Kid ASA

13 February 2018

Q4 2017

Presentation available
at investor.kid.no

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Highlights Q4 2017

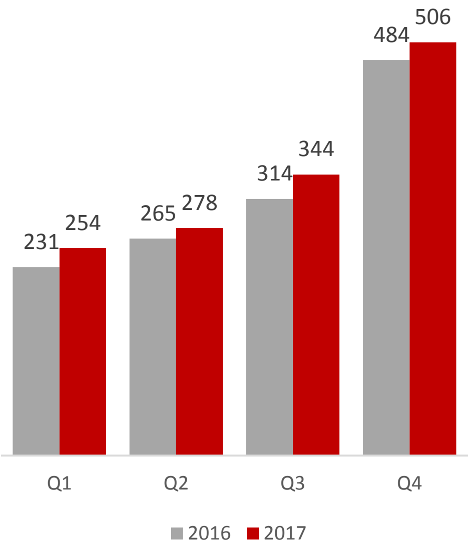
- Revenues increased by 4.5% compared to Q4 2016
- Gross margin of 59.7% (59.7%)
- EBITDA of MNOK 125.2 (MNOK 118.3), representing an EBITDA margin of 24.8% (24.5%)
- 2 store openings and 1 store relocation
- NIBD/EBITDA of 1.4 (1.2)
- The Board of Directors proposes a half-year dividend of NOK 1.3 per share for 2017

Revenues and market share

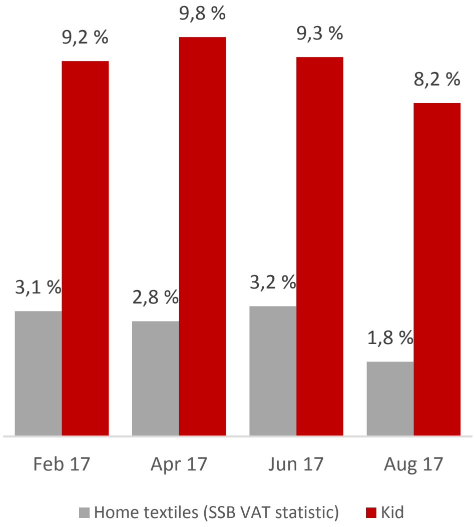
Q4 revenues increased by 4.5% (11.7%)

- Like-for-like growth of -0.2% (8.9%) including online sales
- Online sales growth of 33.8% (64.5%)
- 2 new stores and 1 store relocation in the quarter
- Kid performed above the home textile market for the twelve months ending 31.08.2017. Home textile market (1.8%) performed below broader retail benchmark (2.8%) for the same period.

Revenue



Market growth (LTM)



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Store portfolio

Store portfolio development in Q4:

- New store opened in Ski Storsenter (Ski) and Leknes (Lofoten)
- The store at Skedsmo Senter (Skedsmo) was relocated
- 140 (134) physical stores at the end of the quarter
- All of the lease agreements that were acquired from Hansen & Dysvik were in business at the end of the fourth quarter. The stores performed in line with expectations.

Operational focus

Operational focus and sustainability:

- Customer loyalty program had more than 900,000 members by year end
- Proactively collecting acceptances for customer club members to ensure compliance with new GDPR regulations effective from May 2018
- Inventory level increase will strengthen on-shelf availability during Q1/2018
- Kid raised MNOK 2.3 for the Pink Ribbon campaign in October
- Volume of textiles collected for recycling increased by 300% from 2016 to 2017

