



**CCC**  
GROUP

**GO.22**

**MOVING  
TOWARDS OMNICHANNEL**

CCC Group  
2020-2022 Strategy

Gino Rossi, SS'20 collection

January 2020

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## PRESENTATION TEAM



**DARIUSZ  
MIŁEK**

Chairman  
of the Supervisory Board  
(since 2019), Founder

Delegated by the Supervisory Board to  
oversee Product, Marketing, Expansion

**CCC S.A.**



**MARCIN  
CZYCHERSKI**

President of the  
Management Board  
**CCC S.A.**



**MARCIN  
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President of the  
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Vice President of the  
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Chief Strategy and  
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**CCC S.A.**

## AGENDA



**INTRODUCTION**



**DIAGNOSIS**



**GROUP STRATEGY**



**Q&A**

2020  
2022

GO.22

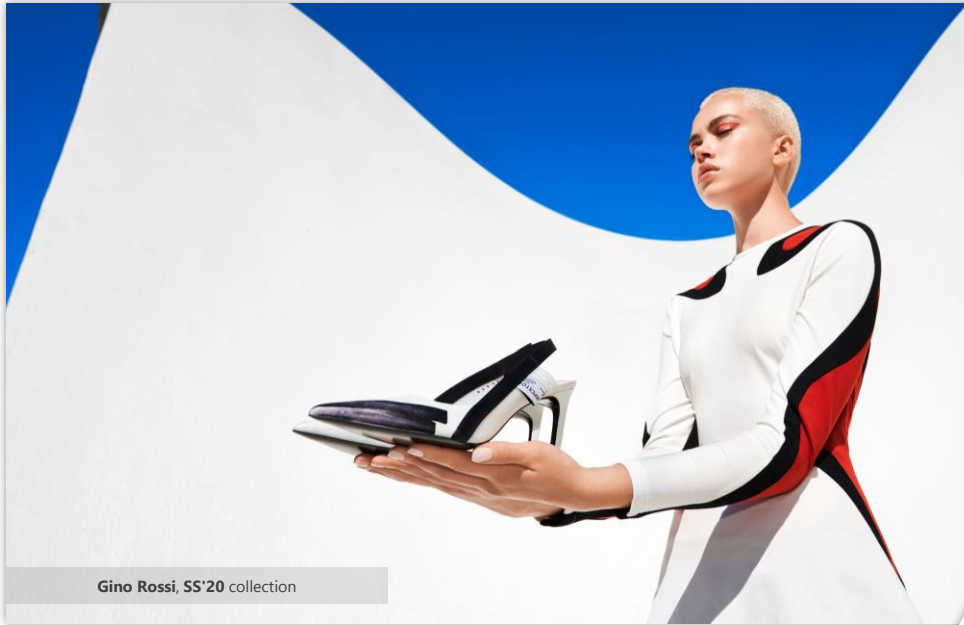
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Sprandi, SS'20 collection

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Gino Rossi, SS'20 collection

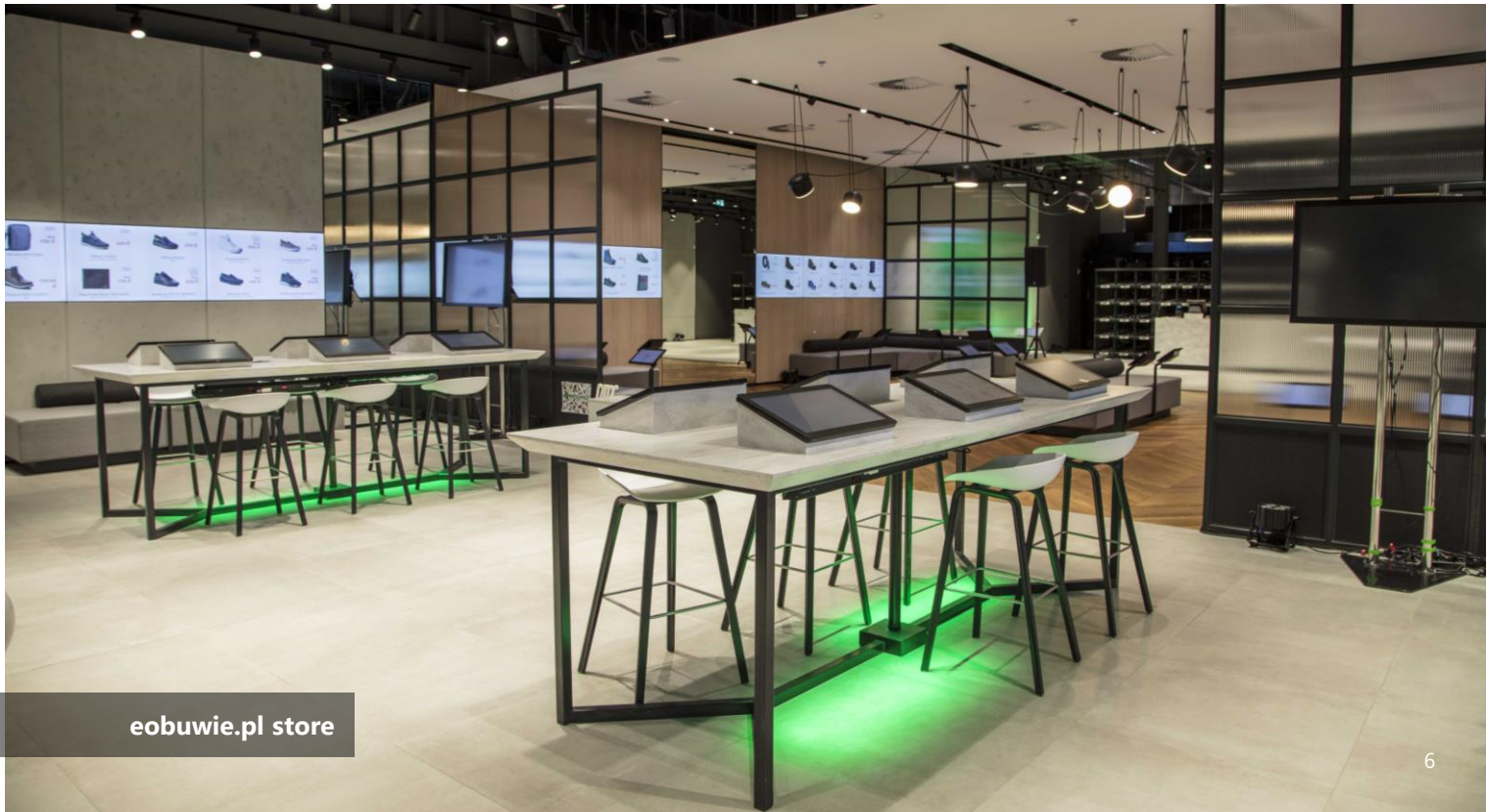


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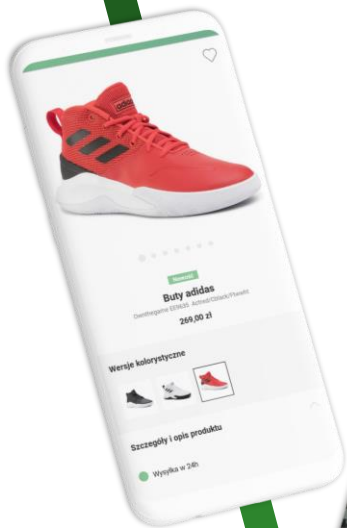
**INTRODUCTION**



CCC store



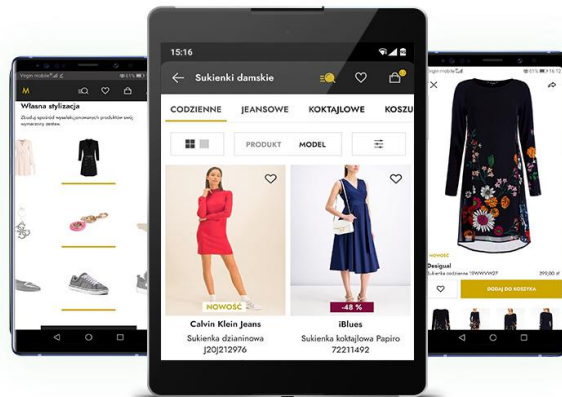
eobuwie.pl store



eobuwie.pl & MODIVO  
mobile applications

# MODIVO

## TWÓJ INTERNETOWY SKLEP Z MODĄ PREMIUM



Pobierz >>



**1,242 stores**  
**760 thsd m<sup>2</sup>**

*offline presence*  
in **23** countries

**PLN 5.8bn** in sales  
**22%** 2016-2019  
CAGR

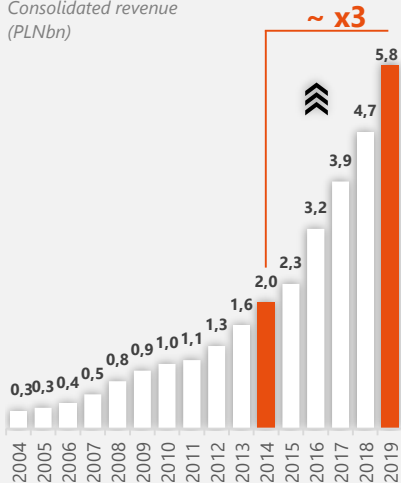
**30+**  
*online*  
*sales platforms*

*online presence*  
in **15** countries

**PLN 1.5bn** in  
*online sales*  
**70%** 2016-2019 CAGR

**1** We have grown at an above-average pace

Consolidated revenue (PLNbn)



