



100 YEARS OF **clas  
ohlson**

## Q3 Report 2017/18

14 March 2018

**Lotta Lyrå**  
President & CEO

**Göran Melin**  
CFO



The logo for Clas Ohlson's 100th anniversary. It features the number '100' in a large, gold, sans-serif font. Below the '100', the words 'YEARS OF' are written in a smaller, gold, sans-serif font. To the right of '100', the words 'clas' and 'ohlson' are stacked vertically in a white, lowercase, sans-serif font. The background of the entire slide is a blue sky filled with falling confetti in various colors including gold, red, purple, and white.

100  
YEARS OF clas  
ohlson

## Agenda

- Business update
- Financial development
- Events after period end
- Q&A



**BUSINESS  
UPDATE**

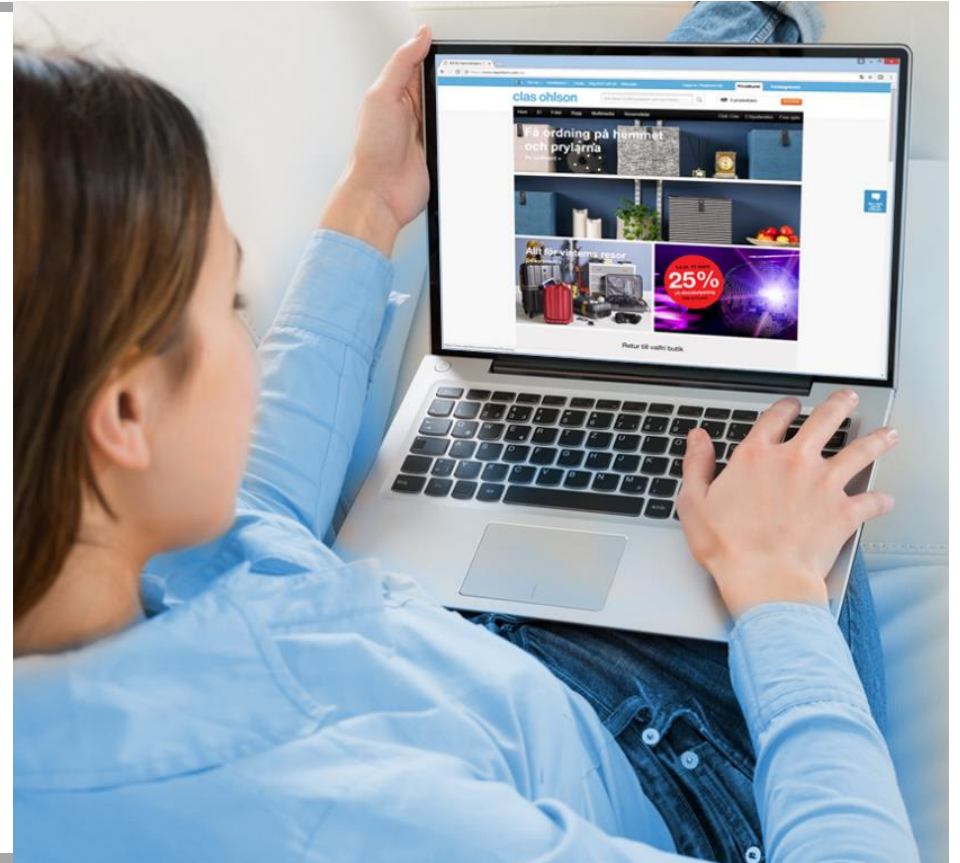
# Changing market provides opportunities

- The fast changes in the market and consumer behaviour implies opportunities for Clas Ohlson
  - both in the short-term and long-term
- We are building on our strong position and brand in the Nordics
- We are continuously developing our customer offering, customer meeting, and sales channels
  - both in the short-term and for the future



# Solid Q3 sales development

- Solid sales development in a fast changing retail landscape
  - significant growth in online sales and traffic
- Extra commercial activities including increased marketing spend and margin investment



# Development by country

- Sweden increased sales by 1%
- Norway grew sales by 7% in local currency
- Finland grew sales by 7% in local currency
- Outside Nordic countries solid development
  - high traffic and sales development in our e-com in UK
  - Hamburg stores developing well
  - franchise agreement terminated and the 2 stores in Dubai were closed



