



# Forward Looking Statements

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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.



# Introduction to Matas



# Matas is the leading Health & Beauty retailer in Denmark

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**# 1**

Health and Beauty retail  
chain in Denmark

**287**

Matas stores – and a web shop  
- across Denmark

**98 %**

awareness  
among women

**~17 m**

visitors on  
Matas.dk in 2015

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**3.4 bDKK**

Revenue in 2015/16

**~1.7 m**

Club Matas members

**>17%**

EBITA Margin in  
2011/12-2015/16

**~23 m**

store visits in 2015/16

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# Our History



# Matas operates with 2 store concepts

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290 stores +  
web shop



Matas  
Concept

**Chain opened in 1949**

The Matas stores sell a broad range of beauty, personal care and health products with focus on a high service level and high value for money

StyleBox  
By Matas

5 stores + 1 Shop in  
Shop + web shop



StyleBox  
Concept

**Chain opened in 2013**

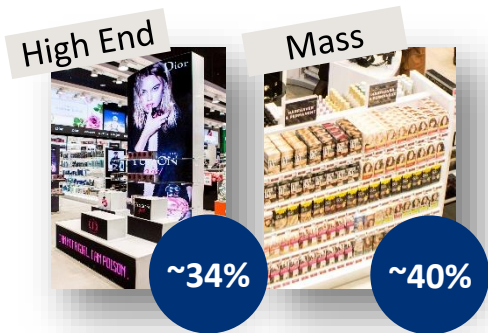
The StyleBox stores sell professional hair care and nail care products, make-up and related treatments with high experience and event focus

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# Matas stores - 4 shop in shops w. high share of private label (2015/16 data)

Beauty shop



Vital shop



Material shop



MediCare shop



Several private labels & exclusive brands (~19% of total sales)



Own brands: Striberne

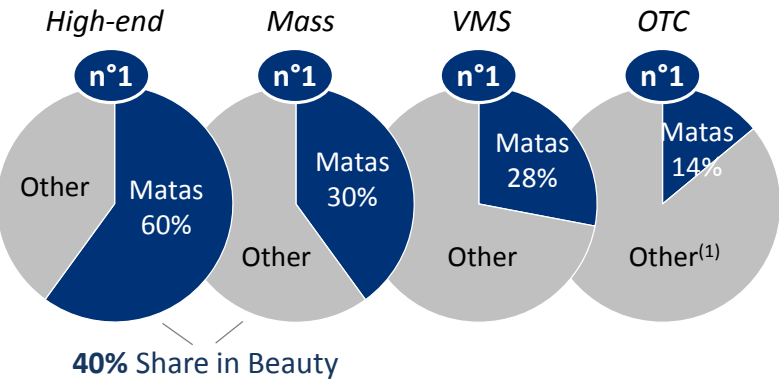


Exclusive brands: Rimmel

# Our Channel and Position

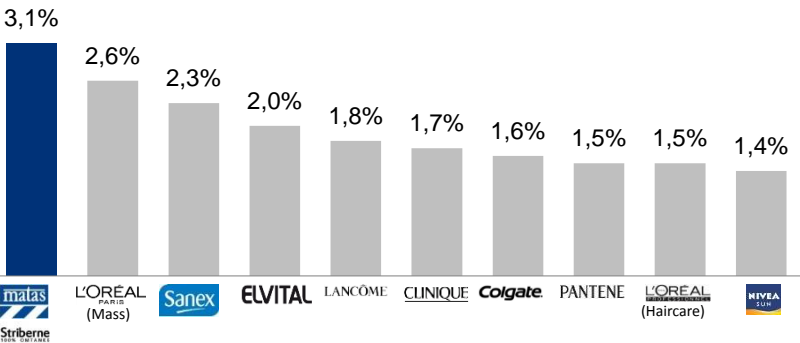
## n°1 Market Position in All Key Segments

