

Kid ASA

17 February 2021

**Q4 2020**

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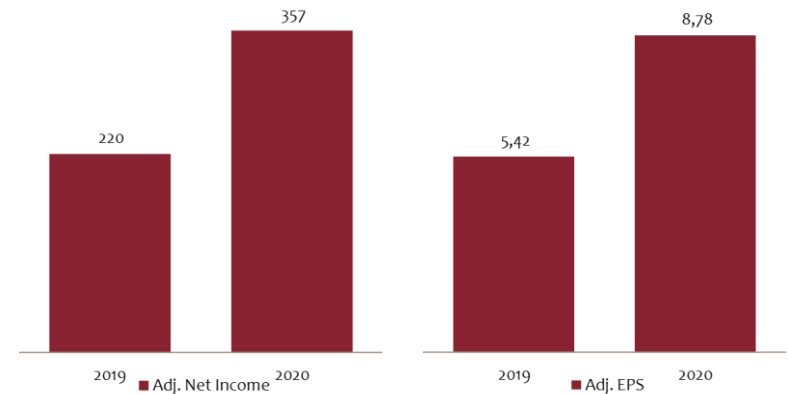
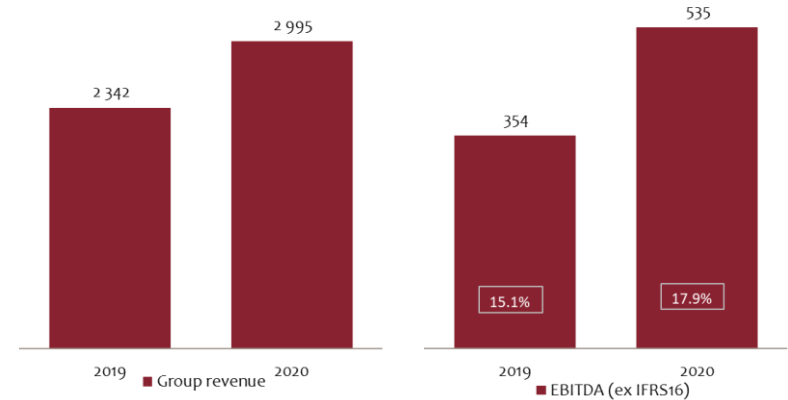
# Financial fourth quarter in brief

- Solid financial quarter with record quarterly EBITDA!
- Group revenues increased by 6.6%<sup>1</sup> and LFL growth was 7.4%<sup>1</sup>
  - Kid Interior revenue growth of 15.3% (LFL growth of 13.6%)
  - In local currency, Hemtex revenue decreased by -5.7% (LFL declined by -1.9%)
- Gross margin increased by 3.0 pp due to change in product mix, less rebating and improved purchasing terms following higher volumes
- Adjusted EBITDA exclusive of IFRS16 effects increased by MNOK 70.0 which is an increase of 30.5% compared to Q4 2019
- The Board propose an ordinary dividend payment of NOK 3.40 per share with an additional NOK 1.00 due to strong financial performance and liquidity position
- Revised dividend policy with 80-100% pay-out ratio of Net Profit



