



clas
ohlson

Q1 Report 2015/16

9 September 2015

Klas Balkow

President & CEO

clas ohlson

Agenda

- Q1 2015/16
- Events after period-end
- Future outlook
- Strategic priorities
- Q&A

2015

High energy and strong position

200 stores in
5 countries
omni-channel structure

76 million visitors
38 million customers

4,700
service-minded
employees

High focus on
sustainability
agenda

R12 sales
7.5 billion SEK

One of the
strongest brands
in retail in the Nordics



Q1 2015/16
May – July

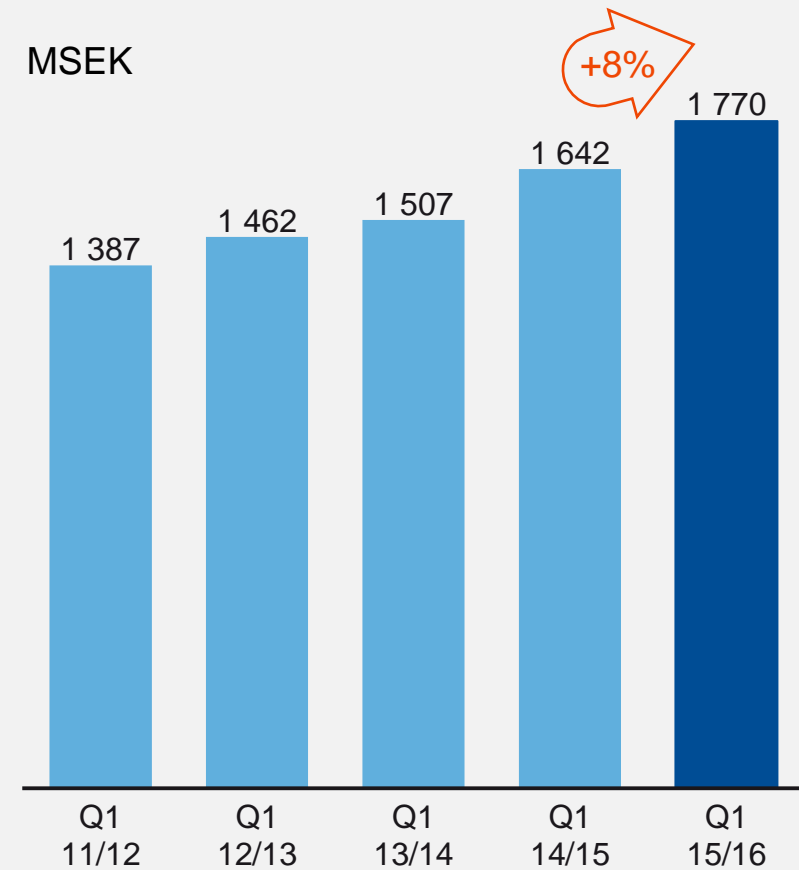
Highlights Q1

- Record sales up 8% to 1,770 MSEK
- Improved operating profit of 106 MSEK (102)
 - Including non-recurring cost of 10 MSEK
- Earnings per share improved by 3%

