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Description of the business model

- ✓ The Naturhouse Method
- ✓ Naturhouse Centres
- ✓ Contractual Framework: Franchises and Master Franchises
- ✓ International Growth

Main Figures

- ✓ Centres
- ✓ Main Figures from the Profit and Loss Account
- ✓ Net Cash Position and Dividends

Conclusions

Apendix:

- ✓ 1H18 Results
- ✓ Our Market

We have a business model that has been a success from the very beginning

We operate in the weight management and nutrition sector

Our business model is based on implementing our own, distinguishing method – the “Naturhouse Method”. This method combines selling products with free personalised advice and monitoring from a qualified specialist.

Sale of products: 98% of sales in 2017

+

Free advice from a specialist

Own distribution channel: Naturhouse Centres

The “Naturhouse Method” is exclusively applied in Naturhouse Centres, of which just 9% are directly-operated stores (DOS). The rest are **franchises (82%) and master franchises (9%)**.

Our products are sold exclusively at Naturhouse Centres

Food Supplements:

made with natural extracts to facilitate the intake of specific nutrients, allowing for specific actions during the weight loss process.

Functional Food:

consisting of diet products for breakfast, snacks and meal substitutes for controlling calorie intake.

Cosmetics and Body Care:

Beauty products associated with skincare during the weight loss process (*cellulite, firming, etc.*) and anti-ageing.

Present in the entire value chain

Naturhouse has equity interest, whether direct (*Ichem 24.9% capital*) or indirect (*through its leading shareholder*), in some suppliers, thus guaranteeing the supply of products to our centres.

Can be exported to any country in the world

34 countries and 2,369 centres in 1H18

In 2017, 97% of our income came from Spain, Italy, France and Poland.

We have no geographical restrictions in terms of establishing our business. Improving eating habits is a global need (**Western Europe**): % of the population that is overweight = 36% (146m people) and % of population that is obese = 18%)*.

With low investment requirements and a high cash generation capacity

Major profitability and a solid balance sheet

CAPEX
0.5%-1% ventas

EBITDA Margin
2017: 31%

ROE 2017
81%

ROA 2017:
51%

Net cash position 1H18
€15,7 m

This allows us to maintain an attractive shareholder remuneration policy: Payout >85%

Main characteristics

- ❑ Located in commercial areas with considerable foot traffic
- ❑ Divided into two areas – consultation area and sales area
- ❑ Covering a surface area of between 30m² and 50m²
- ❑ All have a similar aesthetic



Centre types

Directly-operated stores (DOS)

❑ Directly-owned centres are managed by the company with its own staff. They tend to be the laboratories for new ideas for the Group's other centres as well as a training hub for employees and franchisees. They are also the foundation for growth in new countries.

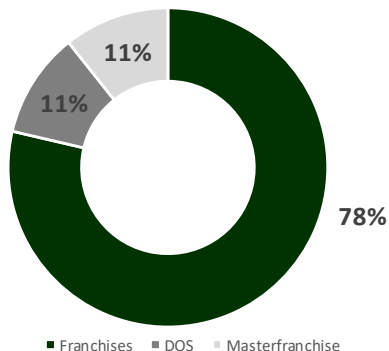
Franchises

❑ Franchised centres are Naturhouse Centres operated by third parties under the franchise model.

Master Franchises

❑ In addition, Naturhouse has contracts called 'master franchises', through which a third party can exclusively operate Naturhouse's business for a whole country.

Breakdown according to centre type at 1H18



Franchises as a channel for growth

Rapid growth

2,369 centres and 34 countries
as of end 1H18

Major flexibility

Reduces the need for investment

CAPEX: 0.5%-1% sales

and human capital

544 employees on average in
2017

Franchises

Duration

- ☐ **5 years. 90% of franchisees have renewed their contract for another 5 years after the first 5-year period.**

Main economic points

- ☐ **No initial franchise fee**
- ☐ **Annual franchise fee of €600 + VAT**
- ☐ **Gross Margin of 60%**
- ☐ Compulsory investment of 5% of product purchases in advertising for the store or the Naturhouse brand
- ☐ Payment when placing an order or with a **bank guarantee at 30 days**
- ☐ Minimum stock: €7,000 (stock rotation every 15 days)
- ☐ **Initial investment: €10,000-€40,000 depending on the country**

Agreements

- ☐ Obligation to sell only Naturhouse products
- ☐ Non-competition agreement for 1 year after the end of the contract

Support for the franchisee

- ☐ The right to use the Naturhouse brand
- ☐ Use of *Peso Perfecto* magazine to promote the Naturhouse Method
- ☐ Support from Naturhouse regarding strategy, products, know-how, etc.

