Kid ASA

10 November 2016

Q3 2016

Presentation available at investor.kid.no

Highlights Q3 2016

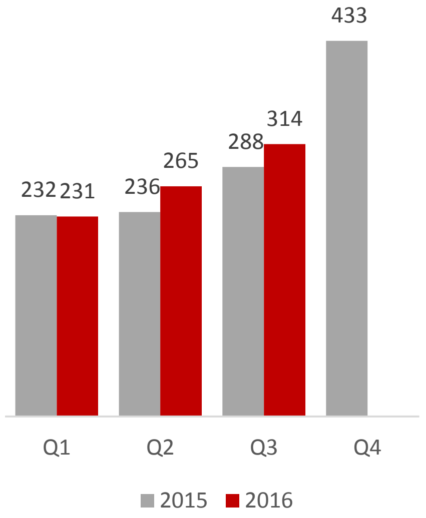
- Revenues increased by 9.2% compared to Q3 2015
- LFL growth of 6.7% including online sales
- Online sales growth of 59.7%
- Gross margin of 59.1% (60.8%)
- Adjusted EBITDA of MNOK 51.6 (MNOK 48.6)
- 5 new stores since Q3 2015
- NIBD/EBITDA of 2.7 (4.0)

Revenues and market share

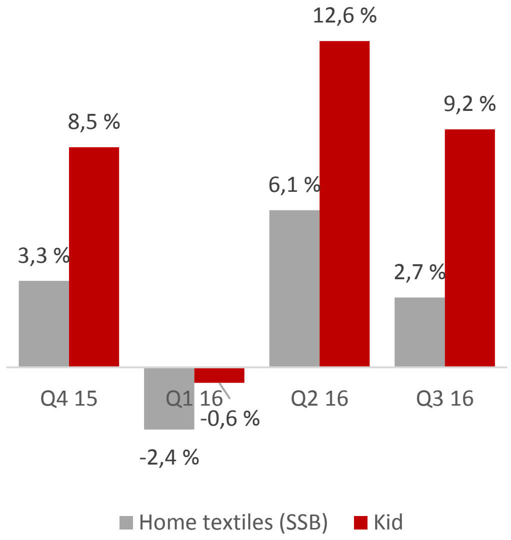
Q3 revenues increased by 9.2%

- High growth in August due to negative weather impact last year
- Like-for-like growth of 6.7% including online sales
- Online sales growth of 59.7%
- 5 new stores since Q3 2016
- Kid outperformed home textile market by 6.5pp in the third quarter. Home textile market performed at similar level as broader retail benchmark

Revenue



Market



Kid INTERIØR

Operational focus

Q3 operational summary:

- Customer loyalty program now have more than 550.000 members
- Online store under continuous development. Vipps launched as mobile payment service in Q3
- The Hanjin (shipping line) bankruptcy in Q3 will have very little impact on Kid
- CEO Kjersti Hobøl was awarded the title "2016 Retail Leader of the Year in Norway" by Virke

Kid INTERIØR

Operational focus

Store portfolio development:

- New stores opened in Bekkestua (Oslo) and Knarvik
- Slependen (Oslo) was closed in accordance with plan
- 133 physical stores at the end of the quarter

Operational focus

Corporate Social Responsibility

Kid has a plan to ensure 100 percent sustainability and responsibility in the entire value chain, from the farm to our stores. In the third quarter we made the following progress:

- Started to source cotton certified by Cotton Made in Africa as the first Norwegian retailer. This initiative aims to help African smallholder cotton farmers to improve their living conditions
- Joined Better Cotton Initiative, a not-for-profit organisation working for global cotton standards from farmers to retailers

