

clas ohlson

Q1 Report 2017/18

6 September 2017

Lotta Lyrå
President & CEO

Göran Melin
CFO





Agenda

- Reflections
- Business update
- Financial development
- Q&A

Initial reflections

- Solid foundation
 - Financially stable platform
 - Long term ownership structure
- Clear Clas Ohlson spirit
 - Value based company
 - High energy
- Strong brand in home markets
 - Great customer confidence



Customer offer development

- Unique “smartness” in the product offering
- Developing new customer and product segments
 - Pets accessories
 - High quality work wear
 - Indoor lighting assortment

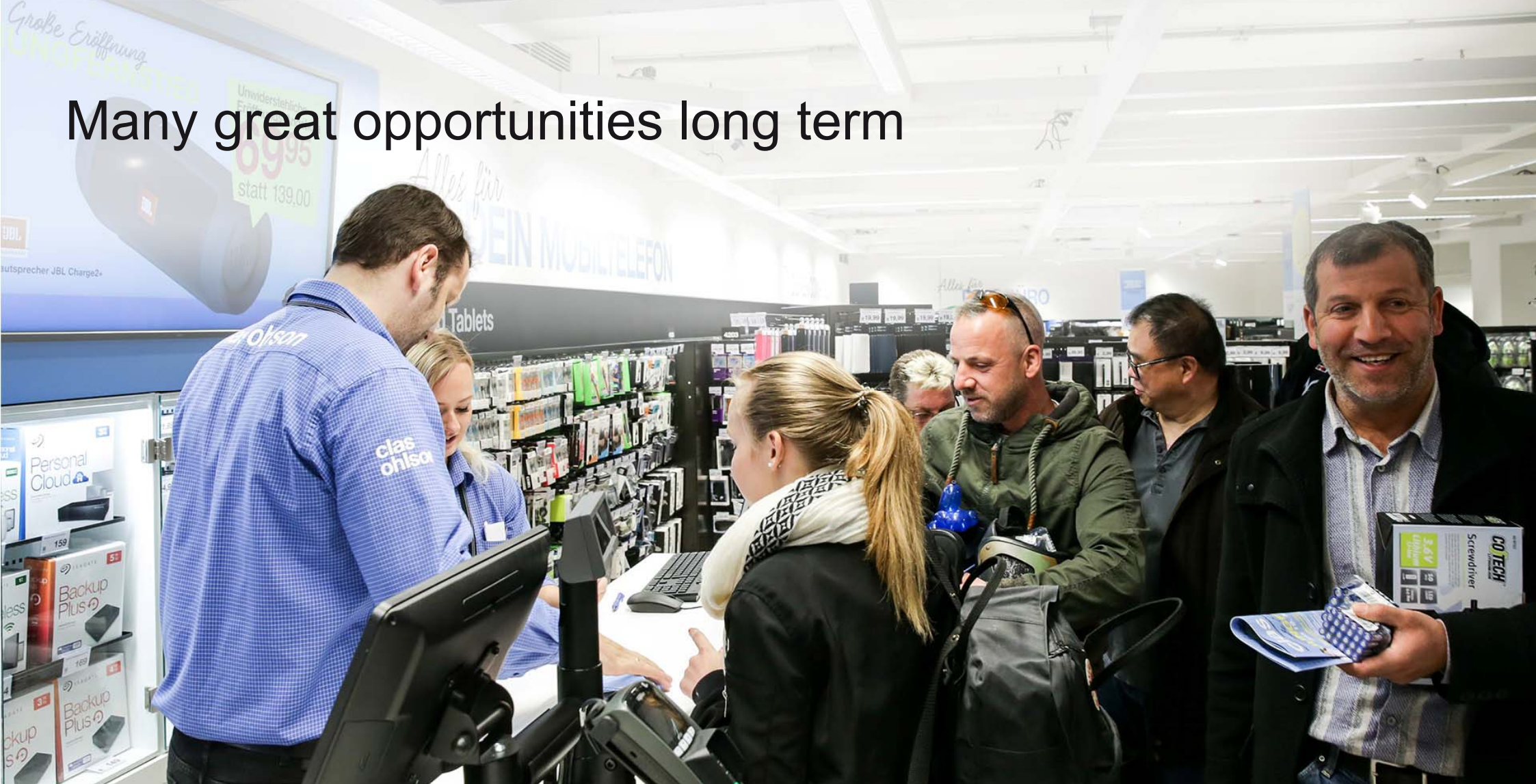


Customer interaction focus

- Clear service orientation
 - Knowledgeable staff
 - Workshops in Insjön
- Meeting the customer in new ways
 - Small format Clas Ohlson Compact store



Many great opportunities long term



Priorities short term

- Here and now commercial focus
 - Disrupt soft sales trend
 - Secure Christmas offering
- 100 year celebration preparations
- Kick start strategic review to assess opportunities





