

# CDON GROUP

## FIRST QUARTER 2014

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## Highlights

- Sales growth of 10% and a positive result in Q1
- Three of four segments showed sales growth
- Cash flow improvement of 160 MSEK y-o-y
- Continued strong growth within Sports & Health segment
- Launch of NLYman.com and Nelly.com on new markets
- Pilot test of an in-house payment solution





# FINANCIALS





## Summary of Q1

	Entertainment		Fashion*		Sport & Health		Home & Garden		cdongroup*	
	Q1 14	Q1 13	Q1 14	Q1 13	Q1 14	Q1 13	Q1 14	Q1 13	Q1 14	Q1 13
Net sales (mn)	501.7	512.4	220.7	205.1	230.7	176.8	180.7	143.2	1,133.2	1,032.4
Growth yoy	-2%	6%	8%	13%	30%	39%	26%	-2%	10%	10%
Sales share	44%	49%	20%	20%	20%	17%	16%	14%	100%	100%
EBIT (mn)	-5.2	13.3	-10.8	-13.9	21.6	17.9	0.8	-3.4	0.1	-4.2
EBIT margin	-1.0%	2.6%	-4.9%	-6.8%	9.4%	10.1%	0.5%	-2.4%	0.0%	-0.4%
Visits (mn)	25.0	25.9	31.2	28.6	6.2	4.8	4.6	3.5	67.0	62.8
Orders (mn)	1.0	1.1	0.3	0.3	0.3	0.2	0.1	0.1	1.7	1.7

\* Excluding divested operations



# Income Statement

- Net sales, excluding divested operations were up 10%.
- Gross margin amounted to 14.9% (14.1%).
- Operating profit, excluding divested operations, improved, amounting to SEK 0.1 (-4.2) million for the quarter.
- Financial net amounted to SEK -5.1 (-12.3) million, primarily interest expenses relating to the Group's convertible bond and currency effects.
- Tax revenue of SEK 0.8 (2.8) million, as a result of capitalised loss carryforwards.

## Excluding divested entities

(SEK million)	2014 Jan-Mar	2013 Jan-Mar
Net Sales	1,133.2	1,032.4
Gross profit	168.5	145.5
<i>Gross margin (%)</i>	<b>14.9%</b>	14.1%
Operating profit	<b>0.1</b>	-4.2
<i>Operating margin</i>	<b>0.0%</b>	-0.4%

## Including divested entities

Operating profit	<b>0.1</b>	-7.8
Financial Net	<b>-5.1</b>	-12.3
Income before tax	<b>-5.0</b>	-20.1
Net income	<b>-4.2</b>	-17.3
Basic earnings per share (SEK)	<b>-0.04</b>	-0.21
Diluted earnings per share	<b>-0.04</b>	-0.21





## Cash Flow

- Consolidated cash flow from operating activities improved to SEK 2.7 (-62.0) million.
- The cash flow impact of changes in working capital was seasonally negative, but lower than last year.
- Net investments totaled SEK -7.9 (-10.4) million. Investments in the development of the Group's retail platforms amounted to SEK -13.3 (-7.4) million.
- Consolidated cash flow from financing activities totaled SEK 0.0 (249.7) million.

(SEK million)	2014	2013
	Jan-Mar	Jan-Mar
Cash flow from operating activities	2.7	-62.0
Changes in working capital	-170.4	-265.1
Cash flow from operations	-167.7	-327.1
Cash flow from/to investing activities	-7.9	-10.4
Cash flow from/to financing activities	0.0	249.7
Change in cash and cash equivalents for the period	-175.6	-87.8
Cash and cash equivalents at the period's start	288.9	126.1
Translation difference	-0.1	-3.9
Cash and cash equivalents at the period's end	113.1	34.5



## Financial Position

- Total consolidated assets grew by 3% year-on-year to SEK 1,614.5 (1,561.7) million.
- Inventory levels dropped by SEK 72 million vs last year to SEK 571.9 (643.9) million.
- At the end of the quarter, the Group had a net debt of SEK 120.8 (590.3) million, made up of cash and cash equivalents of SEK 113.1 million and the convertible bond of SEK 233.9 million.

