



Qliro Group

Second Quarter, 2017

July 14, 2017



CDON.COM

Qliro

NELLY.COM
NLY MAN

HSTG

Highlights – Second Quarter 2017

Key highlights and actions during Q2 2017

- Net sales increased 7 percent
- Gross margin increased 5.5 percentage points to 23.9 percent
- Operating profit improved SEK 16.9m to SEK 16.6m
- Several steps taken in line with revised strategy:
 - CDON Marketplace increased external merchant sales
 - Nelly delivered growth and significant earnings improvement
 - Qliro Financial Services continued its ramp-up and launched new services
 - Health and Sports Nutrition Group (former Gymgrossisten) experienced weak quarter
 - Divestment of non-core business area Lekmer completed

Communicated strategic direction

THREE CORE BUSINESS AREAS



Marketplace

CDON.COM



Fashion

NELLY.COM
NLY MAN



Financial Services

Qliro



Focus

Increase growth and profitability

Active pursuit for potential partnerships

Divested

Business Segments

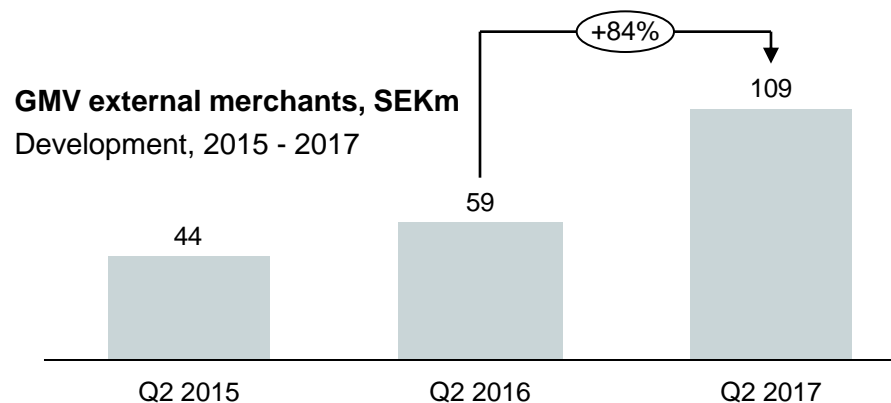
Marcus Lindqvist, CEO



CDON Marketplace experienced strong growth

	Q2 17	Q2 16	Change
GMV external, SEKm	108.6	59.2	84%
Total GMV, SEKm	484.6	410.5	18%
Net Sales, SEKm	386.8	356.9	8%
Ebitda, SEKm	-12.8	-7.6	
Ebitda margin	-3.3%	-2.1%	
Ebit, SEKm	-17.9	-11.6	
Ebit margin	-4.6%	-3.3%	

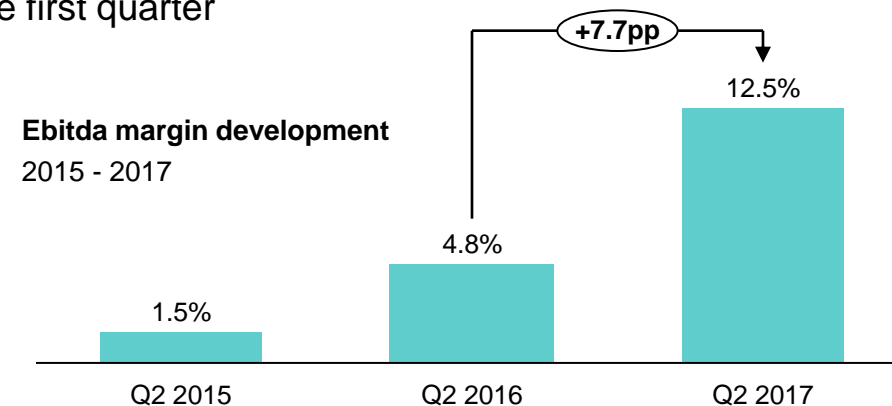
- CDON Marketplace attractive sales channel for external merchants. Merchant sales grew 84 percent
- Total gross merchandise value increased 18 percent (long-term financial target 10 percent)
- Net sales increased 8 percent, driven by own sales and increased commission income from external merchants
- In line with our strategy, we continued to recruit and invest in Marketplace. This had a negative impact on Ebit
- Consumers appreciate the marketplace; visits grew 15 percent and the average order value increased 7 percent
- Growth in CDON Marketplace is important to reach a leading position in the Nordics, and in order to provide volume and scale to the rest of the group segments



