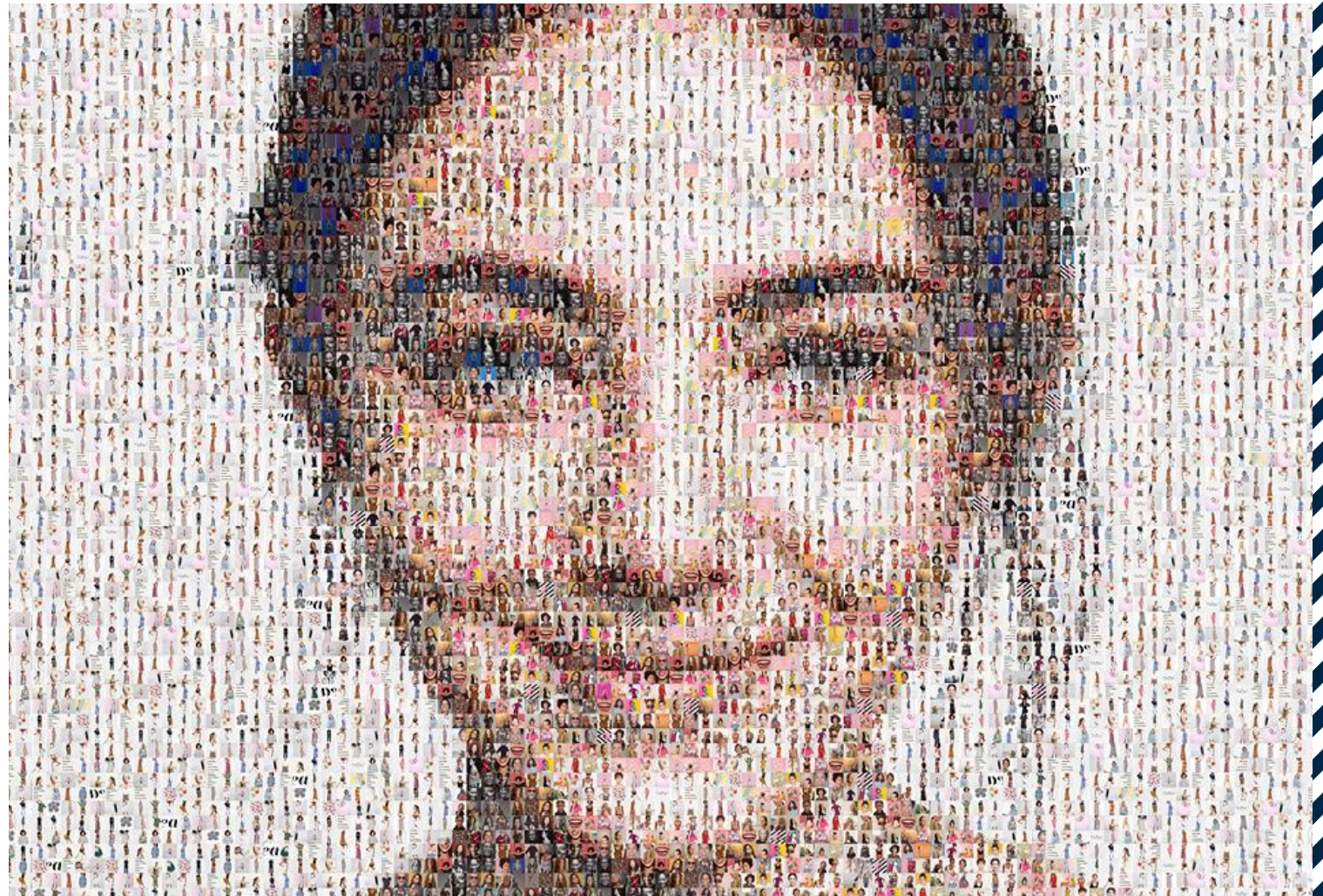


# Interim Report H1 2019/20

## Growth and stable earnings

30 October 2019

**matas**  
SKØNNERE SAMMEN



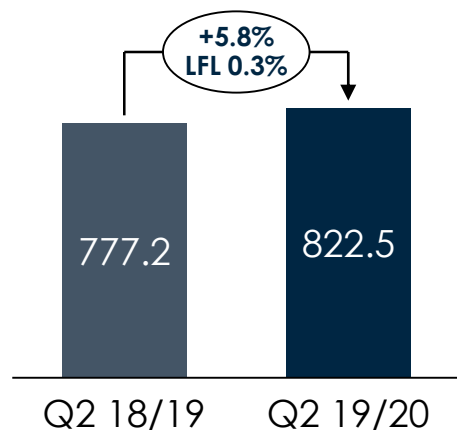
# Highlights Q2 2019/20

- ✓ **Topline** growth of **5.8%**
- ✓ **LFL** growth of **0.3%**
- ✓ **Stable earnings** at **DKK 107.4 m** (Q2 2018/19: DKK 108.6 m)
- ✓ **Gross margin** stable at 44.7% including normalisation from Kosmolet (Q2 2018/19: 44.9%)
- ✓ 6 consecutive quarters with **matas.dk** growing **50%** or more
- ✓ Rollout plan for new store concept '**Matas Life**' based on test results
- ✓ **Narrowed range for 2019/20 guidance** for topline and LFL, **lower CAPEX** guidance

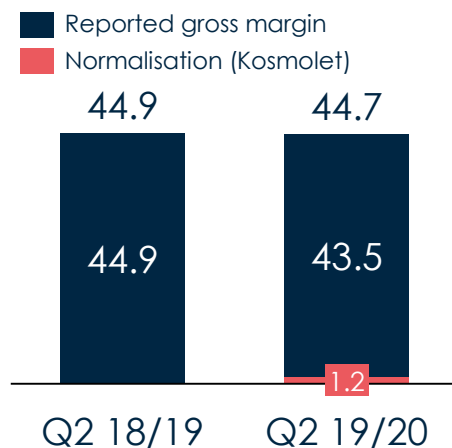
\* EBITDA before exceptional items and before effects of IFRS 16

# Overview: Q2 2019/20 vs. Q2 2018/19

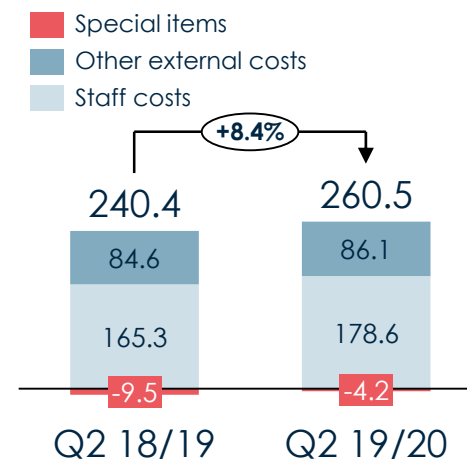
Revenue (DKK m)



