Kid ASA

12 May 2017

Q1 2017

Presentation available at investor.kid.no

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Highlights Q1 2017

- Revenues increased by 10.1% compared to Q1 2016
- Gross margin of 59.9% (58.3%)
- EBITDA of MNOK 7.2 (MNOK 0.1), representing an EBITDA margin of 2.9% (0.0%)
- 1 store opening and 1 store closing during the quarter
- NIBD/EBITDA of 1.5 (2.7)
- Kid acquired five new lease agreements from Hansen & Dysvik in March

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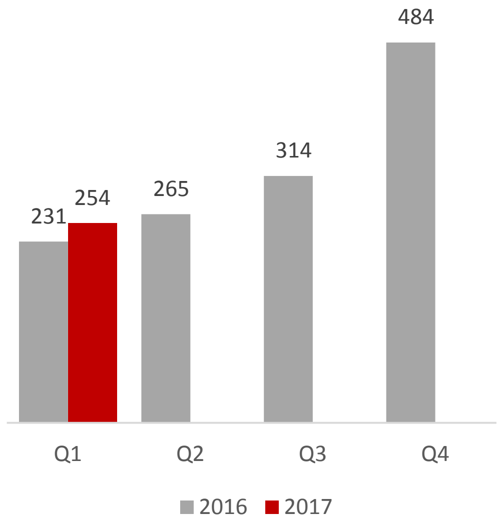
Revenues and market share

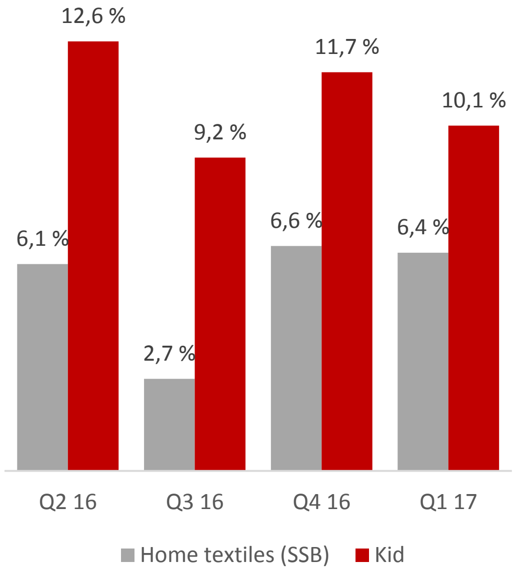
Q1 revenues increased by 10.1%

- Three additional shopping days in Q1 due to timing of Easter
- Like-for-like growth of 7.6% including online sales
- Online sales growth of 27.7%
- 1 new store and 1 store closing since Q4 2016
- Kid outperformed home textile market growth by 3.7pp in the first quarter. Home textile market (6.4%) performed above broader retail benchmark (3.8%)

Revenue



Market



Revenues as of April

As of April revenues are up 7.7% YTD compared to 2016

- Due to the revenue effect following the timing of Easter, Kid ASA has decided to announce the revenues per April in the Q1 report
- There was one less shopping day per April compared to the same period in 2016
- Total revenue growth was 7.7% YTD
- Like-for-like growth was 5.3% YTD
- Online sales growth was 26.5% YTD

Operational focus

Q1 operational summary:

- Increased inventory level of base assortment has proven successful
  - Reduction of out-of-stock situations in stores during Q1 gave positive impact on sales growth
- Going forward Kid will only offer paper bags in stores
  - The initiative is part of building our sustainability position
  - Announcement well received by customers

Hansen & Dysvik (HD)

Kid acquired five new lease agreements from HD in March

- These locations will significantly strengthen our position in the Oslo region
  - Pilestredet 12, Oslo (new store)
  - Storo Storsenter, Oslo (new store)
  - Sandvika Storsenter, Sandvika (relocation of existing store)
  - Ski Storsenter, Ski (new store)
  - Romerikssenteret, Kløfta (new store)
- Stores are expected to open in the period May – September 2017
- MNOK 9.5 to be paid to H&D based on a successful completion of the agreement
- CAPEX related to upgrading of the locations is estimated at MNOK 12.5 (excl. inventory)

