

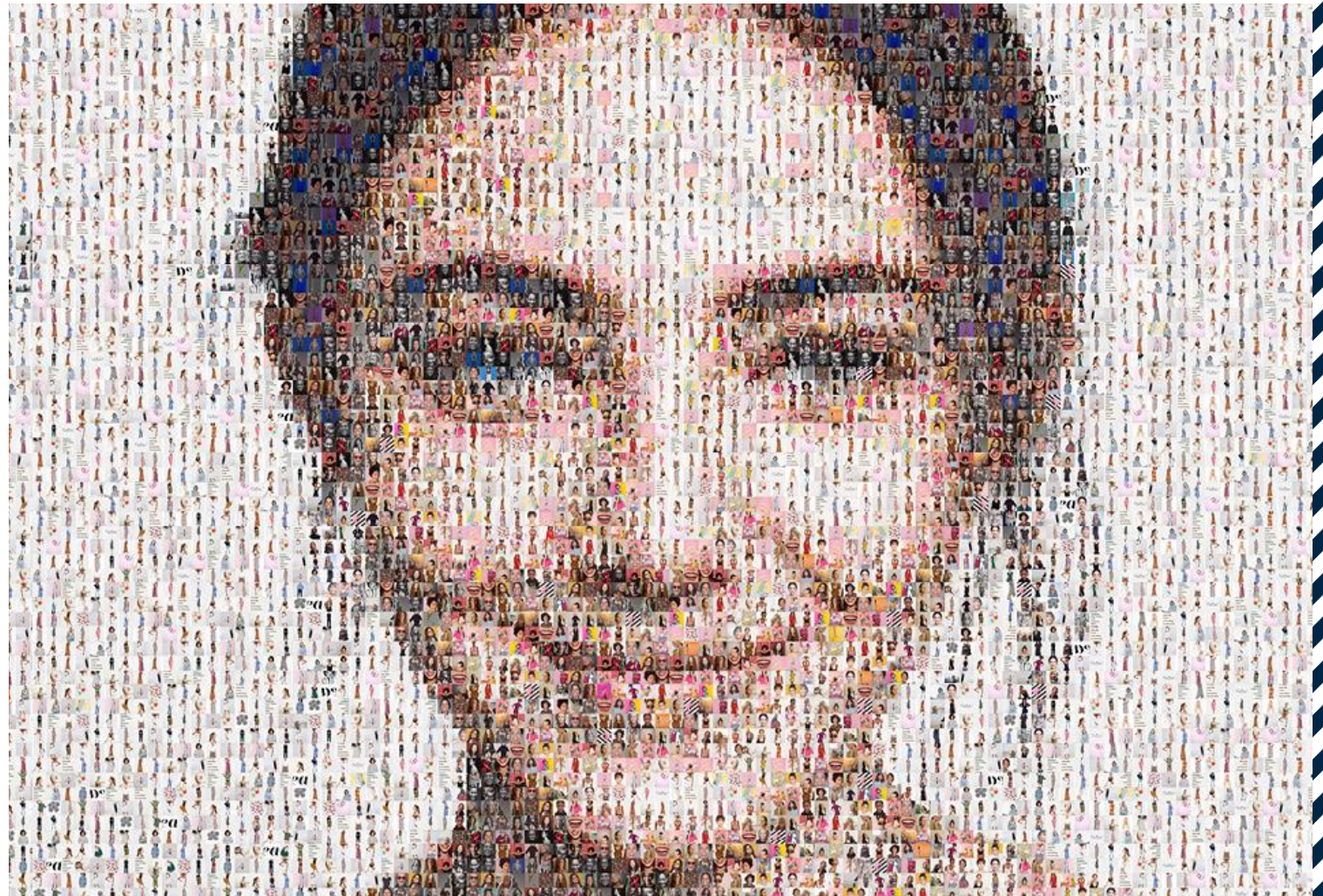
Interim Report H1 2019/20

Growth and stable earnings

30 October 2019

matas

SKØNNERE SAMMEN



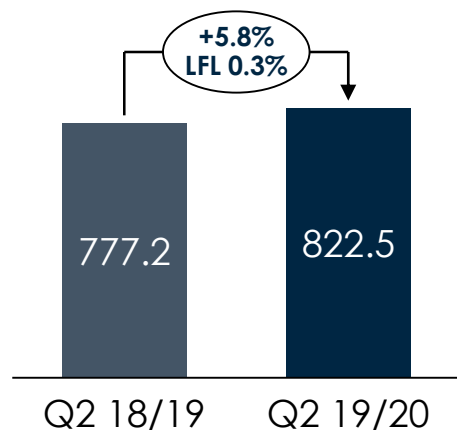
Highlights Q2 2019/20

- ✓ **Topline** growth of **5.8%**
- ✓ **LFL** growth of **0.3%**
- ✓ **Stable earnings** at **DKK 107.4 m** (Q2 2018/19: DKK 108.6 m)
- ✓ **Gross margin** stable at 44.7% including normalisation from Kosmolet (Q2 2018/19: 44.9%)
