



Q1 Report 2013/2014

4 September 2013

Agenda

1. Q1 2013/14 (May-July)
2. Events after period end
3. Strategic update and outlook
4. Q&A



**18-3120 Cotech Garden Shredder
SEK 1 595**

Clas Ohlson today

- A retail chain with 178 stores in 4 countries
- Multi channel retailer
- 70 million visitors – 34 million customers
- Sales of SEK 6.6 billion
- Clas Ohlson included in Nasdaq OMX Sustainability Index



Q1 2013/14
May - July

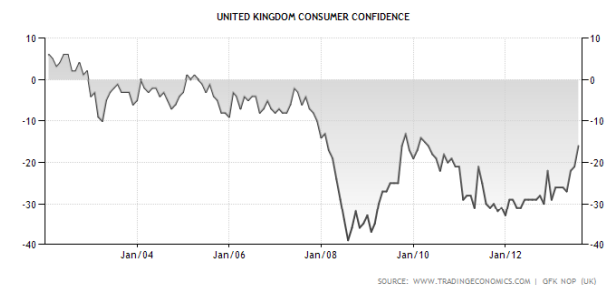
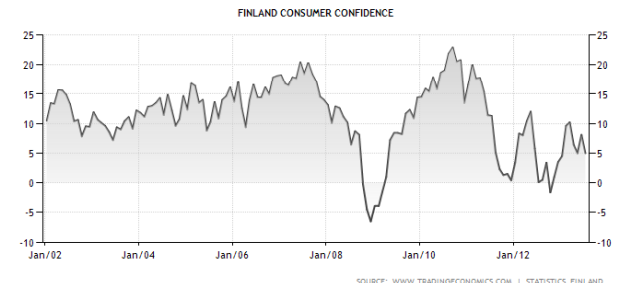
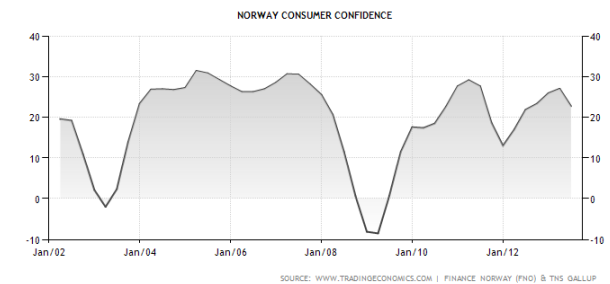
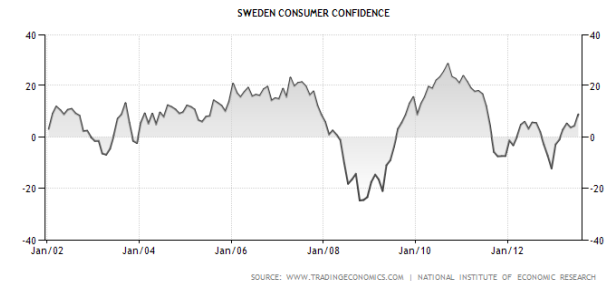


