

Empire AB










# 2010 Year Review

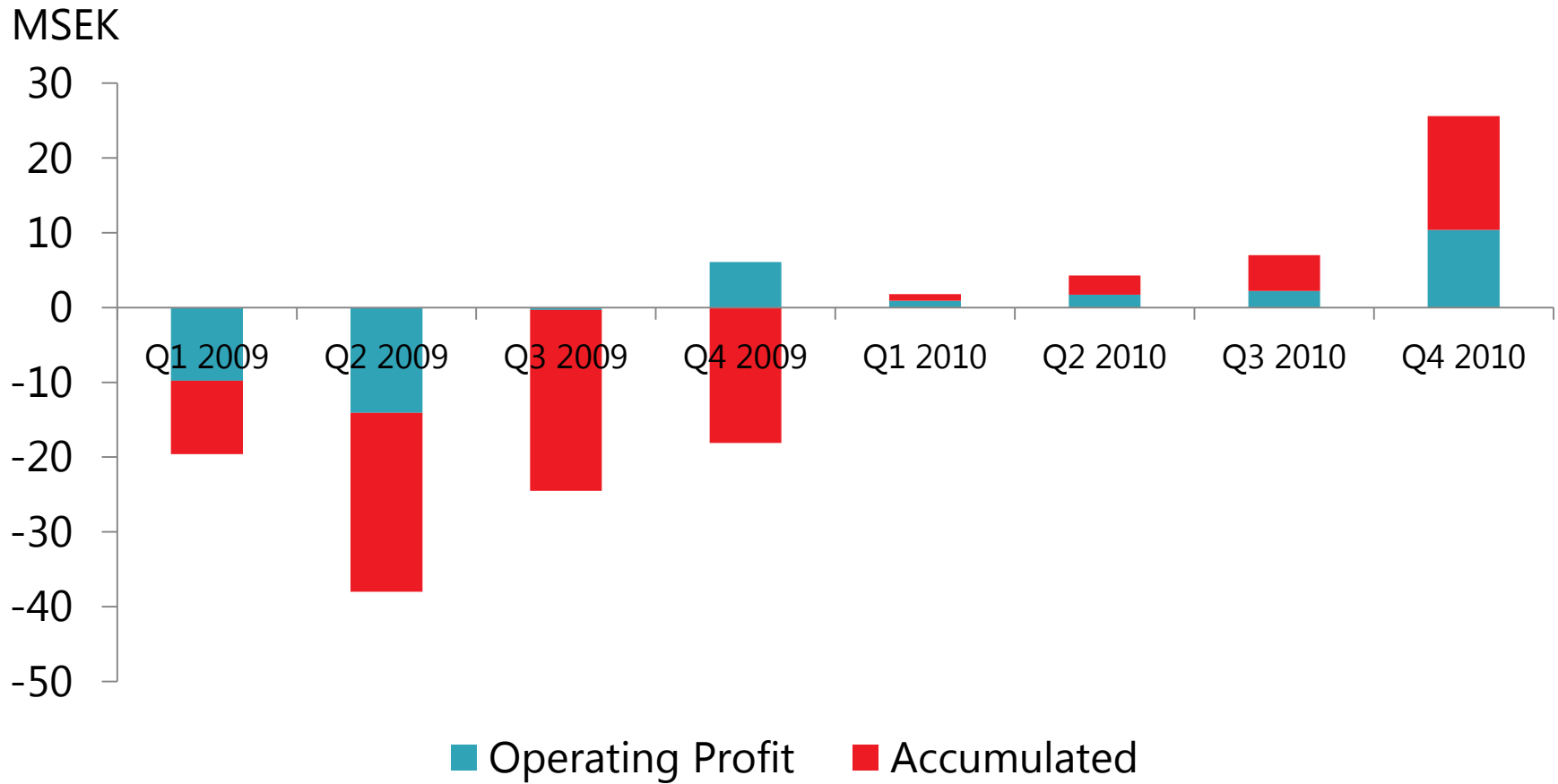


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- I. Results
  - II. Market
  - III. Outlook

