



Clas Ohlson
flyttar in
Stor inflyttningsfest
16 juni, kl 10.00.
Hjärtligt välkommen!

clas
ohlson

RESTAURANG
TORGET

stadium

Sweet
Lollypop

stadn

SALE
SALE
SALE

SALE
SALE
SALE

Klas Balkow
President & CEO
Q2 Report 2016/17
7 December 2016

clas ohlson



Agenda

- Q2 2016/17
- Six months 2016/17
- Events after period-end
- Strategic update
- Q&A

High energy and strong position

212 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
7.7 billion SEK

One of the
strongest brands
in retail in the Nordics

Highlights

- Good sales development
- Operating profit negatively effected by currency
- Further steps in international agenda
 - Additional stores and e-com in Germany
 - New franchise store in Dubai
 - Continued store optimisation in UK
- Strong sales in November
 - Positive start in Q3





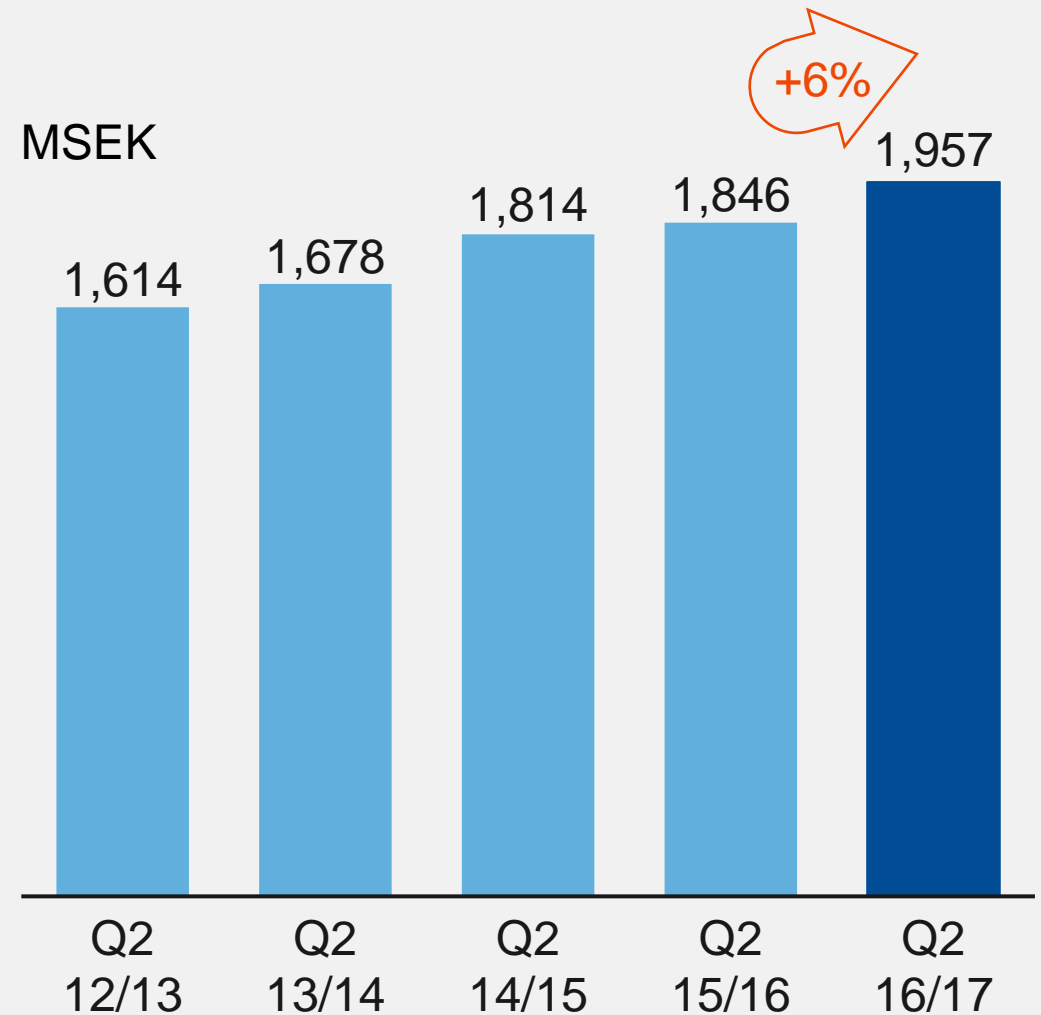
Hyr hos Clas Ohlson
 Kvalitetsverktyg & fixarfavoriter
 från 29:-/dygn

Välj bland utvalda kvalitetsverktyg och prylarna som gör fixandet enklare och roligare. Hyr det du behöver, när du behöver det. Förbrukningsmaterial och tillbehör köper du till. Prata med oss så ser vi till att du hittar det som passar just ditt projekt.

Q2 2016/17
 August – October

Sales Q2

- Sales up 5% in local currencies
- LFL sales 3%
- Sales 1,957 MSEK, up 6%
- 1 additional store net compared to end of period last year (3)
 - 3 store openings and 2 store closures in the quarter



15 September



Hamburg – Germany

6 October



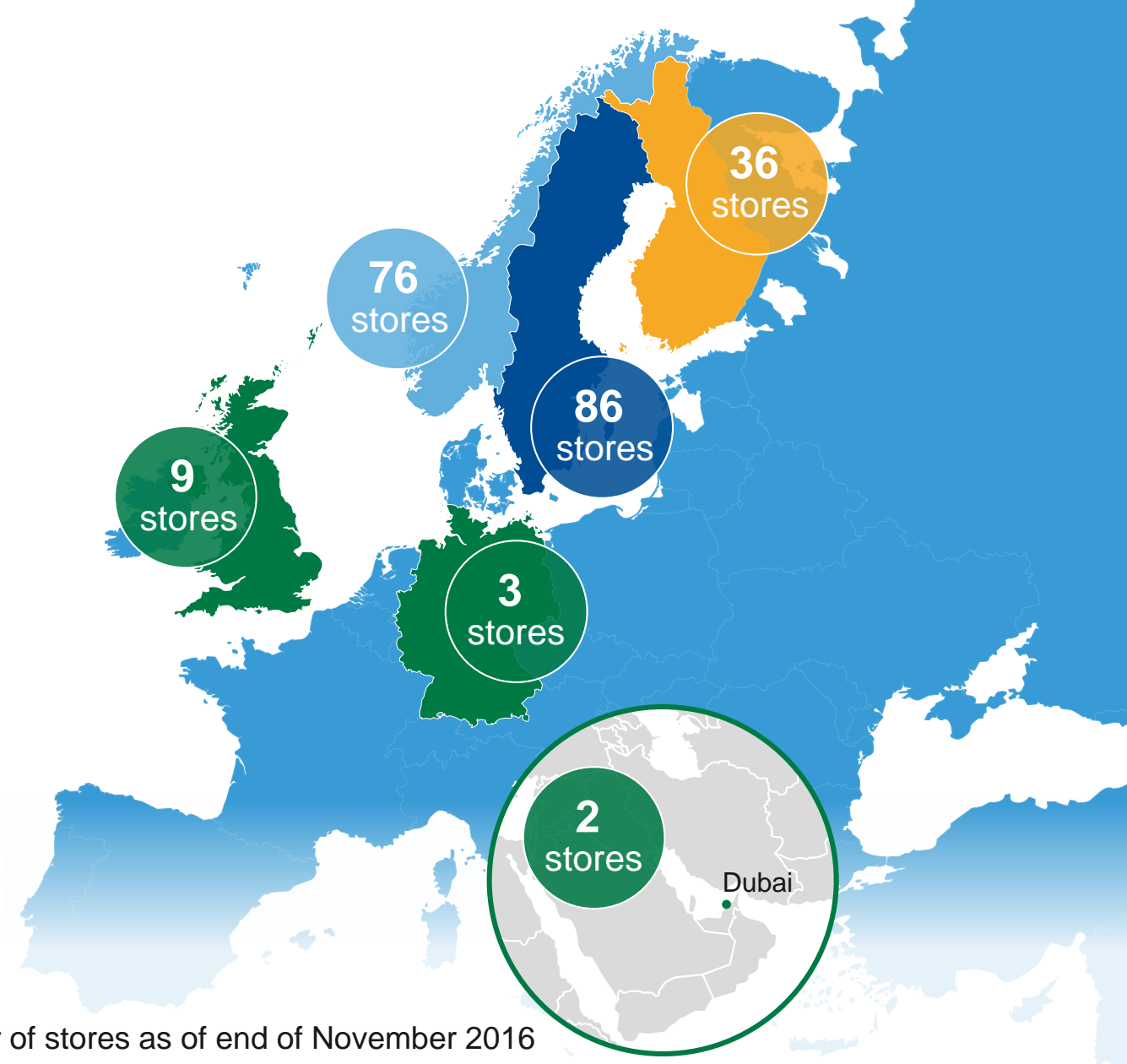
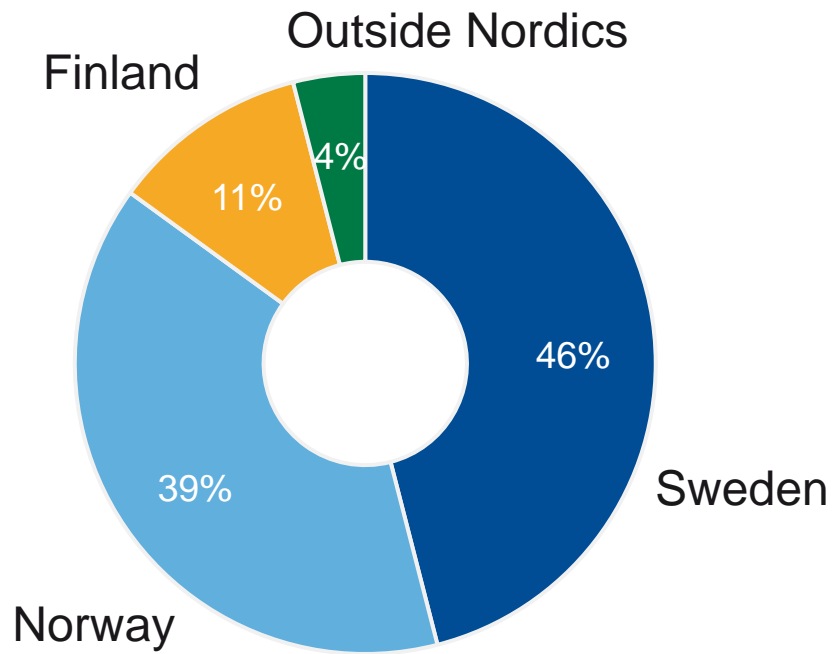
Oslo – Norway

