



FY 2017/18

Financial Results

Düsseldorf, December 11, 2018

DOUGLAS

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TODAY'S SPEAKERS



Tina Müller
Group CEO



Michael Rauch
Group CFO

A YEAR OF TRANSFORMATION

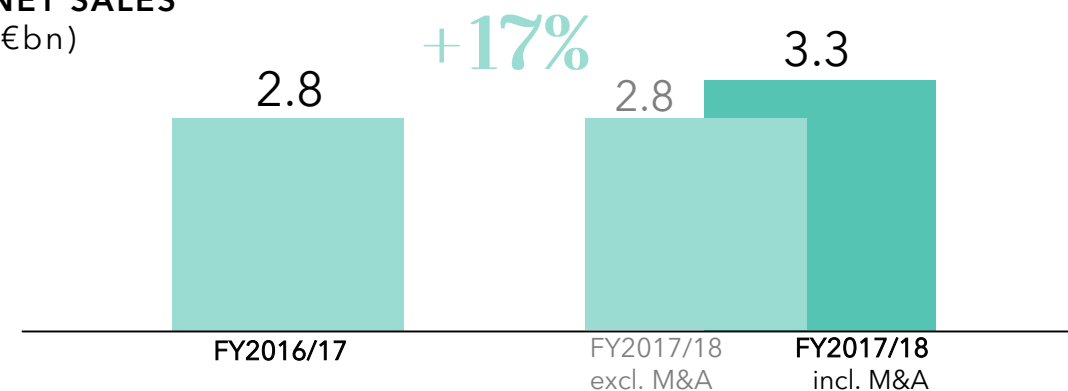
DECISIVE ACTION DELIVERED TOWARDS OUR STRATEGY

#FORWARD*Beauty* IMPLEMENTED WITH
FIRST POSITIVE EFFECTS ALONG ALL PILLARS



SIGNIFICANT INVESTMENTS FOR FUTURE SUSTAINABLE GROWTH

NET SALES
(€bn)



› GERMAN TURNAROUND ACHIEVED WITH RETURN TO POSITIVE LFL GROWTH IN Q4

- › Accelerated integration of acquisitions
- › Inventory write-offs completed
- › Substantial one-time investments into brand rejuvenation

BRAND UPGRADE LARGELY COMPLETED

UNDERLINING PREMIUM APPROACH



NEW LOGO

MAKES MODERNIZATION AND REALIGNMENT WIDELY VISIBLE

DOUGLAS
Douglas

Transforming Douglas from a retailer to a premium retail brand

VISUAL LANGUAGE

FOCUS ON INDIVIDUAL BEAUTY AND AUTHENTICITY



360° execution in stores, online, mobile and social media

MISSION STATEMENT

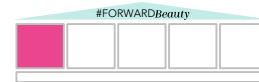
ENCOURAGING CUSTOMERS TO LIVE THEIR OWN KIND OF BEAUTY



Emotionalizing the Douglas brand

PREMIUM AND MODERN BRAND PERCEPTION

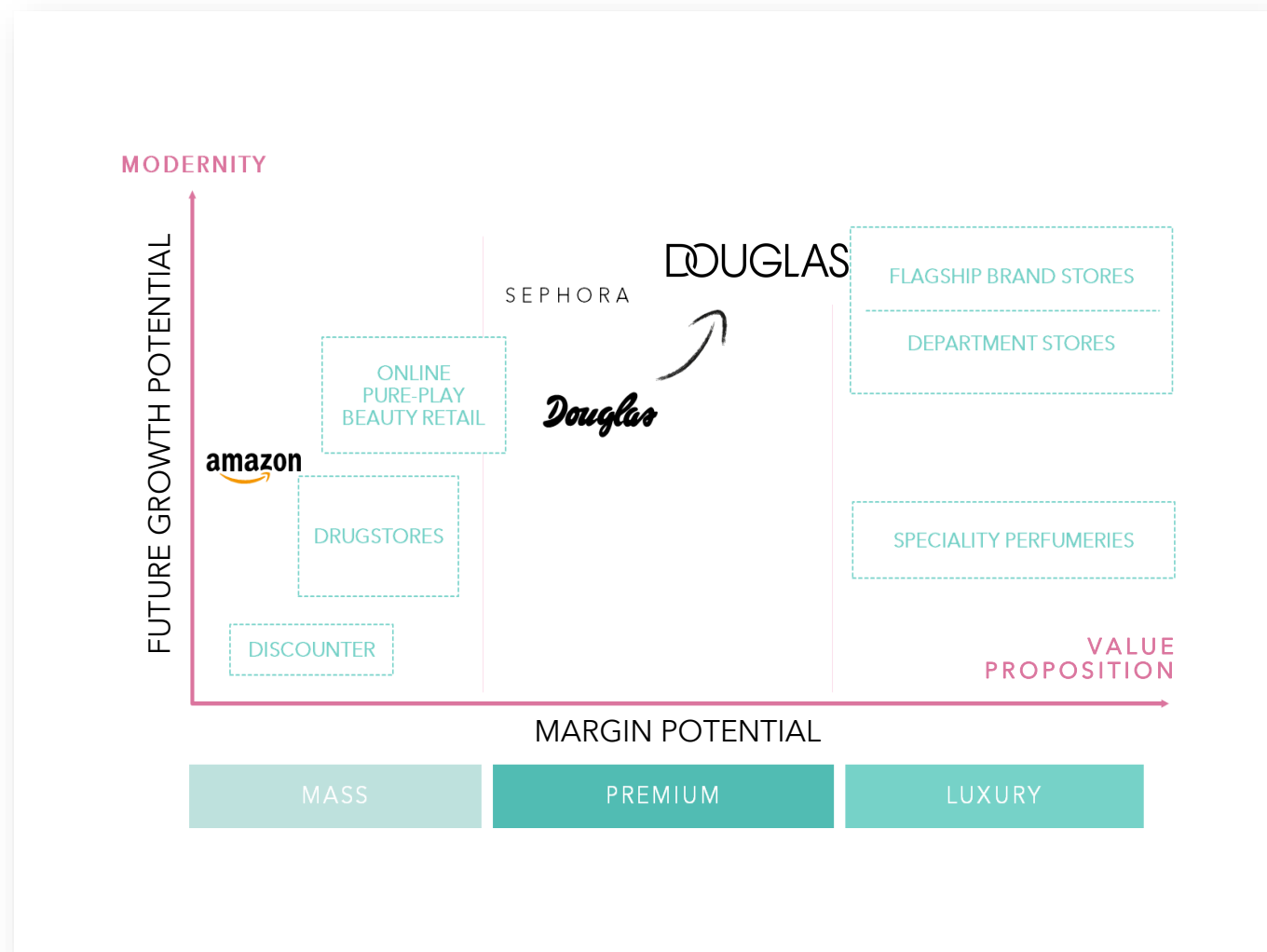
SOLID FOUNDATION FOR PREMIUM PRICING



- › Net Promoter Score (NPS) increased
- › Overproportionate growth of luxury stores
- › Strong test results: New logo perceived as significantly more modern and more premium

NEXT STEPS

- › Continued premium positioning
- › One-off brand investments largely concluded
- › Roll-out of new logo and visual language across all European stores to be completed by end-2019



SIGNIFICANT INVESTMENT IN STORES

FROM POINT OF SALE TO POINT OF EXPERIENCE



NEW STORE DESIGN

FOCUS ON SERVICE & CONSULTATION



New visual language installed in all stores
Logo roll-out completed by end of 2019
Completed refurbishments in Europe: >50

NEW FLAGSHIP STORE

LARGEST STORE IN EUROPE
IN FRANKFURT (2,400m²)