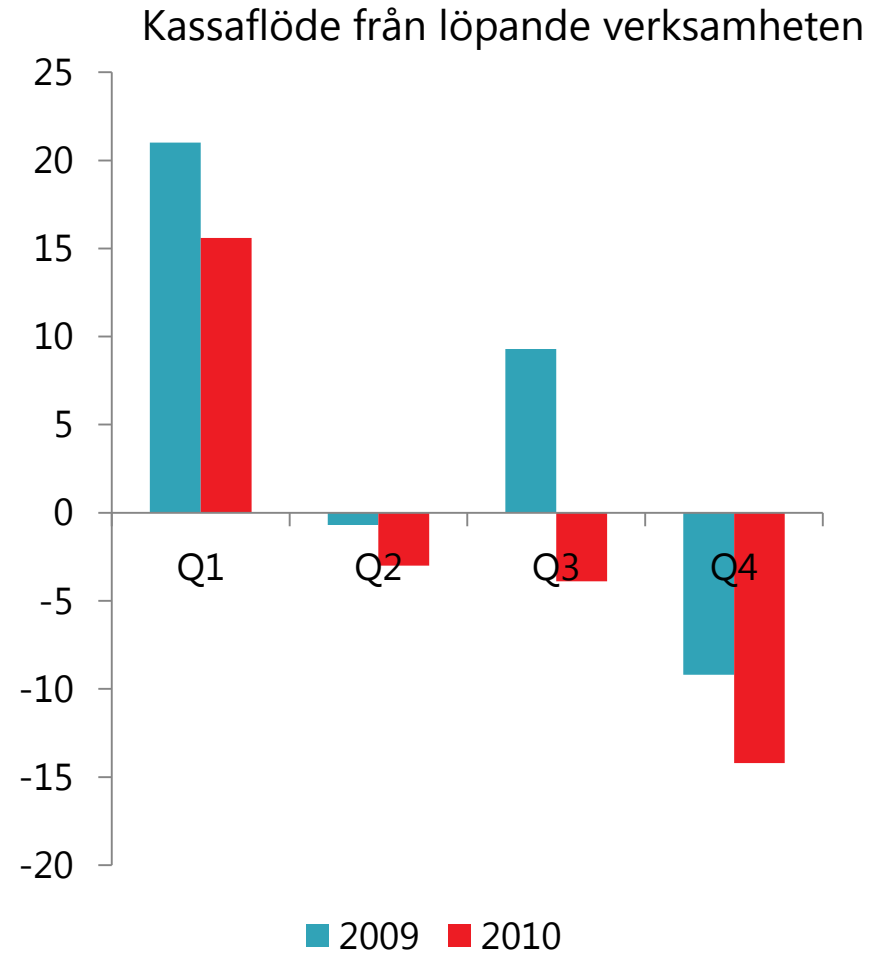
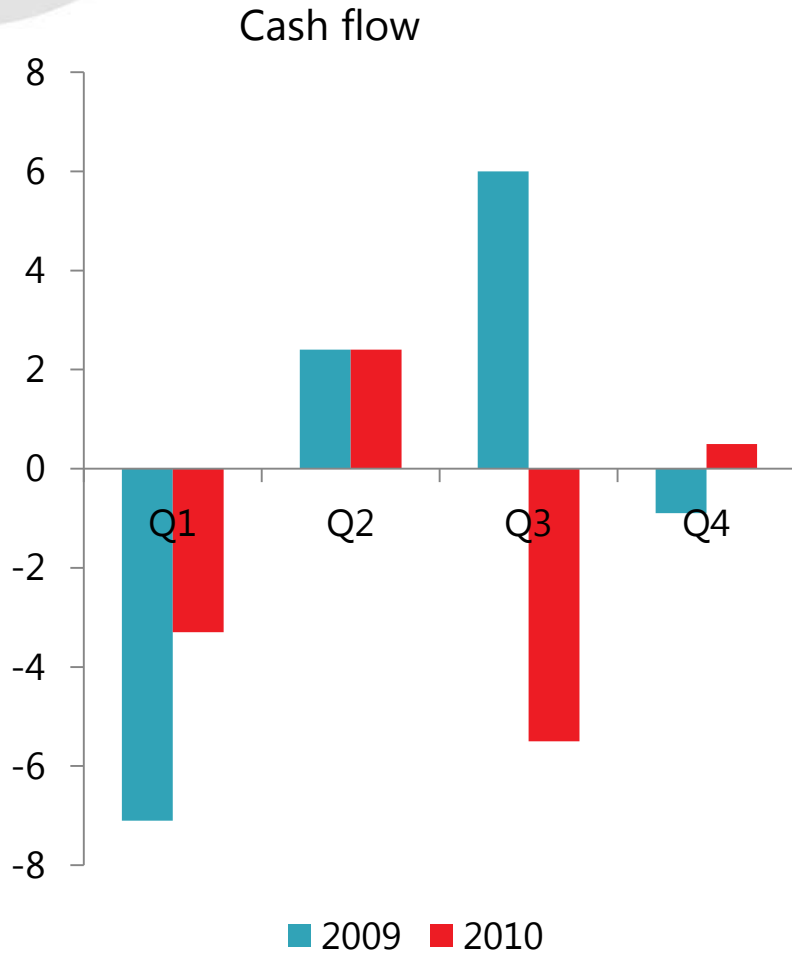
# Financial highlights at 31 december 2010

