Q1 FY 2015/16 Financial results

24 March 2016

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Additional items regarding the financial information included in this Presentation

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1. Key Highlights

Key highlights

Sound YTD sales and earnings performance	■ Strong seasonal sales performance across all regions in Europe ■ Continued dynamic growth in e-commerce sales, which now account for 11.8% of total sales (PY: 9.8%) ■ Combined share of private label / exclusive brands increased to 15.8% (PY: 14.5%) ■ EBITDA adjusted for exceptional items increased by 7% driven by top-line growth, scale benefits and efficiency improvements ■ 14 stores opened, mainly in Germany and Eastern Europe; continuous investment in refurbishment and modernisation ■ Cash conversion[1] seasonally high at 93.1% (LTM Dec 2015: 75.1%)
Investment program implemented	■ Over **EUR 100m** of additional investments planned in fundamental growth drivers:

Driver	Description	Share
Douglas brand	Further development of brand positioning across all key countries; expansion of marketing measures to cover all online and offline customer contacts; optimisation of key price points	~40%[2]
CRM	Intensification of personalized communication; enlargement of loyalty card concept including additional card and bonus system	~40%
Omni-channel	Leadership extension in channel excellence; optimisation of web-shop and mobile app	~10%
Private label	Growth acceleration across Europe, increase of assortment and speeding up of innovation cycles	~10%

- Almost 85% of additional investments expected as OPEX, with c. EUR 10m in FY 2015/16 and the remainder spread evenly over the next 3 years
- 15% of additional investments in CAPEX, equally distributed over FY2015/16 to FY2018/19

- Investment program to be funded from organisational improvements across the board:
  - Annual run rate savings of almost EUR 30m p.a., mostly in personnel expenses, with approximately 50% achieved in FY2015/16 and 100% thereafter
  - Total realisation costs of c. EUR 30m, with c. 60% as OPEX in FY2015/16, c. 10% as CAPEX in FY2015/16 and remaining 30% as OPEX over FY2016/17 and FY2017/18
- OPEX related to the investment program to be completely covered by cost savings from organisational restructuring

[1] *Defined as Adjusted EBITDA minus CAPEX divided by Adjusted EBITDA*
[2] *Share of total EUR 100m investment program*

Q1 FY 2015/16 Key financials

Comments

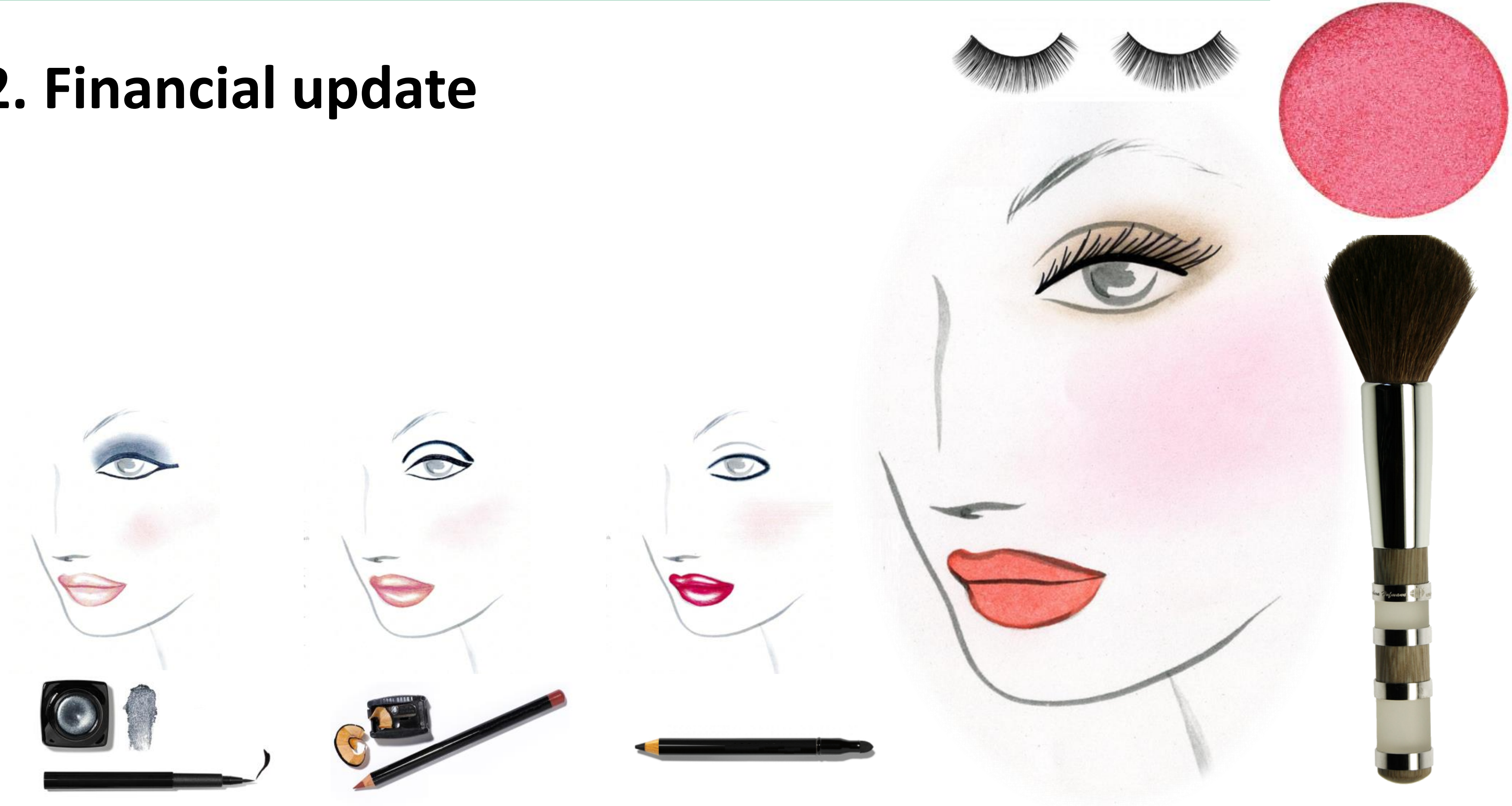
- Christmas season drives Q1 sales
- Net sales increased by 4.8%. Like-for-like sales grew 6.0%
- Adjusted EBITDA increased by 7.0%, with margin improving by 0.3%-points to 16.7%
- Almost all geographical regions contributed to the strong performance
- Decrease in CAPEX due to temporarily lower investments in refurbishment and modernisation of the store network, mainly in France
- Cash conversion (Adjusted EBITDA minus CAPEX divided by Adjusted EBITDA) reached 93.1% due to seasonal effects of the Christmas business; LTM Dec 2015 cash conversion remains high at 75.1%

