



SALLY BEAUTY HOLDINGS, INC.

Investor Relations Presentation

As of December 31, 2024

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, 2024. 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



MULTI-CHANNEL DISTRIBUTION

\$3.7B

Net Sales¹

50.9%

Gross Margin¹

\$442M

Adjusted EBITDA¹

SNAPSHOT

- #1 provider of professional color for home use**
 - ~ 34% of sales from owned brands
 - 57% of FY2024 sales
- Leading resource for salons and salon professionals**
 - ~ 40% of sales from brands under exclusive/limited distribution agreements
 - 43% of FY2024 sales

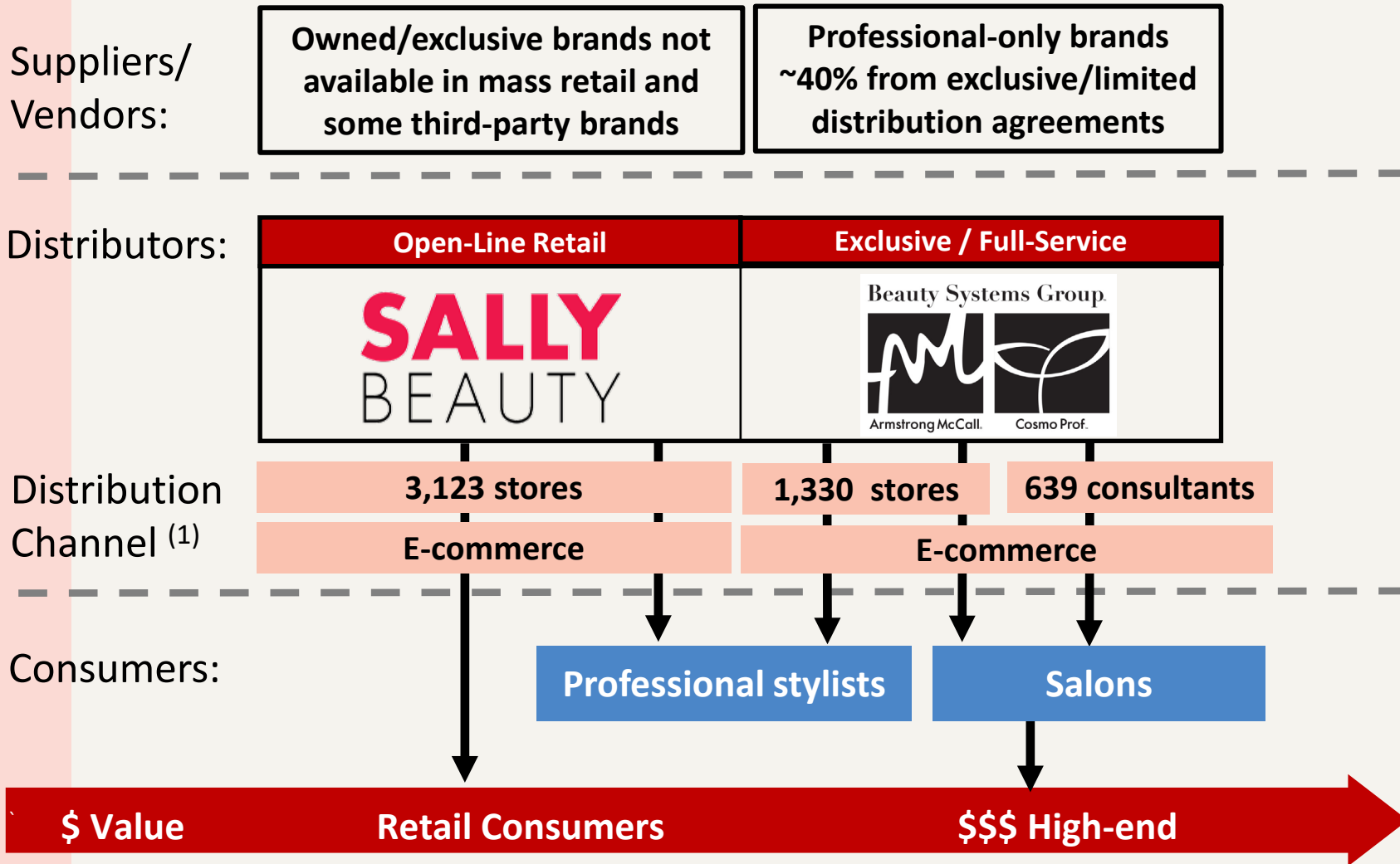
4,500 Stores Globally

E-Commerce Sites

Direct Sales Consultants

¹ Fiscal 2024 results; Adjusted EBITDA is a non-GAAP measure – 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⁾
 - 3,123 stores worldwide
 - 2,307 US stores / 816 international stores
- 16 million active, known members account for 79% of sales in US/Canada ⁽¹⁾
- FY23, launched the rollout of ***bondbar***, our new line of pro-quality bonding products at accessible price points
- FY24, expanding digital marketplaces to include Amazon, Walmart, DoorDash, and Instacart

