



Q1 2020/21

Financial Results

Düsseldorf, 26 February 2021

DOUGLAS

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TODAY'S SPEAKERS



Tina Müller
Group CEO



Matthias Born
Group CFO

COVID-19-IMPACTED FIRST QUARTER

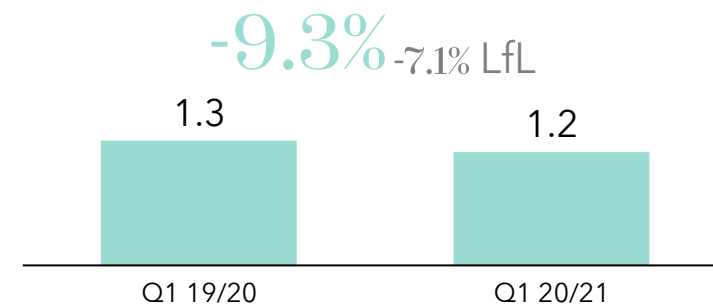
RECORD GROWTH IN E-COMMERCE SALES



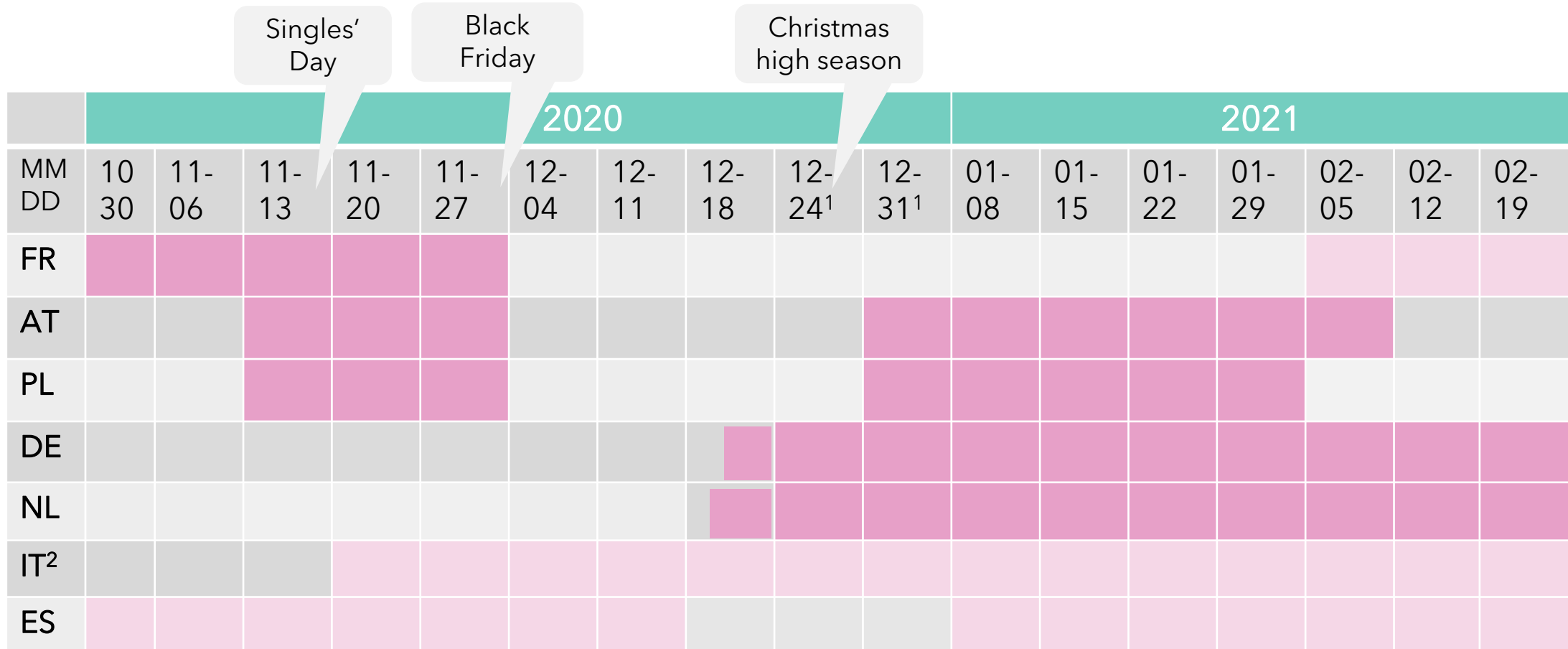
- › Q1 characterised by various lockdowns and COVID-related restrictions in core countries
- › Record growth in e-commerce of 74% partially mitigated sales decrease in stores caused by lockdowns
- › Overall e-com share of sales increased to 37%
- › E-Commerce key driver with €1bn net sales LTM Dec 20

GROUP NET SALES

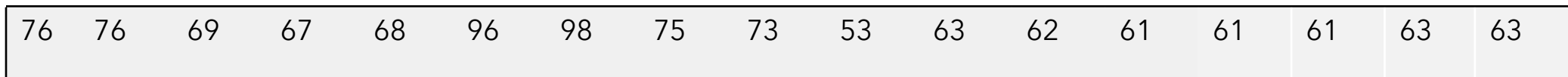
(bn€)



OVERVIEW OF BRICK-AND-MORTAR LOCKDOWNS



PERCENTAGE OF OPEN STORES IN DOUGLAS GROUP



¹ Please note that 24 and 31 December 2020 was a Thursday, instead of normal Friday reporting

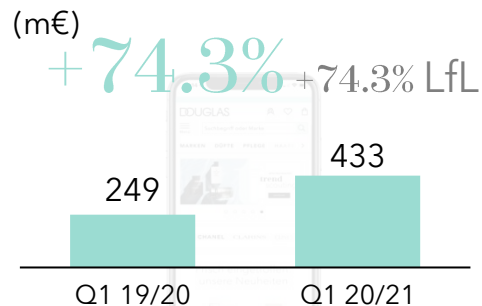
² Partial closures from 20 November 2020

74% E-COMMERCE GROWTH

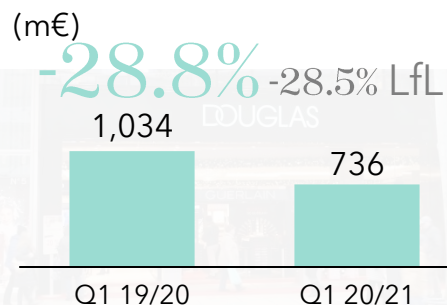
PARTIALLY MITIGATED COVID-19 IMPACT ACROSS REGIONS

€1.2bn-9.3%
Net Sales -7.1% LfL

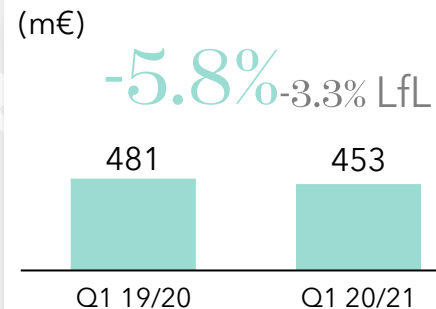
GROUP (ONLINE)



