



Kid ASA

5 November 2020

Q3 2020

Presentation available
at investor.kid.no

Kid HEMTEX

Financial third quarter in brief

- Group revenues increased by 16.5%¹ and LFL growth was 16.6%²
 - Kid Interior revenue growth of 22.1% (LFL growth of 20.9%)
 - In local currency, Hemtex revenue decreased by 3.7% (LFL growth of 9.2%²)
- Gross margin increased by 3.6 pp due to change in product mix and less rebating
- Adjusted EBITDA exclusive of IFRS16 effects increased by MNOK 63.6 which is an increase of 85% compared to Q3 2019
- Hemtex surpassing twelve-month-rolling EBITDA of 100 million excl IFRS16
- Dividend payment of NOK 5.80 per share due to strong financial performance and liquidity position



Operational focus in Q3

- Managing high growth and streamlining operations in Norway and Sweden
 - No major sourcing challenges so far
 - All products now sourced from the centralised function at the headquarters in Lier
 - Our first new opening in Hemtex since the acquisition
 - Lease agreements renegotiated, refurbishments agreed with landlords and new agreements signed expanding our footprint
- Continued focus on product development, category development and product design to maintain growth
- Board approved expansion plan for Finland and Estonia with a potential revenue increase of MNOK 100



We continue to strengthen our sustainability activities

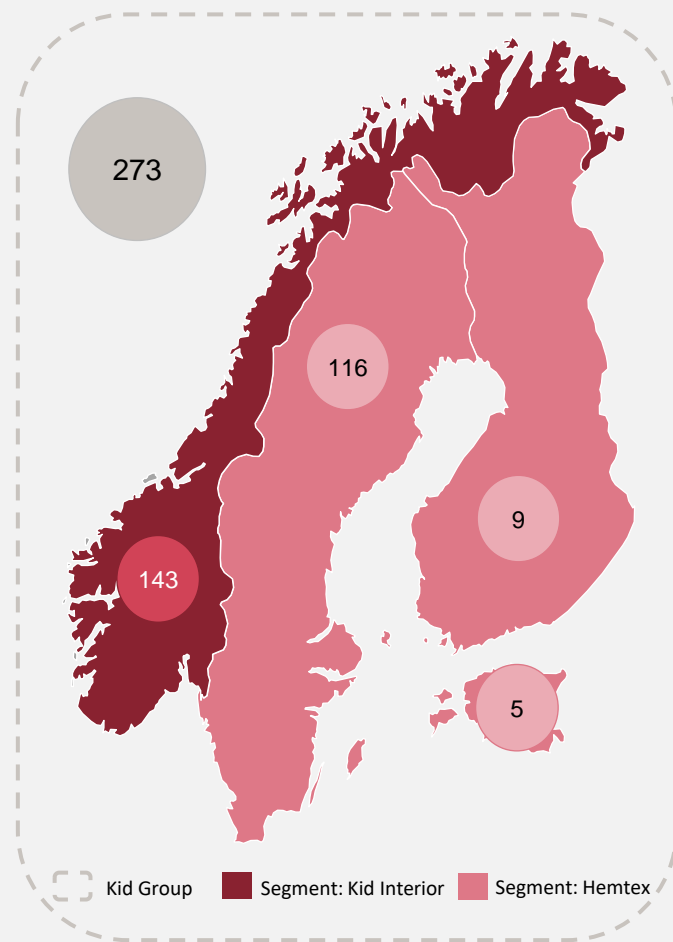
- Over the last twelve months we have reduced plastic packaging **by 80 tons** by switching to recyclable packaging
- Over the past three years we have focused on more sustainable materials in our value chain, e.g:
 - Changed all bags from plastic to paper
 - Introduced Recover fleecblanket with 30% recycled polyester
 - Launched Redown duvet and pillow with recycled feather
 - Replaced bags from our online business from plastic to paper
 - All bed sets are made with cotton from more sustainable sources
 - Introduced Petra duvet and pillow set from recycled polyester and certified according to Global Recycled Standard
 - Produced our largest plastic bags from ocean waste from Norway and consumer recycled plastic
 - Launched Ocean duvets which are made from 100% recycled plastic from the oc



