

clas ohlson

three-month report 2014/15

First quarter

- Sales rose 9 % to 1,642 MSEK (1,507)
In local currencies, sales rose 8 %
- Operating profit increased by 10% to 102 MSEK (92)
- Profit after tax increased by 13 % to 78 MSEK (69)
- Earnings per share increased by 14 % to 1.24 SEK (1.09)
- Cash flow from operating activities amounted to 171 MSEK (109)
- As previously announced, the Board of Directors proposes that a dividend of 4.75 SEK per share (4.25) be approved by the Annual General Meeting



We are proud that in July our batteries were named best alkaline batteries in *Testfakta's* battery test.

Events after the end of the reporting period

- Sales in August increased by 9 % to 611 MSEK (561)
In local currencies, sales rose 7 %
- Clas Ohlson's Annual Report and Sustainability Report for 2013/14 were published in August
- This year's product catalogue was published in Sweden, Norway, Finland and the UK in August, featuring a range of new products

9%

sales increase

14%

increase in EPS

	3 Months			12 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013	Percentage change	Aug 2013 - Jul 2014	May 2013 - Apr 2014
Sales, MSEK	1,642	1,507	9	6,943	6,808
Operating profit, MSEK	102	92	10	540	531
Profit before tax, MSEK	102	92	11	540	530
Profit after tax, MSEK	78	69	13	414	405
Gross margin, %	40.5	41.7	-1.2 p.p	42.3	42.6
Operating margin, %	6.2	6.1	0.1 p.p	7.8	7.8
Return on capital employed, %	-	-	-	28.0	28.0
Return on equity, %	-	-	-	21.8	21.7
Equity/assets ratio, %	59.3	58.5	0.8 p.p	59.3	58.3
Earnings per share before dilution, SEK	1.24	1.09	14	6.56	6.42

The financial year 2014/15 comprises the period from 1 May 2014 to 30 April 2015.

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

The information in this interim report is such that Clas Ohlson is obligated to publish according to the Securities Market Act. The information was submitted for publication on 10 September 2014 at 07:00 a.m. (CET).

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CEO's comments

We are continuing our robust investments while maintaining stable growth

I am again pleased to report a positive sales and earnings trend this quarter. Our market position is solid, and it is particularly gratifying that our operations outside the Nordic region grew by a full 38 per cent. Sales in August also continued to display a favourable trend in all markets.

We can note that the positive performance is continuing with a 4 per cent sales increase in comparable units, making this our strongest first quarter for a long time. The total sales increase for the quarter was 9 per cent. Our omni-channel strategy is generating results with increased sales in all sales channels, particularly in our online shopping channel that reported sales growth of more than 40 per cent.

A quarter characterised by high energy and several milestones

Our gross margin for the quarter was slightly lower than in the year-earlier period, primarily due to exchange-rate effects linked to the company's forward contracts. Despite this, operating profit increased by more than 10 per cent due to the positive sales trend in comparable units. We are also proud that we now have more than one million members in our Club Clas loyalty program in Sweden. Furthermore, during the quarter we launched attractive new products in our range that were well received by our customers. For example, we saw the positive effects of our initiative to add paint to the product range, a long sought-after product group by our customers.

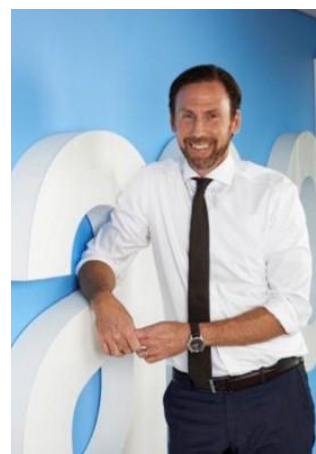
We are well-equipped for an exciting autumn

The second quarter has started well, with a 9 per cent sales increase in August, despite a negative calendar effect of about 2 per cent. Next week we will introduce Clas Office, our offering to corporate customers, in Sweden and Norway. Later this autumn we will launch Club Clas in Finland. In addition, we are continuing our international expansion with plans for at least one additional store in the Gulf region and one to two in Germany during the next calendar year.



Klas Balkow

President and CEO of Clas Ohlson AB



” We have had a good start to the financial year with a solid position in all our markets and a healthy sales trend, particularly outside the Nordic countries.

