



CDON Group AB

October 2012

CDON Group AB (NASDAQ OMX Stockholm: CDON)

CDON GROUP **IN BRIEF**

#1 e-commerce group in the Nordics

10 brands in 4 segments

1,030 employees

Listed on Nasdaq OMX since 2010

CDON GROUP **LAST TWELVE MONTHS**

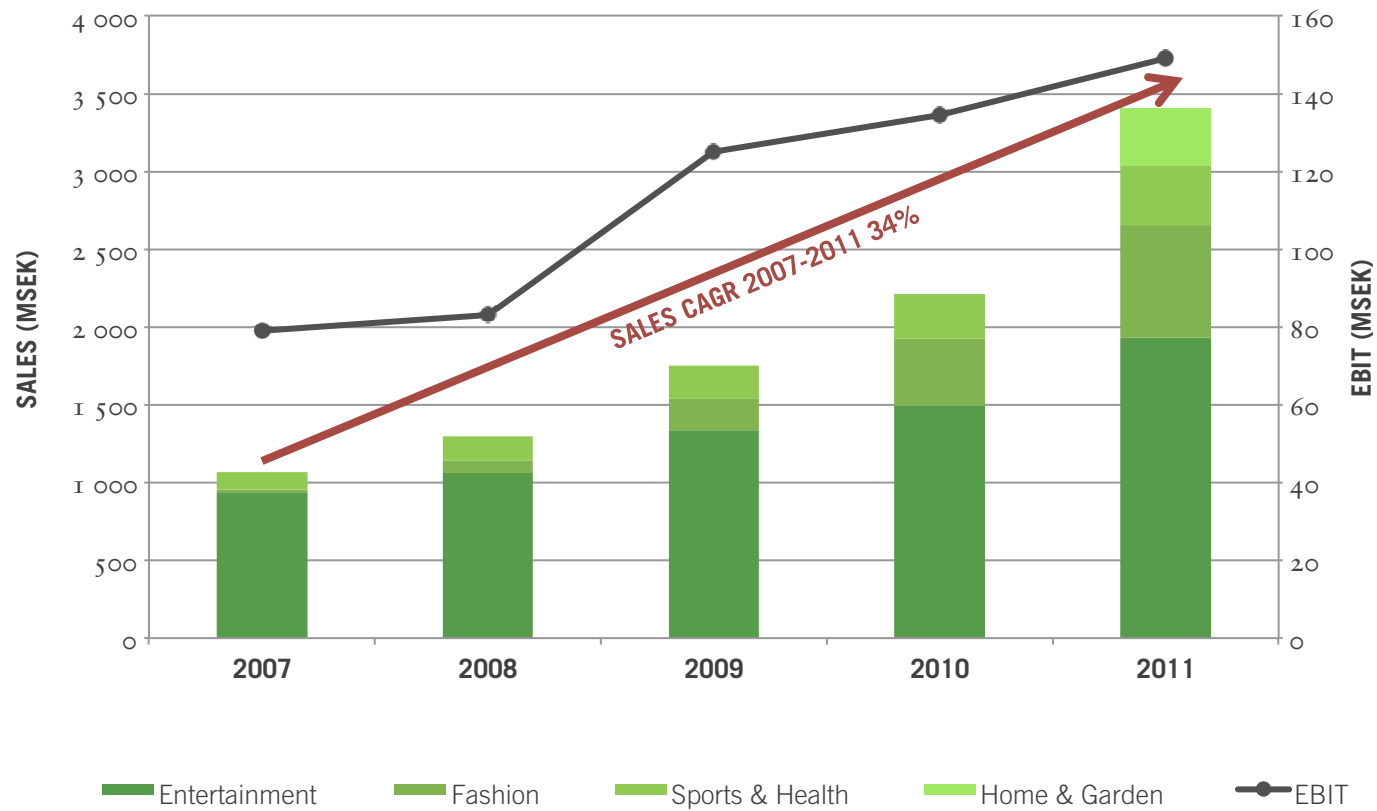
4,205 million SEK revenues

225 million visits to our sites

6.7 million orders shipped

2.5 million customers

CDON GROUP SALES 2007-2011



CDON GROUP BRANDS

ENTERTAINMENT

CDON.COM

BookPlus
KIRJAMAAILMA



FASHION

nelly.com

heppo
Handpicked for your feet

M
members.com

SPORTS & HEALTH

GYM *For Athletes, By Athletes*
GROSSISTEN.com

bodystore.com
Hälsokost till lägre pris

HOME & GARDEN

tretti®.se

RUM21
form+funktion+själ




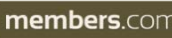




CDON GROUP **SEGMENTS YTD**

	NET SALES JAN-SEPT 2012	GROWTH	SHARE OF SALES
<i>Entertainment</i>	1,473.4	27%	51%
<i>Fashion</i>	615.6	36%	21%
<i>Sports & Health</i>	367.5	31%	13%
<i>Home & Garden</i>	434.0	120%*	15%

* The YTD 2011 figures for the Home & Garden segment includes Rum21 from Feb 2011 and Tretti.com from June 2011

