

**Sales of the CCC Group increased by 25% in the fourth quarter.
The importance of the e-commerce channel is growing.**

The Management Board of CCC published preliminary financial data for the fourth quarter of 2018. In accordance with the undertaken strategic decision regarding the disposal of shares of CCC Germany, the presented information refers to the continued operations¹. The Group consistently implements the commercial space growth plan, by which a platform for further development of sales potential is being built. In the fourth quarter of 2018, one-fifth of the Group's sales came from the e-commerce channel. The operating costs of stores and the level of inventory per square meter are successively falling. Efforts to improve working capital are continued successfully.

The sales of the CCC Group in the fourth quarter of 2018 amounted to PLN 1,603 billion, which means an increase of 25% year-on-year. Gross sales profit at the consolidated level increased by 24% to PLN 818 million. Gross margin increased both in the offline channel (53.5%, increase by 0.1 pp) and in e-commerce (41.8%, increase by 0.4 pp).

At the Group level, there was a slight decrease ("dilution") of the gross margin, by 0.4 pp (to the level of 51.1%), resulting from the change in the revenue structure - as a result of the growing share of e-commerce in sales. The EBITDA profit reached at the level of PLN 201 million (220 million in Q4 2017 - a decrease by 9% yoy), was mainly due to lower sales in the first prices at the beginning of the quarter, which was a consequence of unfavourable weather conditions.

The costs increased to PLN 673 million (PLN 458 million in Q4 2017), mainly due to the consolidation of the acquired companies (in total PLN 131 million, including: KVAG PLN 96 million, PLN 32 million CCC Romania and PLN 3 million DeeZee) and an increase in the floor space (PLN 63 million) and the e-commerce scale (PLN 16 million). Clear progress can be seen in terms of reducing the costs of stores - thanks to the optimization of business processes, we were able to reduce them by 11% yoy, calculated per square meter, in conditions of high wage pressure.

Ultimately, the CCC Group generated a net profit from the continued operations in the fourth quarter in the amount of PLN 126 million (-18% yoy).

CCC is successfully performing works under the optimization of working capital. Trade liabilities increased by PLN 620 million to PLN 856 million. In addition, the level of inventories per square meter decreased by 3% yoy and is at the lowest level since 2016.

Sales in the e-commerce segment amounted to PLN 328 million (PLN 199 million In Q4 2017, increase by 64% yoy) and already accounts for 20% of the Group's revenues. The dynamic development in this sales channel is mainly due to eobuwie.pl. In the e-commerce segment, the results of DeeZee and the sales of Voegele in the online channel are also included.

"The results of the fourth quarter were largely determined by weather conditions, in particular the high temperature recorded in October, which is the most important month of the year for CCC. This was not conducive to the sale of the fall-winter collection in the first prices. With the dynamically developing commercial floor space, the profitability of stores is crucial to us, which is being increased efficiently by reducing the costs of their operation. A very significant decision made in the fourth quarter of 2018 was to sell CCC Germany, which eliminated the unprofitable part of the business.

The product development still remains the most crucial task for CCC, as well as adapting it to the customer's needs and strengthening new sales channels. This aim is being reached, among others by expanding the portfolio of available brands, including Gino Rossi, DeeZee, sports brands and multidimensional development of e-commerce and omnichannel. We expect that the results of these activities will be visible in the forthcoming quarters.", noted Marcin Czycherski, Vice President of the Management Board for Finance.

The total floor space of the CCC sales network at the end of Q4 2018 amounted to over 660,000 m² and consisted of 1125 stores, out of which more than half was situated abroad. Revenues in 2018 reached over PLN 4.7 billion. The CCC group is present in a total of 23 countries (18 offline and 15 online). As at December 31, 2018, there were over 14,000 employees of the CCC Group.

More information:

Wojciech Latocha

Investor Relations Manager

tel. +48 76 84 58 519

kom. +48 887 448 312

e-mail: wojciech.latocha@ccc.eu

