

clas ohlson

Q2 Report 2013/2014

11 December 2013



Agenda

1. Q2 2013/14 (August-October)
2. First six months 2013/14 (May-October)
3. Events after period-end
4. Update on strategic priorities
5. Q&A



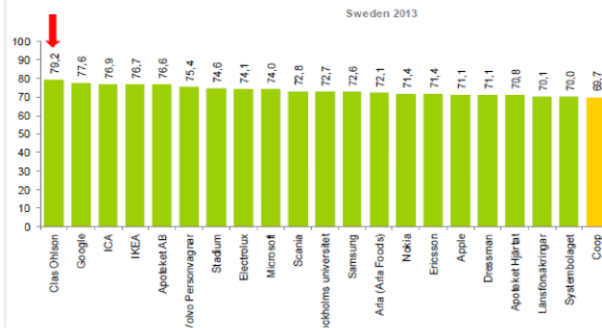
36-5421 Short-term timer, 149 SEK

High energy and strong position

- Sales of 6.6 billion SEK (R12)
- 182 stores in 4 countries in omni-channel structure
- 71 million visitors and 35 million customers
- 4 500 service-minded employees
- High focus on sustainability agenda
- Most trusted brand and second strongest brand in retail



Anseendebarametern 2013 (publiceras den 9 september) Anseendeindex Sverige (1 av 2)



DE TIO STARKASTE VARUMÄRKENA I SVENSK DETALJHANDEL

PLACERING (FÖRRA ÅRET)	VARUMÄRKE	KÄNNEDOM ¹	HELHETS-OMDÖME ²	STYRKAN I VARUMÄRKE ³
1 (1)	IKEA	80,9%	74,1	60,0
2 (2)	CLAS OHLSON	80,0%	63,4	50,7
3 (5)	MAXI ICA STORMARKNAD	67,1%	64,1	43,0
4 (3)	SYSTEMBOLAGET	69,1%	62,0	42,8
5 (6)	ELGIGANTEN	71,4%	55,5	39,6
6 (4)	APOTEKET	70,7%	53,8	38,1
7 (7)	ÖÖB ÖVERSKOTTSBOLAGET	70,6%	48,2	34,0
8 (12)	ADLIBRIS	49,1%	68,4	33,6
9 (8)	WILLYS	62,3%	53,1	33,1
10 (9)	H&M HENNES & MAURITZ	63,0%	49,7	31,3

HÄR FÅR PRISERNA HÖGST BETYG

Brand	Betyg
IKEA	89%
GEKÅS I ULLARED	80%
ADLIBRIS	78%
HIKÖ.SE	78%
WOW HD	76%
WILLYS	75%
CLAS OHLSON	75%
CDON.COM	74%
ÖÖB ÖVERSKOTTSBOLAGET	74%
XXL SPORT & VILDMARK	72%



Q2 2013/14

August - October



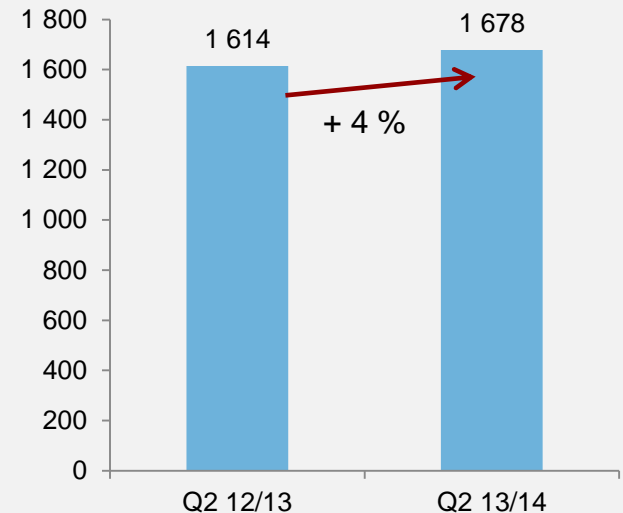
31-5193 Snow kick, 299 SEK

Sales Q2



- Sales increased by 6 % in local currencies
- In SEK, sales increased by 4 % to 1 678 MSEK (1 614)
 - Comparable stores in local currency +1 %
 - New stores +5 %
 - Currency effects -2 %
- 14 additional stores compared to end of October last year (18)
- Positive development in all markets
- Well received autumn product range