Beauty destination with dedicated
spa floor for treatments

NEW STORE FORMATS

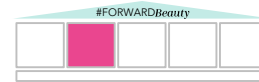
EXPLOIT HEALTH & BEAUTY TREND
MEDICAL BRANDS & NUTRITION



New and individual services
such as personalized skin care

VISIBLE INCREASE IN TRAFFIC AND SALES

STORE REFURBISHMENTS SHOW EFFECTS



- › Significant initial investments for concept development and ramp-up completed
- › Flagship concept with 11% increase in high-margin service revenues
- › More than 20,000 visitors since opening of new Douglas PRO store; ~10% higher basket on average

NEXT STEPS

- › Flagship Store and new store formats with full impact on sales in FY2018/19
- › 60 additional refurbishments across core markets planned for FY2018/19
- › Further modernizations as part of regular refurbishment cycle

SUCCESSFUL INTRODUCTION IN GERMANY



Kaiserstraße

+10% AVERAGE INCREASE
IN TRAFFIC AND SALES

INTERNATIONAL ROLL-OUT WELL ON TRACK

La Gavia (Spain)



Corsa di Porta
Reno (Italy)



Wrocław (Poland)



Vienna (Austria)



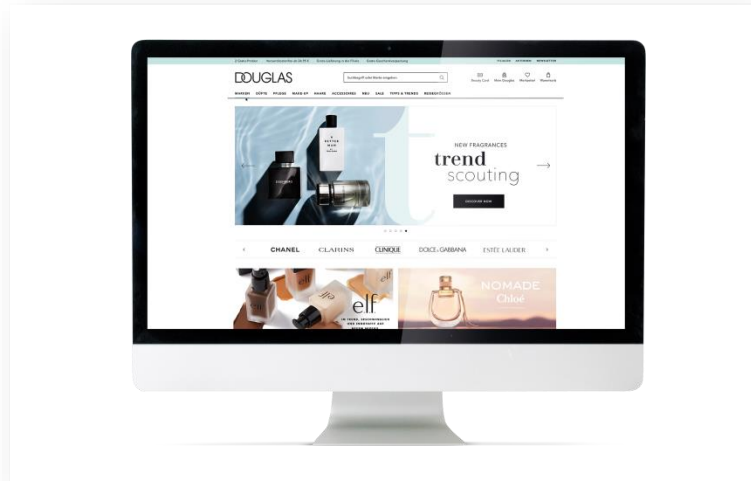
STRENGTHENING THE E-COMMERCE FOOTPRINT

STATE OF THE ART DIGITIZATION



ONLINE RELAUNCH

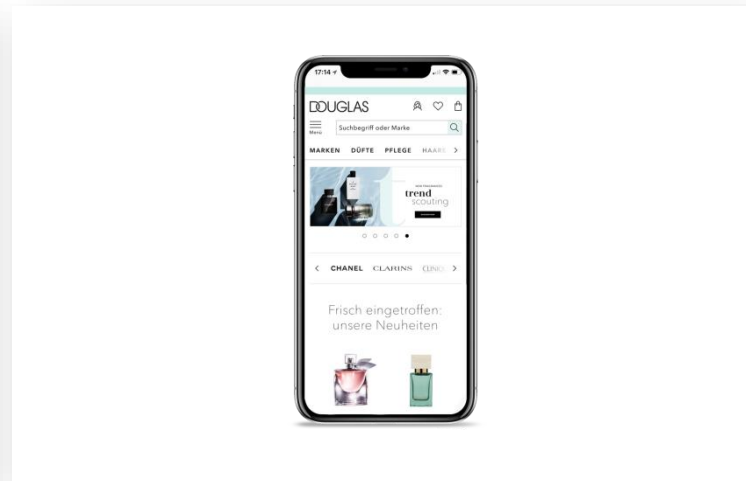
BEST-IN-CLASS USER EXPERIENCE
AND „MOBILE FIRST“



Relaunch of front-end with new
look & feel in line with brand position

NEW APP

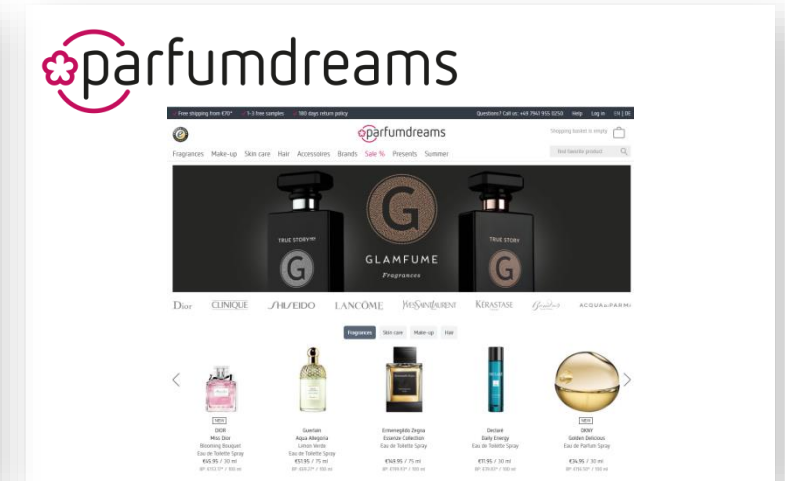
OUR MOST IMPORTANT AND
PROFITABLE STORE



Targeted captive audience
with highly attractive economics

PARFUMDREAMS

ACQUISITION OF ONLINE
PIONEER COMPLETED









Dual-brand strategy
and additional digital competence

NO. 1 EUROPEAN E-COMMERCE PLAYER

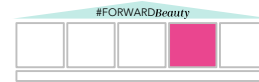


POSITIVE DEVELOPMENT OF KEY E-COMMERCE KPIS

GROUP FY2017/18	ONLINE NET SALES	ONLINE REVENUE SHARE
	 <p>€423m +11%</p>	 <p>12.9% (Germany: 22.7%)</p>
GERMANY FY2017/18	CONVERSION RATE	AVERAGE BASKET
	 <p>4.0% +0.2%p</p>	 <p>€62 -3.2%</p>
	MOBILE REVENUE SHARE	APP REVENUE SHARE
	 <p>57.5% +7%p</p>	 <p>17.8% +4.9%p</p>

MORE THAN 150 NEW BRANDS IN EUROPE

CLEAR DIFFERENTIATION FROM COMPETITORS

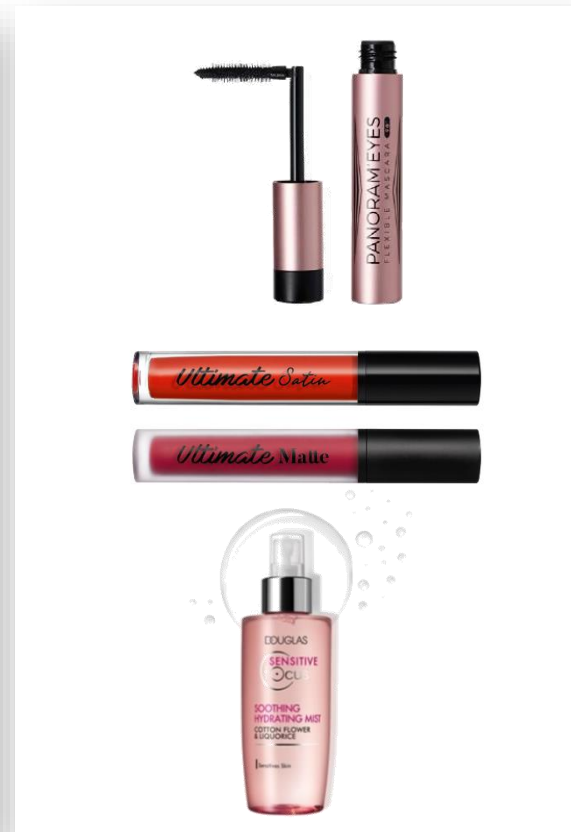
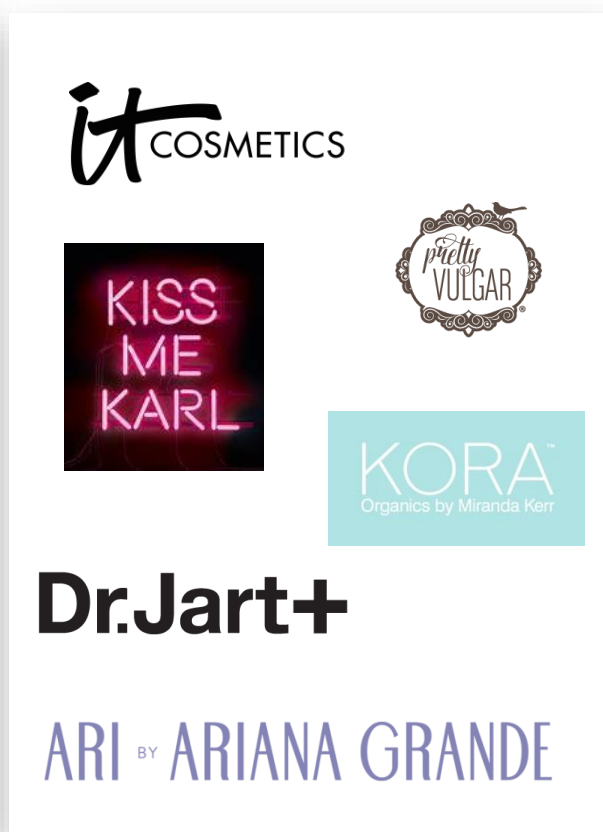


