

Kid ASA
14 May 2019

Kid+Hemtex

Presentation available
at investor.kid.no

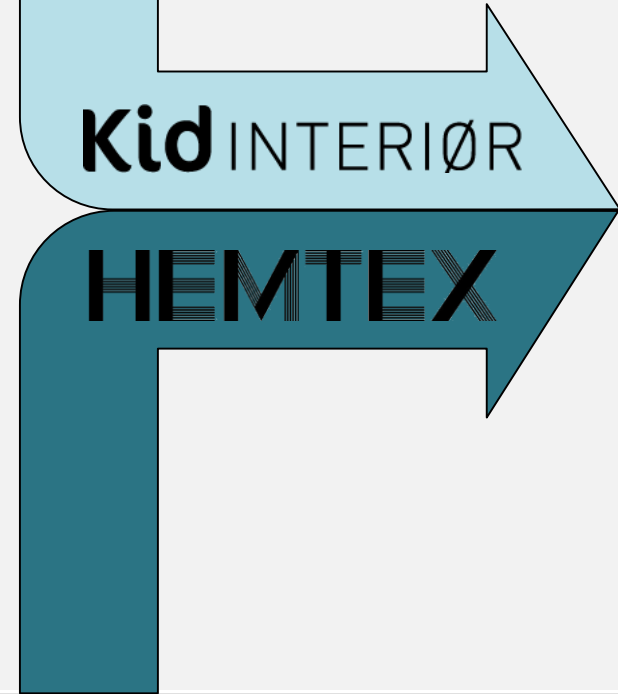
Kid INTERIØR

Disclaimer

This presentation includes forward-looking statements which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this report, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements. Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk”, “target” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

Transaction summary

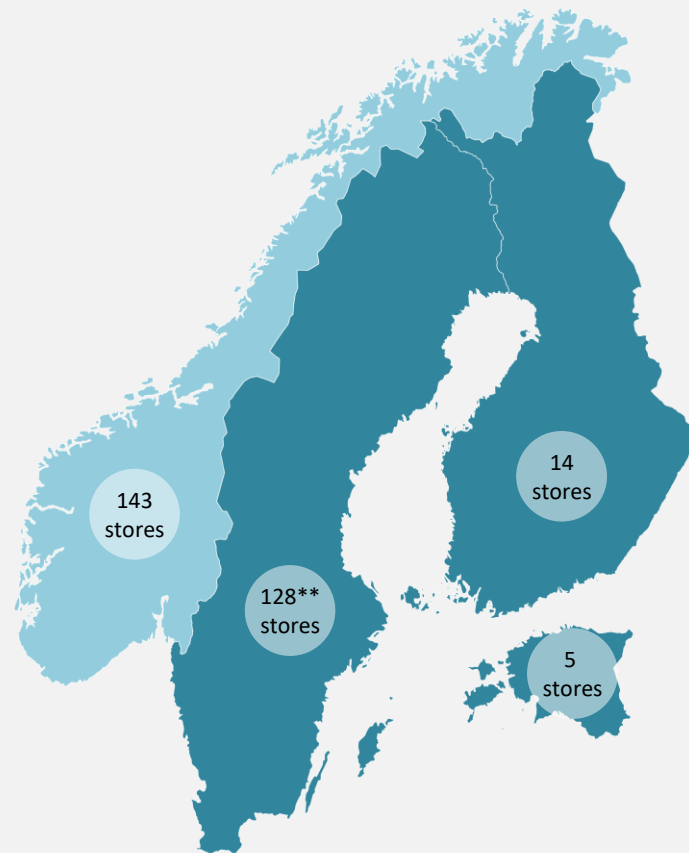
- Kid ASA has today acquired Hemtex AB, combining two regional champions within home textile and interior
- Substantial potential for profitability improvement in Hemtex based on a strong and well-known interior brand and ~1 BNOK revenue in the Swedish, Finnish and Estonian markets
- Continued focus on profitable growth for Kid in Norway
- Share price of MSEK 37.6 financed by current cash and credit facilities – no dilution
- New debt financing secured for the combined company
- Kid ASA will continue to target a high dividend policy going forward



Combining two regional champions within home textile and interior

	KID	HEMTEX	GROUP*
SALES	1 467	943	2 409 MNOK
SALES PER STORE	9,9	7,0	8.3 MNOK
GROSS MARGIN %	60.9%	60.1%	60.6%
OPEX %	43.9%	57.3%	49.1%
EBITDA	250	32	282 MNOK
ONLINE SHARE %	4.6%	8.4%	6.1%
CLUB MEMBERS	0.8	1.0	1.8 million

