



Kid ASA

14 February 2019

Q4 2018

Presentation available
at investor.kid.no

Kid INTERIOR

Highlights Q4 2018

- Revenues increased by 7.2% (4.5%) compared to Q4 2017
- Gross margin of 60.4% (59.7%)
- EBITDA of MNOK 141.3 (MNOK 125.2), representing an EBITDA margin of 26.1% (24.8%)
- Adjusted EPS increased to NOK 3.79 (3.12) for the last twelve months
- NIBD/EBITDA of 0.7 (1.4)
- The Board of Directors will propose a half-year dividend of NOK 2,00 per share
- Dividend policy lifted to 80-100% payout ratio

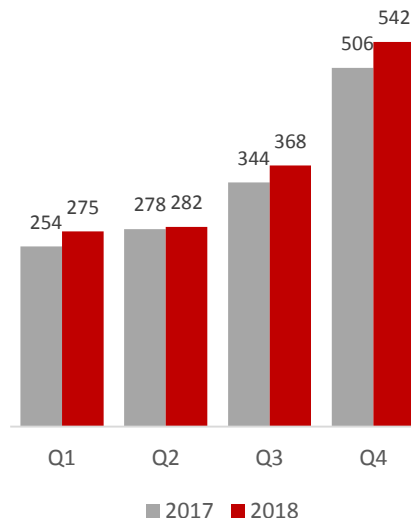


Revenues and market share

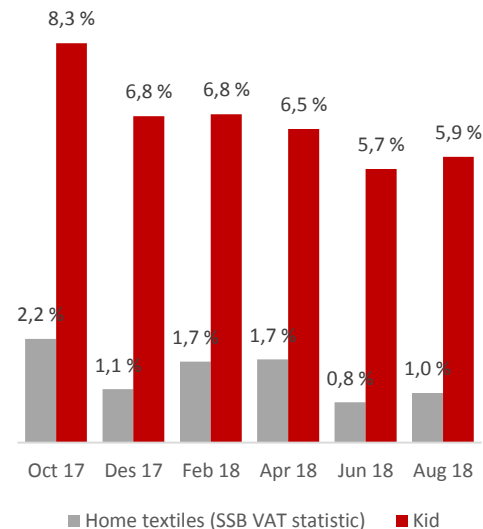
Q4 revenues increased by 7.2% (4.5%)

- Slow revenues in October and early November were offset by growth in late November and December
- Like-for-like sales growth of 5.3% (-0.2%) including online sales
- Online sales growth of 30.0% (33.8%), driven by inspirational elements and design, reduced delivery time, improved product availability and website speed
- Kid (5.9%) outperformed the home textile market for the twelve months ending 31.08.2018. The home textile market (1.0%) performed below the broader retail benchmark (2.4%) for the same period

Revenue



Market growth (LTM)



Operational focus

Innovation and product development:

- Innovation and product development remain key to our success. Assortment and design mix an important growth driver in Q4
- High quality spices and oil introduced as a new product group
- 25% growth on Black Friday
- Kid raised MNOK 2.0 for the Pink Ribbon campaign in October
- Customer club membership up to 820,000
- New CRM system for customer loyalty program implemented. Enables tailored communication based on customer insight
- Online store improved with new inspirational elements and design, reducing delivery times, improved product availability and website speed

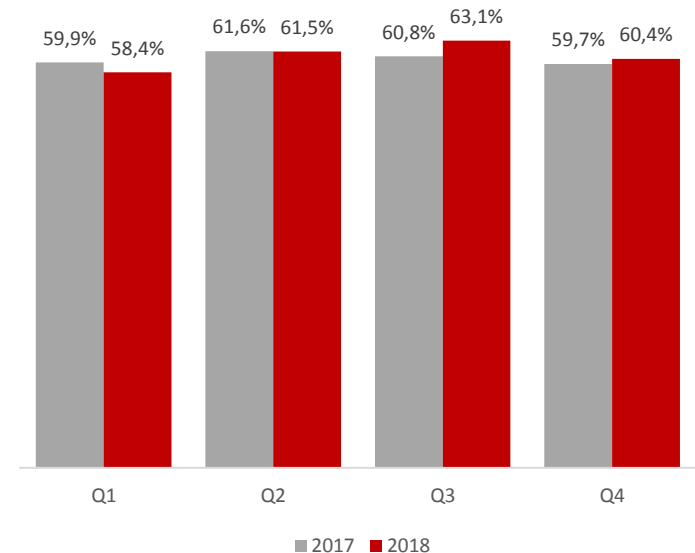


Gross margin

Gross margin increase of 0.7 pp in Q4 (IFRS9)

- Gross margin was 60.4% for the quarter, an increase of 0.7 pp from Q4 2017
- Gross margin of 60.9% for 2018, up 0.5pp from 2017. The gross margin was positively impacted by favourable USDNOK hedging position in Q4 and 2018.
- The increased gross margin in 2018 is considered temporary, and we expect to gradually revert to 2016 and 2017 levels