FAST GROWING TREND BRANDS

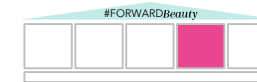
EXCLUSIVE BRANDS

DOUGLAS COLLECTION

NEWLY CREATED OWNED BRANDS



ATTRACTIVE GROWTH DRIVER



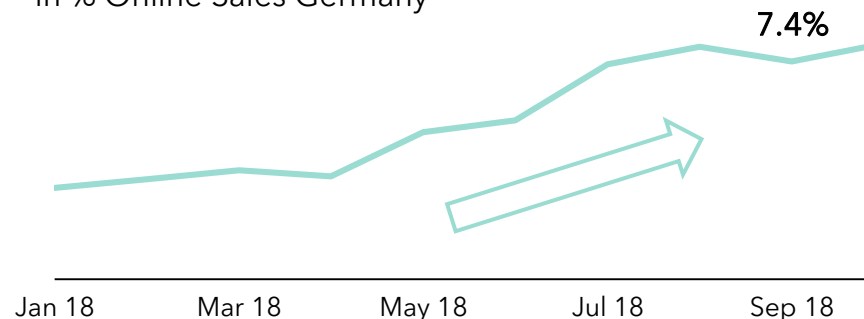
EXPANDING SHARE OF NEW, OWNED AND EXCLUSIVE BRANDS

- › Four new products among Top 30 skin care products
- › Share of selected luxury brands growing extraordinarily
- › Owned and exclusive brands with significantly higher gross margins

NEXT STEPS

- › Continue launching new brands
- › Increase of brands offered to 600 by the end of FY2018/19
- › Further roll-out of premium owned brands
- › Continue expanding share of owned and exclusive brands to ~30% medium term

NEW BRANDS SHARE*
in % Online Sales Germany

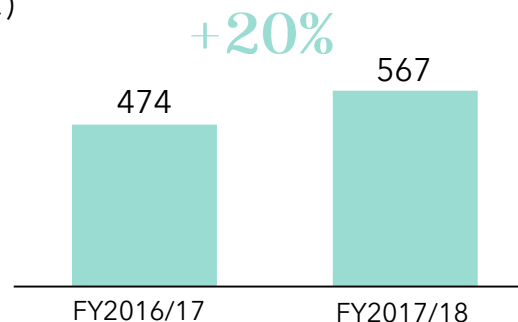


Continued introduction of:

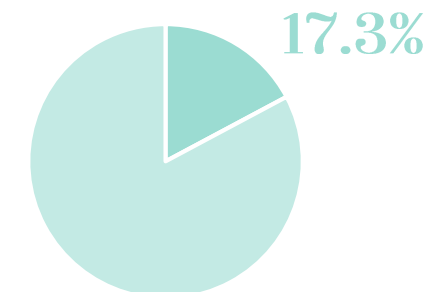
- › Fast growing trend brands
- › Exclusive brands
- › Newly created owned brands

* Sales contribution of new brands introduced last twelve month to respective monthly sales

**OWNED & EXCLUSIVE BRANDS
NET SALES CONTRIBUTION**
(m€)



**OWNED & EXCLUSIVE BRANDS
SHARE OF TOTAL SALES**



ONE OF EUROPE'S LARGEST LOYALTY PROGRAMS



INCENTIVIZED DBC

ACTIVELY MARKETED BEAUTY CARD



Boosting DBC with investments in 1:1 marketing activities

INDIVIDUAL MARKETING

CUSTOMER-TAILORED PROMOTIONS



Optimizing shopping experience and buyer behavior

CUSTOMER EXPERIENCES

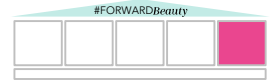
"MONEY CAN'T BUY" EXPERIENCES



Increasing customer and brand loyalty

UNRIVALED 1:1 CUSTOMER RELATIONS

AI, BIG DATA AND OWN RECOMMENDATION ENGINE



- **Focus:** Audience selected based on Douglas CRM need states segmentation and last transactions
- **Data:** Transactional & CRM data



- **Focus:** Content recommendation (articles, card prices, stories, etc.)
- **Data:** CRM data (gender, segments, profiles, etc.); transactional data



- **Focus:** Product recommendation
- **Data:** Click data (webshop); offline & online transactional data; customer data (e.g. gender/age)

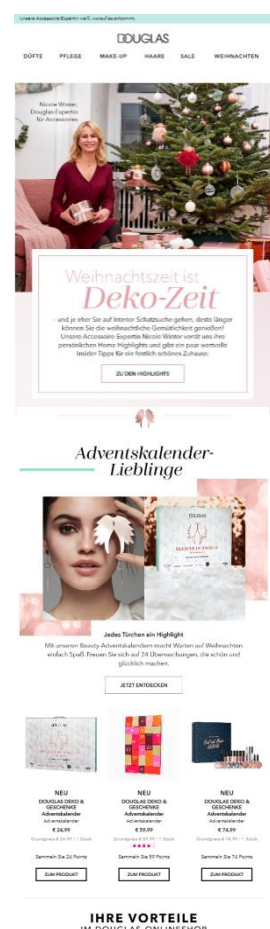


DBC e-mail

- Intro based on segments
- Coupons based on beauty profile, transactional data
- Beauty Card Content & Prices based on beauty profile, transactional data
- Product recommendation based on click & transactional data

eCom e-mail

- Intro based on segments
- Banner and content based on segments
- Product recommendation based on click & transactional data



INCREASE IN REVENUE AND PURCHASES

HIGH VALUE OF BEAUTY CARD MEMBERS



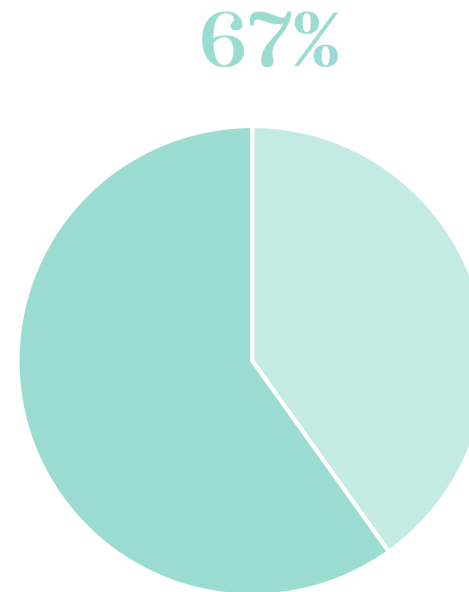
- › More than 2/3 of total sales are generated by Beauty Card Members
- › Investment in Beauty Card marketing and incentives paid off
- › Recipients of 1:1 marketing activities spend significantly more money and shop more frequently

