



# matas



Matas | Q3 2014/15 results

# 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.

## Business Update

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- Modest growth in the general Christmas trade in Denmark
- Market shares maintained in an intensified competition
- Continued progress on the Club Matas initiatives
- Attractive high growth rates in our online business
- Growth in StyleBox; but still from a low base
- The proposed law change covering the pharmacy sector is likely to be passed in the parliament in the Spring

## Financial Highlights Q3 2014/15

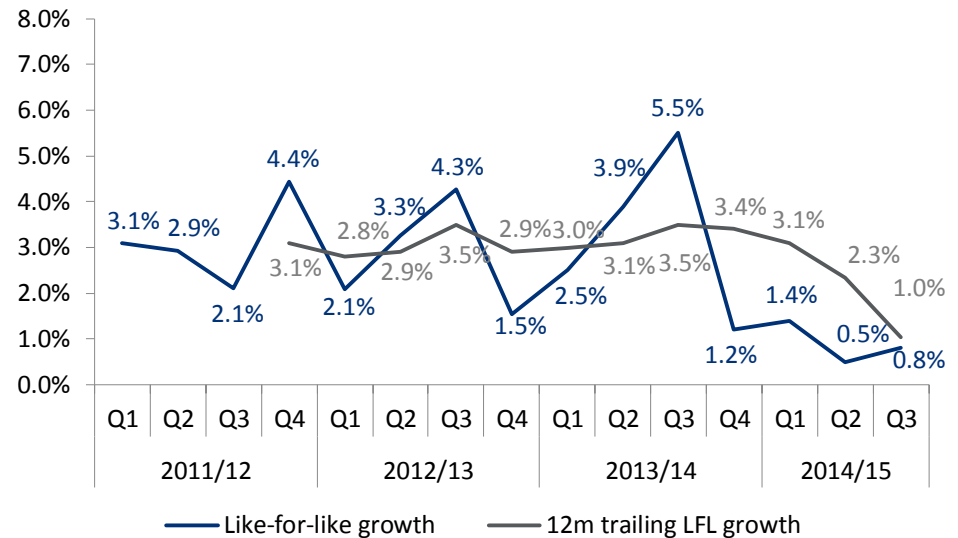
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- Total revenue growth of 2.2% in Q3 with like-for-like growth of 0.8%
- EBITA margin up 120bp to 21.9% from 20.7% in Q3 2013/14
- Adjusted net profit 5% higher
- Strong cash flow from operations of DKK 327m in Q3 compared to DKK 273m in the same period the year before
- Free cash flow surged to DKK 182m after total investments of DKK 12m
- Gross debt of DKK 1,910m corresponding to a net debt of 2.4x LTM EBITDA

