



Value adding distribution partner

HY 2018 Results Presentation | August 28, 2018



WE SOURCE



WE SERVE



WE SUPPLY

Today's speakers



Bert Meulman, CEO

- CEO since 2004
- Joined B&S in 1992, held several leadership positions
- Shareholding partner since 1995



Gert van Laar, CFO

- CFO since 2009
- Former CFO of Paul Global, acquired by B&S Group in 2000
- Chartered Accountant and 8 years at PWC and other senior finance positions

Agenda

- HY 2018 highlights
- Business segments & market conditions
- Key financials
- Acquisition of FragranceNet.com
- Outlook
- Q&A



HY 2018 highlights

HY 2018 highlights

Overall turnover growth

- **9.8% to € 766 M** (14.2% on a constant currency basis)

Organic turnover growth

- **7.5%** (11.9% on a constant currency basis)

EBITDA

- **EBITDA amounted to € 45.9 M**; on a constant currency basis EBITDA increased from € 47.4 M (HY17) to € 52.5 M (HY18)

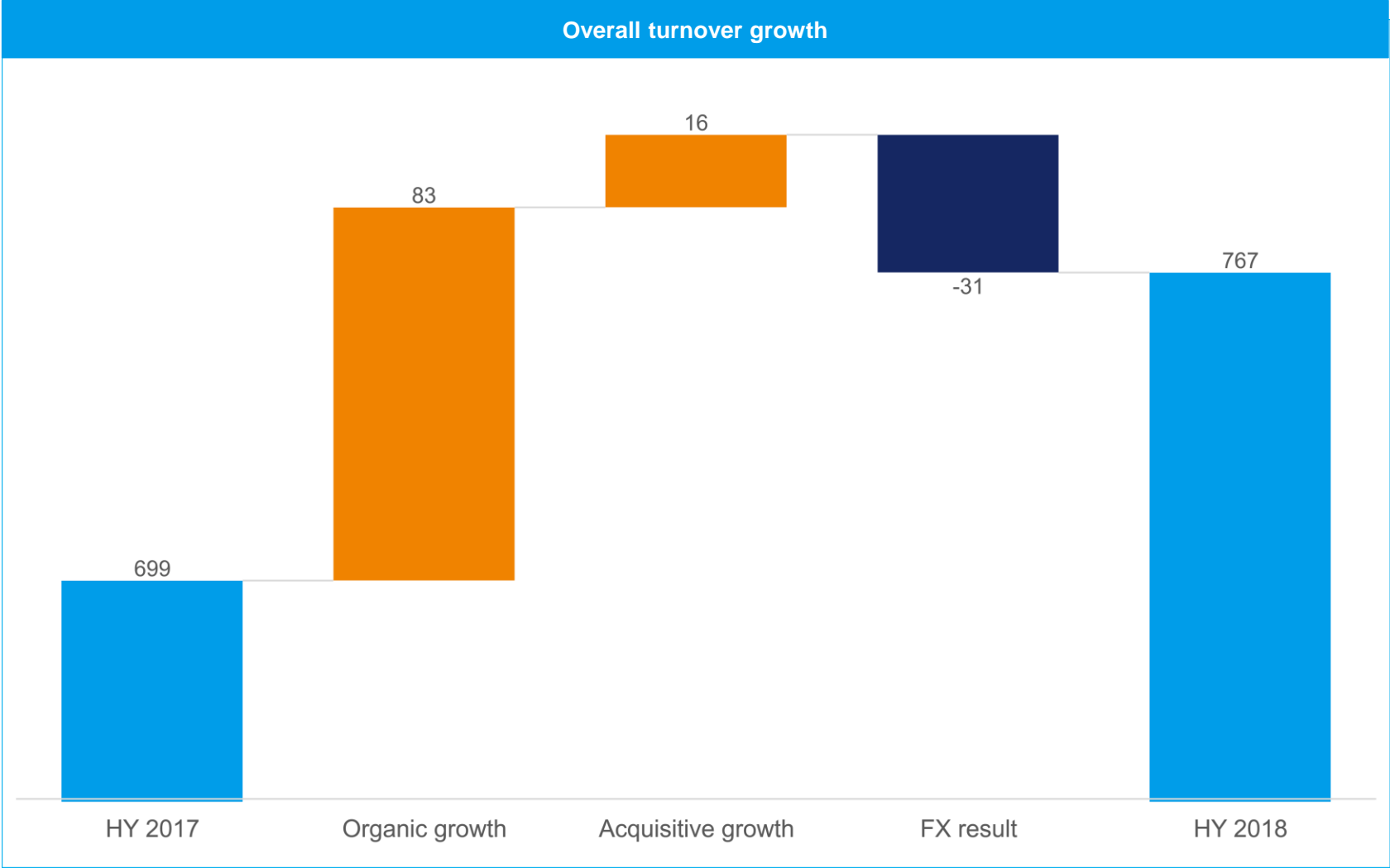
Business segment contribution

- All business segments contributed to turnover growth individually
- **HTG +11.4% | B&S +5.3% | Retail +8.0%**

M&A

- B&S expands in its HTG Health & Beauty segment through the acquisition of US leading online discount fragrance retailer FragranceNet.com

