



CDON.COM

nelly.com

GYNIGROSSISTEN.COM

Lekmer.com

bodystore.com

LinusLotta.com

BookPlus
KIRJAMAAILMA

Heppo.com

December 2010



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Mikael Olander



Position

- CEO of CDON Group since 2000

Education

- UCLA (M.B.A.)
- LSU (B.Sc. Finance)

Other experience

- Business Area Manager at Egmont
- Retired decathlete

Martin Edblad



Position

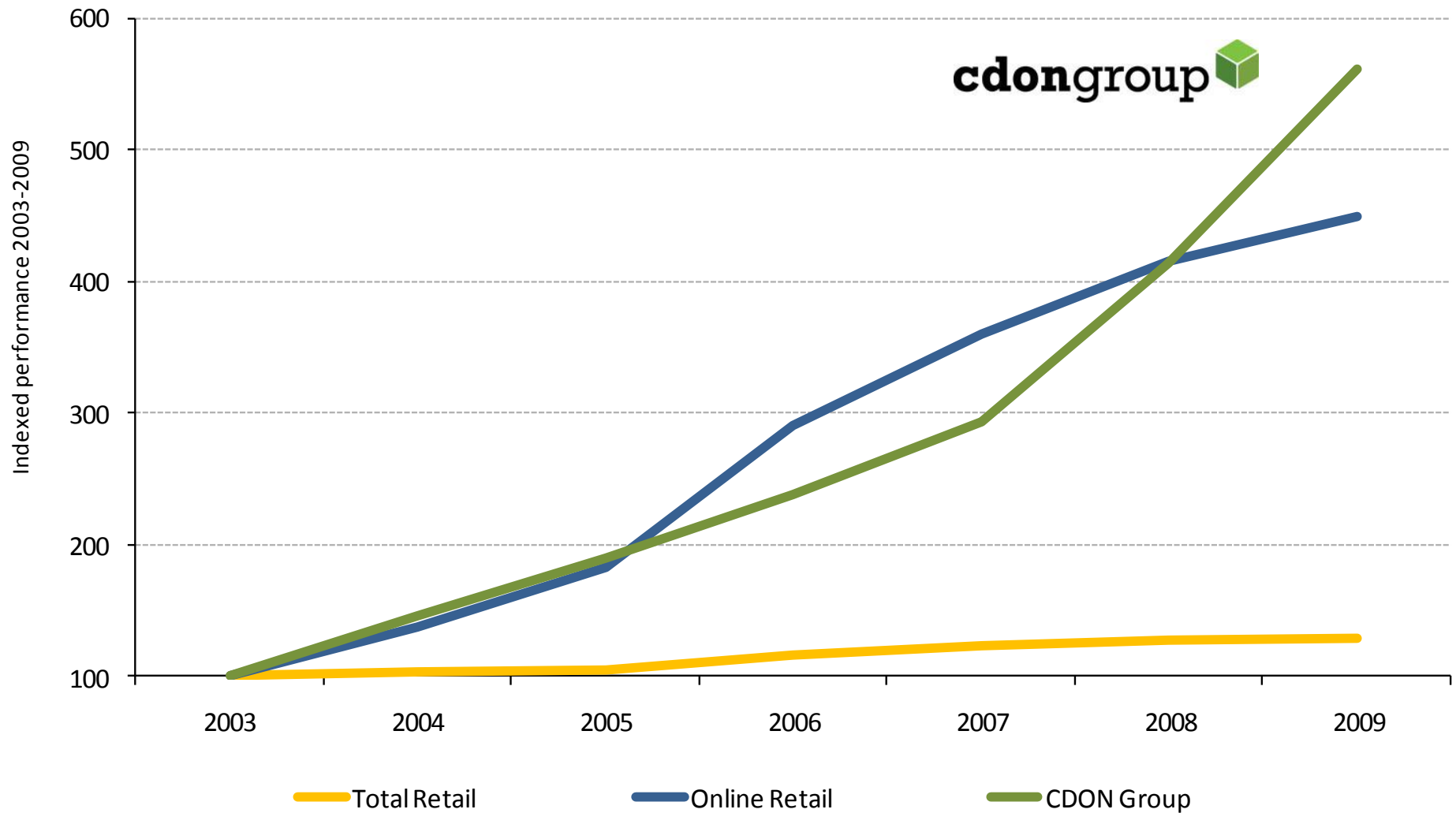
- CFO of CDON Group since 2010

Education

- Stockholm School of Economics (M.Sc.)

Other experience

- CDON Financial Controller
- MTG Management Trainee
- Dagens Industri journalist



1. Business profile & performance: Track record of profitable growth with market leading positions
2. Attractive E-commerce market dynamics & proven business model
3. Financial performance & position: Healthy cash flow generation & funding to expand further

Business Profile & Performance



CDON Group at a Glance

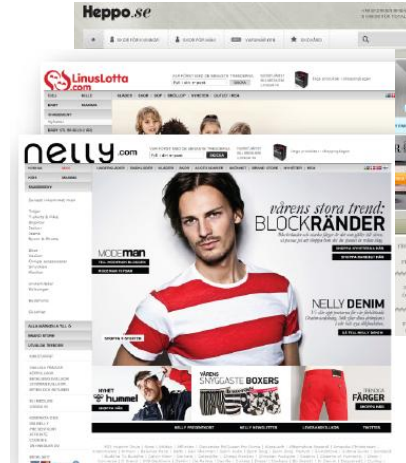
7

CDON Group is the forerunner in the Nordic online retail sector with market-leading Entertainment, Fashion and Sports & Health internet stores



Entertainment

CDON.COM
BookPlus.fi
Lekmer.com



Fashion

Nelly.com
LinusLotta.com
Heppo.com



Sports & Health

Gymgrossisten.com
Bodystore.com

Market-leading Nordic websites with a database of more than 1.5 million active customers

CDON.COM



SWE
1999

DEN
1999

NOR
1999

FIN
2000

Key Facts

Founded: 1999

Target customers: 18-40 year old men & women

Number of visits: ~60 million in 2009

Awareness: 99% (SWE), 96% (NOR)
91% (FIN), 90% (DEN)

BookPlus.fi



FIN
2007

Key Facts

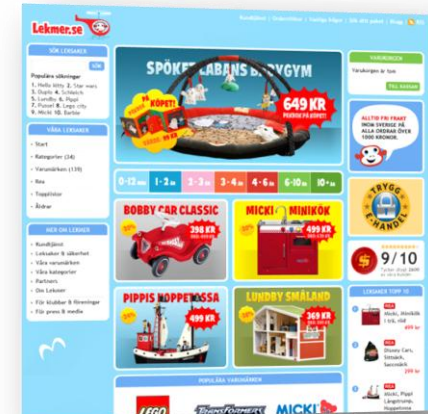
Founded: 1995

Acquired: December 2007

Target customers: 18-40 year old men & women

Number of visits: ~3.5 million in 2009

Lekmer.com



SWE
2010

DEN
2010

NOR
2010

FIN
2010

Key Facts

Founded: 2006

Acquired: March 2010

Target customers: Parents with children

Number of visits: ~1.5 million in 2009

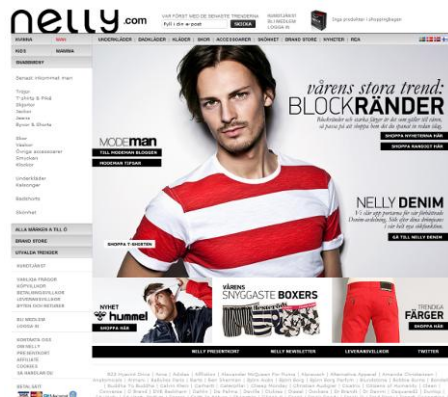
Operations

Entertainment offers a broad assortment of entertainment products and has operations in all Nordic countries

