**Successful LEGO strategy delivers continued strong growth**

**The focus on innovative product development of themes such as LEGO® Ninjago and LEGO Friends and production close to the core markets contributed to a highly satisfactory result for the LEGO Group in 2012**

In 2012 the LEGO Group increased its revenue by 25% to GBP 2,549 million – nearly triple the sales of 2007. This represents the fifth consecutive year in which the LEGO Group delivered year over year revenue growth in excess of 15%.

Key facts from the LEGO Group’s annual report for 2012, which was published today:

* The year's operating profit increased to GBP 866 million against GBP 660 million in 2011, an increase of 40%.
* The operating margin increased to 34% from 30% in 2011.
* The year's net profit increased to GBP 611 million against GBP 484 million in 2011.
* The revenue increased by 25% to GBP 2,549 million against GBP 2,181 million in 2011. In local currency (i.e. excluding the impact of foreign exchange changes) revenue increased 20% year over year.
* The net cash generated from operating activities was GBP 680 million against GBP 430 million in 2011.
* In 2012 the Group paid GBP 208 million in corporate income taxes.

*The LEGO Group reporting currency is DKK. Conversion from DKK to GBP is based on an annual average currency rate (however conversion of net cash generated from operating activities is based on year-end currency rate) in 2012 and 2011 respectively.*

”It is a highly satisfactory result and better than we expected at the beginning of the year. This is due, first and foremost, to the fact that we were able to develop and launch products that children all over the world have put at the top of their wish lists in 2012,” said Jørgen Vig Knudstorp, Chief Executive Officer of the LEGO Group.

More than 60% of the LEGO Group’s sales are new launches every year.

“As a consequence we have huge demands on our development & supply processes. Year after year, we must be able to predict what will capture the interest of children and deliver this in relevant LEGO products – and in 2012 we succeeded,” said Jørgen Vig Knudstorp.

**Production close to core markets**
The large demand for LEGO products in 2012 created significant challenges for the LEGO Group's production, but the company's strategy of locating its factories close to the core markets in Europe and North America showed its strength.

”Having our packing facilities located geographically close to our core markets and continuously optimising and improving production, means that we can better respond to demand from customers and consumers,” explains Bali Padda, Chief Operating Officer.

**LEGO Friends significantly exceeded expectations**
The best-selling product lines in 2012 were LEGO City and LEGO *Star Wars™,* followed by LEGO Ninjago (launched in 2011). The new product line, LEGO Friends, delivered a strategic milestone in 2012, selling much better than expected and becoming the fourth best-selling product line. Even though the LEGO Group more than doubled its production of LEGO Friends versus expectations, it was not possible to deliver all of the products demanded.

**Global growth**
With double-digit growth rates, North America, Asia and Central & Eastern Europe delivered impressive results in LEGO sales in 2012, while the growth rates in some Southern Europe markets were more moderate but still in healthy single digits despite very challenging market dynamics.

”We are very satisfied with the strong growth in Asia, especially driven by the appeal of LEGO Ninjago, LEGO Friends and LEGO City. While Asia is a relatively small market for the LEGO Group, during the coming years we anticipate that it will become a new engine of growth,“ said Mads Nipper, Chief Marketing Officer.

To prepare for future growth, the LEGO Group continued investments close to the core markets in 2012.

* In the Czech Republic, the LEGO Group announced a significant expansion of its existing factory in September.
* The building of a new factory in Hungary near the existing LEGO factory in Nyíregyháza was started in October.
* As a part of the strategy to make Asia a core market, a new Asian head office in Singapore was inaugurated in the autumn.
* As a result of the strategy to locate packing facilities closer to core markets, the LEGO Group announced early in 2013 that packing facilities in Billund, Denmark, are to close down during the next 2½ years. At the same time large investments will be made in moulding and engineering capabilities in Billund.

As a result of the increase in sales and investments in production capacity, the number of full-time employees increased by slightly more than 1,000 from an average of 9,374 in 2011 to 10,400 in 2012. The number of employees is also expected to increase in 2013.

Expectations for robust growth in 2013

In 2013 the LEGO Group expects that the global financial development will continue to impact the toy market in general. The financial situation in western and southern parts of Europe, and in North America, will continue to be under pressure, while Asia and eastern parts of Europe are expected to experience robust growth.

In 2013 there are high expectations for the LEGO Group's major launch - LEGO Legends of Chima – a play theme that takes place in a fantasy world populated by mythological animal tribes.

Based on the LEGO Group's momentum from 2012, it is therefore anticipated that LEGO sales will continue to grow in 2013, but the challenging global economic situation will result in lower growth rates in 2013 than experienced in 2012. This does not change the fact that the LEGO Group expects a satisfactory result for the full year.

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