27 October



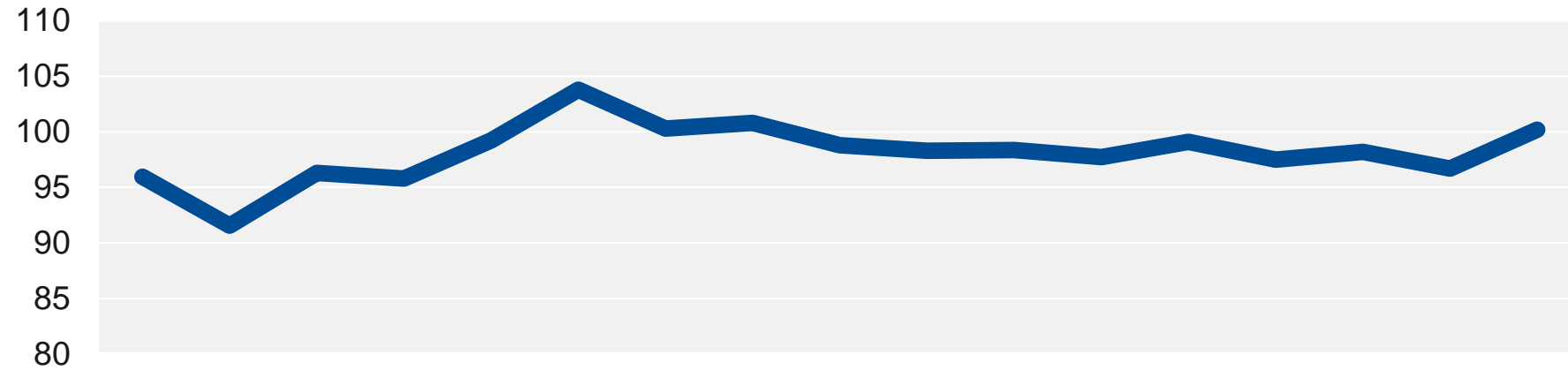
Stockholm – Sweden

Sales share per market



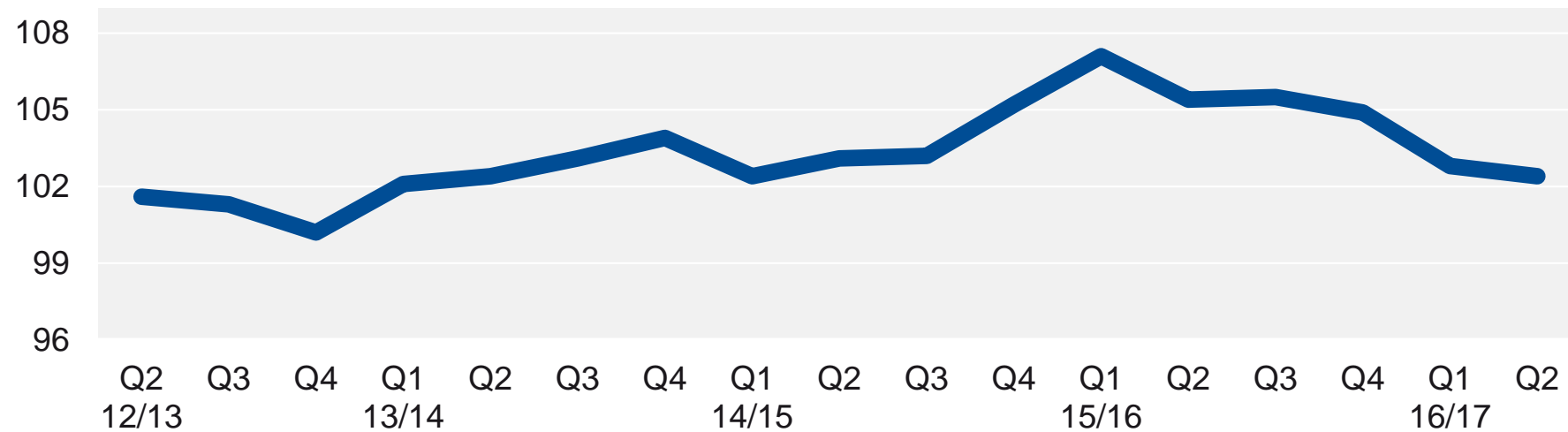
* Number of stores as of end of November 2016

