



# Q3 Report 2009/2010

10 March 2010

# Agenda

- Q3 2009/10 (Nov-Jan)
- Nine month 2009/10 summary (May-Jan)
- Events after period-end
- Roadmap and progress
- Q&A

# Clas Ohlson today

- A retail chain with 116 stores in four countries
- Sales of SEK 5,5 billion
- 3,000 employees
- 51 million visitors – 26 million customers
- Product range that solves small practical problems of everyday life



Q3 2009/10  
(Nov-Jan)

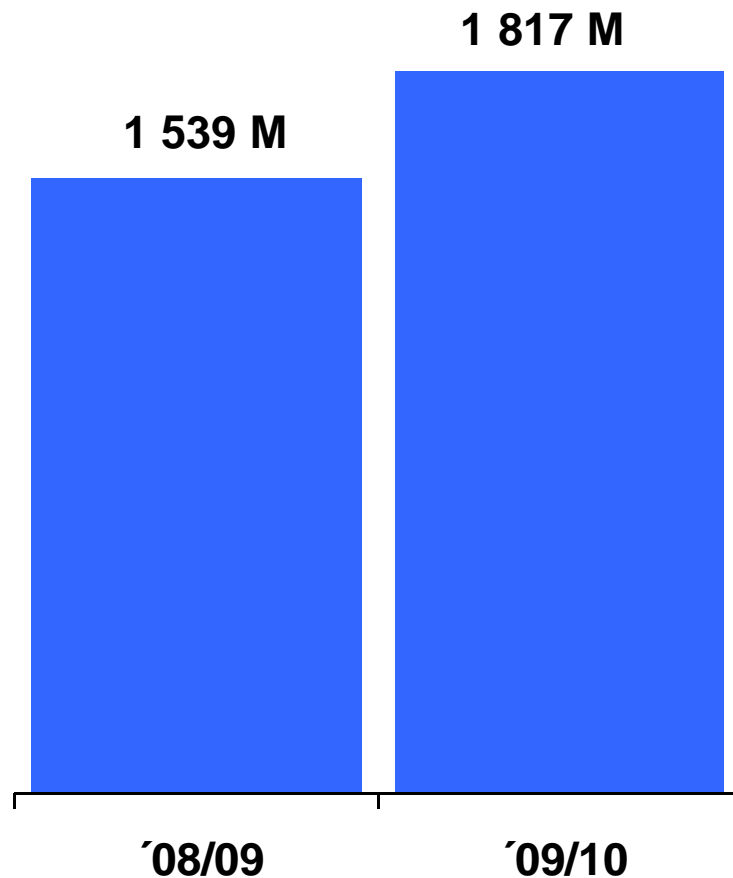
**Alarm Clock “Nature Sounds”  
with calendar.**

Alarm with snooze and the possibility for timetabling.  
Five relaxing nature sounds: creek, beach, birds,  
frogs and crickets. Volume control. Blue light.  
Wood casing. Size 150x90 mm.

Product number 31-4167    **Price: SEK 199**



# Sales – Q3

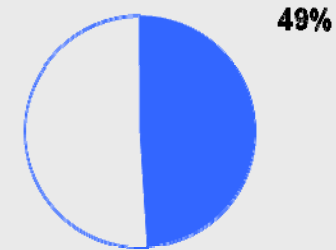


- Sales up 18% to SEK 1 817 M
  - Comparable stores in local currency +4%
  - New stores +11%
  - Currency effects +3%
- Mail order/Internet SEK 28 M (28 M)

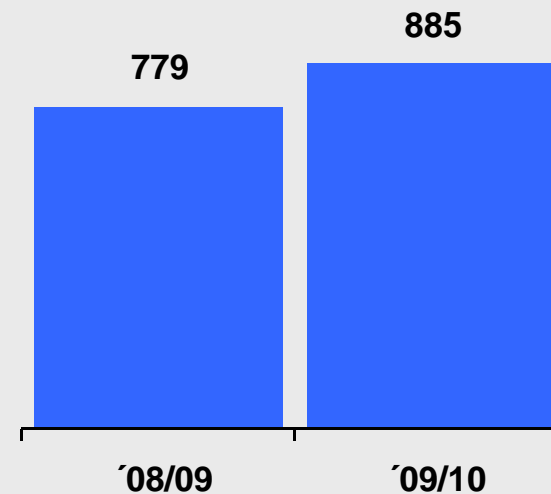
# Sweden – Q3

- Sales up 14%
  - 1 new store. Total of 54
  - 7 more stores compared to preceding Q3
- Stabilised retail market and consumer confidence
- Increased market share in competitive environment

Portion of sales



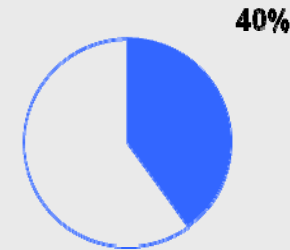
Sales, SEK M



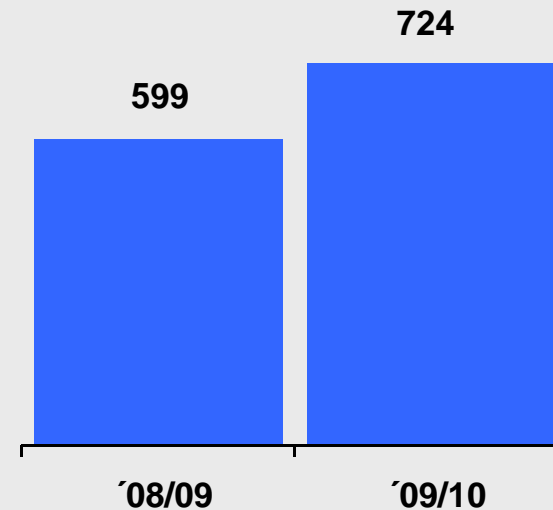
# Norway – Q3

- Sales up 21%
  - Up 13 % in local currencies
  - 1 new store. Total of 41
  - 5 more stores compared to preceding Q3
- Positive market. Strong currency effect
- Increased market share

