

The image shows the exterior of a building with a brick facade. A large, blue, illuminated sign with white, 3D block letters spells out "klas ohlsson". The sign is mounted on a blue background that runs along the top of the building. Below the sign, there is a window with a "20% off" sign and some festive decorations.

klas ohlsson

Q2 Report 2015/16

9 December 2015

Klas Balkow

President & CEO



# Agenda

- Q2 2015/16
- First six months 2015/16
- Events after period-end
- Future outlook
- Strategic priorities
- Q&A

# High energy and strong position

**206** 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

# Highlights

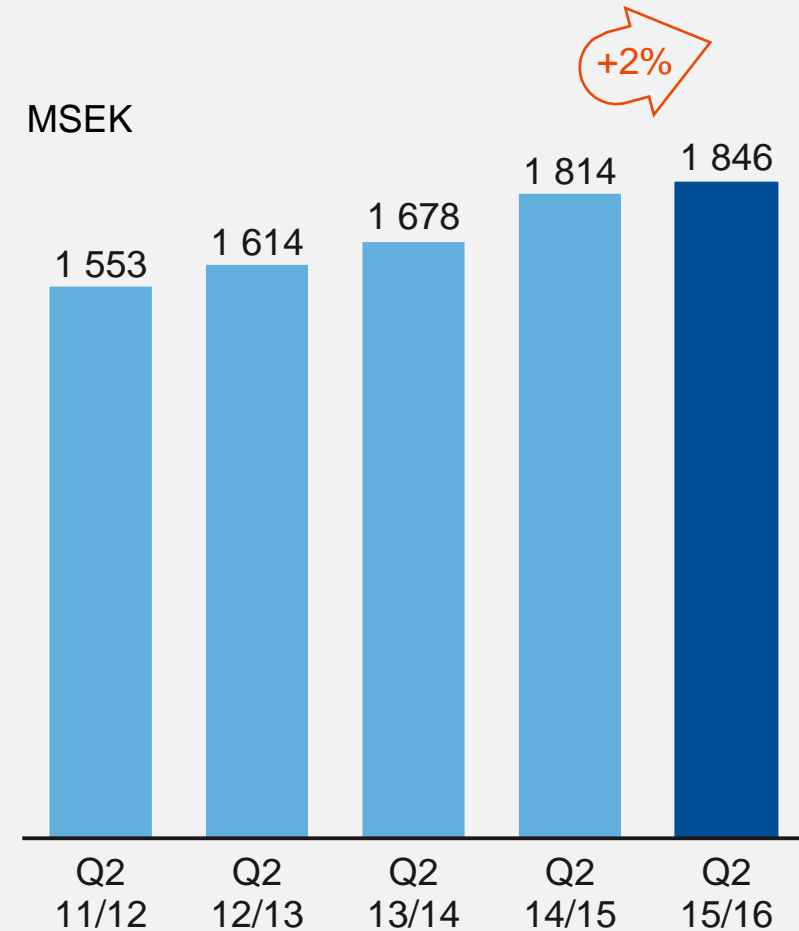
- Solid second quarter despite currency challenges
- Strong November sales gives good start to the important third quarter





# Sales Q2

- Sales up 5% in local currencies
- Flat LFL sales
  - Improving trend during the quarter
- Sales 1,846 MSEK, up 2%
- 10 additional stores net compared to end of period last year (11)
- 4 store openings in the quarter





20 August

Karlstad – Sweden



1 October

St Albans – UK



10 September

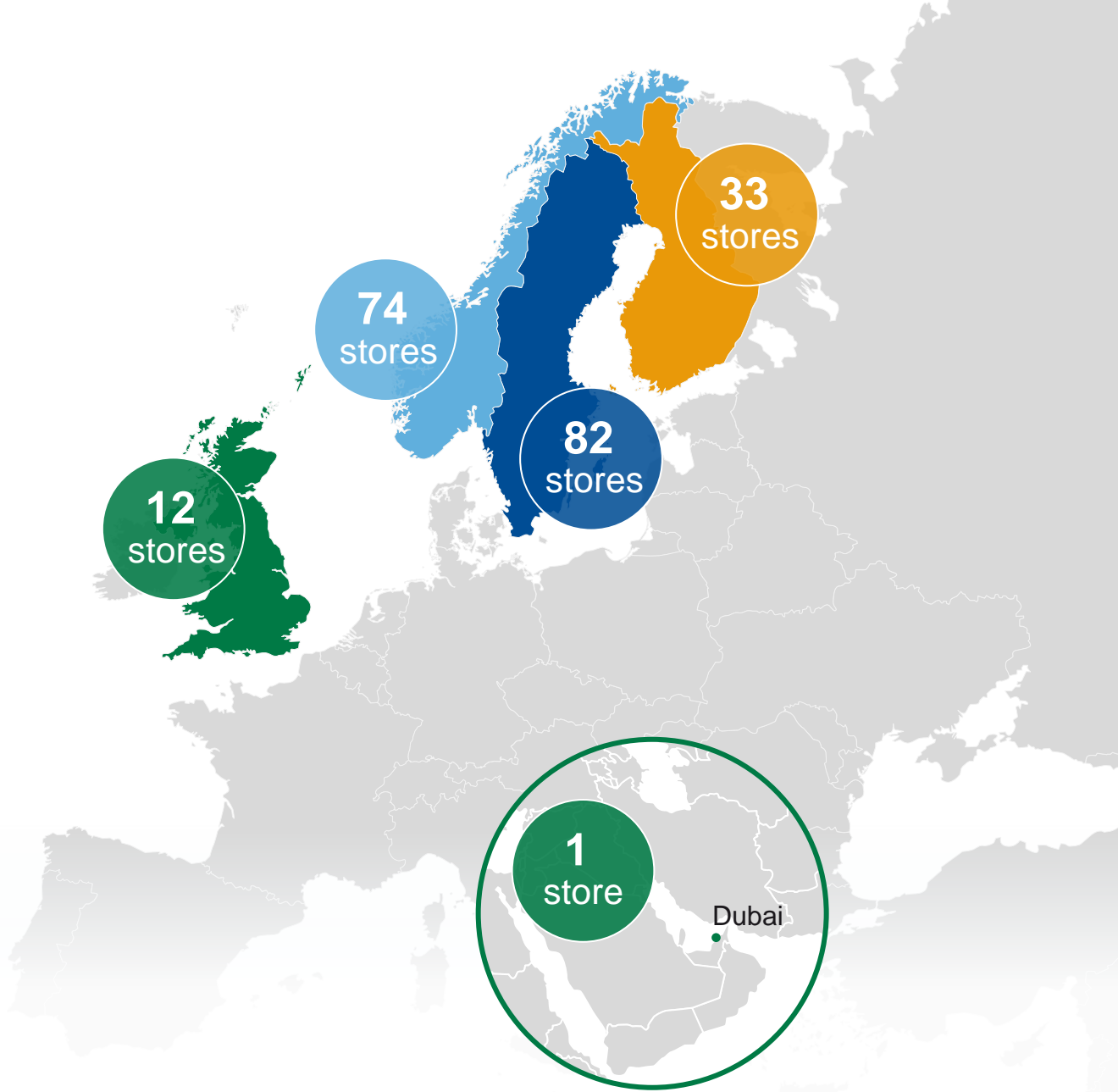
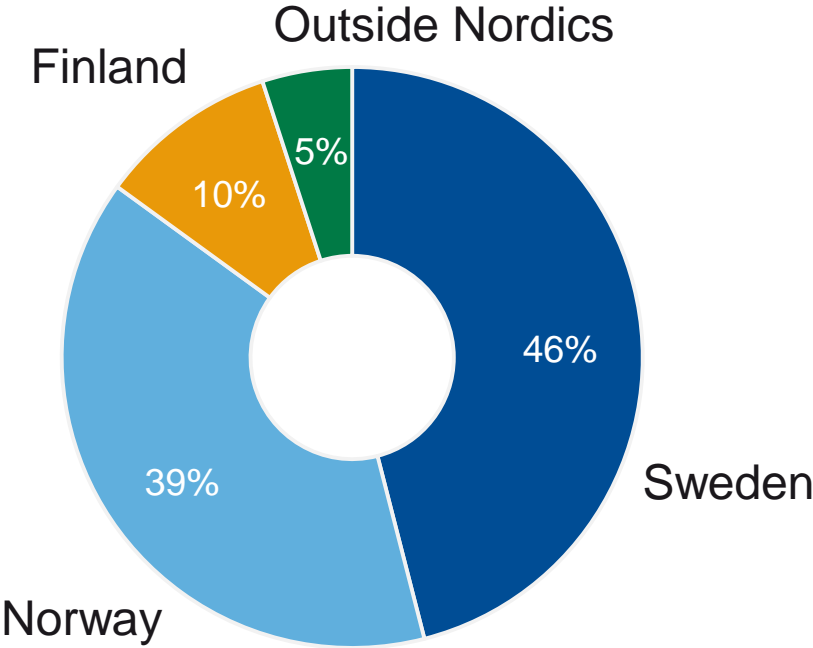
Sandefjord – Norway