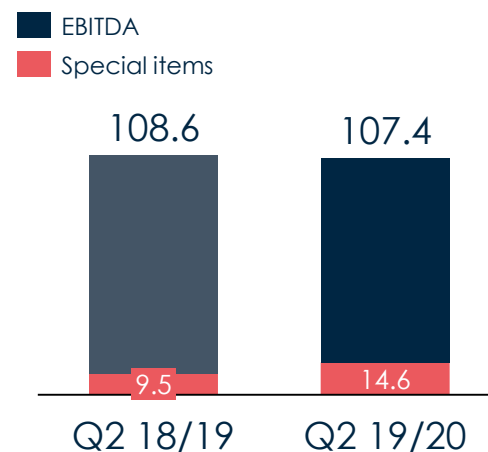
Gross margin (%)



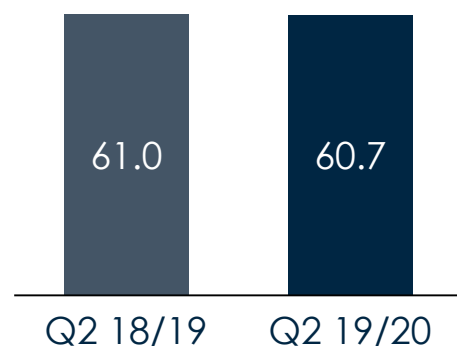
Cost\* (DKK)



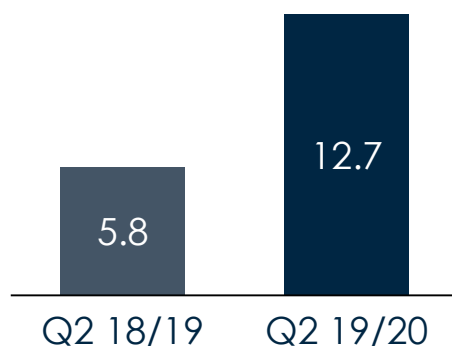
EBITDA\* b. sp. items/norm. (DKK m)



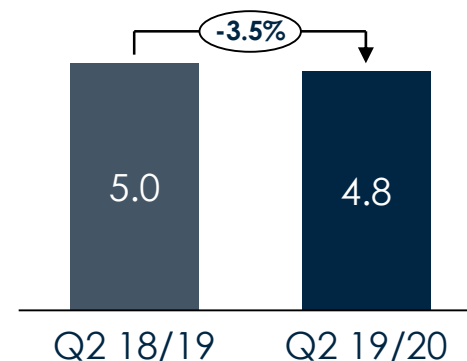
Adj. net profit\* (DKK m)



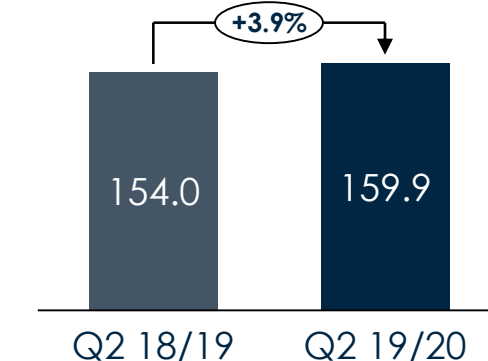
Free cash flow\* (DKK m)



Transactions (# m)



Basket size (DKK)



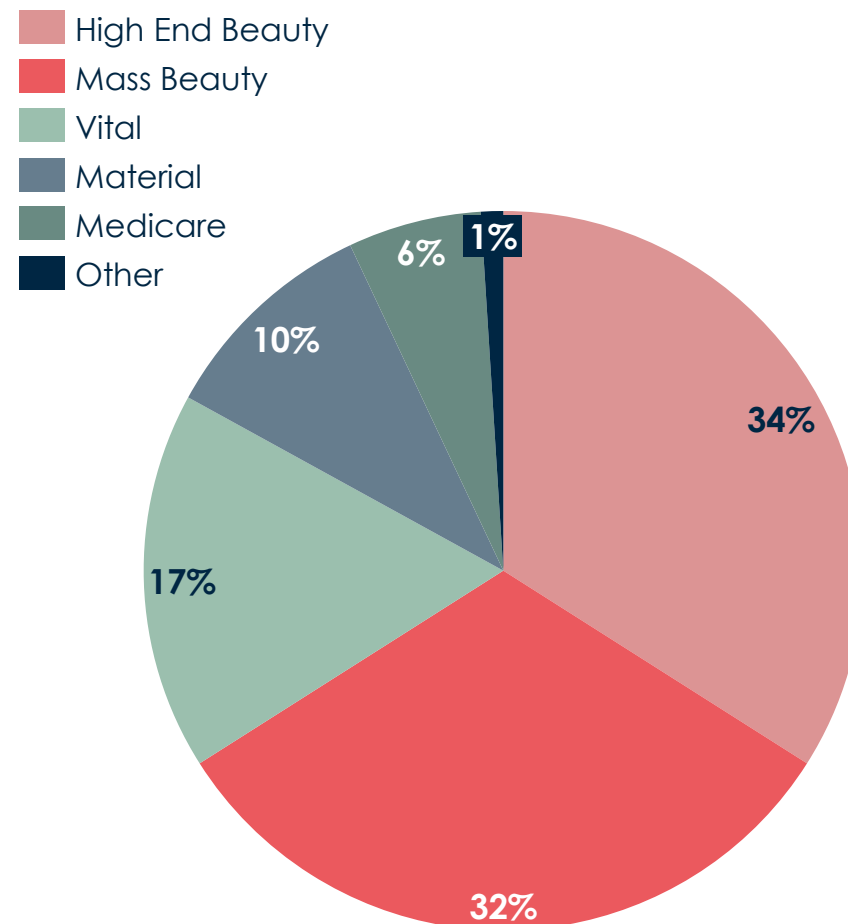
\* Before effect from IFRS 16.



