



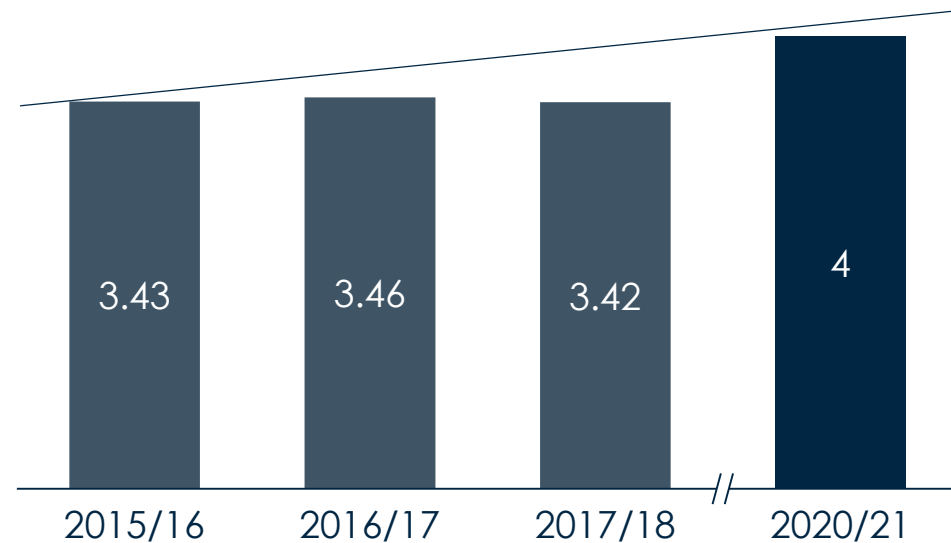
ABG SMALL & MID CAP SEMINAR
24 APRIL 2019

RENEWING MATAS ONE YEAR DOWN THE ROAD

GREGERS WEDELL-WEDELLSBORG, CEO MATAS A/S

Summer 2017: Revenue development fell short of growth ambitions in the 2020 strategy

2020/21 Revenue ambition
(DKK bn)



Causes of Shortfall

General drop in retail footfall

Migration to online shopping

Price competition

Intensified competition, particularly in Mass beauty

Insufficient investment

Store network, store concept and online

There is a need for renewing and changing Matas in order to deliver growth and ensure profitability

November 2017: Strategy update initiated

How can Matas emerge stronger and more valuable to investors, consumers, partners and society?

November 2017: Measures to enhance performance

CLOSURE OF STYLEBOX
HQ SAVINGS
4 STORE CLOSURES

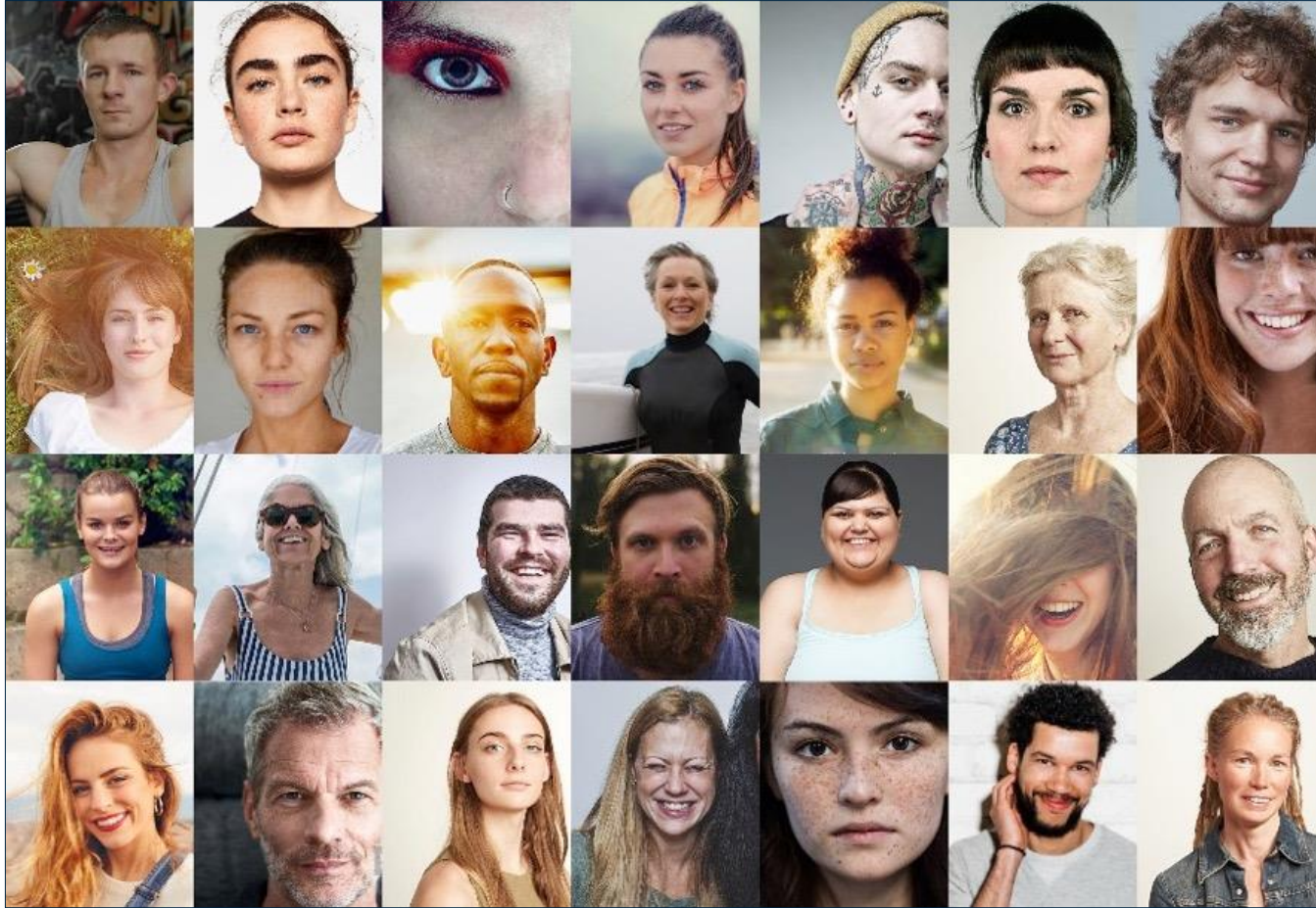
COMPETITIVE STRENGTH
LOWER PRICES ON MASS BEAUTY

STRENGTHENED E-COMMERCE



EBITDA effect of DKK 30 to 40 m in 2018/19, most of which will be reinvested in growth initiatives

