



# Q4 Report 2011/2012

13 June 2012

# Agenda

1. Q4 2011/12 (Feb-April)
2. Full year 2011/12 summary (May-April)
3. Strategic updates and outlook
4. Q&A

## **Radio ear defenders.**

Enables you to listen to music while you work.

No. 40-8308      **Price: SEK 149**



# Clas Ohlson today

- A retail chain with 160 stores in 4 countries
- E-commerce & Catalogue
- Sales of SEK 6.2 billion
- 4,000 employees
- 68 million visitors – 33 million customers



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# Q4 2011/12

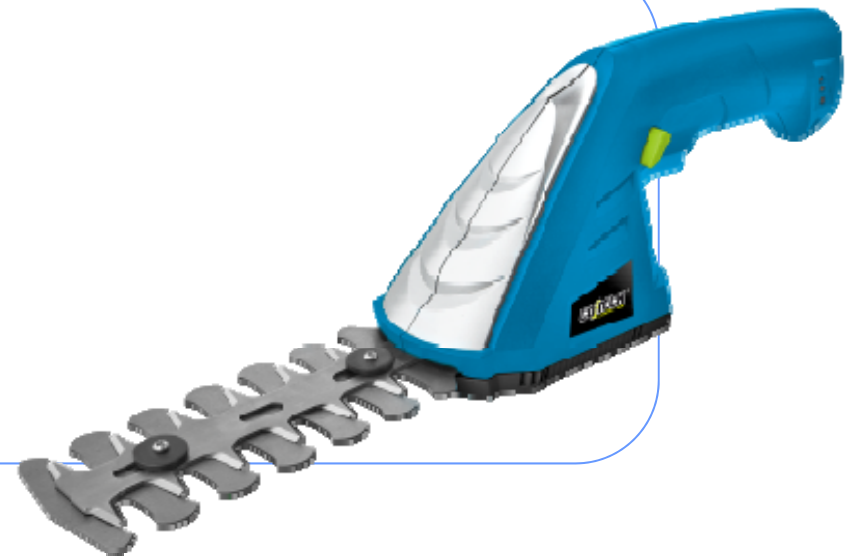
## February-April

### **Cotech shrub and edging shears.**

Li-ion cordless edge and shrub trimmer.

Convenient and easy use.

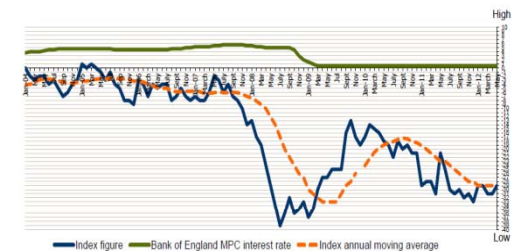
No. 40-6001 **Price: SEK 399**



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# Volatile market

- CCI Sweden increased to Index 4.7 in April but still below historical average
- CCI Norway improved to Index 15.5 in the first quarter of 2012
- CCI Finland with improvement to Index 10.4 in April
- CCI UK at Index -31 in April still at very low historical level

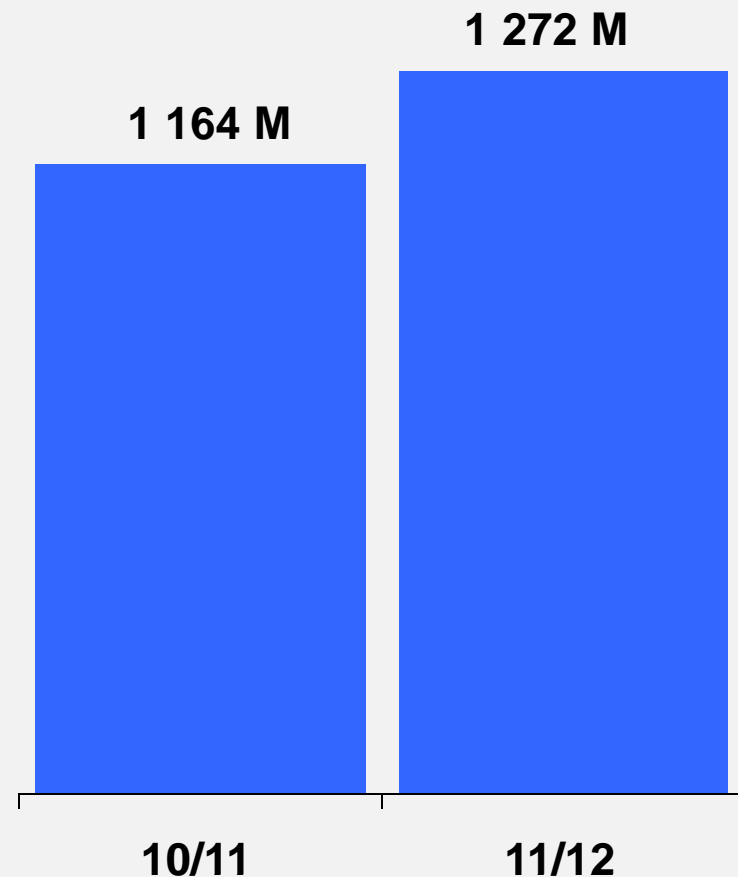


CCI: Consumer Confidence Index April 2012



# Sales – Q4

- Sales up 9% to SEK 1 272 M, +8% in local currencies
  - 18 (19) more stores compared to preceding Q4
  - Comparable stores in local currency -1%
  - New stores +9%
  - Currency effects +1%
- E-com sales SEK 23 M (20)
- Increased market shares in overall challenging market

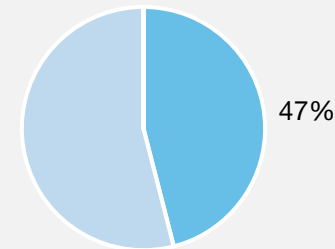


# Sweden – Q4

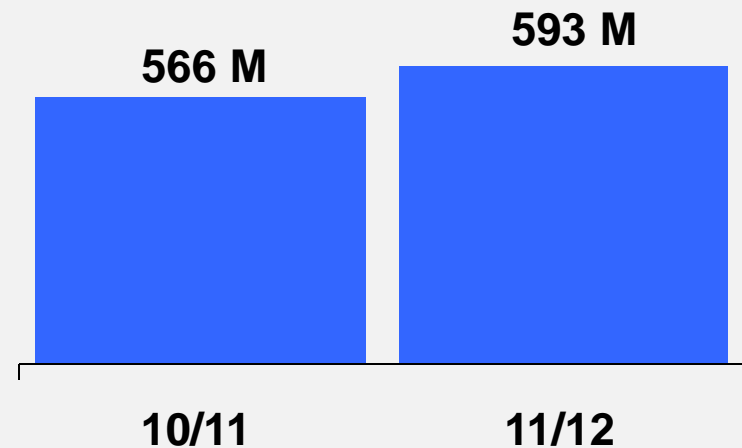
- Sales +5%
  - 4 new stores during Q4.  
Total of 68
  - 7 more stores compared to preceding Q4
- Increased market share in a continued overall soft market
- Expanded store network affects LFL



