

BJÖRN BORG 

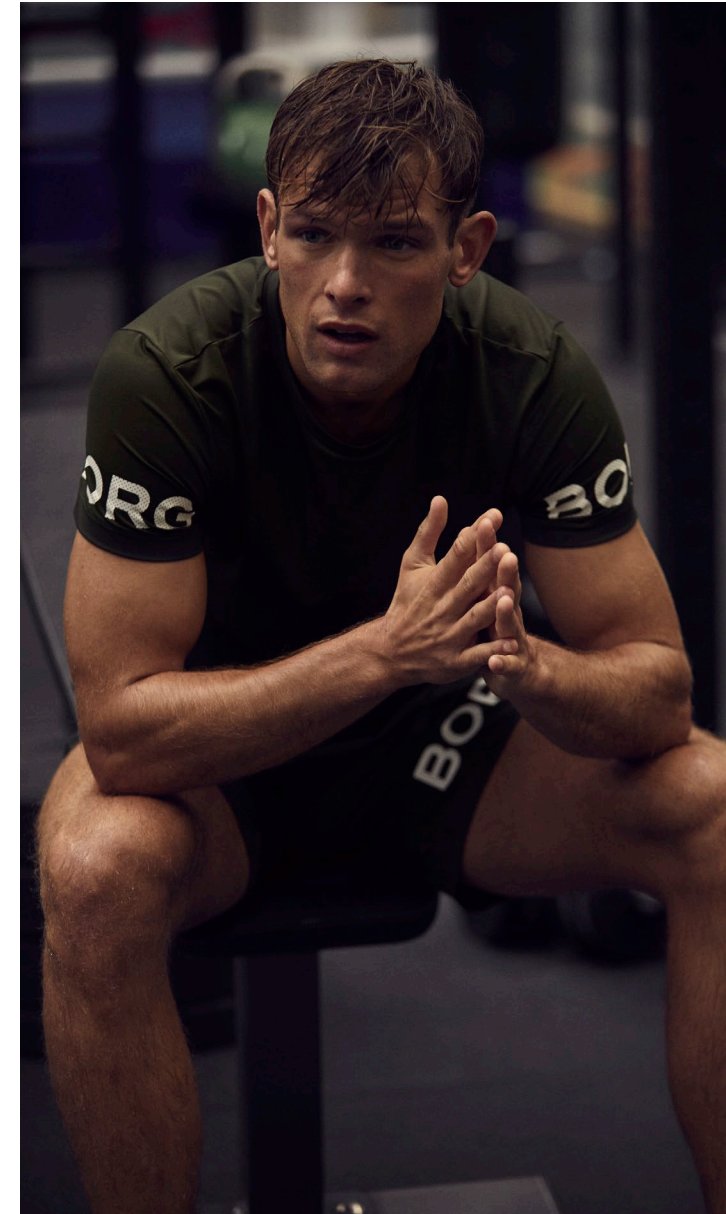


Q2 2020

Henrik Bunge, CEO
Jens Nyström, CFO

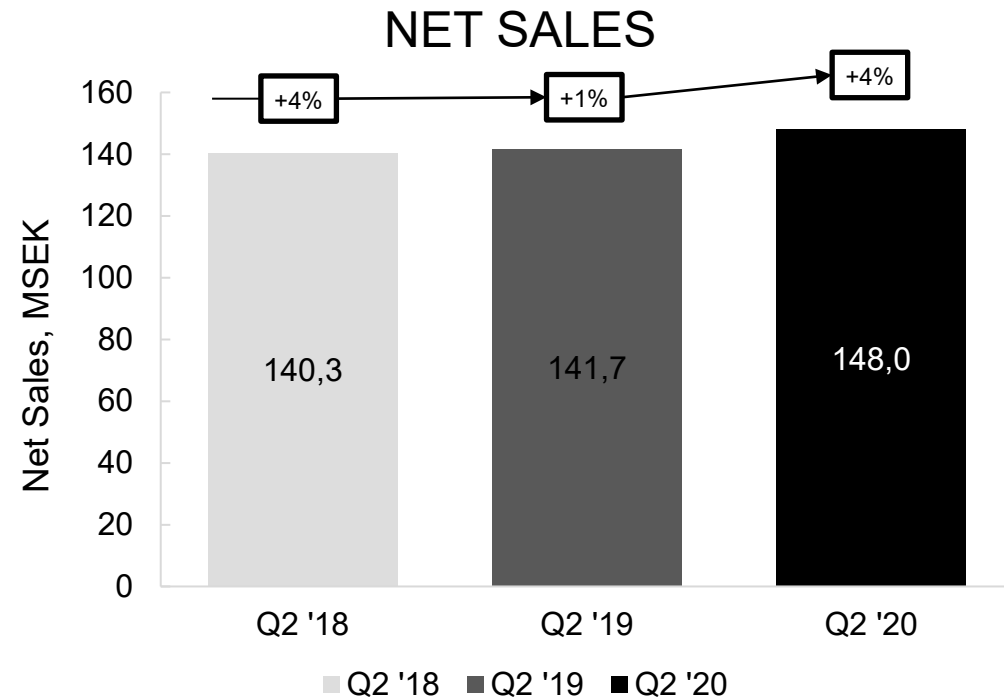
Q2 2020 SUMMARY

- The second quarter of 2020 was negatively impacted by Covid-19/Corona.
- Net sales did however increase with +4,4% in the quarter mainly driven by a strong quarter for our Swedish and German wholesale market, as well as own e-commerce, offset by a weak quarter in own retail and for external distributors. Currency neutral the increase is +8,0%
- Wholesale business is overall increasing +18% in the quarter, driven by the Swedish and German markets, offset by negative developments in Benelux our footwear business.
- Own retail sales is declining -28% in total and -38% in comparable stores due to closed stores in Benelux, England and partly in Finland, all related to the effects of the Corona virus.
- Own e-commerce continue to show strong development and increase with +77% in the quarter.
- External distributors decline with -45% in the quarter where the larger distributors in Norway and Denmark show a weak quarter.