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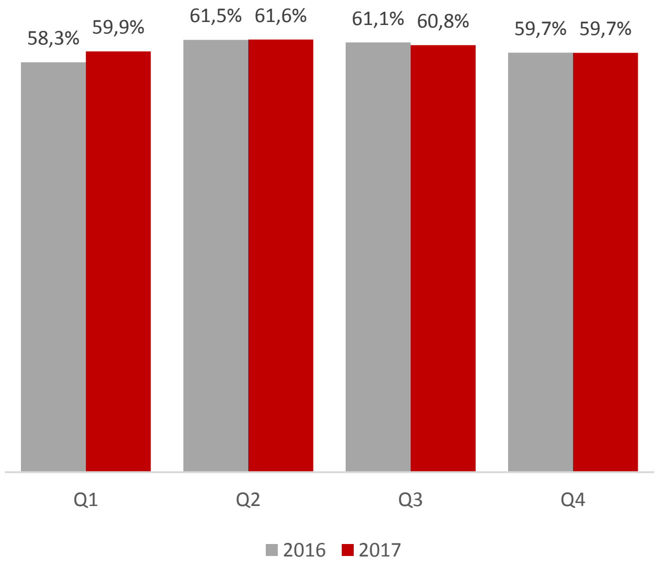
Gross margin

Gross margin unchanged in Q4 (IFRS9)

- Gross margin was 59.7% for the quarter, unchanged compared to Q4 2016.
- Gross margin of 60.4% for 2017, up 0.2pp from 2016. The gross margin reflects a high USDNOK level for the past two years.
- 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



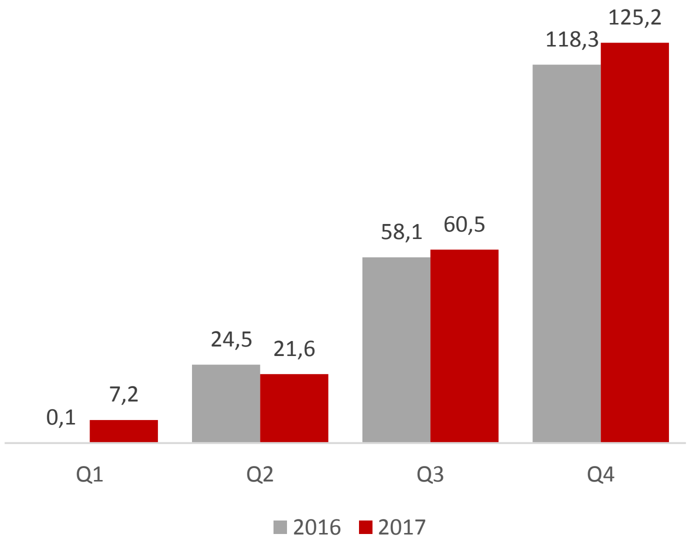
*Please see Q4-2016 presentation for further details

EBITDA

EBITDA margin of 24.8% (24.5%) in Q4

- Employee benefits expenses increased by 1.0% in Q4 2017
    - 3.6 pp due to net new stores
    - -6.8 pp due to decreased provision for store and HQ bonuses
    - 4.2 pp due to general salary inflation and increased staffing level
- Other OPEX increased by 6.2% in Q4 2017
    - 2.9 pp related to retail space rental costs for net new stores
    - 1.2 pp related to other store rental costs driven by inflation and relocation of stores
    - 1.2 pp related to warehouse rental cost driven by inflation and the extension effective from January 2nd 2017
    - 0.9 pp related to other OPEX
- OPEX to sales ratio for 2017 of 44.9% (44.8%)

EBITDA 2016 and 2017



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Income statement

Net profit margin of 16.9% (16.6%) in Q4

- Depreciation increased due to last year's CAPEX levels
- Corporate tax rate of 24% in 2017 (25% in 2016)
- Adjusted* EPS increased to NOK 2.10 (NOK 1.98) in Q4 2017, and increased to NOK 3.12 (NOK 2.94) for 2017

