRIVER OF GROWTH

WHOLESALE

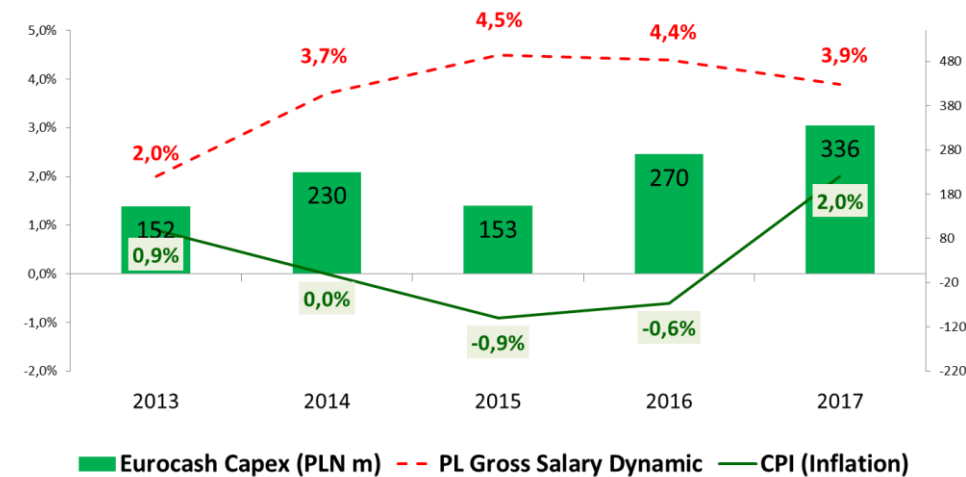
DRIVER OF CASH

5Y OPERATIONAL HIGHLIGHTS

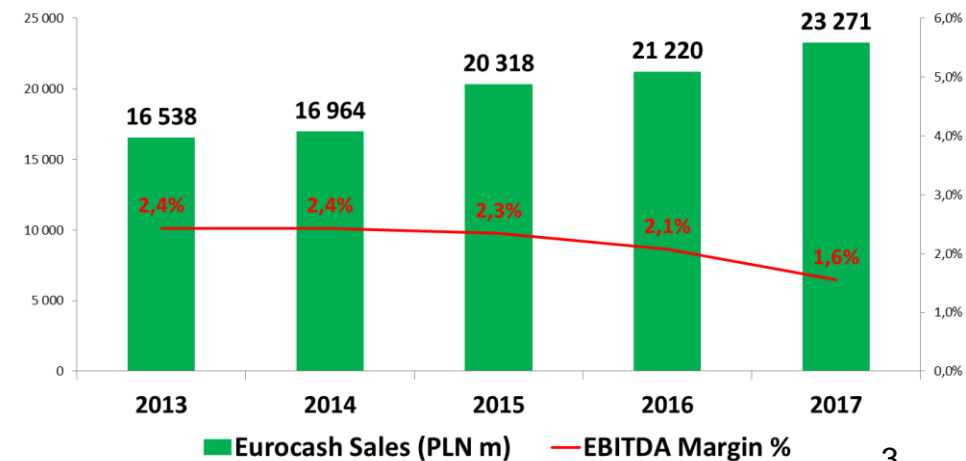
EUROCASH FIT FOR THE FUTURE

- Return to inflation, wage cost pressures and labour shortages.
- Eurocash solid sales growth with 8.9% 5Y CAGR
- Short-term EBITDA underperformance overlap the Group's initiatives to boost long-term competitiveness
- Strong Operational Cash Flow (1.67x EBITDA 2017) constantly reinvested into sales growth

Increased Capex in time of deflation and cost pressure



Investment into sales growth



PART 1

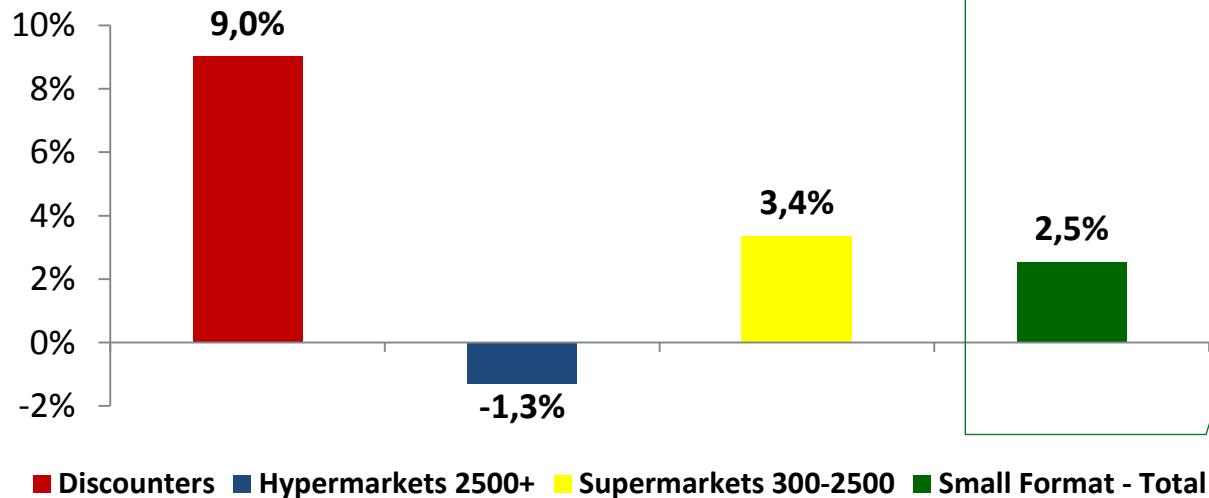
2017

**MARKET OUTLOOK
AND EUROCASH GROUP RESULTS**

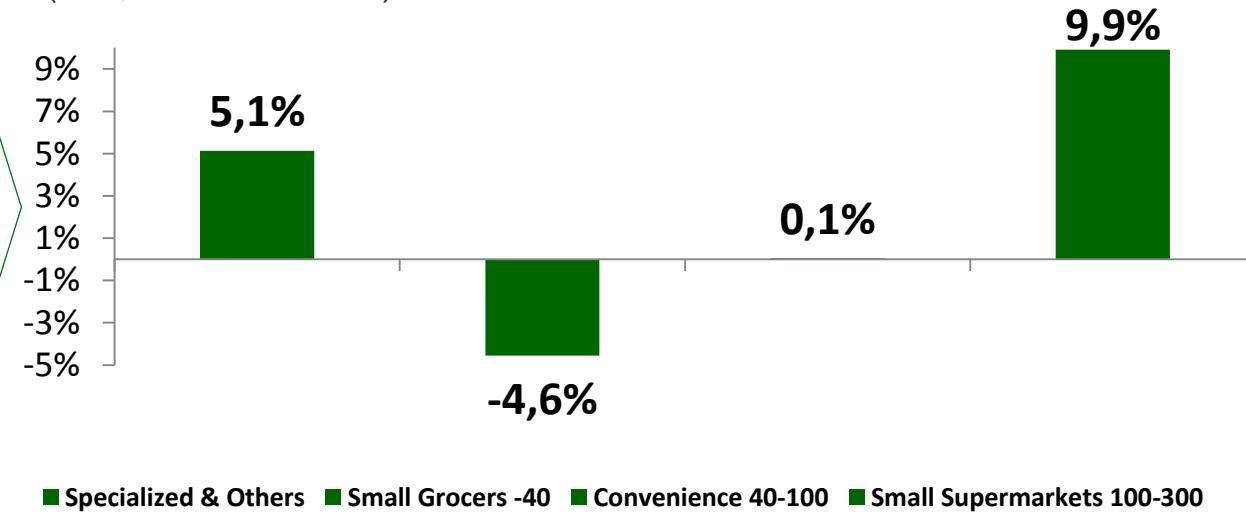
FMCG MARKET GROWTH

Small Format growing 2.5% vs. FMCG market growth of 4.2% in LTM Nov 2017

FMCG market growth by channels
(YoY, LTM Nov 2017)



