



Q1 Report 2010/2011

8 September 2010

Agenda

- Q1 2010/11 (May-July)
- Events after period-end
- Roadmap and progress
- Q&A

Clas Ohlson today

- A retail chain with 122 stores in four countries
- Sales of SEK 5,6 billion
- 3,000 employees
- 57 million visitors – 29 million customers
- Product range that solves small practical problems of everyday life



Q1 2010/11
(May-July)

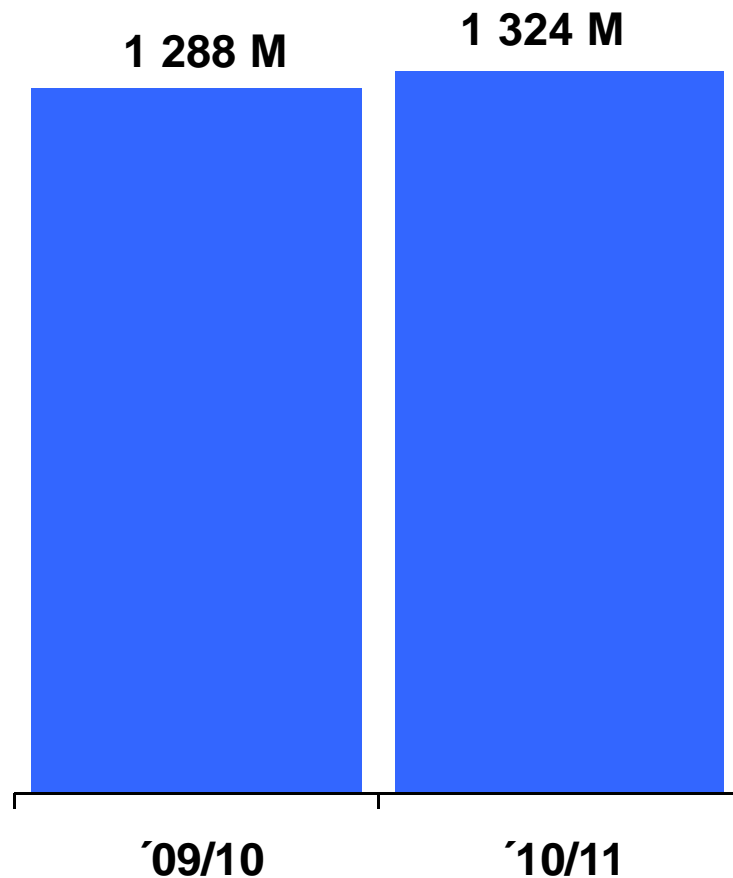
GPS receiver, Gamin eTrex Legend HCx

with 2.2" colour display. Inbuilt basic map. Place for microSD memory card to easily add detailed maps. WAAS/EGNOS for best accuracy. Watertight according to IPX7 standard. Up to 25 hours operating time with two LR6 batteries. Weight 156 grams with batteries. Size: 107x56x30mm.

Product number 38-3221 **Price: SEK 1895**



Sales – Q1

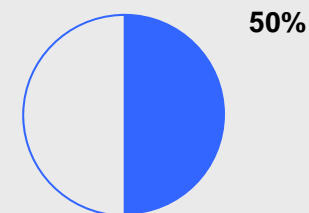


- Sales up 3% to SEK 1 324 M
 - Comparable stores in local currency -3%
 - New stores +7%
 - Currency effects -1%
- Mail order/Internet SEK 19 M (19 M)

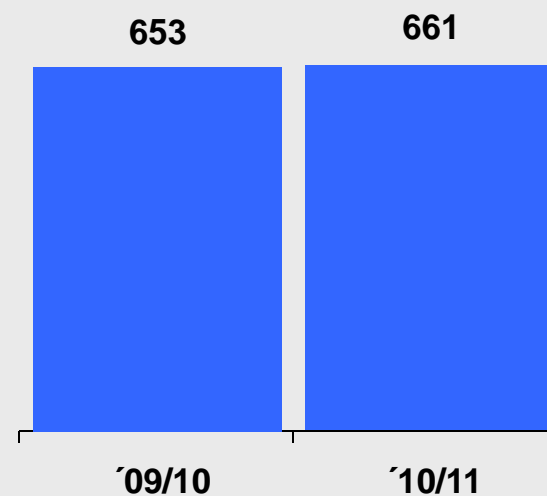
Sweden – Q1

- Sales up 1%
 - No new stores. Total of 56
 - 4 more stores compared to preceding Q1
- Majority of new stores small formats or double establishments
- Highly competitive and overall volatile market

