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# Q2/6M 2020/21

## Financial Results

Düsseldorf, 12 May 2021

DOUGLAS

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# TODAY'S SPEAKERS



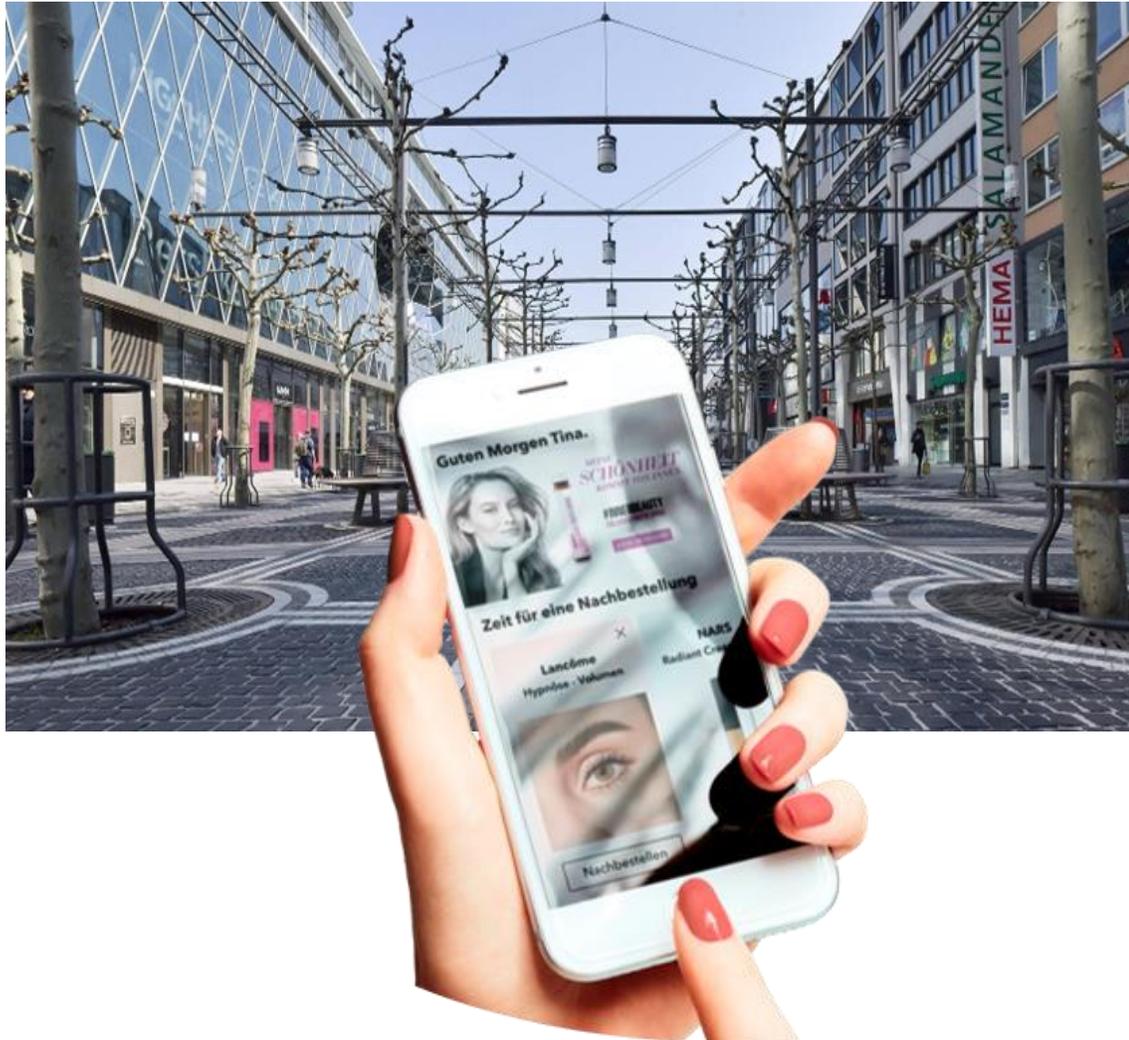
**Tina Müller**  
Group CEO



**Matthias Born**  
Group CFO

# COVID-19-DOMINATED SECOND QUARTER

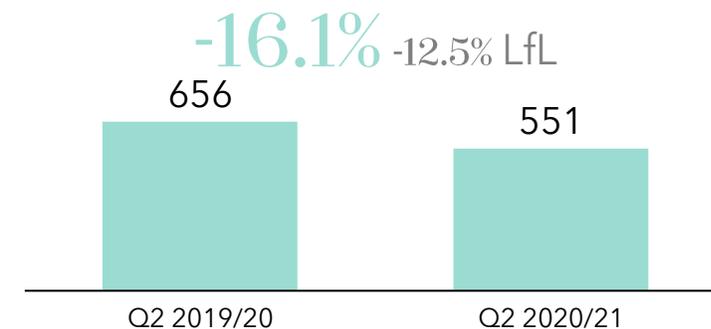
## STORE NETWORK SEVERELY IMPACTED BY LOCKDOWNS



- › Q2 highly affected by hard and long-lasting lockdowns in almost all European countries
- › Up to 100% of stores closed in core countries Germany, The Netherlands, Poland and partly in France
- › Record growth in e-commerce of 76% partially mitigated sales decrease in stores caused by lockdowns
- › Overall e-com share of sales increased to 53%
- › Execution of store optimisation programme on track
- › Refinancing successfully secured

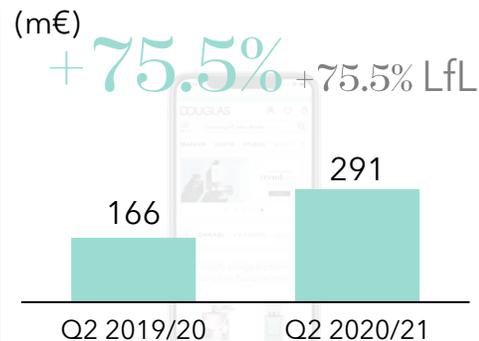
### GROUP NET SALES

(m€)

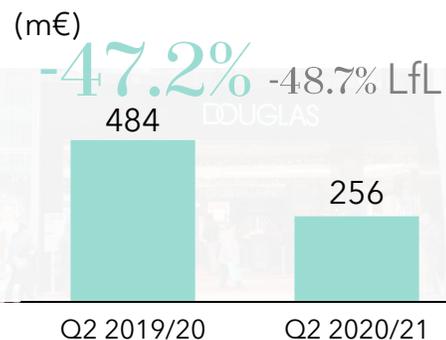


# E-COMMERCE GROWTH PARTIALLY MITIGATED COVID-19 IMPACT ACROSS REGIONS

## GROUP (ONLINE)



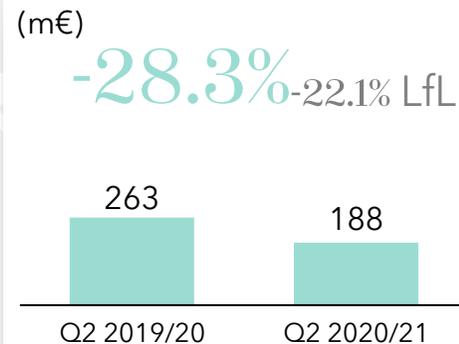
## GROUP (BRICK & MORTAR)



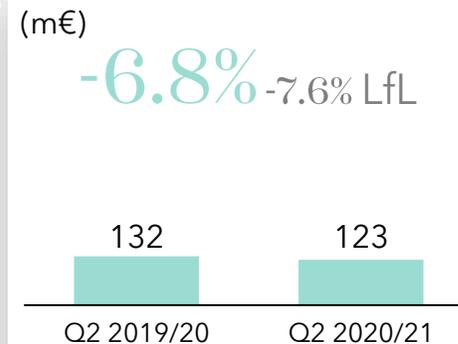
**€551m** -16.1%  
Net Sales -12.5% LfL



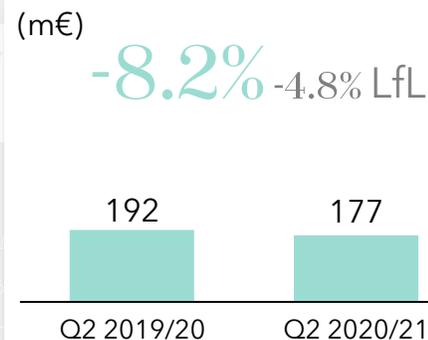
## GERMANY



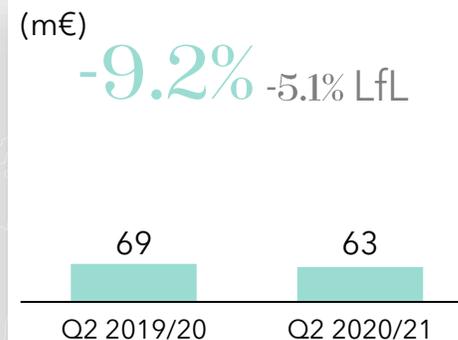
## FRANCE



## SOUTH-WESTERN EUROPE



## EASTERN EUROPE



# OVERVIEW OF BRICK & MORTAR LOCKDOWNS

## CORE COUNTRIES IN Q2

	January				February				March				
MM-DD	01-08	01-15	01-22	01-29	02-05	02-12	02-19	02-26	03-05	03-12	03-19	03-26	TYPE OF RESTRICTIONS IN WEEKS MARKED
FR													In March ~50% of stores open with restrictions
PL													regional lockdowns in week of 19 March
DE													~ 30% of stores open w. restrictions, whereof ~40% Click & Meet only
NL													Only Click & Meet since March
IT*													Open with restrictions, stores in shopping malls closed on weekends
ES													Restrictions like limited business hours, minor closures on weekends

### PERCENTAGE OF OPEN STORES IN DOUGLAS GROUP

63	62	61	61	61	63	63	64	69	74	79	62
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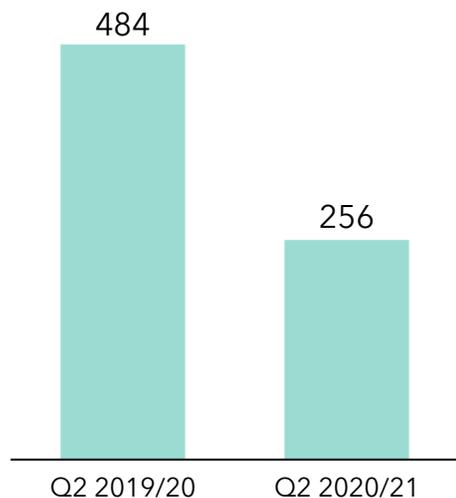
# BRICK & MORTAR AFFECTED IN ALL REGIONS

