



XXL
ALL SPORTS UNITED

XXL ASA – Q1 2019

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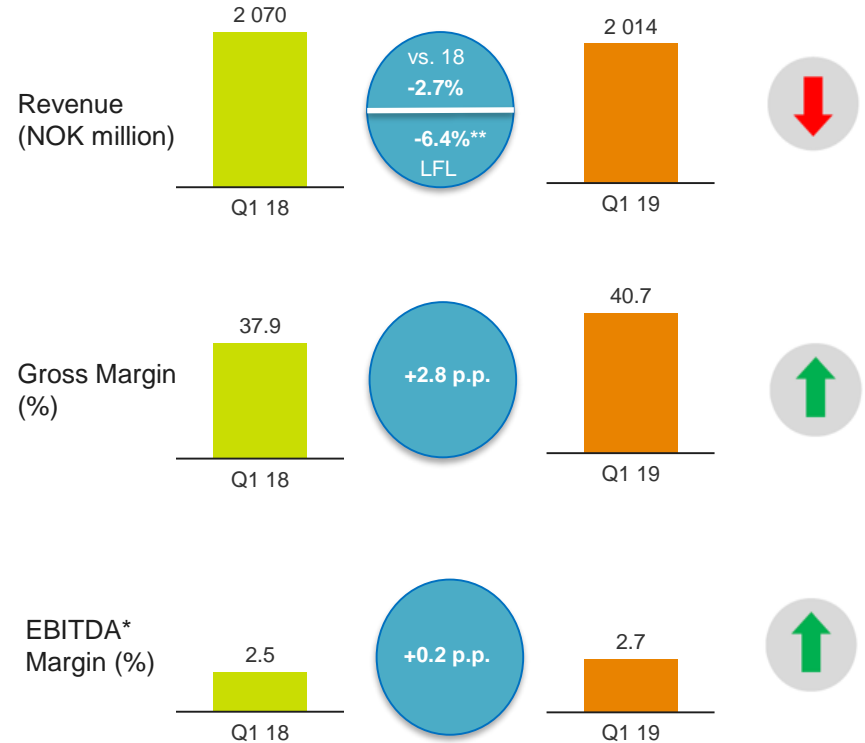
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This presentation was prepared for the interim results presentation for the first quarter 2019, held on 24 April 2019. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

Highlights first quarter 2019

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- Revenues down 3% but EBITDA* up 7%
- Negative like for like growth impacting cost leverage
- Significantly higher gross margin
- Positive development in EBITDA driven by short term actions and initiatives
- Optimizing the sweet spot on growth/gross profit and reducing inventory over time
- Especially Finland showing strong results and promising trends in Austria
- E-commerce growth of 9% with a solid gross margin improvement



Short term adjustments and focus

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- Into the future but back to basic – core XXL concept
- Marketing as you know XXL
- Better balance between growth and profitability
- Better control and follow-up routines
- Priority to turn around the OPEX% development



This is the XXL concept – in stores and online

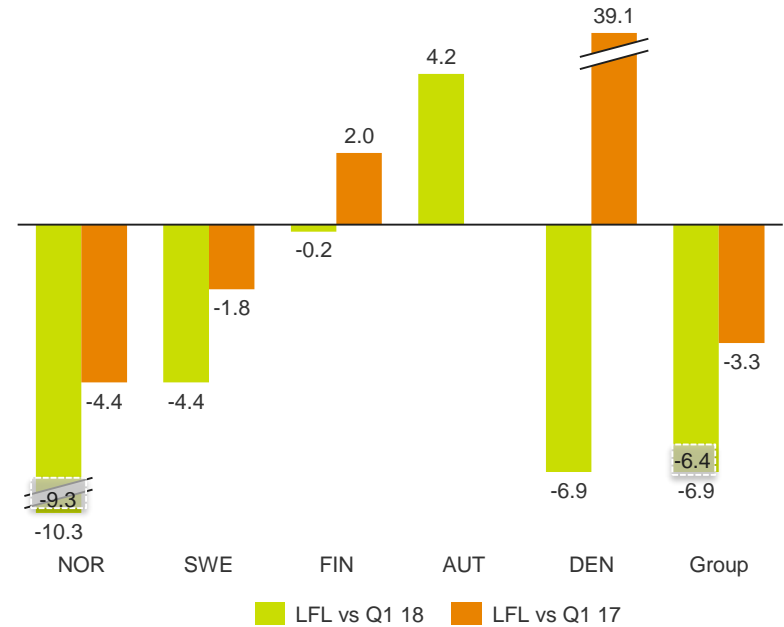
- Category focus with specialist salesmen
- Broad assortment
- Clear pricing strategy
- Focus on branded goods
- Service stations in all stores and CWs

Growth split by markets

Revenue growth (%)





Like for Like growth (% in local currency)



LfL growth excluding cannibalization effects

Status Q1 2019 – LFL and EBITDA

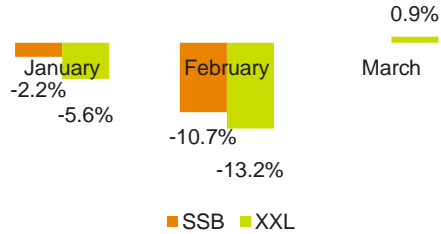
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	Group	Norway	Sweden	Finland	Austria	Denmark	HQ
LFL growth	 - 6.4%**	 - 9.3%**	 - 4.4%	 - 0.2%	 + 4.2%	 - 6.9%	N/A
EBITDA* growth	 + 4 MNOK	 - 6 MNOK	 + 3 MNOK	 + 12 MNOK	 + 3 MNOK	 + 1 MNOK	 - 9 MNOK

