

Matas lover:

ALTID

FAST LAV PRIS

PÅ MASSEVIS AF HVERDAGSPRODUKTER



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

- Increasing LFL topline – 1.5% Like-for-like growth
 - Selective high-end Beauty and Vital performing well – continued strong competition in Mass Beauty.
 - Matas e-commerce continued to show high growth rates.
 - StyleBox shows good growth rates and improving results, albeit from a low base.
- EBITDA margin at 23.2%, unchanged compared to Q3 last year.
- Continued strong cash flow – share buy back initiated in November 2015
- Focus on long term growth initiatives.
 - Club Matas 3.0
 - Increased focus on range and product offering of Matas' web shop.
 - New concept store – opened 28 January
 - “Altid” –everyday low prices on selected range of everyday mass beauty products

Financial Highlights Q3 2015/16

- Total sales growth of 1.0% in Q3 with like-for-like growth of 1.5%
- EBITA margin down slightly at 21.7% compared to 21.9% in Q3 2014/15
- Adjusted net profit 6% higher than Q3 2014/15
- Cash flow from operating activities of DKK 252m in Q3 compared to DKK 194m in Q3 the year before
- Free cash flow of DKK 238m after total investments of DKK 14m
- Gross debt of DKK 1,643m - leading to a net debt of 2.1x LTM EBITDA
- Initiated DKK 125 m share buyback on 19 November 2015

1.5% Like-for-Like Growth in Q3 2015/16

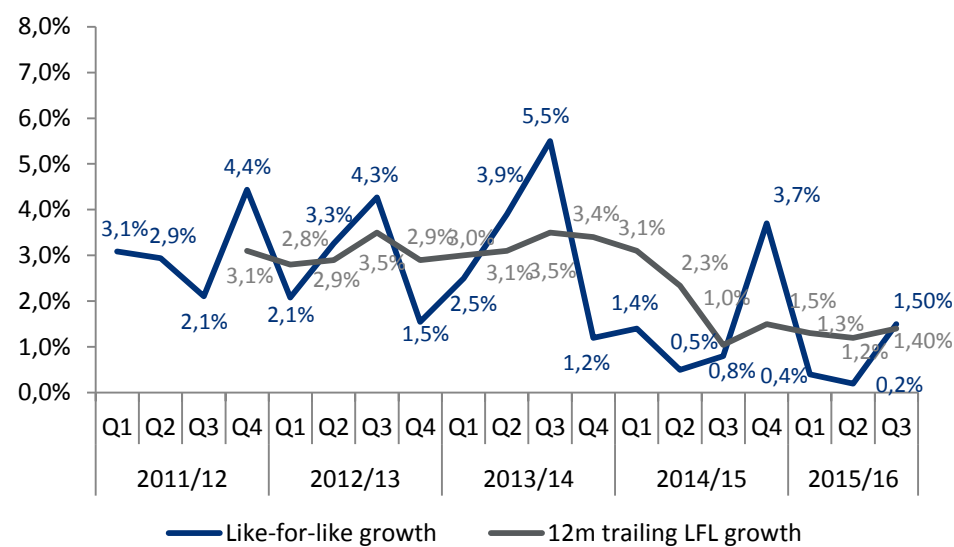
- Like-for-like growth of 1.5% in Q3 vs. Q3 last year.
- Acquisitions/closures subtracted 0.4% from total sales in Q3.
- An increase in Club Matas points awarded (accounted for as deduction in sales) and lower income from sale of Club M points to partners (changed terms) and slightly lower sales to associated stores and external sales reduced sales growth by 0.1%.
- Total sales growth of 1.0% in Q3.

Growth Q3 2014/15 to Q3 2015/16	
Like-for-like growth	1,5%
Acquired/closed stores	-0,4%
Total sales growth own stores	1,1%
Sales to associated stores, Club Matas/Club M points effect	-0,1%
Total sales growth	1,0%

