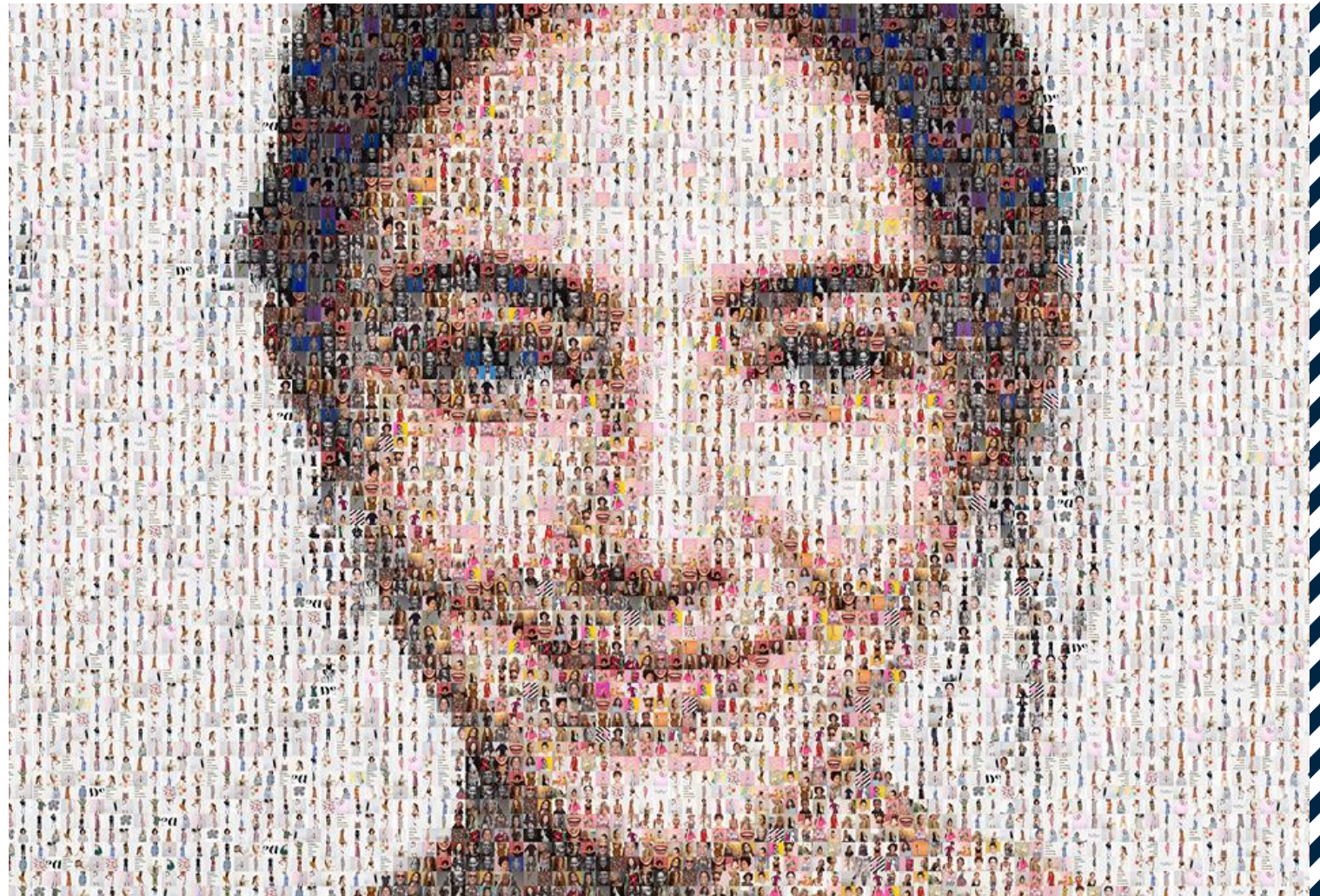


# 'Renewing Matas' – progress year one

RESULTS UPDATE 28 MAY 2019 – ANNUAL REPORT 2018/19




**matas**  
SKØNNERE SAMMEN



# Highlights

- ✓ Q4 2018/19 results with **positive like-for-like** (2.1%) and continued **gross margin stabilisation**
- ✓ FY 2018/19 **results in line with guidance**
- ✓ Progress on all strategic tracks – **online sales at 11%** in Q4 2018/19 of group sales up from 4% a year earlier
- ✓ **Acquisition of Kosmolet A/S** – adding the leading make-up brand to our own brand portfolio
- ✓ Dividend per share of **DKK 3.00** reflecting acquisitions and investment ramp-up
- ✓ Guidance FY 2019/20 with **topline growth, positive LFL and planned CAPEX ramp-up**
- ✓ Margin contraction due to **dilutive effect of online** and “investment” in resources to drive growth
- ✓ Dividend **pay-out ratio of minimum 30%** of adjusted net profit after tax

# CEO comment: Progress on our strategic ambitions towards 2022/23

	2018/19 target	2018/19 actual	2022/23 ambitions
 <b>LIFT CUSTOMER ENGAGEMENT</b>	Index 100	<b>64</b> (index 100)	70 (index 100)
 <b>GROW REVENUE</b> (GROWTH YOY)	DKK 3.5 bn	<b>DKK 3.5 bn</b> (2.2%)	Around DKK 4 bn
 <b>SECURE EARNINGS</b> EBITDA MARGIN BEFORE EXCEPTIONAL ITEMS	Above 15%	<b>15.5%</b>	Above 14%*

\* Before effect from IFRS 16 of around 4%-points uplift.