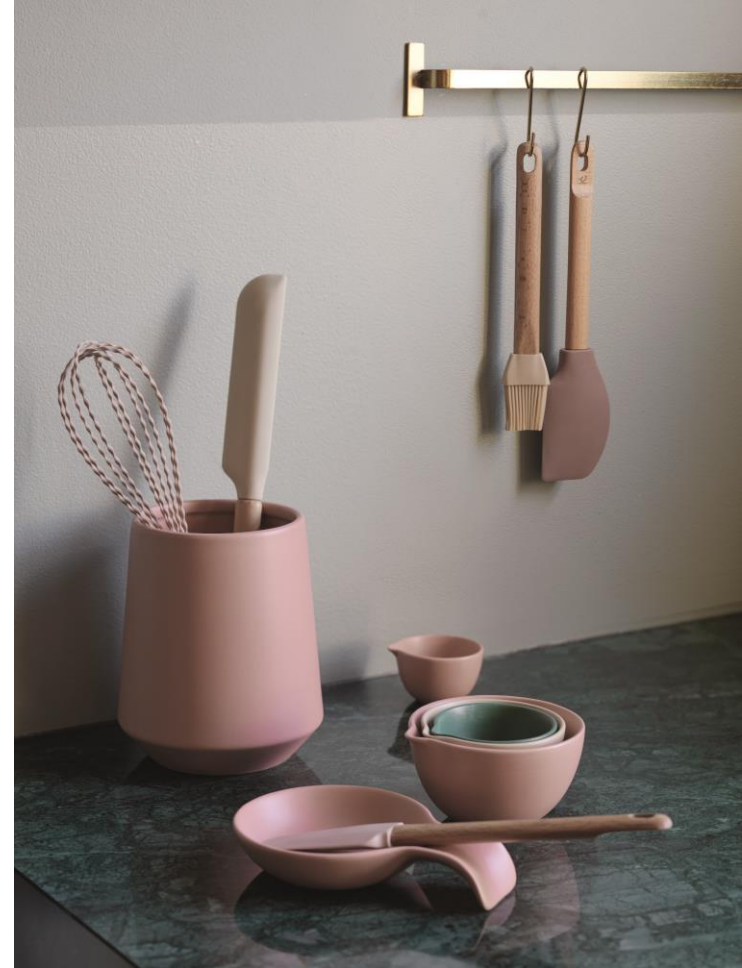
# Full year summary

- Strong financial performance<sup>1</sup>
  - Group Revenue growth of 28%
  - EBITDA (ex IFRS16) growth of 51%
  - EBITDA margin (ex IFRS16) increased from 15.1% to 17.9%
  - Net Profit growth of 62% with EPS of 8.78 (5.42)
- Online growth of 151%, accounted for 8.9% (6.4%<sup>2</sup>) of total revenues
- Hemtex EBITDA (ex IFRS16) of MNOK 137.4 (MNOK 83.5) which surpassed the original target well ahead of plan
- Full-year dividend of NOK 9.00 per share (incl pre-payment of NOK 4.60 from November 2020)



# Operational focus in Q4

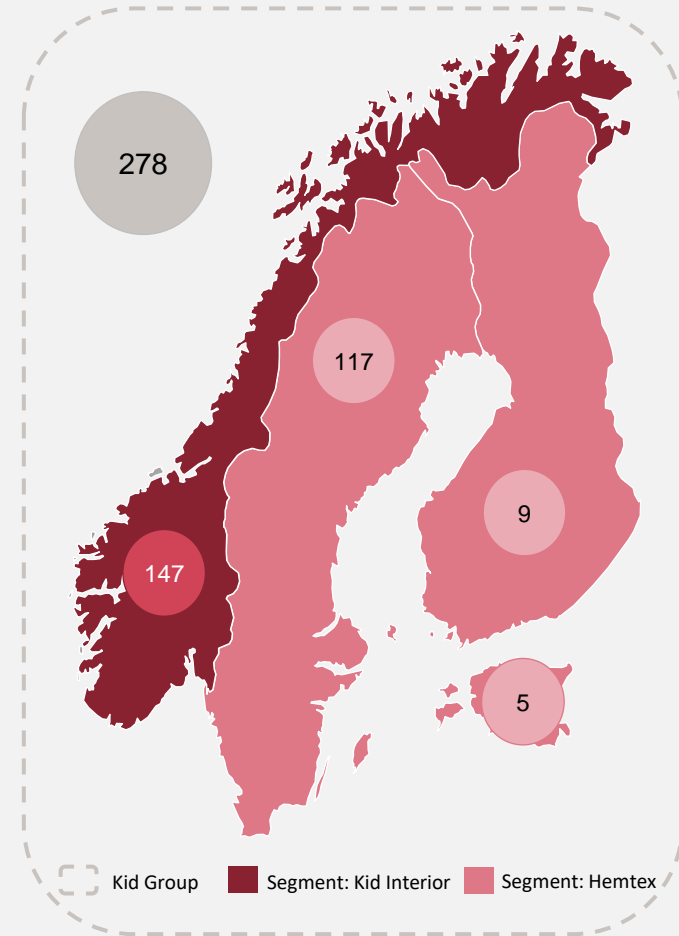
- Successful product and category development a key driver for growth during the quarter
- Rebuilt Kid Interior stores to include kitchen departments
- Improved margins through centralised sourcing and increased volumes from organic growth and inclusion of Hemtex volumes
- Substantially increased online sales with record number of deliveries proving the robustness of the logistic operations in both segments
- We remain committed to CSR-activities and donated in totalt MNOK 3.7 to:
  - Main sponsor for the Pink Ribbon campaign in Norway
  - NRK Telethon
  - SOS Children's Village
- The Bokhari project where Kid is supporting craftsmen's ship and education for children in Pakistan is high on our agenda



