



Q4 Report 2013/14

11 June 2014

Klas Balkow

CEO

clas ohlson



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Agenda

- Q4 2013/14
- Full year 2013/14
- Strategic priorities
- Events after period-end
- Q&A

High energy and strong position

185 stores in
5 countries
omni-channel structure

73 million visitors
36 million customers

4,700
service-minded
employees

High focus on
sustainability
agenda

R12 sales
6.8 billion SEK

One of the strongest
brands in retail in the
Nordics



Q4 2013/14
February – April

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Highlights Q4

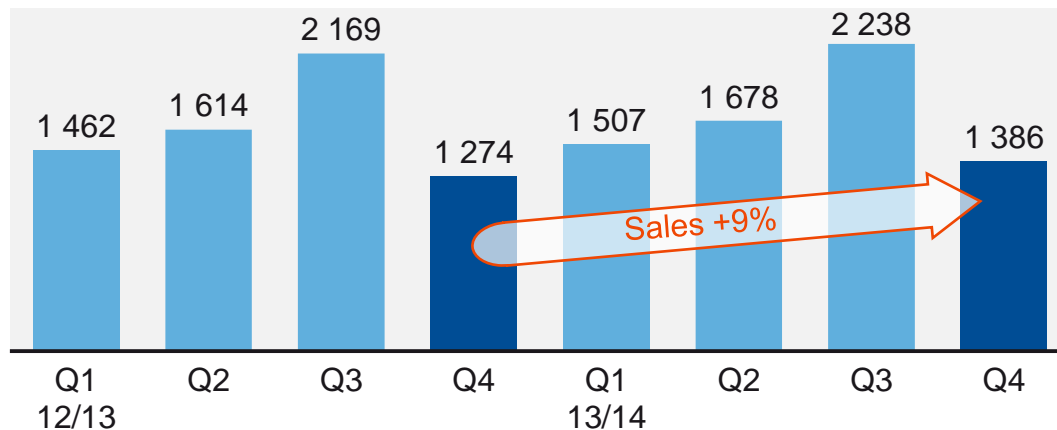
- Sales up 10 % in local currencies
- Strong LFL sales up 5 %
- Slightly improved gross margin
- Increased marketing spend
- Improved earnings per share
- Launched franchise concept and opened a store in Dubai



Sales Q4

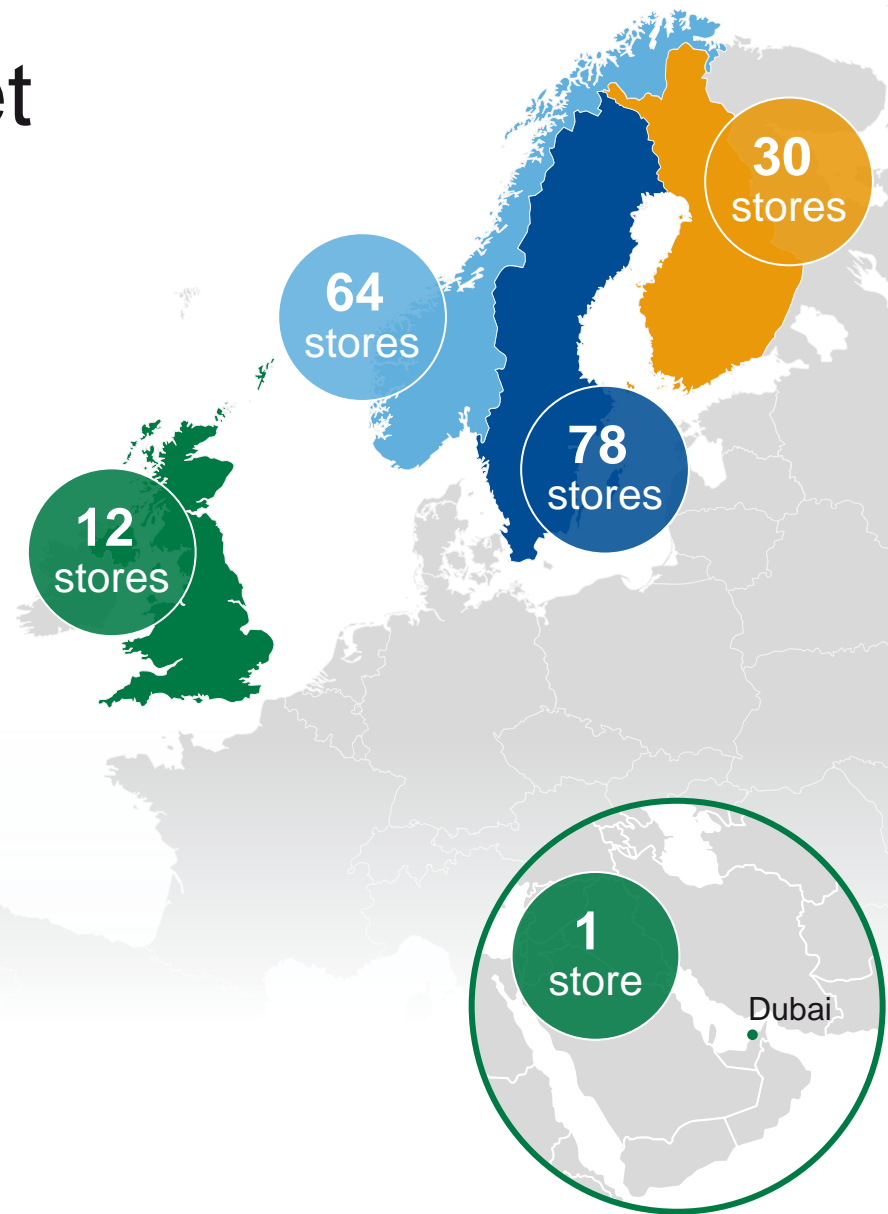
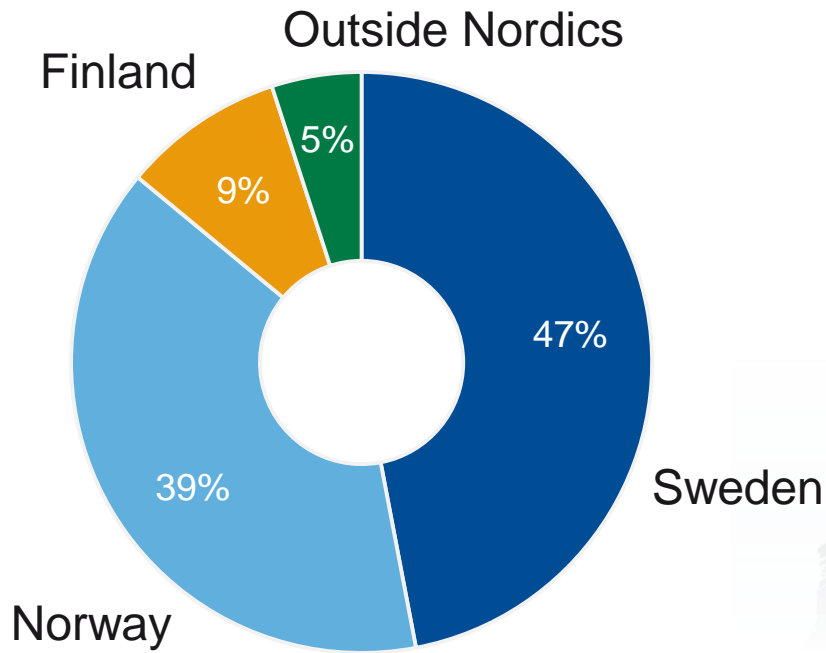
- Sales up 9 %, in local currencies 10 %
- Strong LFL sales up 5 %
- Negative currency effect of 1 %
- Online sales up 44 % in local currencies
- Well received spring product range