Content of financial statements	Financial information	Calendar	
Financial statements	8	13 Sept 2014	2013/14 AGM
Key ratios	12	9 Dec 2014	Six-month Report 2014/15
Overview of the quarter	13	11 March 2015	Nine-month Report 2014/15
Accounting policies	15	10 June 2015	Year-end Report 2014/15
Definitions	16	Aug 2015	2014/15 Annual Report
The share	17	9 Sept 2015	Three-month Report 2015/16

Press and analyst conference
Wednesday, 10 September at 8:00 a.m. in Clas Ohlson's store at Drottninggatan 53 in Stockholm. The presentation can also be followed on about.clasohlson.com or www.financialhearings.com

Operations

Clas Ohlson is an international retail company with the business concept of offering a broad and attractively priced product range to solve the practical problems of everyday life. The concept is unique and is highly attractive in established markets and has the potential for expansion into new markets and new customer segments.

Clas Ohlson sells products in the categories of Hardware, Electrical, Multimedia, Home and Leisure. Activities are conducted in Sweden, Norway, Finland, UK and Dubai via stores, online shopping, catalogues and telephone.

Business environment and market*

Clas Ohlson currently conducts operations in five markets and is affected by the general trend in the retail sector in each respective market.

Retail in Sweden rose 2.9 per cent (+4.3) during the quarter in fixed prices. During the quarter, consumer confidence in Sweden amounted to 100.5, which was above a historical average of 96.4. During the period, consumer confidence increased from the preceding quarter (99.5), and was up compared with the year-earlier period (96).

Retail in Norway increased by 1.1 per cent (+2.1) during the quarter in fixed prices. During the April-June period, consumer confidence in Norway amounted to 17.4, which was below a historical average of 19.5. During the period, consumer confidence increased from the preceding quarter (15.9), but declined compared with the year-earlier period (22.8).

Retail in Finland declined by 1.1 per cent (+1.2) in fixed prices. During the quarter, consumer confidence in Finland amounted to 8.9, which was below a historical average of 12.1. During the period, consumer confidence increased from the preceding quarter (6.8), and was up compared with the year-earlier period (6).

Retail in the UK rose by 3.3 per cent (+4.5) in fixed prices. During the quarter, consumer confidence in the UK amounted to a negative 0.3, which was above a historical average of negative 9.6. During the period, consumer confidence increased from the preceding quarter (neg: 6.3), and was up compared with the year-earlier period (neg: 23.3).

Sales

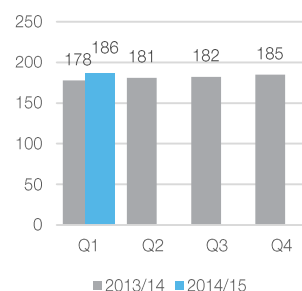
First quarter

Sales rose to 1,642 MSEK, up 9 per cent compared with 1,507 MSEK in the preceding year. In local currencies, sales rose 8 per cent.

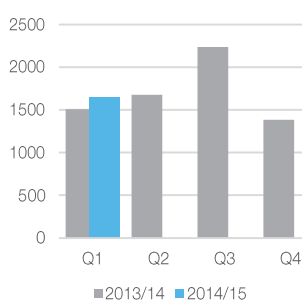
During the quarter, one new store (4) was opened, in Norway. At the end of the quarter, the total number of stores amounted to 186, representing an increase of eight stores (16) compared with the corresponding date in the preceding year.

* Source: Trading Economics and Statistics Finland.

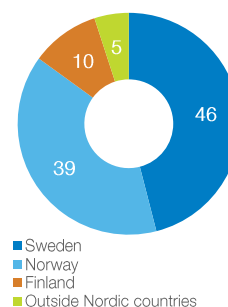
Total number of stores



Sales, MSEK



Distribution of sales, %



Distribution of sales

MSEK	3 Months		Percentage change	Percentage change, local currency
	May 2014 - Jul 2014	May 2013 - Jul 2013		
Sweden	760	703	8	8
Norway	645	605	7	8
Finland	161	143	13	7
Outside Nordic countries	77	56	38	23
Total	1,642	1,507	9	8

The sales trend in the UK continued in the right direction, with an increase in sales exceeding 15 per cent in comparable units in the first quarter.

Distribution of sales increase

Per cent	May 2014 - Jul 2014
Comparable units in local currency	4
New stores	4
Exchange-rate effects	1
Total	9

Results

First quarter

The gross margin declined to 40.5 per cent, down 1.2 percentage points year-on-year (41.7). The gross margin was primarily negatively affected by exchange-rate effects linked to the company's forward contracts in NOK.

The share of selling expenses was 31.4 per cent (32.6). The share declined mainly as a result of the increased sales in comparable units.

Operating profit increased by 10 per cent to 102 MSEK (92). The operating margin rose by 0.1 percentage points to 6.2 per cent (6.1). Profit after financial items increased by 11 per cent to MSEK 102 (92).

