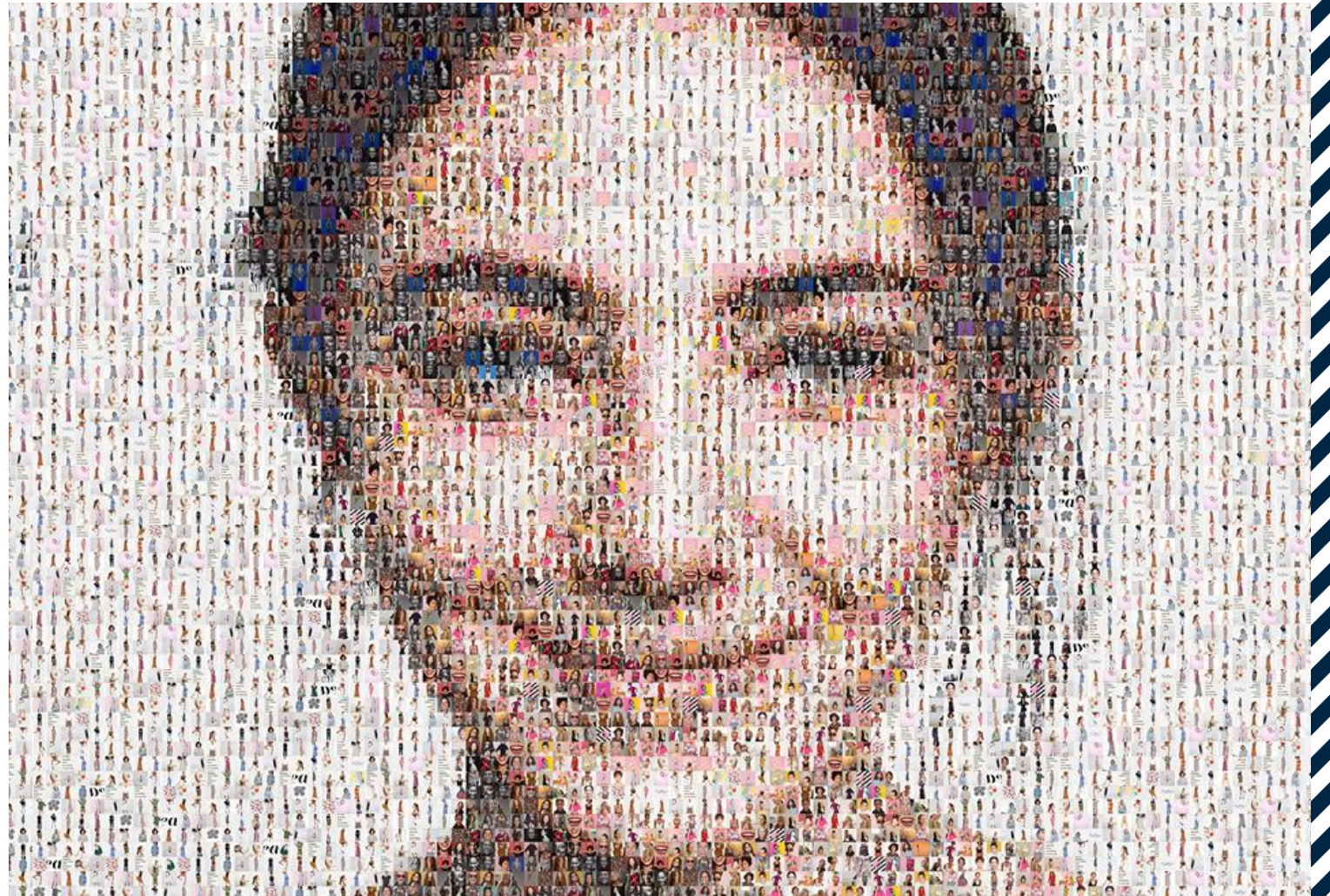


# Interim Report Q3 2019/20

**A stellar Christmas quarter: Our biggest ever**

27 February 2020

**matas**  
SKØNNERE SAMMEN





# A stellar Christmas quarter: Our biggest ever



## Q3 2019/20 in numbers

Revenue\*

DKK **1.173** m

Q3 2018/19: DKK 1.093 m

EBITDA DKK before special items\*\*

DKK **219** m

Q3 2018/19: DKK 206 m

Underlying (like-for-like) growth of

**4.7%**

Q3 2018/19: 0.5%

EBITDA margin before special items\*\*

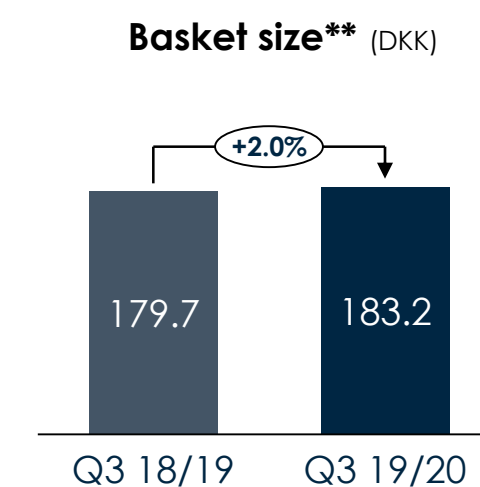
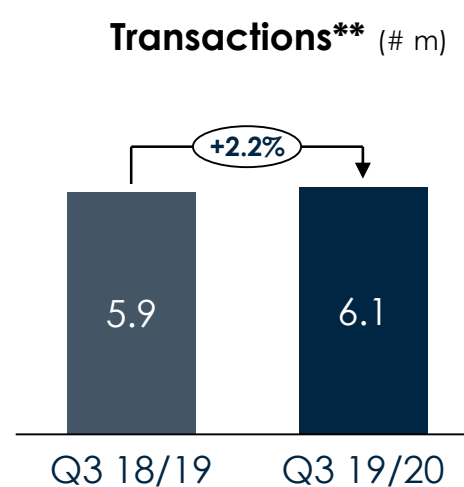
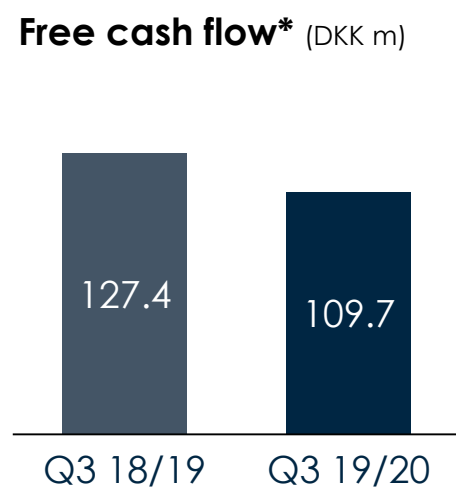
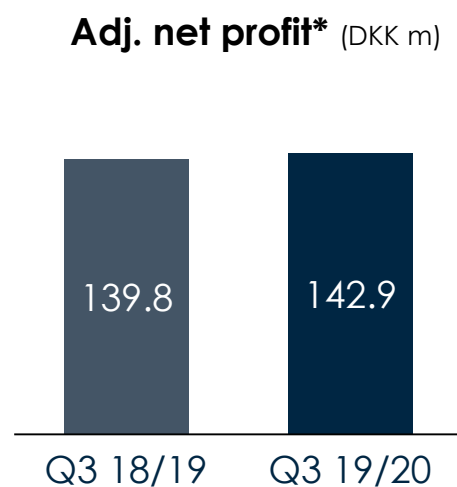
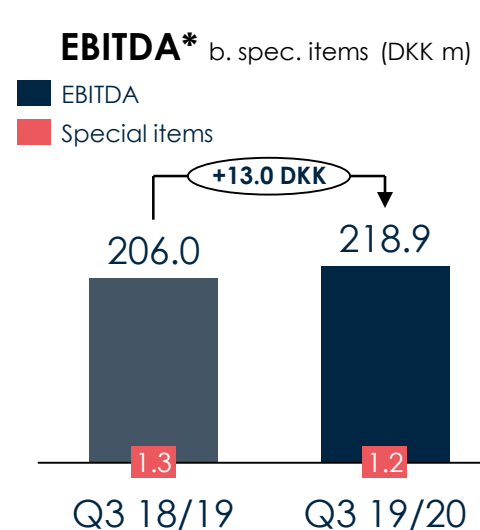
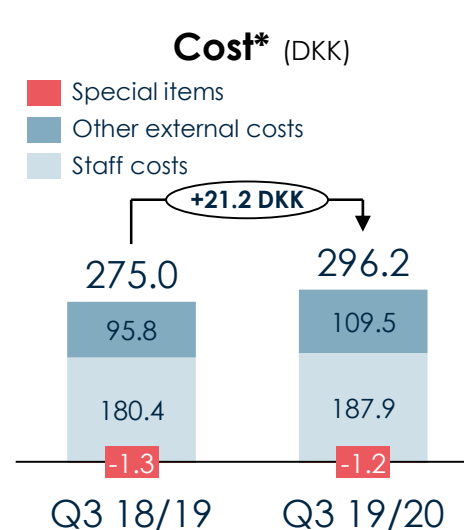
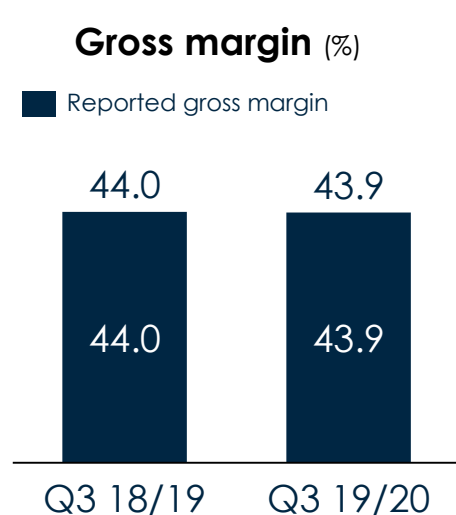
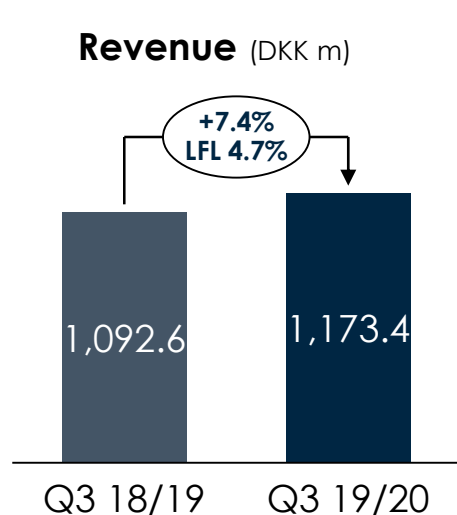
**18.7%**