31-4713 Asaklitt 30-Litre
Rucksack
SEK 199

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Market development - CCI

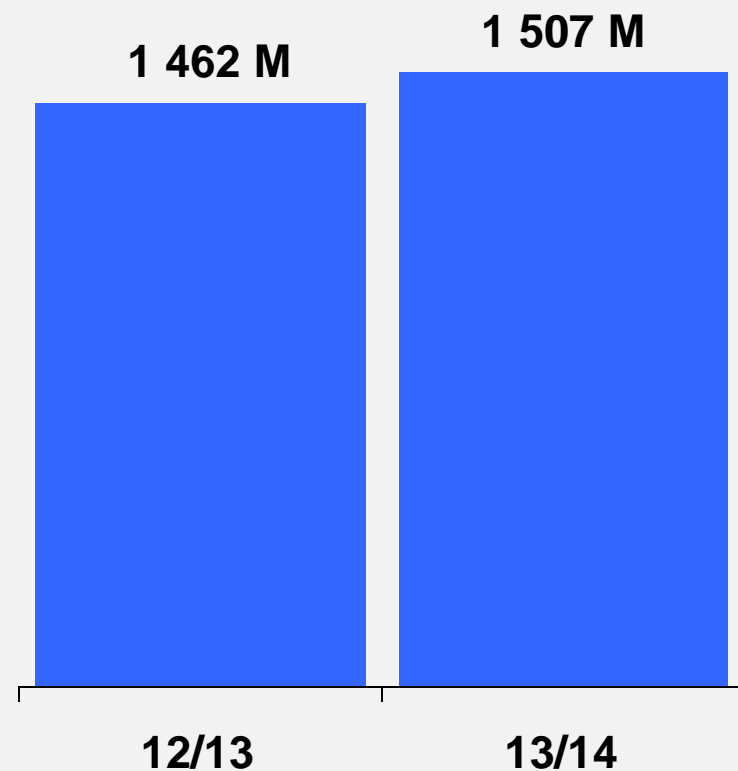
- CCI Sweden up to Index 8.8 in July
- CCI Norway down to Index 22.8 in Q2 calendar year 2013
- CCI Finland down to Index 5 in July
- CCI UK up to Index -16 in July, still at very low historical level



CCI: Consumer Confidence Index July 2013

Sales – Q1

- Sales SEK 1 507 M (1 462), +3%.
+5% in local currencies
 - 16 (19) more stores compared to preceding Q1
 - Comparable stores in local currency - unchanged
 - New stores +5%
 - Currency effects -2%

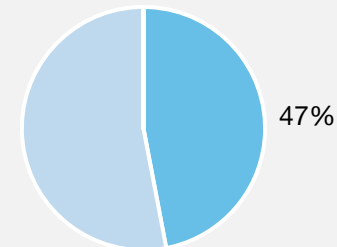


Sweden – Q1

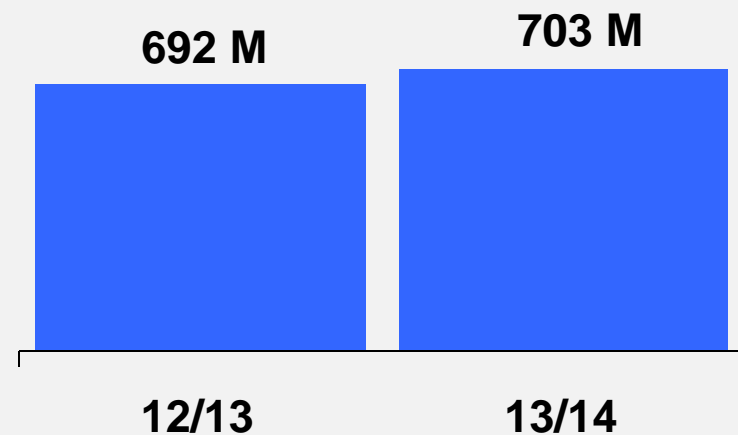
- Sales +2%
 - No new stores during Q1.
Total of 73
 - 3 more stores compared to preceding Q1
- Strong market position
- Volatile traffic to shopping centres during summer
- Higher conversion and ATV



Portion of sales, Sweden



Sales Sweden

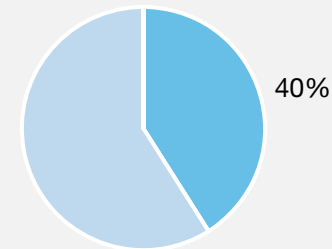


Norway – Q1

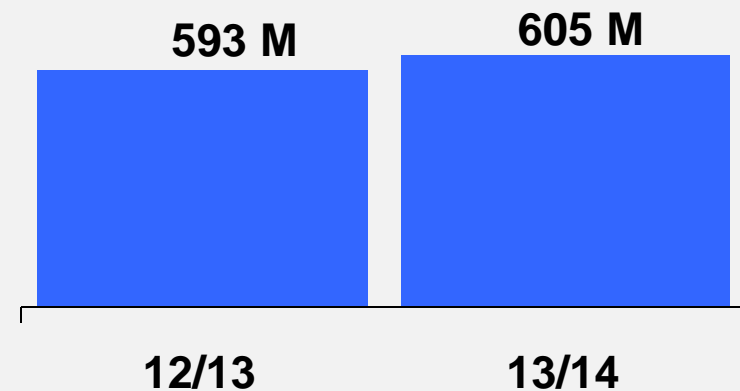
- Sales +2%
 - +7% in local currency
 - 2 new stores during Q1.
Total of 64
 - 6 more stores compared to preceding Q1
- Strong market position
- Negative currency effects