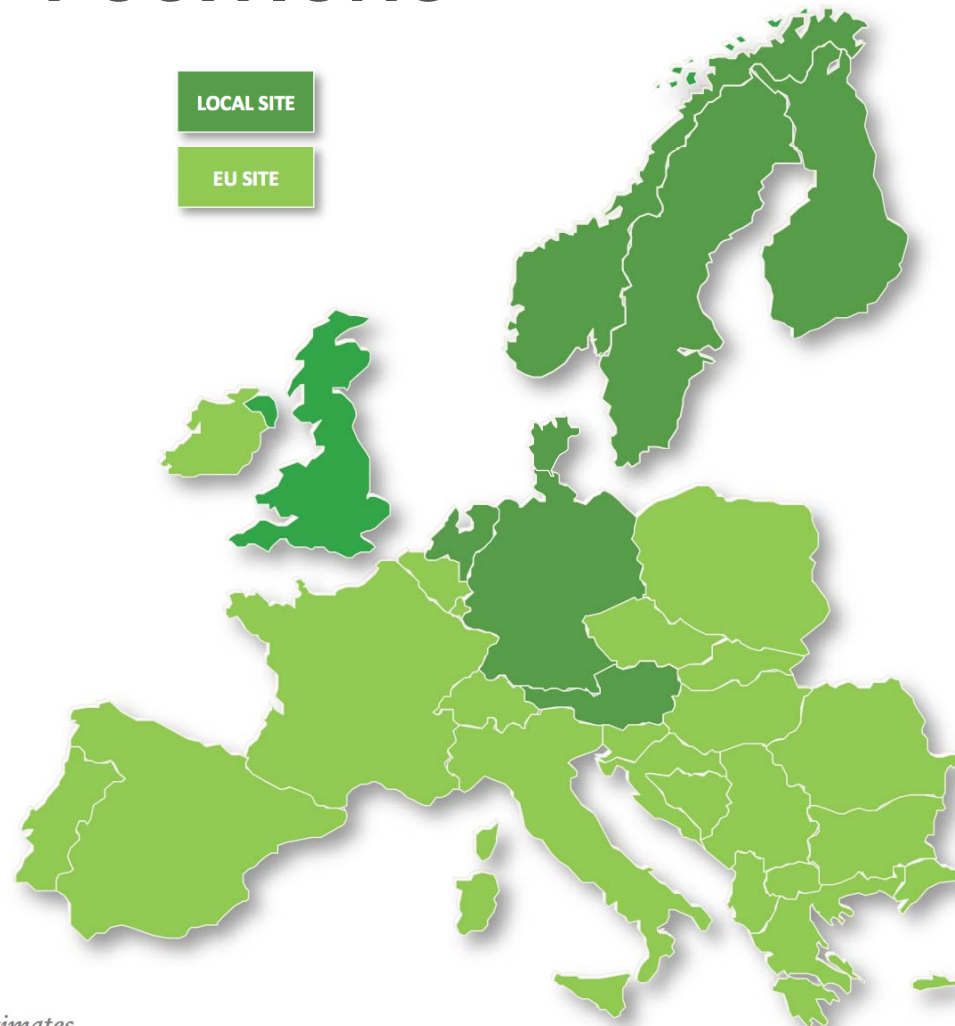
CDON GROUP POSITIONS

MARKET POSITION*

	#1
	#1
	#1
	#1
	#2
	#1
	Top 3
	#1

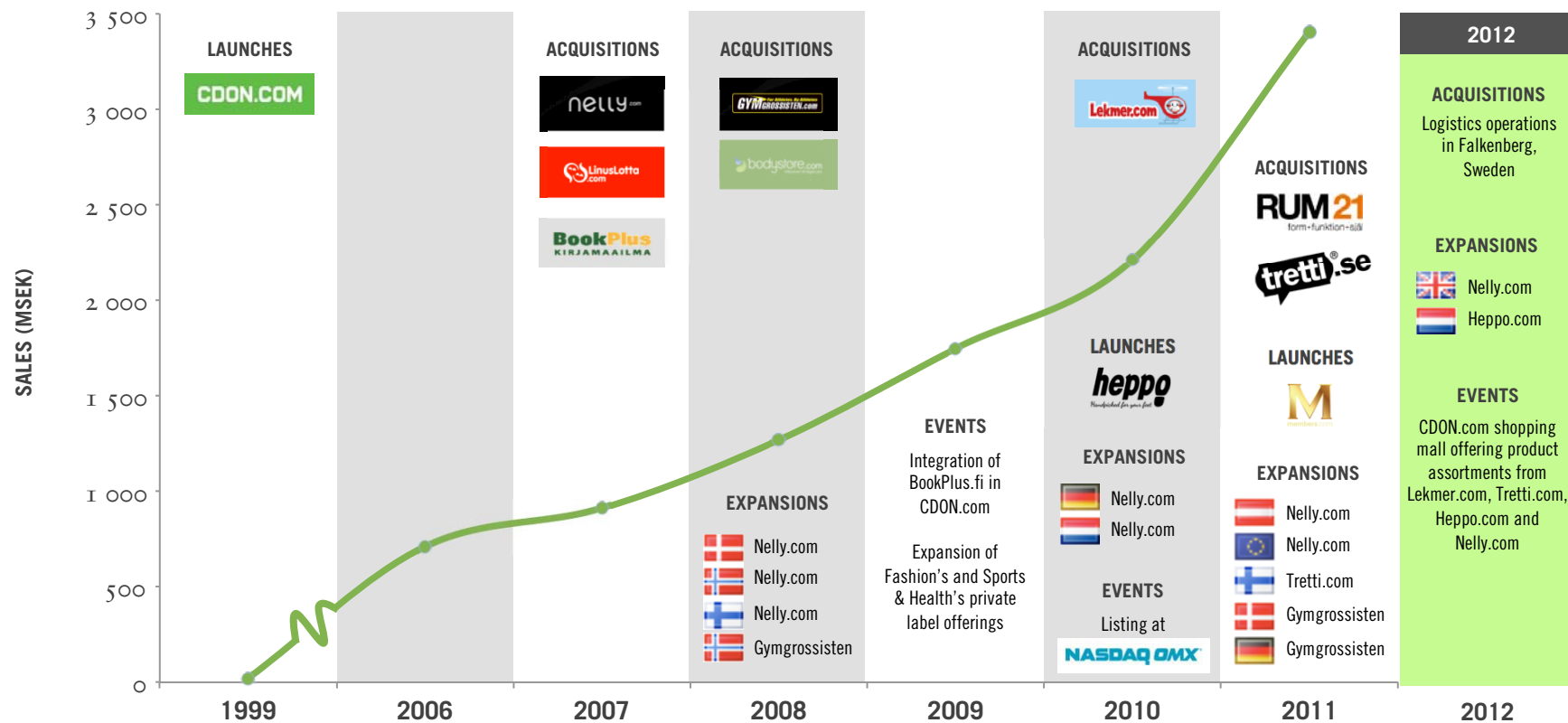
LOCAL SITE

EU SITE

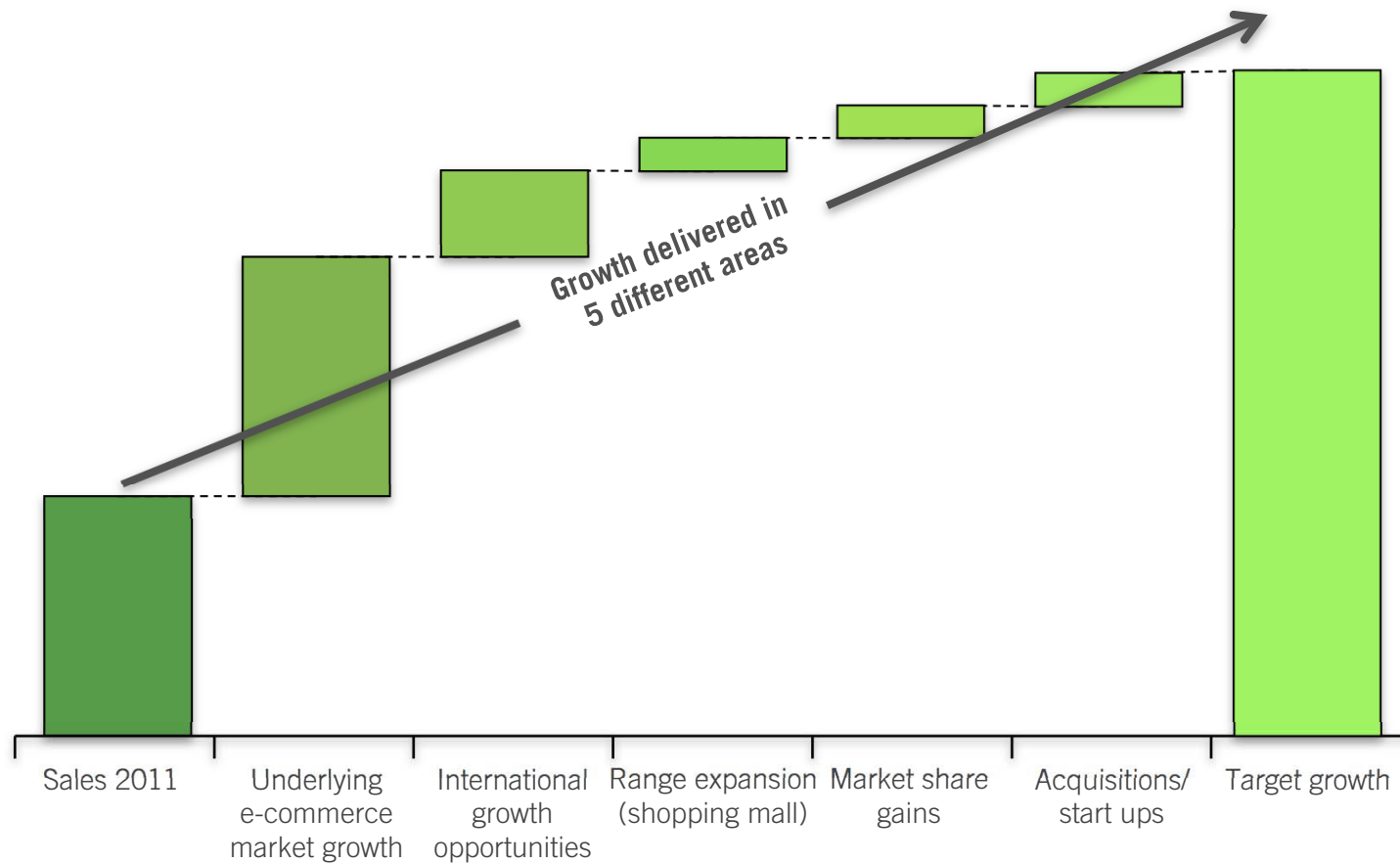


* Home market. Source: CDON Group estimates

CDON GROUP HISTORICAL HIGHLIGHTS



CDON GROUP LT GROWTH STRATEGY



Sizes of the bars in the diagram are for illustrative purposes only

CDON GROUP **EXECUTING ON STRATEGY**

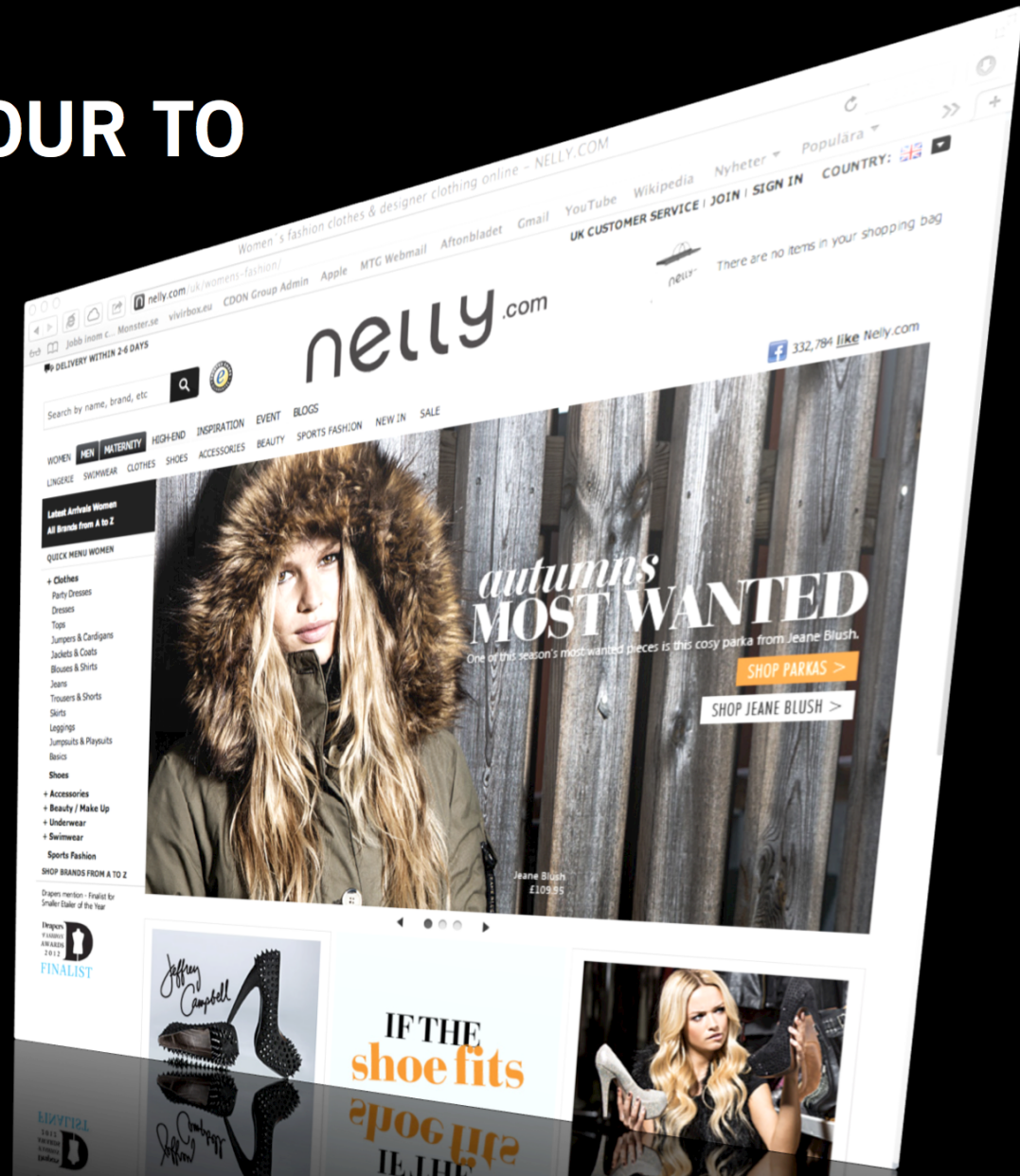
Broadening Cdon.com into Nordic shopping mall

Expanding Fashion segment geographically

Expanding Gymgrossisten.com

Customer centric approach with control over the value chain