Market data

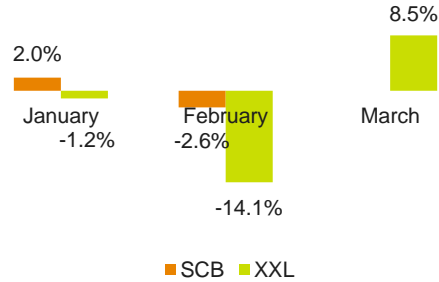
Norway

SSB vs. XXL monthly growth (YoY)



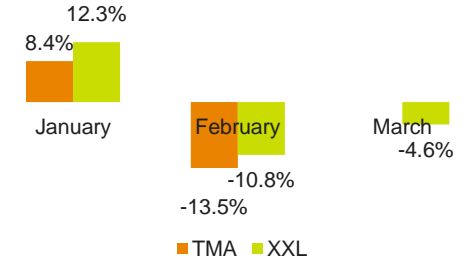
Sweden

SCB vs. XXL monthly growth (YoY)



Finland

TMA vs. XXL monthly growth (YoY)



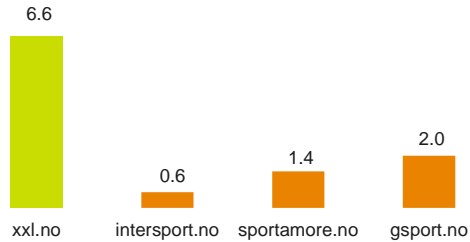
- Changed focus towards gross profit affecting sales volumes
- More mixed and normal winter season in 2019 compared to good and long winter in 2018
- Achieving momentum late in March