# Revenue development by category: Q2 2019/20 vs. Q2 2018/19

Revenue DKK million	2019/20 Q2	2018/19 Q2	Growth Q2 vs Q2
High-End Beauty	278	264	5.0%
Mass Beauty	268	263	2.0%
Vital	136	105	29.6%
Material	82	86	-4.1%
MediCare	48	47	2.5%
Other	3	3	-18.2%
<b>Total retail sales (own store and webshops)</b>	<b>815</b>	<b>768</b>	<b>6.1%</b>
Wholesale sales etc. (incl. Kosmolet)	8	9	-16.2%
<b>Total revenue</b>	<b>823</b>	<b>777</b>	<b>5.8%</b>

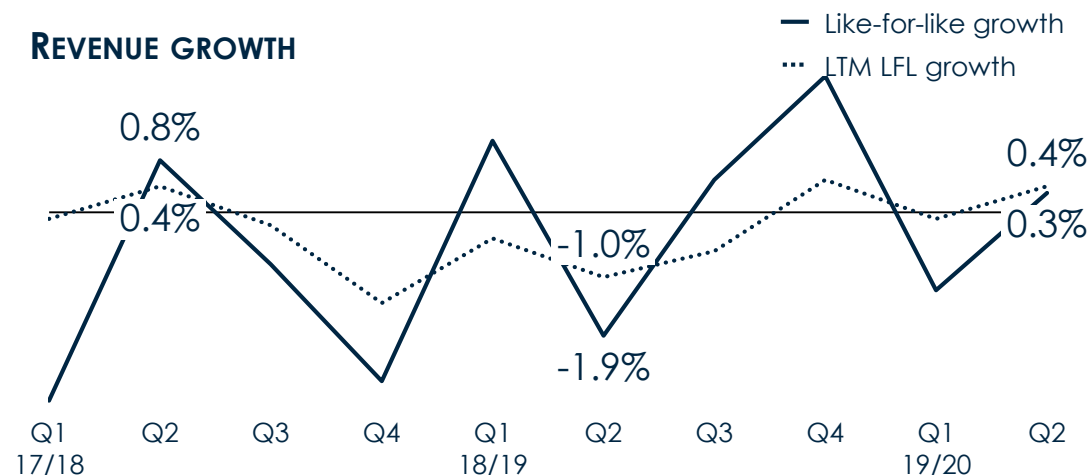
Distribution of retail sales revenues Q2 2019/20



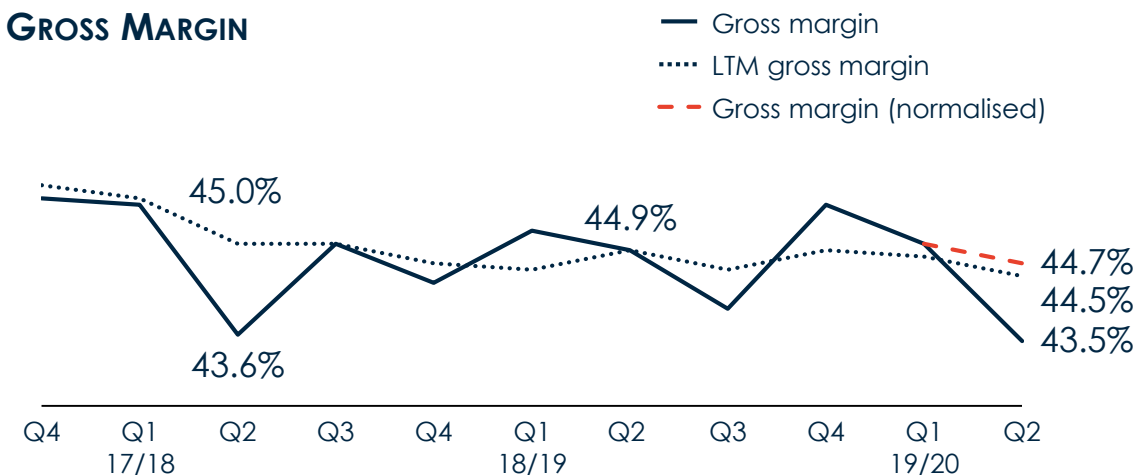
matas

# Long term trends in Sales, Gross Margin, EBITDA (margin and DKK)

## REVENUE GROWTH

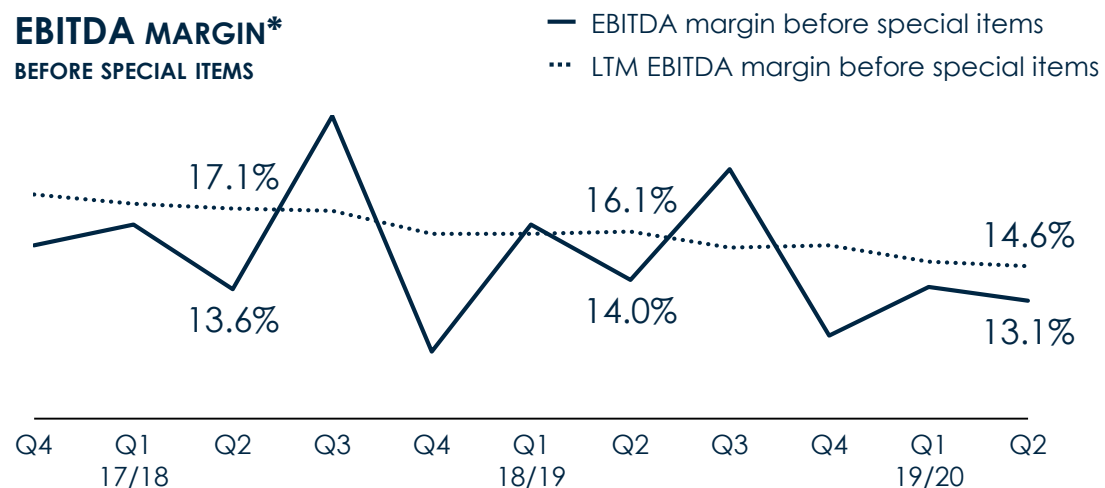


## GROSS MARGIN



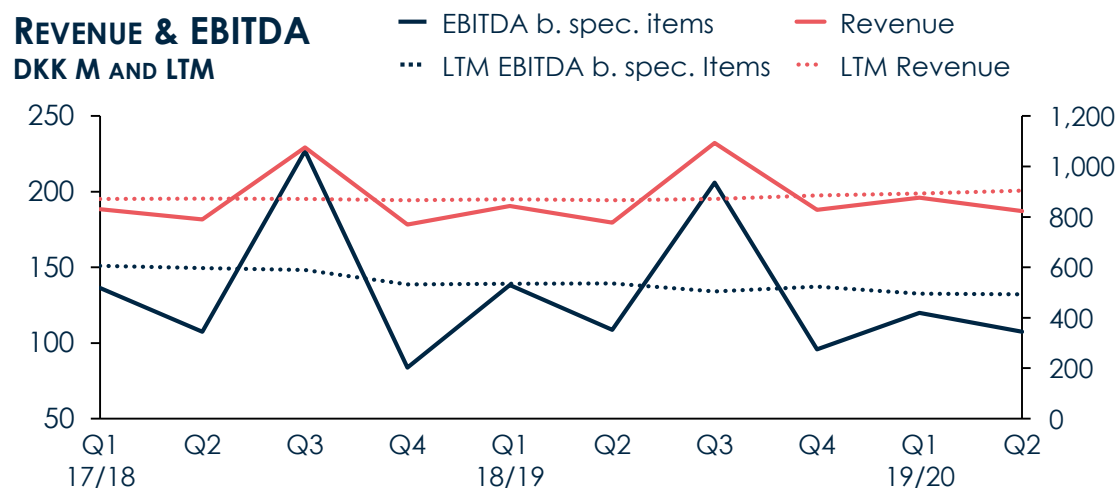
## EBITDA MARGIN\*

BEFORE SPECIAL ITEMS



## REVENUE & EBITDA

DKK M AND LTM



\* Before effect from IFRS 16.

