



SALLY BEAUTY HOLDINGS, INC.

Investor Relations Presentation

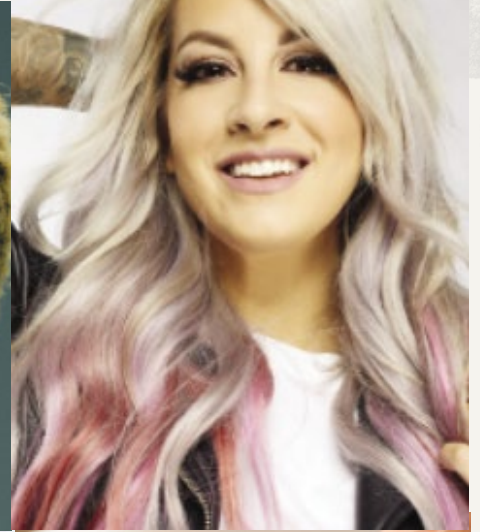
As of September 30, 2023

Forward-Looking Statements and Non-GAAP Financial Measures

Statements in this presentation which are not purely historical facts or which depend upon future events may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, can be identified by the use of forward-looking terminology such as “believes,” “projects,” “expects,” “can,” “may,” “estimates,” “should,” “plans,” “targets,” “intends,” “could,” “will,” “would,” “anticipates,” “potential,” “confident,” “optimistic,” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy, objectives, estimates, guidance, expectations and future plans. Forward-looking statements can also be identified by the fact that these statements do not relate strictly to historical or current matters.

Readers are cautioned not to place undue reliance on forward-looking statements as such statements speak only as of the date they were made. Any forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including those described in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K for the year ended September 30, 2023. Consequently, all forward-looking statements in this presentation are qualified by the factors, risks and uncertainties contained therein. We assume no obligation to publicly update or revise any forward-looking statements.

This presentation includes certain financial measures that have not been calculated in accordance with accounting principles generally accepted in the United States, or GAAP, and are therefore referred to as non-GAAP financial measures. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. A reconciliation of GAAP to non-GAAP measures is provided in the appendix of this presentation.



To Recruit and Retain Color Customers by...

...Being the Undisputed Expert and Leader in Professional Color/Care for the DIY Consumer and Professional

SBH AT A GLANCE

SEGMENTS

SALLY
BEAUTY

Beauty Systems Group

Armstrong McCall Cosmo Prof.

MULTI-CHANNEL DISTRIBUTION

\$3.7B

Net Sales¹

50.8%

Adjusted Gross
Margin¹

\$459M

Adjusted EBITDA¹

SNAPSHOT

- #1 provider of professional color for home use**
- ~ 34% of sales from owned brands
- 57% of FY2023 sales

- Leading resource for salons and salon professionals**
- ~ 52% of sales from brands under exclusive/limited distribution agreements
- 43% of FY2023 sales