Portion of sales



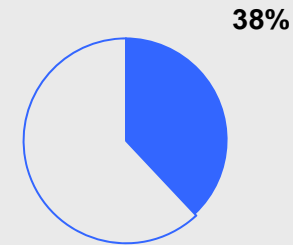
Sales, SEK M



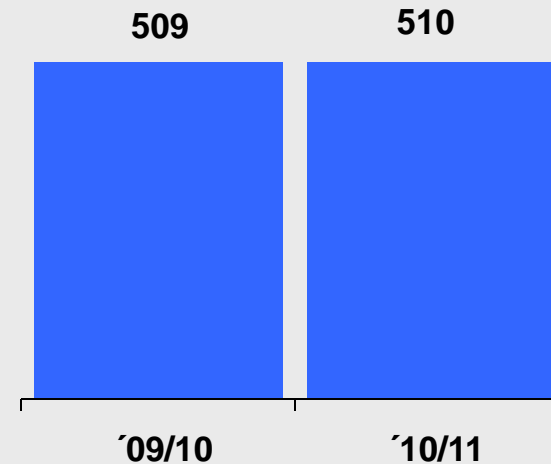
Norway – Q1

- Sales unchanged
 - Unchanged in local currencies
 - 1 new store during Q1. Total of 42
 - 4 more stores compared to preceding Q1
- High comparison figures
- Lower consumer spending and more volatile market

Portion of sales



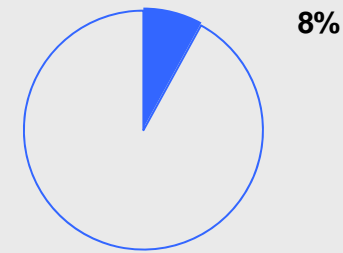
Sales, SEK M



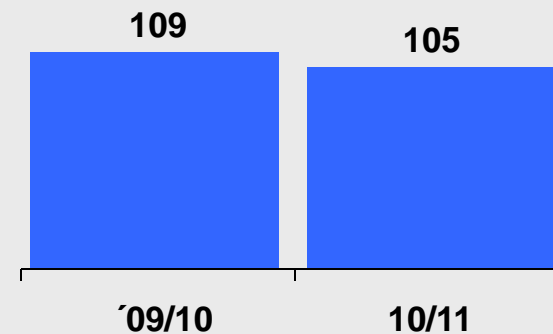
Finland – Q1

- Sales down 4%
 - Up 8% in local currencies
 - Unchanged # of stores compared to preceding Q1
- Negative currency effect
- Positive sales trend in local currencies and increased market share

Portion of sales



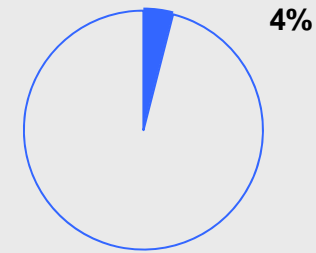
Sales, SEK M



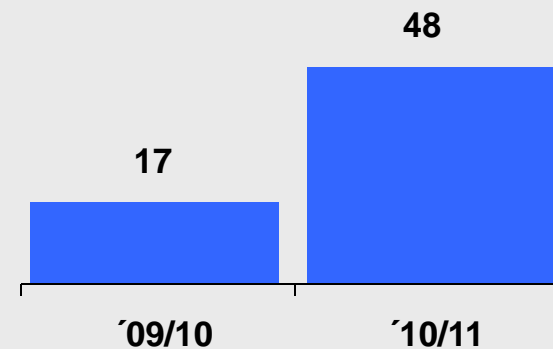
UK – Q1

- Sales up 181%
 - Up 205% in local currencies
 - No new stores during Q1
 - 5 more stores compared to preceding Q1
- UK-market burdened by weak economy and financial pressure on households

