



Full-Year Report 2017

*Marcus Lindqvist, CEO
January 31*



Strategy recap – envisioned foundation attained

CDON.COM

Expand the leading Nordic online marketplace

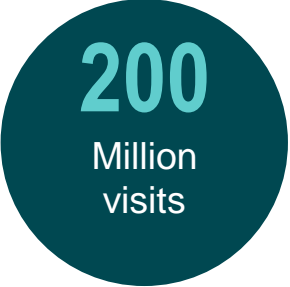
NELLY.COM

Leverage position in online Nordic fashion

Qliro

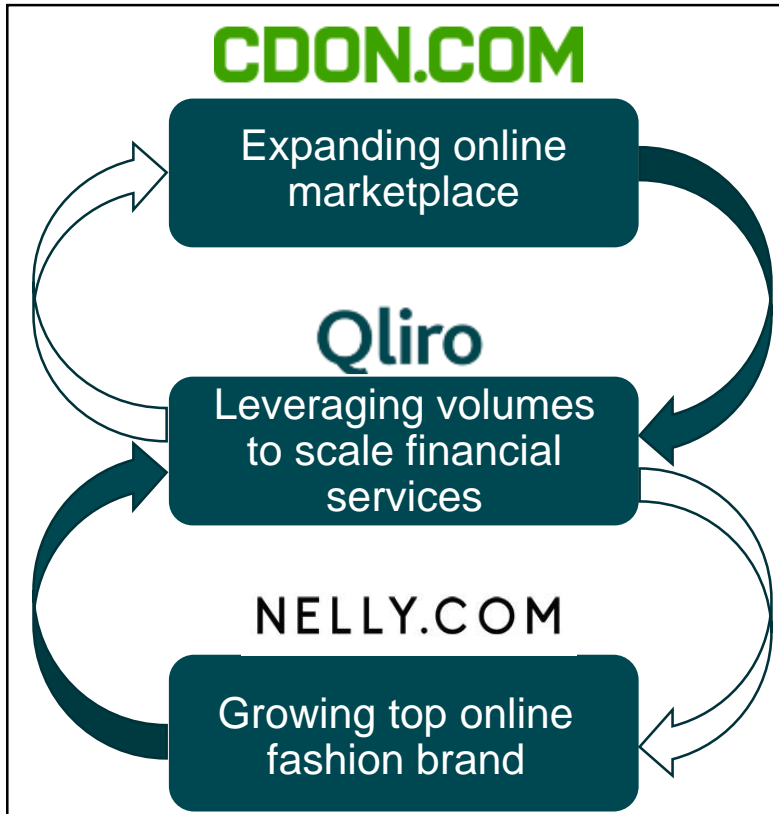
Extend offering of financial services to merchants and consumers