Sweden Consumer Confidence



Source: www.konj.se

Sweden Retail Index

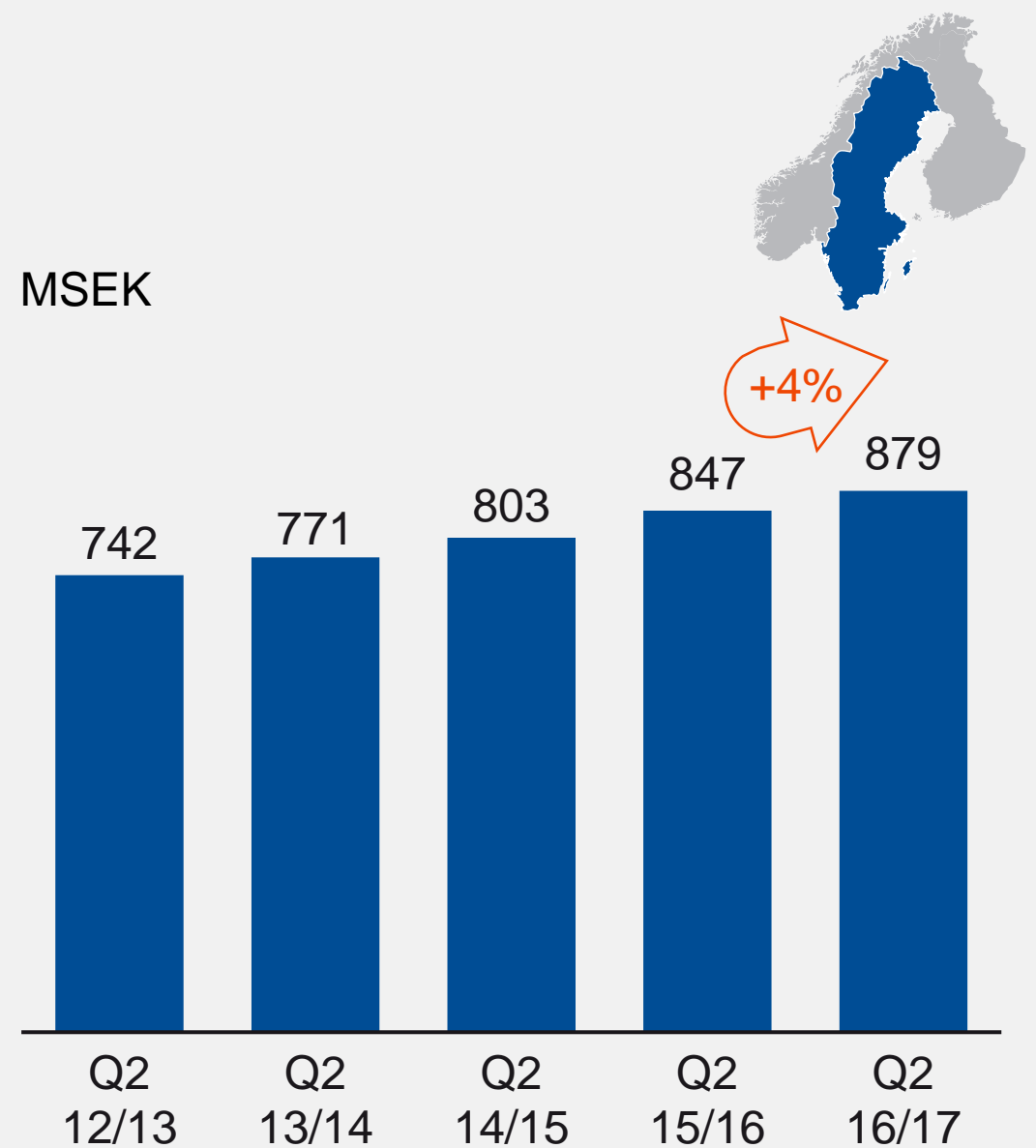


Source: www.hui.se

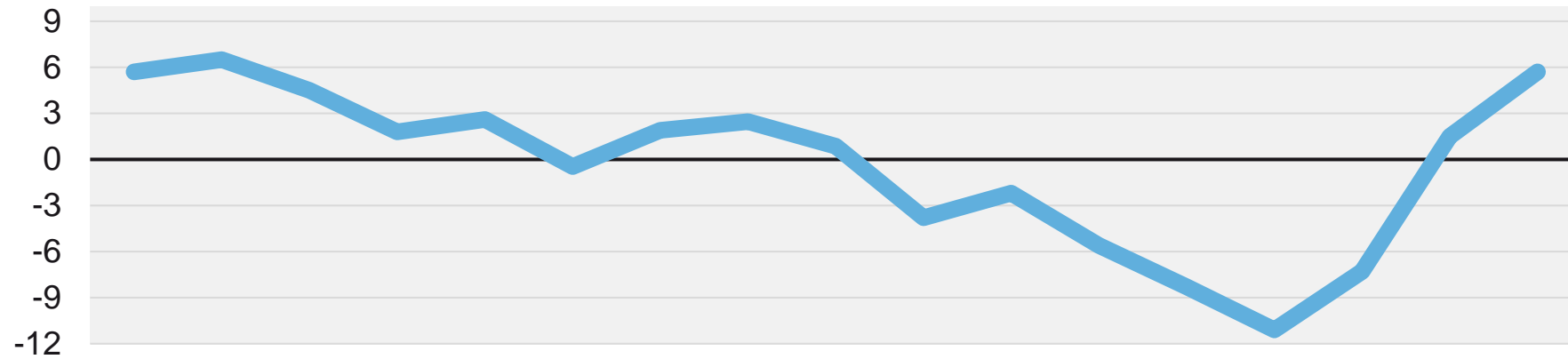
Sweden Q2

- Sales up 4% to 879 MSEK (847)
- Total 86 stores (82)
 - 1 new store during Q2
 - 4 additional stores net compared to preceding Q2
- Solid position in a stable market

MSEK

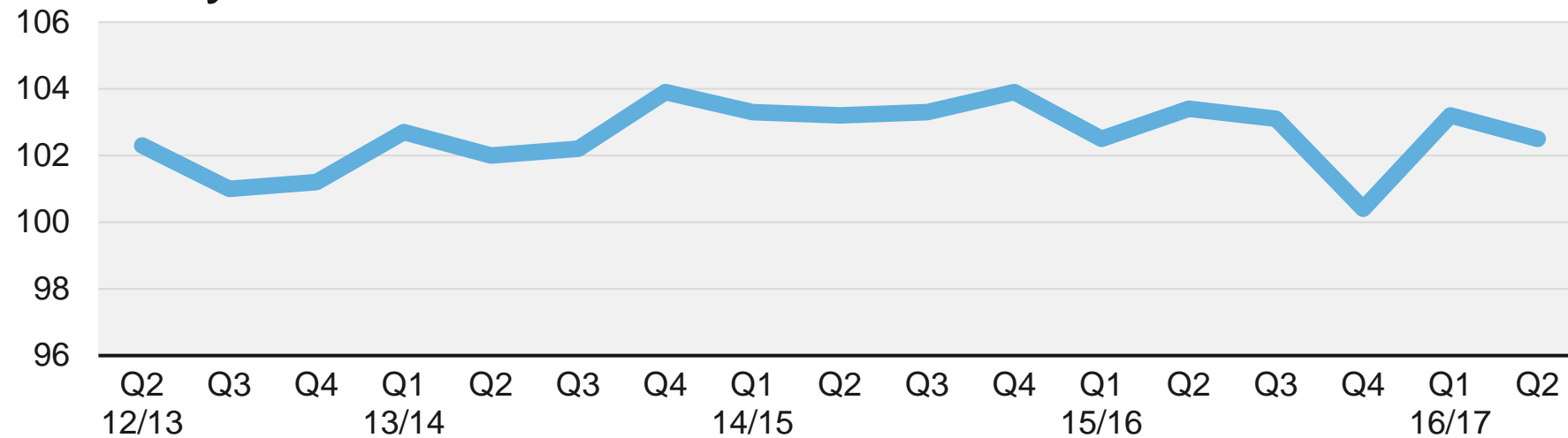


Norway Consumer Confidence



Source: www.opinion.no

Norway Retail Index

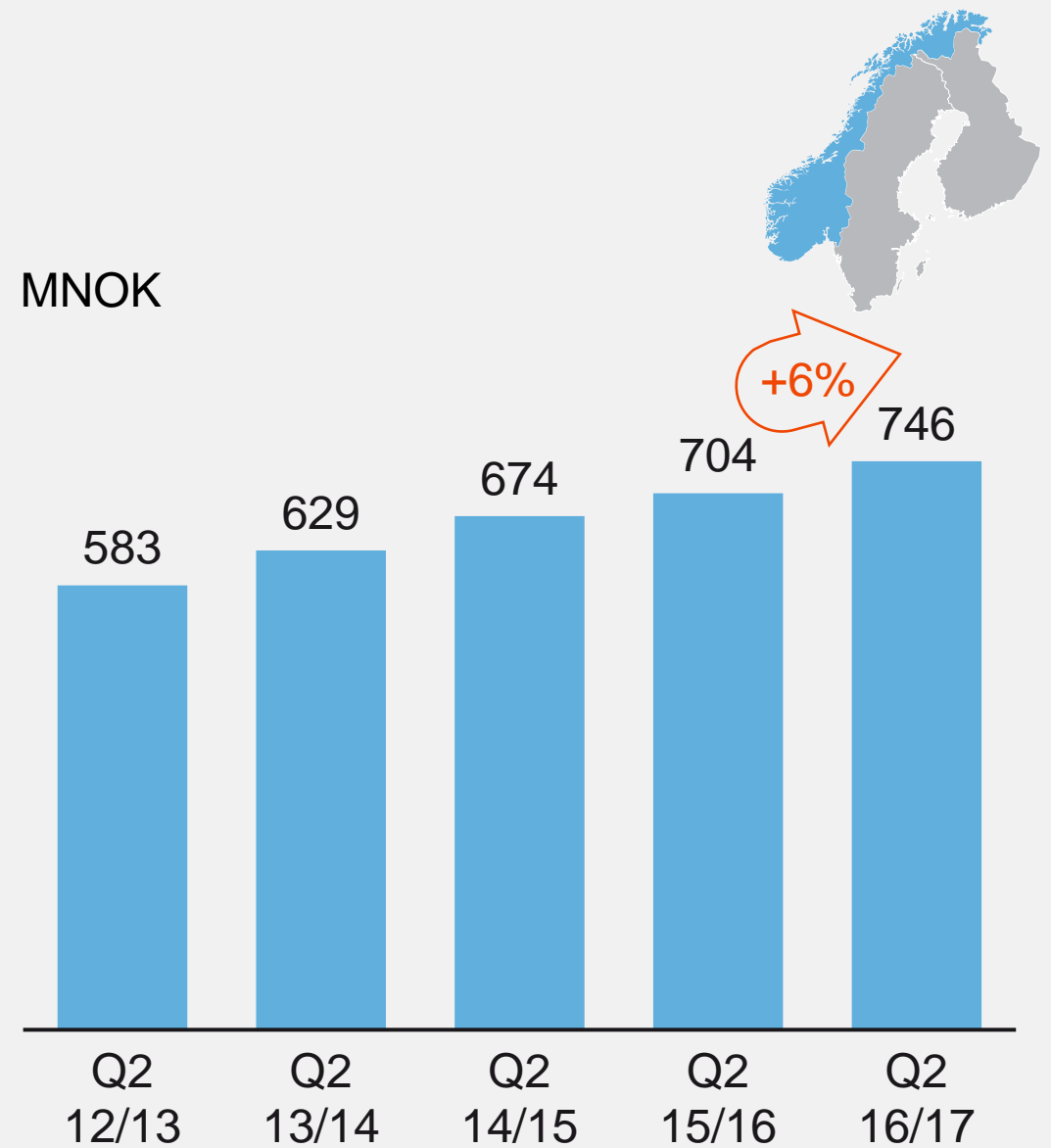


Source: www.ssb.no

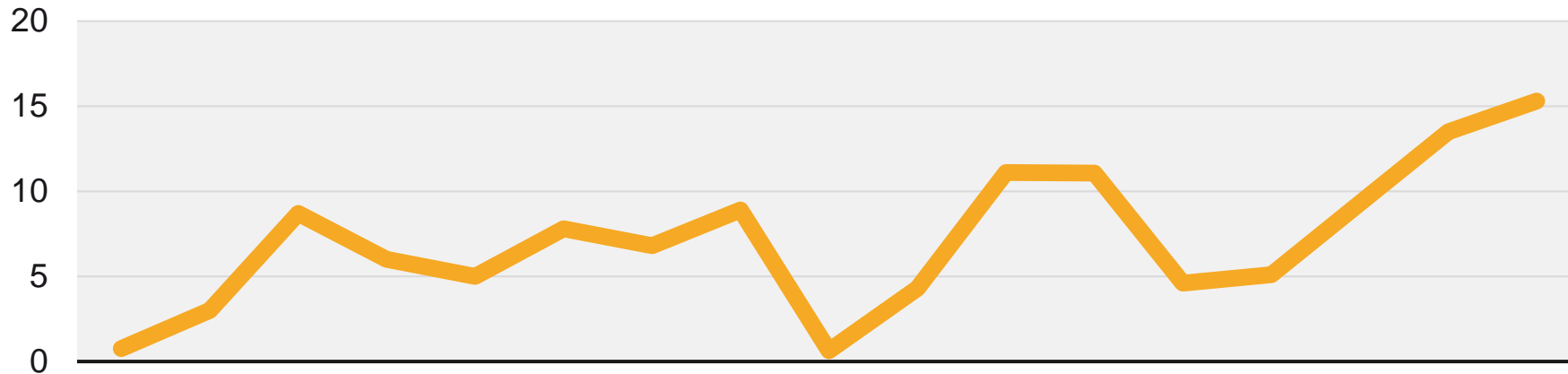
Norway Q2

- Sales up 6% in local currency
- Sales 779 MSEK (716), up 9%
- Total 76 stores (74)
 - 1 new store during Q2
 - 2 additional stores net compared to preceding Q2
- Increased market share in an improved market