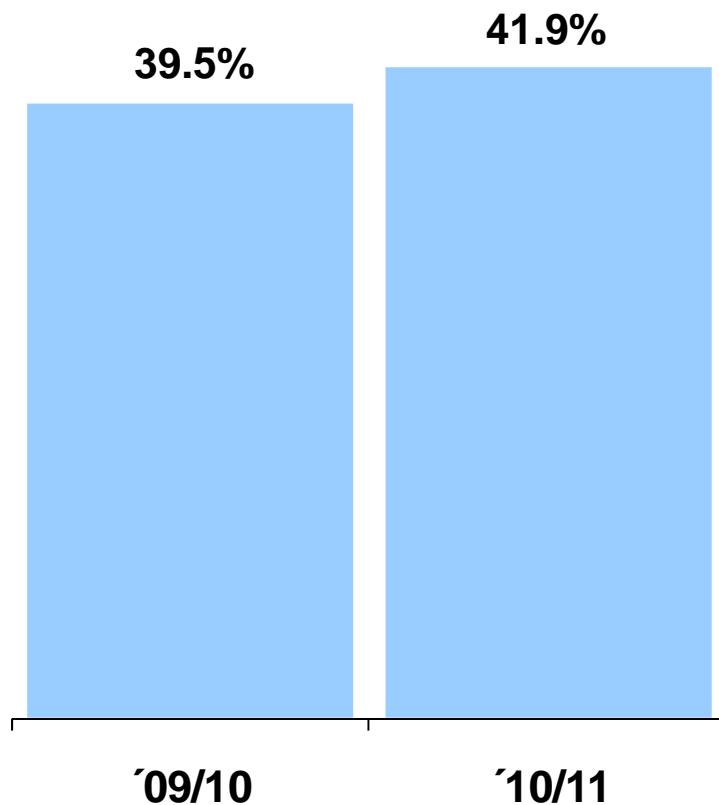
Portion of sales



Sales, SEK M



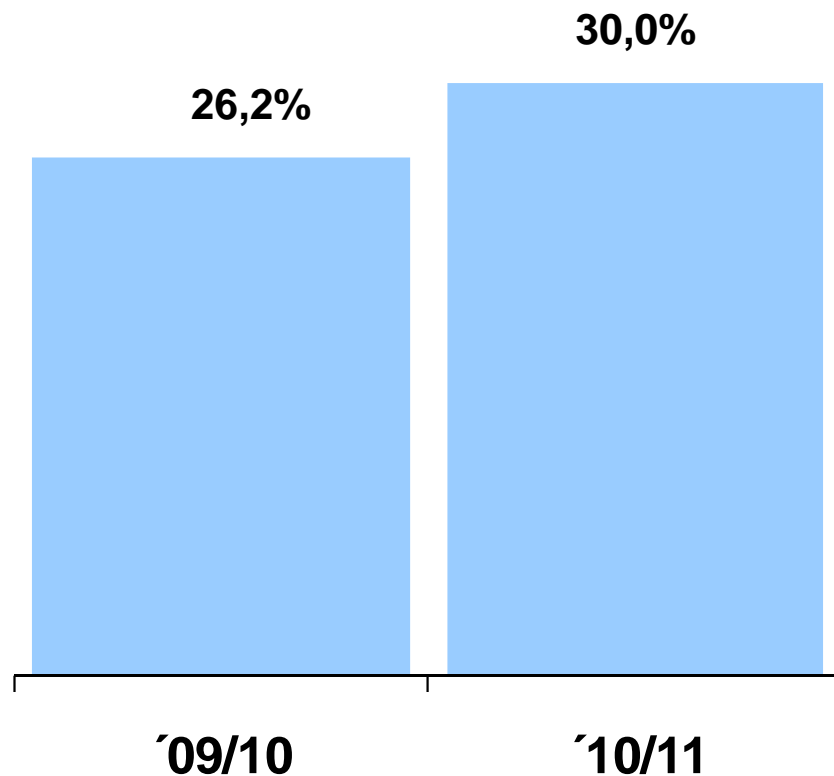
Gross margin – Q1



Gross margin up 2.4 percentage points to 41.9%

- + Currency effects (USD)
- + Increased share of direct purchasing (Shanghai Office)
- + Sales Mix, including less clearance sales compared to Q1 09/10
- Increased depreciation (DC investment)