- ✓ 6 consecutive quarters with **matas.dk growing 50%** or more
- ✓ Rollout plan for new store concept '**Matas Life**' based on test results
- ✓ **Narrowed range for 2019/20 guidance** for topline and LFL, **lower CAPEX** guidance

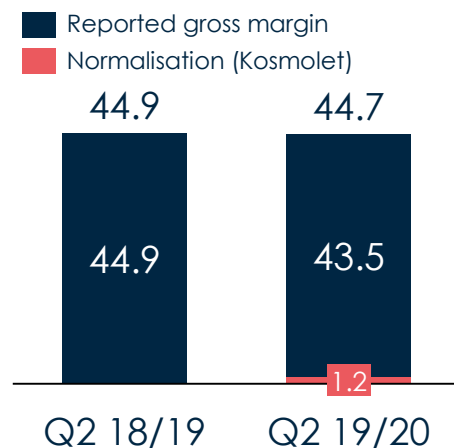
* EBITDA before exceptional items and before effects of IFRS 16

Overview: Q2 2019/20 vs. Q2 2018/19

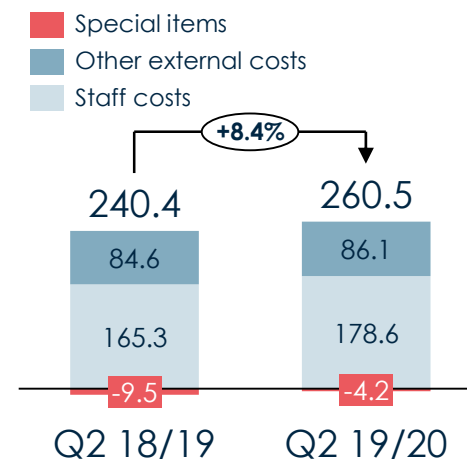
Revenue (DKK m)



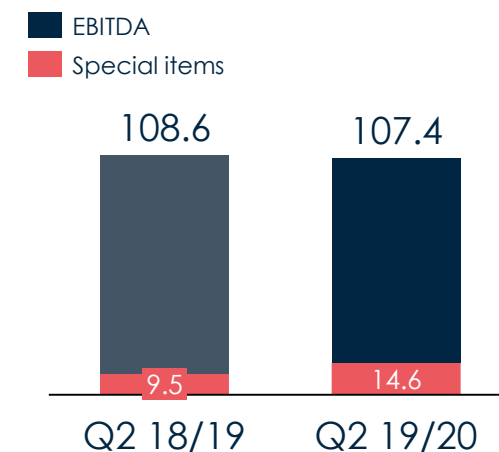
Gross margin (%)