# Win online: Strong progress in 2018/19

## Q4 ONLINE REVENUE\* IN % OF TOTAL REVENUE

**4%** IN Q4 2017/18

**11%** IN Q4 2018/19

## MATAS.DK IN 2018/19

**54%** GROWTH FROM 2017/18

**5%** OF 2018/19 TOTAL REVENUE

## ANNUAL ONLINE REVENUE IN % OF TOTAL REVENUE

**4%** IN 2017/18

**7%** IN 2018/19

## ONLINE GROWTH FUELLED BY

- INVESTMENTS IN MATAS.DK INCLUDING
  - INCREASED MARKETING AND SOCIAL MEDIA EFFORTS
  - FASTER DELIVERY
  - NEW SUBSCRIPTION FEATURE
- PURCHASE OF FIRTAL INCLUDING HELSEBIXEN.DK, JALA-HELSEKOST.DK AND MADE4MEN.DK

Online revenue* (% of total revenue)	2018/19	2017/18	YoY growth	Q4 2018/19	Q4 2017/18
matas.dk	5.3%	3.5%	54%	6.0%	4.1%
Firtal Group	1.8%	-	-	5,3%	-
<b>Matas Group</b>	<b>7.1%</b>	<b>3.5%</b>	<b>106%</b>	<b>11.2%</b>	<b>4.1%</b>

\* Includes revenue from Firtal Group for the period 13 November 2018 to 31 March 2019.

# Reignite store growth: 2018/19 has been a year of continued progress

UNDERLYING PHYSICAL STORE REVENUE DEVELOPMENT  
 MORE **POSITIVE** THAN IN 2017/18

STORE NETWORK  
**11** UPGRADES, MERGERS AND NEW LOCATIONS  
**4** MATAS LIFE CONCEPT STORES

NEW PRODUCTS & BRANDS\*  
**14%** BRAND ROTATION  
**125** NEW BRANDS WITH **3,100** NEW PRODUCTS



#	2018/19	2017/18	New	Removed
Brands*	900	875	125	100
Products* (SKU)	33,500	33,300	8,600	8,400
- from new brands			3,100	
- from existing brands			5,500	

\* Matas only.

# New growth paths: Strengthening Matas' position in the green market

## Green shop-in-shop in Matas

**matas natur**  
 FORDI NATUREN GIVER OS SÅ MANGE SKØNNE GAVER

I Matas Natur universet har vi fokus på essensen af sundhed og naturlig skønhed. Og her stiller vi ekstra krav til de produkter, du finder på hylderne – blandt andet dem på siden her. Husk, at alle de grønne produkter også ligger på matas.dk/natur.

**125,-**  
 CLEAN ESSENCE 3 IN 1 SOLBÆRE SET  
 30 x 30 ml  
 Clean Essence Blandt. Soap 30 ml  
 Clean Essence Blandt. Oil 30 ml  
 Clean Essence Spray. Cotton (Revealer Blandt) 30 ml

**199,-**  
 BÅNDRING ESSENTIEL  
 GAVELDAG  
 Blandt alle produkter med blødgørende egenskaber, der giver dig blødt og smukt hud. Blandt alle produkter med blødgørende egenskaber, der giver dig blødt og smukt hud.

**99,-**  
 HINDS PURE EYE  
 OG MASKE  
 Pure Eye Cream og  
 3-brunne øjen-  
 masker med  
 fugtende maske  
 alle med naturlige  
 ingredienser  
 med 3.000 kcal

**3 FOR 2**  
 ALT DR. SCHELLER

**225,-**  
 BOOING GAVELDAG  
 100 ml x 30 ml

**64%**  
 ALLE SELV MÅNEDS  
 dig og træner dig. Så længe du har  
 10 ml fugtende cremet og 10 ml  
 beroligende og beroligende  
 alle med naturlige ingredienser  
 med 3.000 kcal

**GIV DIG SELV ET ØJEBLIK**  
 ...med My Moments, der er lavet til at genopbygge  
 energien og boblen. My Moments er en kaffet  
 pibedrik som, ifølge din smag, giver dig  
 Cofee de bløde dufte og det afslappende, nordiske  
 forhold, og hvad du får fra det og fugter huden og  
 hjælper på det hele.

**30% OFF**  
 ALT MY MOMENTS

VÆRTINGEGAVER MED VÆLVÆRE  
 En god gæst har naturligvis husket værdigegaven.  
 Og hvorfor ikke prøve at skille den traditionelle blomst ud med lidt selvforfølelse?  
 Hvis du selv vil være glad for gæsten, bliver modtageren det sikkert også...

Partnerships

Partnerships

**Firtal Group**

Nyheder Kundeservice Om os Magasin Log ind

**helsebixen** Søg efter produkter her...

Kosttilskud Fødevarer Personlig pleje Medicin & Medicare Træning Mor & Barn Hjem Brands

Produkt kategorier

- Helsekost & Kosttilskud
- Hømsopati
- Fødevarer
- Non-Food
- Naturlægemidler

Natural  
 Beauty &  
 Wellbeing  
 for life

2018/19 VITAL  
 GROWTH OF  
 12.6%

## 2 Matas Natur Concept Stores



Matas.dk/natur

**25%**  
 på naturlige dufte her

**20%**  
 REN - EVERCALM SERIEN  
 20% på hele EVERCALM serien\*  
 En videnskabelig bevist serie  
 med rodnem og sensitivitet.

