

Q2-report

8th of December - Insjön



Klas Balkow, CEO & President

clas ohlson

Agenda

1. Q2 2011/12
2. First six months 2011/12
3. Strategic updates and outlook
4. Q&A



**38-4581 Wakeup light
Prologue SEK 299:-**

Clas Ohlson today

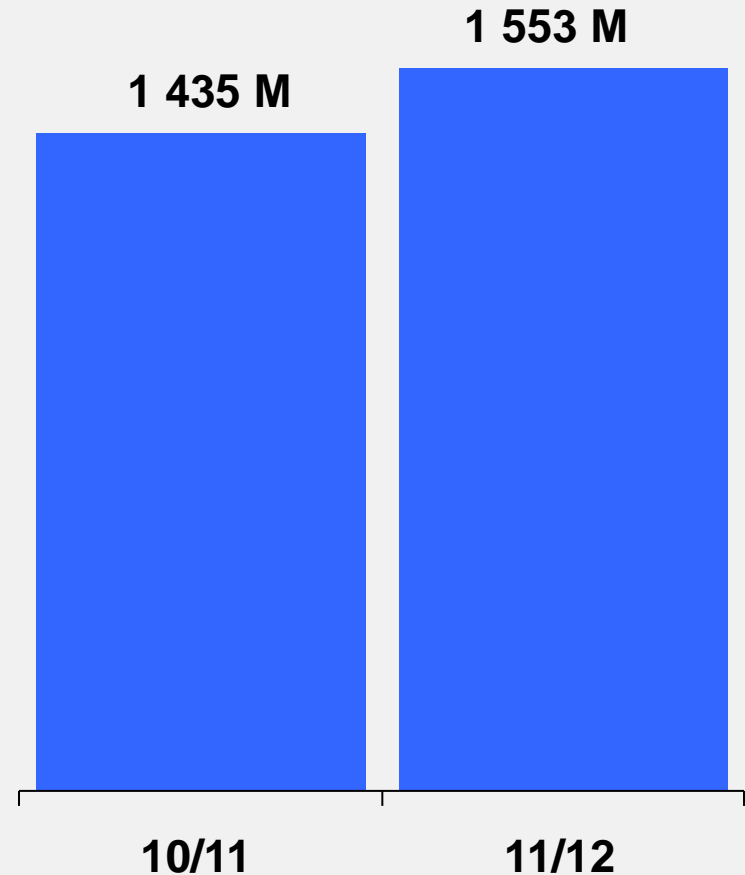
- A retail chain with 152 stores in 4 countries
- E-commerce & Catalogue
- Sales of SEK 6 billion
- 4,000 employees
- 64 million visitors – 31 million customers
- Product range that solves small practical problems of everyday life



Sales – Q2



- Sales up 8% to SEK 1 553 M, +8% in local currencies
 - 23 (15) more stores compared to preceding Q2
 - Comparable stores in local currency -4%
 - New stores +12%
 - Currency effects 0%
- Increased market shares in overall challenging market
- Mail order/Internet SEK 23 M (22 M)

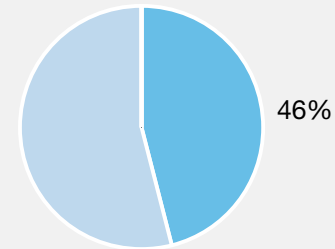


Sweden – Q2

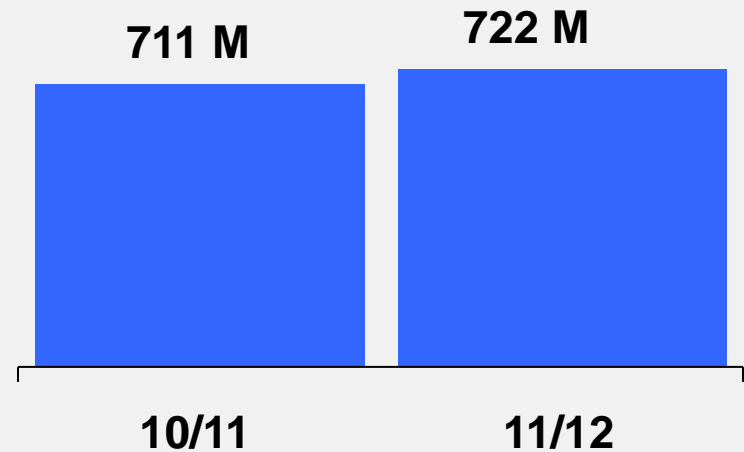


- Sales +2%
 - 2 new store during Q2.
Total of 64
 - 5 more stores compared to preceding Q2
- Weak overall market development
- Majority of new stores double establishments