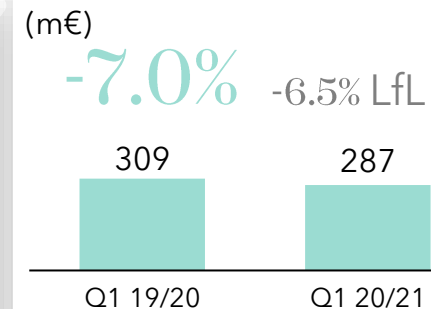
GROUP (STORES)



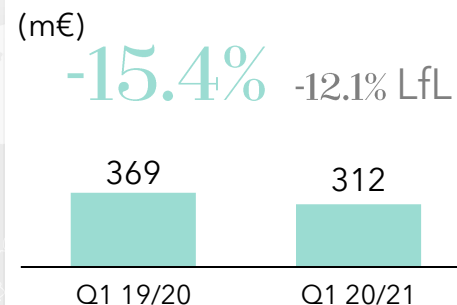
GERMANY



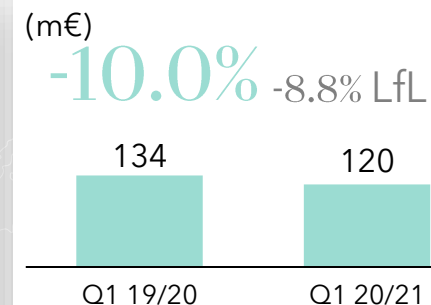
FRANCE



SOUTH-WESTERN EUROPE



EASTERN EUROPE



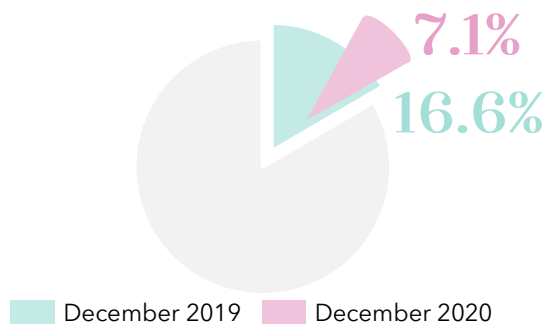
NET SALES IMPACT BY LOCKDOWN IN Q1 (1/2)

GERMANY: STORE CLOSURES FROM 16 - 31 DEC 2020

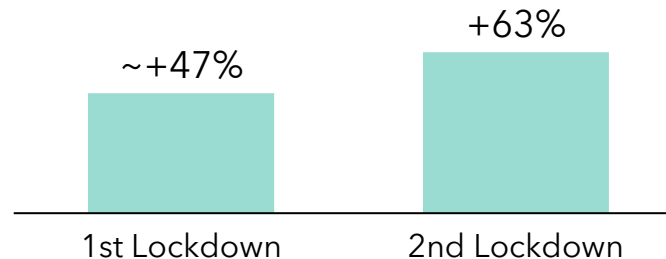


- › Weeks from 16-31 Dec 2020 accounted for 9% of annual sales
- › Enhanced logistics capacities supported significant online sales growth during the second lockdown
- › Online sales increased by 63% in the second lockdown compared to 47% in the first
- › Sales share of E-Com has increased and accounts for 50% of total sales in December 2020

STORE SALES IN % OF TOTAL SALES* DEC 2020 VS. DEC 2019



ONLINE SALES GROWTH DURING LOCKDOWNS VS. PY



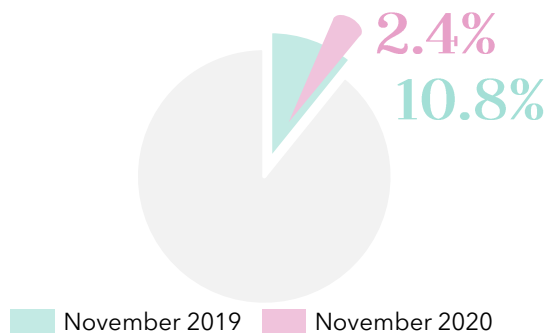
NET SALES IMPACT BY LOCKDOWN IN Q1 (2/2)

FRANCE: STORE CLOSURES FROM 31 OCT - 27 NOV 2020

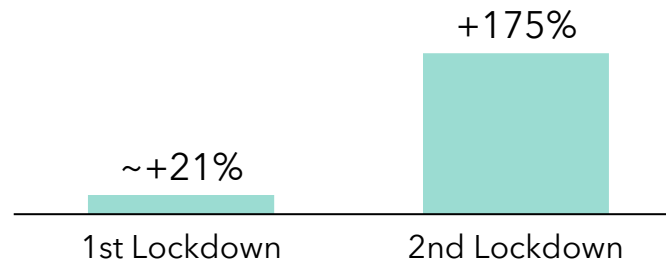


- › Very strong growth of e-commerce in second lockdown compared to first
- › Highly demanded click & collect service supported by strong Black Friday campaign of 2 weeks resulted in online growth of 175% during hard lockdown in November
- › Online sales share increased to 75% in November 2020

STORE SALES IN % OF TOTAL SALES* NOV 2020 VS. NOV 2019



ONLINE SALES GROWTH DURING LOCKDOWNS VS. PY



WELL PREPARED FOR THE 2ND WAVE OF LOCKDOWNS

LEARNINGS FROM THE 1ST LOCKDOWN IN SPRING 2020 HELPED US TO IMPROVE IN THE 2ND WAVE OF LOCKDOWNS

WAREHOUSE CAPACITIES



- › Warehouse capacities increased

ORDER CHANNELS



Alternative order channels established:

- › Ship from store
- › Click & collect
- › Phone







ENLARGED ASSORTMENT



- › Assortment extended to ~130,000 SKU's

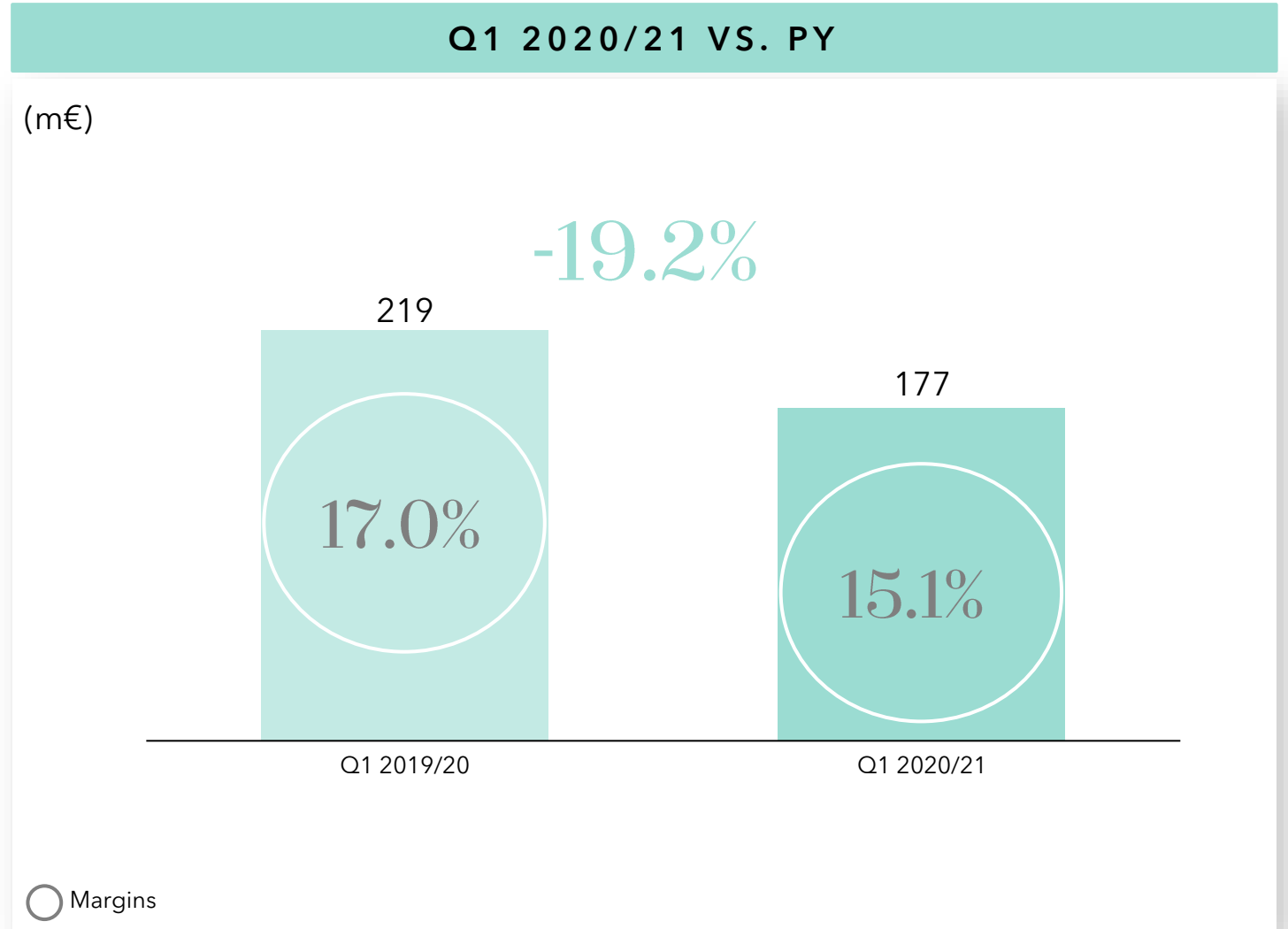
E-COMMERCE: STRONG DEVELOPMENT OF KPIS

NO.1 EUROPEAN BEAUTY E-COMMERCE PLAYER

GROUP Q1 2020/21	ONLINE NET SALES	ONLINE REVENUE SHARE
	 <p>€433m +74.3%</p>	 <p>37.0% (Germany: 50.2%)</p>
GERMANY Q1 2019/20	CONVERSION RATE	AVERAGE BASKET*
	 <p>3.9% +0.1%pts</p>	 <p>€70 +3.8%</p>
	MOBILE REVENUE SHARE	APP REVENUE SHARE
	 <p>67.2% +4.0%pts</p>	 <p>25.4% +5.1%pts</p>

ADJUSTED EBITDA Q1 2020/21

- › €120m decrease in FY Net Sales translated into a decrease of only €42.1m adjusted EBITDA¹
- › Continuously strict cost discipline and short-time work allowance helped to partially mitigate the lockdown effects and the decline in store sales





SUMMARY

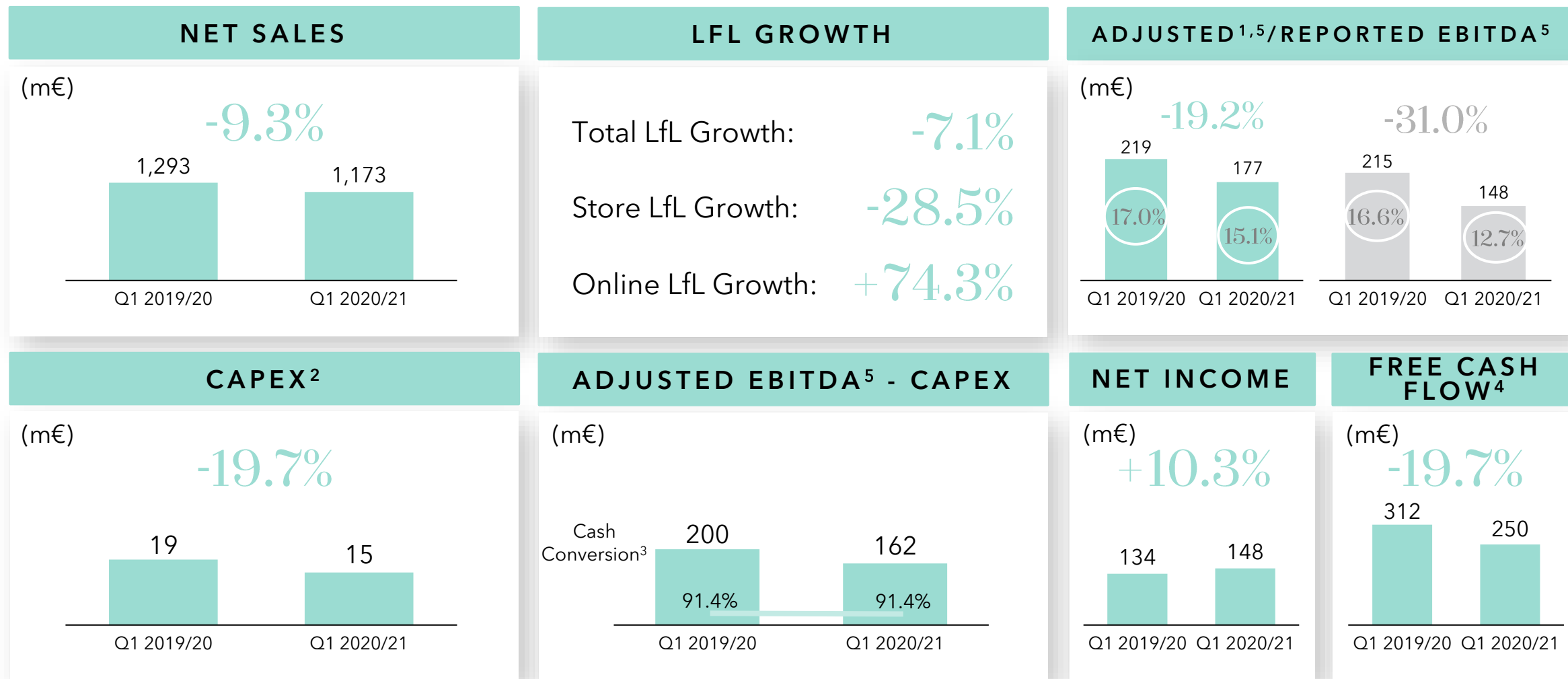
- ✓ Record growth in e-commerce partially mitigated sales decrease in brick-and-mortar caused by lockdowns
- ✓ E-Commerce achieved €1bn Net Sales LTM December 2020
- ✓ Learnings from the first lockdowns in spring 2020 helped us to improve in Q1 20/21
- ✓ Adjusted EBITDA decline partially compensated by countermeasures and strict cost discipline