Master Franchises

Duration

- ☐ 7 years

Main economic points

- ☐ Initial franchise fee of between €50,000 and €300,000

Agreements

- ☐ Obligation to open a specific number of centres during the contracted period

Support for the master franchisee

- ☐ The right to use the Naturhouse brand
- ☐ Use of *Peso Perfecto* magazine to promote the Naturhouse Method
- ☐ Support from Naturhouse regarding strategy, products, know-how, etc

The master franchisee is responsible for the costs of registering the product and the necessary investment for implementing the business (*staff, furniture and fittings, alteration work on premises, etc.*).

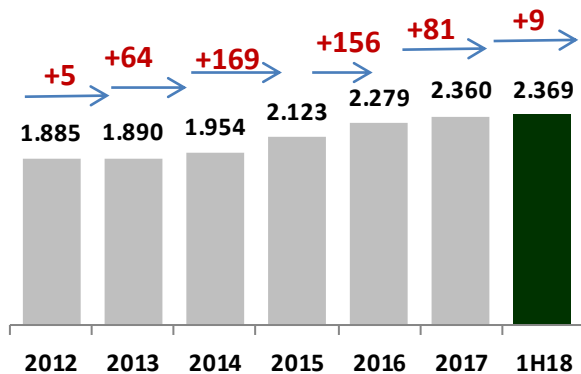
2,369 centres in 34 countries

9 net openings at the end of 1H18

Italy's favourable performance stands out, with 4 centres, 75% of which are franchises

We expect Poland to start growing in terms of franchises in 4T18

Total centres



Net openings:

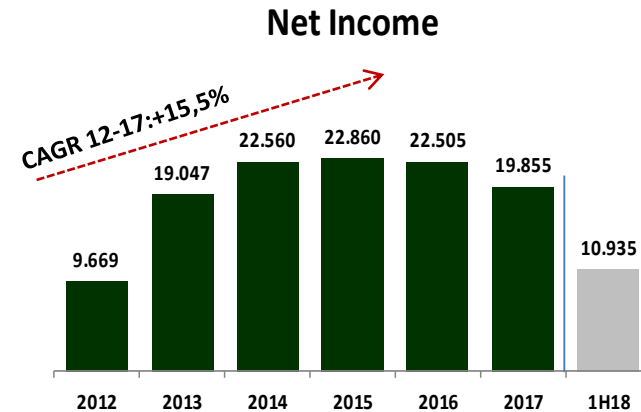
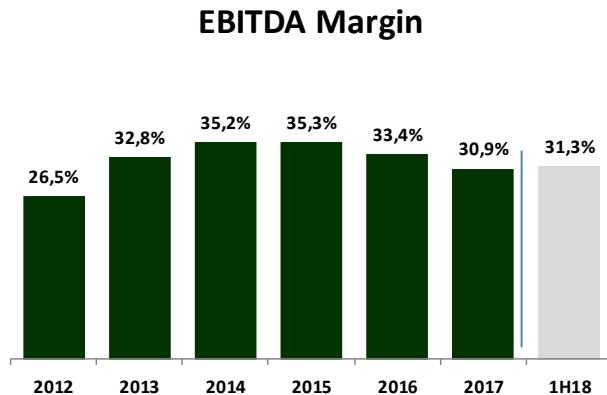
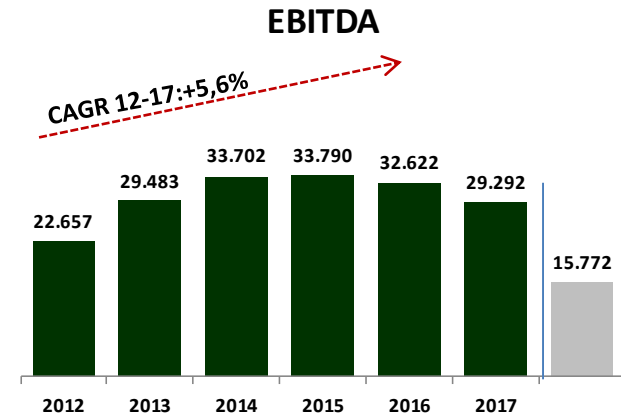
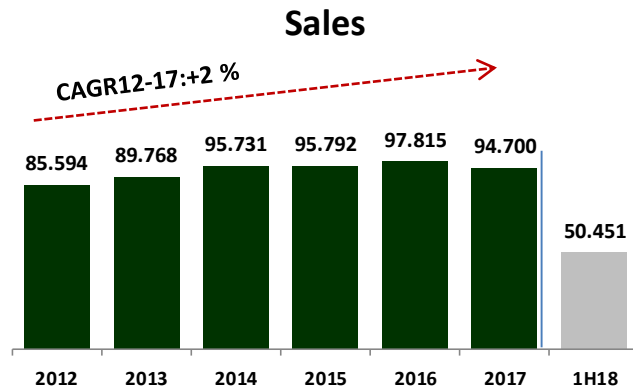
- 10 franchises mainly due to the current situation in Poland.
- +9 net openings: +19 directly-operated stores: We are maintaining our goal of transferring most of these stores—especially in Spain and Poland—to franchise status during 2018.

