

Q4 report

08 June 2022

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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

Full year 2021/22

- ✓ Organic sales growth +4%
- ✓ Operating profit +19% and EBIT margin 7.3%*
- ✓ Strong cash position & net debt/EBITDA –0.5*
- ✓ Resilient and flexible business model also in challenging market conditions
- ✓ Uncertain macro environment

*Excl IFRS 16





Business update

Q4 2021/22 in brief

- ✓ Organic sales +12% and LFL +11%
- ✓ Total sales +16%
- ✓ Online sales -19%
- ✓ Gross margin 39.7% (39.9)
- ✓ EBIT-margin increased to -0.6% (-4.2)
 - EBIT-margin excl. IFRS16 -1.7% (-5.3)
- ✓ Strong cash position & net debt/EBITDA -0.5*

*Excl IFRS 16



Q4: Progress in our focus areas for 2021/22

Strengthen key product categories

- Strong performance in key categories:
 - Cleaning
 - Solar lights
 - Storage
- Continued higher ATV



Capture traffic

- 4.3 million Club Clas members in total
 - 20% member growth in Finland in Q4
- Traffic increase to physical stores in all markets compared to Q4 LY



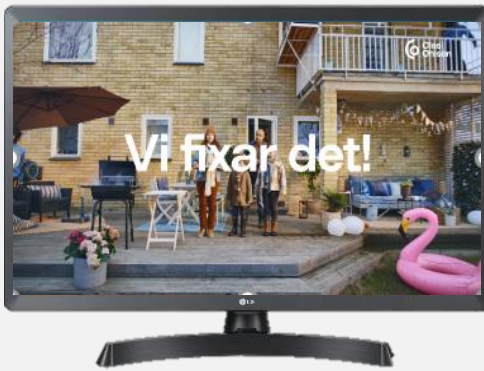
Grow e-com

- Higher conversion rate compared to Q4 LY in SE, FI, lower in NO due to closed stores LY
- Multi-channel marketing investments to drive spring sales

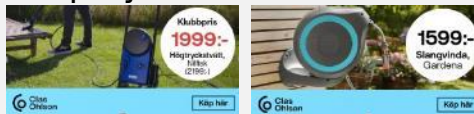


Investing to boost top-of mind awareness as a home fixing destination

TV Commercial



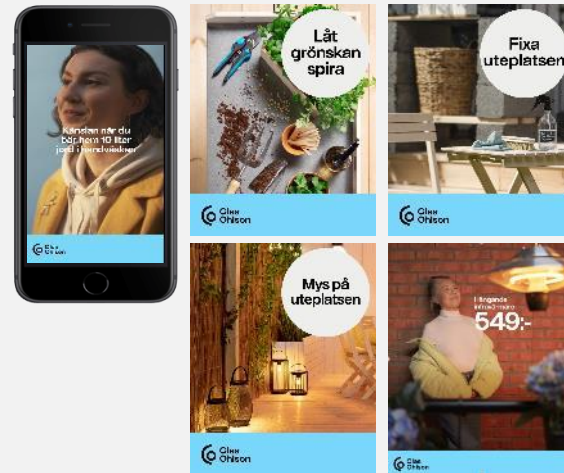
Display banners



Club Clas



Paid Social



Leaflets and Print ads



Classe Magazine



Focus areas during Q4:

- Organize
- Take care of your home
- Prepare and fix your outdoor area

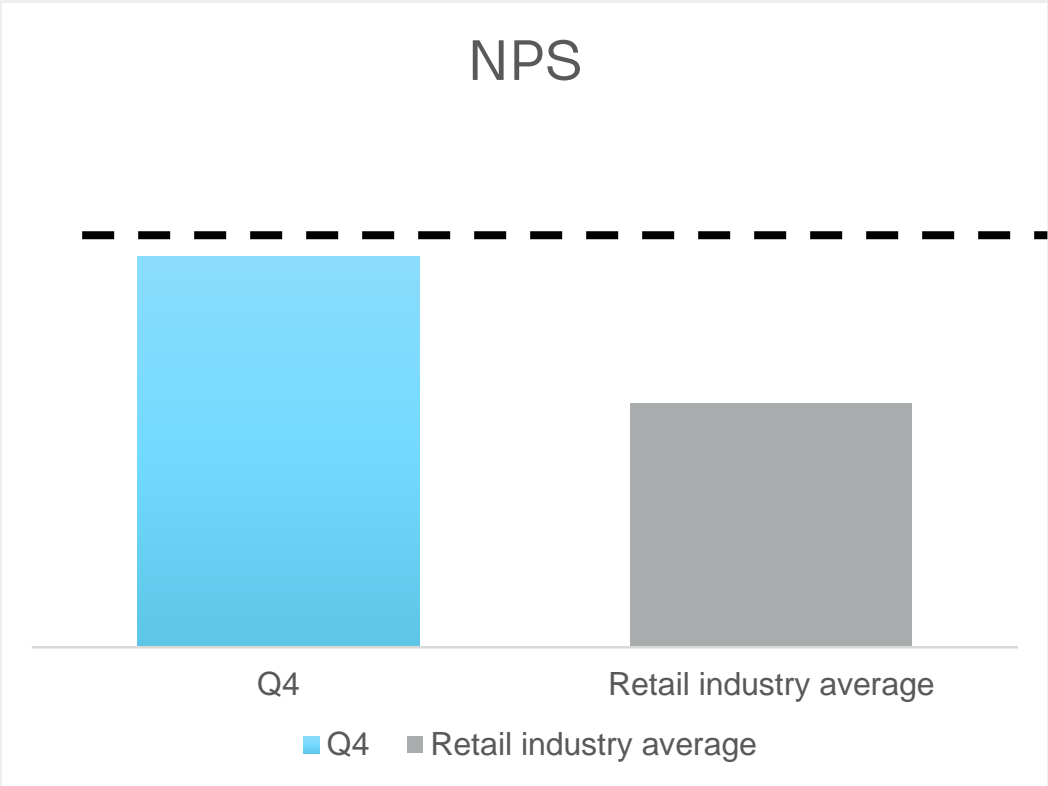
Program and content sponsorships



Radio collaboration



Customer satisfaction in focus



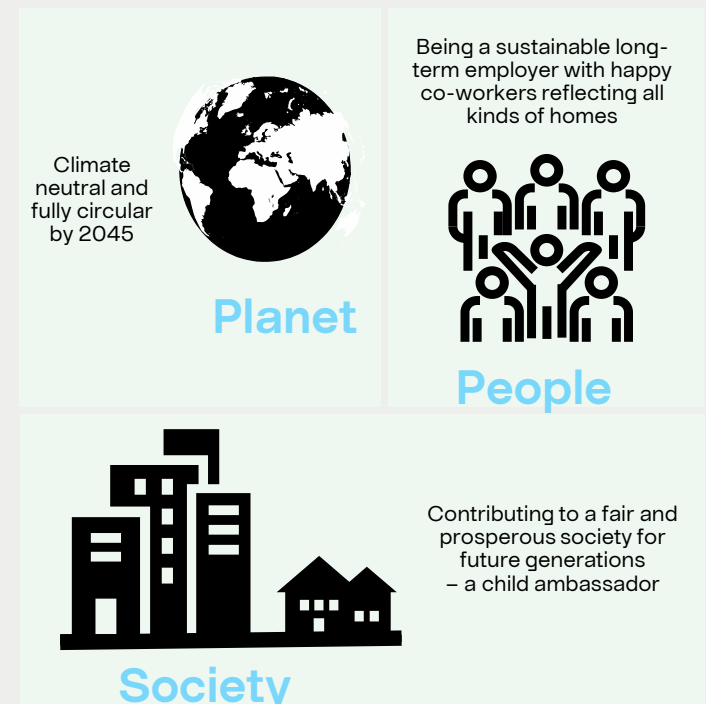
*Target
** Source: Delighted by Qualtrics