*Closer Look:
Q1 2020/21 Financials*

Q1 2020/21 FINANCIALS: COVID-19-IMPACTED

RECENT LOCKDOWNS HAVE LEFT THEIR MARK



○ Margins ■ Adjusted EBITDA ■ Reported EBITDA

14 ¹ For details on EBITDA adjustments see Page 26

² Accounting Capex excl. M&A related Investments

⁵ Retrospective restatement of comparative information for the prior-year period according to IAS 8

³ Defined as adjusted EBITDA minus CAPEX pre M&A (Accounting CAPEX) divided by adjusted EBITDA

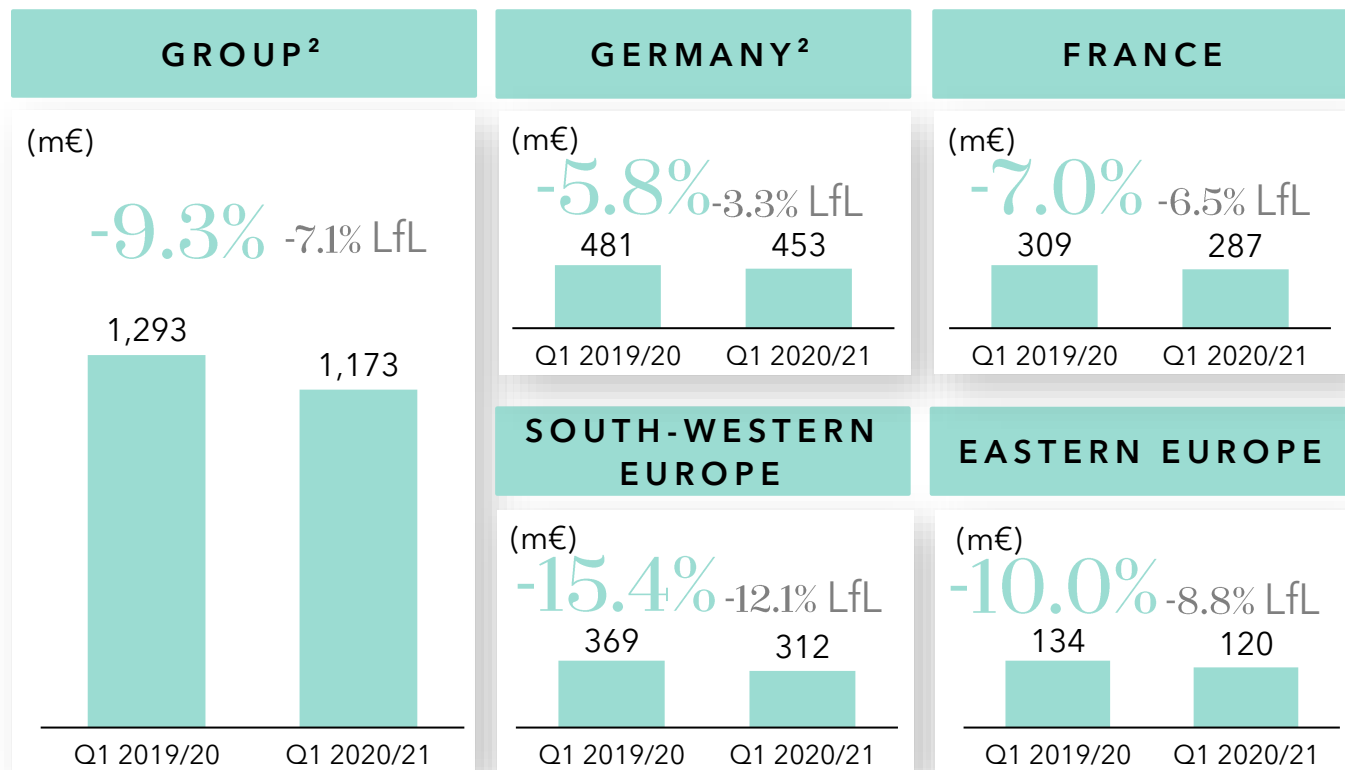
⁴ Defined as Total of Net Cash Flow from Operating Activities and Net Cash Flow from Investing Activities

NET SALES DEVELOPMENT BY SEGMENT

Q1 2020/21

- › Net sales impacted by COVID-19 lockdowns
- › SWE and EE most severely impacted due to temporary lockdowns and significant restrictions, e.g. in NL, PL, CZ, BG
- › Important shopping occasions like Singles' Day and Black Friday affected
- › Record quarterly growth in online sales partially mitigated decrease in store sales

