



16 May 2018

# 6M FY 2017/18 FINANCIAL RESULTS

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# TODAY'S SPEAKER



**Michael  
Rauch**  
CFO

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# SOLID H1 FINANCIAL PERFORMANCE, ACQUISITION SIGNED IN APRIL

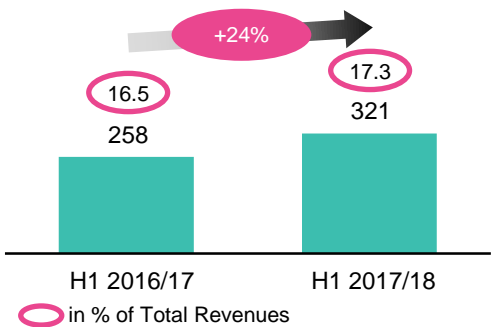


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## SALES AND EBITDA FURTHER INCREASED

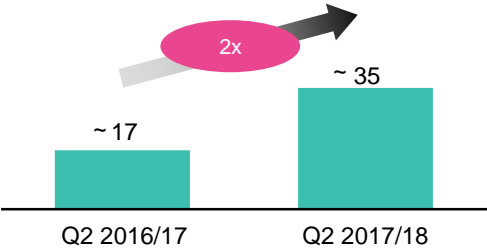
NET SALES: €1.9Bn	+19%
E-COMMERCE NET SALES	+10%
ADJUSTED EBITDA: €237m	+11%

## STRONG GROWTH IN DNC & EXCLUSIVES (m€)



## LEADING CRM PROGRAM EXTENDED

### # OF CUSTOMER CARDS (MILLION)



## ACQUISITION SIGNED IN APRIL

**akzente**  
**parfumdreams**  
NET SALES 2017: ~€75m

**Douglas**



# KEY FINANCIALS: CONTINUED VALUE CREATION PROGRESS

## COMMENTS

- **Net Sales with 18.6% growth** driven by acquisitions and strong performance in France and Eastern-Europe
- **Adjusted EBITDA** with double-digit growth
- **CAPEX** to ramp up in H2
- **Free Cash Flow** impacted by **recent acquisitions** as well as continued **investments** into Douglas' value creation strategy

## KEY FINANCIALS

(m€)	H1 2016/17	H1 2017/18	Delta	LTM Mar 2017	LTM Mar 2018	Delta
Net Sales	1,566	1,858	18.6%	2,745	3,087	12.4%
<i>LfL Growth (%)</i>			0%			0.6%
Adjusted EBITDA <sup>1</sup>	214	237	10.5%	347	377	8.7%
<i>Margin (%)</i>	13.7%	12.7%		12.6%	12.2%	
CAPEX <sup>2</sup>	36	28	(23.1)%	102	76	(25.2)%
Adj. EBITDA – CAPEX	178	209	17.3%	245	301	22.7%
<i>Cash Conversion<sup>3</sup></i>	83.1%	88.3%		70.7%	79.9%	
Unlevered Free Cash Flow <sup>4</sup> pre M&A	153	76				
Unlevered Free Cash Flow <sup>4</sup> post M&A	153	(177)				

