

# Deltaco AB (publ)

INTERIM REPORT JANUARY - MARCH 2011



Deltaco was founded in 1991 and is one of the Nordic region's leading niche suppliers and distributors of IT products. The company has a very competitive offer through effective purchasing in Asia, a modern logistics centre in Stockholm and broad distribution to the majority of large Nordic retailers. The company has shown stable organic growth and profit increases every year since it was started 20 years ago. Deltaco has 71 employees, a main office in Stockholm and subsidiaries in Denmark and Finland. Shares in Deltaco are listed on First North under the abbreviation DELT and the company's Certified Adviser is Remium AB. For additional information visit [www.deltacab.se](http://www.deltacab.se).

Key figures	Jan-March 2011	Jan-March 2010	Full year 2010
Sales (SEK M)	103.4	148.0	583.3
Operating profit/loss (SEK M)	6.1	8.5	30.5
Profit/loss after tax (SEK M)	4.2	5.3	20.0
Gross margin (%)	26.0	48.3	48.2
Operating margin (%)	5.9	5.7	5.2
Return on equity (%)	2.1	2.5	9.0
Earnings per share after paid tax (SEK)	0.50	0.63	2.25
Earnings per share after full tax (SEK)	0.38	0.48	1.81
Equity per share (SEK)	15.38	19.71	21.0
Cash flow from current operations (SEK M)	10.4	-4.7	26.3

The above comparison figures for 2010 include operations in IAR Systems and Northern, which were distributed in January 2011.

**Important events during the period**

- Shareholders in Intoi AB (publ) decide at the extraordinary meeting of shareholders on January 14, 2011 to distribute shares in Deltaco AB to shareholders in Intoi AB.
- At an extraordinary meeting of shareholders in Deltaco AB on February 14, 2011, a new board of directors is appointed. The board of Deltaco AB appoints Arne Myhrman as chairman of the board and Siamak Alian takes the position as Managing Director.
- The board decides to apply to have the company’s shares traded on NASDAQ OMX First North.

**Important events after the end of the period**

- The Company profile is published on April 7, 2011 in connection with the decision by NASDAQ OMX to approve Deltaco’s application to list its shares for trading.
- At the board meeting on April 7, 2011, Deltaco’s board decides that the record day for Deltaco will be April 14, 2011, and the *first trading day on NASDAQ OMX First North was established as April 19, 2011.*



## Statement from the Managing Director

Deltaco is one of the Nordic region's leading niche suppliers and distributors of IT products. The company has been in business for 20 years and every individual quarter has shown stable profitability.

The company can also show good profitability for the first quarter of 2011. Sales increased by 6.4% to SEK 103.4 M (97.2) despite a relatively weak market. Deltaco's main range consists of cables, networks, storage, multimedia and accessories for mobile units, mice, keyboards, industrial PCs and computer components. All sections of the range have been developed in a positive way. Deltaco's own consumer products, DELTACO, continue their success and more than ten new products have been presented to the market during the first quarter.

The gross margin decreased to 26.0% (26.6%) and the operating profit/loss totalled SEK 6.1 M (7.3). The lower profit is primarily due to listing costs and general price pressure on IT and home electronic products.

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The IT and home electronics market is currently experiencing over-establishment and tough competition, which in turn is putting pressure on manufacturers and distributors. Several large home-electronic chains and distributors are showing losses and the industry is waiting for a consolidation. In such a market, Deltaco will maintain its tradition, in other words, deliver a profit.

Purchasing is a strong aspect of Deltaco's operation. During the first quarter we have taken in hundreds of new products Both from other manufacturers and under our own brand DELTACO. We work long-term with our suppliers and our strong finances contribute to our receiving good awards despite relatively small volumes.

Our sales department is also working actively to increase the scope of sales outside the traditional IT sector. During the first quarter we strengthened our sales organisation in Sweden, Denmark and Finland.

