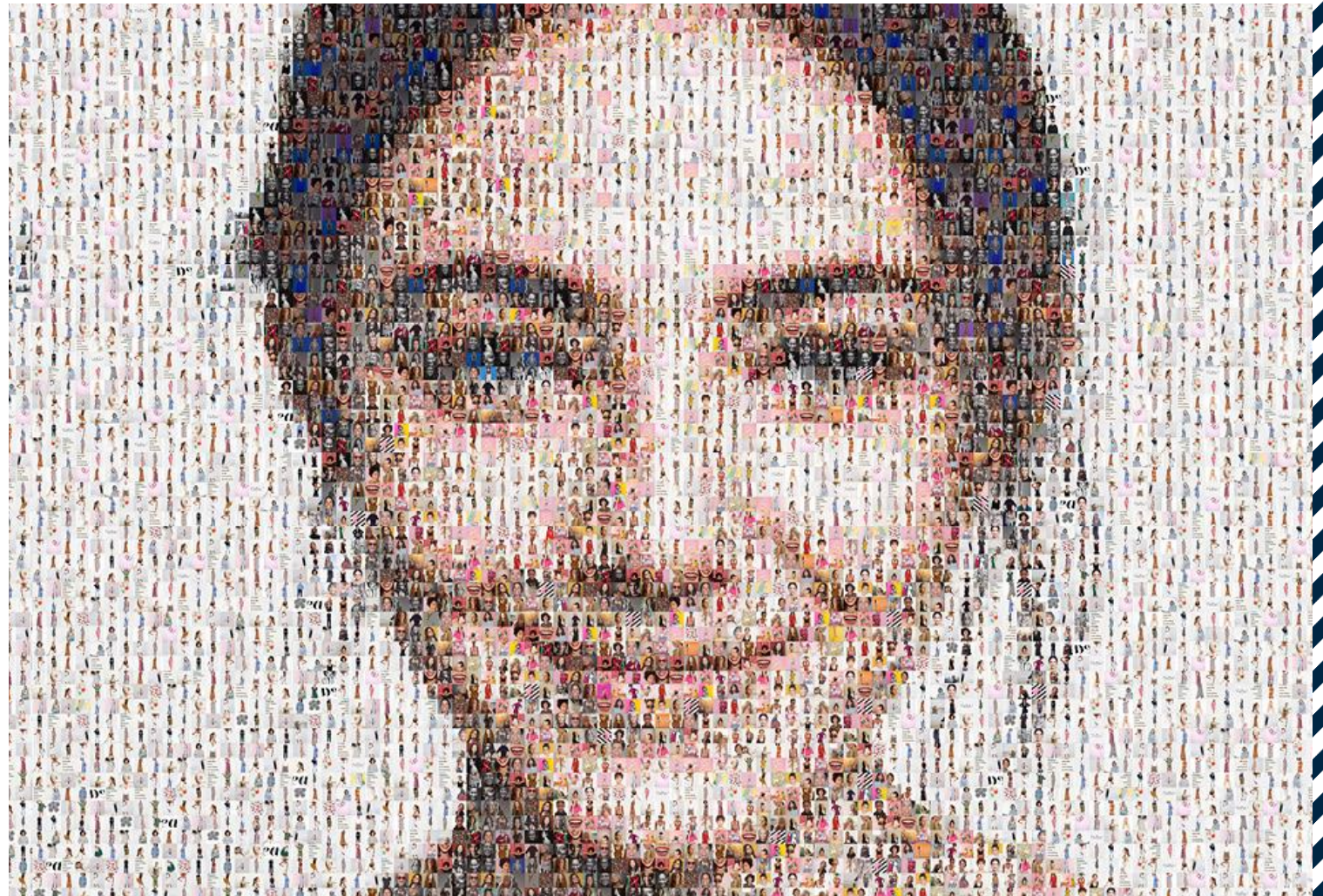


'Renewing Matas'

RESULTS UPDATE 20 AUGUST 2019 – Q1 REPORT 2019/20

matas
SKØNNERE SAMMEN



Q1 2019/20 in numbers (pre IFRS 16)

Revenue*

DKK **876** million

Q1 2018/19: DKK 844 m

Revenue growth*

3.8%

Q1 2018/19: 1.6%

Underlying (like-for-like) growth of

-1.2%

Q1 2018/19: 1.1%

EBITDA** margin before special items

13.7%

Q1 2018/19: 16.4%




* Includes revenue from Firtal for the period 13 November 2018 to 30 June 2019 and revenue from Kosmolet A/S from 11 June to 30 June 2019.

