

The image shows the exterior of a Clas Ohlson store. The name 'clas ohlson' is written in large, white, lowercase letters on the glass facade. The store's interior is visible through the glass, showing shelves, hanging lights, and various products. A blue and yellow striped ribbon is visible in the foreground, possibly marking an entrance or a specific area.

clas  
ohlson

# Q1 Report 2014/15

10 September 2014

Klas Balkow  
CEO

clas ohlson





# Agenda

- Q1 2014/15
- Events after period-end
- Strategic priorities
- Q&A

Store opening in Levanger, Norway, in June 2014

# High energy and strong position

**186** stores in  
**5** countries  
omni-channel structure

**73** million visitors  
**36** million customers

**4,700**  
service-minded  
employees

High focus on  
sustainability  
agenda

R12 sales  
**7** billion SEK

One of the strongest  
brands in retail in the  
Nordics



Q1 2014/15  
May – July





# Highlights Q1

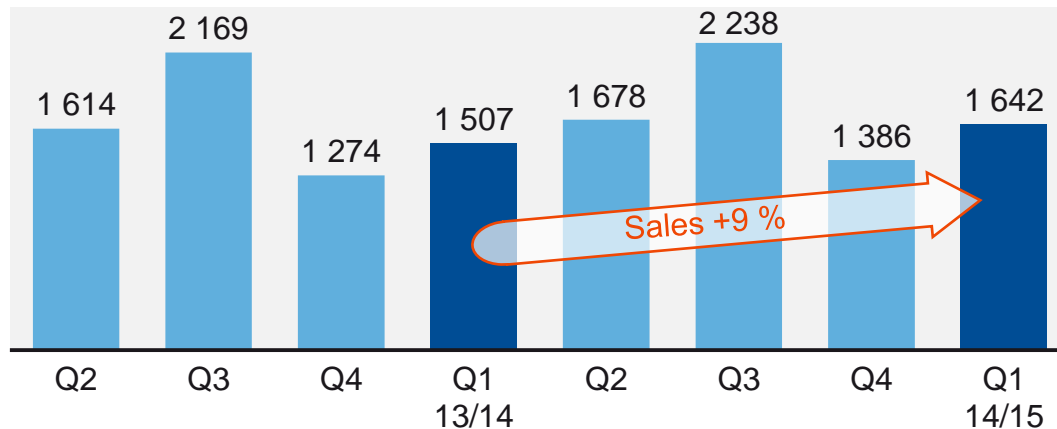
- Sales up 8 % in local currencies
- Strong LFL sales up 4 %
- Decreased gross margin due to negative currency effect
- Earnings per share improved by 14 %



# Sales Q1

- Sales up 8 % in local currencies
- Sales 1 642 MSEK, up 9 %
- Strong LFL sales, up 4 %
- Positive currency effect of 1 %

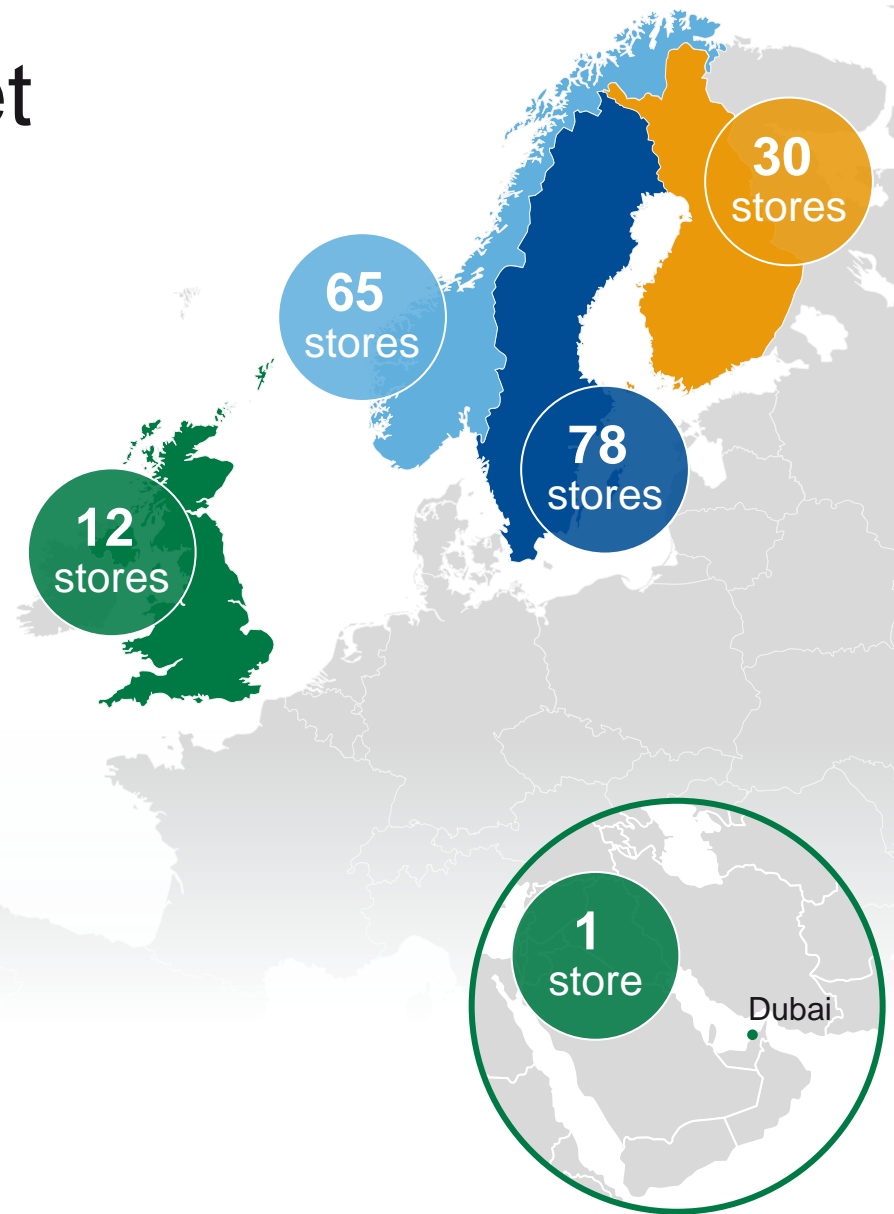
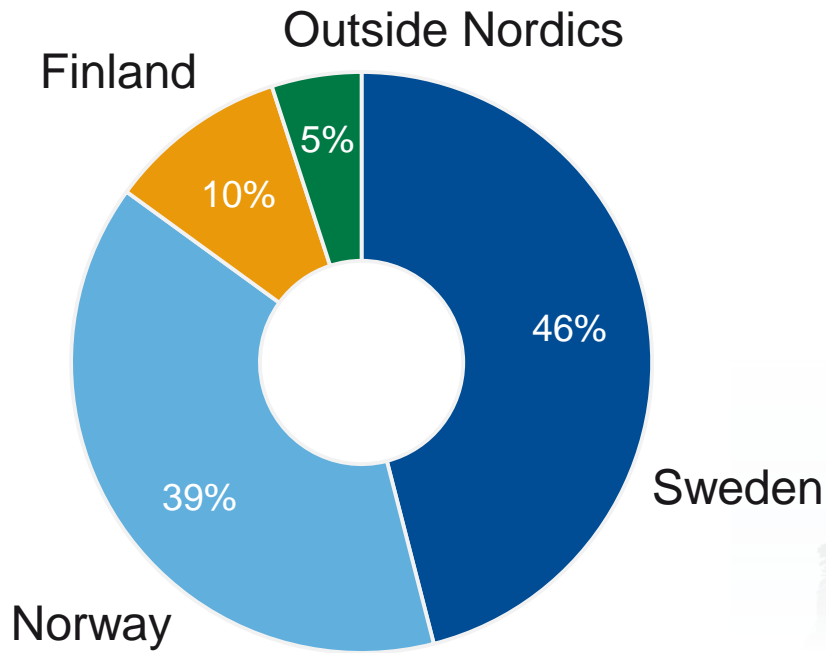
Sales, MSEK



