

Third Quarter and First Nine Months 2014

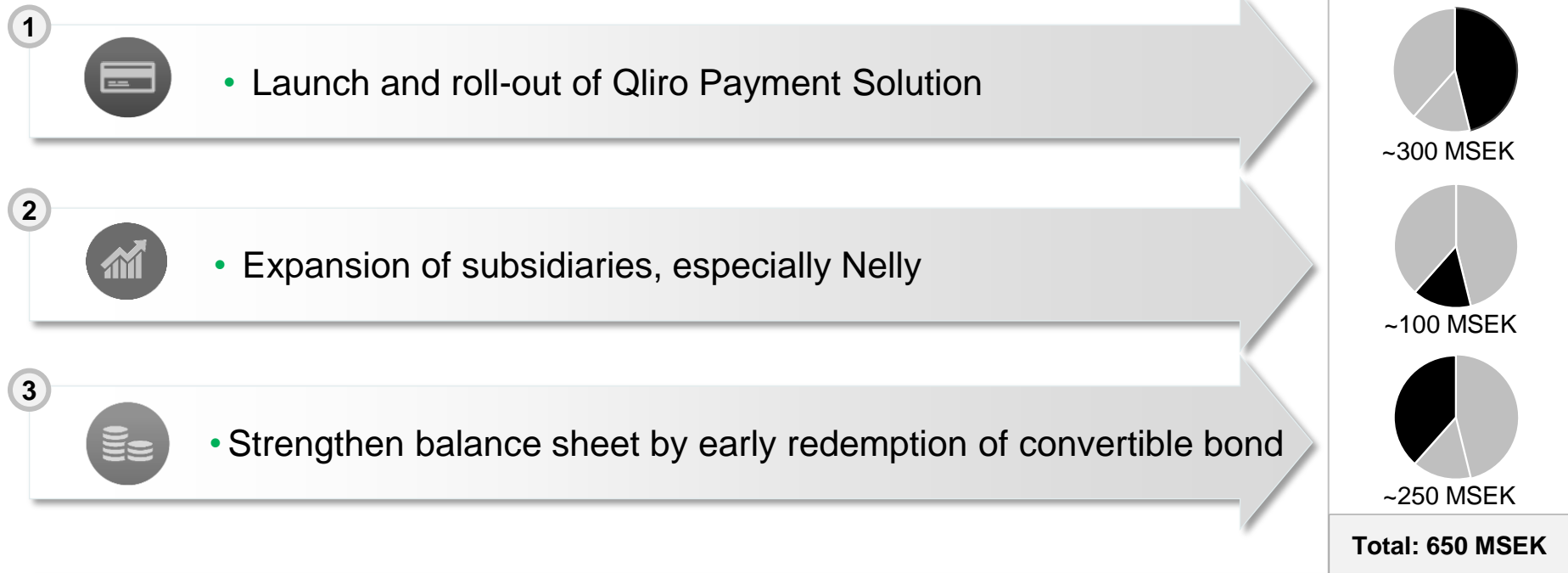


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Change of Group name

Qliro Group

Rights issue of SEK 650 million¹ to capture growth opportunities



- New transparent financial reporting
- New long-term financial targets per company substituting former targets for the Group
- The Board of CDON Group/Qliro Group has decided on a rights issue of SEK **650 million**¹ to existing shareholders
- Fully committed and underwritten by Kinnevik and expected to be completed before year end 2014

Highlights

- Sales growth of 21% and a positive operating profit in Q3
- All segments showed sales growth
- Strong growth of 30% within Nelly in Q3
- Launch of Qliro pilot test on Tretti.se
- Launch of Gymsector.com EU-site

FINANCIALS

Income Statement

- Net sales, excluding divested operations were up 21%.
- Gross margin amounted to 13.5% (12.6%).
- Operating profit (EBIT), adjusted for divested operations and non-recurring items, improved, amounting to SEK 1.5 (-17.2) million for the quarter.
- The Group's financial net amounted to SEK -8.1 (-6.3) million for the quarter.
- Tax income of SEK 1.9 (3.2) million.

Excluding divested entities

(SEK million)	2014 Q3	2013 Q3	2014 Jan-Sep	2013 Jan-Sep
Net Sales	1,121.2	928.8	3,317.2	2,888.1
Gross profit	151.5	117.0	502.6	413.4
<i>Gross margin (%)</i>	13.5%	12.6%	15.2%	14.3%
EBITDA	8.3	-12.1	19.4	-10.5
<i>EBITDA margin (%)</i>	0.7%	-1.3%	0.6%	-0.4%
EBIT	1.5	-17.2	0.6	-25.3
<i>EBIT margin (%)</i>	0.1%	-1.9%	0.0%	-0.9%

Including divested entities

EBIT	1.6	-17.9	36.6	-74.6
Financial Net	-8.1	-6.3	-18.1	-28.0
Income before tax	-6.6	-24.3	18.5	-102.6
Net income	-4.7	-21.1	12.3	-83.1
Basic earnings per share (SEK)	-0.05	-0.21	0.11	-1.03
Diluted earnings per share	-0.05	-0.21	0.11	-1.03

Cash Flow

- Cash flow from operating activities improved to SEK 4.3 (-15.2) million.
- Cash flow from operations decreased to SEK -97.7 (14.6) million, primarily attributable to a higher outflow relating to stockpiling ahead of the fourth quarter.
- Cash flow from operations in the first nine months improved by SEK 84 million.
- Cash flow from investing activities in Q3 amounted to SEK -24.2 (-11.4) million.
- Cash flow from financing activities amounted to SEK -6.5 (-166.2) million.