**Siamak Alian**  
Managing Director and CEO

	Jan-March 2011	Jan-March 2010	Full year 2010
Sales (SEK M)	103.4	97.2	379.7
Purchases (SEK M)	-76.6	-71.3	-282.1
Gross profit (SEK M)	26.8	25.9	97.6
Gross margin (%)	26.0	26.6	25.7
Operating profit/loss (SEK M)	6.1	7.3	26.5
Operating margin (%)	5.9	7.5	7.0

*The above comparison figures for 2010 refer to the Deltaco group pro forma.*



# Financial information

## Distributed operation

In January, shares in IAR Systems AB and Northern Parklife AB were distributed to Deltaco AB's former parent company Intoi AB. The comparison figures in the financial information also include these operations.

## Cash flow and liquid funds

Cash flow from current operations during the period totalled SEK 10.4 M (-4.7). Cash flow from investment activities during the period totalled SEK -0.3 M (-2.1). Cash flow from financing activities during the period totalled SEK -28.1 M (-0.9). Distributed shares in IAR Systems AB and Northern Parklife AB have impacted the cash flow by SEK -27.0 M. As of March 31 net cash totalled SEK -16.3 M. At the end of the period liquid funds totalled SEK 35.9 M (43.3), and unutilised credit limits totalled SEK 10.0 M (10.0). Therefore, the group's total available liquid funds amounted to SEK 45.9 M (53.3).

## Uppskjuten skattefordran

Uppskjuten skattefordran hänförlig till underskottsavdrag redovisas som tillgång i den utsträckning det är sannolikt att underskottsavdragen kan avräknas mot överskott vid framtida beskattning. Den 31 mars 2011 uppgick koncernens ansamlade underskottsavdrag till cirka 77 MSEK. I balansräkningen redovisas det för närvarande bedömda värdet av dessa underskott till 20,1 MSEK (27,4).

## Deferred tax assets

Deferred tax assets attributable to deficit deductions are reported as assets to the extent that it is likely that the deficit deductions can be offset against a surplus for future taxation. As of March 31, 2011, the group's collective deficit deductions totalled approximately SEK 77 M. In the balance sheet, the present assessed value of this deficit was reported as SEK 20.1 M (27.4).

## Personal

At the end of the period, the number of employees totalled 71 (227). The average number of employees during the period totalled 67 people (226).

## Parent Company

Operations in the parent company are comprised of group management, finance and IR/PR. The parent company's net sales, which are solely internal group sales, totalled SEK 0.0 for the period (0.0). Profit/loss after financial items totalled SEK -0.4 M (-0.0). Net investments in tangible fixed assets totalled SEK 0.0 M (0.0). As of March 31, 2011 liquid funds totalled SEK 0.5 M

(0,3). At the end of the period the number of employees in the parent company totalled 0 (0).

## Accounting principles

The consolidated accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general recommendations. The principles are unchanged compared with the previous year.

## Deltaco's share

Since April 19, 2011, the Deltaco share has been listed on NASDAQ OMX First North. Deltaco's share capital totalled SEK 22,107,922 as of March 31, divided among 11,053,961 shares.

## Deltacos aktie

Deltacos aktie är sedan den 19 april 2011 noterad på NASDAQ OMX First North. Deltacos aktiekapital uppgick den 31 mars 2011 till 22.107.922 SEK, fördelat på 11.053.961 antal aktier.

## Significant risks and uncertainty factors

Changes in the IT industry often happen quickly and forecasts about future development can therefore be associated with a great deal of uncertainty for a group like Deltaco.

## Future outlook

We assess that the market will continue to be uncertain but that it will show greater stability during the current year than in 2010. The focus in 2011 is to continue to develop our existing operation. In view of the market situation and our possibilities in the operation we are focusing on working with broadening our product offer and expanding the company's market share.

Stockholm- Tuesday May 3, 2011

**Siamak Alian**  
Managing Director and CEO

## Auditing

This interim report has not been subject to auditing by the company's accountants.