We'll receive summer product range

# Sales share per market

Q1 2014/15



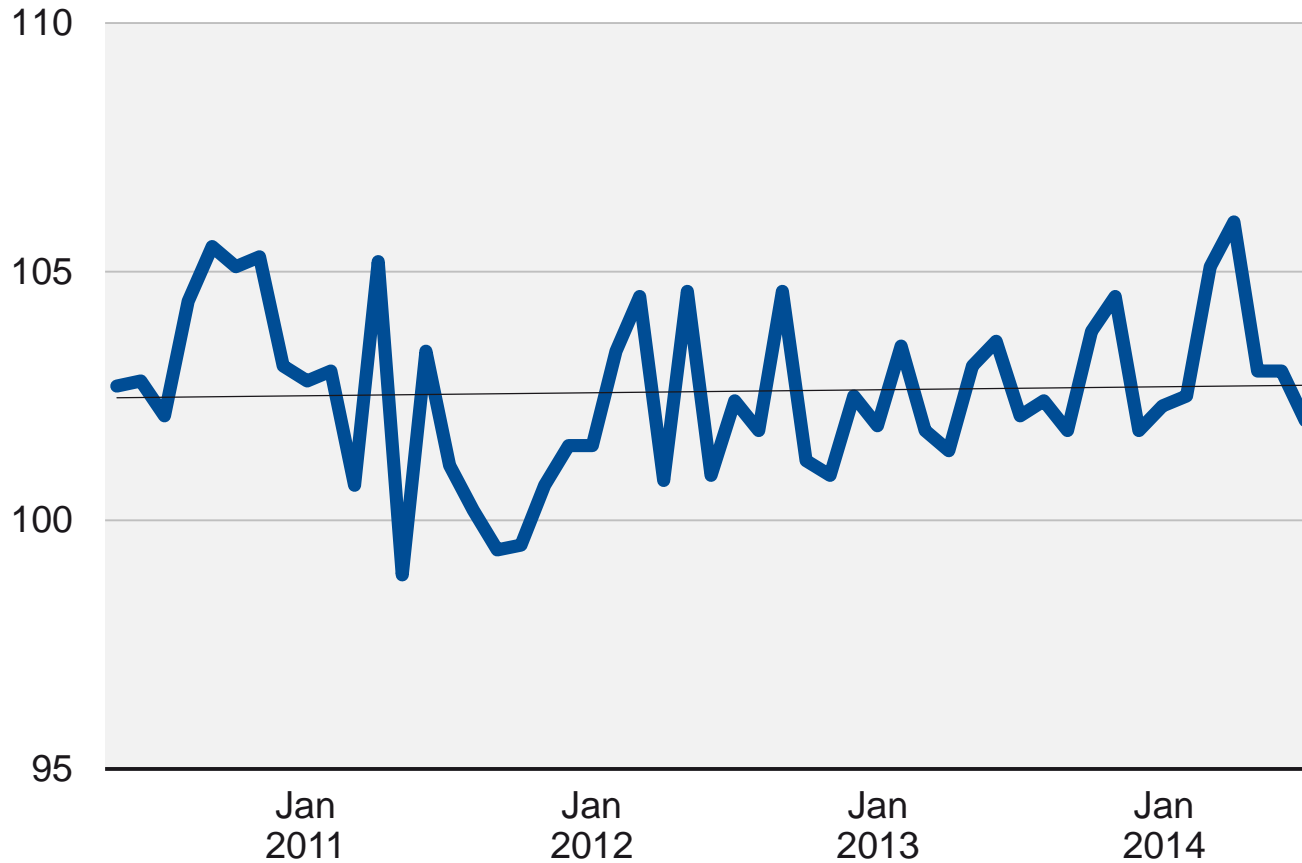
# Sweden Consumer Confidence



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)



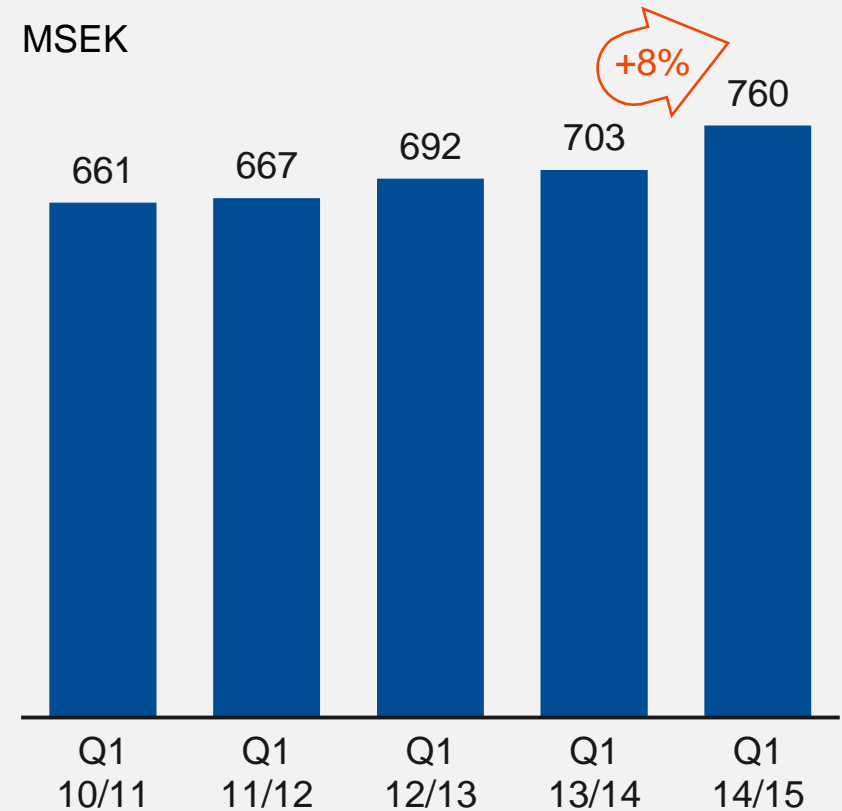
# Sweden Retail Index



Source: HUI

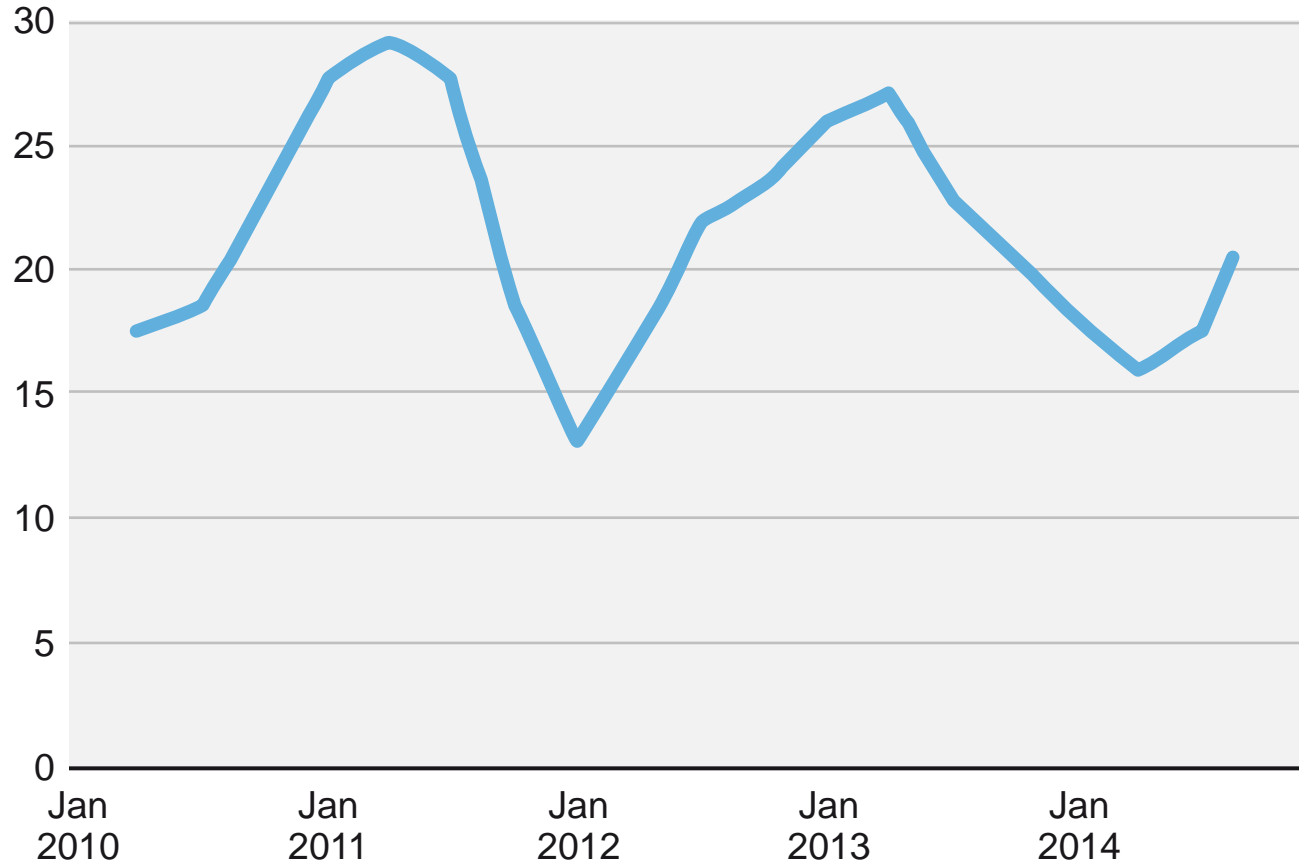
# Sweden Q1

- Sales up 8 % to 760 MSEK
- Total 78 stores
  - No new store during Q1
  - 5 more stores compared to preceding Q1
- Strong market position and strengthened brand
- Positive summer sales



