

Q4 Report 2015/16

8 June 2016

Klas Balkow
President & CEO





Agenda

- Q4 2015/16
- Full year 2015/16
- Events after period-end
- Future outlook
- Q&A

High energy and strong position

207 stores in
6 countries
omni-channel structure

76 million visitors
39 million customers

4,700
service-minded
employees

High focus on
sustainability
agenda

R12 sales
7.6 billion SEK

One of the
strongest brands
in retail in the Nordics

Highlights

- All time high sales
 - Positive development in all sales channels
- All time high operating profits
 - Profit affected by non-recurrent cost related to optimization of UK store network
- Important steps in international agenda
 - Next step in the UK
 - Opening of first store in Germany

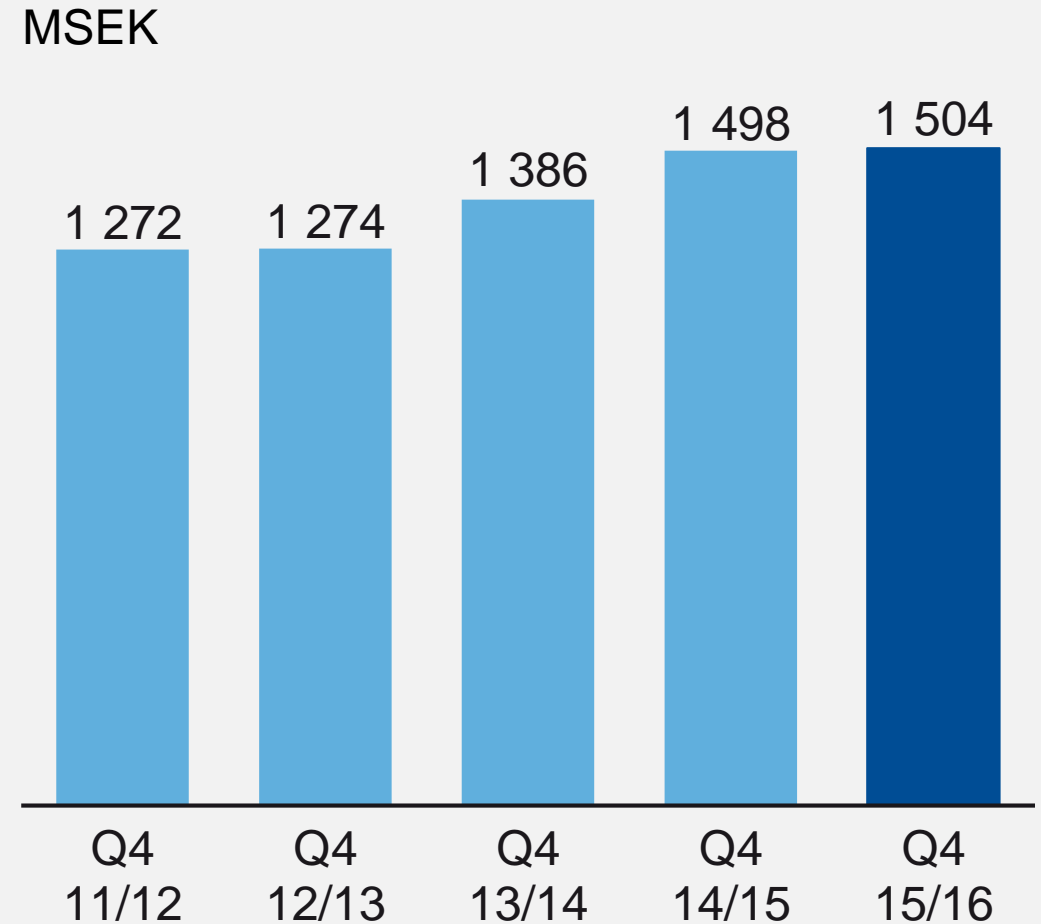




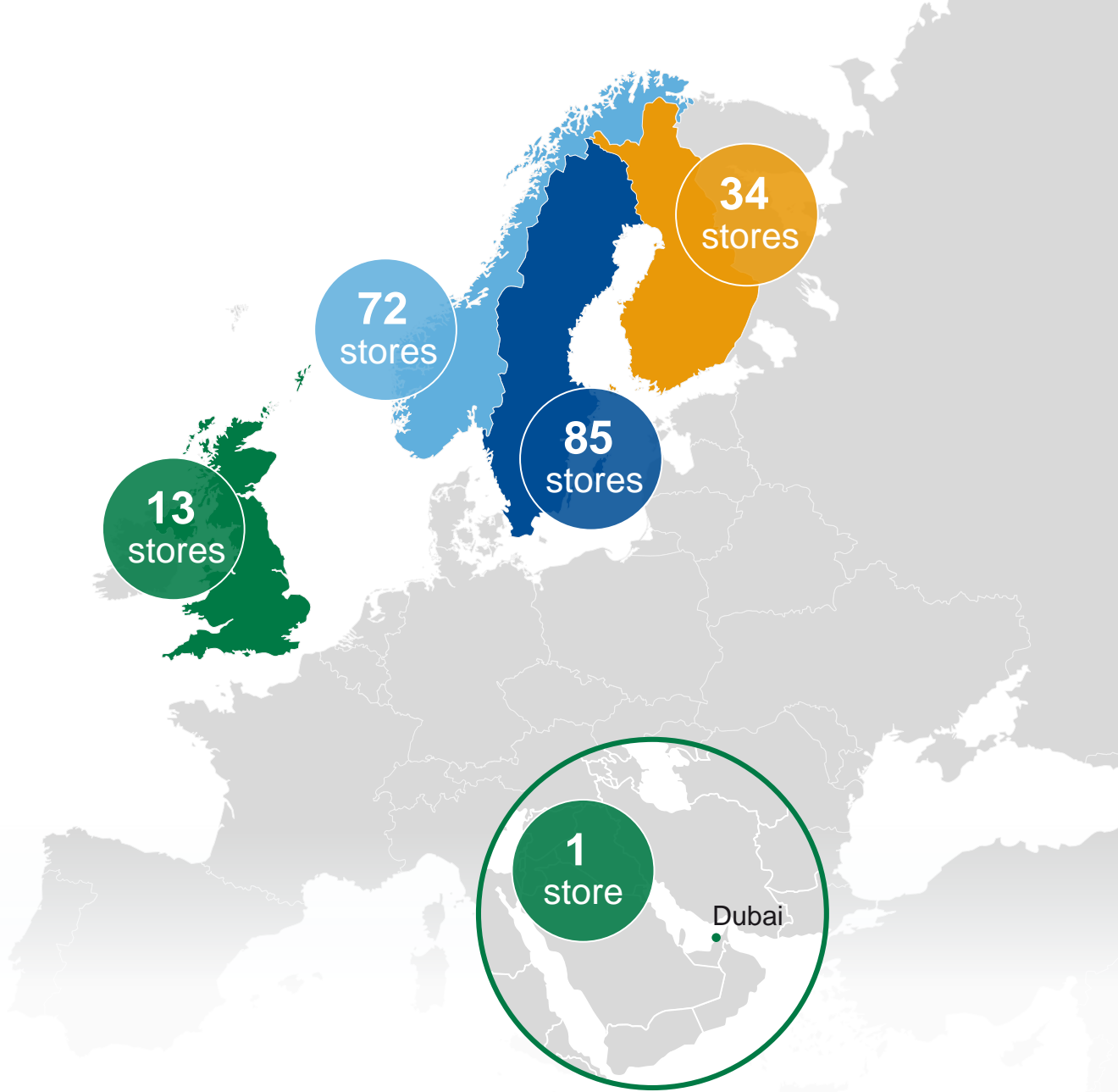
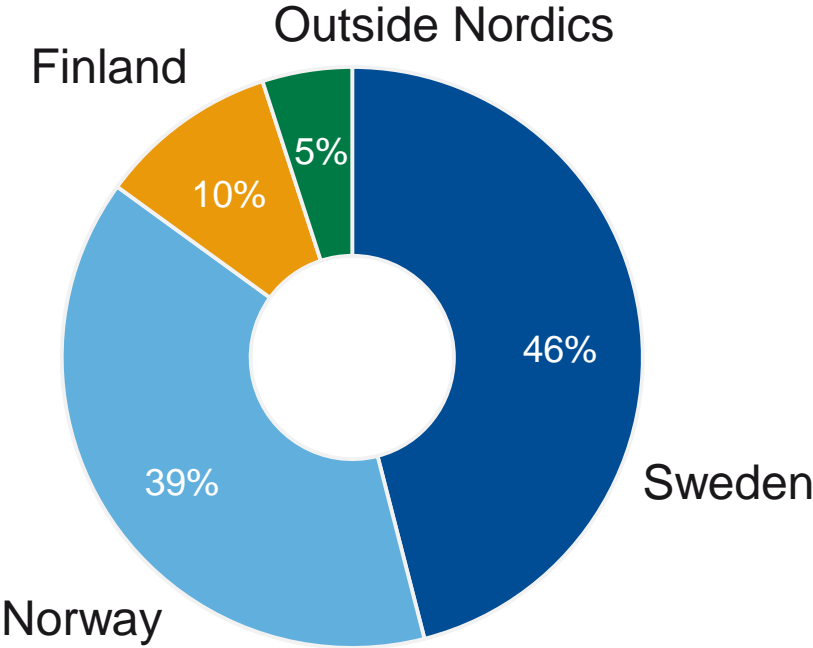
Q4 2015/16
February – April

Sales Q4

- Sales up 5% in local currencies
- LFL sales up 2%
- Sales 1,504 MSEK
- 7 additional stores net compared to end of period last year (13)
- 1 store opening and 1 store close in the quarter