NET SALES¹

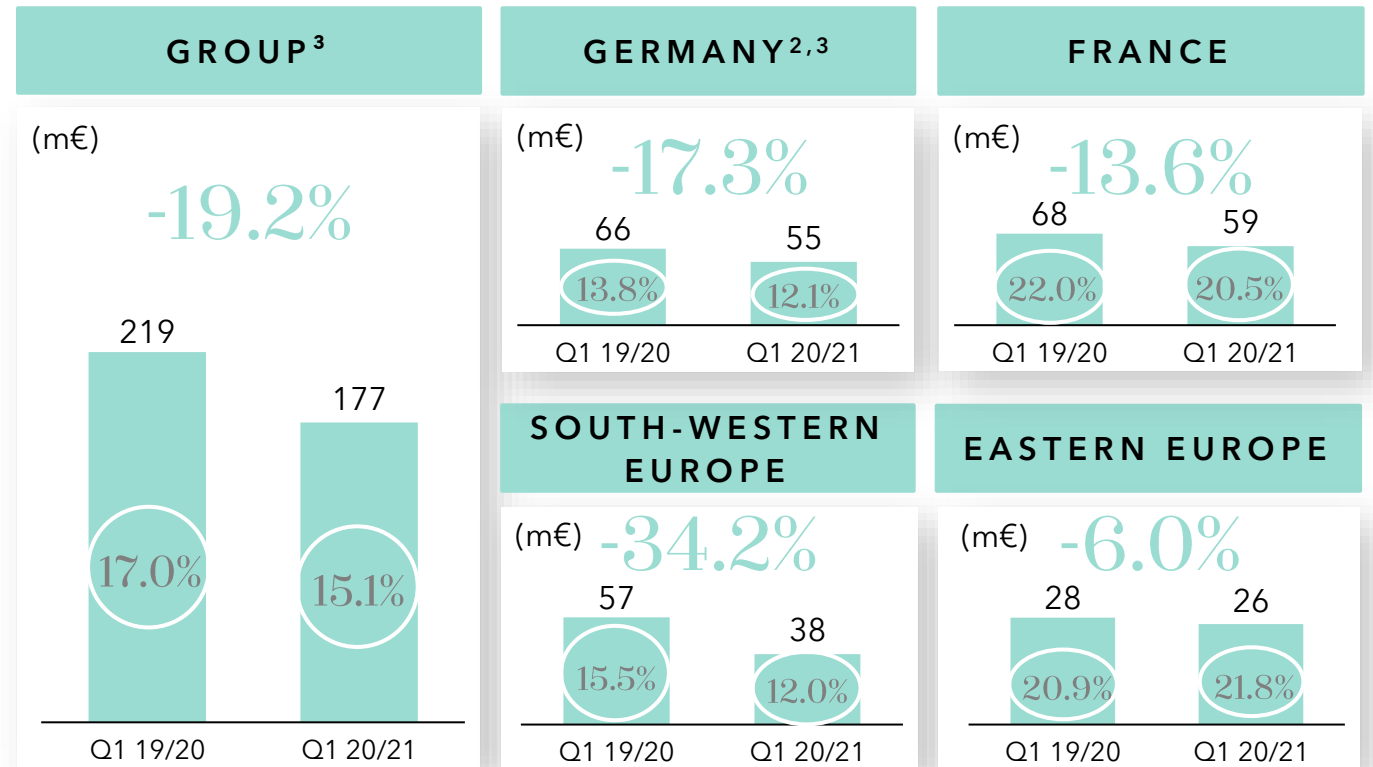


ADJUSTED EBITDA DEVELOPMENT BY SEGMENT

Q1 2020/21

- › EBITDA figures stated pre IFRS16
- › E-Com contribution and strict cost discipline have mitigating effect
- › **Germany:** Affected by decrease in store contribution and non-variable central costs
- › **France:** Strong click & collect contribution, but with accompanying store-related costs
- › **SWE:** Most severely hit by lockdown, esp. NL in two last weeks of December, due to strongest decrease in store contribution and high variable E-Com costs
- › **Eastern Europe:** High resilience combined with sustained high margin, driven by record growth in E-Com and relatively low variable E-Com costs

ADJUSTED EBITDA¹



○ Adjusted EBITDA Margin

Note: For details on IFRS16 effects and disclosures please refer to the Q1 2020/21 Financial Report

¹ For details on EBITDA adjustments see Page 26

² Incl. central functions and consolidation effects

³ Retrospective restatement of comparative information for the prior-year period according to IAS 8

GROSS PROFIT DECLINE PARTIALLY MITIGATED

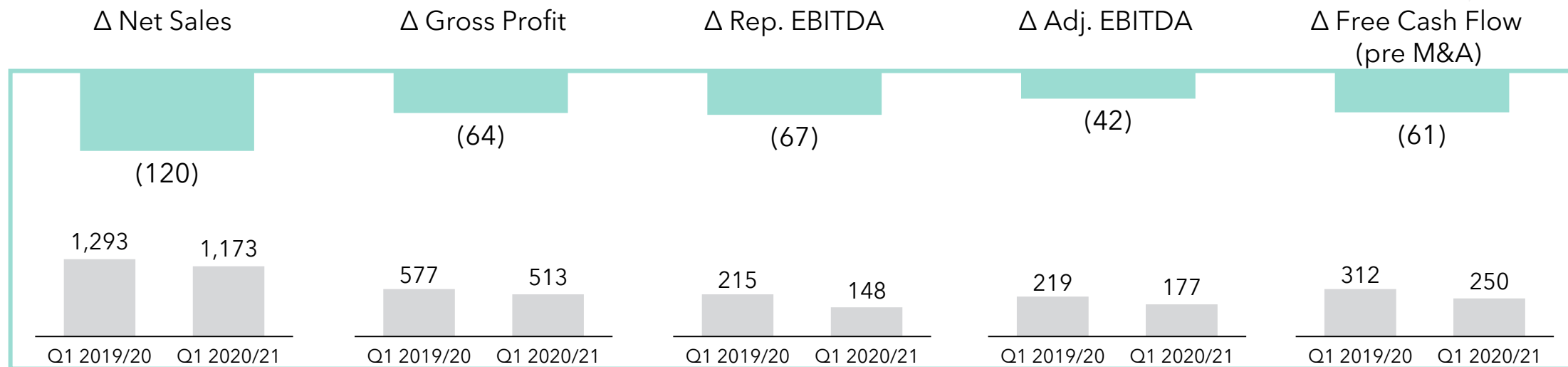
Q1 2020/21
(m€)

Lower gross profit due to COVID-19-induced restrictions and lockdowns as well as channel shift

Cost savings (e.g. personnel and rent) offsetting increased variable e-com costs (e.g. logistics and performance marketing) and consulting costs, PY includes extraordinary income related to payment from former shareholder

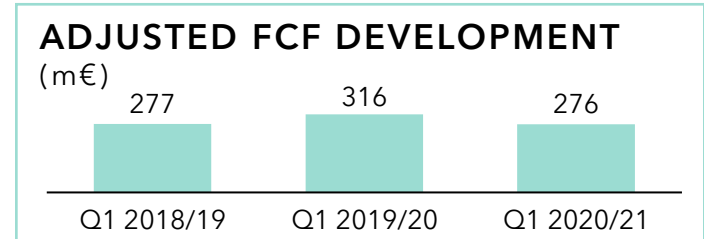
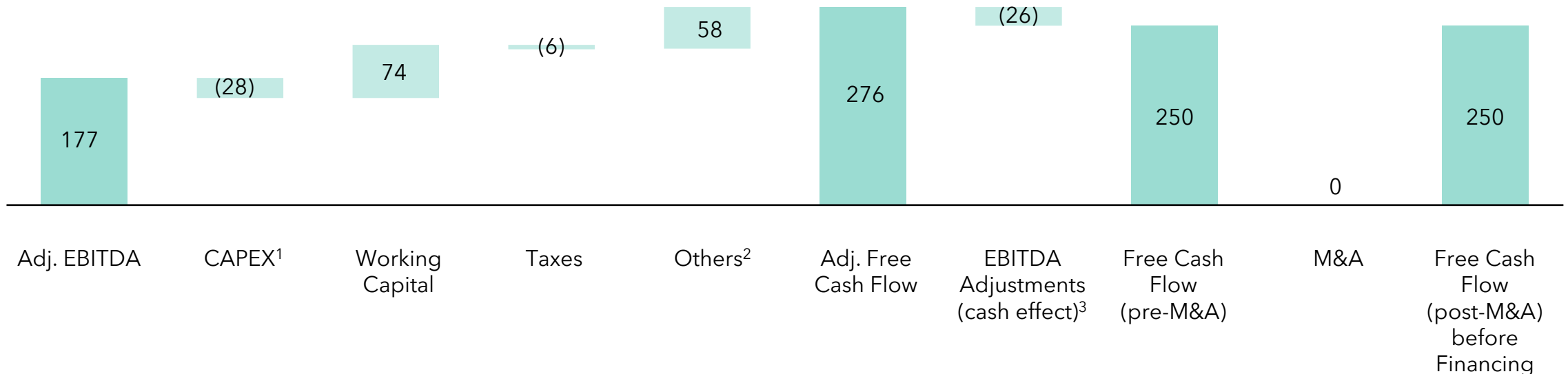
Mainly adjusted for COVID-19 effects and consulting fees