Food market growth by channels
(YoY, LTM Nov 2017)



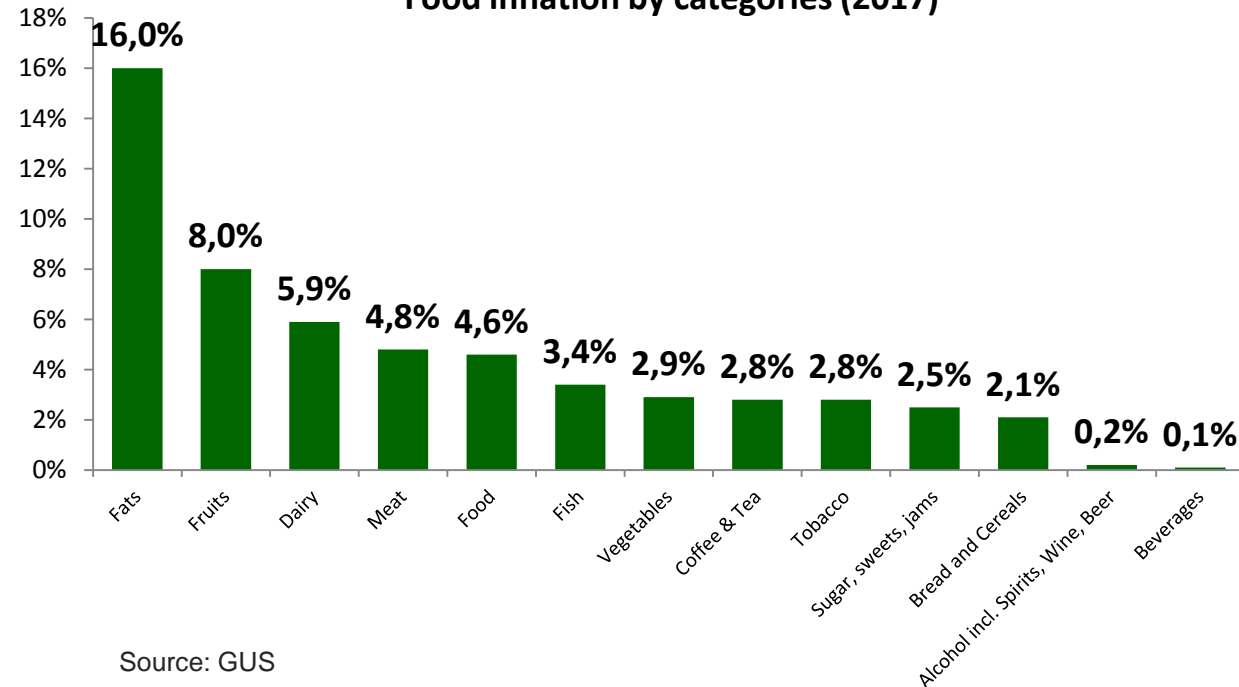
Although inflation supports Large Format, small format stores with growing sales. Small Supermarkets outperform the market.

Source: Nielsen; *LTM – Last Twelve Month

INFLATION & SALES DYNAMIC BY CATEGORIES

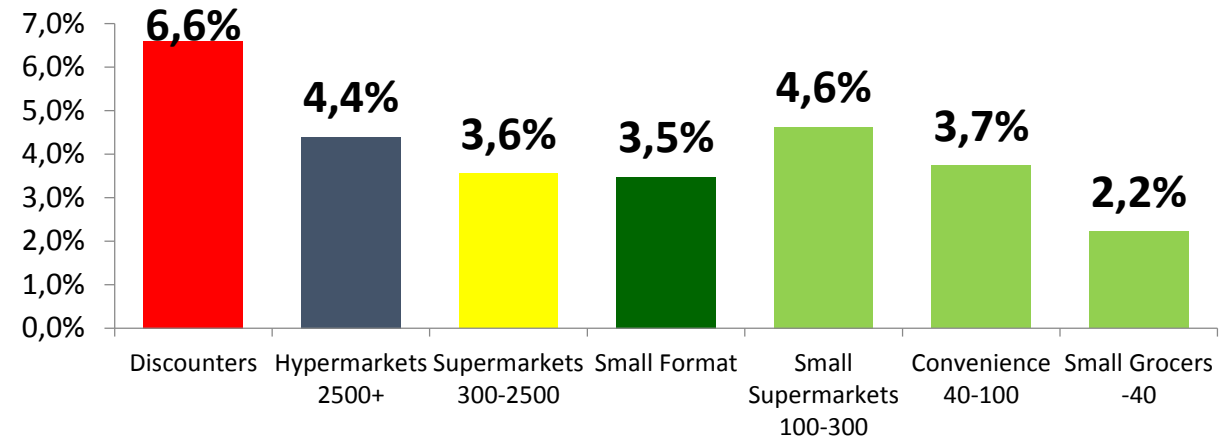
Discounters and Supermarkets taking advantage from inflation

Food inflation by categories (2017)



Source: GUS

Estimated* food inflation by channel (LTM Nov 2017)



2017 inflation (YoY): +2.0% CPI, +4.2% food and non-alcoholic beverages, +1.1% alcohol & tobacco

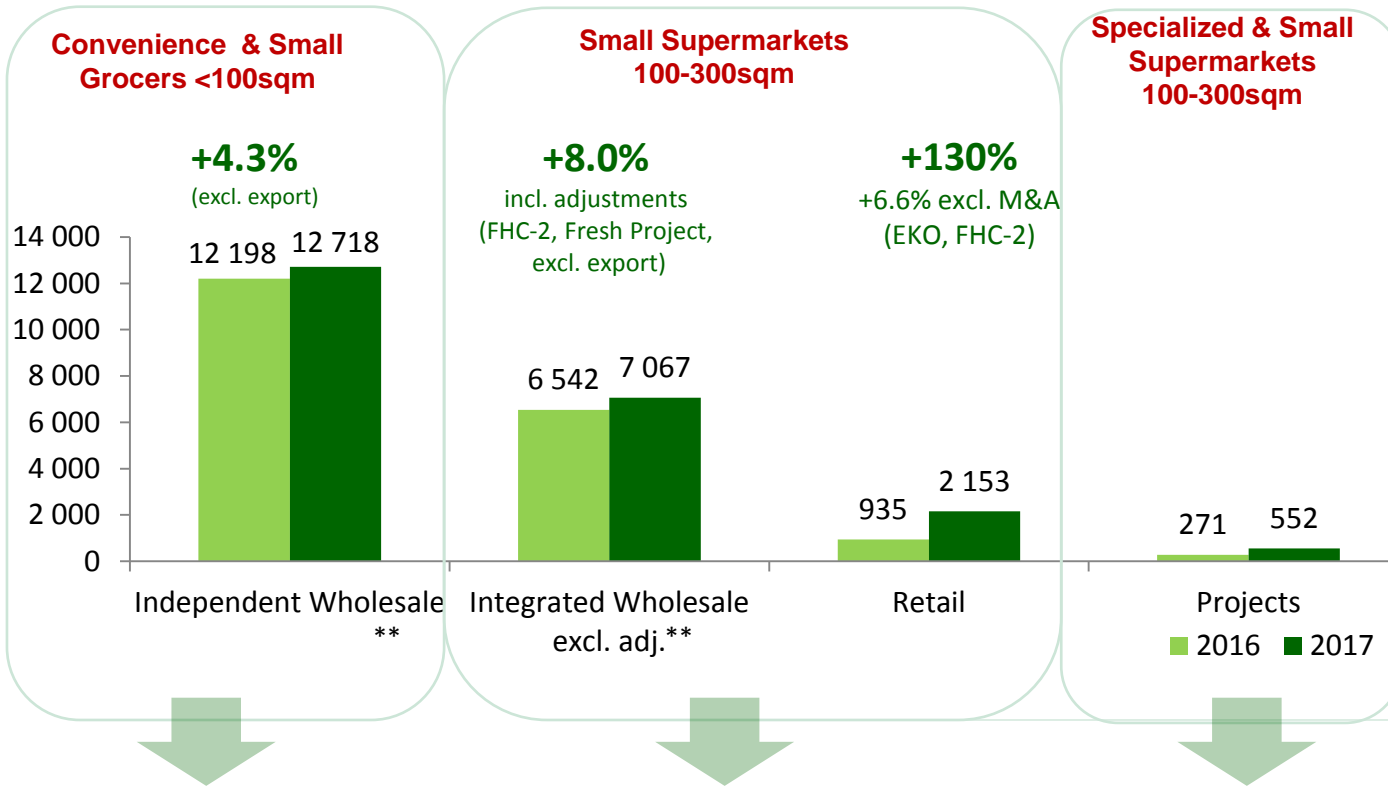
Inflation driven by Large Format categories

