

cdongroup



Financial Results for the Second Quarter and First Six Months 2011

18 July 2011

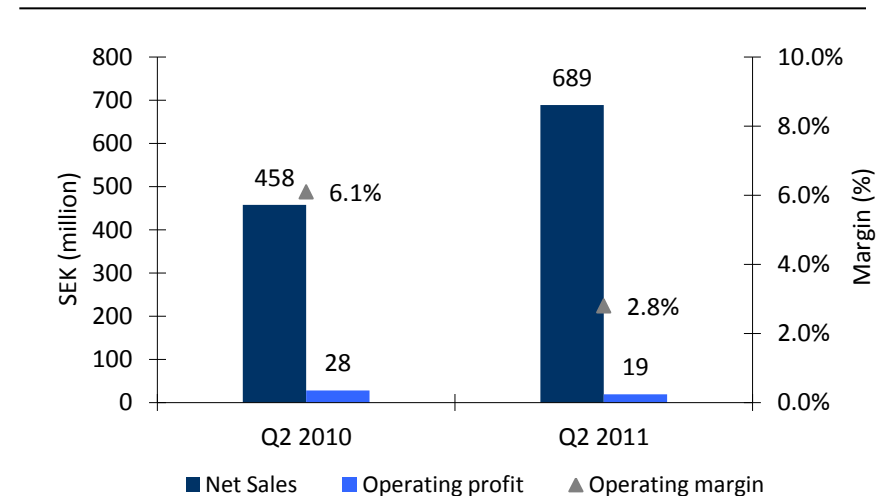


51% year on year second quarter sales growth

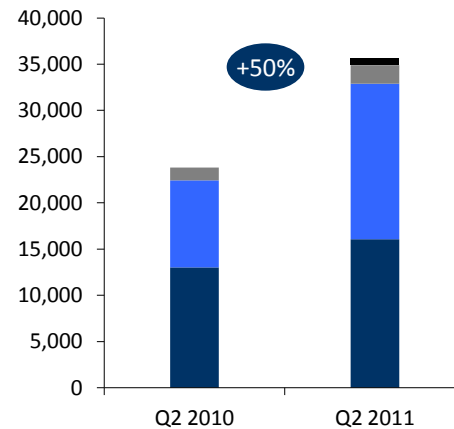
Strong sales growth across all segments & each segment profitable in Q2 despite ongoing investments

- Net sales up 51% y/y to SEK 689.1 mn when including Tretti AB contribution
- Gross profit up 33.7% y/y to SEK 126.4 mn & gross margin of 18.3%
- Operating profit of SEK 23.8 (27.9) mn & operating margin of 3.5% excl. non-recurring costs of SEK 4.7 mn related to Tretti acquisition
 - Operating profit of SEK 19.1 (27.9) mn & 2.8% operating margin incl. non-recurring costs
- Pre-tax profit of SEK 15.1 (24.8) mn & net income of SEK 10.4 (20.0) mn
 - Earnings per share of SEK 0.16
- Acquisition of Nordic white goods and household appliances e-retailer Tretti AB for SEK 346 mn
- Creation of a new business segment: Home & Garden

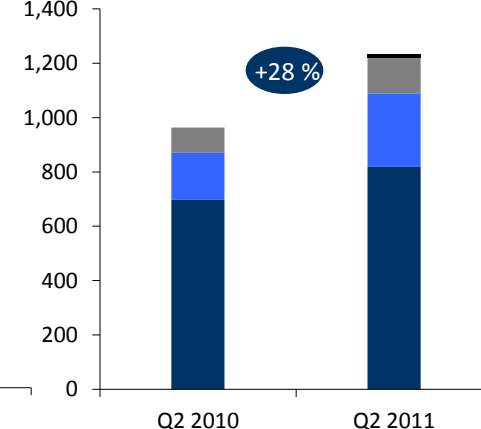
Operating development



No. of website visits ('000)



No. of orders ('000)