MNOK

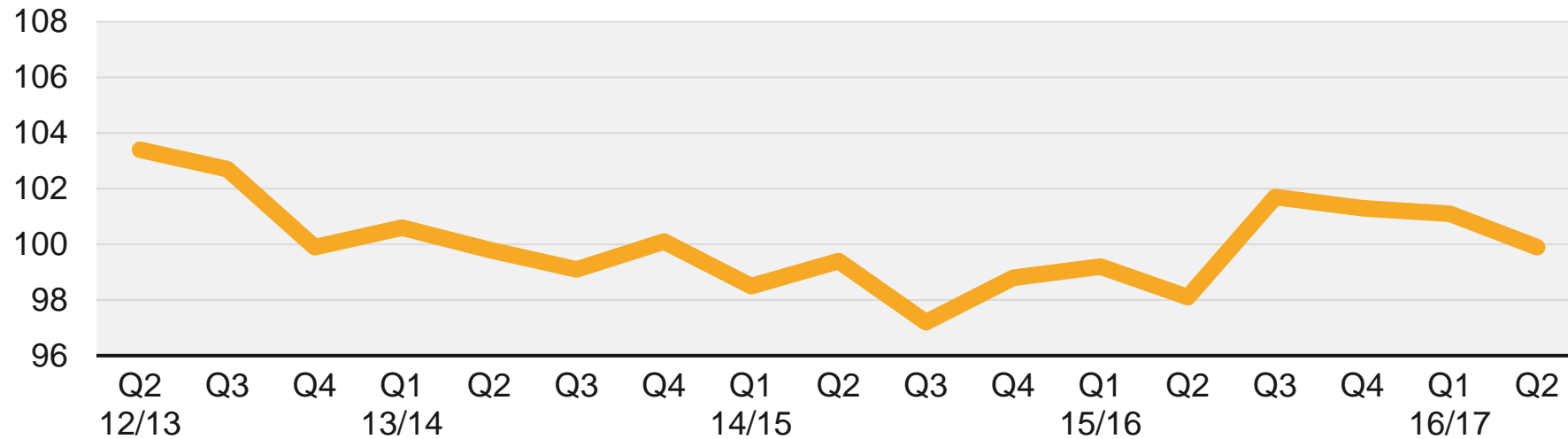


Finland Consumer Confidence



Source: www.tilastokeskus.fi

Finland Retail Index



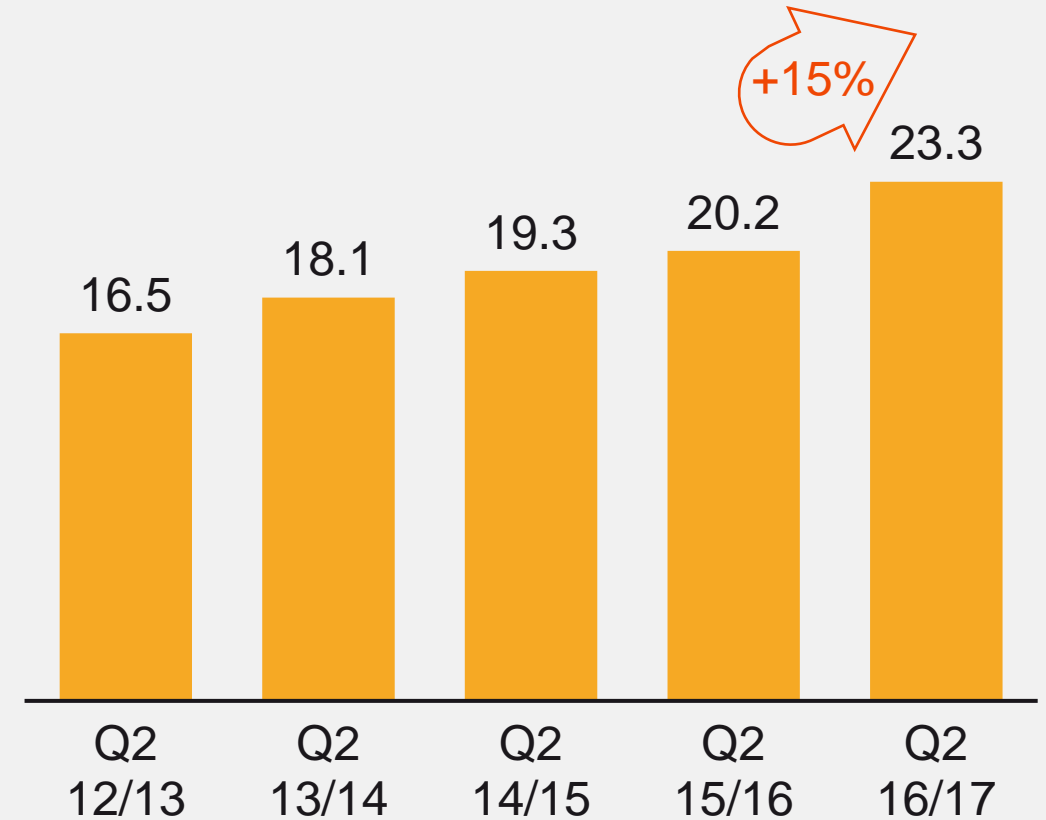
Source: www.tilastokeskus.fi

Finland Q2

- Sales up 15% in local currency
- Sales 223 MSEK (190), up 17%
- Total 34 stores (33)
 - No new stores during Q2
 - 1 additional store net compared to preceding Q2
- Increased market share and strengthened brand position in a soft market