Market data – Online traffic



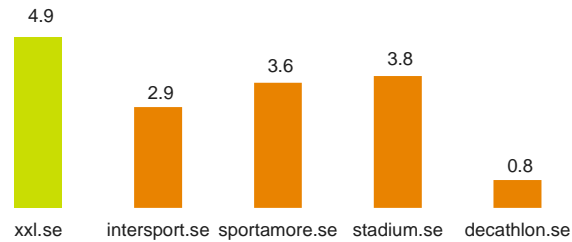
Norway

Q1 19 total visits in millions



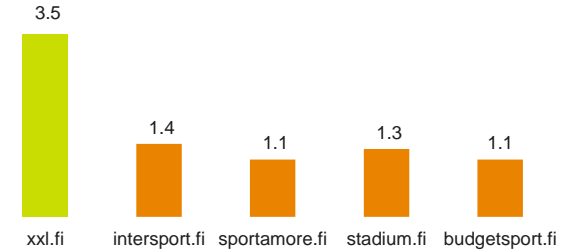
Sweden

Q1 19 total visits in millions



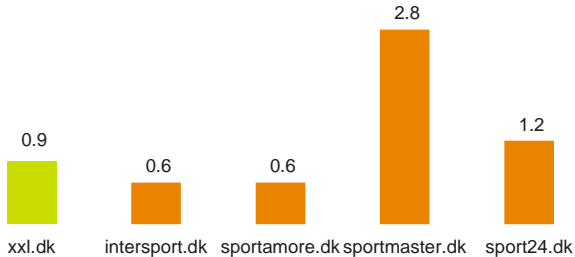
Finland

Q1 19 total visits in millions



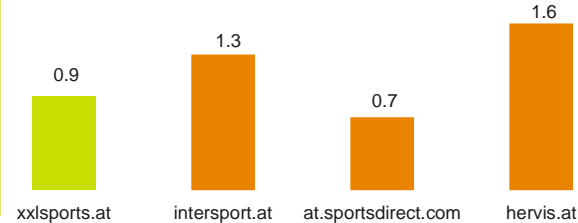
Denmark

Q1 19 total visits in millions



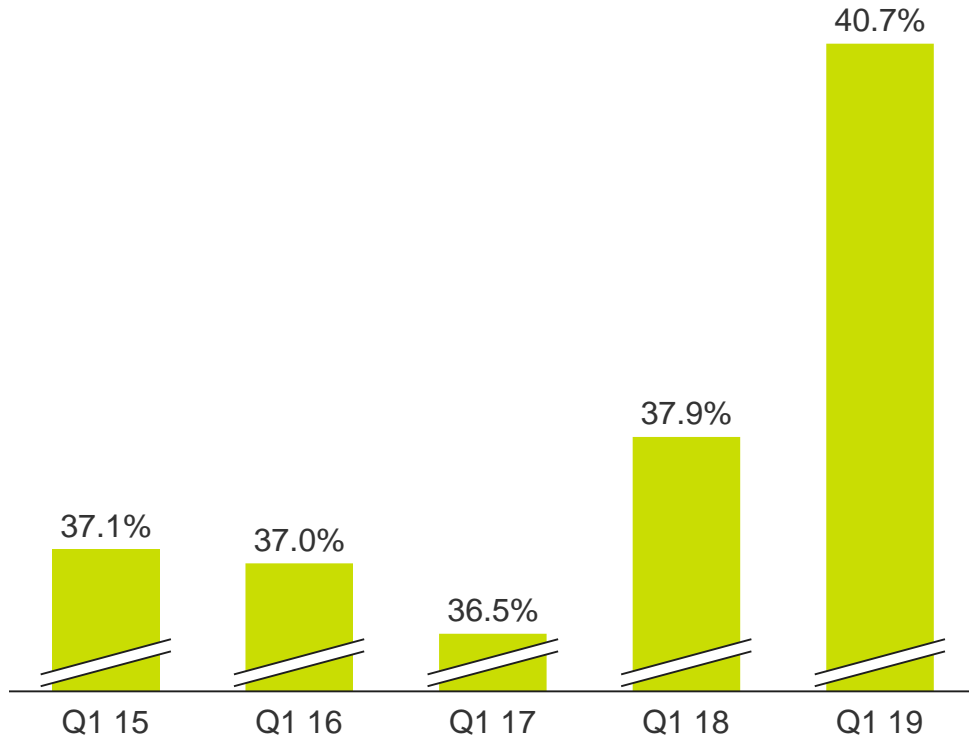
Austria

Q1 19 total visits in millions



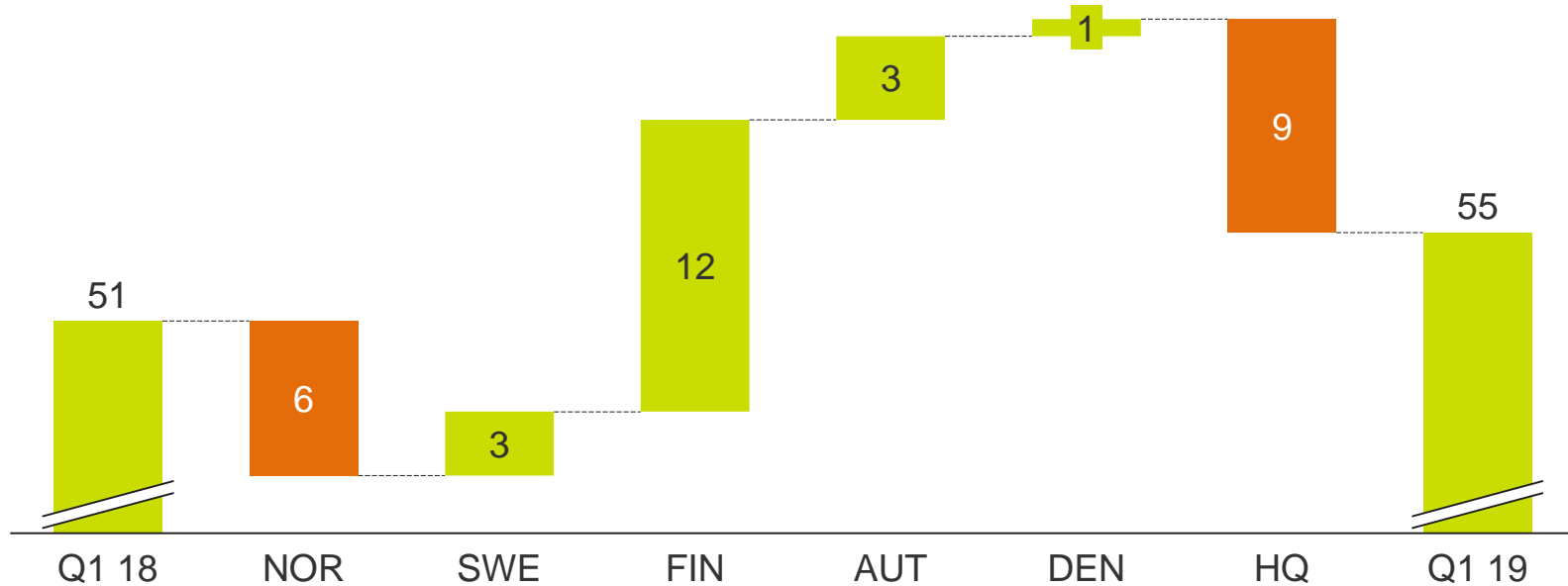
XXL continues with high online traffic shares but influenced by the changed focus towards gross profit

Gross margin development



EBITDA* development

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New digital initiatives

- New self-service pick-up solutions
 - Pilot of new automated locker solutions and pick-up tower based on robotics
- Omni-channel stock solution
 - Pilot will be initiated of selling products from the total XXL stock in all stores
- Personalized landing pages based on navigation behavior
 - Successful pilot – rolled out in all countries
- Collecting customer data in stores
- New features on site
 - Add on sales in check out
 - New sorting filters
 - Enhanced picture and video quality