** Before effect from IFRS 16.

Highlights Q1 2019/20

- ✓ Results **in line with expectations**
- ✓ Progress on all strategic tracks
- ✓ **Online sales tripled to 10.9%** of group sales **up from 3.7%** a year earlier
- ✓ Strong **organic growth of 67% on matas.dk**, up from 50% growth in Q1 2018/19
- ✓ **8 Matas Life store upgrades completed** at the end of Q1 2019/20 (4 opened in Q1)
- ✓ Acquisition of **Kosmolet A/S closed** June 11th – adding the **#1 make-up brand** to our own brand portfolio
- ✓ **Like-for-like** 1.2% lower, however **marginally positive** when adjusting for two less trading days
- ✓ Continued **gross margin stabilisation**
- ✓ **Costs** development **in line with expectations** – driven primarily by costs from Firtal and Kosmolet
- ✓ Margin contraction due to **dilutive effect of online** and the addition of new resources to drive growth
- ✓ **Unchanged guidance** for FY 2019/20

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

	Q1 2019/20 pre IFRS 16	2019/20 targets	2022/23 ambitions
 LIFT CUSTOMER ENGAGEMENT	64 (index 100)	Ongoing improvement	70 (index 100)
 GROW REVENUE* (DKK/GROWTH YOY)	DKK 876 m/3.8%	3.5 to 6.5 %	Around DKK 4 bn
 SECURE EARNINGS EBITDA MARGIN** BEFORE EXCEPTIONAL ITEMS	13.7%	14 to 15%	Above 14%

* Includes revenue from Firtal for the period 13 November 2018 to 30 June 2019 and revenue from Kosmolet A/S from 11 June to 30 June 2019.

** Before effect from IFRS 16.

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



Win online: Strong growth continues in Q1 2019/20

Q1 ONLINE REVENUE* IN % OF TOTAL REVENUE

3.7% IN Q1 2018/19

10.9% IN Q1 2019/20

MATAS.DK IN Q1 2019/20

67% GROWTH FROM Q1 2018/19

5.9% OF TOTAL REVENUE

Online revenue* (% of total revenue)	Q1 2019/20	Q1 2018/19	YoY growth
matas.dk	5.9%	3.7%	67%
Firtal	5.0%	-	-
Matas Group	10.9%	3.7%	207%

ONLINE GROWTH FUELLED BY

- INVESTMENTS IN MATAS.DK INCLUDING
 - ROLL OUT OF NEW SUBSCRIPTION FEATURE
 - INCREASED MARKETING AND SOCIAL MEDIA EFFORTS
 - NEW ONLINE STORE FULFILMENT CENTRE
- PURCHASE OF FIRTAL INCLUDING HELSEBIXEN.DK, JALA-HELSEKOST.DK AND MADE4MEN.DK

* Includes revenue from Firtal for the period 13 November 2018 to 30 June 2019 and revenue from Kosmolet A/S from 11 June to 30 June 2019.

Reignite store growth: Matas Life and store network developments

MATAS LIFE

10 STORES UPGRADED FROM MARCH TO JULY

16 PLANNED UPGRADES IN 2019

STORE NETWORK

2 STORES MERGED TO 1

1 NEW LOCATION

2 STORE CLOSURES

NEW BRANDS IT COSMETICS AND CAUDALIE

+100 DOORS ZARKO, MIILD, FILORGA, REN ETC.



matas

Matas x Kosmolet A/S: Transaction completed

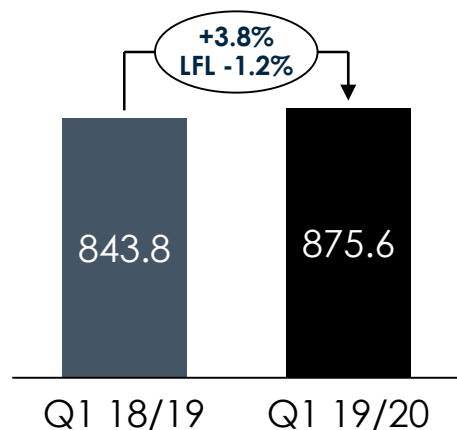
Comments

- Transaction completed on 11 June 2019
- Insignificant effect on Q1 numbers
- Kosmolet continues on its growth path both within Matas as well as in other channels.