Portion of sales, Sweden



Sales Sweden

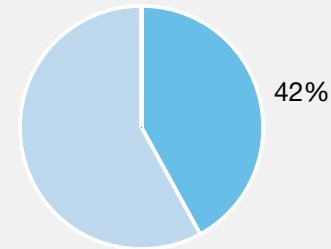


Norway – Q2

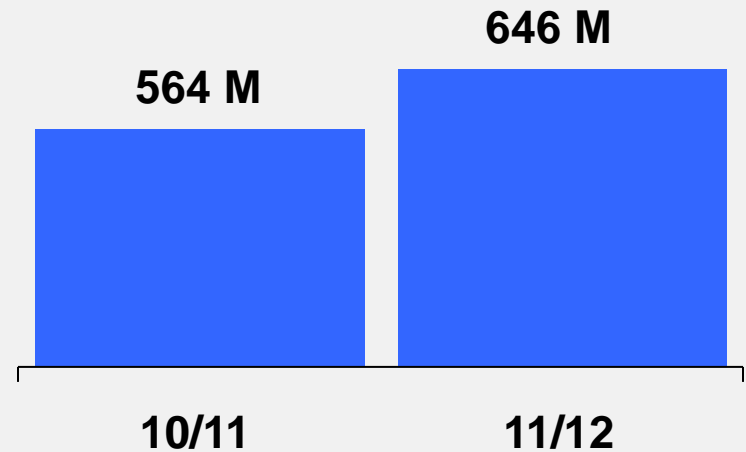


- Sales +14%
 - +13% in local currency
 - 2 new store during Q2.
Total of 54
 - 10 more stores compared to preceding Q2
- Soft overall market development
- Majority of new stores double establishments

Portion of sales, Norway



Sales Norway

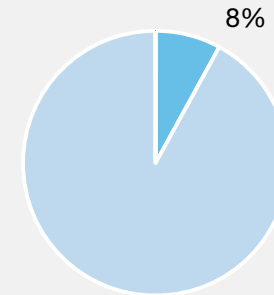


Finland – Q2

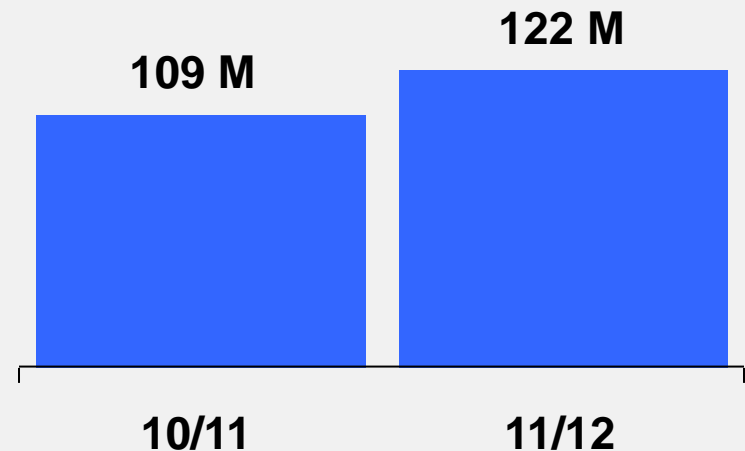


- Sales +12%
 - +14% in local currency
 - 1 new store during Q2.
Total of 19
 - 3 more stores compared to preceding Q2
- Continued positive sales trend
- Record store openings, strengthened brand and market position
- Market slowdown