**2** We are CEE's leader, but our ambition is to achieve more and keep good pace with rapid market developments



~20% market share<sup>1</sup>



1 – CCC estimates (2018)

**3** Therefore, we have carried out a strategic review

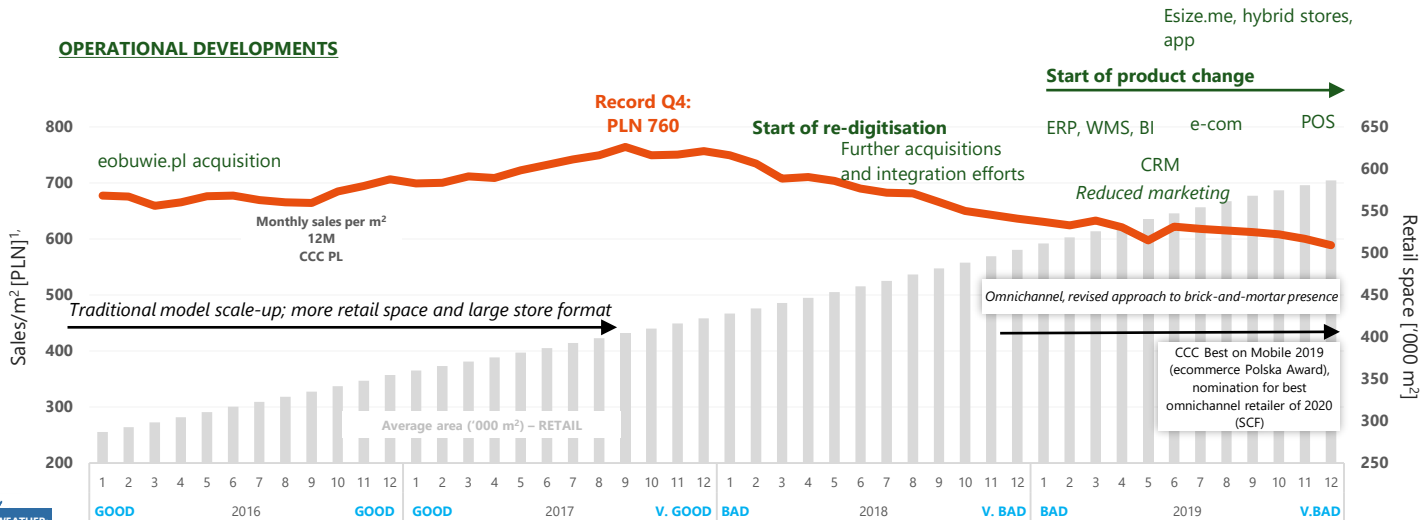
STRATEGIC REVIEW

- Taking stock of the current situation
- Streamlined activities
- Common direction for development
- Monitoring and communication

# OVERVIEW OF THE LAST THREE YEARS

**WE ARE UPDATING OUR BUSINESS MODEL, BUT THE PACE OF CHANGE, WEATHER AND INVENTORY CUTBACKS HAVE AFFECTED OUR MARGINS**

## OPERATIONAL DEVELOPMENTS



CCC inventories '000 PLN/m², end of year **2.0** Optimistic orders LFL 10% in 2017 **2.5** Inventory cutbacks **2.3** Inventory cutbacks **1.93²**

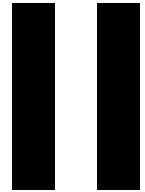
1 – Annualised data (LTM) for Poland (CCC Retail)  
 2 – Age structure at end of year 2019: Current collection 75%, Collection -1 18%, Collection -2 7%, older Collections +/- 0%

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Jenny Fairy, SS'20 collection

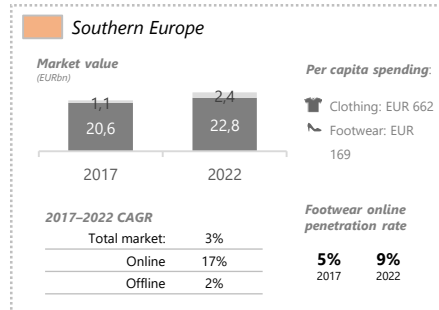
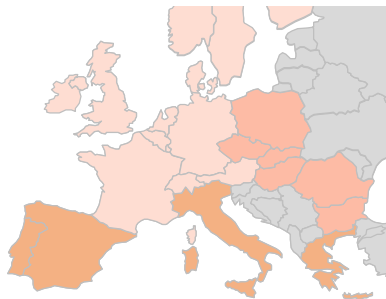
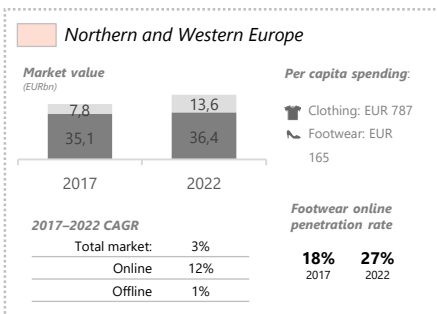
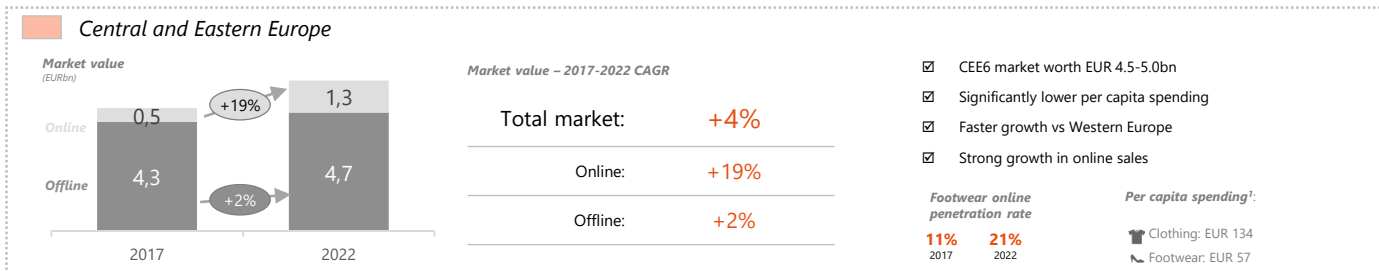


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**DIAGNOSIS**

# FOOTWEAR MARKET IN EUROPE

## STEADILY GROWING MARKET VALUE – CENTRAL EUROPE AS THE FASTEST GROWTH REGION



Source: for Southern and Northern and Western Europe – McKinsey's 'Online as the key frontline in the European fashion market' report; for Central and Eastern Europe – CCC's in-house study (except for per capita spending, which relates only to Poland, the Czech Republic, Romania and Hungary; sourced from McKinsey's report)  
**Central and Eastern Europe (CEE6):** the Czech Republic, Poland, Romania, Hungary, Bulgaria, Slovakia  
**Northern and Western Europe:** Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United

Kingdom  
**Southern Europe:** Greece, Spain, Portugal, Italy  
 1 – Data only for the Czech Republic, Poland, Romania and Hungary (source: McKinsey's 'Online as the...' report)

## EIGHT KEY TRENDS IN THE FOOTWEAR MARKET

### RAPID MULTI-DIMENSIONAL CHANGE

#### 1 MULTIPLE CHANNELS TO REACH CUSTOMERS AND CUSTOMER TOUCHPOINT DIGITISATION



- Customer mobility, 'always-on'
- Multi-channel experience
- Growing marketing pressure