Portion of sales, Sweden



Sales Sweden

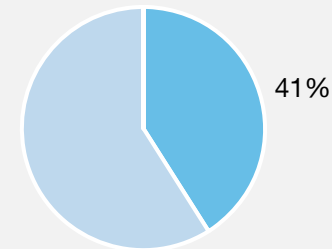


# Norway – Q4

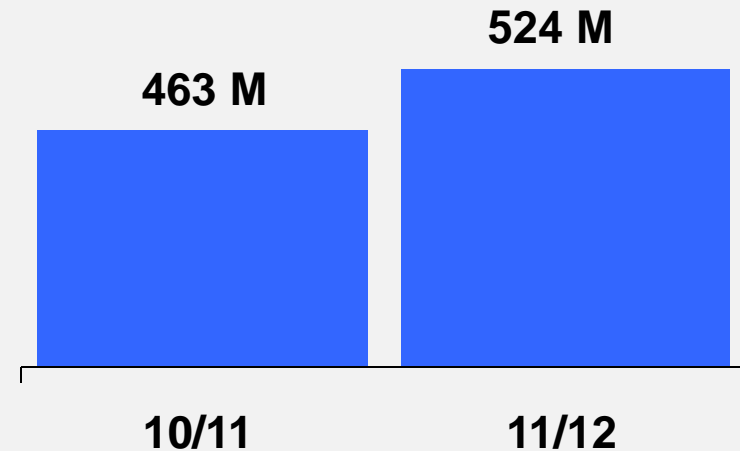
- Sales +13%
  - +10% in local currency
  - 1 new store during Q4.  
Total of 56
  - 6 more stores compared to preceding Q4
- Increased market share in a fairly stable overall market development



Portion of sales, Norway



Sales Norway



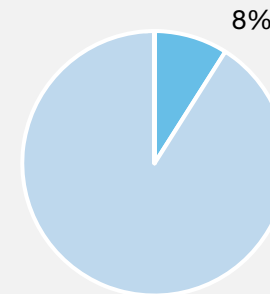


# Finland – Q4

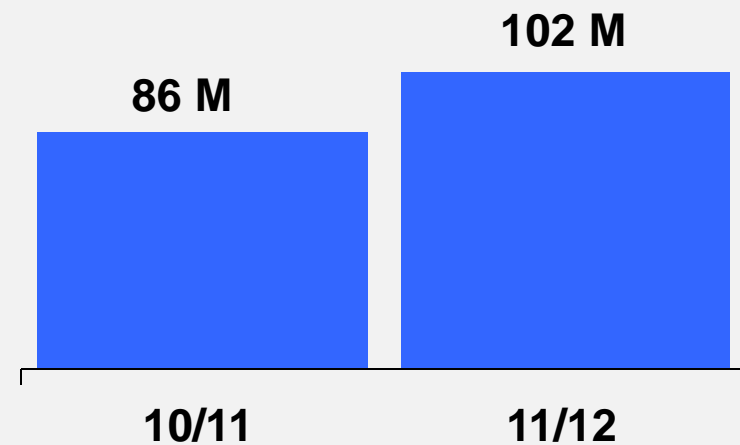
- Sales +18%
  - +19% in local currency
  - No new stores during Q4.  
Total of 21
  - 4 more stores compared to preceding Q4
- Continued positive sales trend with double digit growth in past 4 quarters
- Strengthened brand and market position



Portion of sales, Finland



Sales Finland

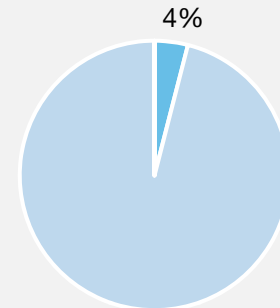


# UK – Q4

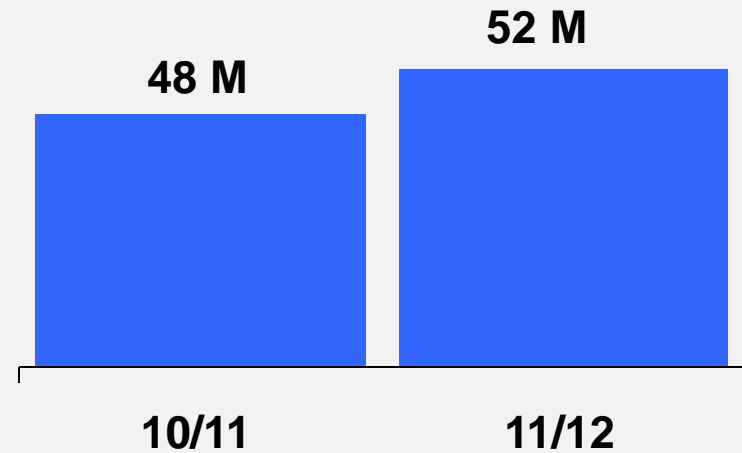
- Sales +8%
  - +4% in local currency
  - No new stores during Q4.  
Total of 12
  - 1 more stores compared to preceding Q4
- Retail market under pressure, still record low level of consumer confidence



Portion of sales, UK



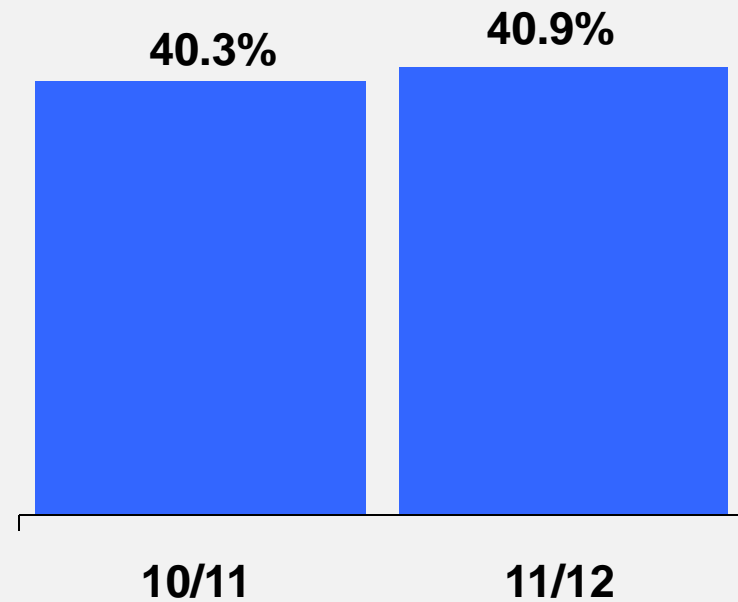
Sales UK



# Gross margin – Q4

Gross margin increased to 40.9%  
(40.3)