# Pan-Nordic presence

## Store information Q4

- Kid Interior (147 stores)
  - Four new stores were opened; Mosseporten, Nittedal, Røa and Åkrehamn
  - Lambertseter and Kremmerhuset (Lillehammer) were refurbished
  - One store was relocated in Triaden (Lillestrøm)
  - No closed stores
- Hemtex (131 stores, incl. 12 franchise stores)
  - One store was opened in Valbo (Sweden)
  - Three stores were refurbished in Örnsköldsvik, Varberg and Lund City (Sweden)
  - One store was relocated in Uppsala Gränby (Sweden)
  - No closed stores

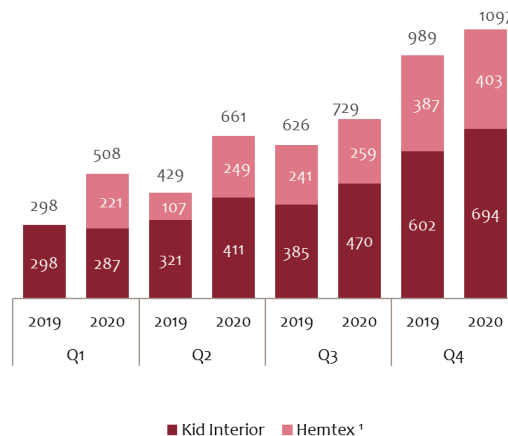


# Revenues and market share

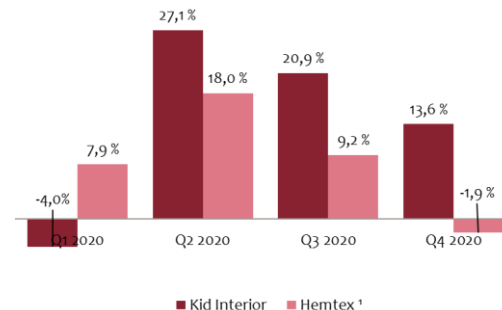
## Group revenues increased by 6.6%<sup>1</sup>

- Group like-for-like of 7.4% including online sales
- Kid Interior revenue growth of 15.3% (11.0%)
  - Like-for-like growth of 13.6% (8.8%) including online sales
  - Online sales growth of 59.2% to MNOK 49.2 (MNOK 30.9)
  - The index for sale of home textiles in specialised stores in Norway increased by 10.9%
- Hemtex revenue decreased by -5.7%
  - In local currency, revenues decreased by -5.7% due to drop in footfall as well as four less stores and reduced revenues from Hemtex24H
  - Like-for-like decline of -1.9% (+22.0%) including online sales
  - Online sales growth of 46.4% to MSEK 55.4 (MSEK 37.8).
  - The index for sale of home textiles in specialised stores in Sweden increased by 8.7%

## Revenue (MNOK)



## Like-for-like growth (%)

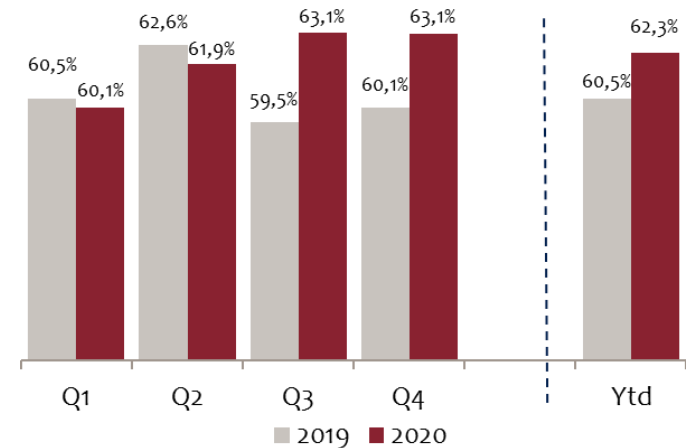


# Gross margin

## Group gross margin of 63.1% in Q4

- Group gross margin was 63.1 % for the quarter, up by 3.0 pp due to improved product mix, improved purchasing terms and less rebating
- Kid Interior gross margin increased by 2.1 pp from 61.2 % to 63.3% because of a more favorable product mix and less rebating
- Hemtex gross margin increased by 2.3 pp from 60.3% to 62.6%. The increase was caused by changes to a more favorable product mix with a higher proportion Kid products, and reduced cost of goods sold following increased volumes sourced through Kid