# Cooperation with MatHem.se

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- High speed in the strategic collaboration with MatHem, Sweden's largest online grocery store
  - selected parts of our product range being offered via MatHem's digital platform
  - customers who buy via our e-com will be able to choose to have products delivered home to the front door via MatHem.se
- First customer orders are expected to be delivered within a few weeks



# Cooperation with Telenor

- In March a cooperation with Telenor was kicked off in selected stores in Sweden
- Initially a pilot project where Telenor offers sales of products and services at a dedicated area in store with own sales staff
- A step towards offering a more complete solution in a specific product area





# Click & Collect launched


- In February Click & Collect was launched across Norway
- Initially positive response
- A step towards offering a more convenient way of shopping for Norwegian customers



# Plan for future growth

- Keep high speed in strategic overview
  - Focus on growth in every aspect
  - Assessing potential in Nordic markets
  - New business models being evaluated
- New strategic plan to be presented at Capital Markets Day on 3 May in Stockholm



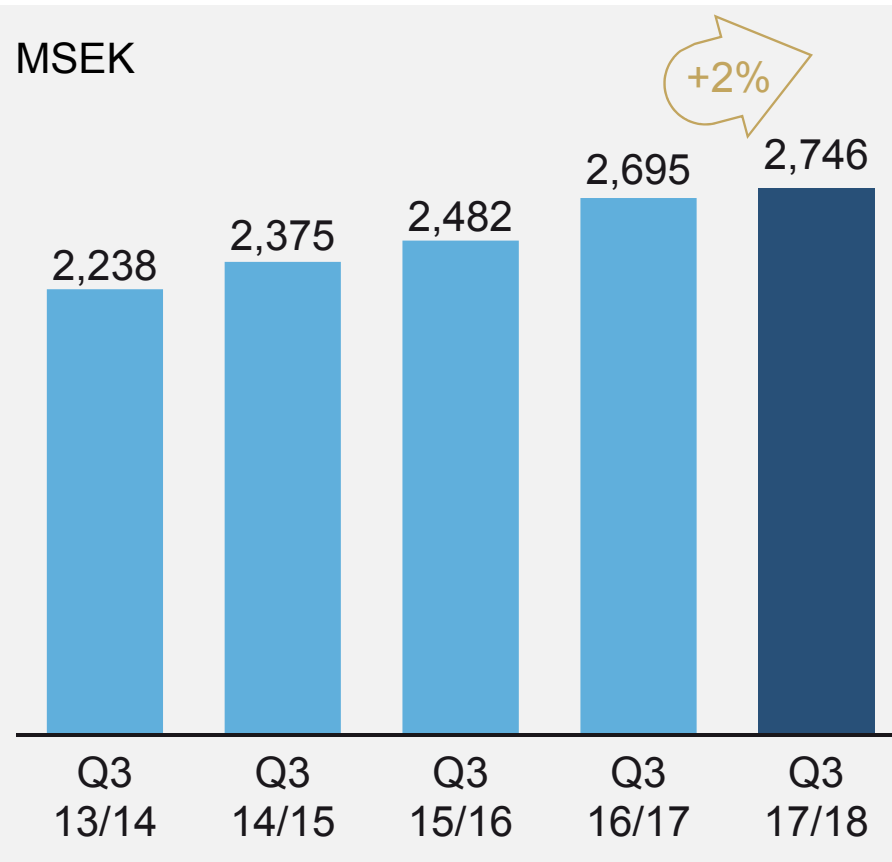
A festive winter scene featuring a window with a red star decoration, a small Christmas tree, a stack of firewood, and several lit lanterns. The scene is set against a dark wooden background with falling snow. A red banner is overlaid on the left side of the image.

