

Second Quarter 2016



Highlights

- 5 % sales growth in Q2 (excl FX-effects)
- Positive EBITDA and improved cash flow from operations
- Sale of Tretti AB to WhiteAway for SEK 250 million to be completed in Q3
- Significant earnings improvement at Nelly and Gymgrossisten
- New warehouse agreement signed for Lekmer. Sales growth in Q2
- Green Friday
- Qliro Financial Services development in line with expectations
- Launch of Qliro One

BUSINESS SEGMENTS

CDON Marketplace

- Sales generated to merchants up 35%
- Several new external merchants, including WhiteAway
- Lower margin due to campaign-driven sales in books and clothing & shoes
- Green Friday and clearance sales of books reduced the inventory level

	CDON.COM Marketplace					
	Q2 16	Q2 15	Growth	YTD 16	YTD 15	Growth
Gross Merchandise Value, external merchants	59.2	43.9	35%	110.2	86.9	27%
Total Gross Merchandise Value	410.5	378.2	9%	859.4	840.8	2%
Net sales (SEK million)	356.9	337.6	6%	759.9	760.1	0%
EBITDA (SEK million)	-7.6	-3.8		-13.6	-0.9	
EBITDA margin (%)	-2.1%	-1.1%		-1.8%	-0.1%	
EBIT (SEK million)	-11.6	-5.8		-21.6	-5.0	
EBIT margin (%)	-3.3%	-1.7%		-2.8%	-0.7%	
Active customers (thousand)	1,710	1,732	-1%	1,710	1,732	-1%
Visits (thousand)	16,110	16,613	-3%	36,569	36,700	0%
Orders (thousand)	664	652	2%	1,454	1,488	-2%
AOV (SEK)	620	583	6%	594	556	5%


Nelly

- Sales in line with last year (excluding FX effects)
- Sweden continues to grow
- Significant EBITDA improvement
- Share of private label 40%
- Headcount reduction announced in Q2

	NLY MAN		NELLY.COM		M	
	Q2 16	Q2 15	Growth	YTD 16	YTD 15	Growth
Net sales (SEK million)	331.0	337.7	-2%	599.0	592.1	1%
EBITDA (SEK million)	15.9	5.0		13.6	-2.5	
EBITDA margin (%)	4.8%	1.5%		2.3%	-0.4%	
EBIT (SEK million)	10.6	3.2		2.9	-6.0	
EBIT margin (%)	3.2%	1.0%		0.5%	-1.0%	
Active customers (thousand)	1,178	1,288	-9%	1,178	1,288	-9%
Visits (thousand)	28,607	35,999	-21%	55,122	72,130	-24%
Orders (thousand)	770	779	-1%	1,371	1,417	-3%
AOV (SEK)	634	636	0%	632	605	5%


Gymgrossisten

- Higher product margin compensated for lower sales
- Increased EBITDA-margin compared to last year
- Franchise stores and other offline channels continue to strengthen the company's position in the market

						
	Q2 16	Q2 15	Growth	YTD 16	YTD 15	Growth
Net sales (SEK million)	198.1	205.5	-4%	416.9	451.4	-8%
EBITDA (SEK million)	13.7	11.3		30.8	31.1	
EBITDA margin (%)	6.9%	5.5%		7.4%	6.9%	
EBIT (SEK million)	12.9	10.6		29.2	29.6	
EBIT margin (%)	6.5%	5.1%		7.0%	6.5%	
Active customers (thousand)	560	565	-1%	560	565	-1%
Visits (thousand)	5,685	6,062	-6%	12,403	12,571	-1%
Orders (thousand)	289	280	3%	600	612	-2%
AOV (SEK)	688	738	-7%	700	743	-6%

Lekmer

- Q2 sales slightly higher (excluding FX effects)
- Average shopping basket grew by 8%
- Campaign-driven sales affecting the gross margin but decreased inventory levels
- Improved delivery quality and high customer ratings
- New agreement signed with third-party supplier of warehouse services

						
	Q2 16	Q2 15	Growth	YTD 16	YTD 15	Growth
Net sales (SEK million)	96.8	97.2	0%	187.3	192.1	-3%
EBITDA (SEK million)	-12.7	-2.5		-31.6	-5.9	
EBITDA margin (%)	-13.1%	-2.5%		-16.9%	-3.1%	
EBIT (SEK million)	-13.3	-2.8		-32.8	-6.7	
EBIT margin (%)	-13.8%	-2.9%		-17.5%	-3.5%	
Active customers (thousand)	410	435	-6%	410	435	-6%
Visits (thousand)	5,895	5,869	0%	12,285	12,005	2%
Orders (thousand)	155	170	-9%	316	327	-3%
AOV (SEK)	633	587	8%	609	604	1%

Qliro Financial Services

- Development according to plan
- Operating income up by 111% in Q2
- Qliro launched on Lyko. New agreement with WhiteAway
- Qliro One
- Loans to the public amounted to 568.5 MSEK at the end of June

