H1 FY 2015/16 Financial results

24 May 2016

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Additional items regarding the financial information included in this Presentation

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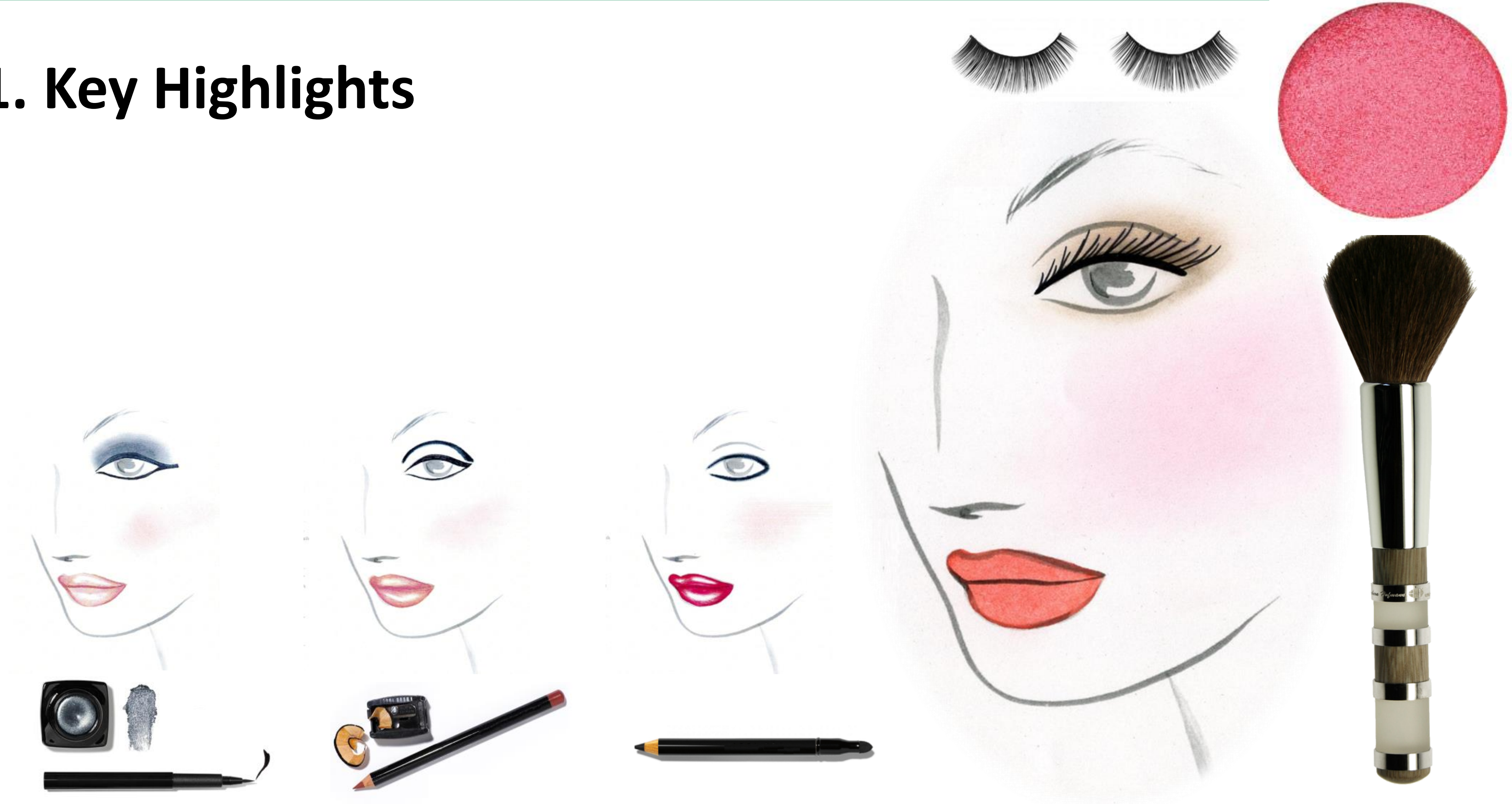
1. Key Highlights



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Key highlights

Continued strong sales and earnings performance	- Strong sales performance across all regions in Europe; Q2 FY 2015/16 sales in segment Germany positively affected by the Easter season - Continued dynamic growth in e-commerce sales, which now account for 12.2% of total sales (PY: 10.0%) - Combined share of private label / exclusive brands increased to 16.8% (PY: 15.1%) - EBITDA adjusted for exceptional items increased by 10.7% driven by top-line growth, scale benefits and efficiency improvements - 17 stores opened, mainly in Eastern Europe; continuous investment in refurbishments and modernisations - Cash conversion[1] remains high at 88.3% (LTM Mar 2016: 77.2%)
Implementation of investment program driven forward	- Implementation of EUR 100m **investment program** focusing on fundamental growth drivers on track; initial projects launched relating to: — Douglas brand: Marketing measures to increase and sharpen brand awareness and brand consideration — CRM: Development of new IT tool to support one to one customer communication — Omni-channel: Preparation of launch of online platforms/cross channel initiatives in remaining countries with stationary presence — Private label: Extension of product lines for accessories and make up - **Organisational restructuring** in Germany except for move of headquarters completed; restructuring program for international countries defined and execution started - Realisation costs related to organisational restructuring affected Q2 FY2015/16 EBITDA by 12.9m EUR

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

Douglas

H1 FY 2015/16 Key financials

Comments

- Net sales increased by 5.2%. Like-for-like sales grew 6.5%
- Adjusted EBITDA increased by 10.7%, with margin improving by 0.7%-points to 13.4%
- Almost all geographical regions contributed to the strong performance
- Lower CAPEX due to intra year timing effects in refurbishment and modernisation of the store network, mainly in Germany and France
- Cash conversion (Adjusted EBITDA minus CAPEX divided by Adjusted EBITDA) reached 88.3% affected by seasonal Q1-effects of the Christmas business; LTM Mar 2016 cash conversion remains high at 77.2%