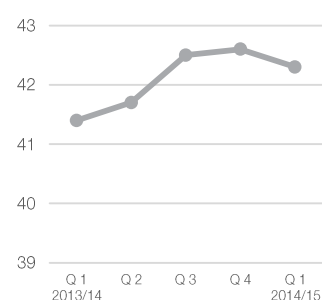
Depreciation for the period amounted to 56 MSEK (52).

Spot exchange rates for key currencies averaged 1.10 for NOK and 6.69 for USD, compared with 1.12 and 6.61, respectively, in the year-earlier period. Currency hedging was undertaken in USD and NOK. The company's policy is to hedge 50 per cent of the expected flow, normally in January/February and June/July, for forthcoming six-month periods.

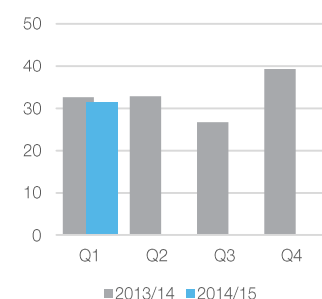
Investments

During the quarter, investments totalled 56 MSEK (17). Of this amount, investments in new or refurbished stores accounted for MSEK 15 (8). Other investments were primarily IT and replacement investments. During the first quarter, investments in IT systems amounted to MSEK 34 (4).

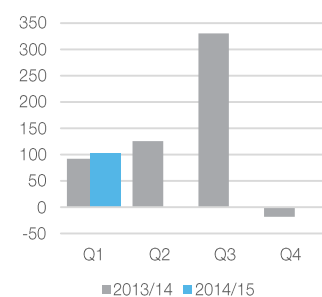
Gross margin rolling 12 months, %



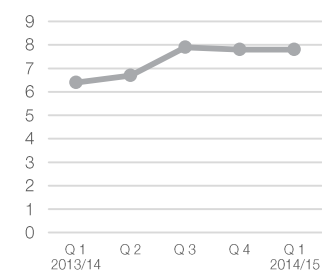
Share of sales costs, %



Operating profit, MSEK



Operating margin rolling 12 months, %



Financing and liquidity

Cash flow from operating activities during the quarter totalled 171 MSEK (109). After investing and financing activities, cash flow for the quarter was MSEK 102 (71).

The average 12-month value of inventories was 1,400 MSEK (1,352). Over a rolling 12-month period, the stock turnover rate at the distribution centre was 7.0 times (7.0).

At the end of the quarter, the value of inventories was 1,329 MSEK (1,350). Compared with the preceding year, seven wholly owned stores were added.

During the quarter, buy-backs of the company's own shares to secure the LTI 2014 (Long Term Incentive Plan 2014) amounted to 14 MSEK (22).

The Group's net cash holdings at period end, meaning cash and cash equivalents less interest-bearing liabilities, amounted to 462 MSEK (194). The equity/assets ratio was 59 per cent (58).

Sustainable development

A deep commitment to sustainability issues is becoming an increasingly central part of our business strategy. Our sustainability efforts in 2013/14 and the challenges we face are described in the Sustainability Report published on about.clasohlson.com.

Clas Ohlson has developed a process for identifying the most important sustainability issues. We analyse our impact and collate valuable knowledge from stakeholders to define our sustainability agenda. In this way, we can focus our activities on the areas that are of the greatest importance for our business.

Sustainable freight transport is a key issue for Clas Ohlson. We signed a new agreement to increase the proportion of rail freight in Norway. This could potentially reduce CO₂ emissions from land freight by 30 per cent in Norway, corresponding to 6 per cent of the company's total CO₂ emissions from goods transportation.

We also updated our Code of Conduct due to changed expectations and new and updated international standards. The new Code of Conduct was adopted by the Board at the end of June.

Employees

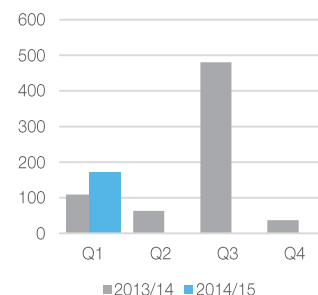
The average number of employees in the Group was 2,652 (2,562), of whom 1,130 (1,102) were women.

Parent Company

Parent Company sales in the first three months amounted to 1,290 MSEK (1,032) and profit after financial items totalled 87 MSEK (neg: 87).

Investments during the period totalled 40 MSEK (10). The Parent Company's contingent liabilities amounted to 295 MSEK (274).

Cash flow, MSEK*



* from operating activities



We signed a new agreement to reduce the amount of CO₂ emissions by making greater use of rail transport.