- The licence business decline -15% in the quarter, where mainly bags are representing the decrease, while shoes are increasing.
- Gross profit margin decrease with -6,3 ppt vs LY, mainly due to currency effects and increased discounts to wholesalers to mitigate the negative effects of the Covid-19. Currency neutral the decrease is -3,4 ppt.
- Operating profit decreased to -13,4 MSEK (-1,7) due to the lower sales and gross margin.



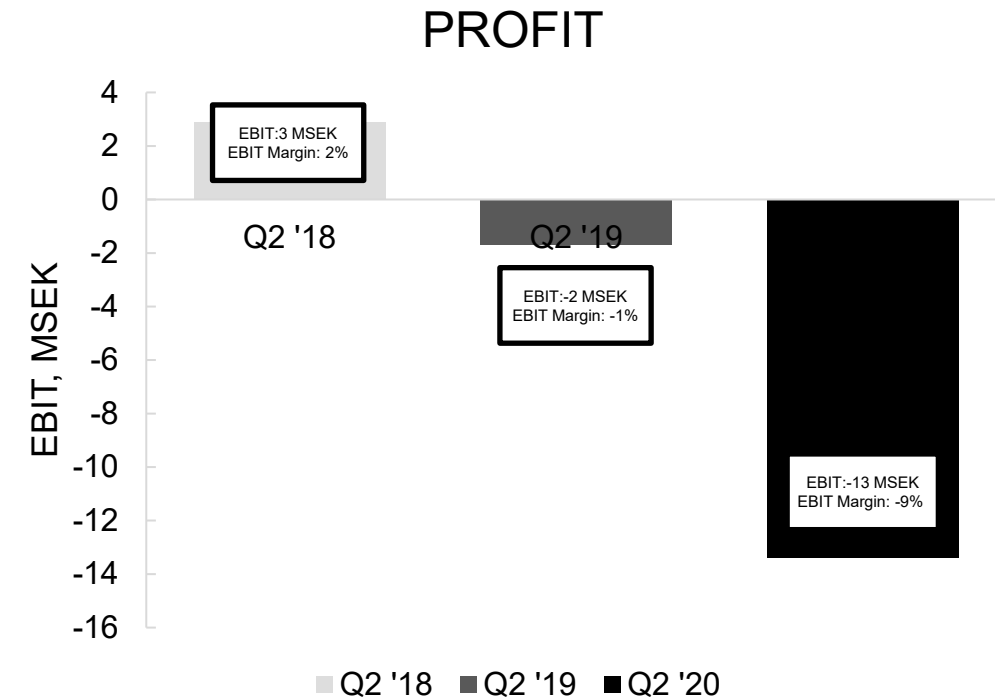
Q2 2020 show an increase in sales vs last year, but EBIT decline due to negative FX effects on gross profit margin and OPEX

– Net sales and operating profit development by quarter



NET SALES 148,0 MSEK (141,7)

- + Own e-commerce
- + E-tail wholesale business
- Distributor business
- Own retail



OPERATING PROFIT 7,2 MSEK (18,5)

- + General control of OPEX
- Negative FX effects
- Higher wholesale discounts
- Bad debt losses in wholesale

Key financials YTD Q2 2020 vs 2019

MSEK	YTD Q2 2019	YTD Q2 2020	+/-
Net sales	329,9	319,9	-3,0%
Gross profit margin %	56,2%	51,8%	-4,4 ppt
Operating expenses ¹⁾	178,3	188,2	+5,5%
Operating profit	16,9	-6,2	
Operating margin %	5,1%	-1,9%	-7,0 ppt
Earnings per share, SEK	0,64	-0,33	

