Kid ASA

16 August 2018

Q2 2018

Presentation available at investor.kid.no

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Highlights Q2 2018

- Revenues increased by 1.1% compared to Q2 2017
- Gross margin of 61.5% (61.6%)
- EBITDA of MNOK 20.1 (MNOK 21.6), representing an EBITDA margin of 7.1% (7.7%)
- One store opening, two store relocations and five store refurbishments
- NIBD/EBITDA of 2.1 (2.2)

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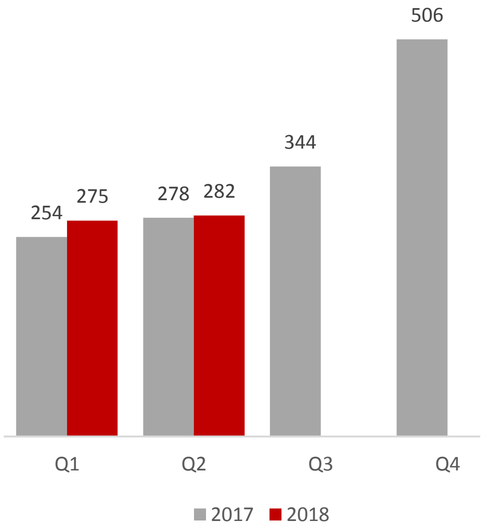
Revenues and market share

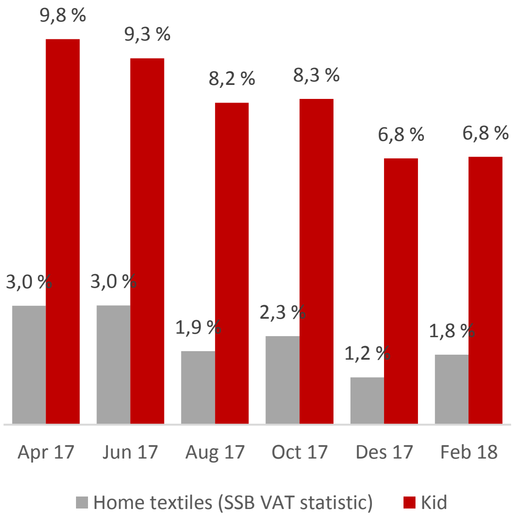
Q2 revenues increased by 1.1% (4.9%)

- Like-for-like growth of -2.7% (2.8%) including online sales
- Revenues from seasonal spring and summer products increased by 16%, while the full-year assortment showed negative growth
- Online sales growth of 72.3% (46.7%), driven by “Made to measure sun screening” launched in March 2018
- Kid (6.8%) outperformed the home textile market for the twelve months ending 28.02.2018. The home textile market (1.8%) performed below the broader retail benchmark (2.4%) for the same period

Revenue



Market growth (LTM)



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Store portfolio

Store portfolio development in Q2:

- A new store opened at Forus (Stavanger)
- The stores at Sortland and Rosenlund (Lillehammer) were relocated
- The stores at Mosenteret (Mo i Rana), AMFI Borg (Sarpsborg), AMFI Namsos (Namsos), Horisont (Bergen) and AMFI Svolvær (Svolvær) were refurbished
- 140 (137) physical stores at the end of the quarter

Operational focus

Operational focus and sustainability:

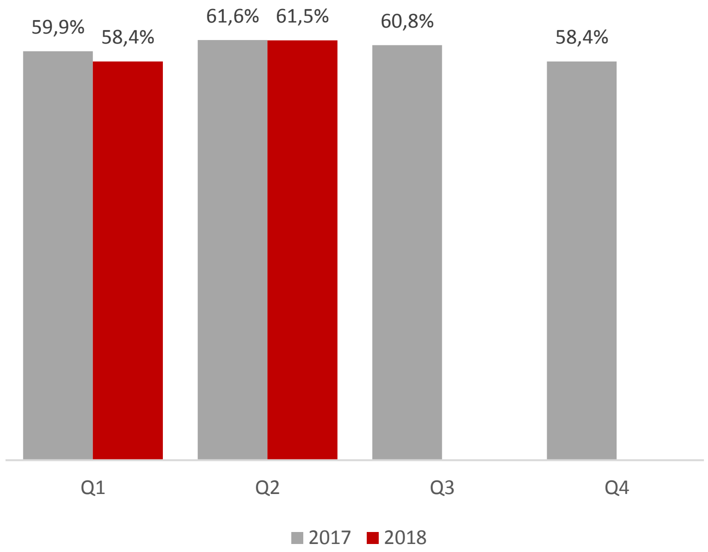
- Healthy inventory situation heading into Q3 and Q4
- September BI implemented as a new app-based reporting and store operations tool
- Started to use recyclable paper bags for our online orders
- GDPR implemented successfully. Managed to maintain the size of our customer club membership base at the same the level as last year, while being compliant with GDPR (750,000 members with a registered email address)

Gross margin

Gross margin reduction of 0.1 pp in Q2 (IFRS9)

- Gross margin was 61.5% for the quarter, a reduction of 0.1 pp from Q2 2017
- Gross margins historically high in Q2 due to increased share of seasonal full-price assortment