Portion of sales



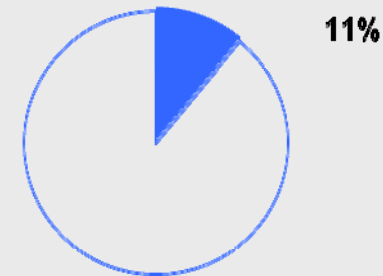
Sales, SEK M



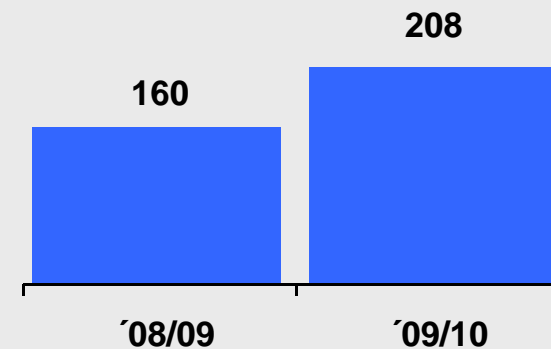
# Finland & UK – Q3

- Sales up 30%
  - Up 32% in local currencies
  - 3 new stores during Q3(UK)
  - 4 more stores compared to preceding Q3(UK)
- Finnish market conditions still challenging
- UK-market recovering slowly