Overall turnover growth analysis

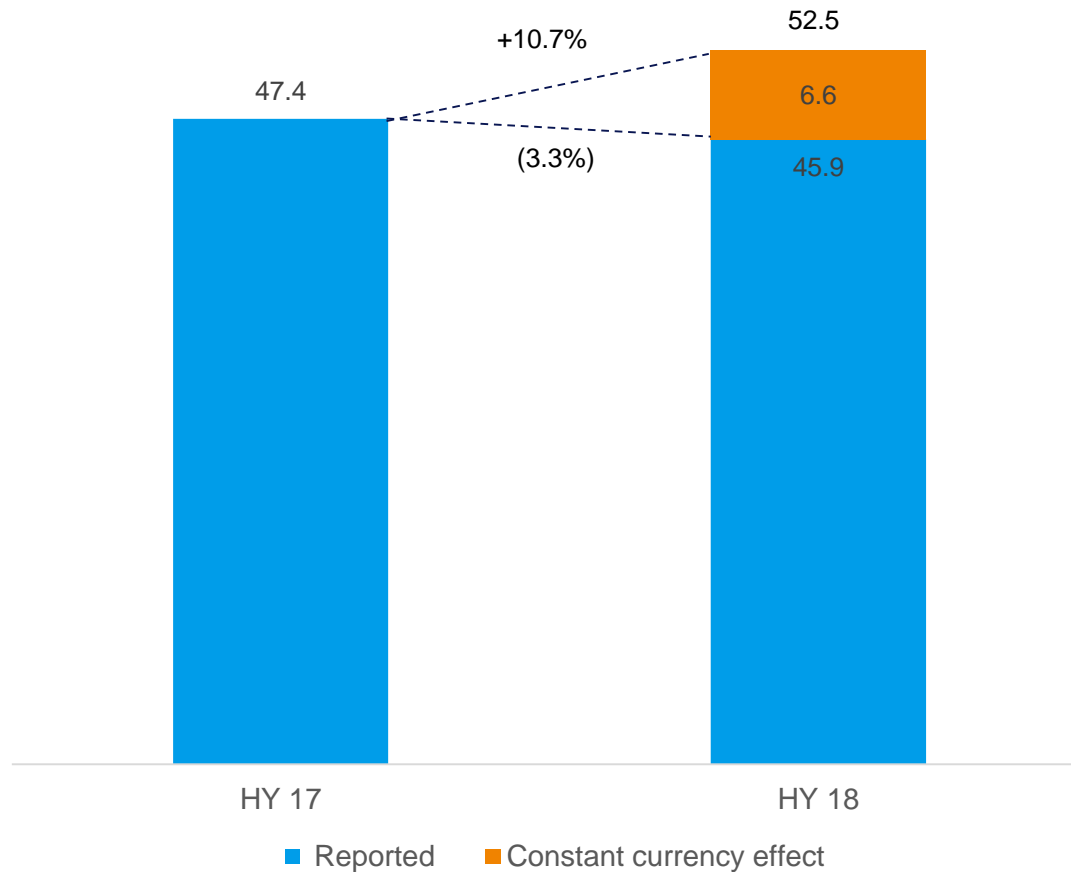


Commentary

- Each of our business segments contributed to the turnover growth in HY 2018 (HTG +11.4%, B&S +5.3% and Retail +8.0%)
- The inclusion of the acquisition of Alcodis contributed € 16 M
