

Company announcement no. 29 2015/16
Allerød, 9 February 2016

Interim report - 9M 2015/16

(1 April – 31 December 2015)

Matas's like-for-like revenue grew in Q3, maintaining a strong cash flow – guidance confirmed

Q3 2015/16 revenue grew 1.0% year on year to DKK 1,051.5 million. Revenue for 9M 2015/16 amounted to DKK 2,661.2 million, up DKK 0.1 million year on year. The like-for-like growth rate was 1.5% in Q3 2015/16, compared to a like-for-like growth rate of 0.8% in the same period of 2014/15. The like-for-like growth rate for 9M 2015/16 was 0.8%.

The EBITA margin for Q3 2015/16 fell slightly to 21.7% from 21.9% a year earlier. The EBITA margin for 9M 2015/16 was 18.4%, up from 18.2% in 9M 2014/15.

The guidance for consolidated revenue in 2015/16 is unchanged at around DKK 3.45 billion, assuming like-for-like growth of approximately 1%. Expectations for the EBITA margin are unchanged at about 17.0%.

Terje List, Chief Executive Officer, said in connection with the release of the interim report: *"We are very pleased with the increased growth relative to the previous quarters of the year and with our execution in the important Christmas quarter. In particular, selective beauty products and health products continued the positive development of the preceding quarters. In the third quarter, Matas initiated the development of a number of strategic and tactical initiatives with a view to exploiting and increasing the company's growth potential. Our focus is on Club Matas, in-store design, product range and the company's e-commerce activities."*

Highlights of Q3 and 9M 2015/16

- Q3 2015/16 revenue grew 1.0% year on year to DKK 1,051.5 million. The like-for-like growth rate was 1.5%. 9M 2015/16 revenue was DKK 2,661.2 million, up DKK 0.1 million on the year-earlier period, while the like-for-like growth rate was 0.8% for 9M 2015/16. Matas's online store showed improved growth rates in the third quarter. Black Friday, which grew in importance compared to previous years, as well as the Christmas trade, were satisfactorily executed.
- Q3 2015/16 gross profit was DKK 487.5 million, corresponding to a gross margin of 46.4%, up from 46.2% in Q3 2014/15. 9M 2015/16 gross profit was DKK 1,240.4 million, against DKK 1,239.7 million a year earlier, equivalent to a gross margin of 46.6%, which was unchanged year on year.
- EBITA was DKK 228.2 million in Q3 2015/16, up from DKK 227.6 million in the year-earlier period, equivalent to an EBITA margin of 21.7% (Q3 2014/15: 21.9%). EBITA in 9M 2015/16 was DKK 488.9 million (Q3 2014/15: DKK 483.2 million). Overall, the EBITA margin for 9M 2015/16 was 18.4%, an increase of 0.2 of a percentage point on the year-earlier period.
- Profit after tax for Q3 2015/16 was DKK 152.9 million, and Adjusted profit after tax net of amortisation not related to software was DKK 167.4 million (Q3 2014/15: DKK 158.2 million). In 9M 2015/16, Adjusted profit after tax was DKK 354.1 million (9M 2014/15: DKK 320.2 million).
- Cash generated from operations rose to DKK 369.8 million in Q3 2015/16 (Q3 2014/15: DKK 327.3 million), driven by a positive development in net working capital. The free cash flow in Q3 2015/16 was an inflow of DKK 237.9 million (Q3 2014/15: an inflow of DKK 182.2 million). The free cash flow in 9M 2015/16 was DKK 434.0 million (9M 2014/15: an inflow of DKK 304.4 million).

- Gross debt stood at DKK 1,642.7 million as at 31 December 2015. The target of a gross debt of DKK 1,600–1,800 million remains unchanged. Net interest-bearing debt was DKK 1,426.0 million at 31 December 2015, equivalent to 2.1x LTM EBITDA before exceptional items as compared to 2.4x at 31 December 2015.

Outlook for 2015/16

The financial guidance for the full year remains unchanged from our previous guidance:

- Revenue is expected to be around DKK 3.45 billion, assuming like-for-like growth of approximately 1%.
- The EBITA margin is expected to be around 17.0%.

Conference call

Matas will host a conference call for investors and analysts on Tuesday, 9 February at 11:00 a.m. CET. The conference call and presentation will be available on our investor website: investor.en.matas.dk.

