



**CCC**  
SHOES & BAGS



In 2015 the CCC Group continued implementing of the strategy of dynamic foreign expansion, with the CEE countries being the most important part of the future growth. Besides Poland, Czech Republic, Slovakia and Hungary, very significant investments were made in Germany and Austria.

2015 was without any doubt seriously affected by the weather conditions in the region. It was the warmest year in the history of meteorological measurement, which resulted in customers' lack of motivation to purchase Autumn-Winter collection.

2015 marked the last year of the three-year strategy of the foreign expansion disclosed in August 2012. During this time CCC Group proved its competence and competitive advantages. Strategy will be continued in the years 2016–2017 and the CEE and SEE as well as Baltic countries remain the core focus of the growth. On top of that the CCC Group is aiming at becoming the leader of online footwear sales in Central Europe over the next three years.

## CCC S.A. – stock listed since 2004



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## Stock info

Share price = 132,35 PLN

Reuters: CCCC.WA

Bloomberg: CCC PW

www.ccc.eu

## Market Cap

(PLNm) 5 082

(EURm) 1 160

Number of shares 38.400.000

Free float 49,8%

## CCC – The largest footwear company in Eastern Europe

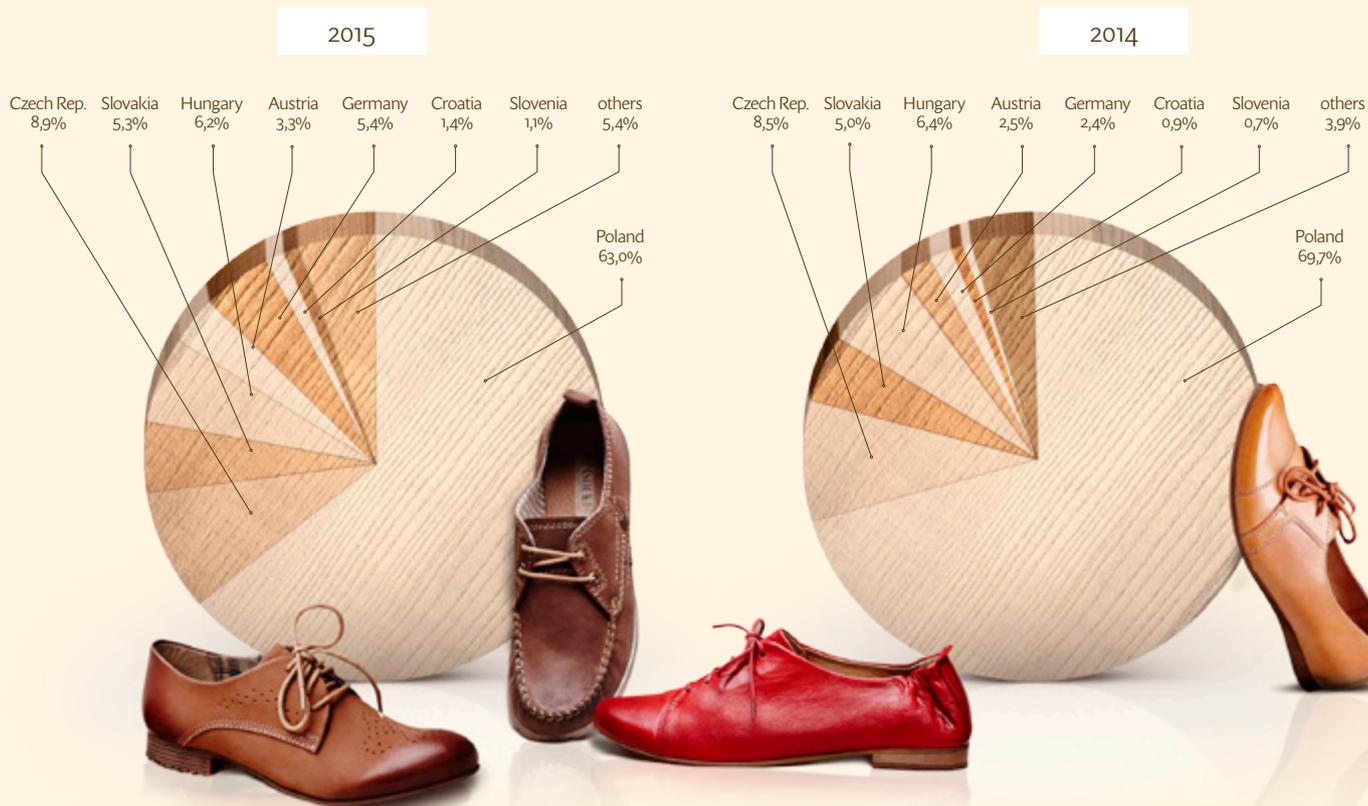


## CCC Group – outlets in Poland and abroad (31.12.2015)

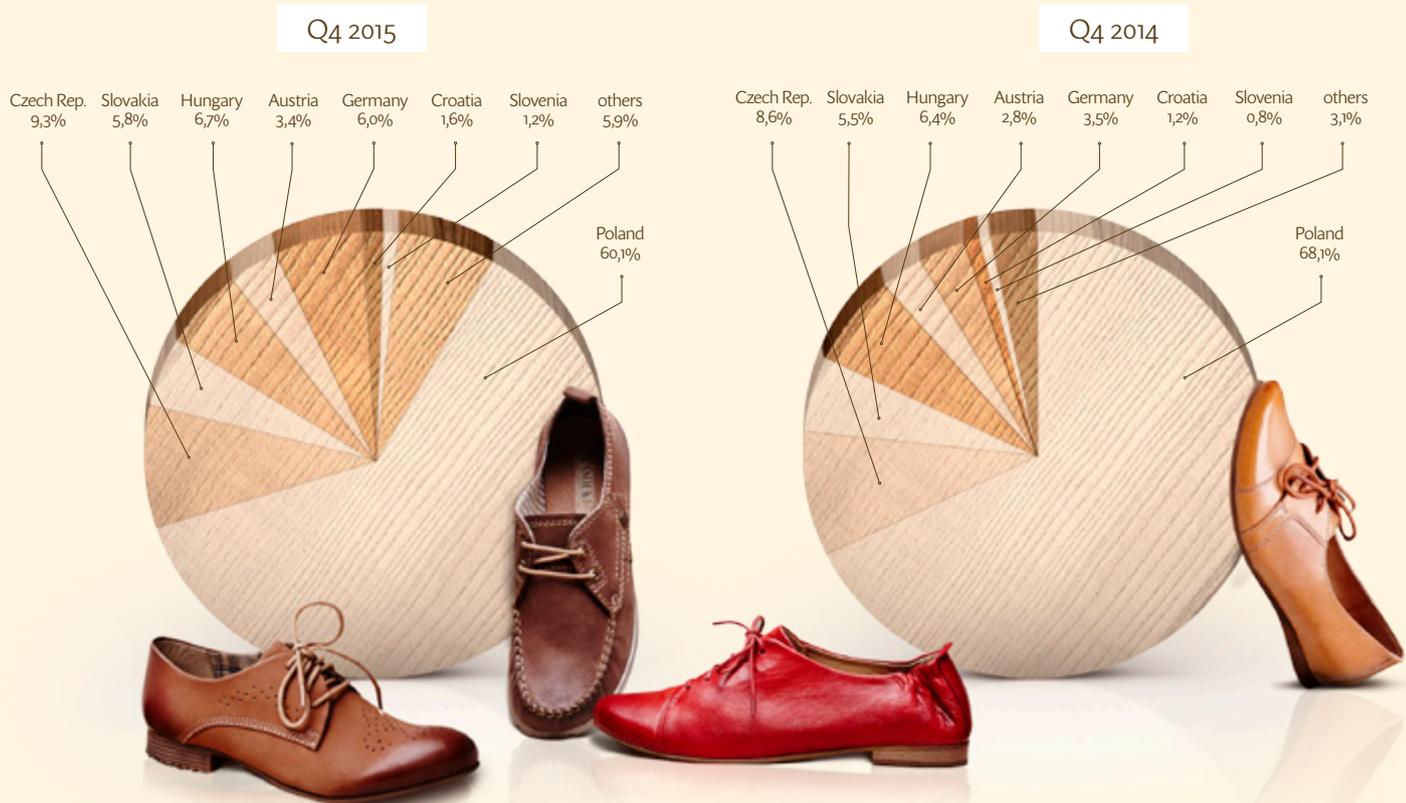
|                                |            |
|--------------------------------|------------|
| <b>Total number of outlets</b> | <b>773</b> |
| <b>Owned</b>                   | <b>703</b> |
| Poland                         | 418        |
| Czech Republic                 | 79         |
| Slovakia                       | 37         |
| Hungary                        | 61         |
| Austria                        | 27         |
| Croatia                        | 13         |
| Turkey                         | 3          |
| Germany                        | 51         |
| Slovenia                       | 8          |
| Bulgaria                       | 6          |
| <b>Franchise</b>               | <b>70</b>  |
| Poland                         | 4          |
| Romania                        | 42         |
| Russia                         | 8          |
| Latvia                         | 7          |
| Lithuania                      | 2          |
| Kazakhstan                     | 2          |
| Ukraine                        | 5          |