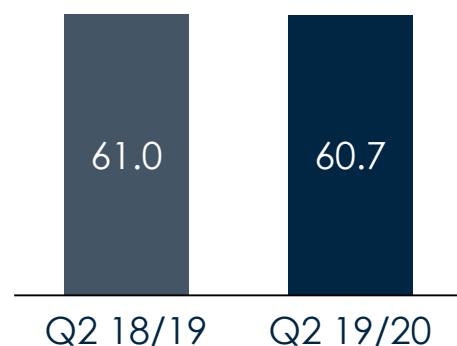
Cost* (DKK)



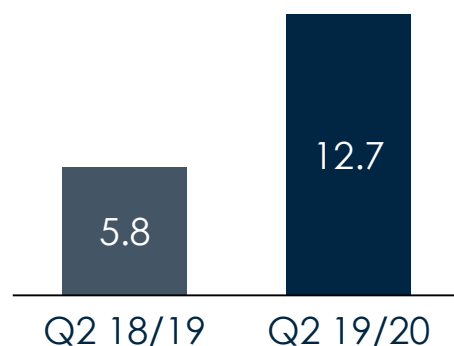
EBITDA* b. sp. items/norm. (DKK m)



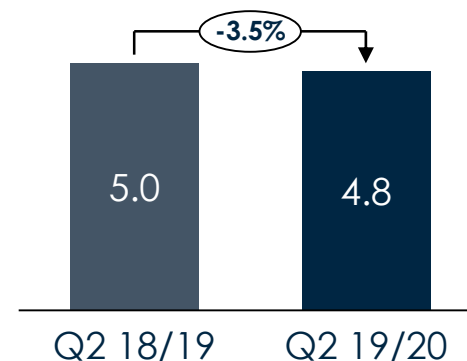
Adj. net profit* (DKK m)



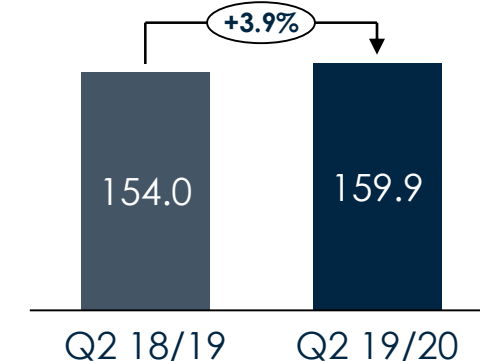
Free cash flow* (DKK m)



Transactions (# m)



Basket size (DKK)