#### 2 EVOLVING STORE FUNCTIONS



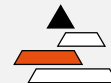
- Stores as an ecosystem component
- Engaging retail environment

#### 3 DIRECT CUSTOMER RELATIONSHIP



- Personalised message
- Direct brand-consumer interaction
- Continuous feedback

#### 4 GROWING COMPETITION



- Online channel expansion lowering entry barriers for large players
- 'New' competitors

#### 5 WIDE AVAILABILITY AND POPULARITY OF FASHION PRODUCTS



- Increasing role of the fashion aspect
- Fast fashion

#### 6 GROWING POPULARITY OF CASUAL FOOTWEAR/ SNEAKERISATION



- Sports footwear growing several times faster than other segments<sup>1</sup>

#### 7 CLIMATE CHANGE



- Diminishing seasonal variance

#### 8 ENVIRONMENTAL AWARENESS AND RESPONSIBILITY



- Growing awareness of the clothing and footwear industry and specific actions
- Shifts towards reduced consumption

1 – 2010-2021 revenue CAGR for the sports segment at 10.4% vs 2.6% in 2010-2021 CAGR for the entire market; source: 'Footwear industry. Growing importance of Polish manufacturers worldwide'; PKO BP Report



## COMPETITIVE ADVANTAGES

- **Footwear industry expert. Market leader**, with presence across **many segments**. Strong recognition. **Scale**
- Well-developed **sales platform** (brick-and-mortar stores combined with the online channels)
- Large **customer base**
- **Strong private brands** (Lasocki, Gino Rossi, DeeZee, etc.)
- Own **manufacturing capacity** and integrated supply chain delivering the best **value for money**
- We have invested in **technology solutions** which have become our strength



## KEY CHALLENGES

- **Align the product mix with actual demand and** reduce dependence on weather
- **Achieve balanced expansion**
- **Strengthen communication and clearly position** private brands
- **Standardise and streamline processes** and the supply chain. **Operate at 'takt time'** (accelerate and optimise deliveries and allocation)
- **New marketing strategy**
- Complete the **integration** of acquired companies

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DeeZee, SS'20 collection



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**GROUP  
STRATEGY**



## GO.22 STRATEGY PILLARS



# PILLAR 1: OMNICHANNEL FOOTWEAR RETAILING ECOSYSTEM AT THE CCC GROUP



## GEOGRAPHICAL COVERAGE OF CCC GROUP SALES CHANNELS


		PL	CZ	SK	RO	HU	BG	CRO	AUT	CH	UA	RU	GR	IT	Other B&M	Other e-com
	B&M	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	
	WEB	✓	✓	✓	2020	2020			2020			2020				
	APP	✓	2020	2020	2020	2020			2020							
	WEB	✓	✓	✓	✓	✓	✓	2020		✓	✓		✓	✓	✓	✓
	APP	✓	✓	✓	✓	✓	✓	2020		✓	✓		✓	✓	✓	✓
	B&M	✓	2020													
	WEB	✓	2020													
	WEB	✓	✓	✓	✓	✓	✓	2020		2020	2020		✓	✓	✓	✓
	APP	✓														
	WEB	✓									✓					
	APP	2020														

# MONETISATION OF THE CCC GROUP'S CUSTOMER BASE USING CUSTOMER DATA TO MAXIMISE MARGINS

## CRM 2019

**10m**  
CCC Club  
members

**0.9m**  
new members in 2019



### Countries



### Age



### Gender



### Strategic segments



### Customer identification and acquisition

- **60%+** transactions assigned to unique customer
- **2x** more young customers (aged 18-24) in e-com CCC vs CCC. **2.5x** more for Deezee vs other CCC brands
- Active efforts to acquire/win back/retain users. Forging relations with partners/brands

### Selected metrics

- **400m** D2C communications sent (sms, mms, push, email, webpush)
- **1,000+** personalised advanced analytics-based campaigns in H2 2019
- **Two-thirds** of new club members enrolled via app (January 2020)
- **>80%** more revenue generated by omnichannel customer vs traditional customer (H2 2019)

### Commercial outcomes

- **Additional** incremental margin for CCC



### CRM in 2019

- Team and collaboration
- Sort out data and tools
- Single view of CCC Group's customer
- Advanced analytics to predict customer behaviour

## Strategy outlook 2020-2022

- Propagate CRM and advanced analytics across all geographies and companies of the CCC Group
- Further develop a shared view of the CCC Group Customer Base (June 2020)



- Use new POS functionalities
- Managed customer migration within the CCC Group Customer Base to maximise margins or minimise acquisition costs
- Develop analytics covering the entire customer journey (online and offline – DMP ecosystem – H1 2020)
- Further develop advanced algorithms/AI
- **Expected outcomes:** additional margin for CCC, increased customer satisfaction, active reduction of average discount



# SELECTIVE GEOGRAPHICAL EXPANSION FOCUS ON STRENGTHENING THE GROUP'S POSITION IN CEE

~PLN

**4.7bn**

~80%

CCC consolidated sales in  
nine CEE countries in 2019<sup>1</sup>

share in the CCC Group's  
total sales



Region	Comment	Markets	Retail network growth direction	Number of sales channels
<b>Key/ saturated markets</b>	<ul style="list-style-type: none"> <li>Saturation with CCC stores close to full capacity</li> <li>Chain optimisation, tapping opportunities and leveraging bargaining power – retail space expansion only on safe and flexible terms</li> </ul>	Poland	▼▲	9
		Czech Republic	▼▲	5
		Slovakia	▼▲	5
		Hungary	▼▲	3
		Romania	▲▲▲	3
<b>Most promising markets</b>	<ul style="list-style-type: none"> <li>75% of space for 2020–2022 already allocated</li> <li>Markets with very high growth potential where CCC products have been well received</li> </ul>	Croatia, Slovenia	▲	1
		Bulgaria, Serbia	▲▲	1
		Russia	▲▲	1
		Austria	▼	1
<b>DACH</b>	<ul style="list-style-type: none"> <li>Austria – reduce the number of stores and align the product range more closely with the market</li> <li>Switzerland – complete the restructuring process; ultimately focus on profitable locations</li> <li>Germany – equity investment; monitor the restructuring process</li> </ul>	Switzerland	▼	2
		Germany	n/a	3
		Baltic states, Moldova, Kosovo	▲	1
<b>Stable franchise markets</b>	<ul style="list-style-type: none"> <li>Profitable small-scale franchises; no plans for significant expansion</li> </ul>			
<b>Growth franchise markets and potential new markets</b>	<ul style="list-style-type: none"> <li>Countries with high growth potential where CCC concept and products have been well received</li> <li>Expansion on a franchise basis (given the circumstances)</li> <li>Potential new markets</li> </ul>	Ukraine	▲▲	3
		GCC countries	▲▲▲	1

Core



1– Preliminary, unaudited data; Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Serbia, Croatia, Slovenia

## DEVELOPMENT OF BRICK-AND-MORTAR PRESENCE (QUALITY AND NUMBER)

### EXISTING AND NEW STORES WILL BE ADAPTED TO OPERATE IN OMNICHANNEL RETAIL ENVIRONMENT

#### Existing stores | Active management + roll-out of omnichannel experience

- Actively negotiating lower rents
- Selectively reducing the number of stores
- Automation of in-store processes (self-service checkout)
- Roll-out of digital shopping experience (omnichannel)
- New POS – improving customer service, store operations and the quality of customer interaction
- Efforts designed to increase conversion rates, while enhancing customer experience and satisfaction; NPS calculation



>200 *esize.me islands*  
(Q1 2020)



100% *stores*  
with online kiosks by the end of 2020 in PL



~30 *key hybrid eObuwie stores* by 2020



4% *share of ccc.eu to store sales in PL 01.2020, MTD*



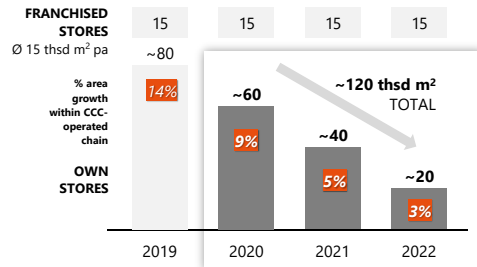
#1 *one of innovation leaders*



2020: *first self-service checkouts in CCC stores*

#### New stores | Much more selective approach

1. Reducing the area of new stores to **120 thsd m<sup>2</sup>** over the next three years
2. Focus on selected markets (Romania, Russia, franchise)
3. **500–800 m<sup>2</sup>** as the preferred CCC store format
4. Selected openings of hybrid eobuwie.pl stores

