FY 2014/15 Financial results

18 February 2016

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Additional items regarding the financial information included in this Presentation

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Performance indicators and ratios that we report in this Presentation, such as EBITDA, Adjusted EBITDA, Pro-Forma Adjusted EBITDA, Free Cash Flow and working capital are not financial measures defined in accordance with IFRS and U.S. GAAP and, as such, may be calculated by other companies using different methodologies and having a different result. Therefore, these performance indicators and ratios are not directly comparable to similar figures and ratios reported by other companies.

Table of contents

1. Key Highlights

Key highlights

Board changes	■ Isabelle Parize appointed as the CEO of Douglas Holding AG; joined Nocibé as CEO in 2011 and became MD of Douglas perfumeries in 2014; more than 30 years of experience in the beauty and media industries ■ MD of Douglas perfumeries Claudia Reinery has been appointed to executive board ■ Former CEO Dr Henning Kreke appointed chairman of the Supervisory Board of Douglas Holding AG
Economic environment improved	■ Economic environment in core countries improved throughout 2015 ■ Modest further growth in GDP and consumer spending expected in 2016
Investment program to accelerate growth	■ Over EUR 100m on additional investments in fundamental growth drivers, in particular the Douglas brand, private label, customer experience and omni-channel ■ Investment funded from organisational improvements across the board
Notable progress on strategic initiatives	■ Scalable e-commerce platform further optimized, cross-channel services expanded ■ Differentiating and higher margin private label and exclusive brands offering expanded; combined share of private label / exclusive brands went up to 15.4% (PY: 14.8%) ■ Business model further systemised and centralised ■ Stationary footprint in core markets expanded ■ Market leading position in Europe across all distribution channels extended
Strong FY sales and earnings performance	■ Strong sales performance across all regions in Europe, most notably in Germany ■ Continued dynamic growth in e-commerce sales, which now account for 10% of total sales (PY: 8.2%) ■ EBITDA[1] adjusted for exceptional items increased by 11% driven by top-line growth, scale benefits and efficiency improvements ■ Cash conversion[2] remains high at 72% ■ Continued high maintenance and refurbishment spend in best-in-class store network

[1] *FY 2013/14 Pro-Forma including respective figures of Nocibé for October 1, 2013 to June 30, 2014*
[2] *Defined as Adjusted EBITDA minus CAPEX divided by Adjusted EBITDA*

FY 2014/15 Key financials

Comments

- In order to provide a comparative basis, FY 2013/14 figures are Pro-Forma to include financials of acquired competitor Nocibé for the entire period. Nocibé has been fully consolidated since July 1, 2014
- On a Pro-Forma basis, i.e. including Nocibé in the prior year period, sales increased by 4.5%. Like-for-like sales grew 4.1%
- Pro-Forma Adjusted EBITDA increased by 11.3%, with margin improving by 0.7%-points to 11.5%
- All geographical regions contributed to the sound performance including first sales and earnings contributions of the recently acquired Clin d'Oeil and Himmer stores in France and Germany, respectively
- Higher CAPEX with focus on maintenance and refurbishment of the existing store network (representing 91% of total CAPEX)
- Cash conversion (Pro-Forma Adjusted EBITDA minus CAPEX divided by Pro-Forma Adjusted EBITDA) remained strong at 72%

Key financials

in EURm	Q4 2013/14	Q4 2014/15	*Delta*	FY 2013/14[1]	FY 2014/15	*Delta*
Net Sales	534	563	5.4%	2,494	**2,607**	**4.5%**
Like-for-like			*3.8%*			*4.1%*
Adjusted EBITDA	55	58	4.9%	269	**300**	**11.3%**
Margin (%)	*10.4%*	*10.3%*		*10.8%*	*11.5%*	
CAPEX	23	32	39.1%	66	**84**	**27.0%**
Adj. EBITDA – CAPEX	32	26		203	**216**	
Cash conversion				75.5%	72.0%	
Unlevered Free Cash Flow pre-M&A CAPEX[2]				107	**162**	
Unlevered Free Cash Flow post-M&A CAPEX[2]				(40)	**135**	

[1] *FY 2013/14 Pro-Forma including respective figures of Nocibé for October 1, 2013 to June 30, 2014*
[2] *Excluding Cash Flow from discontinued operations; defined as net cash flow from operating activities less net cash flow from investing activities*

