

Kid ASA

14 November 2018

Q3 2018

Presentation available
at investor.kid.no



Kid INTERIØR

Highlights Q3 2018

- Revenues increased by 7.1% compared to Q3 2017
- Gross margin of 63.1% (60.8%)
- EBITDA of MNOK 78.9 (MNOK 60.5), representing an EBITDA margin of 21.4% (17.6%)
- NIBD/EBITDA of 1.6 (2.1)
- No changes in the store portfolio during the quarter. Four new stores will open during Q4-2018 and Q1-2019, and two stores will close during Q1-2019.
- The Board of Directors has made a decision to pay a half-year dividend of NOK 1.20 in November 2018

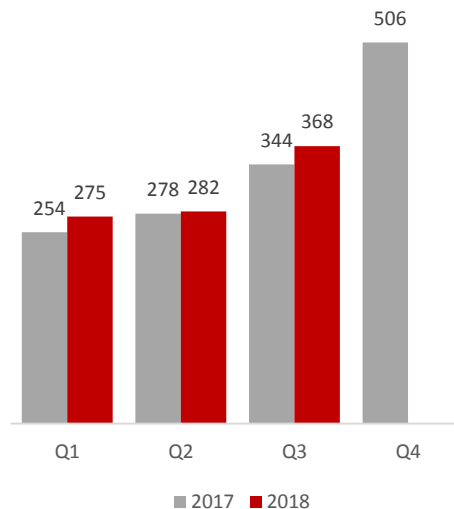


Revenues and market share

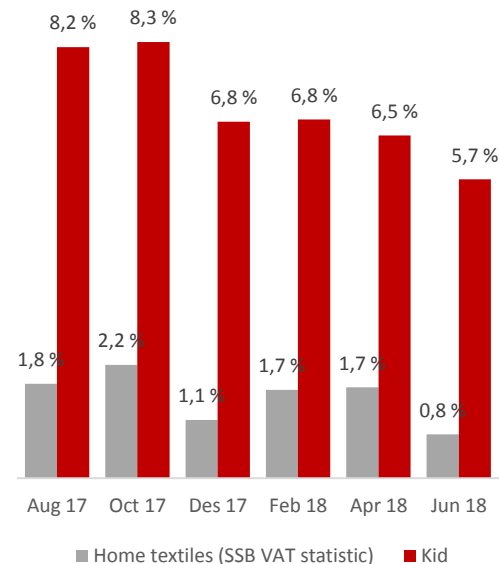
Q3 revenues increased by 7.1% (9.5%)

- Slow July, but strong August and September
- Like-for-like growth of 5.6% (5.1%) including online sales
- Online sales growth of 102.1% (35.9%), driven by “Made to measure sun screening” launched in March 2018
- Kid (5.7%) outperformed the home textile market for the twelve months ending 30.06.2018. The home textile market (0.8%) performed below the broader retail benchmark (2.4%) for the same period
- No changes in the store portfolio during the quarter. The total number of physical stores at the end of the quarter was 140 (138)

Revenue



Market growth (LTM)



Operational focus

Operational focus:

- Anders Fjeld new CEO from 1 November 2018. Henrik Frisell new CFO from 1 January 2019.
- Curtains show positive category growth again due to shift in interior trends
- Launched a renewed version of our Children category under our new brand “KidsKids”
- Increased the number of design and sourcing teams from three to four to enable more effort into developing and innovating our assortment
- Successfully released digital marketing films targeting younger consumers and students during Q3

