



JP Morgan
2018 European High Yield &
Leveraged Finance Conference

London, 6 September 2018

DOUGLAS

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TODAY'S SPEAKER



**Michael
Rauch**
CFO



01

BUSINESS OVERVIEW

DOUGLAS AT A GLANCE

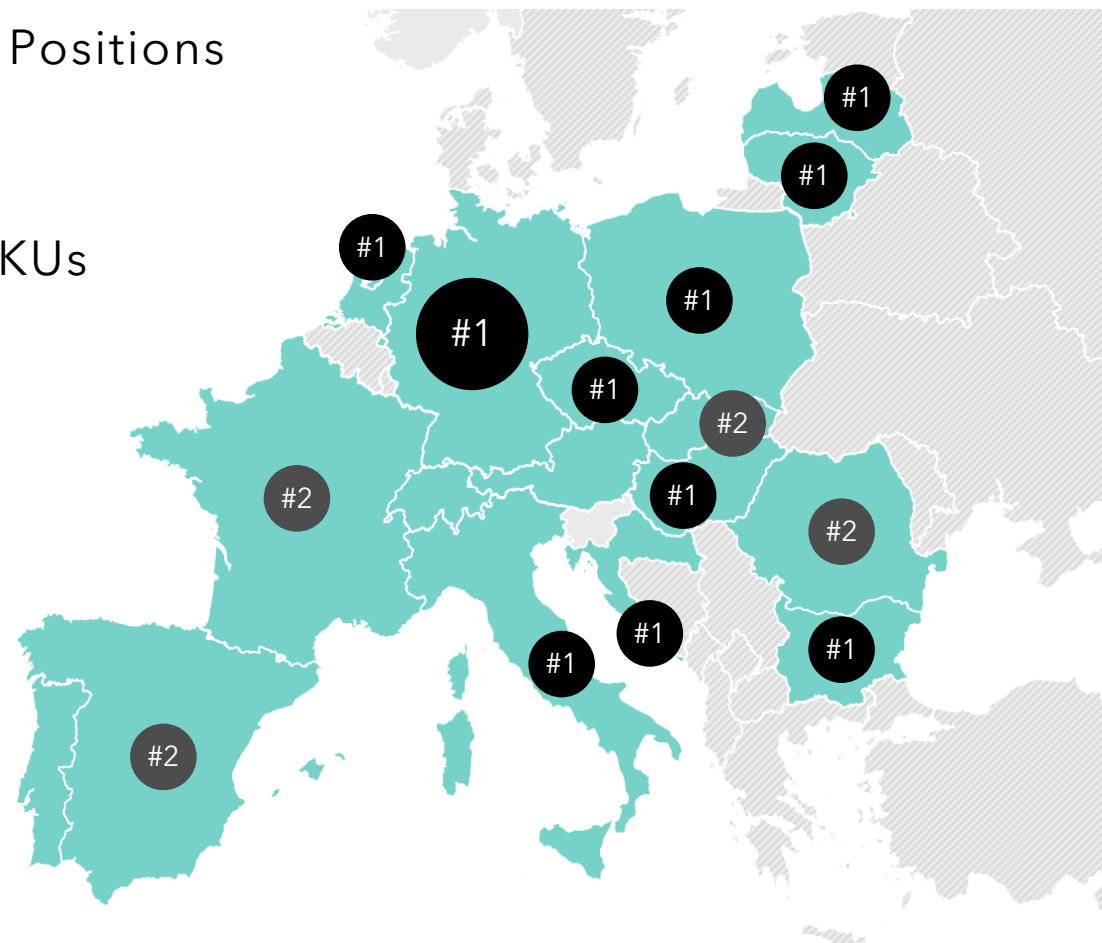
19 European Countries 14 #1 or #2 Positions