**DR. SCHELLER**  
 Ansigtsskrem og serum.  
 100% fri for parabener,  
 silikone, mineralske olier og  
 syntetiske farvestoffer.

matas

# Change how we work

**SUPPLIER ALIGNMENT**

**PROMOTIONAL EFFECTIVENESS**

**DATA AND DIGITAL COMPETENCIES**



**matas**

# Key figures for 2018/19 and 2017/18

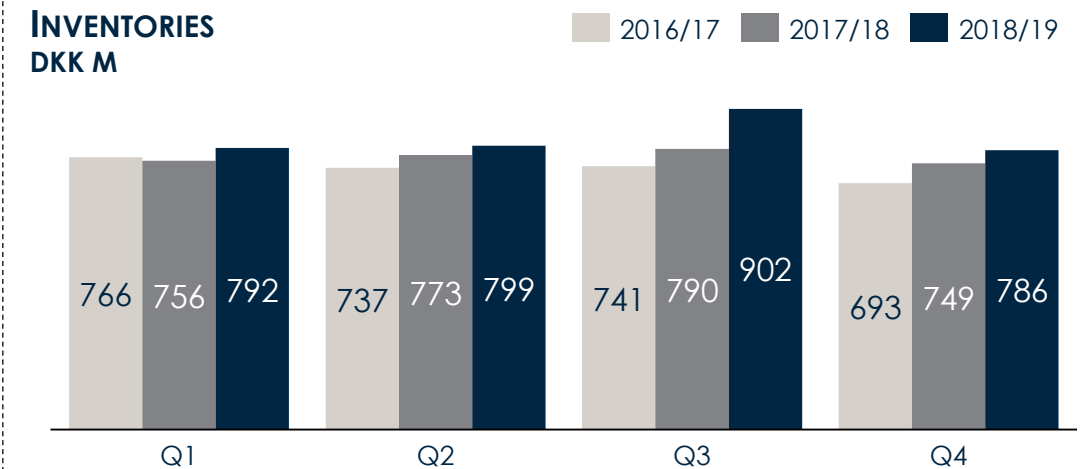
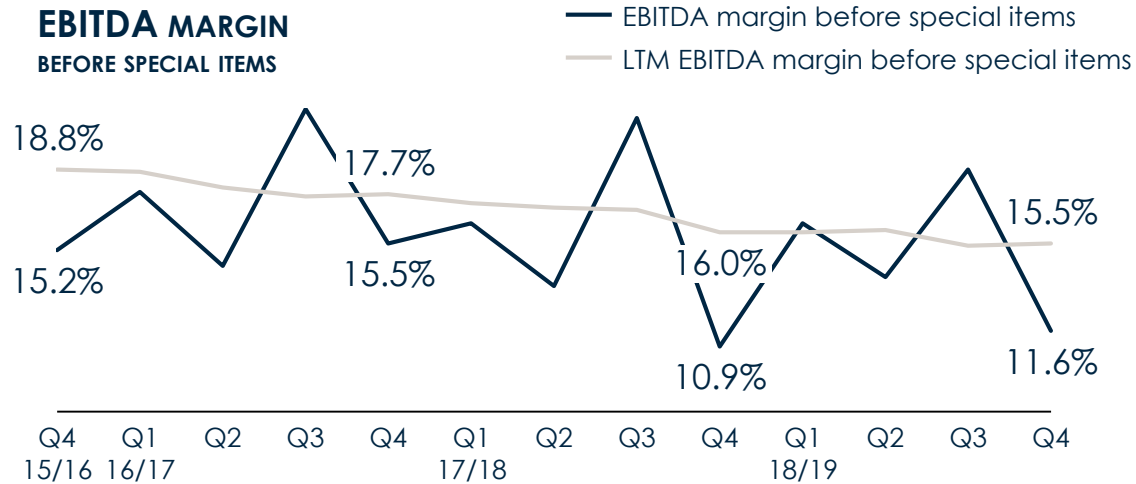
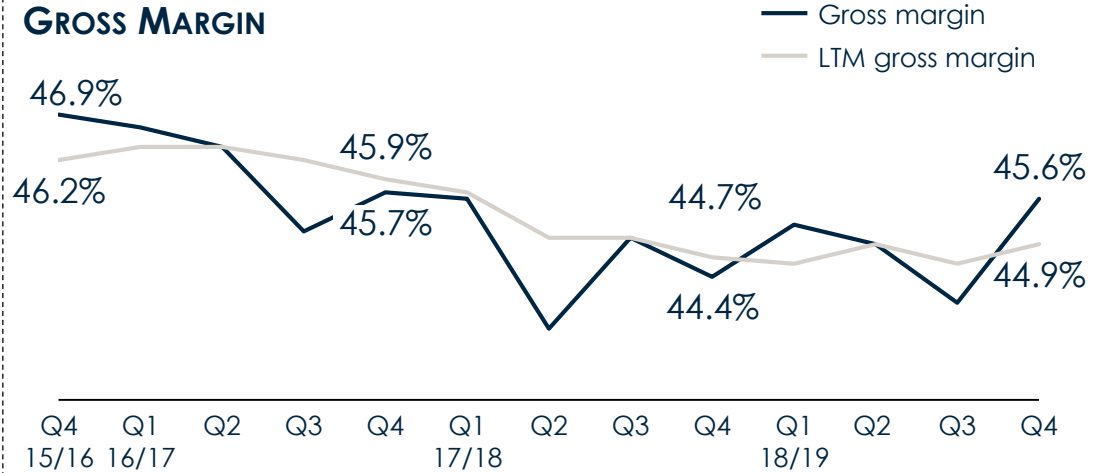
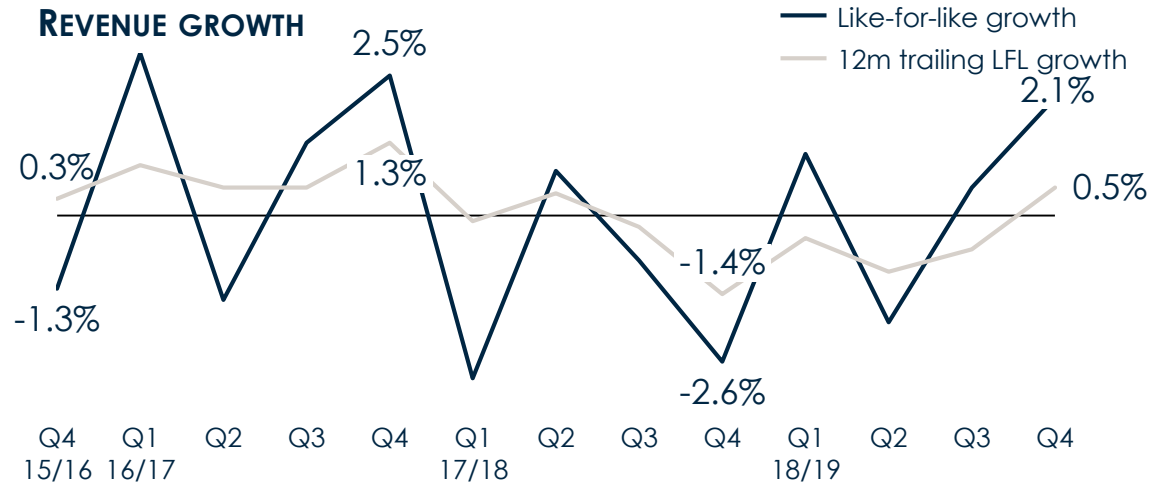
## Comments