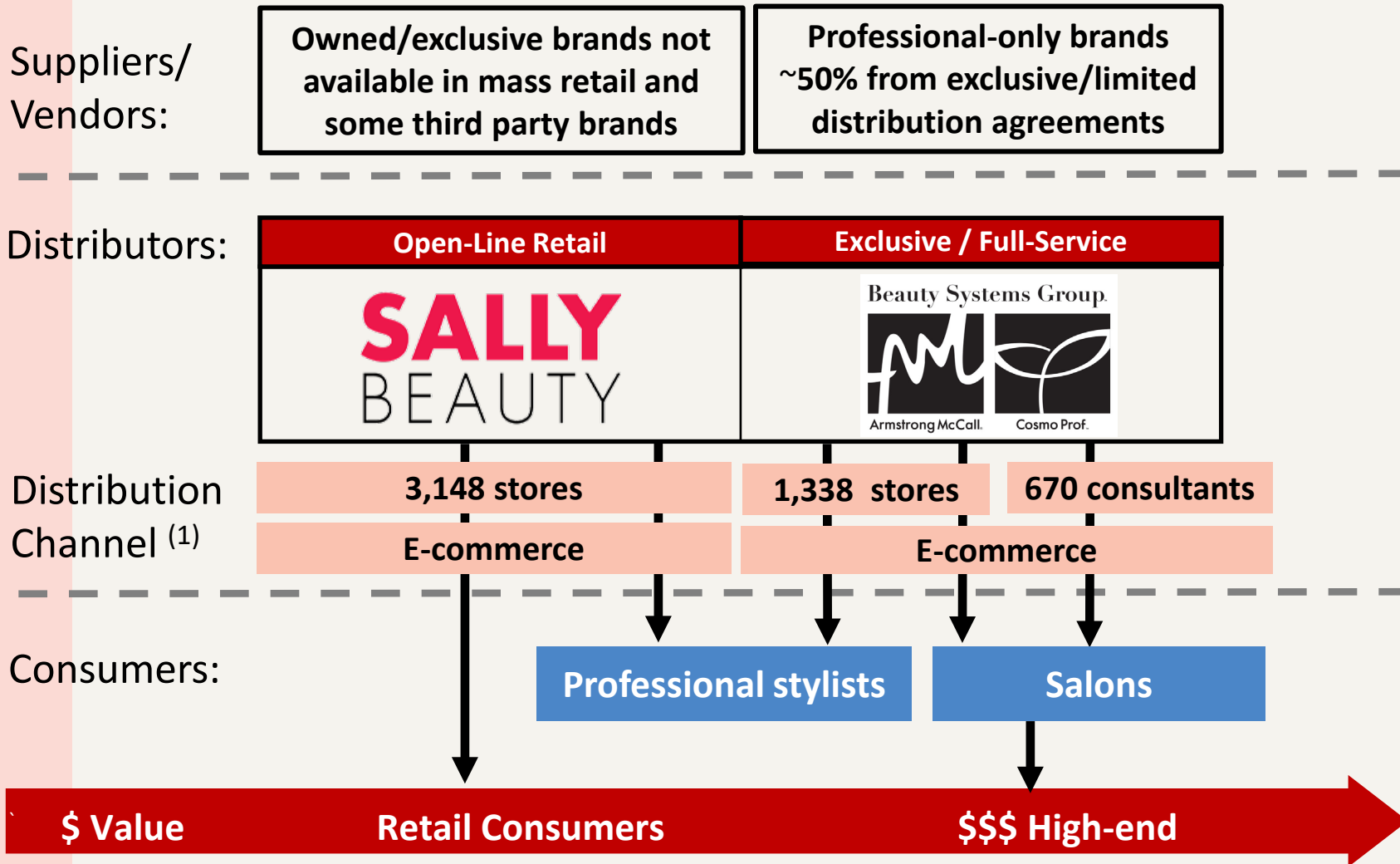
4,500 Stores Globally

E-Commerce Sites

Direct Sales Consultants

¹ Fiscal 2023 results; Adjusted Gross margin and Adjusted EBITDA are non-GAAP measures – see Appendix for reconciliation.

- 1 Authority in Professional Hair Color and Care**
- 2 Expert in Education and Content**
- 3 Leader in Market Share for the Professional Distribution Channel**
- 4 Cosmetologists and Trained Color Experts in Stores**
- 5 Stickiness of Customers in both Sally and BSG**



- Leader in professional hair color for home-use
- Professional open-line business – merchandise assortment focused on owned and exclusive brands not available through mass retail
- Sally Beauty global footprint ⁽¹⁾
 - 3,148 stores worldwide
 - 2,327 U.S. stores / 821 international stores
- 16 million loyalty members account for 78% of sales in US/Canada ⁽¹⁾
- Beginning of FY23, launched the rollout of bondbar, our new line of pro-quality bonding products at accessible price points