# 0.8% Like-for-Like Growth in Q3 2014/15

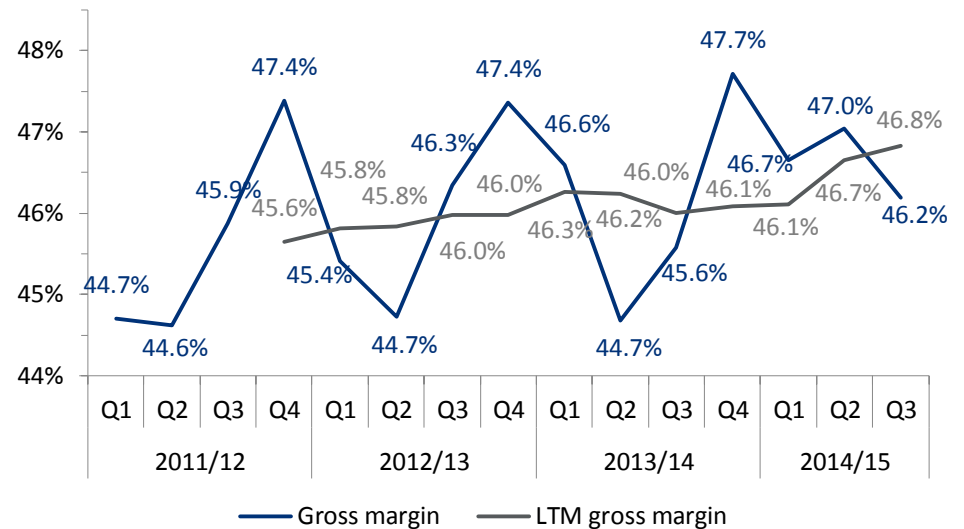
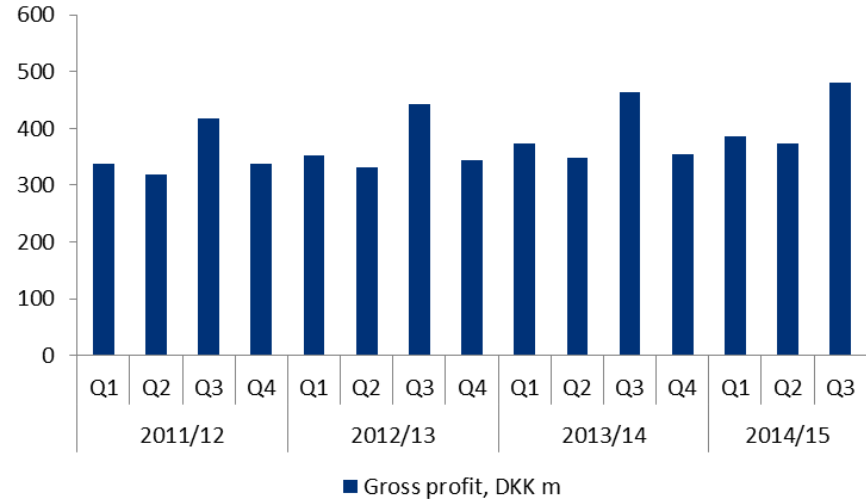
- Total revenue growth of 2,2% in Q3 was below expectations
- 3.1% increase in revenue from own retail with like-for-like growth of 0.8%
- Strong online sales growth
- Beauty grew 2% with an organic decline of 1%
- Material posted a strong 9% organic growth
- Vital posted 7% growth with an organic increase of 3%
- MediCare saw an organic decline of 2.0%

DKK million	2014/15 Q3	2013/14 Q3	Growth	Organic growth
Beauty	783	769	1.8%	-1%
Vital	91	85	6.6%	3%
Material	76	68	12.3%	9%
MediCare	48	47	1.7%	-2%
Other including Sweden	10	8	22.2%	22%
<b>Total revenue from own retail stores</b>	<b>1,008</b>	<b>977</b>	<b>3.1%</b>	
Sales of goods to associated stores	34	41	-18.8%	-
<b>Total revenue</b>	<b>1,041</b>	<b>1,018</b>	<b>2.2%</b>	-



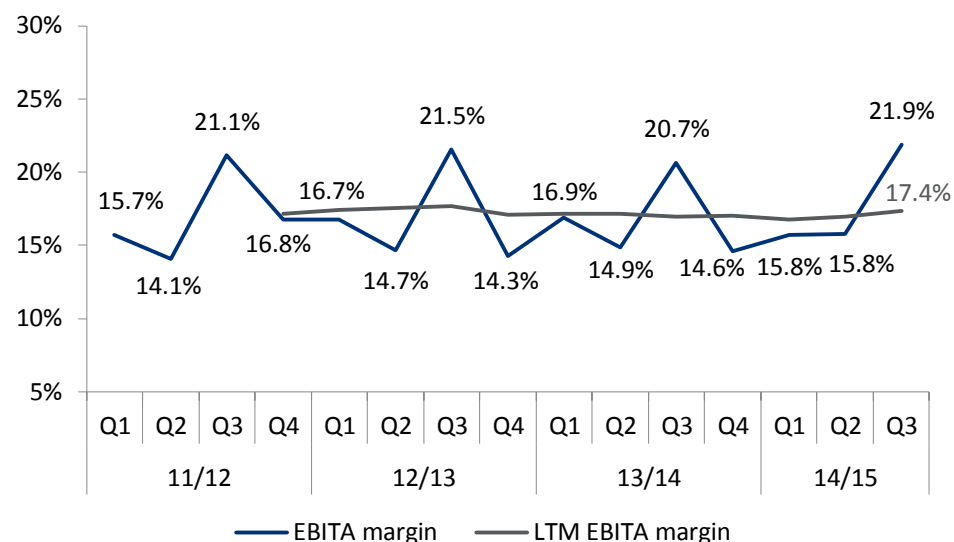
# Higher Gross Margin in Q3 2014/15

- 4% Y/Y increase in gross profit driven by sales growth and gross margin improvement
- Gross margin increased to 46.2% (45.6%)
- Underlying gross margin was slightly down when adjusting for a negative effect in 2013/14 from the DKK 12m revaluation of Club Matas points
- 12m trailing gross margin increased to 46.8% reflecting consolidation effect of acquired stores