- The adverse development of the EUR/USD exchange rate had an effect of € 31 M on turnover

EBITDA development on a constant currency basis

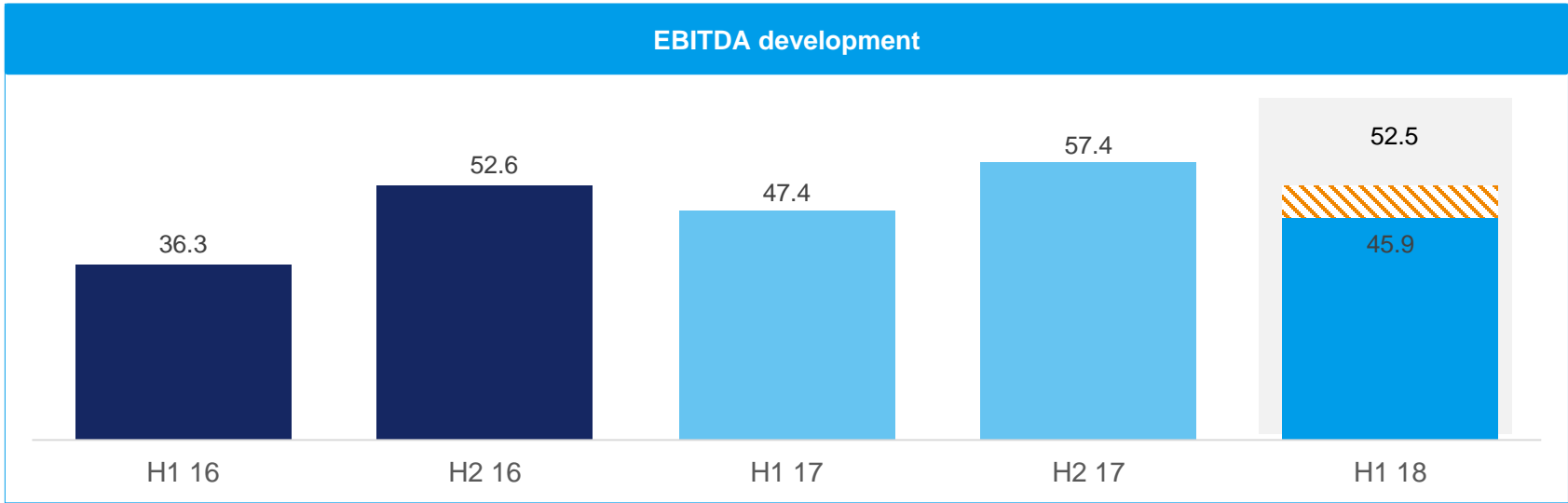
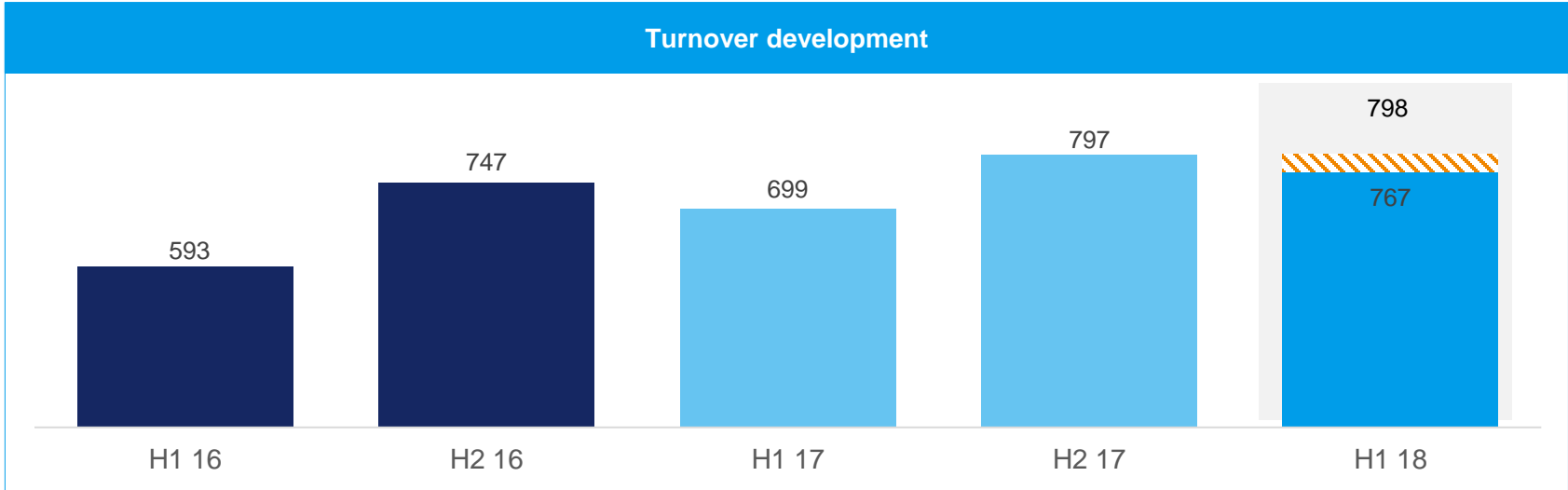
EBITDA development