Decrease in FCF due to lower Rep. EBITDA, partially mitigated by lower Capex and non-cash adjustments



STRONG IMPROVEMENT IN WORKING CAPITAL SUPPORTED FREE CASH FLOW

FREE CASH FLOW BRIDGE Q1 2020/21 (m€)



Q1 2019/20:									
219 ⁴	(31)	73 ⁴	(7)	61	316	(3)	312	0	312

¹ Excl. M&A-related investments

² Change in Other Assets, Liabilities and Accruals

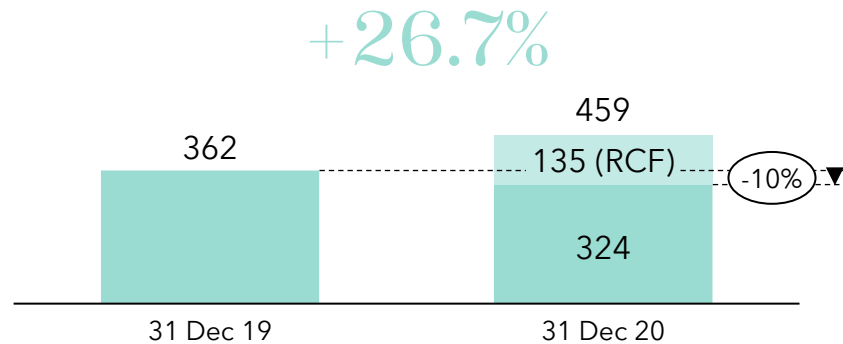
³ For details on EBITDA adjustments see Page 26

⁴ Retrospective restatement of comparative information for the prior-year period according to IAS 8

LIQUIDITY SECURED THROUGH COUNTERMEASURES

CASH BALANCE

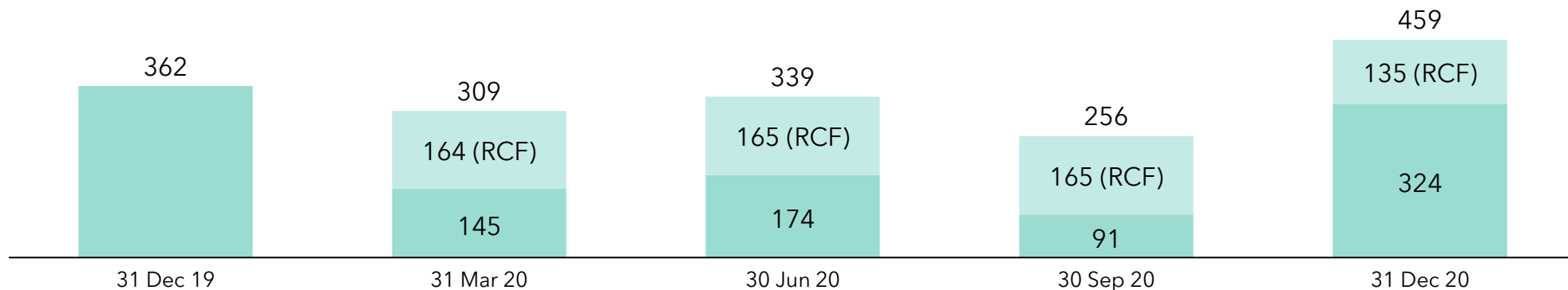
(m€)



- › Effect from lower gross profit, partially compensated by
 - › Savings in personnel expenses (incl. government subsidies) and shift of social securities payments/taxes
 - › Waived/reduced/shifted rent payments
 - › Capex reduction
 - › Longer payment terms
 - › Shifted and lower tax payments
- › €135m of RCF drawn
- › Cash balance excl. RCF €324m

CASH AND CASH EQUIVALENTS

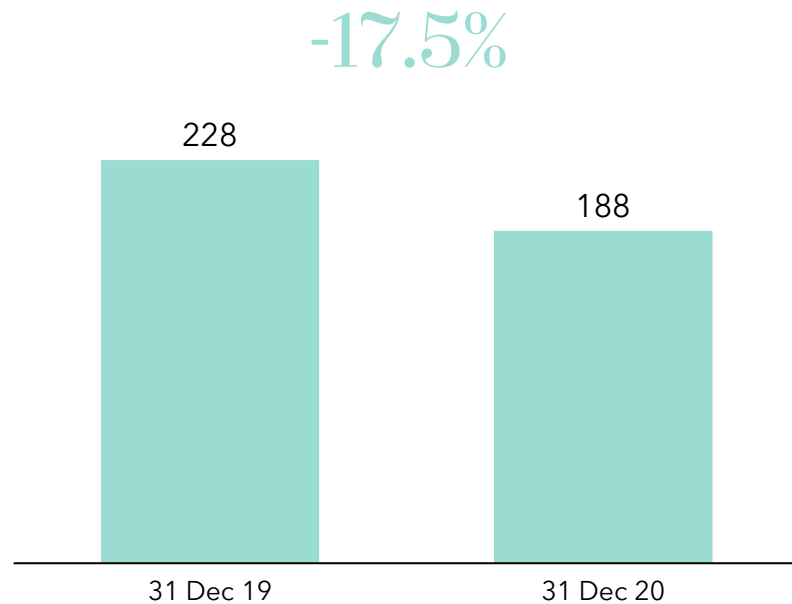
(m€)



SUCCESSFUL WORKING CAPITAL MANAGEMENT

NET WORKING CAPITAL

(m€)



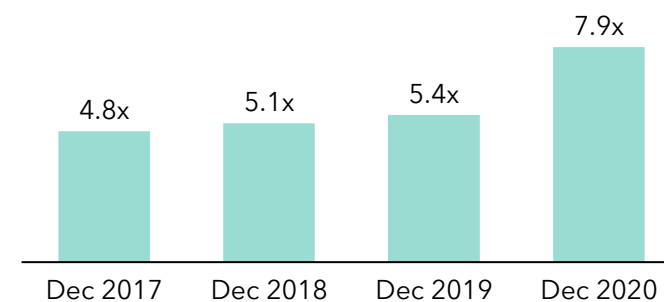
- › Strong limit control resulted in reduced working capital
- › Despite COVID-19, inventory managed efficiently, e.g. shift of store inventory to e-Commerce
- › Lower payables due to cautious inventory build up
- › Receivables below PY due to lower Net Sales