	2014	2013
(SEK million)	31-Mar	31-Mar
Total non-current assets	737.0	680.0
Inventories	571.9	643.9
Total receivables	192.5	203.2
Cash and cash equivalents	113.1	34.5
<b>Total assets</b>	<b>1 614.5</b>	<b>1 561.7</b>
Total equity	687.3	248.2
Interest bearing liabilities	233.9	624.8
Non-interest bearing liabilities	693.2	688.7
<b>Total equity and liabilities</b>	<b>1 614.5</b>	<b>1 561.7</b>



# BUSINESS SEGMENTS



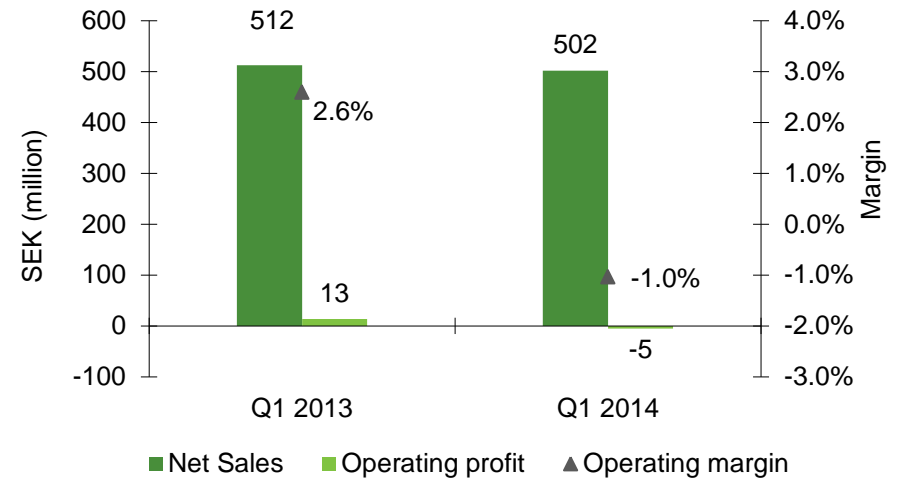




# Entertainment

- Segment sales dropped by 2% in the first quarter.
- The segment accounted for 44% of total Group sales in the quarter.
- CDON.com continued to experience a decline in sales of media products.
- 90 merchants signed up for CDON.com Marketplace.
- Lekmer continued to show solid growth with increased market share.

Operating development

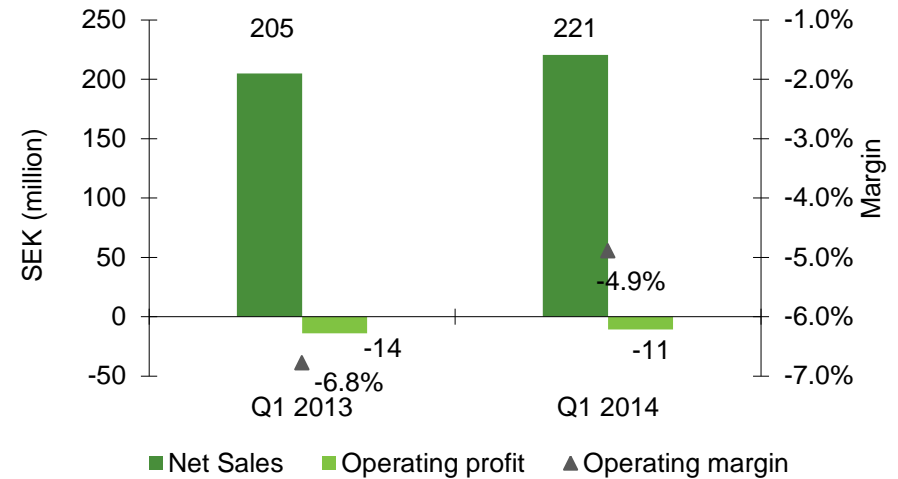




# Fashion

- Segment sales rose by 8% in the first quarter, excluding the divested operation in 2013.
- The segment accounted for 20% of total Group sales in the quarter.
- Sales of private label products accounted for 33% of total sales.
- Product margin 48% in Q1.
- Launch of NLYman.com.
- Launch in Belgium and Poland.
- Outsourcing of returns to Tallinn, Estonia.

