



7 December 2017

# FY 2016/17 FINANCIAL RESULTS

***Douglas***  
YOUR PARTNER IN BEAUTY

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## TODAY'S SPEAKERS



Tina  
Müller  
CEO

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Michael  
Rauch  
CFO

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# TINA MÜLLER APPOINTED CEO OF DOUGLAS

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- CEO of Douglas GmbH since **November 1<sup>st</sup>, 2017**
- Over **20 years of experience** in the **beauty sector** in several international management positions at L'Oréal, Wella and Henkel
- In her **17 years with Henkel** in positions as global CMO and Corporate Senior Vice President Western Europe, Tina Müller played a key role in the **international growth** of the **Schwarzkopf** brand and the **successful introduction** of the **Syoss** hair cosmetics brand
- Strong **marketing and digitalization** track record at Opel as member of the Management Board and global CMO ("Umparken im Kopf" campaign)

# A SUCCESSFUL YEAR FOR DOUGLAS WITH KEY MILESTONES ACHIEVED



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## EUROPEAN LEADERSHIP STRENGTHENED

M&A TRANSACTIONS COMPLETED

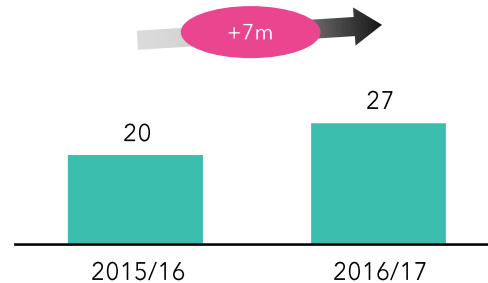


## SALES AND EBITDA FURTHER INCREASED

NET SALES: €2.8BN	+3.2%
E-COMMERCE NET SALES	+18%
ADJUSTED EBITDA: €354M <sup>1</sup>	+5%

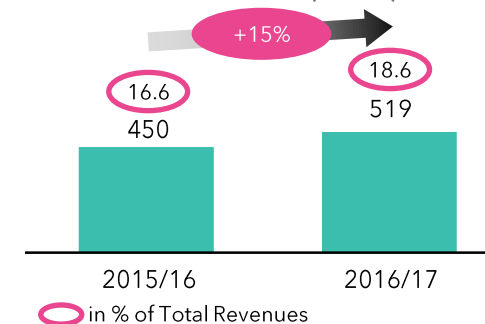
## LEADING CRM PROGRAM EXTENDED

# OF CUSTOMER CARDS IN EUROPE (MILLION)



## STRONG GROWTH IN DNC & EXCLUSIVES

DNC & EXCLUSIVE REVENUES (EURm)



CHAPTER 01


**BUSINESS  
HIGHLIGHTS**

# UNDISPUTED SELECTIVE BEAUTY MARKET LEADER IN EUROPE


## VALUE ENHANCING M&A GROWTH STRATEGY...

 Acquisition of Limoni/La Gardenia closed in November 2017<sup>1</sup>



 Acquisition of Bodybell completed in July 2017, acquisition of 102 Perfumerias If stores closed in November 2017



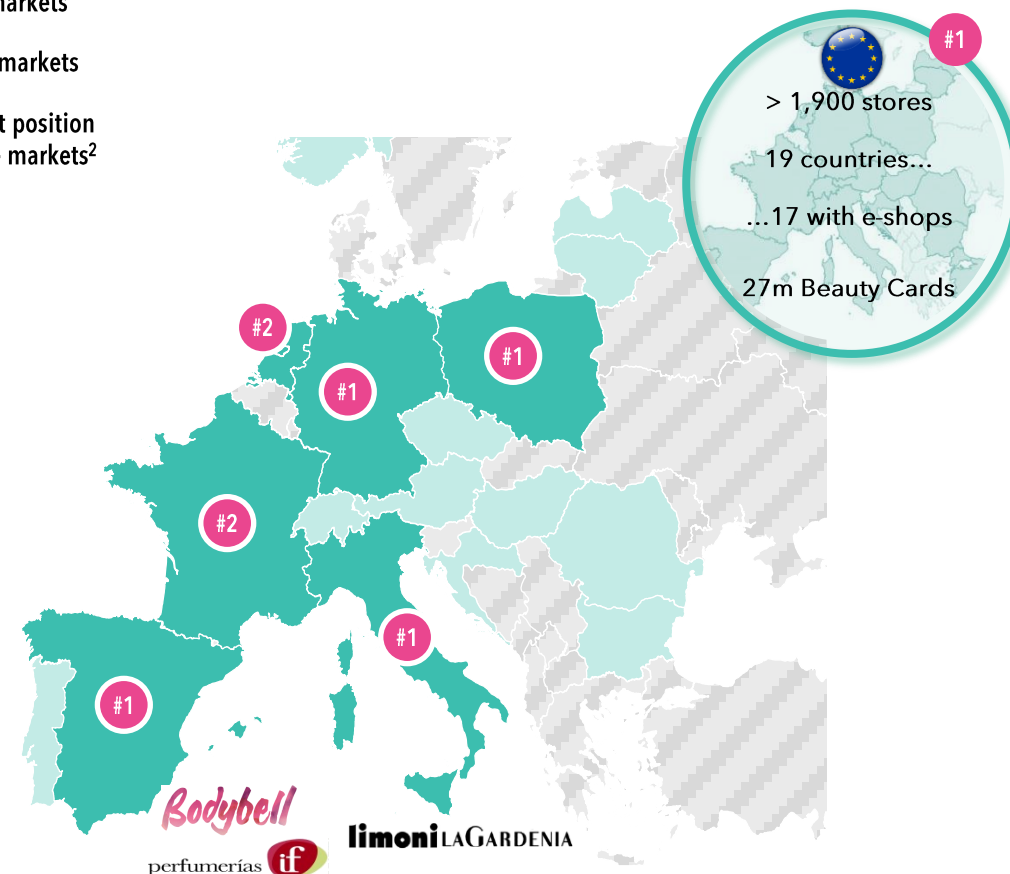
 Rebranding to Douglas in 2018

## ...HAS FURTHER STRENGTHENED OUR FOOTPRINT IN EUROPE...

 Core markets

 Other markets

 Market position in core markets<sup>2</sup>



<sup>1</sup> FINAL NUMBER OF STORES SUBJECT TO MERGER CONTROL CLEARANCE, EXPECTED IN FIRST QUARTER 2018

<sup>2</sup> BASED ON SELECTIVE BEAUTY MARKET INCL. PREMIUM COLOUR COSMETICS, PREMIUM SKIN & SUN CARE AND PREMIUM FRAGRANCES