Portion of sales, Norway



Sales Norway

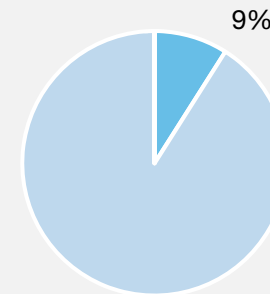


Finland – Q1

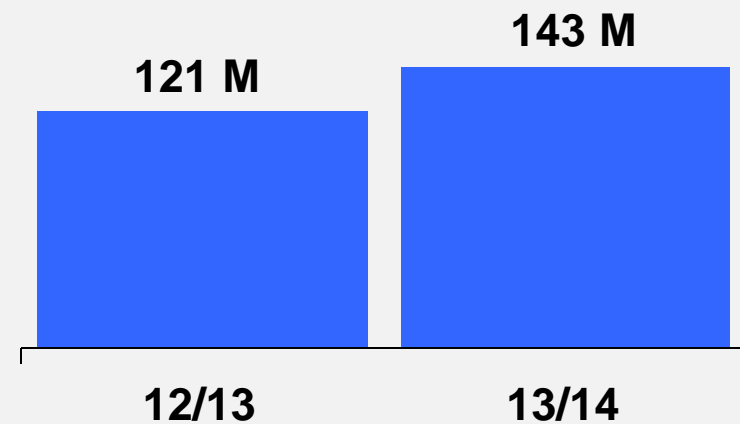
- Sales +18%
 - 20% in local currency
 - 2 new stores during Q1.
Total of 29
 - 7 more stores compared to preceding Q1
- Strengthened brand and market position
- Slow down in market and low consumer confidence



Portion of sales, Finland



Sales Finland

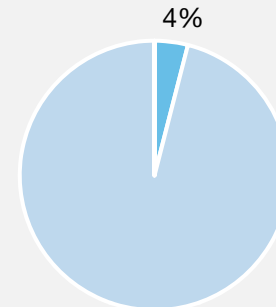


UK – Q1

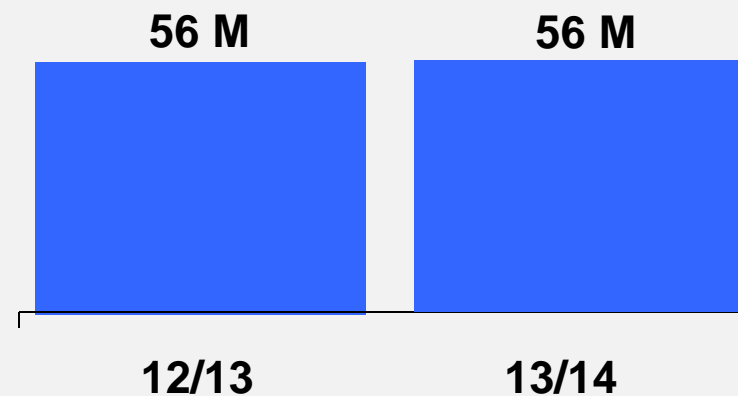
- Sales -2%
 - +7% in local currency
 - No new stores during Q1.
Total of 12
 - Same number of stores compared to preceding Q1
- Increased brand awareness and continued positive sales trend
- Minor improvements in consumer confidence but still at historical low levels