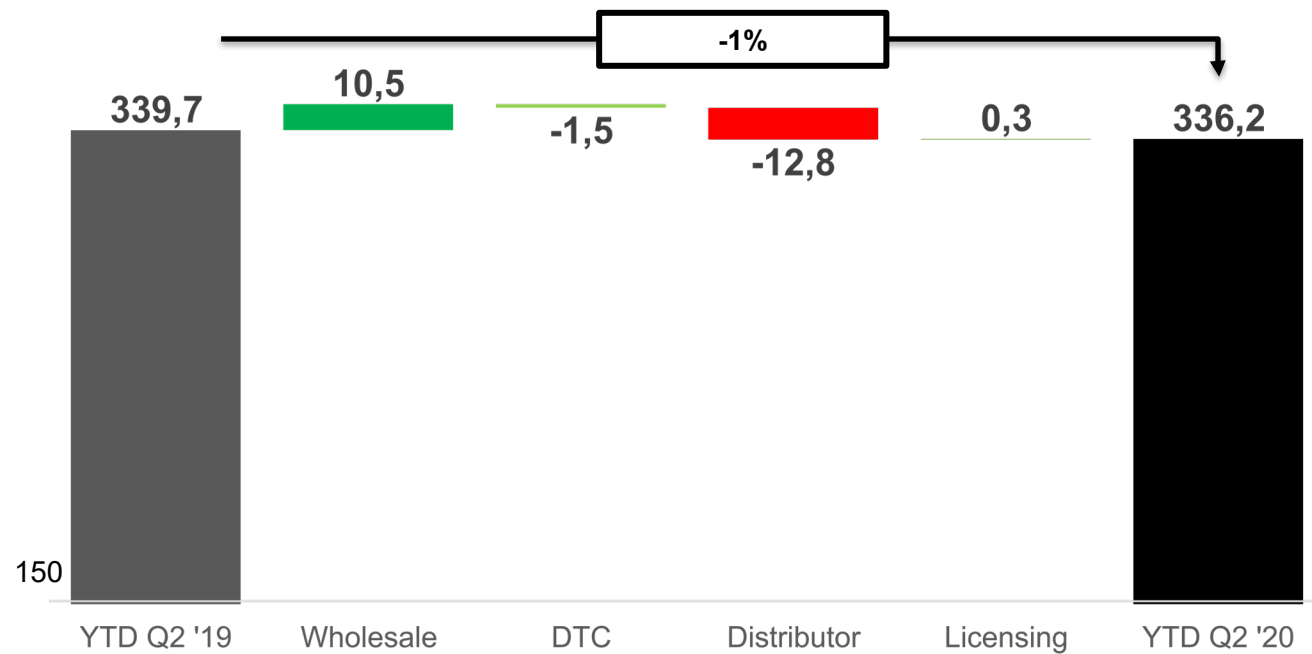
¹⁾ *Excluding goods*

- *The operating expenses are negatively affected with 0,9 MSEK due to fx effects.*
- *The gross profit margin is negatively affected with 3,4 ppt due to fx effects.*

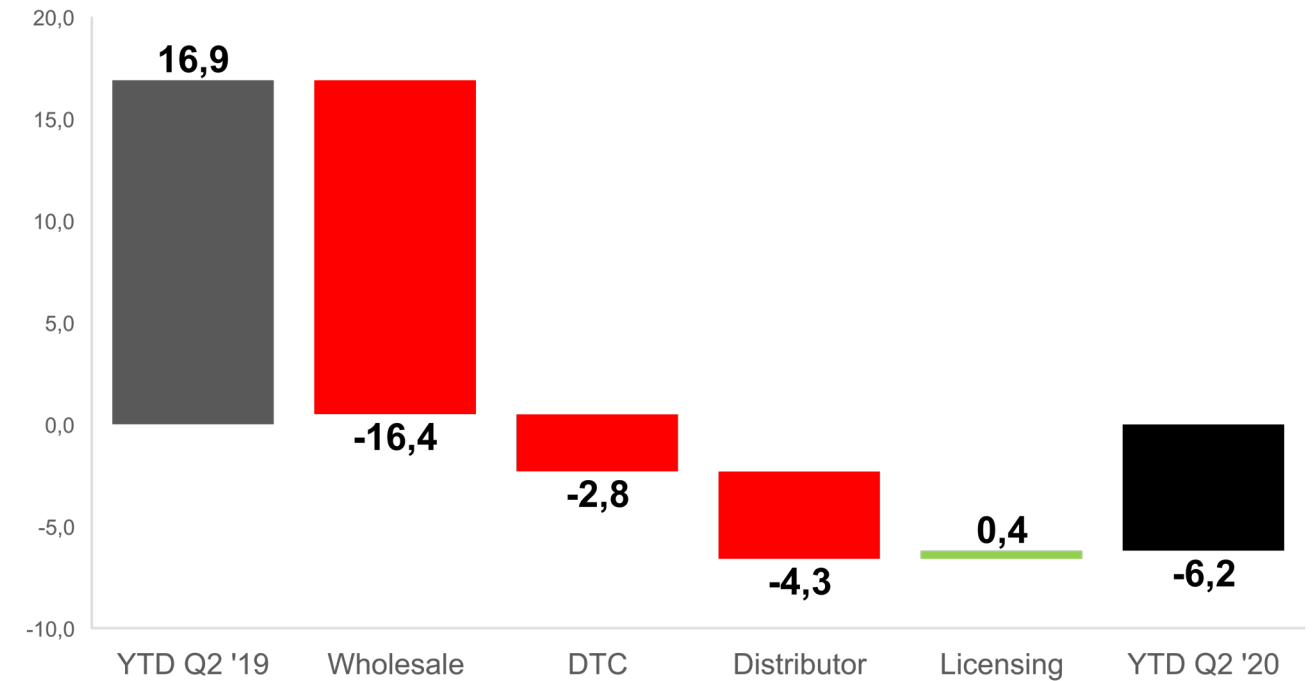
Weak quarter except in own e-commerce. Sales increase but EBIT decline due to negative FX and increased customer discounts.

