



matas



Matas | Q1 2015/16 results

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.

Business Update

- Low topline growth, mostly related to seasonal products
- Overall market is still challenging but we managed to maintain our market share
- Strong cost discipline leads to improving margins and solid earnings
- Continued healthy cash flow development
- Continued progress on the Club Matas initiatives
- StyleBox shows good growth rates and improving results
- Our online business and Connected Retail continued to show high growth rates
- New pharmacy legislation opens up for shop-in-shop pharmacies

Financial Highlights Q1 2015/16

- Total sales growth of -0.1% in Q1 with like-for-like growth of 0.4%
- Lower net operating costs led to a EBITA margin increase of 90bp to 16.7% from 15.8% in Q1 2014/15
- Adjusted net profit 23% higher than Q1 2014/15
- Cash flow from operations of DKK 189m in Q1 compared to DKK 172m in the same period the year before
- Free cash flow of DKK 178m after total investments of DKK 12m
- Gross debt of DKK 1,836m - leading to a net debt of 2.5x LTM EBITDA
- DKK 5.80/share dividend paid in Q1

0.4% Like-for-Like Growth in Q1 2015/16

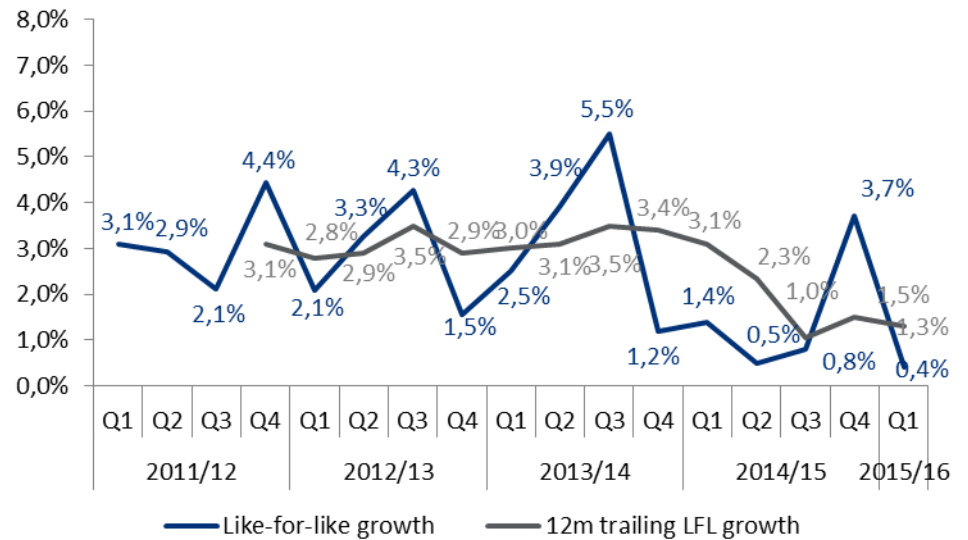
- Like-for-like growth of 0.4% in Q1 vs. Q1 last year
- Acquisitions added 0.2% to total sales in Q1
- An increase in Club Matas points awarded (accounted for as deduction in sales) and lower income from sale of Club M points to partners (changed terms) reduced sales by 0.4%
- Sales to associated stores and external sales impacted by acquired associated stores
- Total sales growth of -0.1% in Q1

Growth Q1 2014/15 to Q1 2015/16	
Like-for-like growth	0,4%
Acquired stores	0,2%
Total sales growth own stores	0,6%
Effect of Club Matas/Club M point	-0,4%
Sales to associated stores and others	-0,3%
Total sales growth	-0,1%