Segment Market Share in 2014, %

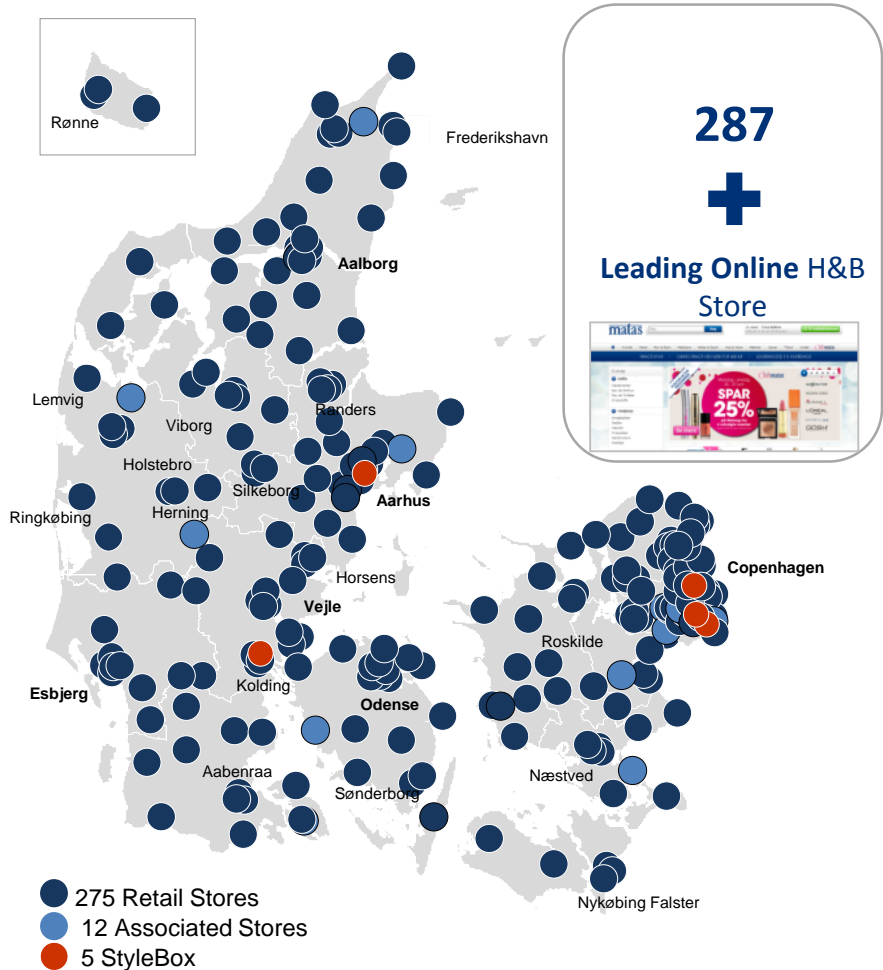


## n°1 Beauty and Personal Care Brand

Market Share in 2012, %



## Unmatched Store Network<sup>(2)</sup>



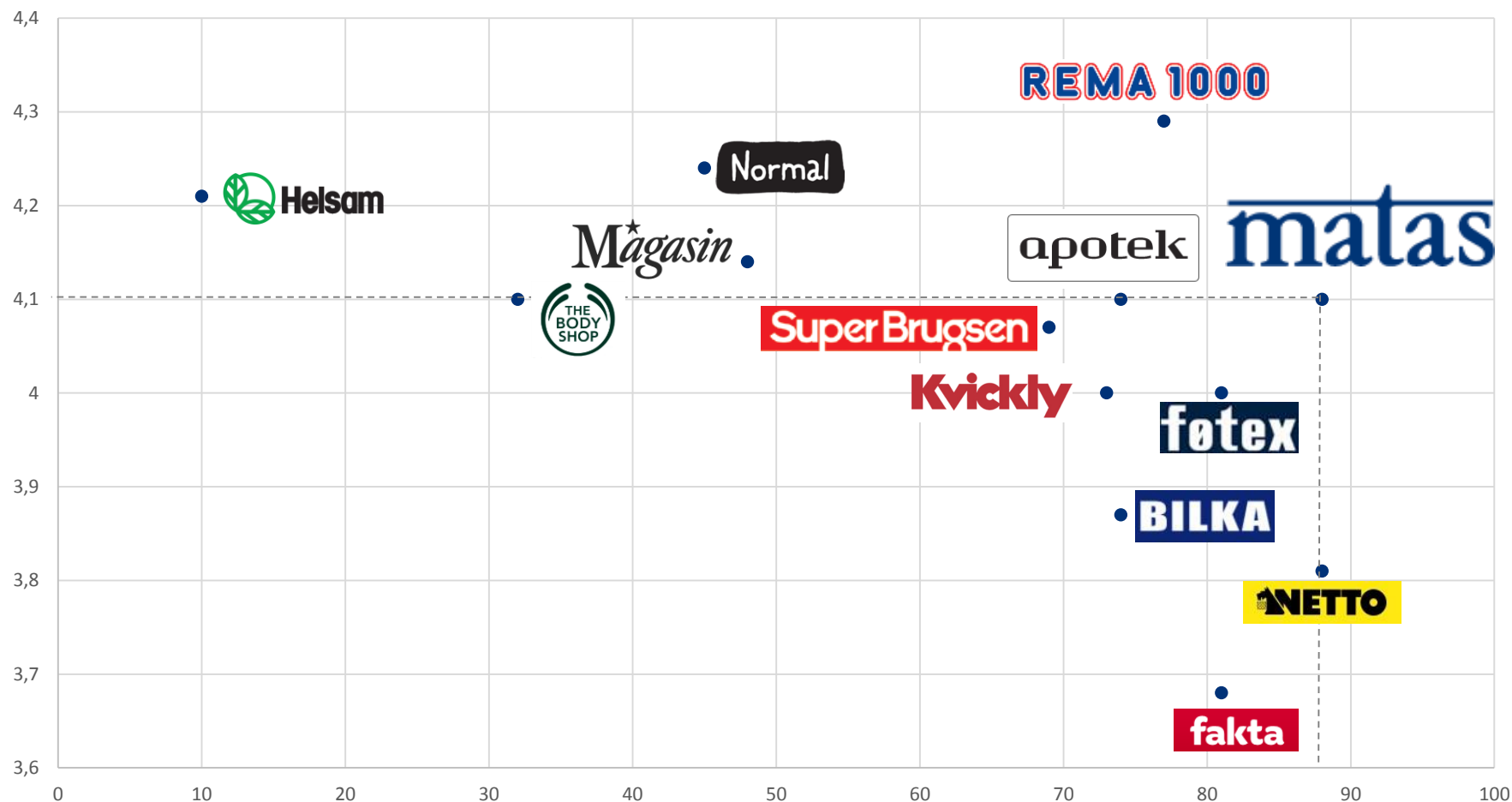
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1. Restrictions on owning more than eight pharmacy locations in Denmark have kept the industry fragmented and no single pharmacist exceeds the 14% market share of Matas  
2. Map shows Matas Store Network at Jan. 2017 including Associated Stores, but excluding the associated store in Nuuk, Greenland, our own retail store in the Faroe Islands. Matas Store Network totals 287 stores, with 275 Danish Retail Stores and 12 Associated Stores