## Group gross margins in 2019 and 2020<sup>1</sup>

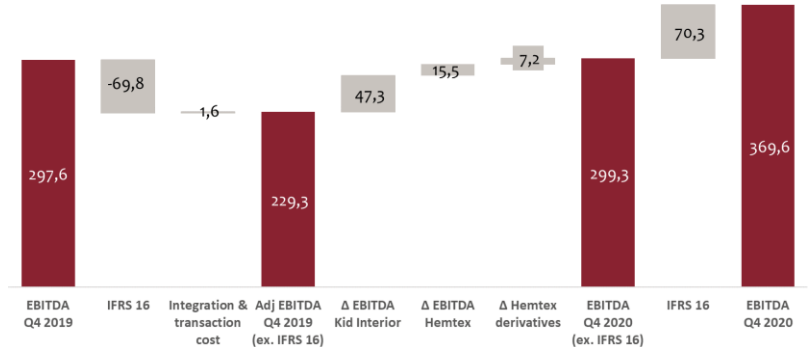


# EBITDA

## Adjusted EBITDA of 369.6 (297.6) in Q4

- Adjusted EBITDA excl. IFRS16 of MNOK 299.3 (229.3) for Q4
- Kid Interior EBITDA excl. IFRS16 of MNOK 213.5 (166.2)
  - Increased EBITDA of MNOK 47.3 mainly due to increased revenues and improved gross margins
  - Estimated COVID-19 cost saving effects during the quarter of MNOK 4.7
  - Bonus provisions of MNOK 9.2 (MNOK 8.3) due to strong financial performance
  - Stringent cost controlling with underlying cost base on target
- Hemtex EBITDA excl. IFRS16 of MNOK 85.8 (MNOK 70.3)
  - Increased EBITDA of MNOK 15.5 due to improved margins and reduced costs
  - Decreasing cost base in local currency following integration initiatives
  - Estimated COVID-19 cost saving effects during the quarter of MNOK 3.1
- EBITDA was adjusted for transaction cost of MNOK 1.6 in Q4 2019<sup>1</sup>. No adjustments have been made in Q4 2020

## Adjusted<sup>1</sup> EBITDA Q4 2020 versus Q4 2019





# Cash flow

(Amounts in NOK million)	Q4 2020	Q4 2019	FY 2020	FY 2019 <sup>1</sup>
Net cash flow from operations	523,9	449,2	749,2	523,6
Net Cash flow from investments	-27,2	-46,9	-65,4	-92,9
Net cash flow from financing	-365,5	-115,8	-725,4	-333,0
<b>Net change in cash and cash equivalents</b>	<b>131,2</b>	<b>286,6</b>	<b>-41,5</b>	<b>97,7</b>
Cash and cash equivalents at the beginning of the period	173,7	52,7	339,2	242,2
Exchange gains / (losses) on cash and cash equivalents	-3,7	0,0	3,6	-0,6
<b>Cash and cash equivalents at the end of the period</b>	<b>301,3</b>	<b>339,2</b>	<b>301,3</b>	<b>339,2</b>

## Working Capital

(Amounts in NOK million)	Q4 2020	Q4 2019	FY 2020	FY 2019 <sup>1</sup>
Change in inventory	76,5	122,4	22,8	-77,2
Change in trade debtors	-10,9	-1,8	8,7	-15,7
Change in trade creditors	37,3	-25,6	-61,3	65,6
Change in other provisions <sup>2</sup>	70,2	72,6	57,2	74,3
<b>Change in working capital</b>	<b>173,0</b>	<b>167,5</b>	<b>27,3</b>	<b>47,1</b>

