



# Q2 Report 2009/2010

8 December 2009

# Agenda

- Q2 2009/10 (Aug-Oct)
- Six month 2009/10 summary (May-Oct)
- Events after period-end
- Roadmap and progress
- Q&A

# Clas Ohlson today

- A retail chain with 114 stores in four countries
- Sales of SEK 5,2 billion
- 3,000 employees
- 51 million visitors – 26 million customers
- Product range that solves small practical problems of everyday life



Q2 2009/10  
(Aug-Oct)

### Ryobi SW-113S Laser Level.

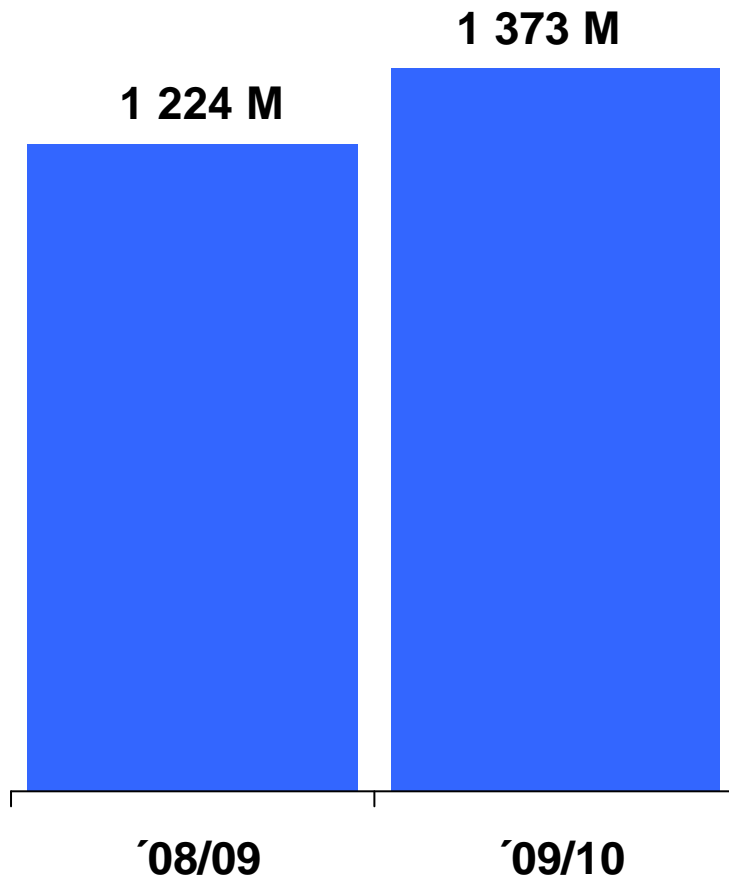
Air Grip® suction-cup mechanism which clings to most smooth surfaces without leaving marks. Multifunctional base for uneven surfaces. Two bubble vials for manual levelling or horizontal or vertical lines. Rotatable 360°. Laser class 3A. Comes with case. Batteries: 2x AA/R6 (included).

Product number 40-7028

**Price: SEK 499**



# Sales – Q2

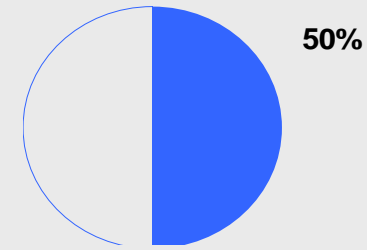


- Sales up 12% to SEK 1 373 M
  - Comparable stores in local currency -1%
  - New stores +11%
  - Currency effects +2%
- Mail order/Internet SEK 27 M (27 M)

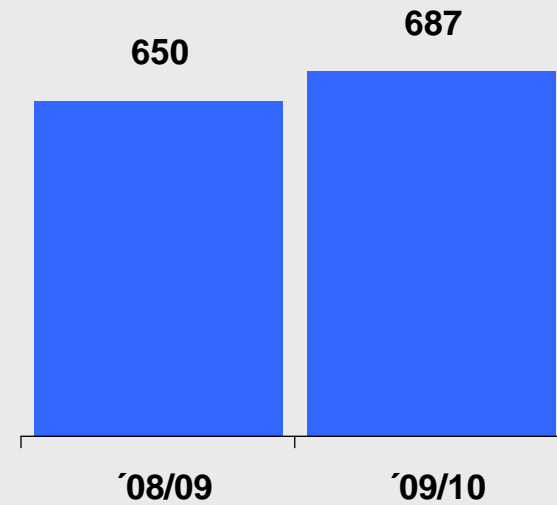
# Sweden – Q2

- Sales up 6%
  - One new store opened in Sweden. Total of 53
  - 8 more stores in Sweden compared to preceding Q2
- Stabilised retail market and consumer confidence
- Increased market share in competitive environment