Portion of sales, UK



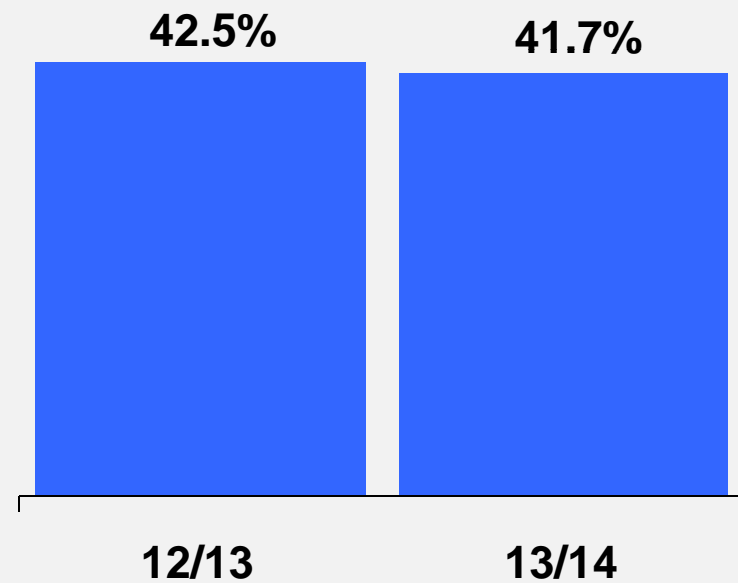
Sales UK



Gross margin – Q1

Gross margin 41,7% (42,5)

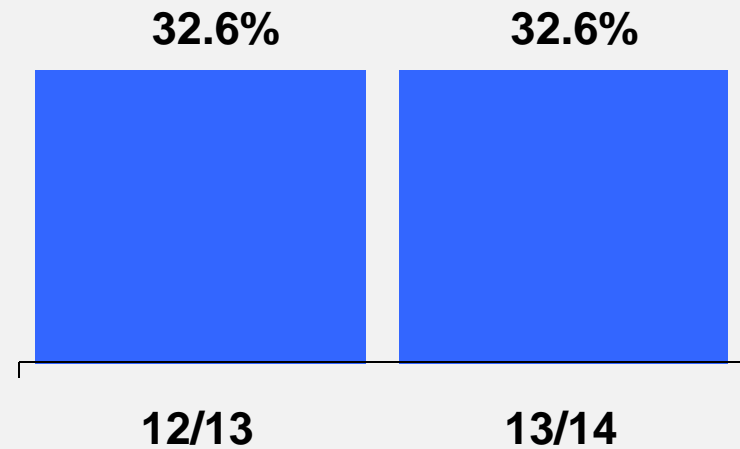
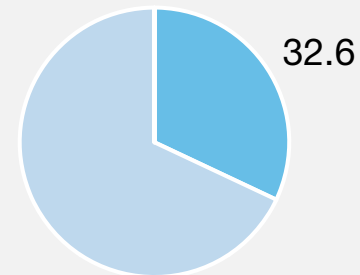
- Currency effects (NOK)