Continued variations in sales growth between categories

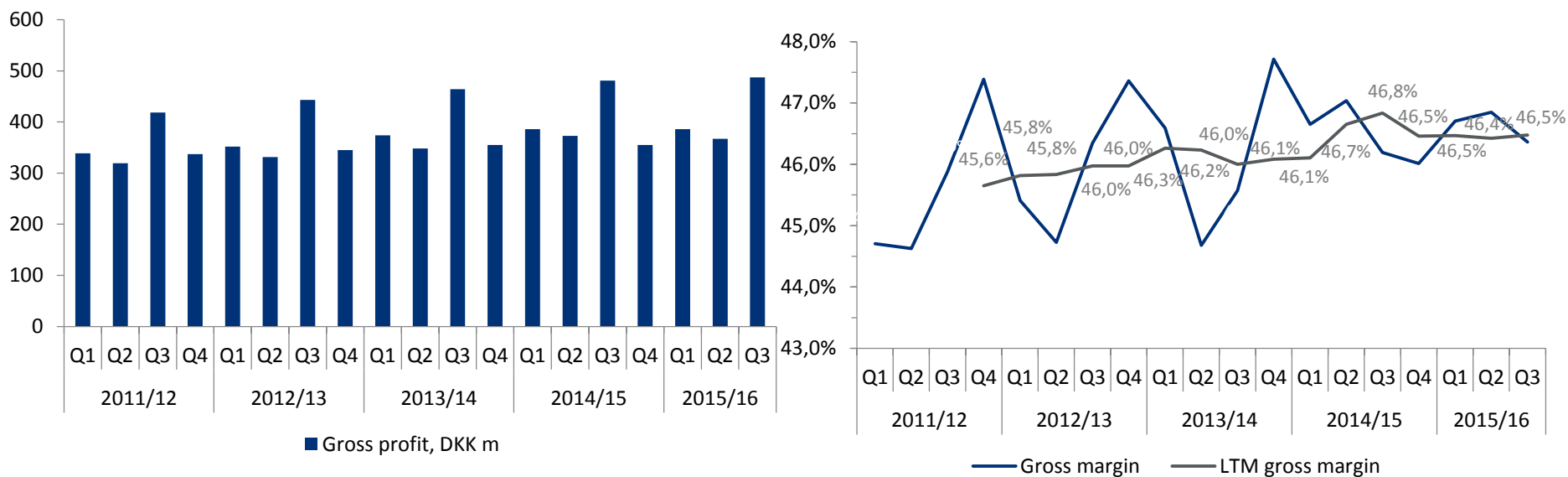
- Total revenue growth from own retail stores of 1.1 % in Q3.
- High-end beauty continued performing well, with 4.1% growth.
- Mass beauty showed low, but positive and improved growth rates
- Strong sales development in the Vital business with 4.2% growth.
- Material and MediCare sales fell, one product behind much of the Medicare decline
- Online sales continued strong double digit growth.

DKK million	2015/16	2014/15	Growth
	Q3	Q3	
Beauty	802	783	2,4%
Vital	95	91	4,2%
Material	72	76	-5,3%
MediCare	45	48	-5,5%
Other including Sweden	5	10	-46,8%
Total revenue from own retail stores	1.019	1.008	1,1%
Sales of goods to associated stores etc.	33	34	-2,2%
Total revenue	1.052	1.041	1,0%



Flat Gross Margin in Q3 2015/16

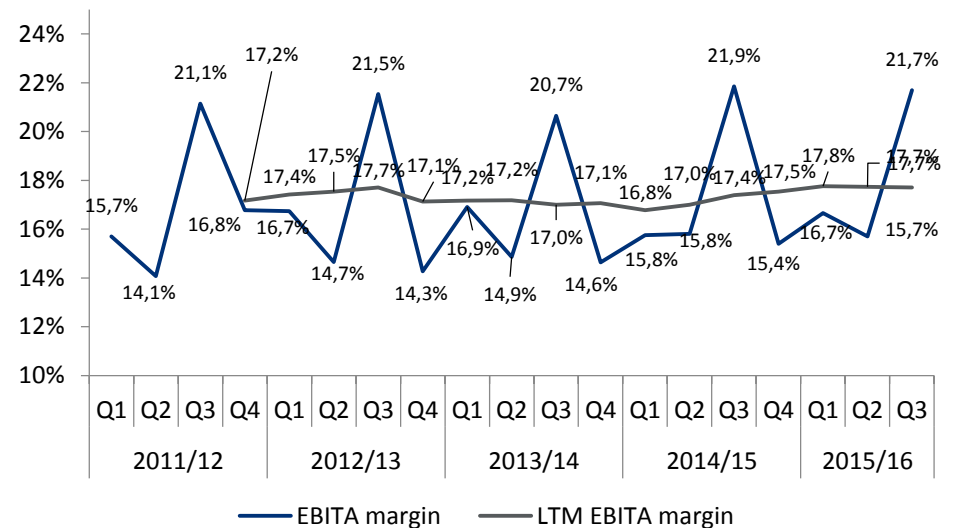
- Gross profit up 1.4% due to higher sales and slightly higher gross margin.
- Gross margin was 46.4%, up 0.2% from same quarter last year.
- 12m trailing gross margin essentially unchanged at 46.5% vs. 46.4% in Q2 2015/16.