<sup>1</sup> FOR DETAILS ON ADJUSTMENTS TO REPORTED EBITDA SEE PAGE 12

<sup>2</sup> EXCL. M&A-RELATED CAPEX

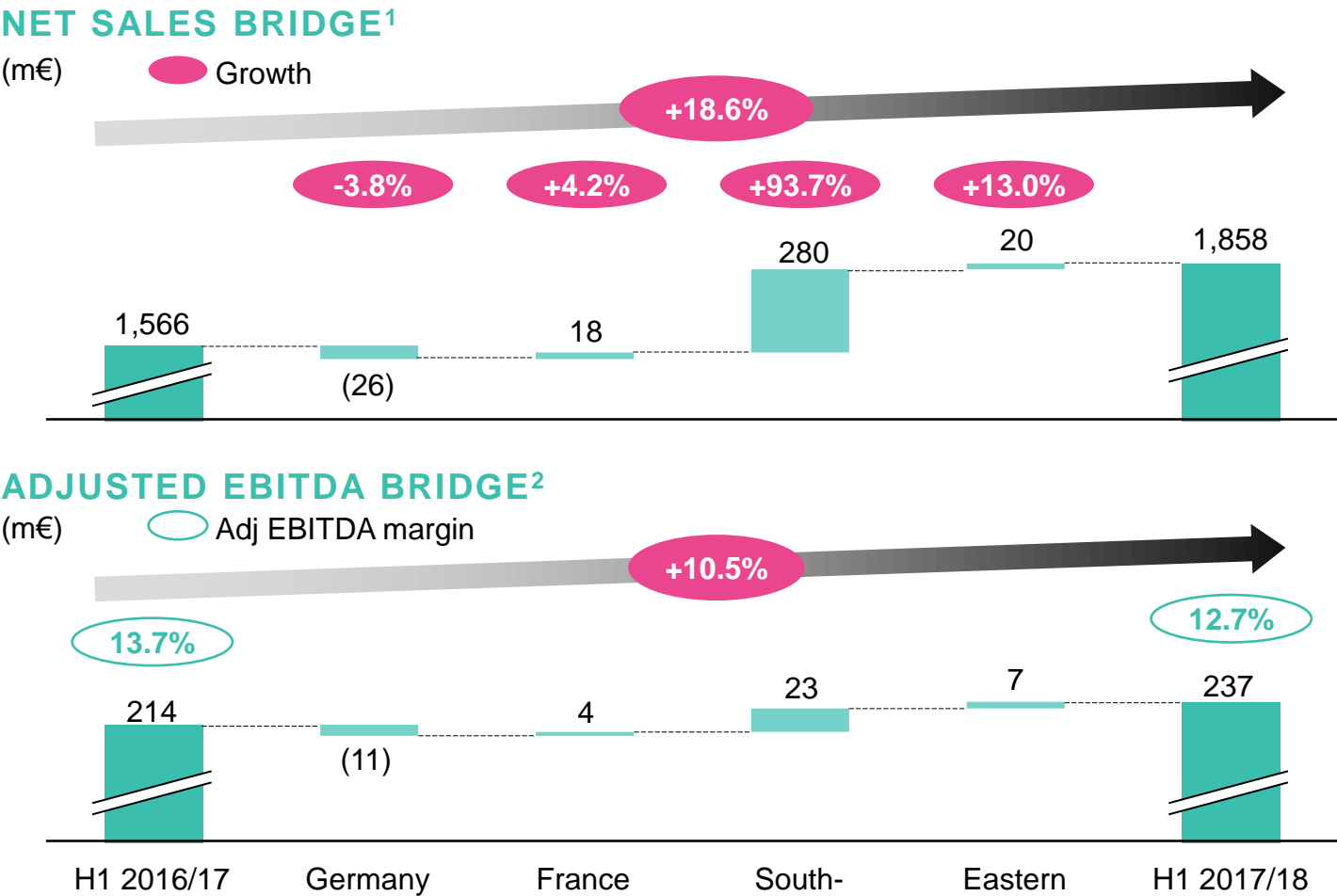
<sup>3</sup> DEFINED AS ADJUSTED EBITDA MINUS CAPEX PRE-M&A DIVIDED BY ADJUSTED EBITDA

<sup>4</sup> DEFINED AS TOTAL OF NET CASH FLOW FROM OPERATING ACTIVITIES AND NET CASH FLOW FROM INVESTING ACTIVITIES

# SALES AND ADJUSTED EBITDA FURTHER INCREASED

## COMMENTS

- **Strong regional Sales growth**
- **Acquisitions in South-Western Europe** with strong positive impact on performance
- **Germany improving in Q2, H1 still below ambition, concrete measures in execution**
- **Strong Adjusted EBITDA** increase supported by acquisitions



