9M 2018
Results Presentation

Agenda of the presentation

I. Executive Summary

01 SMALL STORES ACCELERATING

with sales dynamics at +6,3% in 9M 2018 YoY

02 WHOLESALE

STRONG GROWTH

with EBITDA + 52m PLN (+21.6%)

03 RETAIL

INCREASED ASSET BASE

with integration impacting profitability

04 FRESH ROLL-OUT AT BREAK EVEN

with 452m PLN sales
in 9M 2018 (+101m PLN)

05 PAY UP DISPOSAL AGREEMENT

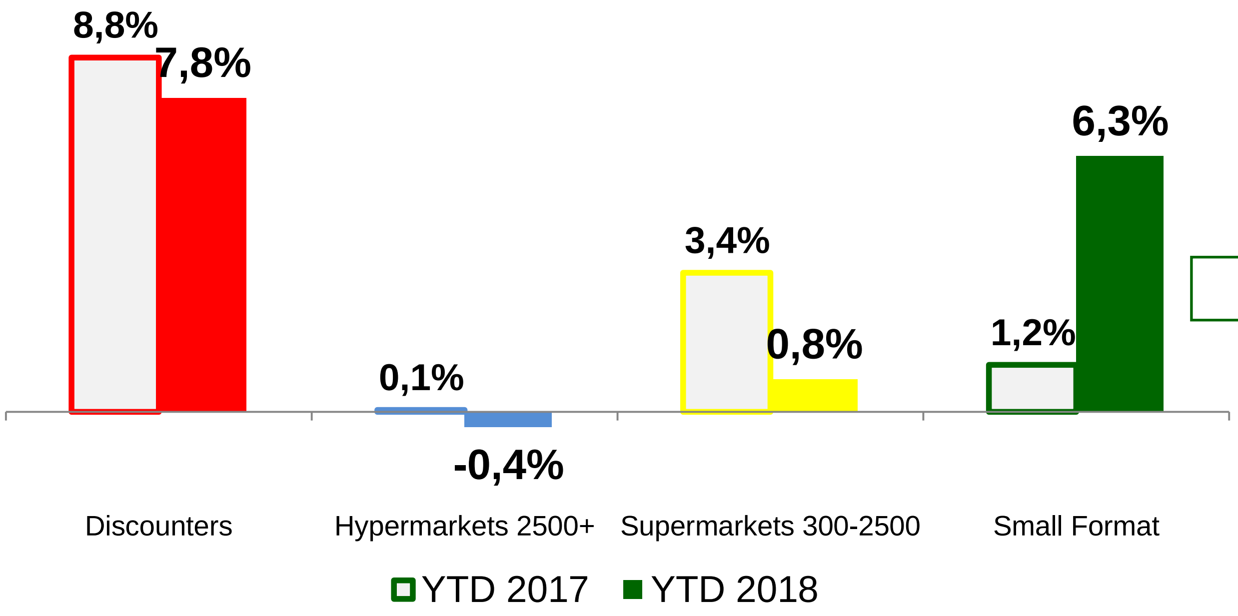
5.8m PLN EBITDA (2017)
at a price of 110m PLN (in. earn-outs)

STRONG IMPROVEMENT IN WHOLESALE, PREPARING GROUND FOR RETAIL

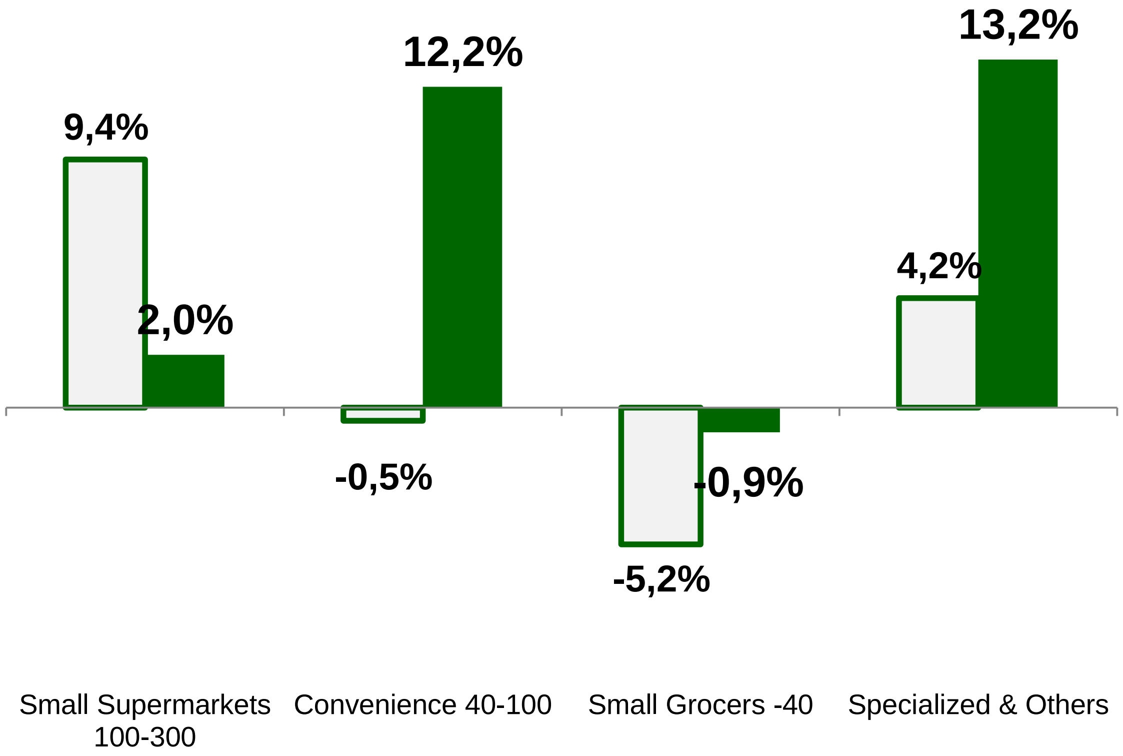
II. Food market growth

Small format stores accelerating their growth

Food market growth by channels
(YTD Sep 2018, YoY)



