

Experts in
nutrition and
weight
management



3Q19 Results

November 2019



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The Board of Directors has agreed to pay an interim dividend for 2019 of €0.06/share, which will be paid on December 16th. This provides a 9,88% yield for 2019 year based on the closing price on September 30th 2019⁽¹⁾

First Positive Quarter

+1% Sales Increment, means reduction in 2.6 points from SALES performance in June 2019

+19.4% EBITDA Increment, means reduction in 6.5 points from EBITDA performance in June 2019

The EBITDA margin stands at 29,4%, which double the industry average in the US⁽²⁾. EBITDA margin will perform better during the year, up to guidance range of 30-35%

	3Q18	3Q19	Variation
Sales	68.880	64.713	-4.167
EBITDA	19.994	19.055	-939
<i>EBITDA Margin</i>	<i>29,0%</i>	<i>29,4%</i>	
Net Income	13.789	11.716	-2.074
Centres	2.363	2.231	-132
Countries	34	32	-2
Net Cash Position	5.372 ⁽³⁾	-157	-5.529

In Thousand of euros

- (1) Closing price at the end of March: €1,924/share
 (2) Weight Watchers, GNC, Vitamin Shoppe, Nutrisystem y Herbalife
 (3) Net cash position corresponding to the end of 2018.

	3Q18	3Q19	Variation
Total Sales	68.880	64.713	-4.167
Procurements	-19.395	-19.331	64
Gross profit	49.485	45.382	-4.104
<i>Gross profit margin</i>	<i>71,8%</i>	<i>70,1%</i>	<i>0,0%</i>
Personnel	-15.449	-14.668	781
Other operating expenses	-14.758	-12.410	2.348
Other Income	716	752	36
EBITDA	19.994	19.055	-939
<i>EBITDA Margin</i>	<i>29,0%</i>	<i>29,4%</i>	<i>0,0%</i>
Amortization & Impairments	-878	-2.833	-1.955
EBIT	19.116	16.222	-2.894
<i>EBIT Margin</i>	<i>27,8%</i>	<i>25,1%</i>	<i>0,0%</i>
Financial results	-73	-186	-113
Share of profit (loss) of associated (Ichem)	512	358	-154
EBT	19.555	16.394	-3.161
Taxes	-5.766	-4.691	1.075
Minorities	0	13	13
Net profit	13.789	11.716	-2.074
<i>Net profit margin</i>	<i>20,0%</i>	<i>18,1%</i>	

In thousands of euros

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

3Q19 is a change of the negative tren from the past quarters.

Is the first quarter where SALES and EBITDA have an increase.

1% of SALES increase, June's acumulated performance has been improved in 2.6 points

19,4% of EBITDA increase, June's acumulated performance has been improved in 6.5 points

SALES			
	Jun.18	Jun.19	var %
France	20.612	18.265	-11,39%
Spain	10.884	9.710	-10,79%
Italy	11.656	11.103	-4,74%
Poland	5.941	5.680	-4,39%
Rest	1.353	1.363	0,74%
Total	50.446	46.121	-8,57%
International Segment	39.562	36.411	-8,0%

In Thousand of euros

EBITDA			
	Jun.18	Jun.19	var %
France	8.963	7.387	-17,6%
Spain	2.711	2.359	-13,0%
Italy	3.146	3.210	2,0%
Poland	1.298	1.116	-14,0%
Rest	-345	-58	83,2%
Total	15.773	14.014	-11,2%
International Segment	13.062	11.655	-10,8%

In Thousand of euros

QUARTER EVOLUTION

	Sep.19	Sep.18	var %
France	7.666	7.531	-1,8%
Spain	3.811	3.757	-1,4%
Italy	4.181	4.288	2,6%
Poland	2.182	2.461	12,8%
Rest	593	555	-6,4%
Total	18.433	18.592	0,9%
International Segment	14.622	14.835	1,5%

