Kid ASA

13 January 2017

Q4 2016

Presentation available
at investor.kid.no

Kid INTERIØR

Highlights Q4 2016

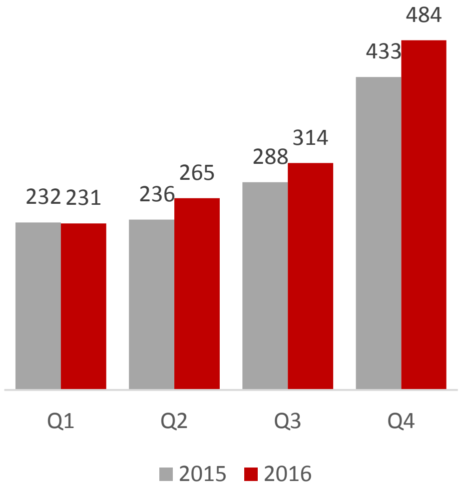
- Revenues increased by 11.7% compared to Q4 2015
- LFL growth of 8.9% including online sales
- Online sales growth of 64.5%
- Gross margin of 59.7% (59.3%). IFRS9 implemented
- Adjusted EBITDA of MNOK 118.3 (MNOK 95.0), representing an EBITDA margin of 24.5% (21.9%)
- 1 new stores since Q3 2016
- NIBD/EBITDA of 1.2 (1.9)
- The Board of Directors proposes a dividend of NOK 2.0 per share for 2016

Revenues and market share

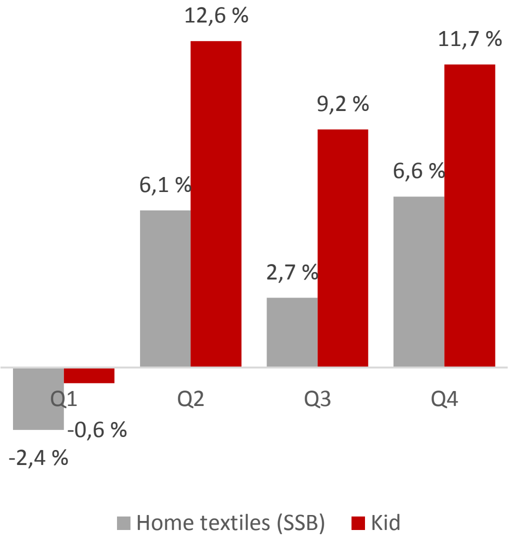
Q4 revenues increased by 11.7%

- High growth in November due to favorable retail market in Norway and successful changes to campaign plan
- Like-for-like growth of 8.9% including online sales
- Online sales growth of 64.5%
- 1 new stores since Q3 2016
- Kid outperformed home textile market growth by 5.1pp in the fourth quarter. Home textile market (6.6%) performed above broader retail benchmark (2.3%)

Revenue



Market



Kid INTERIØR

Operational focus

Q4 operational summary:

- Coffee and tea introduced as a new product line
- Marcus and Martinus collection launched exclusively by Kid
- New all-time-high daily turnover on Black Friday. The increase was somewhat offset by lower sales during the following week
- Customer loyalty program had more than 620.000 members by year end
- Kid raised MNOK 2.8 to the Pink Ribbon campaign in October

Kid INTERIØR

Operational focus

Store portfolio development in Q4:

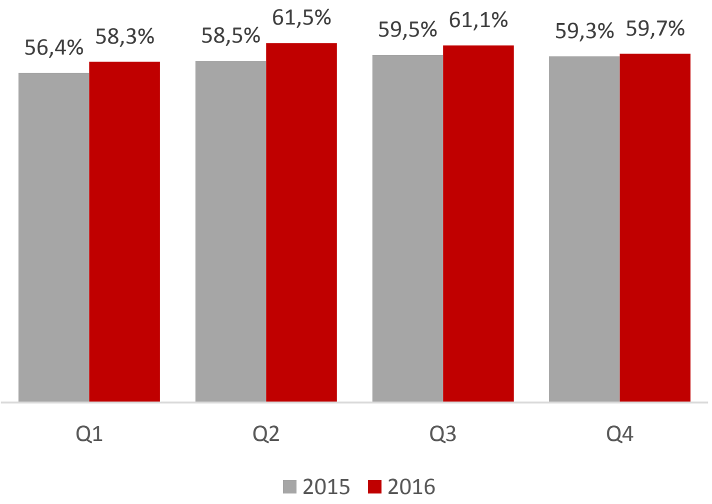
- New stores opened in AMFI Drøbak
- The stores at Sjøkanten (Harstad), Kongsenteret (Kongsvinger) and Tveita (Oslo) were relocated
- 134 physical stores at the end of the quarter, an increase of 1 stores since Q3-2016

Gross margin

Gross margin increase of 0.4 pp in Q4 (IFRS9)

