



1H 2018 Results Presentation

Agenda of the presentation

1. Executive Summary
2. Summary of Eurocash parts (segments)
3. Market overview
4. Eurocash Financials

1. Executive summary

WHOLESALE - STRONG GROWTH

with sales +5,3% and EBITDA +12,8%

YoY in 1H 2018

RETAIL – 187 MILA STORES ACQUIRED

Integration work in progress.

149 EKO stores under Delikatesy Centrum brand

STRONG CASH FLOW GENERATION

at 1.6x LTM EBITDA

PROJECT FRESH CLOSE TO BREAK EVEN

with 301m PLN sales in 1H 2018 (+82m PLN)

NET DEBT UNDER CONTROL

at 1.9x EBITDA, despite M&A and dividend payment (-450m pln)

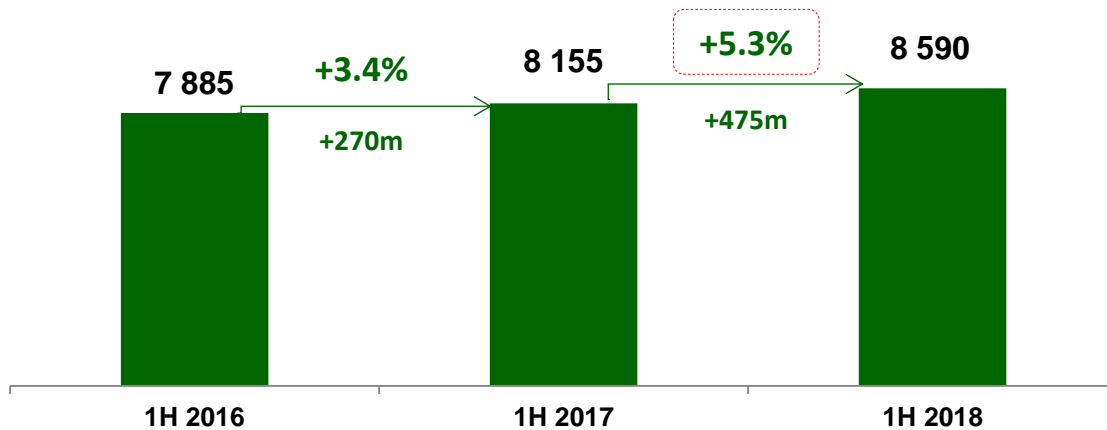


STRONG IMPROVEMENT IN WHOLESALE, PREPARING GROUND FOR RETAIL

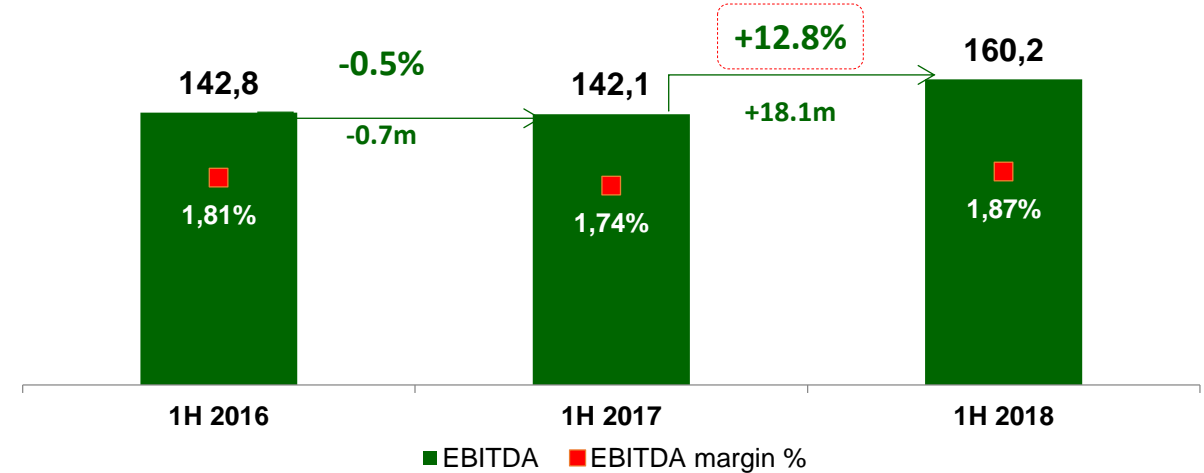
2. Wholesale Segment – back on growth track

with Cash&Carry turnaround

1H 2018 Sales evolution (PLN m)



1H 2018 EBITDA evolution (PLN m)

