



# clas ohlson

Q2 Report 2014/15

9 December 2014

Klas Balkow  
CEO

clas ohlson



# Agenda

- Q2 2014/15
- First six months 2014/15
- Events after period-end
- Strategic priorities
- Q&A

Store opening, Slependen, Norway  
September 2014

# High energy and strong position

**196** stores in  
**5** countries  
omni-channel structure

**74** million visitors  
**37** million customers

**4,700**  
service-minded  
employees

High focus on  
sustainability  
agenda

R12 sales  
**7** billion SEK

One of the  
**strongest brands**  
in retail in the Nordics



**149 SEK**  
Pendant light frame

**299 SEK**  
Pendulum light

Q2 2014/15  
August – October



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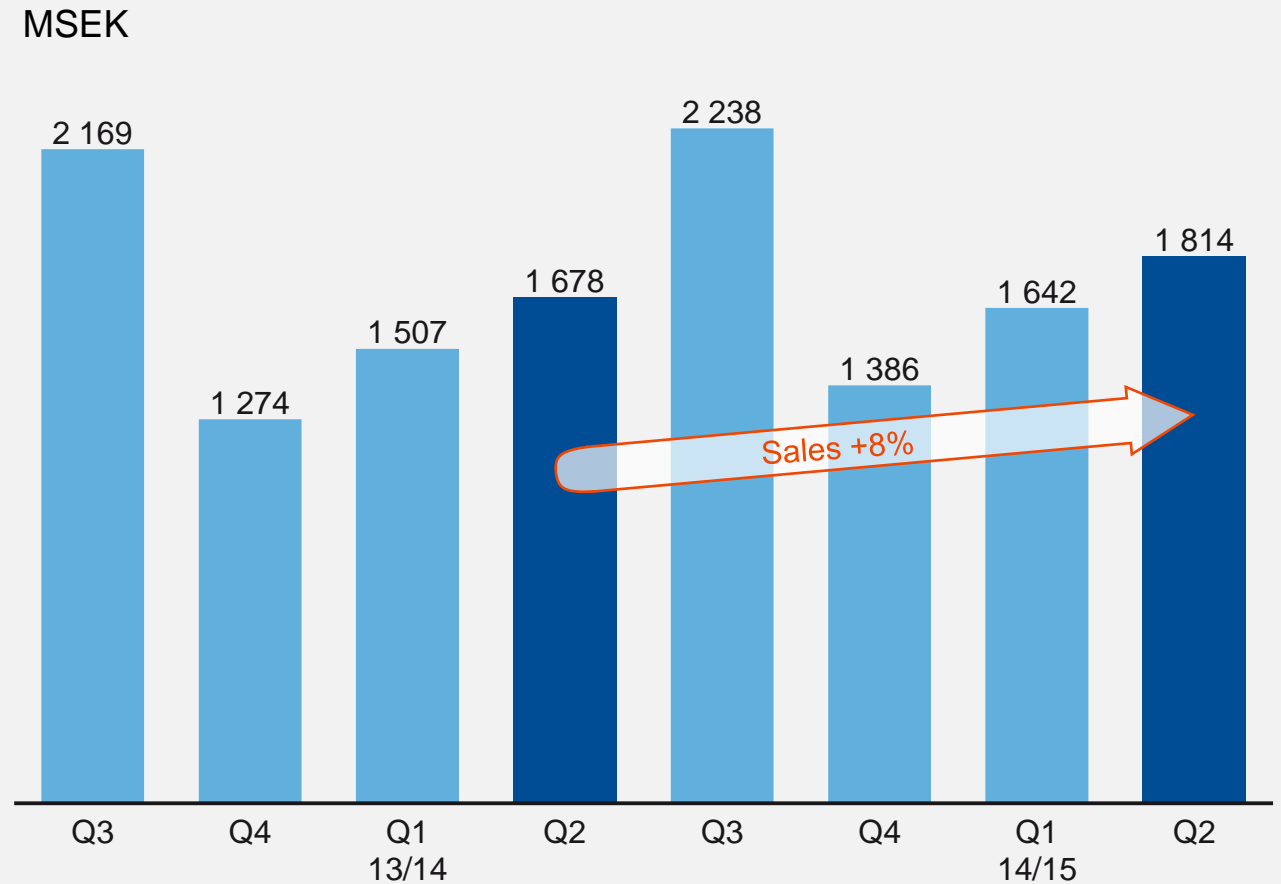
# Highlights Q2

- Record sales and earnings
- Sales up 8%
- Increased gross margin due to positive sales mix and increased supply chain efficiency
- Earnings per share improved by 23% to 1.84 SEK



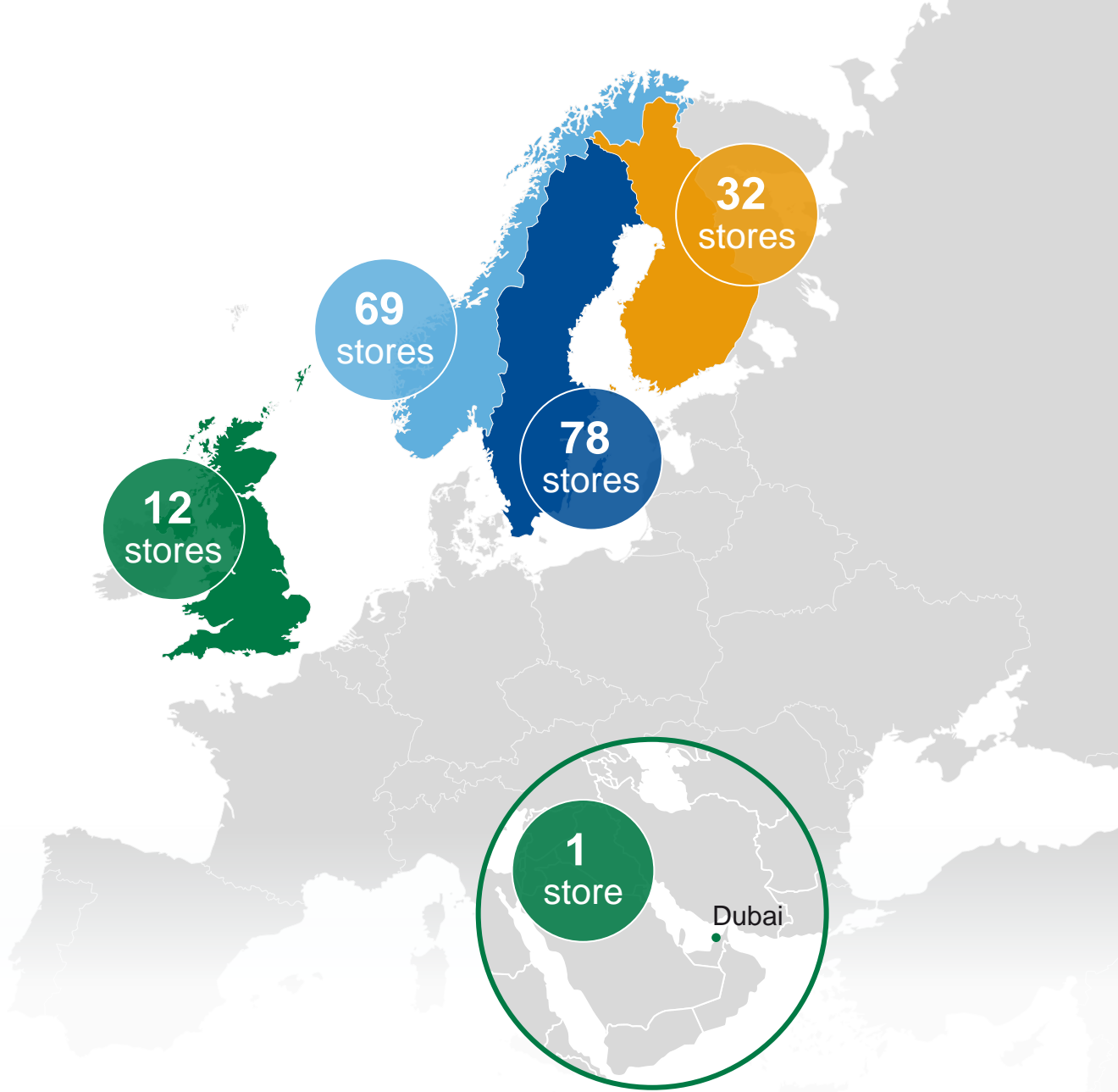
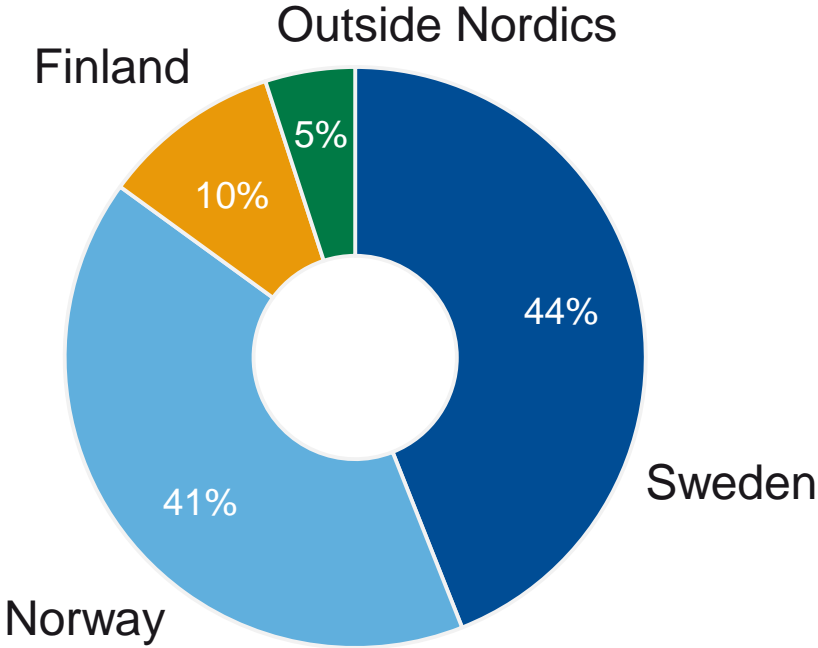
# Sales Q2

