

clas ohlson

Q4 and Year-end report

02 June 2021

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President & CEO

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CFO



Agenda

- Business update
- Financial development
- Events after the reporting period
- Summary and Outlook
- Q&A



FIRST
Repair Kit

A bag filled with smart solutions for fixing things in your home. It will help you glue, fix, seal, repair and tape things. Comes in a practical bag that is easy to take with you and contains all you need for simple DIY and home repairs.



Microfibre
Cloths


4

Window Kitchen All-purpose Bathroom

BUSINESS UPDATE

3+

Creative Play
CASH REGISTER



För städ, tvätt och rengöring
ÄTTIKA 12 %

NOI Eddik 12 %
Etikka 12 % 1000 ml

Producerad i Sverige

För städ, tvätt och rengöring
ÄTTIKA 12 %

NOI Eddik 12 %
Etikka 12 % 1000 ml

Producerad i Sverige

För städ, tvätt och rengöring
BIKARBONAT

NOI Natron
FI Sooda 550 g

3

Full-year 2020/21

- ✓ Operating profit +19% and EBIT margin 6.5%*
- ✓ Strong cash position & net debt/EBITDA -0.7*
- ✓ Online sales growth 60%
- ✓ Resilient and flexible business model also in difficult market conditions
 - Full-year organic growth in Norway

*Excl IFRS 16

Q4 2020/21 in brief

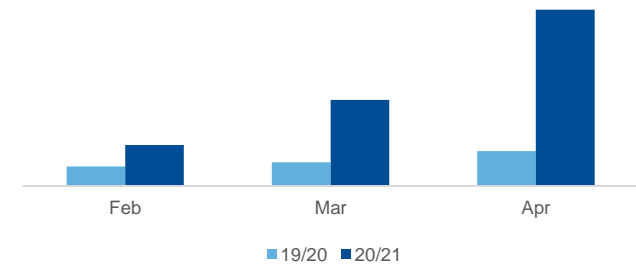
- Organic sales and LFL -6%
- Total sales -6%
 - Impacted by closed stores in Norway
- Online sales +89%
- Gross margin unchanged 39.9% (39.9)
- EBIT-margin decreased -4.2% (-2.5)
 - EBIT-margin excl. IFRS16 -5.3% (-3.7)



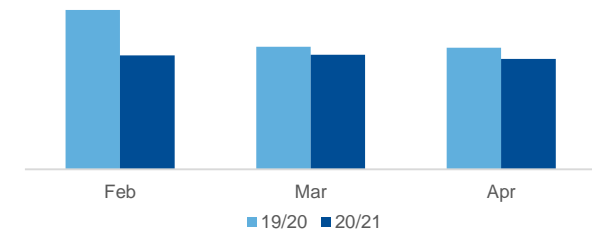
Covid-19 effects in brief

- Continued work to secure a safe work and shopping environment
- Sales impacted by shifting restrictions and changes in customer behaviour
 - Increase in online sales
 - Temporarily closed stores in Norway
 - Continued severely reduced traffic in city locations and in stores usually benefitting from cross-border sales
- Imbalances in global supply chains

Q4: Transaction count Click & Collect



Q4: Traffic to stores





Continued development in line with strategy

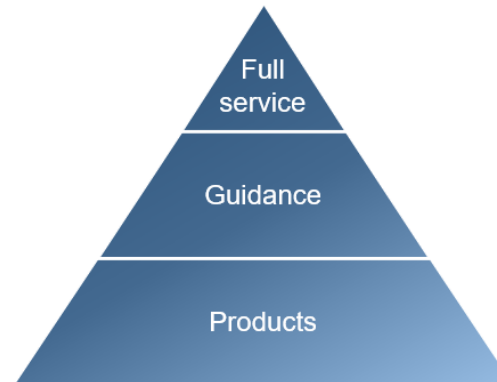
Smartness and simplicity

- E-com automation project launched in April
- Building digital capabilities
- New purchasing office in Vietnam



Unique customer offer

- Positive sales development in destination categories
 - Organize
 - Modern DIY/Give some love
- Continued sales growth on Mathem and Oda platforms