290 PAN NORDIC STORES PER 31.12.2018



**including 14 franchise stores

Creating a leading Nordic retail chain

Leading position in an attractive Nordic niche

- Combining two leading chains with complementary geographical presence across the Nordics
- Attractive BNOK 17 interior and home textile market in Norway and Sweden

Strong brand and customer loyalty

- Maintain Kid and Hemtex as two separate brands with high brand awareness
- Both brands associated with quality and value for money
- Customer club of 1.8 million individual members combined

Full control over the value chain

- In-house design and product development with 97% private label based on direct sourcing
- High degree of category and supplier overlap
- Fully owned store portfolio* and central managed prices and volumes

High quality organisation

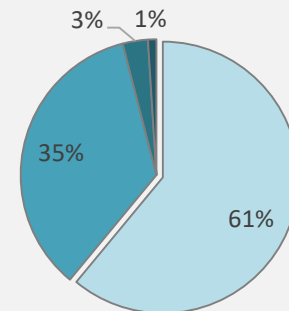
- Strong management team in Kid with strong focus on core business and developing the Kid concept in the Norwegian market
- Dedicated Swedish management team driving the Hemtex brand and transferring conceptual elements to local markets

Tangible opportunities to grow profitability

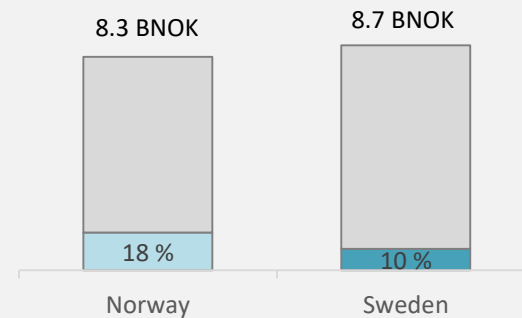
- Creating profitability growth in Hemtex by implementing the Kid success story based on proven track record
- Synergies related to organisation optimisation and economies of scale

GEOGRAPHICAL DISTRIBUTION OF SALES 2018

■ Norway ■ Sweden ■ Finland ■ Estonia



MARKET SHARE**



* Except 14 franchise stores in Sweden

** NOKSEK=0.93. Norwegian market based on Statistics Norway data and management analysis. Swedish market based on Euromonitor for Home Textiles/Window Covering and management analysis. The total market includes sales from furniture, pure-player and adjacent retailers.

Value creation based on proven track record in Kid

TOP LINE GROWTH IN HEMTEX BASED ON HISTORICAL AND SUCCESSFUL CONCEPTUAL DEVELOPMENT IN KID

- Implementing a joint assortment with local adaptations
- Transferring existing Kid categories into the Swedish market and optimizing seasons
- Optimizing price and campaign strategy
- Implementing a more aggressive and traffic generating marketing model
- Expanding, relocating and upgrading stores based on Kid concept, increase CAPEX
- Continue cooperation with ICA Maxi and Kesko stores related to “Hemtex 24h”

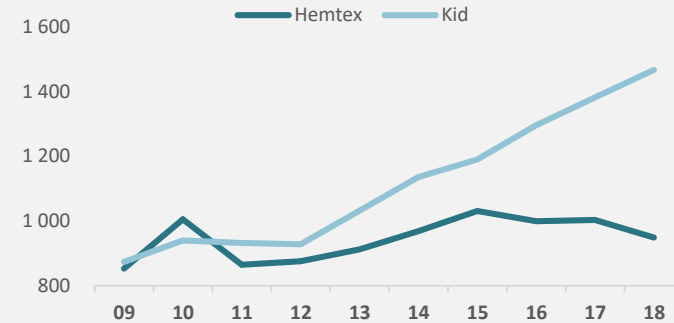
CONTINUED DEVELOPMENT OF KID NORWAY AND IMPLEMENTATION OF HEMTEX BEST PRACTICES

- Focus on continued conceptual development and growth in Kid Norway
- Transfer of Hemtex best practises, e.g. strong performing categories, online capabilities etc

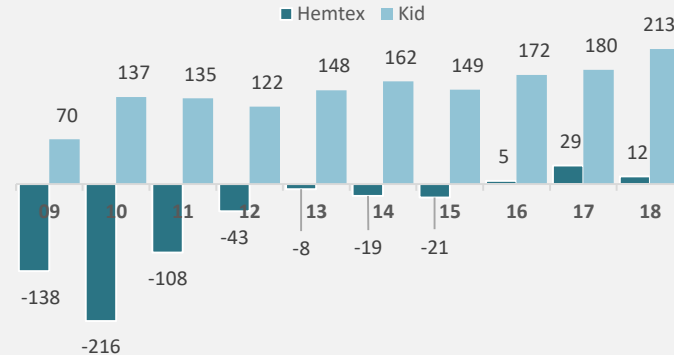
SYNERGIY POTENTIAL

- Realising synergies by joint sourcing and optimisation of organization

HISTORICAL REVENUES (MNOK*)