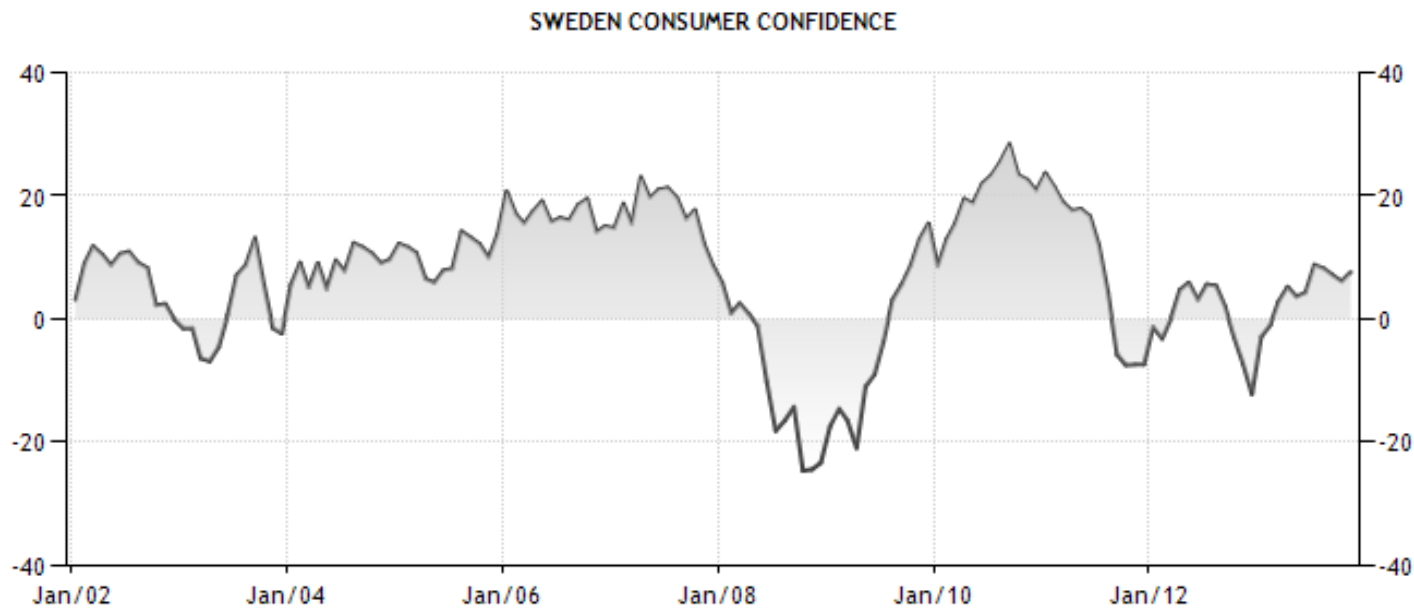
Total Group sales, MSEK





Market development - Sweden

- Gradual improvement, still below historical average



SOURCE: WWW.TRADINGECONOMICS.COM | NATIONAL INSTITUTE OF ECONOMIC RESEARCH, SWEDEN

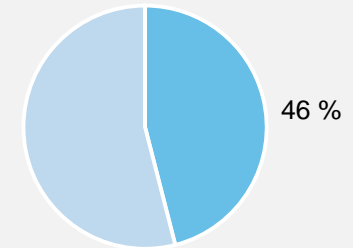
CCI: Consumer Confidence Index November 2013

Sweden sales Q2

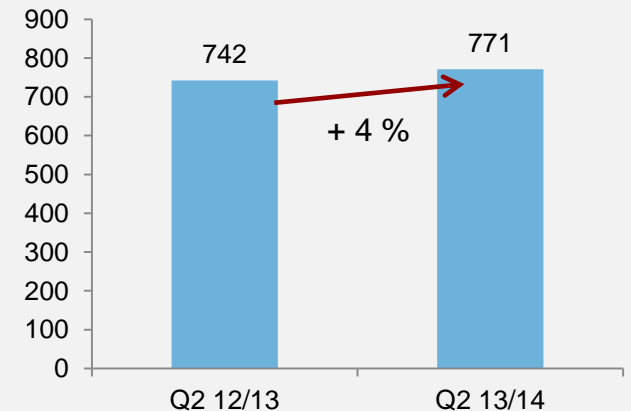


- Sales increased by 4 % to 771 MSEK (742)
- Total number of stores 75
 - 2 new stores during Q2
 - 4 more stores compared to preceding Q2
- Strong market position and strengthened brand due to more efficient marketing and effects from loyalty program

Portion of Group sales



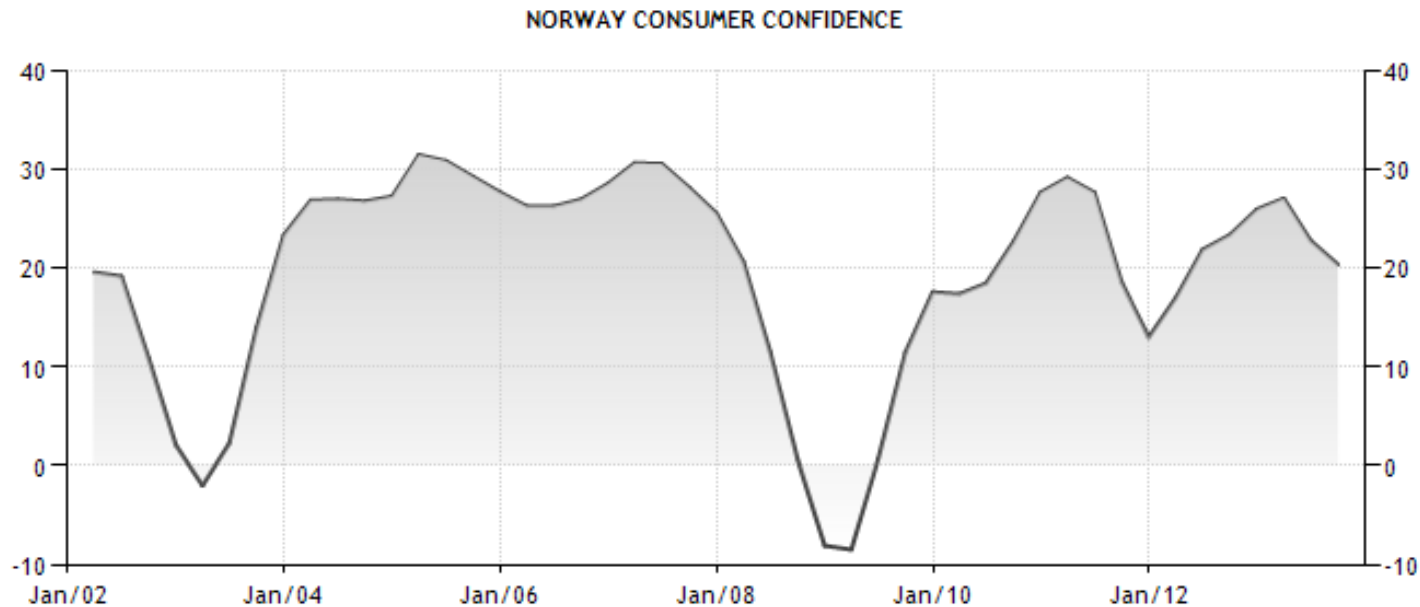
Total market sales, MSEK





Market development - Norway

- Signs of weakened market, coming from a high level



SOURCE: WWW.TRADINGECONOMICS.COM | FINANCE NORWAY & TNS GALLUP

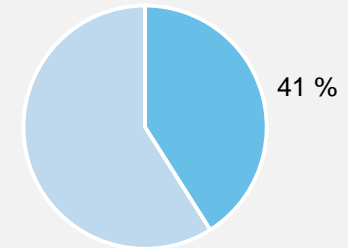
CCI: Consumer Confidence Index Q4 calendar year 2013

