



Matas | Q3 2016/17 results

Forward Looking Statements

This presentation contains statements relating to the future, including statements regarding Matas A/S' future operating results, financial position, cash flows, business strategy and plans for the future. The statements can be identified by the use of words such as "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the interim report. Any such statements are subject to risks and uncertainties and a number of different factors, of which many are beyond Matas A/S' control, can mean that the actual development and the actual result will differ significantly from the expectations contained in the interim report. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues.

Business Update

- Sales development in Q3: LFL = 1.3%
 - Driven by the webshop, high-end beauty - especially at Black Friday, and M·A·C
 - Slow, but positive sales development in Mass Beauty, MediCare and Vital
- Small gross margin compression
 - Very strong Black Friday and web sales (lower margin areas)
 - Continued price competition, but confined to parts of the mass beauty area, but from both parallel importers and food retailers
- Club Matas 3.0 – continued increase in app downloads
- First shop-in-shop pharmacy and M·A·C shop-in-shop opened in October in Sønderborg
- M·A·C shop-in-shops rolled out in five StyleBox and two Matas stores
- Remodelling of top stores paused as planned in November/December– renewed in Q4 onwards
- Continued dialogue with independent store owners - acquisition of one associated store in Q3 (and two with effect in Q4 2016/17).
- Cost programme on track to deliver annual savings of DKK 25-30m from 2017/18.

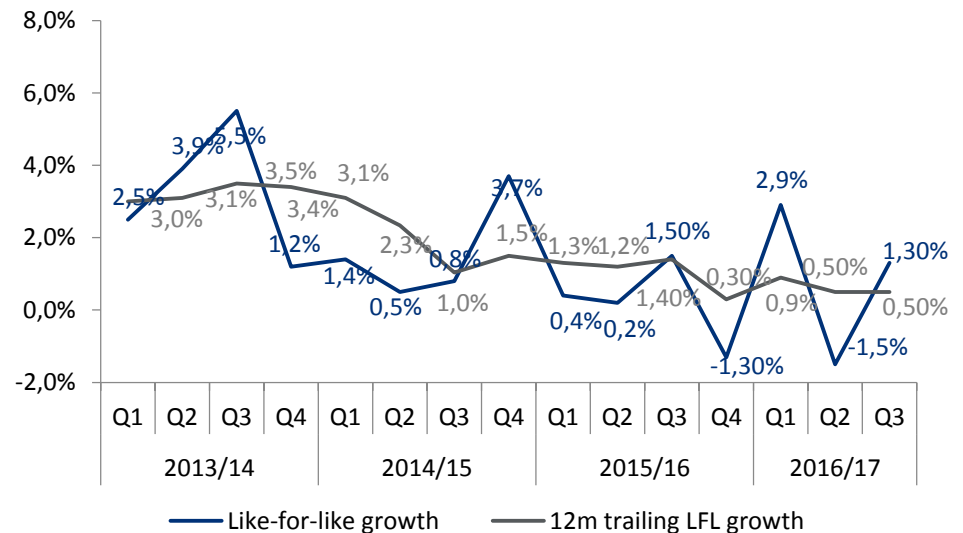
Financial Highlights Q3 2016/17

- Total revenue growth of 1.2% in Q3, and an increase of 1.3% in like-for-like revenue
- Gross margin slightly down to 45.8% in Q3 vs. 46.4% in Q3 last year
- EBITA margin 20.2% vs. 21.7% in Q3 2015/16 – impacted by cost of strategy implementation
- Adjusted net profit DKK 162m vs. DKK 167m in Q3 2015/16
- Strong improvement in cash flow from operating activities, DKK 331m in Q3 2016/17 compared to DKK 252m in the same period the year before
- Total investments of DKK 31m vs. DKK 14m in Q3 2015/16
- Gross debt of DKK 1,689m and net debt of DKK 1,522m – corresponding to 2.5x LTM EBITDA