Qliro Group



Leveraging e-commerce and financial services

Building brands

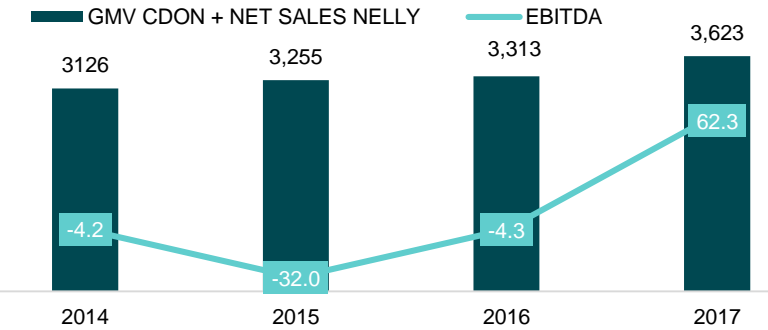


and leveraging data

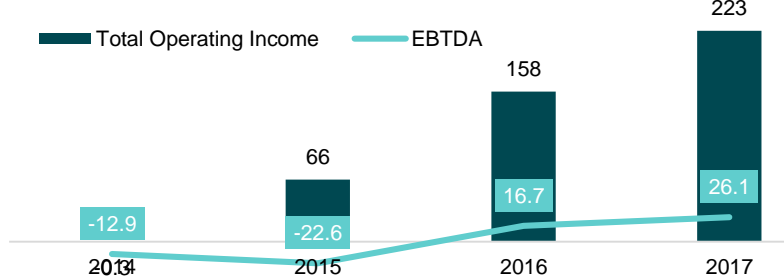
- Scaling finance offering with low customer acquisition costs
- Boosting e-commerce with high conversion payments and attractive financing of consumption
- Extending customer life time value with new services and higher shopping frequency

for profitable growth

E-commerce



Qliro Financial Services



Transformation successful

Foundation for accelerated growth and profitability

- Net sales increased 9 percent to SEK 1.2bn and gross profit increased 14 percent to SEK 262m for the quarter
- All business areas increased sales and gross profit for the quarter and for the year
- Initiatives in technology and brand building impacted profitability in the quarter
- EBITDA increased 6.8 times to SEK 90m for the year, including investments in brand and tech
- Strong cash position of SEK 625m year-end and SEK 370m from HSNB divestment create financial flexibility

CDON.COM

New phase where tech pays off in scalability

NELLY.COM

Well-positioned for accelerated growth

Qliro

Ready for substantial loan book expansion

Business Update

Marcus Lindqvist, CEO



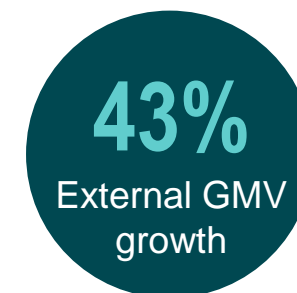
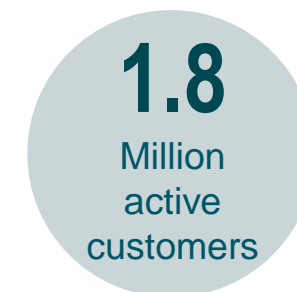
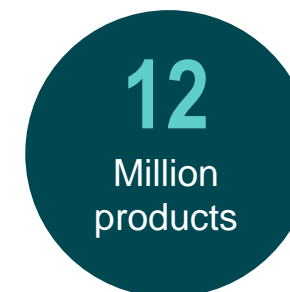
CDON Marketplace strengthens leading position

First mover advantage in untapped Nordic market

	Q4 17	Q4 16	Change
GMV external	190.8	155.5	23%
Total GMV	903.7	799.5	13%
Net sales	733.1	657.8	11%
Ebitda	9.6	23.5	-59%
Ebit	6.2	16.7	-63%

GMV = Gross merchandise value

- Proven model with 1,500 external merchants selling for SEK 500m in 2017
- Continued increase in visits, orders, customers and shopping basket
- Growth, inventory efficiency and lower cost of delivery led to improved gross profit
- Increased technology and brand building initiatives impacted Ebitda SEK 14m in the quarter
- Marketplace model enables growth with lower operational risk and less capital
- Enters new phase where investments in technology will drive increased efficiency without organizational expansion

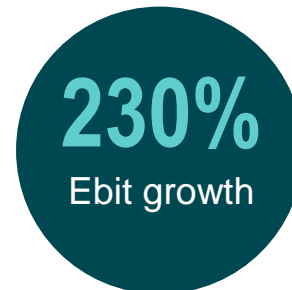


Nelly is now well-positioned for accelerated growth

Top Nordic fashion brand with own designs as the core offering

	Q4 17	Q4 16	Change
Net Sales	400.3	392.4	2%
Ebitda	39.5	39.3	1%
Ebitda margin	9.9%	10.0%	
Ebit	34.4	30.4	13%

- Continued increase in visits, orders and customers
- Product margin up 3 percentage points to 50 percent for the quarter, driven by own brands
- Increased brand building initiatives impacted Ebitda SEK 13m in the quarter, Ebitda SEK 39.5m for the quarter in line with last year
- Earlier ramp-up of inventories ahead of spring season
- Ready to improve delivery times from 3-5 days to 1-3 days in 2018
- Investments in own brands, assortment and logistics have given foundation for profitable growth