* Estimation based on Nielsen data. Calculation based on Total Poland data: food category share in total channel multiplied by difference of value and volume change in category sales. In addition impact of F&V and Meat category was calculated as multiple of GUS inflation and assumption of category share in total sales (for stores above 100sqm 26%, and for stores below 100 sqm 15%)

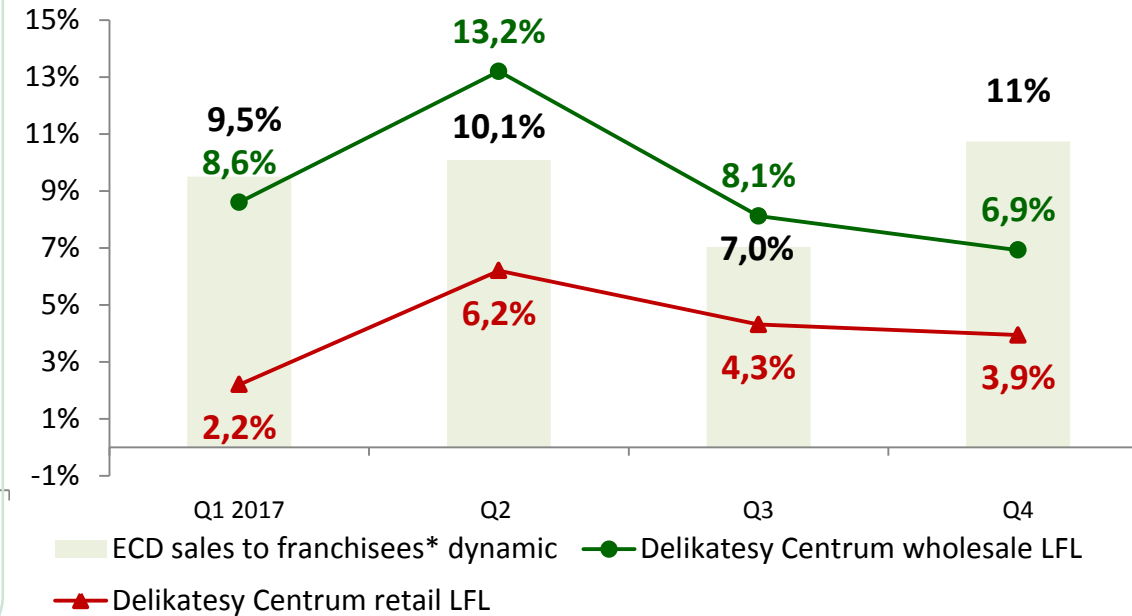
EUROCASH GROUP SALES DYNAMIC

Total Group sales dynamic +10% YoY, each segment with growth above inflation

Eurocash sales by segments 2017



Sales evolution to Eurocash's franchisees with small supermarkets



Increased market share in all Small Format segments

FY 2017 FINANCIAL SUMMARY*

Strong sales growth driven by M&A, profitability decreased by lower margin and additional costs

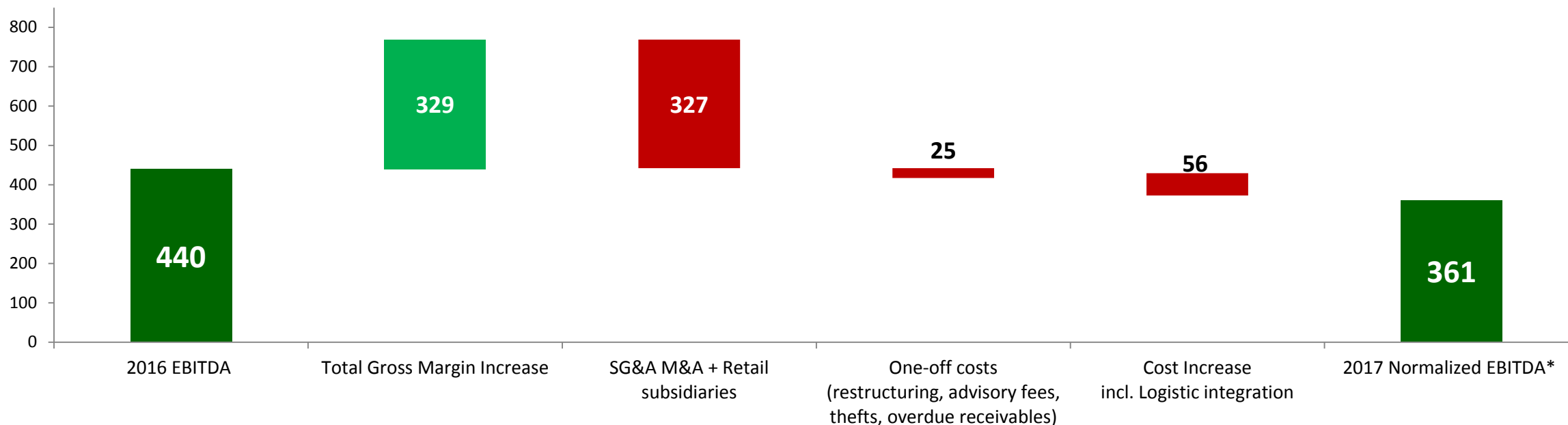
PLN m (Normalized*)	FY2016	FY 2017	% of Sales FY 2016	% of Sales FY 2017	Y/Y Change
Net sales	21 220 →	23 271			10%
Gross profit	2 112 →	2 441	10,0%	10,5%	16%
EBITDA*	440 →	361	2,1%	1,6%	-18%
EBIT*	274	177	1,3%	0,8%	-35%
Profit before tax*	236	135	1,1%	0,6%	-43%
Net profit*	190 →	85	0,9%	0,4%	-55%