Key financials

in EURm	Q1 2014/15	Q1 2015/16	*Delta*	LTM Dec 2014[1]	LTM Dec 2015	*Delta*
Net Sales	907	**950**	**4.8%**	2,515	2,651	5.4%
Like-for-like			*6.0%*			*5.3%*
Adjusted EBITDA	149	**159**	**7.0%**	290	310	6.9%
Margin (%)	*16.4%*	*16.7%*		*11.5%*	*11.7%*	
CAPEX	17	**11**	**(37.4%)**	65	77	19.1%
Adj. EBITDA – CAPEX	132	**148**		225	233	
Cash conversion	88.6 %	93.1%		77.6%	75.1%	
Unlevered Free Cash Flow pre-M&A CAPEX[2]	246	**254**				
Unlevered Free Cash Flow post-M&A CAPEX[2]	246	**262**				

[1] *LTM Dec 2014 : Pro-Forma including respective figures of acquired competitor Nocibé for January 1, 2014 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



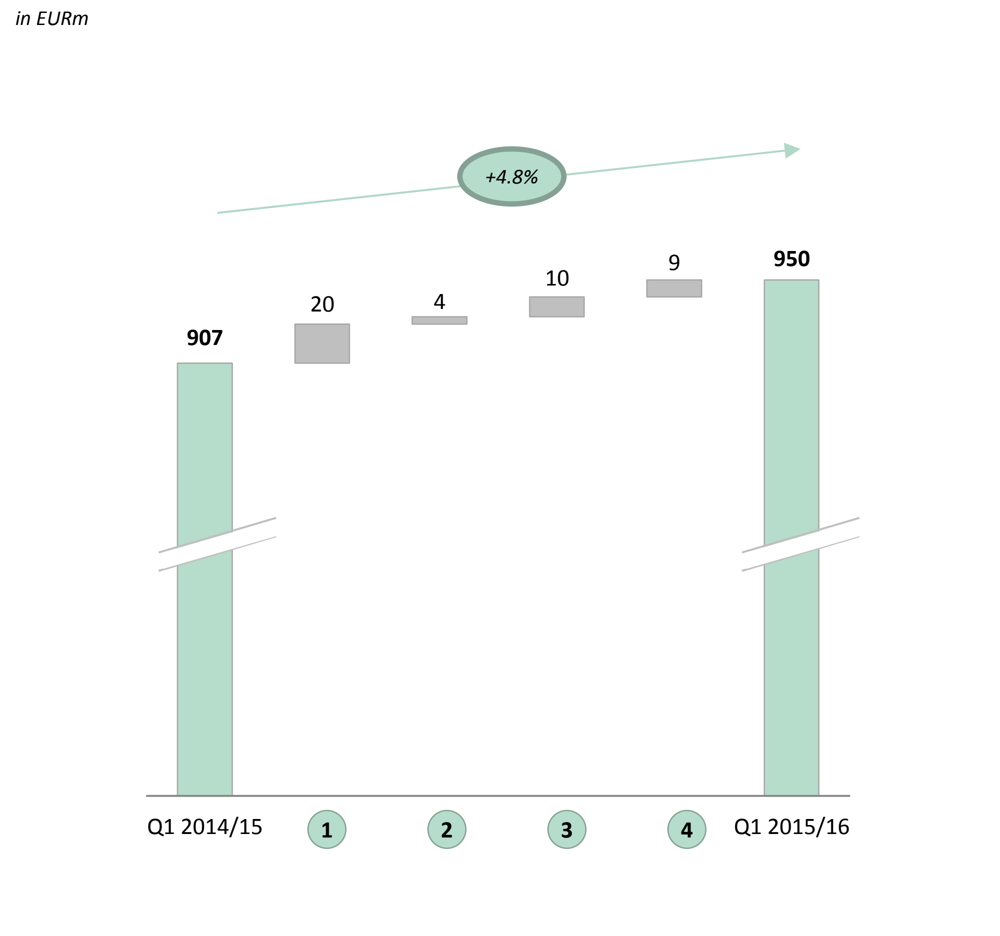
Q1 FY 2015/16 Sales

Comments

- Total e-commerce sales increased strongly by 26.3%, notably in Germany, France and the Netherlands. Share of online sales to total sales reached 11.8% (PY: 9.8%). Stationary sales rose by 4.7%, or 3.5% on a like-for-like basis