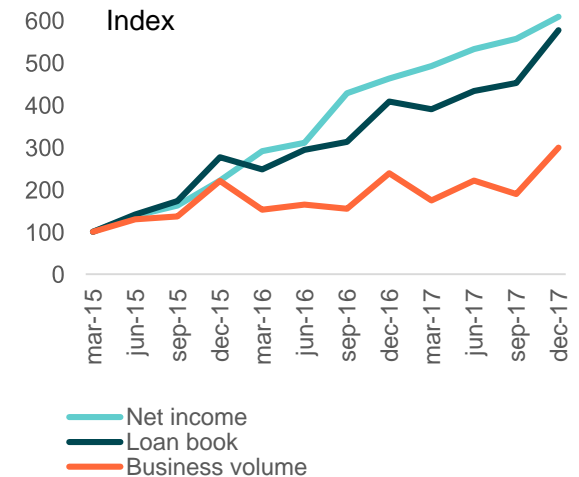


Qliro Financial Services expands offering

Building a digital financial offering with low customer acquisition costs

	Q4 17	Q4 16	Change
Total operating income	64.9	49.7	31%
Total operating expenses	-54.9	-39.8	38%
Net credit losses	-7.0	1.3	
Operating profit before depreciation	11.1	15.4	-28%
Operating profit	3.0	11.2	-73%

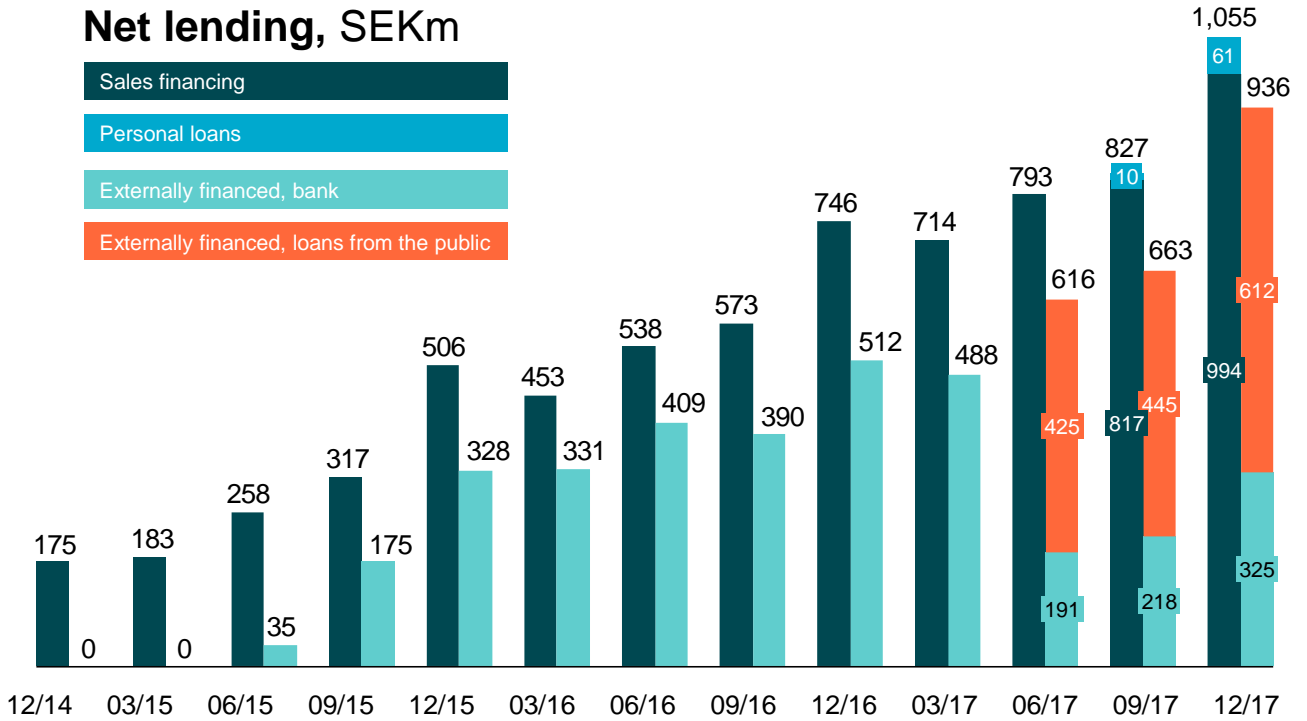
- E-commerce volumes increased 25%, driving loan book growth of 40% and net interest income of 47% for the year
- Expanded offering drove personnel cost up SEK 7m in the quarter
- Personal loans successfully launched with 95 percent existing customers whereof many applied through the app
- Organization reached sufficient size with capacity to manage substantial expansion in the loan book