14 October

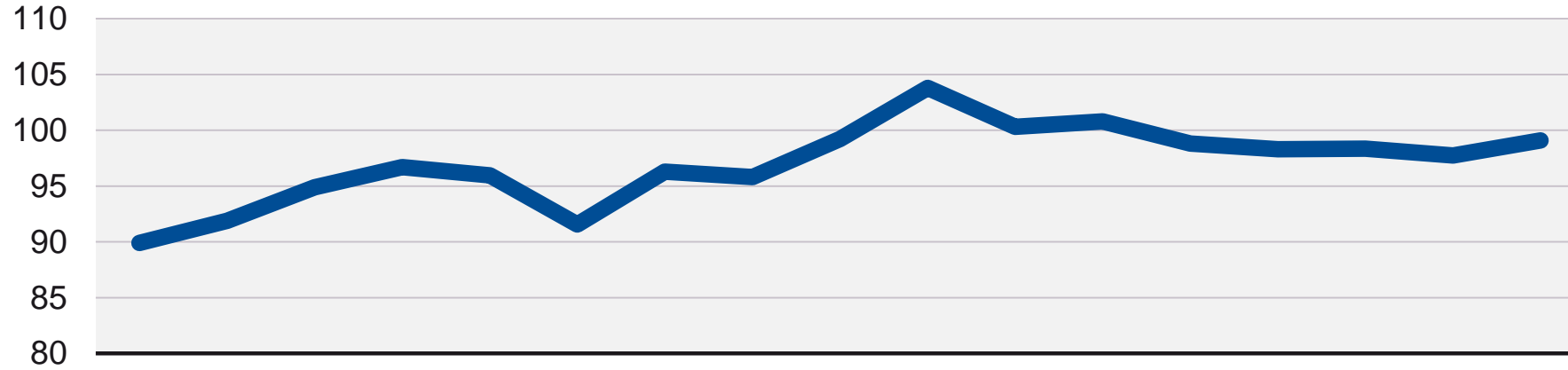
Esbo – Finland

# Sales share per market



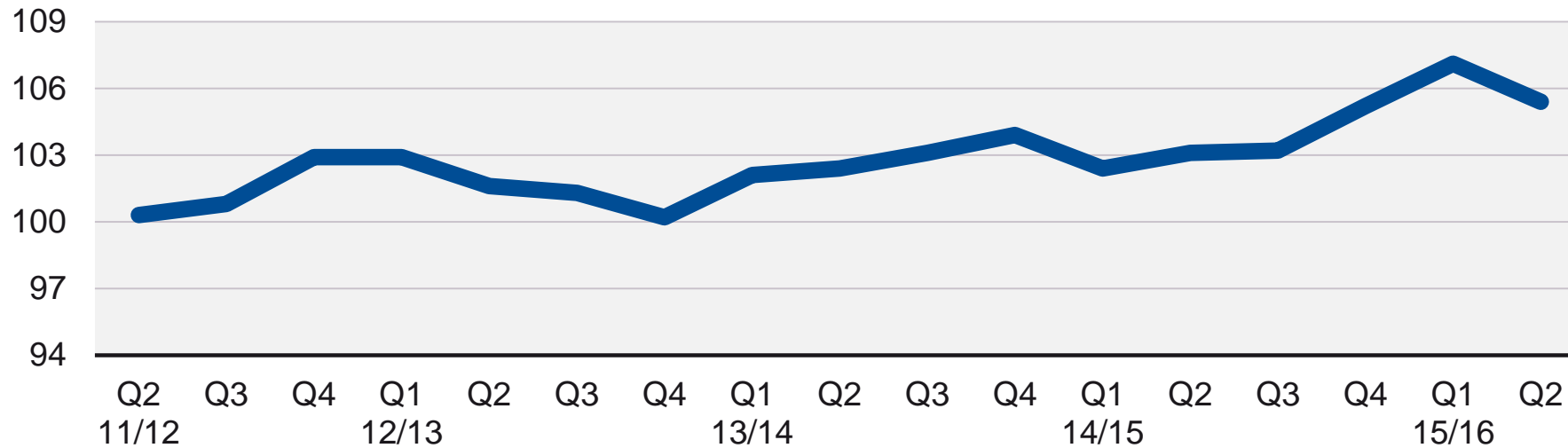


# Sweden Consumer Confidence



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

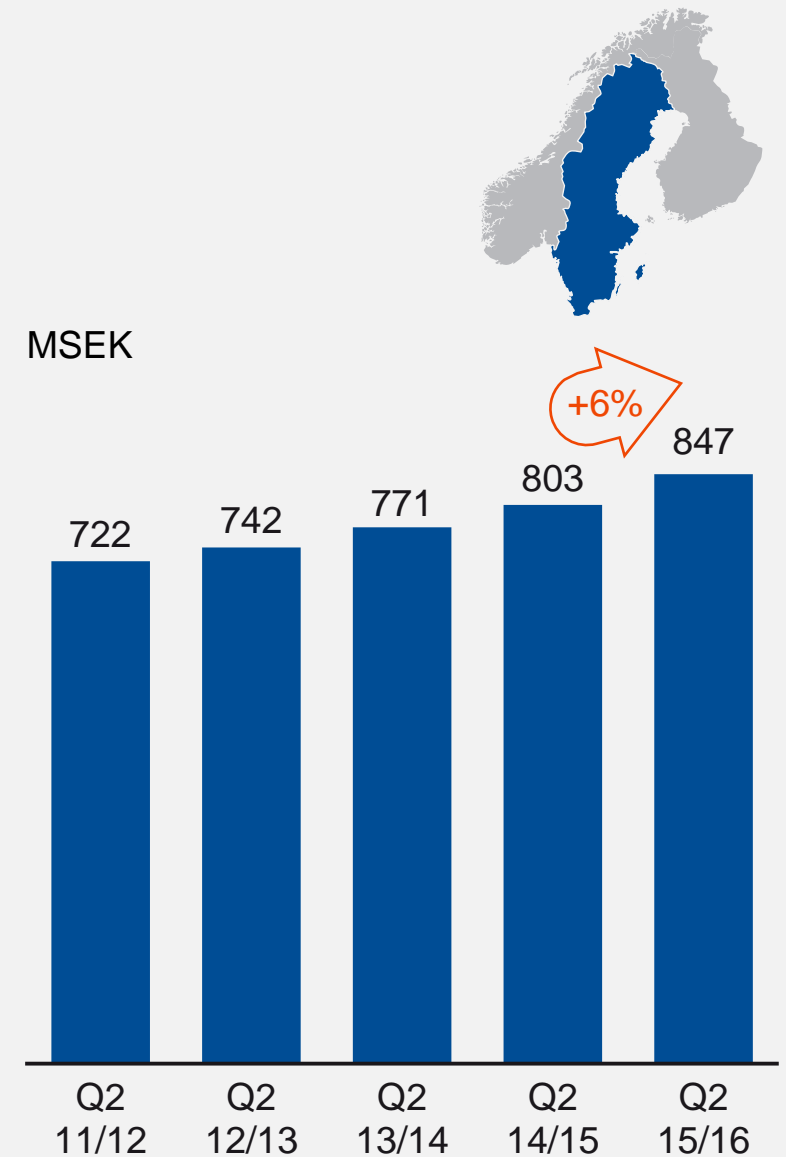
# Sweden Retail Index



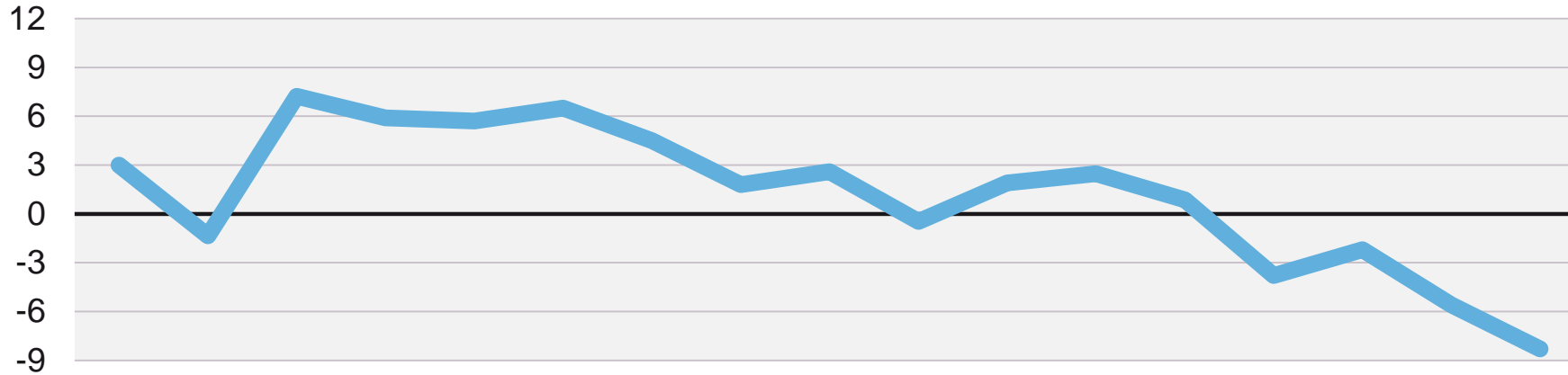
Retail index current prices  
Source: HUI

# Sweden Q2

- Sales up 6% to 847 MSEK
- Total 82 stores
  - 1 new store during Q2
  - 4 more stores compared to preceding Q2
- Maintaining market share in a strong market