## Solid financial position and liquidity

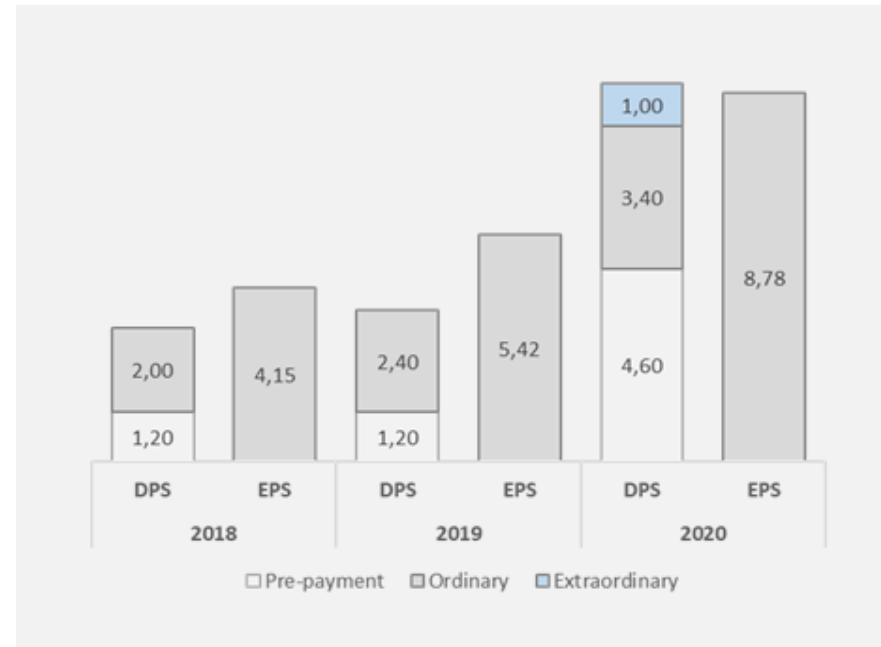
- Cash flow from operations positively affected by increased profit
- Inventory reduced from Q3 following high sales in Q4
- Trade creditors have been reduced compared to last year because of changes to payment terms in Hemtex.
- Cash flow from financing impacted by down payment on RCF of MNOK 50 (0) and dividend payment of MNOK 235.7 (MNOK 48.8)
- Gearing ratio, exclusive of IFRS16 effects, of 0.40
- Net interest-bearing debt excluding IFRS16 leasing liabilities of MNOK 220.3 (MNOK 335.2)
- Cash and available credit facilities of MNOK 678.3 at the end of the quarter

# Dividend and Revised Dividend Policy

## Ordinary dividends of 91% of Net Profit for 2020

- The Board of Directors will propose to the Annual General Meeting a total dividend of NOK 4.40 per share to be paid 9 June 2021
  - NOK 3.40 as an ordinary dividend payment
  - Additional NOK 1.00 as an extraordinary dividend due to strong financial results
- Including dividend pre-payment of NOK 4.60 in November 2020, the ordinary dividends for 2020 is NOK 8.00 providing a pay-out ratio of 91% of Net Profit
- The proposed pay-out details are:
  - Last day including right: 27 May 2021
  - Ex-date: 28 May 2021
  - Record date: 31 May 2021
  - Payment date: 9 June 2021
  - Date of approval: 27 May 2021 Annual General Meeting
- A target of 80-100 percent dividend pay-out ratio of adjusted net profit with semi-annual payments. The distribution policy is dynamic, and any excess capital will be returned to shareholders

## Dividend per share (DPS) and Adj<sup>1</sup> Earnings per share (EPS)



# Segment: Kid Interior

(Amounts in NOK millions)

	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Revenue</b>	<b>694,2</b>	<b>602,0</b>	<b>1 862,8</b>	<b>1 606,3</b>
Revenue growth	15,3 %	11,0 %	16,0 %	9,5 %
LFL growth including online sales	13,6 %	8,8 %	14,8 %	6,8 %
COGS	-254,5	-233,4	-703,1	-622,6
<b>Gross profit</b>	<b>439,6</b>	<b>368,5</b>	<b>1 159,7</b>	<b>983,7</b>
Gross margin (%)	63,3 %	61,2 %	62,3 %	61,2 %
Other operating revenue	0,1	0,0	0,2	0,2
Employee benefits expense	-111,4	-106,2	-378,8	-349,1
Other operating expense	-114,8	-96,1	-378,5	-351,4
Other operating expense - IFRS 16 effect	36,8	37,1	150,9	148,3
<b>EBITDA before allocated costs</b>	<b>250,3</b>	<b>203,3</b>	<b>553,5</b>	<b>431,7</b>
EBITDA margin (%)	36,1 %	33,8 %	29,7 %	26,9 %
Allocated employee benefits expense <sup>3</sup>	1,7		1,7	
Allocated other operating expense <sup>3</sup>	10,0		10,0	
<b>EBITDA</b>	<b>262,0</b>	<b>203,3</b>	<b>565,3</b>	<b>431,7</b>
No. of shopping days	80	80	308	306
No. of physical stores at period end	147	144	147	144