Food market growth by small format channels
(YTD Sep 2018, YoY)

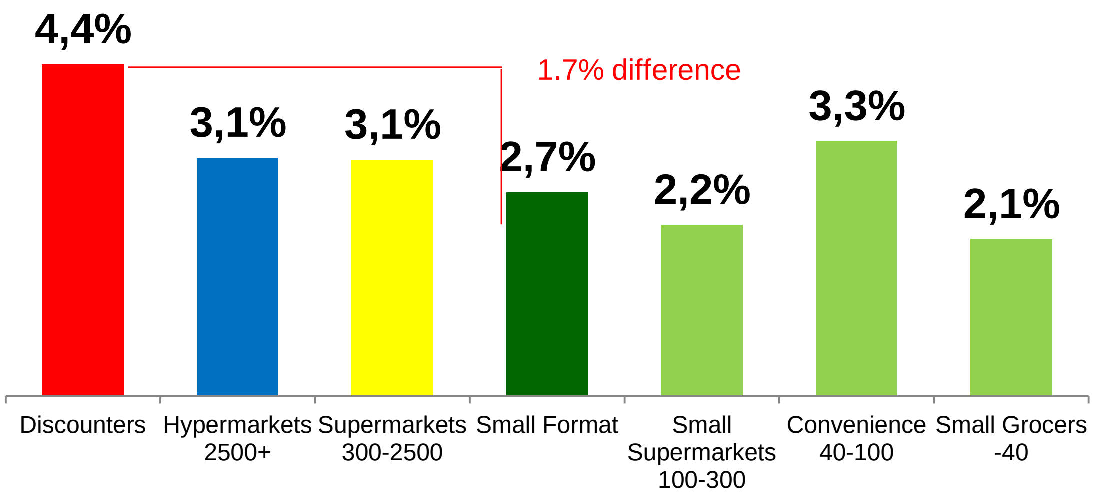


- Food sales in Total Poland increased by 5.3%, while in Small Format stores increase was of 6.3%

II. Inflation

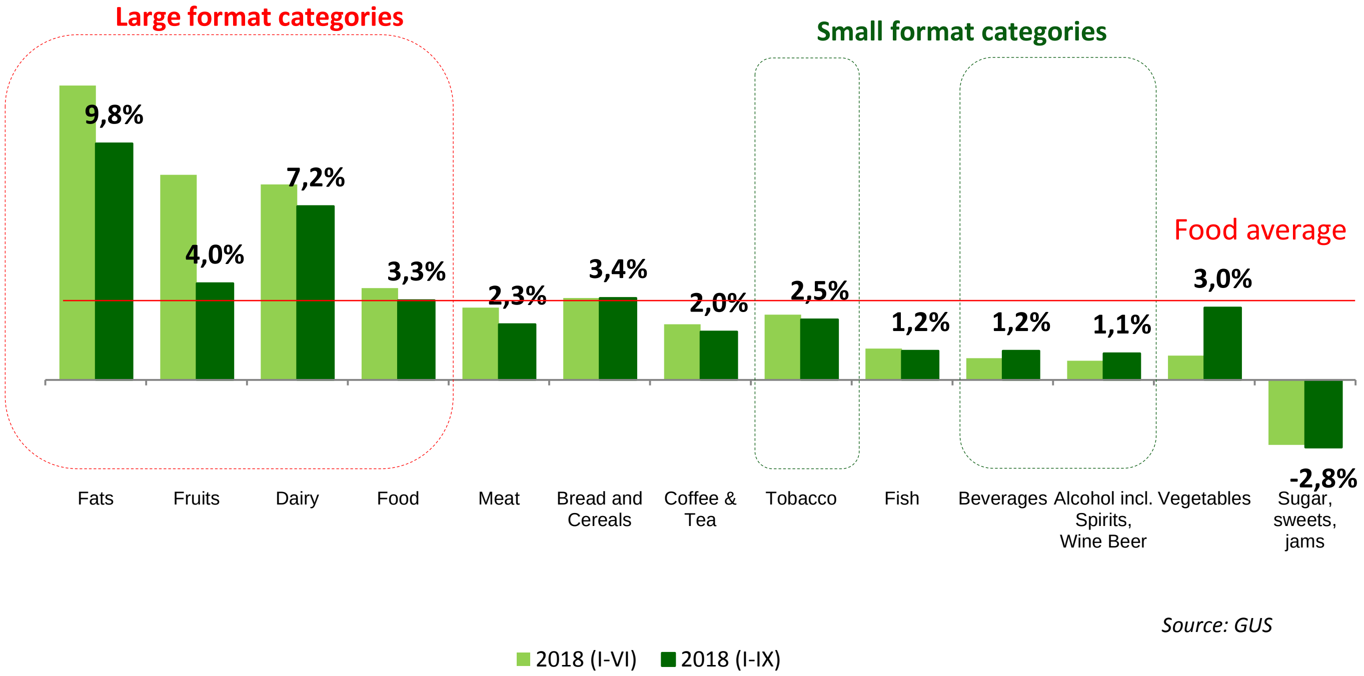
Small Format stores sales growth accelerated with lower inflation than other segments