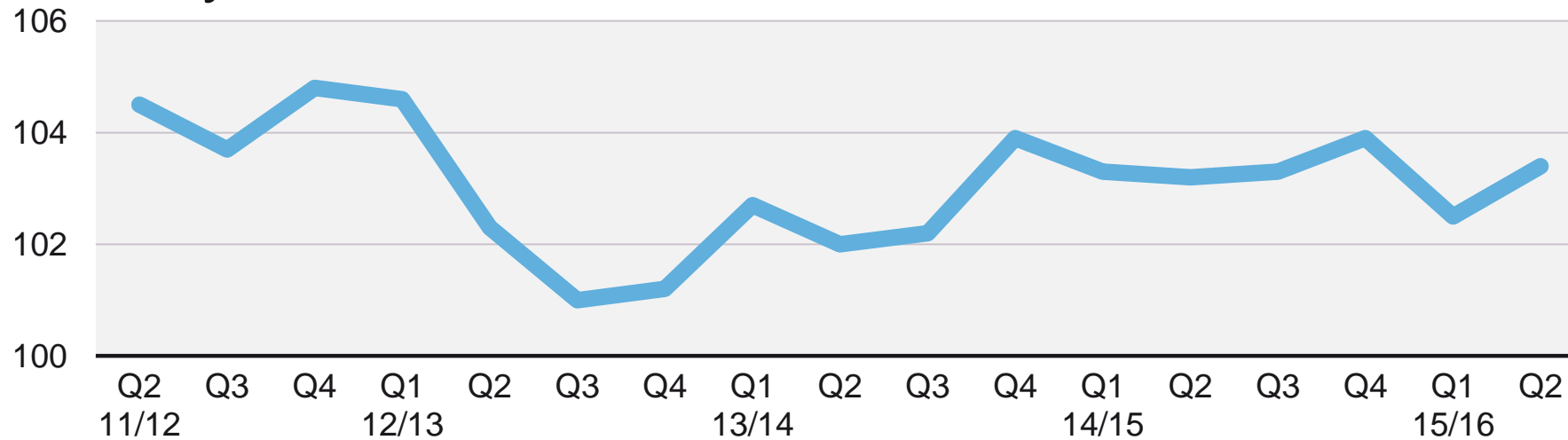


# Norway Consumer Confidence



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

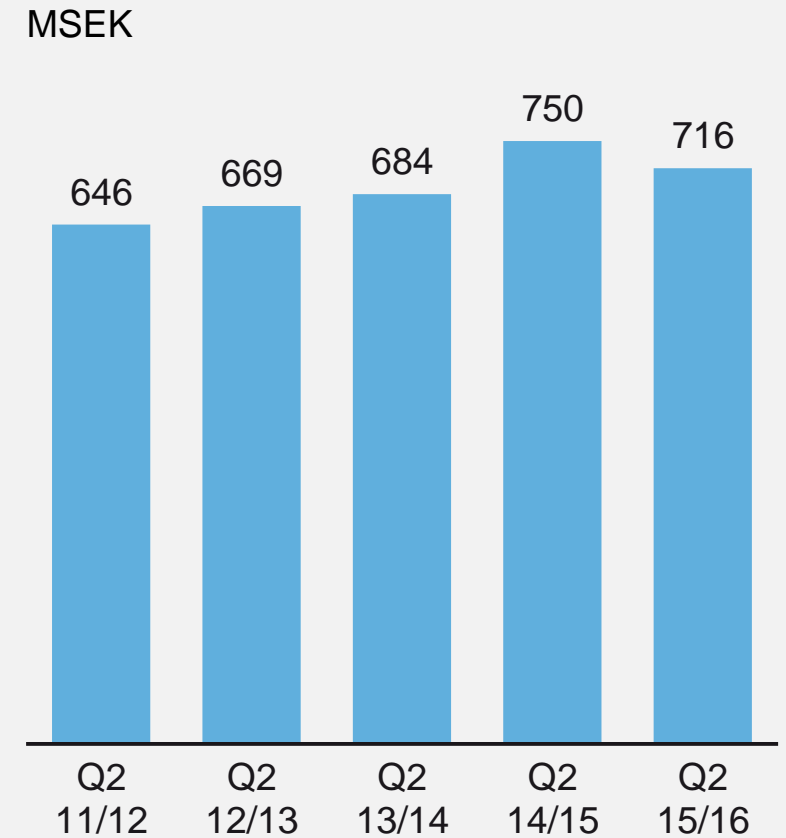
# Norway Retail Index



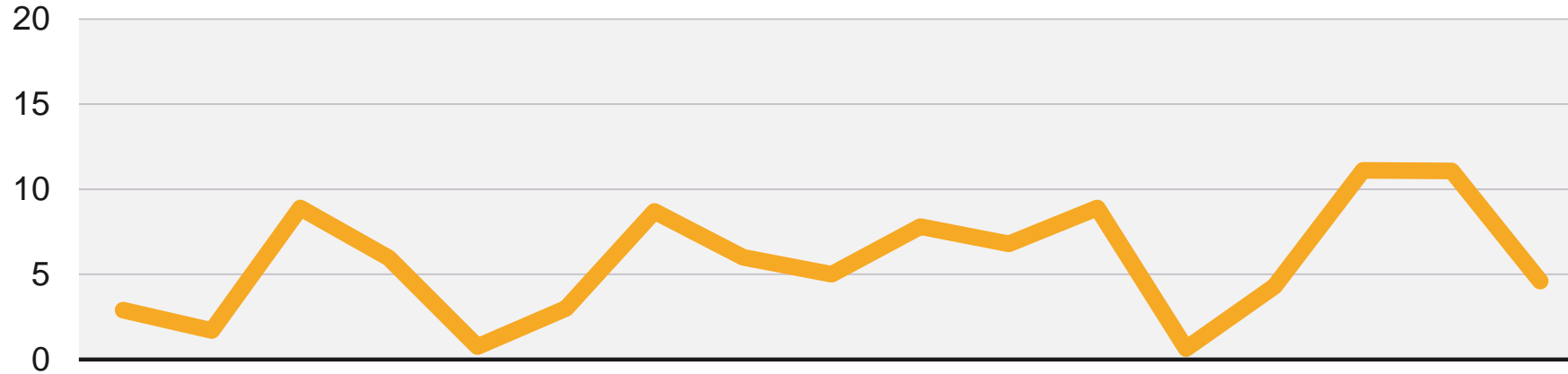
Source: SSB

# Norway Q2

- Sales up 5% in local currency
- Sales 716 MSEK, down 4%
- Total 74 stores
  - 1 new stores during Q2
  - 5 more stores compared to preceding Q2
- Increased market share in a volatile market

