

Capital Markets Day

8 June 2022

Group Management



Kristofer Tonström
President and CEO



Tina Englyst
HR and Sustainability
Director



Tim Heldmann
Chief Marketing Officer



Lene Iren Oen
Director Sales and E-com



Per-Ove Silverstam
Director Supply and Logistics



Peder Apelgren
Chief Digital Officer



Eva Berg
Director of Purchasing and
Product development



Pär Christiansen
CFO



Johannes Åverling
Director of Retail
Operations



Today's presenters



Kristofer Tonström
President and CEO



Tina Englyst
HR and Sustainability Director



Tim Heldmann
Chief Marketing Officer



Lene Iren Oen
Director Sales and E-com

Agenda

- Trends and market environment
- Our current position
- Strategy update
 - Sustainability
 - Growth drivers
- Break
- Summary and Q&A

Trends and market environment

Kristofer Tonström



Nordic retail trends – focus on the home



Importance of the home



Value for money



Health and well-being



Value-based consumption



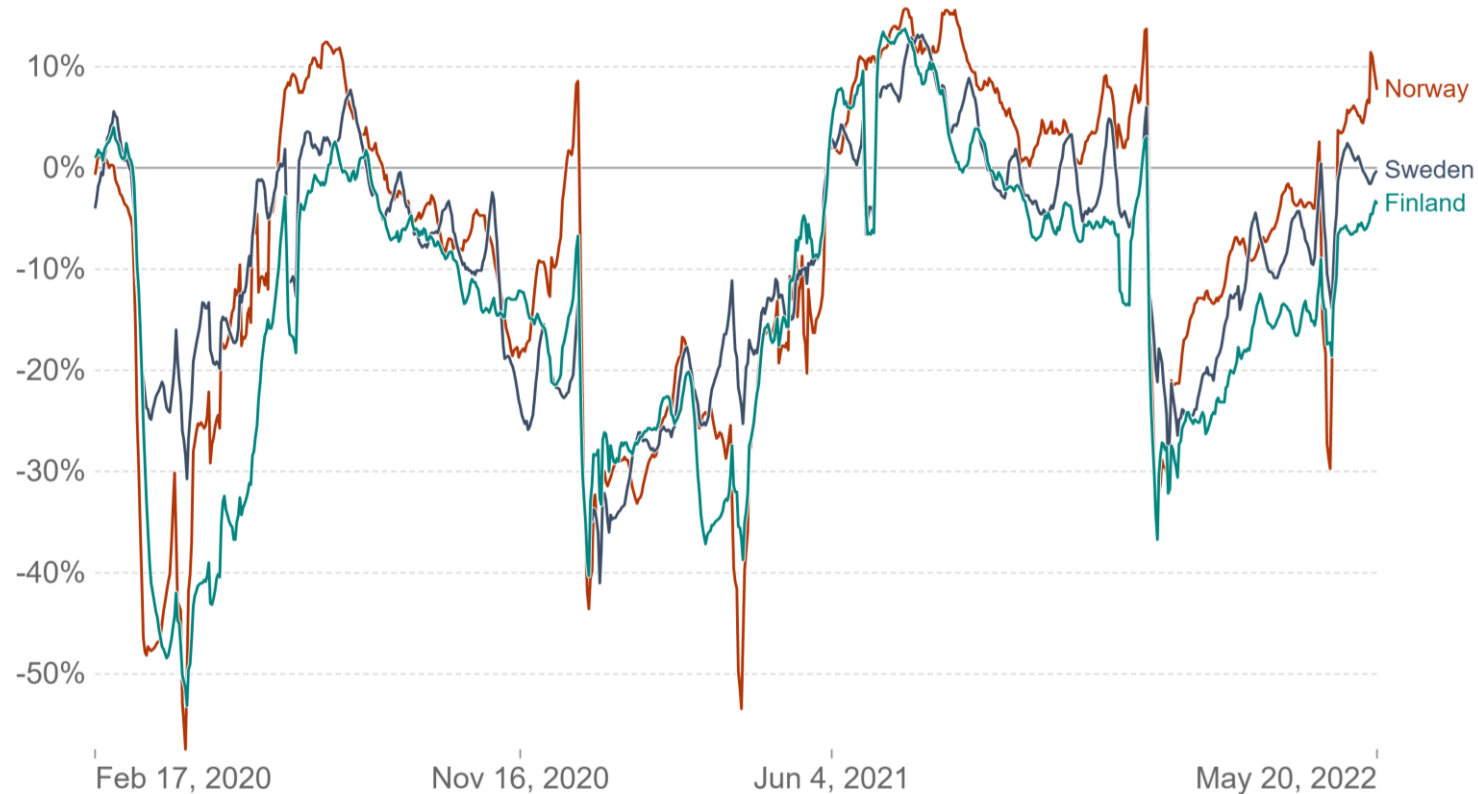
Omni-channel



The new workspace



Volatile traffic* patterns during the pandemic



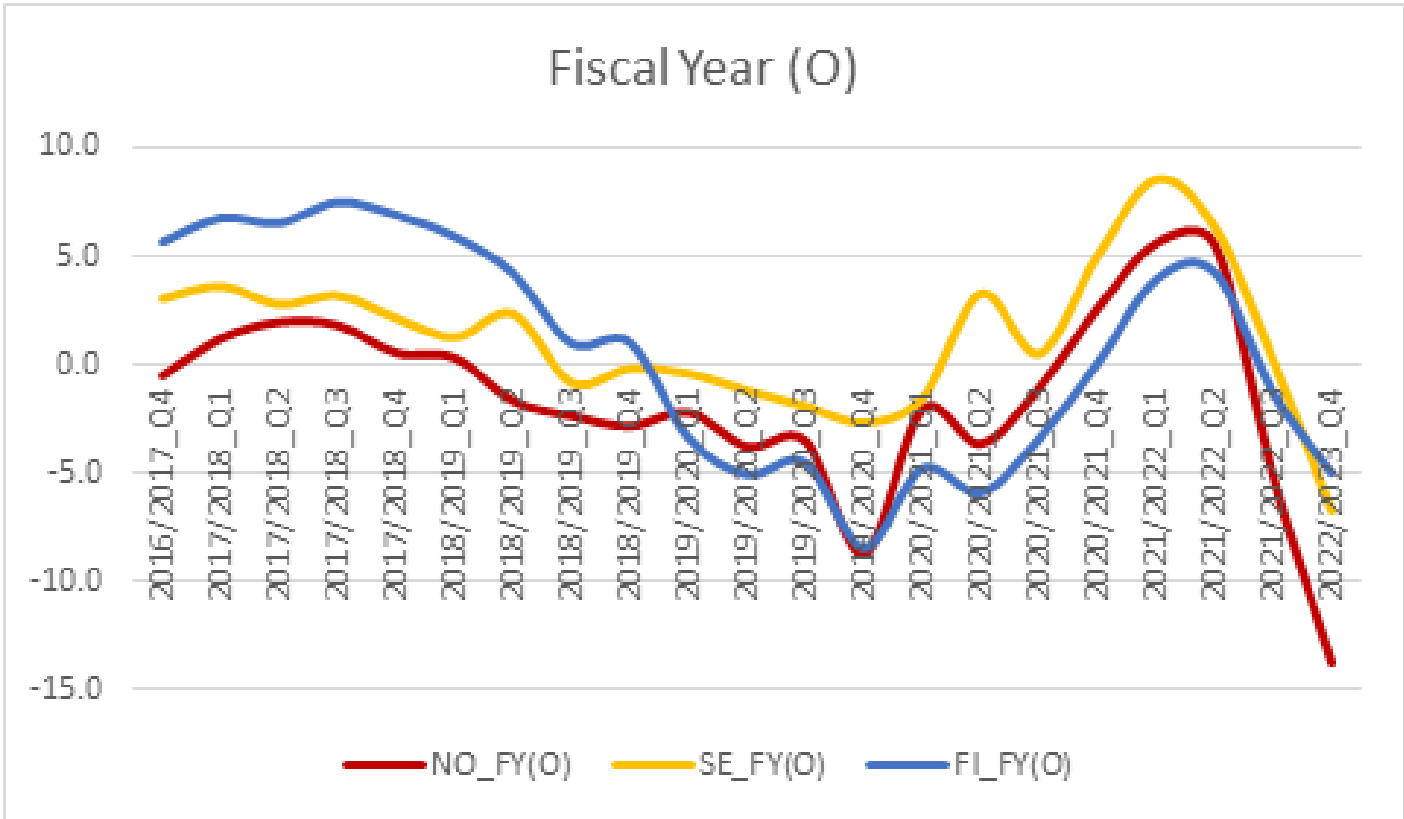
Source: Google COVID-19 Community Mobility Trends – Last updated 24 May 2022

OurWorldInData.org/coronavirus • CC BY

Note: It's not recommended to compare levels across countries; local differences in categories could be misleading.



Shifting consumer confidence



Source: Opinion AS



Supply chain disturbances

- Global logistics challenges following pandemic and war in Ukraine
- Transportation costs stabilizing on high levels
- General trend to move production closer to home markets – speed and sustainability
- Risk management – spreading production across more geographies

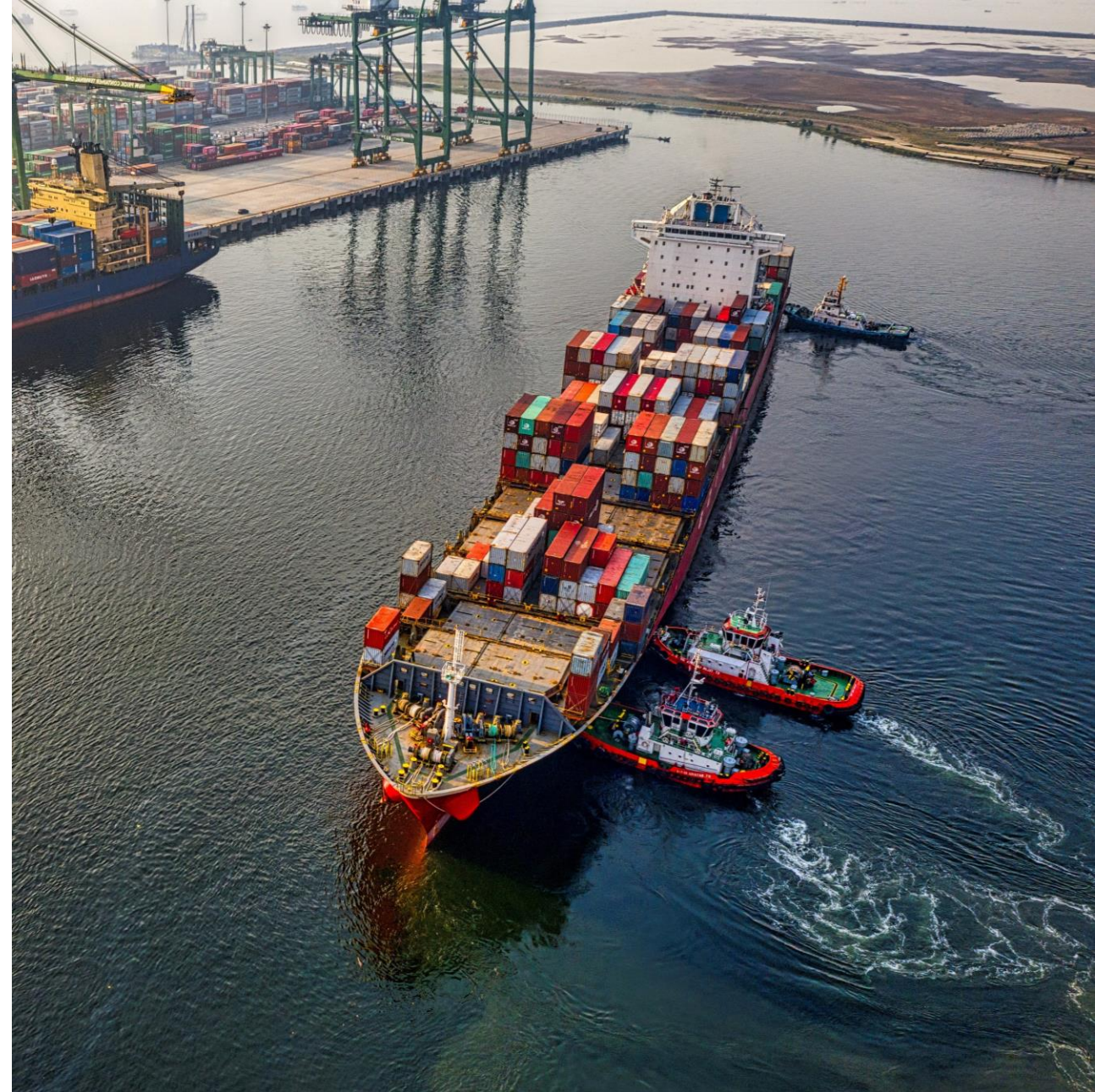


Photo by [Jeremy Bishop](#) on [Unsplash](#)

Our current position



More than 100 years of customer focus



Clas Ohlson is founded

1918



First mail order catalogue

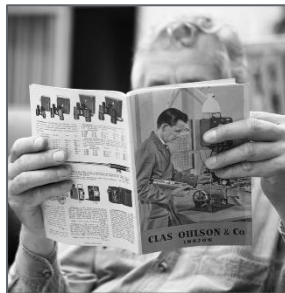
1921

First employees and new office



1922

Catalogue printed 250,000 copies



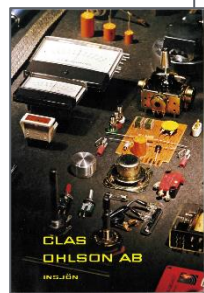
1961

First store outside of Insjön: Stockholm



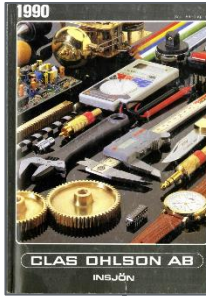
1976

Catalogue in full colour



1989

New 11,000 sqm warehouse in Insjön



1990

1,000,000 Catalogues printed



1995

Introduced to Nasdaq Stockholm



1999

Launch of new e-com platform



2012

Launch of Club Clas

2016

Clas Ohlson 100 years Launch of new strategy

2018

Introduction of new visual identity



2021



Well positioned for the future

Attractive market with compelling growth opportunities

Well positioned brand and competitive customer offer

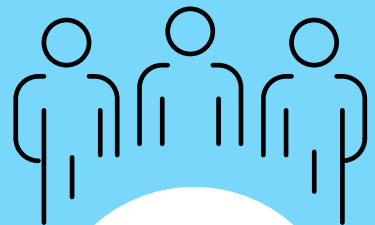
A strong ability to deliver results

Good cash flow and strong financial position enables attractive yield

An ambitious sustainability agenda for a 100 more years



200 million
Customer visits/year



Customer

Customer care



Phone



Email



Chat



Social media

Club Clas

228 stores

Online



Clas Fixare

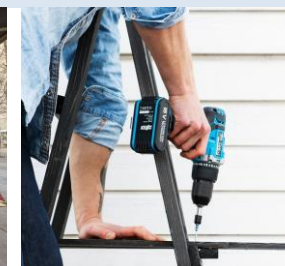
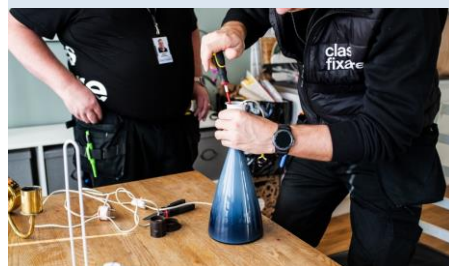
Click & Collect
pick up in store within 30 minutes