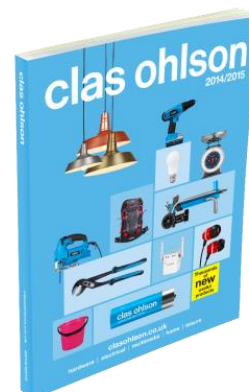
Events after the end of the reporting period

Sales in August 2014

Sales in August increased by 9 per cent to 611 MSEK (561). In local currencies, sales rose by 7 per cent. Compared with the corresponding month in the preceding year, 8 new stores (16) were added and the total number of stores on 31 August 2014 was 186.

Distribution of sales

MSEK	Aug 2014	Aug 2013	Percentage change	Percentage change, local currency
Sweden	270	251	7	7
Norway	255	238	7	6
Finland	58	51	13	7
Outside Nordic countries	29	20	40	24
Total	611	561	9	7



In August, Clas Ohlson launched its new catalogue, which included a vast number of exciting new additions to the product range.

Total sales for the first four months of the financial year (May-August) increased by 9 per cent to 2,253 MSEK (2,067). In local currencies, sales rose 8 per cent.

Outlook

Growth will occur in accordance with the Group's long-term financial objectives. In the years ahead, establishment in new markets is expected to have a negative impact of up to 2-3 percentage points on Clas Ohlson's operating margin over a financial year.

The continued development of Clas Ohlson's product range, sales channels and new customer segments will provide additional growth opportunities, in both established and new markets. The introduction of the corporate Clas Office concept is scheduled for the second quarter, starting in Sweden and Norway.

A store has been established in Dubai through a franchise partnership and another store is scheduled to be opened during the financial year. Future expansion plans will be determined following an evaluation of the initial stores to be established in the area. The Group's assessment is that the potential exists to establish a minimum of 20 stores in the Gulf region over a five-year period.

Clas Ohlson is preparing for entry into the German market, initially with one to two stores in northern Germany, and the launch of online shopping is planned for the 2015 calendar year.

Preparations are ongoing for the implementation of a new IT platform to support the company's operations and future growth and development.

Risks and uncertainties

Clas Ohlson's operations entail risks that could negatively impact the Group to varying extents. Work is continuously carried out to update the Group's risk situation through a documented and systematic process in which risks are identified, assessed, monitored and reported. Those risks deemed to have the greatest negative potential based on the probability of occurrence and their possible impact on operations are prioritised. This work contributes to the strategic and operational management of the company.

Operational risks primarily comprise establishments in new markets, purchasing in Asia, IT systems, competition, logistics, strikes, key employees, social responsibility, product range and shrinkage, while financial risks mainly comprise economic conditions, wage inflation, raw-material prices, transport costs and exchange-rate exposure.

For a detailed description of the Group's risks and risk management, refer to pages 38-39 of the 2013/14 Annual Report. Apart from the risks described in the Annual Report, no other significant risks have arisen.

The company's auditors have not reviewed this report.

Insjön, 10 September 2014

Klas Balkow
President and CEO of Clas Ohlson AB

Financial statements

Consolidated Income Statement

	3 Months		12 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013	Aug 2013 - Jul 2014	May 2013 - Apr 2014
MSEK				
Sales	1,642.2	1,506.5	6,943.4	6,807.7
Cost of goods sold	-977.5	-878.5	-4,004.3	-3,905.3
Gross profit	664.7	628.0	2,939.1	2,902.4
Selling expenses	-516.4	-491.8	-2,212.7	-2,188.1
Administrative expenses	-45.9	-43.6	-180.9	-178.6
Other operating income/expenses	-0.5	-0.3	-5.4	-5.2
Operating profit	101.9	92.3	540.1	530.5
Net financial income/expense	0.2	-0.3	0.2	-0.3
Profit after financial items	102.1	92.0	540.3	530.2
Income tax	-24.0	-22.8	-126.0	-124.8
Profit for the period	78.1	69.2	414.3	405.4

Consolidated Comprehensive Income Statement

	3 Months		12 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013	Aug 2013 - Jul 2014	May 2013 - Apr 2014
MSEK				
Profit for the period	78.1	69.2	414.3	405.4
Other comprehensive income, net of tax:				
Items that later can be reversed back to the Consolidated income statement:				
Exchange rate differences	8.9	-5.9	21.6	6.8
Cash flow hedging	7.4	-4.1	3.1	-8.4
Total	16.3	-10.0	24.7	-1.6
Items that later can not be reversed back to the Consolidated income statement:				
Reevaluation of net pension obligations	0,0	0,0	1.0	1.0
Total	0,0	0,0	1.0	1.0
Total other comprehensive income, net of tax	16.3	-10.0	25.7	-0.6
Total comprehensive income for the period	94.4	59.2	440.0	404.8