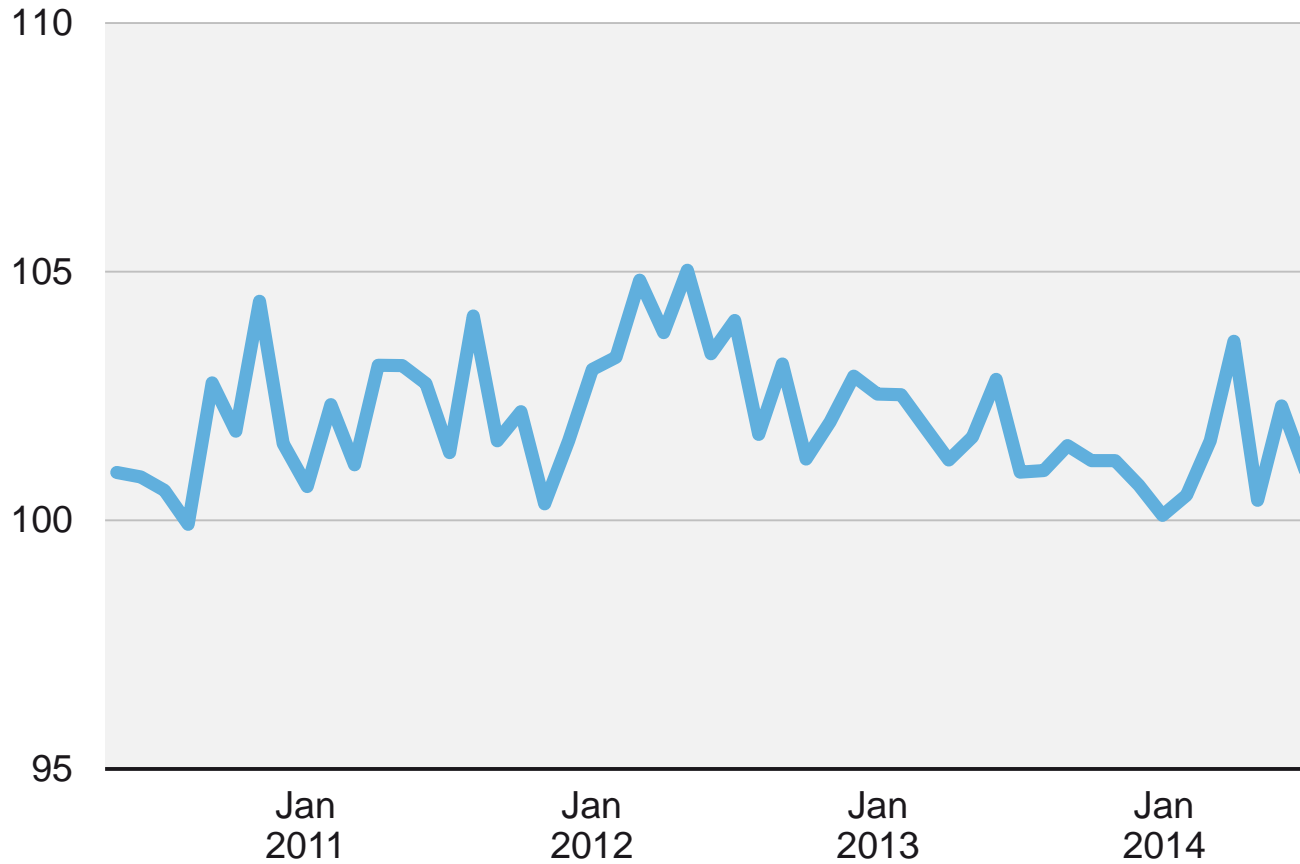


# Norway Consumer Confidence



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

# Norway Retail Index

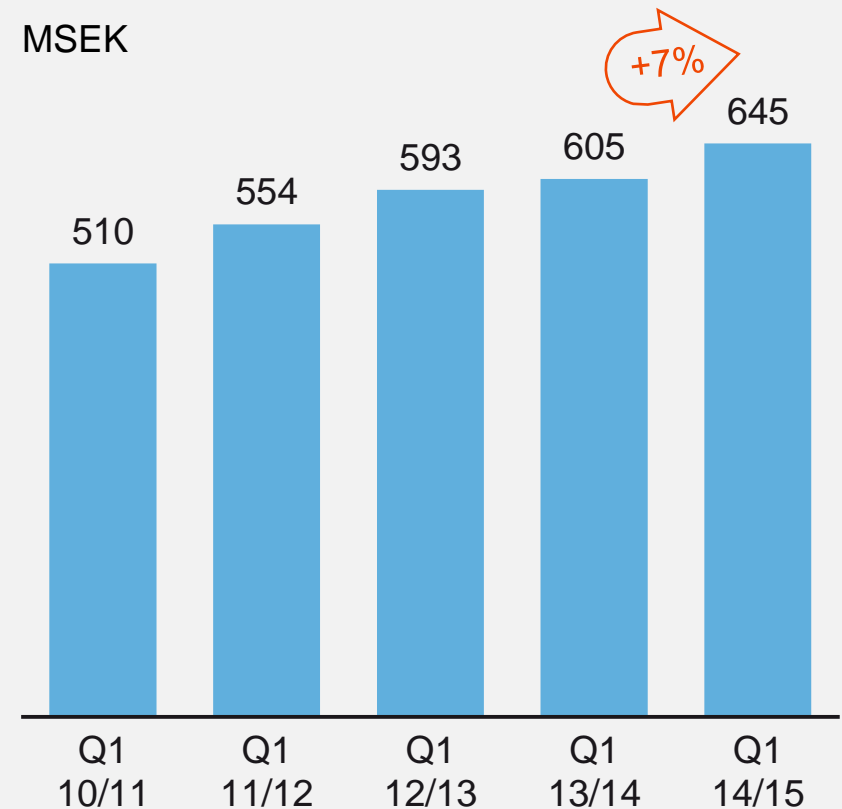


Source: SSB

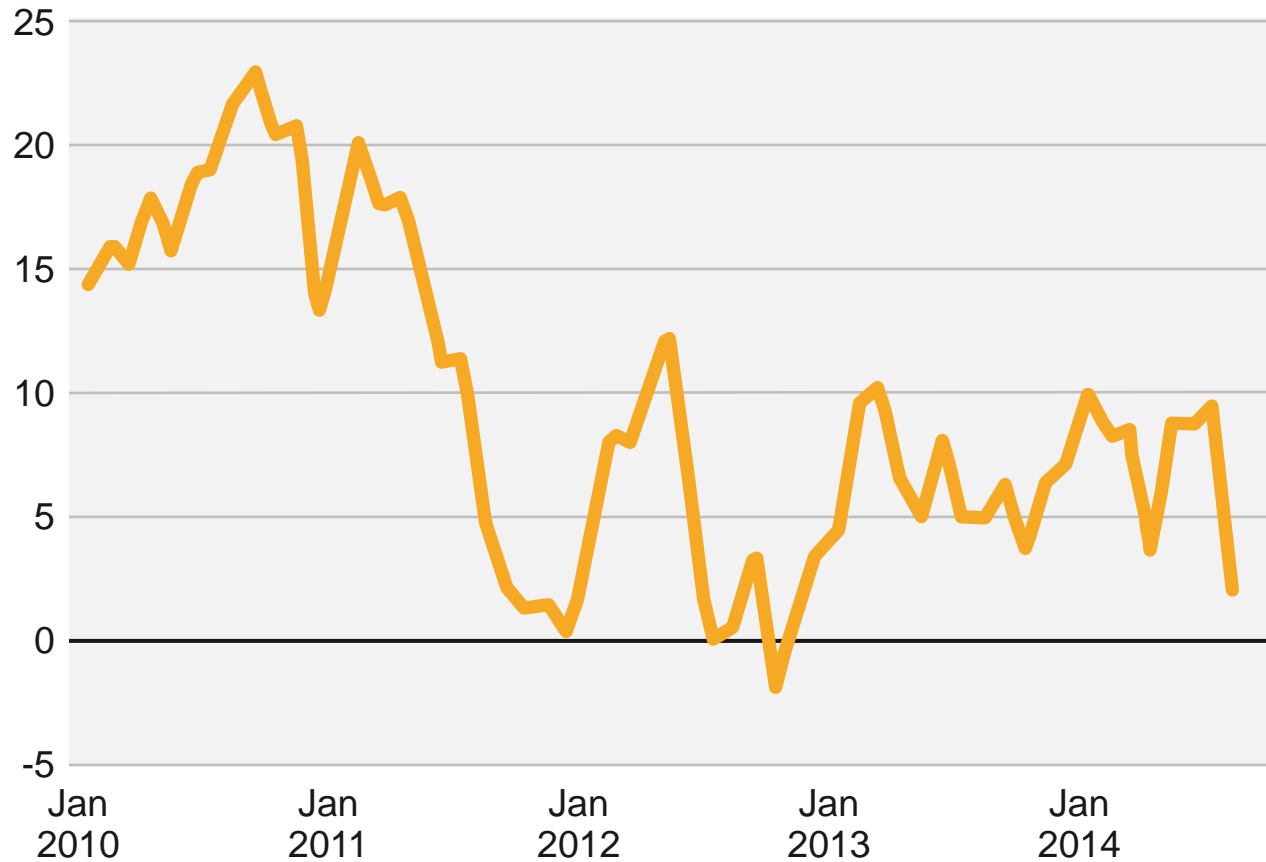


# Norway Q1

- Sales up 8 % in local currency
- Sales 645 MSEK, up 7 %
- 65 stores
  - 1 new store during Q1
  - 1 more store compared to preceding Q1
- Strong market position and strengthened brand
- Positive summer sales