Home delivery

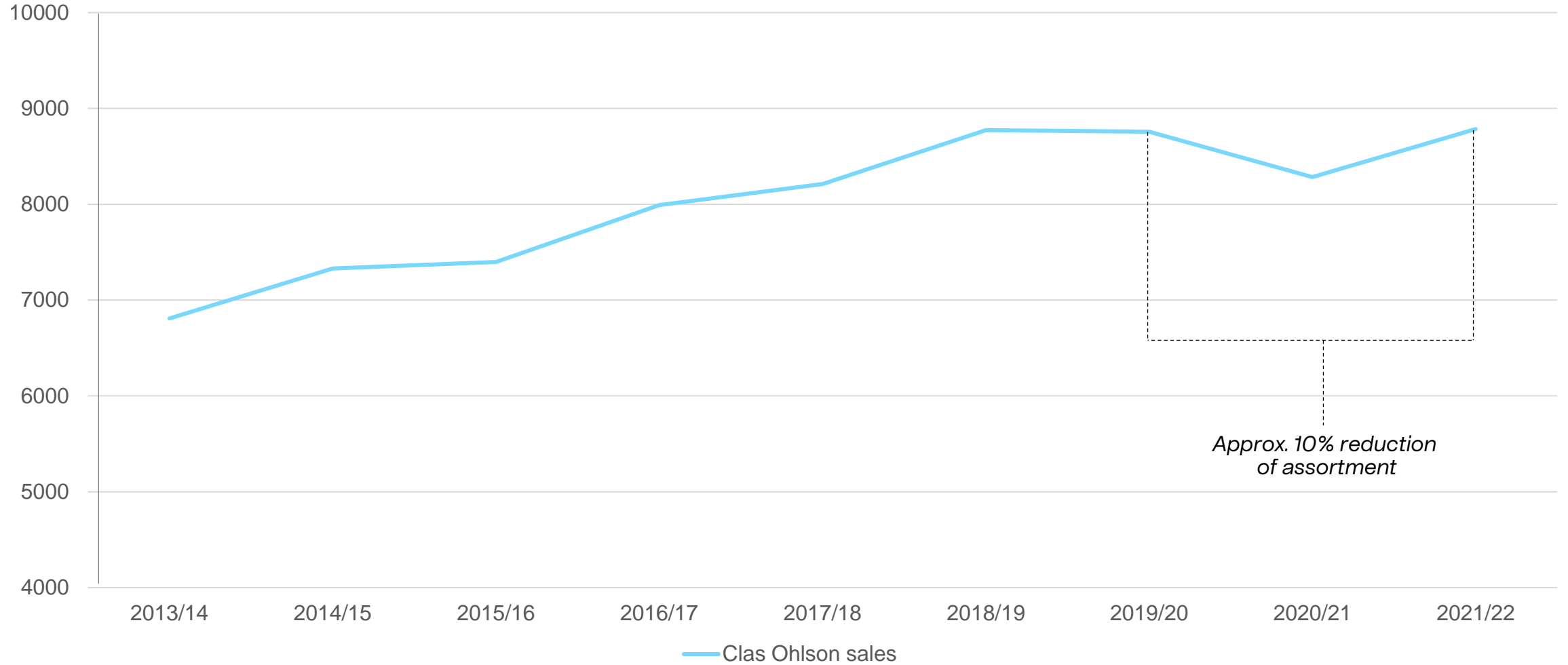
Delivery to pick-up points

Delivery to parcel boxes

Collaborations with
other platforms



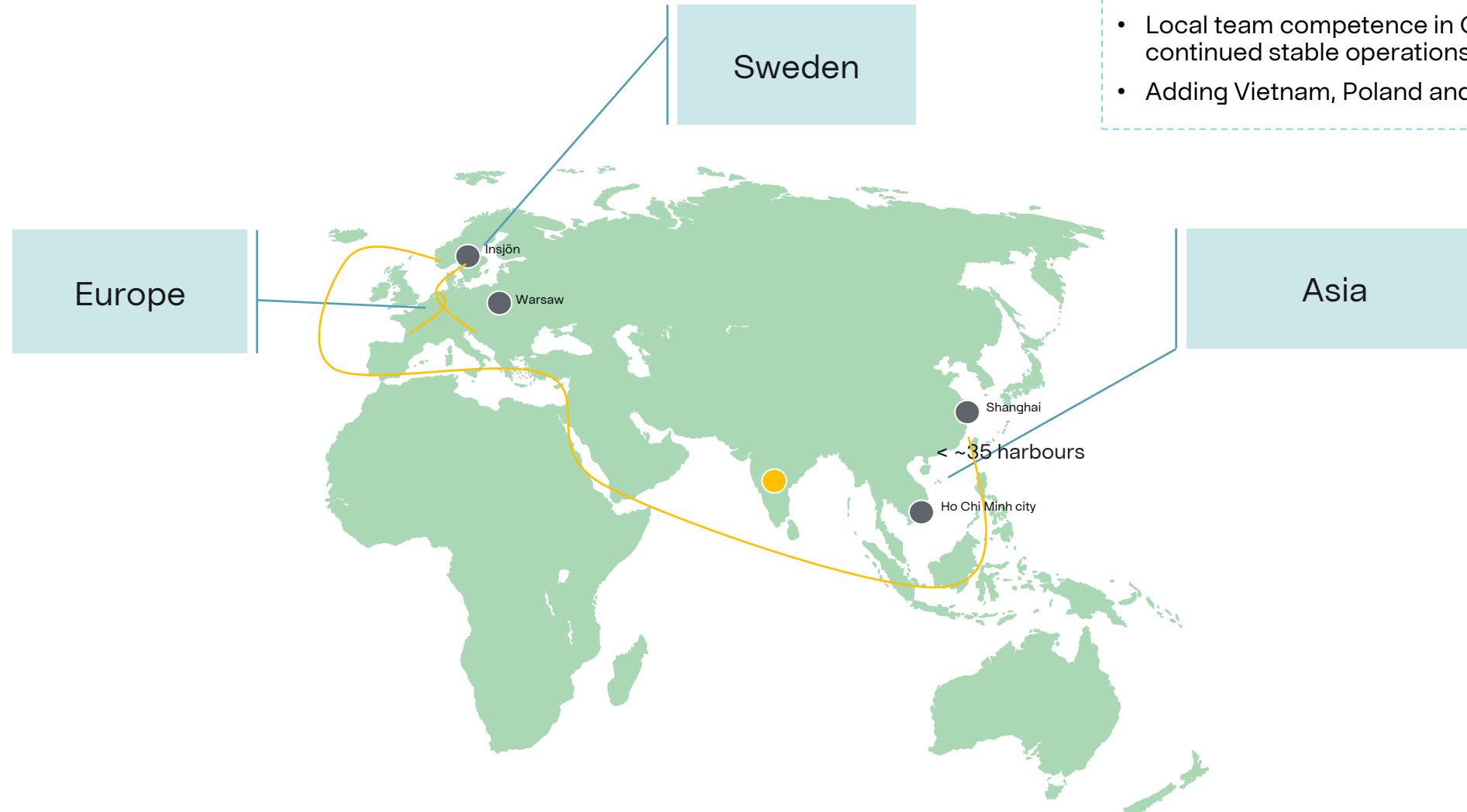
Sales development



Sourcing and supply chain

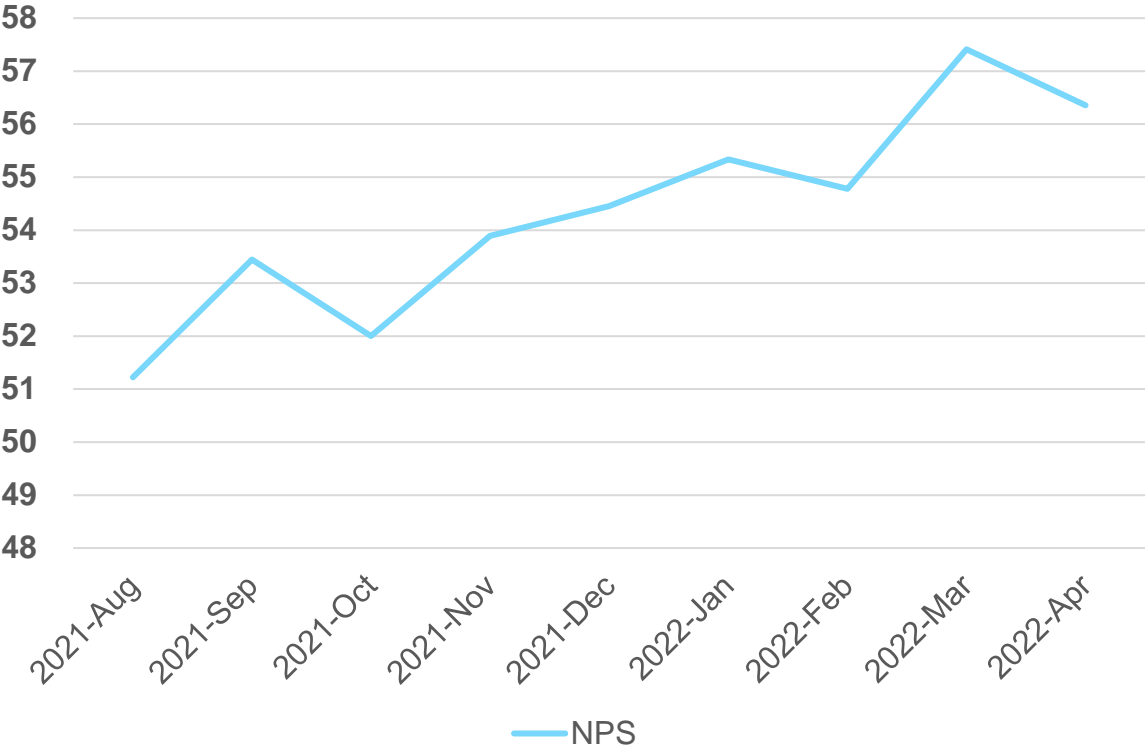
Clas Ohlson:

- Adjusted planning and placing orders earlier
- Continued optimization and cost focus
- Dynamic approach to sourcing enables adaptation to quickly changing market conditions
- Local team competence in China enables continued stable operations
- Adding Vietnam, Poland and India

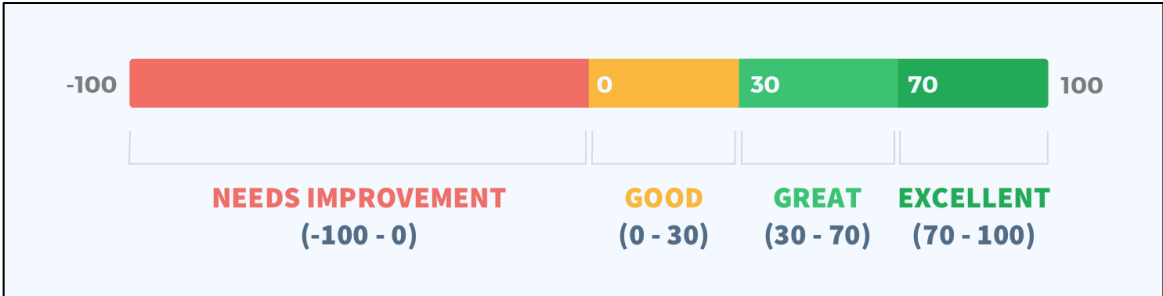


High customer satisfaction and loyalty

Clas Ohlson NPS development

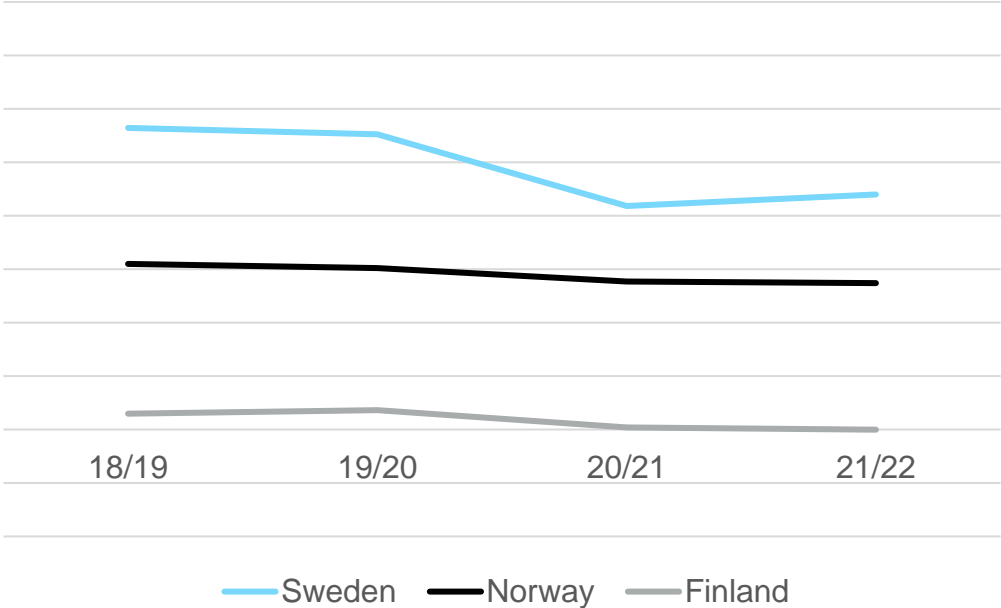


What is a good NPS score?