Norway sales Q2

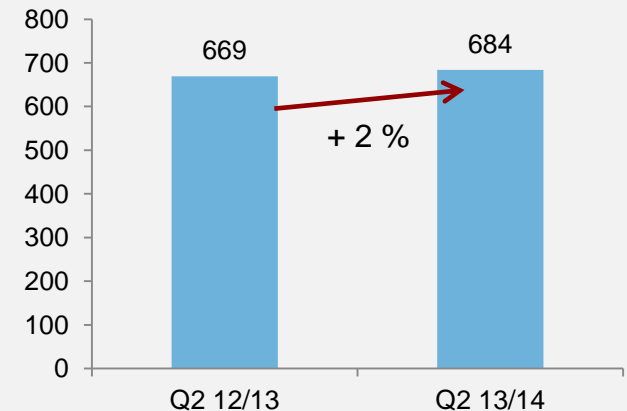


- Sales increased by 8 % in local currency
- In SEK, sales increased by 2 % to 684 MSEK (669)
- Total number of stores 64
 - No new stores during Q2
 - 5 more stores compared to preceding Q2
- Gaining market share supported by more efficient marketing
- Negative currency effects

Portion of Group sales



Total market sales, MSEK





Market development - Finland

- Still at low levels and no signs of improvement



SOURCE: WWW.TRADINGECONOMICS.COM | STATISTICS FINLAND

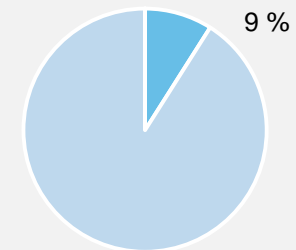
CCI: Consumer Confidence Index November 2013

Finland sales Q2

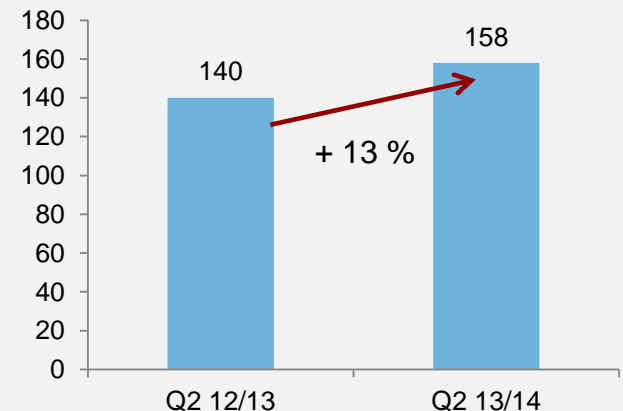


- Sales increased by 10 % in local currency
- In SEK, sales increased by 13 % to 158 MSEK (140)
- Total number of stores 30
 - 1 new store during Q2
 - 5 more stores compared to preceding Q2
- Strengthened brand and market position in a soft market

Portion of Group sales



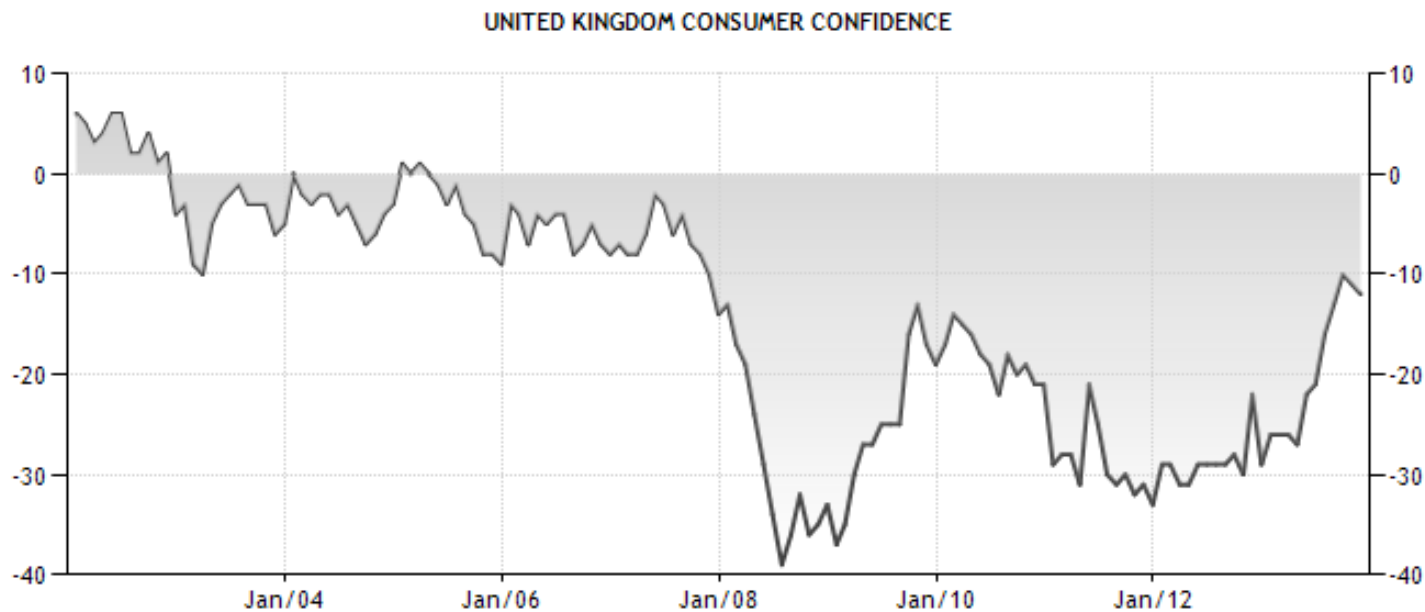
Total market sales, MSEK





Market development - UK

- Improvement in consumer confidence, but still at low levels



SOURCE: WWW.TRADINGECONOMICS.COM | GFK NOP (UK)

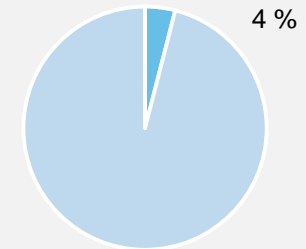
CCI: Consumer Confidence Index November 2013

