

A modern bedroom interior featuring a bed with a white sheet and a blue fringed blanket, several blue and green pillows, and a white fringed blanket on the floor. To the left is a wooden desk with a black lamp, a cactus in a woven basket, and a framed picture. A small wooden stool is next to the desk. A large, textured rug is on the floor. A wicker pendant light hangs above the bed. The wall is a light gray with a textured finish, and a green wall is visible on the right.

Kid ASA

14 November 2017

Q3 2017

Presentation available
at investor.kid.no

Highlights Q3 2017

- Revenues increased by 9.5% compared to Q3 2016
- Gross margin of 60.8% (61.1%)
- EBITDA of MNOK 60.5 (MNOK 58.1), representing an EBITDA margin of 17.6% (18.5%)
- 1 store opening and 1 store relocation
- NIBD/EBITDA of 2.1 (2.7)
- The board of directors has made a resolution to pay a half-year dividend of NOK 1.00 in November 2017

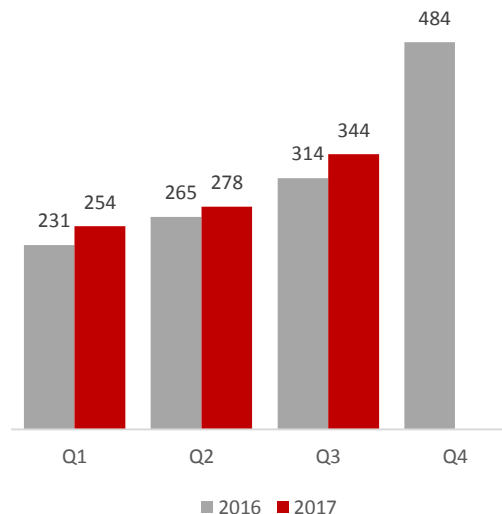


Revenues and market share

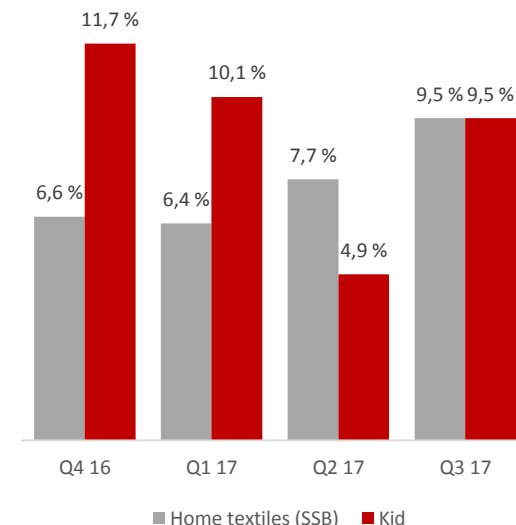
Q3 revenues increased by 9.5% (9.2%)

- Like-for-like growth of 5.1% (6.7%) including online sales
- Online sales growth of 35.9% (59.7%)
- 1 new store and 1 store relocation in the quarter
- Kid performed in line with the home textile market in the third quarter. Home textile market (9.5%) performed above broader retail benchmark (2.1%)

Revenue



Market



Store portfolio

Store portfolio development in Q3:

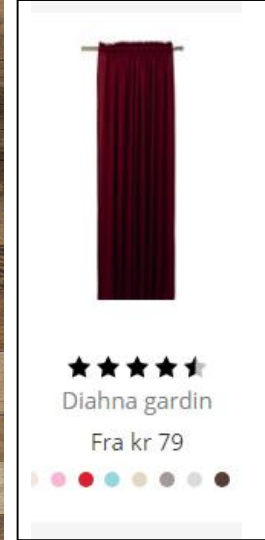
- New store opened in Pilestredet (Oslo)
- The store at AMFI Eidsvoll (Eidsvoll) was relocated
- 138 (133) physical stores at the end of the quarter
- Four of the five lease agreements that were acquired from Hansen & Dysvik were in business at the end of the third quarter. The stores perform in line with expectations.