+ Positive currency effect (USD)

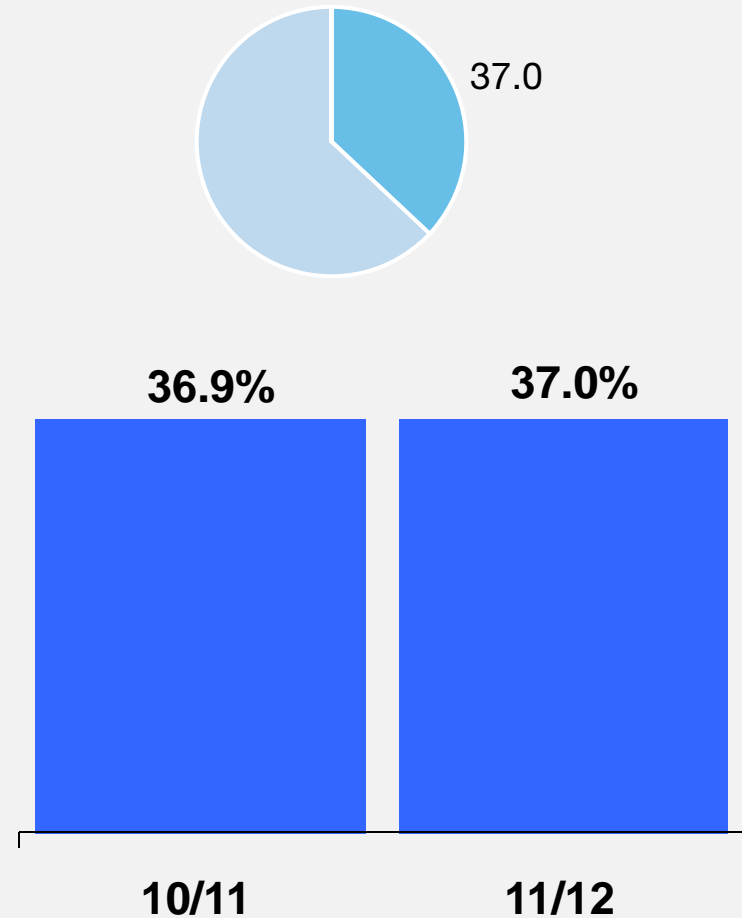


# Share of sales costs – Q4

Share of sales up 0.1 percentage points to 37.0%

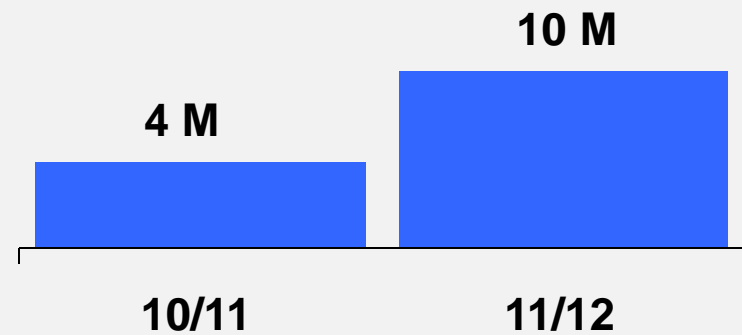
- + Increased productivity
- Lower sales in comparable stores

Share of Sales Costs



# Profit – Q4

- Operating profit SEK 10 M (4)
- Profit after financial items SEK 10 M (1)
- Profit per share SEK 0.11 (0)



# Full year 2011/12 (May-April)

## **Cordless washer.**

Carry it anywhere you need. Portable, rechargeable washer for cars and caravans. Charger included. Also operates from a 12 V socket.

No. 31-5022

**Price: SEK 999**

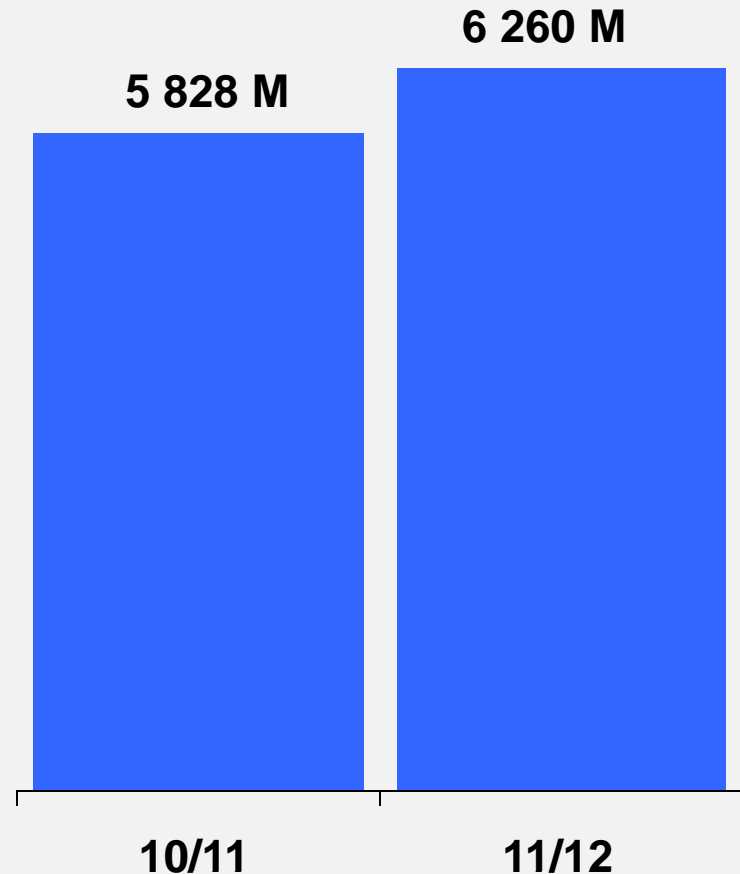


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# Sales - Full year 2011/12



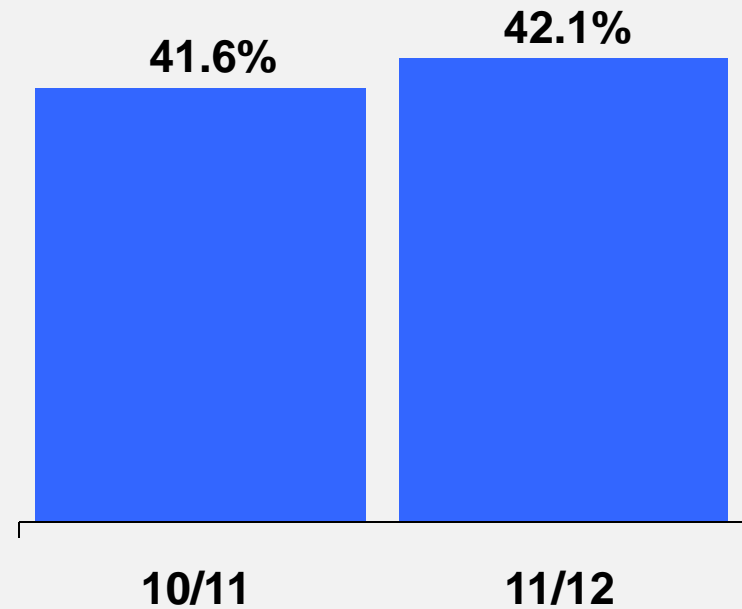
- Sales up 7% to SEK 6 260 M, +7% in local currencies
  - Comparable stores in local currency -3%
  - New stores +10%
  - Currency effects 0%
- E-com sales SEK 95 M (89)
- Increased market shares in overall challenging market