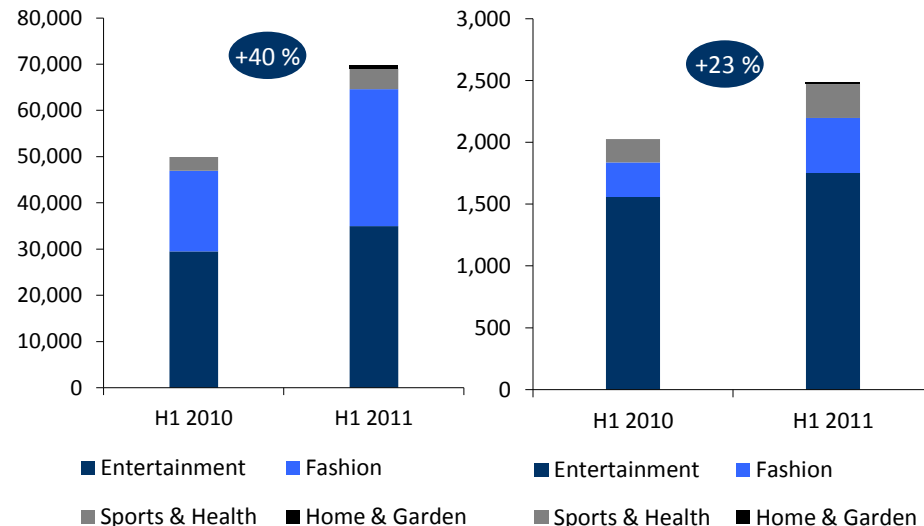
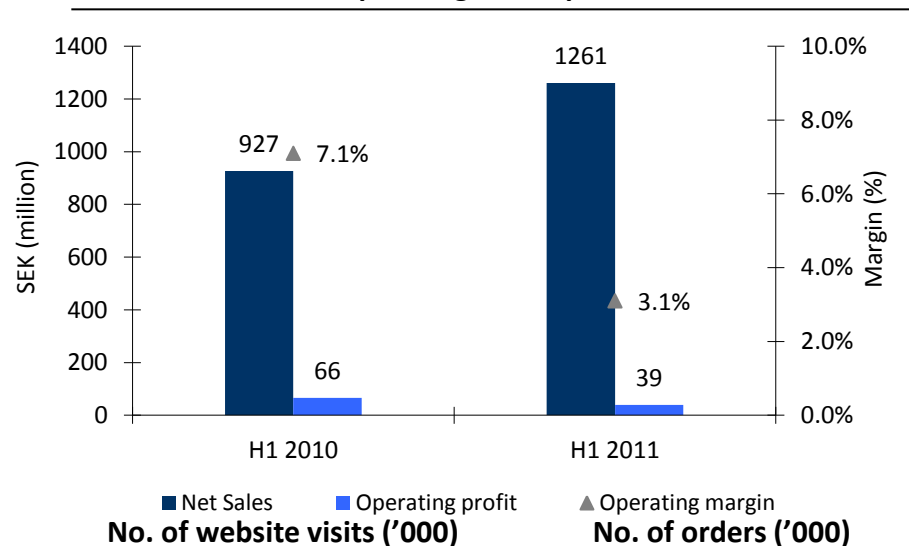
■ Entertainment ■ Fashion
■ Sports & Health ■ Home & Garden

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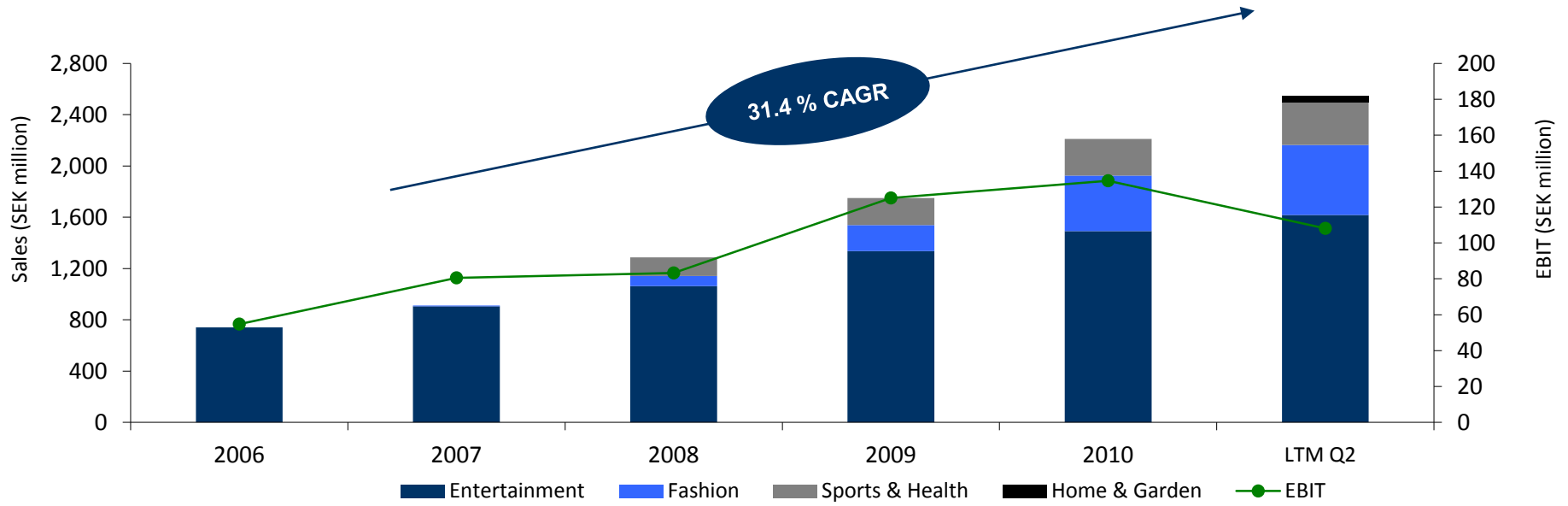
Continued acquisition driven, geographical & vertical expansion with ongoing shift in Entertainment product mix