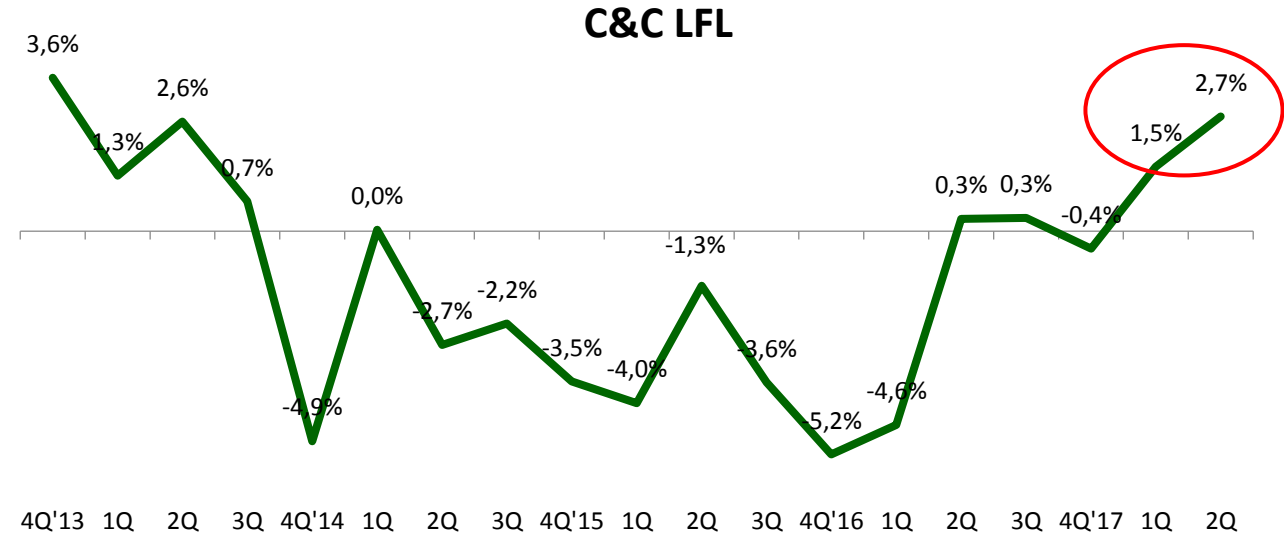
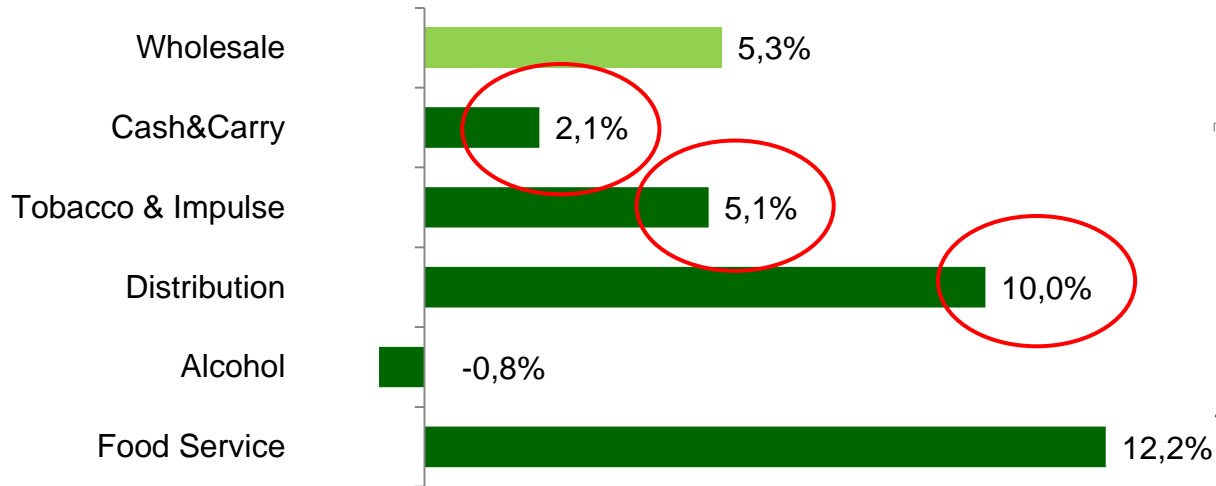


- ❑ Strong performance improvement in 1H 2018 with sales +5.3%, EBITDA +12.8% and EBIT +21.7% YoY.
- ❑ Gross margin stabilized at flat level with further potential to improve. Cost pressure covered by improved efficiency.
- ❑ CC LFL +2.7% in 2Q and +2.2% in 1H 2018 YoY. Best result in last 17 quarters.
- ❑ ECD with +10% sales increase in 1H YoY. ECS already stabilized, +5.1% sales increase in 1H YoY.

2. Wholesale sales dynamics

Wholesale segment supported by increased competitiveness of its clients

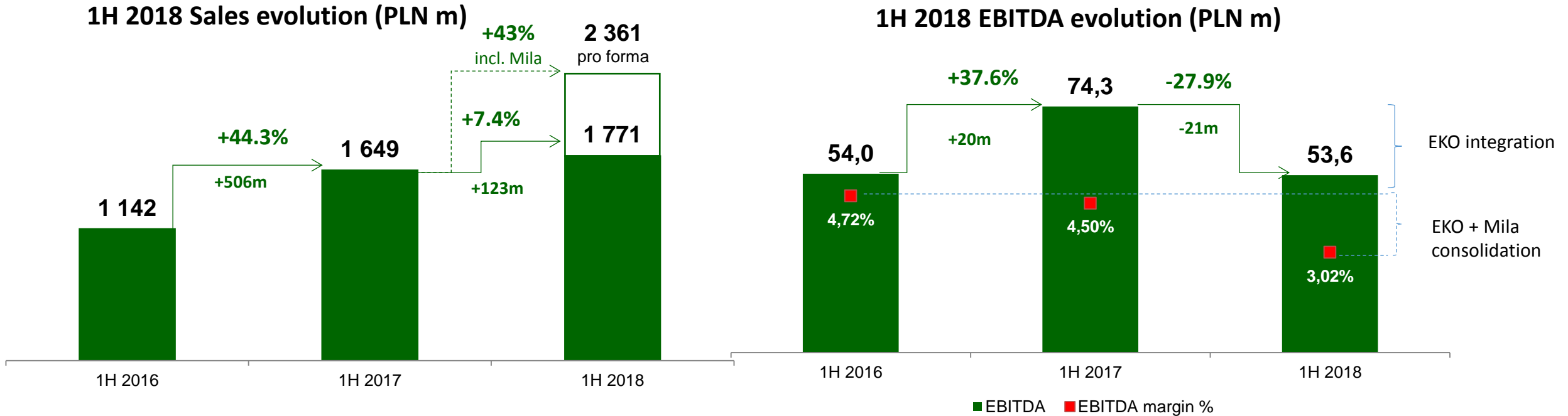
Wholesale sales evolution (1H 2018 YoY)



