



Q4 Report 2012/2013

11 June 2013

Agenda

1. Q4 2012/13 (February-April)
2. Full year 2012/13 (May-April)
3. Events after period end
4. Strategic update and outlook
5. Q&A



**40-8170 Cocraft 115-Piece Tool Set
SEK 799**

Clas Ohlson today

- A retail chain with 174 stores in 4 countries
- Multi channel retailer
- 70 million visitors – 34 million customers
- Sales of SEK 6.5 billion
- Clas Ohlson included in Nasdaq OMX Sustainability Index



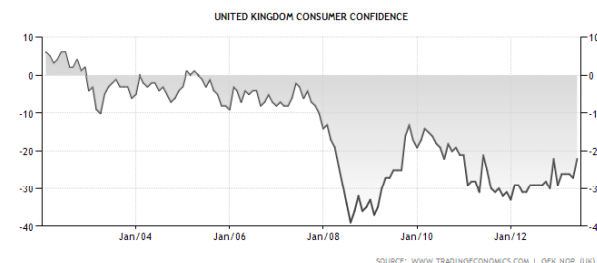
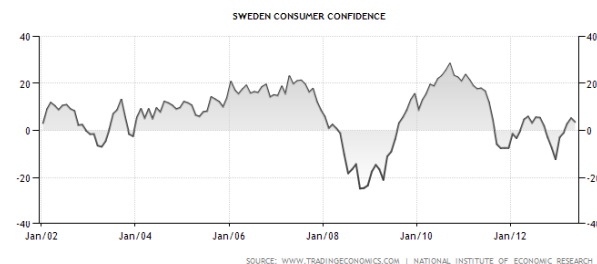
Q4 2012/13
February - April



**40-6001 Cotech Multi-Trimmer
SEK 299**

Market development - CCI

- CCI Sweden down to Index 3.6 in May
- CCI Norway up to Index 22.8 in Q2 calendar year 2013
- CCI Finland down to Index 5 in May
- CCI UK up to Index -22 in May, still at very low historical level

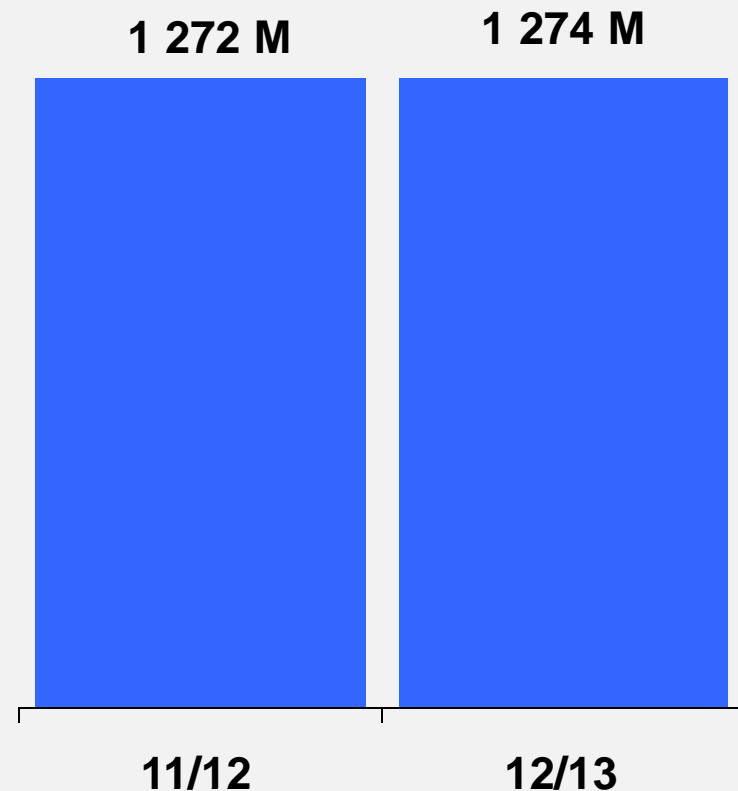


CCI: Consumer Confidence Index May 2013

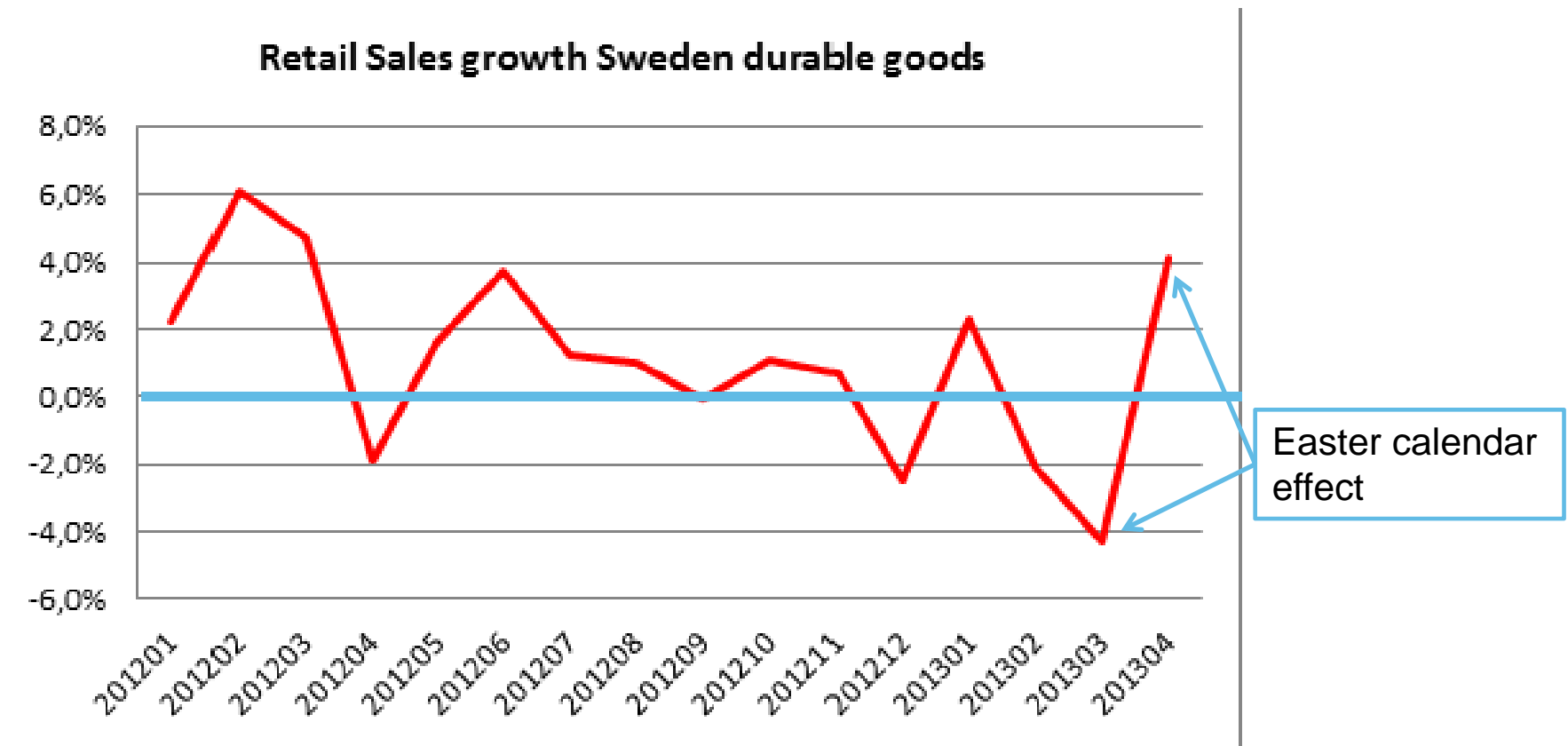


Sales – Q4

- Sales SEK 1 274 M (1 272)
+3% in local currencies
 - 17 (18) more stores compared to preceding Q4
 - Comparable stores in local currency -4%
 - New stores +7%
 - Currency effects -3%
- E-com sales SEK 21 M (23)
- Growth affected by late spring and currency effects



