



Qliro Group

Third Quarter, 2017
October 18, 2017



CDON.COM

Qliro

NELLY.COM
NLY MAN

HSTG

Highlights – Third Quarter 2017

Key highlights

- Net sales increased 5.5 percent
- Gross margin increased 5.6 percentage points to 23.6 percent
- Operating earnings amounted to SEK 3.4m (-30.9)
- Several steps taken in line with 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 improved cashflow

Strategic direction

THREE CORE BUSINESS AREAS



Marketplace

CDON.COM



Fashion

NELLY.COM
NLY MAN



Financial Services

Qliro



Focus

Build on our leading Nordic marketplace

Leverage our position in online Nordic fashion

Extend our offering of financial services

Focus on cash flow and pursue strategic alternatives

Recap – Qliro Group business model

CDON Marketplace, Nelly and Qliro work together

Consumers

3.5 million customers

- A fifth of the relevant Nordic population
- Customer insights through data since 1999

Digital Commerce

7.3 million orders

- CDON Marketplace geared to grow volumes
- Nelly profitable growth with loyal fans
- External merchants using Qliro

Check Out

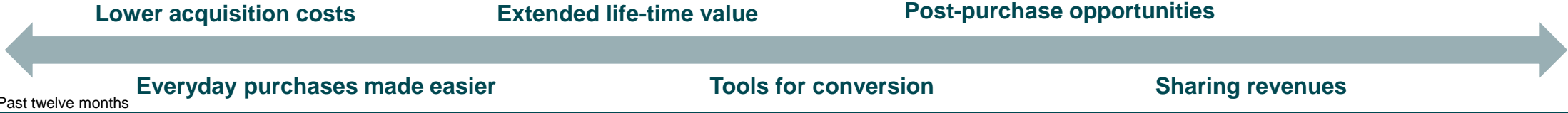
4.0 million Qliro transactions

- High conversion check-out with all payment options
- Qliro extends the relation through consumer credits, Buy Now Pay Later, Invoice and Accounts

Financial Services

>1 million Qliro consumers

- Loan book, SEK 827 million
- Savings, SEK 445 million
- Private loans, just launched
- Accounts, driver for long-term relations



Business Areas

Marcus Lindqvist, CEO

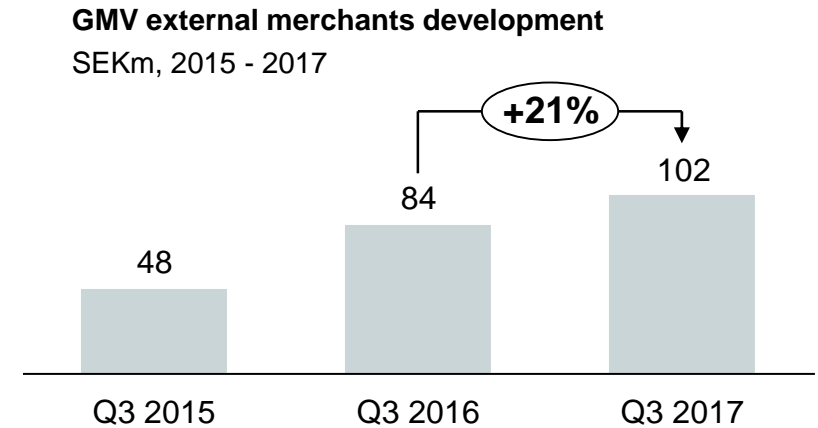


CDON Marketplace secures and strengthens position

Growth in CDON Marketplace provides scale to the whole group and is important to strengthen its leading position in the Nordics

	Q3 17	Q3 16	Change
GMV external, SEKm	101.9	84.3	21%
Total GMV, SEKm	445.4	410.5	8%
Net Sales, SEKm	353.5	333.4	6%
Ebitda, SEKm	-12.2	-4.7	
Ebitda margin	-3.4%	-1.4%	
Ebit, SEKm	-16.3	-17.0	
Ebit margin	-4.6%	-5.1%	