Income statement

Amounts in MNOK	**Q4 2017**	**Q4 2016**	**FY 2017**	**FY 2016**
Revenue	505,5	483,8	1 381,7	1 293,9
COGS	-203,9	-195,0	-547,6	-515,3
Gross profit	**301,7**	**288,8**	**834,0**	**778,6**
Gross margin (%)	59,7 %	59,7 %	60,4 %	60,2 %
Other operating income	0,0	0,0	0,7	1,6
OPEX	-176,5	-170,5	-620,2	-579,2
EBITDA	**125,2**	**118,3**	**214,5**	**201,1**
EBITDA margin (%)	24,8 %	24,5 %	15,5 %	15,5 %
Depreciation and amortisation	-9,3	-7,9	-34,8	-29,0
EBIT	**115,9**	**110,4**	**179,7**	**172,1**
EBIT margin (%)	22,9 %	22,8 %	13,0 %	13,3 %
Net finance	-6,5	-6,2	-12,7	-12,7
Profit before tax	**109,4**	**104,2**	**167,0**	**159,4**
Adj. Net profit	**85,6**	**80,5**	**126,7**	**119,4**

**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*

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Cash flow

NIBD/EBITDA of 1.4 (1.2) per 31.12.2017

- Cash flow from financing reflects a MNOK 50.0 instalment on the flexible credit facility in December (MNOK 100 (0) FY2017) and a dividend payment of MNOK 40.6 in November.
- Inventory build-up due to increased safety stock in Q4/17 and Q1/18 to avoid out off-stock situations combined with lower Q4 sales then expected.
- The cash flow effect from 'change in other provisions' negatively impacted by VAT payable within the quarter, due to changes in the Norwegian import VAT declaration from 1.1.2017
- NIBD/EBITDA of 1.4 (based on EBITDA for the last twelve months), compared to 1.2 as of 31.12.2016.

Cash flow

Amounts in MNOK	Q4 2017	Q4 2016	FY 2017	FY 2016
Net cash flow from operations	191,6	244,1	118,1	172,0
Net cash flow from investments	-8,0	-8,4	-47,1	-34,8
Net cash flow from financing	-94,5	-1,6	-233,6	-72,9
Net change in cash and cash equivalents	**89,1**	**234,1**	**-162,5**	**64,3**
Cash and cash equivalents at the beginning of the period	40,5	57,7	291,9	230,4
Exchange gains / (losses) on cash and cash equivalents	0,4	0,0	0,7	-2,8
Cash and cash equivalents at the end of the period	**130,1**	**291,9**	**130,1**	**291,9**

Working capital

Amounts in MNOK	Q4 2017	Q4 2016	FY 2017	FY 2016
Change in inventory	44,8	77,1	-79,8	-17,9
Change in trade debtors	-0,0	-0,7	-1,0	0,5
Change in trade creditors	5,4	1,2	4,5	4,0
Change in other provisions*	36,5	46,8	19,6	6,1
Change in working capital	**86,6**	**124,4**	**-56,6**	**-7,3**

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

Operational initiatives

Mid-term objectives unchanged

- Strong pipeline for store openings during 2018. New stores will open in Tvedt Senteret (Stavanger) in Q2, Jærhagen Senter (Klepp) during Q4 and Lagunen Storsenter (Bergen) in Q4. The store in Straen senteret (Stavanger) closed in January 2018.
- Inventory level of safety stock built up in Q3 and Q4 2017 expected to normalize during 2018.
- USDNOK hedged for the period January – August 2018 with weighted exchange rate of 7.91 (8.34)

Dividend 2017

Dividend of NOK 1.3 per share

- The Board of Directors has made a decision to pay a half-year dividend of NOK 1.30 per share for 2017. Kid paid NOK 1.00 in dividend during November 2017 and, aggregated, the dividend of NOK 2.30 represents 73.8% of preliminary adjusted* net income for 2017.
- The dividend is in line with the current dividend policy whereby 60-70% of annual adjusted net profit is distributed as dividends.
- The proposed pay-out details are:
  - Last day including right: 8th of May 2018
  - Ex-date: 9th of May 2018
  - Record date: 11th of May 2018
  - Payment date: 22th of May 2018
  - Date of approval: 8th of May 2018
- The board of directors will propose at the Annual General Meeting that the board can distribute a half-year dividend by proxy in November 2018

**Net income is adjusted for a change in deferred tax related to trademark of MNOK -14.6 caused by the reduced tax rate from 24% to 23% with effect from 1.1.2018*

Q&A

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