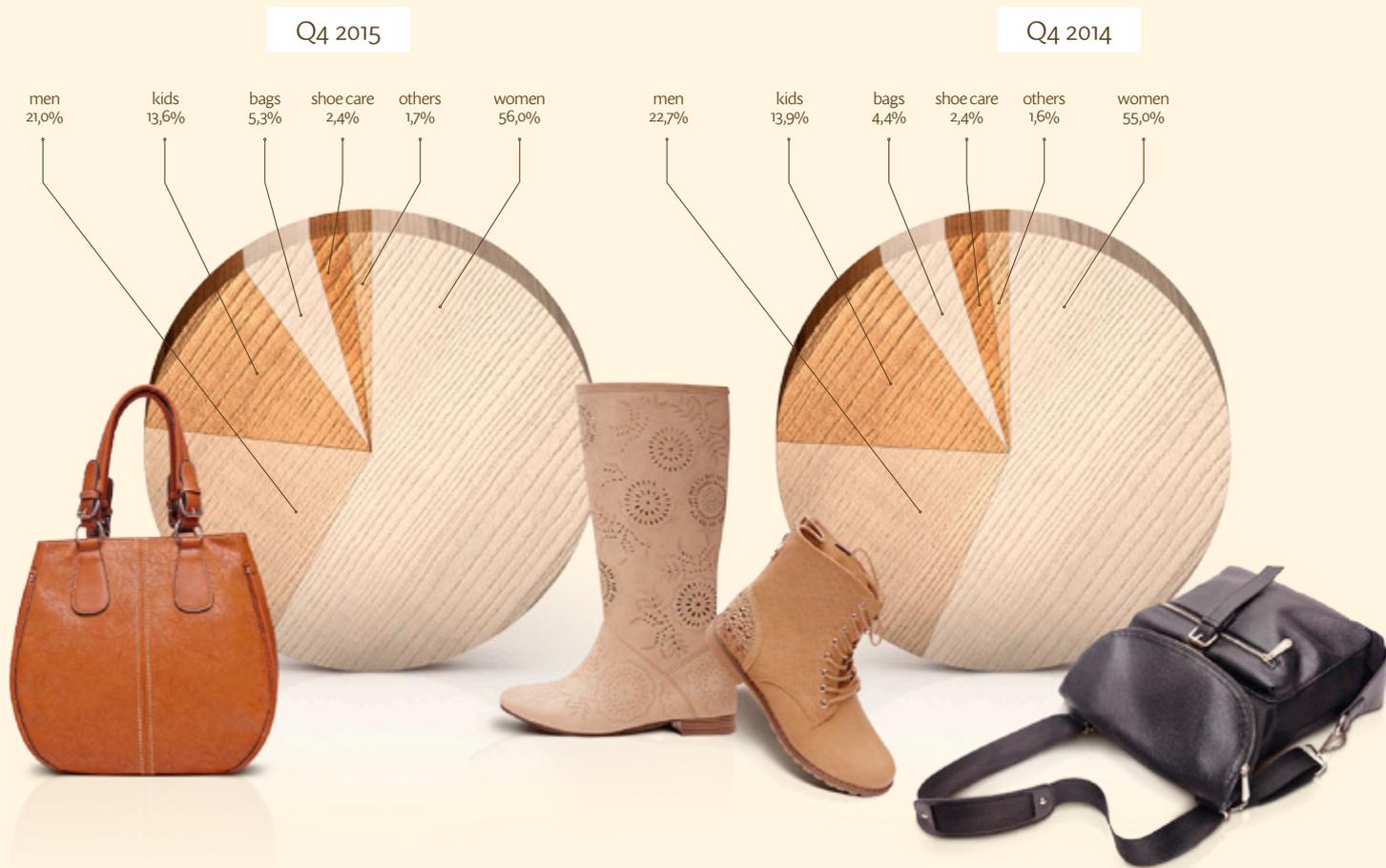
## Structure of sales by countries [PLN]



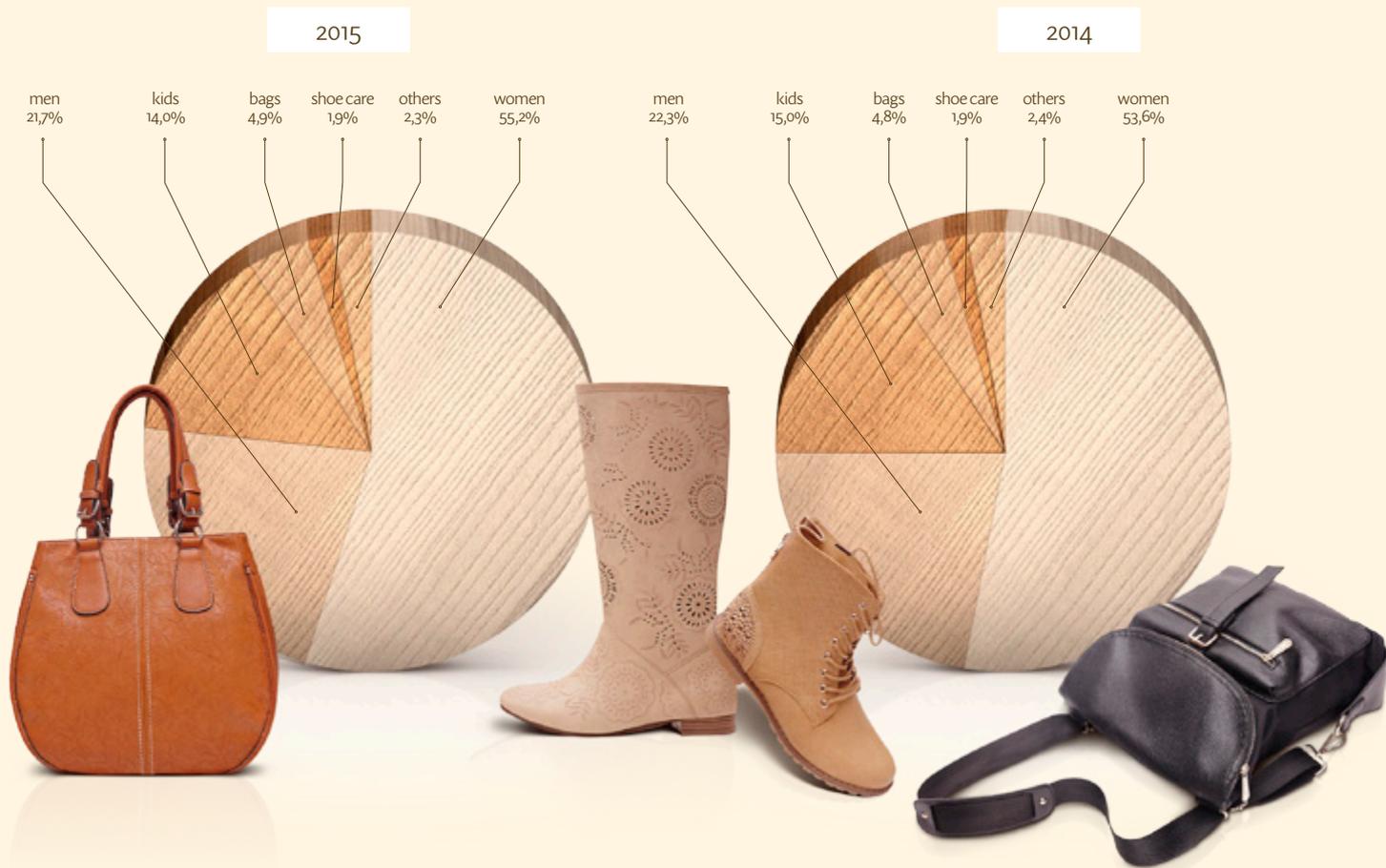
## Structure of sales by countries [PLN] – Q4