Conference call access numbers for investors and analysts:

DK: +45 32 71 16 58
UK (international): +44 (0)20 3427 1900
US: +1 212 444 0896
Code: 4496360

Contacts

Terje List
CEO, tel +45 4816 5555

Søren Mølbak
Head of Investor Relations, tel +45 4816 5548

Anders T. Skole-Sørensen
CFO, tel +45 4816 5555

Henrik Engberg Johannsen
Information Manager, tel +45 2171 2474

Forward-looking statements

This interim report contains statements relating to the future, including statements regarding Matas A/S'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 report. Any such statements are subject to risks and uncertainties, and a number of different factors, many of which are beyond Matas A/S's control, can mean that actual performance and actual results will differ significantly from the expectations expressed in this interim report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial issues.

Key financials

(DKK millions)	2015/16 Q3	2014/15 Q3	2015/16 9 months	2014/15 9 months
Statement of comprehensive income				
Revenue	1,051.5	1,041.3	2,661.2	2,661.1
Gross profit	487.5	481.0	1,240.4	1,239.7
EBITDA	243.6	241.7	534.4	526.9
Operating profit	209.2	208.6	431.9	426.2
Profit before tax	199.3	195.8	406.0	376.8
Profit for the period	152.9	143.9	310.6	277.3
EBITA	228.2	227.6	488.9	483.2
Adjusted profit after tax	167.4	158.2	354.1	320.2
Statement of financial position				
Total assets			5,481.8	5,757.8
Total equity			2,663.1	2,625.7
Net working capital			(152.9)	(99.9)
Net interest-bearing debt			1,426.0	1,574.2
Statement of cash flows				
Cash flow from operating activities	252.1	194.3	474.9	353.5
Cash flow from investing activities	(14.2)	(12.1)	(40.9)	(49.1)
Free cash flow	237.9	182.2	434.0	304.4
Ratios				
Revenue growth	1.0%	2.2%	0.0%	2.3%
<i>Like-for-like growth</i>	1.5%	0.8%	0.8%	0.9%
Gross margin	46.4%	46.2%	46.6%	46.6%
EBITDA margin	23.2%	23.2%	20.1%	19.8%
<i>EBITA margin</i>	21.7%	21.9%	18.4%	18.2%
EBIT margin	19.9%	20.0%	16.2%	16.0%
Cash conversion	145.6%	132.3%	106.4%	91.7%
Earnings per share, DKK	3.83	3.54	7.76	6.82
Diluted earnings per share, DKK	3.80	3.54	7.71	6.82
Share price, end of period, DKK			133.0	141.0
Return on invested capital, pre-tax			14.7%	13.9%
Return on invested capital, pre-tax and excluding goodwill			135.2%	99.3%
Net working capital as a percentage of revenue			(4.5)%	(2.9)%
Investments as a percentage of revenue			1.5%	1.8%
Net interest-bearing debt/Adjusted EBITDA			2.1	2.4
Average number of employees	2,200	2,254	2,162	2,245

For definitions of key financials, see page 73 of the 2014/15 Annual Report.

Management's review

Revenue for Q3 and 9M 2015/16

Matas generated total revenue of DKK 1,051.5 million in Q3 2015/16, equivalent to a year-on-year growth rate of 1.0%. Revenue for 9M 2015/16 was DKK 2,661.2 million, which was largely unchanged from DKK 2,661.1 million in the year-earlier period.

The growth in sales to stores operated by the Group in both Q3 2015/16 and Q3 2014/15 (like-for-like growth) was 1.5%. The like-for-like growth rate for 9M 2015/16 was 0.8%.

Q3 sales in Matas's own retail stores grew 1.1% year on year, while wholesale sales to associated Matas stores etc. were down by 2.2%. The downturn was primarily due to higher costs of Club Matas points, which are recognised as a deduction in revenue, and to falling revenue from ClubM due to changes in contract terms.

Sales in Matas's own stores increased by DKK 16.8 million to DKK 2,575.6 million in 9M 2015/16.

At 1.5%, like-for-like growth was higher than the reported growth of 1.1% in Matas's own stores in the third quarter. The difference was mainly due to the effect of the consolidation of acquired operations and store openings and closings, as these are not included in like-for-like growth. Since Q3 2014/15, two minor stores in Aarhus and Aabenraa and the last stores in Sweden have been closed.

The average basket size continued to grow nicely in Q3 2015/16, but this increase was partly offset by a decline in the number of transactions relative to Q3 2014/15. The Matas online store continued to develop favourably, producing revenue growth of more than 25% year on year.