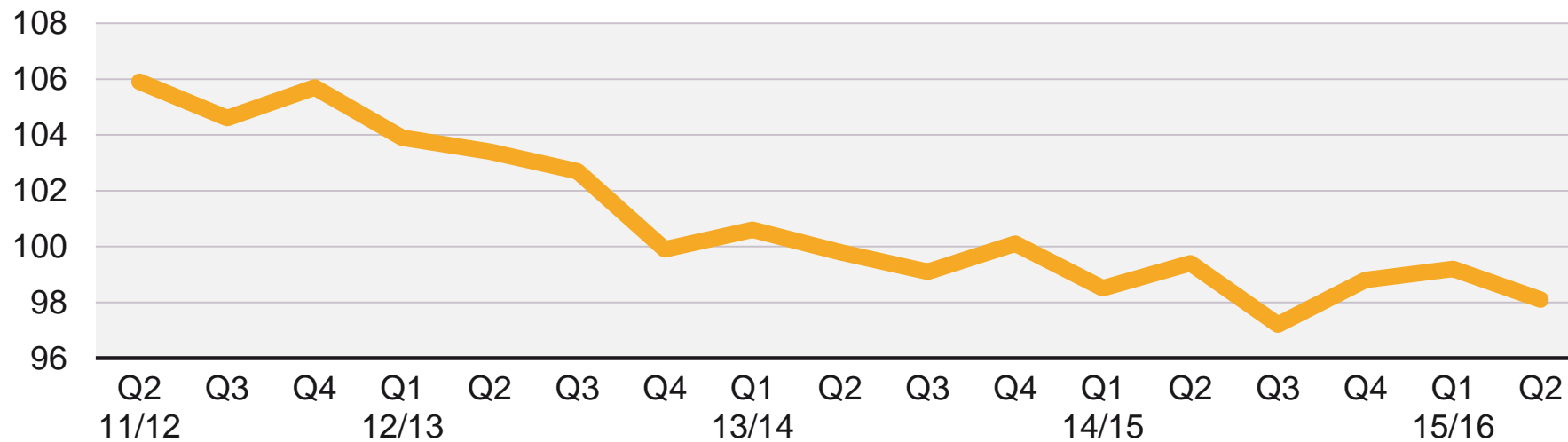


# Finland Consumer Confidence



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

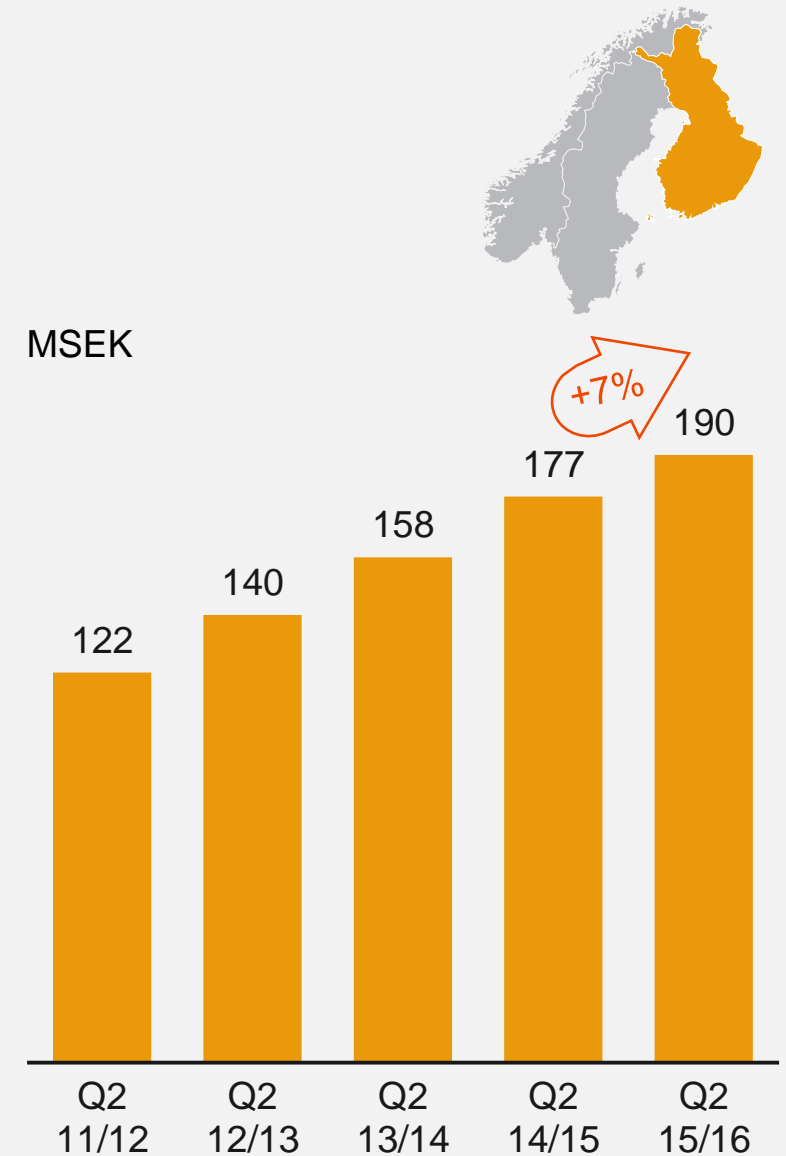
# Finland Retail Index



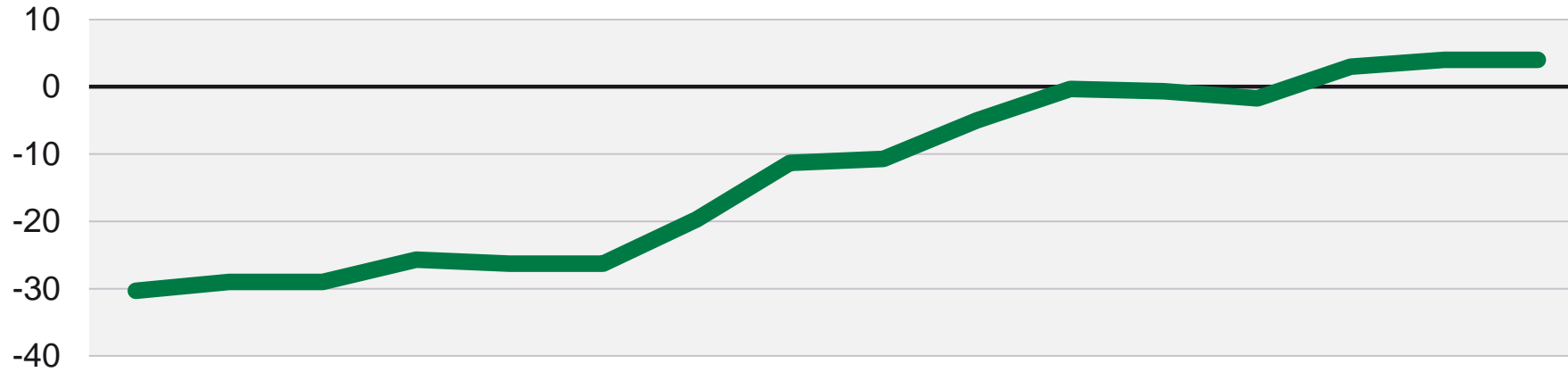
Source: Statistikcentralen

# Finland Q2

- Sales up 5% in local currency
- Sales 190 MSEK, up 7%
- Total 33 stores
  - 1 new stores during Q2
  - 1 more store compared to preceding Q2
- Increased market share and strengthened brand position in a soft market



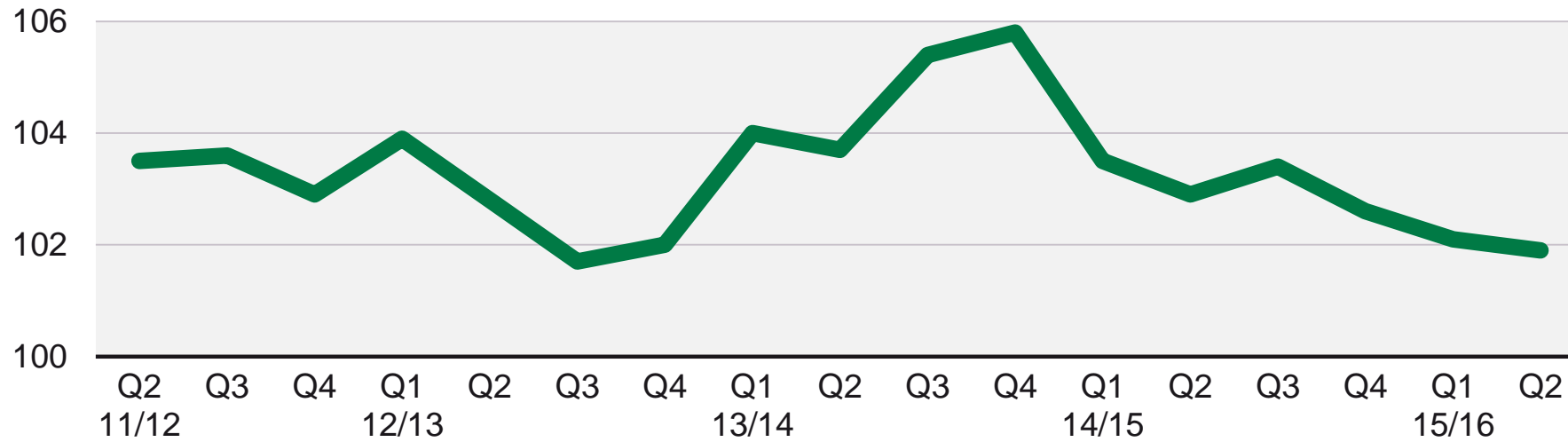
# UK Consumer Confidence



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



# UK Retail Index

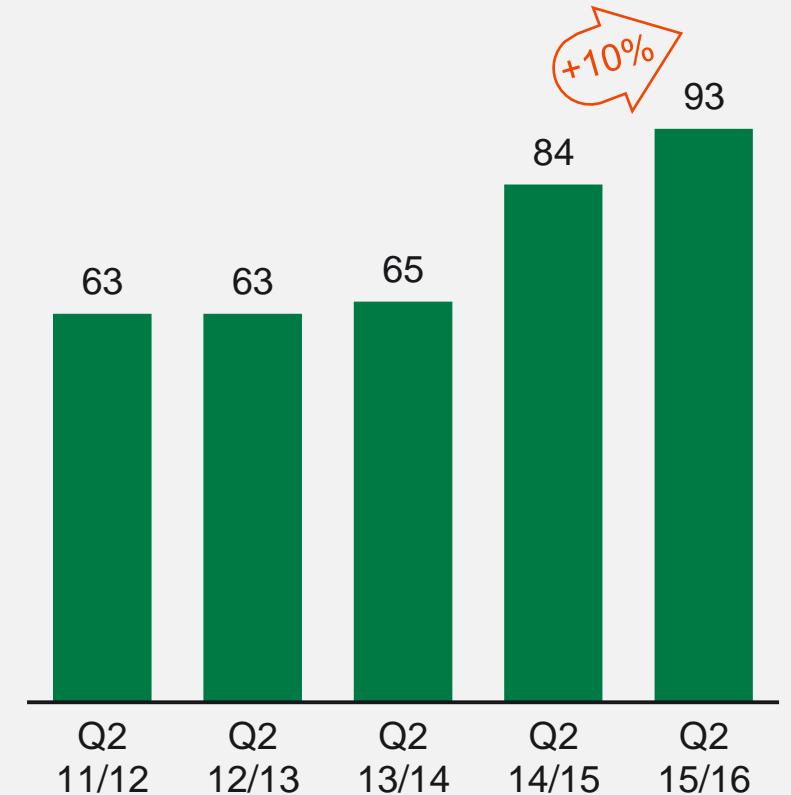


Source: Statistikcentralen

# Outside Nordic countries Q2

- Sales -1% in local currencies
- Sales 93 MSEK, up 10%
- 13 stores whereof one franchise
  - 1 new small format store opened
  - 1 store closed
  - No additional stores compared to preceding Q2
- Flat LFL sales in the UK
- Positive retail sales development in Dubai