Key financials

in EURm	H1 2014/15	H1 2015/16	*Delta*	LTM Mar 2015[1]	LTM Mar 2016	*Delta*
Net Sales	1,455	**1,530**	**5.2%**	2,551	2,682	5.1%
Like-for-like			*6.5%*			*5.5%*
Adjusted EBITDA	185	**205**	**10.7%**	298	320	7.6%
Margin (%)	*12.7%*	*13.4%*		*11.7%*	*11.9%*	
CAPEX	34	**24**	**(30.5%)**	71	73	2.9%
Adj. EBITDA – CAPEX	151	**181**		227	247	
Cash conversion	81.6%	88.3%		75.8%	77.2%	
Unlevered Free Cash Flow pre-M&A CAPEX[2]	136	**143**				
Unlevered Free Cash Flow post-M&A CAPEX[2]	112	**151**				

[1] LTM Mar 2015: Pro-Forma including respective figures of acquired competitor Nocibé for April 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

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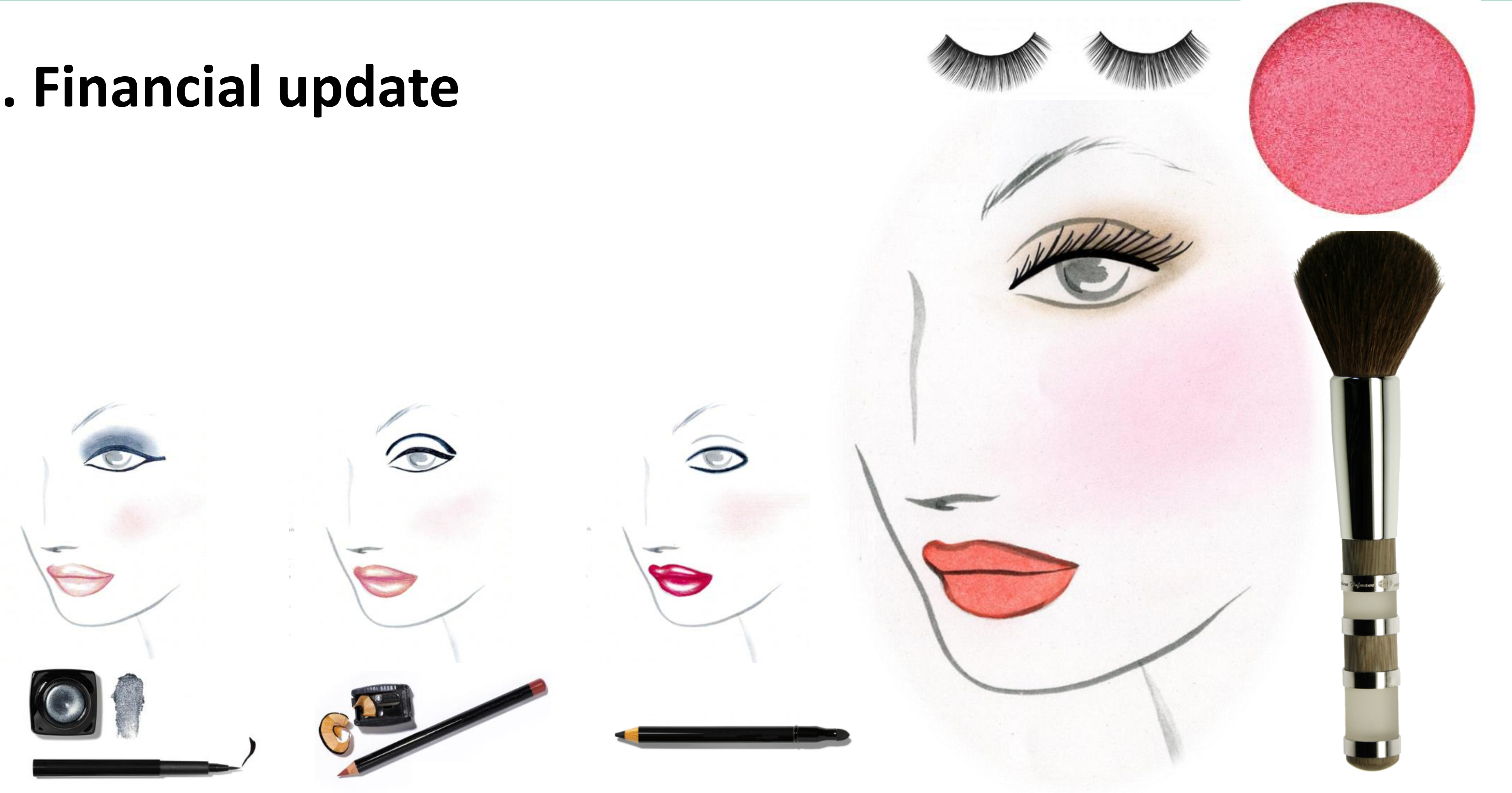
2. Financial update