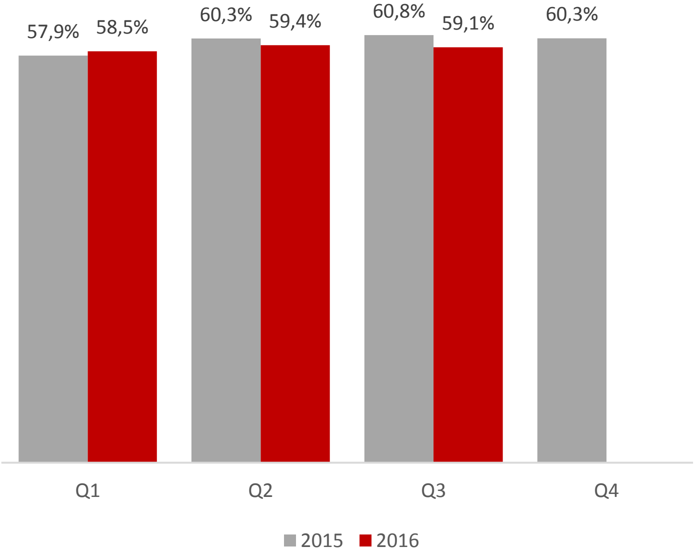
Kid INTERIØR

Gross margin

Gross margin decline of 1.7 pp in Q2 (IFRS)

- Gross margin including realized currency effects was 59.1% for the quarter, a decrease of 1.7 pp from Q3 2015
- Kid ASA is planning an early adoption of the new IFRS 9 standard related to hedge accounting*. When applying hedge accounting, the gross margin in Q3 show an improvement from 60.4% last year to 61.1% in 2016
    - COGS including FX losses and gains would be consequently reduced by MNOK 6.5 in Q3 2016, and increased by MNOK 1.0 in Q3 2015

Gross margins in 2015 and 2016



* The timing of the accounting recognition of loss/gain from foreign exchange contracts and the realized gross margin on a spot basis are not synchronized using the current IFRS standards

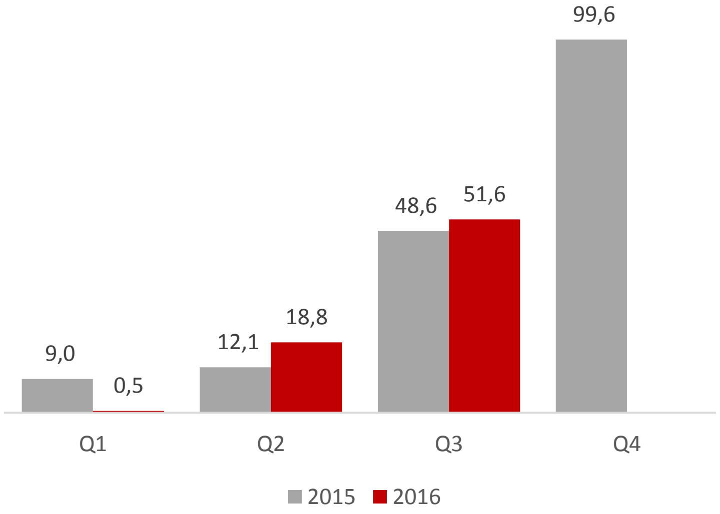
Kid INTERIØR

Adjusted EBITDA*

Adjusted EBITDA of MNOK 51.6 in Q3 (MNOK 48.6)

- EBITDA was positively affected by a higher like-for-like growth, but negatively affected by a drop in gross margin
- Employee benefits expenses increased by 8.7% in Q3 2016, in line with our expectations
  - 3.1 pp of the increase was due to new stores
  - Remainder of the increase due to general salary inflation and increased staffing due to higher sales
- Other OPEX increased by 4.7% in Q3 2016
  - 2.1% of the increase due to new stores
  - 3.2% of the increase due to other rental costs
  - -0.6% of the increase due to other OPEX

Adjusted EBITDA 2015 and 2016



*Please see adjustment overview in appendix

Income statement*

Q3 adjusted net profit of MNOK 30.7 (MNOK 28.1)

- Depreciation increased due to last year`s CAPEX levels
- Financial expenses reduced due to lower interest rate on long term debt and debt instalment of MNOK 75 in November 2015
- Q3 2016 adjusted for unrealized losses/gains on USDNOK forward contracts and the related tax effect*
- Corporate tax rate is 25% in 2016 (27% in 2015)