# Our Brand Position

Overall Impression of  
Danish Retail Stores (2016)



% Respondents Who Indicate Good or Very Good  
Knowledge of Retail Chain (2016)

Source: Carat

# More Than Stores: We Are Becomming A True Cross-Channel Retail Retailer

***“Matas will leverage its unique in-store shopping experience and exploit its online and loyalty programs potential to become one of the best cross-channel retailers in the world”***



# Two key focus areas to deliver on strategy

## Customer centricity

Putting the customer in the center in everything we do, through three initiatives

- 1 Customer centric offering
- 2 World class store experience
- 3 Effective pricing & promotions



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## Digital leadership

Taking Matas' digital presence to the next level and ensuring the best customer experience, through two initiatives

- 4 Omni channel leadership
- 5 Full value of Club Matas





Q2 2016/17



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## Highlights Q2 2016/17

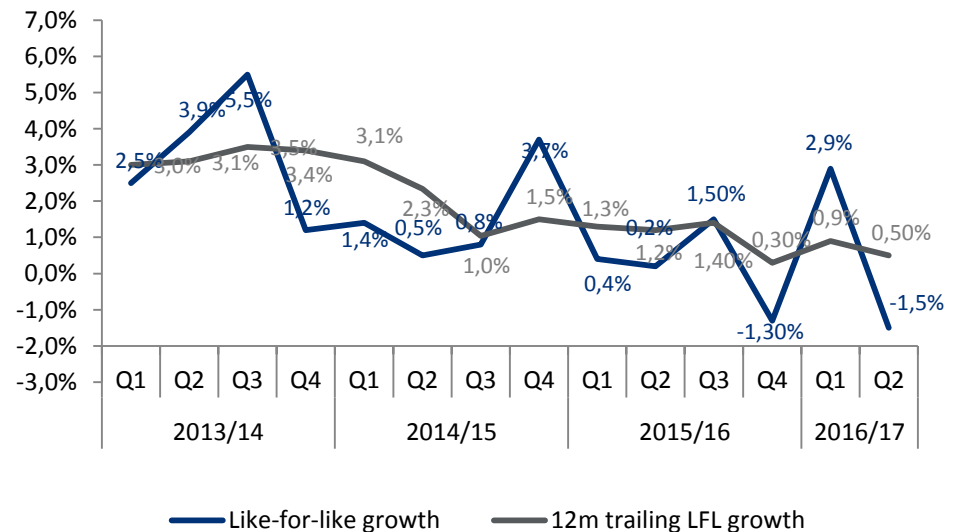
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- Total revenue growth of -1.5% in Q2, and a drop of 1.5% in like-for-like revenue
  - Especially mass beauty showed a disappointing fall in sales
- Intensifying price competition, confined to parts of the mass beauty area, but from both parallel importers and supermarkets
- Gross margin slightly improved to 46.9% in Q2 vs. 46.8% in Q2 last year, but EBITA margin 12.6% vs. 15.7% in Q2 2015/16
  - Impacted by replacing an option programme, and cost of strategy implementation
- Club Matas 3.0 launched – working well with core customers
- Remodelling of top stores ongoing – five stores reopened at end of Q2.
- First shop-in-shop pharmacy and M·A·C shop-in-shop opened in October in Sønderborg
- M·A·C shop-in-shops rolled out in all five StyleBox stores
- Continued dialogue with independent store owners - acquisition of two additional associated store following the quarter

## Poor growth in Q2 2016/17 – intensified mass beauty competition

- Total revenue growth of -1.5% in Q2
- Almost flat development from own retail – but flattered by acquisitions
- Beauty sales down 2.3%, adjusted for acquisitions - High end growing – Mass Beauty falling
- Vital business continues strong growth, 4.2% LFL growth.
- Online sales growth remains very strong

DKK million	2016/17 Q2	2015/16 Q2	Growth	LFL Growth
Beauty	542	546	-0.7%	-2.3%
Vital	93	88	5.6%	4.2%
Material	68	70	-3.9%	-5.1%
MediCare	48	47	1.8%	0.6%
Other	7	6	10.2%	NM
<b>Total revenue from own retail stores</b>	<b>757</b>	<b>757</b>	<b>-0.1%</b>	
Sales of goods to associated stores etc.	15	26	-43.6%	-
<b>Total revenue</b>	<b>772</b>	<b>783</b>	<b>-1.5%</b>	-

