

Strong online sales – measures to address the effects of COVID-19 in focus

Sales in March decreased by 17 per cent compared to March last year, which corresponds to an organic sales decrease of 13 per cent. For the eleven-month period, organic sales growth in the Nordic countries was 3 per cent. Clas Ohlson's online sales growth was 50 per cent in March and 22 percent for the eleven-month period.

Organic sales in March decreased by 13 per cent compared with the previous year. Sales in comparable units and local currency decreased by 11 per cent. Total sales in March decreased by 17 per cent to 502 MSEK (605), which, in addition to COVID-19, was impacted by the closure of stores outside the Nordics and the weaker NOK. Sales in the Nordic countries decreased by 15 per cent, which corresponds to an organic decline of 11 per cent. Online sales in March increased by 50 per cent to 48 MSEK (32).

Compared to March last year, there was a net reduction in the store network of eight stores (an increase of ten in the previous year). The total number of stores at the end of the month was 229. As part of the ongoing review of the store network, the store on Kullagatan in Helsingborg will close during Q3 2020. From 1 May, e-commerce in UK will take place on amazon.com

Countries, MSEK	March 2019/20	March 2018/19	Percentage change	Organic growth
Sweden	243	274	-11	-11
Norway	194	234	-17	-7
Finland	59	74	-20	-22
Nordics	496	582	-15	-11
Outside the Nordics*	6	23	-72	-72
Total**	502	605	-17	-13

* Affected by store closures in the UK and Germany.

** Of which 48 MSEK (32) comprises online sales.

Total sales for the first eleven months of the 2019/20 financial year (May 2019 to March 2020) was in line with last year and totalled 8,188 MSEK (8,180). Organic sales were unchanged compared with the year-earlier period. Sales in comparable units and local currency increased 1 per cent. Sales in the Nordic countries increased by 2 per cent, corresponding to organic growth of 3 per cent. Online sales for the period increased by 22 per cent to 483 MSEK (396).

Comment on COVID-19

Under the exceptional circumstances caused by COVID-19, Clas Ohlson's relevant range in stores close to the home or via online shopping, with flexible delivery options, has remained popular with customers:



- All of Clas Ohlson's physical stores in the Nordics are open – some with standard opening hours, others with reduced opening hours based on the conditions in each country and location.
- Due to the restrictions that came into force in the UK on 25 March, the Reading store remains temporarily closed.
- Significant growth online, home delivery as a delivery option has increased and a “drive-in” solution has been launched. Sharp increase in sales of Clas Ohlson's range on Mathem.se and Kolonial.no.

The operations are continuously being adapted to the consequences of COVID-19:

- Staff levels in stores are being continuously adjusted through temporary lay-offs based on the prevailing conditions in the form of higher sickness absence than normal and the shorter opening hours and restrictions applicable in each country. Currently, about 300 employees (corresponding to about 120 FTEs) have been temporarily laid off from just over 70 stores. In addition, office employees will have their working hours reduced.
- A number of long-term cost-saving measures, for example, in the form of reductions among the office organisation, have been initiated.
- Talks have been initiated with all tenants to find a constructive solution for both parties as regards lease and payment terms.
- The prevailing uncertainty and other factors have impacted purchasing and sales currencies. For this reason, in this situation Clas Ohlson is assessing currency hedges on a case-by-case basis.

Lotta Lyrå, President and CEO:

“I can conclude that, even after an exceptional March impacted by COVID-19, we can report organic growth of 3 per cent in the Nordics for our first 11 months. We have partially been able to offset the negative impact of COVID-19 with the positive effects of active measures on our commercial agenda and we have received confirmation that our range is relevant, even in an extraordinary situation like this. We remain humble with respect to the time ahead and it is too early to draw any conclusions on the impact of COVID-19 on our future earnings. I emphasize that Clas Ohlson is tackling these challenges from a strong financial position and a strategy adapted to both changed purchasing patterns and a difficult market climate. We act agile to adapt the operations to the prevailing circumstances. Given that existing external conditions do not change, our goal remains to reach an operating margin of 4-6 percent during the current financial year 2019/20.”

Sales for April and the full-year 2019/20 will be announced at 7:00 a.m. on Friday, 15 May 2020.

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Clas Ohlson was founded in 1918 as a mail order business based in Insjön, Dalarna, Sweden. Today, we are a retail company with customers in five markets, just over 5,000 co-workers, and annual sales of approximately 8 billion SEK. Our share is listed on Nasdaq Stockholm. A lot has happened since the start in 1918, but one thing has remained the same over the years; that we want to help and inspire people to improve their everyday lives by offering smart, simple, practical solutions at attractive prices. Visit about.clasohlson.com/en to read about our passion for simplifying life in all kinds of homes.