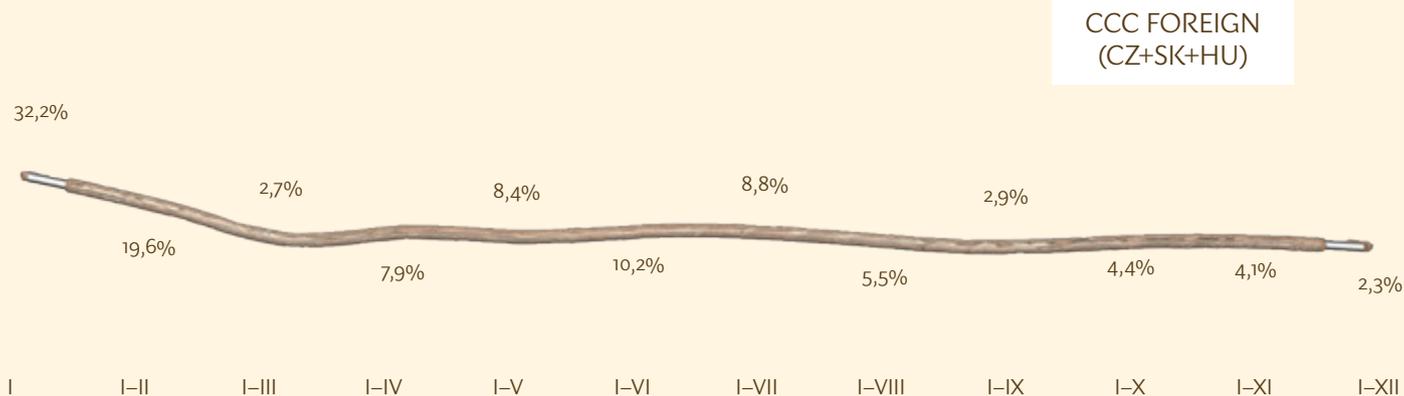
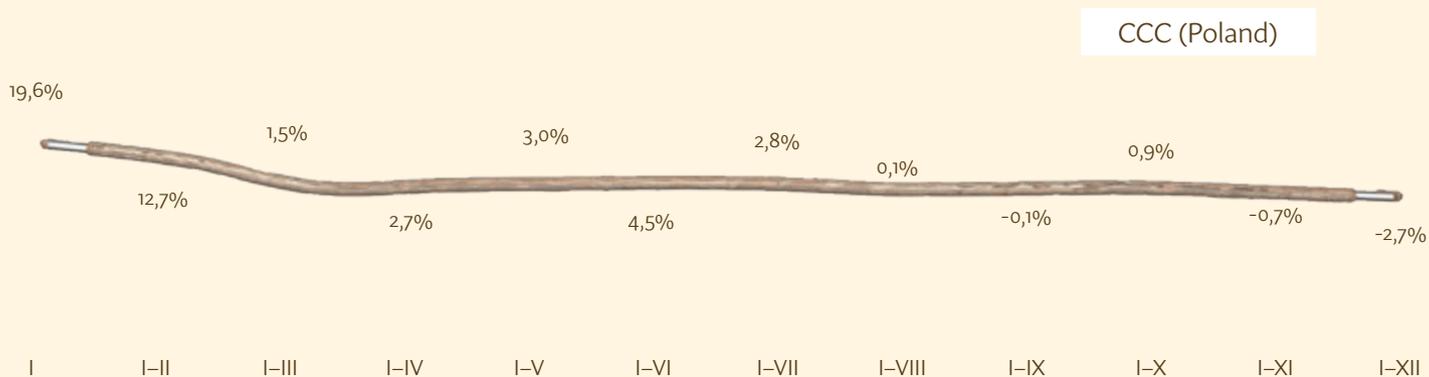


## Structure of sales by products (value) – Q4



## Structure of sales by products (value)







|                                | Q4 2014<br>'000 PLN | Q4 2015<br>'000 PLN | change %<br>2015/2014 |
|--------------------------------|---------------------|---------------------|-----------------------|
| Revenue                        | <b>679 201</b>      | <b>755 416</b>      | <b>11,2%</b>          |
| Gross Profit on Sale           | 371 325             | 407 393             | 9,7%                  |
| Gross Profit on Sale Margin    | 54,7%               | 53,9%               | -0,8 p.p.             |
| Selling Costs                  | -224 827            | -269 912            | 20,1%                 |
| General & Administrative Costs | -52 359             | -26 826             | -48,8%                |
| EBIT                           | 98 798              | 118 295             | 19,7%                 |
| EBIT Margin                    | 14,5%               | 15,7%               | 1,2 p.p.              |
| Financial Costs                | -6 021              | -3 977              | -33,9%                |
| Profit Before Taxes            | 95 059              | 114 318             | 20,3%                 |
| Net Profit                     | <b>309 939</b>      | <b>105 222</b>      | <b>-66,1%</b>         |
| Net Profit Margin              | 45,6%               | 13,9%               | -31,7 p.p.            |
| Adjusted Profit Before Taxes   |                     |                     |                       |
| Adjusted Net Profit            | 130 280             | 128 218             | -1,6%                 |
| Adjusted Net Profit Margin     | 115 814             | 107 593             | -7,1%                 |