Commentary

- Largely driven by the adverse development of the EUR/USD exchange rate in HY 2018 compared to HY 2017
- EBITDA on a constant currency basis grew to € 52.5 M (HY18) up from € 47.4 M (HY17)

Seasonal patterns



Commentary

- Peak in sales in Q3 and Q4, with a tendency for sales to even move into Q4
- Airport retail and Maritime business peak in summer
- HTG segment generates vast majority of turnover and profitability in second half of the year



Business segments & market conditions

Business segment contribution – key figures



A global distributor of liquors and health & beauty items with a differentiated sourcing proposition enabling specialty channels

Turnover **+11.4% (€ 500.8 M)**
Gross profit margin **12.0%**



 **Retail B2B**



Expert in distribution to remote and high demanding customers as well as underserved markets

Turnover **+5.3% (€ 220.3 M)**
Gross profit margin **14.8%**



 **Maritime**
 **Remote**
 **Retail B2B**

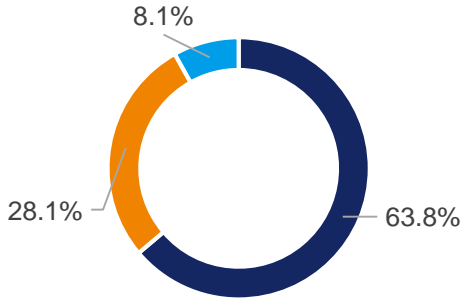


Specialty retail in duty free environments including airports

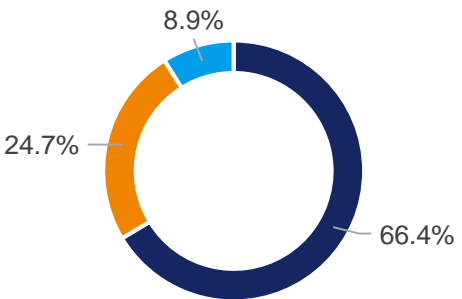
Turnover **+8% (€ 63.7 M)**
Gross profit margin **25.1%**