% Food basket inflation
(YoY, YTD Sep 2018)



Source: Own estimation based on Nielsen

Food inflation by categories



Source: GUS

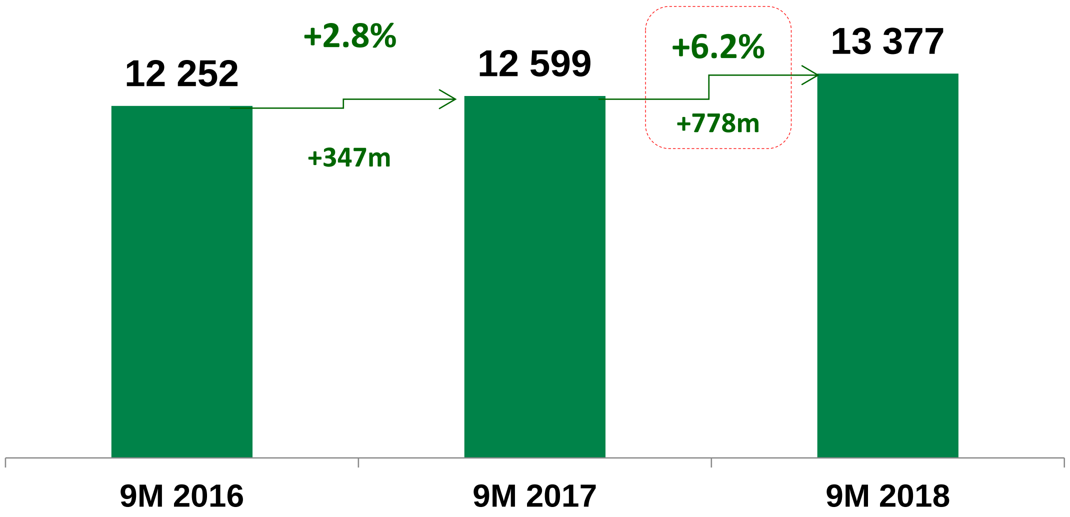
Eurocash inflation much below the market average:

wholesale prices in Delikatesy Centrum: -1.0%, retail prices +0.8% in 9M 2018 YoY

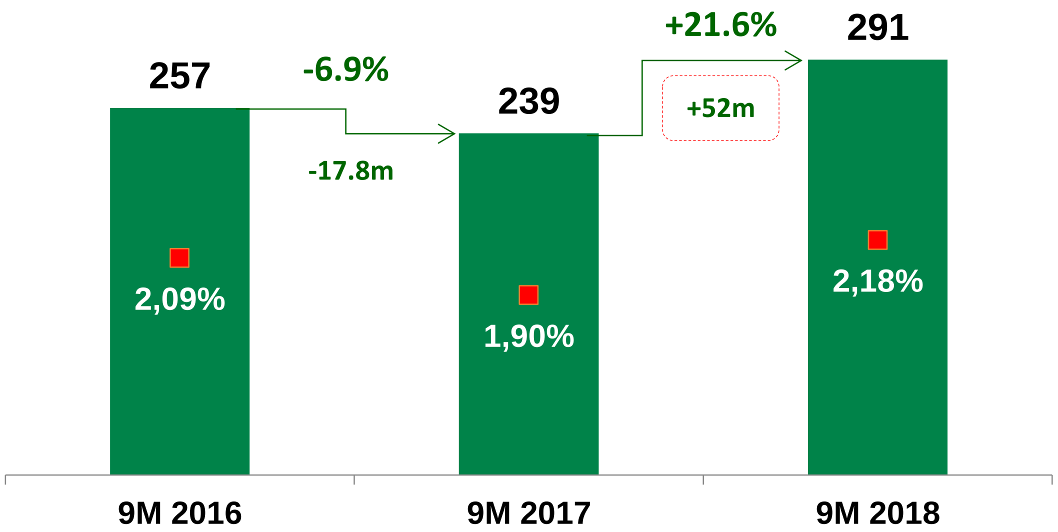
III. Wholesale Segment – accelerating the growth

9M 2018: +778m PLN sales and +52m PLN EBITDA increase

9M 2018 Sales of goods evolution
(PLN m)



9M 2018 EBITDA evolution
(PLN m)



- Strong performance in 9M 2018 with sales +6.2%, EBITDA +21.5% and EBIT +32.7% YoY.
- Cost pressure covered by improved efficiency.