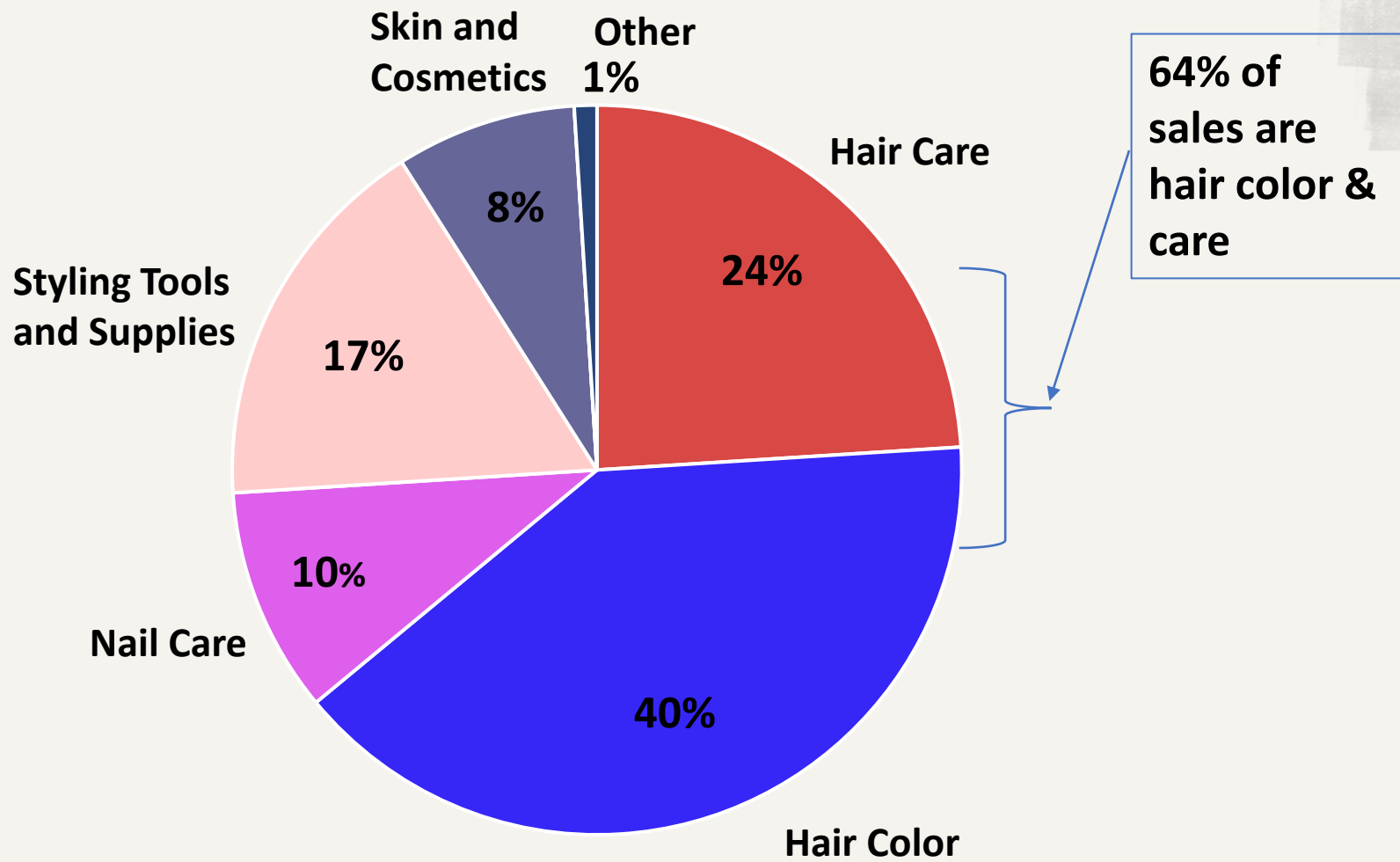


Sally Beauty U.S. Store

(1) As of December 31, 2024

Sally Beauty Product Mix

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



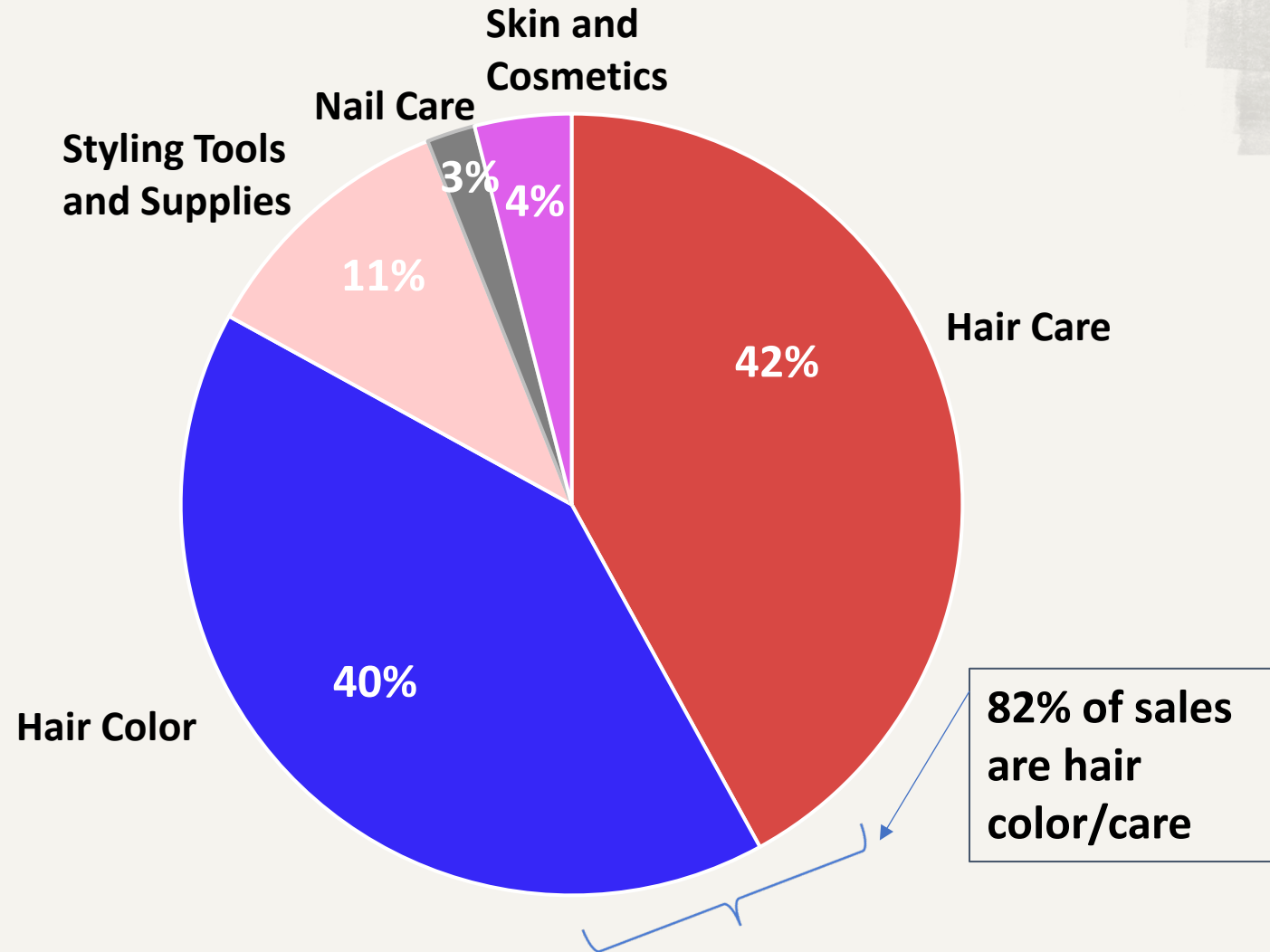
- Leader in the professional distribution channel in the US/Canada
- Sells exclusively to salons and salon professionals at wholesale pricing
- Exclusive distributor of premium professional hair color and hair care brands used by stylists
- Over 80% of sales coming from hair color and hair care
- Beauty Systems Group – 1,330 professional-only stores & 639 professional distributor sales consultants ⁽¹⁾
- April 1, 2025, launching cutting-edge hair care Brand **K18** across all US/Canadian stores and ecommerce



(1) As of December 31, 2024

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



HAPPY BEAUTY CO.



