Matas | FY/Q4 2016/17 Results

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 – Financials

2016/17 has been a busy and challenging year due to the implementation of our 2020 strategy "The Ultimate Difference" and the necessary adjustments to current changes in the market for personal care products

- Sales grew by 1.1% with underlying (like for like) growth of 1.3%, driven by growth in especially high-end beauty while sales within material disappointed
- Gross margin fell marginally to 46.5% for FY 2016/17 from 46.8% last year primarily caused by increased price competition within Mass Beauty
- Solid development in sales Q4 2016/17 with growth of 1.9% and like for like growth of 2.5% driven by
  - Beauty sales up by 5.1%
  - A decline in Material of 4.2%
  - Like for like growth positively affected by more trading days than last year as Easter fell in Q1 2017/18 compared to Q4 in 2015/16
- Cost programme fully implemented in Q4 2016/17 with annual savings of DKK 25-30 mio. from Q1 2017/18. No major one-off other costs from implementation of the cost programme
- CAPEX amounted to DKK 135 mio. in total of which DKK 51 mio. was related to the acquisition of associated stores

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Business Update – Strategic initiatives

A wide range of initiatives were launched as part of our journey towards increased customer centricity and digitalisation, including

- Launch of the largest Matas shop to date in Sønderborg in October consisting of 560 sq.m. shop including 60 sq.m. shop in shop pharmacy and a shop in shop M·A·C
- A total of eight MAC shop in shops rolled out in five StyleBox and three Matas stores
- Remodelling of top stores which was initiated in January 2016 with nine stores completed
- Club Matas now exceeds 1.7 million members, with more than 500.000 members using the new app
- The dialogue with the owners of the associated stores have resulted in the acquisition of eight associated stores in 2016/17 and an additional two stores expected in Q1 2017/18
- As of 31 January 2018, the remaining five associated stores will leave Matas

Financial Highlights Q4 2016/17 vs Q4 2015/16

- Solid development in sales with total revenue growth of 1.9% in Q4 compared to -0.9% in Q4 2015/16
- Like for like (LFL) growth of 2.5% in Q4 compared to -1.3% in Q4 2015/16. LFL positively affected by more trading days as Easter fell in Q1 2017/18 compared to Q4 in 2015/16
- Gross margin fell to 46.4% vs. 47.6% same quarter last year, primarily due to fewer positive end of year adjustments
- EBITA margin flattish at 13.1% vs. 13.2% in Q4 2015/16, due to reduction in costs countering decreasing gross margin.
- Adjusted net profit of DKK 67 mio. vs. DKK 69 mio. in Q4 2015/16
- Cash Flow from operating activities at Q4 FY17 DKK 73 mio. vs Q4 FY16 DKK 92 mio.
- Gross debt of DKK 1,548 mio. and Net Debt DKK 1,515 mio. at 31 March 2017 corresponding to 2.4x LTM EBITDA

