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Product innovation secures strong 2013 result for the LEGO Group

**A successful launch of LEGO® Legends of ChimaTM, continued success for LEGO Friends and strong performance from classic lines, such as LEGO City, contributed to a very satisfactory annual result for the LEGO Group.**

“In 2013 we increased our sales by 11%, outperforming the general toy market, which is a very satisfactory result. In less than 10 years, we have now more than quadrupled our revenue,” says Jørgen Vig Knudstorp, President and CEO of the LEGO Group, adding:

“Continually developing and innovating our consumer offering is a key to our success, and in 2013 we successfully developed and launched products that children put high on their wish list all over the world”.

In 2013 evergreen product lines, such as LEGO® City, LEGO DUPLO®, LEGO Technic and LEGO Creator, all grew double digit. LEGO Friends, launched in 2012, showed its long term potential by also growing double digit in 2013, while LEGO Legends of Chima was successfully established as a major theme globally.

***Key figures from the LEGO Group Annual Report 2013 published today:***

* In local currency (i.e. excluding the impact of foreign exchange rate changes), revenue increased 11% year over year.
* Revenue increased by 10% in DKK to DKK 25,382 million [USD 4,519 million, EUR 3,403 million] against DKK 23,095 million [USD 3,987 million, EUR 3,103 million] the year before.
* The year's operating profit increased to DKK 8,336 million [USD 1,484 million, EUR 1,118 million] against DKK 7,606 million [USD 1,313 million, EUR 1,022 million] - an increase of 10%.
* Net profit was DKK 6,119 million [USD 1,089 million, EUR 820 million] compared to DKK 5,613 m [USD 969 million, EUR 754 million] in 2012 – an increase of 9%.
* Cash flow from operating activities was DKK 6,744 million [USD 1,247 million, EUR 904 million] compared to DKK 6,220 million [USD 1,100 million, EUR 834 million] in 2012, an increase of 8%.
* The number of average Full Time Employees increased by 13% - an increase of 1,355 to 11,755 employees for the full year.
* Investments in property, plant and equipment amounted to DKK 2,644 million in 2013 against DKK 1,729 million in 2012.

*The LEGO Group reporting currency is DKK. The conversion from DKK to USD/EUR is a non-official unaudited, calendar-based calculation using an annual average currency rate (however conversion of net cash generated from operating activities is based on year-end currency rate) in 2013 and 2012 respectively.*

**LEGO sales increased in all major markets**

The revenue growth was achieved in a global toy market that declined slightly in value in 2013. North America saw a decrease in 2013, whereas European markets were flat but with very varying developments. In Asia, the Japanese market continued its decline, while the emerging Chinese market saw growth.

However, the LEGO Group achieved sales growth in all major markets. While the large US, UK and Central and Northern European markets had healthy single digit growth rates, most other markets saw double digit sales growth. Especially in Asia, which is still a relatively small market for the LEGO Group, the sales growth was very strong.

While the LEGO Group expects the global toy market to grow low single digit annually in the future, Jørgen Vig Knudstorp believes the company can outgrow the global market and thereby gain market share:

“We remain ambitious and expect to continue to grow our market share. We will do so by expanding our global presence – but also through a continued focus on developing and innovating our product offering so that we remain relevant to children all over the world”, he says.

Successful product launches

Among the top selling lines in 2013 were core themes like LEGO® City, LEGO® *Star Wars*™ and LEGO DUPLO.

LEGO Friends, launched in 2012, and LEGO Legends of Chima, the big theme entering the market at the beginning of 2013, were also among the top selling lines.

“We are very satisfied with the growth of LEGO Friends in its second year on the market and we look forward to expanding the theme in the coming years. In addition, we have successfully established the theme LEGO Legends of Chima as a major line, and we will further develop this story and the products in 2014,” says Mads Nipper, Executive Vice president and CMO of the LEGO Group, adding:

“LEGO Legends of Chima is a rich and engaging universe that children can explore in many ways. Not only by building and playing with LEGO sets, but also in the digital world using apps, exploring content on LEGO.com, via videos and online games. The theme is a great example of how we bridge physical and digital play.”

**Billions invested in capacity**

During 2013 the LEGO Group increased its extensive investments in production capacity across the globe to more than DKK 2.6 billion [USD 489 million, EUR 354 million].

“We have made a strategic decision to build our capabilities globally, both when it comes to employees and production facilities. We need to invest globally in order to deliver on our ambition of making LEGO play relevant to even more children around the world,” says John Goodwin, Executive Vice President and CFO of the LEGO Group.

As a result of the ambitious expansion strategy, major capacity investments took place in 2013. In Mexico and the Czech Republic current factories were expanded, while the construction of a brand new LEGO factory in Hungary is nearly completed. The construction of a LEGO factory in Jiaxing, China has just begun. When the factory opens in 2016, it will supply the growing Asian market with LEGO products.

“It is our strategy to fully control the production process in order to secure that we deliver products that are safe for consumers and of consistent high quality, and we are proud to report that in 2013 the LEGO Group once again reached our target of zero product recalls. Our constant focus on quality and safety wherever we operate also means that our new factories in China and Hungary will run with the same technology, automation and standards for employee safety and product quality as any other LEGO factory,” says Bali Padda, LEGO Group Executive Vice President and COO.

Adding more than 1300 employees
In addition to the physical capacity building mentioned above, 2013 was a year of employee capacity and capability building in areas such as Production, Engineering, Sales and R&D, to equip the LEGO Group for future growth. This resulted in welcoming a significant number of new employees during the year, increasing the average number of full-time employees by 1,355 to 11,755, one of the largest annual employee increases in the company’s history.

In 2013 the LEGO Group also reinforced its commitment to globalising the company by announcing its intention to grow a number of major regional sites. Headquarters will remain in Denmark, and in order to attract a more diverse global work force focus will be put on building presence in London, Singapore and Shanghai as well as at the present LEGO premises in Connecticut, USA.