

# CDON GROUP

## FOURTH QUARTER AND FULL YEAR 2013

PAUL FISCHBEIN, PRESIDENT AND CEO  
NICOLAS ADLERCREUTZ, CFO





## Highlights

- Positive operating results in all four segments and three of four segments showed sales growth
- Continued strong growth within Sports & Health segment
- Healthy inventories & stronger financial position
- Launch of CDON.com's Marketplace
- Launch of Nelly.com on new markets
- New CEO for CDON.com and Tretti.se






# FINANCIALS





## Summary of Q4

	Entertainment		Fashion		Sport & Health		Home & Garden		cdongroup 	
	Q4 13	Q4 12	Q4 13	Q4 12	Q4 13	Q4 12	Q4 13	Q4 12	Q4 13	Q4 12
Net sales (mn)	784.5	912.7	300.4	296.1	175.3	128.9	211.3	197.5	1 470.6	1 541.5
Growth yoy	-14.0%	18.2%	1.5%	21.1%	36.0%	32.8%	7.0%	14.7%	-4.6%	19.9%
Sales share	53.3%	59.2%	20.4%	19.2%	11.9%	8.4%	14.4%	12.8%	100.0%	100.0%
EBIT (mn)	9.2	46.8	4.0	-23.8	14.2	12.4	5.3	-3.1	26.6	6.7
EBIT margin	1.2%	5.1%	1.3%	-8.1%	8.1%	9.6%	2.5%	-1.6%	1.8%	0.4%
Visits (mn)	35.8	35.5	29.7	32.3	4.2	3.5	4.1	3.8	73.8	75.0
Orders (mn)	1.6	1.7	0.5	0.5	0.2	0.2	0.1	0.1	2.4	2.5

Note: Excluding non-recurring items and divested operations



## Income Statement

### Q4 Comments

- Q4 net sales, excluding divested operations and currency effects, fell by 2.1% mainly due to the decline within the entertainment segment
- Higher gross margin, primarily attributable to the Fashion segment and significant efficiency measures within logistics operations
- Financial net of SEK -6.2 (-8.1) mn mainly representing interest expense from the convertible bond and currency effects
- Tax expense of SEK -4.7 (income 28.4) mn

		2013	2012	2013	2012
	(SEK million)	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales *		1 470.6	1 541.5	4 416.9	4 359.1
Gross profit *		213.2	198.4	627.0	612.1
Gross margin (%)		14.5%	12.9%	14.2%	14.0%
Operating profit *		26.6	6.7	-1.8	16.7
Operating margin *		1.8%	0.4%	-0.0%	0.4%
* Excluding divested operations and non-recurring items					
Operating profit		26.6	-110.7	-48.0	-173.9
Financial Net		-6.2	-8.1	-34.1	-27.3
Income before tax		20.4	-118.8	-82.1	-201.2
Net income		15.8	-90.4	-67.3	-151.7
Basic earnings per share (SEK)		0.15	-1.17	-0.74	-1.91
Diluted earnings per share		0.15	-1.17	-0.74	-1.91





## Cash Flow

- Less tied up capital in inventories and receivables
- Cash flow from operations increased to SEK 138.0 (133.4) mn
- Net investing activities of SEK -15.1 (-17.6) mn in Q4

(SEK million)	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Cash flow from operating activities	29.1	-15.8	-54.5	-97.5
Changes in working capital	109.0	149.2	-84.0	-135.1
Cash flow from operations	138.0	133.4	-138.6	-232.6
Cash flow from/to investing activities	-15.1	-17.6	-36.4	-57.3
Cash flow from/to financing activities	0.7	0.0	336.7	0.0
Change in cash and cash equivalents for the period	123.7	115.8	161.8	-289.9
Cash and cash equivalents at the period's start	163.8	9.0	126.1	417.4
Translation difference	1.4	1.4	0.9	-1.4
Cash and cash equivalents at the period's end	288.9	126.1	288.9	126.1



## Financial Position

- Inventory levels dropped by SEK 44 mn during the quarter to SEK 525.2 (609.7) mn
- Cash and cash equivalents increased to SEK 288.9 (126.1) mn
- Net cash position of SEK 57.2 (net debt position 246.8) mn
- Lower level of outstanding payables

	2013	2012
(SEK million)	31-Dec	31-Dec
Total non-current assets	724.6	678.5
Inventories	525.2	609.7
Total receivables	222.9	268.5
Cash and cash equivalents	288.9	126.1
Total assets	1 761.6	1 682.8
Total equity	690.9	266.4
Interest bearing liabilities	231.7	373.0
Non-interest bearing liabilities	839.0	1 043.4
Total equity and liabilities	1 761.6	1 682.8



