Announcement 38
Allerød, 21 February 2014

Interim report - 9M 2013/14

(1 April – 31 December 2013)

Revenue grew 6.5% in Q3 2013.

Q3 2013/14 revenue grew 6.5% year-on-year to DKK 1,018 million. Revenue for the nine months ended 31 December 2013 grew 5.2% year-on-year to DKK 2,601 million. Like-for-like growth in Q3 was 5.5%, and 4.1% for the nine months ended 31 December 2013. Adjusted EBIT was DKK 210 million in Q3 and DKK 462 million for the nine months ended 31 December 2013. The adjusted EBIT margin in Q3 was 20.7%, down from 21.5% in the year-earlier period, primarily as a result of a revaluation of the value of outstanding Club Matas points.

Terje List, Chief Executive Officer, said: *"We are pleased to note that the positive sales trend continued through our important Q3 period. We had a very successful Christmas season in terms of both planning of the product range, activities and of our staff's in-store customer service and sales efforts."*

- Revenue in Q3 2013/14 rose 6.5% to DKK 1,018 million year on year. A revaluation of capitalised Club Matas points reduced revenue growth by just over one percentage point in Q3. The like-for-like growth rate, i.e. for stores trading in Q3 of both this year and last year was 5.5%. Revenue for the nine months ended 31 December 2013 grew 5.2% year-on-year to DKK 2,601 million. The like-for-like growth rate for the nine months ended 31 December 2013 was 4,1% (9M 2012/13: 3.3%).

- Gross profit in Q3 2013/14 was DKK 464 million, corresponding to a gross margin of 45.6% (Q3 2012/13: 46.3%). The revaluation of the capitalised Club Matas points reduced the Q3 gross margin by approximately 0.6 percentage point. The gross margin for the nine months ended 31 December 2013 was 45.6%, which was unchanged from the year-earlier period.

- EBIT was DKK 191 million in Q3 2013/14. Net of amortisation of trademarks, adjusted EBIT grew by 2.1% to DKK 210 million, corresponding to an adjusted EBIT margin of 20.7% (Q3 2012/13: 21.5%). The revaluation of the Club Matas points reduced the EBIT margin by approximately one percentage point in Q3 2013/14. The adjusted EBIT margin for the nine months ended 31 December 2013 was 17.8% (9M 2012/13: 18.0%).

- Profit after tax for the period was DKK 136 million, and adjusted profit after tax net of amortisation of trademarks was DKK 150 million (Q3 2012/13: DKK 135 million). Profit after tax for the nine months ended 31 December 2013 was DKK 313 million (9M 2012/13: DKK 273 million).

- Cash generated from operations increased to DKK 273 million in Q3 2013/14 (Q3 2012/13: DKK 209 million). The free cash flow was an outflow of DKK 47 million (Q3 2012/13: an inflow of DKK 34 million). The lower free cash flow was caused by an increase in taxes paid to DKK 218 million and the DKK 72 million investment in the acquisition of six associated stores.

- Net interest bearing debt was DKK 1,766 million at 31 December 2013, equivalent to 2.8 times LTM adjusted EBITDA.

- Six associated Matas stores were taken over on 1 November 2013. Moreover, Q3 saw the opening of a new Matas store in Sønderborg, two new StyleBox stores in Kolding and Aarhus, respectively, and a StyleBox webshop.

- Club Matas topped 1.4 members in January 2014, thereby consolidating its status as the biggest customer club in Denmark.

Outlook for 2013/14

Due to better-than-expected like-for-like sales growth in Q3 2013/14, the guidance for revenue growth excluding StyleBox and acquisitions of associated stores is now specified at around 4%, up from the previous guidance of slightly higher than 3.3%.

Against this background, reported revenue is expected to be in the range of DKK 3,350-3,375 million.

The adjusted EBIT margin in the previous guidance, calculated before giving effect to the acquisition of Esthetique, the start-up of Stylebox and the acquisition of associated stores, is now expected to be around 17.1%.

Adjusted EBIT (defined as operating profit plus amortisation of trademarks and non-recurring IPO-related costs) is expected to be in the range of DKK 540-560 million

The outlook for operating costs in connection with the start-up of StyleBox and the continuation of the Esthetique stores acquired is now expected to be in the range of DKK 10-14 million.

Conference call

Matas will host a conference call for investors and analysts on Friday, 21 February 2014 at 10:00 a.m. The conference call and presentation will be available on our investor website: investor.en.matas.dk.