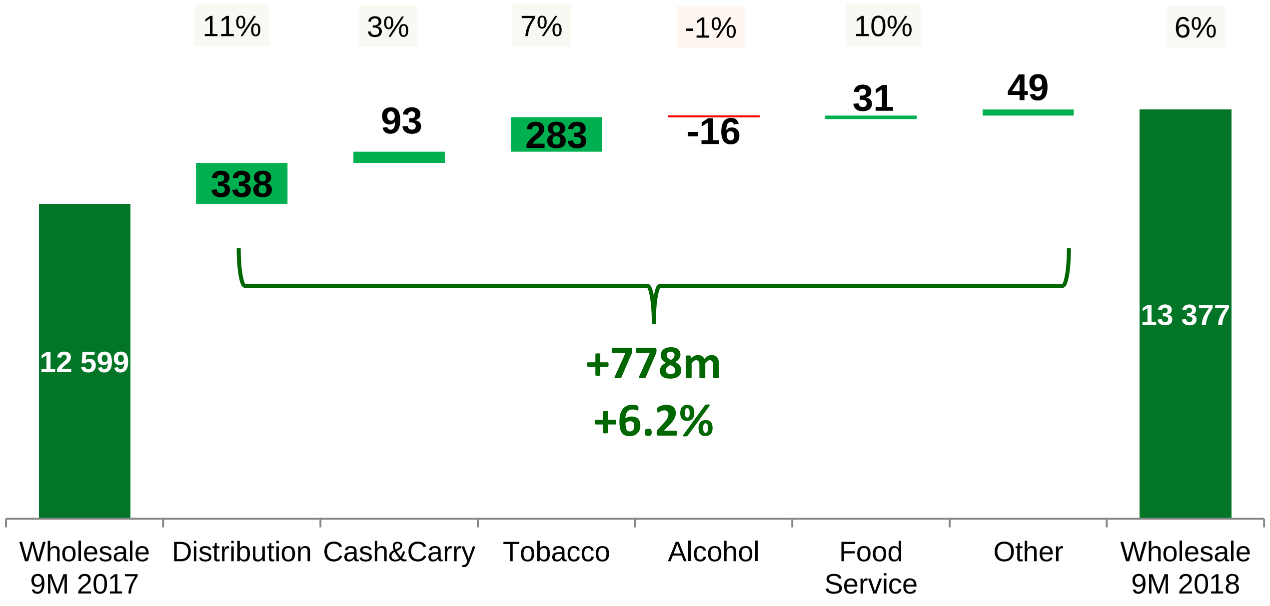
III. 9M Wholesale sales dynamics

Wholesale segment supported by increased competitiveness of small format stores

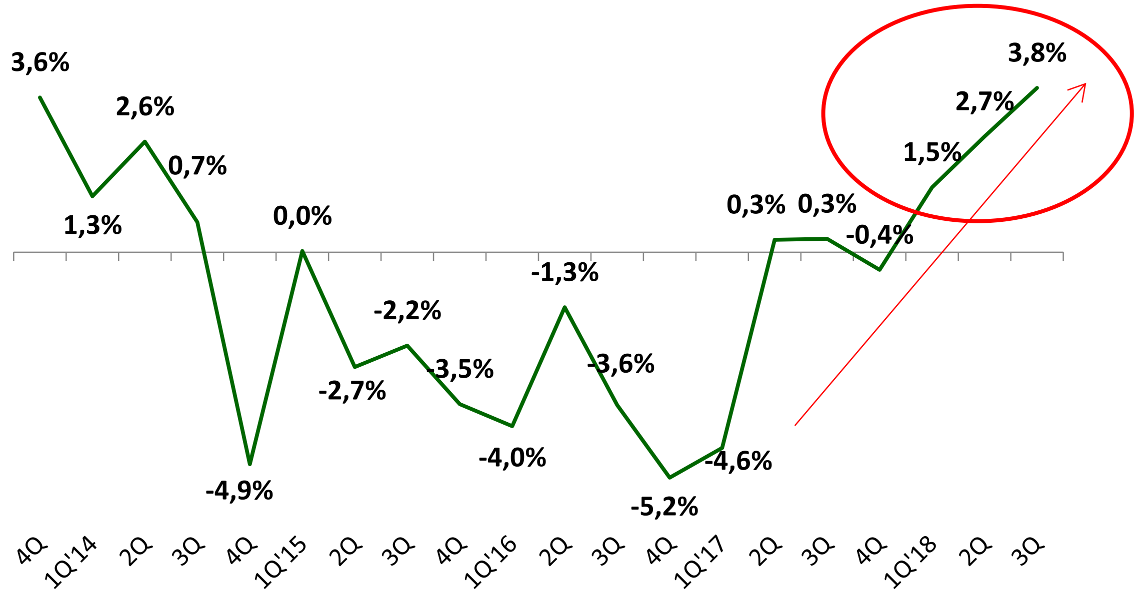
TWOJE NOWE MOŻLIWOŚCI

Wholesale sales evolution by formats

(9M 2018 YoY)



