TCM Group A/S
Interim Report January-June 2018

August 15, 2018

Continued strong financial performance in Q2 2018

10% organic growth

Revenue 232 mDKK (211mDKK)

Adjusted EBITA 41 mDKK (31mDKK)

NWC ratio -6.1% (-5.4%)

Adj. EBITA margin 17.5% (14.6%)

Cash conversion 104% (97%)

Business review Q2 2018

- Positive Danish market development in Q2 2018, but TCM Group continues to gain market share with organic growth of 10%
- Agreements in place to open new branded stores in Denmark and Norway
- Production effeciencies and synergies impacting earnings in Q2 positively
- Outlook for full year 2018 increased

Financial highlights Q2

Q2 2018

- Net revenue 232 mDKK (211)
- Organic growth of 10%
- Adjusted EBITA 41 mDKK (31)
- Adjusted EBITA margin 17.5% (14.6%)

- NWC ratio -6.1% (-5.4%)
- Cash conversion ratio 104% (97%)
- Net interest bearing debt 189 mDKK (206)

Revenue growth continued

TCM Group

	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun
Net revenue (mDKK)	232	211	446	418
- Organic growth	*10%*		*7%*	

10% growth in DK in Q2

9% growth outside DK in Q2

Q2 comments

- Organic growth continued in Q2
- Growth in Denmark of 10% in Q2
- Revenue outside Denmark grew 9% in Q2
- Increased revenue in both B2B and B2C

EBITA margin (adjusted) continued to improve

TCM Group

	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun
Net revenue (mDKK)	232	211	446	418
- Gross Margin	*29.8%*	*26.9%*	*28.1%*	*26.6%*
Adjusted EBITA (mDKK)	41	31	69	55
- Adj. EBITA margin	*17.5%*	*14.6%*	*15.5%*	*13.2%*
EBIT (mDKK)	39	26	63	48
- EBIT margin	*16.7%*	*12.4%*	*14.2%*	*11.4%*

Q2 comments

- Revenue growth converted to growth in EBITA
- Gross margin positively affected by synergies related to the integration of Nettoline, other efficiency improvements and improved sales mix compared to Q2 2017 and Q1 2018
- Adjusted EBITA up 3%-point to 17.5%
- Nettoline integration is completed with no non-recurring costs in Q2

NWC ratio improved compared to last year

	2018 Jun	2017 Jun
Net working capital (mDKK)	-51	-39
NWC ratio	-6.1%	-5.4%
NIBD (mDKK)	189	206
Leverage (x EBITDA)	1.22	1.72

Q2 comments

- NWC ratio improved compared to last year, primarily due to an increase in trade and other payables
- NIBD decreased primarily due to the positive cash flow from operating activities
- Solid balance sheet with a leverage at 1.22 compared to 1.72 last year

High cash conversion continued

TCM Group

	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun
Operating profit (mDKK)	39	26	63	48
Depreciation and amortization (mDKK)	4	4	8	9
Change in NWC (mDKK)	-14	-5	-29	-16
Tax a.o (mDKK)	0	1	-4	2
Capex excl. acquisitions (mDKK)	-1	-1	15	-2
Operating cash flow excl. acquisitions (mDKK)	28	25	53	41
Cash conversion			104%	97%

Q2 comments

- Profit in Q2 impacted by revenue growth, a higher gross margin and non-recurring costs in Q2 last year
- Though NWC continues to improve compared to last year, the change since 1 January has an adverse impact on cash flow compared to last year
- Free cash flow excl. acquisitions was 28mDKK compared to 25mDKK Q2 last year
- Cash conversion continues to be above 100%

Financial outlook 2018 is increased

Market

- Denmark: Growth expected to be around 2-3%

TCM Group

- Net revenue: 890-910 mDKK (previously 870-900 mDKK)
- Adjusted EBITA: 140-150mDKK (previously 130-140 mDKK)
- EBIT: 130-140mDKK (previously 120-130 mDKK)

- 40-60% dividend pay-out ratio from financial year 2018, depending on possible acquisitions
- Leverage ratio depending on possible acquisitions – but we expect to maintain the current NWC performance and capex of 1-2% of revenue


Q&A