

CDON GROUP

SECOND QUARTER AND FIRST SIX MONTH 2013

Paul Fischbein, President & CEO
Nicolas Adlercreutz, CFO



Highlights




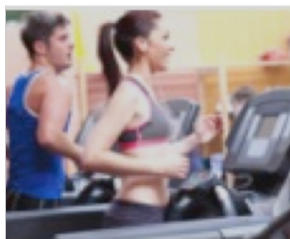

- Continued sales growth of 4.2% year-on-year in the quarter to SEK 964.3 million
- Strong growth and strengthened market positions for the Fashion and Sports & Health segment
- Sport & Health segment continues to deliver solid profitability
- Results burdened by non-recurring items in CDON totaling SEK 32 million



Financial Performance & Position



Financial Summary*

	Entertainment		Fashion		Sports & Health		Home & Garden		cdongroup 	
										
	Q2 13	Q2 12	Q2 13	Q2 12	Q2 13	Q2 12	Q2 13	Q2 12		
Net sales (mn)	410.5	464.1	239.2	199.1	156.3	116.4	158.8	146.1	964.3	925.3
Growth yoy	-11.5%	26.9%	20.1%	18.3%	34.3%	29.2%	8.7%	14.0%	4.2%	23.0%
Sales share	43%	50%	25%	22%	16%	13%	16%	16%	100%	100%
EBIT (mn)	-9.9	11.8	1.0	-13.5	13.6	10.9	-0.2	-3.4	-6.2	0.5
EBIT margin	-2.4%	2.6%	0.4%	-6.8%	8.7%	9.4%	-0.1%	-2.3%	-0.6%	0.1%
Visits (mn)	22.1	19.6	29.3	29.3	4.1	3.0	3.5	2.7	58.9	54.5
Orders (mn)	0.9	0.9	0.4	0.4	0.2	0.2	0.1	0.1	1.5	1.4

* Excluding divested entities and non-recurring costs

Income Statement

- Net interest & other financial items of SEK -9.4 (-5.0) mn in Q2 mainly due to interest costs from:
 - The Group's revolving credit facility
 - The Groups overdraft facility
 - The Group's convertible bond issued in December 2010
- Positive income tax effect of SEK 13.5 (11.4) mn in the quarter

	2013	2012	2013	2012
(SEK million)	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
Net Sales *	964,3	925,3	1 996,6	1 864,2
Gross profit *	151,3	137,1	296,8	284,3
<i>Gross margin (%) Gross profit *</i>	<i>15,7%</i>	<i>14,8%</i>	<i>14,9%</i>	<i>15,3%</i>
Operating profit *	-6,2	0,5	-10,4	7,5
<i>Operating margin *</i>	<i>-0,6%</i>	<i>0,1%</i>	<i>-0,5%</i>	<i>0,4%</i>

* Excluding divested entities and non-recurring items

Operating profit	-48,9	-43,5	-56,6	-55,6
Financial Net	-9,4	-5,0	-21,6	-10,4
Income before tax	-58,2	-48,5	-78,3	-66,0
Net income	-44,7	-37,1	-62,0	-50,1
Basic earnings per share (SEK)	-0,62	-0,54	-0,92	-0,72
Diluted earnings per share	-0,62	-0,54	-0,92	-0,72

Cash Flow

- Lower tied up capital in inventories and receivables
- Cash flow from operations increased to SEK 36.0 (-46.0) million
- Investing activities, net, of SEK 0.5 (-14.7) mn in Q2, first instalment from Heppo divestment received
- Rights issue concluded which provided preliminarily SEK 502 mn and restructuring of the Group's credit facilities
- Net debt position of SEK 50.0 (258.4) mn at the end of Q2, compared to SEK 590.3 mn at the end of Q1

(SEK million)	2013 Apr-Jun	2012 Apr-Jun	2013 Jan-Jun	2012 Jan-Jun
Cash flow from operating activities	-6,3	-50,0	-68,4	-82,8
Changes in working capital	42,3	4,1	-222,8	-197,7
Cash flow from operations	36,0	-46,0	-291,2	-280,5
Cash flow from/to investing activities	0,5	-14,7	-9,9	-26,7
Cash flow from/to financing activities	252,5	0,0	502,2	0,0
Change and cash equivalents for the period	288,9	-60,6	201,1	-307,2
Cash and cash equivalents at the period's start	34,5	170,7	126,1	417,4
Translation difference	3,8	0,3	0,0	0,2
Cash and cash equivalents at the period's end	327,2	110,4	327,2	110,4