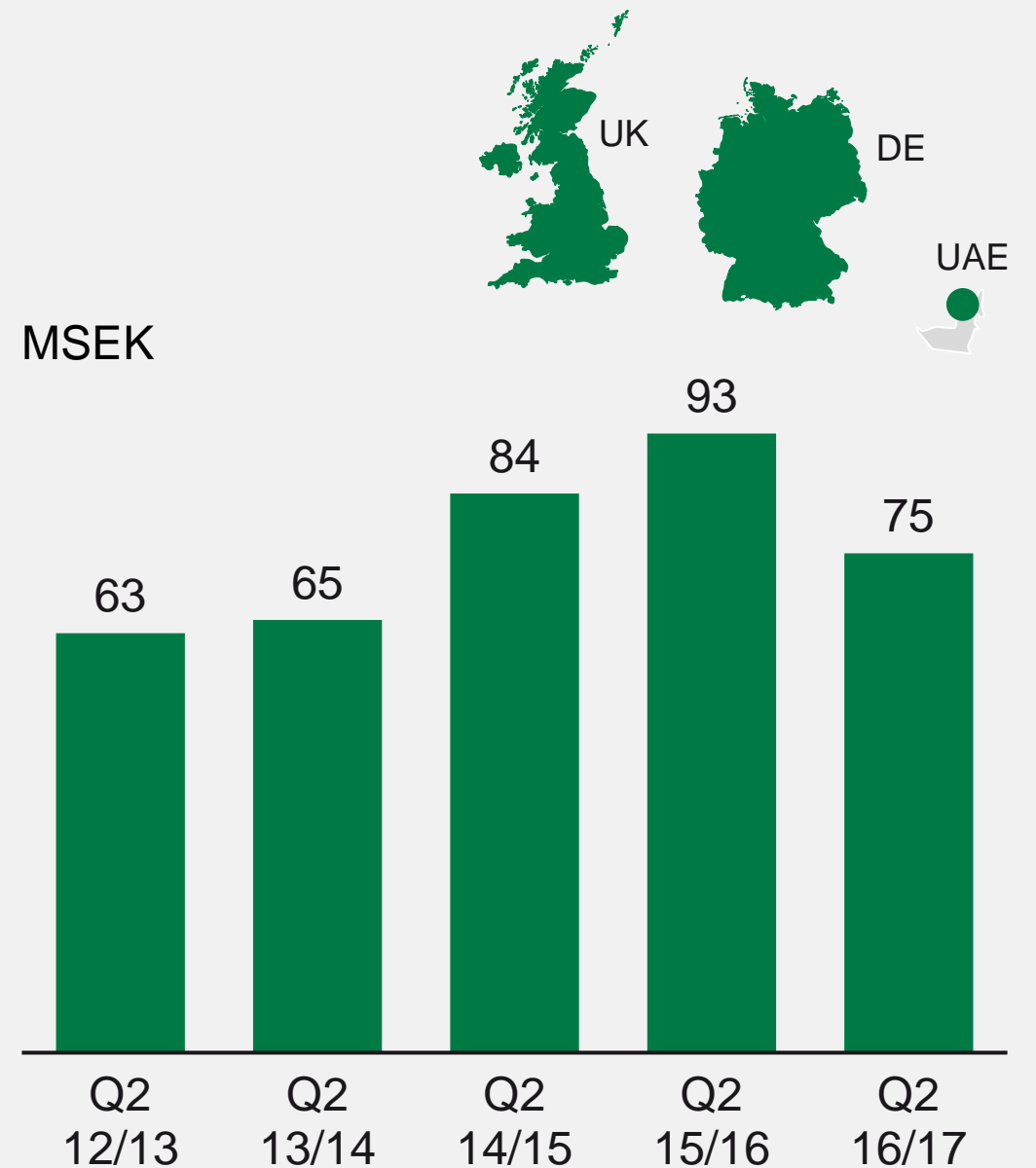


MEUR



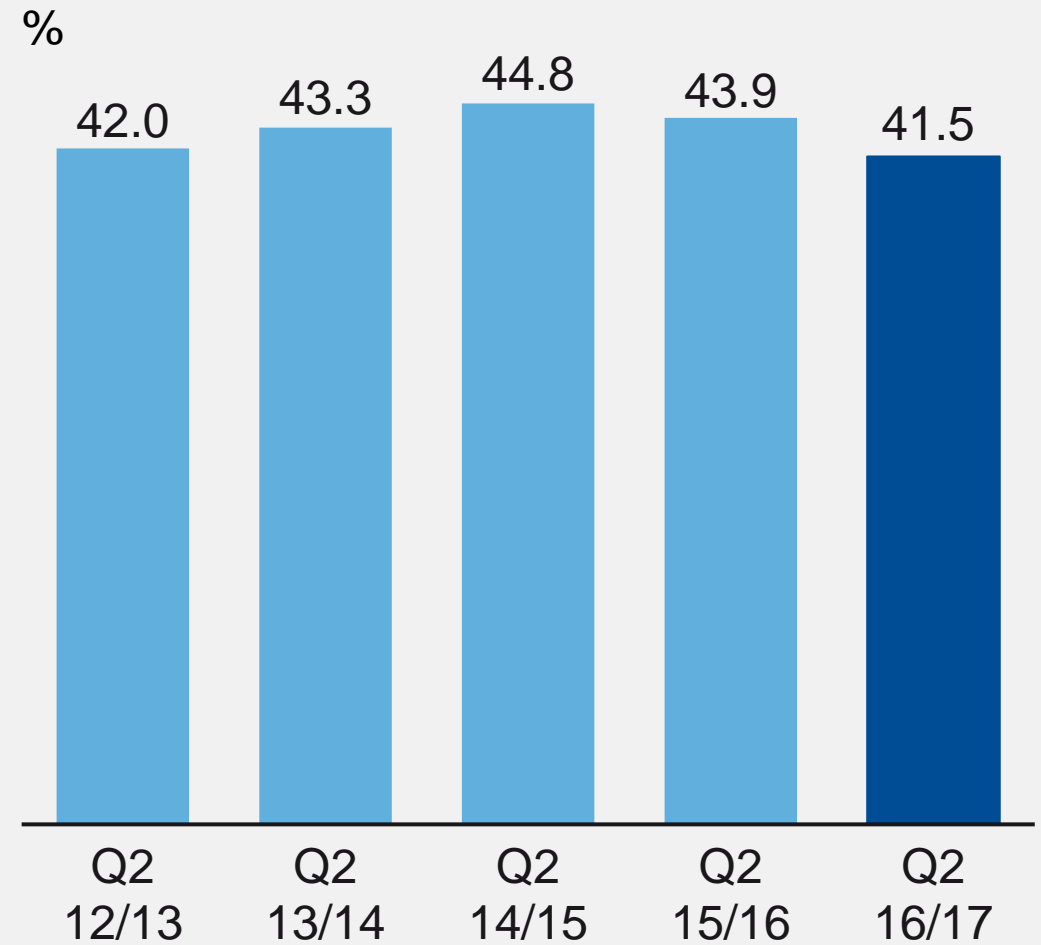
Outside Nordic countries Q2

- Sales down 8% in local currencies
- Sales 75 MSEK (93)
- Total 12 stores (13), whereof 1 franchise
 - 1 new store during Q2
 - 2 stores closed during Q2
- Soft development in UK influenced by restructuring and currency
- Positive start in Hamburg



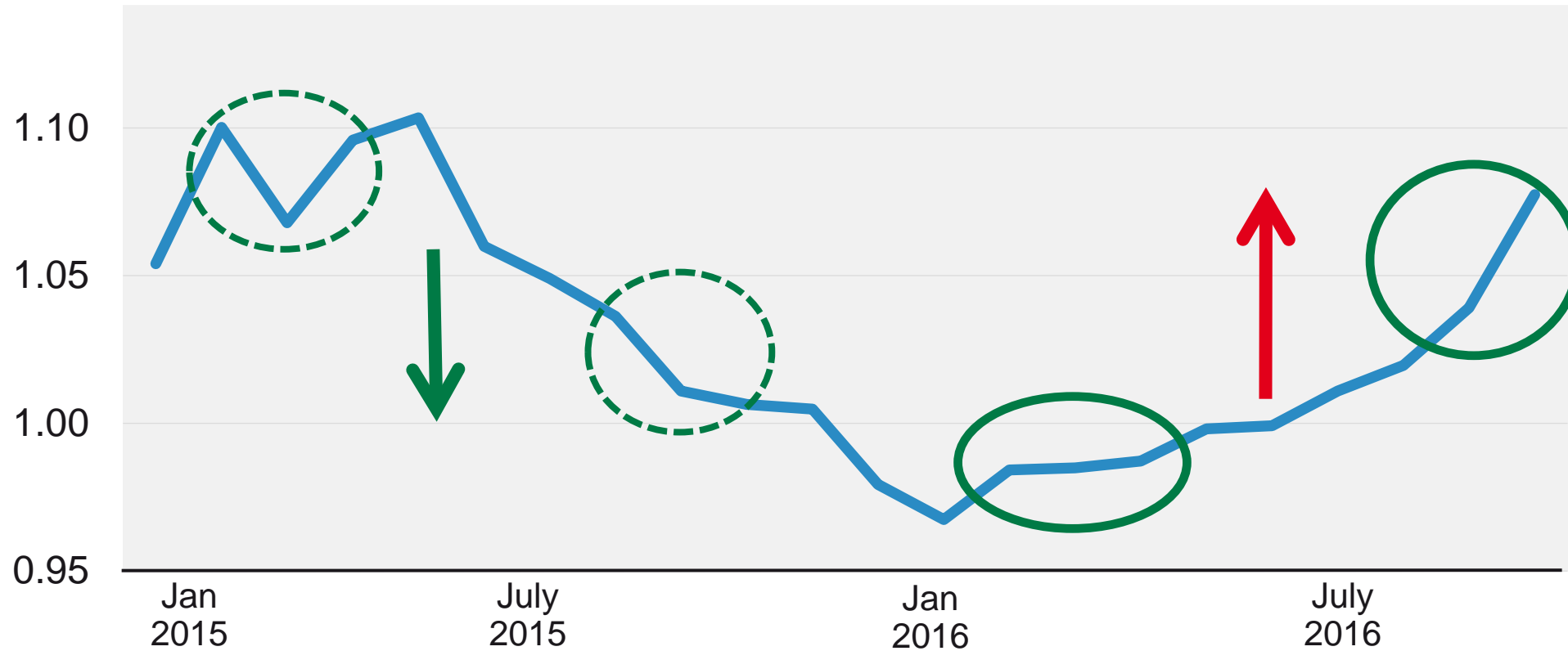
Gross margin Q2

- Gross margin down 2.4 percentage points to 41.5%
- Negative currency impact (NOK)