Data per share

	3 Months		12 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013	Aug 2013 - Jul 2014	May 2013 - Apr 2014
Number of shares before dilution	63,157,546	63,260,888	63,111,100	63,137,148
Number of shares after dilution	63,340,224	63,317,874	63,233,163	63,243,692
Number of shares at end of period	63,080,611	63,077,808	63,080,611	63,140,994
Earnings per share before dilution, SEK	1.24	1.09	6.56	6.42
Earnings per share after dilution, SEK	1.23	1.09	6.55	6.41
Comprehensive income per share, SEK	1.49	0.94	6.97	6.41

Consolidated Balance Sheet

MSEK	31 Jul 2014	31 Jul 2013	30 Apr 2014
Assets			
Intangible assets	161.4	110.0	133.0
Tangible assets	1,269.5	1,311.5	1,291.2
Financial assets	8.1	4.3	8.1
Inventories	1,328.6	1,349.9	1,348.2
Other receivables	223.2	231.2	229.5
Liquid assets	462.4	194.2	358.3
Total assets	3,453.2	3,201.1	3,368.3
Equity and liabilities			
Equity	2,047.8	1,871.8	1,964.9
Long-term liabilities, Non-interest-bearing	201.9	191.7	206.5
Current liabilities, Non interest-bearing	1,203.5	1,137.6	1,196.9
Total equity and liabilities	3,453.2	3,201.1	3,368.3

Consolidated Cash Flow

MSEK	3 Months		12 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013	Aug 2013 - Jul 2014	May 2013 - Apr 2014
Operating profit	101.9	92.3	540.1	530.5
Adjustment for items not included in cash flow	59.1	50.9	240.2	232.0
Interest received	0.6	0.6	2.0	2.0
Interest paid	-0.4	-0.9	-1.9	-2.4
Tax paid	-20.9	-15.4	-95.6	-90.1
Cash flow from operating activities before changes in working capital	140.3	127.5	684.8	672.0
Change in working capital	30.9	-18.4	66.4	17.1
Cash flow from operating activities	171.2	109.1	751.2	689.1
Investments in intangible assets	-34.2	-3.7	-71.4	-40.9
Investments in tangible assets	-21.6	-13.0	-139.8	-131.2
Change in current investments	0.1	0,0	0.4	0.3
Cash flow from investing activities	-55.7	-16.7	-210.8	-171.8
Borrowings	0,0	0,0	200.0	200.0
Repayment of loans	0,0	0,0	-200.0	-200.0
Repurchase of own shares	-13.7	-21.7	-13.7	-21.7
Sale of own shares	0.6	0,0	6.8	6.2
Dividend to shareholders	0,0	0,0	-268.1	-268.1
Cash flow from financing activities	-13.1	-21.7	-275.0	-283.6
Cash flow for the period	102.4	70.7	265.4	233.7
Liquid assets at the start of the period	358.3	124.6	194.2	124.6
Exchange rate difference for liquid assets	1.7	-1.1	2.8	0,0
Liquid assets at the end of the period	462.4	194.2	462.4	358.3

Sales by segment

	3 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013
MSEK		
Sweden	760.1	703.0
Norway	644.7	605.3
Finland and outside Nordic countries	237.4	198.2
Group functions	526.8	328.5
Sales to other segments	-526.8	-328.5
Total	1,642.2	1,506.5

Operating profit by segment

	3 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013
MSEK		
Sweden	29.9	22.8
Norway	26.1	20.1
Finland and outside Nordic countries	6.6	4.5
Group functions	39.3	44.9
Total	101.9	92.3

Specification of change in results

MSEK	Change
Profit from sales	33.7
Decrease in gross margin	-19.9
Increased administrative expenses	-2.3
Decreased expansion costs stores	2.7
Increased depreciation	-4.4
Change in financial income/expense	0.5
Change in other operating income/expense	-0.2
Change in profit after financial items	10.1

*The table shows the change when comparing the first quarter of 2014/15 and the first quarter of 2013/14.

Change in equity

(attributable to the Parent company shareholders)

MSEK	3 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013
Equity brought forward	1,964.9	1,836.5
Repurchase of own shares	-13.7	-21.7
Sale of own shares	0.6	0,0
Paid-in option premiums:		
Value of employee services	1.6	-2.2
Total comprehensive income	94.4	59.2
Equity carried forward	2,047.8	1,871.8

Forward contracts

As per balance-sheet date, outstanding cash-flow hedging existed according to the following table per currency pair (carrying amount and fair value)

MSEK	31 Jul 2014	31 Jul 2013
Sell/buy		
NOK/SEK	-2.5	2.6
NOK/USD	6.8	0,0
SEK/USD	0,0	-2.3
Total	4.3	0.3

Forward contracts belong to the derivate category, which is used for hedging purposes. All derivatives are measured at fair value, established by using forward contract prices on balance-sheet date, meaning, level 2 in the fair value hierarchy according to IFRS 7. As per 31 July, 2014 there are both positive and negative market values in the currency pairs. Forward contracts with negative market value totalled MSEK 2,6 (3,9), which was recognized in the item Current liabilities, non-interest-bearing. Forward contracts with positive market values amounted to MSEK 6,9 (4,2), which is recognized in the item Other receivables. Deferred tax of MSEK 0,9 was taken into account and the remaining fair value of MSEK 3,4 was recognized in the hedging reserve within equity.