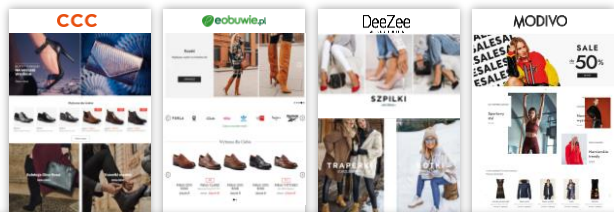


**WE WILL CONTINUE TO ACTIVELY DEVELOP COMPLEMENTARY ONLINE CHANNELS AT THE CCC GROUP**

GO.22



*Different store-front websites seen by customers, but a single backend*



**33** platforms across 15 markets and further roll-out



**Shared e-com warehouse, stocks and distribution**

- (ultimately) a single IT platform/solutions
- multiple other areas of cooperation/synergies

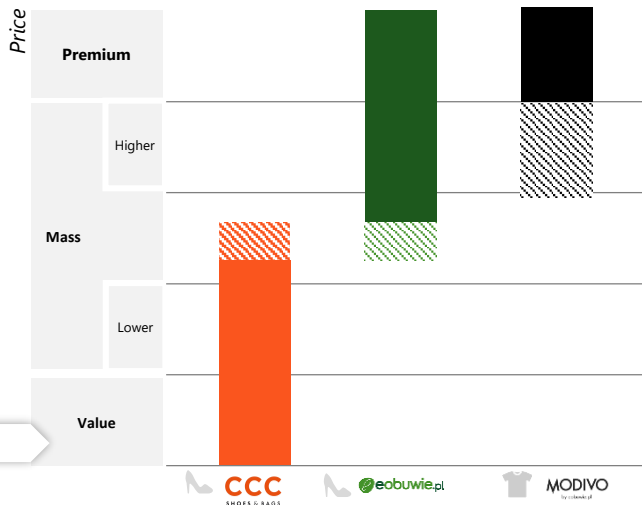
Improving synergies between online/offline channels and platforms

**30%** of ccc.eu transactions through mobile app



All price segments covered

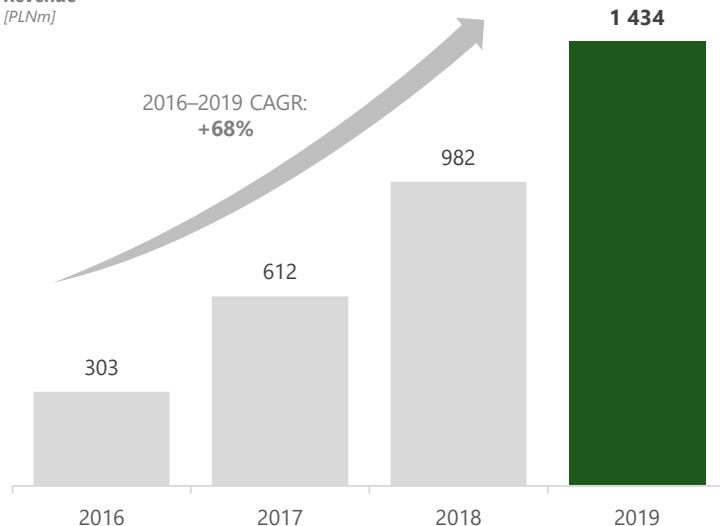
*Through e-commerce channels, we can be present in various customer segments*



## EOBUWIE.PL – FOOTWEAR ONLINE LEADER ON CEE MARKETS

### Track record of successful business scale-up

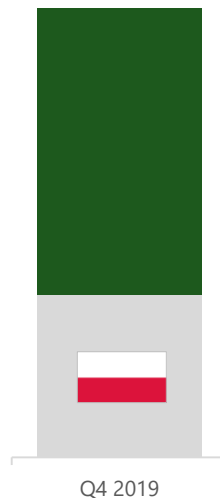
Revenue\*  
[PLNm]



\*2019 – Preliminary, unaudited data

### Growing share of markets outside Poland

Sales structure

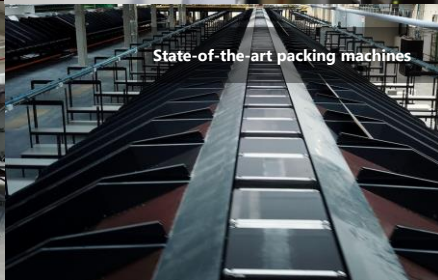
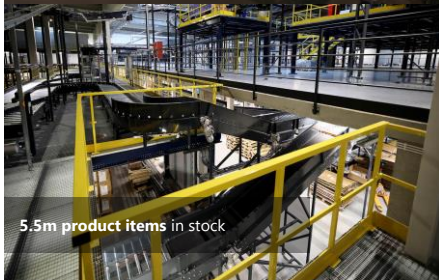
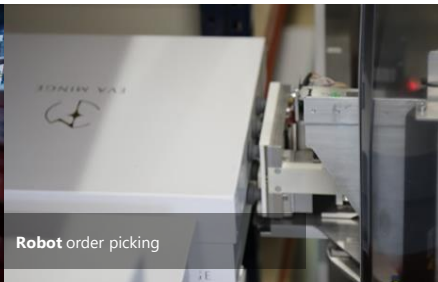
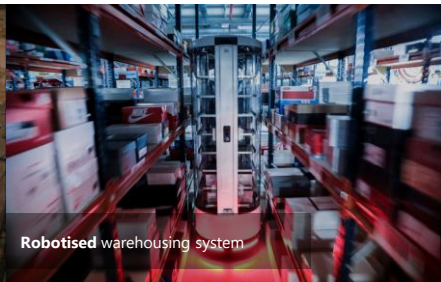


**ca. 85% of total revenue from CEE**

**Poland already down to only a third of total revenue**



# NEW LOGISTICS CENTRE POTENTIAL UNLOCKED THROUGH INCREASED LOGISTICS CAPACITY



# MODIVO – NEW PLATFORM AT THE GROUP SUCCESSFUL ENTRY INTO THE CLOTHING SECTOR

Premium fashion online store

# MODIVO

by eobuwie.pl

Selected brands



Wide product range

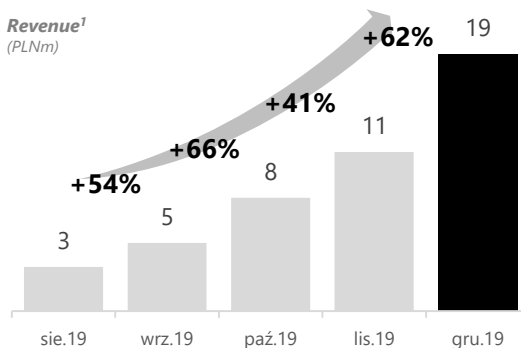
eobuwie.pl

450 brands / 80 thsd SKUs

MODIVO  
by eobuwie.pl

150 brands / 55 thsd SKUs

Revenue<sup>1</sup>  
(PLNm)

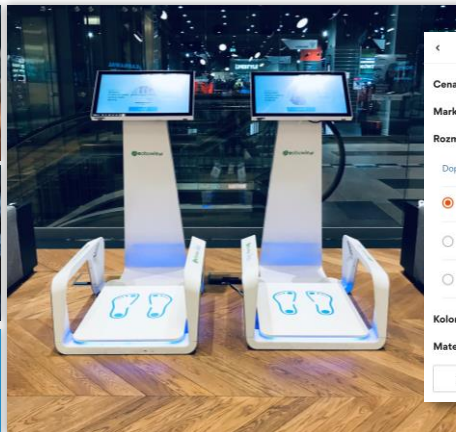


- Modivo is already present in **11 countries**
- By the end of 2020, **three new markets will be opened**
- In Q2-Q3 2020, a **Modivo brick-and-mortar store will open on a pilot basis in Warsaw**

1 – Preliminary, unaudited data

## ESIZE.ME – FURTHER PLATFORM SCALE-UP

- **99% of scanned footwear models**
- More than **200** esize.me scanners across Poland
- Orders worth **ca. PLN 72m** placed by esize.me users in 2019<sup>1</sup>



The only retailer in Europe manufacturing **custom-fit shoe insoles**



1 – Before returns

## EOBUWIE.PL – OUTLOOK

## Our targets?

1. Strengthening **our leading position** in footwear online sales on CEE market

Ambitions 2022

Revenue of the eobuwie Group ~**PLN 3bn**MODIVO's share in the eobuwie Group's revenue **10–15%**EBITDA margin, non-IFRS 16 **8–10%**