ADDING COLOUR TO *Nelly.com*



NELLY.COM **UNIQUENESS**

800+ brands of Scandinavian and international fashion

30+ private labels and designer partnerships

New garments added every day

Interaction with passionate customers

VISIT BORÅS
The textile capital of Sweden

Nelly.com

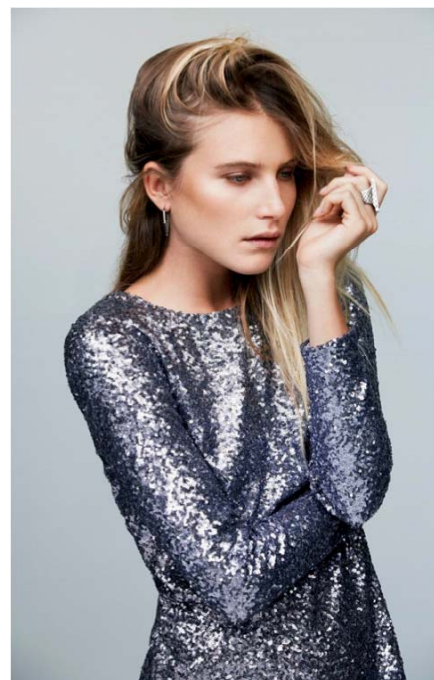


DESIGNER **PARTNERSHIP**

Savannah Miller, released on Oct 25

Nelly.com

SAVANNAH



RELEASED
25th October on nelly.com


VISIT **NELLY.COM**


The site, thoughts & execution

NELLY.COM WEBSITE

*Super high definition photos**Share to inspire friends**Catwalk video and angle photography**Customer reviews*