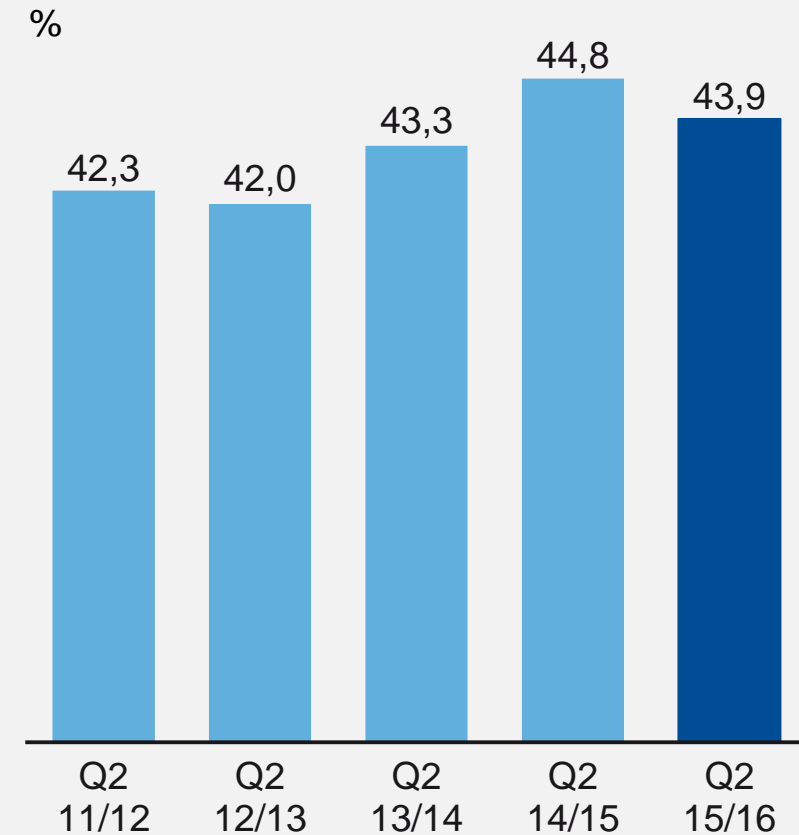
MSEK



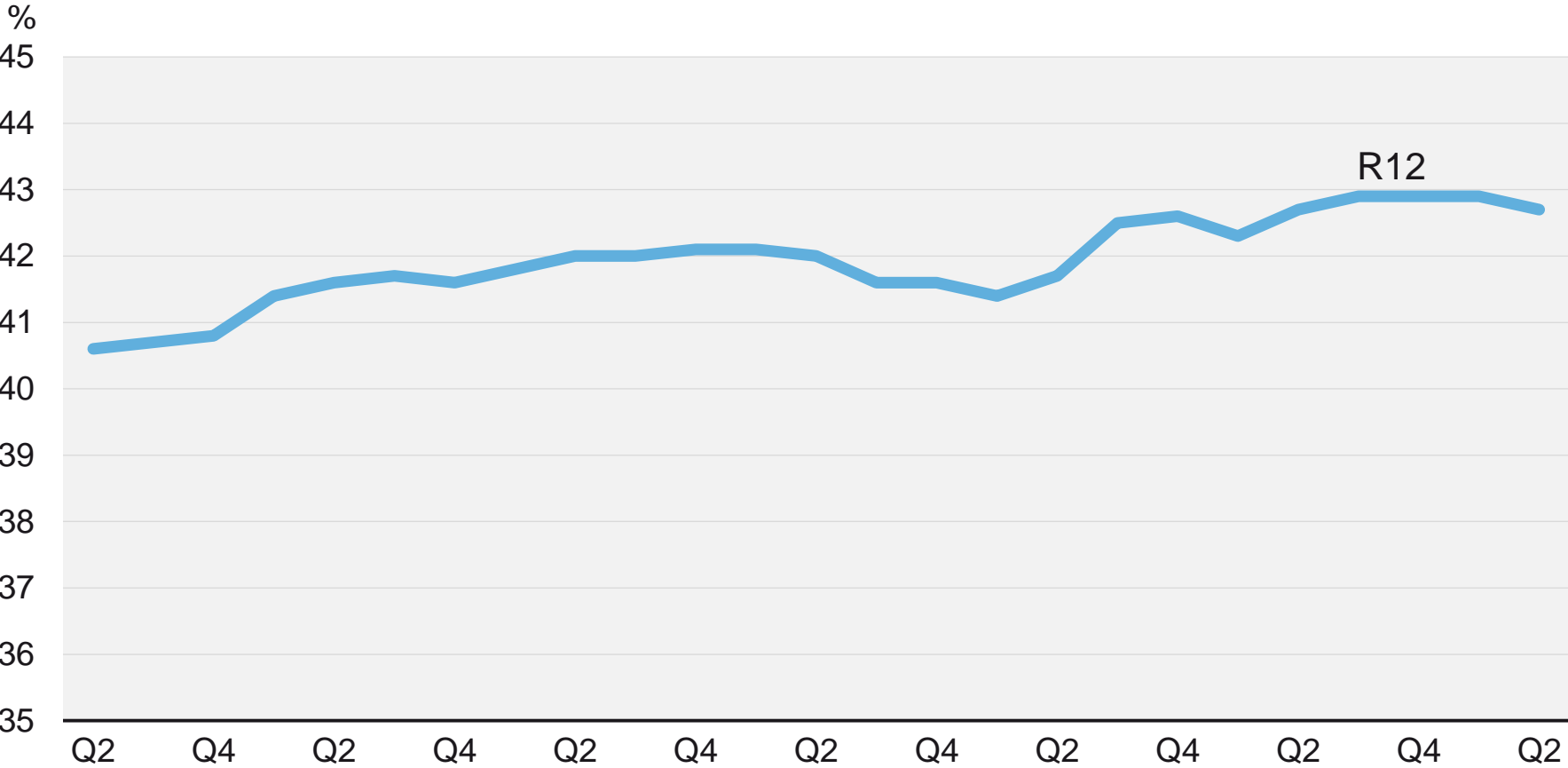


# Gross margin Q2

- Gross margin down 0.9 percentage points
- Negative currency impact
- Impact reduced by
  - sales mix
  - currency hedges NOK