Great variations in category sales growth

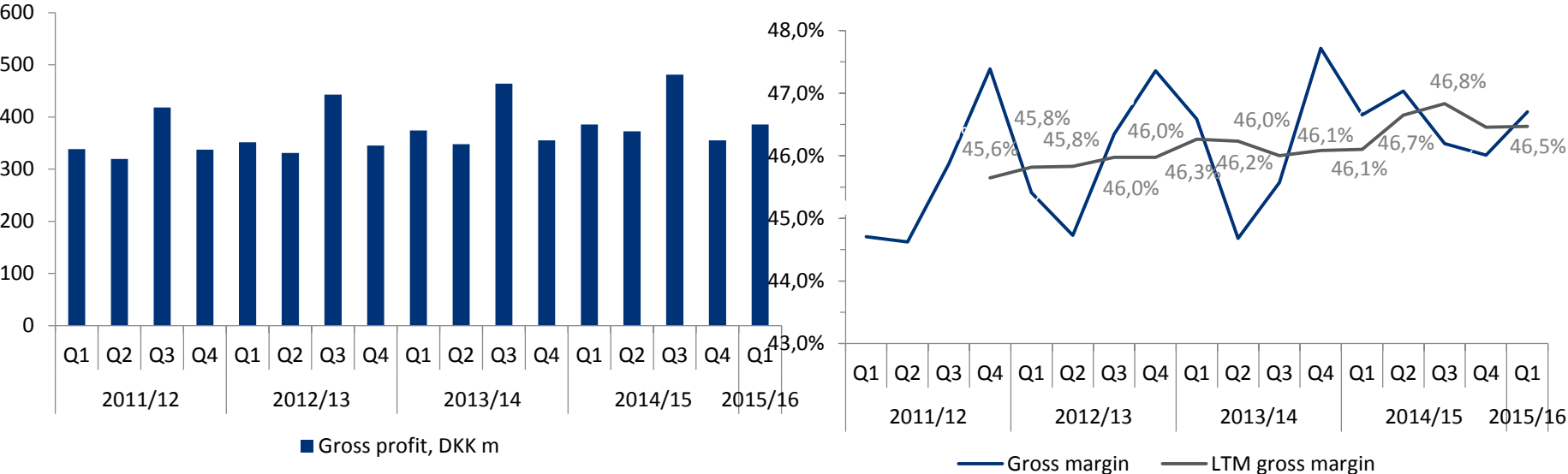
- Total revenue growth from own retail stores of 0.6 % in Q1
- High-end beauty performing well – +5.0% growth
- Mass beauty – including many seasonal products – showed negative growth rates
- Strong sales development in the Vital business with 10% growth
- Online sales continued the high growth

DKK million	2015/16 Q1	2014/15 Q1	Growth
Beauty	589	589	0,0%
Vital	84,1	76,3	10,3%
Material	74	75	-1,0%
MediCare	46	46	0,5%
Other including Sweden	6	9	-31,7%
Total revenue from own retail stores	800	795	0,6%
Sales of goods to associated stores etc.	27	32	-16,7%
Total revenue	827	827	-0,1%



Flat Gross Margin in Q1 2015/16

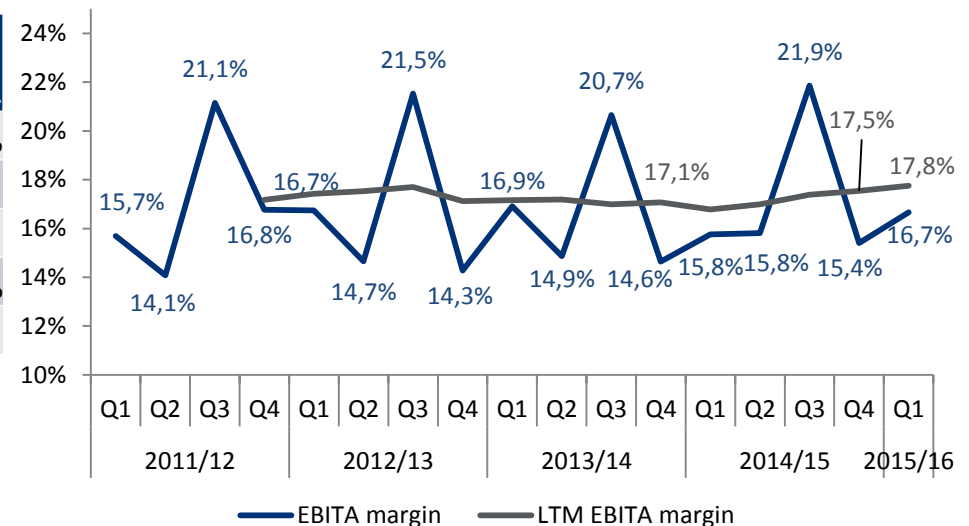
- Flat gross profit with unchanged gross margin and sales
- Gross margin was 46.7%, unchanged from same quarter last year
- Gross margin flat despite lower sales of high margin seasonal products
- 12m trailing gross margin unchanged at 46.5% vs. Q4 2014/15



EBITA Margin Up in Q1 2015/16

- EBITA margin increase of 90bp Y/Y to 16.7% (15.8%)
- Other external costs decreased to 8.4% of sales in Q1 compared to 9.6% last year
 - Net marketing costs were unusually low in the quarter
- Staff cost increased to 19.9% of sales from 19.6% last year
 - Staff costs were up in the stores due to changes in the reimbursements Matas receives from the government in connection with training and subsidised employees, and down in the HQ /warehouse due to a normalisation of the logistics flow