Portion of sales



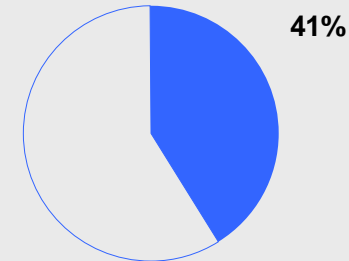
Sales, SEK M



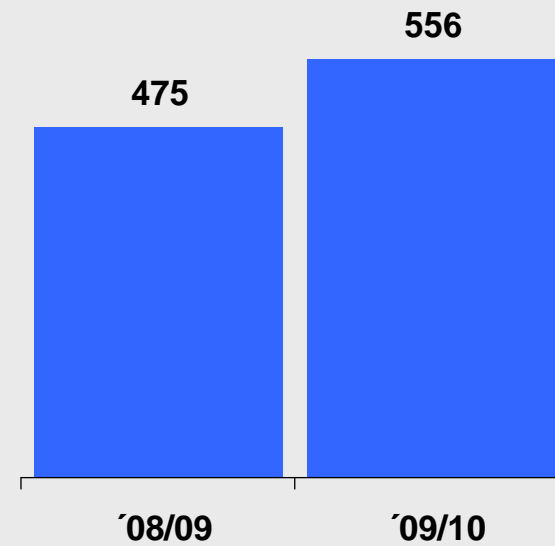
# Norway – Q2

- Sales up 17%
  - Up 14 % in local currencies
  - 2 new stores. Total of 40
  - 7 more stores compared to preceding Q2
- Positive market
- Increased market share

Portion of sales



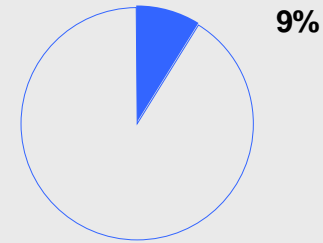
Sales, SEK M



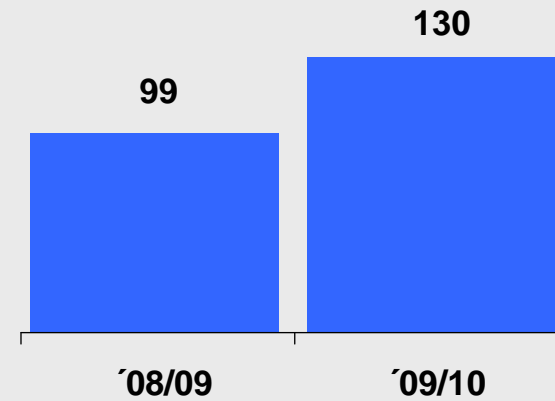
# Finland & UK – Q2

- Sales up 31%
  - Up 23% in local currencies
  - No new stores during Q2
  - 4 more stores compared to preceding Q2
- Finnish market conditions still challenging
- UK-market still in recession but signs of improvement

