

A group of employees in blue uniforms are on an escalator in a store. The store's name, "clas ohlson", is visible in large white letters above the escalator. In the foreground, the back of a man's head wearing a black cap is visible on the left, and the back of another man's head is visible on the right. The background shows store shelves with products.

clas ohlson

# Q3 Report 2015/16

16 March 2016

**Klas Balkow**  
President & CEO

# Agenda

- Q3 2015/16
- First nine months 2015/16
- Events after period-end
- Future outlook
- Q&A



# High energy and strong position

**205** 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  
**7.6** billion SEK

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

# Highlights

- All time high sales and profits despite currency challenges
- Positive development in all sales channels during important Christmas season
- Increased loyal customer base

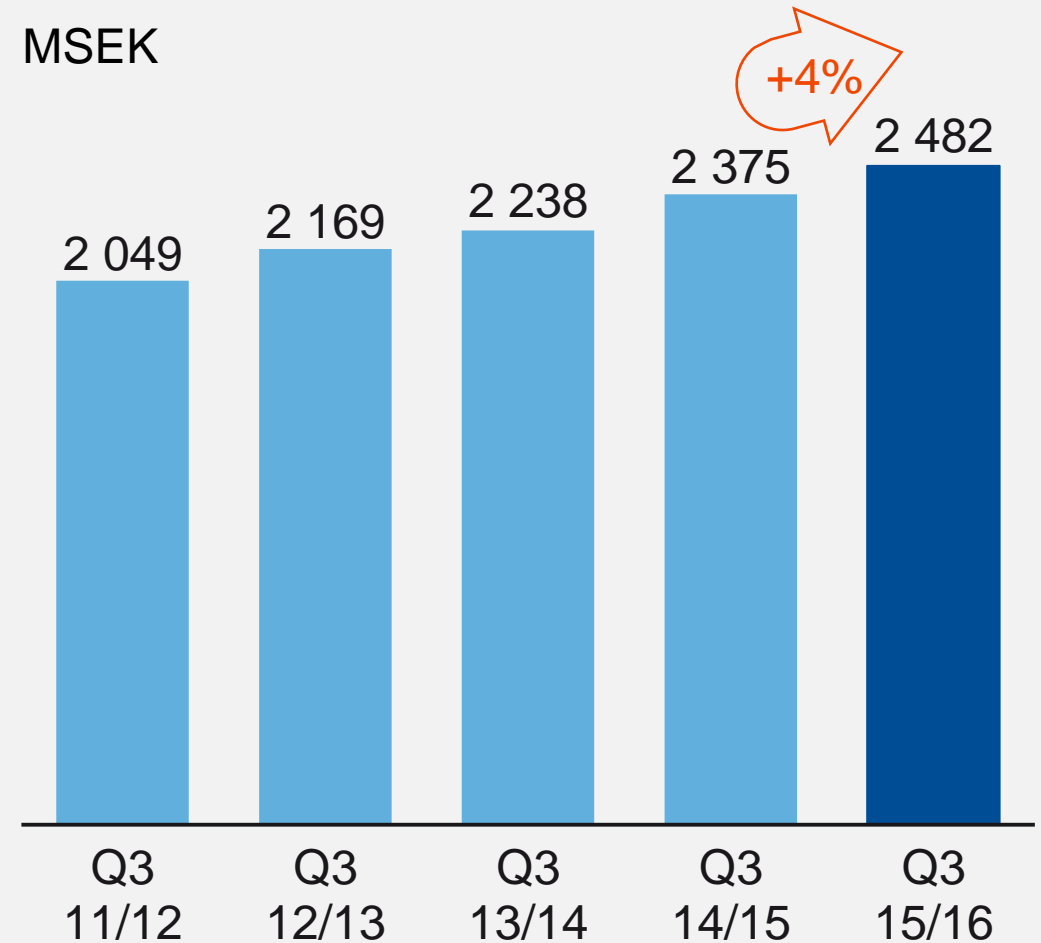




Q3 2015/16  
November – January

# Sales Q3

- Sales up 7% in local currencies
- LFL sales up 4%
- Sales 2,482 MSEK, up 4%
- 9 additional stores net compared to end of period last year (14)
- 4 store openings, and 1 store close, in the quarter





Åbo – Finland



Löddeköpinge – Sweden

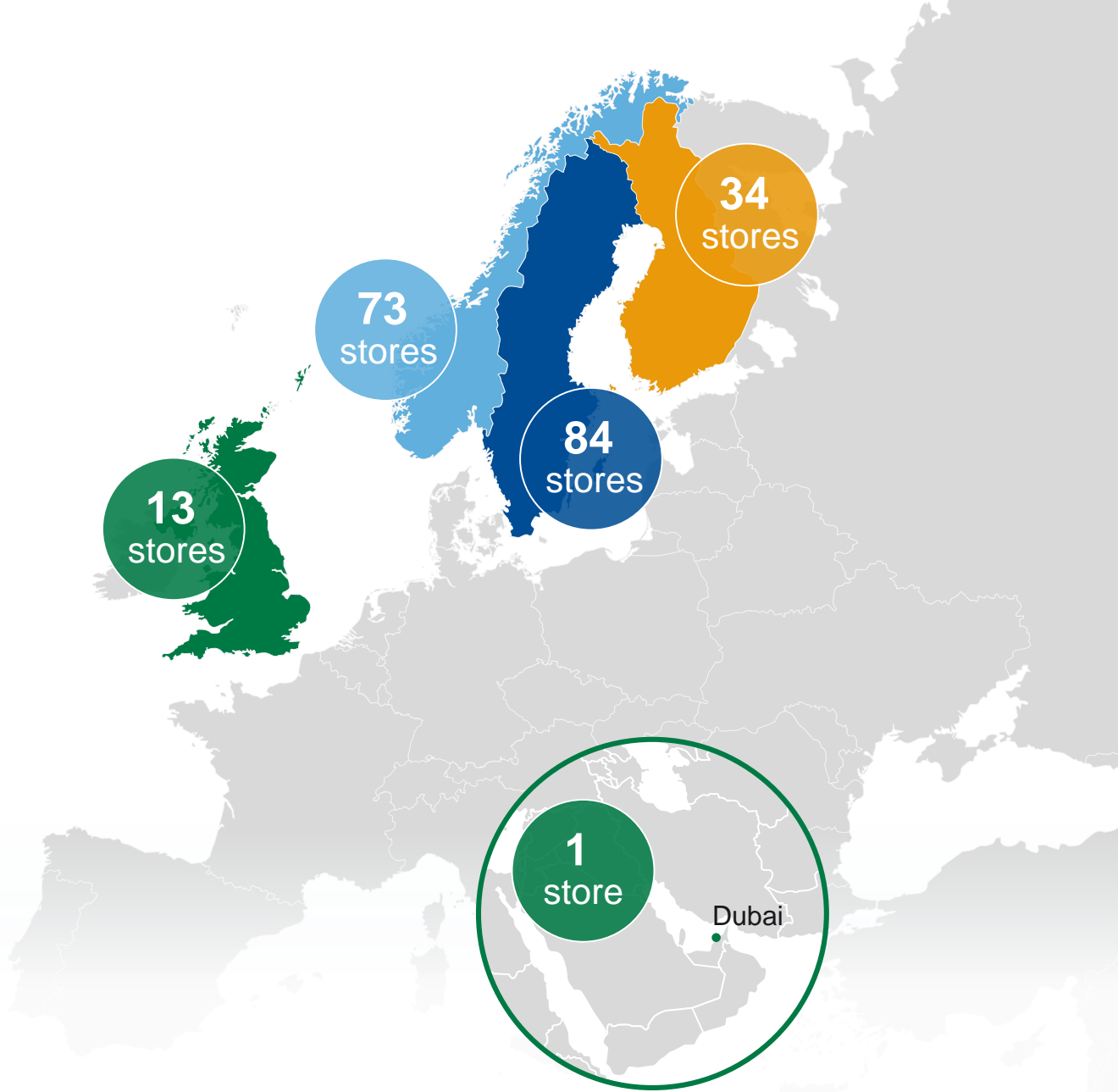
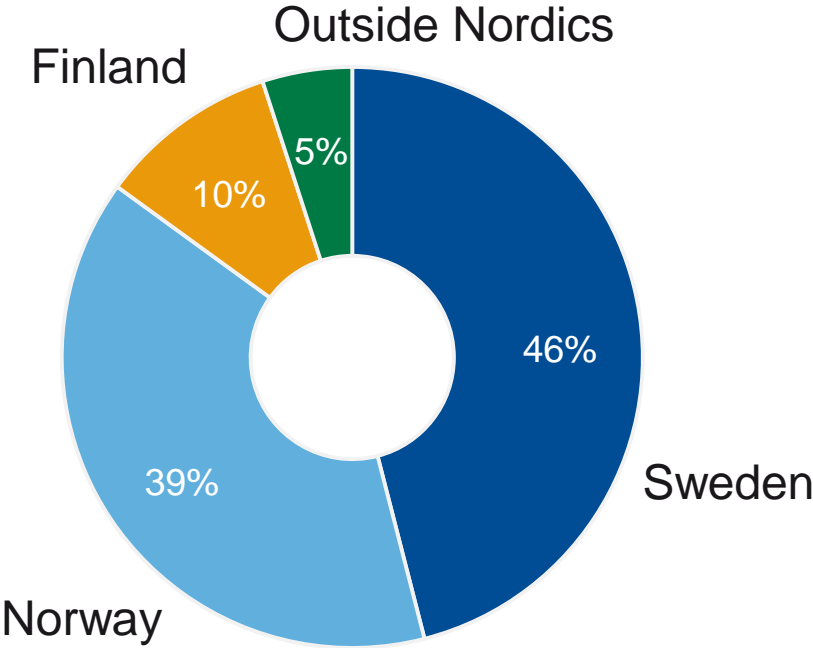