C&C LFL

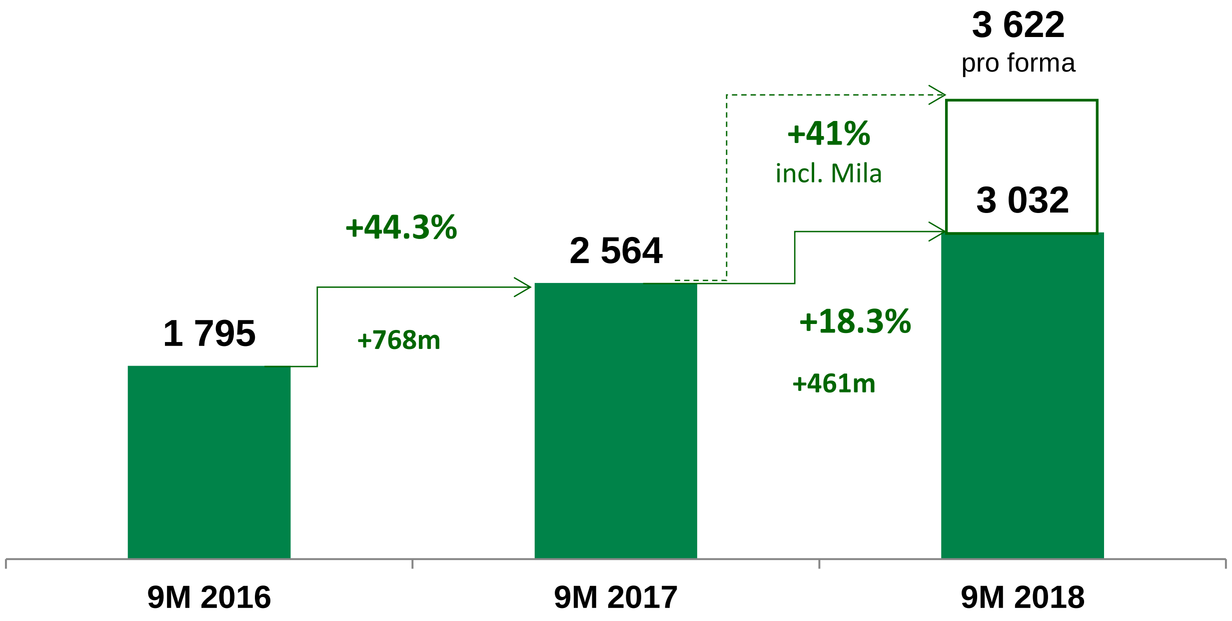


- Wholesale accelerated growth from 4.6% in 2Q 2018 to 6.9% in 3Q 2018
- C&C LFL in 3Q 18 at +3.8% and 2.8% in 9M 2018 - best performance in last 5 years.
- ECD sales to franchisees (Lewiatan, PSD, Euro Sklep, Groszek) increased by 11.9% in 3Q and 10.3% in 9M YoY

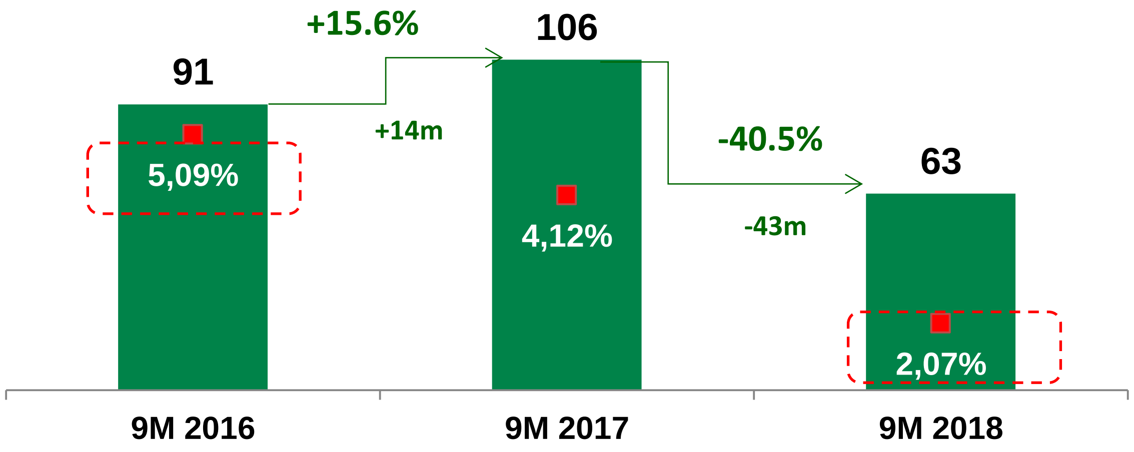
III. Retail – increased asset base, ongoing integration

Integration affecting short-term retail results

9M 2018 Sales of goods evolution
(PLN m)



9M 2018 EBITDA evolution
(PLN m)

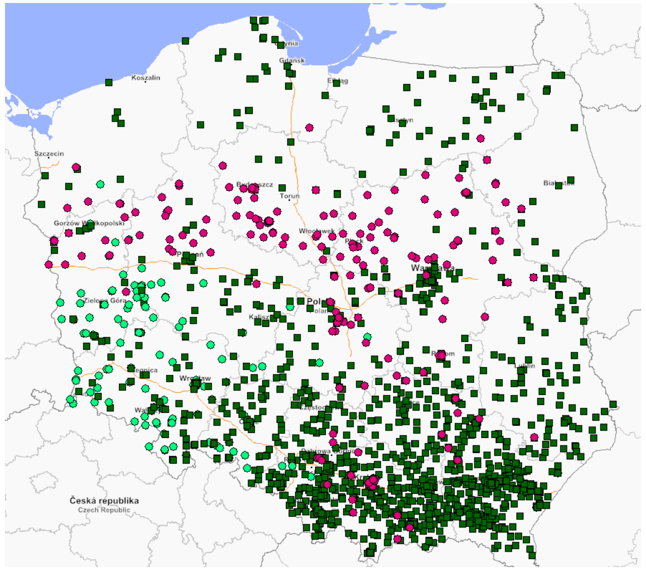


- Sales increase driven by M&A. Consolidated 2018 Mila sales 466 m PLN (345m in 3Q 2018)
- Delikatesy Centrum LFL in 9M 2018 + 2.7% wholesale and +0.5% retail. 3Q 2018: -0.3% wholesale and -2.0% retail
- M&A impacting EBITDA with ongoing integration incl: stores remodeling (183 DC stores), Head Office integration, pricing and assortment policy standardization.

