



# Q1 Report 2009/2010

10 September 2009

# Agenda

- Q1 (May-July) 2009/10
- Events after period-end
- Roadmap
- Q&A

# Clas Ohlson today

- A retail chain with 108 stores in four countries
- Sales of SEK 5 billion
- 3,000 employees
- 51 million visitors – 26 million customers
- Product range that solves small practical problems of everyday life



Q1 09/10  
(May-July)

### Wireless Stereo Headphones.

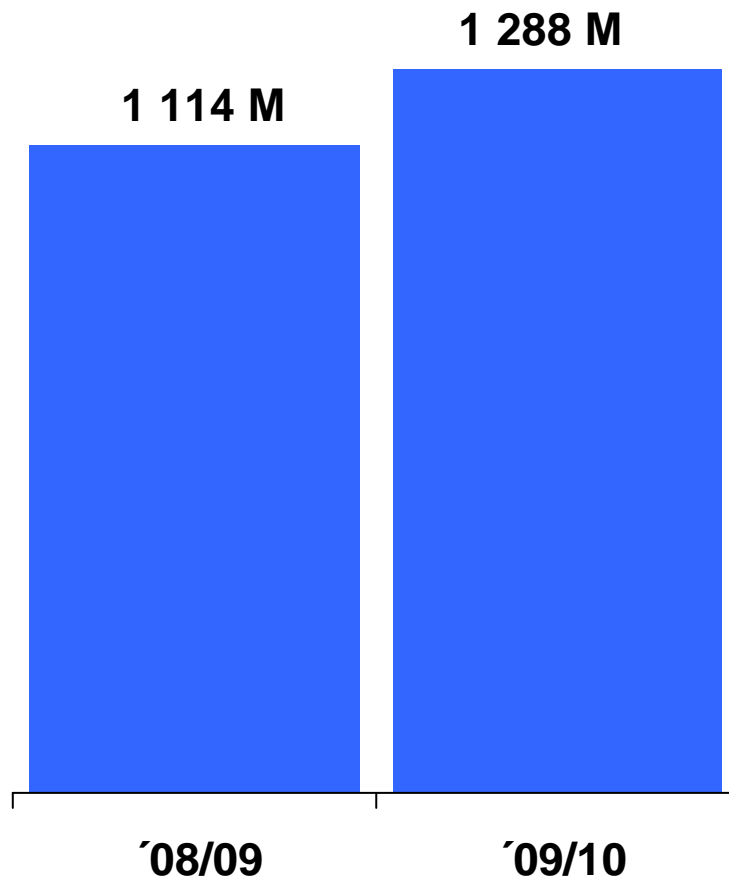
Wireless audio transfer. The transmitter can be placed by e.g. the TV, stereo, computer, etc. Connected with the 3.5 mm jack or the 6.3 mm adaptor (included). Operates on 2 rechargeable AAA/LR03 batteries (included). Headphone batteries charged via the transmitter's adaptor. Comes with adaptor. Approx. range: 100 m.

Product number 38-2942

**Price: SEK 399**



# Sales – Q1

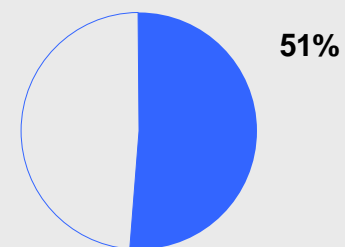


- Sales up 16% to SEK 1 288 M
- 2 new stores opened to 108
- Store sales up 16% to SEK 1 269 M
  - Comparable stores in local currency +2%
  - New stores +12%
  - Currency effects +2%
- Mail order/Internet down to SEK 19 M (23 M)

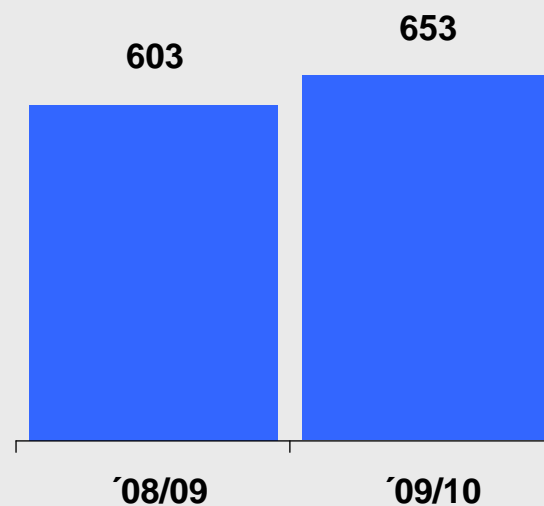
# Sweden – Q1

- Sales up 8%
  - 2 new stores opened in Sweden. Total of 52
  - 7 more stores in Sweden compared to preceding Q1
- Stabilised retail market and consumer confidence
- Increased market share in competitive environment