Mall of Scandinavia, Solna – Sweden



Ealing – UK

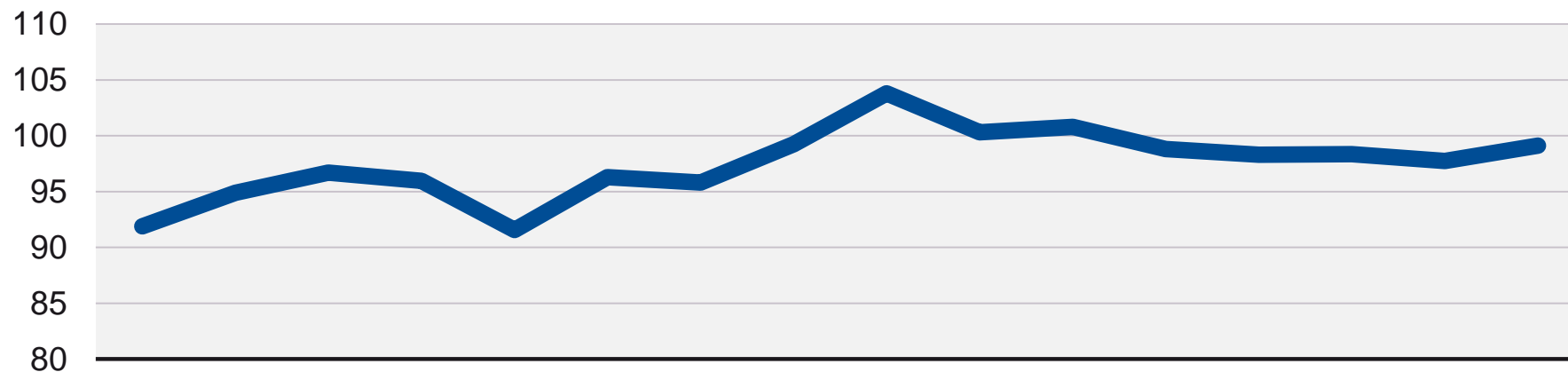
# Sales share per market





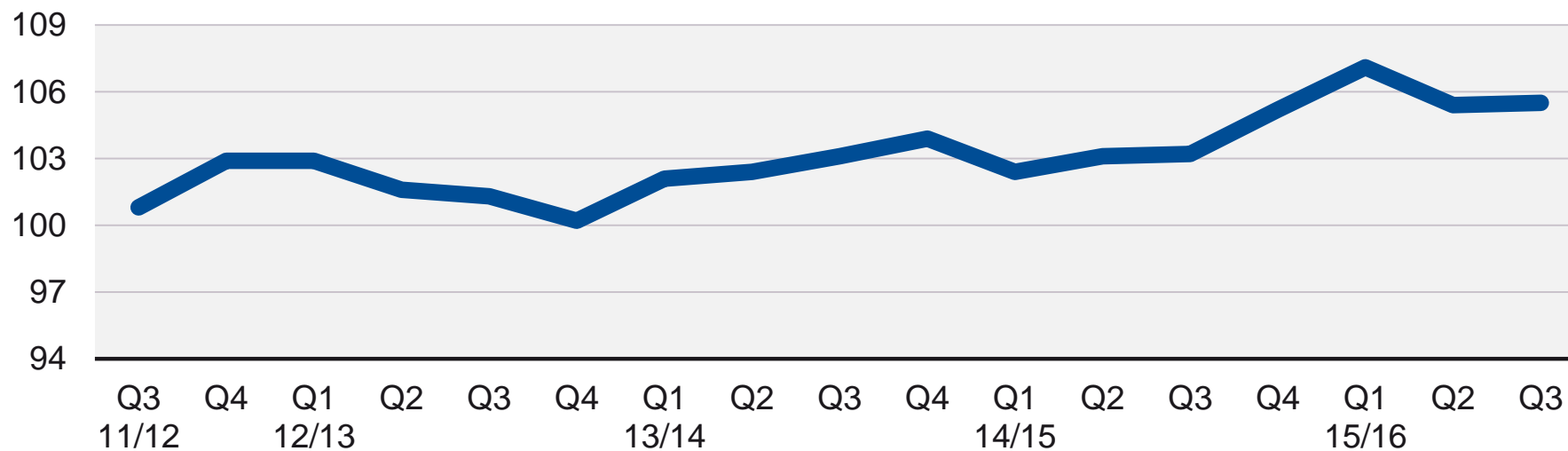


# Sweden Consumer Confidence



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

# Sweden Retail Index

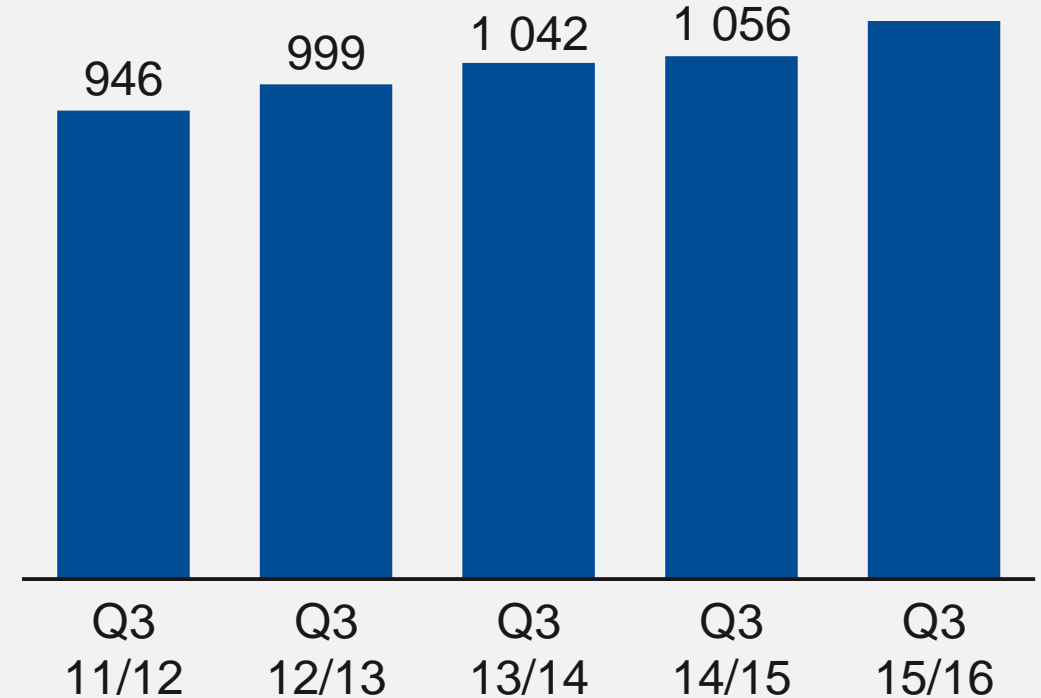


Retail index current prices  
Source: HUI

# Sweden Q3

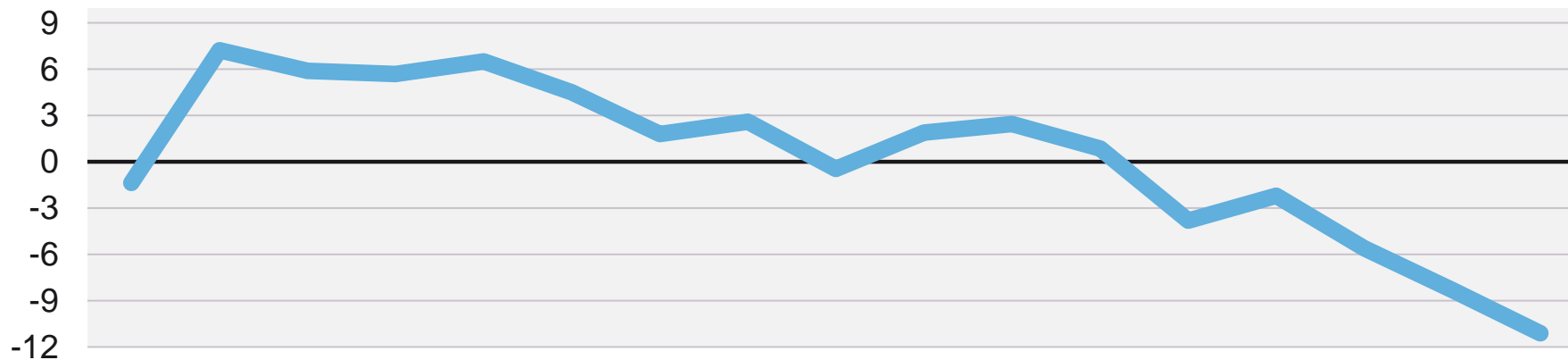
- Sales up 7% to 1,127 MSEK
- Total 84 stores
  - 2 new stores during Q3
  - 4 additional stores net compared to preceding Q3
- Gaining market share in a strong market