# Gross margin – Full year 2011/12

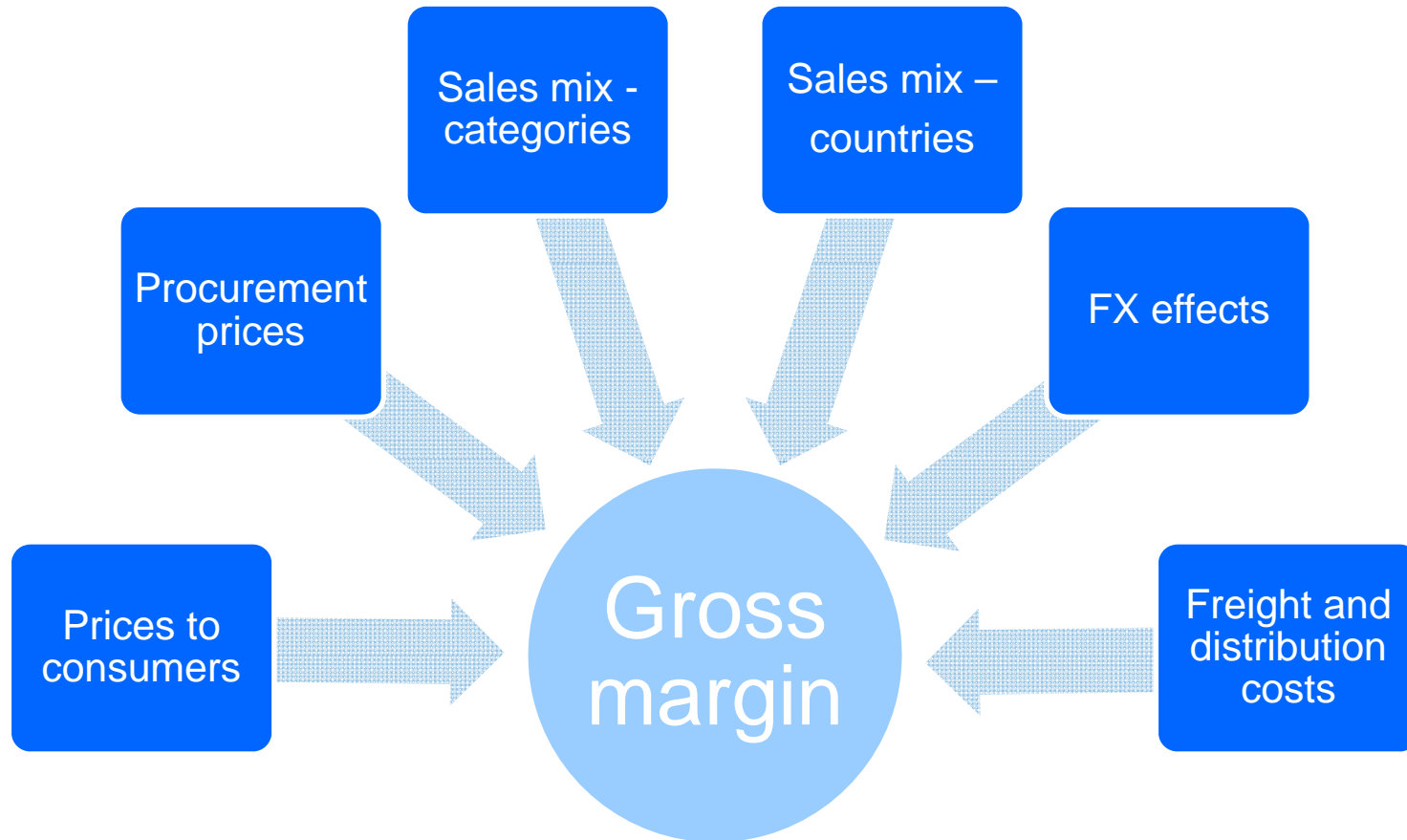
Gross margin increased to 42.1%  
(41.6)

- + Increased share of direct sourcing
- + Positive currency effect (USD)