- Net sales up 36% y/y to SEK 1,260.9 mn
- Gross profit up 26% y/y to SEK 236.3 mn & gross margin of 18.7%
- Operating profit of SEK 44.0 (65.8) mn & operating margin of 3.5% excl. non-recurring costs of SEK 4.7 mn related to Tretti acquisition
 - Operating profit of SEK 39.2 (65.8) mn with operating margin of 3.1% incl. non-recurring costs related to Tretti acquisition
- Pre-tax profit of SEK 31.8 (57.1) mn & net income of SEK 23.1 (45.0) mn
- Earnings per share of SEK 0.35 (0.66) (Based on 66,342,124 issued shares as at 30 June 2011)
 - Earnings per share of SEK 0.35 (88.46) (Based on the weighted average number of shares of 66,342,124 for the period Jan-Jun 2011 and 500,000 for the period Jan-Jun 2010)

Operating development

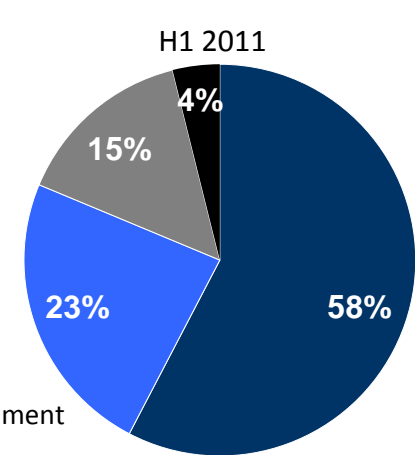
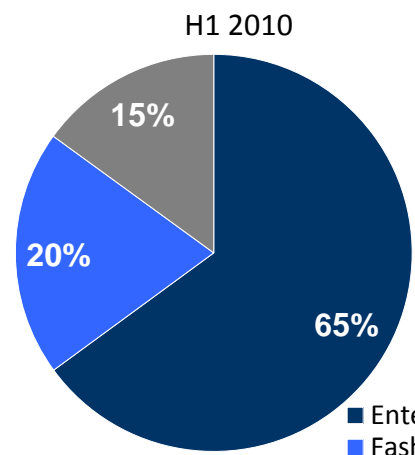
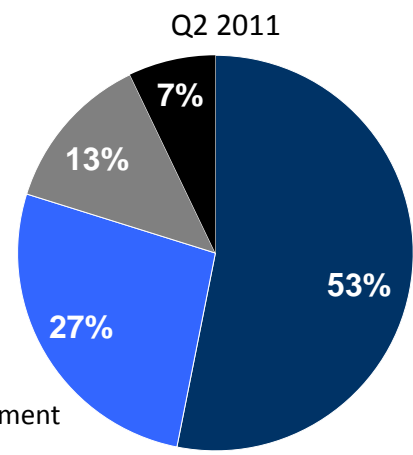
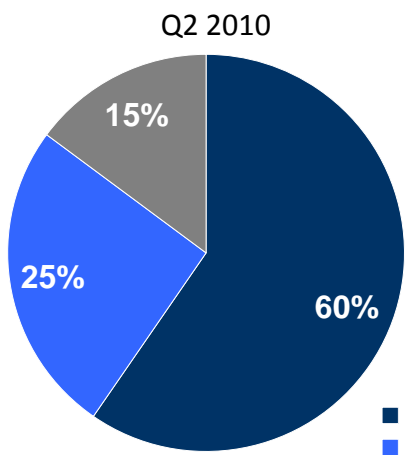