The strategic starting point: We turned to our customers for answers



Customer research

In-depth interviews with

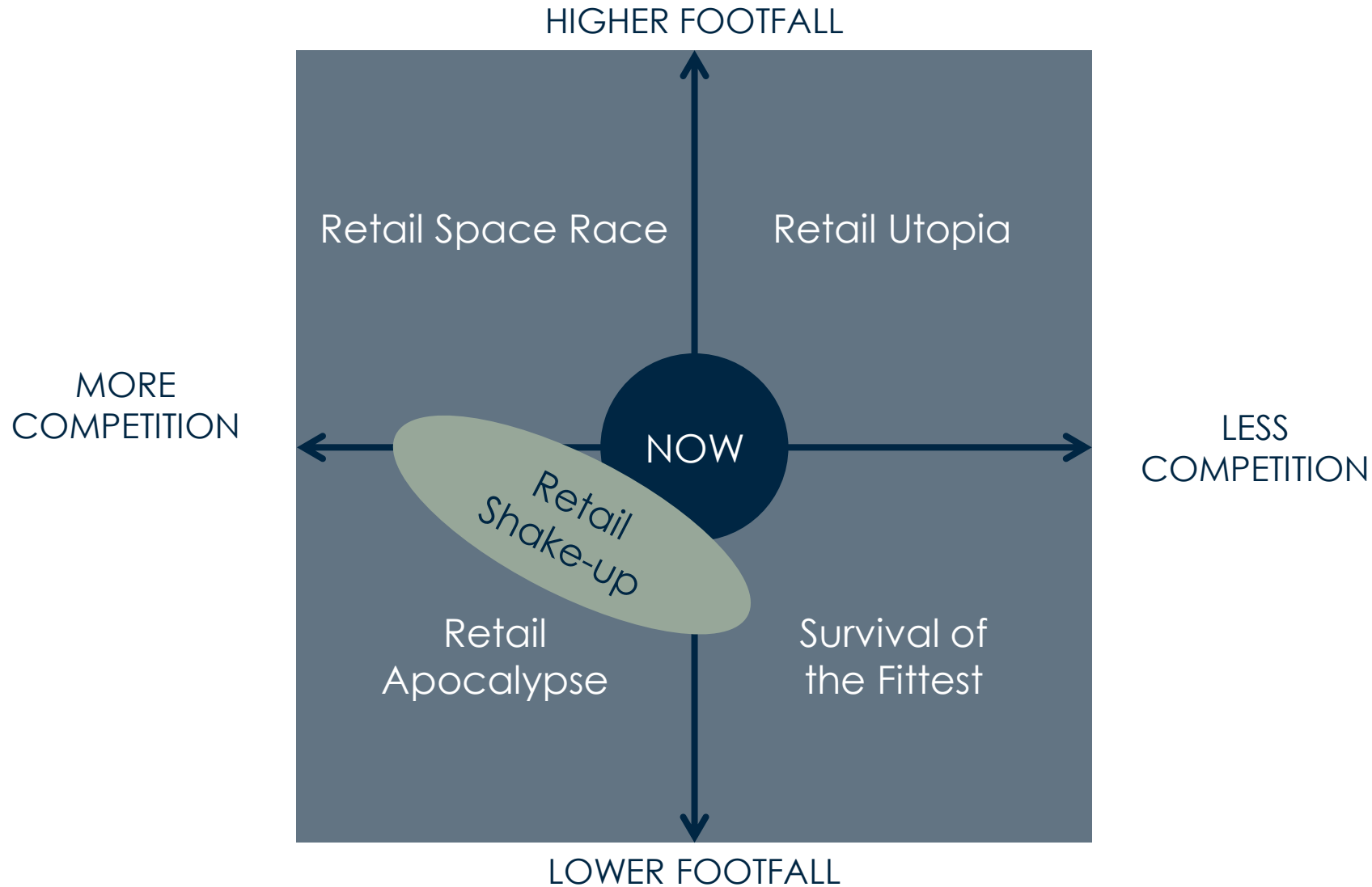
- Customers
- Suppliers & Employees
- Influencers & Industry experts
- **Extensive shopper study**
(more than 200 customers)
- **Club Matas member analyses**
- **Transaction and basket analyses**
- **International best practice cases**
- **Synthesis** of existing customer **studies**
(more than 20 studies)

Our reality: In the coming years, we expect four shifts to impact Matas

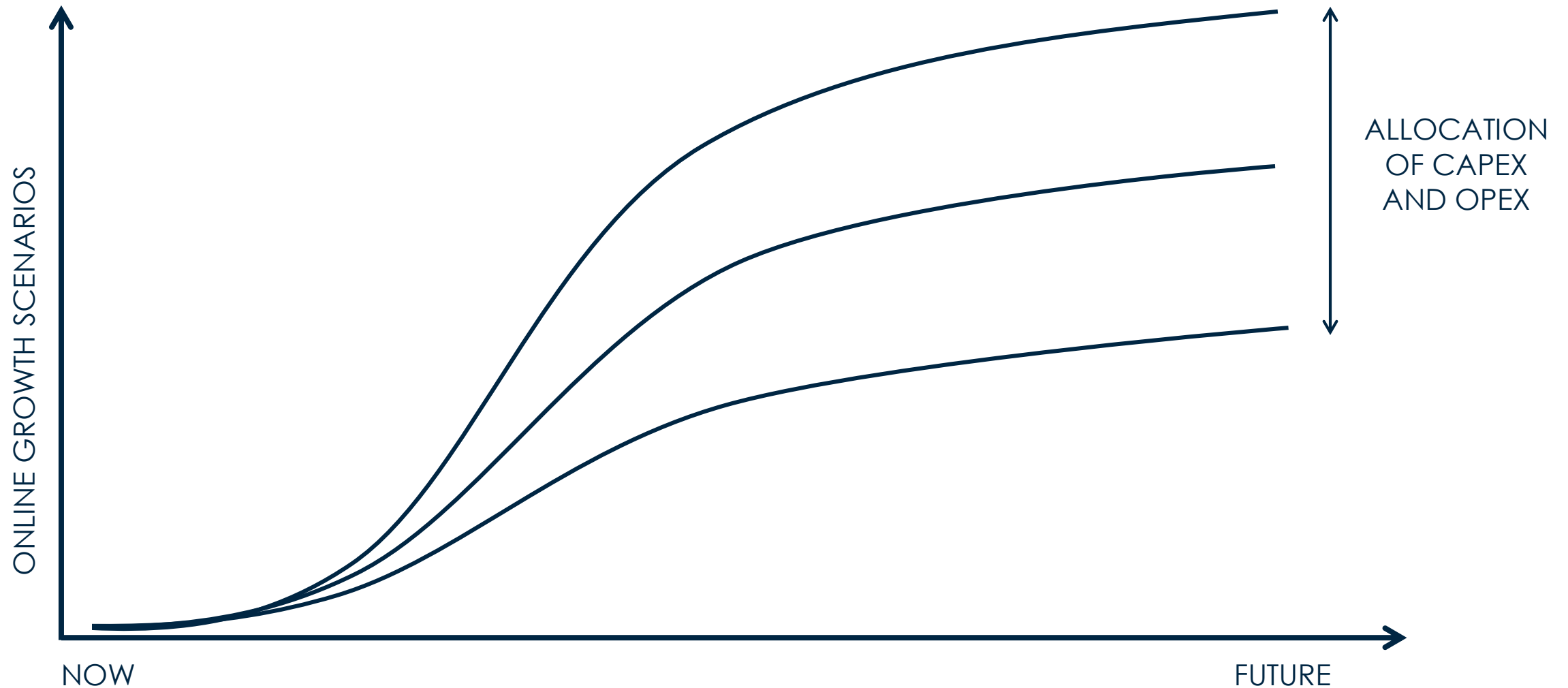
	SHIFT	IMPACT	
①	Consumer	➤ Rising expectations and altered shopping behaviour	
②	Health & Beauty	➤ New ways of playing in the core categories and brands	
③	Channel	➤ Continued migration to online shopping	
④	Tech	➤ Continued tech advancements will change how retailers operate	

➤ Combined, we call these shifts **The Retail Shake-up**

Strategic flexibility: We have explored a number of scenarios



Channel shift scenarios



Our 2023 strategy: 'Renewing Matas'