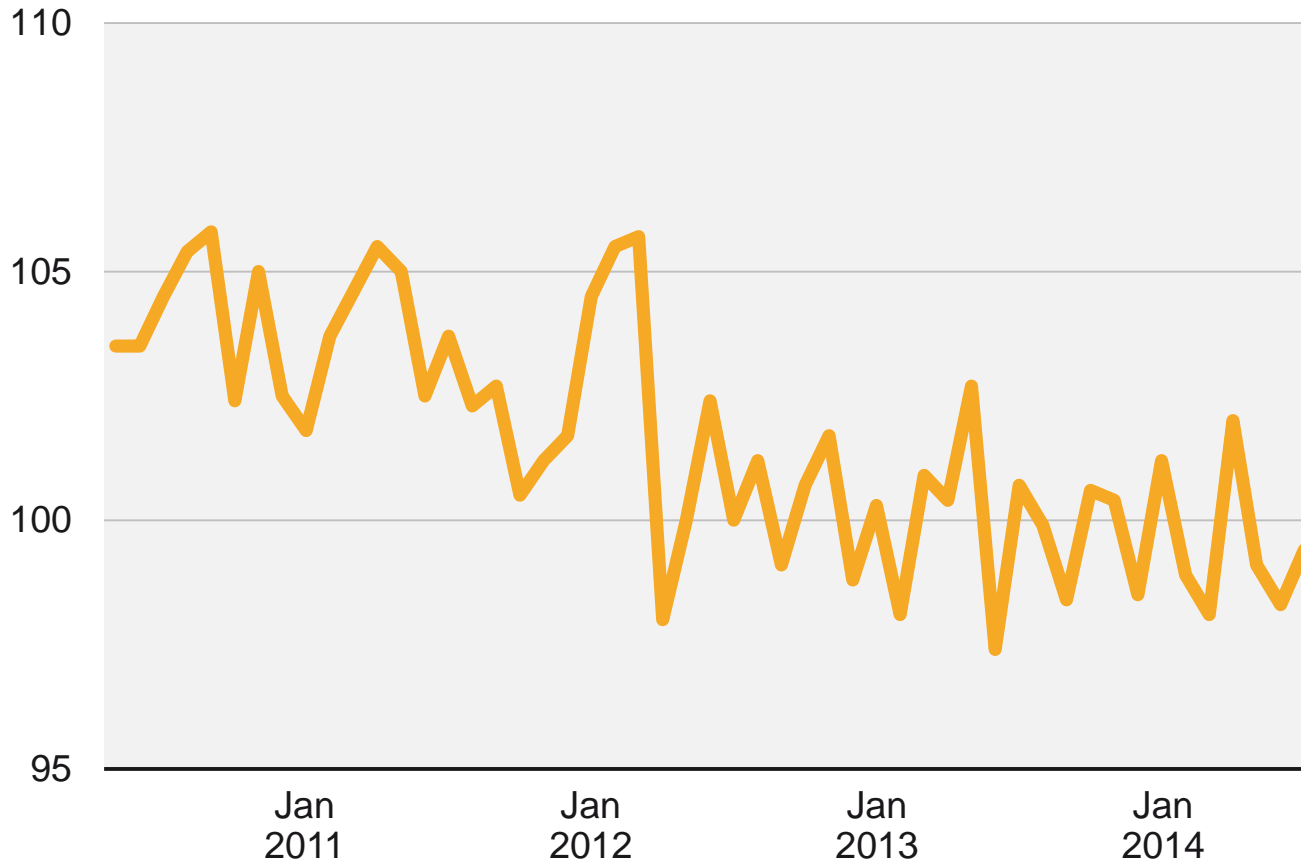
# Finland Consumer Confidence



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)



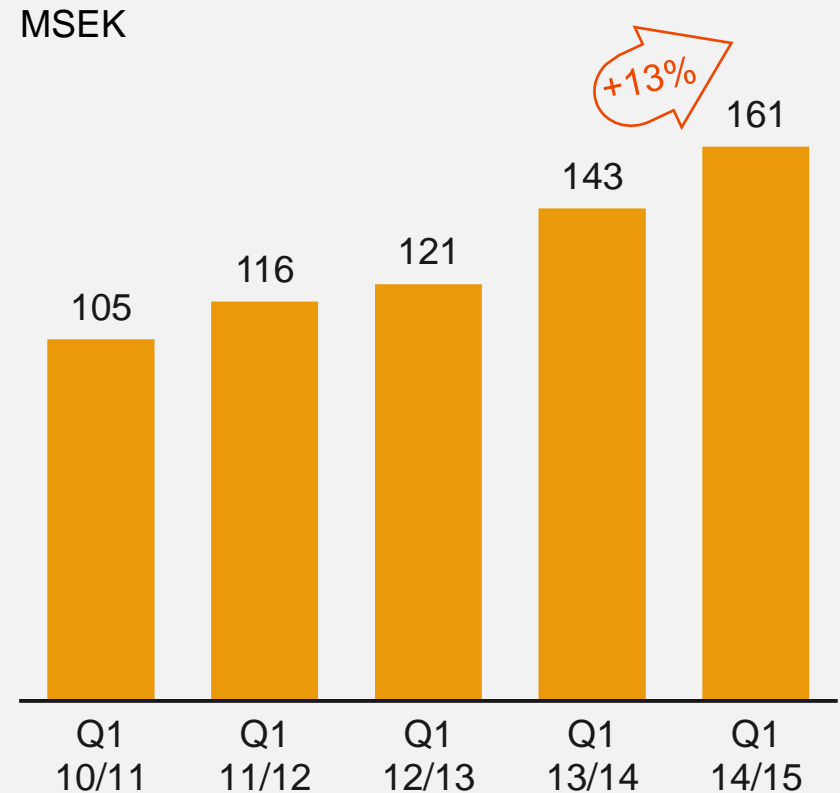
# Finland Retail Index



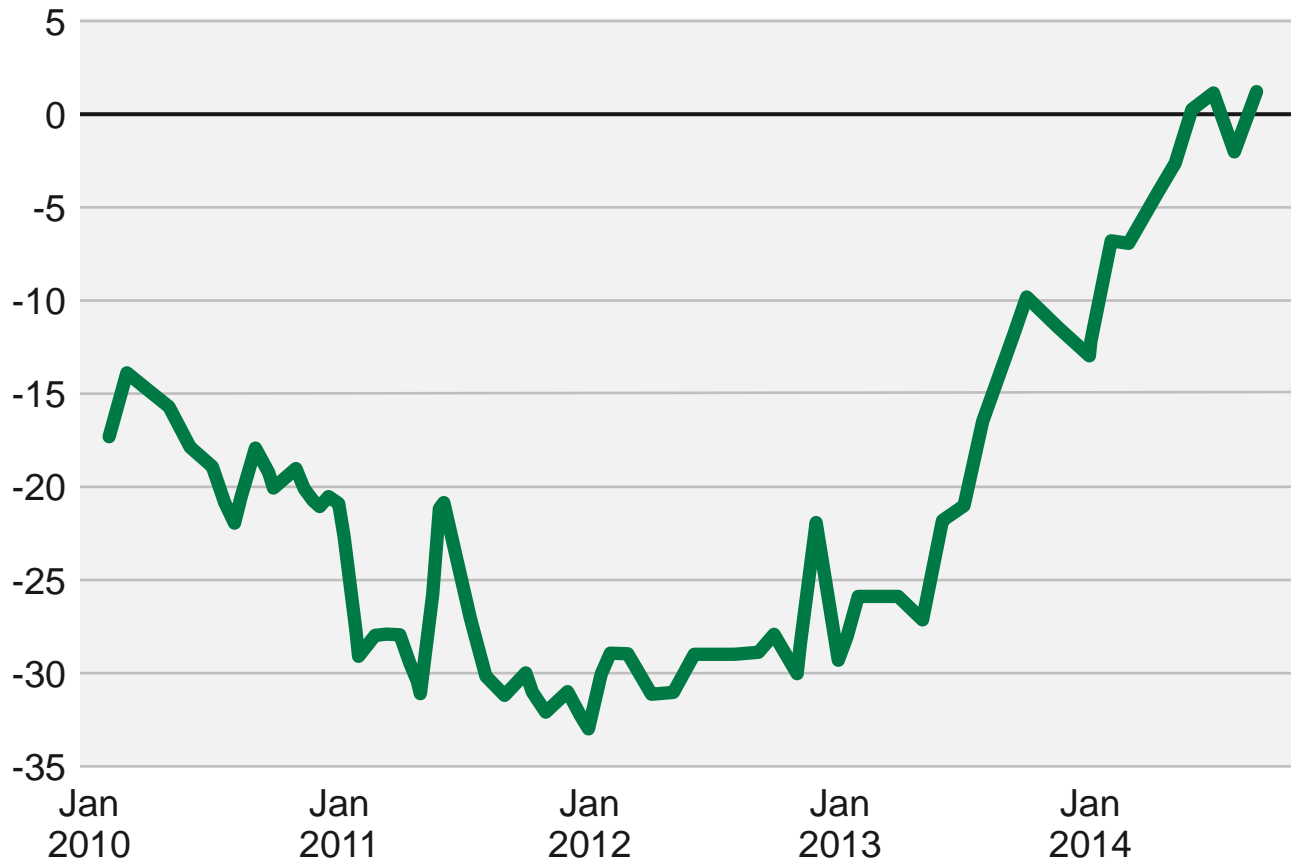
Source: Statistikcentralen

# Finland Q1

- Sales up 7 % in local currency
- Sales 161 MSEK, up 13 %
- 30 stores
  - No new stores during Q1
  - 1 more store compared to preceding Q1
- Strengthened brand and market position in a soft market