Business overview

Q1 highlights

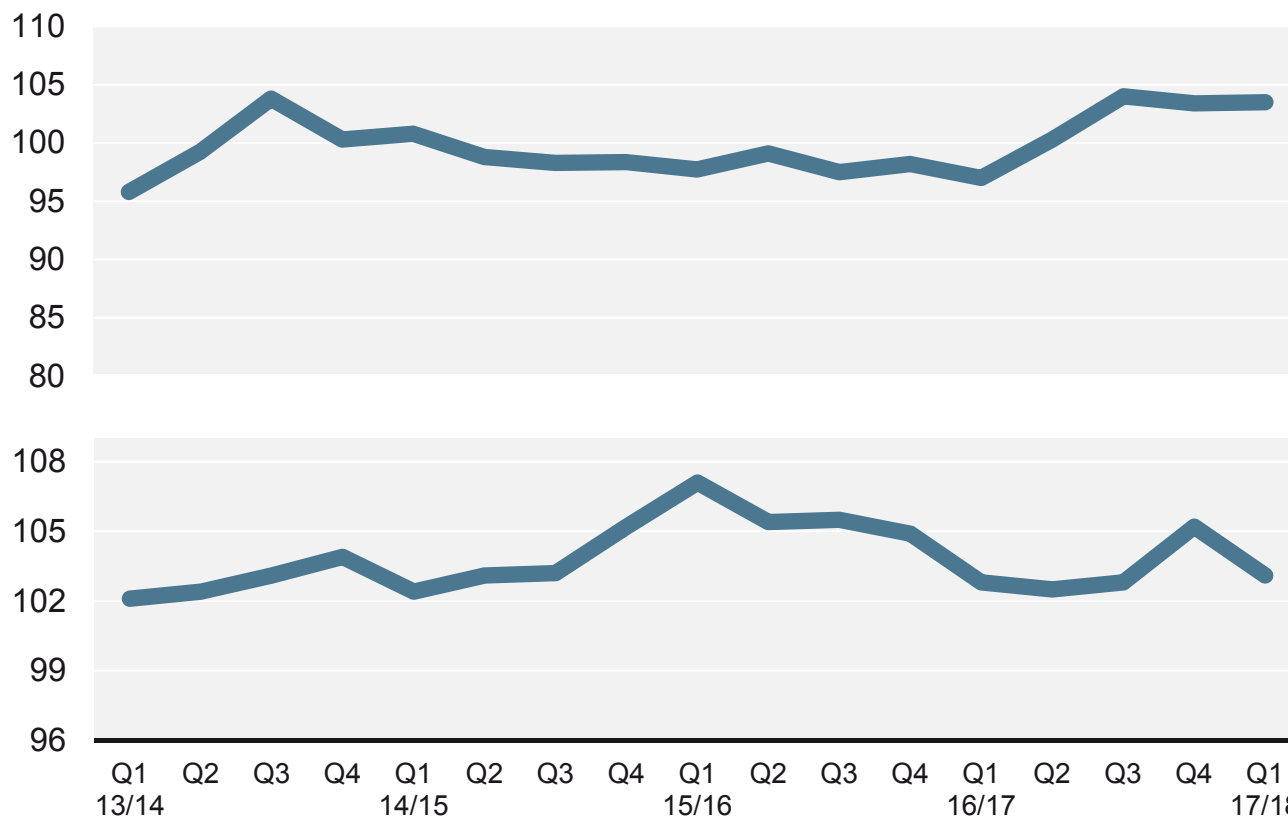
- Slow sales development
 - Summer assortment challenging
 - Retail landscape in change impacting store traffic
- Improved profit
 - Driven by improved gross margin and cost efficiency