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Store portfolio

Store portfolio development in Q1:

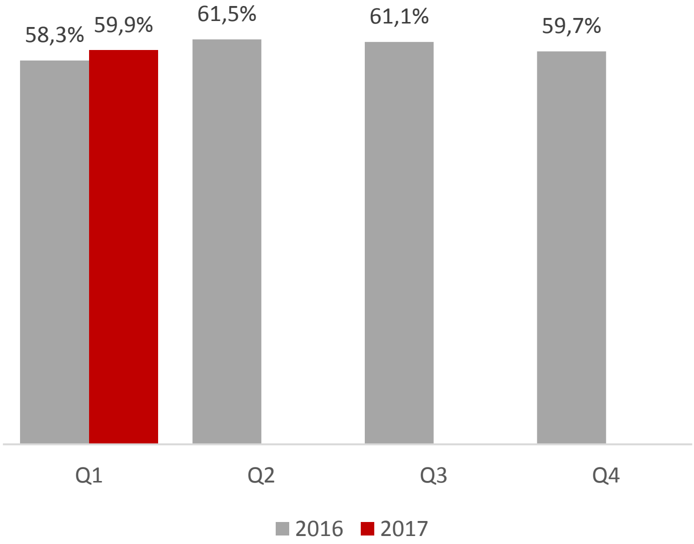
- New store opened in Bøsenteret (Bø) at the end of the quarter
- The store at Kvartal 48 (Hamar) was closed in the beginning of the quarter
- The stores at Lillemarkens (Kristiansand), AMFI Voss (Voss) and Peer Gynt Senteret (Vinstra) were refurbished
- 134 physical stores at the end of the quarter

Gross margin

Gross margin increase of 1.6 pp in Q1 (IFRS9)

- Gross margin was 59.9% for the quarter, an increase of 1.6 pp from Q1 2016
- Kid ASA has adopted the IFRS9 retrospectively from 1 January 2015*. The transition period ended 31 March 2016 and impacted the gross margin in the first quarter last year.
  - The comparable gross margin, following NGAAP hedge accounting, for Q1-2016 was 59.3%. By this measure the gross margin was up 0.6pp in the first quarter.

Gross margins in 2016 and 2017



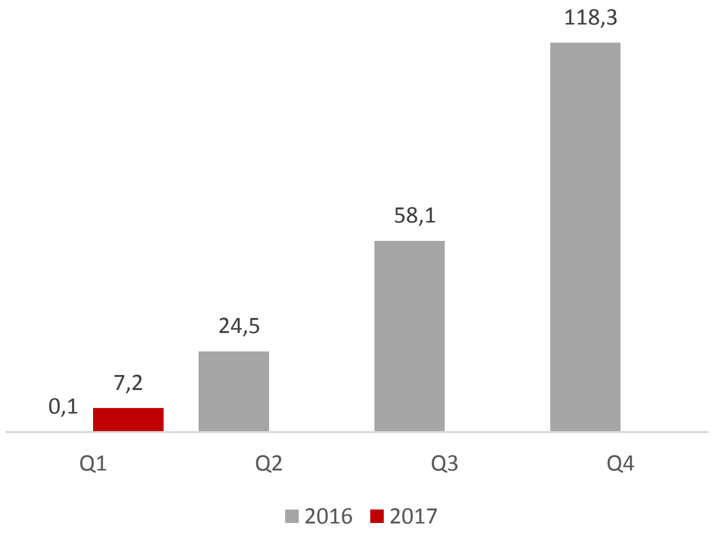
*Please see Q4-2016 presentation for further details

