

## Highlights Q1 2019

- Revenues increased by 8.4\% compared to Q1 2018
- Gross margin of $60.5 \%$ (58.4 \%)
- EBITDA excluding IFRS 16 effects of MNOK 15.1 (MNOK 9.9), representing an EBITDA margin of $5.1 \%$ (3.6 \%)
- One store opening, seven refurbishments, one store relocation and two store closures
- NIBD/EBITDA (excluding IFRS 16 effects) of 1.1 (1.7)



## Revenues and market share

Q1 revenues increased by 8.4\% (8.3 \%)

- Like-for-like growth of 5.1\% (3.3 \%) including online sales
- Online sales growth of $22.6 \%$ (54.1 \%)
- Kid outperformed the home textile market for the twelve months ending 31.12.2018. Home textile market (1.0\%) performed below broader retail benchmark (1.1\%) for the same period.

Revenue


Market growth (LTM)


## Revenues as of April

Revenues are up 10.2\% YTD compared to 2018

- Due to the revenue effect following the timing of Easter, Kid ASA has decided to announce the revenues per April 2019 in the Q1 report
- Same number of shopping days per April 2019 as for the same period in 2018
- Total revenue growth was 10.2\% YTD (6.6 \%)
- Like-for-like growth was 6.2\% YTD (1.7 \%)
- Online sales growth was 27.1\% YTD (66.6 \%)
- We remain optimistic about the execution of our growth initiatives and the sales development in the second quarter


## Operational focus in Q1

## Operational focus:

- Solid execution of campaigns and a commercial product assortment
- Improved inventory allocation to stores increased the availability of seasonal products
- Successful seasonal assortment and strong development in new categories driving significant growth
- Funkle launched as a brand for our new decorative lighting concept
- Store refurbishment program advancing at high speed in order to support growth for the remainder of the year



## Gross margin

Gross margin increase of 2.1 pp in Q1

- Gross margin was $60.5 \%$ for the quarter, up of 2.1 pp from Q1 2018
- Gross margin improvement driven by lower degree of rebates and favourable USD hedge
- Impact from favourable USD hedge is decreasing



## EBITDA

## EBITDA margin excl. IFRS 16 effects of $5.1 \%$ (2.9\%) in Q1

- Employee benefits-related expenses increased by 10.2\% in Q1 2019
- 3.1 pp due to net new stores
- 3.0 pp due to aggressive store refurbishment program and general salary inflation at store level
- 0.6 pp increase due to increased provision for store, HQ and management bonus
- 3.5 pp due to increased staffing on marketing and category development in addition to general salary inflation at the HQ
- Other OPEX increased by 9.2\% in Q1 2019
- 3.1 pp related to retail space rental costs for net new stores
- 2.2 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
- 4.5 pp related to other OPEX
- OPEX to sales ratio, excl. IFRS 16 effects, in Q1 of 55.5\% (54.8\%)

EBITDA 2018 and 2019
and 2019
$\qquad$


## Income statement

## Net profit margin of -0.2\% (- $0.6 \%$ ) in Q1

- Depreciation increased due to last year's CAPEX levels
- Corporate tax rate of $22 \%$ in 2019 ( $23 \%$ in 2018)
- Adjusted* EPS of NOK -0.01. EPS excl. IFRS 16 increased to NOK 0.05 (NOK -0.04) in Q1 2019, and increased to NOK 3.82 (NOK 3.15) for the last twelve months


## Income statement

| Amounts in MNOK | Q1 2019 <br> IFRS 16 | IFRS 16 <br> effects | Q1 2019 <br> adjusted | Q1 2018 <br> IAS 17 |
| :--- | ---: | ---: | ---: | ---: |
| Revenue | 298,0 |  | 298,0 | 274,9 |
| COGS | $-117,7$ | $-117,7$ | $-114,3$ |  |
| Gross profit | 180,3 | 180,3 | 160,6 |  |
| Gross margin (\%) | $60,5 \%$ | $60,5 \%$ | $58,4 \%$ |  |
| Other operating income | 0,0 |  |  | 0,0 |

## Cash flow

NIBD/EBITDA excl. IFRS 16 of 1.1 (1.7) per 31.03.2019

- Inventory build-up compared to last year according to plan
- Increased cash spend due to increased tax prepayments and increased investments in stores
- NIBD/EBITDA of 3.7 (based on EBITDA for the last twelve months), incl IFRS 16 effects
- NIBD/EBITDA excl. IFRS 16 of 1.1 compared to 1.5 as of 31.03.2018.


## Cash flow

| Amounts in MNOK | $\begin{array}{r} \text { Q1 } 2019 \\ \text { IFRS } 16 \end{array}$ | IFRS 16 effects | $\begin{aligned} & \text { Q1 } 2019 \\ & \text { adjusted } \end{aligned}$ | $\begin{array}{r} \text { Q1 } 2018 \\ \text { IAS } 17 \end{array}$ | $\begin{array}{r} \text { FY } 2018 \\ \text { IAS } 17 \end{array}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Net cash flow from operations | -46,6 | 37,0 | -83,6 | -61,9 | 265,2 |
| Net cash flow from investments | -12,7 |  | -12,7 | -5,1 | -37,3 |
| Net cash flow from financing | -40,5 | 37,0 | -3,5 | -3,4 | -115,8 |
| Net change in cash and cash equivalents | -99,8 |  | -99,8 | -70,4 | 112,1 |
| Cash and cash equivalents at the beginning of the period | 242,2 |  | 242,2 | 130,1 | 130,1 |
| Exchange gains / (losses) on cash and cash equivalents | -0,4 |  | -0,4 | -2,4 | 0,0 |
| Cash and cash equivalents at the end of the period | 141,9 |  | 141,9 | 57,3 | 242,2 |