# Gross margin – impacting factors

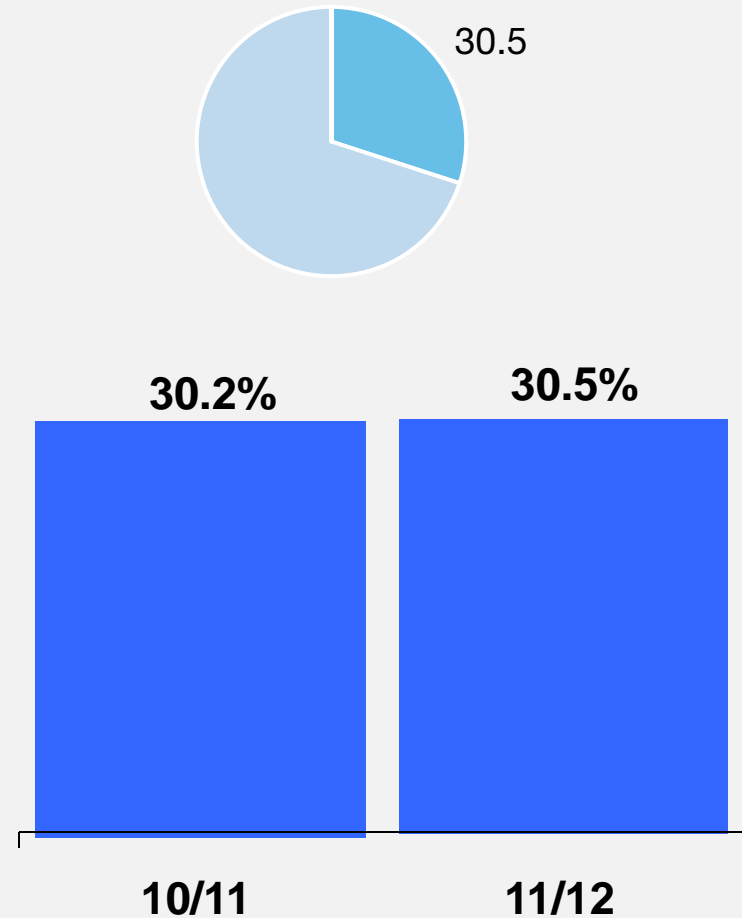


# Share of sales costs – Full year 2011/12

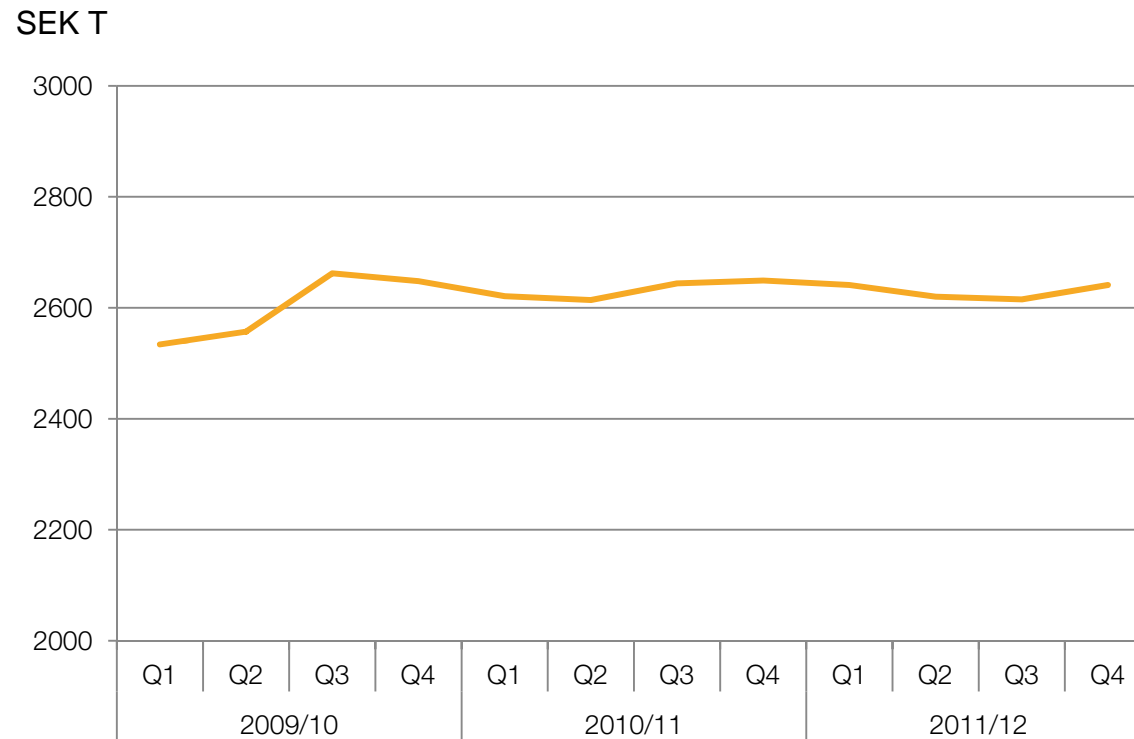
Share of sales up 0.3 percentage points to 30.5%

- + Increased productivity
- + Lower start up costs
- Lower sales in comparable stores

Share of Sales Costs

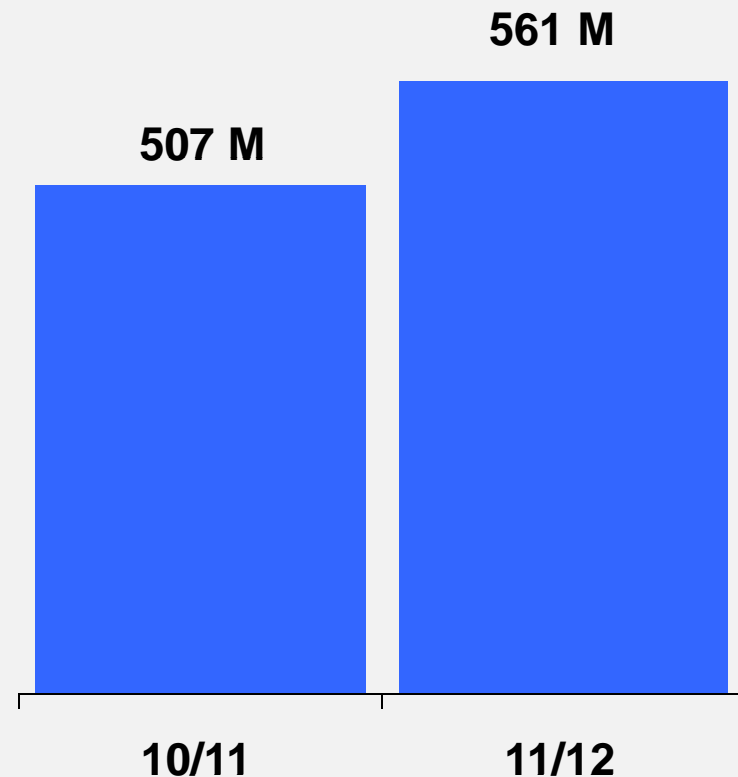


# Sales per employee 2009-2012



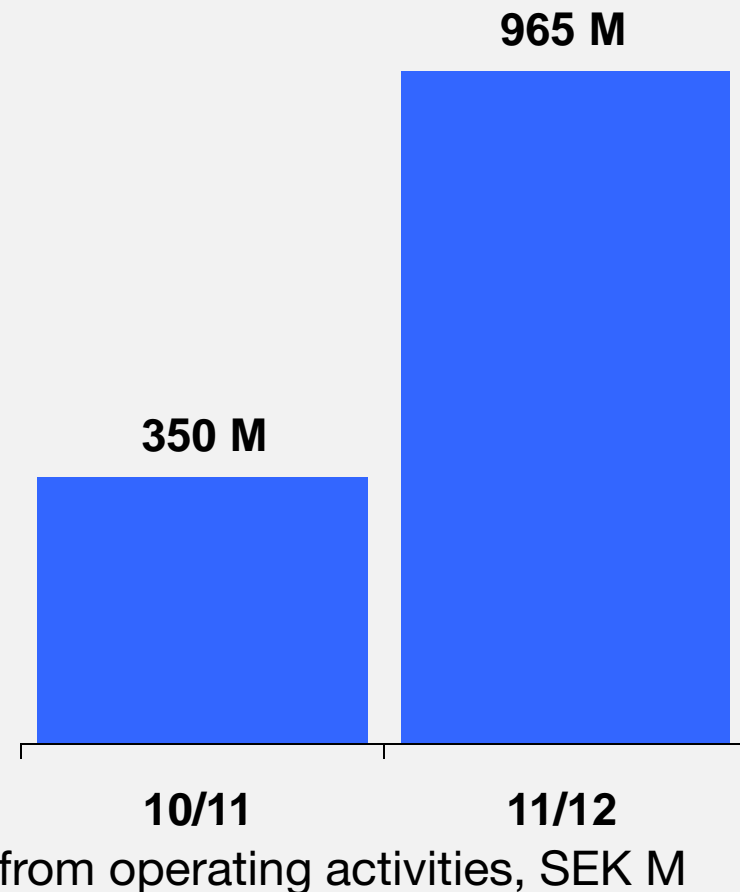
# Profit – Full year 2011/12

- Operating profit SEK 561 M (507)
- Operating margin 9.0% (8.7), including 2-3 p.p. impact from new market investments
- Profit after financial items SEK 551 M (499)
- EPS SEK 6.29 (5.71)