Sweden

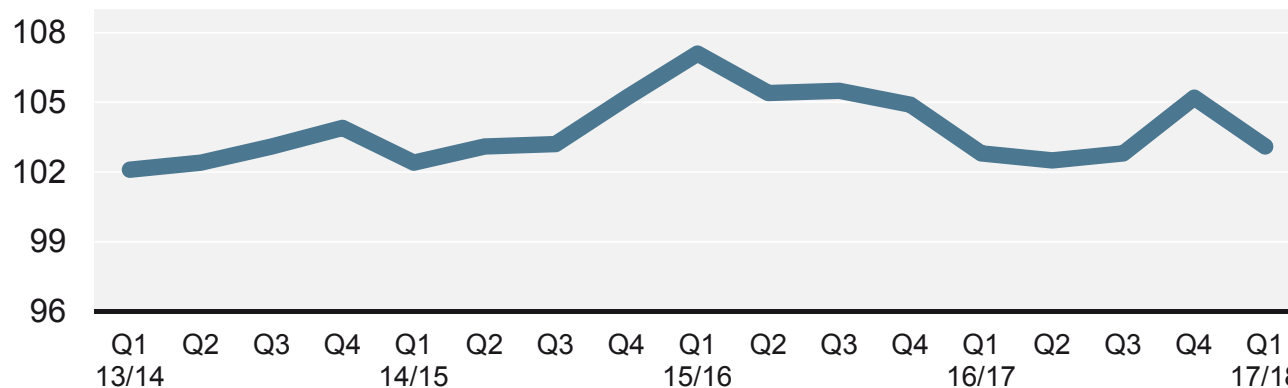


Consumer Confidence



Source:
www.konj.se

Retail Index



Source:
www.hui.se

Sweden Q1



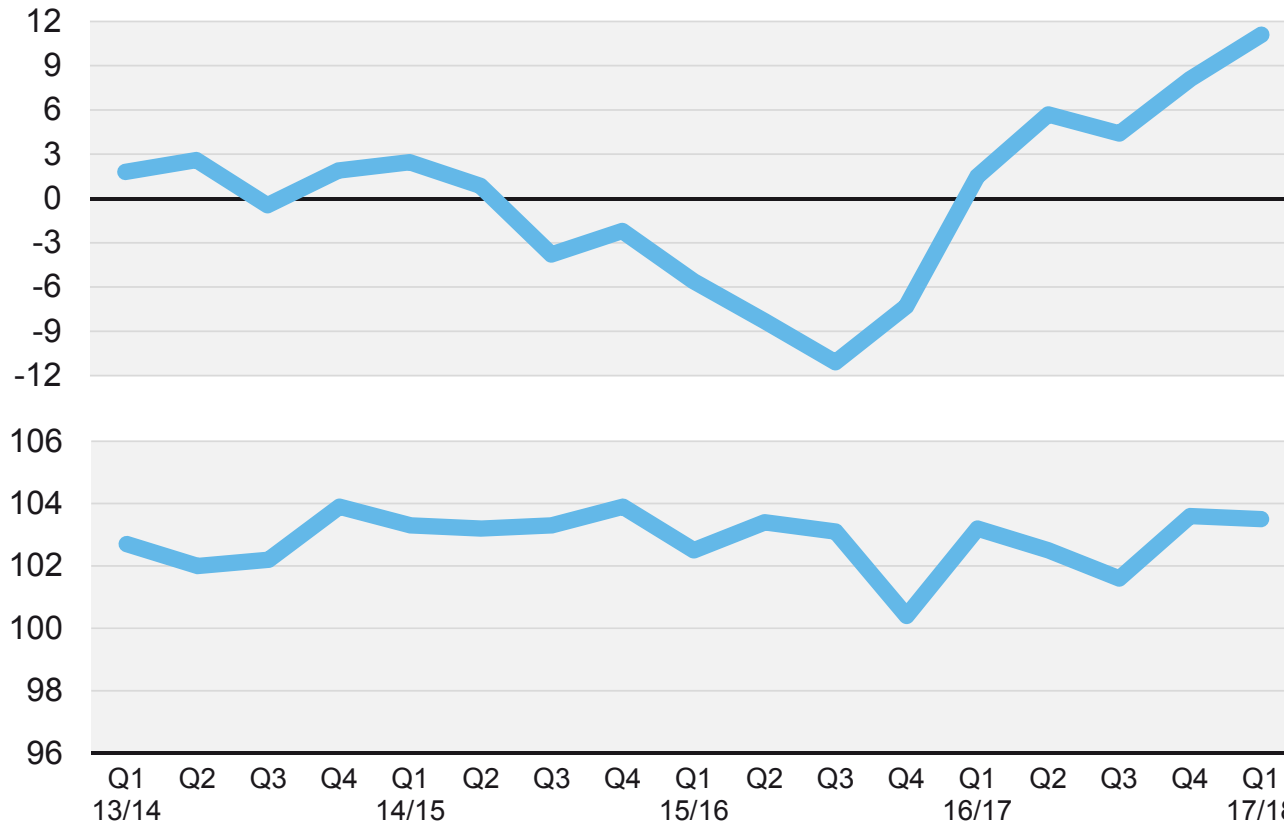
- Soft sales development over the quarter with sales down 1%
- Broadening of our service offer
 - Installation service for robotic lawnmower
 - Grinding services above expectations
- Total 87 stores (85)
 - No new stores during Q1
 - 2 additional stores net compared to preceding Q1



Norway

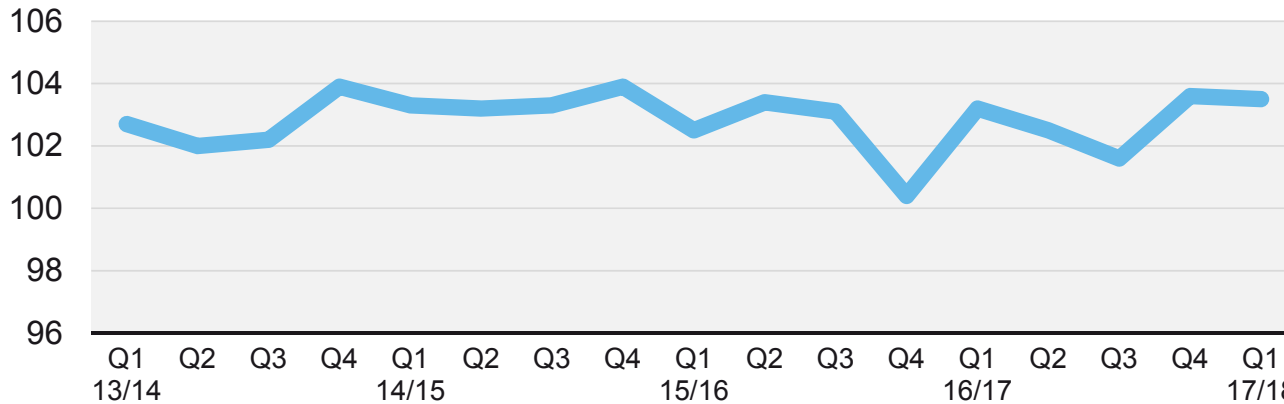


Consumer Confidence



Source:
www.opinion.no

Retail Index



Source:
www.ssb.no

Norway Q1



- Stable sales development in the quarter with sales growth of 2% in local currency
- Momentum from shift from FM* to DAB**
- Total 81 stores (75)
 - 1 new store in Farsund during Q1
 - 6 additional stores net compared to preceding Q1