*Target



Integrating sustainability in our business

- Industry winner in Sweden and Norway in Sustainable Brand Index 2022. In Finland, on the top list of most improved brands – climbing 25 places
- Continuing to decrease CO2 emissions
 - Emissions from own operations decreased by 18% compared to LY (Scope 1 & 2)
- 92,400 spare parts sold in Q4, an increase of +40%
- Environmental audits now cover 83% of our purchase volume (71% Q3)
- 100% of suppliers free from critical findings in relation to our Code of Conduct (99% Q3)



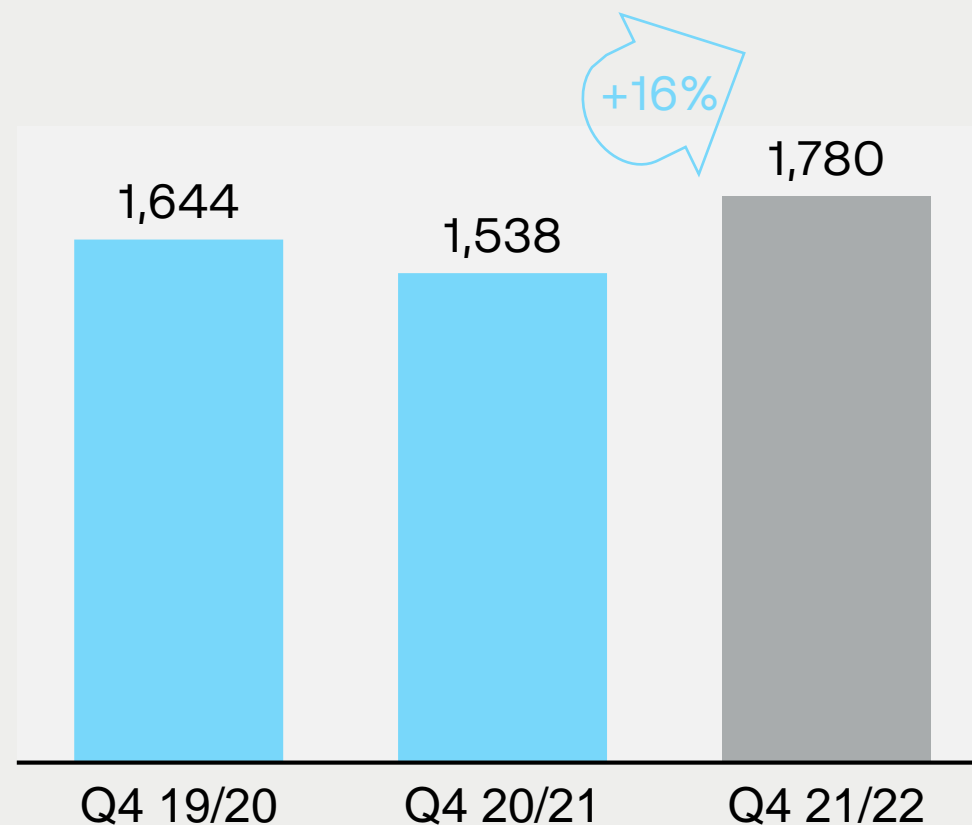


Financial development

Sales development in Q4

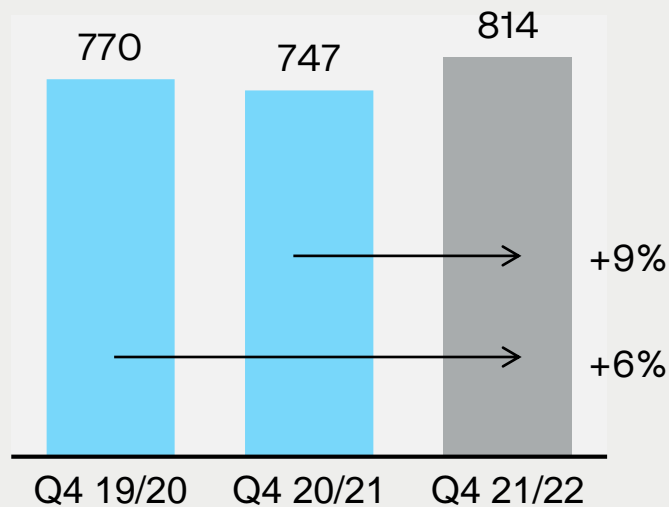
- Total sales up 16% to 1,780 MSEK, organic sales up 12% and LFL sales up 11%
- Organic sales development per market:
 - Sweden +9%
 - Norway +18%
 - Finland +7%
 - Outside Nordics -17%
- The store network was increased by 1 store compared to end of period last year