2. Financial update

FY 2014/15 Sales

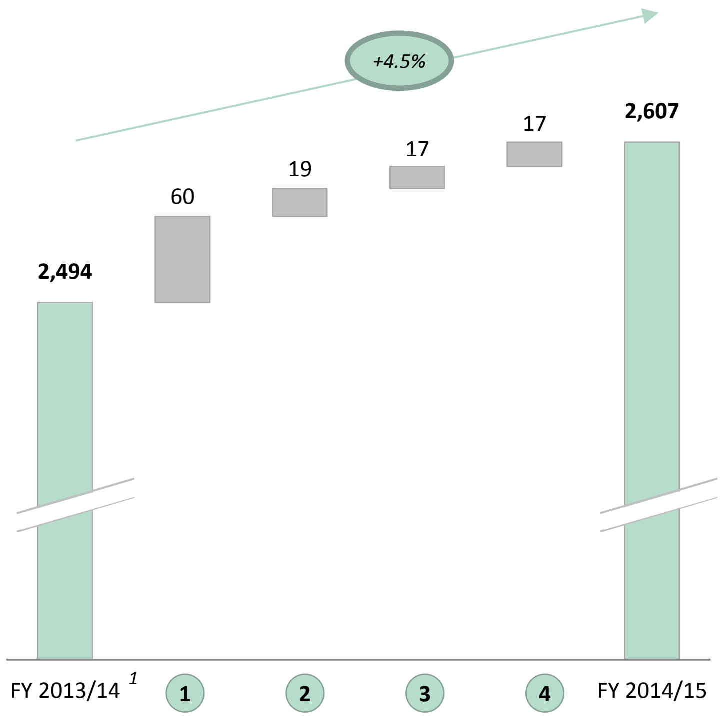
Comments

- Total e-commerce sales increased strongly by 27.4%, notably in Germany. Share of online sales to total sales accounted for 10.0% (PY: 8.2%). Pro-Forma stationary sales rose by 2.9%, or 1.9% on a like-for-like basis
- **Q4-FY 2014/15**: stationary sales increased by 3.7% (like-for-like: 2.2%); e-commerce sales grew by 20.8%
- International sales account for 55% of total sales, consistent with the level in the prior year

1. **Germany**: like-for-like sales rose by 5.2% driven by both the online-shops and the stationary business
2. **France:** like-for-like sales including Nocibé increased by 2.8%. The prior year was positively impacted by sales from purchasing cooperation DPB Achats (terminated December 31, 2014)
3. **South-Western Europe:** like-for-like growth of 2.8% mainly driven by the online business. In particular our operations in Austria, the Netherlands, Italy and Spain contributed to performance
4. **Eastern Europe**: Like-for-like sales increased by 4.7%, driven by stationary as well as online business especially in Poland, Czech Republic, the Baltics and Romania

Sales bridge

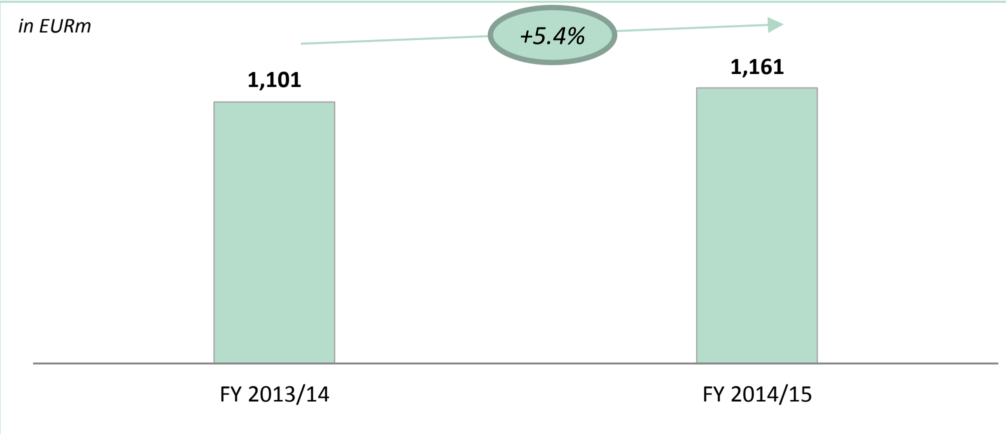
in EURm



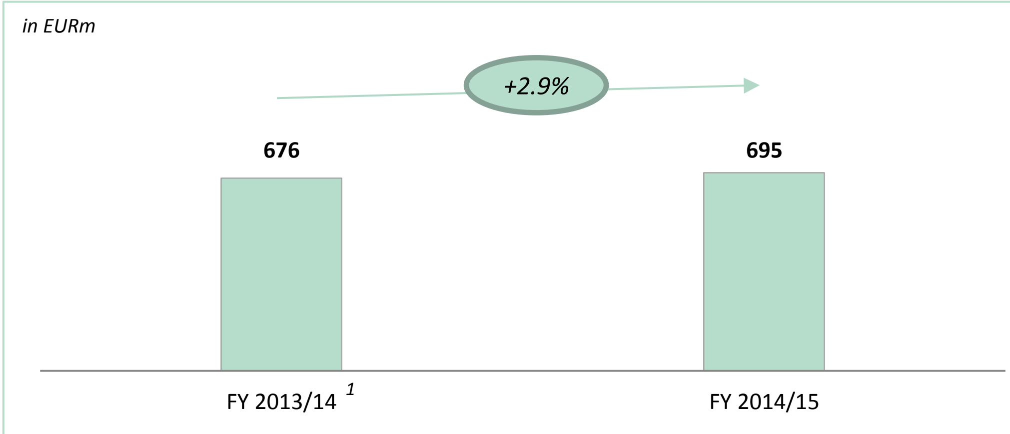
[1] *FY 2013/14 Pro-forma incl. sales of Nocibé for October 1, 2013 to June 30, 2014*