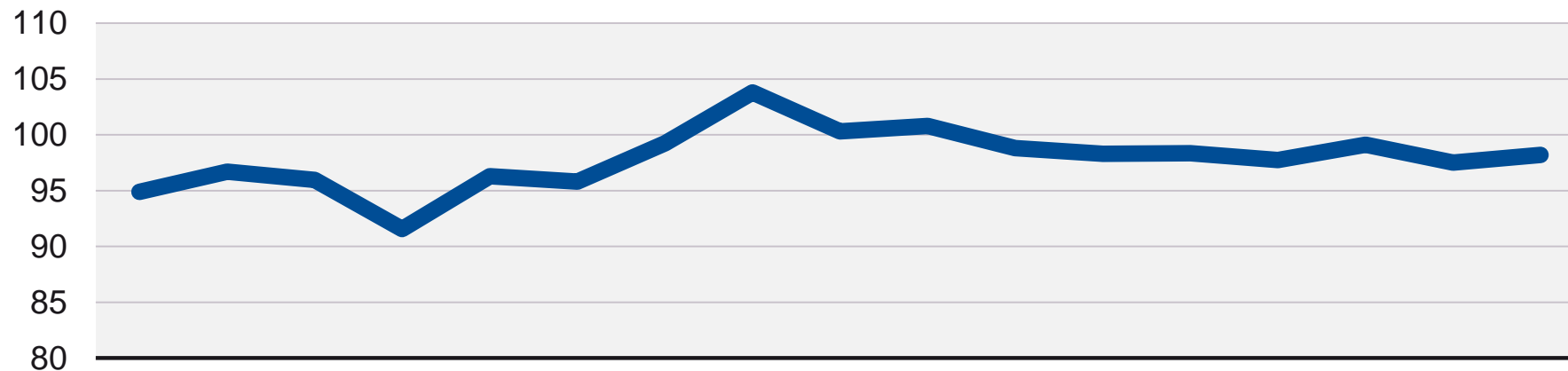


Sales share per market



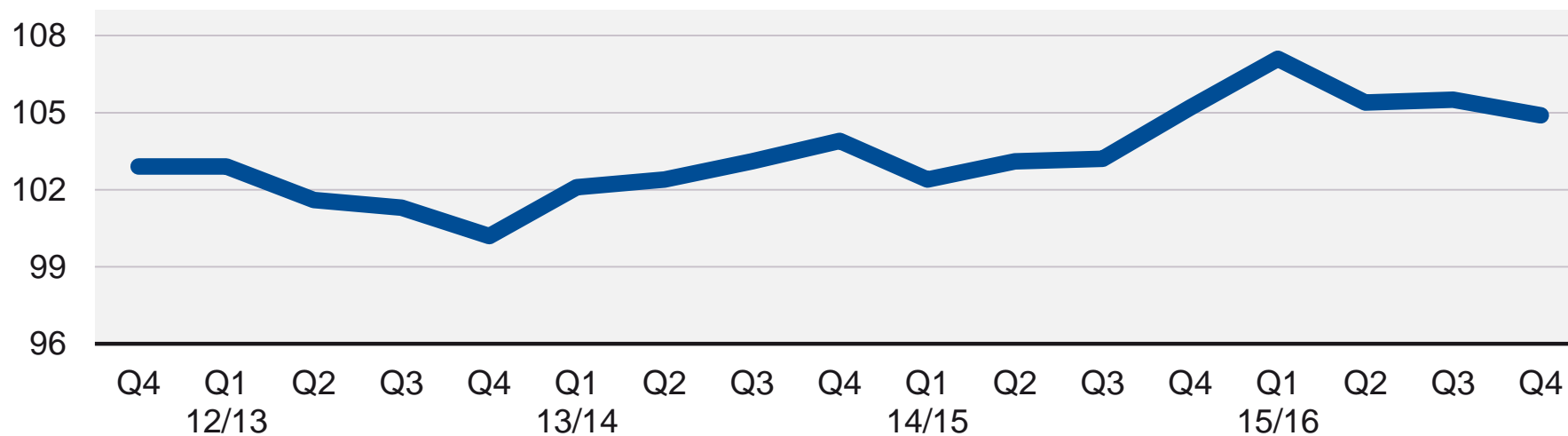


Sweden Consumer Confidence



Source: www.tradingeconomics.com

Sweden Retail Index



Retail index current prices
Source: HUI

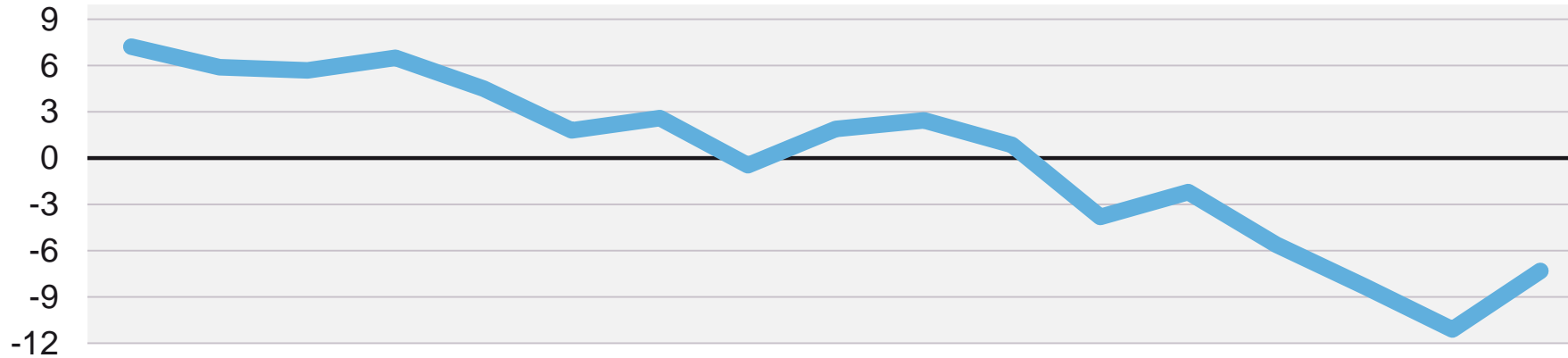
Sweden Q4

- Sales up 4% to 703 MSEK
- Total 85 stores
 - 1 new store during Q4
 - 5 additional stores net compared to preceding Q4
- Strong position in a strong market