Financial development  
**Q3 2017/18**  
November – January

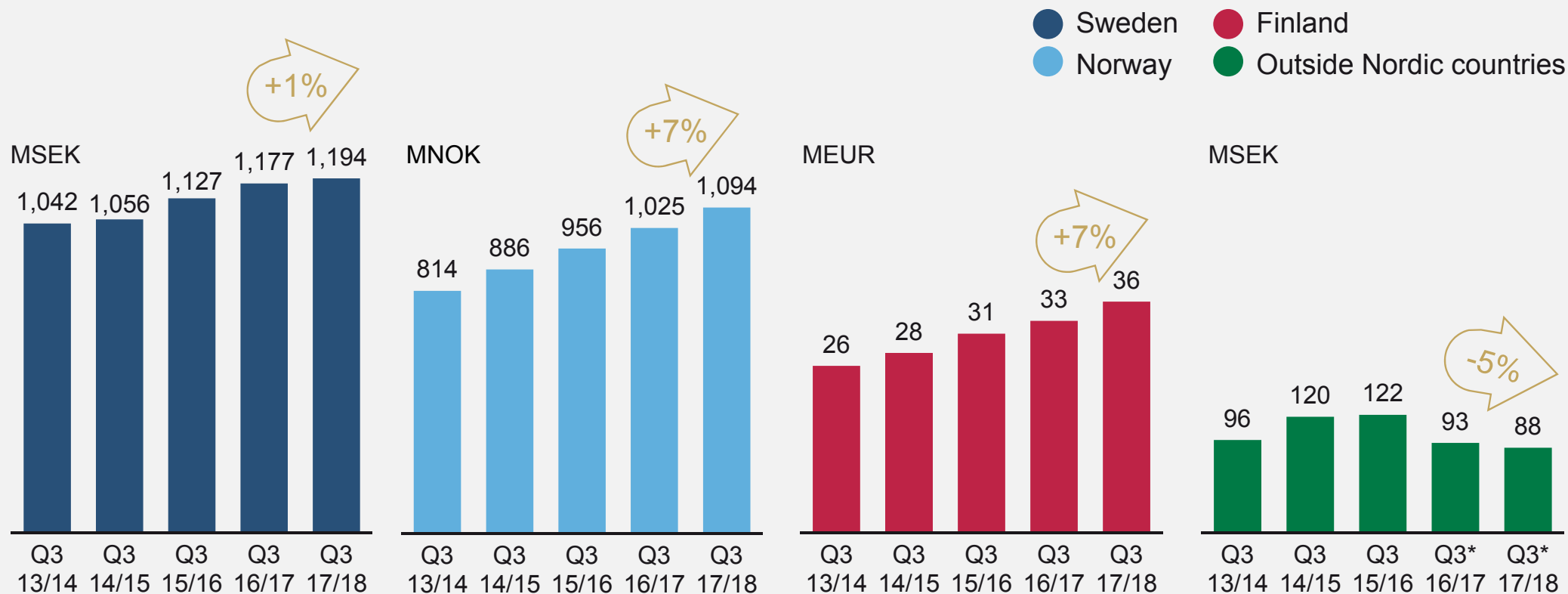
# Sales Q3

- Sales 2,746 MSEK, up 2%
  - Sweden +1%
  - Norway +1%
  - Finland +9%
  - Outside Nordic countries -5%\*
- Sales up 4% in local currencies
  - Up 1% LFL sales growth
- 11 additional stores net compared to end of period last year (8)