# INNOVATIVE STORE CONCEPT: FROM POINT OF SALE TO POINT OF EXPERIENCE

## MODERN STORE DESIGN



**DIGITALLY ENRICHED  
STORE CONCEPT**

## FOCUS ON SERVICES



**ATTRACTIVE SERVICE  
OFFERINGS & AREAS**

## INSPIRATIONAL AND INFORMATIONAL DIGITAL CONTENT



**INTERACTIVE CONTENT  
& SKIN ANALYSIS**

## BEAUTY MIRROR<sup>1</sup>



**VIRTUAL  
CONSULTATION**



# EXCITING CUSTOMERS WITH EXCLUSIVE EVENTS & SOCIAL MEDIA COVERAGE

TOO FACED ACTIVATION WITH INFLUENCER "FARINA" IN FRANKFURT



MEET-AND-GREET DOUGLASXMAC EVENT IN STUTTGART



# EXPERIENCING THE NEW CHRISTMAS CAMPAIGN IN GERMANY

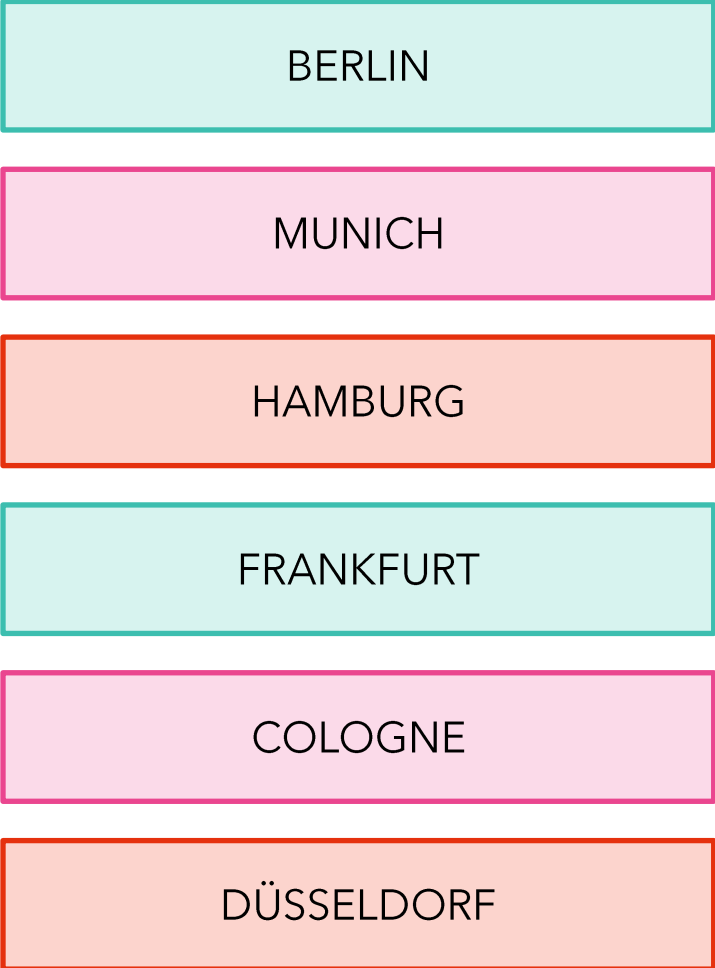


## INCREASING CHRISTMAS TRAFFIC AND SALES



- German celebrities wrap gifts in selected Douglas flagship stores
- In support of charitable cause DKMS Life
- Intense press and media coverage planned

