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# FY/Q4 2019/20

## Financial Results

Düsseldorf, 28 January 2021

DOUGLAS

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# TODAY'S SPEAKERS



**Tina Müller**  
Group CEO



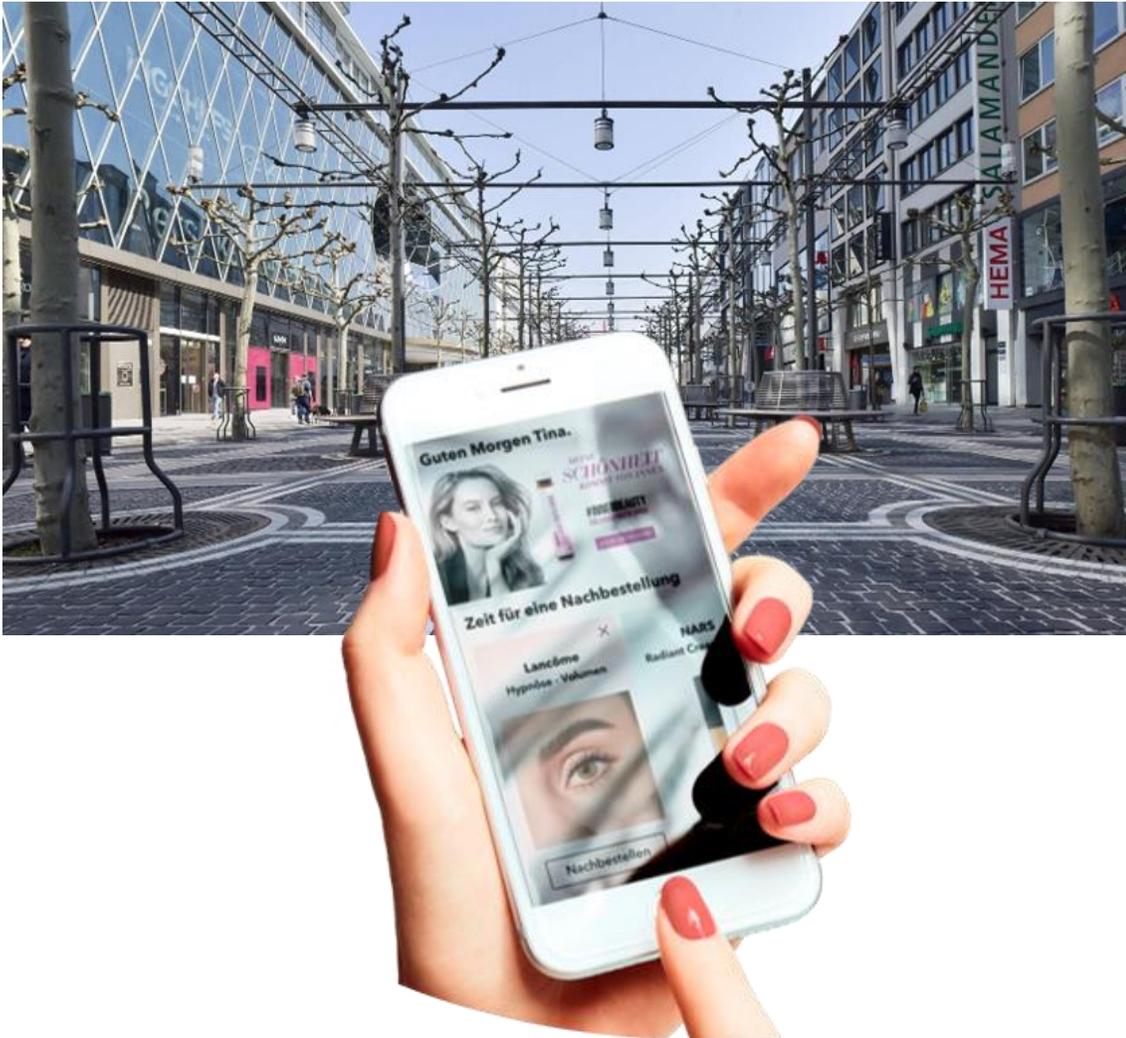
**Matthias Born**  
Group CFO



**Michael Keppel**  
Group CRO

# DOUGLAS SUCCESSFULLY NAVIGATES THROUGH THE CRISIS

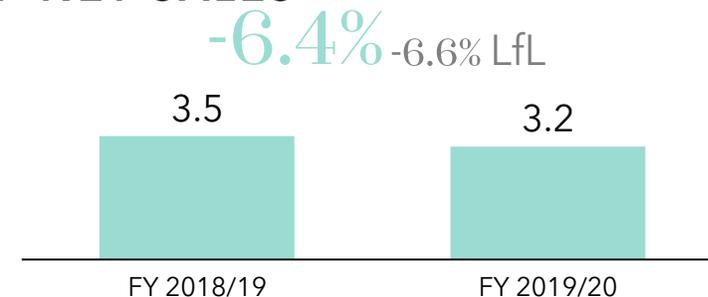
## RECORD GROWTH IN E-COMMERCE SALES



- › Record growth in E-Commerce keeps total sales almost stable
- › Q4 performance after reopening of stores broadly flat on prior year despite Covid-19 impact
- › Douglas continued to gain market share throughout the crisis
- › E-Commerce key driver with €1bn net sales LTM Dec 20
- › Store optimisation programme and #ForwardOrganisation being launched as part of #FORWARDBEAUTY.DIGITALFIRST strategy
- › Robust liquidity ensured by effective countermeasures

### GROUP NET SALES

(bn€)



# SWIFT ACTIONS HAVE BEEN TAKEN TO PRESERVE THE STRENGTH OF THE BUSINESS

## Business continuity ensured

- ✓ Implementation of Health & Safety measures
- ✓ E-Commerce capabilities significantly expanded, enlargement of E-Com fulfillment and warehouse capacities
- ✓ E-Commerce push ongoing
- ✓ Order balancing between channels
- ✓ Store-to-Customer delivery in Germany

Inflows Maximized

## Liquidity safeguarded

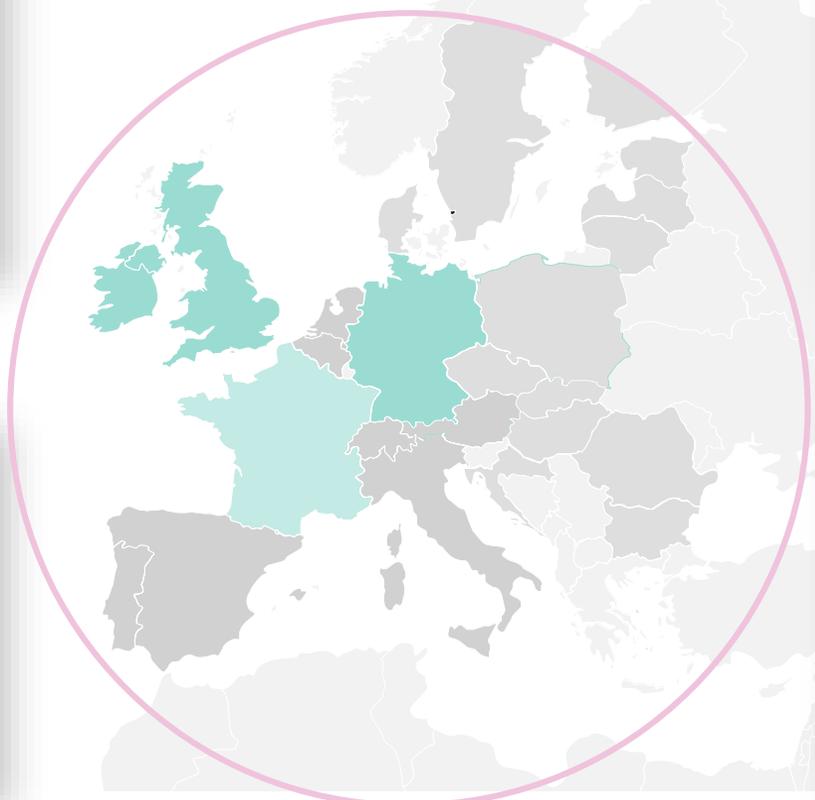
- ✓ Tight cost and cash management and reporting
- ✓ Rent negotiations and use of specific pandemic legislation permit rent payment withholding where applicable
- ✓ Personnel expenses managed in line with local regulations (e.g. short time work)
- ✓ Agreements with suppliers to extend payment terms and manage returns
- ✓ RCF drawn and now increased by €75m to further enhance liquidity position

Outflows Minimized

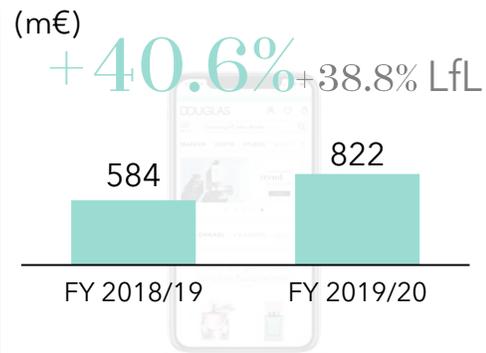
# OVER 40% E-COMMERCE GROWTH

## MITIGATED COVID-19 IMPACT ACROSS REGIONS

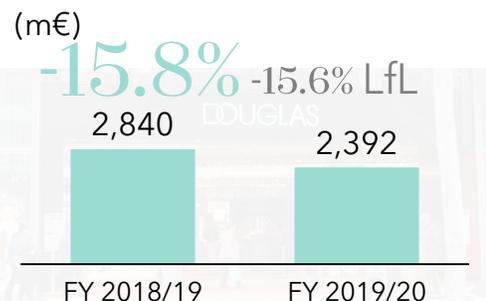
€3.2bn-6.4%  
Net Sales -6.6% LfL



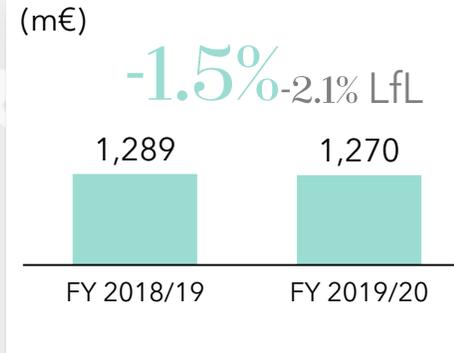
### GROUP (ONLINE)



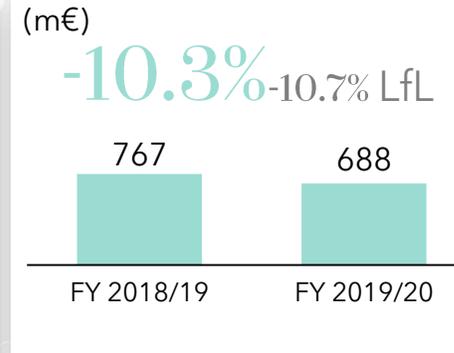
### GROUP (STORES)