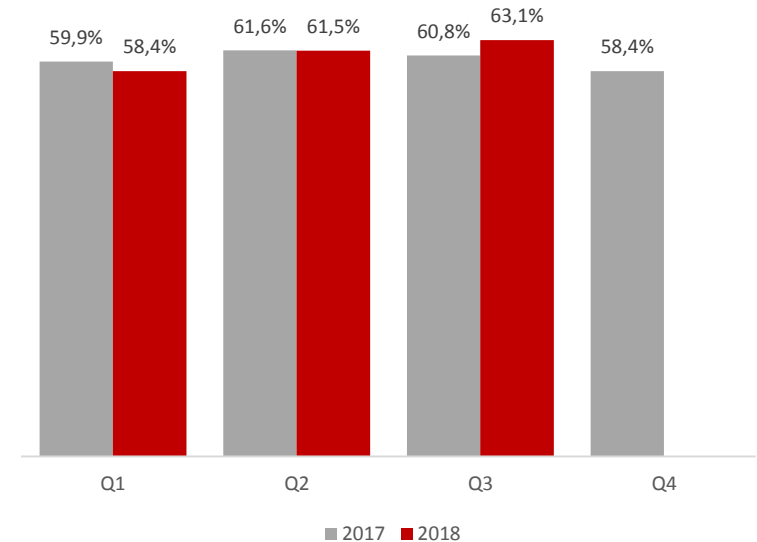


Gross margin

Gross margin increase of 2.3 pp in Q3 (IFRS9)

- Gross margin was 63.1% for the quarter, an increase of 2.3 pp from Q3 2017
- Gross margin positively impacted by favourable USDNOK hedging position

Gross margins in 2017 and 2018

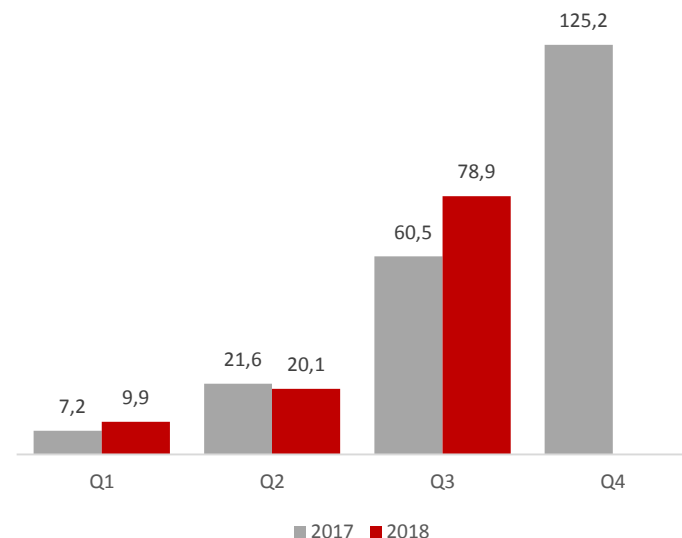


EBITDA

EBITDA margin of 21.4% (17.6%) in Q3

- Employee benefits-related expenses increased by 0.1% in Q3 2018
 - No impact from net new stores
 - -1.1 percentage points due to general salary inflation and decreased staffing level in stores. The store staffing level was reduced in July due to low customer traffic, and increased gradually during the quarter
 - 1.2 percentage points due to increased provision for store bonuses
- Other OPEX increased by 6.3% in Q3 2018
 - 1.1 pp related to retail space rental costs for net new stores
 - 1.4 pp related to other store and HQ rental costs driven by inflation and relocation of stores
 - 1.1 pp related to an increase in marketing expenses
 - 2.7 pp related to other OPEX
- OPEX to sales ratio for Q3 of 41.7% (43.2%)

EBITDA 2017 and 2018



Income statement

Net profit margin of 13.9% (10.6%) in Q3

- Depreciation increased due to last year's CAPEX levels
- Corporate tax rate of 23% in 2018 (24% in 2017)
- Adjusted* EPS decreased to NOK 1.26 (NOK 0.90) in Q3 2018, and increased to NOK 3.45 (NOK 2.99) for last twelve months