Pan-Nordic presence

Store information Q3

- Kid Interior (143 stores)
 - Manglerud and Oppdal were refurbished
 - No new opened or closed stores
- Hemtex (130 stores, incl. 12 franchise stores)
 - One store was opened in Kalmar (Sweden)
 - Three stores were closed; Sergelgatan (Sweden), Aiona and Porvo (Finland)
 - One store was relocated in Uddevalla Torp (Sweden)
 - Two stores were refurbished in Länna and Skövde (Sweden)

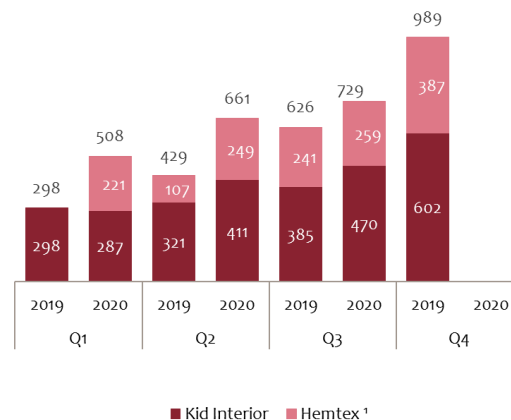


Revenues and market share

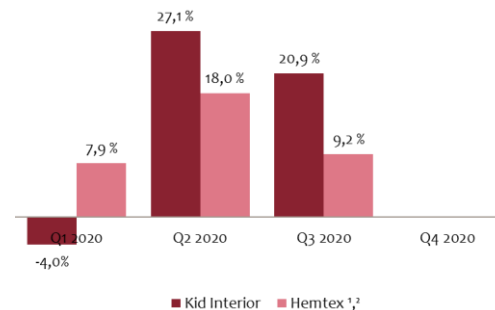
Group revenues increased by 16.5%¹

- Group like-for-like of 16.6% including online sales
- Kid Interior revenue growth of 22.0% (4.6%)
 - Like-for-like growth of 20.9% (2.0%) including online sales
 - Online sales growth of 18.6% to MNOK 23.8 (MNOK 20.0)
 - The index for sale of home textiles in specialised stores in Norway increased by 19.8%
- Hemtex revenue increased by 7.4%
 - In local currency, revenues decreased by 3.7% due to closing of three stores and reduced revenues from Hemtex24H partly offset by increased LFL-growth
 - Like-for-like growth of 9.2% including online sales
 - Online sales growth of 45.8% to MSEK 25.3 (MSEK 17.4).
 - The index for sale of home textiles in specialised stores in Sweden increased by 10.1%

Revenue (MNOK)



Like-for-like growth (%)



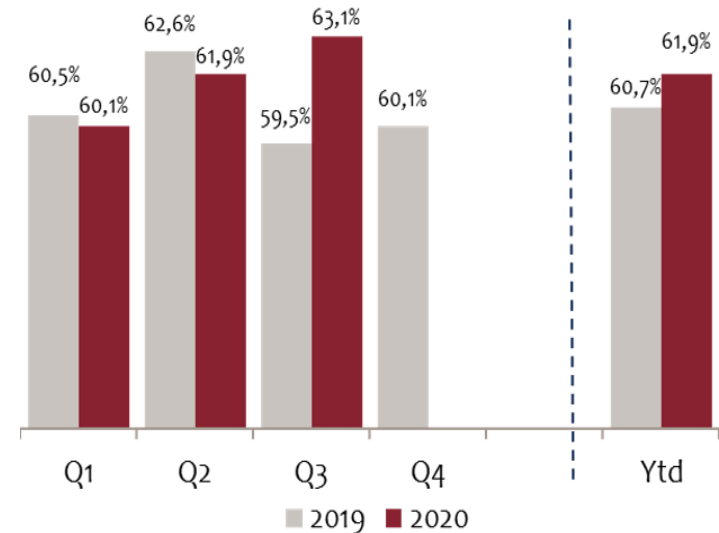
1) Calculated in constant currency the growth was 11.5%

Gross margin

Group gross margin of 63.1% in Q3

- Group gross margin was 63.1 % for the quarter, up by 3.6 pp due to change in product mix and less rebating
- Kid Interior gross margin increased by 2.3 pp from 60.9% to 63.2%. The increase was caused by changes to product mix and less rebating
- Hemtex gross margin increased by 3.6 pp from 59.3% to 62.9%. The increase was caused by adoption of Kid assortment and less sales to Hemtex 24H