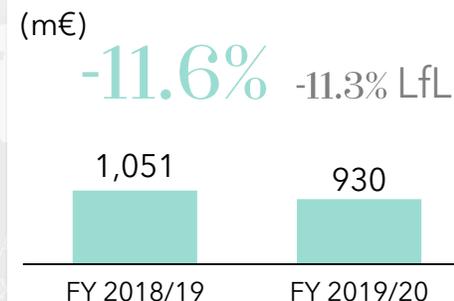
### GERMANY



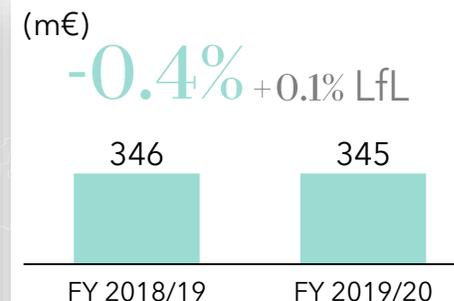
### FRANCE



### SOUTH-WESTERN EUROPE



### EASTERN EUROPE

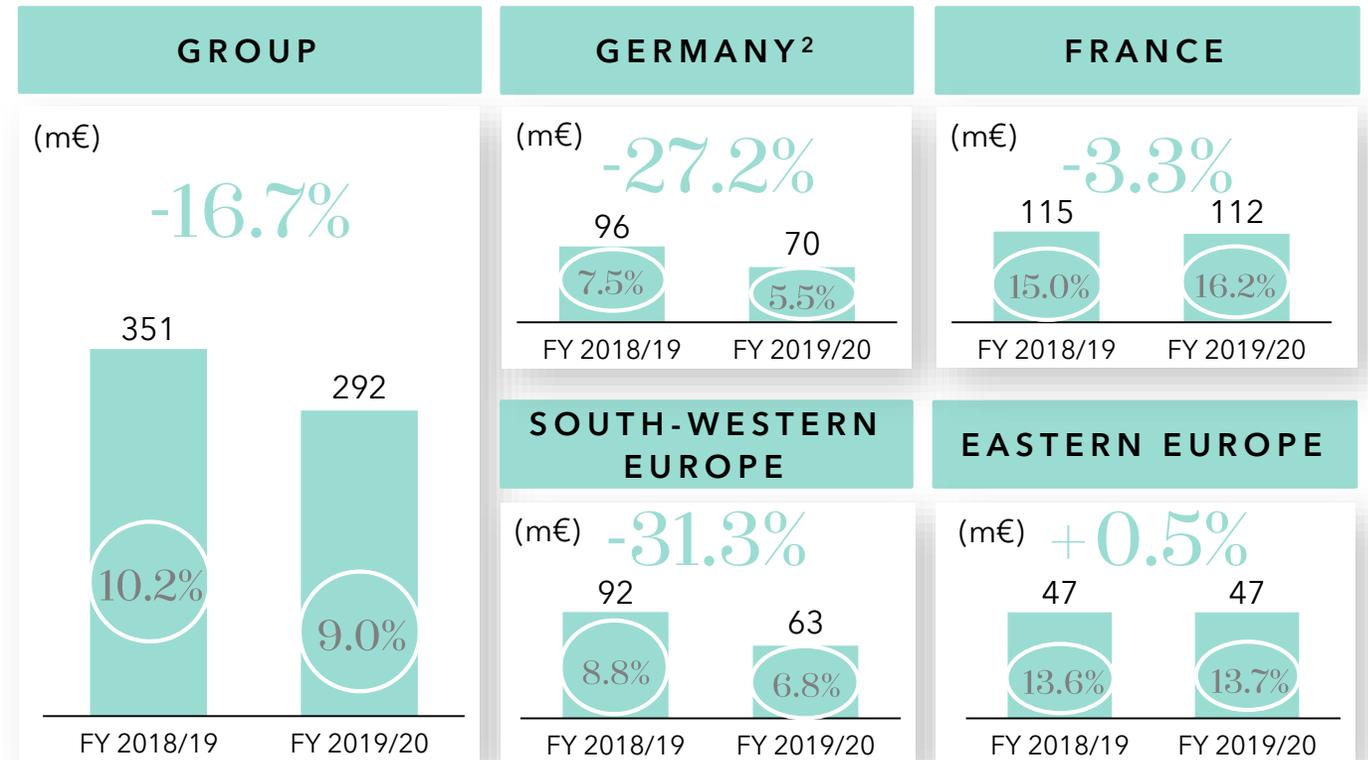


# ADJUSTED EBITDA DEVELOPMENT BY SEGMENT

## FY 2019/20

- › EBITDA figures stated pre IFRS16
- › €221m decrease in FY Net Sales translated into a decrease of only €59m Adjusted EBITDA thanks to effective countermeasures
- › Substantial loss of contribution in stores was partially mitigated by E-Com topline contribution, countermeasures and strict cost discipline
- › **Germany:** higher promotions post lockdown, valuation effects and channel shift towards online
- › **France:** improved margins due to reduced promotional pressure
- › **SWE:** most severely hit by Covid-19 crisis and store closures leading to most significant EBITDA and margin pressure
- › **Eastern Europe:** high resilience combined with sustained high margin; region remains strongly profitable

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



○ Adjusted EBITDA Margin

Note: For details on IFRS16 effects and disclosures please refer to the FY2019/20 Interim Financial Report

<sup>1</sup> For details on EBITDA Adjustments see page 39

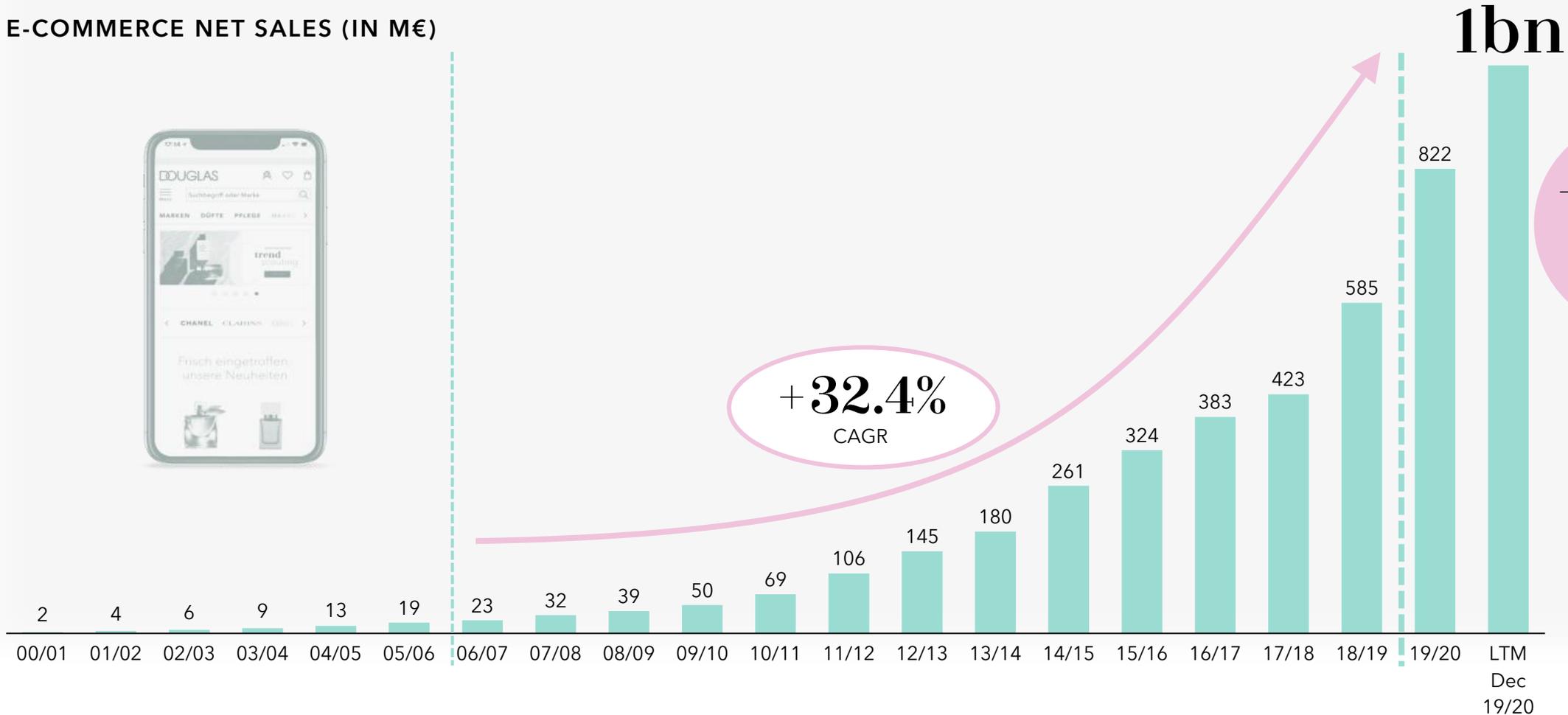
<sup>2</sup> Incl. central functions and consolidation effects

# LONG-TERM E-COMMERCE GROWTH

## E-COM SALES DOUBLED IN THE LAST TWO YEARS

E-COMMERCE GROWTH FURTHER ACCELERATES, WITH NET SALES REACHING €1BN

E-COMMERCE NET SALES (IN M€)



**+59.4%**  
LTM Dec 19/20  
vs.  
LTM Dec 18/19

**+32.4%**  
CAGR

# E-COMMERCE: STRONG DEVELOPMENT OF KPIS

## NO.1 EUROPEAN BEAUTY E-COMMERCE PLAYER

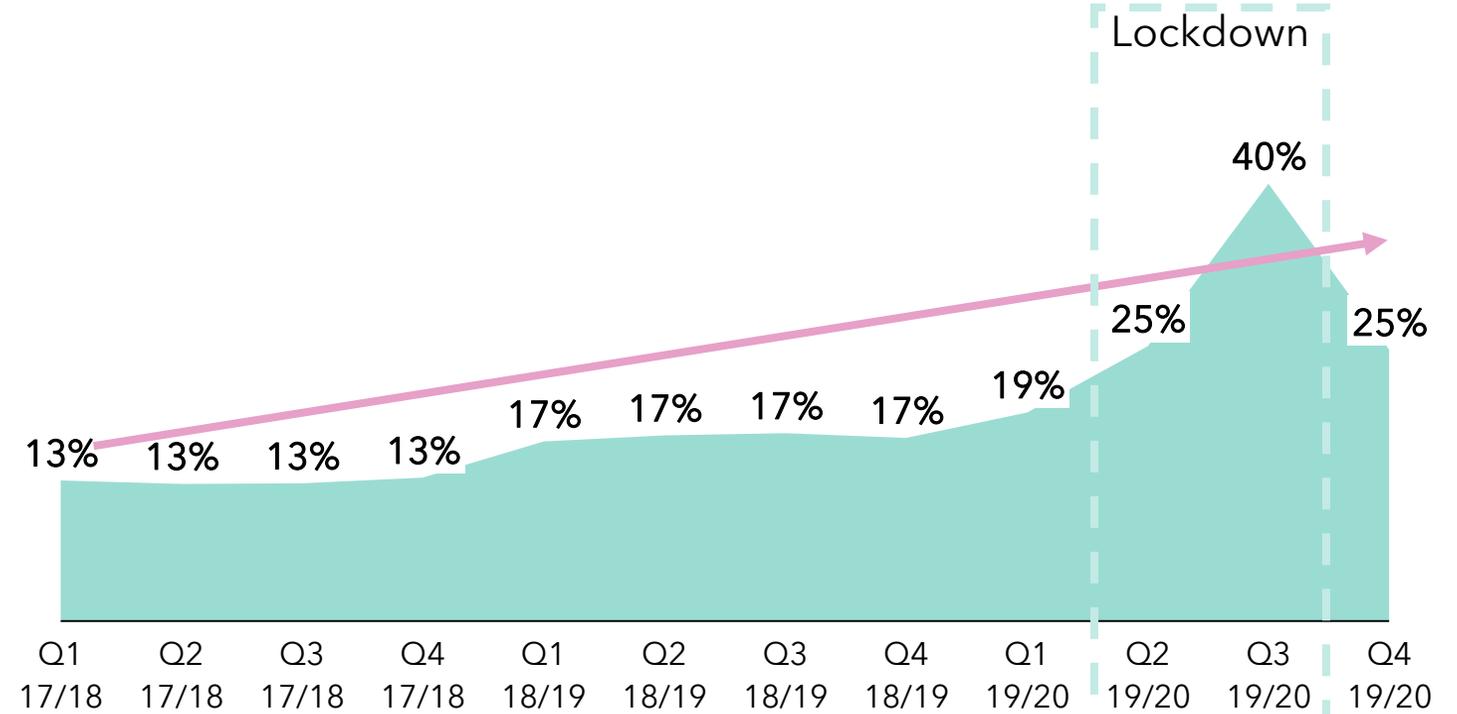
	ONLINE NET SALES	ONLINE REVENUE SHARE <sup>(1)</sup>
GROUP FY19/20AC	 €822m +40.6%	 25.4% (Germany: 39.9%)
	TOTAL VISITS	ACTIVE CUSTOMERS
GERMANY <sup>(2)</sup> FY19/20AC	 474m +39.0%	 10m +41.0%
	CONVERSION RATE	AVERAGE BASKET (INCL. VAT)
	 3.6% (0.2)%pts	 €67 +3.9%
	MOBILE REVENUE SHARE	APP REVENUE SHARE
	 64.1% +1.9%pts	 23.7% +3.9%pts

(1) Excludes Central Functions. (2) BC customers DE excl. PD and NB, incl. VAT for FY19/20AC.

# E-COM SHARE OF SALES DOUBLED OVER PAST 2 YEARS

- › Continuing strong growth rates in recent quarters
- › Strongest share of sales during 1<sup>st</sup> lockdown in spring
- › Lasting high share of sales after reopening of stores in Q4
- › Persistent change in consumer behavior leading to continuously accelerating E-Com sales shares
- › Germany: E-Com share of 40% in FY 19/20