Market development 2012/13

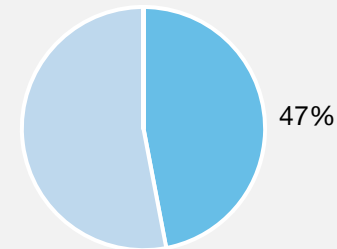


Sweden – Q4

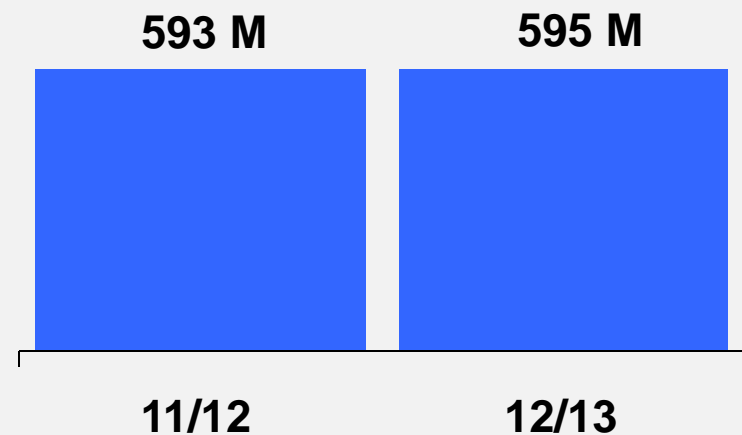
- Sales at same level
 - 1 new store during Q4.
Total of 73
 - 5 more stores compared to preceding Q4
- Strong market position
- Lower traffic to shopping centers due to weak market



Portion of sales, Sweden



Sales Sweden

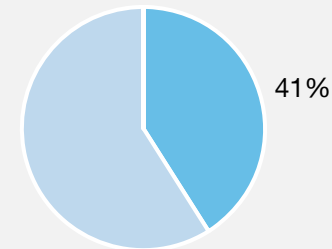


Norway – Q4

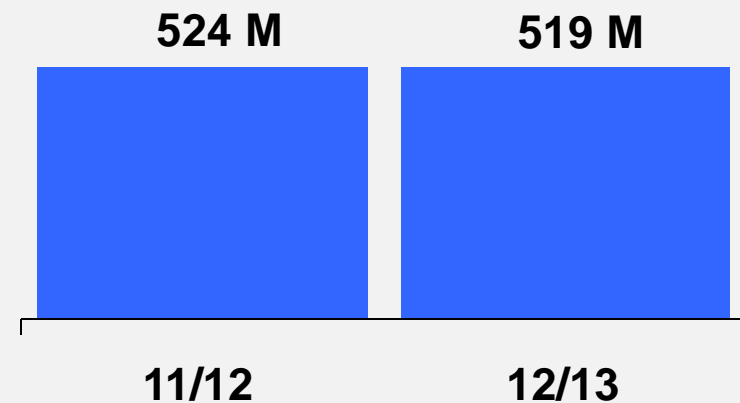
- Sales -1%
 - +3% in local currency
 - 1 new store during Q4.
Total of 62
 - 6 more stores compared to preceding Q4
- Strong market position
- Fairly stable market
- Negative currency effects



Portion of sales, Norway



Sales Norway

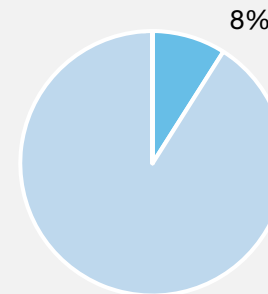


Finland – Q4

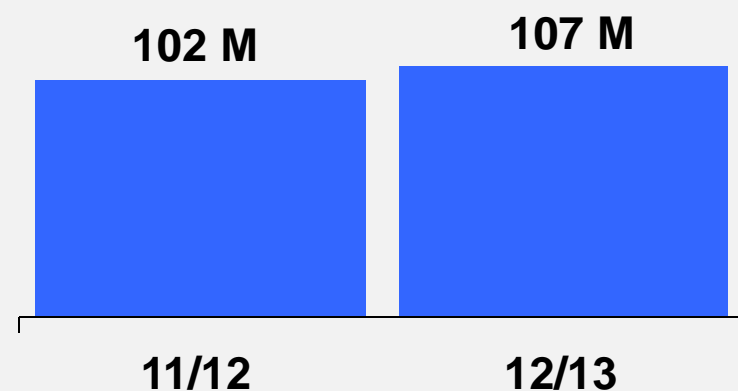
- Sales +5%
 - 10% in local currency
 - No new stores during Q4.
Total of 27
 - 6 more stores compared to preceding Q4
- Strengthened brand and market position
- Slow down in market and low consumer confidence



Portion of sales, Finland



Sales Finland

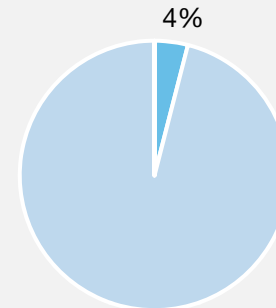


UK – Q4

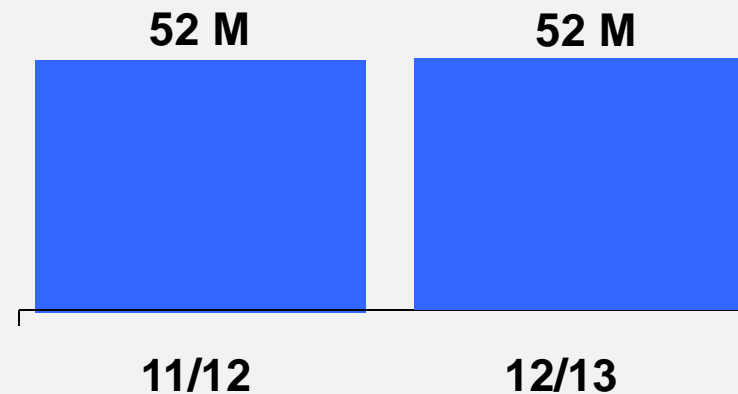
- Sales -1%
 - +7% in local currency
 - No new stores during Q4.
Total of 12
 - Same number of stores compared to preceding Q4
- Increased brand awareness and continued positive sales trend
- Weak market with consumer confidence still at record low levels