MSEK

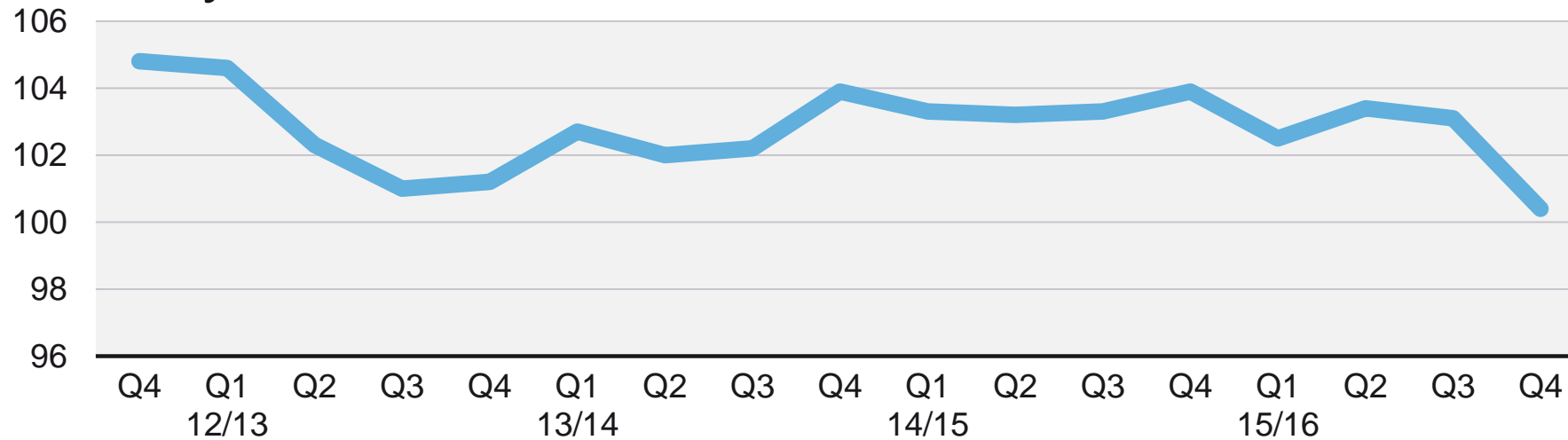


Norway Consumer Confidence



Source: www.tradingeconomics.com

Norway Retail Index

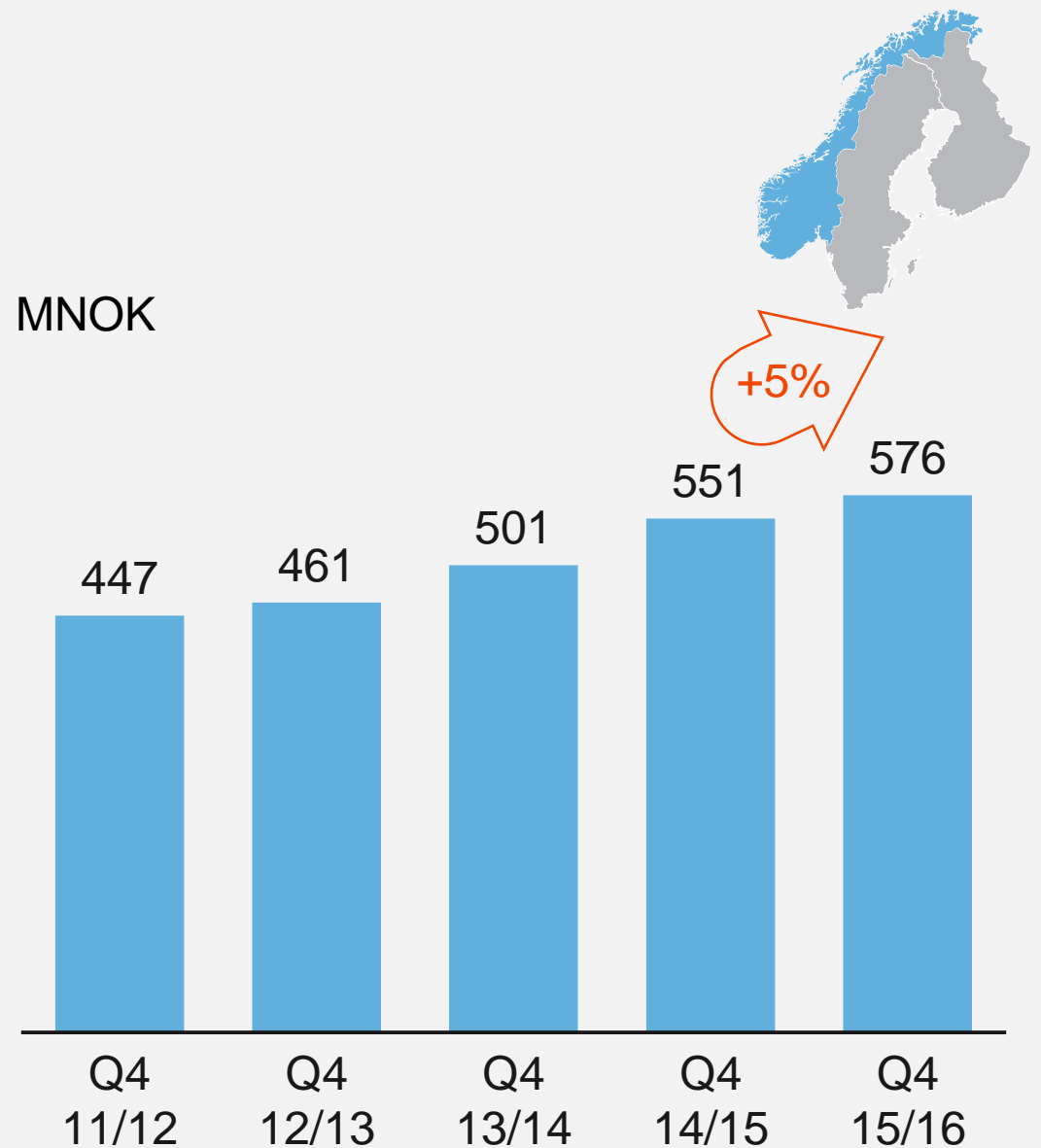


Source: SSB

Norway Q4

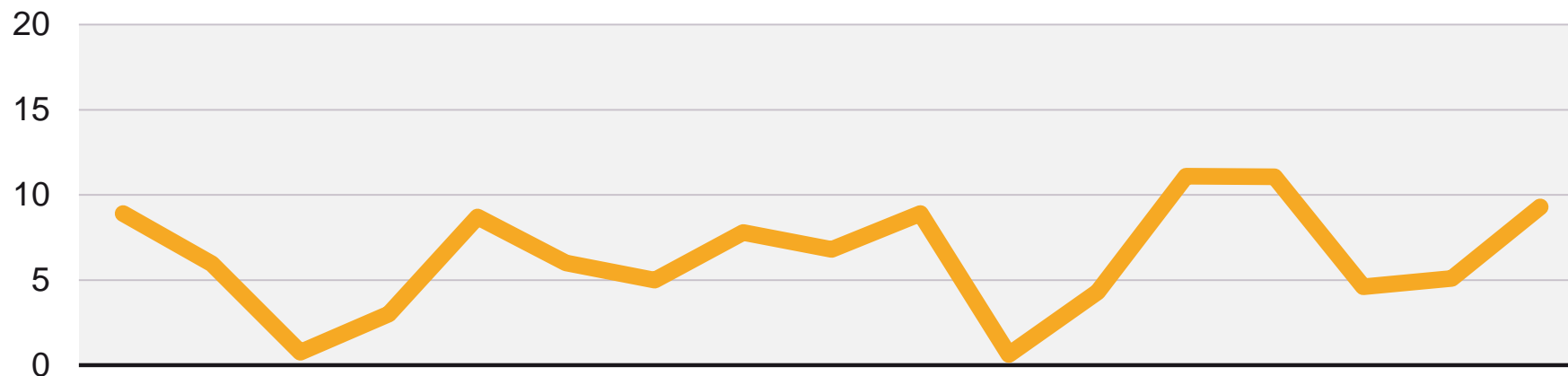
- Sales up 5% in local currency
- Sales 568 MSEK (599)
- Total 72 stores (73)
 - No new stores during Q4
 - 1 closed store during Q4
- Increased market share in a volatile market

MNOK



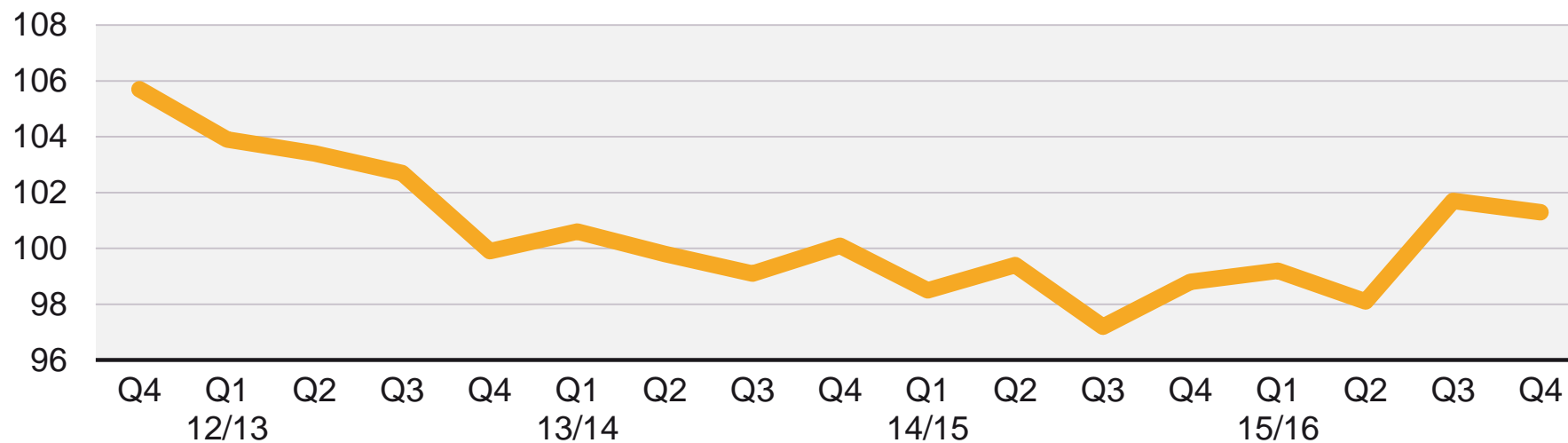


Finland Consumer Confidence



Source: www.tradingeconomics.com

Finland Retail Index

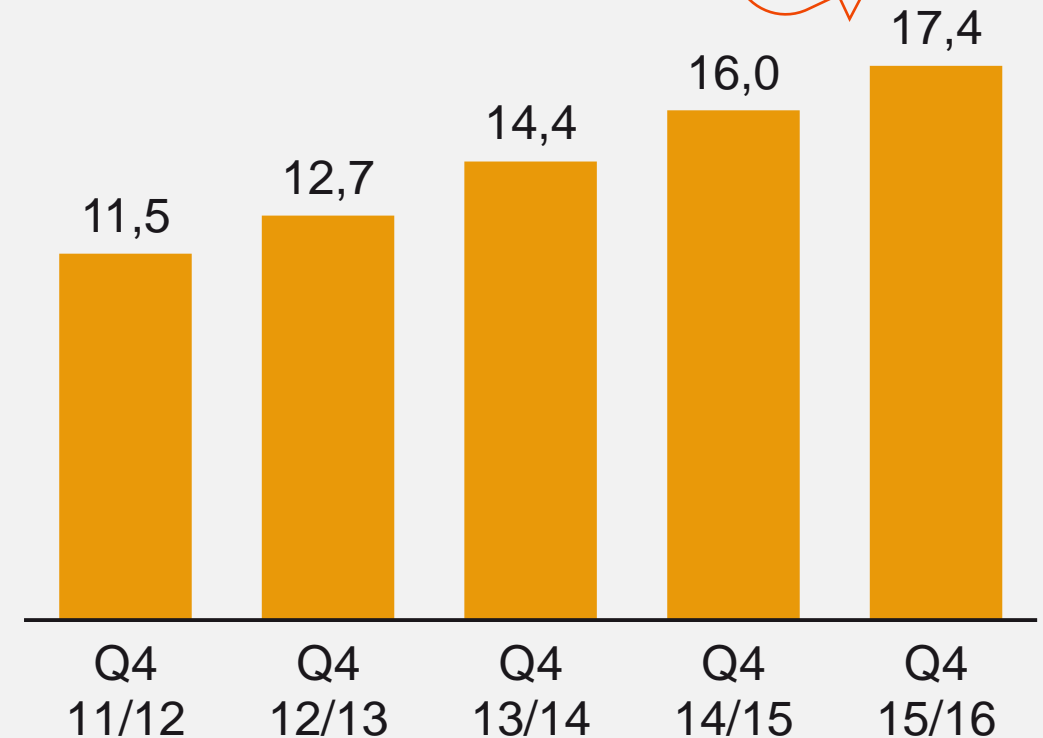


Source: Statistikcentralen

Finland Q4

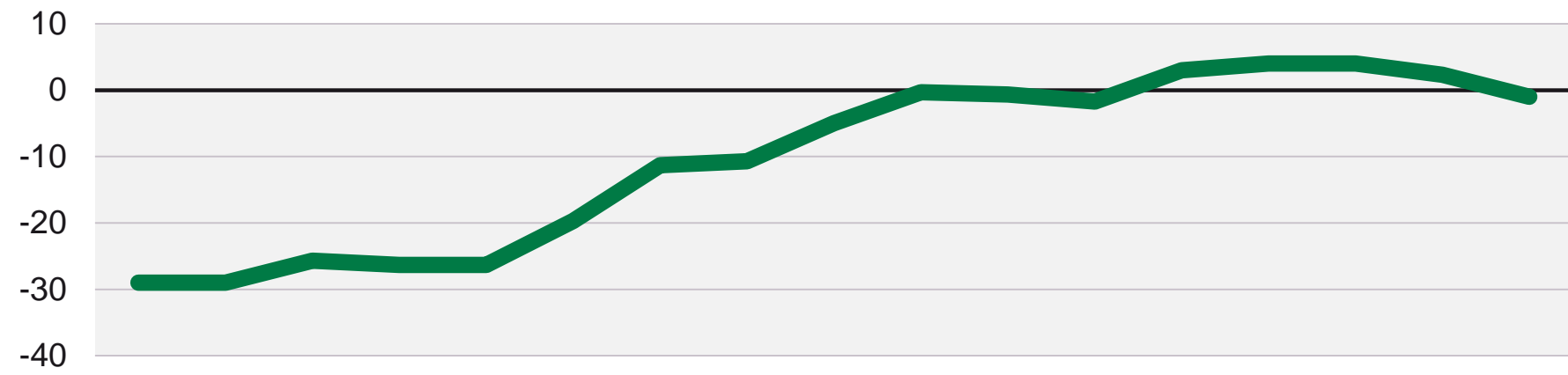
- Sales up 9% in local currency
- Sales 162 MSEK (150), up 8%
- Total 34 stores
 - No new store during Q4
 - 2 additional stores net compared to preceding Q4
- Increased market share and strengthened brand position in a soft market