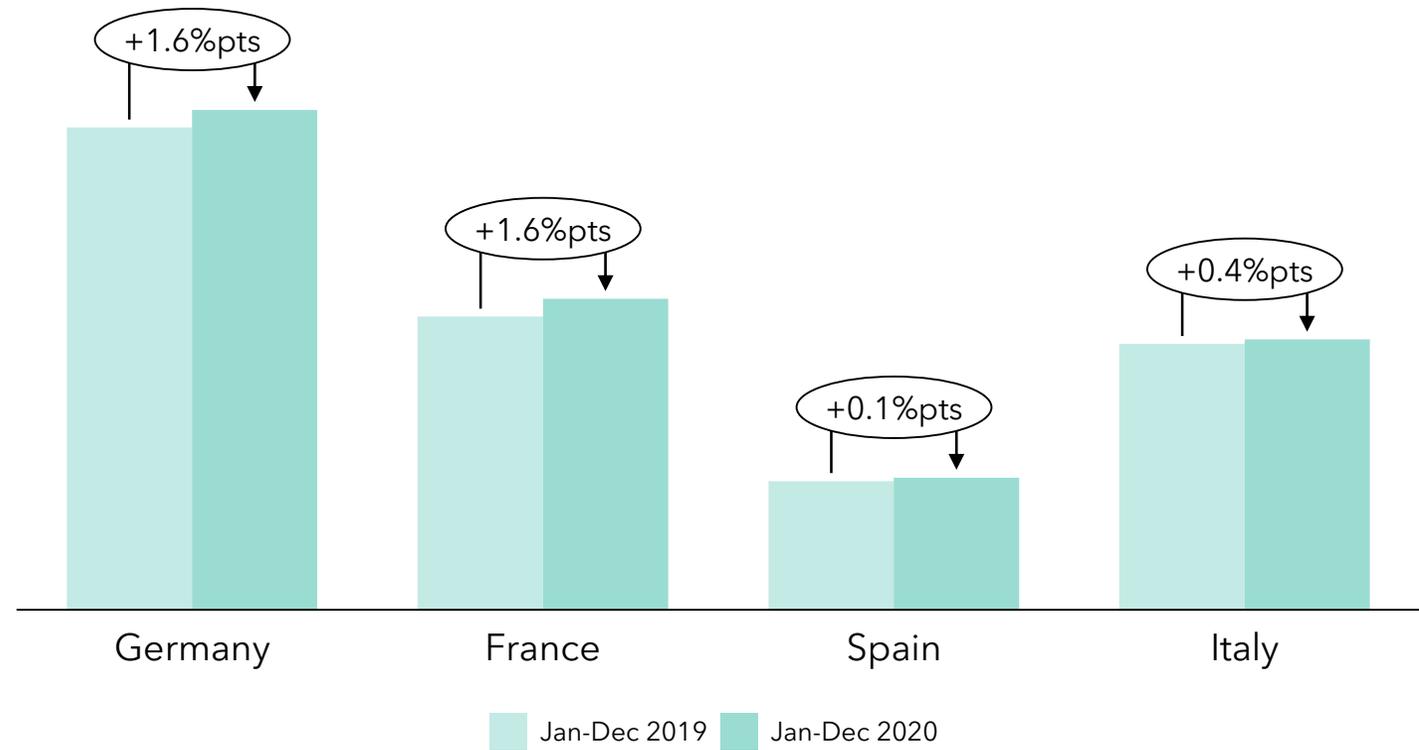
E-COMMERCE SHARE OF SALES (GROUP)



# DOUGLAS KEEPS ON EXPANDING ITS MARKET SHARE

- › Douglas outperforms previous year's market shares across core countries in both channels, i.e. in stores and online
- › E-Commerce: Key growth driver during COVID-19
- › Even post lockdown, online business growth acceleration continues vs. prior quarters

DOUGLAS MARKET SHARE ACROSS CORE COUNTRIES (STORES + ONLINE)



Source: NPD Germany, France, Spain, Italy EPOS Beauty data

# E-COMMERCE HIGHLIGHTS OF FY 2019/20

## MARKETPLACE AS GROWTH DRIVER



>62k SKUs



90 partners

Marketplace already online in



Germany



Austria



France

Launches

Go-Live in PL in Q2/20

Further rollout in Europe

## CRM PROGRAM

Personalised communication based on customer profile:

- › 44m cardholders by end of FY2019/20
- › 4bn personalised communications in FY2019/20
- › +57% new online customers vs. PY

## ENLARGEMENT OF FULFILMENT CAPACITIES

- › >15m orders shipped<sup>1</sup> in Europe in 2020
- › Increase of 39% vs. PY
- › Launch of ship-from-store



## INTRODUCTION OF SOCIAL COMMERCE

- › Launch of “Douglas LIVE” shopping app
- › >75 Live streams during first lockdown
- › 33 live shows in Nov/Dec20





## SUMMARY

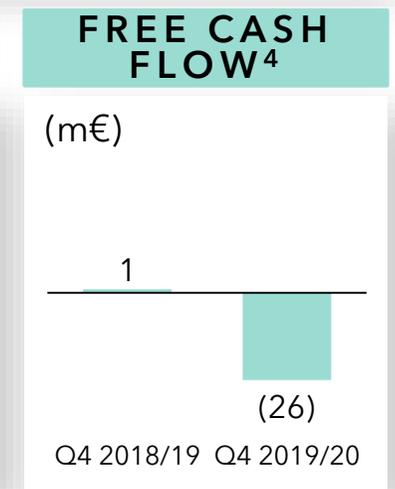
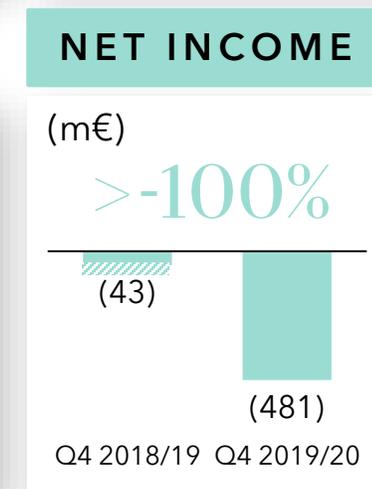
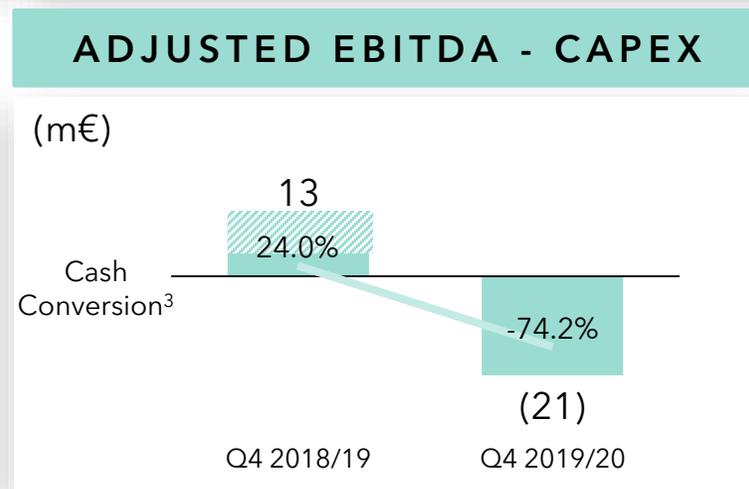
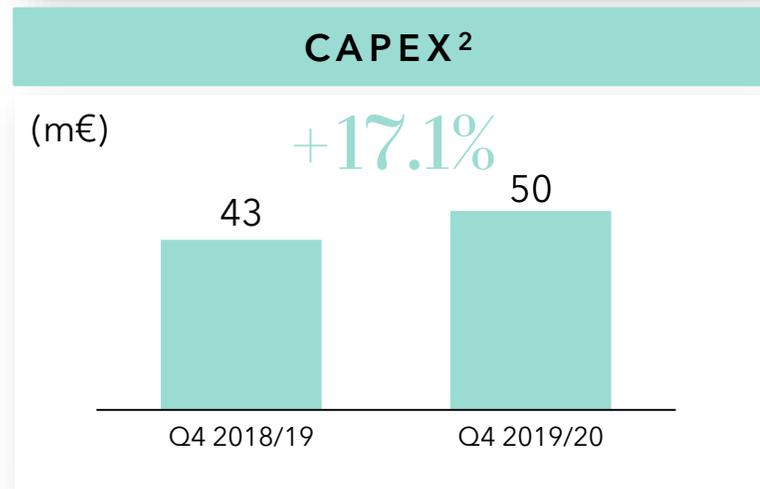
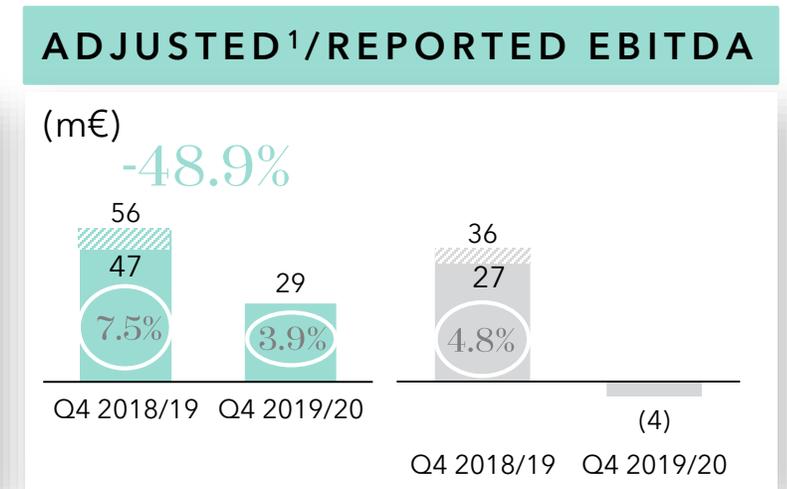
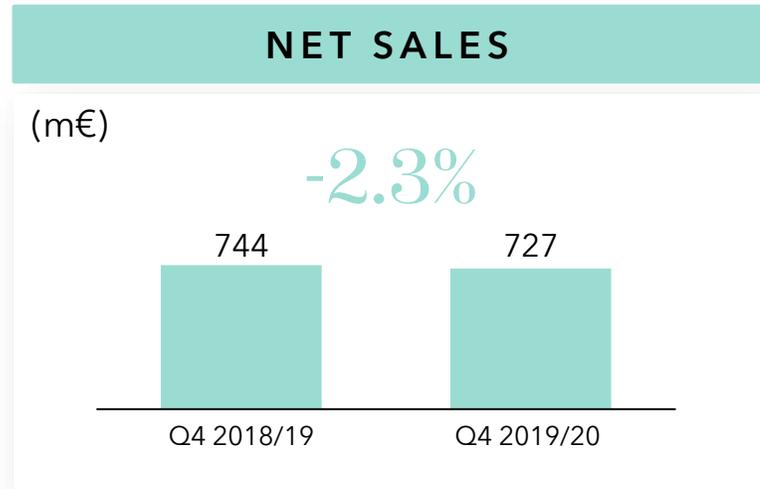
- ✓ Record growth in E-Commerce keeps total sales almost stable
- ✓ E-Commerce sales reached 1bn sales LTM Dec20
- ✓ Early and strategic focus on E-Commerce helped Douglas to safely navigate through the Covid-19-impacted fiscal year 2019/20
- ✓ Due to Douglas' high brand awareness, the strong E-com business and the company's initiatives, market share gains across core countries
- ✓ Shift to E-Commerce proves to be sustainable after re-opening of stores
- ✓ Post lockdown in Q4, stores came back to >90% of PY sales level
- ✓ EBITDA decline partially compensated by countermeasures
- ✓ Digitized business model well positioned for future profitable growth



*Closer Look:  
Q4 2019/20 Financials*

# Q4 2019/20 FINANCIALS: COVID-19 IMPACTED

STILL, LIKE-FOR-LIKE NET SALES VIRTUALLY ON PRIOR-YEAR LEVEL



○ Margins ■ Adjusted EBITDA ■ Reported EBITDA ▨ One-time accounting effect (timing accrual Germany) vs. PY

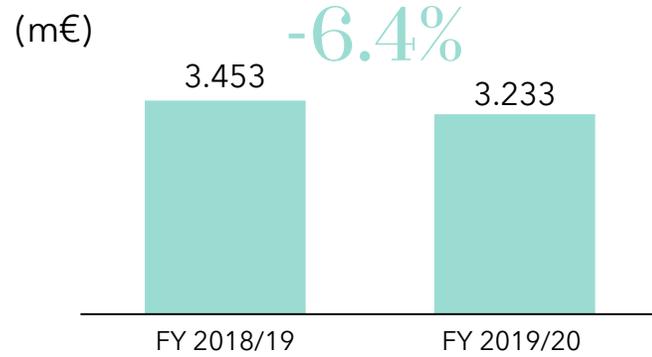
15 <sup>1</sup> For details on EBITDA Adjustments see page 39  
<sup>2</sup> Accounting Capex excl. M&A related Investments

<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

# FY 2019/20 KEY FINANCIALS AT A GLANCE

## FIXED COSTS AND CHANNEL SHIFT WEIGH ON EBITDA

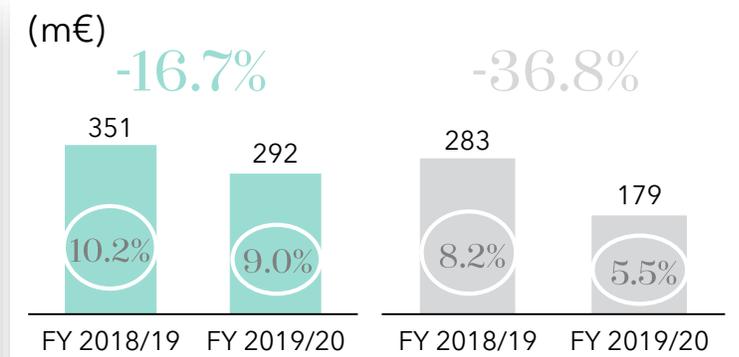
### NET SALES



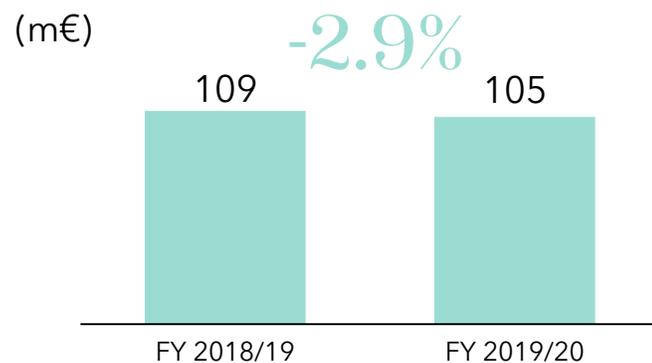
### LFL-GROWTH



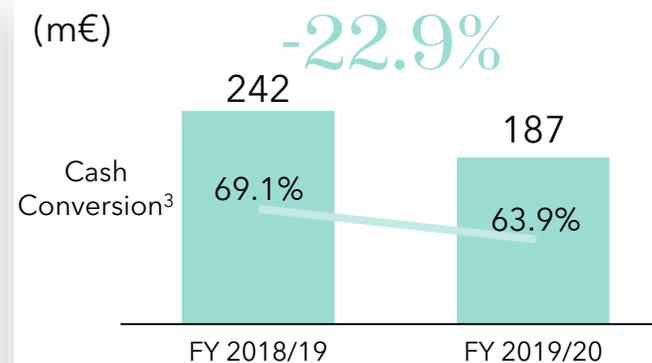
### ADJUSTED<sup>1</sup>/REPORTED EBITDA



