



## Financial Results for the First Quarter 2012

18 April 2012

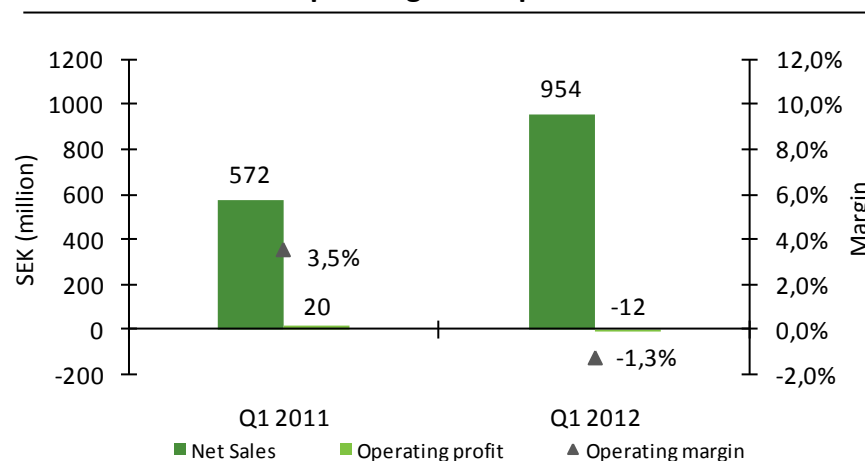


## First quarter

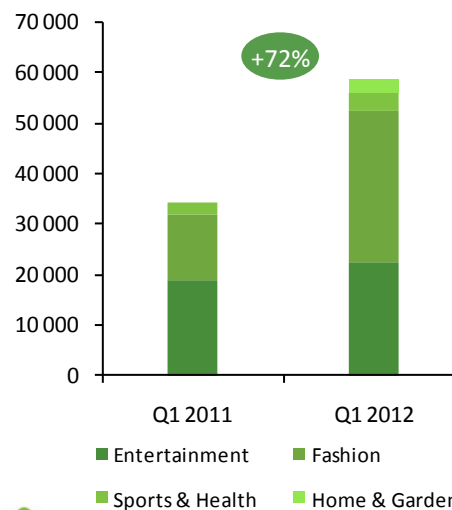
### Yet another record quarter with 67% year on year sales growth - Increased investments in growth

- Net sales up 67% y/y to SEK 954.3 (571.8) mn
  - Net sales up 66% at constant exchange rates
- Gross profit up 23% y/y to SEK 135.6 (109.9) mn with a gross margin of 14.2%
- Operating profit of SEK 1.9 (20.1) mn & operating margin of 0.2% excluding non recurring items
- Operating profit of SEK -12.1 (20.1) mn & operating margin of -1.3% including non recurring items of SEK 14.0 mn
- Pre-tax profit of SEK -17.5m (16.7) mn & net income of SEK -13.1 (12.7) mn
  - Earnings per share of SEK -0.18