# Cash flow, working capital and inventories

## Cash flow and working capital developments

- Cash generated from operations, including changes to working capital, increased DKK 16 m
- CAPEX increased DKK 3 m due to investments in Matas Life, a new webshop warehouse and online investments
- As a result, Free cash flow rose DKK 7 m to DKK 6 m

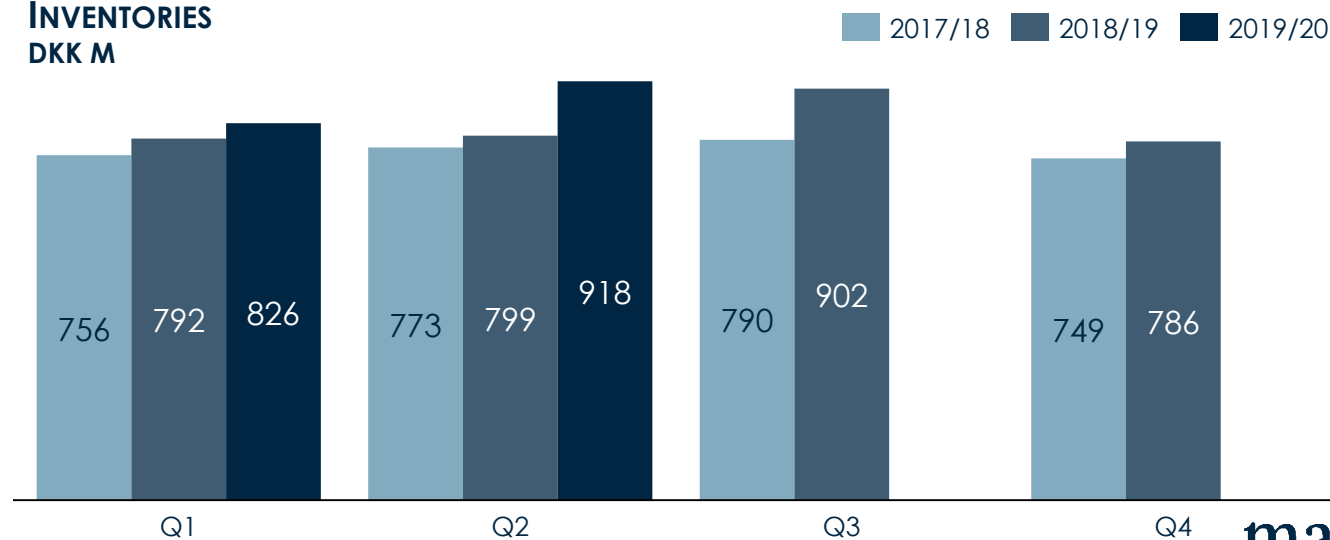
## Inventories

- Approximately DKK 75 m in inventory increase from Firtal, Kosmolet and new webshop in Humlebæk compared to end-Q2 2018/19

DKK million	Q2 2019/20 Post IFRS 16	Q2 2019/20 Pre IFRS 16	Q2 2018/19 Pre IFRS 16	Change YoY
<b>Cash from operations*</b>	<b>109.0</b>	<b>62.8</b>	<b>46.6</b>	16.2
Paid interest and taxes	-5.6	-5.6	-4.6	-1.0
<b>Cash flow from operating act.</b>	<b>103.4</b>	<b>57.2</b>	<b>42.0</b>	<b>15.2</b>
CAPEX	-39.1	-39.1	-36.2	-2.9
Acquisitions of securities/ inv.	-5.4	-5.4	0.0	-5.4
<b>Cash flow from investing act.</b>	<b>-44.5</b>	<b>-44.5</b>	<b>-36.2</b>	<b>-8.3</b>
<b>Free cash flow</b>	<b>58.9</b>	<b>12.7</b>	<b>5.8</b>	<b>6.9</b>

\* Including changes to working capital.

## INVENTORIES DKK M



matas

# Strategic progress in Q2 2019/20

1

## Live our purpose

Beauty & Wellbeing for life

2

## Win online

From top 3 to undisputed market leader

3

## Reignite store growth

Renew & consolidate store footprint

4

## Open new growth paths

New revenue streams

5

## Change how we work

Cost savings & efficiency gains



matas

# Win online 2023 ambition: From top 3 to undisputed market leader

## Step 1: Fuelling matas.dk and Matas' market leading omnichannel proposition

- ✓ No. 1 in Beauty & Wellbeing
- ✓ 54% growth on matas.dk in 2018/19
- ✓ 59% growth on matas.dk in H1 2019/20
- ✓ Significantly outgrowing market pace of ~20-25% growth

## Step 2: Acquisition of Firtal completed

- ✓ Performance as expected in investment case
- ✓ Synergies realisation on track
- ✓ No. 1 in Vital space

## Next phase: We aim for undisputed market leadership

- Increased investments in organic growth in both Matas and Firtal
- Potentially bolt on acquisitions of limited size and with short term payback
- Higher CAPEX allocation than expected



# Reignite store growth: Renew & consolidate store footprint

## First evaluation of Matas Life test rollout

### **Matas Life test stores**

- ✓ 10 Matas Life test stores opened from March to July
- ✓ Five additional stores opened in October

### **Evaluation on three parameters**

- Customer response (qualitative and quantitative)
- Footprint and market assessment
- Financials



## Renew & consolidate store footprint

### *Initial conclusions*

### **Store mergers, relocations and expansion**

- Solid financials from full Matas Life openings
- Landlord co-financing required
- Increased consolidation is a priority

=> CAPEX allocation as expected

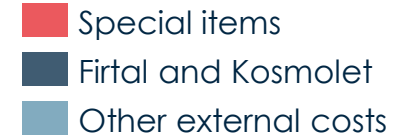
### **1:1 store upgrades**

- Good case in specific store types and locations
- Landlord co-financing required
- Continuous facelift/maintenance at lower CAPEX per store

=> Lower CAPEX allocation than expected

**Seven additional Matas Life stores planned for Q3 2019/20 and up to 10 stores in Q4 2019/20**

# Change how we work: Cost savings & efficiency gains



## Cost drivers

- ↓ Cost efficiency actions completed, securing underlying cost lower in Q2 2019/20 than in Q2 2018/19
- ↑ Added cost from Firtal and Kosmolet
- ↑ Continued fuelling of matas.dk
- ↑ Cost inflation

