

# Third Quarter 2016

October 20, 2016



**CDON.COM**

**BODYSTORE.COM**

**GYM GROSSISTEN.COM**  
For Athletes. By Athletes

**MILEBREAKER.COM**

**FITNESS  
MARKET** | NORDIC

**NLY MAN**

**NELLY.COM**

**MEMBERS.COM**

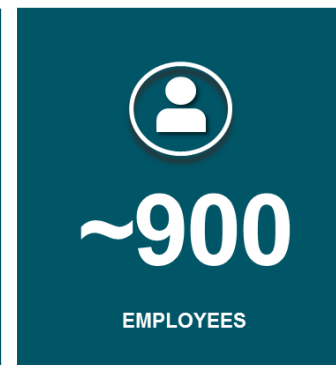
**Qliro**

**Qliro Group**

# Highlights

Third quarter and first nine months 2016

- Gross margin increased by 3 percentage points
- Qliro Financial Services operating revenue grew strongly with 113% and profit before tax reached break-even in the quarter
- Nelly significantly improved operating income with SEK 10m for the quarter and with SEK 19m for the first 9 months
- Gymgrossisten continued to deliver solid profit. Higher product margin off-set slightly lower sales
- CDON Marketplace grew external merchant sales by 75%
- Lekmer operate in attractive segment, but remain challenged. Management team strengthened and projects initiated to address operational efficiency
- Sale of Tretti completed
- Strategic review initiated to be concluded by year-end



# **BUSINESS SEGMENTS**

Marcus Lindqvist, CEO

# CDON Marketplace

Third quarter and first nine months 2016



	Q3 16	Q3 15	Growth	YTD 16	YTD 15	Growth
GMV, external, SEKm <sup>1</sup>	<b>84.3</b>	48.1	75%	<b>194.5</b>	135.0	44%
Total GMV, SEKm <sup>1</sup>	<b>410.5</b>	430.5	-5%	<b>1,269.9</b>	1,271.4	0%
Net Sales, SEKm	<b>333.4</b>	386.6	-14%	<b>1,093.3</b>	1,146.7	-5%
EBITDA, SEKm <sup>2</sup>	<b>-4.7</b>	1.2		<b>-18.3</b>	0.4	
EBITDA margin <sup>2</sup>	<b>-1.4%</b>	0.3%		<b>-1.7%</b>	0.0%	
EBIT, SEKm <sup>2</sup>	<b>-10.0</b>	-1.3		<b>-31.6</b>	-6.3	
EBIT margin <sup>2</sup>	<b>-3.0%</b>	-0.3%		<b>-2.9%</b>	-0.6%	
Active customers, '000 <sup>3</sup>	<b>1,699</b>	1,723	-1%	<b>1,699</b>	1,723	-1%
Visits, '000	<b>17,289</b>	18,830	-8%	<b>53,858</b>	55,530	-3%
Orders, '000	<b>671</b>	726	-8%	<b>2,125</b>	2,214	-4%
AOV, SEK	<b>613</b>	594	3%	<b>600</b>	575	4%

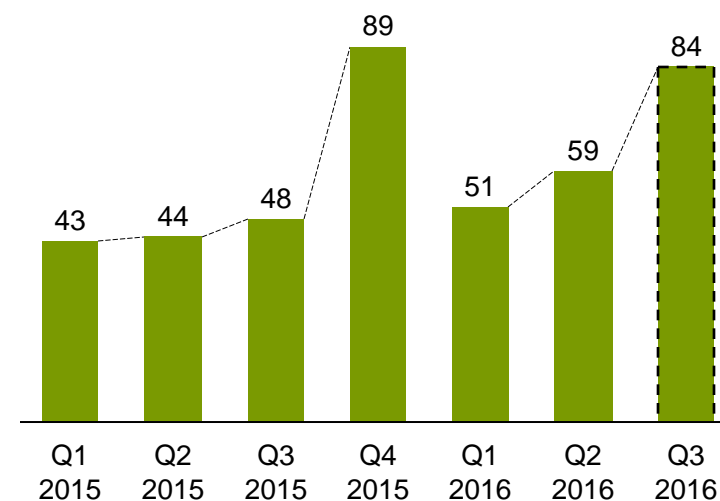
<sup>1</sup>Commission income is replaced with gross merchandise value from external merchants

<sup>2</sup>Excluding items affecting comparability

<sup>3</sup>Past twelve months

- Marketplace external merchant sales up 75%
- Adlibris partnership launched, affecting net sales negatively while external GMV positively as well as reducing inventory levels