- ✓ **France (-2):** Temporary weakness in centre opening numbers.
- ✓ **Spain: (-5):** We expect a certain degree of stability in centre numbers in Spain, at least until some of the country's regions show solid and sustained recovery (*mainly south and south west of Spain*).
- ✓ **Poland: (-5):** We are starting to identify certain signs of improvement, which may begin to materialise over the coming months.
- ✓ **Other countries:** Excellent performance of stores in Eastern Europe and Ireland.

1,863 centres are franchises, 253 directly-operated stores and 253 are master franchises

	2017			1H18			2018 Net Openings		
	Total	DOS	Franchise	Total	DOS	Franchise	Total	DOS	Franchise
France	643	37	606	641	38	603	-2	1	-3
Spain	589	89	500	583	88	495	-6	-1	-5
Italy	475	56	419	475	57	422	0	1	3
Poland	348	29	319	343	48	295	-5	19	-24
Rest of Countries	71	23	48	70	22	48	-1	-1	0
Masterfranchise Countries	234	0	234	253	0	253	19	0	19
	2.360	234	2.126	2.369	253	2.116	9	19	-10

EBITDA margin of 31,3%, above the industry average

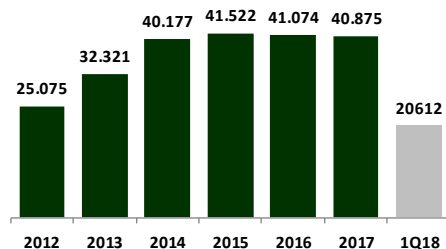


Figures in Thousands of euros

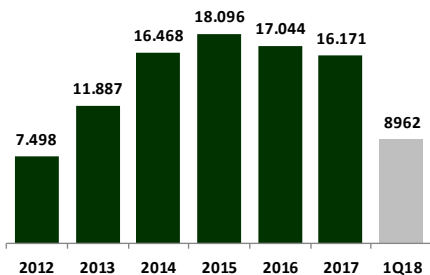
* Source Factset. Average of Herbalife, Nutrisystem, Weight Watchers, GNC and Vitamin Shoppe

