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**3M 2019/20**

Financial Results

Düsseldorf, 19 February 2020

**DOUGLAS**

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As of October 1, 2019 we are applying the new international lease accounting standard "IFRS 16 Leases". For the first-time application of IFRS 16 we choose, in accordance with the transitional requirements of IFRS 16, the modified retrospective approach. Accordingly the comparative figures for the prior-year reporting period or any other historical comparative figures (before October 1, 2019), have not been adjusted for IFRS 16 lease effects. Following our current internal management approach and to provide decision-useful, comparable financial information, all current financial figures (from October 1, 2019) included in this Presentation are stated before the impact of IFRS 16 lease effects. For any IFRS 16 effects and disclosures we refer to the section "Interim Consolidated Financial Statements" of the "3M FY 2019/20 Interim Financial Report".

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# TODAY'S SPEAKERS



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**Tina Müller**  
Group CEO



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**Matthias Born**  
Group CFO

# A STRONG START INTO OUR FISCAL YEAR 2019/20

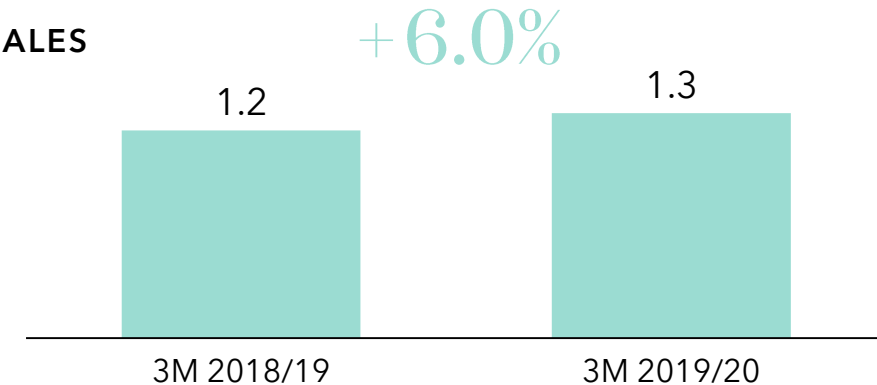
#FORWARD*Beauty* STRATEGY  
WITH CONSTANT MEASURABLE RESULTS

#FORWARD*Beauty*



## EXCELLENT NET SALES DEVELOPMENT IN OUR MOST IMPORTANT QUARTER

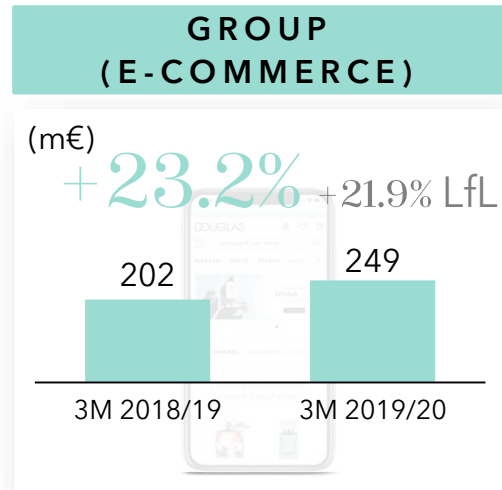
NET SALES  
(bn€)



