

# CDON GROUP

## SECOND QUARTER AND FIRST SIX MONTHS 2014

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## Highlights

- Sales growth of 16% and a break-even result in Q2
- All segments showed sales growth
- Strong growth within Sports & Health and Fashion segments
- Operating cash flow amounted to 72 MSEK in Q2
- Test launch of in-house payment solution Qliro
- Operations in Rum 21 were divested during Q2






# FINANCIALS





## Summary of Q2

	Entertainment		Fashion		Sport & Health		Home & Garden		cdongroup 	
	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13
Net sales (mn)	439.5	410.5	293.4	239.2	196.6	156.3	182.1	153.0	1,110.9	958.5
Growth yoy	7%	-12%	23%	20%	26%	34%	19%	5%	16%	4%
Sales share	40%	43%	26%	25%	18%	16%	16%	16%	100%	100%
EBIT (mn)	-11.9	-9.9	3.7	1.0	14.0	13.6	1.3	0.4	0.0	-5.6
EBIT margin	-2.7%	-2.4%	1.3%	0.4%	7.1%	8.7%	0.7%	0.3%	0.0%	-0.6%
Visits (mn)	21.1	22.1	34.1	29.2	4.4	4.1	3.8	3.3	63.5	58.7
Orders (mn)	0.8	0.9	0.5	0.3	0.2	0.2	0.1	0.1	1.6	1.5

Note: Adjusted for divested entities and non-recurring items



# Income Statement

- Net sales, excluding divested operations were up 16%
- Gross margin amounted to 16.4% (15.6%)
- Operating profit, adjusted for divested operations and non-recurring items, improved, amounting to SEK 0.0 (-5.6) million for the quarter
- Financial net amounted to SEK -4.8 (-9.4) million, primarily interest expenses relating to the Group's convertible bond
- Tax expense of SEK -8.9 (revenue 13.5) million

## Adjusted for divested entities and non-recurring items

(SEK million)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun
Net Sales	1,110.9	958.5	2,244.0	1,990.9
Gross profit	182.6	149.4	351.1	294.8
<i>Gross margin</i>	16.4%	15.6%	15.6%	14.8%
Operating profit	0.0	-5.6	0.0	-9.8
<i>Operating margin</i>	0.0%	-0.6%	0.0%	-0.5%

## Including divested entities and non-recurring items

Operating profit	35.0	-48.9	35.0	-56.6
Financial Net	-4.8	-9.4	-9.9	-21.6
Income before tax	30.1	-58.2	25.1	-78.3
Net income	21.2	-44.7	17.1	-62.0
Basic earnings per share (SEK)	0.19	-0.62	0.15	-0.92
Diluted earnings per share	0.19	-0.62	0.15	-0.92





# Cash Flow

- Consolidated cash flow from operating activities improved to SEK 2.5 (-6.3) million
- Cash flow from operations improved by SEK 36.2 million to SEK 72.2 million
- Consideration for Rum21 amounted to SEK 64.8 million
- Net investments totaled SEK 43.5 (0.5) million

(SEK million)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun
Cash flow from operating activities	2.5	-6.3	5.2	-68.4
Changes in working capital	69.7	42.3	-100.7	-222.8
Cash flow from operations	72.2	36.0	-95.4	-291.2
Cash flow from/to investing activities	43.5	0.5	35.6	-9.9
Cash flow from/to financing activities	0.0	252.5	0.0	502.2
Change in cash and cash equivalents for the period	115.7	288.9	-59.9	201.1
Cash and cash equivalents at the period's start	113.1	34.5	288.9	126.1
Translation difference	1.3	3.8	1.1	0.0
Cash and cash equivalents at the period's end	230.1	327.2	230.1	327.2