France

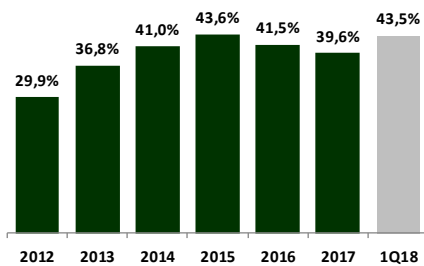
Sales



EBITDA

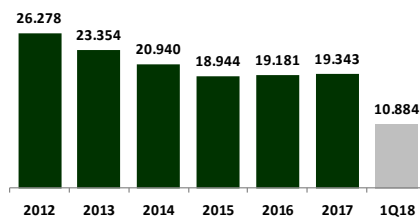


EBITDA Margin

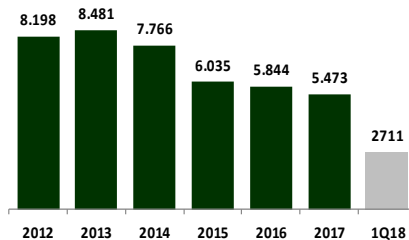


Spain

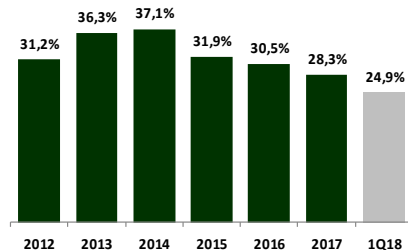
SALES



EBITDA

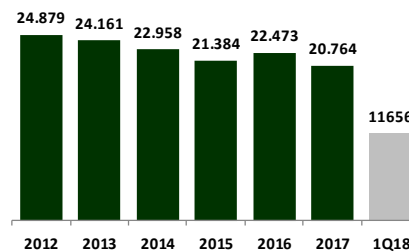


EBITDA Margin

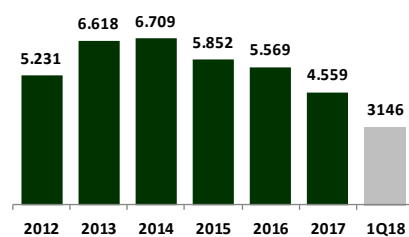


Italy

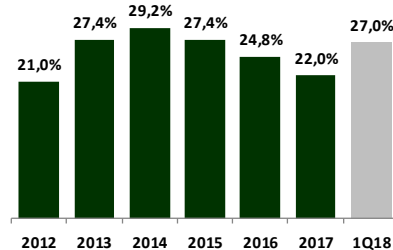
Sales



EBITDA

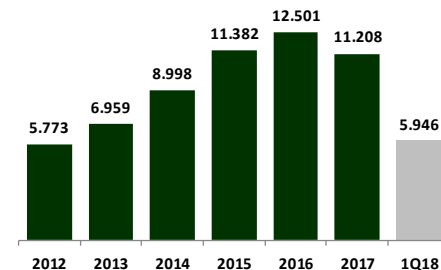


EBITDA Margin

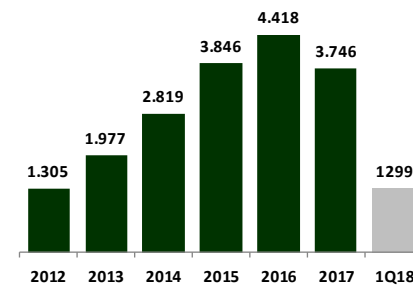


Poland

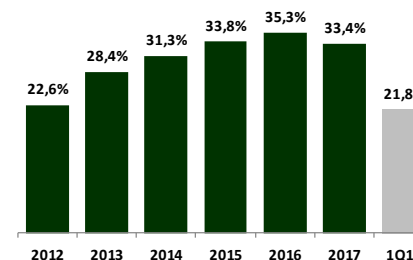
Sales



EBITDA

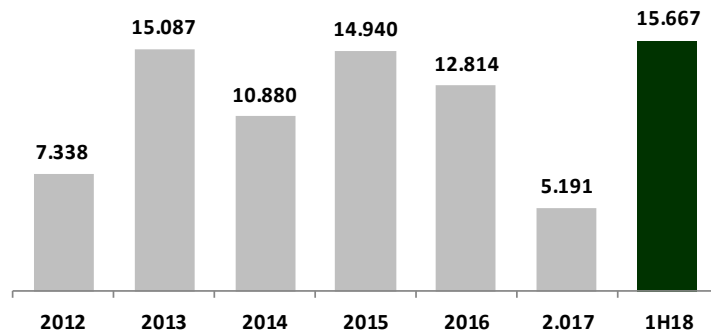


EBITDA Margin



Naturhouse maintains a solid financial position and an attractive shareholder remuneration policy

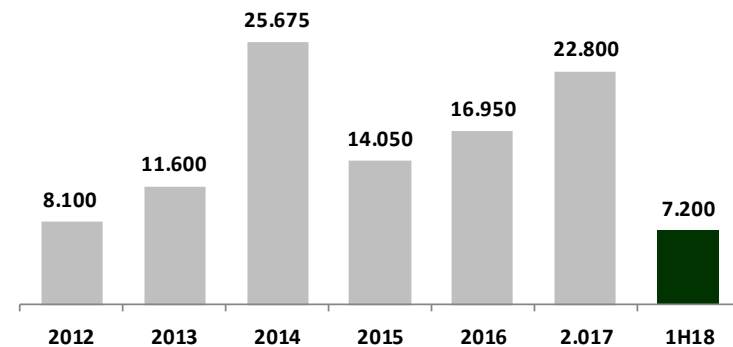
Net cash position *



Figures in thousands of euros

(2) This does not include the €4m pending repayment by the Spanish Tax Authority.

Dividends



Figures in thousands of euros

Note 1: Data from 2012, 2013 and 2014 include SAS Naturhouse in all periods

Our net cash position at the end of 1H18 stands at €15.7m, despite awaiting the repayment of €4m from the Spanish Tax Authority and paying out €7.2m in dividends on 7 May.

The payment of an interim dividend of €0.17/share has been agreed and it will be paid on 14 September. This places our dividend yield, based on the share's closing price on 30 June 2018, at 4.75%.

(1) Definition of Net Cash position: *cash and equivalents – current debt – non-current debt*

(3) Based on Naturhouse's closing price on 30 June 2018 (€3.58/share).

We are focusing on growth, discipline in terms of our spending and the goal of maintaining our leading position in the Spanish Stock Exchange in terms of our dividend policy

☐ Main markets

- ✓ Main focus on sales growth.
- ✓ A commitment to products that are not necessarily linked to weight loss, thus allowing us to attract new customer profiles and increase the average sale amount.
- ✓ Directly-operated stores will be transferred to franchises, especially in Spain and Portugal.
- ✓ Directly-operated stores will be opened in locations where Naturhouse is not yet present.
- ✓ Advertising campaigns aimed at capturing a more diverse range of customers.
- ✓ Promotion of continuous training for our franchisees and staff in directly-operated stores.