<sup>1</sup> EXCLUDING INTERSEGMENT SALES  
<sup>2</sup> FOR DETAILS ON ADJUSTMENTS TO REPORTED EBITDA SEE PAGE 12

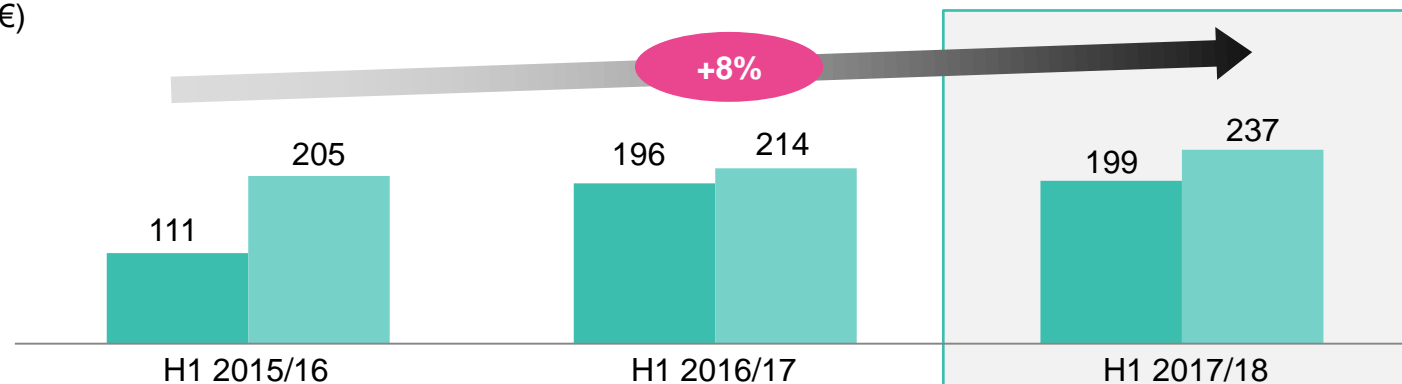
# CONTINUED EBITDA GROWTH IN H1, DELIVERING ON BOTTOM LINE

## COMMENTS

- **Adjusted EBITDA** with 8% CAGR on a historically high level
- **Adjusted Net Income** with very positive momentum and growth of 45% CAGR

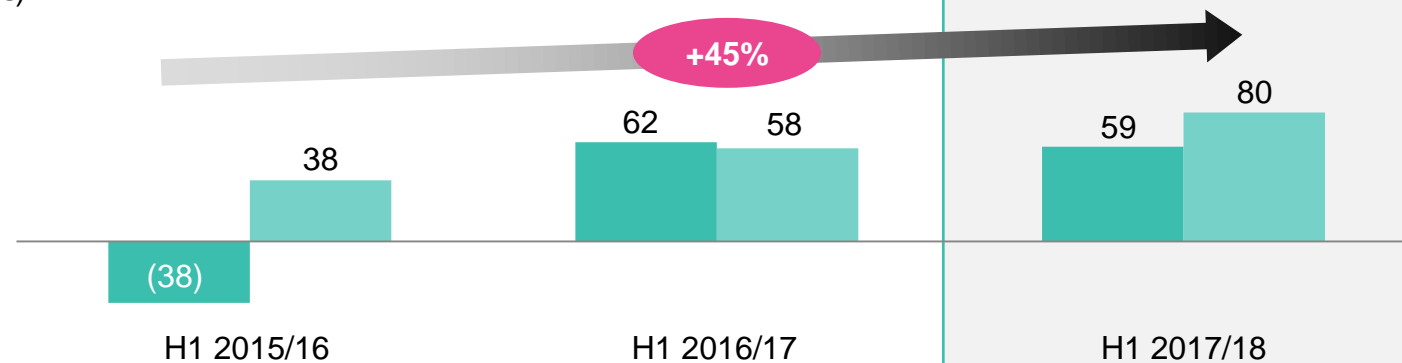
## EBITDA

(m€)