# Financial Position

- Inventory levels increased by around 3% to SEK 568.3 (550.1) million
- Cash and cash equivalents amounted to SEK 230.1 (327.2) million at the end of the quarter
- Total consolidated assets decreased by around 2% to SEK 1,716.2 (1,747.3) million
- At the end of the quarter, the Group's net debt was SEK 6.1 (50.0) million, comprising of SEK 230.1 million in cash and convertible bond of SEK -236.2 million (book value)

(SEK million)	2014 30-Jun	2013 30-Jun
Total non-current assets	744.0	687.5
Inventories	568.3	550.1
Total receivables	173.8	182.4
Cash and cash equivalents	230.1	327.2
Total assets	1,716.2	1,747.3
Total equity	709.4	707.4
Interest bearing liabilities	236.2	392.2
Non-interest bearing liabilities	770.6	647.6
Total equity and liabilities	1,716.2	1,747.3



# BUSINESS SEGMENTS



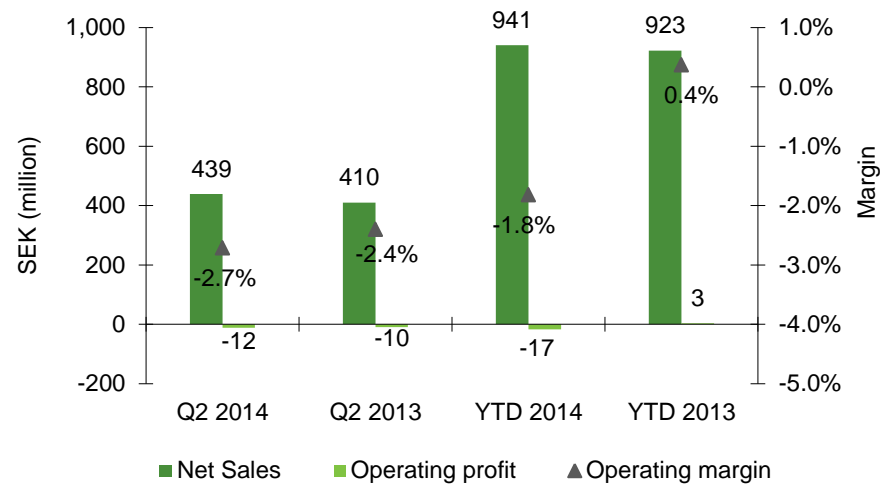




# Entertainment

- The segment accounted for 40% of total Group sales in the quarter
- Segment sales increased by 7% in the second quarter
- CDON.com continued to experience a decline in sales of media products
- 140 merchants have signed up for CDON.com Marketplace
- Lekmer continued to show solid growth

## Operating development



Note: Adjusted for non-recurring items

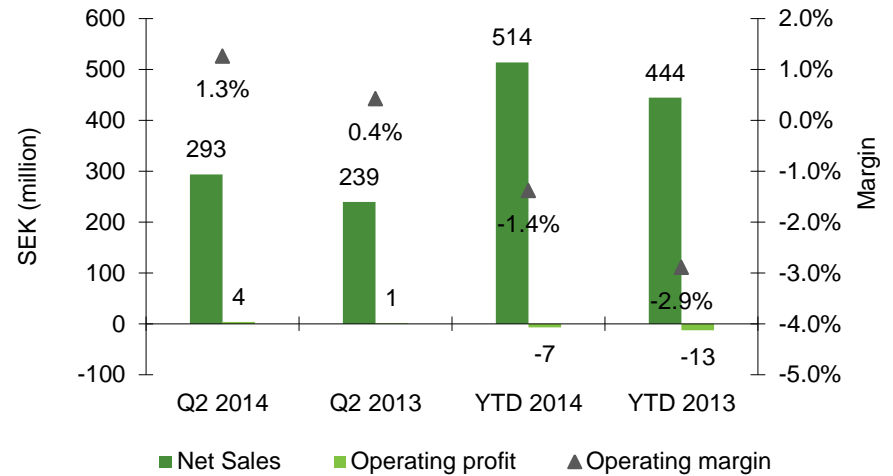




# Fashion

- The segment accounted for 26% of total Group sales in the quarter
- Segment sales increased by 23% in the second quarter
- Product margin of 49%
- Sales of private label products accounted for 31% of total sales
- Continued geographical expansion
- Operating profit continued to improve