NEXT STEPS

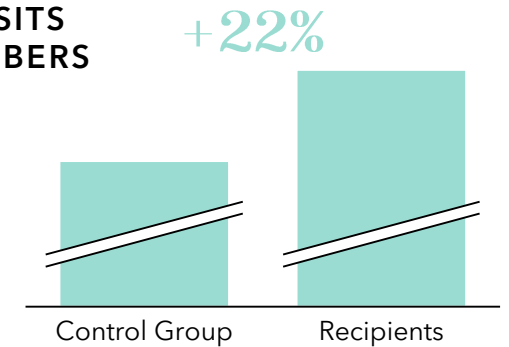
- › Continued focus on 1:1 marketing and unique customer experiences
- › International expansion of the beauty card program

39M BEAUTY CARD MEMBERS*

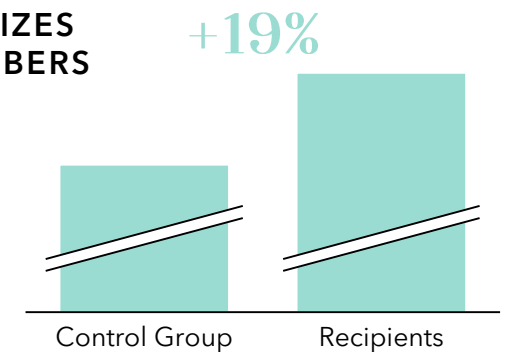
DBC SHARE
OF TOTAL SALES



STORE VISITS
DBC MEMBERS



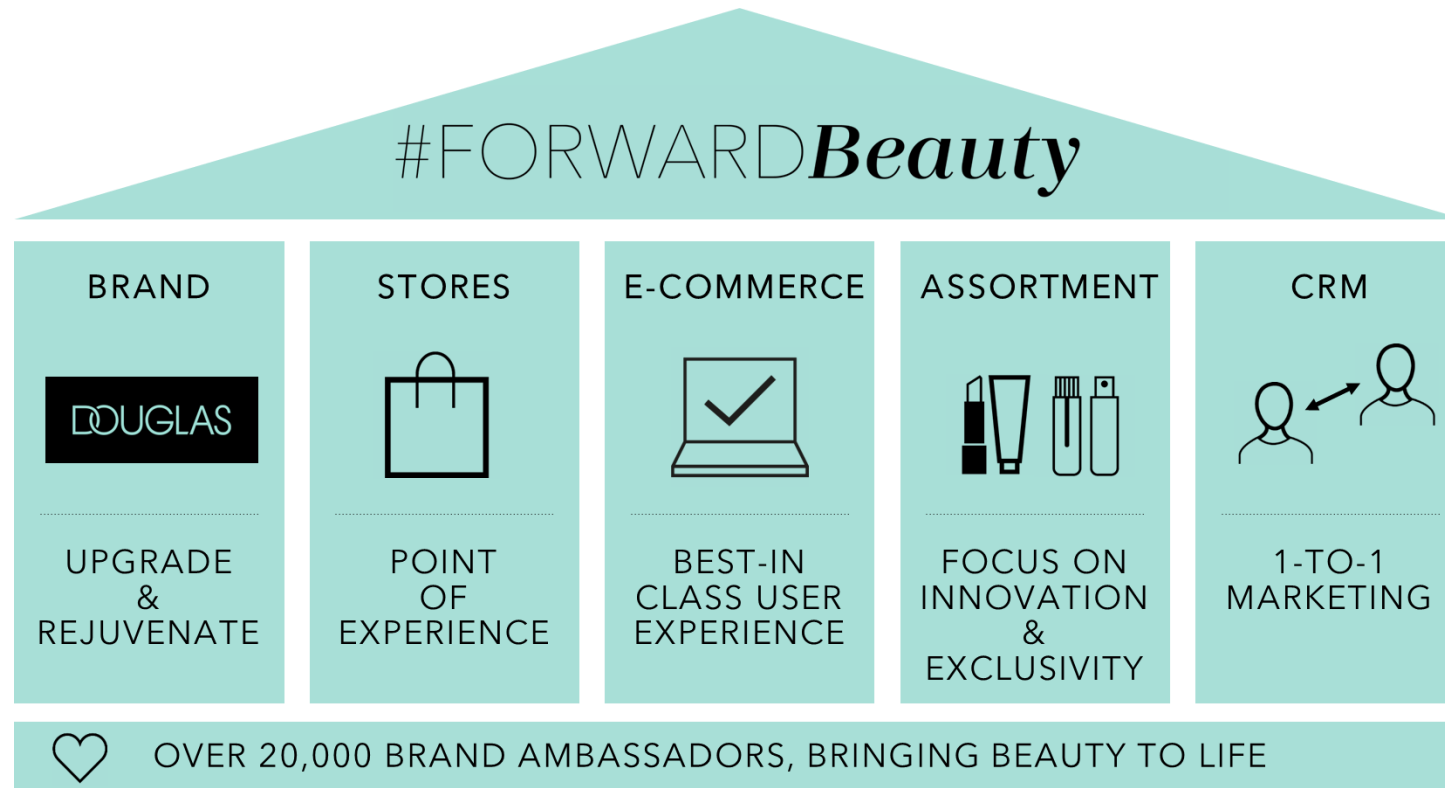
BASKET SIZES
DBC MEMBERS



*Douglas Beauty Card Members in Europe (November 2018)

#FORWARD*Beauty* **GAINING MOMENTUM**

CONTINUED EXECUTION TO ACCELERATE GROWTH

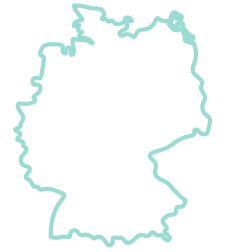


CRUCIAL MISSION ACCOMPLISHED

- › From push to pull: initial start-up investments completed
- › Visible rejuvenation of brand and organisation across all markets
- › Positive effects already begin materializing
- › Sound foundation for future growth with full effects in FY2018/19

DEEP DIVE: TURNAROUND IN GERMANY

RETURN TO GROWTH PATH ACHIEVED IN Q4



SIGNIFICANT PROGRESS IN PRICING STRATEGY

FROM "HIGH/LOW" TO KVI BASED PRICING

SPECIAL FOCUS ON HOME MARKET



Regained competitiveness

PROMINENT NEW HIRES

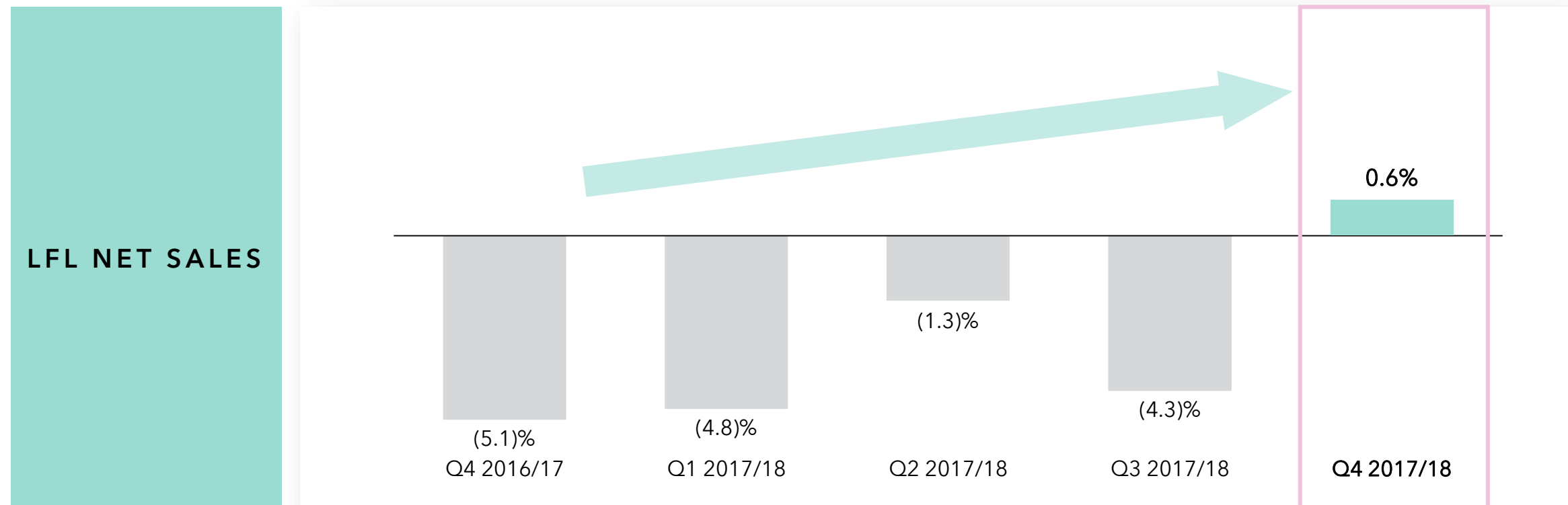
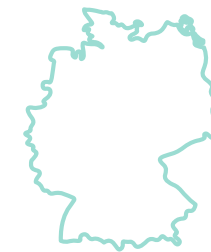
Head of E-Commerce

