



## Global LEGO Group sales grew 10% in first half of 2016

The LEGO Group delivered a turnover of DKK 15,692 million in the first half of 2016 while at the same time accelerating investments in building capacity and capabilities around the globe in order to prepare for future growth.

Sales growth was driven by innovation in well-established lines like LEGO® City and LEGO NINJAGO, as well as in the brand new theme LEGO NEXO KNIGHTS. Regionally, sales growth was particularly strong in both Europe and Asia with both regions achieving high double-digit growth, while sales development in the Americas region was flat year over year.

### Key financial figures from the 2016 interim result:

- Revenue in the first half of 2016 increased by 10% compared with the same period last year measured in local currency (i.e. excluding the impact of foreign exchange rate changes).
- Revenue for the first half of 2016 increased by 11% in DKK to DKK 15,692m compared with DKK 14,142m for the same period last year.
- Operating profit (profit before financial items and tax) for the first half of 2016 was DKK 4,655m compared to DKK 4,607m for the first half of 2015, an increase of 1% year over year.
- Net profit for the first half of 2016 was DKK 3,489m compared with DKK 3,553m for the first half of 2015.
- Cash flow from operating activities was DKK 3,947m compared with DKK 4,349m during the first half of 2015.

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

“It is our ambition to reach many more children all over the world with fun and creative LEGO experiences and it is exciting for all of us to see that our products are loved and cherished by children globally. Maintaining double-digit growth year on year through more than a decade is a testament to the never ending possibilities that children find in LEGO play, and the result of the hard work of more than 18,000 LEGO colleagues around the world.”

### Satisfactory sales growth

In the first half of 2016, the LEGO Group experienced double-digit growth in Europe and Asia, while the Americas were flat year over year.



“It is particularly impressive that we continue our high growth in Europe where we have our most mature markets. At the same time, we are very satisfied to see high growth rates for Asia where we are making considerable investments in capacity and capabilities. In the US, we acknowledge that we have not provided the initiatives and support needed to keep the same high level of growth. As a result, we have worked closely with our customers and dialed up our initiatives in the American market, in order to regain momentum,” says Executive Vice President and Chief Financial Officer John Goodwin.

Lines such as LEGO City, LEGO Creator, LEGO Technic, LEGO NINJAGO and LEGO Star Wars™ delivered very strong global results during the first six months of the year. Furthermore, the new product theme LEGO NEXO KNIGHTS, which launched at the beginning of the year, is off to a good start.

“The LEGO brick and the LEGO building system offer endless opportunities for great creative play, and with the new theme LEGO NEXO KNIGHTS we have taken our ability to combine physical and digital play through building sets, digital gaming and inspirational storytelling to an all new high,” says John Goodwin.

#### **Significant investments in capacity and capability building for the future**

During the first half of 2016, the LEGO Group has continued an already extensive global investment programme. A new factory in Jiaxing, China has begun manufacturing LEGO elements and it will be under continued construction until 2017. A significant expansion of the factory in Monterrey, Mexico, adding moulding, processing and warehousing capacity has started, and the new facility will potentially double the capacity in the future. Furthermore, at the LEGO Group’s factory in Nyíregyháza, Hungary, groundwork for an expansion that may double the capacity here started during the first half of 2016.

The significant growth of the company is also reflected in the employee base. To support the continued growth and globalisation of the company, the LEGO Group has added more than 3,500 new colleagues in the first half of 2016 compared to the first half of 2015, a year over year growth of +24%. As a result, the LEGO Group currently employs 18,500 employees globally.

“As well as adding capacity, the substantial intake of new employees aims to add new capabilities to equip the company to be able to respond to future consumer needs and market trends.

These investments in people and infrastructure will obviously have an impact on our short term profit growth. But they are part of our long term plan to sustain the development and delivery of fun, high quality, and creative play experiences for more children in more parts of the world in the future”, says John Goodwin.



### **Continuing development of responsibility ambition**

It is the LEGO Group's ambition to make a positive impact on the planet. Among the many responsibility initiatives is the ambition of balancing the LEGO Group's global energy consumption with renewable energy capacity, which is one of several means to achieve continued improvement on the company's energy efficiency.

"In terms of energy efficiency specifically, we set a target of 10% increase of energy efficiency from 2013-2016, through our commitment to the World Wildlife Foundation's climate savers programme. And we are very pleased to have exceeded that target with an accumulated energy efficiency improvement of 16%", says John Goodwin.

A substantial step towards the LEGO Group's ambition to have all energy consumption balanced by renewable energy by 2020, is the investment announced in April 2016, in the Burbo Bank Extension offshore wind farm, off the coast of the UK. The investment is made in a partnership between the LEGO Group's parent company KIRKBI A/S, DONG Energy and PKA, and the farm will be able to supply CO<sub>2</sub>-free power equivalent to the annual electricity consumption of more than 230,000 households. The wind farm is expected to be fully commissioned in the first half of 2017.

During the first half of 2016, the LEGO Group has continued setting up the Sustainable Materials Centre, announced in 2015. The centre aims to deliver on the LEGO Group's ambition of ensuring that all raw materials used for manufacturing LEGO products, including packaging, are sustainable by 2030. Approximately 70 of the expected 100 employees who will be working on this exciting challenge are now engaged in the project, and the building to house the Sustainable Materials Centre is currently being designed.

"For the LEGO Group, investing in an ambitious responsibility agenda is an ongoing and integral part of our company - to continue to improve how we run our business in relation to our environmental impact. In that process, we focus on a broad range of efforts, with energy efficiency and investments in renewable energy being one cornerstone. Another is our search for sustainable materials, on which we will continue our dedicated work in the coming years", says John Goodwin.

### **Further information**

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