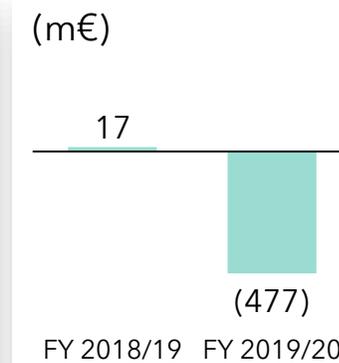
### CAPEX<sup>2</sup>



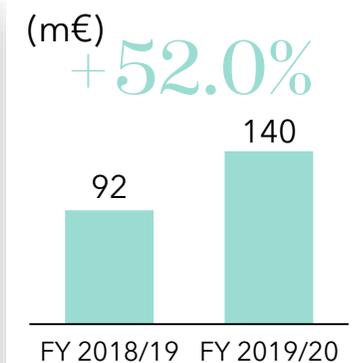
### ADJUSTED EBITDA - CAPEX



### NET INCOME



### FREE CASH FLOW<sup>4</sup>



○ Margins ■ Adjusted EBITDA ■ Reported EBITDA

16 <sup>1</sup> For details on EBITDA Adjustments see page 39  
<sup>2</sup> Accounting Capex excl. M&A related Investments

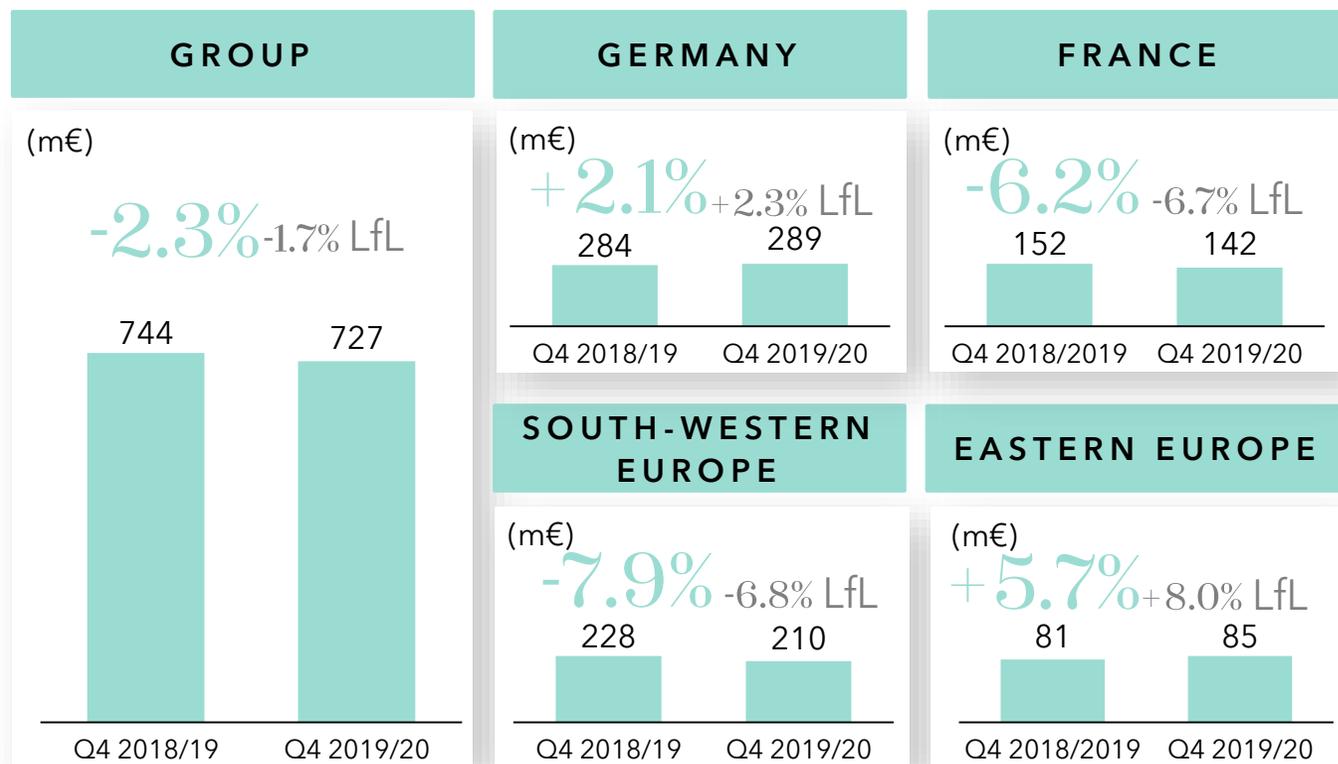
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<sup>4</sup> Defined as Total of Net Cash Flow from Operating Activities and Net Cash Flow from Investing Activities

# NET SALES DEVELOPMENT BY SEGMENT

## Q4 2019/20

- › COVID-19 impact on store business nearly fully compensated by strong E-Commerce business
- › Significantly lower footfall due to COVID-19 nearly compensated by higher basket and conversion rates
- › Life-for-like net sales nearly on prior-year level:
  - › **Germany:** increase in online sales more than offset the decrease in store sales
  - › **France:** online sales could not compensate impact of lower footfall in stores
  - › **SWE:** record growth in E-Com, but store sales lower than rest of Europe due to more severe economic impact of the pandemic
  - › **Eastern Europe:** both channels increasing, sustained growth story

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

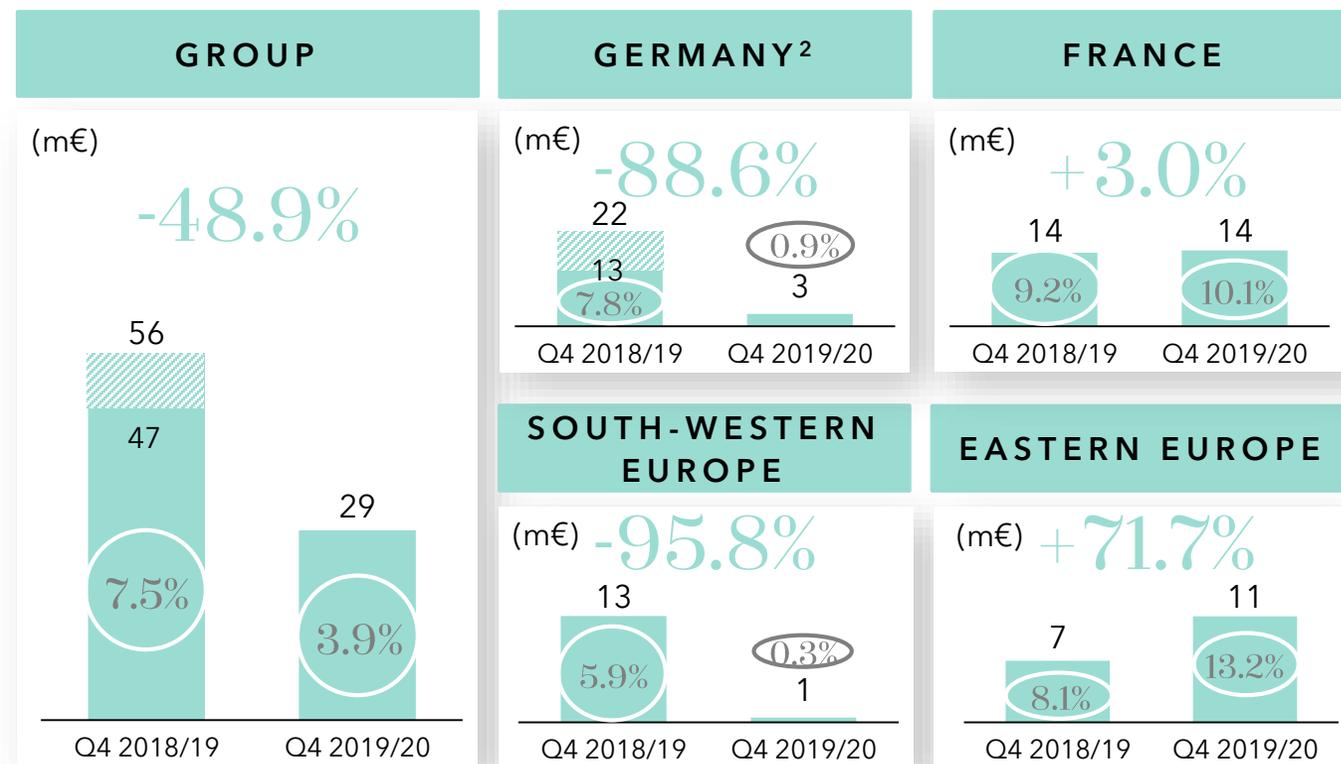


# ADJUSTED EBITDA DEVELOPMENT BY SEGMENT

Q4 2019/20

- › EBITDA figures stated pre IFRS16
- › Loss of contribution in stores was partially mitigated by E-Com topline contribution, countermeasures and tight cost discipline
- › **Germany:** decrease driven by channel shift effect and change in accounting treatment of timing accruals
- › **France:** gross margin better than PY, impacted by higher supplier bonuses due to reaching specific thresholds
- › **SWE:** strongest decrease in footfall and store sales leading to strong decrease in contribution, high promotional activities, PY supported by release of inventory provision
- › **Eastern Europe:** Development according to sales trend, supported by reversal of previous year's provisions

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



○ Adjusted EBITDA Margin    ▨ One-time accounting effect (timing accrual Germany) vs. PY

18 Note: For details on IFRS16 effects and disclosures please refer to the FY2019/20 Interim Financial Report

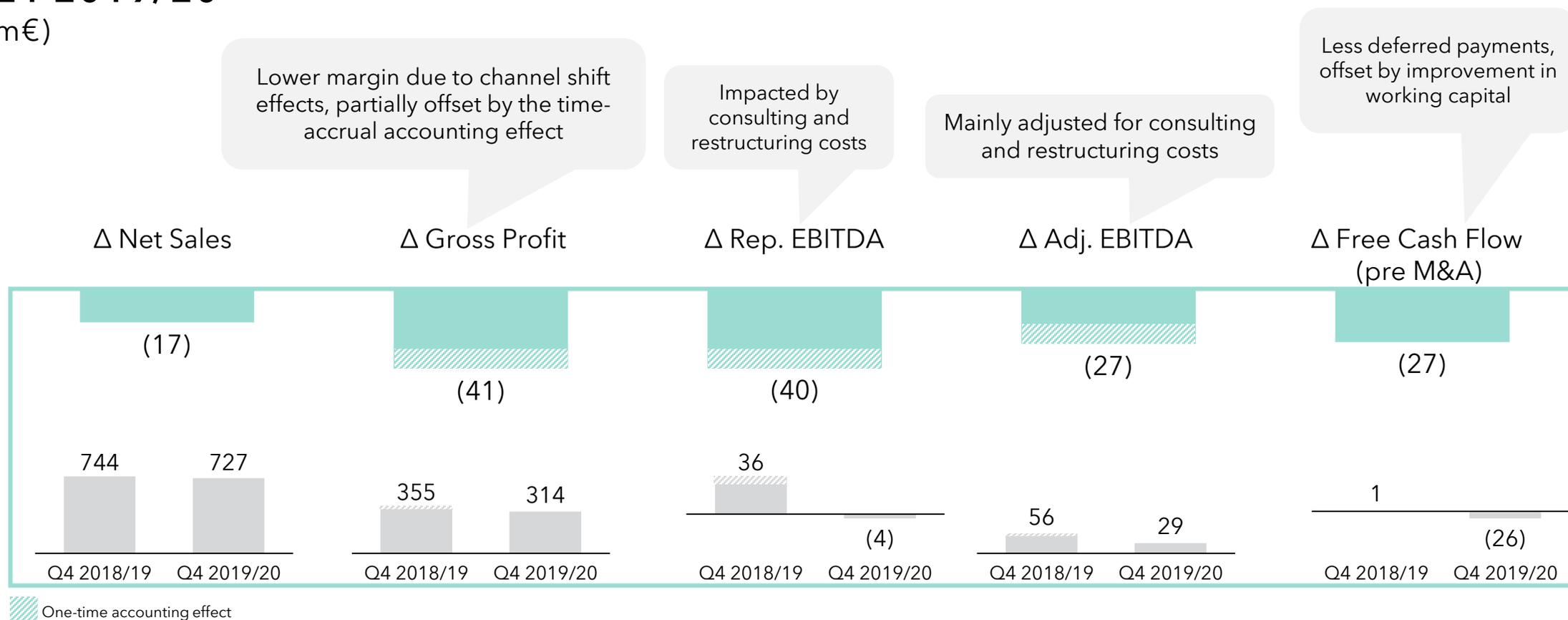
<sup>1</sup> For details on EBITDA Adjustments see page 39