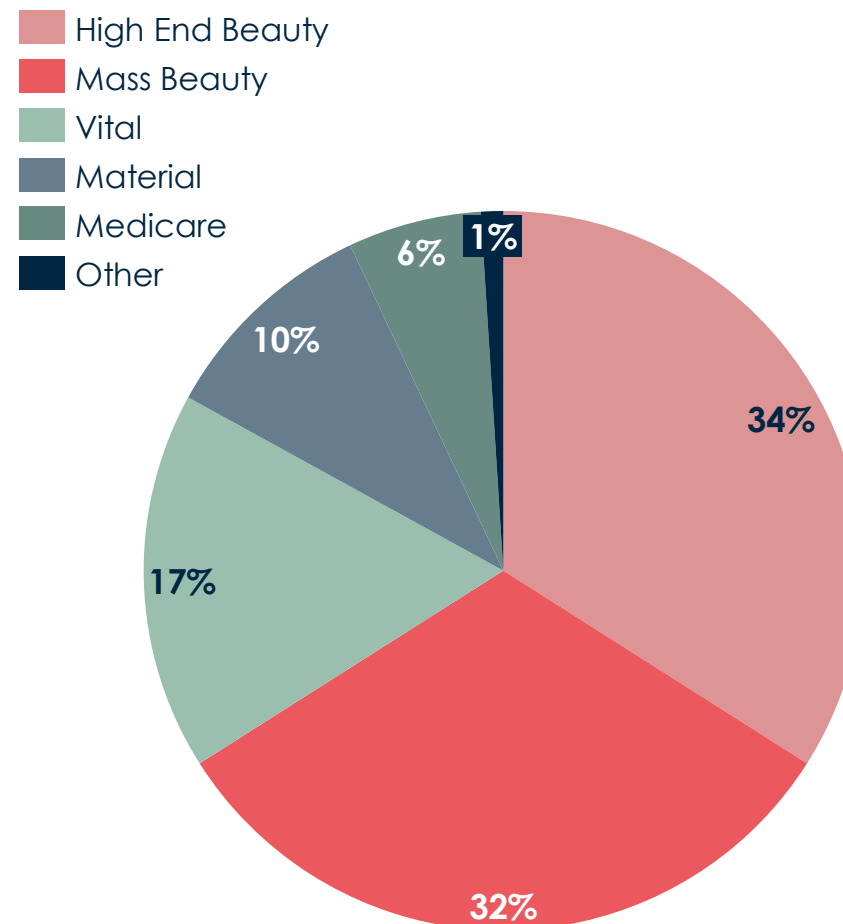


* Before effect from IFRS 16.