## Q2 2019/20

Permanent reductions in underlying cost base compared to Q2 2018/19

Efficiency in

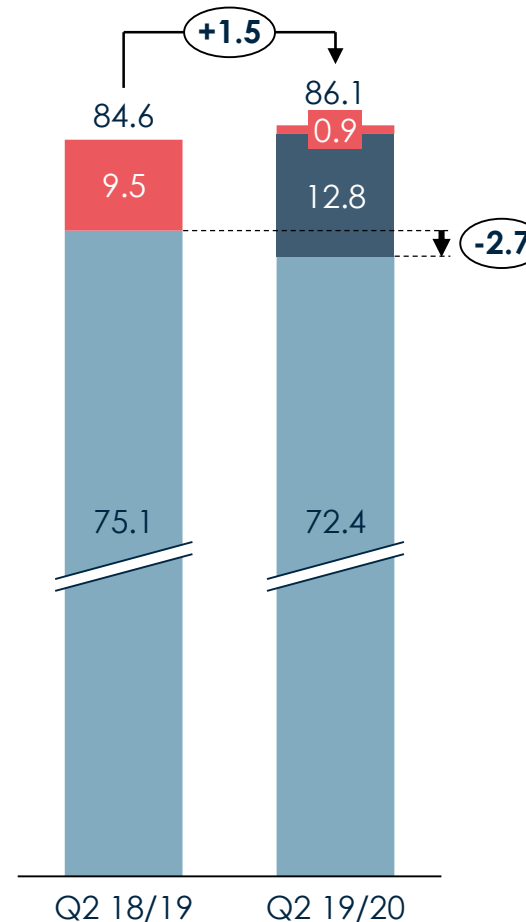
- store to reflect LFL development
- HQ via process optimisation + work smarter

## H2 2019/20

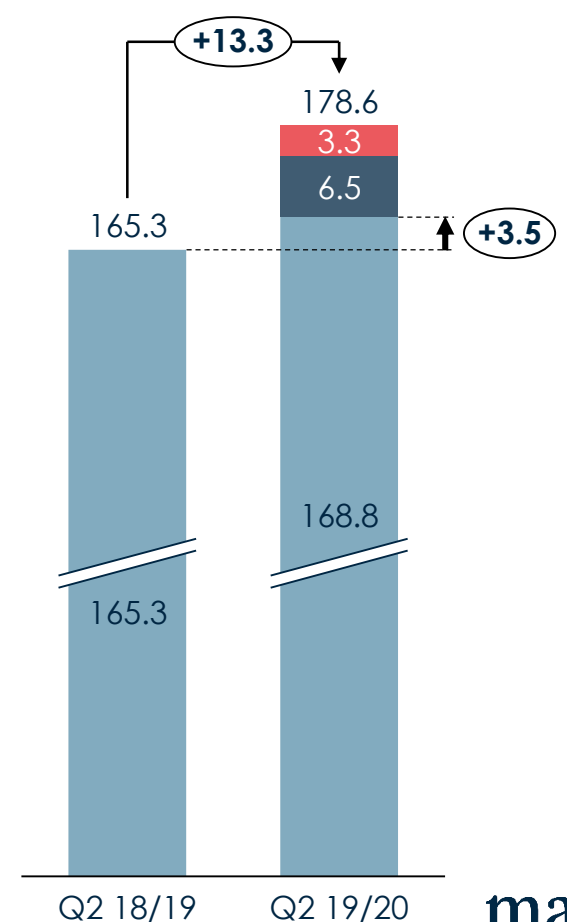
Positive effects will continue in H2 2019/20

**Cost efficiency actions will have an EBITDA effect on FY 2019/20 approximately DKK 25 m**

**Other external costs**  
(DKK m)



**Staff costs**  
(DKK m)



# Financial targets for 2019/20

- Overall revenue growth of 3.5 – 5.5% *(previously 3.5 – 6.5%)*
- Underlying (like-for-like) revenue growth of 0.5 – 1.5% *(previously 0.5 – 2.5%)*
- EBITDA\* margin before special items of 14 – 15% *(unchanged)*
- CAPEX of DKK 150 – 170 m *(previously DKK 200 – 220 m)*

The financial targets are presented inclusive of the full-year effects of Firtal and Kosmolet.

The financial targets for 2019/20 is based on assumptions of slightly growing customer demand for beauty, health and personal care products, a continuing decline in physical store footfall and persistently intensive competition in the beauty, health and personal care market.

\* Before effects of IFRS 16

# Appendix





# The Matas Group – the No 1 Danish Health & Beauty retailer

”  
**2,180**  
FTE'S

”  
**21** million  
TRANSACTIONS  
IN 2018/19

”  
**275**  
STORES IN  
DENMARK\*

”  
DKK **159.9**  
BASKET SIZE

”  
**12**% OF  
REVENUE FROM  
ONLINE\*\*



Numbers for Q2 2019/20 or end-Q2 2019/20 unless stated otherwise.

\* Includes one store in Greenland. \*\* Includes revenue from Firtal for the period 13 November 2018 to 30 September 2019 and revenue from Kosmolet from 11 June to 30 September 2019.

**matas**

# Key figures for Q2 2019/20

## Comments

- 5.8% revenue growth
  - **Beauty** (66.3% of total sales) increased 3.5%
    - High-end beauty (33.7% of total sales) increased 5.0%
    - Mass beauty (32.6% of total sales) increased 2.0%
  - **Vital** increased 29.6%
  - **Material** decreased 4.1%
  - **Medicare** increased 2.5%
  - **Other and Wholesale etc.** decreased
- Gross profit increased DKK 8 m or 2.4%, driven by higher sales

	Q1 2019/20	Q2 2019/20	Q2 2018/19	Growth
DKK million	Post IFRS 16	Pre IFRS 16	Pre IFRS 16	YoY
<b>Revenue</b>	<b>822.5</b>	<b>822.5</b>	<b>777.2</b>	<b>5.8%</b>
<b>Gross profit</b>	<b>357.5</b>	<b>357.5</b>	<b>349.0</b>	<b>2.4%</b>
Other external costs	39.9	86.1	84.6	1.8%
Staff costs	178.6	178.6	165.3	8.0%
<b>EBITDA</b>	<b>139.0</b>	<b>92.8</b>	<b>99.1</b>	<b>-6.4%</b>
Amortisation and depreciation	93.3	46.3	43.2	7.2%
<b>Operating profit (EBIT)</b>	<b>45.7</b>	<b>46.5</b>	<b>55.9</b>	<b>-16.8%</b>
Net financials	-10.2	-6.4	-5.0	28.0%
<b>Profit before tax</b>	<b>35.5</b>	<b>40.1</b>	<b>50.9</b>	<b>-21.2%</b>
Tax on profit for the period	9.5	9.5	14.3	-33.6%
<b>Profit for the period</b>	<b>26.0</b>	<b>30.6</b>	<b>36.6</b>	<b>-16.4%</b>
Special items	14.6	14.6	9.5	
<b>EBITDA before special items</b>	<b>153.6</b>	<b>107.4</b>	<b>108.6</b>	<b>-1.1%</b>
<b>Adjusted net profit</b>	<b>56.1</b>	<b>60.7</b>	<b>61.0</b>	<b>-0.4%</b>
Gross margin	43.5%	43.5%	44.9%	
EBITDA margin	16.9%	11.3%	12.8%	
<b>EBITDA margin before special items</b>	<b>18.7%</b>	<b>13.1%</b>	<b>14.0%</b>	
Diluted earnings per share, DKK	0.68	0.80	0.97	-17.9%
Tax rate	<b>26.7%</b>	<b>23.7%</b>	<b>28.1%</b>	