MSEK



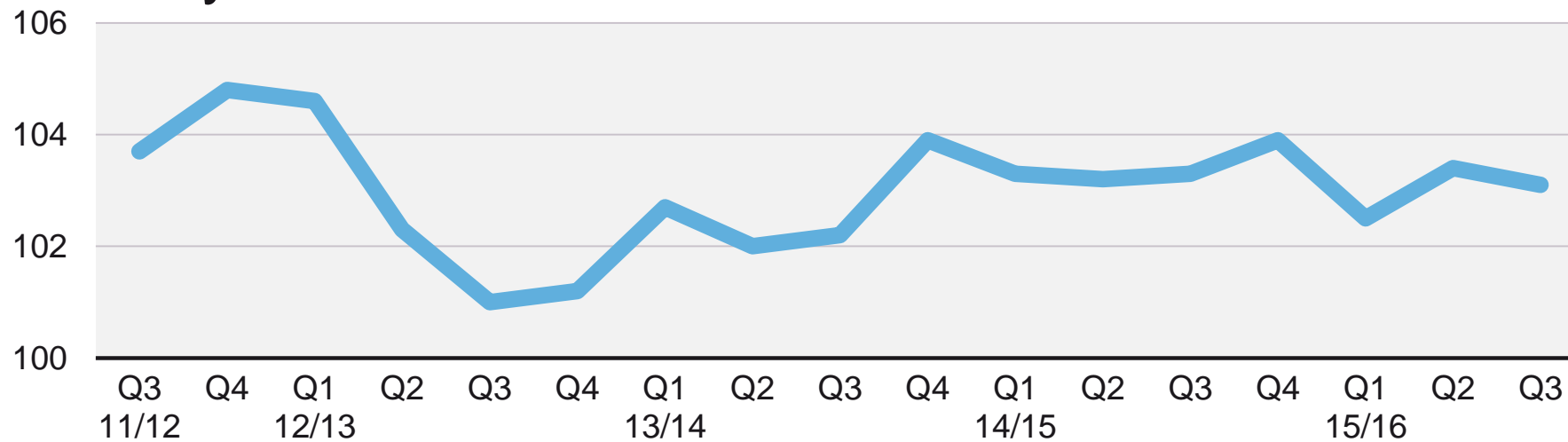


# Norway Consumer Confidence



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

# Norway Retail Index

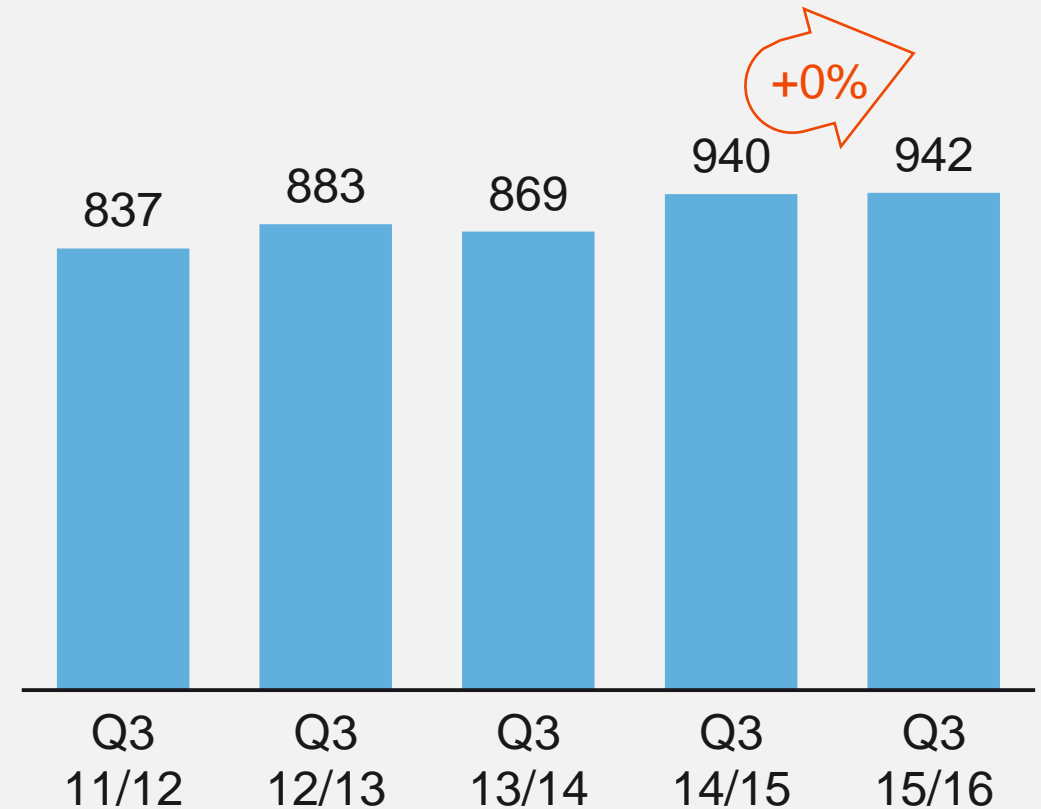


Source: SSB

# Norway Q3

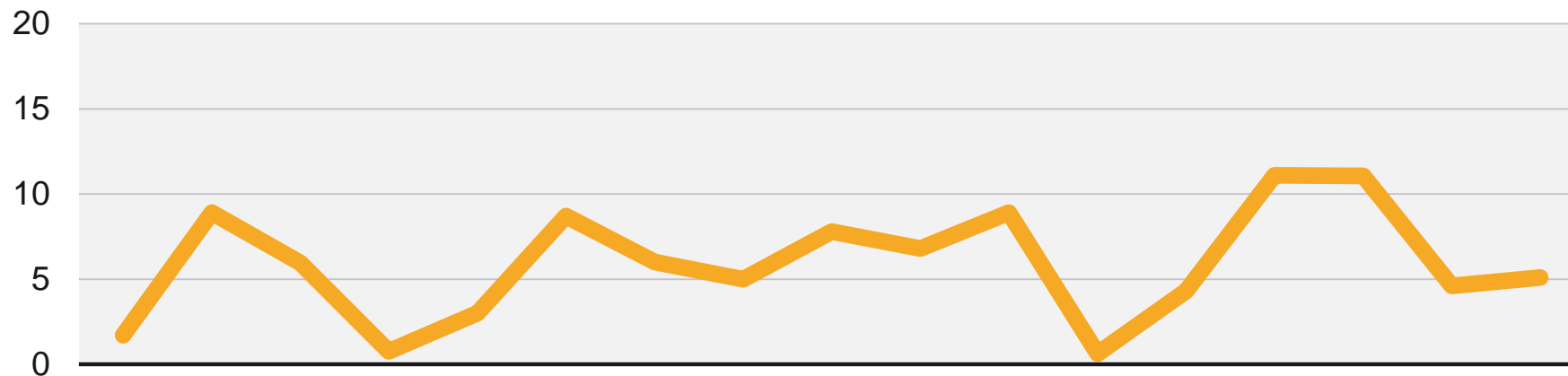
- Sales up 8% in local currency
- Sales 942 MSEK
- Total 73 stores
  - No new stores during Q3
  - 1 closed store during Q3
  - 2 additional stores net compared to preceding Q3
- Increased market share in a volatile market

MSEK



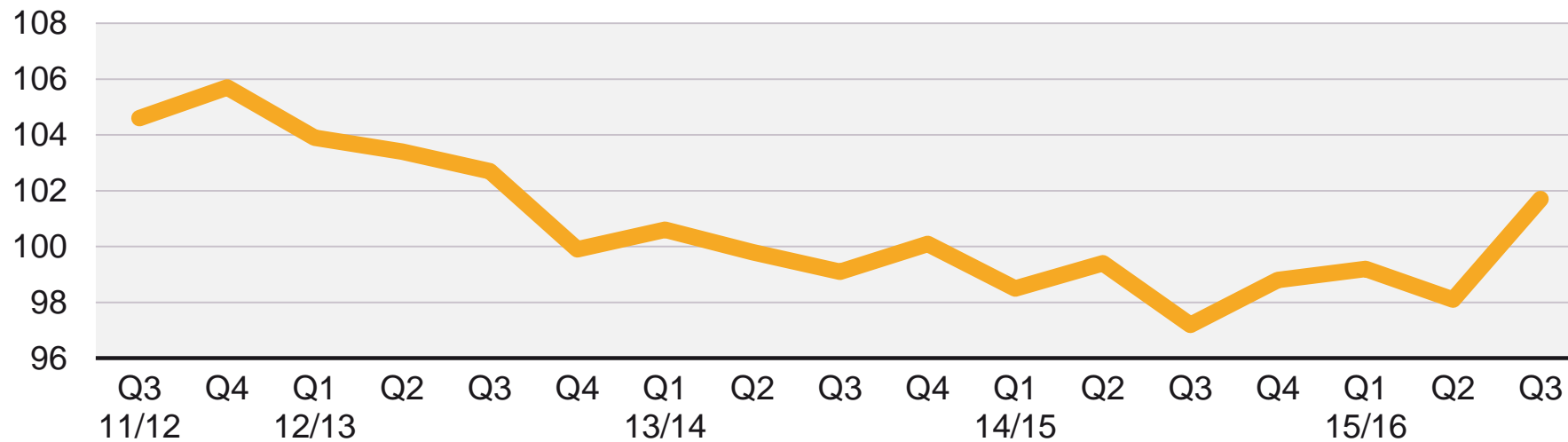


## Finland Consumer Confidence



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

## Finland Retail Index



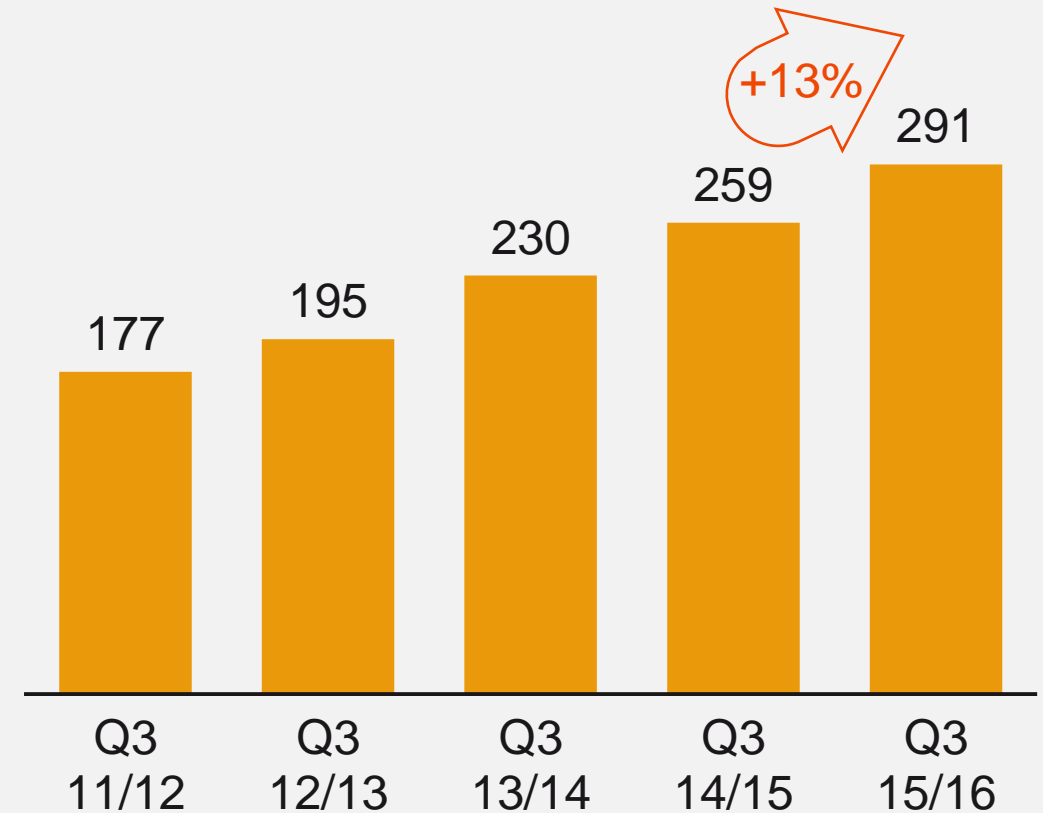
Source: Statistikcentralen

# Finland Q3

- Sales up 13% in local currency
- Sales 291 MSEK, up 13%
- Total 34 stores
  - 1 new store during Q3
  - 2 additional stores net compared to preceding Q3
- Increased market share and strengthened brand position in a soft market