Share of sales costs – Q1

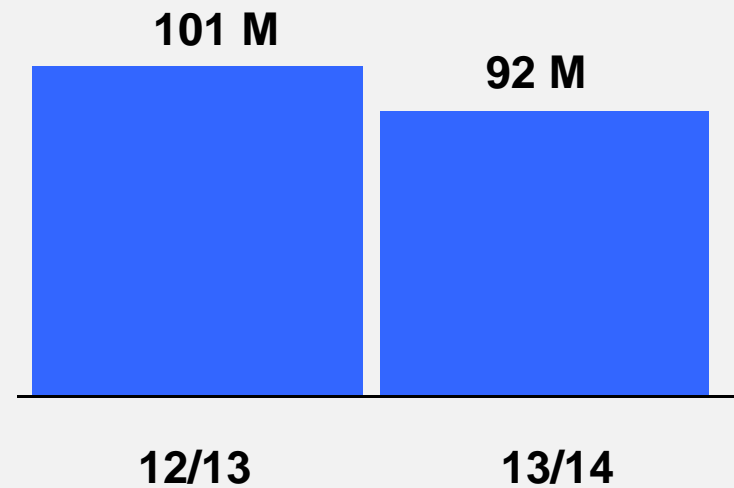
Share of sales costs
unchanged

Share of Sales Costs



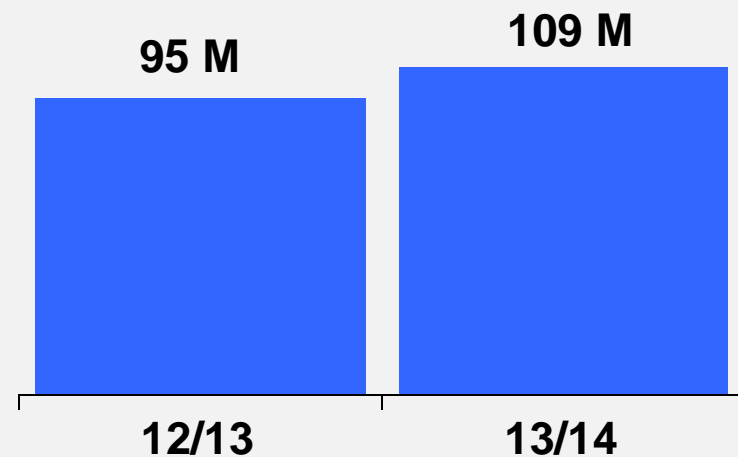
Profit – Q1

- Operating profit SEK 92 M (101)
- Profit after financial items SEK 92 M (99)
- EPS SEK 1,09 (1,14)



Cash flow – Q1

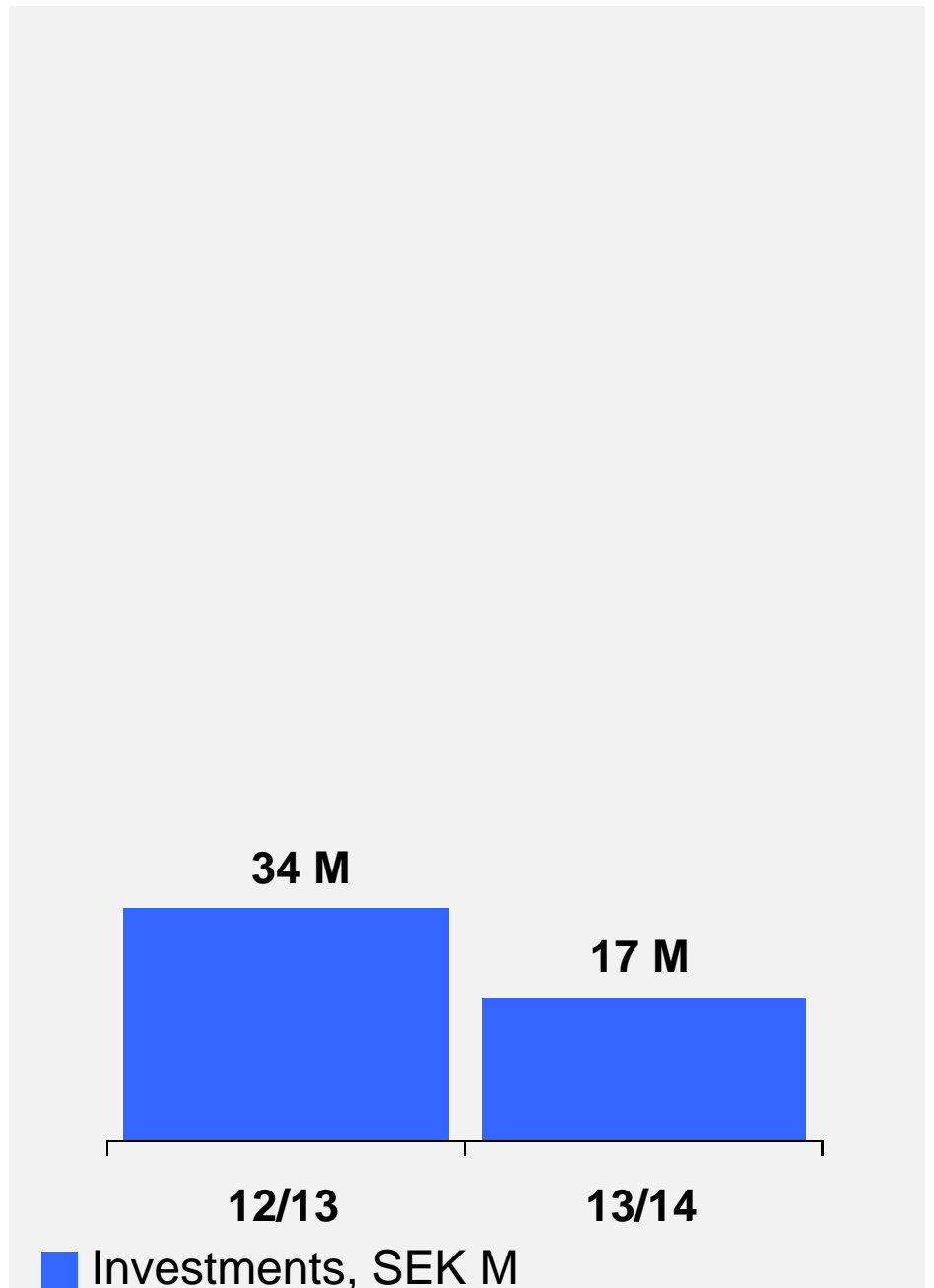
- Cash flow from operating activities SEK 109 M (95)
 - Inventory: SEK 1 350 M (1 289)
 - Improved turnover rate DC 7.0 (6.4)
- Cash flow after investments and financing activities SEK 71 M (-5)
- Net cash of SEK 194 M (103)