UK sales Q2

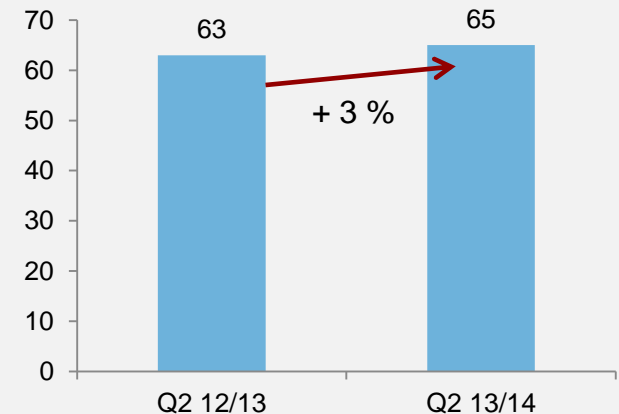


- Sales increased by 6 % in local currency
- In SEK, sales increased by 3 % to 65 MSEK (63)
- Total number of stores 12
 - No new store during Q2
- Continued positive sales trend
- Improved brand awareness

Portion of Group sales



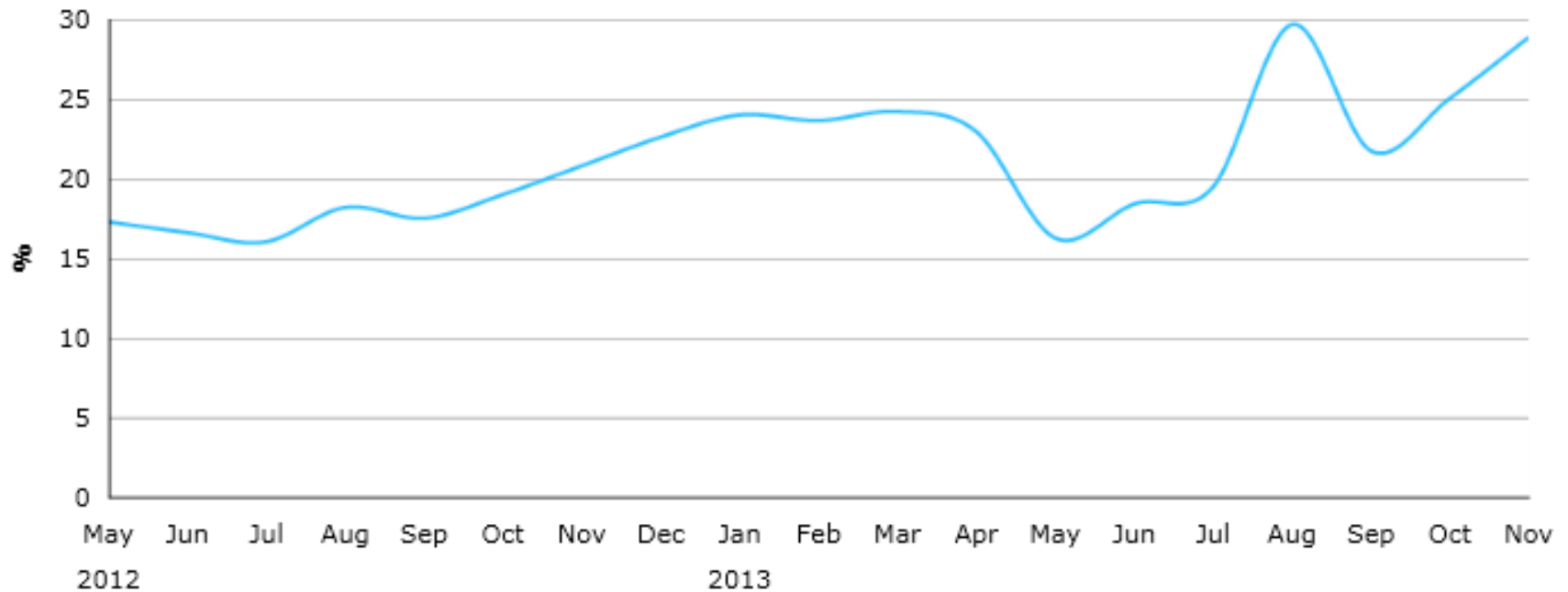
Total market sales, MSEK



Improved brand awareness



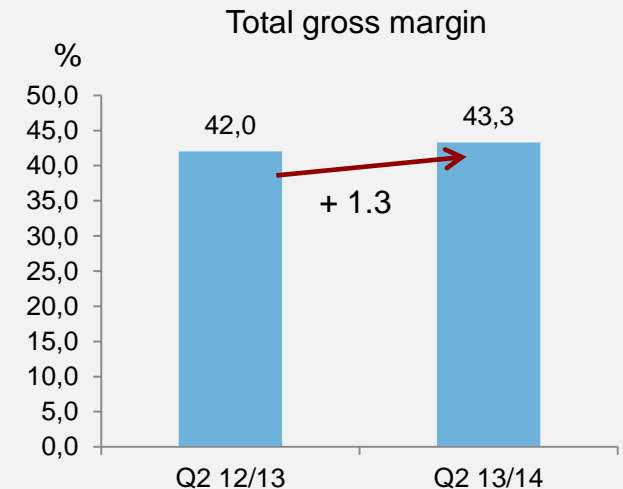
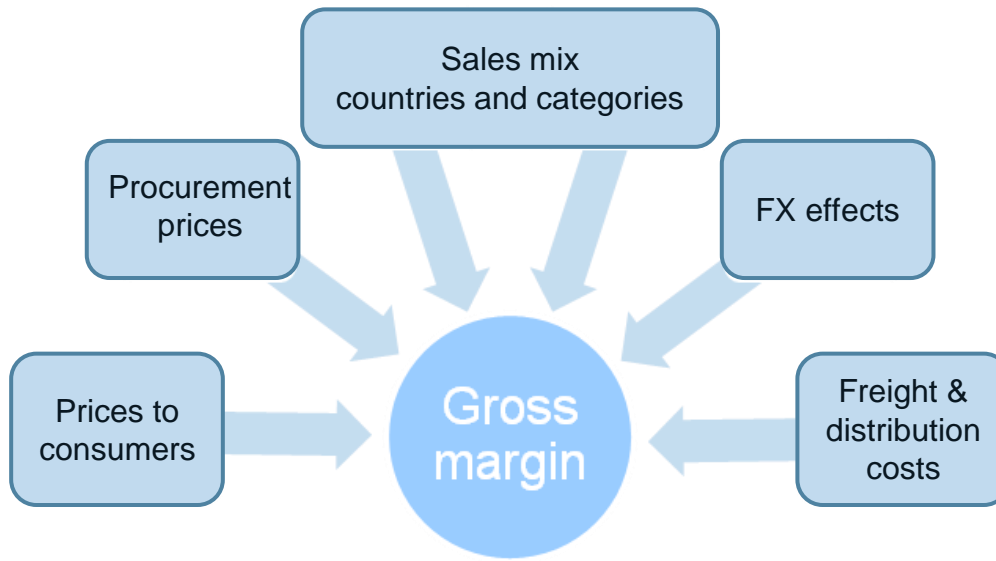
- Aided Awareness, Clas Ohlson, A18-69