# Segment: Hemtex

(Amounts in NOK millions)

	Q4 2020	Q4 2019	FY 2020	FY 2019 <sup>1</sup>
<b>Revenue</b>	<b>403,0</b>	<b>387,5</b>	<b>1 131,8</b>	<b>735,9</b>
Revenue growth <sup>2</sup>	-5,7%	19,6 %	1,1 %	13,1 %
LFL growth including online sales <sup>2</sup>	-1,9%	22,0 %	6,7 %	12,5 %
COGS	-150,7	-153,9	-420,7	-290,5
<b>Gross profit</b>	<b>252,4</b>	<b>233,6</b>	<b>711,1</b>	<b>445,4</b>
Gross margin (%)	62,6 %	60,3 %	62,8 %	60,5 %
Other operating revenue	0,9	0,1	1,4	1,9
Employee benefits expense	-63,3	-67,4	-227,4	-154,4
Other operating expense	-104,2	-96,0	-347,8	-209,3
Other operating expense - IFRS 16 effect	33,5	32,7	138,7	78,4
<b>EBITDA before allocated costs</b>	<b>119,3</b>	<b>103,0</b>	<b>276,1</b>	<b>161,9</b>
EBITDA margin (%)	29,5 %	26,6 %	24,4 %	21,9 %
Allocated employee benefits expense	-1,7		-1,7	
Allocated other operating expense	-10,0		-10,0	
<b>EBITDA</b>	<b>107,5</b>	<b>103,0</b>	<b>264,3</b>	<b>161,9</b>
No. of shopping days	91	91	364	273
No. of physical stores at period end (excl. franchise)	119	123	119	123



# Growth initiatives

## Growth by assortment and store area expansion in 2021

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- New products introduced after 2017 added revenue of MNOK 83 in Kid Interior during Q4, representing 25% of the growth
- We are now increasing our product teams from 4 to 5 in order to fuel further growth through category development and expansion into new categories for both Kid Interior and Hemtex
- Revenue growth by expanding current Kid Interior assortment into Hemtex
  - All products in the group are now sourced by Kid Interior from Lier
  - Majority of Hemtex stores (100) to have similar assortment as Kid Interior by end 2021 through 30% increased assortment
  - In parallel, we are physically expanding store space to match current Kid Interior concept and reach full Kid Interior assortment range



# Outlook

## COVID-19 Trade Update

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- Norwegian authorities decided to temporarily close retail trade stores in specific geographical areas from 22 January 2021
- 47 stores are currently closed and on average 38 stores have been closed since 22 January 2021
- Including closed stores, sales growth for the Kid Group year-to-date as per 14 February 2021 was positive with a like-for-like of +2.7%
- Stores in Kid Group that have been open since 1 January 2021 until 14 February 2021 including Online had a positive like-for-like growth of +10.0%





Q&A

Kid

# Income statement

(Amounts in NOK thousand)	Q4 2020	Q4 2019	FY 2020	FY 2019 <sup>1</sup>
Revenue	1 097,2	989,5	2 994,7	2 342,2
COGS	-405,2	-394,5	-1 128,7	-925,7
<b>Gross profit</b>	<b>692,0</b>	<b>595,0</b>	<b>1 866,0</b>	<b>1 416,5</b>
Gross margin (%)	63,1 %	60,1 %	62,3 %	60,5 %
Other operating revenue	0,9	0,1	1,7	2,1
OPEX	-323,4	-297,5	-1 044,1	-851,6
<b>EBITDA</b>	<b>369,6</b>	<b>297,6</b>	<b>823,6</b>	<b>566,9</b>
EBITDA margin (%)	33,7 %	30,1 %	27,5 %	24,2 %
<b>Adj. EBITDA</b>	<b>369,6</b>	<b>299,1</b>	<b>824,8</b>	<b>581,0</b>
Adj. EBITDA margin (%)	33,7 %	30,2 %	27,5 %	24,8 %
Depreciation and amortisation	-86,8	-80,6	-340,8	-265,0
<b>EBIT</b>	<b>282,8</b>	<b>217,0</b>	<b>482,7</b>	<b>302,0</b>
EBIT margin (%)	25,8 %	21,9 %	16,1 %	12,9 %
Net finance	-13,9	-8,4	-28,4	-40,9
<b>Profit before tax</b>	<b>268,9</b>	<b>208,6</b>	<b>454,3</b>	<b>261,0</b>
<b>Net profit</b>	<b>209,7</b>	<b>170,4</b>	<b>356,1</b>	<b>207,9</b>
<b>Adj. Net profit</b>	<b>209,7</b>	<b>171,6</b>	<b>357,0</b>	<b>220,4</b>