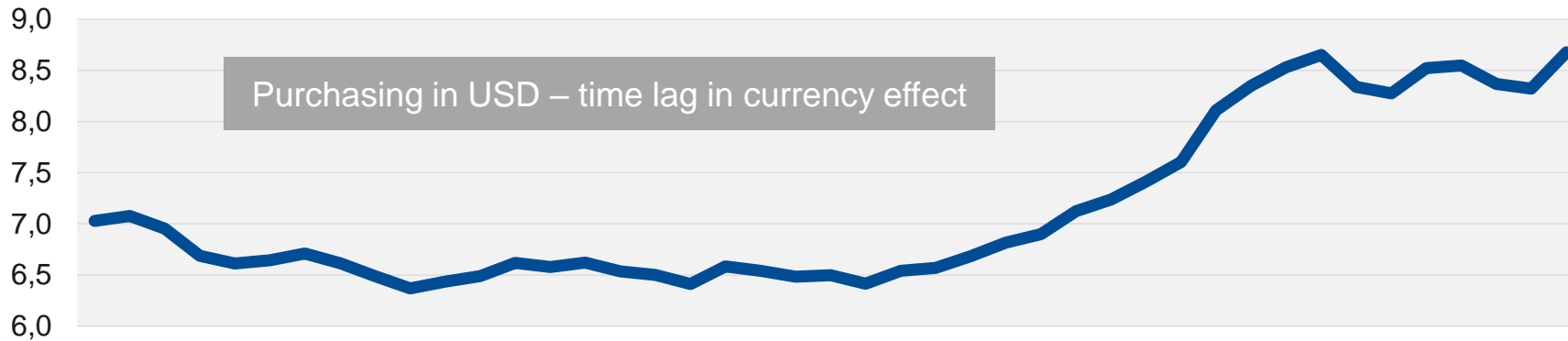


# Gross margin long-term development



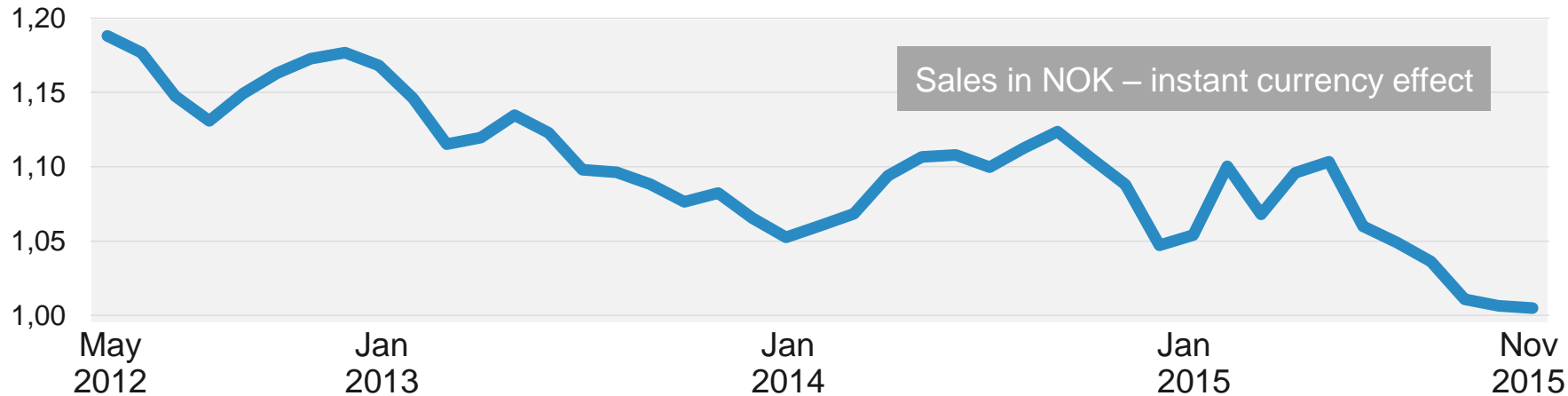
# Negative currency impact

USD/SEK



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

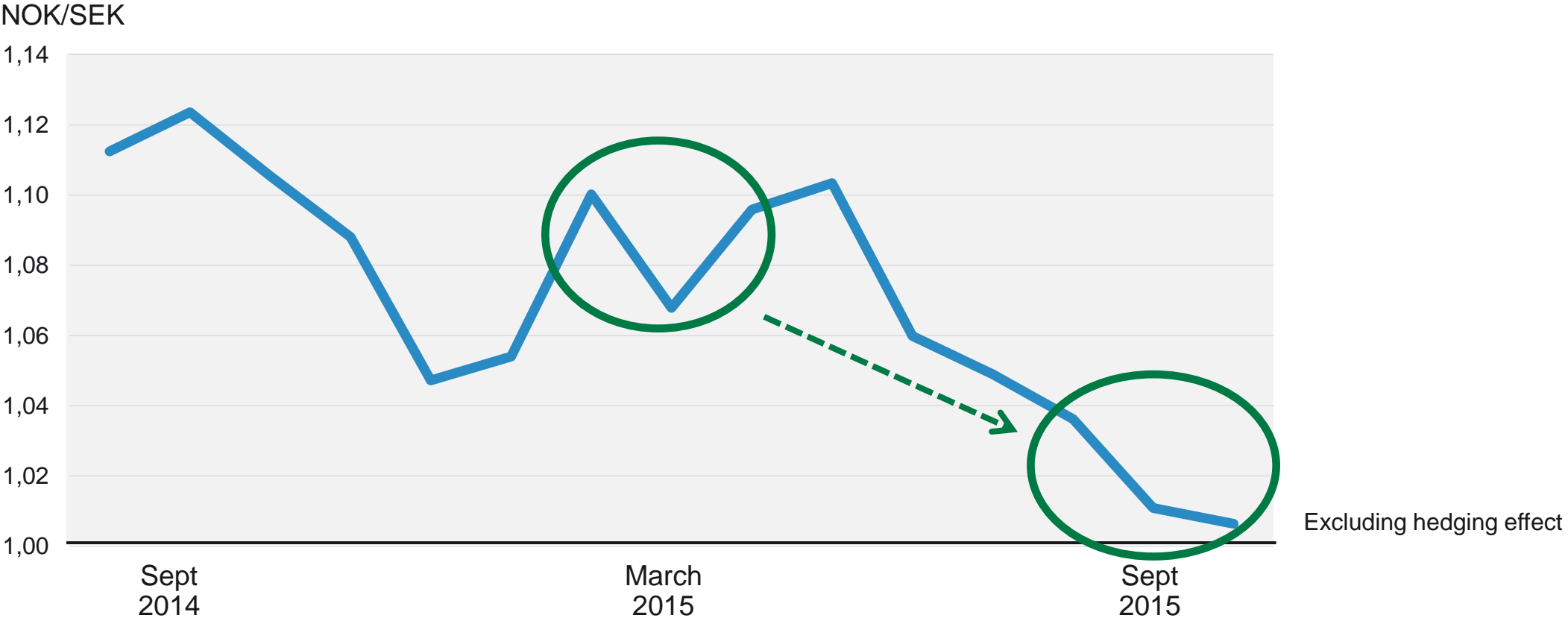
NOK/SEK



Excluding hedging effect

Source: Sveriges Riksbank

# Contribution from currency hedging



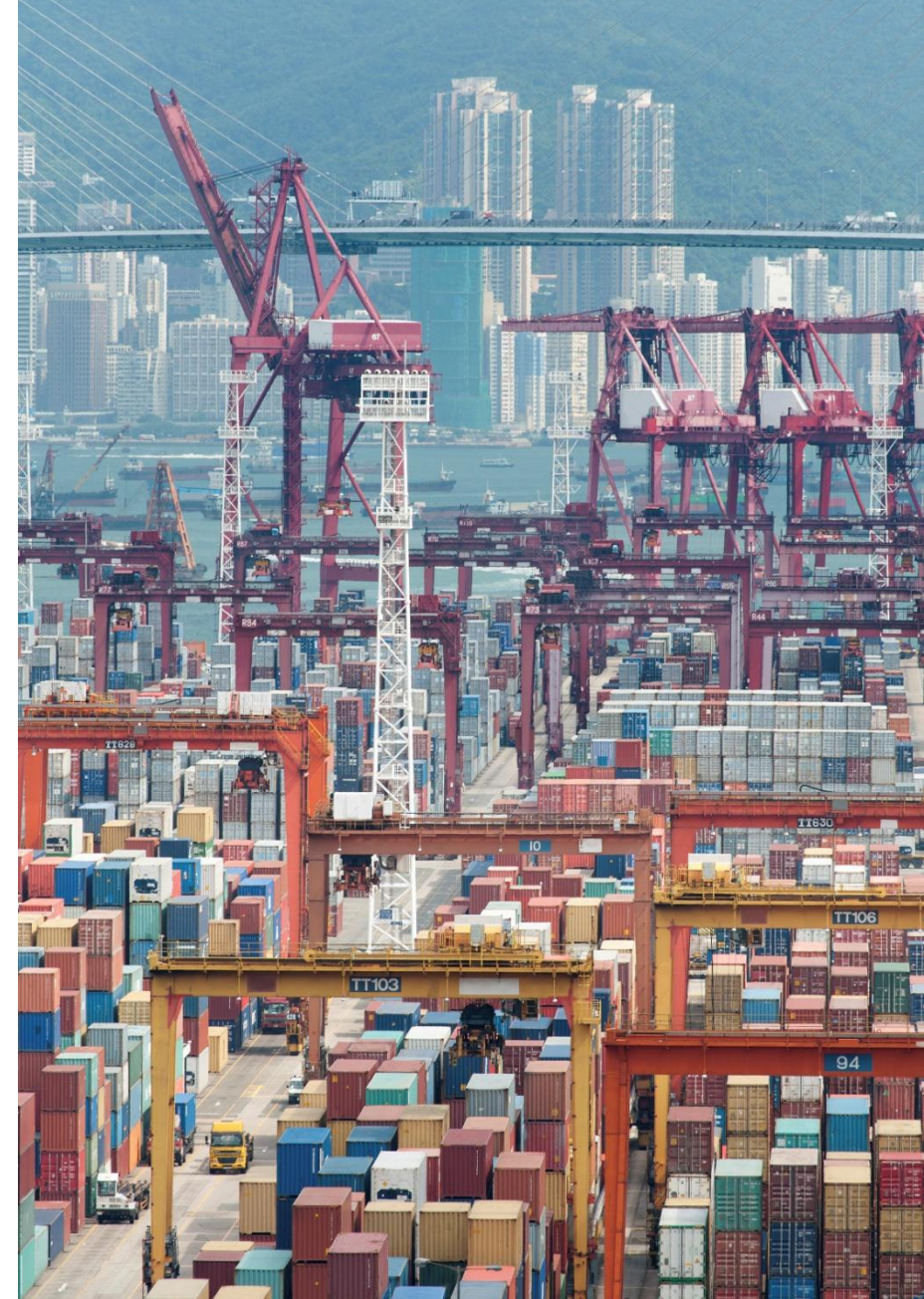
# Favourable sales mix

- Continued development of product and category mix
- Continued development of private label
- Continued pricing adjustments in line with the whole industry



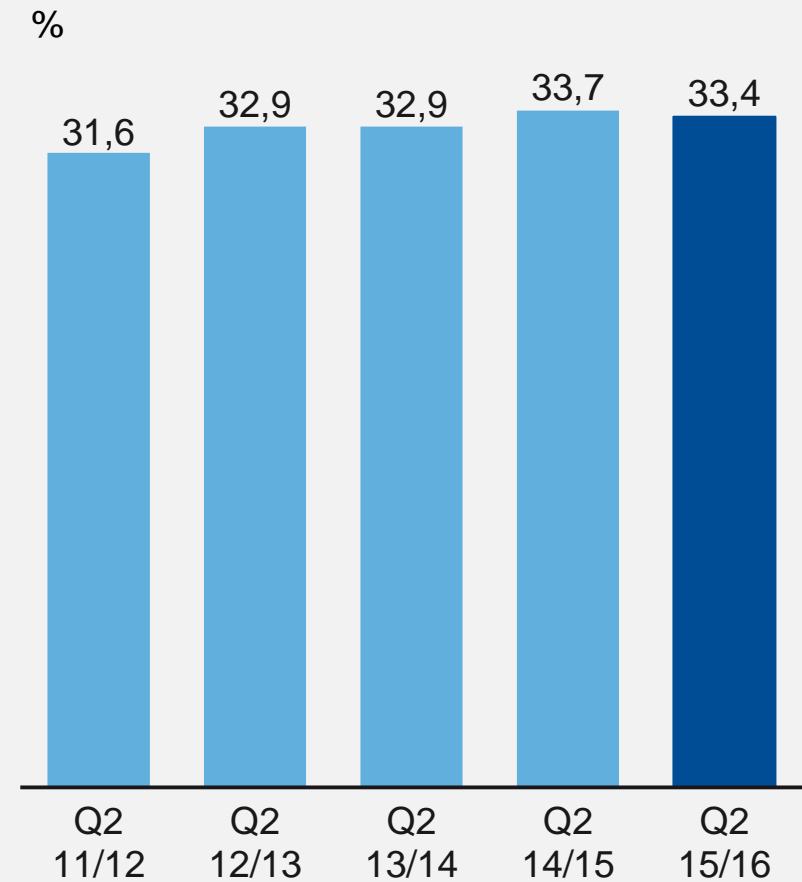
# Increased sourcing efficiency

- Increased share of direct sourcing
- Lower sourcing cost Asia
  - raw material
  - CNY currency
  - general capacity



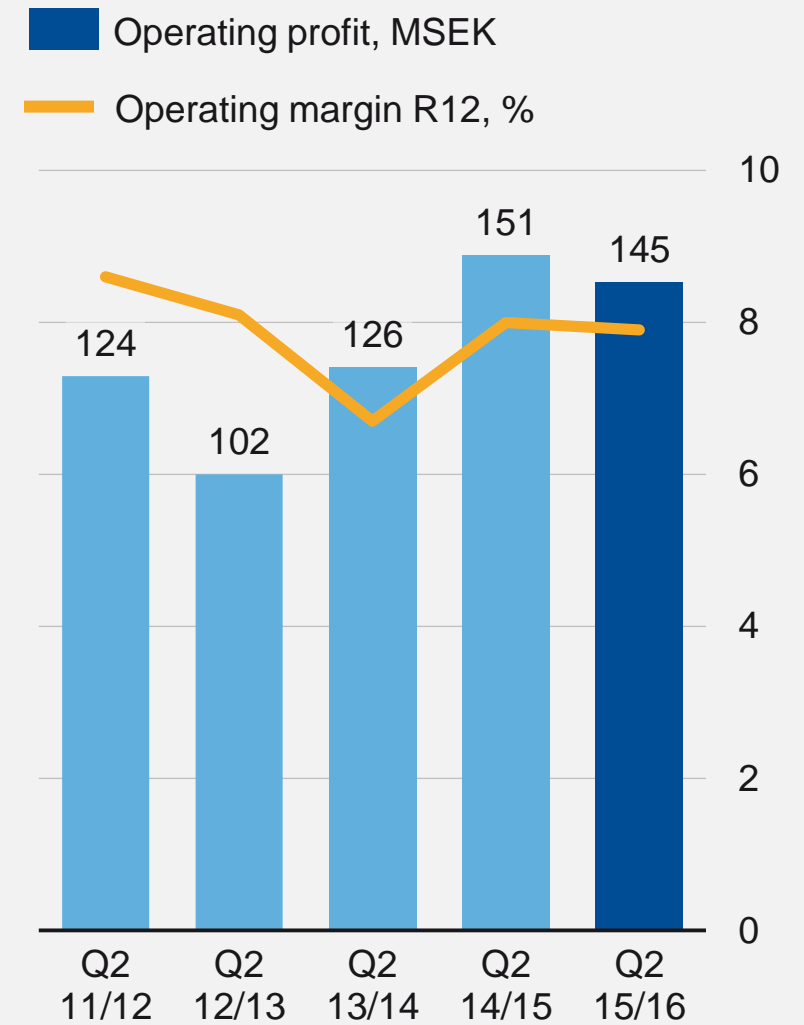
# Share of selling expenses

- Share of selling expenses 33.4%, down 0.3 p.p. in quarter



# Profit Q2

- Operating profit 145 MSEK
- Operating margin 7.8%
- Earnings per share 1.76 SEK