* Frequency Modulation

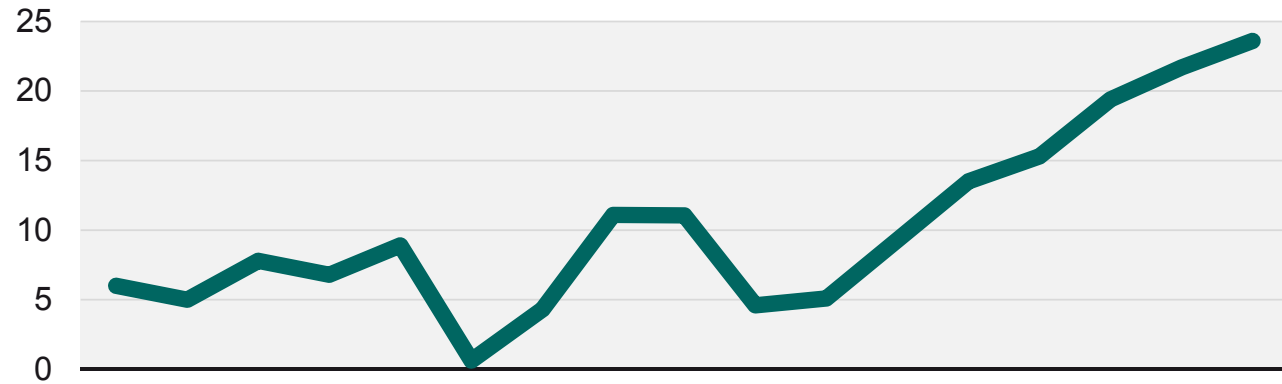
** Digital Audio Broadcasting



Finland

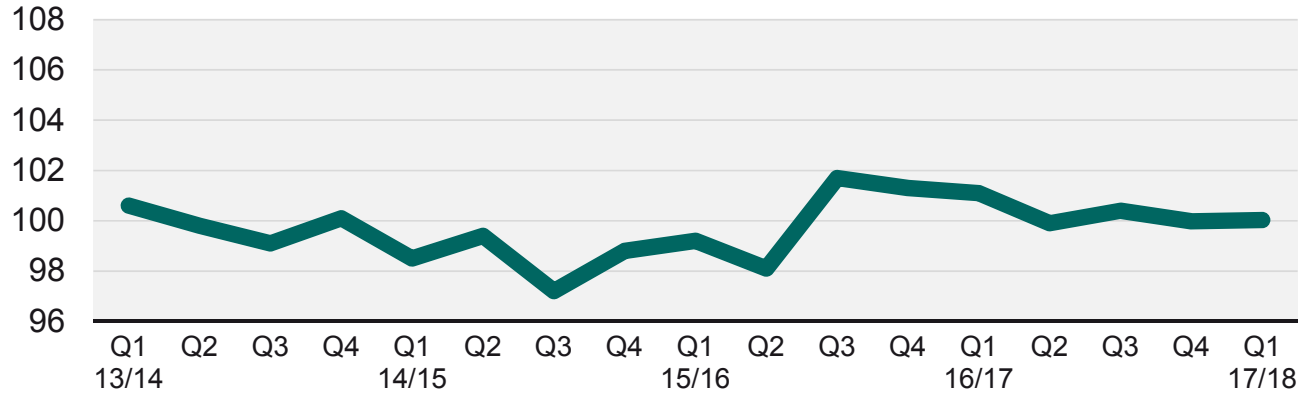


Consumer Confidence



Source:
www.tilastokeskus.fi

Retail Index



Source:
www.tilastokeskus.fi

Finland Q1



- Sales growth of 4% in local currency in a challenging market
- Implementing new store formats
 - First Clas Ohlson Compact Store in Helsinki opened
- Total 38 stores (34)
 - 1 new store in Helsinki during Q1
 - 4 additional stores net compared to preceding Q1



Outside Nordic countries Q1



- High energy in our Hamburg agenda
 - Positive customer feedback
 - Keep build up of brand and strengthening position
- Executing UK store optimisation programme
 - Continued focus on London cluster
 - Continued positive trend in new format stores
- Total 12 stores (13)
 - No new stores during Q1
 - 1 less store net compared to preceding Q1