# Statement of financial position

(Amounts in NOK thousand)	Note	31.12.2020	31.12.2019 <sup>1</sup>
Assets		Unaudited	Audited
Goodwill	9	72 280	65 402
Trademark	9	1 515 485	1 510 165
Other intangible assets	9	5 623	10 085
Deferred tax asset		15 810	2 185
<b>Total intangible assets</b>		<b>1 609 197</b>	<b>1 587 836</b>
Right of use asset	9	821 683	822 604
Fixtures and fittings, tools, office machinery and equipment	9	199 512	179 233
<b>Total tangible assets</b>		<b>1 021 195</b>	<b>1 001 838</b>
<b>Total fixed assets</b>		<b>2 630 392</b>	<b>2 589 674</b>
Inventories		482 161	484 988
Trade receivables		18 381	23 201
Other receivables		32 725	25 815
Derivatives		0	2 305
<b>Total receivables</b>		<b>51 106</b>	<b>51 320</b>
Cash and bank deposits		301 276	339 241
<b>Total current assets</b>		<b>834 542</b>	<b>875 549</b>
<b>Total assets</b>		<b>3 464 935</b>	<b>3 465 223</b>

(Amounts in NOK thousand)	Note	31.12.2020	31.12.2019 <sup>1</sup>
Equity and liabilities		Unaudited	Audited
Share capital		48 770	48 774
Share premium		321 050	321 049
Other paid-in-equity		64 617	64 617
<b>Total paid-in-equity</b>		<b>434 437</b>	<b>434 440</b>
Other equity		750 164	715 721
<b>Total equity</b>		<b>1 184 601</b>	<b>1 150 161</b>
Deferred tax		315 336	315 398
<b>Total provisions</b>		<b>315 336</b>	<b>315 398</b>
Lease liabilities		585 131	584 848
Liabilities to financial institutions	6	461 480	494 498
<b>Total long-term liabilities</b>		<b>1 046 612</b>	<b>1 079 346</b>
Lease liabilities		234 113	217 427
Liabilities to financial institutions	6	60 297	180 000
Trade payable		92 316	145 122
Tax payable		87 011	51 239
Public duties payable		167 402	154 233
Other short-term liabilities		198 883	160 511
Derivatives		78 364	11 787
<b>Total short-term liabilities</b>		<b>918 385</b>	<b>920 319</b>
<b>Total liabilities</b>		<b>2 280 333</b>	<b>2 315 063</b>
<b>Total equity and liabilities</b>		<b>3 464 934</b>	<b>3 465 223</b>

# Sales days and stores

## Kid

### Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2019	76	71	79	80	306
2020	77	72	79	80	308

### Number of store projects

2019	Q1	Q2	Q3	Q4	Total
New stores	1	0	1	2	4
Closed stores	2	0	0	1	3
Relocated stores	0	2	0	0	2
Refurbished stores	7	7	1	1	16

Total number of stores 142 143 144 144

2020	Q1	Q2	Q3	Q4	Total
New stores	0	0	0	4	4
Closed stores	1	0	0	0	1
Relocated stores	0	0	0	1	1
Refurbished stores	2	2	2	2	8

Total number of stores 143 143 143 147

## Hemtex

### Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2019		90	92	91	273
2020	91	90	92	91	364

### Number of store projects

2019	Q1	Q2	Q3	Q4	Total
New stores		0	0	0	0
Closed stores		1	4	1	6
Relocated stores		0	2	2	4
Refurbished stores		2	1	6	9

Total number of stores\* 141 140 136 135

2020	Q1	Q2	Q3	Q4	Total
New stores	0	0	1	1	2
Closed stores	3	0	3	0	6
Relocated stores	0	0	1	1	2
Refurbished stores	3	0	2	3	8

Total number of stores\* 132 132 130 131

\*incl franchise stores