Portion of sales, Finland



Sales Finland

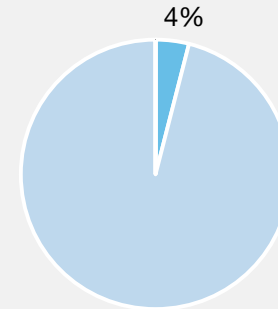


UK – Q2

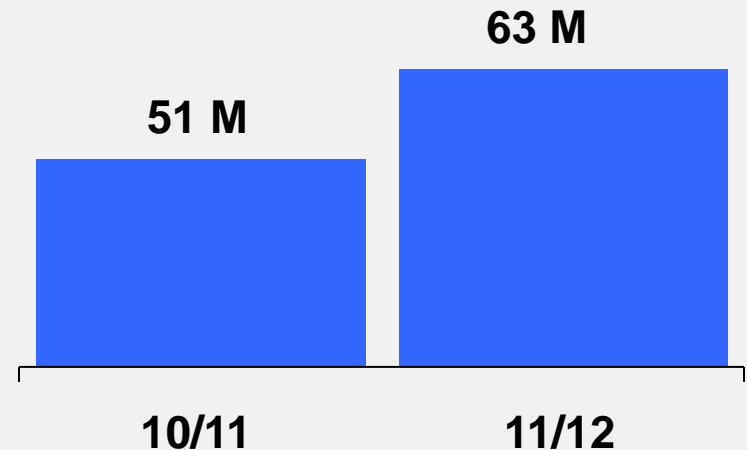


- Sales +23%
 - +31% in local currency
 - 1 new store during Q2.
Total of 12
 - 5 more stores compared to preceding Q2
- Retail market under pressure. CCI-index in October - Lowest score ever
- ATV and Conversion gradually increasing but hampered by weak overall market

Portion of sales, UK



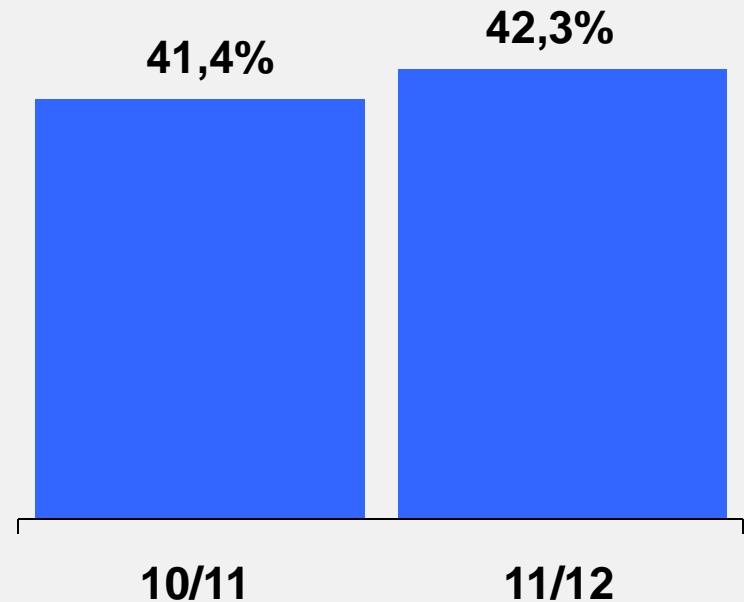
Sales UK



Gross margin - Q2

Gross margin up 0.9 percentage points to 42.3%

- + Positive currency effect
 - + USD
 - NOK Hedge
- + Increased share of direct purchasing
- + Sales Mix



Currency effects - Q2 11/12 vs. Q2 10/11

NOK/SEK

Sales:



USD/SEK

Purchasing:



Policy to hedge 50% of expected flows



Time period for sales

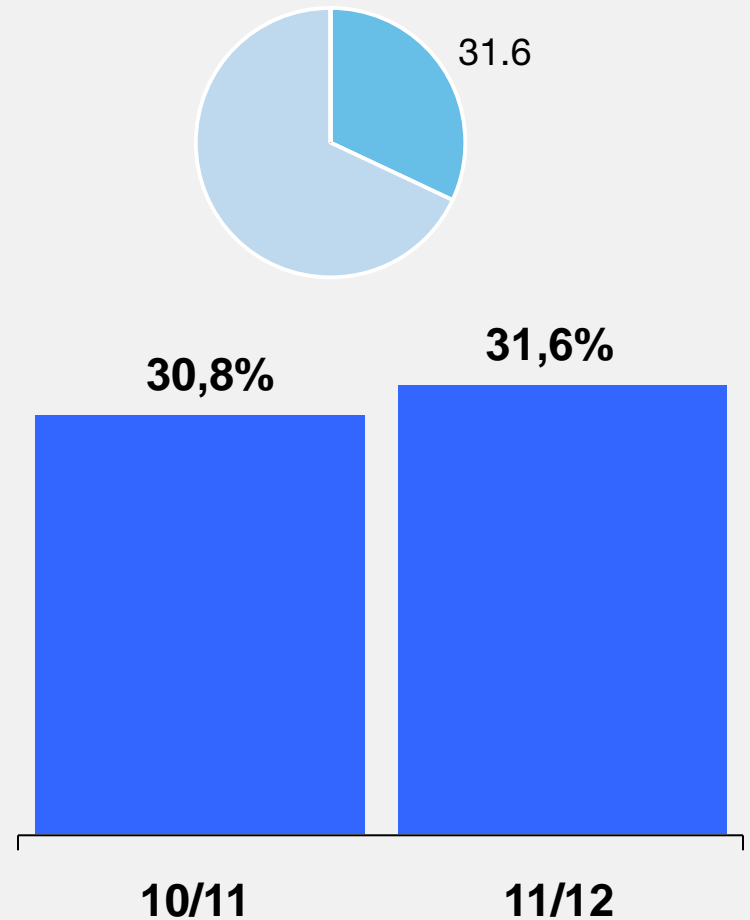
Time period for hedging

Share of sales costs - Q2

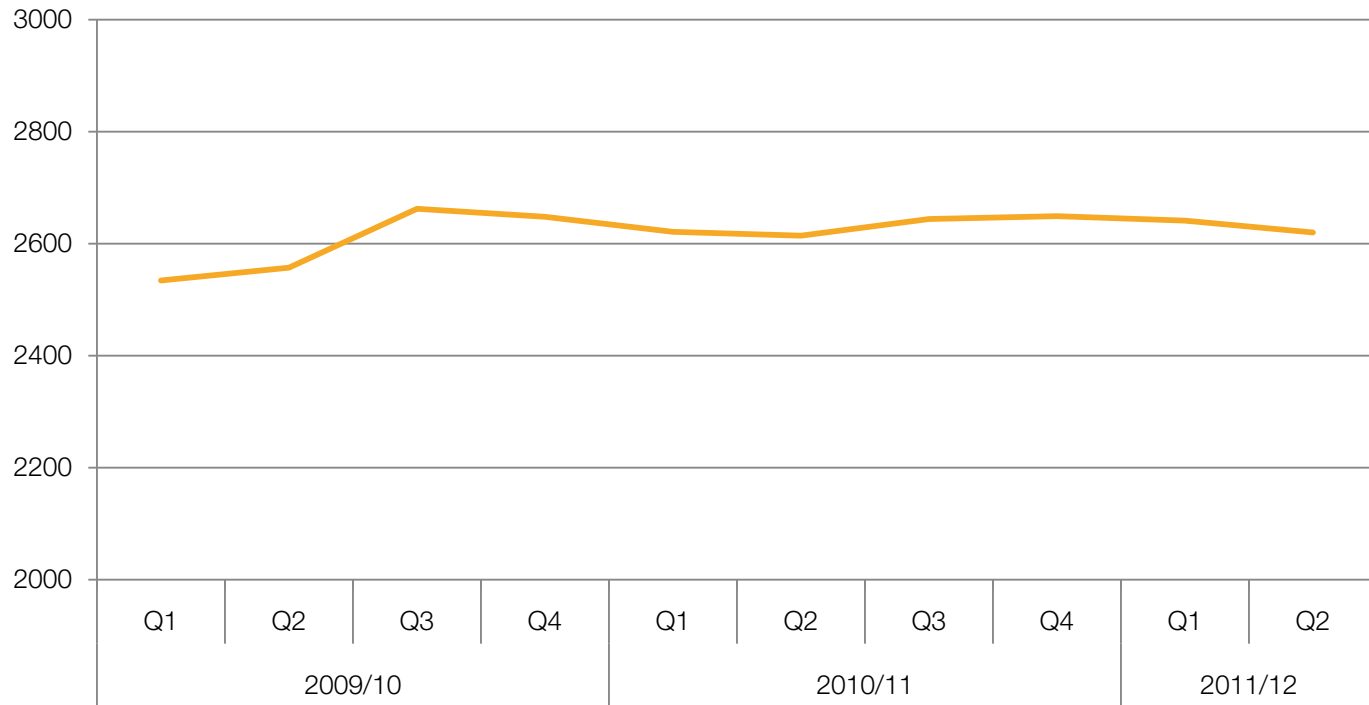
Share of sales cost up 0.8 percentage points to 31.6%