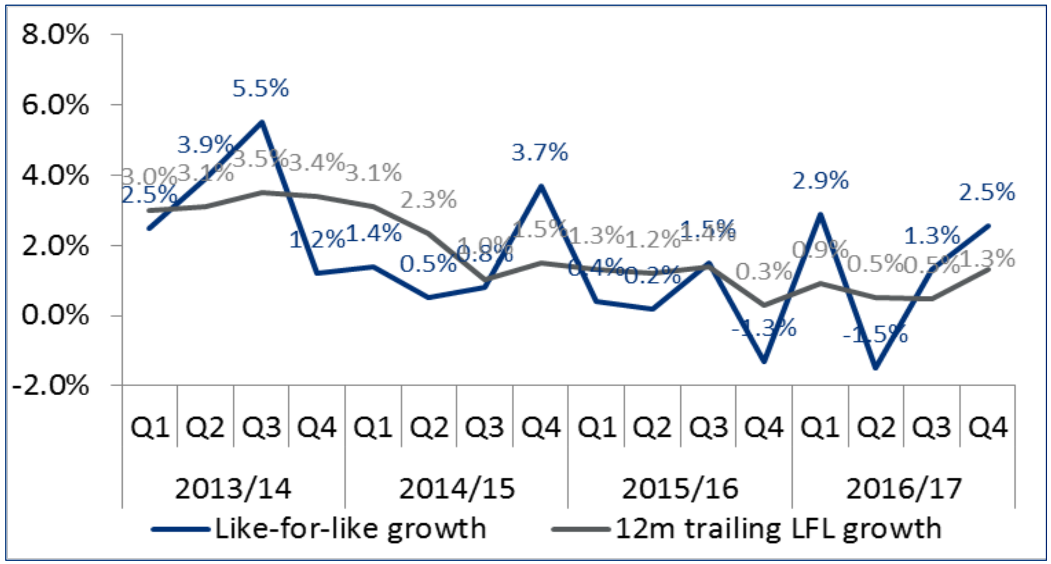
Financial Highlights FY 2016/17

- Total revenue growth of 1.1% in FY 2016/17 with like for like growth of 1.3%
- EBITA margin 15.9% vs. 17.2% in 2015/16
- Adjusted net profit DKK 398 mio. vs. DKK 423 mio. in 2015/16
- Online sales growth remains very strong by approximately 30 %
- Cash flow from operations of DKK 483 mio. compared to DKK 567 mio. in 2015/16.
- Free cash flow of DKK 348 mio. after total investments of DKK 135 mio. in 2016/17
- Share buyback of DKK 181 mio. and dividend of DKK 246 mio.
- In total DKK 426 mio. was returned to investors in 2016/17, equivalent to 11% of end of year market cap

Growth in Q4 2016/17 driven by high end Beauty

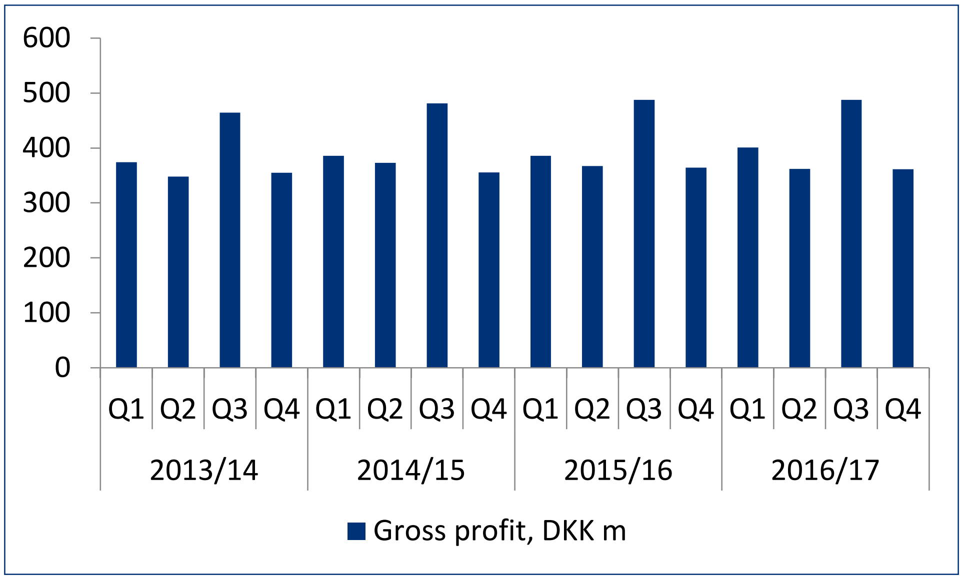
- Total revenue growth of 1.9% in Q4 2016/17
- Beauty sales up 5.1% in total and 3.9% adjusted for acquired stores
- High end Beauty grew by 12.9%
    - Supported by introduction of new brands
- Vital and MediCare remained flattish, with like for like growth of -1.3%