Conference call access numbers for investors and analysts:

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Forward-looking statements

The interim report 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 results will differ significantly from the expectations contained in the 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)	2013/14 Q3	2012/13 Q3	2013/14 9M	2012/13 9M
Income statement				
Revenue	1,018.4	956.1	2,600.5	2,471.3
Gross profit	464.1	443.1	1,186.3	1,126.1
EBITDA	224.9	211.8	477.7	474.2
Operating profit	191.2	179.3	376.5	375.0
Profit before tax	174.8	159.3	314.8	312.6
Profit for the period	135.9	112.8	244.8	218.2
Adjusted EBITDA (1)	224.9	219.6	505.8	486.3
Adjusted EBIT(2)	210.3	205.9	461.9	444.1
Adjusted profit after tax (3)	150.2	134.7	312.5	273.1
Statement of financial position				
Total assets	5,767.3	5,712.0	5,767.3	5,712.0
Total equity	2,595.5	2,314.6	2,595.5	2,314.6
Net working capital	11.2	15.0	11.2	15.0
Net interest bearing debt	1,765.8	1,888.0	1,765.8	1,888.0
Statement of cash flows				
Cash flow from operating activities	43.6	64.0	158.5	239.5
Cash flow from investing activities	-90.4	-30.2	-131.0	-59.9
Free cash flow	-46.8	33.8	27.5	179.6
Ratios				
Revenue growth	6.5%	4.9%	5.2%	3.6%
Like-for-like growth (4)	5.5%	4.3%	4.1%	3.3%
Gross margin	45.6%	46.3%	45.6%	45.6%
EBITDA margin	22.1%	22.2%	18.4%	19.2%
Adjusted EBITDA margin	22.1%	23.0%	19.5%	19.7%
EBIT margin	18.8%	18.8%	14.5%	15.2%
Adjusted EBIT margin	20.7%	21.5%	17.8%	18.0%
Cash conversion (5)	112.6%	94.2%	77.8%	83.5%
Earnings per share, DKK	3.34	2.77	6.02	5.35
Diluted earnings per share, DKK	3.34	2.77	6.02	5.35
Share price, end of period, DKK	150.0	-	150.0	-
Return on invested capital, pre-tax (LTM) (6)	13.1%	13.1%	13.1%	13.1%
Return on invested capital, pre-tax and excluding goodwill (LTM) (6)	79.8%	76.5%	79.8%	76.5%
Net working capital as a percentage of revenue	0.3%	0.5%	0.3%	0.5%
Investments as a percentage of revenue	8.9%	3.2%	5.0%	2.4%
Net interest bearing debt / Adjusted EBITDA (LTM)	2.8	3.1	2.8	3.1
Average number of employees	2,205	2,088	2,190	2,043

(1) Adjusted EBITDA is IFRS operating profit plus amortisation, depreciation and impairment plus specific external costs which the company believes are not part of normal operations. In the nine months ended 31 December 2013, these costs include IPO-related costs of DKK 28.1 million.
(2) Adjusted EBIT is operating profit plus amortisation of intangibles plus impairment losses in respect of goodwill and other intangibles plus specific external costs which the company believes are not part of normal operations
(3) Adjusted profit after tax is IFRS profit for the year plus the tax-adjusted impact of amortisation of intangibles and impairment losses and specific external costs which the company believes are not part of normal operations
(4) The like-for-like growth comprises stores that have been trading throughout both periods.
(5) Adjusted EBITDA plus change in net working capital less capital expenditure divided by adjusted EBITDA.
(6) Pre-tax return on invested capital (including goodwill) represents adjusted EBIT divided by average invested capital, where invested capital means total property plant and equipment, plus total intangible assets plus net working capital minus deferred tax on trademarks.

MANAGEMENT'S REVIEW

Revenue in Q3 and the nine months ended 31 December 2013

Matas revenue in Q3 2013/14 grew 6.5% year on year to DKK 1,018 million. Revenue for the nine months ended 31 December 2013 grew 5.2% year-on-year to DKK 2,601 million.

The capitalised Club Matas points were revalued in Q3 because costs of redeeming points are now expected to be slightly higher than previously estimated. The revaluation, recognised in revenue in line with the continuing provisions for new Club Matas points, reduced revenue growth by just over one percentage point in Q3 2013/14. The revaluation has no cash-flow effect.

Sales in Matas' own retail stores grew 9.8% year on year in Q3, while wholesale sales to associated Matas stores and others were down by 37.7% as a result of the acquisition of associated stores during the interim period and the revaluation of Club Matas points included in this revenue. Adjusted for these two factors, year-on-year underlying growth in sales to associated stores was approximately 3% in Q3. Sales in Matas' own retail stores in the nine months ended 31 December 2013 grew 7.3%, while sales to associated stores were down by 19.9% as a result of the acquisitions and the revaluation of Club Matas points.