- Sales driven by M&A (+1.26 bn PLN), organic growth in Delikatesy Centrum, EC Distribution
- Gross Margin driven by retail M&A. Excl. M&A and Projects Gross margin decreased by 0.5 p.p. YoY – impact of short-term issues.
- EBITDA impacted by additional M&A integration costs and one-off items
- Net Profit affected by higher interest costs due to increased leverage

*Adjusted for one-off item – 114 m PLN potential VAT liability payment done in Aug 2017

2017 COSTS

Logistic integration and one-off items affecting 2017 normalized EBITDA*

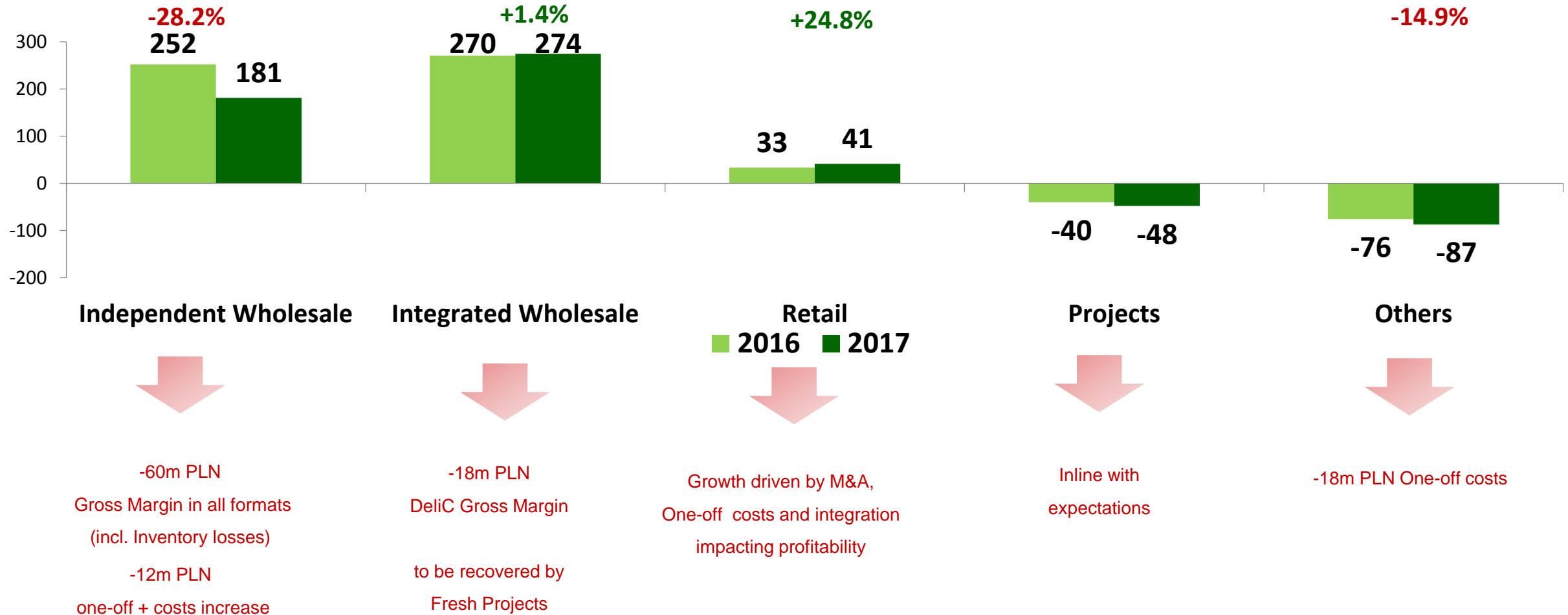


- ❑ One off items + increasing costs driven by logistic integration impacts result by 0.3% of sales
- ❑ 80% of one-off items in 4Q 2017
- ❑ Gross margin impacted mainly by Independent Wholesale and Delikatesy Centrum

*Adjusted for one-off item – 114 m PLN potential VAT liability payment done in Aug 2017

EBITDA PERFORMANCE BY SEGMENTS

2017 EBITDA by segments



CASH&CARRY RESTRUCTURING

More sales retained than expected, one-off costs in line with expectation

10 stores closed

72% retained sales

2018 savings: 9.8m PLN

2019 savings: 12.7m PLN

9.4 m PLN one-off costs:

6.7 m PLN in 2017

2.7m PLN in 2018

5 stores under consideration in 1H 2018



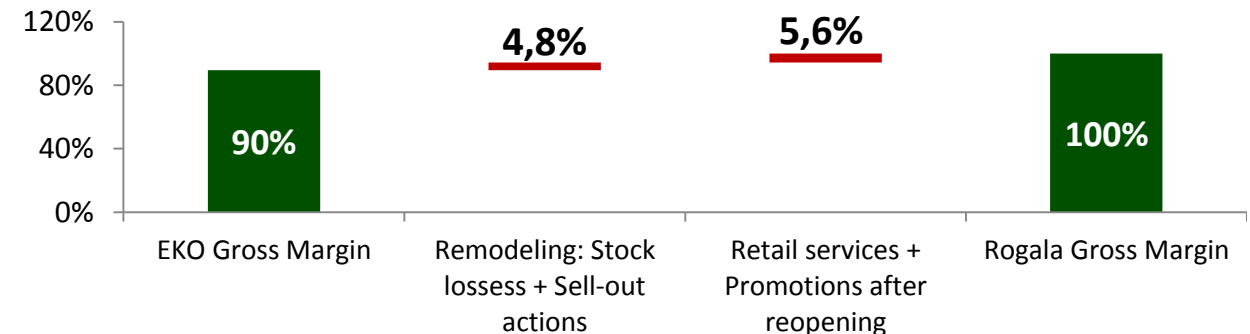
PROGRESS IN EKO INTEGRATION

- ❑ Mergers of distribution centers done
- ❑ Integration of HO pending MILA Acquisition
- ❑ Gross Margin upside is being captured
- ❑ Store rebranding under way



228 EKO Holding stores
 = **55** Rebranded Delikatesy Centrum
 + **5** Opened Delikatesy Centrum
 + **168** EKO

Gross Margin difference to DeliC Rogala (own stores)