MSEK

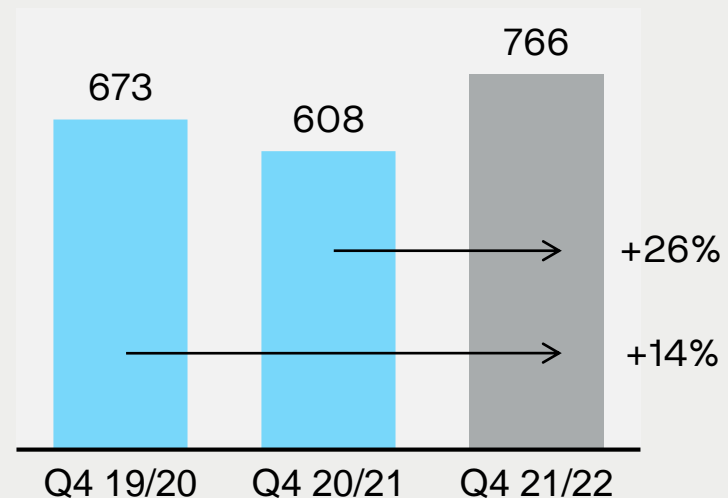


Total sales per market in Q4 compared to the previous two years, MSEK

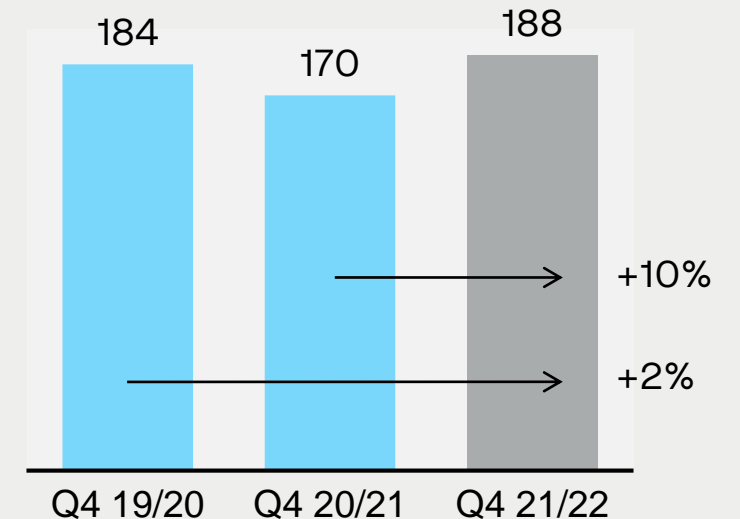
• Sweden 



• Norway 

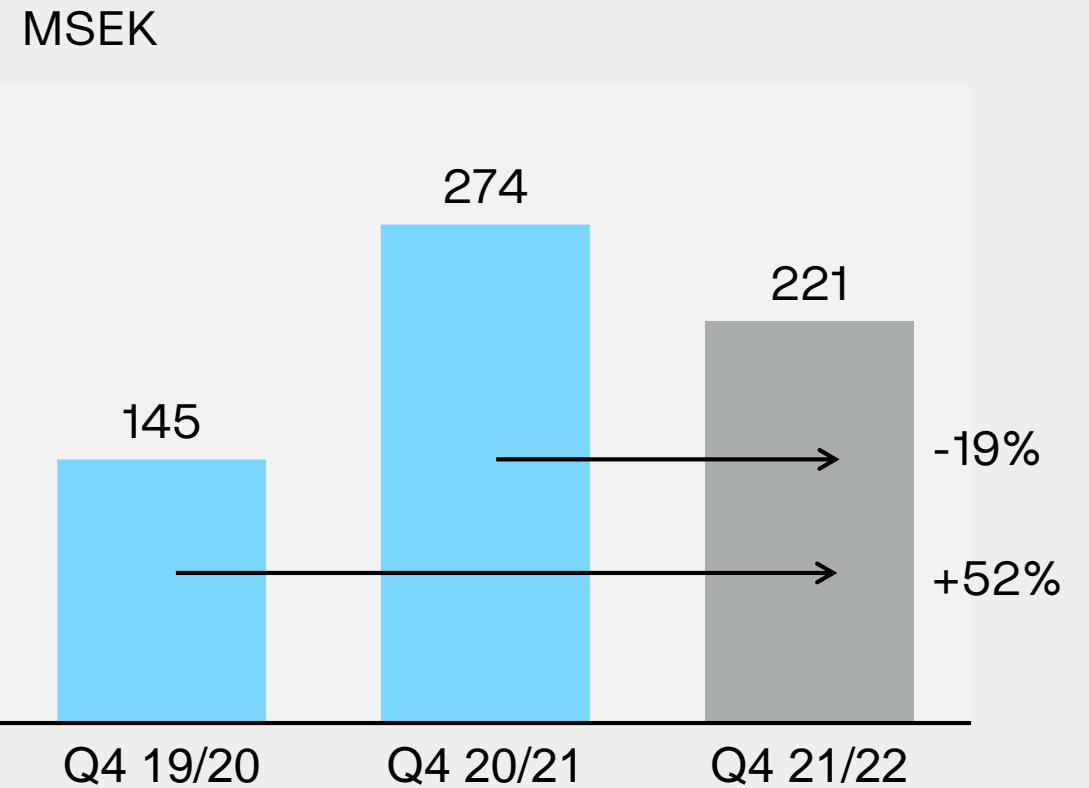


• Finland 



Online sales in Q4 compared to the previous two years

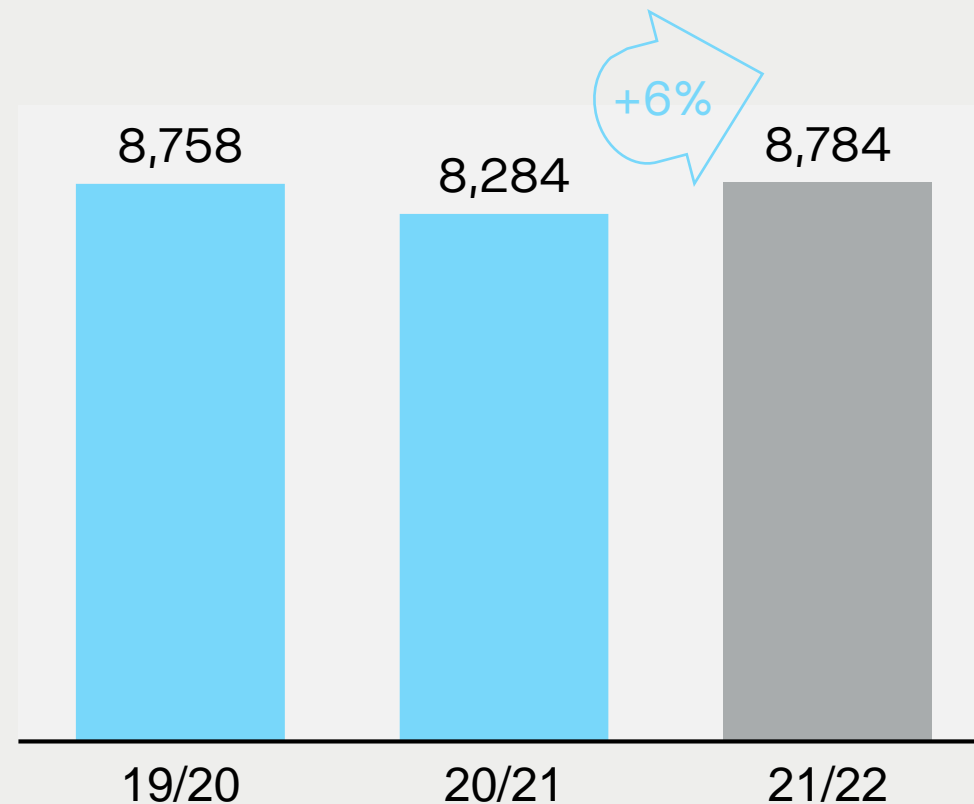
- Online sales down 19% to 221 MSEK, corresponding to approx. 12% of total sales