Sales growth to stores operated by the Group in both Q3 2013/14 and Q3 2012/13 (like-for like growth) was 5.5% and continued to be favourably affected by the growth in the number of transactions, average basket size and continuing growth in online sales of approximately 40% year on year. The like-for-like growth rate for the nine months ended 31 December 2013 was 4,1%, up from 3.3% in the year-earlier period.

The consolidation of the associated stores acquired and revenues from Esthetique and StyleBox stores lifted sales from own retail stores by an aggregate 4.0% in Q3 2013/14.

Revenue by sales channel

DKK million	2013/14 Q3	2012/13 Q3	Growth	2013/14 9M	2012/13 9M	Growth
Beauty	766.2	694.5	10.3%	1,839.8	1,709.4	7.6%
Vital	85.0	75.8	12.1%	239.0	222.2	7.6%
Material	75.8	69.2	9.5%	214.8	200.1	7.3%
MediCare	41.9	44.0	-4.8%	130.7	131.7	-0.8%
Other including Sweden	8.1	6.2	30.6%	24.0	17.9	34.1%
Total revenue from own retail stores	**977.0**	**889.7**	**9.8%**	**2,448.3**	**2,281.3**	**7.3%**
Sales of goods to associated stores	41.4	66.4	-37.7%	152.2	190.0	-19.9%
Total revenue	**1,018.4**	**956.1**	**6.5%**	**2,600.5**	**2,471.3**	**5.2%**

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

Sales in all product areas were favourably affected by the acquisition of associated stores in Q3 2013/14.

The Beauty segment offers everyday and luxury beauty products and personal care products, including cosmetics, fragrance, skincare and hair-care products. Revenue from the Beauty segment grew by 10.3% in Q3, of which the acquisition of Esthetique, the stores converted to the StyleBox concept, and associated stores acquired accounted for approximately 4 percentage points.

In the Beauty segment, the Mass Beauty sub-segment (everyday beauty products) reported consistent growth driven by a broad range of product groups. The High-end Beauty sub-segment (luxury beauty products) continued to show underlying year-on-year growth in Q3 2013/14, lifting total revenue from the High-end Beauty sub-segment in the nine months ended 31 December 2013 above revenue in the year-earlier period. The Beauty segment's share of total revenue from Matas' own retail stores rose marginally in Q3 to 78.4% from 78.1% in the year-earlier period.

The Vital Shop segment, which consists of vitamins, minerals and supplements, generated 12.1% revenue growth in Q3 2013/14, including acquired operations. Growing consumer interest and increased focus on the Vital Shop field were the main reasons for the good underlying growth in this segment.

Revenue from the Material Shop segment, which comprises products for handling complex issues in the household as well as footcare, sports, and other products, grew by 9.5%, broadly founded across many product categories.

The MediCare segment, comprising over-the counter medicine and nursing products, recorded a 4.8% drop in revenue in Q3 2013/14, which was primarily due to lower sales of smoking cessation products owing to a key supplier's production problems.

Management believes that Matas won market share in all product areas except MediCare in Q3 2013/14 and that growth was broadly founded across many product categories. Part of this good performance is believed to come from the Club Matas loyalty programme which continued the favourable trend with additional new member growth. At the date of this interim report, Club Matas has more than 1.4 million members, emphasising its status as Denmark's largest customer club. The work to increase the relevance of more marketing towards individual Club Matas members continues, and the initial results support the expectation that the value of the loyalty programme can be increased by a substantial margin in the years to come.

ClubM also continued its net growth and currently has 14 external partners.

A new Matas store was opened in early Q3, in Sønderborg, bringing the Matas store network in Denmark to a total of 295 stores consisting of 266 own stores and 29 associated stores as of 31 December 2013. Six associated Matas stores were taken over in Q3.

StyleBox, which sells professional products within hair care, make-up and nail care and offers related in-store treatments. was launched in June 2013, and two new stores were added to the chain in Q3, one in Aarhus and one in Kolding, bringing the total number of stores to five as of 31 December 2013.

StyleBox is considered to hold attractive growth potential and to complement the Matas chain very well. The concept is still relatively new , and adjustments of the concept are continuously being made, primarily to increase store traffic. The profitability of the stores has improved, but it has not yet reached the budgeted level, and 2013/14 operating costs for the new StyleBox stores and the acquired Esthetique stores are now projected to be DKK 10-14 million.

Costs and operating profit

Gross profit in Q3 2013/14 was DKK 464 million (Q3 2012/13: DKK 443 million).

The gross margin for Q3 2013/14 was 45.6% (Q3 2012/13: 46.3%). Management believes that there was a moderate positive effect on the gross margin in Q3 2013/14 from the transition to a new distribution structure for High-end Beauty products. However, the positive effect was more than outbalanced by the adjustment of the Club Matas points, which reduced the gross margin by approximately 0.6 percentage point.