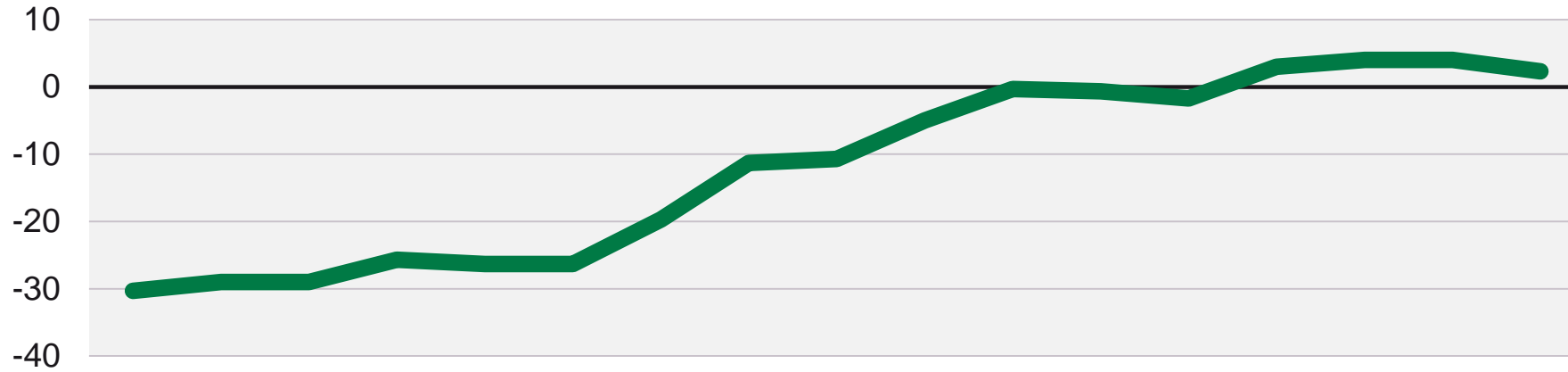


MSEK



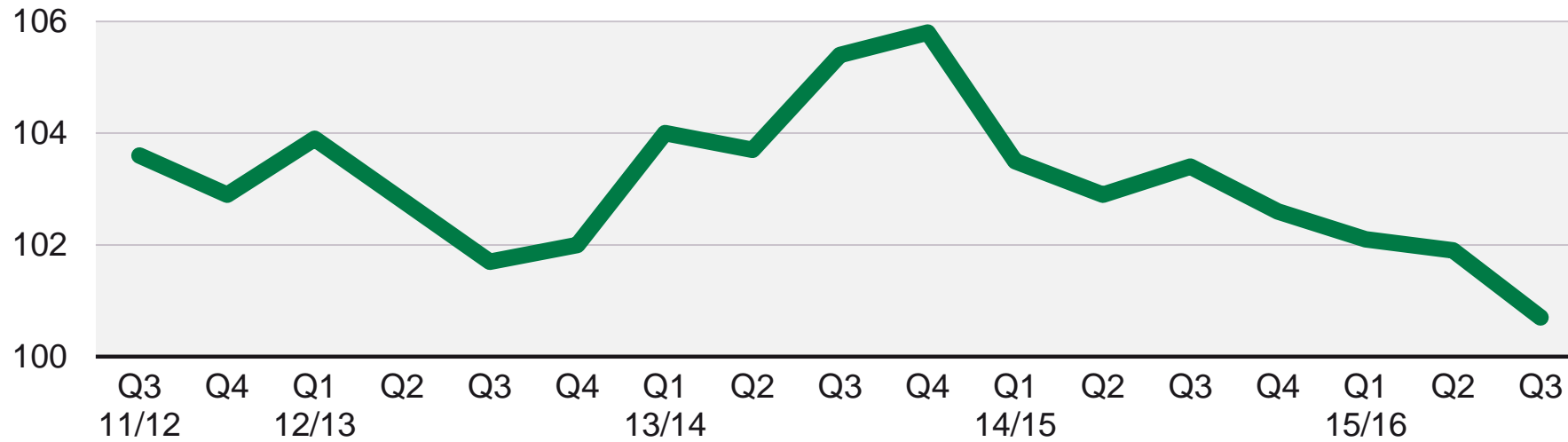


# UK Consumer Confidence



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

# UK Retail Index

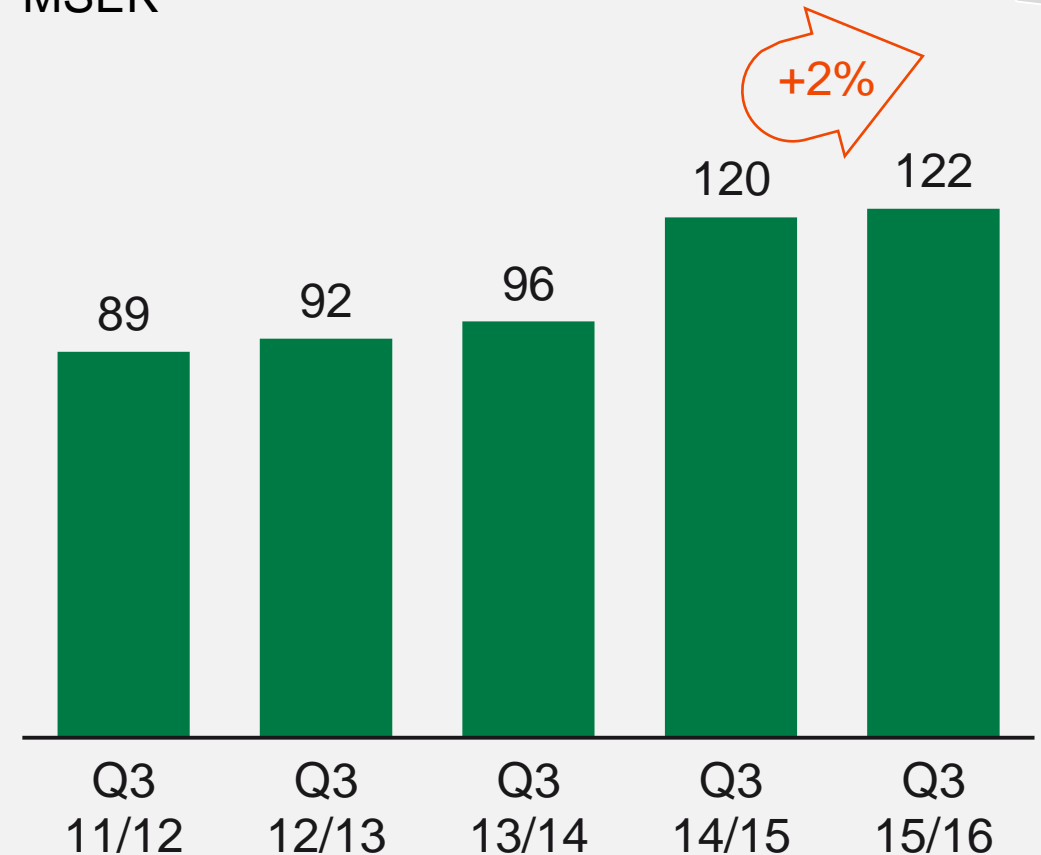


Source: Statistikcentralen

# Outside Nordic countries Q3

- Sales down 5% in local currencies
- Sales 122 MSEK, up 2%
- 14 stores whereof one franchise
  - 1 new store during Q3
  - 1 additional store net compared to preceding Q3
- LFL sales somewhat down in the UK in a soft market
- Positive retail sales development in Dubai

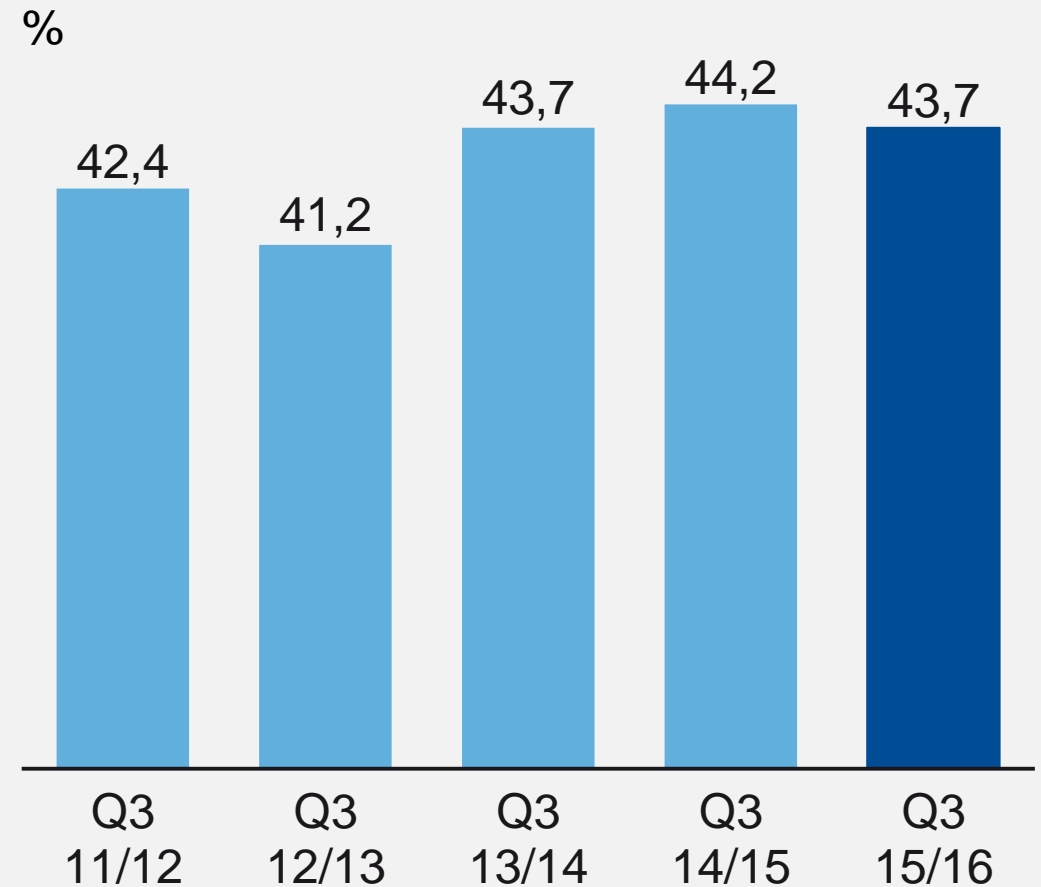
MSEK





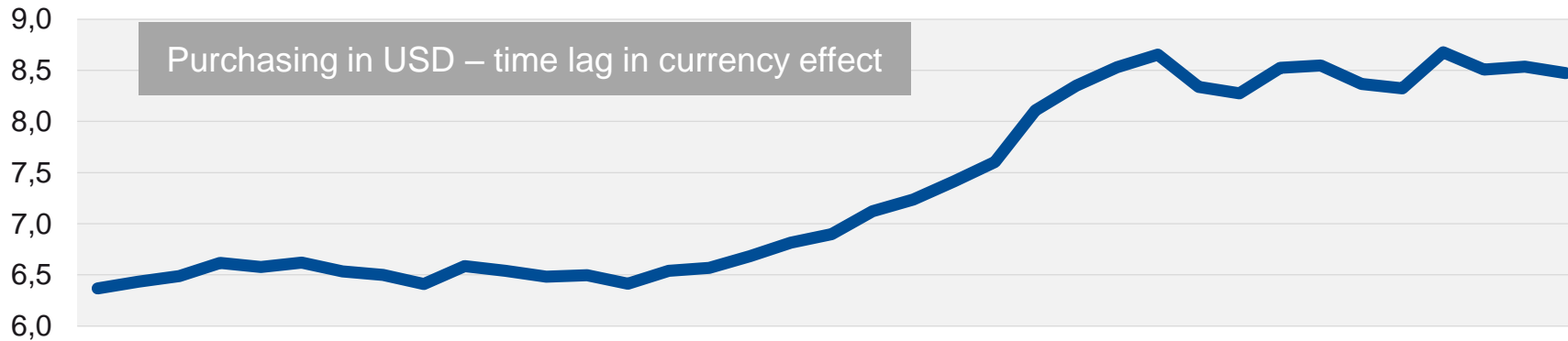
# Gross margin Q3

- Gross margin down 0,5 percentage points to 43,7 per cent
- Negative currency impact
- Impact reduced by
  - favourable sales mix
  - currency hedging
  - lower sourcing cost