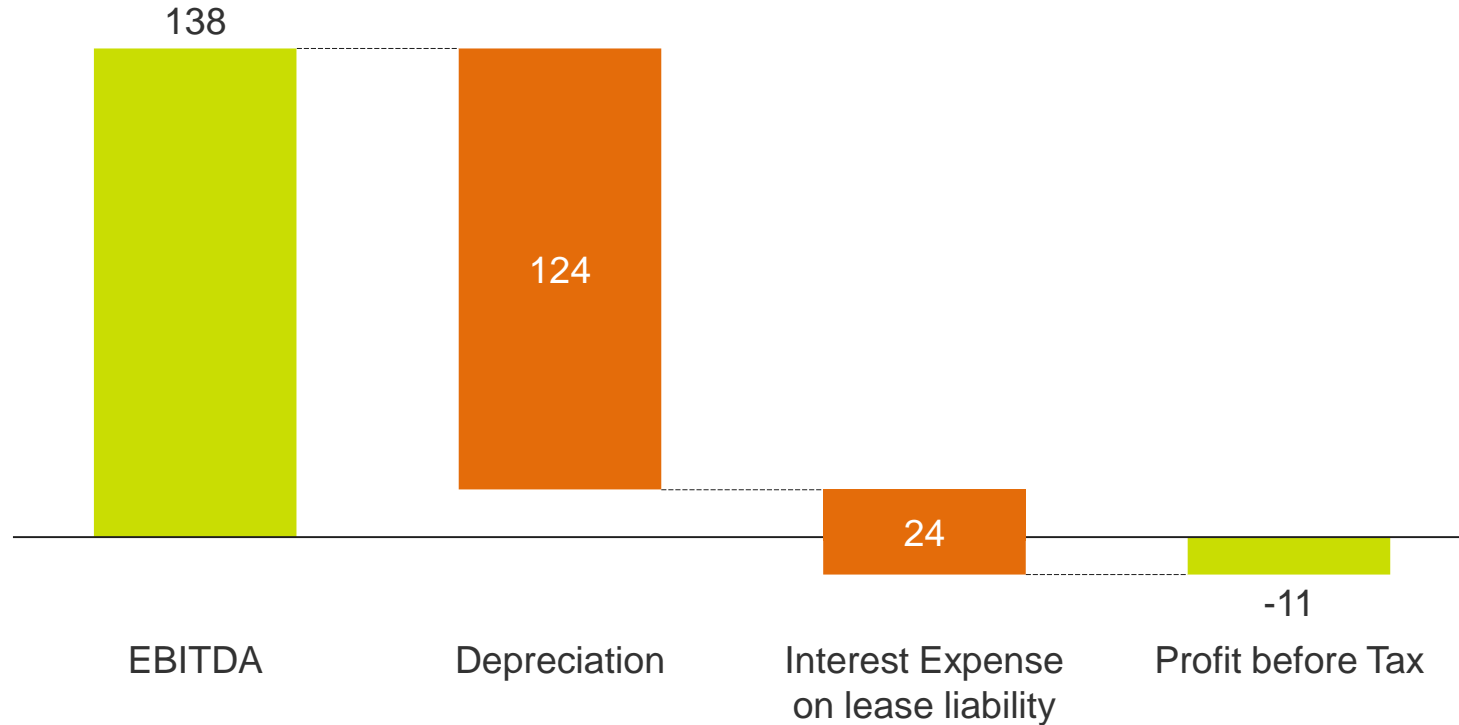


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Financial review

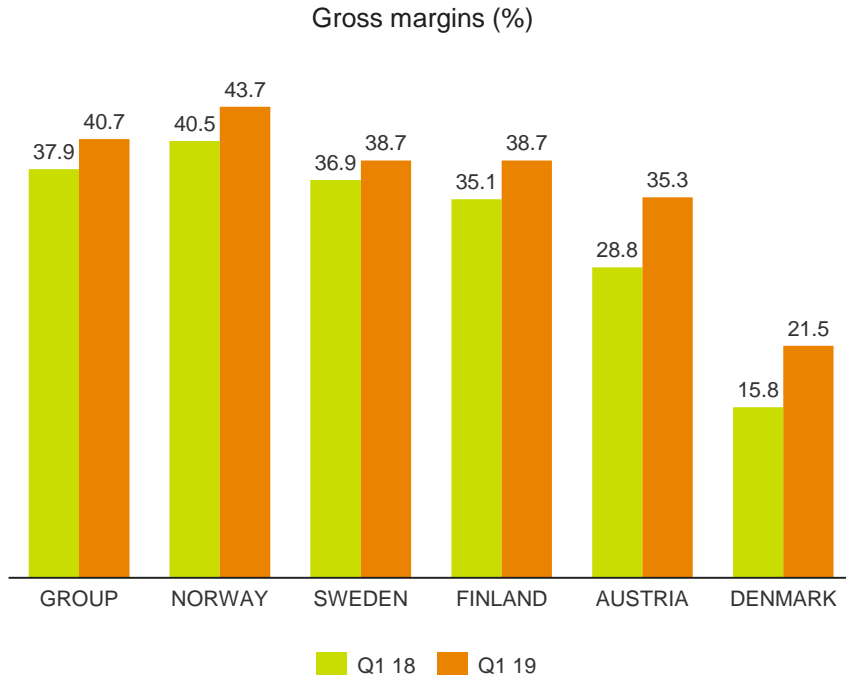
IFRS 16 Q1 – Significant effects on the classification of the P&L