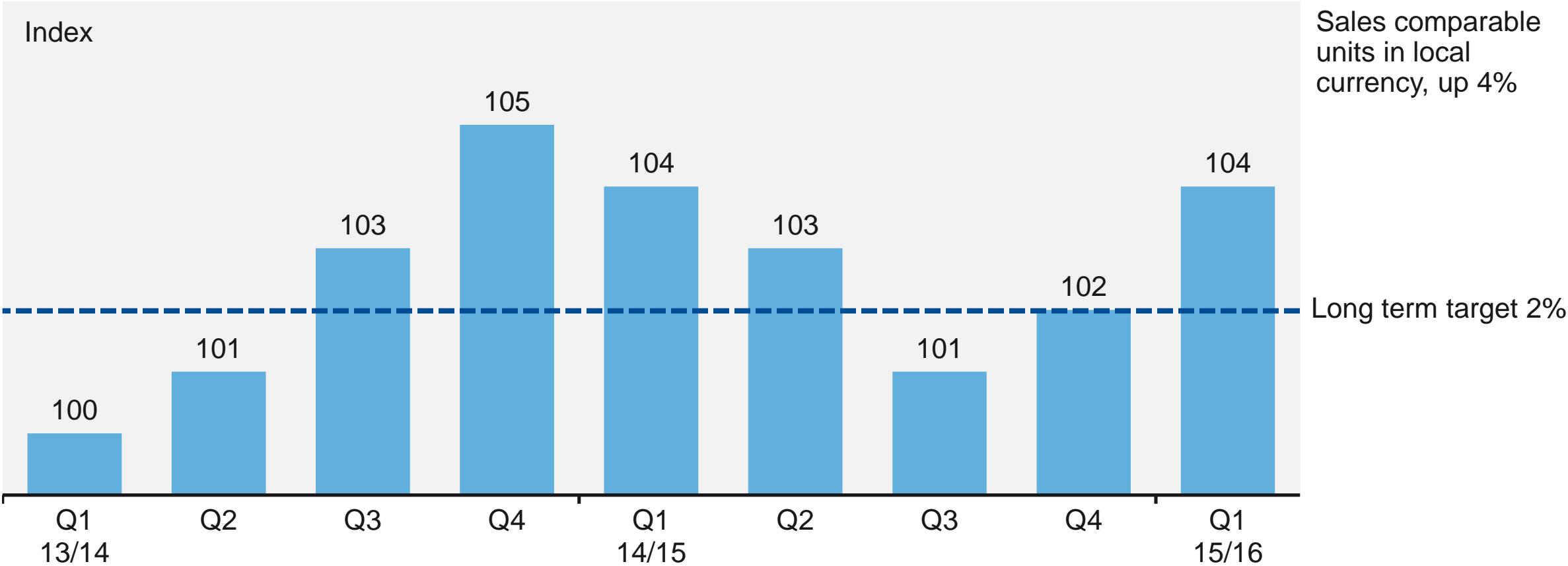


Sales Q1

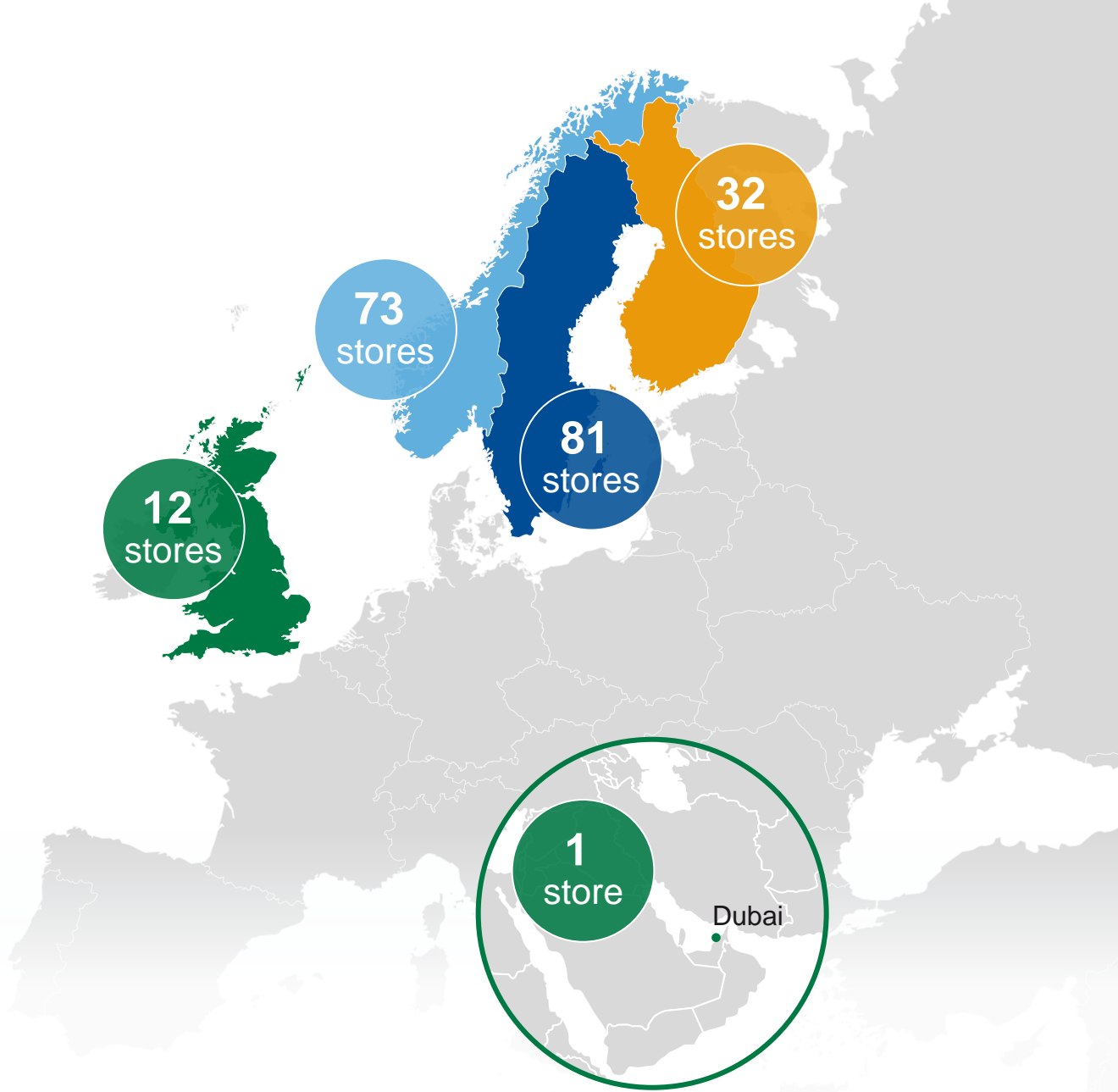
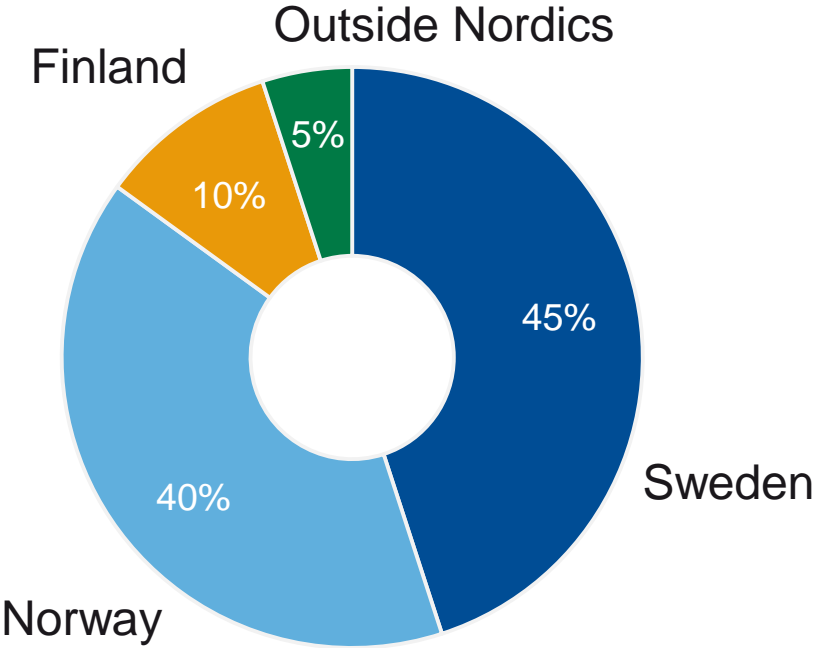
- Sales up 8% in local currencies
- Sales 1,770 MSEK, up 8%
- 13 additional stores compared to end of period last year (8)



