



XXL ASA – Third Quarter 2014

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This presentation was prepared for the interim results presentation for the third quarter and first nine months of 2014, held on 6 November 2014. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

Strong growth and cost control

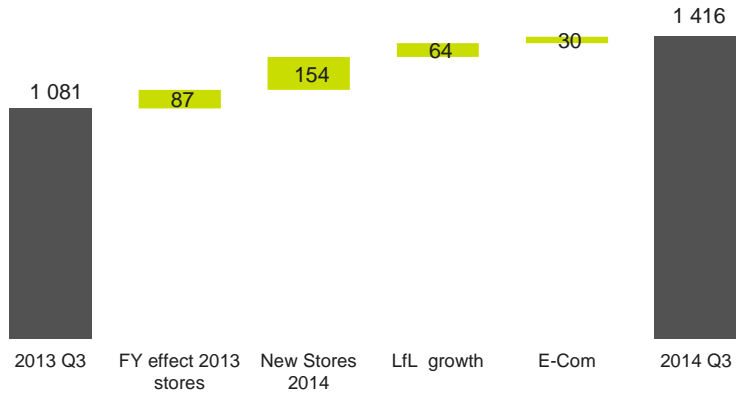
- Revenue growth of 31%
 - Like for Like growth of 6.7%
 - E-commerce growth of 74%
- Starting up new stores
 - Itäkeskus (Helsinki) opened 24 September
 - Kaleva (Tampere) opened 8 October
 - Kluuvi (Helsinki) opened 5 November
 - Two more in Sweden in November
- OPEX/Sales of 27%
- EBITDA adjusted of 13.1%
- Refinanced bank loan at significantly better terms



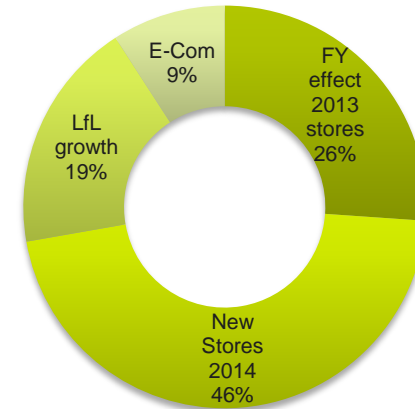
Growth drivers

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**Growth drivers
Q3 13 – Q3 14**
(Amounts in MNOK)



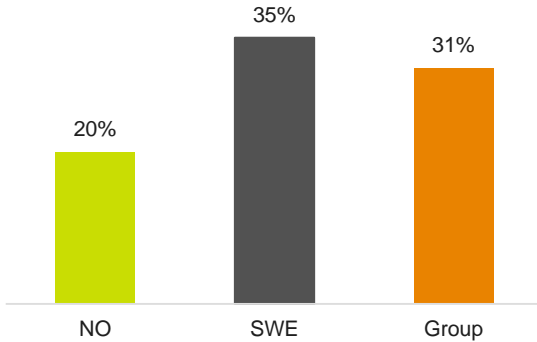
Share of growth Q3 14



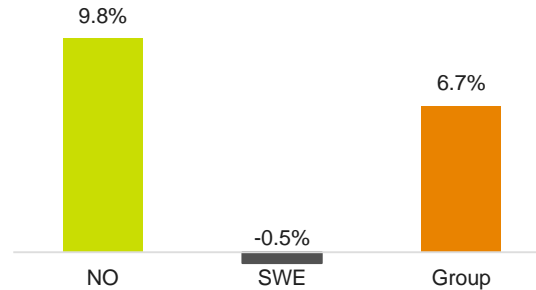
Growth split by markets

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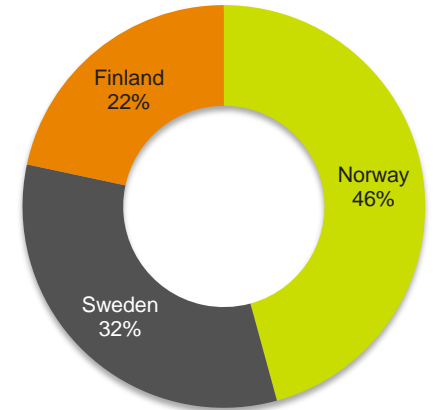
Growth by country Q3 14