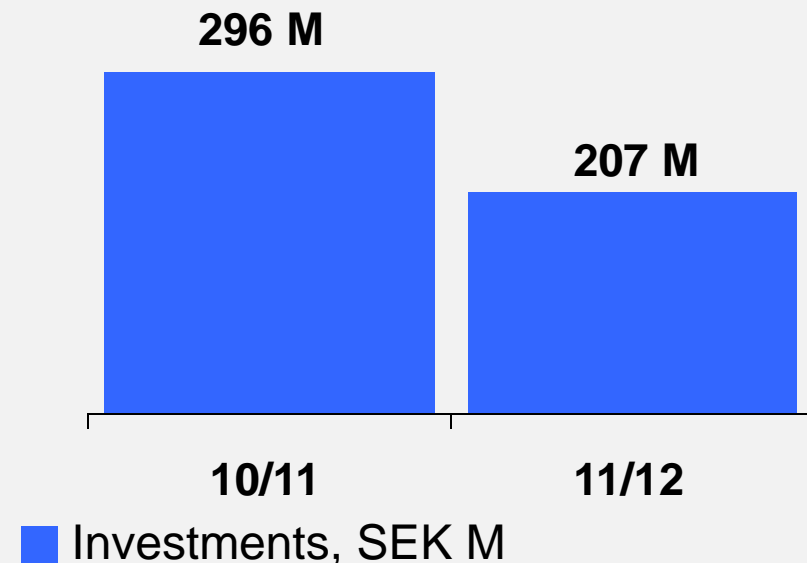
# Cash flow – full year 2011/12

- Cash flow from operating activities SEK 965 M (350)
  - Inventory: SEK 1 229 M (1 429)
  - 18 New stores compared to 2010/11
  - Stock turnover ratio (DC) 6.1 (5.4)
- Cash flow after investments SEK 759 M (55)
- Net cash of SEK 82 M (Net debt of SEK 429 M)



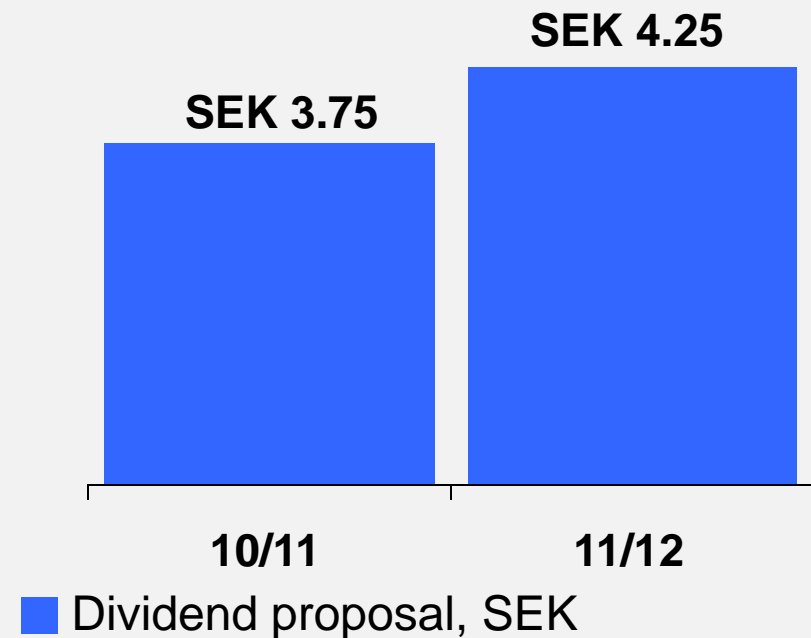
# Investments – Full year 2011/12

- Investments of SEK 207 M (296) of which:
  - New/refurb. Stores: SEK 93 M (193)
  - Other investments: SEK 114 M (103) of which SEK 56 M (34) investments in e-commerce and other IT-systems



# Dividend proposal 2011/12

- For 2011/12 the Board proposes a dividend of SEK 4.25 per share (3.75), equivalent to around 70 per cent of the Group's net profit (68 per cent).



# Events after period-end

## Solar basket lantern.

Mood setting solar cell lantern with LED lifelike flame candle. Plastic reed basket. Great outdoors in the garden and on the patio.

Diam: 42 cm. Height: 40 cm.

No. 36-4794 **Price: SEK 199**



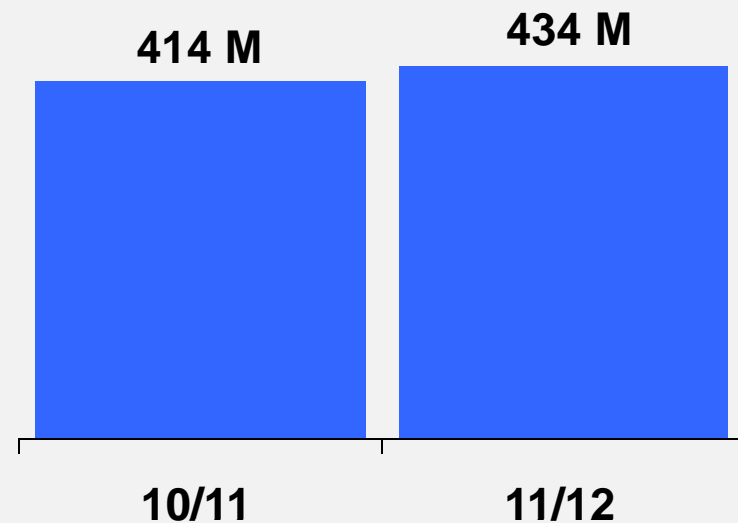
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# Sales – May

- Sales up to SEK 434 M (414) +5%
- 20 (19) more stores vs. May 2011
- Changes in local currencies +3%
  - Sweden + 2%
  - Norway + 2%
  - Finland + 8%
  - UK + 3%
- E-com sales SEK 15 M (6)



# Update on strategic priorities

## **Gardena R40Li robotic lawnmower.**

Sit and relax while you watch your lawn being clipped. For lawns up to 400 m<sup>2</sup>.

