B&S group

Value adding distribution partner

FY 2019 Results Presentation | February 24, 2020

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Today’s speakers

Bert Meulman, CEO

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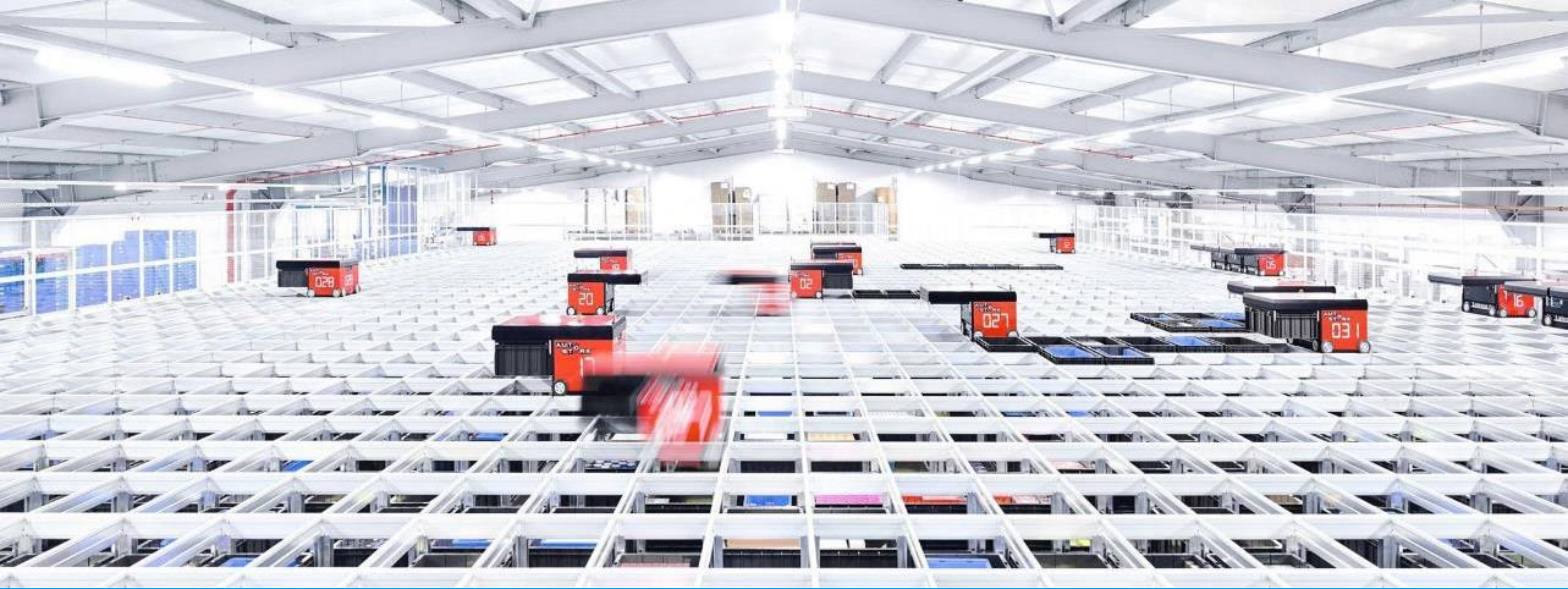
Agenda

- FY 2019 Highlights
- FY 2019 Financial Review
- Outlook
- Q&A



FY 2019 Highlights

Performance highlights FY 2019

Unfavourable developments Asian markets

- Trade war and Hong Kong protests had an effect on demand for luxury products in Asia in 2019
- Effect of these market circumstances became evident for the Group from Q3 onwards
- Advancing beyond the level we anticipated in the latter part of Q4
- Gross profit for the year in both our Liquor category in Asia and our fast-moving consumer goods activities in the B&S Segment were impacted

Growth in Health & Beauty category

- Identified business opportunities in B2B distribution to value retail and e-commerce
- Reorganisation and expansion robotised infrastructure and automated processes for organic growth & roll out B2C model to EU
- Steps taken in roll out B2B model to US
- Resulting in 28.2% growth (11.3% organic) in this category