DELIVERY WITHIN 2-6 DAYS

UK CUSTOMER SERVICE | JOIN | SIGN IN COUNTRY: 



Parka jacket from JEANE BLUSH. Zip with storm flap and buttons in the front. Removable hood with faux fur, drawstring at waist and button tab at the cuffs. Pockets with flap and zip at the front and on the sleeves. Inside pocket with zip on the left side. Heat Scale: 4/5. Made of 100% Nylon. Lin More information

Model is 174 cm tall and is wearing a size Small.

Item nr: 396397-0076, Colour: Green


Select size
 X-Small / UK 8
 Small / UK 10
 Large / UK 14

Size guide

Quantity
 1 2 3 4 5 6

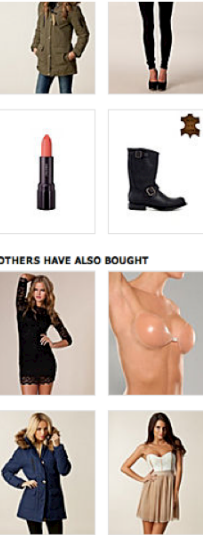
ADD TO SHOPPING BAG

SAVE IN YOUR WARDROBE MONITOR SIZES

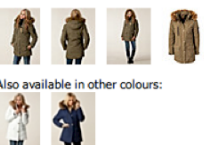
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1 REVIEWS
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CATWALK VIDEO

CUSTOMER REVIEWS SIZE REVIEWS INFO SHARE [DISCUSS ON FACEBOOK](#)

Anonym | 09/10/2012 11:35:29

Wanted in black :(

Name:

Blog Link:

Submit Feedback on size:

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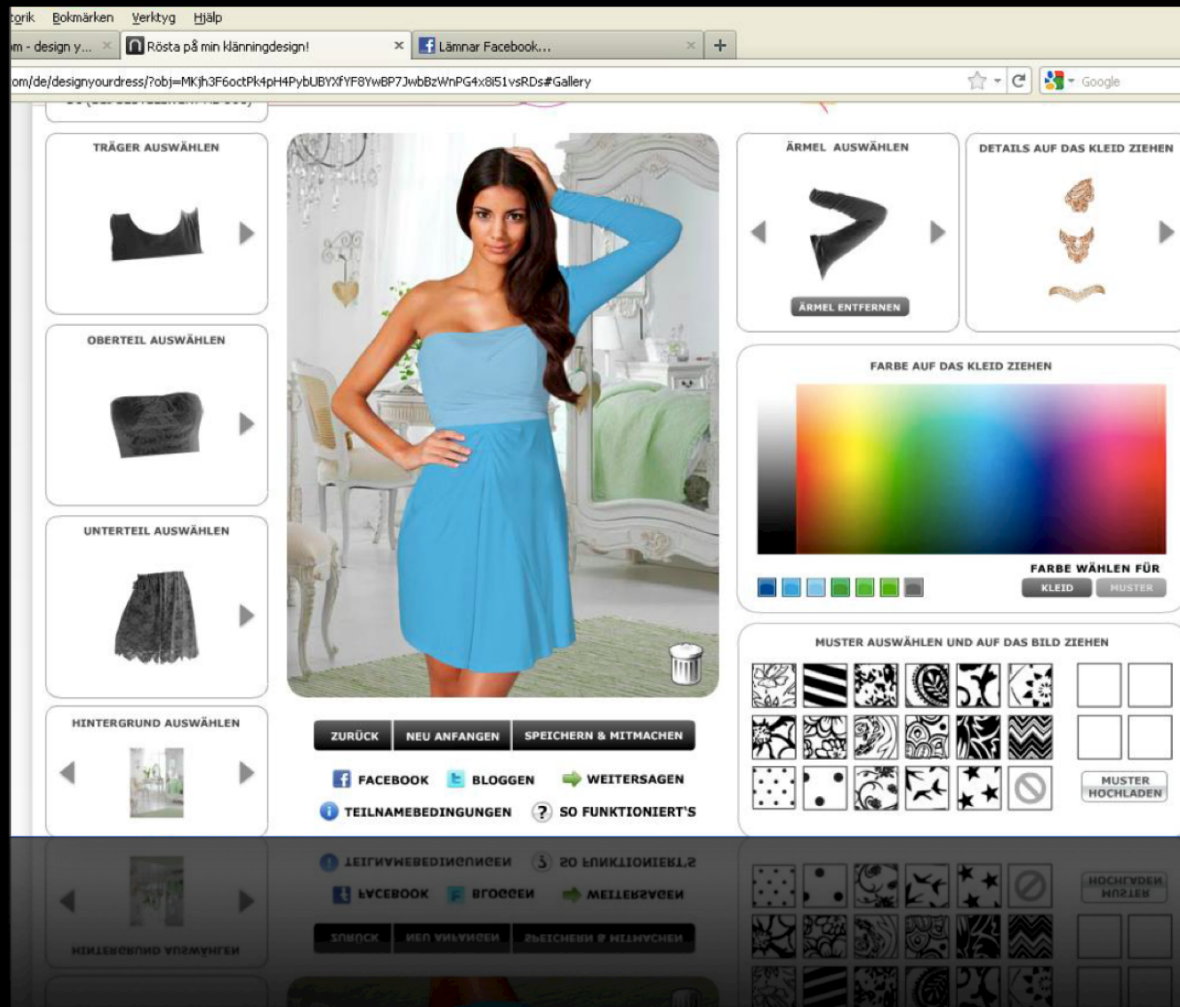
Nelly.com

cdongroup 

NELLY.COM MARKETING

300,000+
dresses
designed in
45 days

2.3 million
visits to
campaign
site



Google
indexed
68,000 sites
linking in to
the campaign

Nelly.com

cdongroup 

nelly.com

VISIT **FALKENBERG**

50,000+ sq. meters of non-stop fashion

Nelly.com



CDON Group logistics operations in Falkenberg, Sweden. Warehouse for Nelly.com, Heppo.com, Members.com and Lekmer.com








Financials

cdongroup 



CDON GROUP FINANCIALS 2012

	Entertainment		Fashion		Sports & Health		Home & Garden			
										
	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD
Net sales	525.0	1473.4	193.3	615.6	123.5	367.5	141.6	434.0	982.5	2,889
Growth YOY	22%	27%	23%	36%	32%	31%	-3.0%	120%	19%	38%
Sales share	53%	51%	20%	21%	13%	13%	14%	15%	100%	100%
EBIT	19.6	55.6	-30.3	-126.3	10.6	34.9	-1.3	-10.6	-7.6	-63.2
EBIT margin	3.7%	3.8%	-15.7%	-20.5%	8.6%	9.5%	-0.9%	-2.4%	-0.8%	-2.2%
Visits	21.8	63.7	25.7	85.3	3.0	9.5	2.8	8.1	53.3	166.5
Orders	1.0	3.0	0.3	0.9	0.2	0.5	0.1	0.2	1.6	4.6