# Quarterly income statement for 2018/19 and 2019/20

DKK million	2019/20 Post IFRS 16 Q2	2019/20 Pre IFRS 16 Q2	2019/20 Q1	2018/19 Q4	2018/19 Q3	2018/19 Q2	Growth Pre IFRS 16 Q2 vs Q2
<b>Revenue</b>	<b>823</b>	<b>823</b>	<b>876</b>	<b>828</b>	<b>1,093</b>	<b>777</b>	<b>5.8%</b>
<b>Gross profit</b>	<b>358</b>	<b>358</b>	<b>394</b>	<b>377</b>	<b>481</b>	<b>349</b>	<b>2.4%</b>
<i>Gross margin</i>	<b>43.5%</b>	<b>43.5%</b>	<b>45.0%</b>	<b>45.6%</b>	<b>44.0%</b>	<b>44.9%</b>	
Other external costs	40	86	94	101	96	85	1.8%
Staff costs	179	179	183	184	180	165	8.0%
<b>EBITDA</b>	<b>139</b>	<b>93</b>	<b>117</b>	<b>93</b>	<b>205</b>	<b>99</b>	<b>-6.4%</b>
Amortisation and depreciation	93	46	44	43	42	43	7.2%
<b>Operating profit</b>	<b>46</b>	<b>47</b>	<b>73</b>	<b>49</b>	<b>163</b>	<b>56</b>	<b>-16.8%</b>
Net financials	10	6	6	6	6	5	28.0%
<b>Profit before tax</b>	<b>36</b>	<b>40</b>	<b>67</b>	<b>43</b>	<b>157</b>	<b>51</b>	<b>-21.2%</b>
Tax on profit for the period	10	10	15	10	35	14	-33.6%
<b>Profit for the period</b>	<b>26</b>	<b>31</b>	<b>52</b>	<b>33</b>	<b>122</b>	<b>37</b>	<b>-16.4%</b>
Diluted Earnings per share, DKK	0.68	0.80	1.36	0.87	3.21	0.97	-17.9%
EBITDA margin	16.9%	11.3%	13.4%	11.2%	18.7%	12.8%	
Special items	15	15	3	3	1	9	
<b>EBITDA before special items</b>	<b>154</b>	<b>107</b>	<b>120</b>	<b>96</b>	<b>206</b>	<b>109</b>	
<b>EBITDA margin before special items</b>	<b>18.7%</b>	<b>13.1%</b>	<b>13.7%</b>	<b>11.6%</b>	<b>18.8%</b>	<b>14.0%</b>	
Tax rate	24.7%	23.7%	22.5%	23.1%	22.0%	28.1%	
<b>Adjusted net profit</b>	<b>56</b>	<b>61</b>	<b>72</b>	<b>53</b>	<b>140</b>	<b>61</b>	<b>-0.4%</b>

# Strong online growth continues in Q2 2019/20

**Q2 ONLINE REVENUE\* IN % OF TOTAL REVENUE**  
**12.0%** IN Q2 2019/20  
**4.6%** IN Q2 2018/19

**MATAS.DK IN Q2 2019/20**  
**53%** GROWTH FROM Q2 2018/19  
**6.5%** OF TOTAL REVENUE

Online revenue* (% of total revenue)	Q2 2019/20	Q2 2018/19	YoY growth
matas.dk	6.5%	4.6%	53%
Firtal	5.5%	-	-
<b>Matas Group</b>	<b>12.0%</b>	<b>4.6%</b>	<b>180%</b>

Online revenue* (% of total revenue)	Q1 2019/20	Q1 2018/19	YoY growth
matas.dk	5.9%	3.7%	67%
Firtal	5.0%	-	-
<b>Matas Group</b>	<b>10.9%</b>	<b>3.7%</b>	<b>207%</b>

Online revenue* (% of total revenue)	H1 2019/20	H1 2018/19	YoY growth
matas.dk	6.3%	4.1%	59%
Firtal	5.2%	-	-
<b>Matas Group</b>	<b>11.5%</b>	<b>4.1%</b>	<b>192%</b>

\* Includes revenue from Firtal for the period 13 November 2018 to 30 September 2019 and revenue from Kosmolet A/S from 11 June to 30 September 2019.



# Underlying revenue (like for like) calculations

## Like for like assumptions

- A store is part of the LFL calculation after 13 months
- matas.dk is counted as one store in LFL
- New stores are included in LFL after 13 months
- Firtal will be included in LFL from December 2019 (4 months of 2019/20)
- Kosmolet A/S will not be included in LFL in 2019/20

	Q2 2019/20	Q2 2018/19
Revenue growth	5.8%	-1.6%
Underlying revenue growth (LFL)	0.3%	-1.9%
Stores in LFL calculation* (#)	268	270
Stores in total* (#)	275	278

\* Number of stores end of period incl. matas.dk. Excluding Firtal Group.

# Cost development in Q2 2019/20

## Other external costs pre IFRS 16 up DKK 2 m YoY:

- Non-recurring costs fell DKK 9 m compared to 18/19
  - For 2018/19 9 m were related to the acquisition of Firtal Group
- DKK 13 m due to new Operating costs from Firtal Group and Kosmolet
- DKK 3 m down driven by cost efficiency actions

## Staff costs up DKK 13 m YoY:

- Non-recurring costs rose DKK 3 m compared to 18/19
  - For 2019/20, DKK 3 m were related to executive changes in Matas
- DKK 10 m increase in Staff costs from matas.dk, Firtal and Kosmolet

DKK million	Q2 2019/20 Post IFRS 16	Q2 2019/20 Pre IFRS 16	Q2 2018/19 Pre IFRS 16	Growth YoY
<b>Other external costs (OEC)</b>	<b>39.9</b>	<b>86.1</b>	<b>84.6</b>	<b>1.8%</b>
Non-recurring OEC	0.9	0.9	9.5	
OEC as a percentage of revenue	4.9%	10.5%	10,9%	
<b>Staff costs</b>	<b>178.6</b>	<b>178.6</b>	<b>165.3</b>	<b>8.0%</b>
Non-recurring staff costs	3.3	3.3	0.0	
Staff costs as a percentage of revenue	21.7%	21.7%	21.3%	
<b>Total costs</b>	<b>218.5</b>	<b>264.7</b>	<b>249.9</b>	<b>5.9%</b>

# IFRS 16 Leasing effects on Q2 2019/20

- Matas has implemented IFRS 16 Leasing with effect from 1 April 2019.
- IFRS 16 primarily impacts the balance sheet due to store leases previously being classified as operational leases and hence not included in Matas' balance sheet.
- EBITDA, EBIT, EBT and cash flow are impacted.
  - EBITDA is positively affected as leasing costs from operating leases now are recognized as depreciation and interest costs rather than previously as leasing costs relating to rent under Other external costs.
  - EBIT is marginally affected as a result of increased depreciations.
  - Free cash flows are improved due to the increase in operating activities.
  - Total cash flow are unchanged, however the increase in cash flow from operating activities is offset by a corresponding negative impact from cash flow from financing activities.