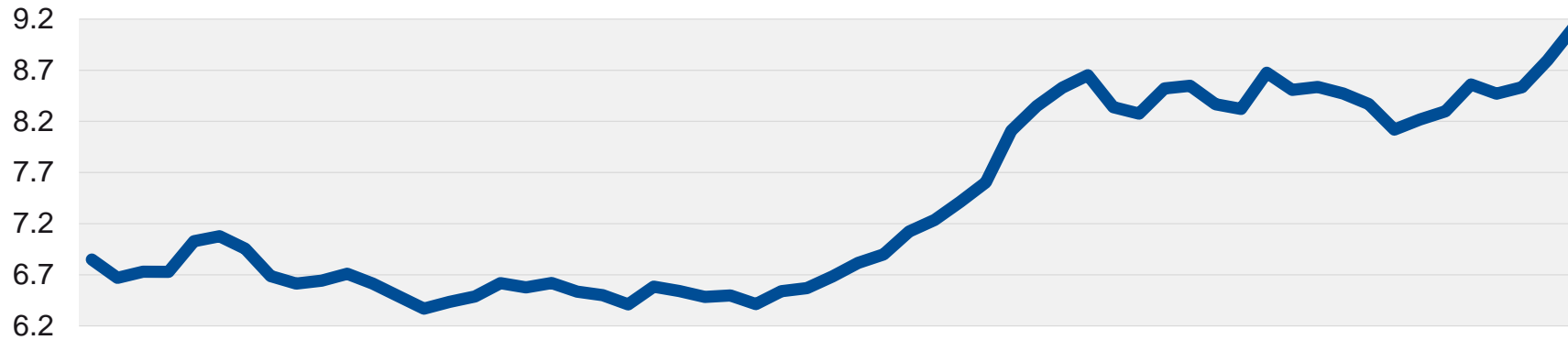
Negative hedging effects in NOK

SEK/NOK

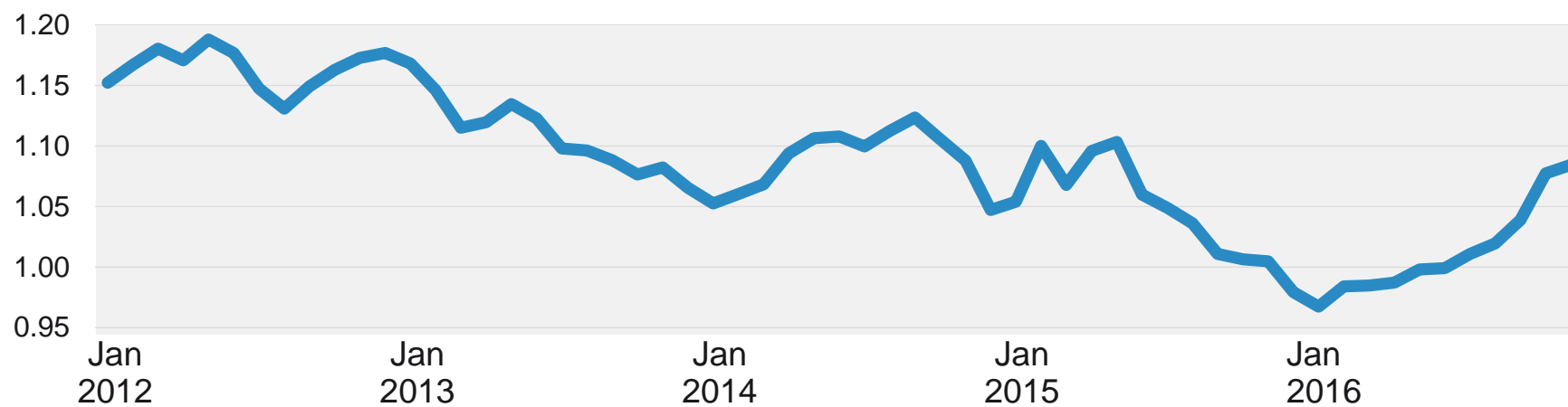


Currency development

SEK/USD



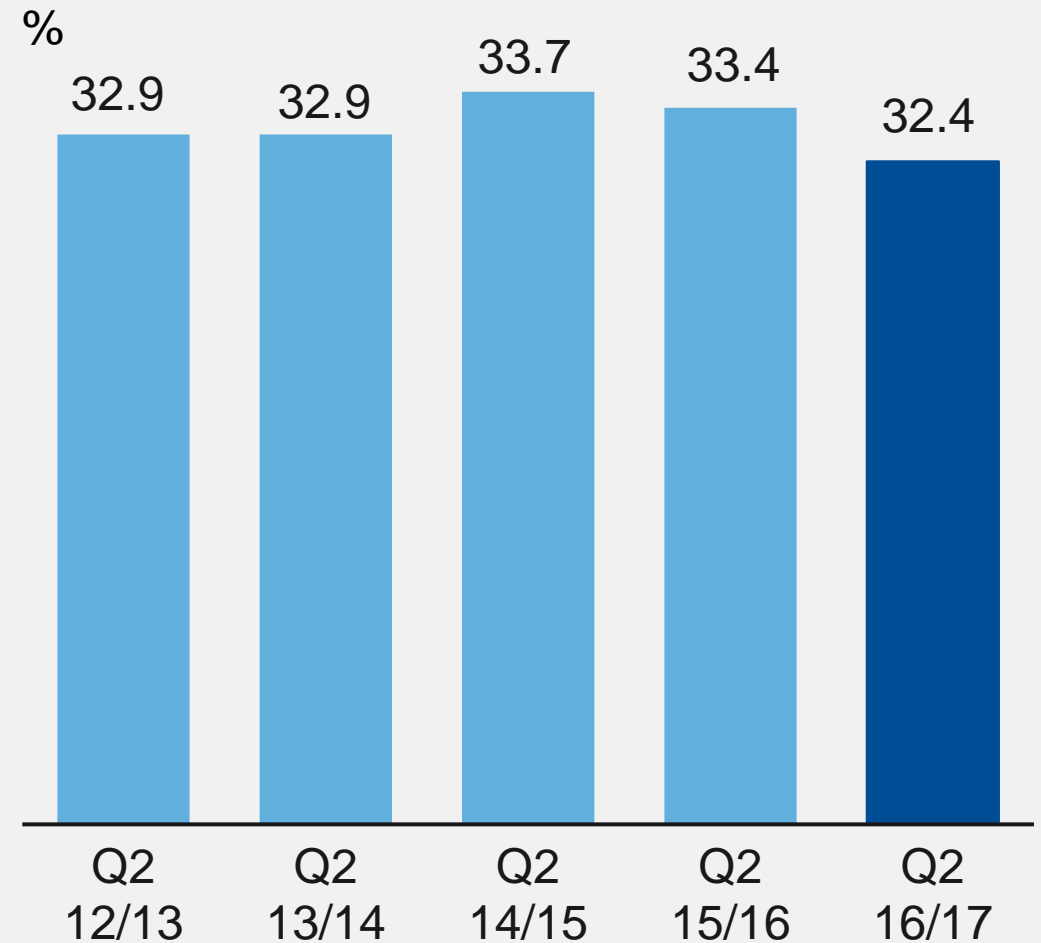
SEK/NOK



Source: Sveriges Riksbank

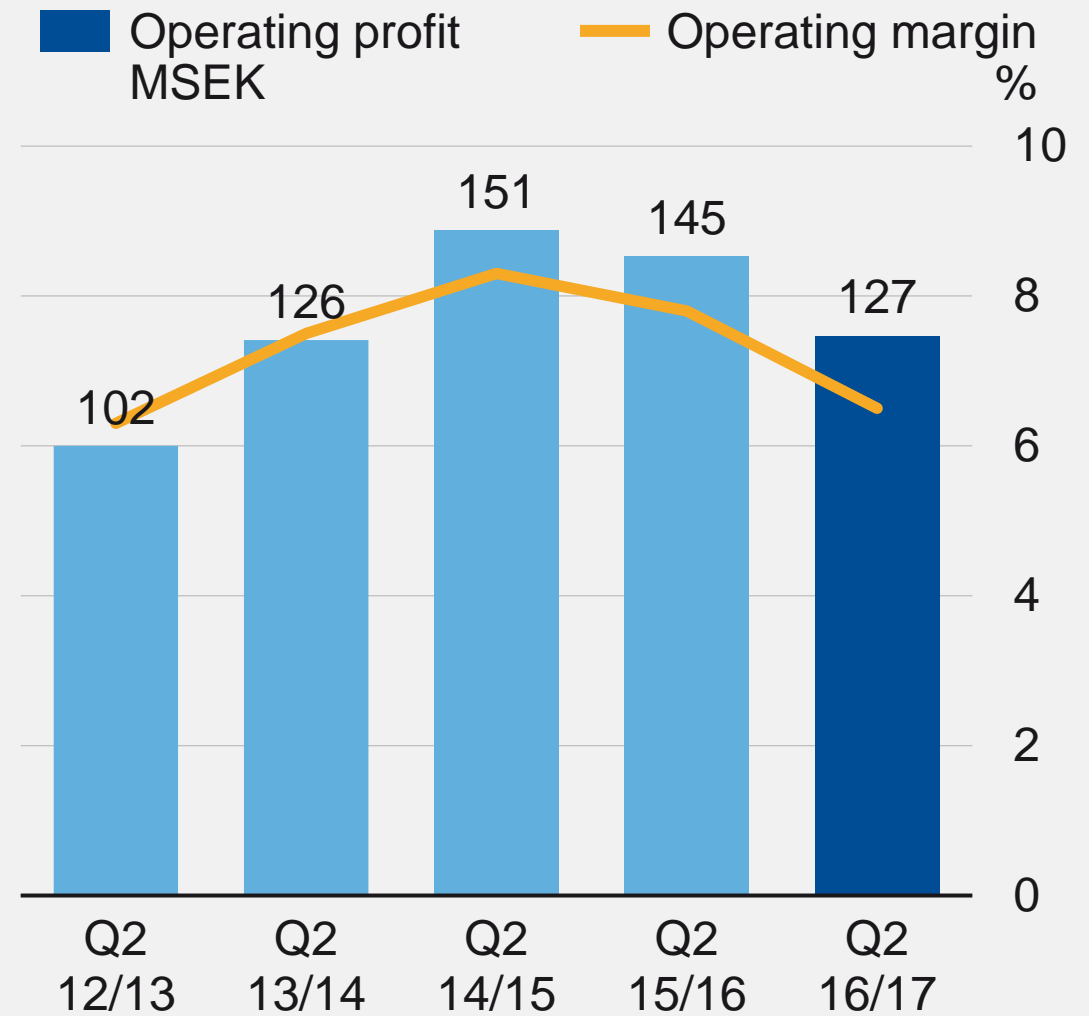
Share of selling expenses

- Share of selling expenses 32.4%, down 1.0 p.p. in the quarter
 - + Lower cost in UK
 - Partly offset by costs for establishment in Germany
 - + Somewhat lower marketing spend to be balanced out during 2016/17