Portion of sales, UK



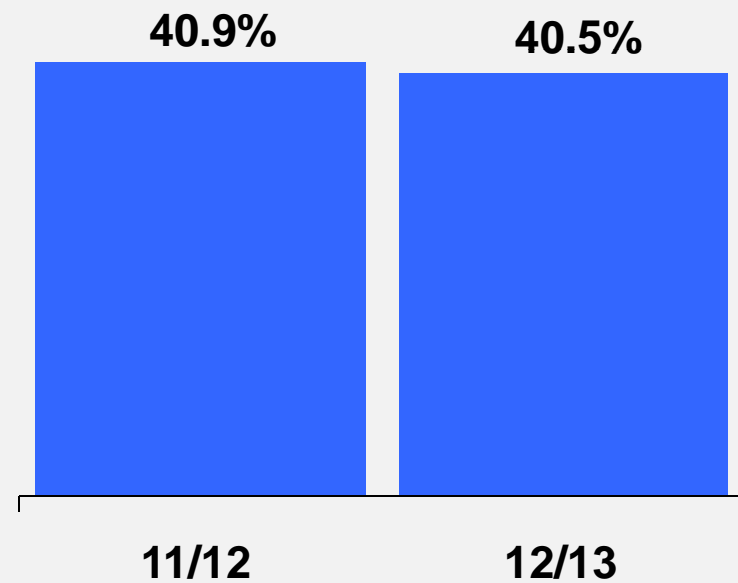
Sales UK



Gross margin – Q4

Gross margin 40,5% (40,9)

- Currency effects
- + Sales mix

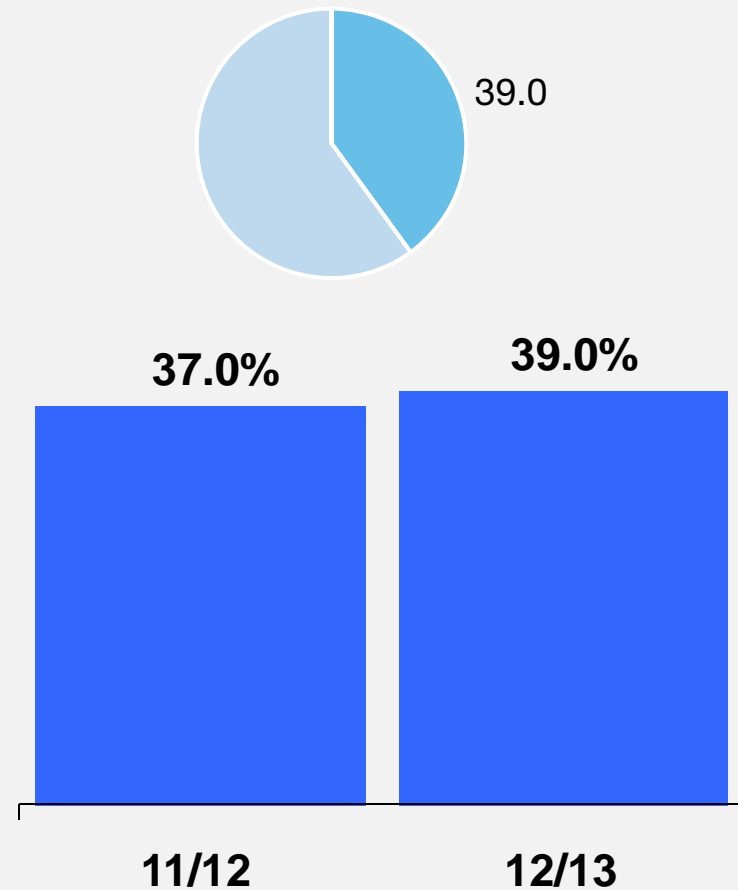


Share of sales costs – Q4

Share of sales costs up 2.0 percentage points to 39,0%

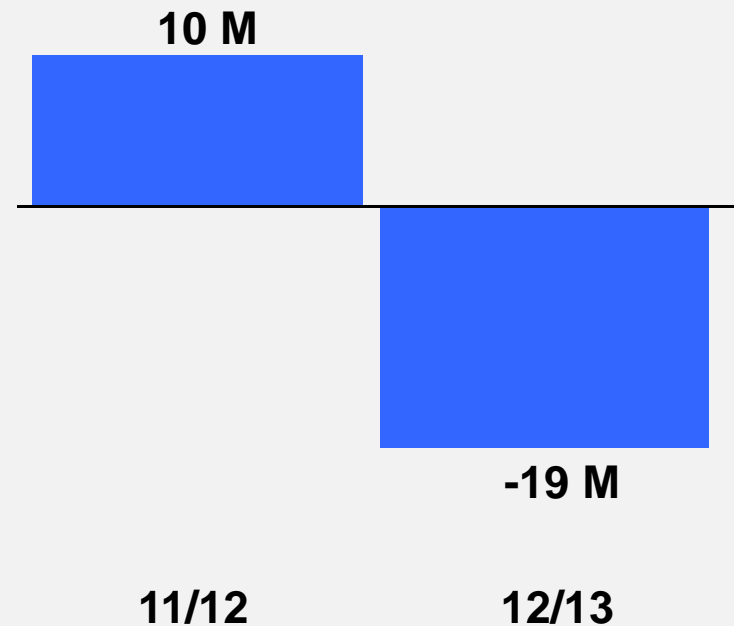
- Lower sales in comparable stores
- Increased depreciation

Share of Sales Costs



Profit – Q4

- Operating profit SEK -19 M (10)
- Seasonally our smallest quarter
- Profit after financial items
SEK -20 M (10)
- EPS SEK -0,27 (0,11)