LfL growth by country Q3 14 *(Local currency, Group in NOK)*



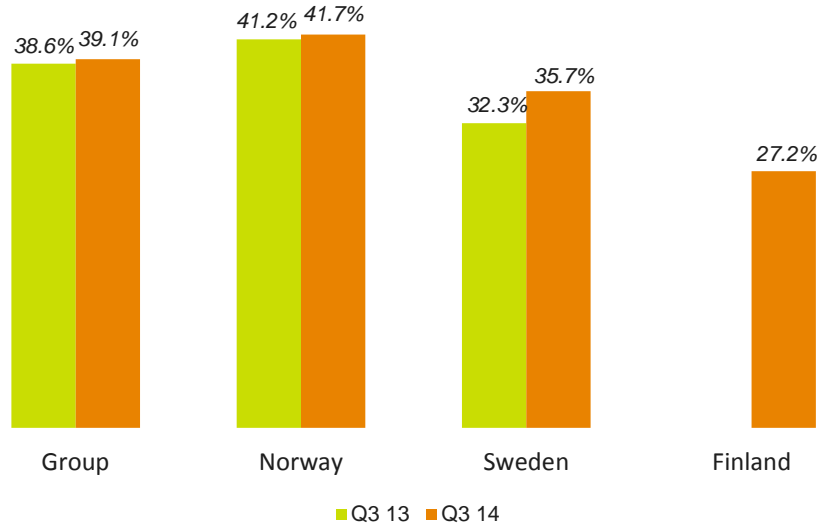
Share of growth Q3 14



Expanding gross margins despite start-up in Finland

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Gross margin development

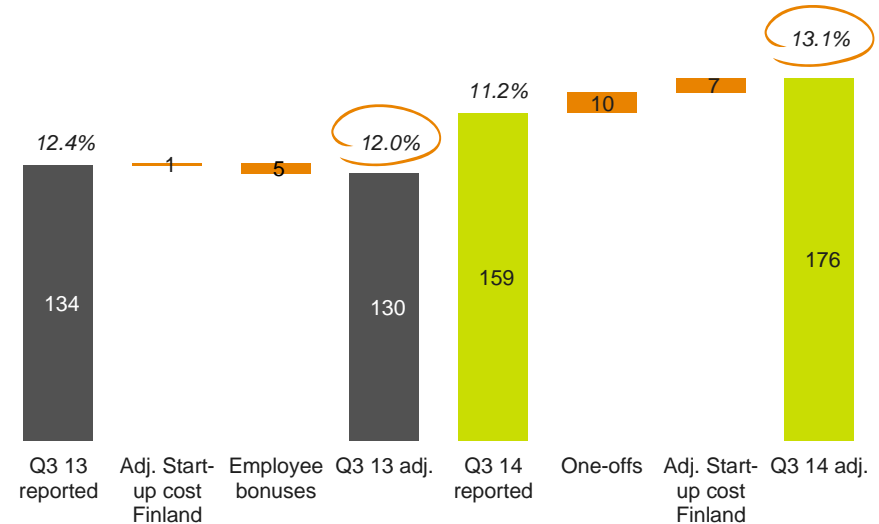


Adjusted EBITDA-margin of 13.1%

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- Reported EBITDA-margin of 11.2%
- One off costs related to the IPO
- Start-up costs for new stores in Finland
- Changed periodization of employee bonuses
- Adjusted EBITDA-margin of 13.1%

EBITDA and margin development
(Amounts in MNOK)