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Gross margin development

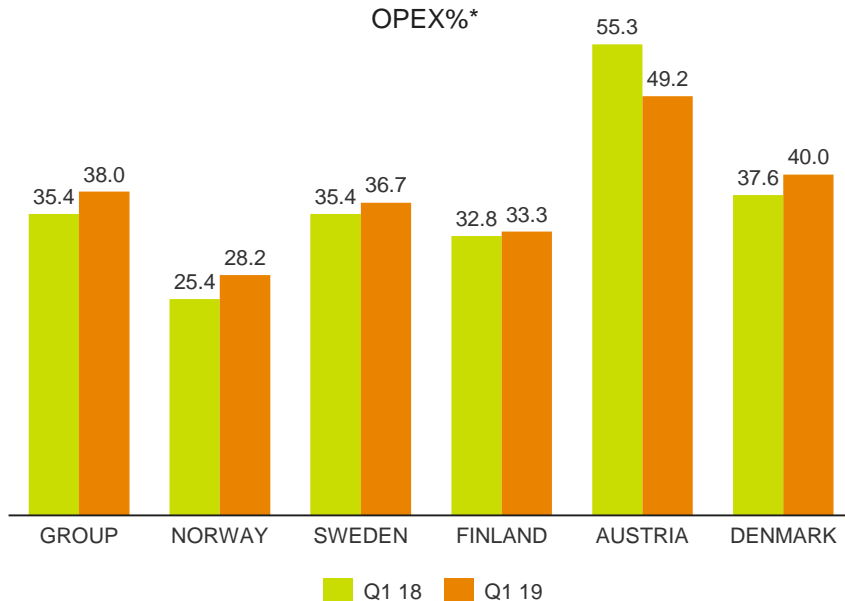
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- Back to basic – into the future: short term actions has given positive effects on gross margins
- Strong margin development against a strong comparator LY– highest margins since the IPO in 2014
- Broad based margin improvement – all countries with positive development
- Focus forward is to find the right balance between growth and margins

OPEX development (ex IFRS16)

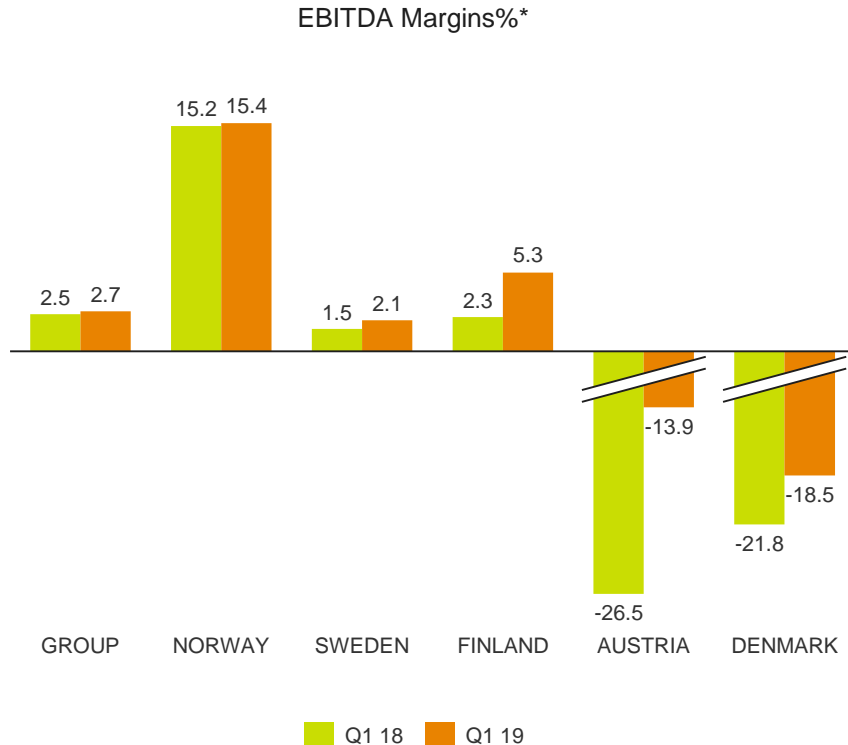
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- Group OPEX% up by 2.6 points to 38.0% YoY
 - Driven by negative like for like growth of 6.9%
- Negative like for like growth in the stores impacting the cost leverage
- Increased costs in HQ and Logistics segment
- Austria showing improvements

EBITDA development (ex IFRS16)