# BUSINESS SEGMENTS



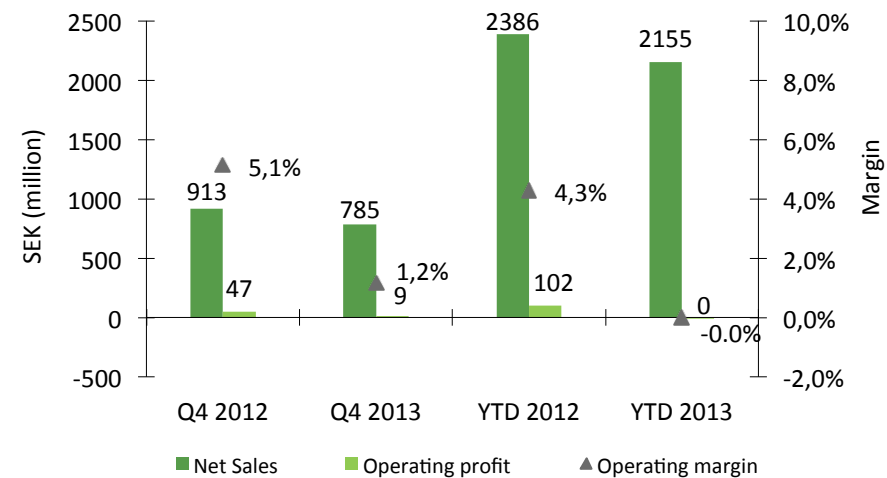




## Entertainment

- Segment sales down by 14.0% y/y in Q4 and by 9.7% y/y full year
- Sales of media-related products continued to decline
- Launch of CDON.com Marketplace in Q4
- The segment's result was affected by costs relating to the change in CEO for CDON.com and sell out of computers
- Lekmer.com continued to show solid growth within the children's goods and toy sector
- Operating profit of SEK 9.2 (46.8) mn in Q4 and of SEK -0.4 (102.3) mn full year, excluding non-recurring items
  - Operating margins of 1.2% (5.1%) in Q4 and of -0.0% (4.3%) full year, excluding non-recurring items

### Operating development

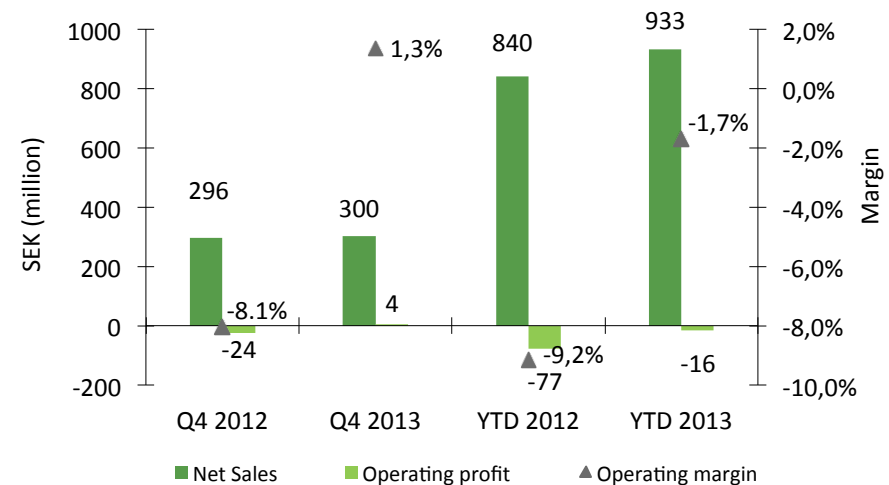




## Fashion

- Sales increased by 1.5% y/y in Q4 and by 11.0% y/y full year, excluding divested entities
- Excluding currency effects and divested business, sales increased by 3% y/y in Q4 and by 13% y/y full year
- Sales of private label products accounted for 33% of total sales in the fourth quarter and 31% for the full year
- In Q4, Nelly.com launched a French language version of Nelly.com and a global English language version, which exposed Nelly to an additional 60 markets, including the US and Australia
- Operating profit of SEK 4.0 (-23.8) mn in Q4 and of SEK -16.0 (-77.0) mn full year, excluding divested entities and non-recurring items
  - Operating margins of 1.3% (-8.1%) in Q4 and of -1.7% (-9.2%) full year, excluding divested entities and non-recurring items