**GMV external merchants**  
Development, 2015-2016



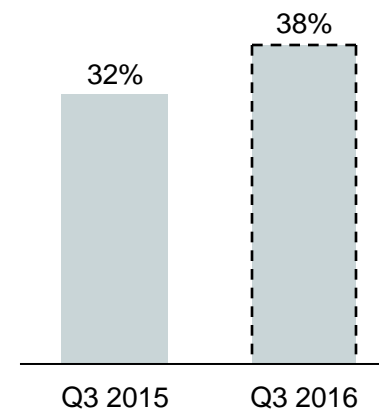
	Q3 16	Q3 15	Growth	YTD 16	YTD 15	Growth
Net Sales, SEKm	252.5	246.5	2%	851.5	838.6	2%
EBITDA, SEKm	7.0	-7.4		20.6	-9.9	
EBITDA-margin	2.8%	-3.0%		2.4%	-1.2%	
EBIT, SEKm <sup>1</sup>	1.0	-9.4		3.9	-15.4	
EBIT-margin <sup>1</sup>	0.4%	-3.8%		0.5%	-1.8%	
Active customers, '000 <sup>2</sup>	1,157	1,261	-8%	1,157	1,261	-8%
Visits, '000	21,695	27,186	-20%	76,817	99,316	-23%
Orders, '000	527	545	-3%	1,898	1,963	-3%
AOV, SEK	696	646	8%	650	616	5%

<sup>1</sup>Excluding items affecting comparability

<sup>2</sup>Past twelve months

- Sales up 2% in the quarter
- Sales in core Nordic market increased by 6%
- Significant Ebit improvement
- Increased private label sales and an improved assortment strategy
- Product margin improved to 44%

Share of private label  
Q3 2015 vs. Q3 2016



# Gymgrossisten

Third quarter and first nine months 2016



	Q3 16	Q3 15	Growth	YTD 16	YTD 15	Growth
Net Sales, SEKm	192.8	197.1	-2%	609.7	648.5	-6%
EBITDA, SEKm <sup>1</sup>	13.3	13.3		44.1	44.4	
EBITDA margin, % <sup>1</sup>	6.9%	6.8%		7.2%	6.9%	
EBIT, SEKm <sup>1</sup>	12.4	12.6		41.6	42.1	
EBIT margin, % <sup>1</sup>	6.4%	6.4%		6.8%	6.5%	
Active customers, '000 <sup>2</sup>	574	563	2%	574	563	2%
Visits, '000	5 310	5,343	-1%	17,713	17,914	-1%
Orders, '000	282	261	8%	882	872	1%
AOV, SEK	691	760	-9%	697	748	-7%

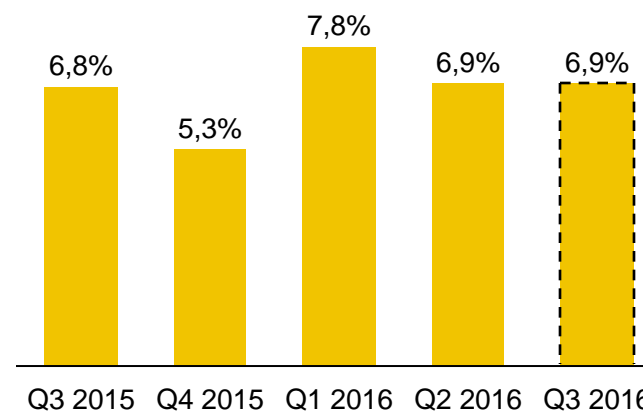
<sup>1</sup>Excluding items affecting comparability

<sup>2</sup>Past twelve months

- Higher product margin compensated for slightly lower sales
- Increased Ebitda margin compared to last year
- Bodystore, which focuses on health foods, continued its strong growth and performed well in the quarter

## EBITDA margin

Development, Q3 2015 – Q3 2016





	Q3 16	Q3 15	Growth	YTD 16	YTD 15	Growth
<b>Net Sales, SEKm</b>	<b>89.0</b>	86.6	3%	<b>276.3</b>	278.7	-1%
<b>EBITDA, SEKm <sup>1</sup></b>	<b>-22.2</b>	-12.5		<b>-53.8</b>	-18.3	
<b>EBITDA margin, % <sup>1</sup></b>	<b>-25.0%</b>	-14.4%		<b>-19.5%</b>	-6.6%	
<b>EBIT, SEKm <sup>1</sup></b>	<b>-22.9</b>	-12.9		<b>-55.7</b>	-19.6	
<b>EBIT margin, % <sup>1</sup></b>	<b>-25.7%</b>	-14.9%		<b>-20.1%</b>	-7.0%	
<b>Active customers, '000 <sup>2</sup></b>	<b>415</b>	438	-5%	<b>415</b>	438	-5%
<b>Visits, '000</b>	<b>6,257</b>	6,331	-1%	<b>18,542</b>	18,337	1%
<b>Orders, '000</b>	<b>148</b>	166	-11%	<b>464</b>	494	-6%
<b>AOV, SEK</b>	<b>622</b>	546	14%	<b>613</b>	584	5%