Strong cash flow

- As a result of focus on maintaining volumes in Asia and continuous focus on working capital

FY 2019 – Highlights

Overall turnover growth	▪ Overall: **13.3% to € 1,978.8 M** ▪ Organic: **4.9%**
EBITDA	▪ EBITDA of **€ 114.6 M** ▪ Pre IFRS 16 EBITDA came in at **€ 104.6 M** (2018: € 109.0 M)
Business segment contribution	▪ All business segments contributed to turnover growth individually ▪ **HTG** +17.7% | **B&S** +11.7% | **Retail** +2.5%
Cash flow	▪ Net cash from operations of **€ 114.7 M** (2018: € 3.5 M) ▪ Inventory in days: **80** (2018: 92) ▪ Debtors in days: **37** (2018: 43)
M&A	▪ FragranceNet contributed to HTG segment (9 months) ▪ Lagaay contributed to B&S segment (5 months) ▪ Airport shops Rotterdam & Weeze contributed to Retail segment (7 months)

Business segment performance FY 2019

HTG

- Good performance in Health & Beauty from value retail and e-commerce markets in EU and USA
- Performance in Liquor Asia affected by ongoing margin pressure; partly offset by performance of Liquor Europe that was in line with expectations

B&S

- Performance improvements after Q2 did not advance due to developments in Asian markets; anticipated growth did not materialise
- Staff costs in this segment reflect the anticipated further volume growth, resulting in material EBITDA decline

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- Performance Airport Electronics as expected
- Contribution of Rotterdam & Weeze airport