	Ranking by Sales 9m 2010	Products	Examples	Website	Trend as Proportion of Sales
<ul style="list-style-type: none"> The product category Films is the largest product category within CDON Group Focus is on continuously expanding the product assortment within all product categories 	1	Films		CDON.COM	➔
	2	Games		CDON.COM	↗
	3	Music		CDON.COM	↘
	4	Consumer Electronics		CDON.COM	↗
	5	Books		CDON.COM BookPlus KIRJAMAILMA	↗
	6	Toys		Lekmer.com	↗
	7	On Demand		CDON.COM	↗

Fashion operates two well established online clothing stores and has recently expanded into the shoe segment through Heppo.com

Nelly.com



SWE
2007

DEN
2008

NOR
2008

FIN
2008

Key Facts

Founded:	2004
Acquired:	September 2007
Target customers:	16-30 year old women
Number of visits:	~20 million in 2009
Awareness:	88% (SWE), 70% (NOR), 47% (DEN), 34% (FIN)

LinusLotta.com



SWE
2007

DEN
2007

NOR
2007

FIN
2007

Key Facts

Founded:	1982
Acquired:	December 2007
Target customers:	Parents with children
Number of visits:	~2 million in 2009

Heppo.com



SWE
2010

DEN
2010





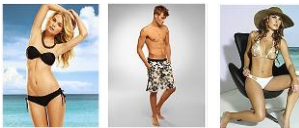




NOR
2010

FIN
2010

Key Facts

Founded:	August 2010
Target customers:	25-35 year old men & women
Number of visits:	Launched in 2010

Fashion has expanded its Nordic presence rapidly and is today the leading Nordic online retailer for clothes, accessories and shoes

	Ranking by Sales 9m 2010	Products	Examples	Website	Trend as Proportion of Sales
<ul style="list-style-type: none"> The Fashion business area has grown rapidly since the acquisition in 2007 The private label Nelly has become a popular and well known brand among its target customer group Focus is on continuously developing the product assortment and offer trendy products 	1	Clothes			↗
	2	Accessories			↗
	3	Underwear			↘
	4	Swimwear			↘
	5	Beauty			→
	6	Heppo.com			↗

Through its two online retail stores, Sports & Health dominates the Nordic market for nutrition supplements and proteins

Gymgrossisten.com



SWE
2008

NOR
2008

FIN
2008

Key Facts

Founded:	1996
Acquired	January 2008
Target customers:	20-30 year old men
Number of visits:	~4 million in 2009
Awareness	73% (SWE), 55% (NOR), 36% (FIN)

Bodystore.com



SWE
2008

Key Facts

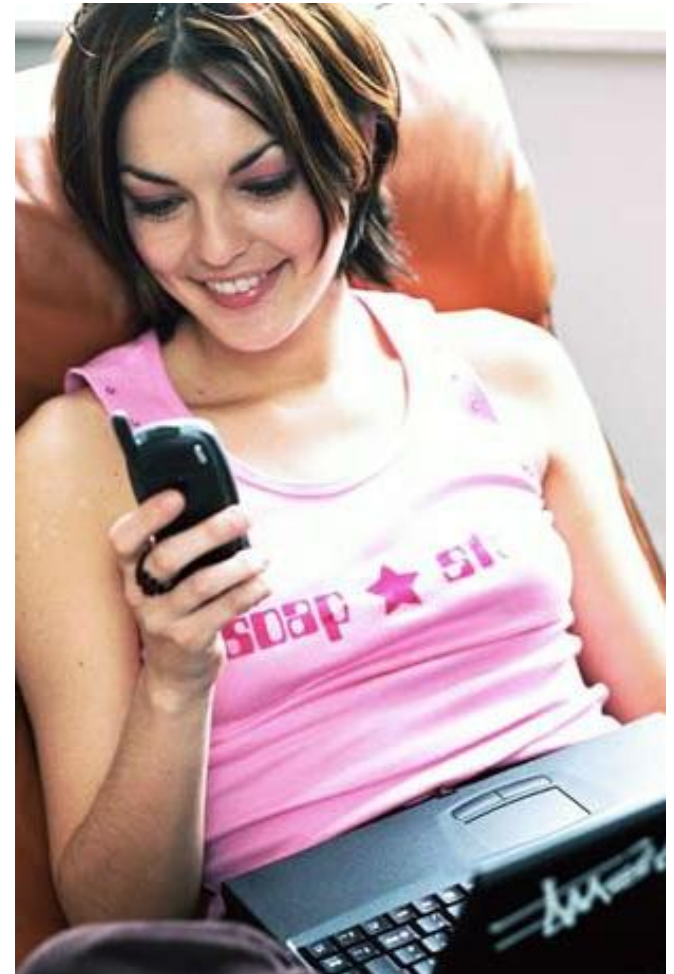
Founded:	1998
Acquired	January 2008
Target customers:	30-50 year old women
Number of visits:	~1.1 million in 2009

Nutrition supplement and proteins remain the key best selling products for Sports & Health

	Ranking by Sales 9m 2010	Products	Examples	Website	Trend as Proportion of Sales
<ul style="list-style-type: none"> The Sports & Health business area is favoured by a loyal customer group Customers are in general more educated on what they need Focus going forward is to expand and increase penetration in Finland and Norway, as well as broadening the product assortment and leverage on the popular private brand Star Nutrition 	1	Nutrition supplements		 	
	2	Proteins		 	
	3	Equipment		 	
	4	Clothes		 	

Mail order / internet purchases

1. Clothes/shoes	46 %
2. Home electronics	39 %
3. Films and music	25 %
4. Books	24 %
5. Home decoration	9 %
6. Sports- and leisure	5 %
7. Cosmetics/hair-care	4 %
8. Food	4 %



CDON.COM

- The leading Nordic retailer of DVDs, games, CDs & entertainment products
- Primary target group: Men & women 18-45
- Principal competitors: Ginza.se, Webhallen.se, Adlibris.se, Coolshop.dk

Nelly.com

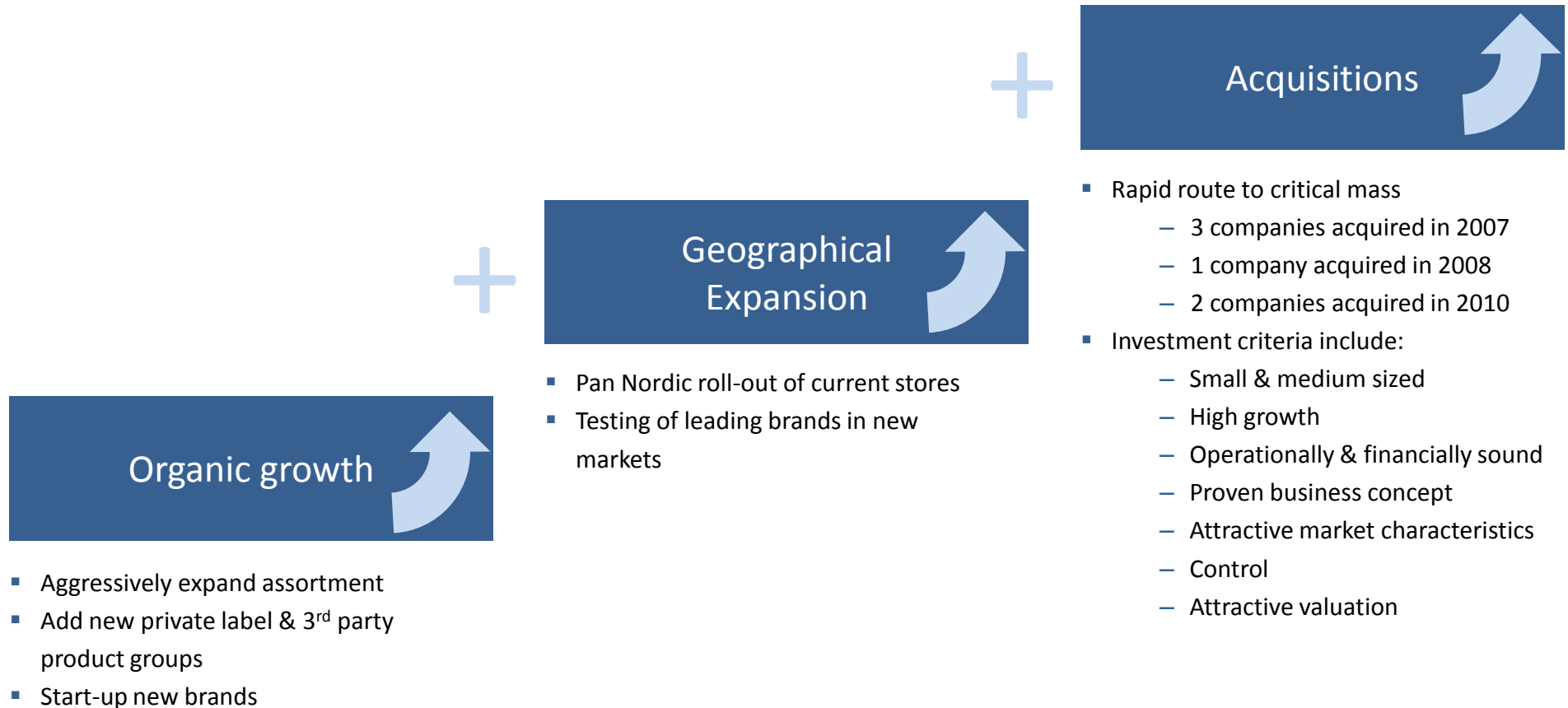
- The leading Nordic online fashion retailer
- Primary target group: Women 18-35
- Principal competitors: Bubbleroom.se, Asos.com