- 2.2% revenue growth
  - **Beauty** (71.3% of total sales) increased 1.7%
    - High-end beauty (38.0% of total sales) increased 3.5%
    - Mass beauty (33.3% of total sales) decreased 0.2%
  - **Vital** increased 12.6%
  - **Material** increased 1.2%
  - **Medicare** decreased 0.7%
  - **Other** and **Wholesale etc.** decreased
- Gross profit increase of DKK 40 m or 2.6% driven by higher sales and a marginal increase in GM due to smarter campaigns and improved price management

	2018/19	2017/18	Growth YoY
<b>DKK million</b>			
<b>Revenue</b>	<b>3,541</b>	<b>3,465</b>	<b>2.2%</b>
<b>Gross profit</b>	<b>1,589</b>	<b>1,549</b>	<b>2.6%</b>
Other external costs	355	320	11.0%
Staff costs	704	695	1.3%
<b>EBITDA</b>	<b>530</b>	<b>535</b>	<b>-0.9%</b>
Amortisation and depreciation	166	166	0.5%
<b>Operating profit (EBIT)</b>	<b>363</b>	<b>369</b>	<b>-1.5%</b>
Net financials	22	20	9.0%
<b>Profit before tax</b>	<b>342</b>	<b>349</b>	<b>-2.1%</b>
Tax on profit for the period	79	69	14.4%
<b>Profit for the period</b>	<b>263</b>	<b>280</b>	<b>-6.2%</b>
Special items	19	20	
<b>EBITDA before special items</b>	<b>549</b>	<b>555</b>	<b>-1.1%</b>
<b>Adjusted net profit</b>	<b>343</b>	<b>356</b>	<b>-3.6%</b>
Gross margin	44.9%	44.7%	
EBITDA margin	15.0%	15.4%	
<b>EBITDA margin before special items</b>	<b>15.5%</b>	<b>16.0%</b>	
Diluted earnings per share, DKK	6.93	7.43	
Tax rate	<b>23.0%</b>	<b>19.7%</b>	



# Long term trends in Sales, Gross Margin and EBITDA margin



# Cost development in 2018/19

## Other external costs up DKK 35 m YoY:

- Operating costs from Firtal Group from 13 November 2018 to 31 March 2019, including marketing expenses
- Higher activity on matas.dk, including costs relating to webshop operations, freight and logistics
- Transaction costs in connection with the acquisition of Firtal Group.

## Staff costs up DKK 9 m YoY:

- Non-recurring costs fell DKK 9 m compared to 17/18
  - For 2018/19, DKK 5 m were related to executive changes in Matas
  - For 2017/18 DKK 14 m were related primarily to the change of CEO
- Staff costs rose by DKK 6 m from The Firtal Group acquisition
- Underlying staff costs (LFL) up by DKK 12 m or 1.8% primarily due to collective wage agreements

DKK million	2018/19	2017/18	Growth YoY
<b>Other external costs (OEC)</b>	<b>355</b>	<b>320</b>	11%
OEC as a percentage of revenue	10%	9%	
<b>Staff costs</b>	<b>704</b>	<b>695</b>	1%
Non-recurring staff costs	5	14	
Staff costs as a percentage of revenue	20%	20%	
<b>Total costs</b>	<b>1,059</b>	<b>1,015</b>	4%

# Cash flow and working capital in 2018/19 and 2017/18

## Cash flow and working capital developments

- Cash generated from operations, including changes to working capital, increased DKK 60 m
  - Net working capital rose DKK 68 m due to the reclassification of a DKK 79.6 m receivable from Corporation tax receivable to Other receivables.
  - Underlying NWC actually fell marginally as increased inventories were financed by higher debt to suppliers
- Paid Taxes and interest fell marginally to DKK 115 m from DKK 123 m in 2017/18
- CAPEX increased DKK 36 m due to increased investments in stores and online
- Acquisitions jumped DKK 101 m due to the Firtal acquisition
- In consequence Free cash was DKK 212 m, down DKK 69 m.

DKK million	2018/19	2017/18	Change YoY
<b>Cash generated from operations*</b>	<b>566</b>	<b>506</b>	60
Paid interest and taxes	115	123	8
<b>Cash flow from operating activities</b>	<b>451</b>	<b>384</b>	<b>68</b>
CAPEX	128	93	-36
Acquisition of subsidiaries and operations	111	10	-101
<b>Cash flow from investing activities</b>	<b>239</b>	<b>102</b>	<b>-137</b>
<b>Free cash flow</b>	<b>212</b>	<b>282</b>	<b>-69</b>

\* Including changes to working capital.