Portion of sales



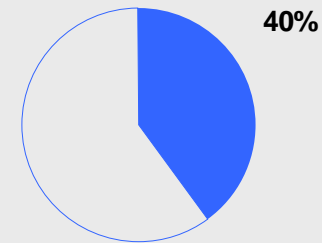
Sales, SEK M



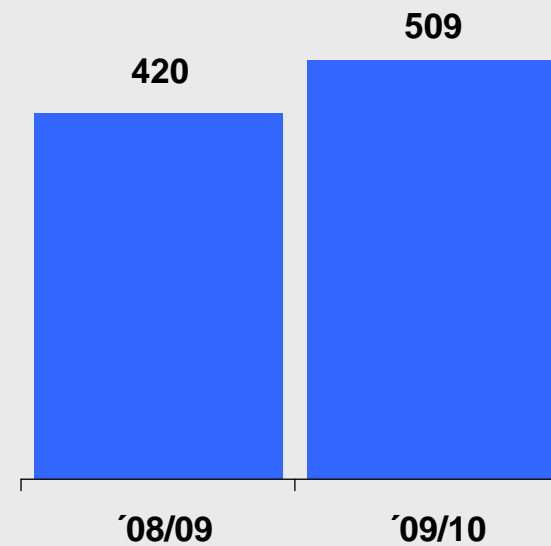
# Norway – Q1

- Sales up 21%
  - Up 18 % in local currencies
  - Number of stores unchanged. Total of 38
  - 7 more stores compared to preceding Q1
- Positive market development
- Increased market share

Portion of sales



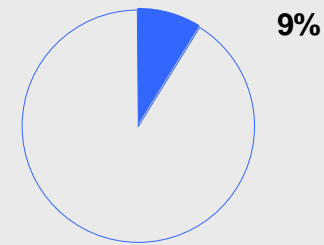
Sales, SEK M



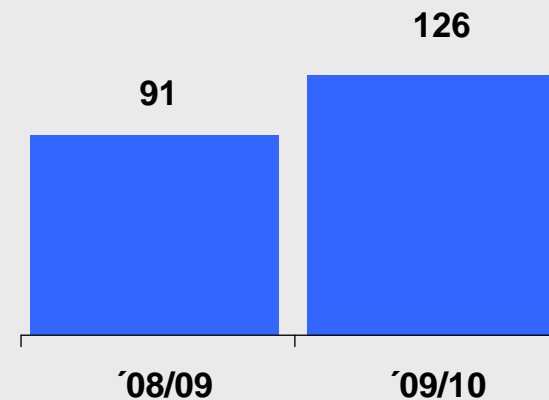
# Finland & UK – Q1

- Sales up 38%
  - Up 23% in local currencies
  - Number of stores unchanged. 16 in Finland, 2 in UK.
  - 6 more stores compared to preceding Q1
- Finnish market conditions still challenging
- UK-market still in recession but signs of improvement