Portion of sales

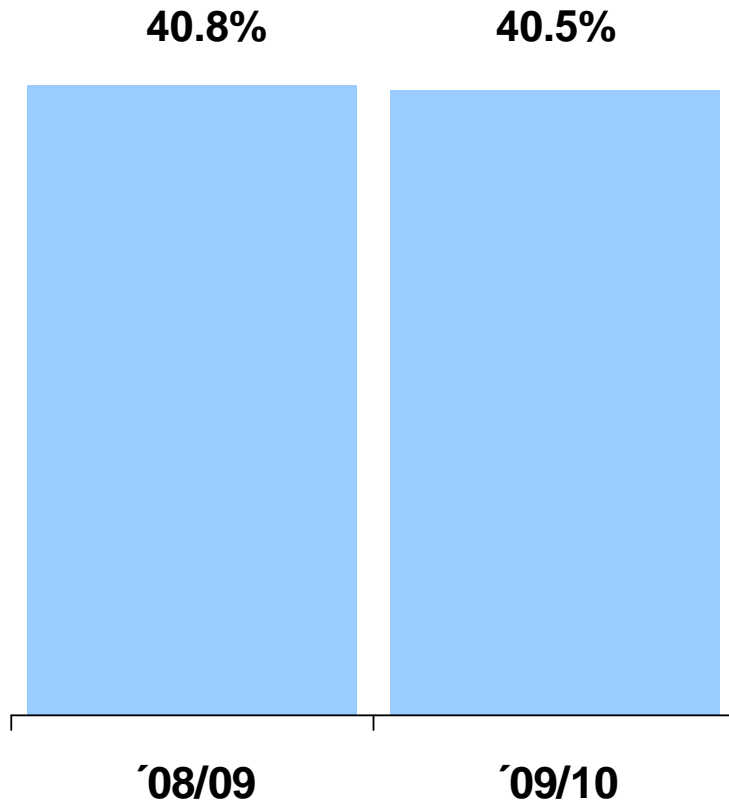


Sales, SEK M





# Gross margin – Q2



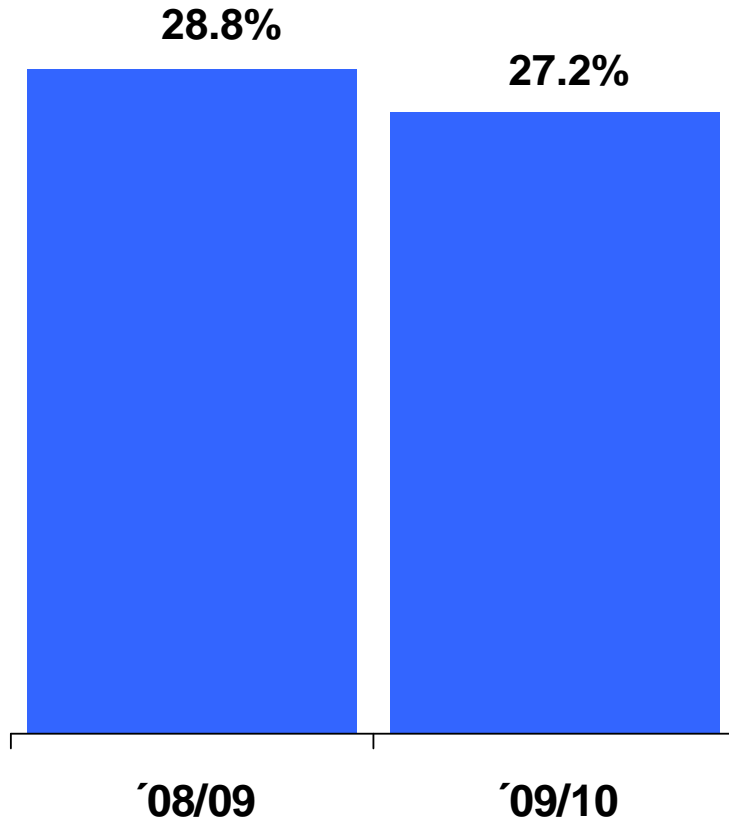
Gross margin down 0.3 percentage points to 40.5%

- Currency effects (USD)
- + Favourable sales mix
- + Increased efficiency in purchasing & distribution

# Gross margin – impacting factors



# Share of sales costs – Q2



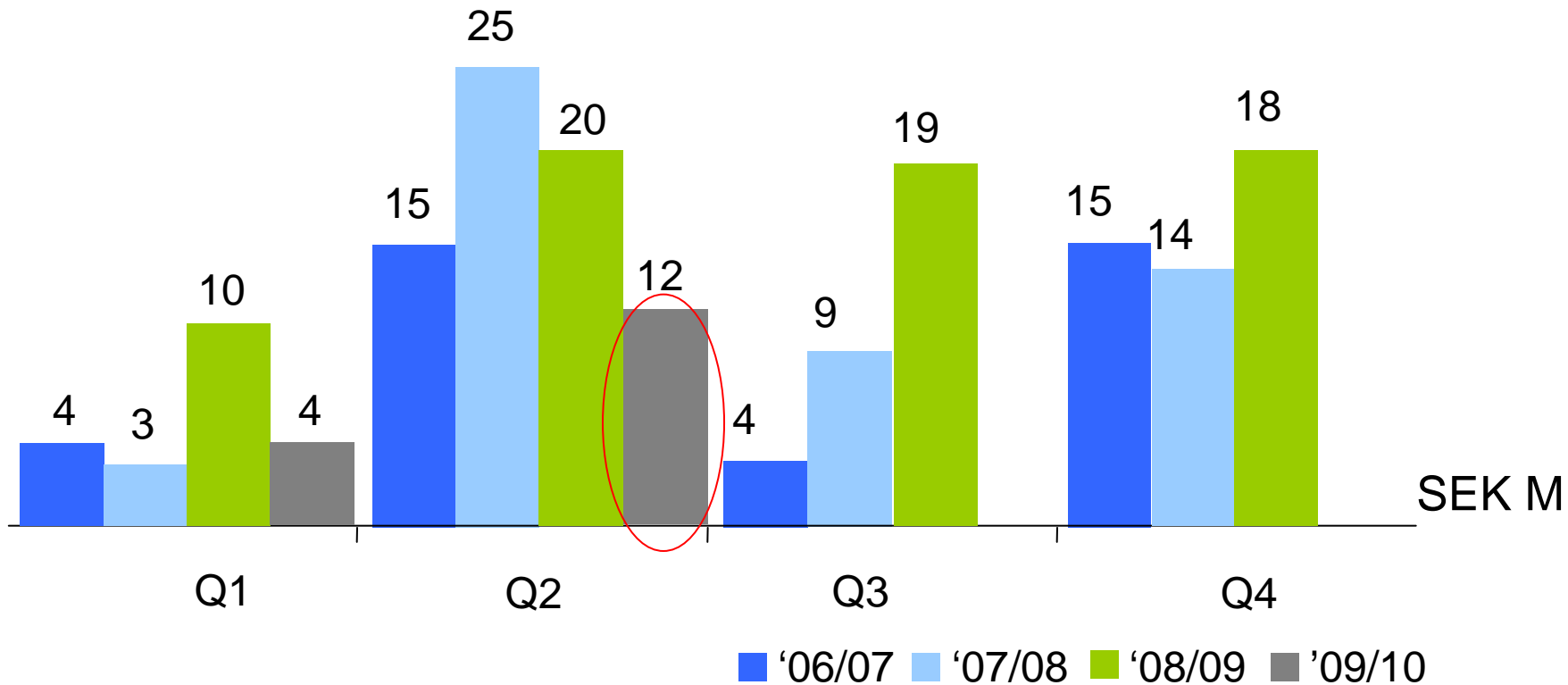
Share of sales costs down 1.6 percentage points to 27.2%.