Parts of the market for mass beauty products were challenged in Q3 2015/16, while sales of selective beauty products (high-end beauty) developed satisfactorily.

Revenue by sales channel

(DKK millions)	2015/16 Q3	2014/15 Q3	Growth	2015/16 9 months	2014/15 9 months	Growth
Beauty	801.8	783.4	2.4%	1,937.3	1,915.1	1.2%
Vital	94.5	90.6	4.2%	266.5	250.2	6.5%
Material	71.8	75.8	(5.3)%	216.2	225.8	(4.2)%
MediCare	45.3	48.0	(5.5)%	138.2	140.4	(1.6)%
Other including Sweden	5.3	9.9	(46.8)%	17.3	27.3	(36.5)%
Total revenue from own retail stores	1,018.7	1,007.7	1.1%	2,575.6	2,558.8	0.7%
Sales of goods to associated stores, etc.	32.8	33.6	(2.2)%	85.7	102.3	(16.3)%
Total revenue	1,051.5	1,041.3	1.0%	2,661.2	2,661.1	0.0%

Note: Product sales from StyleBox are included in Beauty, while sales of services are included in Other.

The Beauty Shop offers everyday and luxury beauty products and personal care products, including cosmetics, fragrances, skincare and hair-care products. Revenue from Beauty increased by 2.4% in Q3 2015/16, among other things driven by strong sales trends for selective beauty products, which grew by 4.1% in Q3, while sales of mass beauty products increased slightly by 0.5%.

Revenue from the Beauty segment increased by 1.2% year on year in 9M 2015/16, driven in particular by an increase in sales of selective beauty products.

The Beauty segment accounted for 78.7% of total revenue from Matas's own retail stores in Q3 2015/16, compared to 77.7% in the year-earlier period. In 9M 2015/16, the Beauty segment accounted for 75.2% of total revenue from Matas's own stores, against 74.8% in 9M 2014/15.

The Vital Shop segment, which consists of vitamins, minerals, supplements and health foods, continued to grow with revenue up by 4.2% in Q3 2015/16. A growing health food market and intensified focus on this area in the stores supported the improvement. Revenue from the Vital Shop segment increased by 6.5% year on year in 9M 2015/16.

The Vital Shop segment's share of total revenue from Matas's own retail stores was 9.3% of sales in Q3 2015/16, compared to 9.0% in the year-earlier period. In 9M 2015/16, the Vital Shop segment accounted for 10.3% of total revenue from Matas's own stores, against 9.8% in 9M 2014/15.

Revenue from the Material Shop segment, which comprises products for handling complex household issues as well as footcare, sports and other products, showed negative growth rates in Q3 2015/16 due to a decline in Home & Garden and Clothing & Footwear sales in particular. Total sales in the Material Shop segment declined by 5.3% in Q3 2015/16 year on year. Revenue from the Material Shop segment declined by 4.2% year on year in 9M 2015/16.

The Material Shop segment's share of total revenue from Matas's own retail stores was 7.0% of sales in Q3 2015/16, compared to 7.5% in the year-earlier period. In 9M 2015/16, the Material Shop segment accounted for 8.4% of total revenue from Matas's own stores, against 8.8% in 9M 2014/15.

The MediCare segment, which offers OTC medicine and healthcare products, reported a 5.5% decline in revenue in Q3 2015/16. The revenue setback was almost exclusively due to one single product, which generated strong revenue in the 2014/15 Christmas trade but sold less well in 2015/16 Christmas trade. Revenue from the MediCare segment fell by 1.6% year on year in 9M 2015/16.

The MediCare segment's share of total revenue from Matas's own retail stores was 4.4% of sales in Q3 2015/16, compared to 4.8% in the year-earlier period. In 9M 2015/16, the MediCare segment accounted for 5.4% of total revenue from Matas's own stores, against 5.5% in 9M 2014/15.

The number of members of the Club Matas loyalty programme increased in Q3 2015/16 to stand at about 1.6 million at 31 December 2015. Membership growth so far has been highly satisfactory. The total number of members is not expected to increase significantly from the current level. Going forward, focus will be on the continued development of Club Matas to increase the value of Club Matas to the customers through increasing personalization, adding greater relevance and updating the content of customer benefits. The first version of the new Club Matas members' programme is expected to be launched during the calendar year 2016.