- ❑ C&C LFL in 2Q 18 at +2.69% and 2.16% in 1H 2018 - best performance in last 17 quarters.
- ❑ Tobacco with stable 5% sales growth in 1H 18. Business already stabilized.
- ❑ ECD sales driven by franchisees (Lewiatan, PSD, Euro Sklep, Groszek) and gas stations.

2. Retail – increased asset base, ongoing integration

149 EKO stores under Delikatesy Centrum brand. Mila integration planning started

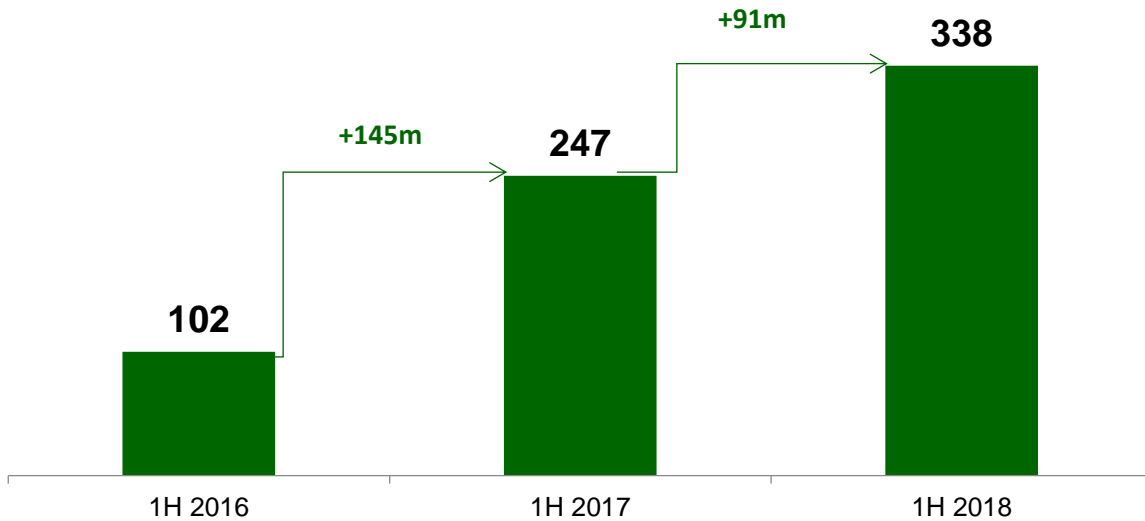


- Sales increase driven by M&A. June 2018 Mila sales at 120.4 m PLN.
- 5Y plan +900 openings sustained. Half of 2019 own stores expansion already addressed with small chains M&A.
- Retail strategy sustained – needs to play as complimentary to franchisees, wholesale clients and the Group.
- Delikatesy Centrum LFL in 1H 2018 LFL + 4.5% in wholesale and +0.9% in retail. 2Q 2018: +0.9% in wholesale and -1.8% in retail (Easter effect).

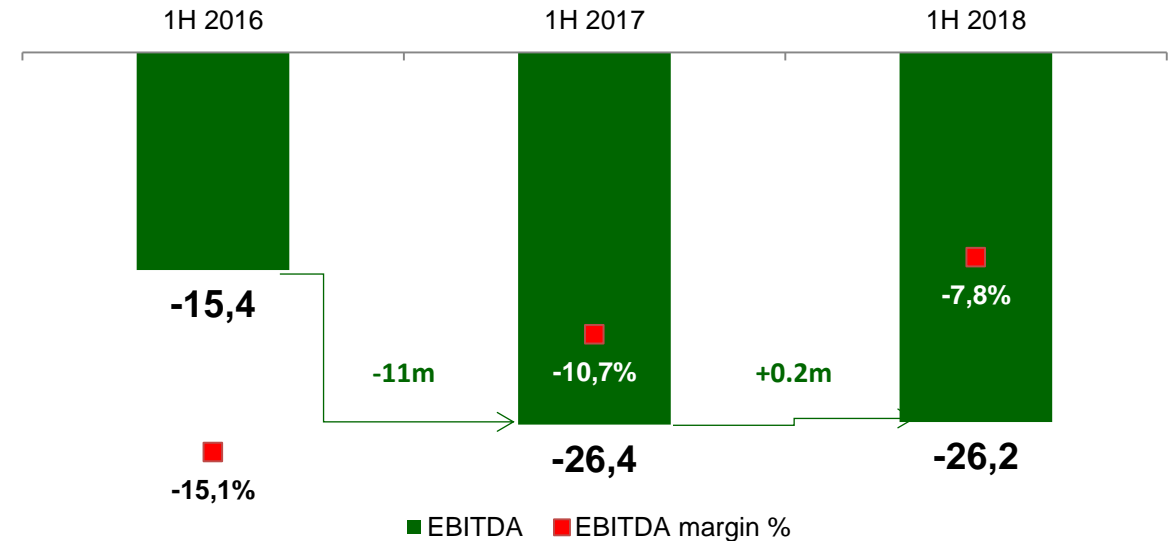
2. Projects – investments (at EBITDA level) into future growth