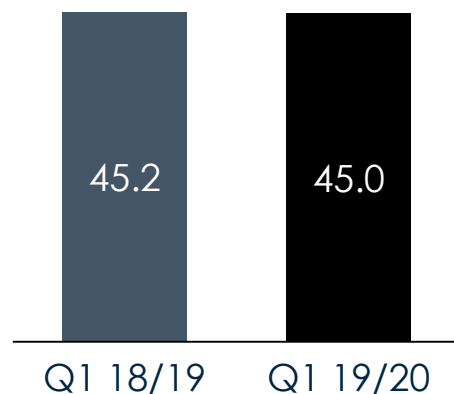


Overview: Q1 2019/20 vs. Q1 2018/19

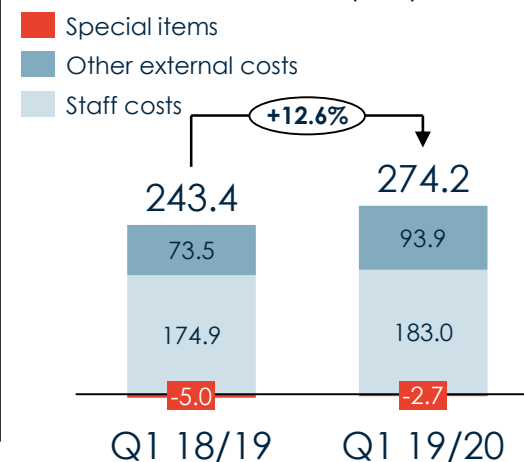
Revenue (DKK m)



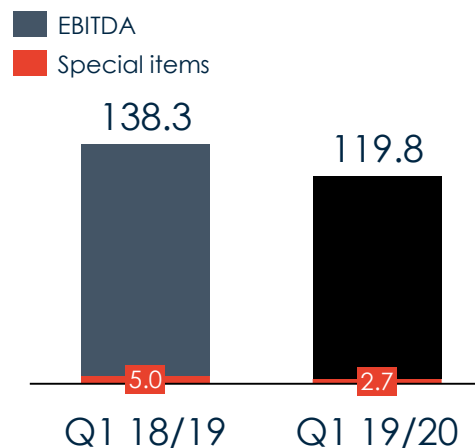
Gross margin (%)



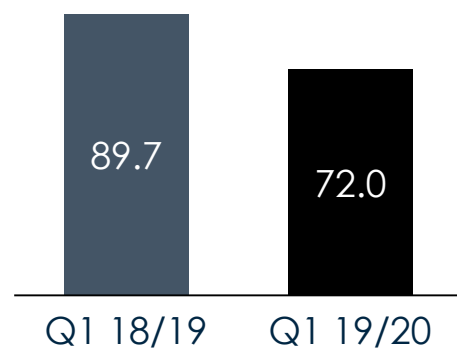
Cost* (DKK)



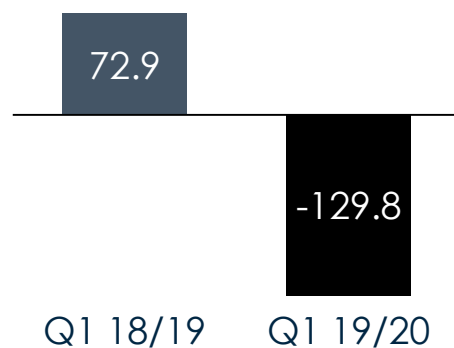
EBITDA* BEFORE SPECIAL ITEMS (DKK m)



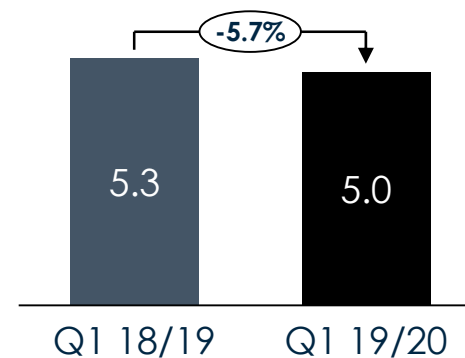
Adj. net profit* (DKK m)



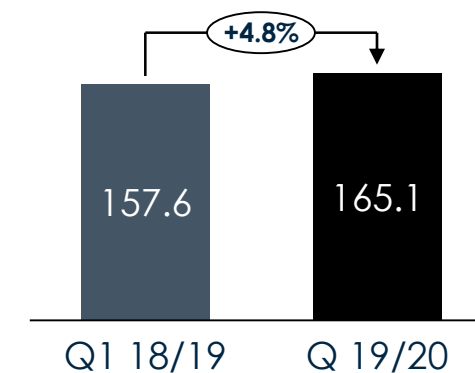
Free cash flow* (DKK m)