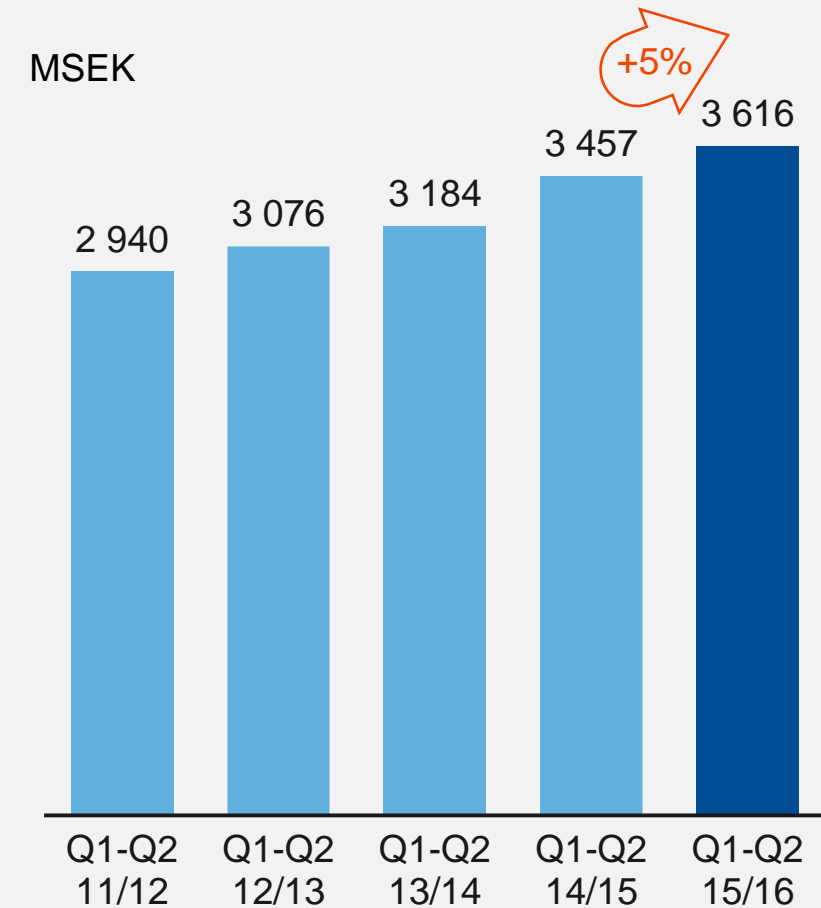


A photograph of a trade show booth. In the foreground, several people are seen from behind, looking towards the booth. The booth staff, consisting of several women in blue checkered shirts, are interacting with the customers. One woman in the center is handing a blue folder to a customer. The background features various kitchen appliances, including blenders and coffee makers, and decorative lighting consisting of several hanging lamps with geometric metal cages. A white text box is overlaid on the bottom left of the image.

Six months 2015/16  
May – October

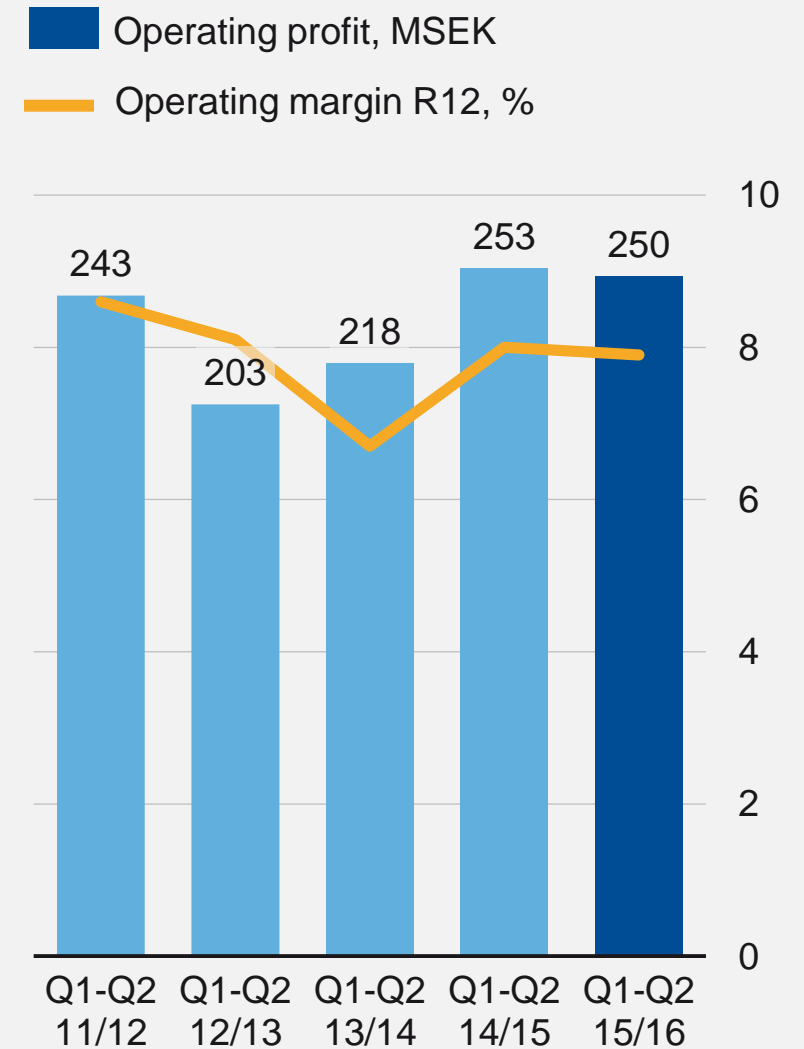
# Sales Q1-Q2

- Sales up 6% in local currencies
- LFL sales +2%
- Sales 3,616 MSEK, up 5%
- 10 additional stores net compared to end of period last year (11)



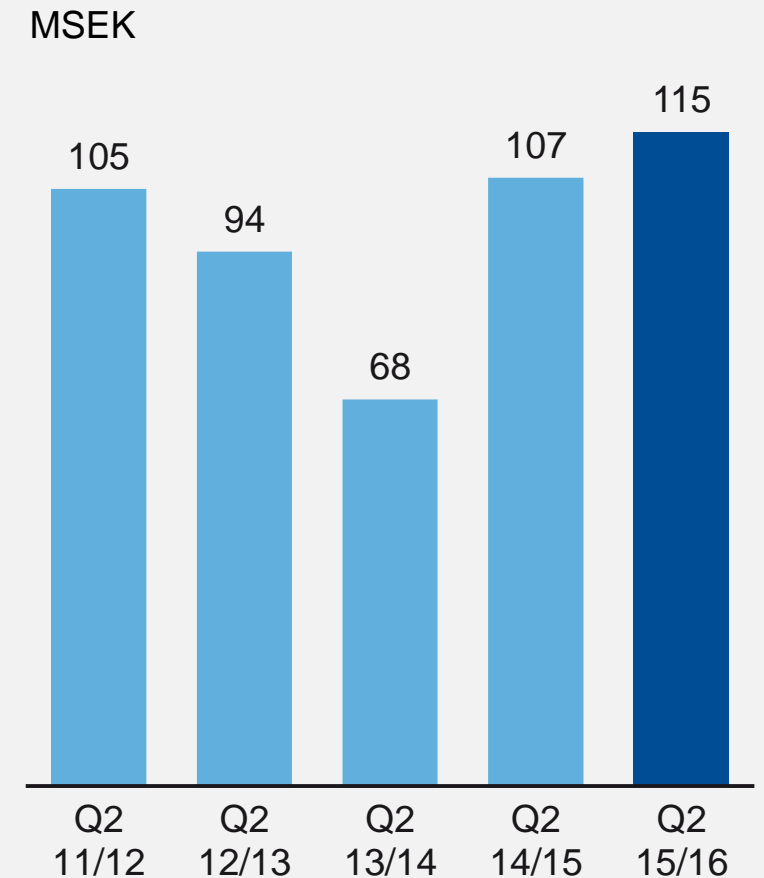
# Profit Q1-Q2

- Operating profit 250 MSEK
- Operating margin 6.9%
- Earnings per share 3.03 SEK



# Investments Q1-Q2

- Total investments 115 MSEK (107)
- New stores and refurbishments 40 MSEK (48)
- IT-systems 56 MSEK (46)
  - Implementation of new IT-platform
  - Other IT developments



# Strong cash flow

- Cash flow operating activities was 322 MSEK (272)
  - Inventory 1,764 MSEK (1,609)
  - Inventory turnover rate DC 6.4 (7.0)
- Cash flow after investments and financing activities of -155 MSEK (-147)
- Net cash holdings of 354 MSEK (213)





Events after period-end

# Energy in all sales channels

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



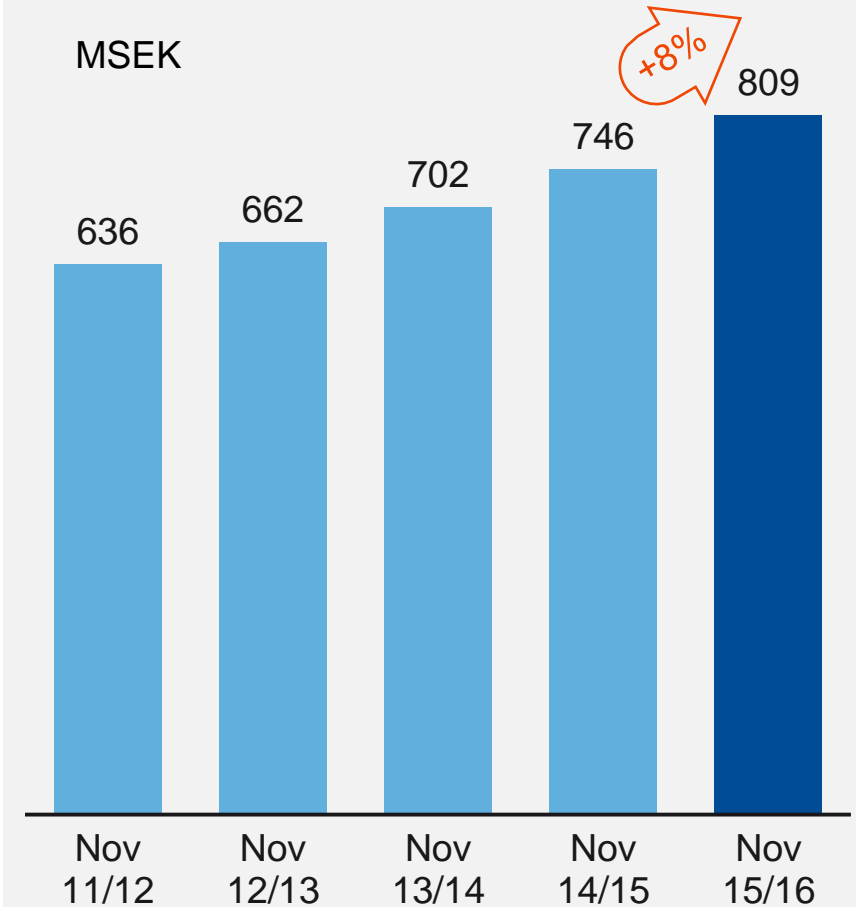
Robotic Vacuum Cleaner

Voted christmas gift of the year



# November sales

- Sales 809 MSEK, up 8%
- Sales up 11% in local currencies
  - Sweden + 10%
  - Norway + 12%
  - Finland + 19%
  - Outside Nordic countries - 3%
- 9 additional stores compared to end of November last year (14)
- 4 store openings after period end