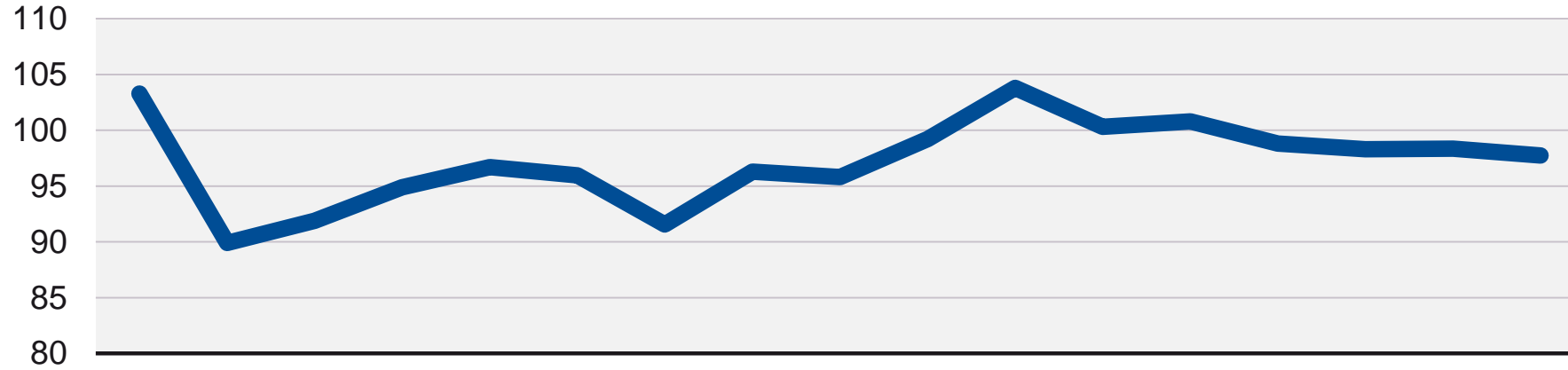
LFL sales



Sales share per market

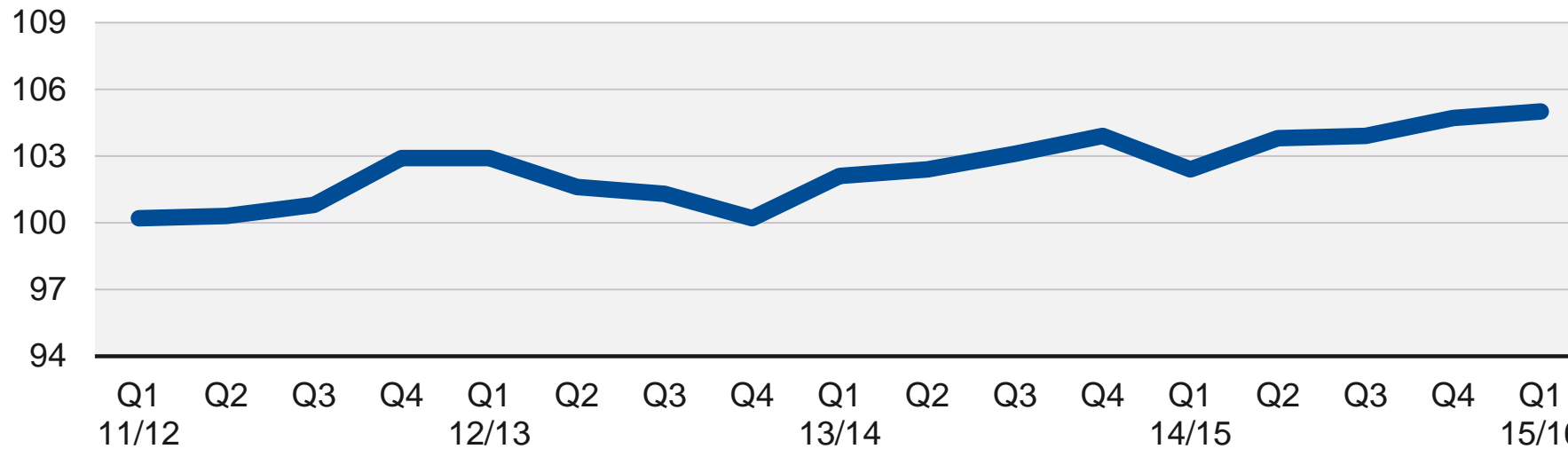


Sweden Consumer Confidence



Source: www.tradingeconomics.com

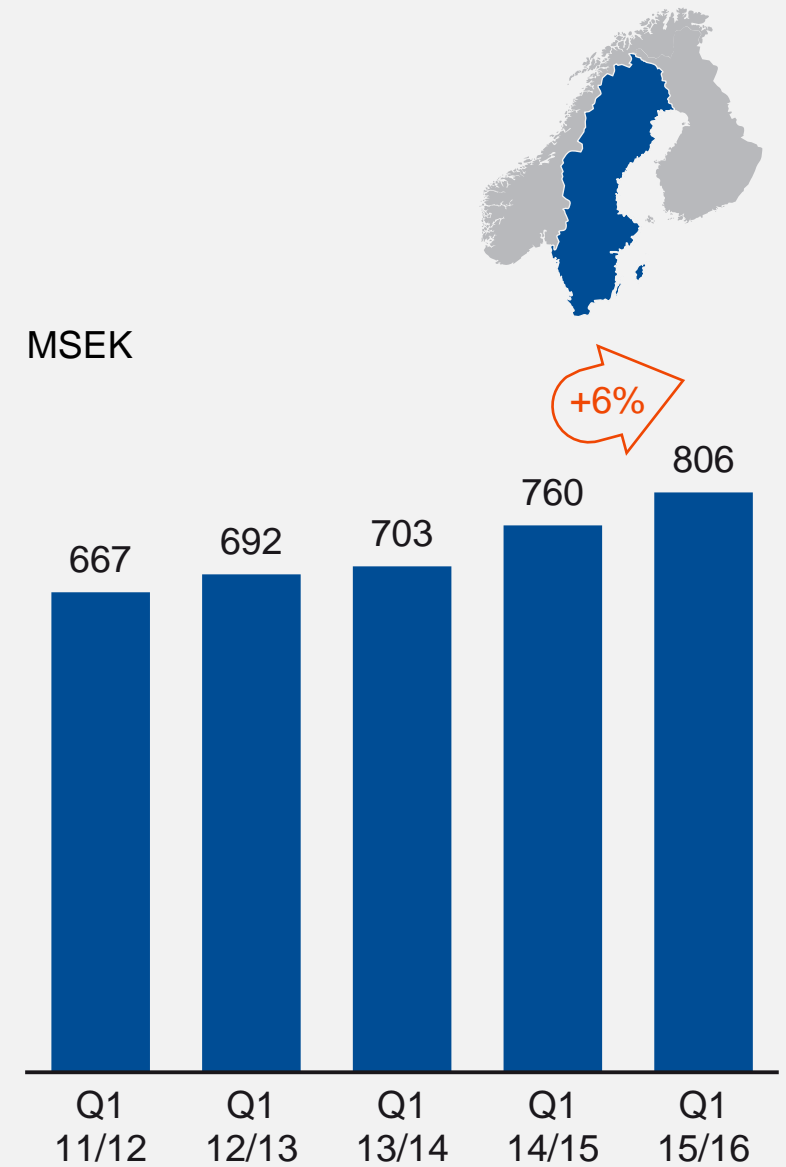
Sweden Retail Index



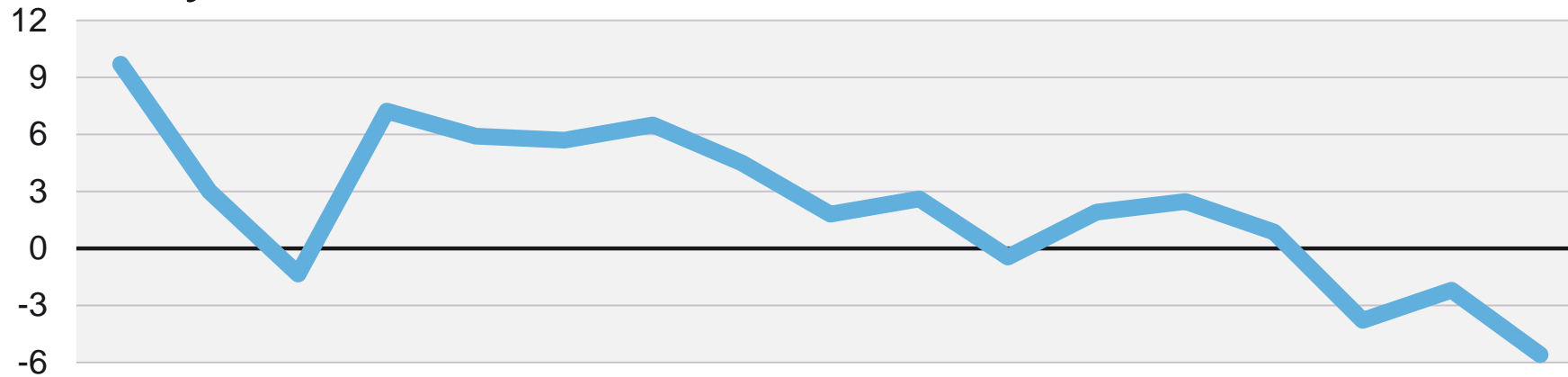
Retail index current prices
Source: HUI

Sweden Q1

- Sales up 6% to 806 MSEK
- Total 81 stores
 - 1 new store during Q1
 - 3 more stores compared to preceding Q1
- Increased market share