Gymgrossisten.com

- The leading Nordic on- and off-line retailer of sports nutritional products
- Primary target group: Men 18-35 that work-out 4+ times per week
- Principal competitors: Gymvaruhuset.com, MM Sports.se, Healthcare4net.se



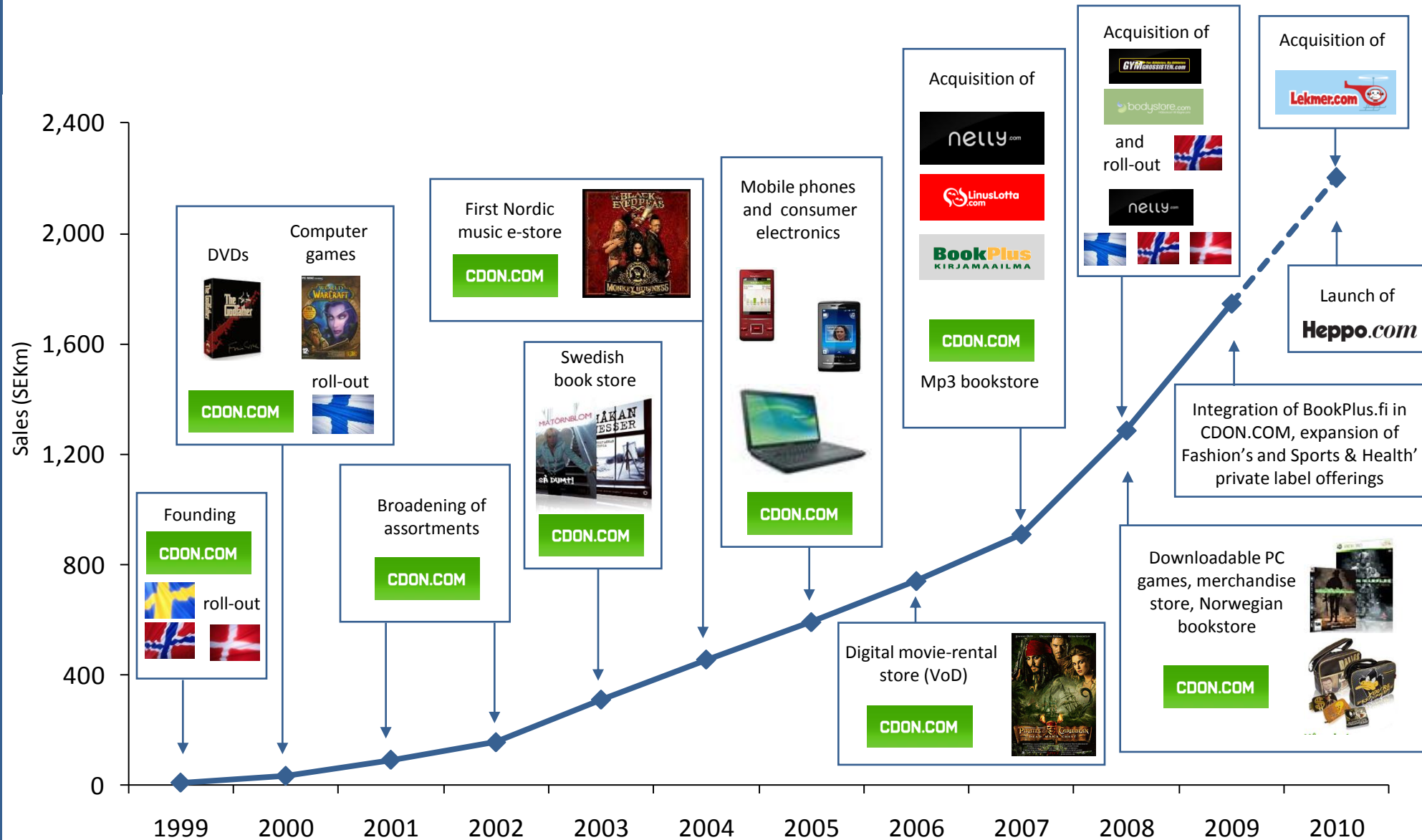
To become a leading e-commerce player in each of the Group's operating market segments & territories