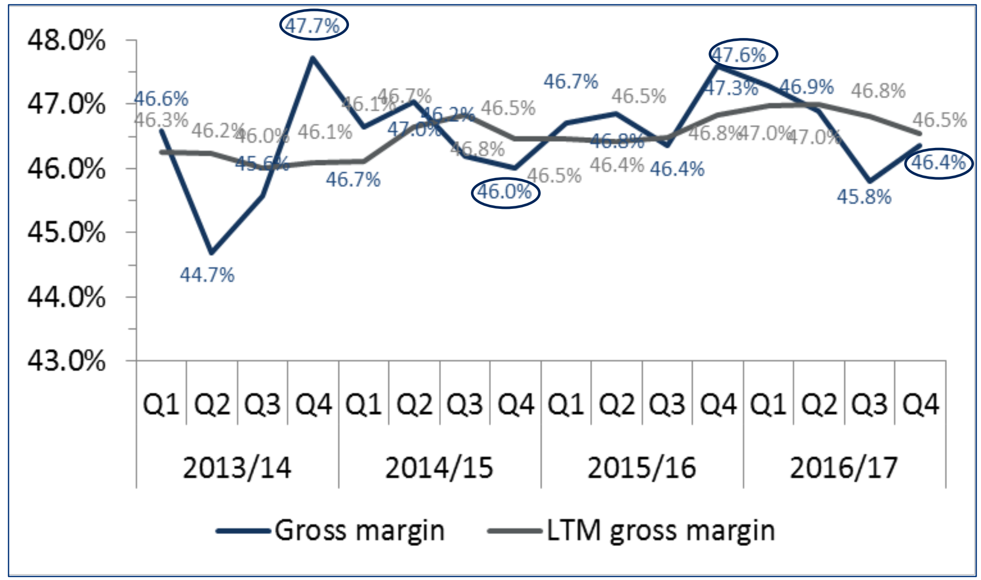
DKK million	2016/17 Q4	2015/16 Q4	Growth	Ex. acqui-sitions
Beauty	541	515	5.1%	3.9%
Vital	108	108	0.2%	-1.3%
Material	56	58	-4.2%	-5.5%
MediCare	44	44	-0.1%	-1.3%
Other	15	9	64.9%	NM
Total revenue from own retail stores	**765**	**735**	**4.1%**	
Sales of goods to associated stores etc.	14	30	-51.7%	
Total revenue	**779**	**765**	**1.9%**	



Gross Margin down in Q4 2016/17

- Gross margin fell to 46.4% vs. 47.6% same quarter last year, primarily due to fewer positive end of year adjustments
- Gross profit of DKK 361 mio. unchanged compared to DKK 364 mio. last year
- 12m trailing gross margin 46.5%, down 0.3 %-points from last quarter





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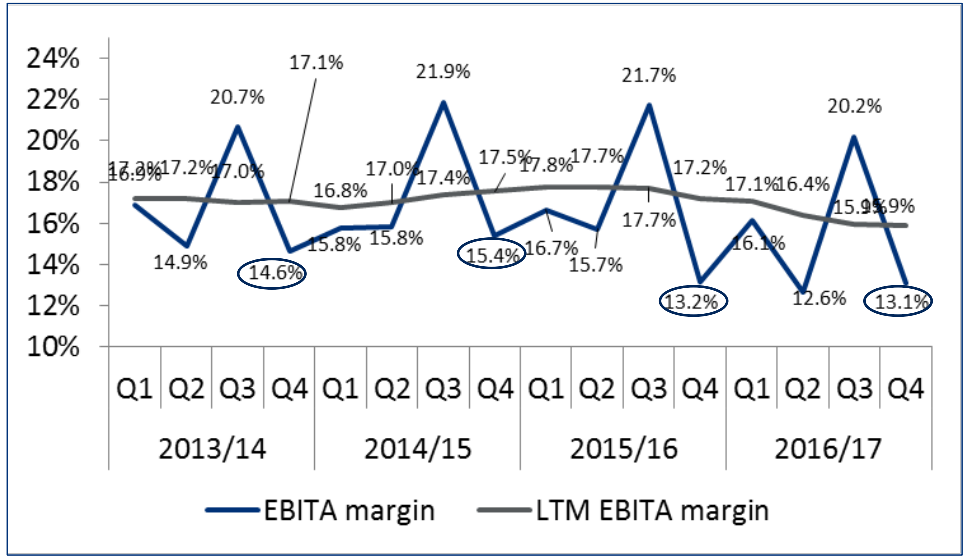
EBITA Margin flattish in Q4 2016/17