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

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

2

Fuel for Growth delivered \$28 million benefit across gross margin and SG&A in FY24

3

Fuel for Growth expected to deliver \$40+ million benefit in FY25

4

Expected cumulative run-rate benefits approaching \$120 million by end of FY26

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

**Human Capital
Management**

**Philanthropy &
Community
Impact**

**Data
Protection &
Cybersecurity**

**Culture &
Belonging**

**Environmental
Sustainability
& Responsible
Sourcing**

Financial Overview

Consolidated Fiscal 2024 Results

Net Sales
of **\$3.7B**

Gross Margin
of **50.9%**

Adj. EBITDA
of **\$442M⁽¹⁾**

Free Cash Flow
of **\$145M⁽¹⁾**

SALLY
BEAUTY



Gross Margin

59.7%

39.3%

**Operating
Margin**

15.9%

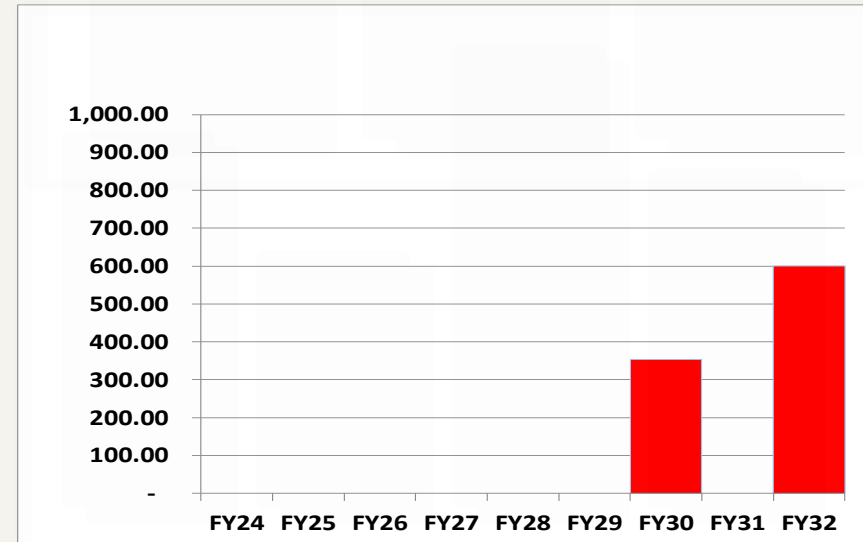
11.1%

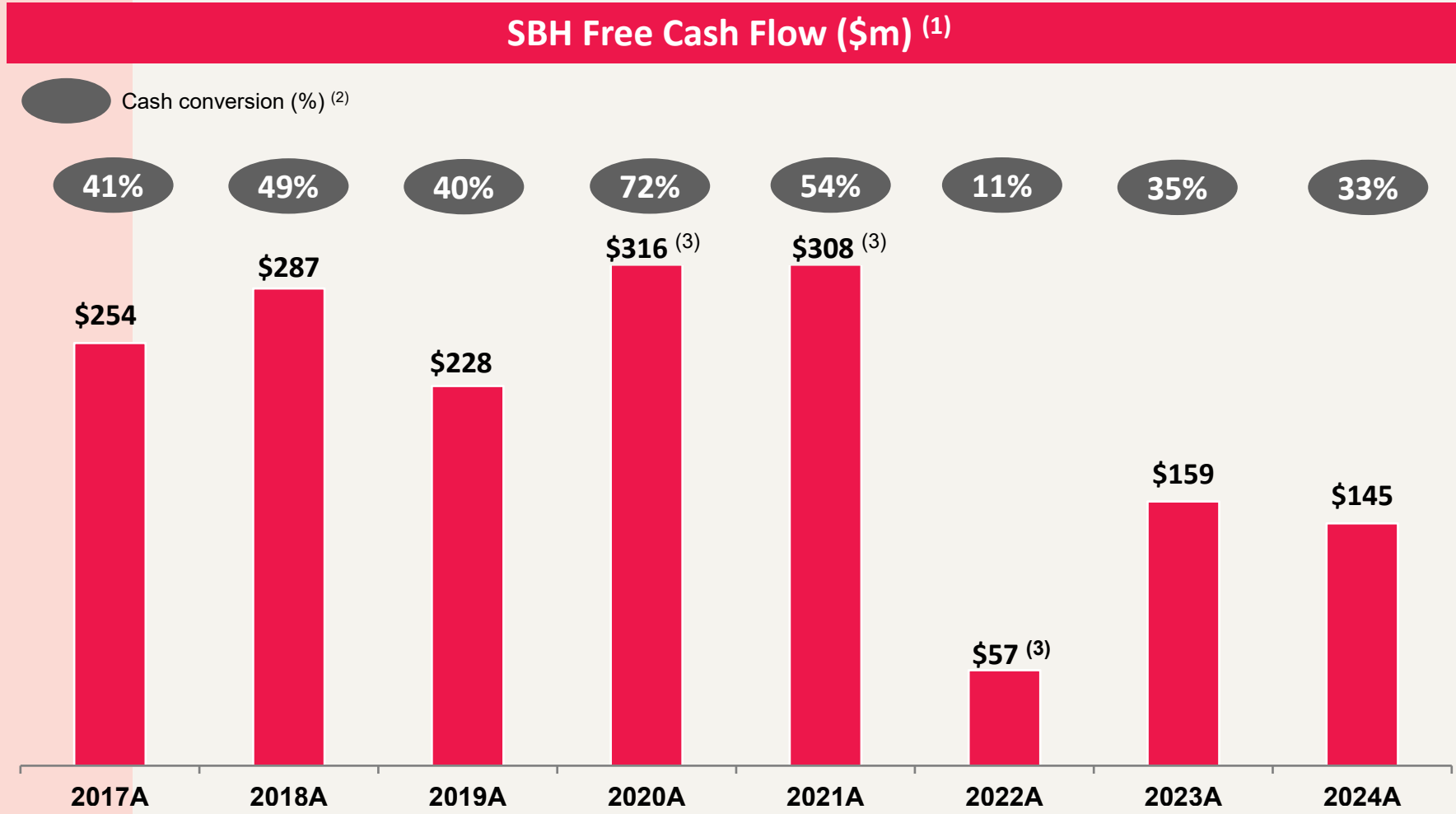
- **Ample liquidity**
 - ◆ \$106 million of cash and cash equivalents on balance sheet ⁽¹⁾
 - ◆ No balance outstanding on \$500 million asset-based revolving credit facility ⁽¹⁾
- **No long-term debt maturities due until 2030**
 - ◆ February 2024, refinanced senior secured notes, reducing principal from \$680 million to \$600 million and extending maturity to FY2032
- **Net debt leverage ratio of 1.9x ⁽¹⁾**
 - ◆ New target range for net debt leverage ratio of 1.5x to 2.0x