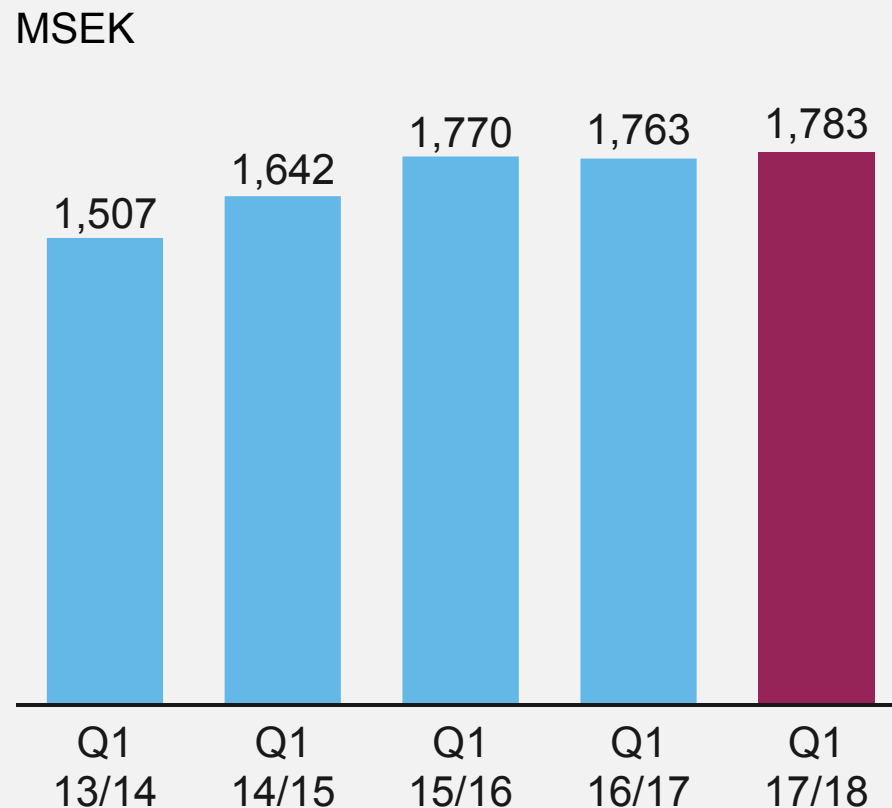


Financial development
Q1 2017/18
May – July

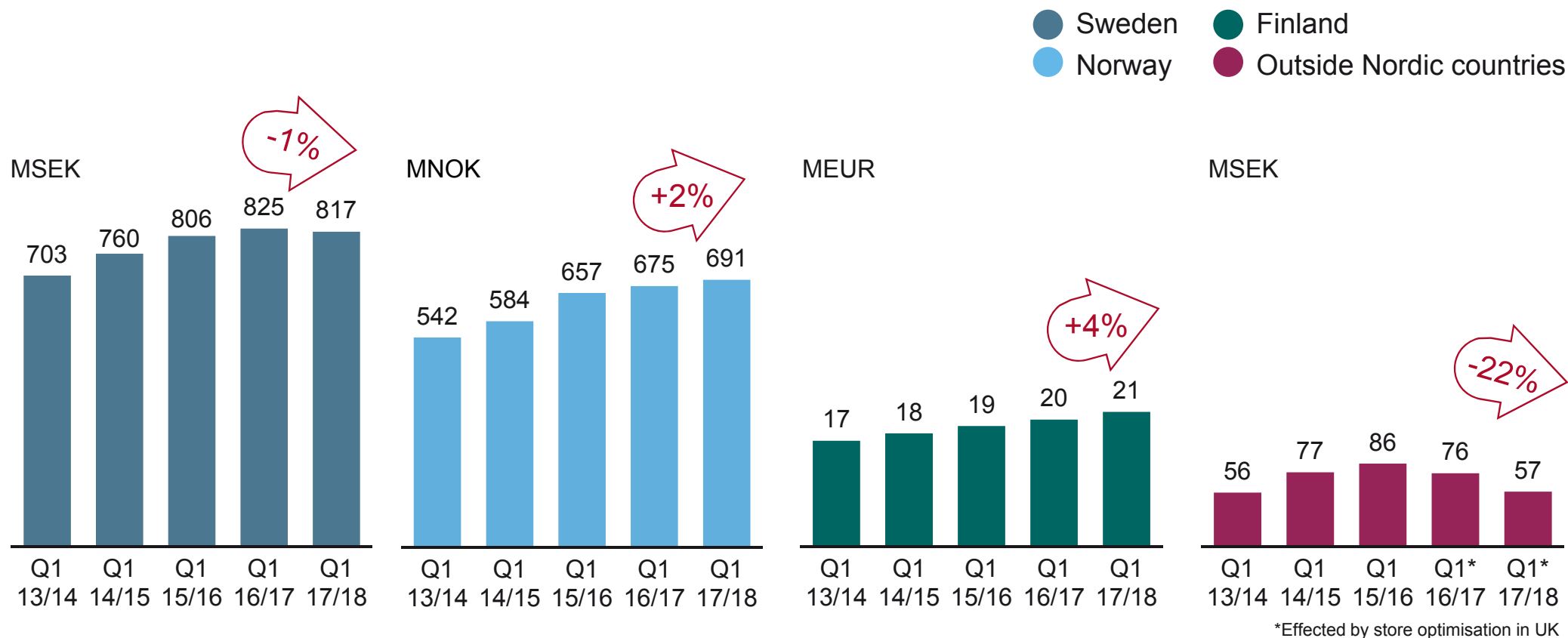
Sales Q1

- Sales 1,783 MSEK, up 1%
 - Sweden -1%
 - Norway +5%
 - Finland +8%
 - Outside Nordic countries -24%*
- Sales unchanged in local currencies
 - LFL down 2%
- 11 additional stores net compared to end of period last year (8)