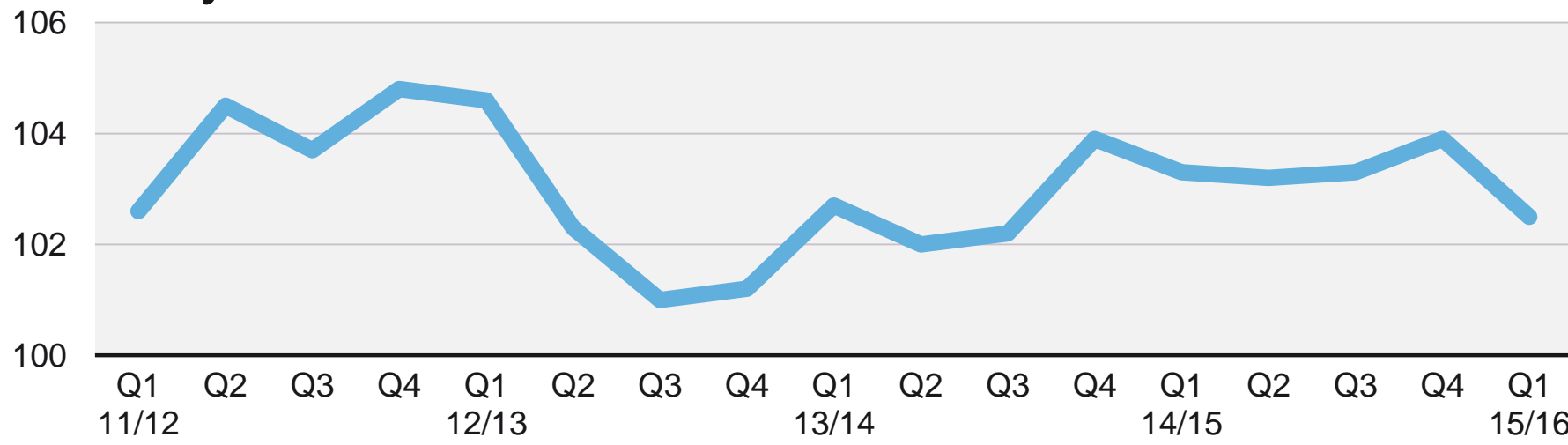


Norway Consumer Confidence



Source: www.tradingeconomics.com

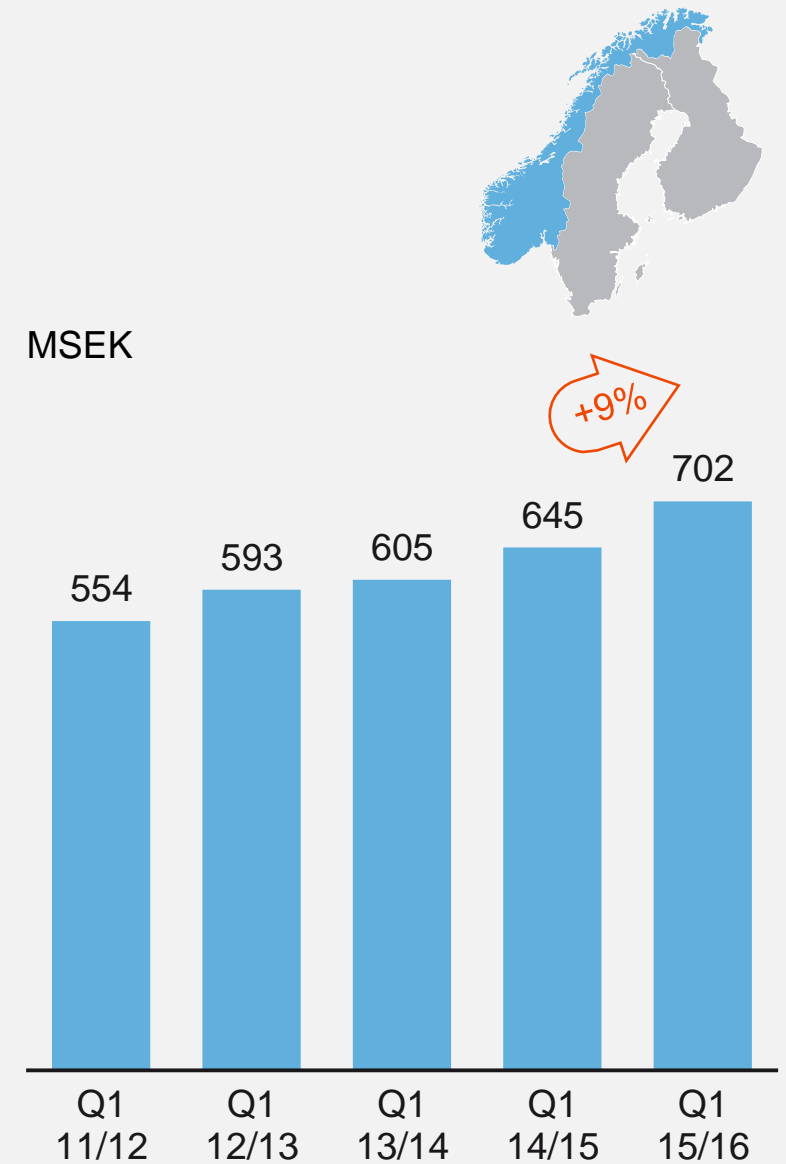
Norway Retail Index



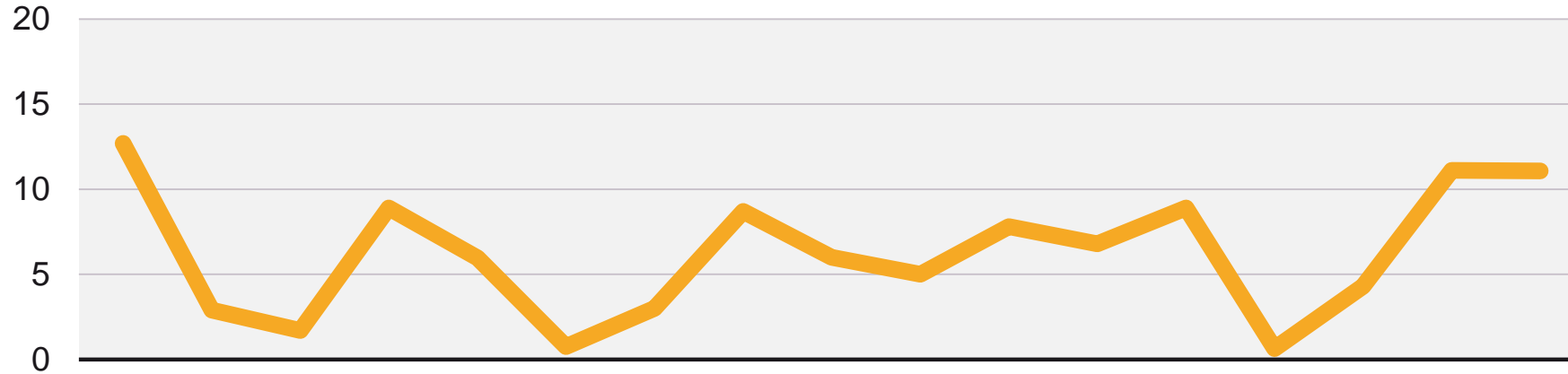
Source: SSB

Norway Q1

- Sales up 12% in local currency
- Sales 702 MSEK, up 9%
- Total 73 stores
 - No new stores during Q1
 - 8 more stores compared to preceding Q1
- Strong market position and strengthened brand