- International sales account for 57% of total sales, consistent with the level in the prior year

1. **Germany**: like-for-like sales rose by 4.9% driven by both the online-shops and the stationary business
2. **France:** like-for-like sales increased by a very strong 6.8%. The prior year total sales were positively impacted by EUR 16m sales from purchasing cooperation DPB Achats (terminated December 31, 2014)
3. **South-Western Europe:** like-for-like growth of 6.1% mainly driven by the online business. In particular our operations in Austria, the Netherlands, Italy and Spain contributed to the positive sales performance
4. **Eastern Europe**: Like-for-like sales increased by 9.1%, driven by stationary as well as online business especially in Poland, Czech Republic, the Baltics and Romania

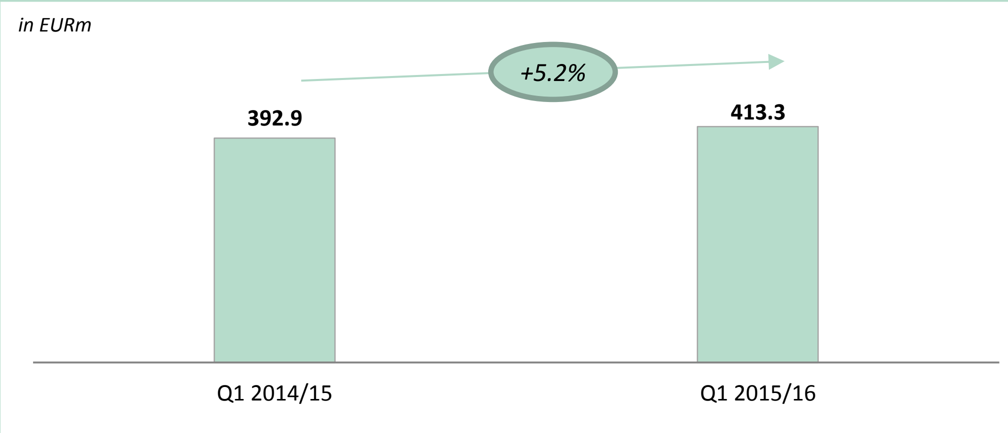
Sales bridge



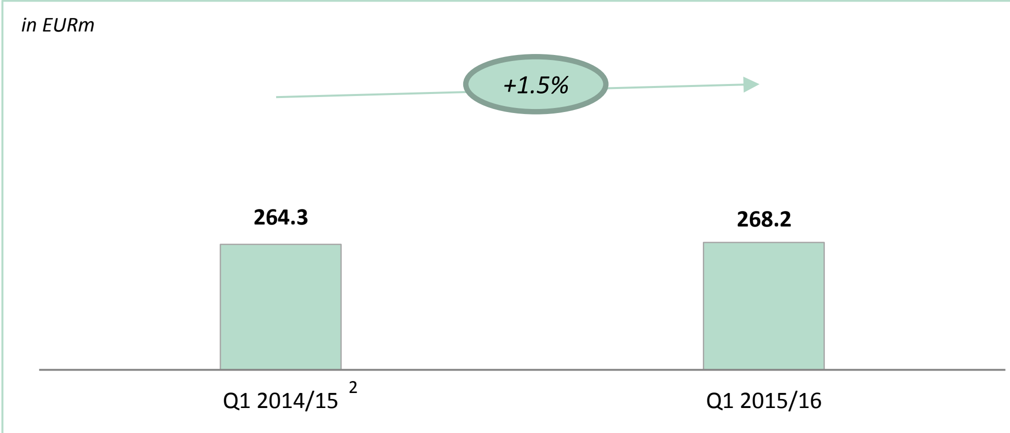
Douglas

Q1 FY 2015/16 Sales by region[1]