Key ratios

	3 Months		12 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013	Aug 2013 - Jul 2014	May 2013 - Apr 2014
MSEK				
Sales growth, %	9.0	3.0	5.8	4.4
Gross margin, %	40.5	41.7	42.3	42.6
Operating margin, %	6.2	6.1	7.8	7.8
Return on capital employed, %	-	-	28.0	28.0
Return on equity, %	-	-	21.8	21.7
Equity/assets ratio, %	59.3	58.5	59.3	58.3
Sales per sq.m in stores, SEK thousand	-	-	30	30
Number of stores at period end	186	178	186	185
Number of employees at period end	2,652	2,562	2,652	2,629
Data per share				
Number of shares before dilution	63,157,546	63,260,888	63,111,100	63,137,148
Number of shares after dilution	63,340,224	63,317,874	63,233,163	63,243,692
Number of shares at period end	63,080,611	63,077,808	63,080,611	63,140,994
Earnings per share before dilution, SEK	1.24	1.09	6.56	6.42
Earnings per share after dilution, SEK	1.23	1.09	6.55	6.41
Comprehensive income per share, SEK	1.49	0.94	6.97	6.41
Cash flow per share*, SEK	2.71	1.72	11.90	10.91
Equity per share, SEK	32.46	29.67	32.46	31.12

*From the operating activities

Quarterly overview								
MSEK	Q2 12/13	Q3 12/13	Q4 12/13	Q1 13/14	Q2 13/14	Q3 13/14	Q4 13/14	Q1 14/15
Sales	1,614.2	2,169.1	1,273.5	1,506.5	1,677.7	2,237.6	1,385.9	1,642.2
Cost of goods sold	-936.8	-1,274.8	-757.6	-878.5	-952.0	-1,258.9	-815.9	-977.5
Gross profit	677.4	894.3	515.9	628.0	725.7	978.7	570.0	664.7
Selling expenses	-530.8	-599.8	-496.5	-491.8	-552.6	-598.5	-545.2	-516.4
Administrative expenses	-44.6	-46.9	-37.7	-43.6	-46.5	-48.1	-40.4	-45.9
Other operating income/expenses	0,0	-0.2	-1.0	-0.3	-0.8	-1.7	-2.4	-0.5
Operating profit	102.0	247.4	-19.3	92.3	125.8	330.4	-18.0	101.9
Net financial income/expense	-1.9	-6.7	-0.9	-0.3	-0.4	0.4	0,0	0.2
Profit after financial items	100.1	240.7	-20.2	92.0	125.4	330.8	-18.0	102.1
Income tax	-27.7	-36.7	2.8	-22.8	-31.1	-76.7	5.8	-24.0
Profit for the period	72.4	204.0	-17.4	69.2	94.3	254.1	-12.2	78.1
Key ratios for the period								
Gross margin, %	42.0	41.2	40.5	41.7	43.3	43.7	41.1	40.5
Operating margin, %	6.3	11.4	-1.5	6.1	7.5	14.8	-1.3	6.2
Earnings per share before dilution, SEK	1.14	3.22	-0.27	1.09	1.49	4.03	-0.19	1.24
Earnings per share after dilution, SEK	1.14	3.22	-0.27	1.09	1.49	4.02	-0.19	1.23
Equity per share, SEK	26.26	29.40	29.02	29.67	26.85	30.81	31.12	32.46

Seasonal fluctuations

Clas Ohlson's market and operations are influenced by consumer purchasing behavior. The company's product range is particularly well suited to Christmas preparations and Christmas shopping, which means that the third quarter (Nov-Jan) is generally the strongest quarter of the financial year, followed by the second and first quarters and, finally, the fourth quarter, which is the weakest in terms of sales and profit.