2. Ambition to rank among **TOP 3** retailers in premium fashion online sales on CEE market

- Advanced work on new e-commerce architecture based on microservices
- We will use PWA solutions
- Atomic design component-based architecture
- Ultimately, our infrastructure will operate as hybrid cloud

## Why are we poised for success?

*eobuwie.pl as the leading platform*~**17%**Share in online footwear sales in CEE<sup>1</sup>**81%**

Brand awareness

*We successfully develop private brands*

EVA MINGE

QUAZI

TOGOSHI



CREOLE

Sergio Bardi

Already ~**5% of sales**<sup>2</sup>  
(higher margin)*We skilfully combine online with offline*~**30 stores**  
by the end of 2020**in 2020**  
we will launch  
a store in Prague**15**  
markets~**500m** site  
visits (2019)~**1.5m** followers  
in  
social media**70%** mobile  
share<sup>3</sup>Average gross basket<sup>4</sup>  
**PLN 380** eobuwie.pl  
**PLN 569** MODIVO

1 – Group's in-house analyses; market share in 2019 online footwear sales in: Poland, the Czech Republic, Hungary, Romania, Bulgaria, Slovakia; 2 – 2019 preliminary data; 3 – share in 2019 traffic; 4 – Q4 2019 preliminary data (before returns)

## PILLAR 2: ATTRACTIVE PRODUCT ALIGNED WITH DEMAND PRODUCT DEVELOPMENT TO MATCH CUSTOMER NEEDS

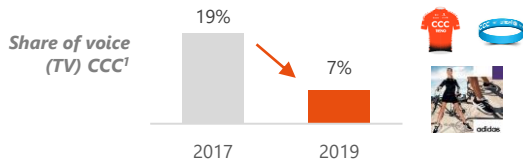


1. **Strengthening key brands + new marketing strategy**  
Lasocki – average annual sales of 20m+ pairs (women's, men's, kids)
2. **Enhancing product quality**
3. **Sneakerisation**  
Sprandi, foreign brands, more privately branded casual models
4. **Fashion range extension**
5. **Wider 'e-commerce only' offering**
6. **Extension of Gino Rossi sales coverage/range**  
Target: 2m pairs (in AW'19, average additional margin of PLN 50 on Gino branded products vs Lasocki)
7. **Extension of additional categories**  
Accessories and other
8. **Product preparation**  
Procurement and sales re-scheduling (capsule seasons)
9. **Eco product**

## REVISION OF MARKETING STRATEGY

### Marketing until 2019

- Extensive **portfolio**, including several **strong brands**, across mass and middle-market/premium segments. GoForMore platform
- In 2019, **we reduced marketing communication** (shift towards sports/Unicef/youngsters)
- 2020 challenges for CCC: perceived **fashion aspect, quality**, retention of existing customers, attracting **new customer groups**: younger and more affluent
- In 2020, we are launching a new, refreshed campaign focusing on major challenges. Influencer campaigns added, but we need **a comprehensive Group-wide marketing strategy**

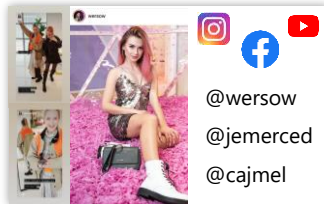


1 – Source: NAM survey, TG: women aged 25-44 living in towns and cities with a population of 50k+; branding campaigns included

Deezee: one of the strongest fashion brands on FB/IG, but CCC has some catching up to do

#	Brand	# followers	# likes
1	Reserved	1m	3m
2	Deezee	0.5m	1.3m
8	CCC	0.2m	0.7m

Showroom (opening 2019)



### Direction of changes 2020+

**Work is under way on a new marketing strategy for the CCC Group** Selected directions:

- Concentration on**, streamlining and introducing unique **positioning of** key brands
- Introduction of brand management** (team, processes) and brand communication appropriate for the requirements of modern customers
- Change of the perspective: we are not only a footwear business, but **we also a part of the fashion world**
- Brands' strong presence in the **digital world**
- Forging ties with **opinion leaders** – stylists, influencers, fashion journalists

#### **OBJECTIVES:**

- Strengthen** our brands and drive traffic to sales channels,
- Attract** young and more demanding customers
- Maintain** adequate communication with key target customers
- Separate strategies** for eobuwie.pl/ MODIVO

Full synchronisation and customer-facing approach	Area	Selected processes and tools (being implemented and improved)	Outcomes
	Customer	<ul style="list-style-type: none"> <li>• <b>Continuous customer feedback</b> (NPS)</li> <li>• Customer segmentation (CRM)</li> </ul>	<ul style="list-style-type: none"> <li>• Optimised <b>alignment</b> of products and services with <b>customer expectations</b></li> <li>• Effective promotion policy</li> </ul>
	Sales platforms	<ul style="list-style-type: none"> <li>• <b>Fully integrated</b> sales channel technologies</li> <li>• Automation/digitisation of manual tasks (POS, mobile cash registers, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing UX improvement</li> <li>• <b>Customer focus</b></li> </ul>
	Product	<ul style="list-style-type: none"> <li>• Measurement of collection performance</li> <li>• <b>Product lifecycle</b> management</li> </ul>	<ul style="list-style-type: none"> <li>• Flexible alignment with trends</li> <li>• Process standardisation, cutting costs and inventories</li> </ul>
	Logistics	<ul style="list-style-type: none"> <li>• Effective <b>supply chain management</b> (TMS - Transportation Management System)</li> <li>• Shortening lead times/sales calendar</li> </ul>	<ul style="list-style-type: none"> <li>• Timely <b>allocation</b></li> <li>• Increasing <b>inventory turnover</b></li> </ul>
	Financials	<ul style="list-style-type: none"> <li>• Improving financial controlling with new tools (SAP FI, SAC, BI)</li> <li>• Shared service centre</li> </ul>	<ul style="list-style-type: none"> <li>• Effective management <b>information</b></li> <li>• Tighter cost <b>discipline</b></li> </ul>
	Team	<ul style="list-style-type: none"> <li>• Acquiring talent, building career paths and organisational culture</li> <li>• <b>Making values real</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Dedicated and successful team</b></li> <li>• Consolidating and expanding competitive strengths</li> </ul>

## CCC VALUES UNDERPIN DELIVERY OF OUR STRATEGY

We work with **passion, energy and enthusiasm** to attain **ambitious goals** and realise the vision of a shared **success!**

**Each** of us can make a real contribution to **growth, collaboration and commitment**.  
Together we build an organisational culture based **on open dialogue and diversity**.

Culture	Modern workplace	Employee	
<ol style="list-style-type: none"> <li>1. We are building a culture of <b>feedback, collaboration</b> and <b>openness to change</b></li> <li>2. This attitude helps foster relationships with both <b>internal and external customers</b></li> <li>3. We team up to create new solutions on an <b>interdisciplinary</b> basis as we identify with corporate <b>values and products</b></li> <li>4. <b>We listen</b> to our employees and <b>engage</b> them in <b>innovative</b> projects</li> </ol>	<ol style="list-style-type: none"> <li>1. We implement cutting-edge tools to ensure optimum process <b>quality</b> and <b>efficiency</b></li> <li>2. We promote <b>digitisation and automation</b> to eliminate repeatability and use resources more efficiently</li> <li>3. We use <b>data to predict</b> potential opportunities and <b>adapt</b> to the changing environment</li> </ol>	<ol style="list-style-type: none"> <li>1. Employees are our <b>greatest asset</b>, therefore every one of them is given <b>equal development and promotion</b> opportunities</li> <li>2. We encourage <b>commitment</b> and <b>innovative</b> ideas through career development and succession programmes</li> <li>3. We develop managers to effectively <b>manage</b>, inspire and <b>engage</b> their teams</li> <li>4. We operate with <b>diversity</b> and <b>responsibility</b> in mind, building an attractive multinational work environment</li> </ol>	<p><b>Our values:</b></p> <ol style="list-style-type: none"> <li>1. Customer and product focus</li> <li>2. Dynamism, enthusiasm, dedication</li> <li>3. Openness and cooperation</li> <li>4. Responsibility</li> <li>5. Personal development</li> </ol>



## PILLAR 4: FINANCIAL STABILITY

### IMPLEMENTATION OF GROWTH PROJECTS AND RESPONSE TO CHANGING MARKET ENVIRONMENT

#### REDUCING DEBT

##### THROUGH

- **Operating margin growth** (EBIT% in 2022: ~8.5–9.5%)
- **Improved cash conversion cycle** (2022: < 100 days)
- **Markedly lower capex requirement** (approximately PLN 150-200m per year)