In Thousand of euros

	Sep.19	Sep.18	var %
France	2.746	3.085	12,3%
Spain	440	515	17,0%
Italy	668	899	34,6%
Poland	605	464	-23,3%
Rest	-237	77	132,5%
Total	4.222	5.040	19,4%
International Segment	3.782	4.525	19,6%

In Thousand of euros

Sales according to country

	3Q18	3Q19	%
France	28.278	25.796	-8,8%
Spain	14.695	13.467	-8,4%
Italy	15.837	15.391	-2,8%
Poland	8.123	8.141	0,2%
Rest countries	1.946	1.918	-1,4%
Total	68.878	64.713	-6,0%
International Segmen	54.183	51.246	-5,4%

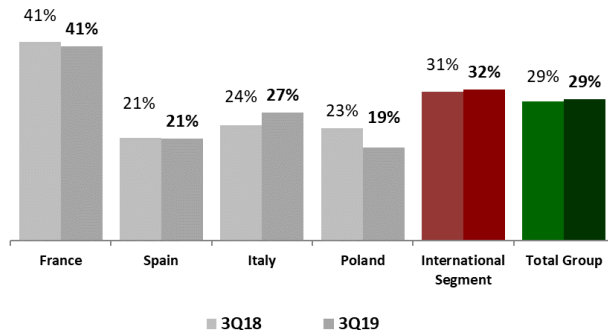
In thousands of euros

EBITDA development according to country

	3Q18	3Q19	%	Margen EBITDA
France	11.709	10.472	-10,6%	41%
Spain	3.151	2.874	-8,8%	21%
Italy	3.814	4.109	7,7%	27%
Poland	1.903	1.580	-17,0%	19%
Rest	-582	19	103,3%	32%
TOTAL	19.995	19.054	-4,7%	29,4%
International Segm	16.844	16.180	-3,9%	31,6%

In Thousands of euros

EBITDA margin development according to country (%)



☐ Turnover at the end of 3Q19 stands at €64,71m.

✓ Increase in +1% in revenues at 3Q19.

✓ From the total loss of sales in 3Q19, €4.16m are justified by the effect of 2019 centres net closures as result of the optimisation plan (-132 centres vs. 3Q19, is a -5.5% less of centres).

✓ In France, during the third quarter of the year sales drop has been cut down by 2.6 points, this means €0.74m.

✓ In Italy, during the third quarter of the year sales drop has been cut down by 1.9 points, this means €0.30m.

✓ As for Poland, revenues magnitude show a change of trend respect previous quarters, due to the commercial strategy that has been applied against the new competitor. With -15% of less centres in the country versus 2018, sales maintain the same as the previous year.

✓ Meanwhile, sales to master franchise countries are up 11.11%. We are in negotiations to open new markets with Master franchisees, where we expect to have results in the following quarters.

☐ EBITDA has reached €19.05m.

✓ Increase in +19.4% in EBITDA at 3Q19.

✓ EBITDA has mainly fallen due to lower sales figures, but also because of an increase of France, Italy and USA marketing expenses (€+0.50m vs. 3Q18), which will adjust in the last 2019 quarter.

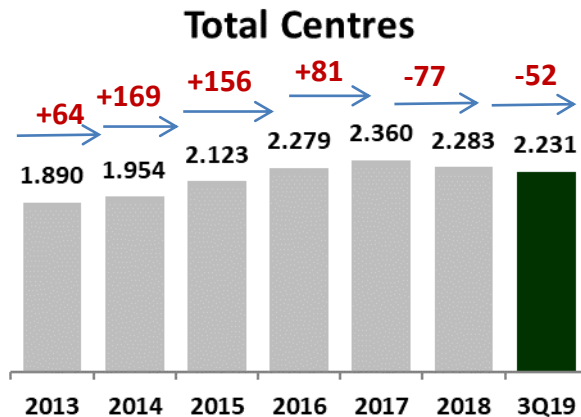
✓ The Group has invested in 2019 €0.3m in its Naturhouse digital business model.