CDON GROUP FINANCIALS 2012

	Q3 2012	Q3 2011	FY 2011		Q3 2012	Q3 2011	YTD 2012	YTD 2011
Non current assets	617.2	592.9	603.3	Net debt	362	227	362	227
Inventory	682.9	474.9	459.1	Equity/asset ratio	24%	29%	24%	29%
Receivables	173.2	143.4	145.6	CF from operations	-92	-28	-373	110
Cash and cash equivalents	9.0	135.5	417.4	Total cash flow	-101	-74	-408	-296
Total assets	1 482.3	1 346.8	1 625.3	ROCE*	1%	16%	1%	16%
Equity	354.5	389.1	417.3	ROE	-3%	17%	-3%	17%
Interest bearing liabilities	385.9	377.8	410.4	Inventory turnover	6.2	6.0	6.2	6.0
Non interest bearing liab.	741.9	579.9	797.6					
Total equity and liabilities	1 482.3	1 346.8	1 625.3					

ROCE declined year on year in Q3, which mainly is explained by the lower operating profit compared to last year, the acquisition the Tretti AB in June 2011 as well as higher inventory due to the fact that the more inventory intensive segment's share of total Group sales has increased

Figures in millions, currency in SEK

**ROCE calculated based on quarterly average capital employed over the last year*

Appendix, Q3 2012 results presentation



Third quarter highlights

- Continued strong year on year sales growth of 19 %
- Launch of Tretti.com's assortment on CDON.com
- Launch of Sports & Leisure products on CDON.com
- Acquisition of logistics operations in Falkenberg, Sweden
- Changes in CDON Group's management team
- Increase of overdraft facility to SEK 320 million

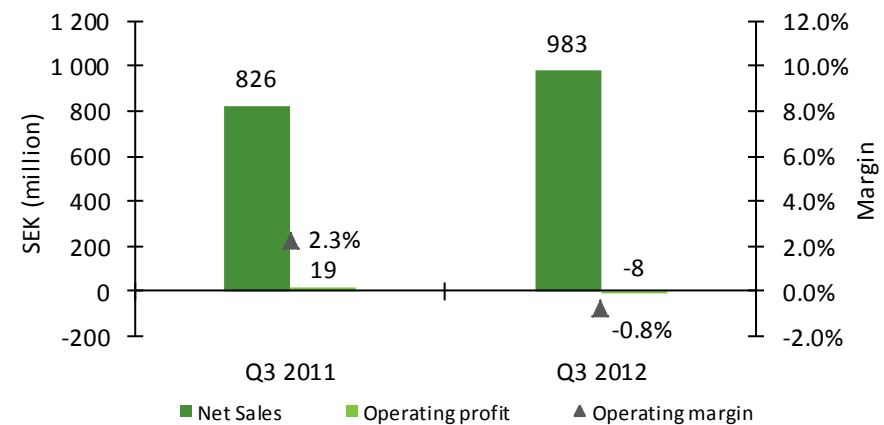


Third quarter

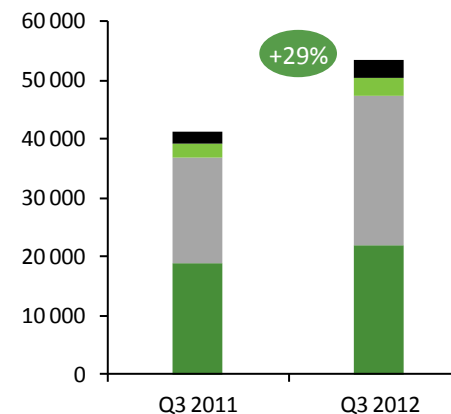
19% year on year sales growth in the third quarter

- Net sales up 19% y/y to SEK 982.5 (826.4) mn
 - Net sales up 22% at constant exchange rates
- Gross profit down 1% y/y to SEK 135.2 (136.5) mn & gross margin of 13.8% excl. non-recurring items
 - Gross profit up 6% y/y to SEK 128.6 (121.5) mn with a gross margin of 13.1%, incl. non-recurring items of SEK 6.6 mn
- Operating profit of SEK -1.0 (33.7) mn & operating margin of -0.1% excluding non recurring items
 - Operating profit of SEK -7.6 (18.7) mn & operating margin of -0.8% including non-recurring items of SEK 6.6 mn
- Pre-tax profit of SEK -16.4 (13.3) mn & net income of SEK -11.3 (11.5) mn
 - Earnings per share of SEK -0.16

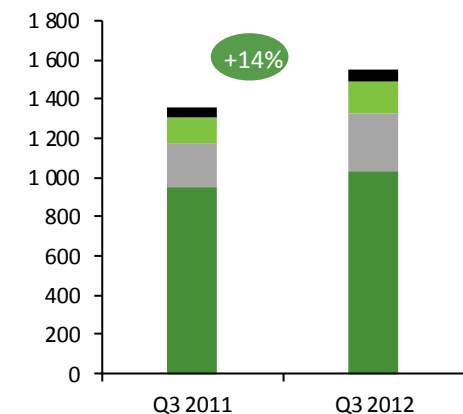
Operating development



No. of website visits ('000)



No. of orders ('000)