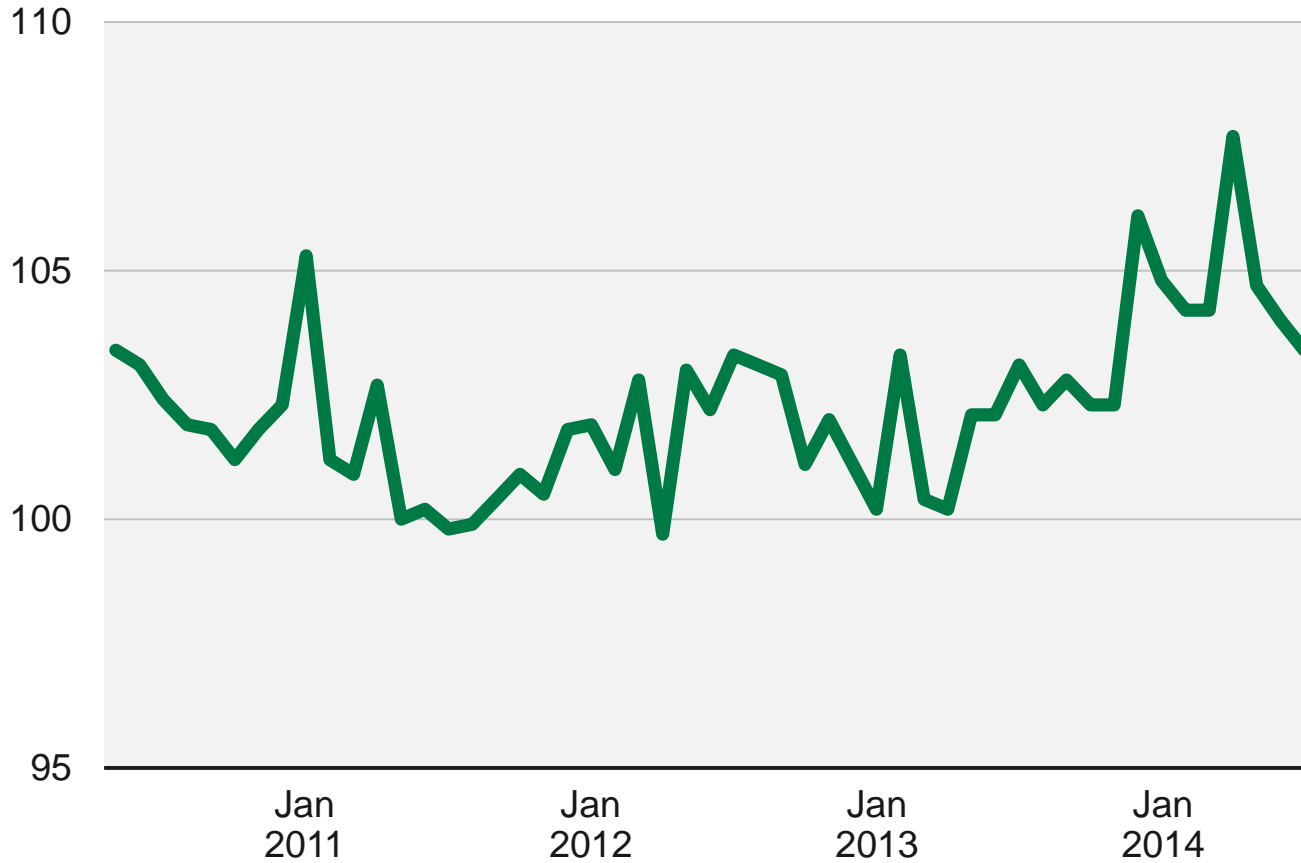


# UK Consumer Confidence



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

# UK Retail Index

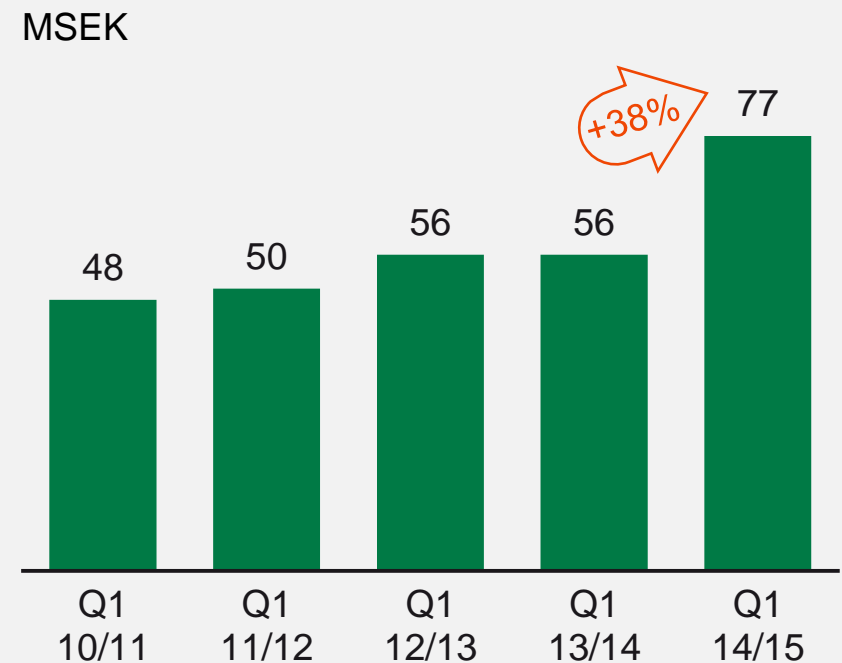


Source: National Statistics

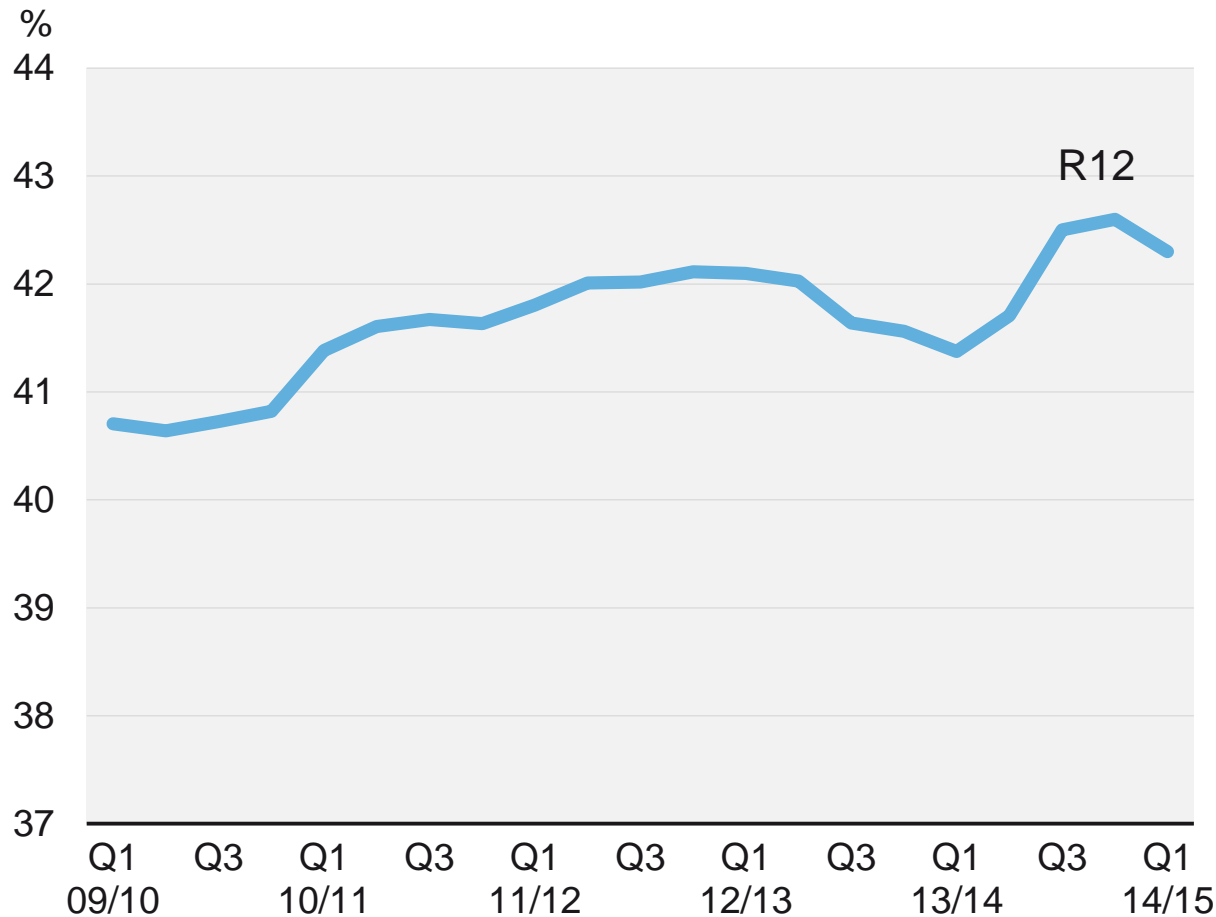


# Outside Nordics Q1

- Sales up 23 % in local currencies
- Sales 77 MSEK, up 38 %
- 13 stores whereof one franchise
  - No new store during Q1
  - 1 more store (franchise) compared to preceding Q1
- Continued positive sales trend in the UK, LFL up more than 15 %
- Positive customer feedback from Dubai store and high interest in the concept