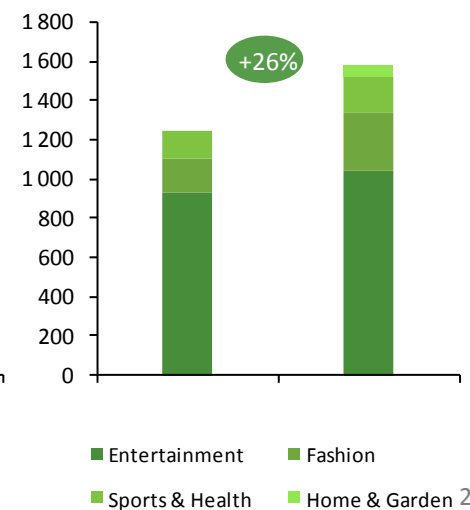
#### Operating development






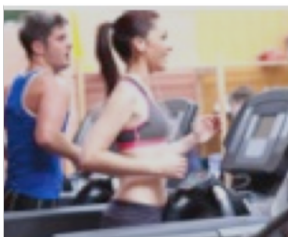

#### No. of website visits ('000)



#### No. of orders ('000)



## Group Summary

	Entertainment		Fashion		Sports & Health		Home & Garden		cdongroup 	
										
	Q1-12	FY-11	Q1-12	FY-11	Q1-12	FY-11	Q1-12	FY-11		
Net sales	484	1,929	196	728	128	377	146	370	954	3,404
Growth yoy	34%	29%	76%	69%	32%	33%	n/a	n/a	67%	54%
Sales share	51%	57%	21%	21%	13%	11%	15%	11%	100%	100%
EBIT	24	102	-38	20	13	40	-6	5	-12	129
EBIT margin	5.0%	5.3%	-19.6%	2.7%	10.4%	10.5%	-4.0%	1.4%	-1.3%	3.8%
Visits	22.3	81.4	30.3	75.0	3.5	9.5	2.6	5.9	58.7	171.8
Orders	1.0	4.2	0.3	1.1	0.2	0.5	0.1	0.1	1.6	6.0

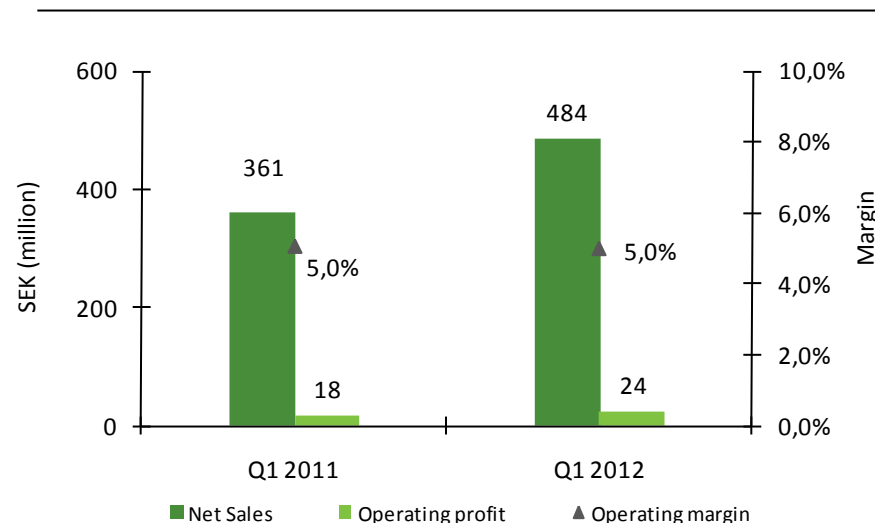
# Business Profile & Performance



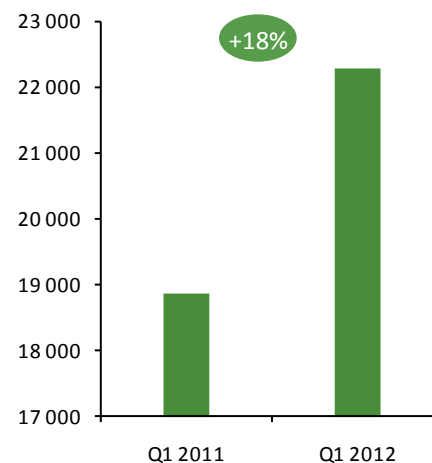
## Increased sales volumes in all markets

- Sales up 34% y/y in Q1
  - CDON Group strengthen its position within all product categories.
  - The product category consumer electronics have increased its product assortment significantly
- Represented 51% (63%) of total Group sales in Q1
- Operating profits of SEK 24.1 (18.2) mn in Q1
  - Operating margin of 5.0% (5.0%)

