



Press release

29 August 2017

**DINO POLSKA S.A. – H1 2017:
RAPID TOPLINE GROWTH, STABLE PROFITABILITY EXPANSION
AND ROBUST LFL GROWTH**

In H1 2017, Dino Polska S.A., one of the fastest growing grocery retail networks in Poland, generated consolidated revenue of PLN 2,018.4 million, compared to PLN 1,533.5 million, i.e. up by nearly 32% yoy. The rapid topline growth resulted from network rollout and rising sales in existing stores (Lfl), totaling 14.7% in H1 2017, compared to 10.3% in the corresponding period of the previous year.

In Q2 2017 alone, the Dino Group recorded a 16.5% growth in Lfl sales (compared to 12.0% the year before).

EBITDA (adjusted for PLN 12.3 million of non-recurring costs associated with the IPO) rose 37% to PLN 166.2 million. In the period January-June 2017, the Group generated a net profit of PLN 77.1 million (unadjusted for IPO costs), up 26% yoy.

As at the end of June 2017, Dino's network consisted of 677 stores, i.e. 120 stores more than in the corresponding period in the previous year. At the same time, the Group had secured 429 locations for new stores, i.e. 27.7% more than the year before. In H1 Dino opened in total 49 new stores, compared to 46 openings the year before. In Q2 2017, the chain opened 38 new stores.

The Group is recording rapid sales growth with a gradual step-up in profitability. The Group's gross margin in H1 2017 rose 0.2 p.p. to 22.7% yoy, the EBITDA margin was 8.2%, up 0.3 p.p. yoy.

In H1 2017, Dino Polska S.A. carried out its initial public offering. The Company's shares were floated on the main market of the Warsaw Stock Exchange on 19 April 2017 and the offering was worth PLN 1.65 billion.



DINO GROUP'S RESULTS FOR H1 2017:

in PLN m	H1 2017	H1 2016	Change (%)
Revenue	2,018.4	1,533.5	+31.6%
Gross margin	22.7%	22.5%	+0.2 p.p.
LfL sales	14.7%	10.3%	+ 4.4 p.p.
EBITDA¹	166.2	121.0	+37.3%
EBITDA margin¹	8.2%	7.9%	+0.3 p.p.
Net profit²	77.1	61.3	+25.9%

H1 2017 was another period in which the Dino Group's volume of business continued to expand. A nearly 32% revenue growth rate (growth by value of PLN 484.9 million) yoy primarily attributable to the expansion of the Dino chain (in the 6-month period of 2017 the chain was increased by 49 stores) and increase in revenue in the existing store chain (like for like, LfL) by 14.7% yoy.

With the increasing volume of business the Group is recording robust and steadily growing profitability. The Group's gross margin was 22.7% yoy, i.e. 0.2 p.p. yoy, and the EBITDA margin was 8.2%, up by 0.3 p.p. yoy.

According to its strategy, the Group continues the fast development of the Dino supermarket network, opening new proprietary stores and looking for new locations for further expansion. At the end of H1 2017, the Group had 120 stores more than in the corresponding period of 2016, reaching a total of 677 stores. At the end of June 2017, the Group increased its land bank and had 429 secured locations for new stores (including plots purchased and preliminary agreements for purchase of land). In accordance with its strategy, the Group plans to exceed 1200 opened stores by the end of 2020.

Retail grocery market

In H1 2017, the retail grocery market in Poland saw positive trends visible both in 2016 and in H1 2017.

The good market situation, rising disposable income and returning inflation support further improvement of consumer sentiment, thereby contributing to the overall retail grocery market and proximity segment.

¹ EBITDA adjusted for non-recurring costs associated with the IPO (PLN 1.1 million in H1 2016 and PLN 12.3 million in H1 2017)

² unadjusted net profit



The rising disposable income translates into more frequent and increased shopping among Poles. The growth rate of consumer prices visible since the end of 2016 has also contributed to higher top line revenues measured by like for like sales.

According to a Roland Berger report (from November 2016), an increase in total sales in the retail grocery market is expected in Poland at the average annual pace of 3.7% up to 2020.

The proximity segment, in turn, may be the fastest growing segment of the retail food trade in Poland measured using the average annual growth rate in the number of stores up to 2020.

H1 was a good period both for the overall market in retail food trade and for Dino. We recorded very good results in this period. We dynamically increase the sales volume and at the same time record satisfactory and gradually increasing profitability levels. We open new stores, regularly increasing the volume of our business. We reach high LfL sales levels in the existing chain. In H1 LfL sales increased 14.7% yoy, and in Q2 only this increase reached 16.5%. To summarize, we are satisfied with the H1 performance – says Szymon Piduch – President of the Management Board of Dino Polska S.A.

Good consumer moods associated with growing incomes and favorable economic situation support further dynamic growth of proximity supermarkets such as Dino. The consumer price growth rate additionally supports the market where we operate. The positive market trends observed in H1 2017 portend well for the upcoming months of 2017. In H1 we increased our land bank by nearly 28% yoy and we have secured 429 locations for further development. In H2 we want to significantly speed up the opening of new Dino stores – adds Szymon Piduch.

For further information, please contact:

Beata Cioczek

M+G

phone +48 22 416 01 02, +48 508 385 432

e-mail: beata.cioczek@mplug.com.pl

More about Dino Polska S.A.:

Dino is a leading player in Poland's prospective and growing proximity supermarket segment. In 2010-2015 Dino was the fastest growing proximity supermarket chain in Poland in terms of the average annual growth rate of the number of stores and revenue) and in 2015 it was the second chain in the proximity segment in terms of revenue (according to a Roland Berger report from November 2016).

As at 30 June 2017, the Dino chain consisted of 677 stores located predominantly in Western Poland with an average sales floor area of 400 square meters. Most Dino stores are located in smaller towns, medium-sized cities and in the peripheries of big cities, in convenient locations.

Dino Group's business model combines the advantages of the proximity format with the ability to open new stores quickly and an attractive product range, comprising primarily branded and fresh products and competitive prices. Dino stores offer their customers approx. 5,000 stock keeping units (SKUs), mostly well-known branded products with emphasis placed on well known brands and fresh products. The Dino Group offers key products at prices



similar to those in the biggest retail chains in Poland. One of the most important aspects that differentiate the Dino Group from discount chains is that every store has a meat counter with counter staff. High quality meat, cold cuts and meat products are delivered mainly by Agro-Rydzyňa, meat production company from the Dino Group.

The Dino Group's logistics network is based on three distribution centers: in Krotoszyn, Jastrów and Piotrków Trybunalski. Its geographic reach supports delivery of fresh products to all stores in the Dino chain on all days of the week.

The Company is the owner of a clear majority of the land plots and properties where Dino stores are located. Combined with the well functioning business model, this has made it possible to quickly grow the Dino chain over the past years and increase the number of stores from 111 at the end of 2010 to 677 at the end of June 2017. Since April 2017, the Company has been listed on the main market of the WSE. As at the end of June 2017, the Dino Group employed 11,420 persons.

More information is available at www.grupadino.pl