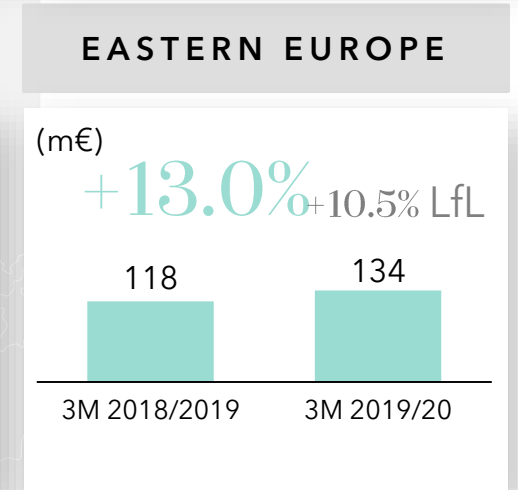
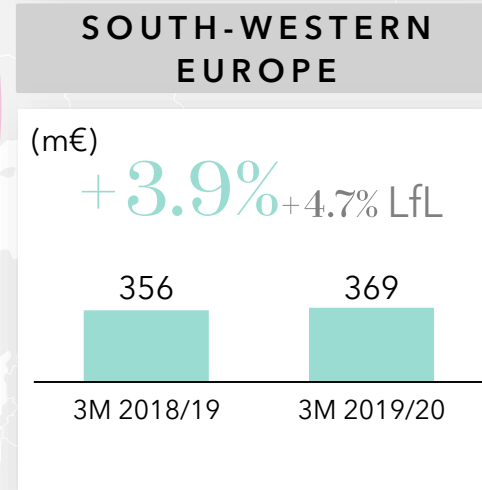
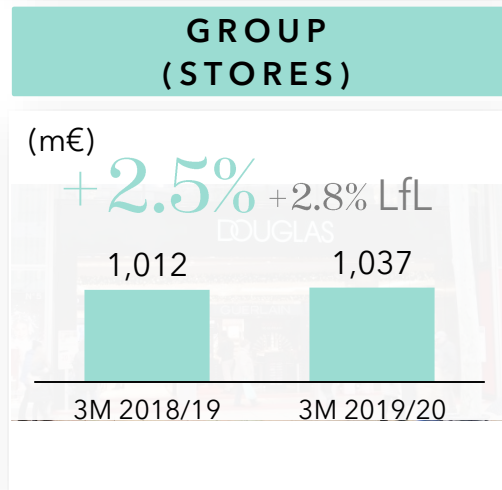
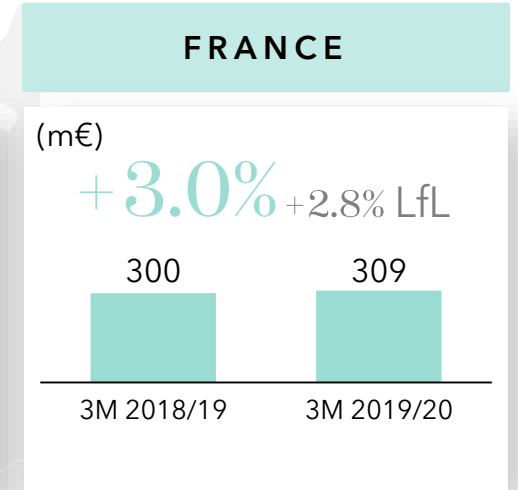
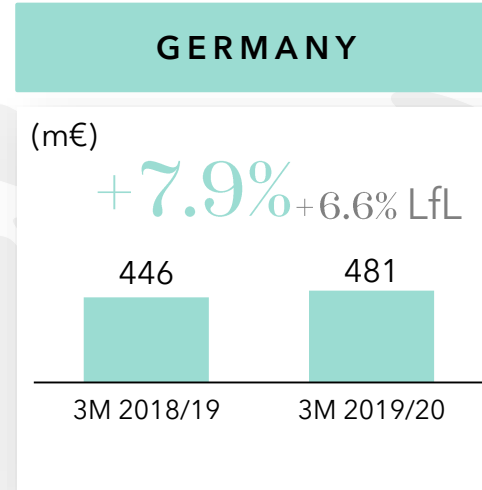
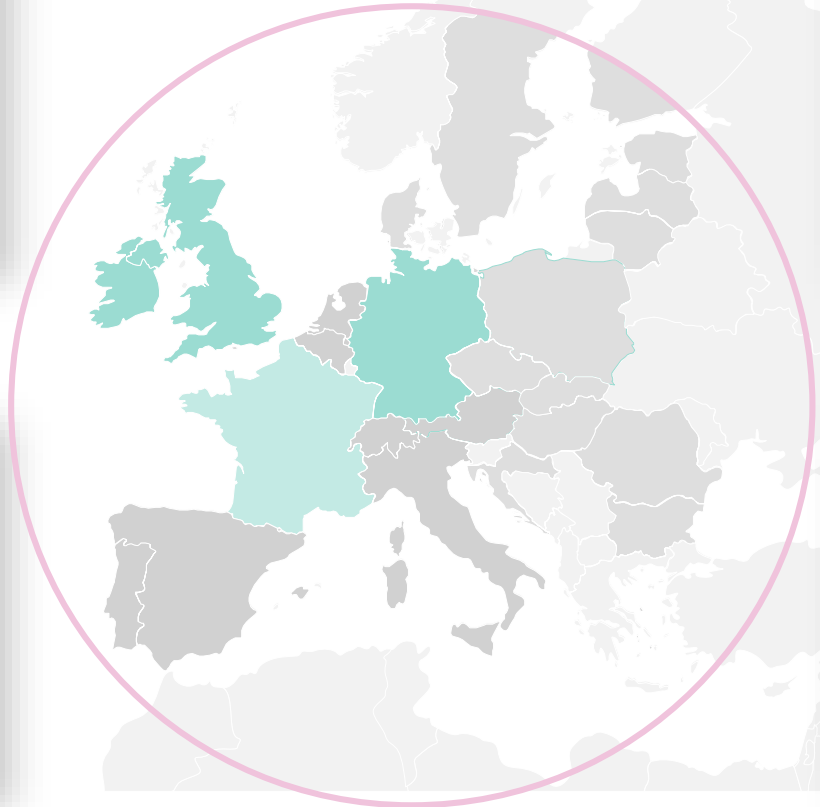
- › Excellent topline growth across all regions
- › Strong LfL development (+5.5% group) in all segments
- › Germany with above average growth of 7.9%
- › Accelerated e-commerce organic Net Sales growth (+21.9%)
- › 2.8% store LfL sales growth
- › Strong increase in both Reported EBITDA (+9.2%) and Adjusted EBITDA (+5.1%)

# EXCELLENT GROWTH MOMENTUM IN Q1 2019/20

## POSITIVE ACROSS ALL REGIONS - E-COMMERCE DRIVES GROWTH



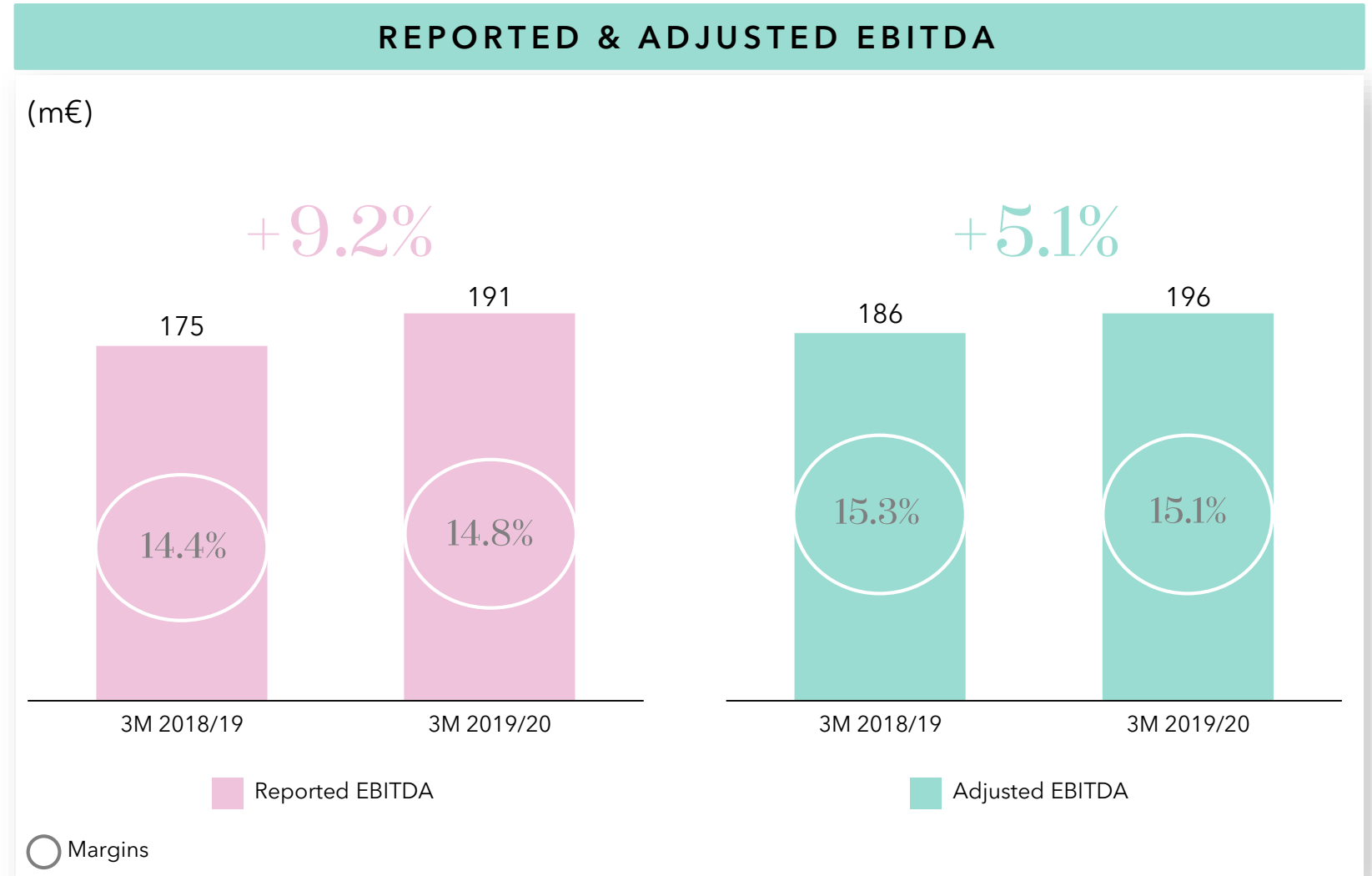
**€1.3bn +6.0%**  
**Net Sales +5.5% LfL**