The increase in the gross margin in Q3 2013/14 was consequently attributable to the growth in revenue.

EBIT was DKK 191 million in Q3 2013/14. EBIT adjusted for amortisation of trademarks grew by 2% to DKK 210 million, corresponding to an adjusted EBIT margin of 20.7% (Q3 2012/13: 21.5%). The Club Matas revaluation reduced the adjusted EBIT margin by approximately one percentage point.

Adjusted EBIT for the nine months ended 31 December 2013 was DKK 462 million, corresponding to an adjusted EBIT margin of 17.8% against 18.0% in the year-earlier period.

Adjusted EBIT

(DKK millions)	2013/14 Q3	2012/13 Q3	Growth	2013/14 9M	2012/13 9M	Growth
Operating profit	191.2	179.3	6.6%	376.5	375.0	0.4%
Non-recurring items	0.0	7.8		28.1	12.1	
Amortisation of intangible assets	-19.1	-18.8		-57.3	-57.0	
Adjusted EBIT	210.3	205.9	2.1%	461.9	444.1	4.0%
Adjusted EBIT margin	20.7%	21.5%		17.8%	18.0%	

Other external costs were down by DKK 7.1 million or 8.2% year on year in Q3 2013/14. However, adjusted for non-recurring items i Q3 2012/13 of DKK 7.8 million, other external costs were up by 1%.

Staff costs increased by DKK 15.0 million in Q3 or 10.4% year on year. The increase was due to the effect of acquired operations, the establishment and operation of the new central warehouse facility for the High-end Beauty segment and the increase in the volume of business. In Q3, DKK 0.4 million was recognised in staff costs in connection with the long-term share-based compensation programme.

EBITDA in Q3 2013/14 was DKK 225 million, representing a year-on-year increase of 6.2%. The EBITDA margin was 22.1% after the revaluation of Club Matas points (Q3 2012/13: 22.2%). EBITDA for the nine months ended 31 December 2013 grew to DKK 478 million (9M 2012/13: DKK 474 million). EBITDA net of non-recurring IPO-related costs increased to DKK 506 million in the nine months ended 31 December 2013, corresponding to an adjusted EBITDA margin of 19.5% (9M 2012/13: 19.7%).

Financial items and tax

Net interest expenses were down by DKK 6 million to DKK 16 million in Q3 2013/14. This included fair value adjustment of an interest rate swap by -5.8 million. Net interest expenses excluding fair value adjustments were down by DKK 8 million year on year, which was mainly attributable to the lower net debt.

Interest expenses for the nine months ended 31 December 2013 totalled DKK 62 million, which was on a level with the year-earlier period. Excluding a write-down of previously capitalised financial expenses by DKK 18.5 million in Q1 2013/14 and fair value adjustments of interest rate swaps totalling DKK -5.8 million in the nine months ended 31 December 2013 and DKK 2.3 million in the nine months ended 31 December 2012, net interest expenses were down by DKK 17 million.

The reduction of the corporate tax rate in Denmark in 2014-16 will change the Group's deferred tax, corresponding to a positive impact on the effective tax rate of approximately 8 percentage points in 2013/14. As a result, the effective tax rate in Q3 2013/14 was 22%, corresponding to a tax expense of DKK 39 million. The effective tax rate for the nine months ended 31 December 2013 was also 22%.

Profit for the period

Profit for the period after tax was DKK 136 million. Adjusted profit after tax was DKK 150 million, which was 10% higher than in Q3 2012/13. Adjusted profit after tax for the nine months ended 31 December 2013 was DKK 313 million (9M 2012/13: DKK 273 million).

Statement of financial position

Total assets stood at DKK 5,767 million at 31 December 2013 (31 December 2012: DKK 5,712 million).

Current assets totalled DKK 1,232 million, representing a year-on-year increase of DKK 34 million. Inventories were only 1% higher than at the end of Q3 2012/13 in spite of the increase in inventories attributable to acquired operations and store openings. Inventories accounted for 19.0% of the past 12 months' revenue at 31 December 2013 compared to 19.7% at 31 December 2012. The plan of reducing inventories that were excessive as a consequence of the change of our High-end distribution in 2012/13 is still being followed.

Trade receivables rose DKK 14 million to DKK 139 million.

Cash and cash equivalents stood at DKK 301 million compared to DKK 395 million last year. The decline was attributable to the repayment of part of our outstanding bank debt and a major tax payment in connection with the pending litigation regarding withholding tax on interest and a voluntary payment of tax on account.

Net working capital stood at DKK 11 million at 31 December 2013, which was DKK 4 million lower than at 31 December 2012. Working capital accounted for approximately 0.3% of revenue in the past 12 months, down from 0.5% last year.