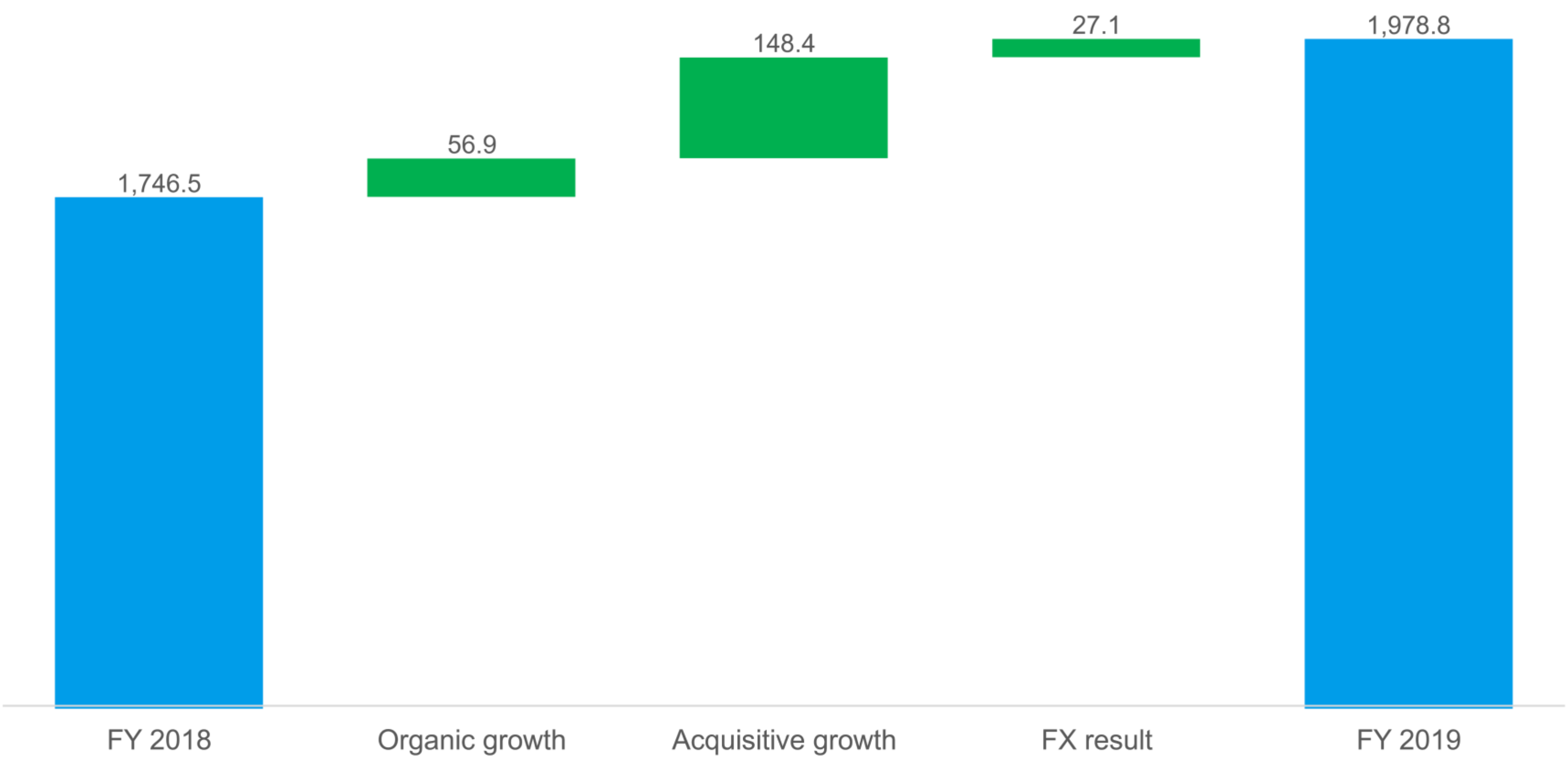
FY 2019 Financial Review

Key figures FY 2019

€ million (unless stated otherwise)	**FY 2019 reported**		**FY 2019 Pre IFRS 16**	**FY 2018 reported**		**Δ (%) reported**
Profit or loss account						
Turnover	1,978.8		1,978.8	1,746.5		13.3%
Gross profit (*margin*)	271.9	*13.7%*	271.9	242.3	*13.9%*	12.2%
EBITDA *(margin)*	114.6	*5.8%*	104.6	109.0	*6.2%*	5.1%
Depreciation & amortisation	26.6		16.9	10.7		148.6%
Profit before tax	77.5		78.2	90.8		(14.7%)
Net profit	60.3		60.8	71.4		(15.5%)
EPS (in euro)	0.56			0.72		(22.2%)

- Turnover grew 13.3%
- Gross profit grew 12.2%, margin slightly decreased to 13.7%
- Acquisitions contributed positively to gross profit margin, offset by developments in Asian markets
- Increase in personnel costs primarily related to the full year consolidation of FragranceNet.com and the increase in staff costs in the B&S Segment

Overall turnover growth analysis FY 2019



- The HTG and B&S segment are the main contributor to organic turnover growth;
- The inclusion of the acquisitions of FragranceNet.com, Lagaay Medical Group and airport retail Rotterdam and Weeze contributed € 148.4 M
- The development of the EUR/USD exchange rate had an effect of € 27.1 M on turnover