# STRONG EBITDA GROWTH - REPORTED & ADJUSTED

## ADJUSTMENTS SIGNIFICANTLY REDUCED

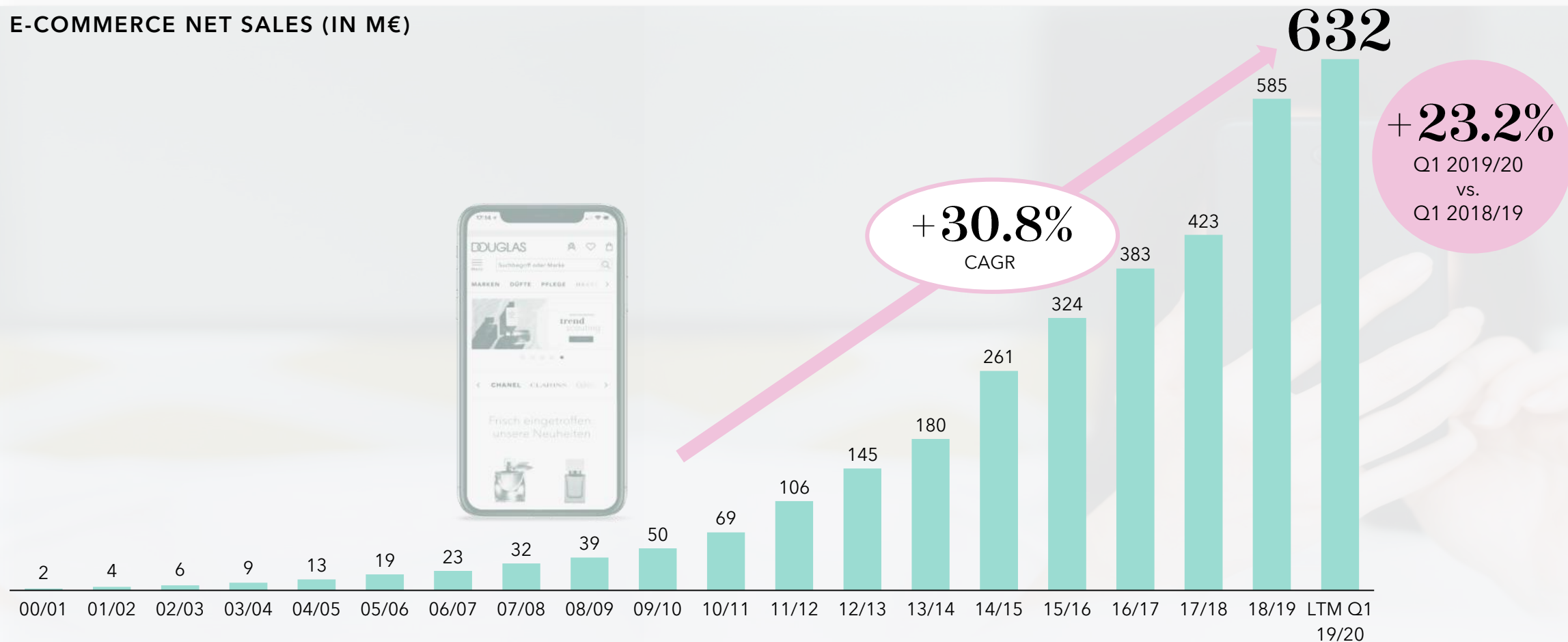
- › All EBITDA figures are stated before the impact of IFRS16
- › Pricing excellence and tight cost discipline as key drivers
- › Reported EBITDA helped by positive one-time effects
- › Low EBITDA Adjustments
- › Increase in Net Income
- › Strong growth in Free Cash Flow



# ACCELERATING E-COMMERCE GROWTH







HIGHLY PROFITABLE E-COMMERCE GROWTH WITH NET SALES EXCEEDING €600M THRESHOLD

E-COMMERCE NET SALES (IN M€)



# E-COMMERCE: STRONG ORGANIC DEVELOPMENT

## NO.1 EUROPEAN BEAUTY E-COMMERCE PLAYER

	E-COMMERCE NET SALES	E-COMMERCE REVENUE SHARE
GROUP 3M2019/20	 €249m +23.2%	 19.3% +2.7%pts (Germany: 31.9% +4.0%pts)
GERMANY 3M2019/20	CONVERSION RATE	AVERAGE BASKET
	 3.8% (0.3)%pts	 €68 +4.6%
	MOBILE REVENUE SHARE	APP REVENUE SHARE
	 63.2% +3.4%pts	 20.3% +3.3%pts

SUCCESSFUL LAUNCH OF MARKETPLACE WITH FIRST REVENUES



# KEY SUCCESS FACTORS IN Q1 2019/20

## SHOPPING EVENTS

SUCCESSFUL SINGLES' DAY  
AND BLACK FRIDAY

## PRICING

SENSITIVITY-BASED PRICING  
ALGORITHM  
TO OPTIMIZE MARGIN

## COST OPTIMIZATION

TIGHT COST DISCIPLINE  
ACROSS ALL FUNCTIONS

## MARKETING

EFFICIENT 1:1 MARKETING  
BASED ON AI

# STRONG CAMPAIGNS AS GROWTH ACCELERATORS

## 360° EXECUTION ON ALL CHANNELS IN EVENT-DRIVEN QUARTER

### SINGLES' DAY

A NEW SHOPPING OCCASION NOW FIRMLY ESTABLISHED IN EUROPE



- › Douglas as pioneer, successfully introducing Singles' Day in Europe
- › Powerful image campaign "You are made for loving you"