 **Retail B2C**



Percentage of Group turnover
■ HTG ■ B&S ■ Retail



Percentage of Group EBITDA
■ HTG ■ B&S ■ Retail

Note
All figures at reported rates

Business segment contribution - developments



- In general this segment performed very well with an accelerated growth in sales to value and discount retailers both on and offline



Retail B2B



- The demand in this segment showed an increase in sales in the remote business and the distribution to underserved markets
- Warehouse completion setting the segment up for further operational efficiency



Maritime



Remote



Retail B2B



- Overall we noted an increase in the number of passengers which coupled with the opening of new shops resulted in the increase in turnover
- Increased concession fees at contract renewals, costs for new tenders for new business, start-up costs of the opening of new shops and the discontinuation of small non profitable contracts had an effect on profitability



Retail B2C



Key financials

Key figures HY 2018

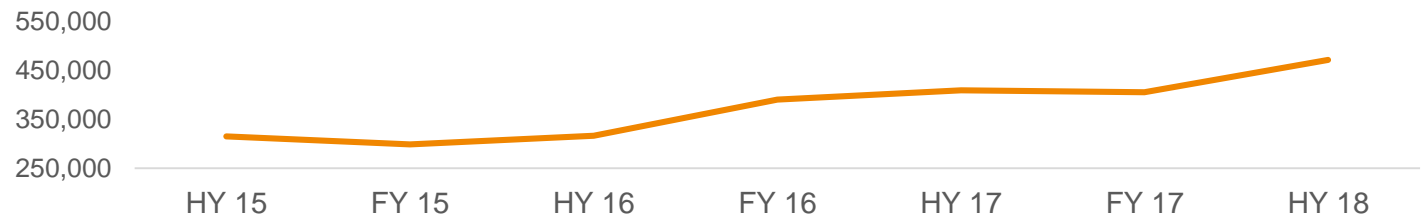
€ million (unless otherwise indicated)	HY 2018	HY 2017	Change (absolute)	Change (percentage)	Change at constant FX (percentage)
Profit or loss account					
Turnover	766.9	698.5	68.4	9.8%	14.2%
Gross profit	108.5	98.7	9.8	9.9%	14.0%
Gross profit margin	14.1%	14.1%	-		
Other gains and losses	(3.2)	4.8	8.0		
EBITDA	45.9	47.4	(1.5)	(3.3%)	10.7%
EBITDA margin	6.0%	6.8%			
Result before taxation	38.4	40.9	(2.5)		
Profit for the year from continuing operations	31.4	35.9	(4.5)		
ROCE	35.3%	33.5%	1.8%		
Financial position					
Solvency Ratio	37.3%	41.5%	(4.2%)		
Net Debt	277.0	202.6	74.4		
Net Debt/EBITDA	2.68	2.03	0.65		