*Effected by store optimisation in UK

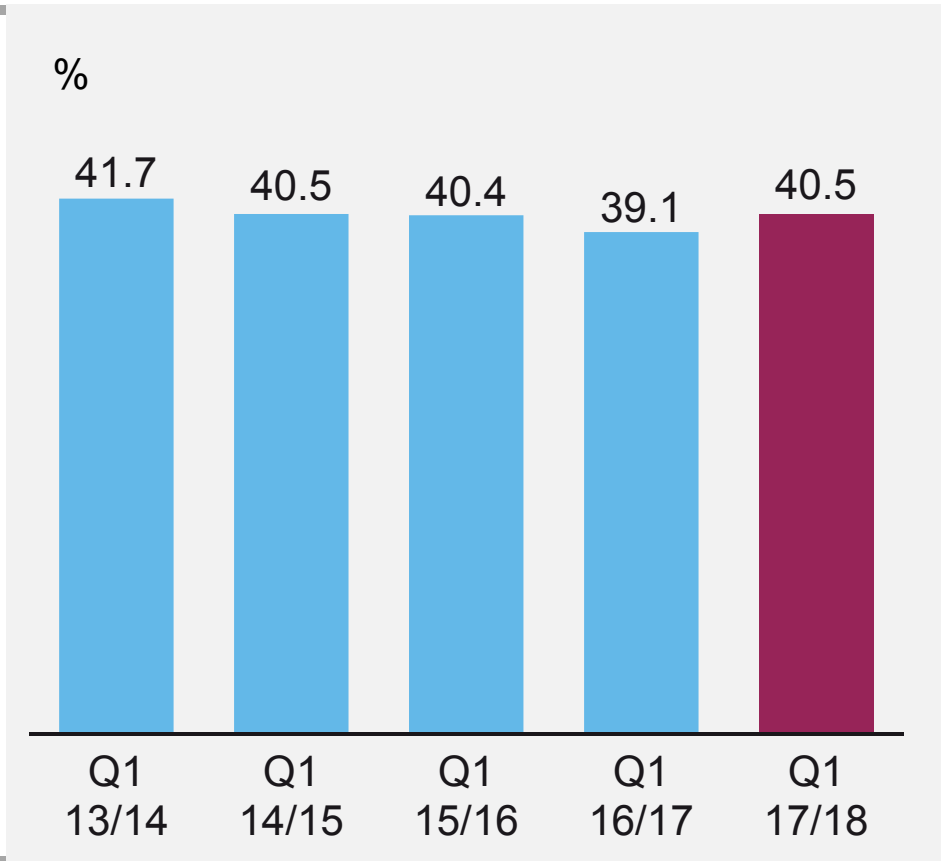


Sales development per market



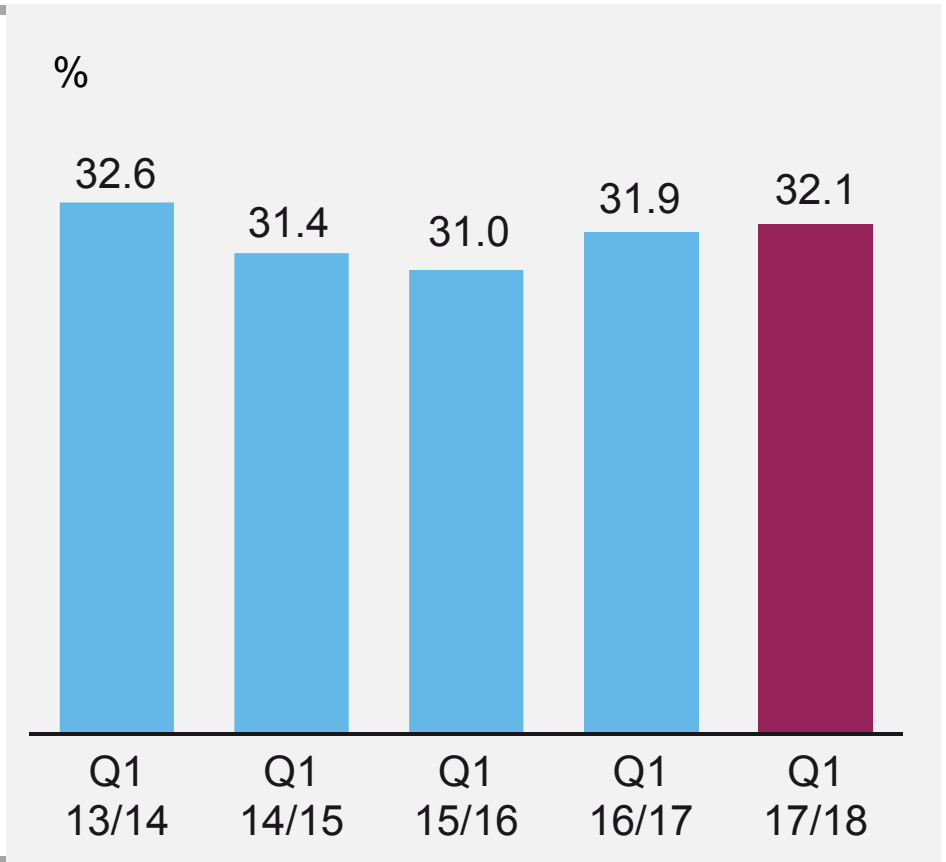
Gross margin Q1

- Gross margin up 1.4 percentage points to 40.5%
- Driven by positive hedging effects and improved sales currencies