Sales development FY

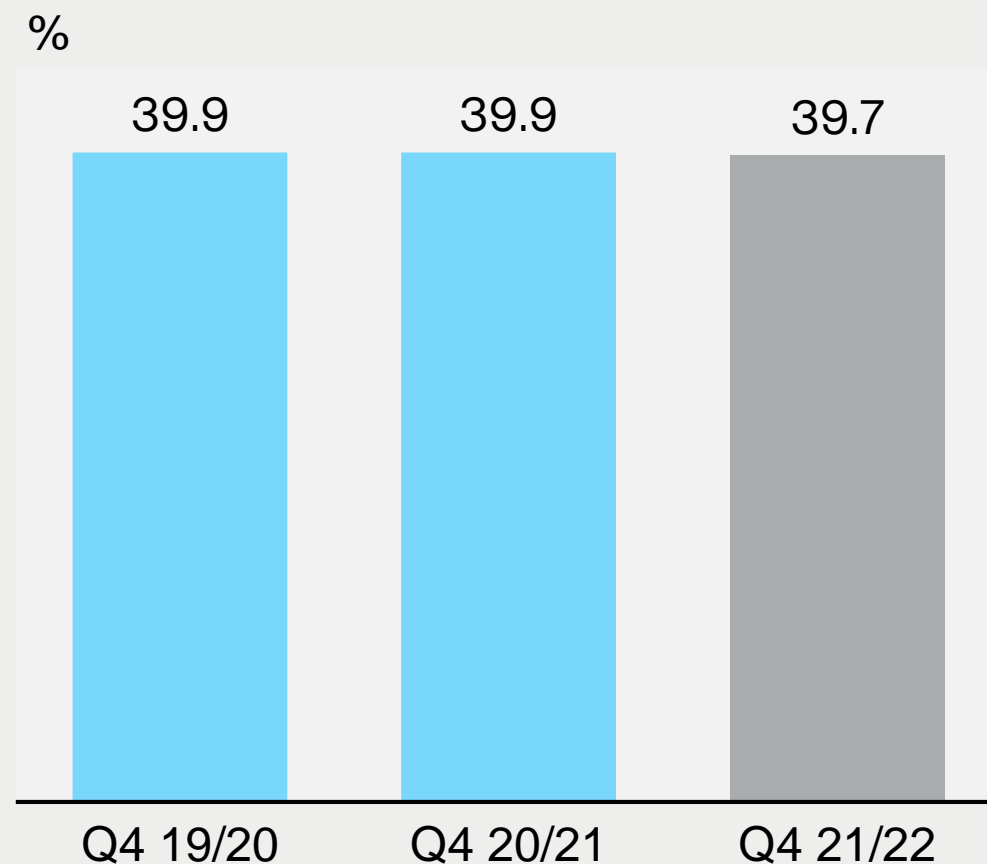
- Total sales up 6% to 8,784 MSEK, organic sales up 4% and LFL sales up 4%
 - Sweden +6% organic
 - Norway +3% organic
 - Finland +1% organic
 - Outside Nordics -5% organic
- Online sales up 9%
- +1 store net during the period

MSEK



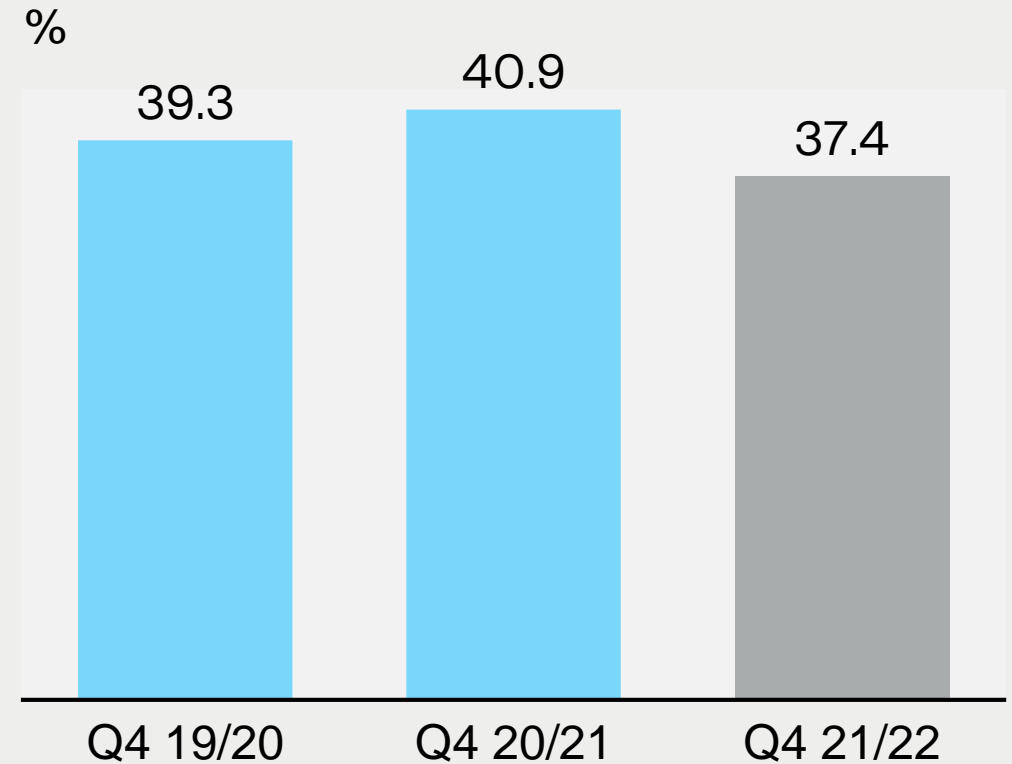
Gross margin in Q4

- Gross margin decreased to 39.7% (39.9)
 - Positively impacted by a stronger sales currency (NOK), increased prices and a weaker purchasing currency (USD) in relation to the SEK.
 - Negatively impacted by increased sourcing costs, product mix and a higher campaign intensity and effects of currency hedging (NOK) from currency forwards and exchange-rate effects related to delays in inventory.



Share of selling expenses in Q4

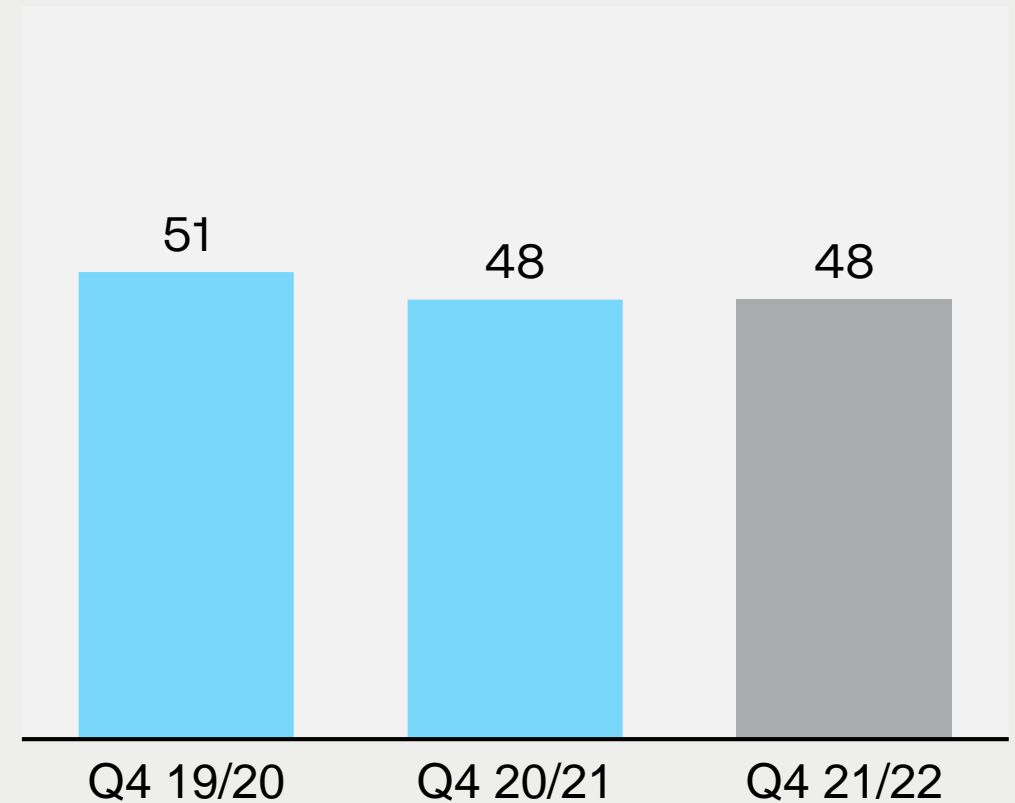
- Share of selling expenses decreased by 3.5% to 37.4% (40.9)