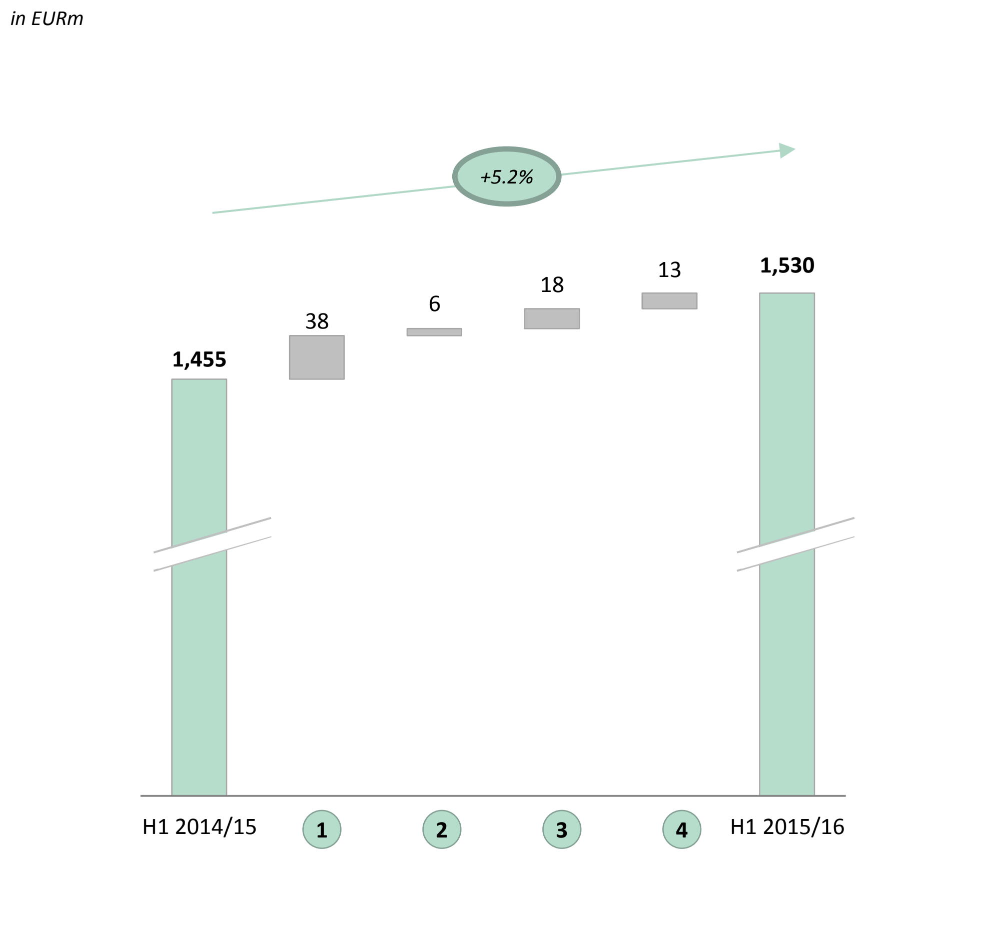
H1 FY 2015/16 Sales

Comments

- Total e-commerce sales increased strongly by 27.9%, notably in Germany, France and the Netherlands. Share of online sales to total sales reached 12.2% (PY: 10.0%). Stationary sales rose by 4.7%, or 3.8% on a like-for-like basis
- International sales account for 55% of total sales, consistent with the level in the prior year

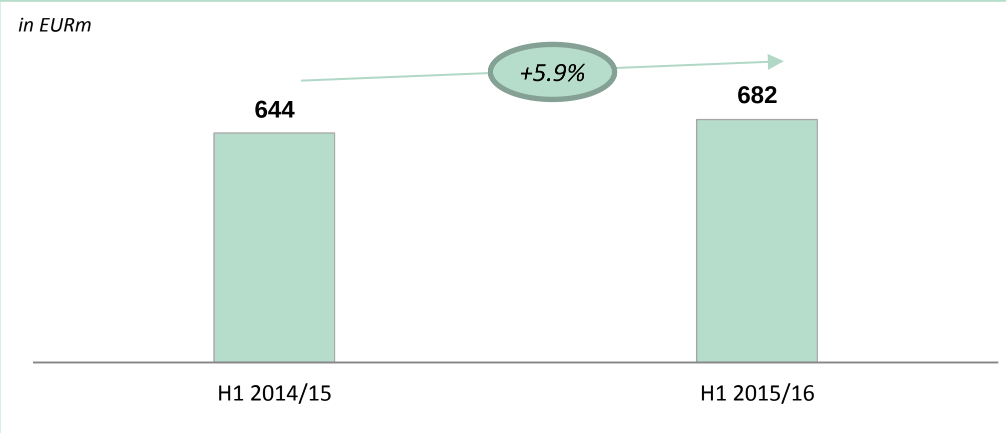
1. **Germany**: like-for-like sales rose by 5.8% driven by both the online-shops and the stationary business; Q2 15/16 sales were positively impacted by the earlier Easter business which this year fell into the month of March
2. **France:** like-for-like sales increased by 6.4%. The prior year total sales include EUR 18m sales from purchasing cooperation DPB Achats (terminated December 31, 2014)
3. **South-Western Europe:** like-for-like growth of 6.7% driven by both the stationary as well as the online business. In particular our operations in the Netherlands and Austria contributed to the positive sales performance
4. **Eastern Europe**: Like-for-like sales increased by 9.3%, driven by stationary as well as online business in all countries included in this segment

Sales bridge

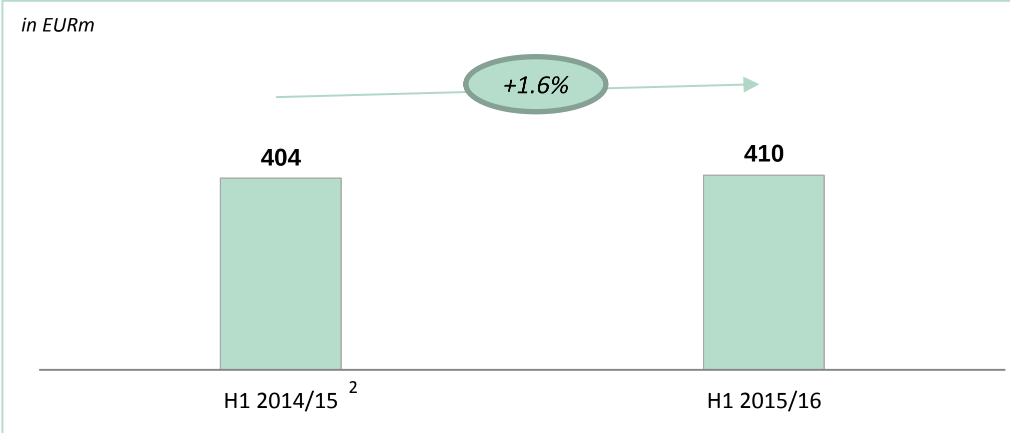


H1 FY 2015/16 Sales by region[1]