Improvement due to:

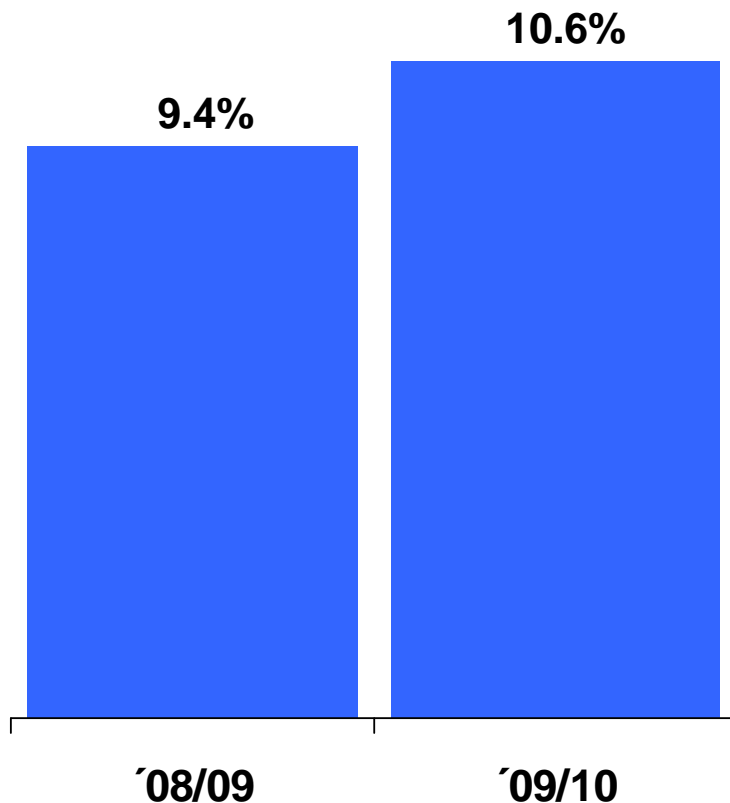
- + Higher sales
- + Improved productivity
- + Lower start up costs new stores
- Higher share of sales costs new markets

# Start-up costs new stores Q2

- 3 (4) new stores during Q2
- Increased efficiency
- 6 new stores in Nov 2008 vs. 2 in Nov 2009.



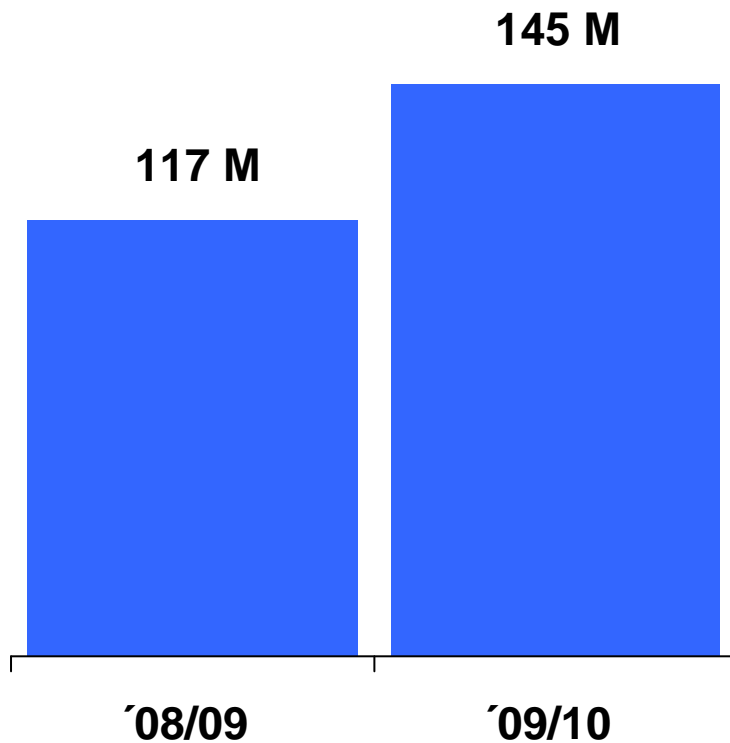
# Operating margin – Q2



Operating margin 10.6% (9.4)