- Lower sales in comparable stores
- Higher share of sales costs new markets (UK)
- + Increased productivity

Share of Sales Costs

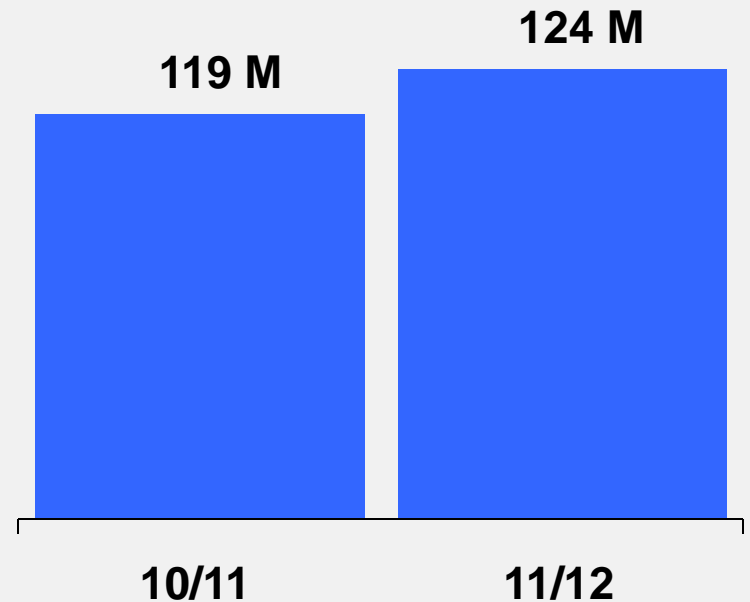


Sales per employee R-12 SEK T



Profit – Q2

- Operating profit SEK 124 M (119)
- Profit after financial items SEK 121 M (116)
- Profit per share SEK 1.38 (1.35)



