

13% revenue increase fueled by strong growth in Asia and new product innovation

In a low growth global toy market the LEGO Group has experienced strong revenue increases – particularly in Asia - supported by product lines such as LEGO® Legends of Chima™ and LEGO Friends, which contributes to a very satisfactory interim result for 2013.

Key financial figures from the interim result:

- Revenue for the first half of 2013 was DKK 10,363m compared with DKK 9,134m for the same period last year – an increase of 13% .
- In local currency (i.e. excluding the impact of foreign exchange changes) revenue increased 15% year over year.
- Operating profit (profit before financial items and tax) for first half 2013 was DKK 3,196 mDKK compared with DKK 2,877m for first half 2012.
- Net Profit for first half of 2013 was DKK 2,381m compared with DKK 2,016m for first half 2012
- Cash flow from operating activities was DKK 2,908m compared with DKK 2,230m during the first half of 2012.
- The LEGO Group increased its share of the global toy market to approximately 8.8 % – up from 8.6% at the end of 2012.

Commenting on the financial result, LEGO Group CEO Jørgen Vig Knudstorp says:

“It is a very satisfactory result in view of general developments in the world toy market which has had a slow start to the year in the largest and most mature markets of North America, Europe and Japan. Despite this tough dynamic, our data indicates that consumer sales of LEGO® products for the first half of 2013 grew 9% globally versus the same period a year ago. In addition, our sales in the first half of 2013 have been increased by the fact that inventory of LEGO products at retailers was very low going into the first quarter due to a successful end of year in 2012. This meant that we needed to restock retailer’s shelves with new products, and now stocks are at a more healthy level going into the second half of 2013 providing improved availability for shoppers.”

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New product lines driving growth

The LEGO Group's big product launch in 2013, LEGO Legends of Chima™ has contributed strongly to the interim result.

“LEGO Legends of Chima has performed well in its launch phase and is already one of the largest LEGO product themes. We expect that the product line will continue to grow through the balance of its first year on the market. The theme has performed particularly well in Asia, where it has been a large contributor to the high growth,” says Mads Nipper, LEGO Group CMO.

LEGO Friends – a product line launched in 2012 and targeted towards girls – is also experiencing a strong second year, with growth rates significantly higher than the company average.

Strong growth in new markets

The LEGO Group has experienced growth in all regions and all major markets during the first half year of 2013. The revenue increase varies from region to region but continues to be broad based. Sales to consumers rose by 8 % in European markets and by 4% in North and Latin America. The strongest performance was experienced in Asia with growth in consumer sales of over 35% for the first half of 2013.

“We are very satisfied with the growth we see in Asia, as it supports our long-term ambition to make the region a larger contributor in the future. We have recently located our regional headquarter for Asia in Singapore and we will begin construction of our own in-region manufacturing facilities in China next year to further develop Asia as an engine for future growth,” says John Goodwin, CFO of the LEGO Group, and adds:

“As we look to expand globally, we are focusing on ensuring that our approach is sustainable – both in the context of the long term delivery of financial performance and in terms of leaving a positive impact on the world. We are committed to caring for the environment wherever we operate and for the society that children will inherit. Our non-financial performance is an indicator of our progress on this parameter,” says John Goodwin.

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The highlights covering the non-financial performance of the company for the first six months of 2013 show progress on all parameters:

Safety:

- 0 product recalls has been performed in the first six months of 2013 – since 2009 the LEGO Group has not recalled a product.
- 15% reduction in the Lost Time Injury rate (number of injuries leading to absence per million working hours) from 1.9 to 1.6 for the first six months of 2013 compared to the full year result of 2012
- A 40% reduction in injuries with absence, down to 15 injuries for the first six months of 2013 compared to 25 for the first six months of 2012

Suppliers:

- 35 non-conformities with the LEGO Code of Conduct were found at 21 suppliers. This is up from 18 findings in the first six months of 2012 at 22 suppliers
- 100% of the non-conformities have been solved satisfactorily and within a short time frame in the first six months of 2013.

Environment:

- 9.1% increase in energy efficiency in the LEGO Group's production facilities in the first half of 2013
- Recycling of waste, reaching an all time high of 90%. This is up from 88% for the full year of 2012

Diversity:

- 39% of female employees hired at Director+ level. This from 34% for the full year of 2012

Commenting on the non-financial performance, Jørgen Vig Knudstorp says:

“Overall I am pleased with our progress. Product safety is our highest priority as it is essential to us that children all over the world can enjoy the safest possible LEGO play. Therefore I am happy that we again have had no product recalls so far this year. In order to deliver products of a consistent high quality and safety it is essential for us to have control of the production process. “

For this reason the LEGO Group manufactures the majority of LEGO® products on LEGO owned and operated factories in Denmark, Hungary, The Czech republic and Mexico. In addition the LEGO Group has some key suppliers that play an important role in delivering high quality products.

Higher standards for suppliers

Year to date, 21 audits of suppliers have been performed at LEGO suppliers throughout the world. This is at the same level as the same period in 2012. However, the number of non-conformities found has increased from 18 to 35 for the first half of the year. All the 35 non-conformities were solved within a short timeframe.

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The LEGO Group does not necessarily consider the finding of non-conformities unsatisfactory. Instead the company focuses on solving the non-conformities quickly and learning from them, says John Goodwin:

“The audits are part of a process where we want to increase the capabilities of our suppliers. Finding and solving these issues enables them to increase their performance in safety, quality and labor rights among many other things. Our supplier base is important to our business, and therefore it is very important for us to keep working with partners on this.”

The full year non-financial performance will be published in early 2014 in the LEGO Group's Progress Report for 2013.

Download:

[Financial Highlights Q2 2013 \(PDF\)](#)

[Progress report 2012](#)

Further information:

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