FY 2014/15 Sales by region

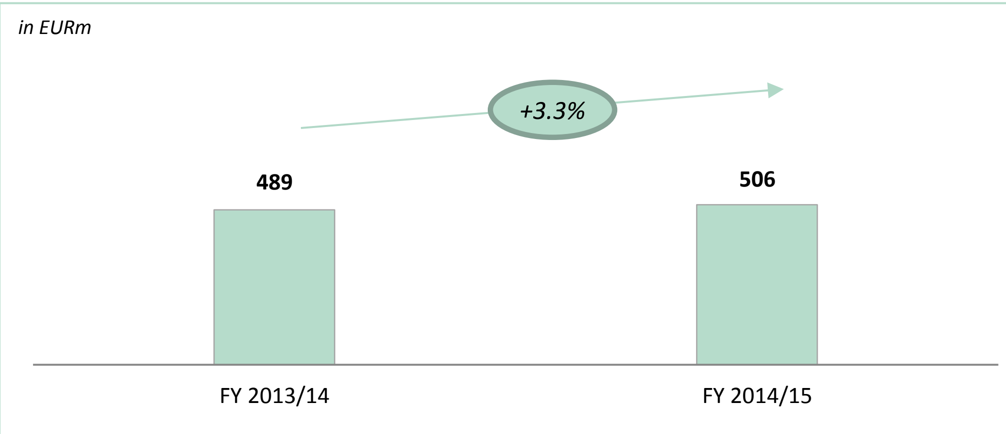
Germany



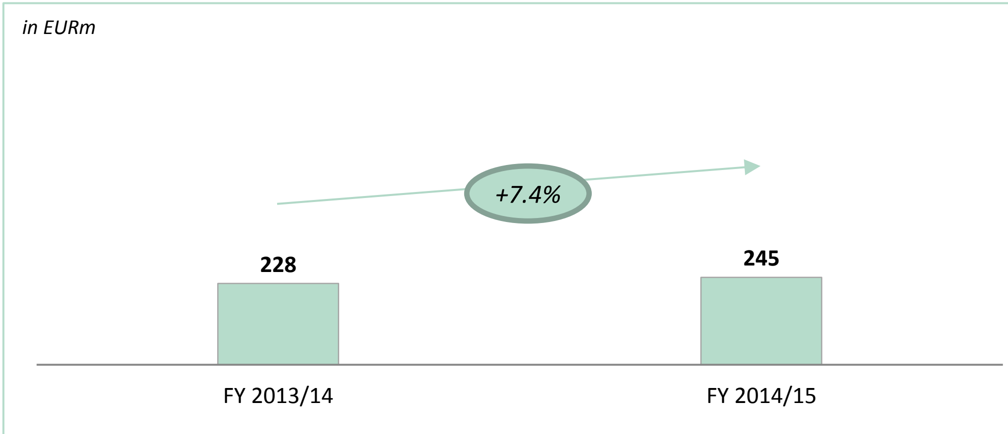
France



South-Western Europe



Eastern Europe



[1] *FY 2013/14 Pro-forma incl. sales of Nocibé for October 1, 2013 to June 30, 2014*