EVOLUTION OF CAPITAL STRUCTURE AND KEY LEVERAGE METRICS

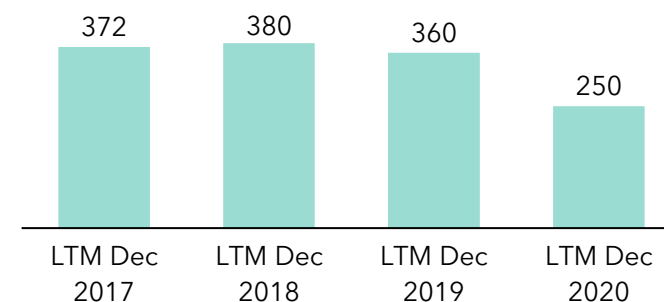
CAPITAL STRUCTURE

31 December 2020	m€	x Adj. EBITDA	Maturity	Pricing
Cash and Equivalents	459			
RCF (€200m Volume) ⁴	135		Feb 22	E+3.75% (0% floor)
Term Loan B (B3/CCC+)	1,370		Aug 22	E+3.50% (0% floor)
New Term Loan B ¹ (B3/CCC+)	300		Aug 22	E+3.25% (0% floor)
Senior Secured Notes (B3/CCC+)	300		Jul 22	6.25%
Net Senior Debt²	1,646	6.6x		
Senior Notes (Caa3/CCC-)	335		Jul 23	8.75%
Net Debt (Corp: Caa1/CCC+)	1,981	7.9x		

TOTAL NET LEVERAGE



ADJUSTED EBITDA³ (m€)



21 Note: Ratings as of June 3, 2020 (Moody's) and April 1, 2020 (S&P Global)
¹ €300m in place since November 9, 2017

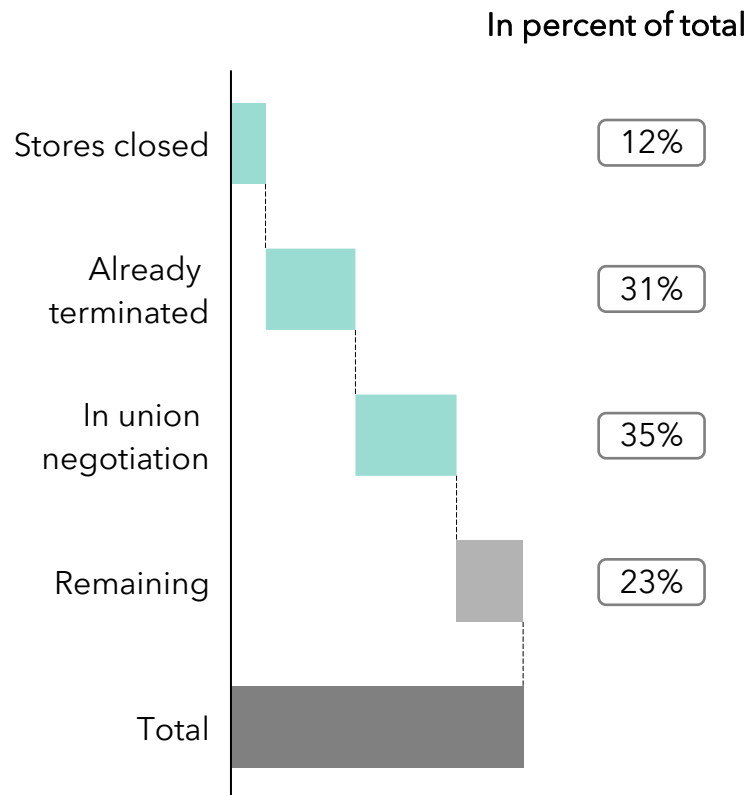
² Net Debt does not include Accrued Interest

³ For details on EBITDA adjustments see Page 26

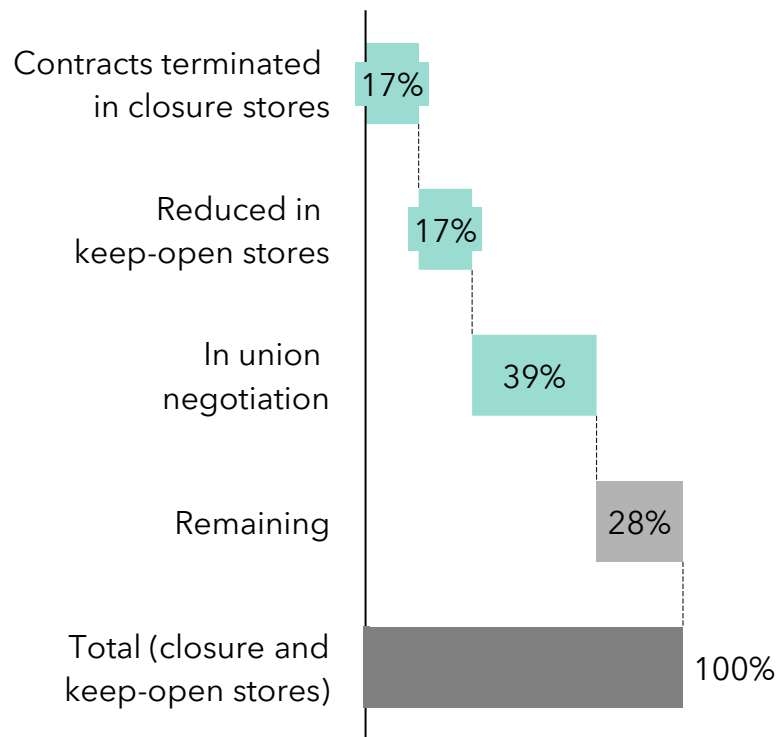
⁴ Additional bank commitment of €75m received in January 2021

SOP IMPLEMENTATION SUCCESSFULLY STARTED AND FULLY ON TRACK WITH FIRST IMPACT REALIZED

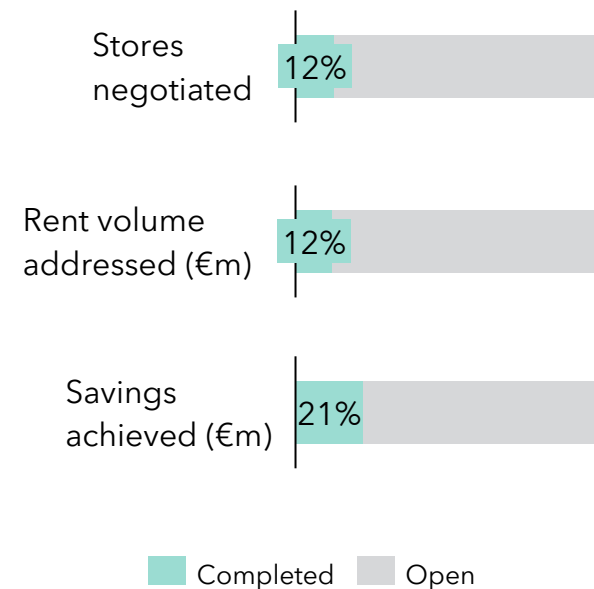
Store closures / terminations (# of stores)



FTE reductions¹



Rent negotiations for stores remaining open



For >75% of the stores the „point of no return“ has been reached

>70% of FTE contracts terminated, released or in union negotiations

Average saving 18% per store vs. 10% target



SUMMARY Q1 2020/21

- ✗ Another COVID-19 impacted quarter
- ✓ Liquidity and business continuity secured
- ✓ Store optimisation programme started and fully on track
- ✓ Cost-optimisation programme continued
- ✓ E-Commerce achieved €1bn Net Sales LTM December 2020



Thank you.