Åbo – Finland



Löddeköpinge – Sweden



Mall of Scandinavia – Solna, Sweden



Ealing – UK

# Strong loyal customer base

1 982 977

members

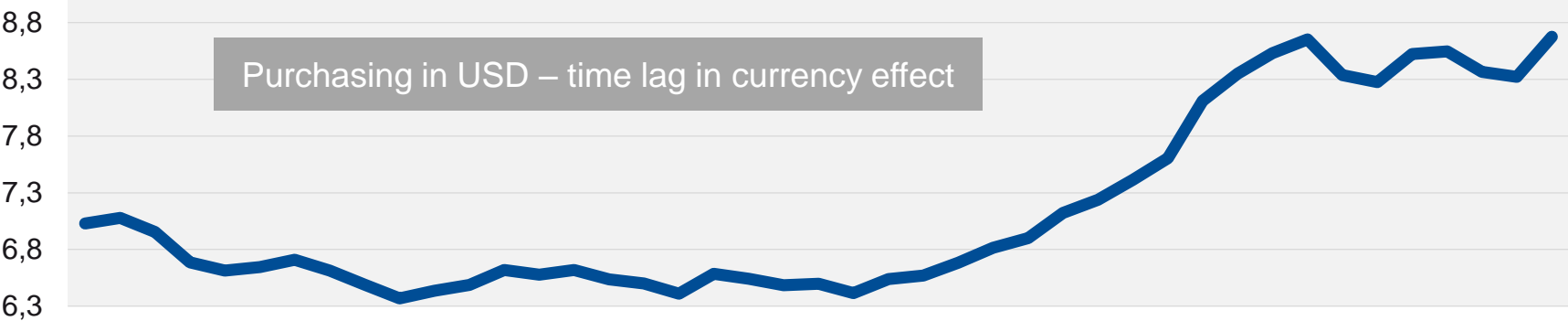


A hand holds a magnifying glass over a document. The document features the text 'clas ohlson' in a large, bold, sans-serif font. Surrounding the text are several currency symbols: a Euro symbol (€) to the left, a Dollar symbol (\$) to the right, and another Dollar symbol (\$) below. The background of 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

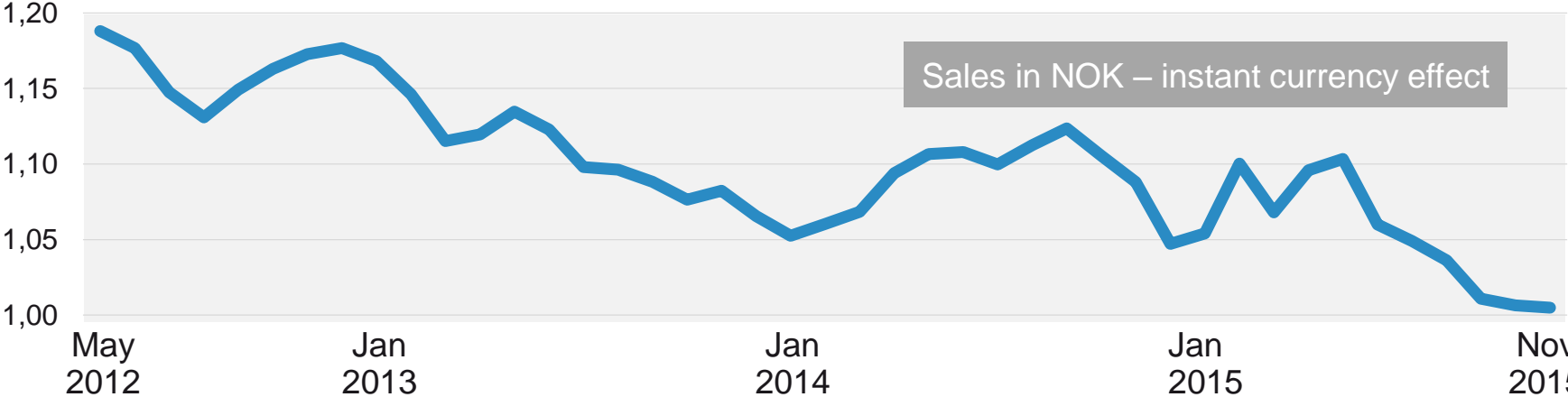
# Continued challenge going forward

USD/SEK



- Strengthened USD
- Weakened NOK
- Less positive effect from currency hedges going forward

NOK/SEK



Excluding hedging effect

Source: Sveriges Riksbank

# Counteracting measures

1

Monitor price development

2

Optimise sales mix

3

Increase sourcing efficiency



## More than you see in store

Our entire range isn't displayed on our shelves. We have a lot more in stock, just ask a member of staff to find what you're looking for.



Powered by Smartsign

## Update on strategic priorities

# Sales channel development

Online

Stores



Catalogue/Phone



Loyalty programmes

Social media

# Next steps in the UK

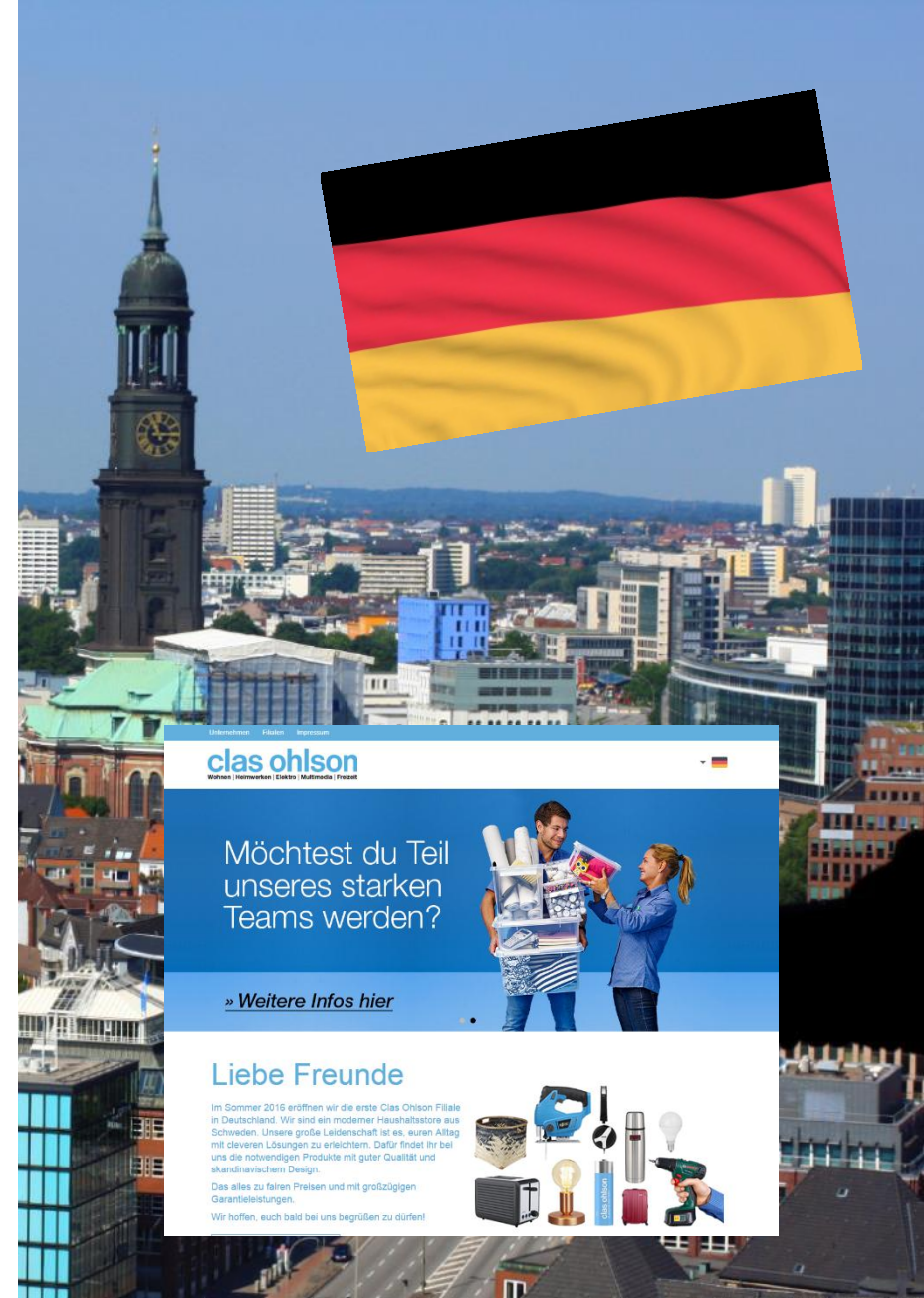
- Next step in UK expansion plan
  - New smaller store format cluster in London region
  - New stores in St Albans and Ealing opened
- Optimising store network





# 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





## Summary Q2 15/16

- Solid second quarter
- Strong November sales
- Strong financial position



# Merry Christmas and Happy New Year

Questions & Answers

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