Gross margin Q2



- Gross margin increased 1.3 percentage points to 43.3 %
 - Positive sales mix
 - Lower sourcing costs
 - Currency effects (-NOK, +USD)



Positive sales mix



Countries



Categories

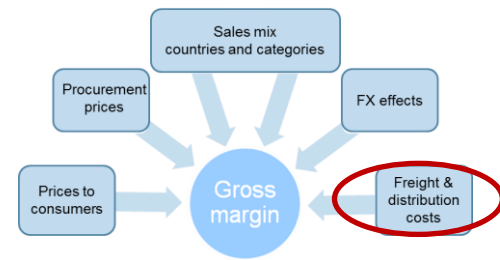


Brands



Sales promotion

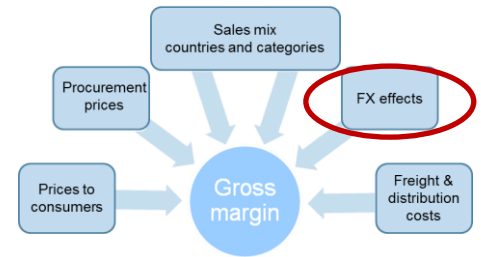
Lower sourcing costs



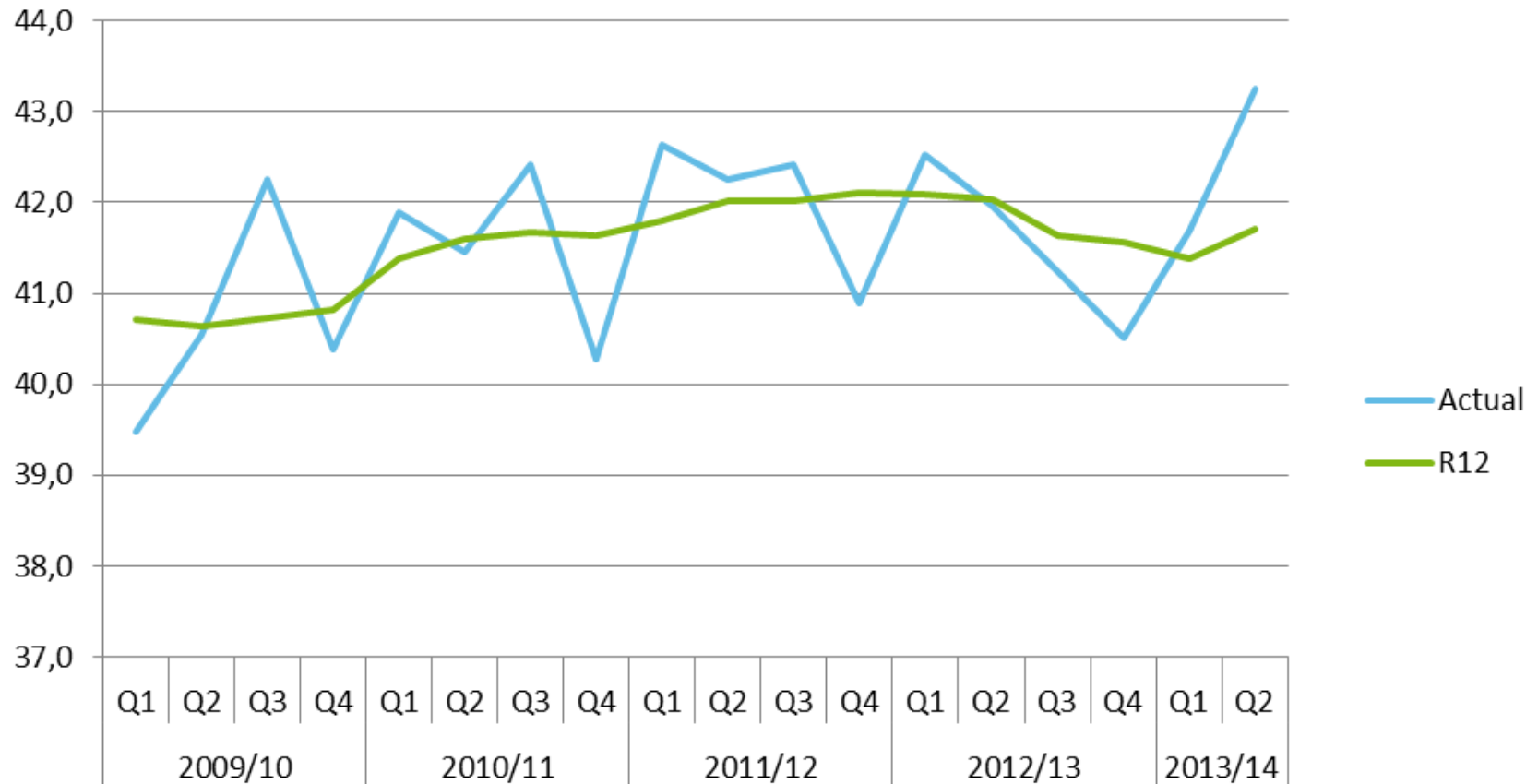
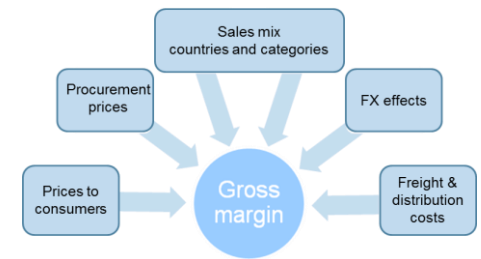
Example price development sea freight costs