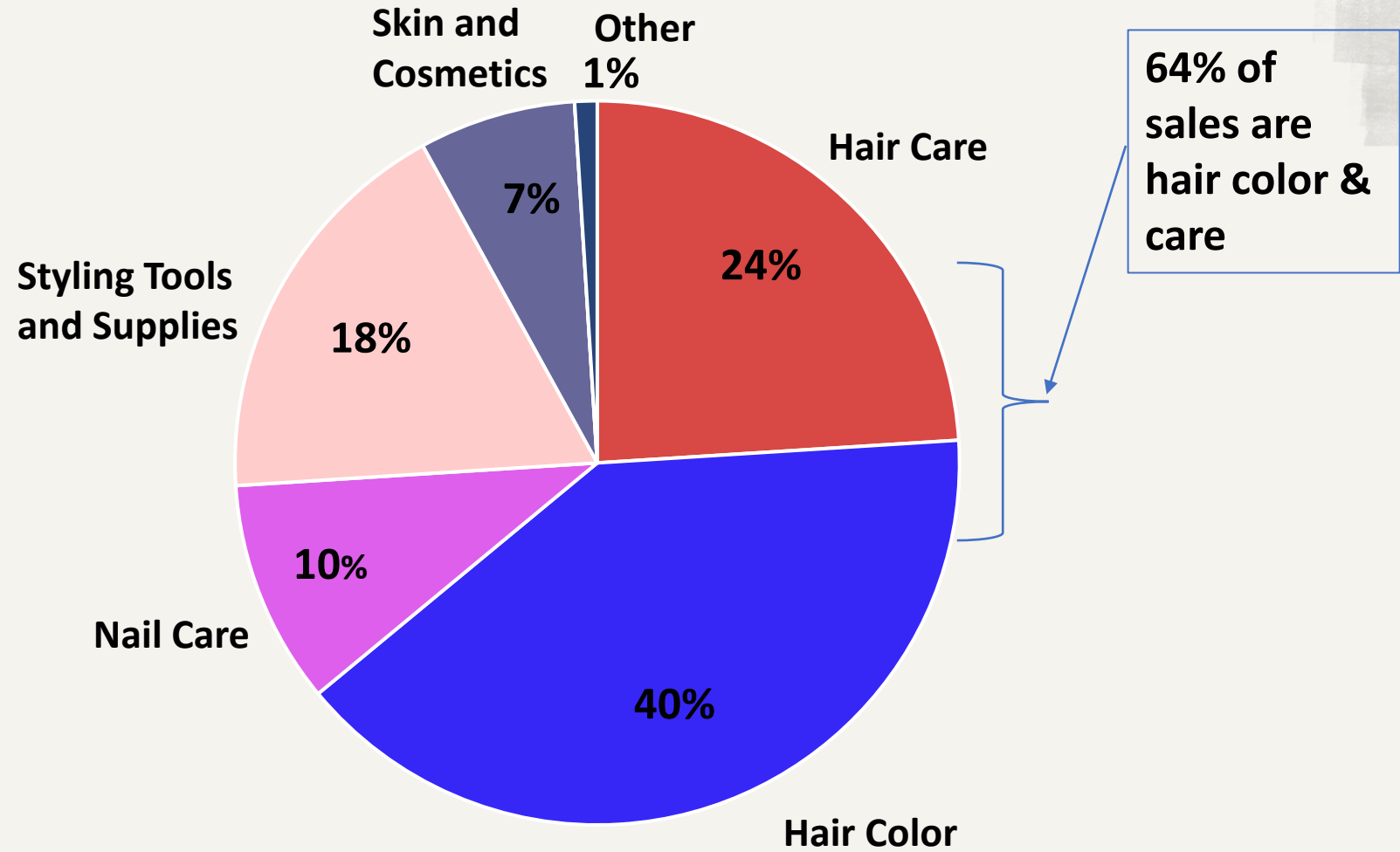


Sally Beauty U.S. Store

(1) As of September 30, 2023

Sally Beauty Product Mix

We offer a diversified mix of beauty products with a focus on pro color and care



Beauty Systems Group Highlights

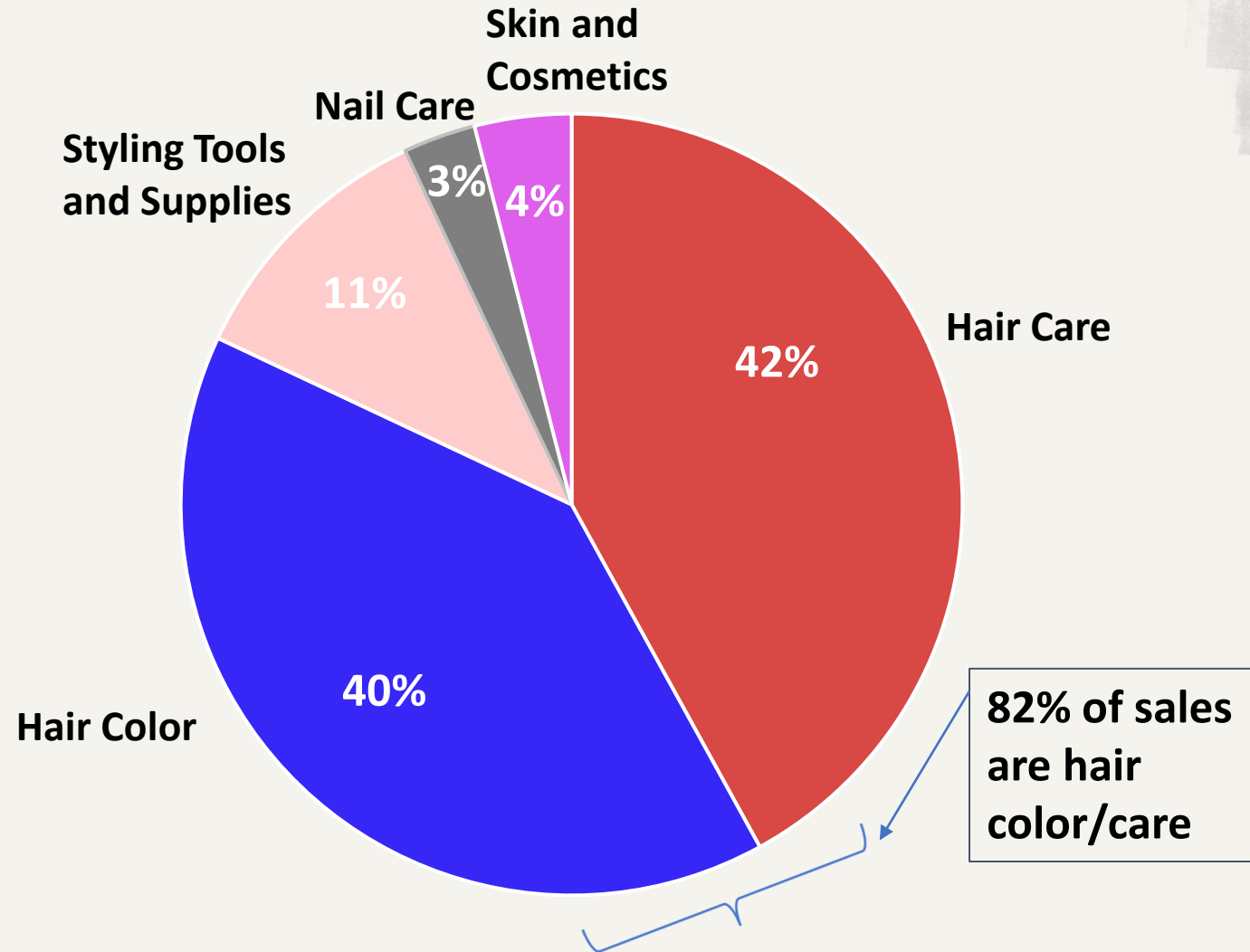
- **Leader in the professional distribution channel in the U.S./Canada**
- **Sells exclusively to salons and salon professionals**
- **Exclusive distributor of premium professional hair color and hair care brands used by stylists throughout our territories**
- **Beauty Systems Group – 1,338 professional-only stores & 670 professional distributor sales consultants ⁽¹⁾**



(1) As of September 30, 2023

Beauty Systems Group Product Mix

We offer a diversified mix of beauty products not carried in Sally stores or mass retail



Strategic Initiatives

1 Enhancing Our Customer Centricity

2 Amplifying Product Innovation and Growing High Margin Owned Brands

3 Increasing Operational Efficiency and Optimizing Our Capabilities



COSMO PROF DIRECT



Partnering with SalonHQ whose customizable digital storefront platform gives our stylists the ability to curate a product selection specifically for their customers