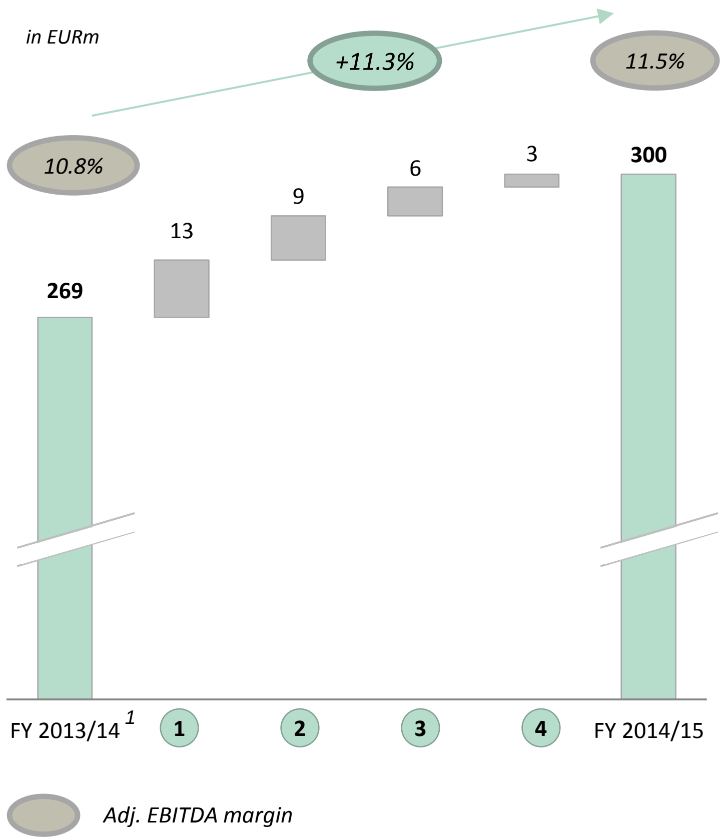
FY 2014/15 Adjusted EBITDA

Comments

- All relevant countries contributed to the increase in Adjusted EBITDA, with the improvement in margin driven by strong growth in e-commerce, optimisation of cost structure and scale benefits

1. **Germany**: Strong topline growth, higher scalability of the growing e-commerce business and optimization of cost structure have driven earnings
2. **France**: Higher EBITDA mainly due to scale benefits from the acquisition of Nocibé and the full consolidation of the Clin d'Oeil stores
3. **South-Western Europe**: Earnings improved mainly as a result of strong growth of the online business and efficiency programs implemented in the last two years. Almost all countries contributed to the higher EBITDA
4. **Eastern Europe:** Economies of scale due to topline growth and optimisation of cost structure. In particular Poland and Hungary contributed to the positive earnings development

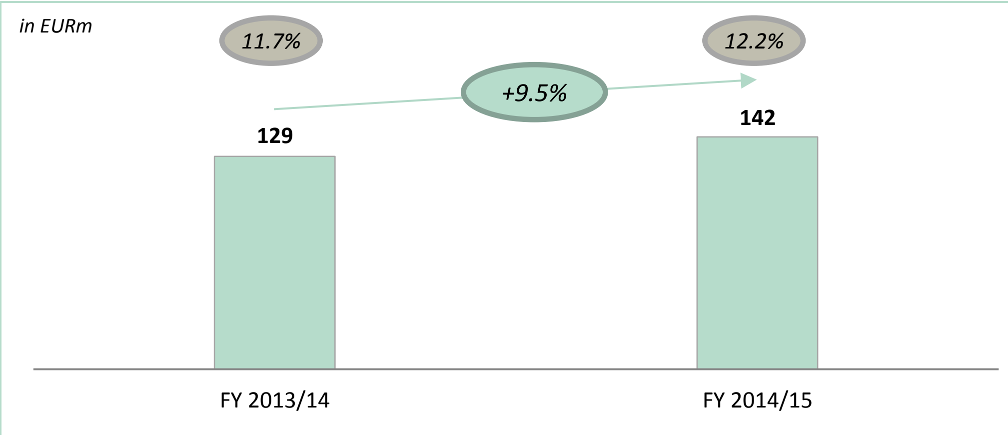
Adjusted EBITDA bridge[2]



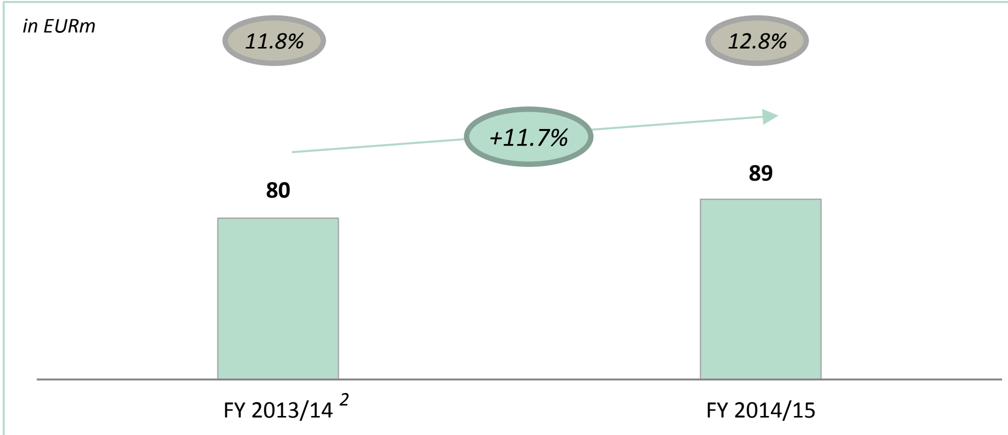
[1] *FY 2013/14 Pro-forma incl. French GAAP EBITDA of Nocibé for October 1, 2013 to June 30, 2014*
[2] *For further details on adjustments to Reported EBITDA see page 19*

