

# Q3 report

09 March 2022

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President & CEO

**Pär Christiansen**  
CFO



# Agenda

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

- ✓ **Strong profitability**
  - ✓ 378 MSEK operating profit
  - ✓ EBIT margin R12 6.9%\*
- ✓ **Total sales +7%**
  - ✓ Online sales +14%
- ✓ **Growing customer base**
  - ✓ More than 4 million Club Clas members
- ✓ **February total sales up 8%**
- ✓ **Uncertain global macro environment**

\*Excl IFRS 16





# **Business update**

# Q3 2021/22 in brief

- ✓ Organic sales and LFL +5%
- ✓ Total sales +7%
  - Lower traffic to stores
  - Higher conversion
- ✓ Online sales +14%
- ✓ Increased gross margin 41.5% (41.3)
- ✓ EBIT-margin decreased to 13.3% (13.6)
  - EBIT-margin excl. IFRS16 12.7% (13.0)
- ✓ Strong cash position & net debt/EBITDA -1.1\*

\*Excl IFRS 16



# Progress in our focus areas for 2021/22

## Strengthen key product categories

- Strong performance in key categories:
  - Cleaning
  - Food preparation & storage
- Growing the assortment by adding leading A-brands



## Capture traffic

- More than 4 million Club Clas members
- Awarded for best customer service in Sweden
- Higher conversion rate both in stores and online compared to Q3 LY
  - Click and Collect drives additional sales in stores



## Grow e-com

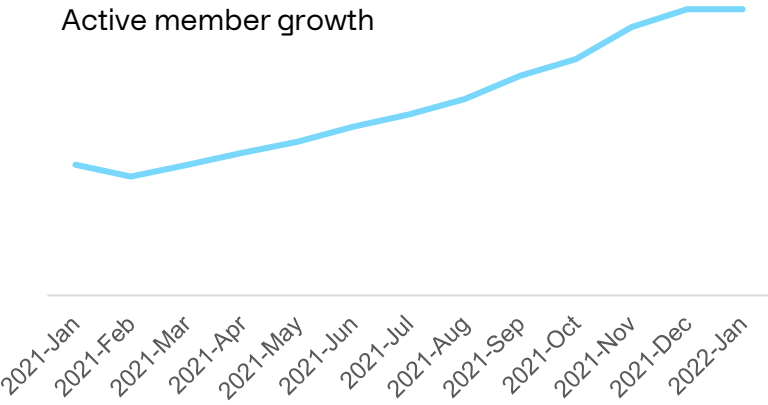
- Introduction of online exclusive campaigns and products
- Increased feeder store capacity in Finland shortens lead times



# Club Clas growing in all markets



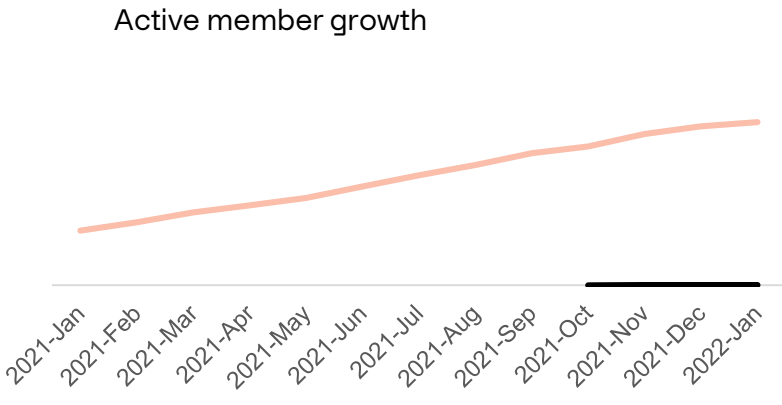
Active member growth



- Member sales +15% compared to Q3 LY
- Increase both in stores +15% and online +18%



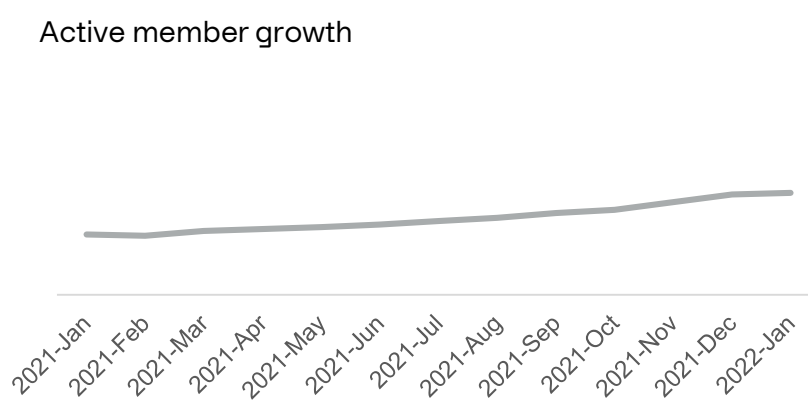
Active member growth



- Member sales +250% compared Q3 LY  
\*the loyalty program was introduced in Q2 LY
- NO members: higher ATV and value per customer compared to SE and FI



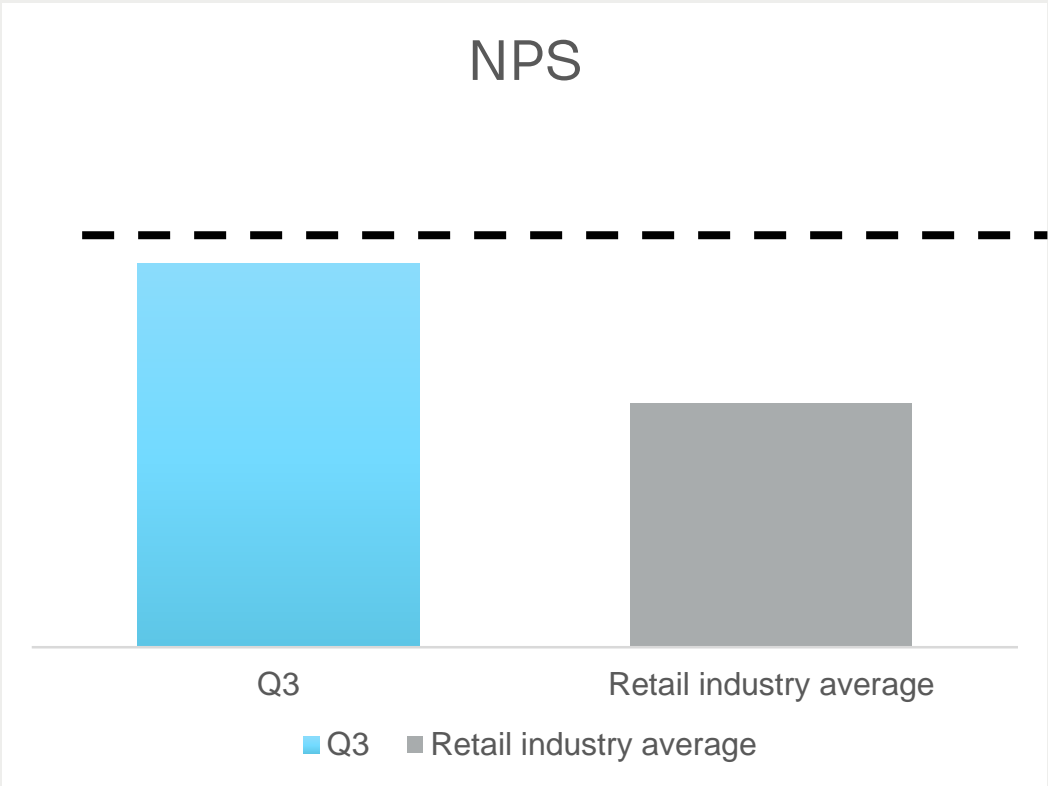
Active member growth



- Member sales +66% compared to Q3 LY
- Increase both in stores +73% and online +36%