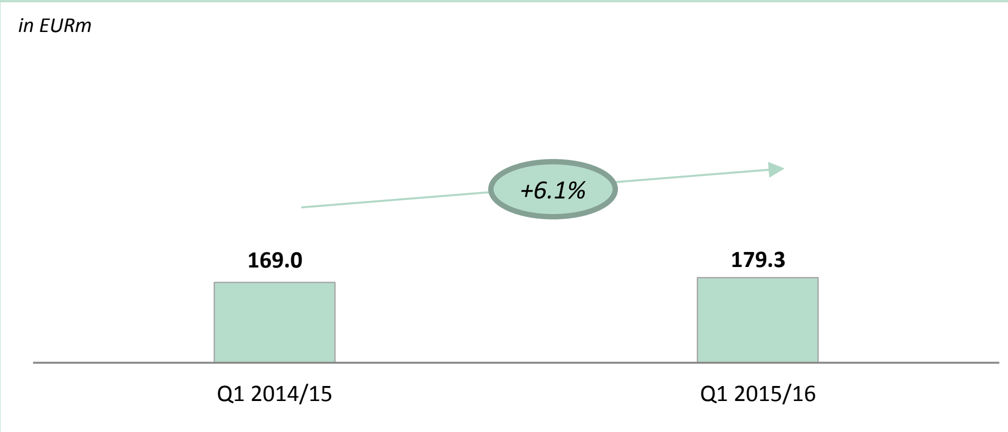
Germany



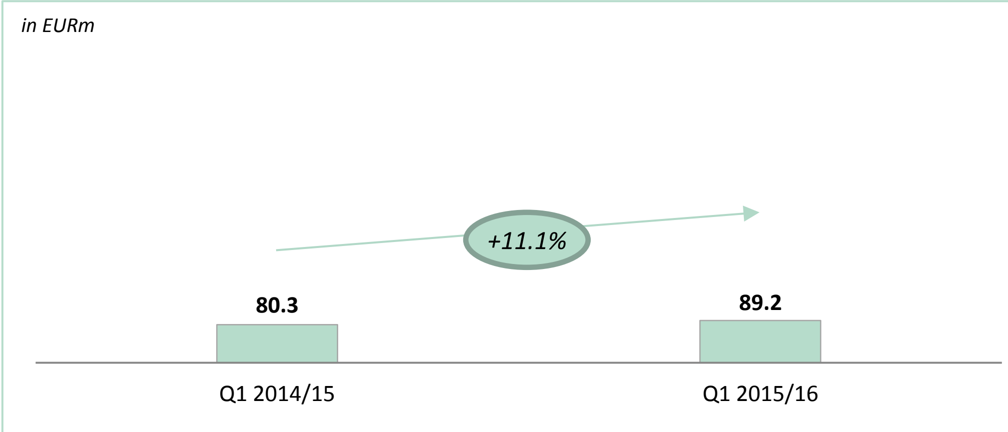
France



South-Western Europe



Eastern Europe



[1] *Excluding intersegment sales*
[2] *Q1 2014/15: Including EUR 16m sales from the purchasing cooperation DPB Achats (terminated Dec 31, 2014)*

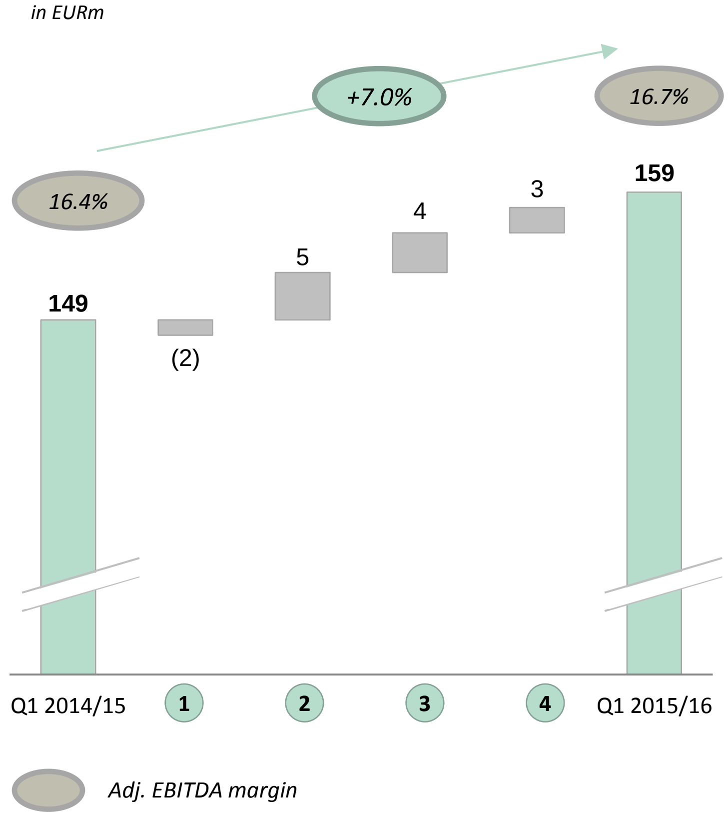
Q1 FY 2015/16 Adjusted EBITDA

Comments

- Almost 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**: Slight decrease in EBITDA due to the combination of lower marketing contributions from suppliers caused by a shift in the timing of promotions (expected to be recovered over Q2/Q3), and a slightly lower gross margin as a result of a displacement of sell-in volumes (already recovered in Q2 FY 2015/16)
2. **France**: Strong sales growth driven by an increase in customer traffic and conversion rate as well as a higher gross margin reflecting an efficient management of price promotions and higher supplier bonuses
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. All countries contributed to the higher EBITDA
4. **Eastern Europe:** Economies of scale due to topline growth and optimisation of cost structure. Almost all countries contributed to the positive earnings development, in particular Poland