Sales, MSEK

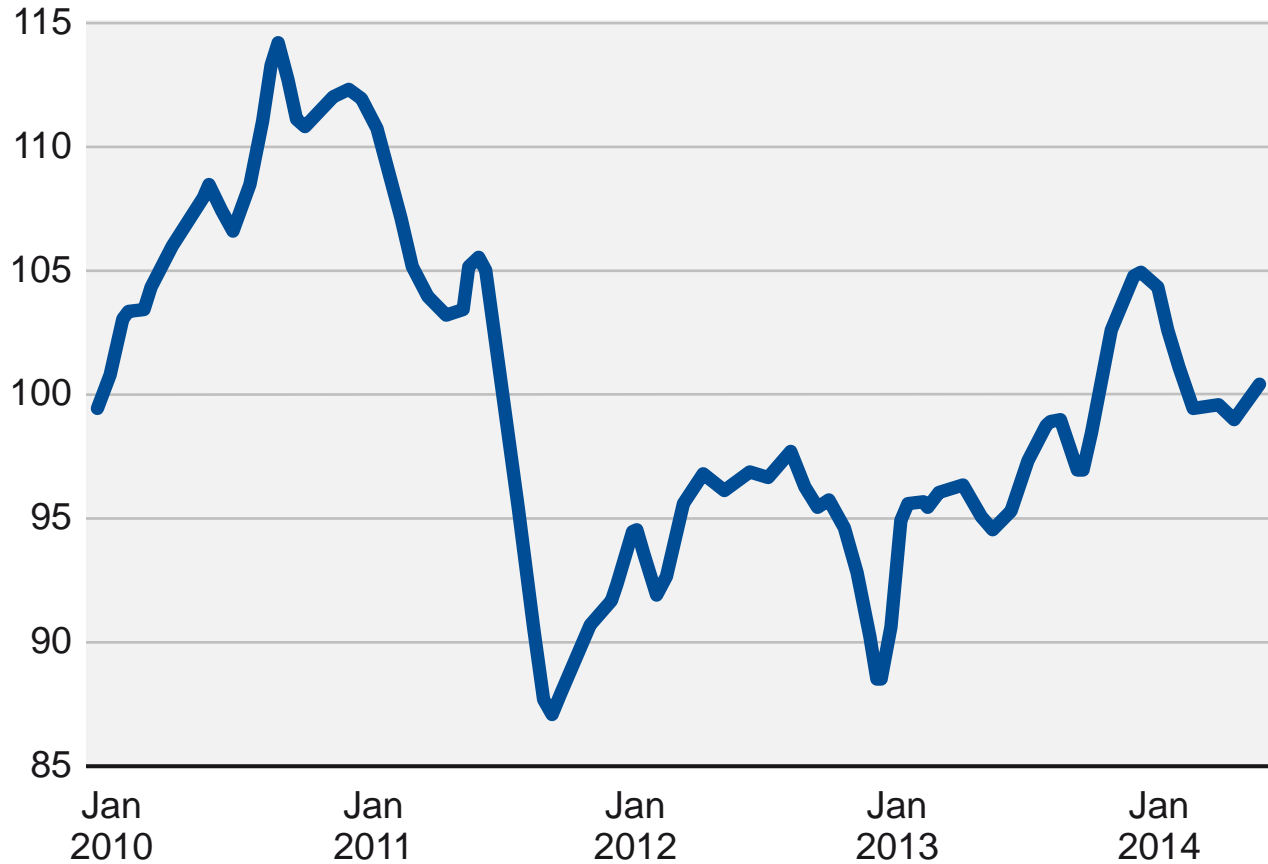


Sales share per market

Q4 2013/14



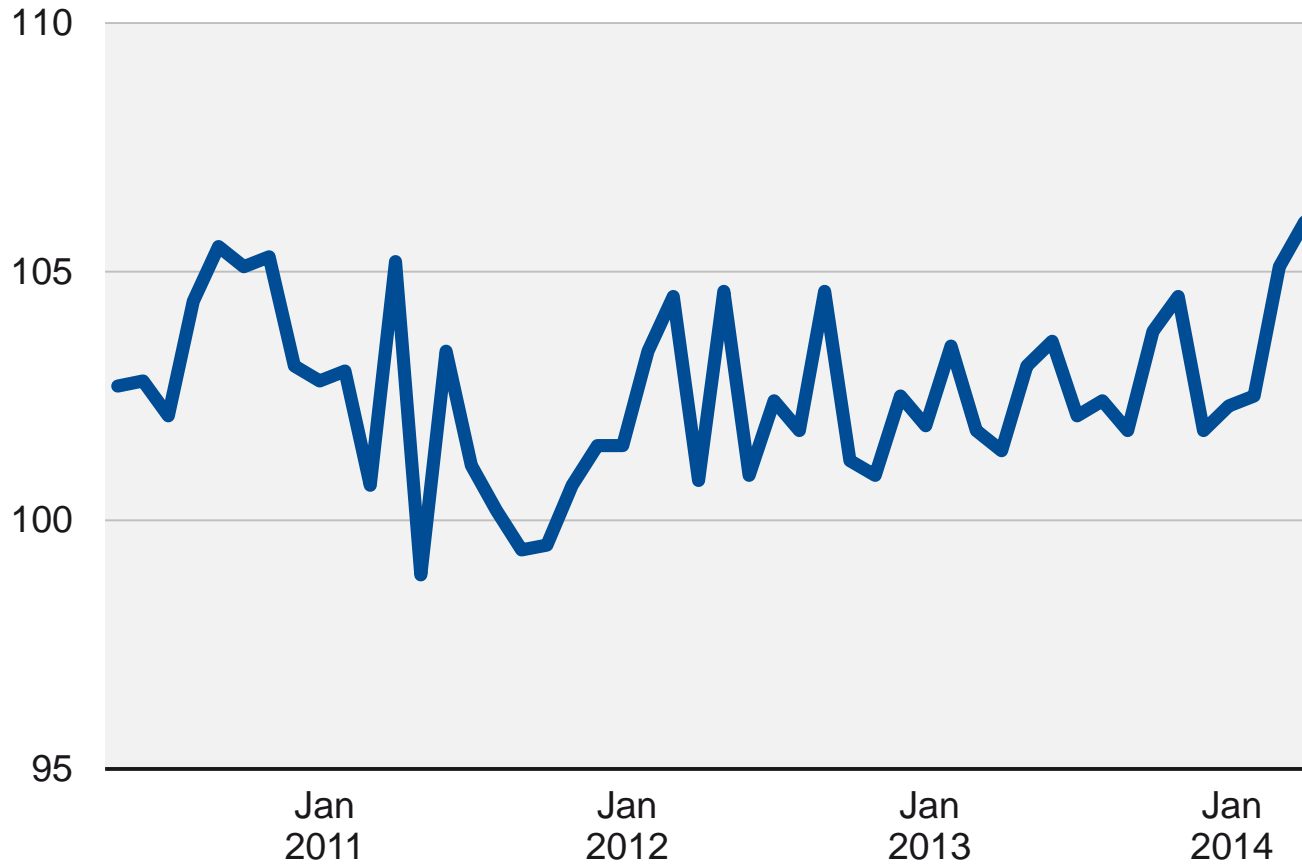
Sweden Consumer Confidence



Improving, balancing historical average

Source: www.tradingeconomics.com

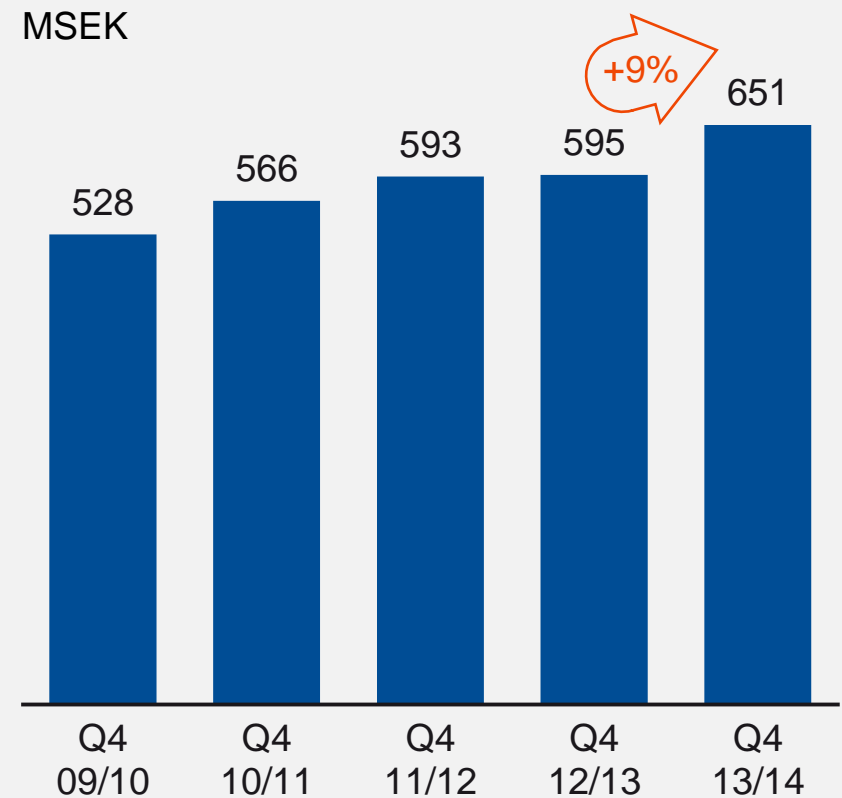
Sweden Retail Index



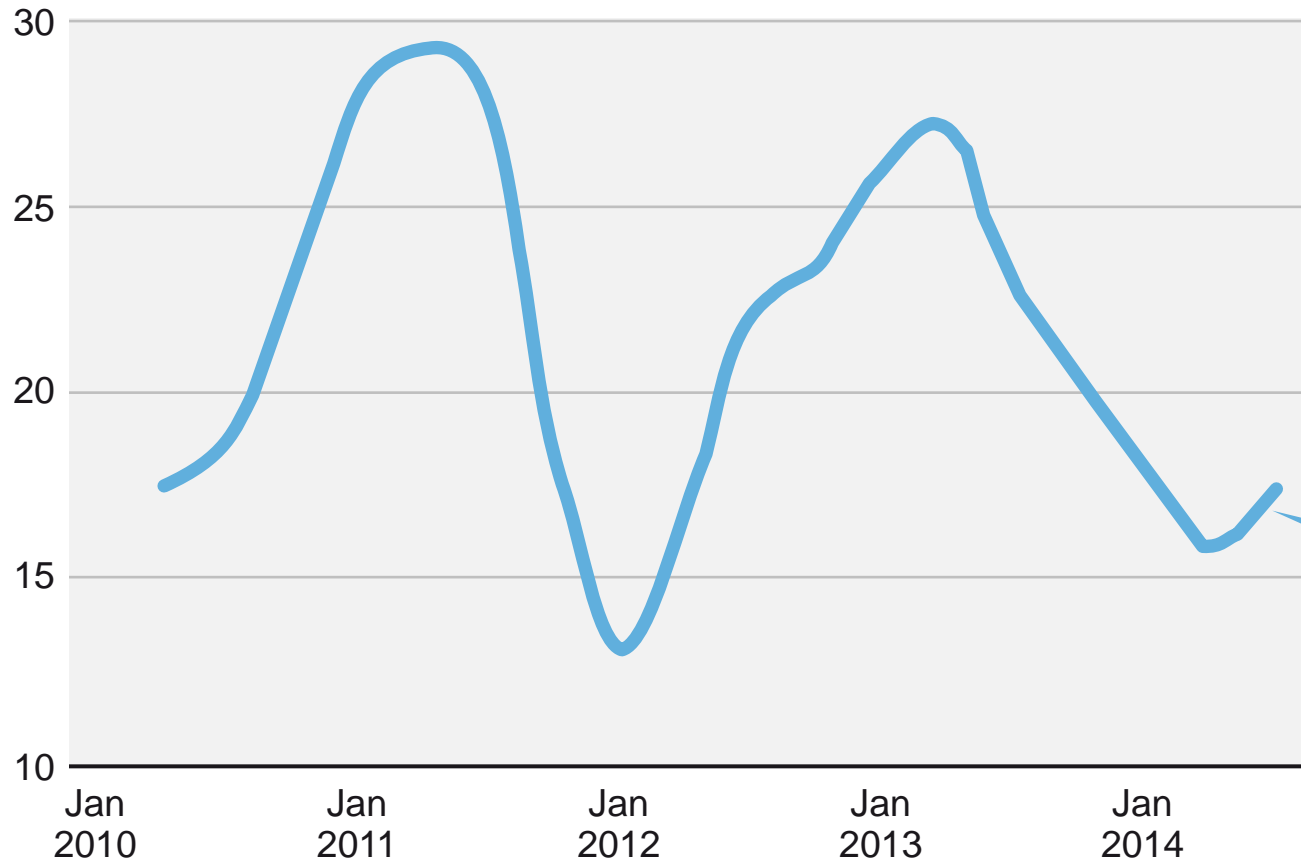
Source: HUI

Sweden Q4

- Sales up 9 % to 651 MSEK
- Total 78 stores
 - 2 new store during Q4
 - 5 more stores compared to preceding Q4
- Strong market position and strengthened brand
- Positive spring sales