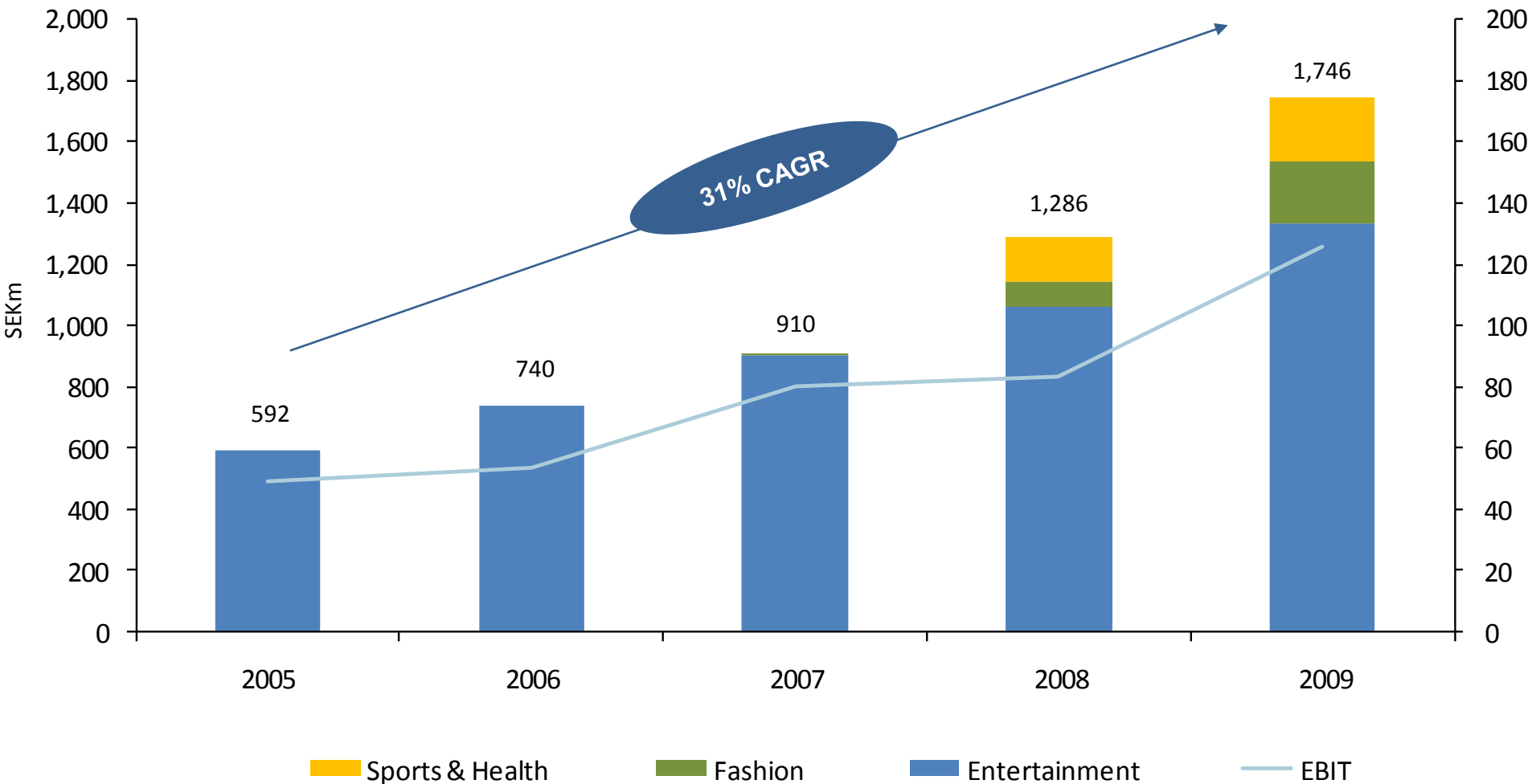


Scale Creates Operating Leverage

Timeline of Key Events

17







Entertainment

Sales 2009: SEK 1,333m
Share of total sales: 76%
Growth: 25 %
EBIT 2009: SEK 93m



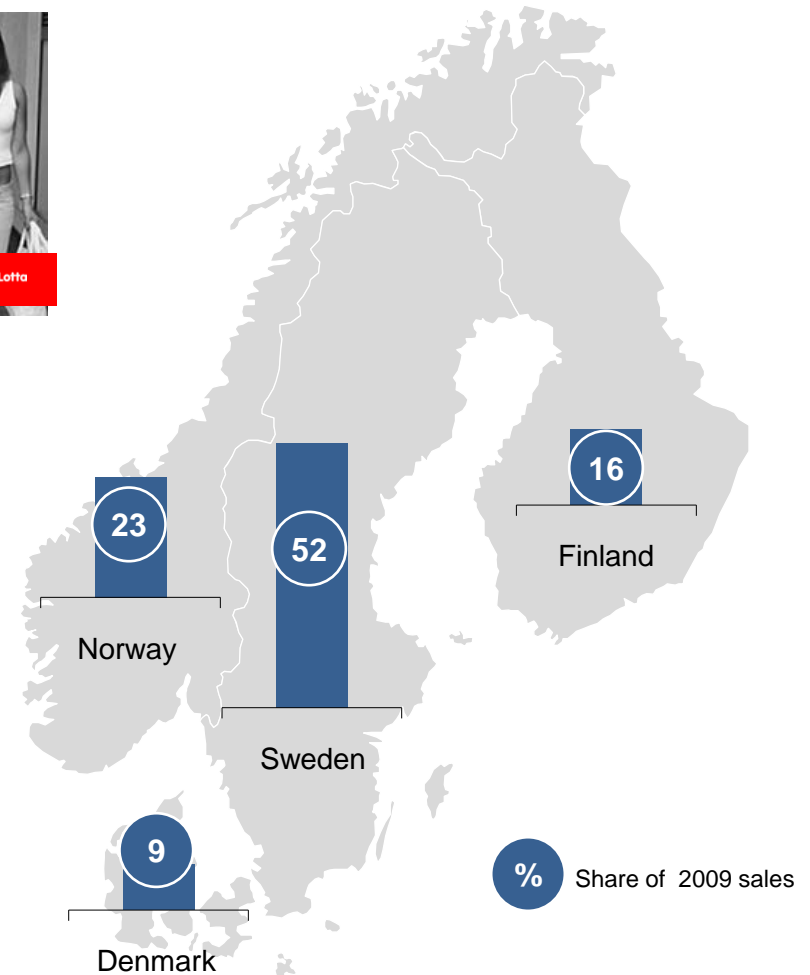
Fashion

Sales 2009: SEK 203m
Share of total sales: 12%
Growth: 157 %
EBIT 2009: SEK 7m



Sports & Health







Sales 2009: SEK 211m
Share of total sales: 12%
Growth: 45%
EBIT 2009: SEK 26m



Geographical Footprint

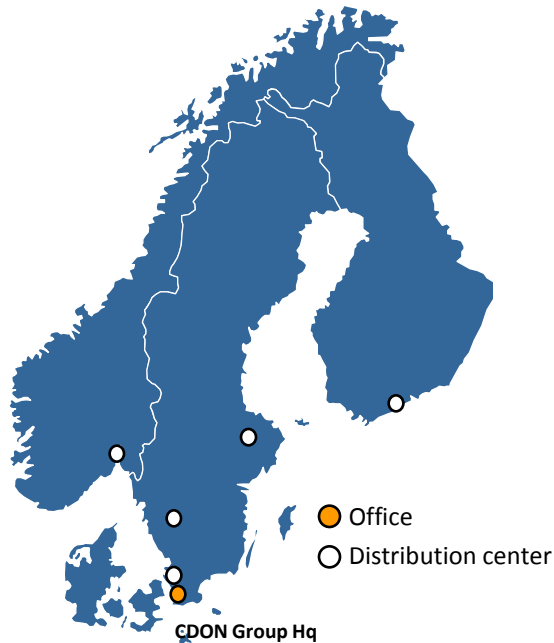
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Expansion primarily focused on the Nordic region

	Sweden	Norway	Finland	Denmark	Germany	Netherlands
	Launch 1999	Launch 1999	Launch 2000	Launch 1999		
	Launch 2004	Launch 2008	Launch 2008	Launch 2008	Launch 2010	Test Launch 2010
	Launch 1996	Launch 2008	Launch 2007			
	Launch 2006	Launch 2010	Launch 2010	Launch 2010		
	Launch 2007					
	Launch 2007	Launch 2007	Launch 2007	Launch 2007		
			Launch 1995			
	Launch 2010	Launch 2010	Launch 2010	Launch 2010		

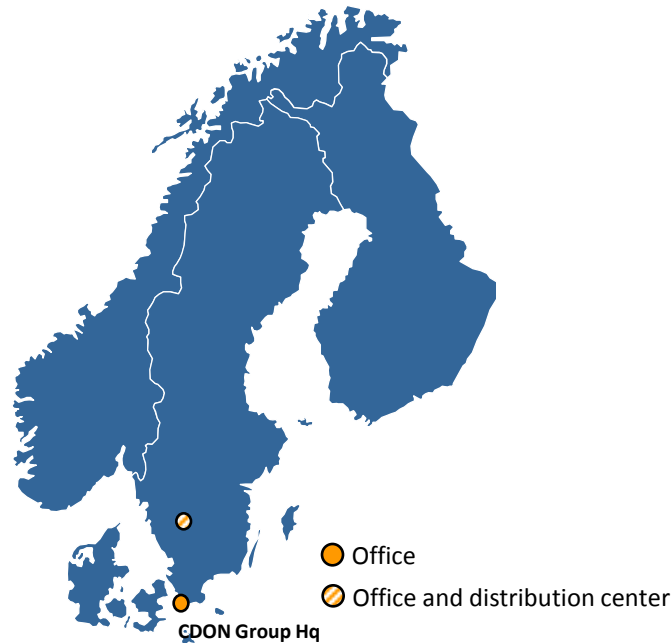
CDON Group's procurement and logistics operations are key for an efficient and reliable flow of goods from suppliers to customers