Adjusted EBITDA bridge[1]

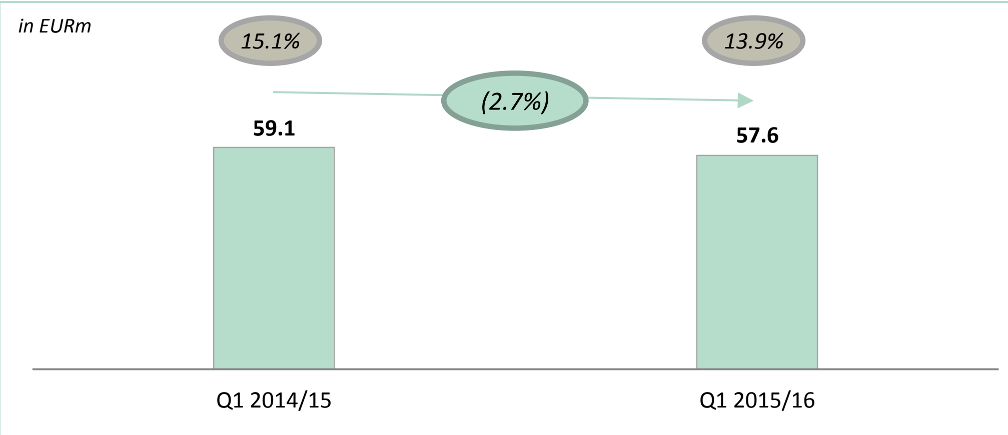


[1] For further details on adjustments to Reported EBITDA see page 18

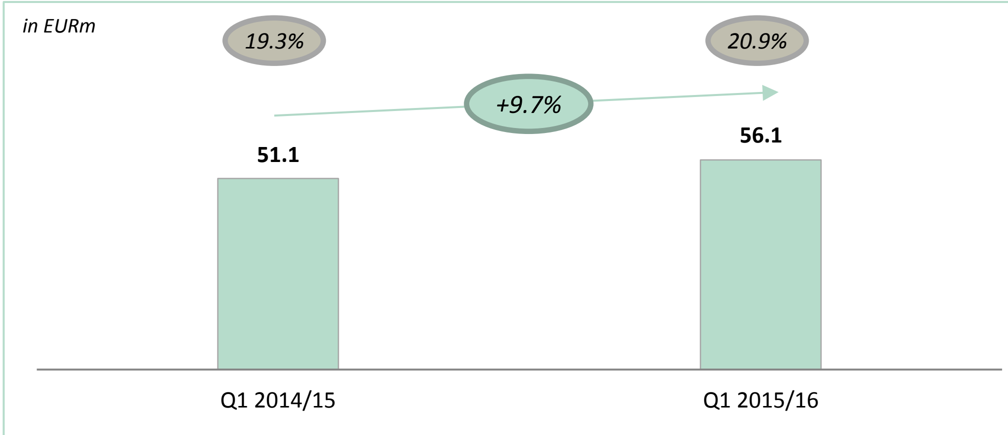
Douglas

Q1 FY 2015/16 Adjusted EBITDA by region

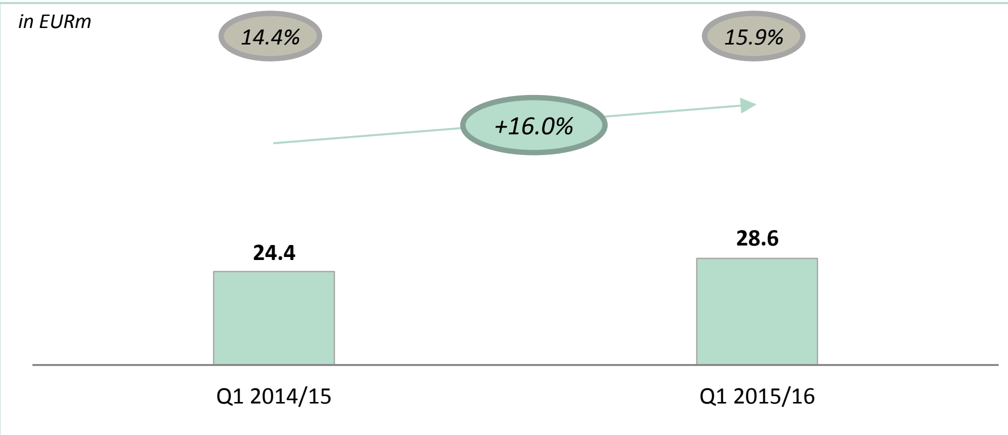
Germany



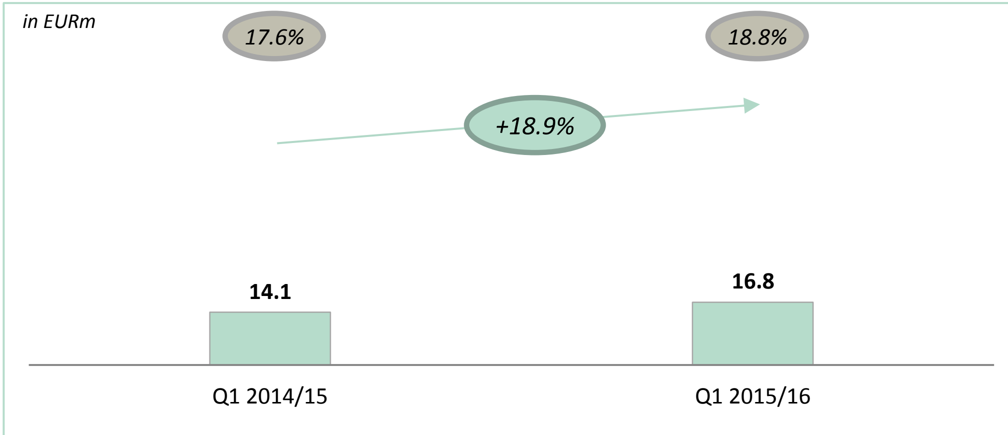
France



South-Western Europe



Eastern Europe



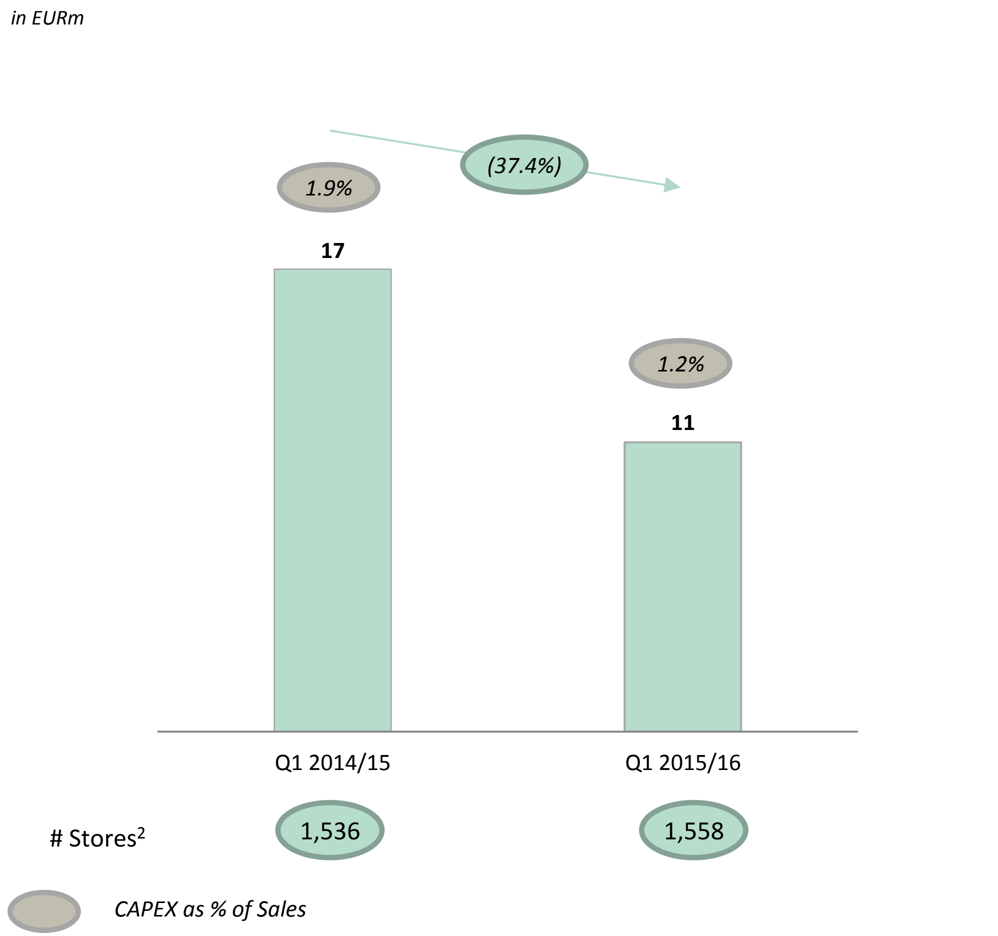
Adj. EBITDA margin

Q1 FY 2015/16 CAPEX

Comments

- Decrease in CAPEX due to lower investments in maintenance and refurbishment mainly in Germany and France
- Focused CAPEX spend based on a well invested store portfolio; almost 60% of total CAPEX attributable to Germany and France, 16% to South-Western Europe and 24% to Eastern Europe
- Maintenance and refurbishment CAPEX including other investments in central projects (e.g. technical improvement of the online platform) amount to 62% of total CAPEX (PY: 88%);
- 14 new perfumeries opened (vs. 6 in Q1 FY 2014/15), mainly in Germany and Eastern Europe. In addition, one store has been acquired in Germany
- 7 stores closed (Q1 2014/15: 18) in Germany, France, Poland and Croatia

CAPEX[1]