Equity stood at DKK 2,596 million at 31 December 2013 (31 December 2012: DKK 2,315 million). No dividends were declared or paid out during the period.

Gross debt stood at DKK 2,067 million at 31 December 2013. A floating-rate loan agreement came into force on 3 July 2013, and a swap agreement was subsequently entered into for DKK 750 million of this debt, making this part of the loan fixed-rate debt.

Net interest bearing debt was DKK 1,766 million at 31 December 2013, representing a year-on-year reduction of DKK 122 million. Net interest bearing debt represents 2.8 times LTM adjusted EBITDA.

The Group held 97,777 treasury shares at 31 December 2013, equivalent to 0.2% of the share capital. A total of 42,690 treasury shares were sold in connection with the employee share offering in Q3 2013/14. The remaining treasury shares will be held to meet certain obligations to deliver shares under the Group's long-term incentive programme.

Cash flows

Cash generated from operations totalled DKK 273 million in Q3 2013/14 (Q3 2012/13: DKK 209 million), which was driven both by the growth in profit and the reduction of working capital.

The cash flow from operating activities was DKK 44 million in Q3 2013/14 (Q3 2012/13: DKK 64 million). The decline was mainly due to the payment of DKK 125 million of tax on account and DKK 89 million relating to the pending litigation regarding withholding taxes which more than offset the reduction in working capital.

The cash flow from operating activities in the nine months ended 31 December 2013 was DKK 159 million, which was DKK 81 million lower than in the year-earlier period and was attributable to taxes paid.

The cash flow from investing activities was DKK 90 million, which was attributable to maintenance investments in the store network, IT investments and the acquisition of six associated stores. The cash flow for acquisition of operations was DKK 72 million. The cash flow from investing activities for the nine months ended 31 December 2013 was DKK 131 million.

The free cash flow was an outflow of DKK 47 million in Q3 2013/14 and an inflow of DKK 28 million in the nine months ended 31 December 2013. DKK 100 million of debt was raised from banks in Q3.

Return on invested capital

The return on invested capital before tax in the past 12 months was 13.0% (79.5% excluding goodwill), as compared to 13.1% a year earlier.

Events after the balance sheet date of the interim report

The company released a trading update on 7 January 2014 on revenue and revenue growth in Q3 2013/14, commenting that earnings in October and November 2013 were in line with expectations.

The company's former major shareholder Svenska M Holding, owned by CVC Capital Partners, announced on 10 January 2014 that, following a sale of shares, it no longer held shares in Matas A/S.

In continuation of the company's tax litigation concerning the deductibility of certain transaction costs, the Company received changed notices of assessment from the tax authorities for the years 2006-2009. Matas' taxable income was increased by a total of DKK 105 million. Matas has elected to pay in the related tax of DKK 31 million including interest while the case is still pending. If, as expected, Matas is successful in its appeal, this amount will be paid back with accrued interest.

Matas A/S is currently in the final phase of individual negotiations with an additional number of associated Matas stores about acquisition of the stores before the end of March 2014. The stores involved in these negotiations had aggregate revenues of approximately DKK 50 million in 2013.

Significant risks

As stated in the 2012/13 annual report, no significant operational risks are deemed to exist due to the strong market position of the Matas chain. Moreover, the Group's suppliers are deemed to be stable.

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 2013.

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 2013 and of the results of the Group's operations and cash flows for the period 1 April–31 December 2013.

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, 21 February 2014

Executive Management

Terje List Chief Executive Officer	Anders T. Skole-Sørensen Chief Financial Officer

Board of Directors

Lars Vinge Frederiksen Chairman	Søren Vestergaard-Poulsen Deputy Chairman	
Ingrid Jonasson Blank	Lars Frederiksen	Birgitte Nielsen

Additional information

Financial calendar
The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in FY 2013/14 and FY 2014/15:

2013/14	
4 June 2014	Annual report 2013/14
30 June 2014	Annual general meeting
2014/15	
21 August 2014	Q1 interim report 2014/15
18 November 2014	Q2 interim report 2014/15
4 February 2015	Q3 interim report 2014/15
28 May 2015	Annual report 2014/15
24 June 2015	Annual general meeting

Company information
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Company reg. (CVR) no.: 27 52 84 06