Operating development



nelly.com

NLY MAN

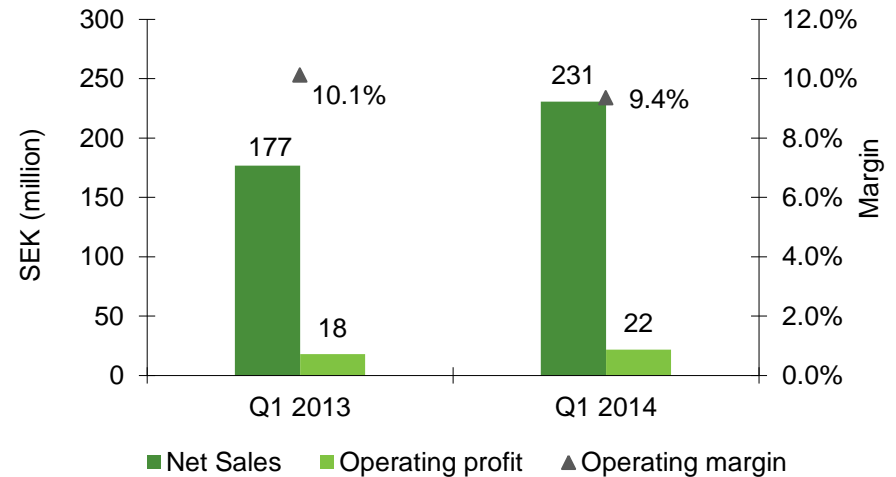




# Sports & Health

- Segment sales were up 30% in the first quarter.
- The segment accounted for 20% of total Group sales in the quarter.
- Sales of private label products accounted for 44% of total sales in the first quarter.
- The German online store changed its name from Bodystore.de to Gymsector.com during the quarter.
- Operating profit rose by 21%. The operating margin dropped slightly as a result of increased investments.

Operating development



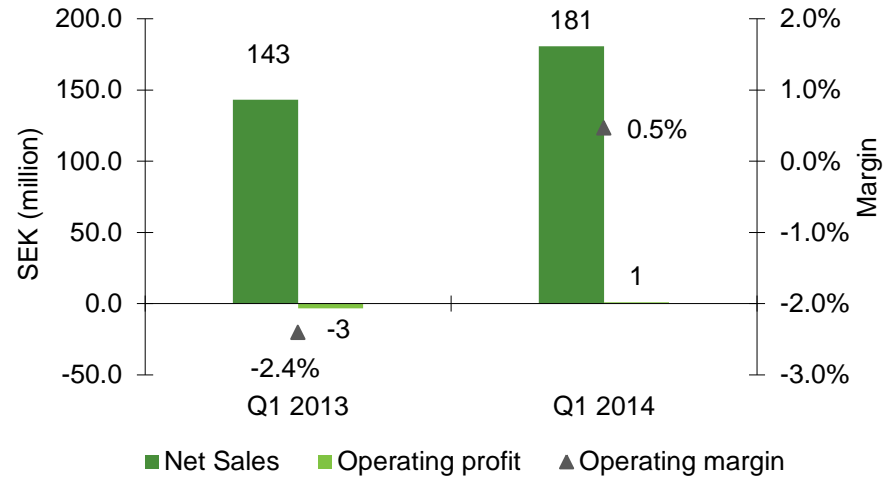




# Home & Garden

- Segment sales grew 26% in the first quarter.
- The segment accounted for 16% of total Group sales.
- The increase in sales in the segment was fuelled by sales growth within both Tretti and Room21.
- Operating profit increased in the first quarter as a result of improved gross margins via better purchase prices and a broader product mix.

Operating development





# Forward looking statement

- Deliver a balanced sales growth and increased market shares, especially in the in the segments Sports & Health and Fashion
- Continue to focus on underlying earnings improvement
- CDON.com will during 2014 continue to invest in the transformation to become the leading full-range e-commerce store
- The goal for the Fashion segment in 2014 is continued growth, particularly through investments in geographical expansion

# THANK YOU!

Next report: 16 July 2014



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