Portion of sales

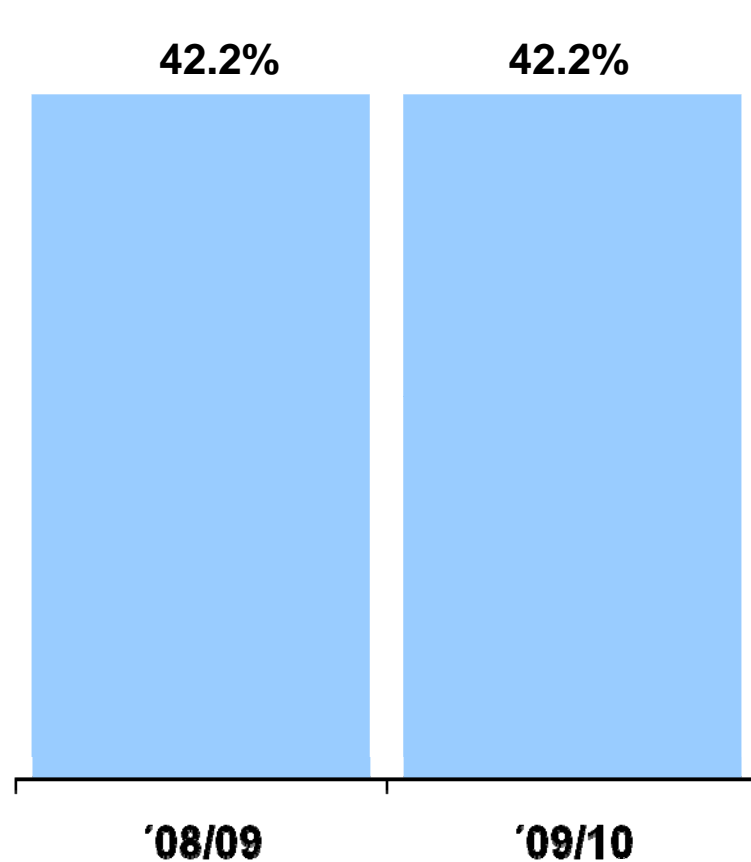


Sales, SEK M





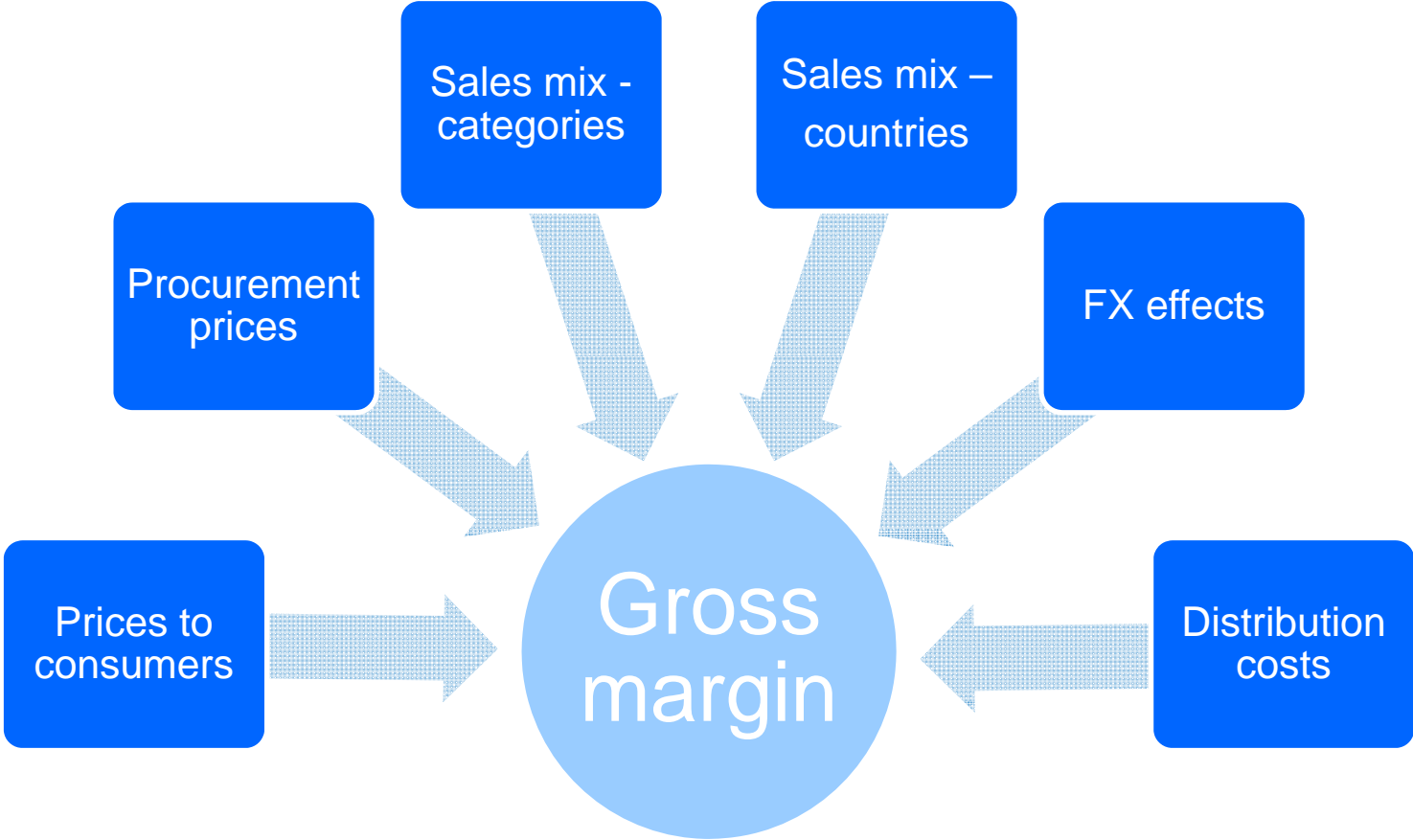
# Gross margin – Q3



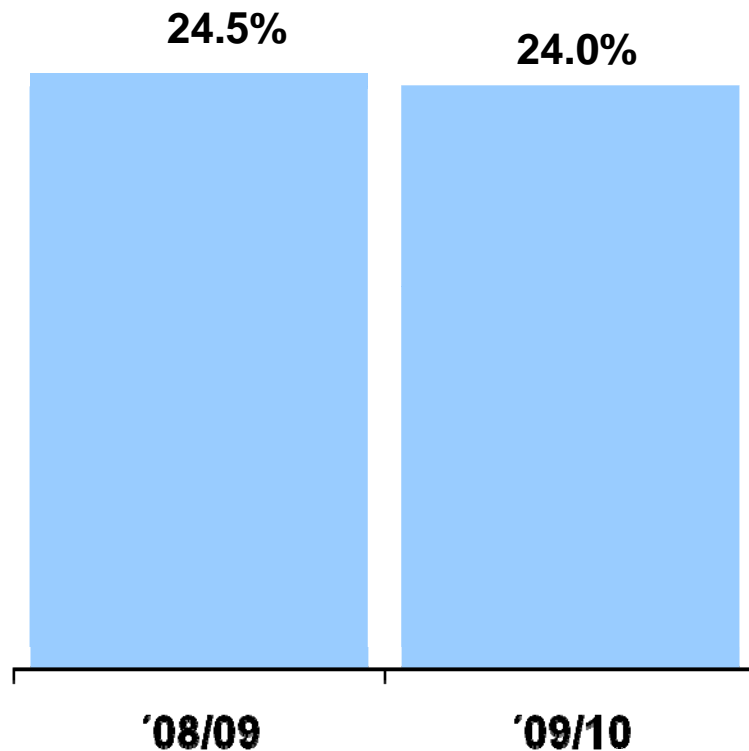
Gross margin unchanged: 42.2%

- Currency effects (USD)
- + Favourable sales mix
- + Increased efficiency in purchasing