Operating development



Note: Adjusted for divested operations

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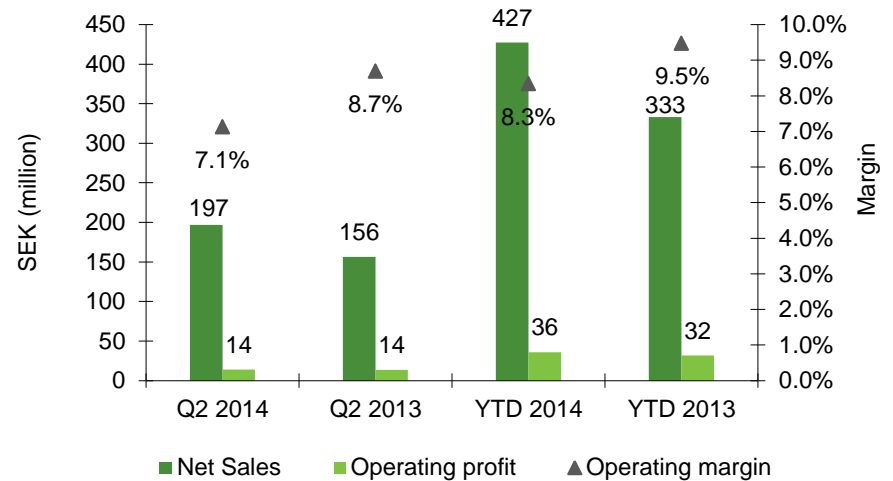




# Sports & Health

- The segment accounted for 18% of total Group sales in the quarter
- Segment sales were up 26% in the second quarter
- Sales of private label products accounted for 45% of total sales
- Stable gross margin
- Operating margin lower, in line with plan, as a result of increased investments

Operating development



Note: Adjusted for non-recurring items



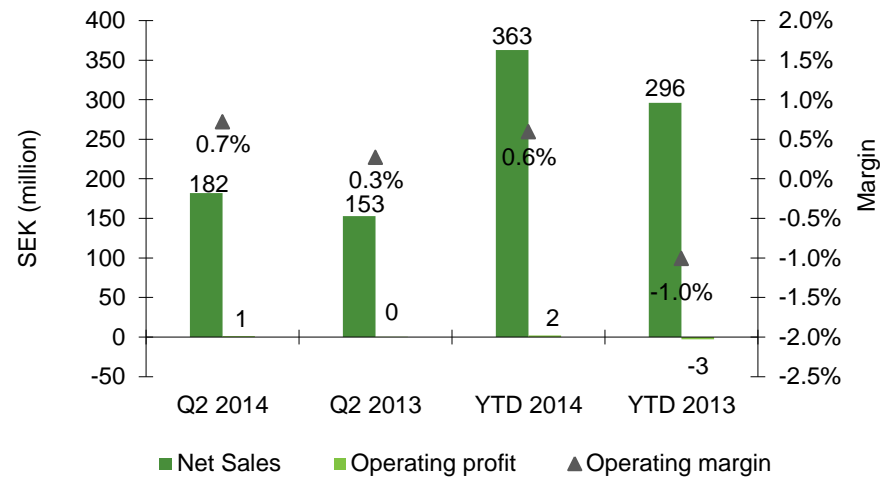




# Home & Garden

- The segment accounted for 16% of total Group sales in the quarter
- Segment sales grew 19% in the second quarter
- Operating profit increased as a result of improved gross margins and increased sales volumes
- Tretti showed growth in all product categories
- Operations in Rum21 were divested during the second quarter

Operating development



Note: Adjusted for divested operations



# 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 Nordic 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: 22 October 2014



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