FY 2014/15 Adjusted EBITDA by region

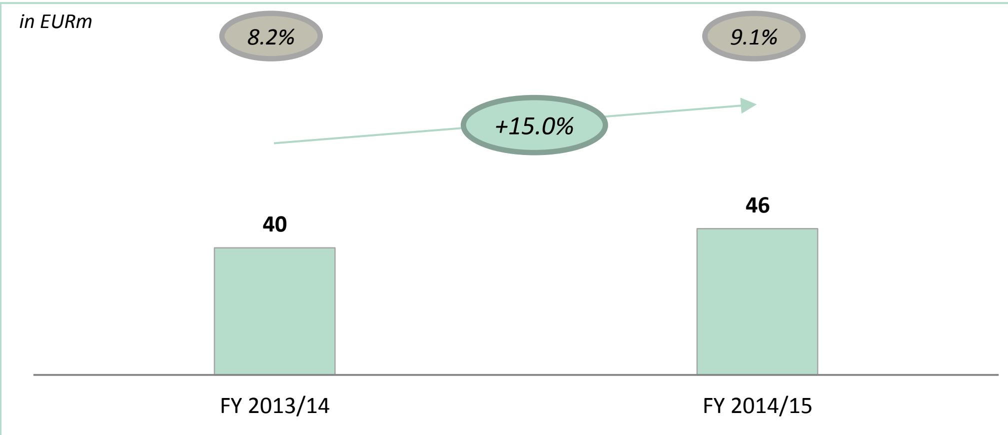
Germany [1]



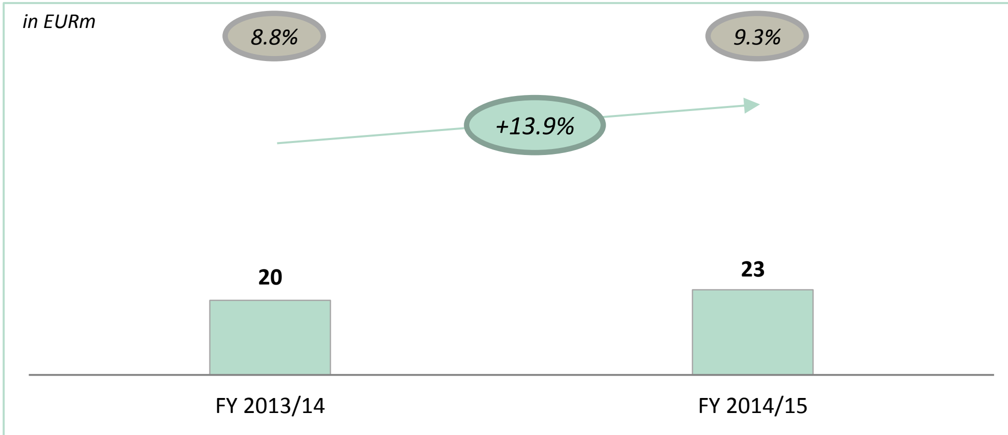
France (Pro-Forma)



South-Western Europe [1]



Eastern Europe [1]



Adj. EBITDA margin

[1] Excluding annual intercompany license fees (FY 14/15: EUR 7.8m; PY: EUR 4.4m) which positively affect EBITDA of Germany region at the expense of the South-Western (FY 14/15: EUR 5.4m; PY: EUR 3.2m) and Eastern Europe (FY 14/15: EUR 2.4m; PY: EUR 1.2m) regions

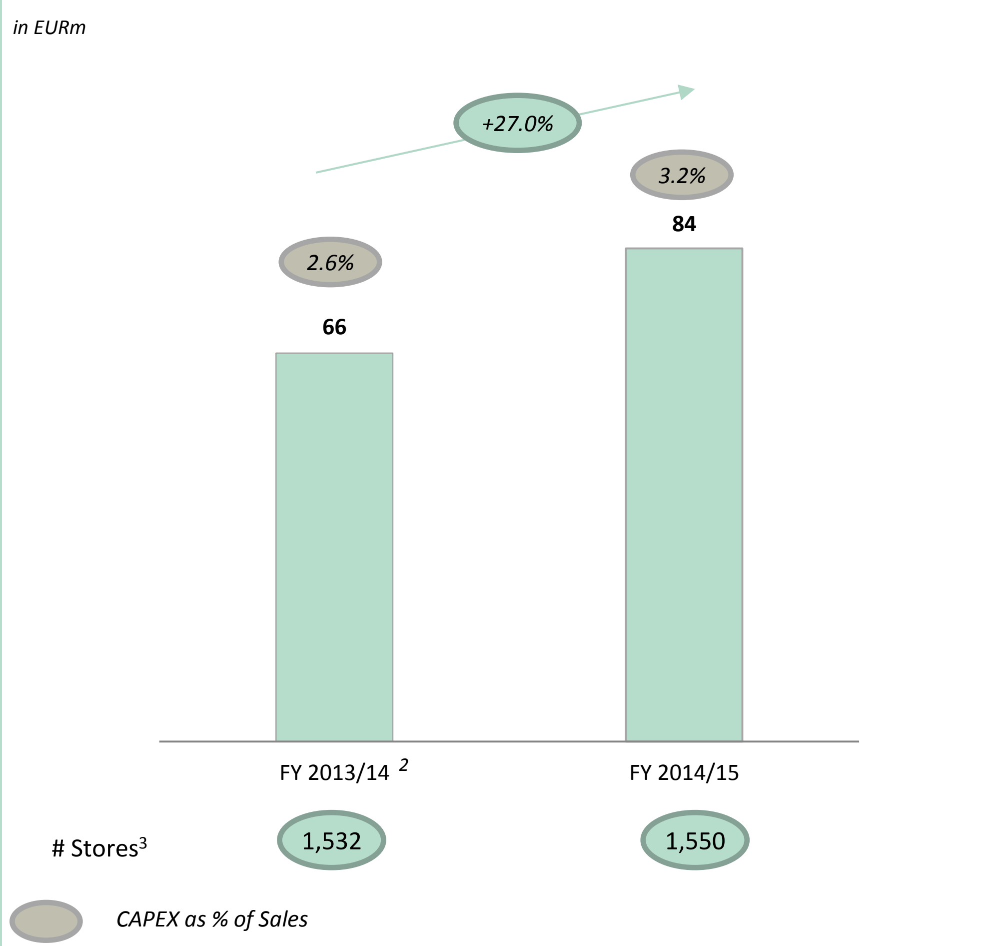
[2] FY 2013/14 Pro-forma including French GAAP EBITDA of Nocibé for October 1, 2013 to June 30, 2014