Fresh Project close to break even

1H 2018 Sales evolution (PLN m)



1H 2018 EBITDA evolution (PLN m)

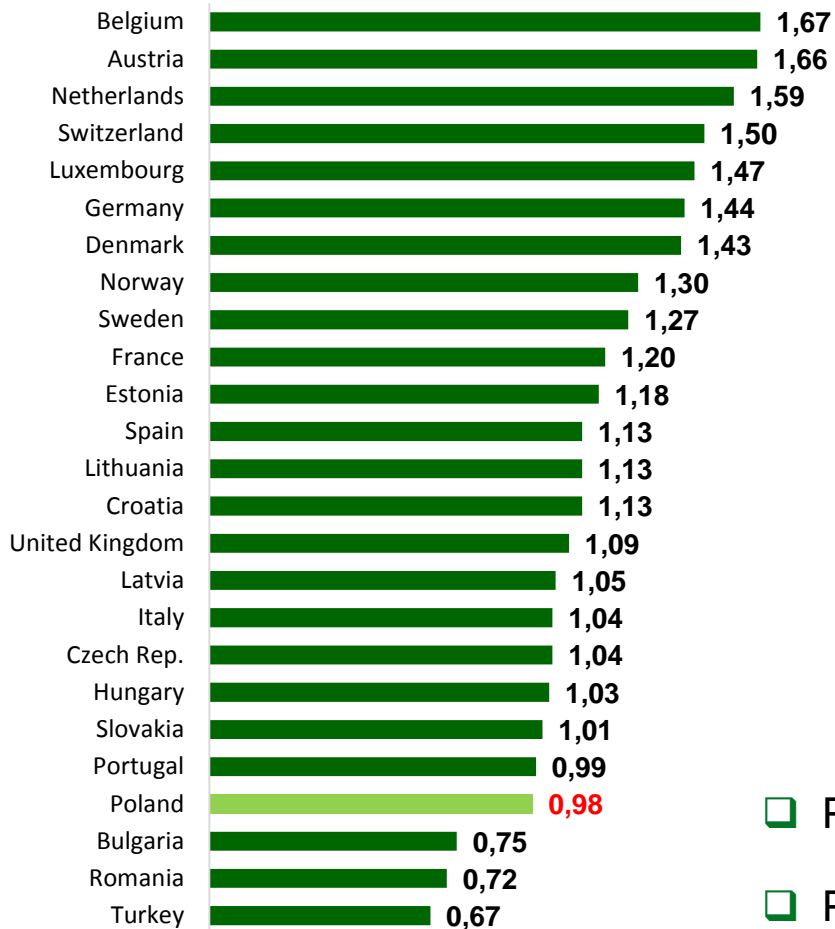


- ❑ Fresh Project with 302m PLN sales in 1H 2018 (+82m) close to break even in 2Q 2018.
 - ❑ Most relevant for Delikatesy Centrum positioning and competitiveness.
- ❑ Duży Ben & Kontigo – moved into proven for many years franchise system.

3. Polish market – potential for proximity stores development

There is a space for new selling area in the market

Sales area (m2) per capita 2017



Criteria for selection of grocery stores for the 10 most popular chains (%)

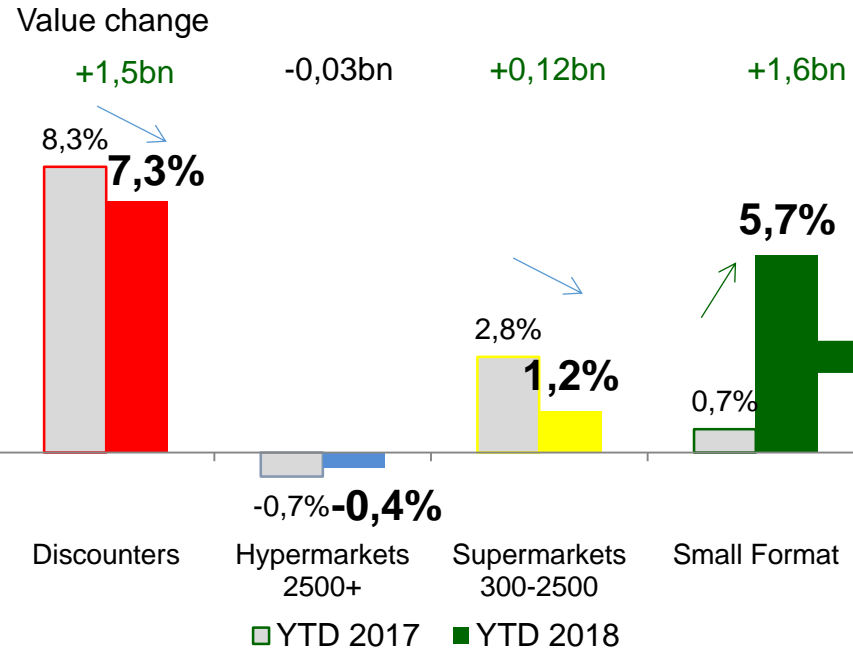


- ❑ Poland - country with one of the lowest selling area per one person in Europe
- ❑ Proximity the most valued for Polish consumers