Full year 2012/13
May-April



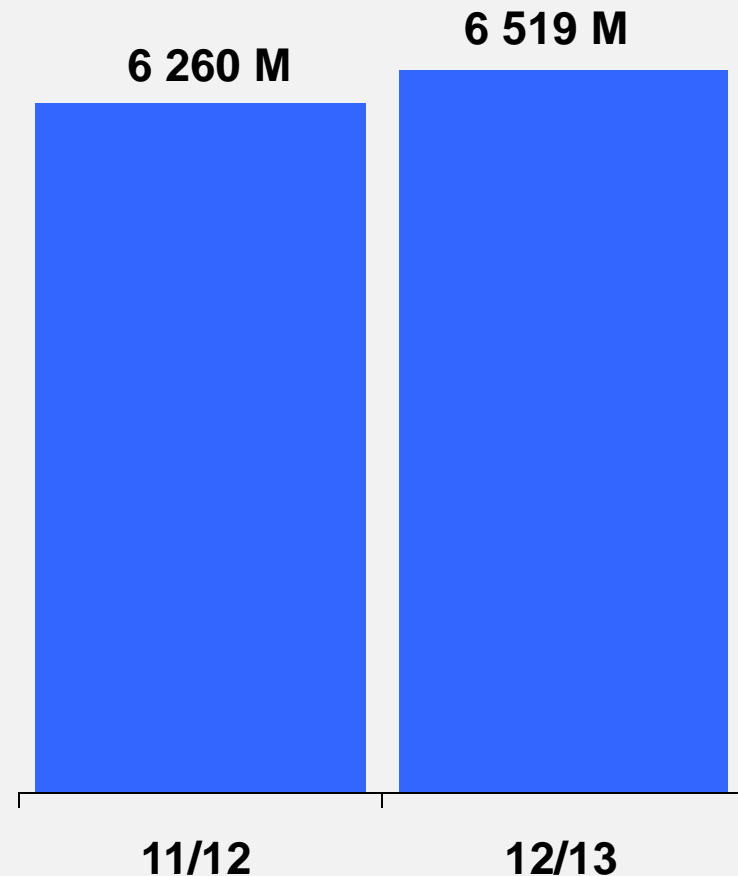
38-4747 Travel speaker
SEK 399

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Sales - Full year 2012/13



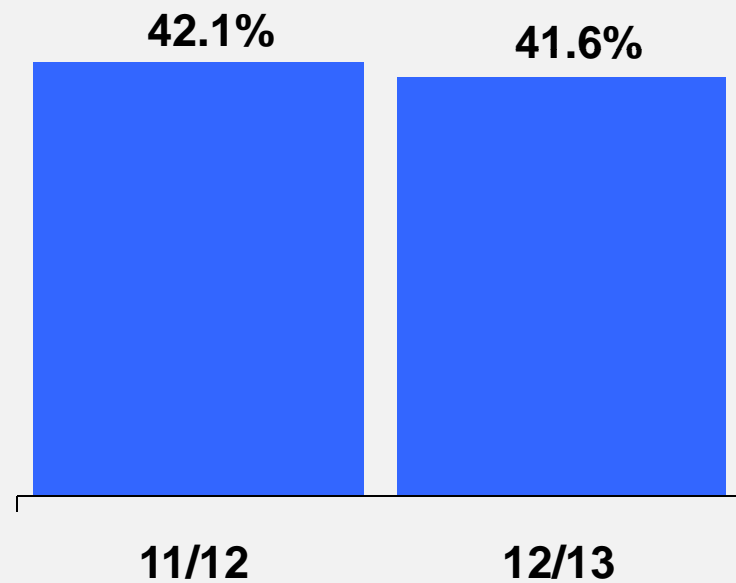
- Sales up 4% to SEK 6 519 M (6 260)
+5% in local currencies
 - Comparable stores in local currency -4%
 - New stores +9%
 - Currency effects -1%
- E-com sales SEK 122 M (95), up 28%
- Increased market shares in overall weak and volatile market



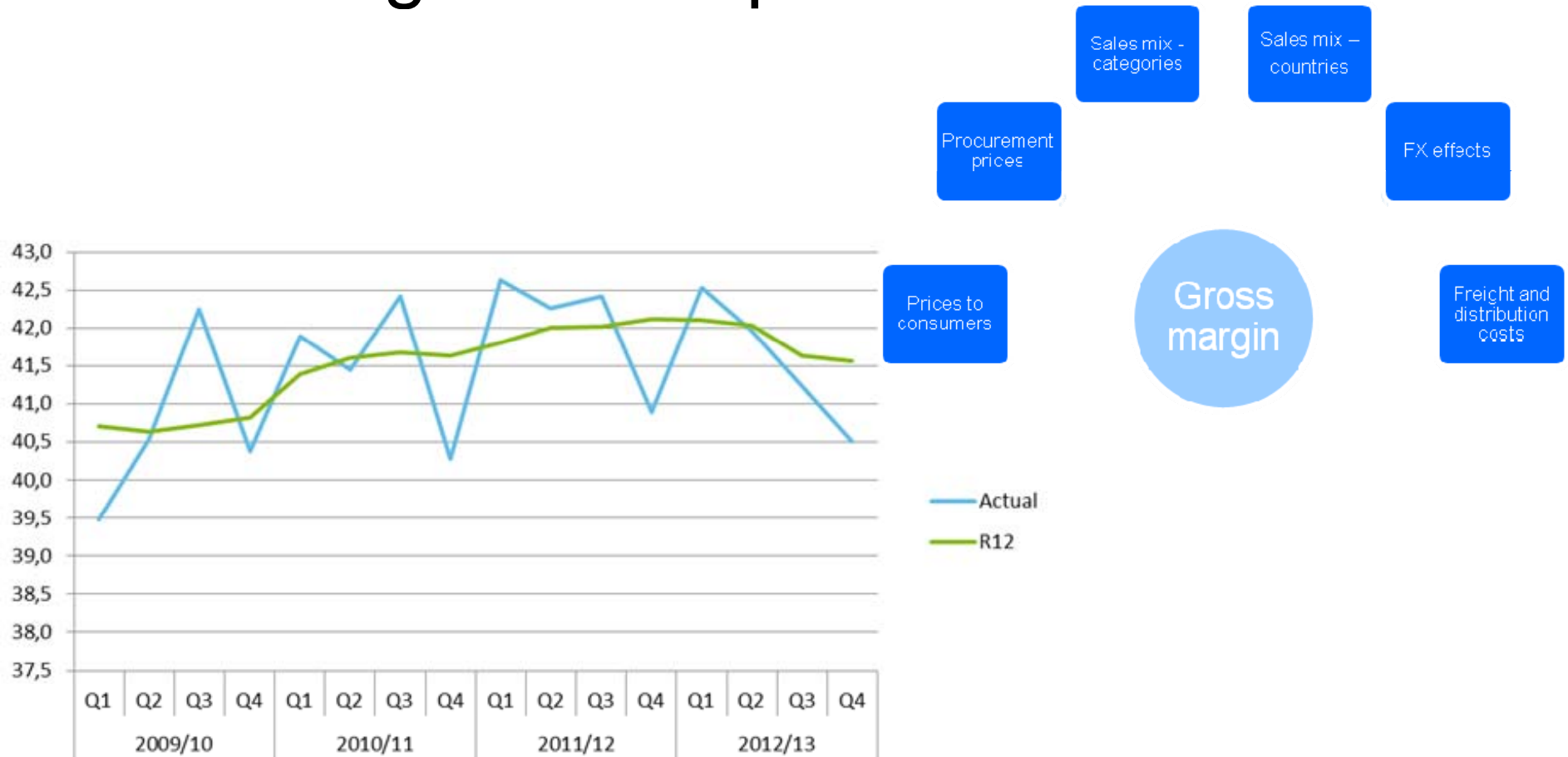
Gross margin – Full year 2012/13

Gross margin 41.6% (42.1)