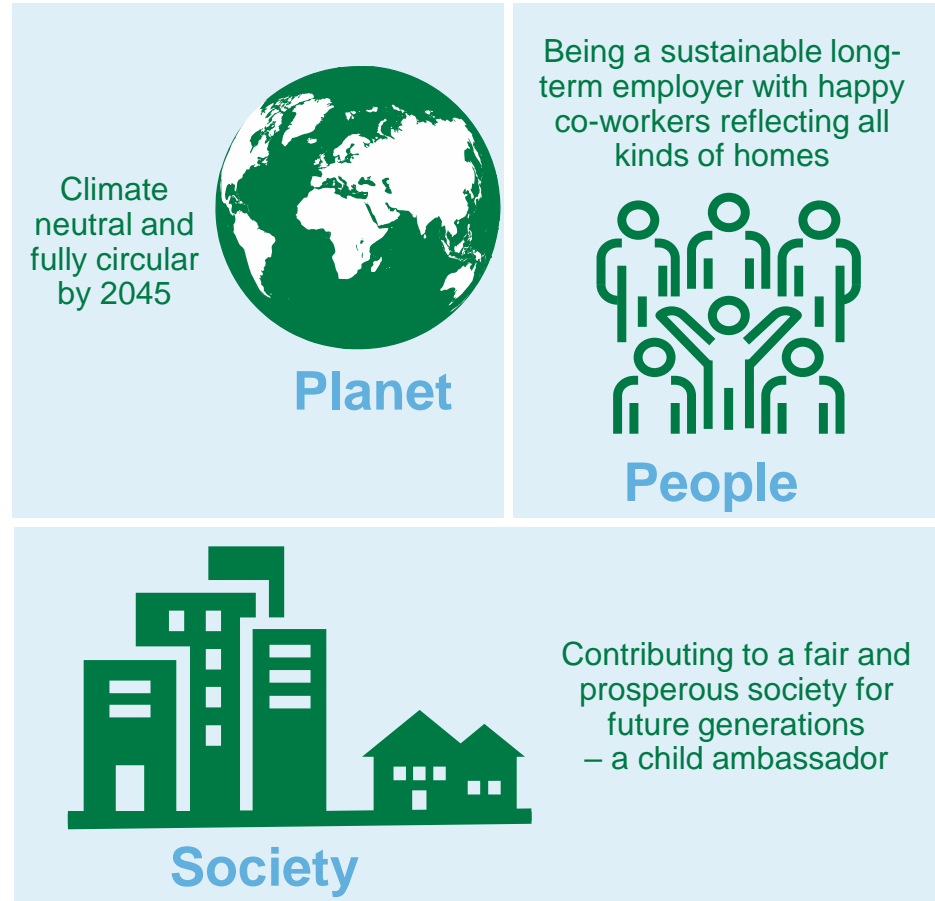
Outstanding customer service

- 250,000 new Club Clas members in Q4
- Stores in Norway continue to deliver customer value during the lockdown via Click & Collect



Progress in our ambitious sustainability agenda

- A sustainable customer offer
 - 23% of total sales from our *products for a more sustainable lifestyle** (target 25%)
 - Now 100% eco-labeled alkaline batteries**
 - More accessible spare parts assortment
- Closing in on our goal of gender balance among all employees