HISTORICAL EBIT** (MNOK*)



Execution based on local presence and strong management teams

OPERATE AS TWO SEPARATE UNITS DURING THE INITIAL TRANSITION PHASE

- Swedish Management is key to successful execution of business plan
- Anders Lorentzson, appointed CEO of Hemtex in 2018, has extensive retail experience from ICA as country manager and director of online business, and will be central going forward
- Designated senior resources to assist the transition. Petter Schouw-Hansen (former CFO) will be directly involved in the transition process
- Unchanged focus on core business, continuous development and growth in Kid

BECOMING ONE STRONG AND INTEGRATED NORDIC PLAYER

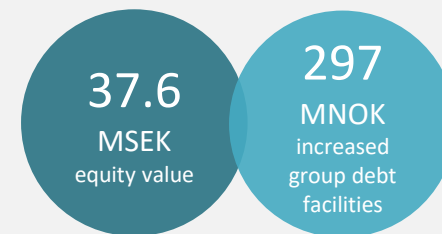
- Concept development from headquarter in Norway
- Local operations in Norway and Sweden
- Local market insight and adaptation



Transaction details

- Kid ASA has paid MSEK 37.6 to ICA-Gruppen for 100% of the shares in Hemtex. The agreed enterprise value of MSEK 226 is based on EBITDA 2018 of MSEK 34.7 times a multiple of 6.5x
- The transaction is not pending any public approvals, and all closing events connected share purchase agreement has been concluded
- Expected transaction fees, including fees for new financing, of MNOK 5-6
- The acquisition will be financed without an issue of new shares. The share purchase has been paid from existing cash and credit facilities in Kid ASA
- Kid ASA has entered into a new agreement with Nordea securing a new debt structure for the combined unit (see table to the right)
 - Annual instalments of MNOK 50 from 2020
 - Interest of NIBOR / STIBOR + 110-130 bp
 - Sufficient headroom in covenants. Quarterly LTM* EBITDA of MNOK 150. Annual gearing ratio below 2.75 (2019) – 2.25 (2021). Annual CAPEX below MNOK 100.

TRANSACTION



NEW DEBT STRUCTURE

Debt structure Kid ASA (MNOK)	Kid ASA pre transaction	Kid ASA post transaction
Long-term debt	425	545
Long-term flexible debt (RCF)	100	130
Overdraft facility	100	247
Total debt facilities	625	922
Additional guarantee facilities	87	115

Financial targets

INCREASED PROFITABILITY IN HEMTEX

- EBITDA target of MNOK 100 in 2021 and MNOK 150 in 2023, driven by increased sales and synergies related to gross margin and OPEX
- 3-5 new store openings per year from 2020. Hemtex will close 13 unprofitable stores in 2019 with a positive EBITDA effect of MNOK 1.7
- CAPEX estimate of MNOK 40 from 2020 related to concept implementation, relocation and expansion of stores, with an additional MNOK 1.8 per new store opening on average
- Increased inventory level of MNOK 50 in 2020 to support category implementation and increased sales

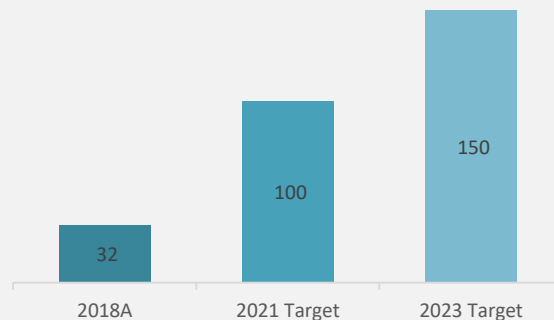
MAINTAINING CURRENT TARGETS FOR KID

- Like-for-like growth of 3-4 percent, stable gross margins in line with the past 10 years, and OPEX-to-sales below 45%
- Increase store portfolio to approximately 150 Kid stores in Norway
- Maintenance CAPEX of MNOK 40 in 2019, thereafter MNOK 30 on an annual basis, with an additional CAPEX of MNOK 1.8 per new store opening on average

CONTINUE TO TARGET HIGH DIVIDENDS AND A MODERATE LEVERAGE RATIO FOR THE GROUP

- 60-80% pay-out ratio with semi-annual payments, based on adjusted net profit – in line with current target of 80-100% pay-out-ratio for Kid ASA standalone
- The distribution policy is dynamic, and excess capital will be returned to shareholders
- Maintaining a moderate leverage and an efficient balance sheet

HEMTEX EBITDA (MNOK)