Parent Company Income Statement

MSEK	Note	3 Months		12 Months	
		May 2014 - Jul 2014	May 2013 - Jul 2013	Aug 2013 - Jul 2014	May 2013 - Apr 2014
Sales		1,289.9	1,031.5	5,653.2	5,394.8
Cost of goods sold	1	-918.8	-852.8	-3,838.7	-3,772.7
Gross profit		371.1	178.7	1,814.5	1,622.1
Selling expenses	1	-247.4	-230.1	-1,054.8	-1,037.5
Administrative expenses	1	-36.4	-34.8	-142.2	-140.6
Other operating income/expenses		-0.2	-0.3	-3.4	-3.5
Operating profit		87.1	-86.5	614.1	440.5
Net financial income/expense		-0.5	-0.9	0.7	0.3
Profit after financial items		86.6	-87.4	614.8	440.8
Appropriations		-	-	-139.2	-139.2
Profit before tax		86.6	-87.4	475.6	301.6
Income tax		-19.5	19.0	-106.8	-68.3
Profit for the period		67.1	-68.4	368.8	233.3

Parent Company Comprehensive Income Statement

MSEK	3 Months		12 Months	
	May 2014 - Jul 2014	May 2013 - Jul 2013	Aug 2013 - Jul 2014	May 2013 - Apr 2014
Profit for the period	67.1	-68.4	368.8	233.3
Other comprehensive income, net of tax:				
Items that later can be reversed back to the Consolidated income statement:				
Income from hedge of net investment in foreign operations	7.2	0.1	21.1	14.0
Other comprehensive income, net of tax	7.2	0.1	21.1	14.0
Total comprehensive income	74.3	-68.3	389.9	247.3

Note 1 Depreciation
Depreciation during the first quarter amounts to 37,8 MSEK (34,0)

Parent Company Balance Sheet			
MSEK	31 Jul 2014	31 Jul 2013	30 Apr 2014
Assets			
Intangible assets	161.4	110.0	133.0
Tangible assets	942.9	975.5	968.7
Financial assets	219.6	234.1	212.4
Inventories	882.6	906.4	884.0
Other receivables	559.7	401.1	293.9
Liquid assets	397.4	109.0	281.5
Total assets	3,163.6	2,736.1	2,773.5
Equity and liabilities			
Equity	803.3	677.4	740.5
Untaxed reserves	963.2	824.0	963.2
Provisions	30.9	22.0	31.4
Long-term liabilities, Non-interest-bearing	5.0	5.0	5.0
Current liabilities, Non interest-bearing	1,361.2	1,207.7	1,033.4
Total equity and liabilities	3,163.6	2,736.1	2,773.5
Pledged assets	0,0	0,0	0,0
Contingent liabilities	295.4	273.9	287.7

Accounting policies

Clas Ohlson applies the International Financial Reporting Standards (IFRS) adopted by the EU. This interim report has been prepared in accordance with the Swedish Annual Accounts Act, IAS 34 Interim Financial Reporting and RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2. The same accounting policies are applied as for the Group, except in those cases described under the section headed "Parent Company accounting policies" in the 2013/14 Annual Report on page 56. The same accounting policies and calculation methods are applied as in the latest annual report, except those stated below.

The International Accounting Standards Board (IASB) has issued new and revised IFRSs as well as interpretations that apply from 1 May 2014. However, these had no appreciable impact on the consolidated income statements and balance sheets.

For a more detailed description of the accounting policies applied to the Group and Parent Company in this interim report, refer to the 2013/14 Annual Report, pages 54-56.

Definitions

Capital employed

The balance-sheet total less non-interest-bearing liabilities.

Cash flow from operating activities

Operating profit adjusted for items not included in cash flow, interest, paid tax and change in working capital.

Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of shares before dilution.

Comparable units

Units that have been in operation during the current period and corresponding period last year.

Comprehensive income per share

Comprehensive income in relation to the average number of shares before dilution.

Earnings per share (before and after dilution)

Profit for the period in relation to the number of shares (before and after dilution).

Equity per share

Equity in relation to the number of shares outstanding at the end of the period.

Equity/assets ratio

Equity at the end of the period expressed as a percentage of the balance-sheet total.

Gross margin

Gross profit expressed as a percentage of net sales for the period.

Operating margin

Operating profit expressed as a percentage of net sales for the period.

Return on equity

Net profit for the period expressed as a percentage of average equity.

Return on capital employed

Operating profit plus financial income expressed as a percentage of average capital employed.

Sales growth

Sales in relation to sales during the corresponding period last year.

Sales per square metre

Store sales in relation to the effective retail space. For new stores, a conversion has been made in relation to how long the store has been open.

Working capital

The total of current assets, excluding cash and cash equivalents, less current non-interest-bearing liabilities.

The share

Clas Ohlson series B shares have been listed on the Nasdaq OMX Nordic Exchange Stockholm since 1999 and are included in the Consumer Services sector index. The price paid on 31 July was 131.25 SEK per share.