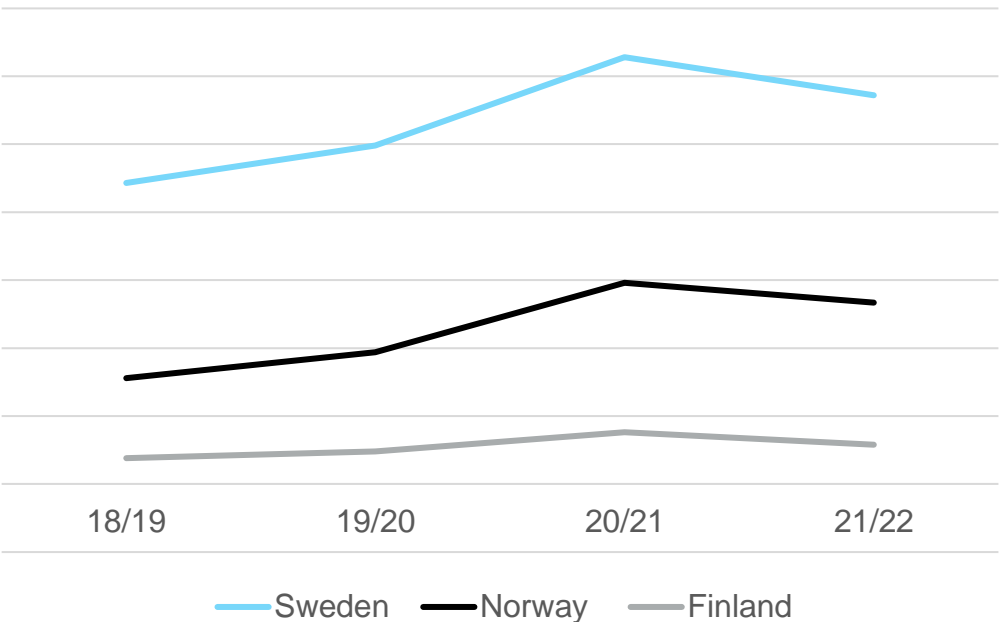


Clas Ohlson customer traffic

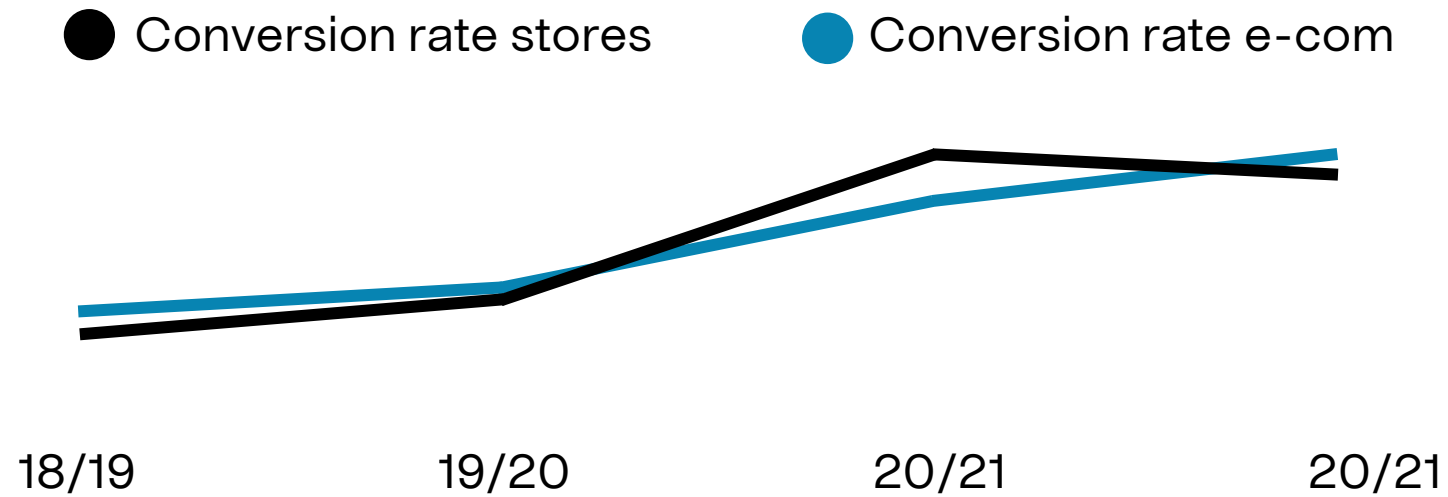
Store traffic



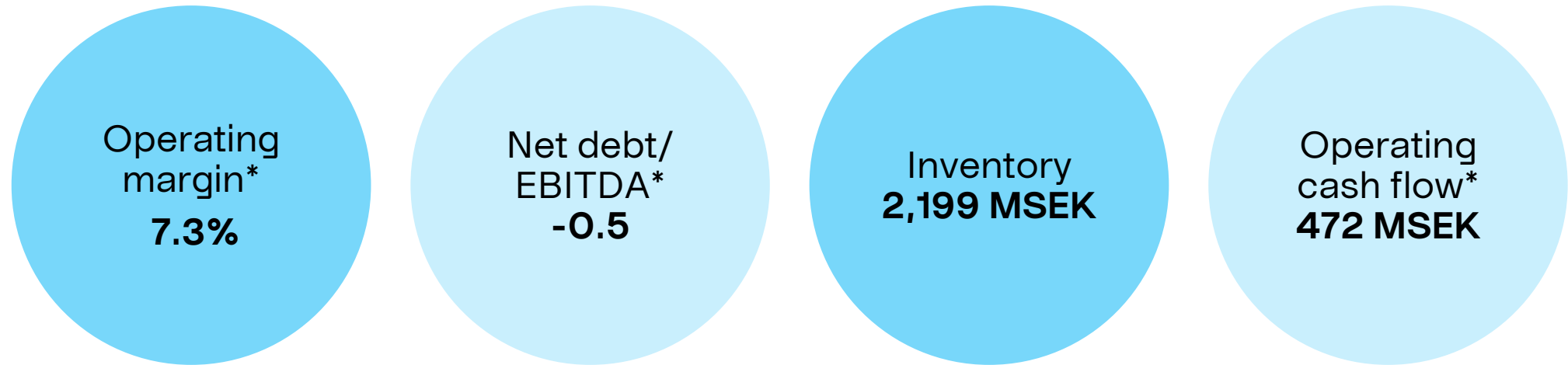
E-com traffic



Clas Ohlson conversion rate development



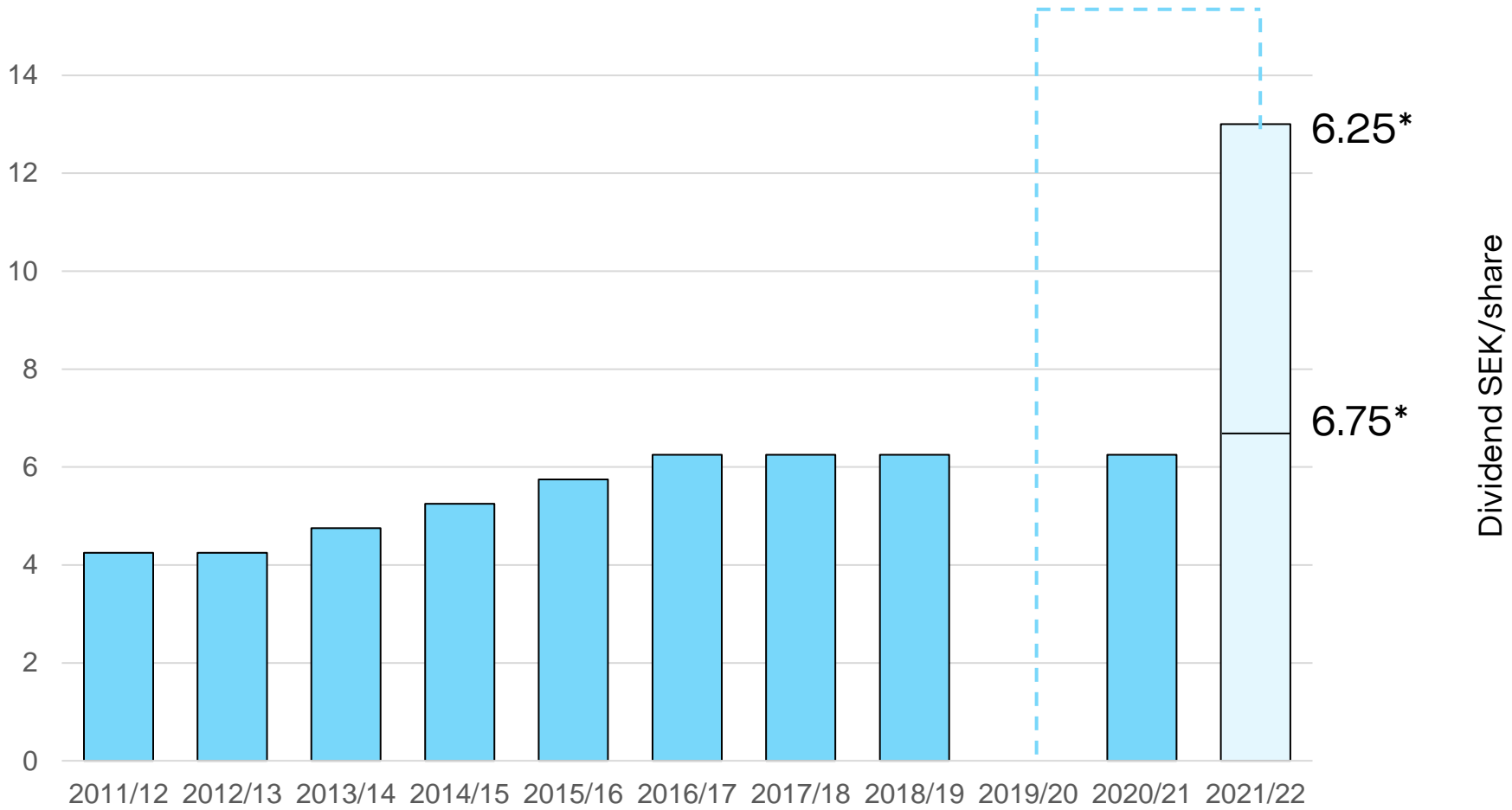
Financial position FY21/22



* excluding IFRS 16



Dividend



* Proposed dividend



Strategy update



Our starting point

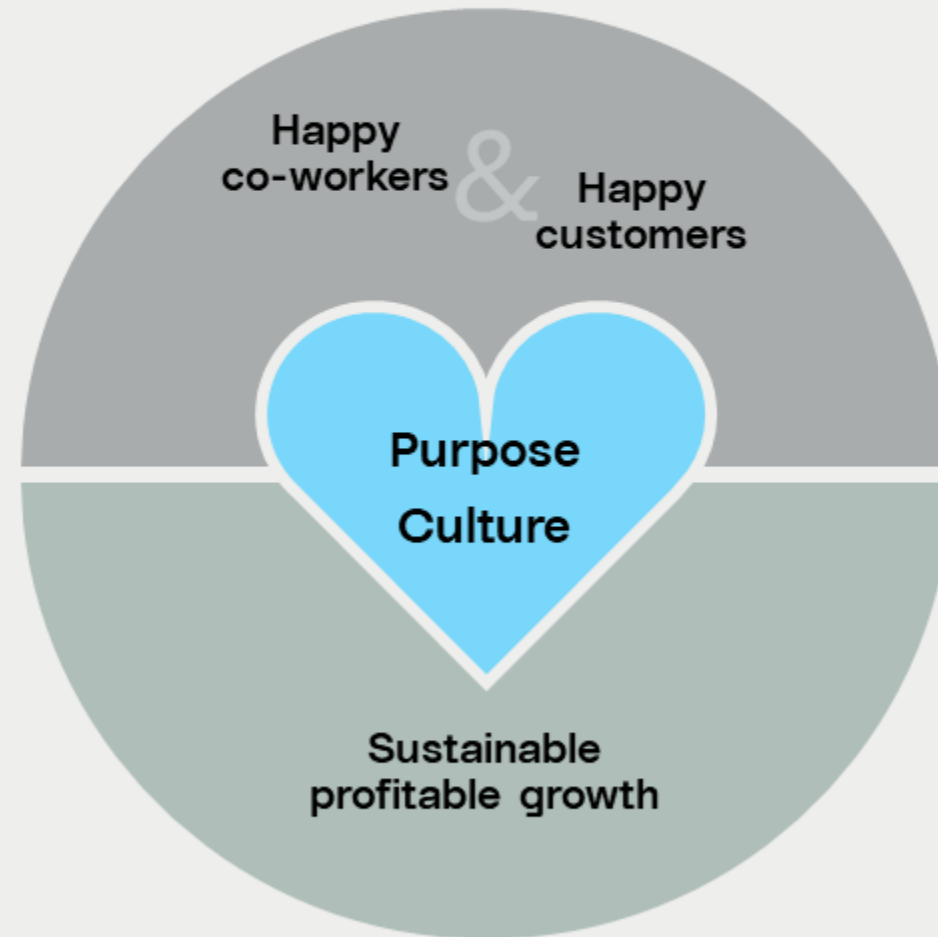
Purpose

Dedicated to simplifying home fixing for everyone, responsibly.

Mission

To help and inspire people to improve their everyday life by offering smart, simple, practical solutions at attractive prices.

Our strategic framework



Where to play



Market: The 90 billion SEK SE/NO/FI home improvement market

Primary target customers: People with the highest engagement with their homes.

Position: A home fixing destination with value-for-money products, guidance & services. Industry leader in sustainability.

Customer offering: Key product categories based on our customers' most relevant home fixing problems

How to win

1



Creating a winning team

2



Core customer focus

3



Owning key consumer missions

4



Using and building the Clas Ohlson brand

5



Providing availability & convenience





6



Offering in-home services



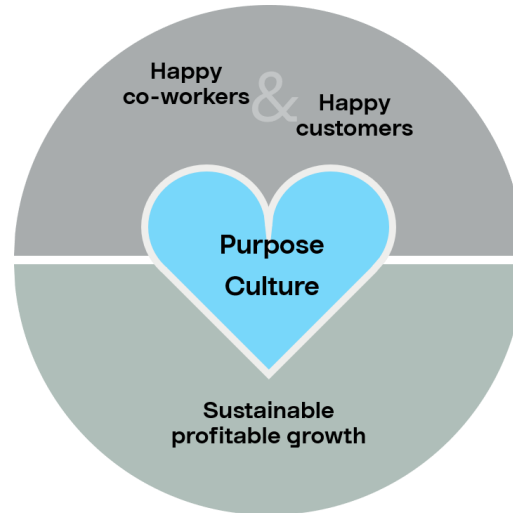
Updated financial targets and frameworks

	Sales	5%	Clas Ohlson targets to achieve an annual organic sales growth of 5% per year
	Operating margin	7-9%	The company is targeting an reported operating margin* of 7-9% per year
	Dividend policy	>50%	Dividends are to comprise at least 50% of earnings per share after tax, with consideration for the company's financial position
	Net debt/EBITDA	<2x	Net debt in relation to EBITDA is to be below two times. Investments are to be made in line with the company's financial position, cash flow and credit facility



Sustainability agenda:

Climate neutral and fully circular



**Long-term sustainability goals for
'100 more years'**

Sustainability a precondition as well as
competitive advantage

Strategy execution – growth plan 24/25

Responsible growth

1

Net sales >10 billion
SEK by FY24/25
with 7-9% EBIT margin

2

**Industry leading in
sustainability** – deliver on
our people agenda and
2045 commitments



Sustainability

Tina Englyst

Sustainability agenda

Climate neutral and fully circular by 2045

Our overall sustainability targets



Planet

Climate neutral and fully circular by 2045



People

Being a sustainable long-term employer with happy co-workers reflecting all kinds of homes



Society

Contributing to a fair and prosperous society for future generations – a children's rights ambassador

Long-term sustainability goals for '100 more years'

Environmental and social aspects are integrated in our strategy and organization

Sustainability a precondition as well as competitive advantage



Detailed targets



Planet

- Reduce our emissions across the value chain by 50% by 2030
- Private label products assessed in accordance with the Sustainable Product Assessment Model (21/22 15%, 22/23 50%, 23/24 90%, 24/25 100%)