Retail integration to standardize supermarket chain

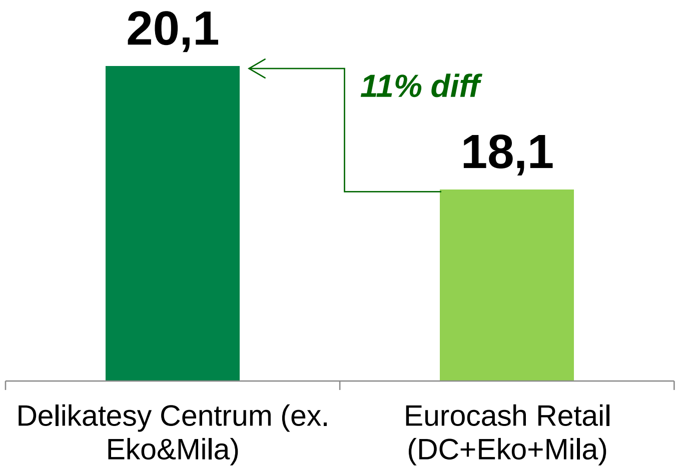
2020 objective: PLN 40m savings

7.4 bn PLN sales ***1.5k stores***



- Pricing & Promotions
- Assortment
- Marketing
- Buying
- BackOffice (Accounting, HR, Controling, etc.)
- IT
- Operations (Franchise + Own)
- Logistics

HO & OPERATIONAL INTEGRATION



STORES REMODELING **SALES DEVELOPMENT** **EXPANSION ACCELERATION**

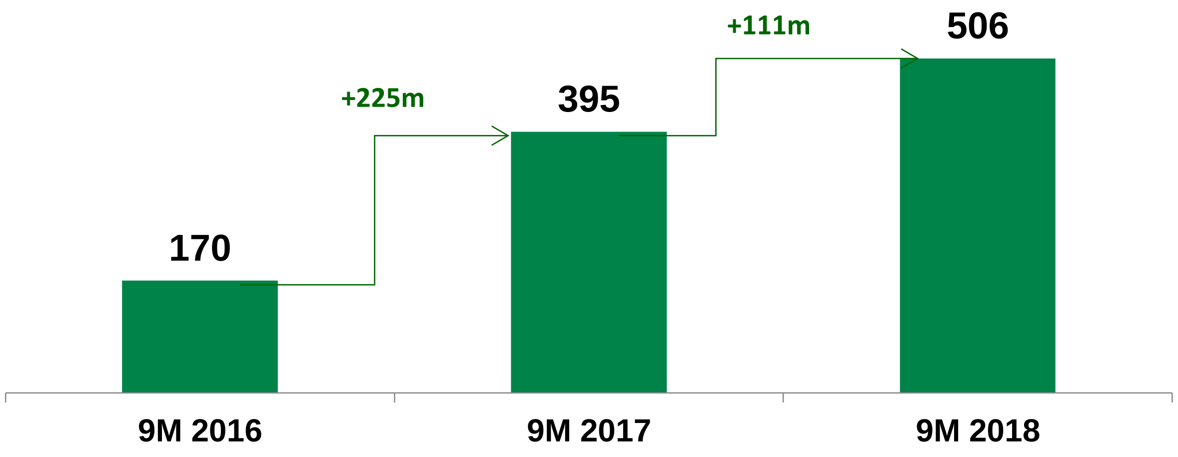
EKO – 183 stores (Sept),191 (Oct 2018) *Mila start in 2019*

2017 *2018* *2019* *2020* *2021*

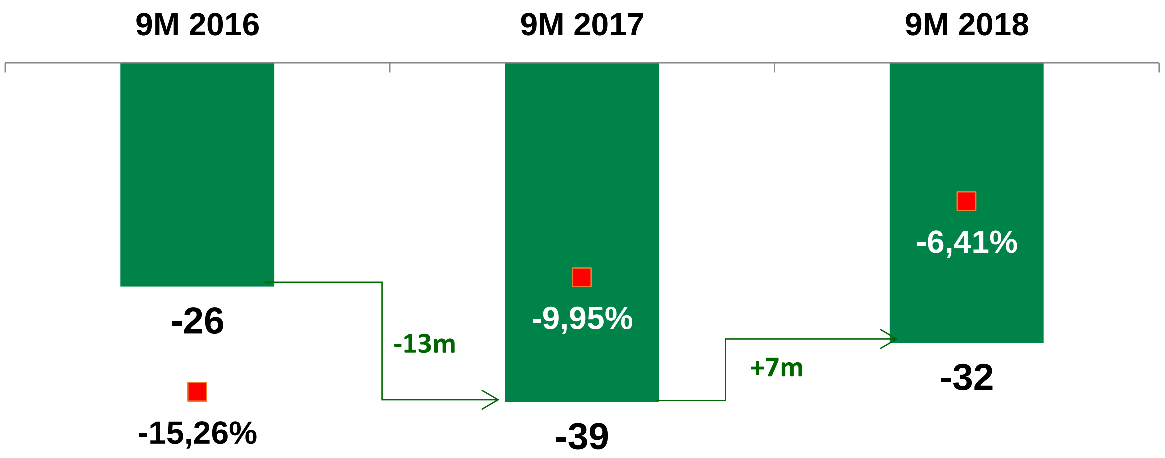
III. Projects – investments in the future growth

Fresh Project reached break even point in 3Q 2018

9M 2018 Sales of goods evolution
(PLN m)



9M 2018 EBITDA evolution
(PLN m)