# Gross margin – impacting factors



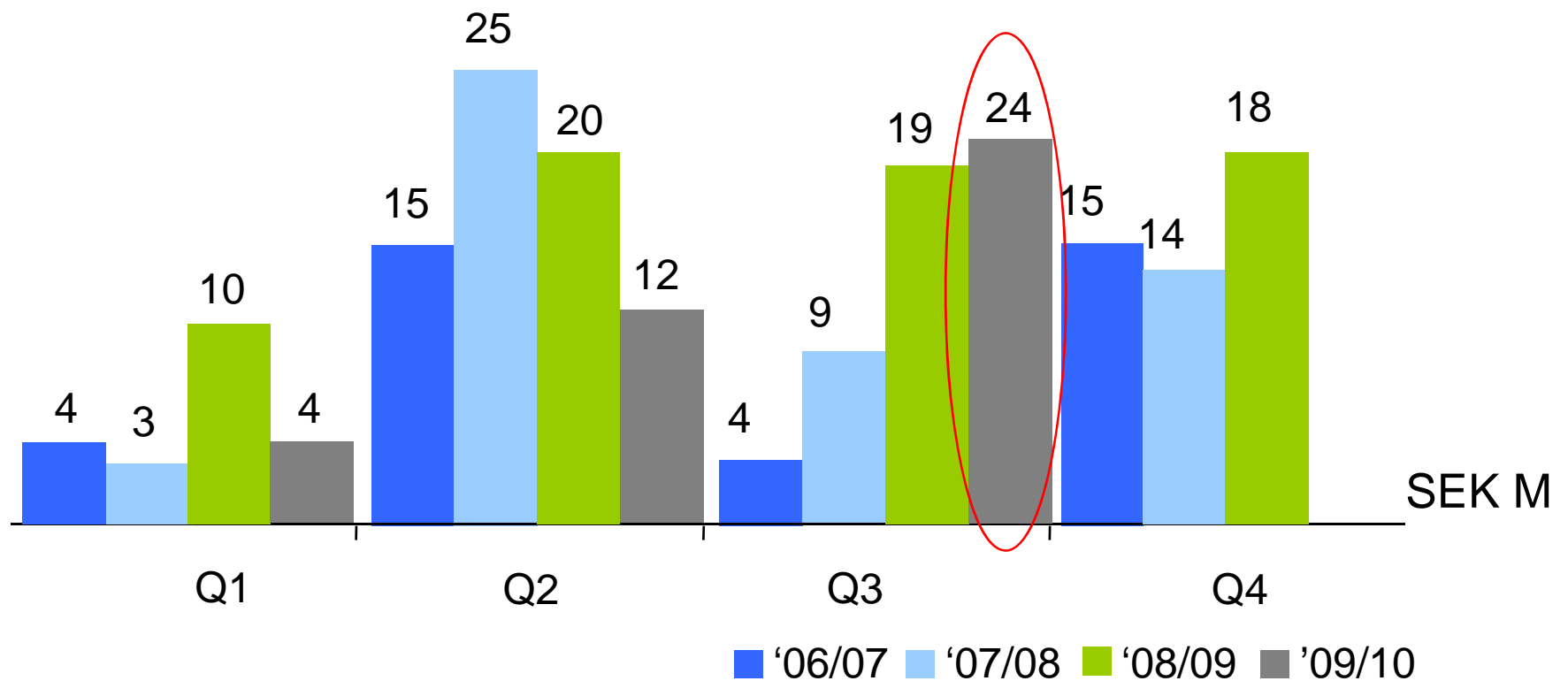
# Share of sales costs – Q3



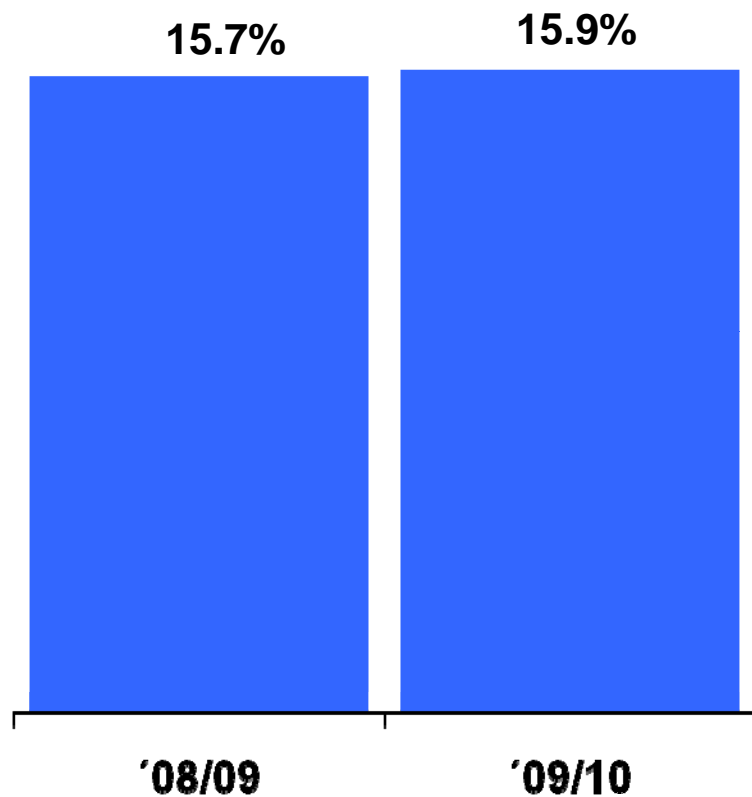
- Share of sales costs down 0.5 percentage points to 24.0%
- + Improved productivity in established markets
- Higher share of sales costs new markets (UK)
- Higher start up costs

# Start-up costs new/refurb. stores Q3

- 5 (8) new stores
- 3 (0) refurbished stores (including scrapping of fittings)



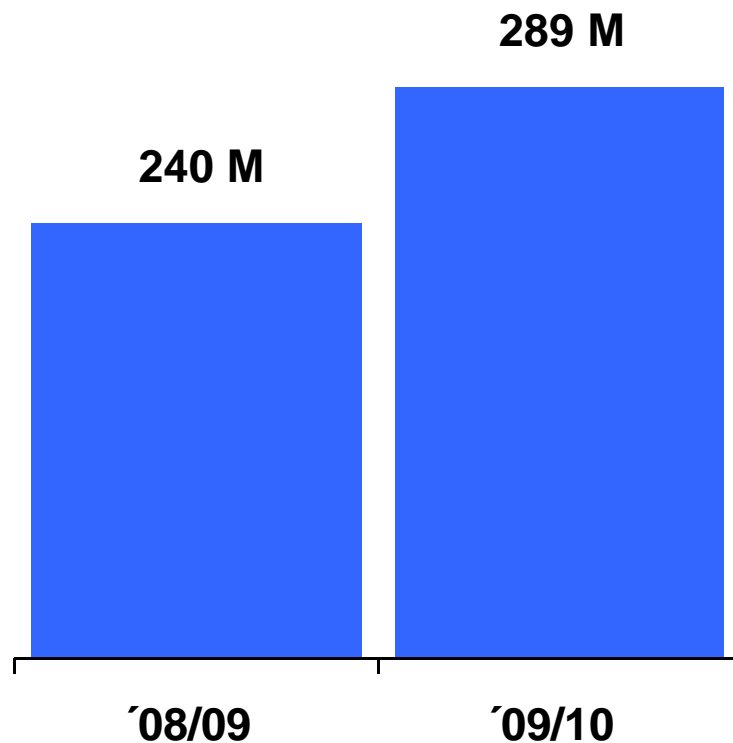
# Operating margin – Q3



Operating margin 15.9% (15.7)

- + Increased productivity
- Costs for new market entry (UK)

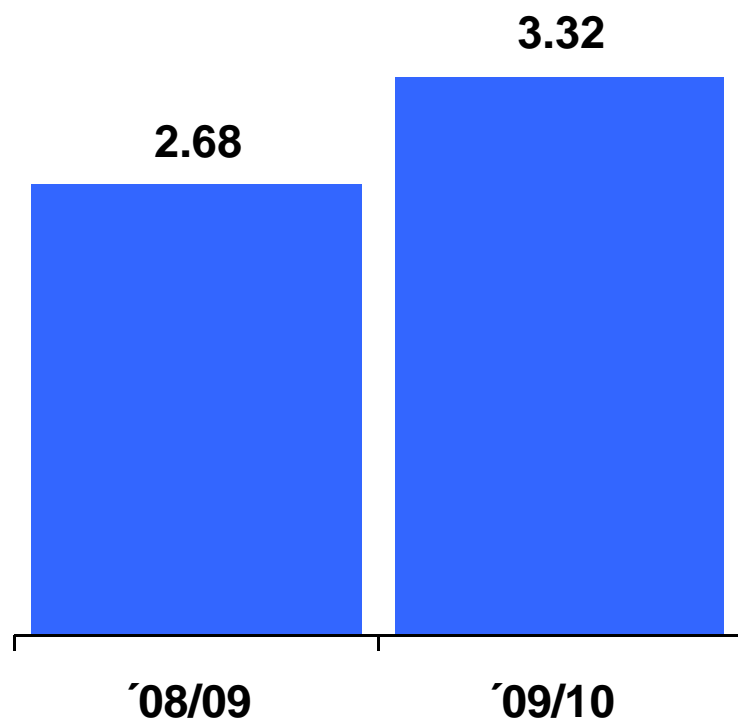
# Profit after financial items – Q3



- Profit SEK 289 M (240)
- Financial items of SEK -1 M (-2)

# Earnings per share – Q3

- SEK 3.32 (2.68)



## Nine-month 2009/10 summary (May-Jan)

### HP Photosmart C4780 All-in-One Printer.

HP Photosmart C4780 All-in-One Printer.