* Products with extra high demands on sustainability

** Currently there are no eco-certified button-cell batteries available on the market

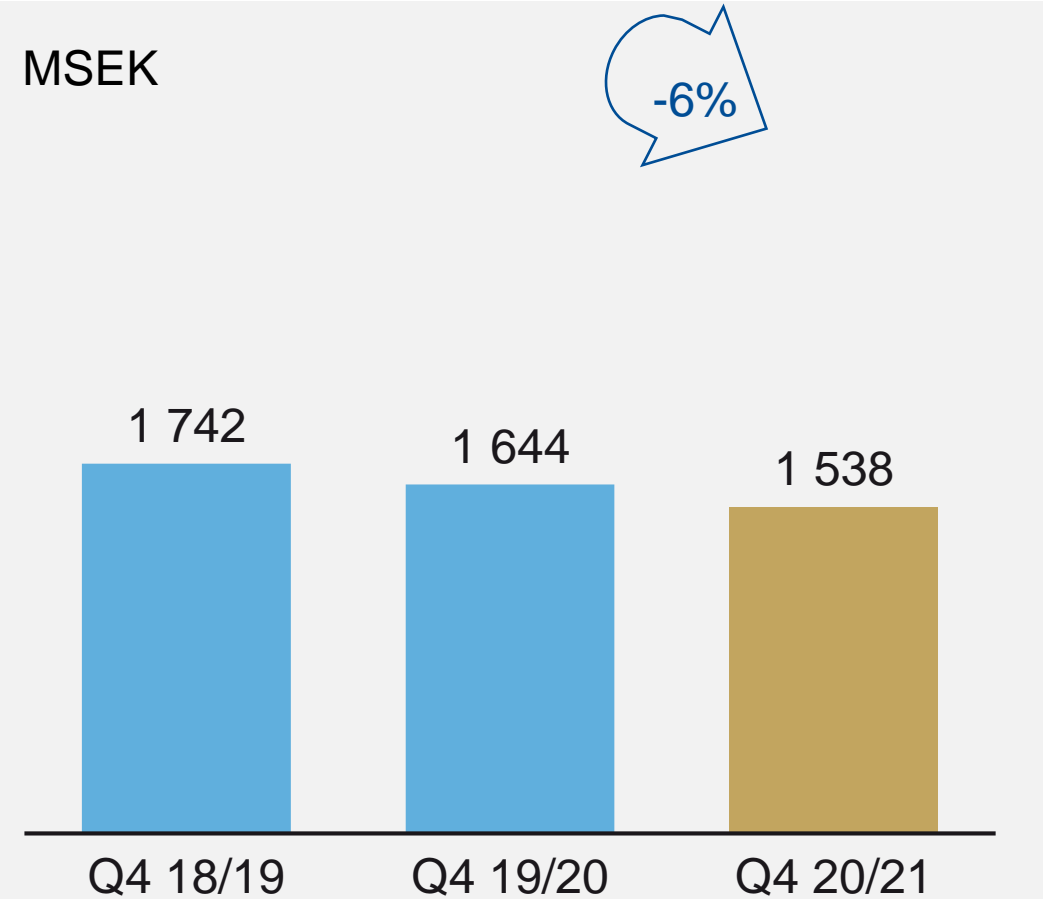


FINANCIAL DEVELOPMENT

Sales development in Q4

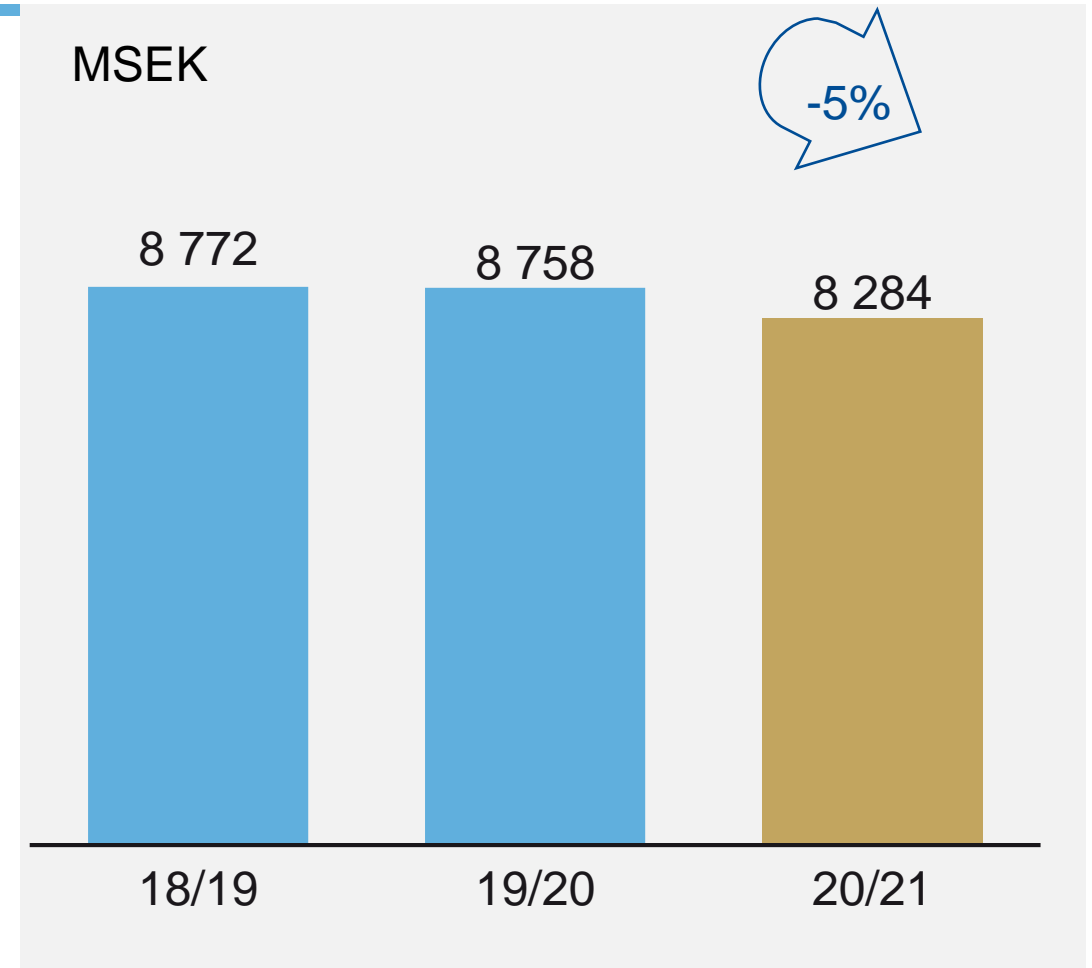
- Total sales down 6% to 1,538 MSEK, organic sales down 6% and LFL sales down 6%
 - Sweden -3% organic
 - Norway -11 % organic
 - Finland -2% organic
 - Outside Nordics -13% organic
- Online sales up 89% to 274 MSEK, corresponding to approx. 18% of total sales
- The store network was unchanged compared to end of period last year