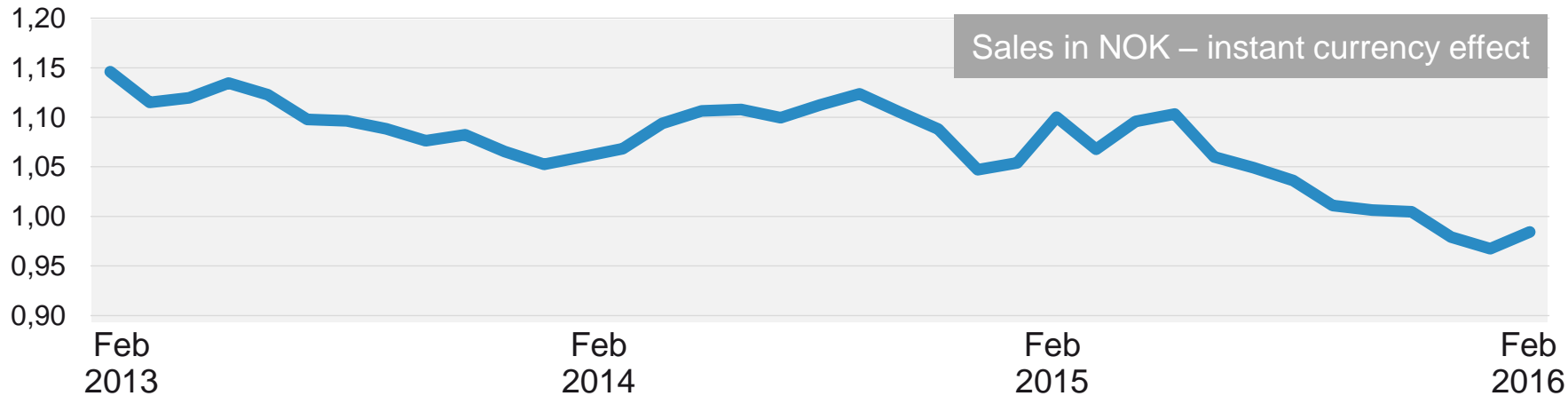


# Negative currency impact

USD/SEK



NOK/SEK



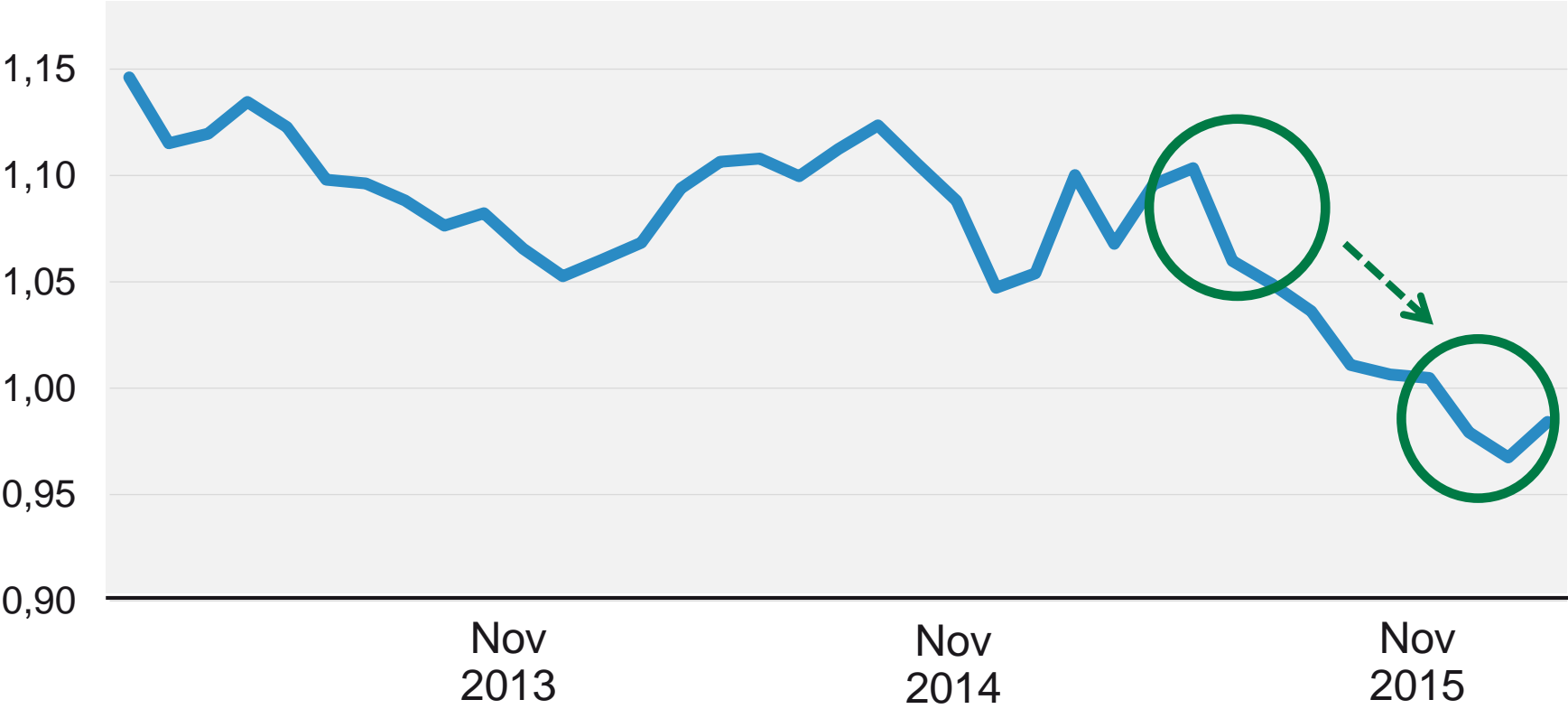
- Continued negative effect from strengthened USD
- Increased negative effect from further weakened NOK with immediate impact on sales and gross margin