# Customer satisfaction in focus



\*Target

\*\* Source: Delighted by Qualtrics

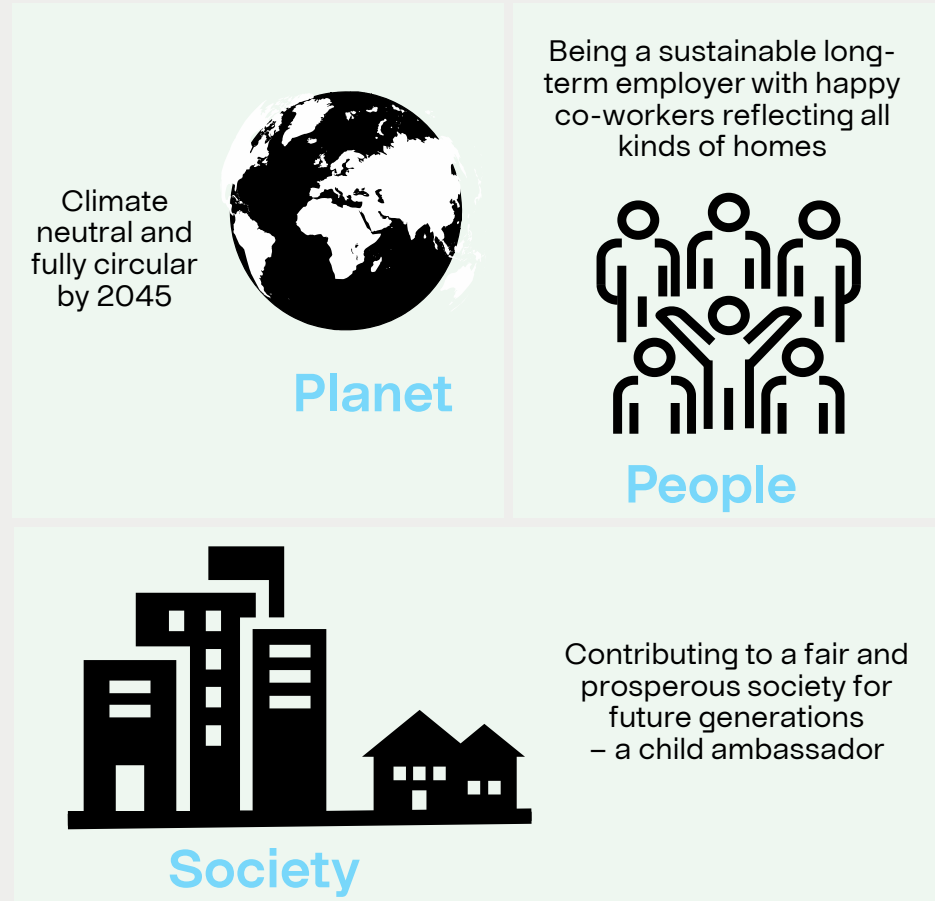
\*Target





# Integrating sustainability in our business

- Accelerated work with our updated Product Sustainability Assessment Model
  - Stricter demands criteria, e.g. choice of material, manufacturing and product lifespan
  - Analyzed all new private label products since January 1<sup>st</sup>
- Sales of spare parts increased by 30% in the last 6 months
- 99% of suppliers free from critical findings in relation to our Code of Conduct
- Environmental audits now cover 71% of our purchase volume
- Training program for 65 sustainability ambassadors from 7 countries

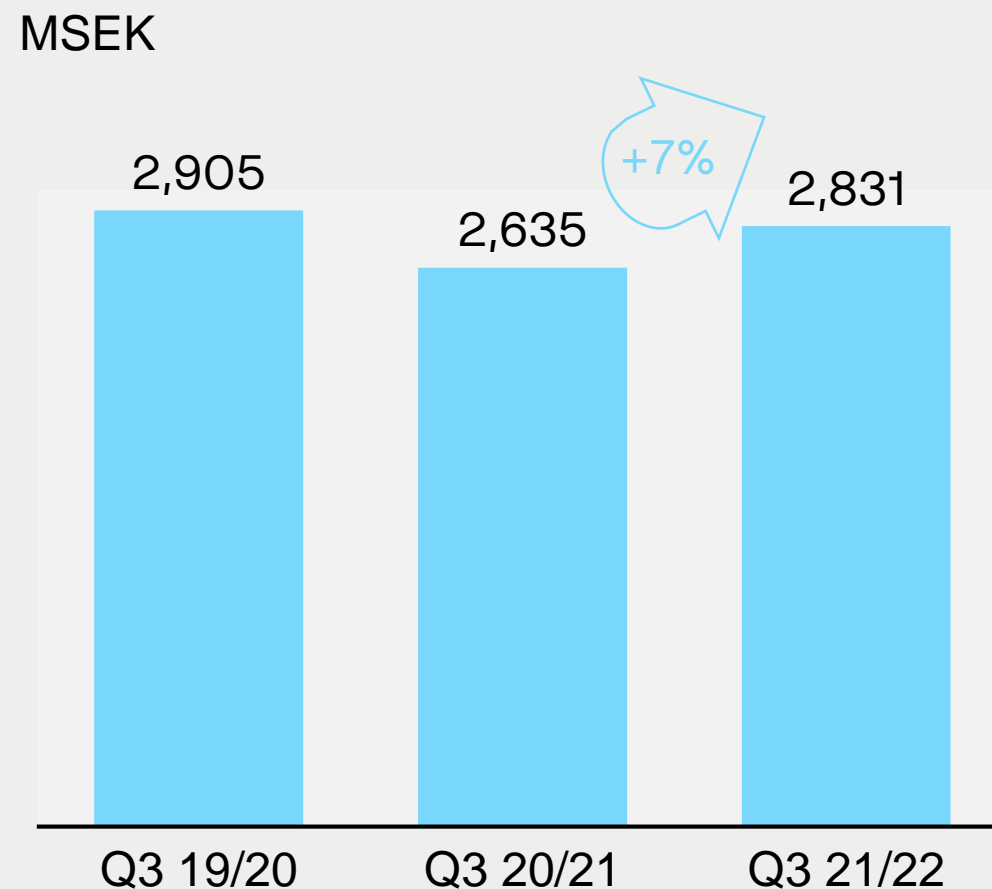





# Financial development

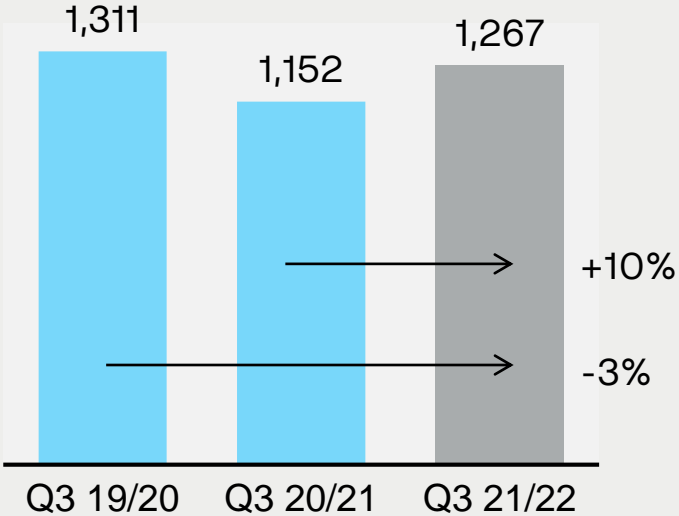
# Sales development in Q3

- Total sales up 7% to 2,831 MSEK, organic sales up 5% and LFL sales up 5%
- Organic sales development per market:
  - Sweden +10%
  - Norway +2%
  - Finland -2%
  - Outside Nordics -1%
- The store network was increased by 2 stores compared to end of period last year