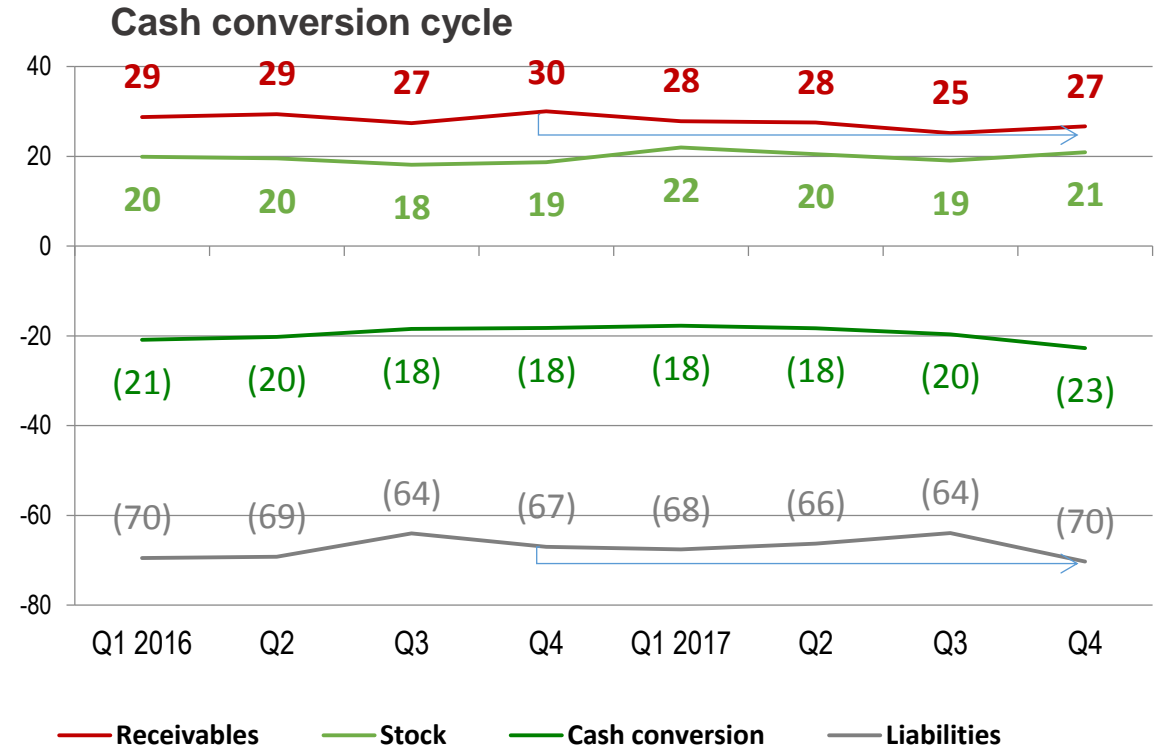


CASH FLOW

2017 Operating CF* at 167% EBITDA* (Normalized)

PLN m, Normalized*	2016	2017
Net operating cash flow*	324	589
Net operating cash flow (rep.)		494
Net profit (loss) before tax*	236	133
Depreciation	166	183
Change in working capital*	(99)	235
Change in working capital (rep.)		248
Other*	21	37
Net investment cash flow	(270)	(336)
Net financial cash flow	22	(117)
Total cash flow *	76	136
Total cash flow (rep.)		41

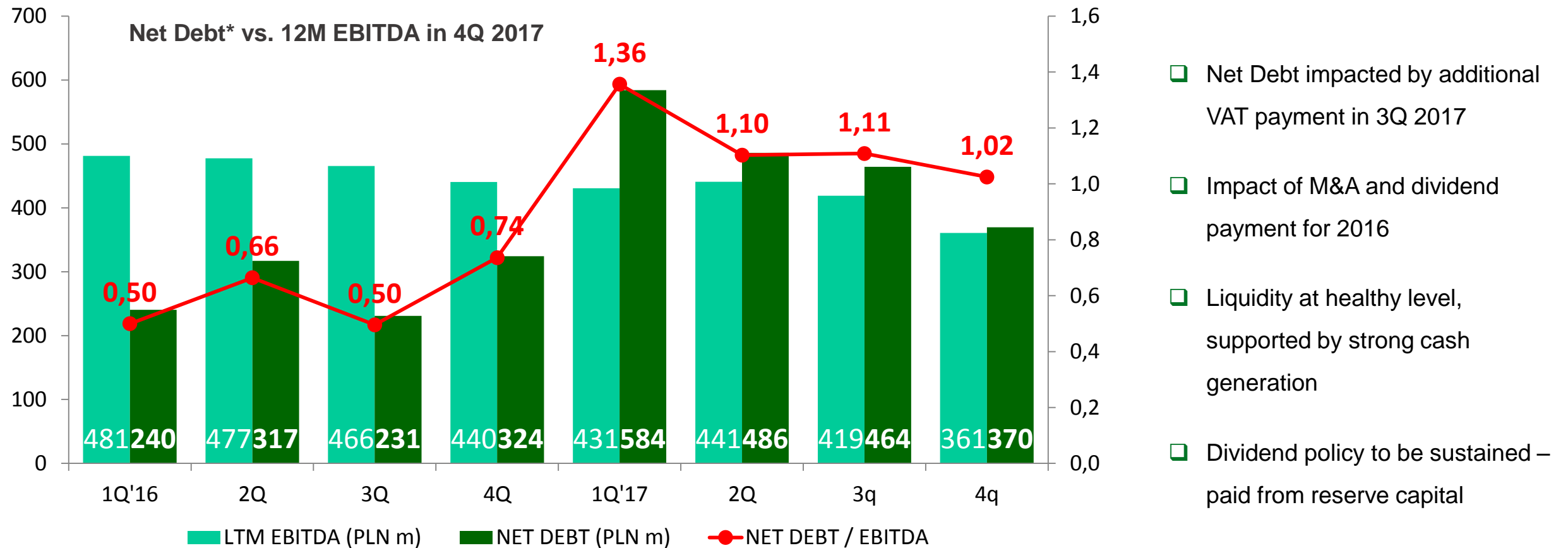
*Adjusted for one-off VAT item



Operating Cash Flow driven by improved working capital effectiveness
 WC driven by consolidation of acquired companies, organic improvement of receivables rotation
 and liabilities rotation back to 1H 2016 level