Transactions (# m)

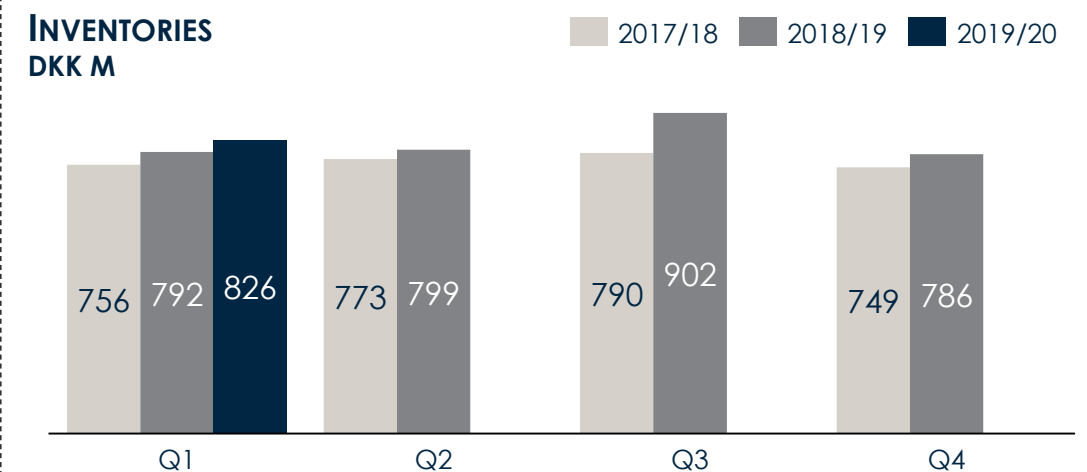
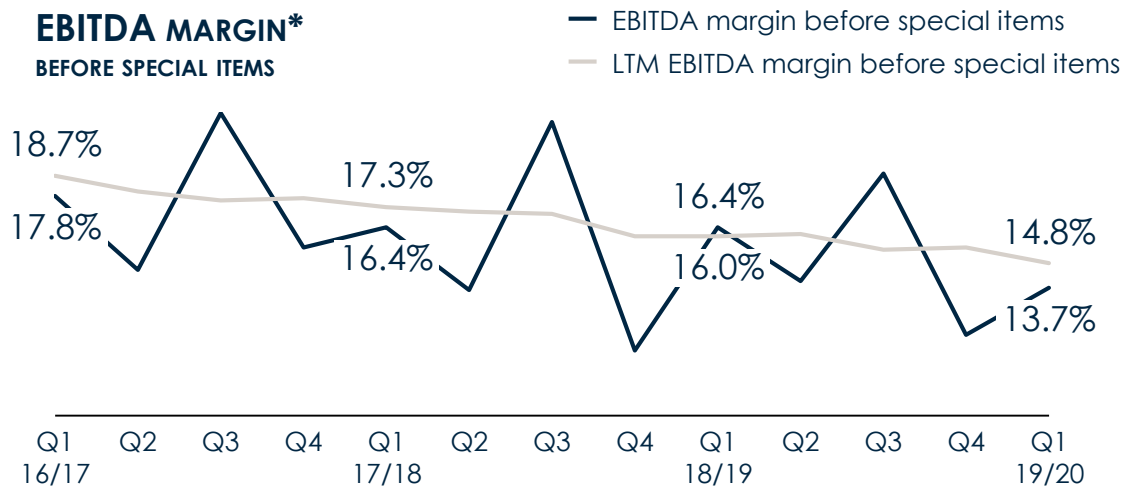
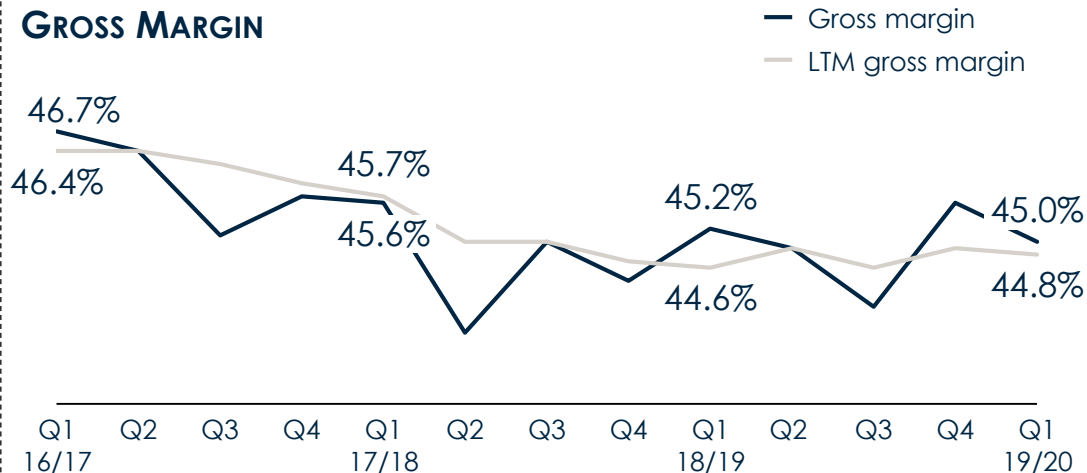
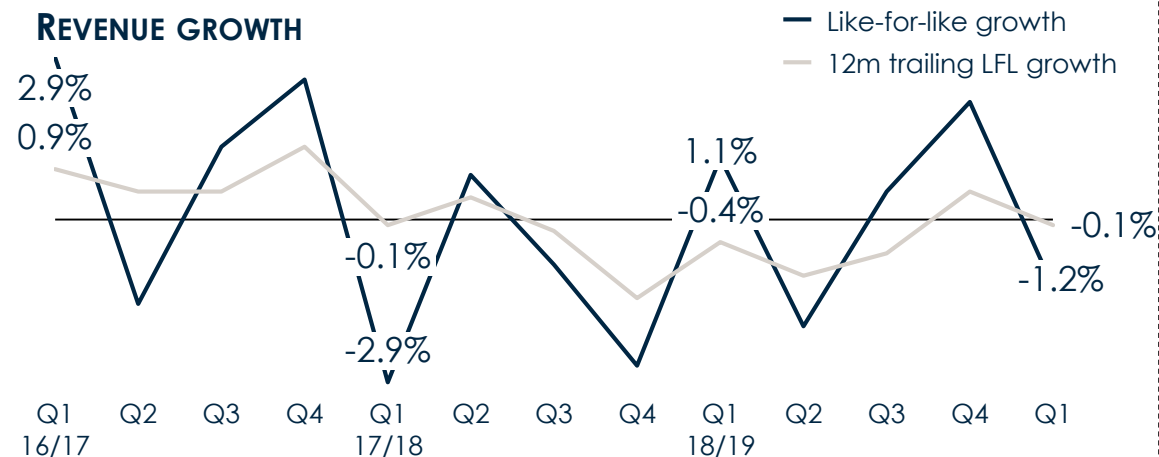