|                                | 2014<br>'000 PLN | 2015<br>'000 PLN | change %<br>2015/2014 |
|--------------------------------|------------------|------------------|-----------------------|
| Revenue                        | <b>2 009 059</b> | <b>2 307 738</b> | <b>14,9%</b>          |
| Gross Profit on Sale           | 1 106 212        | 1 243 208        | 12,4%                 |
| Gross Profit on Sale Margin    | 55,1%            | 53,9%            | -1,2 p.p.             |
| Selling Costs                  | -775 298         | -928 801         | 19,8%                 |
| General & Administrative Costs | -78 322          | -77 746          | -0,7%                 |
| EBIT                           | 243 234          | 248 528          | 2,2%                  |
| EBIT Margin                    | 12,1%            | 10,8%            | -1,3 p.p.             |
| Financial Costs                | -21 174          | -24 203          | 14,3%                 |
| Profit Before Taxes            | 225 135          | 225 975          | 0,4%                  |
| Net Profit                     | <b>420 356</b>   | <b>250 590</b>   | <b>-40,4%</b>         |
| Net Profit Margin              | 20,9%            | 10,9%            | -10,1 p.p.            |
| Adjusted Profit Before Taxes   |                  |                  |                       |
| Adjusted Net Profit            | 262 395          | 256 548          | -2,2%                 |
| Adjusted Net Profit Margin     | 236 263          | 228 270          | 3,5%                  |

## Consolidated Cash Flow Statement



|                                     | 2014<br>'000 PLN | 2015<br>'000 PLN |
|-------------------------------------|------------------|------------------|
| <b>net operating CF:</b>            | <b>54 045</b>    | <b>287 021</b>   |
| – changes in inventory              | -278 279         | 58 655           |
| – changes in receivables            | -35              | 13 369           |
| – changes in short term liabilities | 32 463           | -60 639          |
| <b>net investment CF:</b>           | <b>-205 194</b>  | <b>-112 087</b>  |
| Income                              | 16 450           | 24 497           |
| Expenses                            | -221 644         | -136 584         |
| <b>net financial CF:</b>            | <b>169 319</b>   | <b>8 521</b>     |
| Income                              | 404 193          | 303 535          |
| Expenses                            | -234 874         | -295 014         |
| <b>Total Cash Flow</b>              | <b>18 170</b>    | <b>183 455</b>   |
| cash at the beginning of the period | 143 736          | 161 906          |
| cash at the end of the period       | 161 906          | 345 361          |

\* excluding loans, credits and bonds

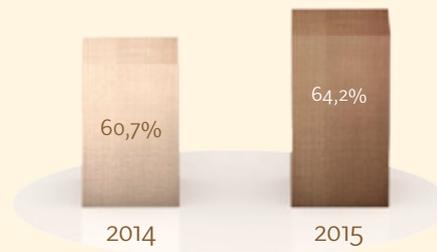
|                                     | 2014<br>'000 PLN | 2015<br>'000 PLN |
|-------------------------------------|------------------|------------------|
| Fixed assets                        | 812 507          | 898 438          |
| Current assets, including:          | 981 725          | 1 110 895        |
| – inventory                         | 741 286          | 682 632          |
| – cash and cash equivalents         | 161 906          | 345 361          |
| <b>Total assets</b>                 | <b>1 794 232</b> | <b>2 009 333</b> |
| Equity capital                      | 952 239          | 1 120 479        |
| Long-term liabilities, including:   | 256 935          | 335 541          |
| – Long-term bank loans and credits  | 216 000          | 296 000          |
| Short-term liabilities, including:  | 585 058          | 553 313          |
| – Short-term bank loans and credits | 362 007          | 422 805          |
| <b>Total liabilities</b>            | <b>1 794 232</b> | <b>2 009 333</b> |



## CCC Group – Unleveraged retailer

wskaznik zadłużenia  
kapitału własnego (%)

(liabilities: credits, loans, leasing) /  
equity

wskaznik zadłużenia  
/ EBITDA

(liabilities: credits, loans, leasing – cash) /  
EBITDA

wskaznik pokrycia  
odsetek zyskiem

(gross profit + interest on credits, loans and leasing) /  
(interest on credits, loans and leasing)



## Strategy of NG2 Group




*The strategic goal for the years 2013-2015 is to become the market leader in each of the CEE countries: Poland, Czech Republic, Slovakia and Hungary.*

- NG2 Group intends to take the opportunity of the economic slowdown and to increase the total floorspace by 80% (150.000 sq.m.) till the end of 2015
- In Poland, Czech Republic, Slovakia and Hungary only owned stores will be opened. In Russia, Romania, Baltic States and other countries franchise business model will be developed.

