

A photograph of three employees of Clas Ohlson standing in a warehouse. They are all wearing blue checkered shirts with the Clas Ohlson logo. The man in the center has his arms around the shoulders of the two women on either side of him. They are all smiling at the camera. In the background, there are shelves stocked with various products, including boxes and bags. A sign in the background reads "Matlåda" and "2-pack 200". In the foreground, there is a large cardboard box with the Clas Ohlson logo and the text "40-9595 24 pcs".

Klas Balkow  
President & CEO

Q1 Report 2016/17  
7 September 2016



# Agenda

- Q1 2016/17
- Events after period-end
- Expansion update
- Q&A



# High energy and strong position

**207** stores in  
**6** countries  
omni-channel structure

**76** million visitors  
**39** million customers

**4,700**  
service-minded  
employees

High focus on  
sustainability  
agenda

R12 sales  
**7.6** billion SEK

One of the  
**strongest brands**  
in retail in the Nordics

# Highlights

- Slow sales development
  - Summer month variations
- Operating profit negatively effected by currency
- Important steps in international agenda
  - Opening of first store in Germany
  - New franchise store in Dubai contracted
  - Continues store optimisation in UK
- Strong sales in August
  - Positive start in Q2



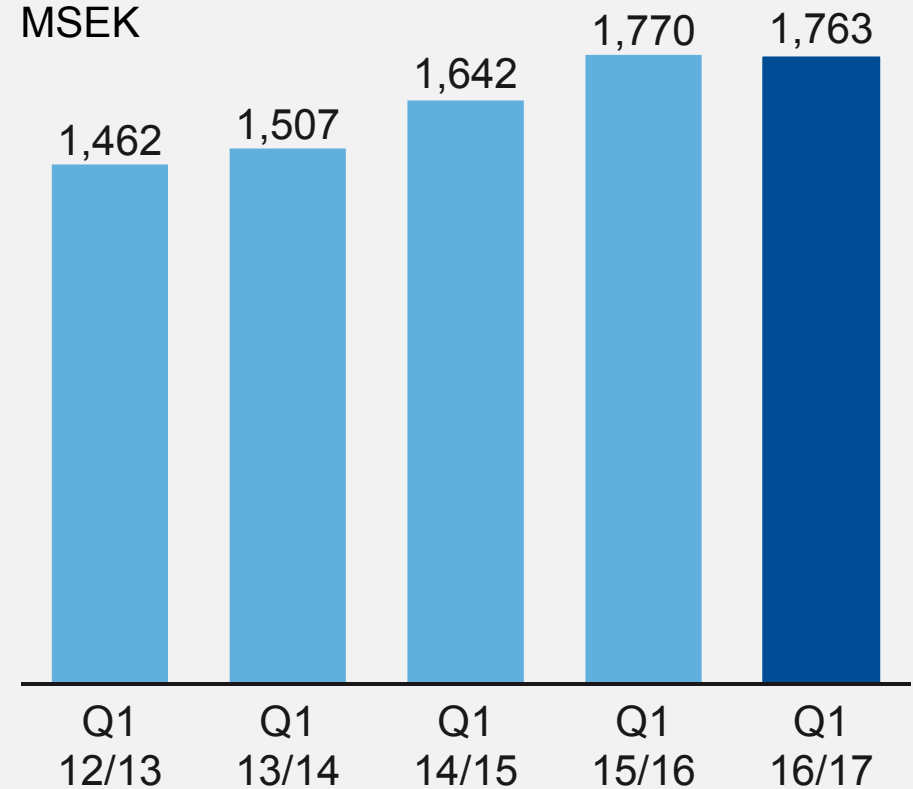
Q1 2016/17  
May – July





# Sales Q1

- Sales up 2% in local currencies
  - Influenced by summer month variations
- LFL sales -1%
- Sales 1,763 MSEK
- 8 additional stores net compared to end of period last year (13)
- 4 store openings and 2 store close in the quarter