- Sales up 6% in local currencies
- Sales 1 814 MSEK, up 8%
- Sales comparable units in local currency, up 3%
- Positive currency effect of 2%
- Positive sales development in all sales channels and all markets

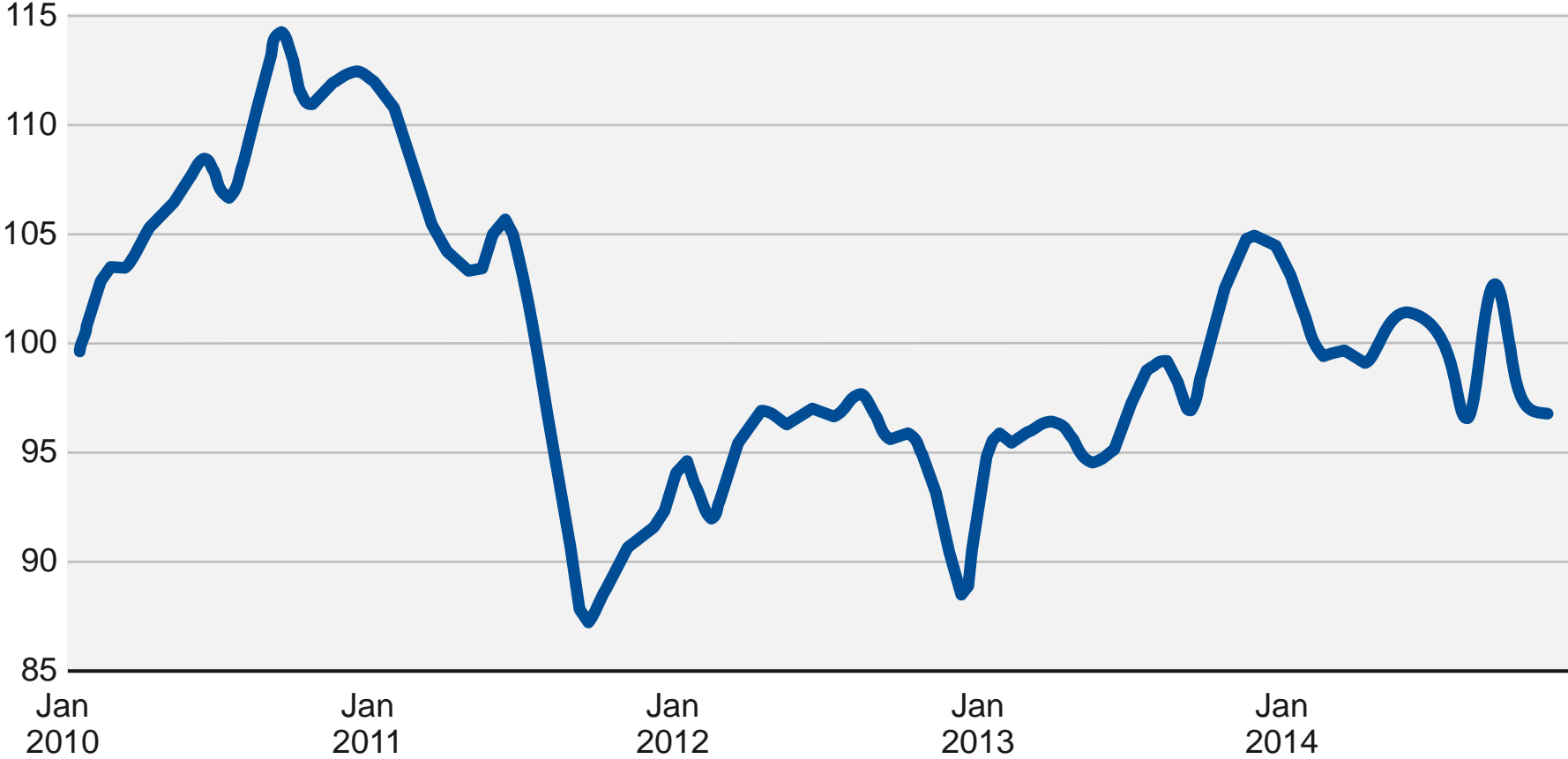


# Sales share per market

Q2 2014/15



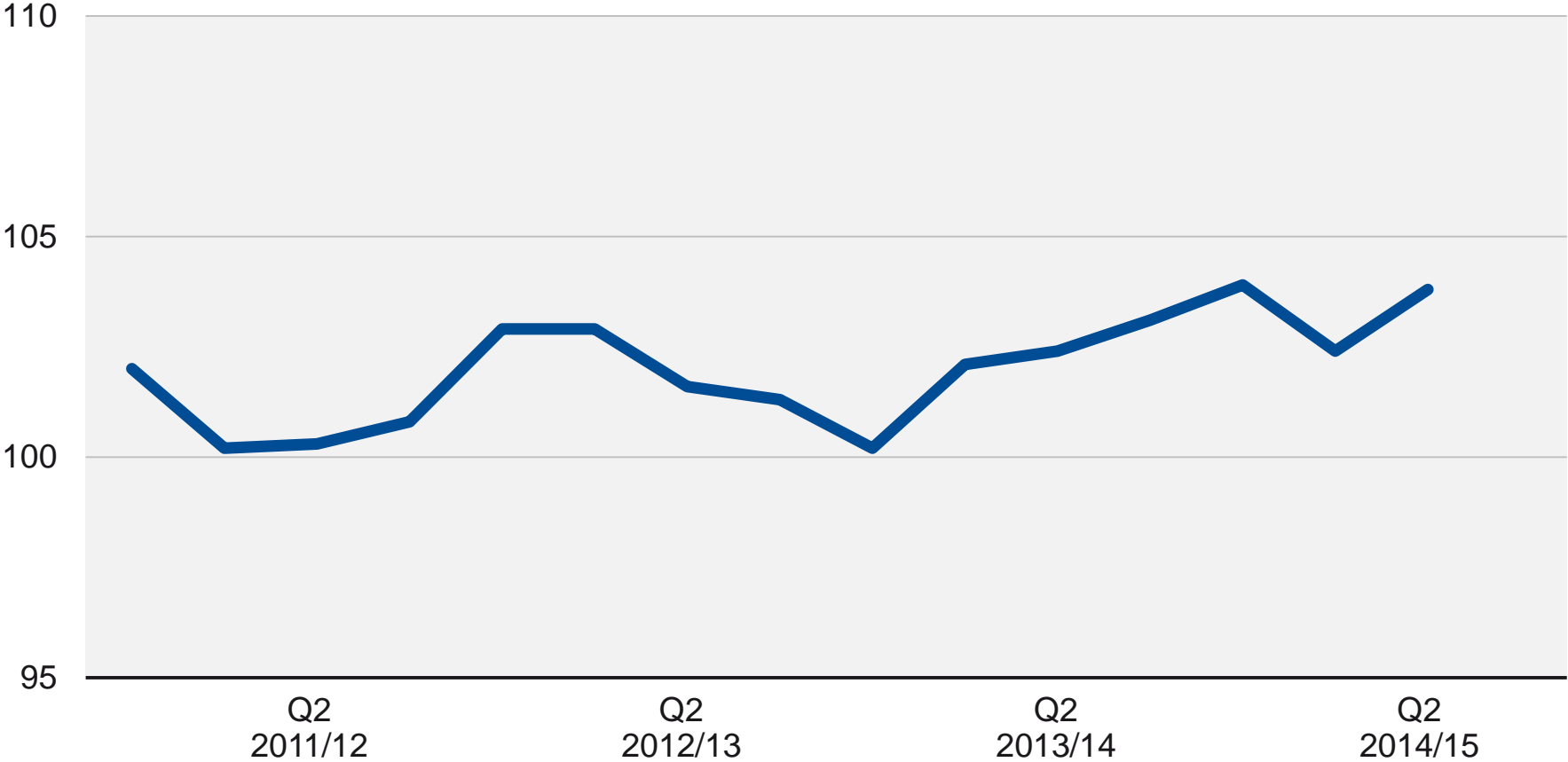
# Sweden Consumer Confidence



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)