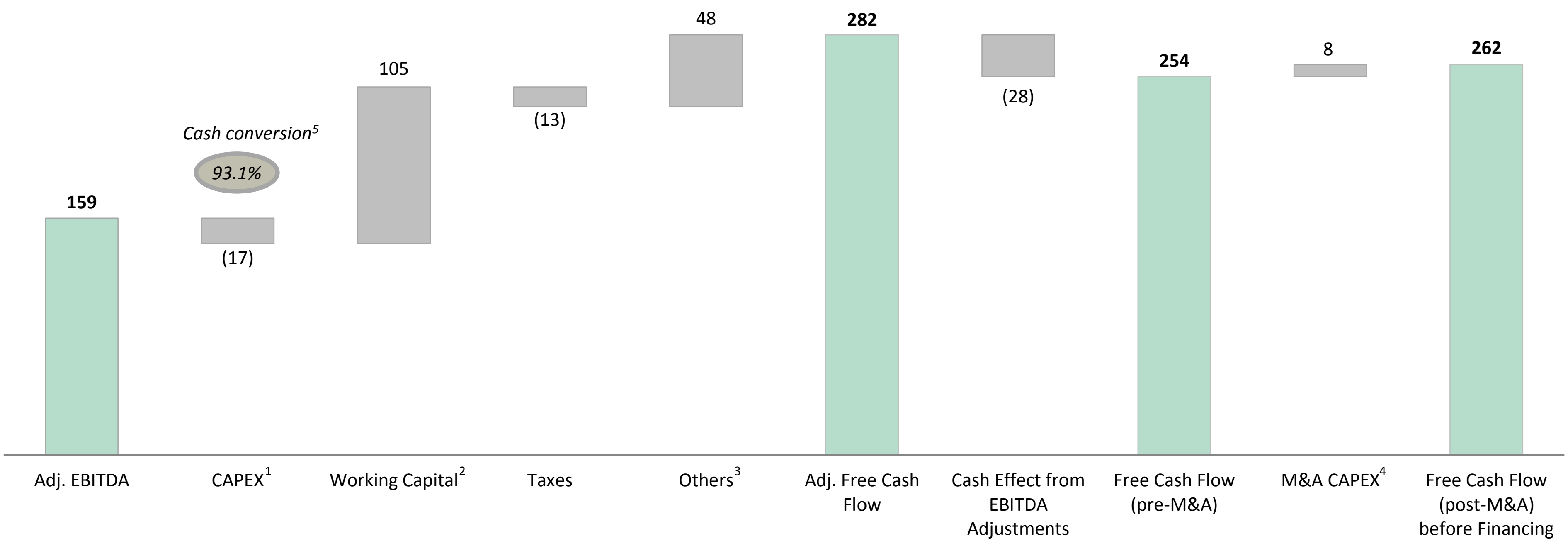


[1] *Excluding M&A-CAPEX*
[2] *Excluding 140 franchise stores as of Dec 31, 2015 (194 franchise stores as of Dec 31, 2014)*

Douglas

Q1 FY 2015/16 Cash Flow bridge

in EURm



Note: Cash Flows adjusted for discontinued operations

[1] *Including EUR 6m relating to investments accounted for in FY 2014/15*

[2] *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*

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

[4] *Net proceeds from the disposal of real estate and the acquisition of a store in Germany*

[5] *Defined as Adjusted EBITDA minus total CAPEX divided by Adjusted EBITDA*

Debt structure as of Dec 30, 2015

Debt structure

in EURm

	Amount	Maturity	Pricing
Cash and cash equivalents[1]	(276)		
Term Loan Facility B[2]	1,220	August 2022	E + 500bps
Senior Secured Notes	300	July 2022	6.25%
RCF (EUR 200m)	0	February 2022	E + 375bps
Net Senior Secured Debt	**1,244**		
Senior Notes	335	July 2023	8.75%
Accrued Interests	24		
Other Financial Debt[3]	6		
Total Net Debt	**1,609**		

[1] Excluding credit card receivables (EUR 17.5m)
[2] EURIBOR floor of 1.0%
[3] Tax loan in France as well as local and fully drawn RCF Douglas Baltic

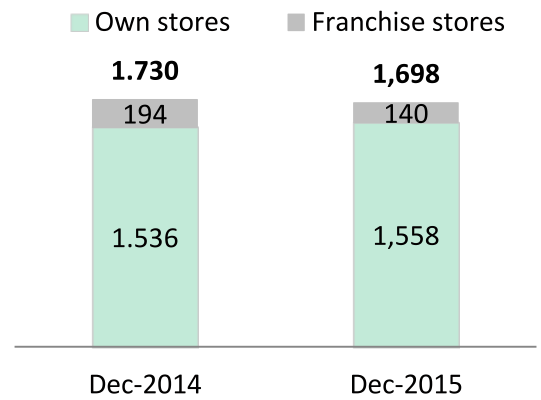
Appendix

LTM Dec 2015 Store development

Comments

- Pan-European and modern store network in premium locations
  - 1,698 stores as of December 2015
  - Including 140 franchise stores[1]
- Active store portfolio management
  - Select closures to further optimise premium quality network
- Continued focus on network expansion
- LTM Dec 2015: impacted by store closures from anti-trust measures in France following the acquisition of Nocibé (finalized until the end of FY 2014/15) as well as by the acquisition of the Clin d´Oeil franchise stores in France