19 May



Hamburg – Germany

26 May



Sandnes – Norway



9 June

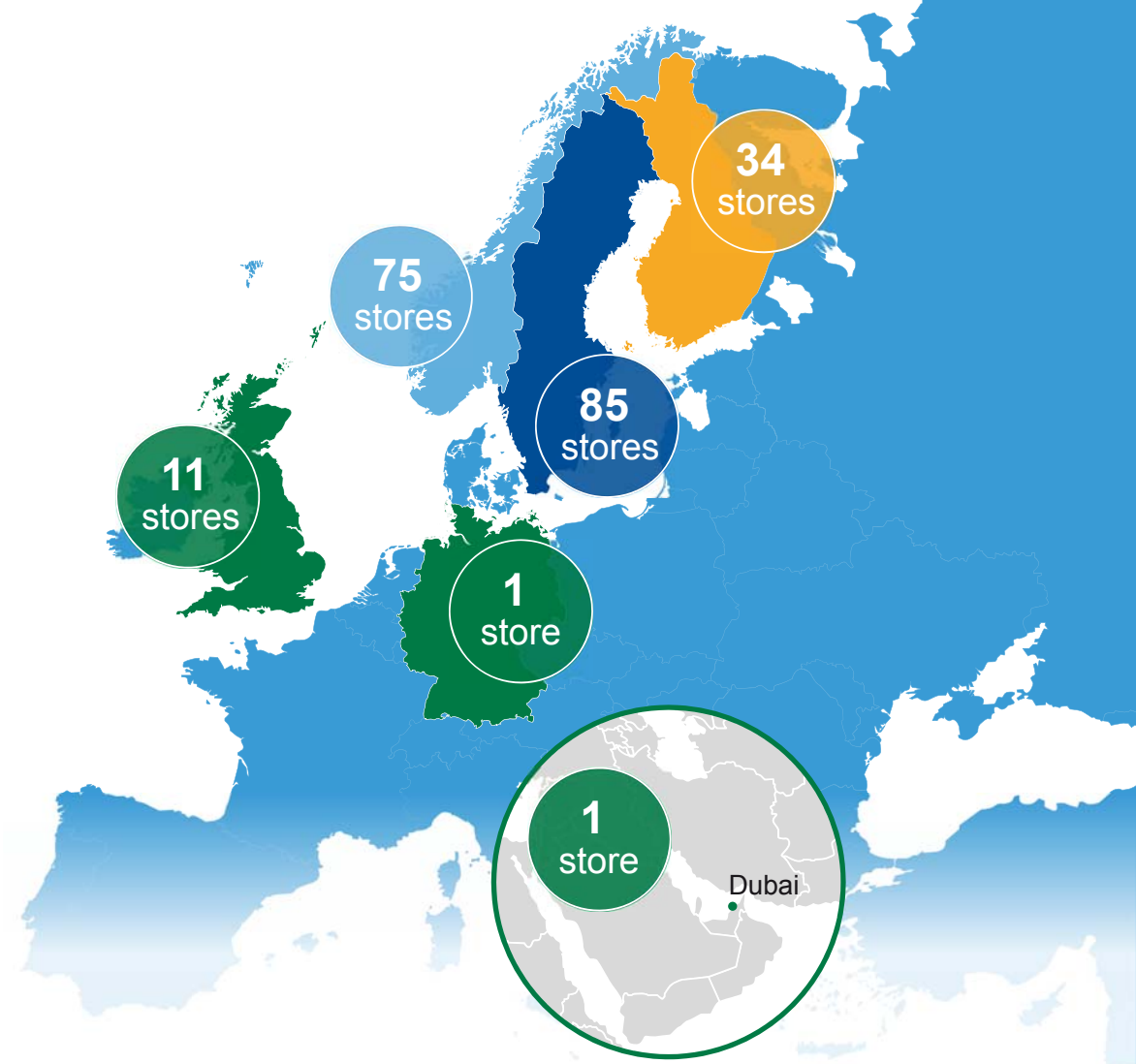
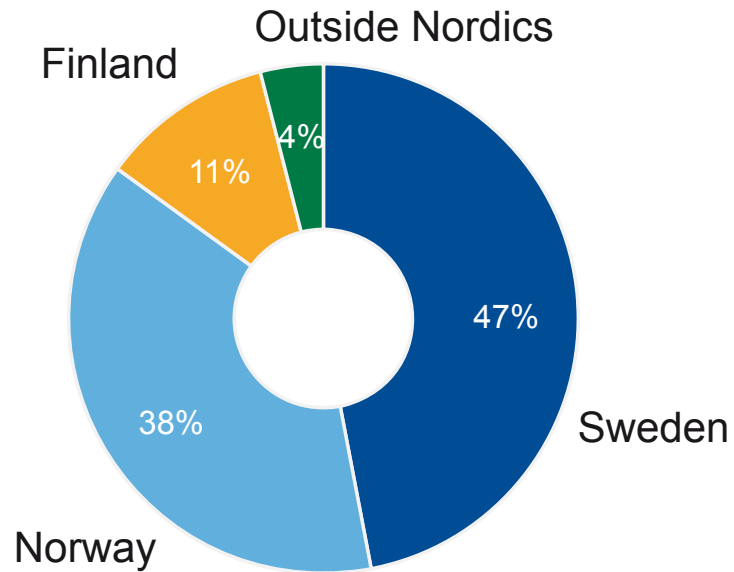
Finnsnes – Norway

