



# matas



Matas | Q1 2014/15 results

# Forward Looking Statements

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This presentation contains statements relating to the future, including statements regarding Matas A/S' future operating results, financial position, cash flows, business strategy and plans for the future. The statements can be identified by the use of words such as "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the interim report. Any such statements are subject to risks and uncertainties and a number of different factors, of which many are beyond Matas A/S' control, can mean that the actual development and the actual result will differ significantly from the expectations contained in the interim report. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues.

## Business Update

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- Moderate growth in a challenging Danish retail market
- Market shares maintained due to strong business model and market position
- The development and implementation of Club Matas initiatives follows the plan
- Integration of the acquired associated stores in 2013/14 is on track
- +30% growth in the online business
- StyleBox remains in a developing phase with focus on improving traffic
- Proposed changes to the pharmacy legislation presented by the Government in July

## Financial Highlights Q1 2014/15

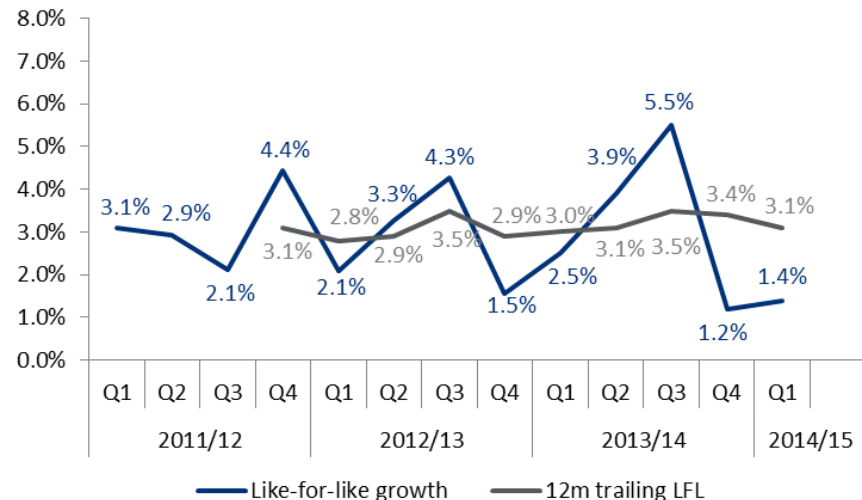
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- Total revenue growth of 3% in Q1 with like-for-like growth of 1.4%
- Slight decline in EBITA as operating expenses increased in percentage of sales
- Adjusted net profit up 0,2% due to lower net financials
- Cash flow from operations of DKK 184m in Q1 compared to DKK 46m same period the year before due to a positive impact from net working capital
- Free cash flow increased to DKK 156m after total investments of DKK 16m
- NIBD of DKK 1,468m 30 June, corresponding to 2.4x LTM EBITDA before exceptional items

# 1.4% Like-for-Like Growth in Q1 2014/15

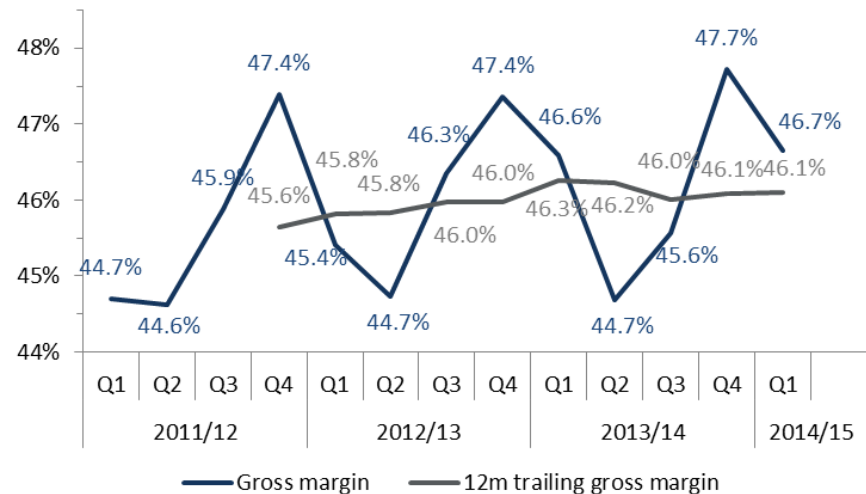
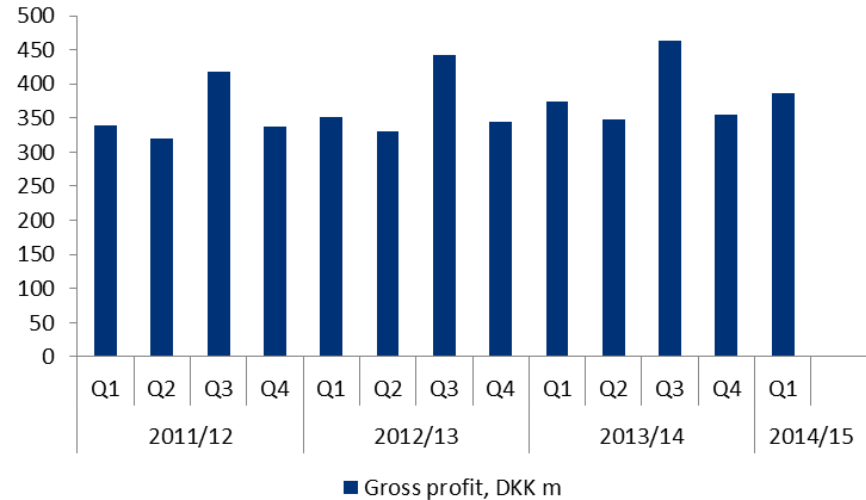
- Total revenue growth of 3.0% in Q1 was slightly below expectations
- 6.2% increase in revenue from own retail with like-for-like growth of 1.4%
- Online sales up +30% y/y in Q1
- Beauty grew 6.7% with 1.5% organic growth and 5.2% stemming from acquisitions
- Material grew 9.1% of which 4.7% was organic and 4.4% acquisitions
- Unsatisfactory development in Vital with organic decline of 4.7%
- MediCare had an organic decline of 1.7% offset by acquisitions
- Underlying growth in sales to associated stores in Q1 of approx. 1%