Operational focus

Operational focus on growth initiatives:

- Kitchen and tabletop assortment renewed
- Guppyfriend washing bag launched. The washing bag reduces microfibers that enter rivers and oceans as a result of the washing process
- Re:Down duvet, containing only recycled down, launched
- Product ratings and digital receipts available at www.kid.no

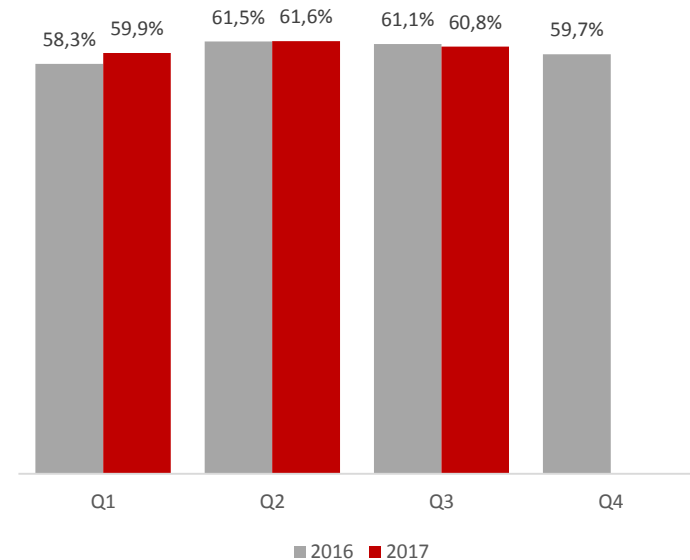


Gross margin

Gross margin decrease of 0.4 pp in Q3 (IFRS9)

- Gross margin was 60.8% for the quarter, a decrease of 0.4 pp from Q3 2016.
- Gross margin negatively impacted by clearance sale on kitchen and children categories as a result of renewal of assortment
- 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.

Gross margins in 2016 and 2017

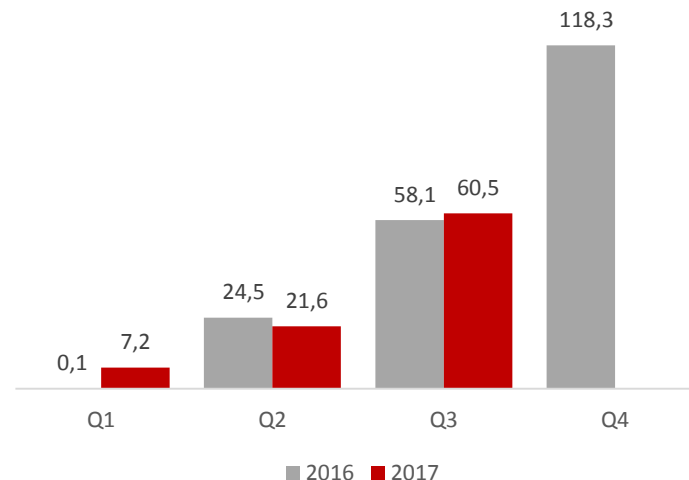


EBITDA

Adjusted EBITDA margin of 17.6% (18.5%) in Q3

- Employee benefits expenses increased by 8.2% in Q3 2017
 - 3.5 pp due to net new stores
 - 0.6 pp due to increased provision for store bonuses
 - 4.1 pp due to general salary inflation and increased staffing level
- Other OPEX increased by 11.1% in Q3 2017
 - 3.6 pp related to retail space rental costs for net new stores
 - 3.5 pp related to other store rental costs driven by inflation and relocation of stores
 - 1.5 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



Income statement

Net profit margin of 10.6% (11.3%) in Q3

- Other income of MNOK 1.5 in Q3 2016 was due to a non-recurring insurance settlement
- Depreciation increased due to last year's CAPEX levels
- Corporate tax rate of 24% in 2017 (25% in 2016)
- Adjusted* EPS increased to NOK 0.90 (NOK 0.87) in Q3 2017, and increased to NOK 2.99 (NOK 2.45) for the past twelve months