Basket size (DKK)



* Before effect from IFRS 16.

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



* Before effect from IFRS 16.

Cost development in Q1 2019/20 in line with managements expectations

Other external costs pre IFRS 16 up DKK 20 m YoY:

- DKK 11 m due to new Operating costs from Firtal Group and to a limited extend from Kosmolet
- DKK 2.0 m in transaction costs related to the acquisition of Kosmolet.
- DKK 7 m driven by higher activity on matas.dk and increased marketing

Staff costs pre IFRS 16 up DKK 8 m YoY:

- Non-recurring costs fell DKK 5 m compared to 18/19
 - For 2018/19, DKK 5 m were related to executive changes in Matas
- DKK 13 m increase in Staff costs from matas.dk, Matas HQ, Firtal and Kosmolet

DKK million	Q1 2019/20 Post IFRS 16	Q1 2019/20 Pre IFRS 16	Q1 2018/19 Pre IFRS 16	Growth YoY
Other external costs (OEC)	50.5	93.9	73.5	27.8%
Non-recurring OEC	2.7	2.7	0.2	
OEC as a percentage of revenue	5.8%	10.7%	8,7%	
Staff costs	183.0	183.0	174.9	4.6%
Non-recurring staff costs	0.0	0.0	4.8	
Staff costs as a percentage of revenue	20.9%	20.9%	20.7%	
Total costs	233.5	276.9	248.4	11.5%

Cash flow and working capital in Q1 2019/20 and Q1 2018/19

Cash flow and working capital developments

- Cash generated from operations, including changes to working capital, decreased DKK 66 m
- CAPEX increased DKK 16 m due to investments in Matas Life, a new webshop warehouse and online investments
- Acquisitions rose DKK 123 m from the Kosmolet acquisition
- As a result, Free cash flow fell DKK 203 m to DKK -130 m