### BLACK FRIDAY

THE YEAR'S BUSIEST SHOPPING DAY WORLDWIDE



- › Smart use of price and promotion
- › Increase in online traffic +53.1%\*
- › Increase average order value +5.2%\*

### CHRISTMAS

MOST IMPORTANT SHOPPING SEASON FOR THE INDUSTRY



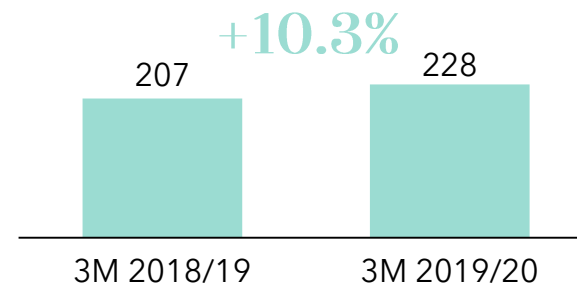
- › (Luxury) gift-focused campaign
- › Highly successful and premium Douglas Christmas Collection
- › Strengthening brand awareness by emotionalizing the brand

# ASSORTMENT AS GROWTH AND MARGIN DRIVER

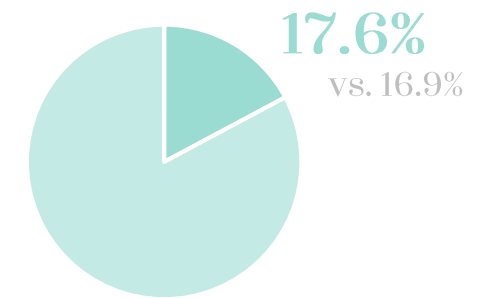
## EXPANDING SHARE OF NEW, OWNED AND EXCLUSIVE BRANDS

- › Industry-leading assortment with >750 brands and >55,000 SKUs in Germany
- › Increasing Sales and Gross Profit contribution of owned and exclusive brands continued
- › New brands with significant share of Sales
- › Roll-out of #INNERBEAUTY and Dr. Susanne von Schmiedeberg / Dermacosmetics across Europe
- › Continue launching new own brands with exciting pipeline (e.g. One.two.free!)

**OWNED & EXCLUSIVE BRANDS NET SALES**  
(m€)



**OWNED & EXCLUSIVE BRANDS SHARE OF TOTAL SALES\***



### OUTLOOK ON UPCOMING LAUNCHES



Launch of the clean skin care system One.two.free!



European roll-out of #INNERBEAUTY and Dr. Susanne von Schmiedeberg



Exclusive launch of Kylie Skin across Europe

# #FORWARD*Beauty* STRATEGY DELIVERING RESULTS



## ACHIEVEMENTS IN Q1 FY2019/20

- ✓ Excellent Net Sales growth above market (+6.0%)
- ✓ Excellent organic E-Commerce growth (+21.9%)
- ✓ Strong LfL store sales growth
- ✓ Significantly increased profit delivered

## FOCUS AREAS

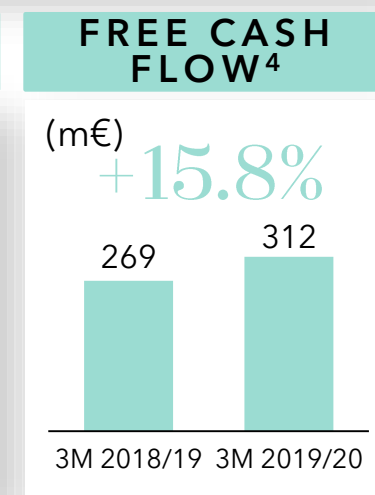
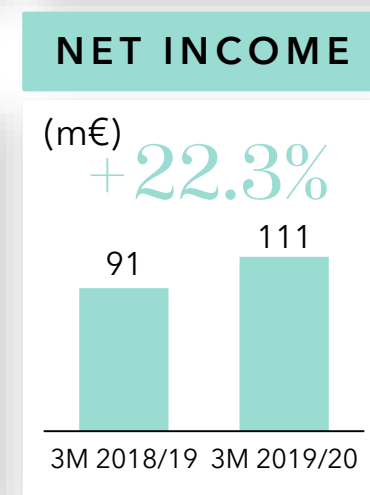
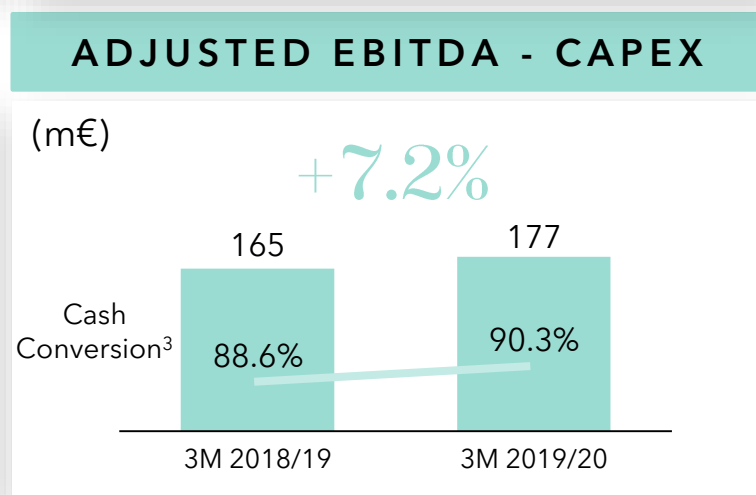
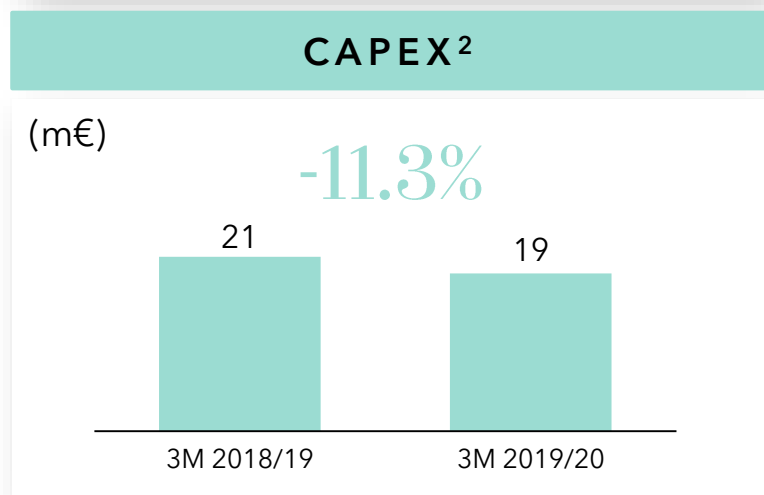
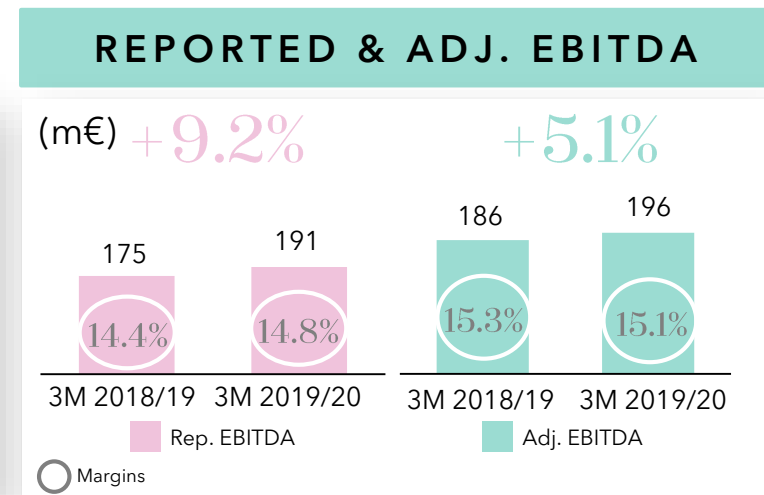
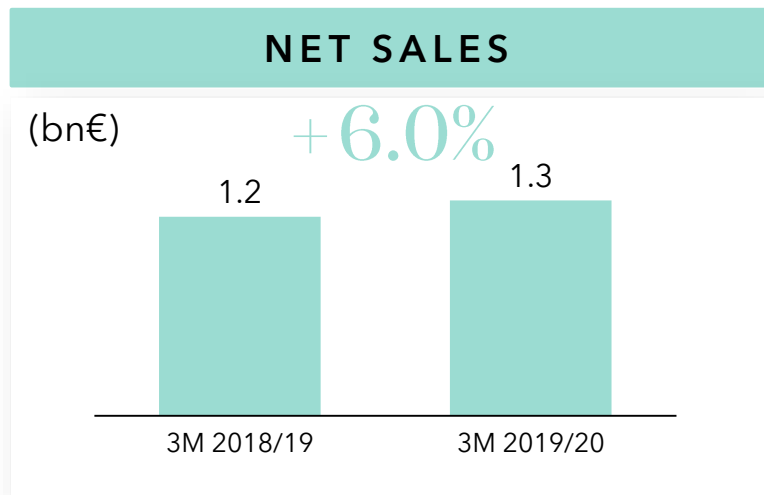
- Continue above-market growth
- Execution of cost optimization program