Excluding hedging effect

Source: Sveriges Riksbank

# Contribution from currency hedging

NOK/SEK



Excluding hedging effect

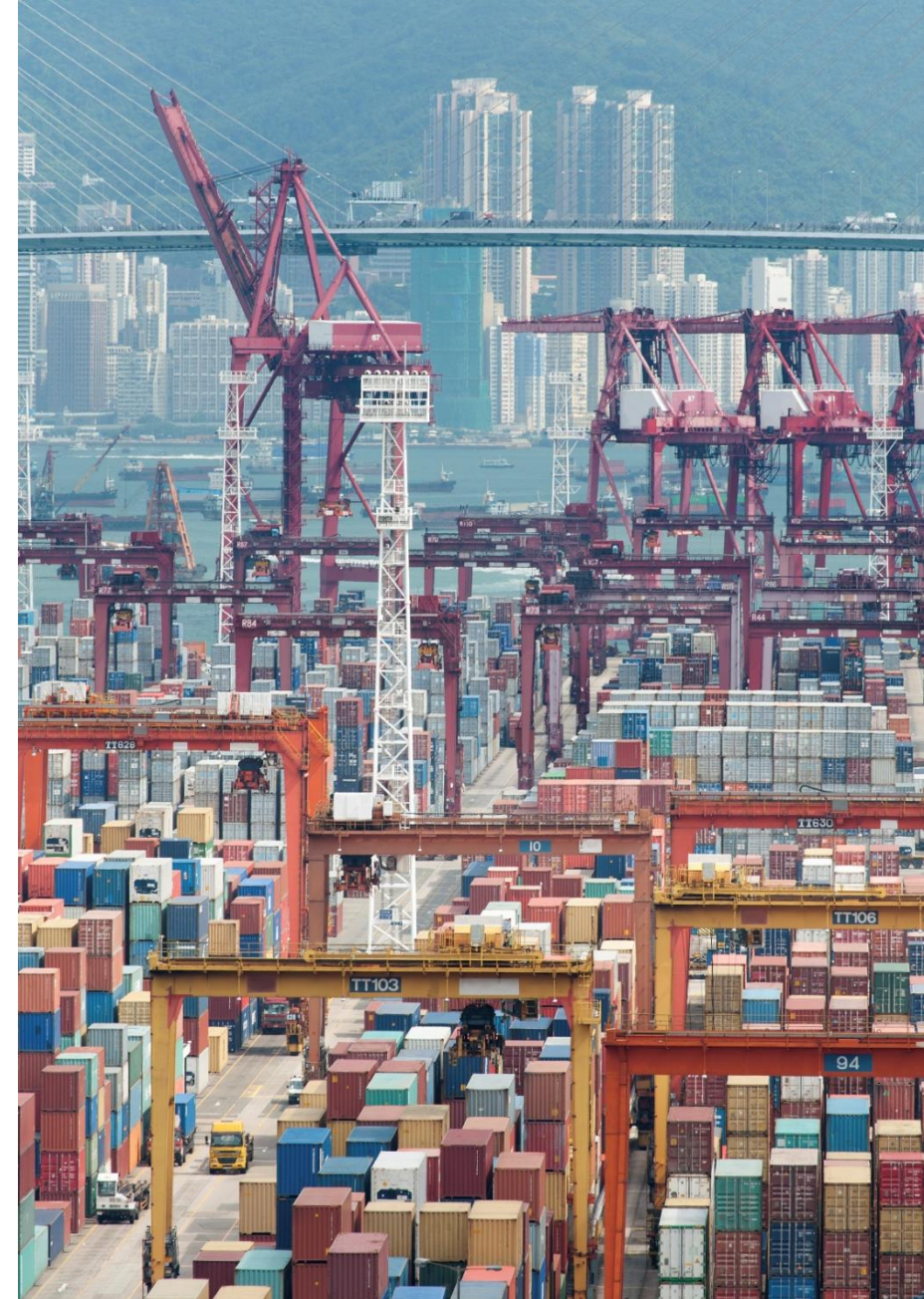
# Favourable sales mix

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



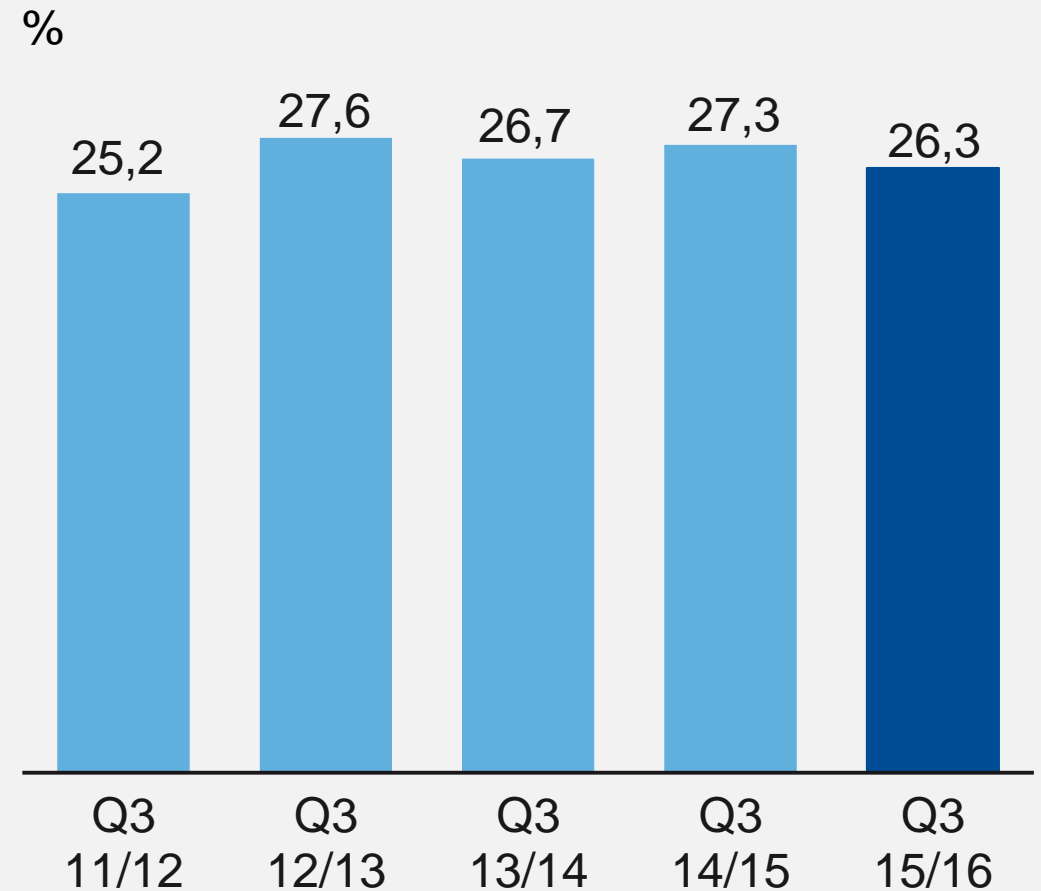
# Increased sourcing efficiency

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



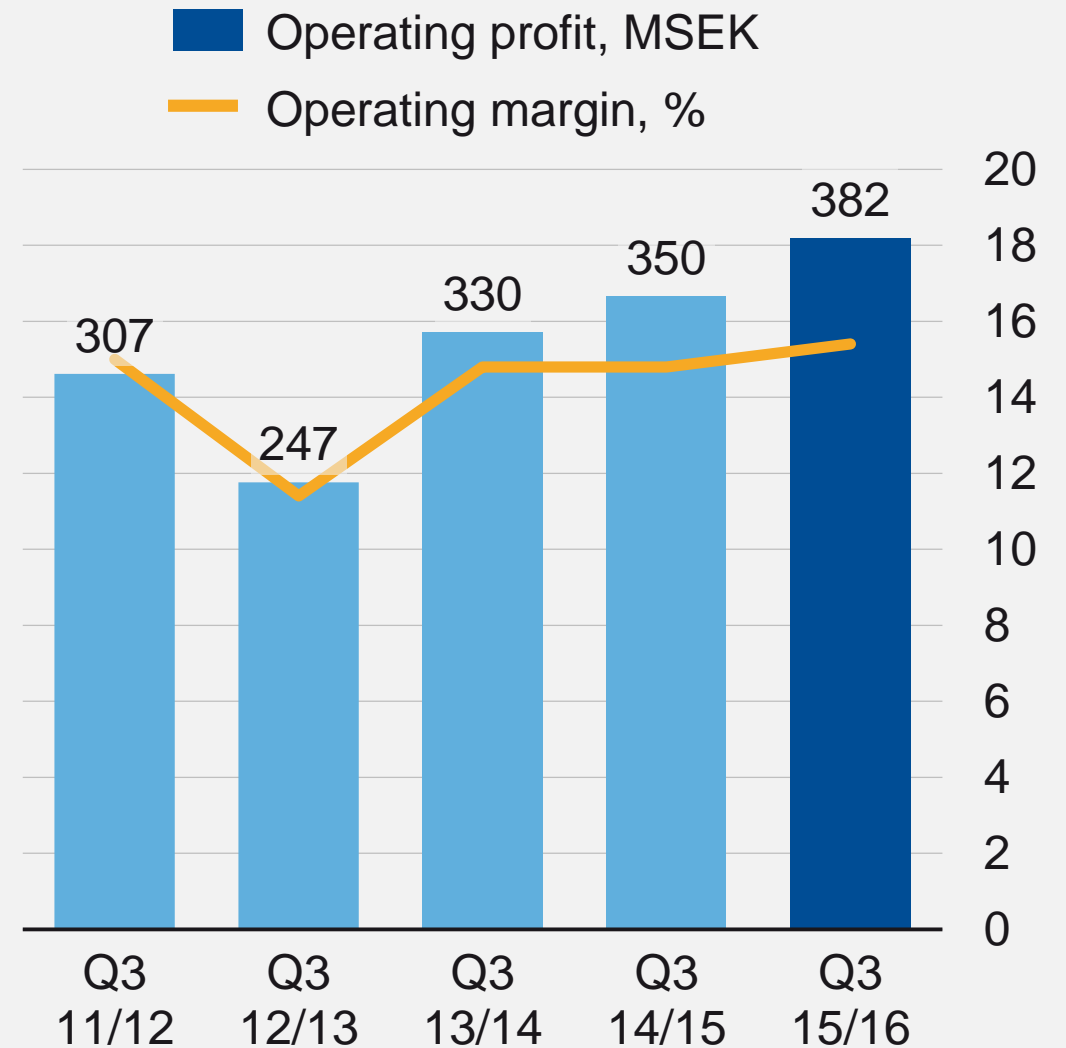
# Share of selling expenses

- Share of selling expenses 26.3%, down 1.0 p.p. in quarter
  - increased LFL sales
  - enhanced marketing efficiency
  - general cost efficiency



# Profit Q3

- All time high profits
  - operating profit 382 MSEK, up 9%
  - operating margin 15.4%
  - earnings per share 4.66 SEK, up 9%