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

# GROSS PROFIT DECLINE PARTIALLY MITIGATED

## Q4 2019/20

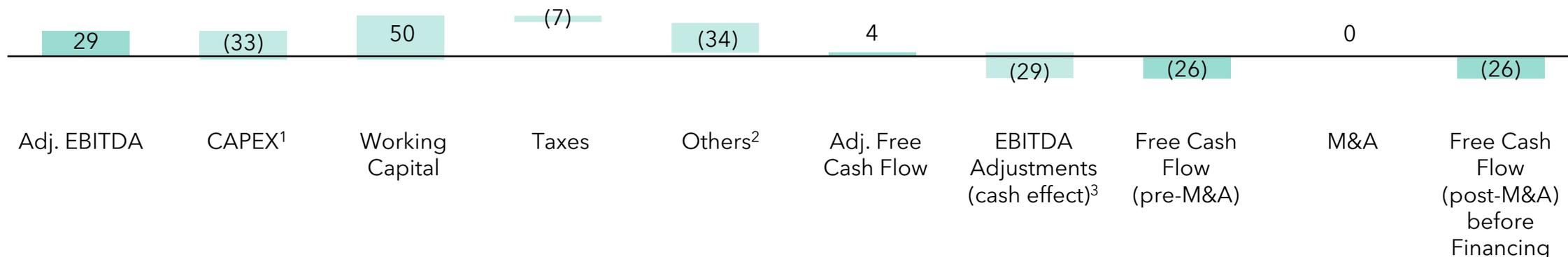
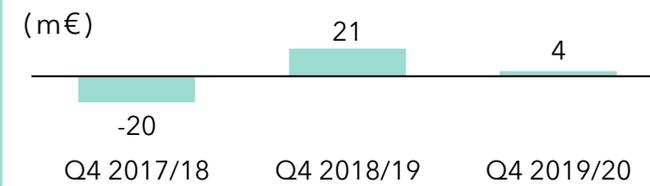
(m€)



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

## FREE CASH FLOW BRIDGE Q4 2019/20 (m€)

### ADJUSTED FCF DEVELOPMENT (m€)



### Q4 2018/19:

56	(32)	(11)	(18)	21	21	(20)	1	(3)	(2)
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<sup>1</sup> Excl. M&A-related investments

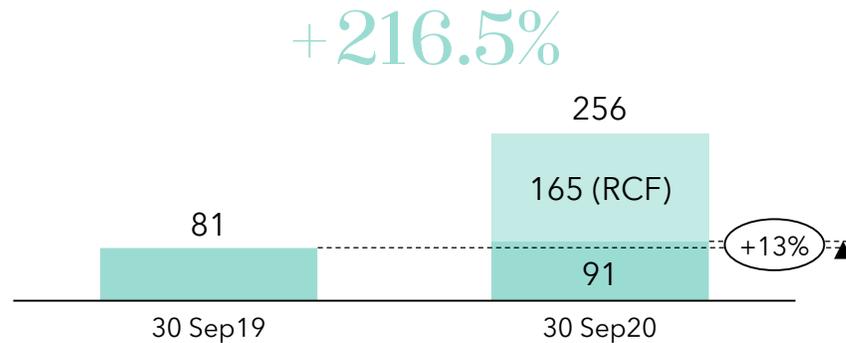
<sup>2</sup> Change in Other Assets, Liabilities and Accruals

<sup>3</sup> For details on EBITDA adjustments see page 39

# LIQUIDITY MAXIMIZED THROUGH COUNTERMEASURES

## CASH BALANCE

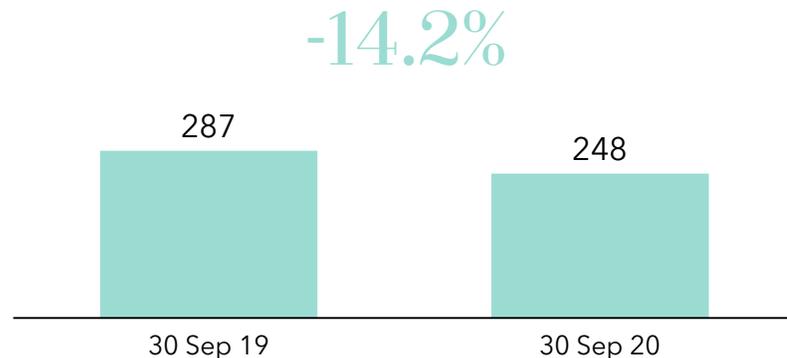
(m€)



- › Effect from lower gross profit, overcompensated by
  - › Savings in personnel expenses (incl. government subsidies) and shift of social securities payments/taxes
  - › Waived/reduced/shifted rent payments
  - › Capex reduction
  - › Longer payment terms negotiated
  - › Shifted and lower tax payments
- › €165m of RCF drawn
- › Cash balance excl. RCF €91m

## NET WORKING CAPITAL

(m€)



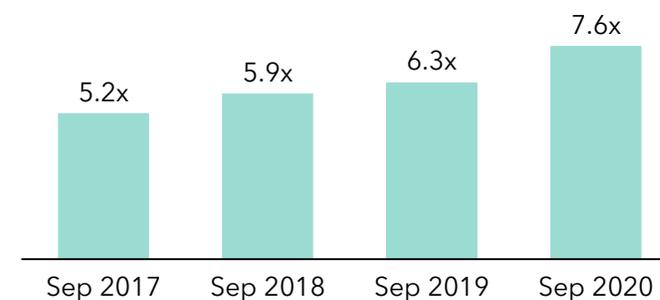
- › Despite COVID-19, inventory managed efficiently through:
  - › Reduction and cancellation of incoming orders
  - › Shift of store inventory to E-Commerce
  - › Return of goods from stores to suppliers
- › Higher payables due to longer payment terms
- › Receivables slightly below PY; other payables slightly above PY

# EVOLUTION OF CAPITAL STRUCTURE AND KEY LEVERAGE METRICS

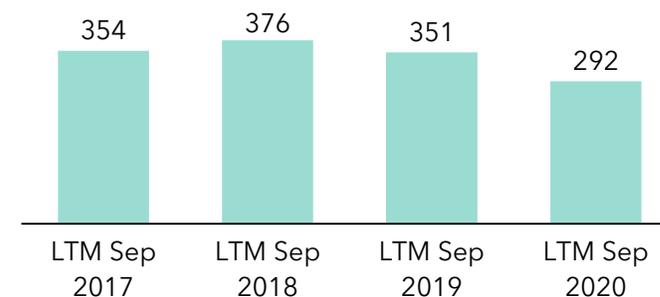
## CAPITAL STRUCTURE

30 September 2020	m€	x Adj. EBITDA	Maturity	Pricing
Cash and Equivalents	256			
RCF (€200m Volume) <sup>4</sup>	165		Feb 22	E+3.75% (0% floor)
Term Loan B (B2/CCC+)	1,370		Aug 22	E+3.50% (0% floor)
New Term Loan B <sup>1</sup> (B2/CCC+)	300		Aug 22	E+3.25% (0% floor)
Senior Secured Notes (B2/CCC+)	300		Jul 22	6.25%
<b>Net Senior Debt<sup>2</sup></b>	<b>1,879</b>	<b>6.4x</b>		
Senior Notes (Caa2/CCC-)	335		Jul 23	8.75%
<b>Net Debt (Corp: B3/CCC+)</b>	<b>2,214</b>	<b>7.6x</b>		

## TOTAL NET LEVERAGE



## ADJUSTED EBITDA<sup>3</sup> (m€)



22 Note: Ratings as of March 25, 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 39  
<sup>4</sup> additional bank commitment of €75m received in Jan21



## SUMMARY Q4 19/20

- ✓ Sustainable strong E-Commerce growth post lockdown, nearly fully compensated declining store sales
- ✓ Liquidity and business continuity secured
- ✓ Cost-optimization program continued

#ForwardBeauty.DigitalFirst

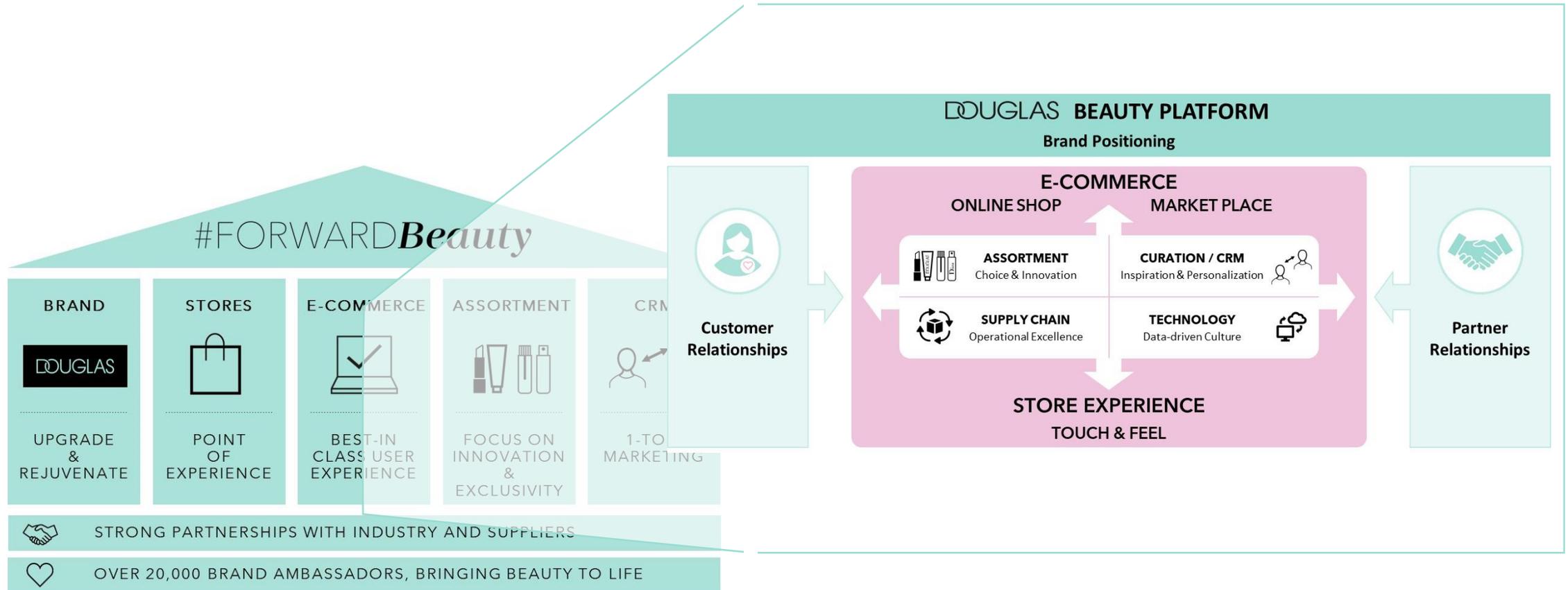
# #FORWARDBEAUTY.DIGITALFIRST ENABLES A HOLISTIC CUSTOMER JOURNEY

„Digital first“  
means to ...

- › **Invest**  
into the holistic digital customer journey
- › **Focus**  
on E-Commerce and marketplace
- › **Capitalize on datahub**  
to personalize customer journey and monetize supplier/partner relationship
- › **Integrate store business**  
into the beauty platform (click & collect, ship-from-store)
- › **Centralize digital processes and organization**

# #FORWARDBEAUTY.DIGITALFIRST

## DOUGLAS BEAUTY PLATFORM



# #FORWARDBEAUTY.DIGITALFIRST

## DOUGLAS BEAUTY PLATFORM

Brand Positioning



# 1 ASSORTMENT: CLEAR DIFFERENTIATION FROM COMPETITION WITH OVER 100,000 BEAUTY PRODUCTS

## FAST GROWING TREND BRANDS



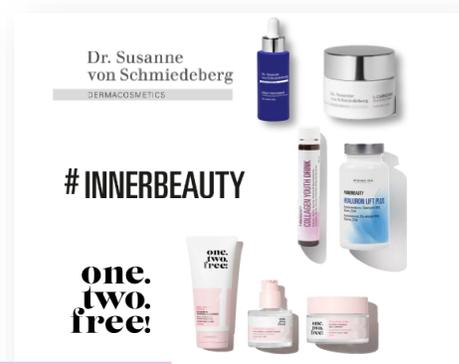
## EXCLUSIVE BRANDS



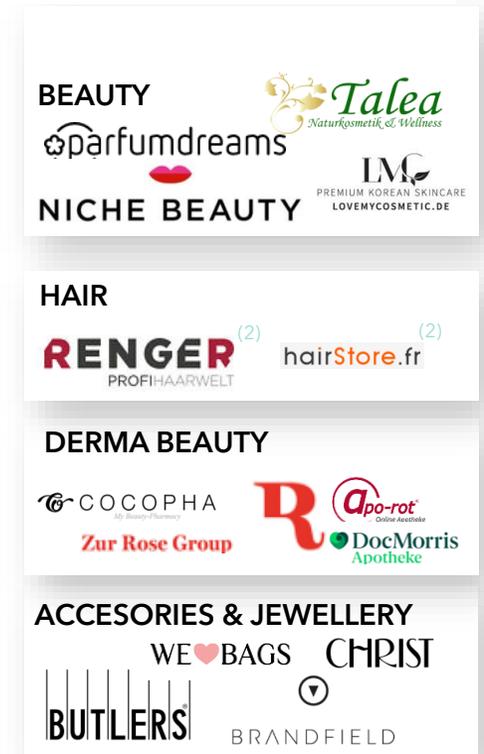
## DOUGLAS COLLECTION



## NEWLY CREATED OWN BRANDS



## MARKETPLACE(1)



Total number of SKUs(3)