Consistent revenue growth with healthy profitability levels



Second quarter sales by segment

Half year sales by segment



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

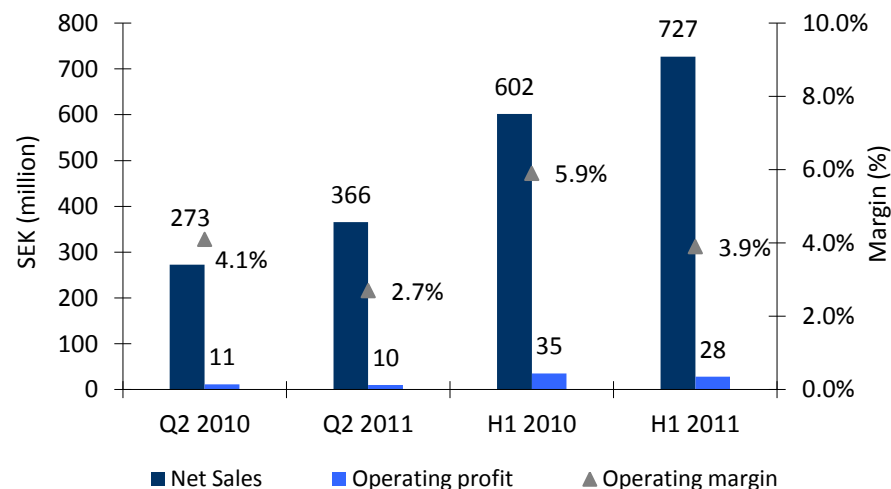
■ Entertainment
■ Fashion
■ Sports & Health
■ Home & Garden

Business Profile & Performance

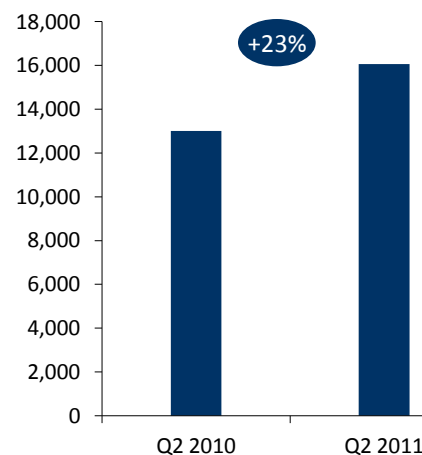
34% year on year sales growth in Q2 & 3% operating margin, with ongoing & accelerated shift towards more sustainable product categories

- Sales up 34% y/y in Q2 & up 21% for YTD
 - All product categories except CDs grew y/y & CDON.COM strengthened competitive positions
 - Market share gains in all categories
- Represented 53% (60%) of Group sales in Q2 & 58% (65%) for YTD
- Operating costs of SEK 356 (262) mn in Q2 & costs of SEK 699 (567) for YTD
 - Ongoing shift in product category mix
 - Investments in expansion of both existing and newly acquired businesses
 - Y/Y appreciation of the Group's reporting currency (SEK) against other operating currencies
- Operating profits of SEK 9.9 (11.2) mn in Q2 & SEK 28.1 (35.4) mn for YTD
 - Operating margin of 2.7% (4.1%) y/y in Q2 & a margin of 3.9% (5.9%) for YTD

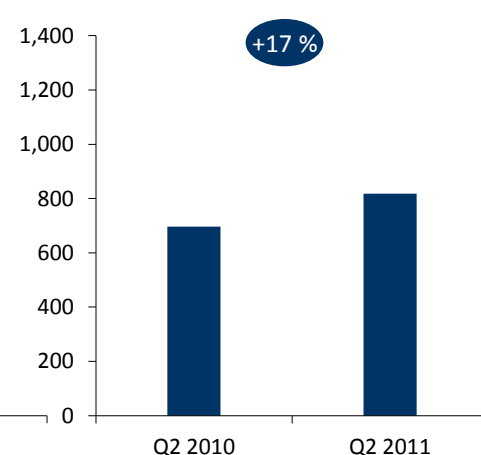
Operating development



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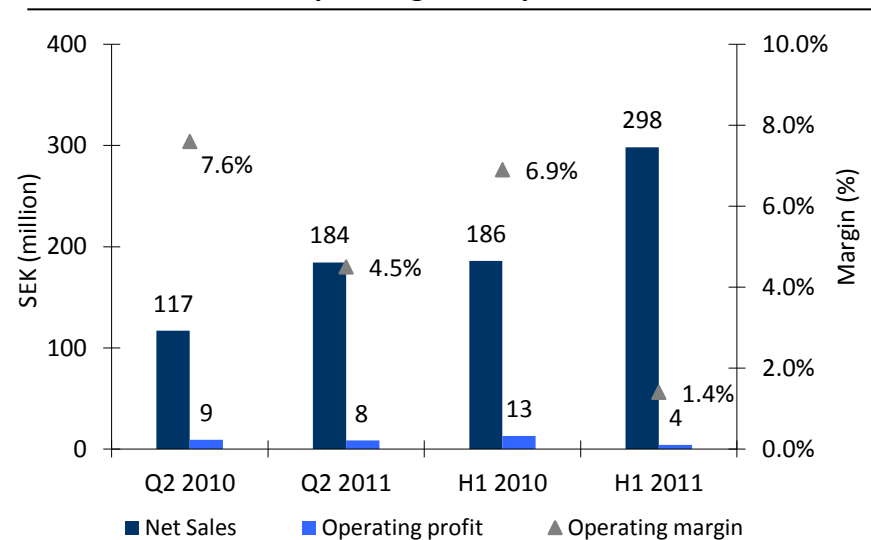
No. of orders ('000)