Portion of sales

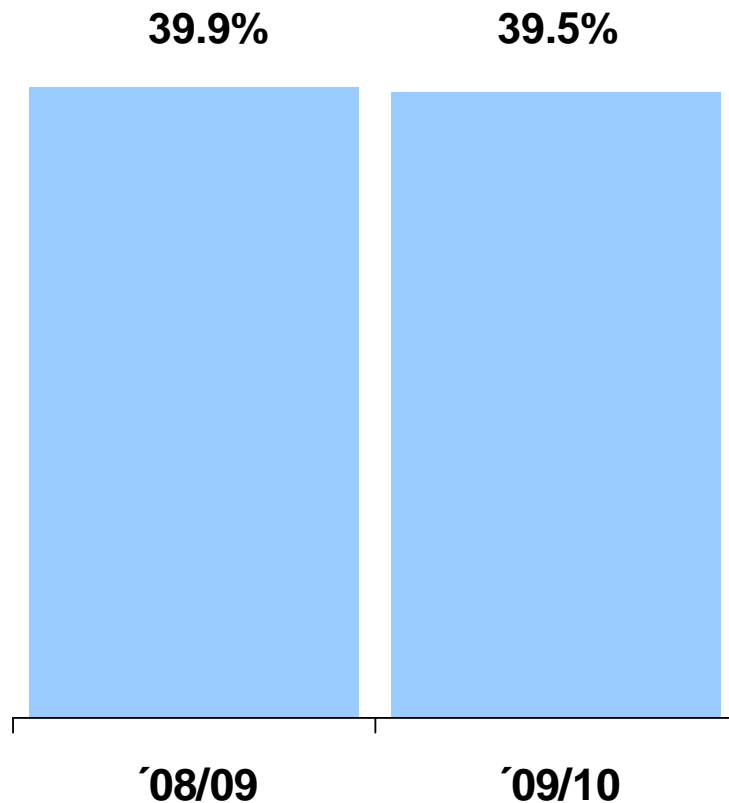


Sales, SEK M





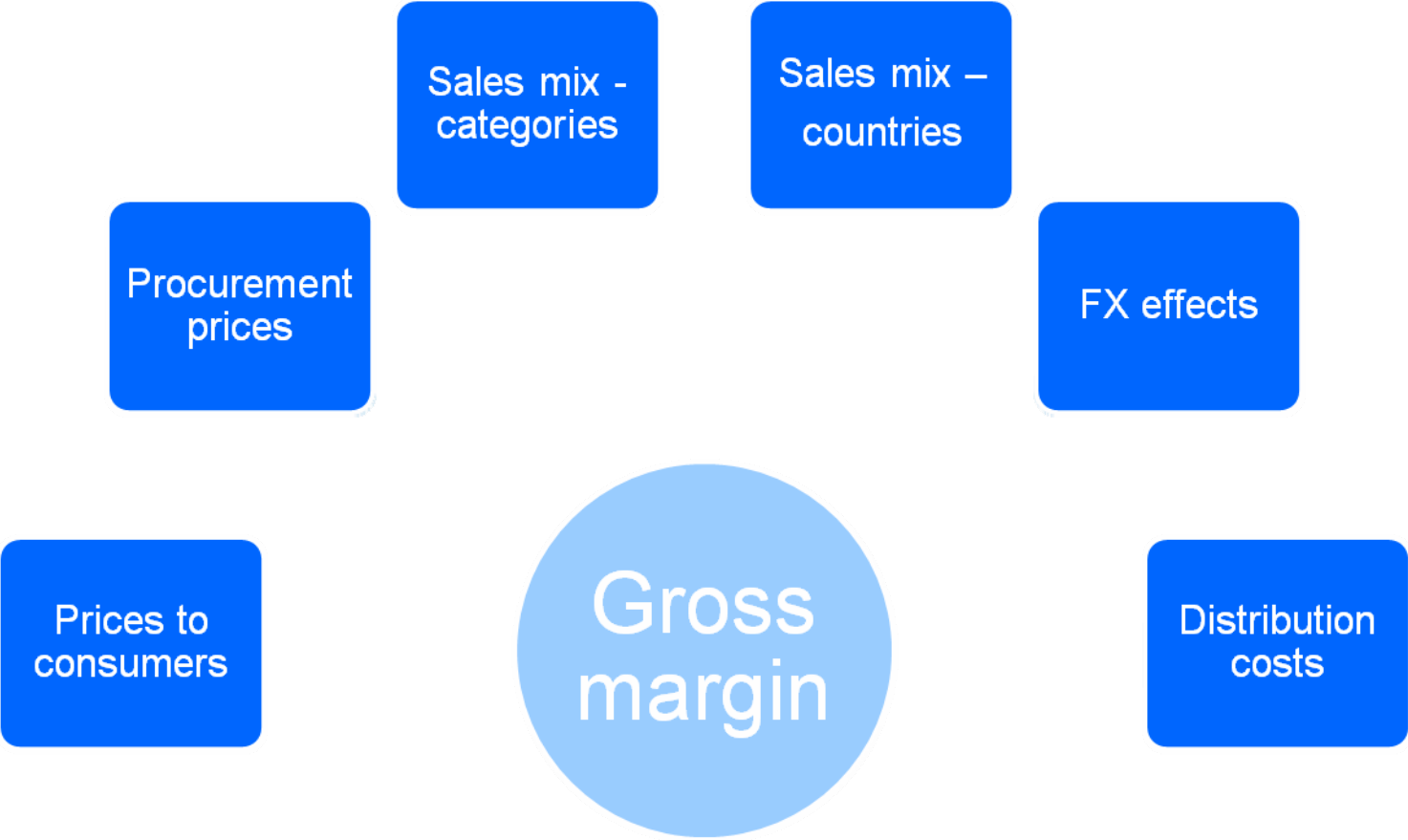