- Fresh Project with 452m PLN sales in 9m 2018 (+101m) reached break even in 3Q 2018.
  - Most relevant for Delikatesy Centrum positioning and competitiveness.
- Duży Ben & Kontigo – moved into proven franchise system.
  - Duży Ben: 15 stores with 4 in franchise / agency model

IV. 9M 2018 financial summary

Strong sales increase driven by wholesale segment

PLN m (Normalized)*	9M 2017	9M 2018	% of Sales 9M 2017	% of Sales 9M 2018	Y/Y Change
Net sales (total)	15 659	**17 032**			9%
Gross profit	1 814	**2 073**	11,6%	**12,2%**	14%
EBITDA normalized*	259	**265**	1,7%	**1,6%**	2%
One-off costs*	114	**3**			
EBITDA reported*	144,8	**261,8**	0,9%	**1,5%**	81%
EBIT normalized*	126,0	**115,0**	0,8%	**0,7%**	-9%
Profit before tax normalized*	99,9	**82,0**	0,6%	**0,5%**	-18%
Net profit normalized*	75,1	**58,7**	0,5%	**0,3%**	-22%

** 2018 results normalized by costs of Mila M&A, 2017 by add. VAT payment*

- Sales driven mainly by wholesale segment (+778m PLN) and consolidation of Mila (+466m PLN).
- Gross Margin increase mainly by consolidation of Mila.
- Normalized EBITDA increased by 6m PLN, driven by wholesale segment, and off-set by EKO & Mila integration.
- Depreciation driven by retail segment.
- Net Profit affected by increased effective tax rate due to changes in law.

IV. EBITDA* performance by segments

Core business results strong improvement, off-set by 2017-18 M&A

9M 2018 EBITDA development by segments

(PLN m)

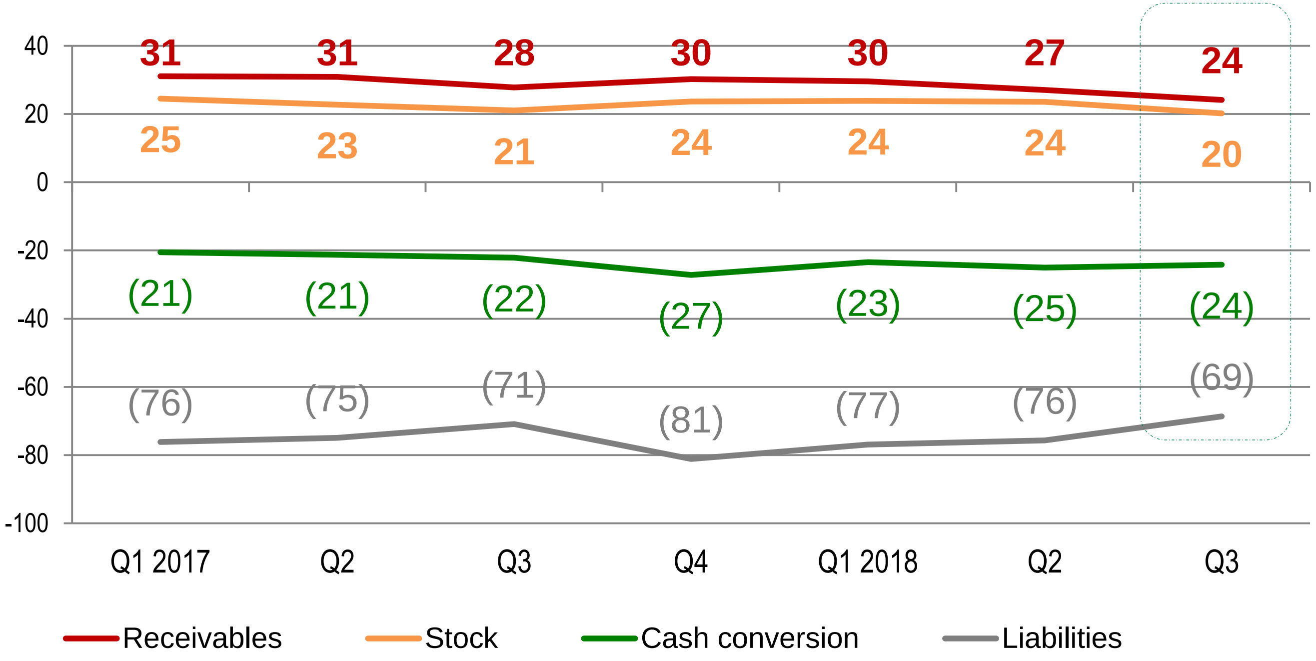
** 2017 results normalized by costs of add. VAT*

IV. Cash Flow

LTM Operating CF at 138% EBITDA

PLN m	3Q 2017	3Q 2018	9M 2017	9M 2018
Net operating cash flow	**112**	**115**	**284**	**301**
Net profit (loss) before tax	*49*	*37*	*(14)*	*79*
Depreciation	*43*	*54*	*133*	*150*
Change in working capital	*33*	*21*	*174*	*83*
Other	*(13)*	*4*	*(9)*	*(11)*
Net investment cash flow	**(81)**	**(37)**	**(285)**	**(415)**
Net financial cash flow	**(79)**	**(74)**	**(81)**	**64**
Total cash flow	**(48)**	**(0)**	**(82)**	**(54)**

Cash conversion cycle
(after IFRS 15)