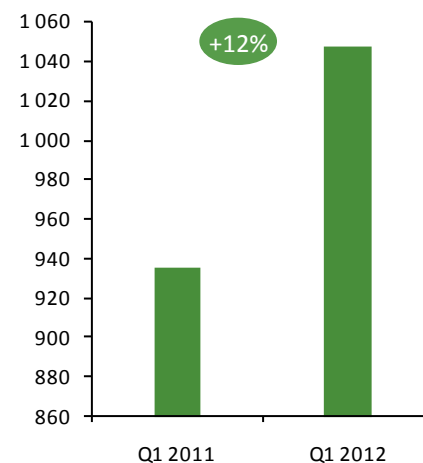
### Operating development



### No. of website visits ('000)



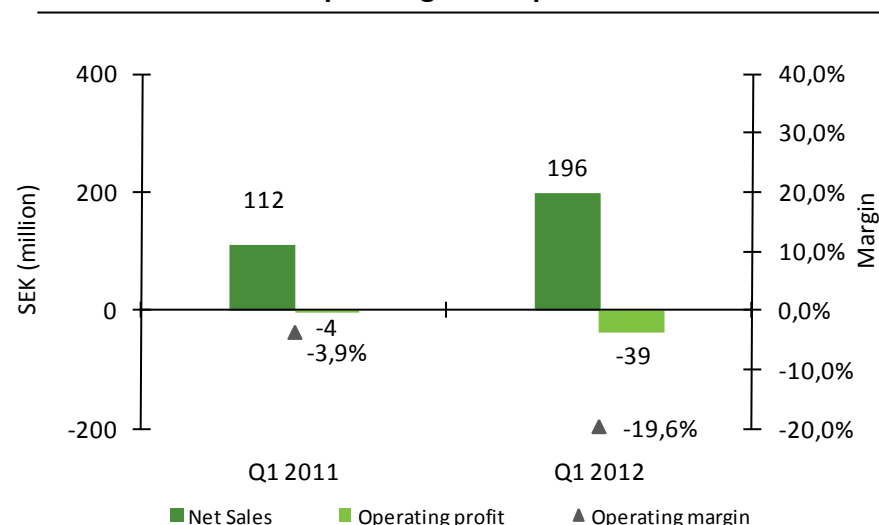
### No. of orders ('000)



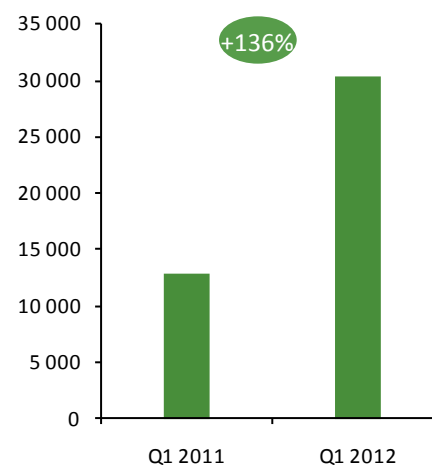
## 76% year on year revenue growth in Q1 following geographical expansions and market share gains on the Nordic market

- Sales increased by 76% y/y in Q1
  - Strong growth despite moderate development on the general clothing and shoes market
  - New sales branch for the British market opened in the period
- Represented 21% (20%) of total Group sales
- Operating profits of SEK -24.5 (-4.4) mn in Q1 excluding non recurring items and SEK -38.5 (-4.4) mn including non recurring items of SEK 14 mn
  - Operating margin of -19.6% (-3.9%) including non recurring items
  - Relocation of warehouse for Nelly.com is expected to result in non recurring costs of SEK 22.0 mn, spread over Q1-Q3 2012, of which SEK 7.0 mn has been attributed to Q1
  - Additional one off costs in Q1 of SEK 7.0 mn related to adjusted offset model for returned goods
  - SEK 20.5 mn was set aside for the geographical expansion of Nelly.com outside the Nordic countries