Administrative expenses in Q4

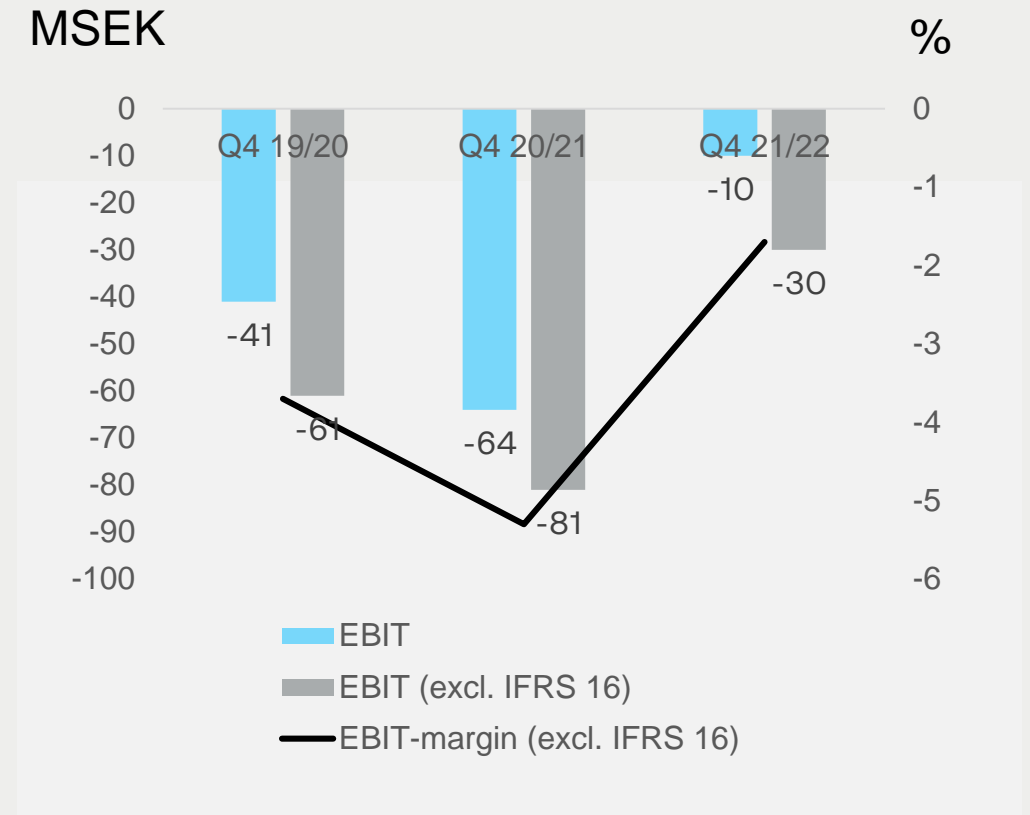
- Administrative expenses in line with Q4 last year
- Continued cost focus

MSEK



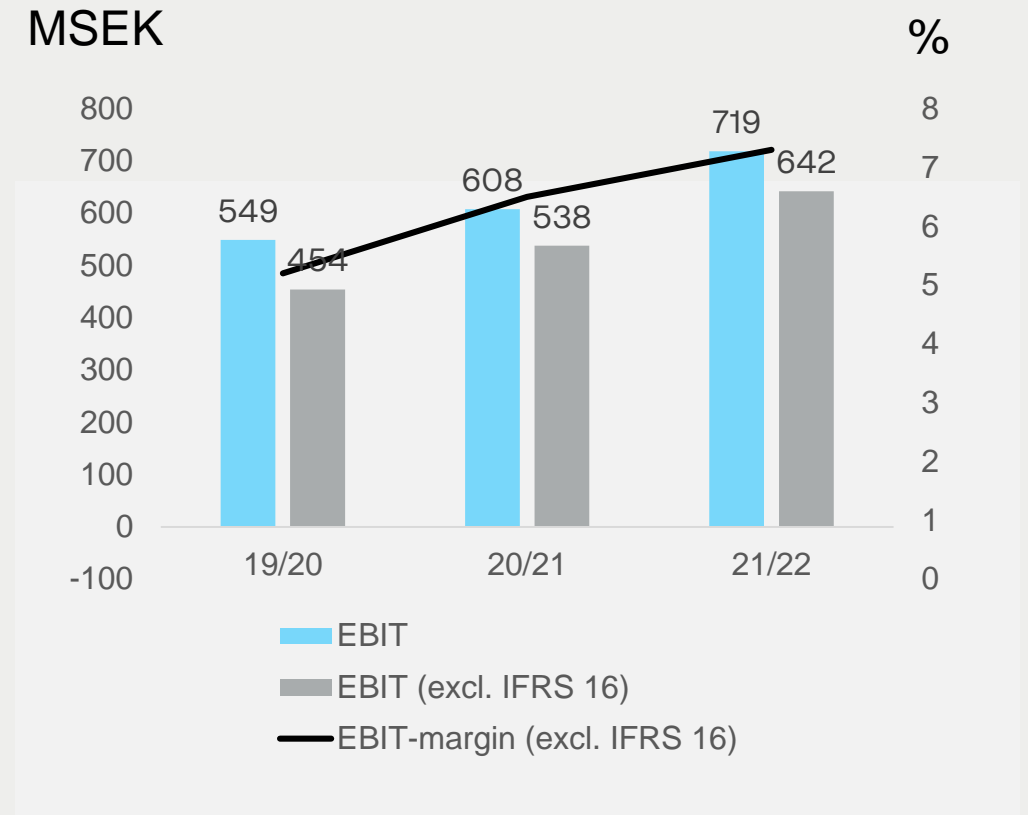
Operating profit in Q4

- Operating profit increased to -10 MSEK (-64)
 - Positive IFRS 16 effect of +20 MSEK (+17)
- EBIT-margin increased to -0.6% (-4.2%)
 - Positive IFRS 16 effect of +1.1 percentage points (+1.1)
 - EBIT-margin excl IFRS 16 -1.7% (-5.3)
- Earnings per share was -0.25 SEK (-1.02)