*Closer Look:  
3M 2019/20 Financials*

# KEY FINANCIALS AT A GLANCE

3M 2019/20<sup>1</sup>



<sup>1</sup> All figures stated before the impact of IFRS16 (EBITDA / Net Income) - see page 23 for details on other EBITDA Adjustments

<sup>2</sup> Accounting Capex excl. M&A related Investments

<sup>3</sup> Defined as Adjusted EBITDA minus CAPEX pre M&A (Accounting CAPEX) divided by Adjusted EBITDA

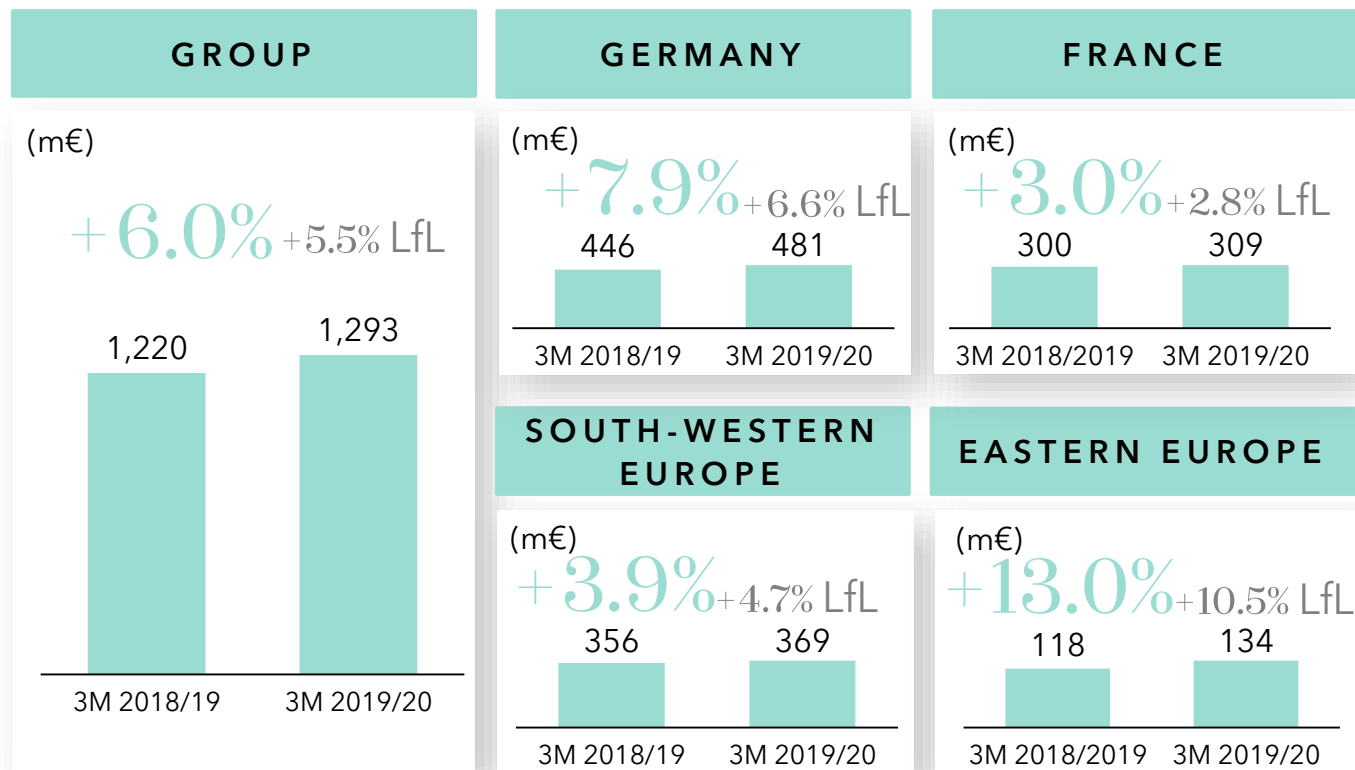
<sup>4</sup> Pre M&A; defined as Total of Net Cash Flow from Operating and Investing Activities