(SEK million)	2014 Q3	2013 Q3	2014 Jan-Sep	2013 Jan-Sep
Cash flow from operating activities	4.3	-15.2	9.6	-83.6
Changes in working capital	-102.0	29.8	-202.7	-193.0
Cash flow from operations	-97.7	14.6	-193.1	-276.6
Cash flow from/to investing activities	-24.2	-11.4	11.4	-21.3
Cash flow from/to financing activities	-6.5	-166.2	-6.5	336.0
Change in cash and cash equivalents for the period	-128.4	-163.0	-188.2	38.2
Cash and cash equivalents at the period's start	230.1	327.2	288.9	126.1
Translation difference	0.7	-0.5	1.8	-0.5
Cash and cash equivalents at the period's end	102.4	163.8	102.4	163.8

Financial Position

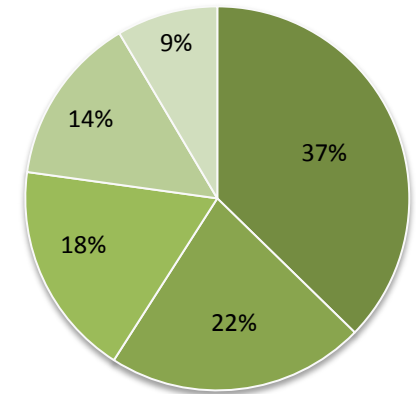
- Inventory levels increased by around 21% to SEK 689.3 (569.5) million
- Cash and cash equivalents decreased by SEK 128.4 million in Q3, from SEK 230.1 million to SEK 102.4 (163.8) million
- Total consolidated assets increased by around 7% to SEK 1,748.9 (1,627.4) million.
- At the end of the quarter, the Group had a net debt position of SEK 136.1 (65.6) million, made up of cash and cash equivalents of SEK 102.4 million and the convertible bond with a book value of SEK 238.5 million.

	2014	2013
(SEK million)	30-Sep	30-Sep
Total non-current assets	767.8	723.2
Inventories	689.3	569.5
Total receivables	189.4	170.9
Cash and cash equivalents	102.4	163.8
Total assets	1,748.9	1,627.4
Total equity	698.9	673.3
Interest bearing liabilities	238.5	244.4
Non-interest bearing liabilities	811.4	709.6
Total equity and liabilities	1,748.9	1,627.4

New financial reporting and segments

- In order to improve disclosure in the reporting, a number of new key ratios will be reported from the third quarter.
- Additionally, the segment reporting is changed due to the new strategy.
- CDON.com and Lekmer will from now on be reported as separate segments. CDON.com and Lekmer previously formed the Entertainment segment.
- The names of the Fashion- and Sports & Health-segments are changed to Nelly and Gymgrossisten respectively.
- The former Home & Garden-segment is renamed to Tretti, and comprises only Tretti after the divestment of Rum21 AB's operations.

Segment sales distribution



■ CDON ■ Nelly ■ Gymgrossisten ■ Tretti ■ Lekmer

CDON

CDON.COM

Nelly

NELLY.COM

NLY MAN



Gymgrossisten

GYM GROSSISTEN.COM

BODYSTORE.COM

MILEBREAKER.COM

Tretti

tretti.se

Lekmer



BUSINESS SEGMENTS




Nelly

- Sales increased by 30% in the third quarter.
- Product margin of 47%.
- Sales of private label products accounted for 30% of total sales.
- Profitable in Sweden and Nordics.
- Operating profit (EBIT) continued to improve.
- Launch of new site and logotype.

	NLY MAN		NELLY.COM		M	
	Q3 14	Q3 13	Growth	YTD 14	YTD 13	Growth
Net sales (SEK million)	244.2	187.8	30%	758.3	632.1	20%
EBITDA (SEK million)	-4.0	-6.6		-9.2	-18.6	
EBITDA margin (%)	-1.6%	-3.5%		-1.2%	-2.9%	
EBIT (SEK million)	-5.3	-7.1		-12.4	-19.9	
EBIT margin (%)	-2.2%	-3.8%		-1.6%	-3.2%	
Active customers (thousand)	1,101	957	15%	1,101	957	15%
Visits (thousand)	29,327	21,848	34%	94,676	79,624	19%
Orders (thousand)	588	407	44%	1,858	1,391	34%
AOV (SEK)	598	648	-8%	590	639	-8%

Gymgrossisten


- Sales increased by 20% in the third quarter.
- Sales of private label products accounted for 42% of total sales.
- Stable gross margin.
- Operating profit (EBIT) in the Nordics slightly better than last year.