DKK million	2014/15 Q1	2013/14 Q1	Growth
Beauty	589	552	6.7%
Vital	76	76	-0.1%
Material	75	68	9.1%
MediCare	46	45	2.5%
Other including Sweden	9	7	30.9%
<b>Total revenue from own retail stores</b>	<b>795</b>	<b>749</b>	<b>6.2%</b>
Sales of goods to associated stores	32	55	-40.6%
<b>Total revenue</b>	<b>827</b>	<b>803</b>	<b>3.0%</b>



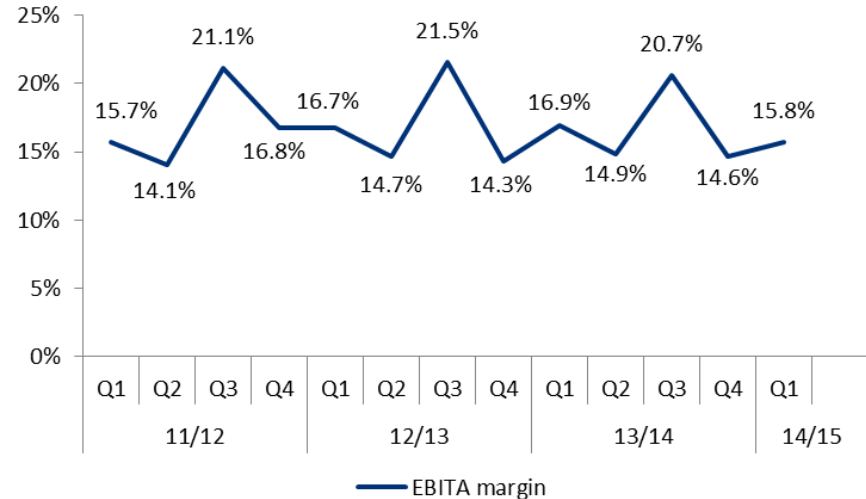
# Gross Margin Slightly Up in Q1 2014/15

- 3% Y/Y increase in gross profit driven by sales growth
- Gross margin slightly up to 46.7% (46.6%)
- Positive effect from consolidation of acquired associated stores partly offset by normal fluctuations and competition
- 12m trailing gross margin unchanged at 46.1%



# EBITA Margin down in Q1 2014/15

- EBITA margin decline of 1.1 percentage point Y/Y
- Total operating costs are developing according to expectations
- Other external costs increased to 9.6% of sales in Q1 compared to 9.1% last year due higher IT and distribution costs
- Staff cost increased to 19.6% of sales from 18.8% last year due to increased costs at the warehouse and new activities centrally at HQ
  - Staff costs at the stores slightly down as a percentage of sales
- FY 2014/15 staff costs are expected to be only marginally higher than FY 2013/14 as a percentage of sales