EBITA in Q3 2015/16

- EBITA margin marginally decrease 20bp Y/Y to 21.7% (21.9%).
- Other external costs in Q3 stable vs. last year at 7.4% of sales
- Net marketing costs were very low in the quarter.
- Staff cost increased marginally to 15.7% of sales from 15.6% last year.
 - Staff costs were up marginally in the stores due to changes in the reimbursements Matas receives from the government for hiring trainees and “special needs” employees.
 - Staff costs were down centrally and in the HQ and warehouse as the normalised logistics situation continued.

	2015/16	2014/15	
DKK million	Q3	Q3	Chg.
Other external costs	78	77	1,8%
As a percentage of revenue	7,4%	7,4%	
Staff costs	166	162	2,0%
As a percentage of revenue	15,7%	15,6%	

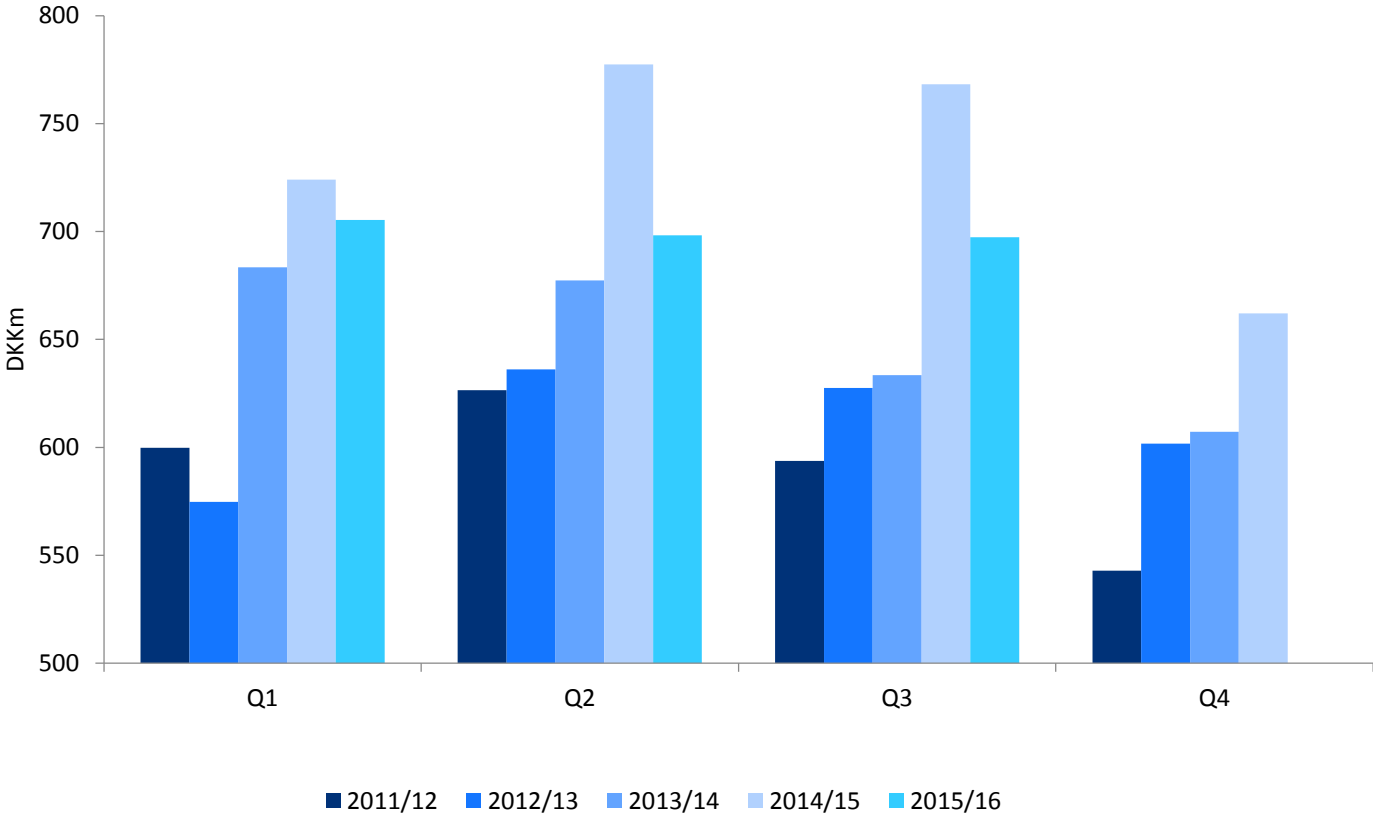


Income Statement – Q3 2015/16

DKK million	2015/16 Q3	2014/15 Q3	Growth
Revenue	1.052	1.041	1%
Gross profit	488	481	1%
Gross margin	46,4%	46,2%	
Other external costs	-78	-77	2%
Staff costs	-166	-162	2%
EBITDA	244	242	1%
Amortisation and depreciation	-34	-33	4%
Operating profit	209	209	0%
Net financials	-10	-13	-23%
Profit before tax	199	196	2%
Tax on profit for the period	-46	-52	-11%
Profit for the period	153	144	6%
Diluted Earnings per share, DKK	3,80	3,54	7%