STRATEGIC TRACKS

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

STRATEGIC AMBITIONS TOWARDS 2022/23

Lift customer engagement

Index 110



Grow revenue

Around DKK 4 bn

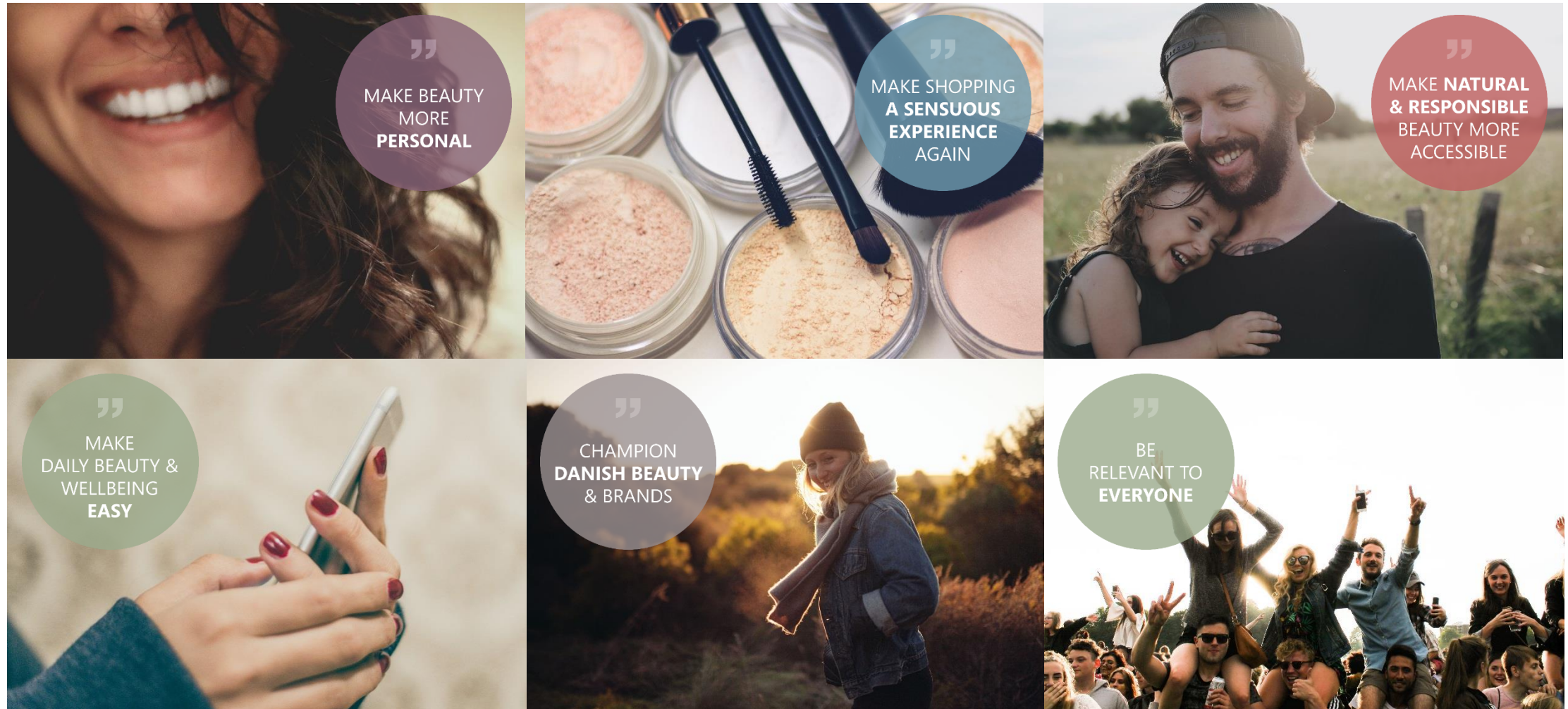


Secure earnings

EBITDA margin above 14%



1 | Live our purpose: Beauty and wellbeing for life



1 | Live our purpose: Beauty and wellbeing for life

BEAUTY & WELLBEING FOR LIFE

CONSUMER CAMPAIGN – “SKØNNERE SAMMEN”
(BEAUTIFUL TOGETHER)

LAUNCH OF PURPOSE TOWARDS THE BEAUTY
INDUSTRY, E.G. PARTNERS AND INFLUENCERS



”
*Sammen kan vi skabe
et nyt skønhedsbegreb.
Vil du være med?*

KÆRE DU
Jeg hedder Hella. Jeg er på en mission sammen med Matas, og vi vil gerne have dig med.
Det handler om at skabe et nyt skønhedsbegreb, og det kan sagtens lade sig gøre, hvis vi gør det sammen.
Der er nemlig for mange, der tror, at skønhed kun handler om at se ud på en bestemt måde - og det synes jeg, vi skal lave om på. For skønhed er en følelse, der er for alle, og som vi kan være fælles om. For mig er følelsen af skønhed at være god ved min krop, så min sjæl har et godt sted at bo. Men du har sikkert et andet bud, og det vil jeg godt høre.
Du må også gerne sende et foto af dig selv, så laver vi Danmarks største mosaik af skønne mennesker.
Jeg håber, du vil være med!

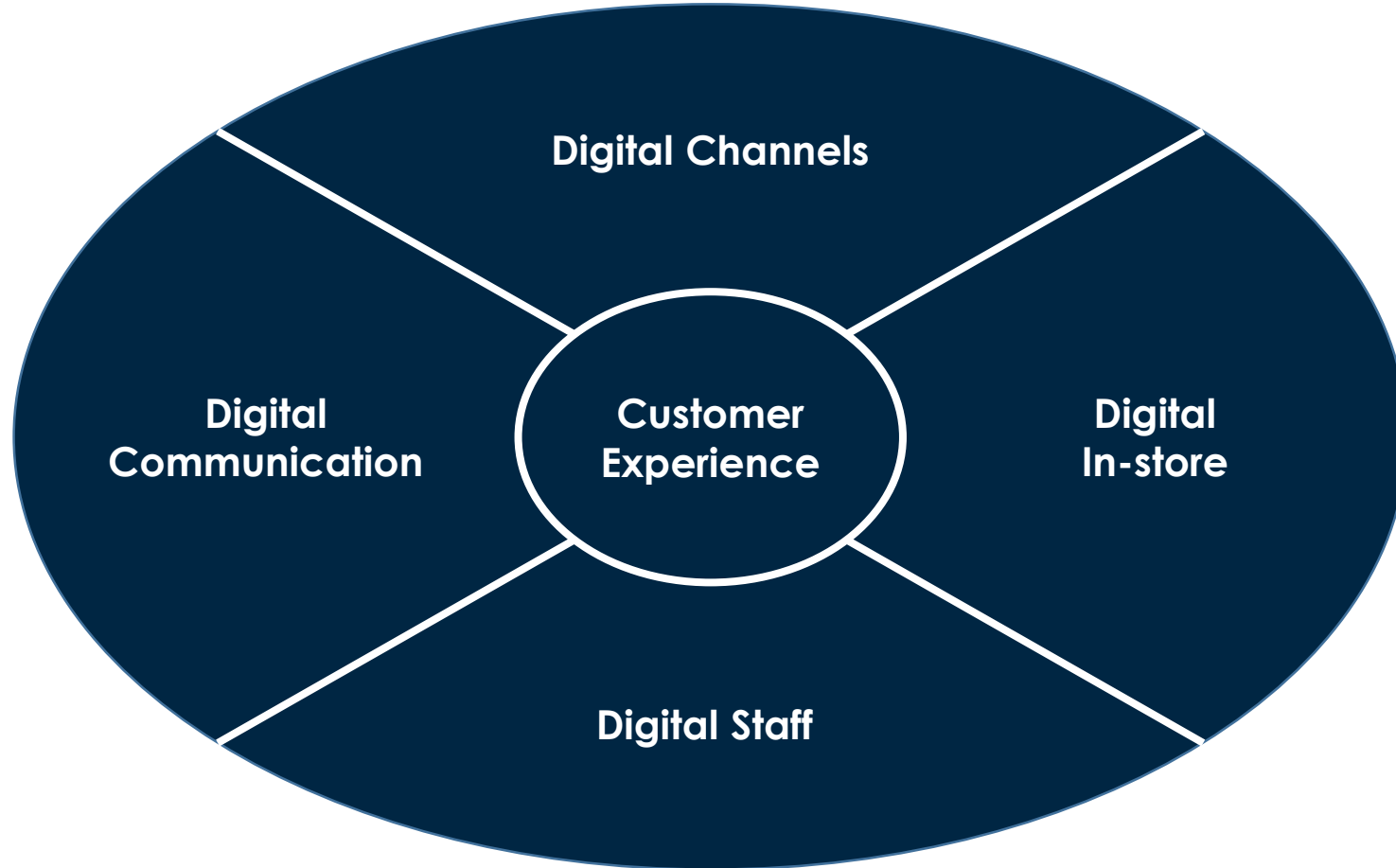
Hella Jøf
Hella Jøf

P.S: På skønneresammen.dk kan du se en lille film, der fortæller om det hele. Har kan du også se, hvordan du selv bliver en del af Mission skønnere sammen.

FÅ DIN EGEN MOSAIK
Upload et billede af dig selv på skønneresammen.dk. Så får du din egen mosaik, bygget op af ca. 3000 billeder af andre dejlige mennesker.
Hvis du har lyst, kan du være med til at sprede budskabet ved at uploade din mosaik på Facebook eller Instagram på [#skønneresammen](https://www.instagram.com/skønneresammen).