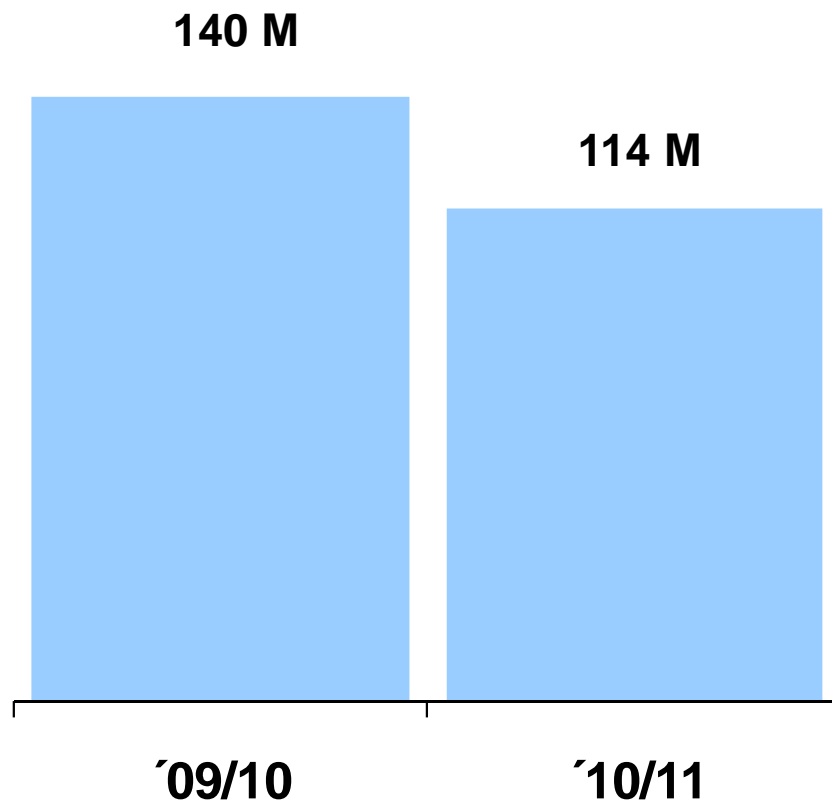
Share of sales costs – Q1



Share of sales costs up 3.8 percentage points to 30.0%

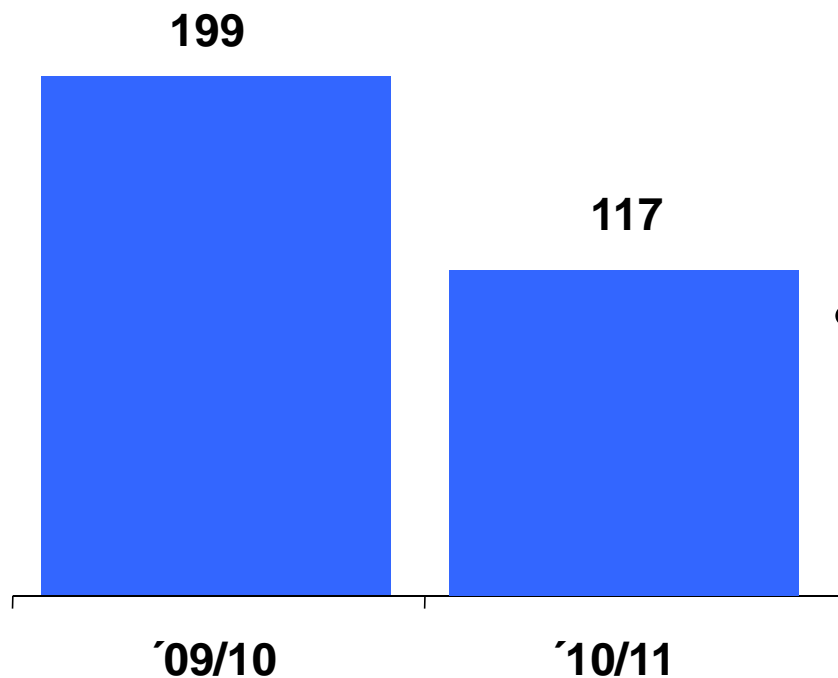
- Higher share of sales costs new markets (UK)
- Lower sales in comparable stores (LFL)
- Higher start up/refurbishment costs in store network
- Increased marketing spending in the Nordic markets

Profit after financial items & EPS – Q1



- Profit SEK 114 M (140)
 - + Improved Gross Margin
 - Low sales growth and negative LFL in established markets
 - Costs for new market entry (UK)
- Earnings per share SEK 1.32 (1.56)