# Sweden Retail Index

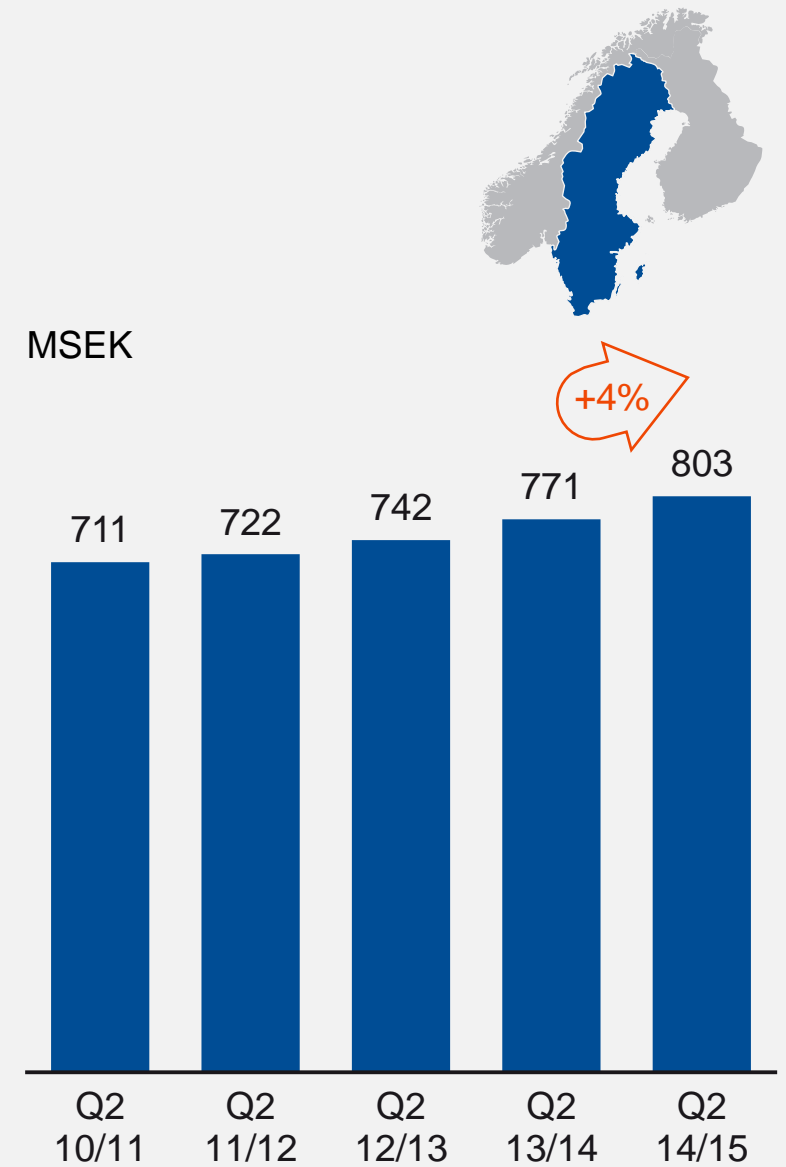


Retail index current prices

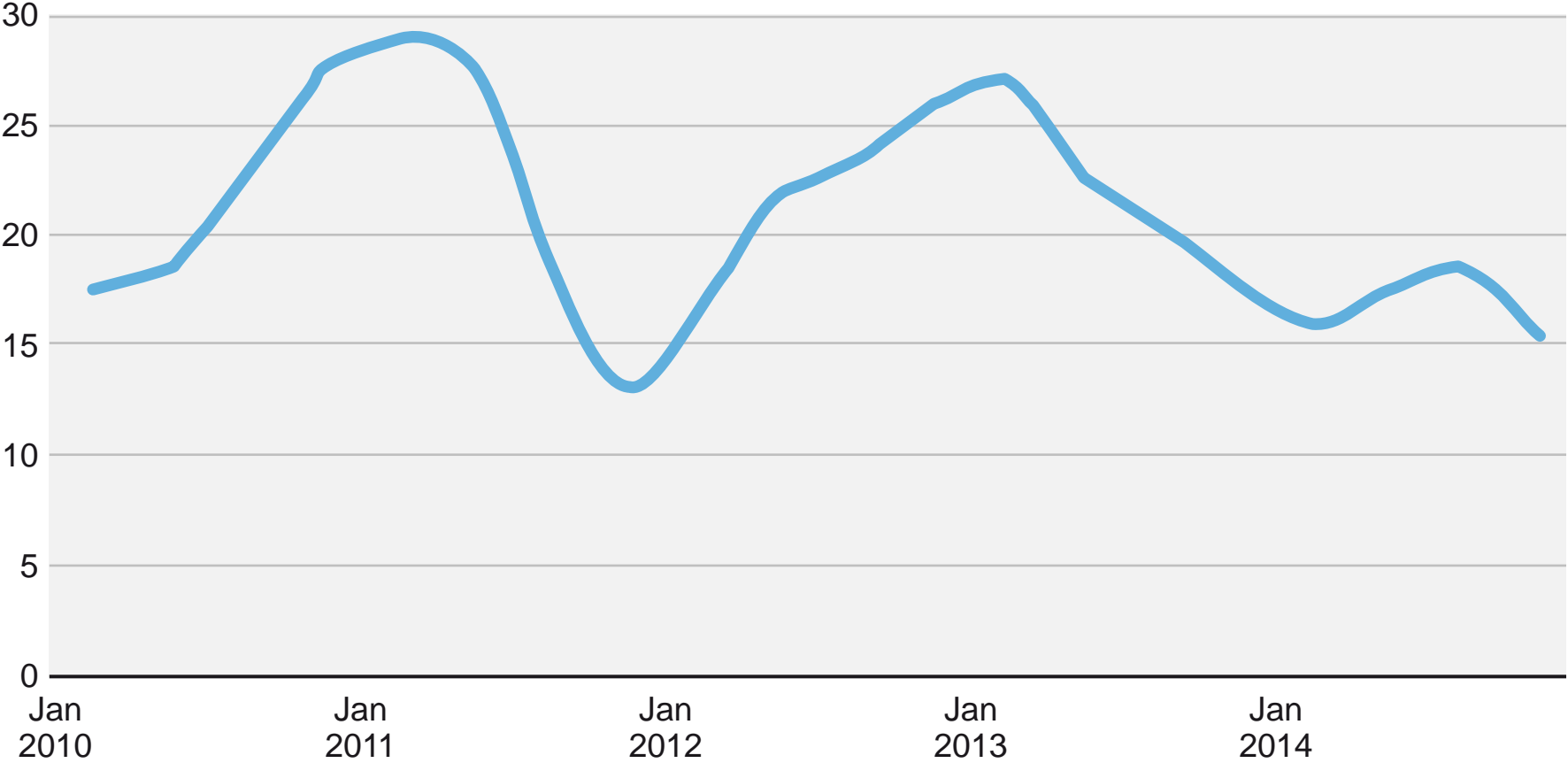
Source: HUI

# Sweden Q2

- Sales up 4% to 803 MSEK
- Total 78 stores
  - No new store during Q2
  - 3 more stores compared to preceding Q2
- Strong market position and strengthened brand
- Autumn sales somewhat more volatile after election