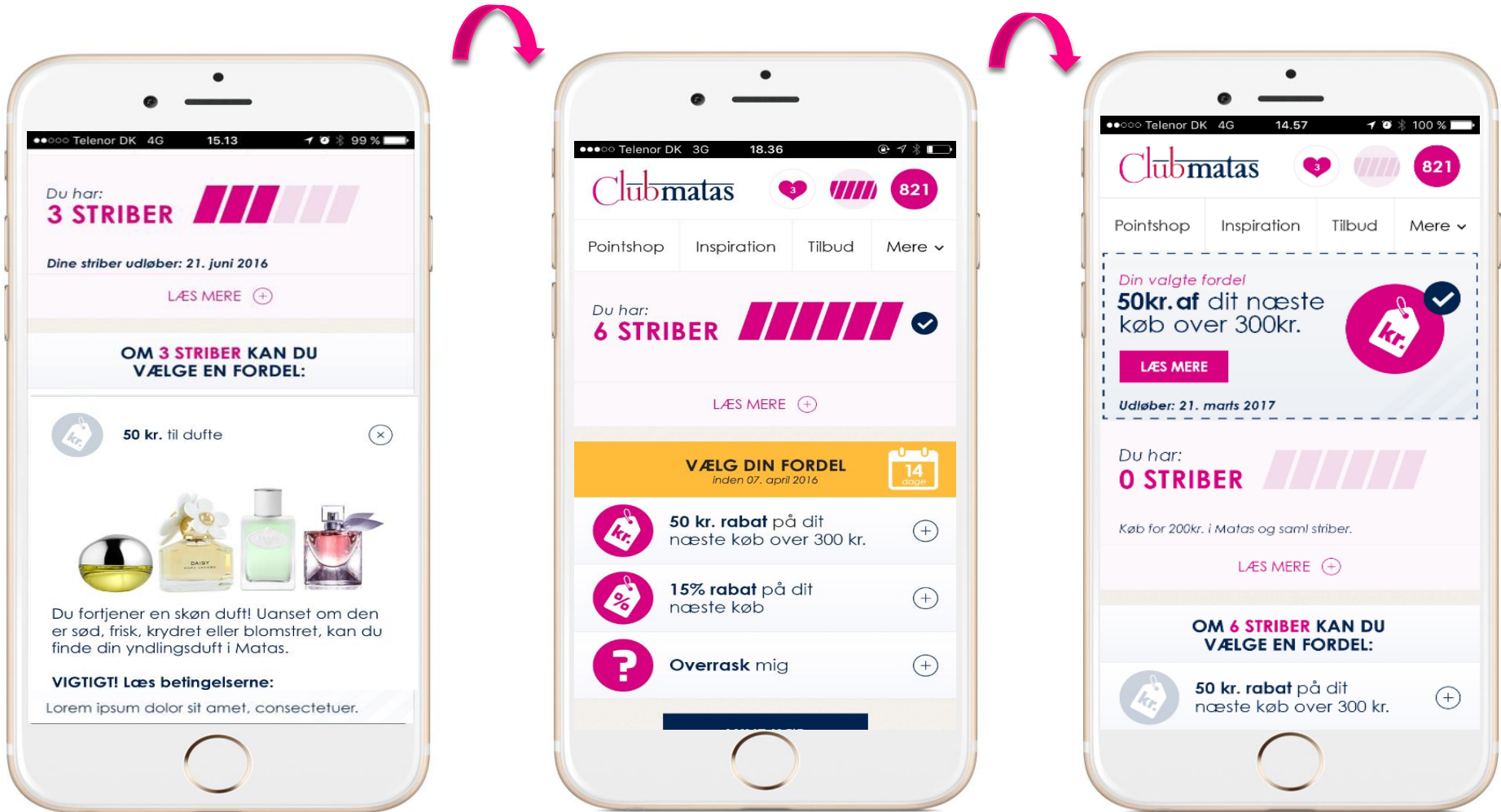


# Competitive landscape

- Increased competition in mass beauty – Normal and supermarkets
- The major impact of Normal's growth appears to be:
  - Expanding the overall market
  - Declining personal care market share for supermarkets
- ⇒ Intensifying the already fierce price competition in certain areas mass beauty
- Matas has lost sales to less frequent, low basket customers
- Matas wishes to continue offering all customers, including the very price sensitive, a competitive offering in mass beauty.