■ Cash flow from operating activities, SEK M

Investments – Q1

- Investments of SEK 17 M (34) of which:
 - New/refurb. Stores: SEK 8 M (11)
 - Other investments: SEK 9 M (23) of which SEK 4 M (14) investments in IT-systems



Events after period-end

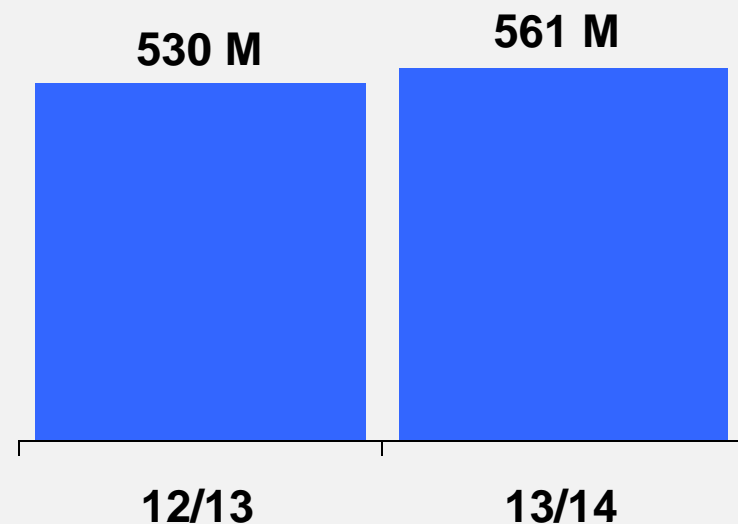


40-8508 Cotech LXC HDD18 Rotary
Hammer Drill/Driver
SEK 399

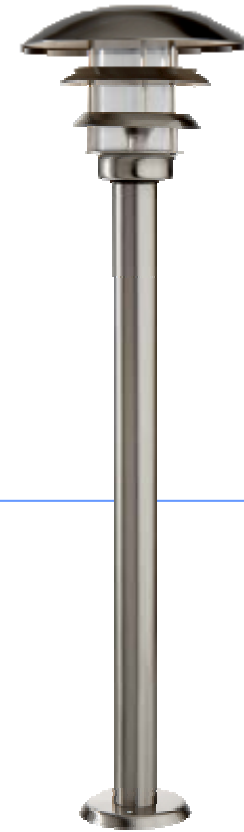


Sales – August

- Sales up to SEK 561 M (530) +6%
- 16 (17) more stores vs. August 2012
- Changes in local currencies +7%
 - Sweden + 2%
 - Norway + 10%
 - Finland + 18%
 - UK + 9%