First six-months 2011/12

May-October

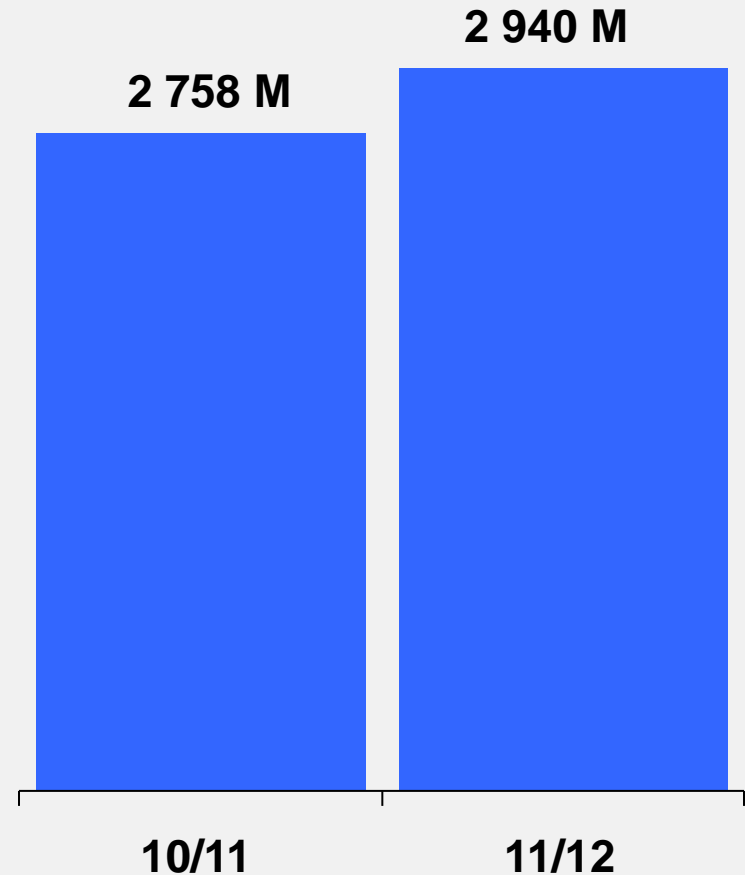


34-9843 Vacuum Cleaner
iRobot SEK 2995:-

Sales - Six months 2011/12



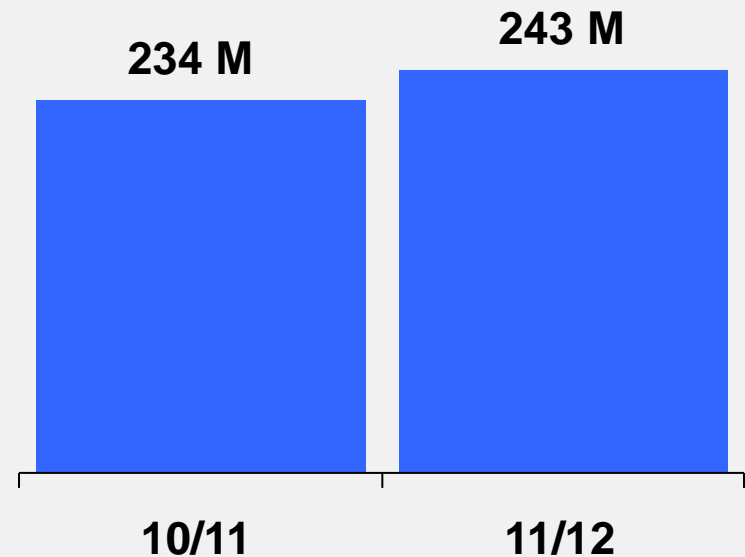
- Sales up 7% to SEK 2 940 M, +8% in local currencies
 - Comparable stores in local currency -4%
 - New stores +12%
 - Currency effects -1%
- Mail order/Internet SEK 41 M (41 M)