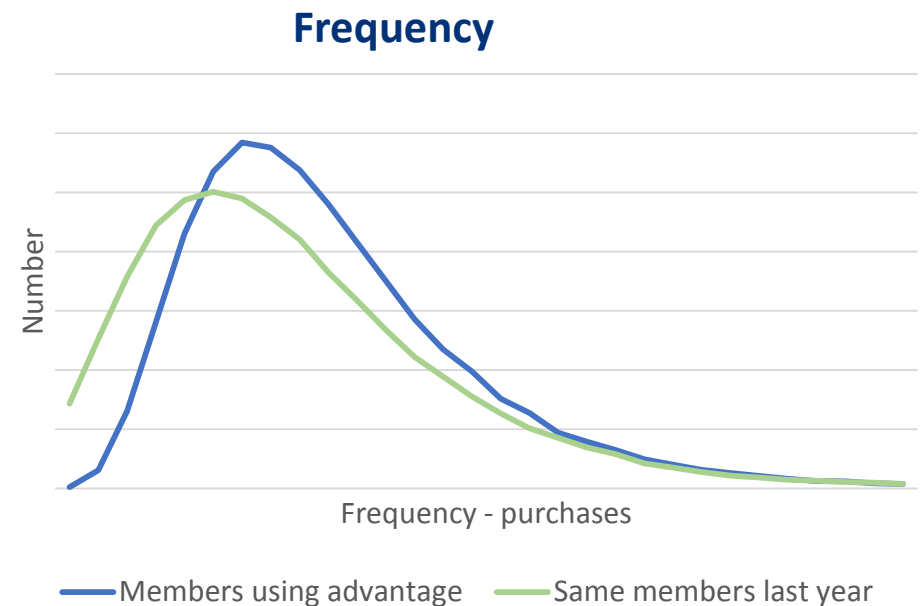
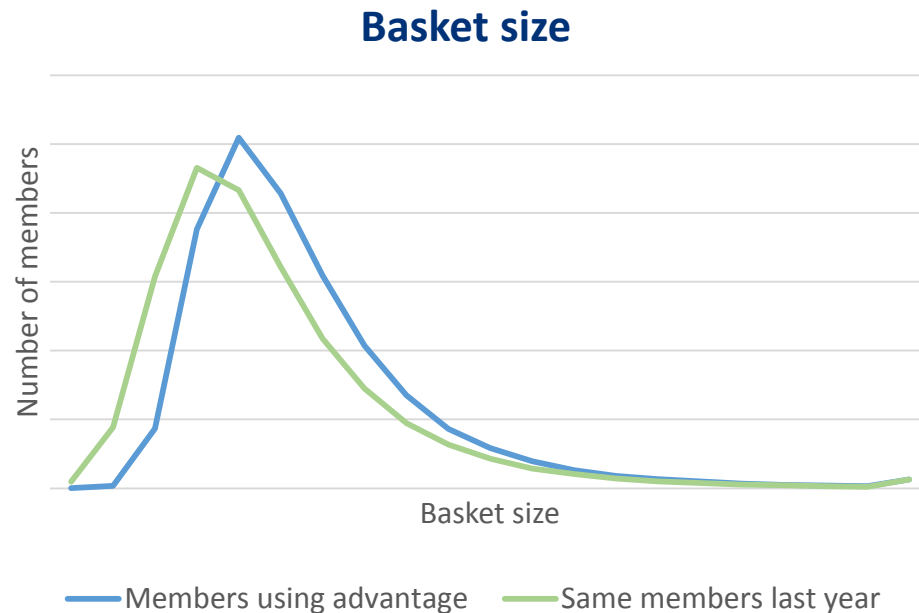
## Club Matas 3.0 - the app





# Club Matas 3.0. – Encouraging results among members who engage with the program

- Members who have used an advantage (i.e. have reached six stripes) = spent 1,200 DKK have higher basket and frequency than last year.



## M·A·C shop-in-shops

MAC

- Matas has opened M·A·C shop-in-shops in five StyleBox and one Matas stores
- With only one months sales data for the first M·A·C shop-in-shop, the data is of course preliminary, but very encouraging



## Shop-in-shop pharmacy – successful opening

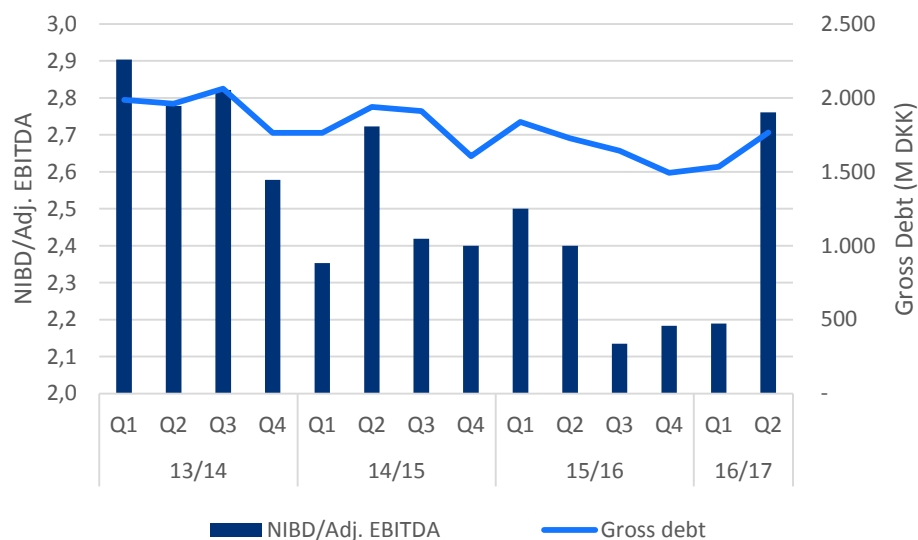
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- In early October, Matas opened the first shop-in-shop pharmacy in our new big Matas store in Sønderborg.
- The data for the first month's trading is very solid
- Sales data will be further analysed to decide the on future pharmacy openings.