- Driving sales for external merchants, as their business grew 21 percent
- Consumers appreciate the marketplace, visits grew 6 percent and the average order value 8 percent
- Total Gross Merchandise Value grew 8 percent, long-term financial target 10 percent
- Net sales grew 6 percent, driven by own sales and commission from merchants
- Building technology and marketing, long-term important and a negative impact on Ebitda (SEK -12.2m in Q3)

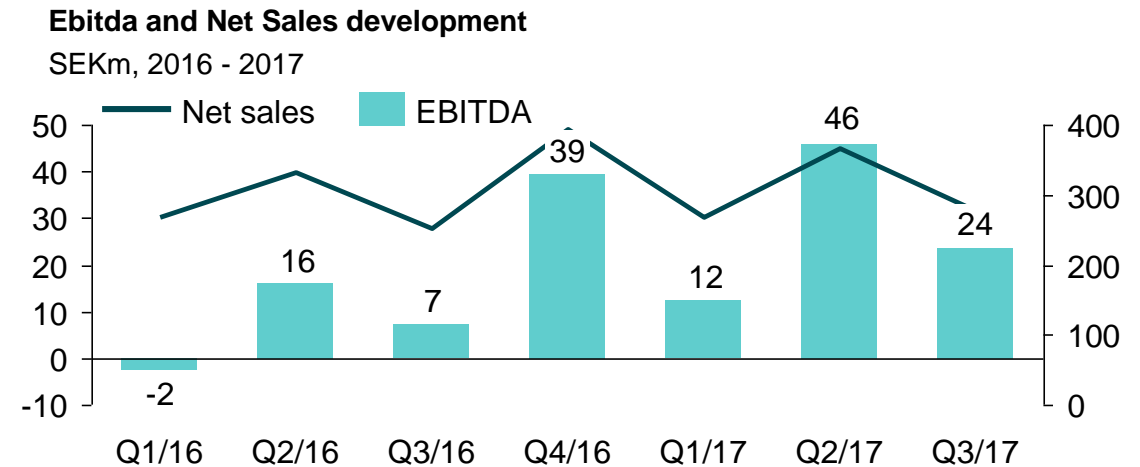


Nelly improved sales and earnings

Continues to develop own brands and digital marketing to benefit from position as one of the top online fashion brands in the Nordics

	Q3 17	Q3 16	Change
Net Sales, SEKm	277.5	252.5	10%
Ebitda, SEKm	23.7	7.0	238%
Ebitda margin	8.5%	2.8%	
Ebit, SEKm	18.2	-3.1	
Ebit margin	6.6%	-1.2%	

- Growth every year since 2007 and profitable six last quarters
- Sales increased 10 percent, driven by own brands and social media marketing
- Ebitda increased SEK 17m to SEK 24m
- Substantially improved Ebitda margin to 8.5 percent (6.5 excluding Members)
- Divestment of Members.com completed, adding SEK 5.8m to Ebitda
- Product margin increased to 53 percent (41 percent), following limited discounts