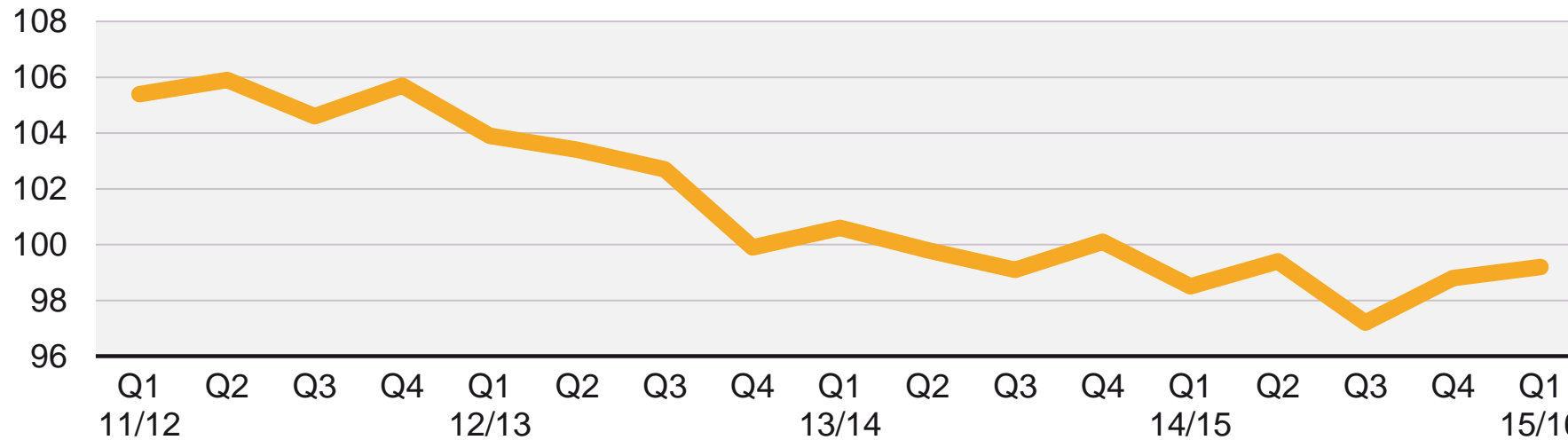
Finland Consumer Confidence



Source: www.tradingeconomics.com



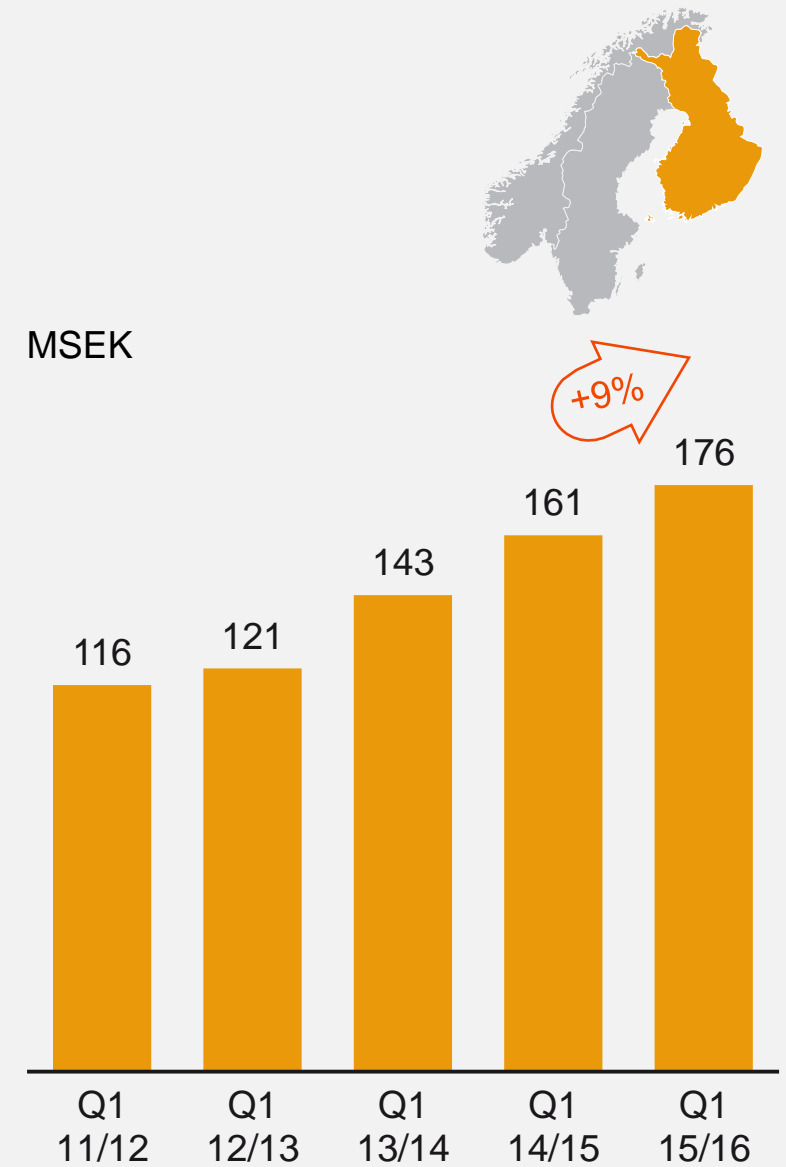
Finland Retail Index



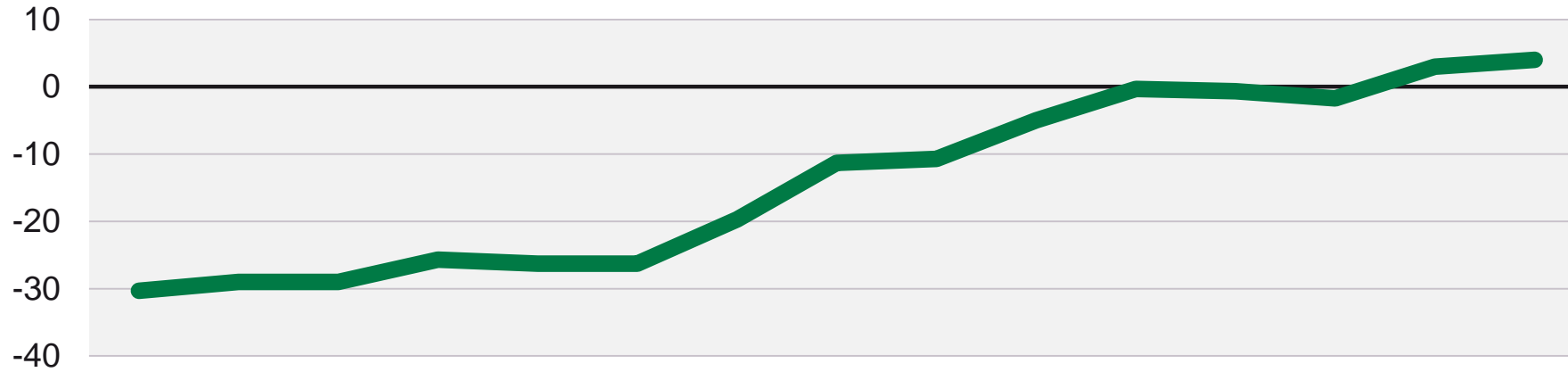
Source: Statistikcentralen

Finland Q1

- Sales up 7% in local currency
- Sales 176 MSEK, up 9%
- Total 32 stores
 - No new stores during Q1
 - 2 more stores compared to preceding Q1
- Strengthened brand and market position