☐ New markets

- ✓ Addition of new countries through master franchise contracts.
- ✓ We continue to be committed to an integrated model of stores and online sales in the US and the UK, where initial online testing is performing better than expected. Given this success, the Group plans to spend more resources, with the aim of gradually adapting to new technologies. This will mean we can advance more quickly in developing the two markets.

☐ We will maintain the strength of our balance sheet and our considerable cash generating ability.

Appendix

Consolidated Profit & Loss Account

	1H17	1H18	var %
Total Sales	54.288	50.451	-7,07%
Procurements	-15.688	-14.228	-9,31%
Gross profit	38.600	36.223	-6,16%
<i>Gross profit margin</i>	<i>71,1%</i>	<i>71,8%</i>	
Personnel	-10.100	-10.587	
Other operating expenses	-9.973	-10.253	2,81%
Other Income	581	389	-33,05%
EBITDA	19.108	15.772	-17,46%
<i>EBITDA Margin</i>	<i>35,2%</i>	<i>31,3%</i>	
Amortization & Impairments	-474	-557	17,46%
EBIT	18.633	15.215	-18,35%
<i>EBIT Margin</i>	<i>34,3%</i>	<i>30,2%</i>	
Financial results	-8	80	ns
Share of profit (loss) of associated (Ichem)	312	345	10,66%
EBT	18.938	15.640	-17,41%
Taxes	-5.504	-4.705	14,51%
Minorities	7	0	-100,00%
Net profit	13.441	10.935	-18,65%
<i>Net profit margin</i>	<i>24,8%</i>	<i>21,7%</i>	
<i>In thousands of euros</i>			

Note 1: EBITDA definition: *operational result + amortisation of fixed assets + impairment and results due to disposal of fixed assets.*

	2017	1H18
Intangible assets	1.687	1.585
Property, plant & equipment	5.035	4.503
Non current financial assets	1.038	875
Investment in associated companies	3.136	3.168
Deferred tax assets	324	218
Non current Assets	11.220	10.349
Inventories	4.449	4.424
Trade receivables	4.373	7.173
Current tax assets	9.373	5.852
Other current assets (anticipated spendings)	1.095	1.002
investment in related companies	1	3
Cash & equivalents	8.326	18.705
Current assets	27.617	55.864
TOTAL ASSETS	38.837	66.213
Equity	24.503	27.879
Non current provisions	1.143	973
Non current borrowings	3.080	2.998
Long term accrued expenses	362	323
Non current liabilities	4.585	4.294
Current borrowings	55	40
Suppliers	4.790	5.780
Suppliers related companies	3.560	0
Current tax liabilities and other payables	1.344	3.828
Current liabilities	9.749	15.335
TOTAL LIABILITIES	38.837	47.508

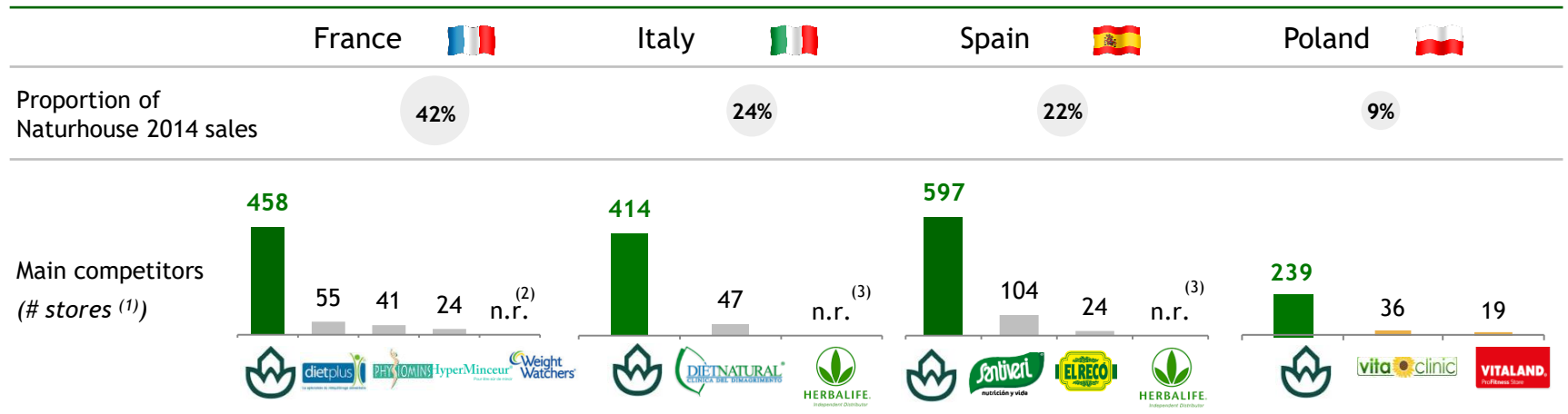
In Thousands of euros

Competition by service / products

Substitute products			Substitute services				
Traditional Herbalists	Pharmacies & Drugstores	Supermarkets	Professionals <i>e.g. doctors, endocrinologist, dietitians</i>	Beauty Salons	Books <i>e.g. Cohen or Dukan method</i>	Online Coaching	Fitness centres
Provides personalized advices through qualified specialists via its own channel (preventing competition within the channel)			Offers free consulting quality services / has a store network / sells products				