- EBITA margin flattish at 13.1% vs. 13.2% in Q4 2015/16
- Other external costs declined to 9.2% of revenues in Q4 compared to 10.9% last year
  - Q4 2015/16 were impacted by costs related to our 2020 strategy
  - Q4 2016/17 benefitted from lower net marketing costs while rent increased (acquired stores)
- Staff cost increased slightly to 21.5% of sales from 21.3% last year
  - Increased number of employees, primarily in stores due to the acquisition of associated stores
  - Increased head office staff costs driven by implementation and execution of strategic initiatives



DKK million	2016/17 Q4	2015/16 Q4	Chg.
Other external costs	72	83	-14.1%
As a percentage of revenue	9.2%	10.9%	
Staff costs	167	163	2.7%
As a percentage of revenue	21.5%	21.3%	
Number of stores	277	272	

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Income Statement for FY and Q4 2016/17 vs. 2015/16 FY

DKK million	2016/17 Full year	2015/16 Full year	Growth	2016/17 Q4	2015/16 Q4	Growth
Revenue	**3,463**	**3,426**	**1.1%**	**779**	**765**	**1.9%**
Gross profit	**1,612**	**1,605**	**0.5%**	**361**	**364**	**-0.8%**
Gross margin	*46.5%*	*46.8%*		*46.4%*	*47.6%*	
Other external costs	-302	-296	2.0%	-72	-83	-14.1%
Staff costs	-690	-656	5.1%	-167	-163	2.7%
EBITDA	**620**	**652**	**-4.9%**	**122**	**118**	**3.9%**
Amortisation and depreciation	-145	-139	4.7%	-39	-36	8.8%
Operating profit	**475**	**514**	**-7.5%**	**83**	**82**	**1.8%**
Net financials	-39	-37	6.1%	-13	-11	22.1%
Profit before tax	436	477	-8.5%	70	71	-1.3%
Tax on profit for the period	-98	-113	-13.2%	-18	-17	2.3%
Profit for the period	**339**	**365**	**-7.1%**	**53**	**54**	**-2.4%**
Diluted Earnings per share, DKK	**8.75**	**9.11**	**-3.9%**	**1.39**	**1.41**	**-0.6%**
EBITA	**551**	**590**	**-6.5%**	**102**	**101**	**1.4%**
EBITA margin	**15.9%**	**17.2%**	**-**	**13.1%**	**13.2%**	**-**
Tax rate	**22.4%**	**23.6%**	**Nm**	**25.1%**	**24.2%**	**Nm**
Adjusted net profit	**398**	**423**	**-5,8%**	**67**	**69**	**-1.6%**