*NG2 intends to increase rapidly scale of the business while maintaining high profitability accompanied by the high ROE.*

- NG2 Group will double its revenue until 2015
- Long term sustainable EBIT Margin is estimated at 15-16% while Net Profit Margin at 11-13%
- ROE will be above 20%

*Sales parametres will be improved substantially*

- Widening product offer and introducing new assortment
- Marketing activities supporting CCC brand
- Active promotion of CCC Club (loyalty program)

## Strategy of CCC Group for 2013–2015 – fulfillment

| TARGET   | FULFILLMENT   | RATING  |
|--|---|---|
| Becoming the footwear market leader in each of the CEE countries                         | CCC is the biggest footwear retailer in the CEE region (PL, CZ, SK, HU, RO, BG)   |   |
| Increase of floorspace by almost 80% (over 147k sqm between June 2012 and December 2015) | Floorspace increased by over 123% (over 205k sqm)   |   |
| Doubling of turnover until 2015  | Turnover increased between 2012 and 2015 from 1,3B PLN to 2,3B PLN  |   |
| Maintaining high margin rate and ROE   | Despite the aggressive expansion, net margin (adjusted) in 2014 and 2015 was respectively 11% and 10%, while ROE didn't fall below 20%. |  |

### **CCC strategy – set of unique competences building competitive advantages on the European footwear retail market**

- Fast Fashion  
Providing CCC customers with thousands of different models during one season. Short product lines, variety of colours and styles guarantee high number of visitors and frequency of purchases.
- Price to Quality Ratio  
CCC price offer is very attractive, both for leather and synthetic shoes.
- Private labels in traditional retail and multibrand online  
CCC sells in traditional stores only private labels produced either in own factory in Poland or outsourced in Far East. Online channel, via eobuwie.pl platform, offers tens of thousands of models from world's most renowned brands.

#### **Key resources:**

- logistics – state-of-the-art warehouse and distribution facilities
- Production in Poland and abroad;
- strong balance sheet;
- unique e-commerce competences;
- know-how in design and collection, retail management, marketing and HR.





**The strategic goal for the years 2016-2017 is to continue very successful expansion in the CEE countries and becoming the leader of footwear market in each country of the region.**

- Already in 2014 CCC became the biggest footwear retailer of the CEE region (PL, CZ, SK, HU, RO, BG).
- In 2016 opening of one new distribution unit is planned – in Serbia. Also franchising business is about to commence in Estonia.

**Another strategic goal involves reaching break even point in Austria and Germany and starting making profit in those countries by the end of 2017.**

- Experience of the first two years of expansion shows that breaking even in those countries is possible, but it takes much longer than in the CEE markets.
- Target for 2016 is reaching LFL sales dynamics in Germany and Austria of respectively 15% and 10%.

**The strategic goal of e-commerce branch is exercise of synergies within CCC Group and making eobuwie.pl the leader of online footwear sales in Central Europe region.**

- Currently eobuwie.pl SA sales footwear through its regional domains in Poland, Czech Republic, Slovakia, Germany, Romania and Hungary.
- In 2016 sales are to be commenced in Bulgaria, Lithuania and Ukraine.

**2016 is going to be the most spectacular year of the foreign expansion period. The CCC Group will grow by no less than 100.000 sqm net of new floorspace (27% increase):**

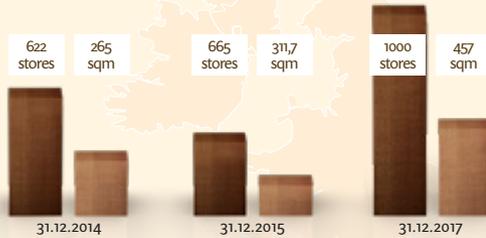
- ca. 77.000 sqm net (110 stores) to be opened outside of Poland;
- ca. 23.000 sqm net (40 stores) to be opened in Poland.
- The biggest floorspace growth is expected in Poland, Germany, Austria and Romania. All the other countries will also have proportional, high participation in floorspace growth.
- CAPEX in 2016 is expected to exceed 140M PLN.
- Online sales growth is expected to reach at least 75%.
- Aquisition of 74,99% shares of eobuwie.pl SA will cost 220-230M PLN (12 x EBITDA).



# Expansion strategy 2015-2017

## Central Europe

(PL, CZ, SK, HU, HR, SLO, RO, BLG, LT, LV, EST, SRB)