- + Increased productivity
- Lower gross margin

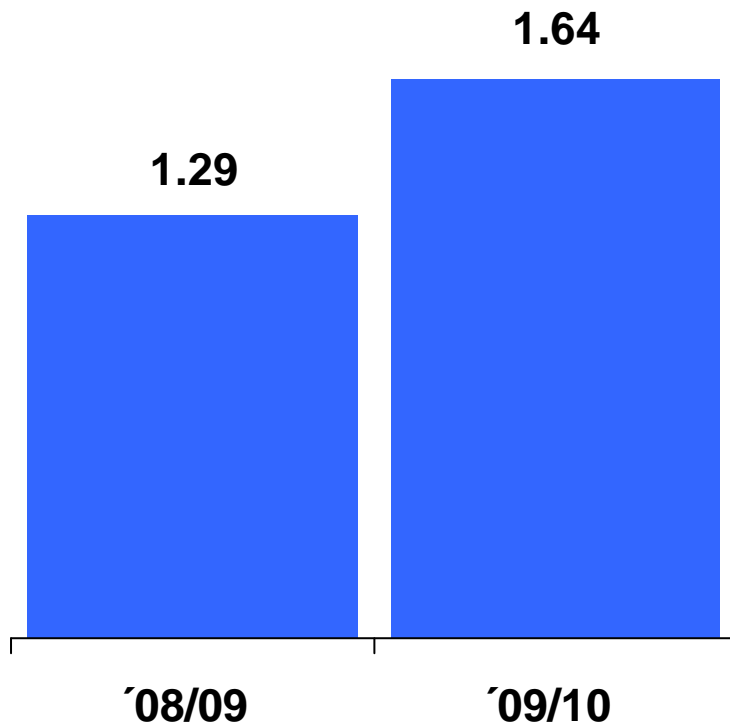
# Profit after financial items – Q2



- Profit SEK 145 M (117)
- Financial items of SEK -1 M (+2)

# Earnings per share – Q2

- SEK 1.64 (1.29)



# Six-month 2009/10 summary (May-Oct)

## Capere Citrus Juicer.

Presses fresh juice directly into a glass or container.

Stainless steel sieve. 500 ml juice container.

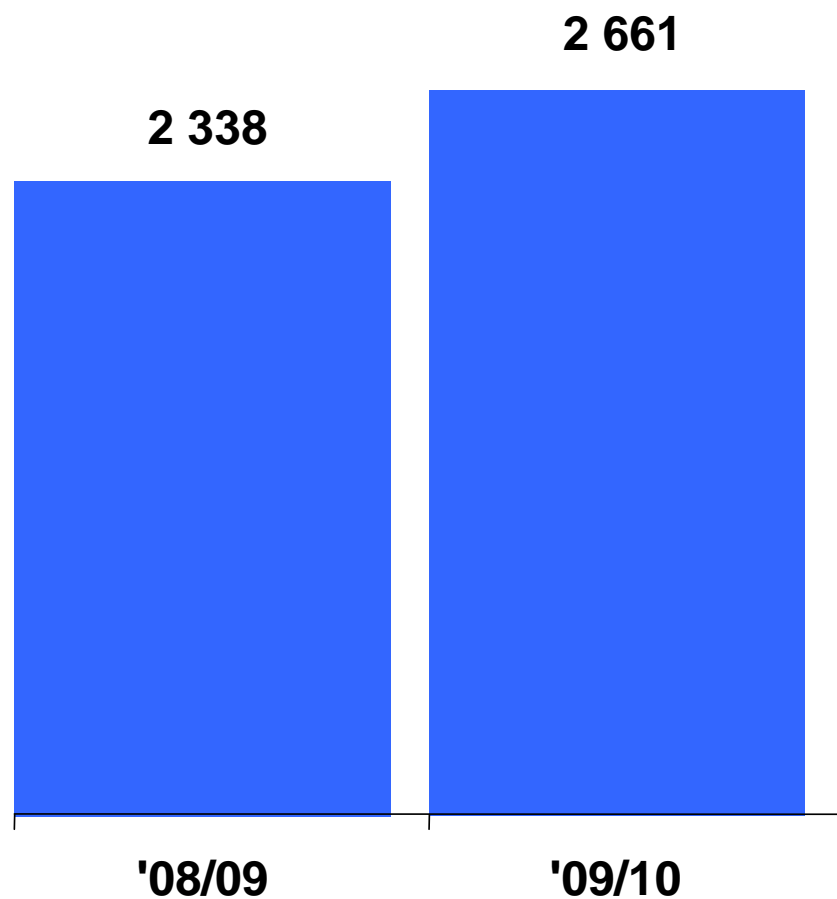
2 different sized cones. 220-240 V/85 W.