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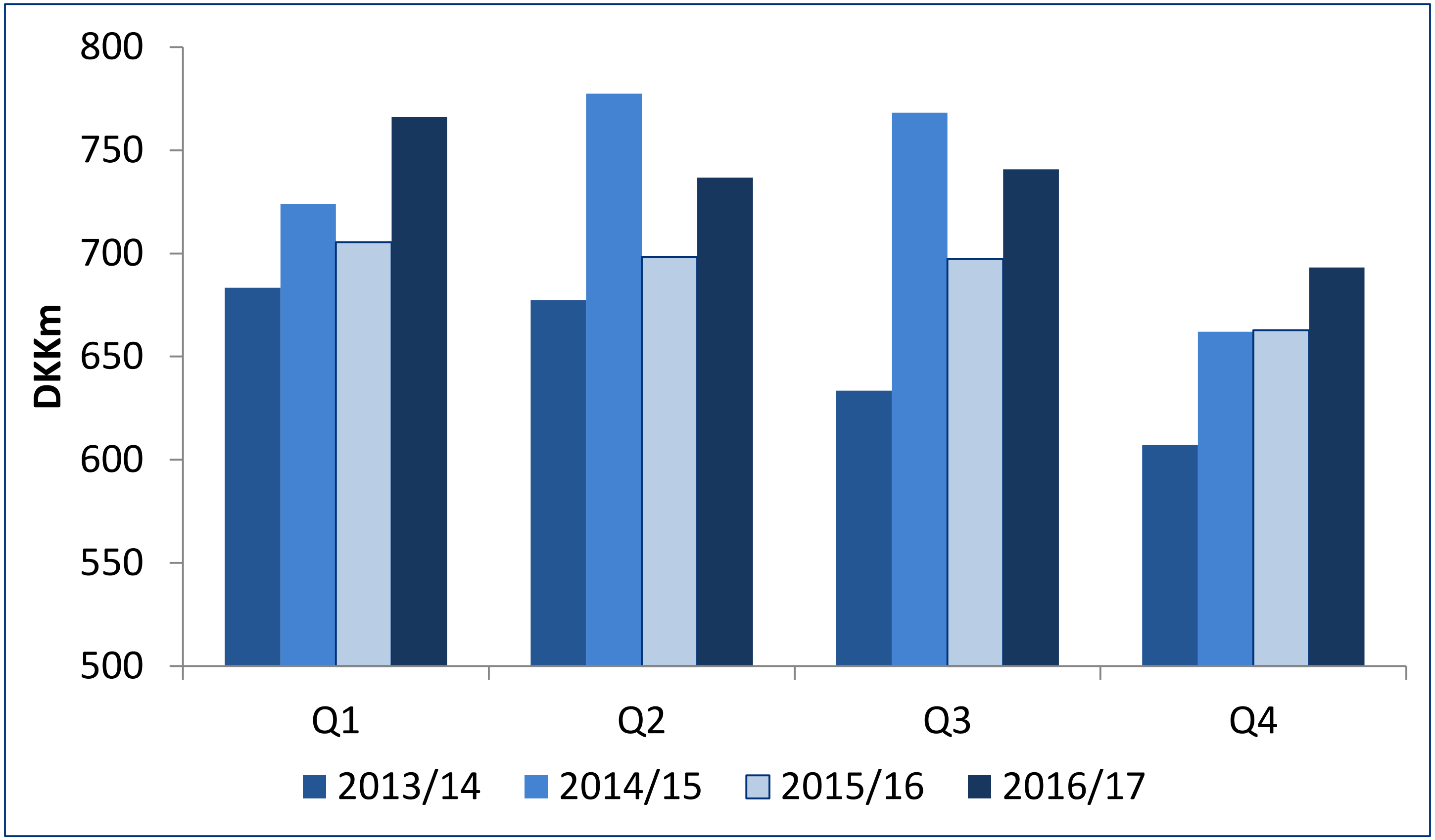
Development in Inventories



Inventory Growth end Q4 16/17 vs end Q4 15/16 due to:

- Eight acquired stores
- Introduction of new brands in stores and online, in particular MAC
- Desire to avoid stock-out situations

Unchanged Working Capital in Q4 2016/17

- DKK -3 mio. in cash inflow from changes in net working capital
- Inventories increased by DKK 48 mio. in quarter, slightly up from DKK 35 mio. in Q4 last year
- Seasonal decrease in trade and other payables of DKK 58 mio. related to seasonal effects in prepayments from customers (gift cards) and VAT payments

DKK millions	2016/17 Q4*	2016/17 Q3*	2016/17 Q2	2016/17 Q1	2015/16 Q4
Change in inventories	48	-4	29	-103	35
Change in receivables	8	5	-6	2	-1
Change in trade and other payables	-58	164	-133	35	-14
- trade payables	19	67	-123	41	52
- other payables	-77	96	-10	-5	-67
Total change in net working capital	**-3**	**164**	**-109**	**-67**	**19**

*excl. acquisitions

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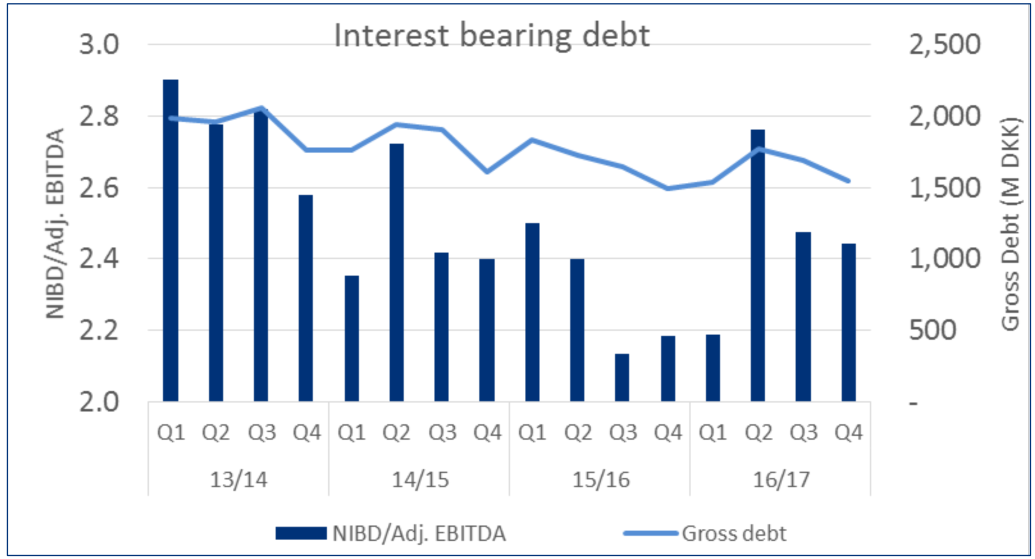
Cash Flow remained strong in Q4 2016/17