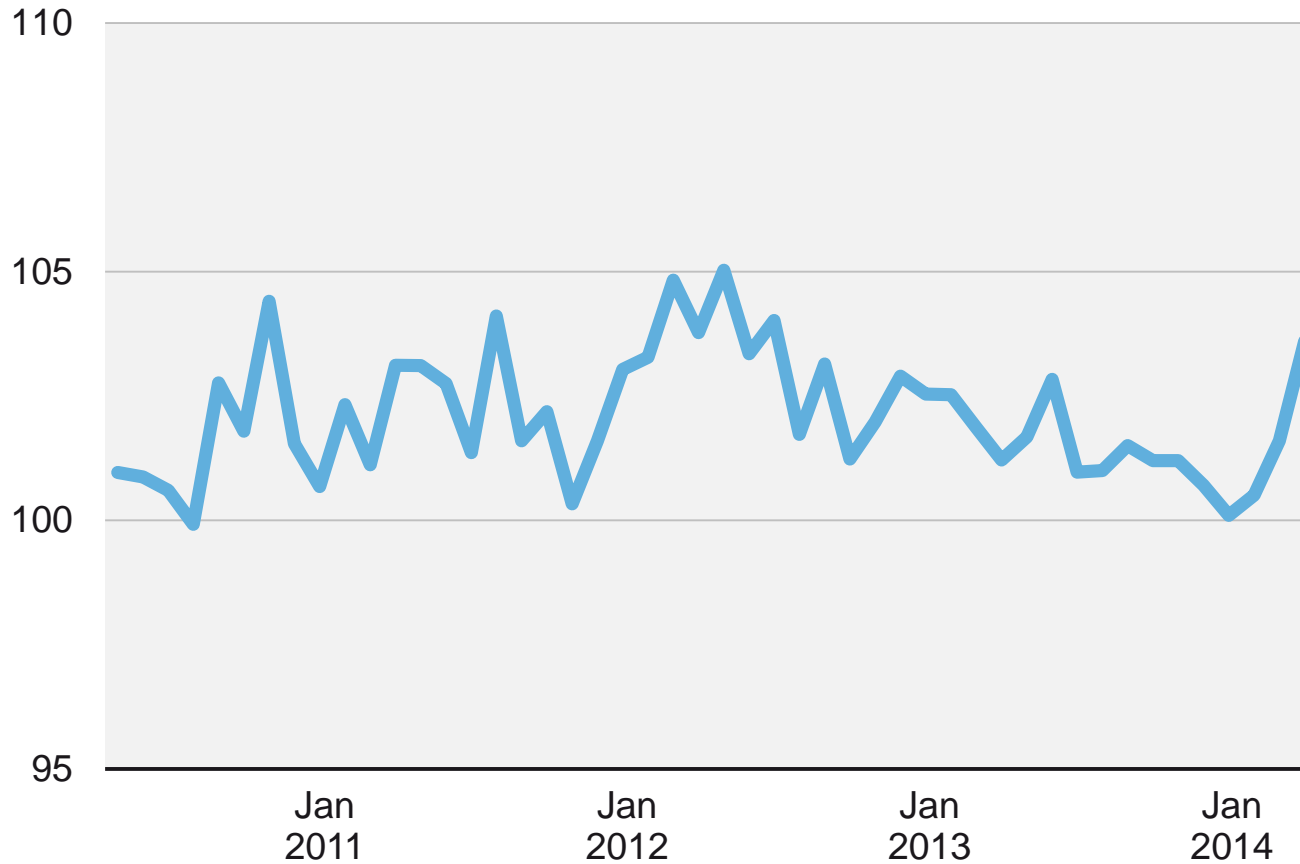
Norway Consumer Confidence



Weakened confidence, coming from a high level

Source: www.tradingeconomics.com

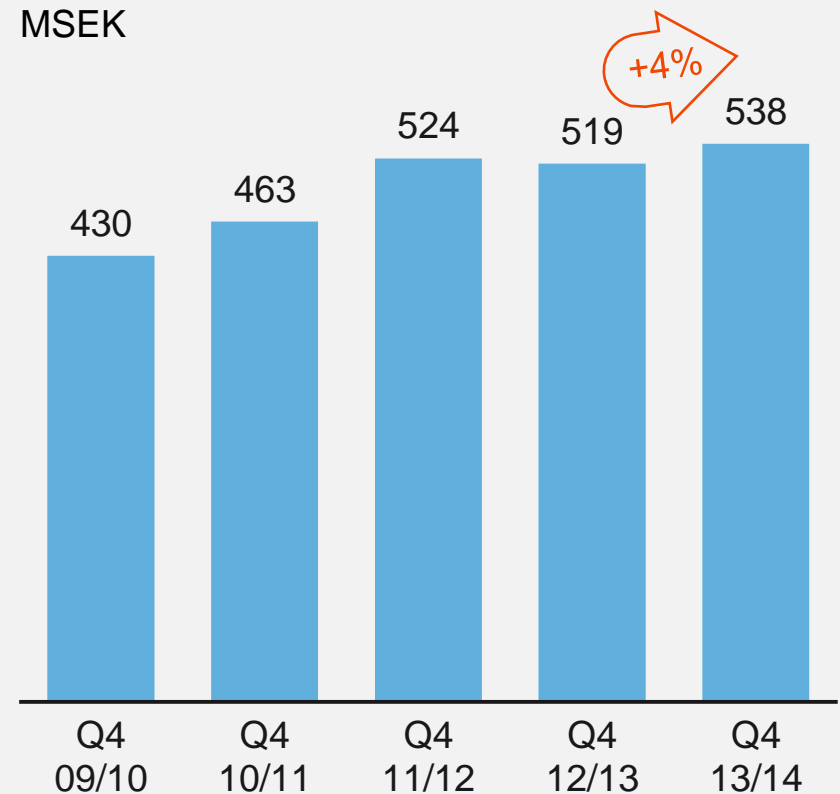
Norway Retail Index



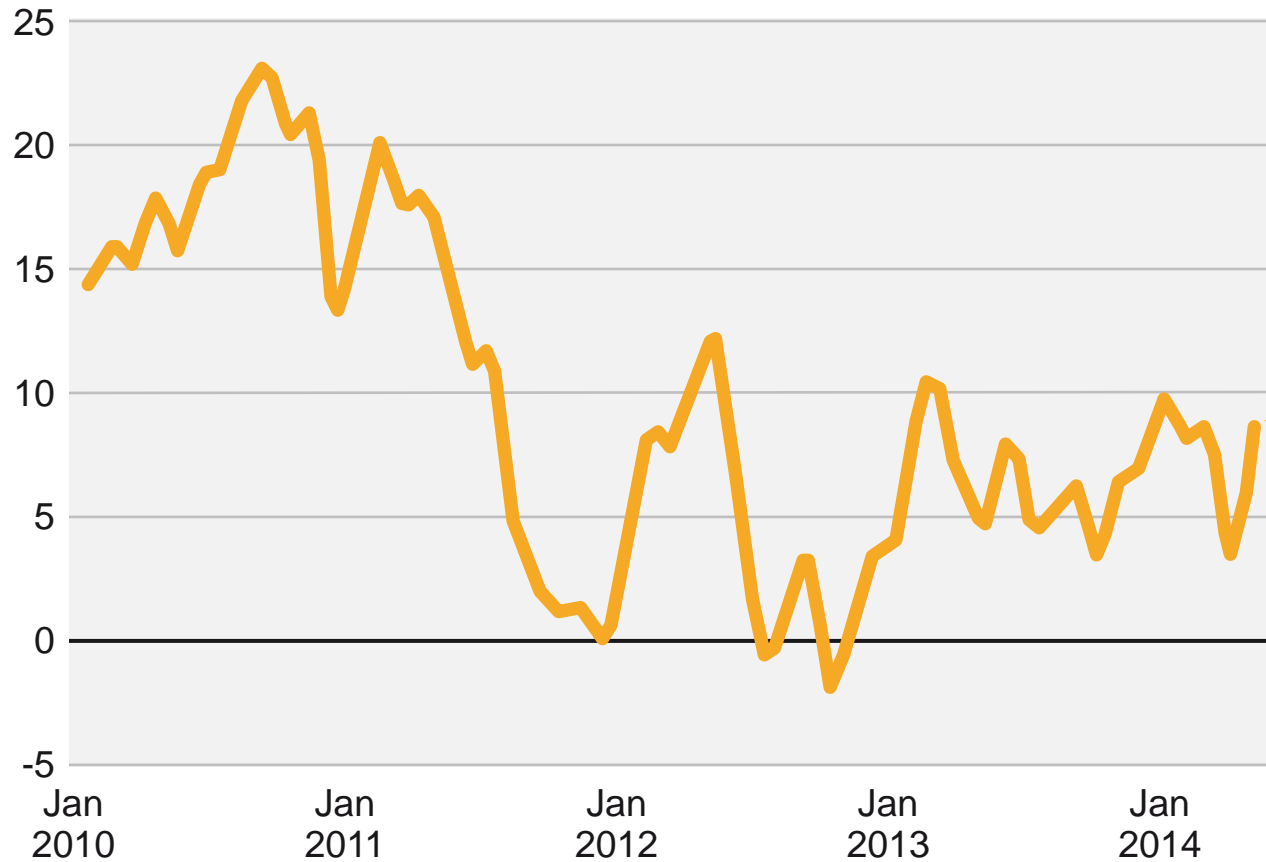
Source: SSB

Norway Q4

- Sales up 9 % in local currency
- Sales 538 MSEK, up 4 %
- 64 stores
 - No new store during Q4
 - 2 more stores compared to preceding Q4
- Negative currency effects
- Strong market position and strengthened brand
- Positive spring sales