- Gross margin was 59.7% for the quarter, an increase of 0.4 pp from Q4 2015
- Kid ASA has early adopted the IFRS 9 standard and hedge accounting in Q4 2016 to better reflect the hedging strategy in the financial statements
  - The standard has been applied retrospectively with initial application from 1 January 2015. The transition period* ended 31.03.2016.
  - An comparison of gross margins using NGAP, IAS39 and IFR9 is provided in the appendix

Gross margins in 2015 and 2016



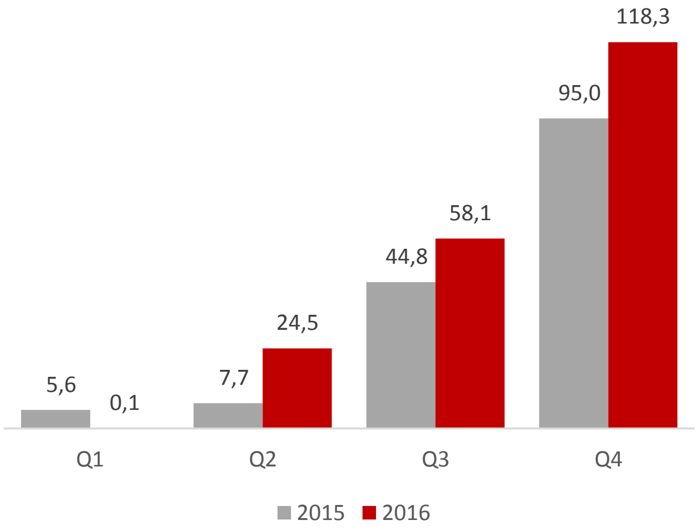
*During the transition period a combination of old and new principles are applied. E.g, goods purchased before 1.1.2015 are measured using spot rates, and goods purchased after this date are measured using hedged rates.

Adjusted EBITDA*

Adjusted EBITDA margin of 24.5% (21.9%) in Q4

- EBITDA was positively affected by strong like-for-like growth, increased gross margins and a reduction of OPEX-to-sales by 2.1 percentage points
- Employee benefits expenses increased by 4.4% in Q4 2016, in line with our expectations
  - 1.9 pp of the increase was due to new stores
  - 5.9 pp of the increase was due to salary inflation and increased staffing level
  - 4.2 pp of the increase was related to bonuses to stores and HQ personnel.
  - 7.6pp decrease was related to changes in the management incentive program
- Other OPEX increased by 6.5% in Q4 2016
  - 2.1pp of the increase due to rental cost related to new stores
  - 3.2pp of the increase due to other rental costs
  - 1.2 of the increase due to other OPEX

Adjusted EBITDA 2015 and 2016



*Please see adjustment overview in appendix

Kid INTERIØR

Income statement*

Adjusted net profit margin of 16.6% (14.0%) in Q4

- Depreciation increased due to last years' CAPEX levels
- Net profit is adjusted for change in deferred tax related to the trademark caused by reduced tax rate from 25% to 24% with effect from 1.1.2017
- Corporate tax rate was 25% in 2016 (27% in 2015)
- Adjusted EPS increased to NOK 2.94 (1.98) per share in 2016

Income statement

Amounts in MNOK	Q4 2016	Q4 2015	FY 2016	FY 2015
Revenue	483,8	433,1	1 293,9	1 188,4
COGS including realized FX-effects	-195,0	-176,5	-515,3	-492,0
Gross profit	**288,8**	**256,6**	**778,6**	**696,4**
Gross margin (%)	59,7 %	59,3 %	60,2 %	58,6 %
Other operating income	0,0	0,1	1,6	1,3
OPEX	-170,5	-161,8	-579,2	-544,6
Adj. EBITDA	**118,3**	**95,0**	**201,1**	**153,2**
EBITDA margin (%)	24,5 %	21,9 %	15,5 %	12,9 %
Depreciation and amortisation	-7,9	-7,5	-29,0	-24,4
Adj. EBIT	**110,4**	**87,5**	**172,1**	**128,7**
EBIT margin (%)	22,8 %	20,2 %	13,3 %	10,8 %
Net finance	-3,1	-4,1	-12,7	-18,4
Adj. Profit before tax	**107,3**	**83,4**	**159,4**	**110,3**
Adj. Net profit	**80,5**	**60,7**	**119,5**	**80,4**

*Please see adjustment overview in appendix

Cash flow

NIBD/EBITDA of 1.2 per 31.12.2016

- Increased cash flow from operations, driven by increased profit and MNOK 10 in reduced tax payments during the quarter
- Working capital negatively impacted by higher inventory in the quarter due to planned increase of safety stock and inventory build-up for Q1-2017
- NIBD/EBITDA of 1.2 (based on adjusted EBITDA for the last twelve months), compared to 1.9 as of 31.12.2015 and 2.7 as of 30.09.2016