#### DEBT

- Safe debt level (2022 target: NET DEBT/EBITDA <0-1>)
- Maturities matched to the duration of investment projects
- Long-term financing: > 50% of total debt

#### INVENTORY TURNOVER

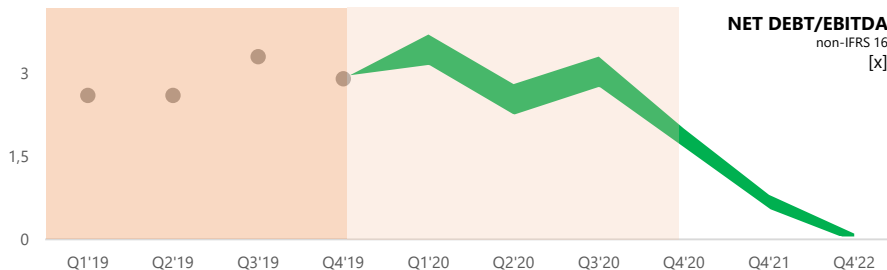
– long-term objective: liabilities > inventories

- Improvement in CCC's inventory turnover (2022: 200 days)
- Conservative procurement projections
- Product life cycle (procurement schedule)

#### DAYS PAYABLE OUTSTANDING

– long-term objective: liabilities > inventories

- Maintaining CCC's DPO at current level (~160 days)



The projection does not take account of the exercise of options to acquire shares in eobuwie.pl, HRG or KVAG

We expect to maintain our existing dividend policy

**NOTE:** the above figures are not profit forecasts and may not be construed as such (see Disclaimer on page 1)

## PILLAR 5: SUSTAINABLE DEVELOPMENT AS THE ORGANISATION'S RESPONSE TO SHIFTING CUSTOMER EXPECTATIONS

### PRODUCT

#### Today

- Product safety (certification, accredited suppliers)
- Audits of suppliers' manufacturing processes



#### By 2022

- Eco-friendly product lines
- Expanding the share of eco leathers
- 100% of suppliers have signed the CCC Code of Conduct for Suppliers

### ENVIRONMENTAL PROTECTION

#### Today



- Renewable energy
- Reducing CO<sub>2</sub> emissions
- Smart building management
- Eliminating plastic bags and reducing waste

#### By 2022

- Cutting waste generation, CO<sub>2</sub> emission and energy consumption
- Implementation of the EC's climate guidelines
- Environmental initiatives

### EMPLOYEES

#### Today

- Promoting diversity and equality
- Employee satisfaction surveys
- Forging ties with academic institutions
- Employee volunteering

#### By 2022

- International career paths
- Employees as brand and product ambassadors
- CCC Digital Academy

### SOCIETY

#### Today

- We support sports and healthy lifestyles
- Local initiatives
- Charity campaigns



#### By 2022

- Cooperation with UNICEF
- NGO support programmes
- Knowledge and experience sharing

## CORPORATE DEVELOPMENTS

## eobuwie.pl – ownership aspects



CCC and eobuwie.pl are continuing effective cooperation and achieving increased synergies

## 1. Company IPO

- Suspended, but very useful for sorting out the eobuwie.pl strategy
- Decision on further steps will be made once eobuwie.pl's EBITDA exceeds EUR 50m

## 2. Option to acquire a 25% interest

- Vests in 2022 (based on 2021 results)
- CCC wants to be prepared:
  - a. to secure a three-year extension of the option, until 2024 (preferred scenario), or
  - b. to exercise the option (through debt and/or equity financing)
- Decision to be reached by eobuwie.pl shareholders by the end of 2021

## No new acquisitions planned

- eobuwie.pl, Romania, Gino Rossi, Adler, Deeze – successful projects.
- Still, we are now fully focused on organic growth, with no new acquisitions planned for 2020-2022 – having already expanded into all strategic areas.
- We are committed to completing integration within the Group.

## Western Europe/DACH



DACH: market with ~100m affluent customers, but it much more difficult than CEE. Each of Switzerland, Germany, and Austria has different market characteristics from CCC's perspective:

## 1. Karl Voegele – Switzerland (CCC holds a 70% interest in the company):

- Main objective: complete the chain's restructuring to restore previous revenue levels
- Excellent results of cost/process integration (nearing completion)
- After 2020 we expect KV will no longer generate no losses for the CCC Group

## 2. HRG – Germany (CCC sold CCC Germany and acquired a 30% interest in HRG):

- HRG operates as an independent business. Cooperation with CCC is based on wholesaling
- Until January 31st 2021, CCC holds a unilateral option to increase interest
- Key decision criteria: achieving profitability in 2020 on the Swiss market and confirming the model adaptation

## 3. CCC Austria (wholly-owned subsidiary of CCC):

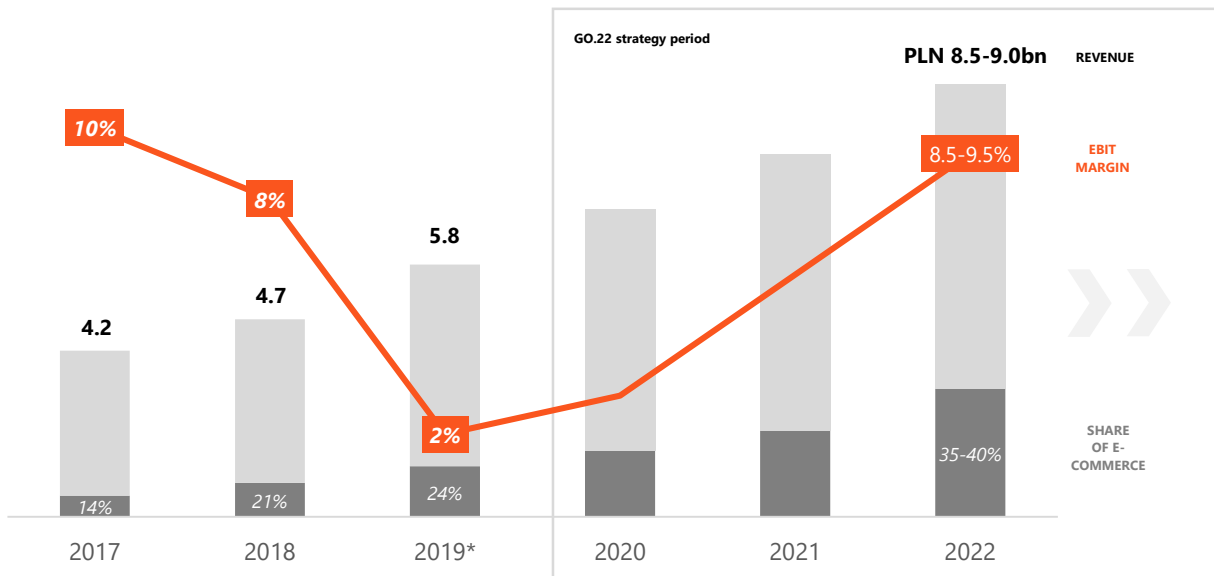
- Restructuring is ongoing; objective – to achieve profitability

## KEY STRATEGIC AREAS



1. 100% of our decisions are taken based on data (as much as 75% of them being informed by advanced analytics)  
 2. Non-IFRS 16 I net profit before minority interests

# RESTORING MARGINS TO PREVIOUS LEVELS... BUT THIS TIME WITHIN A NEW SCALABLE MODEL



\*Based on CCC's consolidated financial statements for Q3 2019 and preliminary results for Q4 2019  
**NOTE:** the above figures are not profit forecasts and may not be construed as such (see Disclaimer on page 1)

## ... THANKS TO IMPROVED KPIs

	2019	2020	2021	2022	
Omnichannel CCC *	<b>Average traffic per m<sup>2</sup></b> (number of persons/m <sup>2</sup> per month)	<b>33.9</b>	<b>32.9</b>	<b>31.9</b>	<b>30.9</b>
	<i>y/y change</i>		-3%	-3%	-3%
	<b>Average in-store conversion rate</b>	<b>14.6%</b>	<b>15.5%</b>	<b>16.0%</b>	<b>16.4%</b>
	<b>Average number of items per receipt</b>	<b>1.59</b>	<b>1.62</b>	<b>1.66</b>	<b>1.70</b>
	<b>Average prices</b>	<b>active price management</b>			
	<b>Average receipt amount (PLN)</b>	<b>101</b>			
	<b>CCC's e-com revenue/ CCC's retail revenue</b>	<b>1%</b>	<b>4%</b>	<b>7%</b>	<b>&gt;10%</b>