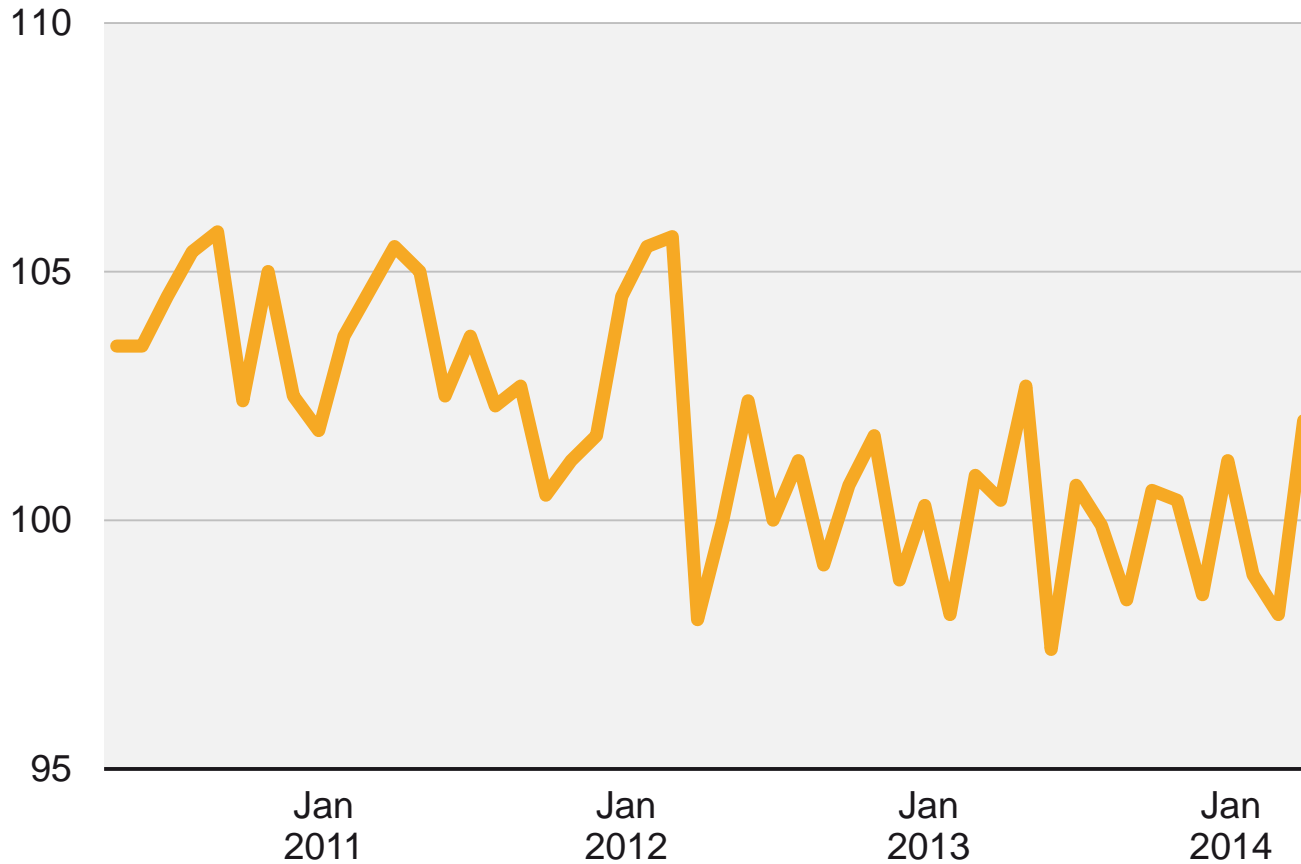
Finland Consumer Confidence



Still at low levels, below historical average

Source: www.tradingeconomics.com

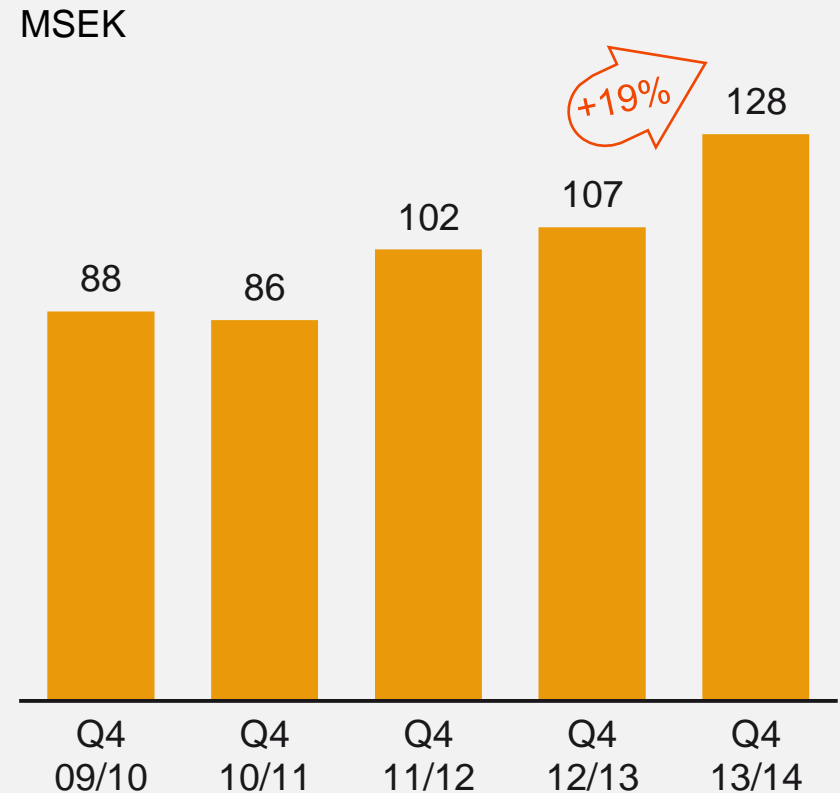
Finland Retail Index



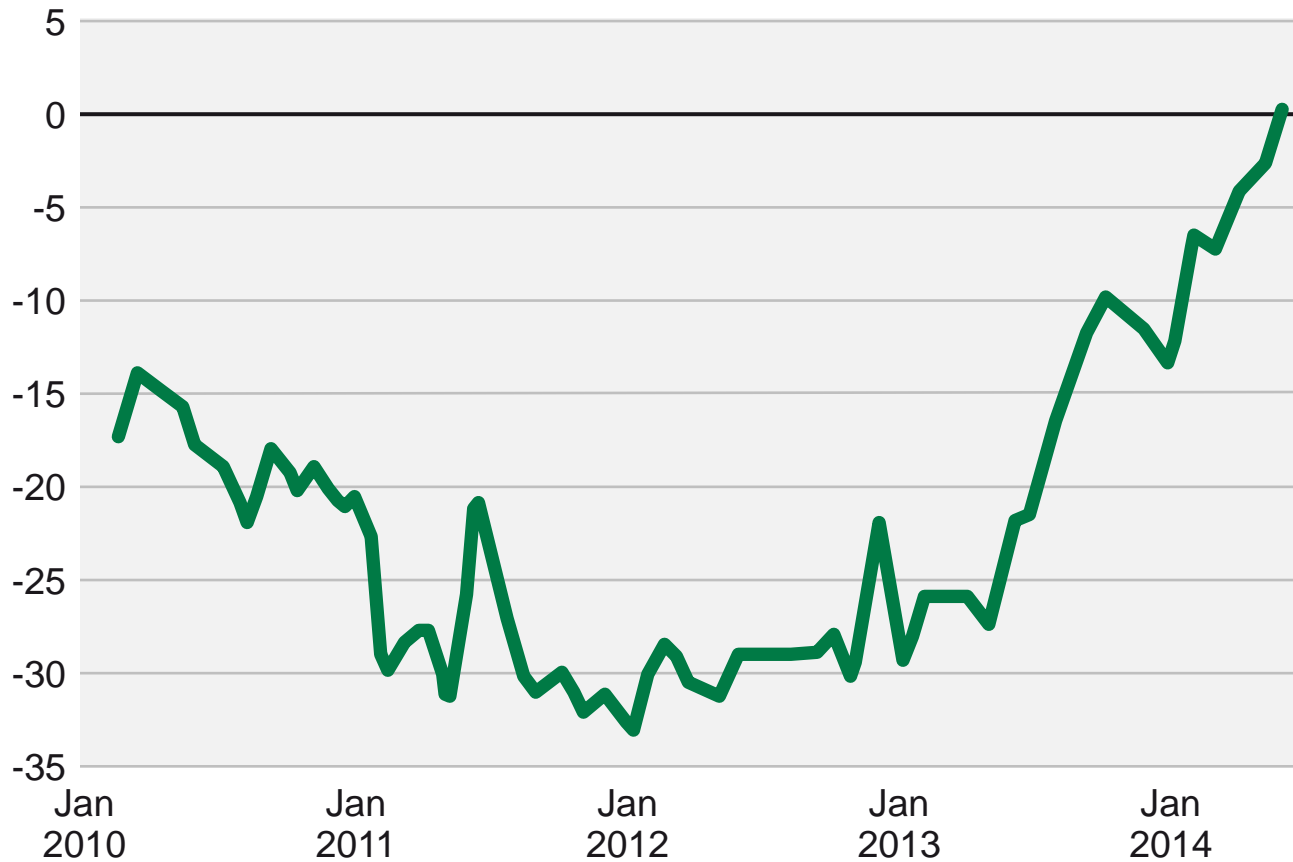
Source: Statistikcentralen

Finland Q4

- Sales up 13 % in local currency
- Sales 128 MSEK, up 19 %
- 30 stores
 - No new stores during Q4
 - 3 more stores compared to preceding Q4
- Strengthened brand and market position in a soft market