Q3 2018/19: 18.8%

\* Includes revenue from Firtal for the period 13 November 2018 to 31 December 2019 and revenue from Kosmolet A/S from 11 June to 31 December 2019.

\*\* Before effect from IFRS 16.

# Overview: Q3 2019/20 vs. Q3 2018/19

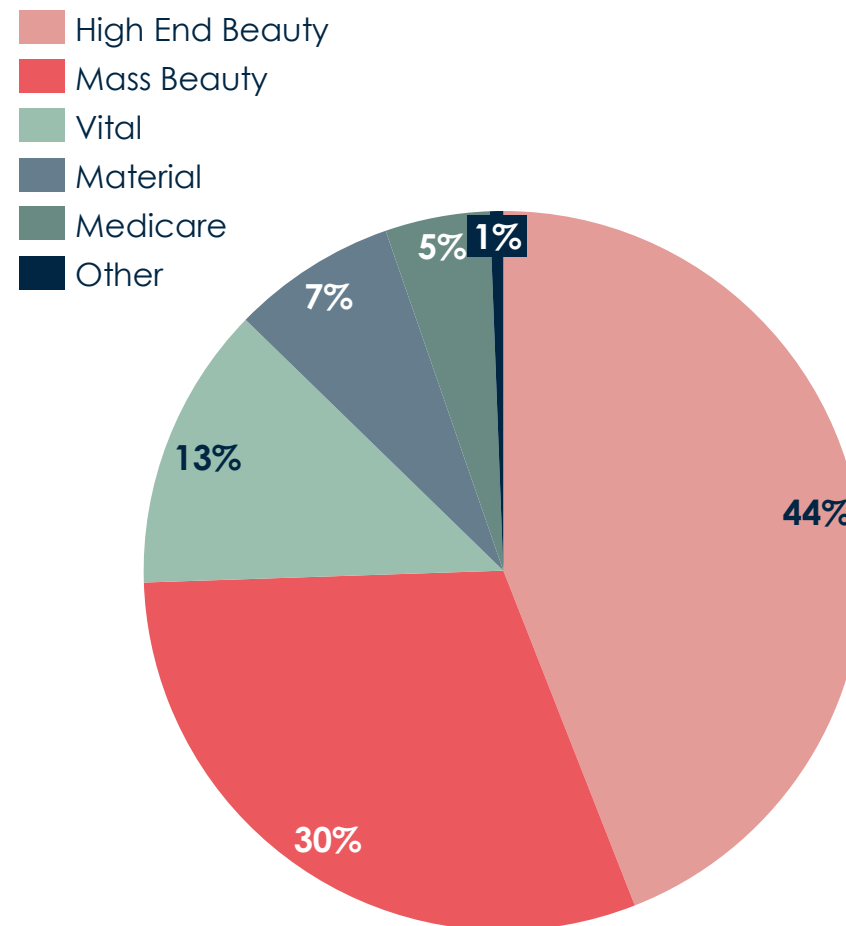


\* Before effect from IFRS 16. \*\* Excluding transactions from Firtal Group.

# Revenue development by category: Q3 2019/20 vs. Q3 2018/19

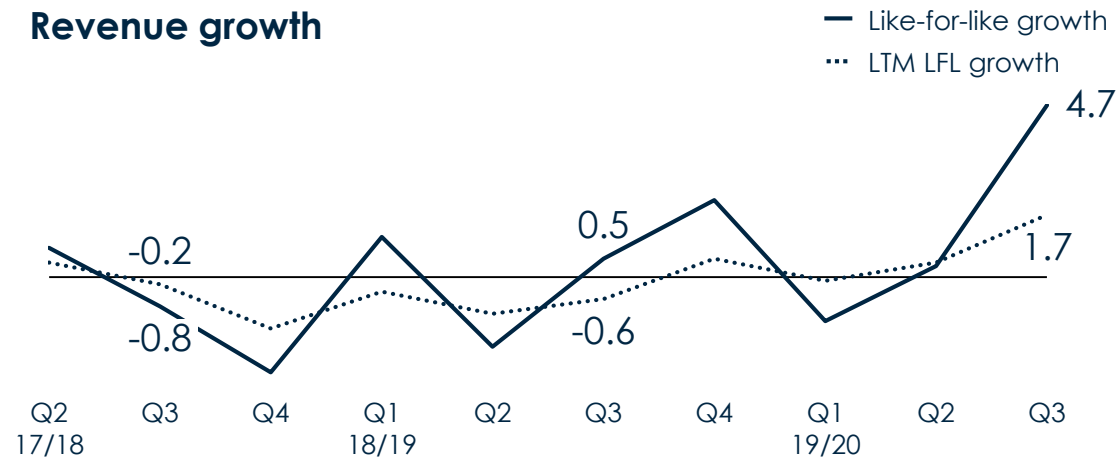
Revenue DKK million	2019/20 Q3	2018/19 Q3	Growth Q3 vs Q3
High-End Beauty	517	483	6.9%
Mass Beauty	357	337	6.0%
Vital	150	132	13.3%
Material	88	82	7.1%
MediCare	55	47	18.9%
Other	1	6	-87.2%
<b>Total retail sales (own store and webshops)</b>	<b>1.167</b>	<b>1.087</b>	<b>7.4%</b>
Wholesale sales etc. (incl. Kosmolet)	6	6	-1.0%
<b>Total revenue</b>	<b>1.173</b>	<b>1.093</b>	<b>7.4%</b>