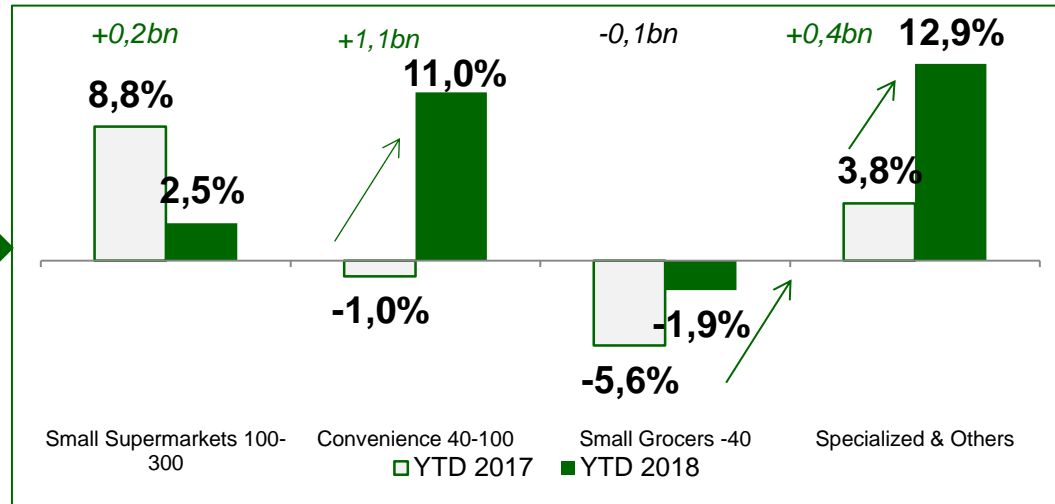
3. Food market growth

Small Format stores accelerating growth, Large Format with declining dynamics

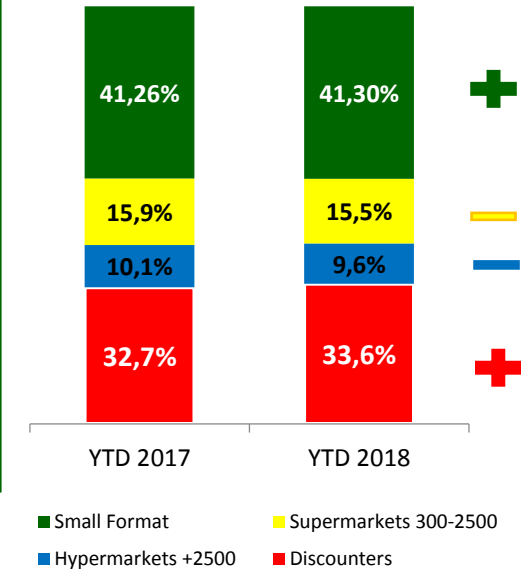
Food market growth by channels
(YTD July 2018, YoY)



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



Food market share evolution
(YTD July 2018, YoY)



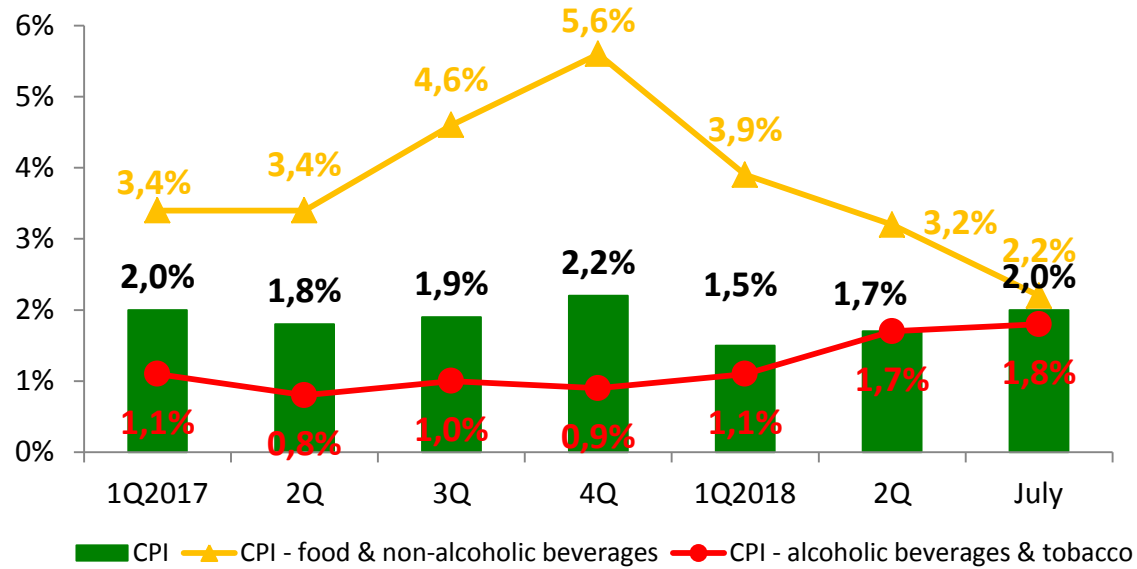
- Small Format increasing sales by 5.7% vs. food market growth of 4.9% in YTD July 2018.
- Small Format stores and discounters gaining market share in cost of super- and hypermarkets