Cash flow

Amounts in MNOK	Q4 2016	Q4 2015	FY 2016	FY 2015
Net cash flow from operations	244,1	231,6	167,8	128,6
Net cash flow from investments	-8,4	-9,3	-34,8	-40,6
Net cash flow from financing	-1,6	-3,1	-72,9	44,1
Net change in cash and cash equivalents	**234,1**	**219,2**	**60,1**	**132,1**
Cash and cash equivalents at the beginning of the period	57,7	11,3	230,4	99,1
Exchange gains / (losses) on cash and cash equivalents	0,0	-0,1	1,4	-0,8
Cash and cash equivalents at the end of the period	**291,9**	**230,4**	**291,9**	**230,4**

Working capital

Amounts in MNOK	Q4 2016	Q4 2015	FY 2016	FY 2015
Change in inventory	77,1	93,8	-17,9	-3,3
Change in trade debtors	-0,7	-1,1	0,5	-1,2
Change in trade creditors	1,2	6,8	4,0	15,3
Change in other provisions	46,2	45,0	9,8	-6,2
Change in working capital	**123,8**	**144,6**	**-3,6**	**4,6**

Operational initiatives

Mid-term objectives unchanged

- Increased focus on service level in stores. A new simulation based training program in pilot phase and new head of store operations from 1.1.2017
- The store in Kvartal 48 (Hamar) was closed in January. We expect that profitability in the region will increase due to a more optimal store network
- Strong pipeline for store refurbishment and relocations in 2017
- New store to be opened in Bø i Telemark during Q1-2017

Kid INTERIØR

Dividend 2016

Proposed dividend of NOK 2.0 (1.5) per share for 2016

- The Board of Directors proposes a dividend of NOK 2.00 per share for 2016 (68% of adjusted net income* for 2016)
- The proposed pay-out details are:
    - Last day including right: 11th of May 2017
    - Ex-date: 12th of May 2017
    - Record date: 15th of May 2017
    - Payment date: 24th of May 2017
    - Date of approval: 11th of May 2017 (Annual General Meeting)
- The board of directors will propose to the Annual General Meeting that dividends are paid out two times per year going forward, presumably in May and November, effective from November 2017

*Please see adjustment overview in appendix

Q&A

APPENDIX

Adjustments overview

Adjustments overview (MNOK)		Q4 2016	Q4 2015	FY 2016	FY 2015
1	Adj: Cost of relocation to new warehouse				3,7
2	Adj: Cost related to IPO		2,1		5,8
EBITDA adjustments		**0,0**	**2,1**	**0,0**	**9,5**
3	Changes in fair value of SWAP contract		-0,8		-5,5
4	Interest expenses on SWAP		1,0		7,4
EBT adjustments		**0,0**	**2,2**	**0,0**	**11,3**
5	Adj: Deferred tax effect of lower tax rate	-14,6	-29,2	-14,6	-29,2
6	Adj: Tax effect of adjustments (1-4)		-0,6		-3,0
Net profit adjustments		**-14,6**	**-27,6**	**-14,6**	**-20,9**

Comments

1. Kid relocated to a new warehouse in June 2015 and consider costs related to this as one-off
2. Costs related to the IPO in 2015 is considered one-off
3. Changes in fair value of financial current assets are related to a SWAP agreement that was terminated in connection with the IPO.
4. Same as #3
5. Change in deferred tax related to the trademark caused by a reduced tax rate from 27% to 25% with effect from 1.1.2016 and from 25% to 24% with effect from 1.1.2017.
6. The tax effect for adjustment 1-4 is calculated using a corporate tax rate of 25% for 2016 and 27% for 2015

Measures of gross margin

IAS39 as previously reported

Kid ASA reported gross margins in accordance with the IAS39 principles until Q3-2016. The gross margins was adjusted for realized losses/gain on currency forward contracts.

IAS39 adjusted	2015	2016
Q1	57.9%	58.5%
Q2	60.3%	59.4%
Q3	60.8%	59.1%
Q4	60.3%	N/A
Fiscal year	**60.0%**	**N/A**

IFRS9 hedge accounting

Kid ASA has early adopted the IFRS 9 standard and hedge accounting in Q4-2016 retrospectively with initial application from 1 January 2015. The gross margins reflects a combination of the IFRS9 and IAS39 principles in the transition period from 1.1.2015 - 31.03.2016

IFRS9	2015	2016
Q1	56.4%	58.3%
Q2	58.5%	61.5%
Q3	59.5%	61.1%
Q4	59.3%	59.7%
Fiscal year	**58.6%**	**60.2%**

NGAAP hedge accounting

Kid ASA has historically tracked the gross margin using NGAAP hedge accounting. The figures is based on the same principles as IFRS9, but does not contain any transition effects and can be used for historical comparison based on consistent accounting principles.

NGAAP	2015	2016
Q1	58.2%	59.3%
Q2	59.7%	61.5%
Q3	60.4%	61.1%
Q4	59.8%	59.7%
Fiscal year	**59.6%**	**60.4%**