## Financial calendar 2011

Interim report January-June 2011, August 25, 2011  
Interim report January-September 2011,  
November 9, 2011

## Deltaco AB (publ)

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<b>CONSOLIDATED INCOME STATEMENT SEK M</b>	<b>Jan-March 2011</b>	<b>Jan-March 2010</b>	<b>Full year 2010</b>
Net sales	103.4	148.0	583.3
Operating expenses	-96.6	-136.8	-541.1
Depreciation of tangible fixed assets	-0.7	-0.8	-3.4
Depreciation of intangible assets	-	-1.9	-8.3
<b>Operating profit/loss</b>	<b>6.1</b>	<b>8.5</b>	<b>30.5</b>
Profit/loss from financial investments	-0.4	-0.7	-2.3
<b>Profit/loss after financial items</b>	<b>5.7</b>	<b>7.8</b>	<b>28.2</b>
Tax	-1.5	-2.5	-8.2
<b>Profit/loss for the period</b>	<b>4.2</b>	<b>5.3</b>	<b>20.0</b>

<b>Consolidated balance sheet SEK M</b>	<b>110331</b>	<b>100331</b>	<b>101231</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Goodwill	-	7.9	3.3
Other intangible assets	-	13.5	22.4
Tangible fixed assets	53.5	52.7	57.0
Financial fixed assets	26.3	34.7	31.9
<b>Total fixed assets</b>	<b>79.8</b>	<b>108.8</b>	<b>114.6</b>
<b>Current assets</b>			
Stock-in-trade	87.8	79.7	96.0
Other current assets	3.1	25.6	13.2
Accounts receivable	48.9	77.0	81.0
Cash and bank balances	35.9	43.3	53.9
<b>Total current assets</b>	<b>175.7</b>	<b>225.6</b>	<b>244.1</b>
<b>TOTAL ASSETS</b>	<b>255.5</b>	<b>334.4</b>	<b>358.7</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	22.1	122.7	122.7
Restricted equity	111.1	111.1	111.1
Non-restricted reserves	32.5	-21.3	-21.7
Profit/loss for the period	4.2	5.3	20.0
<b>Total equity</b>	<b>169.9</b>	<b>217.8</b>	<b>232.1</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	21.4	26.4	23.0
Provisions	-	3.1	3.4
<b>Total long-term liabilities</b>	<b>21.4</b>	<b>29.5</b>	<b>26.4</b>
<b>Current liabilities</b>			
Accounts payable	15.0	22.7	29.0
Interest-bearing liabilities	30.8	4.4	4.8
Other current liabilities	18.4	60.0	66.4
<b>Total current liabilities</b>	<b>64.2</b>	<b>87.1</b>	<b>100.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>255.5</b>	<b>334.4</b>	<b>358.7</b>
<b>Pledged assets</b>	<b>100.2</b>	<b>101.2</b>	<b>101.2</b>
<b>Contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Changes in Group equity SEK M</b>	<b>Jan-March 2011</b>	<b>Jan-March 2010</b>	<b>Full year 2010</b>
Opening equity	232.1	212.5	212.5
Translation differences	-	-	-0.4
Dividends	-66.4	-	-
Profit/loss for the period	4.2	5.3	20.0
<b>Closing equity</b>	<b>169.9</b>	<b>217.8</b>	<b>232.1</b>

The above comparison figures for 2010 include operations in IAR Systems and Northern, which were distributed in January 2011.

<b>CASH FLOW, GROUP SEK M</b>	Jan-March <b>2011</b>	Jan-March <b>2010</b>	Full year <b>2010</b>
Advances from customers	106.0	160.7	595.1
Payments to suppliers and employees	-95.0	-164.3	-565.0
Interest received	0.0	0.0	0.3
Interest paid	-0.4	-0.7	-2.6
Income tax paid	-0.2	-0.4	-1.5
<b>Cash flow from current operations</b>	<b>10.4</b>	<b>-4.7</b>	<b>26.3</b>
Investments in tangible fixed assets	-0.3	-1.1	-7.9
Investments in intangible assets	-	-0.9	-11.6
Other	-	-0.1	0.4
<b>Cash flow from investment activities</b>	<b>-0.3</b>	<b>-2.1</b>	<b>-19.1</b>
Dividends from subsidiaries	-27.0	-	-
Decrease in financial liabilities	-1.1	-0.9	-4.3
<b>Cash flow from financing activities</b>	<b>-28.1</b>	<b>-0.9</b>	<b>-4.3</b>
<b>Cash flow for the period</b>	<b>-18.0</b>	<b>-7.7</b>	<b>2.9</b>
Liquid funds, opening balance	53.9	51.0	51.0
Liquid funds, closing balance	35.9	43.3	53.9
Unutilised credit	10.0	10.0	10.0
<b>Total cash and cash equivalents</b>	<b>45.9</b>	<b>53.3</b>	<b>63.9</b>