Nelly improved sales and earnings

	Q2 17	Q2 16	Change
Net Sales, SEKm	364.7	331.0	10%
Ebitda, SEKm	45.8	15.9	187%
Ebitda margin	12.5%	4.8%	
Ebit, SEKm	40.0	10.6	279%
Ebit margin	11.0%	3.2%	

- Sales increased 10 percent, partly driven by increased average order value (12 percent)
- Ebitda margin increased to 12.5 percent
- Substantially improved Ebit margin to 11.0 percent as Ebit was SEK 40m
- Five profitable quarters in a row
- Product margin increased to 53 percent (45 percent), driven by increased private label sales and a favourable inventory composition at beginning of quarter
- Divestment of Members.com completed. This will add approximately SEK 6m to the third quarter result
- Jan Wallsin started as new Head of Nelly
- Drama series “Filter” launched, which contributed to an increase of 5 million visitors compared to the first quarter

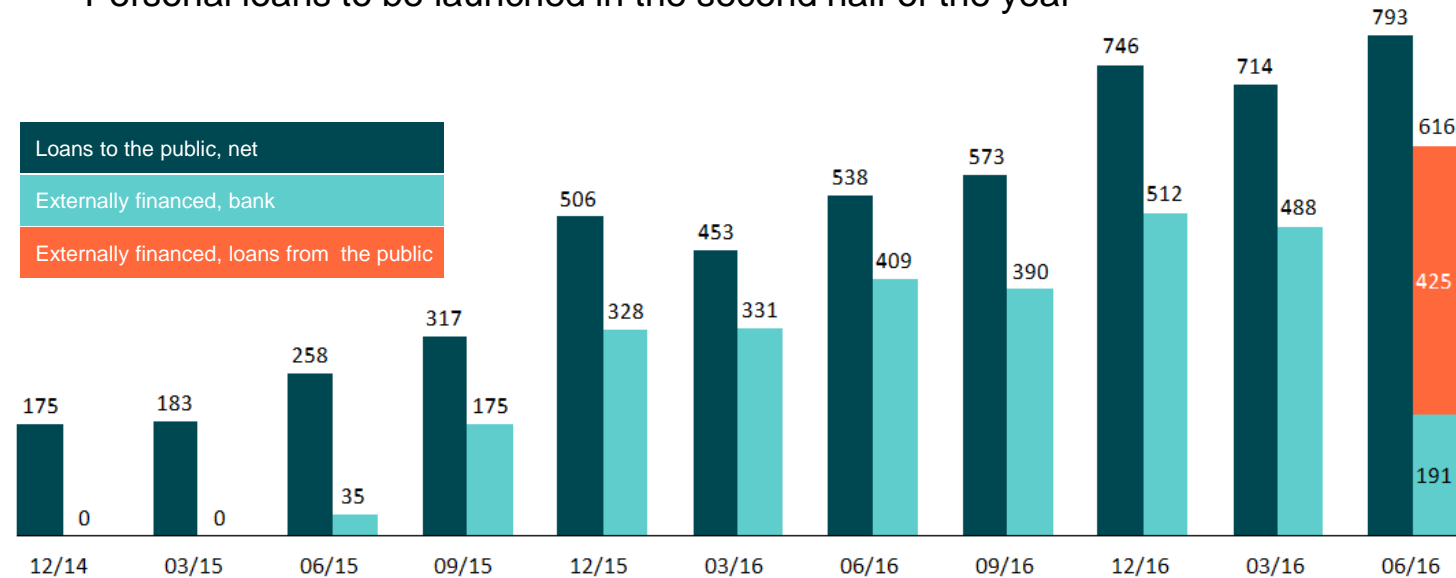


Qliro Financial Services continued to growth



	Q2 17	Q2 16	Change
Total operating income, SEKm	52.5	33.5	57%
Operating profit or loss before depreciation, SEKm	1.8	-1.1	
Operating profit or loss, SEKm	-5.6	-4.1	
Loans to the public, net SEKm	792.9	537.9	47%
Business volume, SEKm	991	737	34%
Orders, '000	968	830	17%