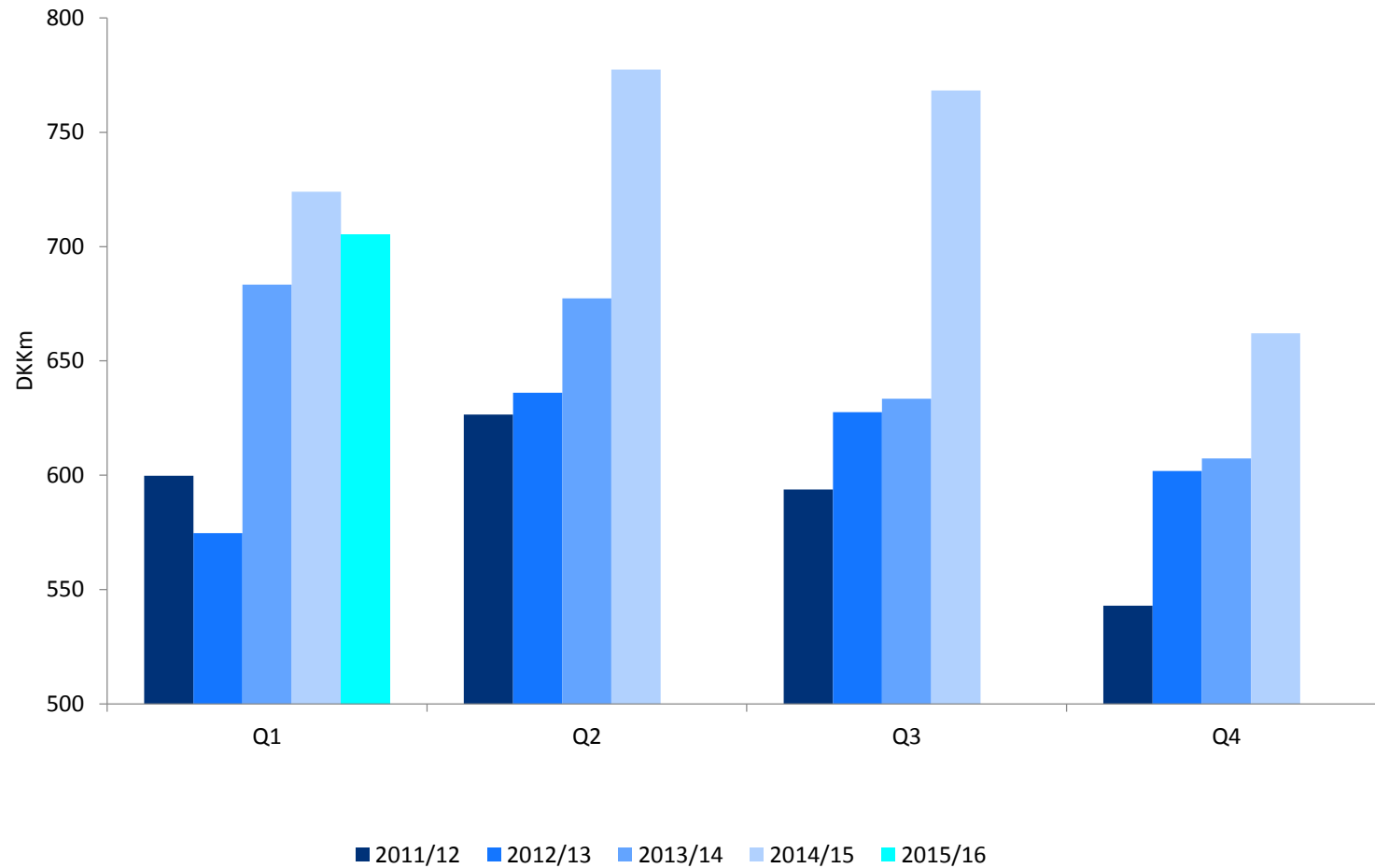
	2015/16	2014/15	
DKK million	Q1	Q1	Chg.
Other external costs	69	79	-12,5%
As a percentage of revenue	8,4%	9,6%	
Staff costs	164	162	1,4%
As a percentage of revenue	19,9%	19,6%	