>570 Brands >37,000 SKUs

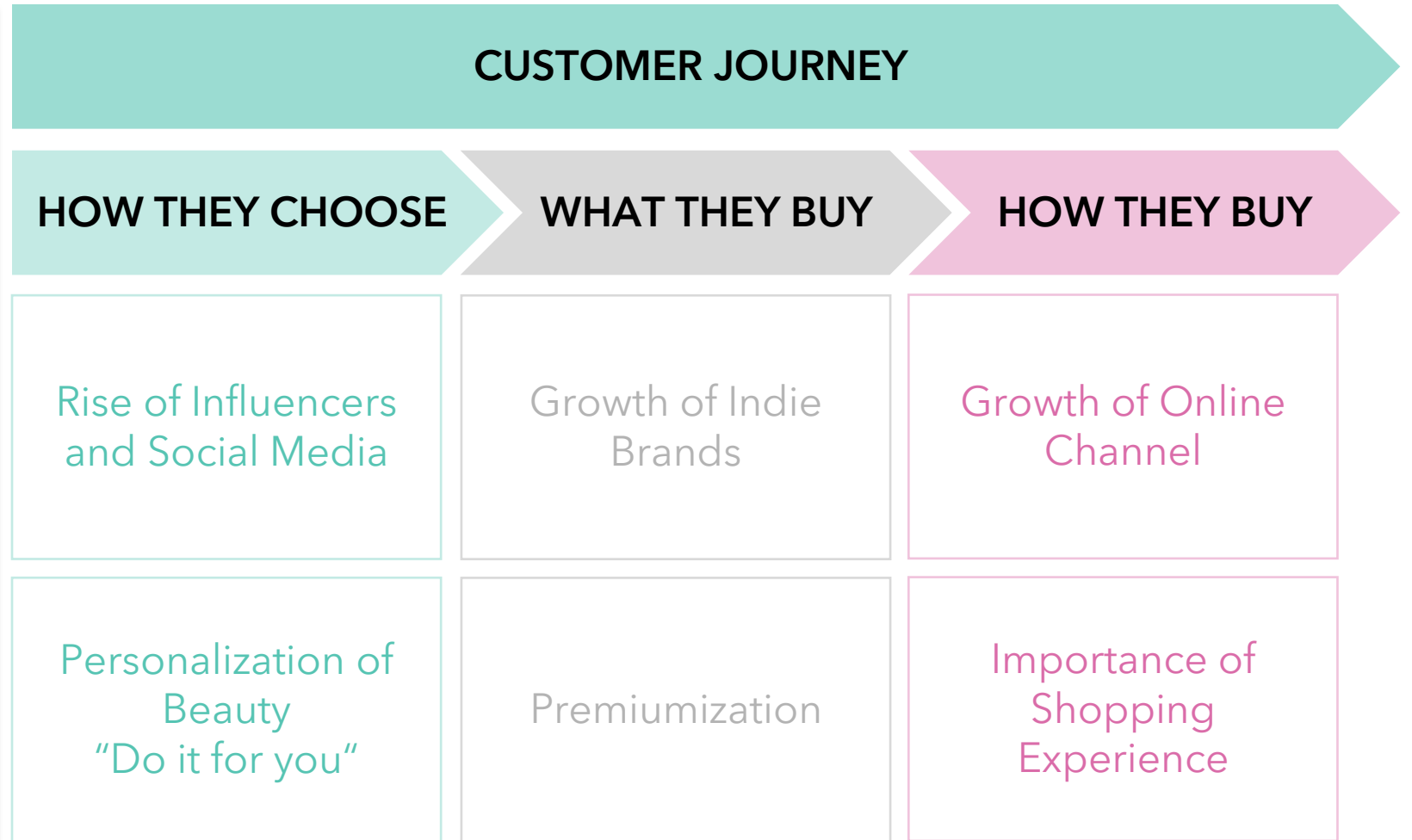
20,000 Dedicated Beauty Advisors

2.8 Bn € Net Sales FY2016/17

0.3 Bn € Adj. EBITDA FY2016/17

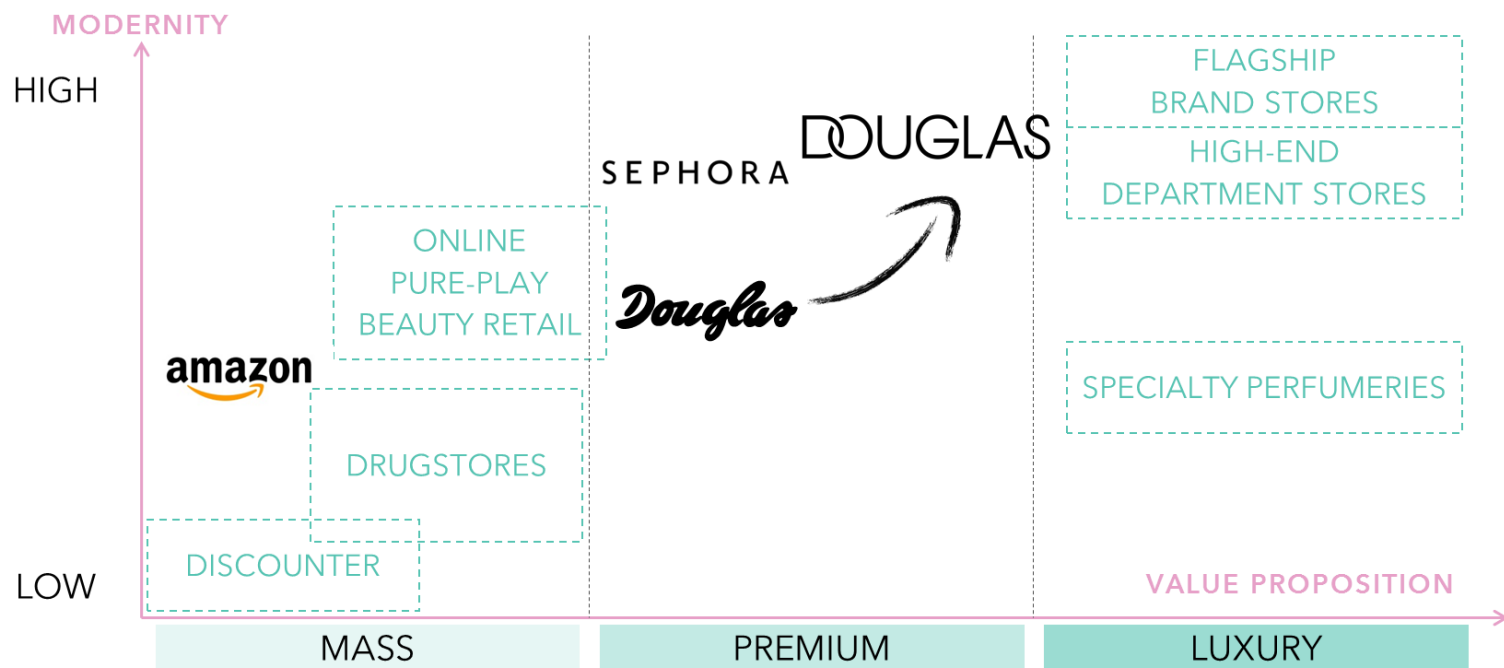


KEY TRENDS SHAPING THE BEAUTY INDUSTRY



DOUGLAS IS POSITIONED IN AN ATTRACTIVE MARKET SEGMENT

DOUGLAS POSITIONING



- › Growing market with attractive outlook, supported by millennials highly passionate about beauty products
- › Selective distribution model continues to be highly relevant
- › Few omi-channel retailers meeting suppliers' high quality standards
- › Customers increasingly focused on shopping experience
- › Douglas is the partner of choice for suppliers and customers alike

A NEW LOOK AND FEEL PREMIUMIZATION AND REJUVENATION

VISUAL LANGUAGE



PETER LINDBERGH SHOOTING
INTERNATIONAL TOP MODELS
FOCUS ON INDIVIDUAL BEAUTY

LOGO

DOUGLAS
Douglas

MORE PREMIUM AND MODERN
STRONG TEST RESULTS
ROLL-OUT UNTIL END OF 2019

NEW STORE CONCEPT



NEW STORE CONCEPT
FROM "POINT OF SALE" TO
"POINT OF EXPERIENCE"

A FRESH AND UPGRADED ASSORTMENT WITH FOCUS ON EXCLUSIVITY, TREND AND INDIE BRANDS

TREND & INDIE BRANDS

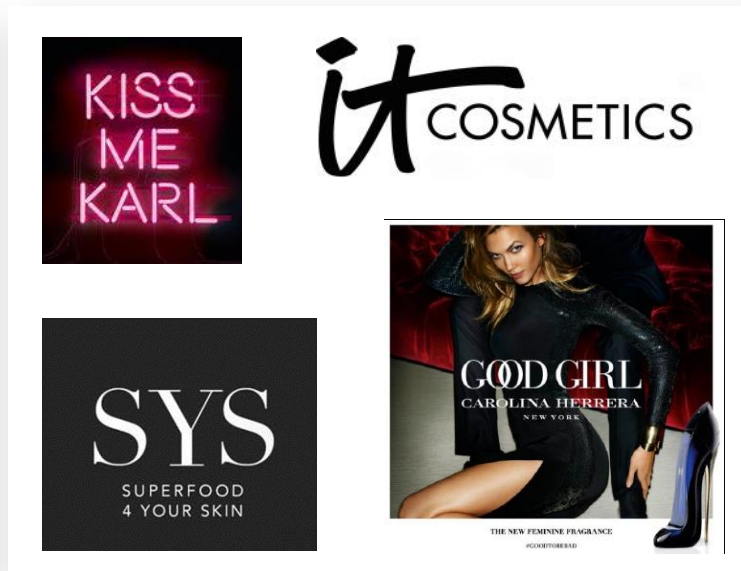


USA & ASIA TREND-SCOUTING

NEW BRANDS 9M 2017/18:

>60

EXCLUSIVE BRANDS



BLOCKBUSTER LAUNCHES

NEW SKUS 9M 2017/18:

>3,000

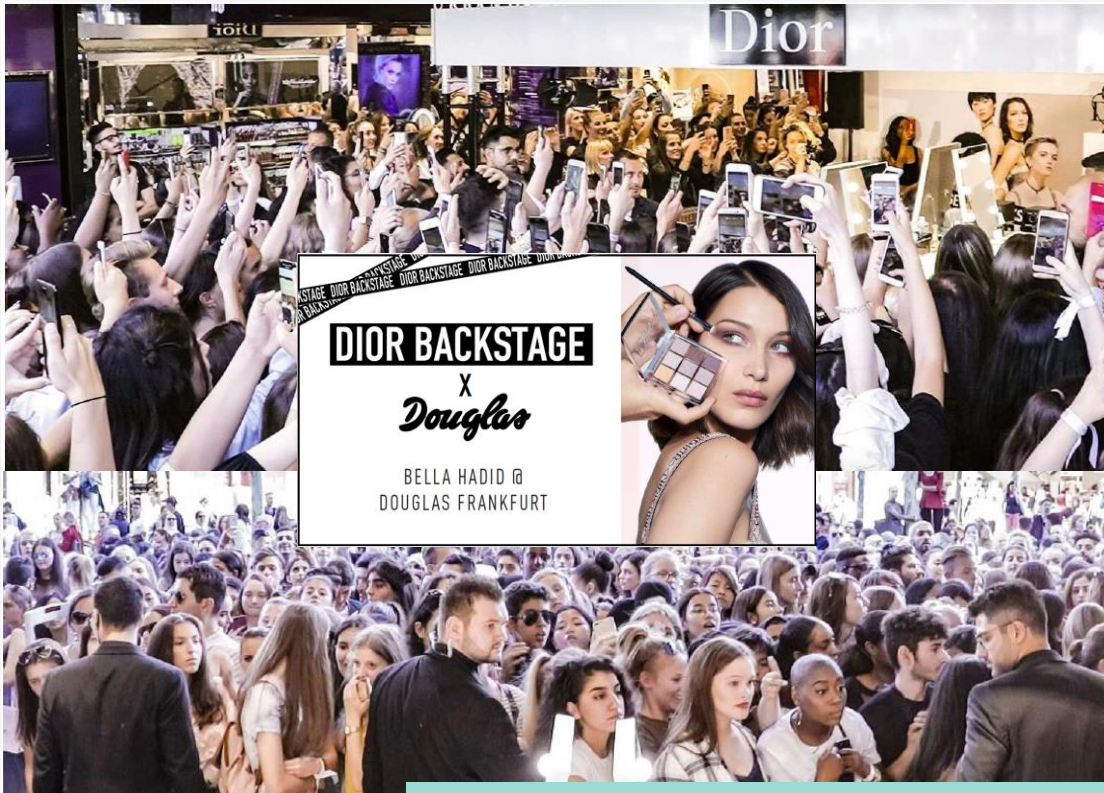
OWNED BRANDS



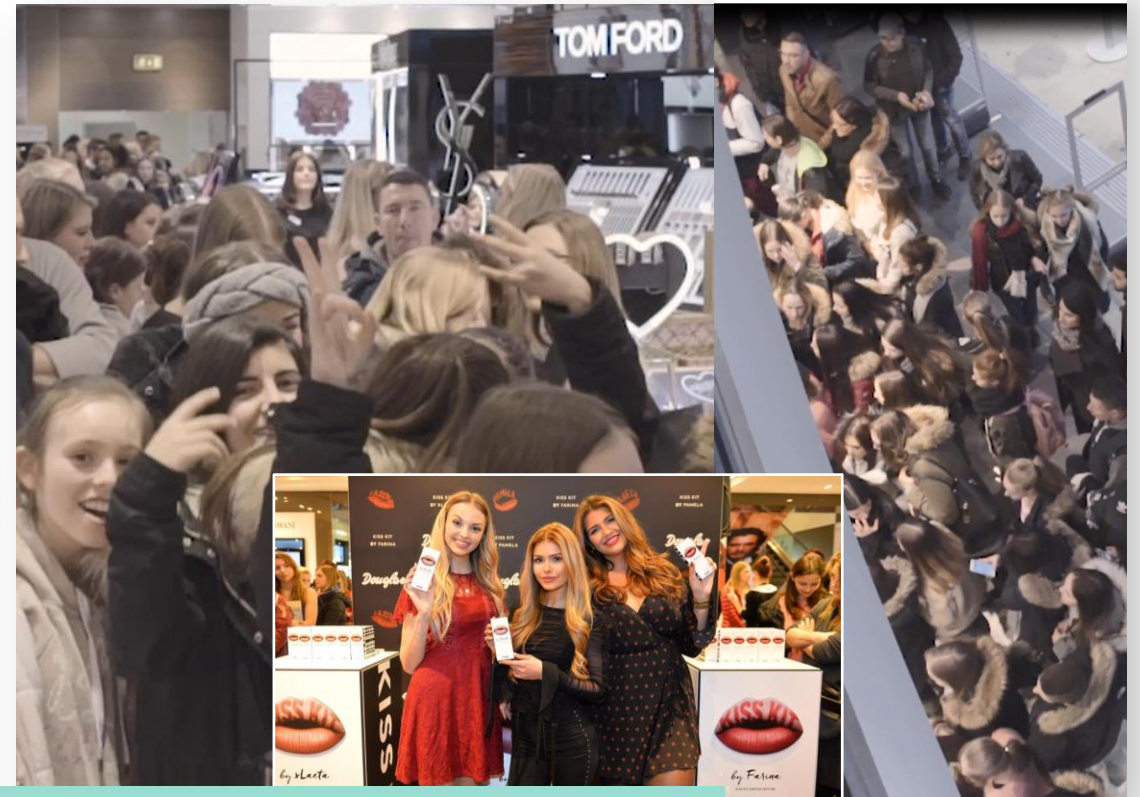
PREMIUMIZATION OF DOUGLAS COLLECTION INTRODUCTION OF NEW OWN BRANDS IN FY2018/19

KEEPING OUR CUSTOMERS EXCITED WITH EVENTS WORKING CLOSELY WITH INFLUENCERS

LAUNCH DIOR BACKSTAGE WITH BELLA HADID
JUNE 2018



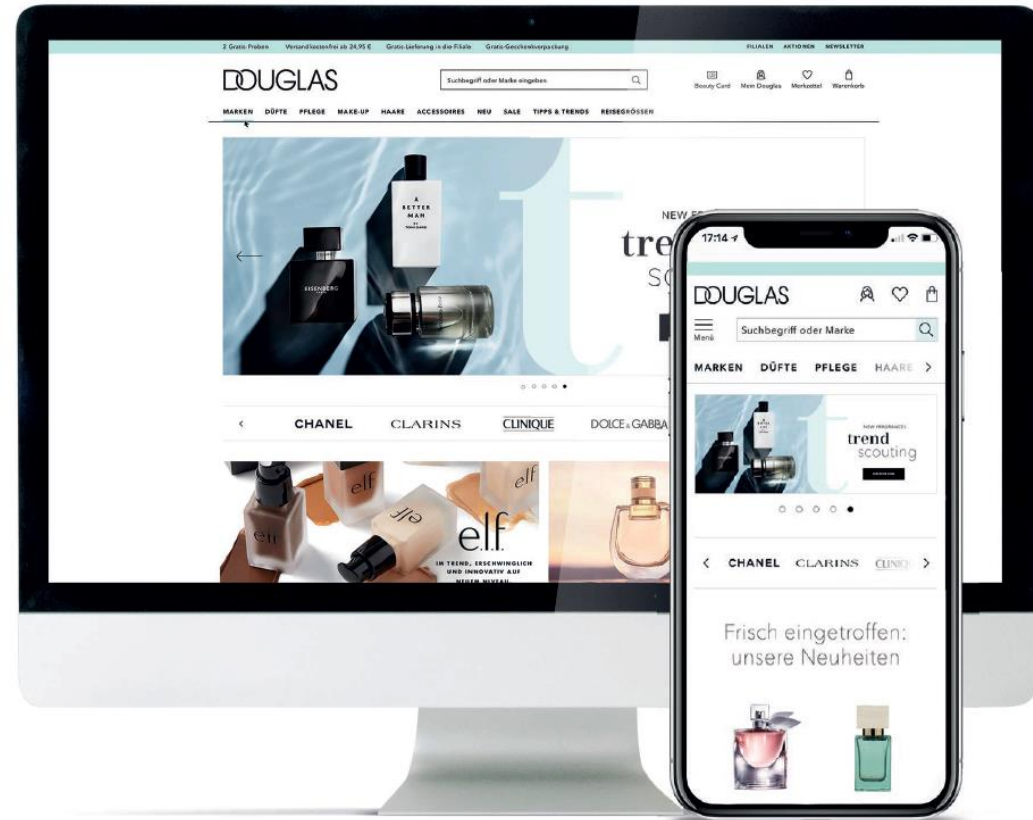
LAUNCH DOUGLAS KISS KIT LIMITED EDITION
MARCH 2018



DOUBLE INDUSTRY BRAND STORE EVENTS BY END OF 2018

STATE OF THE ART ONLINE SHOP FOCUS ON USER EXPERIENCE & “MOBILE FIRST”

- › Recent **overhaul** of online shop
- › Focus on **user experience** and „**mobile first**“ strategy
- › **Responsive design** and **new app launch**
- › **New logo/brand language** rolled out
- › **Completely new online shop** scheduled for FY18/19
- › Continued investment into **technology** as well as **talent and know-how**





OMNI-CHANNEL CHAMPION

- › Online Revenue Share: 12.8% / 14.9%¹
- › Mobile Traffic: 75.0% (+7pp)
- › Mobile Revenue Share: 57.1% (+7pp)
- › App Revenue Share: 17.2% (+5pp)
- › Conversion Rate: 3.5% (+0.3pp)
- › Average Basket: >€61 (-1%)

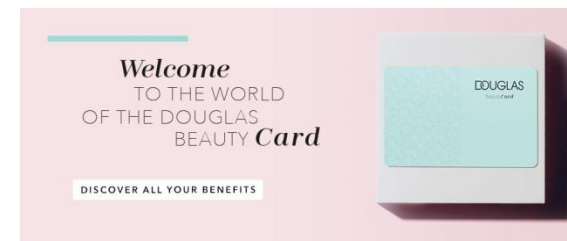


1.4m German Followers (+0.1m)

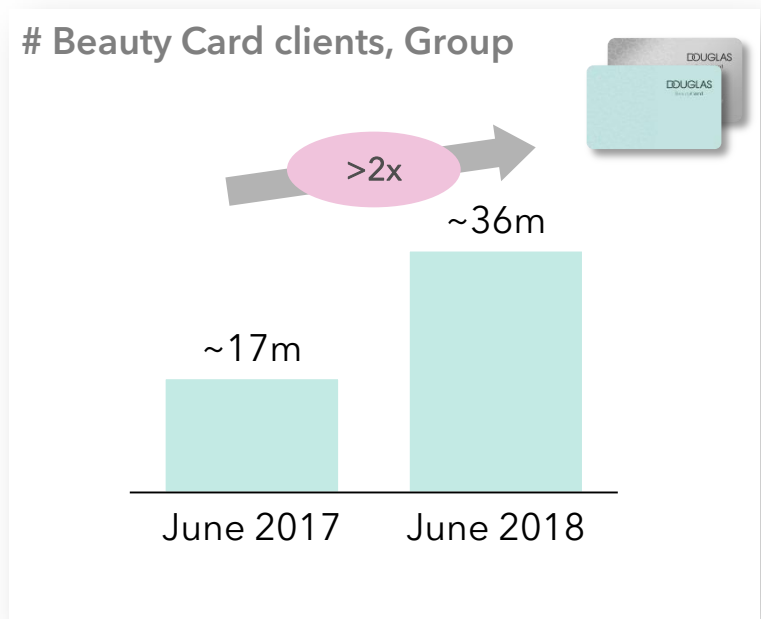


0.5m German Followers (+0.2m)