Q2 2020/21

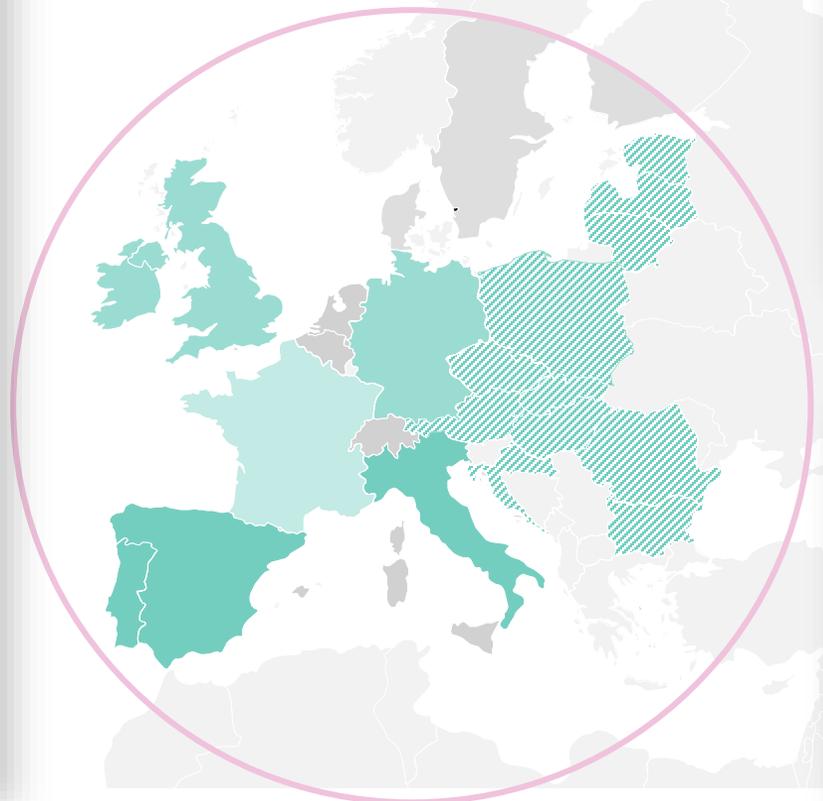
## GROUP (BRICK & MORTAR)

(m€)

**-47.2%** -48.7% LfL



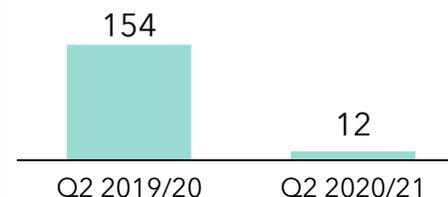
**€256m** -47.2%  
Net Sales -48.7% LfL



## GERMANY (BRICK & MORTAR)

(m€)

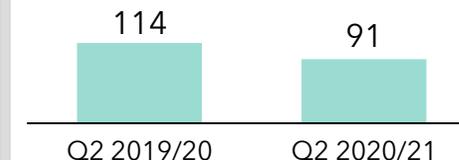
**-92.0%** -91.8% LfL



## FRANCE (BRICK & MORTAR)

(m€)

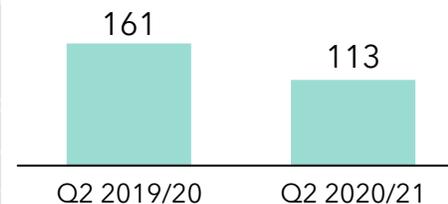
**-19.8%** -22.4% LfL



## SOUTH-WESTERN EUROPE (B&M)

(m€)

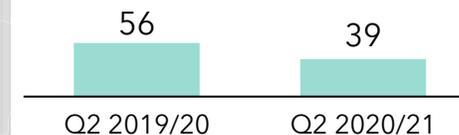
**-29.5%** -31.6% LfL



## EASTERN EUROPE (BRICK & MORTAR)

(m€)

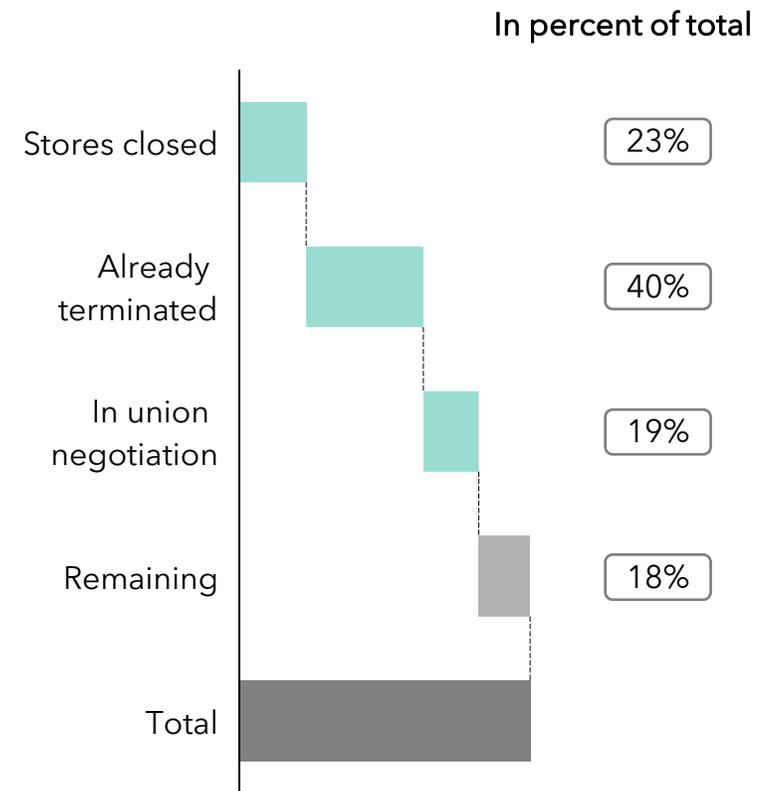
**-30.4%** -34.2% LfL



# SOP IMPLEMENTATION SUCCESSFULLY STARTED AND FIRST IMPACT REALIZED

STATUS 30.04.2021

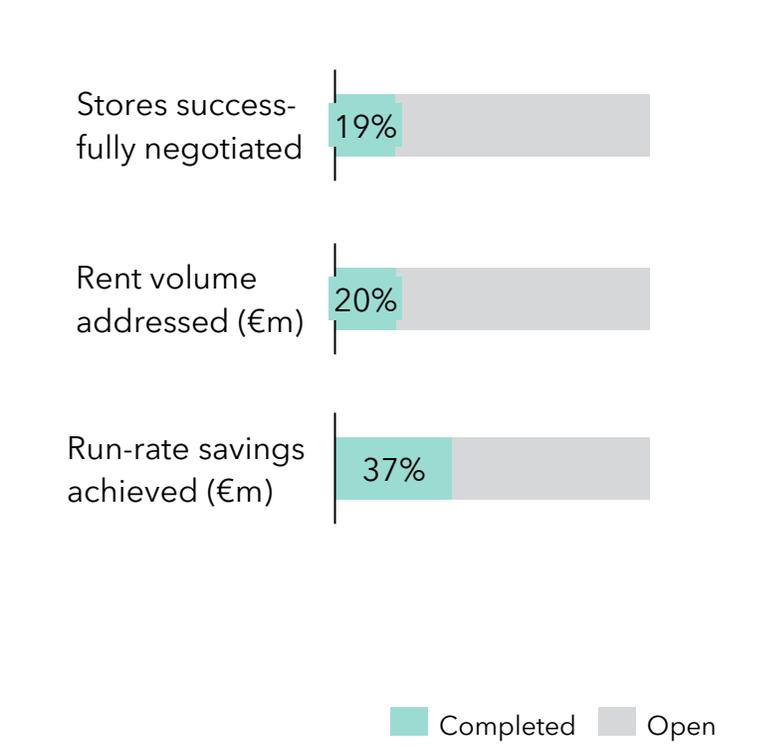
## Store closures / lease terminations (# of stores)



## FTE reductions<sup>1</sup>



## Rent negotiations keep open stores



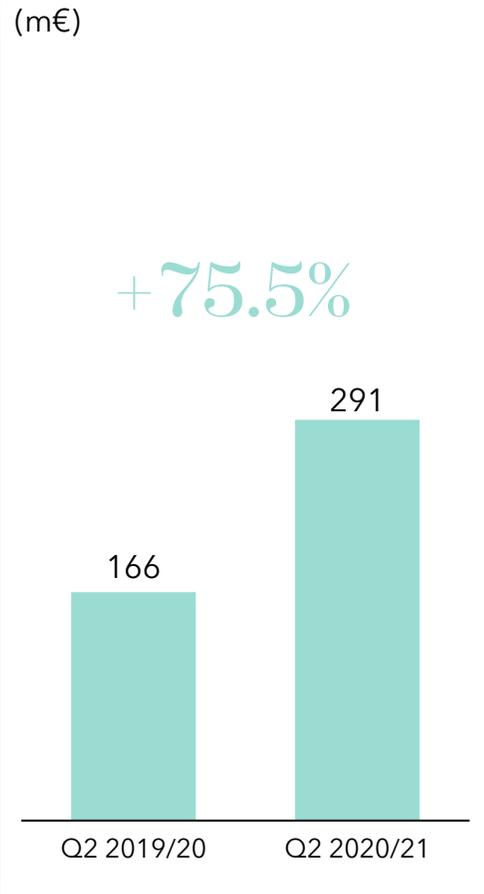
For >80% of the stores the „point of no return“ has been reached

>70% of FTE contracts terminated, released or in union negotiations

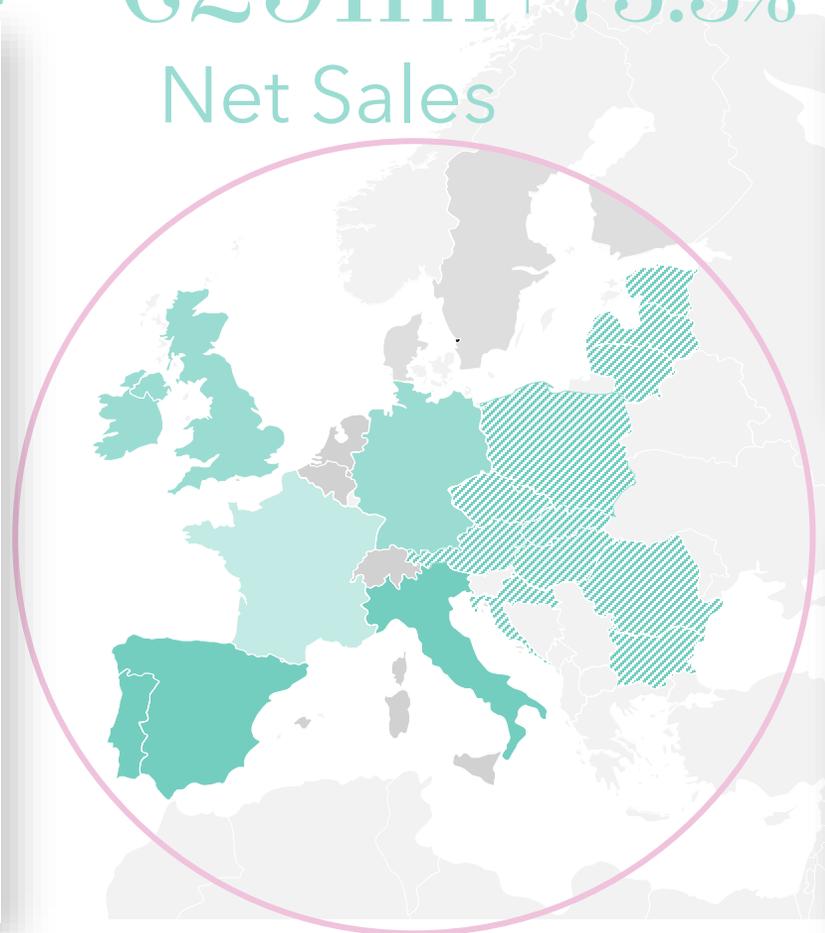
Average saving 17% per store vs. 10% target