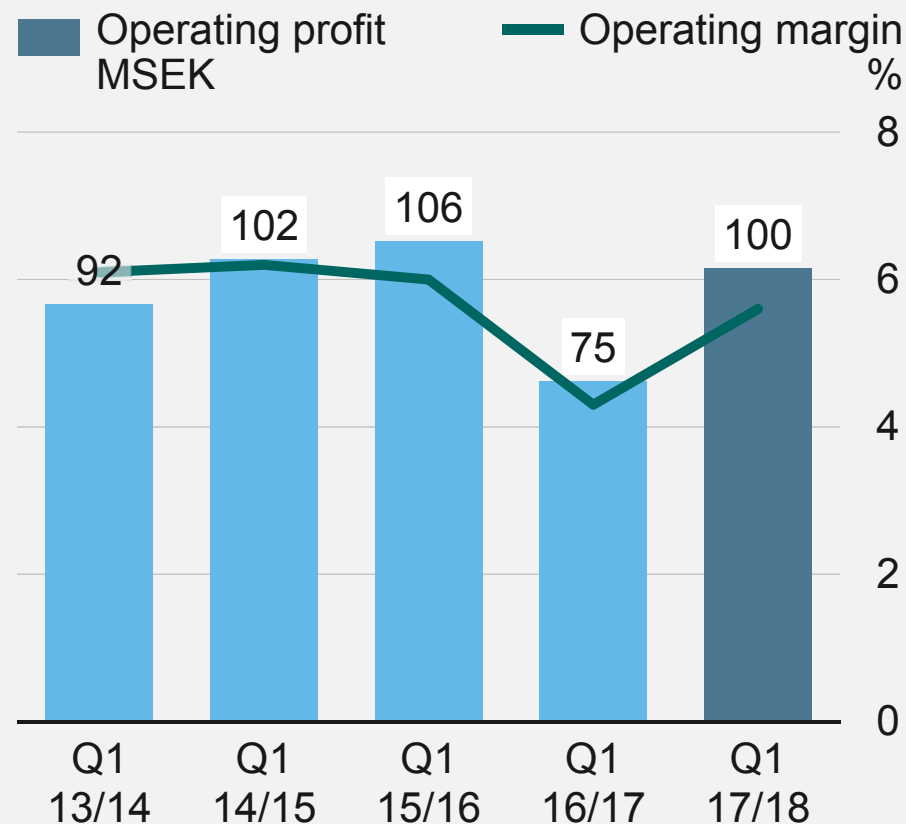
Share of selling expenses

- Share of selling expenses 32.1%, up 0.2 percentage points
 - Positively effected by lower costs in UK
 - Partly offset by costs for Germany



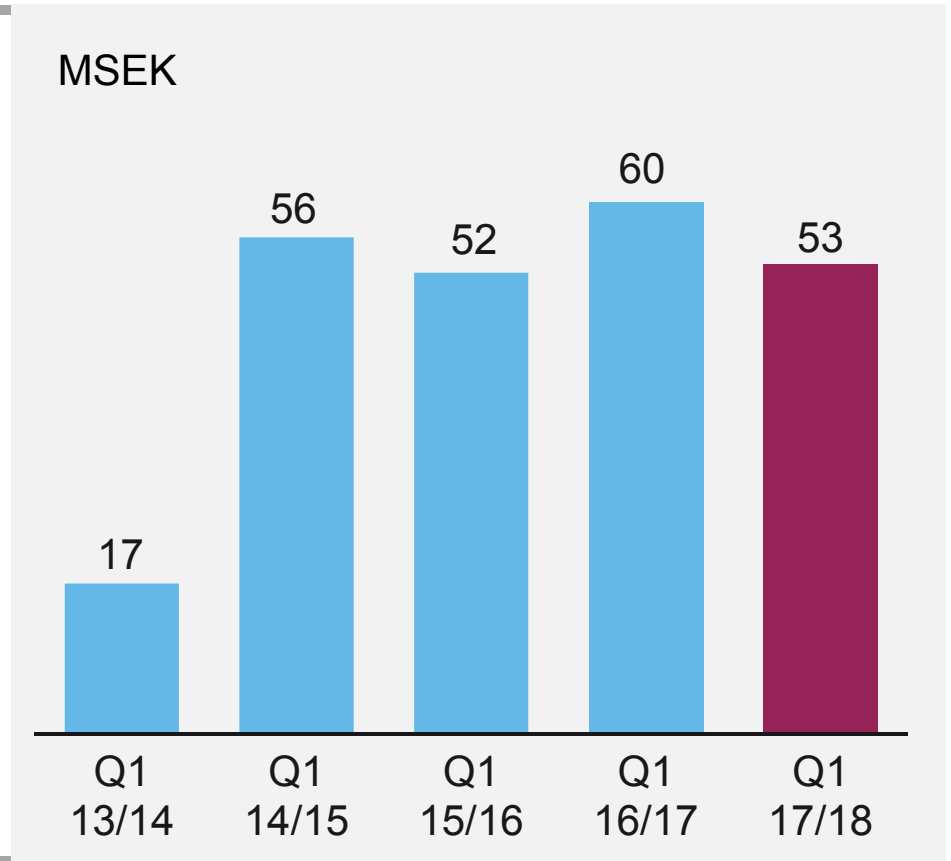
Profit Q1

- Operating profit amounted to 100 MSEK
- Operating margin amounted to 5.6%
- Earnings per share 1.22 SEK (0.91)