# SEGMENTAL DEVELOPMENT

## NET SALES

- › Net Sales growth in all regions, also LfL
- › **Germany:** Excellent growth, driven by both channels
- › **France:** Positive growth, also LfL, defending market share
- › **SWE:** Organic growth path continued; LfL growth exceeding reported growth due to effects from store closures
- › **Eastern Europe:** Strongest LfL region supported by expansion

### NET SALES<sup>1</sup>



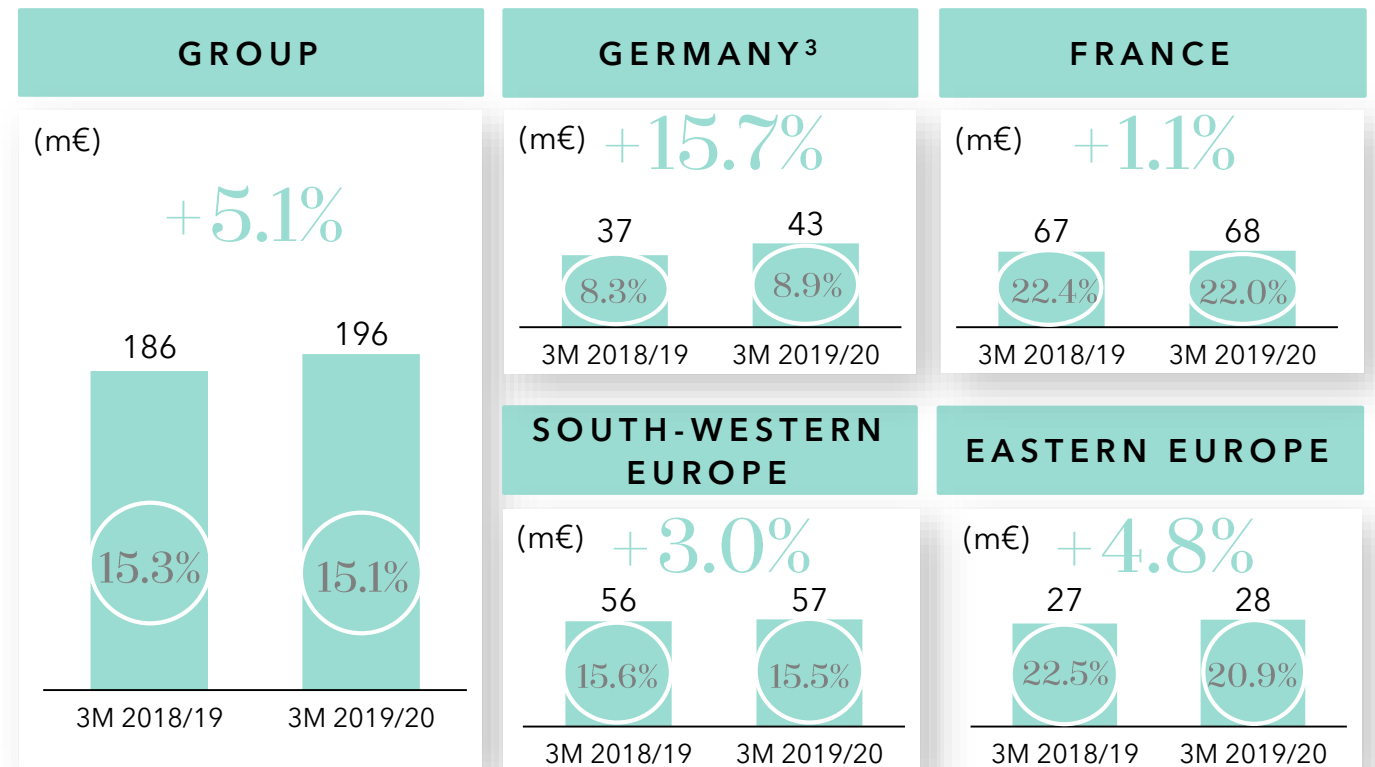
<sup>1</sup> Excl. Intersegment Sales

# SEGMENTAL DEVELOPMENT (CONT'D)

## ADJUSTED EBITDA

- › All EBITDA figures are stated before the impact of IFRS16<sup>1</sup>
- › **Germany:** Over-proportionate growth of EBITDA vs. Sales with positive margin development proves pricing excellence and cost discipline
- › **France:** Increase with small investments into margins (albeit still the highest margins across the Group)
- › **SWE:** Strong growth at excellent margins
- › **Eastern Europe:** Topline growth overcompensating cost inflation

### ADJUSTED EBITDA<sup>2</sup>



○ Margins

<sup>1</sup> For details on IFRS16 effects and disclosures please refer to the 3M FY 2019/20 Interim Financial Report

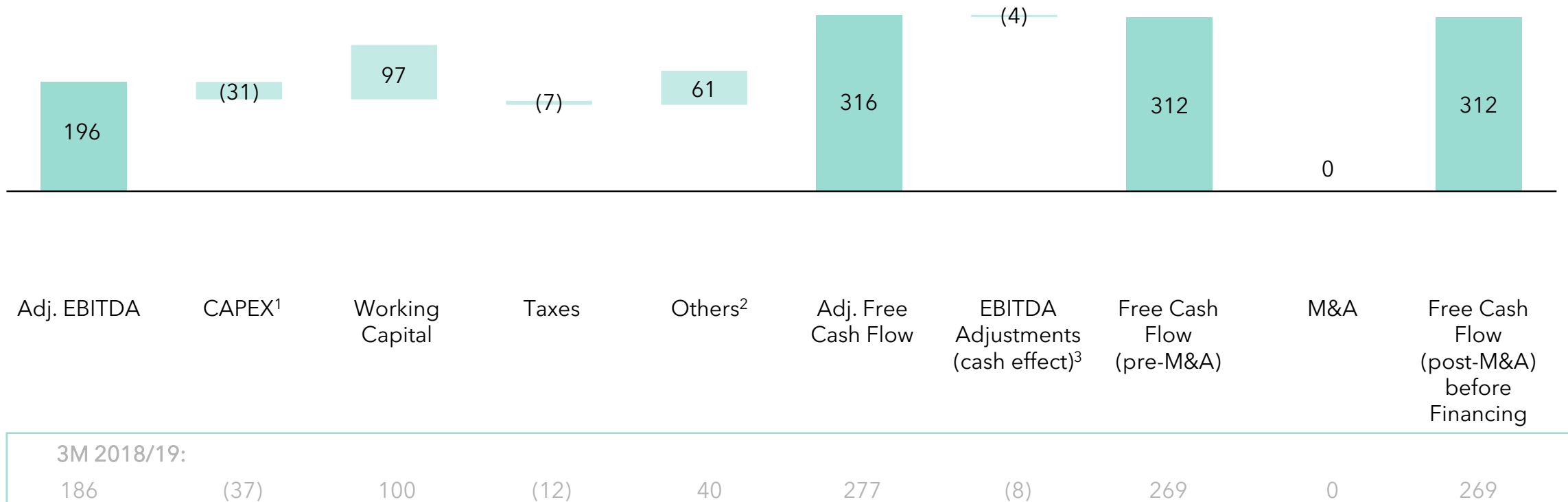
<sup>2</sup> For details on EBITDA Adjustments see page 23

