NATUR HOUSE
Expertos en Nutrición y Dietética


# 1H18 Results

*23 of July; 2018*

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# Main Figures

**The Board of Directors has agreed to pay an interim dividend for 2018 of €0.17/share, which will be paid on 14 September. This provides a yield of 4.75% based on the closing price on 30 June 2018.***

**Naturhouse maintains its solid financial position, with a net cash position of €15.7m at the end of June (+201% vs end 2017), after having paid €7.2m in dividends in May and pending a €4m repayment from the Spanish Tax Authority.**

**The EBITDA margin stands at 31.3%, which is within the range forecast for the year and double the industry average in the US(2).**

**At the end of the first half of the year, Naturhouse was operating in 34 countries with 2,369 stores.**

**We are expecting a gradual improvement in our business in the second half of the year, following a first half that was affected by the late arrival of the good weather (until almost mid-June) and our management transition in France, which ended in the appointment of a new managing director.**

| | 1H17 | 1H18 | var % |
|---|---|---|---|
| Sales | 54.288 | 50.451 | -7,1% |
| EBITDA | 19.108 | 15.772 | -17,5% |
| *EBITDA Margin* | *35,2%* | *31,3%* | |
| Net Income | 13.441 | 10.935 | -18,6% |
| Centres | 2.360 | 2.369 | 9 |
| Countries | 33 | 34 | 1 |
| Net Cash Position | 5.191 | 15.667 | 201,8% |

In Thousand of euros

(1) Countries: Austria joined Naturhouse in 2Q18 through a master franchise agreement.
(2) Net cash position corresponding to the end of 2017.
* Closing price at the end of June: €3.58/share

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# 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%** |
| *Gross profit margin* | *71,1%* | *71,8%* | |
| **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%** |
| *EBITDA Margin* | *35,2%* | *31,3%* | |
| **Amortization & Impairments** | **-474** | **-557** | **17,46%** |
| **EBIT** | **18.633** | **15.215** | **-18,35%** |
| *EBIT Margin* | *34,3%* | *30,2%* | |
| **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%** |
| *Net profit margin* | *24,8%* | *21,7%* | |

*In thousands of euros*

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

## Sales & EBITDA by Country

### Sales according to country

| | 1H17 | 1H18 | % |
|---|---|---|---|
| France | 23.091 | **20.612** | -10,7% |
| Spain | 11.242 | **10.884** | -3,2% |
| Italy | 12.115 | **11.656** | -3,8% |
| Poland | 6.464 | **5.946** | -8,0% |
| Rest countries | 1.375 | **1.353** | -1,6% |
| **Total** | **54.287** | **50.451** | **-7,1%** |
| International Segmen | 43.045 | 39.567 | -8,1% |

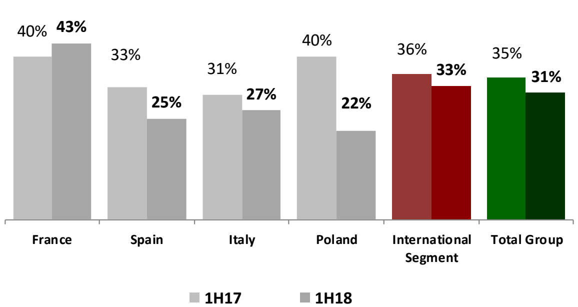
*In thousands of euros*

### EBITDA development according to country

| | 1H17 | 1H18 | % |
|---|---|---|---|
| France | 9.299 | **8.962** | -3,62% |
| Spain | 3.678 | **2.711** | -26,28% |
| Italy | 3.721 | **3.146** | -15,45% |
| Poland | 2.598 | **1.299** | -50,00% |
| Rest | -188 | **-347** | -84,57% |
| **TOTAL** | **19.108** | **15.772** | **-17,5%** |
| International Segm | 15.430 | 13.060 | -15,4% |

*In Thousands of euros*

### EBITDA margin development according to country (%)




- Turnover at the end of 1H18 stood at €50.45m and continued to be affected by the delayed arrival of the summer weather, which meant fewer people visited our stores. Products not necessarily linked to the weight loss process have performed well. They include detox products and especially ready meals, which continue to show double-digit growth.

In terms of countries, contrary to expectations, France was affected by the delayed arrival of the good weather and a change in management, which temporarily brought down sales productivity and which concluded with the appointment of Francois Gaydier as managing director.

We understand that the setback in Spain, meanwhile, is only down to the weather and therefore should be temporary.

In 2Q18, Italy turned around almost all of the negative trend shown in 1Q18, which makes us optimistic about the country's performance over the coming months. Poland, meanwhile, continues to work to return to growth over the coming months, boosted, among other things, by the strong marketing campaigns being carried out there.

As for the other countries, it should be highlighted that the US and UK continue to show a significant increase in sales.

Sales to master franchise countries continue to grow at a double-digit pace.