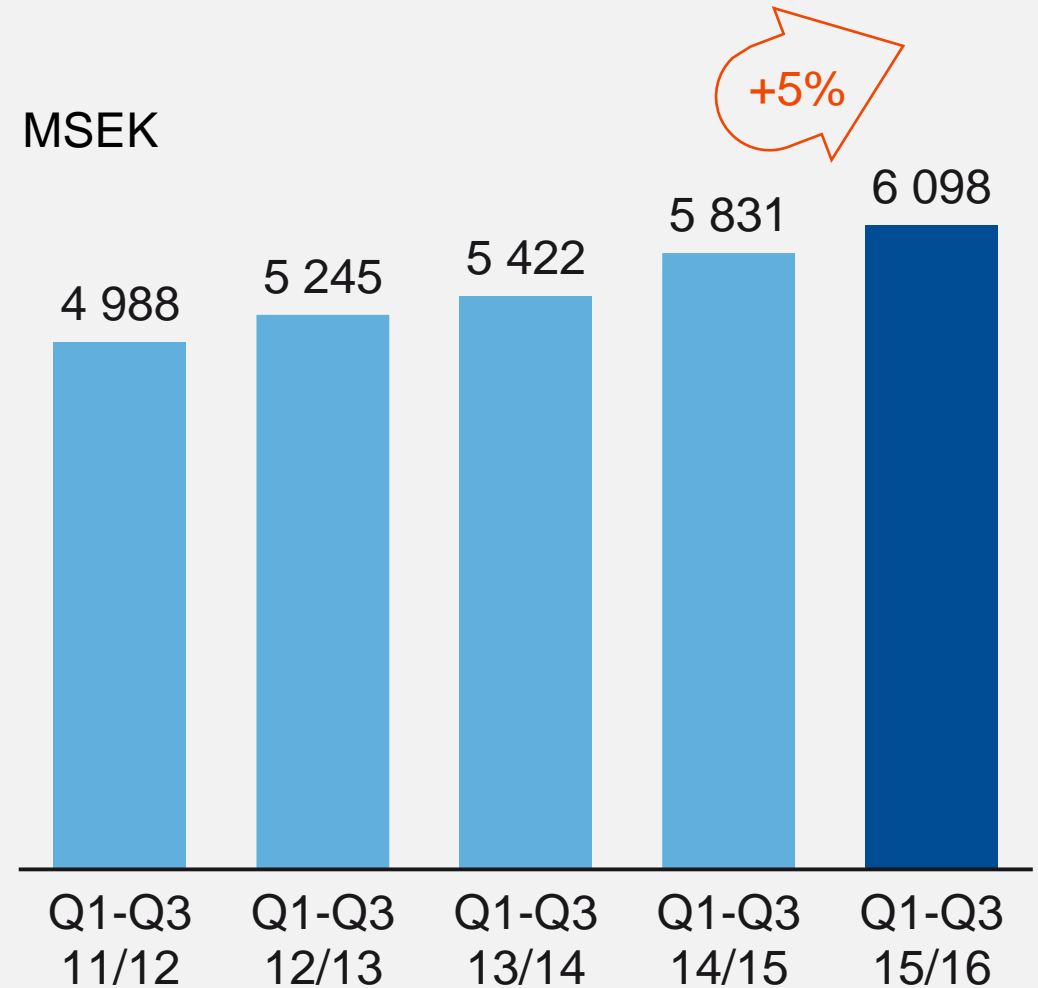


Nine months 2015/16  
May – January



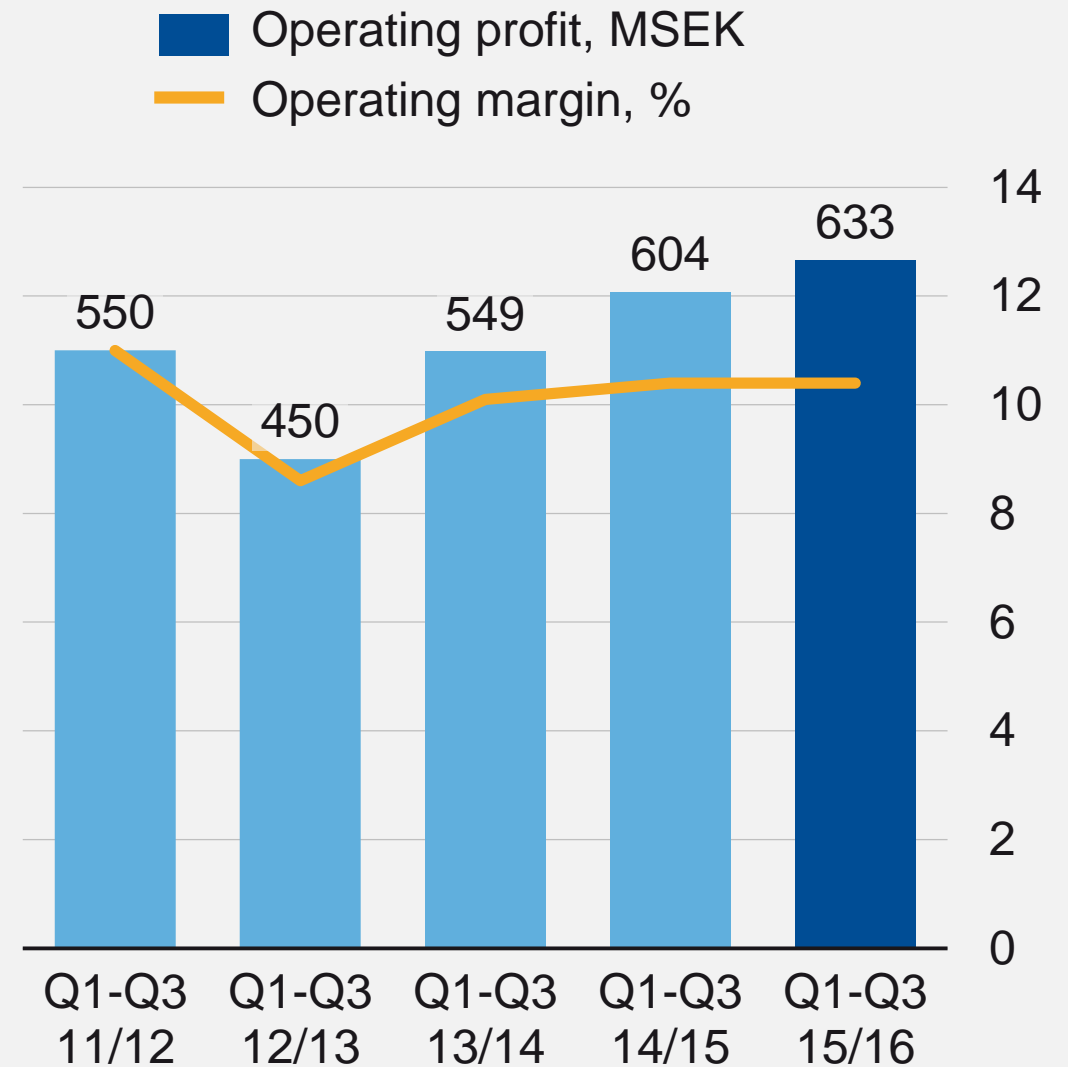
# Sales Q1-Q3

- Sales up 7% in local currencies
- LFL sales up 3%
- Sales 6,098 MSEK, up 5%
- 9 additional stores net compared to end of period last year (14)
- 9 store openings, and 2 store close, in the period



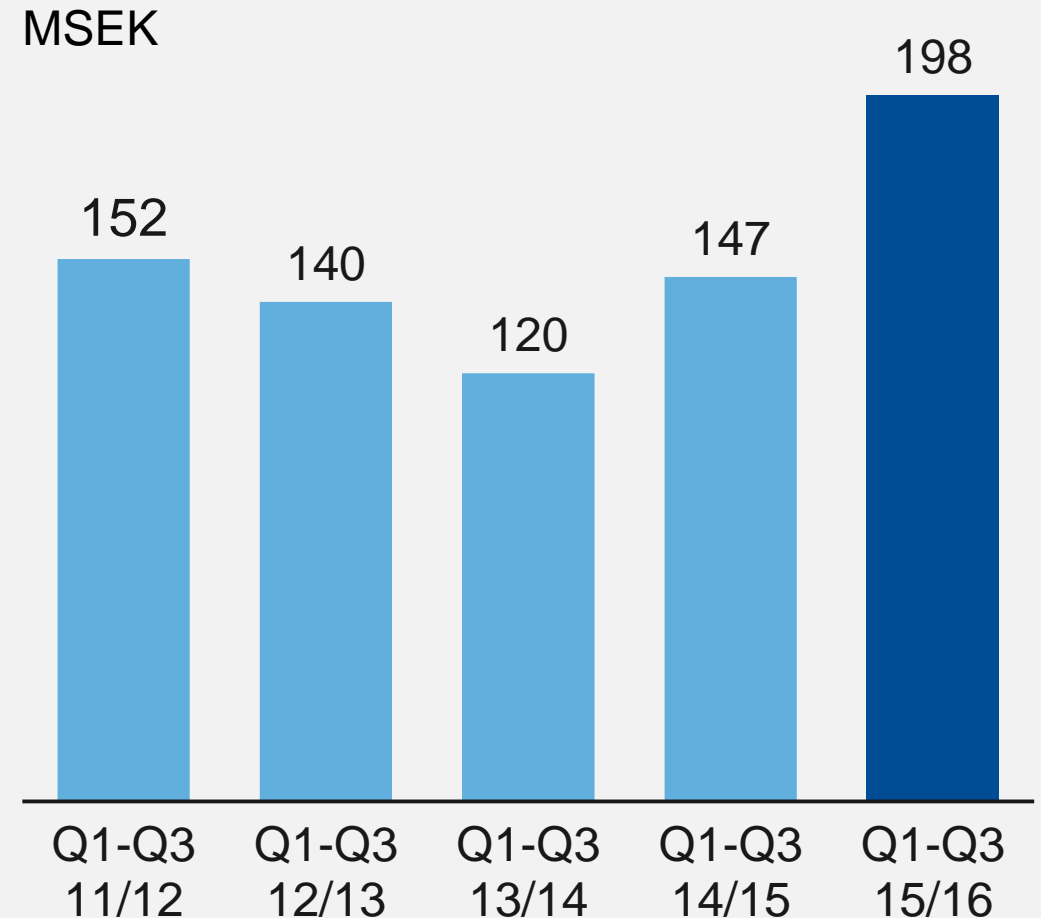
# Profit Q1-Q3

- Operating profit 633 MSEK, up 5%
- Operating margin 10.4%
- Earnings per share 7.70 SEK, up 5%



# Investments Q1-Q3

- Total investments 198 MSEK (147)
- New stores and refurbishments 58 MSEK (65)
- IT-systems 100 MSEK (56)
  - Implementation of new IT-platform
  - Other IT developments



# Strong cash flow

- Cash flow from operating activities was 908 MSEK (772)
  - Inventory 1,540 MSEK (1,458)
  - Inventory turnover rate DC 6.5 (7.1)
- Cash flow after investments and financing activities of 352 MSEK (316)
- Net cash holdings of 861 MSEK (674)

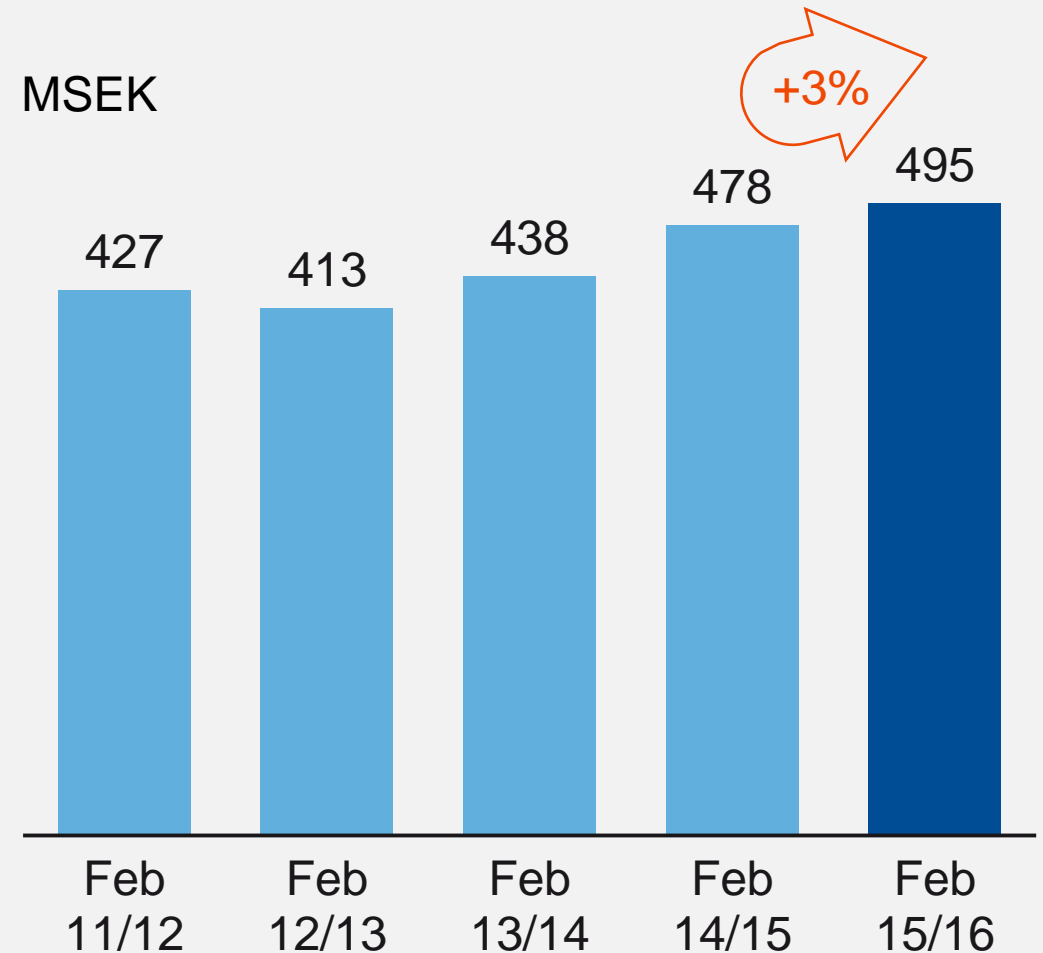


Events after period-end



# February sales

- Sales 495 MSEK, up 3%
- Sales up 8% in local currencies
  - Sweden +9%
  - Norway +8%
  - Finland +9%
  - Outside Nordic countries +4%
- 8 additional stores net compared to end of February last year (14)
- No store openings after period end