Qliro Financial Services expands offering

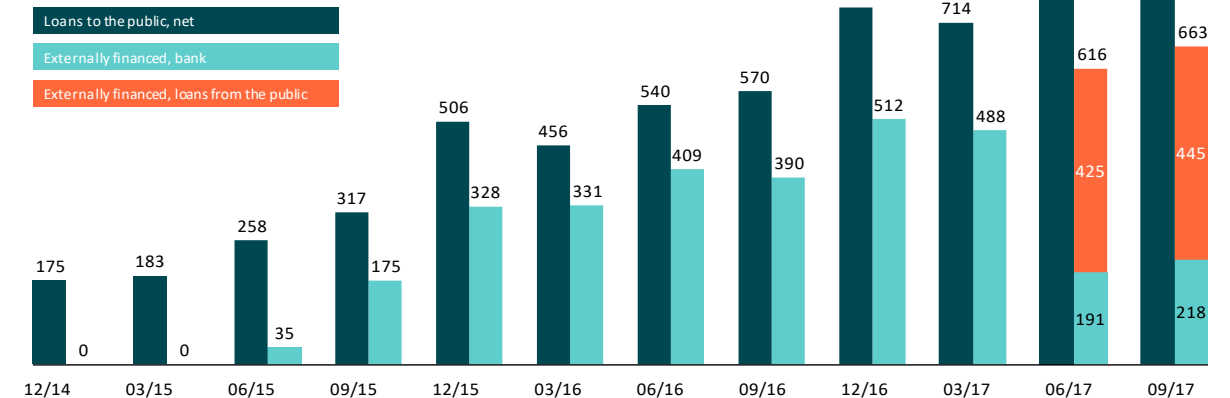
Leveraging on e-commerce volumes, Qliro Financial Services extends the group's position in value chain with financial services

	Q3 17	Q3 16	Change
Total operating income	56.3	43.9	28%
Total operating expenses	-47.0	-32.5	45%
Net credit losses	-5.6	-11.4	-51%
Operating profit	3.6	0.0	
Operating profit before depreciation	11.1	4.5	

- Total operating income grew 28 percent, driven by increased loans to the public
- Operating profit before depreciation increased to SEK 11.1m (SEK 4.5m)
- Business volume increased 22 percent and amounted to SEK 848m
- Continued rapid recruitment and tech-dev, increased personnel costs SEK 6m
- Gradual introduction of private loans in Sweden

Net lending

SEKm, 2014 - 2017



Health and Sports Nutrition Group grew cash flow

HSNG focuses on cash flow, profit and pursuit of strategic alternatives

	Q3 17	Q3 16	Change
Net Sales, SEKm	183.0	192.8	-5%
Ebitda, SEKm	9.2	13.3	-31%
Ebitda margin, %	5.0%	6.9%	
Ebit, SEKm	7.9	12.4	-37%
Ebit margin, %	4.3%	6.4%	

- Two-folded strategy based on optimizing the product portfolio of own brands and the omni channel approach to reach athletes before, during and after training
- Net sales declined 5 percent during the quarter
- Growth in new ventures, Bodystore and Fitness Market Nordics
- Increased distribution with ICA and Coop adding 14 new listings of products
- In line with strategy, focused on cashflow which increased to SEK 14.7m (6.5m)
- 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