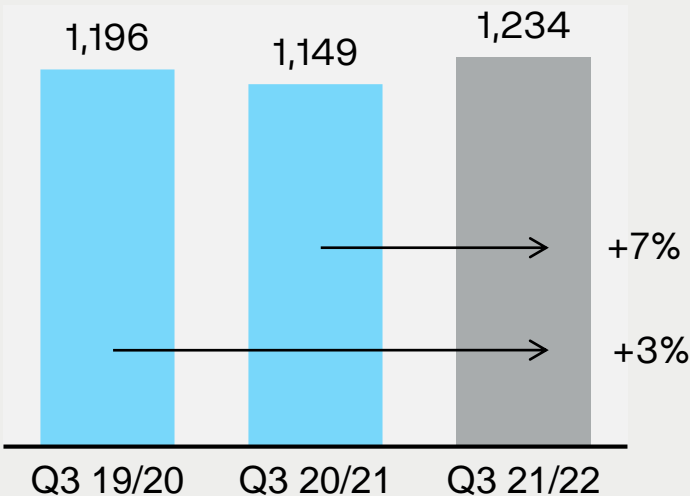


# Total sales per market in Q3 compared to the previous two years, MSEK

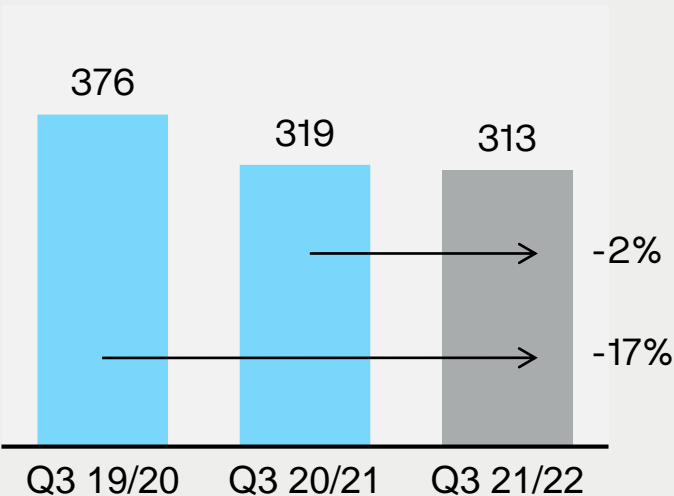
• Sweden 



• Norway 

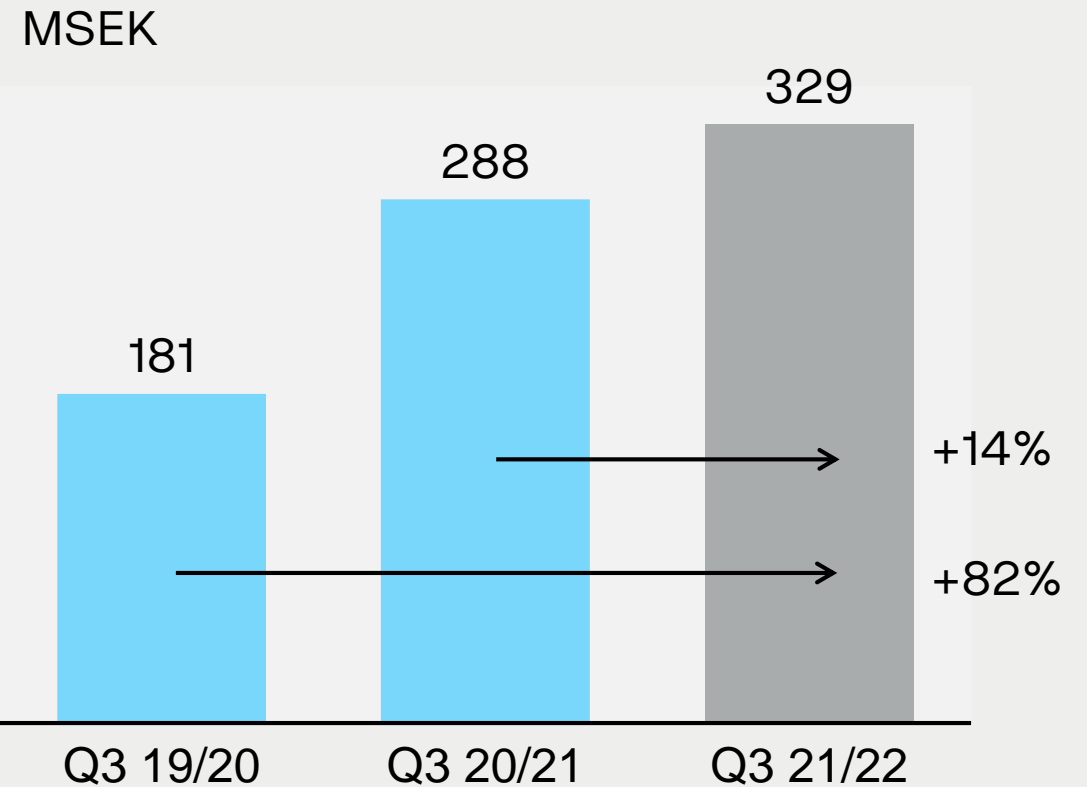


• Finland 



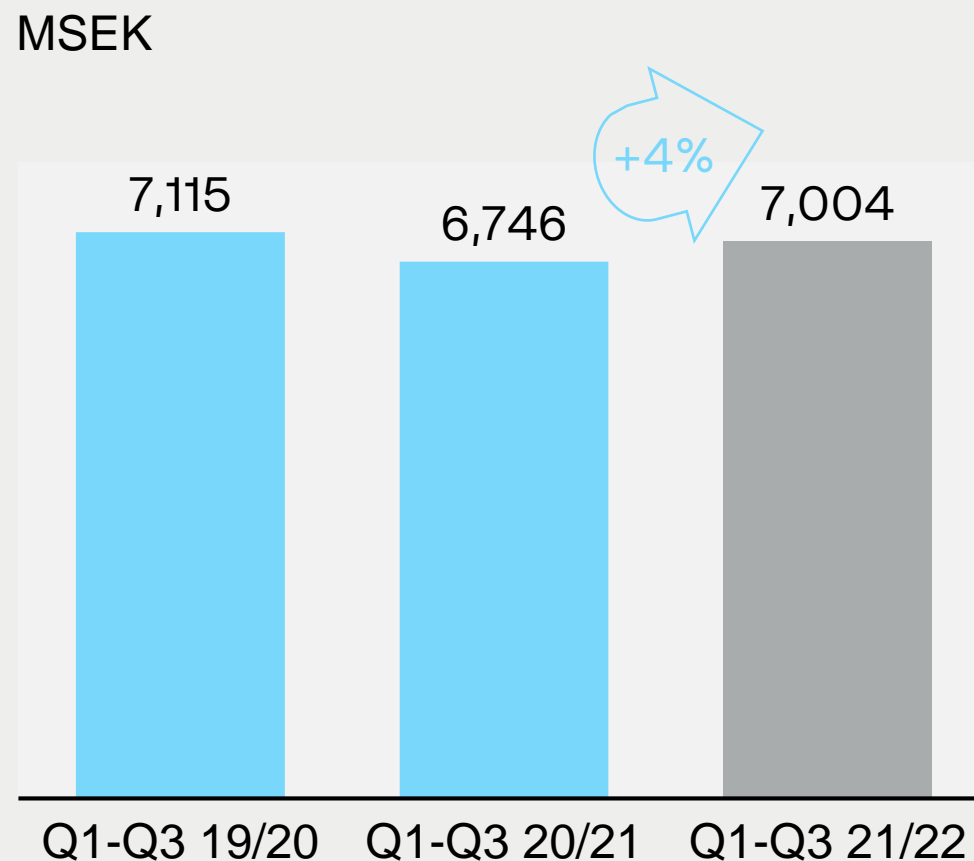
# Online sales in Q3 compared to the previous two years