FY 2014/15 CAPEX

Comments

- Focused CAPEX spend based on a well invested store portfolio; almost 75% of total CAPEX attributable to Germany and France, 16% to South-Western Europe and 9% to Eastern Europe
- Maintenance and refurbishment CAPEX amount to 91% of total CAPEX (FY 2013/14: 79%), with high maintenance CAPEX in Germany in particular
- 23 new perfumeries opened (vs. 30 in FY 2013/14), mainly in Germany, France and Eastern Europe
- In addition, the store network has been expanded by 43 Clin d'Oeil perfumeries in France, five Himmer stores in Germany and one store in the Netherlands
- 54 stores closed (FY 2013/14: 28) mainly in Italy and France to comply with national and EU competition law (including 7 recently acquired Clin d´Oeil stores)

CAPEX[1]



[1] *Excluding M&A-CAPEX*
[2] *FY 2013/14 Pro-forma including CAPEX of Nocibé; store number includes 373 Nocibé stores*
[3] *Excluding 139 franchise stores as of Sep 30, 2015 (194 franchise stores as of Sep 30, 2014 including Nocibé)*

FY 2014/15 Cash Flow bridge

in EURm

Note: Cash Flows adjusted for discontinued operations

[1] *Defined as Inventories, trade accounts receivables, trade accounts payables as well as other receivables and liabilities related to supplier receivables for rebates/bonuses, marketing subsidies, voucher liabilities, provisions for deliveries and services not yet invoiced ; adjusted for PPA and transaction costs*

[2] *Change in other assets, liabilities and accruals*

[3] *Defined as Adjusted EBITDA minus CAPEX divided by Adjusted EBITDA; on total CAPEX (EUR 84m)*

[4] *Related to acquisitions of Clin d'Oeil and Himmer, netted against proceeds from disposals*

Debt structure as of Sep 30, 2015

Debt structure

in EURm

	Amount	Maturity	Pricing
Cash and cash equivalents[1]	(68)		
Term Loan Facility B[2]	1,220	August 2022	E + 500bps
Senior Secured Notes	300	July 2022	6.25%
RCF (EUR 200m)	24	February 2022	E + 375bps
Net Senior Secured Debt	**1,476**		
Senior Notes	335	July 2023	8.75%
Accrued Interests	18		
Other Financial Debt[3]	6		
Total Net Debt	**1,835**		

[1] *Excluding credit card receivables (EUR 12.9m)*
[2] *EURIBOR floor of 1.0%*
[3] *Tax loan in France as well as local and fully drawn RCF Douglas Baltic*