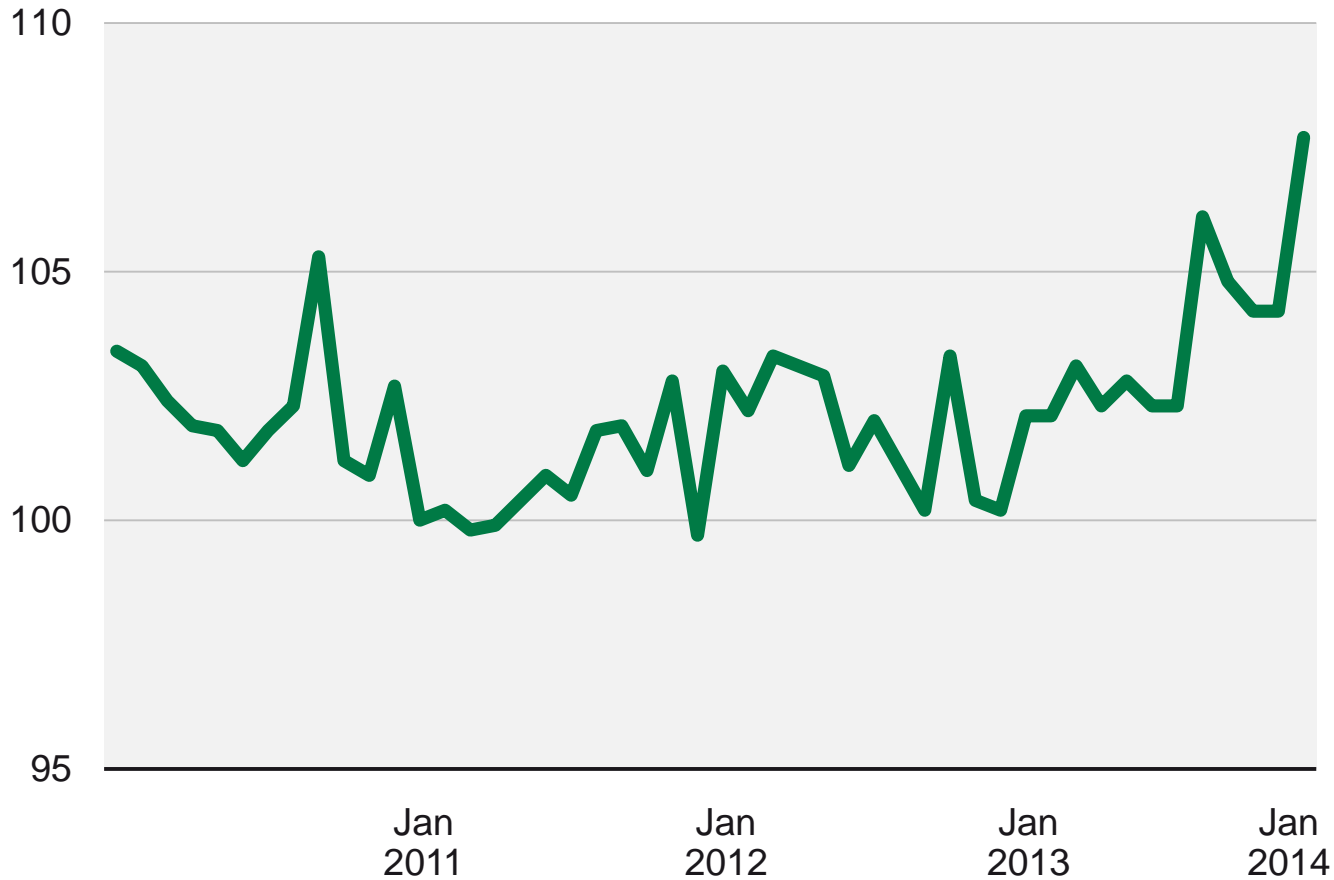
UK Consumer Confidence



Clear improvement, but still at low levels

Source: www.tradingeconomics.com

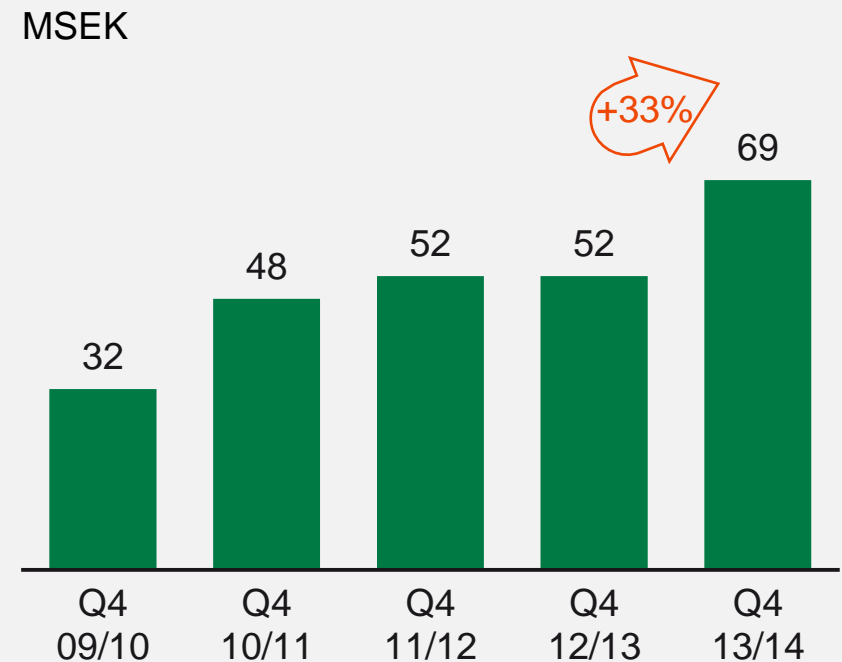
UK Retail Index



Source: National Statistics

Outside Nordics Q4

- Sales up 22 % in local currencies
- Sales 69 MSEK, up 33 %
- 13 stores whereof one franchise
 - 1 new store during Q4 (franchise)
 - 1 more stores compared to preceding Q4 (franchise)
- Continued positive sales trend in the UK, LFL up more than 5 %
- Opened store in Dubai 30 April