No. 31-4911

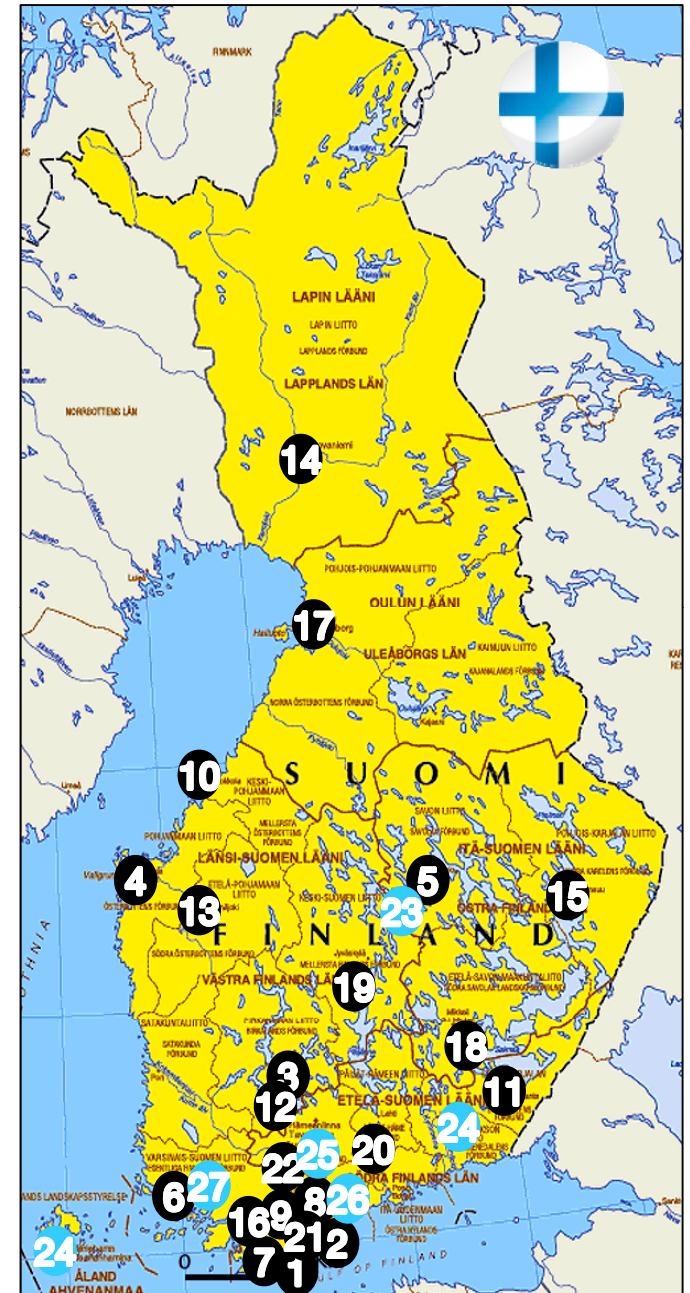
**Price: SEK 13 495**



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# Finland keeping momentum

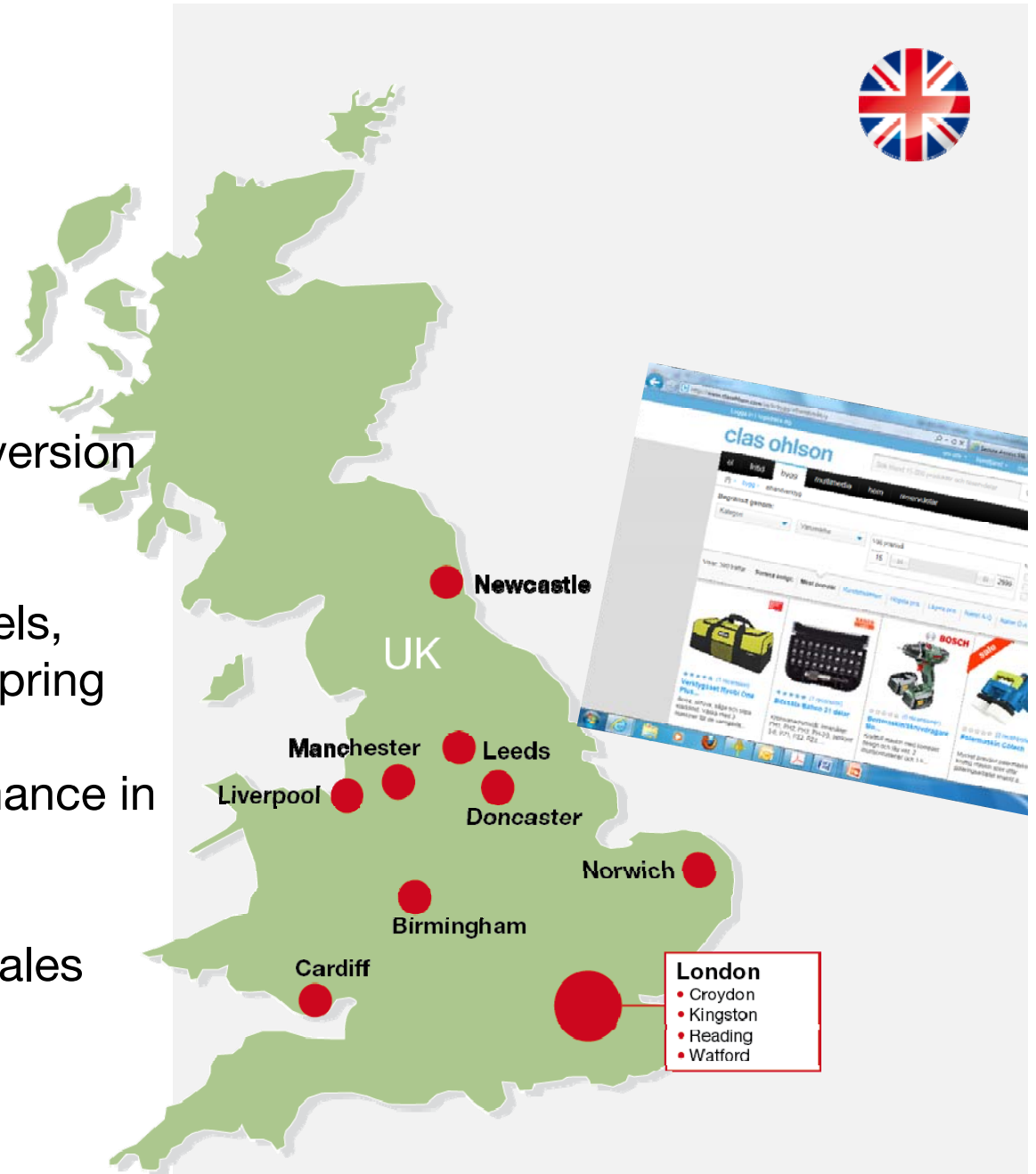
- Continued positive growth trend
- Strengthened brand and market position
- Improved productivity and improved sales per sqm
- Currently 22 stores with 5 new stores contracted