Head of Sales

Head of Pricing

DEEP DIVE: TURNAROUND IN GERMANY

RETURN TO GROWTH PATH ACHIEVED IN Q4





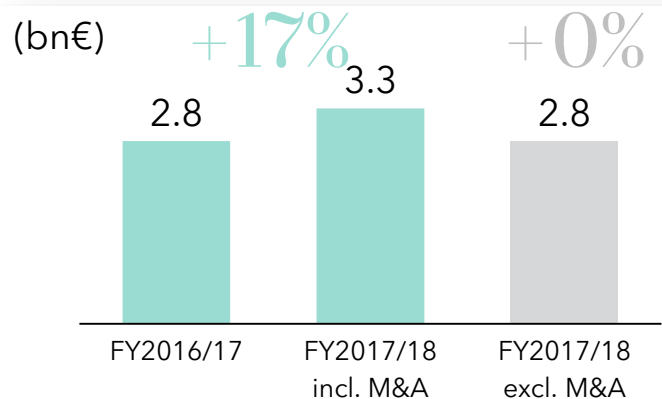
FY 2017/18 FINANCIAL PERFORMANCE

- › €3.3bn sales; flat excluding M&A
- › Continued growth in Adjusted EBITDA
- › Adjusted EBITDA margin with slight decline
- › Acquisitions with strong top- & bottom-line contribution
- › Significant investment into #FORWARDBEAUTY execution
- › FCF impacted by one-off Capex and inventory measures

KEY FINANCIALS AT A GLANCE

FY2017/18

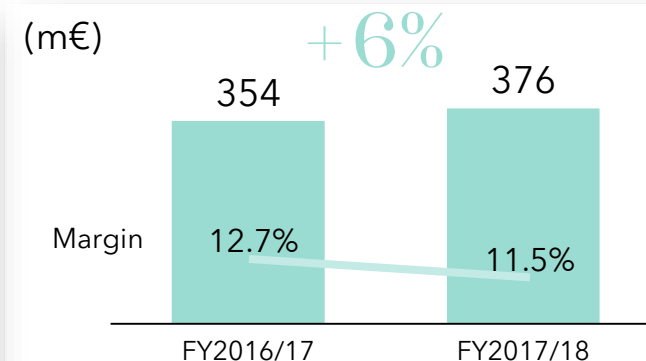
NET SALES



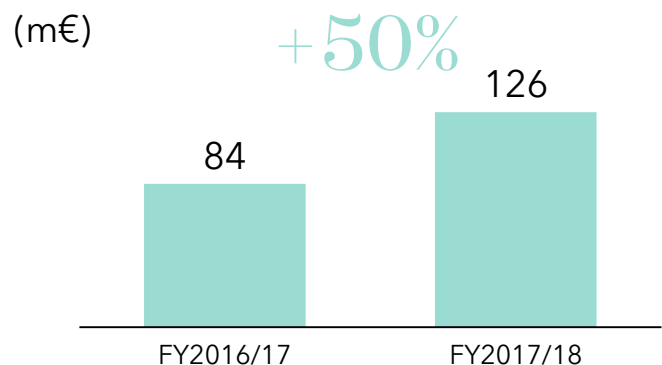
LFL-GROWTH

LfL Growth: **-0.8%**
 Store LfL Growth: **-2.1%**
 Online LfL Growth: **+9.3%**¹

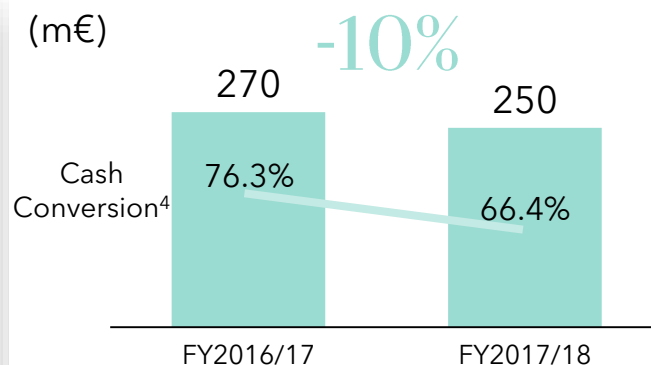
ADJUSTED EBITDA²



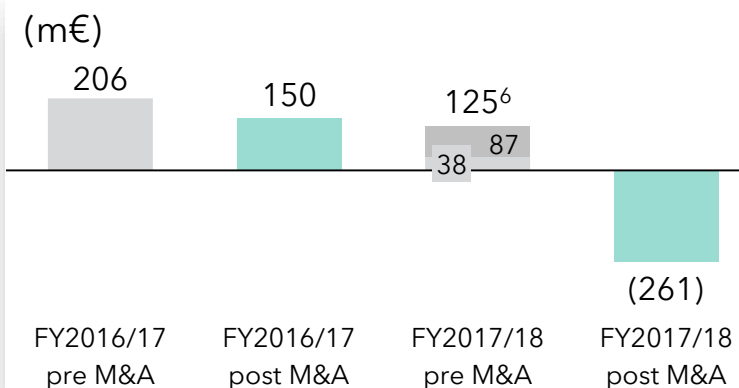
CAPEX³



ADJUSTED EBITDA - CAPEX



FREE CASH FLOW⁵



¹ Excl. first month of initial consolidation of Parfumdreams (Sep. 18)

² For details on EBITDA adjustments see page 28

³ Excl. M&A

⁴ Defined as Adjusted EBITDA minus CAPEX pre M&A (Accounting CAPEX) divided by Adjusted EBITDA