## NET INCOME

(m€)



Reported

Adjusted

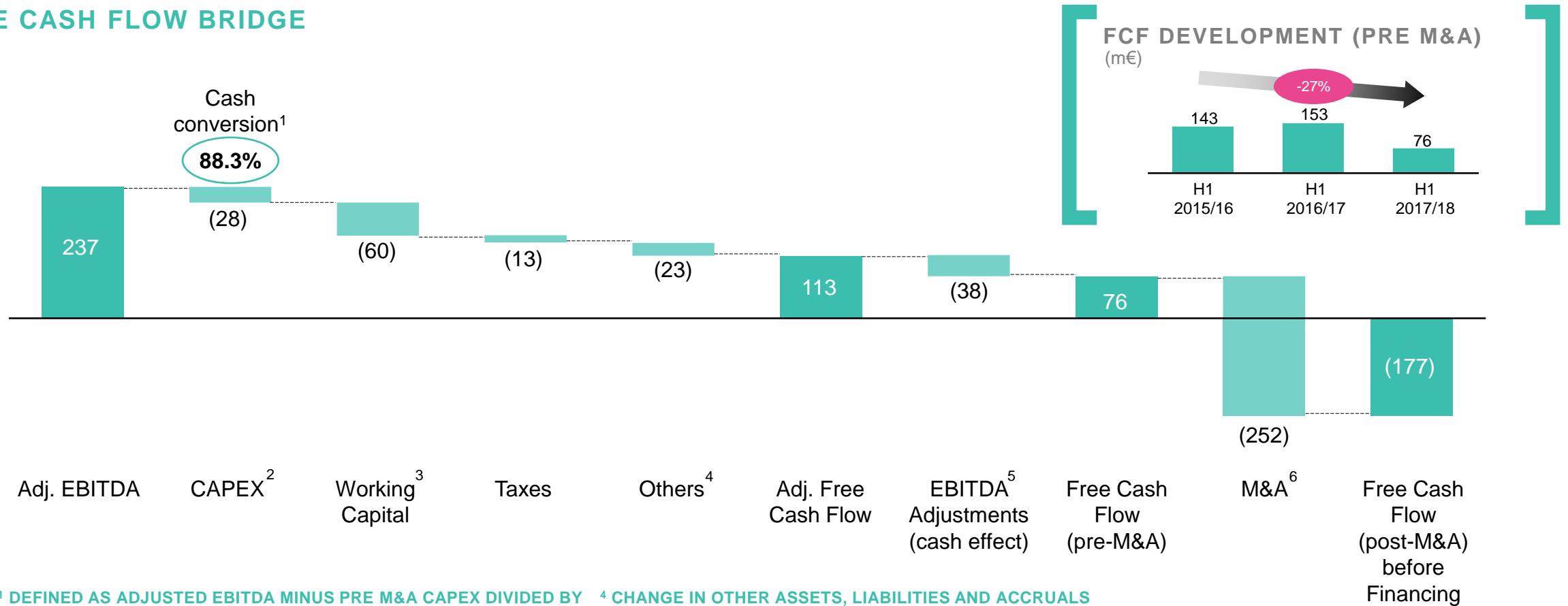
CAGR H1 2015/16 – H1 2017/18 (Adjusted Figures)

*Douglas*

# FCF WITH SIGNIFICANT IMPACT FROM M&A AND INVENTORY BUILD-UP

## FREE CASH FLOW BRIDGE

(m€)