- Total operating income grew 57 percent, driven by increased loans to the public and launch of the full payment solution in Norway
- Operating profit before depreciation increased to SEK 1.8m
- Business volume increased 34 percent and amounted to SEK 991m
- Successful launch of savings accounts, which amounted to SEK 425m at the end of the quarter
- Personal loans to be launched in the second half of the year

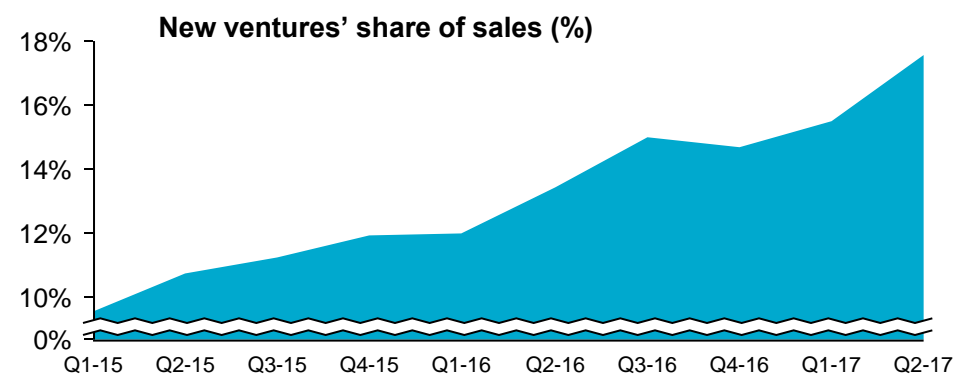


Health and Sports Nutrition Group (former Gymgrossisten) experienced a weak quarter



	Q2 17	Q2 16	Change
Net Sales, SEKm	179.7	198.1	-9%
Ebitda, SEKm	8.9	13.7	-35%
Ebitda margin, %	4.9%	6.9%	
Ebit, SEKm	7.6	12.9	-41%
Ebit margin, %	4.2%	6.5%	

- The segment changed name to Health and Sports Nutrition Group (HSNG) to reflect that it consists of three businesses: Gymgrossisten, Bodystore and Fitness Market Nordic
- Net sales declined 9 percent during the quarter, which started slow in April and regained some momentum in June
- Healthy growth in new ventures, Bodystore and Fitness Market Nordics, which increased their importance within the segment
- New distribution channel through 150 training facilities run by SATS
- Gustav Hasselgren started as new Head of HSNG, and management team strengthened with two new members
- Active pursuit of potential partnerships to facilitate continued investments and to take advantage of the ongoing consolidation in the sector to generate additional shareholder value



¹Past twelve months

Financials

Mathias Pedersen, CFO



Lekmer divested

- Divestment of Lekmer to Babyshop, in order to focus on core business areas, completed 30th of June
- Lekmer and Babyshop will be partners to Qliro Financial Services and CDON Marketplace
- Enterprise value of Lekmer SEK 90m on a debt free basis with normalized working capital
- Preliminary purchase price for shares set to SEK 39m
- Remainder of consideration towards repayment of loans to Qliro Group
- Earnings impact from transaction was SEK 0.1m
- Lekmer's operating earnings before tax SEK -15.4m in Q2