Distribution of total sales revenues Q3 2019/20

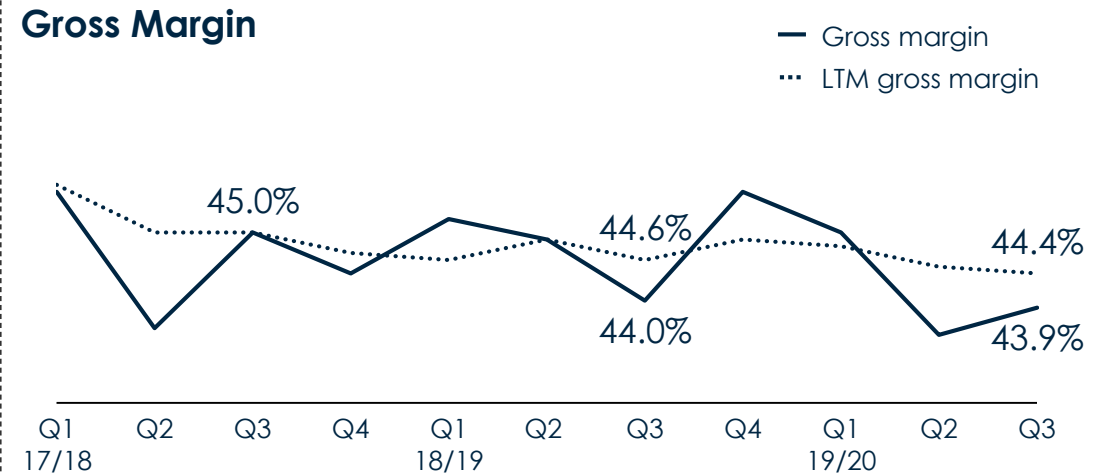


# Long term trends in Revenue, Gross Margin and EBITDA

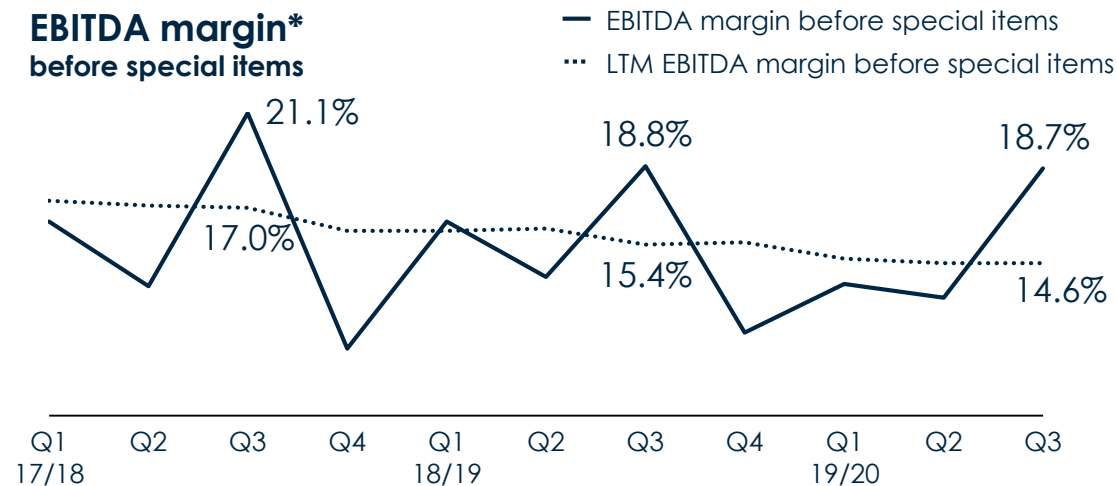
## Revenue growth



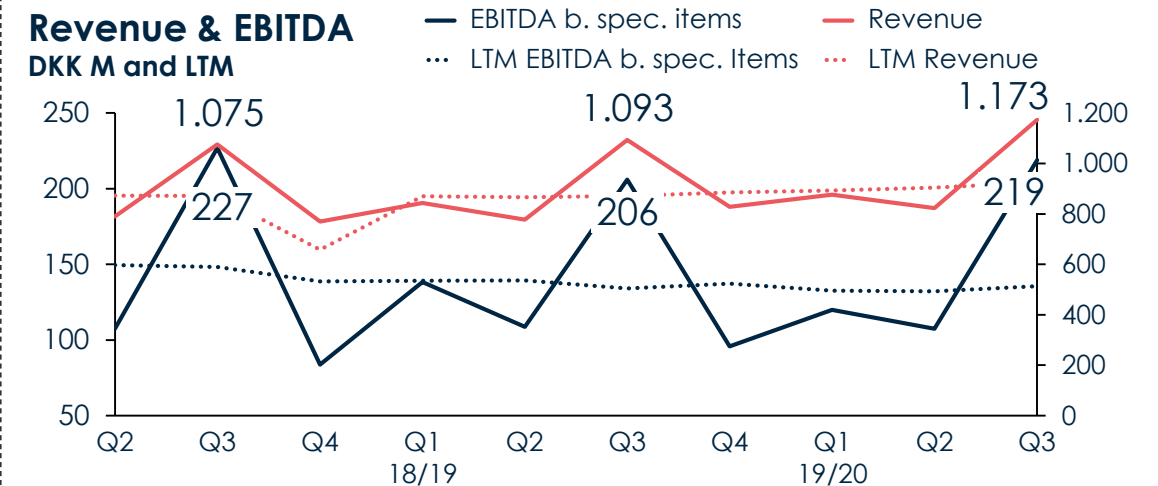
## Gross Margin



## EBITDA margin\* before special items



## Revenue & EBITDA DKK M and LTM



\* Before effect from IFRS 16.

# Cost development in Q3 2019/20

In Q3 2019/20, total operating costs were up DKK 21.2 m from the year earlier period

## Cost drivers

- ↑ Added cost from Firtal and Kosmolet (DKK 18.7 m)
- ↑ Continued fuelling of matas.dk
- ↓ Cost efficiency actions completed, securing underlying cost excluding acquisitions and matas.dk substantially lower in Q3 2019/20 than in Q3 2018/19