Number of shares

The number of registered shares totalled 65,600,000, unchanged from the preceding year. At 31 July 2014, the company held 2,519,389 shares (2,522,192), corresponding to 4 per cent (4) of the total number of registered shares. At the end of the quarter, the number of shares outstanding, net after buy-back, was 63,080,611 (63,077,808).

Long-term incentive programme LTI 2011 and LTI 2014

In the first quarter of 2014/15, the long-term incentive programme LTI 2014 was introduced, with 45 participants, following the same structure as previously implemented LTI programmes. The participants purchased a total of 30,526 shares. The exercise price for the conditional employee stock options is set at 153.60 SEK per share, with exercise possible, following the three-year qualification period, between June 2017 and April 2021.

A total of 34,050 shares were allotted during the quarter in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants in LTI 2011 who remained employed after the three-year qualification period.

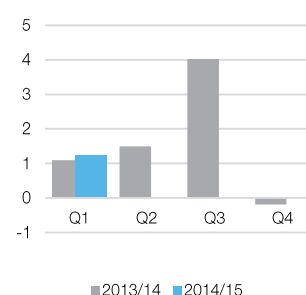
To safeguard the company's commitment regarding conditional matching shares and employee stock options in connection with LTI 2014, Clas Ohlson bought back 100,000 shares during the first quarter of the 2014/15 financial year for a total of 14 MSEK at an average price of approximately 137 SEK per share.

Dividend policy

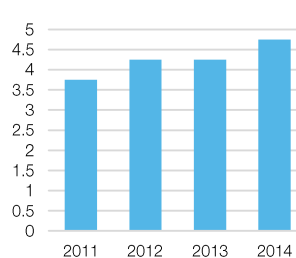
Clas Ohlson's dividend policy is that the dividend is to comprise at least 50 per cent of earnings per share after tax, taking into account the company's financial position. The Board of Directors proposes that a dividend of 4.75 SEK per share (4.25) be paid for 2013/14. The proposed dividend totals 312 MSEK (279), which represents 77 per cent (84) of the financial year's net profit.

Share data	
Listing	NASDAQ OMX Nordic Mid Cap
Ticker	Clas B
Industry	Consumer Services
ISIN code	SE0000584948

Earnings per share, SEK



Dividend per share, SEK



The largest shareholders 31 July 2014

Owner	Number of A-shares	Number of B-shares	Equity, %	Votes, %
Helena Ek-Tidstand	1,368,060	6,179,828	12	17
Johan Tidstrand	1,368,060	1,290,000	4	13
Björn Haid	1,007,960	4,732,834	9	13
Claus-Toni Haid	1,007,960	3,793,983	7	12
Peter Haid	1,007,960	3,785,243	7	12
AFA Försäkring		3,184,395	5	3
IF Skadeförsäkring		3,114,337	5	3
Nordea Investment Funds		2,735,507	4	2
Anders Moberg		1,400,000	2	1
JPM Chase		1,174,089	2	1
Other share owners		28,449,784	43	24
Total	5,760,000	59,840,000	100	100

clas ohlson in brief

Our business model

A broad offering of smart and simple, practical and affordable solutions

■ Customer understanding

The key to becoming relevant and succeeding in an increasingly competitive environment is our ability to understand our customers and their needs. We develop our offering and our relationship with customers based on this knowledge.

■ Development of product range and purchasing

Based on our knowledge about the customer and their needs, we continuously develop our product range. An efficient purchasing organisation, with proprietary offices in Asia, a close relationship with suppliers and large volumes enable us to have an affordable and sustainable offering.

■ Inventory and distribution

Our distribution centre in Insjön, Sweden, coordinates efficient distribution and logistics, and ensures the best possible inventory management and service level.

■ Integrated sales channels

Most of our sales currently occur through our stores, but we offer our products and meet customers in several integrated sales channels, such as telephone, catalogue, website and mobile app.

Our vision

To develop Clas Ohlson into a leading international modern hardware retailer, with high profitability that adds value for all stakeholders.

Our mission

To help and inspire people to improve their everyday life by offering smart, simple, practical solutions at attractive prices.

Financial objectives

- Annual sales growth in comparable units of at least 2 per cent
- Establishment of 10–15 new stores during the 2014/15 financial year
- An operating margin of at least 10 per cent

Strategic focus areas

Our customer offer
We will be the natural choice for practical problem solutions

Our customer interaction
We will increase customer loyalty and attract new customers

Our expansion
We will continue to expand the operation

Our supply network
We will optimise our supply chain

Our ways of working
We will enhance efficiency and simplify our ways of working

Our people
We will ensure a high performance and customer-oriented organisation



Our business concept

To make it easy for people to solve their everyday practical problems. This business concept is based on an original saying by the founder Clas Ohlson: "We will sell dependable products at low prices and with the right quality according to need."

www.clasohlson.com

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