MSEK



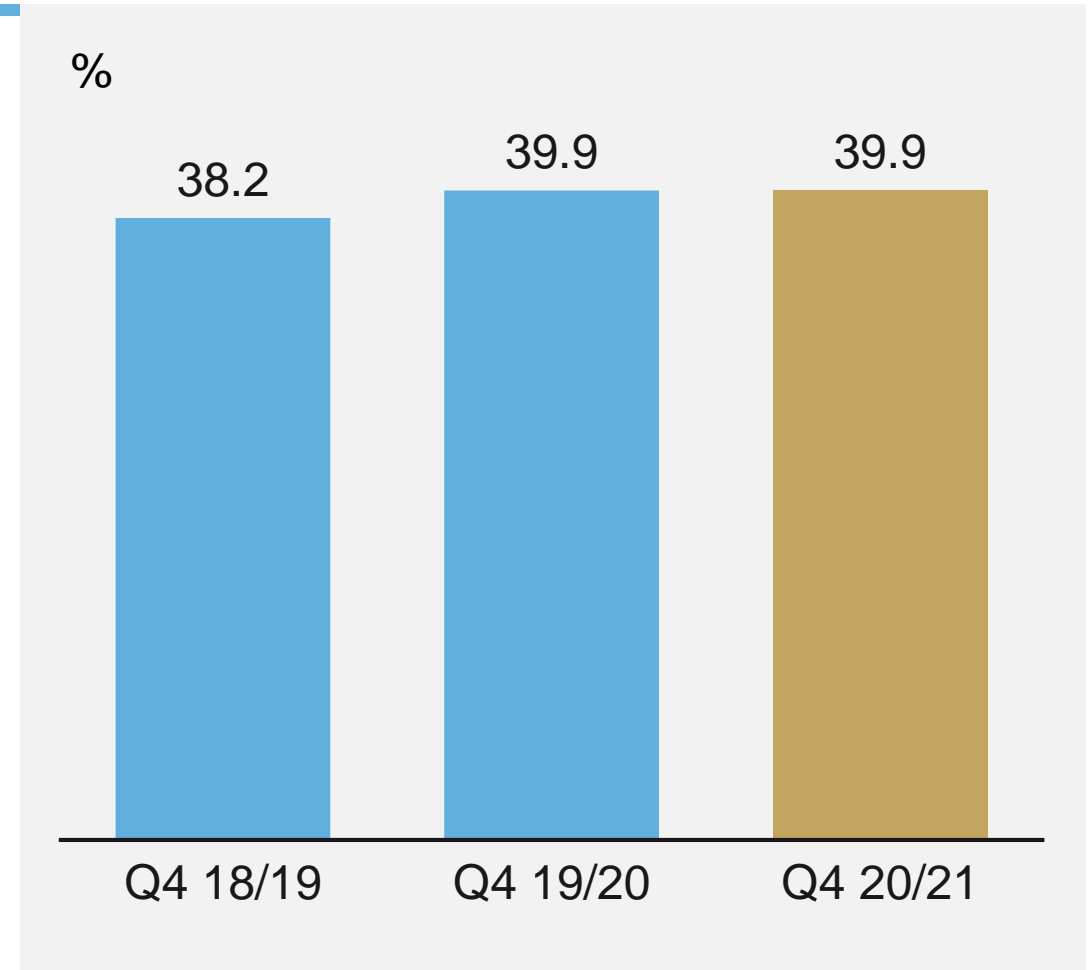
Sales development FY

- Total sales down 5% to 8,284 MSEK, organic sales down 1% and LFL down 1%
 - Sweden -6% organic
 - Norway 6% organic
 - Finland -9% organic
 - Outside Nordics -36% organic
- Online sales up 60%
- The store network was unchanged during the period



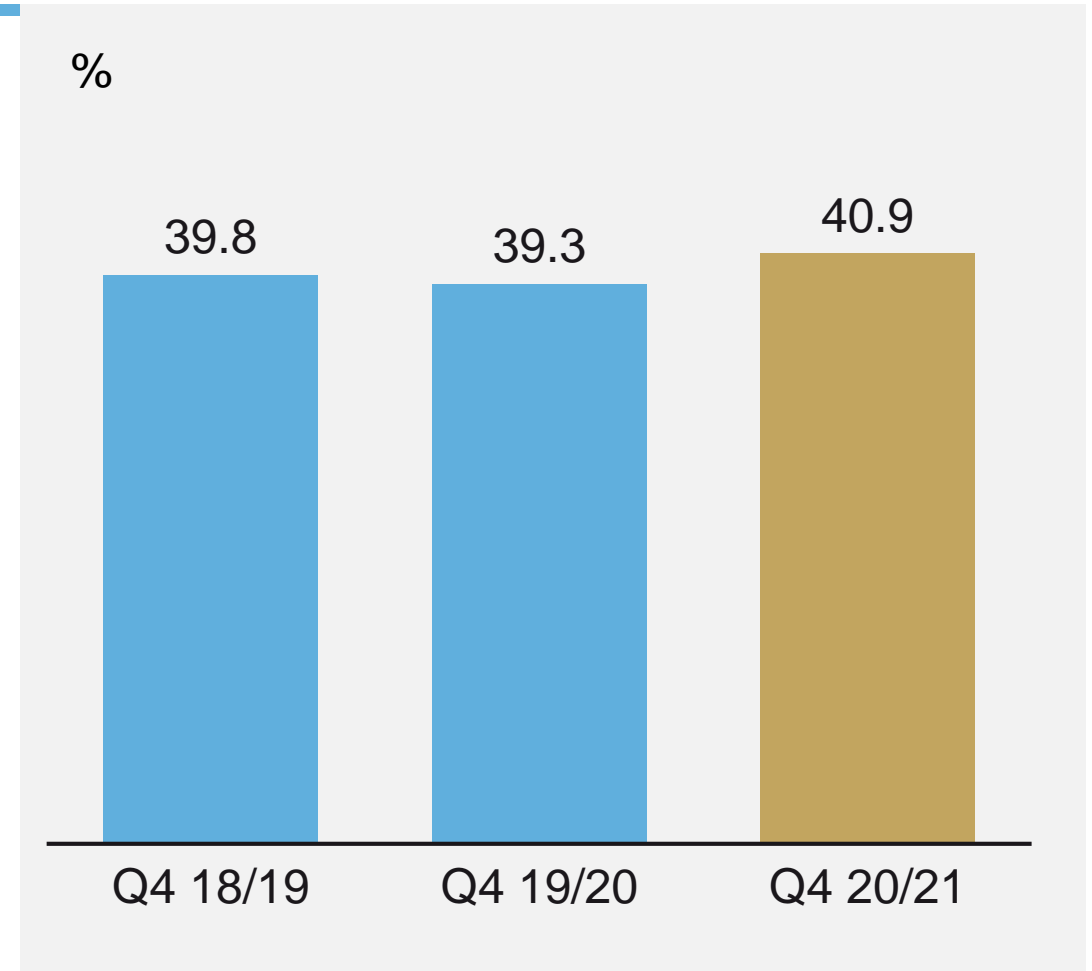
Gross margin in Q4

- Gross margin unchanged at 39.9% (39.9)
 - Positively impacted by an improved product mix, lower campaign intensity and weaker purchasing currency (USD)
 - Negatively impacted by currency hedging (NOK) from future hedging and exchange rate effects related to inventory delays