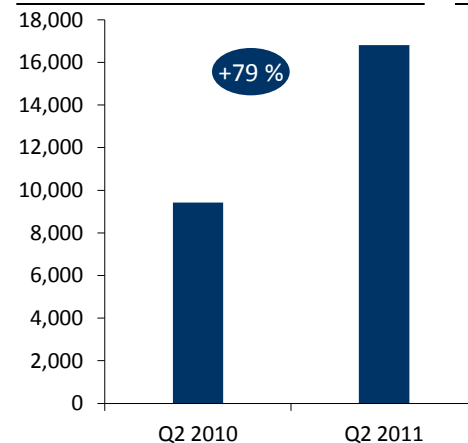
58% year on year revenue growth in Q2 & ongoing geographical expansion and broadened product offering

- Sales increased by 58% y/y in Q2 & up 60% for YTD
 - Strong growth for Nelly.com, with geographical expansion outside the Nordics – German establishment & test operations in the Netherlands and Austria
 - Heppo.com continues to develop according to plan
- Represented 27% (26%) & 24% (20%) of total Group sales for the two respective periods
- Operating costs of SEK 176 (108) mn in Q2 & SEK 294 (173) mn for YTD
 - Increased marketing costs for roll-out of Heppo.com
 - Launch of Nelly.com in Germany & ongoing market tests in the Netherlands and Austria
- Operating profits of SEK 8.3 (8.9) mn in Q2 & SEK 4.0 (12.8) mn for YTD
 - Operating margin of 4.5% (7.6%) & 1.4% (6.9%) for the two respective periods

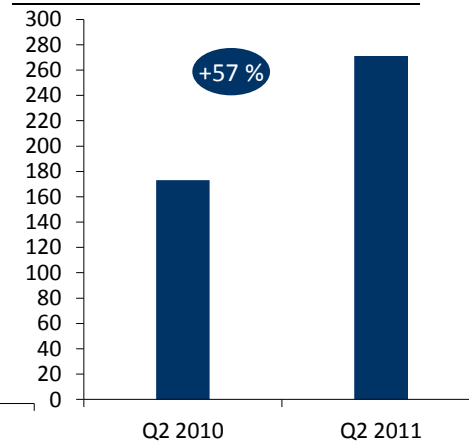
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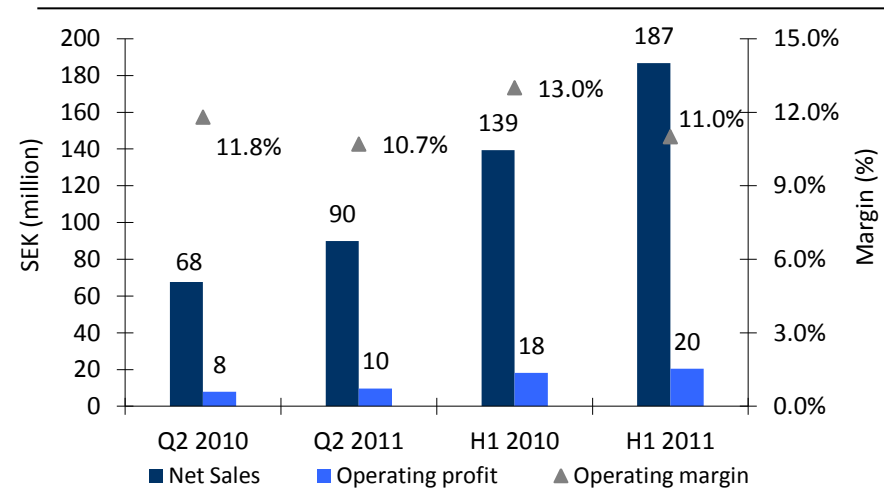
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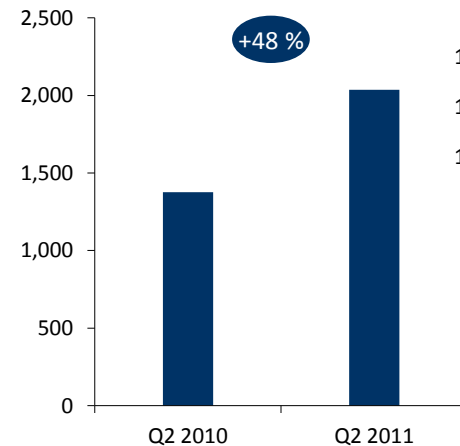
33% year on year revenue growth with increased operating profits despite geographical expansion