**DKMS**  **LIFE**



*Douglas*

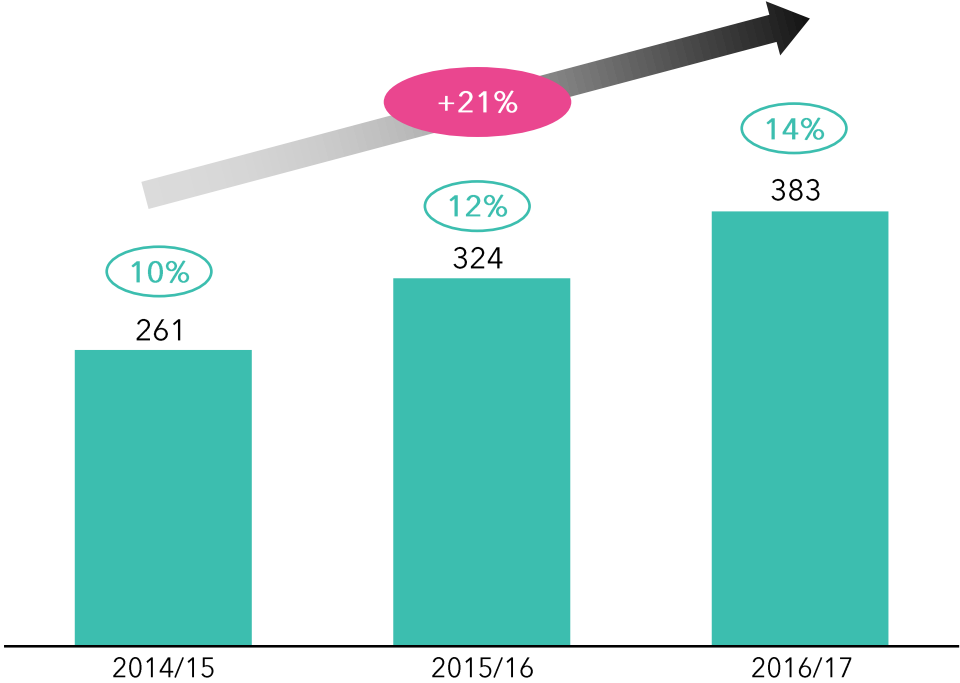
# LEADING ONLINE RETAILER FOR SELECTIVE BEAUTY IN EUROPE

## BEST-IN-CLASS OMNI-CHANNEL



## STRONG GROWTH AND INCREASING SHARE OF REVENUES

ONLINE REVENUES (EURm)



● CAGR 2013/14 - 2016/17 (in %) ○ In % Total Revenues

# EXCLUSIVE BRANDS AND PRIVATE LABEL OFFERING ARE A KEY DIFFERENTIATOR

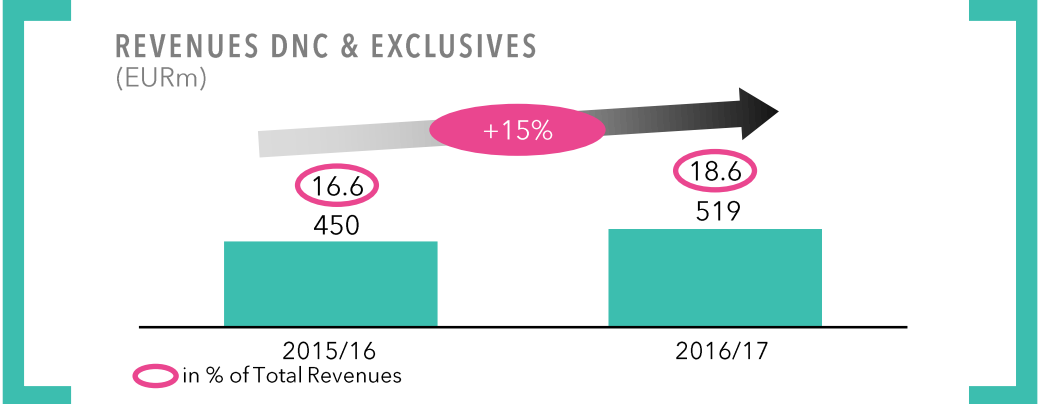
ATTRACTIVE DOUGLAS NOCIBÉ COLLECTION WITH MORE THAN 1,200 SKU...



<p><i>Make-up</i></p>	<p><i>Essential</i></p>	<p><i>Focus</i></p>
<p><i>Home Spa</i></p>	<p><i>Naturals</i></p>	<p><i>Suncare</i></p>
<p><i>Mencare</i></p>	<p><i>Les Délices</i></p>	<p><i>Haircare</i></p>
<p><i>Fragrance</i></p>	<p><i>Accessories</i></p>	<p><i>Gifts &amp; Travel</i></p>

...AND COMPETITIVE EXCLUSIVE BRANDS<sup>1</sup> OFFERING...

...DRIVE GROWTH & PROFITABILITY WITH FURTHER POTENTIAL



<sup>1</sup> AGGREGATION ACROSS INDIVIDUAL COUNTRIES' SKUS (E.G. ~3,200 SKUS IN GERMANY); DEFINITION OF EXCLUSIVE BRANDS VARIES BY COUNTRY AND COMPRISES BRANDS FOR WHICH DOUGLAS/NOCIBÉ IS THE EXCLUSIVE DISTRIBUTOR FOR THE ENTIRE/THE MAJORITY OF A BRAND'S PRODUCT PORTFOLIO IN RELEVANT CATEGORIES



# DESTINATION OF CHOICE FOR LATEST TRENDS AND FRESHEST BRANDS



## COMPETITIVE KOREAN BEAUTY OFFERING WITH HIGH "NEWNESS" FACTOR

**Dr.Jart+**  
Image: Dr.Jart+ Multi-Laser skin care products.

**TONY MOLY**  
Image: TONY MOLY Cool Eye Stick and other eye care products.

**NEOGEN DERMALOGY**  
Image: NEOGEN DERMALOGY skin care products.

**MISSHA**  
Image: MISSHA skin care products.

**CAOLION**  
Image: CAOLION skin care products.

**DEWYTREE NATURE RECIPE**  
Image: DEWYTREE NATURE RECIPE skin care products.

**KOCOSTAR HOME BEAUTY TREATMENTS**  
Image: KOCOSTAR HOME BEAUTY TREATMENTS sheet masks and lip masks.

Oh K!  
멋있어



KOCOSTAR  
HOME BEAUTY TREATMENTS

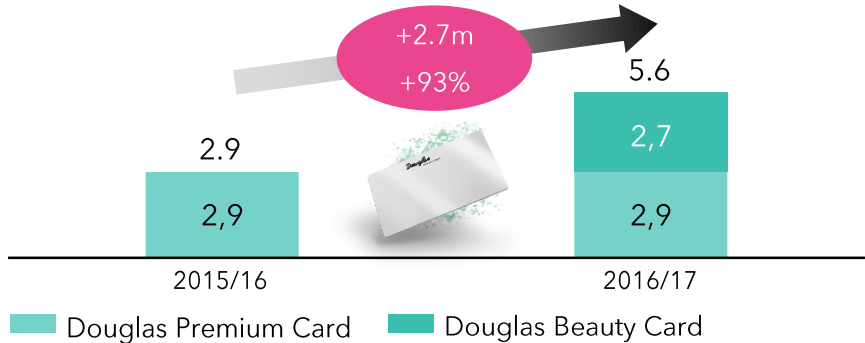


Douglas

# CRM: INDUSTRY-LEADING LOYALTY PROGRAM FURTHER EXTENDED

## SUCCESSFUL LAUNCH OF NEW BEAUTY CARD

GERMAN CARD MEMBERS (MILLION)