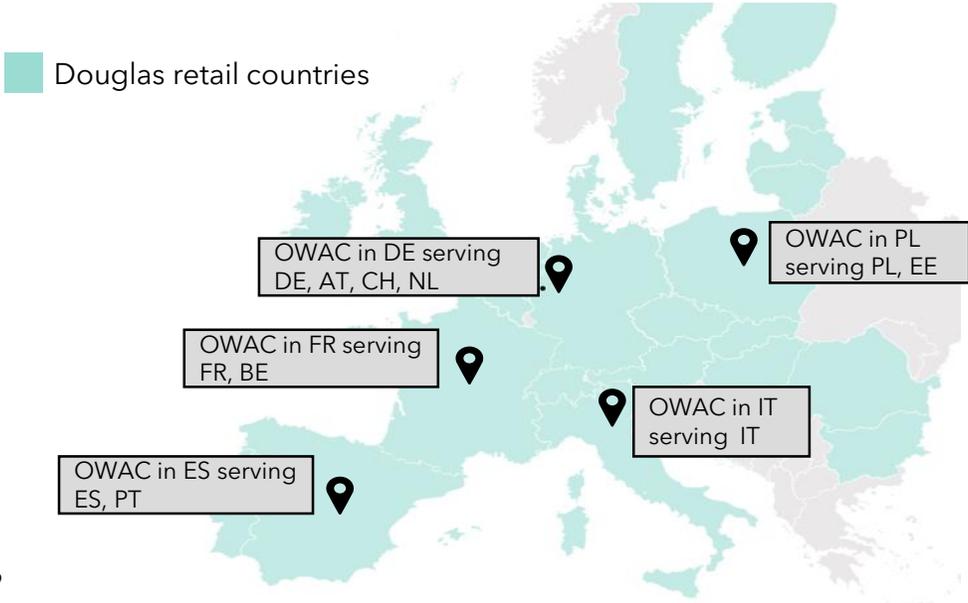


28 (1) 91 partners in Germany, marketplaces in Austria and France live, PL go-live in Jan21. (2) Go-live in Feb21. (3) For Douglas, incl. PD and NB as of Dec20. Source for SKUs: Dataweave and Product Feeds (for Douglas countries).

# 2 SUPPLY CHAIN TRANSFORMATION & DIGITIZATION

## Future Supply Chain Set up

- > One Warehouse, All Channels (OWAC)
- > 5 OWAC sites to enable E-Com growth and marketplace partner fulfillment with up to 150k SKU per site by Douglas replacing fragmented logistics network of >20 facilities
- > 3-year transformation roadmap in place, to serve region DE, AT, CH, NL go-live in 2022

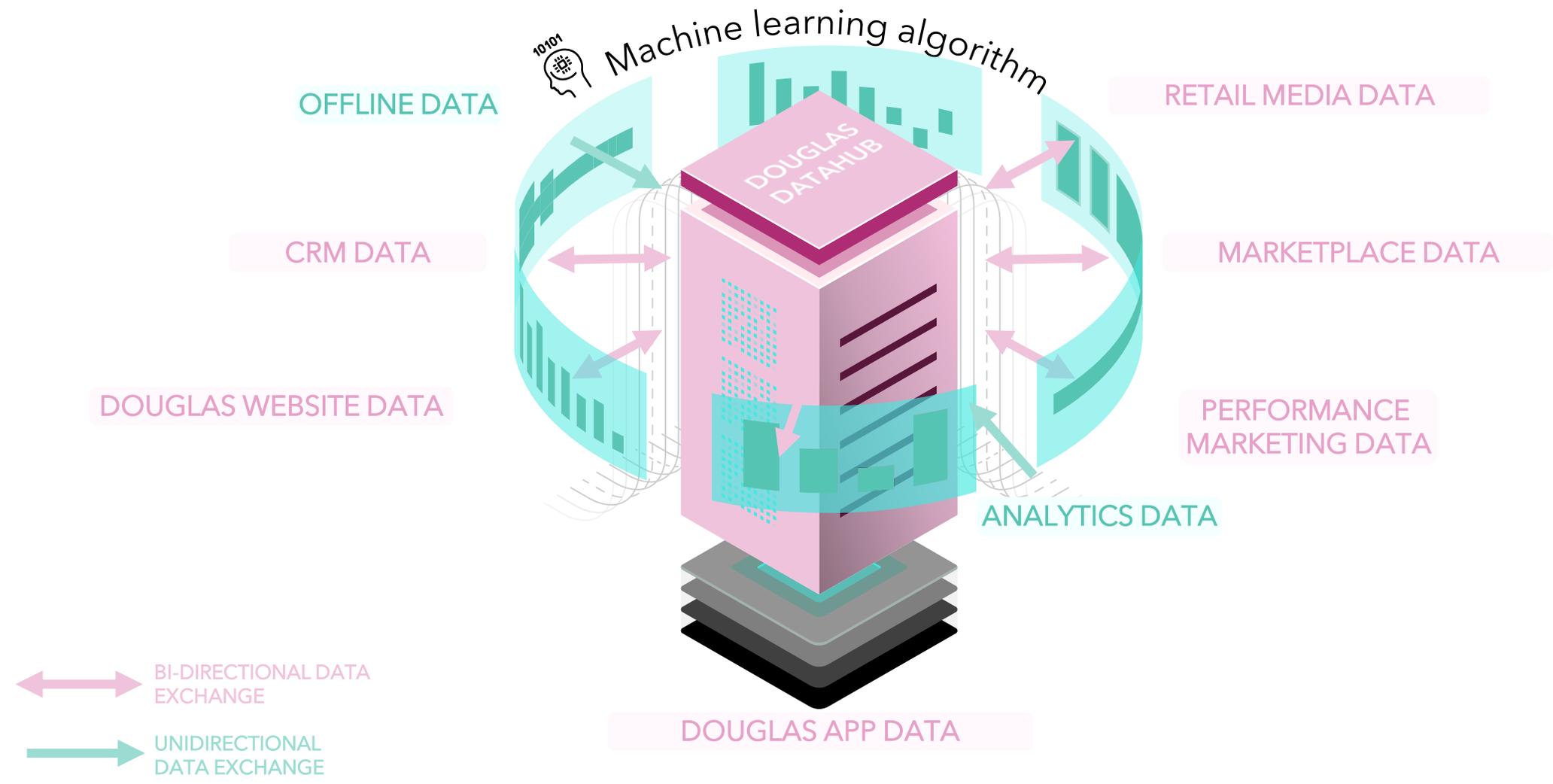


## Digital Supply Chain

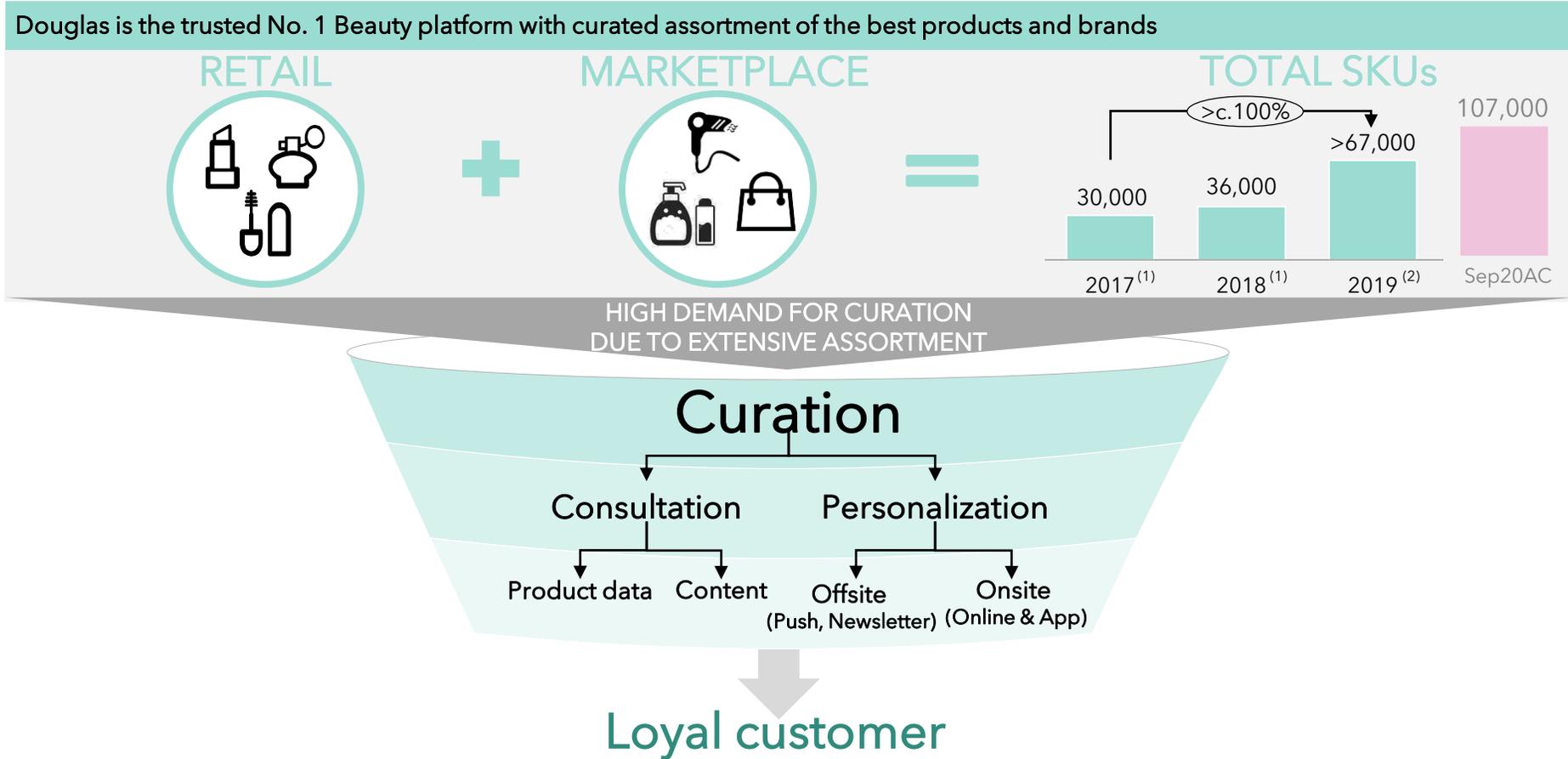
- > Artificial Intelligence based software with Machine Learning Algorithms from RELEX Solutions, replacing legacy Supply Chain systems
- > Comprehensive implementation approach for 5 essential Supply Chain disciplines
- > 3-year transformation roadmap in place  
Forecasting & Replenishment, go-live in December 2020

Digitization of ...	leads to ...
1 Initial Order Management	· better inventory allocation online and offline
2 Forecasting & Replenishment	· higher product availability, lower DIO
3 Promotion & Pricing	· more effective marketing campaigns and pricing
4 Shelf Space Management	· higher stock rotation in stores
5 Sales Force Management	· higher labor productivity in stores and logistic facilities

# 3 DOUGLAS DATA HUB IS THE CORE ELEMENT OF OUR DATA STRATEGY AND COLLECTS ALL KEY DATA SOURCES



# 4 DOUGLAS CURATION CAPABILITY AS A COMPETITIVE ADVANTAGE WITH PERSONALIZATION AS KEY ELEMENT



Source: OC&C analysis based on premium beauty segment across Douglas' core countries for market position (1) Approximate figures for DE. (2) Figures exemplary for DE of >55,000 (as of LTM Dec-2019) and marketplace (excl. PD) of >12,000 (as of Feb 2020). (3) Reflects average basket size of a Beauty Card member, based on DE excl. PD and NB in 2019, incl. VAT. (4) Based on DE excl. PD and NB in 2019.