<sup>3</sup> Incl. central functions and consolidation effects

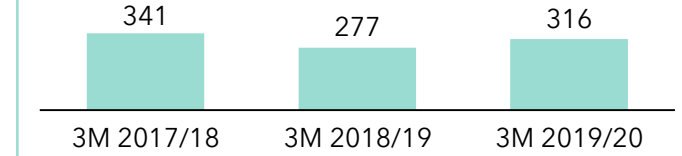


# STRONG FREE CASH FLOW GENERATION

## FREE CASH FLOW BRIDGE 3M 2019/20 (m€)



## ADJUSTED FCF DEVELOPMENT (m€)



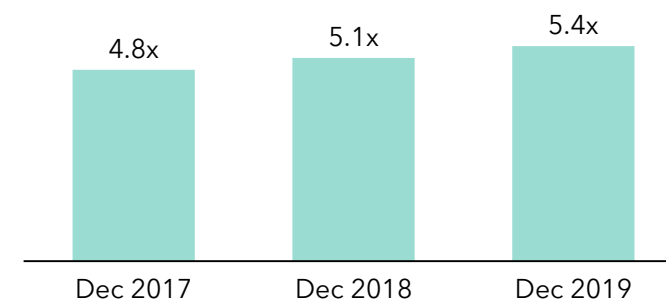
17 <sup>1</sup> Excl. M&A-related investments  
<sup>2</sup> Change in Other Assets, Liabilities and Accruals  
<sup>3</sup> For details on EBITDA adjustments see page 23

# EVOLUTION OF CAPITAL STRUCTURE AND KEY LEVERAGE METRICS

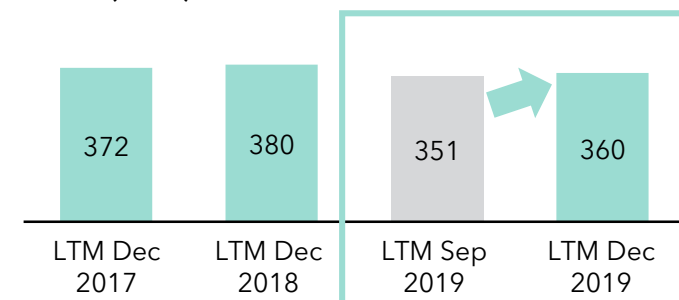
## CAPITAL STRUCTURE

31 December 2019	m€	x Adj. EBITDA	Maturity	Pricing
Cash and Equivalents	362			
RCF (€200m Volume)	-		Feb 22	E+3.75% (0% floor)
Term Loan B (B2/B-)	1,370		Aug 22	E+3.50% (0% floor)
New Term Loan B <sup>1</sup> (B2/B-)	300		Aug 22	E+3.25% (0% floor)
Senior Secured Notes (B2/B-)	300		Jul 22	6.25%
<b>Net Senior Debt<sup>2</sup></b>	<b>1,608</b>	<b>4.5x</b>		
Senior Notes (Caa2/CCC)	335		Jul 23	8.75%
<b>Net Debt (Corp: B2/B)</b>	<b>1,943</b>	<b>5.4x</b>		

## TOTAL NET LEVERAGE



## ADJUSTED EBITDA<sup>3</sup> (m€)



18 Note: Ratings as of December 27, 2019 (Moody's) and January 27, 2020 (S&P Global)  
<sup>1</sup> €300m in place since November 9, 2017

<sup>2</sup> Net Debt does not include Accrued Interest  
<sup>3</sup> For details on EBITDA Adjustments see page 23



## ACHIEVEMENTS 3M 2019/20

- ✓ Excellent 3M Sales growth with positive LfL in every segment
- ✓ E-Commerce as key growth driver with 23.2% growth YoY
- ✓ Strong development of Reported and Adjusted EBITDA
- ✓ EBITDA adjustments are minimal
- ✓ Net Income increased by 22.3% to €111m
- ✓ Free Cash Flow with strong development vs. PY

## FOCUS AREAS

- Further execution of cost optimization program
- Return to deleveraging path



Thank you.

Upcoming IR Event

25 May 2020: 6M FY2019/20 Results

DOUGLAS



# *Appendix*

# LTM KEY FINANCIALS

## DEC. 2019

KEY FINANCIALS (m€)	LTM Dec. 2018	LTM Dec. 2019 <sup>1</sup>	Delta
Net Sales	3,359	3,527	5.0%
<i>Lfl Growth</i>			<i>2.6%</i>
Adjusted EBITDA	380	360	(5.0)%
Margin (%)	11.3%	10.2%	(1.1)%p
Reported EBITDA	217	302	38.9%
Margin (%)	6.5%	8.6%	2.1%p
CAPEX <sup>2</sup>	135	106	(21.2)%
Adj. EBITDA - CAPEX	245	254	3.9%
Cash Conversion (%)	64.5%	70.5%	6.1%p

<sup>1</sup> All figures are stated excluding the effect of IFRS16

<sup>2</sup> Accounting Capex excl. M&A

# ADJUSTMENTS TO EBITDA

- › All EBITDA figures are stated before the impact of IFRS16
- › **Reported EBITDA** improvement of +9.2%
- › **Consulting fees:** Internal strategic projects (costs to be expected as part of cost-savings program going forward)
- › **Restructuring costs:** Currently none, as integration is almost completed
- › **Purchase price allocation:** Acquisition of Niche Beauty
- › **Credit card fees:** “Below EBITDA” reclassification to financial result in accordance with banking and bond agreements; increase due to online growth
- › **Other:** Decrease due to extraordinary income related to payment from former shareholder and reversal of provisions