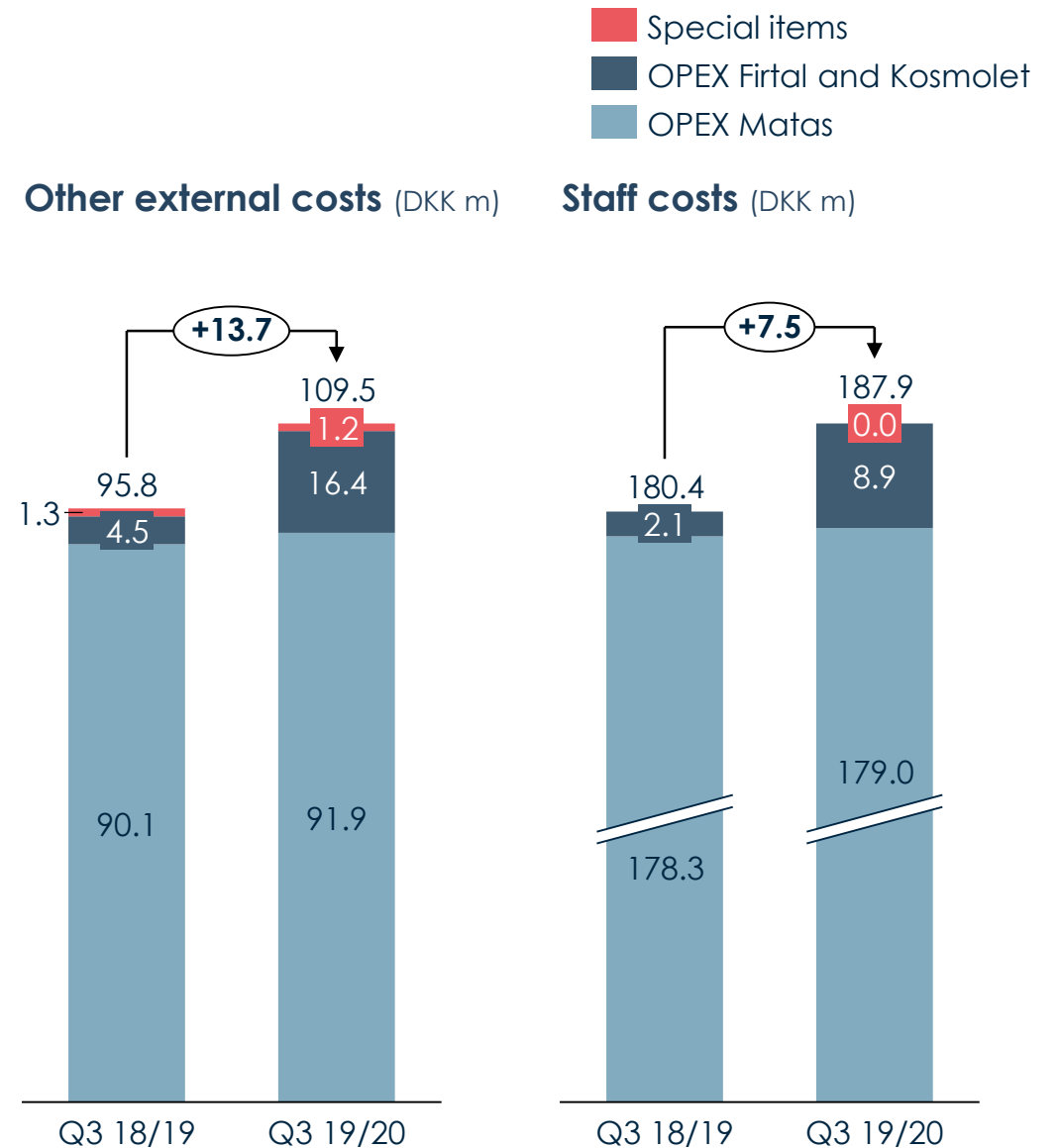
## Q3 2019/20

Permanent reductions in underlying cost base compared to Q3 2018/19

Efficiency measures completed regarding

- Store operations
- HQ via process optimisation + work smarter

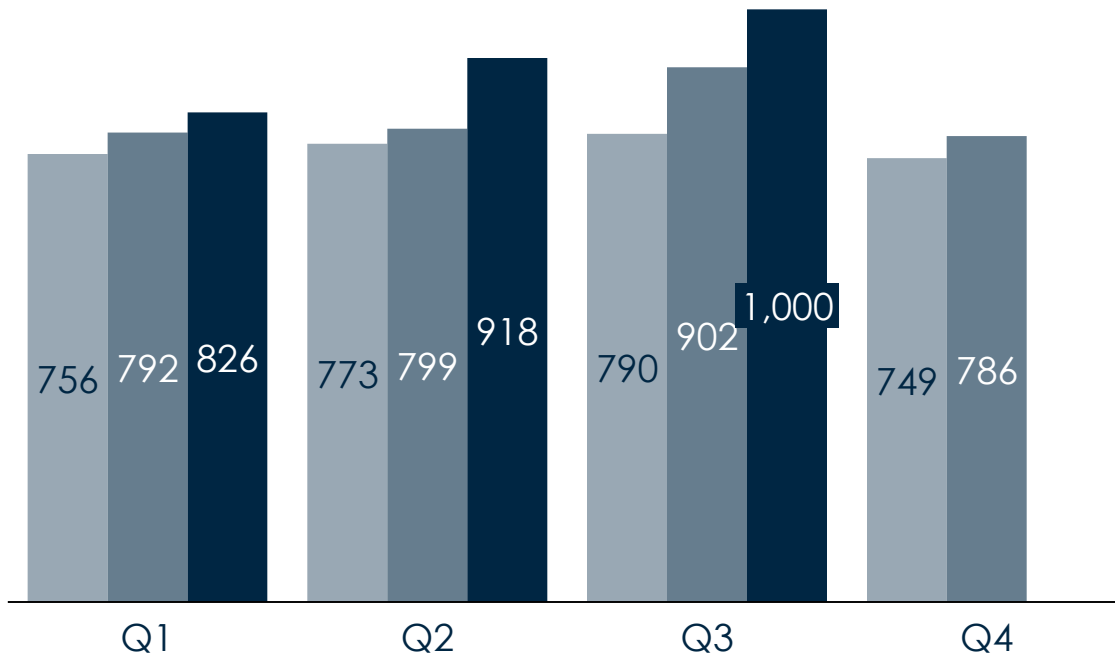
**Cost efficiency actions will have an EBITDA effect on FY 2019/20 of approximately DKK 25 m**



# Increase in inventories driven by new online logistics and acquisitions

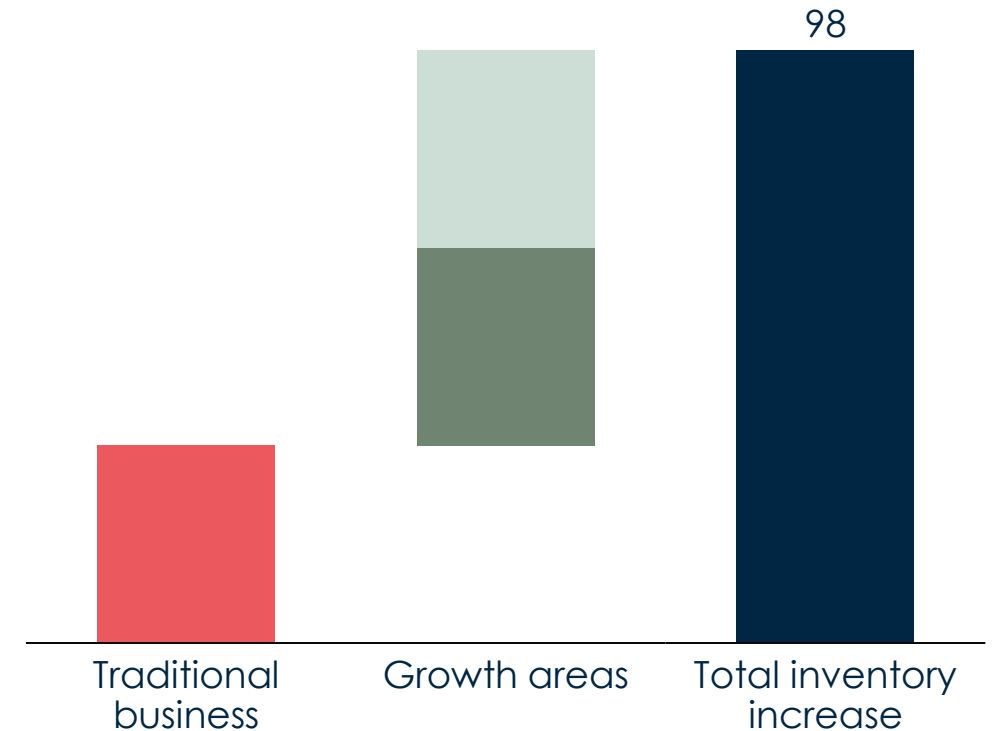
**Inventories** (DKK m)

2017/18 2018/19 2019/20



**Inventories, Q3 2019/20, change from last year** (DKK m)

Acquisitions (Kosmolet and Firtal)  
 Humlebæk facility  
 Inventories





# Cash flow, working capital and trade payables

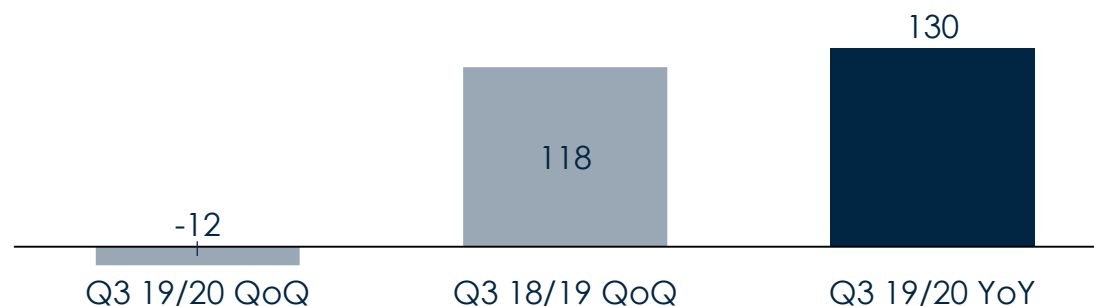
## Cash flow and working capital developments