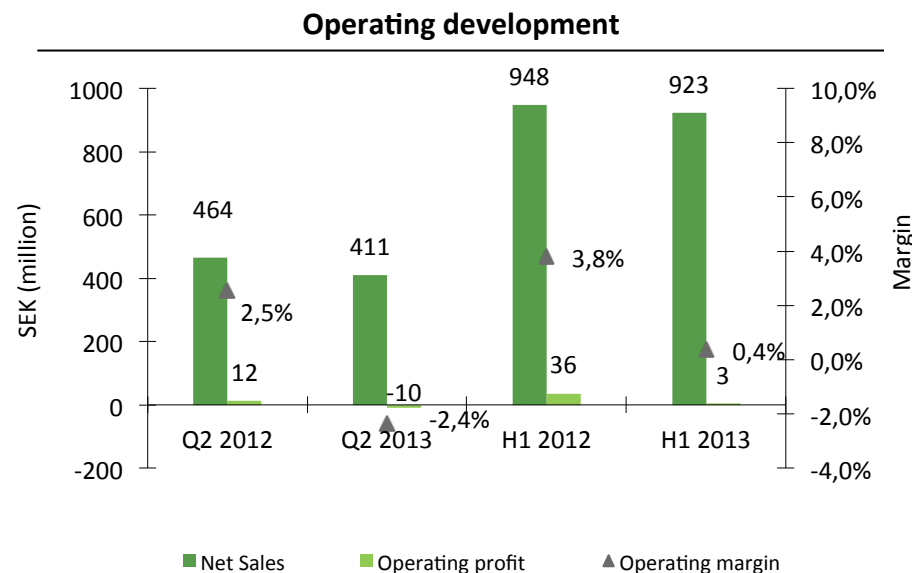
Financial Position

- Inventories at SEK 550.1 (532.6) mn, increase mainly due to changed product mix in CDON and sales growth in Lekmer and Sports & Health segment
- Cash and cash equivalents increased to SEK 327.2 (110.4) mn at the end of Q2, compared to SEK 34.5 mn at the end of Q1
- Equity increased primarily due to the rights issue
- Total interest bearing liabilities of SEK 377.2 (368.8) mn at the end of Q2

	2013 30-Jun	2012 30-Jun	2012 31-Dec
(SEK million)			
Total non-current assets	687,5	616,6	678,5
Inventories	550,1	532,6	609,7
Total receivables	182,4	158,2	268,5
Cash and cash equivalents	327,2	110,4	126,1
Total assets	1 747,3	1 417,9	1 682,8
Total equity	707,4	366,8	266,4
Interest bearing liabilities	377,2	368,8	373,0
Non-interest bearing liabilities	662,6	682,3	1 043,5
Total equity and liabilities	1 747,3	1 417,9	1 682,8

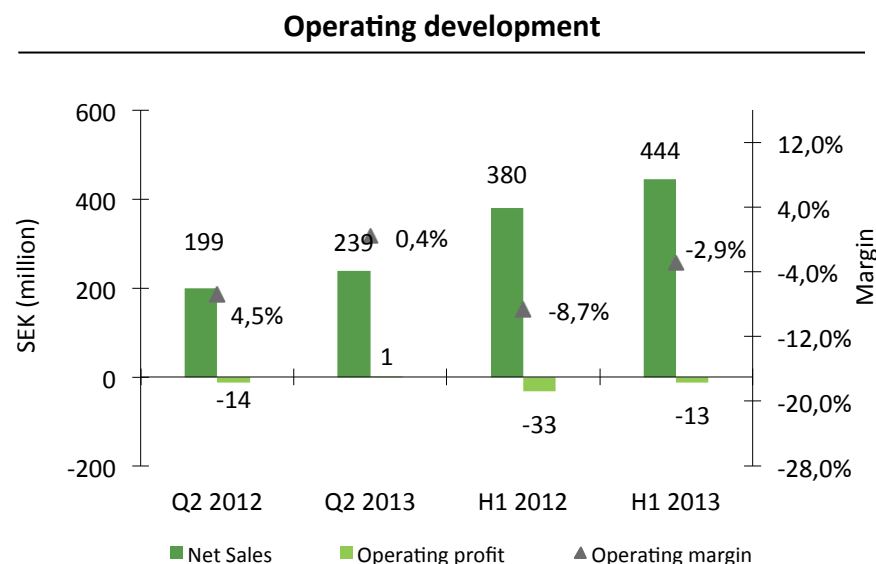
CDON.com burdened by non-recurring costs

- Segment sales down 11.5% y/y in Q2 and 2.7% y/y H1
- Negative market trend for media related products intensified during the quarter
- Addressed need for restructuring stock in consumer electronics product group
- Non-recurring costs of SEK 32 million realised in the quarter
- Operating result of SEK -9.9 (11.8) mn in Q2 and SEK 3.4 (36.0) mn H1, excluding non-recurring items
 - Operating margin of -2.4% (2.6%) in Q2 and 0.4% (3.8%) H1, excluding non-recurring items