Printer, scanner and copier.

Built-in wireless network.

Print directly from your digital camera's memory card.

LCD panel for simple printout without computer.

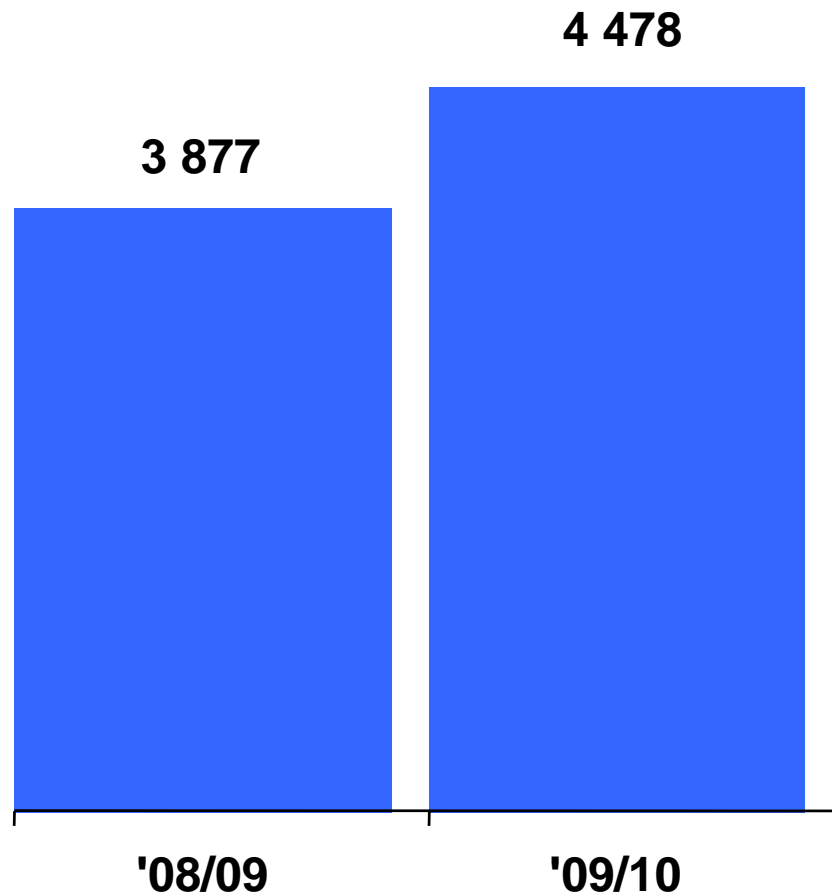
Product number 38-3412

**Price: SEK 1199**



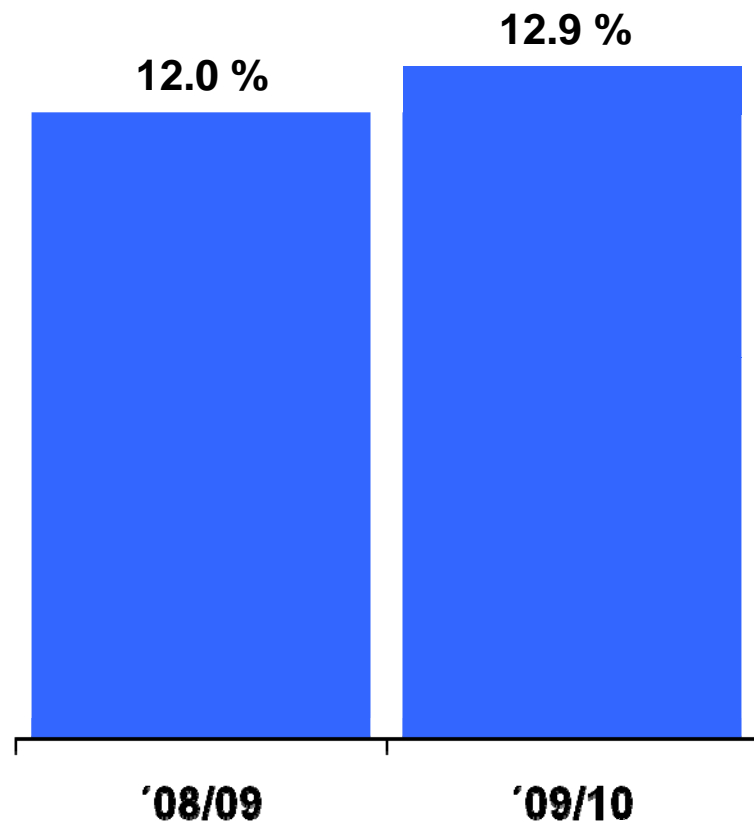


# Sales – Nine months 2009/10



- Sales +16% to SEK 4 478 M
  - Comparable stores in local currencies +2%
  - New stores +11%
  - Currency effects +3%
- Internet/mailorder SEK 74 M (78 M)

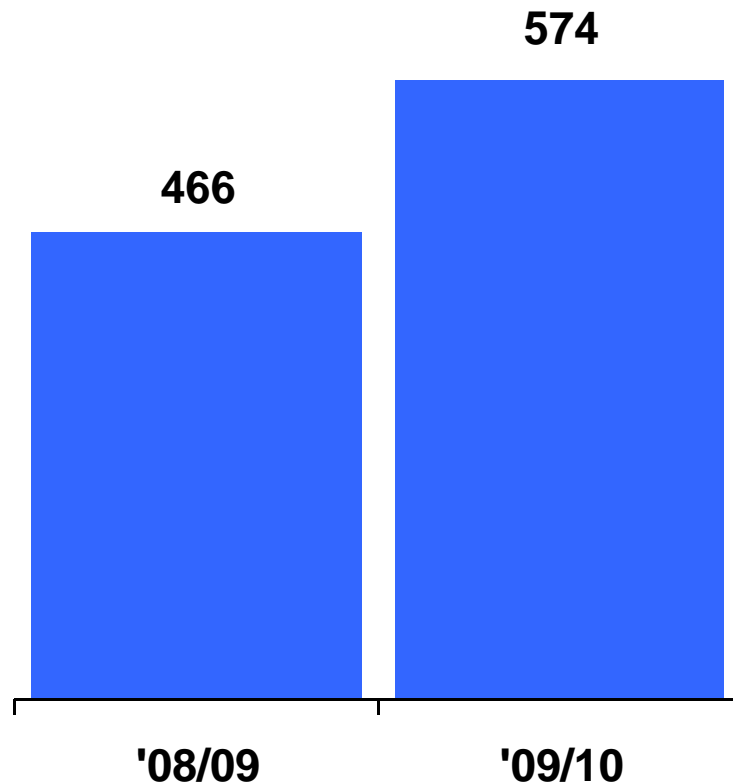
# Operating margin – Nine months 2009/10