\*Effected by store optimisation in the UK



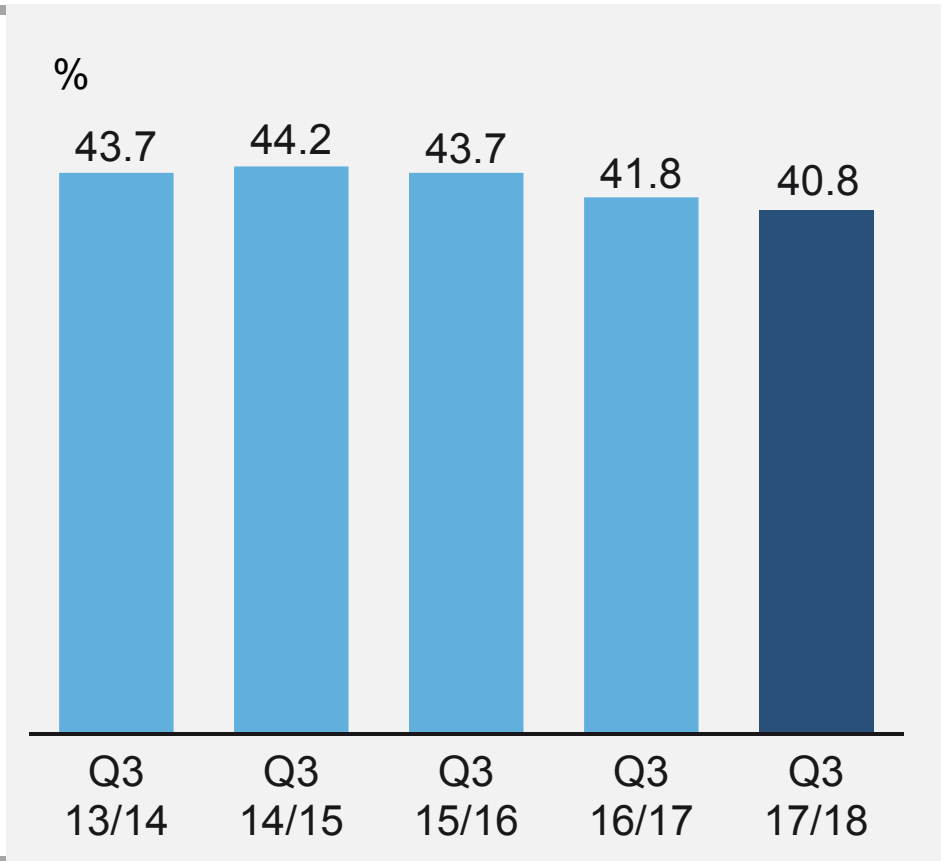
# Sales development per market



\*Effected by store optimisation in UK

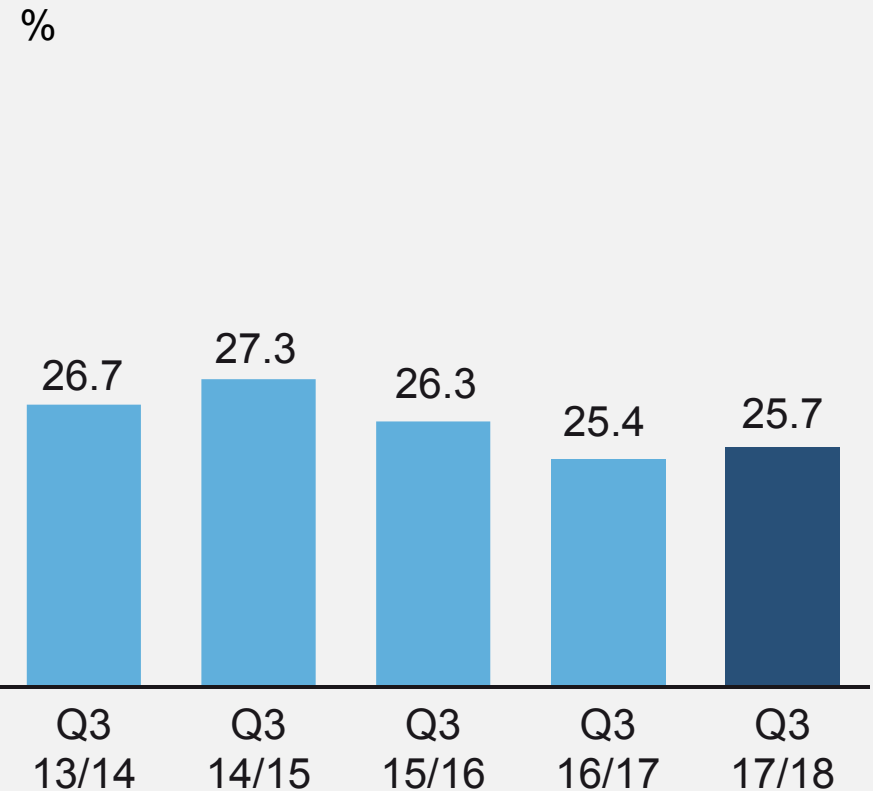
# Gross margin Q3

- Gross margin down 1.0 percentage point to 40.8%
- Negatively affected by the weaker NOK, the stronger USD, and increased commercial investments
- Partly offset by currency hedges (NOK) and exchange-rate effects related to the delay in inventory