■ Entertainment ■ Fashion
■ Sports & Health ■ Home & Garden

■ Entertainment ■ Fashion
■ Sports & Health ■ Home & Garden



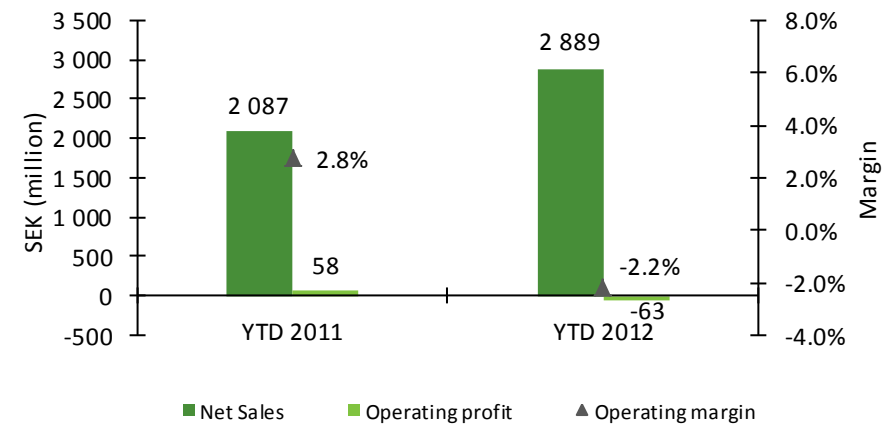
First Nine Months

Sales growth of 38% YTD

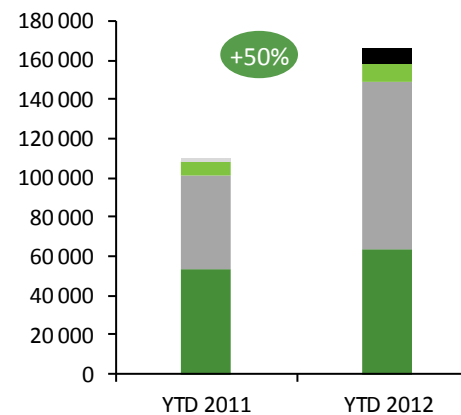
- Net sales up 38% y/y to SEK 2,888 (2,087) mn
 - Net sales up 39% at constant exchange rates
- Gross profit up 15% y/y to SEK 427.7 (372.8) mn & gross margin of 14.8% excl. non-recurring items
 - Gross profit up 4.3% y/y to SEK 373.2 (357.8) mn & gross margin of 12.9% incl. non-recurring items of SEK 54.5 mn
- Operating profit of SEK -4.9 (77.7) mn & operating margin of -0.2% excl. non-recurring items
 - Operating profit of SEK -63.2 (57.9) mn & -2.2% operating margin incl. non-recurring items of SEK 58.3 mn mainly related to Nelly.com's warehouse relocation
- Pre-tax profit of SEK -82.4 (45.1) mn & net income of SEK -61.4 (34.6) mn
- Basic earnings per share of SEK -0.88 (0.53) and diluted earnings per share of SEK -0.88 (0.53)*

*Basic earnings per share for all periods has been calculated on the average number of outstanding shares for the periods, amounting to 66,342,124. Diluted earnings per share for all periods has been calculated on the average number outstanding shares after dilution for the periods, amounting to 72,921,071.

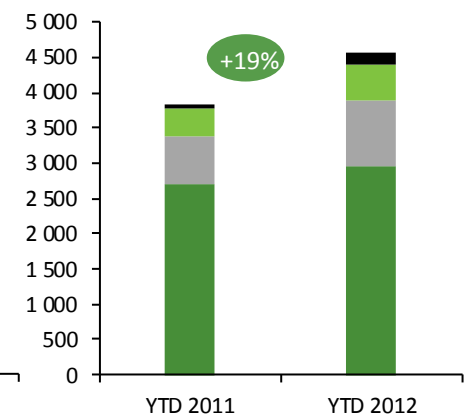
Operating development



No. of website visits ('000)







No. of orders ('000)



Entertainment Fashion Sports & Health Home & Garden

Entertainment Fashion Sports & Health Home & Garden

Group Summary

	Entertainment		Fashion		Sports & Health		Home & Garden		<div>cdongroup</div>	
										
	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD		
Net sales	525.0	1473.4	193.3	615.6	123.5	367.5	141.6	434.0	982.5	2,888.9
Growth yoy	22%	27%	23%	36%	32%	31%	-3.0%	120%	19%	38%
Sales share	53%	51%	20%	21%	13%	13%	14%	15%	100%	100%
EBIT	19.6	55.6	-30.3	-126.3	10.6	34.9	-1.3	-10.6	-7.6	-63.2
EBIT margin	3.7%	3.8%	-15.7%	-20.5%	8.6%	9.5%	-0.9%	-2.4%	-0.8%	-2.2%
Visits	21.8	63.7	25.7	85.3	3.0	9.5	2.8	8.1	53.3	166.5
Orders	1.0	3.0	0.3	0.9	0.2	0.5	0.1	0.2	1.6	4.6



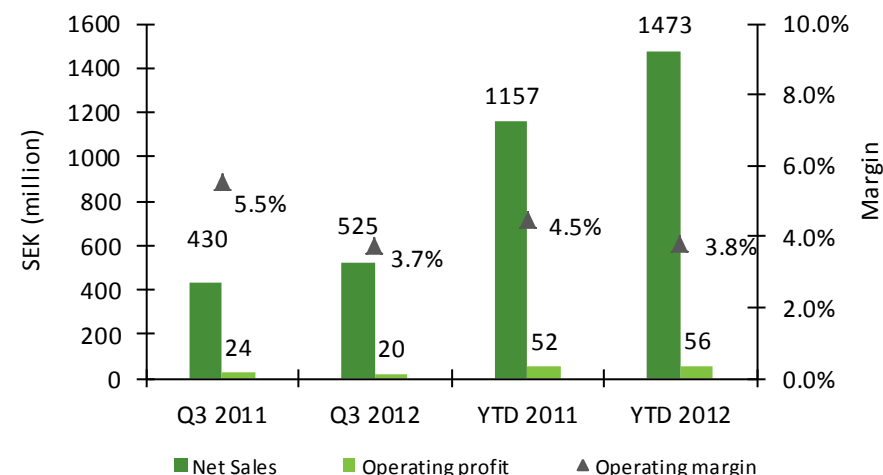
Business Profile & Performance



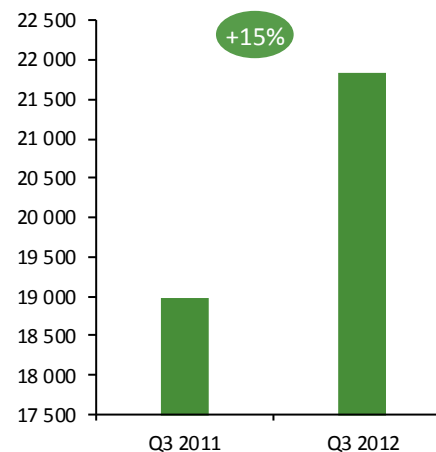
Continued strong growth within the Electronics category and Toys category

- Sales up 22% y/y in Q3 and 27% y/y YTD
 - The Electronics category and Toys category showed a continued strong growth rate and increased their share of segment sales
 - The assortment in the Electronics category was further broadened, the new product category Sports & Leisure was launched and the product range from the Tretti.com store was added
- Represented 53% (52%) of total Group sales in Q3 and 51% (55%) YTD
- Operating profits of SEK 19.6 (23.7) mn in Q3 and SEK 55.6 (51.8) mn YTD
 - Operating margin of 3.7% (5.5%) in Q3 and 3.8% (4.5%) YTD

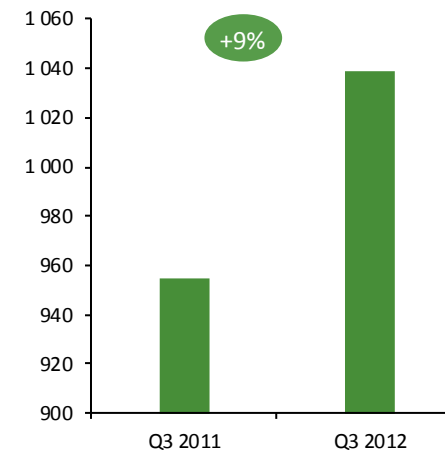
Operating development



No. of website visits ('000)



No. of orders ('000)