Share of selling expenses in Q4

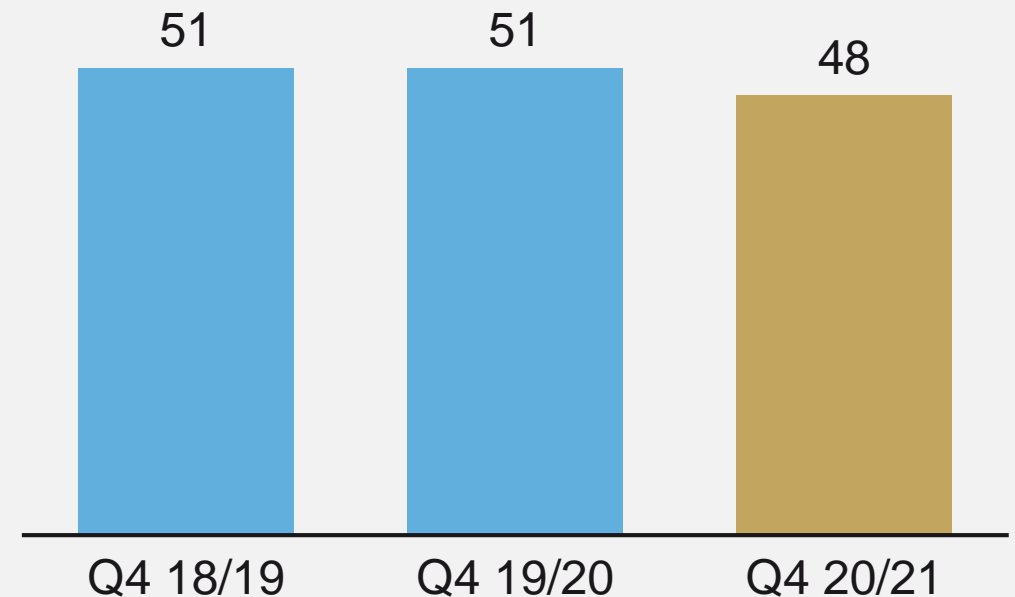
- Share of selling expenses increased by 1.6% to 40.9% (39.3)
- Impacted by lower sales volumes. Cost to support Click & Collect higher due to closed stores in Norway.



Administrative expenses in Q4

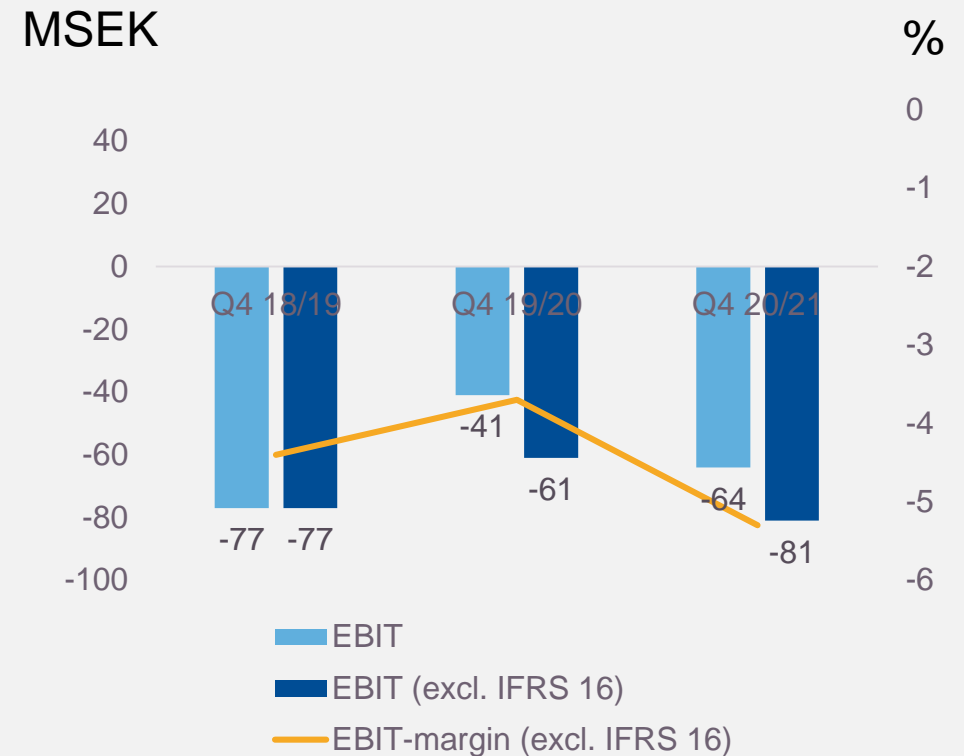
- Administrative expenses decreased by 3 MSEK compared to Q4 last year
- An effect of more optimized organization and more efficient work methods
- Objective to maintain and continuously improve the level over time

MSEK



Operating profit in Q4

- Operating profit decreased to -64 MSEK (-41)
 - Positive IFRS 16 effect of +17 MSEK (+20)
- EBIT-margin decreased to -4.2% (-2.5%)
 - Positive IFRS 16 effect of +1.1 percentage points (1.2)
 - EBIT-margin excl IFRS 16 -5.3% (-3.7)
- Earnings per share was -1.02 SEK (-0.73)



