TCM Group A/S
Interim Report April-June 2020
August 18, 2020

Covid-19 status

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- Store traffic in the beginning of Q2 hard hit, but increased during the quarter
- Temporary sales campaigns launched in the early stage of the virus outbreak
- Order intake has shown an increasing trend during the quarter
- Higher level of discounts has had an adverse impact on margin

Business update Q2 2020

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- Growth primarily driven by the Danish market primarily within Nettoline towards the DIY market as well as a higher share of 3rd party products
- Sales to Norway declined. The Norwegian kitchen market influenced by Covid-19, lower oil price, and currency fluctuations
- Number of branded stores increased to 69 (66). Furthermore, 20 dealers have converted stores into the Nettoline store concept and therefore considered branded stores
- Financial outlook reinstated

Revenue growth in Q2, despite an extraordinary market situation

Revenue
260 mDKK
(258 mDKK)

0.8%
revenue growth

EBIT
40 mDKK
(42 mDKK)

EBIT margin
15.2%
(16.3%)

NWC ratio
-8.8%
(-7.1%)

Cash conversion
101.8%
(102.6%)

Q2 revenue growth driven by B2C market and export

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun
Net revenue (mDKK)	260	258	514	508
- Organic growth	*0.8%*		*1.3%*	

Q2 comments:

- Revenue growth in Denmark was +2.2%
- Growth driven by Nettoline towards the DIY market as well as higher share of 3rd party revenue
- Revenue outside Denmark decreased by 12.8%

2.2% growth in DK revenue

12.8% decrease in revenue outside DK

P&L highlights

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	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun
Net revenue (mDKK)	260	258	514	508
- Gross Margin	*27.4%*	*28.6%*	*26.6%*	*27.0%*
EBIT (mDKK)	40	42	69	73
- EBIT margin	*15.2%*	*16.3%*	*13.5%*	*14.4%*

Q2 comments

- Gross margin adversely impacted by sales campaigns initiated in the early stage of the virus outbreak. Impact from these campaigns will continue to impact into Q3
- Sales mix had an adverse margin impact due to revenue growth being driven by structurally lower margin products
- Additional costs and efficiency loss in production had an adverse impact on gross profit of c. 1mDKK
- SG&A costs were on par with Q2 LY

NWC ratio up on LY supported by extended credit on VAT/income tax – part of the government's stimulus packages

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	2020 Jun	2019 Jun
Net working capital (mDKK)	-89	-69
NWC ratio	-8.8%	-7.1%
NIBD (mDKK)	19	151
Leverage (x EBITDA)	0.1	0.8

Q2 comments

- NWC impacted favourably by stimulus packages of c. 25mDKK
- Higher level of inventories due to increased buffer level to ensure high delivery assurance during the Covid-19 situation
- NWC ratio was -8.8% compared to -7.1% in Q2 last year
- NIBD was 19mDKK compared 151mDKK Q2 last year.
- At the end of Q2 NIBD was impacted by 39mDKK due to implementation of IFRS 16
- Solid balance sheet with a leverage at 0.1 compared to 0.8 last year

High cash conversion continued

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun
Operating profit (mDKK)	40	42	69	73
Depreciation and amortization (mDKK)	5	5	11	10
Change in NWC (mDKK)	28	1	-20	-26
Tax a.o (mDKK)	0	0	-6	-5
Capex excl. acquisitions (mDKK)	-4	-2	-8	-5
Operating cash flow excl. acquisitions (mDKK)	69	46	46	48
Cash conversion			101.8%	102.6%
Capex ratio			1.5%	0.8%

Q2 comments

- Free cash flow was 69mDKK compared to 46mDKK in Q2 2019
- Change in NWC in the quarter was 27mDKK higher than Q2 2019, favourably impacted by extended credit in stimulus packages of c. 25mDKK, which will have a similar adverse impact in Q3 2020.
- Capex was 2mDKK higher than Q2 2019.
- Cash conversion in Q2 was 102% compared to 103% in Q2 2019

Financial outlook 2020

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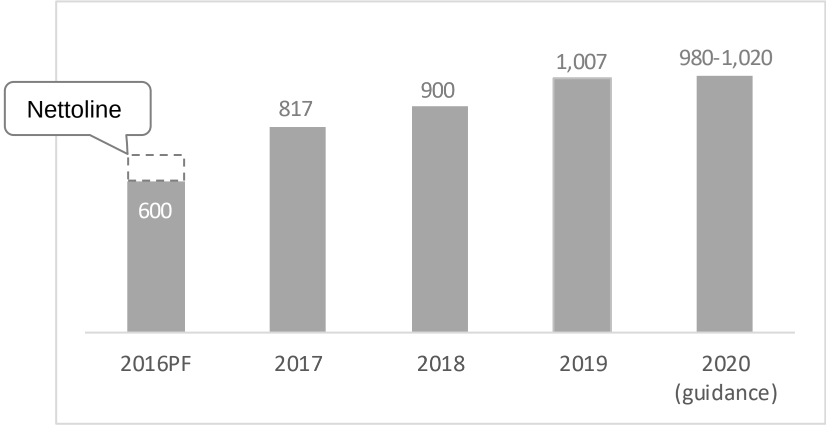
- Full-year guidance for 2020 is reinstated:
- Net revenue: 980-1,020mDKK, which is at level on par with 2019 (1,007mDKK)
- EBIT: 135-145mDKK, slightly below 2019

(EBIT excluding non-recurring items)

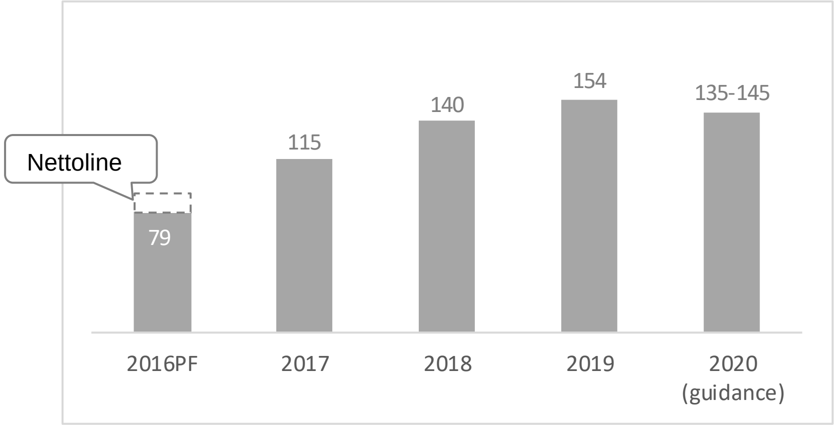
Revenue development

DKKm



Adjusted EBIT development

DKKm



Q&A