# Launch of wallpaper range

- 36 patterns of wallpaper launched February
- High availability
  - Six patterns available in stores
  - 30 patterns stocked at our distribution centre
- Competitive prices
- Good quality and easy installation
- Well received by customers

Det är ingen konst att ta bort tapet

club clas

Klubbpris **299:-** (349:-)

Vill du se mer? Kolla in våra filmer på clasohlson.se

5 liter

Papertavlagare Lätt, smart och effektiv. Borttar tapet i genomsnitt 40-100 cm²

139:- Tapet- och vävlins 5 liter Färdigblandat tapetlim till glasfiberduk, non woven-tapet och renoveringstapet. 40-800

2-pack **29<sup>90</sup>** Universaltapetpapper rellim Märkligt av användningsområden! Callimantapetpapper och är livsmåttspåskikt och Svanenmärkt. 40-950

399:- (479:-) Hopfällbart tapetbord Gör tapetbrytningen enkla. Stått av stål, också med skärutrustning och måttlinje. 40-6000

härifrån till Hållbart-huset

Cocraft **29<sup>90</sup>** Tapetverktyg För utslätning av tapeter, sått etc. 40-210

79<sup>90</sup> Rulleriset Sliwex med tryck, färg och roller på rull. Bredd 180 mm. 40-510

Årets nyhet är alldeles uppåt väggarna

från **159:-**

Non woven-tapet. Callimantapetpapper, slitstarkt tapet. Färg i flera nyanser och mönster som kan matchas med varandra. 40-980

Nu har vi tapeter i sortimentet. Se alla våra tapeter på clasohlson.se

**Nyhet!**  
Högkvalitativa  
non woven-tapeter

clas ohlson

# New milestone for Club Clas

*Nominated*  
Loyalty Program of the Year

retail  
awards  
2016

More than

2,000,000

members



clas ohlson



# The battery hunt

from here  
to  
sustainability

- Successful activity in Sweden and Norway
- Engaged some 46,000 children in 2015
- Aims to increase knowledge about recycling and sustainability
- The project consists of:
  - The battery hunt – competition in which fourth graders collect old batteries for recycling
  - Educational material for elementary and primary schools
- 370 tonnes of batteries collected last year

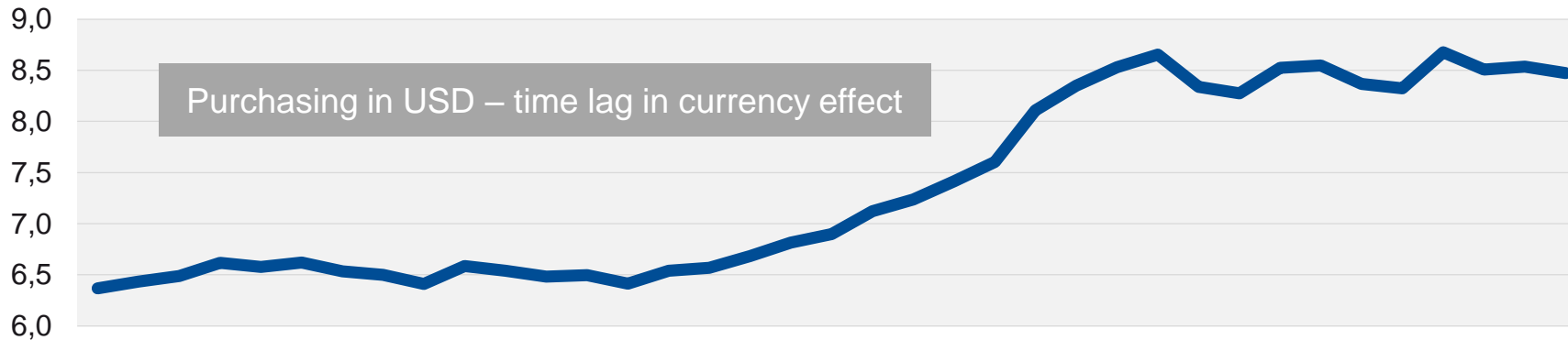


A hand holds a magnifying glass over a document. The document features the text 'clas ohlson' in a bold, sans-serif font. Surrounding the text are several currency symbols: a Euro symbol (€) at the top left, a Dollar symbol (\$) at the top right, and another Dollar symbol (\$) at the bottom right. The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

Future outlook

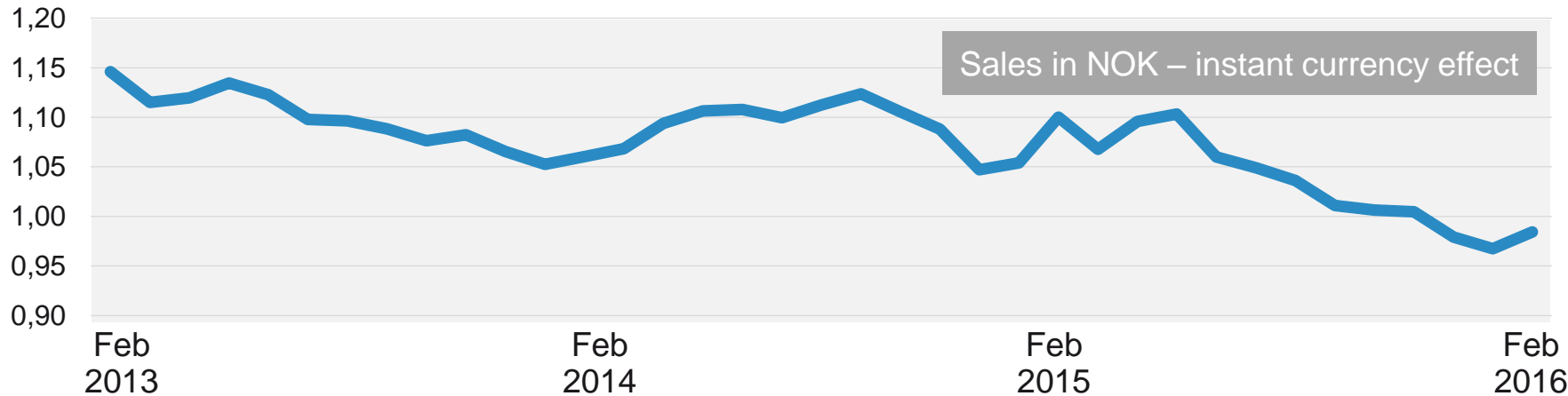
# Continued challenge going forward

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



# Number of new stores target

2015/16	
Planned new stores	<b>10-15</b>
Actual new stores	<b>10</b>

2016/17	
Planned new stores	<b>10-15</b>

# German expansion

- Three stores contracted to open in Hamburg
  - Jungfernstieg to open May 2016
  - Altona to open Autumn 2016
  - Alstertal to open Autumn 2016
- Preparations according to plan
- High interest from local market



The image shows an aerial view of Hamburg, Germany, with a large German flag overlaid in the upper right corner. In the foreground, there is a screenshot of the Clas Ohlson website. The website header includes the logo 'clas ohlson' and the tagline 'Werkzeug | Heimwerkzeug | Elektro | Multimedia | Freizeit'. The main content area features a blue background with a photo of a man and a woman holding a box of products, and the text 'Möchtest du Teil unseres starken Teams werden?' followed by a link '» Weitere Infos hier'. Below this, there is a section titled 'Liebe Freunde' with a paragraph of text and a collection of various tools and products.

clas ohlson

Unternehmen | Filialen | Karriere

clas ohlson  
Werkzeug | Heimwerkzeug | Elektro | Multimedia | Freizeit

Möchtest du Teil  
unseres starken  
Teams werden?

» [Weitere Infos hier](#)

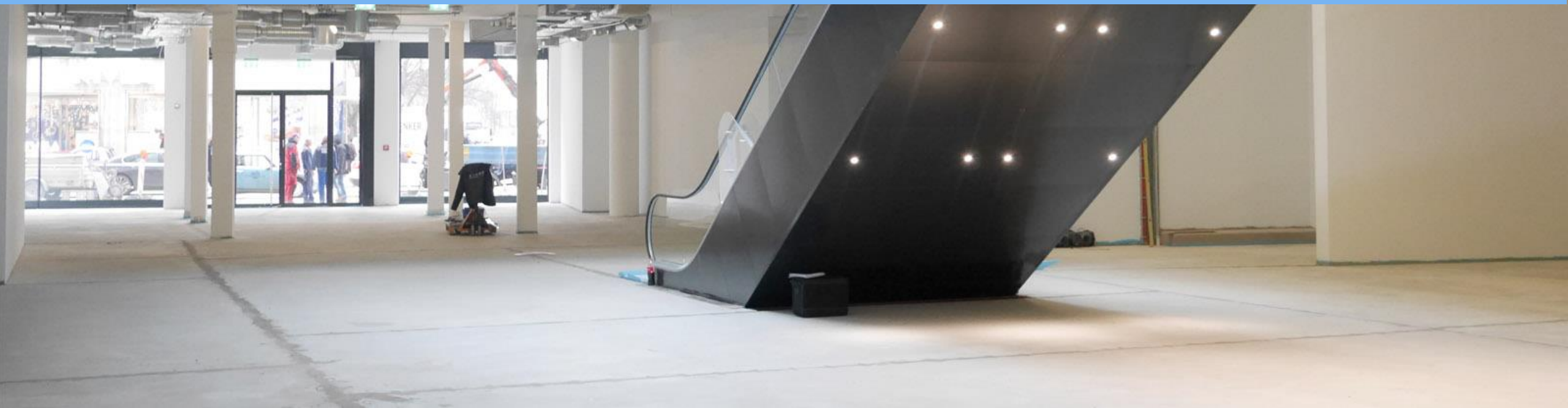
Liebe Freunde

Im Sommer 2016 eröffnen wir die erste Clas Ohlson Filiale in Deutschland. Wir sind ein moderner Haushaltsstore aus Schweden. Unsere große Leidenschaft ist es, unseren Alltag mit cleveren Lösungen zu erleichtern. Dafür findet ihr bei uns die notwendigen Produkte mit guter Qualität und skandinavischem Design.

Das alles zu fairen Preisen und mit großzügigen Garantieleistungen.

Wir hoffen, euch bald bei uns begrüßen zu dürfen!

*Große Eröffnung*  
**JUNGFERNSTIEG**  
am 19. Mai um 10 Uhr





## Summary Q3 2015/16

- Strong third quarter
- All time high sales and profit
- Strong financial position





## Questions & Answers

**clas ohlson**

[www.clasohlson.com](http://www.clasohlson.com)