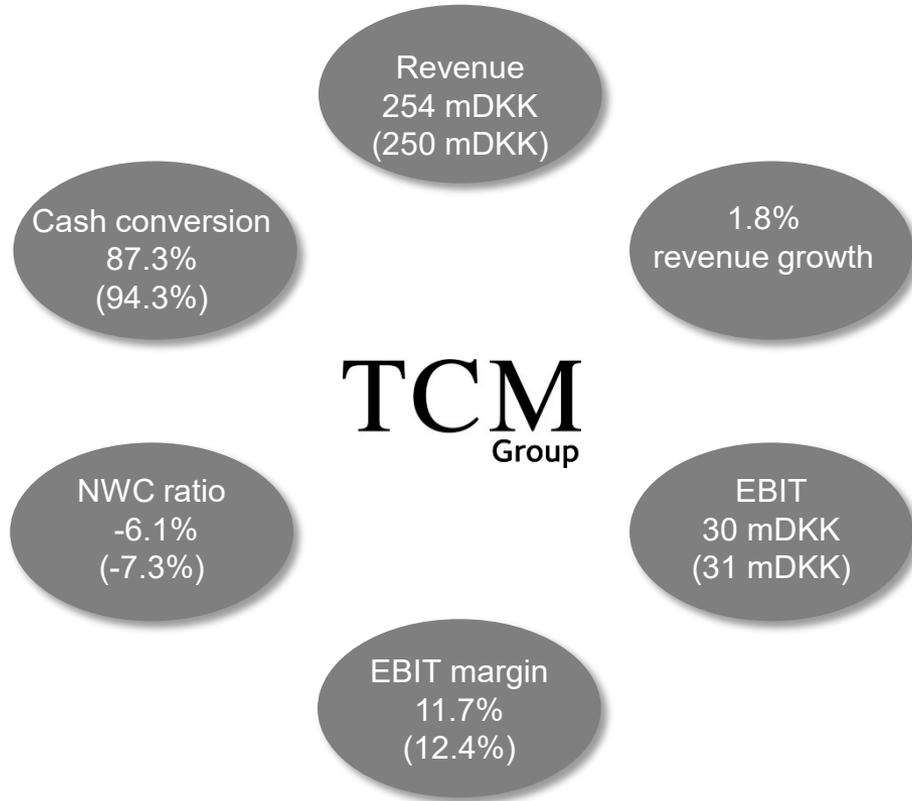




TCM Group A/S

Interim Report January-March 2020

May 6, 2020



- Limited impact on Q1 results
- Too early to conclude on the future impact
- Delayed impact
- Flexible setup; able to adjust
- Limited supply chain constraints
- Safety precautions in place
- Traffic goes online



- ❑ Growth primarily driven by B2C market through the branded stores in Denmark and Norway
- ❑ Relatively flat market in Denmark (pre Covid-19), in line with expectations
- ❑ Number of branded stores increased to 68 (66).  
Furthermore, 20 dealers have converted stores into the Nettoline store concept and therefore considered branded stores
- ❑ Financial outlook remain suspended



## Q1 2020

- ❑ Net revenue 254 mDKK (250)
- ❑ Revenue growth of 1.8%
  
- ❑ EBITDA 35 mDKK (36)
- ❑ EBITDA margin 13.8% (14.4%)
- ❑ EBIT 30 mDKK (31)
- ❑ EBIT margin 11.7% (12.4%)



	2020 Jan-Mar	2019 Jan-Mar
Net revenue (mDKK)	254	250
- Organic growth	1.8%	

## Revenue:

- ❑ Revenue growth in Denmark was +1.5%
- ❑ Growth driven by B2C market
- ❑ Revenue outside Denmark increased by 4.7%
- ❑ Revenue in branded stores in Norway increased by 13.7%

1.5% growth  
in DK revenue

4.7% increase  
in revenue  
outside DK

	2020 Jan-Mar	2019 Jan-Mar
Net revenue (mDKK)	254	250
- <i>Gross Margin</i>	25.7%	25.4%
EBITDA (mDKK)	35	36
- <i>EBITDA margin</i>	13.8%	14.4%
EBIT (mDKK)	30	31
- <i>EBIT margin</i>	11.7%	12.4%

## Q1 comments

- ❑ Gross margin favourably affected by sales mix partly offset by efficiency loss due to Covid-19 safety precautions
- ❑ Cost increase of 3mDKK primarily due to increased marketing spend and provisions related to restructuring costs

	2020 Mar	2019 Mar
Net working capital (mDKK)	-61	-68
NWC ratio	-6.1%	-7.3%
NIBD (mDKK)	77	139
Leverage (x EBITDA)	0.4	0.9

## Q1 comments

- ❑ NWC impacted by higher inventories, which was impacted by higher buffer stock to ensure high delivery assurance with regards to the Covid-19 situation
- ❑ NWC ratio was -6.1% compared to -7.3% in Q1 last year
- ❑ NIBD was 77mDKK compared 139mDKK Q1 last year.
- ❑ At the end of Q1 NIBD was impacted by 38mDKK due to implementation of IFRS 16
- ❑ Solid balance sheet with a leverage at 0.4 compared to 0.9 last year

	2020 Jan-Mar	2019 Jan-Mar
Operating profit (mDKK)	30	31
Depreciation and amortization (mDKK)	5	5
Change in NWC (mDKK)	-48	-26
Tax a.o (mDKK)	-6	-5
Capex excl. acquisitions (mDKK)	-4	-2
Operating cash flow excl. acquisitions (mDKK)	-22	2
Cash conversion	87.3%	94.3%
Capex ratio	1.6%	1.4%

## Q1 comments

- ❑ Free cash flow was -22mDKK compared to 2mDKK in Q1 2019
- ❑ Change in NWC in the quarter was 21mDKK lower than Q1 2019, which should be seen in connection with the opening balance being an all-time record
- ❑ Capex was 2mDKK higher than Q1 2019.
- ❑ Cash conversion in Q1 was 87% compared to 94% in Q1 2019



Q&A