– Full year revenue and operating profit by segment

External revenue by segment, MSEK



Operating profit by segment, MSEK



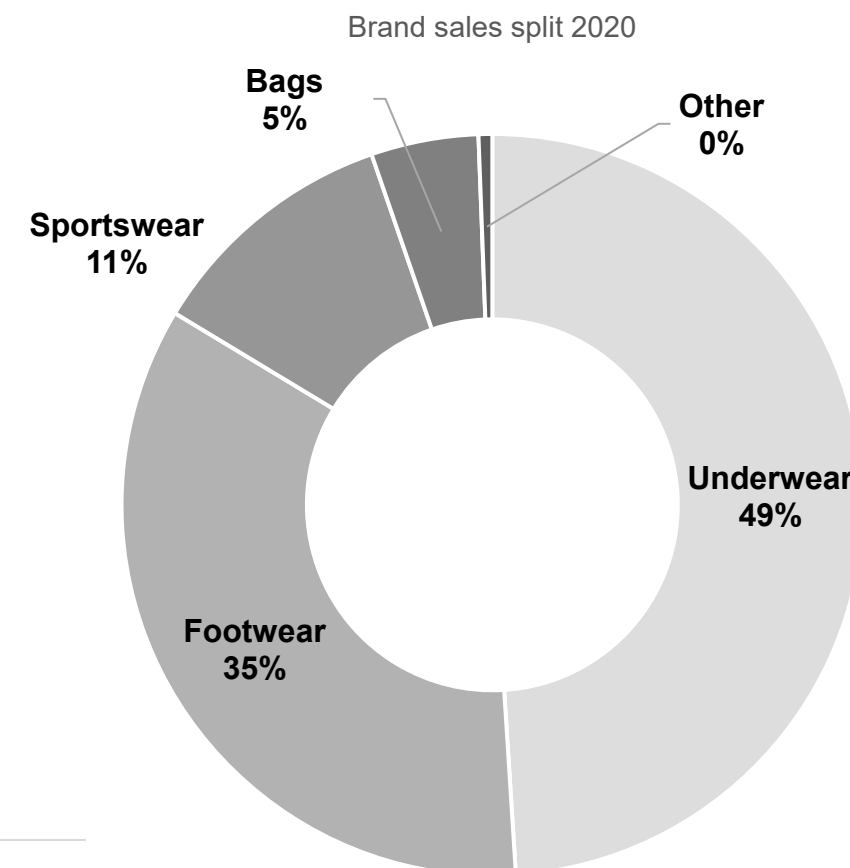
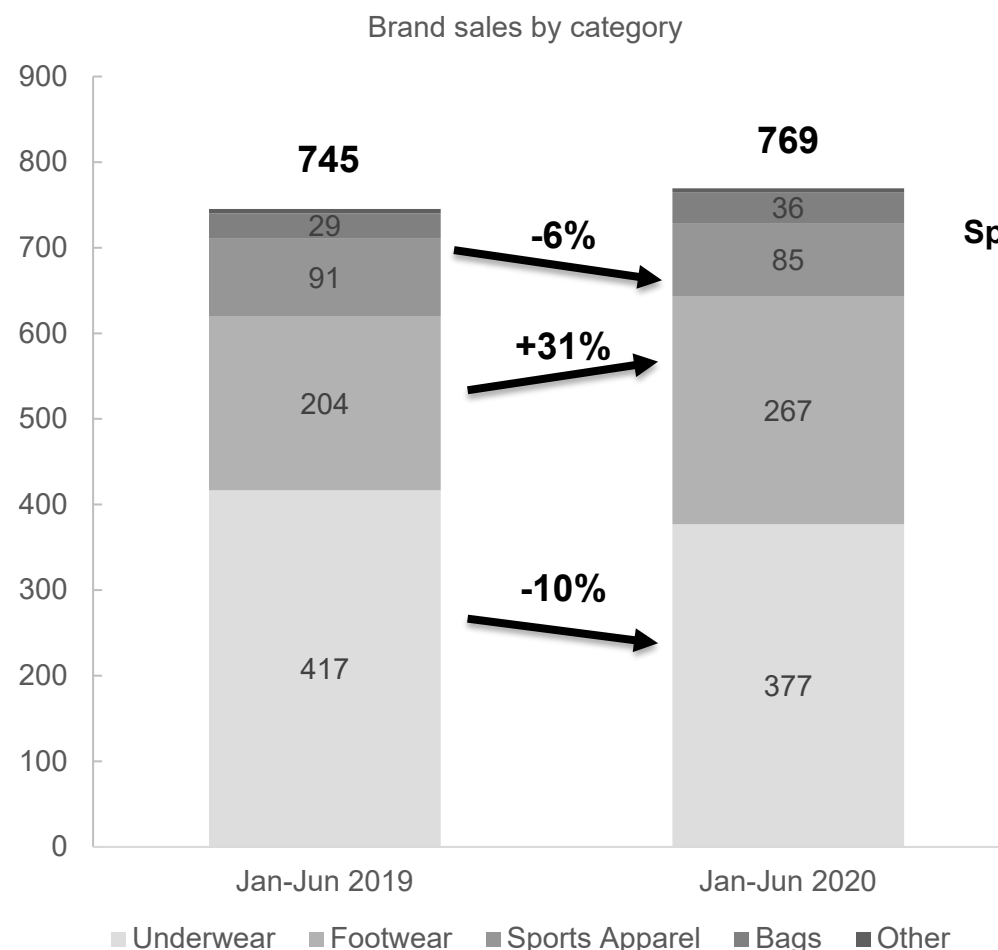
- Wholesale; growth in Sweden, Finland, Germany and Footwear, offset by a decline Benelux and UK.
 - Operating profit declining due sales decline and negative FX effects on gross margin and OPEX, bad debt losses as well as increased customer discounts.
- DTC; e-com +47% vs last year while own retail decline in total stores with -38% and in comparable stores with -28% vs last year. All stores in Benelux, England and partly in Finland were closed during large parts of second quarter due to the negative effects from the Corona virus.
 - Operating profit is declining with the sales decrease and increased discounts.
- Distributor sales decrease (-45%) due to poor development mainly in the larger markets Norway and Denmark.
- The licensing business slightly increased vs last year mainly due to strong sales of shoes.