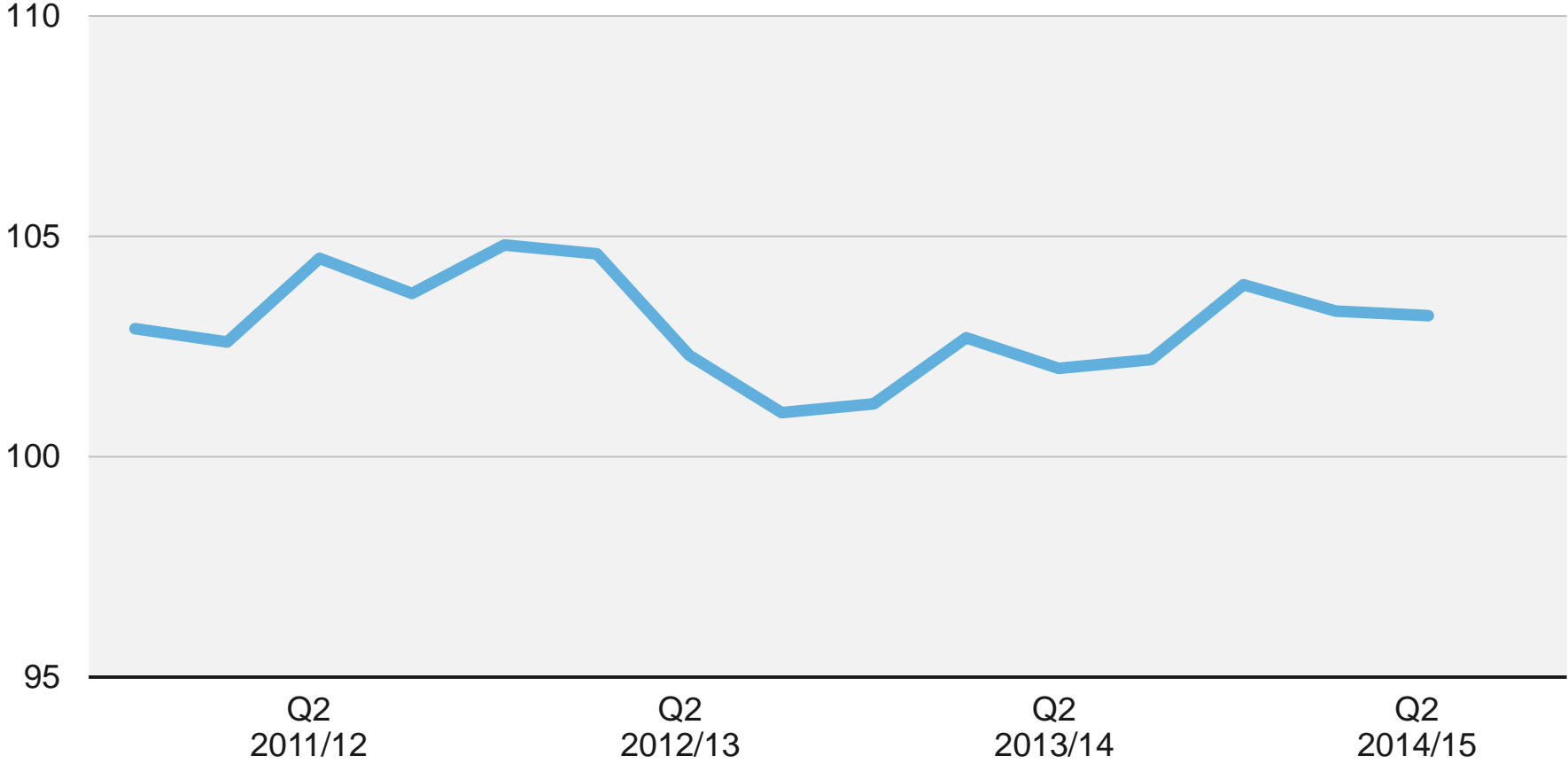


# Norway Consumer Confidence



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

# Norway Retail Index

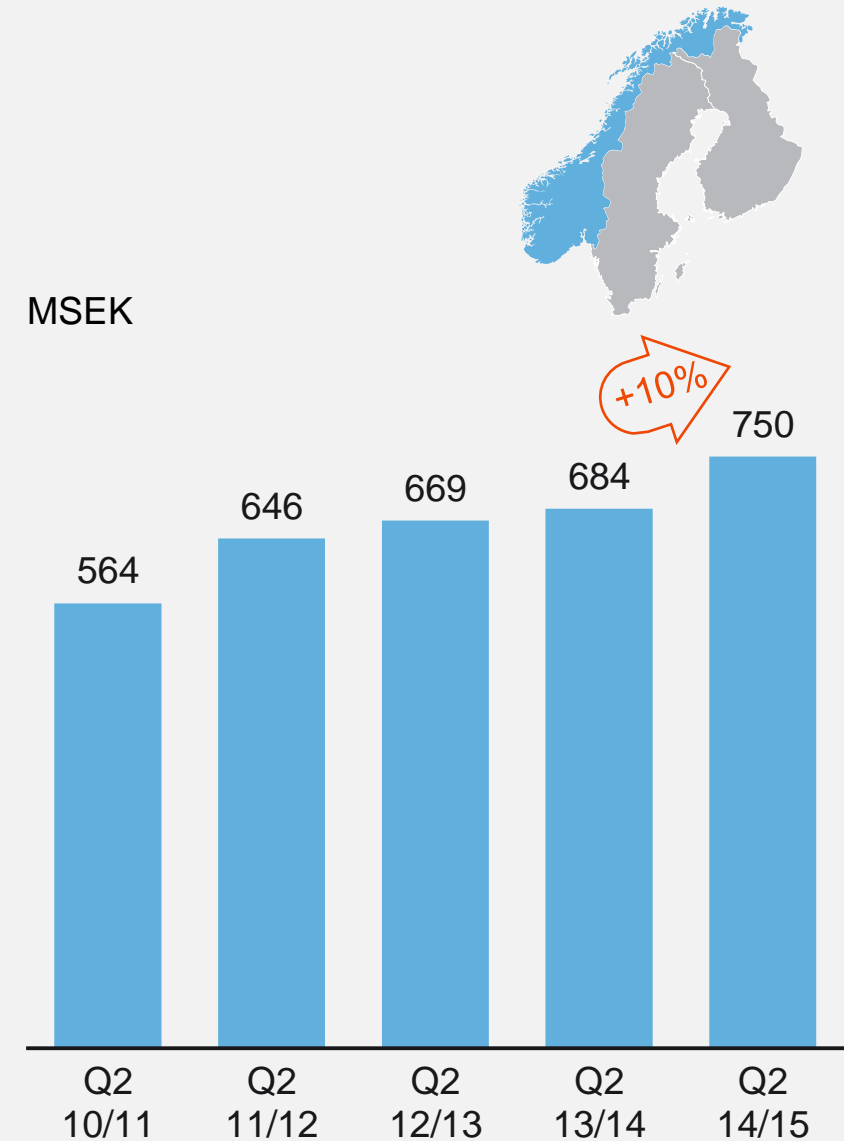


Retail index current prices

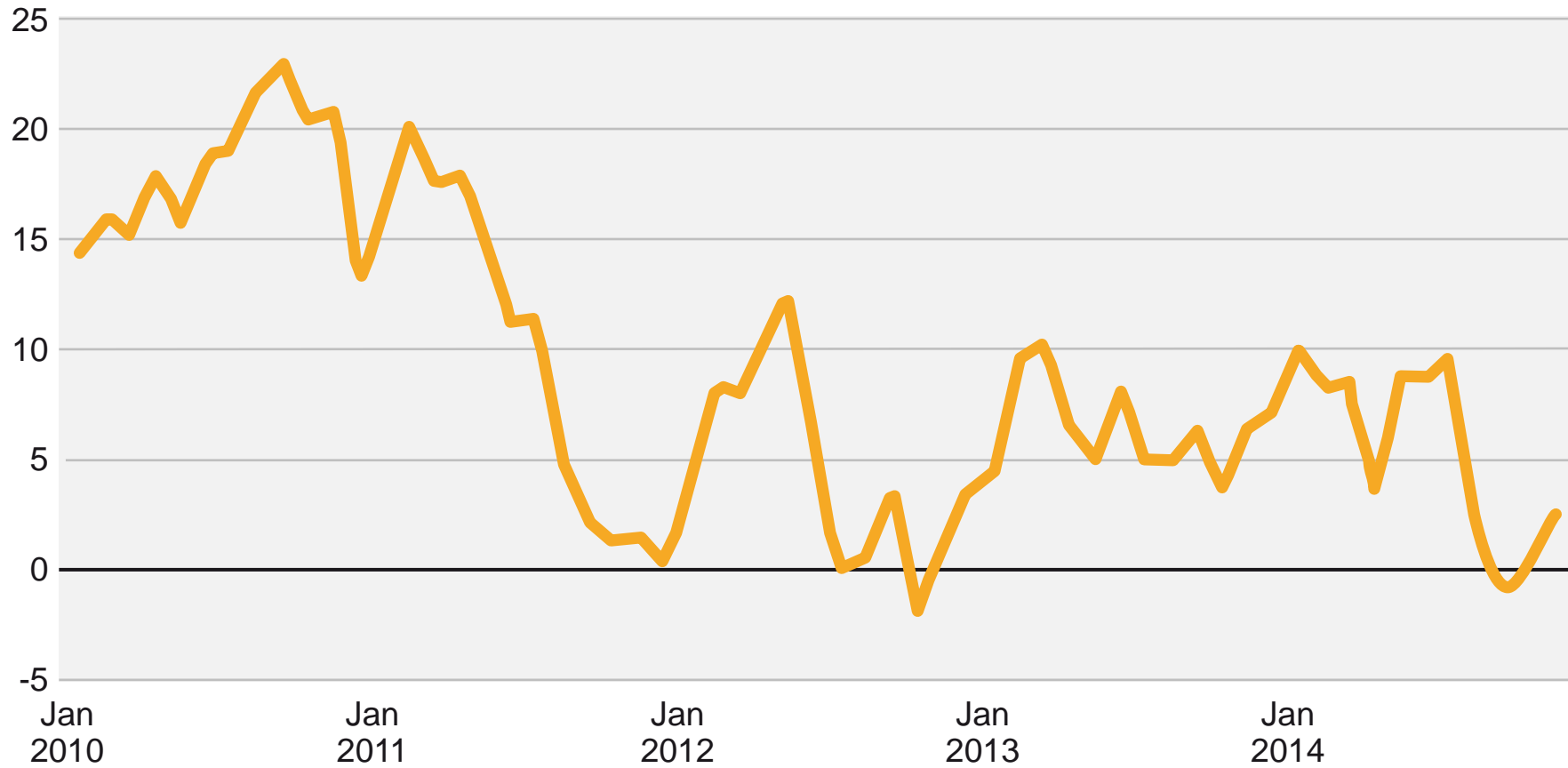
Source: SSB

# Norway Q2

- Sales up 7% in local currency
- Sales 750 MSEK, up 10%
- Total 69 stores
  - 4 new stores during Q2
  - 5 more stores compared to preceding Q2
- Strong market position and strengthened brand
- Positive autumn sales