Group gross margins in 2019 and 2020¹

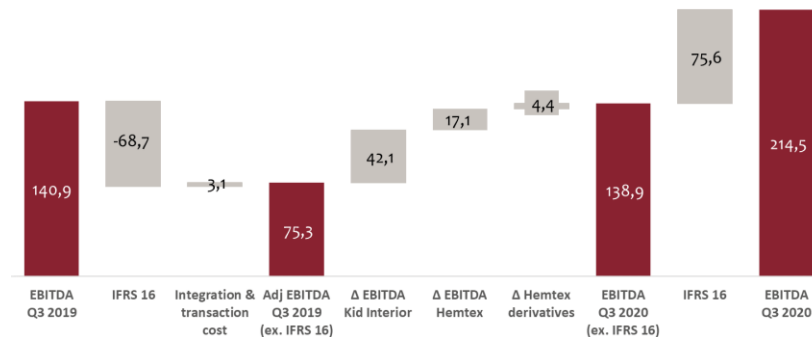


EBITDA

Adjusted EBITDA of 214.5 (144.0) in Q3

- Adjusted EBITDA excl. IFRS16 of MNOK 138.9 (75.3) for Q3
- Kid Interior EBITDA excl. IFRS16 of MNOK 111.6 (69.6)
 - Increased EBITDA mainly due to increased revenues and improved gross margins
 - Estimated COVID-19 cost saving effects during the quarter of MNOK 1.7
 - Bonus provisions of MNOK 14.8 due to high financial performance
 - Increased turnover-based rental costs
- Hemtex EBITDA excl. IFRS16 of MNOK 27.3 (MNOK 10.1)
 - Increased EBITDA of MNOK 17.2 due to improved margins and reduced costs
 - FX-adjusted increase of MNOK 15.6
 - Estimated COVID-19 cost saving effects during the quarter of MNOK 0.8
 - Less staff cost and operating costs in local currency due to closed stores and downsizing at the Hemtex HQ as part of the integration project, and reduced rental and general admin costs
- EBITDA was adjusted for transaction cost of MNOK 3.1 in Q3 2019¹. No adjustments have been made in Q3 2020

Adjusted¹ EBITDA Q3 2020 versus Q3 2019



Cash flow

(Amounts in NOK million)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019 ¹	FY 2019 ¹
Net cash flow from operations	144,4	90,8	225,3	74,3	523,6
Net Cash flow from investments	-13,1	-19,1	-38,2	-46,0	-92,9
Net cash flow from financing	-132,7	-80,0	-359,9	-217,2	-333,0
Net change in cash and cash equivalents	-1,4	-8,3	-172,7	-188,8	97,7
Cash and cash equivalents at the beginning of the period	176,8	61,0	339,2	242,2	242,2
Exchange gains / (losses) on cash and cash equivalents	-1,7	0,0	7,2	-0,6	-0,6
Cash and cash equivalents at the end of the period	173,7	52,7	173,7	52,7	339,2

Working Capital

(Amounts in NOK million)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019 ¹	FY 2019 ¹
Change in inventory	-83,2	-156,5	-53,7	-199,5	-77,2
Change in trade debtors	3,1	-13,9	19,6	-13,9	-15,7
Change in trade creditors	-19,1	70,2	-98,6	91,3	65,6
Change in other provisions ²	63,0	62,2	-13,0	1,7	74,3
Change in working capital	-36,1	-38,0	-145,7	-120,4	47,1

Solid financial position and liquidity

- Cash flow from operations positively affected by increased profit
- Q2 postponed cash outflows offset by increased bonus provisions and higher VAT provision in Q3
- Reduced inventory build-up ahead of Q4 compared with same quarter last year
- Trade creditors influenced by changes to payment terms in Hemtex following integration with Kid, and a change in cut-off date for rental payments in Hemtex.
- Cash flow from financing impacted by down payment on term loan of MNOK 50 (0) postponed from Q2 2020
- Gearing ratio, exclusive of IFRS16 effects, of 0.85
- Net interest-bearing debt excluding IFRS16 leasing liabilities of MNOK 397.2
- Cash and available credit facilities of MNOK 500.7 at the end of the quarter