# RECORD GROWTH RATES IN E-COMMERCE IN ALL REGIONS

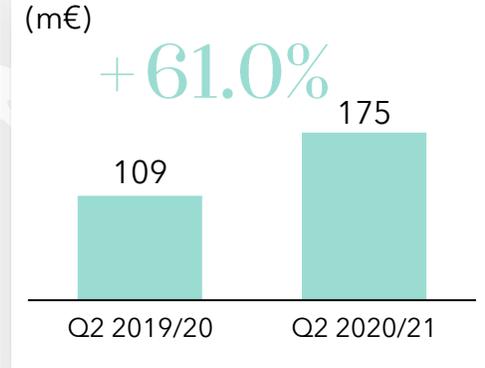
## GROUP (ONLINE)



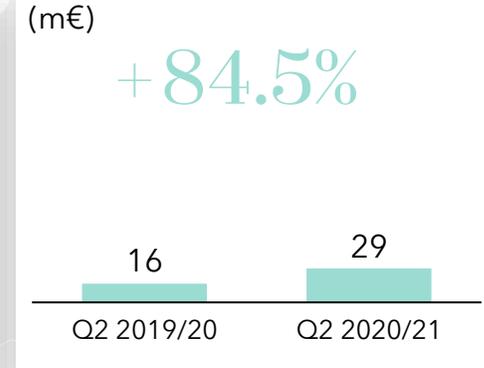
€291m +75.5%  
Net Sales



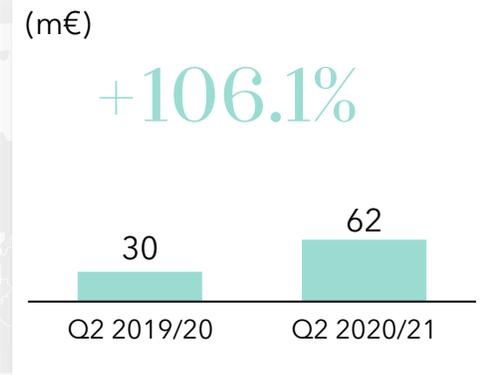
## GERMANY (ONLINE)



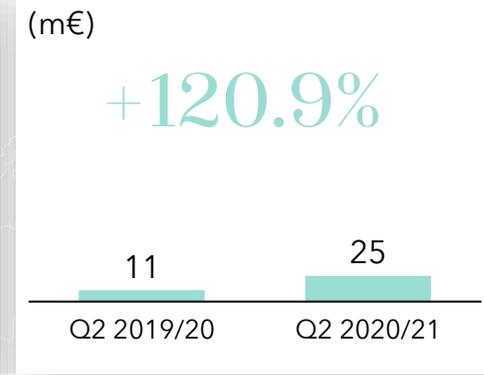
## FRANCE (ONLINE)



## SOUTH-WESTERN EUROPE (ONLINE)



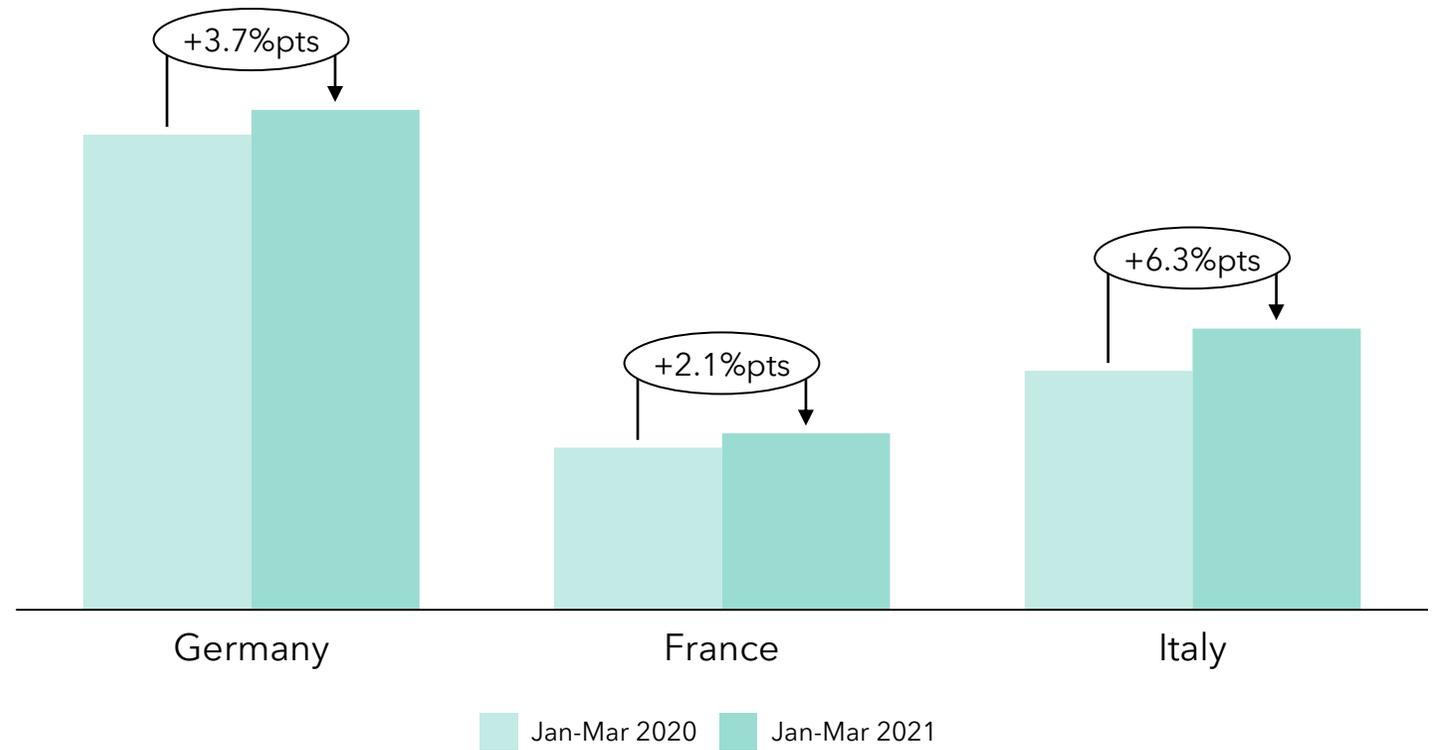
## EASTERN EUROPE (ONLINE)



# DOUGLAS EXPANDS MARKET SHARES IN E-COMMERCE

- › Douglas outperforms previous year's segment shares across core countries in E-Commerce, i.e. in Germany, France and Italy
- › E-Commerce: Key growth driver in all countries

DOUGLAS SEGMENT SHARE ACROSS CORE COUNTRIES (E-COMMERCE)

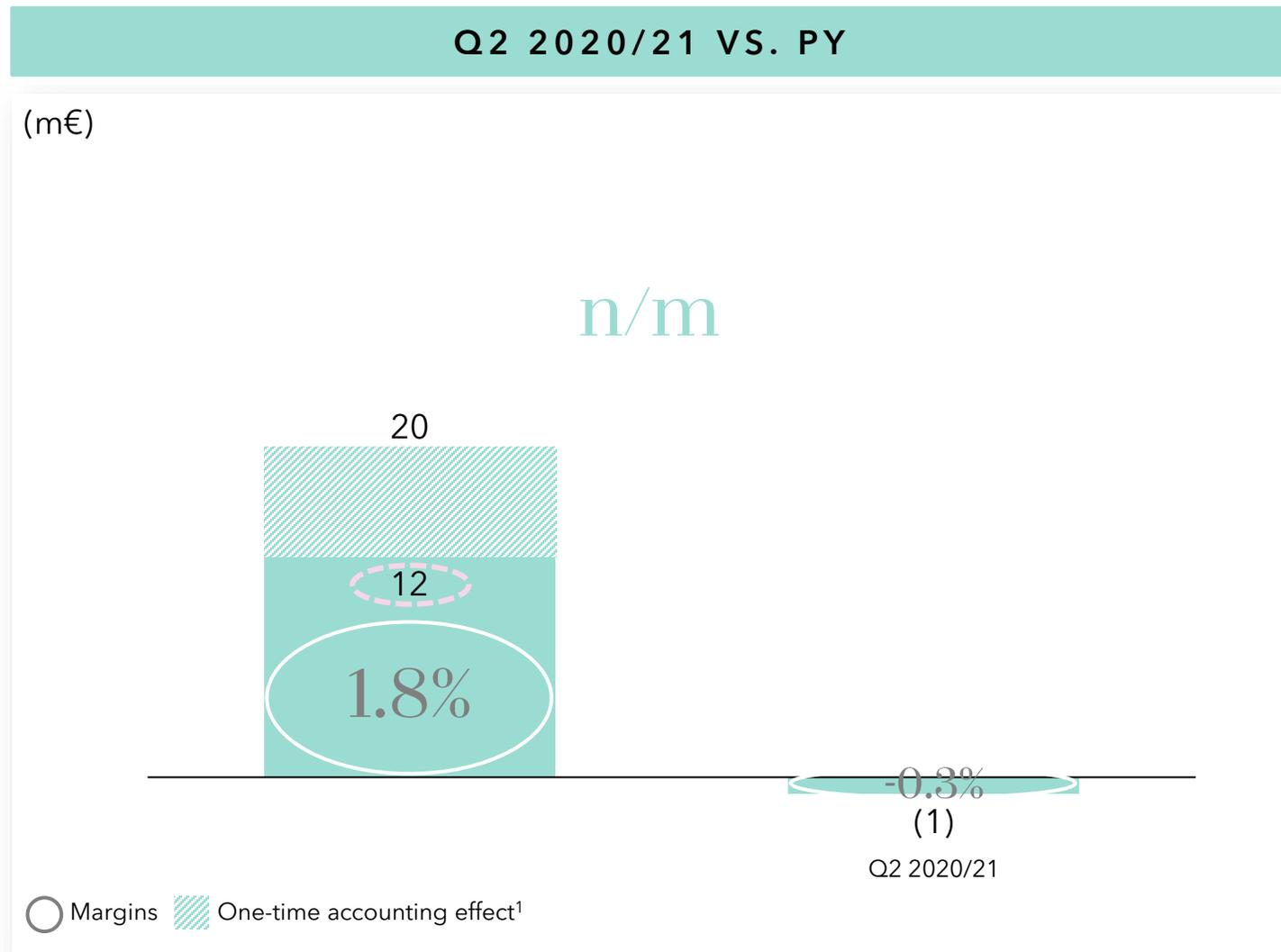


Source: NPD Germany, France, Italy

# ADJUSTED EBITDA

## Q2 2020/21

- › Strong effects of lockdown triggered a significant number of adjustments; e.g. idle rents and personnel costs
- › Continuous strict cost discipline and short-time work allowance helped to partially mitigate the lockdown effects and the decline in store sales
- › €105m decrease in Net Sales translated into a decrease of €13m adjusted EBITDA