Total number of stores



Store development

	Q1 FY 2015/16	LTM Dec 2015
Store openings	14	31
Store acquisitions	1	49
Store closures	(7)	(58)
Change in franchises	1	(54)
Total	**9**	**(32)**

[1] *Comprises 122 franchise stores in France, 17 franchise stores in the Netherlands and 1 franchise store in Norway*

Douglas

Sales and EBITDA by region
Q1 FY 2015/16 reported

Sales

in EURm	Q1 2014/15[1]	Q1 2015/16
Germany	393.9	413.3
France	264.3	268.2
South-Western Europe	169.0	179.3
Eastern Europe	80.0	89.2
Total	**906.5**	**950.0**

EBITDA[2]

in EURm	Q1 2014/15[1]	Q1 2015/16
Germany	55.0	36.2
France	24.0	48.7
South-Western Europe	23.7	24.2
Eastern Europe	13.6	11.9
Total	**116.2**	**121.0**

[1] *Beauty Holding Zero until July 2015*
[2] *Including PPA effects (Q1 FY 2014/15: PPA effects from the acquisition of Nocibé affected EBITDA in France only / Q1 FY 2015/16: PPA effects from CVC acquisition included in all segments)*

Q1 FY 2015/16 Net Working Capital

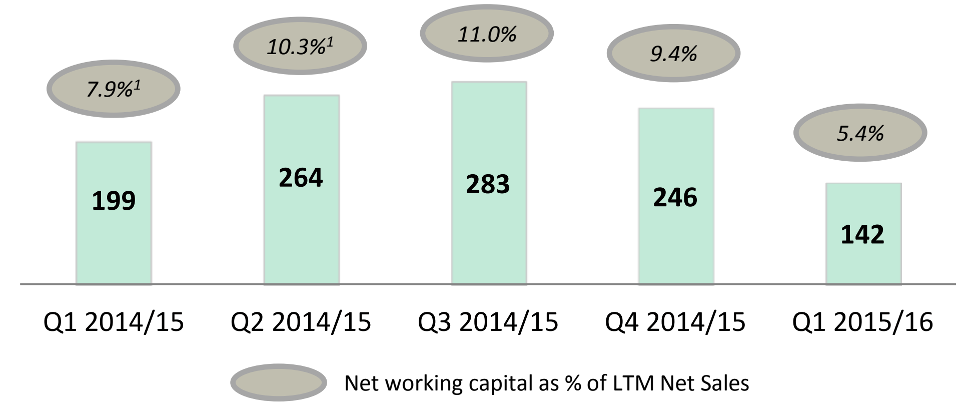
Comments

- **Net working capital** adjusted for PPA and transaction costs significantly decreased in Dec 2015 compared to Dec 2014 despite strong topline growth, driven by a better inventory management, a tight management of receivables and payables as well as non-operational items

  Non-operational items include termination of wholesale operations in France in Dec 2014, reclassification of liabilities from the acquisition of Nocibé for accounting reasons and reporting date effects regarding the receipt of payments from receivables

- **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]



NWC development

in EURm	**Q1 2014/15**	**Q2 2014/15**	**Q3 2014/15**	**Q4 2014/15**	**Q1 2015/16**
Inventories	545	556	535	513	541
Trade accounts receivable	85	65	42	33	54
Trade accounts payable[2]	(363)	(237)	(233)	(264)	(434)
Other[3]	(68)	(120)	(61)	(36)	(19)
Total NWC	**199**	**264**	**283**	**246**	**142**

[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 (PPA) and Transaction costs*

Q1 FY 2015/16 Adjustments to EBITDA

Comments

- **Consulting fees**: relating to Nocibé acquisition (LTM Dec 2014) and sale/IPO processes of Douglas (LTM Dec 2015), divestment of non-acquired businesses as well as consulting fees for efficiency measures. Please note that payment of EUR 20m transaction costs from FY 2014/15 sale/IPO processes has occurred in Q1 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 optimised 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 six months January 1, 2014 to June 30, 2014 (French GAAP)
- **Adjusted EBITDA** does not include any run rate impacts

Adjustments to EBITDA

in EURm	Q1 2014/15	Q1 2015/16	LTM Dec 2014[1]	LTM Dec 2015
Reported EBITDA[2]	**116**	**121**	**157**	**203**
Consulting fees	2	4	38	31
Restructuring costs	1	0	20	8
PPA	24	30	32	50
Credit card fees	4	4	9	9
Other	2	0	9	9
Adjusted EBITDA	**149**	**159**	**265**	**310**
Nocibé Adjusted EBITDA add-back	0	0	25	0
Adjusted EBITDA Pro Forma	**149**	**159**	**290**	**310**

[1] LTM December 2014: Pro-forma including respective figures of acquired competitor Nocibé for January 1, 2014 to June 30, 2014
[2] Beauty Holding Zero until July 2015