# IFRS 16 effects

## IFRS 16 effects on EBITDA margin and balance sheet

- The introduction of IFRS 16 is expected to increase the EBITDA margin by about 4 percentage points.
- For 2018/19 the EBITDA margin before exceptional items is expected between 18 and 19 % after effects from IFRS 16
- In addition IFRS 16 will lead to a technical increase in Matas' debt of around DKK 950 m, while increasing assets by the same amount

	2018/19	IFRS 16	2018/19 Adjusted
<b>DKK million</b>			
Lease assets (right of use assets)	-	950	950
Total property, plant and equipment	0	950	950
<b>Total assets</b>	<b>5,539</b>	<b>950</b>	<b>6,489</b>
Equity and liabilities			
<b>Total equity</b>	<b>2,621</b>	<b>0</b>	<b>2,621</b>
Lease liability	-	798	798
<b>Total non-current liabilities</b>	<b>0</b>	<b>798</b>	<b>798</b>
Lease liability		152	152
<b>Total current liabilities</b>		<b>152</b>	<b>152</b>
<b>Total liabilities</b>	<b>0</b>	<b>950</b>	<b>950</b>
<b>Total equity and liabilities</b>	<b>5,539</b>	<b>950</b>	<b>6,489</b>

# Our 2023 strategy: 'Renewing Matas'

1  
LIVE OUR PURPOSE:  
BEAUTY & WELLBEING FOR LIFE

2  
WIN  
ONLINE

3  
REIGNITE STORE  
GROWTH

4  
OPEN NEW  
GROWTH PATHS

5  
CHANGE HOW WE WORK



# Matas x Kosmolet A/S: Strengthening Matas' own brand portfolio

**matas**



**KOSMOLET A/S**



NILENS JORD



**matas**

# Strategic, low-risk acquisition with tangible synergies and additional growth potential



## INVESTMENT RATIONALE

- ✓ #1 make-up brand in Matas with consistent growth
- ✓ Strengthen Matas' own brand portfolio in key category (Beauty)
- ✓ Increase own brand share of sales
- ✓ Margin expansive: access to larger part of value chain
- ✓ Additional growth potential in Nilens Jord
- ✓ Low-risk acquisition due to simple company structure and Matas' position as largest customer and 27 yr. track record with Matas
- ✓ Limited integration issues and fast realisation of synergies (12 months)

## DEAL HIGHLIGHTS

- ✓ 2017/18 EBITDA of DKK 19.4 m
- ✓ Annual sales and cost synergies of DKK more than 5 m
- ✓ Enterprise value for Nilens Jord of DKK 145 m
- ✓ DKK 135 m in cash at closing
- ✓ DKK 10 m in shares
- ✓ 2017/18 EV/EBITDA multiple of 7.5x pre-synergies and 5.8x post-synergies
- ✓ Earn-out agreement of up to DKK 20 m based on short term financial performance
- ✓ Deal contingent on confirmatory due diligence – expected closing in June
- ✓ Continued operation as stand alone company





# Financial targets for 2019/20

 <b>REVENUE GROWTH</b>	3.5% – 6.5%
 <b>UNDERLYING REVENUE GROWTH (LFL)</b>	0.5 – 2.5%
 <b>EBITDA MARGIN BEFORE SPECIAL ITEMS</b>	14 – 15%*
 <b>CAPEX</b>	DKK 200 – 220 m

\* The effect of IFRS 16 on the EBITDA margin is expected to be an increase of around 4 %-point.



# Financial targets for 2019/20, continued

	Tailwinds	Headwinds
 <b>UNDERLYING REVENUE GROWTH (LFL)</b>	<ul style="list-style-type: none"><li>• Omni-channel growth</li></ul>	<ul style="list-style-type: none"><li>• Declining footfall</li><li>• Price competition</li></ul>
 <b>TOPLINE REVENUE</b>	<ul style="list-style-type: none"><li>• FY effect of Firtal</li><li>• One more trading day</li><li>• Potential opening of stores</li><li>• Minimal effect of Kosmolet A/S</li></ul>	<ul style="list-style-type: none"><li>• Potential closure of stores</li><li>• Online competition</li></ul>
 <b>EBITDA MARGIN BEFORE SPECIAL ITEMS</b>	<ul style="list-style-type: none"><li>• Supplier alignment</li><li>• Promotional effectiveness</li><li>• Data and digital competencies</li><li>• Kosmolet A/S acquisition</li></ul>	<ul style="list-style-type: none"><li>• Short term margin dilution from online growth</li></ul>
 <b>CAPEX</b>	Increase to fuel investments in store network & Matas Life, online growth and IT to ensure longer term financial ambitions	

# Capital allocation

## Matas' capital allocation principles are unchanged

- A gearing of between 2.5 and 3 times EBITDA to net interest bearing debt. The gearing ratio should not materially exceed 3 for longer periods of time
- Investments including CAPEX
- Distribution

## Dividends, gearing and total investments for 2018/19

- A proposed dividend of DKK 3.00 per share, equivalent to 33% of adjusted net profit or DKK 115 m based on
- A gearing of 2.7 at end 2018/19 within financial ambitions
- Total investments of DKK 239.0 m, incl. CAPEX of DKK 128.3 m and the acquisition of Firtal of DKK 110.7 in line with financial targets for 2018/19
- Matas' loan agreements are based on pre-IFRS 16 net interest bearing debt and EBITDA definitions

Going forward, a **payout ratio of minimum 30% of adjusted net profit** is expected.