Update on strategic priorities



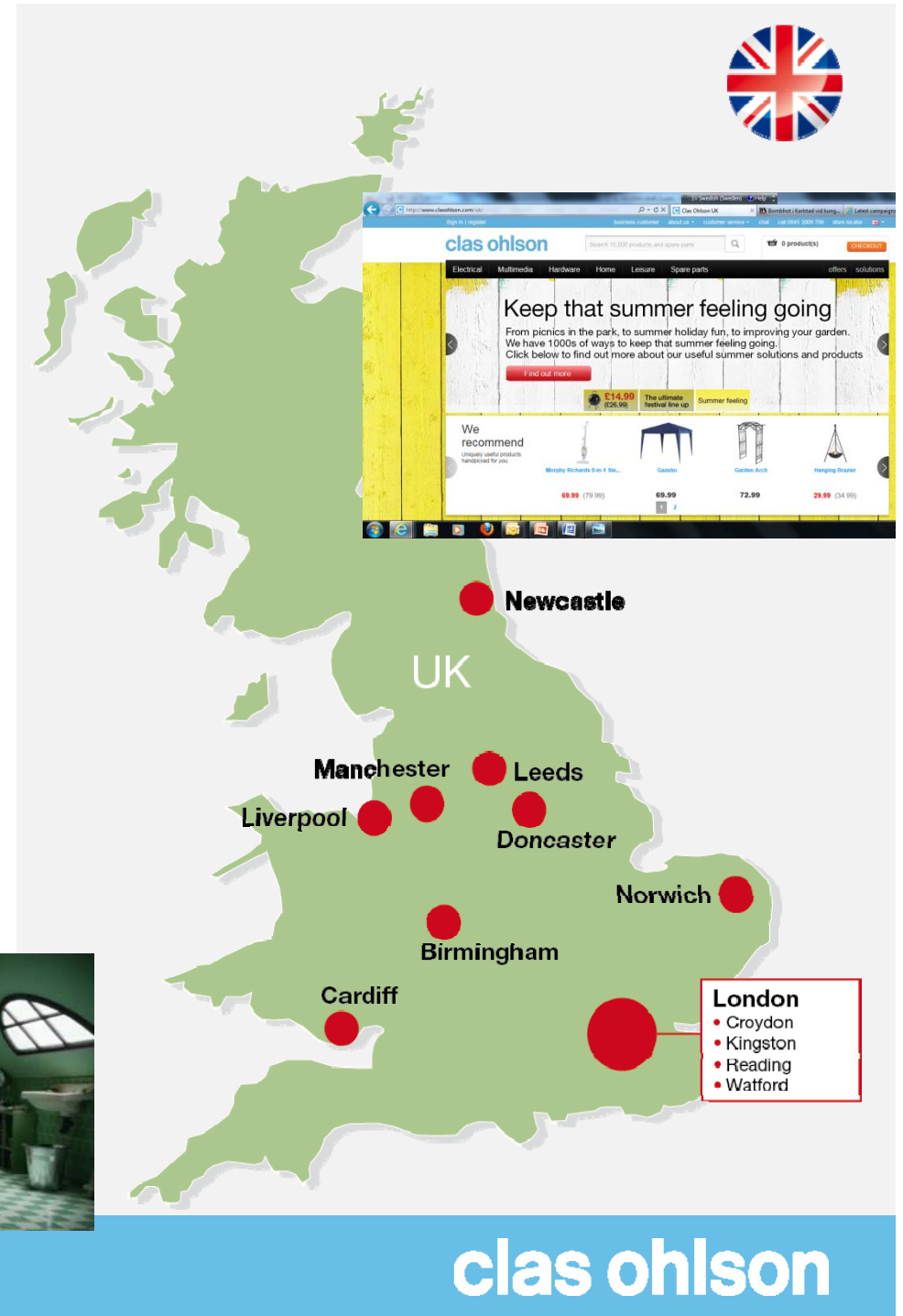
north
LIGHT

36-3569 LED Garden light
SEK 399

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UK – update

- Continued positive sales trend
- Focus on developing existing 12 stores in the UK
- Marketing investments to support sales and build brand



The image features a green map of the United Kingdom with 12 red dots indicating store locations. A screenshot of the Clas Ohlson website is overlaid on the map, showing a summer-themed banner and product recommendations. A circular Union Jack logo is in the top right corner. The Clas Ohlson logo is at the bottom right.