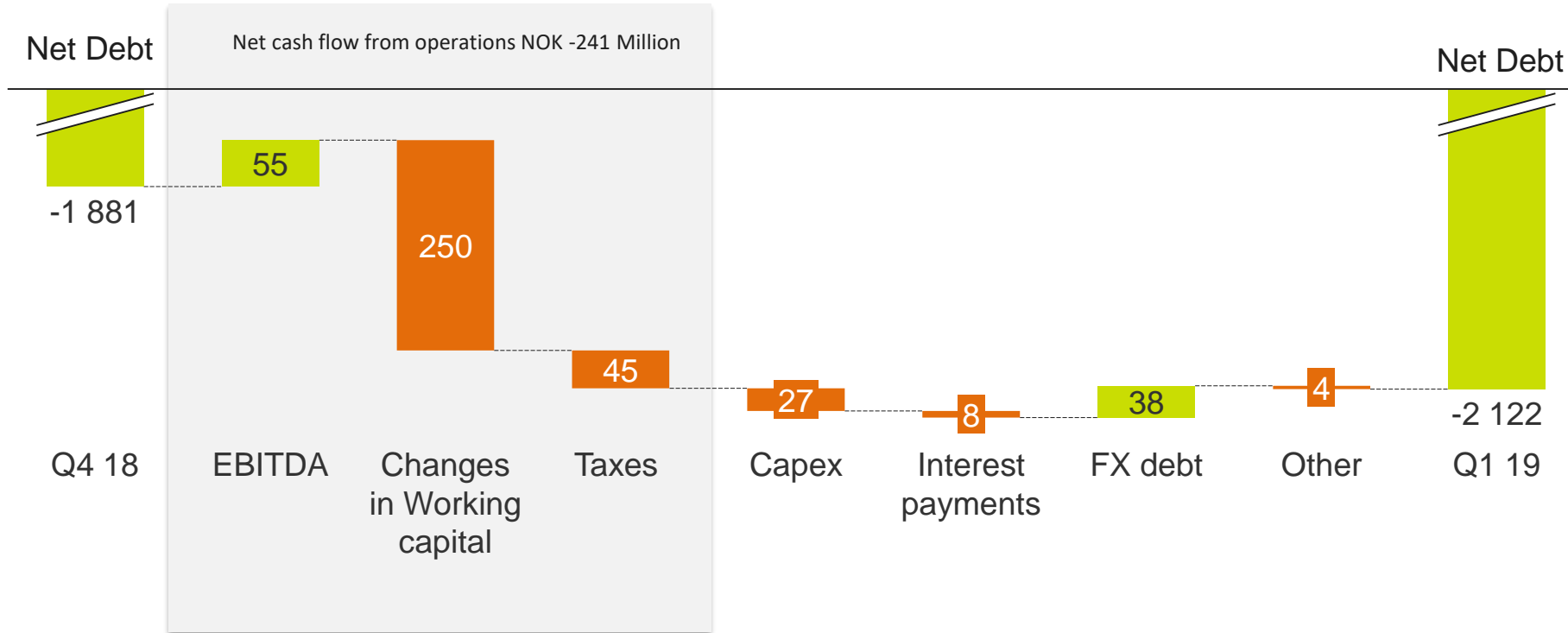
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- Positive EBITDA development – all segments with EBITDA margin improvement
- Negative like for like growth in the stores in all markets except for Austria
 - Impacting the cost leverage
- Improved gross margins is the main driver for the positive EBITDA development
- Negative EBITDA in Austria of NOK 15 million (NOK 18 million)
- Increased costs in the HQ and Logistics segment

Net debt development (ex IFRS16)

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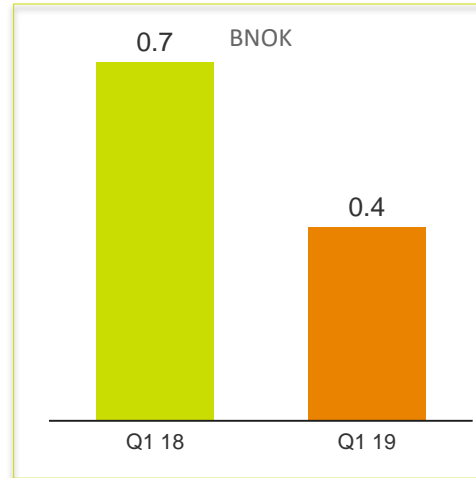
Liquidity reserves ending at NOK 0.4 billion

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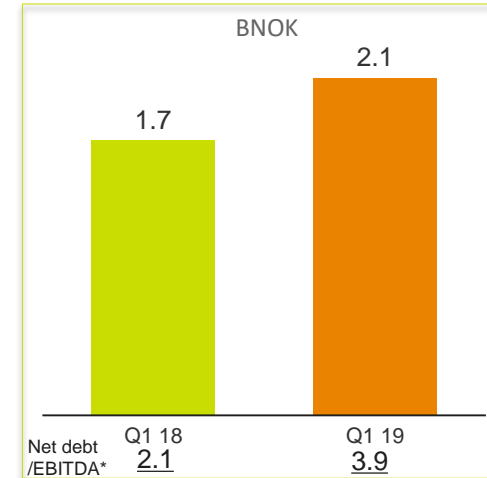
Operational cash flow*



Liquidity reserves



Net interest bearing debt



Summary

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Q1 19 takeaways

- Short term actions has given positive effects
 - EBITDA* growth of 7% versus last year
 - Strong and broad based gross margin improvement (2.8%p)
 - Revenue decline of 2.7% => seek the right balance between top line growth and profitability

Priorities

- Into the future but back to basic – core XXL concept
- Marketing as you know XXL
- Better balance between growth and profitability
- Better control and follow-up routines
- Turn around OPEX% development
- Working Capital

Outlook

- 5 new lease agreements signed – 2 in SE, 2 in FI and 1 in AT => Aim 5-6 new stores in 2019
- Capex ~200 MNOK
- Long term objectives stay firm