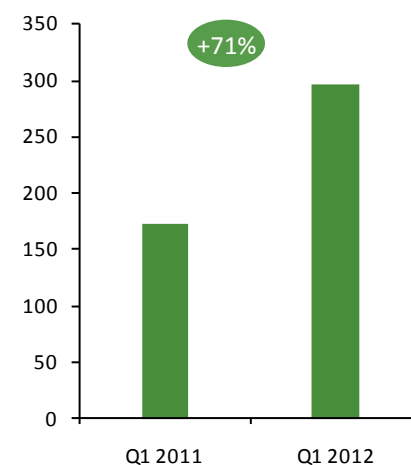
### Operating development



### No. of website visits ('000)



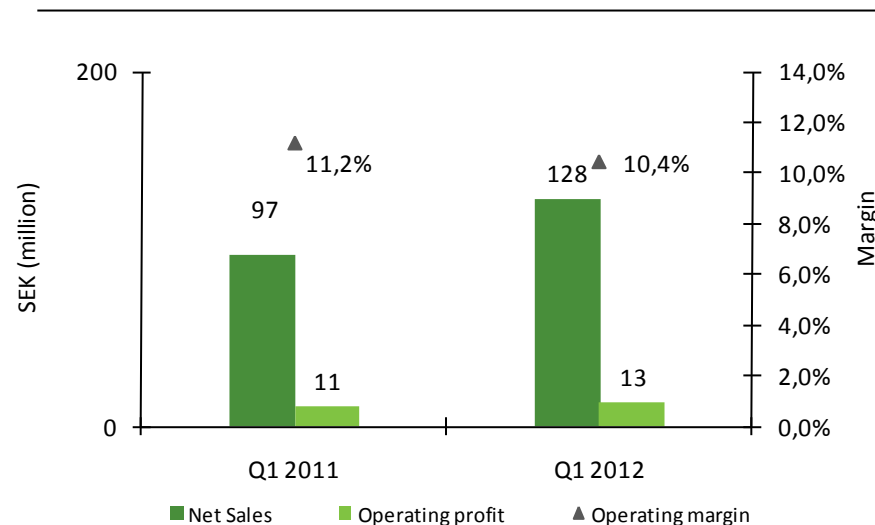
### No. of orders ('000)



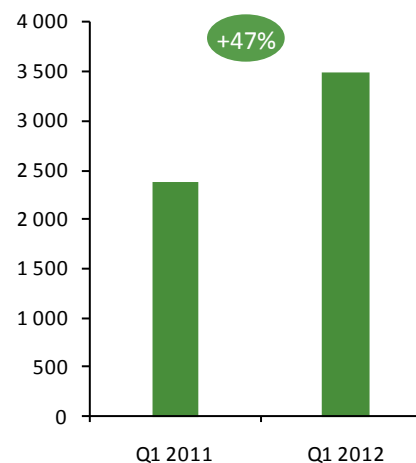
## 32% year on year revenue growth in Q1 with continued geographical expansion

- Sales up 32% y/y in Q1
  - Growth in all product categories and markets with strongest growth in Finland, Norway and Denmark
  - Private label Star Nutrition has widened its assortment
- Sports & Health segment represented 13% (17%) of Group sales in the period
- Operating profits of SEK 13.3 (10.8) mn
  - Operating margins of 10.4% (11.2%)
  - Margins affected by market investments

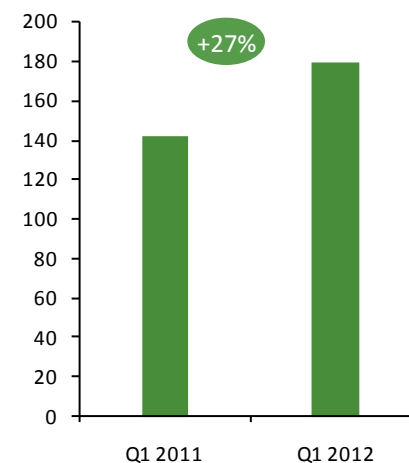
### Operating development



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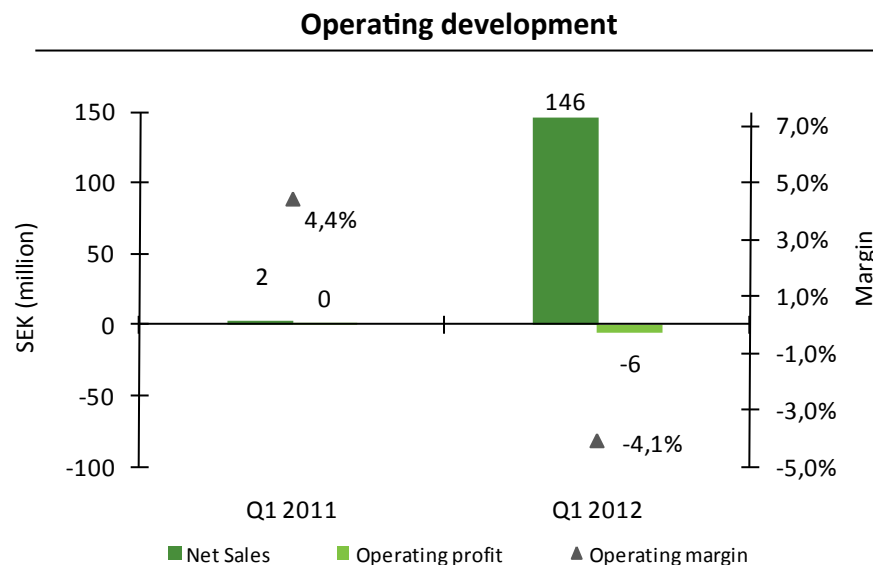