## Note:

- Financial and operational data for 2019 based on preliminary estimates for CCC's own stores only; applies to CCC own stores
- The above figures **are not profit forecasts and may not be construed as such** (see Disclaimer on page 1)

*The objectives have been cascaded within the organisation  
to provide a reference for long-term management objectives*

GO.22

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Handbag, eobuwie.pl  
EUR 85

Spring jacket, MODIVO  
EUR 119

photo: MODIVO / eobuwie.pl

## CONCLUSIONS

1. CCC developed a business model based on a strong brick-and-mortar presence, successfully scaled up across CEE; however, after 2016-2017 that model proved too slow to respond to changing market trends (emergence of e-com/omnichannel)
2. This is why the CCC Group is undergoing a major (and necessary) transformation. We have completed a fast-tracked, comprehensive re-digitisation and are currently upgrading our business processes to fully harness technology
3. We believe that as part of our strategy we will refine our omnichannel model to make it fully effective and scalable
4. We already seeing significant progress in our product portfolio, particularly in its breadth and quality; we are planning to further enhance our product marketing strategy
5. eobuwie.pl, the main driver of the Group's e-com segment, is growing at a fast pace as planned
6. **We have a well-defined strategy, excellent team and management focused on carefully cascaded objectives for the next three years**
7. **We are committed to restoring a solid EBIT margin of 8.5–9.5%**



GO.22

CCC  
GROUP



DeeZee, SS'20 collection

Q&A

## CONTACT PERSONS AND UPCOMING EVENTS

### IR CALENDAR

JANUARY	Jan 30 2020	Erste Bank's 'Austria & CEE Investor Conference 2020'
FEBRUARY		
MARCH	Mar 6 2020	Release of the Group's annual report and consolidated financial statements for 2019
	Mar 16–17 2020	PKO BP's 'CEE Capital Markets Conference'
	Mar 25–26 2020	Wood & Company's 'EME NYC Conference'
APRIL	April	Investor Day

### CONTACT PERSONS



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Gino Rossi, SS'20 collection

**THANK YOU**

## G0.22 STRATEGY THROUGH KEY NUMBERS – SUMMARY

GO.22

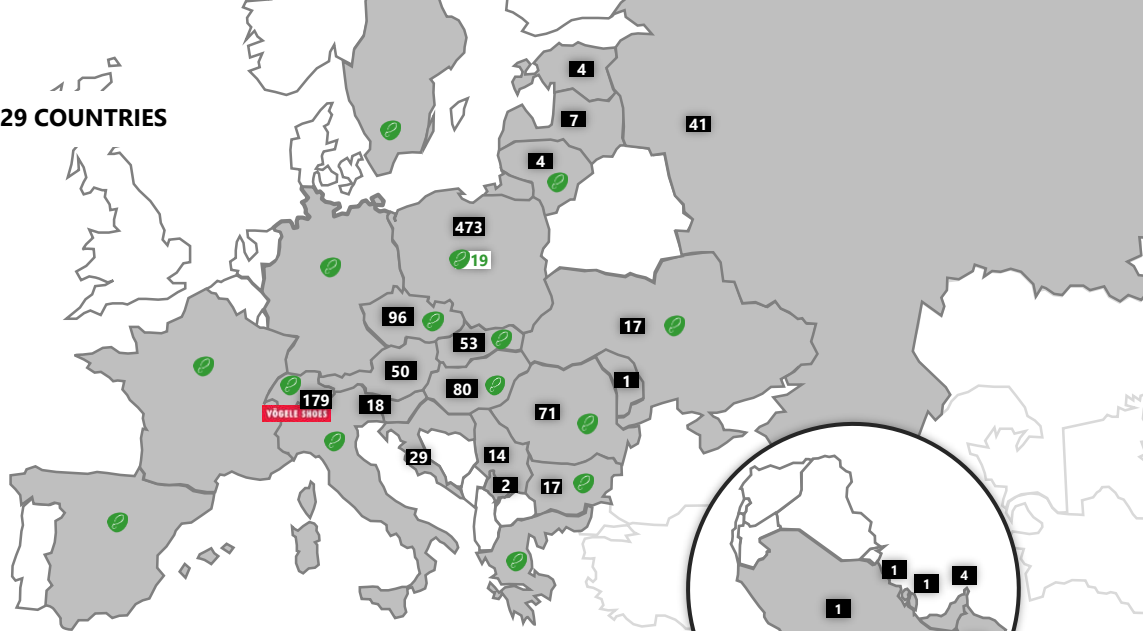
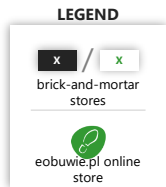


			2019*	2022
<b>P&amp;L</b> CCC Group	<b>Revenue</b>	<i>PLNbn</i>	5.8	8.5–9.0
	Share of online sales	%	24	35–40
	Gross margin	%	50	≥50
	<b>Costs</b> (CCC's own stores)			
	Retail lease costs	<i>PLN/m2</i>	-	~70
	Retail staff costs	<i>PLN/m2</i>	-	~72
	EBIT margin	%	2	8.5–9.5
Net margin	%	-	7.0–8.0	
<b>CASH FLOWS</b> CCC Group	Capital expenditure	<i>PLNm</i>	~700	150–200 (2020–2022 CAGR)
	<b>Cash conversion cycle</b> (CCC)	<i># of days</i>	-	<100
	Inventory turnover period	<i># of days</i>	-	<200
	Days payable outstanding	<i># of days</i>	-	~160
	Net debt/ EBITDA (non-IFRS 16)	<i>X</i>	2.9	0–1
<b>OPERATIONAL DATA</b> CCC's own stores	Retail area (own stores)	<i>'000 m<sup>2</sup></i>	725	800–850
	Average area of new store	<i>m<sup>2</sup></i>	900–1,200	500–800
	Average traffic/ <i>m<sup>2</sup></i>	<i>persons/month</i>	33.9	30.9
	Average in-store conversion	%	14.6	16.4
	Average number of items per receipt	<i># of items</i>	1.59	1.70
	Average receipt amount	<i>PLN</i>	101	
<b>eobuwie.pl</b> e-com and B&M	Revenue	<i>PLNbn</i>	1.4	~3.0
	EBITDA margin	%	-	8.0–10.0
	MODIVO's share in total revenue	%		>10–15
<b>OTHER</b>	<b>MSCI rating</b>		BBB	A+

## Note:

- The above figures **are not profit forecasts and may not be construed as such** (see Disclaimer on page 1)
- The data does not take account of the exercise of any available options
- Financial and operational data for 2019 based on preliminary estimates for CCC's own stores only;

## THE CCC GROUP IS PRESENT IN 29 COUNTRIES



RETAIL AREA	Dec 31 2019	Y/Y ('000 m <sup>2</sup> )	Y/Y (%)	NUMBER OF STORES	Dec 31 2019	Y/Y
Own, including:	725.7	+83.2	13%	Own, including:	1,190	+91
– Vogele	81.3	-1.8	-2%	– Vogele	179	-18
– eobuwie.pl	11.9	+6.6	>100%	– eobuwie.pl	19	+10
– Gino Rossi*	5.9	+5.9	x	– Gino Rossi*	50	+50
Franchised	34.3	+16.7	>100%	Franchised	52	+26
<b>Total ['000 m<sup>2</sup>]</b>	<b>760.0</b>	<b>+99.9</b>	<b>15%</b>	<b>Total</b>	<b>1,242</b>	<b>+117</b>

# ONLINE PENETRATION RATE IN THE FASHION INDUSTRY AND M-COMMERCE TRENDS

## MOBILE IS BECOMING THE DOMINANT E-COMMERCE CHANNEL

### Share of online sales by product category (2017)

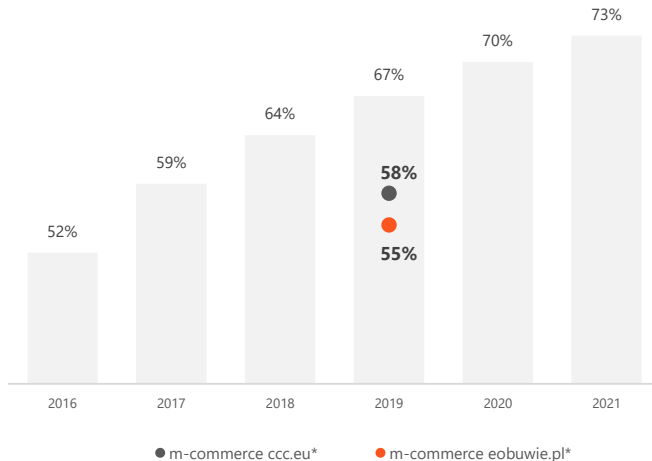
(source: CCC in-house study based on McKinsey's report<sup>1</sup>)