16 June



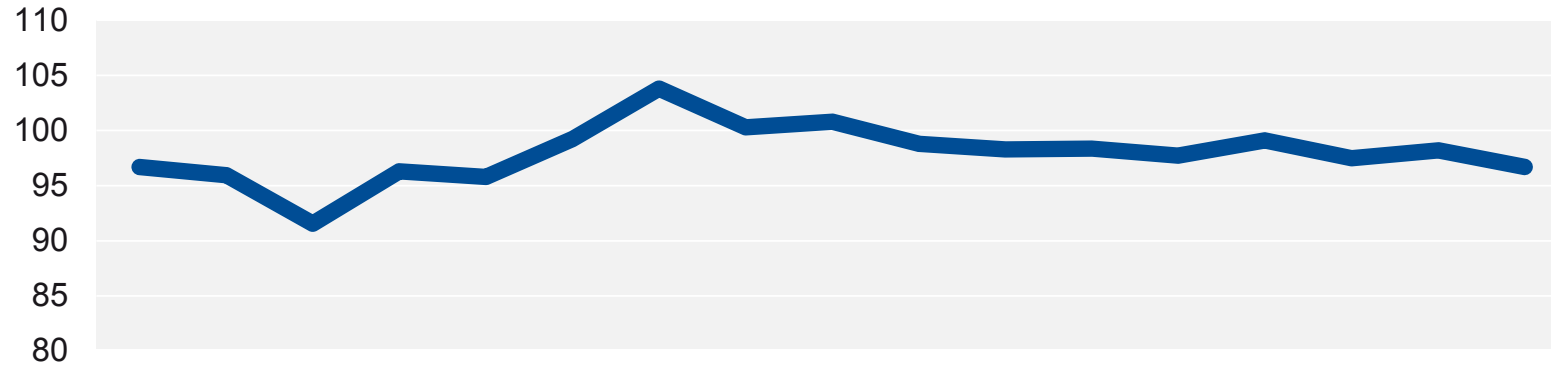
Voss – Norway

# Sales share per market





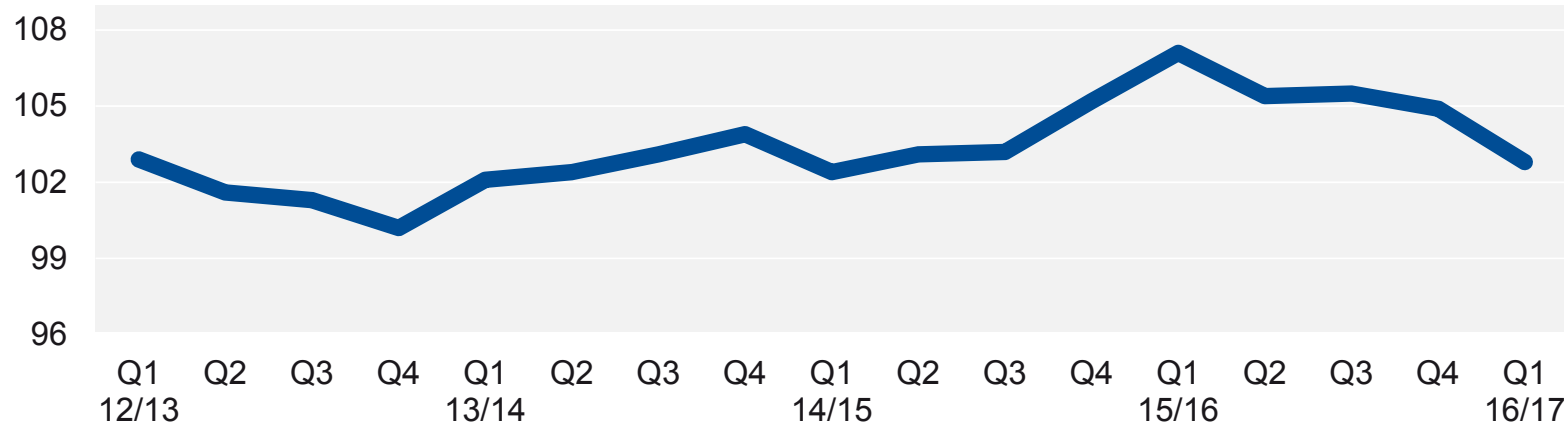