Naturhouse value added

Main competition by country



Sources: Management Data, companies data, Xerfi

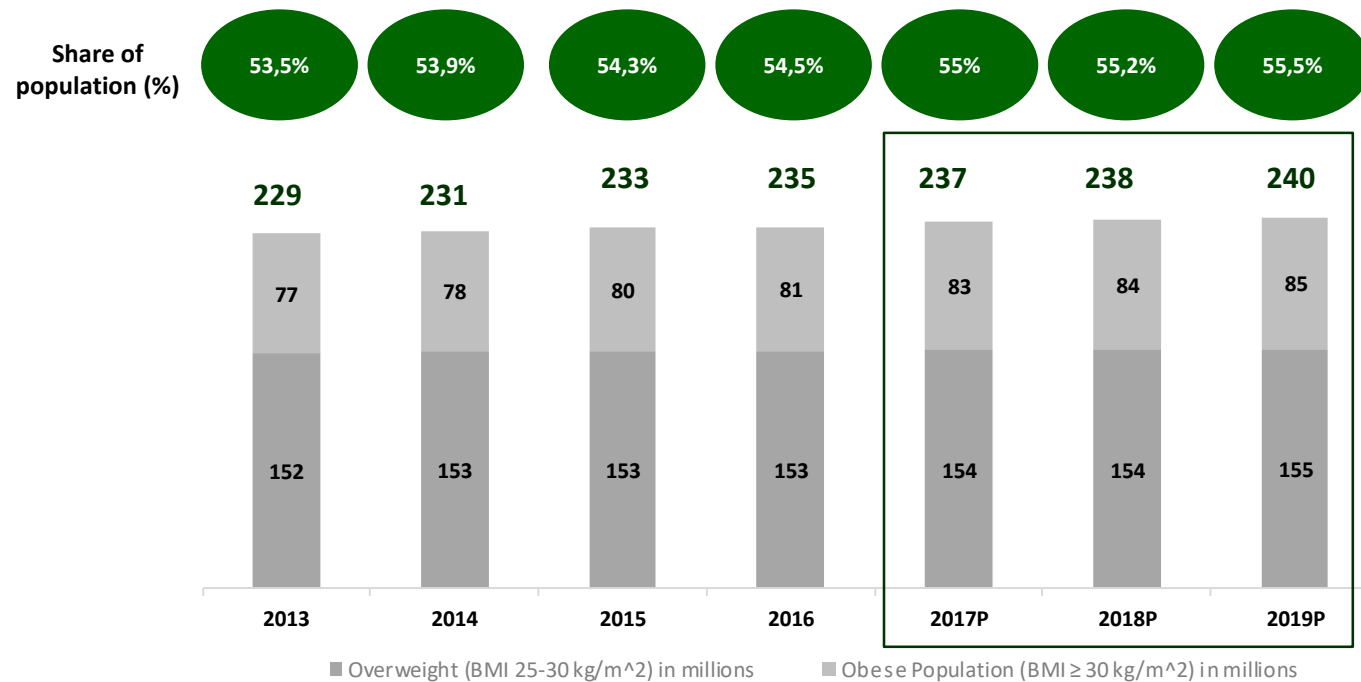
(1) As of December 2014 for NaturHouse

(2) Weight Watchers has no stores but has centers (for meetings) that it rents

(3) Herbalife has no stores and the sale of the product is made through independent distributors