# Gross margin – Q1



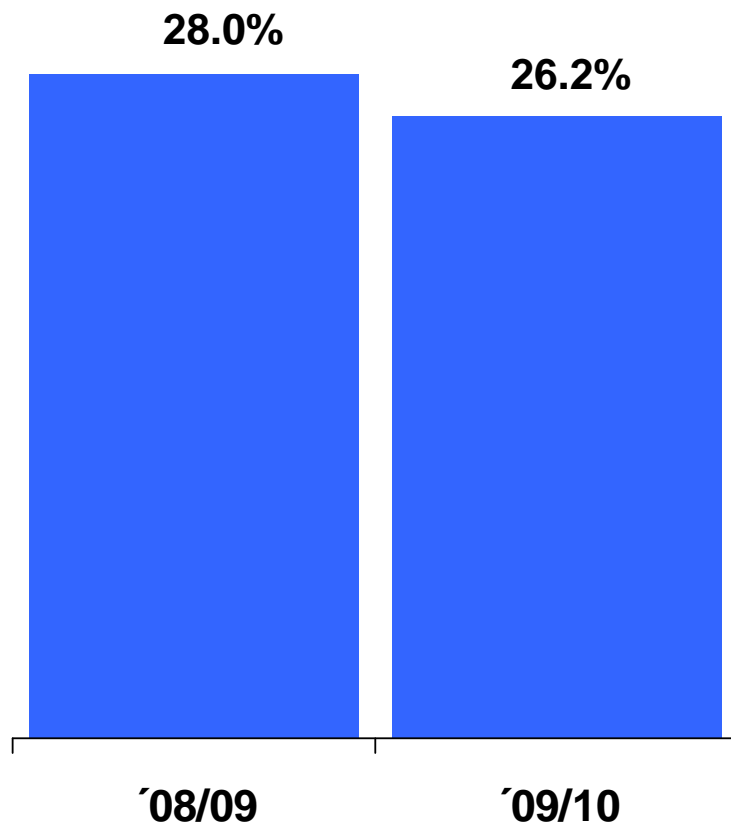
Gross margin down 0.4 percentage points to 39.5%