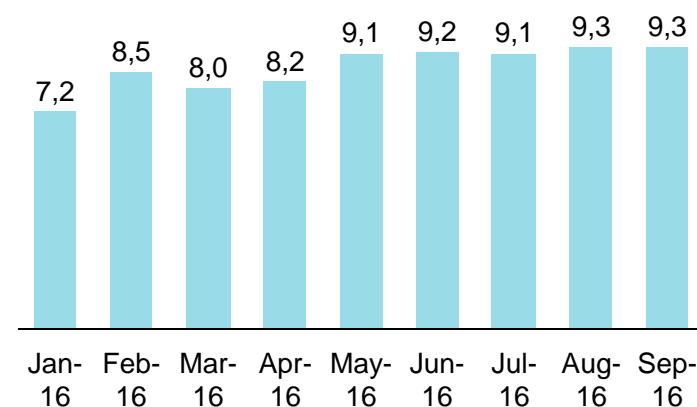
<sup>1</sup>Excluding items affecting comparability

<sup>2</sup>Past twelve months

- Q3 sales up 3% in the quarter compared to last year
- Average shopping basket grew by 14%
- Regained good delivery quality and high customer ratings
- Business remain unprofitable although operating in attractive market segment
- Focus on operational efficiency
- Strengthened management team

## Customer satisfaction

Monthly average rating on prisjakt.se (out of 10)



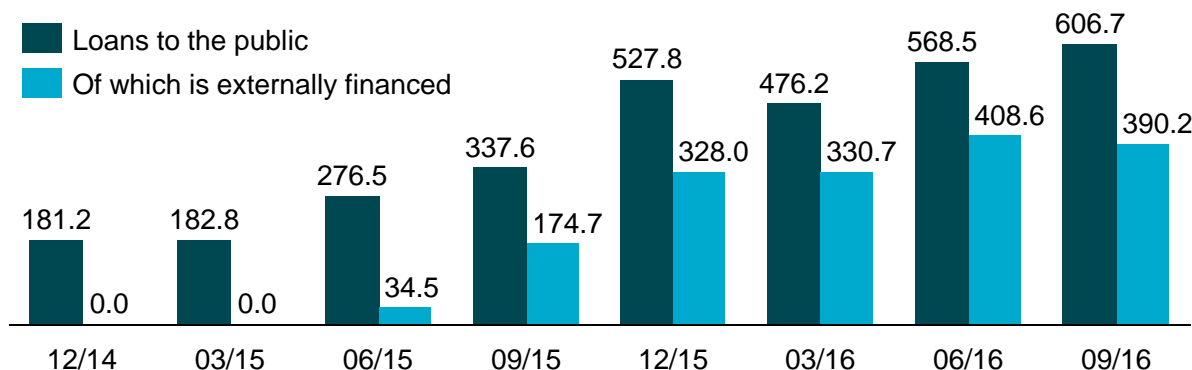
# Qliro Financial Services

Third quarter and first nine months 2016



	Q3 16	Q3 15	Growth	YTD 16	YTD 15	Growth
<b>EBTDA, SEKm</b>	<b>4.5</b>	-4.9		<b>1.3</b>	-25.2	
<b>EBT, SEKm</b>	<b>0.0</b>	-6.6		<b>-8.9</b>	-30.3	
<b>Loans to the public, SEKm</b>	<b>606.7</b>	337.9		<b>606.7</b>	337.9	
<b>Business volume, SEKm</b>	<b>694</b>	612	14%	<b>2,113</b>	1,643	29%
<b>Orders, '000</b>	<b>764</b>	737	4%	<b>2,384</b>	2,007	19%
<b>Average shopping basket, SEK</b>	<b>909</b>	830	9%	<b>886</b>	819	8%

- Total operating income up by 113% in Q3 and 125% during first nine months
- Earnings continuously improving, reached break-even before tax in the quarter
- Qliro One launched in Q3, to be rolled out further in Q4 and beginning of 2017
- Loans to the public amounted to 606.7 MSEK at the end of September
- Product development continuing
- New credit facility in place to support further expansion of the loan book during the upcoming peak season



## Selection of merchants

LYKO  
HIGHLIGHT YOURSELF

JOY

NELLY.COM

HOBEX

BANGERHEAD

Designorget

Buildor.se  
- Mer hygien för pengarna

ODDENSE

BODYSTORE.COM



# FINANCIALS

Mathias Pedersen, CFO

# Income Statement

Third quarter and first nine months 2016

- Net sales for the quarter slightly lower than last year
- Gross margin improved 3 percentage points to 17.8%
- Ebitda improved to SEK -12.7 million
- More conservative approach to capitalization of development expenditures and inventory management affected result with SEK -20m, treated as items affecting comparability
- Tax income of SEK 9.6 million as a result of capitalized loss carry forward