INDUSTRY LEADING CRM PROGRAM PERSONALIZES SHOPPING EXPERIENCE



MEMBER BASE



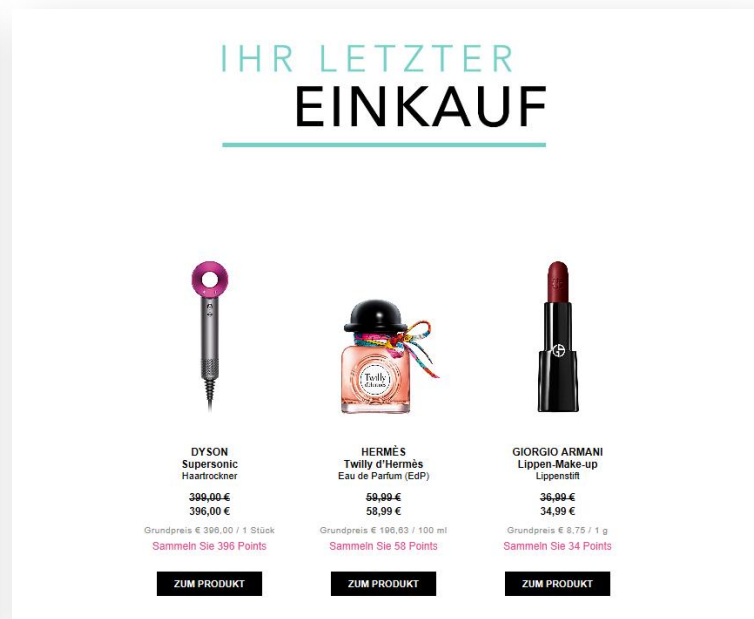
MEMBERS WITH 68% OF SALES AND >30% HIGHER BASKET

CRM NEWSLETTER



MEMBER SPENDING INCREASES 20% WITH CRM COMMUNICATION

1:1 COMMUNICATION



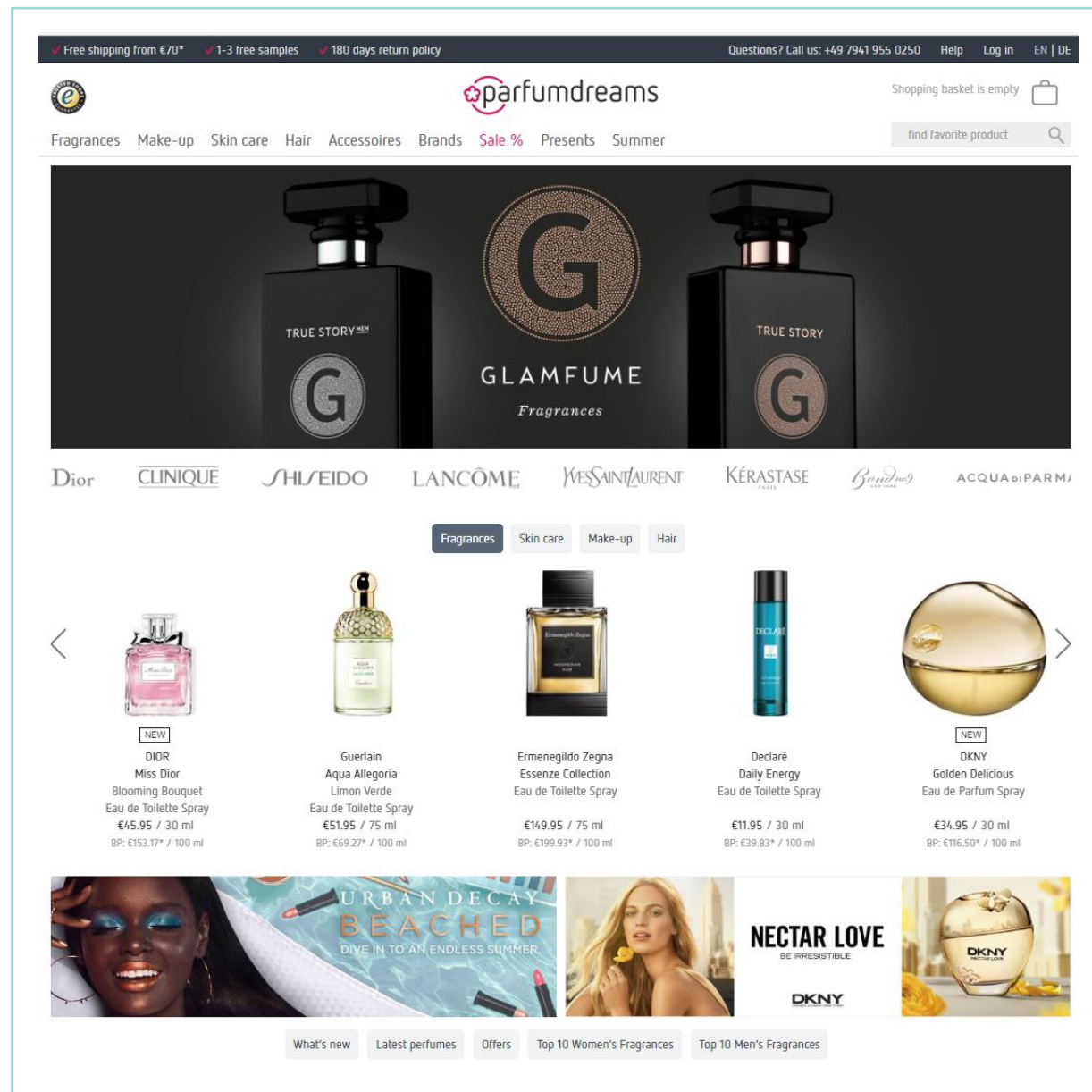
TRANSACTION BASED COMMUNICATION WITH UP TO 100% BETTER CONVERSION

FURTHER BROADENING THE DIGITAL FOOTPRINT



- › Closing of akzente/parfumdreams acquisition completed on 16 August 2018
- › parfumdreams founder will stay on board and further strengthen Douglas' e-commerce expertise
- › Price & promotion optionality via multi-brand strategy with 1:1 targeting of customer clusters

NET SALES 2017¹: €75m
 THEREOF ONLINE: >70%
 RUN-RATE EBITDA INCL. SYNERGIES: €5-7m
 PAYMENT FOR INITIAL 80% STAKE²: €52m



14 ¹ Fiscal year equals calendar year for akzente/parfumdreams
² Payment upon closing, i.e. in Q4 FY2017/18; option with Earn-out for remaining 20%

THE RIGHT STRATEGY FOR A SUCCESSFUL FUTURE: CONTINUED EXECUTION OF #FORWARDBEAUTY



- › We decided to invest along the pillars of #FORWARDBEAUTY, moving from a push to a pull strategy with a particular focus on addressing the key challenges in Germany
- › Investments include among others significant investment into visual brand language and advertising
- › Positive effects begin materializing with encouraging signals starting in June
- › Full effects expected for FY18/19



02

FINANCIAL UPDATE

9M FINANCIAL SUMMARY FY2017/2018

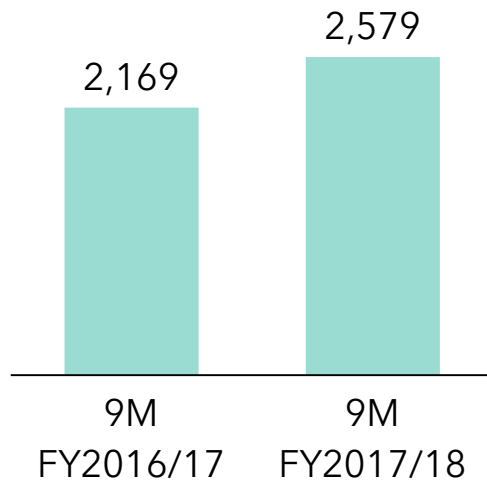
TOPLINE GROWTH

NET SALES

(€m)