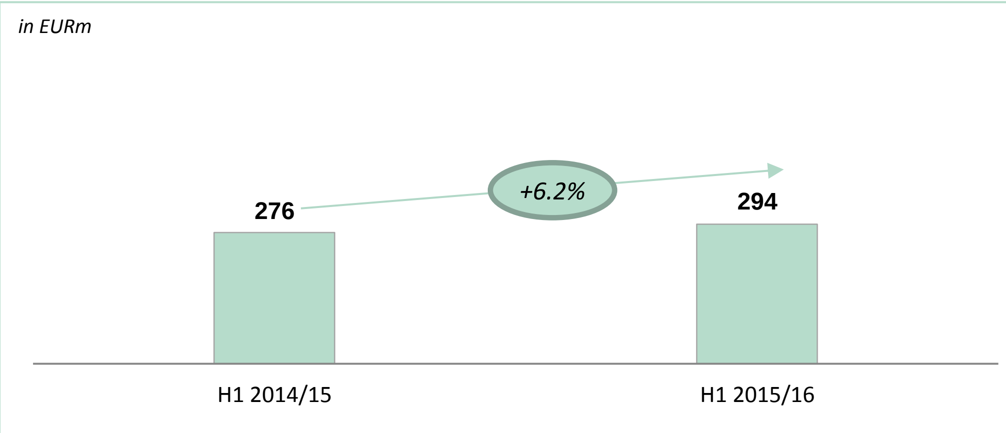
Germany



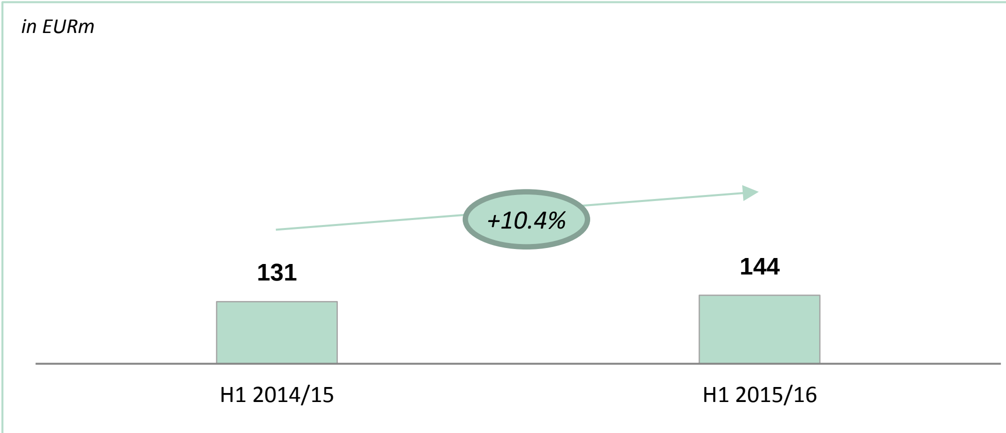
France



South-Western Europe



Eastern Europe



[1] *Excluding intersegment sales*
[2] *H1 2014/15: Including EUR 18m sales from the purchasing cooperation DPB Achats (terminated Dec 31, 2014); excluding DPB Achats sales increased by 6.2%*

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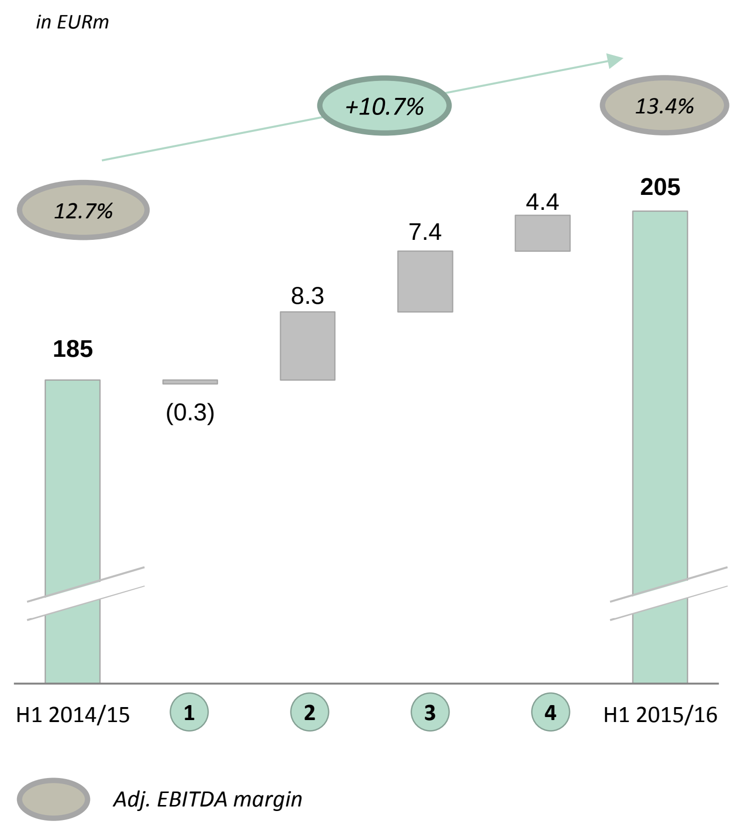
H1 FY 2015/16 Adjusted EBITDA