(SEK million)	2016 Q3	2015 Q3	2016 Jan-Sep	2015 Jan-Sep
<b>Excluding discontinued operations and items affecting comparability</b>				
Net sales	917.1	930.3	2945.1	2943.0
Gross profit	163.1	137.8	501.4	462.7
<i>Gross margin</i>	<b>17.8%</b>	14.8%	<b>17.0%</b>	15.7%
Operating income before depreciation and amortization (Ebitda)	-12.7	-18.5	-30.0	-34.2
<i>Operating margin before depreciation and amortization (%)</i>	<b>-1.4%</b>	-2.0%	<b>-1.0%</b>	-1.2%
Operating income (Ebit)	-31.8	-28.3	-76.8	-60.9
<i>Operating margin (%)</i>	<b>-3.5%</b>	-3.0%	<b>-2.6%</b>	-2.1%
<b>Including items affecting comparability</b>				
Operating income (Ebit)	-51.9	-41.2	-112.1	-91.8
Financial Net	-3.0	-0.3	-7.0	-3.4
Income before tax	-54.8	-41.5	-119.2	-95.3
Net income for continuing operations	-45.2	-32.0	-95.8	-73.0
Discontinued operations, earnings effect	-0.6	0.0	-110.6	0.8
Earnings per share, incl. discontinued operations (SEK)	<b>-0.31</b>	-0.21	<b>-1.38</b>	-0.48

# Cash Flow

Third quarter and first nine months 2016

- Sale of Tretti brought approximately SEK 190m in net cash
- Expanded loan book for Qliro Financial Services with lower gearing
- Continued capitalization of development cost in Qliro Financial Services
- Changes in working capital related to increased inventory levels during the quarter
- Cash and cash equivalents at end of September amounted to SEK 181 million

(SEK million)	2016 Q3	2015 Q3	2016 Jan-Sep	2015 Jan-Sep
Cash flow from operating activities	-19.5	-34.4	-61.5	-72.5
Changes in working capital	-51.3	-15.7	-197.8	-147.2
Cash flow from operations	-70.8	-50.1	-259.4	-219.7
Cash flow to investing activities	-24.2	-27.9	-63.3	-80.4
Investments in subsidiaries	-0.7	0.0	-0.7	-0.5
Acquisitions/disposals of operations	250.0	0.0	250.0	0.0
Changes in QFS's loans to the public	-38.3	-61.2	-78.9	-156.5
Changes in QFS's financing	-20.8	140.2	56.8	174.7
Other financing activities	-33.0	0.0	-33.0	0.0
Cash flow from discontinued operations	21.9	-22.4	35.3	-1.0
Change in cash and cash equivalents for the period	84.1	-21.4	-93.3	-283.3
Cash and cash equivalents at the period's start	144.9	271.6	324.2	534.0
Translation difference	0.6	-1.0	1.6	-1.5
Less cash from discontinued operations	-48.7	-	-51.6	-
Cash and cash equivalents at the period's end	180.9	249.1	180.9	249.1

# Financial Position

Third quarter and first nine months 2016

- Tretti deconsolidated
- Reduced inventory levels
- Continued loan book expansion in Qliro Financial Services according to plan
- Increased financing for Qliro Financial Services secured through the peak sales season

(SEK million)	2016 30-sep	2015 30-sep
Total non-current assets	622.6	864.1
Inventories	569.9	691.0
Loans to the public in QFS	606.7	337.6
Non-interest bearing receivables	91.6	149.1
Cash & cash equivalents	180.9	249.1
<b>Total assets</b>	<b>2 071.8</b>	<b>2 290.9</b>
Total Equity	1 005.0	1 240.5
Interest bearing liabilities (QFS)	390.2	174.7
Non-interest bearing liabilities	676.6	875.7
<b>Total equity and liabilities</b>	<b>2 071.8</b>	<b>2 290.9</b>

# SUMMARY

Marcus Lindqvist, CEO

# Forward Looking Statement

Third quarter and first nine months 2016

- Strategy review initiated, as well as a review of operational structure. To be completed by year-end
- Qliro Group will review and define new operational and financial targets
- Current target is to grow with or above that of the market for each segment
- Lekmer reported sales growth in the third quarter compared to the same period last year. Ebitda, however, did not improve compared to the second quarter 2016, nor is it expected to be positive in the fourth quarter 2016. Lekmer's operations are being evaluated as part of the group's ongoing operational review
- Qliro Financial Services earnings expectations unchanged
- During 2016, we expect the same seasonality pattern as in 2015, which means that the result within Qliro Financial Services is expected to gradually improve

# Thank you!

Next report: 25<sup>th</sup> January 2017

 nasdaq symbol QLRO

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