Good growth in Q3 2016/17 – mainly from High end Beauty

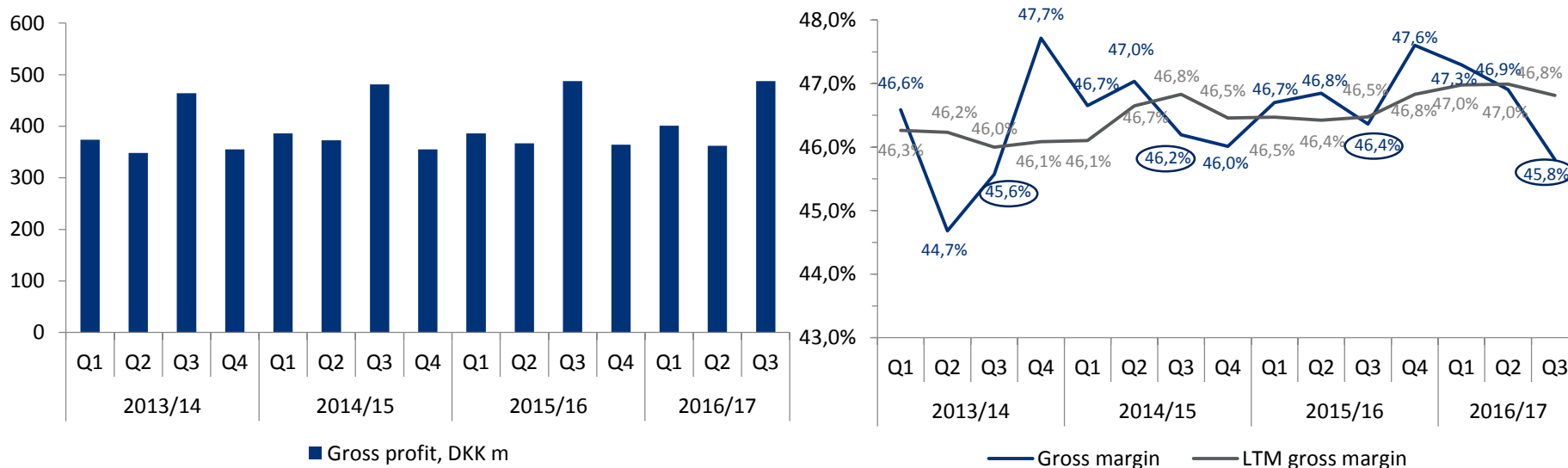
- Total revenue growth of 1.2% in Q3 2016/17
- Beauty sales up 3.3%, 2.4% adjusted for acquired stores - High end 6% growth
- Vital business continues growth, 1.6% LFL growth.
- Online sales growth remains very strong

DKK million	2016/17 Q3	2015/16 Q3	Growth	Excl. acquisitions
Beauty	829	802	3,3%	2,4%
Vital	96	95	1,6%	0,6%
Material	70	72	-2,4%	-3,2%
MediCare	46	45	1,8%	1,0%
Other	6	5	3,8%	NM
Total revenue from own retail stores	1.046	1.019	2,7%	
Sales of goods to associated stores etc.	18	33	-45,1%	
Total revenue	1.064	1.052	1,2%	