<i>(MSEK)</i>	<b>2009</b>		<b>2010</b>		<b>Change</b>
Revenue	360,9		386,8		+7%
Cost of goods	-286,5		-285,4		-1,1
Gross margin	74,5		101,3		+26,8
Gross margin %	20,6%		26,6%		+6%
Earnings before tax	-18,2		11,5		+29,7

# Turnaround complete – now enter next phase



# Cash flow





Market

# 2010: A more positive environment



Firm demand



Retailer's sales have picked up



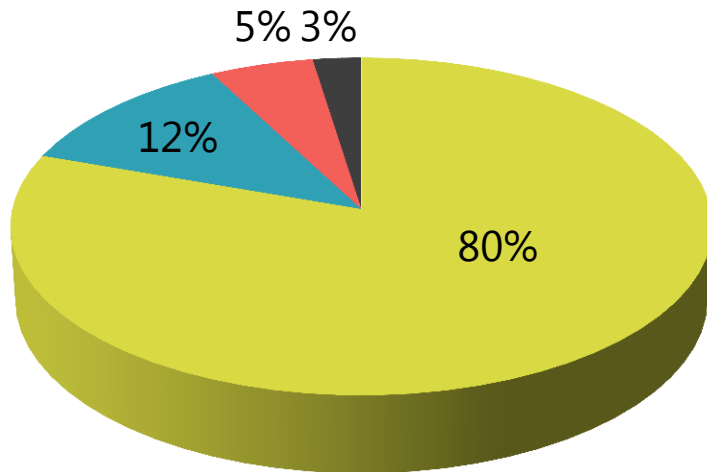
Currency stronger



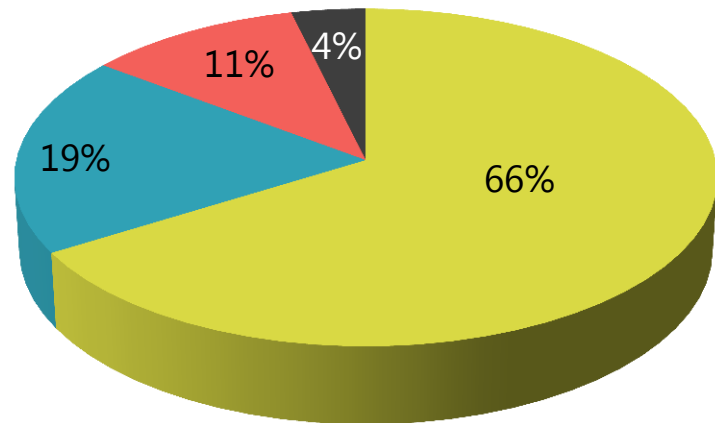
Raw materials prices less volatile

# Revenue by region

2009

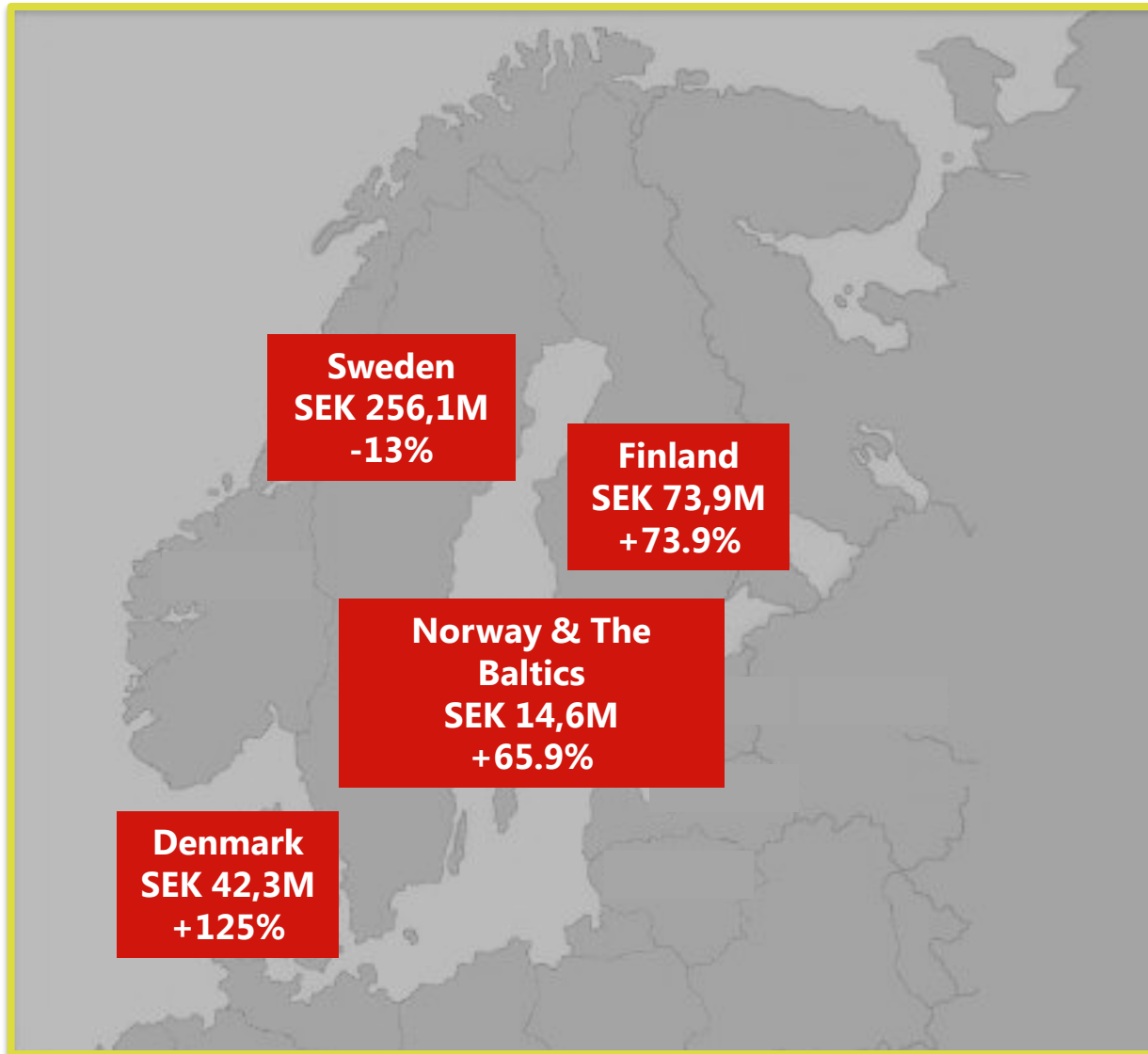


2010




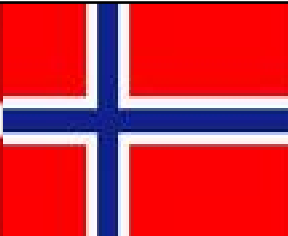



■ Sweden ■ Finland ■ Denmark ■ Norway & Batlics

# Full-year sales by region



# Distributors per market

Markets					
Number of stores we sell to	470	2,200	650	372	150
+www.kapslar.se					

**TOTAL 3,842 doors**  
**+ WWW**

# 1 million SodaStream machines sold in Sweden



**Media Markt Västerås Vinnarvaruhuset.**

**Limited Edition**  
**Chili Röd**

**777.-**

**soda stream** Genesis Chili  
Kolsodremaskin  
3,4 l liters plastflaska, 1,4 l liters plastflaska, 1,4 l liters plastflaska  
1000 ml / 3,4 l / 1,4 l

**20 ELLER 19 MÅNADER**

**Helt räntefritt och inga övriga avgifter**

Priset delas upp på 11 eller 20 månader när du handlar för mer än 2000 respektive 4000 kr.  
Gäller för alla produktgrupper mellan den 20/1 - 27/2 - 2011.

**0%**

**JAKTEN PÅ DEN MÖJLIGASTE SÖDSTREMSREKORDHÅLLAREN**

**2011**

VÄSTERÅS • Erikslund • Hallsta Gärdsgata 17 • 721 38 Västerås • 021 16 31 00 [www.mediamarkt.se](http://www.mediamarkt.se)

**Media Markt**  
[www.mediamarkt.se](http://www.mediamarkt.se)

Allt annat känns pukat.