SalonHQ provides the platform; Cosmo Prof fulfills orders; stylists earn a commission



Advanced marketing tools available to deliver personalized product recommendations and promotions

Licensed Colorist On Demand / In-Store and Online Experience

Engagement



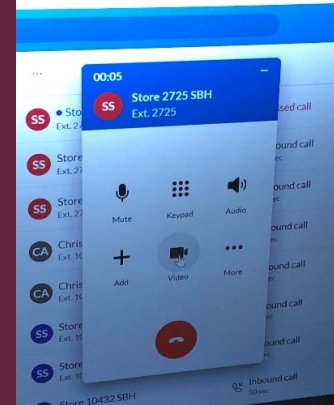
Virtual Consultation

- Beauty Advisor essential to connect client with LCOD
- New Associates build confidence and knowledge through LCOD

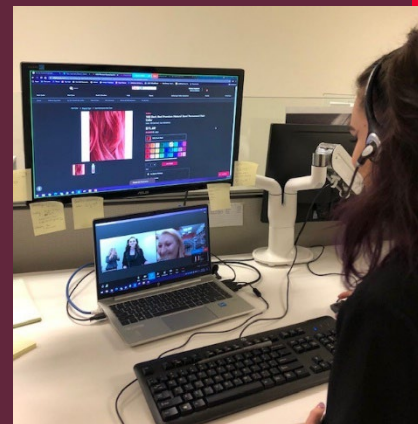


Aisle Blade

Bag Stuffers-
Invites customers to call or text to connect with a LCOD



ATT Office @ Hand Solution
Easy Connect to LCOD from Store iPad



iPad rolling stand moves with customers – mimics live shopping experience





Initial pilot in **6 stores in 2023** with the potential to roll out to more than 100 stores over the next 3-4 years



HAPPY BEAUTY



EXPERIENCE: Within the industry and our extensive capabilities across product, operations, sourcing and supply chain to bring something truly unique to the market

ENVIRONMENT: An accessible, fun and expressive environment

MERCHANDISE: Priced under \$10 and product offerings encompass 4 key categories: Cosmetics & Facial Care, Bath & Body, Nails and Hair.

BRANDS: A strong mix of entrepreneurial third-party brands and our own proprietary brands

TARGET DEMOGRAPHIC: Savvy millennials, value seekers and discount beauty buyers



GROWING HIGH MARGIN OWNED BRANDS

Increase Sally's owned brand penetration from 34% to over 50%





GROWING HIGH MARGIN OWNED BRANDS

NEW!
bondbar™

Increasing Operational Efficiency

Optimizing Capabilities

1

During Q1 FY23, successfully closed ~350 locations where sales recapture rates have met internal targets; majority were Sally U.S. stores

2

Store optimization plan resulted in approximately \$50 million in SG&A savings and \$10 million benefit to operating earnings

3

Launched a Fuel for Growth initiative to support our long-term operating profit objectives

4

Fuel for Growth expected to deliver \$20 million benefit across gross margin and SG&A; more expected in FY25

Our ESG strategy focuses primarily on the areas where we believe we can have a meaningful impact:

**Human Capital
Management**

**Philanthropy &
Community
Impact**

**Data
Protection &
Cybersecurity**

**Diversity,
Inclusion &
Belonging**

**Environmental
Sustainability
& Responsible
Sourcing**

Financial Overview

Consolidated Fiscal 2023 Results

**Net Sales
of \$3.7B**

**Adjusted GM
of 50.8% ⁽¹⁾**

**Adj. EBITDA
of \$459M ⁽¹⁾**

**Free Cash Flow
of \$159M ⁽¹⁾**

SALLY
BEAUTY



Gross Margin

59.2%

39.8%

**Operating
Margin**

16.8%

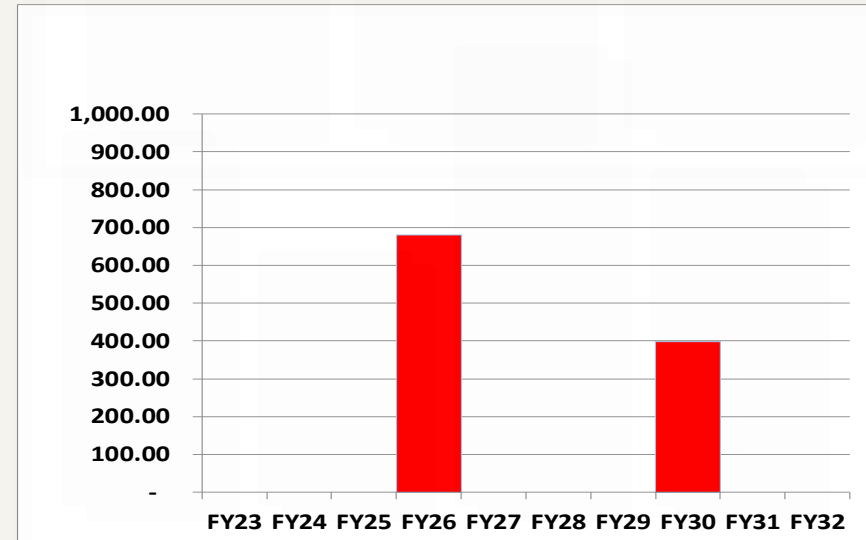
11.4%

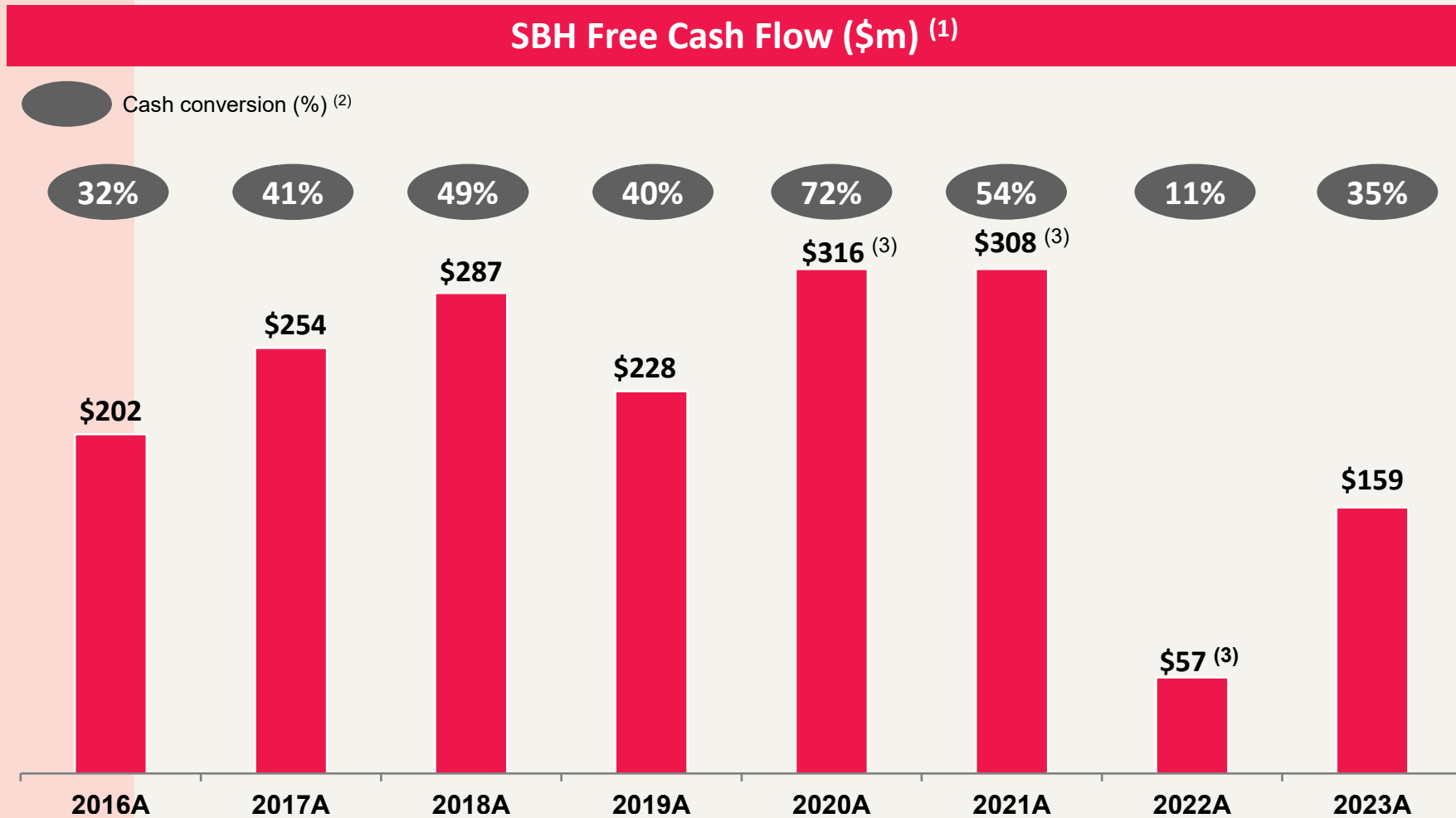
- **Ample liquidity**
 - ◆ **\$123 million of cash and cash equivalents on balance sheet ⁽¹⁾**
 - ◆ **Zero balance outstanding on \$500 million asset-based revolving credit facility ⁽¹⁾**
- **Net debt leverage ratio of 2.1x ⁽¹⁾**
 - ◆ **New target range for net debt leverage ratio of 1.5x to 2.0x**
- **February 2023, refinanced term loan B extending maturity to FY2030**
- **No long-term debt maturing until FY2026**