Income statement

Amounts in MNOK	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Revenue	343,8	314,1	876,1	810,1	1 293,9
COGS	-134,9	-122,0	-343,8	-320,3	-515,3
Gross profit	209,0	192,0	532,4	489,8	778,6
Gross margin (%)	60,8 %	61,1 %	60,8 %	60,5 %	60,2 %
Other operating income	0,0	1,5	0,6	1,6	1,6
OPEX	-148,5	-135,4	-443,7	-408,7	-579,2
EBITDA	60,5	58,1	89,3	82,7	201,1
EBITDA margin (%)	17,6 %	18,5 %	10,2 %	10,2 %	15,5 %
Depreciation and amortisation	-9,1	-7,4	-25,5	-21,0	-29,0
EBIT	51,4	50,7	63,8	61,7	172,1
EBIT margin (%)	14,9 %	16,1 %	7,3 %	7,6 %	13,3 %
Net finance	-3,4	-3,2	-9,6	-9,6	-12,7
Profit before tax	48,0	47,5	54,2	52,1	159,4
Adj. Net profit*	36,4	35,5	41,2	39,0	119,5

Cash flow

NIBD/EBITDA of 2.1 (2.7) per 30.09.2017

- Inventory build-up due to increased safety stock in Q3 and Q4 to avoid out of stock situations
- The cash flow effect from 'change in other provisions' positively impacted by VAT payable within the quarter, due to changes in the Norwegian import VAT declaration from 1.1.2017
- Cash flow from financing reflects a MNOK 50 instalment on the flexible credit facility
- NIBD/EBITDA of 2.1 (based on EBITDA for the last twelve months), compared to 2.7 as of 30.09.2016

Cash flow

Amounts in MNOK	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Net cash flow from operations	22,9	17,5	-73,5	-72,1	172,0
Net cash flow from investments	-8,3	-9,0	-39,1	-26,4	-34,8
Net cash flow from financing	-51,5	-3,2	-139,1	-71,3	-72,9
Net change in cash and cash equivalents	-37,0	5,3	-251,6	-169,8	64,3
Cash and cash equivalents at the beginning of the period	77,3	53,0	291,9	230,4	230,4
Exchange gains / (losses) on cash and cash equivalents	0,2	-0,6	0,3	-2,8	-2,8
Cash and cash equivalents at the end of the period	40,5	57,7	40,5	57,7	291,9

Working capital

Amounts in MNOK	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Change in inventory	-62,4	-56,7	-124,6	-95,0	-17,9
Change in trade debtors	-1,7	-0,2	-1,0	1,2	0,5
Change in trade creditors	0,5	3,5	-0,8	2,8	4,0
Change in other provisions*	25,5	12,8	-16,8	-40,7	6,1
Change in working capital	-38,1	-40,6	-143,2	-131,7	-7,3

Operational initiatives

Mid-term objectives unchanged

- Financial goal of maintaining last year's ratio between operating expenses and sales remains unchanged on an annual basis
- The new store in Ski Storsenter (Ski) opened on October 6th. New stores will open in Leknes (Lofoten) in December 2017 and Lagunen Storsenter (Bergen) in Q4 2018
- The store in Straen Senteret (Stavanger) will close in January 2018 due to renovation of shopping centre
- Inventory level of safety stock built up in Q3 and Q4 2017 to avoid out-of-stock situations



Half-year dividend

Dividend of NOK 1.0 per share

- The Board of Directors has made a decision to pay a half-year dividend of NOK 1.00 per share for 2016 (33% 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 are distributed as dividends
- The proposed pay-out details are:
 - Last day including right: 20th of November 2017
 - Ex-date: 21th of November 2017
 - Record date: 22nd of November 2017
 - Payment date: 30th of November 2017
 - Date of approval: 14th of November 2017 (Board Resolution according to proxy approved by the Annual General Meeting)



Q&A

Kid INTERIØR

