TCM Group A/S
Interim Report January-March 2018

May 9, 2018

Strong financial performance in Q1 2018

3.5%
organic
growth

Revenue
214 mDKK
(206 mDKK)

Adj. EBITA
28 mDKK
(24 mDKK)

NWC ratio
-7.9%
(-6.6%)

Adj. EBITA margin
13.3%
(11.8%)

Cash conversion
109%
(104%)

Business review Q1 2018

- Overall continued positive development in the Danish market in 2018 and TCM Group continues to gain market share
- New Tvis stores opened during Q1 in Esbjerg and Aabenraa
- Agreements in place to open two new branded stores, one of which is a Svane store in Trondheim, Norway
- New Svane product line RAW successfully launched

Financial highlights Q1 2018

Q1 2018

- Net revenue 214 mDKK (206)
- Organic growth of 3.5%
- No. of production days is 5% lower than Q1 2017
- Adjusted EBITA 28 mDKK (24), increase of 17%
- Adjusted EBITA margin 13.3% (11.8)

- NWC ratio -7.9% (-6.6)
- Cash conversion ratio 109% (104)
- Net interest bearing debt 207 mDKK (223)

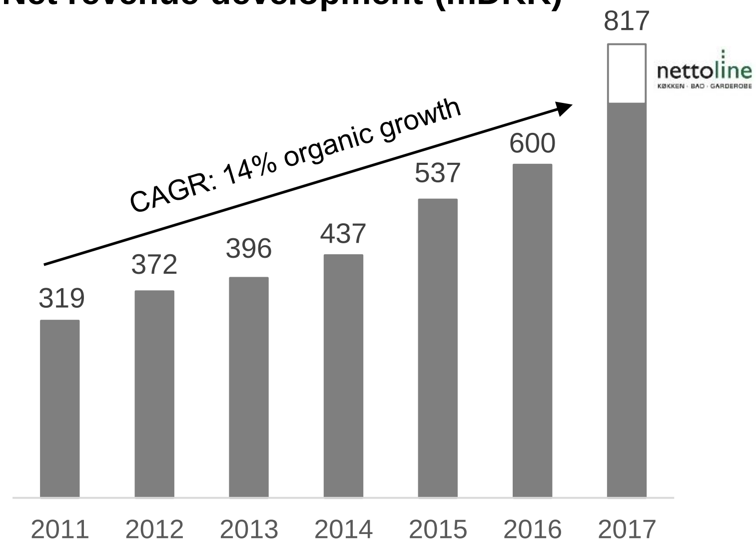
TCM Group continues its strong growth

	2018 Jan-Dec	2017 Jan-Dec
Net revenue (mDKK)	214	206
Organic growth	*3.5%*	

Q1 comments

- Organic growth continued in Q1 despite fewer production days and divestment of Svane Lyngby
- Underlying organic growth of around 10%
- Organic growth in Denmark of 5.8%
- Revenue to export markets 12.2% down vs Q1 2017 due to fewer production days and decline in sale of non-branded kitchens
- Growth primarily driven by the B2B segment

Net revenue development (mDKK)



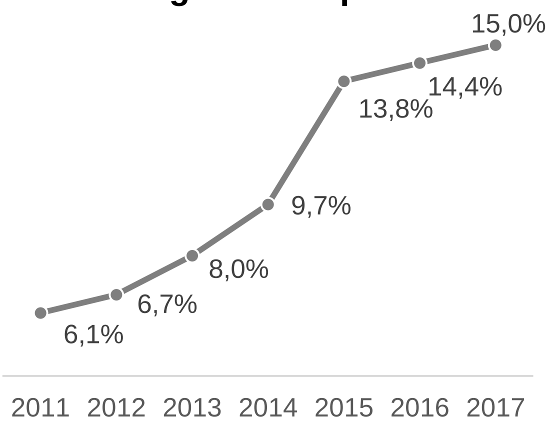
Earnings continues to improve

	2018 Jan-Mar	2017 Jan-Mar
Net revenue (mDKK)	214	206
- Gross Margin	*26.2%*	*26.4%*
Adjusted EBITA (mDKK)	28	24
- Adj. EBITA margin	*13.3%*	*11.8%*
EBIT (mDKK)	25	22
- EBIT margin	*11.5%*	*10.5%*

Q1 comments

- ❑ Revenue growth converted to growth in EBITA
- ❑ Gross margin more or less on par with last year. Adversely impacted by segment mix, partly offset by synergies from the Nettoline acquisition
- ❑ Adjusted EBITA up 1.5%-point to 13.3%
- ❑ EBIT impacted by non-recurring costs of 2mDKK.