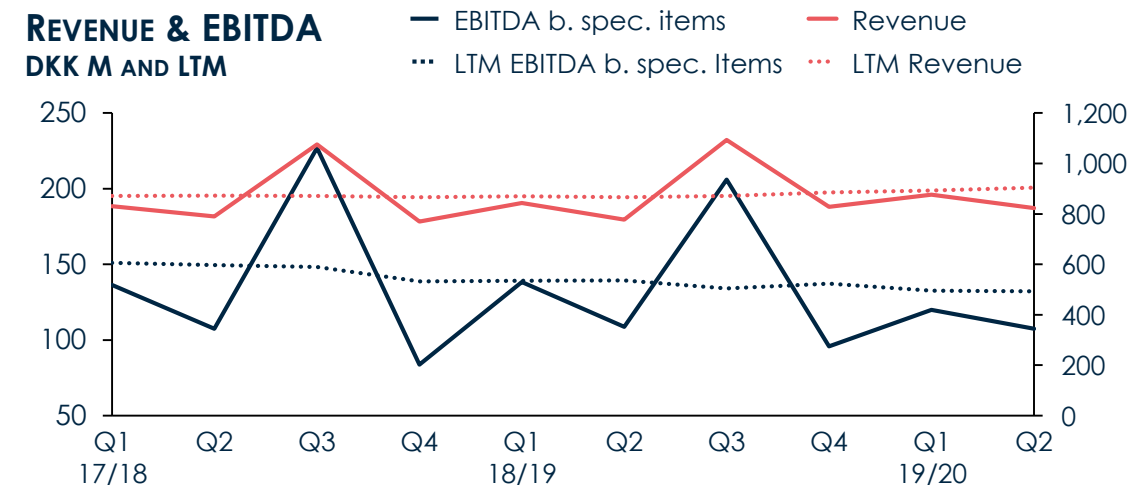
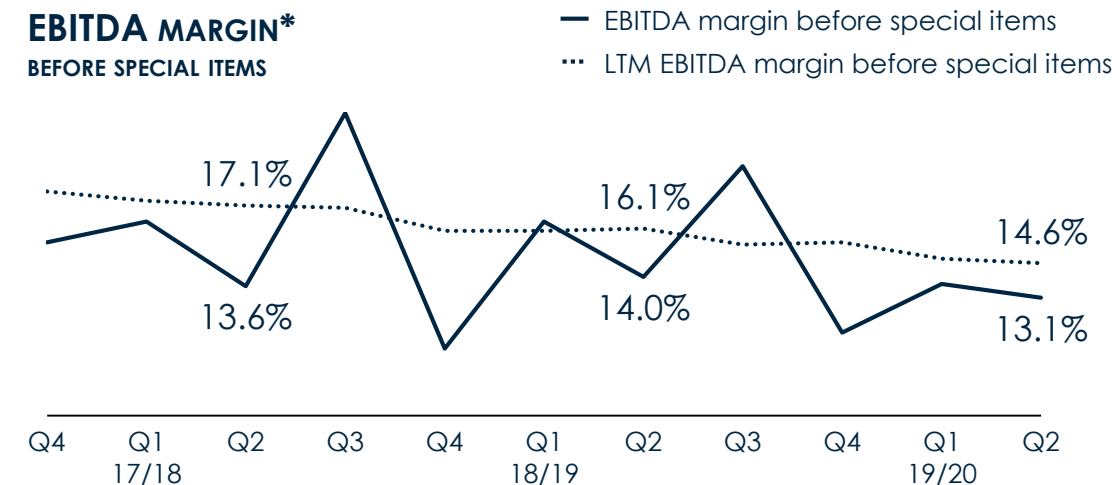
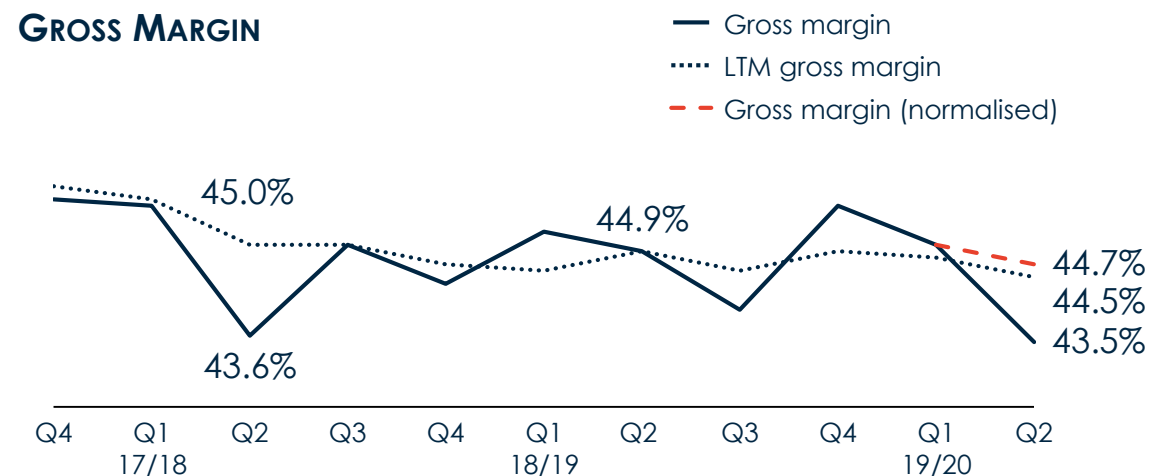
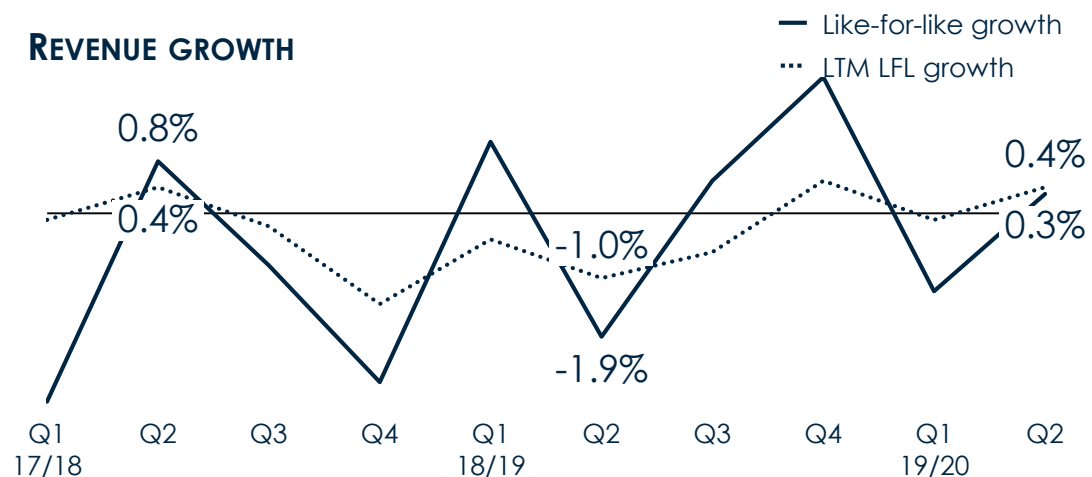
Revenue development by category: Q2 2019/20 vs. Q2 2018/19