2 | Visible results of Matas 4D and our strengthened E-commerce efforts

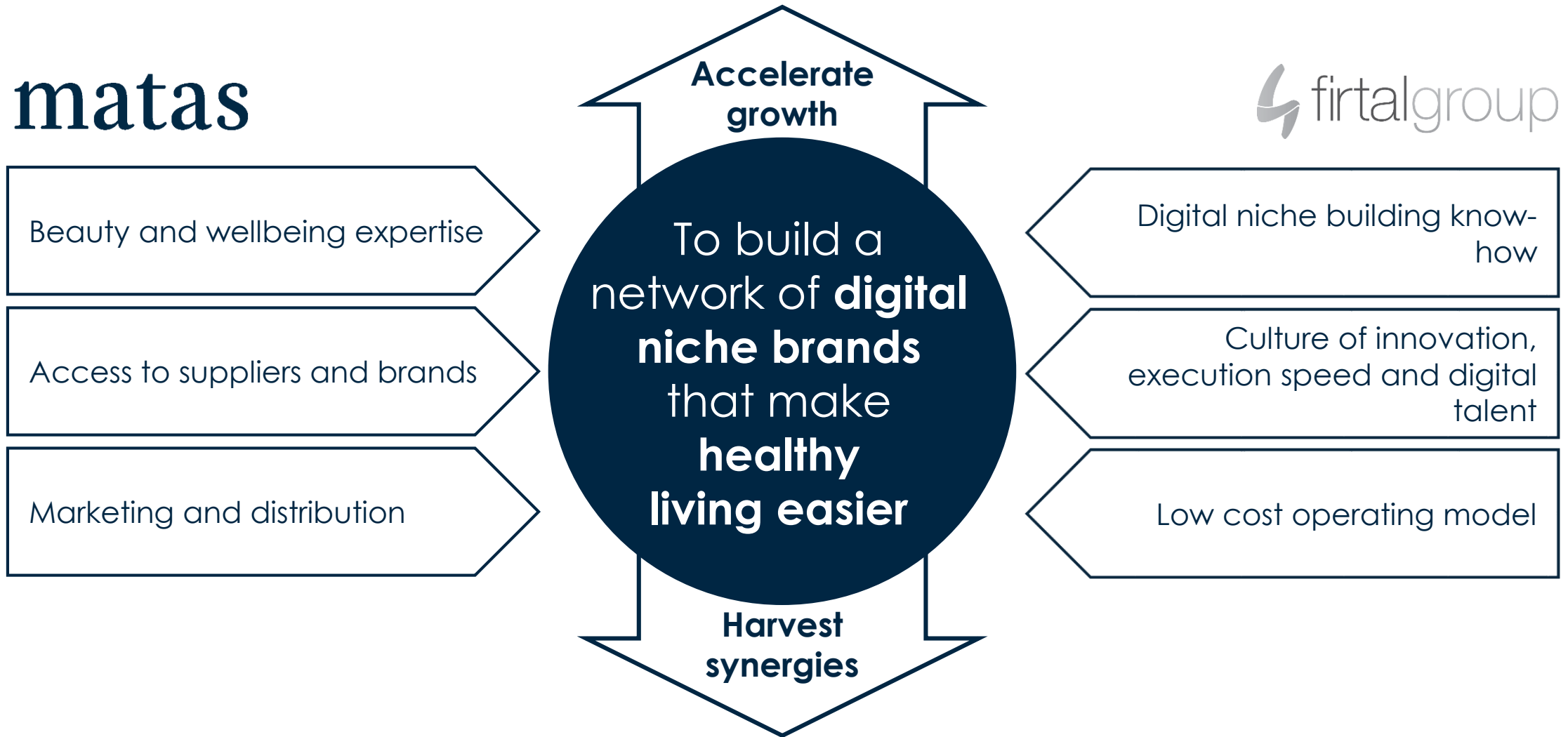


54%
ONLINE GROWTH
9M 2018/19

2 | Matas x Firtal: Joining forces around a shared vision

matas

firtalgroup



3 | Reignite store growth by developing a new concept

NEW ASSORTMENT

STORE NETWORK

CONCEPT DEVELOPMENT



4 | Open new growth paths step one: The green market

THE GREEN WAVE

A GROWING DKK 1.6 BN UNCONSOLIDATED MARKET

INTRODUCING MATAS NATUR

TO BE THE NATURAL CHOICE FOR CUSTOMERS SEEKING A GREENER AND HEALTHIER LIFE

THE FIRTAL ACQUISITION

PURCHASE OF HELSEBIXEN.DK AND JALA-HELSEKOST.DK, TWO ONLINE PURE PLAYERS IN THE GREEN MARKET



4 | Strengthening Matas position in the green market

Green shop-in-shop in Matas

matas natur

FORDI NATUREN GIVER OS SÅ MANGE SKØNNE GAVER

I Matas Natur universet har vi fokus på essensen af sundhed og naturlig skønhed. Og her stiller vi ekstra krav til de produkter, du finder på hylderne – blandt andet dem på siden her. Husk, at alle de grønne produkter også kan findes på [matas.dk/natur](#).

125,-
Værdi 179,-

225,-
Værdi 319,-

199,-
Værdi 279,-

99,-
Værdi 149,-

64%*

VÆRTINGEGAVER MED VELVÆRE

En god gæst har naturligvis husket værdingegaven. Og hvorfor ikke prøve at skifte den traditionelle blomst ud med lidt selvforkælelse? Hvis du selv ville blive glad for gaven, bliver modtageren det sikkert også...

GIV DIG SELV ET ØJEBLIK

...med My Moments, der er skabt til at genbringe energien og belysningen. My Moments er en kærlig blomstende serie, der skal være din grønne glæde. Oplev de bløde dufte og det skulpturelle, nordiske indhold, og giv dig lidt mere af dig selv og din hud og belysningen af din nat.

30%*

Partnerships

Partnerships

Firtal Group ApS

helsebixen

Søg efter produkter her...

Gå til kurv

Kosttilskud Fødevarer Personlig pleje Medicin & Medicare Træning Mor & Barn Hjem Brands

Produkt kategorier

Helsekost & Kosttilskud

Homsopati

Fødevarer

Non-Food

Naturlægemidler

Natural
Beauty &
Wellbeing
for life

Two Matas Natur Concept Stores



Matas.dk/natur

matas

Nyheder Gaver Hudpleje Dufte Makeup Hår Helse Matas Natur Bolig & Livsstil Mænd Tilbud

25%

på naturlige dufte her

20%

REN - EVERCALM SERIEN

20% på hele EVERCALM serien*

En videnskabelig bevist serie mod rødme og sensitivitet.