UK Store Locations:

- Newcastle
- Manchester
- Leeds
- Doncaster
- Norwich
- Birmingham
- Cardiff
- London
 - Croydon
 - Kingston
 - Reading
 - Watford
- Liverpool

Website Screenshot:

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Keep that summer feeling going

From picnics in the park, to summer holiday fun, to improving your garden. We have 1000s of ways to keep that summer feeling going. Click below to find out more about our useful summer solutions and products

Find out more

£14.99 (26.95) The ultimate festival line up Summer feeling

We recommend

Uniquely useful products handpicked for you

Morphy Richards Fan 1 B...

69.99 (79.95)

69.99

72.99

29.99 (34.99)

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Multichannel development

E-com



Stores



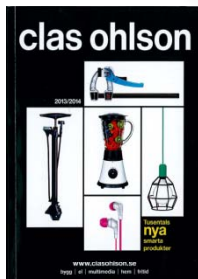
Loyalty program



Social media



Print



Phone



Search



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Clas Office: B2B offering creates 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



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Investment in new IT-platform

- New IT-platform to facilitate growth, business development & increased efficiency
- Microsoft Dynamics AX software selected
- Pre study to map business processes, time and budget for implementation
- Total IT-investments, including maintenance/replacements, estimated at SEK 50-70 M per year during 2014-2019



Preparations for new markets

- Entry into Germany earliest during 2014 with 1-2 stores in northern part of Germany
 - Preparations ongoing for range adaptation and search for store premises
- Implementation of new expansion strategy via franchising



Expansion via franchising

- A complement to our current operating model
- Capitalising on strong attractive concept with international potential
- Possibilities for expansion in additional markets where franchising is the common model



Franchise partner: Al Homaizi Group

- Agreement signed with Al-Homaizi Group regarding entry into GCC-region (Gulf Coast Cooperation)
- Founded in 1961 in Kuwait, strong presence in the market
- Long experience of franchise partnerships



Franchising agreement GCC-region

- Region with six markets, population of >40 million; United Arab Emirates, Kuwait, Saudi Arabia, Qatar, Oman, Bahrain
- Growing region; expanding population and purchasing power
- Retail industry with steady growth: Estimated to +8 % per year 2013-2016
- Strong pipeline of new malls assuring supply of quality store locations
- Studies confirms potential for Clas Ohlson´s concept and attractive range
- Franchise proven concept with Swedish retailer presence; H&M, IKEA, Lindex



Financial implications of franchising

- Large long term potential for growth and profit
- Limited investments
- Investments within financial frames for new markets of 2-3 p.p. on EBIT-margin



Next steps, entry into GCC-region

- Plans to open 2 stores in 2014 in Kuwait or UAE
- After evaluation, potential for minimum 20 stores in the region during 2014-2019



Business Plan: Going forward

- Develop assortment
 - Strengthen private label
- Multichannel development
- Efficiency gains through business processes and new IT-platform
- Improve purchasing
 - Increase share of direct sourcing
 - Increase share of sourcing from new markets
- International expansion
 - Strengthen CO brand and sales in UK
 - Expansion to Germany
 - Franchising strategy
- New customer segments – Clas Office
- Further development of sustainable business model



Summary

- Continued growth and strengthened market position in challenging retail environment
- Currency effects on sales and profit
- Strong cash flow and financial position
- Further potential to increase sales and profit via new markets, franchising model and new customer segments (B2B)



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Q&A

Moderator: Bile Daar, Danske Bank



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