Commentary

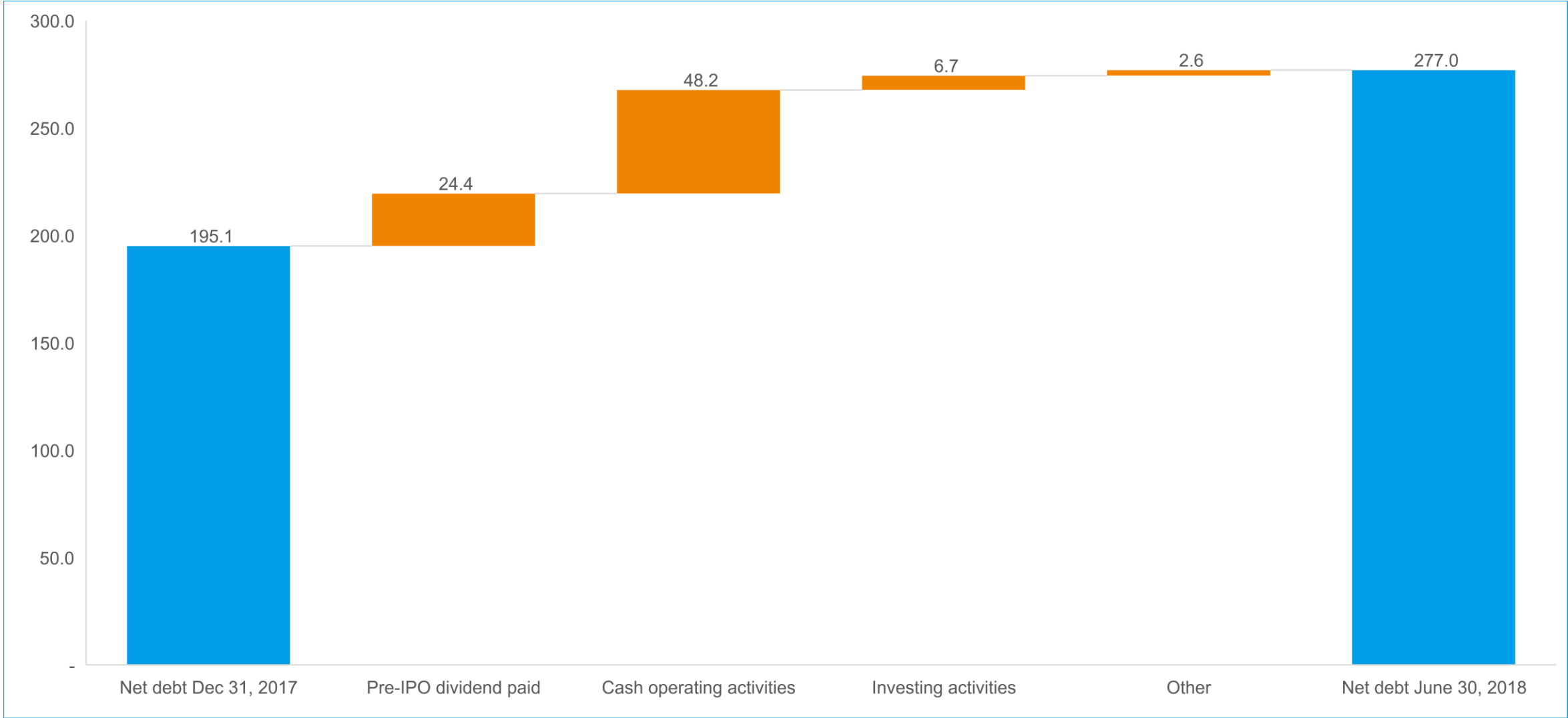
- Turnover grew 9.8% (14.2% on a constant currency basis)
- Gross profit grew 9.9%, margin remained at 14.1%
- Other gains and losses and EBITDA largely driven by the adverse development of the EUR/USD exchange rate
- Net debt fully in line with seasonal pattern of our business reflecting the build of debt associated with inventory (being a clear indicator of business in the subsequent quarter)