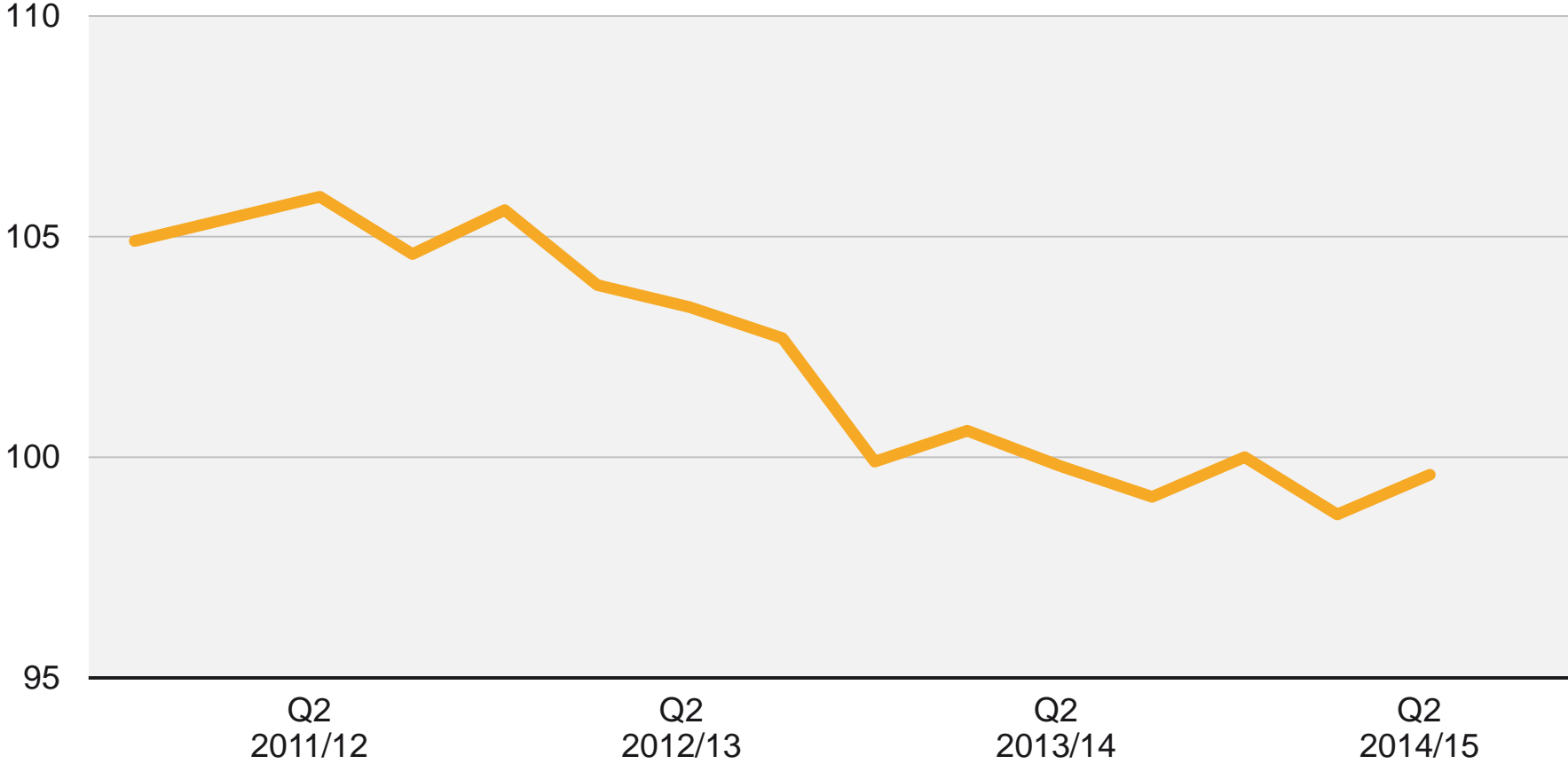


# Finland Consumer Confidence



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

# Finland Retail Index



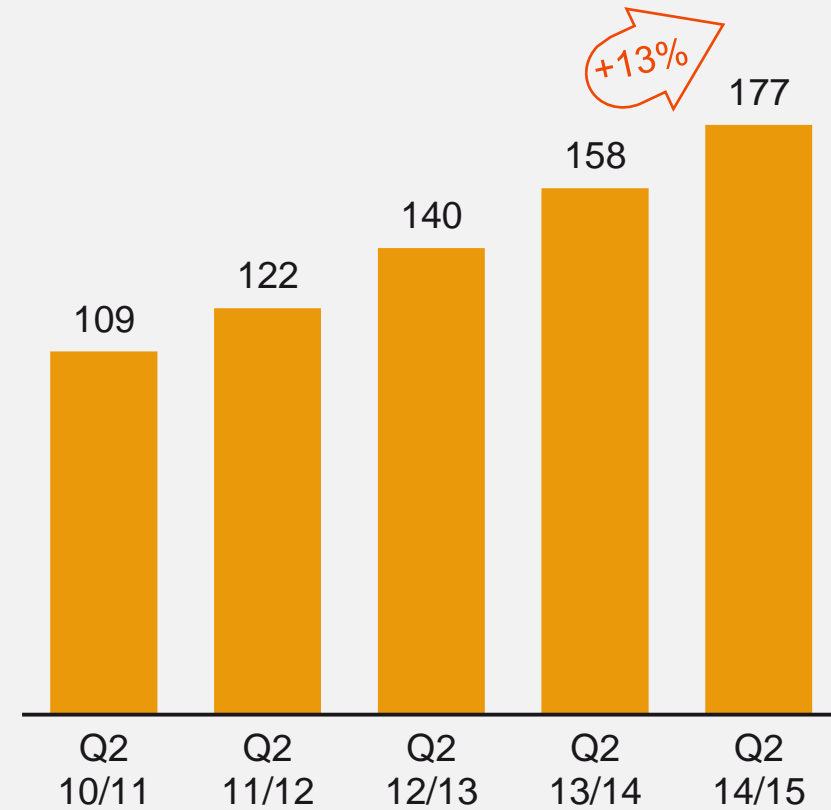
Retail index current prices

Source: Statistikcentralen

# Finland Q2

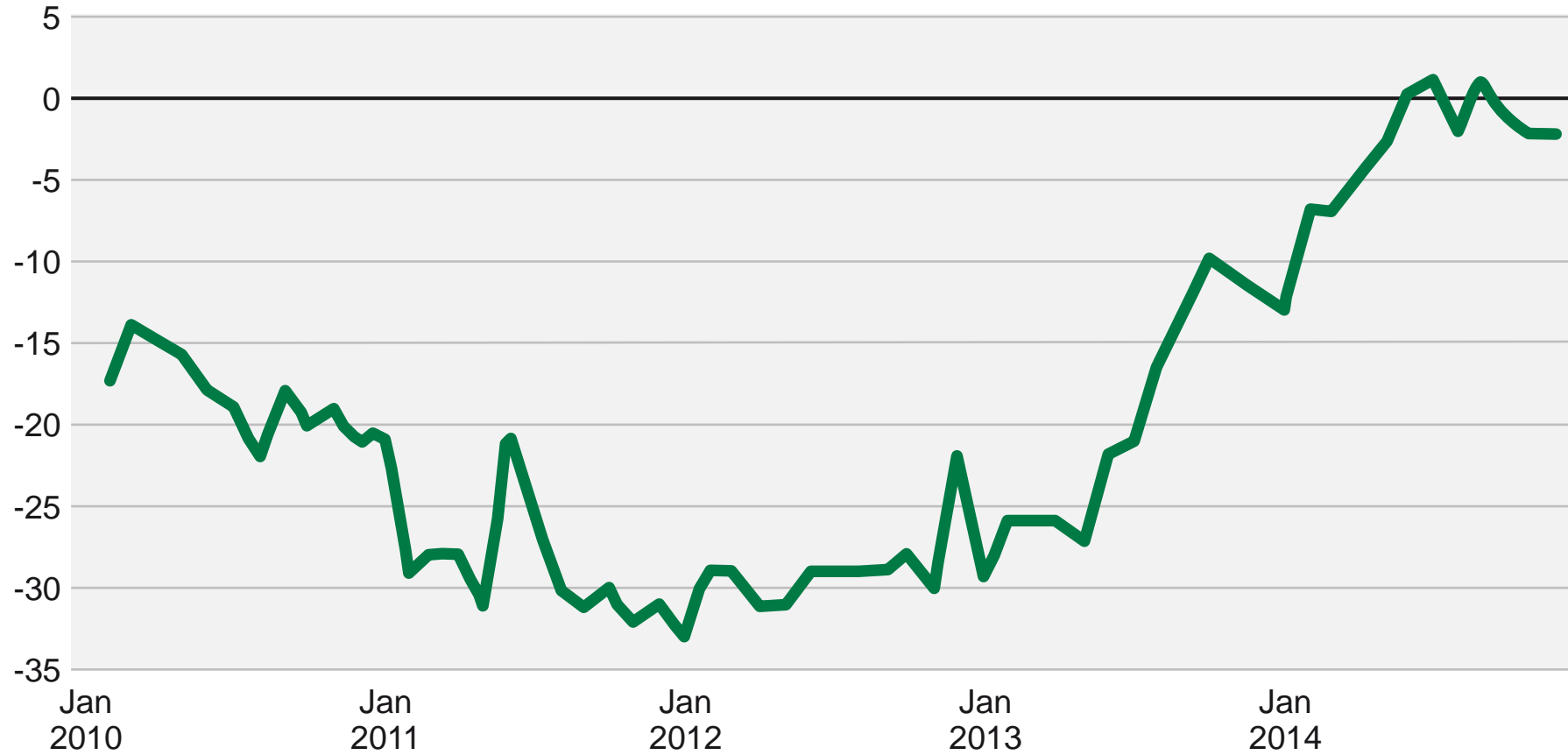
- Sales up 7% in local currency
- Sales 177 MSEK, up 13%
- Total 32 stores
  - 2 new stores during Q2
  - 2 more stores compared to preceding Q2
- Strengthened brand and market position in a soft market