## > 1 IN 6 GERMAN WOMAN HAS A DOUGLAS CARD



## EUROPEAN CARD MEMBER BASE WITH SIGNIFICANT POTENTIAL

27M CARD MEMBERS

## ATTRACTIVE CUSTOMER BASE

BEAUTY CARD MEMBERS  
PURCHASE MORE OFTEN  
AND  
SPEND MORE MONEY  
+~10%

# THE ROAD AHEAD – STRATEGIC PILLARS OF PROFITABLE GROWTH



## DOUGLAS BRAND

- Further strengthening the brand equity as consumer-centric **beauty destination** & unique beauty curator

## STORES

- Develop store business from a point of sale to a **point of experience** focusing on beauty advise, service, innovative digital tools and loyalty building events

## E-COMMERCE

- Foster strong international profitable growth by capitalizing on unique **omni-channel power**, operational excellence and strong content marketing approach
- Transform online shop to an undisputed beauty platform business

## ASSORTMENT

- Focus on growing categories & trend brands
- Further develop highly profitable portfolio of **owned & exclusive brands** with innovative concepts across main segments

## CRM

- Capitalize on high number of beauty card holders by strengthening personalized **1to1 marketing approach** in order to **increase frequency and customer lifetime value**

**OVER 20,000 BRAND AMBASSADORS, BRINGING BEAUTY TO LIFE**

CHAPTER 02

# FINANCIAL HIGHLIGHTS





# FY 2016/17: STRONG FINANCIAL PERFORMANCE

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- ✓ Continued Sales growth (+3.2%)
- ✓ Strong online growth (+18%) accounting for 14% of Net Sales
- ✓ Further increase in Adjusted EBITDA (+5.1%) and margin (+ 20bps)
- ✓ High focus on Free Cash Flow generation and strong cash conversion
- ✓ Continued value creating investments, including successful M&A
- ✓ Deleveraging further on track

# KEY FINANCIALS: CONTINUED VALUE CREATION PROGRESS

## COMMENTS

- **Net Sales with 3.2% growth** in a competitive environment; like-for-like Sales increased by 1.5%
- **Highest Adjusted EBITDA** in Douglas history, **outgrowing sales** while further increasing margin from already high level
- **CAPEX spend** with emphasis on upgrade of existing stores, innovative new store concept and central projects relating to expansion of CRM offering and DNC collection
- **Free Cash Flow** remains strong despite acquisitions

## KEY FINANCIALS

(EURm)	2015/16	2016/17	Delta
Net Sales	2,709	2,795	3.2%
<i>Like-for-like</i>			1.5%
Adjusted EBITDA <sup>1</sup>	337	354	5.1%
<i>Margin (%)</i>	12.5%	12.7%	
CAPEX <sup>2</sup>	89	84	(5.5)%
Adj. EBITDA – CAPEX	248	270	
<i>Cash conversion</i> <sup>3</sup>	73.6%	76.2%	
Unlevered Free Cash Flow pre M&A <sup>4</sup>	186	206	
Unlevered Free Cash Flow post M&A <sup>4,5</sup>	196	150	

<sup>1</sup> FOR DETAILS ON ADJUSTMENTS TO REPORTED EBITDA SEE PAGE 26

<sup>2</sup> PRE M&A

<sup>3</sup> ADJUSTED EBITDA MINUS TOTAL CAPEX DIVIDED BY ADJUSTED EBITDA

<sup>4</sup> DEFINED AS NET CASH FLOW FROM OPERATING ACTIVITIES LESS NET CASH FLOW FROM INVESTING ACTIVITIES

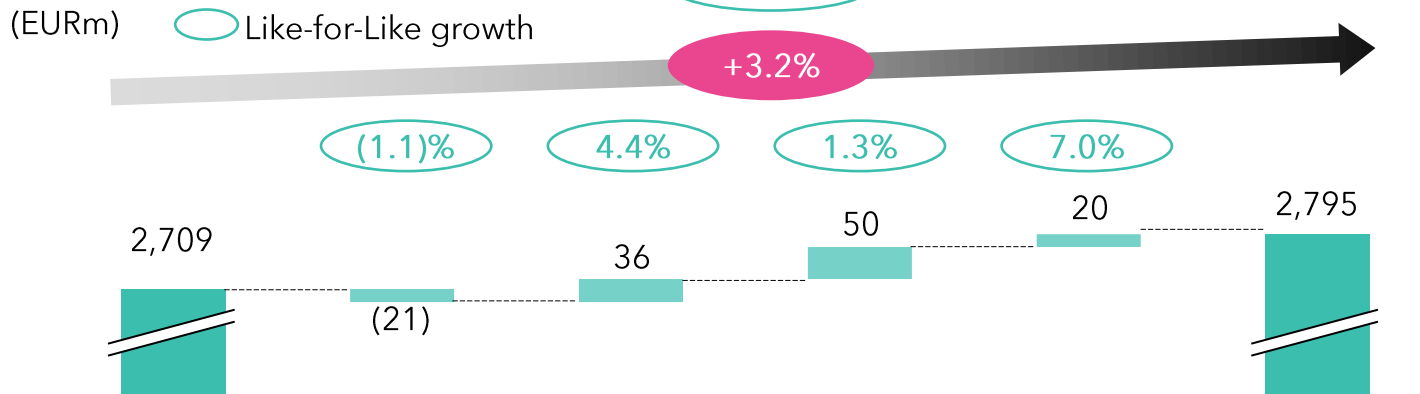
<sup>5</sup> PRIOR TO CLOSING OF LIMONI/LA GARDENIA AND PERFUMERIAS IF ACQUISITIONS