Gross margins in 2017 and 2018

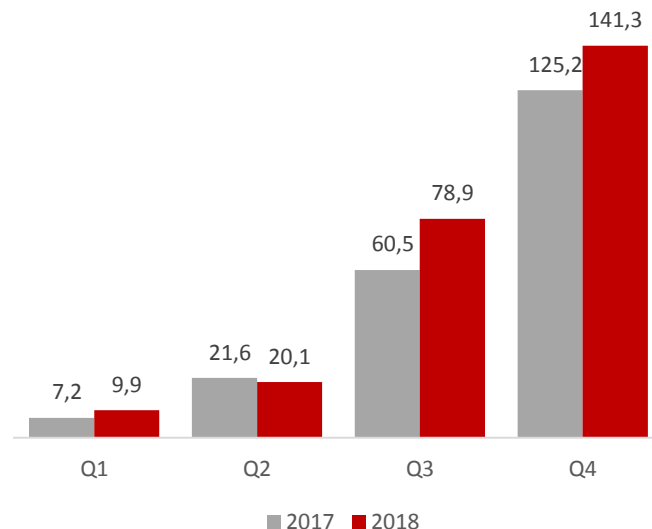


EBITDA

EBITDA margin of 26.1% (24.8%) in Q4

- Employee benefits expenses increased by 3.1% in Q4 2018
 - 1.4 pp from net new stores
 - 1.3 pp increase due to a combination of general salary inflation and decreased staffing level in stores. In-store staffing level is continuously optimised relative to growth
 - 0.4 pp increase due to increased provision for store, HQ and management bonuses
- Other OPEX increased by 8.4% in Q4 2018
 - 1.1 pp related to retail space rental costs for net new stores
 - 1.1 pp related to other store and HQ rental costs driven by inflation and relocation of stores
 - 3.0 pp related to an increase in marketing expenses
 - 3.2 pp related to other OPEX
- OPEX to sales ratio of 43.9% (44.9%) for 2018

EBITDA 2017 and 2018



Income statement

Net profit margin of 18.4% (16.9%) in Q4

- Depreciation unchanged
- Corporate tax rate of 23% in 2018 (24% in 2017)
- Adjusted* EPS increased to NOK 2.45 (NOK 2.10) in Q4 2018, and increased to NOK 3.79 (NOK 3.12) for last twelve months

Income statement

<i>Amounts in MNOK</i>	Q4 2018	Q4 2017	FY 2018	FY 2017
Revenue	542,2	505,5	1 466,7	1 381,7
COGS	-214,6	-203,9	-573,2	-547,6
Gross profit	327,6	301,7	893,5	834,0
Gross margin (%)	60,4 %	59,7 %	60,9 %	60,4 %
Other operating income	0,3	0,0	0,3	0,7
OPEX	-186,6	-176,5	-643,6	-620,2
EBITDA	141,3	125,2	250,2	214,5
EBITDA margin (%)	26,1 %	24,8 %	17,1 %	15,5 %
Depreciation and amortisation	-9,3	-9,3	-37,1	-34,8
EBIT	132,0	115,9	213,1	179,7
EBIT margin (%)	24,4 %	22,9 %	14,5 %	13,0 %
Net finance	-2,7	-3,1	-12,8	-12,7
Profit before tax	129,4	112,8	200,3	167,0
Adj. Net profit	99,6	85,6	154,1	126,7

Cash flow

NIBD/EBITDA of 0.7 (1.4) per 31.12.2018

- Cash flow from operations positively affected by increased profit, reduced tax payments and significantly reduced inventory build-up compared to last year
- Half-year dividend payment in November increased by MNOK 8.1
- NIBD/EBITDA of 0.7 (1.4) based on EBITDA for the last twelve months as of 31.12.2018

Cash flow

<i>Amounts in MNOK</i>	Q4 2018	Q4 2017	FY 2018	FY 2017
Net cash flow from operations	256,7	191,6	265,2	118,1
Net cash flow from investments	-13,4	-8,0	-37,3	-47,1
Net cash flow from financing	-102,0	-94,5	-115,8	-233,6
Net change in cash and cash equivalents	141,3	89,1	112,1	-162,5
Cash and cash equivalents at the beginning of the period	99,7	40,5	130,1	291,9
Exchange gains / (losses) on cash and cash equivalents	1,1	0,4	-0,0	0,7
Cash and cash equivalents at the end of the period	242,2	130,1	242,2	130,1

Working capital

<i>Amounts in MNOK</i>	Q4 2018	Q4 2017	FY 2018	FY2017
Change in inventory	75,6	44,8	48,8	-79,8
Change in trade debtors	0,7	-0,0	0,5	-1,0
Change in trade creditors	-4,3	5,4	-7,5	4,5
Change in other provisions*	44,2	36,5	11,6	19,6
Change in working capital	116,2	86,6	53,5	-56,6