Income Statement – Q1 2015/16

DKK million	2015/16 Q1	2014/15 Q1	Growth
Revenue	827	827	0%
Gross profit	386	386	0%
Gross margin	46,7%	46,7%	
Other external costs	-69	-79	-13%
Staff costs	-164	-162	1%
EBITDA	152	145	5%
Amortisation and depreciation	-34	-33	1%
Operating profit	119	111	7%
Net financials	-6	-20	-72%
Profit before tax	113	92	23%
Tax on profit for the period	-27	-24	11%
Profit for the period	86	68	28%
Diluted Earnings per share, DKK	2,15	1,66	30%
EBITA	138	130	6%
EBITA margin	16,7%	15,8%	-
Tax rate	23,6%	26,2%	nm
Adjusted profit after tax	101	82	23%

Improved development in Inventories



Positive Working Capital Development

- DKK 45m cash inflow from changes in net working capital, slightly better than Q1 2014/15
- Trade and other payables increased by DKK 90m
 - Lower trade payables due to timing effects around 31/12 and 31/3
 - As the dividend was paid right at the end of Q1 in 2015/16, other payables at 30 June 2015 included withheld dividend tax of DKK 47 m.

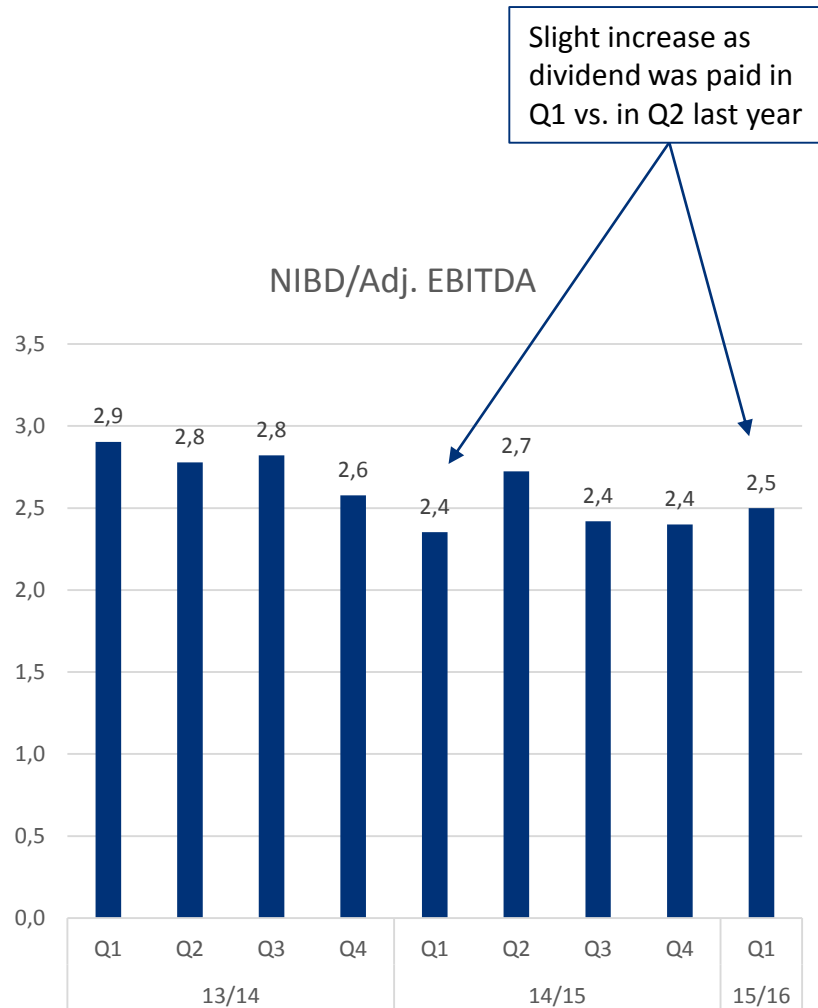
DKK millions	2015/16 Q1	2014/15 Q4	2014/15 Q3	2014/15 Q2	2014/15 Q1	2013/14 Q4	2013/14 Q3	2013/14 Q2
Change in inventories	-43	106	9	-53	-117	56	44	6
Change in receivables	-2	-3	4	3	25	76	-45	8
Change in trade and other payables	90	-127	72	-92	131	5	47	-48
- trade payables	60	-53	-33	-92	148	118	-100	-24
- other payables	30	-73	104	0	-17	-113	148	-25
Total change in net working capital	45	-24	85	-142	39	137	46	-34