Revenue DKK million	2019/20 Q2	2018/19 Q2	Growth Q2 vs Q2
High-End Beauty	278	264	5.0%
Mass Beauty	268	263	2.0%
Vital	136	105	29.6%
Material	82	86	-4.1%
MediCare	48	47	2.5%
Other	3	3	-18.2%
Total retail sales (own store and webshops)	815	768	6.1%
Wholesale sales etc. (incl. Kosmolet)	8	9	-16.2%
Total revenue	823	777	5.8%

Distribution of retail sales revenues Q2 2019/20



Long term trends in Sales, Gross Margin, EBITDA (margin and DKK)



* Before effect from IFRS 16.

Cash flow, working capital and inventories

Cash flow and working capital developments

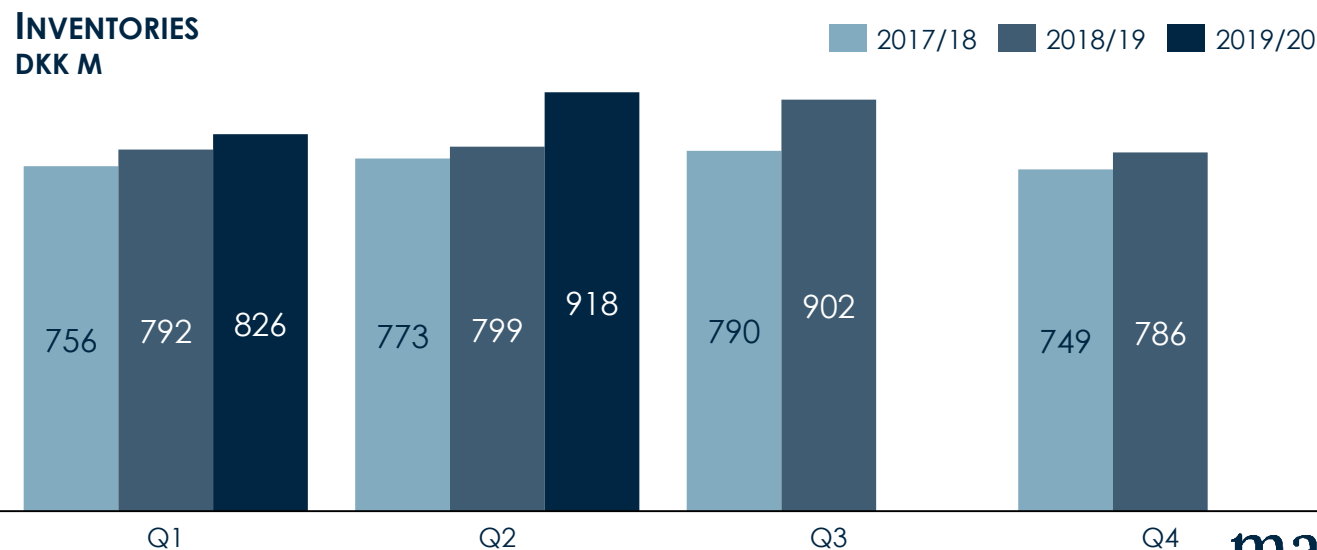
- Cash generated from operations, including changes to working capital, increased DKK 16 m
- CAPEX increased DKK 3 m due to investments in Matas Life, a new webshop warehouse and online investments
- As a result, Free cash flow rose DKK 7 m to DKK 6 m