- Cash generated from operations was an inflow of DKK 209.2 million before IFRS 16 in Q3 2019/20, against an inflow of DKK 337.1 million in Q3 2018/19
- The decrease of DKK 128 m was due to a decrease in trade payables in Q3 2019/20 compared to a significant increase in trade payables the year earlier period
- The net effect was a larger negative effect on working capital in Q3 2019/20 than the year before
- CAPEX was DKK 18 m higher, primarily due to investments in Matas Life
- Free cash flow fell DKK 18 m to DKK 110 m

DKK million	Q3 2019/20 Post IFRS 16	Q3 2019/20 Pre IFRS 16	Q3 2018/19 Pre IFRS 16	Change YoY
<b>Cash from operations before changes to working capital</b>	<b>264.4</b>	<b>219.4</b>	<b>206.3</b>	13.1
Changes to working capital	-10.2	-10.2	130.8	-141.0
<b>Cash from operations*</b>	<b>254.2</b>	<b>209.2</b>	<b>337.1</b>	-127.9
Paid interest and taxes	-38.4	-38.4	-71.0	32.6
<b>Cash flow from operating act.</b>	<b>215.8</b>	<b>170.8</b>	<b>266.2</b>	<b>-95.4</b>
CAPEX	-46.1	-46.1	-28.1	-18.0
Acquisitions of securities/ inv.	-15.0	-15.0	-110.7	95.7
<b>Cash flow from investing act.</b>	<b>-61.1</b>	<b>-61.1</b>	<b>-138.8</b>	77.7
<b>Free cash flow</b>	<b>154.7</b>	<b>109.7</b>	<b>127.4</b>	<b>-17.7</b>

\* Including changes to working capital.

## Trade payables, effect on working capital, QoQ/YoY (DKK m)



# Strategic progress in Q3 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

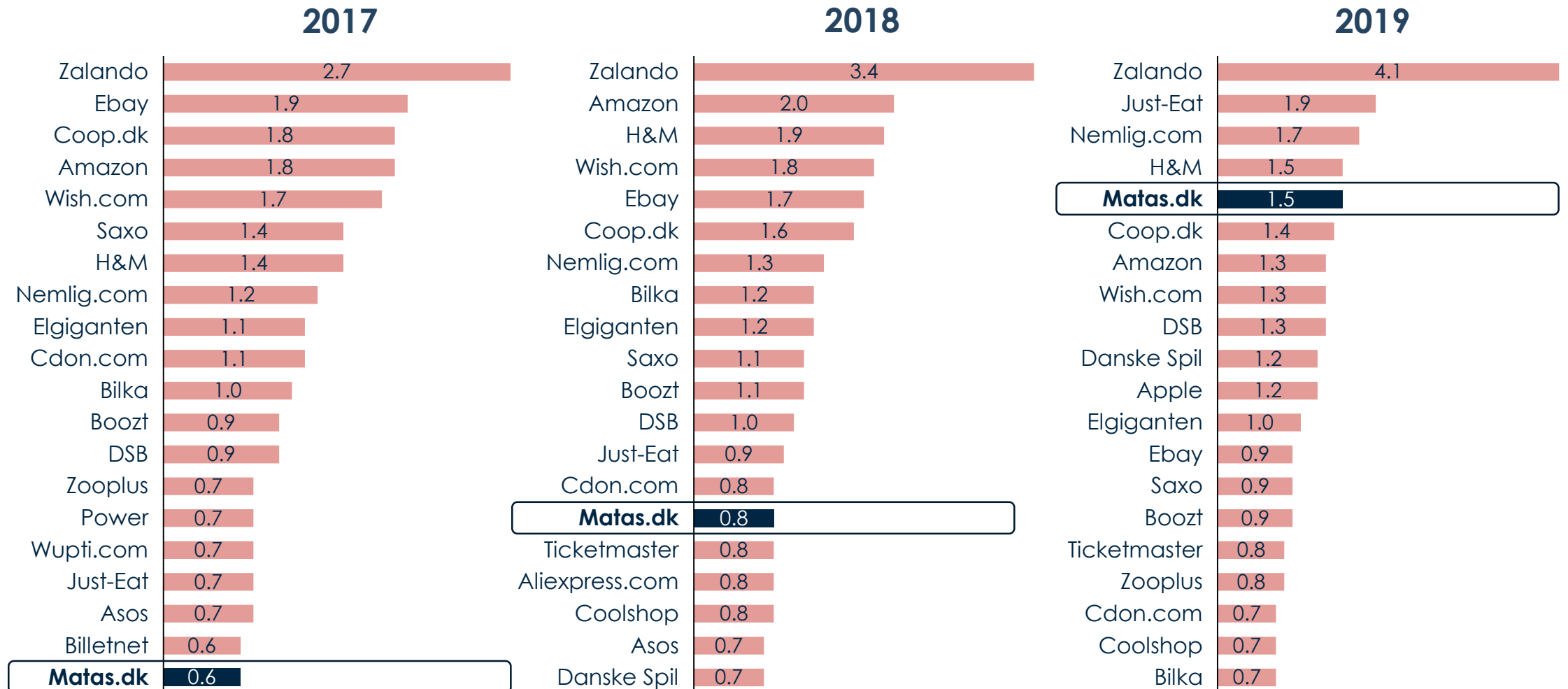
5

## Change how we work

Cost savings & efficiency gains



# Matas.dk now ranks #5 among the 20 most used webshops in Denmark



Source: FDIH E-commerce annual analysis 2017, 2018, 2019

# Reignite store growth: Renew & consolidate store footprint

## Matas Life test stores

- ✓ 22 Matas Life test stores opened end-Q3 2019/20
- ✓ 8 additional test stores in Q4 2019/20

## Evaluation on three parameters

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

## Finetuning of concept

- Currently 'medium' and 'light' upgrades are being tested, especially for 1:1 upgrades
- Ongoing operational improvement in upgraded stores leading to improved relative performance



## Store mergers, relocations and expansion

- Solid financials from full Matas Life openings
- Landlord co-financing required
- Increased consolidation is a priority

## 1:1 store upgrades

- Good case in specific store types and locations
- Landlord co-financing required
- Continuous facelift/maintenance at lower CAPEX per store

# Open new growth paths: Firtal acquired Din Frisør Shop ApS

## **Bolt-on acquisition to Firtal's platform**

- Full integration of tech, organisation and commercial platform by end-Q4 2019/20
- Tangible short-term cost synergies

## **Access to professional haircare segment**

- Low Matas market share in professional haircare
- A strong-point for some online competitors

## **Beauty price fighter**

- Low cost operating model
- Price led proposition, enabling competitive response



## **Facts about Din Frisør Shop ApS**

- Annual turnover of approx. DKK 30 m
- Annual growth above 10%
- Profitable even before synergies
- Operates two webshops within professional haircare and beauty products
- Operates one salon in Århus (supplier requirement)

## **Transaction details**

- Acquisition price DKK 15 m
- Earn out of DKK 5 m
- Closing 9 October 2019

# Financial targets for 2019/20

- Overall **revenue growth** of above **5%** *(previously around 5%)*
- **Underlying revenue growth** (like-for-like) above **1.5%** *(previously around 1.5%)*
- **EBITDA margin** before special items\* of **14-14.5%** *(previously 14-15%)*
- CAPEX of DKK 150 – 170 m *(unchanged)*

The Group's financial targets for financial year 2019/20 reflect the full-year effects of the Firtal acquisition (closing at 13 November 2018), which is included in underlying revenue growth from December 2019, the Kosmolet A/S acquisition (closing at 11 June 2019) and Firtal Group's acquisition of Din Frisør Shop (closing at 9 October 2019).

The Group's financial targets for 2019/20 are based on assumptions of slightly growing sales of 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. The Group's revenue guidance for the remainder of financial year 2019/20 does not factor in any significant effects of the spreading of the COVID-19 virus.

\* Before effects of IFRS 16

# Appendix



# The Matas Group – the No 1 Danish Health & Beauty retailer

”  
**2,237**  
FTE'S

”  
**21** million  
TRANSACTIONS  
LTM

”  
**272**  
STORES IN  
DENMARK\*

”  
DKK **183.2**  
BASKET SIZE

”  
**16.2%** OF  
REVENUE FROM  
ONLINE\*\*



Numbers for Q3 2019/20.

\* Physical stores including one store in Greenland and one store on the Faro Islands.