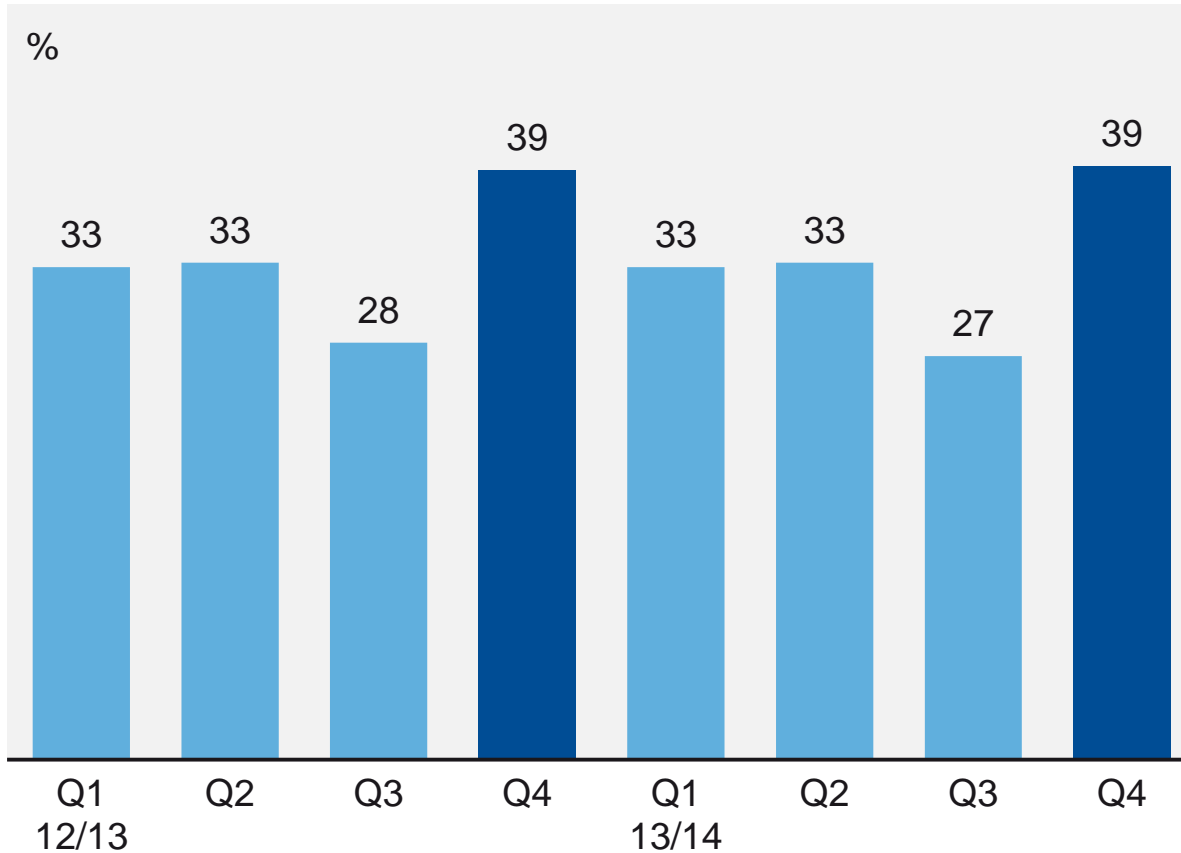
Improved gross margin

Gross margin 41.1 %, up 0.6 p.p

- Negative currency effect
- Positive sales mix

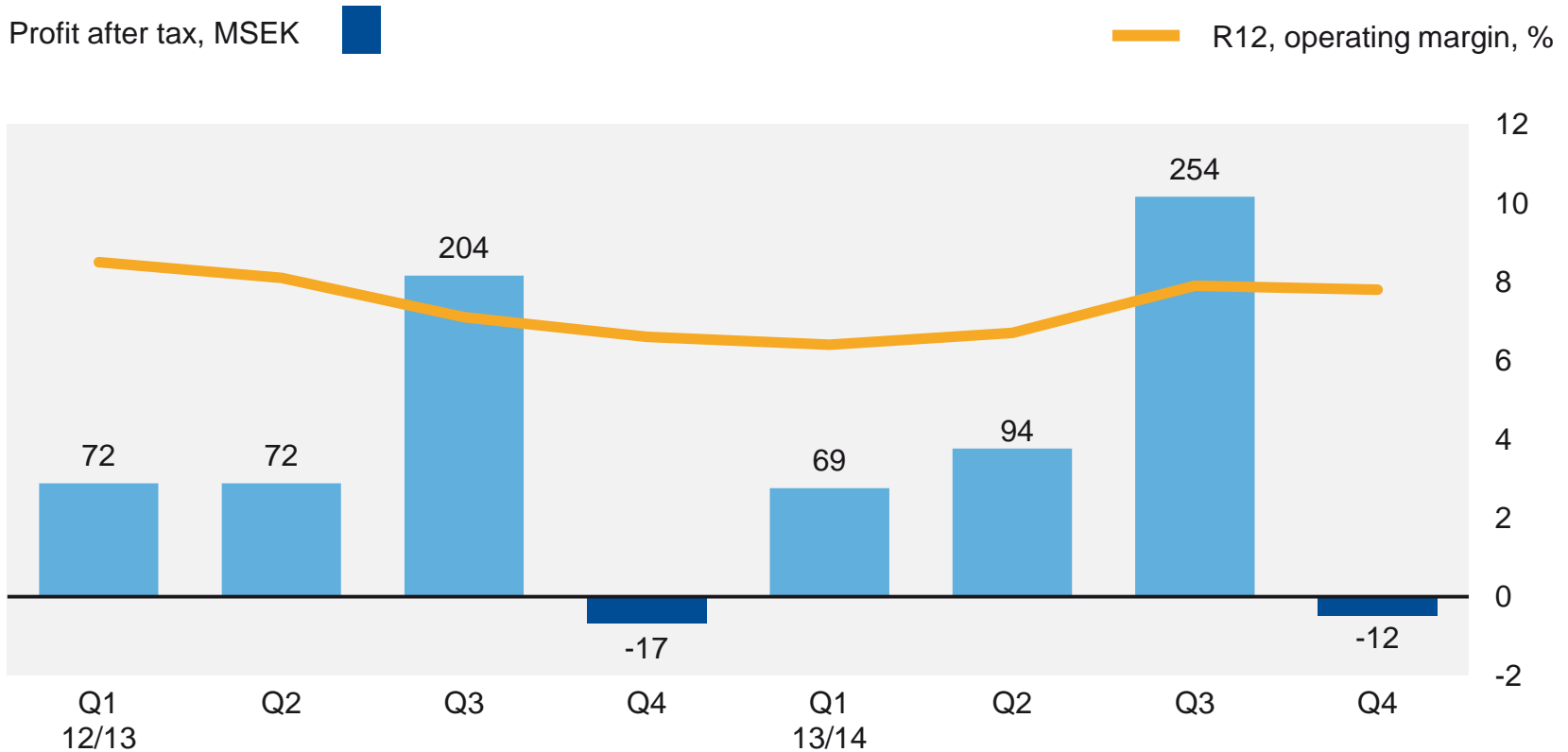


Share of sales costs



- Share of sales cost 39.3 %, up 0.3 p.p.
+ positive LFL sales
- increased marketing spend

Operating margin and Profit after tax





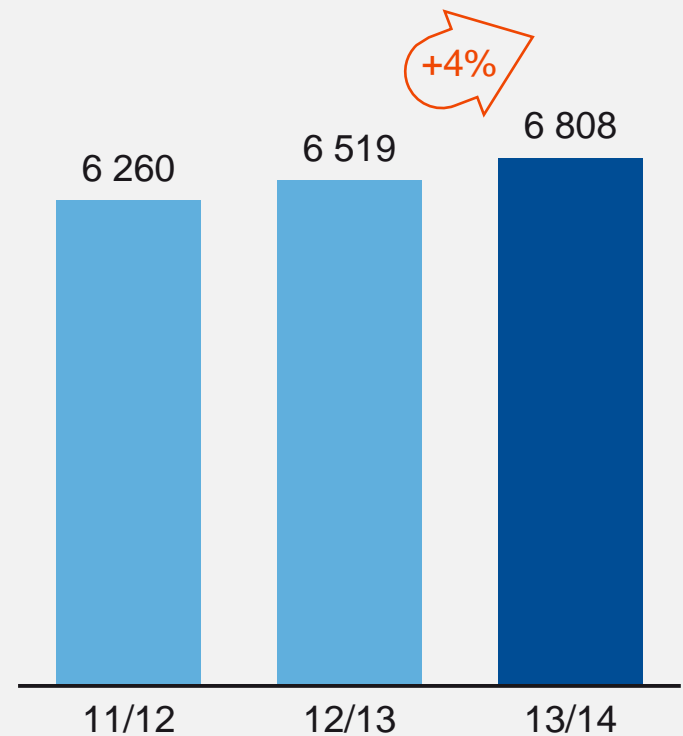
Year 2013/14

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Sales 2013/14

- Sales up 7 % in local currency
- Sales 6 808 MSEK, up 4 %
 - Comparable stores in local currency +2 %
 - New stores +5 %
 - Currency effects -3 %
- 11 additional stores compared to end of year last year (17)