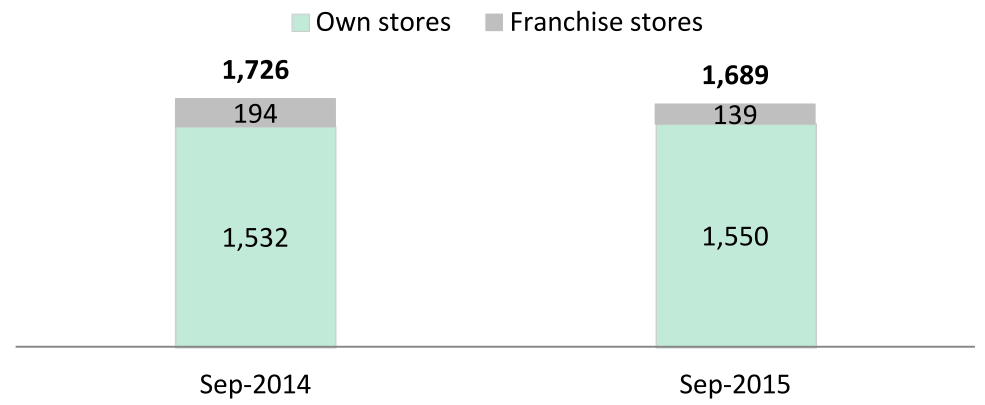
Appendix

FY 2014/15 Store development

Comments

- Pan-European and modern store network in premium locations
  - 1,550 stores as of September 2015
  - Including 139 franchise stores[1]
- Active store portfolio management
  - Select closures in recent years to further optimise premium quality network
- Continued focus on network expansion
  - 23 store openings and 49 store acquisitions in FY 2014/15

Total number of stores



Store development

	FY 2013/14	FY 2014/15
Own store openings	30	23
Store acquisitions	373	49
Own store closures	(28)	(54)
Change in franchises	5	(55)
Total	**380**	**(37)**

[1] *Comprises 121 franchise stores in France, 17 franchise stores in the Netherlands and 1 franchise store in Norway*

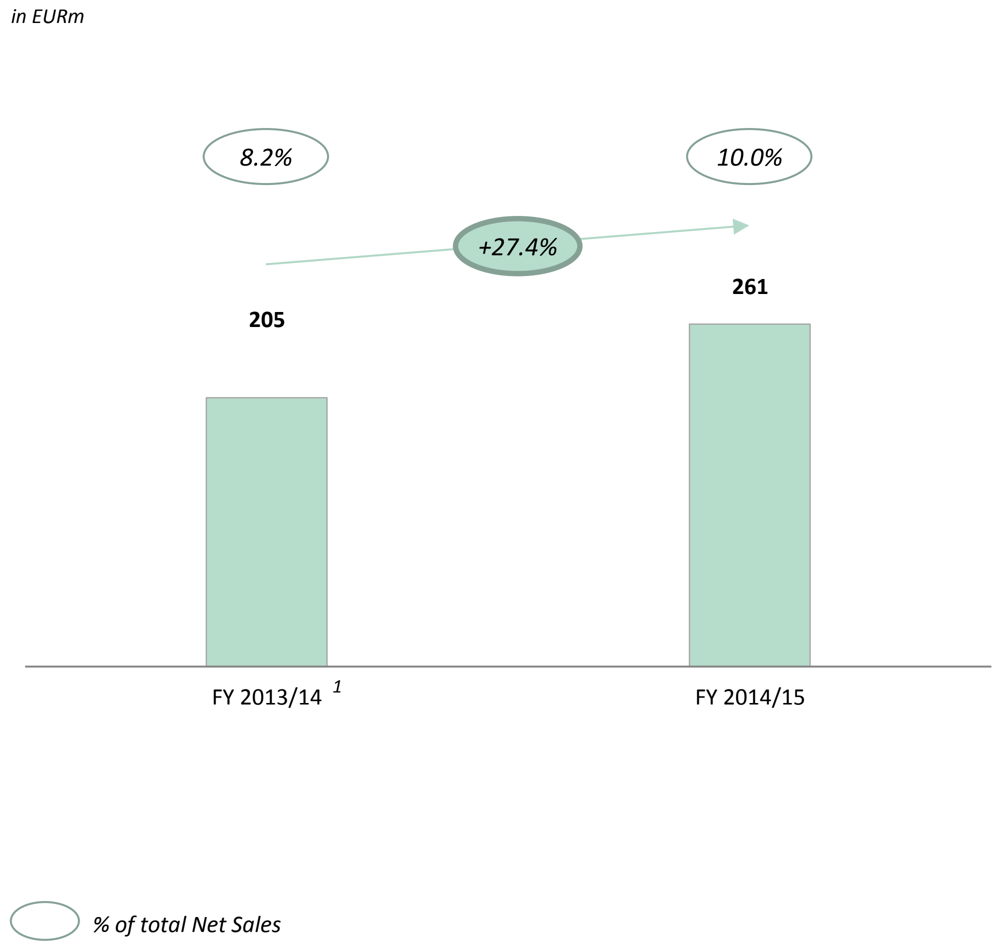
Douglas

FY 2014/15 e-commerce sales

Comments

- **Strengthening of leadership positions across key European markets**
  - Learning effects from the German online shop have supported the rapid development of Douglas' e-commerce business in other countries
  - Track record of highly dynamic and profitable growth: sales increased at a CAGR of 30.1% between FY 2011/12 to FY 2014/15; Margins in line with stationary business
  - E-shops in 15 countries
- **Sizeable, profitable growth potential**
  - Online accounts for 10.0% of FY 2014/15 sales
  - Scalable and proven e-commerce platform (German platform as blue-print model for Europe)
  - Strong position in the stationary and online channel offers huge opportunities for cross-channel activities in line with increasing customer demands