Financial development

KEY FIGURES 2016-2018

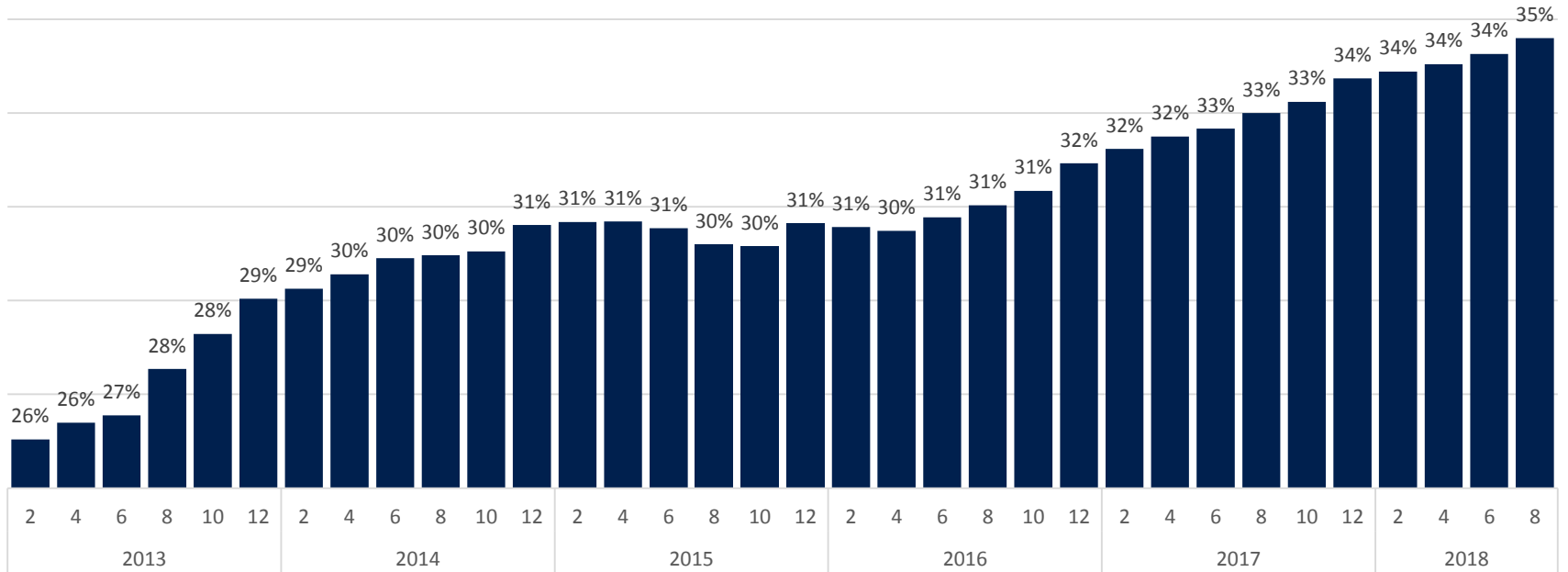
- Revenue CAGR* of 6.5%
- Gross margin increase of 0.7 pp
- Adjusted* OPEX-to-sales reduced by 0.9pp
- EBITDA CAGR of 11.6%
- Dividend per share
 - 2016: 2.0
 - 2017: 2.3 (1.0 + 1.3)
 - 2018: 3.2 (1.2 + 2.0)

KEY FIGURES 2016 - 2018

	2016	2017	2018
Revenue Growth	8,9%	6,8%	6,2%
LFL Growth	5,9%	3,1%	3,1%
Gross Margin	60,2%	60,4%	60,9%
OPEX Margin	44,8%	44,9%	43,9%
EBITDA (MNOK)	201.1	214.5	250.2
Adj. EBITDA Margin	15,5%	15,5%	17,1%
Number of stores	134	140	143

Market share

Statistics Norway - Tax returns data



Operational initiatives

Mid-term objectives unchanged

- Large potential in further developing our online store and omni channel approach
- CC Vest opened before plan on 8 February 2019 with improved store concept
- Level of safety stock in inventory was somewhat low in Q4 resulting in out-of-stock situations. For 2019, we plan to increase the inventory level
- Maintenance CAPEX level in 2019 increased to MNOK 40 (27.3) in order to speed up store refurbishments and relocations



Half-year dividend

Dividend of NOK 2.0 per share

- The Board of Directors has made a decision to pay a half-year dividend of NOK 2.00 per share for 2018 (52.7% of adjusted net income* for last twelve months)
- The proposed pay-out details are:
 - Last day including right: 21th of May 2019
 - Ex-date: 22nd of May 2019
 - Record date: 23th of May 2019
 - Payment date: 31th of May 2019
 - Date of approval: 21th of May 2019 (Board Resolution according to proxy approved at the Annual General Meeting)
- The board of directors will propose at the Annual General Meeting that the board can distribute a half-year dividend by proxy in November 2019
- **Dividend policy lifted to 80-100% payout ratio**



Q&A

Kid INTERIØR