+19%

+9% E-Commerce



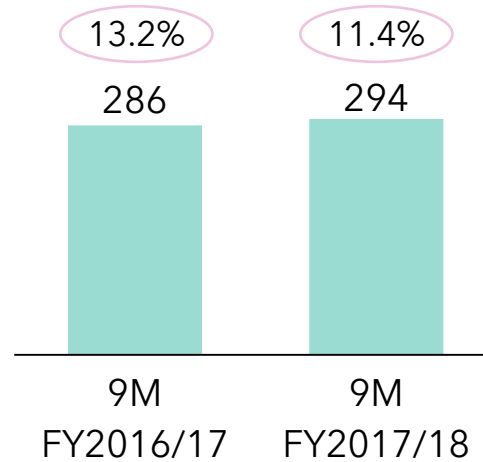
ADJ. EBITDA GROWTH

ADJUSTED EBITDA¹

(€m)

○ Adj. EBITDA Margin

+3%

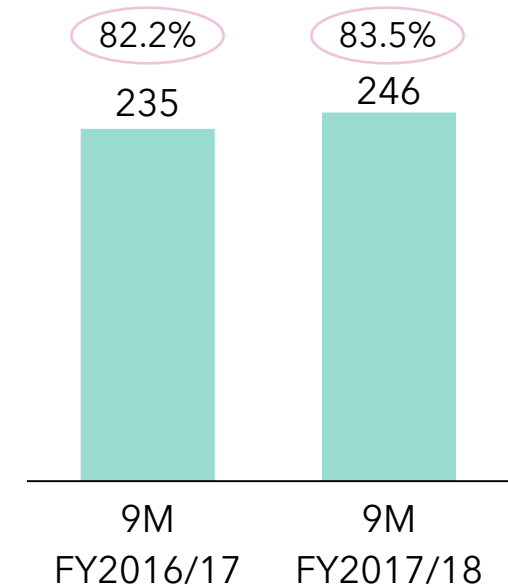


CASH CONVERSION

ADJ. EBITDA - CAPEX

(€m)

○ Cash Conversion²



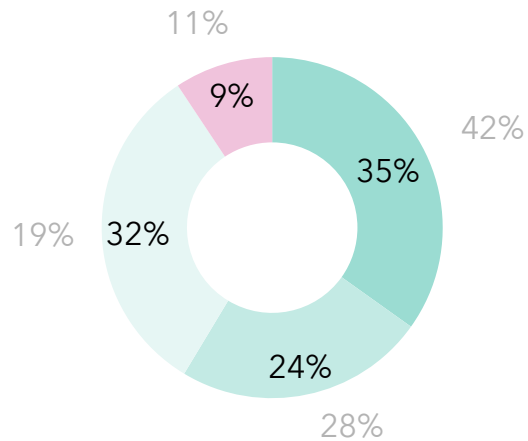
¹ For details on EBITDA adjustments see page 32

² Defined as Adjusted EBITDA minus CAPEX pre M&A divided by Adjusted EBITDA

ATTRACTIVE NET SALES SPLIT ACROSS REGIONS, CHANNELS AND CATEGORIES

REGIONAL SPLIT

NET SALES
(9M 2017/18)

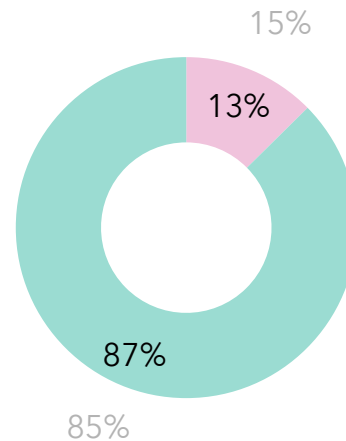


% excluding M&A



ONLINE VS. OFFLINE

NET SALES
(9M 2017/18)



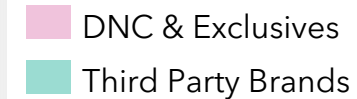
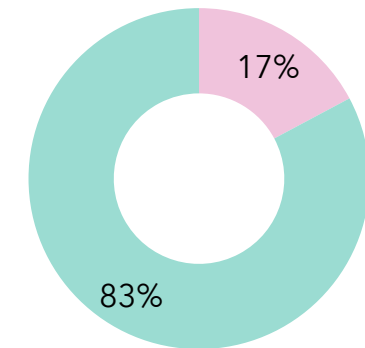
% excluding M&A



DNC & EXCLUSIVES

NET SALES
(9M 2017/18)

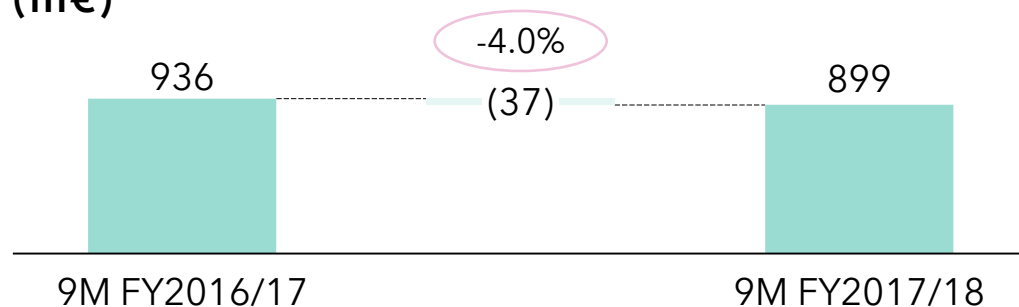
+21% vs. 9M
FY2016/17



SEGMENT SNAPSHOT GERMANY:

ADDRESSING KEY BUSINESS CHALLENGES WITH #FORWARDBEAUTY INVESTMENT

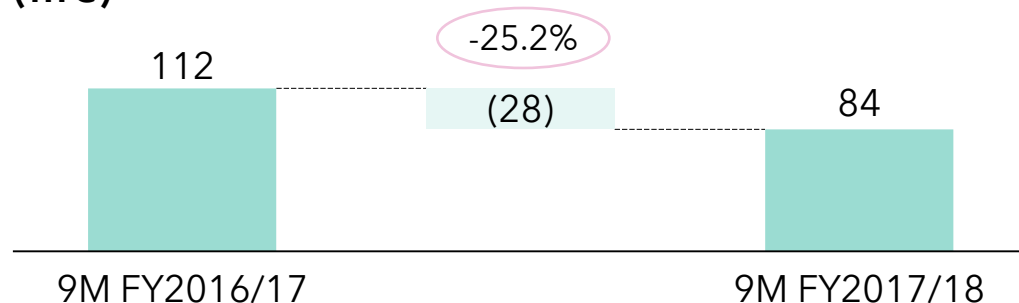
NET SALES DEVELOPMENT (m€)



NET SALES LFL GROWTH: (3.5)%

- › Continued competitive pressure from online and drugstores
- › Easter effect reversed

ADJ. EBITDA¹ DEVELOPMENT (m€)



ADJ. EBITDA MARGIN: 9.3%

- › Executing #FORWARDBEAUTY strategy
- › Investments in pricing, brand and marketing

SEGMENT SNAPSHOT FRANCE:

4TH YEAR OF PROFITABLE GROWTH SINCE NOCIBÉ ACQUISITION

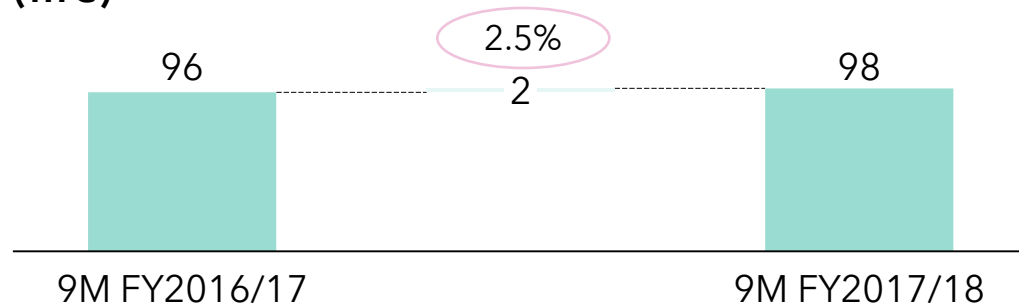
NET SALES DEVELOPMENT (m€)