1



GEARING

2



INVESTMENTS

3



DISTRIBUTION

# Q&A

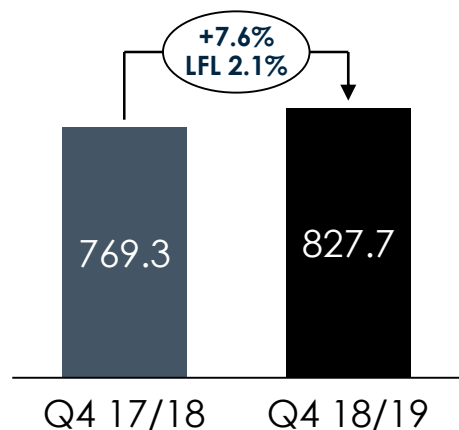


# Income statement for Q4 2018/19 vs. Q4 2017/18

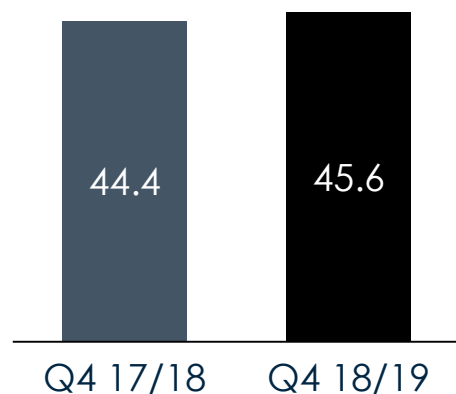
DKK million	2018/19 Q4	2018/19 Q3	2018/19 Q2	2018/19 Q1	2017/18 Q4	Growth Q4 vs Q4
<b>Revenue</b>	<b>828</b>	<b>1,093</b>	<b>777</b>	<b>844</b>	<b>769</b>	<b>7.6%</b>
<b>Gross profit</b>	<b>377</b>	<b>481</b>	<b>349</b>	<b>382</b>	<b>342</b>	<b>10.4%</b>
<i>Gross margin</i>	<b>45.6%</b>	<b>44.0%</b>	<b>44.9%</b>	<b>45.2%</b>	<b>44.4%</b>	
Other external costs	101	96	85	74	93	8.3%
Staff costs	184	180	165	175	167	10.1%
<b>EBITDA</b>	<b>93</b>	<b>205</b>	<b>99</b>	<b>133</b>	<b>82</b>	<b>13.3%</b>
Amortisation and depreciation	43	42	43	38	47	-8.1%
<b>Operating profit</b>	<b>49</b>	<b>163</b>	<b>56</b>	<b>95</b>	<b>35</b>	<b>42.4%</b>
Net financials	6	6	5	4	4	45.2%
<b>Profit before tax</b>	<b>43</b>	<b>157</b>	<b>51</b>	<b>91</b>	<b>31</b>	<b>42.0%</b>
Tax on profit for the period	10	35	14	20	-1	-933.3%
<b>Profit for the period</b>	<b>33</b>	<b>122</b>	<b>37</b>	<b>71</b>	<b>32</b>	<b>5.0%</b>
Diluted Earnings per share, DKK	0.87	3.21	0.97	1.87	0.84	3.7%
EBITDA margin	11.2%	18.7%	12.8%	15.8%	10.6%	
Special items	3	1	9	5	2	
<b>EBITDA before special items</b>	<b>96</b>	<b>206</b>	<b>109</b>	<b>138</b>	<b>84</b>	
<b>EBITDA margin before special items</b>	<b>11.6%</b>	<b>18.8%</b>	<b>14.0%</b>	<b>16.4%</b>	<b>10.9%</b>	
Tax rate	23.1%	22.0%	28.1%	22.0%	-3.9%	
<b>Adjusted net profit</b>	<b>53</b>	<b>140</b>	<b>61</b>	<b>90</b>	<b>47</b>	<b>12.1%</b>

# Overview: Q4 2018/19 vs. Q4 2017/18

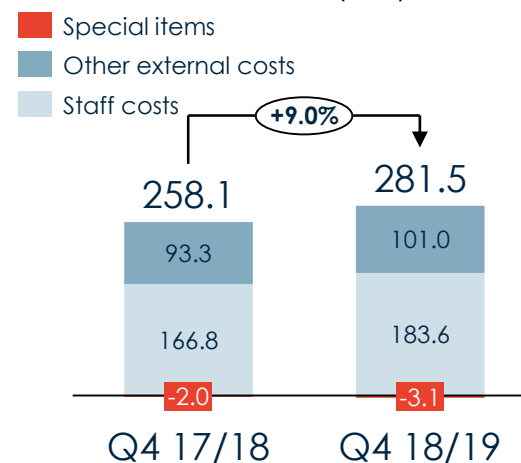
Revenue (DKK m)



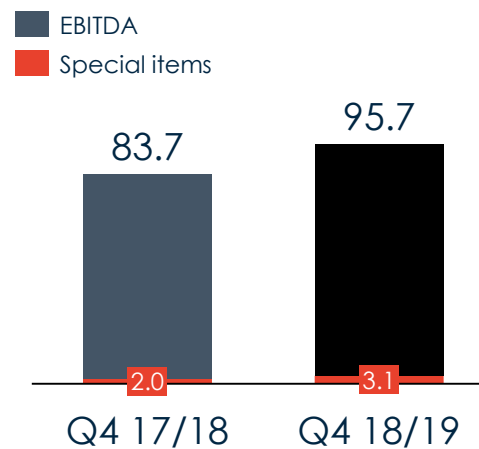
Gross margin (%)