Entertainment



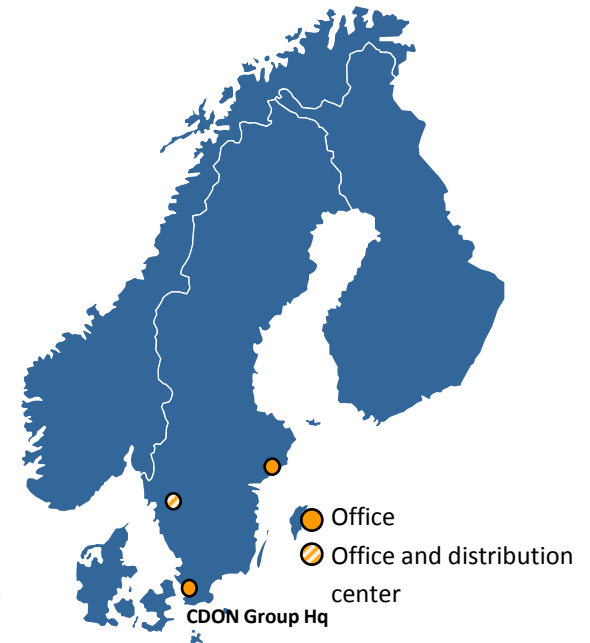
- Products sourced from third party manufacturers and shipped to distribution centres
- Shipment is carried out by external carriers
- Inventory handling is outsourced to third-party service providers. Cross-docking important part of inventory strategy

Fashion



- Products sourced from third party manufacturers and shipped to distribution centres
- Shipment is carried out by external carriers. Private label products are delivered by air freight from China
- Inventory handling is managed internally

Sports & Health



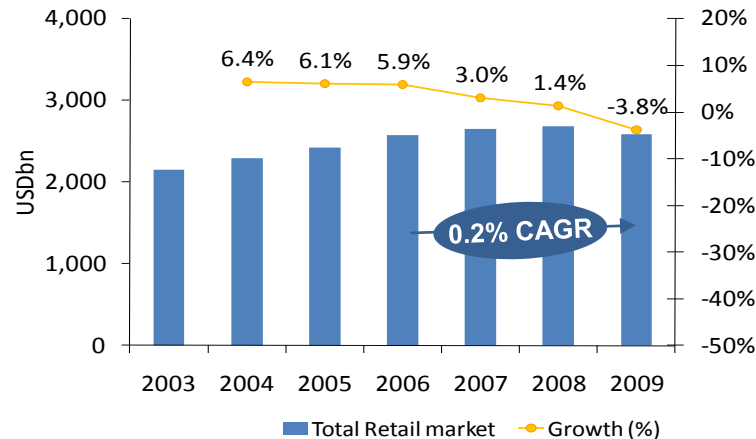
- Products sourced from third party manufacturers and shipped to distribution centres. Private label products sourced from partner in Ireland
- Shipment is carried out by external carriers
- Inventory handling is managed internally, however warehousing and deliveries of bulky products, such as treadmills, are made directly by the suppliers

E-commerce: Set to take-off

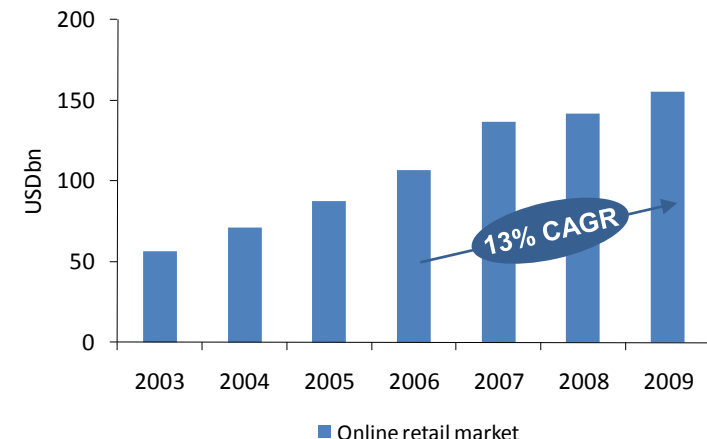


Retail sales are migrating from traditional high street outlets to innovative online stores

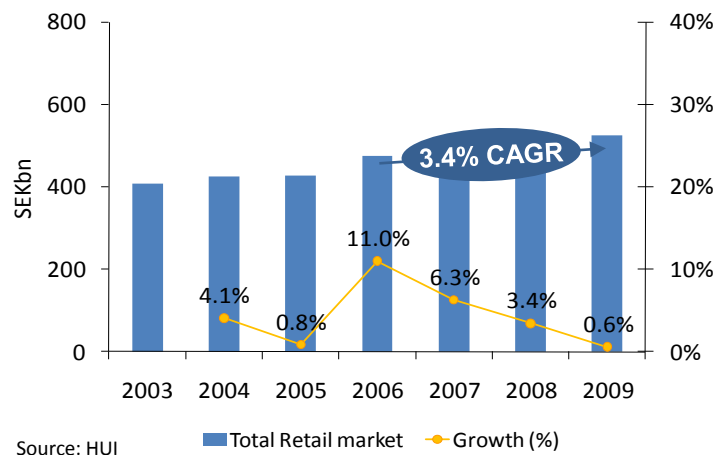
The US Retail Market



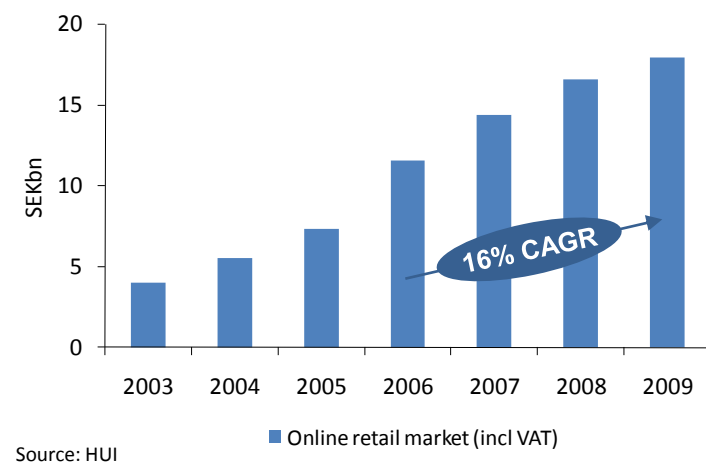
The US Online Retail Market



The Swedish Retail Market

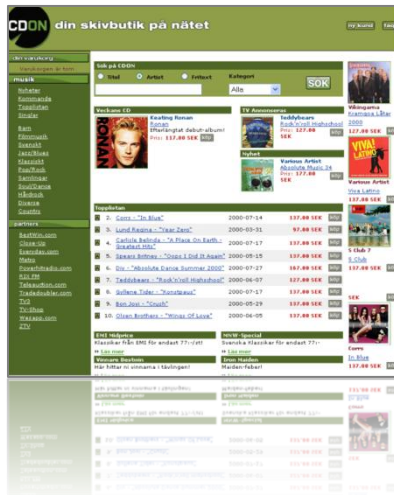


The Swedish Online Retail Market



E-commerce has been transformed & continues to evolve

2000



2010



The Waves of E-commerce

1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Wave One The Gold Rush

- Basic online retailing
- Low bandwidth and static web pages
- Basic search
- Simple account mgmt
- Credit-card payments
- Email marketing

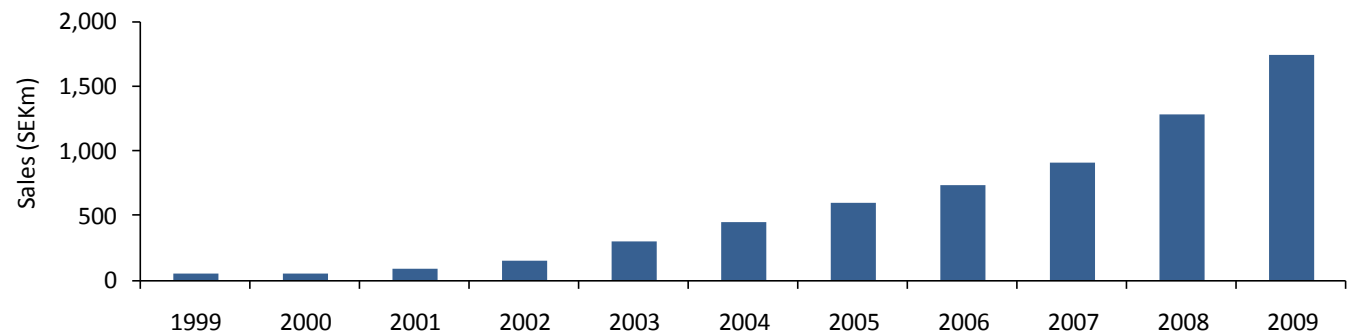
Wave Two Maturity and Growth

- Personalisation
- Advanced search navigation
- Product reviews
- Product comparisons
- Cross-sell/up-sell
- Advanced payment options
- Communities