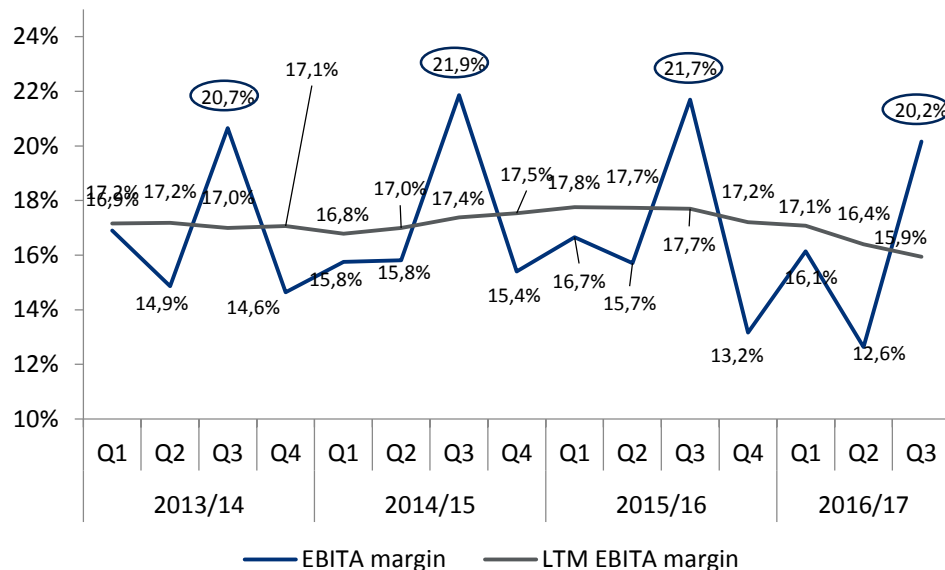
Gross Margin down in Q3 2016/17

- Gross margin was 45.8% vs. 46.4% same quarter last year
- Gross profit of DKK 488m, equal to Q3 last year, but with lower margin
- 12m trailing gross margin 46.8%, down 20 bps from last quarter



EBITA Margin down in Q3 2016/17

- EBITA margin down to 20.2% (21.7%)
- Other external costs increased to 7.9% of sales in Q3 compared to 7.4% last year
 - Higher net marketing costs and rent (from acquired stores)
- Staff cost increased to 16.1% of sales from 15.7% last year
 - Central staff costs in connection with execution of new strategic initiatives.
 - Ordinary annual salary cost increases