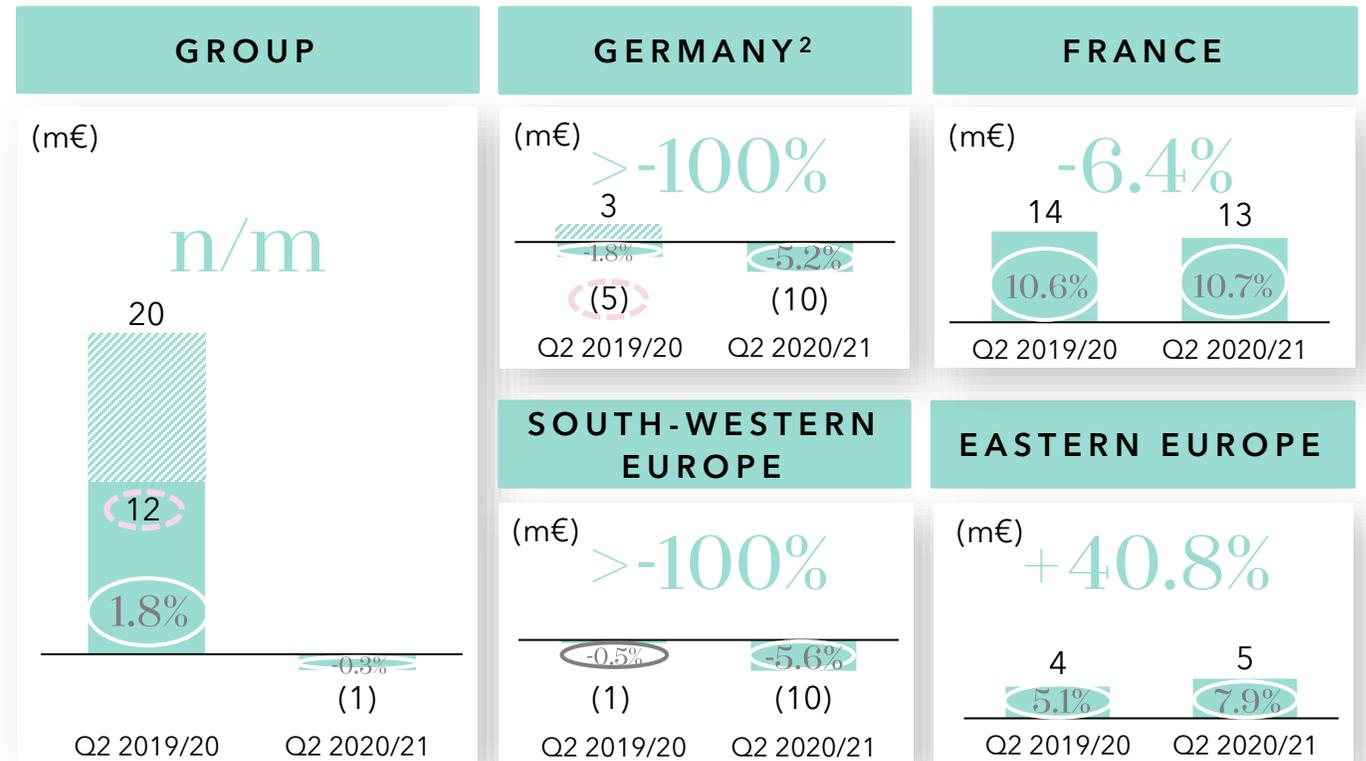


# ADJUSTED EBITDA DEVELOPMENT BY SEGMENT

## Q2 2020/21

- › EBITDA figures stated pre IFRS16
- › Negative impact partially mitigated by E-Com contribution, countermeasures and strict cost discipline
- › **Germany:** Most severely impacted by lockdowns; Group HQ fixed costs are part of the German segment
- › **France:** Development according to sales trend with sustained margin, partially due to release of provision
- › **SWE:** severely impacted by lockdowns; higher promotional activities, inventory reduction program as well as lower supplier bonuses in ES
- › **Eastern Europe:** High resilience combined with strongest growth in E-Com and low marketing spend in brick & mortar

### ADJUSTED EBITDA<sup>1</sup>



○ Adjusted EBITDA Margin    ▨ One-time accounting effect

Note: For details on IFRS16 effects and disclosures please refer to the Q2 2020/21 Interim Financial Report

<sup>1</sup> For details on EBITDA Adjustments see page 27

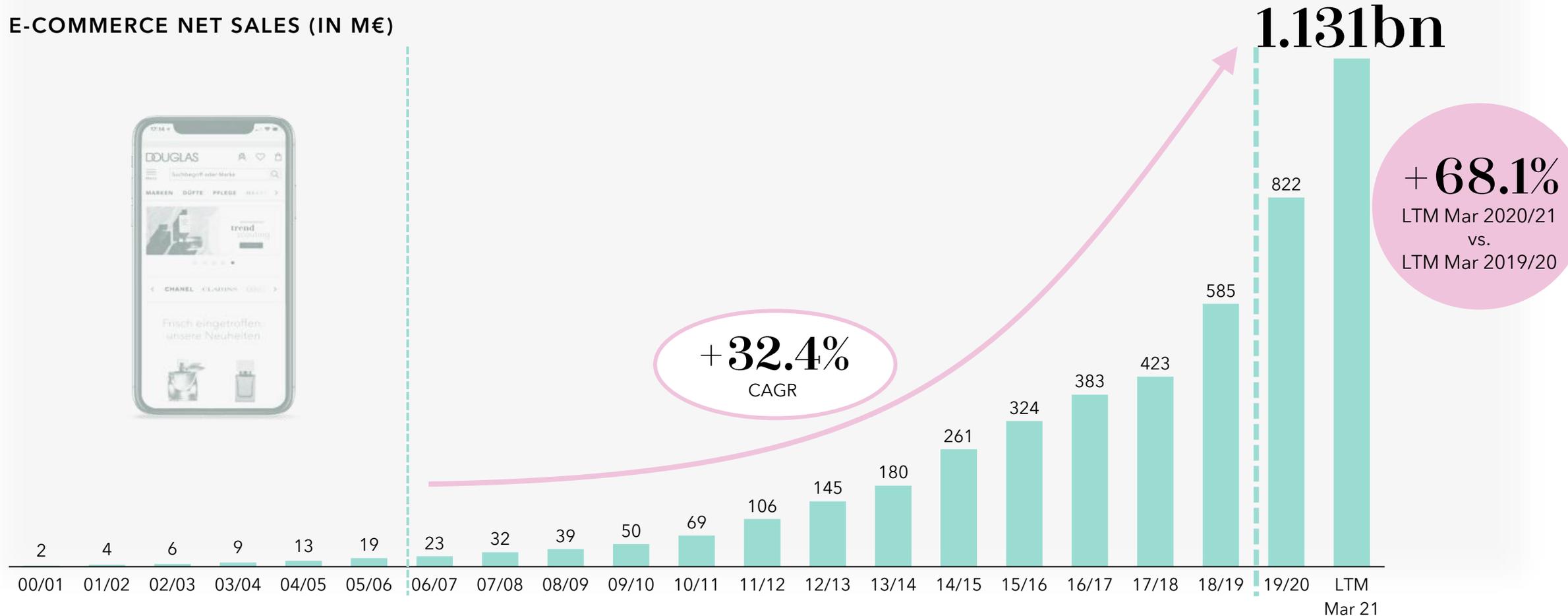
<sup>2</sup> Incl. central functions and consolidation effects

# LONG-TERM E-COMMERCE GROWTH

## E-COM SALES DOUBLING IN THE LAST TWO YEARS OVER €1.1BN

E-COMMERCE GROWTH FURTHER ACCELERATES, WITH NET SALES OVER €1.1BN

E-COMMERCE NET SALES (IN M€)



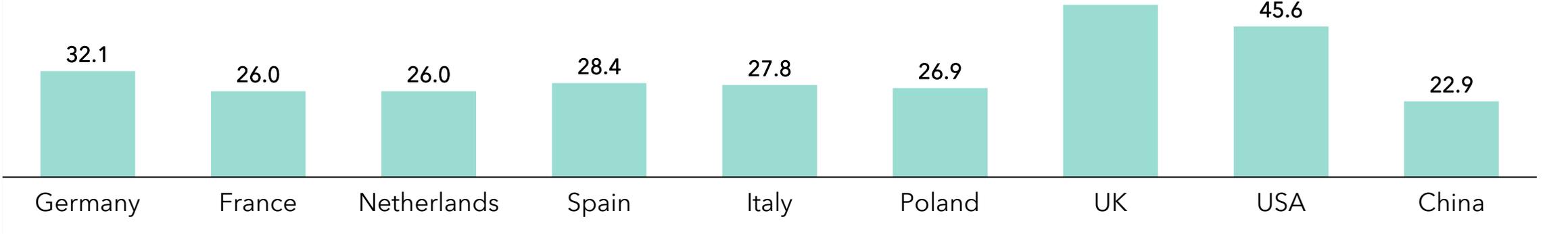
# E-COMMERCE: STRONG DEVELOPMENT OF KPIS