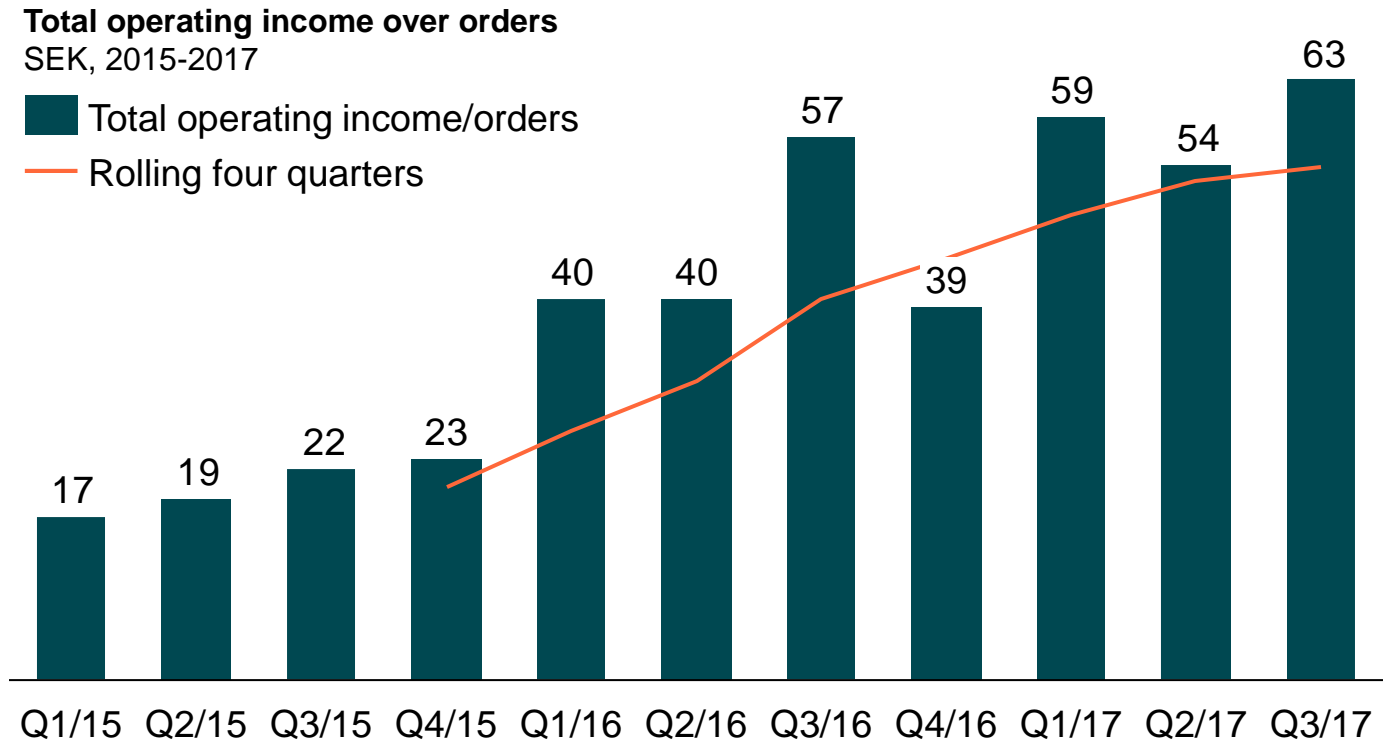
Mathias Pedersen, CFO



Leveraging E-commerce transactions in Qliro Financial Services

Transactions drive loan book growth and provide a foundation for new services

- Over time Qliro Financial Services has increased its total operating income per transaction
- An e-commerce transaction made in one quarter generates income in several following quarters and provides an opportunity to add further services
- Extending the relationship post purchase increases customer lifetime value



Cash flow mainly affected by seasonal inventory build-up

Preparing for seasonal peaks

- Inventory build-up in anticipation of Black Friday and Christmas increased e-commerce working capital
- For QFS, positive cash flow reflected a combination of increased lending to the public, met by increase deposits from the public and increased use of credit facilities
- Continued investment in Financial services with CapEx of SEK 16m and SEK 12m in E-commerce
- SEK 434m in liquid funds at end of quarter