- Sales up 33% y/y in Q2 & up 34% for YTD
 - Market share gains for Gymgrossisten.com in all geographical markets
 - Gymgrossisten.com launched in Denmark under Bodystore.dk name
- Sports & Health segment represented 13% (15%) & 15% (15%) of Group sales for the two respective periods
- Operating costs of SEK 80 (60) mn in Q2 & costs of 166 (121) for YTD
 - Investments related to Danish launch of Bodystore & activities to increase market share in new territories
- Operating profits up 21% y/y in Q2 & up 13% for YTD
 - Operating margins of 10.7% (11.8%) in Q2 & 11% (13%) for YTD

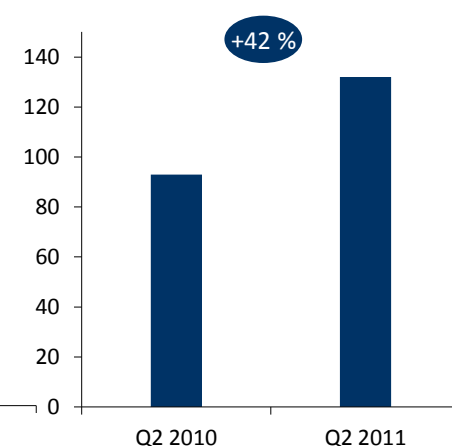
Operating development



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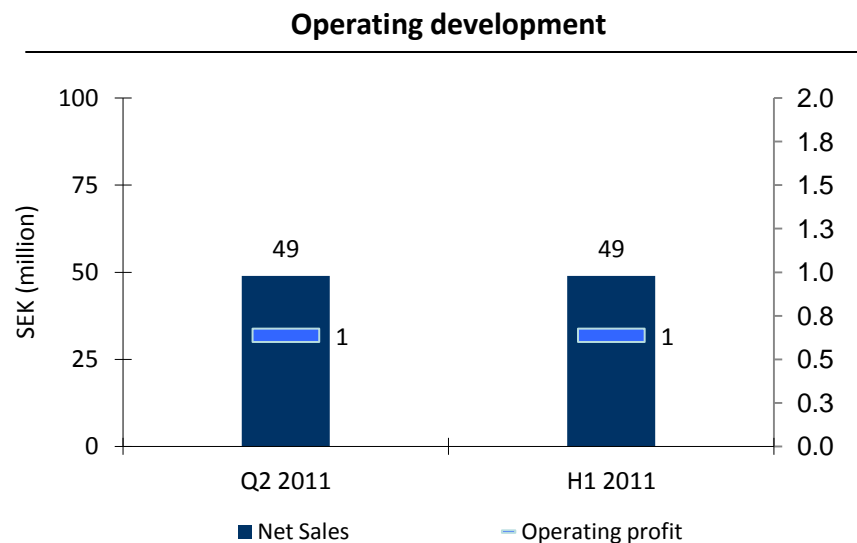


No. of orders ('000)



Comprises the newly acquired Tretti.com and RUM21.se internet stores

- Sales of SEK 48.9 mn for both Q2 & YTD
- Represented 7% (-) & 4% (-) of Group sales for the two respective periods
- Operating profit of SEK 638 thousand in Q2 & for YTD
- New segment introduced from Q2 2011 & comprises Tretti.com & RUM21.se
- Nordic white goods & household appliance e-retailer Tretti AB acquired on 3 June & delisted from NASDAQ OMX First North on 15 July
- Brand furniture & interior design e-retailer RUM21.se acquired in February 2011
- RUM21.se reported in Fashion segment in Q1 2011 & results have not been restated historically due to the small impact on Group results in Q1



Financial Performance & Position

- Net interest & other financial items of SEK -4.0 (-3.0) mn in Q2 & SEK -7.4 (-8.6) for YTD reflected:

- The Group's new SEK 200 mn revolving credit facility
- Interest costs related to the convertible bond issued in December 2010

- Tax expenses of SEK -4.7 (-4.8) mn in Q2 & SEK -8.8 (-12.1) for YTD

- Effective tax rate of 31% (20%) in Q2 & 28% (21%) for YTD

CONDENSED CONSOLIDATED INCOME STATEMENT (SEK thousand)	2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Jan-Dec
Net sales	689,111	457,627	1,260,932	927,360	2,210,034
Cost of goods and services	-562,696	-363,042	-1,024,620	-739,204	-1,789,814
Gross profit	126,415	94,585	236,312	188,156	420,220
Sales and administration expenses	-108,098	-65,405	-198,278	-120,605	-287,382
Other operating income and expenses, net	788	-1,326	1,209	-1,786	1,790
Operating profit	19,105	27,854	39,243	65,765	134,628
Net interest & other financial items	-3,956	-3,040	-7,400	-8,635	-18,799
Profit before tax	15,149	24,814	31,843	57,130	115,829
Tax	-4,748	-4,846	-8,773	-12,149	-25,595
Net income for the period	10,401	19,968	23,070	44,981	90,234
<i>Attributable to:</i>					
Equity holders of the parent	10,498	19,500	23,315	44,231	90,835
Non-controlling interests	-97	468	-245	750	-601
Net income for the period	10,401	19,968	23,070	44,981	90,234
Basic earnings per share (SEK)*	0.16	39.00	0.35	88.46	5.00
Diluted earnings per share (SEK)*	0.14	39.00	0.32	88.46	4.90