MSEK



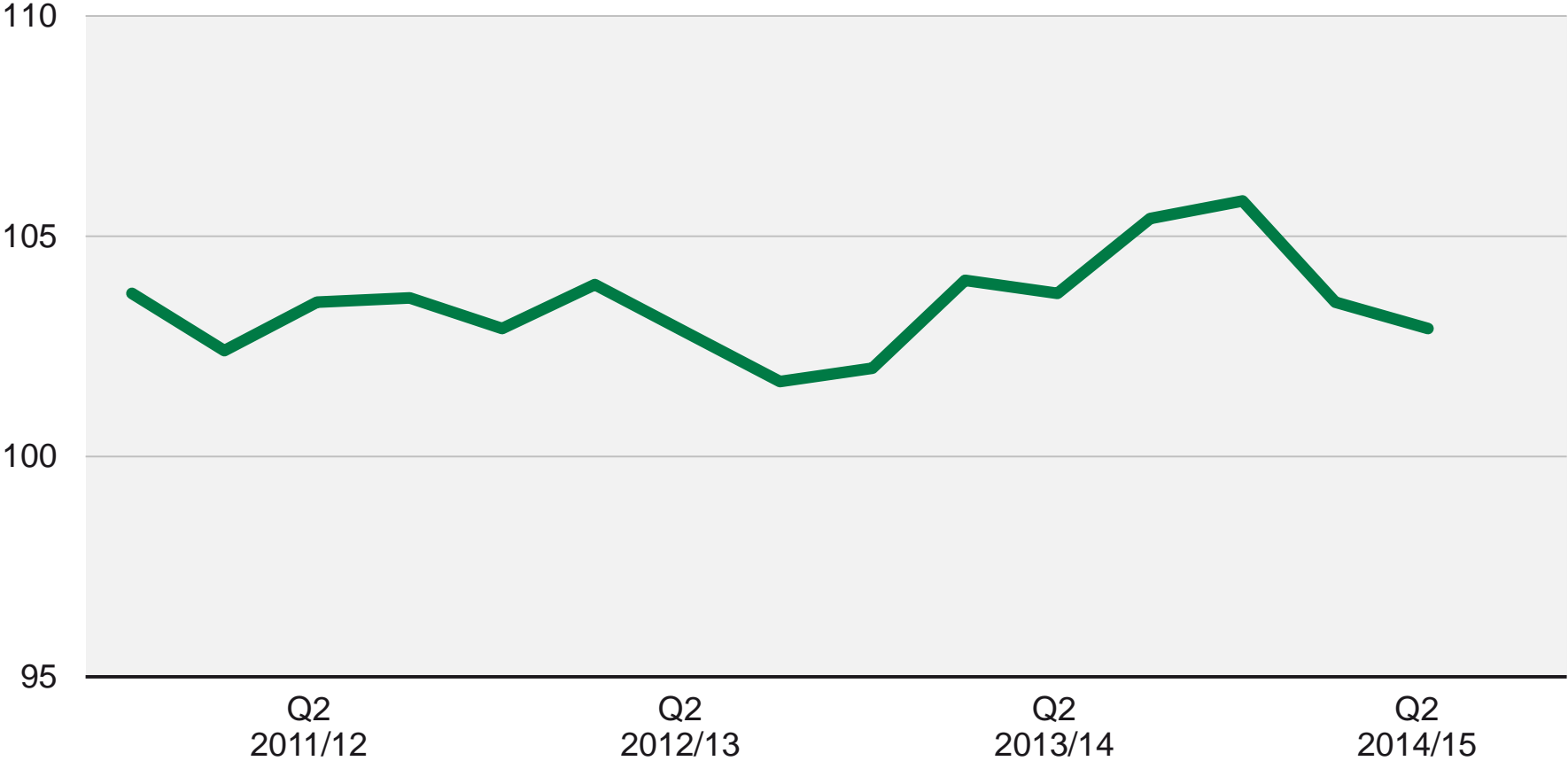


# UK Consumer Confidence



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

# UK Retail Index



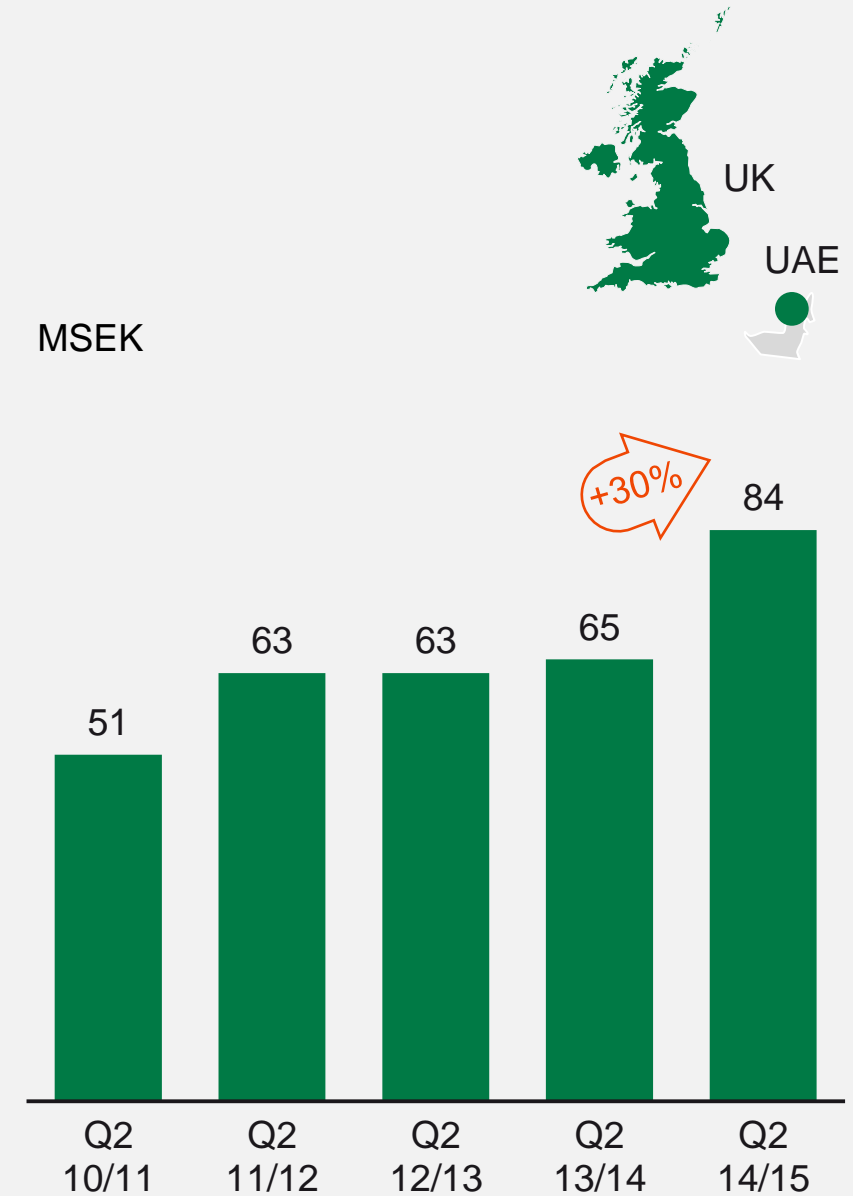
Retail index current prices

Source: National Statistics

# Outside Nordic countries Q2

- Sales up 15% in local currencies
- Sales 84 MSEK, up 30%
- 13 stores whereof one franchise
  - No new store during Q2
  - 1 more store (franchise) compared to preceding Q2
- Continued positive sales trend in the UK
  - sales comparable units in local currency up more than 10%
- Continued positive customer feedback from Dubai store

MSEK



# Positive sales mix

- Favourable product mix in particular in Finland and UK
- Increased share of private label sales
- Campaigns lower share of sales
- Less need of sell out of summer articles

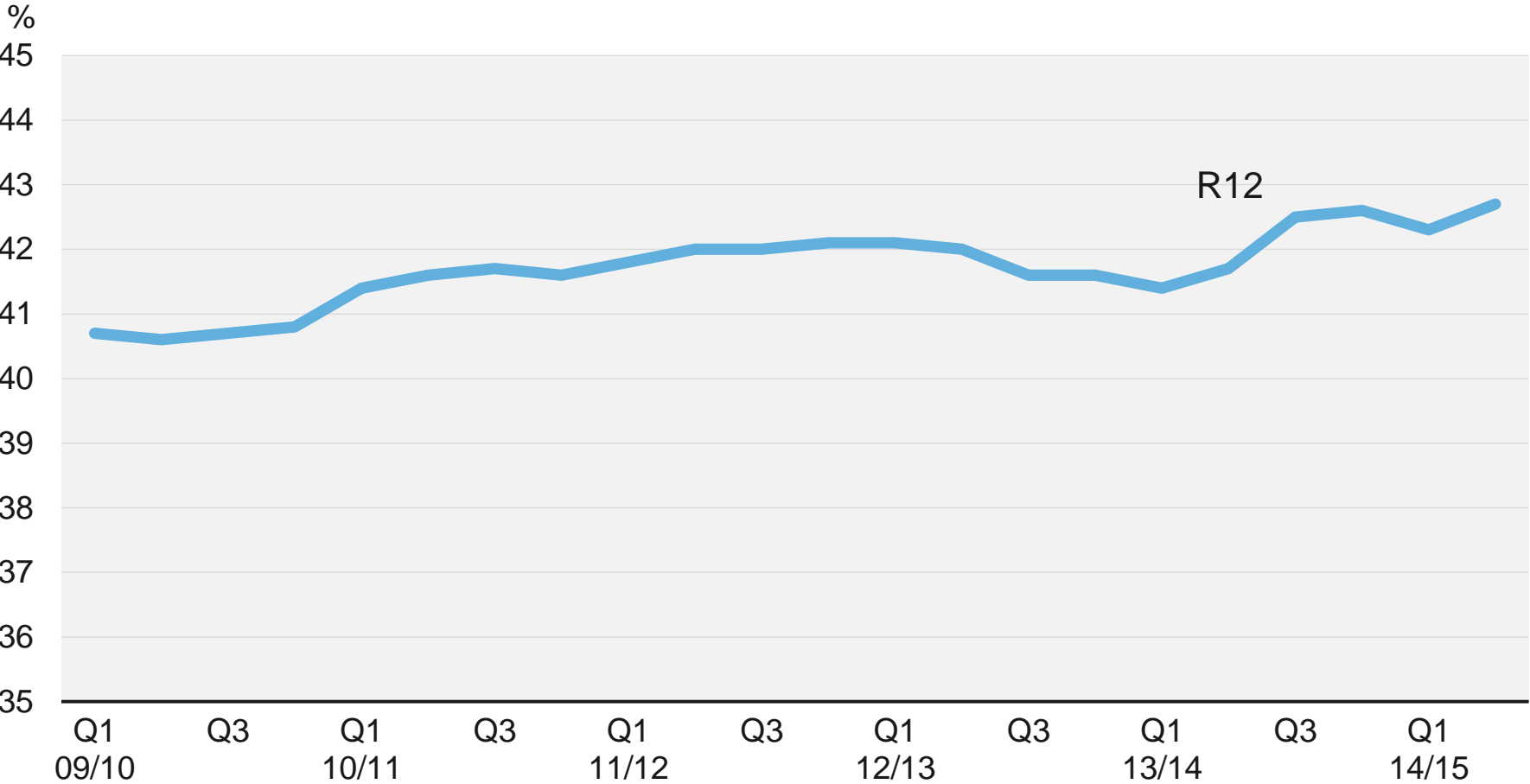


# Increased sourcing efficiency

- Increased share of direct sourcing
- In-bound and out-bound transportation
  - More efficient transport solutions
  - Reduced carbon dioxide footprint
- Improved efficiency Distribution Centre