- Currency effects (USD)
- + Favourable sales mix
- + Lower distribution costs

# Gross margin – impacting factors



# Share of sales costs – Q1

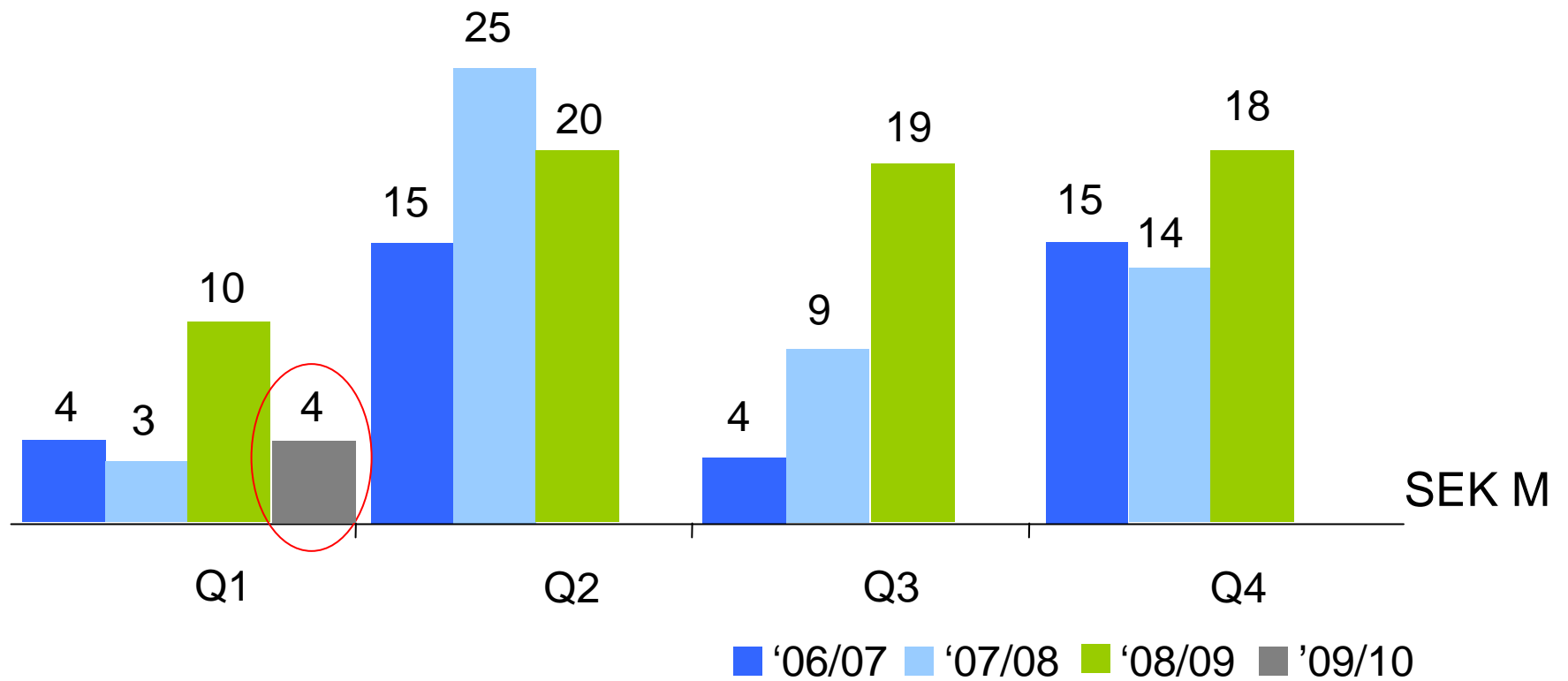


Share of sales costs down 1.8 percentage points to 26.2%

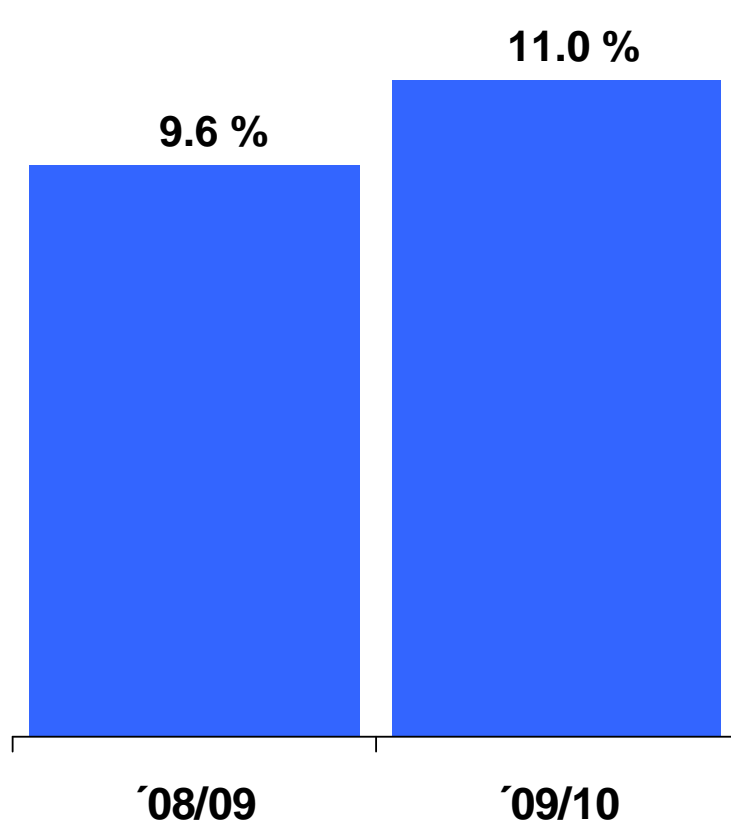
- + Higher sales in comparable stores
- + Improved productivity
- + Lower start up costs new stores
- Higher share of sales costs new markets