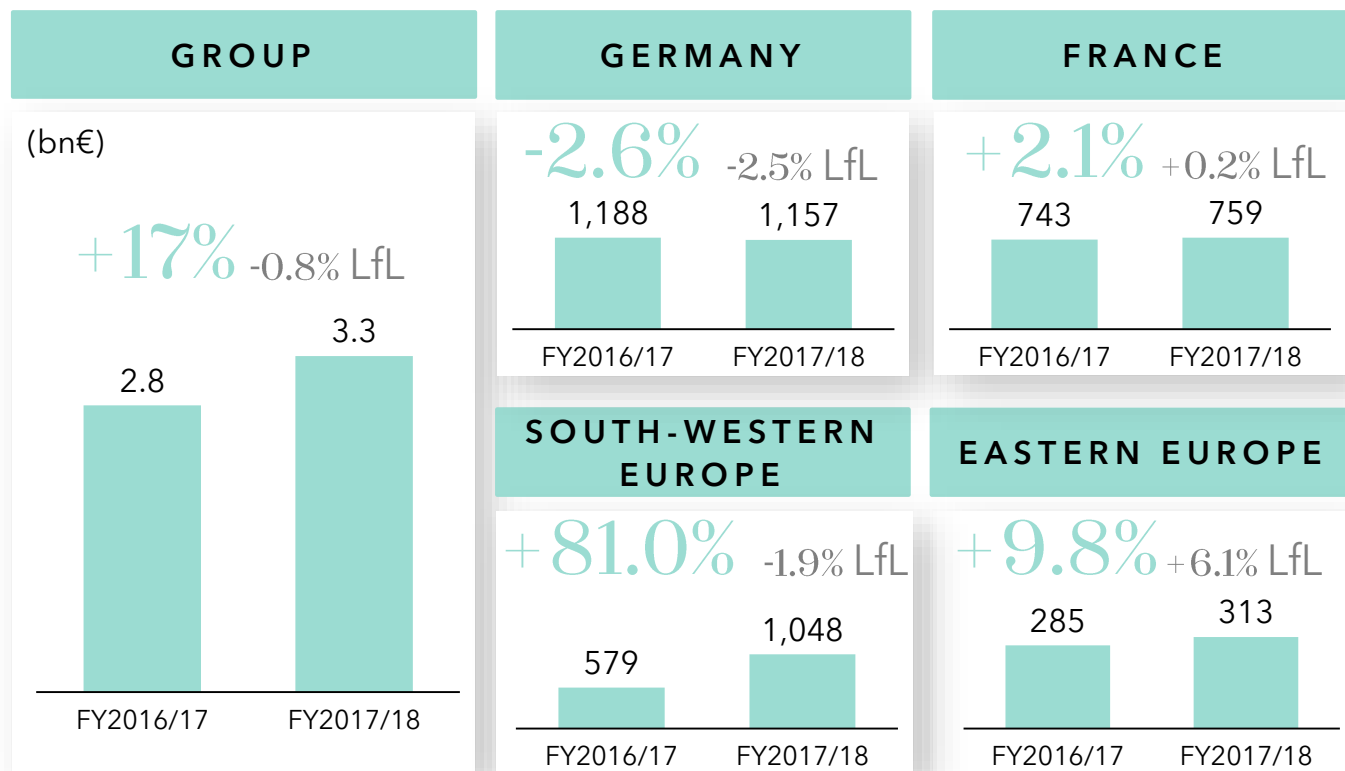
⁵ Defined as Total of Net Cash Flow from Operating Activities and Net Cash Flow from Investing Activities

⁶ FY2017/18 FCF €38m pre M&A and €125m pre M&A adjusted for €87m cash effect of inventory write-down

SEGMENTAL DEVELOPMENT: NET SALES

- › **Germany:** Continued competitive pressure; Q4 with positive LfL growth as #FORWARDBEAUTY starts showing effects
- › **France:** Slowdown in LfL growth mainly due to extraordinarily hot summer and reduced traffic
- › **SWE:** Acquisitions with strong impact; LfL affected by restructuring
- › **Eastern Europe:** Strong growth path continued

NET SALES¹



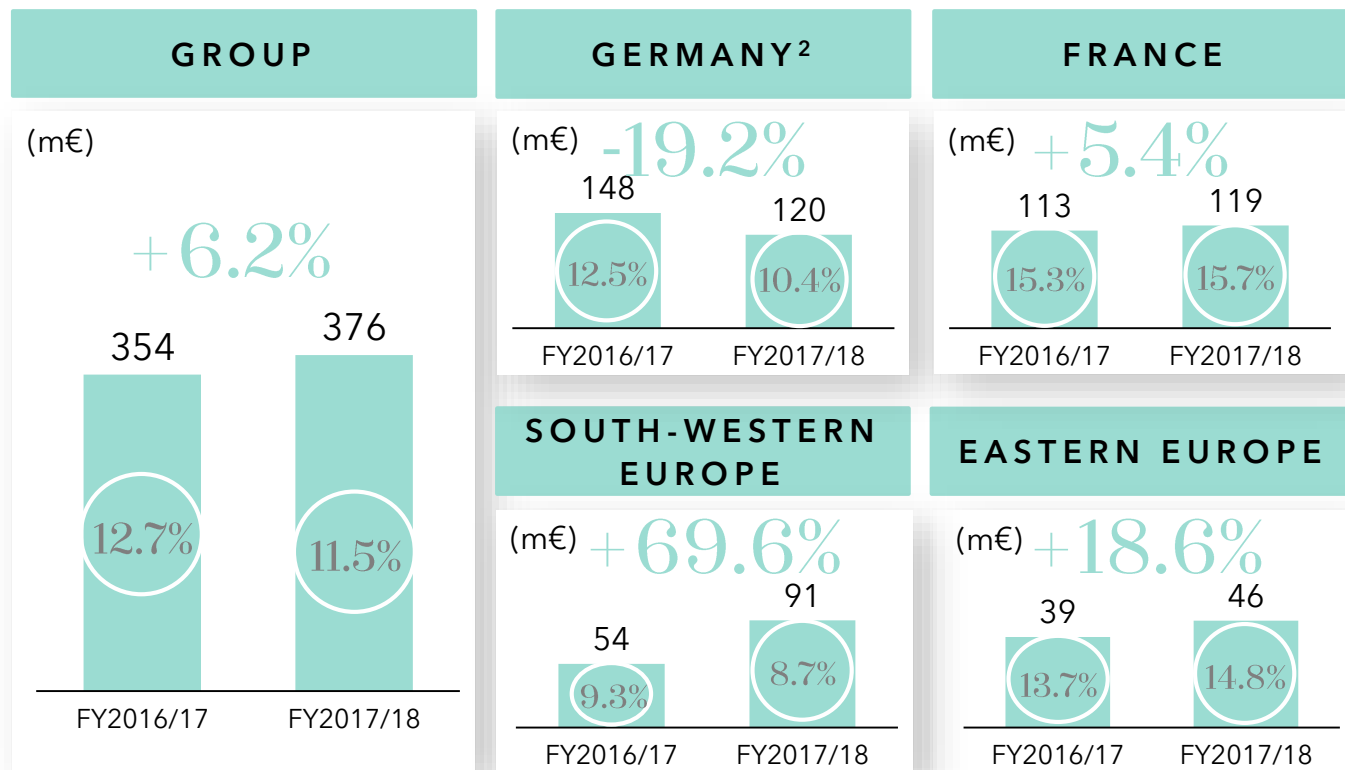
m€ for Germany, France, South-Western Europe and Eastern Europe

¹ Excluding intersegment Sales

SEGMENTAL DEVELOPMENT: ADJUSTED EBITDA

- › **Germany:** Investments executing #FORWARDBEAUTY strategy incl. pricing, impacting both EBITDA as well as margin for the segment and Group EBITDA
- › **France:** Over-proportional EBITDA growth due to strict cost discipline and attractive assortment mix
- › **SWE:** Increase and margin dilution driven by acquisitions; continued progress on synergies
- › **Eastern Europe:** Growth path continued at highly attractive margins