DKK million	2014/15 Q1	2013/14 Q1
Other external costs	79	91
- of which net exceptional items	0	18
Other external costs (before net exceptional items) in percentage of revenue	9.6%	9.1%
Staff costs	162	161
- of which net exceptional items	0	10
Staff costs before (before net exceptional items) in percentage of revenue	19.6%	18.8%

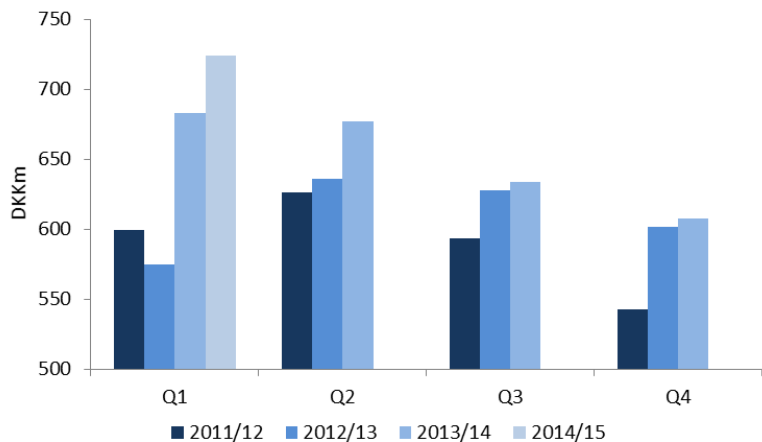
# Income Statement – Q1 2014/15

DKK million	2014/15 Q1	2013/14 Q1	Growth
<b>Revenue</b>	<b>827</b>	<b>803</b>	<b>3%</b>
<b>Gross profit</b>	<b>386</b>	<b>374</b>	<b>3%</b>
Gross margin	46.7%	46.6%	
Other external costs	-79	-91	-13%
Staff costs	-162	-161	1%
<b>EBITDA</b>	<b>145</b>	<b>122</b>	<b>18%</b>
Amortisation and depreciation	-33	-34	-1%
<b>Operating profit</b>	<b>111</b>	<b>89</b>	<b>26%</b>
Net financials	-20	-34	-42%
Profit before tax	92	55	67%
Tax on profit for the period	-24	-12	98%
<b>Profit for the period</b>	<b>68</b>	<b>43</b>	<b>59%</b>
<b>Earnings per share, DKK</b>	<b>1.66</b>	<b>1.04</b>	<b>59%</b>
Net exceptional items	0	-28	-
<b>EBITDA before net exceptional items</b>	<b>145</b>	<b>151</b>	<b>-4%</b>
<b>EBITA</b>	<b>130</b>	<b>136</b>	<b>-4%</b>
<b>Adjusted profit after tax</b>	<b>82</b>	<b>82</b>	<b>0%</b>



## Positive working capital development

- Inventories increased by DKK 117m due to seasonality and temporary higher inventories
- Focus on finding the right long-term level for the inventories
- Receivables fell DKK26m due to new agreement on faster credit card settlements
- Trade payables improved by DKK 148m
  - Higher inventories
  - Improved payment terms
  - Shift in payments
- Other payables down DKK 18m



DKK millions	2013/14 Q1	2013/14 Q2	2013/14 Q3	2013/14 Q4	2014/15 Q1
Change in inventories	-68.3	6.0	43.9	56.3	-116.7
Change in receivables	-3.7	7.9	-44.7	75.5	26.0
Change in trade and other payables	-4.8	-48.3	47.1	5.4	129.8
- trade payables	-0.6	-23.7	-100.4	117.9	148.2
- other payables	-4.2	-24.6	147.5	-112.5	-18.4
<b>Total change in net working capital</b>	<b>-76.8</b>	<b>-34.4</b>	<b>46.3</b>	<b>137.2</b>	<b>39.1</b>