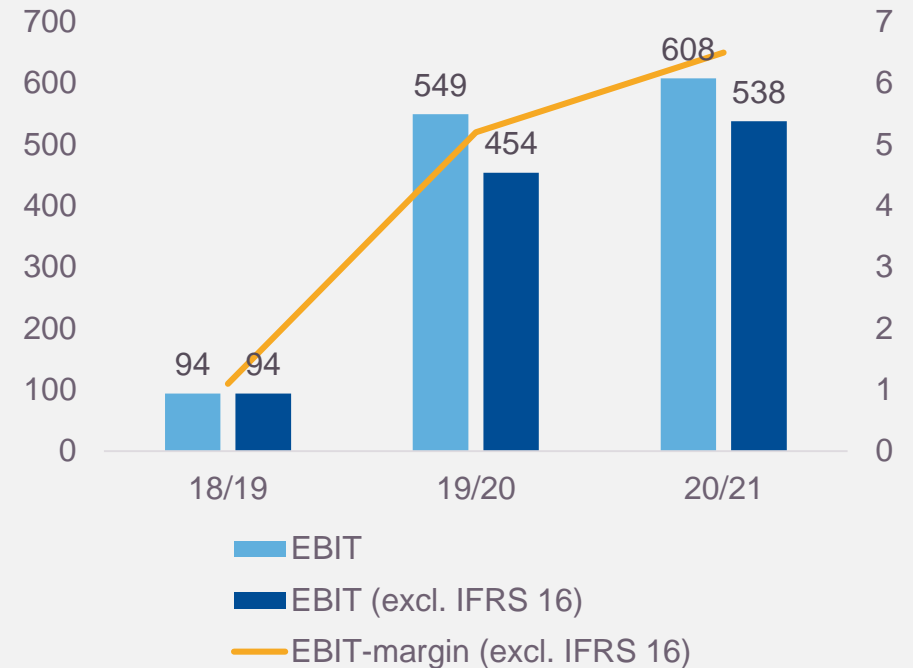
Operating profit in FY

- Operating profit significantly improved to 608 MSEK (549)
 - Positive IFRS 16 effect of +70 MSEK (+95)
- EBIT-margin improved to 7.3% (6.3)
 - Positive IFRS 16 effect of +0.9 percentage points (1.1)
 - EBIT-margin excl IFRS 16 6.5% (5.2)
- Earnings per share was 6.65 SEK (5.94)

MSEK

EBIT-margin (excl. IFRS 16) 6.5%
in line with profitability target 6-8%

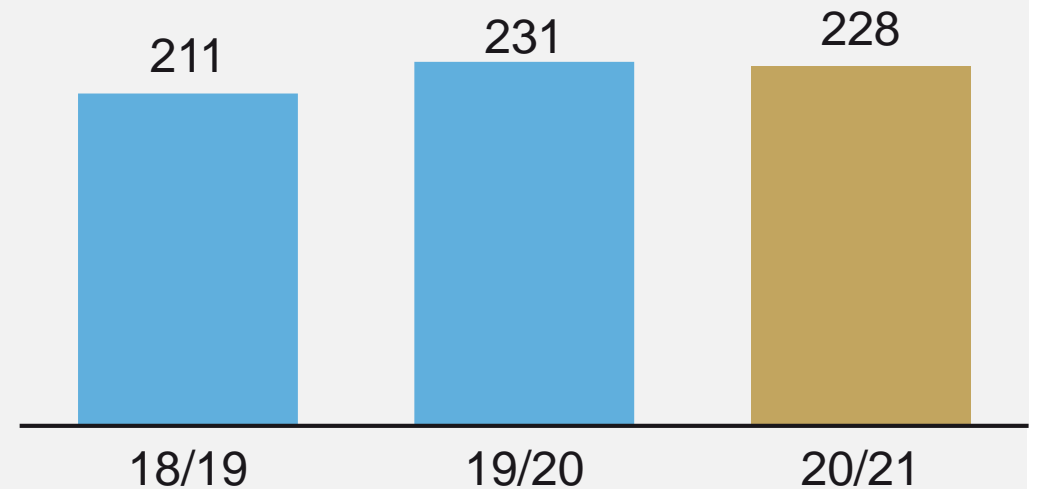
%



Investments FY

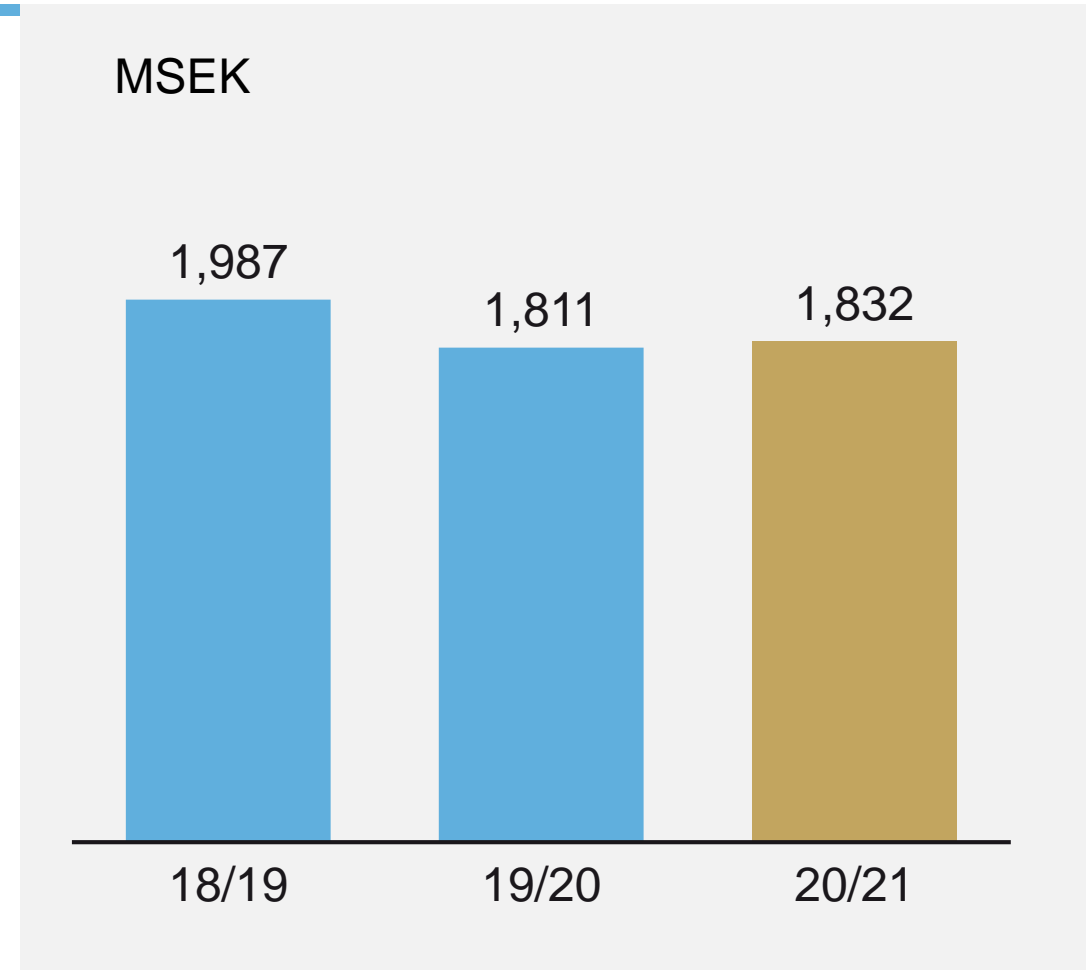
- Total investments 228 MSEK (231)
- New stores and refurbishments 60 MSEK (42)
- IT systems 83 MSEK (143)
- Other investments mainly related to improved distribution system