Inventories

- Approximately DKK 75 m in inventory increase from Firtal, Kosmolet and new webshop in Humlebæk compared to end-Q2 2018/19

DKK million	Q2 2019/20 Post IFRS 16	Q2 2019/20 Pre IFRS 16	Q2 2018/19 Pre IFRS 16	Change YoY
Cash from operations*	109.0	62.8	46.6	16.2
Paid interest and taxes	-5.6	-5.6	-4.6	-1.0
Cash flow from operating act.	103.4	57.2	42.0	15.2
CAPEX	-39.1	-39.1	-36.2	-2.9
Acquisitions of securities/ inv.	-5.4	-5.4	0.0	-5.4
Cash flow from investing act.	-44.5	-44.5	-36.2	-8.3
Free cash flow	58.9	12.7	5.8	6.9

* Including changes to working capital.



Strategic progress in Q2 2019/20

1

Live our purpose

Beauty & Wellbeing for life

2

Win online

From top 3 to undisputed market leader

3

Reignite store growth

Renew & consolidate store footprint

4

Open new growth paths

New revenue streams

5

Change how we work

Cost savings & efficiency gains



Win online 2023 ambition: From top 3 to undisputed market leader

Step 1: Fuelling matas.dk and Matas' market leading omnichannel proposition

- ✓ No. 1 in Beauty & Wellbeing
- ✓ 54% growth on matas.dk in 2018/19
- ✓ 59% growth on matas.dk in H1 2019/20
- ✓ Significantly outgrowing market pace of ~20-25% growth

Step 2: Acquisition of Firtal completed

- ✓ Performance as expected in investment case
- ✓ Synergies realisation on track
- ✓ No. 1 in Vital space

Next phase: We aim for undisputed market leadership

- Increased investments in organic growth in both Matas and Firtal
- Potentially bolt on acquisitions of limited size and with short term payback
- Higher CAPEX allocation than expected

Reignite store growth: Renew & consolidate store footprint

First evaluation of Matas Life test rollout

Matas Life test stores

- ✓ 10 Matas Life test stores opened from March to July
- ✓ Five additional stores opened in October

Evaluation on three parameters

- Customer response (qualitative and quantitative)
- Footprint and market assessment
- Financials



Renew & consolidate store footprint

Initial conclusions

Store mergers, relocations and expansion

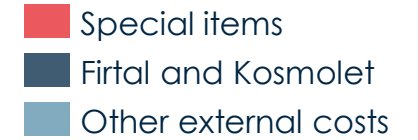
- Solid financials from full Matas Life openings
 - Landlord co-financing required
 - Increased consolidation is a priority
- => CAPEX allocation as expected

1:1 store upgrades

- Good case in specific store types and locations
 - Landlord co-financing required
 - Continuous facelift/maintenance at lower CAPEX per store
- => Lower CAPEX allocation than expected

Seven additional Matas Life stores planned for Q3 2019/20 and up to 10 stores in Q4 2019/20

Change how we work: Cost savings & efficiency gains



Cost drivers

- ↓ Cost efficiency actions completed, securing underlying cost lower in Q2 2019/20 than in Q2 2018/19
- ↑ Added cost from Firtal and Kosmolet
- ↑ Continued fuelling of matas.dk
- ↑ Cost inflation