## NO.1 EUROPEAN BEAUTY E-COMMERCE PLAYER

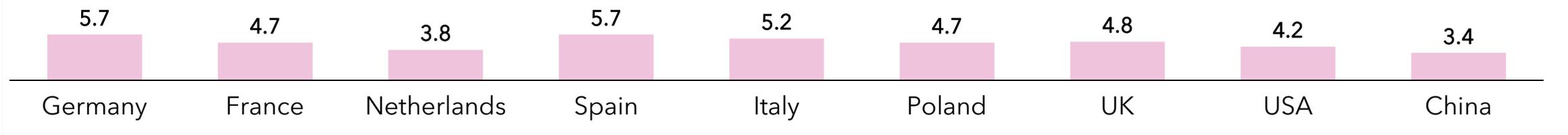
	ONLINE NET SALES	ONLINE REVENUE SHARE
GROUP Q2 2020/21	 <p>€291m +75.5%</p>	 <p>52.9% (Germany: 93.0%)</p>
	CONVERSION RATE	AVERAGE BASKET (INCL. VAT)*
GERMANY Q2 2020/21	 <p>4.0% +0.3%pts</p>	 <p>€69 +3.0%</p>
	MOBILE REVENUE SHARE	APP REVENUE SHARE
	 <p>67.1% +4.1%pts</p>	 <p>28.6% +5.3%pts</p>

# VACCINATION IS KEY TO ECONOMIC RECOVERY

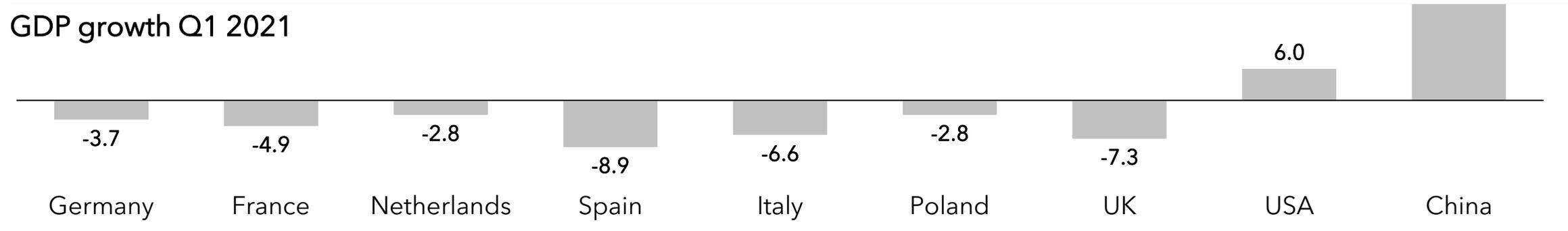
Quota of population with at least one dose of Covid-19 vaccine (9 May 21)



Quota of population vaccinated per week (week ending 9 May 21)



GDP growth Q1 2021





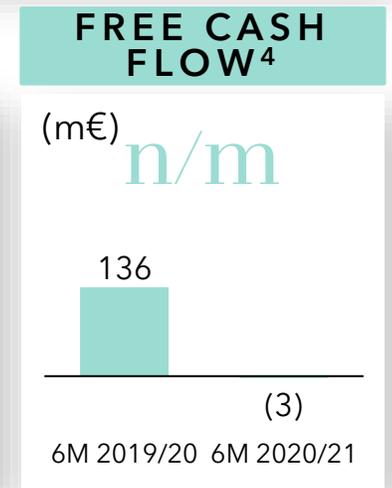
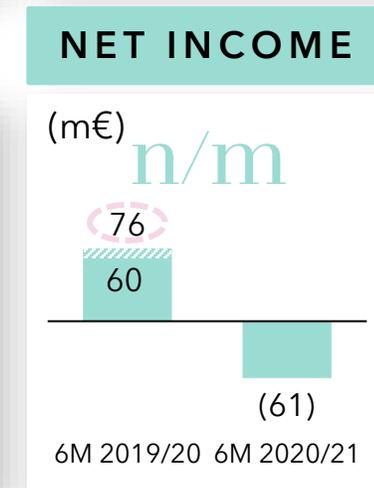
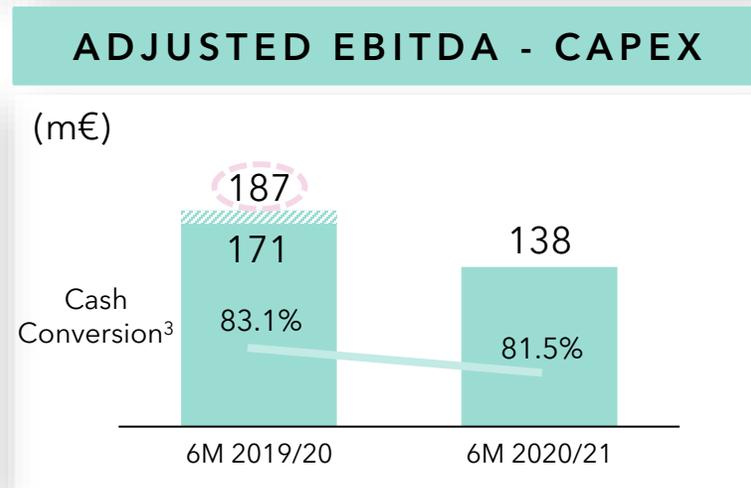
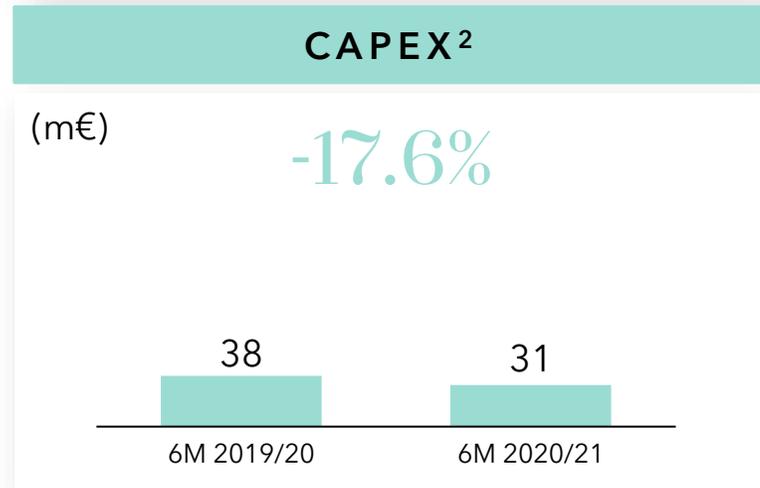
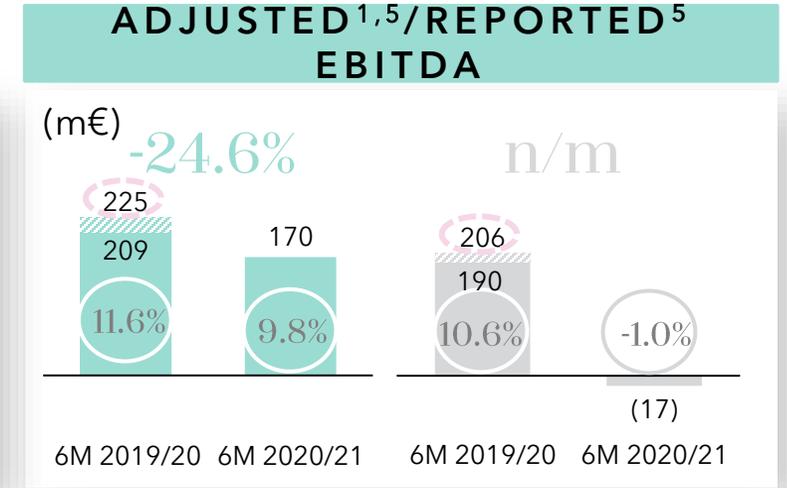
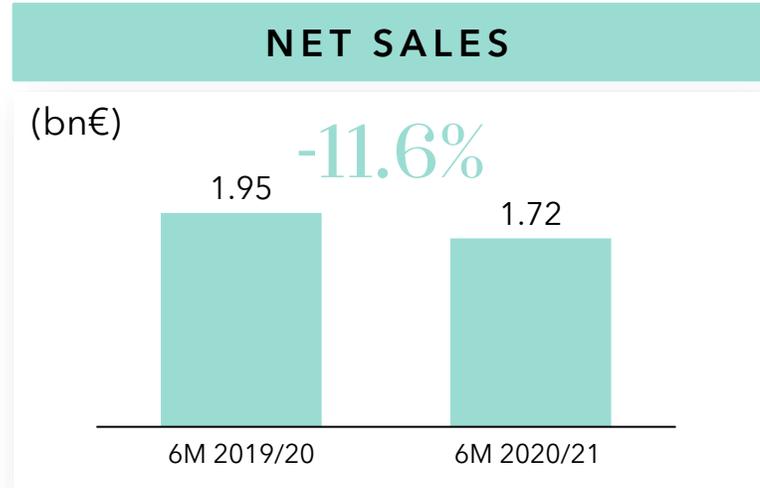
## SUMMARY

- ✗ The second most affected quarter by the COVID-19 pandemic
- ✓ Record growth in e-commerce partially mitigated Douglas' sales decrease in brick-and-mortar caused by lockdowns
- ✓ Adjusted EBITDA decline partially compensated by countermeasures and strict cost discipline
- ✓ Store optimization program fully on track
- ✓ Refinancing successfully secured
- ✓ Vaccination is key for economic recovery
- ✓ Reopenings already started, e.g. in NL, ES, AT, PL and CZ



*Closer Look:  
6M 2020/21 Financials*

# 6M 2020/21 FINANCIALS: COVID-19 IMPACTED FIXED COSTS AND CHANNEL SHIFT WEIGH ON EBITDA



○ Margins ■ Adjusted EBITDA ■ Reported EBITDA ▨ One-time accounting effect

18 <sup>1</sup> For details on EBITDA adjustments see Page 27

<sup>2</sup> Accounting Capex excl. M&A related Investments

<sup>5</sup> Retrospective restatement of comparative information for the prior-year period according to IAS 8

<sup>3</sup> Defined as adjusted EBITDA minus CAPEX pre M&A (Accounting CAPEX) divided by adjusted EBITDA