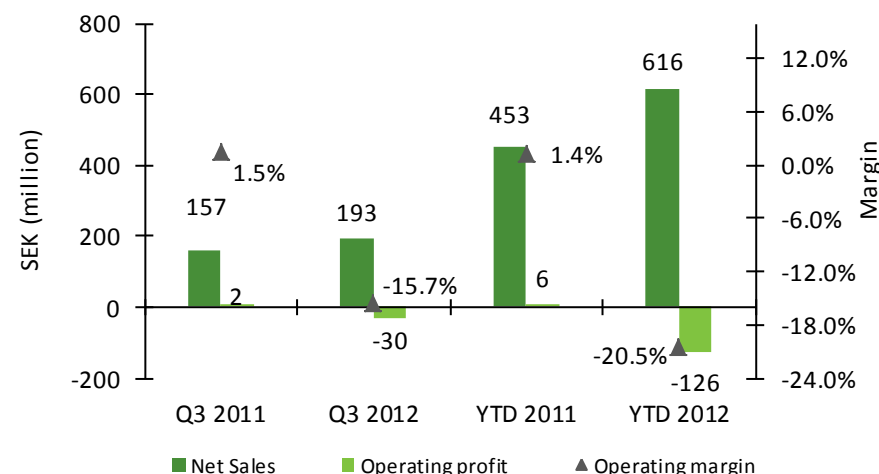


Fashion

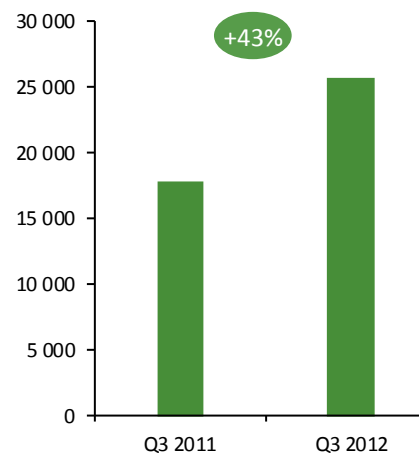
23% year on year revenue growth in Q3 following increased market shares for Nelly.com in the Nordic region and the growth of Members.com and Heppo.com

- Sales increased by 23% y/y in Q3 and by 36% y/y YTD
 - Segment growth in the third quarter was mainly due to an increase in market shares for Nelly.com in the Nordic region and growth of Member.com and Heppo.com
 - Growth was reduced in the period as finetuning processes and systems were adapted following Nelly.com's warehouse relocation
- Represented 20% (19%) of total Group sales in Q3 and 21% (22%) of total Group sales YTD
- Operating profits of SEK -30.3(2.3) mn including non-recurring items of SEK 6.6 mn
 - Operating margin of -15.7% (1.5%) in Q3 and -20.5% (1.4%) YTD
 - Nelly's warehouse relocation resulted in non-recurring items of SEK 6.6 mn in the quarter

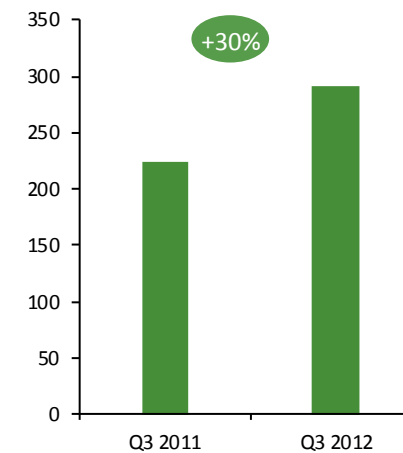
Operating development



No. of website visits ('000)



No. of orders ('000)

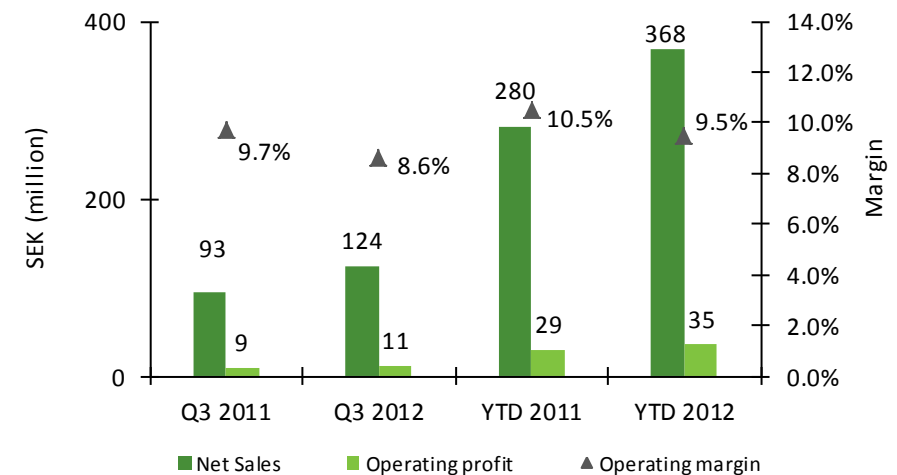


Sports & Health

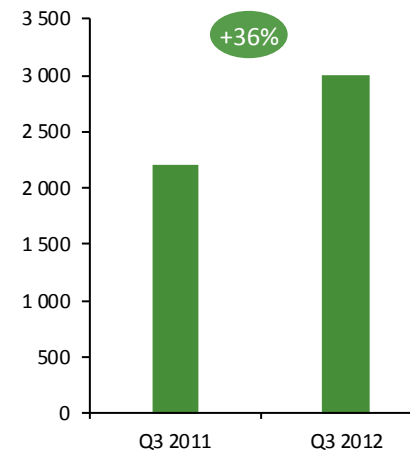
32% year on year revenue growth in Q3

- Sales up 32% y/y in Q3 and 31% y/y YTD
 - Gymgrossisten/Bodystore has taken market shares in each country
 - The strategy of focusing on growth in Germany remains
- Sports & Health segment represented 13% (11%) of Group sales in Q3 and 13% (13%) YTD
- Operating profits of SEK 10.6 (9.0) mn in Q3 and SEK 34.9 (29.5) mn YTD
 - Operating margins of 8.6% (9.7%) in Q3 and margins of 9.5% (10.5%) YTD

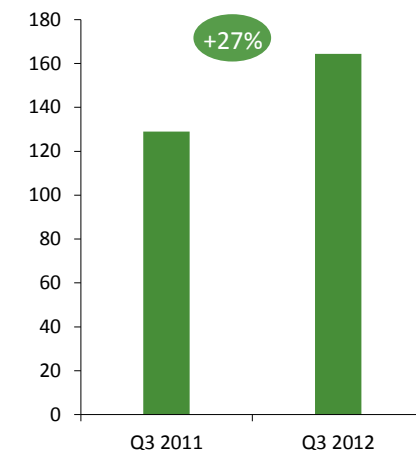
Operating development



No. of website visits ('000)



No. of orders ('000)