Segment: Kid Interior

(Amounts in NOK millions)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Revenue	470,1	384,9	1 168,7	1 004,3	1 606,3
Revenue growth	22,1 %	4,6 %	16,4 %	8,6 %	9,5 %
LFL growth including online sales	20,9 %	2,0 %	15,5 %	5,6 %	6,8 %
COGS	-173,0	-150,6	-448,6	-389,2	-622,6
Gross profit	297,1	234,3	720,1	615,2	983,7
Gross margin (%)	63,2 %	60,9 %	61,6 %	61,3 %	61,2 %
Other operating revenue	0,1	0,0	0,2	0,2	0,2
Employee benefits expense	-95,8	-80,9	-267,4	-242,9	-349,1
Other operating expense	-89,7	-83,8	-263,7	-255,3	-351,4
Other operating expense - IFRS 16 effect	38,4	37,3	114,1	111,1	148,3
EBITDA	150,0	106,9	303,3	228,3	431,7
EBITDA margin (%)	31,9 %	27,8 %	25,9 %	22,7 %	26,9 %
No. of shopping days	79	79	228	226	303
No. of physical stores at period end	143	144	143	144	144



Segment: Hemtex

(Amounts in NOK millions)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019 ¹	FY 2019 ¹
Revenue	258,8	241,0	728,8	348,4	735,9
Revenue growth ²	-3,7%	11,1 %	5,2 %	6,7 %	13,1 %
LFL growth including online sales ²	9,2 %	3,2 %	11,9 %	3,3 %	12,5 %
COGS	-95,9	-98,1	-270,1	-136,6	-290,5
Gross profit	162,9	142,9	458,7	211,8	445,4
Gross margin (%)	62,9 %	59,3 %	62,9 %	60,8 %	60,5 %
Other operating revenue	0,3	1,0	0,6	1,8	1,9
Employee benefits expense	-54,8	-57,5	-164,2	-87,0	-154,4
Other operating expense	-81,2	-76,3	-243,6	-113,4	-209,3
Other operating expense - IFRS 16 effect	37,2	31,4	105,3	45,7	78,4
EBITDA	64,5	41,5	156,8	58,9	161,9
EBITDA margin (%)	24,9 %	17,2 %	21,5 %	16,8 %	21,9 %
No. of shopping days	92	92	92	92	91
No. of physical stores at period end (excl. franchise)	118	124	118	124	123



Semi-annual dividend

Dividend of NOK 5.80 per share

- The Board of Directors has decided to pay a half-year dividend of NOK 5.80 per share representing
 - NOK 1.20 per share that was withheld in June
 - NOK 4.60 per share as a prepayment on the fiscal year 2020 and representing 58% of adjusted net income for the last twelve months
- Following the Q4 2020 results, the board of directors will propose the next half-year dividend to the annual general meeting in May 2021
- The proposed pay-out details are:
 - Last day including right: 10 November 2020
 - Ex-date: 11 November 2020
 - Record date: 16 November 2020
 - Payment date: 24 November 2020
 - Date of approval: 5 November 2020 (Board Resolution according to proxy approved at the Annual General Meeting)



Mid-term objectives

- Four new store openings in Kid Interior and one new opening in Hemtex will take place in Q4 ahead of Christmas
 - Kid Interior: Røa, Nittedal, Mosseporten and Åkrehamn
 - Hemtex: Valbo (Sweden)
- Board approved plan to invest in a new technology platform as the fundament for future digital growth across sales channels and geographies to be launched successively during the next two and a half years
- No major sourcing challenges expected, but to be closely monitored as conditions may change fast
- Expect to reach the targeted Hemtex EBITDA of 150 million well ahead of the original target in 2023