\*\* Including revenue from Firtal.

matas



# Key figures for Q3 2019/20

## Comments

- 7.4% revenue growth
  - Beauty** (74.5% of total sales) increased 6.5%
    - High-end beauty (44.0% of total sales) increased 6.9%
    - Mass beauty (30.4% of total sales) increased 6.0%
  - Vital** increased 13.3%
  - Material** increased 7.1%
  - Medicare** increased 18.9%
  - Other and Wholesale etc.** decreased
- Gross profit increased DKK 34 m or 7.1%, driven by higher sales

DKK million	Q3 2019/20 Post IFRS 16	Q3 2019/20 Pre IFRS 16	Q3 2018/19 Pre IFRS 16	Growth YoY
<b>Revenue</b>	<b>1.173,4</b>	<b>1.173,4</b>	<b>1.092.6</b>	<b>7.4%</b>
<b>Gross profit</b>	<b>515.1</b>	<b>515.1</b>	<b>480.9</b>	<b>7.1%</b>
Other external costs	64.5	109.5	95.8	14.3%
Staff costs	187,9	187,9	180.4	4.2%
<b>EBITDA</b>	<b>262,7</b>	<b>217,7</b>	<b>204,7</b>	<b>6.4%</b>
Amortisation and depreciation	97.1	50.2	41.8	20.1%
<b>Operating profit (EBIT)</b>	<b>165.6</b>	<b>167.5</b>	<b>162.9</b>	<b>2.8%</b>
Net financials	-11.3	-7.8	-6.1	28.7%
<b>Profit before tax</b>	<b>154.3</b>	<b>159.7</b>	<b>156.8</b>	<b>1.8%</b>
Tax on profit for the period	36.6	36.6	34.5	6.1%
<b>Profit for the period</b>	<b>117.7</b>	<b>123.1</b>	<b>122.3</b>	<b>0.6%</b>
Special items	1.2	1.2	1.3	
<b>EBITDA before special items</b>	<b>263.9</b>	<b>218.9</b>	<b>206.0</b>	<b>6.3%</b>
<b>Adjusted net profit</b>	<b>137.5</b>	<b>142.9</b>	<b>139.8</b>	<b>2.2%</b>
Gross margin	43.9%	43.9%	44.0%	
EBITDA margin	22.4%	18.6%	18.7%	
<b>EBITDA margin before special items</b>	<b>22.5%</b>	<b>18.7%</b>	<b>18.8%</b>	
Diluted earnings per share, DKK	3.05	3.19	3.21	-0.7%
Tax rate	<b>23.7%</b>	<b>22.9%</b>	<b>22.0%</b>	

# Quarterly income statement for 2018/19 and 2019/20

DKK million	2019/20 Post IFRS 16 Q3	2019/20 Pre IFRS 16 Q3	2019/20 Pre IFRS 16 Q2	2019/20 Q1	2018/19 Q4	2018/19 Q3	Growth Pre IFRS 16 Q3 vs Q3
<b>Revenue</b>	<b>1,173</b>	<b>1,173</b>	<b>823</b>	<b>876</b>	<b>828</b>	<b>1,093</b>	<b>7.4%</b>
<b>Gross profit</b>	<b>515</b>	<b>515</b>	<b>358</b>	<b>394</b>	<b>377</b>	<b>481</b>	<b>2.4%</b>
<i>Gross margin</i>	<b>43.9%</b>	<b>43.9%</b>	<b>43.5%</b>	<b>45.0%</b>	<b>45.6%</b>	<b>44.0%</b>	
Other external costs	65	110	86	94	101	96	1.8%
Staff costs	188	188	179	183	184	180	8.0%
<b>EBITDA</b>	<b>263</b>	<b>218</b>	<b>93</b>	<b>117</b>	<b>93</b>	<b>205</b>	<b>-6.4%</b>
Amortisation and depreciation	97	50	46	44	43	42	7.2%
<b>Operating profit</b>	<b>166</b>	<b>168</b>	<b>47</b>	<b>73</b>	<b>49</b>	<b>163</b>	<b>-16.8%</b>
Net financials	11	8	6	6	6	6	28.0%
<b>Profit before tax</b>	<b>154</b>	<b>160</b>	<b>40</b>	<b>67</b>	<b>43</b>	<b>157</b>	<b>-21.2%</b>
Tax on profit for the period	37	37	10	15	10	35	-33.6%
<b>Profit for the period</b>	<b>118</b>	<b>123</b>	<b>31</b>	<b>52</b>	<b>33</b>	<b>122</b>	<b>-16.4%</b>
Diluted Earnings per share, DKK	3.05	3.19	0.80	1.36	0.87	3.21	-17.9%
EBITDA margin	22.4%	18.6%	11.3%	13.4%	11.2%	18.7%	
Special items	1	1	15	3	3	1	
<b>EBITDA before special items</b>	<b>264</b>	<b>219</b>	<b>107</b>	<b>120</b>	<b>96</b>	<b>206</b>	
<b>EBITDA margin before special items</b>	<b>22.5%</b>	<b>18.7%</b>	<b>13.1%</b>	<b>13.7%</b>	<b>11.6%</b>	<b>18.8%</b>	
Tax rate	23.7%	22.9%	23.7%	22.5%	23.1%	22.0%	
<b>Adjusted net profit</b>	<b>137</b>	<b>143</b>	<b>61</b>	<b>72</b>	<b>53</b>	<b>140</b>	<b>-0.4%</b>

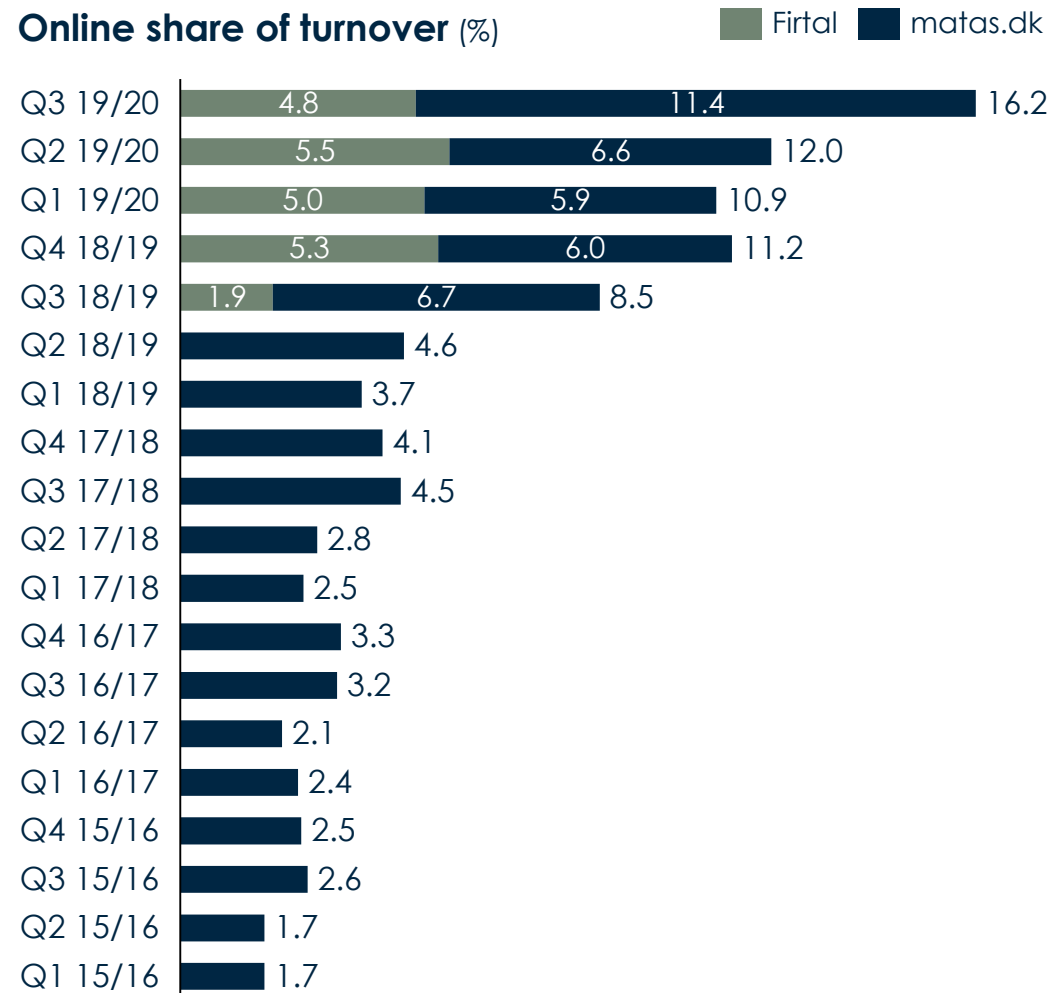
# Strong online growth continues in Q3 2019/20