People

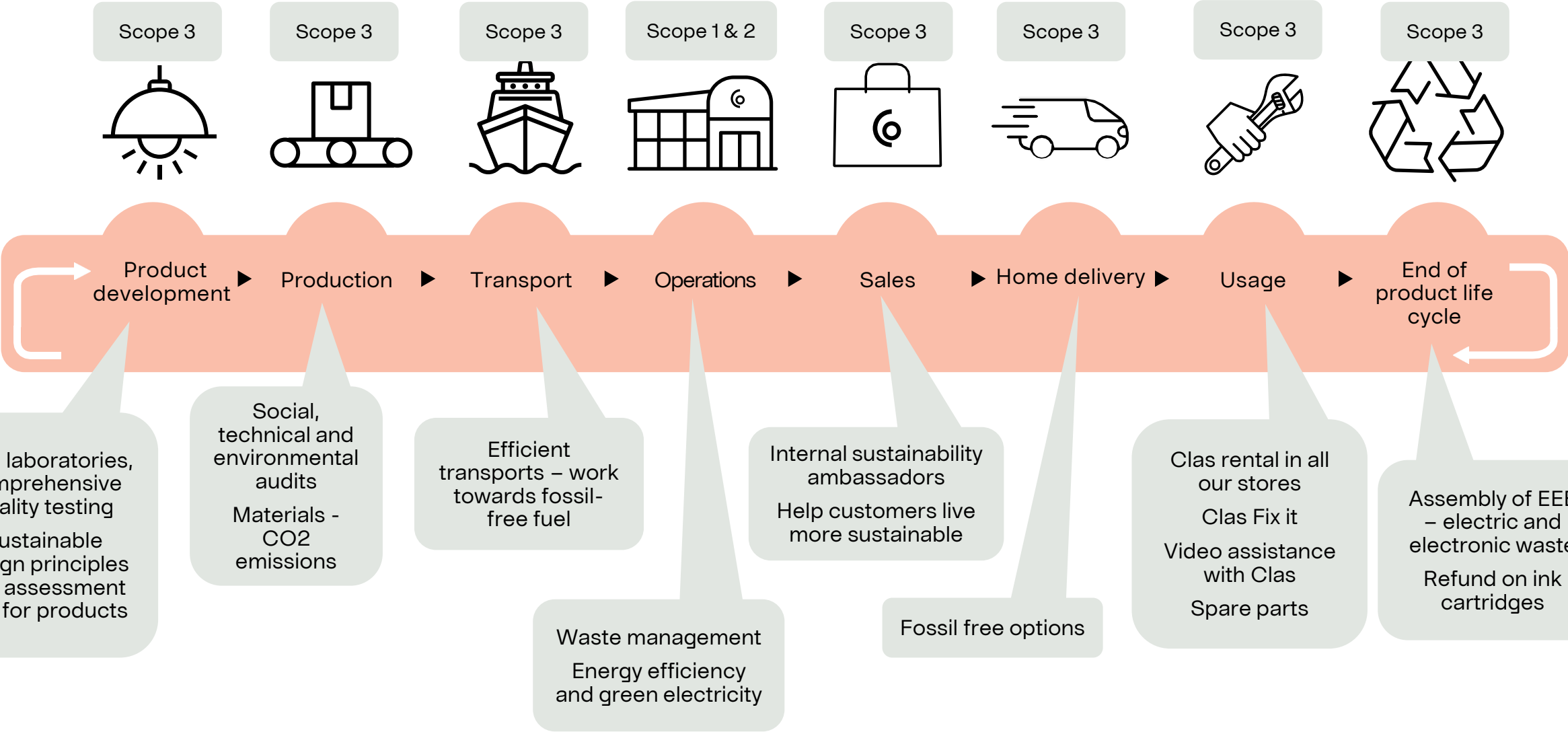
- Gender equality 50/50
- 15-20% of our co-workers are to have a background in another country than the one they currently work in by 2025
- 96% employee attendance



Society

- 100% of suppliers to fulfil the requirements of our Code of Conduct
- Co-workers perceive that Clas Ohlson works with sustainability in a trustworthy manner (77% 21/22)
 - Child ambassador

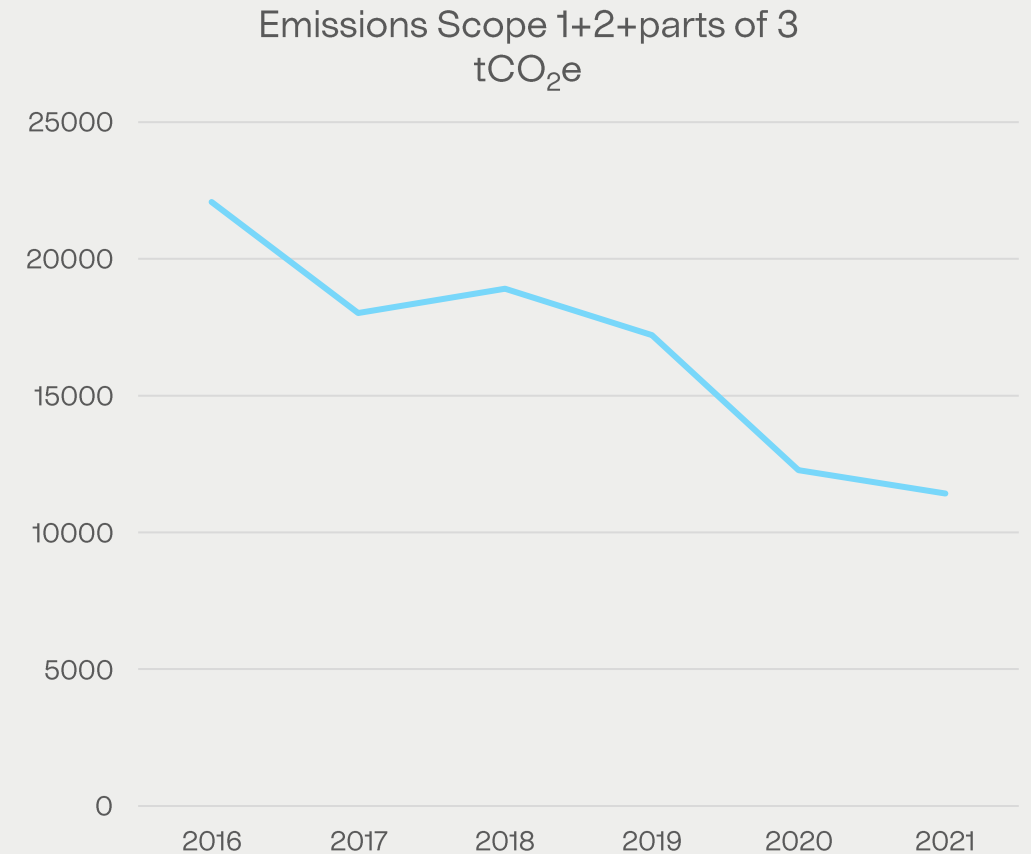
Planet - focus on the areas of biggest impact



Emissions in Scope 1, 2 and parts of Scope 3

- The majority of Clas Ohlson's emissions are in Scope 3 (indirect emission - production, materials, use & waste).
- 7% total reduction of emissions from last year (increase in HVO transports, increased filling of containers, reduction in business travel, decreased emission factor for Electricity Nordic mix (WTT))

Currently developing a method to include more emissions in Scope 3 - estimated to be 5-10 times higher than what we report on today.



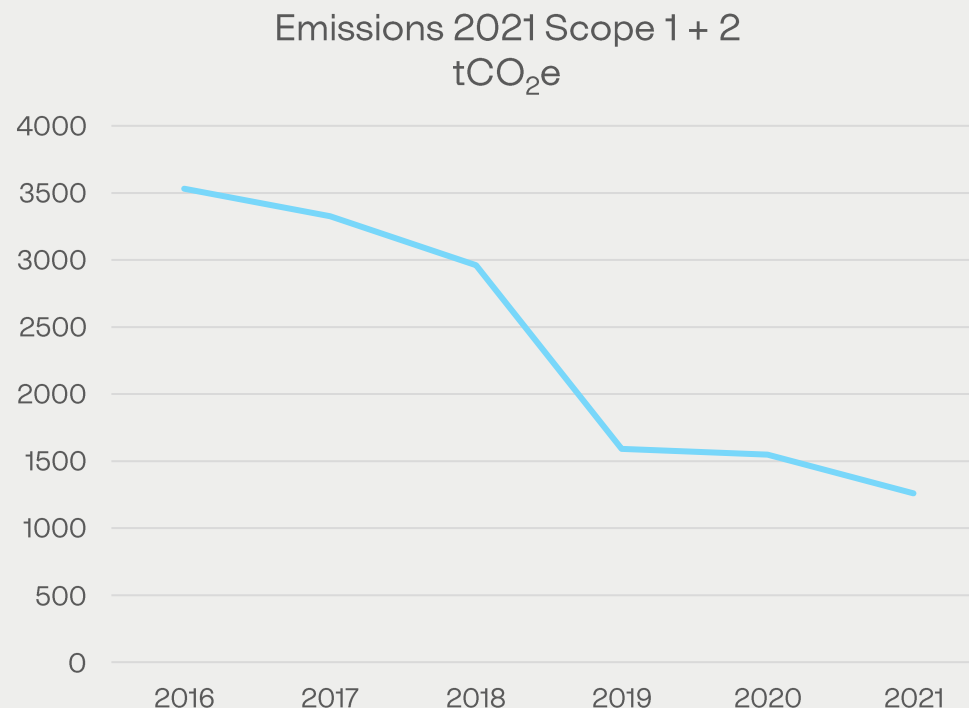
Scope 3

Business travel, all incoming transportation from Asia and Europe and outgoing transportation (store and online shopping), waste from Insjön (DC, HQ and store) as well as upstream emissions (Well-to-Tank) from fuel for electricity, heating and vehicles.



Emissions in our own operations

- CO2 emissions from Clas Ohlson's own operations (Scope 1 and 2) decrease of 18 percent 2021 (cf. 2020)
- Reduction due to improved emission factor fuel, decreased travelling with company cars, energy efficiency through LED conversion and renewable electricity.



Scope 1:

Company cars, oil-fired combustion at DC and HQ in Insjön that are only used as a reserve for district heating stoppages.

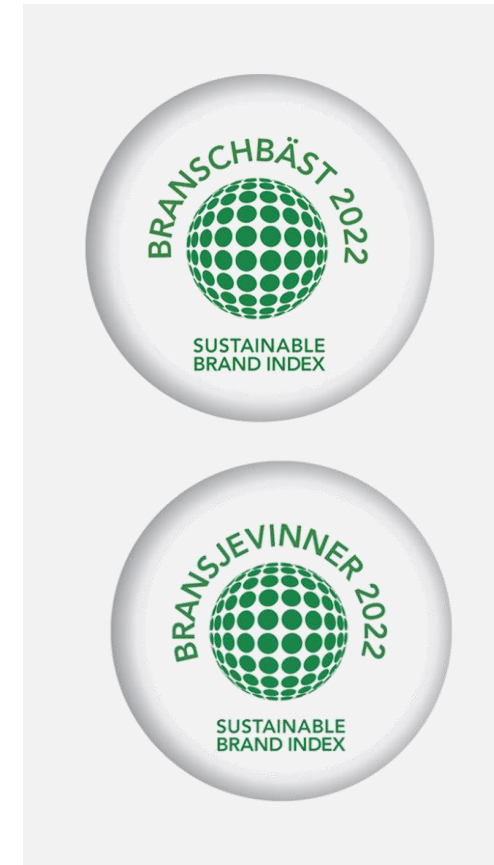
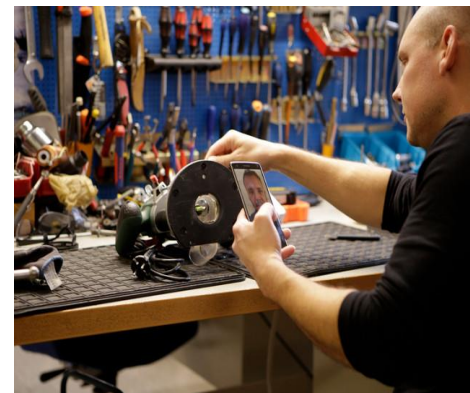
Scope 2:

Heating of DC and HQ in Insjön, energy consumption at DC, offices and all stores



Focus on the areas of biggest impact – customer offering

- Assortment of more sustainable products e.g. solar cell lighting, cleaning products, consumables and spare parts
- Rental, repairs, deposit and refill of ink cartridges, video assistance & Clas Fixare





Growth drivers

Primary growth drivers next 3 years

- Enabled by all "How to win" choices

1



Owning key consumer missions

2



Providing availability & convenience

3



Core customer focus

4

Win in Finland



1

Owning key consumer missions

Tim Heldmann



The customer view of Clas Ohlson

- Brand awareness 90%
- Customers think Clas Ohlson has a broad assortment – a good starting point
- Potential in sharpening reason to visit
- Potential in solving the customer problem more often



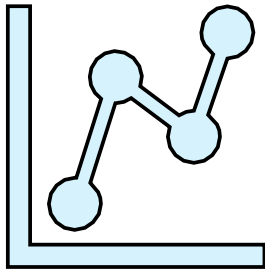
Our updated company purpose:

Dedicated to simplifying
home fixing for
everyone, responsibly



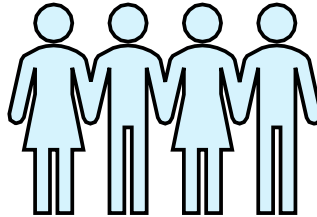
Developing consumer missions

Quantitative data



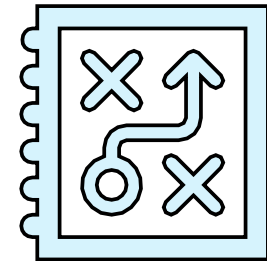
CC analysis
Market data
Existing mission knowledge
Brand tracker

Qualitative data



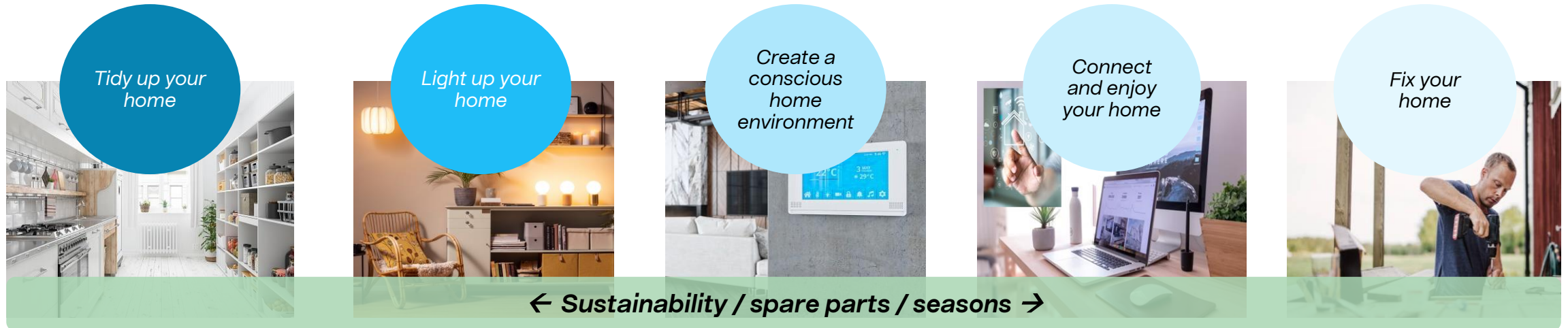
Strategic segments
Insight reports

Assortment strategy



Assortment roles
Assortment ambition
Superlayout

Our consumer missions – focus the offering



Consumables assortment



Healthy mix of external brands and private labels



External brands

- Drive traffic
- Sign post – ease of navigation
- Relevance & complete customer offer