# Capital Structure

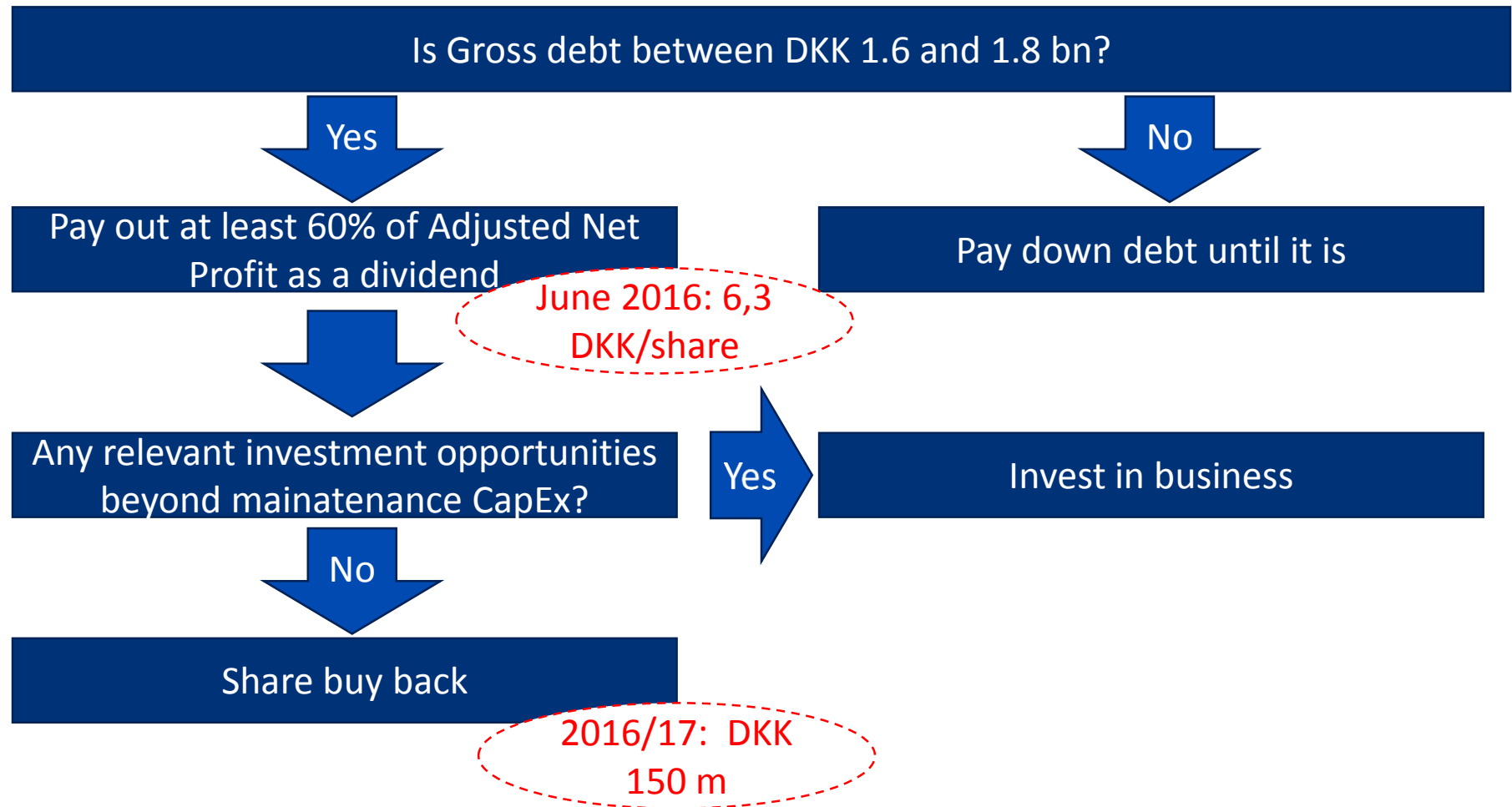
- Gross debt of DKK 1.767 bn on 30 September 2016 – inside target range of DKK 1.6-1.8 bn.
- Dividend paid in Q2 and earlier buyback lifted gross debt in the quarter
- Q3 cash flow normally seasonally strong



Target	
<b>Capital Structure</b>	
Gross debt level	DKK 1,600 - 1,800m
<b>Dividend and share buy-back</b>	
Dividend pay-out ratio	At least 60% of Adjusted net profit
Share buyback	Distribution of excess cash through share buybacks



## Cash return policy unchanged



## 2016/17 Guidance

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	Guidance 2016/17 9 November 2016	Previous Guidance	Realised 2015/16
<b>Revenue</b>			
Like-for-like growth assumption	"0-2%"	"1-3%"	0.3%
<b>Earnings</b>			
EBITA margin	"around 16%"	"slightly below 17%"	17.2%
<b>Investments</b>			
Capex	"around DKK 90-100 mill".*	"around DKK 90-100 mill".*	DKK 70 mill.