NET SALES LFL GROWTH: **1.6%**

- › Developing favorably
- › Competition increasing with higher discounts

ADJ. EBITDA¹ DEVELOPMENT (m€)

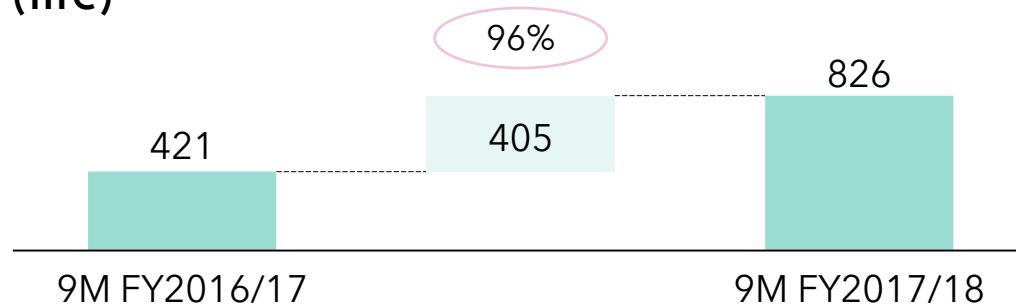


ADJ. EBITDA MARGIN: **16.0%**

- › Strong and increasing EBITDA
- › In line with Sales trend

SEGMENT SNAPSHOT SOUTH-WESTERN EUROPE: DRIVEN BY ACQUISITIONS & PORTFOLIO REORGANIZATION

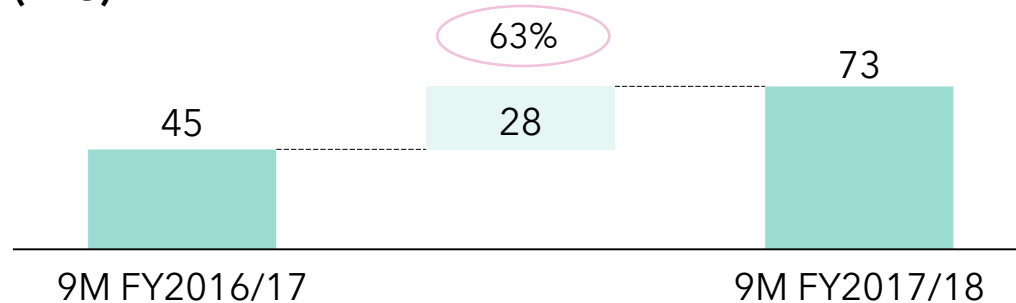
NET SALES DEVELOPMENT (m€)



NET SALES LFL GROWTH: **(1.1)%**

- › Ongoing realignment of assortment
- › Optimization of store portfolio

ADJ. EBITDA¹ DEVELOPMENT (m€)



ADJ. EBITDA MARGIN: **8.8%**

- › Increase driven by acquisitions including good progress on integration synergies

ACQUISITIONS DRIVE GROWTH IN SOUTH-WESTERN EUROPE



9M FINANCIALS SOUTH-WESTERN EUROPE (m€)

EXCL. M&A:

NET SALES
419

ADJUSTED EBITDA ¹
42

INCL. M&A:

NET SALES
826

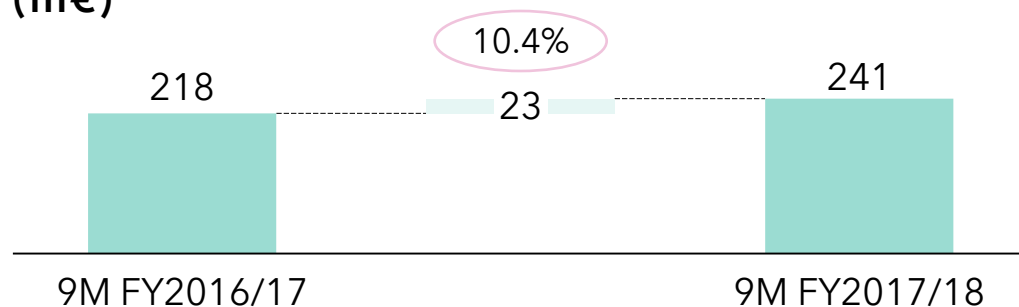
ADJUSTED EBITDA ¹
73

TOTAL PURCHASE PRICE: €335m
RUN-RATE EBITDA INCL. SYNERGIES: €40m p.a.
ONE-OFF INTEGRATION COST: €56m
PLANNED STORE CLOSURES: >50

SEGMENT SNAPSHOT EASTERN EUROPE:

DYNAMIC GROWTH AT STRONG MARGINS

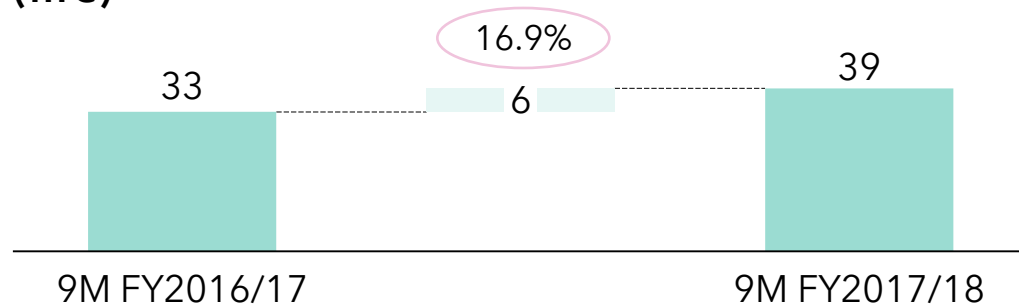
NET SALES DEVELOPMENT (m€)



NET SALES LFL GROWTH: **6.3%**

- › Strong growth path continued
- › Attractive market dynamics

ADJ. EBITDA¹ DEVELOPMENT (m€)