Operating margin 12.9% (12.0)

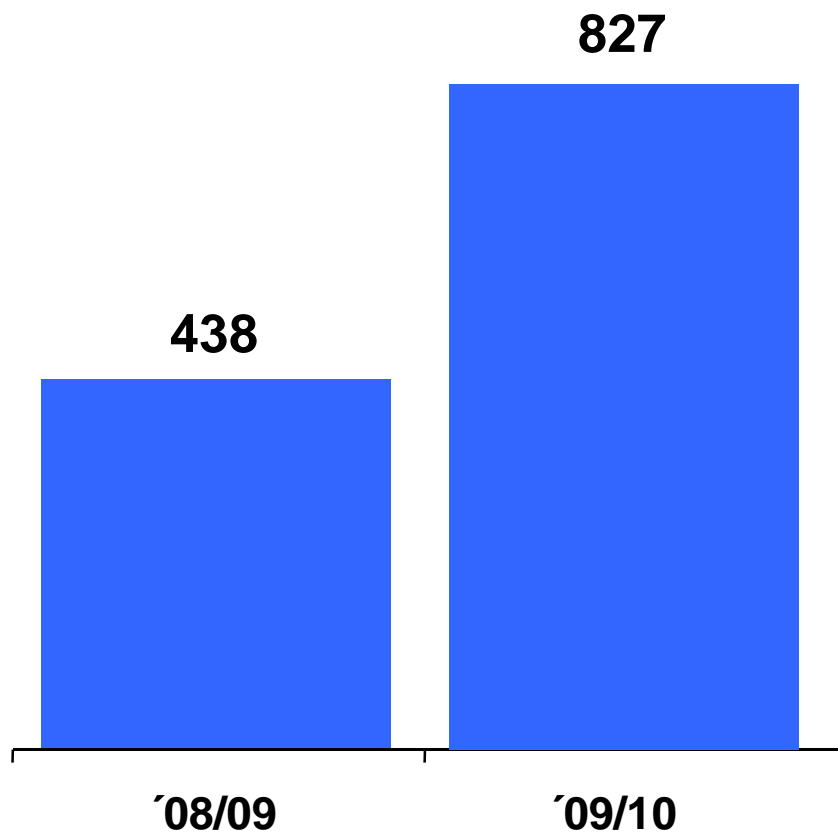
- + Increased productivity
- Costs for new market entry (UK)

# Profit after financial items – Nine months



- Profit SEK 574 M (466)
- Financial items of SEK -2 M (+2)