Comments

- Almost all relevant countries contributed to the increase in Adjusted EBITDA, with the improvement in margin supported by strong growth in e-commerce, optimisation of cost structures and better gross margins in particular in France and in Eastern Europe

1. **Germany**: EBITDA almost matched previous year`s figure. During Q1-15/16 sell-in margin was dampened by a shift of order volumes with certain suppliers; this has been recovered during Q2-15/16. Earnings were negatively affected by intra-year timing effects like higher costs for logistics and for promotional services from suppliers; this is partly relating to the shift of the Easter business into the month of March. Previous year´s EBITDA was positively affected by the reversal of cost provisions
2. **France**: Strong sales growth and higher gross margin drove EBITDA; the full six-month effect of the integration of the Clin d´Oeil stores (acquired in Q2-14/15) supports the positive performance
3. **South-Western Europe**: Earnings improved mainly as a result of strong sales growth and efficiency programs to improve our competitive position. All countries contributed to the higher EBITDA, in particular the Netherlands and Italy
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 performed well.

Adjusted EBITDA bridge[1]



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

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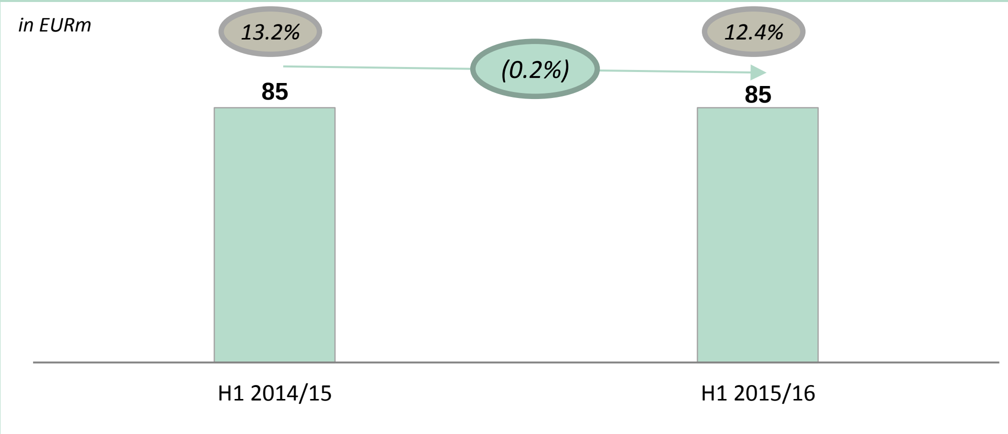
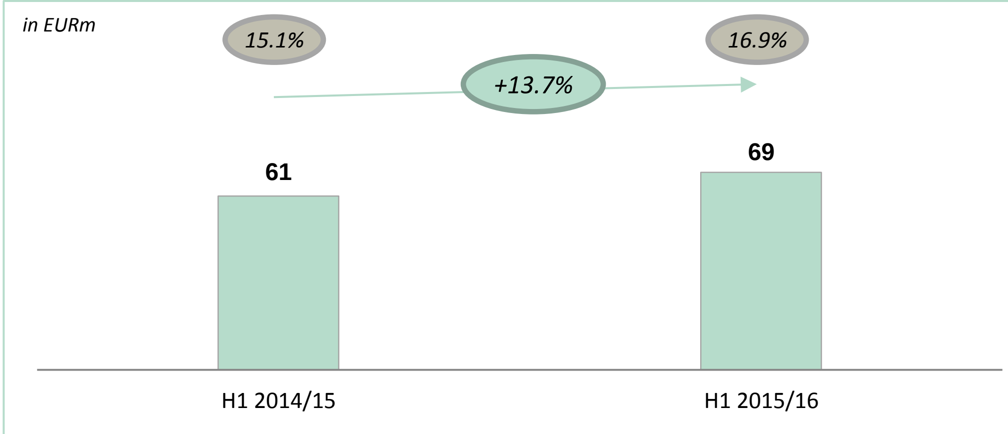
H1 FY 2015/16 Adjusted EBITDA by region

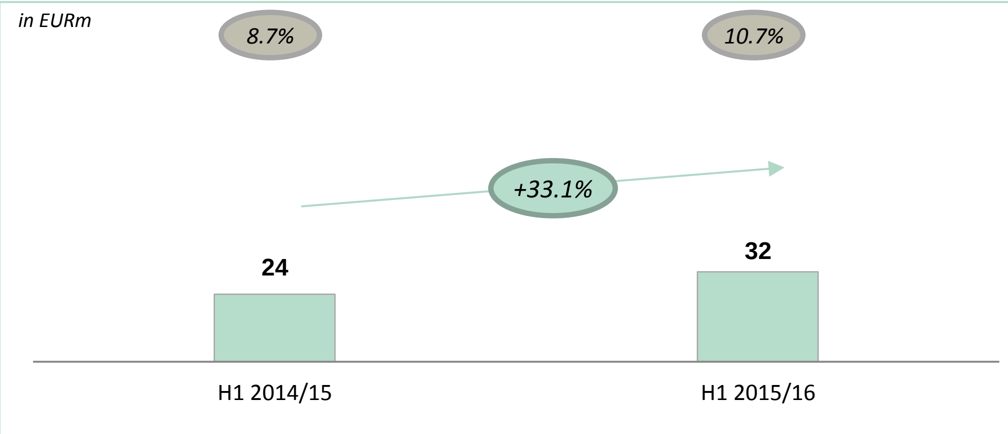
Germany[1]