MEUR



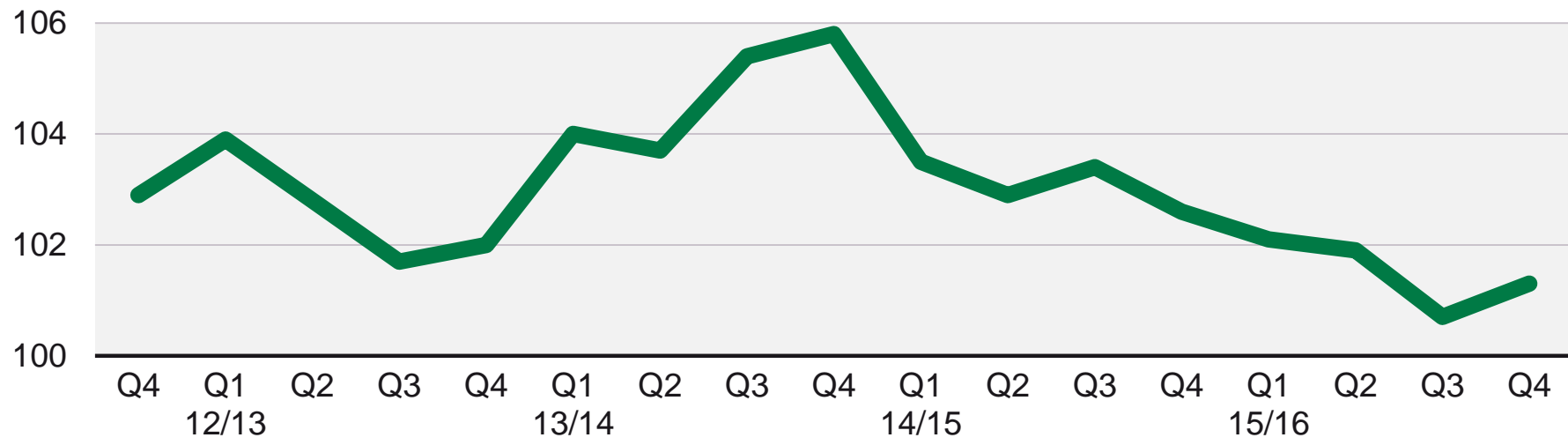


UK Consumer Confidence



Source: www.tradingeconomics.com

UK Retail Index

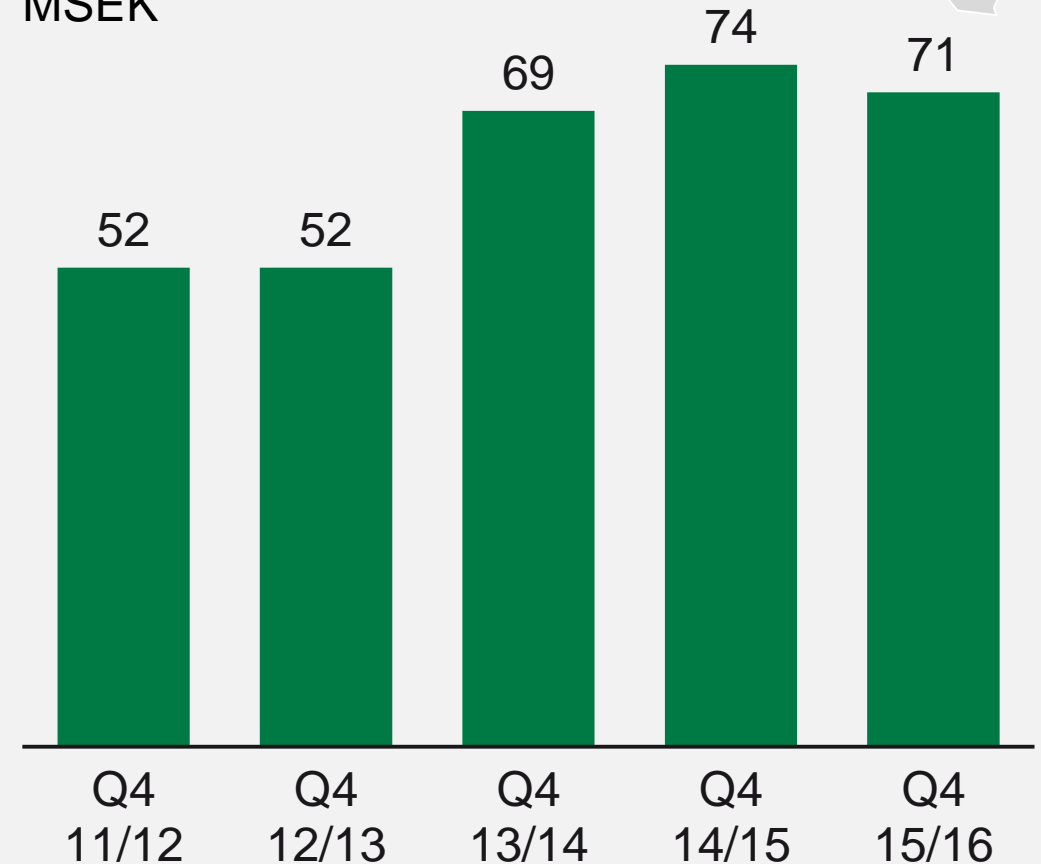


Source: Statistikcentralen

Outside Nordic countries Q4

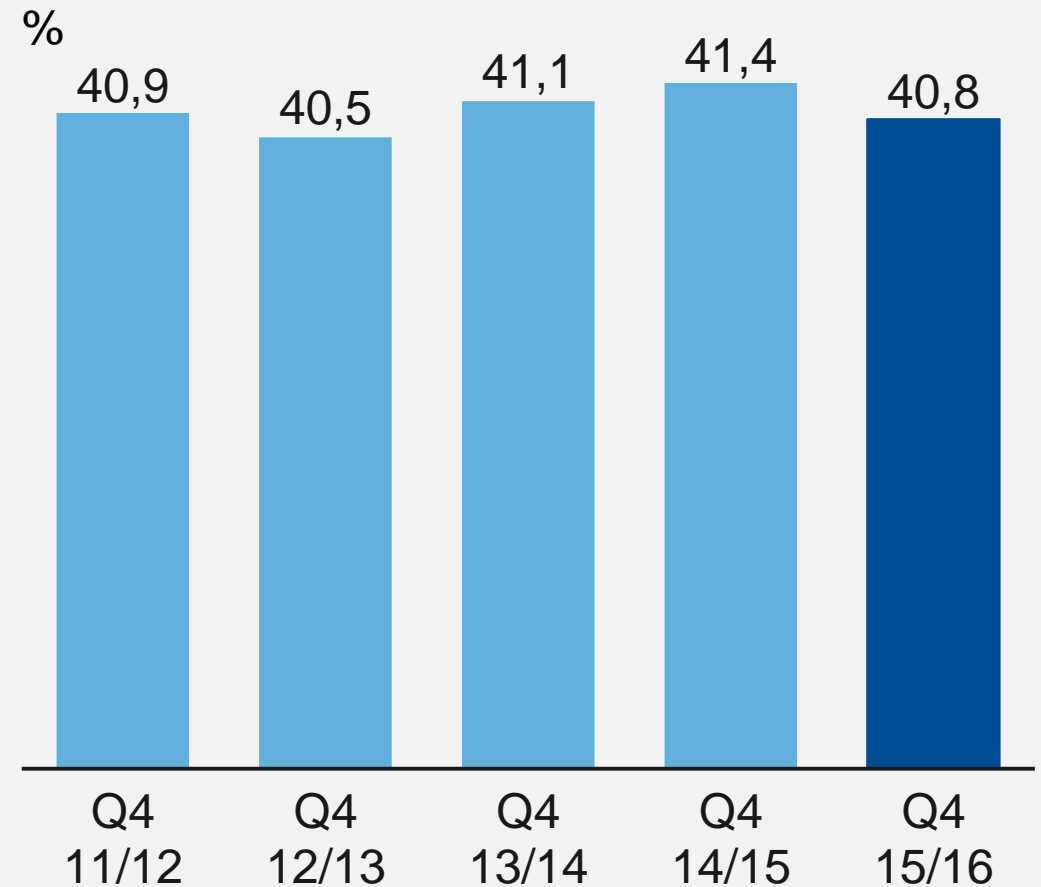
- Sales up 3% in local currencies
- Sales 71 MSEK (74)
- 14 stores whereof one franchise
 - No new store during Q4
 - 1 additional store net compared to preceding Q4
- LFL sales in the UK in level with last year
- Positive retail sales development in Dubai

MSEK



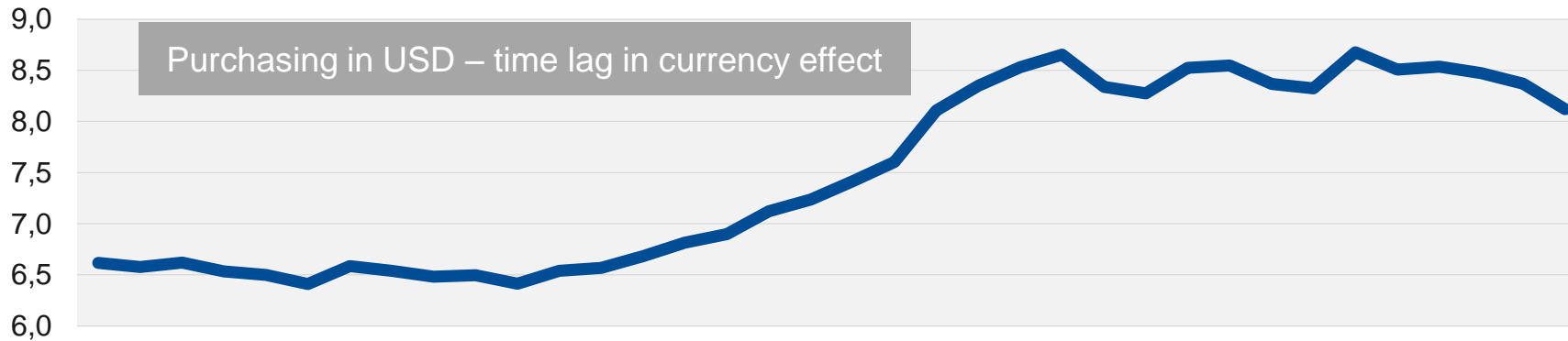
Gross margin Q4

- Gross margin down 0,6 percentage points to 40.8%
- Negative currency impact
- Impact reduced by
 - Favourable sales mix
 - Currency hedging
 - Lower sourcing cost