Gross margins in 2017 and 2018



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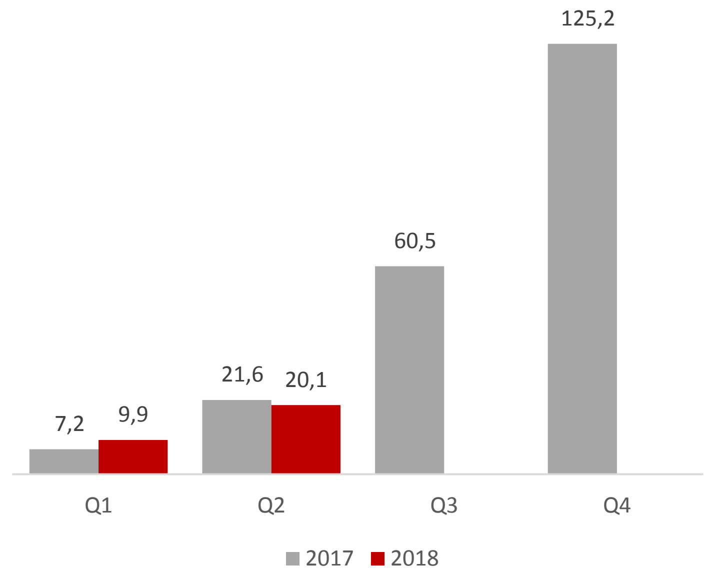
EBITDA

EBITDA margin of 7.1% (7.7%) in Q2

- Employee benefits-related expenses decreased by -0.3% in Q2 2018
  - 2.4 pp due to net new stores
  - 1.2 percentage points due to general salary inflation and decreased staffing level in stores driven by lower sales
  - -3.9 percentage points due to reduced provision for store bonuses. These provisions were above the normal level last year
- Other OPEX increased by 4.3% in Q2 2018
  - 2.8 pp related to retail space rental costs for net new stores
  - 0.6 pp related to other store and HQ rental costs driven by inflation and relocation of stores
  - -0.6 pp related to decrease in marketing expenses
  - 1.5 pp related to other OPEX
- OPEX to sales ratio for Q2 of 54.3% (53.8%)

EBITDA 2017 and 2018



Income statement

Net profit margin of 1.9% (2.8%) in Q2

- Depreciation increased due to last year's CAPEX levels
- Corporate tax rate of 23% in 2018 (24% in 2017)
- The increase in net finance expenses driven by higher net interest bearing debt during the quarter combined with increased interest rate and margin compared to Q2-2017
- Adjusted* EPS decreased to NOK 0.13 (NOK 0.19) in Q2 2018, and increased to NOK 3.09 (NOK 2.97) for last twelve months

Income statement

Amounts in MNOK	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Revenue	281,5	278,4	556,4	532,3	1 381,7
COGS	-108,5	-107,0	-222,8	-208,9	-547,6
Gross profit	**173,0**	**171,4**	**333,6**	**323,4**	**834,0**
Gross margin (%)	61,5 %	61,6 %	60,0 %	60,8 %	60,4 %
Other operating income	0,0	0,0	0,0	0,6	0,7
OPEX	-153,0	-149,8	-303,6	-295,2	-620,2
EBITDA	**20,1**	**21,6**	**30,0**	**28,8**	**214,5**
EBITDA margin (%)	7,1 %	7,7 %	5,4 %	5,4 %	15,5 %
Depreciation and amortisation	-9,3	-8,4	-18,6	-16,4	-34,8
EBIT	**10,8**	**13,2**	**11,4**	**12,4**	**179,7**
EBIT margin (%)	3,8 %	4,7 %	2,1 %	2,3 %	13,0 %
Net finance	-4,0	-3,0	-7,0	-6,2	-12,7
Profit before tax	**6,8**	**10,2**	**4,5**	**6,2**	**167,0**
Adj. Net profit	**5,2**	**7,8**	**3,4**	**4,7**	**126,7**

**Net profit is adjusted in Q4-2017 for a change in deferred tax related to the trademark caused by reduced tax rate from 24% to 23% with effect from 1.1.2018*

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Cash flow

NIBD/EBITDA of 2.1 (2.2) per 30.06.2018

- Inventory build-up significantly reduced compared to last year in accordance with plan
- Cash flow from financing reflects a dividend payout of MNOK 53 (MNOK 83) and an increase of MNOK 100 (MNOK 0) on the flexible credit facility. Interest bearing debt is at the same level as last year
- NIBD/EBITDA of 2.1 (based on EBITDA for the last twelve months), compared to 2.2 as of 30.06.2017

Cash flow

Amounts in MNOK	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Net cash flow from operations	-12,6	-32,3	-74,5	-96,3	118,1
Net cash flow from investments	-13,9	-24,3	-18,9	-30,7	-47,1
Net cash flow from financing	43,3	-84,2	39,9	-87,6	-233,6
Net change in cash and cash equivalents	**16,9**	**-140,8**	**-53,6**	**-214,6**	**-162,5**
Cash and cash equivalents at the beginning of the period	57,3	218,1	130,1	291,9	291,9
Exchange gains / (losses) on cash and cash equivalents	1,2	0,1	-1,2	0,1	0,7
Cash and cash equivalents at the end of the period	**75,4**	**77,3**	**75,4**	**77,3**	**130,1**

Working capital

Amounts in MNOK	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Change in inventory	6,3	-31,7	1,9	-62,2	-79,8
Change in trade debtors	-0,2	0,1	0,2	0,8	-1,0
Change in trade creditors	-3,8	3,1	-9,9	-1,3	4,5
Change in other provisions*	-15,7	-15,5	-58,4	-42,3	19,6
Change in working capital	**-13,5**	**-43,9**	**-66,3**	**-105,1**	**-56,6**

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

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Operational initiatives

Mid-term objectives unchanged

- Back-to-school campaign launched in August
- USDNOK hedged for the period July– December 2018 with weighted exchange rate of 7.76 (8.35)

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Q&A

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