### Share of m-commerce in online sales worldwide

(source: Statista; all product categories)

\* Both dedicated apps and mobile version of the website



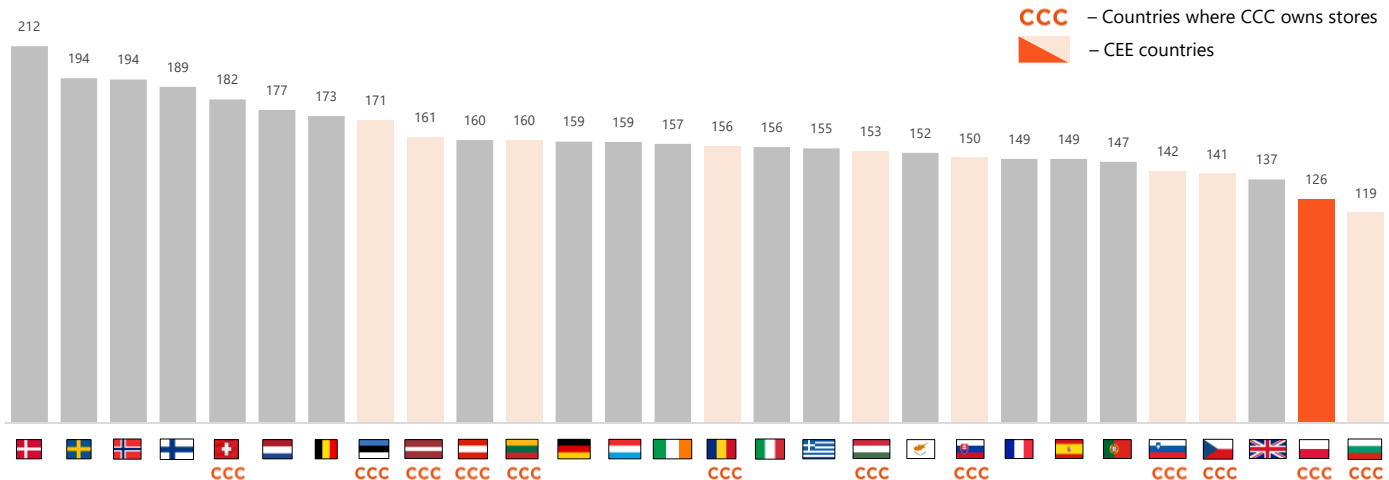
Coming soon: DeeZee

MODIVO  
by eobuwie.pl

1 – McKinsey Report: 'Online as the key frontline in the European fashion market' report; for Central and Eastern Europe

# AVERAGE FOOTWEAR PRICES IN POLAND AND OTHER CEE COUNTRIES ARE LOW RELATIVE TO ENTIRE EUROPE

Average VAT-inclusive footwear price per pair in Europe, by country (PLN, 2017)<sup>1</sup>

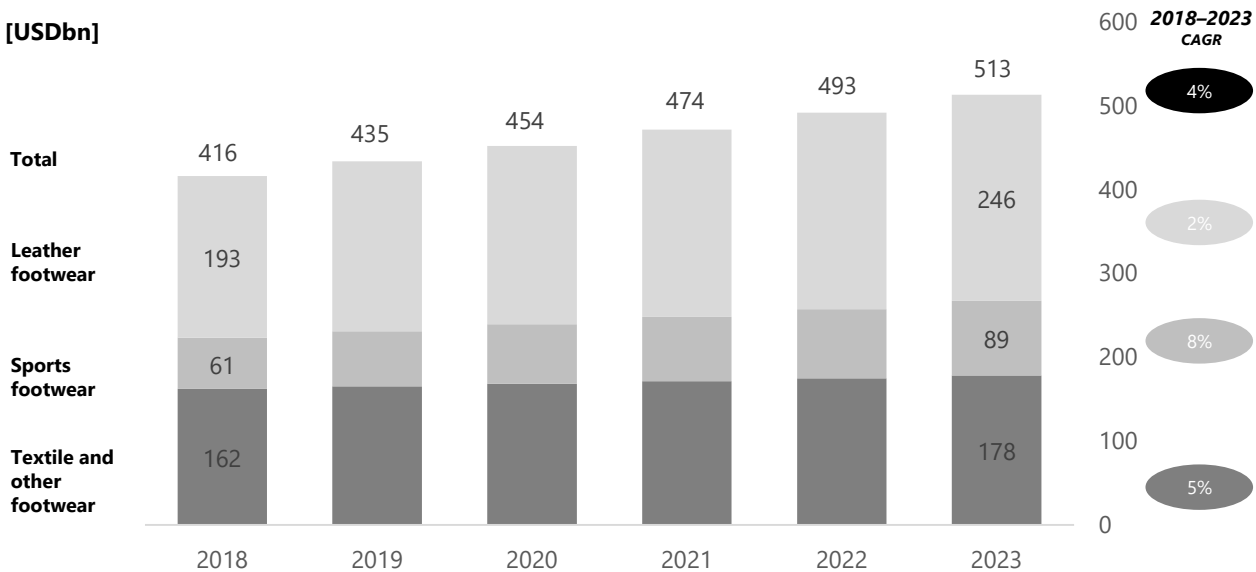


1 – 2017 data; average footwear price per pair based on average spending on footwear and average number of pairs bought in EU, adjusted for each country using the Eurostat Price Level Index for Footwear; prices translated at EUR/PLN = 4.30

Source: CCC's in-house calculations based on Eurostat, PKO BP's 'Footwear industry. Growing importance of Polish manufacturers worldwide' report, and Statista data

## GLOBAL SALES OF THE FOOTWEAR INDUSTRY

[USDbn]

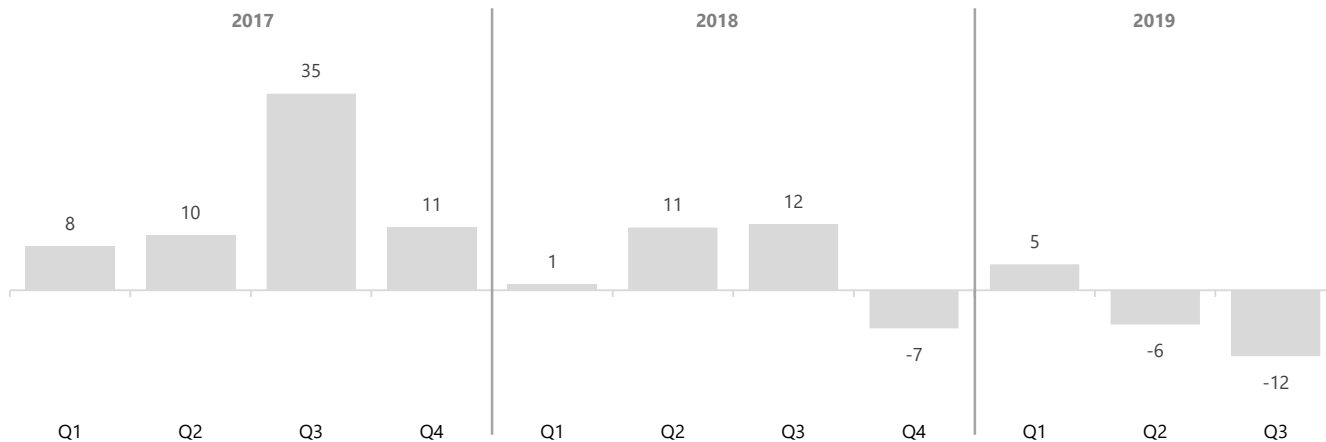


(source: Statista)



## CCC'S LFL SALES VS MARKET

CCC's estimated LFL sales in Poland vs market (net, pp.)<sup>1</sup>



1 – CCC's offline sales in Poland only; CCC's LFL net sales as the difference between CCC's LFL sales in the period and the average change of sales/m<sup>2</sup> in the footwear industry in Poland in the same period, excluding estimated impact of CCC. Source: CCC's in-house studies and analyses based on CCC's data; the Retail Institute's studies and TO Reindex 2017, 2018 and 2019 reports, based on data from +120 representative shopping centres in Poland (einstitute.com.pl)

# CCC

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