- EBITDA has reached €15.8m, on the one hand, due to sales performance and, on the other, through increased spending on advertising, especially in Poland; the compensation paid in light of moving our headquarters from Barcelona to Madrid, which ended on 31 December 2017 (+€0.6m vs 1H17); increased rental expenses due to the higher number of directly-operated stores; and the cost of expanding into new markets.

- The EBITDA margin stood at 31.3%, which is higher than the industry average in the US and within our forecast range (30%-35%), as we previously said would happen in 1Q18. We remain committed to a strict cost containment policy.

- Our Net Profit came to €10.94m, due to the aforementioned issues.

*(1) New countries: Germany, United Kingdom, USA, Lithuania and Croatia.*
*(2) Average for GNC, Weight Watchers, Vitamin Shoppe, Nytrisystem and Herbalife*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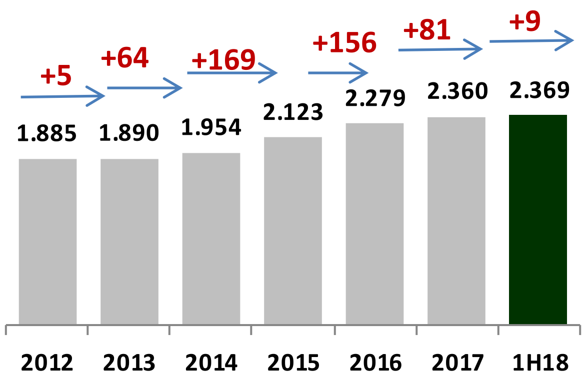
# Naturhouse Centres

**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**:

+9
- **-10 franchises** mainly due to the current situation in Poland.
- **+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.

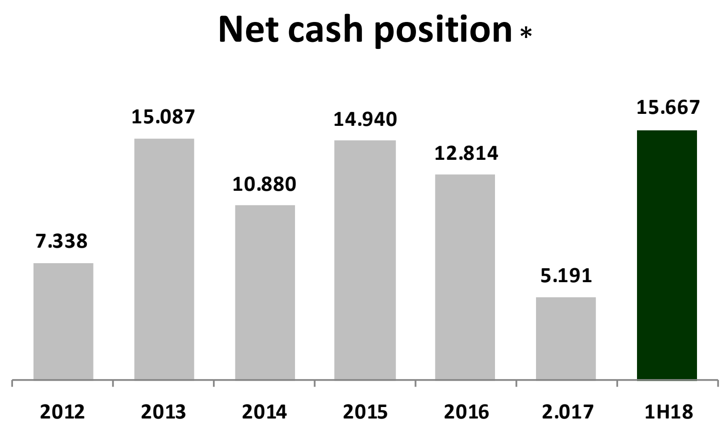
✓**France (-2)**: Temporary weakness in centre opening numbers.
✓**Spain: (-5):** We expect a certain degree of stability in centre numbers in Spain, at least until some of the country's regions show solid and sustained recovery (*mainly south and south west of Spain).*
✓**Poland: (-5):** We are starting 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 |

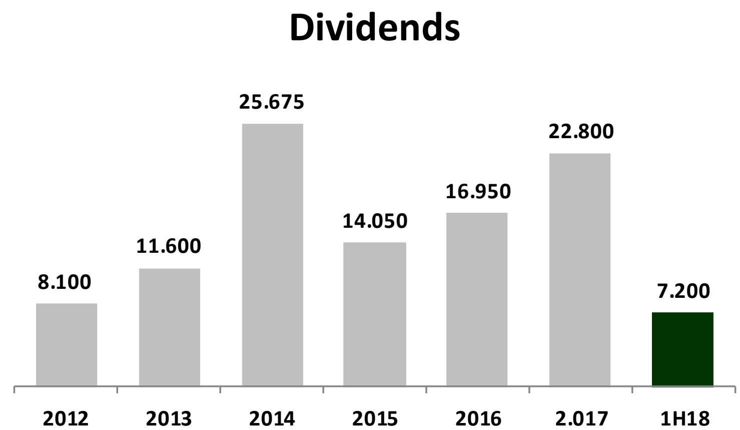
# Net Cash Position & Dividends

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




*Figures in thousands of euros*

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




*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).

# Balance Sheet

| | 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** | **37.159** |
| **TOTAL ASSETS** | **38.837** | **47.508** |
| **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*

# Strategy and Outlook

***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.**

**Material facts for the period**

- 23 February 2018: Final dividend 2017
- 23 February 2018: Annual Corporate Governance Report
- 23 February 2018: Board Members’ Compensation Report
- 23 February 2018: Corporate Social Responsibility Report
- 23 February 2018: 2017 Results
- 15 March 2018: Call for the General Shareholders’ Meeting 2018
- 20 April 2018: Result of the votes on the proposals from the General Shareholders’ Meeting 2018
- 23 April 2018: Termination of contract with managing director, France
- 30 April 2018: Ignacio Bayon, new Chair of the Audit Committee

Material facts after the period

- 23 July 2018: Interim dividend
- 23 July 2018: Appointment of new managing director in France

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