Long-Term Capital Structure

	AMOUNT (\$MM)	% OF TOTAL DEBT
5.625% SR NOTES (FY26)	\$680.0	63.1%
TERM LOAN B (FY30)	\$398.0	36.9%
TOTAL DEBT	\$1,078.0	100.0%

Long-Term Debt Maturities (\$ millions)





(1) Free Cash Flow defined as cash flow from operations minus capital expenditures; See Addendum for reconciliation of this non-GAAP financial measure

(2) Cash conversion defined as FCF/Adjusted EBITDA

(3) Free Cash Flow impacted by timing of working capital (mainly inventory) during the COVID-19 pandemic and recovery

Sticky Customers

Gross Margin 50%+

Resilient Business Model

**Focus on Professional Hair Color,
Hair Care and Nails**

- 1 Growing Profitable Business**
- 2 Strong Cash Flow Generation**
- 3 Increasing Shareholder Value**

**Low to Mid
Single-Digit
Net Sales
Growth**

**50%+ Gross
Margin**

**SG&A
Leverage**

**Low Double-
Digit
Operating
Margins**

Strong Cash Flow Generation

1 Maintain Strong Liquidity Position

2 Invest in Our Strategic Growth Initiatives

3 Optimize Our Capital Structure

4 Return Value to Shareholders

Executive Management Team

Denise Paulonis



President and CEO

Marlo Cormier



Senior Vice President, CFO

John Goss



President – Sally Beauty Supply

Mark Spinks



President - Beauty Systems Group

Olivier Badezet



Senior Vice President & Managing Director Europe

Mary Beth Edwards



Senior Vice President, Chief Transformation Officer & Business Services Officer

John Henrich



Senior Vice President, General Counsel

Scott Sherman



Senior Vice President and Chief Human Resources Officer

Joe Bowe



Senior Vice President, Chief Supply Chain Officer

Bryan DeYoung



Group Vice President, Merchandising Services, Planning & Allocation

1

#1 Seller of Professional Color Globally

2

Transformed Business Model

3

Positioned to Drive Scale

4

Strong Cash Flow Generation

5

Experienced Management Team

APPENDIX

EBITDA & FCF Reconciliation

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY 23</u>
Adjusted EBITDA								
Net Earnings (GAAP)	\$ 222.9	\$ 215.1	\$ 258.0	\$ 271.6	\$ 113.2	\$ 239.9	\$ 183.6	\$ 184.6
Interest expense, net of interest income	144.2	132.9	98.2	96.3	98.8	93.4	93.5	73.0
Provision for income taxes	131.1	130.6	70.4	90.5	46.7	85.1	60.6	67.4
Depreciation and amortization	99.7	112.3	108.8	107.7	106.8	102.2	99.9	102.4
Share-based compensation	12.6	10.5	10.5	9.2	8.4	11.7	10.7	15.9
COVID-19 expenses	-	-	-	-	21.6	36.6	6.2	3.7
Inventory charges	-	-	-	-	27.1	-	-	-
Impairment charges	-	-	-	-	1.9	-	-	-
Expenses from data security incidents	14.6	-	7.9	-	-	-	-	-
Restructuring charges	-	22.7	33.6	(0.7)	14.0	6.1	47.4	12.0
Litigation settlement and non-recurring items, net	2.6	-	-	-	-	-	-	-