# #FORWARDBEAUTY.DIGITALFIRST

## DOUGLAS BEAUTY PLATFORM

Brand Positioning



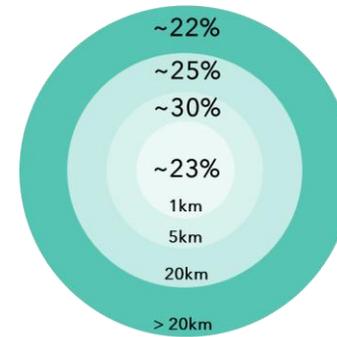
# LAUNCH OF STORE OPTIMIZATION PROGRAM

## IN LINE WITH #FORWARDBEAUTY.DIGITALFIRST

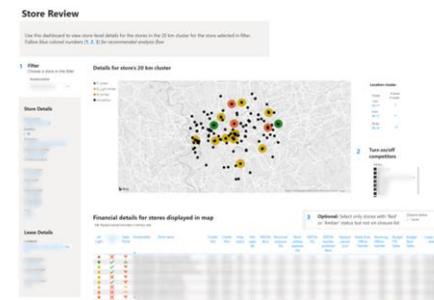
### WHY WE ADAPT THE STORE NETWORK

- Sustainable **shift** from offline to online
- **Change of customer behavior** in post-Covid new normal with reduced store traffic
- Re-balancing of **network density**
- Profitability uplift through **revenue transfer** in case of multiple stores in same catchment area
- **Premiumization** of store network
- Changed reality on **retail real estate** market with decreasing market rents in many locations

### STORE NETWORK ANALYSIS



High number of **stores within same catchment areas** drive potential to capture offline revenue transfer after store closures

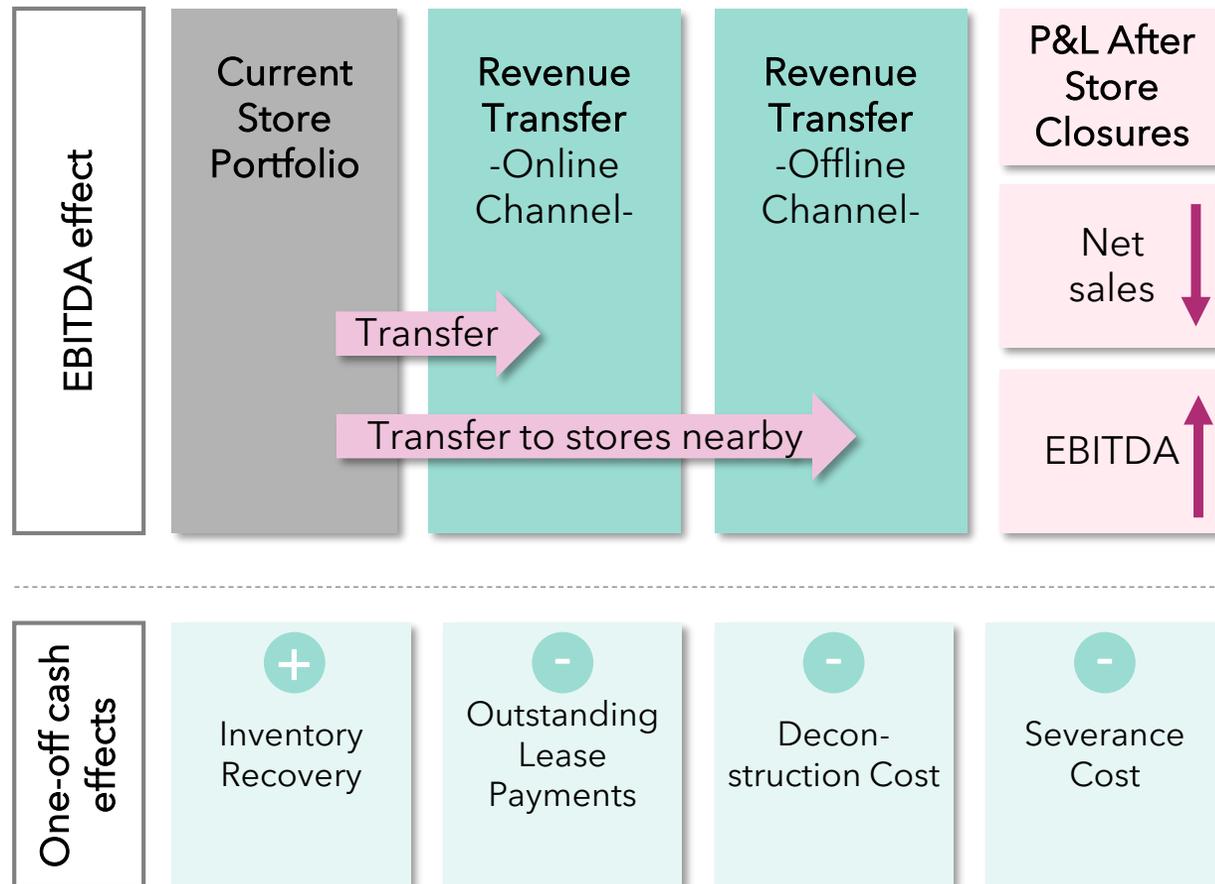


Detailed analysis of **individual catchment areas** (incl. competitive situation) as a basis for definition of optimized future store network

# OPTIMIZED STORE PORTFOLIO WILL INCREASE EBITDA

ILLUSTRATIVE

## Store Portfolio Optimization



- › Closure of stores with negative or low profitability
- › Revenue transfer to nearby stores or online channel
- › Limited cost build-up in receiving stores

Lower revenue but higher EBITDA in optimized portfolio

# STORE OPTIMIZATION PROGRAM AND #FORWARDORGANIZATION COMPLETION BY END OF FY21/22

	Main lever	EBITDA potential (€m)	One-offs cash (€m)	Comments	
1 SOP	Store portfolio optimization	€43m ~500 stores	Net cash effect: Σ €(39)m	<ul style="list-style-type: none"> <li>› Optimisation of store portfolio based on analysis of catchment areas</li> <li>› Selection of future store network based on performance, competitive situations and proximity to other stores</li> <li>› EBITDA improvement potential based on revenue transfer (offline and online) with only limited additional costs in remaining network</li> <li>› Net cash effect includes closure costs offset by inventory shift costs</li> </ul>	
	Store personnel	€35m <sup>(2)(3)</sup>		Severance cash effect of €(14)m	<ul style="list-style-type: none"> <li>› Efficiency improvement / reduced store staff in stores that remain open</li> <li>› Reduced staff requirements due to COVID-induced traffic reduction</li> </ul>
	Store rent reduction	€22m		-	<ul style="list-style-type: none"> <li>› Rent saving potential from re-negotiating with landlords of stores that will not be closed</li> <li>› Changes in retail real estate market situation accelerated due to COVID</li> </ul>
2	#Forward Organization	€18-20m	Severance cash effect of €(25)m	<ul style="list-style-type: none"> <li>› Savings from re-organization of Group functions and local head office organization</li> </ul>	
	Consulting/ Legal fees	-	€(15)m <sup>(4)</sup>		
	<b>Total</b>	<b>€118-120m</b>	<b>€(94)m<sup>(5)</sup></b>		



## SUMMARY

- ✓ Transformation to an integrated, digital beauty platform reflects the changes in consumer behavior
- ✓ Store closures are a consequence of the digital transformation
- ✓ Remaining stores become part of the integrated, digital beauty platform
- ✓ Positive effects on EBITDA enable us to further pursue our profitable growth strategy



Thank you.

DOUGLAS



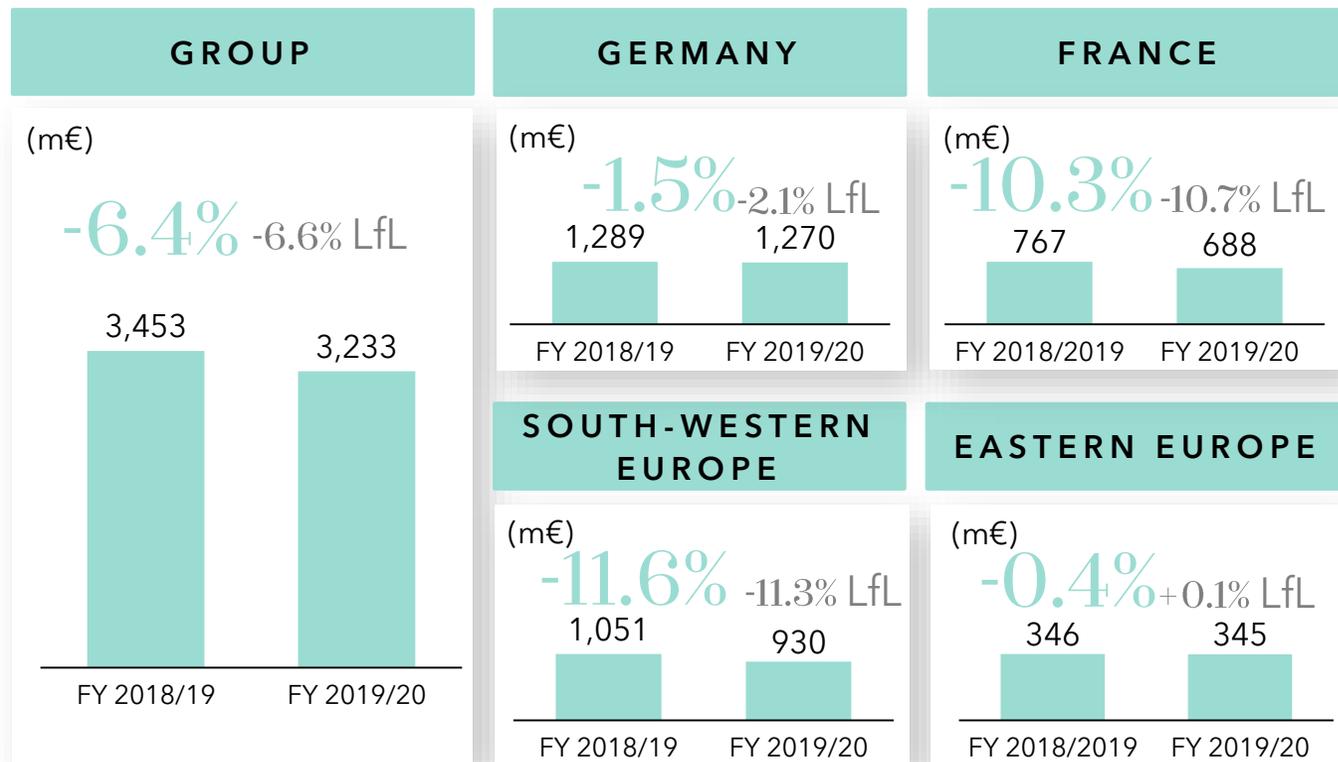
# *Appendix*

# NET SALES DEVELOPMENT BY SEGMENTS

FY 2019/20

- › Net Sales impacted by COVID-19 lockdown in all regions
- › Impact partially compensated by strong E-Commerce business
- › France and SWE most severely impacted due to lockdowns, starting from mid March onwards
- › Despite lockdown managed to gain market shares in core countries, Germany, France, Spain and Italy

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



# ADJUSTMENTS TO EBITDA

## Q4 & FY 2019/20

- › **Consulting fees:** Internal strategic projects (e.g. costs to be expected as part of cost-savings and store restructuring program going forward)
- › **PPA:** Acquisitions in Germany and SWE
- › **Credit card fees:** “Below EBITDA” reclassification to financial result in accordance with banking and bond agreements
- › **COVID-19:** In particular staff- and rent-related idle costs in connection with our closed/not fully opened stores
- › **Other:** Costs related to SOP, extraordinary income related to payment from former shareholder and reversal of provisions

## EBITDA ADJUSTMENTS

(m€)	Q4 2018/19	Q4 2019/20	FY 2018/19	FY 2019/20
Reported EBITDA <sup>1</sup>	36	(4)	283	179
Consulting fees	7	7	13	19
Restructuring costs	8	13	12	13
PPA	0	3	5	6
Credit card fees	3	3	15	15
Inventory write-downs	0	(3)	22	(3)
COVID-19	0	1	0	59
Other	1	8	2	1
Adjusted EBITDA <sup>1</sup>	56	29	351	292

# REPORTED EBITDA

## Q4 & FY 2019/20

### REPORTED EBITDA

(m€)	Q4 2018/19	Q4 2019/20	FY 2018/19	FY 2019/20
Germany <sup>1</sup>	18	(11)	58	21
France	12	11	109	96
South-Western Europe	0	(16)	71	18
Eastern Europe	6	11	45	43
Group <sup>2</sup>	36	(4)	283	179