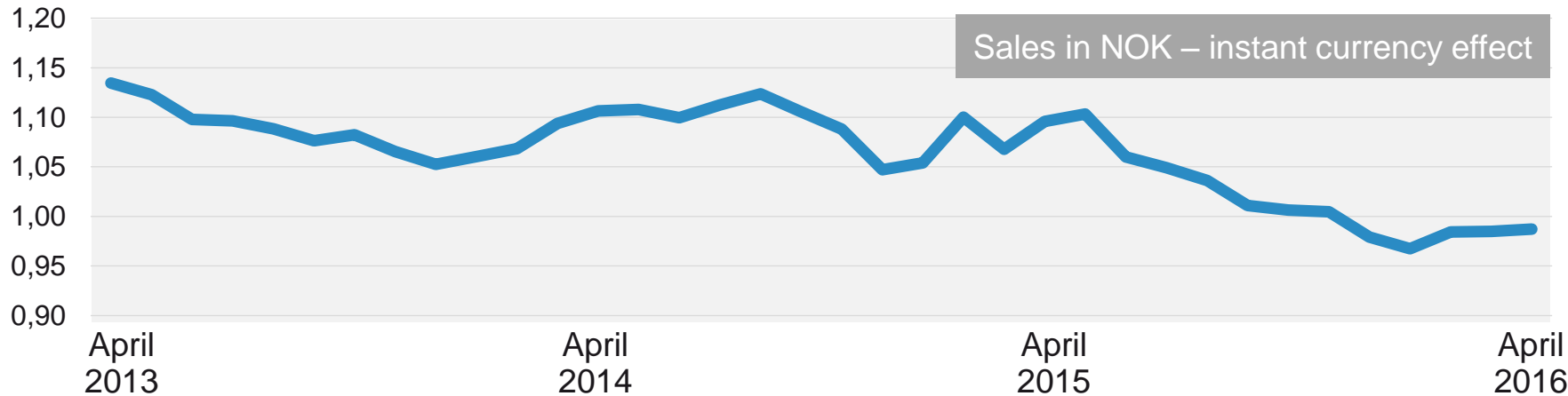


Negative currency impact

USD/SEK



NOK/SEK



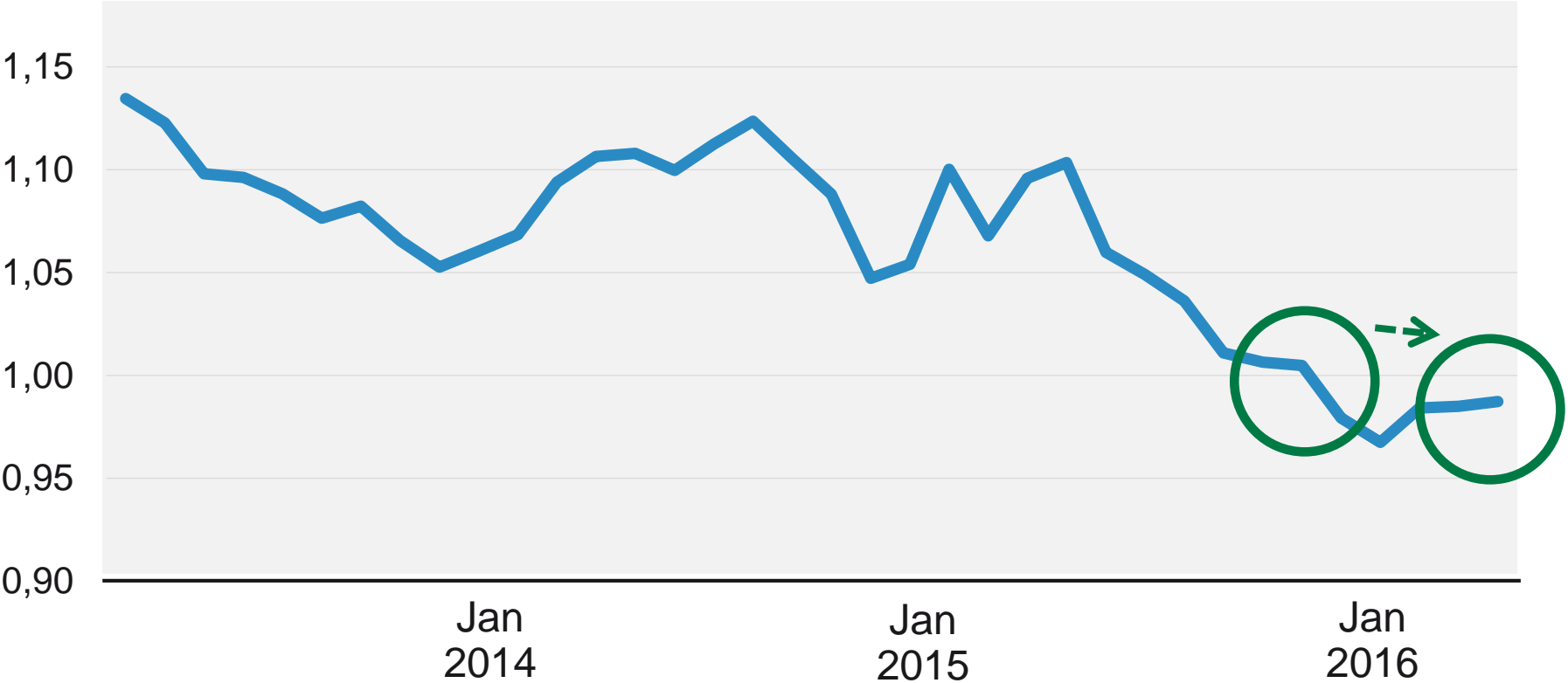
- Continued negative effect from strengthened USD
- Increased negative effect from further weakened NOK with immediate impact on sales and gross margin

Excluding hedging effect

Source: Sveriges Riksbank

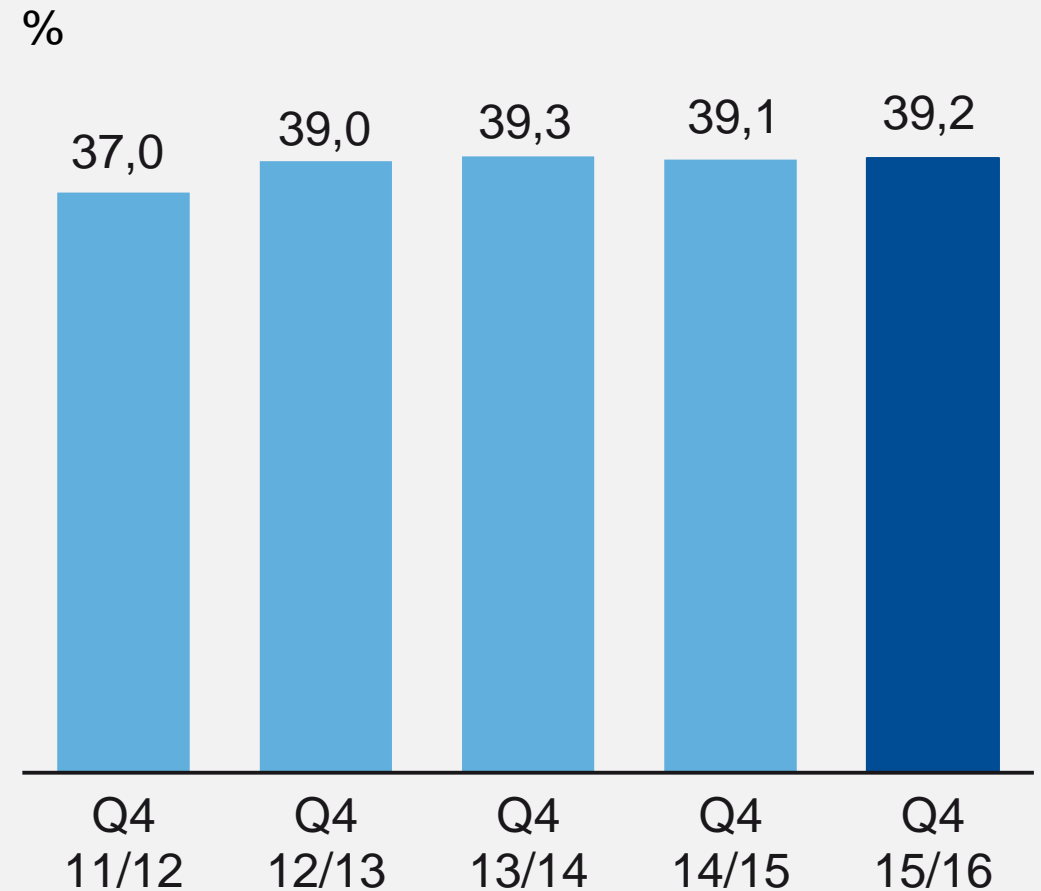
Contribution from currency hedging

NOK/SEK



Share of selling expenses

- Share of selling expenses 39.2%, up 0.1 p.p. in the quarter
 - General cost efficiency
 - Impacted by negative sales currency