EBITA	228	228	0%
EBITA margin	21,7%	21,9%	-
Tax rate	23,3%	26,5%	nm
Adjusted profit after tax	167	158	6%

Improved development in Inventories

- Marginal decrease in inventory levels from Q2 to Q3, but significant improvement vs. same quarter last year.



Positive Working Capital Development

- DKK 125m cash inflow in quarter from changes in net working capital, better than Q3 2014/15.
- Trade and other payables increased by DKK 128m in quarter.
 - Other payables seasonally higher in q3 (especially VAT)
 - Trade payables improved due to normal timing fluctuations in actual payments to suppliers

DKK millions	2015/16 Q3	2015/16 Q2	2015/16 Q1	2014/15 Q4	2014/15 Q3	2014/15 Q2	2014/15 Q1	2013/14 Q4
Change in inventories	1	7	-43	106	9	-53	-117	56
Change in receivables	-3	4	-2	-3	4	3	25	76
Change in trade and other payables	128	-106	90	-127	72	-92	131	5
- trade payables	26	-54	60	-53	-33	-92	148	118
- other payables	102	-53	30	-73	104	0	-17	-113
Total change in net working capital	125	-95	45	-24	85	-142	39	137

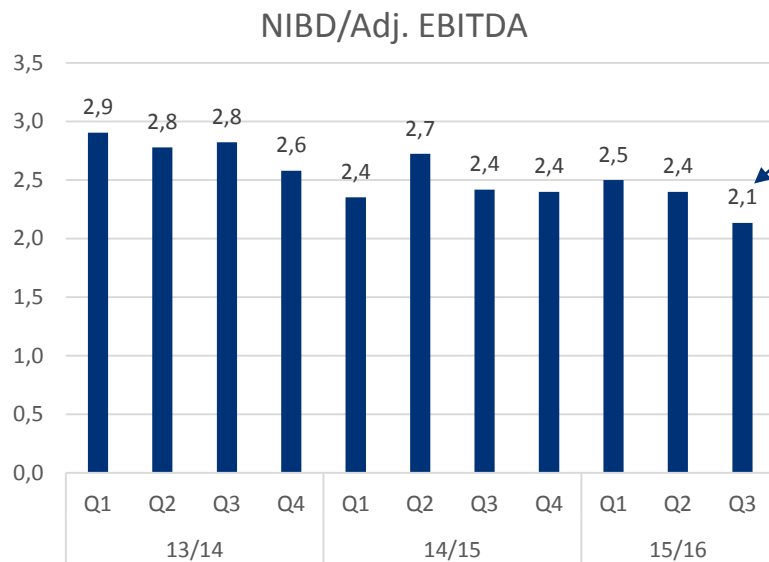
Q3 2015/16 Cash Flow Development

- Cash flow from operating activities was DKK 252m in Q3 compared to DKK 194m in Q3 2014/15.
- Free cash flow in Q3 of DKK 238m compared to DKK 182m last year.