Statement of comprehensive income

(DKK millions)	2013/14 Q3	2012/13 Q3	2013/14 9M	2012/13 9M
Revenue	1,018.4	956.1	2,600.5	2,471.3
Cost of goods sold	-554.3	-513.0	-1,414.2	-1,345.2
Gross profit	464.1	443.1	1,186.3	1,126.1
Other external costs	-79.8	-86.9	-233.5	-218.9
Staff costs	-159.4	-144.4	-475.1	-432.9
Amortisation, depreciation and impairment losses	-33.7	-32.5	-101.2	-99.2
Other operating costs	0.0	0.0	0.0	-0.1
Operating profit	191.2	179.3	376.5	375.0
Financial income	0.0	2.6	0.0	8.1
Financial expenses.	-16.4	-22.6	-61.7	-70.5
Profit before tax	174.8	159.3	314.8	312.6
Tax on profit for the period	-38.9	-46.5	-70.0	-94.4
Profit for the period	135.9	112.8	244.8	218.2
Other comprehensive income				
Other comprehensive income after tax	0.0	0.0	0.0	0.0
Total comprehensive income	135.9	112.8	244.8	218.2
Earnings per share				
Earnings per share, DKK	3.34	2.77	6.02	5.35
Diluted earnings per share, DKK	3.34	2.77	6.02	5.35

Statement of financial position

(DKK millions)	31.12 2013	31.12 2012	31.03 2013
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	3,658.5	3,580.3	3,580.3
Trademarks and trade names	602.1	676.0	657.5
Shares in co-operative property	3.9	3.9	3.9
Other intangible assets	15.8	4.8	4.6
Total intangible assets	4,280.3	4,265.0	4,246.3
Property, plant and equipment			
Land and buildings	101.6	101.7	101.1
Plant and machinery	77.0	69.9	69.7
Leasehold improvements	22.9	31.8	28.6
Total property, plant and equipment	201.5	203.4	199.4
Other non-current assets			
Deferred tax	19.6	14.1	15.7
Deposits	33.2	30.3	31.0
Other securities and investments	1.1	1.1	1.1
Total other non-current assets	53.9	45.5	47.8
Total non-current assets	4,535.7	4,513.9	4,493.5
Current assets			
Inventories	633.5	627.6	601.8
Trade receivables	139.5	125.8	89.7
Corporation tax	141.0	36.4	26.1
Other receivables	2.2	3.0	1.5
Prepayments	14.1	10.1	21.1
Cash and cash equivalents	301.3	395.2	536.6
Total current assets	1,231.6	1,198.1	1,276.8
TOTAL ASSETS	5,767.3	5,712.0	5,770.3

Statement of financial position

(DKK millions)	**31.12 2013**	**31.12 2012**	**31.03 2013**
EQUITY AND LIABILITIES			
Equity			
Share capital	101.9	101.7	101.7
Share premium	1,786.2	1,786.4	1,786.4
Translation reserve	0.5	0.5	0.5
Treasury share reserve	-9.4	-0.1	-0.1
Retained earnings	716.3	426.1	470.9
Total equity	2,595.5	2,314.6	2,359.4
Liabilities			
Non-current liabilities			
Deferred tax	326.6	362.7	356.4
Banks	2,061.9	2,055.2	2,057.2
Other payables, long-term	5.2	1.6	1.6
Total non-current liabilities	2,393.7	2,419.5	2,415.2
Current liabilities			
Banks, short-term	0.0	226.4	226.7
Prepayments from customers	154.4	128.9	96.8
Trade payables	411.3	457.9	535.9
Other payables	212.4	164.7	136.3
Corporation tax	0.0	0.0	0.0
Total current liabilities	778.1	977.9	995.7
Total liabilities	3,171.8	3,397.4	3,410.9
TOTAL EQUITY AND LIABILITIES	5,767.3	5,712.0	5,770.3

Statement of changes in equity

	Share capital	Share premium	Translation reserve	Treasury share reserve	Retained earnings	Total
Equity 1 April 2013	**101.7**	**1,786.4**	**0.5**	**-0.1**	**470.9**	**2,359.4**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	244.8	244.8
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**244.8**	**244.8**
Transactions with owners						
Bonus shares	0.2	-0.2	0.0	0.0	0.0	0.0
Sale of treasury shares to employees	0.0	0.0	0.0	5.7	0.0	5.7
Share-based compensation after tax	0.0	0.0	0.0	0.0	0.6	0.6
Acquisition of treasury shares	0.0	0.0	0.0	-15.0	0.0	-15.0
Total transactions with owners	**0.2**	**-0.2**	**0.0**	**-9.3**	**0.6**	**-8.7**
Equity at 31 December 2013	**101.9**	**1,786.2**	**0.5**	**-9.4**	**716.3**	**2,595.5**

	Share capital	Share premium	Translation reserve	Treasury share reserve	Retained earnings	Total
Equity 1 April 2012	**101.7**	**1,786.4**	**0.5**	**-0.1**	**207.9**	**2,096.4**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Financial results for the first half of 2011	0.0	0.0	0.0	0.0	218.2	218.2
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**218.2**	**218.2**
Equity at 31 December 2012	**101.7**	**1,786.4**	**0.5**	**-0.1**	**426.1**	**2,314.6**