ADJUSTED EBITDA¹

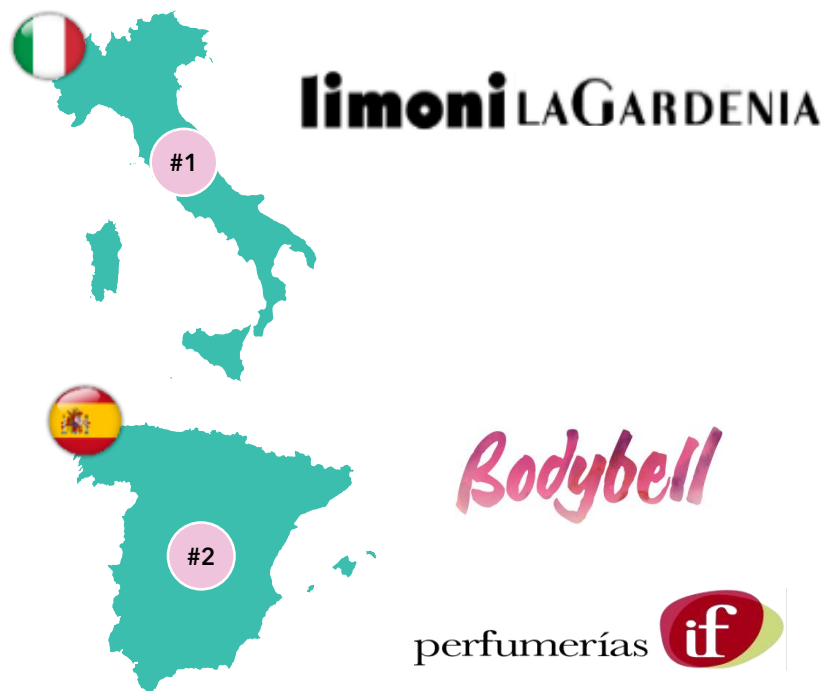


○ Adjusted EBITDA Margin

¹ For details on EBITDA adjustments see page 28

² Incl. consolidation effects

DEEP DIVE SOUTH-WESTERN EUROPE UPDATE ON ACQUISITIONS



FY2017/18 SOUTH-WESTERN EUROPE (m€)

EXCL. M&A:

NET SALES
531

INCL. M&A:

NET SALES
1,048

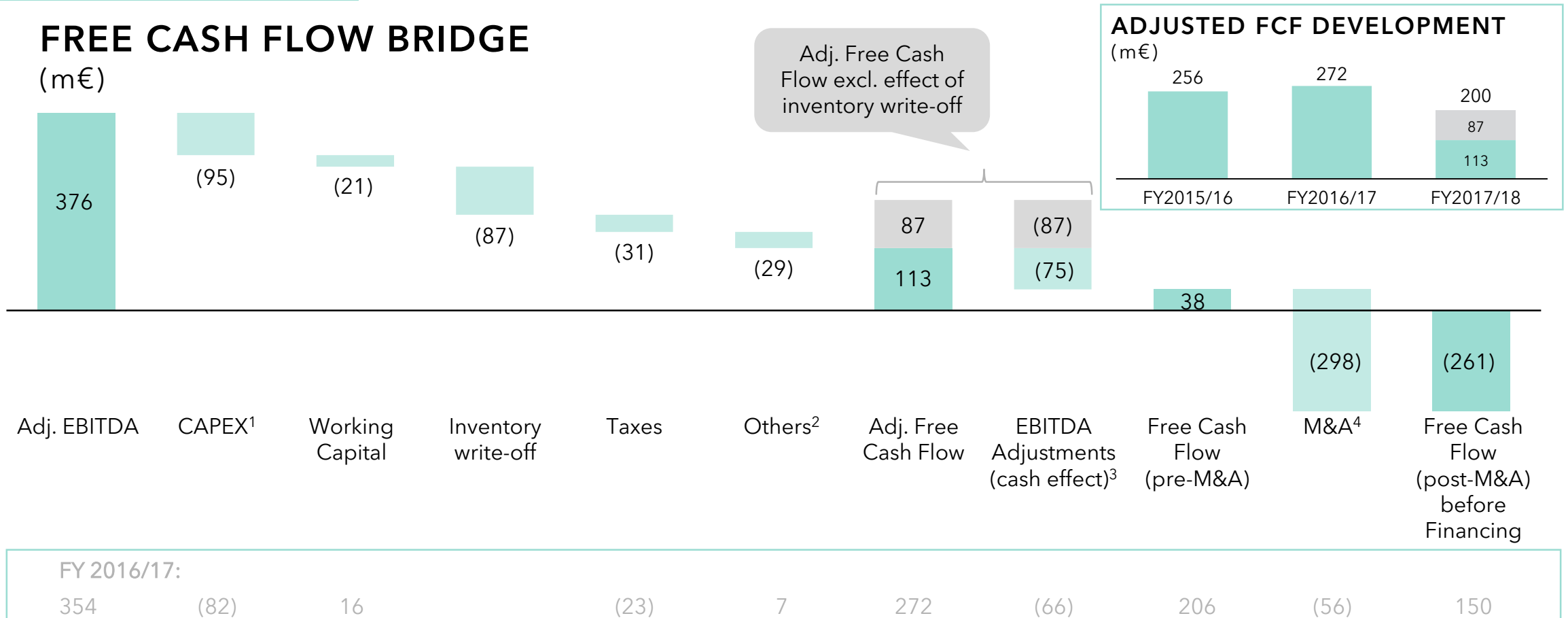
ADJUSTED EBITDA
58

ADJUSTED EBITDA
91

TOTAL PURCHASE PRICE: €335m
 RUN-RATE EBITDA INCL. SYNERGIES: €40m p.a.
 ONE-OFF INTEGRATION COST: €56m

FREE CASH FLOW IMPACTED BY ADJUSTMENTS AND M&A

FREE CASH FLOW BRIDGE (m€)



¹ Excl. M&A

² Change in Other Assets, Liabilities and Accruals

³ For details on EBITDA adjustments see page 28

⁴ Payments for the acquisitions of LLG,IF and Akzente/Parfumdreams

EVOLUTION OF CAPITAL STRUCTURE AND KEY LEVERAGE METRICS

CAPITAL STRUCTURE

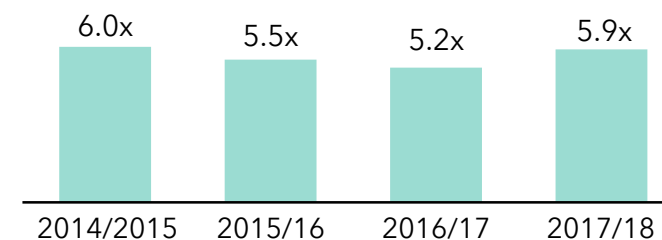
30 September 2018	m€	x Adj. EBITDA	Maturity	Pricing
Cash and Equivalents	(103)			
RCF (€200m available)	-		Feb 22	E+3.75% (0% floor)
Term Loan B (B1/B)	1,370		Aug 22	E+3.50% (0% floor)
New Term Loan B ¹ (B1/B)	300		Aug 22	E+3.25% (0% floor)
Senior Secured Notes (B1/B)	300		Jul 22	6.25%
Net Senior Debt²	1,867	5.0x		
Senior Notes (Caa1/CCC+)	335		Jul 23	8.75%
Net Debt (Corp: B2/B)	2,202	5.9x		

¹ €300m in place since 9 November 2017

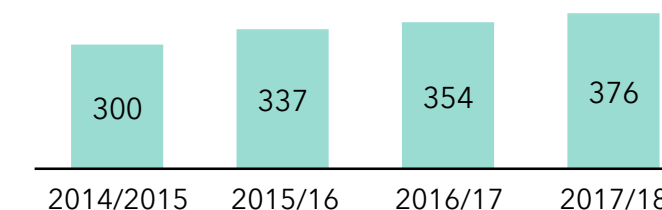
² Net Debt does not include Accrued Interest

³ For details on EBITDA adjustments see page 28

TOTAL NET LEVERAGE



ADJUSTED EBITDA³ (m€)





Thank you.