DKK million	Q1 2019/20 Post IFRS 16	Q1 2019/20 Pre IFRS 16	Q1 2018/19 Pre IFRS 16	Change YoY
Cash generated from operations*	82.7	39.3	105.3	-66.0
Paid interest and taxes	-5.3	-5.3	-7.2	1.9
Cash flow from operating activities	77.4	34.0	98.1	-64.1
CAPEX	-41.1	-41.1	-25.2	-15.9
Acquisition of subsidiaries and operations	-122.7	-122.7	0.0	-122.7
Cash flow from investing activities	-163.8	-163.8	-25.2	-138.6
Free cash flow	-86.4	-129.8	72.9	-202.7





* Including changes to working capital.

IFRS 16 Leasing effects on Q1 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	Q1 2019/20	Q1 2019/20	Q1 2018/19
	Post IFRS 16	Pre IFRS 16	Pre IFRS 16
EBITDA	161	117	133
EBITDA before exceptional items	163	120	138
Amortisation, depreciation, imp.	-90	-44	-38
EBIT	71	73	95
Financial items, net	-10	-6	-4
Profit before tax	61	67	91
EBITDA margin before exceptional items	18.6%	13.7%	16.4%
Free cash flow	-86	-130	73
Lease assets (right of use assets)	893	0	0
Total property, plant and equipment	1,130	212	195
Total assets	6,613	5,694	5,539
Total equity	2,612	2,618	2,67
Lease liability (non-current and current)	897	0	0
Total liabilities	4,001	3,076	2,869
Total equity and liabilities	6,613	5,694	5,539
Net interest-bearing debt	2,531	1,634	1,399

Financial targets and drivers for 2019/20

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

Q&A



Key figures for Q1 2019/20

Comments

- 3.8% revenue growth
 - **Beauty** (70.1% of total sales) increased 1.9%
 - High-end beauty (36.0% of total sales) increased 5.3%
 - Mass beauty (34.2% of total sales) decreased 1.5%
 - **Vital** increased 33.5%
 - **Material** decreased 8.9%
 - **Medicare** decreased 0.6%
 - **Other and Wholesale etc.** decreased
- Gross profit pre IFRS 16 increased DKK 12 m or 3.2%, driven by higher sales

DKK million	Q1 2019/20 Post IFRS 16	Q1 2019/20 Pre IFRS 16	Q1 2018/19 Pre IFRS 16	Growth YoY
Revenue	875.6	875.6	843.8	3.8%
Gross profit	394.0	394.0	381.7	3.2%
Other external costs	50.5	93.9	73.5	27.8%
Staff costs	183.0	183.0	174.9	4.6%
EBITDA	160.5	117.1	133.3	-12.2%
Amortisation and depreciation	89.7	44.1	38.2	15.4%
Operating profit (EBIT)	70.8	73.0	95.1	-23.2%
Net financials	-9.8	-6.0	-4.3	39.3%
Profit before tax	61.0	67.0	90.8	-26.2%
Tax on profit for the period	15.1	15.1	20.0	-24.5%
Profit for the period	45.9	51.9	70.8	-26.7%
Special items	2.7	2.7	5.0	
EBITDA before special items	163.2	119.8	138.3	-13.4%
Adjusted net profit	66.0	72.0	89.7	-19.8%
Gross margin	45.0%	45.0%	45.2%	
EBITDA margin	18.3%	13.4%	15.8%	
EBITDA margin before special items	18.6%	13.7%	16.4%	
Diluted earnings per share, DKK	1.20	1.36	1.87	-27.7%
Tax rate	24.7%	22.5%	22.0%	