Private labels

- Uniqueness
- Margin
- Loyalty
- Customer value

Summary: Clarity and flexibility

- Clear position in home fixing
- Broader assortment in selected categories
- Healthy mix of private label and external brands
- Flexibility to move between different product categories and wallets



2

Creating availability and convenience Stores

Kristofer Tonström



The many functions of our stores

- Our biggest sales channel
- Personal guidance & service
- Shopping experience that strengthens the brand
- Stores as logistics hubs



The role of the Clas Ohlson store

Physical sales



Products & guidance



Helpful staff



Services (potential to expand our offer)



Centre for Experiences



Social area

Support the omnichannel experience and online sales channel



Pickup point



Returns and customer service for online orders



Logistic hub

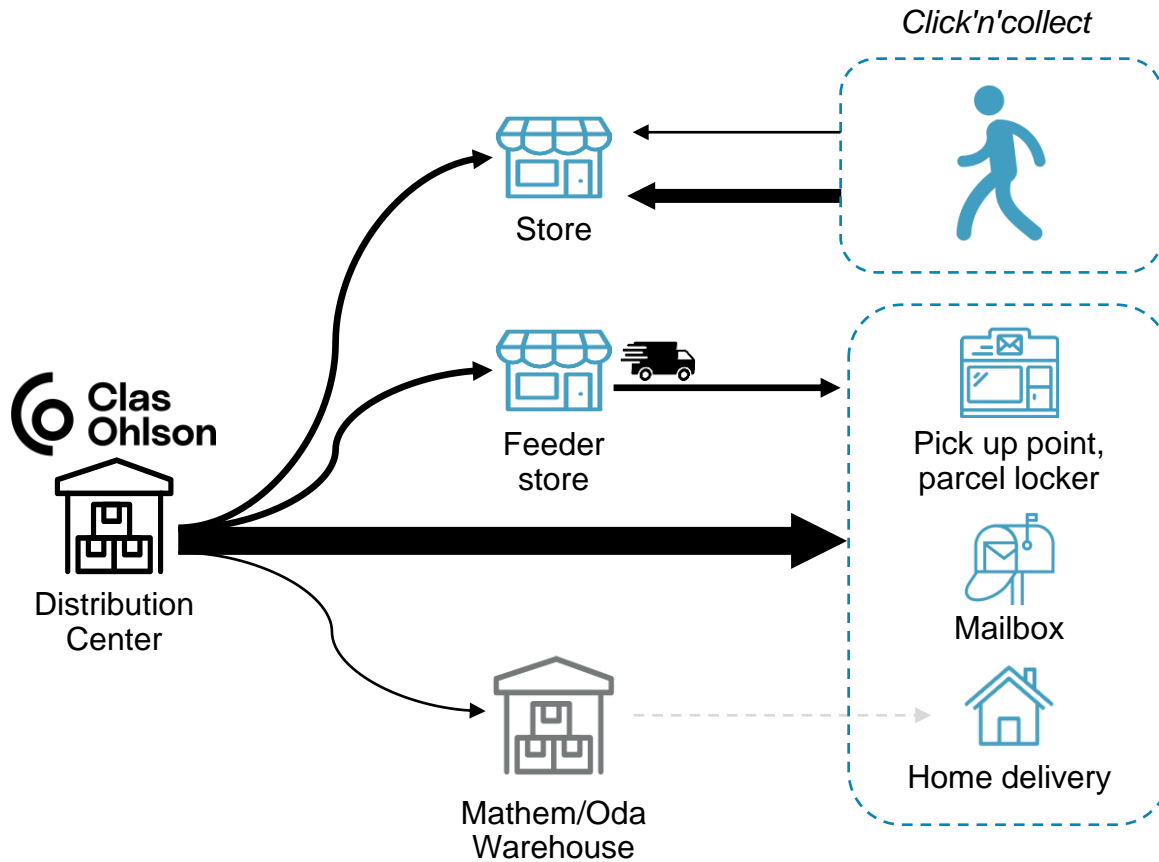


Promote online assortment

Easily place online order
and get delivered from
Feeder store nearby



Stores important part of e-com fulfillment



47%

Of online sales fulfillment are via the store network

53%

From DC to customer



The reach of our store network



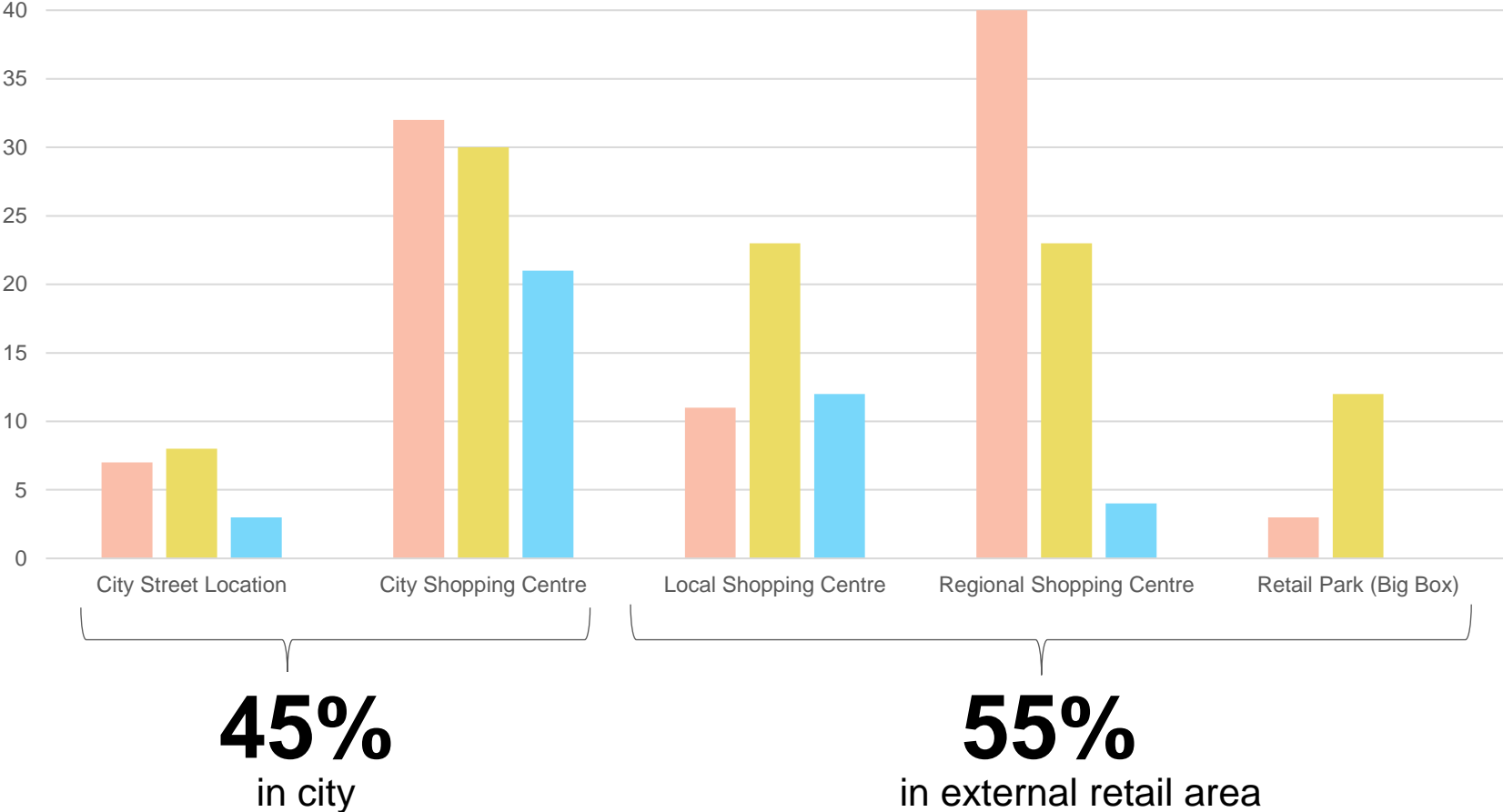
- Focus on optimizing our store network
 - Size, cost and location of each store key to success
- We will open, close and relocate depending on need
- The geographical reach of our store network is a competitive advantage



Diverse store portfolio - location types

- Sweden
- Norway
- Finland

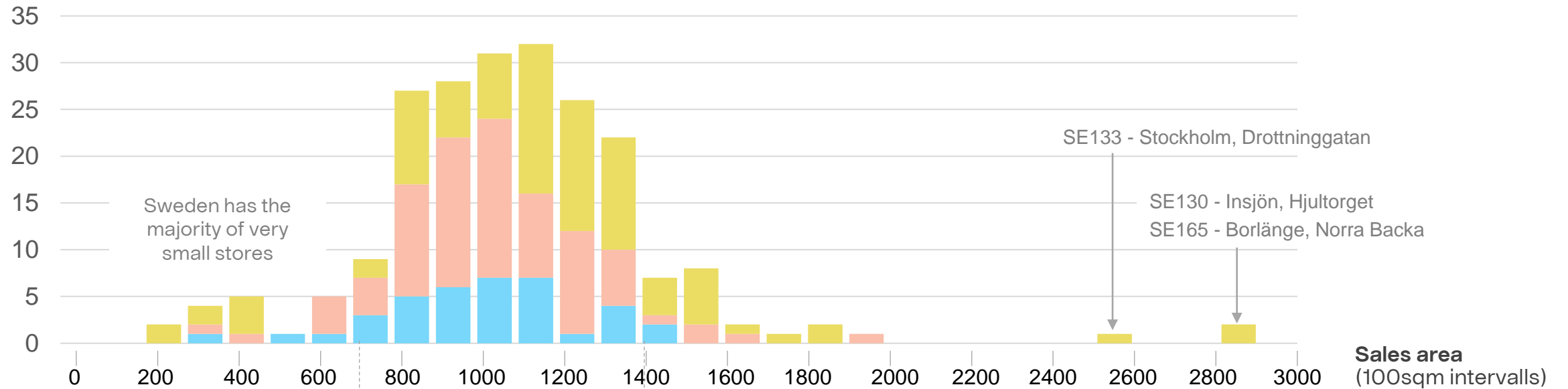
Balance between city centres and external retail areas.



Size of our stores

- Sweden
- Norway
- Finland

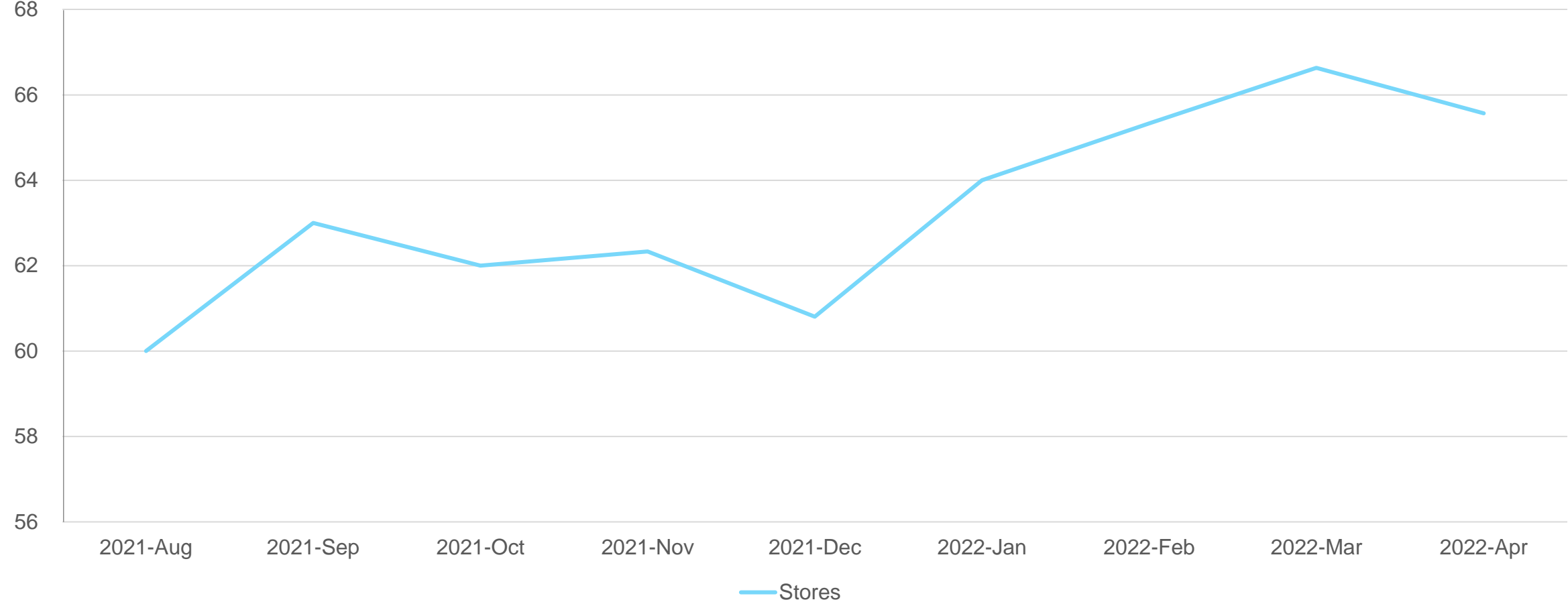
Number of stores



~80%
700 - 1400sqm

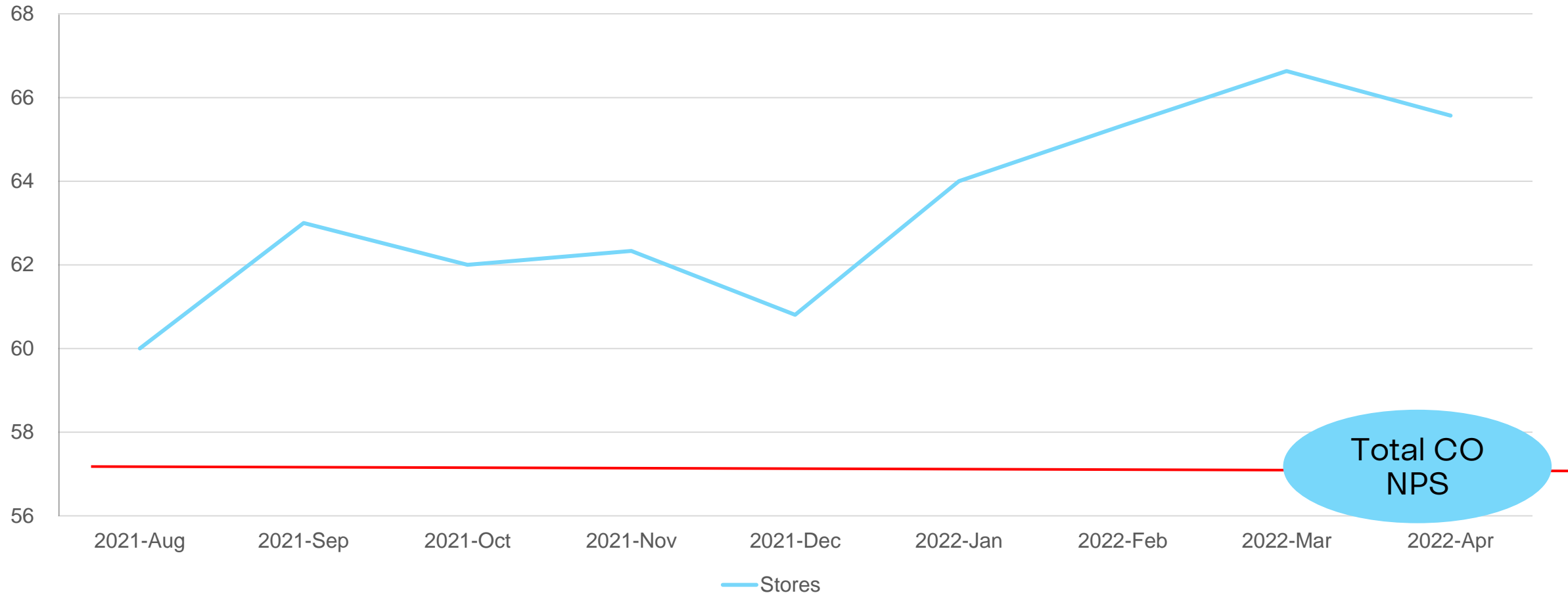


NPS development stores



Stores building the brand with higher NPS

- How much is the personal meeting in store worth in marketing value?