Wave Three Innovation Web 2.0

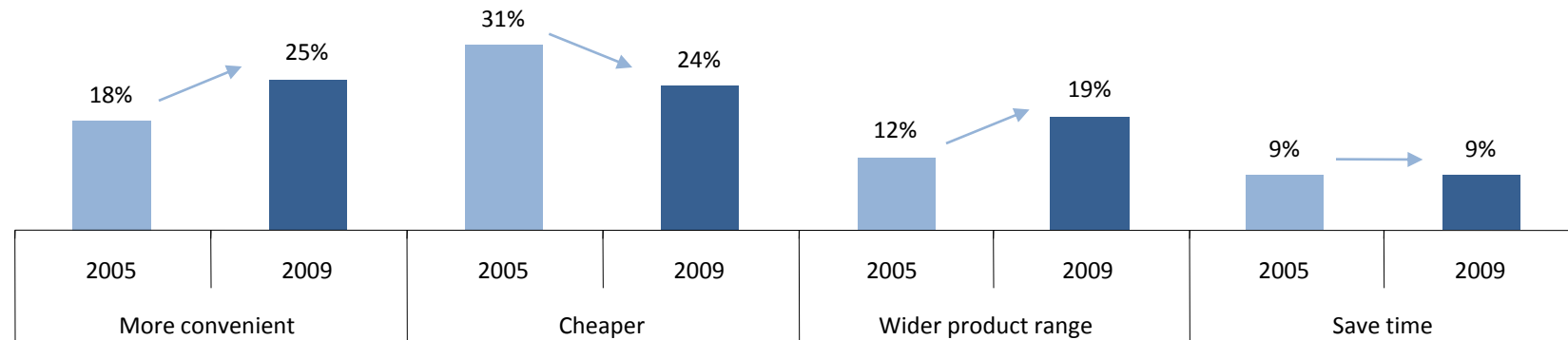
- Virtual dressing rooms
- Product videos
- Customised products
- Product and store blogs
- Social marketing
- Channel integration
- Loyalty programs

CDON Group Sales Development



Internet accounts for 78% of distance shopping in 2009 vs. 56% in 2005

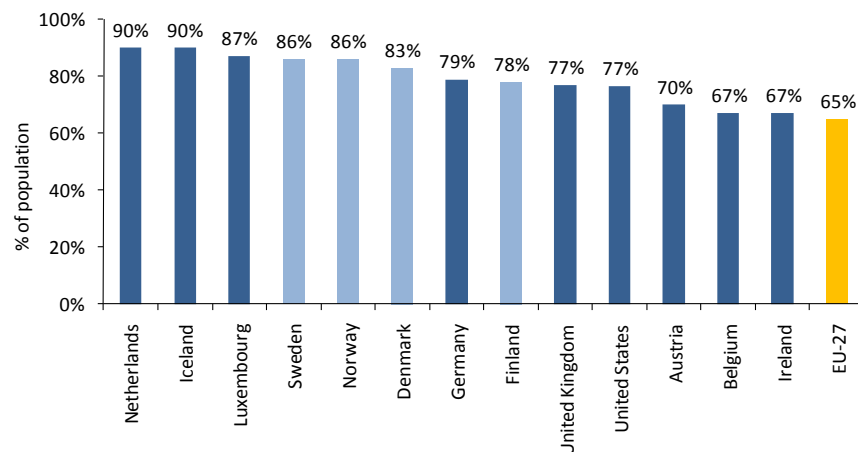
Reasons for Distance Shopping



Source: Posten Norden ("Distanshandeln idag")

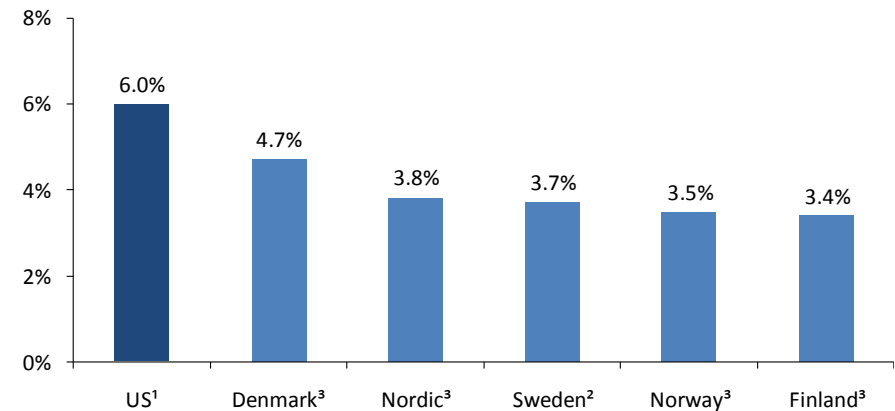
Note: Figures recalculated to be comparable. All statistics are for Sweden. Products purchased during last year

Internet Penetration (2009)



Source: Eurostat

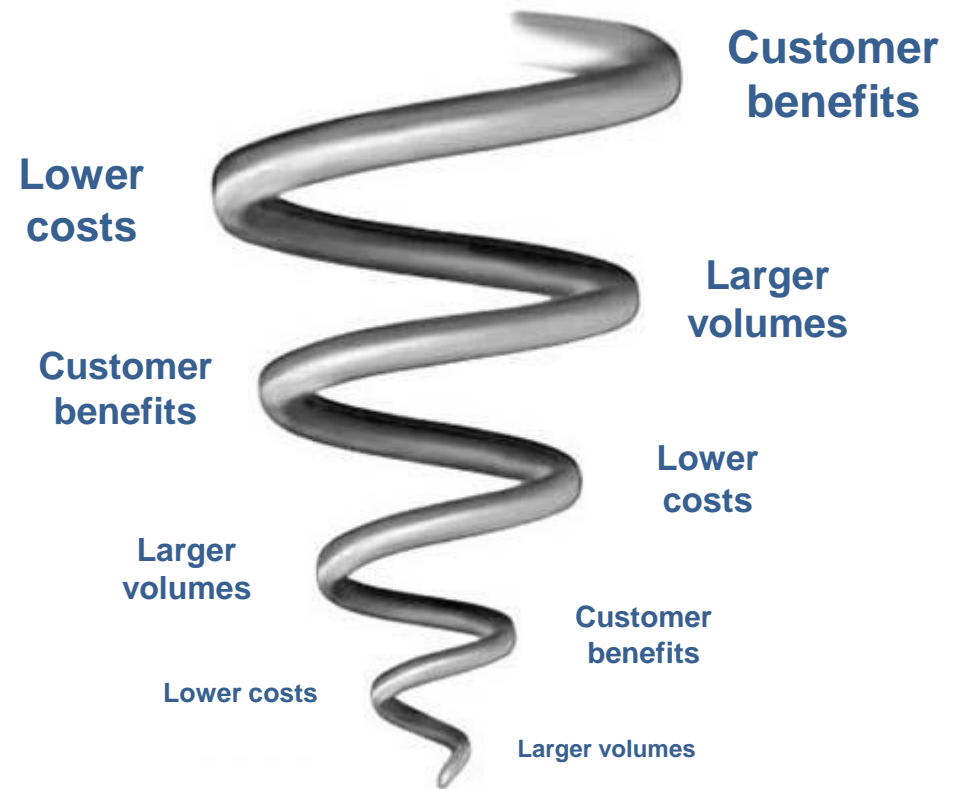
Online Retail Penetration (2009)



Source: (1) Forrester, (2) HUI, (3) HUI and CDON Group. **Note:** Total retail sales from Systembolaget and Apoteket have been included in the online penetration figures in the chart above