- Cash flow from operating activities before changes in working capital of SEK 18.0 (24.3) mn in Q2 & SEK 20.2 (55.6) mn for YTD
 - SEK 18.9 mn tax payment related to performance in 2010
- Cash flow to investing activities of SEK -318.6 (-5.5) mn in Q2 & SEK -326.0 (-6.9) mn for YTD
 - SEK -5.3 million acquisition of RUM21.se in February and SEK -317.5 mn acquisition of Tretti in June
- SEK 62.3 (-15.1) million change in working capital in Q2 & and SEK -101.7 (-111.7) mn change for YTD
 - Higher inventory levels due to increase of more inventory intensive Fashion and Sports & Health segments as proportions of total Group revenues, as well as the new businesses in Home & Garden segment

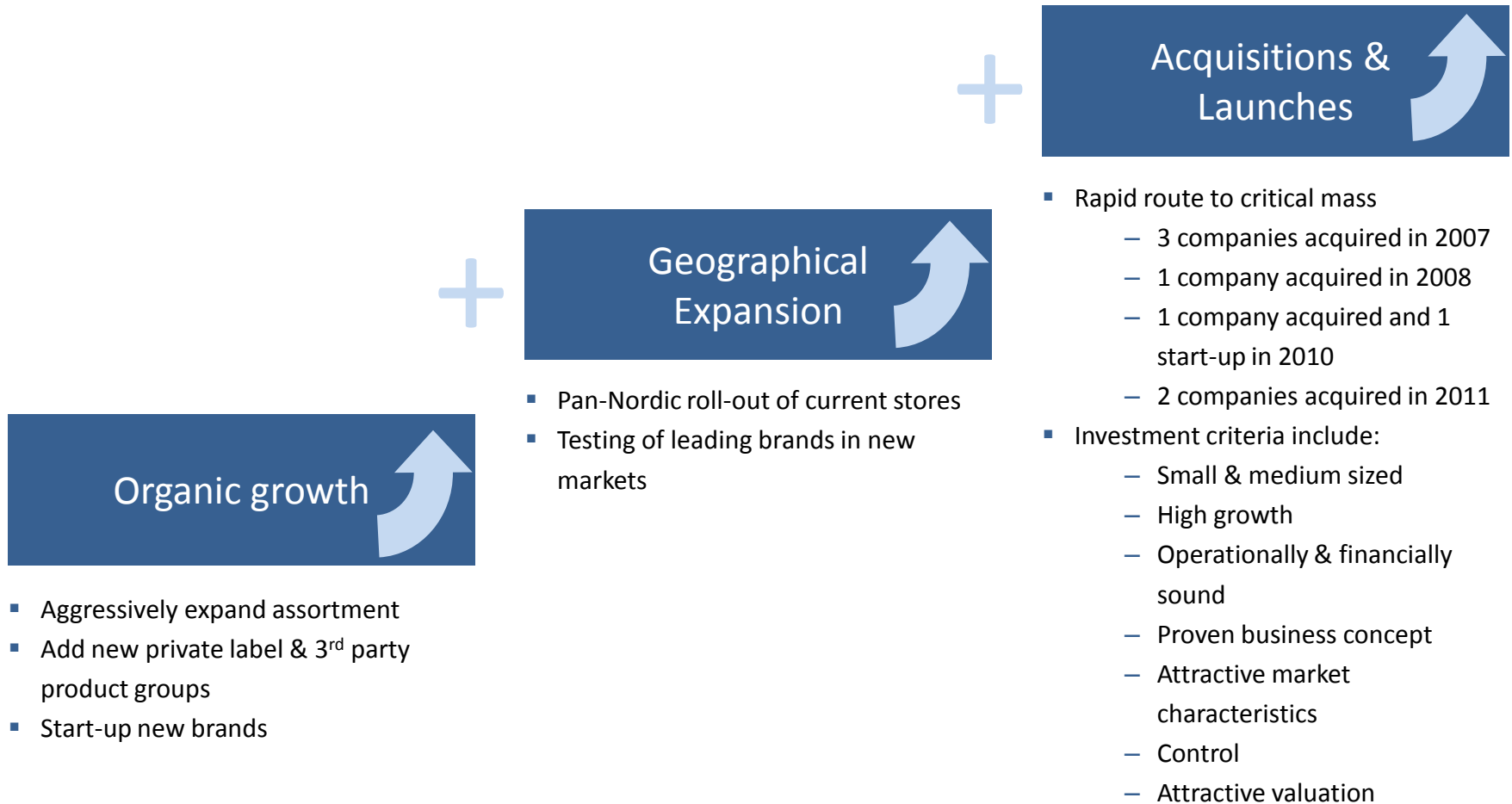
CONSOLIDATED STATEMENT OF CASH FLOWS CONDENSED (SEK thousand)	2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Jan-Dec
Cash flow from operating activities	18,031	24,297	20,181	55,568	126,162
Changes in working capital	62,322	-15,087	-101,734	-111,687	-32,876
Cash flow from operations	80,353	9,210	-81,553	-56,119	93,286
Investments in subsidiaries*	-317,454	-3,988	-322,757	-5,055	-4,459
Investments in other non-current assets	-1,184	-1,479	-3,210	-1,826	-5,373
Other cash flow from investing activities	0	-39	0	-55	0
Cash flow to/from investing activities	-318,638	-5,506	-325,967	-6,936	-9,832
Other cash flow from/to financing activities	185,474	-485	185,474	75,047	353,808
Cash flow to/from financing activities	185,474	-485	185,474	75,047	353,808
Change and cash equivalents for the period	-52,811	3,219	-222,046	11,992	437,262
Cash and cash equivalents at period's start	261,287	11,818	431,343	3,045	3,045
Translation difference, cash and cash equivalents	834	0	13	0	-8,964
Cash and cash equivalents at period's end	209,310	15,037	209,310	15,037	431,343