# Gross margin long-term development

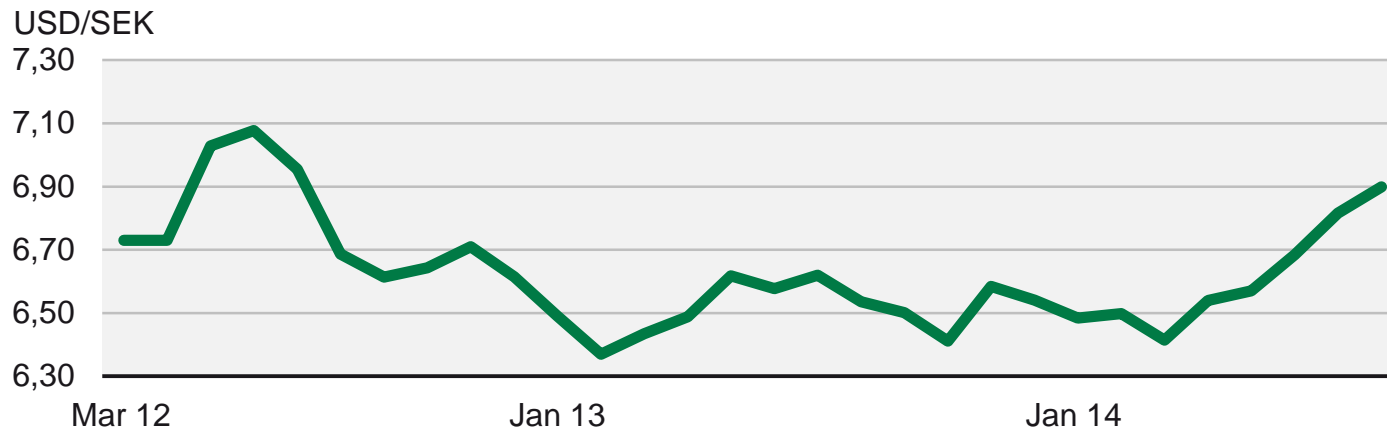
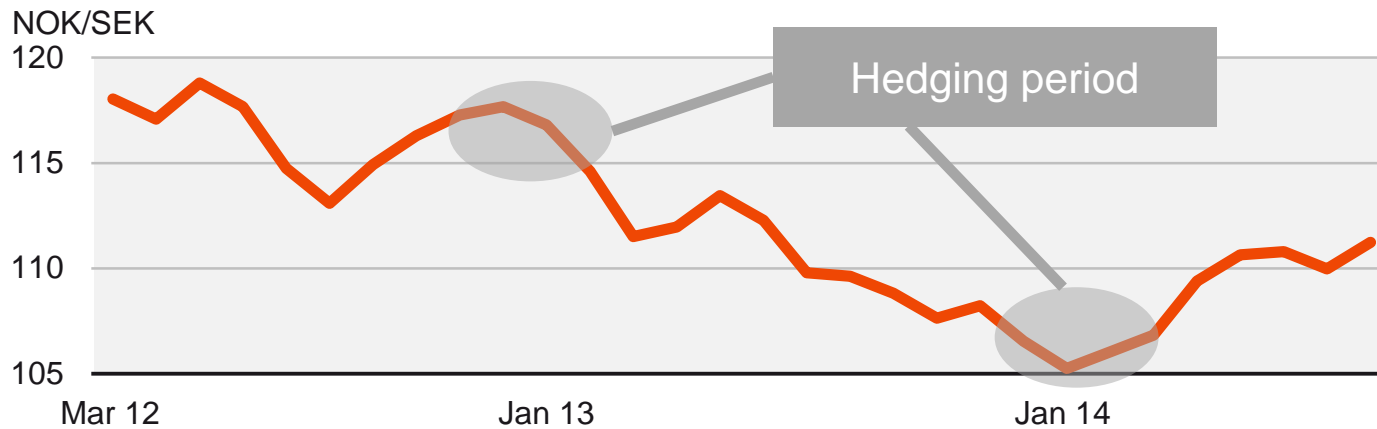


- Positive long-term trend
- Down in the quarter by 1.2 p.p to 40.5 %
  - Negative currency effect, hedging