Working capital development

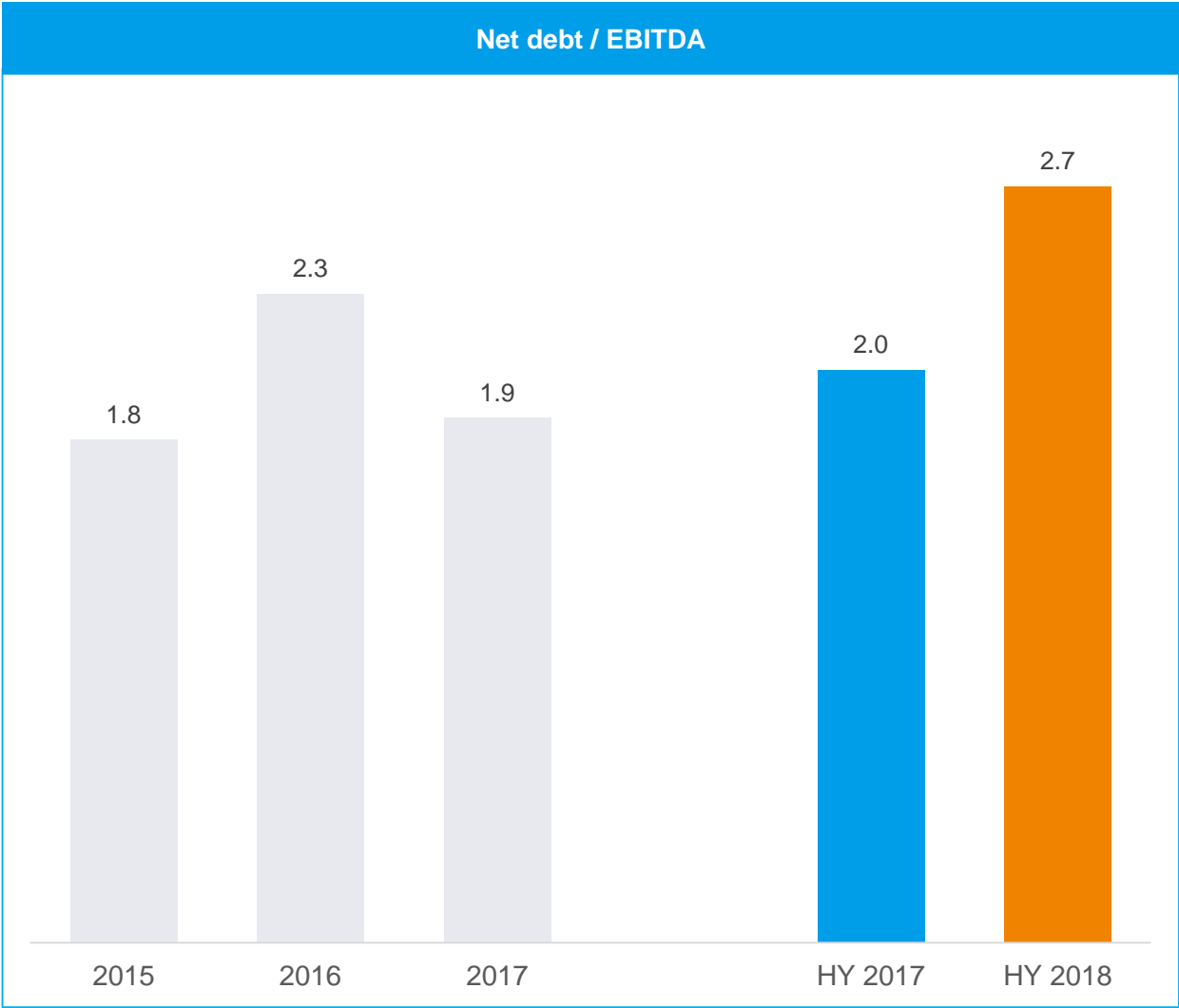
(€ x 1,000)	HY 2018	HY 2017	Commentary
Inventory	379,041	324,828	<ul style="list-style-type: none"> Inventory increased mainly as a result of higher inventory levels for anticipated seasonality in sales in Q3 and Q4, but also stems from the first time inclusion of Alcodis (€ 5.4 M) The increase in trade receivables reflects the strong second quarter turnover Increase in trade payables is fully in line with the increase in turnover and inventory
Trade receivables	160,512	137,644	
Trade payables	68,488	53,467	
Working capital	471,065	409,005	



Net debt development HY 2018



Financial position



Commentary

- Net debt increased by € 74.4 M (HY17 to HY18) reflecting primarily the seasonal pattern of our working capital
- Inventory increased towards the end of the first half year advancing anticipated seasonality in sales in Q3 and Q4 but also in line with the growth in HY18
- The increase in trade receivables resulted from a strong second quarter



Acquisition of FragranceNet.com

Our criteria for M&A

Size

- We focus on companies with a turnover between broadly € 50 M to € 200 M, strengthening our position in channels and markets

Management

- The companies we acquire should have strong management which is committed to the integration and growth strategy post acquisition, a growth they could not easily realise without a partner such as B&S