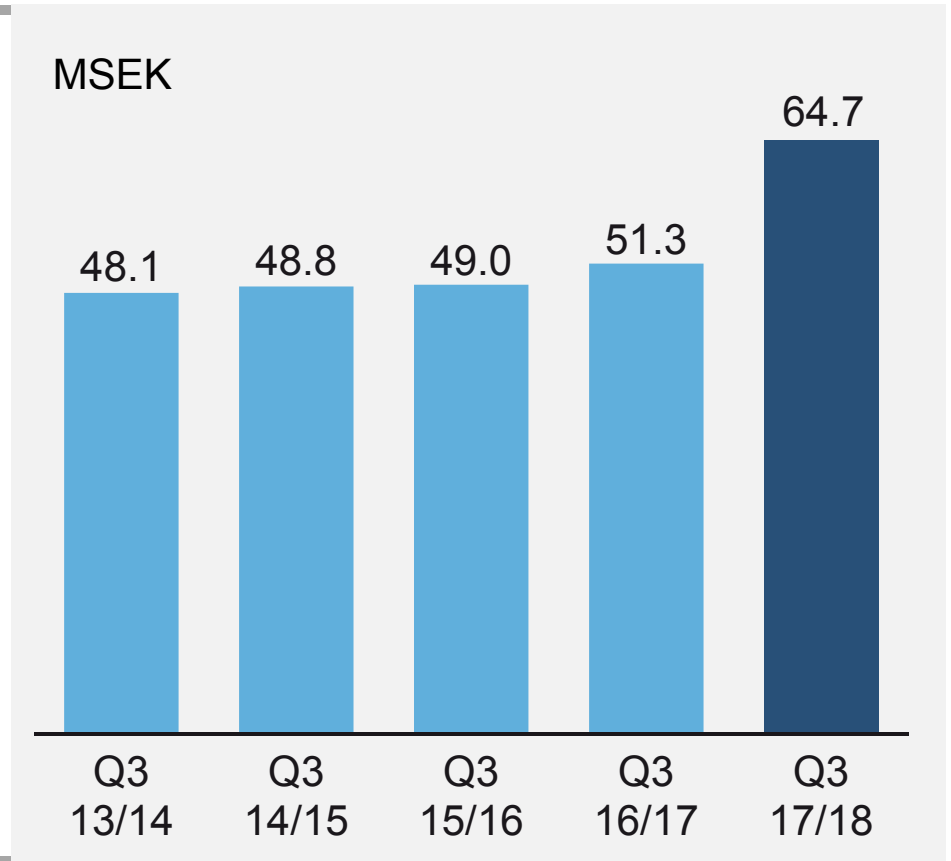
# Share of selling expenses

- Share of selling expenses 25.7%, up 0.3 percentage points
  - Negatively effected by commercial investments and increased costs in Germany
  - Positively effected by lower costs in UK



# Administrative expenses

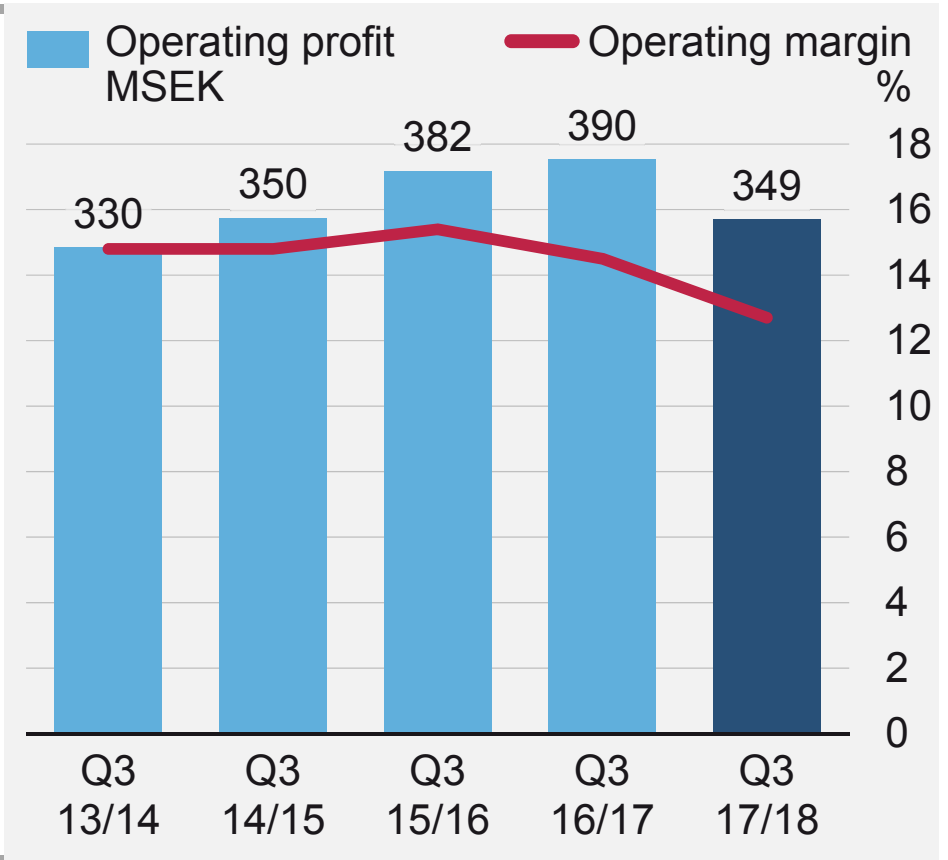
- Administrative expenses increased in the quarter by approximately 10 MSEK as a result of the ongoing strategic review
- Expected administrative expenses of approximately 10 MSEK per quarter for the upcoming three quarters related to strategic review, launch and implementation