<sup>1</sup> DEFINED AS ADJUSTED EBITDA MINUS PRE M&A CAPEX DIVIDED BY ADJUSTED EBITDA

<sup>2</sup> EXCLUDES M&A CAPEX

<sup>3</sup> 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

<sup>4</sup> CHANGE IN OTHER ASSETS, LIABILITIES AND ACCRUALS

<sup>5</sup> FOR FURTHER DETAILS ON ADJUSTMENTS TO REPORTED EBITDA SEE PAGE 12

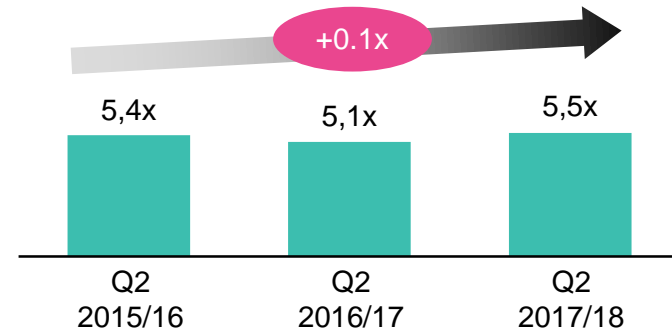
<sup>6</sup> PAYMENTS FOR ACQUISITIONS IN ITALY AND SPAIN



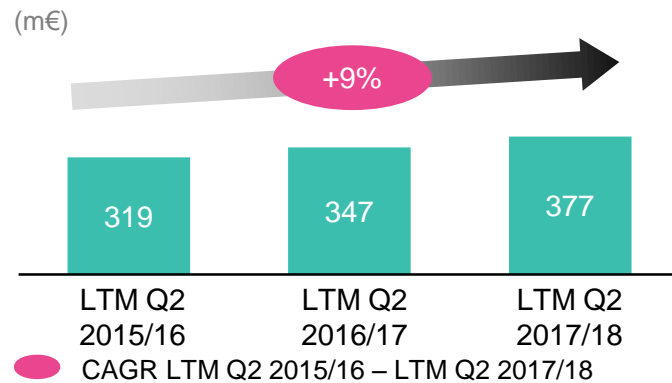
# CAPITAL STRUCTURE STRONG, STABLE LEVERAGE DESPITE M&A

## EVOLUTION OF KEY METRICS

### TOTAL NET LEVERAGE



### ADJUSTED EBITDA



## CAPITAL STRUCTURE

Facilities	31 March 2018			Pricing
	m€	x Adj EBITDA	Maturity	
Cash and equivalents	251			
RCF (€200m available)	–		Feb-22	E+3.75% (0% floor)
Term Loan B (B1/B)	1,370		Aug-22	E+3.50% (0% floor)
New Term Loan B <sup>1</sup>	300		Aug-22	E+3.25% (0% floor)
Senior Secured Notes (B1/B)	300		Jul-22	6.25%
<b>Net senior debt</b>	<b>1,720</b>	<b>4.6x</b>		
Senior Notes (Caa1/CCC+)	335		Jul-23	8.75%
<b>Net debt (Corp: B2/B)<sup>2</sup></b>	<b>2,055</b>	<b>5.5x</b>		

<sup>1</sup> €300m IN PLACE SINCE NOVEMBER 9<sup>th</sup> 2017

<sup>2</sup> NET DEBT DOES NOT INCLUDE ACCRUED INTEREST OF €(10.4)m

## FY2017/18: UPCOMING INVESTOR RELATIONS EVENTS

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Event	Date
Q3 results FY2017/18	Wednesday, 22 August 2018
Q4 results FY2017/18	Tuesday, 11 December 2018



THANK YOU!

# [APPENDIX]

# H1 2017/18 ADJUSTMENTS TO EBITDA

## COMMENTS





- **Consulting fees** refer to recent acquisitions in Italy and Spain as well as efficiency measures in both periods
- **Restructuring costs** relating to M&A and integration activities in Italy and Spain as well as redundancy payments related to efficiency and centralization measures (LTM Mar 2017 and 2018)
- **Purchase price allocation:** Douglas acquisition by CVC Capital Partners (FY 2015/16); acquisition of Bodybell (LTM Mar 2017, Q2 2017/18)
- **Credit card fees:** “below EBITDA” reclassification in accordance with existing banking and bond agreements
- **Other** includes particularly stock write-offs (H1 2017/18) and integration costs of the acquisition of Bodybell (FY 2016/17)