Long-Term Capital Structure

	AMOUNT (\$MM)	% OF TOTAL DEBT
TERM LOAN B (FY30)	\$353.0	37%
6.75% SENIOR NOTES (FY32)	\$600.0	63%
TOTAL DEBT	\$953.0	100%

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

Scott Lindblom



Senior Vice President, Chief Information Officer

Scott Sherman



Senior Vice President and Chief Legal & Human Resources Officer

Joe Bowe



Senior Vice President, Chief Supply Chain Officer

Natalie Lockhart



Group Vice President, Strategy, Customer Insights & Digital Experience

Bryan DeYoung



Senior Vice President, Merchandising Operations and Business Services

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

Adjusted EBITDA	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Net Earnings (GAAP)	\$ 215.1	\$ 258.0	\$ 271.6	\$ 113.2	\$ 239.9	\$ 183.6	\$ 184.6	\$ 153.4
Interest expense, net of interest income	132.9	98.2	96.3	98.8	93.4	93.5	73.0	76.4
Provision for income taxes	130.6	70.4	90.5	46.7	85.1	60.6	67.4	52.9
Depreciation and amortization	112.3	108.8	107.7	106.8	102.2	99.9	102.4	109.7
Share-based compensation	10.5	10.5	9.2	8.4	11.7	10.7	15.9	17.2
COVID-19 expenses	-	-	-	21.6	36.6	6.2	3.7	-
Inventory charges	-	-	-	27.1	-	-	-	-
Impairment charges	-	-	-	1.9	-	-	-	-
Expenses from data security incidents	-	7.9	-	-	-	-	-	-
Restructuring charges	22.7	33.6	(0.7)	14.0	6.1	47.4	12.0	(0.1)
Fuel for Growth/Other	-	-	-	-	-	-	-	32.0
Litigation settlement and non-recurring items, net	-	-	-	-	-	-	-	-
Adjusted EBITDA	\$ 624.1	\$ 587.4	\$ 574.6	\$ 438.5	\$ 575.0	\$ 501.9	\$ 459.0	\$ 441.5

Cash Flow Reconciliation

	2017	2018	2019	2020	2021	2022	2023	2024
Cash Flow from Operations	\$ 343.3	\$ 372.7	\$ 320.4	\$ 426.9	\$ 381.9	\$ 156.5	\$ 249.3	\$ 246.5
Less: Capital Expenditures	\$ 89.6	\$ 86.1	\$ 92.4	\$ 110.8	\$ 73.7	\$ 99.3	\$ 90.7	\$ 101.1
Free Cash Flow	\$ 253.7	\$ 286.5	\$ 228.0	\$ 316.1	\$ 308.2	\$ 57.2	\$ 158.6	\$ 145.4