

Polkowice, 12th of May 2016

CCC GROUP HAS BEEN BETTING ON CEE MARKETS

CCC S.A., the largest footwear retailer in Central Europe and the biggest footwear manufacturer in Europe, in 1st quarter 2016 achieved net loss in the amount of 17.8 million PLN with revenues from sales at the level of 534.6 million PLN. Loss of operations amounted to 4.8 million PLN, and with EBITDA profit in the amount of 11.4 million PLN.

In 1st quarter 2016, retail space of the company increased by around 20 thousand sqm., and total sales area, including franchise stores, both domestically and in the foreign market amounted to 391.3 thousand sqm. In described period, the Company made 24 openings of new stores and closed 5 existing stores of BOTI and LASOCKI. Quarterly balance of CCC Group in terms of expansion of distribution network is positive and amounts 19 stores.

In 2015, CCC SA presented updated development strategy, in which continuation of very successful expansion on CEE markets will have dominant role. The company has proven that precisely and accurately has been selecting the markets in which it operates and in years 2016-2017 the basic axis of growth will remain the countries of Central and South-Eastern Europe and the Baltic countries. Within next two years CCC Group plans to gain a leading position in each of the domestic footwear markets in the region and achieve constant profitability on the Austrian and German markets. Year 2016 is spectacular for CCC, because the Group's financial results are formed not only via stationary sale but also via Internet. In e-commerce, through synergy with eobuwie.pl SA, CCC Group strives for becoming a leader in online sales of shoes in Central Europe. Currently eobuwie.pl sells shoes and handbags through its regional domains in Poland, the Czech Republic, Slovakia, Germany, Romania, Hungary and since 2016 also in Ukraine. In the second quarter of this year the company plans to start sales in Bulgaria, and in the next in Lithuania.

FINANCIAL RESULTS OF CCC AFTER FIRST QUARTER OF 2016

Detailed financial data of CCC Group are as follows:

In thousand of PLN	Q1 2016	Q1 2015	change (value)	change (%)
Net revenues from sales	534,6	431,9	102,7	23,8 %
Operating profit (loss)	- 4,8	10,4	-	-
Net profit (loss)	-17,8	6,4	-	-

FOREIGN EXPANSION

At the end of March 2016 sales network abroad included 370 stores, inter alia: 80 stores in Czech Republic, 63 in Hungary, 58 in Germany, 43 in Romania, 37 in Slovakia, 30 in Austria, 17 in Croatia, 8 in Russia, 9 in Slovenia, 7 in Latvia, 5 in Ukraine.

In 1st quarter 2016 CCC Group made 19 openings of new stores on foreign markets. The major Company's activity area in described period remained Germany – 7 openings, Croatia – 4 openings and Austria – 3 openings. Other new stores are included in Hungarian market, which was enriched by 2 stores and Slovenian, Romanian and Czech markets, each increased by one store.

Number of own and franchise stores of CCC Group

Number of stores	Condition on 31.03.2015	Condition on 31.03.2016
CCC Poland	406	415
CCC Russia /Kazakhstan/ Ukraine - franchise	10	15
CCC Romania franchise	33	43
CCC Latvia/ Lithuania - franchise	6	9
CCC Czech Republic	78	80
CCC Slovakia	30	37
CCC Hungary	57	63
CCC Austria	23	30
CCC Slovenia	6	9
CCC Croatia	8	17
CCC Turkey	3	3
CCC Germany	32	58
CCC Bulgaria	2	6
Lasocki	4	0
BOTI – own stores	25	0
BOTI – franchise	6	0
Total number of units	729	785

„The first quarter was a little disappointing in terms of sales and did not meet our ambitious expectations. Too long winter was effectively discouraging customers to purchase footwear for warmer days. The weather wasn't on our side and interfered with our plans, but not for long. Slightly worst aura of the first quarter was finished in April, where sales exceeded our expectations. This is confirmed by the fact that the problem of the quarter were not offered models, the quality or the brand itself, but unfavorable weather conditions, so important in our industry. We have been getting larger, we have been growing at a satisfactory speed, we have been gaining new markets and for short time we have been also operating through a new distribution channel, so certainly we cannot speak about a failure but being successful. In 2016 we announced a two-year strategy, according to which we will be continuing very successful expansion on the markets of Central and South-Eastern Europe and the Baltic countries. CCC S.A. is not only stationary sales but also online in which we see a huge potential



and the results of the first quarter confirm our conviction about the right decision on acquisition of e-commerce leader. It is worth to notice that revenue synergies have been already starting and own brands of CCC are popular also in online sales and have been ranked on first place among the most frequently chosen brands, on offer of over 400 brands of eobuwie.pl” – said Dariusz Milek, President of the Management Board of CCC S.A.

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The Group CCC is a leader on retail footwear market in Central Europe and the largest manufacturer in Europe. The Capital Group of CCC consists of CCC S.A. - The company managing the network sales, CCC Factory Ltd., dealing with the production of footwear, and companies managing sales on foreign markets; CCC Czech s.r.o., CCC Slovakia s.r.o., CCC Hungary Shoes Kft, CCC Austria Ges.m.b.H., CCC Germany G.m.b.H., CCC Turkey, CCC Bulgaria. Sales of a collection is run in total in more than 790 outlets. Suppliers of shoes for the Company are both foreign manufacturers (especially sewing on behalf of the CCC, Chinese producers), domestic ones as well as our own production facilities. The CCC Group's share in the highly fragmented market of footwear is estimated at over 20%.