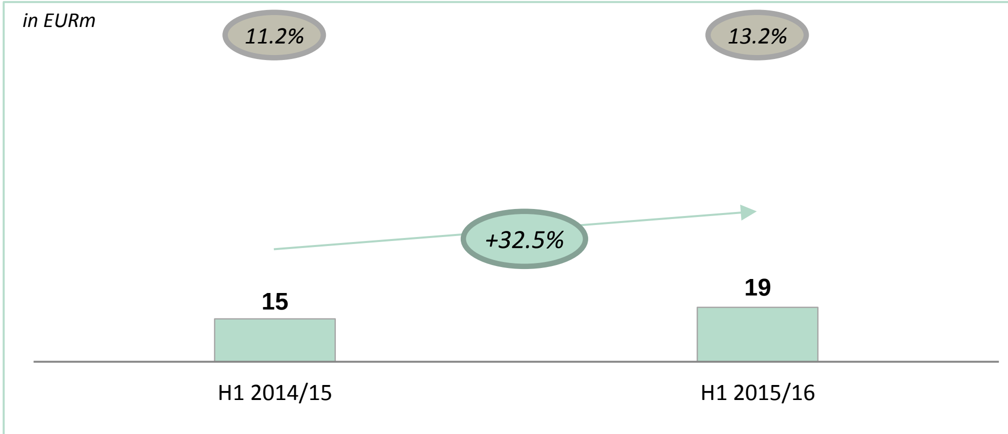
France



South-Western Europe



Eastern Europe



Adj. EBITDA margin

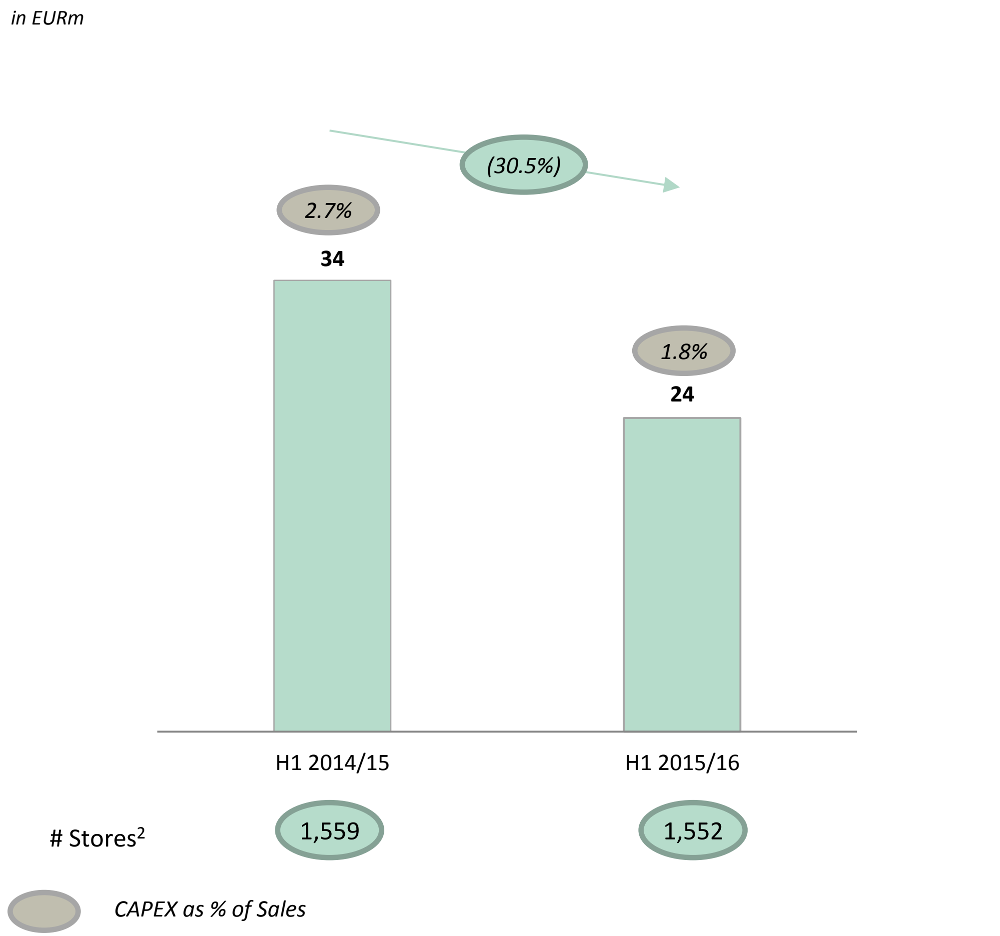
[1] *Germany : including consolidation effects relating to costs that have to be recharged to different countries abroad (H1 2015/16: -EUR 0.7m; PY: -EUR 0.2m)*

H1 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; over 66% of total CAPEX attributable to Germany and France, 14% to South-Western Europe and 20% to Eastern Europe
- Maintenance and refurbishment CAPEX including other investments in central projects (e.g. technical improvement of the online platform) amount to 79.2% of total CAPEX (PY: 85%)
- 17 new perfumeries opened (PY: 12), mainly in Eastern Europe. In addition, one store has been acquired in Germany and France respectively
- 17 stores closed (PY: 34), mainly in Germany, France and Croatia

CAPEX[1]



[1] *Excluding M&A-CAPEX*
[2] *Excluding 138 franchise stores as of Mar 31, 2016 (154 franchise stores as of Mar 31, 2015)*