Quarterly income statement for 2018/19 and 2019/20

DKK million	2019/20 Post IFRS 16 Q1	2019/20 Pre IFRS 16 Q1	2018/19 Q4	2018/19 Q3	2018/19 Q2	2018/19 Q1	Growth Pre IFRS 16 Q1 vs Q1
Revenue	876	876	828	1,093	777	844	3.8%
Gross profit	394	394	377	481	349	382	3.2%
<i>Gross margin</i>	45.0%	45.0%	45.6%	44.0%	44.9%	45.2%	
Other external costs	51	94	101	96	85	74	27.8%
Staff costs	183	183	184	180	165	175	4.6%
EBITDA	161	117	93	205	99	133	-12.2%
Amortisation and depreciation	90	44	43	42	43	38	15.4%
Operating profit	71	73	49	163	56	95	-23.6%
Net financials	10	6	6	6	5	4	39.3%
Profit before tax	61	67	43	157	51	91	-26.2%
Tax on profit for the period	15	15	10	35	14	20	-24.5%
Profit for the period	46	52	33	122	37	71	-26.7%
Diluted Earnings per share, DKK	1.20	1.36	0.87	3.21	0.97	1.87	-27.7%
EBITDA margin	18.3%	13.4%	11.2%	18.7%	12.8%	15.8%	
Special items	3	3	3	1	9	5	
EBITDA before special items	163	120	96	206	109	138	
EBITDA margin before special items	18.6%	13.7%	11.6%	18.8%	14.0%	16.4%	
Tax rate	24.7%	22.5%	23.1%	22.0%	28.1%	22.0%	
Adjusted net profit	66	72	53	140	61	90	19.8%

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 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

	Q1 2019/20	Q1 2018/19
Revenue growth	3.8%	1.6%
Underlying revenue growth (LFL)	-1.2%	1.1%
Stores in LFL calculation* (#)	268	272
Stores in total* (#)	275	278