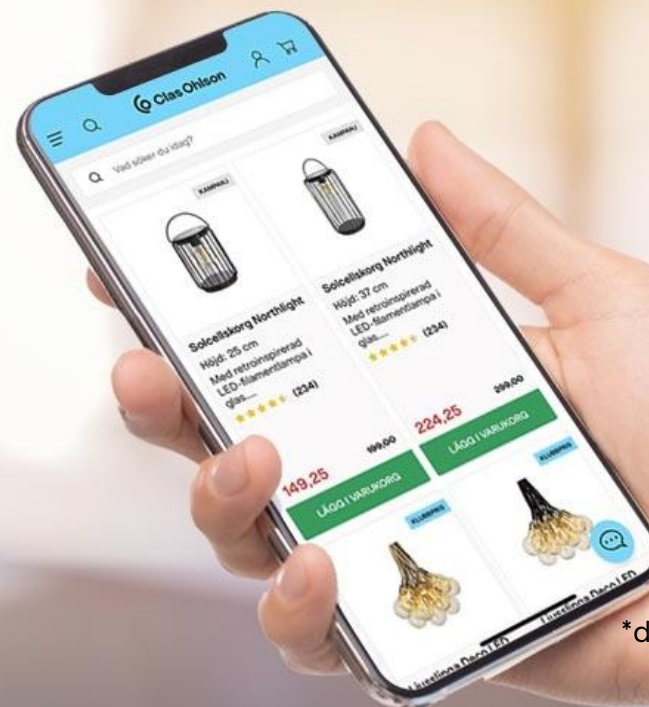
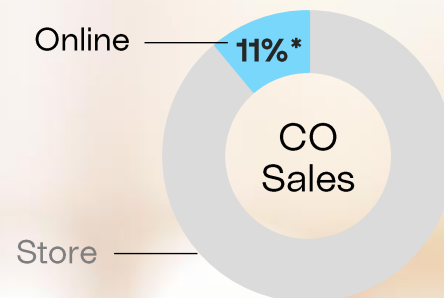
Creating availability and convenience

Online

Lene Iren Oen

Our online channel already an integrated part of our customer journey

- **E-com development:** E-com revenue now ~1 BSEK (4,5 times higher than FY16/17) and currently 11% of our total sales and we see potential of e-com driving a disproportional share of total growth over the next 3 years.
- **Our customers are already omnichannel:** 25% of our E-com users show an "offline" purchase intent i.e. show a desire to browse online and purchase in store
- **Mobile to browse, desktop to purchase:** 75% of Clas Ohlson's E-com sessions occur on a mobile device contributing to 58% of E-com sales



*distribution of sales R12

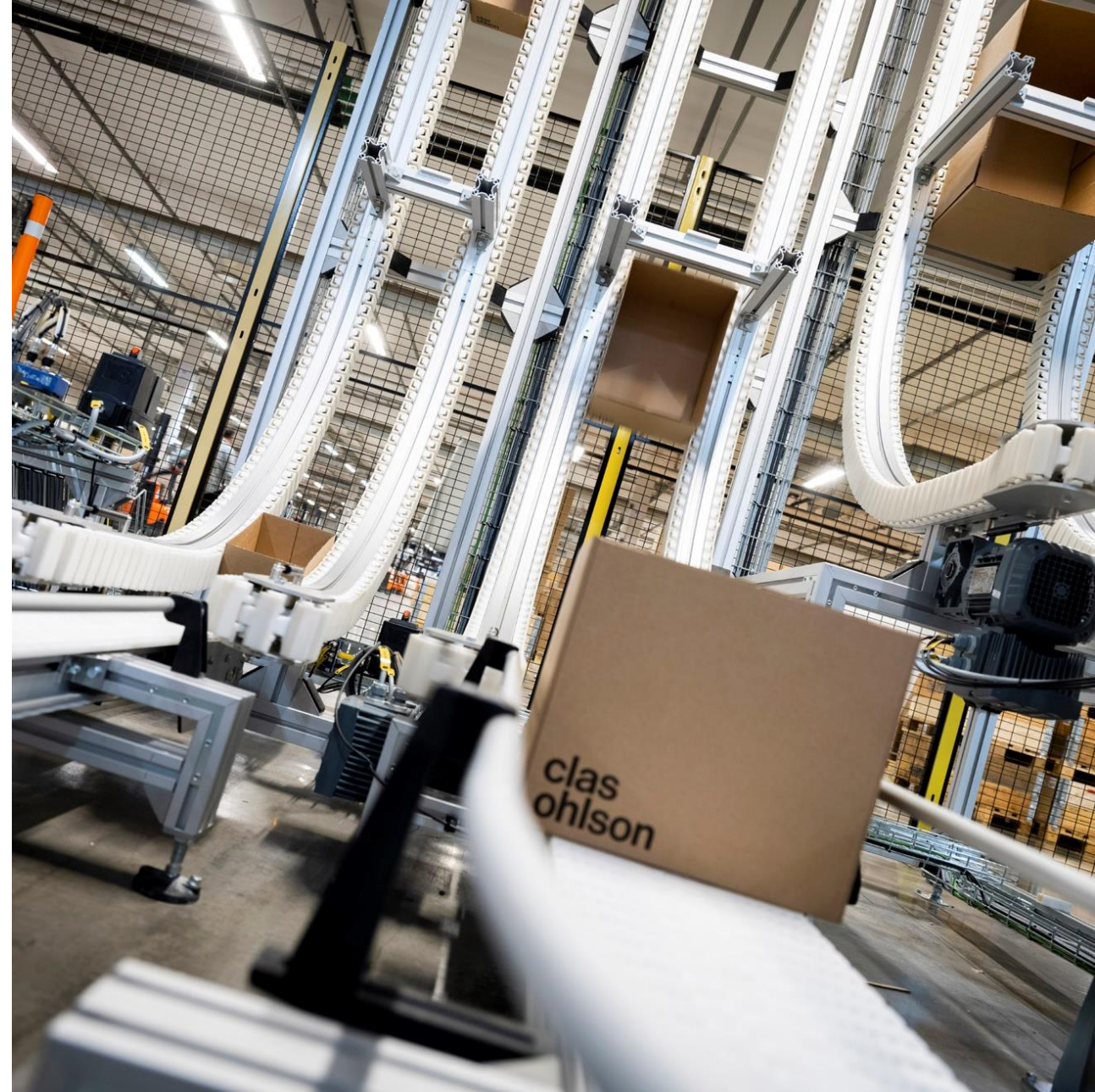


Improved e-com capabilities

- Flexible delivery options
 - Click & Collect, ready for pick up in store within 30 minutes
 - Home deliveries, same or next day
 - Deliveries to pick-up points and parcel boxes

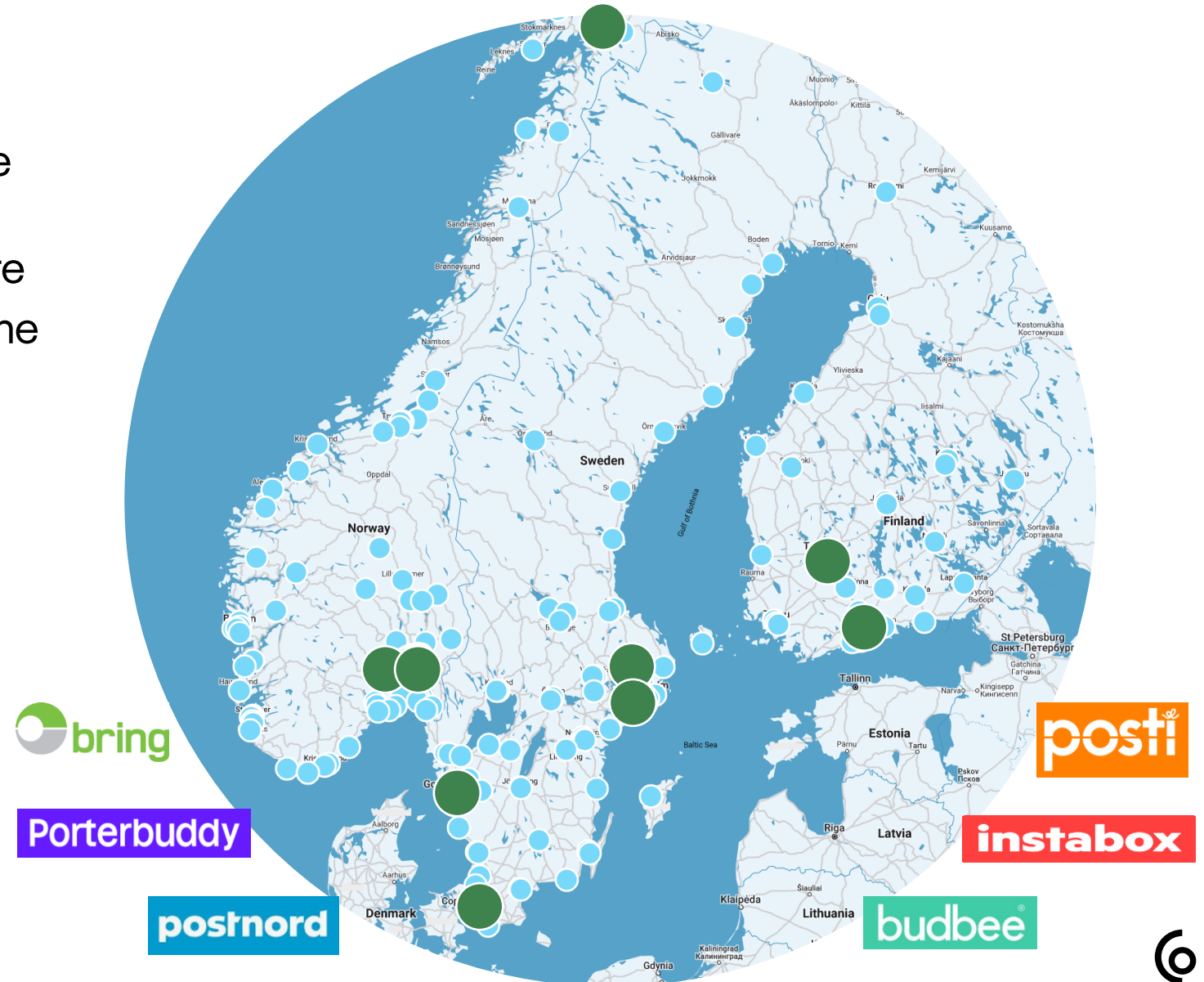
Improved e-com capabilities

- Automation of e-com orders at our distribution centre
 - Doubled peak day capacity since 19/20
 - Reduced cost per unit delivered
 - Reduced dependency on temporary staff at peak days
- Establishment of feeder stores substantially reducing lead times

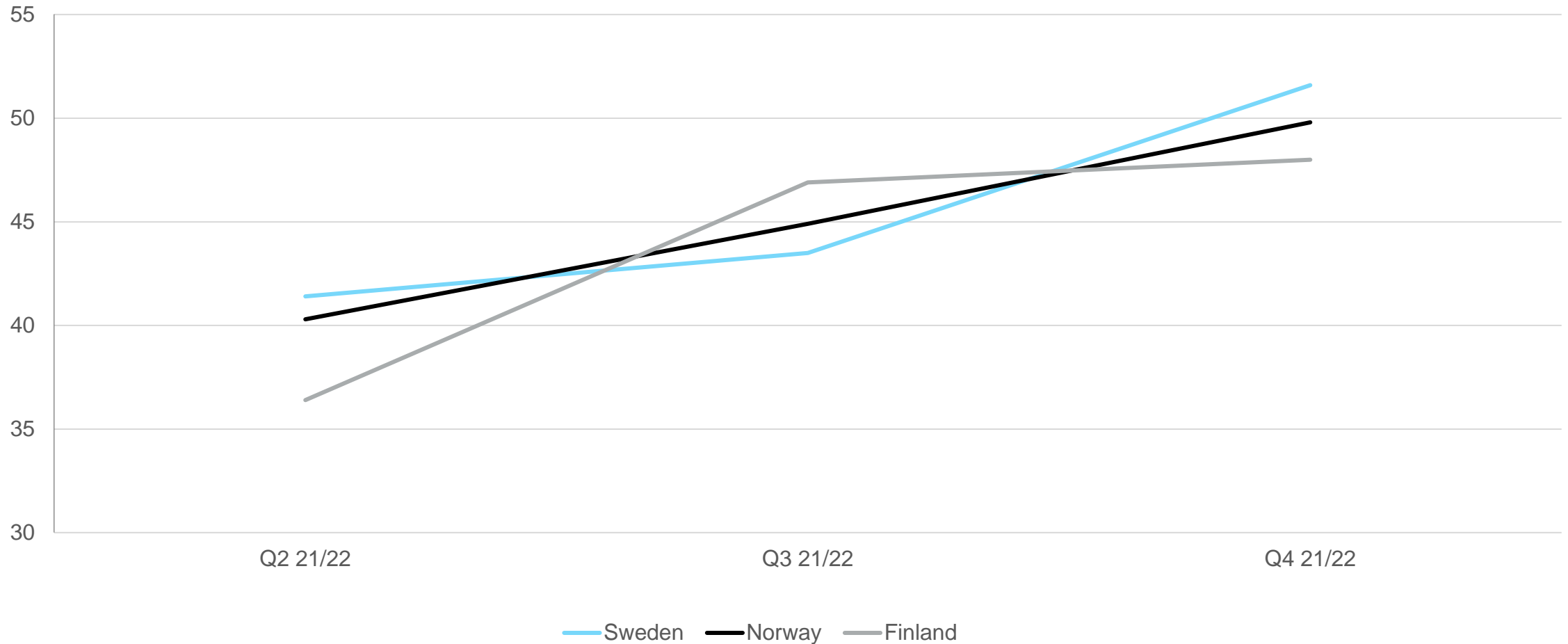


Store network in combination with feeder stores

- Ability to quickly scale up feeder store capacity if needed
- Existing stores rebuilt into feeder store
- Feeder stores reach a large share of the population e.g FI with >90%
 - 9 feeder stores in total