Source: Nielsen

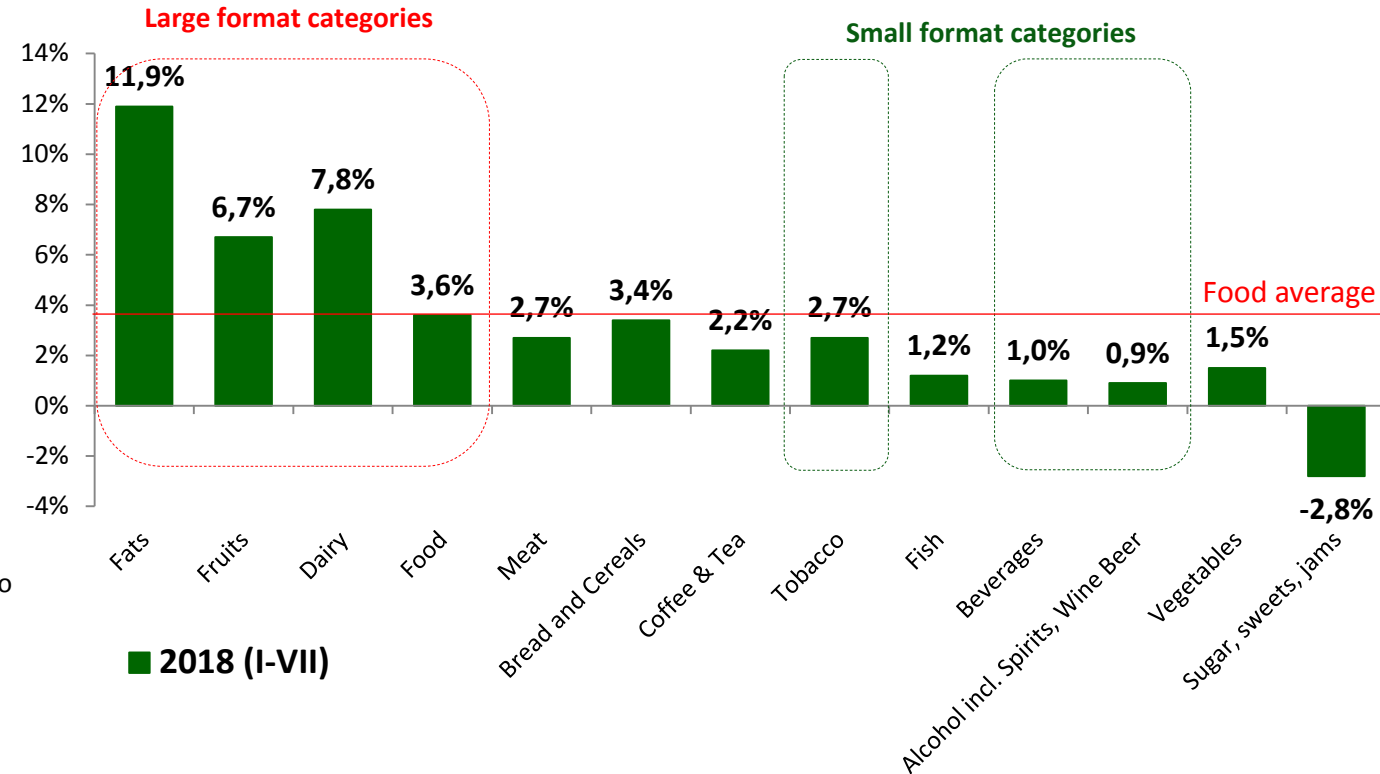
3. Inflation

Small Format stores sales growth accelerated although without support of inflation

% Inflation YoY in Poland



Food inflation by categories



Source: GUS

Eurocash inflation much below the market:

wholesale prices in Delikatesy Centrum: +0.1%, retail prices +1.2% in 1H 2018 YoY