- Currency effects
- Sales mix



Gross margin development

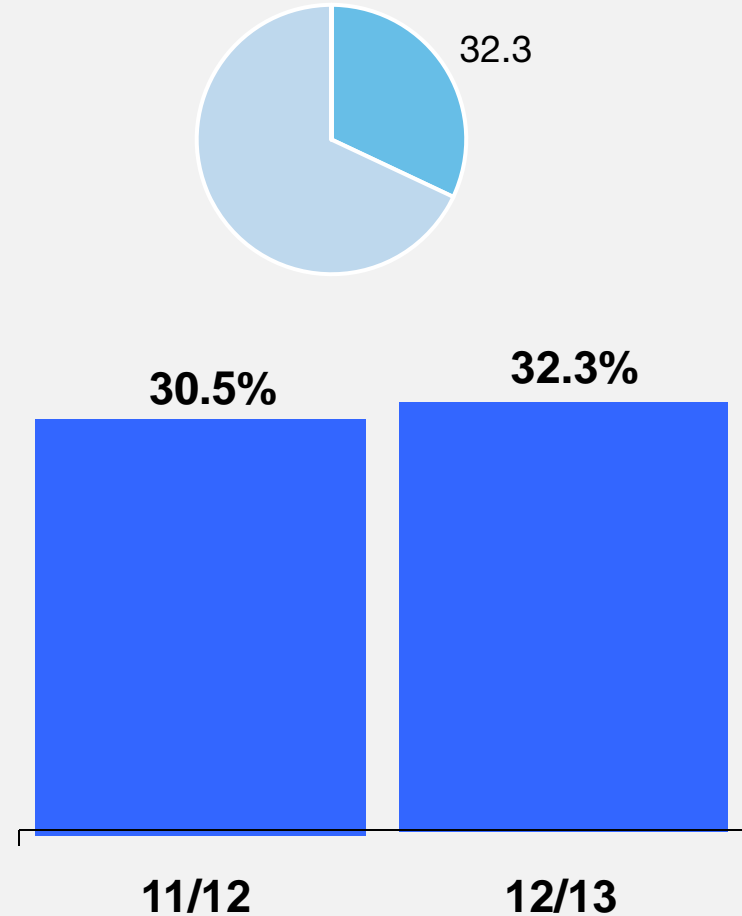


Share of sales costs – Full year 2012/13

Share of sales up 1.8 percentage points to 32.3%

- Lower sales in comparable stores
- Increased depreciation

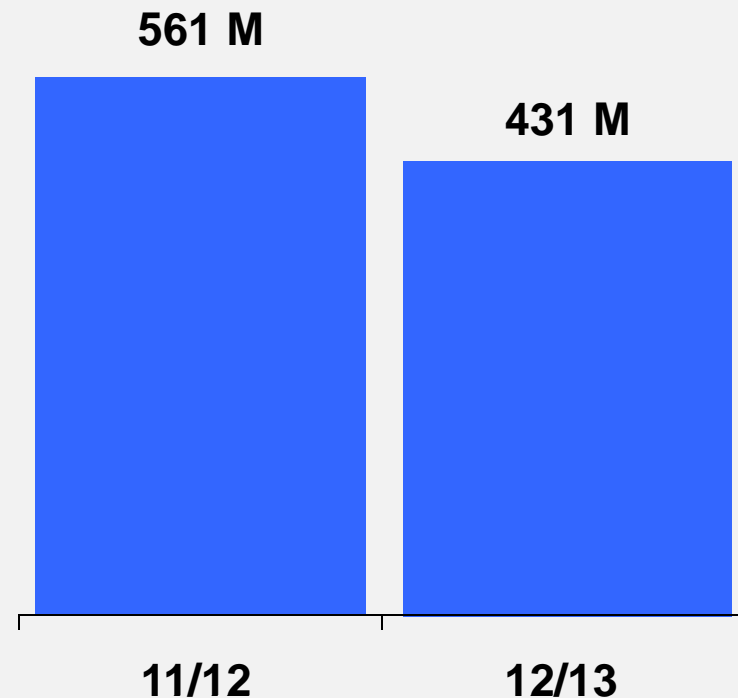
Share of Sales Costs



Profit – Full year 2012/13

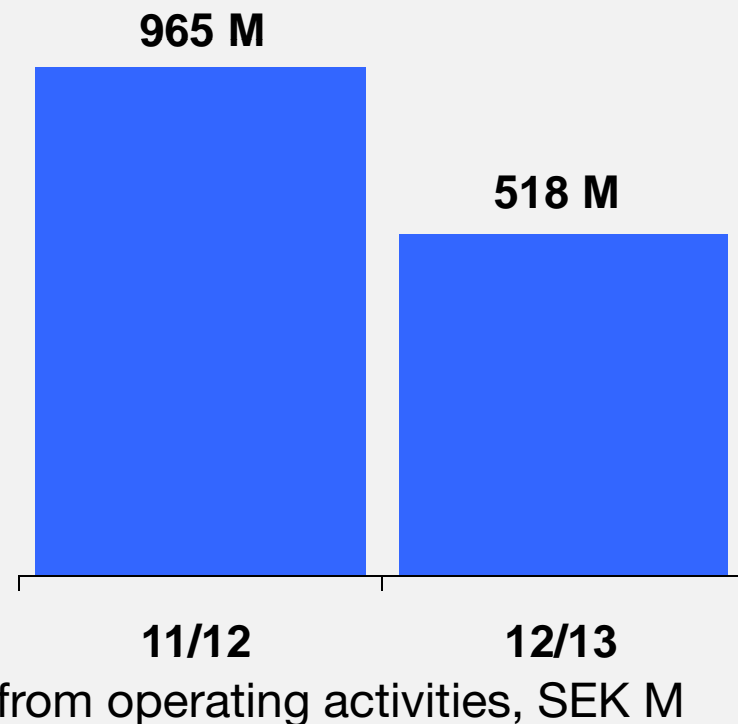


- Operating profit SEK 431 M (561)
- Profit after financial items SEK 420 M (551)
- EPS SEK 5.23 (6.29)
- Tax rate lowered in Sweden from 26,3% to 22%, effective from financial year 2013/14



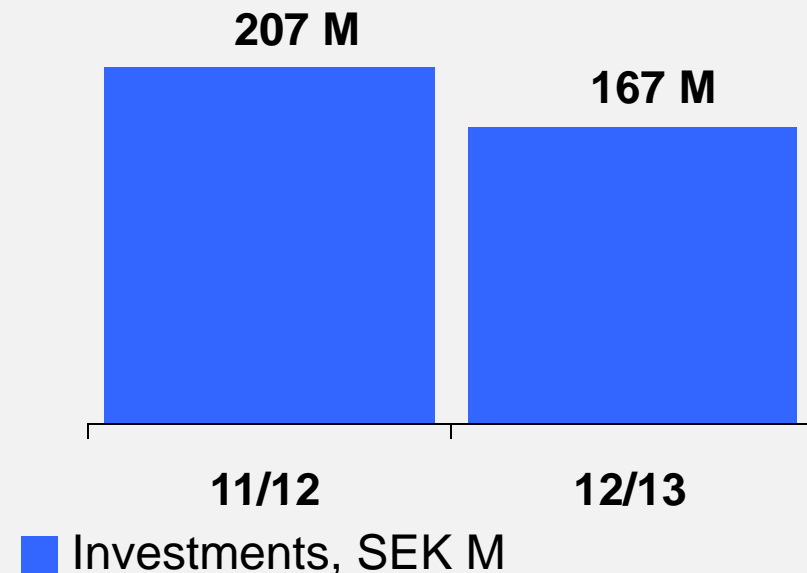
Cash flow – Full year 2012/13

- Cash flow from operating activities SEK 518 M (965)
 - Inventory: SEK 1 304 M (1 229)
 - Comparison figure includes effects of reduced inventory last year
 - Improved turnover rate DC 6.9 (6.1)
 - Additional tax payments of SEK 73 M during the period
- Cash flow after investm. SEK 17 M (-23)
- Net cash of SEK 125 M (82)



Investments – Full year 2012/13

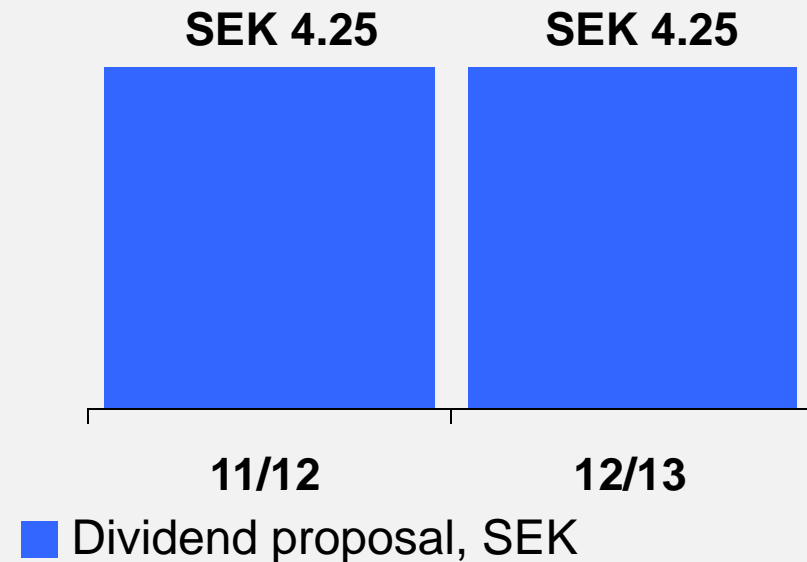
- Investments of SEK 167 M (207) of which:
 - New/refurb. Stores: SEK 103 M (93)
 - Other investments: SEK 64 M (114) of which SEK 37 M (56) investments in e-commerce and other IT-systems