Q&A

Kid

Income statement

(Amounts in NOK thousand)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019 ¹
Revenue	728,9	625,9	1 897,5	1 352,7
COGS	-269,0	-253,2	-723,5	-531,2
Gross profit	460,0	372,7	1 174,0	821,6
Gross margin (%)	63,1 %	59,5 %	61,9 %	60,7 %
Other operating revenue	0,4	1,1	0,7	2,0
OPEX	-245,8	-232,9	-720,7	-554,2
EBITDA	214,5	140,9	454,0	269,4
EBITDA margin (%)	29,4 %	22,5 %	23,9 %	19,9 %
Adj. EBITDA	214,5	144,0	455,2	281,9
Adj. EBITDA margin (%)	29,4 %	23,0 %	24,0 %	20,8 %
Depreciation and amortisation	-84,7	-80,1	-254,1	-184,4
EBIT	129,8	60,8	199,9	85,0
EBIT margin (%)	17,8 %	9,7 %	10,5 %	6,3 %
Net finance	-9,7	-12,1	-14,6	-32,6
Profit before tax	120,1	48,7	185,4	52,5
Net profit	94,7	36,2	146,4	37,6
Adj. Net profit	94,7	38,6	147,3	48,8

Statement of financial position

(Amounts in NOK thousand)	Note	30.09.2020	30.09.2019	31.12.2019 ¹
Assets		Unaudited	Unaudited	Audited
Goodwill	9	72 737	64 085	65 402
Trademark	9	1 515 838	1 509 147	1 510 165
Other intangible assets	9	9 265	9 106	10 085
Deferred tax asset		15 593	8 629	2 185
Total intangible assets		1 613 434	1 590 968	1 587 836
Right of use asset	9	778 579	824 357	822 604
Fixtures and fittings, tools, office machinery and equipment	9	181 460	147 674	179 233
Total tangible assets		960 039	972 031	1 001 838
Total fixed assets		2 573 473	2 562 999	2 589 674
Inventories		560 005	596 603	484 988
Trade receivables		4 620	21 364	23 201
Other receivables		15 333	22 954	25 815
Derivatives		8 074	6 402	2 305
Total receivables		28 027	50 720	51 320
Cash and bank deposits		173 749	153 245	339 241
Total currents assets		761 781	800 568	875 549
Total assets		3 335 254	3 363 567	3 465 223

(Amounts in NOK thousand)	Note	30.09.2020	30.09.2019	31.12.2019 ¹
Equity and liabilities		Unaudited	Unaudited	Audited
Share capital		48 770	48 774	48 774
Share premium		321 050	321 049	321 049
Other paid-in-equity		64 617	64 617	64 617
Total paid-in-equity		434 437	434 440	434 440
Other equity		809 108	606 550	715 721
Total equity		1 243 545	1 040 990	1 150 161
Deferred tax		315 488	318 020	315 398
Total provisions		315 488	318 020	315 398
Lease liabilities		546 512	579 894	584 848
Liabilities to financial institutions	6	460 403	494 421	494 498
Total long-term liabilities		1 006 915	1 074 314	1 079 346
Lease liabilities		221 817	217 226	217 427
Liabilities to financial institutions	6	110 547	291 052	180 000
Trade payable		55 319	170 762	145 122
Tax payable		42 365	25 656	51 239
Public duties payable		130 433	100 139	154 233
Other short-term liabilities		163 732	125 408	160 511
Derivatives		45 094	-	11 787
Total short-term liabilities		769 306	930 243	920 319
Total liabilities		2 091 710	2 322 577	2 315 063
Total equity and liabilities		3 335 255	3 363 567	3 465 223

Sales days and stores

Kid

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2019	76	71	79	80	306
2020	77	72	79	80	308

Number of store projects

2019	Q1	Q2	Q3	Q4	Total
New stores	1	0	1	2	4
Closed stores	2	0	0	1	3
Relocated stores	0	2	0	0	2
Refurbished stores	7	7	1	1	16

2020	Q1	Q2	Q3	Q4	Total
New stores	0	0	0		0
Closed stores	1	0	0		1
Relocated stores	0	0	0		0
Refurbished stores	2	2	2		6

Hemtex

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2019		90	92	91	273
2020	91	90	92		273

Number of store projects

2019	Q1	Q2	Q3	Q4	Total
New stores		0	0	0	0
Closed stores		1	4	1	6
Relocated stores		0	2	2	4
Refurbished stores		2	1	6	9

2020	Q1	Q2	Q3	Q4	Total
New stores	0	0	1		1
Closed stores	3	0	3		6
Relocated stores	0	0	1		1
Refurbished stores	3	0	2		5