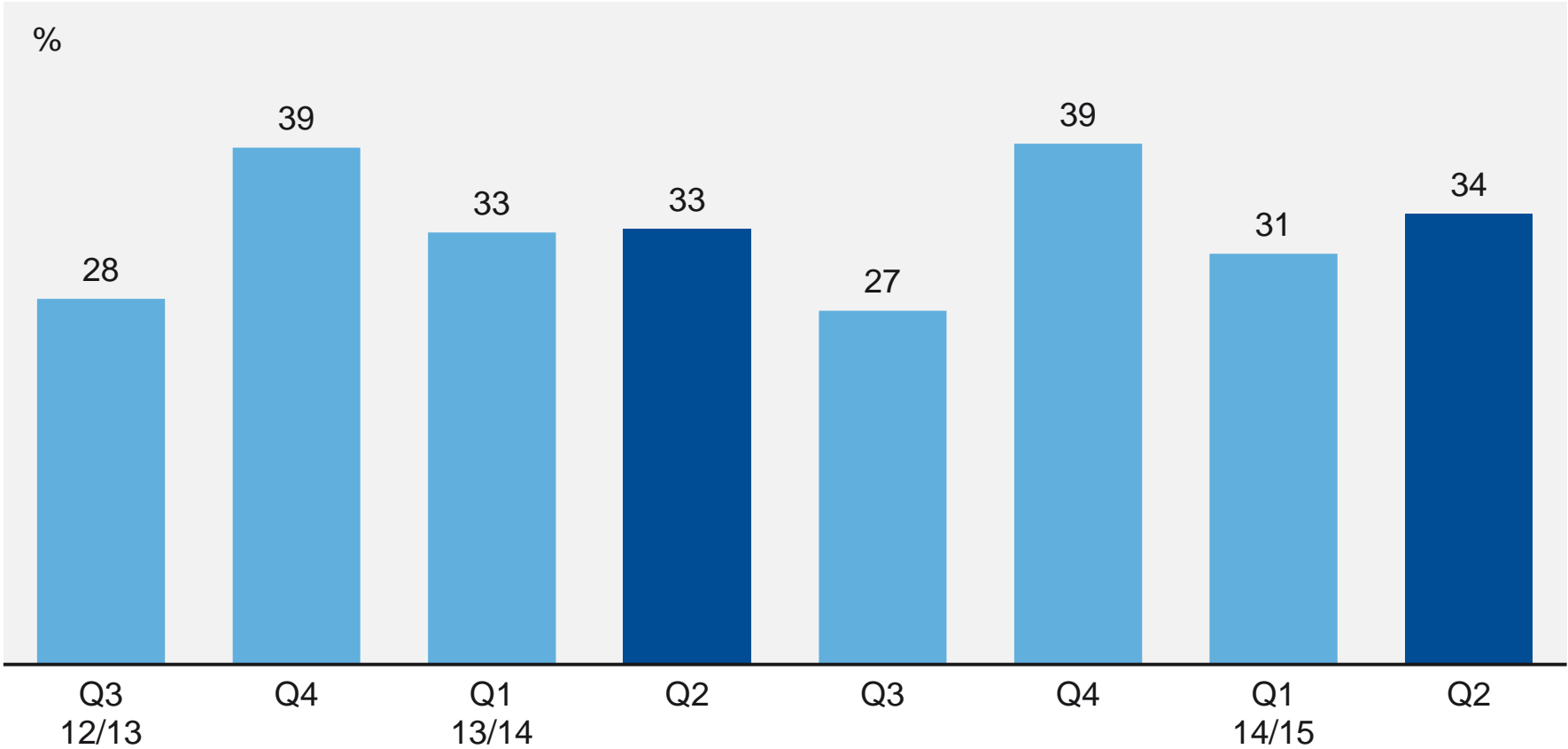


# Gross margin long-term development



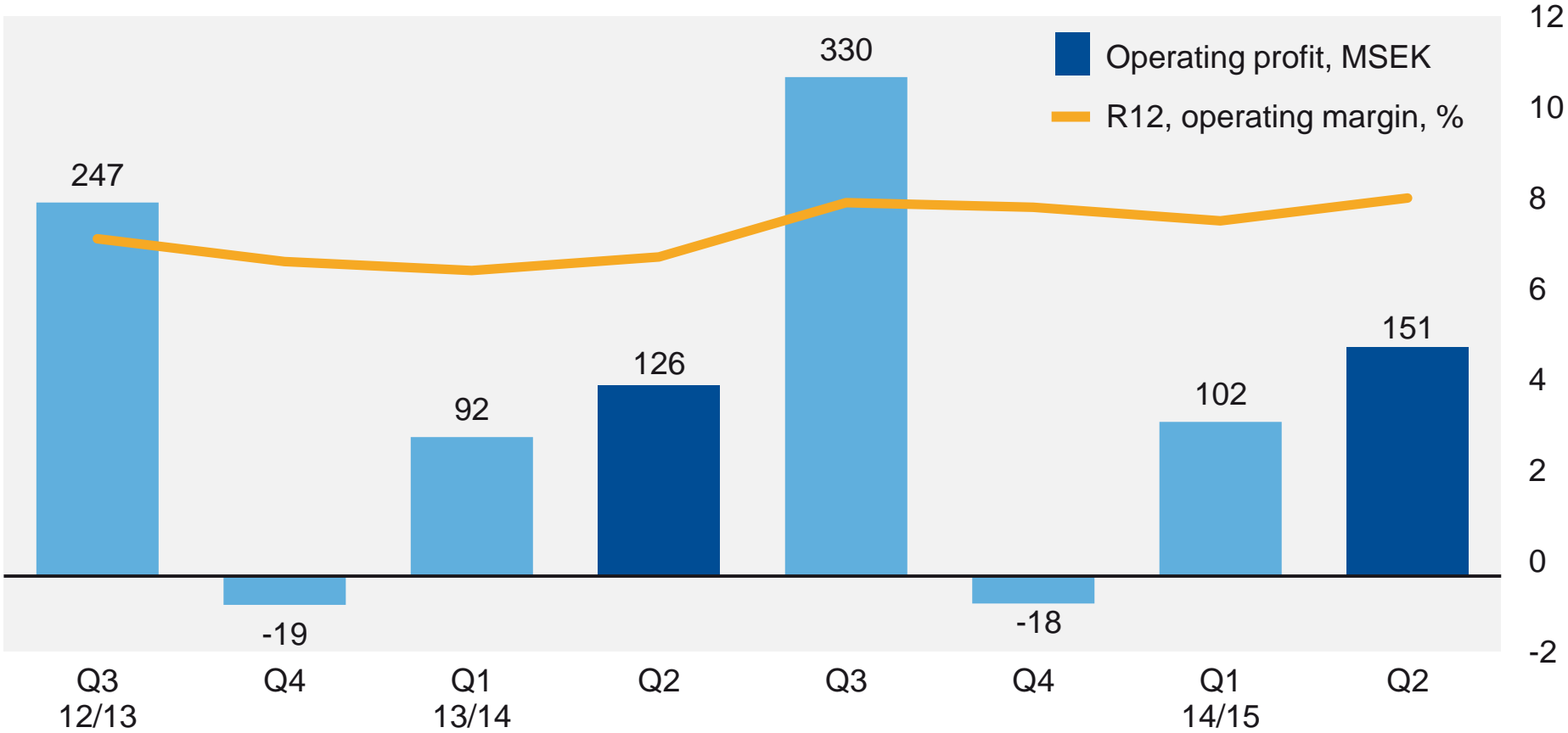
- Positive long-term trend
- Up in the quarter by 1.5 p.p to 44.8%
  - Positive sales mix
  - Increased sourcing efficiency
  - Limited currency impact

# Share of selling expenses



- Share of selling expenses 33.7%, up 0.8 p.p.
- Mainly due to increased marketing spend and start-up costs
  - 6 new stores (3)

# Operating profit and Operating margin





**49 SEK**  
Square storage box



First six months 2014/15  
May – October

**199 SEK**  
Storage baskets



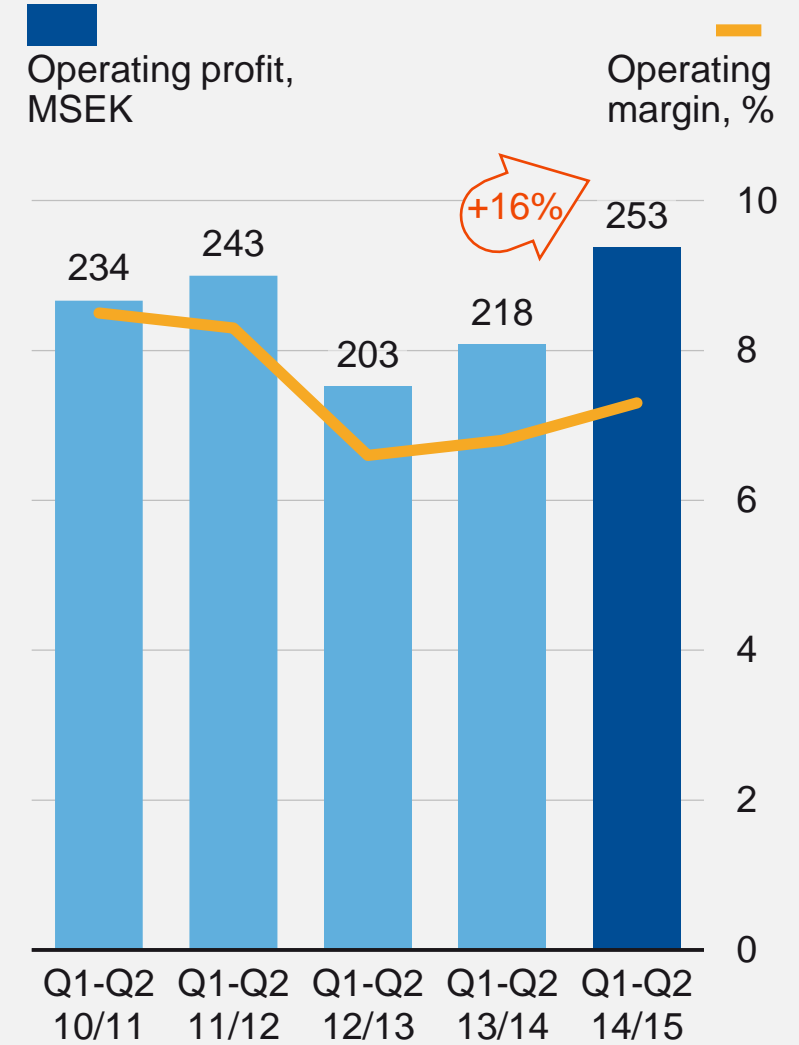
# Sales Q1-Q2

- Sales up 7% in local currency
- Sales 3 457 MSEK, up 9%
  - Comparable units in local currency +4%
  - New stores +3%
  - Currency effects +2%
- 11 additional stores compared to end of period last year (14)



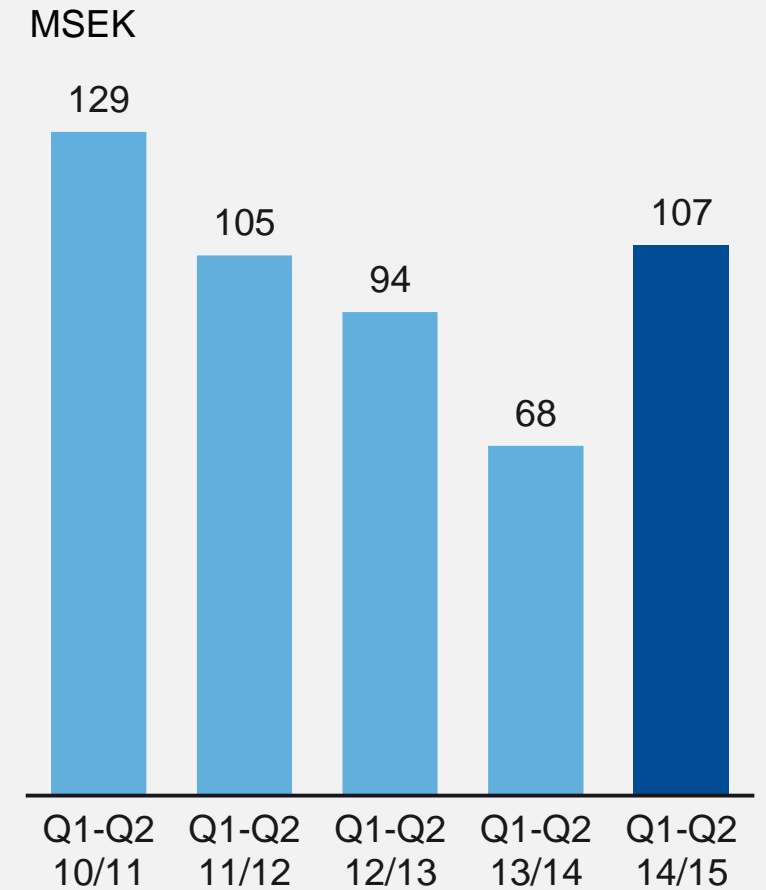
# Profit Q1-Q2

- Operating profit up 16% to 253 MSEK
- Operating margin up 0.5 percentage points to 7.3%
- Earnings per share up 19% to 3.07 SEK