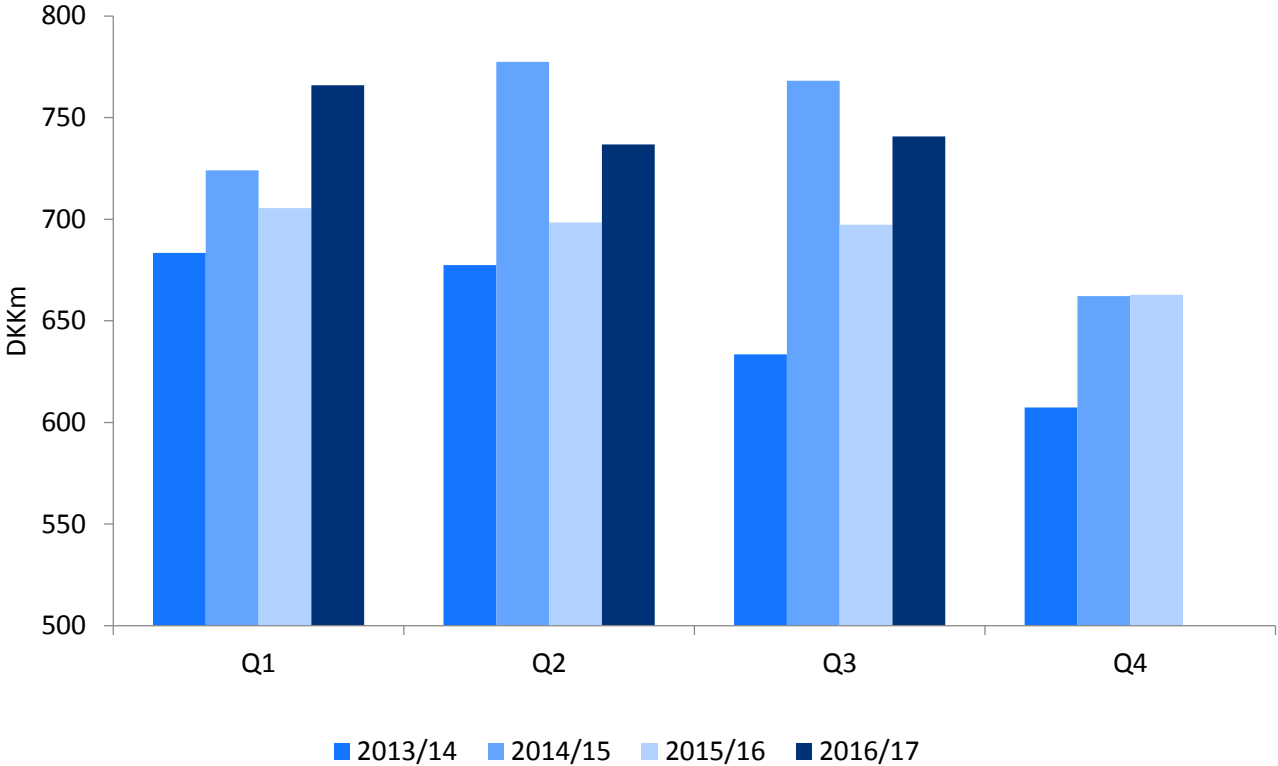


	2016/17	2015/16	
DKK million	Q3	Q3	Chg.
Other external costs	84	78	7.3%
As a percentage of revenue	7.9%	7.4%	
Staff costs	172	166	3.7%
As a percentage of revenue	16.1%	15.7%	

Income Statement – Q3 2016/17

DKK million	2016/17 Q3	2015/16 Q3	Change
Revenue	1.064	1.052	1%
Gross profit	488	488	0%
Gross margin	45,8%	46,4%	
Other external costs	-84	-78	7%
Staff costs	-172	-166	4%
EBITDA	232	244	-5%
Amortisation and depreciation	-36	-34	5%
Operating profit	196	209	-7%
Net financials	-8	-10	-21%
Profit before tax	188	199	-6%
Tax on profit for the period	-41	-46	-12%
Profit for the period	147	153	-4%
Diluted Earnings per share, DKK	3,82	3,80	1%
EBITA	215	228	-6%
EBITA margin	20,2%	21,7%	-
Tax rate	21,7%	23,3%	nm
Adjusted profit after tax	162	167	-3%

Development in Inventories



Solid Working Capital Development in Q3 2016/17

- DKK 164m in cash inflow from changes in net working capital
- Inventories decreased by DKK 4m in quarter
- Seasonal increase in trade and other payables of DKK 164m – related to timing of payments around end of quarter (esp. VAT)

DKK millions	2016/17 Q3*	2016/17 Q2	2016/17 Q1	2015/16 Q4	2015/16 Q3
Change in inventories	-4	29	-103	35	1
Change in receivables	5	-6	2	-1	-3
Change in trade and other payables	164	-133	35	-14	128
- trade payables	67	-123	41	52	26
- other payables	96	-9	-5	67	102
Total change in net working capital	164	-109	-67	19	125