Adjusted EBITDA	\$ 627.7	\$ 624.1	\$ 587.4	\$ 574.6	\$ 438.5	\$ 575.0	\$ 501.9	\$ 459.0

Cash Flow Reconciliation

	2016	2017	2018	2019	2020	2021	2022	2023
Cash Flow from Operations	\$ 351.0	\$ 343.3	\$ 372.7	\$ 320.4	\$ 426.9	\$ 381.9	\$ 156.5	\$ 249.3
Less: Capital Expenditures	\$ 148.7	\$ 89.6	\$ 86.1	\$ 92.4	\$ 110.8	\$ 73.7	\$ 99.3	\$ 90.7
Free Cash Flow	\$ 202.3	\$ 253.7	\$ 286.5	\$ 228.0	\$ 316.1	\$ 308.2	\$ 57.2	\$ 158.6

Adjusted Gross Margin Reconciliation

Supplemental Schedule 3

SALLY BEAUTY HOLDINGS, INC. AND SUBSIDIARIES

Non-GAAP Financial Measures Reconciliations, Continued
 (In thousands, except per share data)
 (Unaudited)

Twelve Months Ended September 30, 2023

	As Reported (GAAP)	Restructuring ⁽¹⁾	COVID ⁽²⁾	Loss on Debt Extinguishment and Other ⁽³⁾	As Adjusted (Non-GAAP)
Cost of products sold	\$ 1,829,951	\$ 5,789	\$ —	\$ —	\$ 1,835,740
Consolidated gross margin	50.9%				50.8%
Selling, general and administrative expenses	1,555,946	(606)	(3,701)	—	1,551,639
SG&A expenses, as a percentage of sales	41.7%				41.6%
Restructuring	17,205	(17,205)	—	—	—
Operating earnings	325,029	12,022	3,701	—	340,752
Operating margin	8.7%				9.1%
Interest expense	72,979	—	—	(1,793)	71,186
Earnings before provision for income taxes	252,050	12,022	3,701	1,793	269,566
Provision for income taxes ⁽⁴⁾	67,450	2,928	1,049	(2,239)	69,188
Net earnings	\$ 184,600	\$ 9,094	\$ 2,652	\$ 4,032	\$ 200,378
Earnings per share:					
Basic	\$ 1.72	\$ 0.08	\$ 0.02	\$ 0.04	\$ 1.87
Diluted	\$ 1.69	\$ 0.08	\$ 0.02	\$ 0.04	\$ 1.83

(1) For fiscal year 2023, restructuring represents expenses and adjustments incurred primarily in connection with the Plan, including \$5.8 million related to favorable adjustments to our expected obsolescence reserve in cost of products sold.

(2) For fiscal year 2023, COVID primarily relates obsolete PPE related to store supplies in selling, general and administrative expenses and to use taxes around the donation of personal protection merchandise.

(3) For fiscal year 2023, loss on debt extinguishment relates to the repricing of our Term Loan B, which resulted in the write-off of unamortized deferred financing costs of \$1.8 million.

(4) The provision for income taxes was calculated using the applicable tax rates for each country, while excluding the tax benefits for countries where the tax benefit is not currently deemed probable of being realized. Additionally, for fiscal year 2023, provision for income taxes, within loss on debt extinguishment and other, includes additional \$2.7 million in taxes and interest for the one-time transition tax on unrepatriated foreign earnings (“Repatriation Tax”).