# Start-up costs new stores Q1

- 2 new stores during Q1



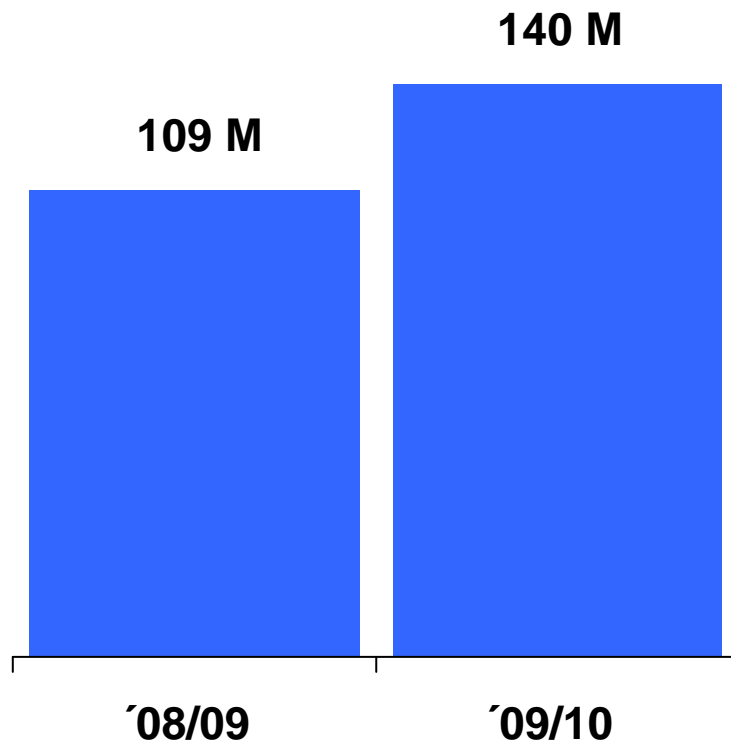
# Operating margin – Q1



Operating margin 11.0% (9.6)

- + Higher sales in comparable stores
- + Increased productivity
- Lower gross margin

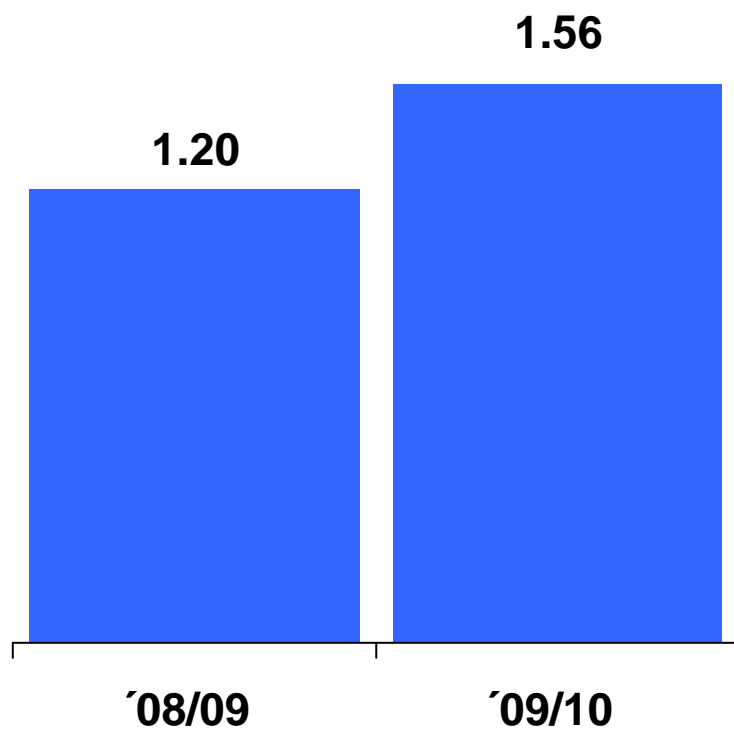
# Profit after financial items – Q1



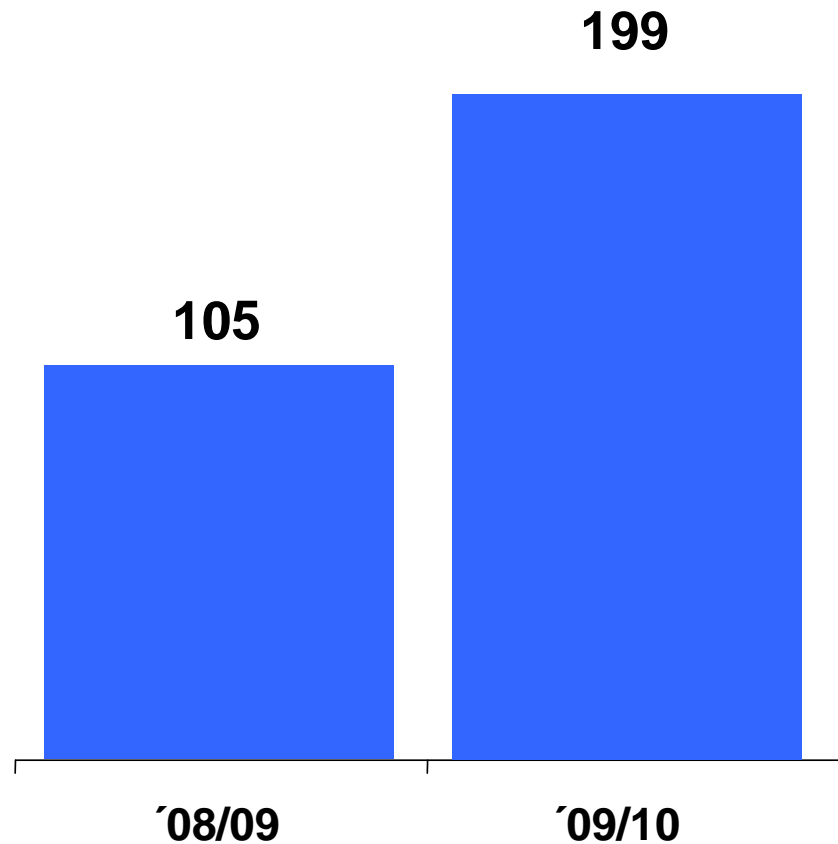
- Profit SEK 140 M (109)
- Financial items of SEK -1 M (+2)