*excl. acquisitions

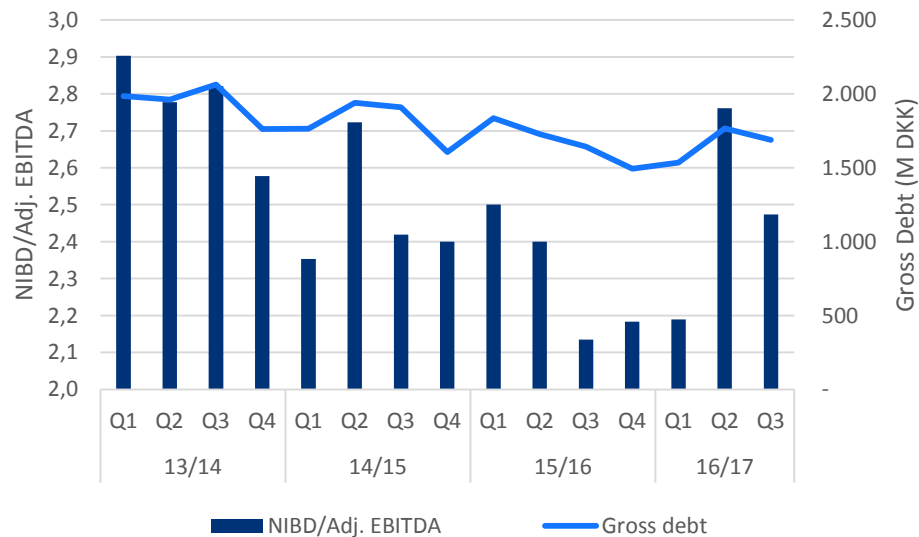
Strong Q3 2016/17 Cash Flow Development

- Cash flow from operating activities was DKK 331m in Q3 compared to DKK 252m in Q3 2015/16
- Investments of DKK 31m in Q3 2016/17 – related to purchase of associated stores and upgrade of stores
- Free cash flow in Q3 of DKK 299m compared to DKK 238m last year

(DKK million)	2016/17 Q3	2016/17 Q2	2016/17 Q1	2015/16 Q4	2015/16 Q3
Cash generated from operations	401	13	87	136	370
Paid interest and taxes	-70	-12	-9	-44	-118
Cash flow from operating activities	331	2	77	92	252
Acquisition of PPE and intangibles	-25	-20	-18	-29	-14
Acquisition of subsidiaries and activities	-6	-3	-34	0	0
Free cash flow	299	-22	26	63	238
Cash flow from financing activities	-168	-50	11	-209	-121
Net cash flow from operating, inv. and fin. activities	132	-71	36	-147	117

Capital Structure

- Gross debt of DKK 1.689 bn on 31 December 2016 – inside target range of DKK 1.6-1.8 bn.
- Net debt of DKK 1.522m on 31 December 2016, equal to 2.5x LTM EBITDA
- Dividend policy and capital structure targets unchanged



Target	
Capital Structure	
Gross debt level	DKK 1,600 - 1,800m
Dividend and share buy-back	
Dividend pay-out ratio	At least 60% of Adjusted net profit
Share buyback	Distribution of excess cash through share buybacks

Two key focus areas to deliver on strategy

Customer centricity

Putting the customer in the center in everything we do, through three initiatives

- 1 Customer centric offering
- 2 World class store experience
- 3 Effective pricing & promotions

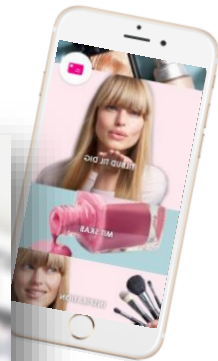


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Digital leadership

Taking Matas' digital presence to the next level and ensuring the best customer experience, through two initiatives

- 4 Omni channel leadership
- 5 Full value of Club Matas



M·A·C shop-in-shops

- Matas has so far opened M·A·C shop-in-shops in five StyleBox and two Matas stores
- Sales data for the first months are encouraging
- Matas will evaluate further roll-out plans with Estée Lauder (owner of M·A·C)



Sucessful shop-in-shop pharmacy

- In early October, Matas opened the first shop-in-shop pharmacy in Sønderborg
- The data for the first months' trading is very solid
- Sales data will be further analysed to decide the on future pharmacy openings, depending on local characteristics



Cost programme

- Cost reductions announced in connection with Q2 2016/17 report have all been identified and is being implemented
- The programme is expected to have a full effect in Q1 2017/18
- The cost reductions are expected to amount to DKK 25-30m per year
- No major one-off other costs expected to implement the cost programme

2016/17 Guidance

	Guidance 2016/17 8 February 2017	Previous Guidance	Realised 2015/16
Revenue			
Like-for-like growth assumption	"0-2%"	"0-2%"	0.3%
Earnings			
EBITA margin	"around 16%"	"around 16%"	17.2%
Investments			
Capex	"around DKK 90-100 mill".*	"around DKK 90-100 mill".*	DKK 70 mill.

*Excluding acquisition of stores

2016/17 and 2017/18 shopping days