- Online sales up 14% to 329 MSEK, corresponding to approx. 12% of total sales



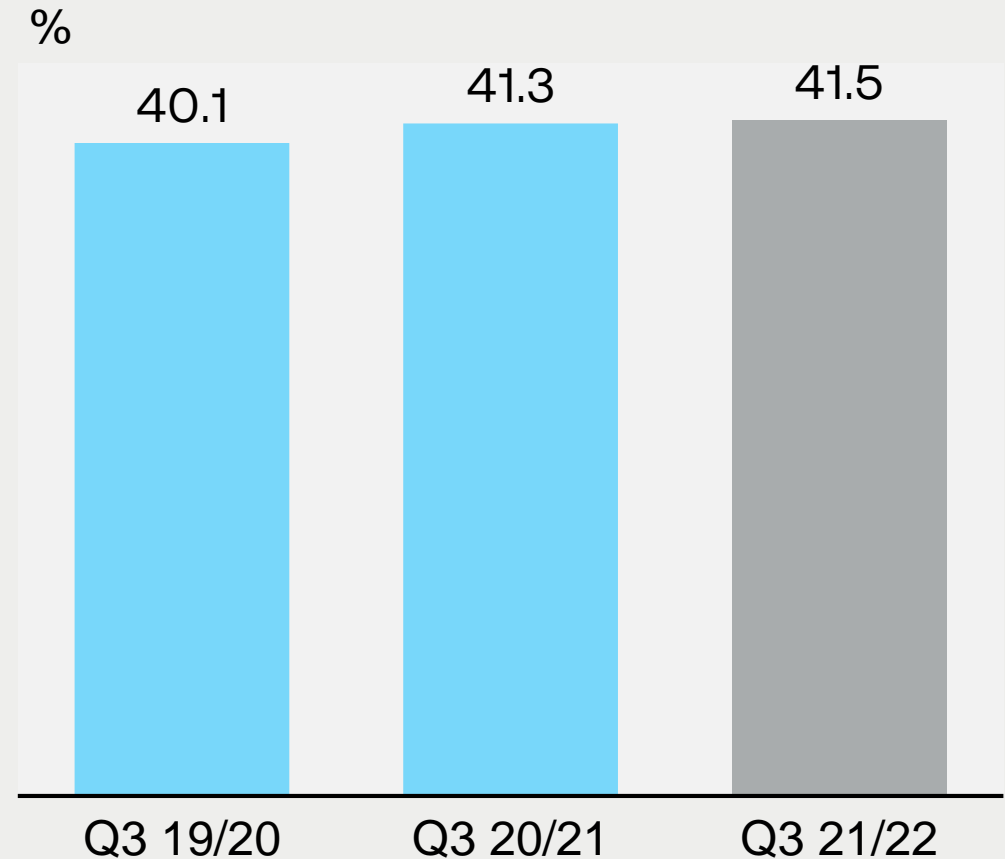
# Sales development Q1-Q3

- Total sales up 4% to 7,004 MSEK, organic sales up 2% and LFL sales up 2%
  - Sweden +6% organic
  - Norway -1% organic
  - Finland +/-0% organic
  - Outside Nordics -1% organic
- Online sales up 21%
- +1 store net during Q1-Q3



# Gross margin in Q3

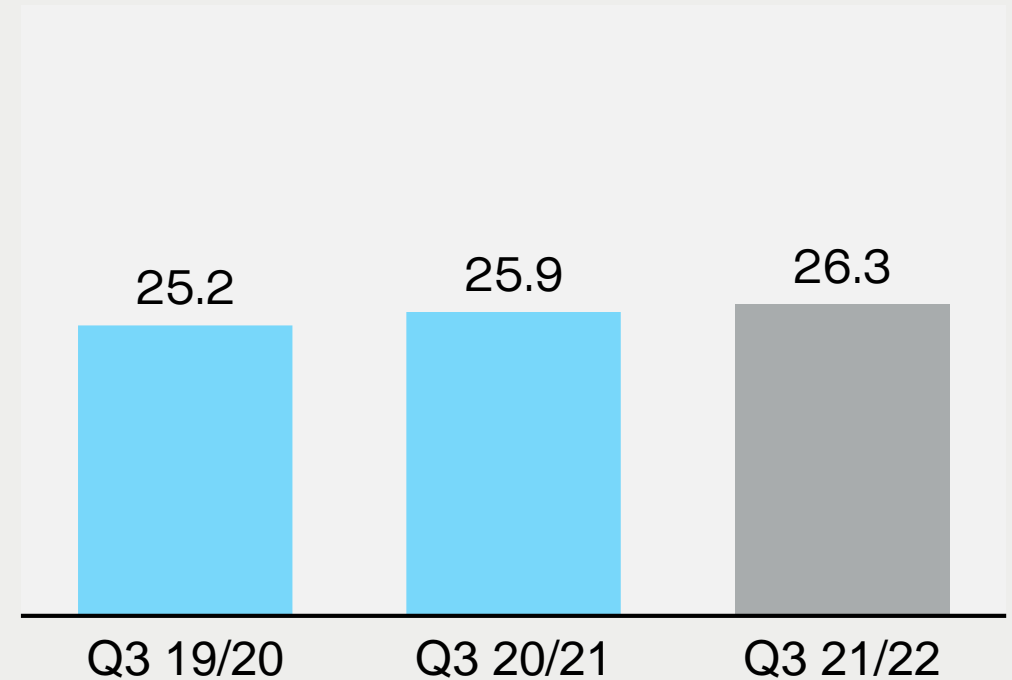
- Gross margin increased 41.5% (41.3)
  - Positively impacted by weaker purchasing currency (USD) and stronger sales currency (NOK).
  - Negatively impacted by product mix and a higher campaign intensity, the effects of currency hedging (NOK) from currency forwards and exchange-rate effects related to delays in inventory and increased sourcing costs



# Share of selling expenses in Q3

- Share of selling expenses increased by 0.3% to 26.3% (25.9)