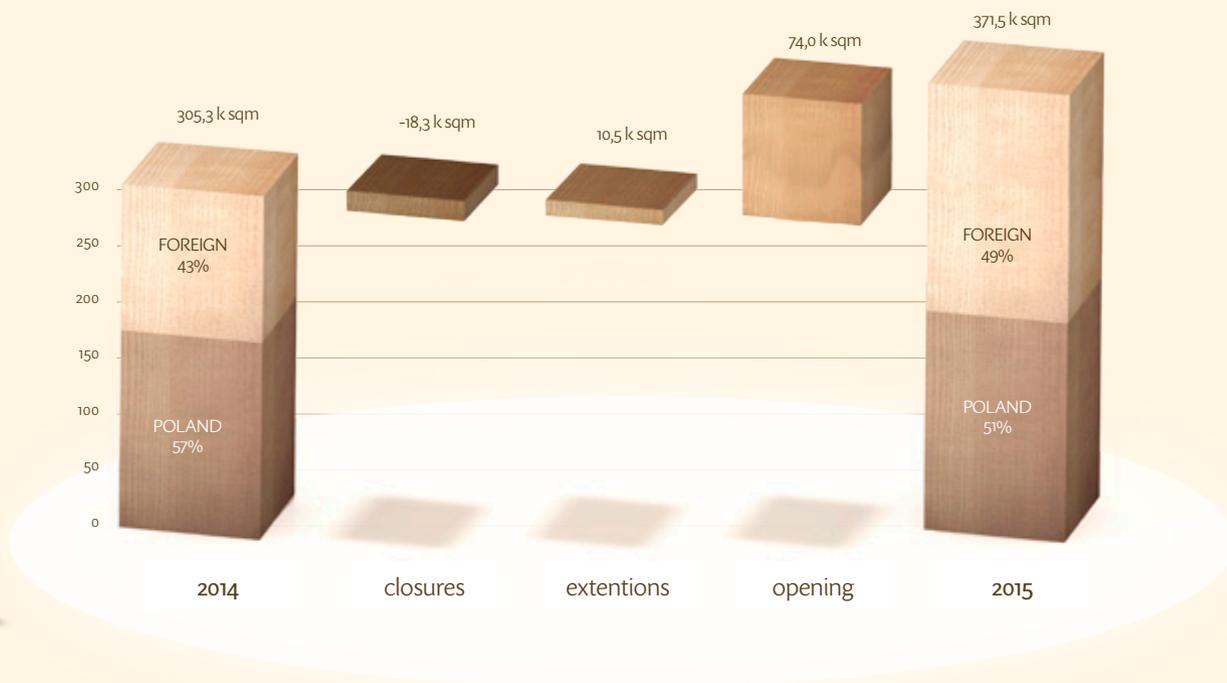
## Germany and Austria



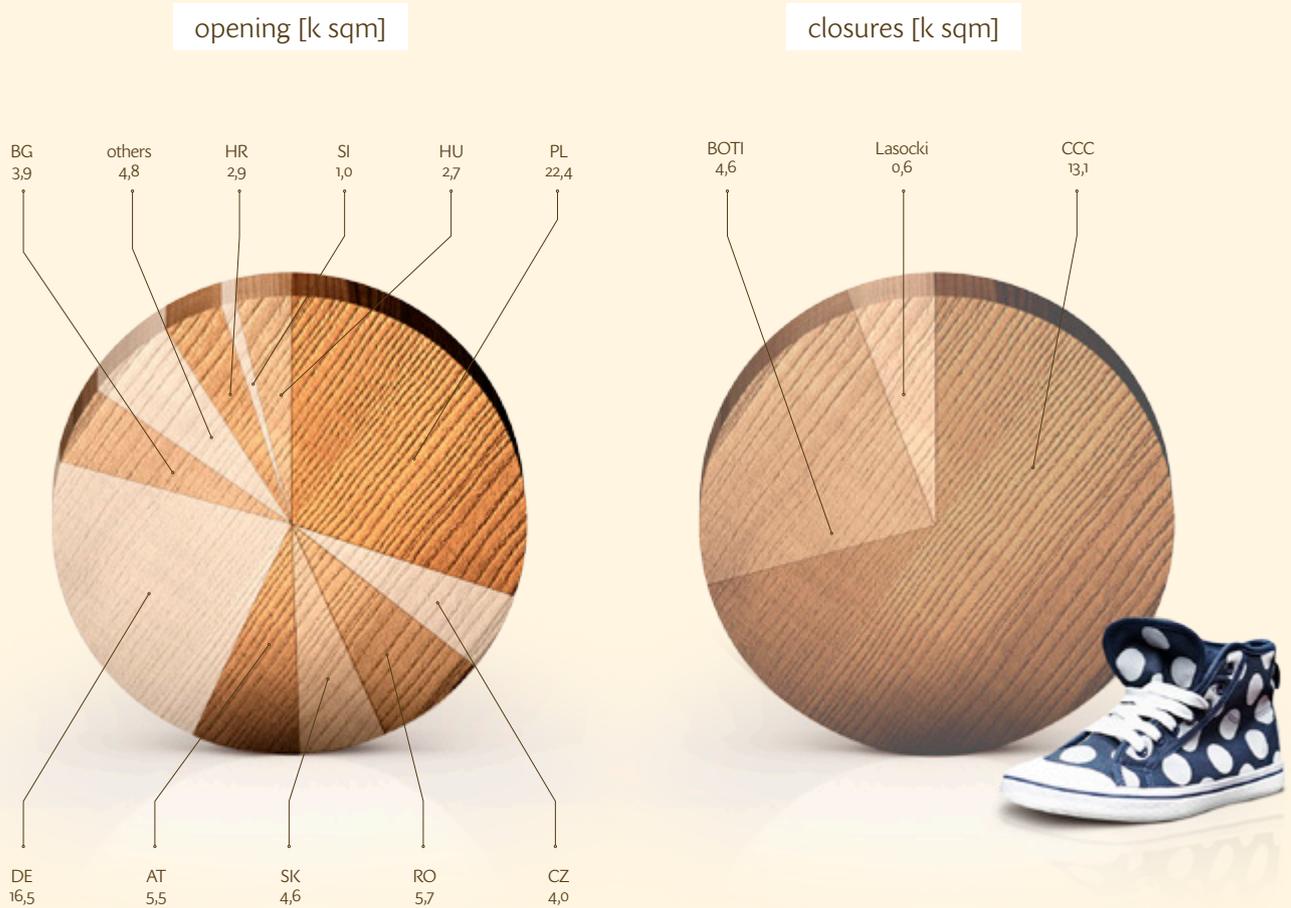
## Total



## Increase of floorspace 2015 – components



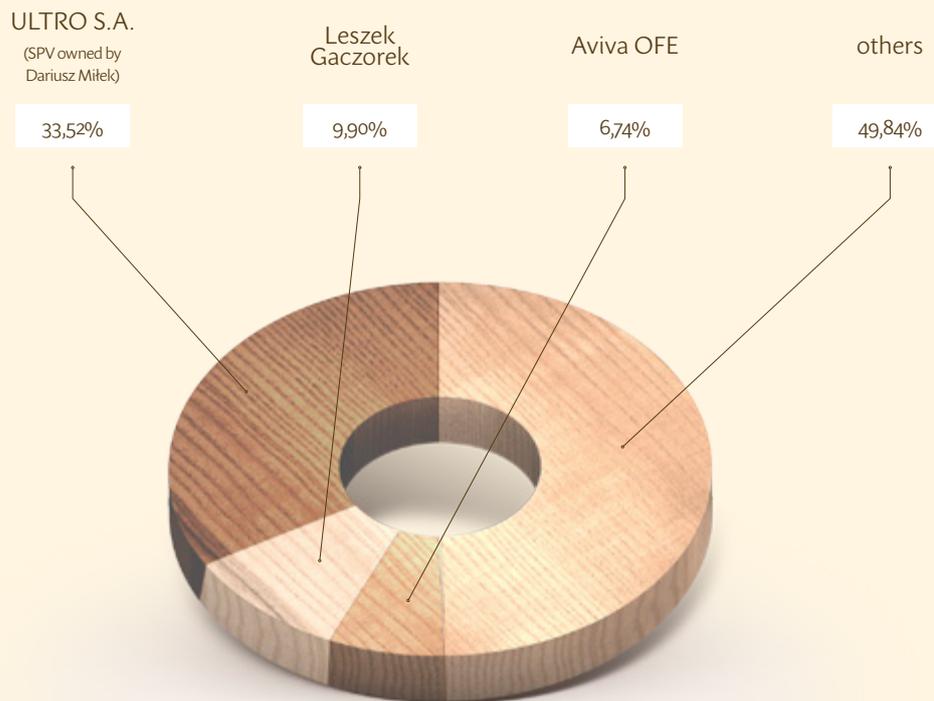
## Increase of floorspace 2015 – components



## CCC Group owned and franchised stores

|              |                    | 2011           |            | 2012           |            | 2013           |            | 2014           |            | 2015           |            |
|--------------|--------------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|
| Sieć         | Rodzaj             | sqm            | number     |
| CCC          | OWNED              |                |            |                |            |                |            |                |            |                |            |
|              | Poland             | 100 929        | 293        | 132 268        | 375        | 141 960        | 379        | 166 946        | 405        | 186 782        | 410        |
|              | Czech Republic     | 16 470         | 52         | 20 996         | 62         | 26 947         | 73         | 32 309         | 79         | 36 104         | 79         |
|              | Slovakia           | 0              | 0          | 5 290          | 12         | 10 646         | 25         | 13 866         | 30         | 18 852         | 37         |
|              | Hungary            | 0              | 0          | 6 028          | 15         | 23 456         | 50         | 27 689         | 57         | 30 462         | 61         |
|              | Austria            | 0              | 0          | 0              | 0          | 2 816          | 6          | 9 184          | 17         | 14 681         | 27         |
|              | Slovenia           | 0              | 0          | 0              | 0          | 924            | 2          | 3 646          | 6          | 4 603          | 8          |
|              | Croatia            | 0              | 0          | 0              | 0          | 1 651          | 3          | 4 436          | 8          | 7 314          | 13         |
|              | Turkey             | 0              | 0          | 0              | 0          | 1 165          | 2          | 1 805          | 3          | 1 805          | 3          |