* Investments in subsidiaries Jan-Jun 2011 comprises SEK 5,303 thousand acquisition of Rum21 AB and SEK 317,454 thousand acquisition of Tretti AB, see Note 1 and 2.

- Capital employed up by SEK 436.8 mn y/y to SEK 772.9 mn as at 30 Jun 2011
 - The acquisition of Tretti AB in June 2011
 - Higher inventory levels due to increased proportion of Group sales in more inventory intensive Fashion and Sports & Health segments
- Return on capital employed of 20.6% (44.9%) as at 30 Jun 2011
- Total interest bearing borrowings of SEK 396.4 (283.5) million as at 30 Jun 2011
- Net debt position of SEK 187.1 (189.7) mn as at 30 Jun 2011
- Cash and cash equivalents of SEK 209.3 (15.0) million as at 30 Jun 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONDENSED (SEK thousand)	2011 30-Jun	2010 30-Jun	2010 31-Dec
Non-current assets			
Goodwill	447,296	193,401	188,966
Other intangible assets	127,531	66,471	65,878
Total intangible assets	574,827	259,872	254,844
Tangible assets	8,788	3,356	3,660
Financial assets	1,814	55	0
Total non-current assets	585,429	263,283	258,504
Current assets			
Inventories	382,443	189,661	251,284
Current interest-bearing receivables	0	78,802	0
Current non-interest-bearing receivables	110,728	63,945	73,066
Total receivables	110,728	142,747	73,066
Cash and cash equivalents	209,310	15,037	431,343
Total current assets	702,481	347,445	755,693
Total assets	1,287,910	610,728	1,014,197
Equity			
Equity attributable to owners of the parent	369,219	51,765	345,665
Non-controlling interest	7,326	842	879
Total equity	376,545	52,607	346,544
Non-current liabilities			
<i>Non interest bearing</i>			
Deferred tax liability	41,437	15,998	26,748
Other provisions	4,735	4,604	2,397
<i>Interest bearing</i>			
Long term loans	185,474	0	0
Convertible bond	210,908	0	207,204
Total non-current liabilities	442,554	20,602	236,349
Current liabilities			
Current interest-bearing liabilities	0	283,534	0
Current non-interest-bearing liabilities	468,811	253,985	431,304
Total current liabilities	468,811	537,519	431,304
Total equity and liabilities	1,287,910	610,728	1,014,197

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



Scale Creates Operating Leverage

Objectives

- To generate sustainable and long term shareholder value
- To continue to grow organically at least in line with the growth of each of the Group's operating market segments in each operating territory
- To continue to start-up or acquire new brands
- To generate margins that are in line or above the average of the Group's competitors in each operating market segment, when excluding the impact of new start-ups & acquisitions

Key Investment Highlights

- 1 Uniquely well-positioned market-leading Nordic online retailer
- 2 Taking advantage of exponential development of e-commerce
- 3 Track record of profitable organic growth
- 4 Successfully entering new markets & integrating acquisitions
- 5 Clear strategy
- 6 Experienced management team



For further information, please visit www.cdongroup.com or contact:

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