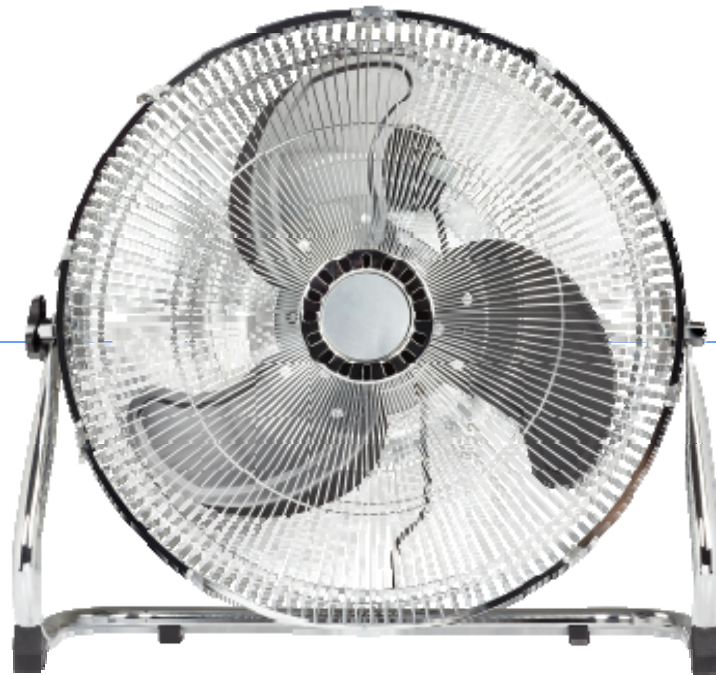
Dividend policy and proposal 2012/13

Adjusted dividend policy:

- Dividend ratio of at least 50 per cent of earnings per share after tax, with consideration for the financial position
- Previous policy: Dividend ratio of approximately 50 per cent of profit after tax, and that surplus in liquidity, if any, be distributable
- For 2012/13 the Board proposes a dividend of SEK 4.25 per share (4.25), equivalent to around 84 per cent of the Group's net profit (70 per cent)



Events after period-end

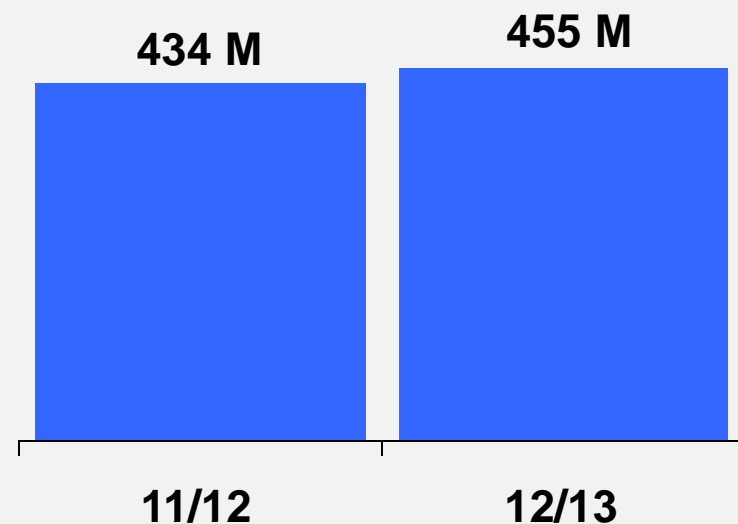


36-4134 Floor fan/wind machine
SEK 399

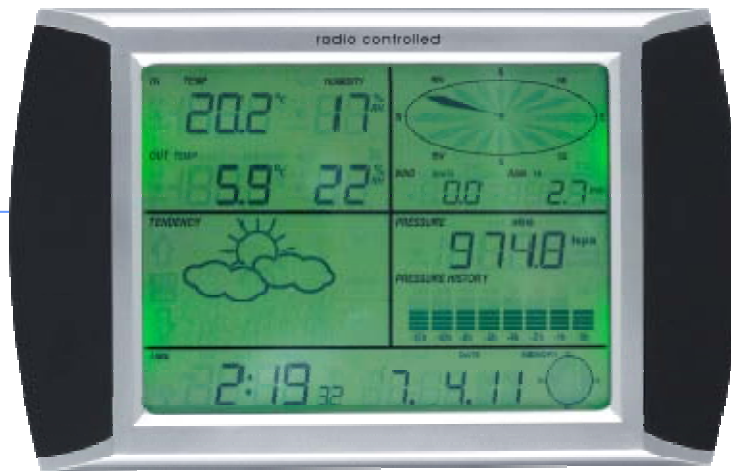


Sales – May

- Sales up to SEK 455 M (434) +5%
- 17 (20) more stores vs. May 2012
- Changes in local currencies +8%
 - Sweden + 4%
 - Norway + 10%
 - Finland + 25%
 - UK + 2%
- E-com sales SEK 8 M (15). Decrease due to last years launch campaign



Update on strategic priorities



36-3242 Weather Station
SEK 799

Business Plan: Five year summary

- ✓ Developed assortment
 - ✓ Strengthened private label
- ✓ Developed sales channels
 - ✓ Expansion of store network
 - ✓ New store concept
 - ✓ New store formats
 - ✓ Launch of new E-commerce platform
 - ✓ Launch of loyalty program
 - ✓ Improved store productivity
- ✓ Expanded and modernised Distribution Center
- ✓ Improved purchasing
 - ✓ Developed product range
 - ✓ More direct purchasing in Asia
 - ✓ Improved gross margin
- ✓ Expansion outside Nordics
- ✓ Strengthened international organisation and processes
- ✓ CSR-integrated in operations



Strengthened position

- Second strongest brand in Swedish Retail
- Topp 5 – Strongest brand in Sweden
- Most preferred retail chain in new shopping malls
- Industry leader - Sustainable Brands Image Survey
- Clas Ohlson part of sustainability index



TEN FAVORITES - Retail
Strongest retail brands in Sweden

1. Ikea
2. Clas Ohlson
3. Apoteket
4. Maxi Ica Stormarknad
5. Systembolaget
6. Elgiganten
7. ÖoB
8. Åhléns
9. H&M
10. Willys

Source: Swedens 350 strongest retail brands



PREFERRED STORES

- 1: Clas Ohlson (80%)
- 2: Apoteket AB (78%)
- 3: Apotek (ospecificerat, 77%)
- 4: Kafé (ospecificerat, 76%)
- 5: Systembolaget (76%)
- 6: Akademibokhandeln (74%)
- 7: Åhléns (70%)
- 8: Ica Supermarket (67%)
- 9: Maxi Ica Stormarknad (66%)
- 10: Kjell & Co (66%)