(DKK million)	2015/16 Q3	2015/16 Q2	2015/16 Q1	2014/15 Full year	2014/15 Q4	2014/15 Q3	2014/15 Q2	2014/15 Q1
Cash generated from operations	370	44	200	621	111	327	-1	184
Paid interest and taxes	-118	-11	-10	-198	-42	-133	-12	-12
Cash flow from operating activities	252	34	189	422	68	194	-13	172
Acquisition of PPE and intangibles	-14	-15	-12	-51	-11	-12	-16	-12
Acquisition of subsidiaries and activities	0	0	0	-11	-2	0	-5	-4
Free cash flow	238	19	178	360	55	182	-34	156
Cash flow from financing activities	-121	-110	-28	-459	-351	-59	-49	0
Net cash flow from operating, inv. and fin. activities	117	-91	150	-99	-295	123	-83	156

Capital structure

- Gross debt inside range of DKK 1,600-1,800 m.
- Net debt/NIBD down to 2.1x.



Gross debt of DKK 1,643 m.

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

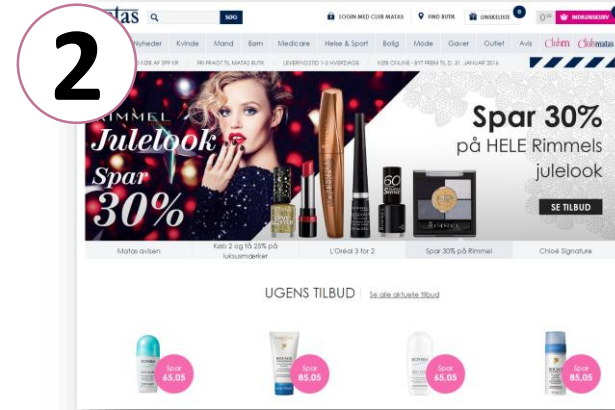
Competitive landscape

- Matas continues to monitor the competitive situation – including parallel importers.
 - Parallel importers focus on a wide variety of goods, including some that compete with part of Matas' product range in the mass beauty area.
- Relatively new entrant with fast growth and ambitious plans:
 - Impact on sales at Matas shops with one of this particular parallel importer's store nearby continues to be estimated to be:
 - Relatively limited (<2-3% lower sales), but varying significantly.
 - Appearing to have a diminishing effect over time.
 - Growing with the number of new store openings by the competitor.
 - Based on relatively few data points, and hence statistically uncertain.

An update on growth initiatives



Exploit the vast potential from Club Matas



Accelerate the growth of Matas WebShop



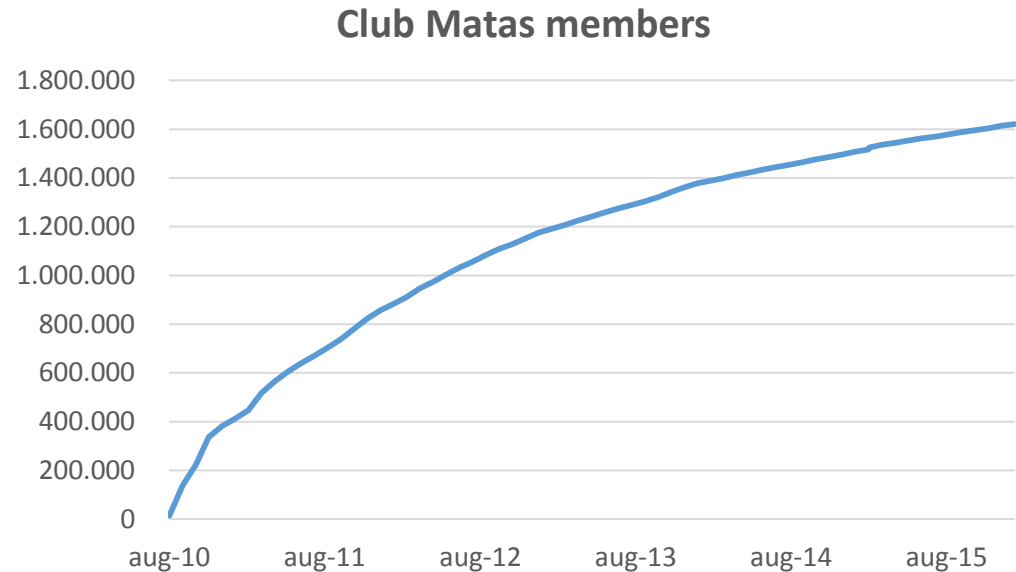
Implement new concept store in key stores



Sharpen pricing communication

1) Club Matas – lots of data - exploit the vast potential

- Have focused on gaining members and capturing data - and learning more.
- Redefinition of Club Matas to focus on more carefully targeting offering to customers.
- Work with behavioural psychologist and other experts to structure Club Matas for the future.
- Very much work in progress - scheduled for 2016 relaunch.