## EBITA Margin Up in Q3 2014/15

- EBITA margin increase of 1.2 percentage point Y/Y
- Total operating costs are developing according to expectations
- Other external costs decreased to 7.4% of sales in Q3 compared to 7.8% last year
- Staff cost decreased to 15.6% of sales from 15.7% last year
  - Staff costs were broadly unchanged both in the stores and HQ / warehouse as a percentage of sales



DKK million	2014/15 Q3	2013/14 Q3	Chg.
Other external costs	77	80	-4%
As a percentage of revenue	7.4%	7.8%	
Staff costs	162	159	2%
As a percentage of revenue	15.6%	15.7%	

## Income Statement – Q3 2014/15

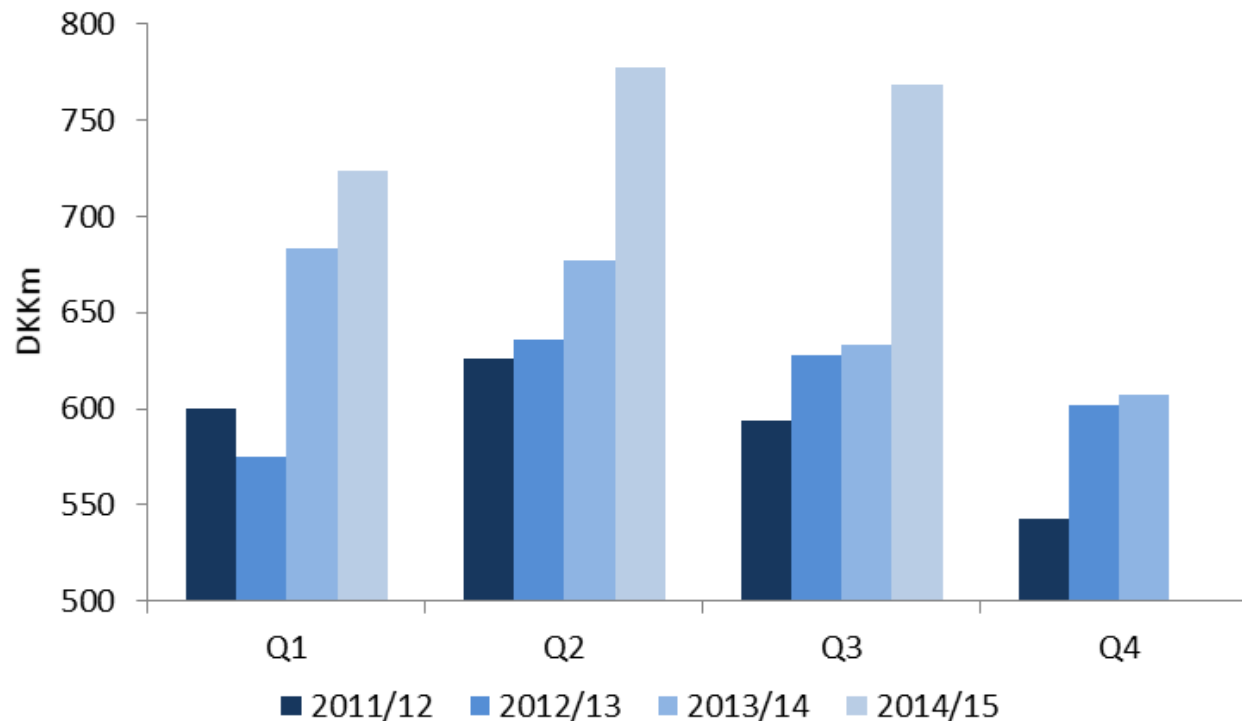
DKK million	2014/15 Q3	2013/14 Q3	Growth
<b>Revenue</b>	<b>1,041</b>	<b>1,018</b>	<b>2%</b>
<b>Gross profit</b>	<b>481</b>	<b>464</b>	<b>4%</b>
Gross margin	46.2%	45.6%	
Other external costs	-77	-80	-4%
Staff costs	-162	-159	2%
<b>EBITDA</b>	<b>242</b>	<b>225</b>	<b>7%</b>
Amortisation and depreciation	-33	-34	-2%
<b>Operating profit</b>	<b>209</b>	<b>191</b>	<b>9%</b>
Net financials	-13	-16	-22%
Profit before tax	196	175	12%
Tax on profit for the period	-52	-39	33%
<b>Profit for the period</b>	<b>144</b>	<b>136</b>	<b>6%</b>
<b>Diluted Earnings per share, DKK</b>	<b>3.54</b>	<b>3.34</b>	<b>6%</b>
<b>EBITA</b>	<b>228</b>	<b>210</b>	<b>8%</b>
<b>EBITA margin</b>	<b>21.9%</b>	<b>20.7%</b>	<b>-</b>
<b>Adjusted profit after tax</b>	<b>158</b>	<b>150</b>	<b>5%</b>