**Q3 ONLINE REVENUE\* IN % OF TOTAL REVENUE**  
**16.2%** IN Q3 2019/20  
**8.5%** IN Q3 2018/19

**MATAS.DK IN Q3 2019/20**  
**83.9%** YoY GROWTH FROM Q3 2018/19  
**11.4%** OF TOTAL REVENUE

Online revenue* (% of total revenue)	Q3 2019/20	Q3 2018/19	YoY growth
matas.dk	11.4%	6.7%	84%
Firtal	4.8%	1.9%	174%
<b>Matas Group</b>	<b>16.2%</b>	<b>8.5%</b>	<b>104%</b>

**Online share of turnover (%)**



\* Includes revenue from Firtal for the period 13 November 2018 to 31 December 2019 and revenue from Kosmolet A/S from 11 June to 31 December 2019.

# 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
- New stores are included in LFL after 13 months
- Firtal has been included in LFL from December 2019 (4 months of 2019/20)

	Q3 2019/20	Q3 2018/19
Revenue growth	7.4%	1.7%
Underlying revenue growth (LFL)	4.7%	0.5%
Stores in LFL calculation* (#)	267	273
Stores in total** (#)	272	280

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

# Cost development in Q3 2019/20

## Other external costs pre IFRS 16 up DKK 14 m YoY:

- DKK 12 m due to new Operating costs from Firtal Group and Kosmolet
- Underlying cost reductions driven by cost efficiency actions

## Staff costs up DKK 8 m YoY:

- DKK 7 m increase in Staff costs from Firtal and Kosmolet

DKK million	Q3 2019/20 Post IFRS 16	Q3 2019/20 Pre IFRS 16	Q3 2018/19 Pre IFRS 16	Growth YoY
<b>Other external costs (OEC)</b>	<b>64.5</b>	<b>109.5</b>	<b>95.8</b>	<b>14.3%</b>
Non-recurring OEC	1.2	1.2	1.3	
OEC as a percentage of revenue	5.5%	9.3%	8.8%	
<b>Staff costs</b>	<b>187.9</b>	<b>187.9</b>	<b>180.4</b>	<b>4.2%</b>
Non-recurring staff costs	0.0	0.0	0.0	
Staff costs as a percentage of revenue	16.0%	16.0%	16.5%	
<b>Total costs</b>	<b>252.4</b>	<b>297.4</b>	<b>276.2</b>	<b>7.7%</b>

# IFRS 16 Leasing effects on Q3 2019/20

- Matas has implemented IFRS 16 Leasing with effect from 1 April 2019.
- IFRS 16 primarily impacts the balance sheet due to store leases previously being classified as operational leases and hence not included in Matas' balance sheet.
- EBITDA, EBIT, EBT and cash flow are impacted.
  - EBITDA is positively affected as leasing costs from operating leases now are recognized as depreciation and interest costs rather than previously as leasing costs relating to rent under Other external costs.
  - EBIT is marginally affected as a result of increased depreciations.
  - Free cash flows are improved due to the increase in operating activities.
  - Total cash flow are unchanged, however the increase in cash flow from operating activities is offset by a corresponding negative impact from cash flow from financing activities.

DKK million	Q3 2019/20	Q3 2019/20	Q3 2018/19
	Post IFRS 16	Pre IFRS 16	Pre IFRS 16
EBITDA	263	218	205
EBITDA before exceptional items	264	219	206
Amortisation, depreciation, impairm.	-97	-50	-42
<b>EBIT</b>	<b>166</b>	<b>168</b>	<b>163</b>
Financial items, net	-11	-8	-6
<b>Profit before tax</b>	<b>154</b>	<b>160</b>	<b>157</b>
EBITDA margin before exceptional items	22.5%	18.7%	18.8%
Free cash flow	155	110	127
Lease assets (right of use assets)	824	0	0
Total property, plant and equipment	1,085	241	194
<b>Total assets</b>	<b>6,685</b>	<b>5,840</b>	<b>5,520</b>
<b>Total equity</b>	<b>2,760</b>	<b>2,776</b>	<b>2,636</b>
Lease liability (non-current and current)	833	0	0
<b>Total liabilities</b>	<b>3,925</b>	<b>3,065</b>	<b>2,884</b>
<b>Total equity and liabilities</b>	<b>6,685</b>	<b>5,840</b>	<b>5,520</b>
Net interest-bearing debt	2,438	1,605	1,510

# What do Matas' customers buy

## MATAS CATEGORIES

### BEAUTY

Everyday (mass) and luxury (high end) beauty products and personal care, including cosmetics, fragrances, skincare and haircare products.

### VITAL

Vitamins, minerals, supplements, specialty foods and herbal medicinal products.

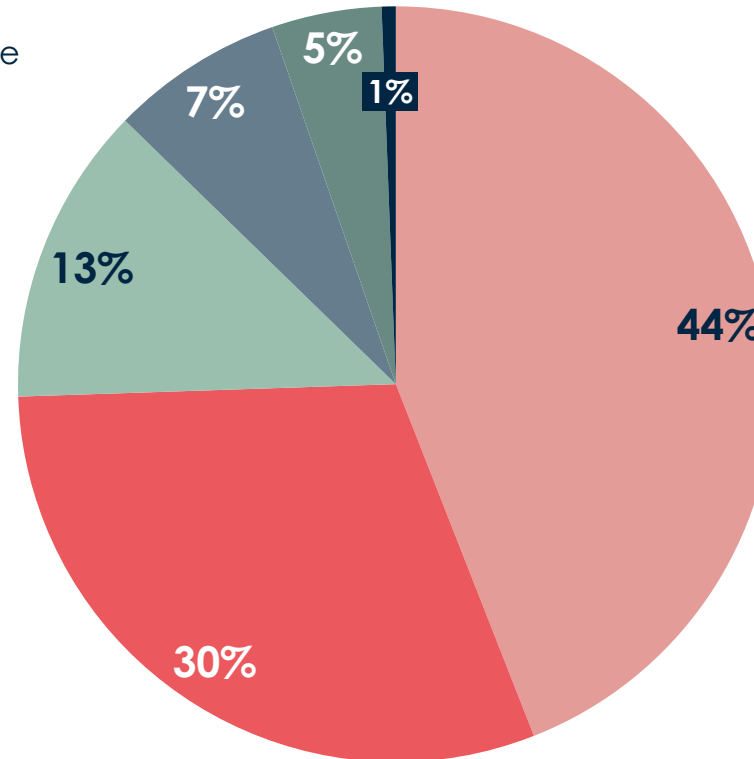
### MATERIAL

Household and personal care products, including household cleaning and maintenance products, baby care, foot care and sports-related products.

### MEDICARE

OTC medicine, nursing products, etc.