Qliro						
	Q2 16	Q2 15	Growth	YTD 16	YTD 15	Growth
EBTDA (SEK million)	-1,1	-8.6		-3.2	-20.4	
EBT (SEK million)	-4,1	-10.4		-8.9	-23.7	
Loans to the public	568.5	276.5		568.5	276.5	
Business volume	737	583	26%	1,418	1,031	38%
Orders (thousands)	830	715	16%	1,620	1,270	28%
Average shopping basket (SEK)	888	816	9%	875	813	8%

FINANCIALS

Income Statement

- Net sales slightly higher than the same quarter last year
- Gross margin improved to 18%
- EBITDA improved to SEK 2.3 (-6.7) million
- Earnings impact of the expected disposal of Tretti, recognised as discontinued operations, amounted to SEK -108.8 million in the quarter. Including this, EPS for the quarter amounted to SEK -0,81 (-0,07)

(SEK million)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun
Excluding discontinued operations and non-recurring items				
Net sales	1018.5	988.3	2028.0	2012.7
Gross profit	182.9	164.7	338.3	324.9
<i>Gross margin</i>	18.0%	16.7%	16.7%	16.1%
EBITDA	2.3	-6.7	-17.2	-15.7
<i>EBITDA margin (%)</i>	0.2%	-0.7%	-0.9%	-0.8%
EBIT	-11.8	-15.4	-44.9	-32.7
<i>EBIT-margin (%)</i>	-1.2%	-1.6%	-2.2%	-1.6%
Including non-recurring items				
EBIT	-11.8	-15.4	-60.3	-50.6
Financial Net	-2.9	0.7	-4.1	-3.1
Income before tax	-14.7	-14.8	-64.3	-53.7
Net income for continuing operations	-11.5	-10.8	-50.6	-40.9
Discontinued operations, earnings effect	-108.8	0.0	-110.0	0.7
Earnings per share, incl. discontinued operations (SEK)	-0.81	-0.07	-1.08	-0.27

Cash Flow

- Changes in working capital mainly related to reduced inventory levels during the quarter
- Cash flow from operations improved and amounted to SEK 67.2 (55.5) million
- Cash and cash equivalents at end of June amounted to SEK 144.9 (271.6) million
- The positive cash flow effect from the sale of Tretti is expected in the third quarter

(SEK million)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun
Cash flow from operating activities	-4.3	-11.1	-42.1	-38.1
Changes in working capital	71.5	66.6	-146.5	-131.4
Cash flow from operations	67.2	55.5	-188.6	-169.6
Cash flow to investing activities	-21.3	-28.8	-39.1	-52.5
Acquisitions/disposals of operations	0.0	0.0	0.0	-0.5
Changes in QFS's loans to the public	-92.2	-93.7	-40.7	-95.3
Changes in QFS's financing	75.9	34.5	77.6	34.5
Cash flow from discontinued operations	-21.1	17.1	13.4	21.5
Change in cash and cash equivalents for the period	8.5	-15.4	-177.4	-261.9
Cash and cash equivalents at the period's start	138.7	287.3	324.2	534.0
Translation difference	0.6	-0.3	1.0	-0.5
Less cash from discontinued operations	-3.0	0.0	-3.0	0.0
Cash and cash equivalents at the period's end	144.9	271.6	144.9	271.6

Financial Position

- Healthy inventory levels by the end of Q2, and lower than last year
- Qliro Financial Services' loans to the public increased during the quarter by SEK 92,2 million to SEK 568.5 million

	2016 30-Jun	2015 30-Jun
(SEK million)		
Total non-current assets	611.3	834.8
Inventories	500.6	585.6
Loans to the public	568.5	276.5
Current non-interest bearing receivables	75.4	119.0
Cash & cash equivalents	144.9	271.6
Total assets held for sale	336.9	-
Total assets	2,237.4	2,087.4
Total Equity	1,049.1	1,272.5
Interest bearing liabilities (QFS)	408.6	34.5
Non-interest bearing liabilities	692.9	780.4
Total liabilities related to assets held for sale	86.9	-
Total equity and liabilities	2,237.4	2,087.4

Forward Looking Statement

- Growth that is consistent with or above that of the market for each segment.
- Qliro Group’s long-term profitability targets:

Segment	EBITDA-margin
CDON Marketplace	2-3%
Nelly	5-7%
Gymgrossisten	7-9%
Lekmer	3-5%

- Qliro Financial Services earnings expectations unchanged. During 2016, we expect the same seasonality pattern as 2015 which means that the result within Qliro Financial Services is expected to gradually improve during 2016.
- During the second half of the year, Lekmer’s sales growth is expected to increase on a quarterly basis. Lekmer is expected to require an additional quarter in 2016 to stabilise the warehouse operations in terms of efficiency and costs. EBITDA in the third quarter 2016 is expected to improve compared to the second quarter and EBITDA in the fourth quarter is expected to be positive.

Thank you!

Next report: 20th October 2016



nasdaq symbol QLRO



follow us on twitter @qlirogroup