NET DEBT VS. NORMALIZED EBITDA

Strong Cash Flow off-setting payment for additional Vat, M&A and dividend



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

PART 2

EUROCASH GROUP STRATEGY UPDATE

2023 STRATEGY SUMMARY

- ❑ **3Y cost saving plan** – 150m PLN, with 70 m PLN implemented to date

- ❑ **Split on Wholesale and Retail business**

 - ❑ Each business with dedicated Management Team

 - ❑ **Retail** – focus on expansion and growth

 - ❑ **Wholesale** – focus on clients' competitiveness and costs optimization

- ❑ **Focus on the promising projects** that we already started to develop

EUROCASH

SPLIT ON 2 BUSINESSES

RETAIL

**Biggest proximity supermarket
chain in Poland**



WHOLESALE

**Focus on efficiency and competitiveness
improvement of our clients**



EUROCASH RETAIL

Differentiation point

BIGGEST PROXIMITY SUPERMARKET CHAIN IN POLAND



**NEIGHBOURHOOD
STORE**

PROXIMITY



**HIGH QUALITY OF
PERISHABLES**

DELIVERED EVERYDAY



**PERSONALIZED
PROMOTIONS**

CRM SYSTEM



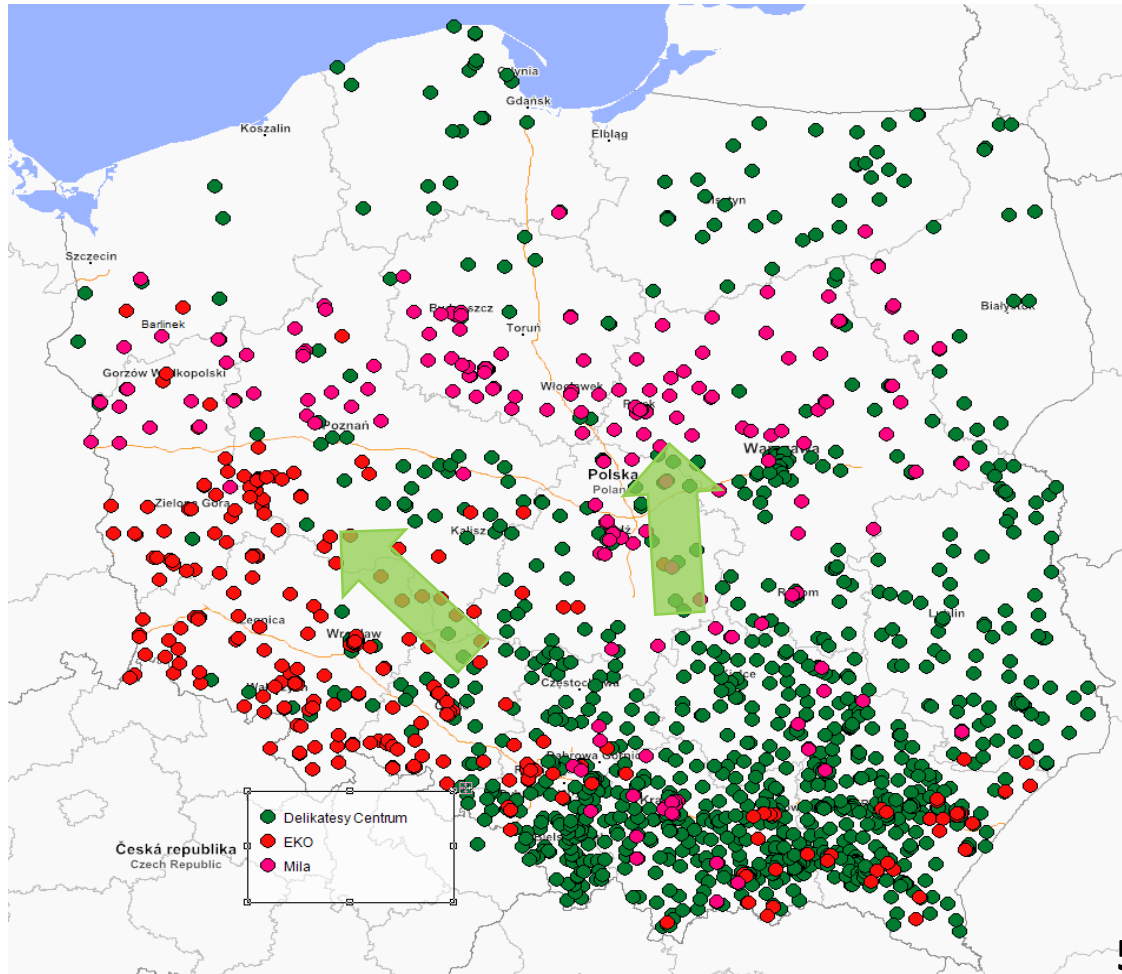
2023

E-GROCERY FOR BIG CITIES

HOME DELIVERY & PICK IN STORE

2018 EUROCASH RETAIL

BIGGEST PROXIMITY SUPERMARKET CHAIN IN POLAND



Pro-Forma
own stores
sales

3,1

Franchise
retail sales

4,3

Retail Sales (PLN bn)



Pro-Forma
own stores

538

Franchise
stores

989

No. of stores

7.4 bn PLN

1 527 stores

5.1 bn pro-forma consolidated sales

EXPANSION

Retail strategy based on development of own small supermarket chain

ONE HEAD OFFICE SERVING OWN & FRANCHISE STORES

3 VECTORS OF GROWTH



MERGERS & ACQUISITIONS

- ❑ Regional chains



GREENFIELD STORES

- ❑ Own stores built with Real Estate partners



FRANCHISE CHAIN DEVELOPMENT

- ❑ Organic growth by 50 stores annually
- ❑ Equity partnership as solution for succession issue

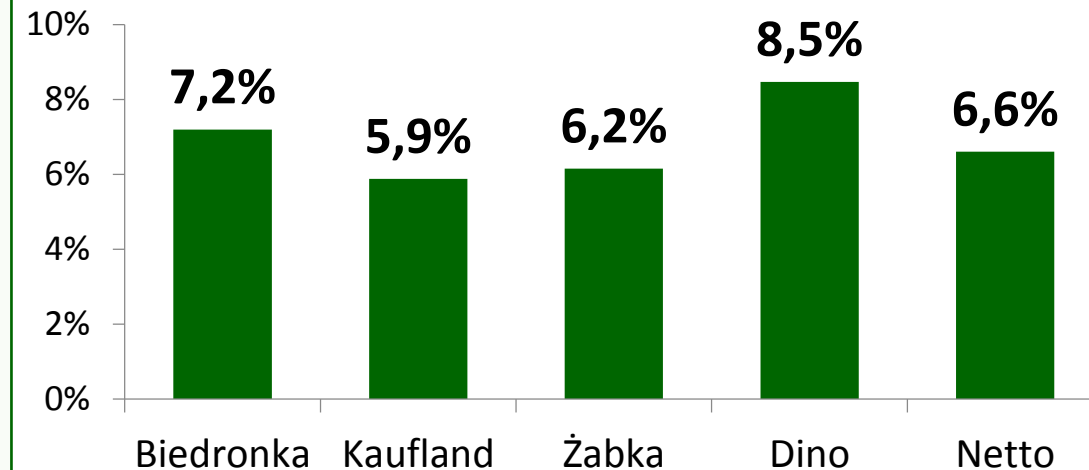
OBJECTIVE: 900 NEW STORES BY 2023

RETAIL MARKET BENCHMARK (2016)

Delikatesy Centrum with similar profitability to market benchmark companies

1 MATURE STORE	DC GREENFIELD	DC ROGALA LFL STORES (RETAIL + WHOLESALE)
Sales <i>(PLN m, annual)</i>	5.4	6.2
Gross Margin level	103%	100%
EBITDA Margin	6.4%	6.9%
Sales Area <i>(sqm)</i>	350	367
Sales per sqm <i>(PLN)</i>	15 600	16 900