Loan book grew beyond one billion SEK

Ready for substantial loan book expansion with balance sheet leverage

- Creating attractive balance sheet leverage in a Nordic creditor-friendly environment
- Internal and external data used in real-time for prudent credit checks, identifying consumers with a reliable credit history
- Financing costs are low through mix of savings accounts and credit facility (SEK 17m in interest costs 2017)
- Lending interest many times higher in personal loans and sales financing (SEK 220m in interest revenues in 2017)



Financials

Mathias Pedersen, CFO



New rules for the reporting of financial instruments, IFRS9

Affecting credit loss reserves in Qliro Financial Services from 1 January 2018

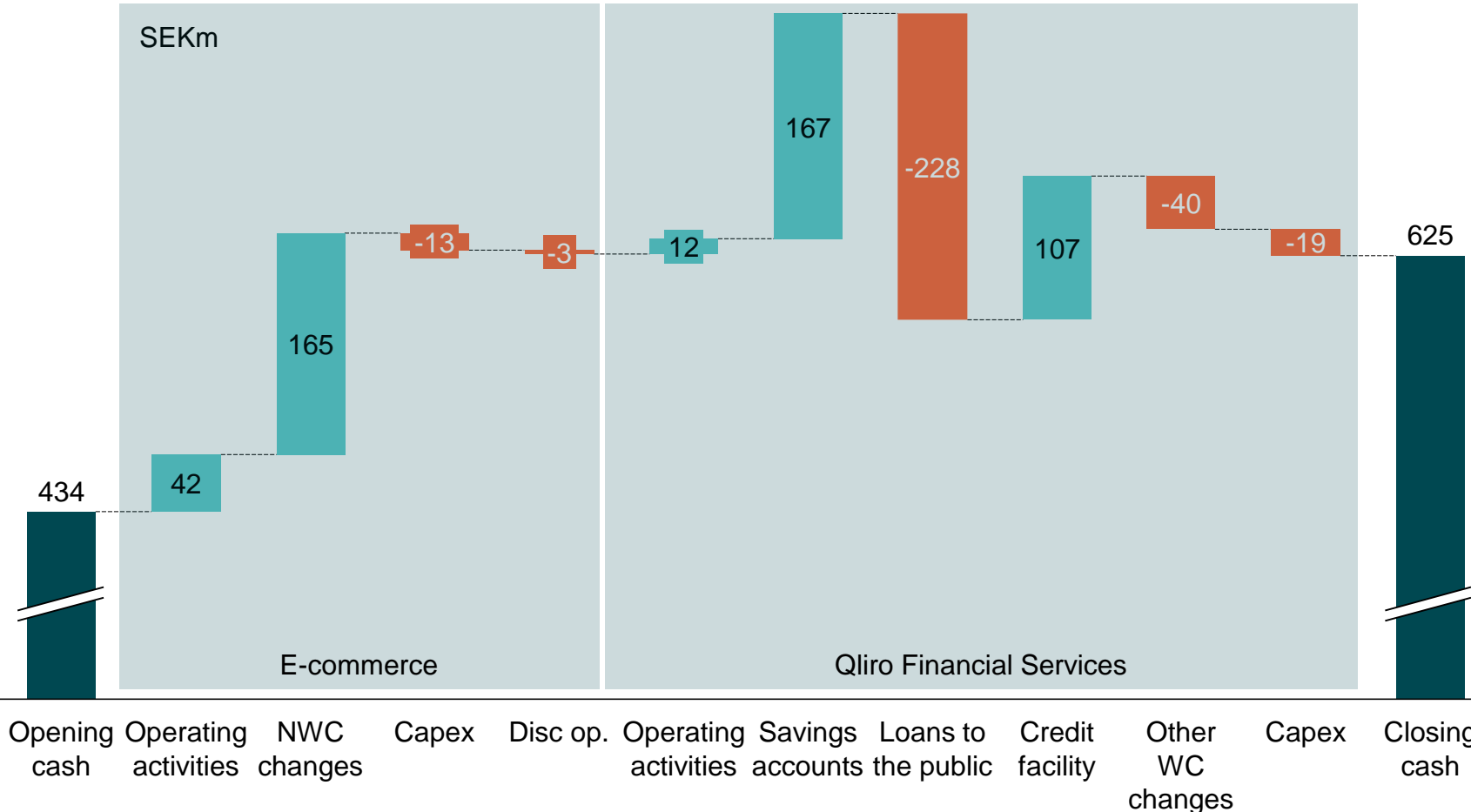
- Reserves for credit losses shall be made directly upon issues credit, instead of as before when there was an indication of increased credit risk. This results in earlier and higher recognition reserves, but it will not affect cash flow or underlying credit risk
- At year-end 2017 accumulated reserves amounted to SEK 31 million. In the opening balance of 2018, the reserves increased by SEK 24 million due to the transition to new rules (affecting Shareholders' equity and Lending to the public, but not the profit or loss statement)
- Additional reserves mainly stem from credits where at year-end there was no indication of impaired payment ability, and for which no provision had been made in accordance with previous rules
- From 1 January, reserves for projected credit losses will be made directly when new credit is issued and impact the results