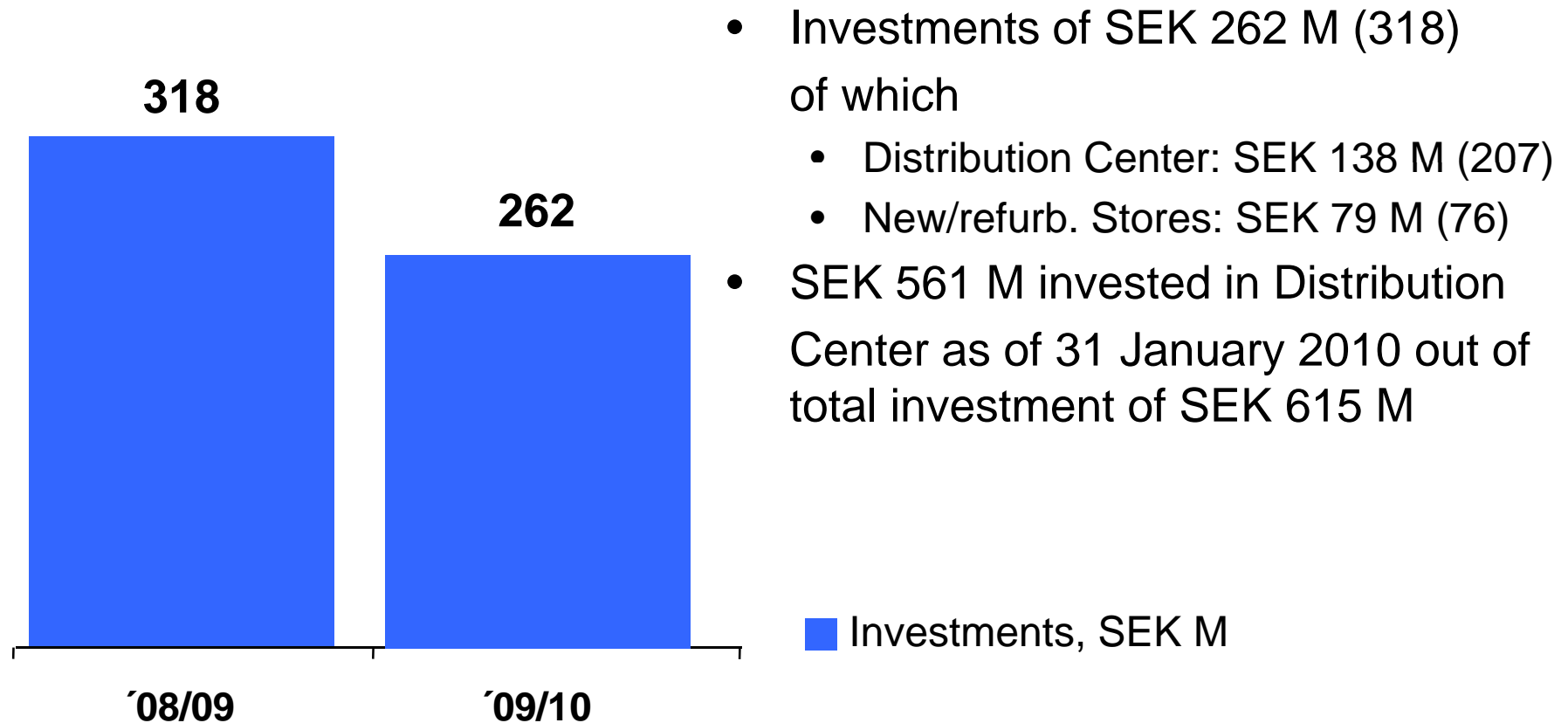
# Cash flow – Nine months 2009/10



- Cash flow from operating activities SEK 827 M (438). Increased profit and working capital efficiency
- Inventory: +6% to SEK 1 066 M (1 009)
  - Average inventory R12 +13%
  - 16 New stores compared to (08/09)

■ Cash flow from operating activities, SEK M

# Investments – May-Jan 2009/10



# Events after period-end

## Philips CD1551 Cordless Telephone.

Telephone with answerphone with 10 min. recording time.  
Never miss a call/message.

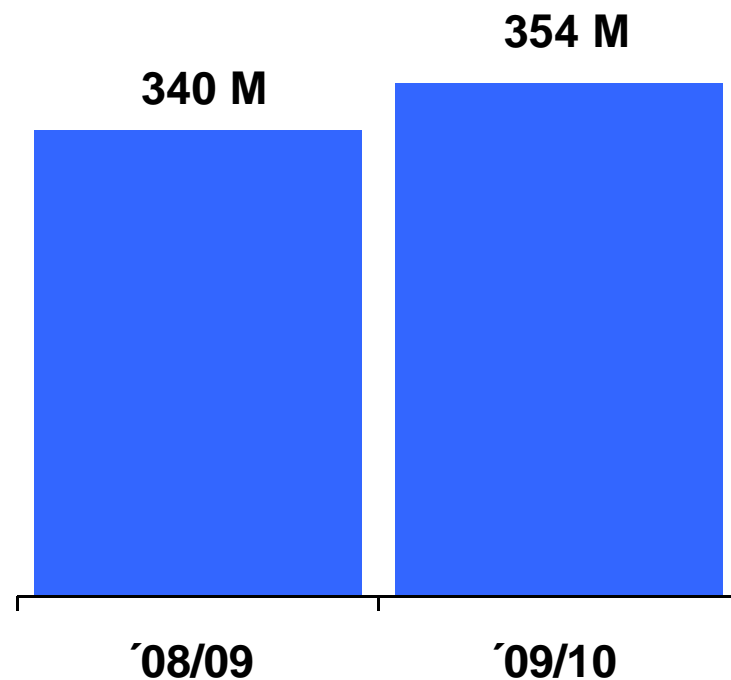
- Standby/talk time 150/12 h
- Range indoors/outdoors 50/300 m
- Answerphone • Address Book for 50 names/no.
- Caller ID • Illuminated display • GAP

Product number 36-3394

**Price: SEK 399**



# Sales – February



- Sales up to SEK 354 M (340), +4% (FX effect of -1%)
- 14 (19) more stores compared to February 2009
- Changes in local currencies
  - Sweden -1%
  - Norway +7%
  - Finland & UK +30%
- Mail order/Internet sales: SEK 7 M (8)

# Spring campaign

- Launch spring catalogue - March 25 (94<sup>th</sup> edition)
- Four language editions
- Oldest mail order catalogue in Sweden
- Launch of new magazine in cooperation with Bonnier Magazines in April 2010





# Roadmap - update



## **Asaklitt 12x50 Binoculars.**

Weather-resistant, easy-grip rubber armoring.

Centre focus. Field of view: 81 m/1000 m.

Soft case included. Weight: 956 g.

Product number 34-7277

**Price: SEK 449**

# Road map – activities in progress

- ✓ Launch in UK
  - Establish brand
  - Establish store network
- ✓ Develop and implement new store concepts
- ✓ Develop expanded high efficiency Distribution Centre
- ✓ Improved purchasing power
  - ✓ Asian purchasing office
  - ✓ Fewer suppliers
- ✓ More flexible assortment
- ✓ Improved marketing
- ✓ Improved productivity
- ✓ Develop high performing international organisation



# UK – expansion update

- Higher number of visitors compared to group average
- Conversion rate and average purchase lower than group average – in line with expectations
- Longer time to reach break-even in new UK stores compared to established markets
- Three new stores in Q3: Reading, Kingston and Watford
- Two additional contracts: Liverpool and Leeds (Q4)
- UK sales reported separately from 2010/11

Reading, Kingston and Watford openings Q3 2009/10



# New shop is in another Clas!

Adventurer Ben Fogle launches Swedish store

By **Wendy Richardson**  
 Ben Fogle, the adventurer, has launched a new Swedish store in Reading, Berkshire. The store, called Clas Ohlson, is a one-stop shop for all things Swedish. Fogle, who has been a television presenter and adventurer, is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".



# OPENING SOON: Clas Ohlson at ex Woolworths site It's a useful 'shönn'!

**PAUL BOWEN**  
**BUSINESS REPORTER**  
 SHOPPERS will have to mind their Swedish and optate when a really 'useful shönn' opens in Reading town centre on Thursday next week.  
 Based at the former Woolworths site in Broad Street, Clas Ohlson will sell everything from household goods and multi-media products to office supplies.  
 Then on Saturday, November 21, the Swedish UK store will be officially opened by retail adventurer Ben Fogle, who will be able to pick up all his regular customers including hooded acrobats and his hairdresser.  
 Visitors can enjoy free Swedish coffee and biscuits in store and invited customers will be on hand to help shoppers select after opening the shop's doors.  
 There will also be a live ABBA tribute band performing throughout the day to get you feeling all Swedish.



**SWEDISH SHÖNN:** A Swedish hand shop at a Clas Ohlson store opening.  
 The DIY giant has promised to bring real customer service back to the high street by training staff to be helpful.