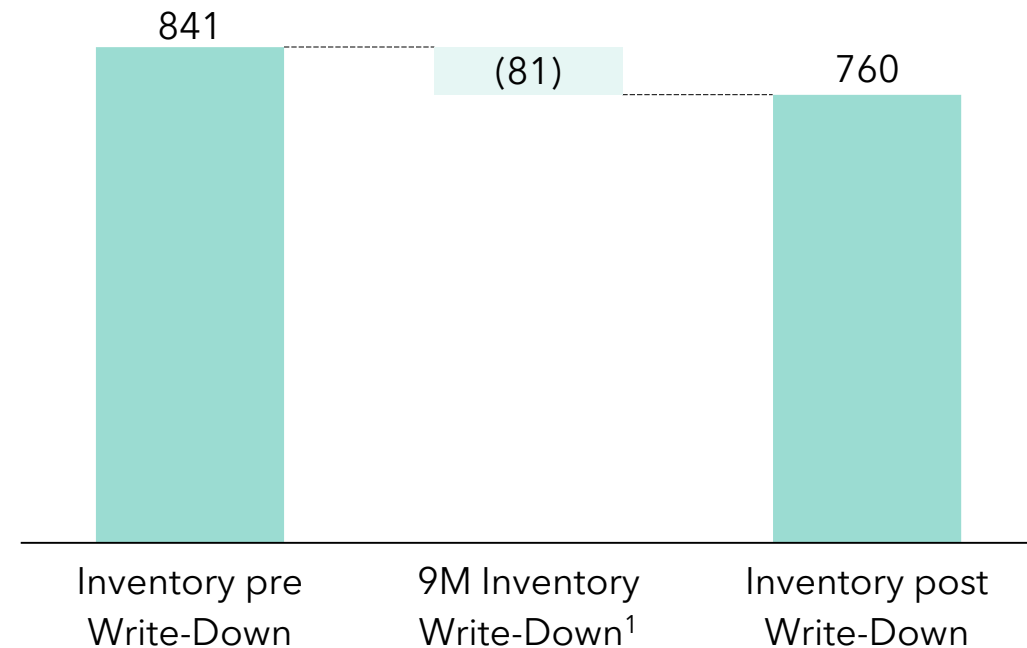
ADJ. EBITDA MARGIN: **16.1%**

- › Strong topline growth feeds through to bottom-line at excellent margins

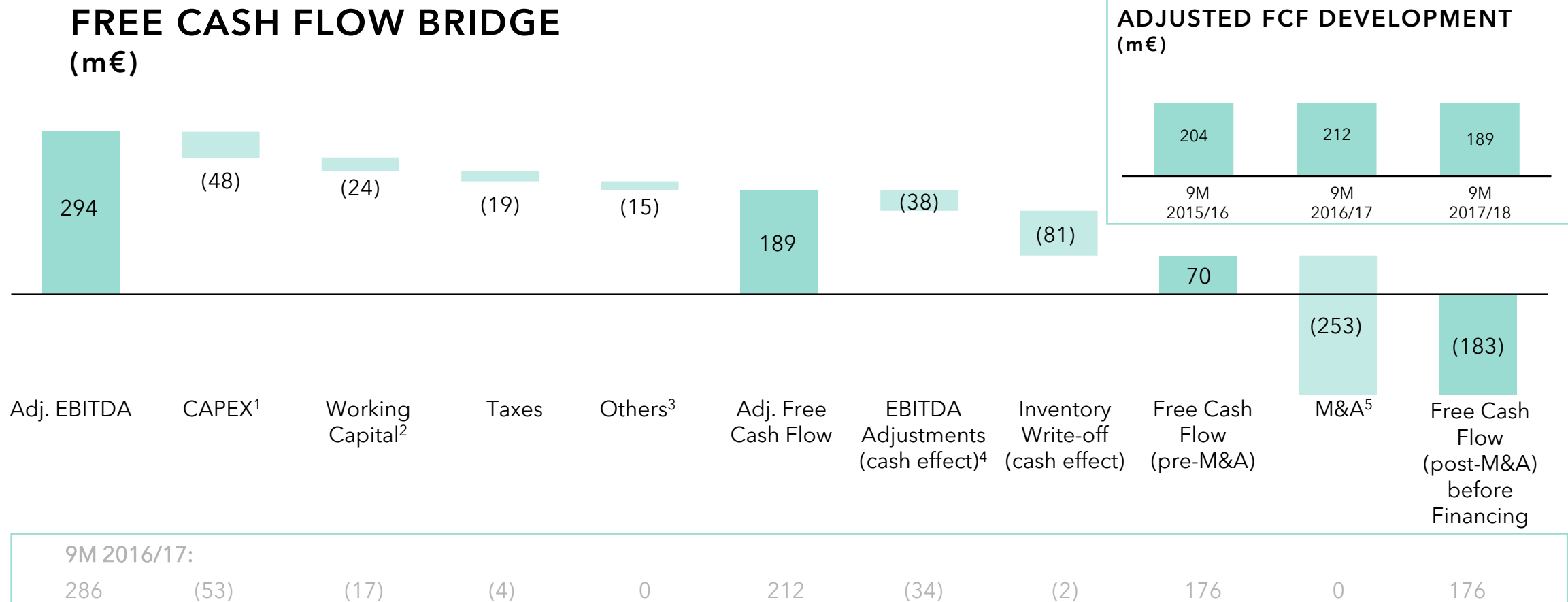
DELIBERATE DECISION TO WRITE DOWN INVENTORY

- › Alignment of assortments for the acquired businesses
- › Impact of the logo change on our DNC product lines
- › General upgrade and rejuvenation of our assortment in line with #FORWARDBEAUTY
- › No impact on Adjusted EBITDA and Adjusted Net Income

INVENTORY AS OF 30 JUNE 2018 (m€)



FREE CASH FLOW IMPACTED BY ADJUSTMENTS AND M&A



¹ Excl. M&A-related CAPEX

² After revaluation of inventories in connection with upgrading and rejuvenating our assortment including our Douglas Nocibé Collection

³ Change in Other Assets, Liabilities and Accruals

⁴ For details on EBITDA adjustments see page 35

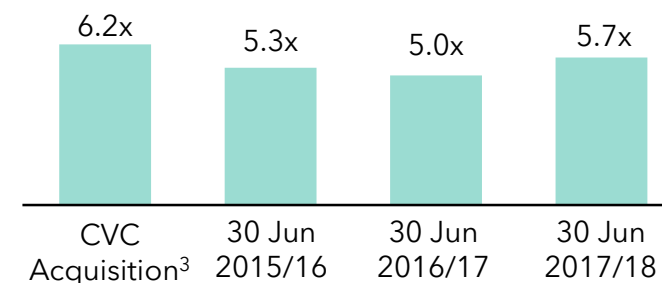
⁵ Payments for acquisitions in Italy and Spain

EVOLUTION OF CAPITAL STRUCTURE AND KEY LEVERAGE METRICS

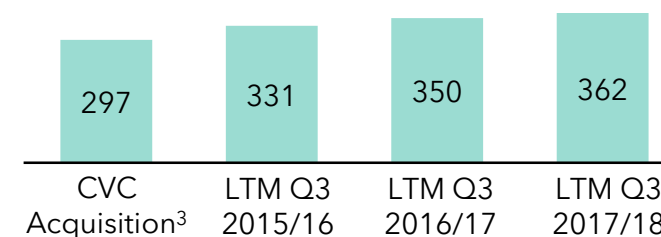
CAPITAL STRUCTURE

30 June 2018	m€	x Adj. EBITDA	Maturity	Pricing
Cash and Equivalents	(228)			
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	1,742	4.8x		
Senior Notes (Caa1/CCC+)	335		Jul 23	8.75%
Net Debt (Corp: B2/B)	2,077	5.7x		

TOTAL NET LEVERAGE



ADJUSTED EBITDA (m€)



¹ €300m in place since 9 November 2017

² Net Debt does not include Accrued Interest of €22.3m

³ CVC acquisition completed on 13 August 2015; pro-forma net debt of €1,832m; LTM Q3 2014/15 Adjusted EBITDA of €297m



Thank you.

Upcoming IR Event:

11 Dec 18 - FY results FY2017/18

DOUGLAS



03

APPENDIX

KEY FINANCIALS AT A GLANCE

(m€)	9M 2016/17	9M 2017/18	Delta	LTM Jun 2017	LTM Jun 2018	Delta
Net Sales	2,169	2,579	18.9%	2,750	3,205	16.5%
<i>LfL Growth (%)</i>			<i>(0.6)%</i>			<i>(0.9)%</i>
<i>Store LfL Growth (%)</i>			<i>(1.9)%</i>			<i>(2.4)%</i>
<i>Online LfL Growth (%)</i>			<i>7.0%</i>			<i>9.0%</i>
Adjusted EBITDA ¹	286	294	2.8%	350	362	3.3%
<i>Margin (%)</i>	<i>13.2%</i>	<i>11.4%</i>		<i>12.7%</i>	<i>11.3%</i>	
CAPEX ²	51	48	(4.9)%	98	82	(17.0)%
Adj. EBITDA - CAPEX	235	246	4.4%	252	281	11.3%
<i>Cash Conversion³</i>	<i>82.2%</i>	<i>83.5%</i>		<i>71.9%</i>	<i>77.4%</i>	
FCF ⁴ pre M&A	176	70				
FCF ⁴ post M&A	176	(183)				

¹ For details on EBITDA adjustments see page 32

² Excl. M&A-related CAPEX

³ Defined as Adjusted EBITDA minus CAPEX pre M&A divided by Adjusted EBITDA

⁴ Defined as Total of Net Cash Flow from Operating Activities and Net Cash Flow from Investing Activities

SEGMENTAL DEVELOPMENT: NET SALES

- › **Germany:** continued competitive pressure from online and drugstores; Easter effect reversed
- › **France:** developing favorably but competition increasing with higher discounts
- › **SWE:** ongoing realignment of assortment and optimization of store portfolio
- › **Eastern Europe:** strong growth path continued

NET SALES¹

(m€)	9M 2016/17	9M 2017/18	Delta	LfL
Germany	936	899	(4.0)%	(3.5)%
France	594	613	3.2%	1.6%
South-Western Europe	421	826	96.2%	(1.1)%
Eastern Europe	218	241	10.4%	6.3%
Group	2,169	2,579	18.9%	(0.6)%

¹ Excluding intersegment Sales

SEGMENTAL DEVELOPMENT: ADJUSTED EBITDA

- › **Germany:** investments in pricing, brand and marketing, executing #FORWARDBEAUTY strategy
- › **France:** strong and increasing EBITDA, in line with Sales trend
- › **SWE:** increase driven by acquisitions including good progress on integration synergies
- › **Eastern Europe:** strong topline growth feeds through to bottom-line at excellent margins

ADJUSTED EBITDA¹

(m€)	9M 2016/17	9M 2017/18	Delta	Margin
Germany	112	84	(25.0)%	9.5%
France	96	98	2.5%	16.0%
South-Western Europe	45	73	63.0%	8.8%
Eastern Europe	33	39	16.9%	16.1%
Group	286	294	2.8%	11.4%

¹ For details on EBITDA adjustments see page 32

ADJUSTMENTS TO EBITDA

9M 2017/18

- › **Consulting fees** refer to recent acquisitions in Italy and Spain and efficiency measures
- › **Restructuring costs** relating to M&A and integration activities in Italy and Spain and redundancy payments for efficiency and centralization measures (LTM Jun 2017 and 2018); €19m of restructuring cost with cash effect only in Q4 2017/18 and later
- › **Purchase price allocation:** Acquisition of Bodybell (LTM Jun 2017, Q3 2017/18)
- › **Credit card fees:** “below EBITDA” reclassification in accordance with banking and bond agreements
- › **Inventory Write-off** of total of €37m in Germany and €44m in Spain
- › **Other** includes in particular a write-down of receivables as well as various other extraordinary items (IT, services, etc.)