\*Excluding acquisition of stores

## Cost programme

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- Given the unsatisfactory development in the EBITA margin, Matas has decided to initiate a cost reduction programme
- The programme will be phased in in Q4 2016/17, and is expected to have a full effect in Q1 2017/16
- The cost reduction plans are not yet finalised but are expected to amount to DKK 25-30m
- Cost initiatives expected to include:
  - Printed marketing layout and production process
  - Taking the development and operation of Club Matas fully inhouse
  - Other initiatives

## Q&A

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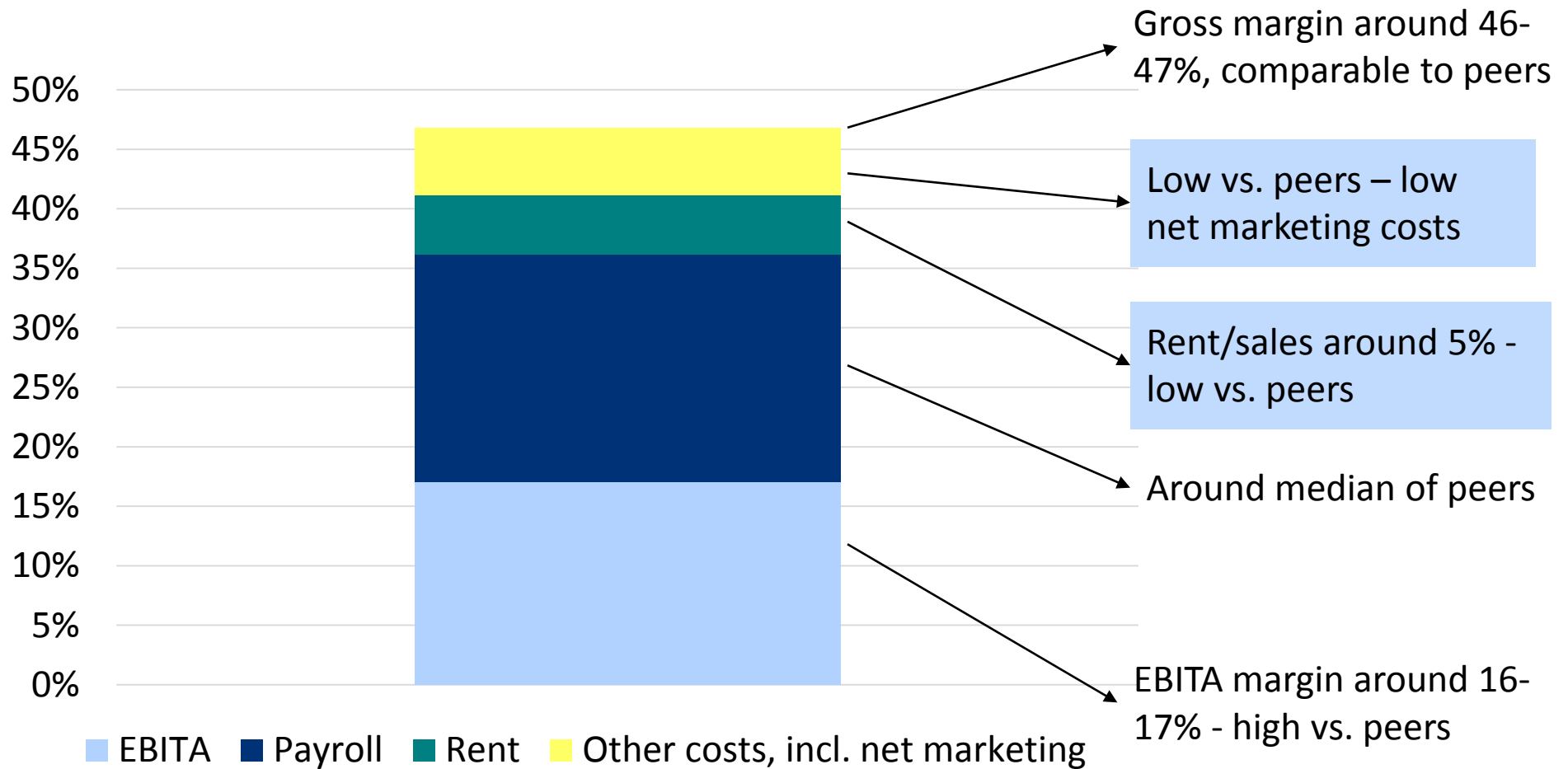
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# Our Competition