Product number 18-4255      **Price: SEK 399**



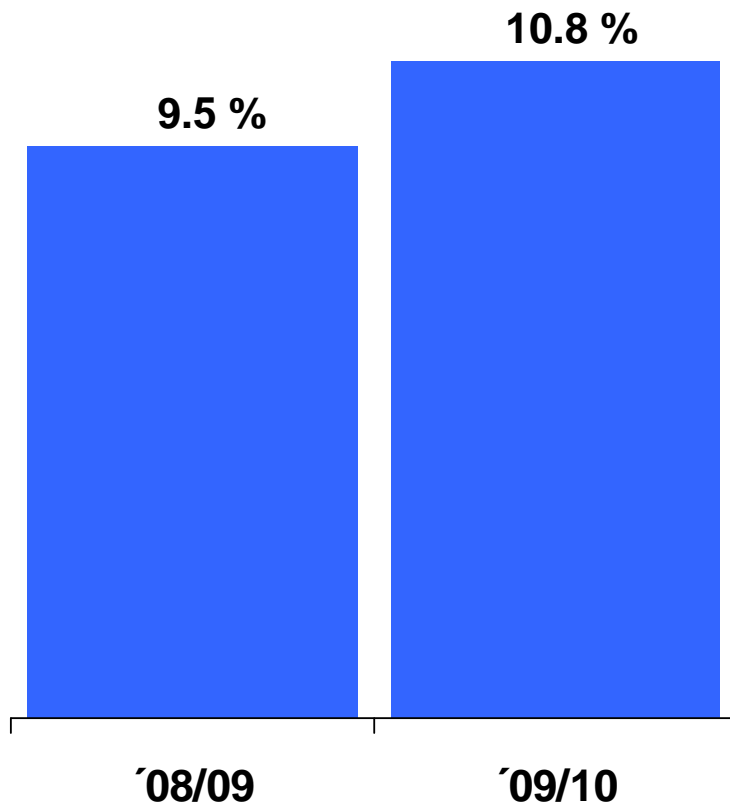


# Sales – Six months 2009/10



- Sales +14% to SEK 2 661 M
  - Comparable stores in local currencies +1%
  - New stores +11%
  - Currency effects +2%
- Internet/mailorder SEK 46 M (50 M)

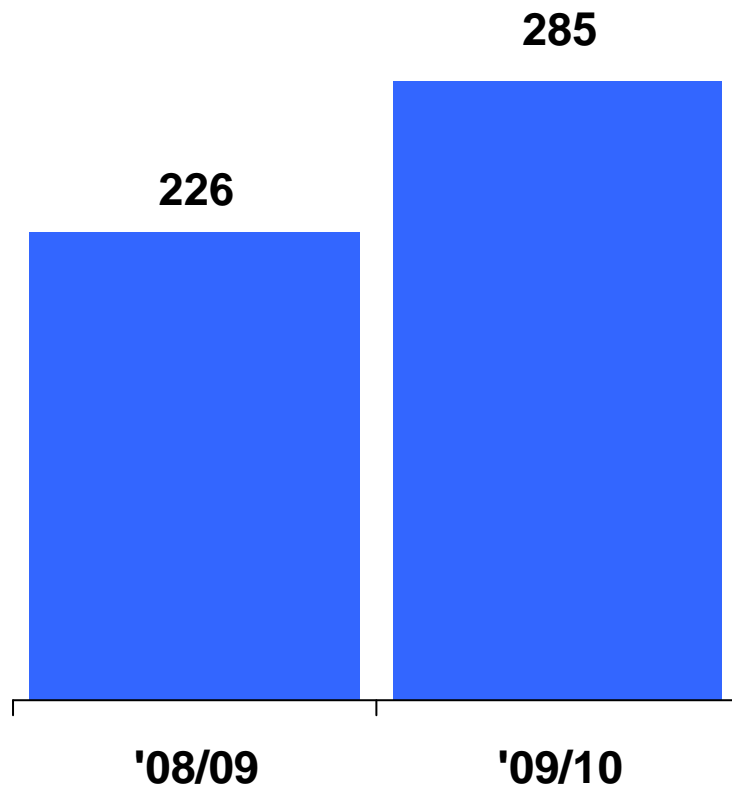
# Operating margin – Six months 2009/10



Operating margin 10.8% (9.5)

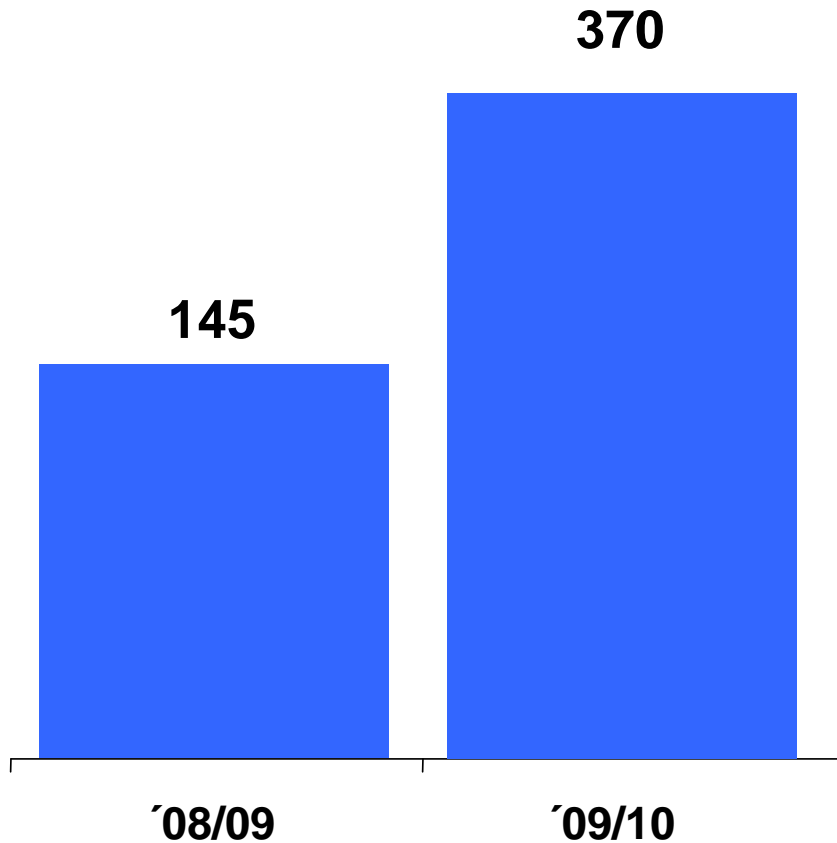
- + Increased productivity
- Lower gross margin