✓ Remark 2019 change in accounting policy respect to IFRS 16, which affect the way lease are recorded and affects company's EBITDA figure. There has been a reduction in lease P&L cost in €-2.65m, splitting this cost under EBITDA figure (€+2.55m in Amortization, €+0.15m in financial expenses). IFRS 16 has also reduced company's net profit in €-0.05m.

☐ Net Result reached €11.71m, reducing 1H19 performance figure in 9.57 points.

2,231 centres in 32 countries

-52 net closes in 3Q19 as part of the company's business optimisation plan to improve the average revenue per store



Net openings:

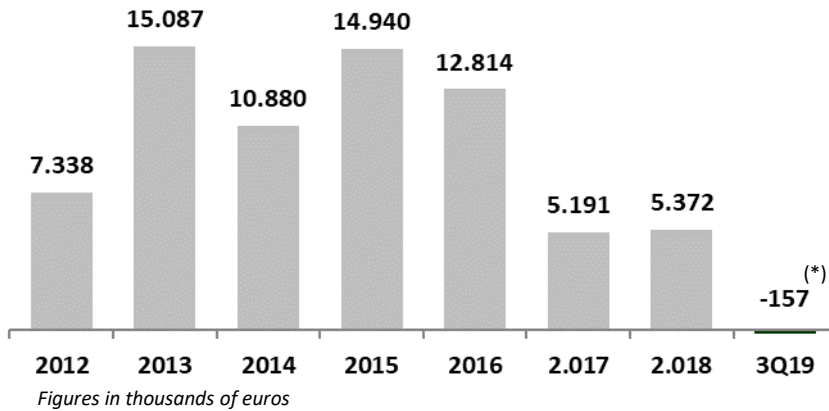
- 61 franchises mainly due to the company's business optimisation plan in the markets with more centres (France, Poland and Spain)
- +9 directly-operated stores: We are maintaining our goal of transferring most of these stores—especially in Poland—to franchise status during 2019 and 2020.

1,744 centres are franchises, 244 directly-operated stores and 262 are master franchises

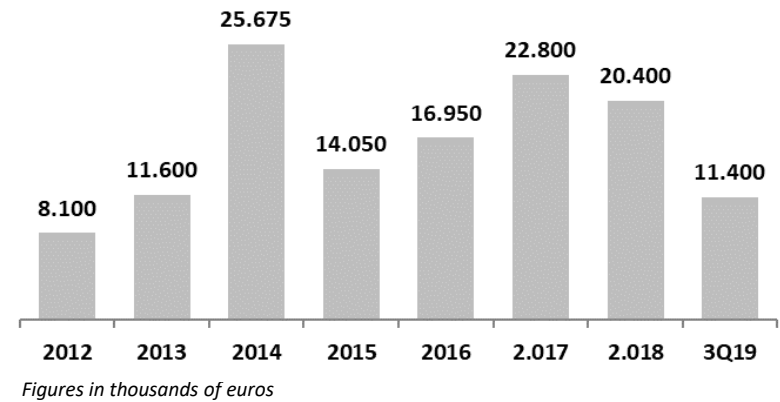
	2018			3Q19			2019 Net Openings		
	Total	DOS	Franchise	Total	DOS	Franchise	Total	DOS	Franchise
France	618	26	592	600	27	573	-18	1	-19
Spain	563	85	478	543	87	456	-20	2	-22
Italy	467	51	416	475	51	413	8	0	-3
Poland	304	59	245	290	67	223	-14	8	-22
Rest of Countries	69	22	47	68	20	48	-1	-2	1
Masterfranchise Countries	262	0	262	266	0	266	4	0	4
Total	2.283	243	2.040	2.231	252	1.979	-52	9	-61

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

Net cash position⁽¹⁾



Dividends



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

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

□ Our net cash position at the end of 3Q19 stands at -€0.15m, despite awaiting the repayment of €2m from the Spanish Tax Authority. **Including this pending amount, net cash position at the end of 3Q19 raises up to €1.85m.**