MSEK



Inventory level

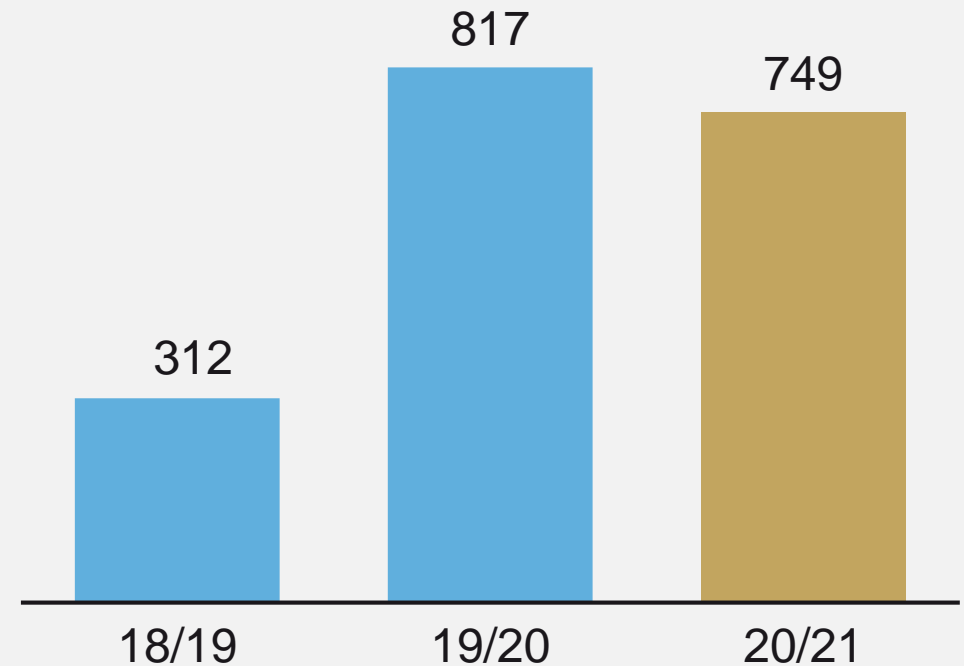
- Inventory level increased to 1,832 MSEK (1,811) at the end of the period
- Average inventory level LTM was 1,731 MSEK (1,968)
 - Inventory turnover rate DC 5.8 (5.6)



Cashflow FY and financial position

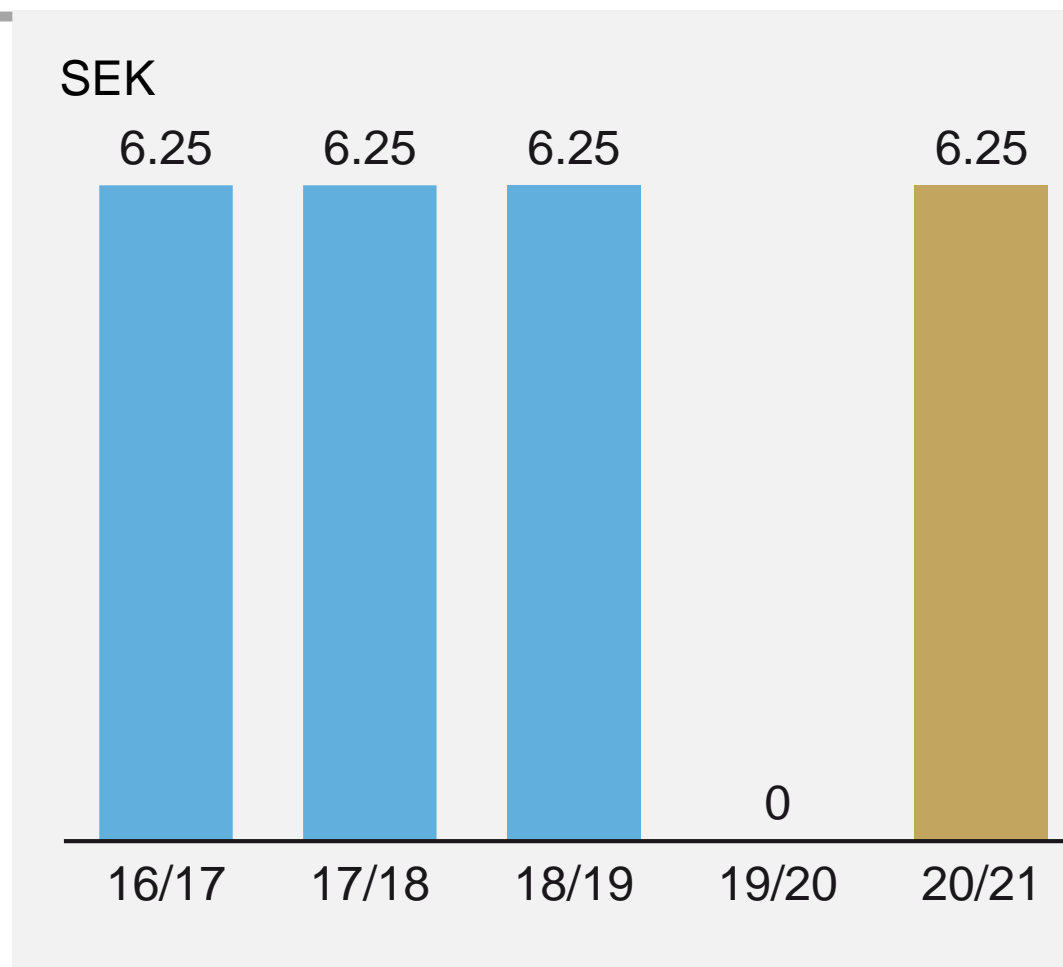
- Cashflow from operating activities excl. IFRS 16 was 749 MSEK (817)
 - Cash flow from operating activities was 1,288 MSEK (1,284)
- Cash flow from investments and financing activities was -834 MSEK (-1,304)
- Net debt/EBITDA excl. IFRS 16 was -0.7 times (0.0)
- Approved credit facilities of 1,100 MSEK