4. 1H 2018 financial summary

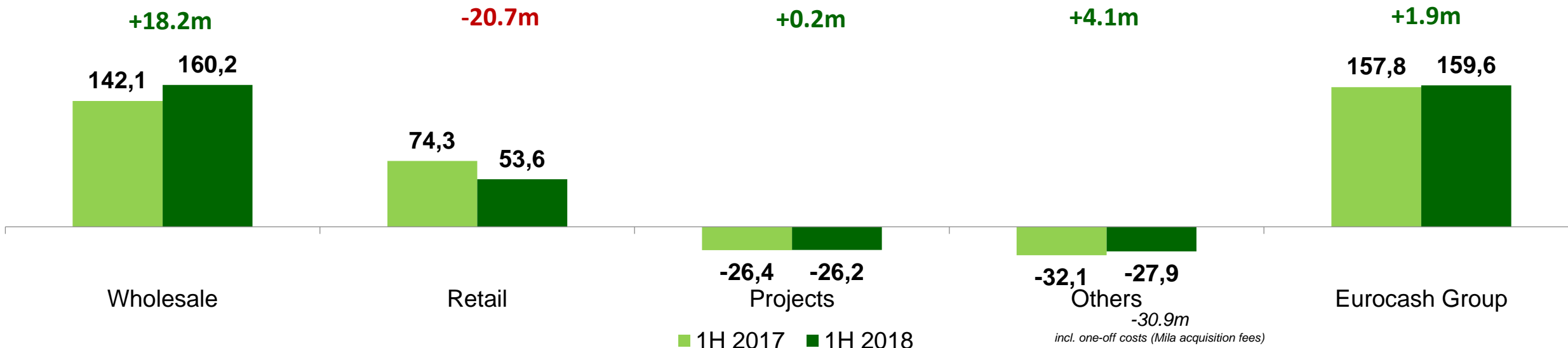
Strong sales increase driven by wholesale segment

PLN m	1H 2017	1H 2018	% of Sales 1H 2017	% of Sales 1H 2018	Y/Y Change
Net sales	10 118 →	10 776			7%
Gross profit	1 186 →	1 288	11.7%	11.9%	9%
EBITDA (excl. Projects, normalized*)	184 →	186	1.8%	1.7%	1%
EBITDA normalized*	158 →	160	1.6%	1.5%	1%
One-off costs*	-114	-3			
EBITDA reported*	43	157	0.4%	1.5%	261%
EBIT normalized*	68 →	64	0.7%	0.6%	-6%
Profit before tax normalized*	51 →	45	0.5%	0.4%	-11%
Net profit	38 →	21	0.4%	0.2%	-46%

- ❑ Sales driven mainly by wholesale segment (+435m PLN) and consolidation of Mila (+120m PLN).
- ❑ Gross Margin stabilized after 1H 2018. Increase by 0.22 p.p. YoY driven by retail segment and consolidation of Mila.
- ❑ Normalized EBITDA increase by 1%, driven by wholesale segment, and off-set by EKO stores remodeling.
- ❑ Depreciation driven by retail segment.
- ❑ Net Profit affected by increased effective tax rate due to changes in law.

4. EBITDA* performance by segments

1H 2018 EBITDA by segments



↑
C&C increasing LFL and profitability
EC Distribution 10% sales increase
Tobacco impacting 1H results but already stabilized with high potential for growth in next quarters

↓
EKO integration – short-term impact on profitability
DC own stores above expectations
DC Franchise improvement of profitability, focus on Fresh Project

↑
Fresh Project improving results, close to break even, positive EBITDA in 2H 18 expected

↑
Costs improvement

STRONG FOCUS ON:

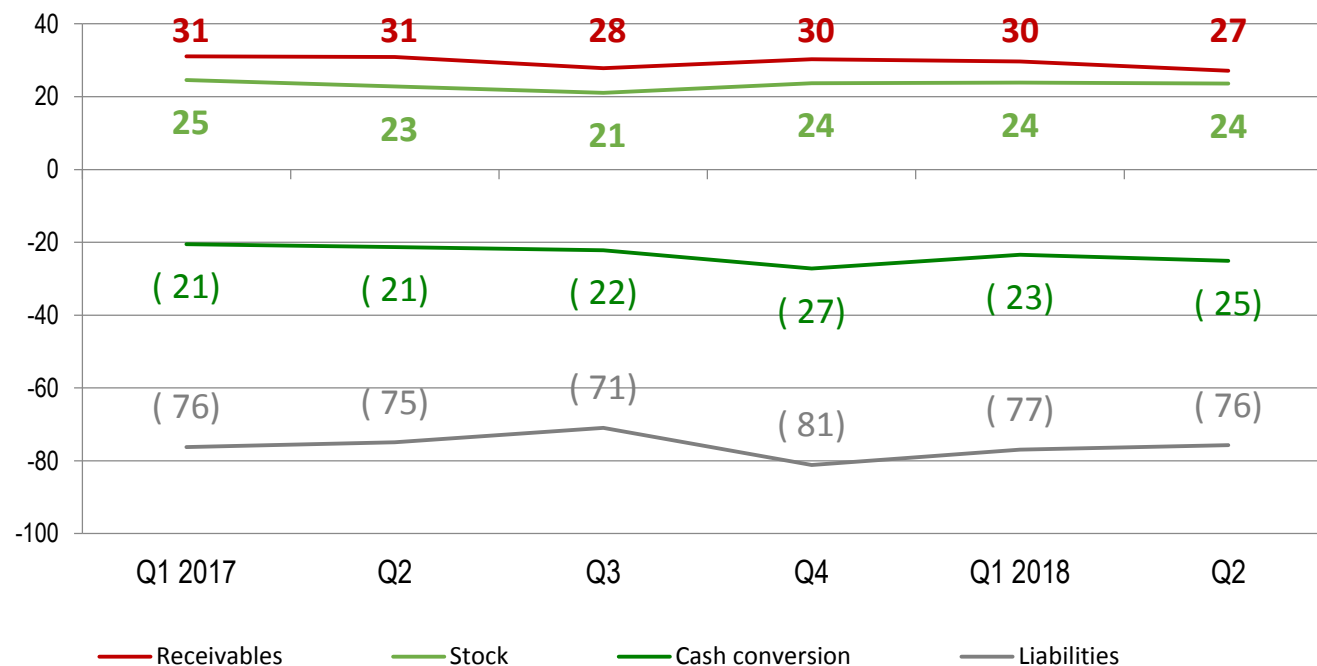
- WHOLESALE OPTIMIZATION
- RETAIL INTEGRATION
- COSTS CONTROL

4. Cash Flow

LTM Operating CF at 168% EBITDA

PLN m	1H 2017	1H 2018	2Q 2017	2Q 2018
Net operating cash flow	171	186	256	240
Net profit (loss) before tax	(64)	42	(48)	59
Depreciation	90	96	45	49
Change in working capital	141	63	243	150
Other	4	(15)	15	(18)
Net investment cash flow	(204)	(378)	(65)	(338)
Net financial cash flow	25	138	(175)	(251)
Total cash flow	8	(54)	15	(349)

Cash conversion cycle (restated after IFRS 15)

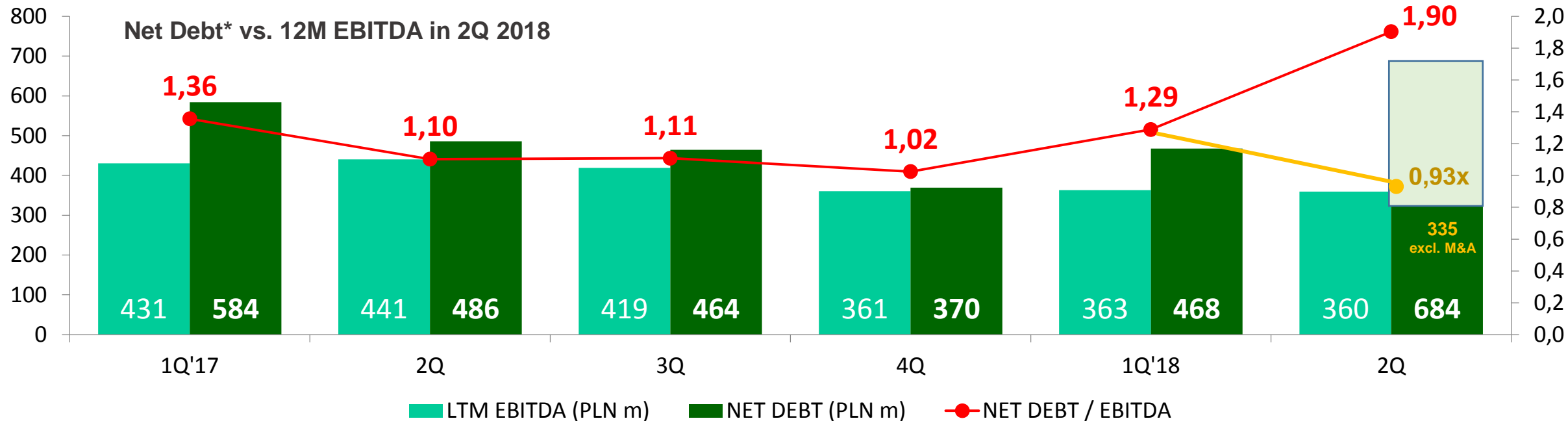


Strong cash generation sustained in 1H 2018.

Strong improvement of receivables rotation in wholesale segment

4. Net debt vs. normalized** LTM EBITDA

Strong Cash Flow sustained



Net Debt increase by 214m PLN despite payment of dividend (102m) and Mila acquisition (350m) in 2Q 2018.

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

Summary of the presentation

- ❑ Wholesale – strong performance supported by sales growth and profitability improvement.
- ❑ Retail – under reorganization. Asset base increased.
- ❑ Projects – Fresh Project crucial for Retail close to break even.
- ❑ Strong Cash Generation sustained -> Net Debt under control.

Improved operations and costs control. Space for further corrections.

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APPENDIX: 2Q 2018 FINANCIAL SUMMARY

Strong sales increase driven by wholesale segment

PLN m	2Q 2017	2Q 2018	% of Sales 2Q 2017	% of Sales 2Q 2018	Y/Y Change
Net sales	5 467 →	5 775			6%
Gross profit	655	706	12.0%	12.2%	8%
EBITDA (excluding Projects, normalized)	131 →	132	2.4%	2.3%	1%
EBITDA normalized*	120 →	120	2.2%	2.1%	0%
One-off costs*	114	3			
EBITDA reported*	5,9	117,0	0.1%	2.0%	1894%
EBIT normalized*	74,8 →	70,6	1.4%	1.2%	-6%
Profit before tax normalized*	66,7	62,0	1.2%	1.1%	-7%
Net profit	52,6 →	39,0	1.0%	0.7%	-26%

- ❑ Sales driven mainly by wholesale segment (+166m PLN), and consolidation of Mila (+120m PLN).
- ❑ Gross Margin increase by 0.24 p.p. YoY - stable in wholesale segment, driven by Mila.
- ❑ EBITDA driven by wholesale segment, and off-set by EKO stores remodeling.
- ❑ Depreciation driven by retail segment.
- ❑ Net Profit affected by increased effective tax rate due to changes in law.