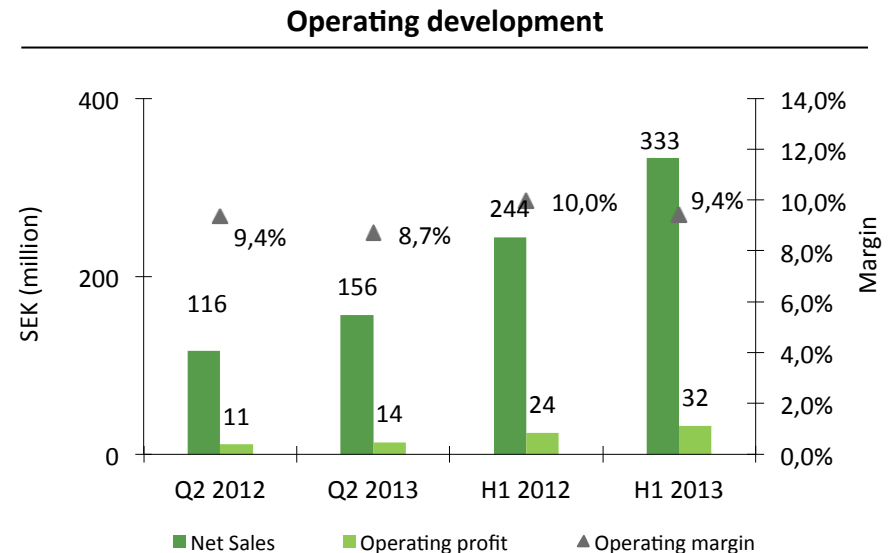
Continued sales growth and profitability in the quarter

- Sales increased by 20.1% y/y in Q2 and by 16.9% y/y H1, excluding divested entities
- Higher share of private label product sales (29%) and 51% product margin in the quarter
- Continued focus on improving processes, cost levels & margin structure
- Operating result of SEK 1.0 (-13.5) mn in Q2 and SEK -12.9 (-33.0) mn H1, excluding divested entities and non-recurring costs
 - Operating margin of 0.4% (-6.8%) in Q2 and -0.3% (-8.7%) H1 excluding divested entities and non-recurring costs



34% Sales growth with solid profitability

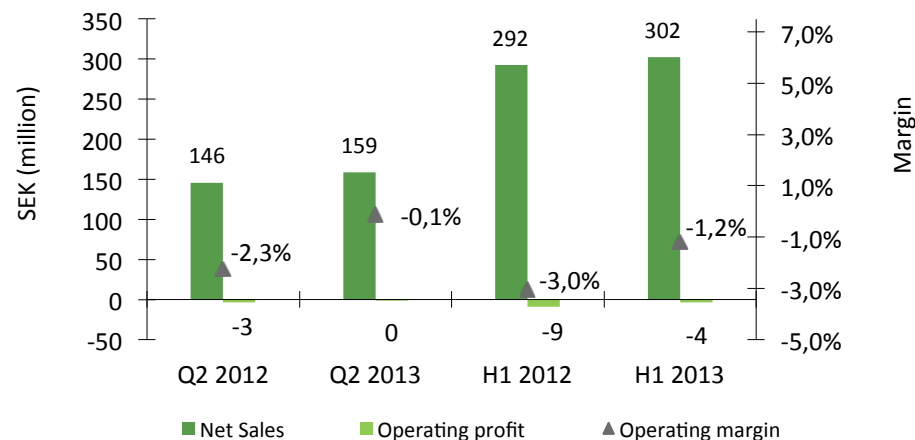
- Sales up 34.3% y/y in Q2 and 36.5% y/y H1
- Positive sales trend in all markets & strong Swedish home market
- Warehouse move performed during the quarter
- Launch of new site Milebreaker.com during the quarter
- Operating profit of SEK 13.6 (10.9) mn in Q2 and SEK 31.6 (24.2) mn H1, excluding non-recurring items
 - Operating margins of 8.7% (9.4%) in Q2 and margins of 9.5% (9.9%) H1



Continued growth despite highly competitive market

- The segment's sales amounted to SEK 158.8 (146.1) mn in Q2 and to SEK 302.0 (292.4) mn H1
- Sales growth of 9% in the quarter
- Tretti.com now fully integrated in Malmö operations
- Continued good development for Room21.com with solid growth and improved earnings
- Operating result of SEK -0.2 (-3.4) mn in Q2 and of SEK -3.3 (-9.3) mn FY
 - Operating margins of -0.1% (-2.3%) in Q2 and of -1.1% (-3.1%) H1

Operating development



Improved efficiency and operating result

- Logistics operation mainly operates warehousing for Nelly.com and Lekmer.com
- Operating losses of SEK 4.3 mn in Q2
- Improved operating result reflects enhanced efficiency and cost control



- Use strong market positions to capitalize on high online market growth
- Focus on continued balanced sales growth and increased market shares, mainly from Nelly.com & Gymgrossisten.com
- CDON.com expected to affect Group sales growth and profitability negatively as inventory sell off will continue over coming quarters
- Back to black



THANK YOU!

Next report: 21 October 2013



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