# Profit Q3

- Operating profit amounted to 349 MSEK (390)
- Operating margin amounted to 12.7% (14.5)
- Earnings per share 4.28 SEK (4.84)



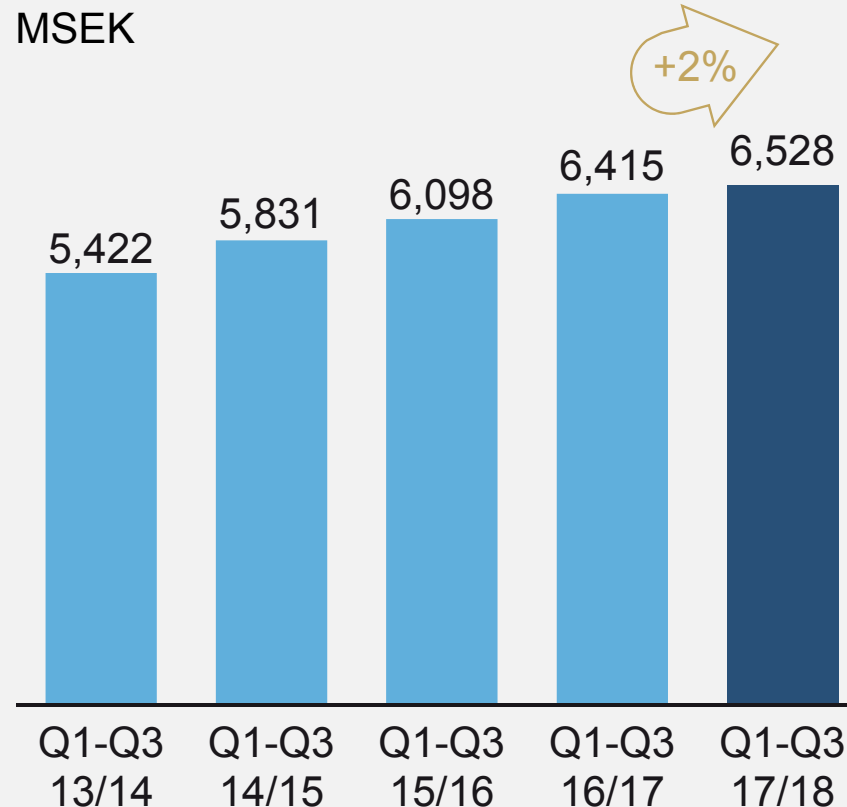


Financial development  
Q1-Q3 2017/18  
May 2017 – January 2018

# Sales Q1-Q3

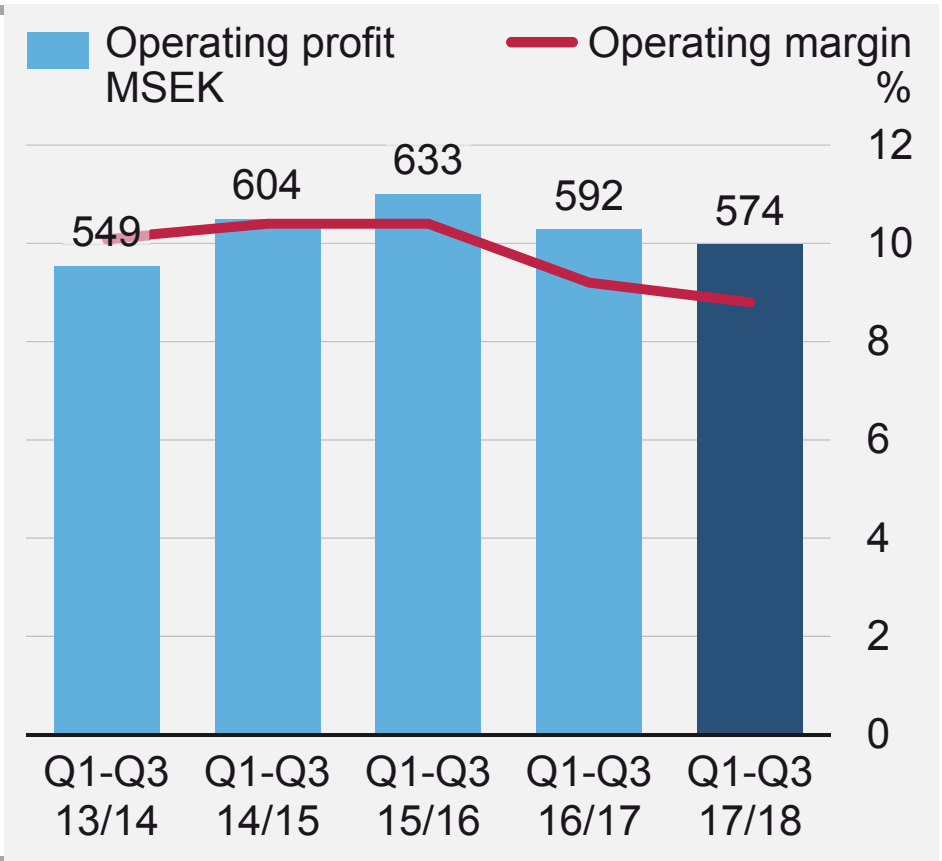
- Sales 6,528 MSEK, up 2%
  - Sweden +1%
  - Norway +2%
  - Finland +9%
  - Outside Nordic countries -14%\*
- Sales up 3% in local currencies
  - LFL growth flat
- 11 additional stores net compared to end of period last year (8)

