



Press Release

14 November 2017

**DINO POLSKA S.A. IN THE FIRST 3 QUARTERS OF 2017:
CONTINUATION OF RAPID GROWTH IN THE MAGNITUDE OF OPERATIONS,
DOUBLE-DIGIT LFL SALES GROWTH, GROWING PROFITABILITY**

The Dino Polska S.A. Group, one of the fastest growing retail grocery networks in Poland grew its revenues by 33.1% to PLN 1,220.2 million in Q3 2017 while posting LfL sales growth of 16.1% (compared to 10.8% one year ago). EBITDA¹ and net profit shot up by 37.3% (to PLN 108.9 million) and 22.3% (to PLN 63.5 million) yoy, respectively.

The Dino Group's consolidated sales revenues in the first three quarters of 2017 year-to-date were PLN 3,238.6 million, up 32.2% from last year. That means that the revenues in the first three quarters have reached a similar level to the one the Group generated in the full year of 2016. The rapid revenue growth was driven by network roll-out to open new stores and sales growth in the existing store network (LfL), which in the first three quarters of 2017 was 15.2% compared to 10.5% in the corresponding period of last year.

EBITDA in the first nine months of 2017 rose 37.3% to PLN 275.2 million. The Group generated a net profit of PLN 140.7 million from January to September 2017, signifying growth of 24.2% year on year.

At the end of September 2017, the Dino network consisted of 718 stores, i.e. 129 more stores than in the corresponding period of last year. Concurrently, the Group has secured 469 sites to build new stores, i.e. 41.7% more than last year. Dino opened 90 new stores in the first three quarters of this year as opposed to 78 openings last year. The network opened 41 new stores in Q3 2017 as opposed to 33 in Q3 2016.

During the first three quarters of 2017 the Dino Group continued to grow the magnitude of its operations. The 32% growth rate posted in revenues (up PLN 788.5 million) year on year is primarily the effect of opening new stores in the Dino network (the network opened 90 stores in the first nine months of 2017) and the growth in sales revenues in existing stores (like for like, LfL) of 15.2% yoy.

In conjunction with its growing scale of operations the Group has posted robust profitability that is steadily climbing. The gross margin in the first 9 months of the year increased by 0.15 p.p. yoy; the EBITDA margin hit the level of 8.5%, up 0.32 p.p. yoy.

¹ Data pertaining to EBITDA and the EBITDA margin are presented in this press release net of the non-recurring costs related to the IPO the Company incurred in Q2 2016 – Q2 2017. These costs are described in detail in the Group's periodic report for Q3 2017.



THE DINO GROUP'S RESULTS IN THE FIRST 3 QUARTERS OF 2017:

PLN million	Q3 2017	Q3 2016	Q3 change	Q1-3 2017	Q1-3 2016	Q1-3 change
Sales revenues	1,220.2	916.6	+33.1%	3,238.6	2,450.1	+32.2%
LfL sales	16.1%	10.8%	+5.3 p.p.	15.2%	10.5%	+4.7 p.p.
EBITDA	108.9	79.4	+37.3%	275.2	200.4	+37.3%
EBITDA margin	8.9%	8.7%	+0.27 p.p.	8.5%	8.2%	+0.32 p.p.
Net profit	63.5	52.0	+22.3%	140.7	113.2	+24.2%

In line with its strategy the Group continues to pursue rapid expansion of the Dino supermarket network by opening new stores it owns and looking for new sites to continue its expansion. At the end of September 2017 the Group had 129 more stores than in the corresponding period of 2016, thereby reaching the number of 718 stores. At the end of September 2017 the Group had enlarged its land bank to 469 sites to build new stores (consisting of purchased plots and preliminary agreements to buy plots). In accordance with its strategy, the Group plans to exceed 1,200 stores by the end of 2020.

Retail grocery market

The retail grocery market is growing regularly. The robust market position, Poles' growing income and consumer price growth were conducive to the growth of the overall retail grocery market and the proximity segment.

The persistently record-low level of unemployment in Poland (the unemployment rate in October was 6.6%) and the steady improvement in Poles' economic standing contribute to climbing purchasing power and higher consumption. According to the National Bank of Poland, Poland's economic growth will be 4.2% in 2017 and 3.6% in 2018. These factors offer a good prognosis for the retail grocery industry in upcoming quarters.

According to the Roland Berger report (November 2016), the proximity segment may be the fastest growing segment of the retail food trade in Poland measured using the compound average growth rate in the number of stores until 2020.

"We are pursuing a strategy predicated on organic growth, continuing rapid growth in the number of stores and sales revenues in our existing store network. As a result, we have posted very robust sales results in the first nine months of the year whose level is close to what we reported in the full year of 2016. At the same time, we have reported rising profitability and consistent growth in our net result. Our like for like sales are persistently high at a double-digit level. In Q3 alone, LFL sales were 16.1%, while on a year to date basis LFL sales in the first nine months of 2017 came in at 15.2%. We are



constantly opening new stores. In the full year of 2017 we plan to open at least 140 stores”, says **Szymon Piduch, CEO of Dino Polska S.A.**

“The market context, including Poles’ growing purchasing power ensuing from the improving economic standing coupled with rising consumer prices are conducive to the retail grocery trade. We believe that the positive trends visible on the consumer market this year will also persist in the upcoming quarters. This, when combined with the attractiveness of our proximity supermarket format should make it possible to maintain the rate of growth seen to date in the scale of operations and high LfL sales growth” adds Szymon Piduch.

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More information regarding Dino Polska S.A.

Dino is a leading player in Poland’s growing proximity supermarket segment offering great prospects. Dino was the fastest growing proximity supermarket network in Poland in 2010-2015 (in terms of the compound annual growth rate in the number of stores and sales revenues) and it was the second largest network in the proximity segment in 2015 in terms of sales revenues according to the Roland Berger report published in November 2016).

Dino’s network consists of 718 stores (data as at 30 September 2017) primarily located in western Poland with an average selling area of roughly 400 square meters. Most Dino stores are situated in convenient locations in smaller towns and communities, medium-sized cities and in the surrounding areas of large cities.

The 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 at competitive prices.

Dino stores offer their customers approx. 5,000 stock keeping units (SKUs), mostly well-known branded products and fresh products. The Dino Group offers its key products at prices similar to the largest grocery retail networks in Poland. One of the most important aspects differentiating the Dino Group from discount networks is that every store has a meat counter with counter staff. High quality meats and cold cuts primarily supplied by Agro-Rydzyňa, a meat processing plant forming part of the Dino Group.

The Dino Group’s logistics are constantly being realigned to its growing store network to ensure the maximum level of efficiency and it presently consists, among others, of three distribution centers in Krotoszyn, Jastrowie and Piotrków Trybunalski. Their range makes it possible to deliver fresh products and make regular deliveries of the remaining product range to all of Dino’s stores.

The Company owns most of the land and properties on which Dino stores are located. Combined with a well-functioning business model, this allowed the Dino network to grow quickly in recent years, ramping up the number of stores from 111 at the end of 2010 to 718 at the end of September 2017.

The company has been listed on WSE’s main floor since April 2017. The Dino Group employed 12 thousand people at the end of September 2017.

More information available on www.grupadino.pl