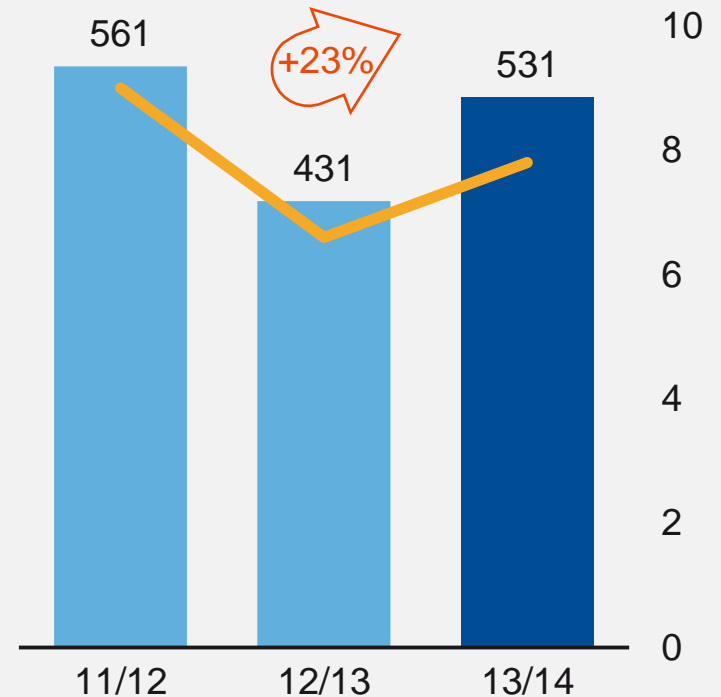
MSEK



Profit 2013/14

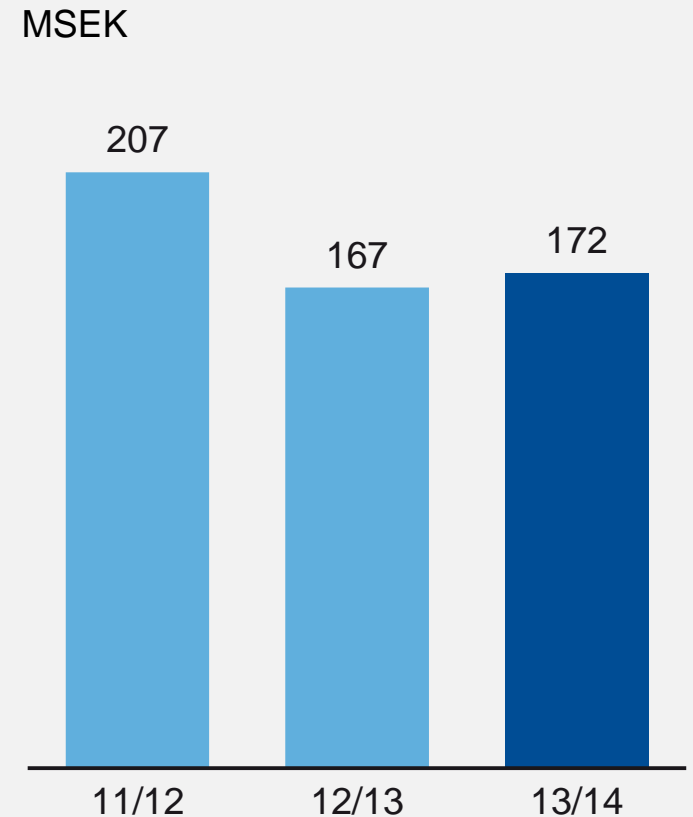
- Operating profit up 23 % to 531 MSEK
- Operating margin up 1.2 percentage points to 7.8 %
- Earnings per share up 23 % to 6.42 SEK

MSEK



Investments

- Total investments 172 MSEK (167)
- New stores and refurbishments 64 MSEK (103)
- IT-systems 41 MSEK (37)
 - Preparation for new IT-platform



Cash flow

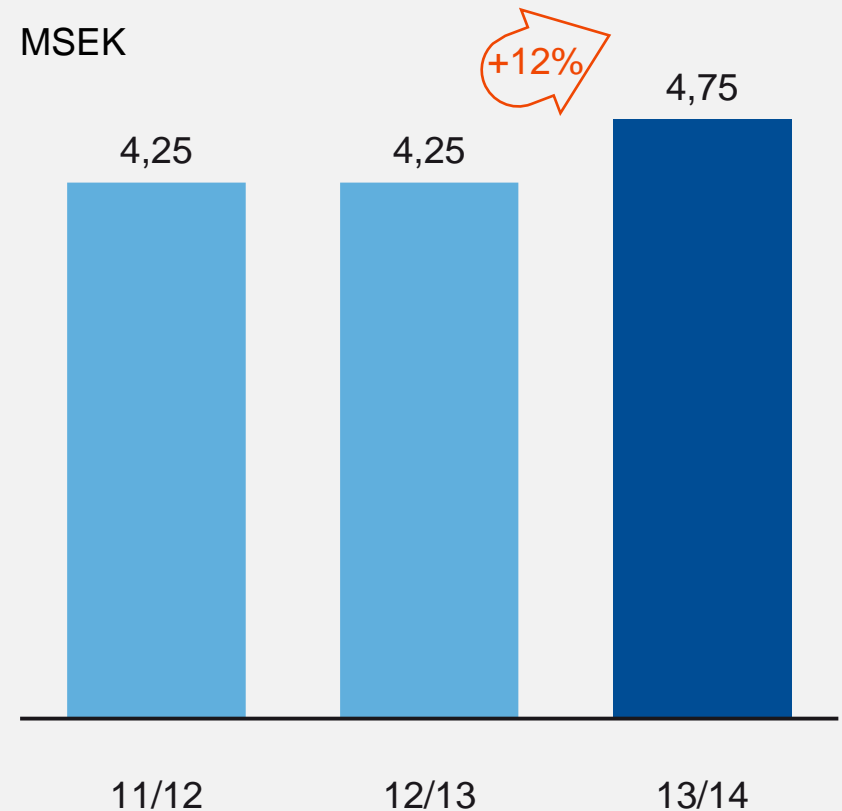
- Cash flow operating activities was 689 MSEK (518)
 - Inventory 1 348 MSEK (1 304)
 - Inventory turnover rate DC 6.9 (6.9)
- Cash flow after investments and financing activities of 234 MSEK (17)
- Net cash holdings of 358 MSEK (125)



Proposed dividend

- Proposed dividend 4.75 SEK per share (4.25)
- Equivalent to 77 per cent (84) of net profit
- Inline with dividend policy

The dividend is to comprise at least 50 per cent of earnings per share after tax, with consideration for the financial position





Update on strategic priorities

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Our vision

is to be a leading international modern hardware retailer

The day before opening, Kungens Kurva, Stockholm, April 2014

lampor
335

Our Mission

is to help and inspire people to improve their everyday life by offering clever and convenient practical solutions at great value

...broad offer at great value with an edge in clever practical solutions

...proactive, knowledgeable and accessible customer service

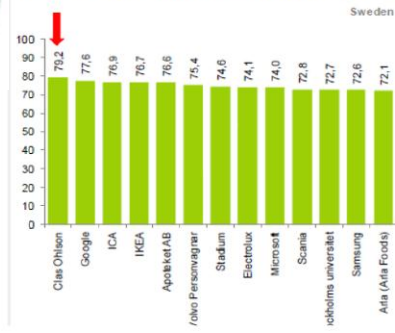
...inspiring, convenient and accessible shopping experience across all channels

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

Strong market position



Anseendebaren 2013 (P)
Anseendeindex Sverige (1 av 100)



BrandIndex top 10 - Januar 2014

1. Rema 1000 (score = 51.2) ↑
2. IKEA (score = 44.6) ↑
3. Clas Ohlson (score = 38.1) ↑
4. FINN.no (score = 38.1) ↑
5. XXL (score = 35.1) ↑
6. Kiwi (score = 30.7) ↑
7. Toyota (score = 28.7) ↑
8. Google (score = 26.8) ↑
9. Q-Meieriene (score = 26.1) ↑
10. NRK (score = 25.6) ↑

Plass	Selskap
1	Vinmonopolet
2	Finn.no
3	Fargerike
4	Clas Ohlson
5	Staples
6	Nille
7	Posten
8	Telenor (fasttelefon)
9	Bittema
10	Norsk Tipping



Nordic ecommerce Award
Best customer experience

DE TIO STARKASTE VARUMÄRKENA I SVENSK D

PLACERING (FÖRRÅ ÅRET)	VARUMÄRKE	KÄNNEDOM ¹
1 (1)	IKEA	80,9%
2 (2)	CLAS OHLSON	80,0%
3 (5)	MAXI ICA STORMARKNAD	67,1%
4 (3)	SYSTEMBOLAGET	69,1%
5 (6)	ELGIGANTEN	71,4%
6 (4)	APOTEKET	70,7%
7 (7)	ÖÖB ÖVERSKOTTSBOLAGET	70,6%
8 (12)	ADLIBRIS	49,1%
9 (8)	WILLYS	62,3%
10 (9)	HAM HENNES & MAURITZ	63,0%

i inköplistan
Prioritering-
rt sett samma
är livsmedel,
emelektronik
mat som ska
1 verkar det
risfokusering-
terna blir allt
ligt fler i årets
beskriver bra
som det allra
ned den iden-
rsökning som
dan.