Q1 2015/16 Cash Flow Development

- Cash flow from operations was DKK 189m in Q1 compared to DKK 172m in Q1 2014/15
- Free cash flow in Q1 of DKK 178m compared to DKK 156m last year

(DKK million)	2015/16 Q1	2014/15 Full year	2014/15 Q4	2014/15 Q3	2014/15 Q2	2014/15 Q1
Cash generated from operations	200	621	111	327	-1	184
Paid interest and taxes	-10	-198	-42	-133	-12	-12
Cash flow from operating activities	189	422	68	194	-13	172
Acquisition of PPE and intangibles	-12	-51	-11	-12	-16	-12
Acquisition of subsidiaries and activities	0	-11	-2	0	-5	-4
Free cash flow	178	360	55	182	-34	156
Cash flow from financing activities	-28	-459	-351	-59	-49	0
Net cash flow from operating, inv. and fin. activities	150	-99	-295	123	-83	156

Capital structure



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

Club Matas/Club M and Connected Retail update

- Continued strong enrollment of new members in Club Matas
- Strong focus on further enhancing Club Matas and increased use of individually targeted marketing based on actual purchasing behaviour
- “My Favourites” Club-in-club concept continues to be very successful
- Increasing number of Club Matas members use Club M partners, and we are in dialogue with new partners
- Launched new web store version in April, integrating customer data in all channels to generate individual content
- Connected Retail: Significant part of web shop orders are now Connected Retail, i.e. orders being placed in the stores and delivered to the stores or directly to the customers at home.

Pharmacy regulation changes

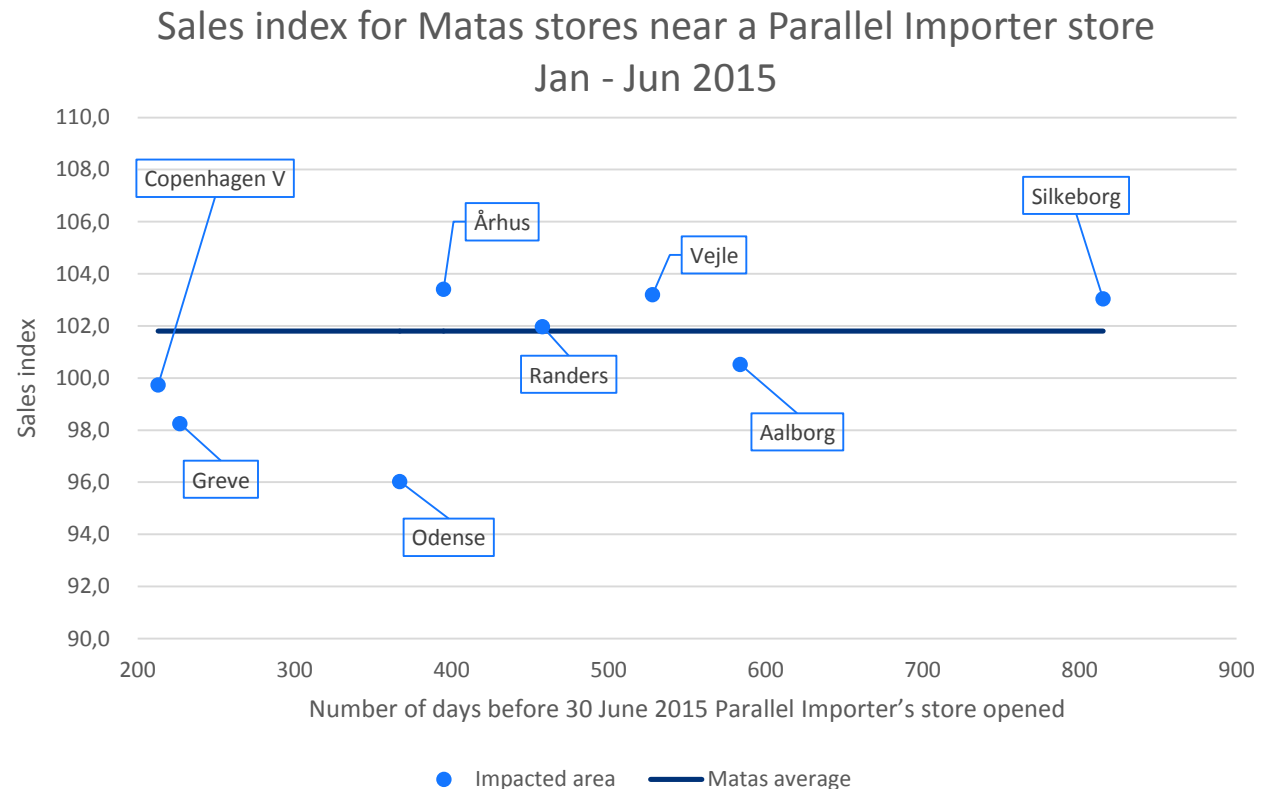
- New pharmacy regulation framework in force in Denmark from 1 July 2015
- Not the full liberalisation Matas was advocating, but some new opportunities have opened up for us and we will swiftly move forward to test these.
- In particular the possibility to open up shop-in-shop pharmacies show some promise.
 - We plan to establish our first shop-in-shop pharmacy before Christmas
- The new restrictions on which non-medical products the pharmacies can sell will most likely have a small positive effect for Matas on a limited number of products.