DKK million	Q2 2019/20	Q2 2019/20	Q2 2018/19
	Post IFRS 16	Pre IFRS 16	Pre IFRS 16
EBITDA	139	93	99
EBITDA before exceptional items	154	107	109
Amortisation, depreciation, imp.	-93	-46	-43
<b>EBIT</b>	<b>46</b>	<b>47</b>	<b>56</b>
Financial items, net	-10	-6	-5
<b>Profit before tax</b>	<b>36</b>	<b>40</b>	<b>51</b>
EBITDA margin before exceptional items	18.7%	13.1%	14.0%
Free cash flow	59	13	6
Lease assets (right of use assets)	849	0	0
Total property, plant and equipment	1,096	224	189
<b>Total assets</b>	<b>6,537</b>	<b>5,665</b>	<b>5,256</b>
<b>Total equity</b>	<b>2,640</b>	<b>2,651</b>	<b>2,494</b>
Lease liability (non-current and current)	855	0	0
<b>Total liabilities</b>	<b>3,897</b>	<b>2,762</b>	<b>2,762</b>
<b>Total equity and liabilities</b>	<b>6,537</b>	<b>5,665</b>	<b>5,256</b>
Net interest-bearing debt	2,592	1,737	1,637

# What do Matas' customers buy

## MATAS CATEGORIES

### BEAUTY

Everyday (mass) and luxury (high end) beauty products and personal care, including cosmetics, fragrances, skincare and haircare products.

### VITAL

Vitamins, minerals, supplements, specialty foods and herbal medicinal products.

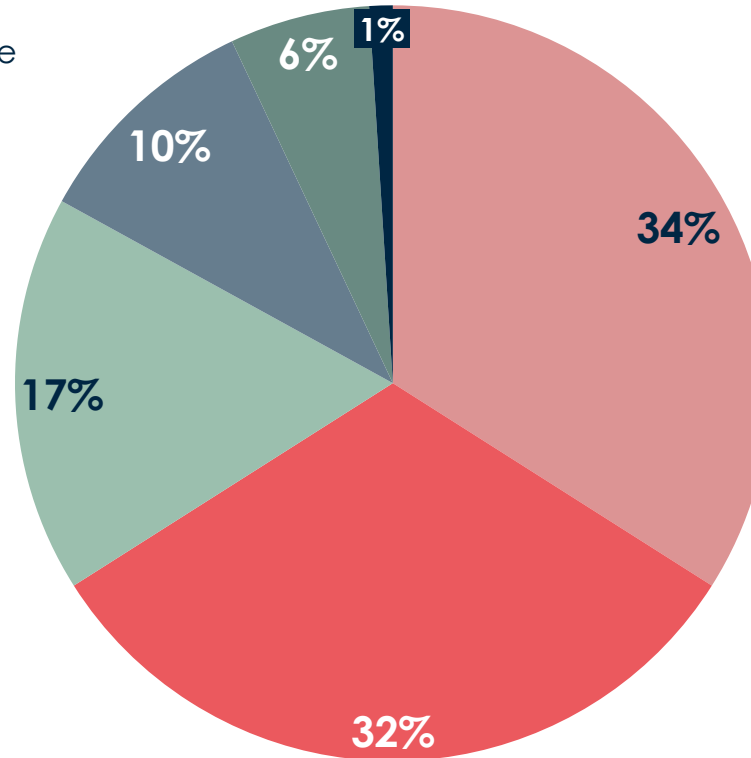
### MATERIAL

Household and personal care products, including household cleaning and maintenance products, baby care, footcare and sports-related products.

### MEDICARE

OTC medicine, nursing products, etc.

## Q2 2019/20 distribution of turnover by category



## PEERS BY CATEGORY

### BEAUTY

Supermarkets & hypermarkets  
Discounters and parallel import  
Department stores  
Tax free  
Perfumeries  
Online