Statement of cash flows

DKK million	2013/14 Q3	2012/13 Q3	2013/14 9M	2012/13 9M
Profit before tax	174.8	159.2	314.8	312.5
Amortisation, depreciation and impairment losses	33.7	32.5	101.2	99.2
Other non-cash operating items, net	1.6	0.0	1.7	0.1
Financial income	0.0	-2.6	0.0	-8.1
Financial expenses	16.4	22.6	61.7	70.5
Changes in net working capital	46.3	-2.4	-64.9	-41.6
Cash generated from operations	272.8	209.3	414.5	432.6
Interest received	0.0	0.0	0.0	0.4
Interest paid	-11.1	-20.1	-37.1	-62.9
Corporation tax paid	-218.1	-125.2	-218.9	-130.6
Cash flow from operating activities	43.6	64.0	158.5	239.5
Acquisition of intangible assets	0.0	-0.3	-0.1	-0.8
Disposal of intangible assets	0.0	0.0	0.0	1.3
Acquisition of property, plant and equipment	-18.0	-10.4	-47.6	-38.4
Disposal of property, plant and equipment	0.0	0.0	0.0	0.0
Disposal of other securities and investments	0.0	0.0	0.0	0.0
Acquisition of subsidiaries and operations	-72.4	-19.5	-83.3	-22.0
Cash flow from investing activities	-90.4	-30.2	-131.0	-59.9
Free cash flow	-46.8	33.8	27.5	179.6
Debt raised from and settled with banks	100.0	-89.9	-253.5	-176.7
Purchase and sale of treasury shares	5.7	0.0	-9.3	0.0
Cash flow from financing activities	105.7	-89.9	-262.8	-176.7
Net cash flow from operating, inv. and fin. activities	58.9	-56.1	-235.3	2.9
Cash and cash equivalents, beginning of period	242.4	451.3	536.6	392.3
Foreign exchange adj. of cash and cash equivalents	0.0	0.0	0.0	0.0
Cash and cash equivalents at 31 December	301.3	395.2	301.3	395.2

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. The accounting policies are consistent with those of the consolidated and parent company financial statements for 2012/13, to which we refer for a comprehensive description of the accounting policies applied.

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 estimates.

The critical accounting estimates and judgements are consistent with those in the consolidated financial statements for 2012/13.

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.

Note 4 – Incentive programme

In accordance with Matas A/S' Overall Guidelines on Incentive Pay, adopted at the extraordinary general meeting held on 10 June 2013, Matas granted a total of 82,770 options on 7 August 2013, consisting of 54,320 options to members of the Executive Management and 28,450 options to key employees, to purchase shares in Matas A/S pursuant to the new long-term incentive plan as described in the offering circular published by Matas A/S on 13 June 2013.

Note 5 – Acquisition of subsidiaries and activities

On 1 May 2013, Matas acquired 100% of the shares in Esthetique Danmark A/S, formerly a Norwegian-owned retail chain in the High-end Beauty segment. The acquisition of Esthetique and the takeover of its nine stores in prime locations in Denmark were part of the Group's new StyleBox retail concept. Five out of the nine leased premises have already been converted into StyleBox stores, and one has been converted into a Matas store.

Seven independent stores were taken over during the nine months ended 31 December 2013.

The total consideration for operations acquired during the interim period was DKK 85.2 million.

Acquired operations were recognised in revenue for the period at DKK 49.1 million and in EBITDA for the period at a negative amount of DKK 6.2 million.

Calculation of fair value at date of acquisition

(DKK millions)

Intangible assets	13.0
Financial assets	0.5
Inventories	13.3
Receivables	3.1
Cash and cash equivalents	0.6
Banks	-11.5
Other liabilities	-11.9
Acquired net assets	**7.1**
Goodwill	78.1
Acquisition cost	**85.2**
Of which cash and cash equivalents	-0.6
Non-paid acquisition cost	-1.3
Cash acquisition cost	**83.2**

Note 6 – Contingent liabilities

Transaction tax litigation

As described in the offering circular published by Matas A/S on 13 June 2013, the Danish tax authorities have challenged the tax deductibility of transaction costs incurred in relation to the acquisition of the Group in 2007. On 12 September 2013, the Danish National Tax Tribunal upheld the decision of the Danish tax authorities that Matas' claim for deductibility of transaction costs could not be allowed.

In consultation with the company's advisers, it was decided to appeal the decision of the Danish National Tax Tribunal to the civil courts.

Matas' taxable income was increased by a total of DKK 105 million. In January 2014, Matas elected to pay in the related tax of DKK 31 million including interest while the case is still pending. If, as expected, Matas is successful in its appeal, this amount will be paid back with accrued interest.