NPS development E-com



Growth potential across all five missions

Tidy up your home



Light up your home



Create a conscious home environment



Connect and enjoy your home



Fix your home

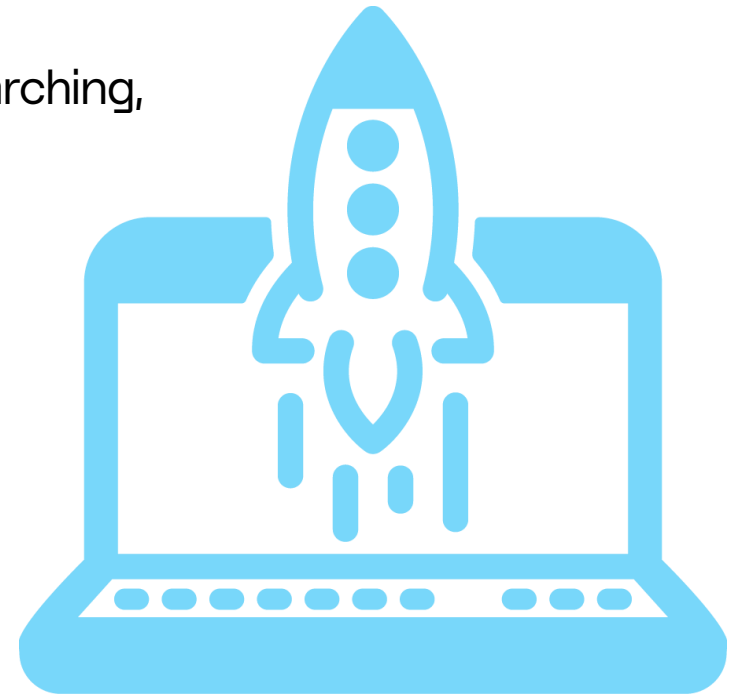


Expanding the online assortment

Focus ahead - customer journey

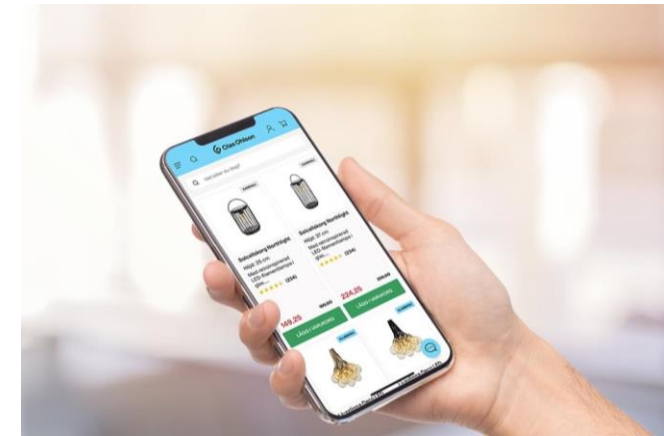
- Continued development of customer experience
 - Particular focus on where most of our customers are: browsing, researching, finding inspiration, making decisions
- New e-com platform for enhanced customer journey
 - Navigation and engagement
 - Personalized experience and improved identification rate
 - Seamless customer journeys (store/online)

Cost for new platform within our normal investment framework



Summary: Continued omni journey

- Strong development in recent years – e-com sales on a new level
- We will continue improving the omni experience
 - Benefit from endless aisles
 - Strong logistics with store network and feeder stores as a competitive advantage
- No separate online sales target going forward
 - Focus on total sales growth



3

Core customer focus

Kristofer Tonström



A changing digital marketing landscape



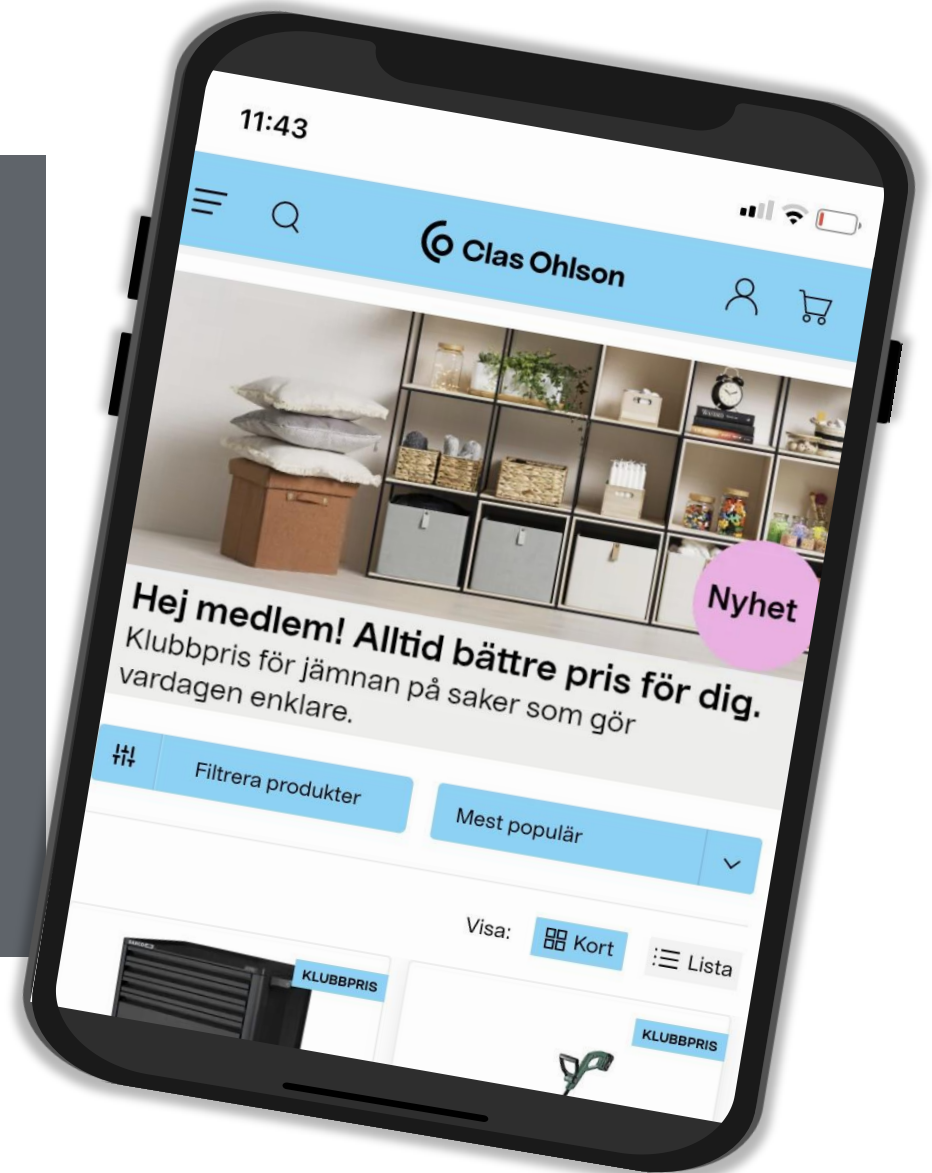
**The values of
owning customer
data increases**



**GDPR changing the
playing field**
Third-party cookies blocked

Club Clas

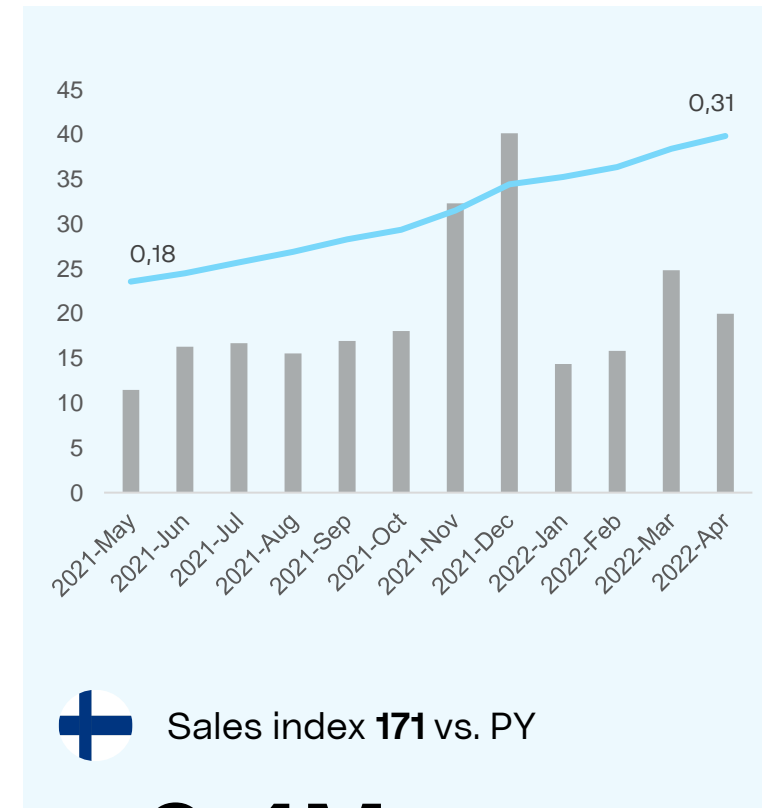
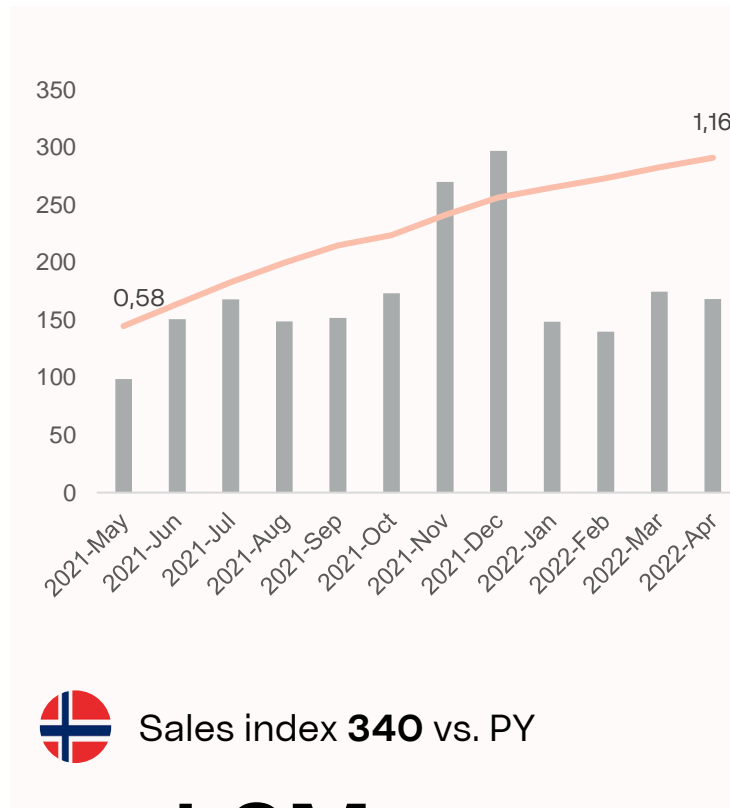
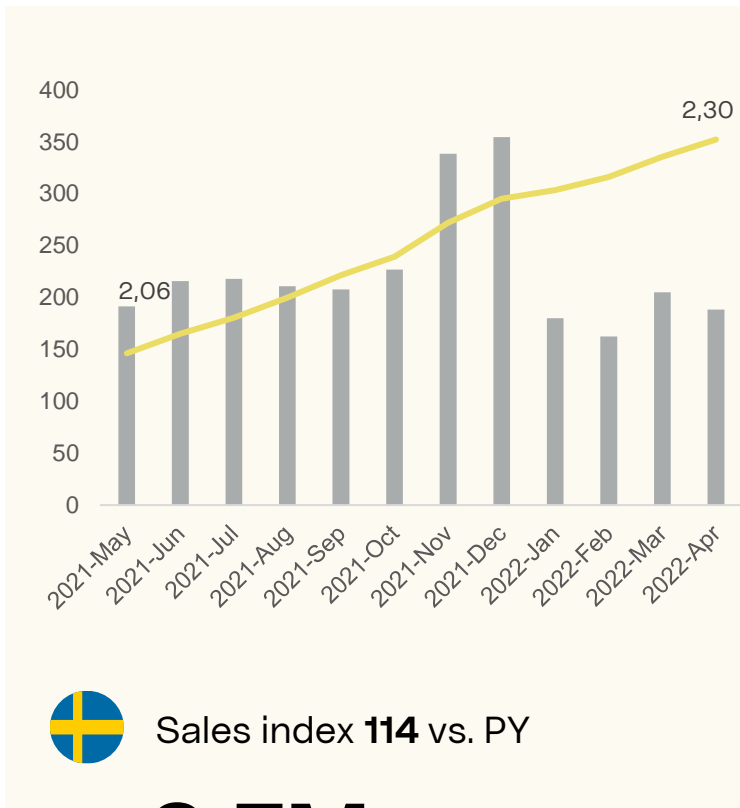
- Loyalty programme benefiting our most engaged customers
- Important channel for reaching our customers with relevant offerings
- Club Clas members shop more often and spend more than other customers
- More than 4.3 million members in Sweden, Norway and Finland



Active members represent 60% of total sales

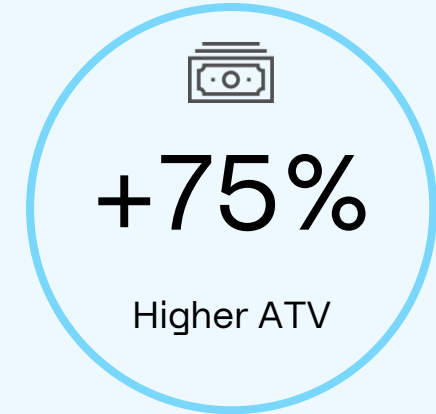
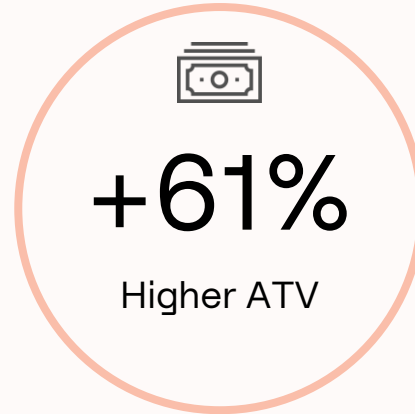
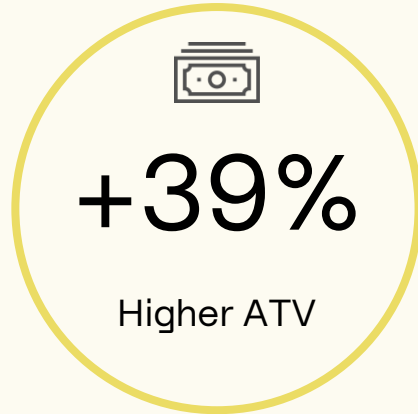
The number of active members has increased by 33% in the three markets combined, and members sales continues to grow in all markets