Non-recurring cost

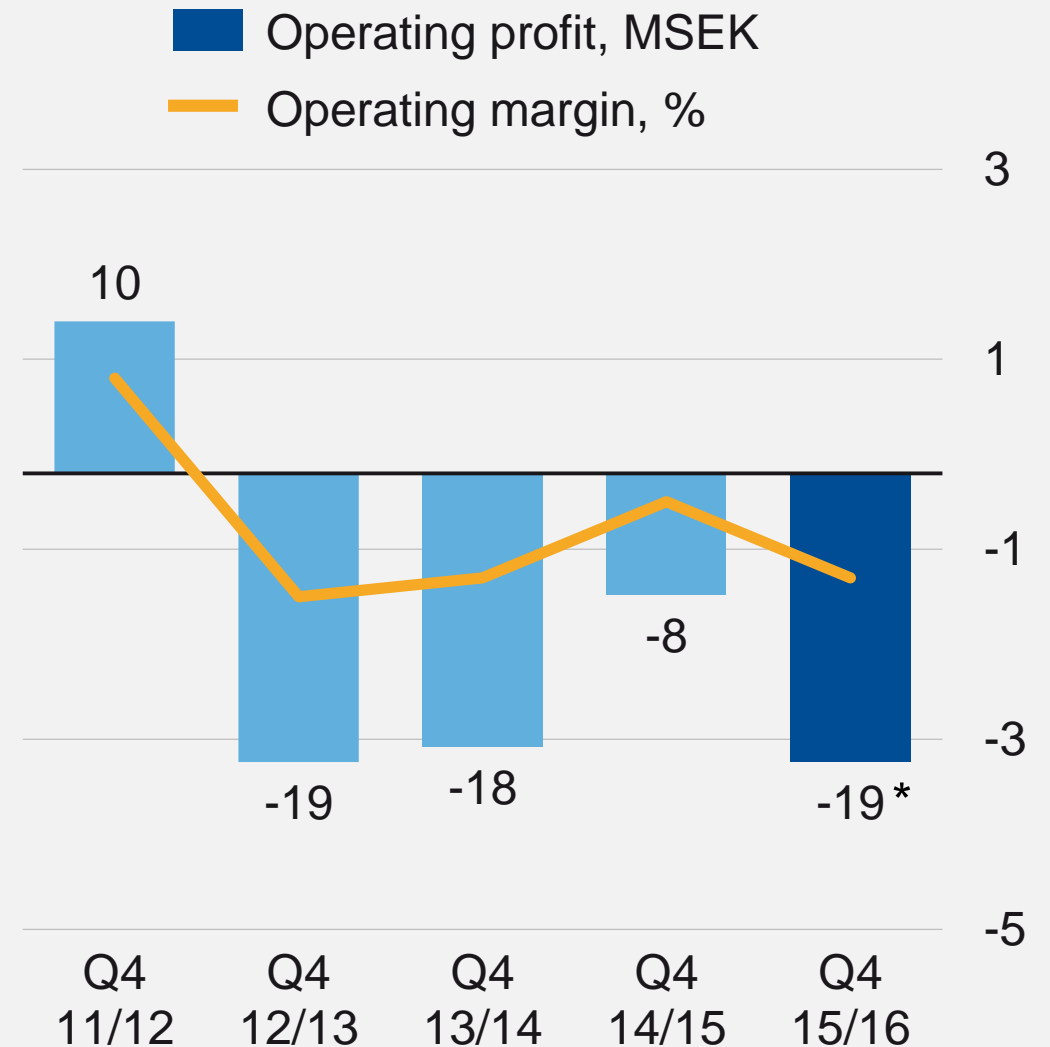
- Optimising store network in the UK
 - Planning to close seven stores
 - Related non-recurring cost of 107 MSEK
 - Related tax cost of 7 MSEK
 - Yearly savings of 70 MSEK when in full effect 2017/18



Profit Q4

- Operating profit* amounted to -19 MSEK
- Operating margin* amounted to -1.3%
- Operating profit including non-recurring cost related to optimisations of UK store network amounted to -126 MSEK
- Earnings per share -1.70 SEK

* Excluding non-recurring cost of 107 MSEK





Full year 2015/16
May – April

Product range development

- Focus on practical smart products
 - Developed seasonal product range
 - Increased share of products for a more sustainable lifestyle
 - High sales growth spare-parts
- Increased share of private labels
 - 30% share of sales



Continued omnichannel development

Stores



Online



Catalogue/Phone



Loyalty programme



Social media



Continued store development

- Increased store format flexibility
 - Clear navigation
 - Inspiring layout
 - To reflect purchasing behaviour and traffic
- New smaller store format developed
 - Launched in St Albans and Ealing
- 14 stores refurbished during the year (10)
 - Including Kamppi in Helsinki and Gallerian in Stockholm



Increased development of customer loyalty

Club Clas

- More than 2 million members

Clas Office

- High sales growth
- Above 65 000 members (29 000)



Continued e-com development

- High ROPO effect
- High traffic growth
- High sales growth
- Awarded Online Customer Experience and Online Customer Service of the year at Nordic eCommerce summit 2016



Increased sourcing efficiency

- Improved efficiency at distribution centre
- Increased share of direct sourcing
- Improved efficiency in transportation
- Awarded PostNord Environment Award for reduced environmental and climate impact



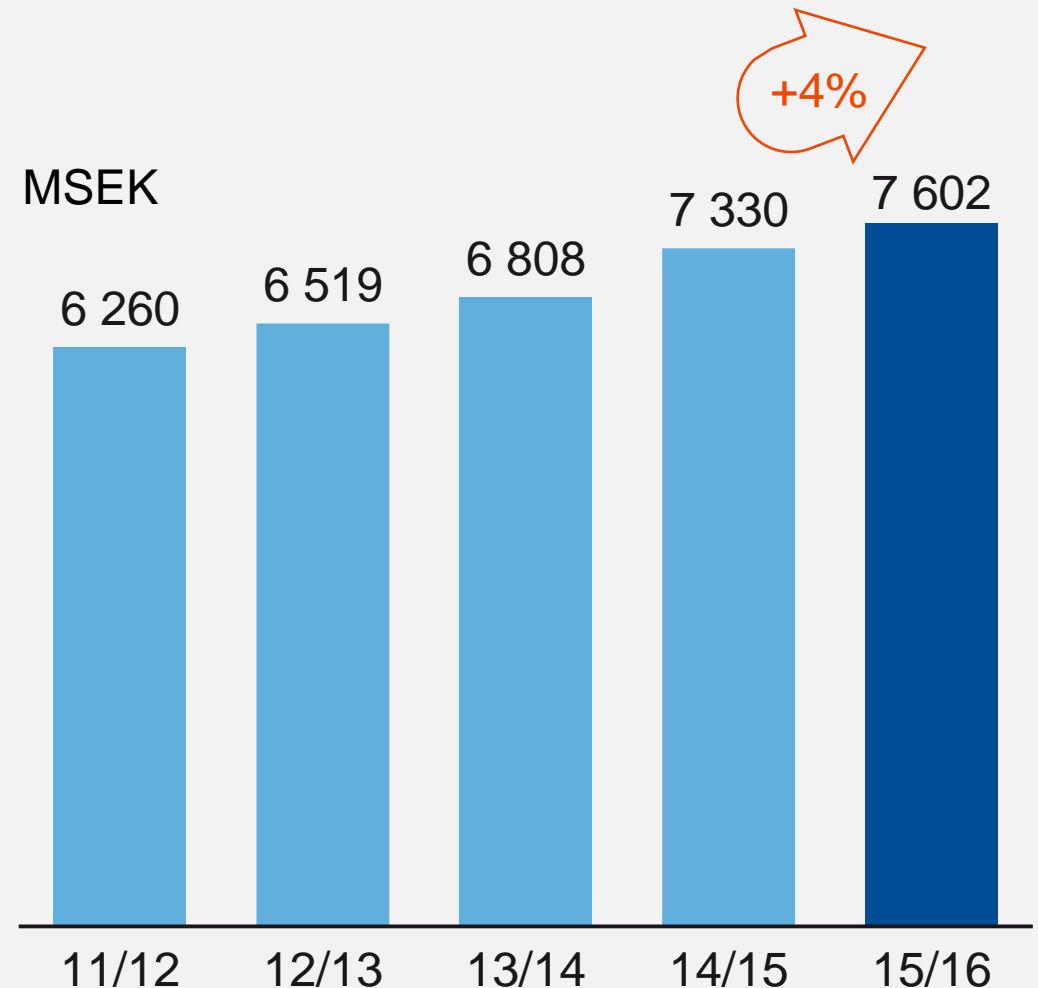
Continued development of new business system

- Continue developing and implementing new ERP platform
 - Building on Microsoft AX platform
 - Gradual roll out over coming years
- Substantial potential for increased retail efficiency
 - Improved inventory planning
 - Benefits from true omnichannel platform
 - Scalable platform for future growth



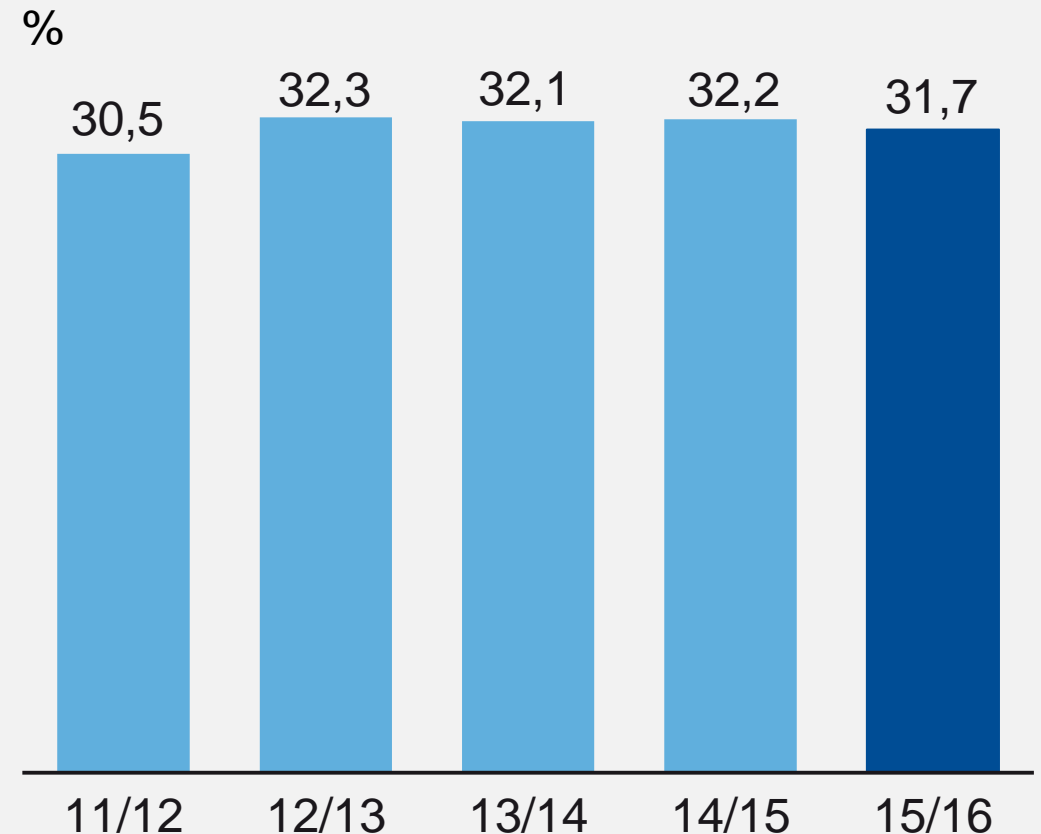
Sales 2015/16

- Sales up 6% in local currencies
- LFL sales up 3%
- Sales 7,602 MSEK, up 4%
- 10 new stores (13)
- 7 additional stores net compared to end of period last year (13)