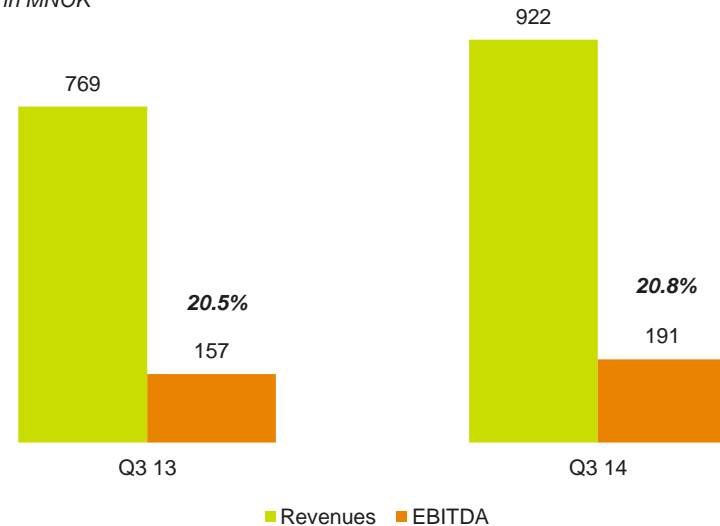


Norway – Strengthening market leadership

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- 20% revenue growth YoY
- Dominant campaigns driving volume
- 9.8% LfL growth
- Margin improvements
- EBITDA-margin from 20.5% to 20.8%

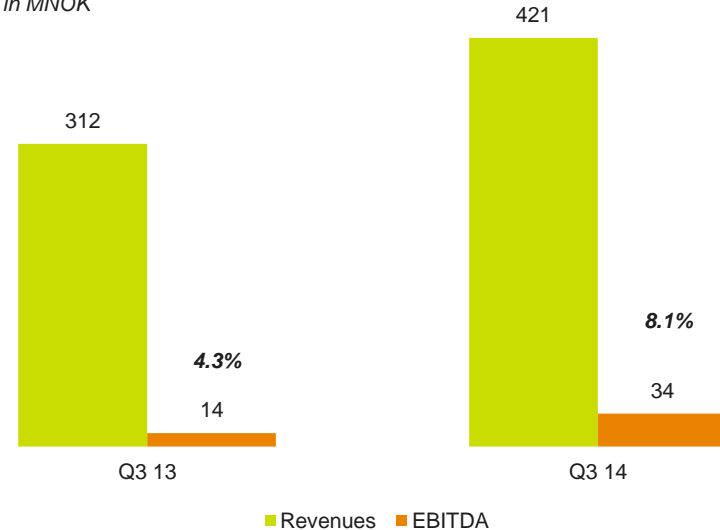
Amounts in MNOK



Sweden – Growth and improved margins in a volatile market **XXL**

- Revenue growth of 35%
- High growth in slow market
 - Sporting goods sales up 2.0% in July, down 0.8% in August and down 4.4% in September (Figures from HUI Research)
- Gaining market share
- LfL in local currency down 0.5% YoY affected by cannibalization in Stockholm
- New central warehouse contributes to improved margins
- EBITDA margin up to 8.1% (4.3%)

Amounts in MNOK

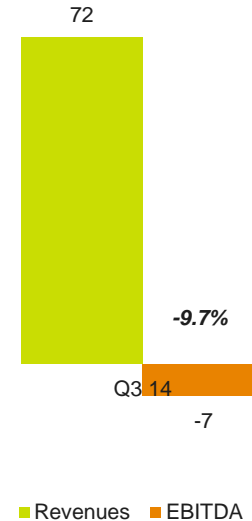


Finland – Continuing to deliver

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- High volume
- Second store opened on 24 September
- Start-up costs related to three new stores with limited revenue effect before Q4
- Taking position in the market

Amounts in MNOK

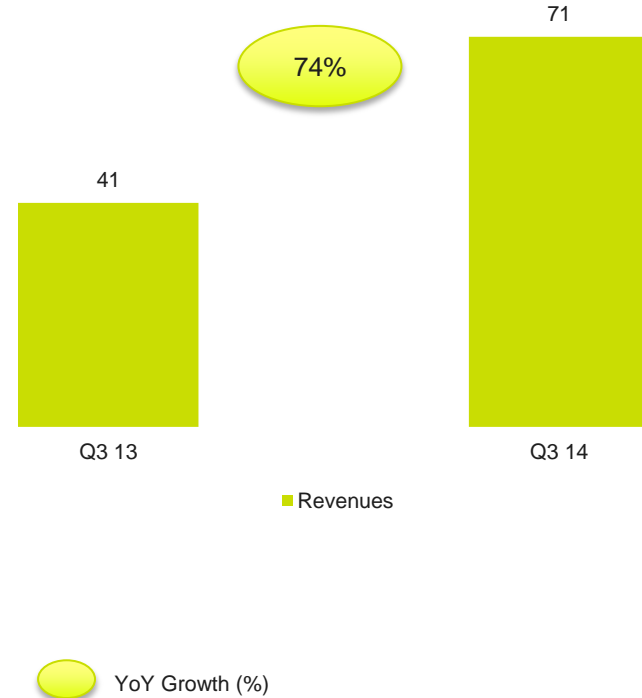


E-commerce – Strong growth but still significant potential

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- 74% revenue growth
- 5.0% of group sales compared to 3.8% last year
- Historically lower activities in the summer months
- Pick-up at store launch by year end
- Increasing customer database
- Gaining more attention in social media