Member Sales Net (MSEK) and R12 Active Members (M) by Fiscal Year Month



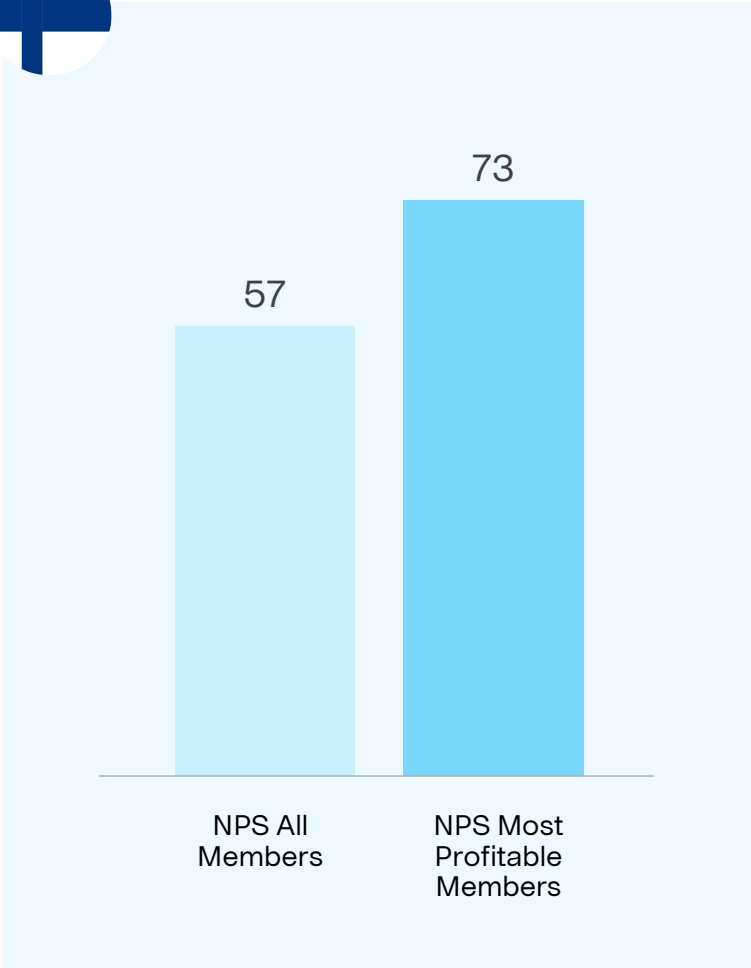
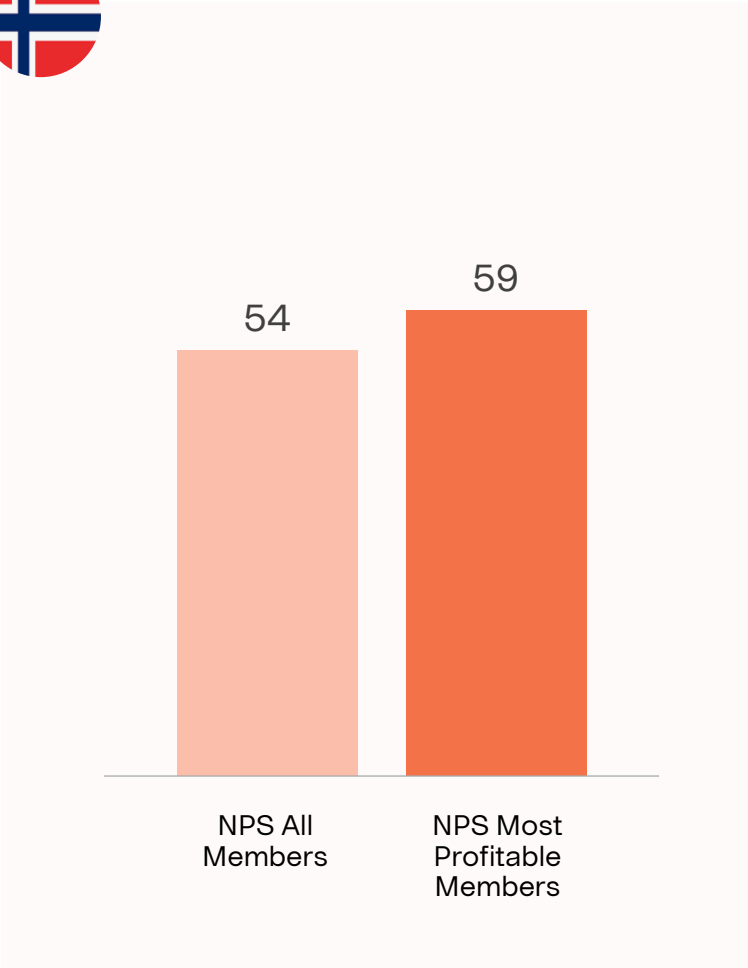
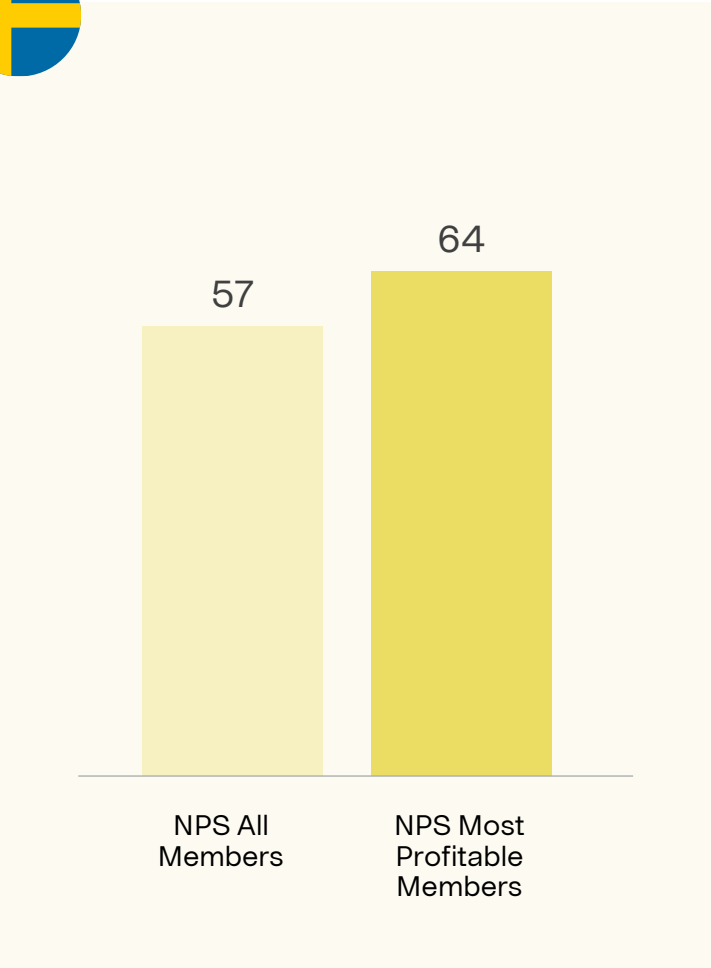
Member performance

Members have a higher Average Transaction Value and a larger basket size than non-members

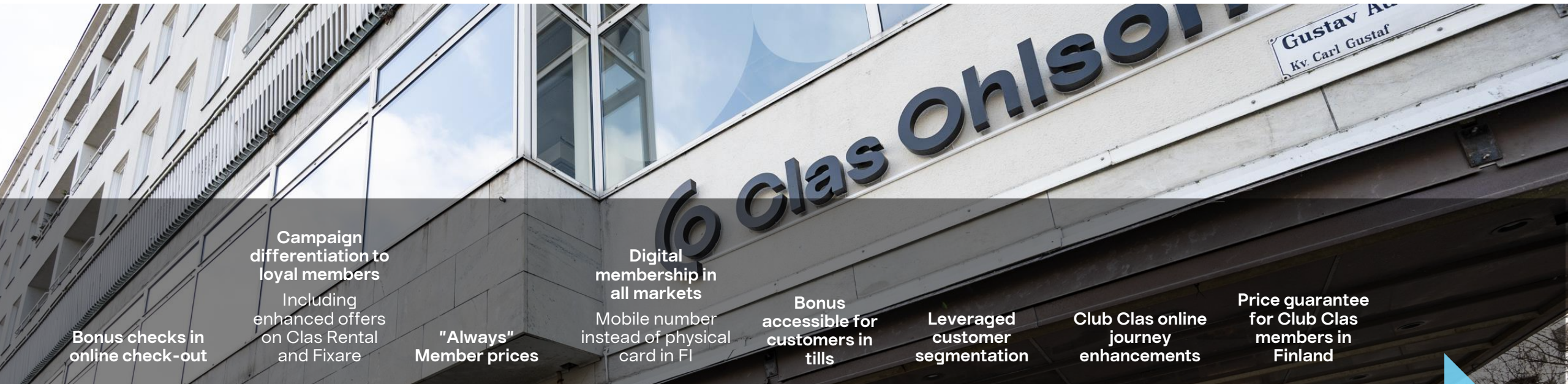


NPS

Our most profitable members have higher NPS in all markets



Constantly improving the member experience to drive relevance and loyalty



Bonus checks in online check-out

Campaign differentiation to loyal members

Including enhanced offers on Clas Rental and Fixare

"Always" Member prices

Digital membership in all markets

Mobile number instead of physical card in FI

Bonus accessible for customers in tills

Leveraged customer segmentation

Club Clas online journey enhancements

Price guarantee for Club Clas members in Finland



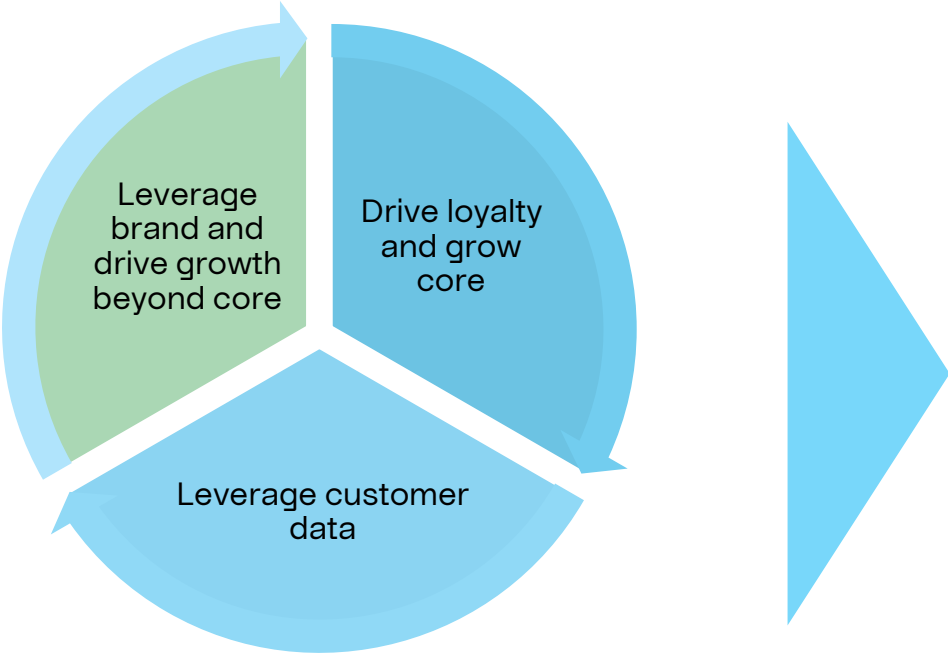
More to come

May-21

APR-22



Looking ahead



Higher NPS across member base, higher engagement with the Clas Ohlson brand



More active members and increased loyalty driven by relevance, reach and simplicity



Increased profitability through increased stickiness and simplicity



Supplier and third partner revenue

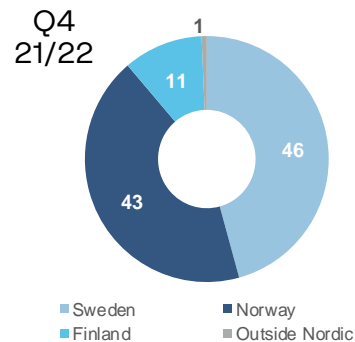
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Win in Finland

Kristofer Tonström

Overview Finland

- First store established in 2002
- 39 stores in total
 - 2 feeder stores
 - Primarily city/shopping centre locations
- 400,000 Club Clas members



Sales per market 21/22

 **966 MSEK**
Sales per inhabitant ~175 SEK

 **3,982 MSEK**
Sales per inhabitant ~ 380 SEK

 **3,780 MSEK**
Sales per inhabitant ~ 710 SEK

Focus areas Finland

- Build the brand → double marketing spend
- Optimize store network → closing & focusing
- Adapt our e-com channel to Finnish consumer behaviour
 - Same / next day deliver with new feeder stores
- Upgrade Club Clas: bonus and competitive offers
- Strategic pricing & price comparison guarantee
- Local assortment with Finnish external brands



Progress so far

- Price comparison implemented May 2022
- Doubled feeder store capacity as from November 2022
- Optimization of store network ongoing

Closing in June/July:

Mikkeli, Akseli

Joensuu, Iso Myy

Kempele, Zeppelin

Closed in May:

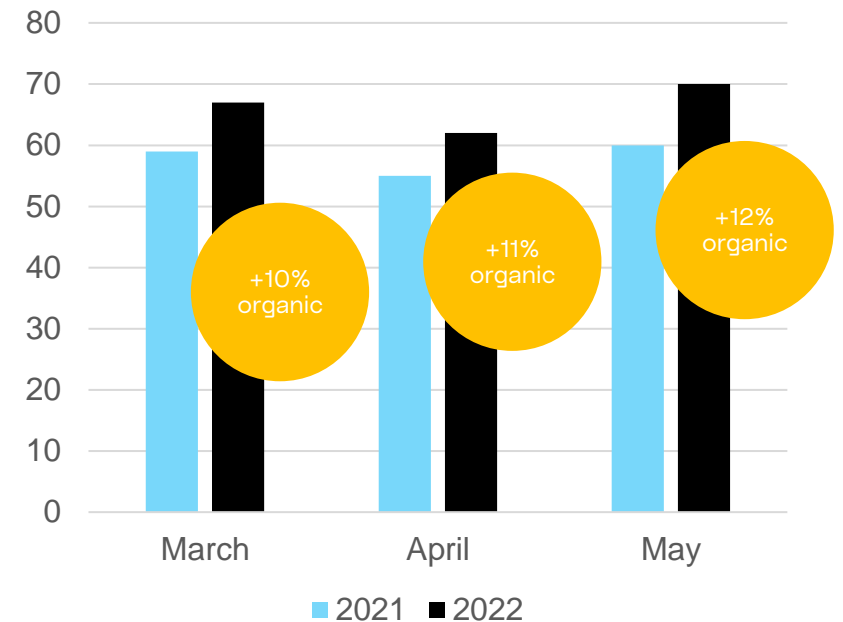
Tampere, Hämeenkatu

Relocated in March:

Esboo, Pikkulaiva → Esboo, Lippulaiva

- New marketing concept to be launched after the summer

Sales Finland (MSEK)



Summary



Strategy execution – growth plan 24/25

Responsible growth

1

Net sales >10 billion
SEK by FY24/25
with 7-9% EBIT margin

2

**Industry leading in
sustainability** – deliver on
our people agenda and
2045 commitments

Targets and follow up



Sales

5%



Operating margin

7-9%



Dividend policy

>50%



Net debt/EBITDA

<2x



Climate neutral and fully circular by 2045



Being a sustainable long-term employer with happy co-workers reflecting all kinds of homes



Contributing to a fair and prosperous society for future generations – a children's rights ambassador

Summary

Attractive market with compelling growth opportunities

Well positioned brand and competitive customer offer

A strong ability to deliver results

Good cash flow and strong financial position enables attractive yield

An ambitious sustainability agenda for a 100 more years



Q&A