- Cash flow from operating activities amounted to DKK 73 mio. in Q4 compared to DKK 92 mio. in Q4 2015/16 due to lower cash generation from operations
- Investments of DKK 28 mio. in Q4 related to purchase of associated stores and upgrade of stores
- Free cash flow in Q4 of DKK 45 mio. compared to DKK 63 mio. last year
- Full year free cash flow of DKK 348 mio. and lower than last year due to lower cash generation from operations, increased inventories and acquisition of associated stores

DKK million	2016/17 Full Year	2016/17 Q4	2016/17 Q3	2016/17 Q2	2016/17 Q1	2015/16 Full Year	2015/16 Q4
Cash generated from operations	**619**	**119**	**401**	**13**	**87**	**749**	**136**
Paid interest and taxes	-136	-46	-70	-12	-9	-182	-44
Cash flow from operating activities	**483**	**73**	**331**	**2**	**77**	**567**	**92**
Acquisition of PPE and intangibles	-83	-20	-25	-20	-18	-70	-29
Acquisition of subsidiaries and activities	-51	-8	-6	-3	-34	0	0
Free cash flow	**348**	**45**	**299**	**-22**	**26**	**497**	**63**
Cash flow from financing activities	-385	-178	-168	-50	11	-468	-209
Net cash flow from operating, inv. and fin. activities	**-37**	**-133**	**132**	**-71**	**36**	**28**	**-147**

Capital Structure

- Gross debt of DKK 1,548 mio. at 31 March 2017, slightly below target range of DKK 1.6-1.8 bn
- Net Debt DKK 1,515 mio. at 31 March 2017, corresponding to 2.4x LTM EBITDA
- Dividend policy and gross debt level targets remain unchanged



	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

Two key focus areas to deliver on strategy

Customer centricity

Fulfilling customer needs by delivering a market leading shopping experience across sales points and communication channels through initiatives in three areas

1 Meeting the customer

2 World class store experience

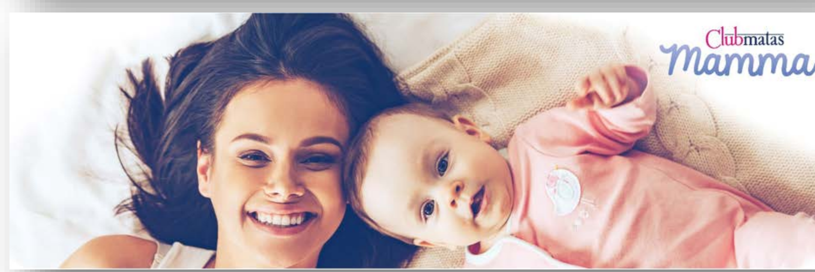
3 Effective pricing & promotions

Digitalisation

Fulfilling customer needs by taking Matas' digital presence to the next level through initiatives in two areas

4 Omni channel leadership

5 Full value of Club Matas



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1 Meeting the customer

- During 2016/17, we initiated a number of actions to further improve the customer meeting, including
- A training program to enhance interaction between customers and store employees
- A structured mystery shopping programme
- Organisational change with a new ‘head of sales’ role
- A new category management project, which has led to increased focus on Vital and to the launch of three strong international cosmetics brands; NYX, Smashbox and MAC
- A new private label, My Moments, consisting of spa and skincare products was launched in November 2016
- Relaunch of ‘Striberne’ initiated with the 50 years birthday celebration