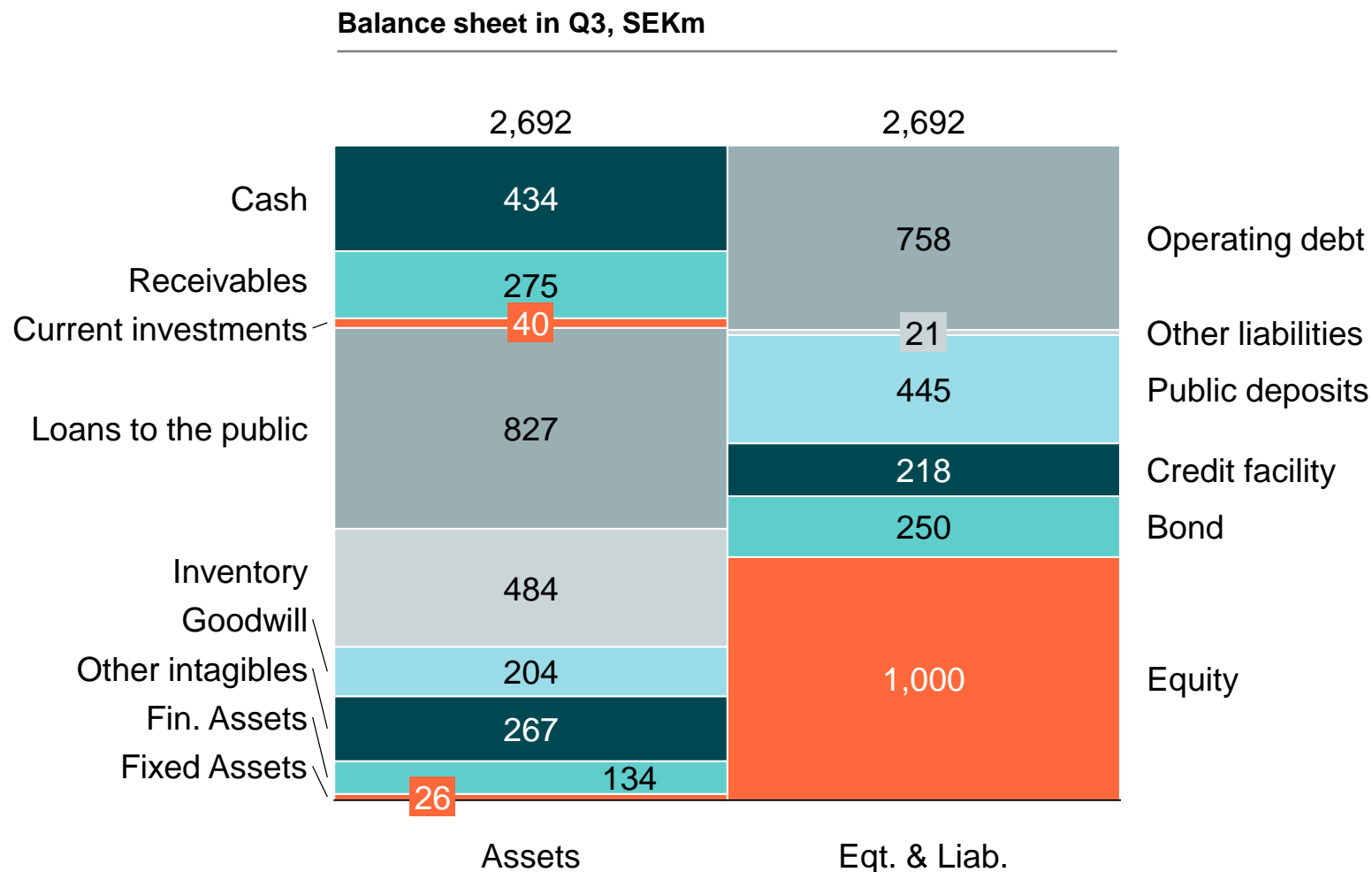
Cash flow in Q3, SEKm



Diversified capital structure

Financially well positioned to execute on strategy

- Financing diversified through senior unsecured bond, public deposits and bank credit facility
- SEK 445m deposited into savings accounts in Qliro Financial Services to fund lending in Swedish kronor
- Bank credit facility used to finance loan book denominated in other Nordic currencies
- Excluding Qliro Financial Services the group had SEK 112m in net cash



Summary

Marcus Lindqvist, CEO



A leading position in the Nordics

- 1 CDON Marketplace established as a leading marketplace in the Nordics
- 2 Nelly improved profitability and is geared for growth
- 3 Qliro Financial Services takes advantage of business volumes and expands offering
- 4 Qliro Group well-positioned and financed to leverage scale and offering

THANK YOU

Next report released January 31

 nasdaq symbol **QLRO**

 follow us on twitter **@qlirogroup**

Qliro Group AB (publ.)
Box 195 25
SE-104 32 Stockholm
+46 (0)10 703 20 00
office@qlirogroup.com

Qliro
Group