Shop her

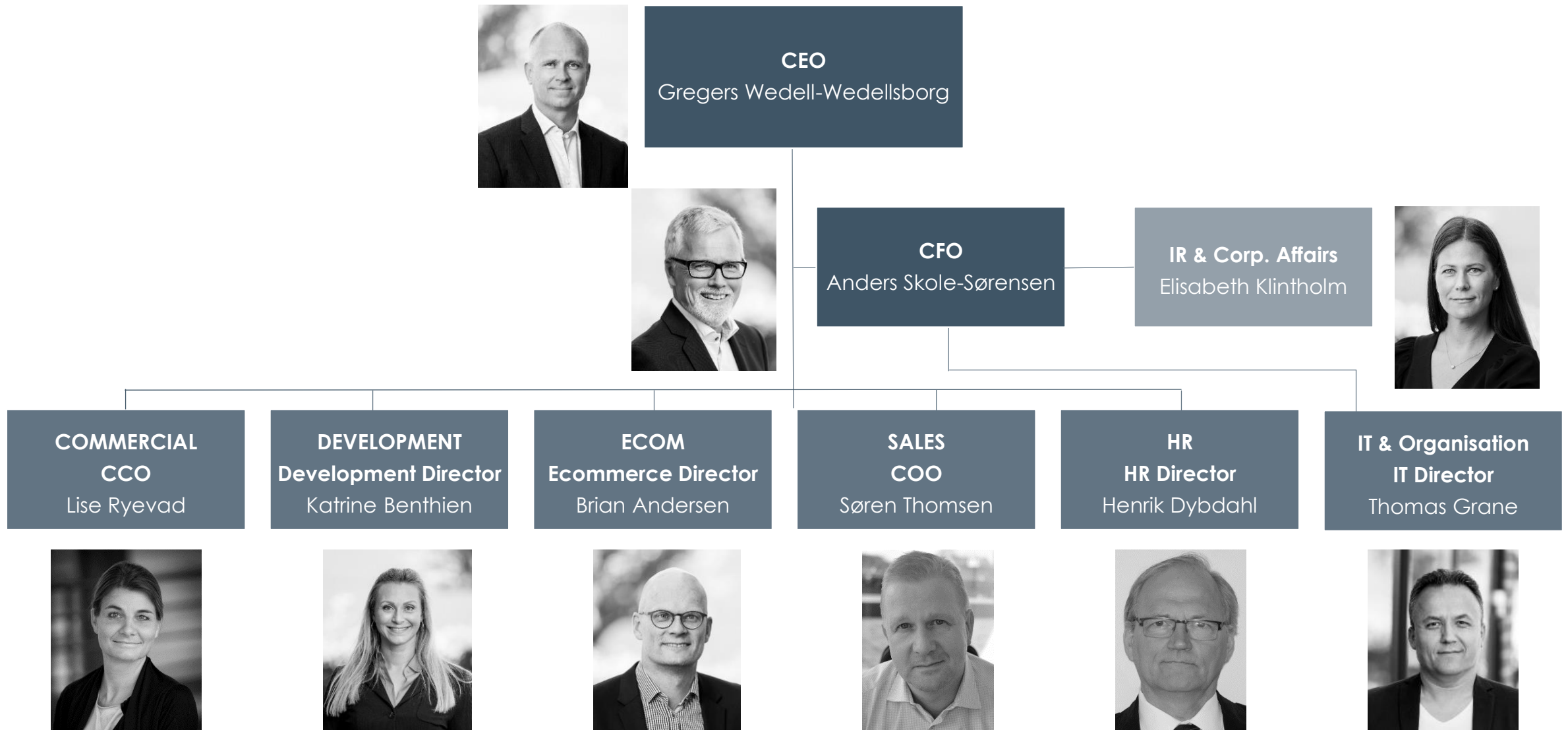
99,95,-

DR. SCHELLER

Ansigtsscremer og serum. 100% fri for parabener, silikone, mineralske olier og syntetiske farvestoffer.

Shop her

5 | Change how we work step one is the new management team



Our 2023 strategy: 'Renewing Matas'

STRATEGIC TRACKS

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Beauty & Wellbeing for life



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growth

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Change how we work

BREAKTHROUGHS IN Q3 2018/19

1

Execution of 'More Beautiful Together' and preparation of Matas 70 years anniversary

2

Market share gain online with matas.dk
Acquisition of Firtal Group ApS completed

3

Record high Black Friday sales
Development of new store concept

4

19% growth in Vital driven by the Firtal acquisition, campaigns and Matas Natur

5

Strengthening of the management team with CCO and Supply Chain Director

9M 2018/19 and Q3 2018/19 in numbers: Topline growth

9M 2018/19

Revenue 9M 2018/19

DKK **2,714** million

9M 2017/18: DKK 2,695 m

Q3 2018/19

Revenue Q3 2018/19

DKK **1,093** million

Q3 2017/18: DKK 1,075 m

Underlying (like-for-like) growth of

0.0%

9M 2017/18: -1.0%

Underlying (like-for-like) growth of

0.5%

Q3 2017/18: -0.8%

Guidance: Financial targets for 2018/19



REVENUE

Unchanged level for underlying revenue
(LFL between -0.5 and 0.5%)



EBITDA MARGIN BEFORE SPECIAL ITEMS¹

Above 15%



CAPEX

TOTAL INVESTMENTS

DKK 110 – 130 m

DKK 240 – 260 m



DIVIDENDS

Despite the acquisition, Matas A/S still expects to
be able to pay a dividend for the financial year
2018/19

1. Based on existing IFRS rules (IFRS16 not included).

Where we are going: Renewing Matas

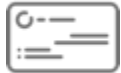
Our current solid foundation



Top 3 in E-commerce



National network with 279 stores



1.55 mio. active Club Matas members



Long-term supplier partnerships and strong house brands (PL & exclusive brands)



Strong own-print media portfolio



One business model

Aspiration in five years

Undisputed online market leader

Upgraded store network with newer, fewer and larger stores

Second-to-none membership engagement

Faster rotation of range and wider brand 'ownership'

Unrivalled SoMe reach & relevance

More revenue streams

Matas 2023 Strategy: Renewing Matas






Matas will emerge stronger and more valuable to
investors, consumers, partners and society

Q&A






Resources: Capital allocation towards 2022/23

	2019/20 to 2022/23	2022/23
 GEARING¹	Not materially exceeding 3	Between 2.5 and 3
 CAPEX	DKK 120 – 140 m average frontloaded	Below DKK 90 m
 DISTRIBUTION POLICY	Distribute excess capital	Distribute excess capital

1. Net interest bearing debt to EBITDA.

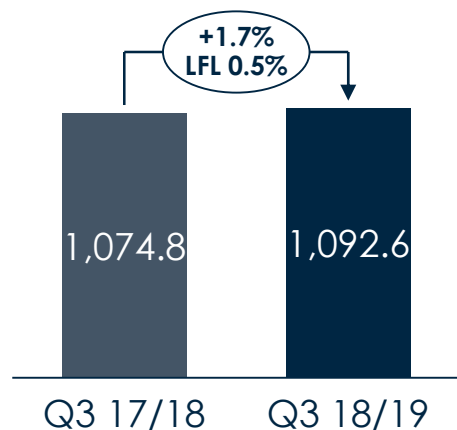
Performance: Ambitions towards 2022/23

	2019/20 to 2022/23	2022/23
 CUSTOMER ENGAGEMENT¹	Continuous improvement	Index 110
 REVENUE²	Positive LFL from 2020/21	Around DKK 4 bn
 EBITDA MARGIN³	Harvest scale benefits online Change how we work	Above 14%

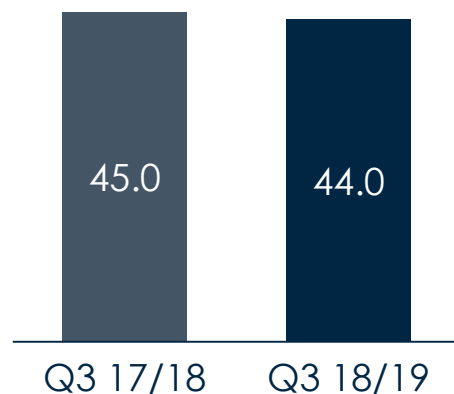
1. Measured by Matas Net Promotor Score (M-NPS). 2. Total revenue from existing business, Matas Natur and Firtal Group. 3. Based on existing IFRS rules (IFRS16 not included).

Overview: Q3 2018/19 vs. Q3 2017/18

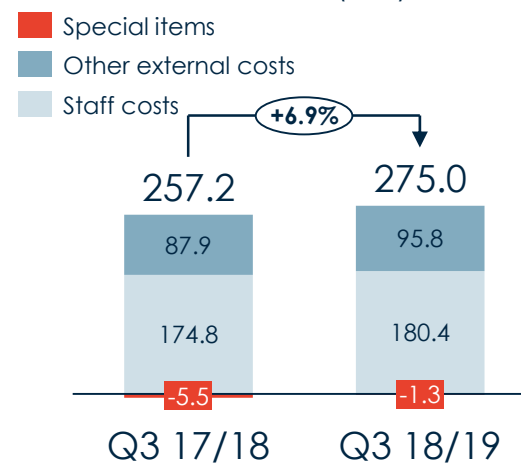
Revenue (DKK m)



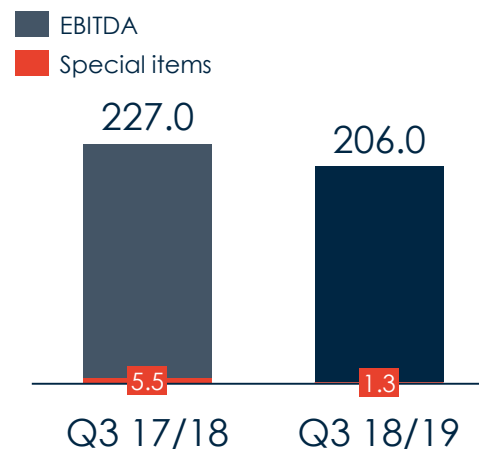
Gross margin (%)