The current number of external ClubM partners is 19. A steadily growing number of Club Matas members use Club M partners, but adjustments to contract terms and the replacement of a number of partners resulted in a year-on-year reduction in the revenue from Club M in Q3.

As at 31 December 2015, the Matas chain had 292 retail stores, divided into 272 own retail stores, 19 associated stores and an online store. At the end of January 2016, Matas opened its first new concept store in the Fields shopping centre in Copenhagen's Ørestad district. A second concept store is planned for Bruuns Galleri in Aarhus, and both stores will test a large number of new elements with a view to improving the customer shopping experience, including the integration of Club Matas and Matas' online store in the in-store shopping experience.

StyleBox operated five stand-alone stores and an online store throughout Q3 2015/16. In addition, a new StyleBox shop-in-shop opened in a Matas store in Esbjerg in November 2015. StyleBox showed decent growth rates in Q3 2015/16, although still from a low level. Another StyleBox shop-in-shop is scheduled to open in Roskilde in the spring of 2016 with a view to further testing the concept in a shop-in-shop setting.

In the first week of 2016, Matas launched a new permanent low-cost concept comprising a wide range of items within everyday mass beauty products. The concept, "ALTID", ("ALWAYS") implies that Matas will always offer highly competitive prices on the range of products included in the concept. The concept has been well received by customers in the first weeks after launch.

Costs and operating profit

Gross profit in Q3 2015/16 was DKK 487.5 million (Q3 2014/15: DKK 481.0 million). The increase was attributable to the growth in revenue and the slightly higher gross margin. Gross profit in 9M 2015/16 was DKK 1,240.4 million, up DKK 0.7 million on the year-earlier period.

The gross margin for Q3 2015/16 was 46.4% (Q3 2014/15: 46.2%).

The gross margin for 9M 2015/16 was unchanged year on year at 46.6%.

Other external costs rose by DKK 1.4 million year on year in Q3 2015/16. Other external costs as a percentage of revenue were unchanged year on year at 7.4%. Other external costs in 9M 2015/16 were DKK 212.6 million (9M 2014/15: DKK 226.9 million).

Staff costs totalled DKK 165.6 million in Q3 2015/16, representing a year-on-year increase of DKK 3.2 million. Staff costs as a percentage of revenue rose to 15.7% in Q3 2015/16 from 15.6% in the year-earlier period. Payroll costs as a percentage of revenue increased slightly in the stores as a result of a decline in salary reimbursements due to changes in the state reimbursement rules, while payroll costs as a percentage of revenue declined at the head office and at the central warehouse facility. Q3 2015/16 staff costs included DKK 0.9 million related to the Group's long-term share compensation programme. Staff costs in 9M 2015/16 were DKK 493.4 million (9M 2014/15: DKK 485.9 million).

DEVELOPMENTS IN COSTS

(DKK millions)	2015/16 Q3	2014/15 Q3	Growth	2015/16 9 months	2014/15 9 months	Growth
Other external costs	78.3	76.9	1.8%	212.6	226.9	(6.3)%
As a percentage of revenue	7.4%	7.4%		8.0%	8.5%	
Staff costs	165.6	162.4	2.0%	493.4	485.9	1.5%
As a percentage of revenue	15.7%	15.6%		18.5%	18.3%	

EBITDA was DKK 243.6 million in Q3 2015/16, representing a year-on-year increase of 0.8%. The EBITDA margin was 23.2% in Q3 2015/16, which was unchanged from the year-earlier period.

EBITDA for 9M 2015/16 was DKK 534.4 million (9M 2014/15: DKK 526.9 million). This brought the EBITDA margin to 20.1% in 9M 2015/16, representing a year-on-year improvement of 0.3 of a percentage point.

EBITA was up by 0.3% to DKK 228.2 million in Q3 2015/16, equivalent to an EBITA margin of 21.7% (Q3 2014/15: 21.9%).

EBITA for 9M 2015/16 was DKK 488.9 million, representing a 1.2% year-on-year increase.

EBIT was DKK 209.2 million in Q3 2015/16 and DKK 431.9 million in 9M 2015/16.

DEVELOPMENTS IN EBITA

(DKK millions)	2015/16 Q3	2014/15 Q3	Growth	2015/16 9 months	2014/15 9 months	Growth
Operating profit	209.2	208.6	0.3%	431.9	426.2	1.3%
Amortisation of intangible assets	19.0	19.0		57.0	57.0	
EBITA	228.2	227.6	0.3%	488.9	483.2	1.2%
EBITA margin	21.7%	21.9%		18.4%	18.2%	

Financial items

Financial expenses totalled DKK 9.9 million in Q3 2015/16, which was DKK 2.9 million lower than in the year-earlier period. In 9M 2015/16, financial expenses amounted to DKK 25.9 million (9M 2014/15: DKK 49.4 million).