EBITDA

Adjusted EBITDA margin of 2.9% (0.0%) in Q1

- EBITDA was positively affected by strong like-for-like growth, increased gross margins and a reduction of OPEX-to-sales by 1.0 percentage points.
- Employee benefits expenses increased by 7.8% in Q1 2017, in line with our expectations
  - 2.7 pp of the increase was due to new stores
  - 5.1pp of the increase due to salary inflation and higher staffing level
- Other OPEX increased by 8.5% in Q1 2017
  - 1.3 pp related to house rental costs for net new stores
  - 3.4 pp related to other store rental costs driven by inflation
  - 1.3 pp related to warehouse rental cost driven by inflation and the extension effective from January 2nd 2017
  - 2.5 pp related to other OPEX

Adjusted EBITDA 2016 and 2017



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Income statement

Net profit margin of 16.6% (14.0%) in Q1

- Depreciation increased due to last years' CAPEX levels
- Corporate tax rate is 24% in 2017 (25% in 2016)
- EPS increased to NOK -0.07 (NOK -0.18) in Q1 2017, and NOK 3.05 (NOK 1.88) for the past twelve months

Income statement

Amounts in MNOK	Q1 2017	Q1 2016	FY 2016
Revenue	253,9	230,6	1 293,9
COGS	-101,9	-96,1	-515,3
Gross profit	**152,0**	**134,5**	**778,6**
Gross margin (%)	59,9 %	58,3 %	60,2 %
Other operating income	0,6	0,0	1,6
OPEX	-145,4	-134,4	-579,2
EBITDA	**7,2**	**0,1**	**201,1**
EBITDA margin (%)	2,9 %	0,0 %	15,5 %
Depreciation and amortisation	-8,0	-6,7	-29,0
EBIT	**-0,8**	**-6,7**	**172,1**
EBIT margin (%)	-0,3 %	-2,9 %	13,3 %
Net finance	-3,2	-3,3	-12,7
Profit before tax	**-4,0**	**-9,9**	**159,4**
Adj. Net profit*	**-3,0**	**-7,4**	**119,5**

**Net profit is adjusted in 2016 for a change in deferred tax related to the trademark caused by reduced tax rate from 25% to 24% with effect from 1.1.2017*

Cash flow

NIBD/EBITDA of 1.5 per 31.03.2017

- Increased cash flow in Q1 by MNOK 33 driven by improved profit (MNOK 6) and other provisions (MNOK 28)
- Other provisions positively impacted by VAT payable due to;
    - Increased sales
    - Changes in the Norwegian import VAT declaration from 1.1.2017
- NIBD/EBITDA of 1.5 (based on EBITDA for the last twelve months), compared to 2.7 as of 31.03.2016

Cash flow

Amounts in MNOK	Q1 2017	Q1 2016	FY 2016
Net cash flow from operations	-64,0	-94,2	172,0
Net cash flow from investments	-6,4	-8,8	-34,8
Net cash flow from financing	-3,4	-3,7	-72,9
Net change in cash and cash equivalents	**-73,8**	**-106,7**	**64,3**
Cash and cash equivalents at the beginning of the period	291,9	230,4	230,4
Exchange gains / (losses) on cash and cash equivalents	0,0	-0,1	-2,8
Cash and cash equivalents at the end of the period	**218,1**	**123,5**	**291,9**

Working capital

Amounts in MNOK	Q1 2017	Q1 2016	FY 2016
Change in inventory	-30,5	-29,6	-17,9
Change in trade debtors	0,6	1,4	0,5
Change in trade creditors	-4,4	0,1	4,0
Change in other provisions*	-26,9	-54,6	6,1
Change in working capital	**-61,2**	**-82,7**	**-7,3**

**Change in other provisions includes other receivables, public duties payable and other short-term liabilities.*

Operational initiatives

Mid-term objectives unchanged

- Well prepared summer assortment and campaigns ready to launch!
- New facilities for the online store logistics operation is being finalised in May. The goal is to improve online stock availability, delivery times and cost efficiency
- Strong pipeline for new stores
  - 4 new stores locations following the agreement with Hansen & Dysvik to be opened in the period May – September 2017
  - 1 new store signed at Fornebu S (Oslo) with expected opening in May 2017

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Q&A

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