# Profit after financial items – Six months



- Profit SEK 285 M (226)
- Financial items of SEK -2 M (+3)

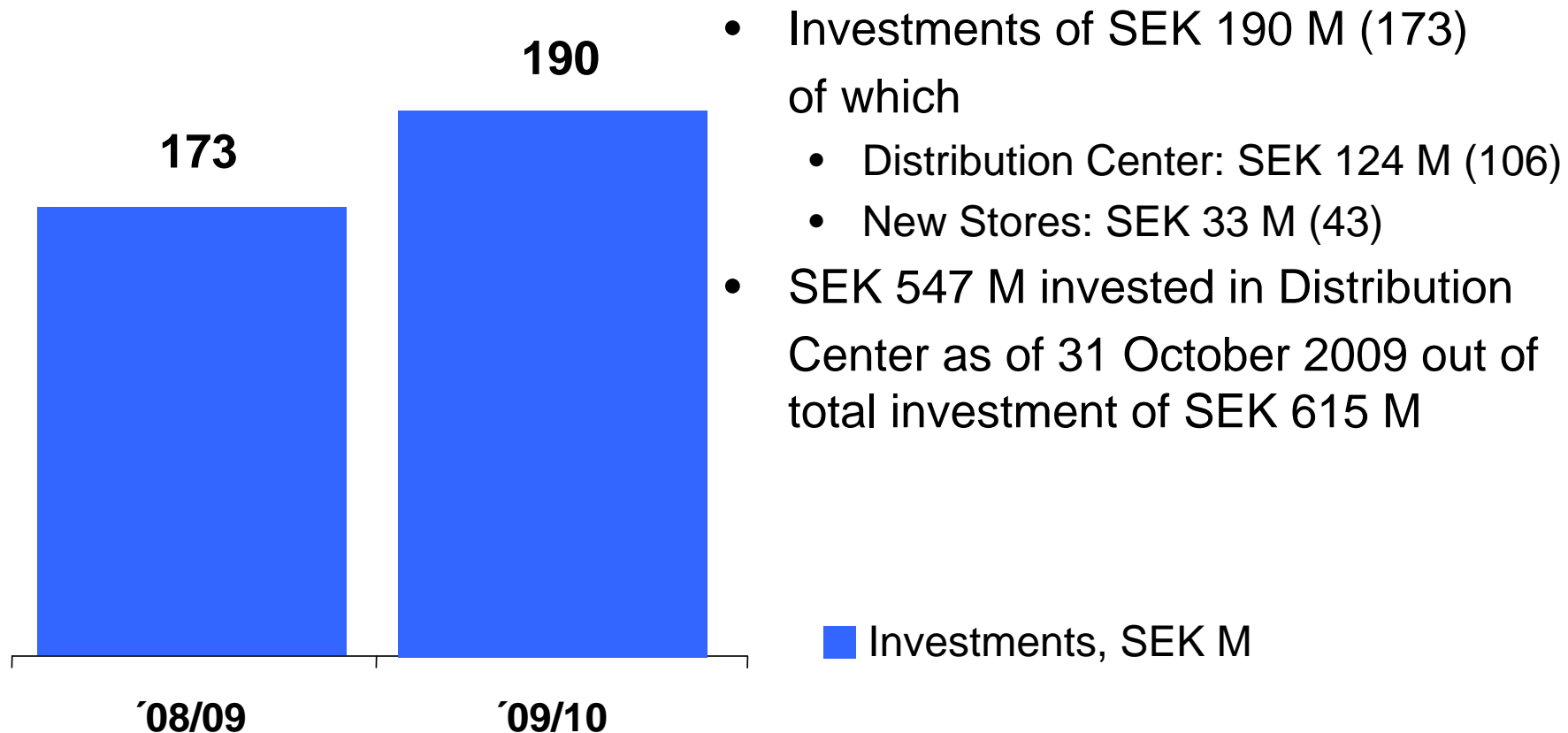
# Cash flow – Six months 2009/10



- Cash flow from operating activities SEK 370 M (145). Increased working capital efficiency
- Inventory: +12% to SEK 1 226 M (1 100)
  - Average inventory R12 +12%
  - 19 New stores compared to (08/09)
- Cash flow after investments and financials SEK 119 M (-264)

■ Cash flow from operating activities, SEK M

# Investments – May-Oct 2009/10



- Investments of SEK 190 M (173) of which
  - Distribution Center: SEK 124 M (106)
  - New Stores: SEK 33 M (43)
- SEK 547 M invested in Distribution Center as of 31 October 2009 out of total investment of SEK 615 M

# Events after period-end

## **Pulse Watch with Pedometer.**

Pulse Watch with Pedometer. Measures pulse according to personal profile using the included chest strap.