Currency effects

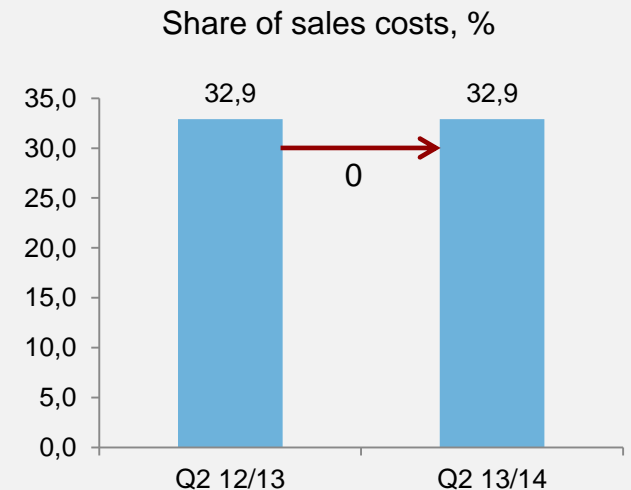


Gross margin development



Share of sales costs Q2

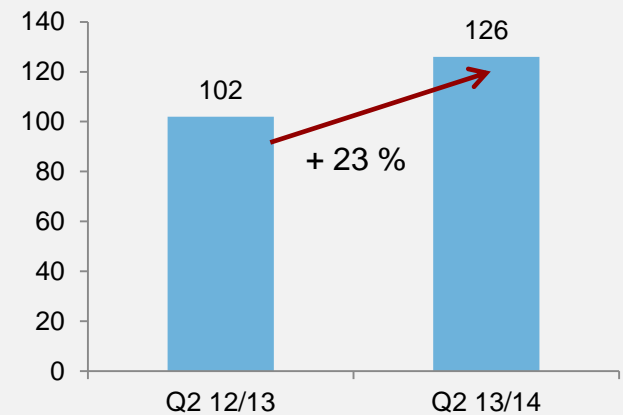
- Share of sales cost unchanged
- Increased cost (rent and salary) balanced by
 - lower start up cost
 - increased productivity
 - positive LFL sales



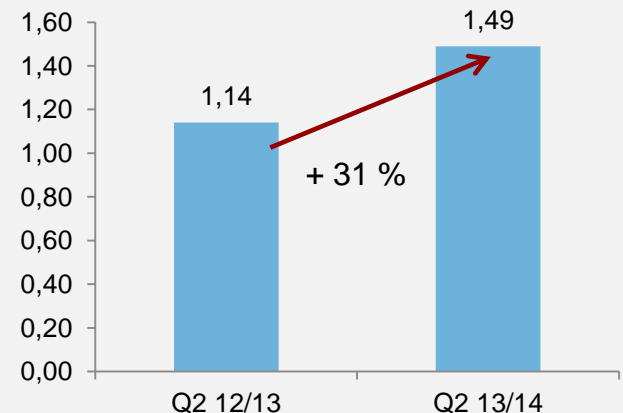
Profit Q2

- Operating profit increased by 23 % to 126 MSEK (102)
- Operating margin increased to 7.5 % (6.3)
- Profit after financial items increased by 25 % to 125 MSEK (100)
- EPS increased by 31 % to 1.49 SEK (1.14)

Operating profit, MSEK

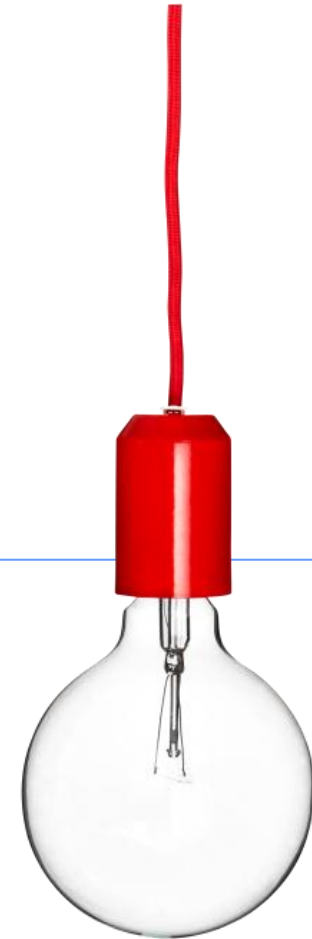


Earnings per share, SEK



First six months 2013/14
May - October

north
■■■■ LIGHT



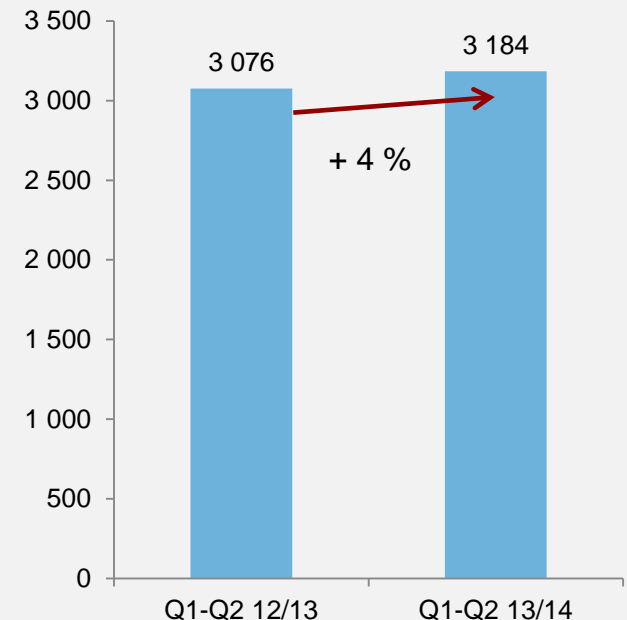
36-4270 Lamp holder with fabric covered lead, 69 SEK

Sales first six months



- Sales increased by 6% in local currencies
- In SEK, sales increased by 4 % to 3 184 MSEK (3 076)
 - Comparable stores in local currency +1 %
 - New stores +5%
 - Currency effects -2%
- 14 additional stores compared to end of October last year (18)