Get Big Fast

- Economies of scale & operating synergies create positive sales spiral increasing competitive advantage & barriers of entry
- All brands have potential to achieve market leading positions
- Fashion and Sports & Health business areas can emulate Entertainment business area in revenue terms



CDON Group will continue to drive the migration of sales from the high street to the internet by using its established, scalable and efficient operating platform to develop a portfolio of market leading online stores



Unique reach

3 key differentiating characteristics

- Mass marketing through TV advertising to drive up sales and build brand awareness - MTG channels + TV4, Pro7 & WSOY media group (Finland)
- Existing cross-selling & CRM potential with two million active customers
- Best in class in-house SEO/SEM competence

Nordic brand awareness

Amongst all 18-47 year olds (from "heard of" to 'know very well')

CDON:	95 %
Nelly:	64 %
Gymgrossisten:	46 %

Source: YouGov (Oct 2009)

Financial Performance & Position

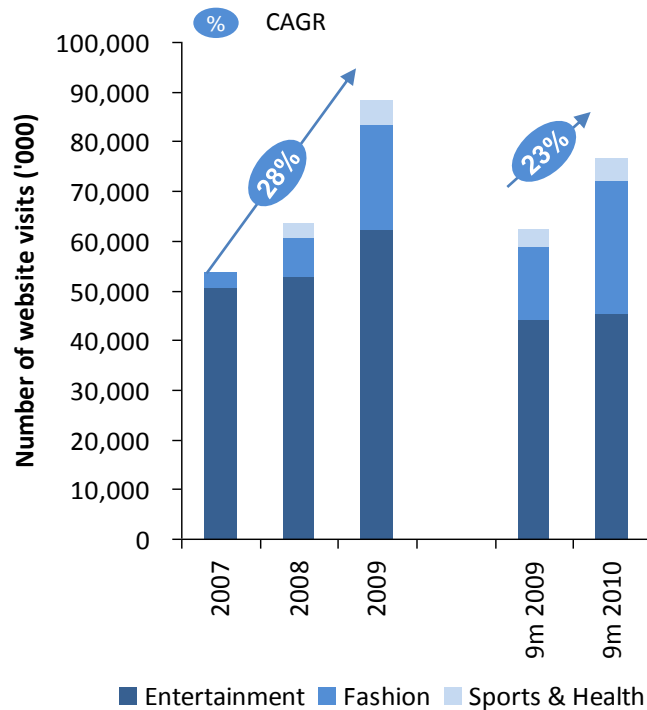


Key Performance Indicators

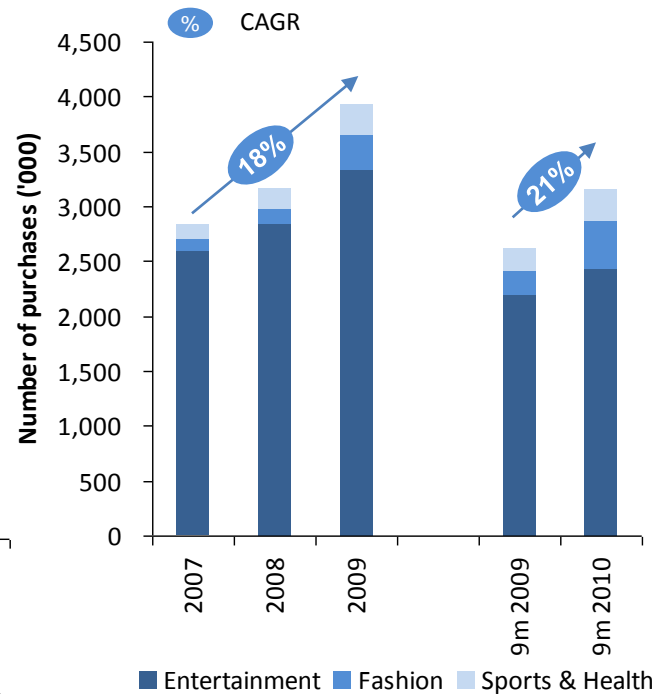
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KPIs are trending upwards

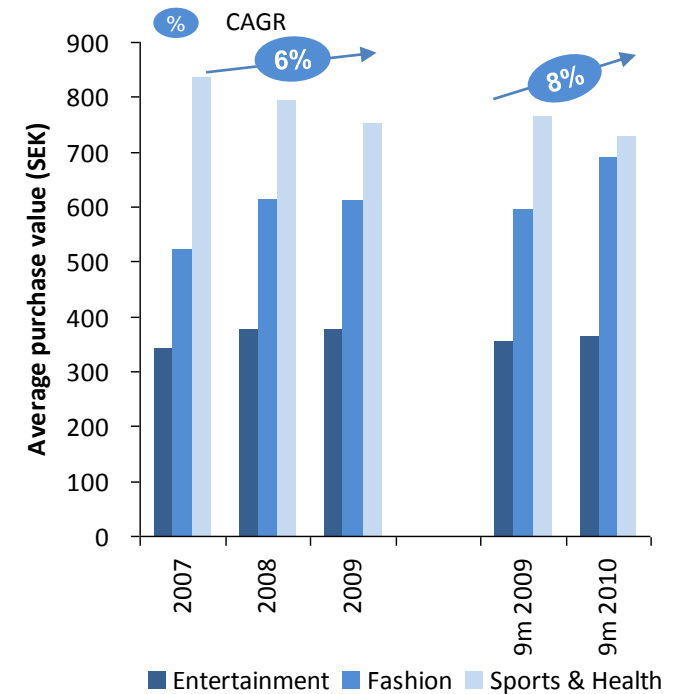
Number of website visits



Number of Purchases



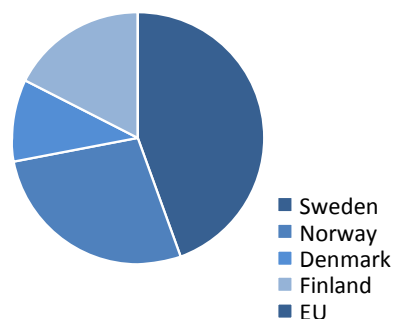
Average Purchase Value



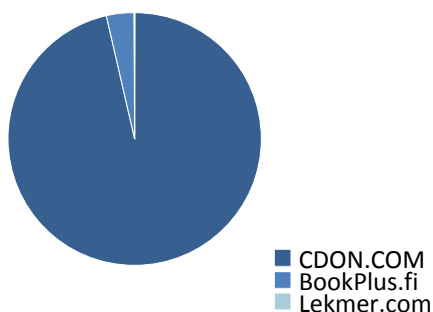
Note: CAGR arrows illustrate Group Development

The Entertainment business area has experienced strong growth driven by a continuously expanding product assortment and increased customer flows

Geographical Sales Split (2009)



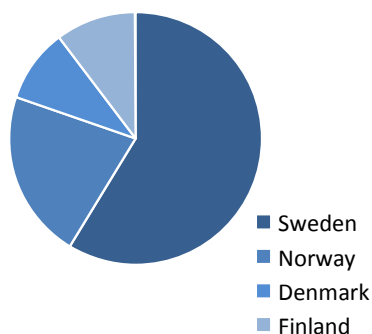
Split Between Websites (2009)



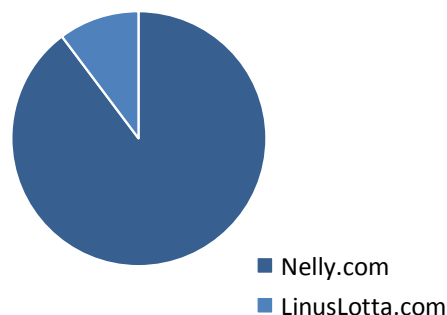
Entertainment Business Area SEK millions	Full Year			First 9 months	
	2009	2008	2007	2010	2009
Net sales	1,332.8	1,062.2	902.9	930.2	838.9
Growth	25.5%	17.7%	-	10.9%	-
EBIT	92.7	86.7	81.6	56.3	52.2
EBIT margin	7.0%	8.2%	9.0%	6.1%	6.2%
Number of site visits ('000)	62,362	52,630	50,472	45,376	44,163
Number of purchases ('000)	3,325	2,842	2,599	2,425	2,187
Average purchase value (SEK)	375	375	343	363	356