Decreased brand sales in both main categories of underwear and sports apparel, while footwear increase.

– Brand sales* by category

BRAND SALES DEVELOPMENT YTD Jun 2020

- Brand sales increased with +3% YTD Jun vs last year to 769 MSEK (745).
- UW decrease vs last year with -10%, sports apparel decline -6%, while we see an increase of +31% in footwear.
- Other licensed product groups increase with +19%, where bags show an increase of +24% while the smaller groups decline -8%.



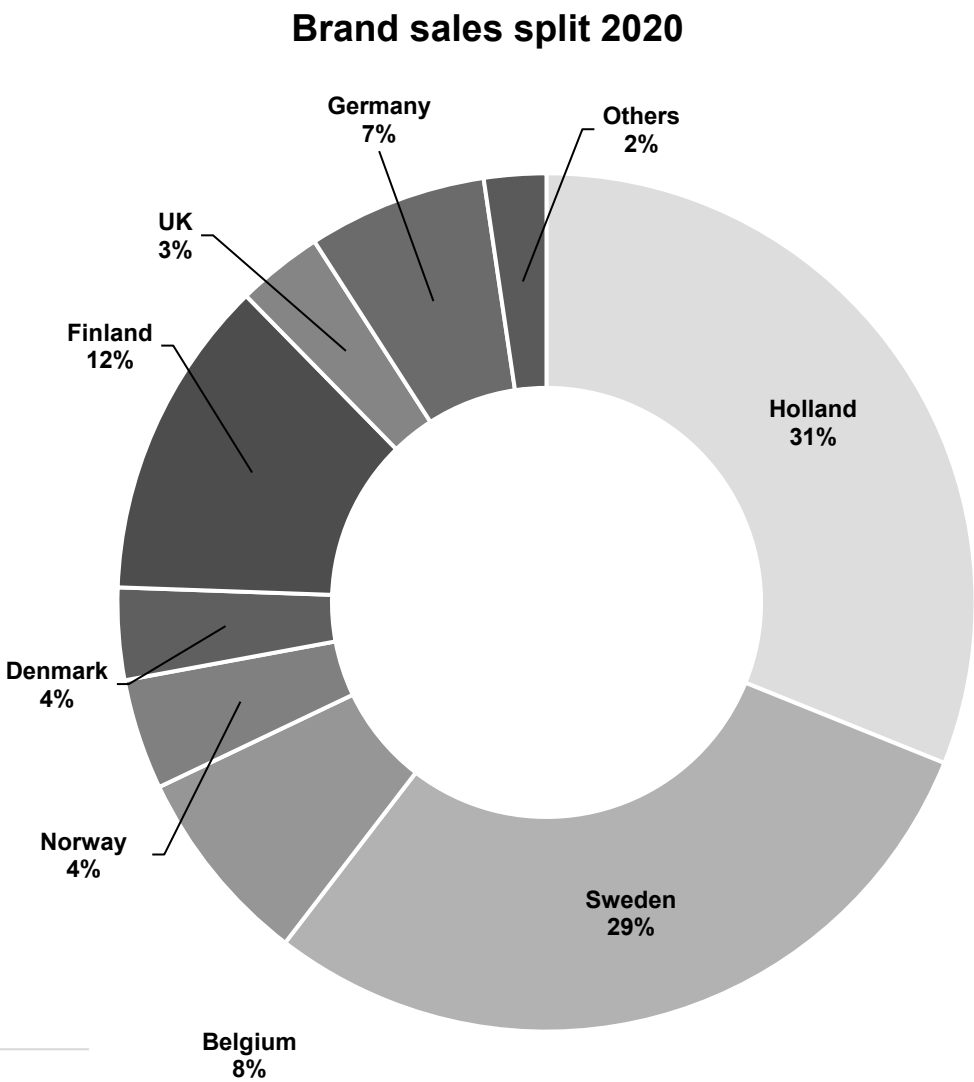
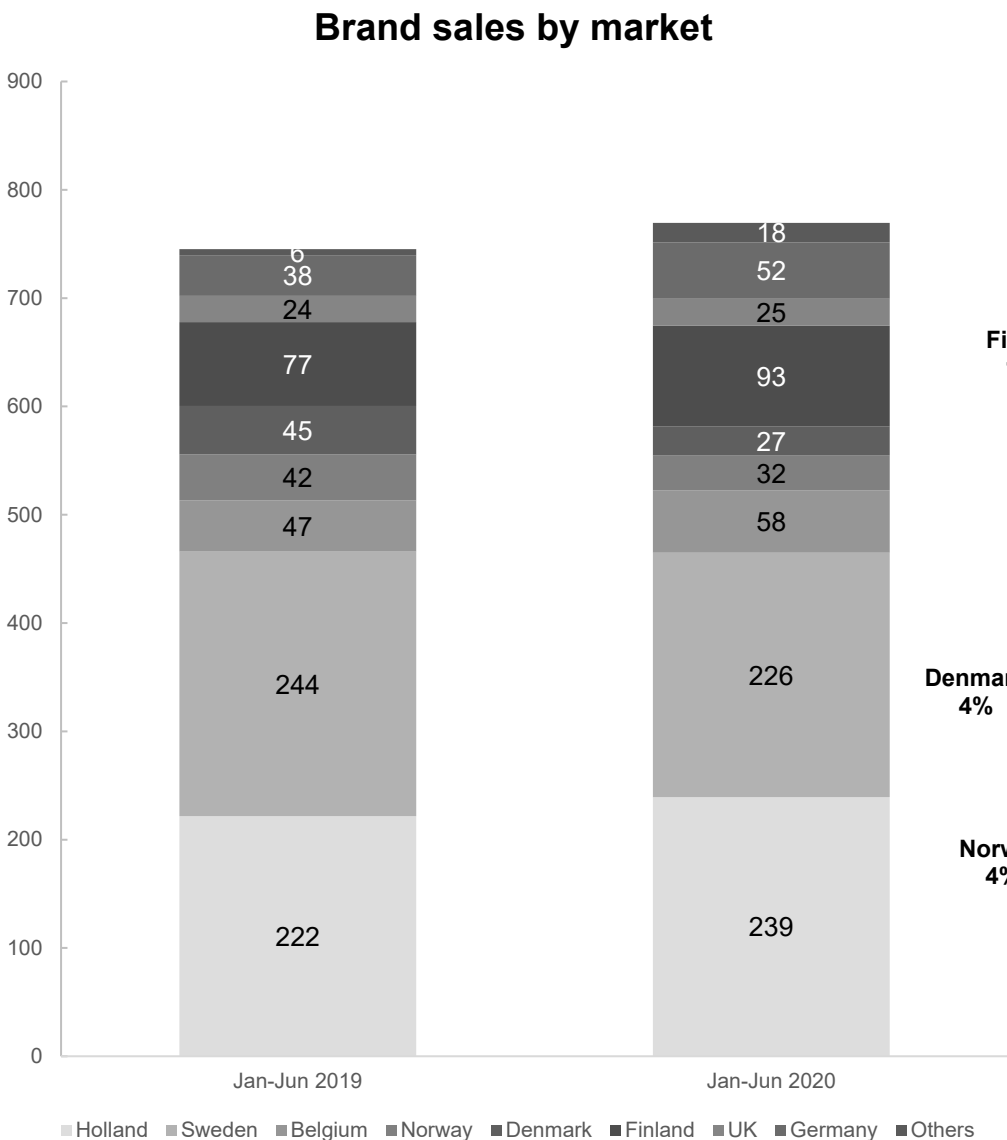
**Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported wholesale sales. Shows the sales trend measured as retail value excluding VAT.*

Brand sales by market with the Benelux, Finland and Germany showing strong growth. Most other markets decline.

