

Clas Ohlson six-month report 2017/18

Second quarter

- Sales increased by 2% to 1,999 MSEK (1,957), up 3% in local currencies
- Operating profit amounted to 125 MSEK (127)
- Profit after tax totalled 96 MSEK (96)
- Earnings per share amounted to 1.52 SEK (1.53).
- The store portfolio was expanded by 5 stores (net)
- Lotta Lyrå took office as the new President and CEO on 1 August 2017
- The franchise partnership in Dubai ended

Six months

- Sales increased by 2% to 3,782 MSEK (3,720), up 2% in local currencies
- Operating profit increased by 11% to 225 MSEK (202)
- Profit after tax increased by 12% to 173 MSEK (154)
- Earnings per share increased by 12% to 2.74 SEK (2.44)
- Cash flow from operating activities totalled 187 MSEK (44)

Events after the end of the reporting period

- Sales in November amounted to 889 MSEK (908)
- The store portfolio was expanded by 4 stores (net)

The 2017/18 financial year comprises the period from 1 May 2017 to 30 April 2018.

CEO's comments

A challenging quarter but full of energy for the future

Second quarter sales were 1,999 MSEK, up 2 per cent year-on-year. The strategic review initiated in September is progressing as planned and a number of strategy-related measures have already been initiated.

In terms of sales, we had a weak second quarter with growth of 3 per cent in local currencies and, year-on-year, unchanged sales in comparable units. Traffic to our stores remains a challenge and we have taken extra commercial measures during the period to strengthen our offering to our customers.

The slow sales trend continued into November and we are now reporting monthly sales of 889 MSEK, in line with the strong November of last year.

Full of energy for “100 more years”

Since September, we have been working intensively on the strategic review we have called “100 more years” to which there is considerable commitment within the organisation. The work on strategy will result in a new strategic plan for the company’s continued development and growth.

We believe that, going forward, future growth for Clas Ohlson will need to take place in partially new ways. Accordingly, we are evaluating alternatives for capitalising on our strong brand in the Nordic markets – where we continue to see great potential – and a number of different business models for supplementing our current business. We will present and launch the plan in full during spring, and also send invitations to a capital markets day on 3 May 2018. We have, however, already taken a number of initial measures during the quarter.

First phase in the strategic review

Regarding the store expansion in the Nordic markets, we have decided to focus on testing new store formats instead of continuing to open the current form of stores. We will also review and optimise our store locations.

Naturally, the ability to deliver our offering digitally is also key and a prioritised part of the strategic review and, accordingly, we started efforts to develop this area as an integrated part of the strategic plan.

We have ended the franchise partnership with SYH Retail, part of the Al Homaizi Group of companies, which was started in 2013, and as a result the two franchise stores in Dubai will close before the end of the year.

Next year we turn 100 years. And we intend to celebrate this together with all our stakeholders, which we are greatly looking forward to. It will be an intensive and exciting year, which will act as an excellent kick-off for our next 100 years.

Lotta Lyrå, President and CEO of Clas Ohlson AB

Press and analyst conference

The interim report will be presented on Wednesday, 6 December at 8:30 a.m. in Clas Ohlson’s store at Drottninggatan 53 in Stockholm, Sweden. The presentation can also be followed via the website about.clasohlson.com

For more information, please contact:

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***Clas Ohlson** was founded in 1918 as a mail order business based in Insjön, Sweden. Today, the company offers products and services for the small everyday practical problems, in six countries via its over 200 stores and online. Clas Ohlson offers a wide range of affordable products in five product areas: Hardware, Electrical, Home, Multimedia and Leisure. The company is listed on Nasdaq Stockholm, has sales of approximately 8 billion SEK and more than 4,800 employees. Visit Clas Ohlson at www.clasohlson.com*