# SALES AND ADJUSTED EBITDA FURTHER INCREASED

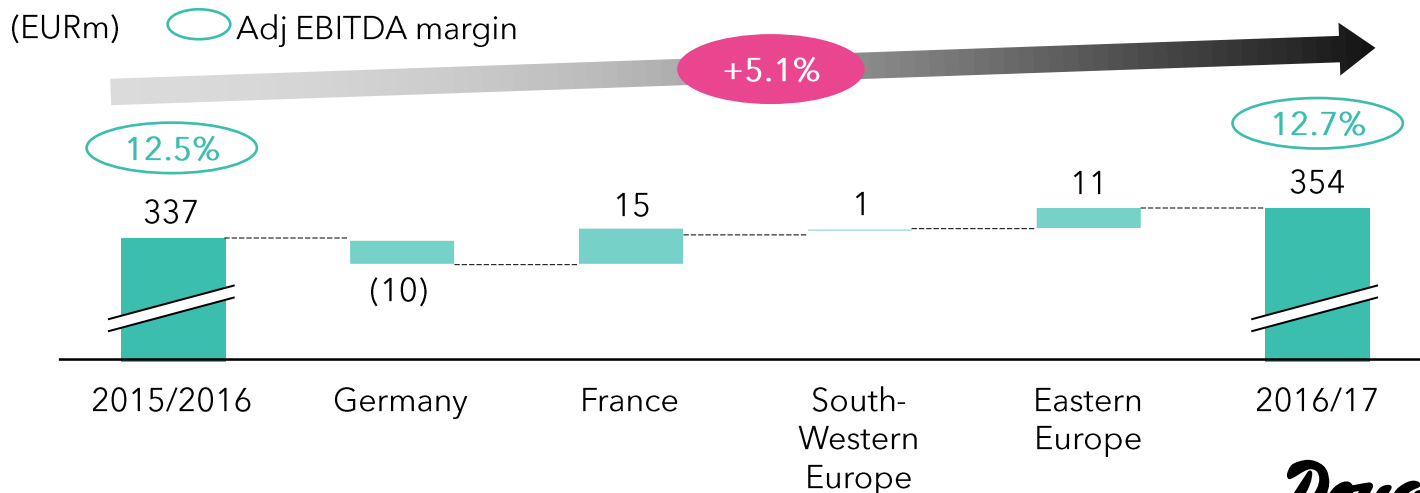
## COMMENTS

- Strong sales growth of +3.2% in a competitive environment
- E-commerce sales increased strongly by 18%, with significant growth in all regions
- Adjusted EBITDA and EBITDA margin further increased, driven by top line growth, scale benefits and efficiency improvements

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



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



<sup>1</sup> EXCLUDING INTERSEGMENT SALES

<sup>2</sup> FOR DETAILS ON ADJUSTMENTS TO REPORTED EBITDA SEE PAGE 26

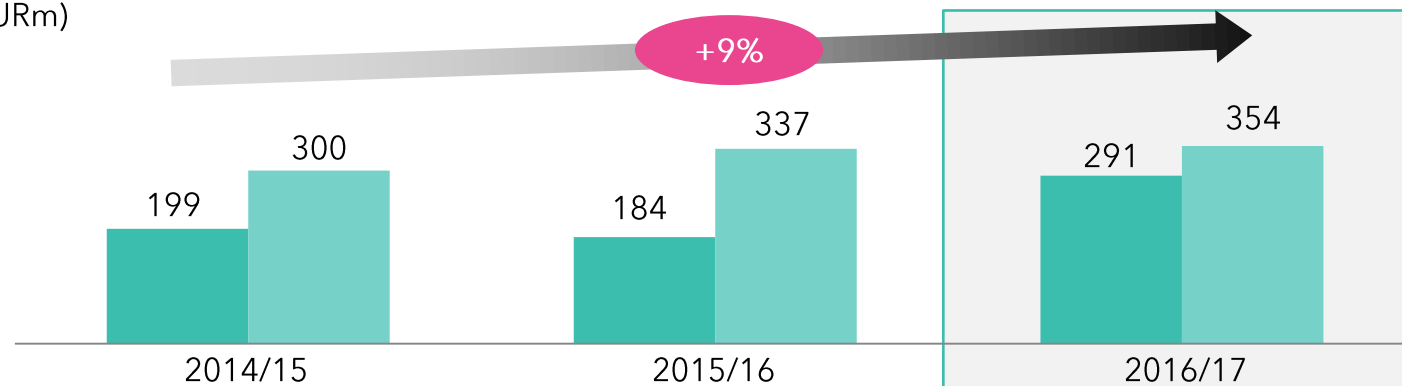
# STRONG IMPROVEMENT OF ADJUSTED NET INCOME

## COMMENTS

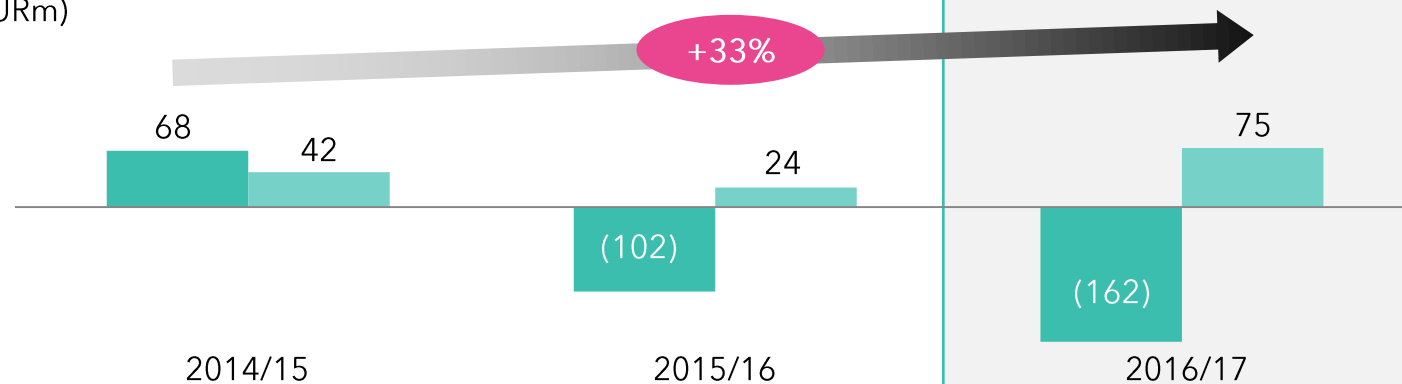
SIGNIFICANT IMPROVEMENT UNDER NEW OWNERSHIP

- Adjusted EBITDA with 9% CAGR
- Adjusted Net Income with 33% CAGR

EBITDA  
(EURm)