IT

- Company systems should be integrated in our backbone

Interest

- Management of the company must maintain a minority interest

Our present position in Health & Beauty



Strong position in **value** and **discount retail**

Supplier of both **A-brand** products and **private label** products

Supplying a **long tail A-brand** health and beauty products assortment to **E-commerce** platforms

Main focus on B2B retail

Geographically most customers in Europe and Asia

Total share of turnover some **37%**

The position of FragranceNet.com



Leading US online retailer with long tail of A-brand health & beauty products sold at discount prices

Main focus on B2C retail and on smaller retailers

Geographically present mainly in the US

**Total turnover of
US\$ 216 M for
the year ended
March 31, 2018**

B&S Group Health & Beauty combined with FragranceNet.com

Experience

- Consolidation of buying power and market knowledge

Business model

- FragranceNet.com business model for both B2C and sales to smaller retailers to be exported to other regions, as well as exporting B&S B2B business model to US

Geography

- Perfect match geographically: Europe, Asia and the USA with ample opportunities for B&S to widen its distribution basis

Potential synergies from acquiring FragranceNet.com

Sourcing & distribution

- Organisational scale advantages and supplier base expansion
- Proprietary technology of FragranceNet combined with B&S platform

Market expansion

- Generate substantial footprint in US
- Export business model to other geographies

Value chain

- Utilise knowledge and experience for value chain integration



About [FragranceNet.com](https://www.fragrancenet.com)

FragranceNet.com - factsheet

Company activity

- Online platform of health & beauty products to consumers and to smaller retailers at discount prices
- Supplier base with wide assortment offering
- Long standing track record (since 1997)
- Based in New York
- Over 250 employees
- Approximately 20,000 SKUs

Overall turnover growth

- Turnover for the year ended March 31, 2018 **US\$ 216 M**
- **8% CAGR** since 2013

Gross margin

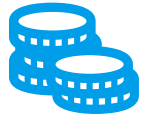
- Healthy gross margin of **around 25%** for the last 5 years

Attractive market with ample growth opportunities

Fragrance market



- **Online fragrance channel**
primarily used for repeat purchases of known brands



- **Discount fragrance channel**
seeking the best possible price

- The general fragrance market in the U.S. is **large and has grown** at a steady pace over the last five years

- **Shifting channel dynamics in fragrance** from brick and mortar to online

- Online channel is fastest growing as department store share falls

An online discount retailer that is strategically compelling

Competitive position

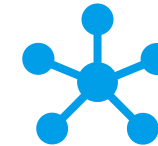
- One of the leading online companies in the US health & beauty market
- Outperforms off-price online retailers on variety of offering and reputation
- Over 200 suppliers and as such no dependence on a single supplier



The leading online discount fragrance company in the US



High customer satisfaction rates ¹



Entrepreneurial mindset
(in e-commerce business since 1997)



High return rate of customers

¹ Compared to online discount fragrance channels in US
Data based on market research conducted by EY

Transaction highlights

Structure of the transaction

- B&S Group, through JTG, acquires a 75% interest in FragranceNet.com

Key financial data

- FragranceNet.com reported a turnover for the year ended March 31, 2018 of US\$ 216 M while an adjusted EBITDA of US\$ 17.4 M was realised

Valuation and funding of the transaction

- FragranceNet.com is valued at the higher end of the range B&S has indicated. The transaction is mainly financed through bank facilities

Transaction completion

- Subject to US regulatory and customary closing conditions completion is expected Q4 2018

Management structure

- Management of FragranceNet.com remains on board in line with the Group's philosophy to initiate acquisitions as a partnership



Outlook

Management focus

- FragranceNet.com integration
- FX impact evaluation
- Strong Second Half 2018

Outlook

- Based on the current outlook on the market and in line with seasonal patterns, we expect to continue the current underlying organic growth trend in the second half of the year
- Complemented by growth in turnover and EBITDA from the acquisition of FragranceNet.com



Q&A



Value adding distribution partner



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