# Sweden Consumer Confidence



Source: [www.konj.se](http://www.konj.se)



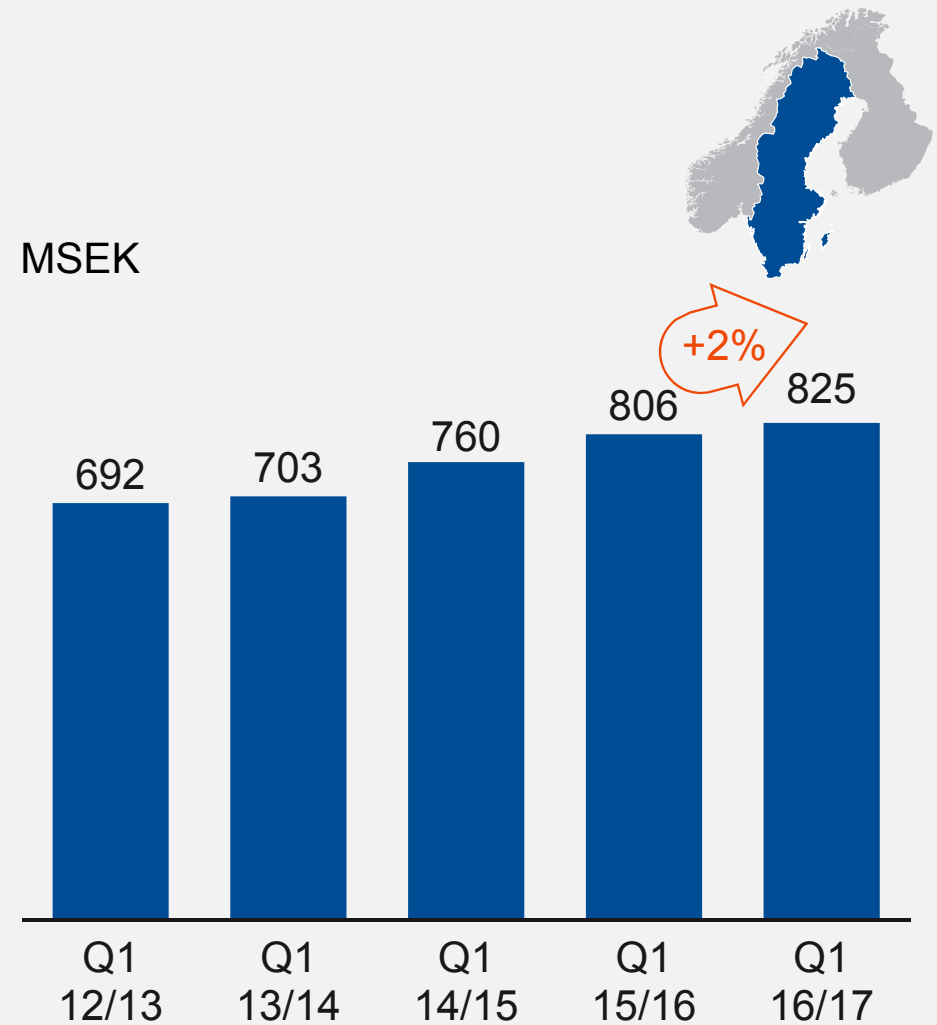
# Sweden Retail Index



Source: [www.hui.se](http://www.hui.se)