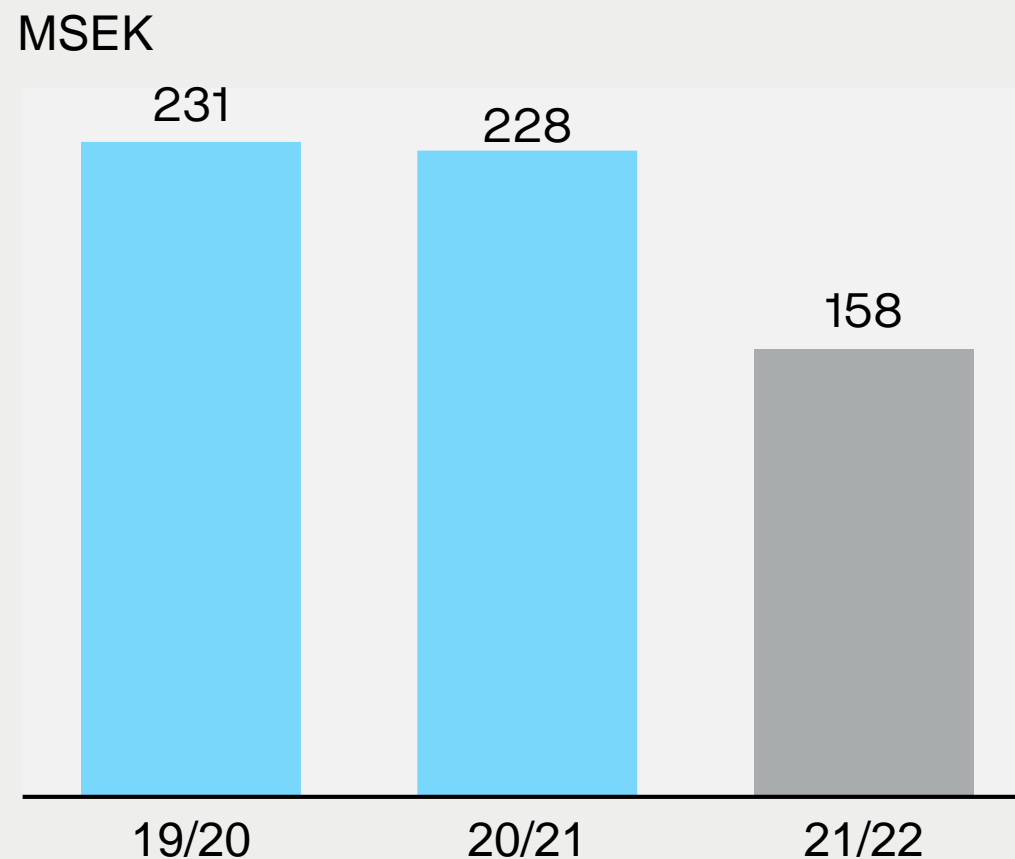
Operating profit in FY

- Operating profit increased to 719 MSEK (608)
 - Positive IFRS 16 effect of +78 MSEK (+70)
- EBIT-margin increased to 8.2% (7.3%)
 - Positive IFRS 16 effect of +0.9 percentage points (+0.9)
 - EBIT-margin excl IFRS 16 7.3% (6.5)
- Earnings per share was 8.25 SEK (6.65)



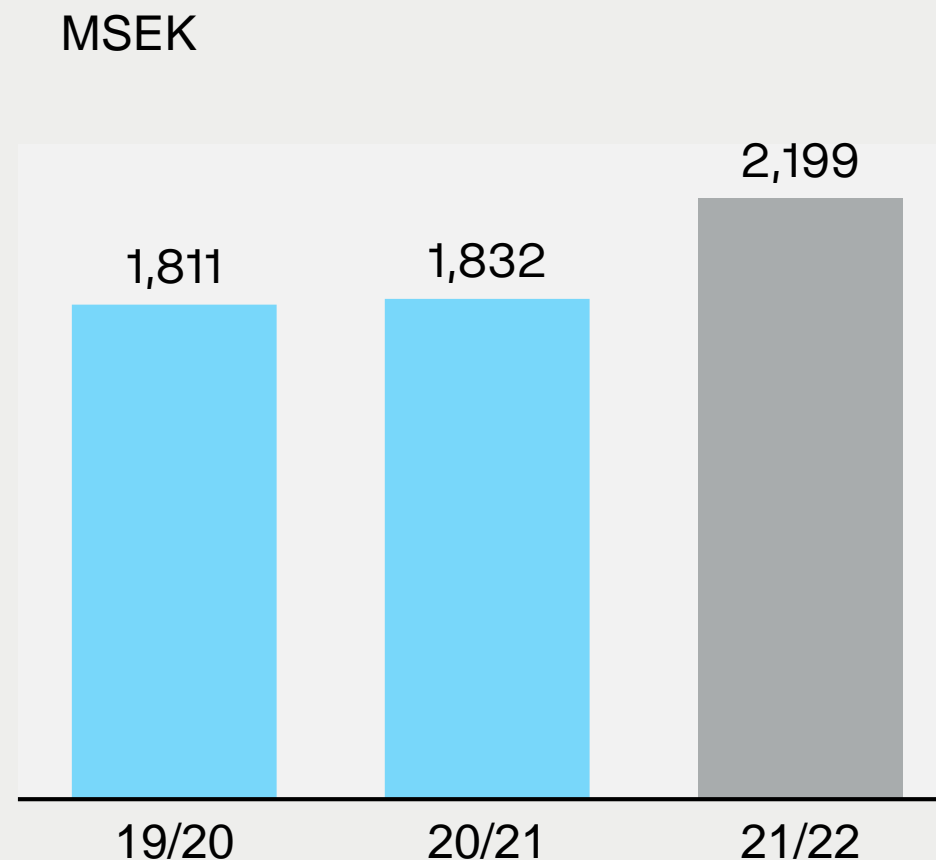
Investments FY

- Total investments 158 MSEK (228)
- New stores and refurbishments 62 MSEK (60)
- IT systems 53 MSEK (83)
- Other investments mainly related to improved distribution system



Inventory level FY

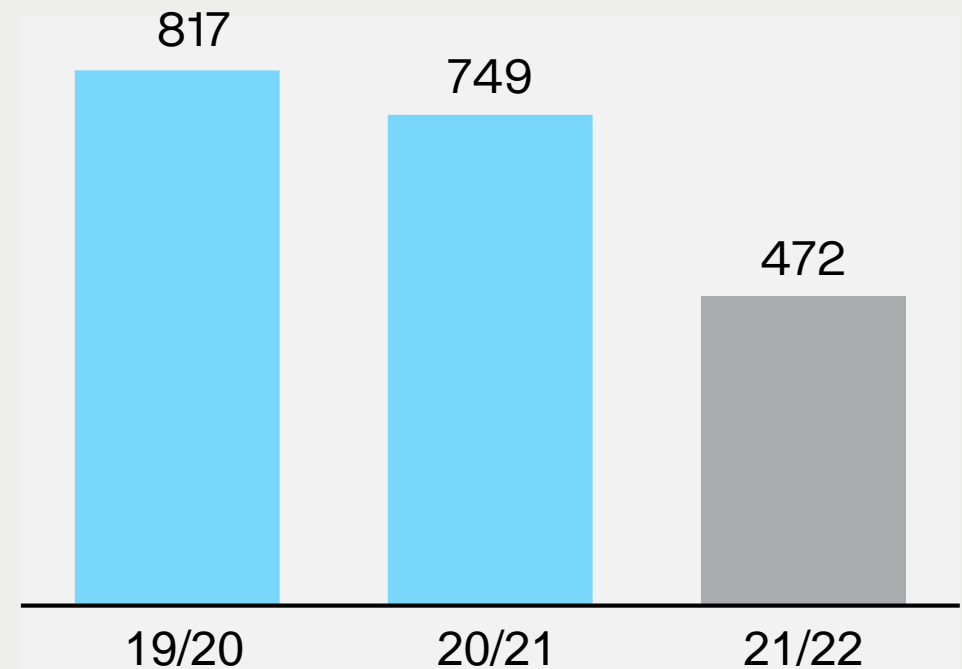
- Inventory level increased to 2,199 MSEK (1,832) at the end of the period
 - Well-balanced and the company now stands well-equipped for the first quarter
- Average inventory level LTM was 1,986 MSEK (1,731)
 - Inventory turnover rate DC 5.5 (5.8)