The Fashion business area has recorded significant growth driven by trends favouring online shopping of online clothes, accessories and shoes

Geographical Sales Split (2009)



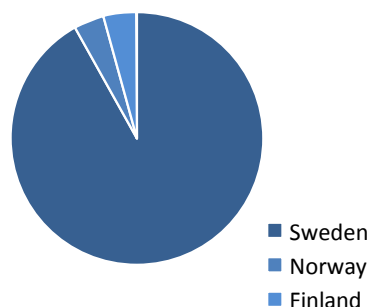
Split Between Websites (2009)



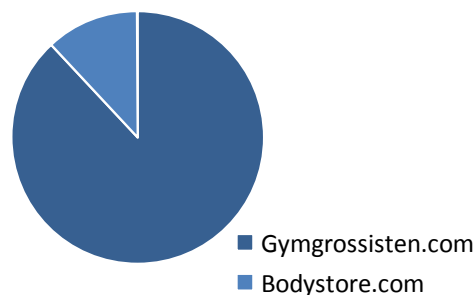
Fashion Business Area SEK millions	Full Year			First 9 months	
	2009	2008	2007	2010	2009
Net sales	202.6	78.9	7.1	298.5	136.5
Growth	156.8%	1015.8%	-	118.7%	-
EBIT	7.0	(19.2)	(1.2)	14.2	2.2
EBIT margin	3.5%	-24.3%	-17.1%	4.8%	1.6%
Number of site visits ('000)	20,846	7,803	3,230	26,769	14,578
Number of purchases ('000)	328	129	95	439	222
Average purchase value (SEK)	611	613	522	690	596

Sports & Health business area has recorded strong profitable growth driven by increased focus on well-being, health and fitness among the Nordic population

Geographical Sales Split (2009)



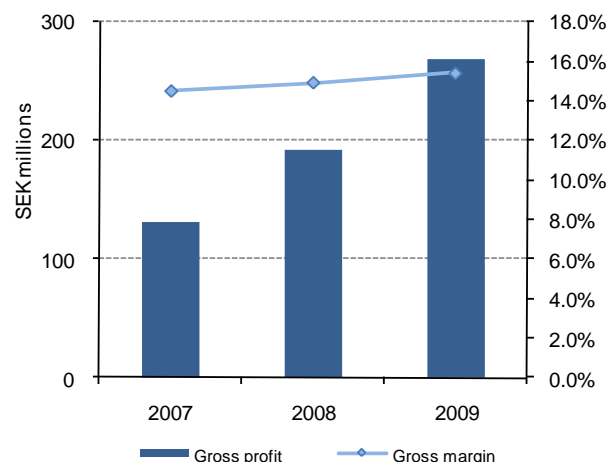
Split Between Websites (2009)



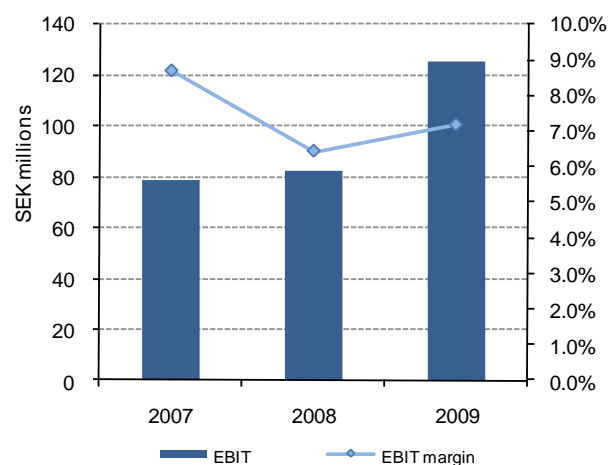
Sports&Health Business Area SEK millions	Full Year		First 9 months	
	2009	2008	2010	2009
Net sales	210.7	144.9	212.4	159.0
Growth	45.4%	-	33.6%	-
EBIT	26.2	15.7	27.0	20.1
EBIT margin	12.4%	10.8%	12.7%	12.7%
Number of site visits ('000)	4,833	3,026	4,539	3,607
Number of purchases ('000)	280	183	290	207
Average purchase value (SEK)	750	794	727	765

Rapid sales growth & best-in-class profitability

Gross-margin Development



EBIT-margin Development



SEK millions	Full Year			First 9 months	
	2009	2008	2007	2010	2009
Net sales	1,746.2	1,286.0	909.9	1,441.1	1,131.1
<i>Growth</i>	<i>35.8%</i>	<i>41.3%</i>		<i>27.4%</i>	
Gross profit	269.3	192.1	132.0	281.2	232.1
<i>Gross margin</i>	<i>15.4%</i>	<i>14.9%</i>	<i>14.5%</i>	<i>19.5%</i>	<i>20.5%</i>
EBIT	125.1	82.6	79.1	96.5	74.5
<i>EBIT margin</i>	<i>7.2%</i>	<i>6.4%</i>	<i>8.7%</i>	<i>6.7%</i>	<i>6.6%</i>
EBT	113.3	74.5	90.6	82.4	63.6
Net income	80.5	48.6	63.5	64.2	45.1

Note: Net income in 2007 excludes profit from discontinued operations of SEK 41 million

Highly cash generative

Operating Cash Flow

- Ongoing reduction of negative working capital
- Limited capital expenditure needs

Capex

- Less than 0.2% of sales

Dividends

- Reinvesting profits in ongoing development & expansion of operations

SEK millions	Full Year			First 9 months	
	2009	2008	2007	2010	2009
Cash flow from operations	127.7	84.4	103.0	81.9	76.8
Change in working capital	91.2	26.6	2.4	(97.5)	18.5
Net cash flow from operations	218.9	111.0	105.4	(15.6)	95.3
Cash flow from investing activities	(5.6)	(200.2)	25.9	(8.6)	(2.9)
Operating cash flow, incl. investment activities	213.3	(89.3)	131.3	(24.2)	92.4
Capital expenditure	3.2	1.7	8.4	3.5	2.7
Capital expenditure as % of sales	0.18%	0.13%	0.92%	0.24%	0.23%

Asset light business model

Balance Sheet

- The Company's asset base consists of goodwill and working capital items...
- ... financed through short-term borrowings, mainly working capital items

Net Debt

- Restructured leverage position as a result of spin-off

SEK millions	30-Sep-10	Effect of Convertible ¹	Incl. Convertible 30-Sep-10
ASSETS			
Goodwill	192.6		192.6
Other intangible assets	66.4		66.4
Fixed assets	3.4		3.4
Total fixed assets	262.4		262.4
Inventories	219.2		219.2
Short-term receivables (IB)	144.5		144.5
Short-term receivables (NIB)	82.4		82.4
Cash and cash equivalents	21.3	250.0	271.3
Total current assets	467.5	250.0	717.5
Total assets	729.9	250.0	979.9
EQUITY AND LIABILITIES			
Shareholders' equity	310.4	72.0	382.4
Long-term borrowings (IB)		178.0	178.0
Long-term borrowings (NIB)	20.4		20.4
Short-term borrowings (IB)	84.9		84.9
Short-term borrowings (NIB)	314.2		314.2
Total liabilities	419.5	178.0	597.5
Total equity and liabilities	729.9	250.0	979.9
CAPITAL STRUCTURE			
Net debt/(cash)	(81.0)		(153.0)

Note: (1) Preliminary

Objectives

- To generate sustainable and long term shareholder value
- To continue to grow organically at least in line with the growth of each of the Group's operating market segments in each operating territory
- To continue to start-up or acquire new brands
- To generate margins that are in line or above the average of the Group's competitors in each operating market segment, when excluding the impact of new start-ups & acquisitions

Key Investment Highlights

- 1 Uniquely well-positioned market-leading Nordic online retailer
- 2 Taking advantage of exponential development of e-commerce
- 3 Track record of profitable organic growth
- 4 Successfully entering new markets & integrating acquisitions
- 5 Clear strategy
- 6 Experienced management team



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