### No. of orders ('000)



### Increasing market shares

- The Q1 2011 figures for the Home & Garden segment includes Rum21 from Feb 2011. In Q2 2011 Tretti.com was acquired
- The segment's sales amounted to SEK 146.3 (2.4) mn in Q1
- Home & Garden accounted for 15% of total Group sales in Q1
- Operating profit of SEK -5.9 (0.1) mn in Q1
  - Operating margins of -4.0% (4.4%)
  - The segment's operating margin is under pressure as a result of the Nordic expansion and strong pressure on prices in the white goods category





# Financial Performance & Position



# Income Statement

- Net interest & other financial items of SEK -5.4 (-3.4) mn in Q1 reflected:
  - The Group's SEK 200 mn revolving credit facility and interests costs related to it
  - Interest costs related to the convertible bond issued in December 2010
- Positive income tax effect of SEK 4.5 (-4.0) mn

	2012	2011
(SEK million)	Jan-Mar	Jan-Mar
Net Sales	954,3	571,8
Gross profit	135,6	109,9
<i>Gross margin (%)</i>	<i>14,2%</i>	<i>19,2%</i>
Operating profit excl non-recurring items	1,9	20,1
<i>Opearting margin%</i>	<i>0,2%</i>	<i>3,5%</i>
Operating profit incl non-recurring items	-12,1	20,1
<i>Opearting margin%</i>	<i>-1,3%</i>	<i>3,5%</i>
Income before tax	-17,5	16,7
Net income	-13,1	12,7
Basic earnings per share (SEK)	-0,18	0,19
Diluted earnings per share	-0,18	0,19

- Cash flow from operating activities before changes in working capital of SEK -32.8 (2.2) mn in Q1
- SEK -201.7 (-164.1) million change in working capital in Q1
  - Higher inventory levels due to increase of more inventory intensive products in the Entertainment segment (mainly consumer electronics), the Fashion and Sports & Health segments, but also due to the acquisition of Tretti
- Cash flow to investing activities of SEK -12.0 (-7.3) mn in Q1
  - Primarily reflected investments in the Group's web platforms

(SEK million)	2012 Jan-Mar	2011 Jan-Mar	2011 Jan-Dec
Cash flow from operating activities	-32.8	2.2	124.3
Changes in working capital	-201.7	-164.1	71.6
Cash flow from operations	-234.5	-161.9	195.9
Cash flow from/to investing activities	-12.0	-7.3	-345.8
Cash flow from/to financing activities	0.0	0.0	136.2
Change and cash equivalents for the period	-246.6	-169.2	-13.8
Cash and cash equivalents at the period's start	417.4	431.3	431.3
Translation difference	-0.2	-0.8	-0.1
Cash and cash equivalents at the period's end	170.6	261.3	417.4