Competitive landscape – parallel importers

- Matas has seen little impact from the parallel importers who have been appearing over last 2-3 years
- Parallel importers focus on a wide variety of goods, including some that compete with Matas in the mass beauty area (40% of our business – already in fierce competition with supermarkets)
- As to the competition from a relatively new entrant with fast growth and ambitious plans, an estimate of the negative impact of this particular chain suggests that Matas overall sales in Q1 may have been 0.2% lower due to this competitor. If this is attributed 100% to Mass Beauty, the net negative effect can be estimated at around 0.5%.
- When we look at the sales at Matas shops with one of this particular parallel importer's store nearby, the effect on these particular Matas stores appears to be relatively limited (<2% lower sales), and varies greatly.

Competitive landscape – parallel importers

- We have analysed the impact on sales in Matas stores in areas where a parallel import store was open in all of the period Jan-June 2015, and compared sales to the same period the year before.
- A very inconclusive picture – some shops do better, others worse than Matas average



2015/16 Guidance

	Guidance 2015/16 Issued 28 May 2015, Confirmed 28 August 2015	Realised 2014/15
Revenue		
Reported revenue	Approx. 3.5 bn	DKK 3,433m
Like-for-like growth assumption	around 2%	1.5%
Earnings		
EBITA margin	Between 17.0 and 17.5%	17.5%

Question & Answer

GÆLDER FRA SØNDAG DEN 7. JUNI TIL LØRDAG DEN 20. JUNI 2015, SÅ LÆNGE LAGER HAVES

matas

spare 25% på ALLE nye Klass Factor genprodukter

NU 96,75 NU 66,75

Frisk & SKØN HELE SOMMEREN

spare 20%

SHISEIDO SHISEIDO SHISEIDO

NU 308,-
Shiseido Shiseido
Prøv de fugtige vænde og balancerende ansigtscremer
50 ml 6.160,000

FRIT VALG 109,95 SPAR 20,-
Unikalk®
Vælg mellem Mega, Forte og Silver.
180 tabletter 0,81108.

nyhed i MATAS

FRIT VALG 39,95 SPAR 35,-
Matas Shampoo
Flere varianter.
1000 ml 39,950

Argan Shampoo
Arganolie og E-vitamin
ACTIVE ANTIOXIDANTER
GIVER FUGT
ALLE HÅRTYPER

Gå ind på www.matas.dk og se de nye butikker, der holder søndagsåbent. Læste medlem og værestøtte foreskrives i alle Matas butikker. I enkelte butikker kan priser og besparelser på nogle varer afvige fra dem ovenfor. Der tages forbehold for trykfej og udsolgte varer.

AUTUMN 2015

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BEAUTY

Boost your beauty
NY SKØNHEDSTREND: BOOSTERS
SIDE 12

GUIDE: beautybrands
HVILKET MÆRKE SKAL DU VÆLGE?
SIDE 6-9

Nyhed

Pris 812,-
Beauté Parfum
30 ml 12.400,-
630,-

GÆLDER FRA SØNDAG DEN 27. SEPTEMBER TIL LØRDAG DEN 16. OKTOBER 2015, SÅ LÆNGE LAGER HAVES. GÅ IND PÅ MATAS.DK OG SE HVILKE BUTIKKER, DER HOLDER SØNDAGSÅBENT. ENKELTE MÆRKEVARER VÆRESTØTTE PÅ ALLE MATAS BUTIKKER. I ENKELTE BUTIKKER KAN PRISER OG BESPARSELSE PÅ NOGLE VARER AFVIGE FRA DEM OVENFOR. DER TAGES FORBEHOLD FOR TRYKFEJL OG UDSOLGTE VARER.

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