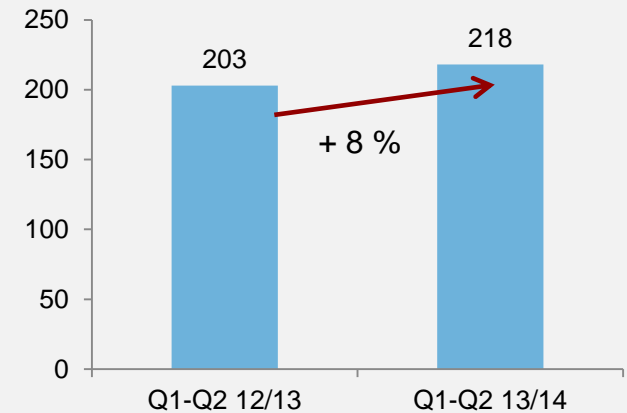
Total Group sales, MSEK



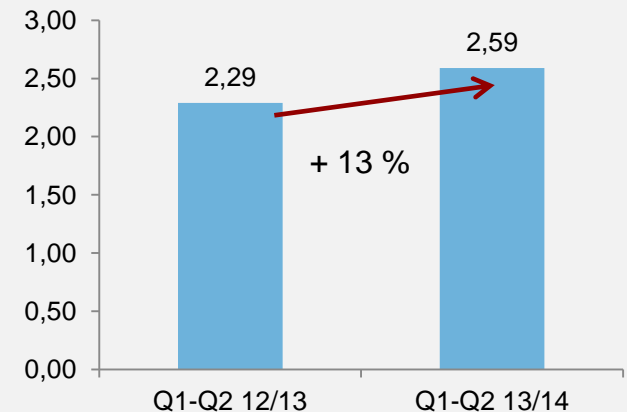
Profit first six months

- Operating profit increased by 8 % to 218 MSEK (203)
- Operating margin increased to 6.8 % (6.6)
- Profit after financial items increased by 9 % to 217 MSEK (199)
- EPS increased by 13 % to 2.59 SEK (2.29)

Operating profit, MSEK

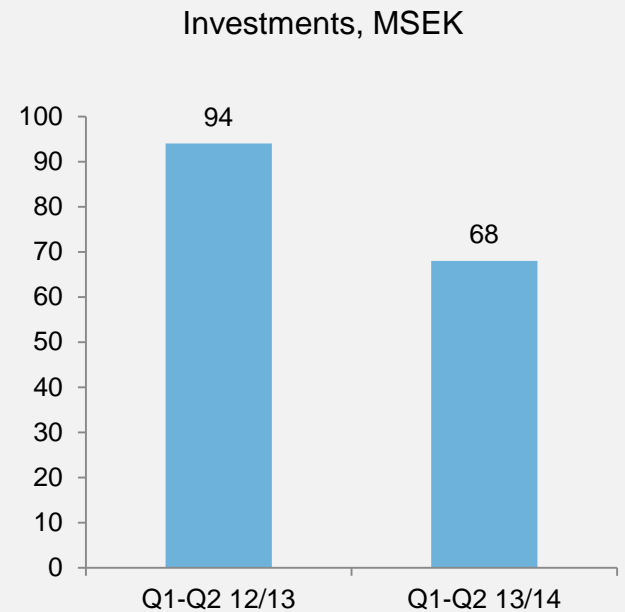


Earnings per share, SEK



Investments

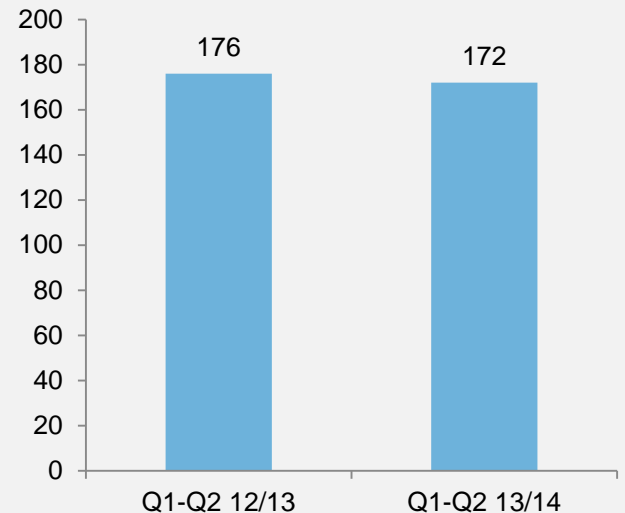
- Investments of 68 MSEK (94)
 - New stores and refurbishments 34 MSEK (62)
 - Investments in IT-systems 9 MSEK (22)



Cash flow

- Cash flow from operating activities was 172 MSEK (176)
 - Inventory 1 599 MSEK (1 496)
 - Improved turnover rate DC 6.9 (6.6)
- Cash flow after investments and financing activities was 14 MSEK (-5)
- Net debt of 63 MSEK (142)

Cash flow from operating activities, MSEK



Events after period-end



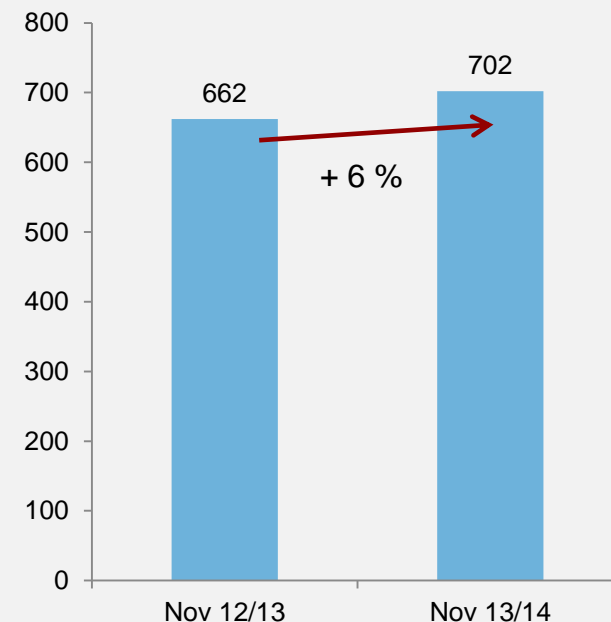
36-5188 Fire extinguisher, 399 SEK

Sales November



- Sales increased by 9 % in local currencies
 - Sweden 7 %
 - Norway 11 %
 - Finland 14 %
 - UK 2 %
- In SEK, sales increased by 6 % to 702 MSEK (662)
- 11 additional stores compared to end of November last year (19)
- Positive start on Christmas sales