POLISH PEERS EBITDA MARGIN

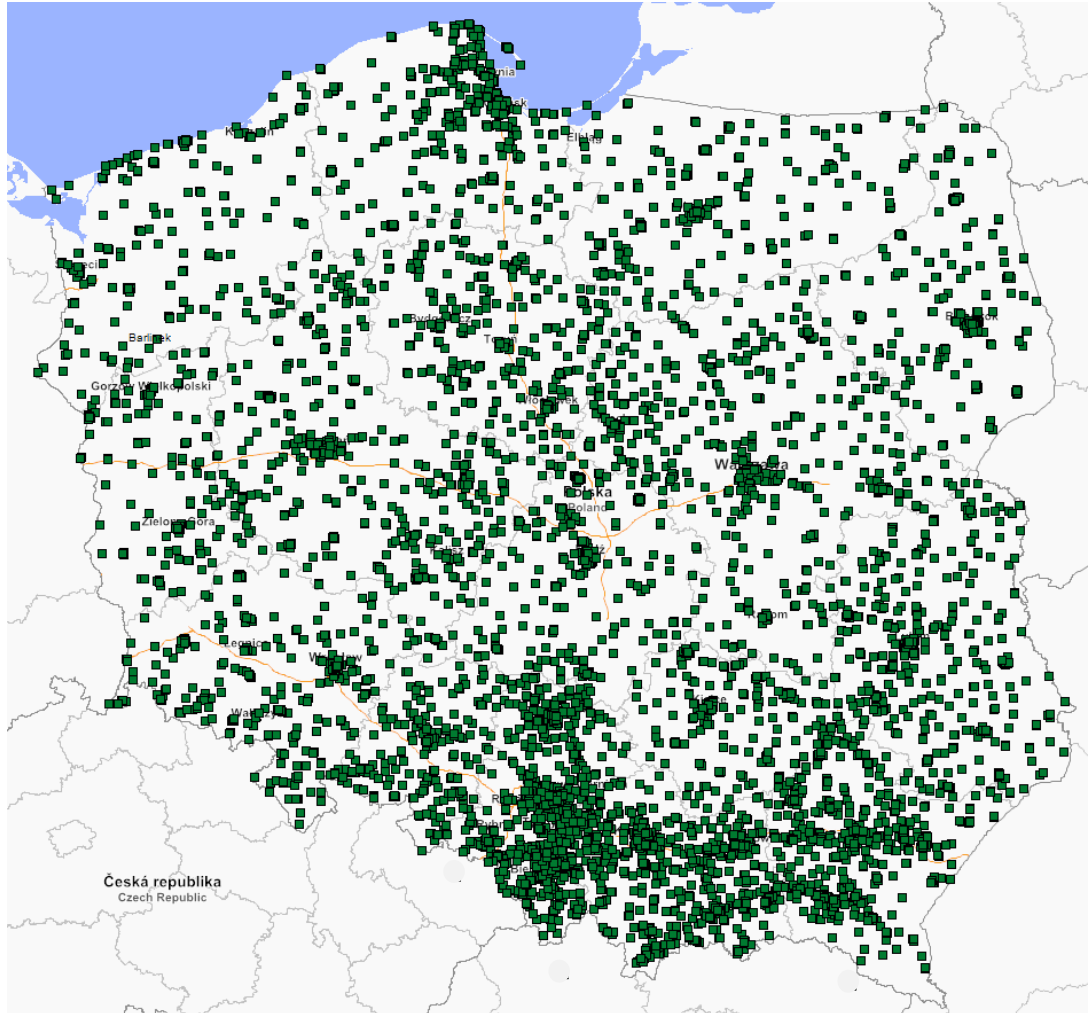


*Source: Companies Reports, Polish Registry Court, Żabka data from Rz500, www.pb.pl

** Currency exchange rate: 4.2 EUR/PLN

2023 EUROCASH RETAIL (ESTIMATION)

BIGGEST PROXIMITY SUPERMARKET CHAIN IN POLAND



13.0 bn PLN

TOTAL CHAIN SALES
(Franchisees + Eurocash)

10.0 bn PLN

app. 5bn PLN increase

**EUROCASH RETAIL
CONSOLIDATED SALES**

2 400

PROXIMITY SUPERMARKETS
(Franchisees + Eurocash)

1.0-2.0 bn PLN

TOTAL INVESTMENT
(Real Estate Owners + Eurocash)

EUROCASH

SPLIT ON 2 BUSINESSES

RETAIL

Biggest proximity supermarket
chain in Poland



WHOLESALE

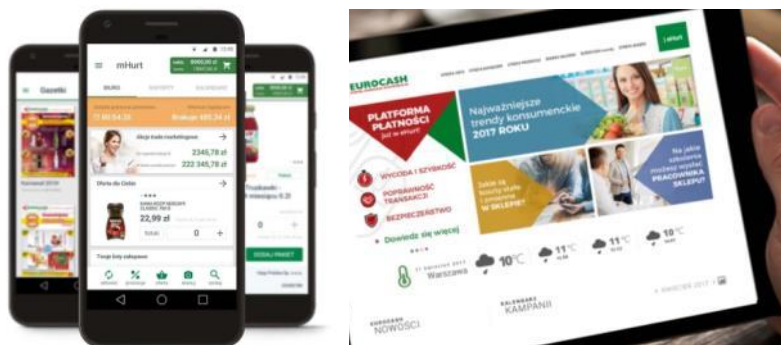
Focus on efficiency and competitiveness
improvement of our clients



WHOLESALE

Set of systems and solutions to modernize our clients

eHURT platform



Development for each format –
2.4 bn PLN current sales

- ❑ Online store and mobile app
- ❑ Market & local competition insights
- ❑ Financial & delivery information

Fresh Delivery



Available for each client

- ❑ Roll-out to ECD franchisees
- ❑ First nationwide fresh product distribution

CRM



Loyalty card

- ❑ CRM platform available for all clients
- ❑ B2C platform, based on DeliKarta mechanism

TRAINING



Eurocash Academy
20 000 trainings

- ❑ Training for owners and their employees
- ❑ Makes succession much easier

EUROCASH CASH & CARRY

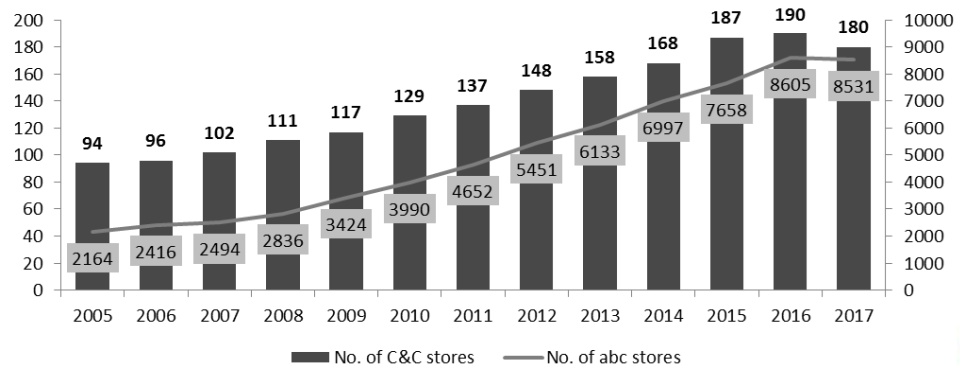
Modernization of clients through assets available in all Eurocash formats

COST OPTIMIZATION

STRONG EXPANSION

CLIENT'S MODERNIZATION

DEVELOPMENT OF NEW STRATEGY...