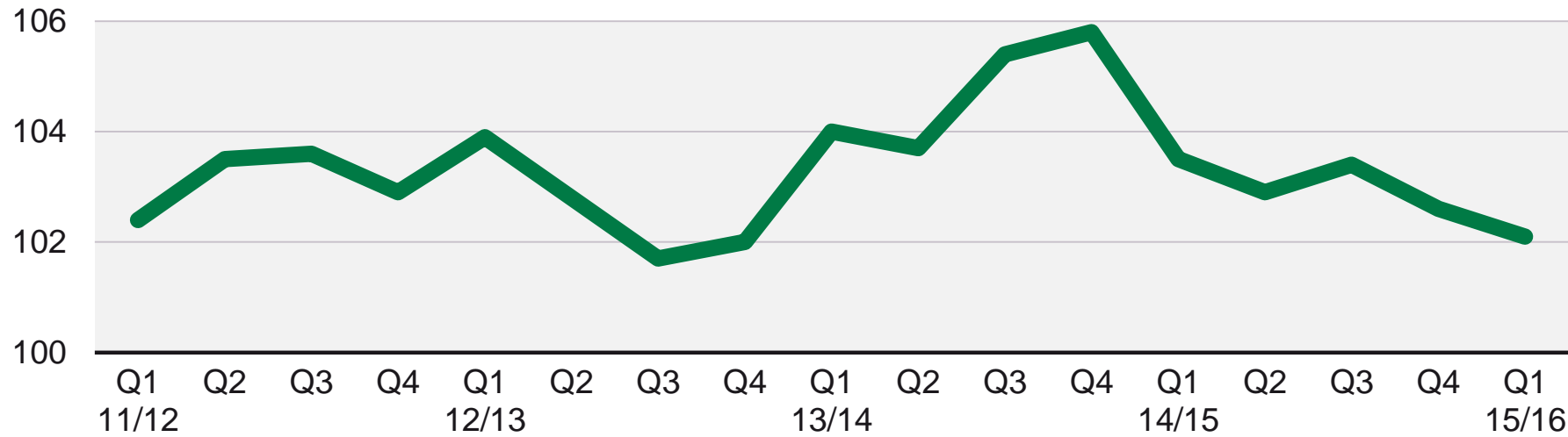


UK Consumer Confidence



Source: www.tradingeconomics.com

UK Retail Index

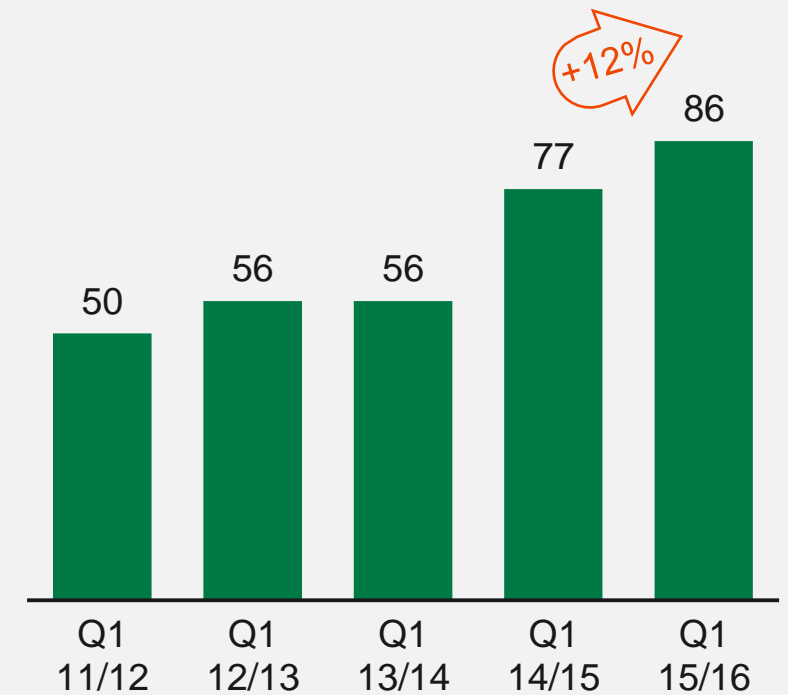


Source: Statistikcentralen

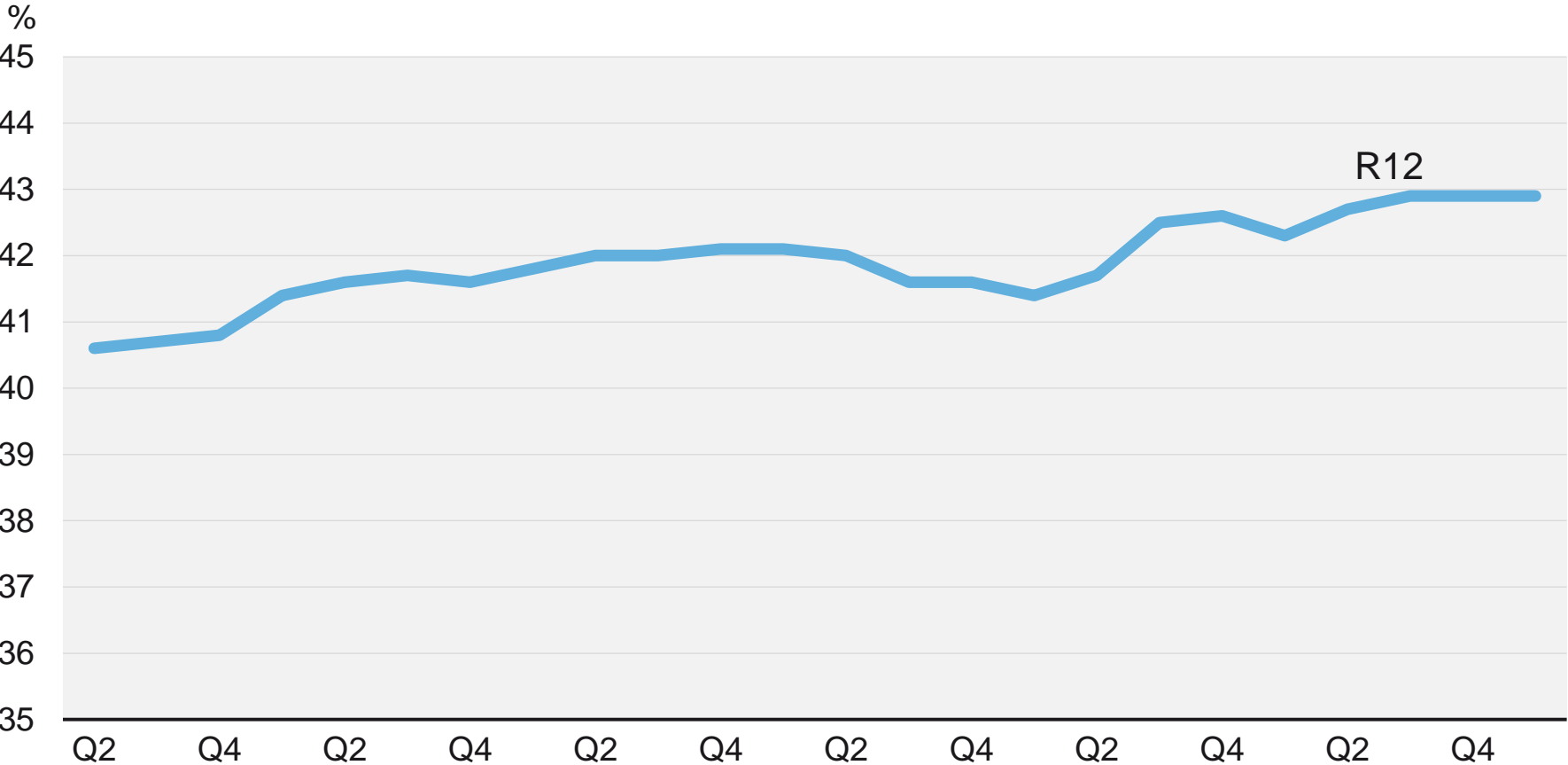
Outside Nordic countries Q1

- Sales -2% in local currencies
 - Negatively affected due to periodization in supplies to franchisee
- Sales 86 MSEK, up 12%
- 13 stores whereof one franchise
 - No new stores during Q1
 - No additional stores compared to preceding Q1
- Flat LFL sales in the UK
- Positive retail sales development in Dubai
 - Search for second store ongoing

MSEK

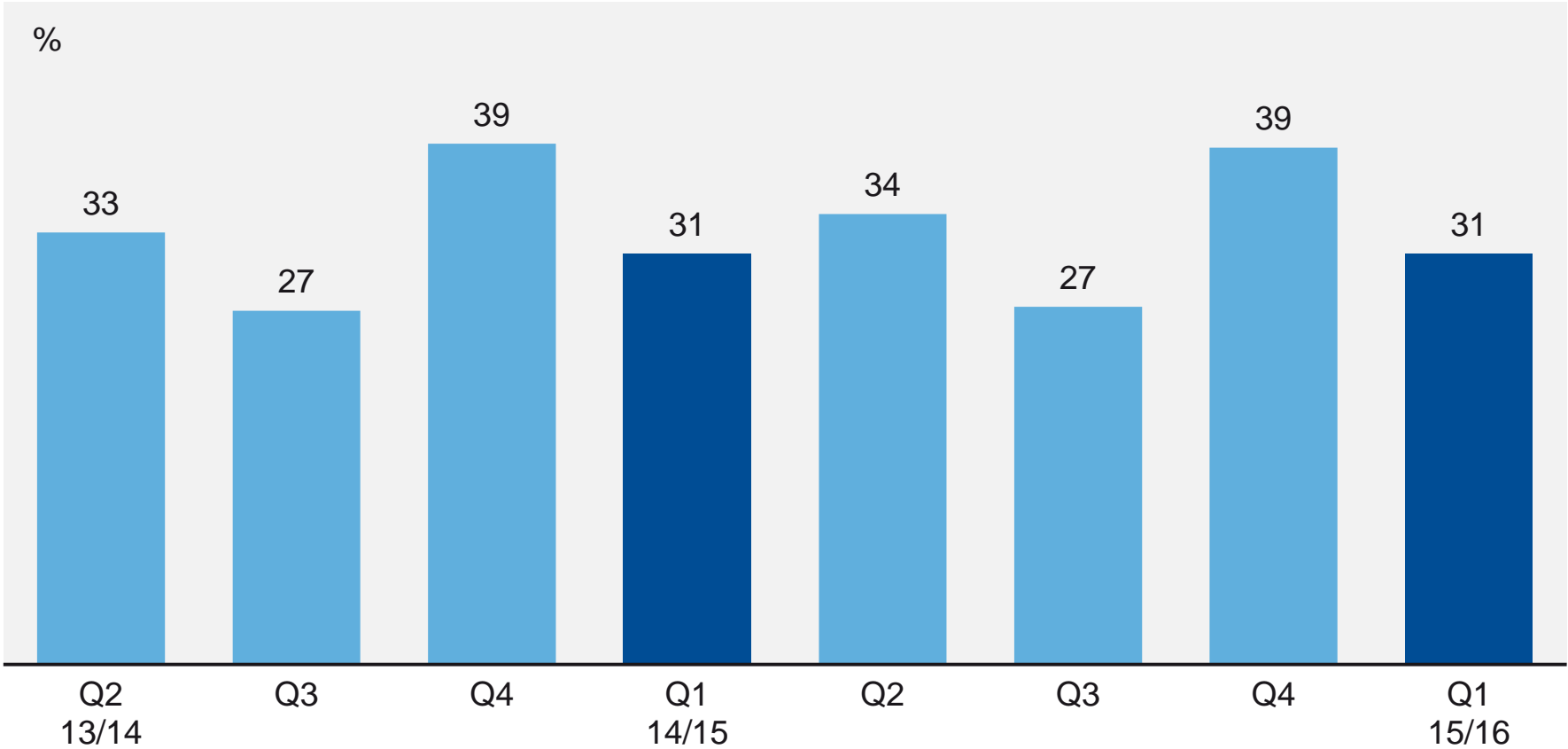


Gross margin long-term development



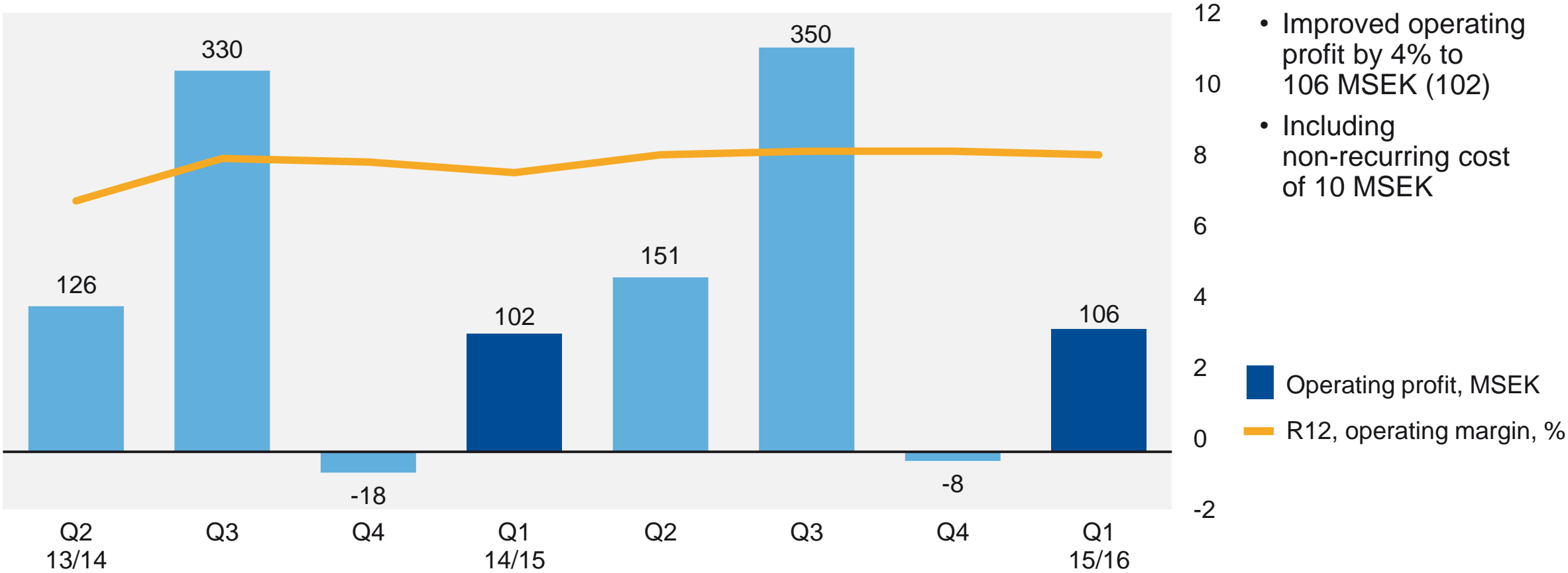
- Down in the quarter by 0.1 p.p to 40.4%
 - Negative currency impact
 - Positive sales mix
 - Increased sourcing efficiency