– Brand sales by market

BRAND SALES DEVELOPMENT YTD Jun 2020

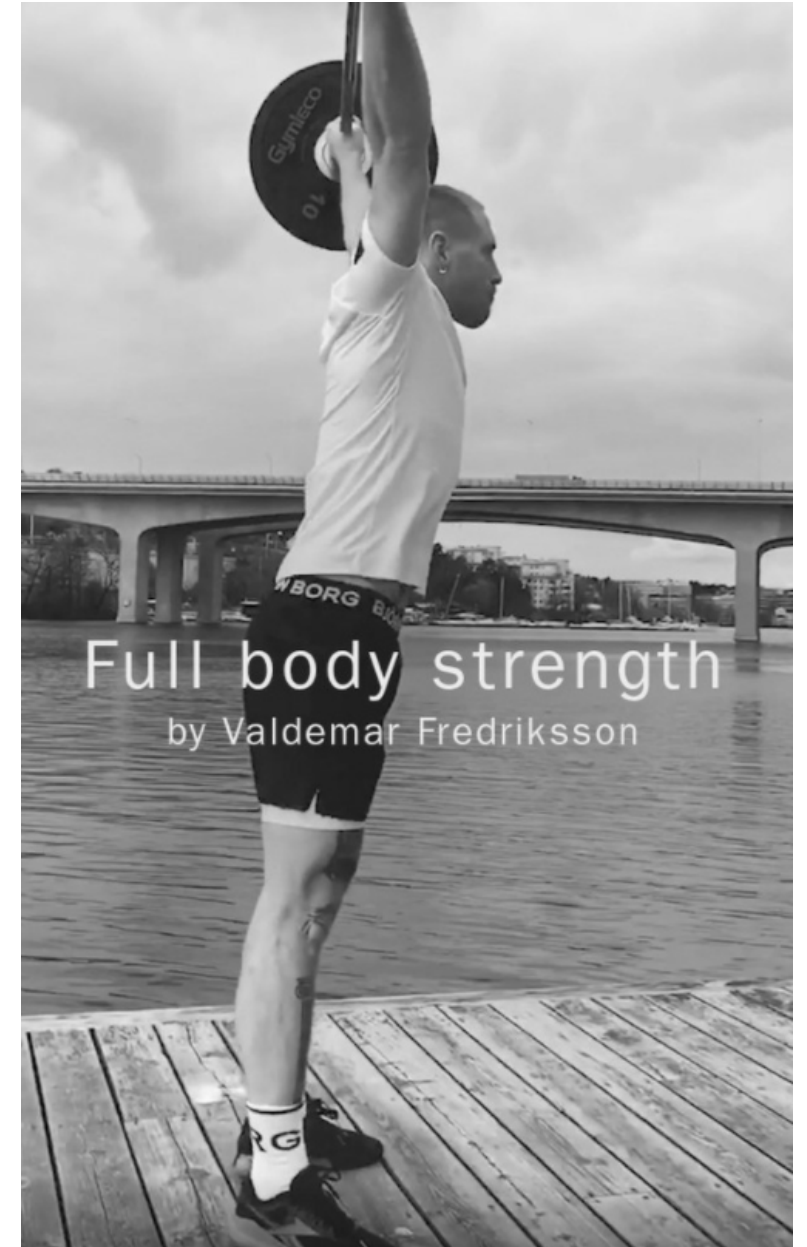
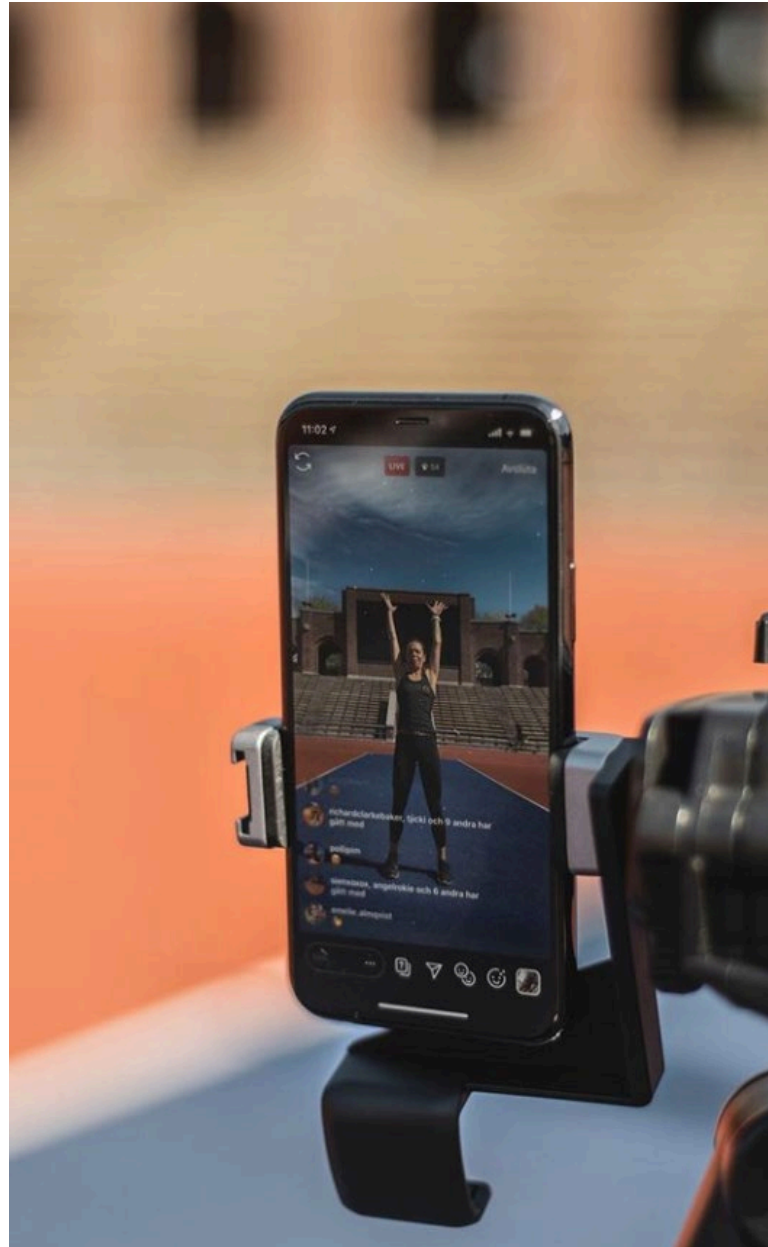
- The Netherlands, Belgium, Finland and Germany showing growth.
- Other main markets are declining vs LY.