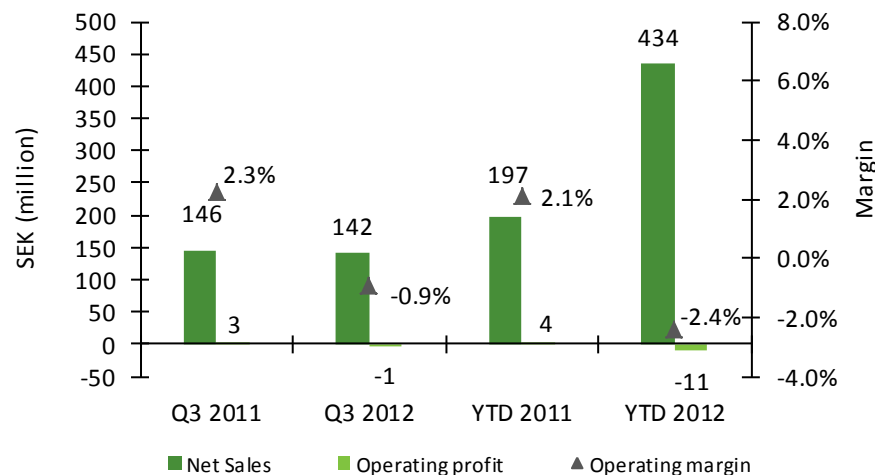


Home & Garden

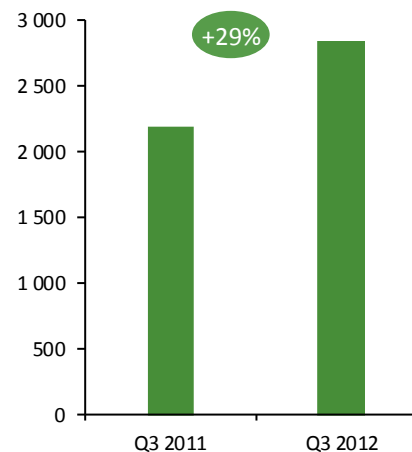
Tretti.com's product assortment was added to Cdon.com

- The YTD 2011 figures for the Home & Garden segment includes Rum21 from Feb 2011 and Tretti.com from June 2011
- The segment's sales amounted to SEK 141.6 (146.0) mn in Q3 and to SEK 434.0 (197.4) mn YTD
 - Sales in the quarter have been slow, as has the overall Swedish market for white goods
 - The Room21.com online store has grown according to plan
- Home & Garden accounted for 14% (18%) of total Group sales in Q3 and 15% (9%) YTD
- Operating profit of SEK -1.3 (3.3) mn in Q3 and of SEK -10.6 (4.0) mn YTD
 - Operating margins of -0.9% (2.3%) in Q3 and of -2.4% (2.1%) YTD
 - Operating profit in the segment is weighted down by the expansion of Room21.com, as well as by the price pressure we see in white goods

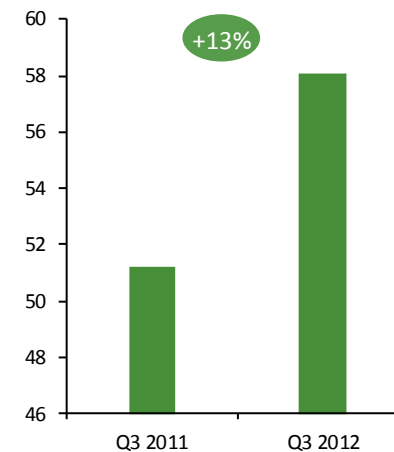
Operating development



No. of website visits ('000)



No. of orders ('000)



Financial Performance & Position



Income Statement



- Net interest & other financial items of SEK -8.8 (-5.4) mn in Q3 reflected:
 - The Group's revolving credit facility
 - Interest costs related to the convertible bond issued in December 2010
- Positive income tax effect of SEK 5.1 (-1.8) mn in the quarter as a result of activated capitalized loss carryforwards

(SEK million)	2012 Jul-Sep	2011 Jul-Sep	2012 Jan-Sep	2011 Jan-Sep
Net Sales	982.5	826.4	2 888.9	2 087.3
Gross profit	128.6	121.5	373.2	357.8
<i>Gross margin (%)</i>	<i>13.1%</i>	<i>14.7%</i>	<i>12.9%</i>	<i>17.1%</i>
Operating profit excl non-recurring items	-1.0	33.7	-4.9	77.6
<i>Operating margin%</i>	<i>-0.1%</i>	<i>4.1%</i>	<i>-0.2%</i>	<i>3.7%</i>
Operating profit incl non-recurring items	-7.6	18.7	-63.2	57.9
<i>Operating margin%</i>	<i>-0.8%</i>	<i>2.3%</i>	<i>-2.2%</i>	<i>2.8%</i>
Income before tax	-16.4	13.3	-82.4	45.1
Net income	-11.3	11.5	-61.4	34.6
Basic earnings per share (SEK)	-0.16	0.18	-0.88	0.53
Diluted earnings per share	-0.16	0.18	-0.88	0.53

Cash Flow

- Cash flow from operating activities before changes in working capital of SEK 1.2 (30.9) mn in Q3
- SEK -93.6 (-59.4) million change in working capital in Q3
- Cash flow to investing activities of SEK -6.1 (-10.3) mn in Q3
 - Primarily reflected investments in the Group's web platforms

(SEK million)	2012 Jul-Sep	2011 Jul-Sep	2012 Jan-Sep	2011 Jan-Sep
Cash flow from operating activities	1.2	30.9	-81.7	51.1
Changes in working capital	-93.6	-59.4	-291.2	-161.1
Cash flow from operations	-92.4	-28.4	-372.9	-110.0
Cash flow from/to investing activities	-6.1	-10.3	-32.7	336.3
Cash flow from/to financing activities	0.0	-35.5	0.0	150.0
Change and cash equivalents for the period	-98.5	-74.2	-405.7	-296.3
Cash and cash equivalents at the period's start	110.4	209.3	417.4	431.3
Translation difference	-2.9	0.4	-2.7	0.4
Cash and cash equivalents at the period's end	9.0	135.5	9.0	135.5



Financial Position

- Capital employed decreased by SEK 10.2 mn y/y to SEK 740.4 mn in Q3
- Return on capital employed declined y/y to 1.1% (15.8%) in Q3, which mainly is explained by the lower operating profit compared to last year, acquisition of Tretti AB in June 2011 as well as higher inventory
- Total interest bearing loans of SEK 370.9 (362.8) mn at the end of Q3
- Net debt position of SEK 361.8 (227.3) mn at the end of Q3, compared to SEK 258.4 at the end of Q2
- Cash and cash equivalents decreased to SEK 9.0 (135.5) mn at the end of Q3, compared to SEK 110.4 mn at the end of Q2

(SEK million)	2012 30-sep	2011 30-sep	2011 31-Dec
Total non-current assets	617.2	592.9	603.3
Inventories	682.9	474.9	459.1
Total receivables	173.2	143.4	145.6
Cash and cash equivalents	9.0	135.5	417.4
Total assets	1 482.3	1 346.8	1 625.3
Total equity	354.5	389.1	417.3
Interest bearing liabilities	385.9	377.8	410.4
Non-interest bearing liabilities	741.9	579.9	797.6
Total equity and liabilities	1 482.3	1 346.8	1 625.3



Thank you!

*For further information, please visit
www.cdongroup.com or contact
ir@cdongroup.com*

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