Källa: Blue Carrot/Drömgallerian 2012*

Strongest brands – all industries

1. Ikea
2. Google
3. Apoteket
4. Volvo PV
5. Clas Ohlson
6. Apple
7. Arla
8. Electrolux
9. Ica
10. Stadium

Source: Anseendebarometern-Rep trak

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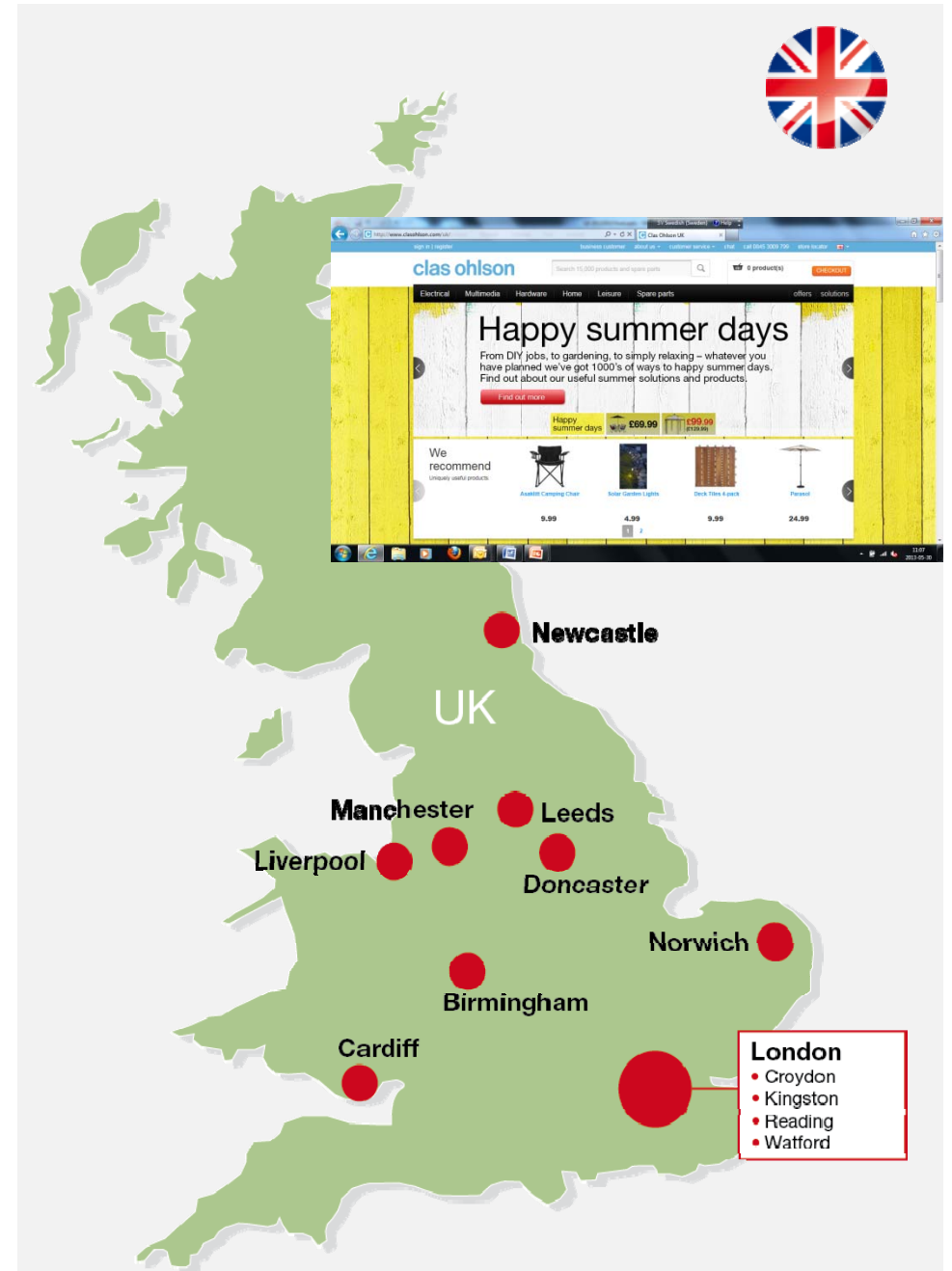
Business Plan: Going forward

- Develop assortment
 - Strengthen private label
- Multichannel development
- Efficiency gains through business processes and IT-support
- Improve purchasing
 - Increase share of direct sourcing
 - Increase share of sourcing from new markets
- Continue international expansion
- Expansion to new customer segments
- Further development of sustainable business model



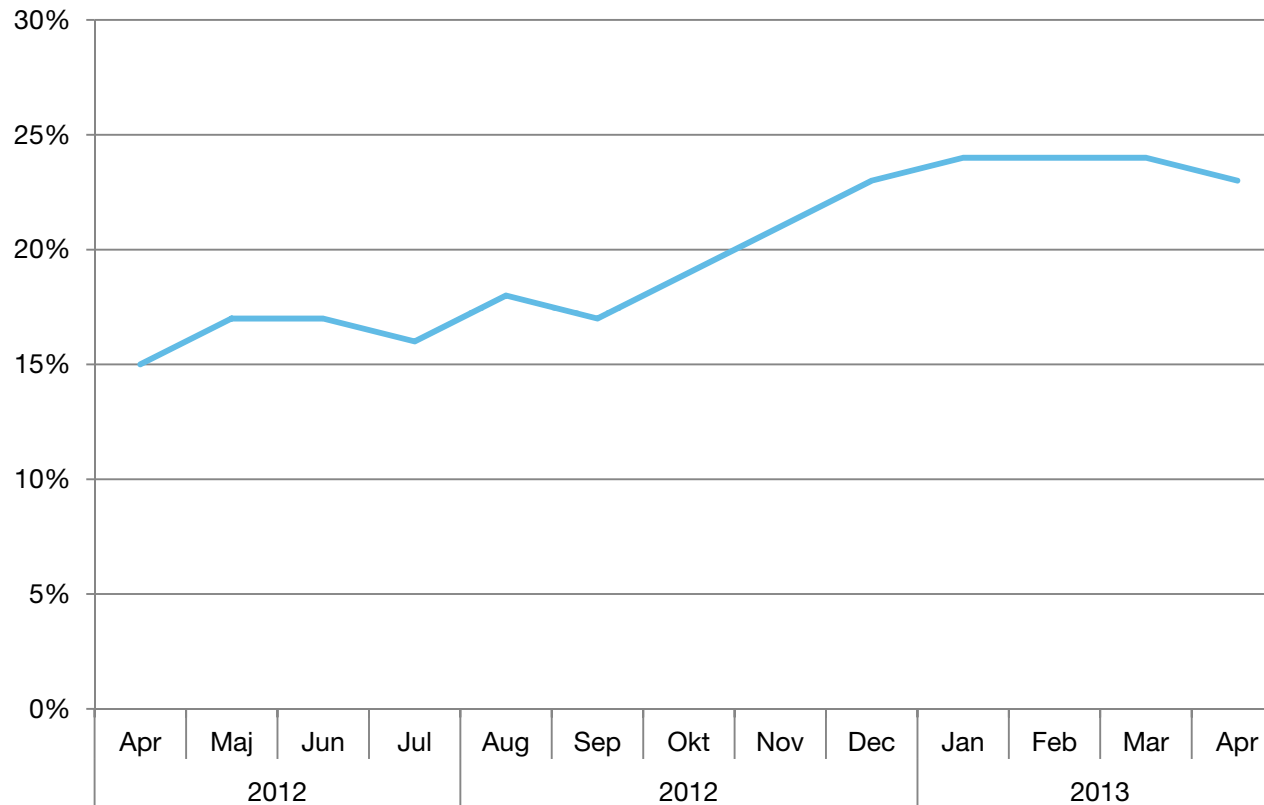
UK – update

- Continued positive sales trend
- Focus on developing existing 12 stores in the UK
- Multi channel offering since June 2012
- Marketing investments to support sales and build brand