|              | Germany            | 0              | 0          | 0              | 0          | 2 272          | 4          | 18 380         | 27         | 34 920         | 51         |
| Bulgaria     | 0                  | 0              | 0          | 0              | 0          | 0              | 0          | 0              | 3 875      | 6              |            |
| FRANCHISE    | Russia             | 1 994          | 5          | 1 828          | 5          | 2 178          | 6          | 1 781          | 5          | 3 617          | 8          |
|              | Kazakhstan/Ukraine | 0              | 0          | 685            | 2          | 1 587          | 4          | 2 288          | 6          | 3 055          | 7          |
|              | Romania            | 0              | 0          | 2 074          | 5          | 7 869          | 19         | 13 454         | 31         | 19 325         | 42         |
|              | Latvia             | 0              | 0          | 1 430          | 3          | 2 212          | 5          | 2 622          | 6          | 3 232          | 7          |
|              | Lithuania          | 0              | 0          | 0              | 0          | 0              | 0          | 0              | 0          | 1 187          | 2          |
|              | Poland             | 13 389         | 49         | 1 586          | 8          | 1 586          | 8          | 0              | 0          | 0              | 0          |
|              | CCC TOTAL          |                | 132 781    | 399            | 172 186    | 487            | 227 269    | 586            | 298 406    | 680            | 369 814    |
| other        |                    | 41 394         | 315        | 29 404         | 222        | 16 649         | 126        | 6 913          | 49         | 1 687          | 12         |
| <b>TOTAL</b> |                    | <b>174 175</b> | <b>714</b> | <b>201 589</b> | <b>709</b> | <b>243 918</b> | <b>712</b> | <b>305 319</b> | <b>729</b> | <b>371 501</b> | <b>773</b> |

## Shareholders structure (votes)



CCC S.A. has been listed on Warsaw Stock Exchange since 2004

The main shareholder and founder of CCC Group is The President of Management Board Mr Dariusz Miłek

Number of shares

38 400 000

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