2 World class store experience

- As part of the implementation of our new and modern shop layout we have
- Opened our largest Matas store to date with 560 sq.m. of retail space including two shop in shops, a MAC and a pharmacy
- Opened eight MAC shop in shops
- Remodelled 8 of our largest stores
- Updated and face lifted more than 100 stores
- Acquired in total 8 associated stores in 2016/17 of which 3 stores in Q4 2016/17
- For 2017/18, we are planning to open new Matas stores in relevant locations and increase the amount of Pharmacy and StyleBox shop in shops


MAC
IT'S A STRIKE!


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RIMMEL


gør noget godt for din krop
POWERZONE


apotek
MediCare


GUCCI
Chloé
LANCÔME
BOSS


L'OREAL
NYX PROFESSIONAL MAKEUP
MAX FACTOR
RIMMEL

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3 Effective pricing & promotions

- To remain competitive in a market place, that was impacted by an overall increase in price competition, in particular from new points of sales with a discount focus, we

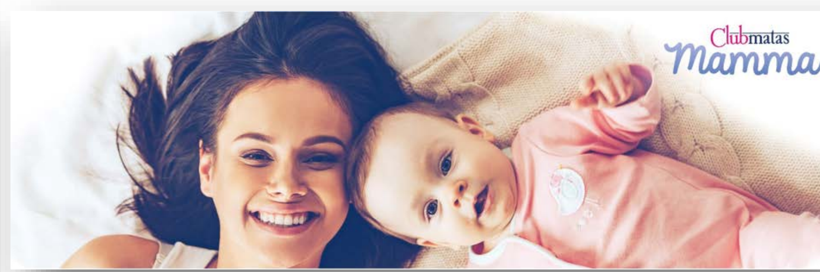
- Adapted our price communication, including “Matas Avisen”

- Continued to use **ALTID** (ALWAYS low prices) and introduced **FORDI** (BECAUSE price also matters) in the second part of 2016/17

- We note, that stabilisation is setting in as Normal only opened two new stores YTD in 2017.

4 Omni channel leadership

- To increase customer reach, we initiated a number of actions including
- Intelligent customer data analysis based on customer behaviour enables us to target the customer on various platforms with tailor made real time advertisements
- A new POS (sales) system to optimise campaigns and discounts will be fully operational in 2017/18
- Significant development and update of the web shop interface
- Developed the product selection in the web shop further, including web shop only products with high relevance for Matas customers
- In Q1 2017/18, we launched a new online customer universe, Stories, containing inspiration, tips and tutorials for our customers
- In Q1 2017/18, we also launched Club Mamma, a customer club with information for women who are either expecting or have small children



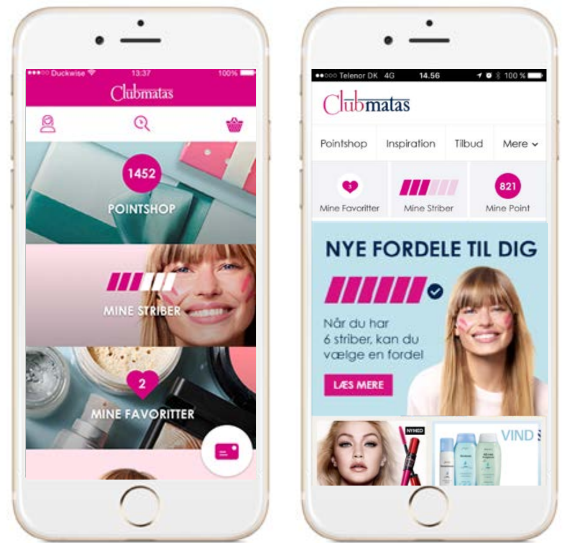
5 Full value of Club Matas

- Our loyalty programme Club Matas now exceeds 1.7 million members, and we are focusing on improving the programme for existing customers rather than pursuing further expansion

- In May/June 2016, we launched the Stripes as an add-on to the existing loyalty programme

- At the same time, we also launched a new app and currently more than 500.000 members using the new app that for instance provide tailor made benefits at hand at all times

- We further expanded out Club Matas Partner Program, that now counts 21 participants