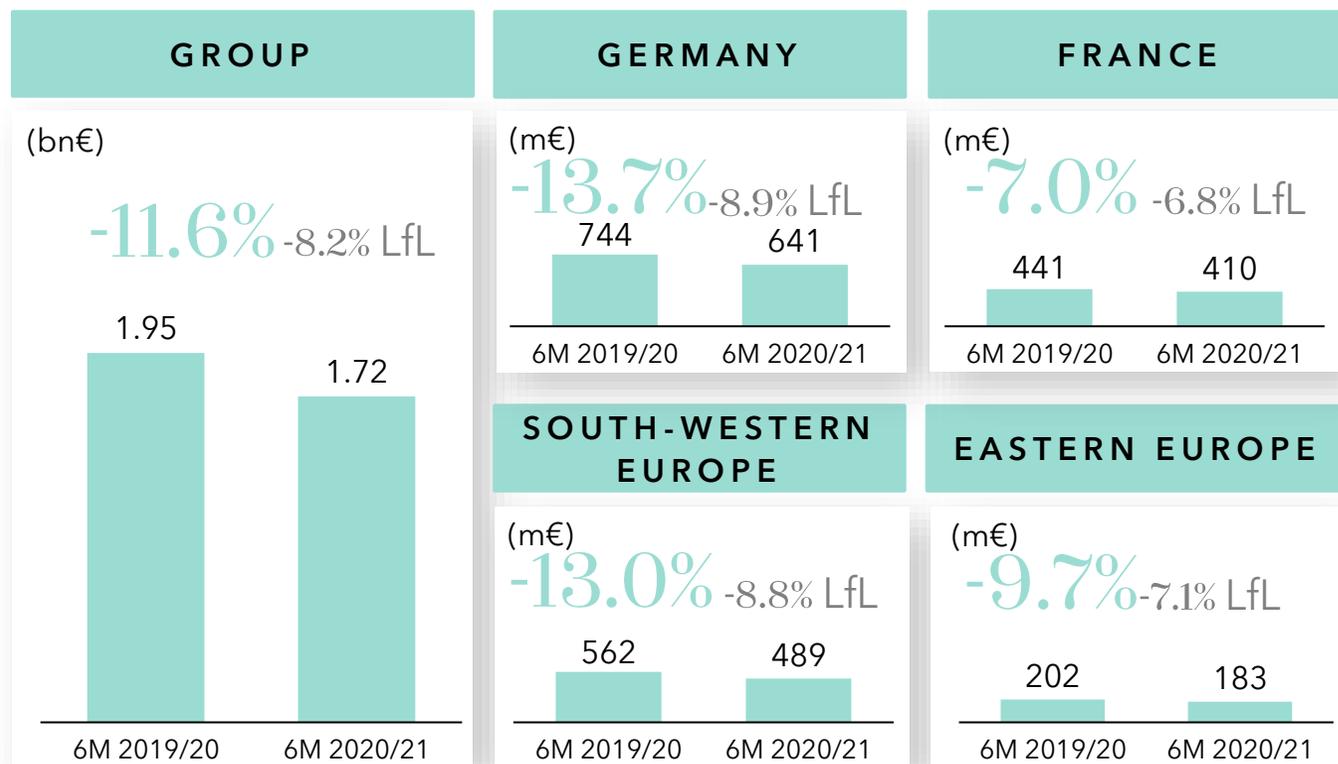
<sup>4</sup> Defined as Total of Net Cash Flow from Operating Activities and Net Cash Flow from Investing Activities

# NET SALES DEVELOPMENT BY SEGMENT

## 6M 2020/21

- › Net Sales impacted by COVID-19 lockdowns
- › Germany and SWE most severely impacted, Germany due to lockdowns and SWE due to significant restrictions
- › Record quarterly growth in online sales partially mitigated decrease in store sales

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

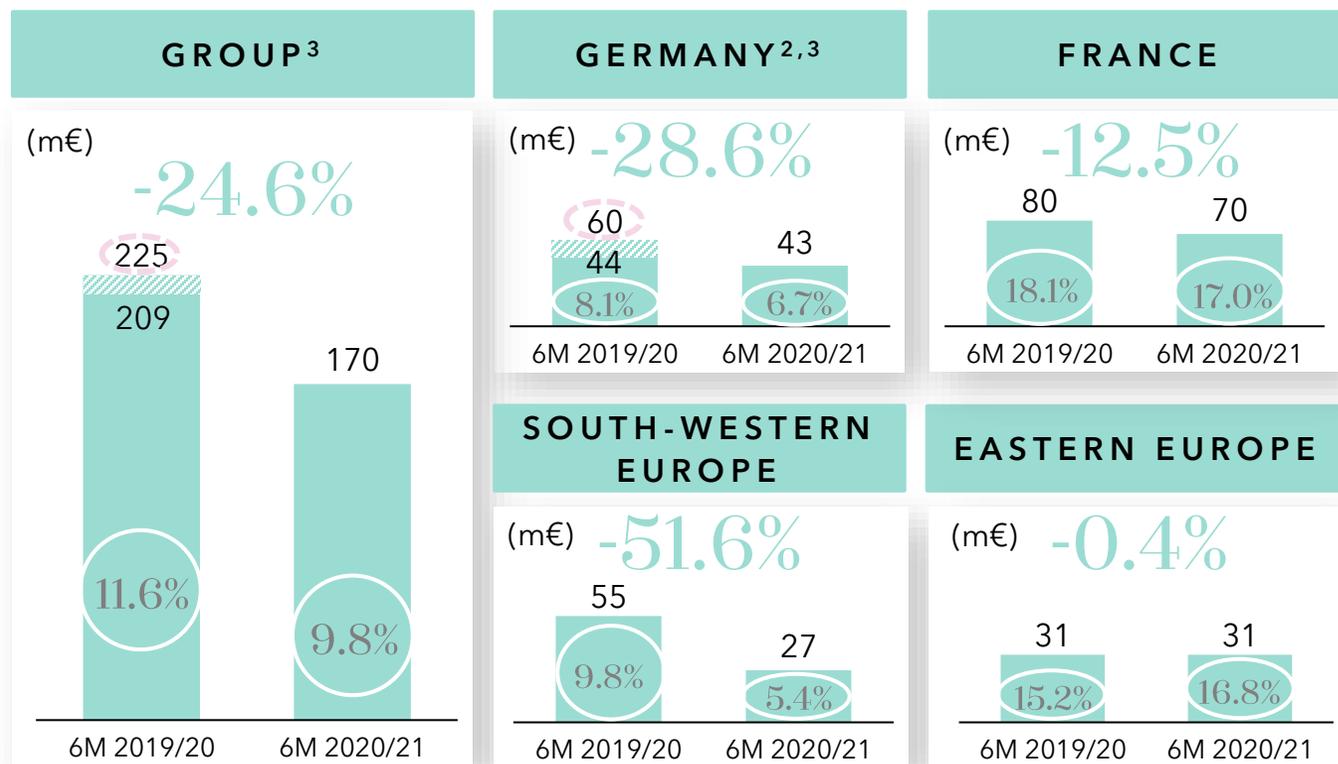


# ADJUSTED EBITDA DEVELOPMENT BY SEGMENT

## 6M 2020/21

- › EBITDA figures stated pre IFRS16
- › Negative impact partially mitigated by E-Com contribution, countermeasures and strict cost discipline
- › **Germany:** Driven by decrease in store contribution, channel shift and Group HQ fixed costs
- › **France:** Constant high margin supported by use of short-term work and partially due to release of provision, despite higher E-Com-related costs,
- › **SWE:** Strongest decrease in footfall and store sales in combination with high promotional activities leading to strong decrease
- › **Eastern Europe:** Record quarterly growth in E-Com and lower marketing expenses in brick & mortar compensated a large part of the loss from store sales

### ADJUSTED EBITDA<sup>1</sup>



○ Adjusted EBITDA Margin    ▨ One-time accounting effect

# GROSS PROFIT DECLINE PARTIALLY MITIGATED

**6M 2020/21**  
(m€)

Lower gross profit due to COVID-19-induced restrictions and lockdowns as well as channel shift

Driven by costs for SOP; cost savings (e.g. short-term labour and discretionary spend) offsetting increased variable e-com costs, consulting fees and lower supplier bonuses

Mainly adjusted for SOP, COVID-19 effects and consulting costs

Decrease in FCF due to lower Rep. EBITDA, partially mitigated by lower Capex and deferred payments

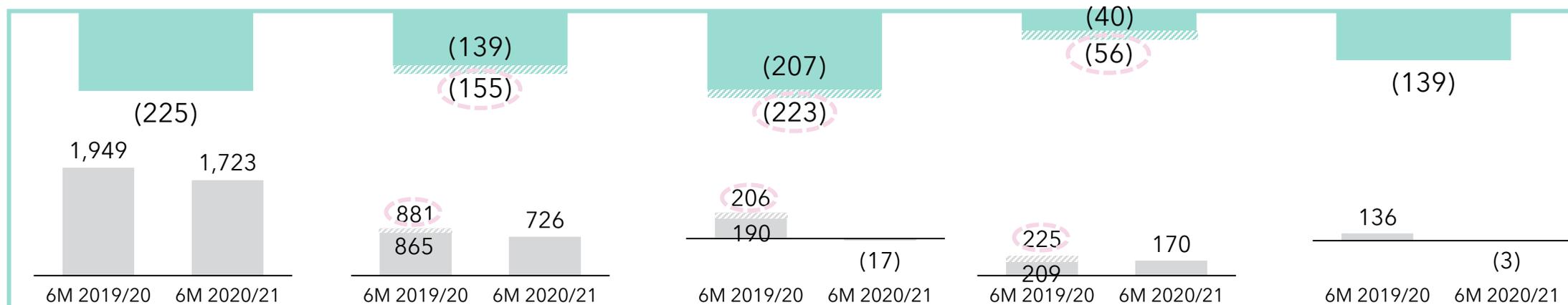
Δ Net Sales

Δ Gross Profit

Δ Rep. EBITDA

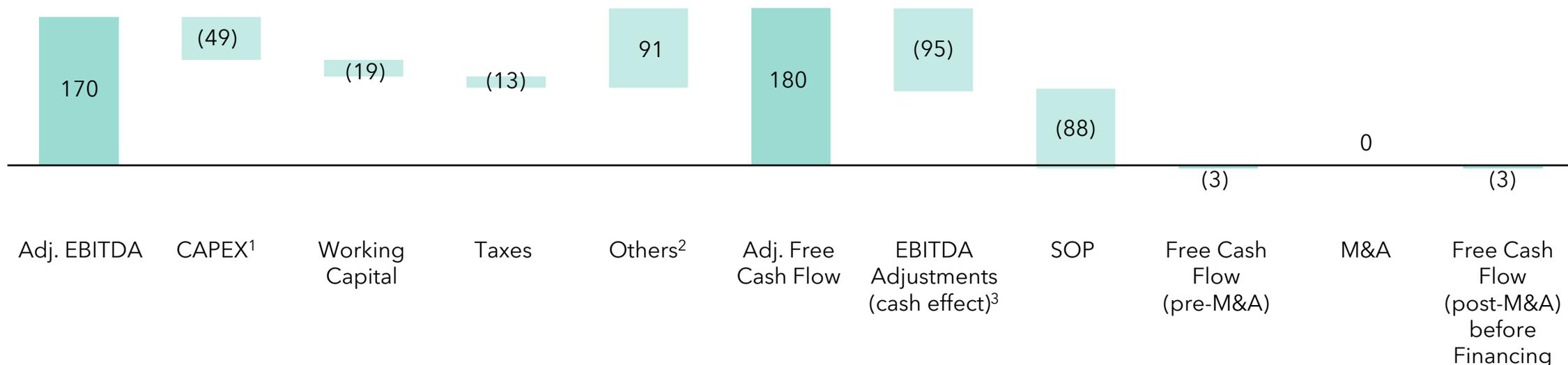
Δ Adj. EBITDA

Δ Free Cash Flow

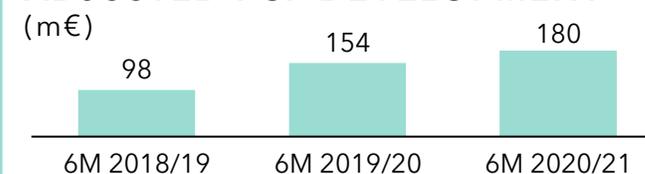


# FREE CASH FLOW IMPACTED BY REQUIRED CAPEX AND CASH EFFECT OF ADJUSTMENTS

## FREE CASH FLOW BRIDGE 6M 2020/21 (m€)



### ADJUSTED FCF DEVELOPMENT (m€)



6M 2019/20	6M 2019/20	6M 2019/20	6M 2019/20	6M 2019/20	6M 2019/20	6M 2019/20	6M 2019/20	6M 2019/20	6M 2019/20	6M 2019/20
225 <sup>4</sup>	(56)	6 <sup>4</sup>	(11)	(11)	154	(17)	0	136	0	136