Income statement

Amounts in MNOK	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Revenue	314,1	287,6	810,1	755,3
COGS including realized FX-effects	-128,6	-112,8	-332,1	-304,0
Gross profit	**185,5**	**174,8**	**478,0**	**451,3**
Gross margin (%)	*59,1 %*	*60,8 %*	*59,0 %*	*59,7 %*
Other operating income	1,5	0,8	1,6	1,2
OPEX	-135,4	-127,0	-408,7	-382,8
Adj. EBITDA	**51,6**	**48,6**	**70,9**	**69,7**
EBITDA margin (%)	16,4 %	16,9 %	8,7 %	9,2 %
Depreciation and amortisation	-7,4	-5,6	-21,0	-17,0
Adj. EBIT	**44,2**	**43,0**	**49,9**	**52,7**
EBIT margin (%)	14,1 %	14,9 %	6,2 %	7,0 %
Net finance	-3,2	-4,5	-9,6	-14,3
Adj. Profit before tax	**41,0**	**38,5**	**40,3**	**38,4**
Adj. Net profit	**30,7**	**28,1**	**30,1**	**28,0**

*Please see adjustment overview in appendix

Cash flow

NIBD/EBITDA OF 2.7 PER 30.09.2016

- Increased cash flow from operations driven by higher sales, reduced inventory and increased VAT payables compared to last year
- Kid withdrew MNOK 29 from the overdraft facility in Q3 2015 which had a positive impact on the cash flow from financing. The facility has a positive balance by the end of Q3 2016.
- NIBD/EBITDA of 2.7 (based on adjusted EBITDA for the last twelve months), compared to 4.0 as of 30.09.2015

Cash flow

Amounts in MNOK	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Net cash flow from operations	17,5	-10,9	-72,1	-103,0
Net cash flow from investments	-9,0	-7,2	-26,4	-31,3
Net cash flow from financing	-3,2	21,5	-71,3	47,1
Net change in cash and cash equivalents	**5,3**	**3,3**	**-169,8**	**-87,1**
Cash and cash equivalents at the beginning of the period	53,0	8,6	230,4	99,1
Exchange gains / (losses) on cash and cash equivalents	-0,6	-0,6	-2,8	-0,6
Cash and cash equivalents at the end of the period	**57,7**	**11,3**	**57,7**	**11,3**

Working capital

Amounts in MNOK	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Change in inventory	-49,0	-64,9	-86,1	-113,0
Change in trade debtors	-0,2	1,5	1,2	-0,1
Change in trade creditors	1,1	9,4	-1,4	16,7
Change in other provisions	13,6	-2,7	-36,4	-51,2
Change in working capital	**-34,7**	**-56,7**	**-122,7**	**-147,6**

Operational initiatives

Mid-term objectives unchanged

- Focus on core business – well prepared Christmas assortment and marketing campaigns for our most important season
- Inventory optimization initiative is ready to be launched. Increased volumes and availability on base assortment and best sellers in order to reduce out-of-stock situations in Q4 2016
- New store in Drøbak under construction with expected opening ultimo November

Q&A

APPENDIX

Adjustments overview

Adjustments overview (MNOK)	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	FY 2015
1 Adj: Cost of relocation to new warehouse	-	-	-	3,7	3,7
2 Adj: Cost related to IPO	-	3,3	-	3,8	5,8
3 Other Unrealized losses/gains	7,0	-7,1	21,3	-14,3	-14,2
EBITDA adjustments	**7,0**	**-3,8**	**21,3**	**-6,9**	**-4,7**
4 Changes in fair value of financial current assets	-	1,3	-	-4,7	-5,5
5 Interest expenses on SWAP	-	2,3	-	6,4	7,4
Profit adjustments before tax	**7,0**	**-0,2**	**21,3**	**-5,3**	**-2,9**
6 Adj: Tax effect of adjustments (1-5)	-1,7	0,0	-5,3	1,4	0,8
7 Adj: Deffered tax effect of lower tax rate	-	-	-	-	-29,2
Net profit (loss) adjustments	**5,2**	**-0,1**	**16,0**	**-3,9**	**-31,3**

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. Unrealized losses/gains is related to open USDNOK forward contracts at the end of the quarter. Kid does not consider unrealized FX contracts as part of adjusted net income. Realized losses/gains are considered to be a part of COGS.
4. Changes in fair value of financial current assets are related to a SWAP agreement that was terminated in connection with the IPO.
5. Same as #4
6. The tax effect for adjustment 1-5 is calculated using a corporate tax rate of 25% for 2016 and 27% for 2015
7. Change in deferred tax related to the trademark caused by a reduced tax rate from 27% to 25% with effect from 1.1.2016.