□ 2019 Shareholder Meeting has agreed to pay a third 2019 interim dividend of €0.06/share, which will be paid on December 16th, raising 2019 total dividend up to 0.19€/share, with a 2019 first half year yield of 9.88% based on the closing price on September 30th ⁽²⁾

□ Net cash position has IFRS 16 accounting policy introduction impact. Current borrowings has been increased in €9.51m due to contract financial rents. If we take off IFRS 16 impact, so is comparable with previous periods, **Net Cash position rises up to €11.35m**

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

(2) Based on Naturhouse's closing price on September 30th 2019 (€1.92/share).

	2018	3Q19
Intangible assets	1.412	1.365
Property, plant & equipment	3.806	11.546
Non current financial assets	882	839
Investment in associated companies	3.348	3.411
Deferred tax assets	150	143
Non current Assets	9.598	17.304
Inventories	4.429	4.748
Trade receivables	4.288	6.406
Current tax assets	6.866	2.958
Other current assets (anticipated spendings)	687	1.123
investment in related companies	0	0
Cash & equivalents	8.247	12.028
Current assets	24.517	27.263
TOTAL ASSETS	34.115	44.567
Equity	18.840	18.586
Non current provisions	904	787
Non current borrowings	2.870	11.394
Long term accrued expenses	303	285
Non current liabilities	4.077	12.466
Current borrowings	5	791
Suppliers	6.091	4.712
Suppliers related companies	3.793	4.910
Current tax liabilities and other payables	1.309	3.102
Current liabilities	11.198	13.515
TOTAL LIABILITIES	34.115	44.567

□ Changes in accounting policies in 2019 with IFRS 16, which affects the way leases are recorded in the P&L and the Balance Sheet.

Increase in Asset, basically in Property, Plant & Equipment assets in the amount of €9.46 m.

Increase in liabilities, in Non current borrowings by €8.72 m and Current borrowings by €0.79 m.

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

Strategy

- ✓ After the experience in the development of the digital business in the British and North American market, the group has decided to implement this strategy in its main four markets, starting with Spain. The indicators confirm that the digital business attracts Naturhouse to an audience that at the moment was not being exploited, younger people between 20 and 35 years. We expect the digital business to complement the current business, increasing the number of customers and therefore the group's turnover.
- ✓ Optimisation plan within its commercial structure to improve the average revenue per store in a mid term.
- ✓ Change centres image towards a format we call *Tienda 2.0*, where customers can head directly for products not linked to weight loss without requiring advice, given that said products are all categorised. This will allow us to promote the items we already have on sale and which do not currently make a significant contribution in terms of turnover.

Goals

- ✓ Increase sales in main countries and new markets.
 - ✓ Increase international presence and digital sales.
 - ✓ Ensure EBITDA margin of more than 30%.
 - ✓ Maintain solid balance sheet and cash generating ability.
- We will maintain the strength of our balance sheet and our considerable cash generating ability.**

Material facts for the period

- ❑ 24 January 2019: Appointment E-Commerce Director for the united States
- ❑ 25 February 2019: Liquidity Contract with Rent 4
- ❑ 28 February 2019: 2018 Final Ordinary Dividend
- ❑ 28 February 2019: Annual Corporate Governance Report
- ❑ 28 February 2019: Board Members' Compensation Report
- ❑ 28 February 2019: Corporate Social Responsibility Report
- ❑ 28 February 2019: 2018 Results
- ❑ 25 March 2019: Call for 2019 General Shareholders Meeting
- ❑ 29 April 2019: Result of the votes on the proposals from the General Shareholders' Meeting 2019
- ❑ 25 May 2019: First Quarter Liquidity Contract balance and movements
- ❑ 30 July 2019: 2019 Interim Dividend
- ❑ 30 July 2019: Appointment of new Managing International Director
- ❑ 26 August 2019: Second Quarter Liquidity Contract balance and movements

Material Facts post Period

- ❑ 5 november 2019: 2019 Interim Dividend



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