Share of selling expenses



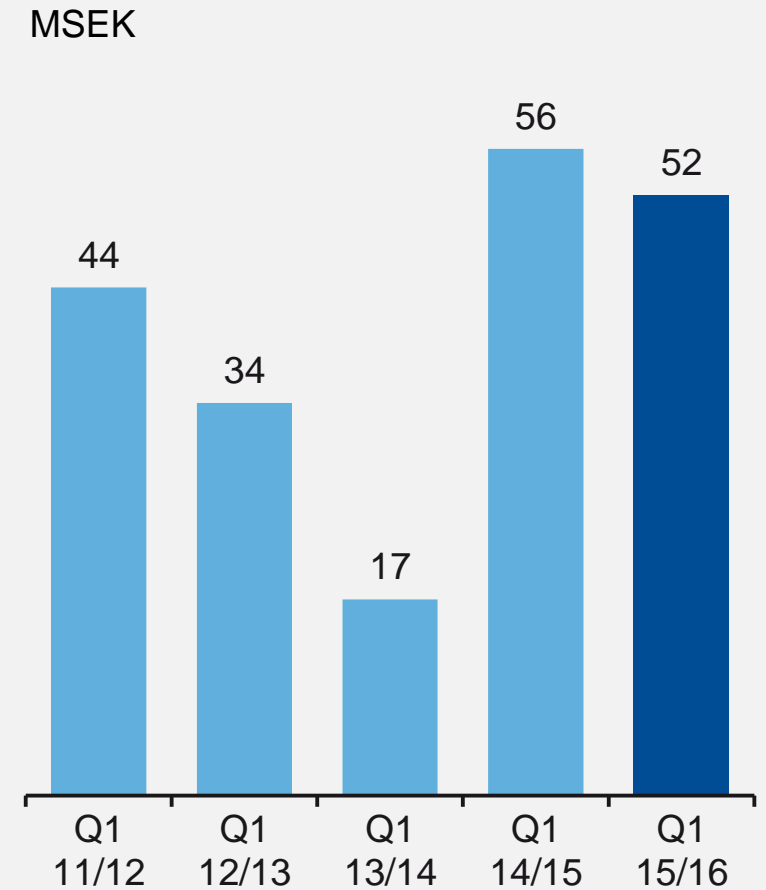
- Share of selling expenses 31.0%, down 0.4 p.p. in quarter

Operating profit and Operating margin



Investments

- Total investments 52 MSEK (56)
- New stores and refurbishments 11 MSEK (15)
- IT-systems 34 MSEK (34)
 - Implementation of new IT-platform
 - Other IT developments



Strong cash flow

- Cash flow operating activities was 170 MSEK (171)
 - Inventory 1,532 MSEK (1,329)
 - Inventory turnover rate DC 6.7 (7.0)
- Cash flow after investments and financing activities of 86 MSEK (102)
- Net cash holdings of 601 MSEK (462)



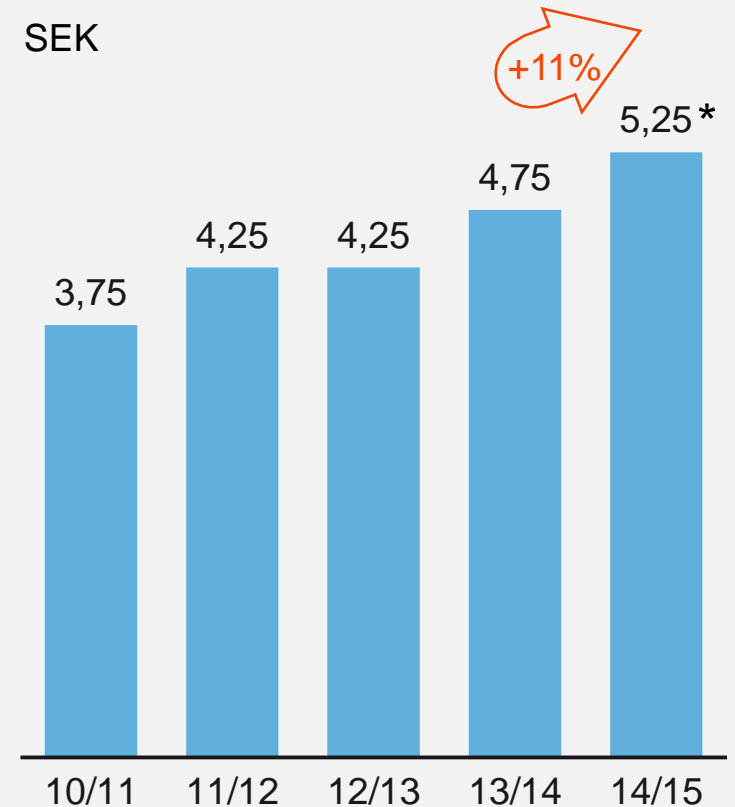
Proposed dividend

- Proposed dividend 5.25 SEK per share (4.75)
- Equivalent to 75% (77) of net profit
- Inline with dividend policy

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

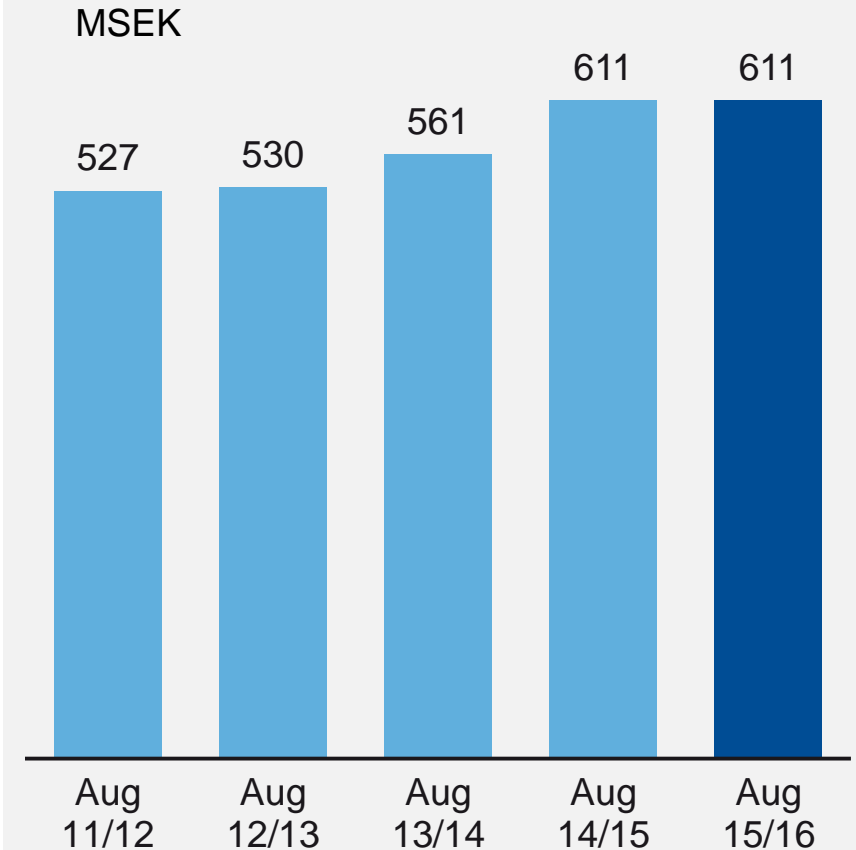
- Record date for payment of dividend 15 September

*Proposed dividend



August sales

- Sales 611 MSEK
- Sales up 2% in local currencies
 - Sweden + 3%
 - Norway + 1%
 - Finland + 2%
 - Outside Nordic countries - 5%
- 13 additional stores compared to end of last August (8)



Store number 200

- On 20 August, Clas Ohlson's 200th store was opened in traditional fashion
- Located in Bergvik Köpcenter, just outside Karlstad.
- Yet another milestone in Clas Ohlson's journey of growth