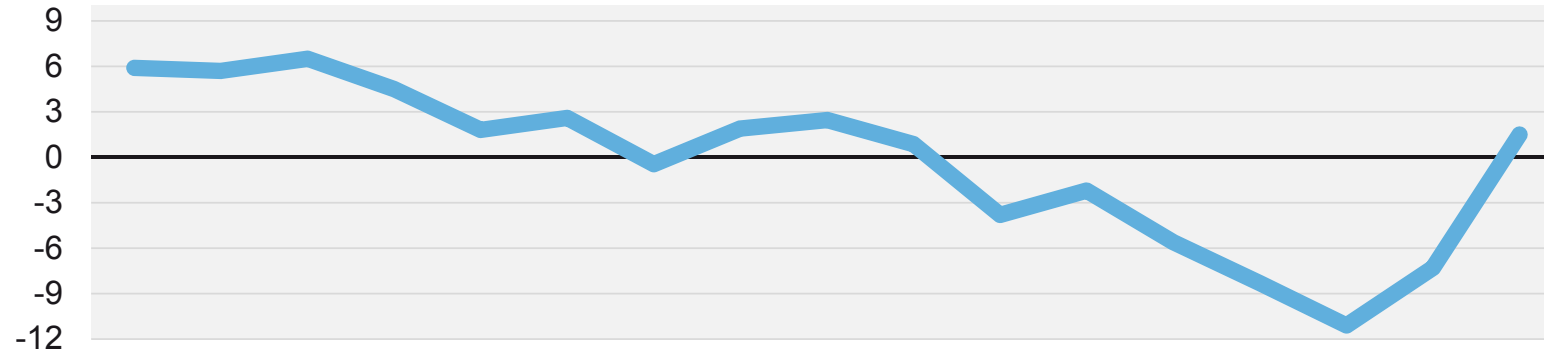
# Sweden Q1

- Sales up 2% to 825 MSEK
- Total 85 stores (81)
  - No new stores during Q1
  - 4 additional stores net compared to preceding Q1
- Solid position in a strong market