| Working capital |  |  |  |  | $\begin{array}{r} \text { FY } 2018 \\ \text { IAS } 17 \end{array}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Amounts in MNOK | $\begin{array}{r} \text { Q1 } 2019 \\ \text { IFRS } 16 \end{array}$ | IFRS 16 effects | $\begin{array}{r} \text { Q1 } 2019 \\ \text { adjusted } \end{array}$ | $\begin{array}{r} \text { Q1 } 2018 \\ \text { IAS } 17 \end{array}$ |  |
| Change in inventory | -30,2 |  | -30,2 | -4,3 | 48,8 |
| Change in trade debtors | -0,8 |  | -0,8 | 0,4 | 0,5 |
| Change in trade creditors | 10,6 |  | 10,6 | -6,1 | -7,5 |
| Change in other provisions* | -40,0 |  | -40,0 | -42,7 | 11,6 |
| Change in working capital | -60,4 |  | -60,4 | -52,8 | 53,5 |

## Operational initiatives

Mid-term objectives unchanged

- Well prepared summer assortment and campaigns ready to launch
- New product initiatives in pipeline, as well as, updates on package design
- Finalising 2019 store refurbishments program in Q2
- Strong focus on customer service level and introducing service level KPI



## Events after the reporting period

## Hemtex Aquistion

- Kid ASA has entered into a binding share purchase agreement with ICA-Gruppen for 100\% of the shares in Hemtex AB.
- Kid ASA has secured a debt financing structure with Nordea for the new group
- Hemtex AB operates 141 home textile and interior stores across Sweden, Finland and Estonia. All closing events related to the share purchase agreement have been completed
- More information on https://investor.kid.no/




## IFRS 16 - effects

|  | 31.03.2019 | IFRS 16 | 31.03.2019 | 31.03.2018 |
| :---: | :---: | :---: | :---: | :---: |
| Amounts in MNOK | IFRS 16 | Effects | IAS17 | IAS17 |
| Assets |  |  |  |  |
| Trademark | 1459,6 | - | 1459,6 | 1459,6 |
| Other intangible assets* | 2,7 | 6,1 | 8,8 | 10,3 |
| Total intangible assets | 1462,3 | 6,1 | 1468,4 | 1469,9 |
| Right of use asset* | 667,2 | -667,2 | - | - |
| Fixtures and fittings, tools, office machinery and equipment | 95,1 | - | 95,1 | 88,1 |
| Total tangible assets | 762,3 | -667,2 | 95,1 | 88,1 |
| Total fixed assets | 2224,6 | -667,2 | 1563,4 | 1558,0 |
| Inventories | 283,3 | - | 283,3 | 306,3 |
| Trade receivables | 3,8 | - | 3,8 | 3,1 |
| Other receivables | 12,7 | 10,0 | 22,7 | 25,6 |
| Derivatives | 1,7 | - | 1,7 | 3,2 |
| Totalt receivables | 18,1 | 10,0 | 28,1 | 31,9 |
| Cash and bank deposits | 141,9 | - | 141,9 | 57,3 |
| Total currents assets | 443,4 | 10,0 | 453,4 | 395,6 |
| Total assets | 2668,0 | -651,2 | 2016,8 | 1953,6 |

reclass of intangible asset of MNOK 6.1 to ROU
** reclass of liabilities to financial institutions to lease liabilities

| Amounts in MNOK | $\begin{array}{r} 31.03 .2019 \\ \text { IFRS } 16 \end{array}$ | IFRS 16 <br> Effects | $\begin{aligned} & 31.03 .2019 \\ & \text { IAS17 } \end{aligned}$ | $\begin{aligned} & 31.03 .2018 \\ & \text { IAS17 } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: |
| Equity and liabilities |  |  |  |  |
| Share capital | 48,8 | - | 48,8 | 48,8 |
| Share premium | 321,0 | - | 321,0 | 321,0 |
| Other paid-in-equity | 64,6 | 2,4 | 67,0 | 64,6 |
| Total paid-in-equity | 434,4 | 2,4 | 436,9 | 434,4 |
| Other equity | 650,4 | - | 650,4 | 580,6 |
| Total equity | 1084,9 | 2,4 | 1 087,3 | 1015,0 |
| Deferred tax | 319,7 | 0,7 | 320,4 | 333,5 |
| Total provisions | 319,7 | 0,7 | 320,4 | 333,5 |
| Lease liabilites | 537,3 | -537,3 | - | 4,1 |
| Liabilities to financial institutions** | 425,0 | 2,5 | 427,5 | 425,0 |
| Total long-term liabilities | 962,3 | -534,9 | 427,5 | 429,1 |
| Lease liabilites | 119,4 | -119,4 | - | - |
| Trade payables | 48,2 | - | 48,2 | 39,0 |
| Tax payable | 7,5 | - | 7,5 | 20,8 |
| Derivative financial instruments | - | - | - | - |
| Public duties payable | 66,2 | - | 66,2 | 61,2 |
| Other short-term liabilities | 59,8 | - | 59,8 | 55,0 |
| Total short-term liabilities | 301,1 | -119,4 | 181,7 | 176,0 |
| Total liabilities | 1583,2 | -653,6 | 929,6 | 938,6 |
| Total equity and liabilities | 2668,0 | -651,2 | 2016,8 | 1953,6 |