Share of selling expenses

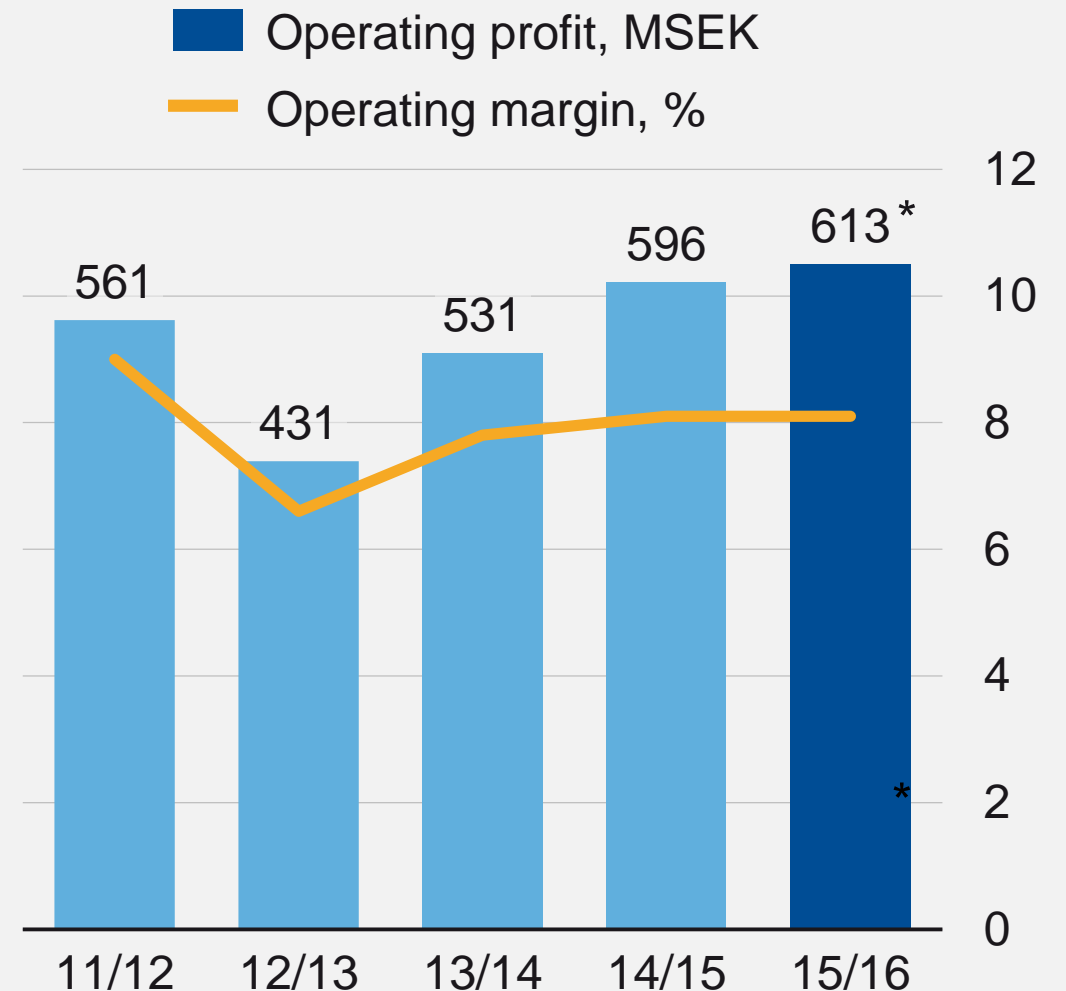
- Share of selling expenses 31.7%, down 0.5 p.p.
 - Increased LFL sales
 - General cost efficiency



Profit 2015/16

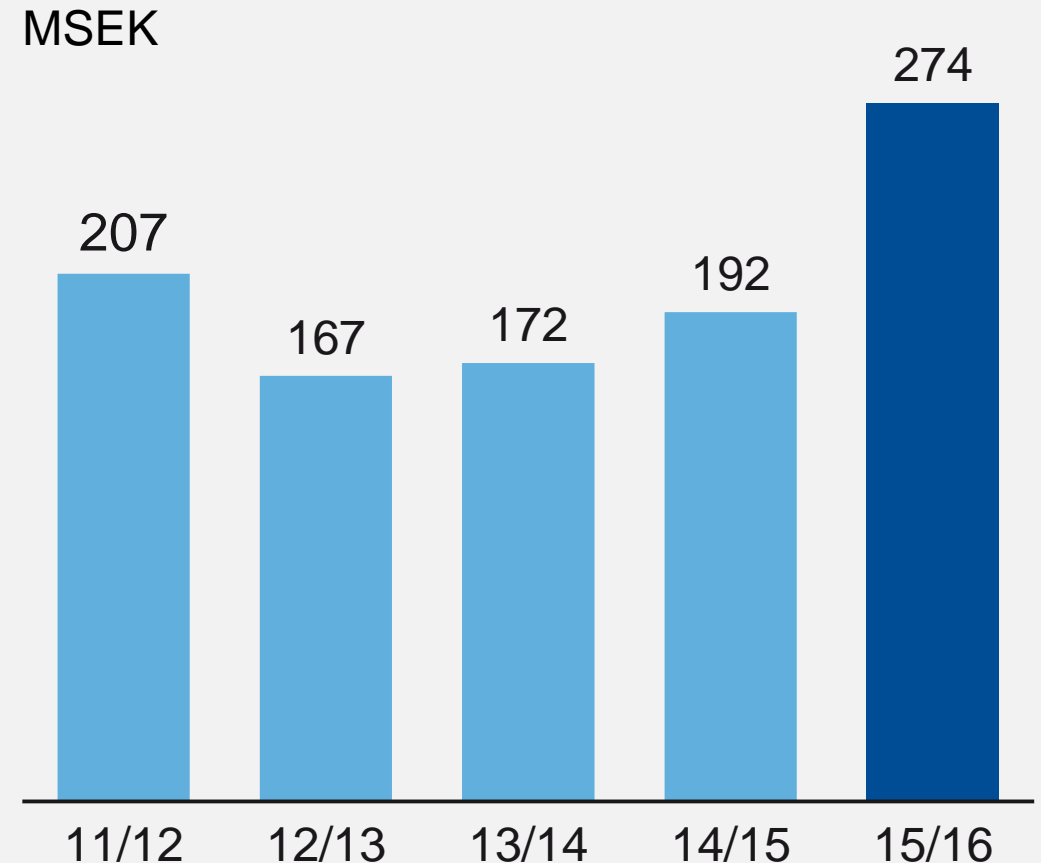
- Operating profit* amounted to 613 MSEK
- Operating margin* amounted to 8.1%
- Operating profit including non-recurring cost related to optimisations of UK store network amounted to 506 MSEK
- Earnings per share 6.00 SEK

* Excluding non-recurring cost of 107 MSEK in Q4



Investments 2015/16

- Total investments 274 MSEK (192)
- New stores and refurbishments 90 MSEK (88)
- IT-systems 133 MSEK (69)
 - Implementation of new IT-platform
 - Other IT developments



Strong cash flow

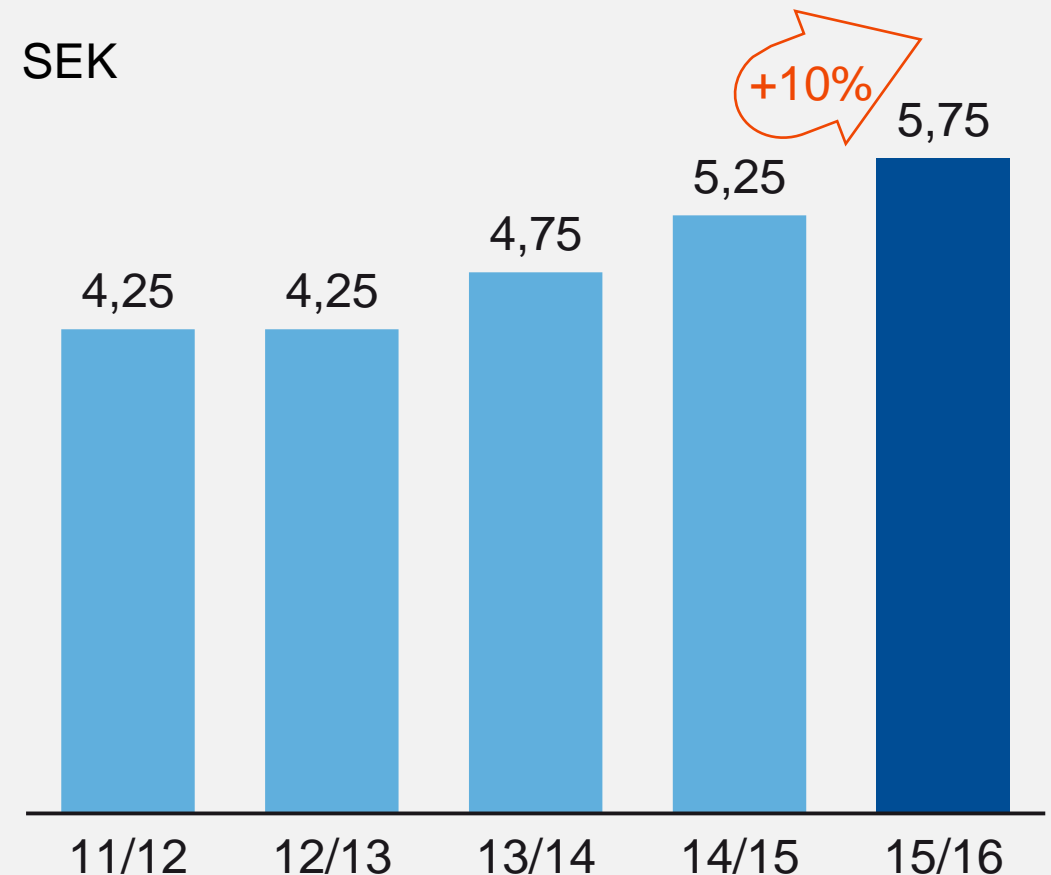
- Cash flow from operating activities was 705 MSEK (647)
 - Inventory 1,639 MSEK (1,569)
 - Inventory turnover rate DC 6.5 (7.0)
- Cash flow after investments and financing activities of 95 MSEK (156)
- Net cash holdings of 604 MSEK (517)