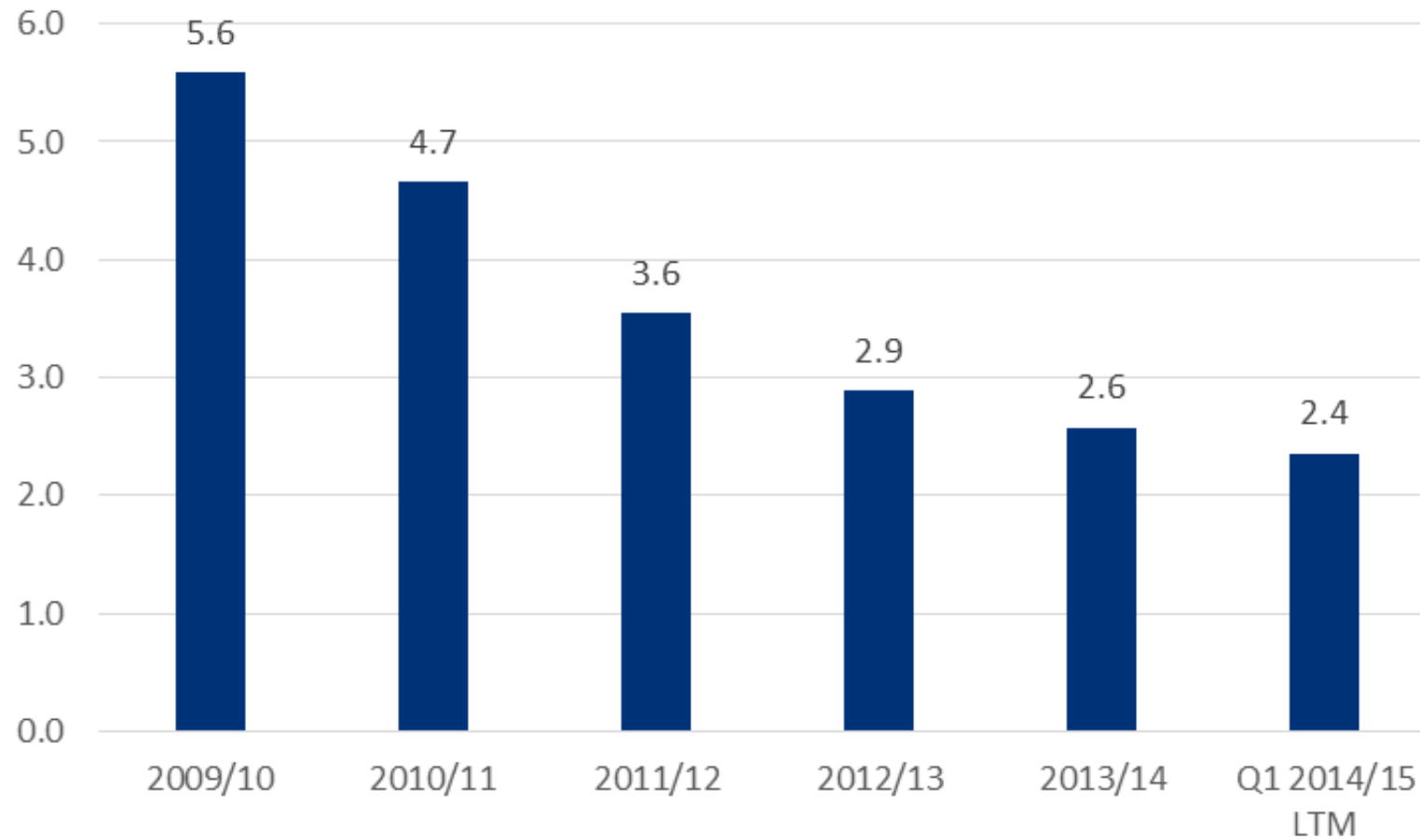
## Q1 2014/15 Cash Flow Development

- Cash flow from operations increased to DKK 184m in Q1 compared to DKK 46m in Q1 2013/14
- Free cash flow in Q1 of DKK 156m compared to DKK 3m last year

(DKK million)	2014/15 Q1	2013/14 Full year	2013/14 Q4	2013/14 Q3	2013/14 Q2	2013/14 Q1
<b>Cash generated from operations</b>	<b>184</b>	<b>674</b>	<b>259</b>	<b>273</b>	<b>96</b>	<b>46</b>
Paid interest and taxes	-12	-324	-68	-229	-12	-15
<b>Cash flow from operating activities</b>	<b>172</b>	<b>350</b>	<b>192</b>	<b>44</b>	<b>85</b>	<b>30</b>
Acquisition of property, plant and equipment	-12	-62	-15	-18	-14	-16
Acquisition of subsidiaries and activities	-4	-114	-31	-72	0	-11
<b>Free cash flow</b>	<b>156</b>	<b>174</b>	<b>146</b>	<b>-47</b>	<b>71</b>	<b>3</b>
Cash flow from financing activities	0	-570	-308	106	-40	-329
Net cash flow from operating, inv. and fin. ac	156	-397	-161	59	31	-325

## Net interest bearing debt

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## Unchanged 2014/15 Guidance

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	Guidance 2014/15	Realised 2013/14
<b>Revenue</b>		
Reported revenue	approx. DKK 3.5bn	DKK 3,345m
Like-for-like growth assumption	2-3%	3.4%
<b>Earnings</b>		
EBITA margin	In-line with the 2013/14 EBITA margin of 17.1%	17.1%