<sup>1</sup> Excl. M&A-related investments (Cash Capex)

<sup>2</sup> Change in Other Assets, Liabilities and Accruals (e.g. SOP)

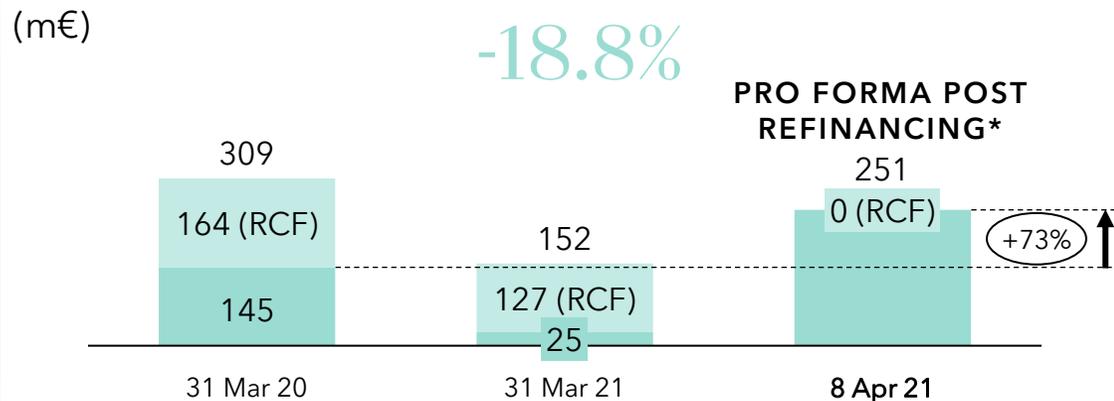
<sup>3</sup> For details on EBITDA adjustments see Page 27

<sup>4</sup> Retrospective restatement of comparative information for the prior-year period according to IAS 8

# SUFFICIENT LIQUIDITY HEADROOM

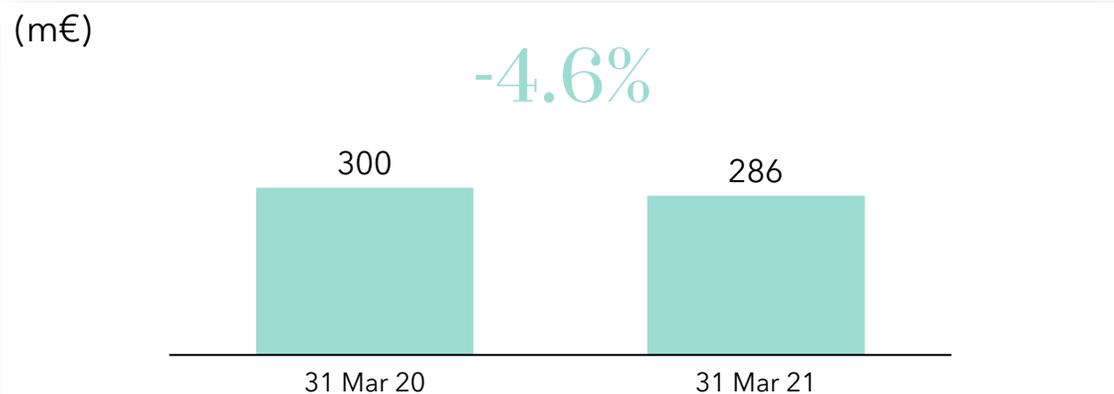
## ONGOING COST AND CASH DISCIPLINE

### CASH BALANCE



- › Successful refinancing secured sufficient headroom
- › Ongoing cost and cash discipline, e.g.
  - › Savings in personnel expenses (incl. government subsidies) and shift of social securities payments/taxes
  - › Waived/reduced/shifted rent payments
  - › Capex reduction
  - › Shifted and lower tax payments
- › New RCF of €170m undrawn, 38 million of outstanding securities in particular in the form of rental guarantees
- › Cash balance €251m

### NET WORKING CAPITAL



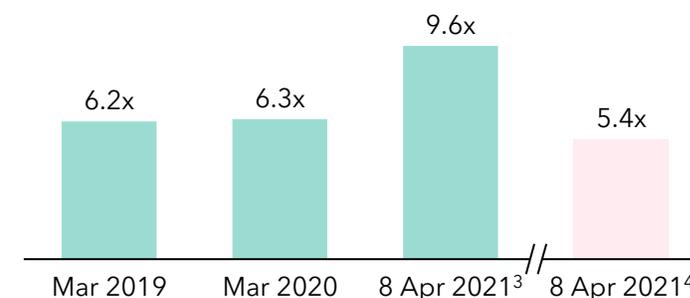
- › Strong limit control resulted in reduced working capital
- › Despite COVID-19, inventory managed efficiently, e.g. shift of store inventory to E-Commerce
- › Lower payables due to cautious inventory build up

# EVOLUTION OF CAPITAL STRUCTURE AND KEY LEVERAGE METRICS

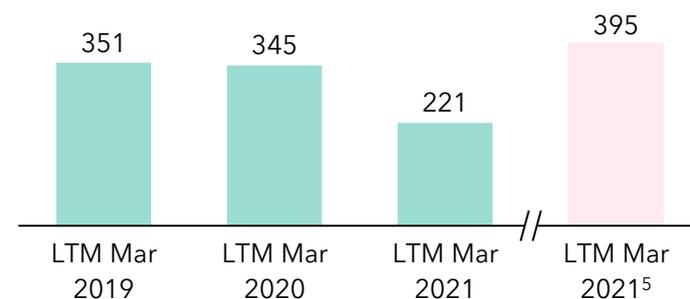
## PRO-FORMA CASH AND DEBT STRUCTURE

8 April 2021	m€	x Adj. EBITDA	x Mgt. Adj. EBITDA	Maturity	Pricing
Cash and Equivalents <sup>1</sup>	251				
New RCF (€170m Volume)	0			Jan 26	E+4.75%
New Term Loan B (B3/B-/B)	600			Apr 26	E+5.5% (99% OID)
New Senior Secured Notes (B3/B-/B)	1,305			Apr 26	6.00%
<b>Net Senior Debt<sup>2</sup></b>	<b>1,654</b>	<b>7.5x</b>	<b>4.2x</b>		
New Senior PIK Notes (Caa2/CCC/CCC)	475			Oct 26	8.25% cash, 9.00% PIK
<b>Net Debt<sup>2</sup> (Corp: B3/B-/B-)</b>	<b>2,129</b>	<b>9.6x</b>	<b>5.4x</b>		

## TOTAL NET LEVERAGE



## ADJUSTED EBITDA<sup>6</sup> (m€)



Note: Ratings as of March 16, 2021 (Moody's), April 12, 2021 (S&P Global) and April 27, 2021 (Fitch)

<sup>1</sup> Incl. cash overfunding of €98.7m resulting from equity contribution of €220m

<sup>2</sup> Net Debt does not include Accrued Interest

<sup>3</sup> Pro-forma Total Net Leverage post refinancing, based on new capital structure, cash and cash equivalents as of 31 Mar 21 and EBITDA LTM Mar 21

<sup>4</sup> Pro-forma Total Net Leverage post refinancing, based on Mgt. Adj. EBITDA (see FN 5)

<sup>5</sup> Mgt. Adj. EBITDA as per covenant calculations

<sup>6</sup> For details on EBITDA adjustments see Page 27



## SUMMARY 6M 2020/21

- ✘ COVID-19 lockdowns and ongoing restrictions with negative impact on H1
- ✓ Accelerated strong E-Commerce growth, partially compensated declining store sales
- ✓ Store optimization program fully on track
- ✓ Business continuity secured
- ✓ Liquidity buffer increased thanks to successful refinancing and equity injection
- ✓ Cost-optimization program continued



# *Appendix*

# ADJUSTMENTS TO EBITDA

- › **Consulting fees:** Mainly refinancing related adviser expenses
- › **PPA:** Former acquisitions
- › **COVID-19:** In particular, staff- and rent-related idle costs in connection with closed stores due to lockdown and hygiene measures
- › **SOP:** Costs related to store optimization program
- › **Other:** Prior year: Extraordinary income related to payment from former shareholder and reversal of provisions

## EBITDA ADJUSTMENTS

(m€)	Q2 2019/20	Q2 2020/21	6M 2019/20	6M 2020/21
Reported EBITDA <sup>1</sup>	(9)	(165)	206	(17)
Consulting fees	5	22	8	24
Restructuring costs	0	0	0	0
PPA	1	0	2	3
COVID-19	15	56	15	69
SOP	0	84	0	88
Other	0	2	(6)	3
Adjusted EBITDA <sup>1</sup>	12	(1)	225	170

# REPORTED EBITDA

## REPORTED EBITDA<sup>1</sup>

(m€)	Q2 2019/20	Q2 2020/21	6M 2019/20	6M 2020/21
Germany <sup>1,2</sup>	(14)	(105)	53	(67)
France	13	(9)	78	47
South-Western Europe	(10)	(52)	46	(20)
Eastern Europe	2	1	29	24
Group	(9)	(165)	206	(17)