# Investments

- Total investments 107 MSEK (68)
- New stores and refurbishments 48 MSEK (34)
- IT-systems 46 MSEK (9)
  - Implementation of new IT-platform
  - Other IT developments



# Cash flow

- Cash flow operating activities was 272 MSEK (172)
  - Inventory 1 609 MSEK (1 599)
  - Inventory turnover rate DC 7.0 (6.9)
- Cash flow after investments and financing activities of -147 MSEK (14)
  - Dividend pay out in September of 300 MSEK (268)
- Net cash holdings of 213 MSEK (net debt: 63)



A festive room with a Christmas tree, wrapped gifts, and a red lamp. The room features light-colored wood-paneled walls and two large windows. A Christmas tree on the right is decorated with red and white ornaments and lights. In the center, a collection of wrapped gifts in brown, white, and blue paper is scattered on the floor. A red lamp with a white shade stands on the left. A red ribbon is draped across the floor in the foreground.

# Events after period-end

# Energy in all sales channels

- Good start to Christmas season
- High activity in all sales channels and markets

Fitbit Flex Activity Monitor

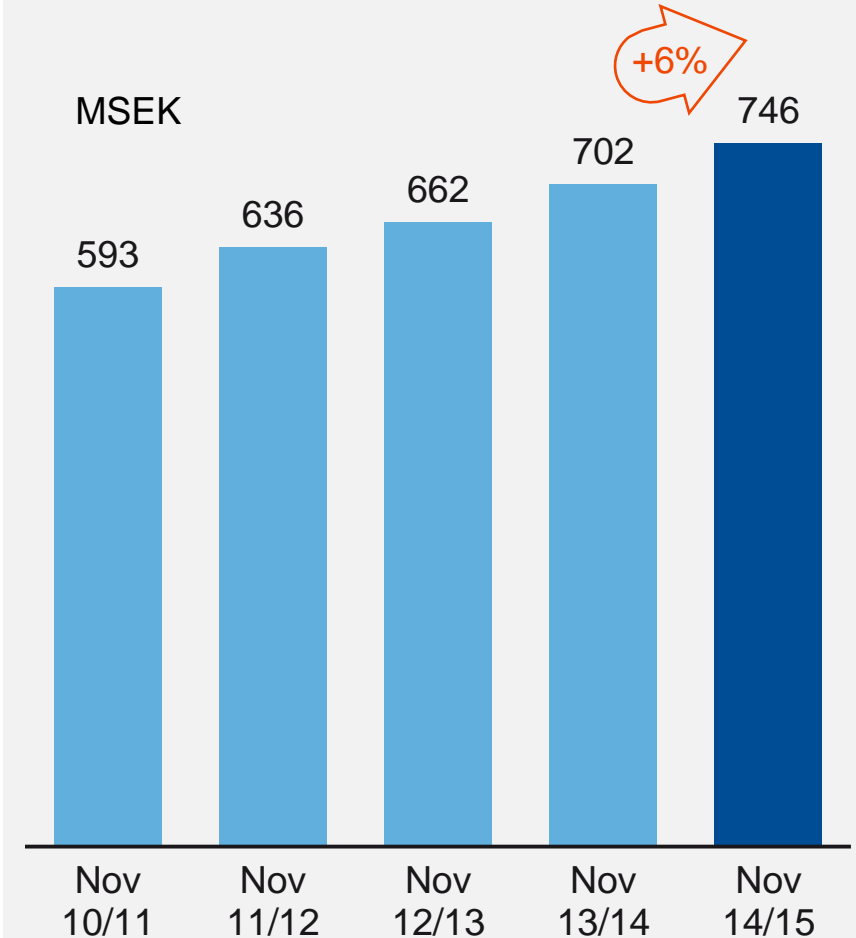


Voted christmas gift of the year



# November

- Sales 746 MSEK, up 6%
- Sales up 5% in local currencies
  - Sweden + 3%
  - Norway + 6%
  - Finland + 6%
  - Outside Nordic countries + 16%
- 14 additional stores compared to end of November last year (11)
- Tax audit in Norway concerning transfer pricing







**99 SEK**  
LED lantern

**249 SEK**  
Valter wall spotlight

Update on strategic priorities

**clas ohlson**



## 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

# Customer perception

- High ranks on service, price and product range

## Top Ten of the strongest retail brands in Sweden

- 1 (1) Ikea
- 2 (2) Clas Ohlson
- 3 (6) Apoteket
- 4 (5) Elgiganten
- 5 (3) Maxi Ica Stormarknad
- 6 (25) Stadium
- 7 (4) Systembolaget
- 8 (7) ÖoB
- 9 (14) Akademibokhandeln
- 10 (15) Kjell & Company



### Clas Ohlson är kungen på Facebook

Clas Ohlson är bäst i hela detaljhandeln på att möta kunderna på Facebook. Det visar Daymakers nya undersökning. "Facebook är lika viktigt som alla andra kanaler", säger landschefen Nina Lindfors.

© 2014-09-22

Clas Ohlson är bäst på att möta kunderna på Facebook av alla de stora butikskedjorna i svensk detaljhandel. Det visar en stor mystery shopping-undersökning som företaget Daymaker gjort.

ETIKETTER  
HEMINREDONING VARUHUSS  
UNDERSÖKNINGAR  
MYSTERY  
SHOPPINGUNDERSÖKNINGAR

#1 Clas Ohlson gets top marks for both prices and product range

PLATS	VARUMÄRKE	STYRKA	KÄNNEDOM	HELHETSOMDOM	BRA PRISER	BRA UTBUD	BRA SERVICE	ENKELT ATT HANDLA	ROLIGT ATT HANDLA	TAR SAMHÄLLSANSVAR
1	Clas Ohlson	46,9	77,8	60,3	72%	79%	54%	63%	47%	11%
2	ÖoB Överskottsbolaget	34,8	68,3	51,0	78%	55%	21%	62%	42%	9%
3	Biltema	31,4	58,6	53,5	69%	71%	34%	58%	39%	9%
4	Åhléns	30,9	60,0	51,5	37%	72%	57%	67%	51%	14%
5	Rusta	25,4	58,4	43,5	64%	47%	20%	56%	35%	6%
6	Jula	22,0	45,8	48,1	62%	62%	32%	55%	35%	7%
7	Gekås i Ullared	20,7	35,2	58,8	79%	80%	33%	37%	63%	15%
8	Cdon.com	18,7	37,5	49,9	55%	67%	32%	67%	42%	8%
9	Teknikmagasinet	13,1	32,8	39,9	33%	51%	47%	53%	40%	5%
10	Myrorna	12,7	28,9	43,9	62%	33%	24%	38%	44%	56%
11	NK	10,0	27,1	36,7	12%	60%	49%	39%	44%	5%
12	Webhallen	9,5	16,0	59,8	63%	76%	56%	72%	55%	8%
13	Granngården	9,3	24,7	37,6	28%	44%	47%	49%	27%	27%
14	Dollar Store	8,4	18,4	45,9	65%	47%	19%	62%	50%	7%
15	Stadsmissionen	5,1	12,3	41,6	58%	24%	23%	32%	48%	63%
16	Pub	4,9	16,6	29,4	11%	47%	33%	34%	36%	5%
17	Coolstuff.se	4,7	13,8	34,3	21%	43%	21%	49%	61%	5%
18	Inkclub	4,6	14,6	31,3	42%	37%	25%	42%	7%	10%
19	Eko	3,4	7,9	43,2	53%	63%	21%	51%	37%	13%
20	Harald Nyborg	3,3	9,1	35,9	46%	51%	25%	37%	24%	7%
21	Barnens Hus	3,1	11,6	26,7	16%	45%	28%	29%	28%	6%

# Product range development

- Increased focus on quality and design at great value
- Development of innovative products for a more sustainable lifestyle
- Continued development of repair workshops and spare-parts offering



# Sales channel development

- Continue conversion to new store concept
- Continue store format development
  - Testing mini store concept in Norway
- Continue omni-channel approach



Store opening, Norway, October 2014

# Customer segment development

- Clas Office in Sweden and Norway
- Easily accessible via store network, internet and phone
- Stepwise introduction to the market
  - Initial focus to convert existing customers
  - Next step to recruit new Clas Office customers

Allt för kontoret. Och lite till.



# Customer loyalty programme

Club Clas continue to expand

- Successful launch in Finland
- Continued increase in number of members in Sweden

1 405 068

members in Sweden  
and Finland





**Our vision**  
is to be a leading international  
modern hardware retailer

clas ohlson



# UK development

- Healthy growth development in all sales channels
- Increased brand awareness
- Reviewing and optimising current store network
- Ready to take a balanced next step
  - Preparations to establish a couple of smaller stores in the London area



# New markets development

- German entry
  - Continued search for location for 1-2 stores in northern Germany
  - Store opening planned for 2015
- Franchise and Gulf region development
  - Ongoing search for at least one more store in evaluation phase
  - Potential for minimum 20 stores in the Gulf region during 2014-2019



Store opening, Dubai, UAE, April 2014

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## Summary Q2

- All time high sales and earnings
- Continued growth in all markets
- Many initiatives for further development

Store opening, Hämeenlinna, Finland, October 2014

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