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# UK – long term commitment

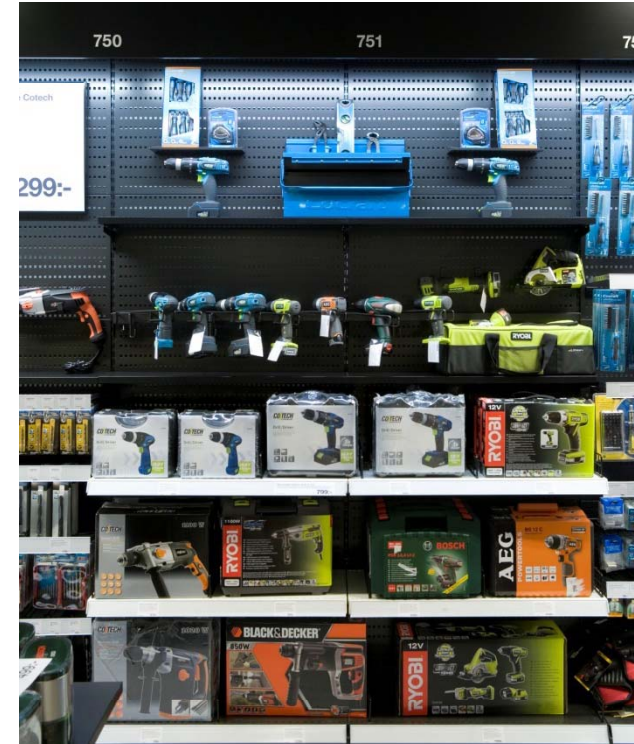
- Network of 12 stores
- Higher traffic but lower conversion and ATV vs. group average
- CCI still at historical low levels, slight improvement during spring
- Slightly better sales performance in Q4
- E-com launch will support sales and build brand in the UK



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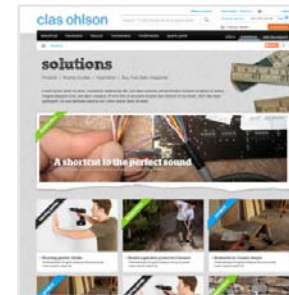
# Store expansion – pipeline and plans

- 18 new stores opened during Full year 2011/12
- Target of 15-20 during 2012/13.
  - 3 opened during May/June
  - Current pipeline of 17 stores contracted for opening during 2012/13 and 2013/14



# Towards multichannel retailing 24/7

## E-commerce



## Stores



## Social media



## Search



## Catalogue/phone



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# Store concept

- Easy to choose and navigate
- More functional inspiration
- Higher sales growth in new concept
- New concept in approx. 50% of store network



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# Store formats

- Different format for different locations
- City vs external, "small" vs "Mega"
- A more relevant range offer



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# E-com launch

- Launched in Sweden and Norway at end of April
- Positive start with strong sales increase since launch in April
- Easier navigation and shopping
- More inspiration & ideas
- New range and service offer
- Planned launch in UK and Finland during the summer of 2012



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# Spare parts!

- Complement to our core range
- Part of tradition and heritage
- Support sustainable business
- A range offer 9.000 articles
- Launch part of new web platform

The screenshot shows the Clas Ohlson website's 'Reservdelar' (Spare parts) section. At the top, there's a navigation bar with 'multimedia', 'fritid', 'bygg', 'el', 'hem', and 'reservdelar' tabs. Below this, a search bar and a 'KASSAN' button are visible. The main heading is 'Reservdelar' with a sub-heading 'Vi tillhandahåller ett brett sortiment av reservdelar och tillbehör. Sök bland de 9 000 olika reservdelarna i vårt sortiment.' Below this, there are five product categories: 'multimedia Reservdelar', 'fritid Reservdelar', 'bygg Reservdelar', 'el Reservdelar', and 'hem Reservdelar'. A search bar is present with the text 'Sök efter reservdelens namn, tillverkare eller artikelnummer'. Below the search bar, there's a 'Guide: Hur man hittar reservdelar' section with four steps: 1. Sök (Search), 2. Välj produkt (Choose product), 3. Reservdel (Spare part), and 4. Gör din beställning (Place your order). At the bottom, there's a contact form titled 'Saknar du en reservdel eller ett tillbehör? Gör en förfrågan här så kontaktar vi dig.' and a 'FAQs for spare parts' section.

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## Purchasing & Code of Conduct



Shanghai

Shenzhen

## CO2 and cost reduction in distr.



# CSR – integrated in our business model



Energy efficient store lighting



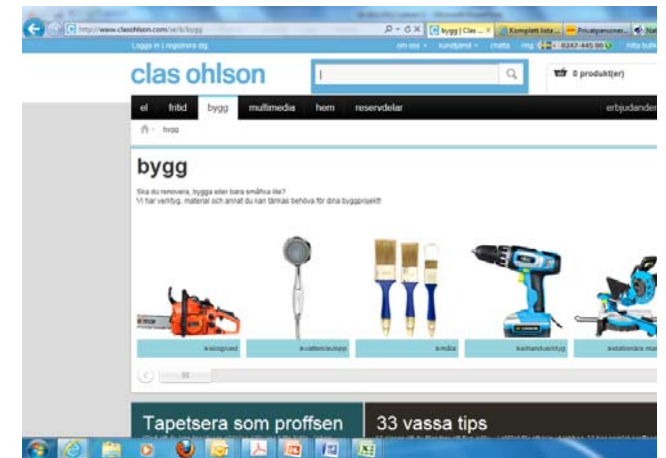
## Spare parts



Range that save resources

# Preparations for new markets

- Initial expansion with e-commerce to establish brand and concept in new markets
- Multi-channel approach
- Preparations started for market- and competitive research and translations, German speaking markets
- Estimated timing of expansion to German speaking market during 2013/14 at the earliest
- Investments within financial frames of 2-3 p.p. on EBIT-margin



# Outlook

- Continued focus on long term profitable growth in Europe in accordance with financial target
- Strong position in our established markets
- Business plan to invest in new markets - annual impact of up to 2-3 percentage points on EBIT-margin
- Further potential to increase sales via our multi-channel approach



# Summary Q4 & Full year 2011/12

- Continued growth and increased profit in Q4 and Full year 2011/12
- Increased market shares in 2011/12 in challenging market
- Strong financial position and cash flow
- High activity level to further strengthen Clas Ohlson's competitive edge – including roll out of e-commerce



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# Q&A

Moderator: Anna-Karin Envall, ABG Securities

## **Mobicool W35 cool box.**

Cooling and heating function. Cools to approx 20° below ambient temperature. Can hold 2 litre plastic drinks bottles upright. Separate flap in lid for accessing bottles quickly. 35 litres. 12/230 V.

No. 34-1314

**Price: SEK 1399**



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