### VITAL

Specialist Health stores  
Pharmacies  
Supermarkets  
Online

### MATERIAL

Supermarkets & hypermarkets  
Pharmacies  
Discounters and parallel import

### MEDICARE

Pharmacies  
Supermarkets & hypermarkets

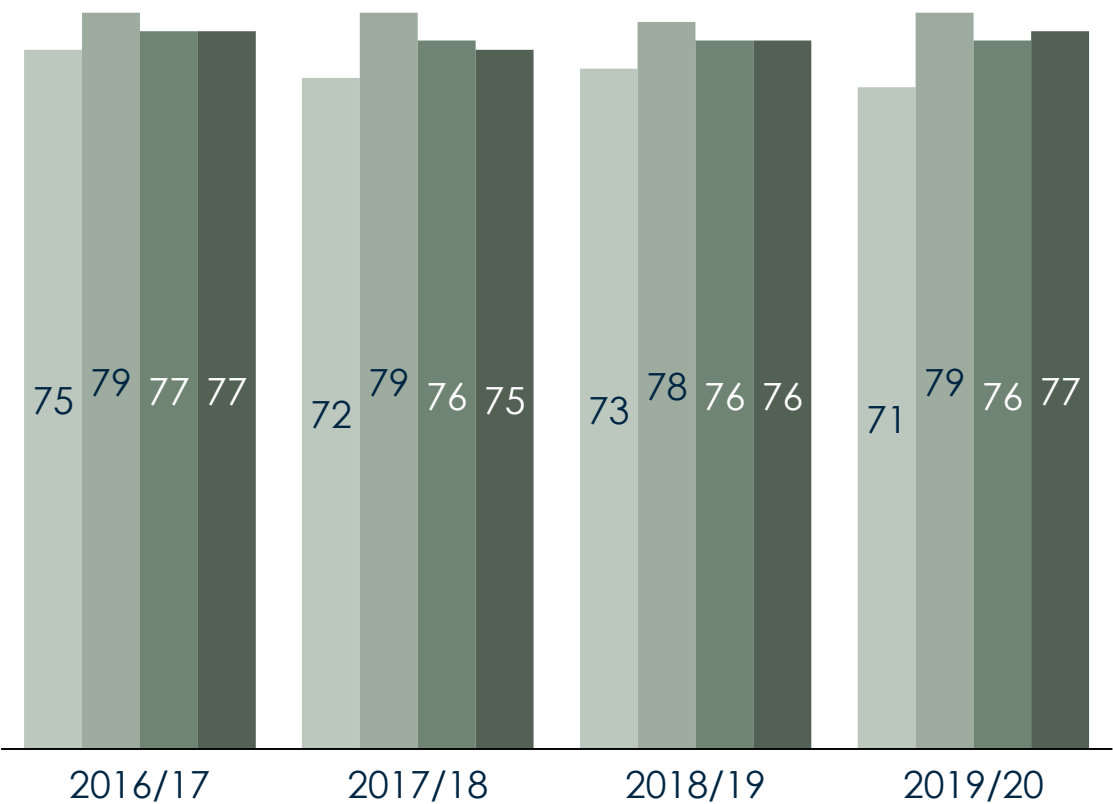


# Revenue development by category

DKK million	2019/20 Q2	2019/20 Q1	2018/19 Q4	2018/19 Q3	2018/19 Q2	2018/19 Q1	Growth Q2 vs Q2
High-End Beauty	278	313	288	483	264	297	5.0%
Mass Beauty	268	297	267	337	263	301	2.0%
Vital	136	131	140	132	105	98	29.6%
Material	82	80	69	82	86	89	-4.1%
MediCare	48	46	46	47	47	46	2.5%
Other	3	2	10	6	3	3	-18.2%
<b>Total retail sales (own store and webshops)</b>	<b>815</b>	<b>869</b>	<b>820</b>	<b>1.087</b>	<b>768</b>	<b>834</b>	<b>6.1%</b>
Wholesale sales etc. (incl. Kosmolet)	8	7	8	6	9	10	-16.2%
<b>Total revenue</b>	<b>823</b>	<b>876</b>	<b>828</b>	<b>1.093</b>	<b>777</b>	<b>844</b>	<b>5.8%</b>

# Trading days 2016/17 to 2019/20

Q1 Q2 Q3 Q4



matas

## The Matas share

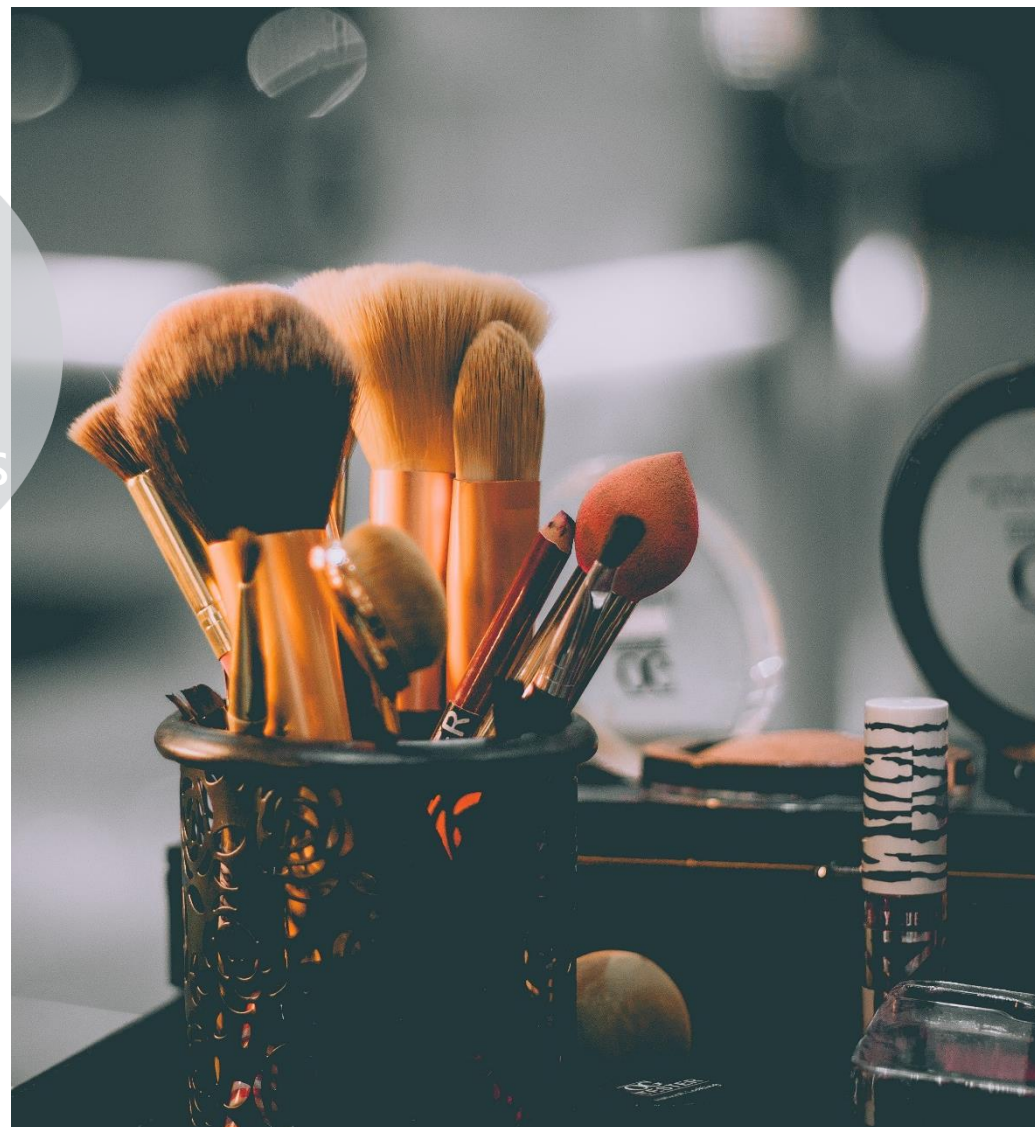
”  
LISTED ON  
**NASDAQ**  
OMX  
28 JUNE 2013

”  
**100%**  
FREE FLOAT

”  
**~39%**  
DOMESTIC  
SHAREHOLDERS  
IN 2018/19

”  
**38.3 m**  
SHARES IN ONE  
SHARE CLASS

”  
**DKK 1.9**  
BN MARKET CAP  
AT 30 SEPT 2019



**matas**

# Team



**Gregers** Wedell-Wedellsborg  
CEO

gww@matas.dk  
+45 4816 5555



**Anders** Skole-Sørensen  
CFO

as@matas.dk  
+45 4816 5555



**Elisabeth** Toftmann Klintholm  
Head of IR & Corporate Affairs

etk@matas.dk  
+45 4816 5548



# 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.