Amounts in MNOK

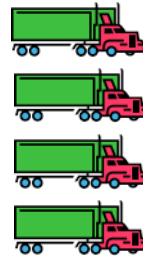


HQ and logistics – Exploiting two central warehouses

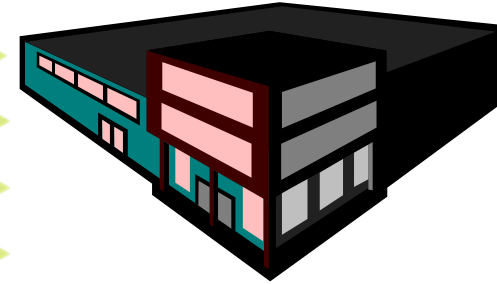
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- Central warehouse in Sweden opened in October 2013
- Handling more goods from central warehouses compared to last year
- Cost increase of 0.1 pp YoY to 3.5% of Group sales before one off related to the IPO
- Adjusted for employee bonuses the cost rate in Q3 2013 was 3.6%

Traditional distribution



Stores



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Priorities going forward

- Delivering the multichannel experience
- New store openings
- Continuing to deliver high LfL-growth
- Improve the Swedish performance
- Cost, cost, cost – the one with the lowest costs will win





Financial review

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New bank loan on significantly better terms

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- Shareholder loan and interests of NOK 1,794 million paid down or converted at the IPO
- New 5 year NOK 1,087 million senior facility with DNB/Nordea from 16 July 2014
 - Replacing prior senior facility
 - NOK 400m in overdraft/RCF/guarantee facilities
 - Amortization optional within the period
- Leverage ratio of 1.9x
- New cost of debt on new facility in 2015 estimated to NIBOR + 125bps

<i>Amounts in MNOK</i>	30 September	Post IPO
Equity	1 301	3 094
LT Debt	2 982	1 188
Total BS	5 030	5 030
Equity share	26%	62%

Income statement showing scalability

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- Revenue growth of 31%
- Interests from Shareholder loan equals NOK 42 million of Net financials compared to NOK 38 million last year
- Cost of all other financials down by 18 %, including bank loan
- Net profit increased by 51% YoY

<i>Amounts in MNOK</i>	Q3 14	Q3 13
Total operating revenue	1 416	1 081
Operating income	141	119
Net financials	-59	-59
Profit before income tax	82	59
Income tax expense	20	18
Net profit	62	41

Cash flow affected by inventory level

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- Inventory level too high – expect normalization by year end
- Inventory is still healthy
- Inventory risk low due to high growth in the Group
 - 4 new stores in Q4
- Establishment of XXL Children Foundation of NOK 10 million included in Investing activities

Cash flow

<i>(Amounts in MNOK)</i>	Sept 2014	Sept 2013	FY 2013
Cash provided by operating activities	88	254	407
Cash used by investing activities	-93	-75	-152
Cash used by financing activities	-115	-88	-140
Net change in cash and cash equivalents	-120	91	114
Cash and cash equivalents beginning of year	170	57	57
Cash and cash equivalents end of period	49	148	170

Changes in working capital

<i>(Amounts in MNOK)</i>	Sept 2014	Sept 2013	FY 2013
Changes in inventory	-326	-134	-295
Changes in receivables	73	192	55
Changes in payables	43	63	147
Prepayments of financial leases	-8	0	40
Changes in other assets and liabilities	-76	-170	17
Change in working capital	-294	-49	-36

Outlook

- Total operating revenues in October grew by 29% to NOK 382 million
- The Group expects the growth in total operating revenue for 2014 to be above 28%
- Group margins in Q4 have historically been higher than Q3 margins
- XXL have already signed 6 new lease agreements for new store openings in 2015, and aims for 8-10 new stores in total. The Group expects the new store openings to be back-end loaded