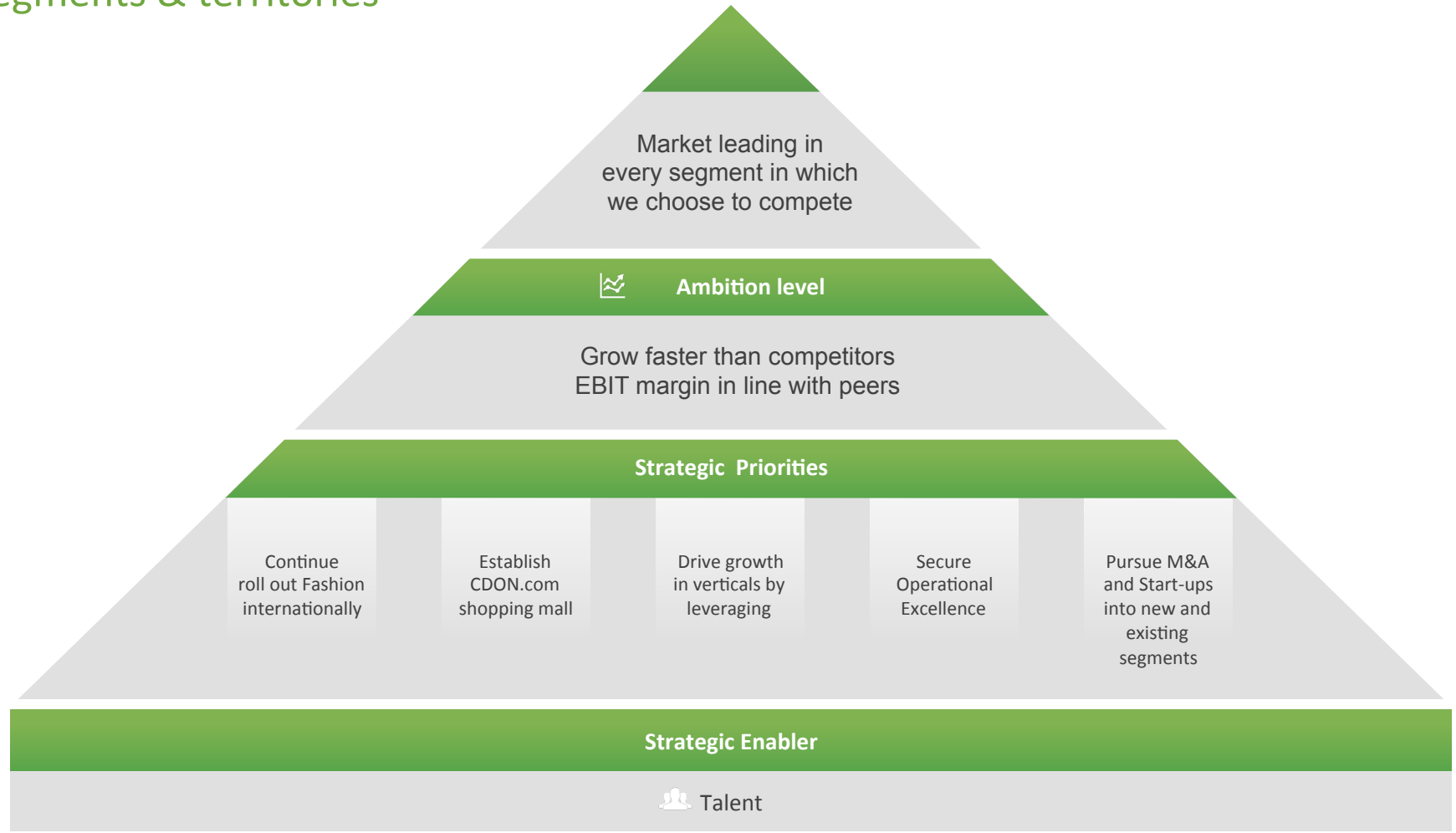
## Financial Position

- Capital employed decreased by SEK 11.3 mn y/y to SEK 785.8 mn in Q1
- Return on capital employed declined y/y to 13.1% (27.0%) in Q1
- Total long-term interest bearing borrowings of SEK 366.8 (209.0) mn in Q1
- Net debt position of SEK 196.1 (-52.2) mn at the end of Q1, compared to net cash position of SEK 37.6 mn in the end of Q4 2011
- Cash and cash equivalents decreased to SEK 107.7 (261.3) mn at the end of Q1, compared to SEK 417.4 mn at the end of Q4 2011

(SEK million)	2012 31-mar	2011 31-mar	2011 31-Dec
Total non-current assets	611,8	274,0	603,3
Inventories	509,6	295,8	459,1
Total receivables	143,5	106,6	145,6
Cash and cash equivalents	170,7	261,3	417,4
Total assets	1 435,6	937,7	1 625,3
Total equity	404,0	360,5	417,3
Interest bearing liabilities	381,8	209,0	379,8
Non-interest bearing liabilities	649,8	368,2	828,2
Total equity and liabilities	1 435,6	937,7	1 625,3

# Long-term Ambition and Strategic Priorities

To become a leading e-commerce player in each of the Group's operating market segments & territories





For further information, please visit [www.cdongroup.com](http://www.cdongroup.com) or contact:

### CDON Group Investor Relations

+ 46 (0) 70 080 76 46

ir@cdongroup.com



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