Q2 2019/20

Permanent reductions in underlying cost base compared to Q2 2018/19

Efficiency in

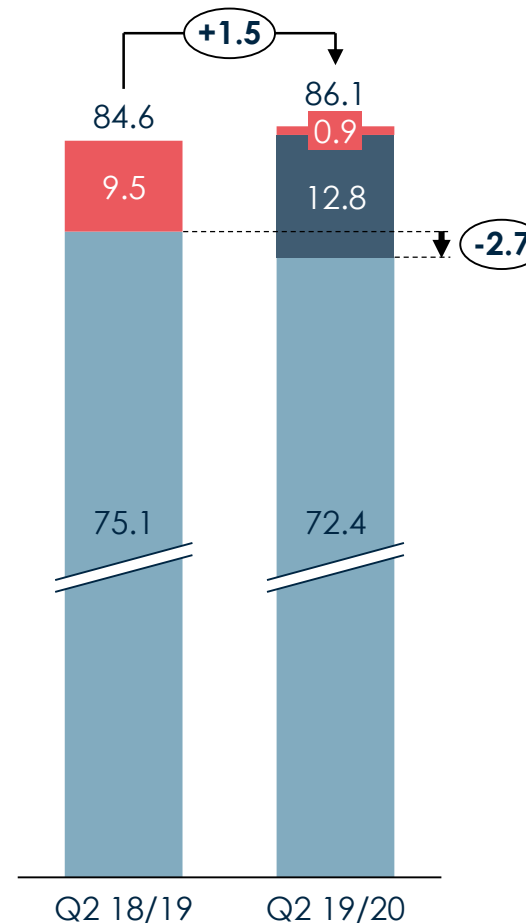
- store to reflect LFL development
- HQ via process optimisation + work smarter

H2 2019/20

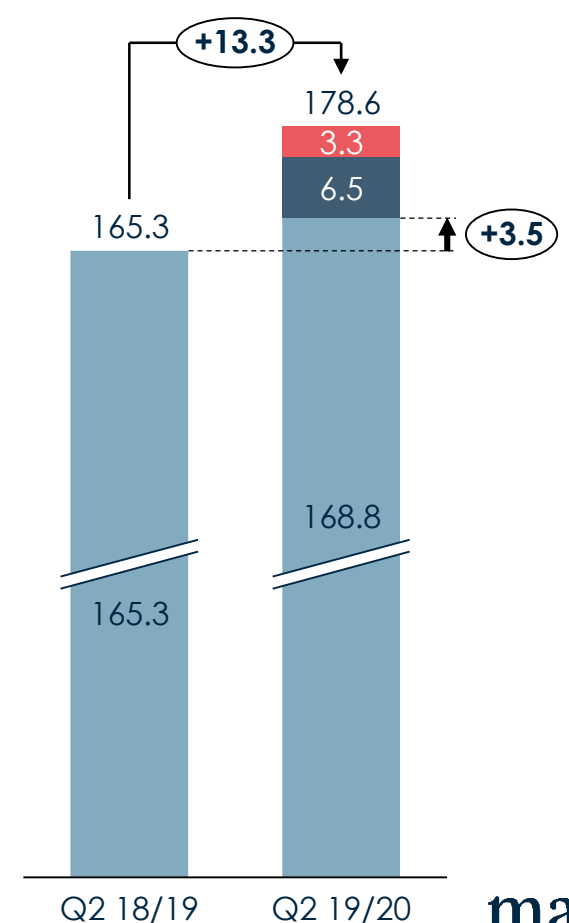
Positive effects will continue in H2 2019/20

Cost efficiency actions will have an EBITDA effect on FY 2019/20 approximately DKK 25 m

Other external costs
(DKK m)



Staff costs
(DKK m)



Financial targets for 2019/20

- Overall revenue growth of 3.5 – 5.5% *(previously 3.5 – 6.5%)*
- Underlying (like-for-like) revenue growth of 0.5 – 1.5% *(previously 0.5 – 2.5%)*
- EBITDA* margin before special items of 14 – 15% *(unchanged)*
- CAPEX of DKK 150 – 170 m *(previously DKK 200 – 220 m)*

The financial targets are presented inclusive of the full-year effects of Firtal and Kosmolet.

The financial targets for 2019/20 is based on assumptions of slightly growing customer demand for beauty, health and personal care products, a continuing decline in physical store footfall and persistently intensive competition in the beauty, health and personal care market.

* Before effects of IFRS 16

Q&A



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.