Profit - Six months 2011/12

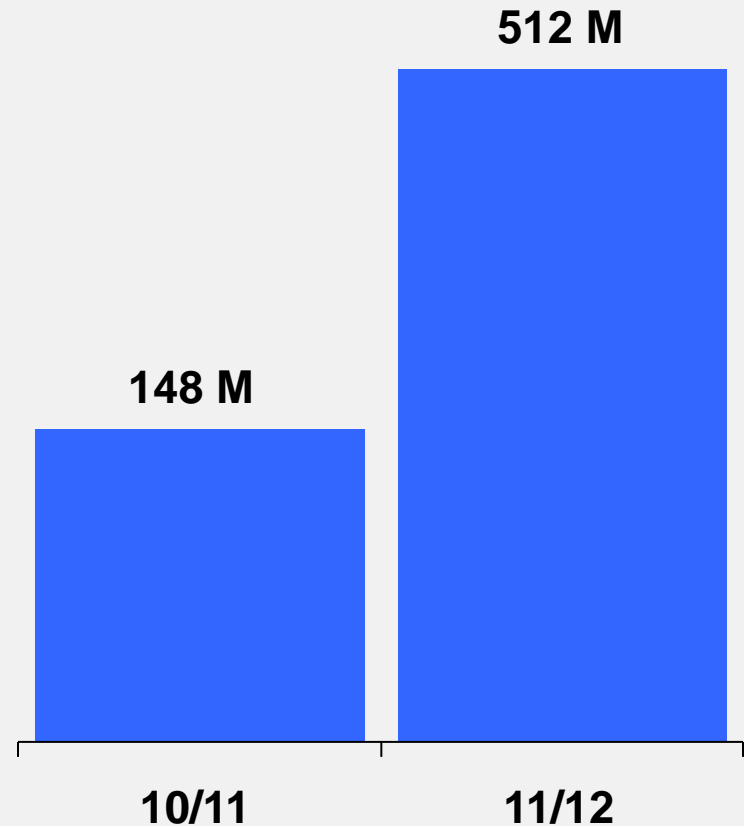


- Operating profit SEK 243 M (234)
- Profit after financial items
SEK 237 M (231)
- EPS SEK 2.71 (2.66)



Cash flow – six months 2011/12

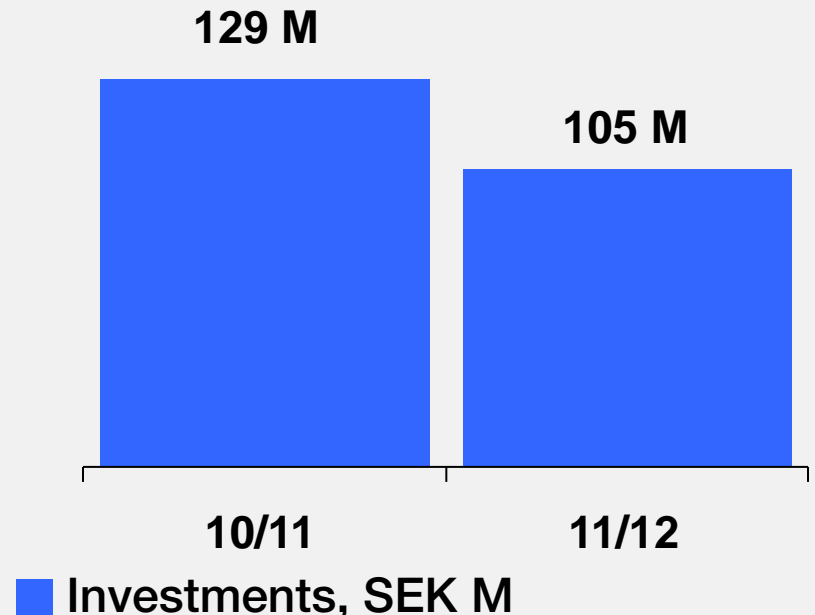
- Cash flow from operating activities SEK 512 M (148)
- Inventory: SEK 1 410 M (1 521)
- Average inventory R12 +9%
- 23 New stores compared to 2010/11
- Cash flow for the period SEK -19 M (84)
- Dividend payment SEK 239 M (239)
- Reduced credit usage of SEK 176 M (Increased SEK 361 M)



■ Cash flow from operating activities, SEK M

Investments – six months 2011/12

- Investments of SEK 105 M (129) of which:
 - New/refurb. Stores: SEK 58 M (90)
 - Other investments: SEK 47 M (32) of which SEK 24 M (4) investments in e-commerce and other IT-systems