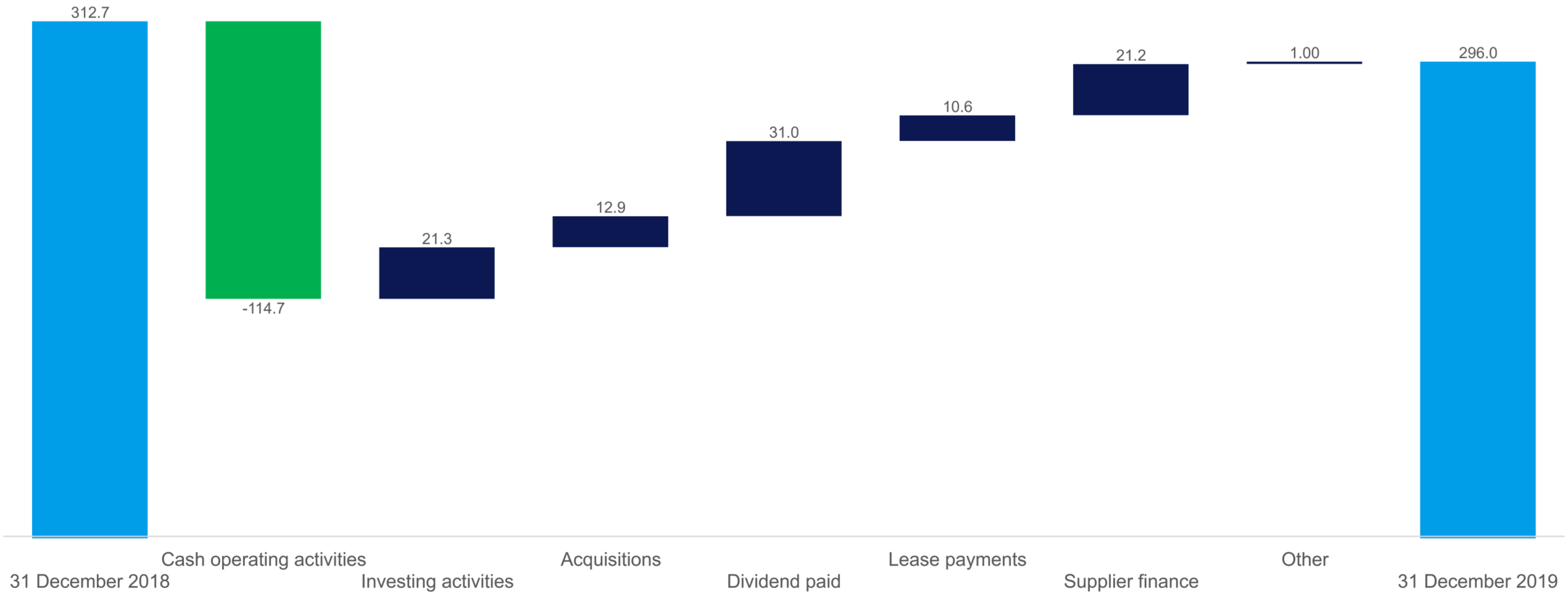
Financial position

€ million (unless stated otherwise)	FY 2019	FY 2018
Financial position		
Solvency ratio*	34.6%	34.3%
Net debt *	296.0	312.7
Net debt / EBITDA *	2.8	2.9
Inventory in days	80	92
Working capital in days	95	113

- Net debt stood at € 296.0 M (FY 2018: € 312.7). Net debt post IFRS 16 stood at € 367.4 M.
- Net debt / EBITDA stood at 2.8 (FY 2018: 2.9). Post IFRS 16, net debt / EBITDA stood at 3.2

Notes
* Excluding IFRS 16 lease liability.

Net debt development FY 2019



Working capital development

€ million (unless stated otherwise)	2019	2018
Inventory (days)	375.6 (80)	377.9 (92)
Trade receivables (days)	201.3 (37)	205.7 (43)
Trade payables	104.6	90.8
Working capital (days)	472.2 (95)	492.8 (113)

- Working capital reduction program initiated in the second part of 2019 resulted in decline of working capital and improvements of working capital in days to 95 from 113
- Net cash from operations increased from € 3.5 M in 2018 to € 114.7 M in 2019

Outlook

Outlook for 2020

Growth in Health & Beauty

- Positive on overall growth opportunities specifically in EU and USA
- Performance levels in this category expected to increase
- Growth foreseen from geographical expansion in B2B and B2C

Developments in Asian markets

- Optimistic that the circumstances in Asian markets will not last throughout 2020
- Corona virus will have impact on demand for luxury brands in Asia in H1 2020; impact on our performance to be determined

Focus for coming quarters

- Invest in key growth markets that benefit from digitisation, retail re-design and supply chain simplification
- Solidify financial position by operational effectiveness and cost reductions through our investments in digitisation and automation
- Growing our business profitably by executing our 2020-2022 strategic initiatives

Q&A

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