Upcoming IR Event

Feb. 14, 2019: Q1 FY2018/19 results

DOUGLAS



Appendix

ADJUSTMENTS TO EBITDA

FY2017/18

- › **Consulting fees** refer to acquisitions as well as efficiency measures and #FORWARDBEAUTY
- › **Restructuring costs** relating to M&A and integration activities in Italy and Spain and redundancy payments for efficiency and centralization measures; cash effect of some restructuring cost to spill over into Q1 2018/19 and later
- › **Purchase price allocation:** Acquisition of Bodybell/IF/LLG/Parfumdreams
- › **Credit card fees:** "Below EBITDA" reclassification in accordance with banking and bond agreements
- › **Write-offs** includes inventory write-offs as already communicated in 9M 2017/18
- › **Rebranding** introduction and roll-out of new logo and visual brand language
- › **Other** extraordinary items, incl. €7m integration costs for Italy as well as €5m receivables write-off

EBITDA ADJUSTMENTS

(m€)	FY 2016/17	FY 2017/18
Reported EBITDA	291	202
Consulting fees	21	22
Restructuring costs	15	15
PPA	2	12
Credit card fees	9	11
Write-offs	5	87
Rebranding	0	12
Other	11	15
Adjusted EBITDA	354	376

REPORTED FINANCIALS

FY2017/18

NET SALES¹

(m€)	FY 2016/17	FY 2017/18
Germany	1,188	1,157
France	743	759
South-Western Europe	579	1,048
Eastern Europe	285	313
Group	2,795	3,277

EBITDA

(m€)	FY 2016/17	FY 2017/18
Germany ²	101	46
France	110	116
South-Western Europe	43	(5)
Eastern Europe	37	45
Group	291	202

KEY FINANCIALS AND EBITDA ADJUSTMENTS

Q4 2017/18

KEY FINANCIALS

(m€)	Q4 2016/17	Q4 2017/18	Delta
Net Sales	626	699	11.8%
<i>LfL Growth</i>			<i>(1.5)%</i>
Adjusted EBITDA	68	82	20.9%
Margin (%)	10.9%	11.8%	0.9%p
CAPEX ¹	33	78	134.6%
Adj. EBITDA - CAPEX	35	4	(87.3)%
Cash Conversion (%)	51.3%	5.4%	

EBITDA ADJUSTMENTS

(m€)	Q4 2016/17	Q4 2017/18
Reported EBITDA	39	45
Consulting fees	6	4
Restructuring costs/Write-offs	7	(1)
PPA	2	10
Credit card fees	2	2
Rebranding	0	12
Other	12	10
Adjusted EBITDA	68	82

¹ Excluding M&A

NET SALES AND ADJUSTED EBITDA

Q4 2017/18

NET SALES¹

(m€)	Q4 2016/17	Q4 2017/18
Germany	251	258
France	149	146
South-Western Europe	158	223
Eastern Europe	67	73
Group	626	699

ADJUSTED EBITDA

(m€)	Q4 2016/17	Q4 2017/18	Margin
Germany ²	36	36	13.8%
France	17	21	14.5%
South-Western Europe	9	18	8.0%
Eastern Europe	6	8	10.4%
Group	68	82	11.8%

DEEP DIVE LFL NET SALES GROWTH QUARTERLY DEVELOPMENT

LFL NET SALES GROWTH DEVELOPMENT

	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	FY 2017/18
Germany	(5.1)%	(4.8)%	(1.3)%	(4.3)%	0.6%	(2.5)%
France	6.1%	2.7%	2.6%	(1.1)%	(5.8)%	0.2%
South-Western Europe	0.1%	(1.4)%	0.8%	(1.8)%	(4.9)%	(1.9)%
Eastern Europe	7.1%	8.2%	7.7%	2.0%	5.3%	6.1%
Group	(0.2)%	(0.8)%	1.0%	(2.3)%	(1.5)%	(0.8)%
Stores	(2.7)%	(2.8)%	0.9%	(3.1)%	(2.9)%	(2.1)%
Online incl. M&A	18.2%	11.7%	6.8%	7.5%	15.6%	10.5% ¹
Online excl. M&A ²	18.2%	9.8%	4.5%	5.1%	8.9%	7.4%

CASH FLOW STATEMENT

FY2017/18

- › Decrease in **Cash Flow from Operating Activities** reflects lower EBITDA as well as higher tax payments
- › **Cash flow from investing activities** increased in comparison to prior year due to acquisitions of LLG, IF and Akzente/Parfumdreams in the period
- › **Cash flow from Financing activities** largely driven by additional Term Loan B tranche of €300m for the financing of acquisitions

CASH FLOW STATEMENT

(m€)

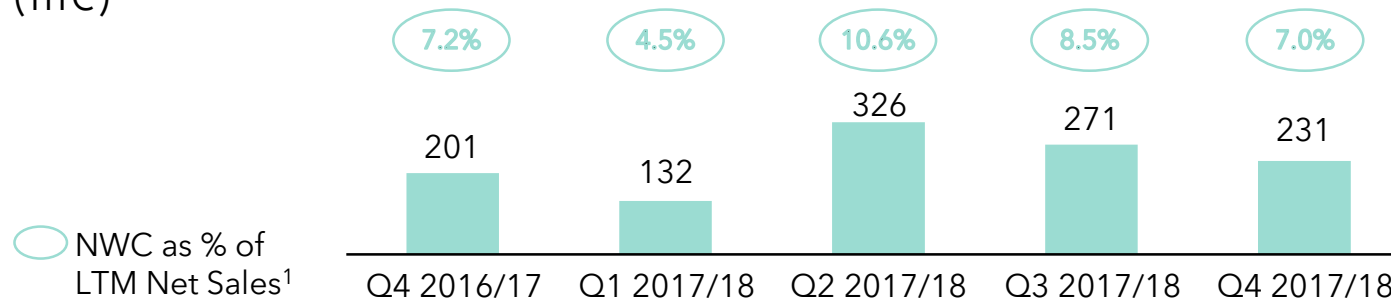
	FY 2016/17	FY 2017/18
Net Cash Flow from Operating Activities	287	129
Net Cash Flow from Investing Activities	(137)	(390)
Net Cash Flow from Financing Activities	(115)	185
Net Change in Cash & Cash Equivalents	35	(75)
Currency Translation Effects	(1)	(0)
Cash & Cash Equivalents at Beginning of Period	144	178
Cash & Cash Equivalents at End of Period	178	103

NET WORKING CAPITAL

Q4 2017/18

- › Net Working Capital continues to be a key focus
- › Inventory levels in line with seasonal patterns and reflecting one-off inventory write-off as part of assortment alignment across regions, logo and assortment changes
- › Increase in accounts payable largely due to improved payment terms to optimize cash cycle
- › NWC as % of Net Sales decreasing but expected to be slightly above historical ratios going forward as result of broader assortment

NET WORKING CAPITAL (m€)



(m€)	Q4 2016/2017	Q1 2017/2018	Q2 2017/2018	Q3 2017/2018	Q4 2017/2018
Inventories	593	843	854	760	756
Trade accounts receivable	41	75	60	48	47
Trade accounts payable	(388)	(796)	(519)	(506)	(566)
Other ²	(44)	9	(69)	(31)	(6)
Total NWC	201	132	326	271	231

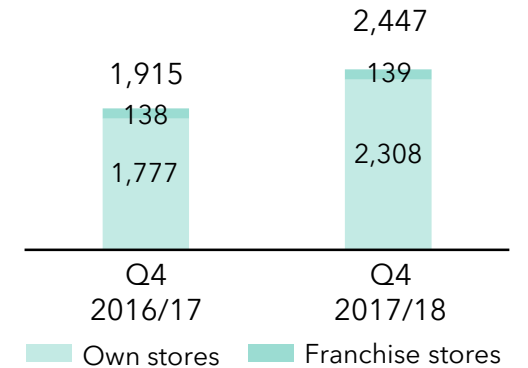
¹ Q4 FY2017/18: acquisitions of LLG in Italy and Perfumerias IF in Spain only completed in November 2017; LTM Net Sales 30 September 2018 therefore only include Sales contribution of acquisitions for a fraction of the year

² Includes receivables from reimbursed marketing costs, bonus receivables, voucher liabilities



PREMIUM STORE NETWORK FOOTPRINT ACROSS EUROPE

- › Expansion driven by acquisitions in SWE
- › >50 closures in Spain as part of realignment
- › Sufficient footprint in mature markets with net growth expected to slow down going forward



YTD DEVELOPMENT	FY2016/17	FY2017/18
Store openings	29	41
Store closures	(23)	(106)
Store acquisitions	225	629
Store divestitures	-	(33)
Change in franchises	1	1
Total	232	532