\*Effected by store optimization in the UK



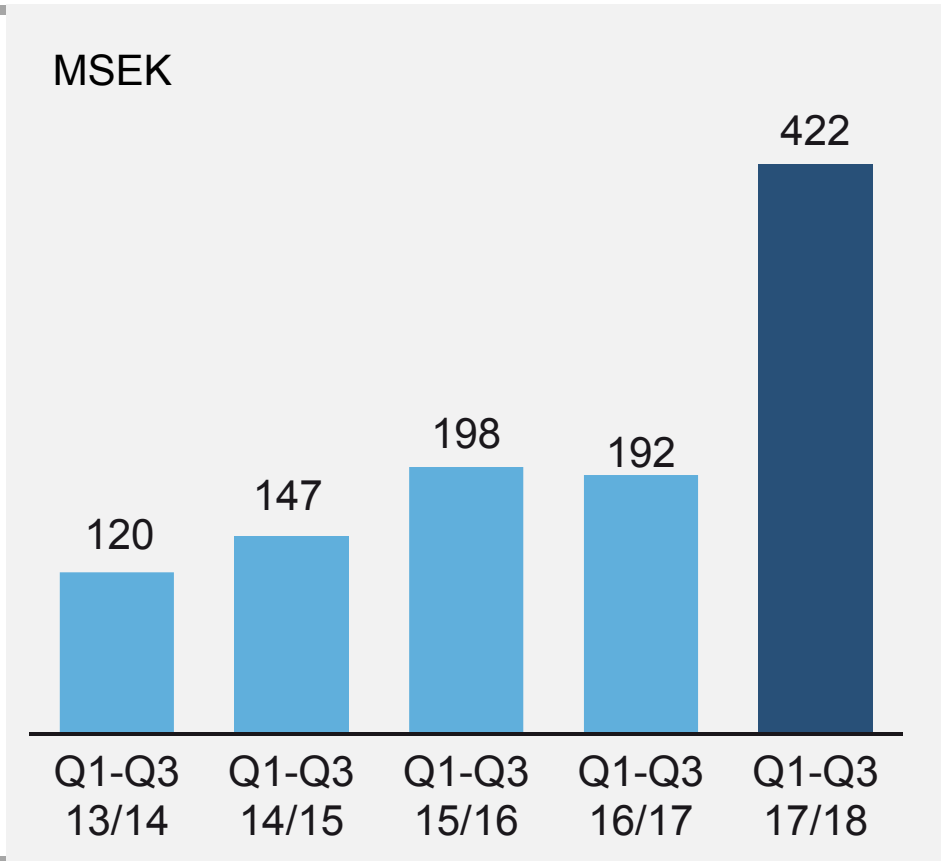
# Profit Q1-Q3

- Operating profit amounted to 574 MSEK (592)
- Operating margin amounted to 8.8% (9.2)
- Earnings per share amounted to 7.02 SEK (7.28)



# Investments

- Total investments 422 MSEK (192)
  - MatHem investment 224 MSEK
  - New stores and refurbishments 67 MSEK (91)
  - IT-systems 89 MSEK (78)



# Strong financial position

- Cash flow from operating activities was 772 MSEK (763)
  - Inventory 1,880 MSEK (1,617)
  - Inventory turnover rate DC 6.8 (6.5)
- Cash flow after investments and financing activities of -40 MSEK (145)
- Net cash holdings of 584 MSEK (753)





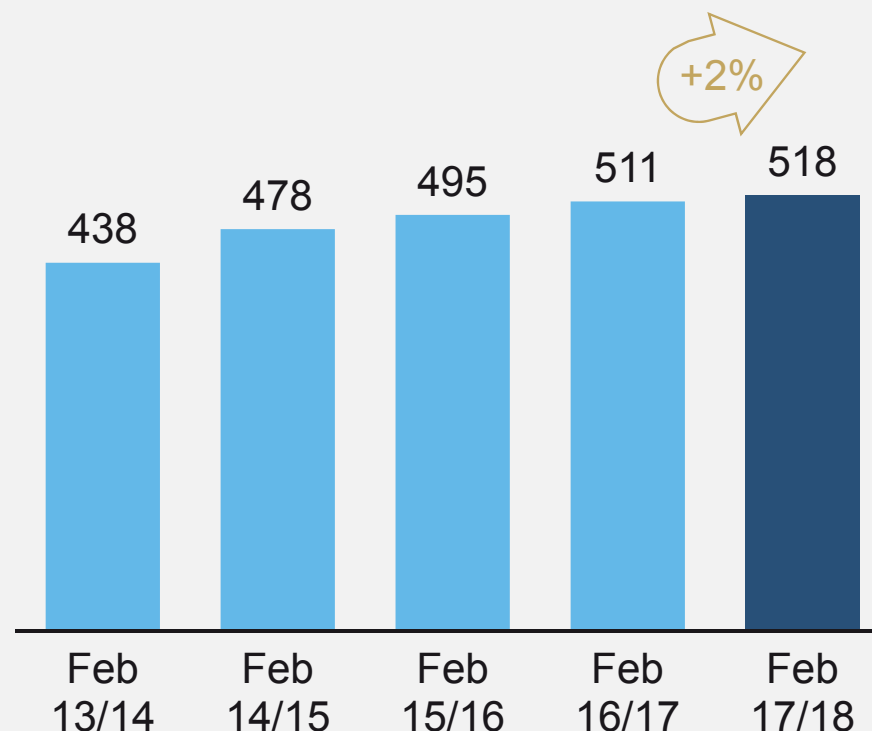
EVENTS AFTER  
PERIOD-END

# February sales

- Sales up 2% to 518 MSEK
  - Sweden +2%
  - Norway -1%
  - Finland +9%
  - Outside Nordic countries -7%\*
- Sales up 3% in local currencies
- LFL sales flat
- 12 additional stores net compared to end of February last year (9)

\*Effected by store optimisation in the UK

MSEK





# Summary Q3

- We delivered the best Christmas sales ever in a fast changing market
- Many activities and new initiatives to further develop our customer offering, customer meeting, and sales channels
  - both in the short-term and long-term
- Long-term plan for growth to be presented at Capital Markets Day on 3 May



# Q&A

Kassa

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