## EBITDA ADJUSTMENTS

(m€)	3M 2018/19	3M 2019/20	LTM Dec. 2018	LTM Dec. 2019
Reported EBITDA	175	191	217	299
Consulting fees	1	3	13	15
Restructuring costs	2	0	15	11
PPA	3	1	12	3
Credit card fees	5	6	12	16
Other	1	(6)	109	17
Adjusted EBITDA	186	196	380	360

# REPORTED FINANCIALS

## 3M 2019/20

### NET SALES<sup>1</sup>

(m€)	3M 2018/19	3M 2019/20
Germany	446	481
France	300	309
South-Western Europe	356	369
Eastern Europe	118	134
Group	1,220	1,293

### EBITDA

(m€)	3M 2018/19	3M 2019/20
Germany <sup>2</sup>	32	43
France	64	66
South-Western Europe	54	56
Eastern Europe	26	27
Group	175	191



# LFL NET SALES GROWTH

## QUARTERLY DEVELOPMENT

### LFL NET SALES GROWTH DEVELOPMENT

	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	Q1 2019/20	LTM Q1 2019/20
Germany	3.8%	(0.9)%	5.5%	0.6%	6.6%	3.3%
France	2.0%	(1.8)%	(1.7)%	4.1%	2.8%	1.1%
South-Western Europe	3.7%	(1.3)%	0.0%	(0.2)%	4.7%	1.3%
Eastern Europe	6.8%	6.5%	7.6%	6.4%	10.5%	8.2%
Group	3.6%	(0.6)%	2.2%	1.6%	5.5%	2.6%
Stores	1.5%	(2.4)%	1.2%	0.1%	2.8%	0.8%
Online	17.3%	13.4%	18.3%	20.6%	21.9%	19.3%

# CASH FLOW STATEMENT

3M 2019/20

- › Strong development of **Cash Flow from Operating activities**
- › **Cash flow from Investing activities** on same level, as large scale acquisitions are completed
- › Increase in **Cash used for Financing activities** related to payment of remaining purchase price

## CASH FLOW STATEMENT (m€)

	3M 2018/19	3M 2019/20 <sup>1</sup>
Net Cash Flow from Operating Activities	306	343
Net Cash Flow from Investing Activities	(36)	(31)
Free Cash Flow	270	312
Net Cash Flow from Financing Activities	(15)	(31)
Net Change in Cash & Cash Equivalents <sup>2</sup>	254	281
Cash & Cash Equivalents at Beginning of Period	103	81
Cash & Cash Equivalents at End of Period	357	362

<sup>1</sup> All figures are stated excluding the effect of IFRS16

26 <sup>2</sup> IFRS16 application has no impact on the Total Net Cash Flow / Net Changes in Cash & Cash Equivalents

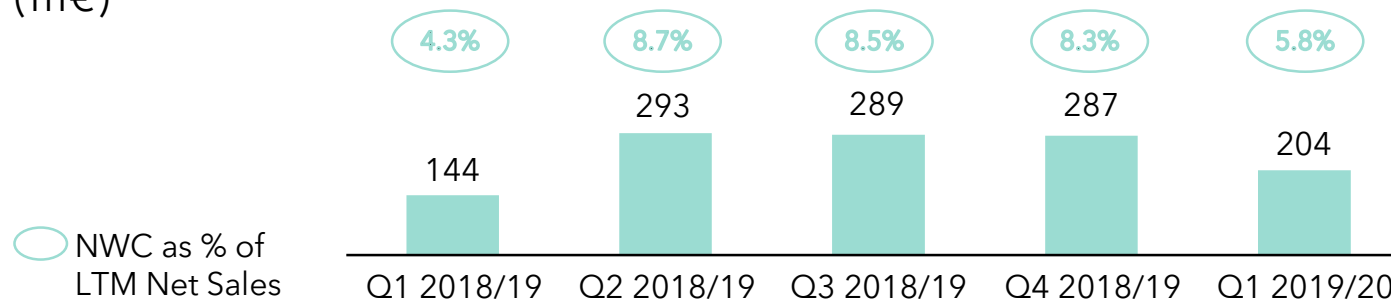
# NET WORKING CAPITAL

## Q1 2019/20

- › Net Working Capital continues to be a key focus
- › Inventory improved due to tight inventory management
- › Accounts payable decreased due to timing effect and change to payment policy
- › Other of €62m mainly driven by increase in bonus claims and unredeemed gift vouchers / coupons
- › NWC as % of Net Sales slightly higher than historically, mainly due to lower accounts payable

## NET WORKING CAPITAL

(m€)

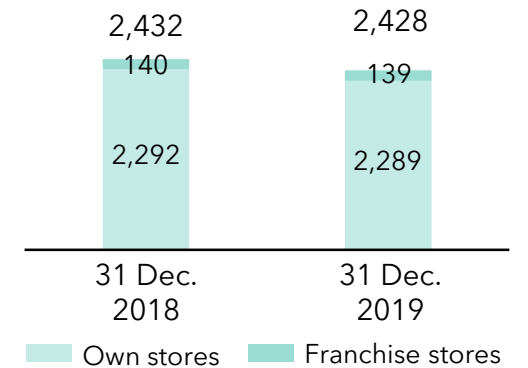


(m€)	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	Q4 2018/2019	Q1 2019/2020
Inventories	817	811	751	744	803
Trade accounts receivable	77	47	50	46	76
Trade accounts payable	(805)	(526)	(483)	(487)	(737)
Other <sup>1</sup>	55	(39)	(29)	(16)	62
<b>Total NWC</b>	<b>144</b>	<b>293</b>	<b>289</b>	<b>287</b>	<b>204</b>



## PREMIUM STORE NETWORK FOOTPRINT ACROSS EUROPE

- › Limited store openings, mainly in Eastern Europe
- › Portfolio realignment across Europe will result in further reduction in # of stores



YTD DEVELOPMENT	Q1 2018/19	Q1 2019/20
Store openings	5	9
Store closures	(2)	(12)
Store acquisitions	-	-
Store divestitures	-	-
Change in franchises	1	(1)
<b>Total</b>	<b>4</b>	<b>(4)</b>