**we're swedish we're here and we've opened a usefulshöpp**

**FIRST FOR NEWS**

**STORE:** everything you want under one roof

# Adventurer Ben a 'Clas' act at opening

**LARA HENRY**  
**ADVENTURER** Ben Fogle managed to Reading at the weekend for the official opening of Swedish hardware store Clas Ohlson.  
 The shop, in the former Woolworths site on Broad Street, is a one-stop shop for all things Swedish. Fogle, who has been a television presenter and adventurer, is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".

Ben said: "It's really nice to see a new store on the high street and provide an addition to everything else. There's nothing that sells quite the same way that Clas Ohlson does."  
 "It's not necessarily the best systems time for stores to open but this month's the best point about this, that it's essentially ground and has everything you could want under one roof."  
 The shop, which opened on Saturday, is a one-stop shop for all things Swedish. Fogle, who has been a television presenter and adventurer, is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".

Watch footage of Ben Fogle at Clas Ohlson at [www.getreading.co.uk](http://www.getreading.co.uk)



**USEFUL SHOPPING:** Ben Fogle is shown inside of Clas Ohlson's products for the store opening.

# BEN FOGLE: 'I love the outdoor equipment'

## Adventurer backs new 'useful' store

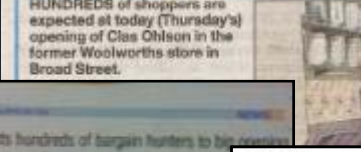
**FUGLE** says he loves the outdoor equipment and is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".



**ADVENTURER** Ben Fogle will be opening a new Swedish store in Reading, Berkshire. The store, called Clas Ohlson, is a one-stop shop for all things Swedish. Fogle, who has been a television presenter and adventurer, is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".

# Chronicle, Thursday

**HUNDREDS** of shoppers are expected at today (Thursday's) opening of Clas Ohlson in the former Woolworths store in Broad Street.



# This store is a Clas apart



# 20 reasons to visit Clas Ohlson

Reading's newest store opens on Broad Street tomorrow, promising to be a useful shop. Here's a great preview of what you can expect to find in store.

- 1. Make yourself at home with the new range of home appliances.
- 2. The new range of mobile phones.
- 3. The new range of headphones.
- 4. The new range of speakers.
- 5. The new range of cameras.
- 6. The new range of digital cameras.
- 7. The new range of digital camcorders.
- 8. The new range of digital video recorders.
- 9. The new range of digital music players.
- 10. The new range of digital MP3 players.
- 11. The new range of digital MP4 players.
- 12. The new range of digital MP5 players.
- 13. The new range of digital MP6 players.
- 14. The new range of digital MP7 players.
- 15. The new range of digital MP8 players.
- 16. The new range of digital MP9 players.
- 17. The new range of digital MP10 players.
- 18. The new range of digital MP11 players.
- 19. The new range of digital MP12 players.
- 20. The new range of digital MP13 players.



**THIS SHOPPER MUST HAVE:** A pepper that's as hot as the Clas Ohlson store opening.

**CLAS OHLSON:** Woolies replacement attracts hundreds of bargain hunters to be open.

# First shopper wins useful £100 voucher

Ben Fogle, the adventurer, has launched a new Swedish store in Reading, Berkshire. The store, called Clas Ohlson, is a one-stop shop for all things Swedish. Fogle, who has been a television presenter and adventurer, is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".

**25% OFF**

**News** **December 10, 2009**



# Clas act for Swedish shop's grand opening

A group of eager shoppers lined up to be the first to enter the new Clas Ohlson store in Reading, Berkshire. The store, called Clas Ohlson, is a one-stop shop for all things Swedish. Fogle, who has been a television presenter and adventurer, is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".

The store was opened by Ben Fogle, the adventurer, who has been a television presenter and adventurer, is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".



**Christmas Opening Hours:** The store will be open from 10am to 6pm on Christmas Eve and 10am to 5pm on Christmas Day.

# A touch of Swedish Clas

**A** touch of Swedish Clas is now available in Reading, Berkshire. The store, called Clas Ohlson, is a one-stop shop for all things Swedish. Fogle, who has been a television presenter and adventurer, is now a businessman. The store is located in the former Woolworths site on Broad Street. Fogle says the store is a "useful addition to the town's shops".



this is our **Herring Back Promise.**  
and we mean it.

**Your Local  
Guardian**

we're cheaper and  
we'll put our herring  
where our mouth is



**clas ohlson**  
usefulshöpp

find us in the whitgift, croydon and on market place, kingston  
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**our price promise**

if you can find our products cheaper  
anywhere else on the high street,  
we'll give you a jar of pickled  
herring absolutely free. mmmm...  
tästies! oh, and we'll also match  
the price or refund the difference.

this is our herring-bäck promise.  
and we mean it.

**clas ohlson**  
usefulshöpp

find us in the whitgift, croydon and on market place, kingston  
HOME • HARDWARE • MULTIMEDIA • ELECTRICAL • LEISURE  
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**clas  
ohlson**

# New store concept

- Modern concept with easier navigation
- 18 new stores
- Norrköping, Malmö, Västerås in Sweden and Sandnes in Norway refurbished
- Plans to refurbish 5-6 stores during 2009/10 and 6-8 stores during 2010/11



# Distribution Center

- New High Bay Warehouse fully operational January 2010
- Doubled storage capacity
- Increased productivity with new miniload facility
- Increased depreciation
- Capacity for efficient storage and picking for 150+ stores



# Store expansion - pipeline

- 10 stores opened to date (2009/10)



## Contract pipeline

- 4 stores will be opened during 2009/10
- Total of 14 new stores of which 5 in the UK during 2009/10
- Additional 10 new stores contracted with openings in 2010/11 and 2011/12

UK: 2 (Liverpool, Leeds)

Sweden: 6

Norway: 6



# Outlook

- Continued focus on profitable growth in Europe in accordance with financial targets
- Business plan to invest in new markets (currently UK)
  - annual impact of up to 2-3 percentage points on EBIT-margin
- Increased expansion rate with 17-22 new stores during 2010/11 of which 6-10 new stores in the UK
- Further potential to increase sales in primary markets in Nordics through new store concepts

# Q3-summary

- Increased sales growth +18%
- Increased operating profit +20%
- Continued investments for future growth



**clas ohlson**

[www.clasohlson.se](http://www.clasohlson.se)