## Q3 2019/20 distribution of turnover by category



## PEERS BY CATEGORY

### BEAUTY

Supermarkets & hypermarkets  
Discounters and parallel import  
Department stores  
Tax free  
Perfumeries  
Online

### VITAL

Specialist Health stores  
Pharmacies  
Supermarkets  
Online

### MATERIAL

Supermarkets & hypermarkets  
Pharmacies  
Discounters and parallel import

### MEDICARE

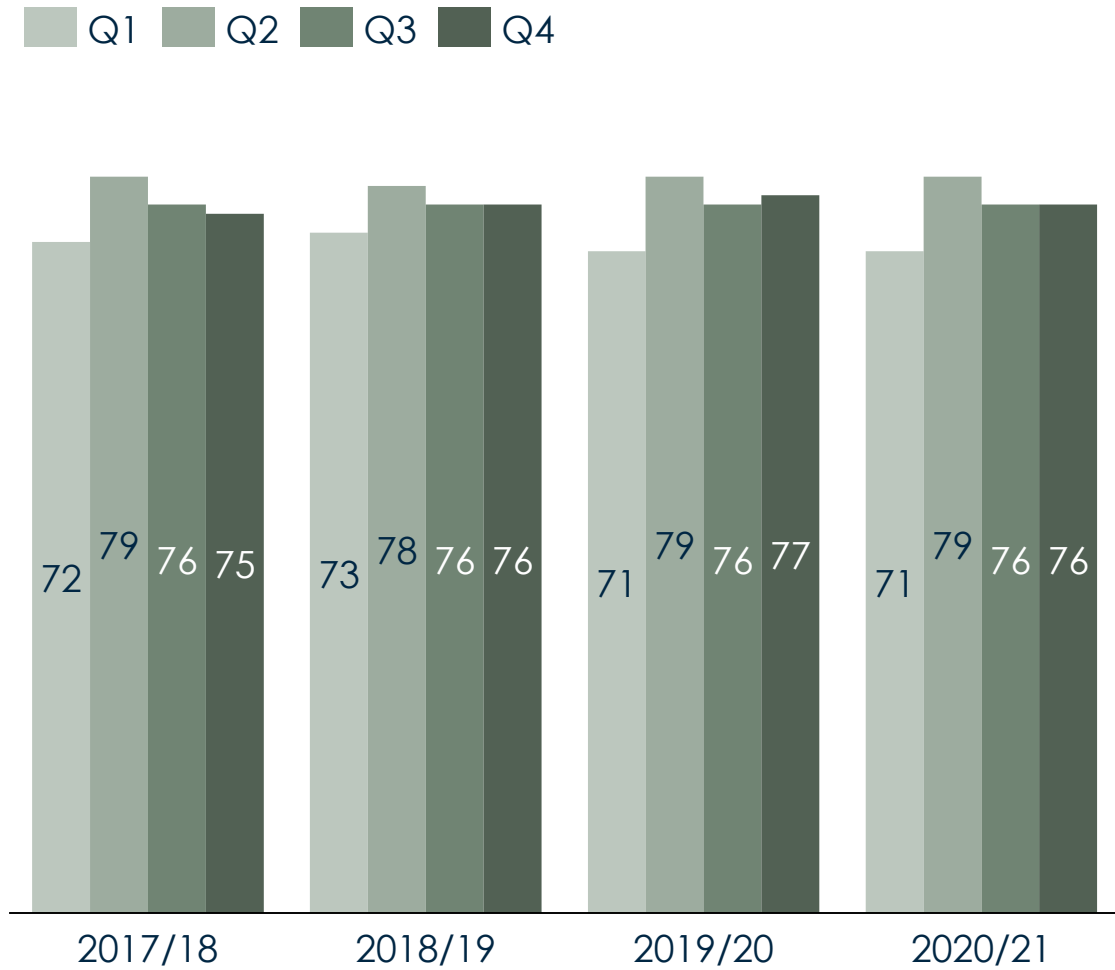
Pharmacies  
Supermarkets & hypermarkets

# Revenue development by category

DKK million	2019/20 Q3	2019/20 Q2	2019/20 Q1	2018/19 Q4	2018/19 Q3	2018/19 Q2	Growth Q3 vs Q3
High-End Beauty	517	278	313	288	483	264	6.9%
Mass Beauty	357	268	297	267	337	263	6.0%
Vital	150	136	131	140	132	105	13.3%
Material	88	82	80	69	82	86	7.1%
MediCare	55	48	46	46	47	47	18.9%
Other	1	3	2	10	6	3	-87.2%
<b>Total retail sales (own store and webshops)</b>	<b>1.167</b>	<b>815</b>	<b>869</b>	<b>820</b>	<b>1.087</b>	<b>768</b>	<b>7.4%</b>
Wholesale sales etc. (incl. Kosmolet)	6	8	7	8	6	9	-1.0%
<b>Total revenue</b>	<b>1.173</b>	<b>823</b>	<b>876</b>	<b>828</b>	<b>1.093</b>	<b>777</b>	<b>7.4%</b>



# Trading days 2017/18 to 2020/21



# The Matas share

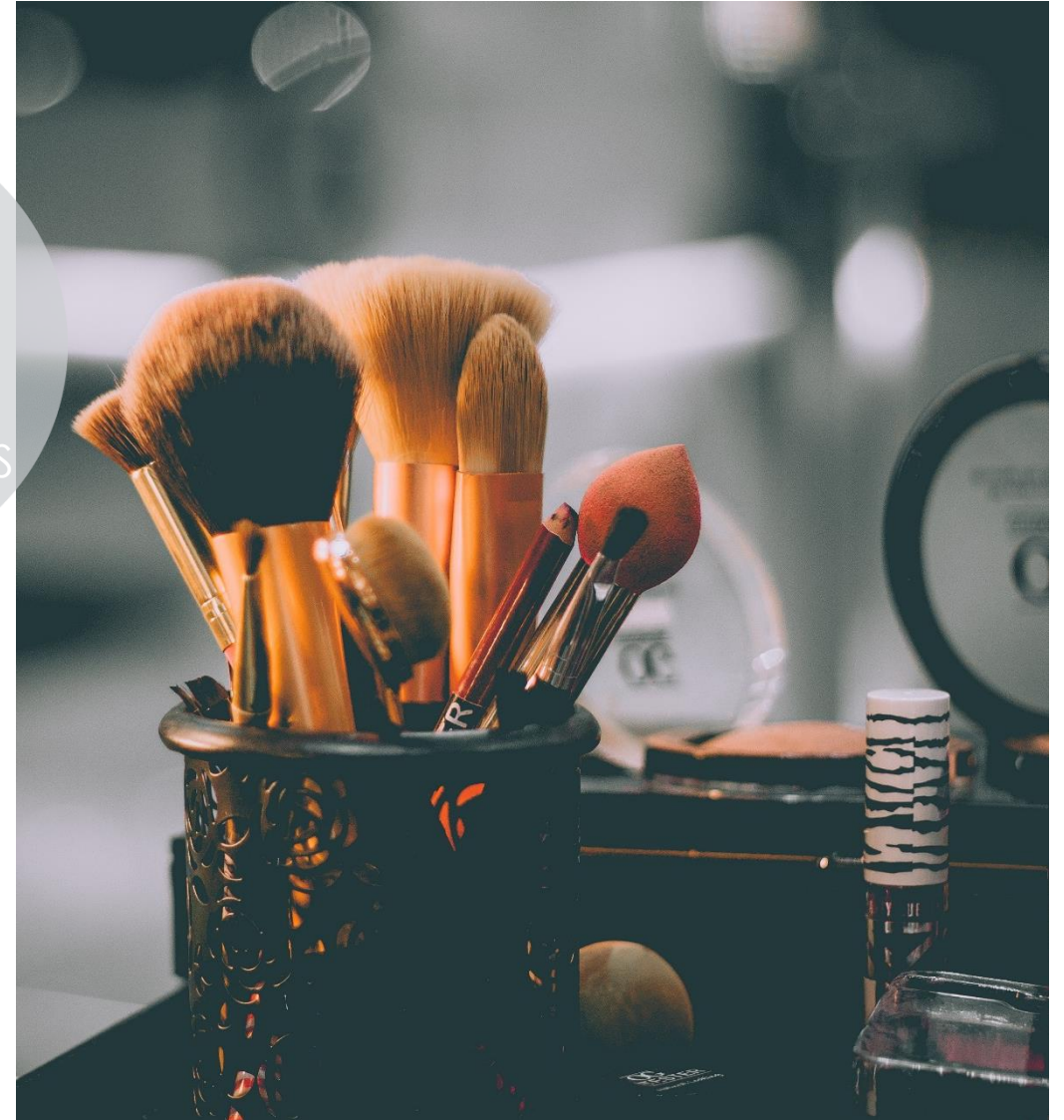
”  
LISTED ON  
**NASDAQ**  
OMX  
28 JUNE 2013

”  
**100%**  
FREE FLOAT

”  
**~39%**  
DOMESTIC  
SHAREHOLDERS  
IN 2018/19

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**38.3 m**  
SHARES IN ONE  
SHARE CLASS

”  
DKK **2.1** BN  
MARKET CAP  
AT 30 DEC 2019



**matas**

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# 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.