<b>GROUP'S KEY FIGURES</b>	Jan-March <b>2011</b>	Jan-March <b>2010</b>	Full year <b>2010</b>
Operating margin (%)	5.9	5.7	5.2
Profit margin (%)	5.5	5.3	4.8
Equity/assets ratio (%)	66.5	65.1	64.7
Return on equity (%)	2.1	2.5	9.0
Net interest-bearing liabilities (SEK M)	16.3	-12.5	-26.1
Number of employees at end of period	69	227	231
Average number of employees	67	226	230
Number of shares at the end of the period (millions)	11.05	11.05	11.05

<b>SHARE DATA</b>	Jan-March <b>2011</b>	Jan-March <b>2010</b>	Full year <b>2010</b>
Equity per share (SEK)	15.38	19.71	21.00
Number of shares at the end of the period (millions)	11.05	11.05	11.05
Average number of shares (millions)	11.05	11.05	11.05
Earnings per share after paid tax (SEK)	0.50	0.63	2.25
Earnings per share after full tax (SEK)	0.38	0.48	1.81

<b>Definitions</b>	
Gross margin	Operating profit as a percentage of sales.
Gross profit	Sales minus purchases of goods.
Equity	Reported equity including 73.7 percent of untaxed reserves.
Equity per share	Equity divided by the number of shares at the end of the period.
Earnings per share after paid tax	Period's profit/loss after paid tax divided by the average number of shares for the period.
Earnings per share after full tax	Period's profit/loss after full tax divided by the average number of shares for the period.
Return on equity	Profit/loss after financial items reduced by full tax as a percentage of average equity.
Operating margin	Operating profit/loss as a percentage of sales.
Equity/assets ratio	Equity as a percentage of the balance sheet total.
Profit margin	Profit/loss after net financial income/expense as a percentage of sales.

Parent Company income statement SEK M	Jan-March 2011	Jan-March 2010	Full year 2010
Net sales	0.0	0.0	0.0
Operating expenses	-0.4	-0.0	-0.0
<b>Operating profit/loss</b>	<b>-0.4</b>	<b>-0.0</b>	<b>-0.0</b>
Profit/loss from financial investments	0.0	0.0	-12.6
<b>Profit/loss after financial items</b>	<b>-0.4</b>	<b>-0.0</b>	<b>-12.6</b>
Tax	0.0	0.0	0.3
<b>Profit/loss for the period</b>	<b>-0.4</b>	<b>-0.0</b>	<b>-12.3</b>

Consolidated balance sheet SEK M	110331	100331	101231
<b>ASSETS</b>			
<b>Fixed assets</b>			
Shares in subsidiaries	126.2	248.0	248.0
Other long-term receivables	6.2	6.8	6.2
Deferred tax assets	21.5	27.4	21.5
<b>Total fixed assets</b>	<b>153.9</b>	<b>282.2</b>	<b>275.7</b>
<b>Current assets</b>			
Receivables at subsidiaries	110.5	91.2	113.8
Other receivables	3.3		
Cash and bank balances	0.5	0.3	0.8
<b>Total current assets</b>	<b>114.3</b>	<b>91.5</b>	<b>114.6</b>
<b>TOTAL ASSETS</b>	<b>268.2</b>	<b>373.7</b>	<b>390.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>236.8</b>	<b>353.7</b>	<b>356.9</b>
<b>Current liabilities</b>			
Liabilities to subsidiaries	6.8	20.0	33.4
Other current liabilities	24.6	0.0	0.0
<b>Total current liabilities</b>	<b>31.4</b>	<b>20.0</b>	<b>33.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>268.2</b>	<b>373.7</b>	<b>390.3</b>



## Deltaco AB (publ)

INTERIM REPORT JANUARY - MARCH 2011

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