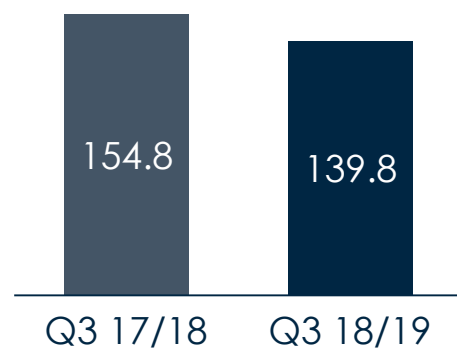
Cost (DKK)



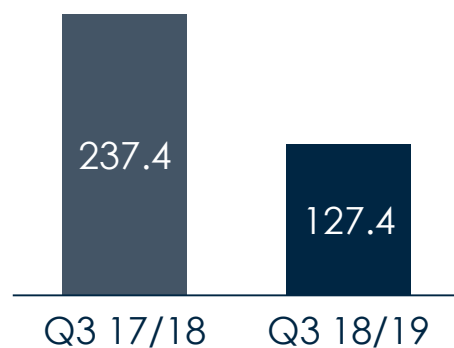
EBITDA BEFORE SPECIAL ITEMS (DKK m)



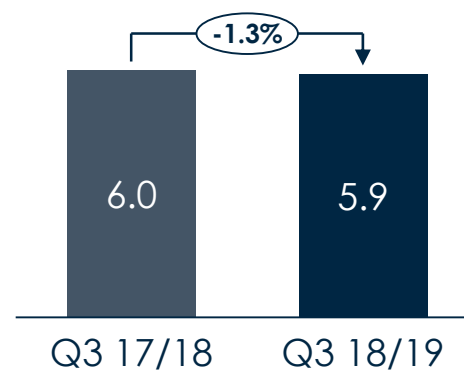
Adj. net profit (DKK m)



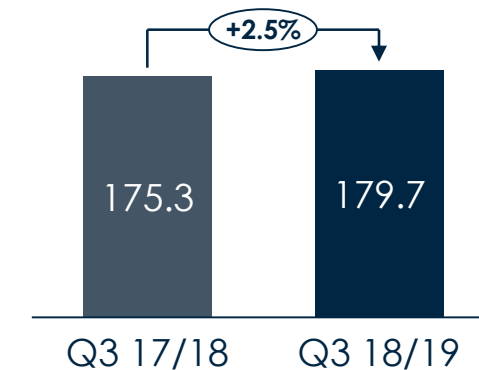
Free cash flow (DKK m)



Transactions (# m)



Basket size (DKK)