2) Accelerate growth of Matas' WebShop

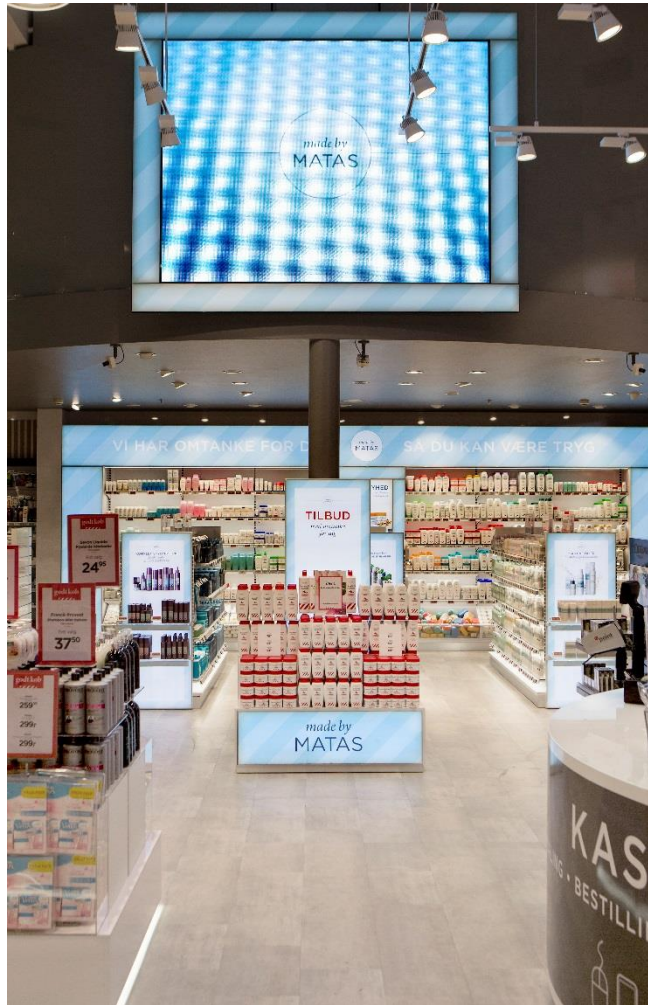
- Matas web shop comprises around 2% of Matas' total sales and is growing rapidly.
- To further accelerate the growth, we plan to increase the number of SKUs,
 - In terms of depth within the traditional Matas product categories,
 - Within adjacent categories - web-only products.
 - Have staffed up on purchasing function for webshop.
 - Marketing will be stepped up.
- Physical stores will be used as traffic drivers to the web shop, especially to increase awareness about WebShop only products, and to alert customers to interesting offers.
- Will be a more integrated part of new store concepts.

3) New concept store - I

- First new concept store opened in Fields shopping center 28 January 2016. Bruuns Galleri in Aarhus to follow shortly. Results will decide the pace and scope of rollout. Focus will be on the 30-40 largest stores.
- More uniform look of store, clearer navigation, new presentation of key assortment, better communication of omnichannel (web shop, Club Matas).



3) New concept store - II



4) Sharper pricing communication – “ALTID”

- In early January 2016, Matas launched a new and clearer price communication on carefully chosen products in everyday mass beauty.
- The new low price concept, “ALTID” (=always) involves a large number of SKUs in everyday personal care.
- On these products, Matas will always be price competitive with low price concepts in the market.
- Concept has been well received by customers.



2015/16 Guidance

	Guidance 2015/16	Realised 2014/15
Revenue		
Reported revenue	Approx. 3.45 bn	DKK 3,433m
Like-for-like growth assumption	Around 1%	1.5%
Earnings		
EBITA margin	Around 17.0%	17.5%

Matas 2016 investor events

- 8 March 2016: Store visit for investors with Terje List, CEO to new concept store in Fields (Copenhagen)
- 14 June 2016: Capital markets day in Allerød - Save the Date
More information about agenda will be provided later.

Q&A



matas