# Gross margin influencing factors

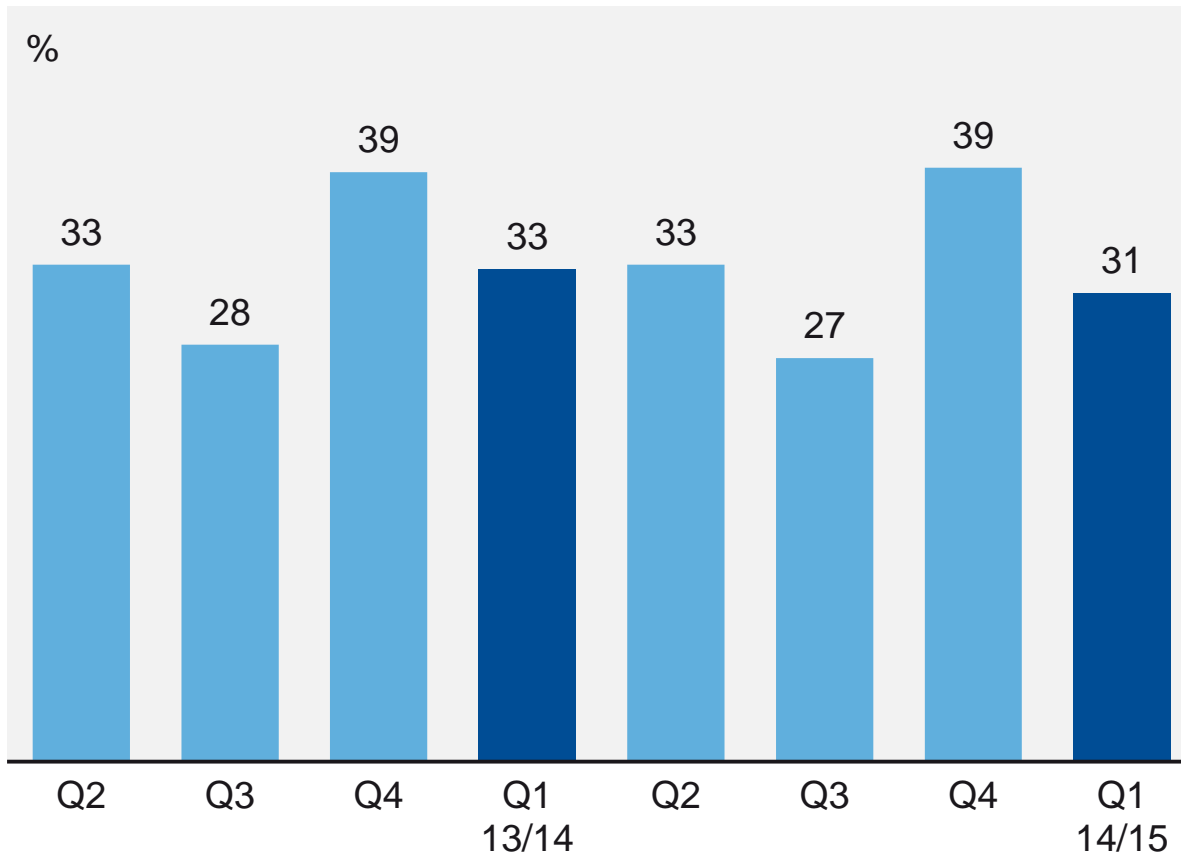


# Currency effects



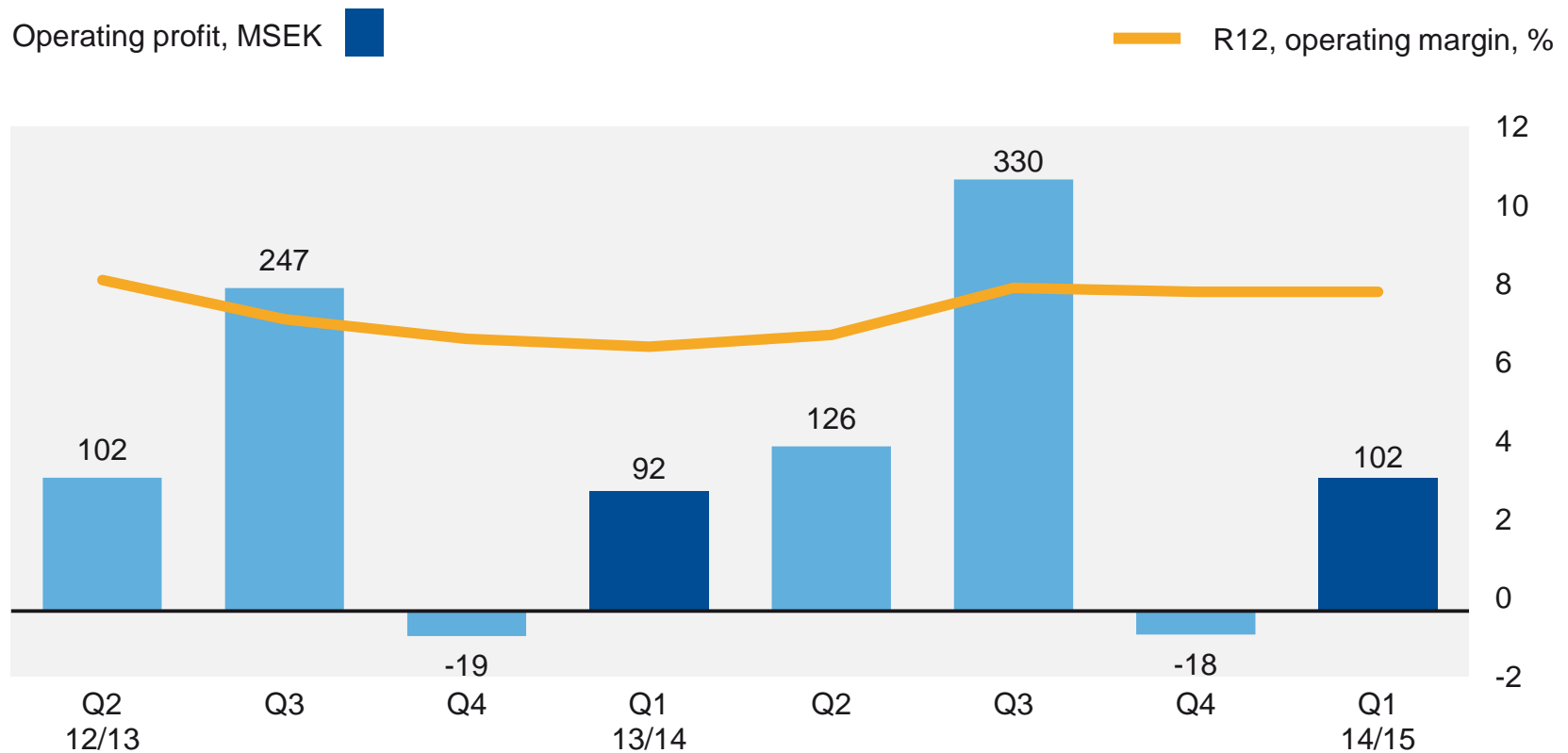


# Share of sales costs



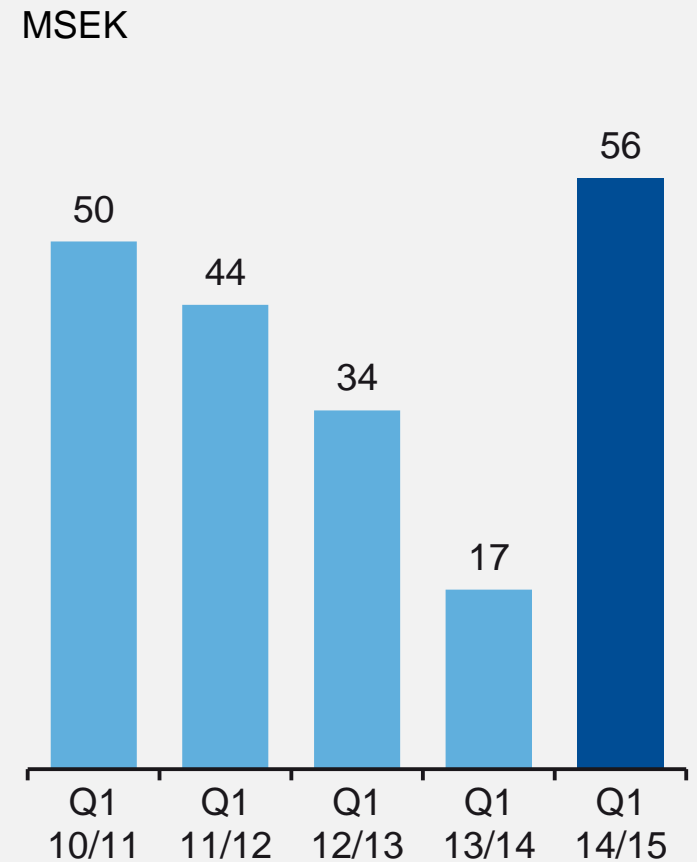
- Share of sales cost 31.4 %, down 1.2 p.p.
- Mainly due to positive LFL sales

# Operating margin and Operating profit



# Investments

- Total investments 56 MSEK (17)
- New stores and refurbishments 15 MSEK (8)
- IT-systems 34 MSEK (4)
  - Preparation for new IT-platform



# Cash flow

- Cash flow operating activities was 171 MSEK (109)
  - Inventory 1 329 MSEK (1 350)
  - Inventory turnover rate DC 7.0 (7.0)
- Cash flow after investments and financing activities of 102 MSEK (71)
- Net cash holdings of 462 MSEK (194)

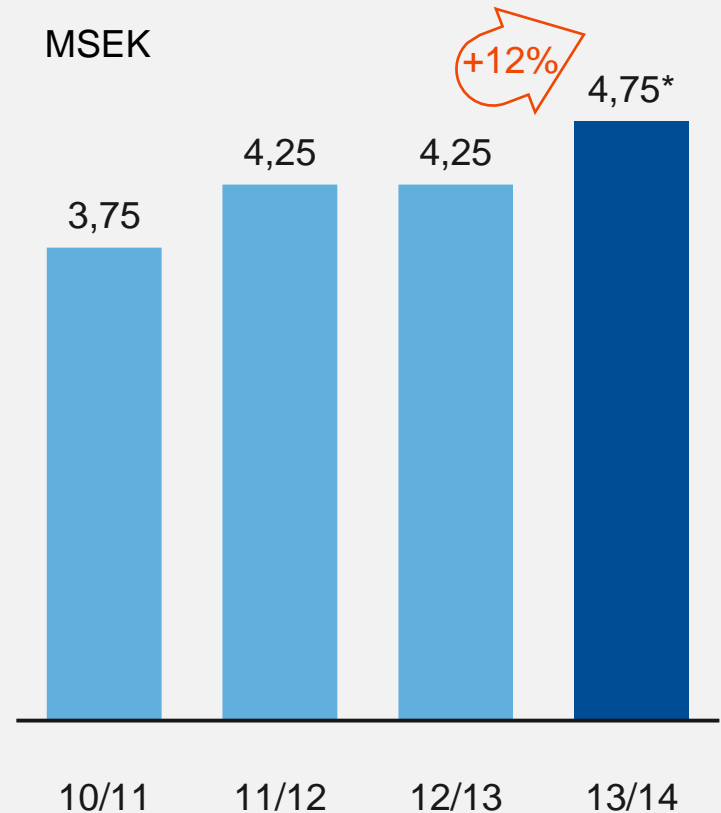


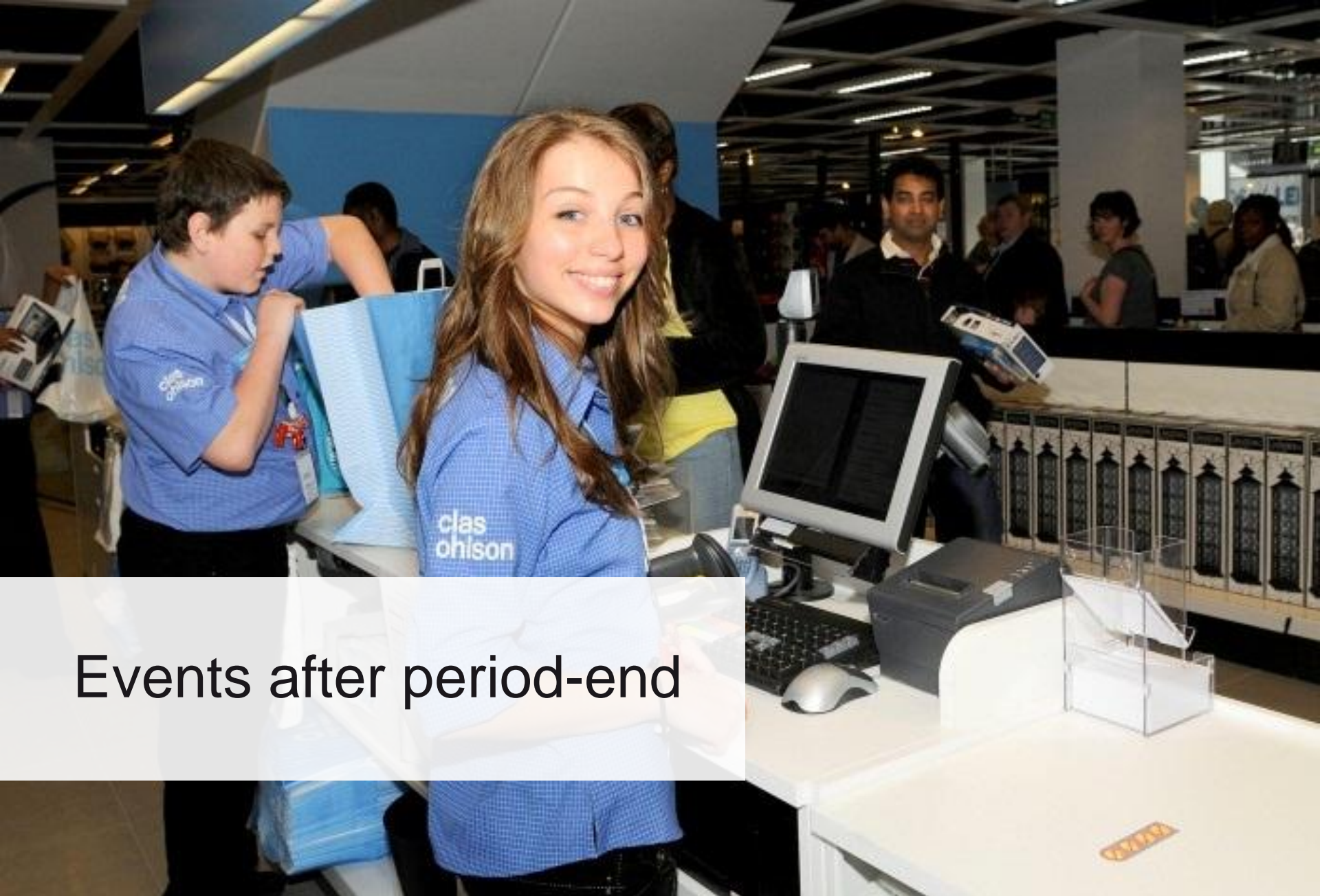


# Proposed dividend

- Proposed dividend 4.75 SEK per share (4.25)
- Equivalent to 77 % (84) of net profit
- In line with dividend policy  
*The dividend is to comprise at least 50 per cent of earnings per share after tax, taking into account the company's financial position*
- Record date for payment of dividend 17 September