EBITDA ADJUSTMENTS

(m€)	9M 2016/17	9M 2017/18	LTM Jun 2017	LTM Jun 2018
Reported EBITDA	252	156	296	195
Consulting fees	15	18	18	25
Restructuring costs	9	23	15	31
PPA	-	2	4	4
Credit card fees	8	9	9	11
Inventory Write-off	2	81	3	84
Other	-	5	5	12
Adjusted EBITDA	286	294	350	362

REPORTED FINANCIALS

9M 2017/18

NET SALES¹

(m€)	9M 2016/17	9M 2017/18
Germany	936	899
France	594	613
South-Western Europe	421	826
Eastern Europe	218	241
Group	2,169	2,579

EBITDA

(m€)	9M 2016/17	9M 2017/18
Germany ²	84	30 ³
France	92	95
South-Western Europe	43	(7) ⁴
Eastern Europe	32	38
Group	252	156

¹ Excluding intersegment Sales

² Including Holding and service entities

³ Including Inventory write-off of €37m

⁴ Including Inventory write-off of €44m

KEY FINANCIALS AND EBITDA ADJUSTMENTS

Q3 2017/18

KEY FINANCIALS

(m€)	Q3 2016/17	Q3 2017/18	Delta
Net Sales	603	721	20%
<i>Lfl Growth</i>			(2)%
Adjusted EBITDA	72	57	(20)%
Margin (%)	11.9%	7.9%	
CAPEX ¹	15	21	39%
Adj. EBITDA - CAPEX	57	37	(36)%
Cash Conversion (%)	79%	64%	

¹ Excluding M&A-related CAPEX

EBITDA ADJUSTMENTS

(m€)	Q3 2016/17	Q3 2017/18
Reported EBITDA	56	(43)
Consulting fees	7	5
Restructuring costs	5	21
PPA	-	(0)
Credit card fees	2	2
Inventory Write-off	1	71
Other	1	1
Adjusted EBITDA	72	57

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	9M/ 2017/18	LTM Q3 2017/18
Germany	(1.1)%	(4.8)%	(1.3)%	(4.3)%	(3.5)%	(4.1)%
France	4.4%	2.7%	2.6%	(1.1)%	1.6%	2.5%
South-Western Europe	1.3%	(1.4)%	0.8%	(1.8)%	(1.1)%	(2.1)%
Eastern Europe	7.0%	8.2%	7.7%	2.0%	6.3%	6.5%
Group	1.5%	(0.8)%	1.0%	(2.3)%	(0.6)%	(0.9)%
Stores	(0.9)%	(2.8)%	0.9%	(3.1)%	(1.9)%	(2.4)%
Online	18.1%	9.8%	4.5%	5.1%	7.0%	9.0%

CASH FLOW STATEMENT

9M 2017/18

- › Decrease in **Cash Flow from Operating Activities** reflects lower EBITDA, largely due to inventory revaluation, as well as higher tax payments
- › **Cash flow from investing activities** increased in comparison to prior year's 9M due to acquisition of LLG and IF 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€)

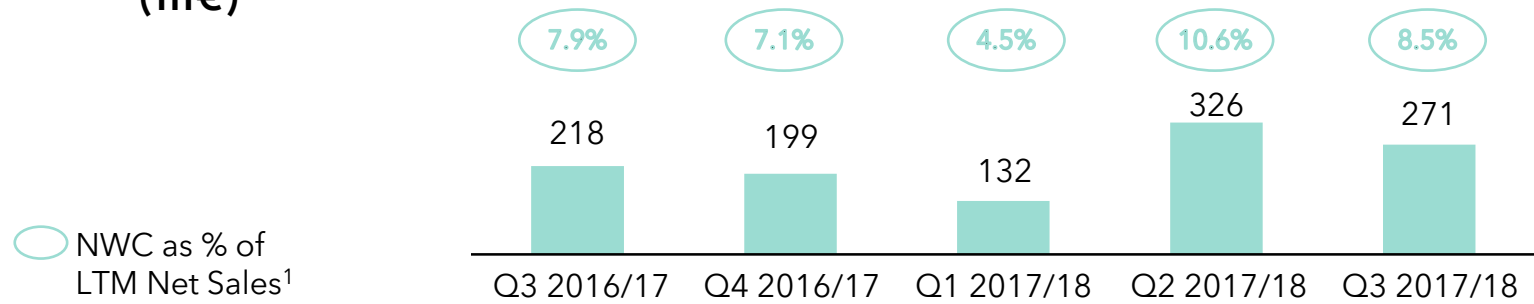
	9M 2016/17	9M 2017/18
Net Cash Flow from Operating Activities	229	116
Net Cash Flow from Investing Activities	(52)	(299)
Net Cash Flow from Financing Activities	(74)	233
Net Change in Cash & Cash Equivalents	102	51
Currency Translation Effects	(0)	(1)
Cash & Cash Equivalents at Beginning of Period	144	178
Cash & Cash Equivalents at End of Period	246	228

NET WORKING CAPITAL

Q3 2017/18

- › Net Working Capital continues to be a key focus
- › Increase in inventory reflects assortment realignment of stores acquired in Spain in particular as well as continued investments into DNC across regions
- › One-off inventory write-off of €81m 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 to be expected between current and historical ratios going forward

NET WORKING CAPITAL (m€)



○ NWC as % of LTM Net Sales¹

(m€)	Q3 2016/2017	Q4 2016/2017	Q1 2017/2018	Q2 2017/2018	Q3 2017/2018
Inventories	553	591	843	854	760 ²
Trade accounts receivable	30	41	75	60	48
Trade accounts payable	(296)	(388)	(796)	(519)	(506)
Other ³	(69)	(45)	9	(69)	(31)
Total NWC	218	199	132	326	271

¹ Q3 FY2017/18: acquisitions of LLG in Italy and Perfumierias IF in Spain only completed in November 2017; LTM Net Sales 30 June 2018 therefore only include Sales contribution of acquisitions for a fraction of the year

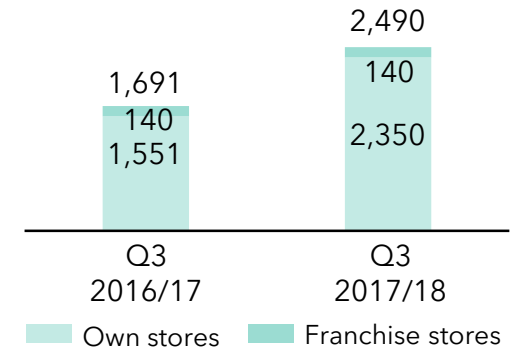
² Net of Inventory write-down amounting to €81m

³ Includes receivables from reimbursed marketing costs, bonus receivables, voucher liabilities



PREMIUM STORE NETWORK FOOTPRINT ACROSS EUROPE

- › Expansion driven by acquisitions in SWE
- › Certain closures to be expected in the region
- › Sufficient footprint in mature markets with net growth expected to slow down going forward



YTD DEVELOPMENT	9M 2016/17	9M 2017/18
Store openings	23	31
Store closures	(19)	(39)
Store acquisitions	1	602
Store divestitures	-	(21)
Change in franchises	3	(1)
Total	8	572