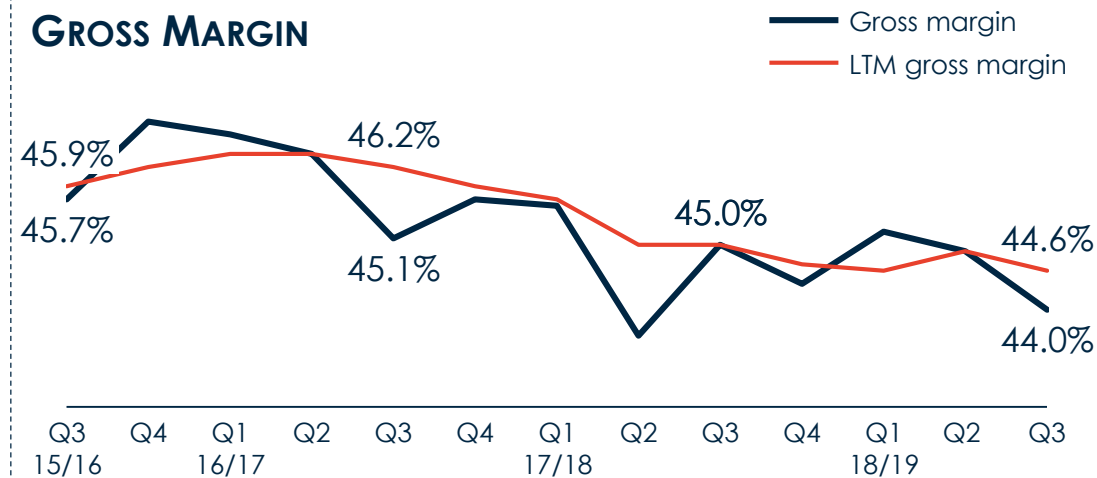


Quarterly developments from Q3 2015/16 to Q3 2018/19

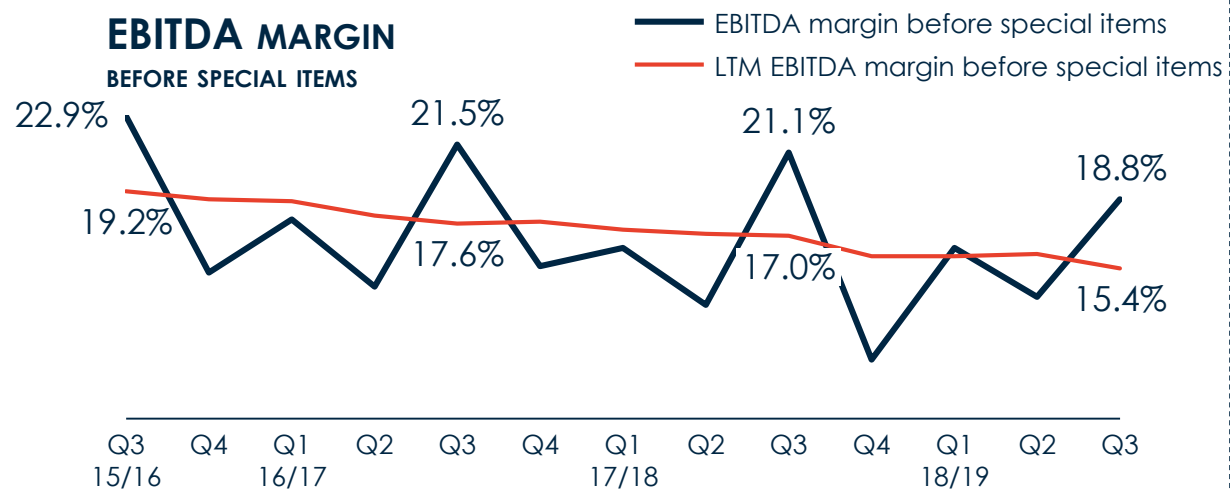
REVENUE GROWTH



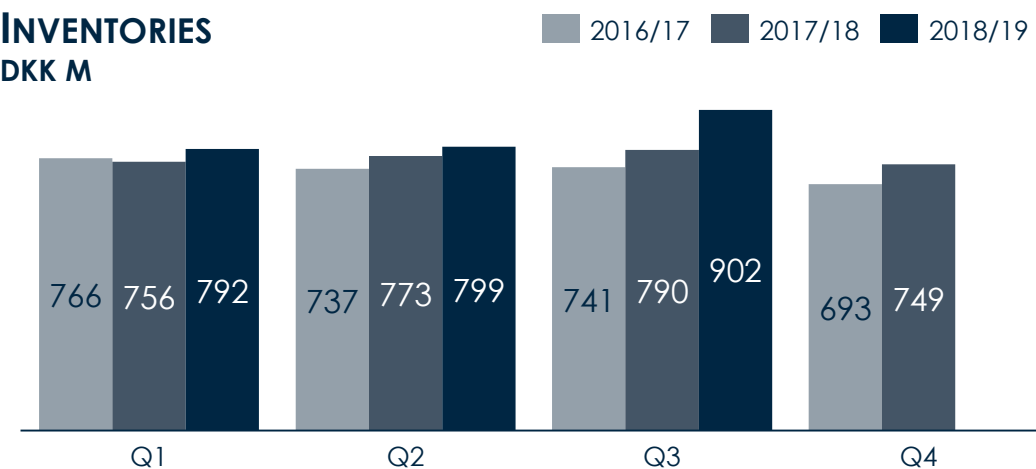
GROSS MARGIN



EBITDA MARGIN



INVENTORIES DKK M



Income statement for Q3 2018/19 vs. Q3 2017/18

DKK million	2018/19 Q3	2018/19 Q2	2018/19 Q1	2017/18 Q4	2017/18 Q3	Growth Q3 vs Q3
Revenue	1,093	777	844	769	1,075	1.7%
Gross profit	481	349	382	342	484	-0.7%
<i>Gross margin</i>	44.0%	44.9%	45.2%	44.4%	45.0%	
Other external costs	96	85	74	93	88	9.0%
Staff costs	180	165	175	167	175	3.2%
EBITDA	205	99	133	82	221	-7.6%
Amortisation and depreciation	42	43	38	47	44	-5.4%
Operating profit	163	56	95	35	177	-8.1%
Net financials	6	5	4	4	5	16.5%
Profit before tax	157	51	91	31	172	-8.9%
Tax on profit for the period	35	14	20	-1	38	-9.0%
Profit for the period	122	37	71	32	134	-8.8%
Diluted Earnings per share, DKK	3.21	0.97	1.87	0.84	3.55	-9.6%
EBITDA margin	18.7%	12.8%	15.8%	10.6%	20.6%	
Special items	1	9	5	2	5	
EBITDA before special items	206	109	138	84	227	
EBITDA margin before special items	18.8%	14.0%	16.4%	10.9%	21.1%	
Tax rate	22.0%	28.1%	22.0%	-3.9%	22.0%	
Adjusted net profit	140	61	90	47	155	-9.7%

Cash flow development

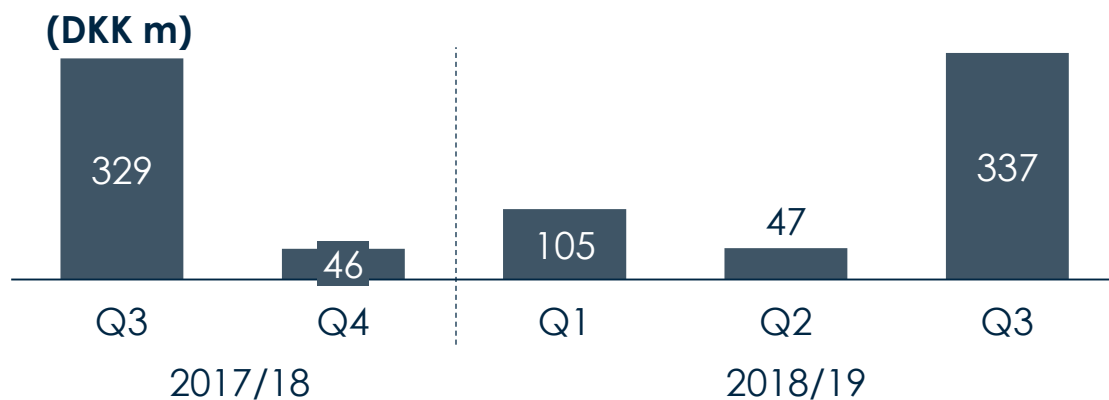
CASH FLOW OPERATING ACT.	• DKK 6 m higher than Q3 last year
INVESTMENTS	• CAPEX and acquisitions DKK 116 m higher than Q3 last year due to the acquisition of Firtal Group ApS (DKK 110.7 m in Q3 2018/19)
FREE CASH FLOW	• Free cash flow of DKK 127 m compared to DKK 237 m in the same period last year
CASH FLOW FINANCING ACT.	• Cash flow from financing activities was DKK 121 m lower than the same period last year due to the acquisition of Firtal Group

DKK million	2018/19 Q3	2018/19 Q2	2018/19 Q1	2017/18 Q4	2017/18 Q3
Cash generated from operations*	337	47	105	46	329
Paid interest and taxes	71	5	7	40	69
Cash flow from operating activities	266	42	98	6	261
Acquisition of PPE and intangibles	28	36	25	20	21
Acquisition of subsidiaries and activities	111	0	0	0	2
Free cash flow	127	6	73	-15	237
Cash flow from financing activities	-116	-145	35	49	-237
Net cash flow from operating, investing and financing activities	11	-139	108	34	0

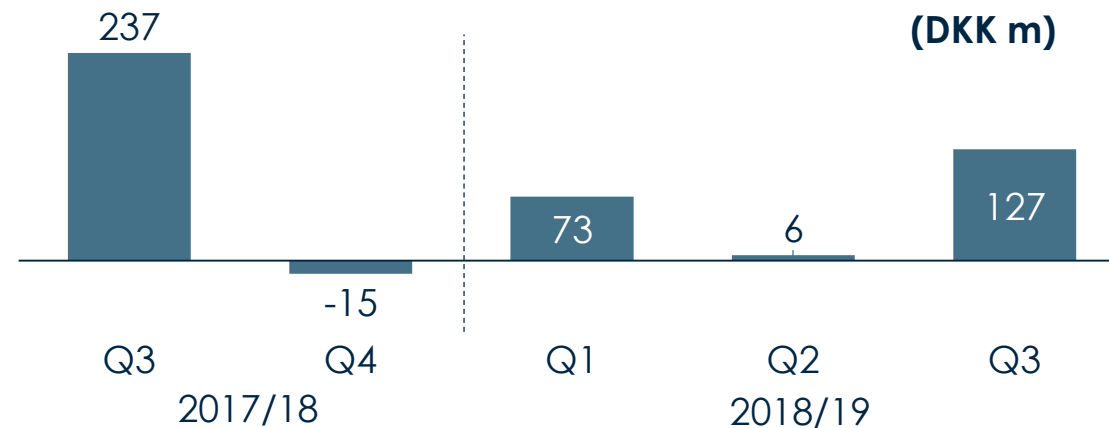
* Including changes to working capital.