Total Group sales, MSEK



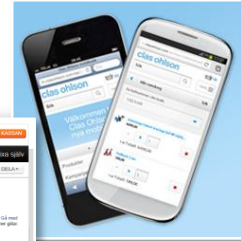
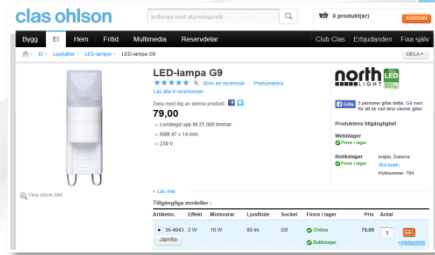
Update on strategic priorities



31-5052 Snow removing machine, 4 495 SEK

Omni-channel strategy

Online



Loyalty program



Stores



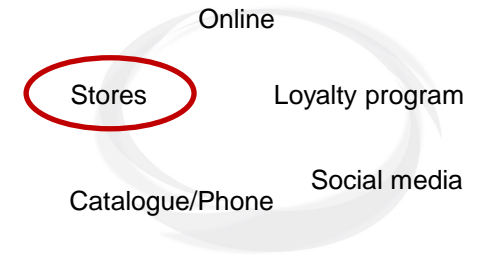
Catalogue/Phone



Social media



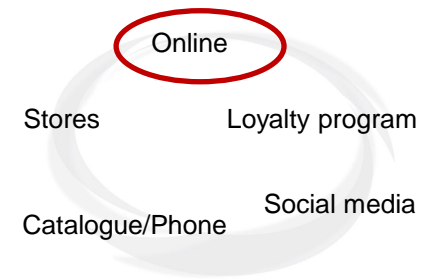
Store development



- Continued focus on converting stores into new store concept
- Optimising current locations and move stores locally
- Optimising store formats
 - Small, Medium, Large
- Continue to develop and improve sales solutions
- Target set to 12-17 new stores during 2013/2014
 - 8 stores opened so far
 - 9 stores in pipeline contracted for opening during 2013/14 and 2014/15



Online



- Traffic growth up + 30 % versus last year
- Inspirational pre shopping
- Drives traffic and sales to stores
- Continued focus on increasing traffic and commercial trading

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ledlampa med skymningsrelä

0 produkt(er) KASSAN

Bygg Ei Hem Fritid Multimedia Reservdelar Club Clas Erbjudanden Fixa själv

LED-lampa G9

★★★★★ Skriv en recension Prenumerera

Läs alla 4 recensioner

Delä med dig av denna produkt: f t

79,00

- Livslängd upp till 25 000 timmar.
- Mått 47 x 14 mm.
- 230 V.

Visa större bild

north LED LIGHT

Gilla 3 personer gillar detta. Gå med för att se vad dina vänner gillar.

Produktens tillgänglighet

Webblager
✓ Finns i lager

Butikslager
✓ Finns i lager Insjön, Dalarna (Byt butik)
Hyllnummer: 704

> Läs mer

Tillgängliga modeller :

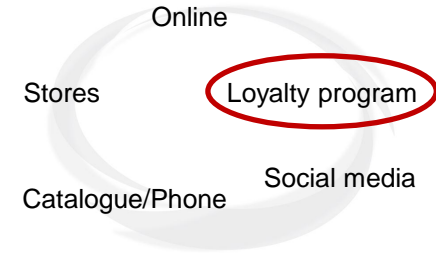
Artikelnr.	Effekt	Motsvarar	Ljusflöde	Socket	Finns i lager	Pris	Antal
36-4943	2 W	10 W	80 lm	G9	✓ Online	79,00	1

Jämför

✓ Butikslager

+inköpslista

Loyalty program



- Successful launch in Sweden
- Above 600 000 members since March 2013
- Positive sales and marketing effects
 - More frequent visits, increased ATV and loyalty
 - Higher marketing efficiency
- Continued focus on increasing number of members
- Further launch in other markets



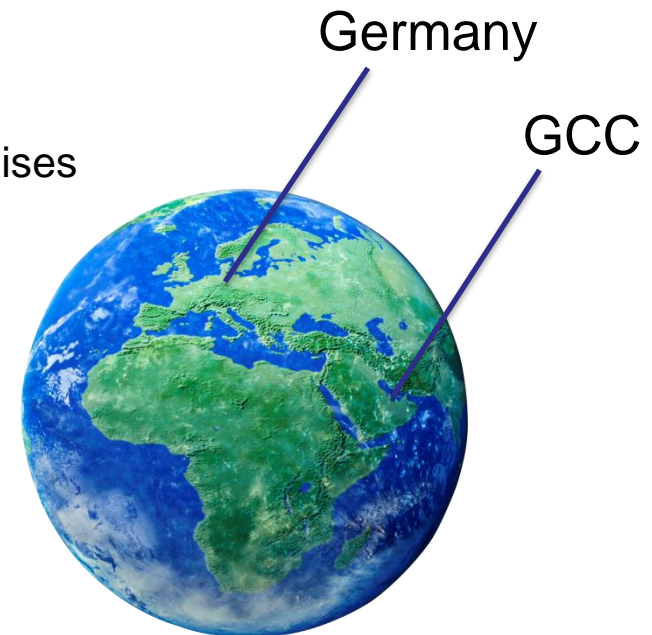
Growth into new customer segments

- B2B offering creates leverage on strong retail brand
- Attractive range at great value
- Easily accessible via store network, internet and phone
- Trusted brand in Sweden and Norway with 98 % brand awareness
- Estimated total SME Nordic market value of 6 billion SEK
- Preparations according to plan
- Launch in Sweden and Norway planned for first half of 2014



Growth into new markets

- Entry into Germany
 - 1-2 stores in northern part of Germany
 - Ongoing range adaptation and search for store premises
 - Store opening earliest during 2014
- Entry into GCC-region* via franchising
 - 2 stores in Kuwait or UAE
 - Ongoing range adaptation and search for store premises
 - Store opening during 2014
 - Potential for minimum 20 stores during 2014-2019



* United Arab Emirates, Kuwait, Saudi Arabia, Qatar, Oman, Bahrain

Summary

- Continued growth in all markets
- Strengthened market position
- Increased profit
- Strong cash flow and financial position
- Further potential to increase sales and profit
 - new customer segment (B2B)
 - new markets
 - franchising model



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