Income statement

<i>Amounts in MNOK</i>	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	FY 2017
Revenue	368,1	343,8	924,5	876,1	1 381,7
COGS	-135,8	-134,9	-358,7	-343,8	-547,6
Gross profit	232,3	209,0	565,9	532,4	834,0
Gross margin (%)	63,1 %	60,8 %	61,2 %	60,8 %	60,4 %
Other operating income	0,0	0,0	0,1	0,6	0,7
OPEX	-153,4	-148,5	-457,0	-443,7	-620,2
EBITDA	78,9	60,5	108,9	89,3	214,5
EBITDA margin (%)	21,4 %	17,6 %	11,8 %	10,2 %	15,5 %
Depreciation and amortisation	-9,3	-9,1	-27,9	-25,5	-34,8
EBIT	69,6	51,4	81,1	63,8	179,7
EBIT margin (%)	18,9 %	14,9 %	8,8 %	7,3 %	13,0 %
Net finance	-3,1	-3,4	-10,1	-9,6	-12,7
Profit before tax	66,5	48,0	71,0	54,2	167,0
Adj. Net profit	51,1	36,4	54,5	41,2	126,7

Cash flow

NIBD/EBITDA of 1.6 (2.1) per 30.09.2018

- Cash flow from operations positively affected by increased profit and reduced change in working capital during the quarter
- Inventory build-up significantly reduced compared to last year in accordance with plan
- NIBD/EBITDA of 1.6 (based on EBITDA for the last twelve months), compared to 2.1 as of 30.09.2018

Cash flow

<i>Amounts in MNOK</i>	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	FY 2017
Net cash flow from operations	83,0	22,9	8,5	-73,5	118,1
Net cash flow from investments	-4,9	-8,3	-23,9	-39,1	-47,1
Net cash flow from financing	-53,7	-51,5	-13,8	-139,1	-233,6
Net change in cash and cash equivalents	24,3	-37,0	-29,2	-251,6	-162,5
Cash and cash equivalents at the beginning of the period	75,4	77,3	130,1	291,9	291,9
Exchange gains / (losses) on cash and cash equivalents	0,1	0,2	-1,1	0,3	0,7
Cash and cash equivalents at the end of the period	99,7	40,5	99,7	40,5	130,1

Working capital

<i>Amounts in MNOK</i>	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	FY 2017
Change in inventory	-28,7	-62,4	-26,7	-124,6	-79,8
Change in trade debtors	-0,3	-1,7	-0,2	-1,0	-1,0
Change in trade creditors	6,7	0,5	-3,2	-0,8	4,5
Change in other provisions*	25,9	25,5	-32,6	-16,8	19,6
Change in working capital	3,6	-38,1	-62,7	-143,2	-56,6

Operational initiatives

Mid-term objectives unchanged

- Strong pipeline for new stores. Jærhagen (Klepp), Lagunen (Bergen) and City Lade (Trondheim) opens during Q4-2018. CC Vest (Akershus) will open during Q1-2019
- Stores in Kløverhuset (Bergen) and Laksevåg (Bergen) will close during Q1-2019. The market in Bergen is sufficiently covered by our remaining store network
- We expect continued positive USDNOK effects from our hedging position in Q4-2018, with some inventory spillover effects into Q1-2019. The positive gross margin is considered temporary during this period
- USDNOK hedged for 85% of expected goods purchases in the first half of 2019 on higher exchange rates



Half-year dividend

Dividend of NOK 1.2 per share

- The Board of Directors has made a decision to pay a half-year dividend of NOK 1.20 per share for 2017 (35% of adjusted net income* for last twelve months)
- The dividend is in line with the current dividend policy whereby 60-70% of annual adjusted net profit is distributed as dividends
- The proposed pay-out details are:
 - Last day including right: 20th of November 2018
 - Ex-date: 20th of November 2018
 - Record date: 21st of November 2018
 - Payment date: 30th of November 2018
 - Date of approval: 14th of November 2018 (Board Resolution according to proxy approved at the Annual General Meeting)



Q&A

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