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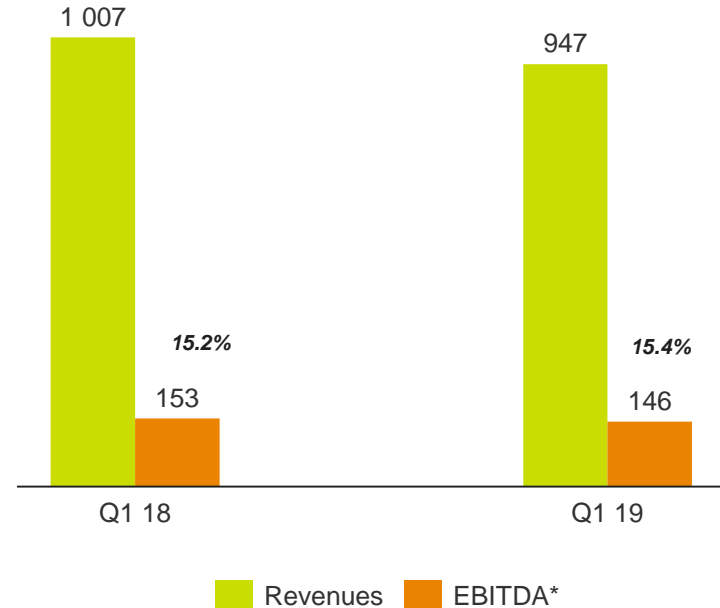
Appendix

Norway

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- Mixed and more challenging winter season compared to last year
- Negative like for like growth of 10.3%
 - 9.3% adjusted for cannibalization effects
 - Focus on gross profit affects sales volumes
 - Impacting the cost leverage negatively
- Significantly higher gross margins – up 3.2%p to 43.7
- EBITDA-margin* up 0.2 points to 15.4%
- Our store in Drammen has been partly shut down due to repairments of the shopping center location. This has a negative EBITDA-effect of around NOK 5 million in the quarter compared to Q1 2018

Amounts in MNOK

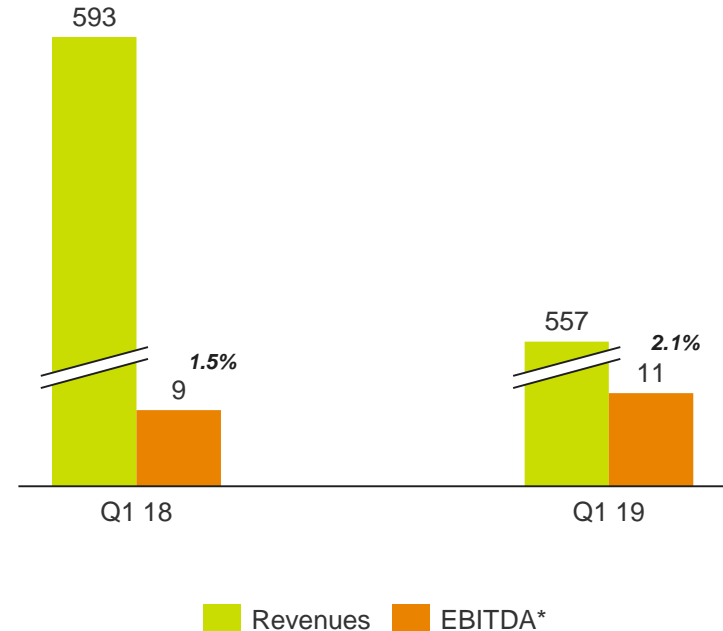


Sweden

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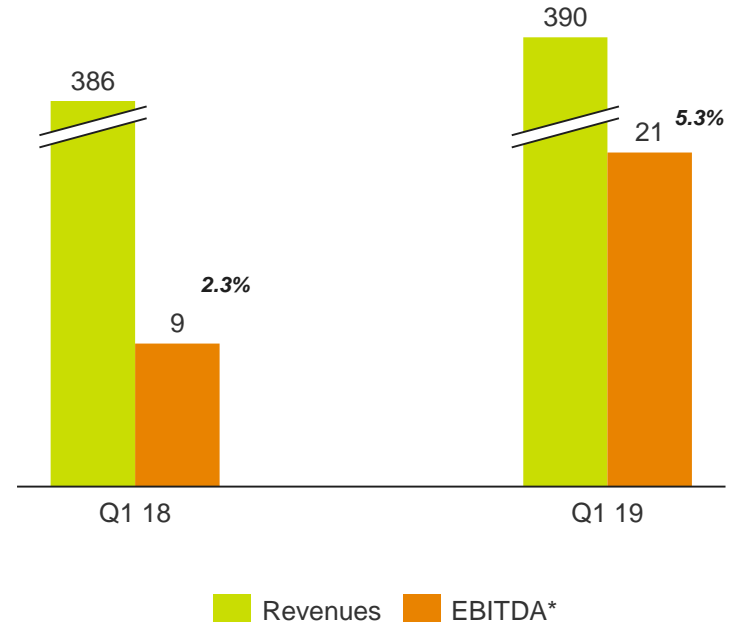
- Volatile and price focused market
- Lack of cold and snow compared to last years winter
- Like for like growth down 4.4% in local currency
 - Affecting the cost leverage negatively
- Shift in focus towards profits affected sales
- Positive development in gross margin of 1.8%p to 38.7%
- EBITDA* of NOK 11 million and a margin of 2.1%
- Improvements in Sweden is top priority and a key strategic project
- Changed local management team
 - New MD, Per Sigvardsson, with extensive experience from Nordic retail as MD in Elgiganten Sweden, Granngården and Top Toy

