

14 November 2018

## Holland & Barrett International

### Preliminary Results Announcement

#### Continued Delivery of Growth with Investment for the Long-term

Nuneaton, UK, November 14, 2018: Holland & Barrett International Limited (Holland & Barrett), the leading European health and wellness retailer, today announces its preliminary results for the year to 30 September 2018.

#### John Walden, Chairman, commented:

“Holland & Barrett delivered a strong financial performance in 2018 with positive revenue, like for like sales and EBITDA growth, underpinned by significant growth in digital revenues. These results are particularly favourable against a backdrop of challenging and rapidly changing retail markets. As the newly appointed Chairman, I am looking forward to working with the talented Holland & Barrett team and developing an ambitious strategic plan - to build digital leadership and a global platform for delivering the most trusted, ethical health and wellness products and services.”

#### Financial Highlights

- Group revenues increased 7.1% to £702.5m
- Group like-for-like sales increased 3.9% (38th consecutive quarter of like-for-like sales growth)
- Group digital sales grew 32.2% with digital participation of 10.1%
- Group Operating Profit (EBITDA) increased 1.3% to £152.1m

#### Business Highlights

- Significant strengthening of leadership team with multiple key hires
- Continued innovation including the launch of Healthbox subscription service, and new product development which comprised 8% of Group revenues
- Strong performance in several key categories with Vitamins, Minerals and Herbal Supplements (VMHS) accounting for 51% of revenue and Clean Beauty accounting for 15%
- 66 new stores globally, including 15 new concession models within Tesco stores in the UK and Ireland
- Continued development of Holland & Barrett internationally, with revenue growing 9.3%
- Successful transition of ownership to L1 Retail

| £m                              | FY2018 | FY2017 | YoY Growth |
|---------------------------------|--------|--------|------------|
| UK and Ireland                  | 561.8m | 527.3m | 6.5%       |
| International                   | 140.6m | 128.6m | 9.3%       |
| Total Group Revenue             | 702.4m | 655.9m | 7.1%       |
|                                 |        |        |            |
| Total Group LfL Sales           | 3.9%   | 4.6%   |            |
|                                 |        |        |            |
| Group Operating Profit (EBITDA) | 152.1m | 150.2m | 1.3%       |

**Peter Aldis, Chief Executive, commented:**

“I am pleased by the strong performance in the business this year. We have just completed our 38<sup>th</sup> consecutive quarter of like-for-like sales growth, which is a milestone achievement we are very proud of. I am delighted that we have managed to attract a number of strong hires to the Executive Board over the last 12 months and am pleased by how well the team has come together in a short space of time. Looking forward under our new owners, I am confident that we are well positioned to drive transformation in the face of digital disruption. We expect that 2019 will also be a year of continued investment in the business to provide our customers with the most trusted and innovative range of health and wellness solutions.”

**Business Review**

***Overview***

Holland & Barrett, a leading health and wellness retailer, has been providing customers with objective advice and helping them navigate and fulfil their health and wellness needs for nearly 150 years. Consumer interest in personal health and wellness is accelerating, technology innovation is improving consumers’ access to health-related information, and Holland & Barrett must keep pace with its customers’ changing needs.

Holland & Barrett grew its revenues 7.1% during the 2018 financial year on the back of strong like-for-like sales growth of 3.9%, 32.2% growth in digital sales, and new store space. In the UK and Ireland, Holland & Barrett grew its revenues 6.5% during FY18, grew like-for-like sales 3.9% and achieved 32.2% growth in digital sales. It added 34 new stores in the UK and Ireland during the year.

Holland & Barrett now operate 1,077 stores in 5 countries including 830 stores and concessions in the UK and Ireland, and 247 stores internationally in the Netherlands, Belgium, and Sweden. Holland & Barrett also has over 400 franchised locations in 11 countries.

In 2018 Holland & Barrett’s aim, working with its new owners who are focused on long-term growth, has been to strengthen its operations to deliver what customers expect of a best-in-class modern retailer, while developing its longer-term strategy to address a rapidly changing environment.

***Digital Growth***

Technology is dramatically reshaping the retail landscape as consumers increasingly use mobile and other internet devices to communicate, learn, and transact. In FY18, Holland & Barrett began what will be a transformative journey to meet customers’ health and wellness needs in a digitally dominated future. It initiated improvements to its capabilities across the business with this end in mind - technology, data, retail standards, merchandising, marketing and supply chain - and have experienced significant digital sales growth during the year of 32.2%.

***Additions to Leadership Team***

In FY18, in order to prepare the business for a more ambitious future, Holland & Barrett made significant investments in strengthening the business with a number of important additions to the senior management team, including: Steve Carson, Managing Director; Echo Lu, Managing Director International; Caroline Hipperson, Group Brand Marketing Director; George Goley, Chief Technology Officer; Doug Nesbitt, Group Strategy and Transformation Director; and Anthony Houghton, Group

Retail and Property Director. In addition, the Company promoted Emma Mead to Group Digital Director, and Hilary Leam to Group Trading Director.

### ***Investments in Health and Wellness Knowledge***

One of Holland & Barrett's competitive strengths is its specialist health and wellness knowledge. Over the years Holland & Barrett has invested significantly in the creation of an online repository of health and wellness information, and training of its associates across all areas of its customer's health and wellness needs. This is critical to ensure its customers have access to clear, concise and up-to-date information to help them confidently make informed decisions.

To make training more accessible and tailored to the needs of their customers, in 2017 HBI launched the Hive e-learning platform, which allows employees to undertake and update their training digitally, with flexible ease of access. In FY18 alone, 1,874 HBI employees have gained a qualification through the Hive, covering key knowledge areas in relation to product features, benefits and cautions along with nutritional value, lifestyle choice and focused customer advice. To ensure the programme is always current and relevant, new training content launched in FY18 included updated material on: H&B Brand ethics & efficacy, vitamins and minerals, sugar and caffeine alternatives, vegetarian proteins, benefits of individual holistic remedies, product cautions and interactions. On successful completion of its three-step training programme, employees attain a nationally accredited qualification equivalent to an A-level. 1,650 current colleagues have thus far attained this qualification through Holland & Barrett.

### ***International Expansion***

International revenue now accounts for 20% of Holland & Barrett revenues. Over the last year, Holland & Barrett established a new organisational structure to focus efforts on maximising the long-term growth opportunity in international markets. It has also made significant strides in building out the local teams for its international markets as it continues to selectively expand its international footprint. In its owned markets, the company saw continued growth across each of its businesses in the Netherlands, Belgium and Sweden. Netherlands is the largest and most profitable of Holland & Barrett's international markets, but also remains one of the most competitive. During the year Holland & Barrett acquired Halsa for Alla Sverige in Sweden, which provides a platform for further growth in the Scandinavian region.

Holland & Barrett currently operates 1,077 stores across the world, including 830 branches in the UK and Ireland (of which 38 are 'store in store' concepts with Tesco) Netherlands and Malta to the UAE, China and India and has reported over nine years of consecutive like for like growth. It was acquired by L1 Retail in August 2017. For more information, please visit [www.hollandandbarrett.com](http://www.hollandandbarrett.com).

**ENDS**