Memory of previous training results.

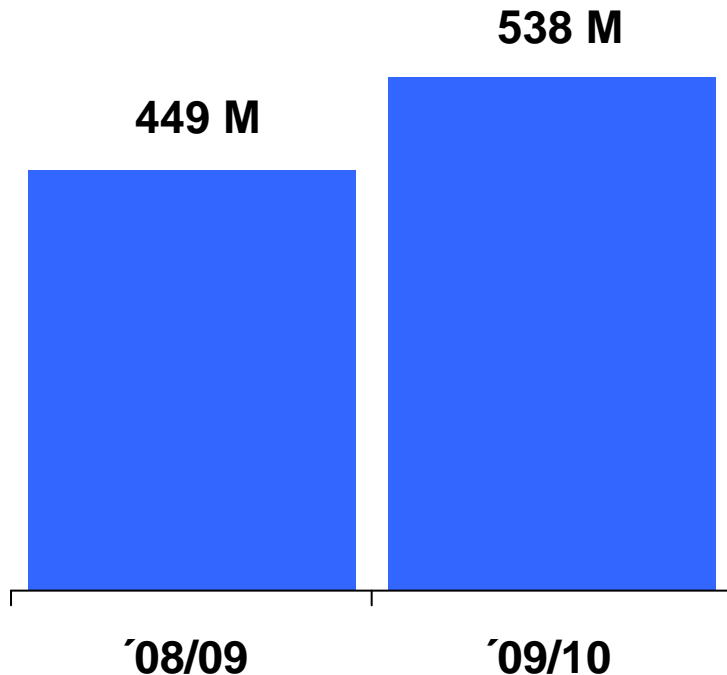
Water resistant 5 ATM. Chest strap battery CR2032 and watch battery CR2025 (included).

Product number 34-7968

**Price: SEK 499**



# Sales – November



- Sales up to SEK 538 M (449), +20% (FX effect of +3%)
- Changes in local currencies
  - Sweden +17%
  - Norway +15%
  - Finland & UK +17%
- Mail order/Internet sales: SEK 9 M (9)

# Roadmap

## Osram Spylux LED Light.

Built-in PIR detector and twilight switch. Automatically comes on when it detects motion and goes off after 12 seconds. Detection zone: 130°, max 4 m. Magnetic fitting that can also be screwed, glued or taped into place. Can easily be removed from its holder and used as a torch. Adjustable 25° up/down and 70° left/right. Batteries: 3 x AAA/LR03 (included).

Product number 36-3894

**Price: SEK 99**





# Our way forward

- Growth and expansion
- Develop a high performing organisation
- Simplification and increased efficiency



# UK – expansion update

- Higher number of visitors compared to group average
- Conversion rate and average purchase lower than group average – in line with expectations
- Two new stores opened in London area, Reading & Kingston
- Longer time to reach break-even in new UK stores compared to established markets



Reading opening Nov 2009

# New stores in the UK

## Watford

- Located in the Harlequin Shopping Centre
- Store space of 1.000 square metres
- Opening on 10 December 2009



## New contract in Liverpool

- Located in the Clayton Square Shopping Centre
- Cluster of stores in North West England
- Store space of 1.650 square metres
- Scheduled opening April 2010

# New store concept

- Easier navigation
- Positive customer feedback
- 17 new stores
- 4 refurbished (Norrköping, Malmö, Västerås and Sandnes)
- Review to establish faster method for refurbishment of stores
- 5-6 stores to be rebuilt during 2009/10



# Distribution Center

- New picking facility fully operational September 1, 2009
- Increased productivity
- New High Bay Warehouse operational in Q3 2009/10
- Capacity for efficient storage and picking for 150+ stores



# Store expansion - pipeline

- Objective: 15-20 stores of which 4-8 in the UK during 2009/10
- 8 new stores opened during 2009/10 as of Dec 8
- 13 new stores contracted but not opened  
(5 with scheduled opening 2009/10 & 8 opening 2010/11)



UK: Watford, Liverpool

Sweden: Norrköping (Hageby), Norrtälje, Södertälje  
Uppsala (Gränby), Malmö (Burlöv), Malmö (Emporia)

Norway: Lillehammer, Oslo (Lambertseter), Bodø, Elverum

# Q2-summary

- Increased sales growth +12%
- Increased operating profit +26%
- Continued investments for future growth



# Merry Christmas!



## **Acupressure Mat.**

Stimulates your body's own energy.  
Good for relieving stress, bad sleeping patterns,  
low energy, tight muscles, etc. 8820 acupressure  
points. The spiked rings are calibrated which  
means they are equally uniform and effective.  
Size: 78x46 cm.

Product number 34-8571-2

**Price: SEK 499 for 2-pack**



# clas ohlson

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