# DEEP DIVE INTO LFL NET SALES GROWTH

## QUARTERLY DEVELOPMENT

### LFL NET SALES GROWTH DEVELOPMENT

	Q2 2019/20	Q3 2019/20	Q4 2019/20	Q1 2020/21	Q2 2020/21	LTM March 2021
Germany	(3.7)%	(19.0)%	2.3%	(3.3)%	(22.1)%	(9.0)%
France	(15.8)%	(34.9)%	(6.7)%	(6.5)%	(7.6)%	(12.7)%
South-Western Europe	(15.8)%	(34.9)%	(6.8)%	(12.1)%	(4.8)%	(14.8)%
Eastern Europe	(5.3)%	(19.5)%	8.0%	(8.8)%	(5.1)%	(6.3)%
Group	(10.2)%	(27.3)%	(1.7)%	(7.1)%	(12.5)%	(11.2)%
Stores	(18.9)%	(48.0)%	(9.5)%	(28.5)%	(48.7)%	(32.2)%
Online	31.6%	67.3%	43.5%	74.3%	75.5%	67.4%

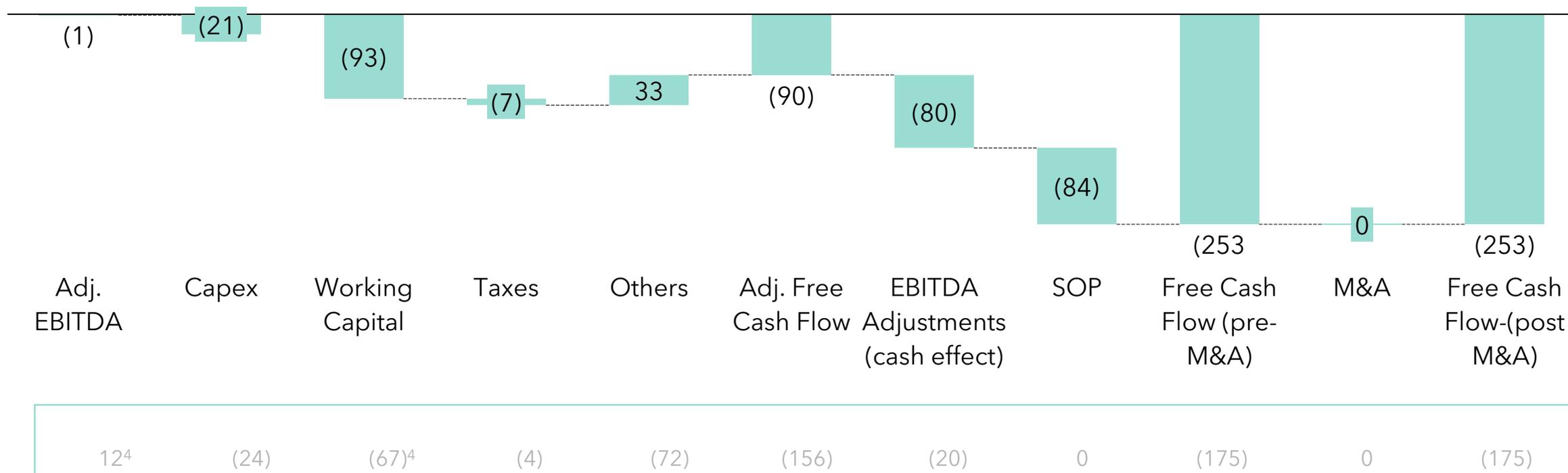
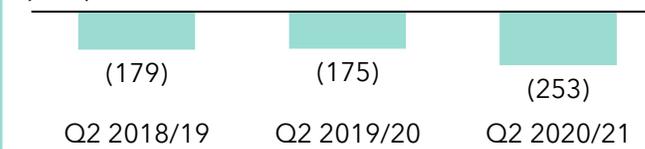
# FREE CASH FLOW IMPACTED BY REQUIRED CAPEX AND CASH EFFECT OF ADJUSTMENTS

## FREE CASH FLOW BRIDGE Q2 2020/21

(m€)

### ADJUSTED FCF DEVELOPMENT

(m€)



<sup>1</sup> Excl. M&A-related investments (Cash Capex)

<sup>2</sup> Change in Other Assets, Liabilities and Accruals (e.g. SOP)

<sup>3</sup> For details on EBITDA adjustments see Page 27

<sup>4</sup> Retrospective restatement of comparative information for the prior-year period according to IAS 8

# CASH FLOW STATEMENT

- › Cash Flow from Operating activities impacted by COVID-19 induced store closures
- › Cash flow from Investing activities reduced due to liquidity saving measures (despite ongoing investments in E-Com)
- › Decrease in Cash from Financing activities due to partial RCF repayment

## CASH FLOW STATEMENT

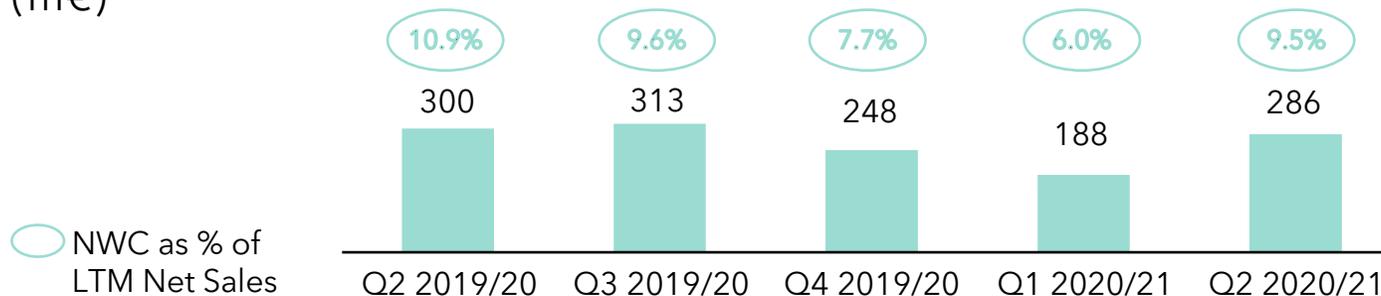
(m€)	Q2 2019/20	Q2 2020/21	6M 2019/20	6M 2020/21
Net Cash Flow from Operating activities	(151)	(232)	192	45
Net Cash Flow from Investing activities	(24)	(21)	(55)	(48)
Free Cash Flow	(175)	(253)	136	(3)
Net Cash Flow from Financing activities	123	(54)	92	(101)
Net Change in Cash & Cash Equivalents	(53)	(307)	228	(104)
Cash & Cash Equivalents at Beginning of Period	363	459	81	256
Cash & Cash Equivalents at End of Period	309	152	309	152

# NET WORKING CAPITAL

- › Net Working Capital continues to be a key focus
- › Inventory lower compared to Q2 2019/20 despite challenges due to COVID-19, in line with seasonal patterns
- › Payables: Lower due to lower reorders
- › Other: Lower bonus receivables
- › NWC as % of Net Sales below historical ratios despite broader assortment and lower sales (COVID-19 induced)

## NET WORKING CAPITAL

(m€)



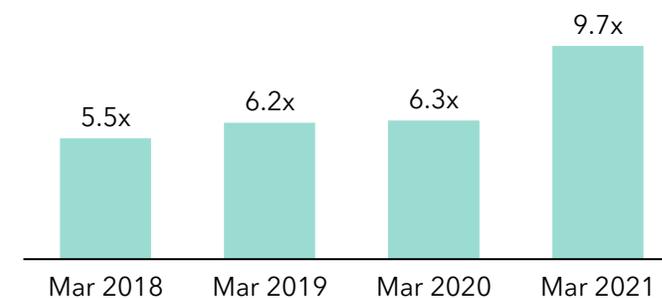
(m€)	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021
Inventory	822	762	739	769	729
Trade accounts receivable	35	40	38	57	51
Trade accounts payable	(498)	(437)	(504)	(670)	(425)
Other <sup>1</sup>	(58)	(53)	(24)	33	(67)
<b>Total NWC</b>	<b>300</b>	<b>313</b>	<b>248</b>	<b>188</b>	<b>286</b>

# EVOLUTION OF CAPITAL STRUCTURE AND KEY LEVERAGE METRICS

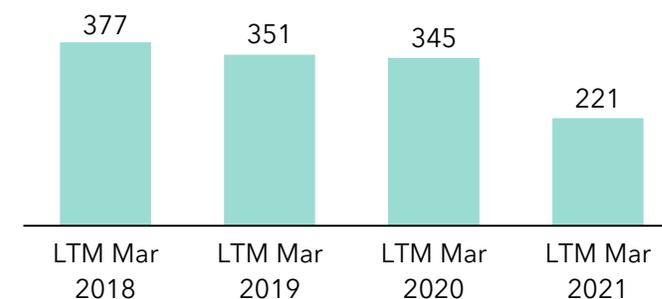
## CASH AND DEBT STRUCTURE AS OF 31 MARCH 2021

Before refinancing	m€	x Adj. EBITDA	Maturity	Pricing
Cash and Equivalents	152			
RCF (€200m Volume) <sup>4</sup>	127		Feb 22	E+3.75% (0% floor)
Term Loan B (B3/CCC+)	1,370		Aug 22	E+3.50% (0% floor)
New Term Loan B <sup>1</sup> (B3/CCC+)	300		Aug 22	E+3.25% (0% floor)
Senior Secured Notes (B3/CCC+)	300		Jul 22	6.25%
<b>Net Senior Debt<sup>2</sup></b>	<b>1,818</b>	<b>8.2x</b>		
Senior Notes (Caa3/CCC-)	335		Jul 23	8.75%
<b>Net Debt (Corp: Caa1/CCC+)</b>	<b>2,153</b>	<b>9.7x</b>		

## TOTAL NET LEVERAGE



## ADJUSTED EBITDA<sup>3</sup> (m€)



33 Note: Ratings as of June 3, 2020 (Moody's) and April 1, 2020 (S&P Global)  
<sup>1</sup> €300m in place since November 9, 2017

<sup>2</sup> Net Debt does not include Accrued Interest

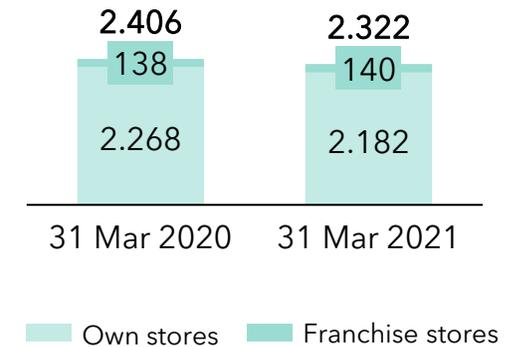
<sup>3</sup> For details on EBITDA adjustments see Page 27

<sup>4</sup> Additional bank commitment of €75m received in January 2021



## PREMIUM STORE NETWORK FOOTPRINT ACROSS EUROPE

- › Store openings, in France and Eastern Europe
- › Nearly all 50 closures are part of SOP, another 30 stores were closed in the course of SOP in April



	Q2 2019/20	Q2 2020/21
Store openings	4	2
Store closures	(25)	(50)
Store acquisitions	-	-
Store divestitures	-	-
Change in franchises	(1)	2
<b>Total</b>	<b>(22)</b>	<b>(46)</b>