NET INCOME  
(EURm)



Reported

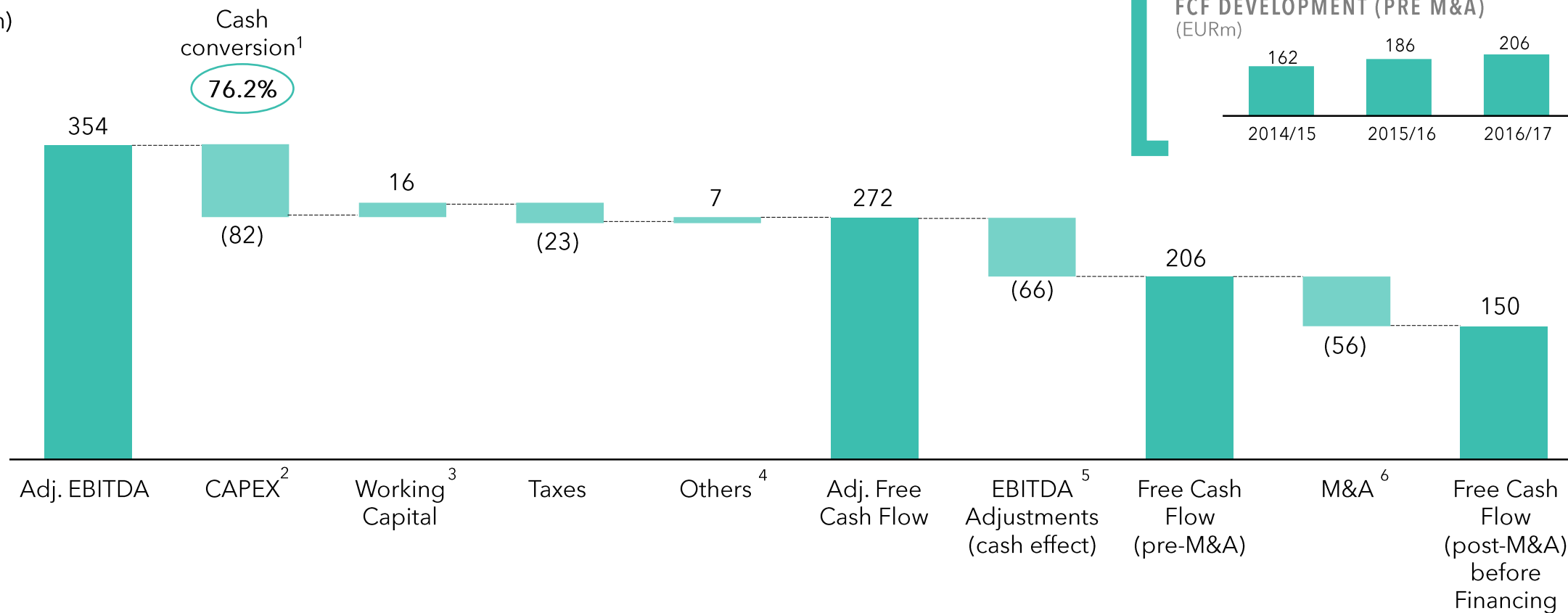
Adjusted

CAGR 2014/15 - 2016/17

# FREE CASH FLOW REMAINS STRONG

## FREE CASH FLOW BRIDGE

(EURm)



<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; ADJUSTED FOR PPA (EUR 2M)

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

<sup>5</sup> INCLUDING € 2M RELATING TO INVESTMENTS ACCOUNTED FOR IN FY 2015/2016; FOR FURTHER DETAILS ON ADJUSTMENTS TO REPORTED EBITDA SEE PAGE 26

<sup>6</sup> NET PROCEEDS FROM DISPOSALS AND ACQUISITIONS

# RECENT ACQUISITIONS CONTRIBUTE SIGNIFICANTLY TO SALES AND PROFITABILITY

## THREE ACQUISITIONS IN 2016/17 CONTRIBUTE TO SCALE AND EARNINGS...



<b>SALES</b>
>€500m RUN RATE P.A.
<b>STORES</b>
>700 IN ITALY AND SPAIN
<b>EBITDA INCL. SYNERGIES</b>
>€40m RUN RATE P.A.
<b>ACQUISITION COST</b>
€330m <sup>1</sup> PURCHASE PRICE
<b>ONE-OFF EXPENSES<sup>2</sup></b>
~€50m INTEGRATION, REBRANDING & RESTRUCTURING

## ...FOLLOWING A FOCUSED VALUE CREATION STRATEGY

- The 2016/17 acquisitions have made Douglas the #1 selective beauty player in both Italy and Spain, reinforcing our ambition to become #1 or #2 in every country we serve
- The acquisitions are an important driver of sales and earnings, adding volume and reach to our platform
- Considerable synergies expected from general overhead and purchasing as well as introduction of Douglas collection and omni-channel
- One-off Expenses<sup>2</sup> cover integration of the operations online and offline including rebranding of the entire store network