Cash flow from operating activities
excl. IFRS 16, MSEK



Proposed dividend

- Proposed dividend 6.25 SEK per share (0.00), to be distributed as two separate payments of 3.125 SEK
- In line with dividend policy and guidance
At least 50 per cent of earnings per share after tax, with consideration for the financial position



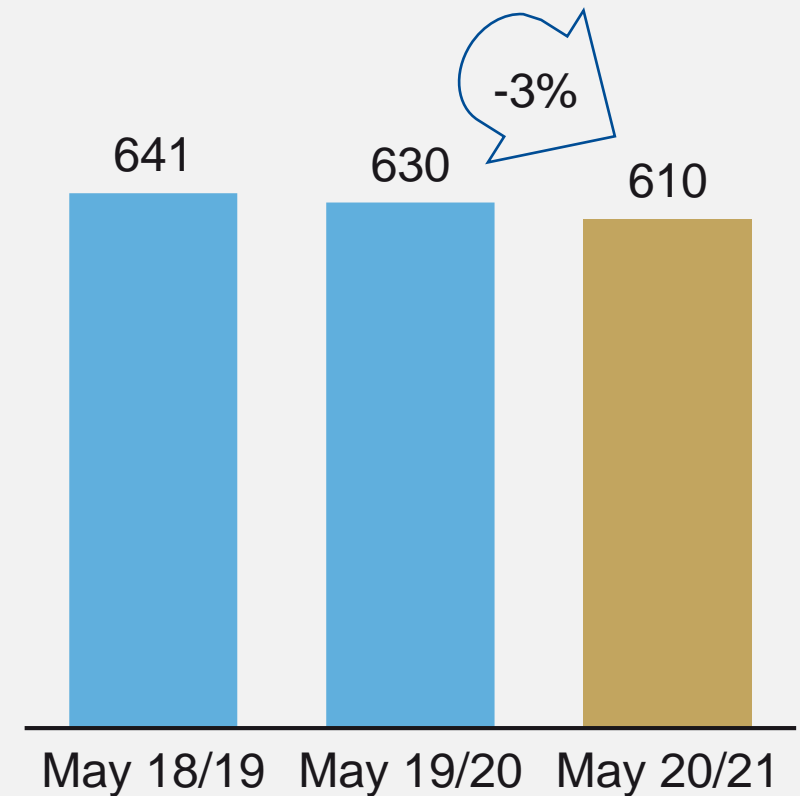
EVENTS AFTER THE REPORTING PERIOD



May sales development

- Total sales down 3% to 610 MSEK, organic sales down 5% and LFL down 5%
 - Sweden -4% organic
 - Norway -7% organic
 - Finland -2% organic
 - Outside Nordics +20% organic
- Negative calendar effect of 4%
- Online sales up 21%
- Increase of 1 store net compared to end of May last year

MSEK





SUMMARY AND OUTLOOK

A continued clear direction more important than ever

Building on our strengths...

Attractive 90 SEKbn home improvement market

Strong financial record

An industry leader within sustainability

Strong brand/market position

Compelling growth opportunities

Equipped with relevant competencies for the future

...guided by our strategy for co-worker, customer and shareholder value...



...to achieve Clas Ohlson's financial targets



Sales will increase organically an average of 5% annually over a five-year period



Operating margin will amount to 6–8% within a five-year period

Focus areas

2021/2022

Strengthen key product categories

- Capitalize on increased importance of the home
- Continue to move from seasons to destinations
- Solve our customers' most relevant problems

Capture traffic

- Leverage our brand & optimize marketing
- Capture increasing traffic to stores
- Capture increasing online traffic
- Club Clas membership & loyalty

Grow e-com

- Shorten lead times
- Continue to develop the digital customer meeting
- Integrate with personal service in-store

Way forward – focusing on what we can influence

- Execute on our strategy
 - Deliver on our financial targets
- Prioritize initiatives driving revenue growth
 - Strengthen key product categories
 - Capture traffic
 - Grow e-com
- Increasing efficiency and optimizing costs
 - Stable foundation: strong financial position and financial preparedness
- Preparing for a market without Covid-19 restrictions as from September





Q&A

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<https://about.clasohlson.com>