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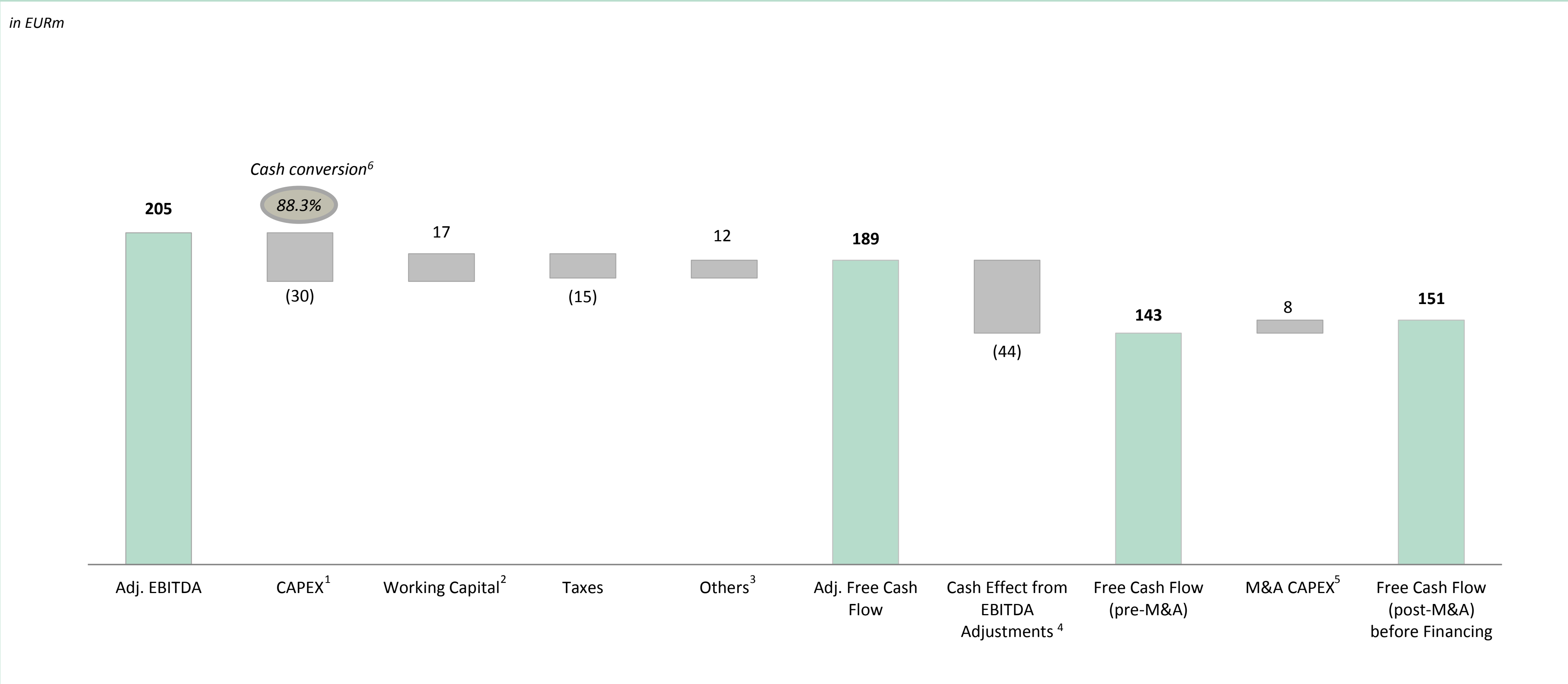
H1 FY 2015/16 Cash Flow bridge



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

[5] Net proceeds from the disposal of real estate and the acquisition of two stores (Germany, France)

[6]Defined as Adjusted EBITDA minus total CAPEX divided by Adjusted EBITDA

Debt structure as of Mar 30, 2016

Debt structure

in EURm

	Amount	Maturity	Pricing
Cash and cash equivalents[1]	(121)		
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	**1,399**		
Senior Notes	335	July 2023	8.75%
Accrued Interests	10		
Other Financial Debt[3]	6		
Total Net Debt	**1,750**		

[1] Excluding credit card receivables (EUR 15.8m)
[2] EURIBOR floor of 1.0%
[3] Tax loan in France as well as local and fully drawn RCF Douglas Baltic

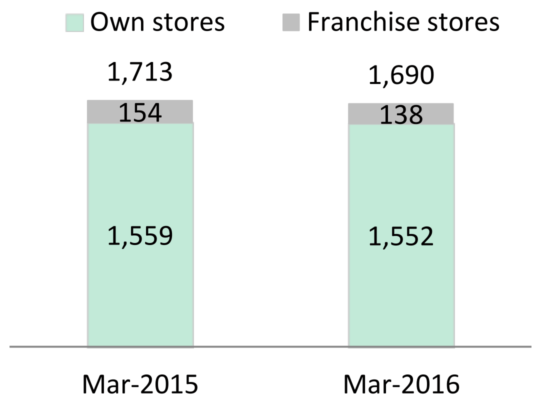
Appendix

LTM Mar 2016 Store development

Comments

- Pan-European and modern store network in premium locations
  - 1,690 stores as of March 2016
  - Including 138 franchise stores[1]
- Active store portfolio management
  - Select closures to further optimise premium quality network
- Continued focus on network expansion
- LTM Mar 2016: impacted by store closures from anti-trust measures in France following the acquisition of Nocibé (finalized by 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

	H1 FY 2015/16	LTM Mar 2016
Store openings	17	28
Store acquisitions	2	2
Store closures	(17)	(37)
Change in franchises	(1)	(16)
Total	**1**	**(23)**

[1] *Comprises 120 franchise stores in France, 17 franchise stores in the Netherlands and 1 franchise store in Norway*

Sales and EBITDA by region
H1 FY 2015/16 reported

Sales

in EURm	H1 2014/15[1]	H1 2015/16
Germany	644.3	682.2
France	403.6	410.0
South-Western Europe	276.5	293.7
Eastern Europe	130.5	144.1
Total	**1,454.9**	**1,529.9**