In Q3 2015/16, an expense of DKK 0.7 million was recognised in respect of a fair value adjustment of an interest rate swap. Net interest expenses excluding fair value adjustment of the swap were DKK 9.2 million, which represented a year-on-year decline of DKK 3.4 million.

DEVELOPMENTS IN NET INTEREST EXPENSES

(DKK millions)	2015/16 Q3	2014/15 Q3	2015/16 9 months	2014/15 9 months
Net interest expenses	9.9	12.8	25.9	49.4
Fair value adjustment of interest rate swap	(0.7)	(0.2)	5.4	(13.4)
Net interest expenses, adjusted for swap	9.2	12.6	31.3	36.0

Profit for the period

The effective tax rate in Q3 2015/16 was 23.3%, equivalent to a tax expense of DKK 46.4 million. Q3 2015/16 profit after tax was DKK 152.9 million, and Adjusted profit after tax was DKK 167.4 million, representing a year-on-year increase of 5.8%. Diluted earnings per share amounted to DKK 3.80.

Profit after tax for 9M 2015/16 was DKK 310.6 million, equivalent to diluted earnings per share of DKK 7.71. Adjusted net profit for the 9M 2015/16 period was DKK 354.1 million.

Statement of financial position

Total assets stood at DKK 5,481.8 million at 31 December 2015 (31 December 2014: DKK 5,757.8 million).

Current assets totalled DKK 1,075.0 million, representing a year-on-year decline of DKK 192.9 million. Inventories were DKK 70.9 million lower at the end of Q3 2015/16 than at the end of Q3 2014/15. Inventories accounted for 20.3% of the Last Twelve Months (LTM) revenue at the end of Q3 2015/16, compared to 22.6% a year earlier and 20.4% at the end of Q2 2015/16. Ongoing efforts are being made to optimise cash tied up in inventories relative to reliability of delivery to the retail stores with a view to reducing the overall level of cash tied up in inventories.

Trade receivables were up by DKK 4.3 million year on year to DKK 38.1 million. Trade payables were down by DKK 21.1 million to DKK 531.8 million, which was attributable to timing differences in connection with payments to creditors at the end of the quarter.

Cash and cash equivalents stood at DKK 216.7 million (31 December 2014: DKK 336.2 million). The decline reflects the net effect of cash flows from operating activities during the period, the lower debt, dividend payment and the effect of the share buybacks.

Net working capital stood at minus DKK 152.9 million at 31 December 2015, compared to minus DKK 99.9 million at 31 December 2014. Net working capital accounted for approximately minus 4.5% of LTM revenue, as compared with minus 2.9% last year.

Equity stood at DKK 2,663.1 million at 31 December 2015 (31 December 2014: DKK 2,625.7 million). Total dividends of DKK 232.0 million were paid in 9M 2015/16.

Interest-bearing gross debt stood at DKK 1,642.7 million at 31 December 2015, which was a year-on-year decline of DKK 267.1 million.

Net interest-bearing debt stood at DKK 1,426.0 million at 31 December 2015, equal to 2.1x LTM EBITDA.

The Group held 578,167 treasury shares at 31 December 2015, equivalent to 1.43% of the share capital, which consists of 40,291,492 shares. A total of 283,237 of the company's shares were acquired under the announced share buyback

programme during the period 19 November 2015 – 31 December 2015. Shares acquired under the share buyback programme are generally expected to be cancelled. The remaining treasury shares are held to meet certain obligations to deliver shares under the Group's long-term incentive programme.

Statement of cash flows

Cash generated from operations was an inflow of DKK 369.8 million in Q3 2015/16 (Q3 2014/15: DKK 327.3 million) and was positively affected by the increase in working capital in Q3 2015/16. Cash generated from operations in 9M 2015/16 was DKK 613.3 million.

The cash flow from operating activities was an inflow of DKK 252.1 million in Q3 2015/16 (Q3 2014/15: an inflow of DKK 194.3 million). Cash flows were adversely affected by the fact that, similar to previous years, payment of corporation taxes took place in the third quarter.