Cash flow FY and financial position

- Cash flow from operating activities excl. IFRS 16 was 472 MSEK (749)
 - Cash flow from operating activities was 986 MSEK (1,288)
- Cash flow from investments and financing activities was -1,067 MSEK (-834)
- Net debt/EBITDA excl. IFRS 16 was -0.5 times (-0.7)
- Approved credit facilities of 650 MSEK of which used 0 MSEK

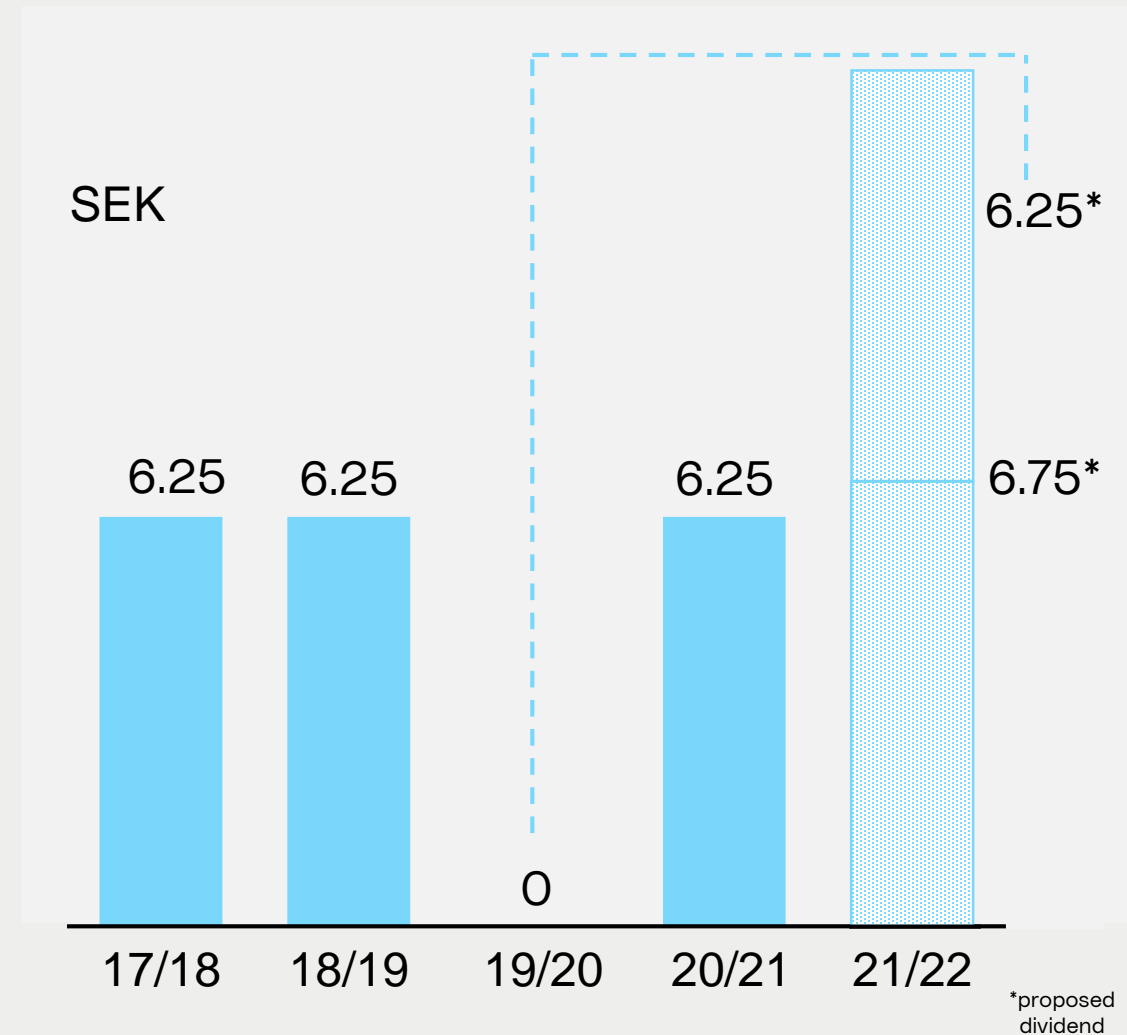
Cash flow from operating activities
excl. IFRS 16, MSEK



Proposed dividend

- Proposed dividend 6.75 SEK per share (6.25) to be distributed as two separate payments of 3.375 SEK
- Proposed extra dividend 6.25 SEK per share to be distributed as two separate payments of 3.125 SEK
- In line with dividend policy

At least 50 per cent of earnings per share after tax, with consideration for the financial position



Macro trends with business impact

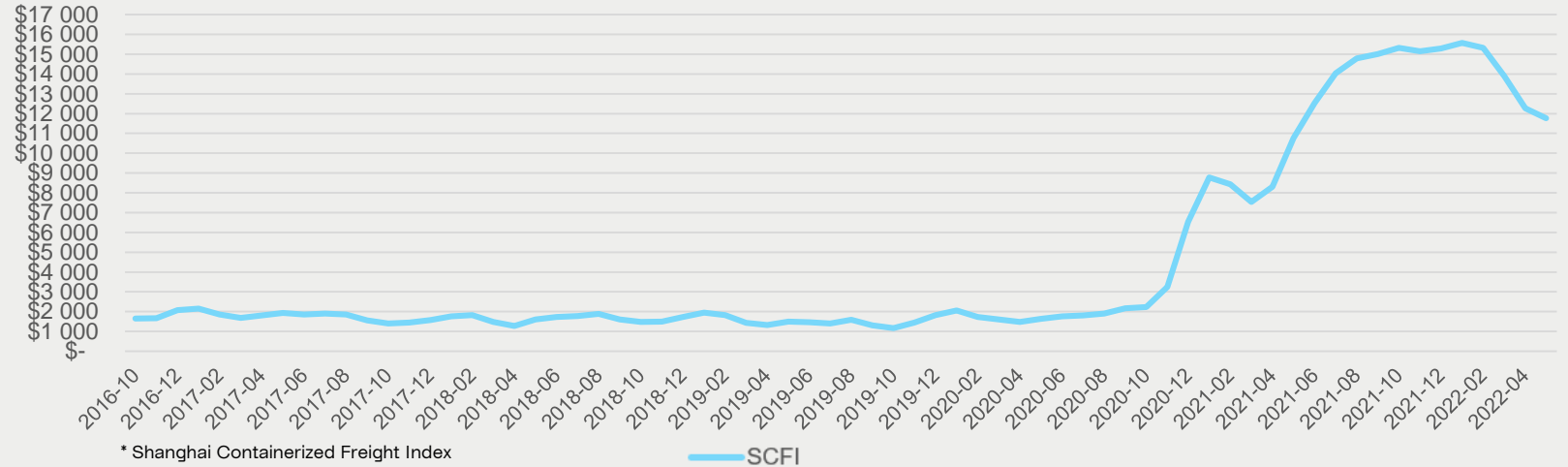
Factors impacting Clas Ohlson:

- 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

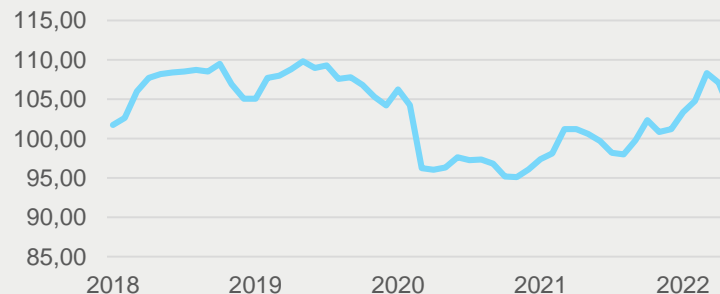
Counteracting measures:

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

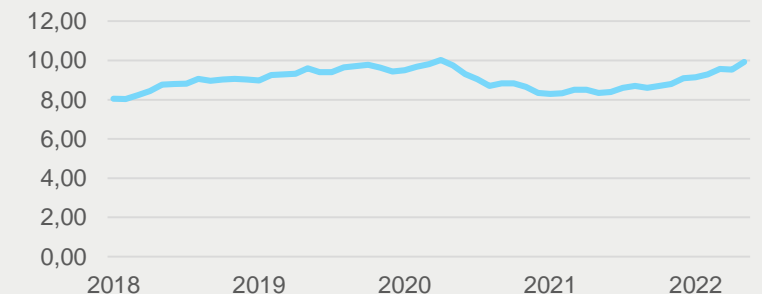
Prices for 40t containers from Asia to Gothenburg



NOK/SEK*



USD/SEK*



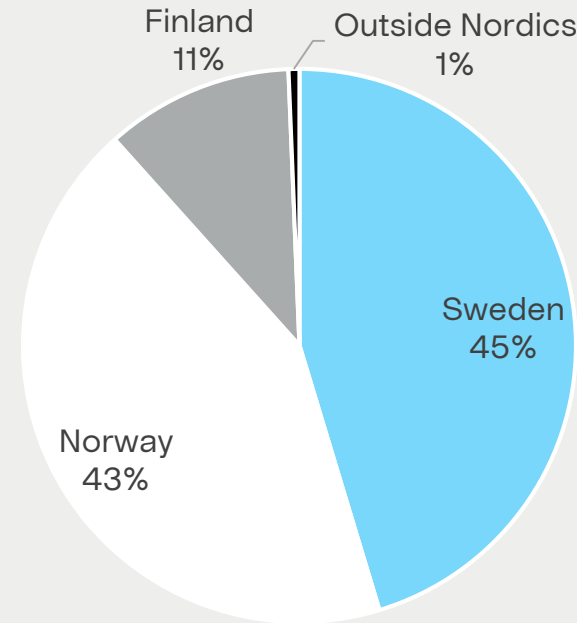


Events after the reporting period

UK update

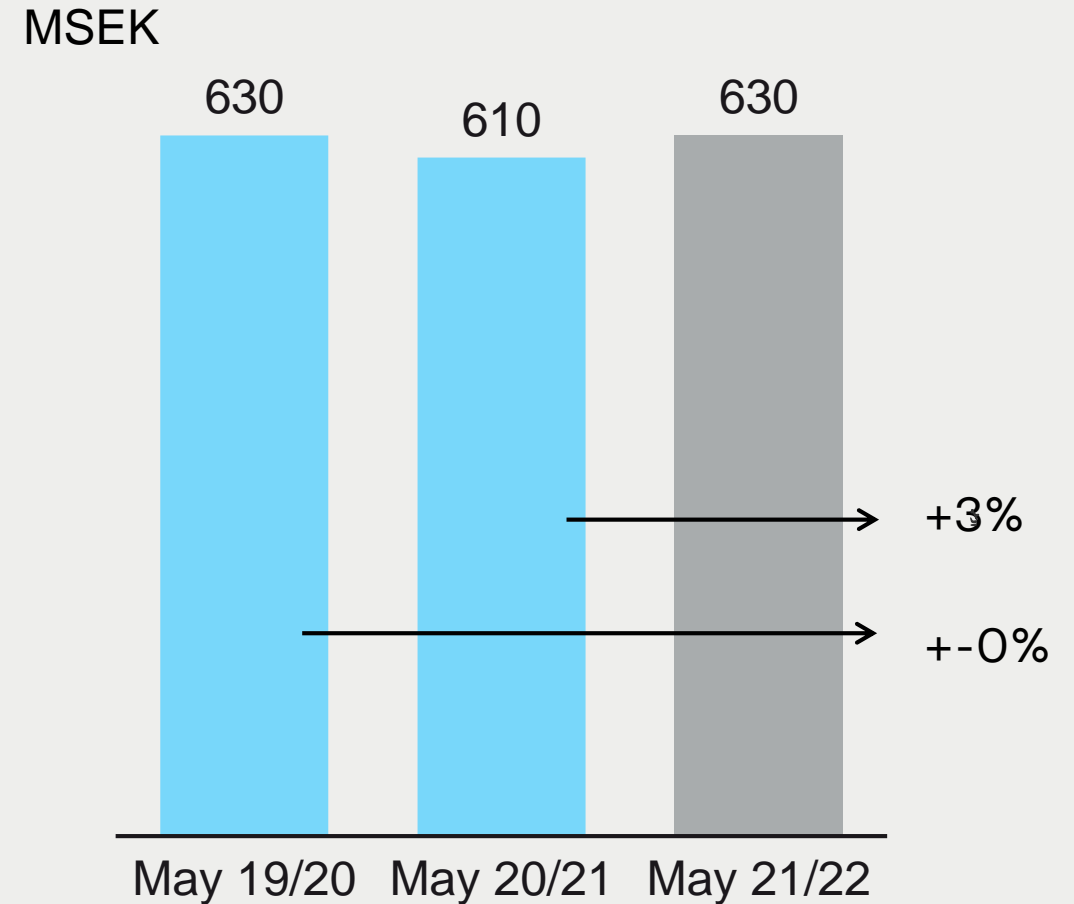
- Board decision to leave the UK market, in line with strategic focus on the Nordic markets
- Short-term financial impact of closure –35 MSEK
 - Cost will affect 2022/23

Distribution of sales FY 21/22



May sales development

- Total sales up 3% to 630 MSEK, organic sales up 2% and LFL up 1%
 - Sweden +3% organic
 - Norway -2% organic
 - Finland +12% organic
 - Outside Nordics -16% organic
- Positive calendar effect of 3%
- Online sales up +9%
- Decrease of 1 store compared to end of May last year





Summary and outlook

Well positioned for growth and ready to shift gear

- Strong financial position and financial preparedness
- Proposed dividend 6.75 SEK per share and 6.25 SEK per share as extra dividend, to be distributed as two separate payments in September and January
- Investing in marketing and attractive customer offers to be a top-of mind destination for home fixing
- An updated strategy for sustainable profitable growth



Q&A