DOUGLAS



Appendix

ADJUSTMENTS TO EBITDA

- › **Consulting fees:** Internal strategic projects (e.g. costs to be expected as part of cost-savings and store restructuring program going forward)
- › **PPA:** Former acquisitions
- › **Credit card fees:** “Below EBITDA” reclassification to financial result in accordance with banking and bond agreements
- › **COVID-19:** In particular staff- and rent-related idle costs in connection with closed stores due to lockdown and hygiene measures
- › **Other:** Costs related to SOP; prior year: extraordinary income related to payment from former shareholder and reversal of provisions

EBITDA ADJUSTMENTS

(m€)	Q1 2019/20	Q1 2020/21
Reported EBITDA ¹	215	148
Consulting fees	3	5
Restructuring costs	0	0
PPA	1	3
Credit card fees	6	6
COVID-19	0	13
Other	(6)	1
Adjusted EBITDA ¹	219	177

REPORTED EBITDA

REPORTED EBITDA¹

(m€)	Q1 2019/20	Q1 2020/21
Germany ^{1,2}	66	38
France	66	56
South-Western Europe	56	32
Eastern Europe	27	23
Group	215	148

DEEP DIVE INTO LFL NET SALES GROWTH

QUARTERLY DEVELOPMENT

LFL NET SALES GROWTH DEVELOPMENT

	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	Q1 2020/21	LTM December 2020
Germany	6.6%	(3.7)%	(19.0)%	2.3%	(3.3)%	(5.5)%
France	2.8%	(15.8)%	(34.9)%	(6.7)%	(6.5)%	(14.1)%
South-Western Europe	4.7%	(15.8)%	(34.9)%	(6.8)%	(12.1)%	(16.9)%
Eastern Europe	10.5%	(5.3)%	(19.5)%	8.0%	(8.8)%	(6.6)%
Group	5.5%	(10.2)%	(27.3)%	(1.7)%	(7.1)%	(11.0)%
Stores	2.8%	(18.9)%	(48.0)%	(9.5)%	(28.5)%	(26.8)%
Online	21.9%	31.6%	67.3%	43.5%	74.3%	58.2%

CASH FLOW STATEMENT

- › Solid **Cash Flow from Operating activities** due to good working capital management including inventory and shifted payments
- › **Cash flow from Investing activities** reduced due to liquidity saving measures (despite ongoing investments in E-Com)
- › Decrease in **Cash from Financing activities** due to partial RCF repayment

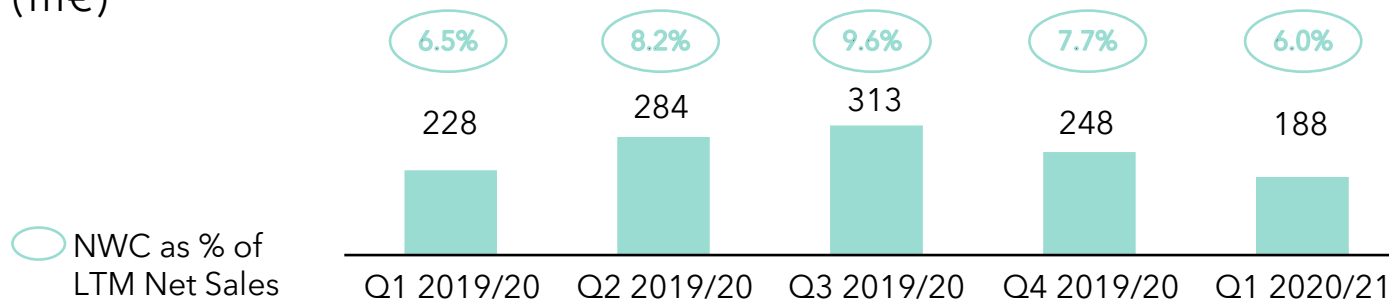
CASH FLOW STATEMENT

(m€)	Q1 2019/20	Q1 2020/21
Net Cash Flow from Operating activities	343	278
Net Cash Flow from Investing activities	(31)	(27)
Free Cash Flow	312	250
Net Cash Flow from Financing activities	(31)	(48)
Net Change in Cash & Cash Equivalents	281	203
Cash & Cash Equivalents at Beginning of Period	81	256
Cash & Cash Equivalents at End of Period	362	459

NET WORKING CAPITAL

- › Net Working Capital continues to be a key focus
- › Inventory lower compared to Q1 2019/20 despite challenges due to COVID-19, in line with seasonal patterns
- › Payables: Lower due to cautious inventory build up
- › Other: Lower bonus receivables
- › NWC as % of Net Sales below historical ratios despite broader assortment and lower sales (COVID-19 induced)

NET WORKING CAPITAL (m€)

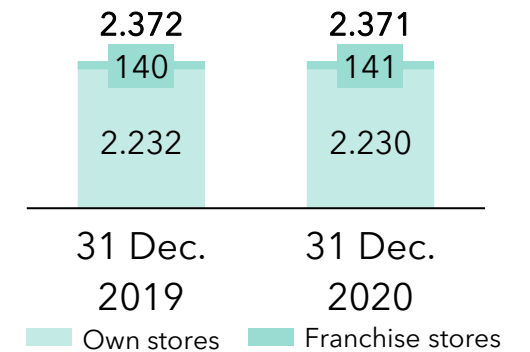


(m€)	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020	Q1 2020/21
Inventories	803	822	762	739	769
Trade accounts receivable	76	35	40	38	57
Trade accounts payable	(713)	(514)	(437)	(504)	(670)
Other ¹	62	(58)	(53)	(24)	33
Total NWC	228	284	313	248	188



PREMIUM STORE NETWORK FOOTPRINT ACROSS EUROPE

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



YTD DEVELOPMENT	Q1 2019/20	Q1 2020/21
Store openings	9	13
Store closures	(12)	(15)
Store acquisitions	-	-
Store divestitures	-	-
Change in franchises	(1)	2
Total	(4)	0