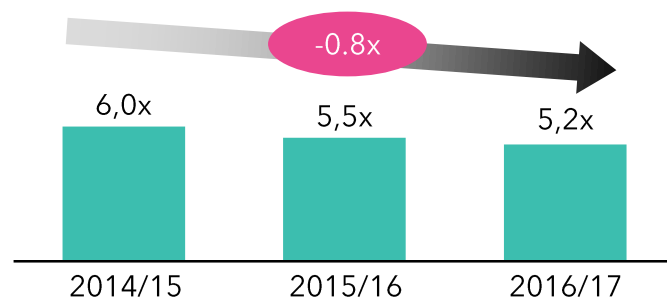


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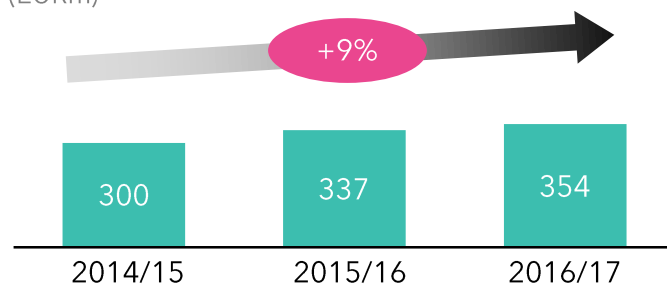
# CAPITAL STRUCTURE REMAINS STRONG WITH DELEVERAGING FURTHER ON TRACK

## EVOLUTION OF KEY METRICS

### TOTAL NET LEVERAGE



### ADJUSTED EBITDA (EURm)



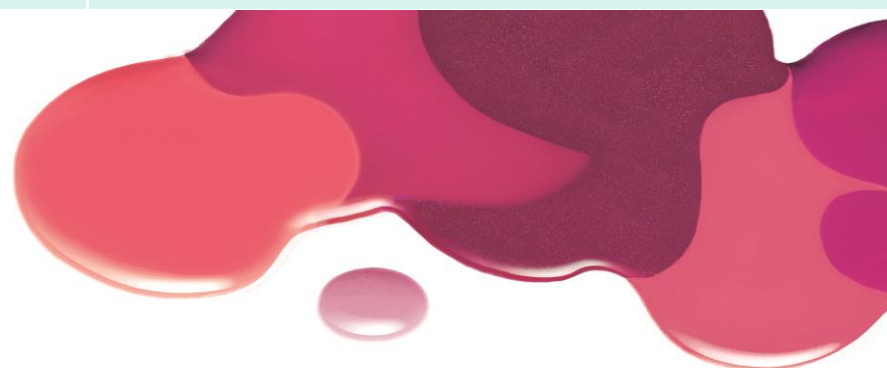
● CAGR 2014/15 - 2016/17PF

## CAPITAL STRUCTURE

Facilities	September 2017			
	EURm	x Adj EBITDA	Maturity	Pricing
Cash and equivalents	178			
RCF (EUR 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>	-		Aug-22	E+3.25% (0% floor)
Senior Secured Notes (B1/B)	300		Jul-22	6.25%
<b>Net senior debt</b>	<b>1,492</b>	<b>4.2x</b>		
Senior Notes (Caa1/CCC+)	335		Jul-23	8.75%
<b>Net debt (Corp: B2/B)<sup>2</sup></b>	<b>1,827</b>	<b>5.2x</b>		

## FY2017/18: UPCOMING INVESTOR RELATIONS EVENTS

Event	Date
Q1 results FY2017/18	Thursday, 15 February 2018
Q2 results FY2017/18	Wednesday, 16 May 2018
Q3 results FY2017/18	Wednesday, 22 August 2018





CHAPTER 03

# [ APPENDIX ]

# FY 2016/17 ADJUSTMENTS TO EBITDA

## COMMENTS





- Overall **adjustments** to EBITDA **significantly lower** than in 2015/16, due to lack of Purchase Price Allocation (PPA) effects from Douglas acquisition by CVC Capital Partners;
- **Consulting fees** refer to efficiency measures in both periods as well as recent acquisitions in Italy and Spain (FY 2016/17)
- **Restructuring costs** mainly driven by redundancy payments related to efficiency and centralisation measures (FY 2015/16 and FY 2016/17) as well as the termination of the Turkish operations (FY 2015/16);
- **Credit card fees:** “below EBITDA” reclassification in accordance with existing banking and bond agreements
- **Other:** costs for termination of DouBox project, subsequent payroll tax payment as well as a payment related to the disposal of real estate in Vienna and in Munich (all FY 2015/16); litigation costs related to lease agreements, integration costs of acquisition in Spain, move of German headquarter (all FY 2016/17)

## ADJUSTMENTS TO EBITDA





(EURm)	2015/16	2016/17
<b>Reported EBITDA</b>	<b>184</b>	<b>291</b>
Consulting fees	17	21
Restructuring costs	21	15
PPA	100	2
Credit card fees	9	9
Other	6	16
<b>Adjusted EBITDA</b>	<b>337</b>	<b>354</b>

# FY2016/17: REPORTED FINANCIALS

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

(EURm)		2015/16	2016/17
Germany <sup>2</sup>		1,208	1,188
France		706	743
South-Western Europe		529	579
Eastern Europe		265	285
<b>Total</b>		<b>2,709</b>	<b>2,795</b>

## EBITDA

(EURm)		2015/16	2016/17
Germany <sup>2</sup>		80	101
France		63	110
South-Western Europe		34	43
Eastern Europe		7	37
<b>Total</b>		<b>184</b>	<b>291</b>

# ANOTHER YEAR OF HEALTHY CASH FLOW

## COMMENTS

- Increase in Net Cash Flow from Operating Activities attributable to an increase in EBITDA and a decrease in Taxes Paid, partly offset by changes in Net Working Capital
- Net Cash Flow from Investing Activities impacted by the acquisition of Bodybell in Spain, investments into the store network as well as investments in design and redesign of existing stores
- Decrease in Net Cash Flow from Financing Activities mainly due to a decrease in interest paid as a result of continuous improvement of the terms of Douglas' Senior Facilities Agreement