Withholding tax litigation

Matas A/S received a decision from the Danish tax authorities in September 2013 to the effect that they intend to charge withholding tax for the 2006, 2007, 2008 and 2009 income years regarding interest payments credited to Mholding AB. The total amount is DKK 89 million including interest.

Matas A/S disagrees with the decision and has appealed it to the Danish National Tax Tribunal. No provisions have been made in respect of this tax matter, as Management believes it to be more likely than not that an ultimate ruling in favour of the Group will be received.

As the Danish tax authorities will continue to charge interest on the alleged outstanding withholding tax, the full amount of DKK 89 million was paid in October 2013. If, as expected, Matas is successful in its appeal, this amount will be paid back with accrued interest.

The claim from the Danish tax authorities will not affect the company's policy of paying an expected dividend of at least 60% of adjusted profit after tax for 2013/14.

Sales distribution by channel and by product category

(DKK millions)	2013/14 Q3	2012/13 Q3	Growth	2013/14 9M	2012/13 9M	Growth
Sale of goods from own stores incl. online	977.0	889.7	9.8%	2,448.3	2,281.3	7.3%
Sales of goods to associated stores	41.4	66.4	-37.7%	152.2	190.0	-19.9%
Total revenue	1,018.4	956.1	6.5%	2,600.5	2,471.3	5.2%

(DKK millions)	2013/14 Q3	2012/13 Q3	Growth	2013/14 9M	2012/13 9M	Growth
Beauty	766.2	694.5	10.3%	1,839.8	1,709.4	7.6%
Vital	85.0	75.8	12.1%	239.0	222.2	7.6%
Material	75.8	69.2	9.5%	214.8	200.1	7.3%
MediCare	41.9	44.0	-4.8%	130.7	131.7	-0.8%
Other including Sweden	8.1	6.2	30.6%	24.0	17.9	34.1%
Total revenue from own retail stores	977.0	889.7	9.8%	2,448.3	2,281.3	7.3%

Interim financial highlights

DKK million	2013/14 Q3	2013/14 Q2	2013/14 Q1	2012/13 Q4	2012/13 Q3
Income statement					
Revenue	1,018.4	779.1	803.0	728.7	956.1
Gross profit	464.1	348.1	374.1	345.1	443.1
EBITDA	224.9	130.4	122.4	114.6	211.8
Operating profit	191.2	96.7	88.6	81.3	179.3
Net financials	-16.4	-11.4	-33.9	-18.2	-20.0
Profit before tax	174.8	85.3	54.7	63.1	159.3
Profit for the period	135.9	66.3	42.6	44.8	112.8
Balance sheet					
Total assets	5,767.3	5,511.1	5,518.2	5,770.3	5,712.0
Total equity	2,595.5	2,453.5	2,387.0	2,359.4	2,314.6
Net working capital	11.2	57.0	9.8	-54.9	15.0
Net interest bearing debt	1,765.8	1,719.4	1,775.8	1,748.9	1,888.0
Cash flow statement					
Cash flow from operating activities	43.6	84.6	30.3	152.0	64.0
Cash flow from investing activities	-90.4	-13.5	-27.1	-10.6	-30.2
Free cash flow	-46.8	71.1	3.2	141.4	33.8
Net cash flow from operating, inv. and fin. activities	58.9	31.1	-325.3	141.4	-56.1
Key performance indicators					
Number of transactions (in millions)	6.5	5.5	5.5	5.1	6.2
Average basket size (in DKK)	149.4	128.9	134.0	130.2	143.7
Total floor space (in '000 of square m.) 1)	49.8	48.1	48.1	47.9	47.9
Avg. revenue per square metre (in DKK thousands) - LTM	64.0	62.9	62.5	62.1	61.9
Like-for-like growth	5.5%	3.9%	2.5%	1.5%	4.3%
Adjusted figures					
EBITDA	224.9	130.4	122.4	114.6	211.8
Non-recurring items	0.0	0.0	28.1	3.9	7.8
Adjusted EBITDA	224.9	130.4	150.5	118.5	219.6
Depreciation	-14.6	-14.6	-14.7	-14.5	-13.7
Adjusted EBIT	210.3	115.8	135.8	104.0	205.9
Adjusted profit after tax	150.2	80.6	81.7	62.8	134.7
Gross margin	45.6%	44.7%	46.6%	47.4%	46.3%
EBITDA margin	22.1%	16.7%	15.2%	15.7%	22.2%
Adjusted EBITDA margin	22.1%	16.7%	18.7%	16.3%	23.0%
EBIT margin	18.8%	12.4%	11.0%	11.2%	18.8%
Adjusted EBIT margin	20.7%	14.9%	16.9%	14.3%	21.5%

1) End of period