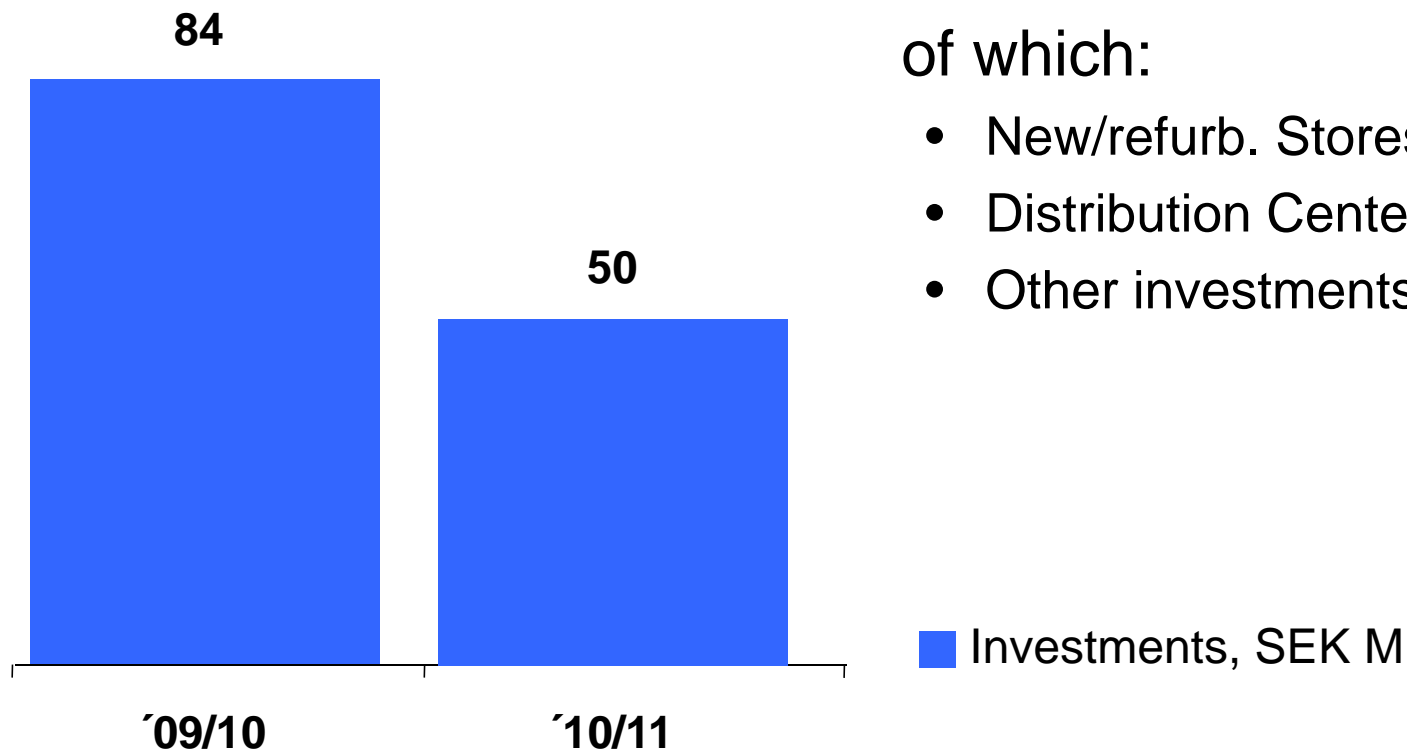
Cash flow – Q1



- Cash flow from operating activities SEK 117 M (199)
- Inventory: +17% to SEK 1 279 M (1 093)
 - Average inventory R12 +11%
 - 13 New stores compared to (09/10)
- Cash flow for the period SEK 118 M (69)

■ Cash flow from operating activities, SEK M

Investments – Q1



- Investments of SEK 50 M (84) of which:
 - New/refurb. Stores: SEK 23 M (3)
 - Distribution Center: SEK 4 M (65)
 - Other investments: SEK 23 M (16)

Events after period-end

Denver TR-43C FM Radio/MP3 Speaker.

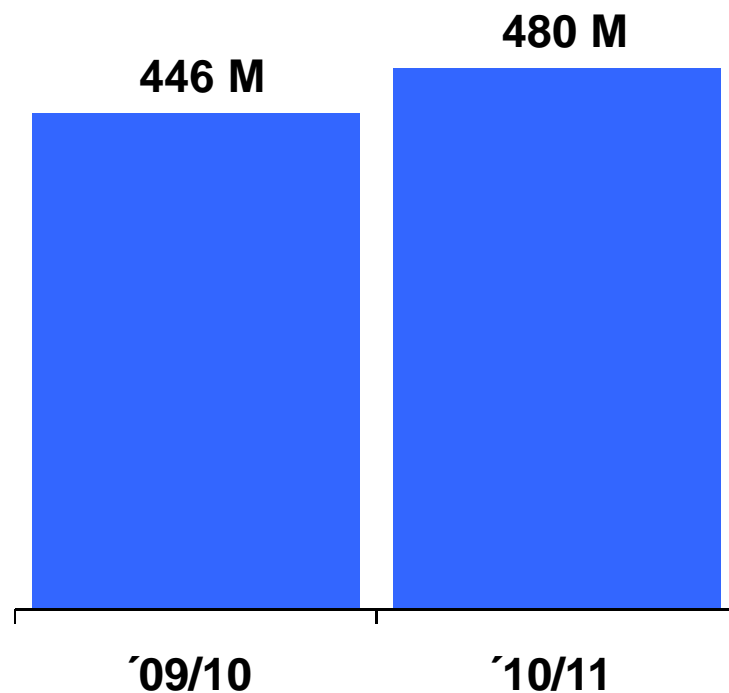
3.5 mm MP3 line-in jack and headphone output.
Telescopic aerial. Operates on the mains adaptor included or 6 x AA/R6 batteries (sold separately).
Size: 95x156x106 mm.