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

The Matas share

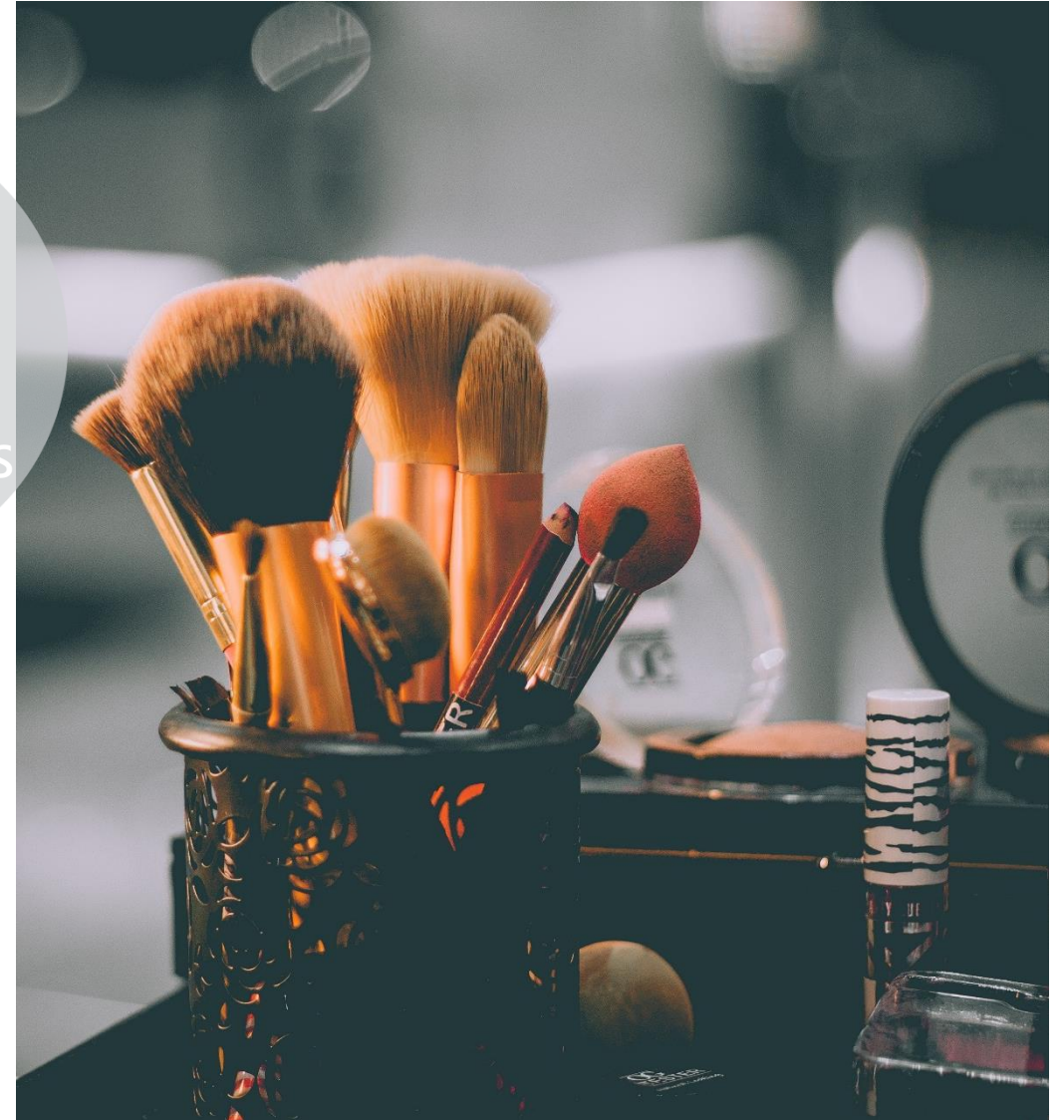
”
LISTED ON
NASDAQ
OMX
28 JUNE 2013

”
100%
FREE FLOAT

”
~39%
DOMESTIC
SHAREHOLDERS
IN 2018/19

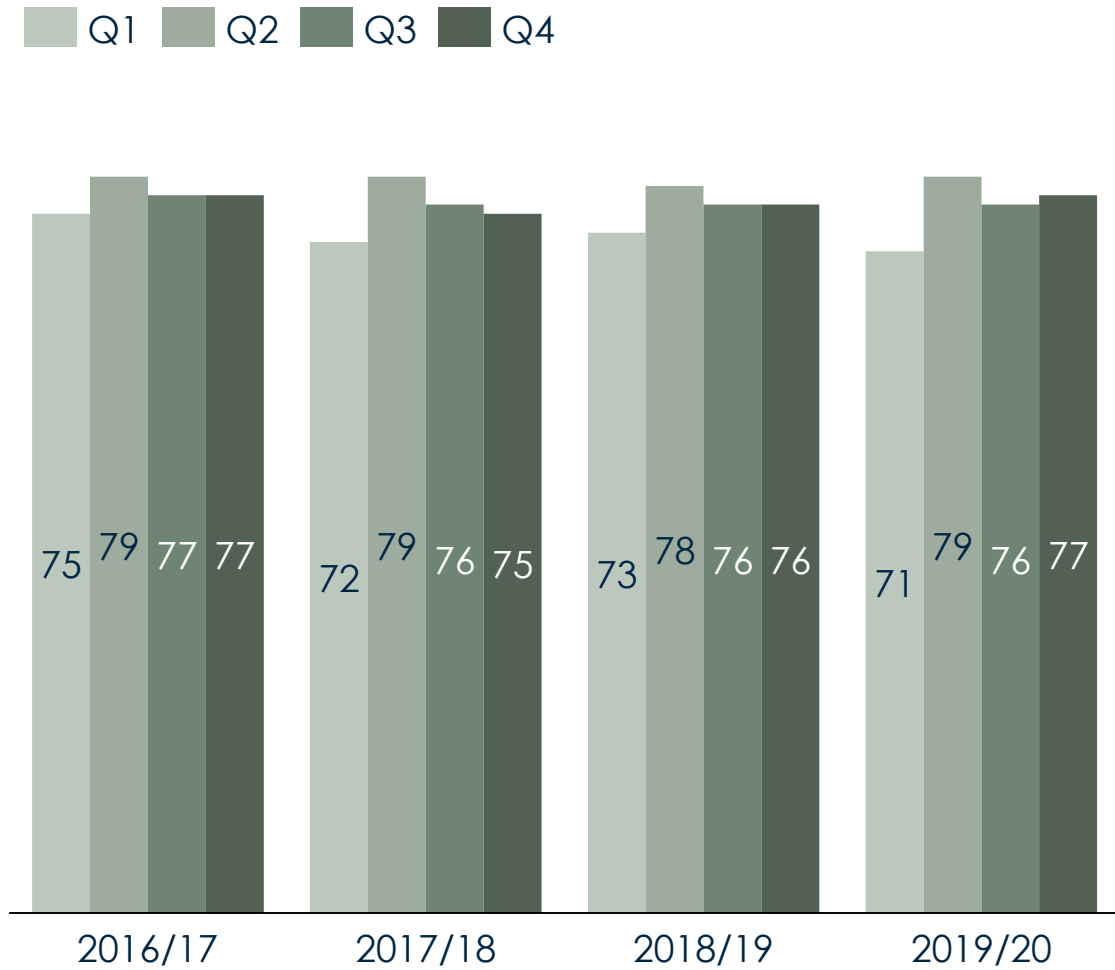
”
38.3 m
SHARES IN ONE
SHARE CLASS

”
DKK 2.5
BN MARKET CAP



matas

Trading days 2016/17 to 2019/20



matas

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Forward Looking Statements

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