%

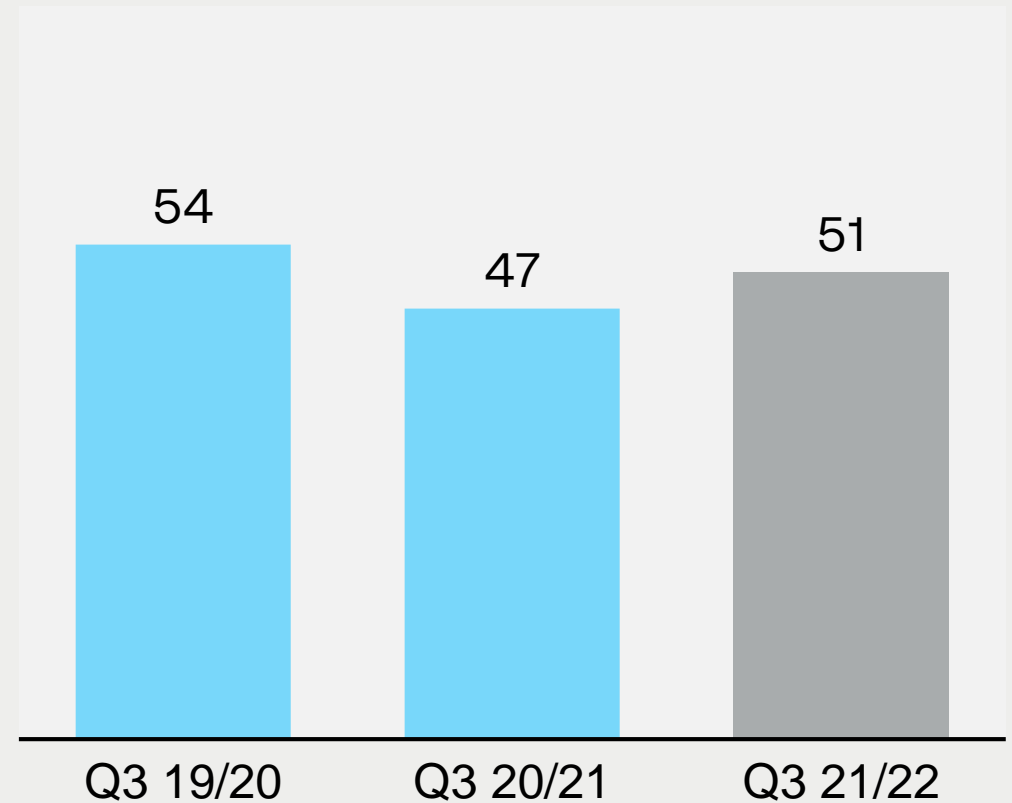




# Administrative expenses in Q3

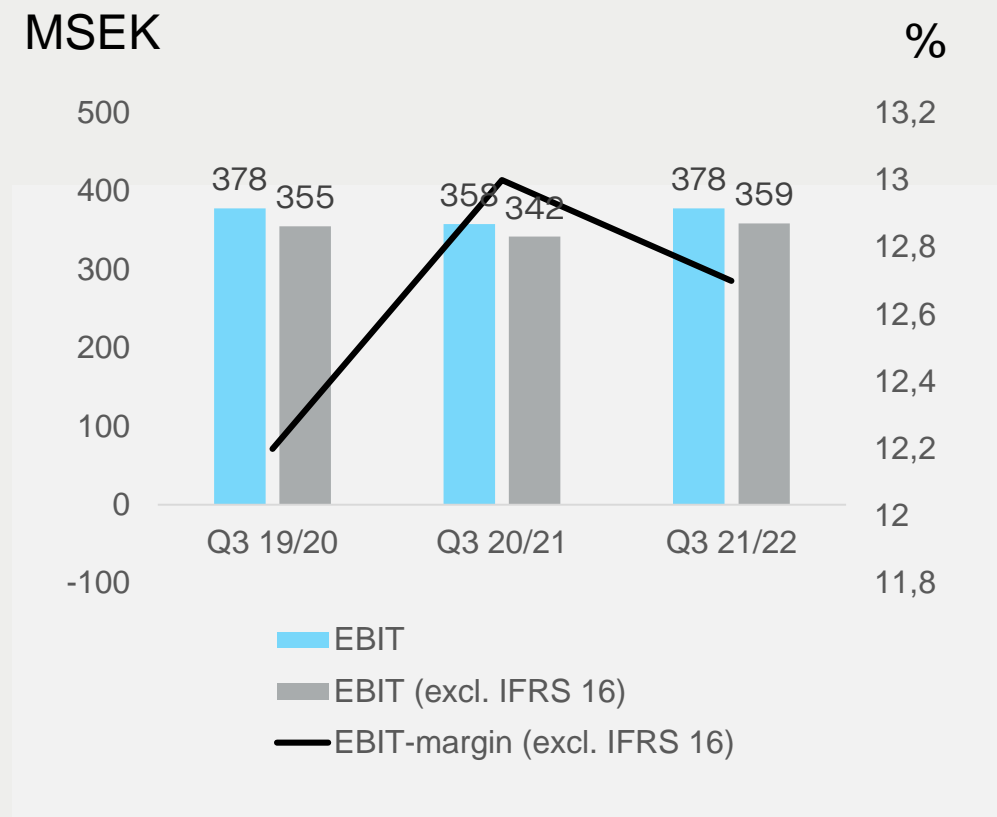
- Administrative expenses increased by 4 MSEK compared to Q3 last year
- Continued cost focus

MSEK



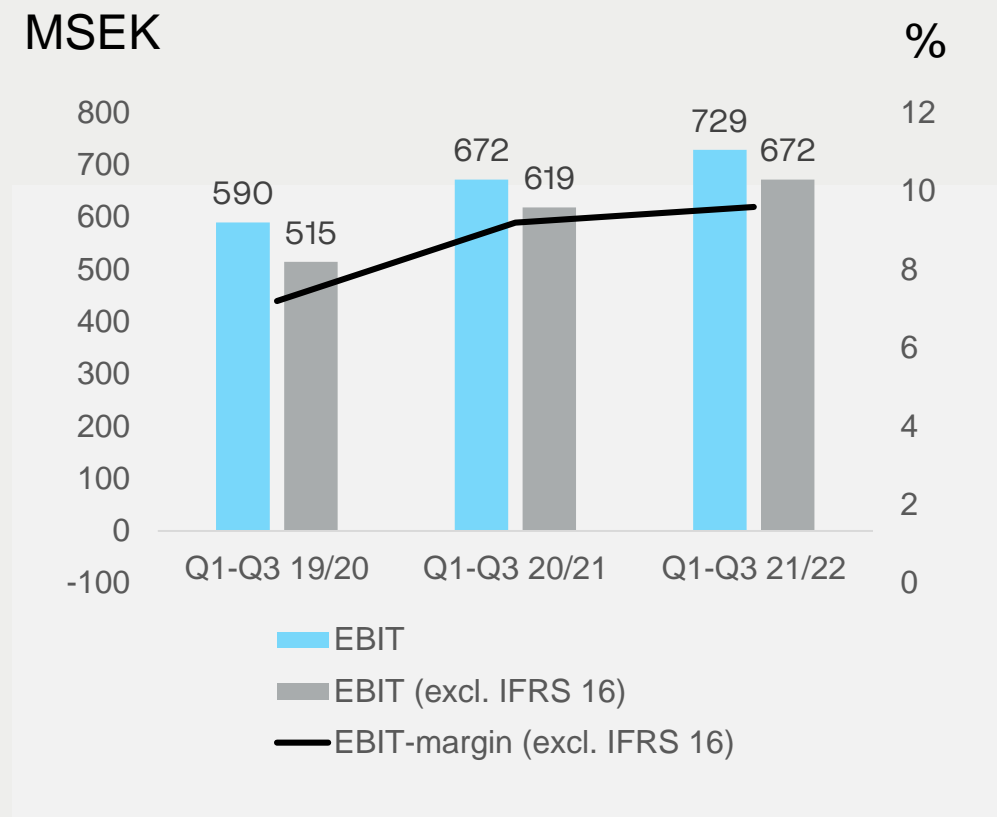
# Operating profit in Q3

- Operating profit increased to 378 MSEK (358)
  - Positive IFRS 16 effect of +18 MSEK (+17)
- EBIT-margin increased to 13.3% (13.6%)
  - Positive IFRS 16 effect of +0.7 percentage points (+0.6)
  - EBIT-margin excl IFRS 16 12.7% (13.0)
- Earnings per share was 4.53 SEK (4.18)