The cash flow from investing activities was an outflow of DKK 14.2 million in Q3 2015/16, which was attributable to maintenance investments in the store network and IT investments.

The free cash flow was an inflow of DKK 237.9 million in Q3 2015/16 and DKK 434.0 million in 9M 2015/16.

Return on invested capital

The LTM return on invested capital before tax was 14.7% (135.2% excluding goodwill), as compared to 13.9% a year earlier.

Events after the balance sheet date of the interim report

No significant events have occurred after the balance sheet date of the interim report.

Significant risks

As stated in the 2014/15 Annual Report, no significant operational risks are deemed to exist other than what is normal in the industry. Matas is to some extent exposed to different types of financial risk such as interest-rate, liquidity and credit risk. See note 28 to the consolidated financial statements for 2014/15 for additional information on such risk.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of Matas A/S for the period 1 April to 31 December 2015.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the period 1 April to 31 December 2015.

Furthermore, in our opinion, the management review includes a fair review of the development and performance of the business, the results for the period and of the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Allerød, 9 February 2016

Executive Management

Terje List
Chief Executive Officer

Anders T. Skole-Sørensen
Chief Financial Officer

Board of Directors

Lars Vinge Frederiksen
Chairman

Lars Frederiksen
Deputy Chairman

Ingrid Jonasson Blank

Christian Mariager

Birgitte Nielsen

Additional information

Financial calendar 2015/16

The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in the remainder of the financial year 2015/16:

17 May 2016	Deadline for the company's shareholders to submit in writing requests for specific proposals to be included on the agenda for the annual general meeting
27 May 2016	Annual report 2015/16
29 June 2016	Annual general meeting

Financial calendar 2016/17

The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in the financial year 2016/17:

16 August 2016	Q1 interim report 2016/17
9 November 2016	H1 interim report 2016/17
10 January 2017	Trading update for the period 1 October 2016 to 31 December 2016
8 February 2017	Q3 interim report 2016/17
17 May 2017	Deadline for the company's shareholders to submit in writing requests for specific proposals to be included on the agenda for the annual general meeting
30 May 2017	Annual report 2016/17
29 June 2017	Annual general meeting

Company information

Matas A/S
Rørmosevej 1
DK-3450 Allerød, Denmark

Tel.: +45 4816 5555
www.matas.dk
investor.en.matas.dk
Company reg. (CVR) no. 27 52 84 06

Statement of comprehensive income

(DKK millions)	2015/16 Q3	2014/15 Q3	2015/16 9 months	2014/15 9 months
Revenue	1,051.5	1,041.3	2,661.2	2,661.1
Cost of goods sold	(564.0)	(560.3)	(1,420.8)	(1,421.4)
Gross profit	487.5	481.0	1,240.4	1,239.7
Other external costs	(78.3)	(76.9)	(212.6)	(226.9)
Staff costs	(165.6)	(162.4)	(493.4)	(485.9)
Amortisation, depreciation and impairment losses	(34.4)	(33.1)	(102.5)	(100.7)
Operating profit	209.2	208.6	431.9	426.2
Financial income	1.7	0.0	1.7	0.1
Financial expenses	(11.6)	(12.8)	(27.6)	(49.5)
Profit before tax	199.3	195.8	406.0	376.8
Tax on profit for the period	(46.4)	(51.9)	(95.4)	(99.5)
Profit for the period	152.9	143.9	310.6	277.3
Other comprehensive income				
Other comprehensive income after tax	0.0	0.0	0.0	0.0
Total comprehensive income	152.9	143.9	310.6	277.3
Earnings per share				
Earnings per share, DKK	3.83	3.54	7.76	6.82
Diluted earnings per share, DKK	3.80	3.54	7.71	6.82