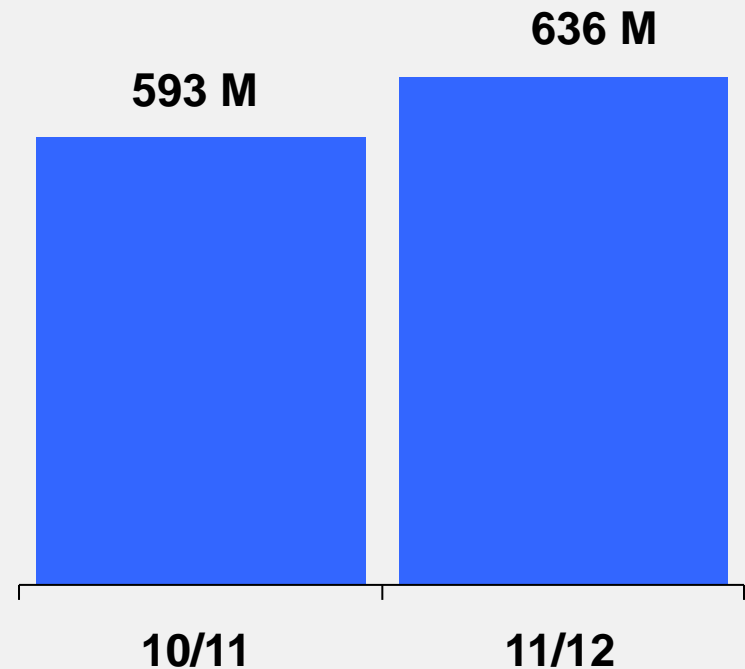
Events after period-end



Sales – November

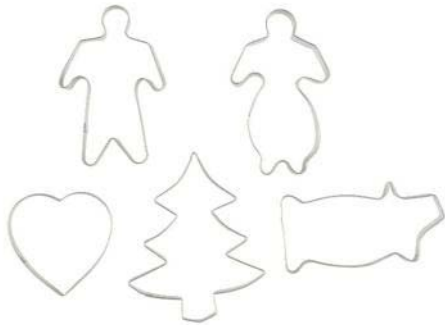


- Sales up to SEK 636 M (593) +7%
- 20 (19) more stores vs. November 2010
- Changes in local currencies +6%
 - Sweden +2%
 - Norway +7%
 - Finland +21%
 - UK +39%
- Mail order/Internet sales: +14%



Christmas & Winter assortment

- Products for Christmas preparations
- Christmas gifts
- Other winter assortment



Update on strategic priorities



LED lamp 36-4643 SEK 199:-

Multichannel development

Stores



E-commerce



Catalogue/phone



Loyalty Program



Purchasing & Code of Conduct



Shanghai

Shenzhen

CO2 and cost reduction in distr.



CSR – integrated in our business model



Energy efficient store lightning

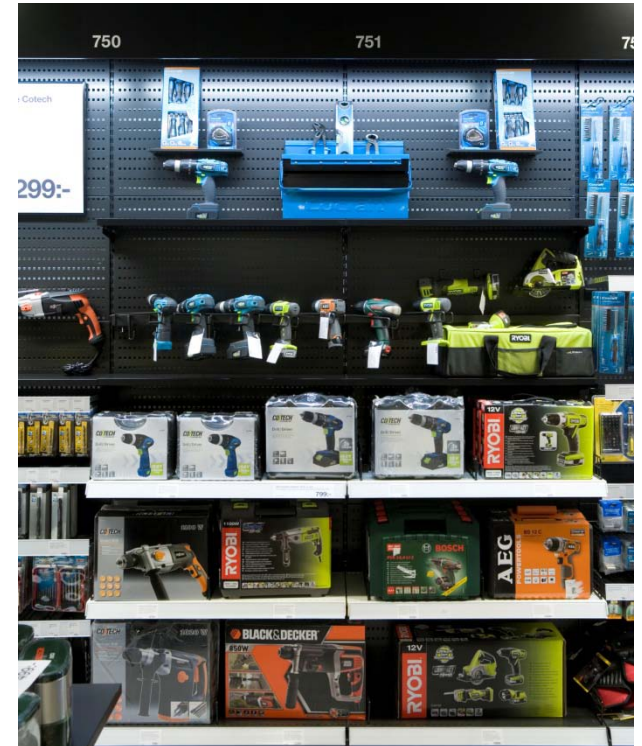
Spare parts



Range that save resources

Store expansion – pipeline and plans

- Target of 17-22 new stores during 2011/12 of which 2-4 in Finland and 1-4 in UK
- 13 opened to date and 5 contracted for opening 11/12, total of 18 stores to date



Outlook

- Continued focus on long term profitable growth in Europe in accordance with financial target
- Strong position in our established market
- Business plan to invest in new markets (currently UK) - annual impact of up to 2-3 percentage points on EBIT-margin
- Further potential to increase sales via developed product assortment and sales channels in the Nordic region



Summary Q2

- Continued expansion and increased market shares in weak retail market
- Continued positive trend in gross margin and increased operating cash flow
- Increased profit



Q&A

Moderator: Anna-Karin Envall, ABG Sundal Collier



Bear Grylls Survival Kit. 31-2153 SEK 279