# Operating profit in Q1-Q3

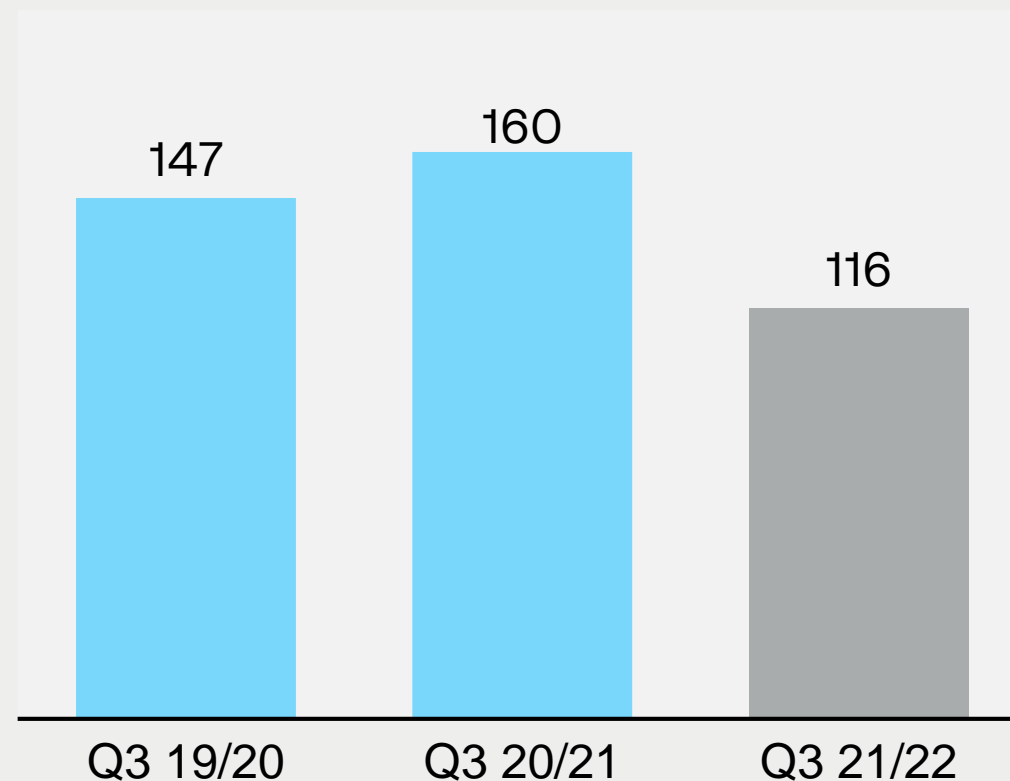
- Operating profit increased to 729 MSEK (672)
  - Positive IFRS 16 effect of +57 MSEK (+53)
- EBIT-margin increased to 10.4% (10.0%)
  - Positive IFRS 16 effect of +0.8 percentage points (+0.8)
  - EBIT-margin excl IFRS 16 9.6% (9.2)
- Earnings per share was 8.49 SEK (7.67)



# Investments Q1-Q3

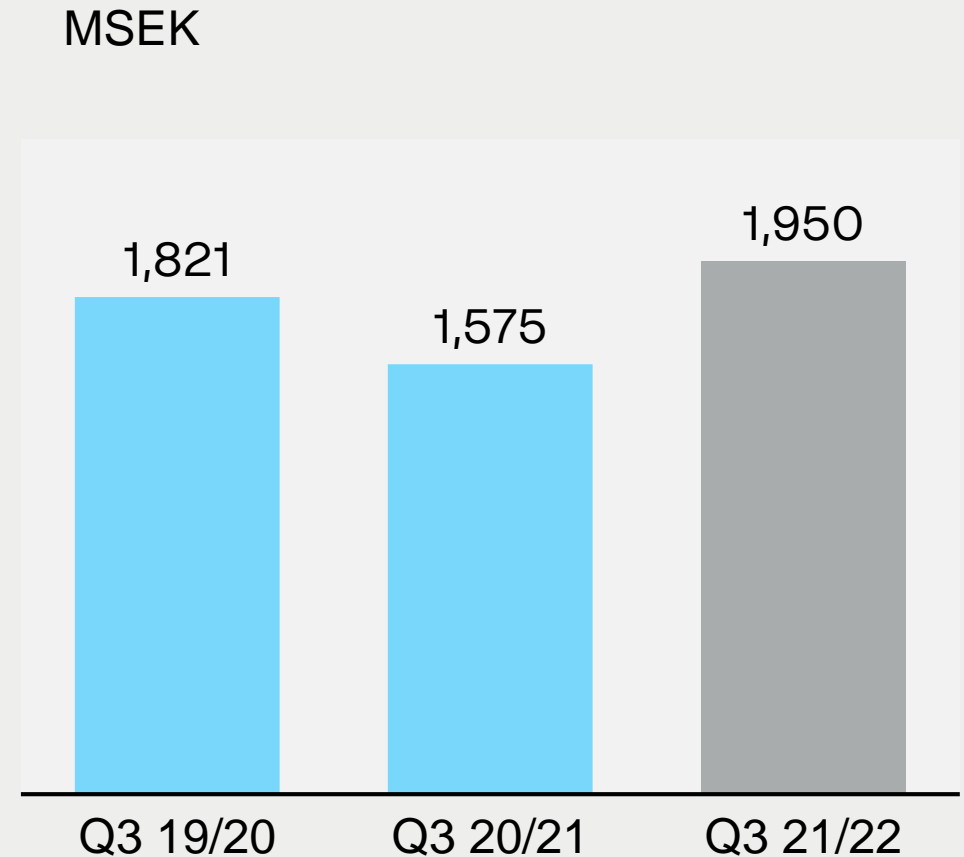
- Total investments 116 MSEK (160)
- New stores and refurbishments 41 MSEK (36)
- IT systems 37 MSEK (67)
- Other investments mainly related to improved distribution system