## ADJUSTMENTS TO EBITDA





(m€)	H1 2016/17	H1 2017/18	LTM Mar 2017	LTM Mar 2018
<b>Reported EBITDA</b>	<b>196</b>	<b>199</b>	<b>270</b>	<b>294</b>
Consulting fees	7	14	14	27
Restructuring costs	4	10	10	21
PPA	0	2	34	4
Credit card fees	5	6	8	10
Other	2	6	10	21
<b>Adjusted EBITDA</b>	<b>214</b>	<b>237</b>	<b>347</b>	<b>377</b>

# H1 2017/18: REPORTED FINANCIALS

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

(m€)		H1 2016/17	H1 2017/18
Germany <sup>2</sup>		681	655
France		433	451
South-Western Europe		299	579
Eastern Europe		153	173
<b>Total</b>		<b>1,566</b>	<b>1,858</b>

## EBITDA

(m€)		H1 2016/17	H1 2017/18
Germany <sup>2</sup>		63	53
France		76	80
South-Western Europe		33	36
Eastern Europe		24	30
<b>Total</b>		<b>196</b>	<b>199</b>

<sup>1</sup> EXCLUDING INTERSEGMENT SALES

<sup>2</sup> INCLUDING HOLDING & SERVICE ENTITIES

# Q2 2017/18 KEY FINANCIALS

## COMMENTS

- **Net Sales with 25.2% growth** driven by acquisitions in South-Western Europe and a particularly good performance in Eastern-Europe
- **Adjusted EBITDA** with double-digit growth
- **Lower CAPEX spend** pre M&A in second quarter
- **Strong cash conversion** as a result of higher Adjusted EBITDA and lower Capex
- **Other EBITDA Adjustments** mainly driven by stock write-offs

## KEY FINANCIALS

(m€)	Q2 2016/17	Q2 2017/18	Delta
Net Sales	575	720	25.2%
LfL Growth (%)			1.3%
Adjusted EBITDA	48	54	10.7%
Margin (%)	8.4%	7.4%	
CAPEX <sup>1</sup>	21	15	(30.7)%
Adj. EBITDA – CAPEX	27	39	43.3%
Cash Conversion (%)	55.9%	72.4%	

## ADJUSTMENTS TO EBITDA

(m€)	Q2 2016/17	Q2 2017/18
<b>Reported EBITDA</b>	<b>39</b>	<b>39</b>
Consulting fees	4	3
Restructuring costs	2	8
PPA	0	0
Credit card fees	2	2
Other	2	1
<b>Adjusted EBITDA</b>	<b>48</b>	<b>54</b>



# SIX MONTHS OF HEALTHY CASH FLOW

## COMMENTS

- **Decrease in Net Cash Flow from Operating Activities** attributable to an increase in Net Working Capital resulting from increased inventory levels relating to recent acquisitions in Italy and Spain and investment into assortment and new brands
- **Net Cash Flow from Investing Activities** mainly impacted by payment of purchase price for Q1 acquisitions in Italy and Spain
- **Net Cash Flow from Financing Activities** relates to proceeds from issuance of new Term Loan B

## CASH FLOW STATEMENT

(m€)	H1 2016/17	H1 2017/18
Net Cash Flow from Operating Activities	190	101
Net Cash Flow from Investing Activities	(37)	(278)
Net Cash Flow from Financing Activities	(60)	249
<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>93</b>	<b>72</b>
Currency Translation Effects	0	0
Cash and Cash Equivalents at Beginning of Period	144	178
<b>Cash and Cash Equivalents at End of Period</b>	<b>237</b>	<b>251</b>