Proposed dividend

- Proposed dividend 5.75 SEK per share (5.25)
- Equivalent to 100% (75) of net profit
- Inline with dividend policy

At least 50 per cent of earnings per share after tax, with consideration for the financial position

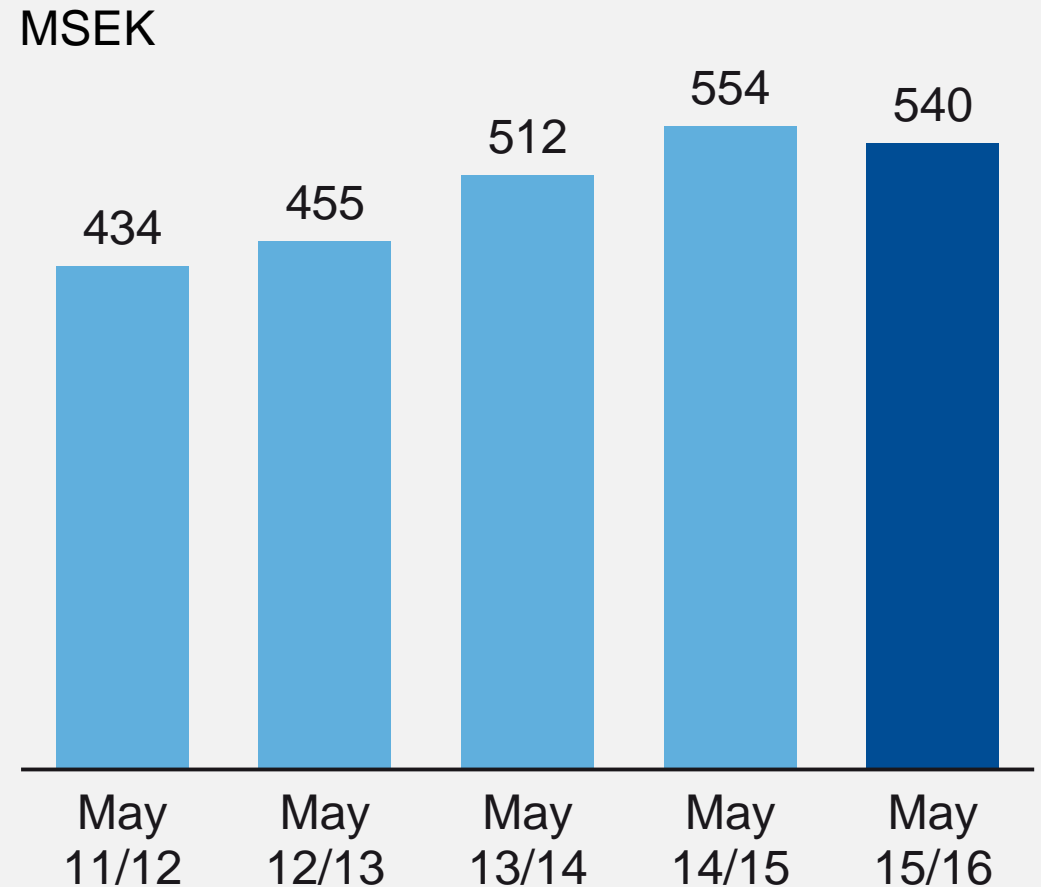


Events after
period-end



May sales

- Sales 540 MSEK
- Sales up 1% in local currencies
 - Sweden + 6%
 - Norway - 6%
 - Finland + 4%
 - Outside Nordic countries + 14%
- 9 additional stores net compared to end of May last year (13)



New Cocraft Pro Edition launched

- Brand new range of tools
- 40 various high quality products
 - Gardening machines such grass and hedge trimmers
 - Power tools such as power drills, tiger saws, angle grinders and hammer drills
- Competitive prices and value for money
 - Five year guarantee on machines
 - Ten year guarantee on hand tools
- Well received by customers





First German store now opened

The store at Jungfernstieg in Hamburg opened in May

- Retail space of approximately **1,800** square meters
- Catchment area of approximately **680,000** inhabitants





Successful pre-opening activities





Königin Silvia überraschend zu Gast in Hamburg

Hamburg - Die schwedische Königin Silvia hat Hamburg unangekündigt einen Kurzbesuch abgestattet. Silvia besuchte - einen Tag nach der Eröffnung - einen schwedischen Haushaltswarenladen am Jungfernstieg an der Binnenalster. Nach dem überraschenden Eintreffen der Königin versammelten sich in kürzester Zeit viele Menschen vor dem Geschäft. Mehrere Schaulustige versuchten ein Handyfoto von der Monarchin zu bekommen. Laut einer Pressesprecherin wollte sie nur bis zum Nachmittag in der Stadt bleiben. (dpa)



19.05.2016 11:30 Uhr

CLAS OHLSON Erstes Kaufhaus für Deutschland

Heute geht der erste Clas Ohlson in Deutschland in Betrieb. Das Kaufhaus am Jungfernstieg ist das erste in der Kaufhauskette zum ersten Mal in Deutschland. Deswegen ausgewählt, weil die Stadt Hamburg ein guter Standort ist, wonach wir suchen, wenn wir in Deutschland expandieren wollen. Die Verfügbarkeit und die Nähe zu Wohngebieten sind ebenfalls wichtige Kriterien. Klaus Schilling, Vorstandsvorsitzender von Clas Ohlson.

Der Flagship-Store am Hamburger Jungfernstieg...



Ein Baumarkt neben Edel-Boutiquen Wer kauft am Jungfernstieg Rasenmäher?



Mal eben einen Rasenmäher shoppen? „Ich bin eh mit dem Auto in der Stadt - da bietet sich das durchaus an“, sagt Klaus Schilling (57).

DIE WELT

Clas-Ohlson-Geschäft im Streit's Haus

Clint Eastwood, Wolfgang Petersen, Barbra Streisand und zahlreiche weitere Hollywood-Stars feierten hier ihre Premiere. Doch nun ist das legendäre Streit's Kino endgültig Vergangenheit. Donnerstag eröffnete dort nach totalem Umbau das schwedische Lifestyle-Kaufhaus Clas Ohlson seine Türen. Am Abend zuvor wurde die Premiere der etwas anderen Art mit geladener Gäste-Liste gefeiert. Mehr als 200 Filiale sind in Deutschland geplant.



ROYALER BESUCH IN HAMBURG

Königin Silvia im Baumarkt

VON LANA VON SCHLIPPE

Royal Glanz am Hamburger Jungfernstieg!

Große Augen beim Shopping: Völlig unerwartet kam Königin Silvia von Schweden (72) für einen Blitzbesuch nach Hamburg. Auf dem Programm: ein gemütlicher Besuch im durch den neu eröffneten Schweden-Shop „Clas Ohlson“ an der noblen Flanierzone Jungfernstieg. Die Königin besuchte den neu eröffneten Schweden-Shop „Clas Ohlson“ an der noblen Flanierzone Jungfernstieg. Die Königin besuchte den neu eröffneten Schweden-Shop „Clas Ohlson“ an der noblen Flanierzone Jungfernstieg.



Königin Silvia vor der neuen Baumarkt-Filiale in Hamburg. Hier zusammen mit dem „Clas Ohlson“-Geschäftsvorstand Kenneth Bengtsson (l.) und CEO Klas Balkow.



Stand: 20.05.2016 18:34 Uhr - Lesezeit: ca. 2 Min.

Überraschungsbesuch: Königin Silvia in Hamburg

Schwedens Königin Silvia ist zu einem unangekündigten Kurzbesuch nach Hamburg gekommen: Am Freitag besuchte sie am Jungfernstieg die frisch eröffnete Filiale einer schwedischen Handelskette. Anschließend nahm die 72-Jährige an einem Charity-Essen der Stiftung World Childhood Foundation im Hotel Vier Jahreszeiten teil.



Handelsblatt

CLAS OHLSON STARTET IN DEUTSCHLAND

Die Schweden wollen es wissen

von: Helmut Steuer • Christoph Kapalschinski
Datum: 16.05.2016 16:00 Uhr

Ob Ikea, H&M oder Stadium - viele Handelskonzerne aus Schweden feiern hierzulande großen Erfolg. Ein weiterer steht nun in den Startlöchern: Der Traditionshändler Clas Ohlson eröffnet seine erste Filiale in Hamburg.

A hand holds a magnifying glass over a document. The document features the text 'clas ohlson' in a bold, sans-serif font. Surrounding the text are several currency symbols: a Euro symbol (€) at the top left, a Dollar symbol (\$) at the top right, and another Dollar symbol (\$) at the bottom right. The background of the document is a blue-tinted image of a sunset or sunrise over a body of water. The magnifying glass is held by a hand, and the lens is focused on the text and symbols.

Future outlook

Future outlook 2016/17

- Open 10-15 new stores
- Execute UK plan
 - Close 7 stores
 - Add 1-2 more stores in smaller format in London region
- Execute Germany plan
 - Add 2 more stores
 - Add e-com
- Balance currency impact
 - Sales mix
 - Sourcing
 - Efficiency





Summary 2015/16

- All time high sales and profit
- Strong financial position
- High energy for future growth



Questions & Answers

clas ohlson

www.clasohlson.com