HEMTEX TARGETS (MNOK)

MNOK	2018	2021	2023
Revenue	944	1 067	1 125
Gross margin (%)	60.1%	60.4%	60.8%
OPEX%	57.5 %	51.7 %	48.3 %
EBITDA	32	100	150

Hemtex in brief

- Founded in 1973 and wholly owned by Ica since October 2015
- The only pure-play specialist within the home textile and interior market in Sweden with 10% market share
- Strong brand recognition and awareness
- 90% of assortment is private label sourced through Ica Global Sourcing
- Strong distribution network with 147 stores in Sweden (79%), Finland (8%) and Estonia (2%), of which 14 franchise stores (MSEK 5 in EBITDA*, 2018), as per 31.12.2018
- Rapidly growing online presence, 8% of sales (MSEK 85)
- Loyalty program with nearly 1 million members
- Supplier of home textiles to ICA Maxi and Kesko stores under the brand "Hemtex 24H"
- Head quarter and distribution centre (outsourced) in Borås serving Sweden, Finland and Estonia
- More than 800 employees across Sweden, Finland and Estonia



Number of stores	31.12.2018	14.05.2019	31.12.2019 estimate
Sweden – own stores	114	112	106
Sweden – franchise	14	12	12
Finland – own stores	14	12	11
Estonia – own stores	5	5	5
TOTAL	147	141	134

Kid in brief

- Founded in 1937 by the Gundersen family
- Moved into a new headquarter and logistics centre in Lier in June 2015
- Listed on Oslo Stock Exchange in November 2015
- Market leader within home textile and interior with 18% market share
- Strong brand recognition and top of mind awareness
- Full control of value chain, from production and design to sourcing and manufacturing
- Strong store network with 143 stores across Norway with 3.1% like-for-like growth in 2018
- Online store grew by 56% in 2018, online market share 4,6% (MNOK 68)
- Strong customer loyalty club with nearly 900 000 members
- More than 1000 employees



Appendix

More information available
at investor.kid.no

Income statement Hemtex group

<i>Amounts in MSEK</i>	FY16	FY17	FY18
Revenue	1 066,9	1 070,9	1 013,4
COGS	-422,8	-426,3	-403,9
Gross profit	644,0	644,6	609,5
Gross margin (%)	60,4 %	60,2 %	60,1 %
Other operating income	7,2	7,4	6,3
Personnel costs	-306,7	-288,6	-279,3
Other OPEX	-316,9	-309,4	-301,8
EBITDA	27,7	54,0	34,7
EBITDA margin (%)	2,6 %	5,0 %	3,4 %
Depreciation and amortisation	-23,2	-22,8	-21,9
EBIT	4,5	31,2	12,8
EBIT margin (%)	0,4 %	2,9 %	1,3 %
Net finance	-2,7	-3,3	-3,8
Profit before tax	1,8	27,8	-3,4
Net profit	17,8	24,8	5,6

Balance sheet

<i>Amounts in MSEK</i>	31.15.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2018 adj. to transaction
Trademarks and goodwill	249,5	249,5	249,5	249,5	94,1
Computer programs and rental rights	21,5	14,7	10,4	9,8	9,8
Equipments	38,8	35,1	35,9	42,3	42,3
Other long-term receivables	4,7	5,8	7,7	9,1	9,1
Total fixed assets	314,5	305,0	303,5	310,6	155,2
Inventories	191,2	164,3	180,8	179,3	179,3
Receivables	8,0	5,4	6,8	7,4	7,4
Deferred tax asset	114,7	108,9	105,9	98,9	10,8
Tax claim	2,4	2,4	2,4	3,0	3,0
Other receivables	2,2	32,0	7,8	17,9	17,9
Prepayments and accrued income	31,9	34,4	35,7	33,2	33,2
Liquid funds	58,0	31,1	64,1	63,1	63,1
Total current assets	408,4	378,6	403,5	402,8	314,7
TOTAL ASSETS	722,9	683,5	706,9	713,4	469,9
Total equity	366,8	388,5	280,0	292,4	37,6
Total untaxed reserves and provisions	4,7	6,1	9,0	11,3	11,3
Deferred tax	-	1,2	0,4	- 1,1	10,1
Liabilities to credit institutions	160,4	92,7	217,5	217,3	217,3
Accounts payable	75,4	71,1	78,4	87,8	87,8
Other debts	50,4	56,4	59,4	48,2	48,2
Accrued expenses and prepaid income	65,2	67,5	62,2	57,5	57,5
Total current liabilities	351,5	287,7	417,6	410,8	410,8
Total liabilities	351,5	288,9	418,0	409,7	420,9
TOTAL EQUITY AND LIABILITIES	722,9	683,5	706,9	713,4	469,9