Guidance for 2017/18

Revenue

- Like for like growth between 1 and 3% including effect from fewer trading days

Earnings

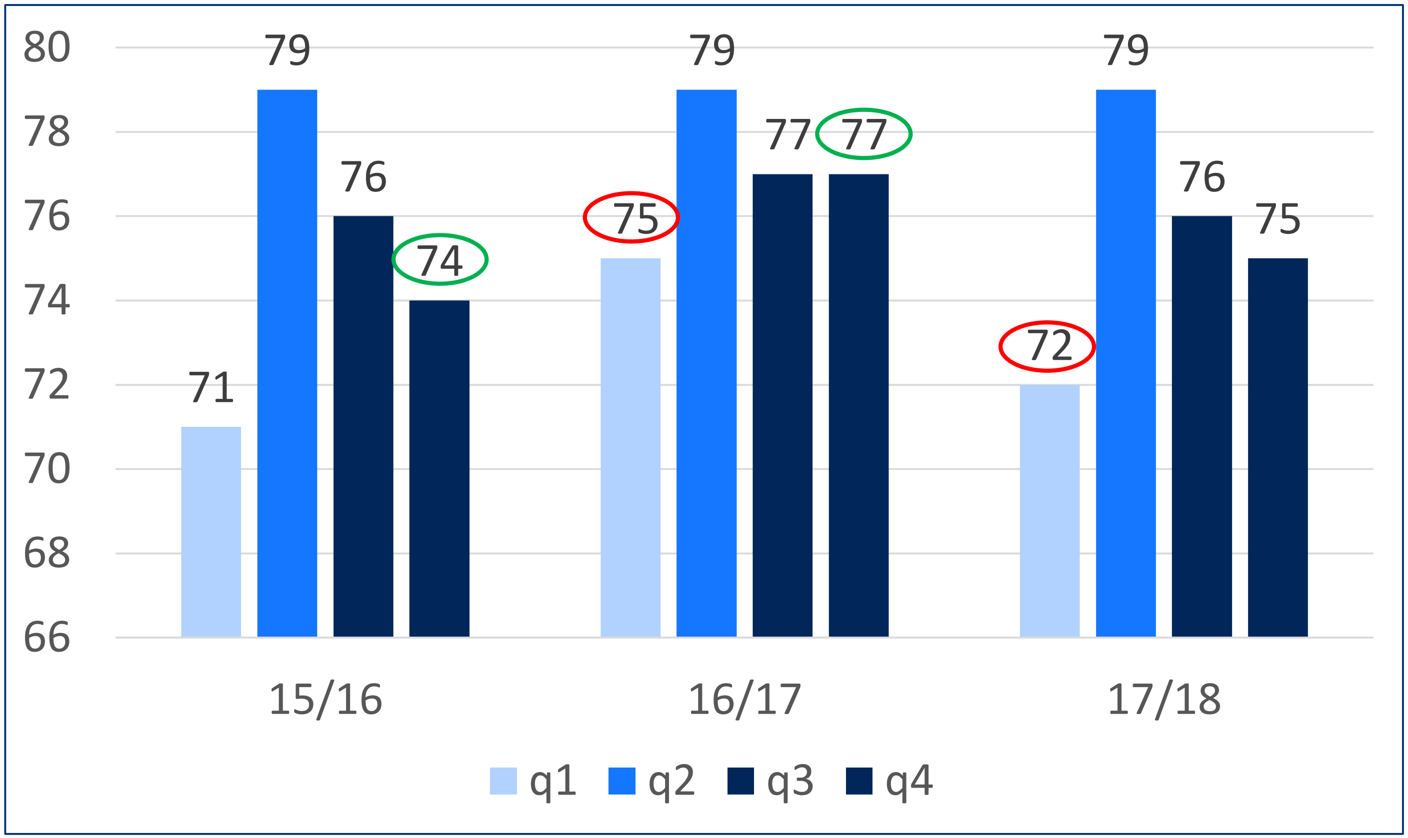
- EBITA realised at higher level than for 2016/17

Investments

- CAPEX of around DKK 90-100 m excluding acquisition of associated stores

Number of shopping days in 2017/18

Note that Q1 2017/18 has three fewer trading days



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