# Development in Inventories

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- The inventory level increased DKK 135m compared to end of Q3 2013/14 which is not satisfactory
- Focus on finding the right long-term inventory level ...
- ... but with respect to avoid supply disruptions and stock out situations in the Christmas sales



## Positive Working Capital Development

- DKK 85m in cash inflow from changes in net working capital
- Trade and other payables increased by DKK 72m
  - Positive effect from prepayments from customers (gift cards)
  - Other debt (VAT) increase of DKK 59m

DKK millions	2014/15 Q3	2014/15 Q2	2014/15 Q1	2013/14 Q4	2013/14 Q3	2013/14 Q2	2013/14 Q1
Change in inventories	9.2	-53.4	-116.7	56.3	43.9	6.0	-68.3
Change in receivables	4.2	2.8	26.0	75.5	-44.7	7.9	-3.7
Change in trade and other payables	71.6	-91.6	129.8	5.4	47.1	-48.3	-4.8
- trade payables	-32.7	-91.7	148.2	117.9	-100.4	-23.7	-0.6
- other payables	104.3	0.1	-18.4	-112.5	147.5	-24.6	-4.2
<b>Total change in net working capital</b>	<b>85.0</b>	<b>-142.2</b>	<b>39.1</b>	<b>137.2</b>	<b>46.3</b>	<b>-34.4</b>	<b>-76.8</b>