2003-2016

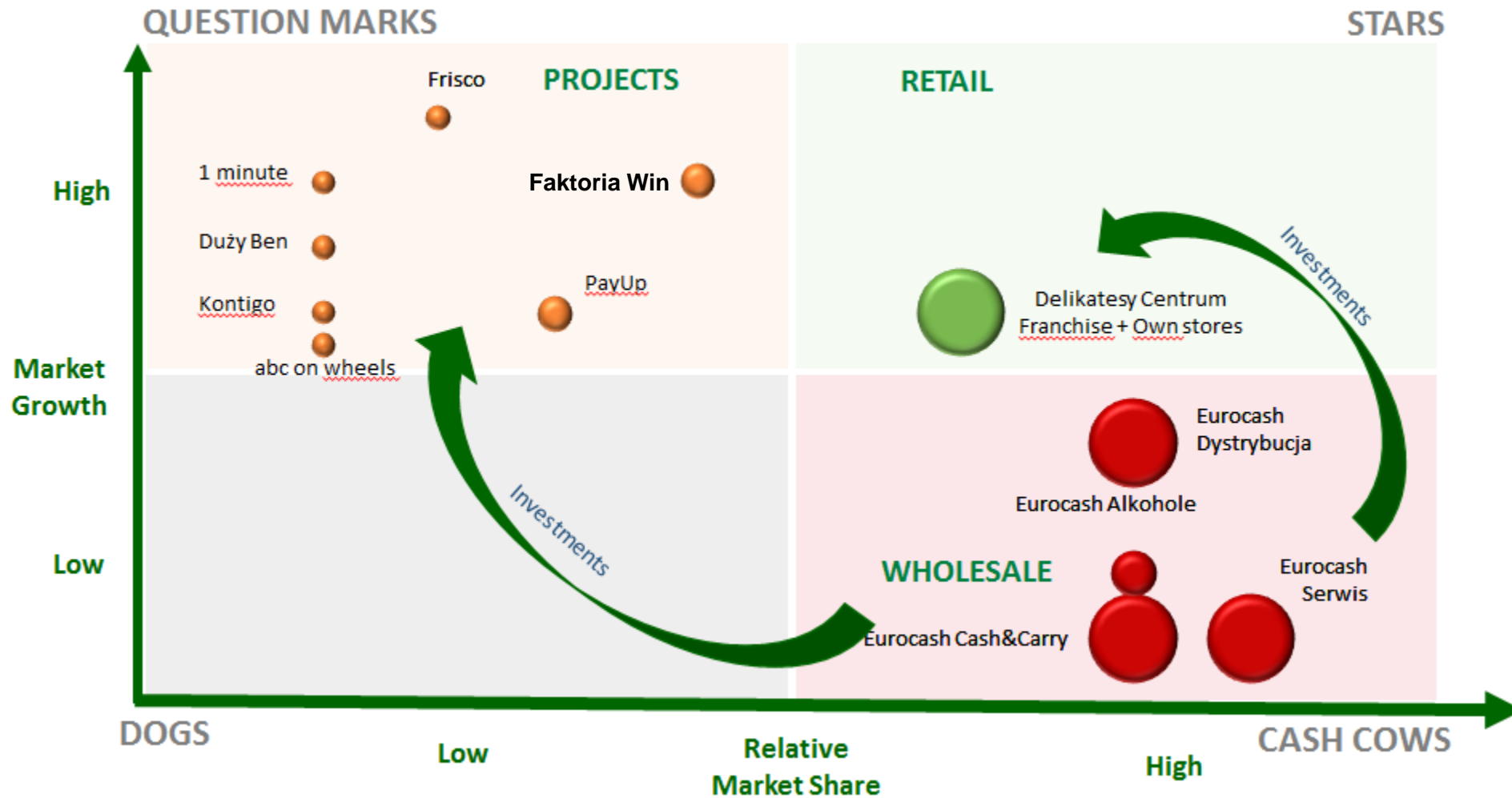
2017

2018-2019

2020<

EUROCASH GROUP BCG MATRIX

The Group has a balanced portfolio investing cash from mature wholesale into retail and franchise growth

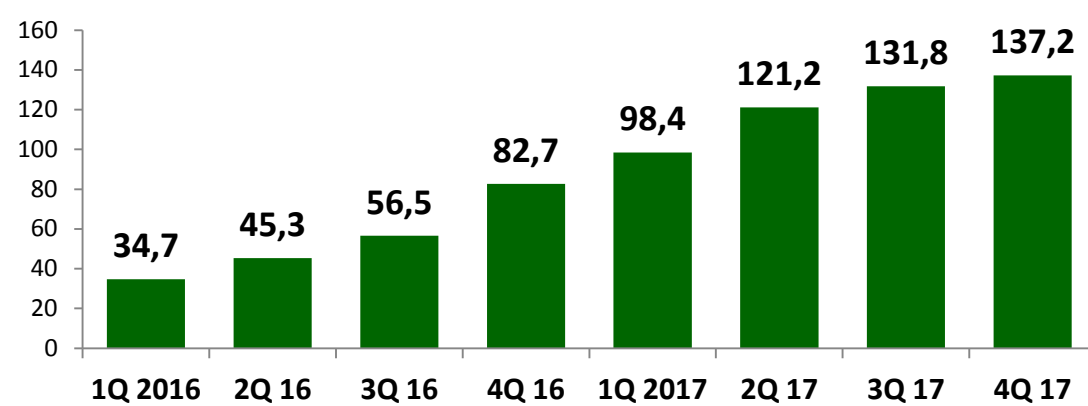


PROJECTS

FRESH PROJECT

FRESH PROJECT – 490 m PLN sales, break even plan in 2019

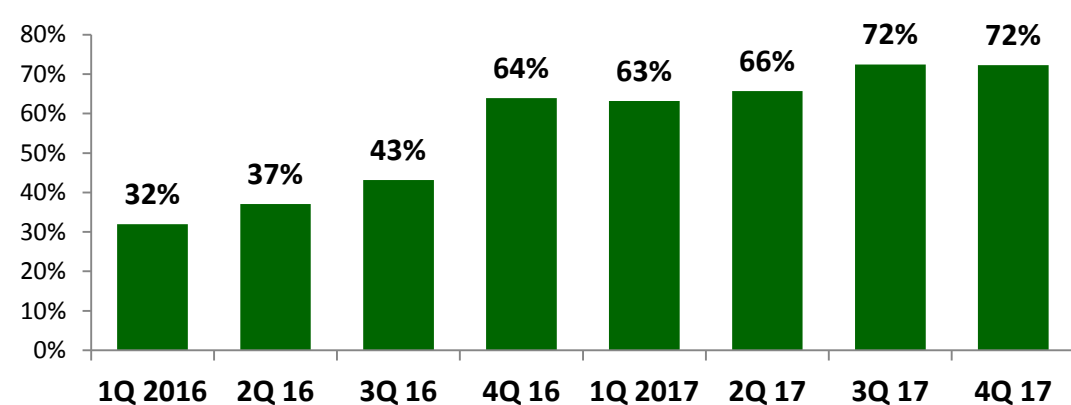
Fresh Project sales evolution (PLN m)



Further potential for growth:

- ❑ Increase of Delikatesy Centrum penetration
- ❑ Development to Lewiatan, Gama, Euro Sklep, Groszek
- ❑ Expansion into own retail chain

% of Delikatesy Centrum stores in Fresh Project



PROJECTS

Successfully developed new formats to professionalize our clients



FAKTORIA WIN

Successful and profitable project

4500 FW stores

700 PT stores



PayUp

POS financial services

423 m PLN sales

34% YoY increase



DUŻY BEN

Roll-out started in 2018

5 out of 12 stores at break even

PROJECTS

Developing new formats to professionalize our clients



KONTIGO

61% lfl

Going into right direction

Franchise concept
development in 2018



FRISCO.PL

31% sales increase

Fully automated
logistic center in 2019



1MINUTE

Project suspended

Not satisfactory
results due to lack of offer

SUMMARY OF THE PRESENTATION

Part 1.

2017 RESULTS OVERVIEW:

- ❑ TOUGH IN TERMS OF PROFIT – STRONG IN TERMS OF CASH FLOW

Part 2.

2023 STRATEGY:

FIT FOR THE FUTURE

- ❑ OPTIMIZATION PLAN AND COST SAVINGS IDENTIFIED

RETAIL

DRIVER OF GROWTH

WHOLESALE

DRIVER OF CASH

DISCLAIMER

This presentation and the associated slides and discussion contain forward-looking statements. These statements are naturally subject to uncertainty and changes in circumstances. Those forward-looking statements may include, but are not limited to, those regarding capital employed, capital expenditure, cash flows, costs, savings, debt, demand, depreciation, disposals, dividends, earnings, efficiency, gearing, growth, improvements, investments, margins, performance, prices, production, productivity, profits, reserves, returns, sales, share buy backs, special and exceptional items, strategy, synergies, tax rates, trends, value, volumes, and the effects of Eurocash S.A. merger and acquisition activities. These forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, but are not limited to developments in government regulations, foreign exchange rates, oil and gas prices, political stability, economic growth and the completion of ongoing transactions. Many of these factors are beyond the Company's ability to control or predict. Given these and other uncertainties, you are cautioned not to place undue reliance on any of the forward looking statements contained herein or otherwise. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements (which speak only as of the date hereof) to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as maybe required under applicable securities laws. Statements and data contained in this presentation and the associated slides and discussions, which relate to the performance of Eurocash S.A. in this and future years, represent plans, targets or projections.

FOR MORE INFORMATION PLEASE CONTACT:

Cezary Giza

Investor Relations Director

cezary.giza@eurocash.pl

mobile: +48 693 930 415