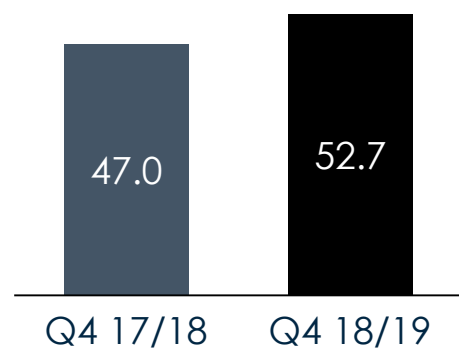
Cost (DKK)



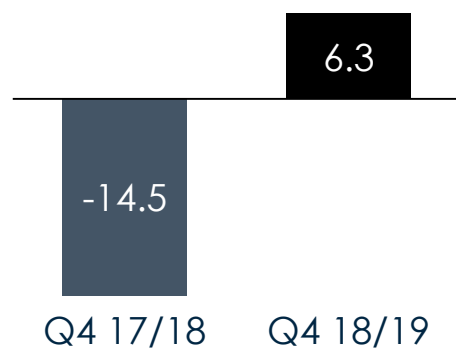
EBITDA BEFORE SPECIAL ITEMS (DKK m)



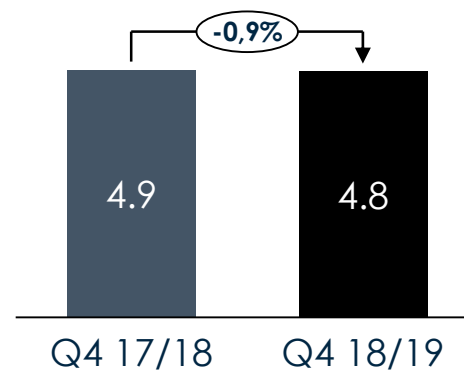
Adj. net profit (DKK m)



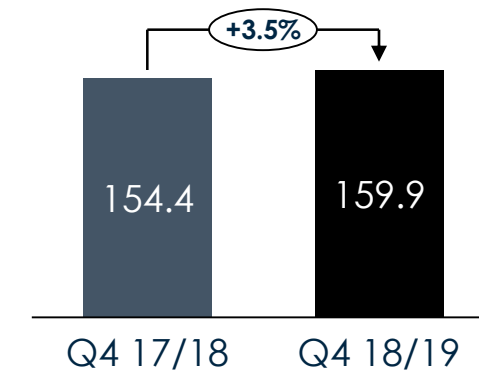
Free cash flow (DKK m)



Transactions (# m)



Basket size (DKK)



# Underlying revenue (like for like) calculations

## Like for like assumptions

- A store is part of the LFL calculation after 13 months
- matas.dk is counted as one store in LFL
- Merged stores and new stores are included in LFL after 13 months
- Firtal Group will be included in LFL from December 2019 (4 months of 2019/20)
- Kosmolet A/S will not be included in LFL in 2019/20

	2018/19	2017/18	Q4 2018/19	Q4 2017/18
Revenue growth	2.2%	-1.3%	7.6%	-2.7%
Underlying revenue growth (LFL)	0.5%	-1.4%	2.1%	-2.6%
Stores in LFL calculation* (#)	273	270	-	-
Stores in total* (#)	280	281	-	-

\* Number of stores end of period incl. matas.dk. Excluding Firtal Group.

# The Matas share

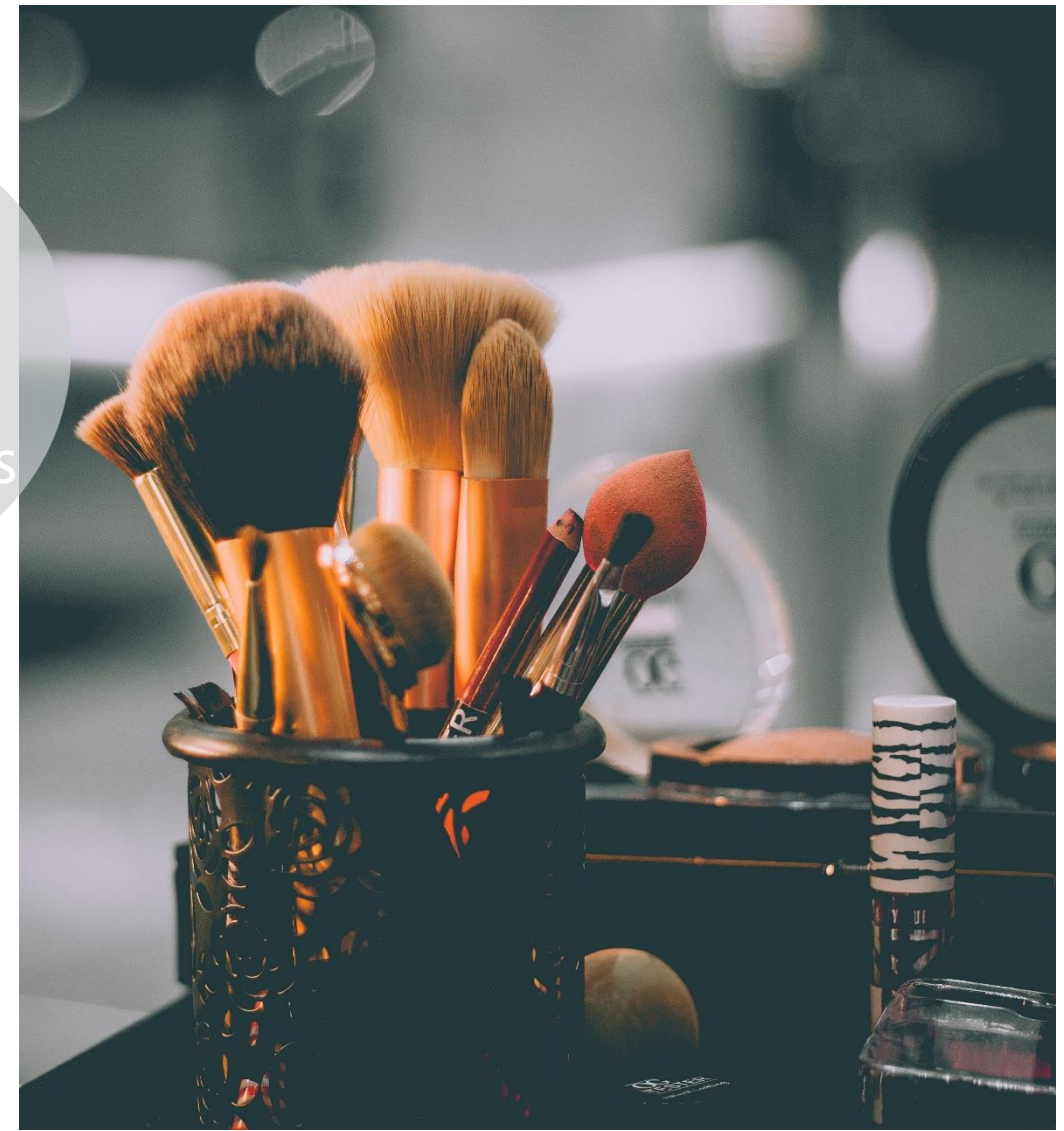
”  
LISTED ON  
**NASDAQ**  
OMX  
28 JUNE 2013