Investments

- Total investments 53 MSEK (60)
- New stores and refurbishments 15 MSEK (28)
- IT-systems 30 MSEK (23)
 - Implementation of new IT-platform
 - Other IT developments



Strong financial position

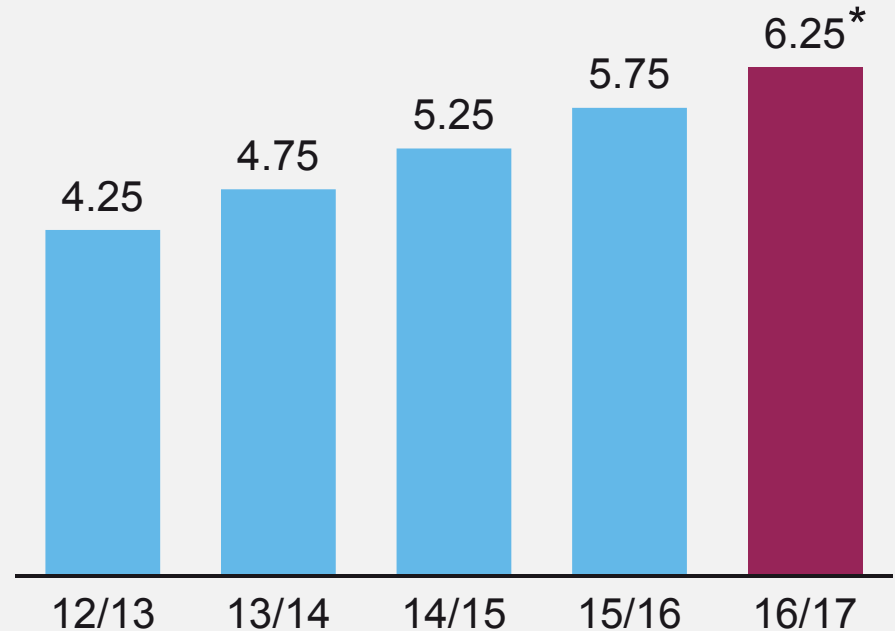
- Cash flow from operating activities was 93 MSEK (16)
 - Inventory 1,696 MSEK (1,721)
 - Inventory turnover rate DC 6.8 (6.5)
- Cash flow after investments and financing activities of 45 MSEK (-111)
- Net cash holdings of 668 MSEK (495)



Proposed dividend

- Proposed dividend 6.25 SEK per share
- Equivalent to 86% (100) of net profit
- In line with dividend policy
 - At least 50 per cent of earnings per share after tax, with consideration for the financial position

SEK



*Proposed dividend

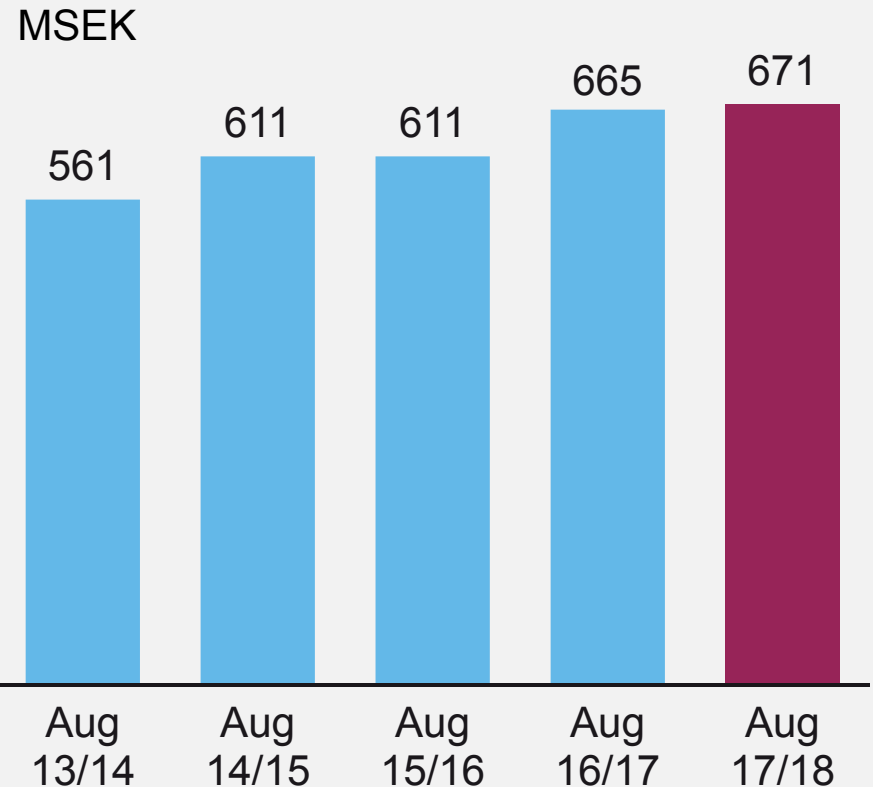
Events after period-end



August sales

- Sales 671 MSEK, up 1%
 - Sweden +0%
 - Norway +2%
 - Finland +4%
 - Outside Nordic countries -12%*
- Sales up 1% in local currencies
- LFL sales down 3%
- 12 additional stores net compared to end of August last year (8)

*Effected by store optimization in the UK





Summary Q1

- Soft summer sales
- Strong financial position
- High energy for future development and growth

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