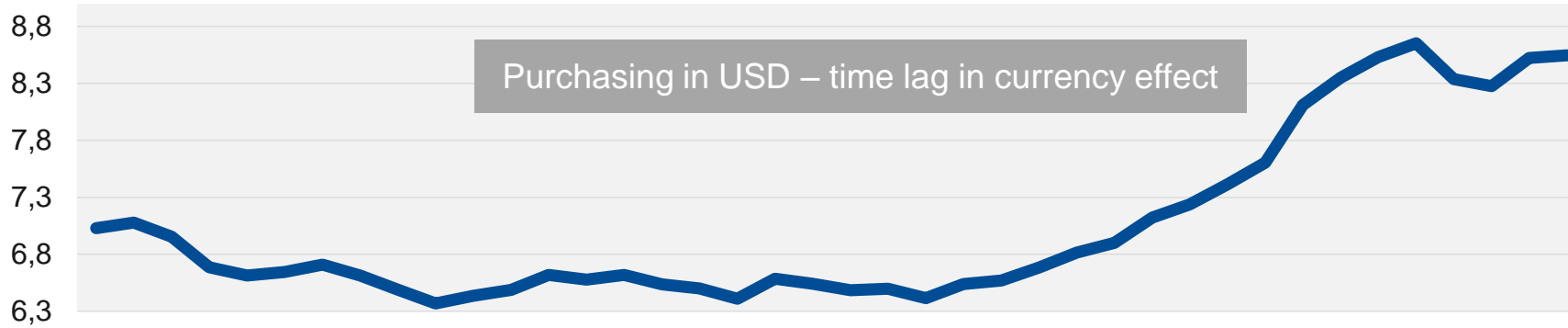




Future outlook

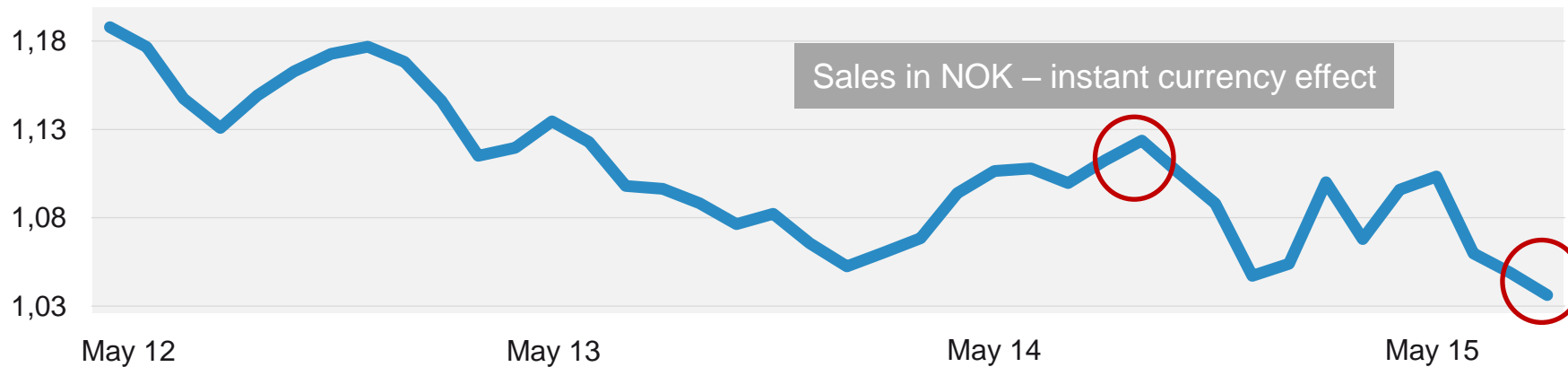
Main challenge going forward

USD/SEK



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

NOK/SEK



Excluding hedging effect

Source: Sveriges Riksbank

Counteracting measures

1

Monitor price development

2

Optimise sales mix

3

Increase sourcing efficiency



1 Price position

- Never compromise on low price value proposition
- Closely monitor market price development
- Over time we expect the USD-effect to be reflected in consumer pricing for the whole industry



2 Sales mix

- Continue to develop product and category mix
- Continue to develop private label



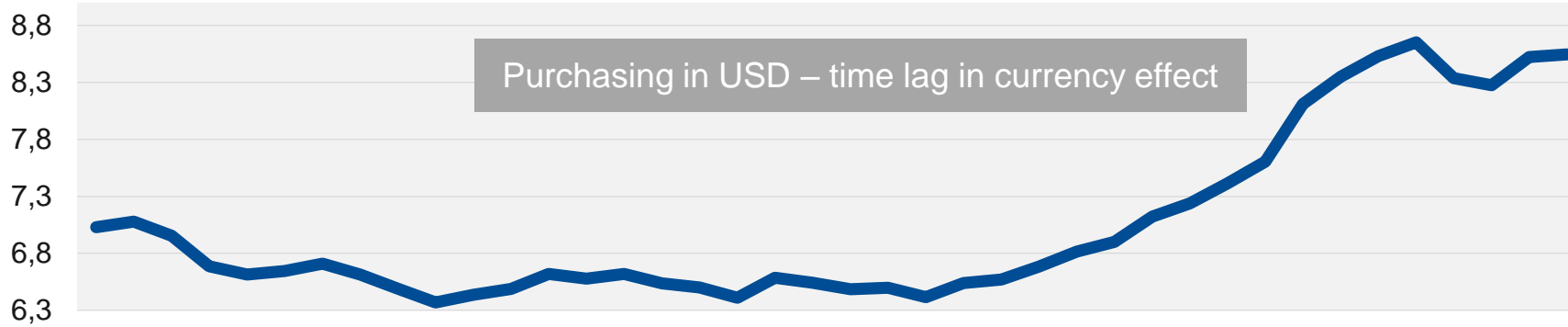
3 Sourcing efficiency

- Increase efficiency in supply chain
- Increase share of direct sourcing
- Further initiatives to increase efficiency with our main suppliers
- Increase efficiency at Distribution Centre

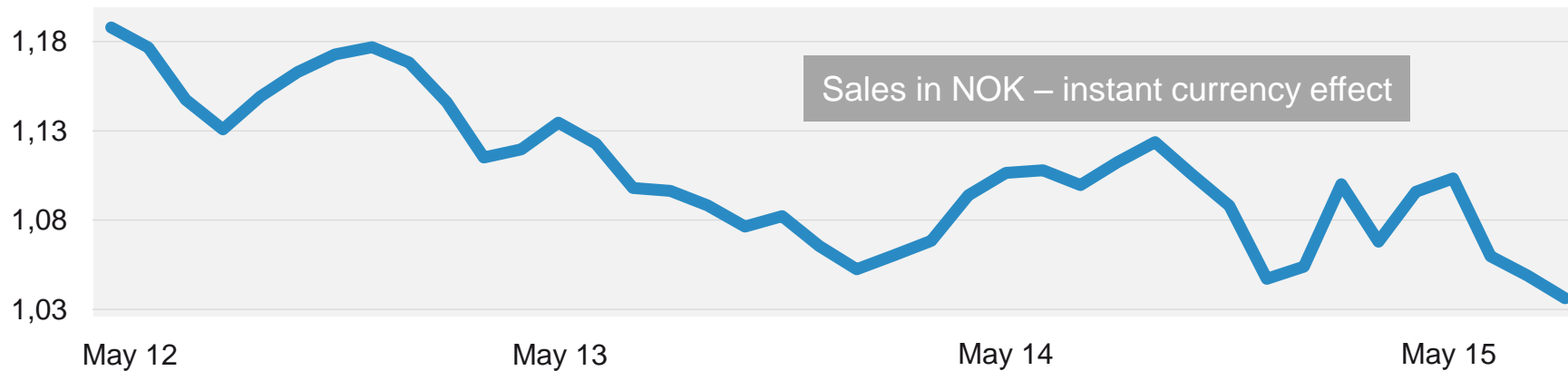


Main challenge going forward

USD/SEK



NOK/SEK



- Currencies will have negative impact in coming quarters
- Will be able to offset currency fluctuations over time

Excluding hedging effect

Source: Sveriges Riksbank

Next steps in the UK

- Next step in UK expansion plan
 - New smaller store format cluster in London region
 - New stores in St Albans and Ealing being developed
- Optimising store network
 - Store in Merry Hill in Birmingham closed in August



High interest for German expansion

- Three stores contracted to open in Hamburg
 - Jungfernstieg to open Summer 2016
 - Altona to open Autumn 2016
 - Alstertal to open Autumn 2016
- Preparations according to plan



High energy in all sales channels

Online

Stores



Catalogue/Phone



Loyalty programmes

Social media

Next step in our sustainability efforts

- In early September we launched our new sustainability concept for communicating with our customers
- Even greater focus on offering and more clearly showcasing our range of products for a more sustainable lifestyle

from here
to
sustainability

härifrån
till
hållbarheten

Rätt reservdel förlänger livet på favoritprylen



Vi har tusentals reservdelar och tillbehör på lager som gör att din trojänare blir som ny igen. Sök och hitta själv på clasohlson.se eller prata med oss i butiken.

Världsnyhet:

Miljömärkta värmeljus med vackrare sken



— Refillpuck av 100% stearin. Fast och fin låga i upp till 6 timmar.



— Ljuskopp med glaskrage ger vackrare ljus än vanliga värmeljus. Löstagbar botten av silikon. Enkel att rengöra.

Inga mer aluminiumkoppar i soporna. Återanvänd en gång, och flera gånger till.



Värmeljus startkit
44-1290

39:-

New communication concept

- To inspire and display the unique benefits of the company's products using film as a media
- Aim to record 5,000 film clips this year
- Produced in a studio in Insjön, Sweden
- In four languages and with local ambassadors



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Summary Q1 15/16

- All time high sales and improved profit
- Strong financial position
- Many initiatives for further development



Questions & Answers

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