Statement of cash flows

(DKK millions)	2015/16 Q3	2014/15 Q3	2015/16 9 months	2014/15 9 months
Profit before tax	199.3	195.7	406.0	376.7
Adjustment for non-cash operating items:				
Amortisation, depreciation and impairment losses	34.4	33.1	102.5	100.7
Other non-cash operating items, net	0.9	0.7	3.9	1.5
Financial income	(1.7)	0.0	(1.7)	(0.1)
Financial expenses	11.6	12.8	27.6	49.5
Cash generated from operations before changes in working capital	244.5	242.3	538.3	528.3
Changes in net working capital	125.3	85.0	75.0	(18.2)
Cash generated from operations	369.8	327.3	613.3	510.1
Interest received	1.7	0.0	1.7	0.1
Interest paid	(10.9)	(11.8)	(31.6)	(35.5)
Corporation tax paid	(108.5)	(121.2)	(108.5)	(121.2)
Cash flow from operating activities	252.1	194.3	474.9	353.5
Acquisition of intangible assets	(5.6)	(5.2)	(16.3)	(15.1)
Acquisition of property, plant and equipment	(8.6)	(6.9)	(24.5)	(25.3)
Acquisition of subsidiaries and operations	0.0	0.0	(0.1)	(8.7)
Cash flow from investing activities	(14.2)	(12.1)	(40.9)	(49.1)
Free cash flow	237.9	182.2	434.0	304.4
Debt raised from and settled with banks	(85.0)	(30.0)	34.7	145.0
Dividend paid	0.0	0.0	(232.0)	(223.8)
Purchase and sale of treasury shares	(36.0)	(29.4)	(61.5)	(29.4)
Cash flow from financing activities	(121.0)	(59.4)	(258.8)	(108.2)
Net cash flow from operating, investing and financing activities	116.9	122.8	175.2	196.2
Cash and cash equivalents, beginning of period	99.8	213.4	41.5	140.0
Cash and cash equivalents, end of period	216.7	336.2	216.7	336.2

Assets

(DKK millions)	31.12 2015	31.12 2014	31.03 2015
NON-CURRENT ASSETS			
Goodwill	3,691.0	3,689.3	3,691.0
Trademarks and trade names	454.2	528.1	509.7
Shares in co-operative property	3.9	3.9	3.9
Other intangible assets	36.1	38.4	39.4
Total intangible assets	4,185.2	4,259.7	4,244.0
Property, plant and equipment			
Land and buildings	97.1	99.3	98.7
Other fixtures and fittings, tools and equipment	56.4	55.3	53.2
Leasehold improvements	9.1	15.8	13.6
Total property, plant and equipment	162.6	170.4	165.5
Deferred tax assets	21.6	22.7	18.0
Deposits	36.5	35.8	36.2
Other securities and investments	0.9	1.3	1.3
Total other non-current assets	59.0	59.8	55.5
Total non-current assets	4,406.8	4,489.9	4,465.0
CURRENT ASSETS			
Inventories	697.3	768.2	662.1
Trade receivables	38.1	33.8	34.3
Income tax receivable	104.3	110.4	112.3
Other receivables	3.1	3.1	2.6
Deferred income	15.5	16.2	19.0
Cash and cash equivalents	216.7	336.2	41.5
Total current assets	1,075.0	1,267.9	871.8
TOTAL ASSETS	5,481.8	5,757.8	5,336.8

Equity and liabilities

(DKK millions)	31.12 2015	31.12 2014	31.03 2015
EQUITY			
Share capital	100.7	101.9	101.9
Share premium	1,787.3	1,787.3	1,787.3
Translation reserve	0.3	0.3	0.3
Treasury share reserve	(78.0)	(39.9)	(85.7)
Retained earnings	852.8	776.1	603.2
Proposed dividend for the financial year	0.0	0.0	236.5
Total equity	2,663.1	2,625.7	2,643.5
LIABILITIES			
Deferred tax	246.4	276.4	263.9
Banks	1,642.7	1,909.8	1,560.6
Other payables, long-term	22.7	24.7	28.1
Total non-current liabilities	1,911.8	2,210.9	1,852.6
Banks, short-term	0.0	0.0	45.3
Prepayments from customers	187.1	174.9	141.2
Trade payables	531.8	552.9	499.5
Other payables	188.0	193.4	154.7
Total current liabilities	906.9	921.2	840.7
Total liabilities	2,818.7	3,132.1	2,693.3
TOTAL EQUITY AND LIABILITIES	5,481.8	5,757.8	5,336.8

Statement of changes in equity

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 1 April 2015	101.9	1,787.3	0.3	(85.7)	236.5	603.2	2,643.5
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	310.6	310.6
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	310.6	310.6
Transactions with owners							
Dividend paid	0.0	0.0	0.0	0.0	(232.0)	0.0	(232.0)
Dividend on treasury shares	0.0	0.0	0.0	0.0	(4.5)	4.5	0.0
Acquisition of treasury shares	0.0	0.0	0.0	(61.5)	0.0	0.0	(61.5)
Reduction of share capital	(1.2)	0.0	0.0	69.2	0.0	(68.0)	0.0
Share-based payment	0.0	0.0	0.0	0.0	0.0	2.5	2.5
Total transactions with owners	(1.2)	0.0	0.0	7.7	(236.5)	(61.0)	(291.0)
Equity at 31 December 2015	100.7	1,787.3	0.3	(78.0)	0.0	852.8	2,663.1