”  
**100%**  
FREE FLOAT

”  
**~39%**  
DOMESTIC  
SHAREHOLDERS

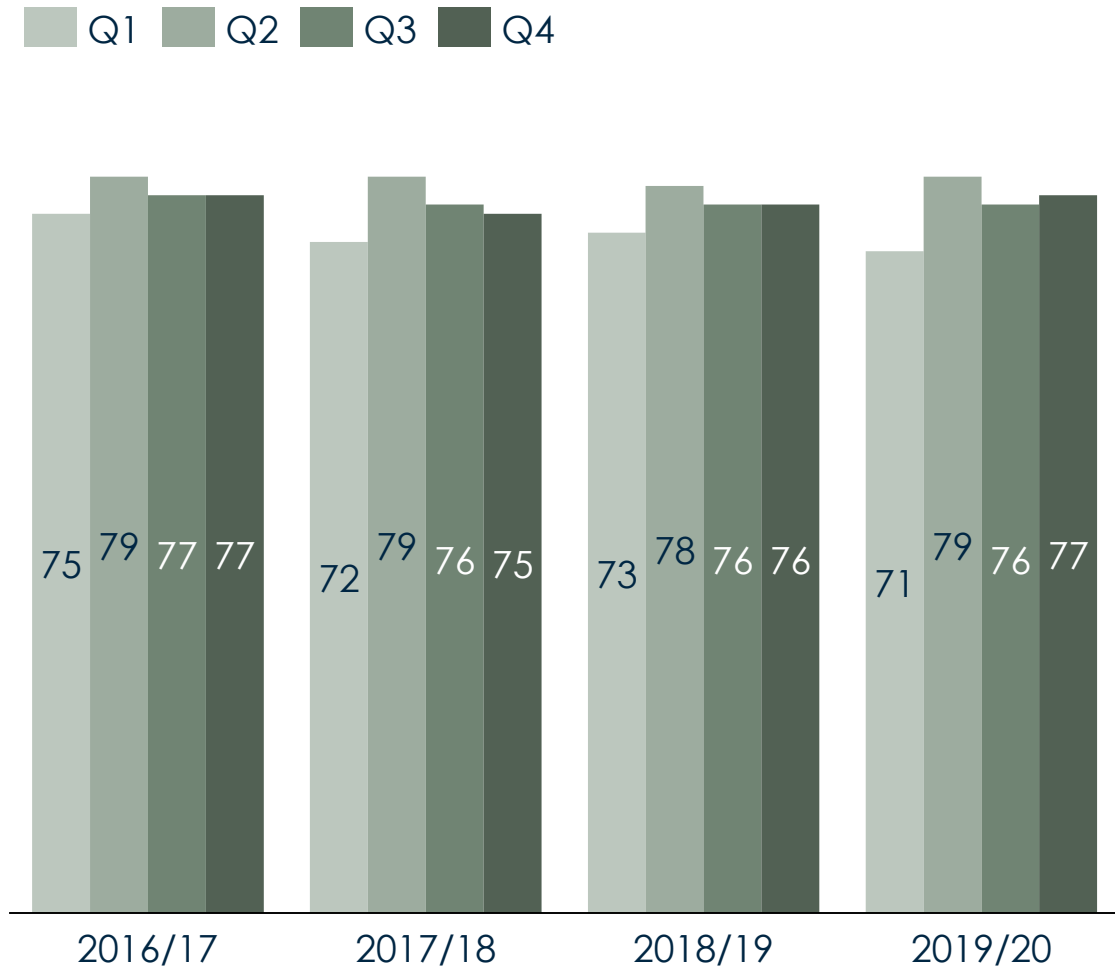
”  
**38.3 m**  
SHARES IN ONE  
SHARE CLASS

”  
**DKK 2.6**  
BN MARKET CAP



**matas**

# Trading days 2016/17 to 2019/20



matas



# Team



**Gregers** Wedell-Wedellsborg  
CEO

gww@matas.dk  
+45 4816 5555



**Anders** Skole-Sørensen  
CFO

as@matas.dk  
+45 4816 5555



**Elisabeth** Toftmann Klintholm  
Head of IR & Corporate Affairs

etk@matas.dk  
+45 4816 5548

# 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.