Profit Q2

- Operating profit amounted to 127 MSEK
 - Effected by negative currency hedging NOK
- Operating margin amounted to 6.5%
- Earnings per share 1.53 SEK

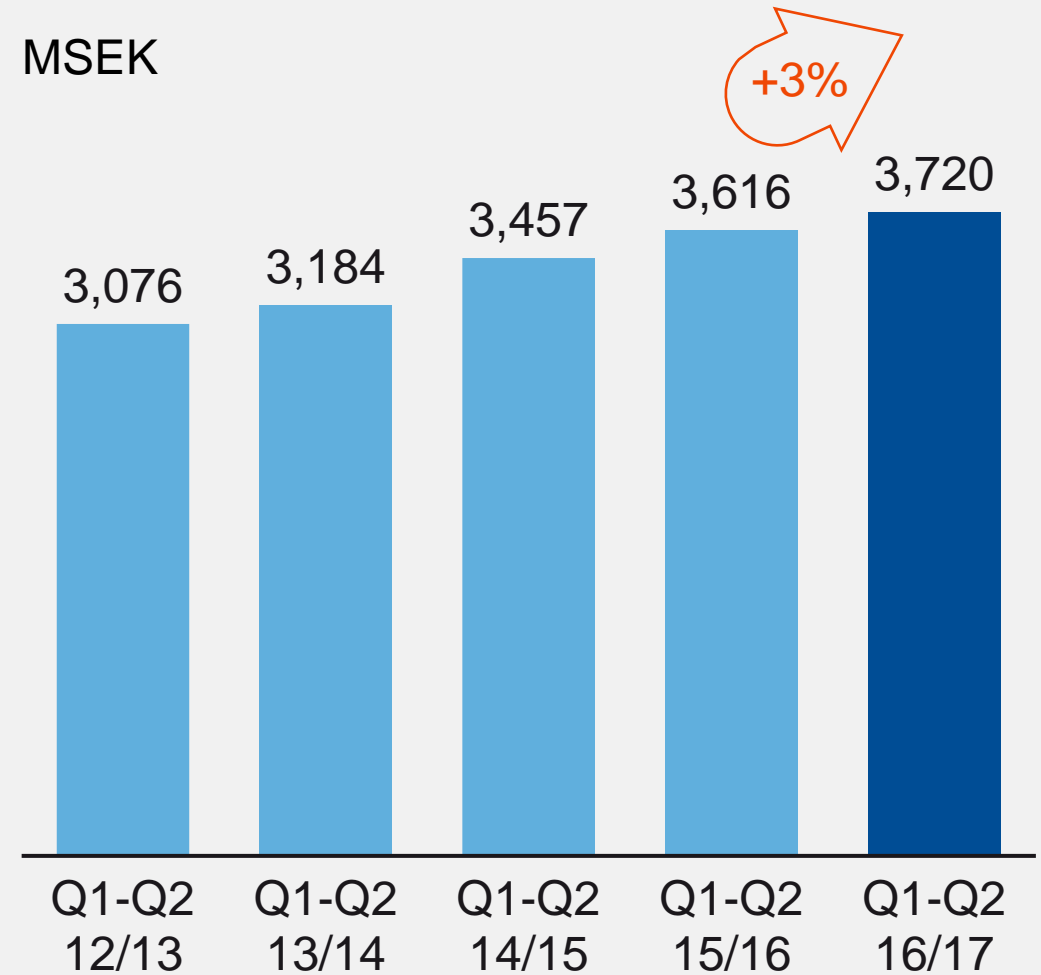




Six months 2016/17
May – October

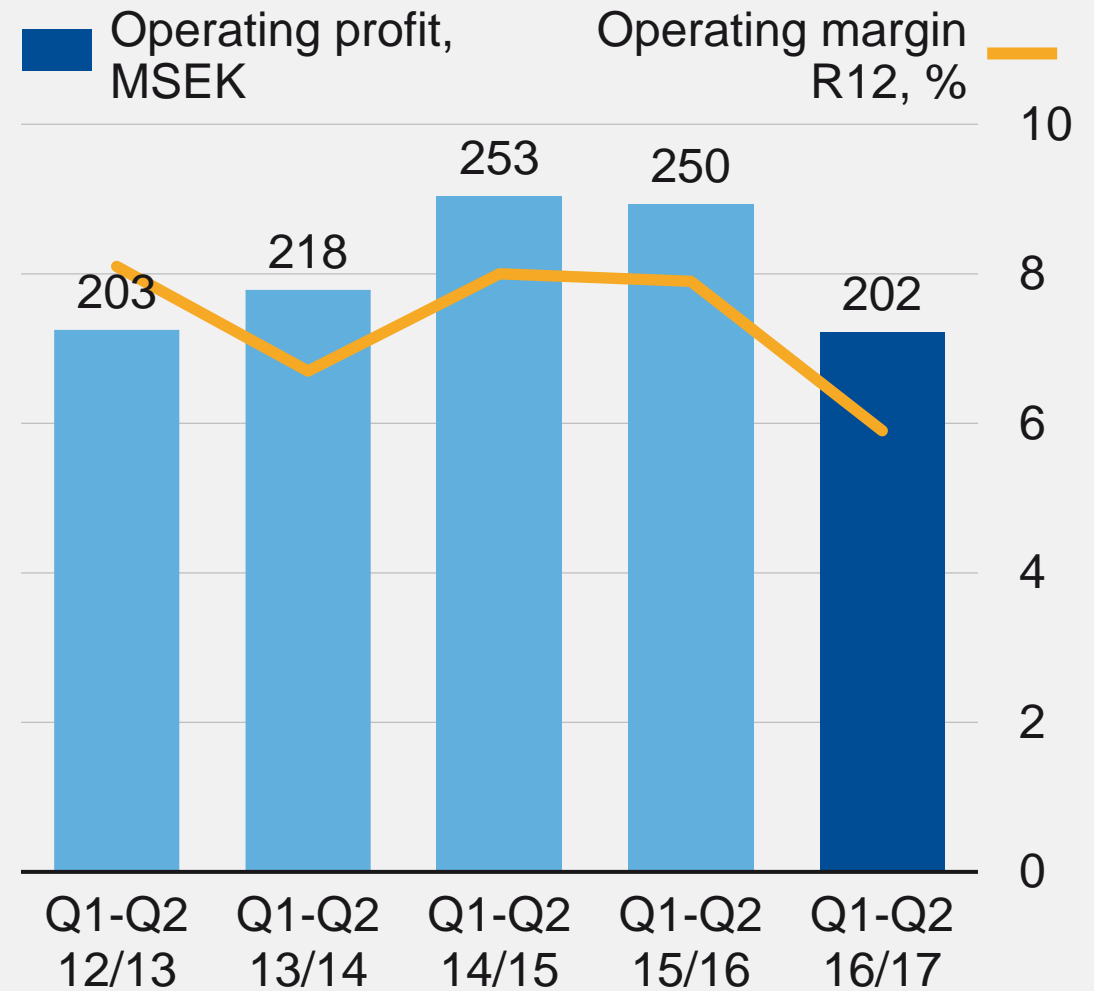
Sales Q1-Q2

- Sales up 4% in local currencies
- LFL sales 1%
- Sales 3,720 MSEK, up 3%
- 6 additional stores net compared to end of period last year (10)