# Summing up 2010

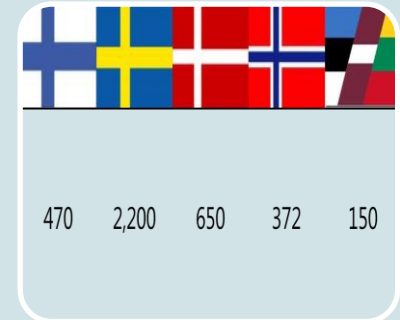


www.kapslar.se

Köp dina kapslar på

**KAPSLAR.SE**

Caffitaly system Löfbergs Lila



Millionth  
SodaStream  
sold in  
Sweden

Strong  
growth in  
foreign  
subsidiaries

www.kapslar.  
se

Widened  
distribution



# Outlook

# Looking forward

## Demand

- Appliance demand will continue to grow modestly in 2011.

## Sales

- We expect recovery in sales starting in Q2 *but*
  - Increased heating costs due to cold weather in the Nordics, higher inflation and upcoming interest hikes might reduce consumer spending

- **Empire has a positive market outlook with a stronger H2**
- **We have a solid platform with a clear and definite direction and strong brands**



# Focus 2011

- Sales
- Strong growth in foreign subsidiaries, their market share has already increased to 34% from last years 19%
- Strengthen financial solidity
- Renewal of the SodaStream agreement. The agreement lasts until 31/12 – 2012 with an option for 5 more years.

# Consumer trends

- Ageing population
- Focus on health and wellness
- Greater requirements for service and quality
- More interest in food and interior decorating
- Internet, e-commerce



# C3 2011



Muffin & Cupcake Maker <sup>C3</sup>



Muffin & Cupcake Maker <sup>C3</sup>  
Bakery  
6 classic-size cakes

**SE**  
Tillagga 6 muffin/cupcake  
-Använd med eller utan bakplåt  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**DK**  
Lag 6 muffin/cupcake  
-Anvend med eller uden  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**NO**  
Lag 6 muffin/cupcake  
-Anvend med eller uten  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**FI**  
Lag 6 muffin/cupcake  
-Anvend med eller ilman  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**GB**  
Lag 6 muffin/cupcake  
-Use with or without bakplate  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**C3**  
scandinavian lifestyle

Muffin & Cupcake Maker <sup>C3</sup>  
Bakery  
6 classic-size cakes

**RU**  
Lag 6 muffin/cupcake  
-Используйте с или без  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**IS**  
Lag 6 muffin/cupcake  
-Notað með eða án  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**EE**  
Lag 6 muffin/cupcake  
-Kasutatakse kasutades  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**LT**  
Lag 6 muffin/cupcake  
-Naudoti su ar be be  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**LV**  
Lag 6 muffin/cupcake  
-Izmanto ar vai bez  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen  
-Ett enkelt tryck på knappen

**C3**  
scandinavian lifestyle

Our mission is to be a good companion in your daily life by respecting the trust of being invited to your home.

This C3 Muffin & Cupcake Maker is your ideal kitchen gadget for making muffins and cupcakes without having to heat up a big oven. Simply pour in your mixture and close the lid - in a matter of minutes, you will have a perfectly homemade muffin.

Moreover, the non-stick cooking plates and ready lamp ensure your baking procedure is simple and clean.

**C3**  
scandinavian lifestyle

# Industry trends

- Volatile exchange rates
- Pan-Nordic customers
- Volatile raw-material prices
- Tougher environmental legislation



# Possible risks

## Suppliers

BaByliss & SodaStream brands stands for a large share of Empire's total revenue and Empire is therefore dependant on their products being attractive and in demand.

Empire has no official control over products, product changes or pricing.

Empire is SodaStream's largest distributor accounting for 13% of total sales. External distributors stand for 31% of SodaStreams total distribution and Empire accounts for 40% of that.

**By expanding Empire's product range with further brands and products we minimize dependence of individual suppliers.**

## Political

All of Empire's own C3 products and the majority of Soda Stream and BaByliss products are manufactured in China. Unrest there could lead to disruption in production.

Some of SodaStream's components are produced in Israel. Unrest there could lead to disruption in production and with distribution consequences.

**We constantly monitor the areas where our products are fabricated production and get regular updates from our suppliers.**

## Legal

Empire's principal supplier, SodaStream Ltd. has an ongoing legal dispute with Viking Soda concerning trademark infringement.

Viking Soda filed a lawsuit against Soda Stream Ltd. and Empire for abuse of dominant position which is still being considered by the Competition Bureau (Konkurrensverket).

**Monitor the situation.**

# Q1 2011 Update

## **The Market**

- January and February were weak months in the Nordic markets.

## **Empire**

- After a weak start sales picked up significantly in March and we will show a positive result for Q1 which is normally our weakest period.