We are present in a growing market

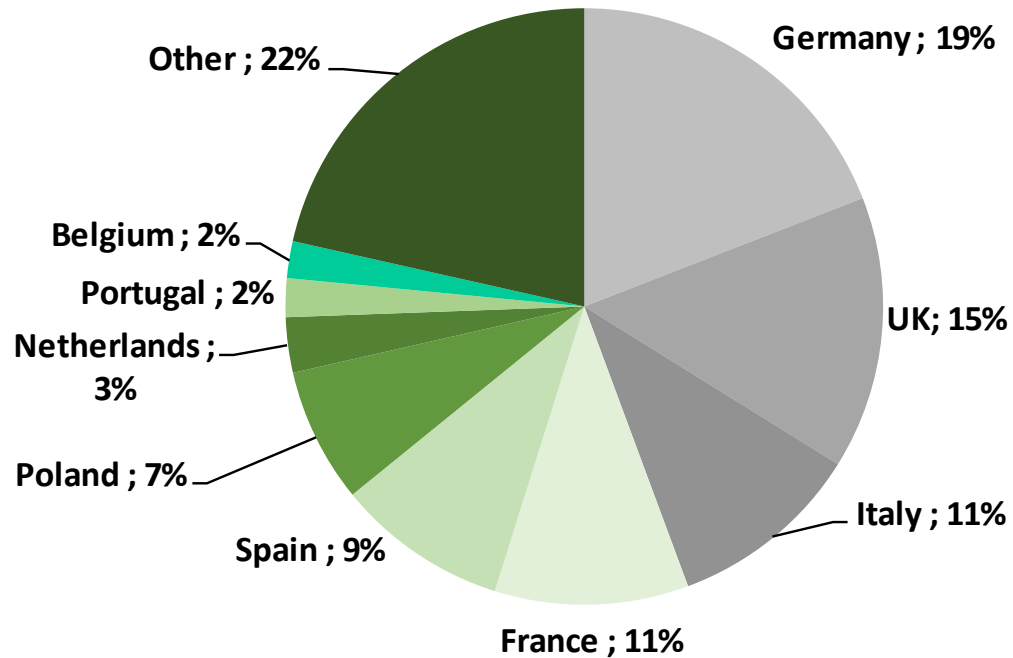
Overweight and Obese Adult Population in the EU 2013-2019P



Source: Euromonitor

More than 150 millions of people are overweight in Europe

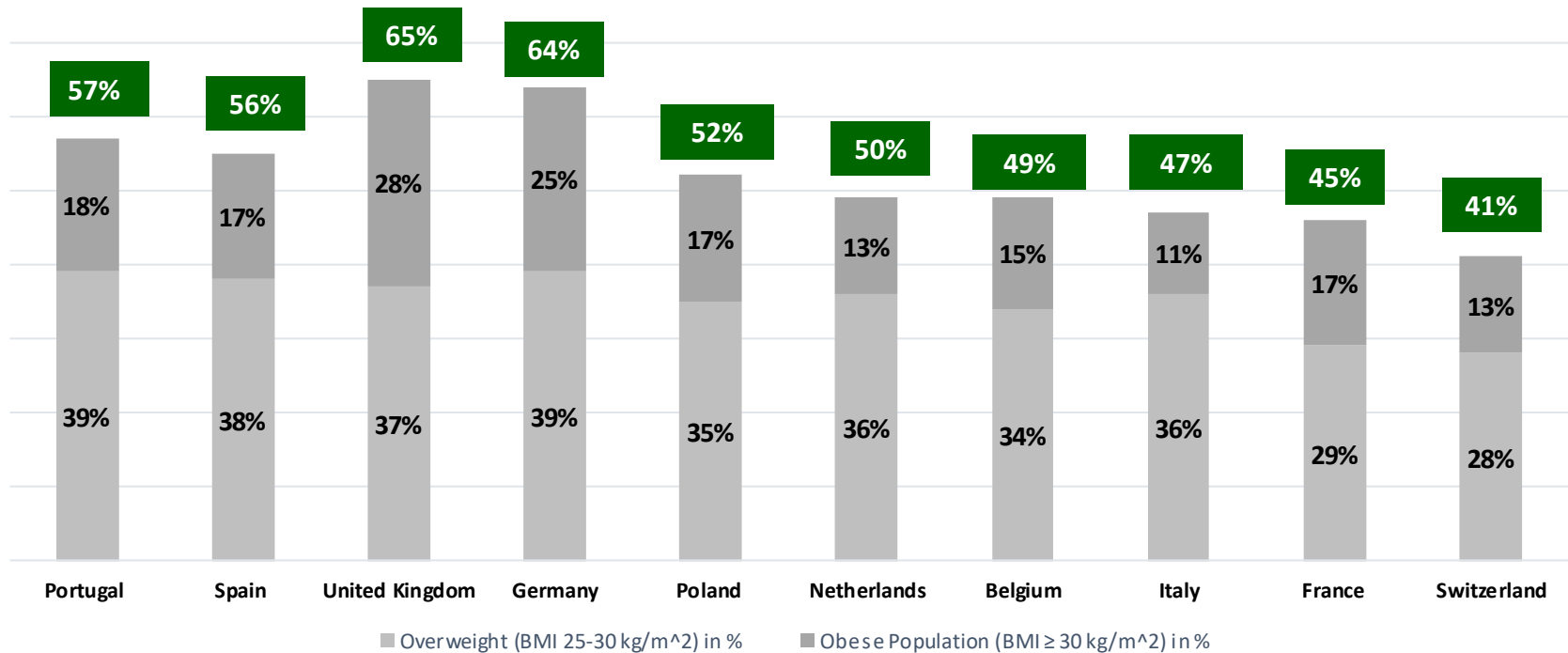
Overweight and Obese Adult Population in the EU 2016