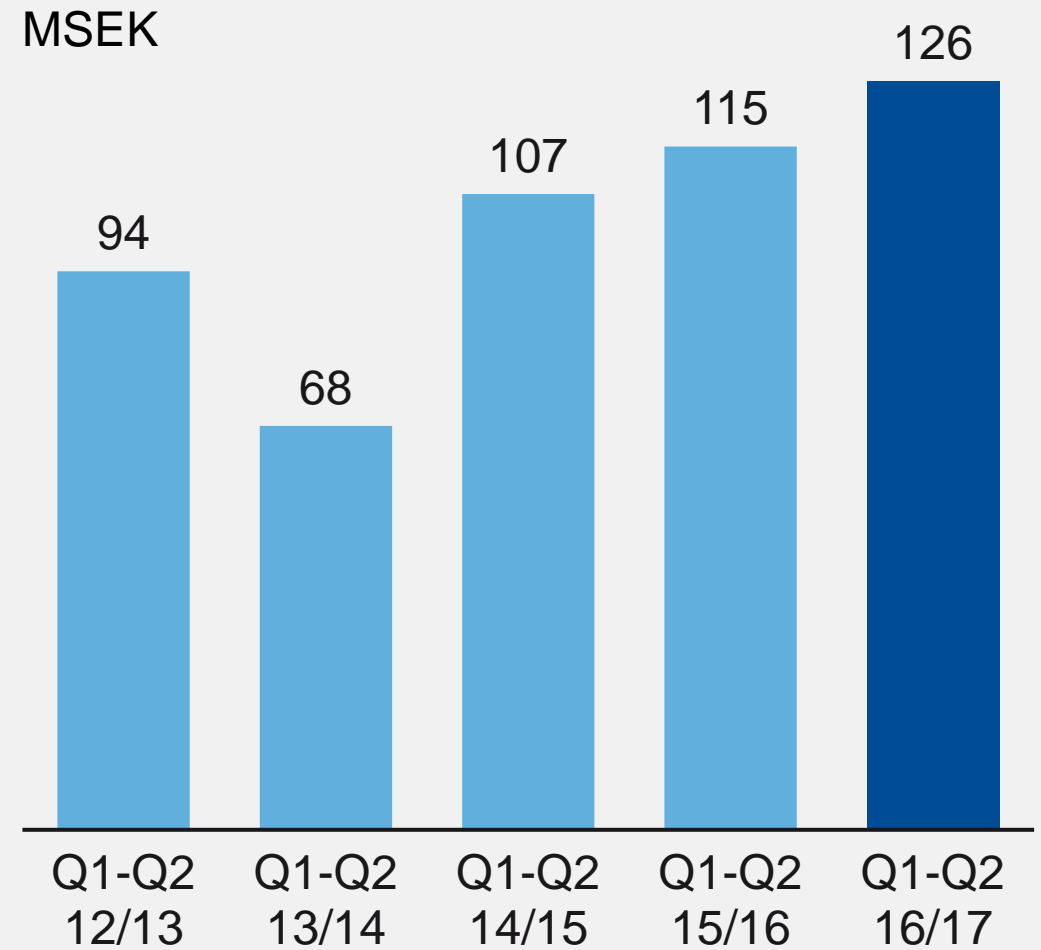
Profit Q1-Q2

- Operating profit 202 MSEK
 - Effected by negative currency hedging
 - Impacted by start-up cost for Germany
- Operating margin 5.4%
- Earnings per share 2.44 SEK



Investments

- Total investments 126 MSEK (115)
- New stores and refurbishments 64 MSEK (40)
- IT-systems 44 MSEK (56)



Financial position

- Cash flow from operating activities was 44 MSEK (322)
 - Inventory 1,989 MSEK (1,764)
 - Inventory turnover rate DC 6.4 (6.4)
- Cash flow after investments and financing activities of -389 MSEK (-155)
- Net cash holdings of 100 MSEK (354) after dividend payout in September



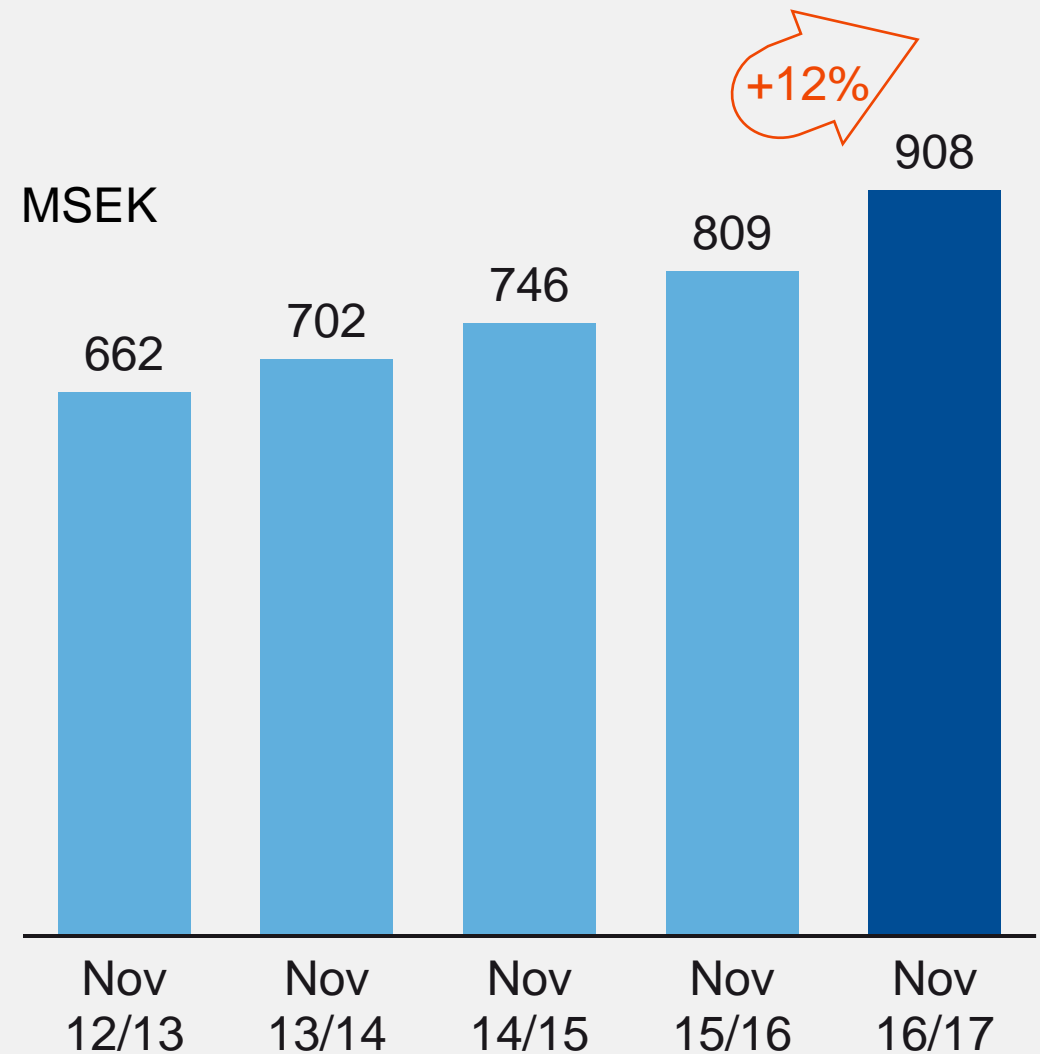


Events after period-end

November sales

- Sales 908 MSEK, up 12%
- Sales up 9% in local currencies
 - Sweden +10%
 - Norway +10%
 - Finland +9%
 - Outside Nordic countries -20%*
- 7 additional stores net compared to end of November last year (9)

*Effected by store optimization in the UK





3 November

Helsinki – Finland



10 November

Jyväskylä – Finland



15 November

Dubai – UAE



24 November

Hamburg – Germany

Christmas gift of the year

- HUI Research assigned the VR headset the Christmas Gift of the Year Award
- Clas Ohlson carries headsets from 29 SEK to 999 SEK
- Sales boost the week of the announcement with 1,500 per cent



Christmas gift favourites

- Broad range of gifts for the whole family
- Products for the smart home a strong category this Christmas
- Increasing interest in head phones with volume limiter
- Best-selling stove fan popular in the Nordic markets

...and much more





Strategic update

New store concept

- The first smaller format store in Sweden opened in October in Stockholm
 - Retail space of approx. 300 square meters
- New name Clas Ohlson Compact Store
- Great reception by customers



New product initiative

- Crowd sourcing of innovative products that support a more sustainable lifestyle
 - Directed towards inventors, entrepreneurs, start-ups and students
- More than 120 sustainable product innovations submitted
 - Ten finalists announced mid December
 - Winning products announced end of January
- The winning products will be sold and marketed in all our channels

Is your product our next bestseller?

Compete with your innovative product.
The winning product will be sold by **Clas Ohlson!**

[Register now](#)

Update UK development

- New smaller store format cluster in London
 - Positive sales development month by month
- Optimising store network
 - Norwich and Cardiff closed in Q1
 - Doncaster and Leeds closed in Q2
 - Watford to close in March 2017 at the latest
 - Croydon to close (date to be confirmed)
 - 1 additional store to close (date subject to negotiations)



Update Dubai expansion

- New franchise store opened in Mercato shopping centre in November
 - 140 stores in shopping centre
 - 5 million visitors per year



Update German expansion

- Three stores opened in Hamburg
 - Central Hamburg, Jungfernstieg, in May
 - Altona in September
 - Alstertal in November
- E-com launched in October
- Promising start
 - ATV and conversion rate
 - In-depth shopping of our range offer
 - Private label highly appreciated



Update new business system

- Continued development and implementation of new ERP platform
 - Improved inventory planning
 - Benefits from true omnichannel platform
 - Scalable platform for future growth
- Estimated annual investment of 50-70 MSEK during a five year period (year 2013/14 to 2018/19)
 - Updated estimate suggests outcome in the higher range
- Scope of sCORE has expanded
 - Related to warehouse and transportation system
 - Related to customer data and e-com
- Additional annual investment of approximately 75 MSEK during a two-year period



A large, 3D, white sign for Clas Ohlson is mounted on a building facade. The sign is made of thick, white, hollow letters and is set against a blue background. The building has large windows and a modern architectural style. The sign is the central focus of the image, with the word 'Clas' on the top line and 'Ohlson' on the bottom line.

Summary

- Solid sales growth
- Currency impact
- Strong start to Christmas sales
- High energy for future growth



Merry Christmas
and
Happy New Year

Q&A

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www.clasohlson.com