For comparison

- If IFRS 9 had been introduced at the beginning of 2017, the additional reserves for credit losses for loans issued earlier would have been SEK 17 million, and the provisions for credit reserves would have been SEK 7 million higher in 2017

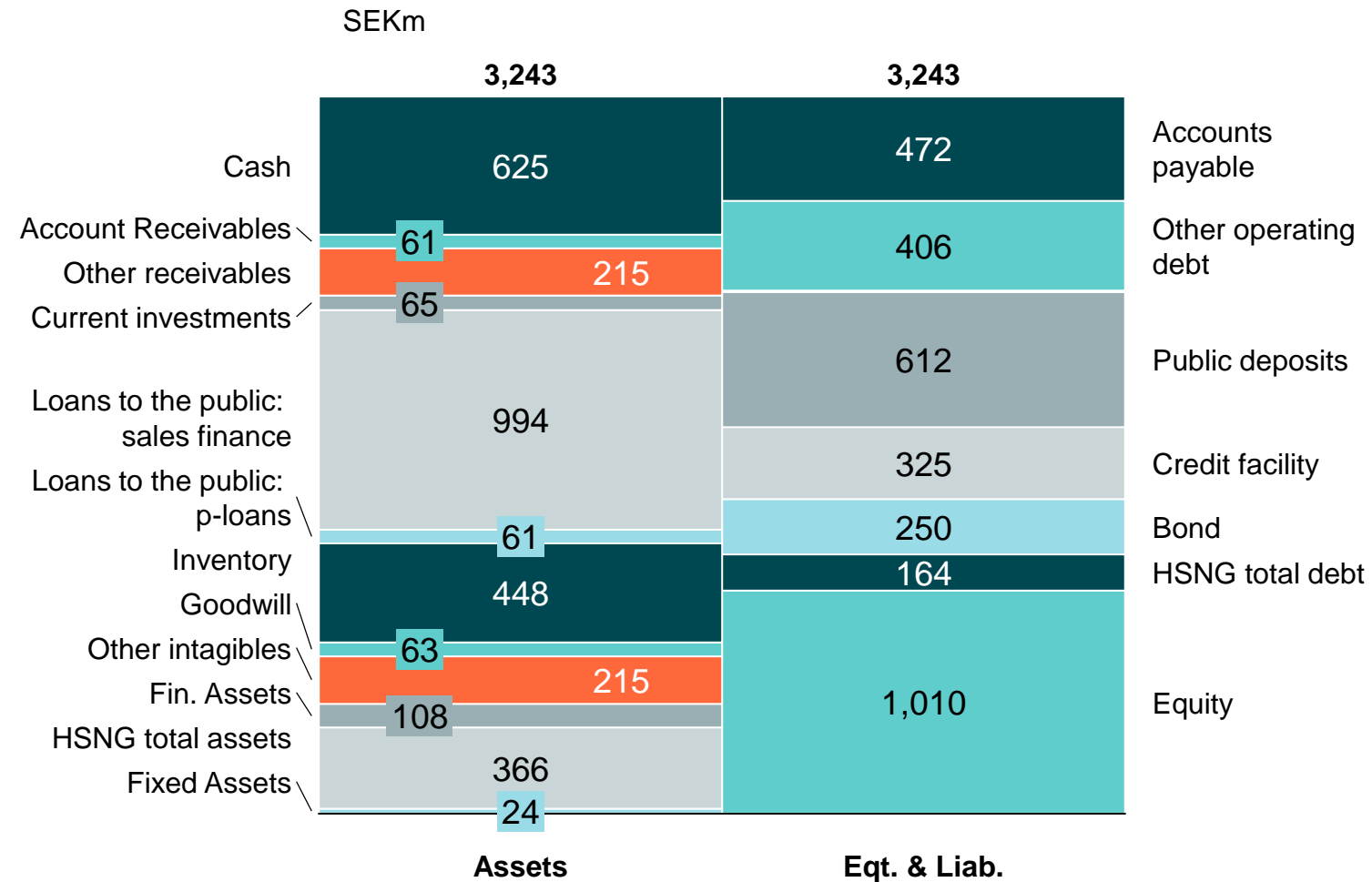
Cash continues to build up in the quarter

- E-commerce operations:
 - Operating activities SEK +42m
 - Net working capital decreased SEK 165m despite ramp-up of inventories due to increased operating liabilities
- Qliro Financial Services:
 - Operating activities SEK +12m
 - Loan book expansion mainly financed through increased public deposits (0.8% - 1.2% interest rate), in addition to increased credit facility
- SEK 625m in cash at end of quarter



Balance sheet support opportunities to invest

- E-commerce operation had SEK 304m in net cash (SEK 554m in liquid funds and SEK 250m in outstanding bonds)
- Qliro Financial Services Swedish loan book mainly funded by public deposits into savings accounts
- Bank credit facility used to finance loan book denominated in other Nordic currencies
- Inventory levels higher than last year. Better suited to support future sales growth
- HSNG treated as assets/liabilities held for sale
- Sales proceeds from HSNG provide further SEK 370m
- Diversified financing supports opportunities to invest



Summary

Marcus Lindqvist, CEO



Leading platform for full service digital commerce

On the right track to meet financial targets

Achieved

- Good growth and increased gross profit in all business areas
- Envisioned foundation reached after divestments
- Diversified financing and strengthened balance sheet
- Well-positioned for accelerated growth and profitability

Focus

- Operational excellence, continued investments and leveraging data
- CDON Marketplace – continues growth with increased efficiency
- Nelly – well-positioned for accelerated growth
- Qliro Financial Services – ready for loan book expansion and strengthening of product offering

THANK YOU

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