Cash flow 2017 - 2019

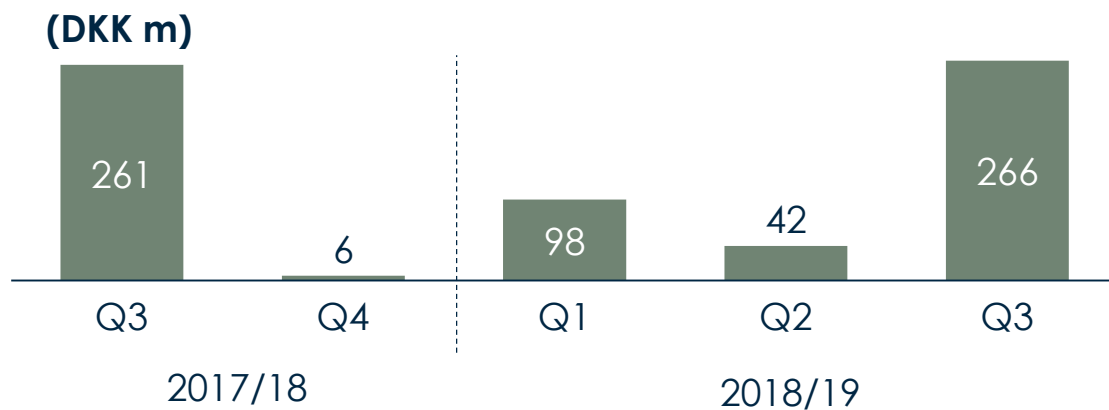
Cash generated from operations



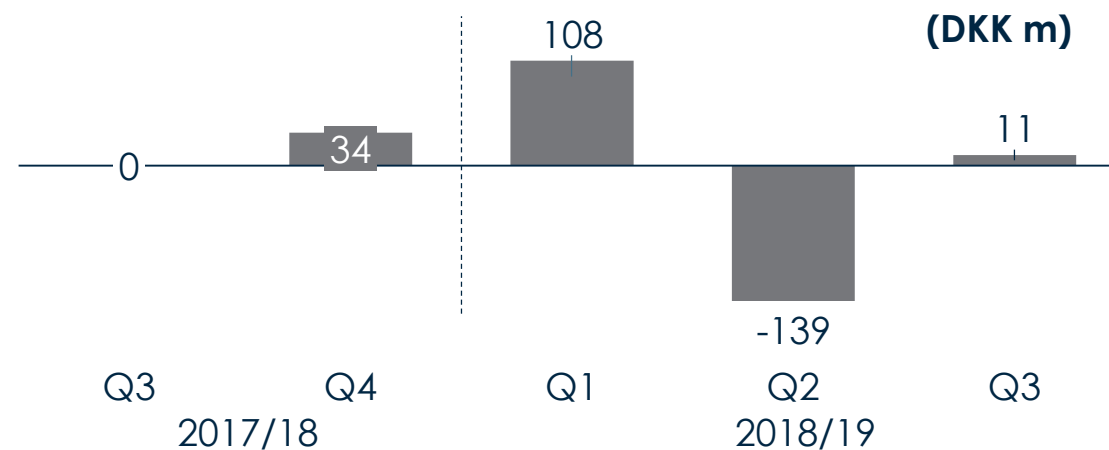
Free cash flow



Cash flow from operating activities



Net cash flow from operating, investing and financial activities



The Matas share

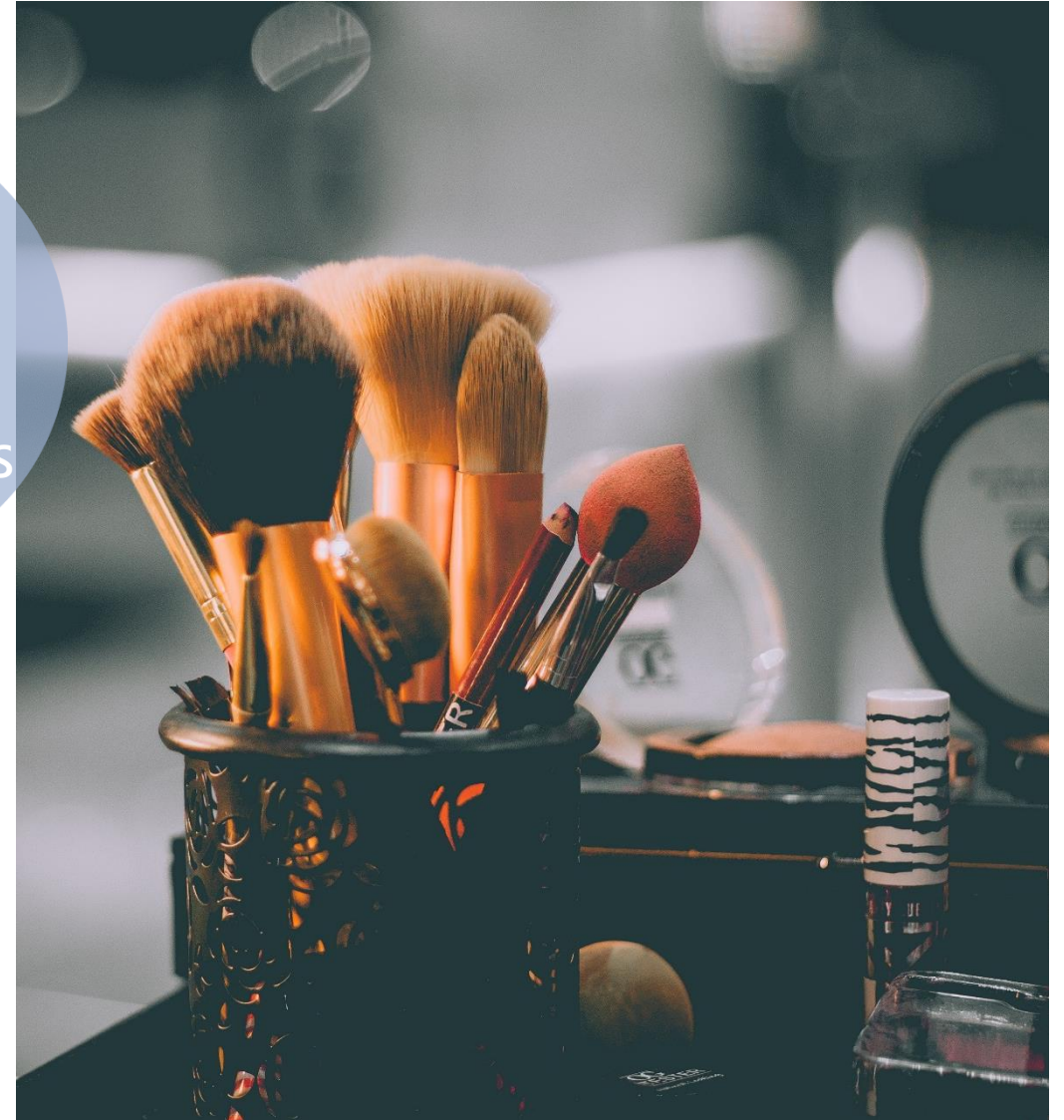
”
LISTED ON
NASDAQ
OMX
28 JUNE 2013

”
100%
FREE FLOAT

”
~56%
DOMESTIC
SHAREHOLDERS

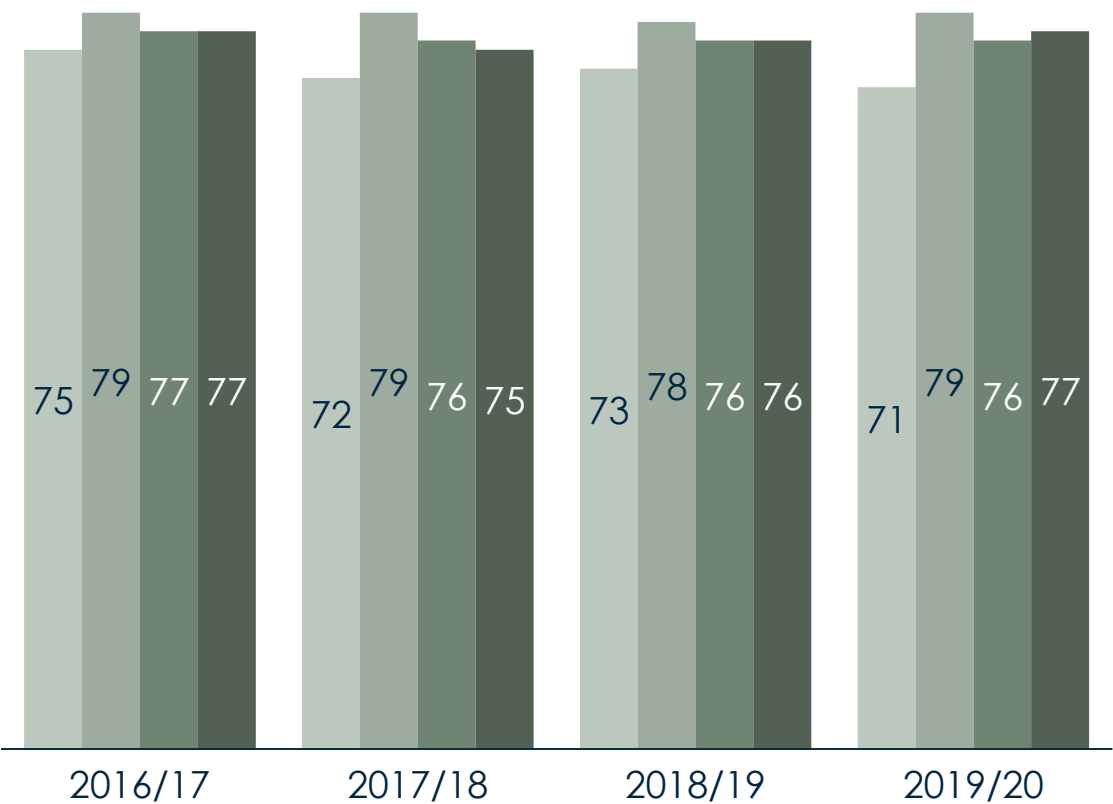
”
38.3 m
SHARES IN ONE
SHARE CLASS

”
DKK 2.8
BN MARKET CAP



Trading days 2016/17 to 2019/20

Q1 Q2 Q3 Q4



Team



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Forward Looking Statements

This presentation contains statements relating to the future, including statements regarding Matas A/S' future operating results, financial position, cash flows, business strategy and plans for the future. The statements can be identified by the use of words such as "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the interim report. Any such statements are subject to risks and uncertainties and a number of different factors, of which many are beyond Matas A/S' control, can mean that the actual development and the actual result will differ significantly from the expectations contained in the interim report. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues.