

Clas Ohlson six-month report 2016/17

Second quarter

- Sales increased by 6% to 1,957 MSEK (1,846), 5% in local currencies
- Operating profit amounted to 127 MSEK (145)
- Profit after tax amounted to 96 MSEK (111)
- Earnings per share amounted to 1.53 SEK (1.76)
- Number of stores increased by 1 store (net) and establishment in the German market continued with the addition of a second store and e-com
- Recruitment of new CEO was initiated, as Klas Balkow has chosen to leave his position, Deputy CEO Peter Jelkeby assumes the position Acting CEO as of 1 January 2017

Six months

- Sales increased by 3% to 3,720 MSEK (3,616), 4% in local currencies
- Operating profit amounted to 202 MSEK (250)
- Profit after tax amounted to 154 MSEK (192)
- Earnings per share amounted to 2.44 SEK (3.03)
- Cash flow from operating activities amounted to 44 MSEK (322)

Events after the end of the reporting period

- November sales increased by 12% to 908 MSEK (809), 9% in local currencies
- The store portfolio was extended by a second franchise store in Dubai, a third store in Hamburg, and a further two stores in Finland

The 2016/17 financial year comprises the period from 1 May 2016 to 30 April 2017.

CEO's comments

Healthy underlying trend, but negative currency effect

During our second quarter, we continued to develop our business in the right direction and took new steps in Germany with online shopping and additional stores. However, results were strongly impacted by negative effects of currency hedging in NOK.

We are continuing to grow and sales increased by 6 per cent to 1,957 MSEK. We work continuously to strengthen our offering and have taken further key steps this quarter. These include the launch of our rent service, which we are now testing in a number of selected stores, and the opening of our first Clas Ohlson Compact Store at Hornstull in Stockholm, a new store format for enhanced accessibility.

In the autumn, we also completed the first stage of our establishment in the German market, with online shopping and three stores in prime locations in Hamburg. During the autumn, we also established a further franchise store in Dubai.

Stronger Norwegian krona has major consequences

Despite a healthy underlying trend, we have reported lower results mainly due to negative effects of currency hedging in NOK. In a short time, the NOK has strengthened significantly against the SEK, with the effect that our currency forwards and hedges through inventory delays have had a significant impact on results. Compared with the preceding year, when the currency trend was the opposite, currency hedging had a substantial negative impact on profit. However, I want to emphasise that a strengthened NOK is essentially very positive for Clas Ohlson since nearly 40 per cent of our sales are in NOK.

Good start to Christmas trading

Ahead of Christmas shopping, we have filled our sales channels with lots of great offers, both for Christmas celebrations and Christmas gifts. Today, we are reporting a great start to Christmas trading, with sales in November up 12 per cent to 908 MSEK.

For me personally, this report is my last, since I have chosen to leave my position at the end of the year. I am incredibly proud of all my fantastic colleagues and what we have achieved together in the nearly ten years I have been with Clas Ohlson. I look forward to following the company's continued development and expansion, albeit from more of a distance.

Klas Balkow, President and CEO of Clas Ohlson AB

Press and analyst conference

The six-month report will be presented on 7 December at 8:30 a.m. by teleconference or audio broadcast. The presentation can also be followed on 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 over 7.5 billion SEK and more than 4,700 employees. Visit Clas Ohlson at www.clasohlson.com*