	  					
	Q3 14	Q3 13	Growth	YTD 14	YTD 13	Growth
Net sales (SEK million)	203.6	169.0	20%	630.9	502.1	26%
EBITDA (SEK million)	17.0	15.9		54.1	49.0	
EBITDA margin (%)	8.3%	9.4%		8.6%	9.8%	
EBIT (SEK million)	16.2	14.8		51.8	46.3	
EBIT margin (%)	8.0%	8.8%		8.2%	9.2%	
Active customers (thousand)	505	418	21%	505	418	21%
Visits (thousand)	4,450	3,855	15%	15,076	12,772	18%
Orders (thousand)	268	209	28%	816	661	24%
AOV (SEK)	766	799	-4%	777	754	3%

Note: Adjusted for non-recurring items

Tretti

- Sales increased by 29% in the third quarter.
- Home & Garden category continues to grow.
- Operating profit (EBIT) rose in the third quarter as a result of increased sales volumes and improved gross margins.

						
	Q3 14	Q3 13	Growth	YTD 14	YTD 13	Growth
Net sales (SEK million)	160.3	124.6	29%	475.1	389.3	22%
EBITDA (SEK million)	1.5	0.8		4.3	1.6	
EBITDA margin (%)	1.0%	0.6%		0.9%	0.4%	
EBIT (SEK million)	0.8	-0.1		1.9	-1.3	
EBIT margin (%)	0.5%	-0.1%		0.4%	-0.3%	
Active customers (thousand)	237	219	8%	237	219	8%
Visits (thousand)	2,819	2,365	19%	8,553	7,109	20%
Orders (thousand)	73	61	20%	224	186	21%
AOV (SEK)	2,269	2,192	3%	2,211	2,189	1%

CDON.com


- Sales increased by 8% in the third quarter.
- Reported an operating result (EBIT) close to break even.
- Continued decline in sales of media products.
- 230 merchants have signed up for CDON.com Marketplace.

	CDON.COM					
	Q3 14	Q3 13	Growth	YTD 14	YTD 13	Growth
Net sales (SEK million)	418.7	386.8	8%	1,215.2	1,222.9	-1%
EBITDA (SEK million)	1.3	-7.3		-3.9	4.0	
EBITDA margin (%)	0.3%	-1.9%		-0.3%	0.3%	
EBIT (SEK million)	-0.8	-9.3		-9.7	-1.8	
EBIT margin (%)	-0.2%	-2.4%		-0.8%	-0.1%	
Active customers (thousand)	1,719	1,919	-10%	1,719	1,919	-10%
Visits (thousand)	17,485	19,171	-9%	54,629	60,125	-9%
Orders (thousand)	773	848	-9%	2,333	2,699	-14%
AOV (SEK)	539	454	19%	516	441	17%

Note: Adjusted for non-recurring items

Lekmer

- Sales increased by 58% in the third quarter.
- Preparations for Decembers sales including inventory build-up.
- Lekmer's operating profit (EBIT) improved during the quarter.

						
	Q3 14	Q3 13	Growth	YTD 14	YTD 13	Growth
Net sales (SEK million)	95.6	60.6	58%	240.7	147.8	63%
EBITDA (SEK million)	-1.0	-3.4		-8.4	-7.1	
EBITDA margin (%)	-1.1%	-5.7%		-3.5%	-4.8%	
EBIT (SEK million)	-1.5	-3.7		-9.7	-7.8	
EBIT margin (%)	-1.6%	-6.1%		-4.0%	-5.3%	
Active customers (thousand)	357	260	37%	357	260	37%
Visits (thousand)	5,564	3,996	39%	14,540	10,472	39%
Orders (thousand)	153	105	46%	393	264	49%
AOV (SEK)	640	575	11%	623	554	12%

Forward looking statement

- Deliver balanced sales growth and increased market shares, especially in Nelly and Gymgrossisten.
- Qliro Payment Solution will be reported in the new segment Qliro Financial Services as of Q4 2014. Due to the large volumes during the fourth quarter Qliro Financial Services is expected to report a negative operating result of SEK 10-15 million in Q4 2014.
- Warehouse consolidation within CDON.com started in Q4 and will gradually be carried out during 12 months. Investments expected to amount to SEK 10-15 million.
- CDON Group has agreed to redeem the convertible bond in December 2014 for approximately SEK 250 million, subject to completion of the rights issue.
- Fully guaranteed rights issue is expected to be completed during Q4 2014.
- Change of Group name to Qliro Group subject to EGM approval.

THANK YOU!

Next report: 28 January 2015



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