	Selective/ High End Beauty	Mass Beauty	Vital	Material	Medicare	Comment
<b>matas</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
Department stores	X					9 outlets in Denmark, limited potential for new locations
Food retailers		X	(X)	(X)	(X)	Share of beauty/personal care decreasing
Online	(X)	(X)	(X)	(X)	(X)	Growing, but a limited channel and with limited depth of product range
Pharmacies			(X)		X	Very fragmented market
Parallel Importers		X				Rapid store opening program - about 70 stores today
New players/foreign entrants	(X)		(X)			Several with limited success
Independents/small chains	(X)		X	(X)	(X)	Very fragmented market
Travel retail	X					

## High profitability vs. peers

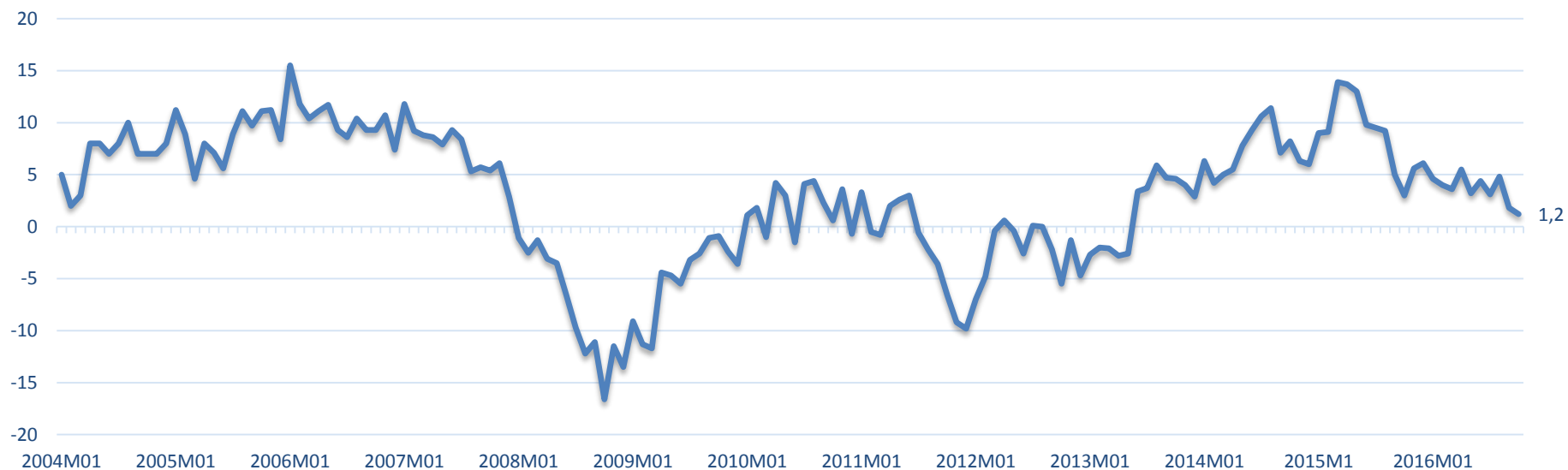


## Strong and Stable Cash Flow Generation

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	FY	FY	FY	FY	FY	FY
Adj. EBITDA	530	580	605	630	661	652
Change in inventory	15	71	-52	38	-55	-1
Change in receivables	-2	-12	-11	35	29	-2
Change in trade and other payables	-12	63	91	-1	-16	97
<b>Total change in net working capital</b>	<b>1</b>	<b>122</b>	<b>28</b>	<b>72</b>	<b>-42</b>	<b>95</b>
Capex	-41	-54	-49	-62	-51	-70
<b>Adj. pre-tax cash flow</b>	<b>490</b>	<b>648</b>	<b>584</b>	<b>640</b>	<b>567</b>	<b>677</b>
Cash conversion	92%	112%	97%	102%	86%	104%
Net debt / EBITDA	4.7x	3.6x	2.9x	2.6x	2.4x	2.2x

# Danish Consumer Confidence Indicator

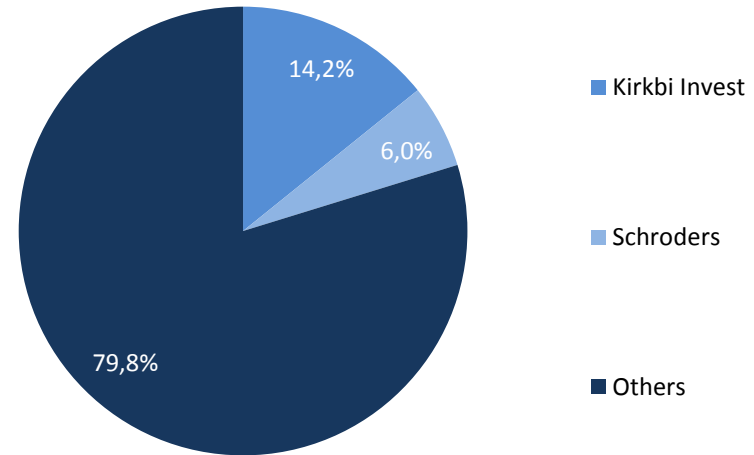
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# The Matas share

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- Listed on NASDAQ OMX 28 June 2013
- 39.3m shares in one share class
- 100% free float
- Market capitalization DKK 3.9 bn (USD ~600m)



## Contact investor relations:

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