EBITA margin development



NWC ratio improved compared to last year

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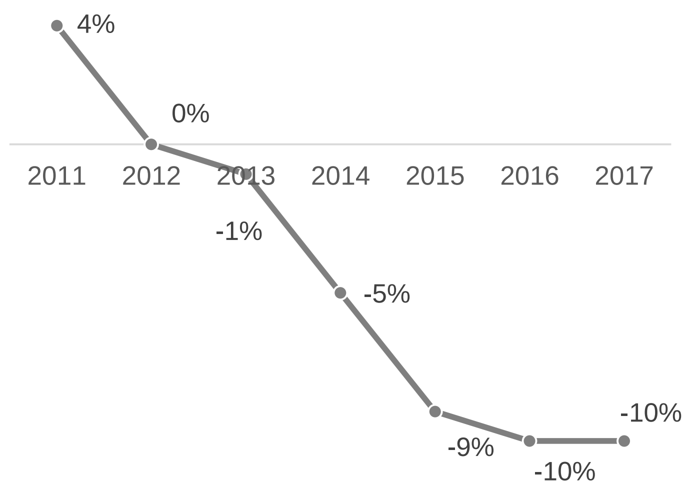
	2018 Mar	2017 Mar
Net working capital (mDKK)	-65	-44
NWC ratio	-7.9%	-6.6%
NIBD (mDKK)	207	223
Leverage (x EBITDA)	1.5	2.2

Q1 comments

- NWC ratio 1.3%-point below last year.
- NWC improvements primarily driven by increased acitivity and accruals regarding supplier payments
- NIBD decreased during Q1 due to increased earnings and the sale of the Horsens site effectuated in January 2018
- Leverage was 1.5 compared til 2.2 in Q1 2017

NWC ratio development



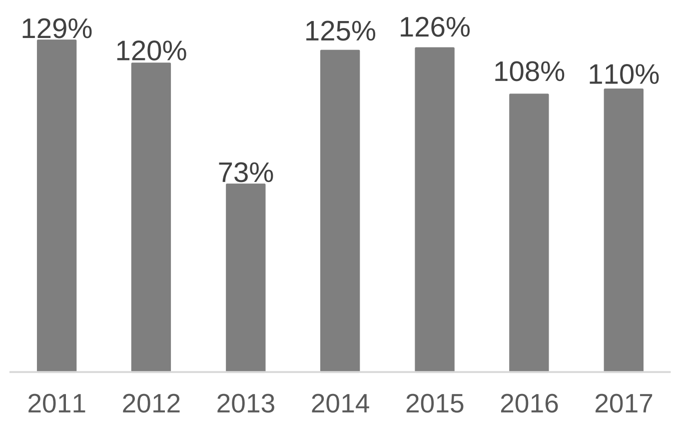
High cash conversion continues

	2018 Jan-Mar	2017 Jan-Mar
Operating profit (mDKK)	25	22
Depreciation and amortization (mDKK)	4	5
Change in NWC (mDKK)	-16	-10
Tax a.o (mDKK)	-4	1
Capex excl. acquisitions (mDKK)	16	-1
Operating cash flow excl. acquisitions (mDKK)	25	16
Cash conversion	109%	104%

Q1 comments

- ❑ Profit in Q1 impacted by non-recurring items of 2mDKK compared to 1mDKK in Q1 2017
- ❑ Tax payments impacted free cash flow in Q1 with 4mDKK compared to last year
- ❑ Capex impacted by the sale of the site in Horsens of 17mDKK
- ❑ Free cash flow excl. acquisitions was 25mDKK compared to 16mDKK in Q1 2017

Cash conversion



Financial outlook 2018 is unchanged

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Market

- Denmark: Growth expected to be 2-3%
- Norway and Sweden: Market expected to be negatively affected by decrease in real estate prices and a slow down in new builds

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- Net revenue: 870-900 mDKK
- Adjusted EBITA: 130-140mDKK
- EBIT: 120-130mDKK

- 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 with capex of 1-2% of revenue


Q&A