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 1 April 2014	101.9	1,787.3	0.3	(10.5)	224.3	496.6	2,599.9
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	277.3	277.3
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	277.3	277.3
Transactions with owners							
Dividend paid	0.0	0.0	0.0	0.0	(224.3)	0.0	(224.3)
Dividend on treasury shares	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Acquisition of treasury shares	0.0	0.0	0.0	(29.4)	0.0	0.0	(29.4)
Adjustment on acquisitions	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Share-based payment	0.0	0.0	0.0	0.0	0.0	1.4	1.4
Total transactions with owners	0.0	0.0	0.0	(29.4)	(224.3)	2.2	(251.5)
Equity at 31 December 2014	101.9	1,787.3	0.3	(39.9)	0.0	776.1	2,625.7

Notes to the financial statements

Note 1 – Accounting policies

The interim report is presented in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies.

Except as stated below, the accounting policies are unchanged from the accounting policies applied in the consolidated financial statements for 2014/15, to which reference is made.

Matas A/S has implemented the standards and interpretations taking effect for 2015/16. None of the new standards and interpretations have significantly affected recognition and measurement.

Note 2 – Accounting estimates and judgments

The preparation of interim financial statements requires management to make accounting judgments and estimates that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these judgments.

The critical accounting estimates and judgments are consistent with those in the consolidated financial statements for 2014/15.

Note 3 – Seasonality

The Group’s activities in the interim period were affected by the Christmas trade, which is material to the Group’s overall financial performance.

Interim financial highlights

(DKK millions)	2015/16 Q3	2015/16 Q2	2015/16 Q1	2014/15 Q4	2014/15 Q3
Statement of comprehensive income					
Revenue	1,051.5	783.2	826.5	772.2	1,041.3
Gross profit	487.5	366.9	386.0	355.3	481.0
EBITDA	243.6	138.4	152.4	133.6	241.7
Operating profit	209.2	104.0	118.7	100.0	208.6
Net interest expenses	(9.9)	(10.4)	(5.6)	(15.1)	(12.8)
Profit before tax	199.3	93.6	113.1	84.9	195.8
Profit for the period	152.9	71.3	86.4	63.0	143.9
Statement of financial position					
Total assets	5,481.8	5,369.1	5,474.4	5,336.8	5,757.8
Total equity	2,663.1	2,545.4	2,472.9	2,643.5	2,625.7
Net working capital	(152.9)	(27.4)	(122.6)	(77.4)	(99.9)
Net interest-bearing debt	1,426.0	1,627.2	1,645.1	1,564.4	1,574.2
Statement of cash flows					
Cash flow from operating activities	252.1	33.5	189.3	68.3	194.3
Cash flow from investing activities	(14.2)	(14.9)	(11.8)	(13.0)	(12.1)
Free cash flow	237.9	18.6	177.5	55.3	182.2
Net cash flow from operating, investing and financing activities	116.9	(91.4)	149.7	(295.2)	122.8
Key performance indicators					
Number of transactions (in millions)	6.4	5.5	5.6	5.5	6.6
Average basket size (in DKK)	156.4	136.0	141.4	133.9	150.0
Total retail floor space (in thousands of square metres)	50.8	50.8	50.8	51.1	51.0
Avg. revenue per square metre (in DKK thousands) - LTM	64.6	64.3	64.3	64.2	63.8
Like-for-like growth	1.5%	0.2%	0.4%	3.7%	0.8%
Adjusted figures					
EBITDA	243.6	138.4	152.4	133.6	241.7
Depreciation and amortisation of software	(15.4)	(15.4)	(14.7)	(14.7)	(14.1)
EBITA	228.2	123.0	137.7	118.9	227.6
Adjusted profit after tax	167.4	85.8	100.9	77.3	158.2
Gross margin	46.4%	46.8%	46.7%	46.0%	46.2%
EBITDA margin	23.2%	17.7%	18.4%	17.3%	23.2%
EBITA margin	21.7%	15.7%	16.7%	15.4%	21.9%
EBIT margin	19.9%	13.3%	14.4%	13.0%	20.0%

For definitions, see page 73 of the 2014/15 Annual Report.