Product number 38-3000

Price: SEK 129



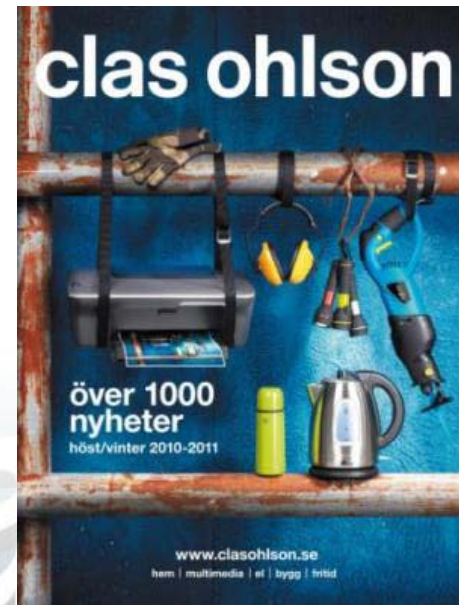
Sales – August



- Sales up to SEK 480 M (446) +8%
- 14 (20) more stores vs. August 2009
- Changes in local currencies
 - Sweden +5%
 - Norway +5%
 - Finland +10%
 - UK +190%
- Mail order/Internet sales: SEK 7 M (8)

Launch of fall/winter catalogue

- 94th edition (since 1918)
- Launch September 1
- More than 1 000 product news
- Over 600 pages



Update on strategic priorities

Cotech Portable Jump Starter and Air Compressor.

Easily starts cars, boats or tractors with 12V batteries without the help of another vehicle. Connects directly to the battery terminals. Delivers up to 450A cranking power. Battery capacity: 17Ah.

Product number 36-4023

Price: SEK 799



UK-expansion Stores

Open Stores

- 1 Croydon
- 2 Manchester
- 3 Reading
- 4 Kingston
- 5 Watford
- 6 Liverpool
- 7 Leeds

Under contract

- 8 - Birmingham, Merry Hill
- 9 - Cardiff
- 10 - Norwich
- 11 - Doncaster



New store concepts

- Easier navigation & improved competitiveness
- 23 new stores
- 8 refurbished stores
- Gradual refurbishment of older stores. Current plan 6-8 stores during 2010/11
- Gradual "face lift" of newer stores according to the new concept



New store concepts, continued

- Refurbished and expanded original store in Insjön opened in May 2010
- Additional large format store opens October 2010 on Drottninggatan, Stockholm
 - Store space subleased to Intersport AB



Store expansion - pipeline



Contract pipeline

- Plan for 17-22 new stores of which 6-10 in the UK during 2010/11
- 2 new stores opened to date in 2010/11
- 23 new stores contracted of which 15 openings in 2010/11 and 7 in 2011/12
 - Sweden: 9
 - Norway: 8
 - Finland: 2
 - UK: 4

Senior Management changes

- Catharina Bengtsson,
Director Supply Chain
 - Business development
Manager at Ikea
 - Starting 1 October

- Göran Melin, CFO
 - Partner at Öhrlings
PricewaterhouseCoopers in
Falun since 2001
 - Starting 1 November

Outlook

- Continued focus on long term 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 in line with our strategic plan

Q&A

StationTranslator/data bank for 29 languages.

Contains 2,300 phrases for each language. Approx. 20,000 entries, storage of names, telephone numbers and addresses. Clock with calendar and alarm. Shows times of 200 cities. Automatic power-off.

Size 126x81x12mm.

Product number 38-1590

Price: SEK 399



clas ohlson

www.clasohlson.se