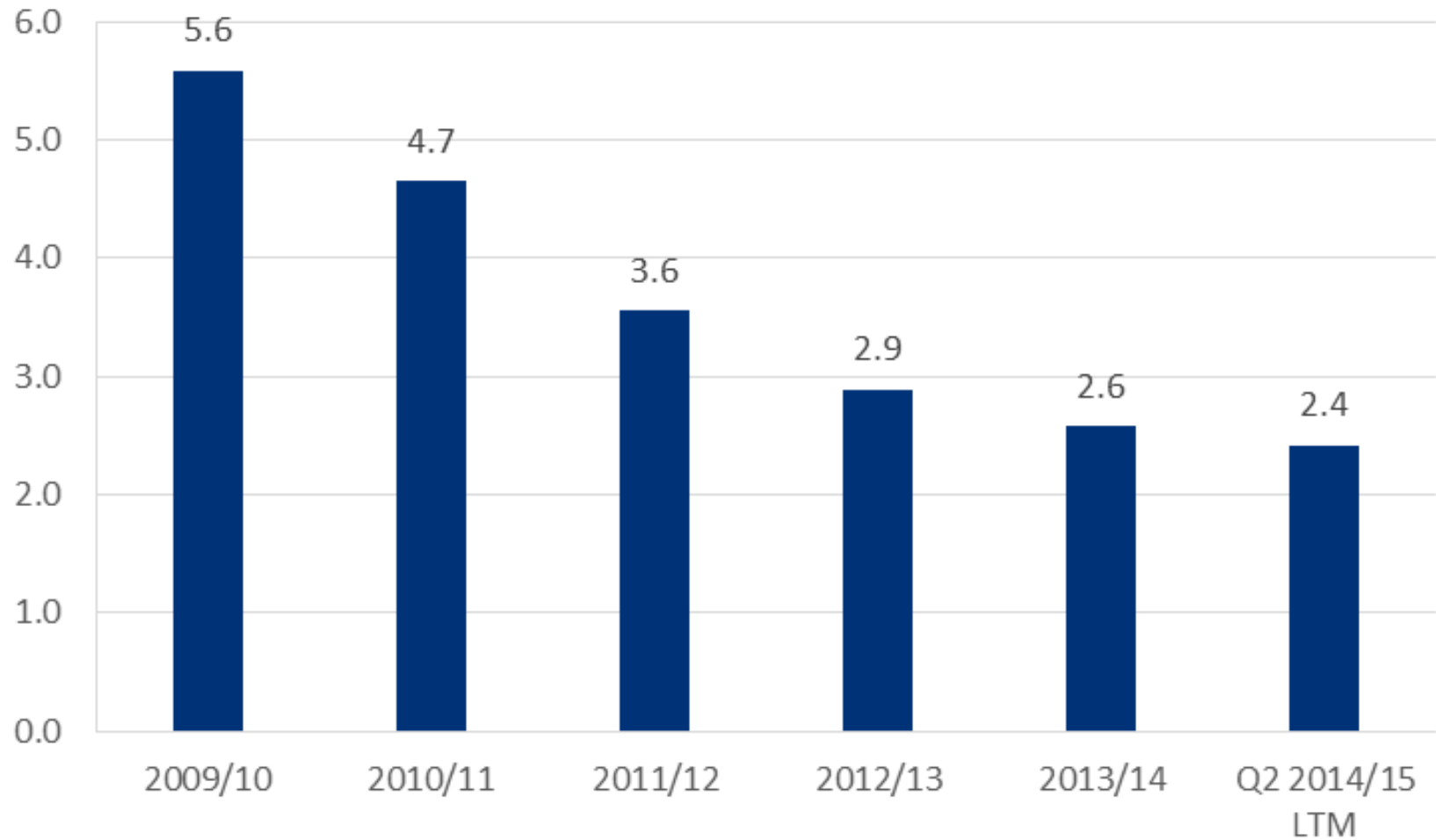
## Q3 2014/15 Cash Flow Development

- Cash flow from operations increased to DKK 327m in Q3 compared to DKK 273m in Q3 2013/14
- Free cash flow in Q3 of DKK 182m compared to DKK -47m last year

(DKK million)	2014/15 Q3	2014/15 Q2	2014/15 Q1	2013/14 Full year	2013/14 Q4	2013/14 Q3	2013/14 Q2	2013/14 Q1
<b>Cash generated from operations</b>	<b>327</b>	<b>-1</b>	<b>184</b>	<b>674</b>	<b>259</b>	<b>273</b>	<b>96</b>	<b>46</b>
Paid interest and taxes	-133	-12	-12	-324	-68	-229	-12	-15
<b>Cash flow from operating activities</b>	<b>194</b>	<b>-13</b>	<b>172</b>	<b>350</b>	<b>192</b>	<b>44</b>	<b>85</b>	<b>30</b>
Acquisition of PPE and intangibles	-12	-16	-12	-62	-15	-18	-14	-16
Acquisition of subsidiaries and activities	0	-5	-4	-114	-31	-72	0	-11
<b>Free cash flow</b>	<b>182</b>	<b>-34</b>	<b>156</b>	<b>174</b>	<b>146</b>	<b>-47</b>	<b>71</b>	<b>3</b>
Cash flow from financing activities	-59	-49	0	-570	-308	106	-40	-329
Net cash flow from operating, inv. and fin. activities	123	-83	156	-397	-161	59	31	-325

## Net Interest Bearing Debt

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## 2014/15 Guidance

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	18 November 2014 & 4 February 2015	21 August 2014	Realised 2013/14
<b>Revenue</b>			
Reported revenue	Just short of DKK 3.5bn	Approx. 3.5bn	DKK 3,345m
Like-for-like growth assumption	1-2%	2-3%	3.4%
<b>Earnings</b>			
EBITA margin	On level with the 2013/14 EBITA margin	On level with the 2013/14 EBITA margin	17.1%

# Question & Answer

GÆLDER FRA SØNDAG DEN 25. JANUAR TIL LØRDAG DEN 7. FEBRUAR 2015, SÅ LÆNGE LAGER HAVES

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