Initiatives taken between March – June in order to minimize the negative effects from the Corona virus have been tough and fast.

- Short term layoffs to all staff in own stores as well as in HQ for 6 months
- Large redundancy of HQ staff
- Staff bonus removed
- Travel freeze
- Renegotiated rent in all own retail stores
- Relocation of HQ premises
- Streamlined all planned Marketing activities and activations and increase focus online
- Cancelling all external consultants where possible
- Stopped planned capital investments where possible

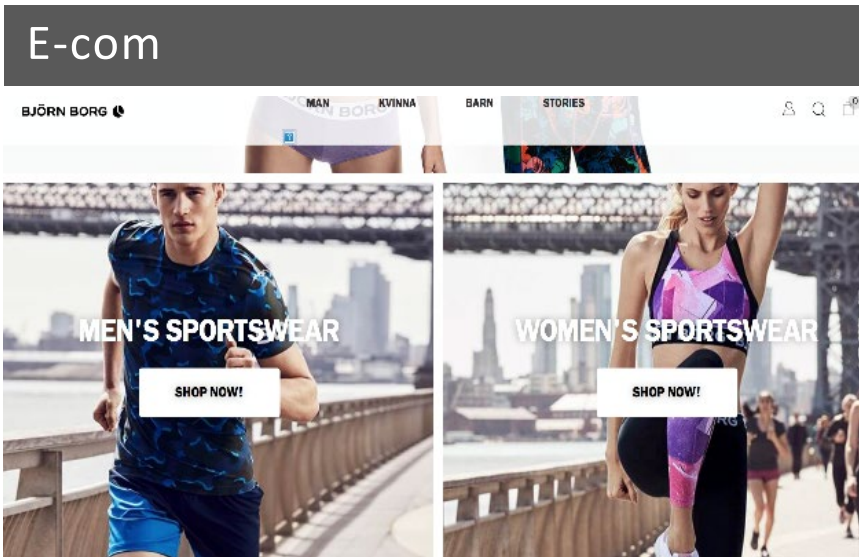
OUR BRAND IS GETTING STRONGER





ONLINE
ATTACK

Online attack is divided in three different focus areas



Compound Annual Growth Rate 2013-2019
+30%
YTD 2020 +47% (+77% in Q2 2020)



Untapped potential
Market place model with amazon live,
YTD 2020 +165%.



Compound Annual Growth Rate 2013-2019
+26%
YTD 2020 +9%
Zalando YTD 2020 +19% (+53% in Q2 2020)

Underlying online market growth 2013-2019 18%

THANK YOU