Source: Euromonitor

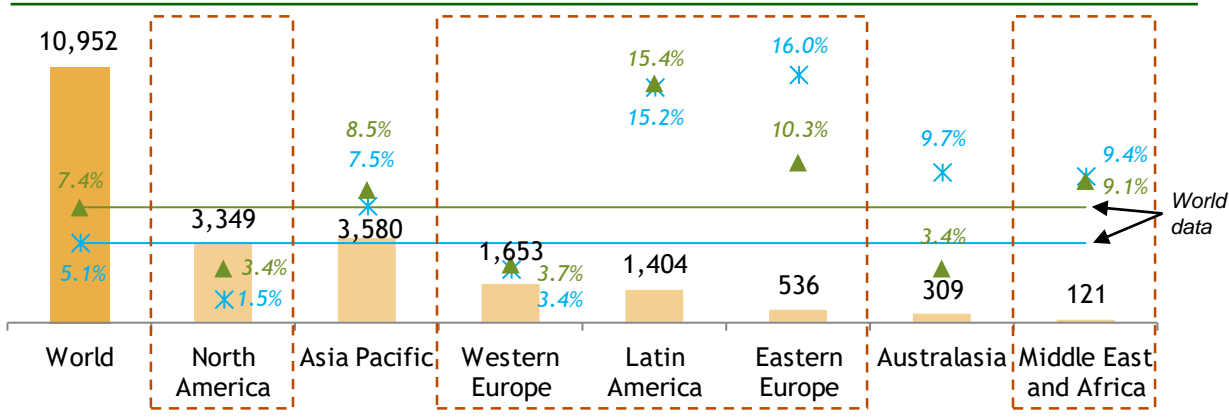
EU average obese & overweight people of 55%

Overweight and Obese Population Selected European Countries in 2016



Source: Euromonitor

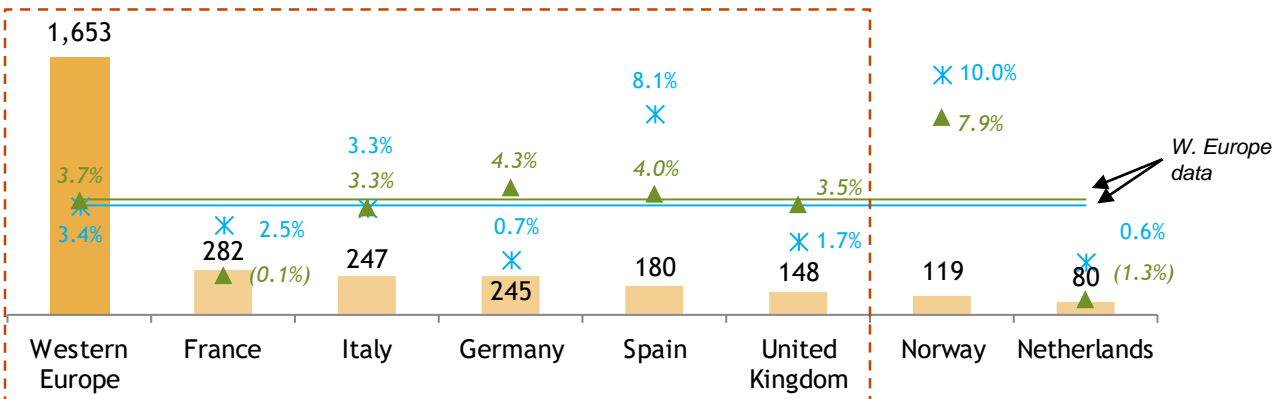
Weight management market⁽¹⁾ by region (in €m)



Comments

- North America is the largest market due to a combination of overweight / obesity rates, affluence and the desire for a perfect body
- Fastest growth rate in Eastern Europe and Latin America prompted by a significant increase in overweight / obesity rates

Main weight management markets⁽¹⁾ in Western Europe (in €m)



Notes: figures provided are based on retail sales (excluding sales taxes) and converted using 2014 fixed exchange rates

(1) Weight management market = meal replacement slimming products, weight loss supplements, OTC obesity, slimming teas, and other slimming products (excludes meal plans)

Source: Euromonitor

Naturhouse main presence

2014 market size (€m)
(last estimates)

✖ CAGR 00-14
(last estimates)

▲ CAGR 14-19e
(last estimates)



CONTACT

María Pardo Martínez
Investor Relations Manager
Telephone number: +34 914323953
Email: accionista@naturhouse.com