HÄR FÅR PRISERNA HÖGST BETYGG

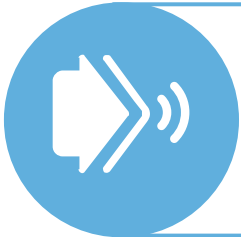
IKEA	89%
GEKÄS I ULLARED	80%
ADLIBRIS	78%
HIKO.SE	78%
WOW HD	76%
WILLYS	76%
CLAS OHLSON	75%
CDON.COM	75%
ÖÖB ÖVERSKOTTSBOLAGET	74%
XXL SPORT & VILDMARK	72%

Trends impacting strategic priorities



More conscious customers

- Shop with a clean and green conscience
- Demand higher quality and level of service



Demand for accessibility and information

- Mobile technology allows us to fulfil basic needs
- Increasing demands on information access



New competition

- Increased level of shopping centres
- More retailers and more stores per retailer
- Global competition in online sales channel

Range development

- Continued development of range mix
- Well received fall and spring product range
- Positive new initiatives
- Strong position in energy-saving products
- Positive private label development
- Increased sales in spare parts



Sales channel progress

Stores

- Continued focus on converting stores into new store concept
- Optimising current locations and store formats
- Continue to improve sales solutions

Online

- Positive outcome from commercial trading activities
- Substantial traffic growth versus last year
- Drives traffic and sales to stores



Growth into new customer segments

- B2B offering creates leverage on strong retail brand
- Easily accessible via store network, internet and phone
- Estimated total SME Nordic market value of 6 billion SEK
- Launch planned for 2014, starting in Sweden and Norway



Growth into new markets – Gulf region

- New franchising model developed
- Potential for minimum 20 stores during 2014-2019
- First store opened 30 April 2014 in Mirdif City Centre, Dubai

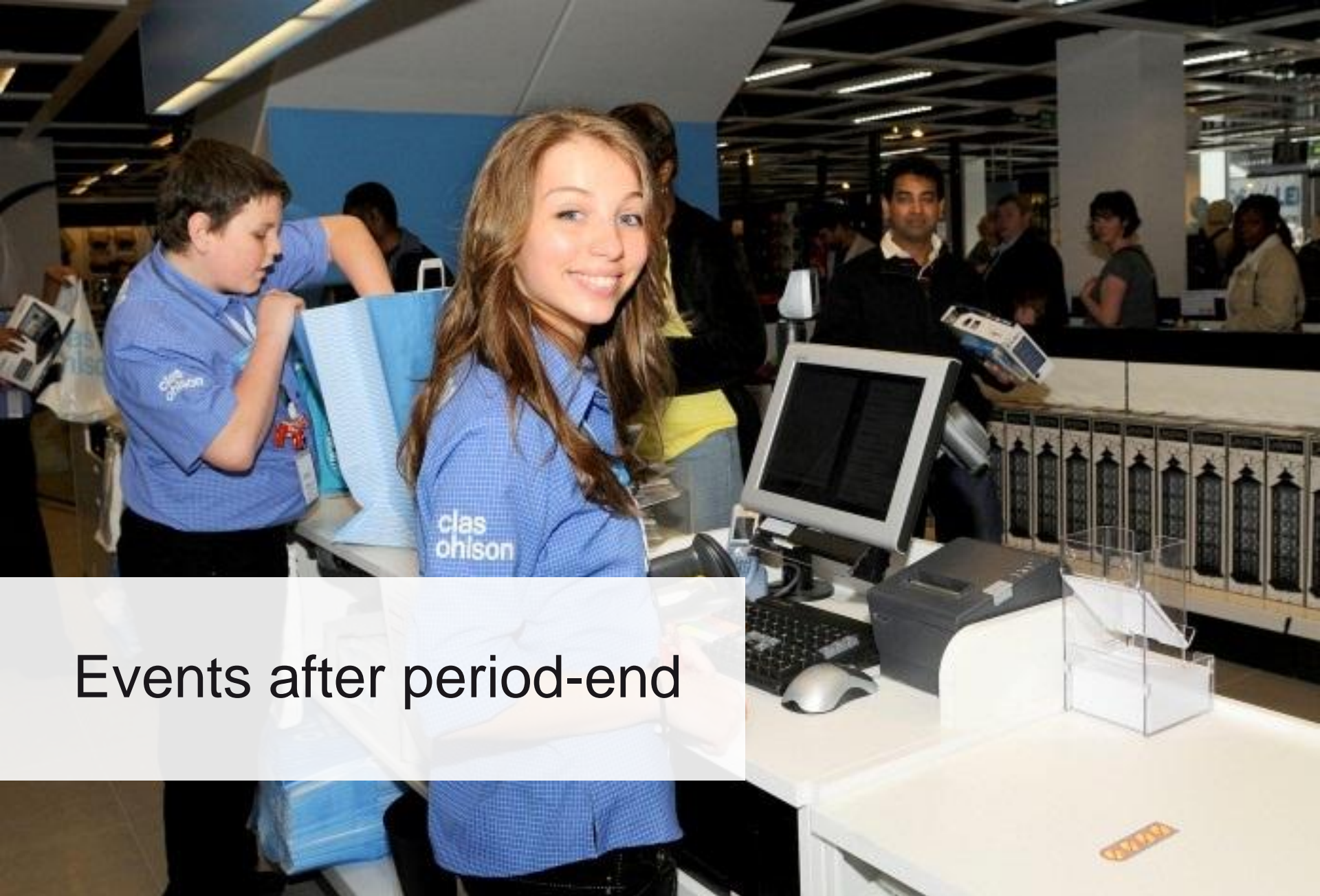


Seda Bayarlar, Mohsen Al-Homaizi, representing Al Homaizi Group of Companies, Klas Balkow, and CK Ravindran, store manager Clas Ohlson Mirdif City Centre

Growth into new markets – Germany

- 1-2 stores in northern part of Germany and online shopping
- Ongoing range adaptation and search for store premises
- Store opening planned for calendar year 2015



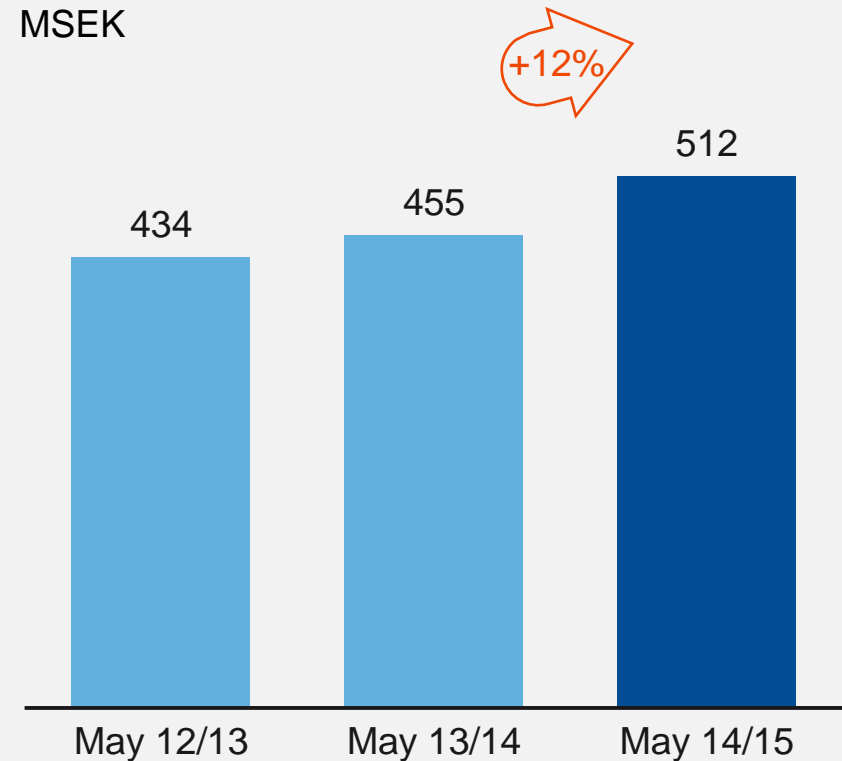


Events after period-end

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Sales May

- Sales up 13 % in local currency
 - Sweden +13 %
 - Norway +11 %
 - Finland +11 %
 - Outside Nordic countries +26 %
- Sales 512 MSEK, up 12 %
- 9 additional stores compared to end of May last year (17)



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كلايس أولسون

Summary

- Continued growth in all markets
- Improved profit and cash flow
- Further potential to increase sales and profit
 - New customer segment (B2B)
 - New markets
 - Franchising model



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