## Operating development

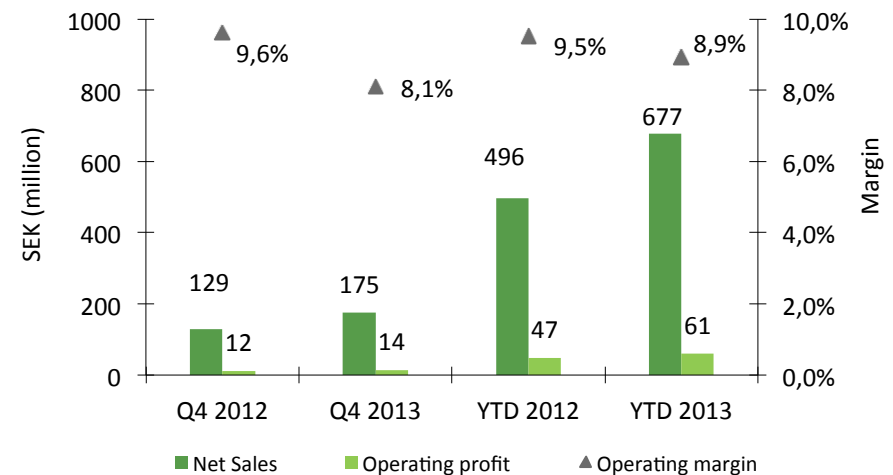




## Sports & Health

- Sales increased by 36.0% y/y in Q4 and by 36.5% y/y full year
- The segment continued to strengthen its position in all markets
- The broadening of private label products continued
- Operating profit of SEK 14.2 (12.4) mn in Q4 and of SEK 60.5 (47.3) mn full year
  - Operating margins of 8.1% (9.6%) in Q4 and of 8.9% (9.5%) full year, excluding divested entities and non-recurring items

### Operating development



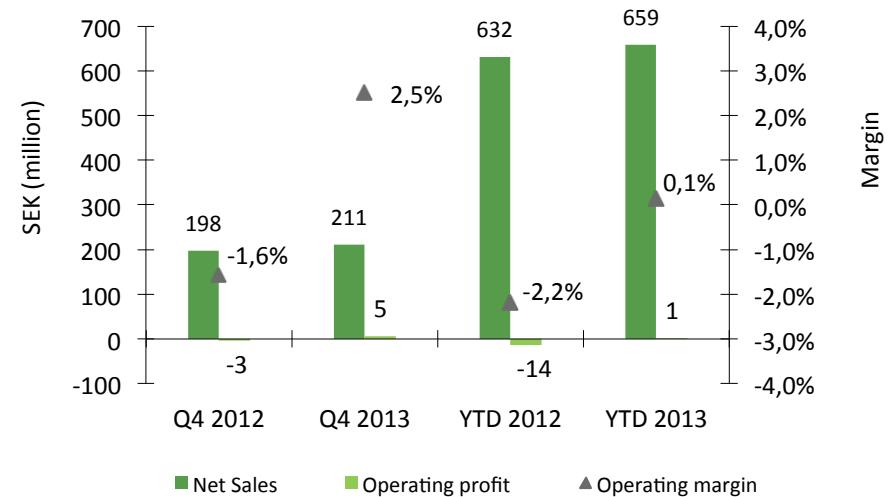




## Home & Garden

- Sales increased by 7.0% y/y in Q4 and by 4.3% y/y full year
- The increase in sales in the segment was fuelled by sales growth within both Tretti and Room21
- Operating profit of SEK 5.3 (-3.1) mn in Q4 and of SEK 0.9 (-13.7) mn full year
  - Operating margins of 2.5% (-1.6%) in Q4 and of 0.1% (-2.2%) full year

### Operating development



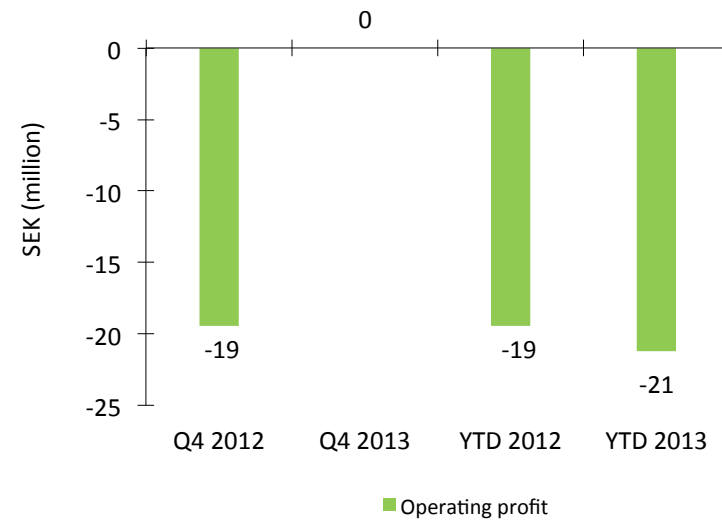
**RUM21** **tretti.se**  
form+funktion+själ



## CDON Group Logistics

- Break even in Q4
- As of the third quarter 2013 the logistics company has become an integral part of each entity where the operational responsibility now lies with each company
- CDON Group Logistics' result will not be reported separately going forward

### 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: 24 April 2014



---

For further information, please visit [cdongroup.com](http://cdongroup.com)  
or contact [ir@cdongroup.com](mailto:ir@cdongroup.com), +46 40 703 20 00



Follow us on Twitter at  
[twitter.com/cdongroup](https://twitter.com/cdongroup)