# DEEP DIVE INTO LFL NET SALES GROWTH

## QUARTERLY DEVELOPMENT

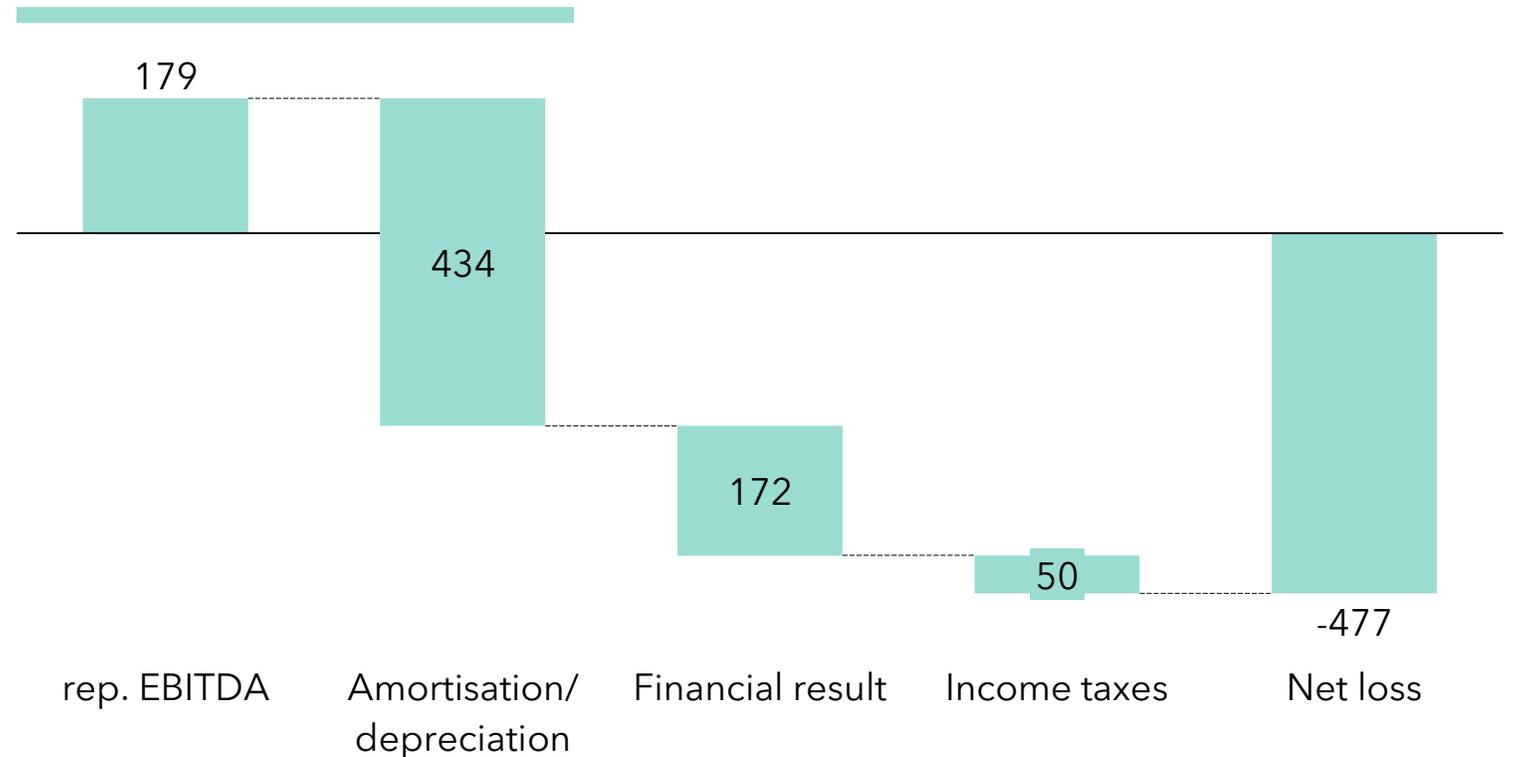
### LFL NET SALES GROWTH DEVELOPMENT

	Q4 2018/19	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	FY 2019/20
Germany	0.6%	6.6%	(3.7)%	(19.0)%	2.3%	(2.1)%
France	4.1%	2.8%	(15.8)%	(34.9)%	(6.7)%	(10.7)%
South-Western Europe	(0.2)%	4.7%	(15.8)%	(34.9)%	(6.8)%	(11.3)%
Eastern Europe	6.4%	10.5%	(5.3)%	(19.5)%	8.0%	0.1%
Group	1.6%	5.5%	(10.2)%	(27.3)%	(1.7)%	(6.6)%
Stores	0.1%	2.8%	(18.9)%	(48.0)%	(9.5)%	(15.6)%
Online	20.6%	21.9%	31.6%	67.3%	43.5%	38.8%

# BRIDGE FROM REPORTED EBITDA TO NET LOSS

## DRIVEN BY IMPAIRMENT AND WRITE-DOWN

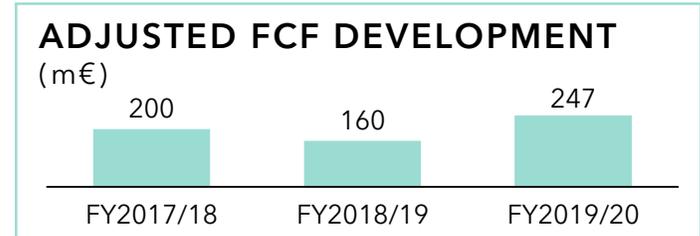
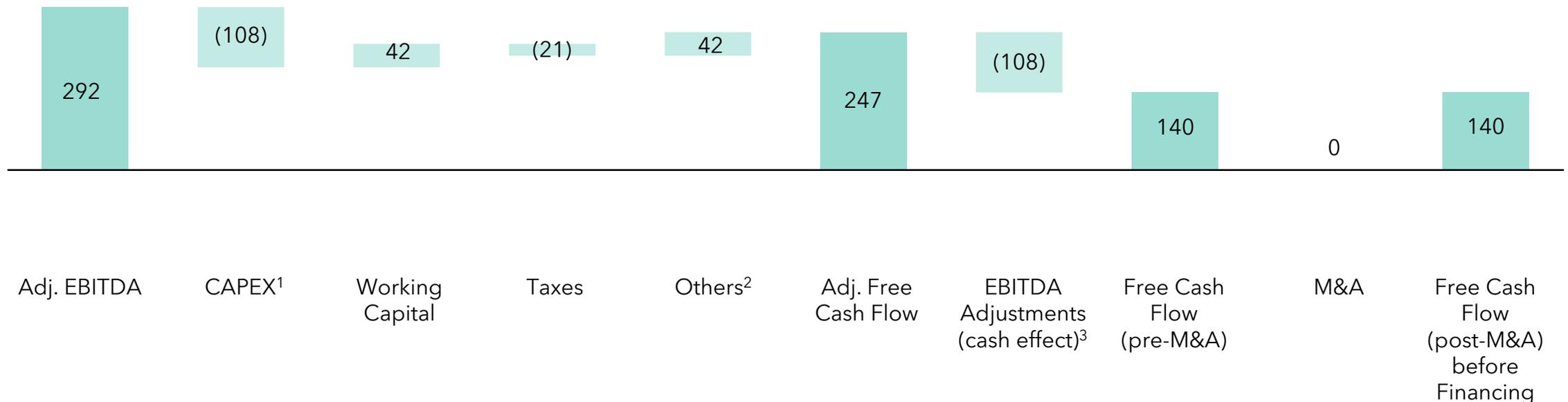
- › All EBITDA figures stated pre IFRS16
- › **Reported EBITDA:** COVID-19 related decrease of net sales while fixed costs could only be partially reduced
- › **Amortisation/depreciation:** increase mainly due to goodwill impairment of 279.7m (prior year: 0m)
- › **Financial result:** write-down of receivables of 91.8m



FY 2018/19:									
rep. EBITDA	283	Amortisation/depreciation	137	Financial result	(66)	Income taxes	(63)	Net loss	17

# FREE CASH FLOW DEVELOPMENT POSITIVE AND ABOVE PREVIOUS YEAR DESPITE COVID-19 IMPACT

## FREE CASH FLOW BRIDGE FY2019/20 (m€)



FY2018/19:	Adj. EBITDA	CAPEX <sup>1</sup>	Working Capital	Taxes	Others <sup>2</sup>	Adj. Free Cash Flow	EBITDA Adjustments (cash effect) <sup>3</sup>	Free Cash Flow (pre-M&A)	M&A	Free Cash Flow (post-M&A) before Financing
	351	(128)	(44)	(51)	32	160	(63)	95 <sup>4</sup>	(3)	92

<sup>1</sup> Excl. M&A-related investments

<sup>2</sup> Change in Other Assets, Liabilities and Accruals

<sup>3</sup> For details on EBITDA adjustments see page 39

<sup>4</sup> Includes inventory write-off amounting to €22m

# CASH FLOW STATEMENT

## Q4 & FY 2019/20

- › Strong development of **Cash Flow from Operating activities** due to good working capital management including inventory and shifts related to rents, supplier payments and taxes
- › **Cash flow from Investing activities** at similar level (ongoing investments in E-Com)
- › Increase in **Cash from Financing activities** due to the COVID-19-related drawing of the RCF

### CASH FLOW STATEMENT

(m€)	Q4 2018/19	Q4 2019/20	FY 2018/19	FY 2019/20
Net Cash Flow from Operating activities	13	6	198	245
Net Cash Flow from Investing activities	(12)	(31)	(106)	(105)
Free Cash Flow	1	(26)	92	140
Net Cash Flow from Financing activities	(42)	(57)	(114)	36
Net Change in Cash & Cash Equivalents	(41)	(83)	(22)	176
Cash & Cash Equivalents at Beginning of Period	123	339	103	81
Cash & Cash Equivalents at End of Period	81	256	81	256

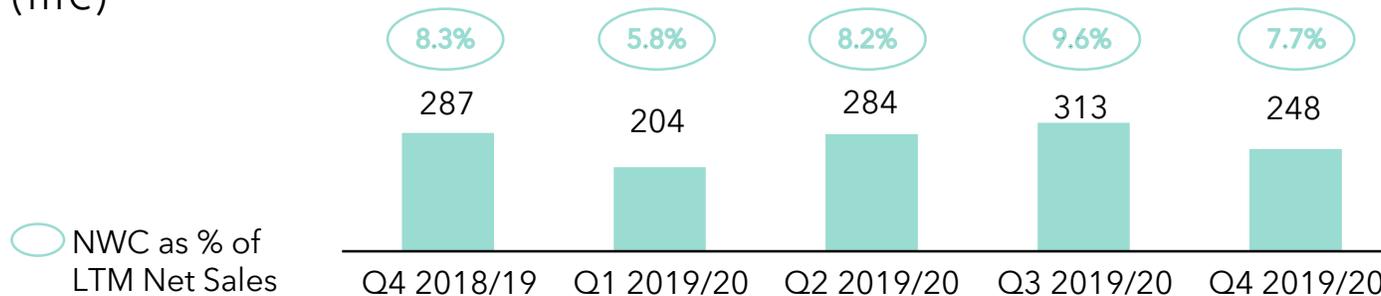
# NET WORKING CAPITAL

## Q4 2019/20

- › Net Working Capital continues to be a key focus
- › Inventories slightly lower compared to PY despite challenges due to COVID-19, in line with seasonal patterns
- › Payables: Higher due longer payment terms and other deferred payments
- › Other: Lower bonus receivables and more unredeemed gift vouchers
- › NWC as % of Net Sales in line with historical ratios despite broader assortment

### NET WORKING CAPITAL

(m€)



(m€)	Q4 2018/2019	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020
Inventories	744	803	822	762	739
Trade accounts receivable	46	76	35	40	38
Trade accounts payable	(487)	(737)	(514)	(437)	(504)
Other <sup>1</sup>	(16)	62	(58)	(53)	(24)
<b>Total NWC</b>	<b>287</b>	<b>204</b>	<b>284</b>	<b>313</b>	<b>248</b>

# IFRS 16 EFFECTS ON P&L

01.10.2019 - 30.09.2020	Excl. IFRS16	Incl. IFRS16	Delta	Explanation
Sales	3,233	3,233		
Cost of raw materials, consumables and supplies and merchandise	(1,795)	(1,795)		
<b>Gross Profit</b>	<b>1,437</b>	<b>1,437</b>		
Other operating income	251	241	(10)	
Personnel expenses	(581)	(581)		
Other operating expenses	(929)	(641)	288	Shift to depreciation
Result from impairments on financial assets	0.1	0.1		
<b>EBITDA</b>	<b>179</b>	<b>457</b>	<b>278</b>	
Amortization/depreciation	(434)	(724)	(291)	Shift from other opex
<b>EBIT</b>	<b>(255)</b>	<b>(267)</b>	<b>(13)</b>	
Financial result	(172)	(199)	(28)	more interest expense from the compounding of the originally discounted lease liabilities
<b>EBT</b>	<b>(427)</b>	<b>(467)</b>	<b>(40)</b>	
Income taxes	(50)	(50)		
<b>Profit (+) or Loss (-) of the period (Net Income)</b>	<b>(477)</b>	<b>(517)</b>	<b>(40)</b>	

# TECHNICAL ACCOUNTING IMPACT “TIMING ACCRUAL”

## SEGMENT GERMANY ONLY

- › Germany historically showed conservative Q1 results by building up an accrual within COGS in Q1 and gradually reversing it in Q2-Q4
- › No effect on full financial year
- › “Timing accrual” totally released in Q3, no effect in Q4
- › Germany’s approach therefore harmonized to other segments
- › Comparison to prior quarters affected

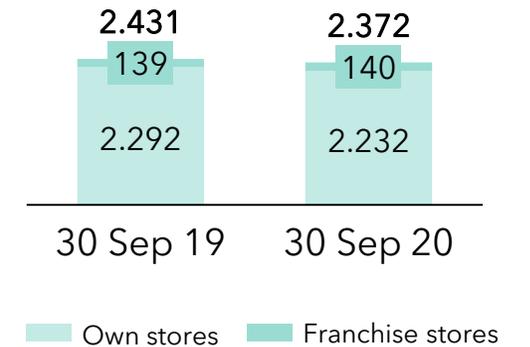
### ACCRUAL - P&L EFFECT ON GROSS PROFIT

(m€)		Q1	Q2	Q3	Q4	FY
Δ Accrual	FY2019/20	(23)	8	16	0	0
	FY2018/19	(23)	8	7	9	0
	Delta	0	0	9	(9)	0
Gross Profit	Reported (FY2019/20)	553	312	258	314	0
	w/o Accrual (FY2019/20)	576	304	242	314	0
	Delta	(23)	8	16	0	0



## PREMIUM STORE NETWORK FOOTPRINT ACROSS EUROPE

- › Limited store openings, mainly in EE
- › Portfolio realignment across Europe will result in further reduction in # of stores



YTD DEVELOPMENT	FY 2018/19	FY 2019/20
Store openings	33	22
Store closures	(50)	(82)
Store acquisitions	-	-
Store divestitures	-	-
Change in franchises	1	1
<b>Total</b>	<b>(16)</b>	<b>(60)</b>