Improved liquidity

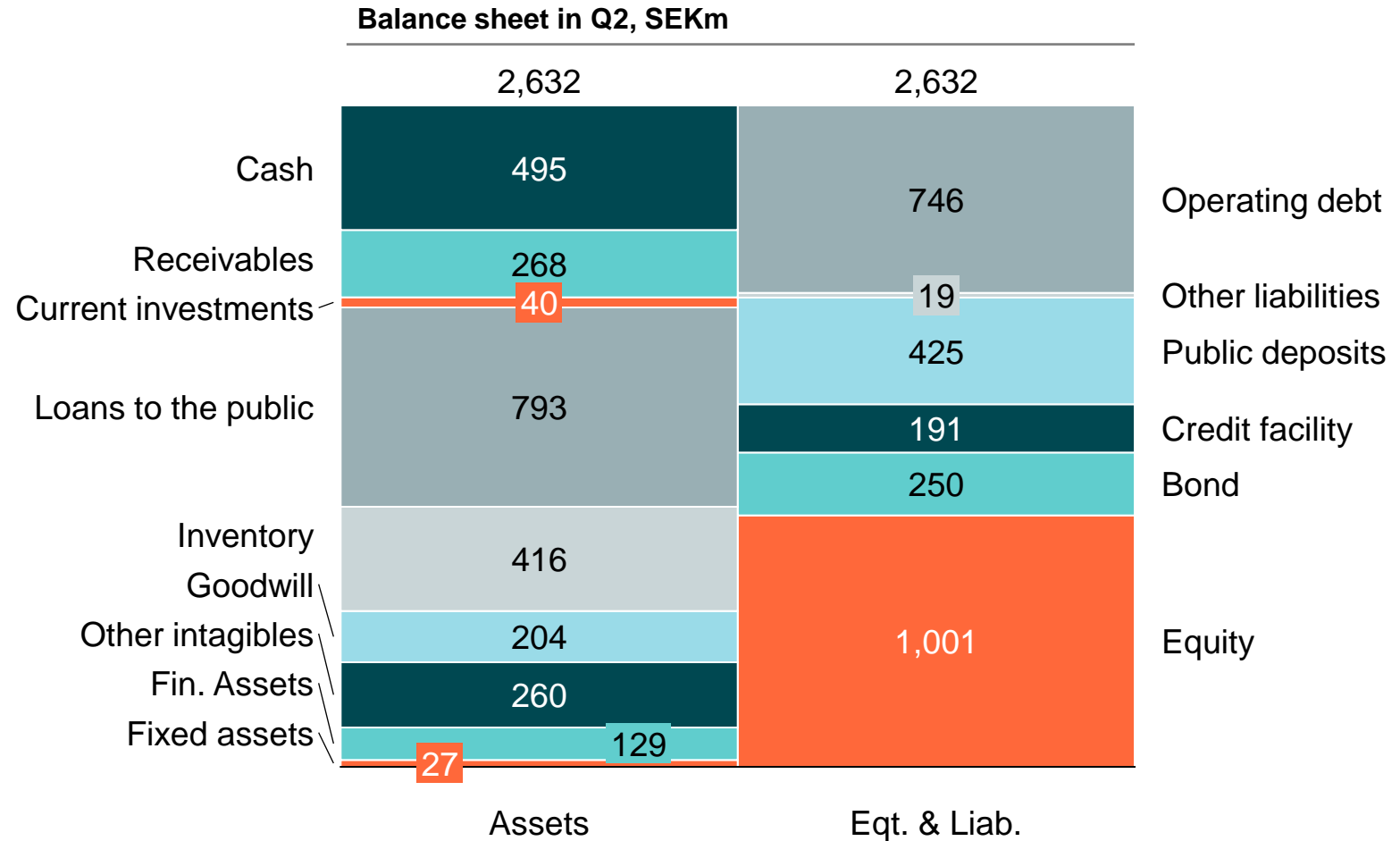
- Parent company of Qliro Group issued SEK 250m senior unsecured bond
- QFS introduction of savings accounts brought SEK 425m to finance increased lending and amortization of credit facility
- Lekmer divestment strengthened group cash position
- SEK 495m in cash at end of quarter

Cash flow in Q2, SEKm



Diversified capital structure

- Financing diversified through bond and savings accounts
- SEK 250m senior unsecured bond issued by group parent company
- SEK 425m deposited into savings accounts in Qliro Financial Services
- Inventory decreased as Lekmer was divested
- Excluding Qliro Financial Services the group had SEK 240m in net cash
- Financially well positioned to execute on its strategy



Summary

Marcus Lindqvist, CEO



Leading platform for digital commerce

- CDON Marketplace now established as a leading marketplace in the Nordics
- Nelly reports growth and significant earnings improvement
- Qliro Financial Services in excellent position to take advantage of business volumes and expand offering
- In addition, Lekmer divested and new management team at HSNG

THANK YOU

Next report released October 18th

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