\*Proposed dividend



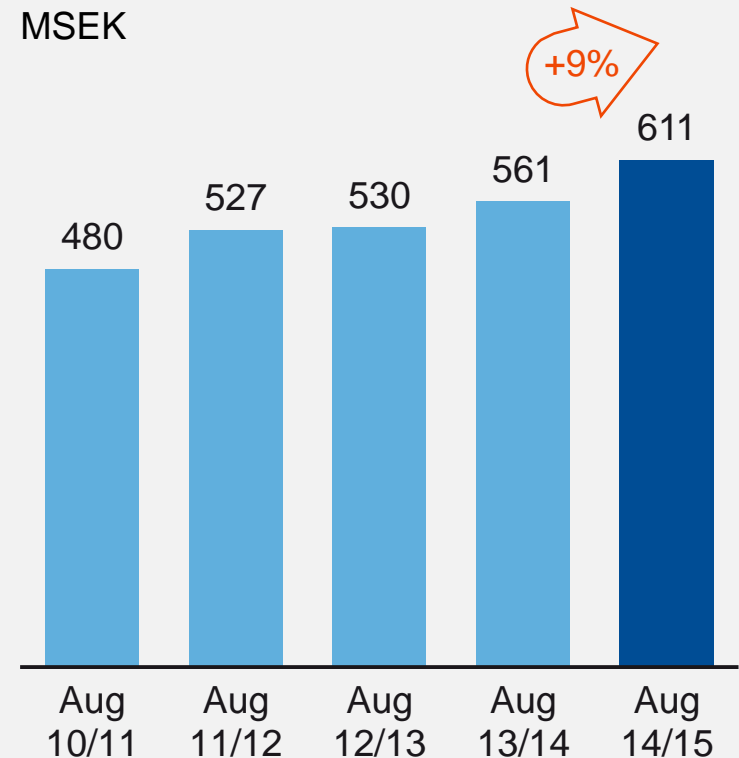


Events after period-end

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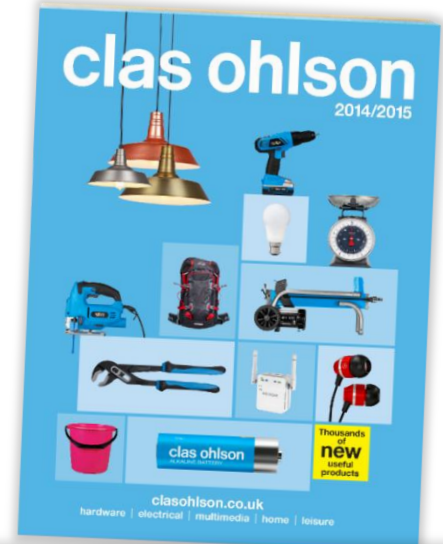
# Sales August

- Sales 611 MSEK, up 9 %
- Sales up 7 % in local currencies
  - Sweden + 7 %
  - Norway + 6 %
  - Finland + 7 %
  - Outside Nordic countries + 24 %
- 8 additional stores compared to end of August last year (16)



# Launch of new autumn range

- Many new smart products in range
  - More than 1 000 news
- New catalogue released
- Continued strong position in energy saving products
- Positive private label development



**Höst. Vi fixar det.**  
Hos oss hittar du allt för att lysa upp både mörkret och höstens roliga småprojekt.

**Klubbpris 149:- (199:-)**

**3-pack 49:-**

**199:- (299:-)**

**49:-**

**Klubbpris 20% på alla produkterna**

**från 79:-**

**59:-**

**149:-**

**179:- (229:-)**

**129:- (179:-)**

**99:-**

**279:-**

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Update on strategic priorities

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## **Our vision**

*is to be a leading international modern  
hardware retailer*

The day before opening, Kungens Kurva, Stockholm, April 2014



# New operating model – Franchising

- First franchise store in Dubai being evaluated
  - A good start and the concept clearly appreciated by the consumer
  - Potential for minimum 20 stores in the Gulf region during 2014-2019
- Developing the franchising model for future expansion opportunities



# New markets – Germany

- 1-2 stores in northern part of Germany and online shopping
- Ongoing range adaptation and search for store premises
- Store opening planned for calendar year 2015



# Sustainability progress

- Sustainability report published on [om.clasohlson.com](http://om.clasohlson.com)
- New transport agreement with potential reducing CO<sub>2</sub> emissions
- Updated Code of Conduct
- Commitment to improve conditions for migrant workers in China





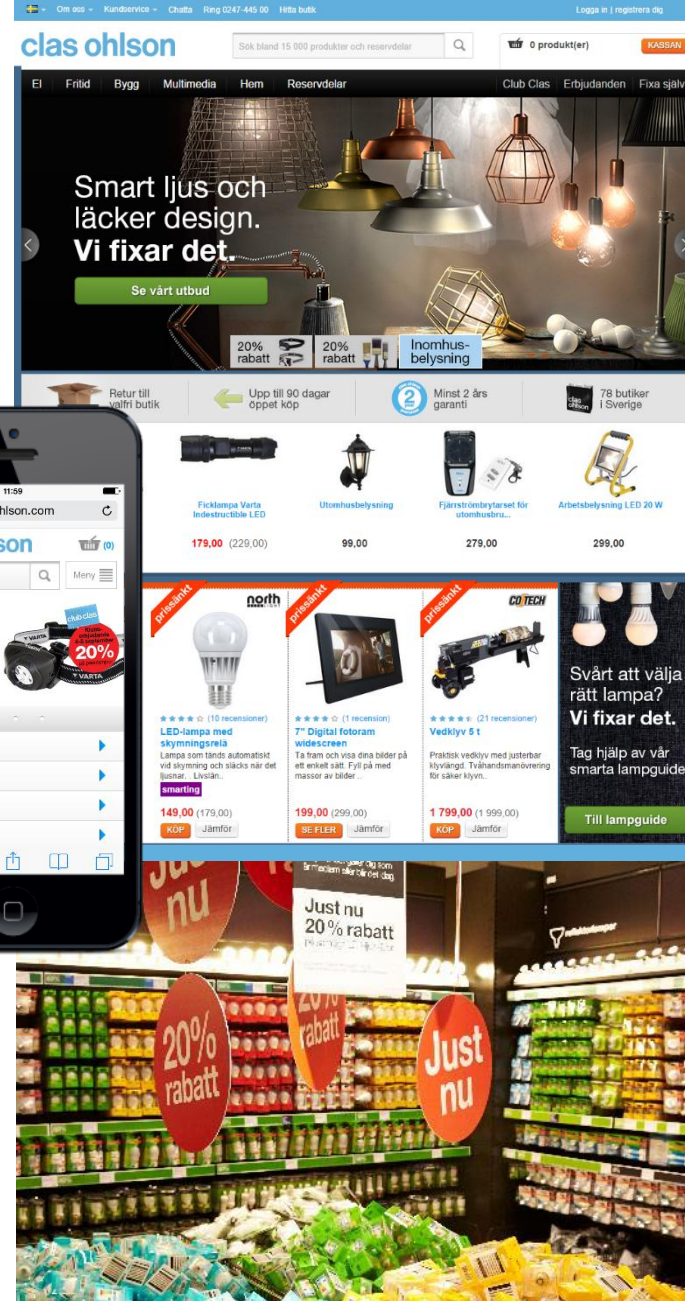
# Sales channel progress

## Stores

- Continued focus on converting stores into new store concept
- Optimising current locations and store formats
- Continue to improve sales solutions

## Online

- Positive outcome from commercial trading activities
- Substantial traffic growth versus last year
- Drives traffic and sales to stores





# Customer loyalty programme expansion

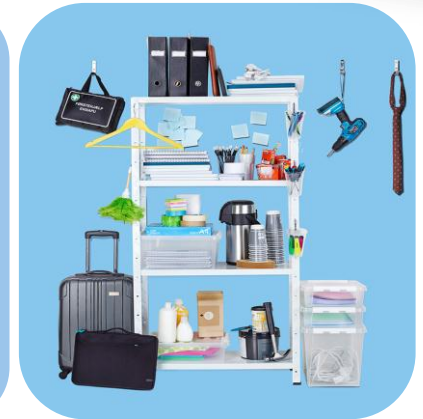
- Successful start with over one million members in Sweden
- Loyal customers are rewarded with targeted offers, theme events and bonus on all purchases
- To be launched in Finland this autumn

**1 000 000**  
members



# New customer segment

- B2B offering creates leverage on strong retail brand
- Easily accessible via store network, internet and phone
- Estimated total SME Nordic market value of 6 billion SEK
- Introduced second quarter in Sweden and Norway



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## Summary

- Continued growth in all markets
- Improved profit and cash flow
- Many initiatives to further increase sales and profit

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