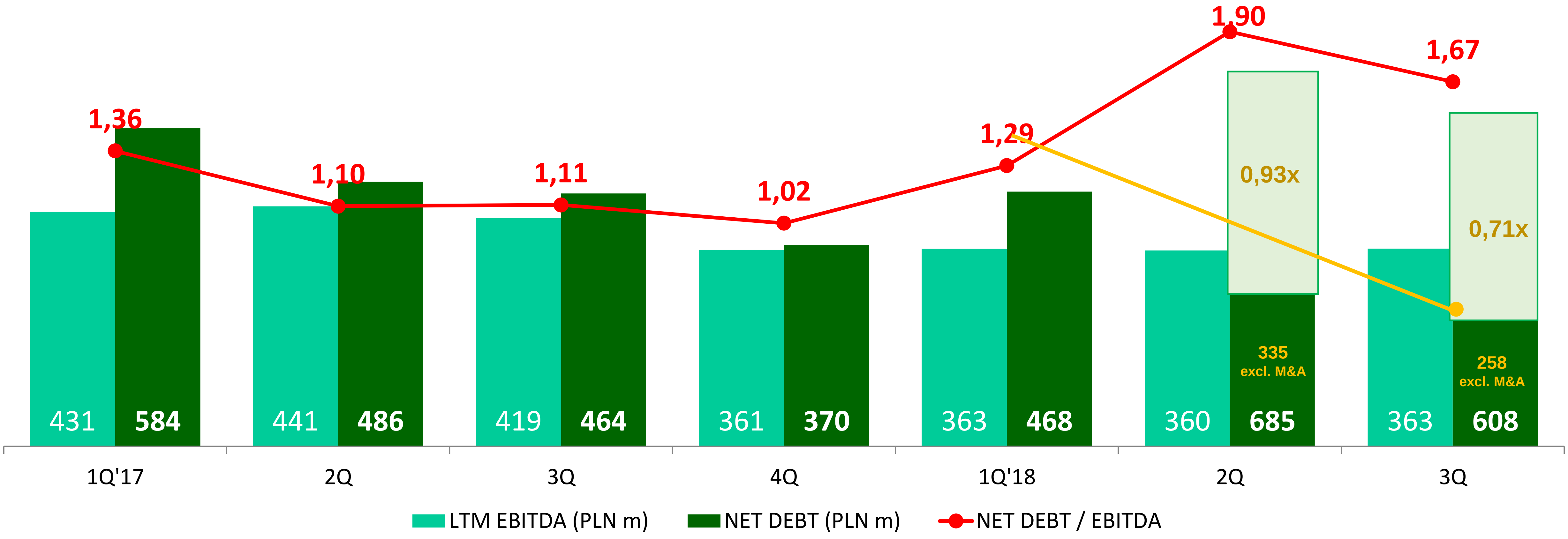
- Strong cash generation sustained in 9M 2018.
- Consolidation of Mila changing rotation of each WC component but with no impact on total Net WC rotation.

*12M – ostatnie 12 miesięcy

IV. Net debt vs. LTM EBITDA**

Healthy and declining leverage thanks to strong cash generation

Net Debt* vs. 12M EBITDA in 3Q 2018



❑ Net Debt decrease by 77m PLN 3Q 2018

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

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

IV. PayUp disposal to Polskie ePłatności

Finalization upon receiving consent from antimonopoly office

Maximum price:

PLN 110 m

(depends on earn-outs)

Estimated maximum net profit

PLN 102 m

Long-term cooperation agreement

	2015	2016	2017
Sales Revenues *(before IFRS15)*	220	329	**440**
EBITDA	0,8	4,1	**5,8**
EBITDA %	*0,3%*	*1,2%*	***1,3%***
EBIT	-2,1	0,3	**0,7**
EBIT %	*-1,0%*	*0,1%*	***0,2%***

Eurocash Group will focus on its core business

Summary of the presentation

WHOLESALE

eurocash .pl
TWOJE NOWE MOŻLIWOŚCI

9m dynamics:

- ☑ **sales +778 m PLN**
- ☑ **EBITDA +52 m PLN**

- Small stores growing faster than market
- Wholesale strong profit growth

Purchase Scale

Logistics

Technology

Brand

Know-How

RETAIL

– Na wyciągnięcie ręki – Delikatesy Centrum

9m dynamics:

- ☑ **pro-forma sales +1 059 m PLN**
- ☑ **EBITDA -43 m PLN**

- Increased asset base gives retail scale
- Merger of 3 entities impacts short-term profitability

PROJECTS

Fresh Roll-out at break even

☑ **with 452m PLN sales in 9M 2018 (+101m PLN)**

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Appendix: 3Q 2018 financial summary

Strong sales increase driven by wholesale segment

PLN m	3Q 2017	3Q 2018	% of Sales 3Q 2017	% of Sales 3Q 2018	Y/Y Change
Net sales	5 576 →	**6 256**			12%
Gross profit	628	**785**	11,3%	**12,5%**	25%
EBITDA	101,5 →	**105,1**	1,8%	**1,7%**	4%
EBIT	58,2 →	**51,5**	1,0%	**0,8%**	-11%
Profit before tax	49,4	**37,2**	0,9%	**0,6%**	-25%
Net profit	37,5 →	**38,2**	0,7%	**0,6%**	2%

- Sales driven mainly by wholesale segment (+307m PLN), and consolidation of Mila (+345m PLN).
- Gross Margin increase driven mainly by consolidation of Mila.
- EBITDA driven by wholesale segment, and off-set by EKO & Mila integration
- Depreciation driven by retail segment.