# NET WORKING CAPITAL CONTINUES TO BE MANAGED EFFICIENTLY

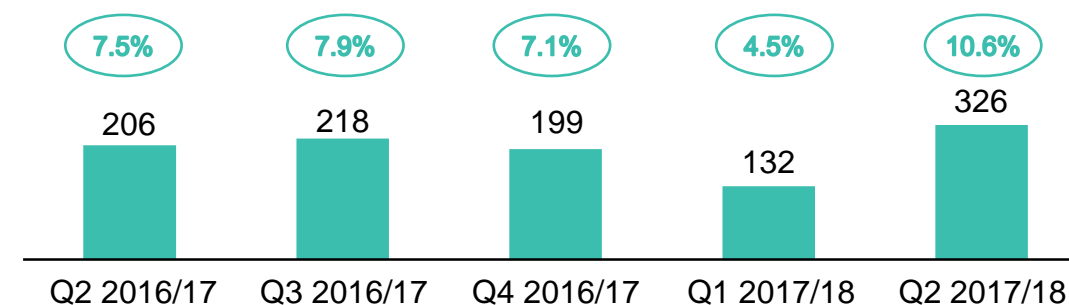
## COMMENTS

- **Net working capital increased** YoY as a result of recent acquisitions of Limoni La Gardenia, Bodybell and IF as well as higher inventory, due to **investments into assortment**, esp. DNC
- Additional impact from **early Easter** (31 March), resulting in **higher than usual** debit and credit card **receivables in Q2**
- **NWC as a % of LTM Net Sales** also **increased** compared to Q2 16/17, given recent acquisitions were contributing only to a fraction of LTM
- Continued **tight management** of receivables and payables
- Net working capital includes inventories, trade accounts receivable, trade accounts payable as well as supplier receivables for rebates/bonuses, marketing subsidies and outstanding voucher liabilities

## NET WORKING CAPITAL (NWC)

(m€)

○ NWC as % of LTM Net Sales<sup>1</sup>



(m€)	Q2 2016/2017	Q3 2016/2017	Q4 2016/2017	Q1 2017/2018	Q2 2017/2018
Inventories	568	553	591	843	854
Trade accounts receivable	37	30	41	75	60
Trade accounts payable	(327)	(296)	(388)	(796)	(519)
Other <sup>2</sup>	(72)	(69)	(45)	9	(69)
<b>Total NWC</b>	<b>206</b>	<b>218</b>	<b>199</b>	<b>132</b>	<b>326</b>

<sup>1</sup> Q2 FY 2017/18: ACQUISITIONS OF LLG IN ITALY AND PERFUMERIAS IF IN SPAIN ONLY COMPLETED IN NOVEMBER 2017; LTM NET SALES 31 MAR 2018 THEREFORE ONLY INCLUDE SALES CONTRIBUTION OF ACQUISITIONS FOR A FRACTION OF THE YEAR

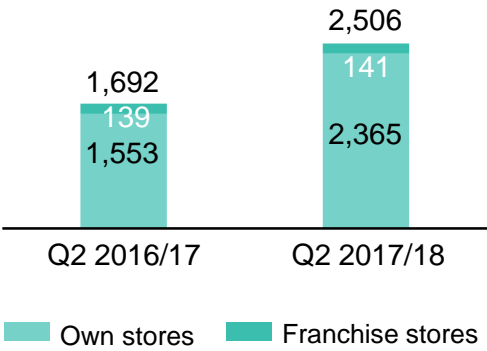
<sup>2</sup> INCLUDES RECEIVABLES FROM REIMBURSED MARKETING COSTS, BONUS RECEIVABLES, VOUCHER LIABILITIES

# ACQUISITIONS DRIVE EXPANSION OF STORE NETWORK

## PAN-EUROPEAN STORE NETWORK IN PREMIUM LOCATIONS



## TOTAL NUMBER OF STORES



## STORE DEVELOPMENT (YTD)

	6M 2016/17	6M 2017/18
Store openings	17	26
Store acquisitions	1	597
Store closures	(11)	(40)
Change in franchises	(1)	0
Total	6	583



Douglas