## CASH FLOW STATEMENT

(EURm)	2015/16	2016/17
Net Cash Flow from Operating Activities	279.0	287.0
Net Cash Flow from Investing Activities	(83.2)	(137.2)
Net Cash Flow from Financing Activities	(119.9)	(114.6)
Net Change in Cash & Cash Equivalents	75.9	35.2
Currency Translation Effects	(0.1)	(0.7)
Cash and Cash Equivalents at Beginning of Period	68.1	143.9
Cash and Cash Equivalents at End of Period	143.9	178.4

# NET WORKING CAPITAL CONTINUES TO BE MANAGED EFFICIENTLY

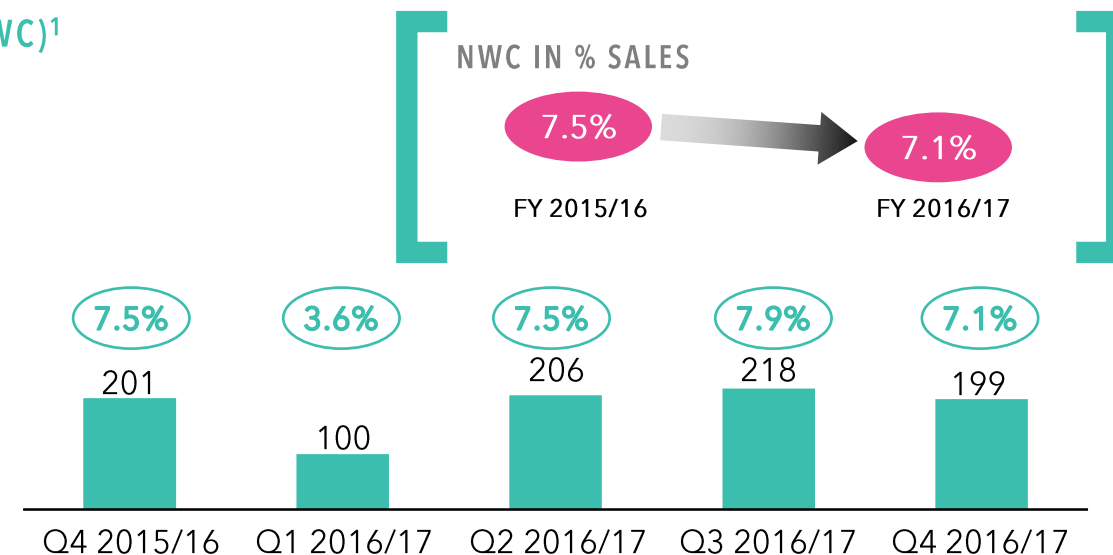
## COMMENTS

- Net working capital decreased YoY despite topline growth, accounting for 7.1% of Sales, compared to 7.5% in Q4 2015/16
- Improvement driven by a **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 and marketing subsidies, outstanding voucher liabilities
- Increase in inventory and accounts payable due to **continued build-up of Douglas Nocibé Collection** and acquisition of Bodybell

## NET WORKING CAPITAL (NWC)<sup>1</sup>

(EURm)

○ NWC as % of LTM Net Sales



(EURm)	Q4 2015/2016	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	Q4 2016/2017
Inventories	513	566	568	553	591
Trade accounts receivable	34	65	37	30	41
Trade accounts payable	(307)	(526)	(327)	(296)	(388)
Other <sup>2</sup>	(39)	(6)	(72)	(69)	(45)
<b>Total NWC</b>	<b>201</b>	<b>100</b>	<b>206</b>	<b>218</b>	<b>199</b>

# Q4 2016/17: KEY FINANCIALS

## COMMENTS

- Sales increased by 8% driven by Bodybell acquisition; Like-for-Like sales on previous year's level
- Adjusted EBITDA driven by further efficiency improvements
- Focused CAPEX spend; previous year affected by investments relating to the move of German HQ to Düsseldorf

## KEY FINANCIALS

(EURm)	Q4 2015/16	Q4 2016/17	Delta
Net Sales	581	626	8%
<i>Like-for-Like</i>			(0)%
Adjusted EBITDA	64	68	6%
<i>Margin (%)</i>	11%	11%	
CAPEX <sup>1</sup>	47	33	(30)%
Adj. EBITDA - CAPEX	17	35	107%
<i>Cash conversion<sup>2</sup></i>	26%	51%	

## ADJUSTMENTS TO EBITDA

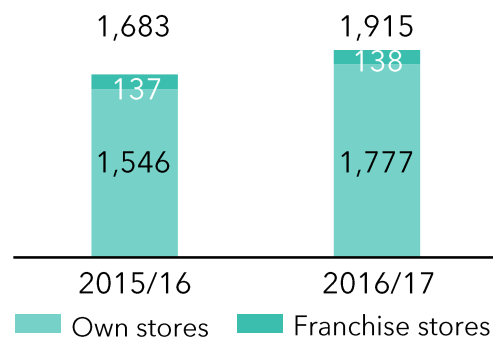
(EURm)	Q4 2015/16	Q4 2016/17
Reported EBITDA	44	39
Consulting fees	4	6
Restructuring costs	6	7
PPA	10	2
Credit card fees	1	2
Other	(1)	12
Adjusted EBITDA	64	68

# ACQUISITIONS DRIVE EXPANSION OF STORE NETWORK

## PAN-EUROPEAN STORE NETWORK IN PREMIUM LOCATIONS



## TOTAL NUMBER OF STORES<sup>1</sup>



## STORE DEVELOPMENT

	2015/16	2016/17
Store openings	29	29
Store acquisitions	2	225
Store closures	(35)	(23)
Change in franchises	(2)	1
<b>Total</b>	<b>(6)</b>	<b>232</b>