EBITDA[2]

in EURm	H1 2014/15[1]	H1 2015/16
Germany[3]	76.8	24.1
France	28.9	54.3
South-Western Europe	21.3	22.7
Eastern Europe	13.8	9.4
Total	**140.8**	**110.5**

[1] *Beauty Holding Zero until July 2015*
[2] *Including PPA effects (H1 FY 2014/15: PPA effects from the acquisition of Nocibé affected EBITDA in France only / H1 FY 2015/16: PPA effects from CVC acquisition included in all segments)*
[3] *Germany : including consolidation effects relating to costs that have to be recharged to different countries abroad (H1 2015/16: -EUR 0.7m; PY: -EUR 0.2m)*

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H1 FY 2015/16 Net Working Capital

Comments

- **Net working capital** adjusted for PPA and transaction costs decreased as of Mar 31, 2016 compared to previous year despite strong topline growth.

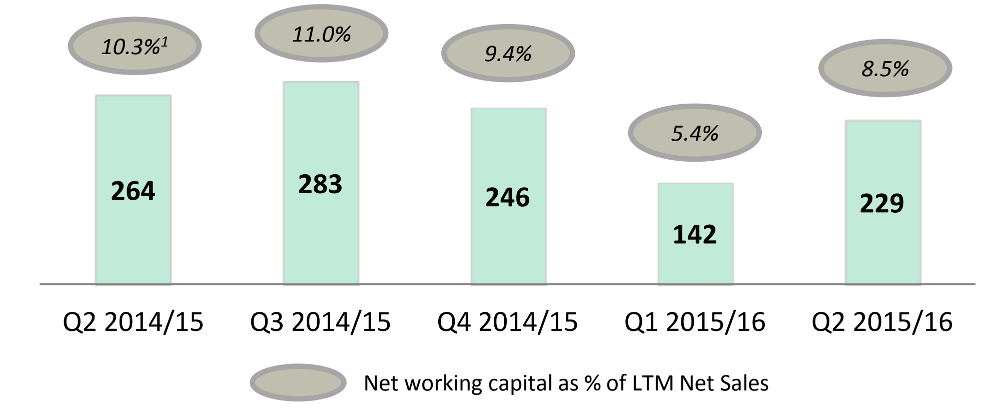
  Reasons for this decrease are a better inventory management, a tight management of receivables and payables as well as non-operational items

  Inventories adjusted for PPA as of March 2016 are at the same level as of March 2015 despite an increase in sales of > 5% resulting in an improved inventory turnover and in lower NWC in % of LTM net sales.

  Non-operational items include previous year`s termination of wholesale operations (Dec 2014) and acquisition of Clin d´Oeil (Feb 2015) in France, 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	Q2 2014/15	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16
Inventories	556	535	513	541	555
Trade accounts receivable	65	42	33	54	43
Trade accounts payable[2]	(237)	(233)	(264)	(434)	(299)
Other[3]	(120)	(61)	(36)	(19)	(70)
Total NWC	**264**	**283**	**246**	**142**	**229**

[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*

H1 FY 2015/16 Adjustments to EBITDA

Comments

- **Consulting fees**: relating to Nocibé acquisition (LTM Mar 2015) and sale/IPO processes of Douglas (LTM Mar 2016), 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 H1 2015/16 organisational improvements, the acquisition of Clin d`Oeil and store divestments in France (LTM 2015 / LTM 2016). Please note that all redundancy effects related to the H1 2015/16 organisational restructuring have been fully recorded as provisions; thereof payment of EUR 10m will only occur in H2 2015/16 or at the beginning of next fiscal year respectively.
- **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), property tax payments from a corporate restructuring and costs for termination of DouBox project.
- **Nocibé EBITDA add-back**: addition of six months April 1, 2014 to June 30, 2014 (French GAAP)
- **Adjusted EBITDA** does not include any run rate impacts

Adjustments to EBITDA

in EURm	H1 2014/15	H1 2015/16	LTM Mar 2015[1]	LTM Mar 2016
Reported EBITDA[2]	**141**	**111**	**176**	**168**
Consulting fees	7	10	38	33
Restructuring costs	0	14	14	22
PPA	24	60	32	80
Credit card fees	5	6	10	9
Other	8	4	12	7
Adjusted EBITDA	**185**	**205**	**282**	**319**
Nocibé Adjusted EBITDA add-back	-	-	16	-
Adjusted EBITDA Pro Forma	**185**	**205**	**298**	**319**

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

Q2 FY 2015/16 Key financials

Comments

- Net sales increased by 5.7%. Like-for-like sales grew by 7.2%. Strong sales growth in Germany positively impacted by a shift of the Easter season into the month of March (PY: April)
- Adjusted EBITDA increased by more than 26% driven by strong sales growth. Q2 15/16 adjustments on EBITDA mainly relate to costs for organisational restructuring (restructuring costs) as well as one-off inventory write-offs from the acquisition of Douglas by CVC (PPA)
- All geographical regions contributed to the strong performance

Key financials

in EURm	Q2 2014/15	Q2 2015/16	*Delta*
Net Sales	548	**580**	**5.7%**
Like-for-like			*7.2%*
Adjusted EBITDA	36	**46**	**26.2%**
Margin (%)	*6.6%*	*7.9%*	
CAPEX	17	**13**	**(23.2%)**
Adj. EBITDA – CAPEX	19	**33**	
Cash conversion	54.1%	72.1%	

Adjustments to EBITDA			
Reported EBITDA	25	**(10)**	
Consulting fees	4	6	
Restructuring costs	0	14	
PPA	0	30	
Credit card fees	2	2	
Other	5	4	
Adjusted EBITDA	36	**46**	**26.3%**