MSEK



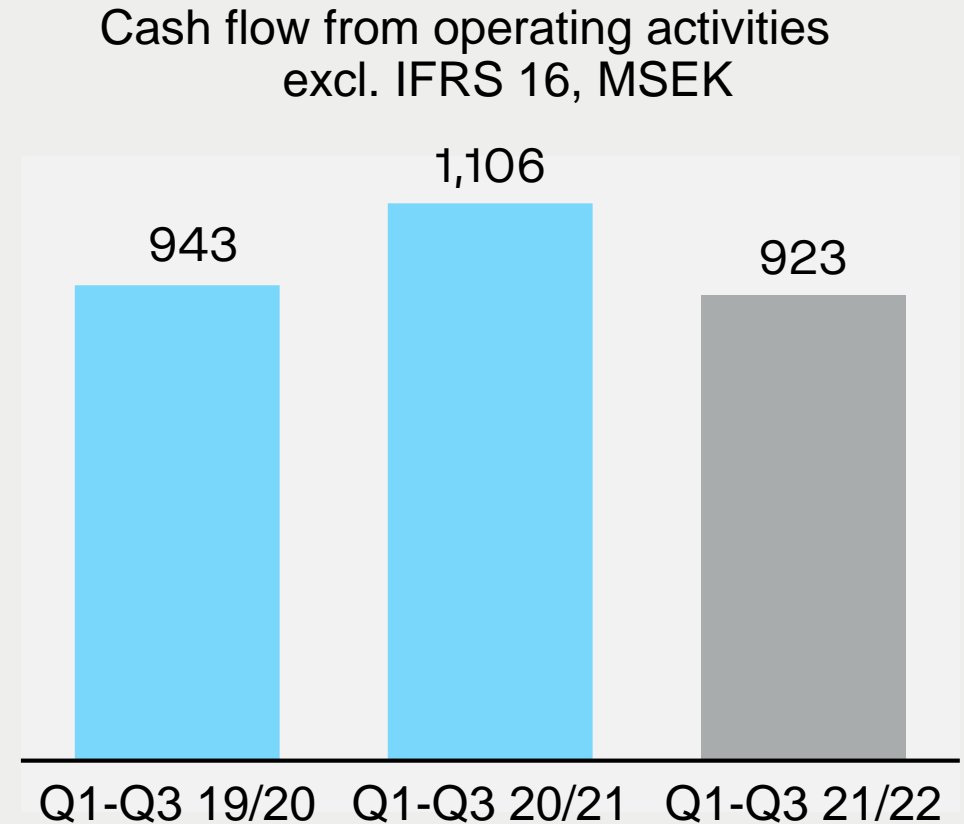
# Inventory level in Q3

- Inventory level increased to 1,950 MSEK (1,575) at the end of the period
  - Well balanced: Clas Ohlson stands well-equipped for Q4
  - Impacted by external factors such as increased costs for the purchase of products and incoming transports
- Average inventory level LTM was 1,875 MSEK (1,757)
  - Inventory turnover rate DC 5.7 (5.8)



# Cashflow Q1-Q3 and financial position

- Cashflow from operating activities excl. IFRS 16 was 923 MSEK (1,106)
  - Cash flow from operating activities was 1,301 MSEK (1,513)
- Cash flow from investments and financing activities was -889 MSEK (-635)
- Net debt/EBITDA excl. IFRS 16 was -1.1 times (-1.2)
- Approved credit facilities of 650 MSEK of which used 0 MSEK

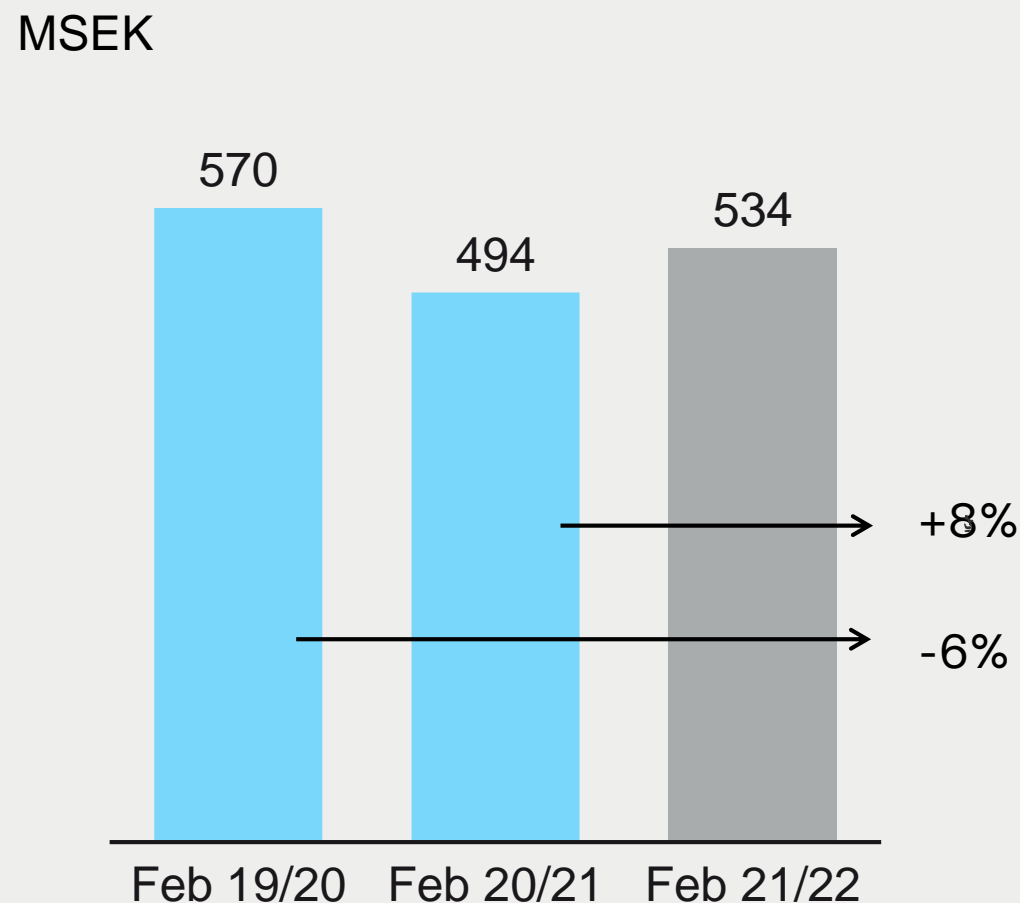




# Events after the reporting period

# February sales development

- Total sales up 8% to 534 MSEK, organic sales up 4% and LFL up 4%
  - Sweden +3% organic
  - Norway +8% organic
  - Finland -1% organic
  - Outside Nordics -20% organic
- Online sales down 9%
  - +93% compared to February 2020
- Increase of 2 stores net compared to end of February last year





# Macro trends with business impact

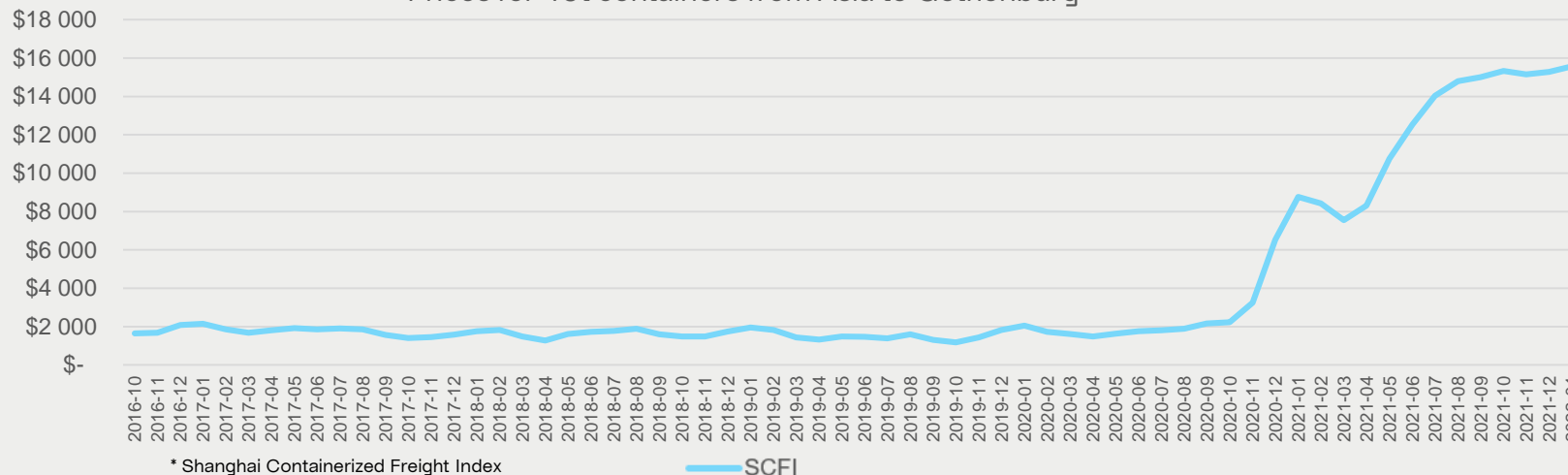
## Factors impacting Clas Ohlson:

- Container shipping costs and raw material and commodity prices
- Translation/transaction effects - sales instant effects and purchasing with a time lag
- Hedging policy/effects
- Pricing effects

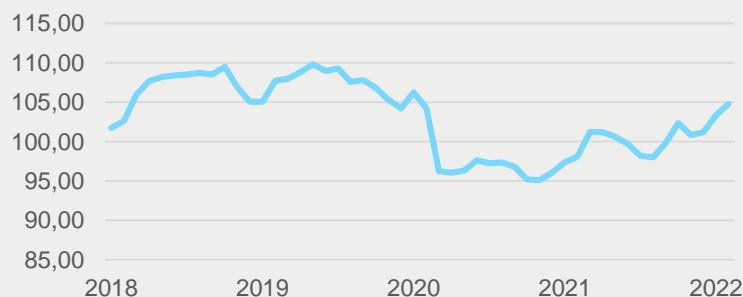
## Counteracting measures:

- Pricing – continuously optimizing prices
- Sourcing – diversified sourcing strategy
- Optimize sales mix – private label, product and category mix
- Products and packaging

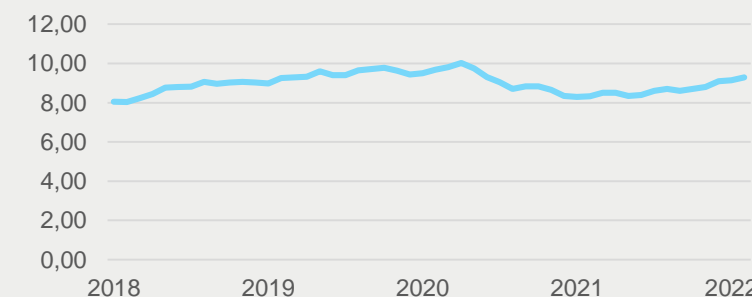
Prices for 40t containers from Asia to Gothenburg



NOK/SEK\*



USD/SEK\*





# Summary and outlook

# Continue to:

## Build on our strengths...

Attractive 90 SEKbn home improvement market

Strong financial record

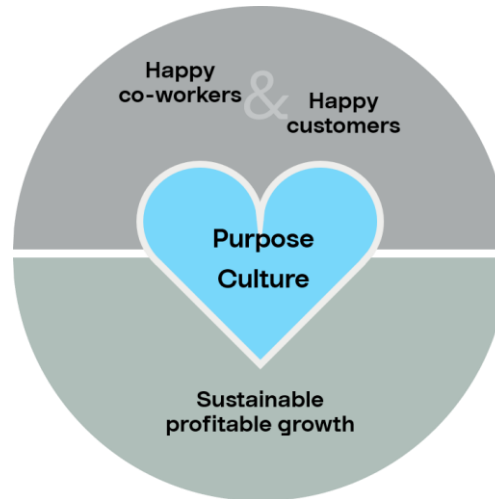
An industry leader within sustainability

Strong brand/market position

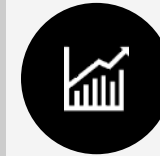
Compelling growth opportunities

Equipped with relevant competencies for the future

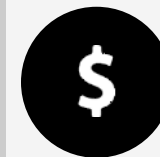
...guided by our strategy for co-worker, customer and shareholder value...



...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

- Continue to move from seasons to destinations
- Solve our customers' most relevant problems
- Grow destination categories

## Capture traffic

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

## Grow e-com

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



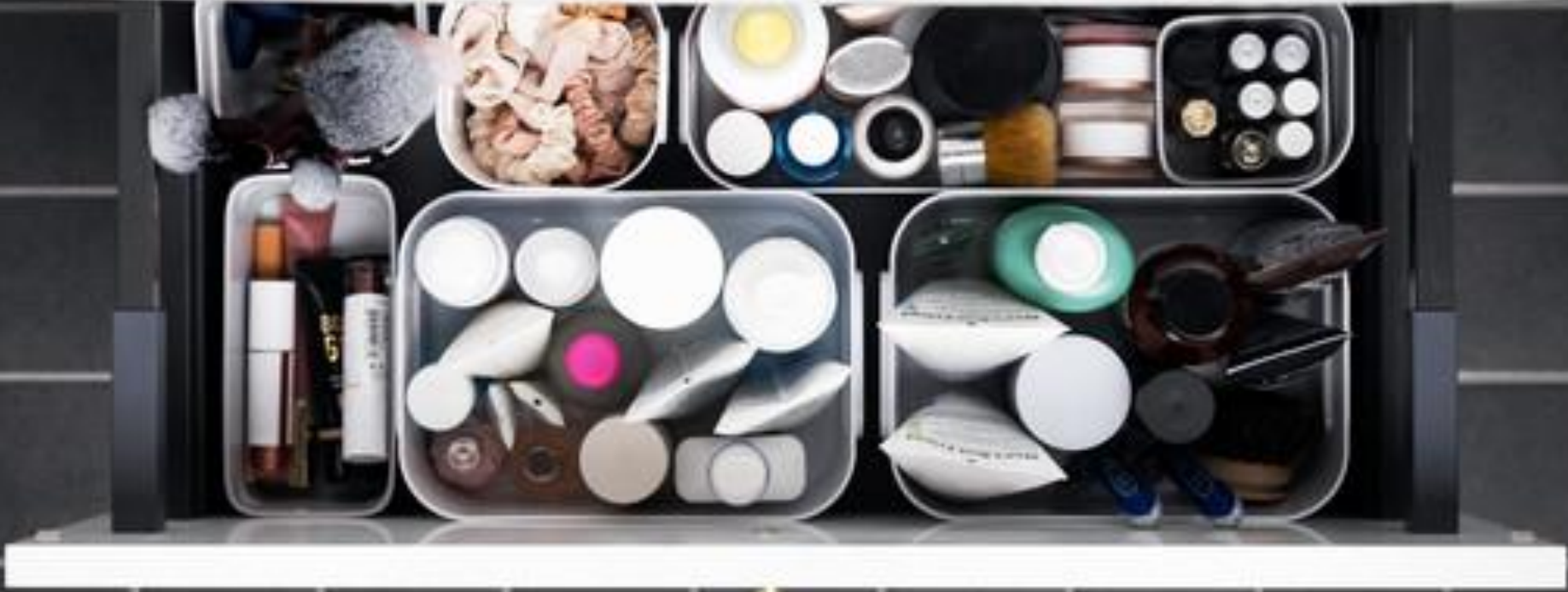
# Way forward – focusing on what we can influence

- Strong financial position and financial preparedness
- Prioritizing initiatives driving revenue growth
- Q4 report and Capital Markets Day on June 8th 2022





# Q&A





**Clas  
Ohlson**