Amounts in MNOK



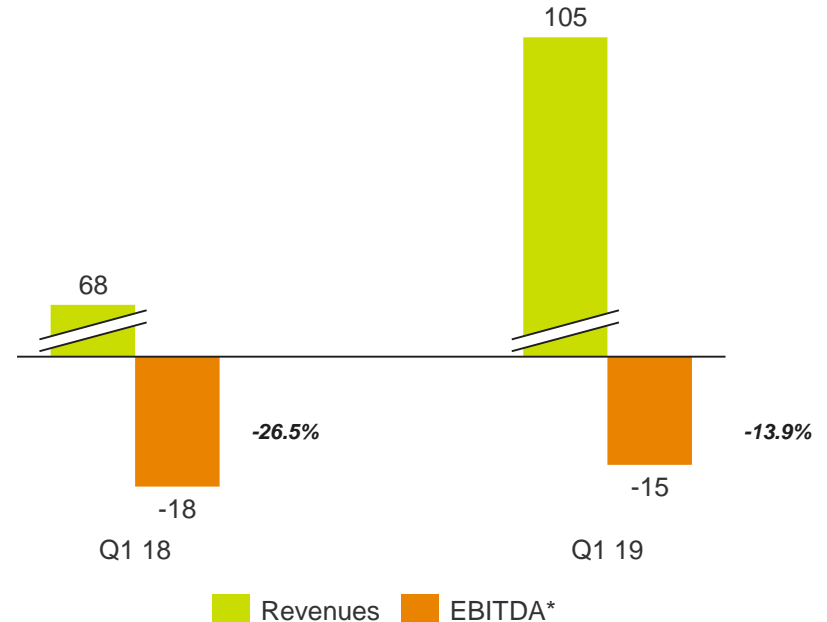
- Sales positively affected by good winter conditions in January but a more abating trend in sales throughout the quarter
- Stable revenues YoY despite significantly higher gross margin
 - Gross margin increased with 3.6%p to 38.7%
- XXL still the winner in the market and gaining market shares as well
- OPEX* slightly up due to costs related to a new store opening in early April with corresponding costs in Q1 2019
- EBITDA* of NOK 21 million (NOK 9 million) and a margin of 5.3% (2.3%)

Amounts in MNOK



- Good selling conditions leading to a revenue growth of 52.9% in local currency
- Constantly working on improving the offering
 - New MD, Magnus Kreuger, in place from 1 February with long experience and track record from XXL
- Like for like growth up 4.2% in local currency
- Gross margin up 6.5%p to 35.3%
- OPEX%* down from 55.3% to 49.2% YoY
 - Despite also carrying costs for a new store that opened early April 2019
- Negative EBITDA* of NOK 15 million

Amounts in MNOK

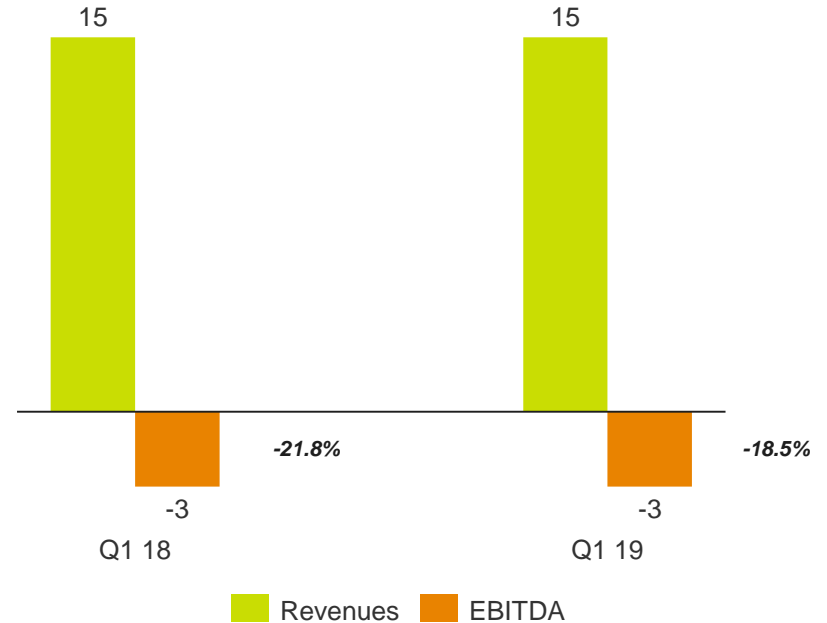


Denmark

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- Limited winter conditions compared to a good winter last year with cold temperatures
- Revenues declined 6.9% in local currency
- Gross margins improved significantly from 15.8% to 21.5% YoY
 - Negative effect on sales volumes as well
- EBITDA loss of NOK 3 million
 - OPEX% increase due to negative growth
 - More than offset by gross margin improvement

Amounts in MNOK



HQ and Logistics

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- OPEX* of NOK 107 million to 5.3% of Group sales
- Lower sales volume in the quarter
- Increased costs related to recruitment of new employees such as purchasers and technical experts during 2018
- XXL expects lower cost pace in the coming quarters





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