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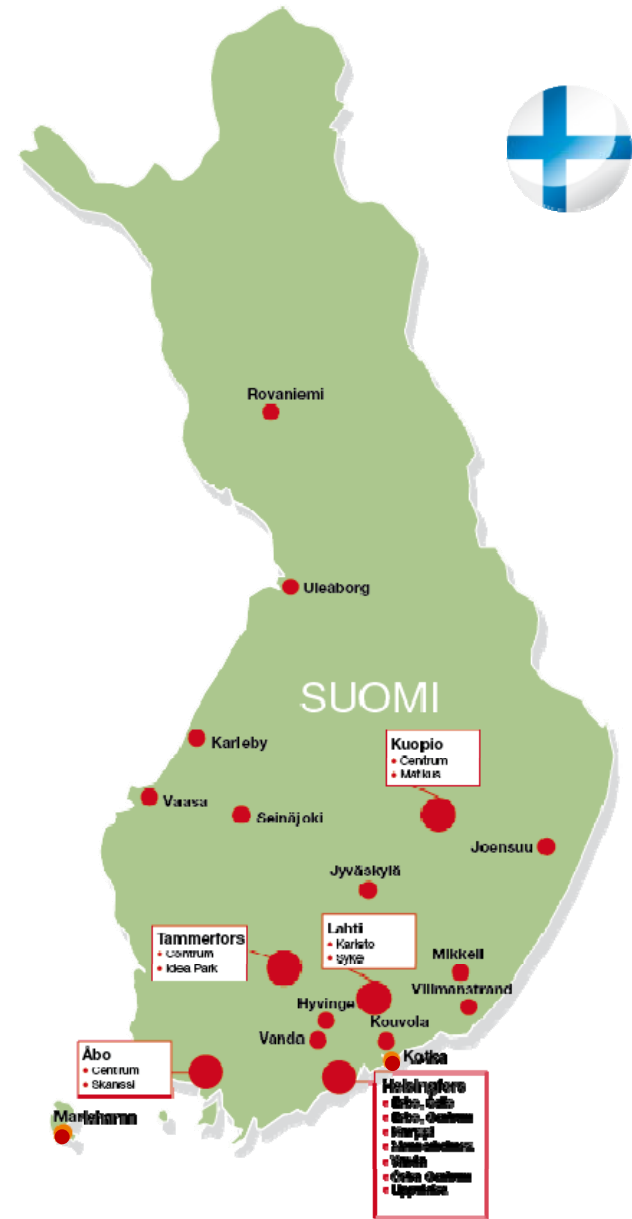
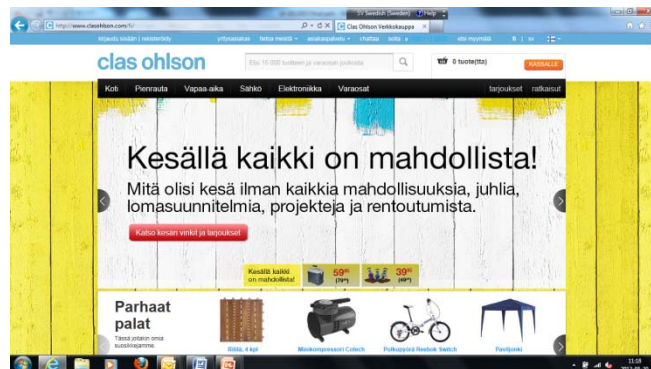
Brand Awareness in the UK



Source: CO Brand Panel April 2013

Expansion in Finland

- Strengthened brand and market position
- Currently 29 stores with 1 new store contracted
- Multi channel offering since september 2012
- Market slow down and low consumer confidence



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Multichannel development

E-com



Stores



Loyalty program



Social media



Print



Phone



Search



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Launch of loyalty program

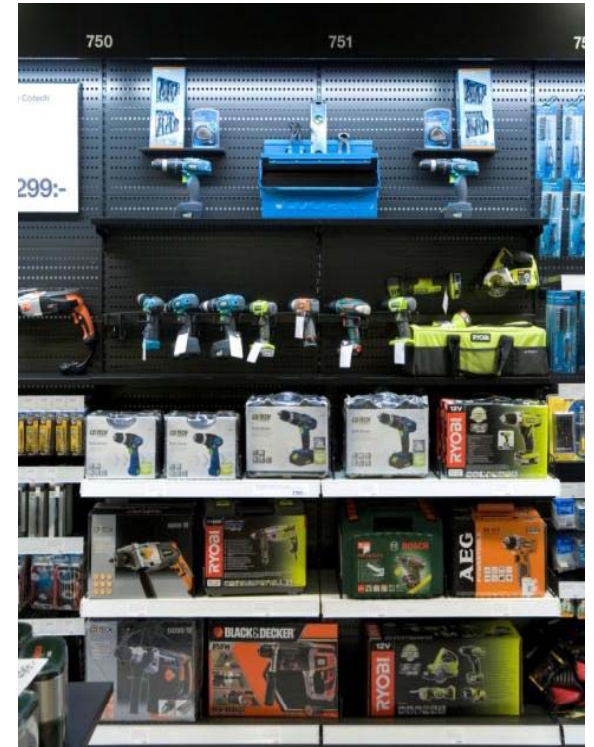
- Club Clas launched beginning of March in Sweden
- 250 000 members since launch
- Soft and hard benefits
 - Bonus on all purchases via vouchers
 - Tailored offerings based on purchase history
- Sales and marketing opportunities
 - Potential for more frequent visits, increased ATV and loyalty
 - Higher marketing efficiency



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Store expansion – pipeline and plans

- Multi-channel approach reduces need for additional stores in mature markets
- Target of 12-17 (17) new stores during 2013/14



Preparations for new markets

- Multi-channel approach with combination of stores and e-commerce
- Preparations started for market- and competitive research and translations, German speaking markets
- Estimated timing of 5th market launch earliest during 2014 with 1-2 stores initially in northern part of Germany and e-commerce
- Investments within financial frames of 2-3 p.p. on EBIT-margin





las office

B2B offering adds new customers and leverage on strong retail brand

- Attractive range at great value
- Easily accessible for companies through store network, internet and phone
- Trusted and well reputed brand in Sweden & Norway with 98% brand awareness
- Estimated total SME Nordic market value of SEK 6 Billion
- Launch in Sweden and Norway planned for first half of 2014



Summary

- Continued growth and increased market shares in challenging retail environment
- Profit impacted by market climate and initiatives to further strengthen Clas Ohlson's long term position
- Strong cash flow and financial position
- Further potential to increase sales via new markets and new customer segments (B2B)



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Q&A

Moderator: Niklas Ekman, Carnegie



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