# Earnings per share – Q1

- SEK 1.56 (1.20)



# Cash flow – Q1

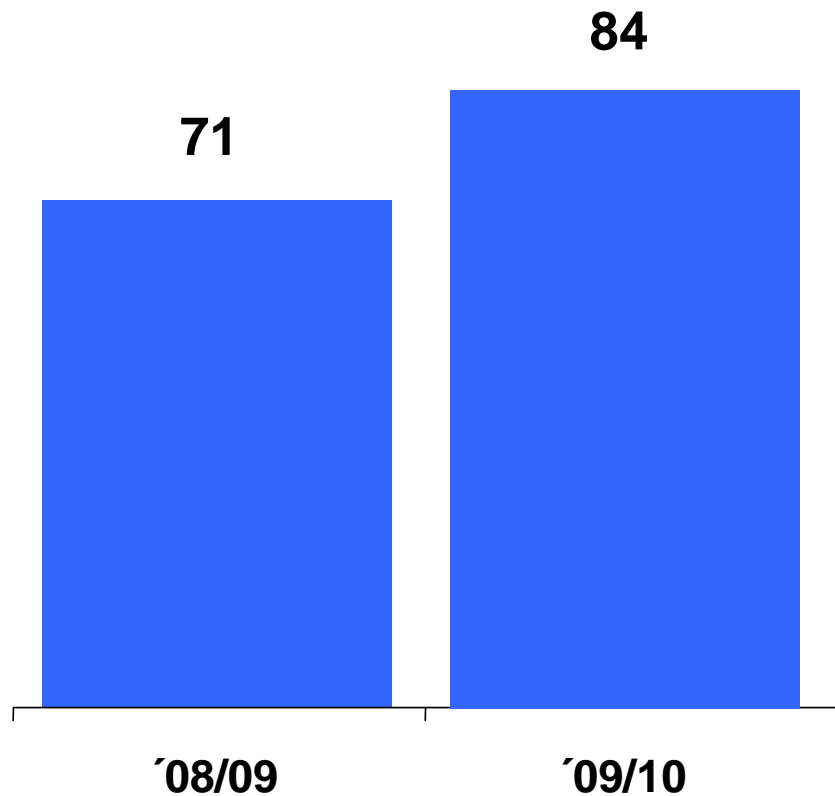


- Cash flow from operating activities SEK 199 M (105)
- Cash flow after investments and financials SEK 69 M (-24)
- Inventory: +16% to SEK 1 093 M (939)
  - Average inventory R12 +9%
  - 20 New stores compared to (08/09)

■ Cash flow from operating activities, SEK M



# Investments – Q1



- Investments of SEK 84 M (71) of which:
  - Distribution Center: SEK 65 M (50)
  - New Stores: SEK 3 M (9)
- SEK 522 M invested in Distribution Center as of 31 July 2009 out of total investment of SEK 615 M

