

CAPITAL MARKETS DAY 2018

100 YEARS OF **clas ohlson**

Strategy for growth

3 May

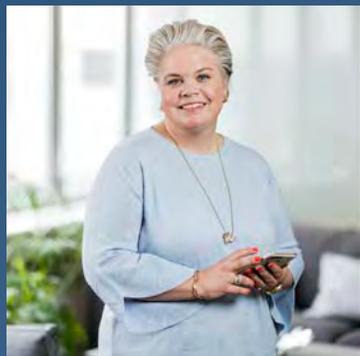


Hier Tragetasche für den Einkauf leihen

100 *more*
YEARS

clas
ohlson

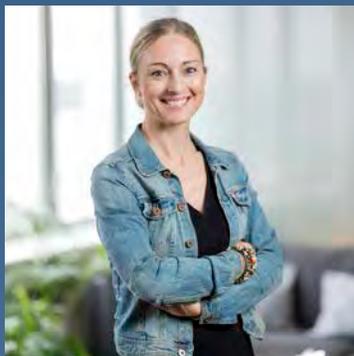
Clas Ohlson Group management



Lotta Lyrå
President and CEO



Tony Dahlström
Director of Product
Development and Supply



Tina Englyst
General Counsel



Geir Hoff
Director of New
markets and Expansion



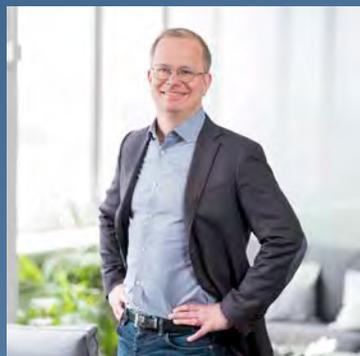
Sara Kraft Westrell
Director of Information
and IR



Göran Melin
CFO



Sampo Päälyssaho
Country Manager
Clas Ohlson Finland



Jesper Smith
HR Director



Jacob Sten
Chief Growth Officer



Stine Trygg-Hauger
Country Manager
Clas Ohlson Norway



Fredrik Uhrbom
Country Manager
Clas Ohlson Sweden

Strategy for profitable growth

– expanding our role in Nordic homes and gearing up online

- Our 100 year old mission is just as relevant today as ever
- We have gained people's trust to play a bigger part of everyday lives in all kinds of Nordic homes
- Our future territory Home presents big commercial opportunities

A more complete and unique product offer, adding guidance and new adjacent services

- World-class service
- Disrupting and reinventing our store and online convenience and footprint
- Simplifying and streamlining operations

We have the knowledge, ideas and financial strength to:

- Grow our business with 5% annually on average
 - Sales online to at least double every other year
- Deliver an EBIT margin at 6-8% within a five year period
- Maintain a solid financial position and keep our dividend policy intact

Being Clas Ohlson

– part of a 100 year retail tradition

We share our founder Clas Ohlson's passion for identifying our customer's current and future needs

- Clever and convenient practical solutions at great value, and inspiration to improve people's everyday life, will make a difference
- The same values and our strong corporate culture – how we work and meet each other and others
- Commitment to develop the company – doing good business for our customers is doing good business for us



Our mission is eternal and
more relevant than ever

Our mission

To help and inspire people
to improve their everyday life
by offering clever and
convenient practical
solutions at
great value

A photograph of a man with a beard and a young girl in a kitchen. The man is hugging the girl from behind, and they are both smiling. The kitchen has white cabinets and a window in the background. In the foreground, there is a wooden table with a laptop, a coffee cup, and some food items.

Who we want to be

High credibility to
take this role and big
commercial opportunities

Passionate about simplifying life
in all kinds of homes

The Clas Ohlson personality



Our culture

A customer
first approach

Our
responsibility

Our culture

- The Clas Ohlson spirit
 - our founder's legacy
 - makes no difference between a co-worker and a customer
 - down to earth and keeping it simple
 - a culture that is still alive and well in our company today
- Our values guide us



A customer first approach

- Customer focus at the core of our business model
- We are going that extra mile for our customers
- Convenience is key



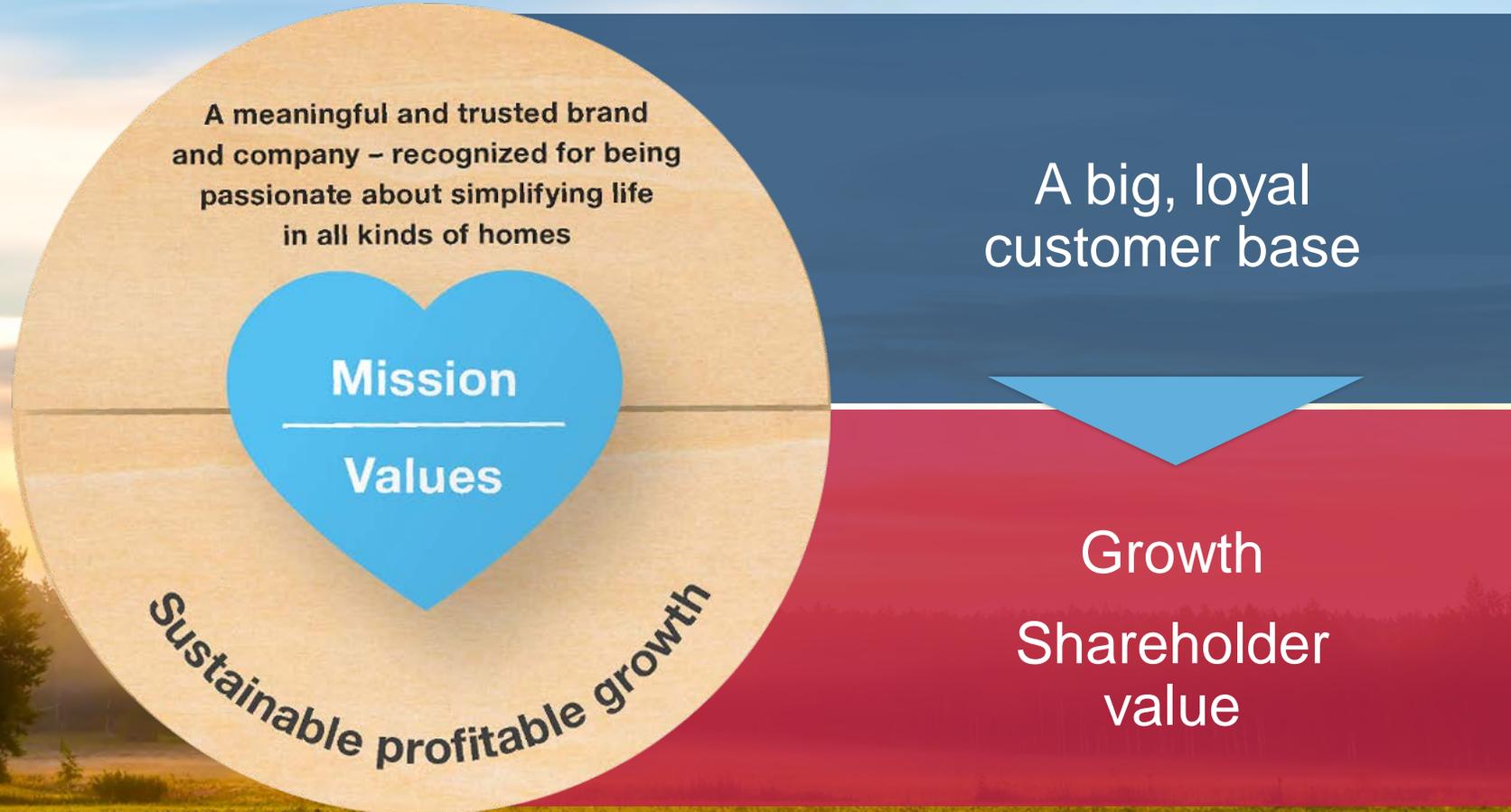
Our responsibility

- Responsibility for our customers, our co-workers and the world around us
- Our sustainability agenda covers our entire value chain but with primary focus on where we can make the biggest difference
 - products for a more sustainable lifestyle
 - resource-efficient business models



What we want to achieve

Our business objectives



How to deliver upon our business objectives

Our building blocks



What does this mean for our customers



C/O platform

Customer journey

- One point of contact
- Access to all of Clas Ohlson
- Unique loyalty setup



Product offering



Service offering



Store experience



Online experience



Passionate about simplifying life in all kinds of homes



OUR CURRENT POSITION

Geir Hoff

Accelerated sales growth driven by store expansion



We have a strong brand to build from



Brand recognition

99%

Emotional connection

50%



Brand recognition

100%

Emotional connection

56%



Brand recognition

96%

Emotional connection

40%

We have a loyal customer base to build from

75 million store visits per year

83 million visits online per year

2.8 million Club Clas members

15% of the members visit Clas Ohlson at least 10 times per year

93% retention rate

We have strong financials to build from

An equity/asset
ratio above 50%

A strong
cash flow

A strong
cash position

In-depth analysis to gain extensive knowledge

40M shopping baskets

14 customer focus groups

3,400 customer exit interviews

430 employee respondents

5Y financial data

11 financial market interviews

1. All shopping baskets in Clas Ohlson last 12 months across channels and countries

2. Response rate of ~80%

We have identified **5** strategic realities

1

Strong foundation to build on

- Consumers like shopping at Clas Ohlson, we have a very strong consumer awareness and high consideration for purchase
- Financial position that enables strategic investments

2

Large potential in further commercializing our full offer

- Added complexity with 15% new products over last four years, and extended the long-tail of products that underperform
- 40% of all transactions are one item receipts, and cross-selling has been too low
- Investing margin in wrong types of promotions

3

Great opportunities to simplify and streamline our operations

- Too long lead-times toward consumers
- Instore inventory build-up
- Behind best in class retailers on buying direct and indirect goods

4

Need to embrace digital

- Represents only 3.5% of sales and behind overall market penetration
- Not invested sufficiently in capabilities

5

Large potential in growing the Nordic region

- <10% market share in a healthy growing market



OUR MARKET AND OPPORTUNITIES

Lotta Lyrå



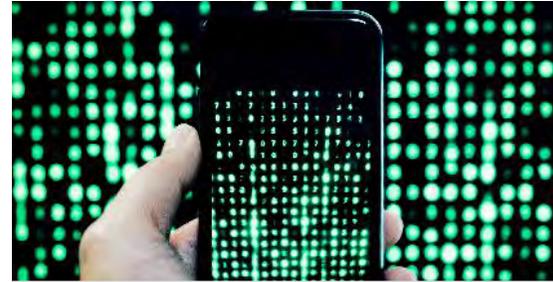
What this means for retail



Greater consumer demands and closer relationship



Increased competitive landscape due to online



Experimentation of store concept and online



Increased and broader service offerings

Our view on retail economics

Customer base the most important asset

Sales per customer the new LFL

Accessible platform and footprint is everything

Investments shifting from bricks to bits

Core competence redefined

This creates great opportunities and we are well positioned to take leadership

Important to remind us that still, in the middle of all the things happening...



... people and their homes will always need care

Household spend in relevant Clas Ohlson consumer missions



Connect
your home



Fix
your home



Style
your home



Organize
your home



Enjoy
your home



Clean
your home

9.2
thousand SEK
annual household spend
in our categories

Source: Statistics Sweden (SCB.se), Statistics Norway (SSB.no), Statistics Finland (Stat.fi)

Our Nordic market opportunity

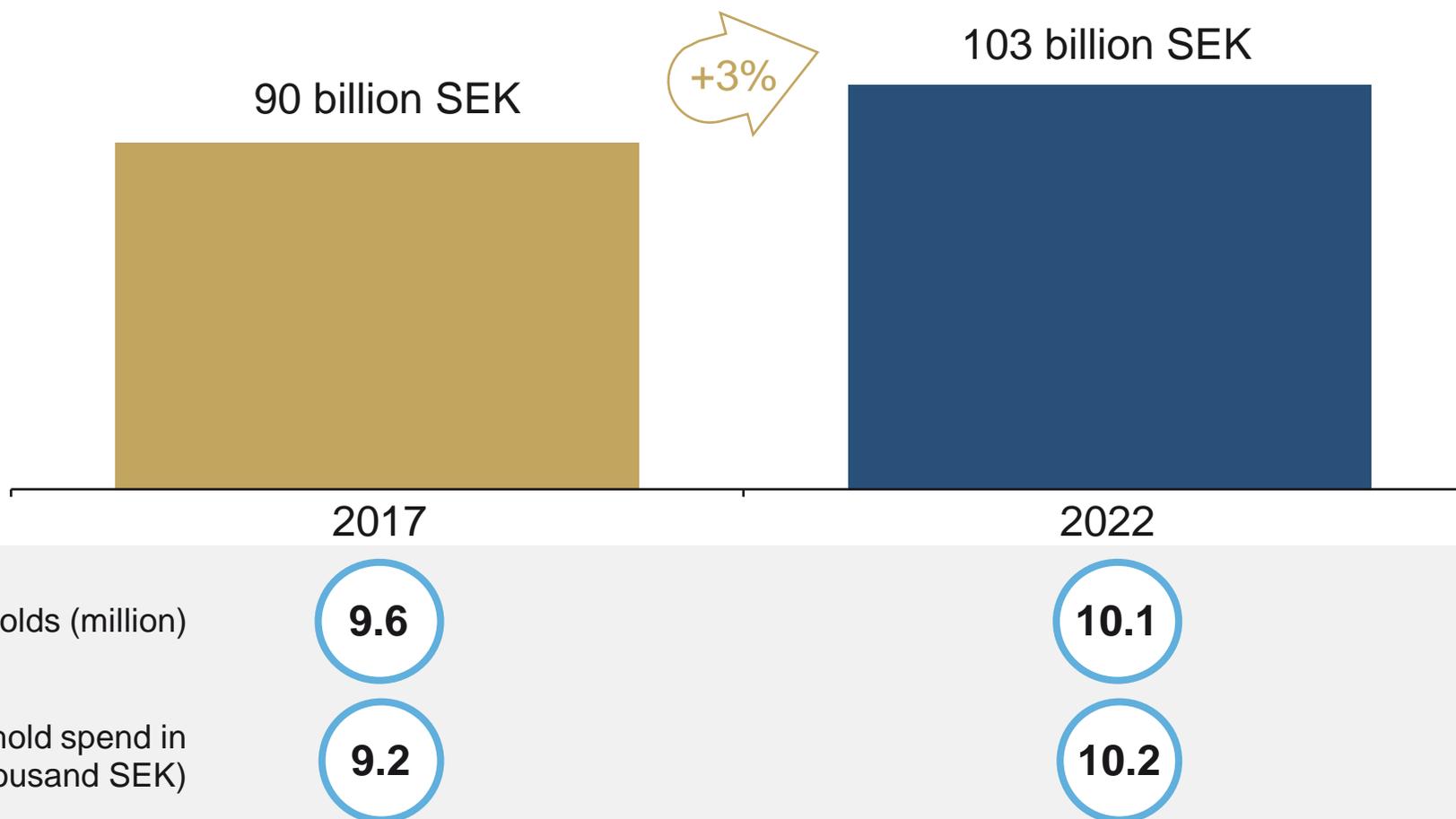


⁽¹⁾ Number of households in greater London area

⁽²⁾ Number of households in greater Hamburg area

Source: Statistics Sweden (SCB.se), Statistics Norway (SSB.no), Statistics Finland (Stat.fi)

Nordic household spending expected to grow further



Source: Statistics Sweden (SCB.se), Statistics Norway (SSB.no), Statistics Finland (Stat.fi)

Ambition to grow and expand business in the Nordics

Our Nordic
market



Clas Ohlson
today



Clas Ohlson
ambition 2022/23



*Share of what the Nordic consumer spend on products in the home that Clas Ohlson can or would like to offer

Source: Statistics Sweden (SCB.se), Statistics Norway (SSB.no), Statistics Finland (Stat.fi)

People's behaviour and dreams

Wish for more time and quality drives service's share of wallet

Real convenience means delivery to home

The home has become a sales channel

Industry economics will require scale and consolidation of flows connected to the home

Services are key to delivery, to meet demands for convenience and expectations – to deliver real solutions

Big commercial upside to have access to peoples' homes

Business logic and economics

Last mile logistics economics – need for high density and basket value

Present Nordic e-com model not fully scalable

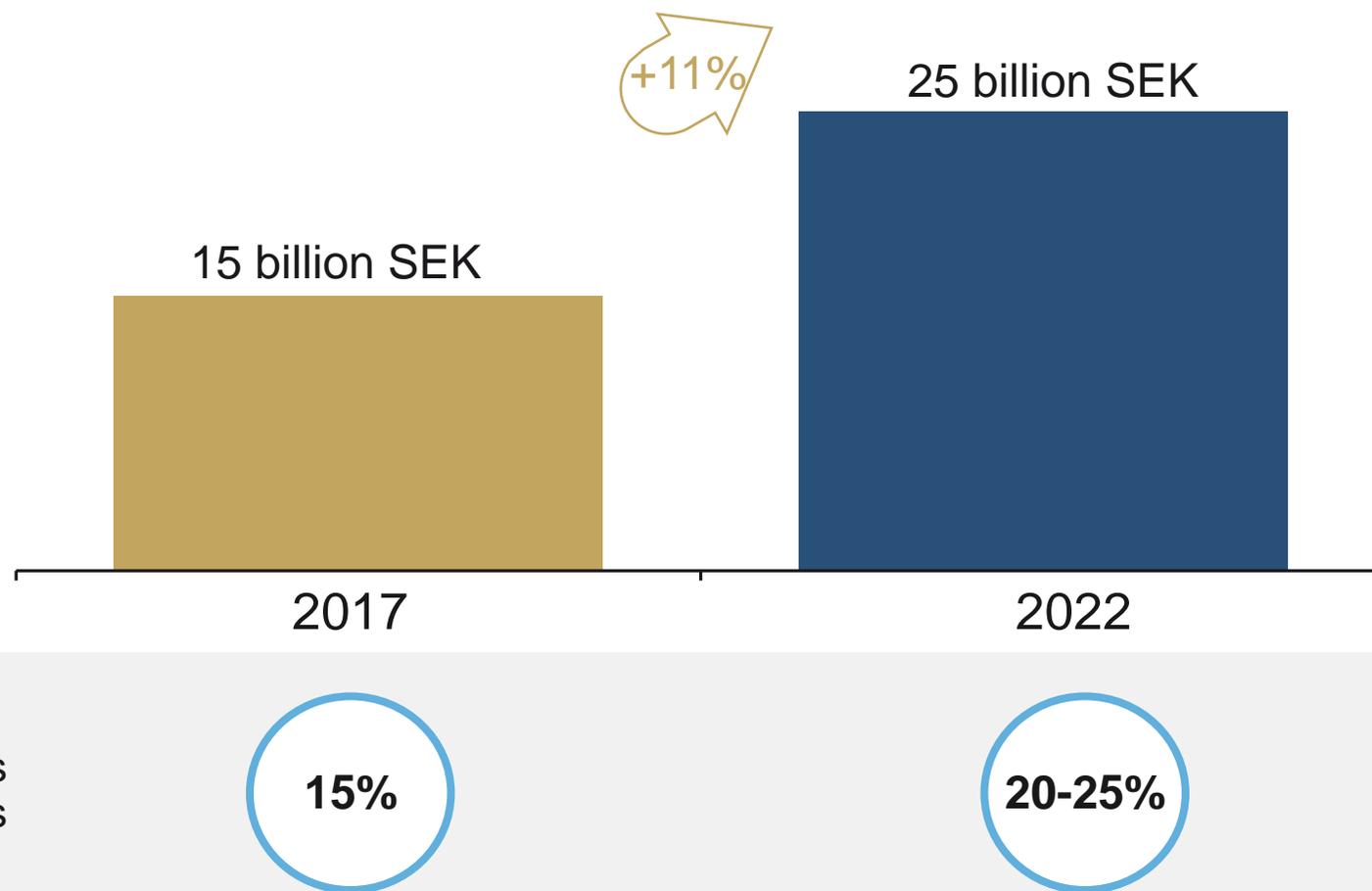
Expanding into new growing market segment



The Nordic home service market is large

Source: Skatteverket, Statistics Finland (Stat.fi), SIFO Consumer research Norway

Nordic home service market expected to grow further



Share of households using home services

15%

20-25%

Source: Skatteverket, Statistics Finland (Stat.fi), SIFO Consumer research Norway

Total addressable market in the Nordics

Our Nordic home
market today



The Nordic home
service market today



Total addressable market



Online will be key to obtain growth



Nordics behind other markets on customer convenience and last-mile fulfilment with regards to online



Clas Ohlson with a strong convenience position. Short lead times and direct delivery critical for consumers to take full benefit of our online offering



Current model with delivery to pick-up points not scalable to meet future online volumes



More polarized demand. People want it now, and are willing to pay for it, or want it for free and are ready to pick up in store



Fully succeeding online is important to set-up
Clas Ohlson going forward

Transforming the Nordic online model



Current agenda

Stores and online

- Channels largely operating independently
- Click & collect being launched



Next step

Direct to consumer

- Launching new routes to market
- Stores to shorten lead-times



Our transformation ambition

Into consumers' homes

- Delivery at any time
- Offer solutions to consumers
- C/O platform being launched

Ambition to grow and expand business online

Our Nordic
online market

15%
market
penetration

Clas Ohlson
today

3.5%
share of sales



Clas Ohlson
ambition 2022/13

Double online
sales every
other year



Our territory

- The home is our arena
- Focus on growing our position in our Nordic market
- We continue to develop UK and Germany
- Same way forward for growth in all markets

100
YEARS OF clas
ohlson