Online sales



[1] *FY 2013/14 Pro-forma incl. sales of Nocibé for October 1, 2013 to June 30, 2014*

Douglas

Sales and EBITDA (reported) by region

FY 2013/14 and FY 2014/15

Sales

in EURm	FY 2013/14[2]	FY 2014/15
Germany	1,101	1,161
France[1]	275	695
South-Western Europe	489	506
Eastern Europe	228	245
Total	**2,093**	**2,607**

EBITDA

in EURm	FY 2013/14[2,3]	FY 2014/15[3]
Germany	90	100
France[1]	(15)	50
South-Western Europe	34	34
Eastern Europe	18	16
Intercompany consolidation	*-2*	*-1*
Total	**125**	**199**

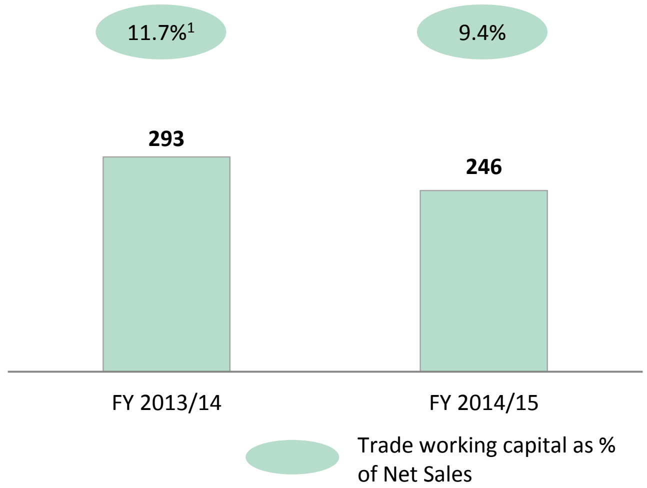
[1] FY 2013/14 Pro-forma incl. sales and EBITDA, respectively, of Nocibé for October 1, 2013 to June 30, 2014
[2] Beauty Holding Zero
[3] Including PPA

FY 2014/15 Net Working Capital

Comments

- **Net working capital** adjusted for one-off effects significantly decreased despite strong topline growth
- **Net working capital** includes supplier receivables for rebates/bonuses and marketing subsidies, outstanding voucher liabilities, provisions for deliveries and services not yet invoiced

Net working capital (NWC)[4]



in EURm	**FY 2013/14**	**FY 2014/15**
Inventories	518	513
Trade accounts receivable	39	33
Trade accounts payable[2]	(245)	(264)
Other[3]	(19)	(36)
Total NWC	**293**	**246**

[1] *Based on net working capital as well as net sales including Nocibé*
[2] *Includes other outstanding invoices, outstanding supplier invoices and outstanding fixed assets invoices*
[3] *Includes receivables from reimbursed marketing costs, bonus receivables, voucher liabilities*
[4] *Adjusted for Purchase Price Allocation and Transaction costs*

FY 2014/15 Adjustments to EBITDA

Comments

- **Consulting fees**: relating to Nocibé acquisition (FY 2013/14) and sale/IPO processes of Douglas in FY 2014/15), divestment of non-acquired businesses as well as consulting fees for efficiency measures. Please note that cash-out of FY 2014/15 transaction costs from sale/IPO processes (EUR 27m) took place in FY 2015/16
- **Restructuring costs**: mainly redundancy payments related to efficiency and centralisation measures e.g. regarding the acquisition (Clin D`Oeil) and store divestments in France
- **Purchase Price Allocation (PPA)**: one-off inventory write-offs from Nocibé acquisition as well as Douglas acquisition by CVC Capital Partners
- **Credit card fees**: “below EBITDA” reclassification in accordance with existing banking and bond agreements
- **Other**: one-off inventory revaluations as part of the optimized category management, costs of Nocibé integration (e.g. changes of logistical platform) and property tax payments from a corporate restructuring
- **Nocibé EBITDA add-back**: addition of nine months October 1, 2013 to June 30, 2014 (French GAAP)
- **Adjusted EBITDA** does not include any Run Rate Impacts

Adjustments to EBITDA

in EURm	Q4 2013/14	Q4 2014/15	FY 2013/14[1]	FY 2014/15
Reported EBITDA[2]	**25**	**11**	**125**	**199**
Consulting fees	10	19	37	29
Restructuring costs	5	6	19	8
PPA	8	20	8	44
Credit card fees	3	2	8	9
Other	4	-	9	11
Adjusted EBITDA	**55**	**58**	**206**	**300**
Nocibé Adjusted EBITDA add-back			**63**	-
Adjusted EBITDA	**55**	**58**	**269**	**300**

[1] FY 2013/14 Pro-forma incl. sales of Nocibé for October 1, 2013 to June 30, 2014
[2] Beauty Holding Zero