■ Investments, SEK M

# Events after period-end

## Digital Wristwatch.

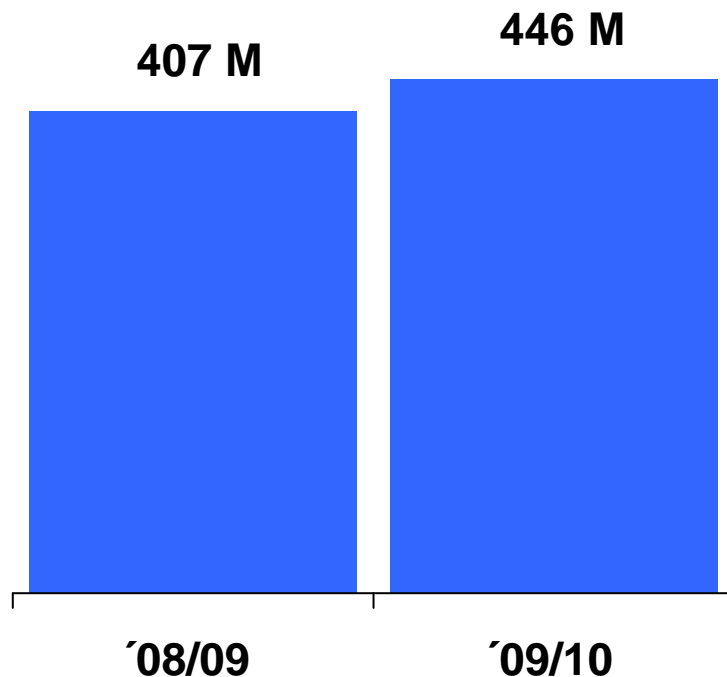
Alarm. Stopwatch with split time. Multi-coloured backlight. Date display. Water resistant to 3 ATM. Diam. 40 mm. Battery: SR54 (included)

Product number 31-3698

**Price: SEK 59**



# Sales – August



- Sales up to SEK 446 M (407), +10%
- Changes in local currencies
  - Sweden +4%
  - Norway +14%
  - Finland & UK +20%
- Store sales: SEK 438 M (400)
- Mail order/Internet sales: SEK 8 M (7)

# Launch of fall catalogue

- 92nd edition (since 1918)
- Four country editions
- Launch September 1
- 2 000 product news



# Roadmap



## **Cotech Drill/Driver.**

Soft-grip handle. 10 mm keyless chuck, variable speed 0-550 rpm, brake, reverse, 16 torque settings and drill setting. Max. torque: 10 Nm. Drilling capacity Ø wood: 16 mm, steel: 10 mm. Battery: 10.8 V/1.3 Ah Li-Ion, no self-discharge. 3-5 h charger. Weight: 1.2 kg.

Product number 40-6999

**Price: SEK 499**

# Our mission and positioning strategy

Making it easy for people to solve the small practical problems of everyday life

...broad range at great value that satisfies the everyday small practical needs of the consumer

...excellent service via helpful and skilful personnel

...easily accessible sales channels with convenient and inspirational shopping

...sustainable operations that develop our people and take the environment into consideration

# Our way forward

- Growth and expansion
- Develop a high performing organisation
- Simplification and increased efficiency



# Road map – activities in progress

- ✔ Launch in UK
- ✔ Develop and implement new store concept
- ✔ Develop and implement small store concept
- ✔ Invest in expanded high efficiency Distribution Centre
- ✔ Improved purchasing power
  - ✔ Asian purchasing office
  - ✔ Fewer suppliers
- ✔ More flexible assortment
- ✔ Improved store productivity
- ✔ Develop international organisation





# UK - update

- Large long term potential for future growth
- First two stores:
  - Higher number of visitors compared to group average
  - Conversion rate and average purchase lower than group average – in line with expectations
- 2 new store contracts signed
- Start up costs of SEK 5-6 M per store in UK



# New stores in the UK

## Reading

- Located on Broad Street
- Store space 1 900 square metres
- Primary catchment area of 257 000 inhabitants
- Scheduled opening November 2009

## Kingston-upon-Thames

- Located in city centre
- Store space of 1 900 square metres
- Primary catchment area of 329 000 inhabitants
- Scheduled opening early December 2009

# New store concept

- Easier navigation
- Positive customer feedback
- 11 new stores
- Up to 10 stores rebuilt during 09/10



# Distribution Center

- New picking facility fully operational September 1
- Increased productivity
- New High Bay Warehouse operational in Q3 2009/10
- Capacity for efficient storage and picking for 150+ stores



# Store expansion - pipeline

- 15-20 stores of which 4-8 in the UK during 2009/10
- 13 new stores contracted (9 opening 2009/10 & 4 opening 2010/11)



UK: Kingston & Reading

Sweden: Frölunda, Norrköping (Hageby), Norrtälje, Uppsala (Gränby), Malmö (Emporia)

Norway: Molde, Steinkier, Bryne, Lillehammer, Oslo (Lambertseter), Bodø

# Q1-summary

- Increased sales growth +16%
- Increased operating profit +31%
- Continued investments for future growth



## Q&A

### Capere Coffee Maker.

Approx. capacity: 10 cups, detachable water tank, drip-stop, swing-out filter holder, water level indicator on carafe and water tank. 220-240 V/1000 W.

Product number 34-3000

**Price: SEK 595**



# clas ohlson

[www.clasohlson.se](http://www.clasohlson.se)