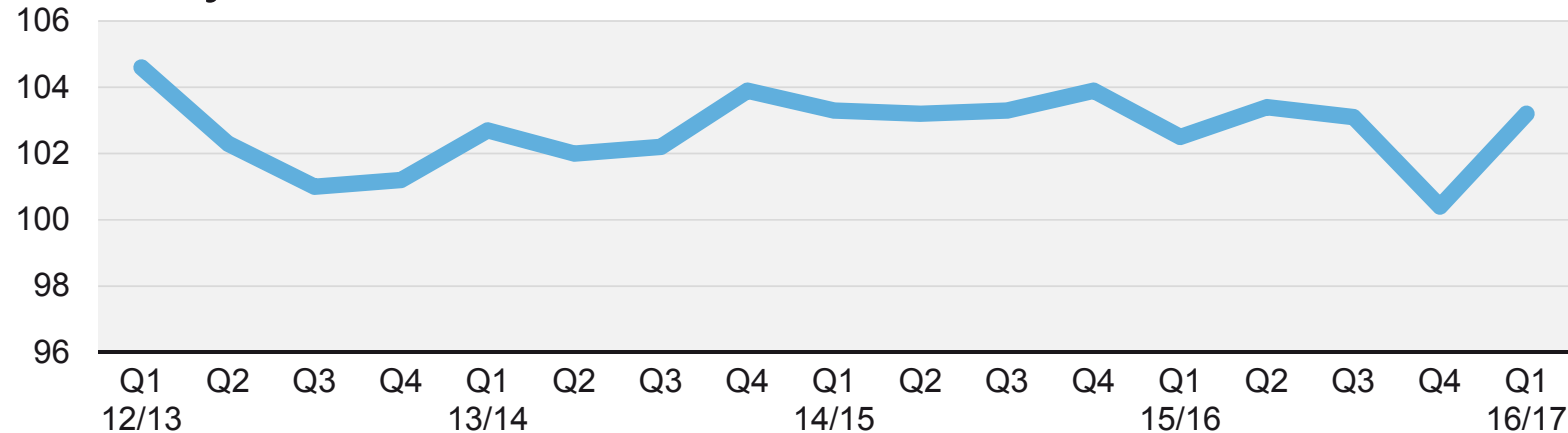
# Norway Consumer Confidence



Source: [www.opinion.no](http://www.opinion.no)



# Norway Retail Index

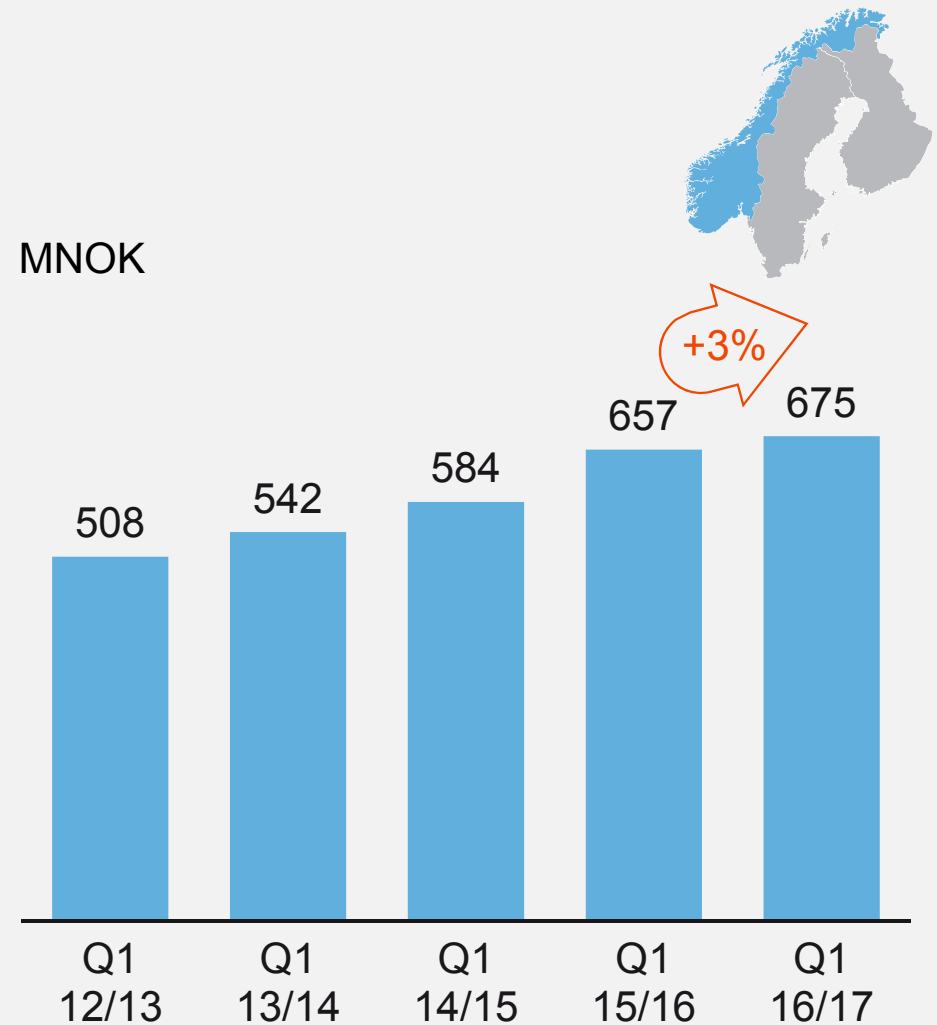


Source: [www.ssb.no](http://www.ssb.no)

# Norway Q1

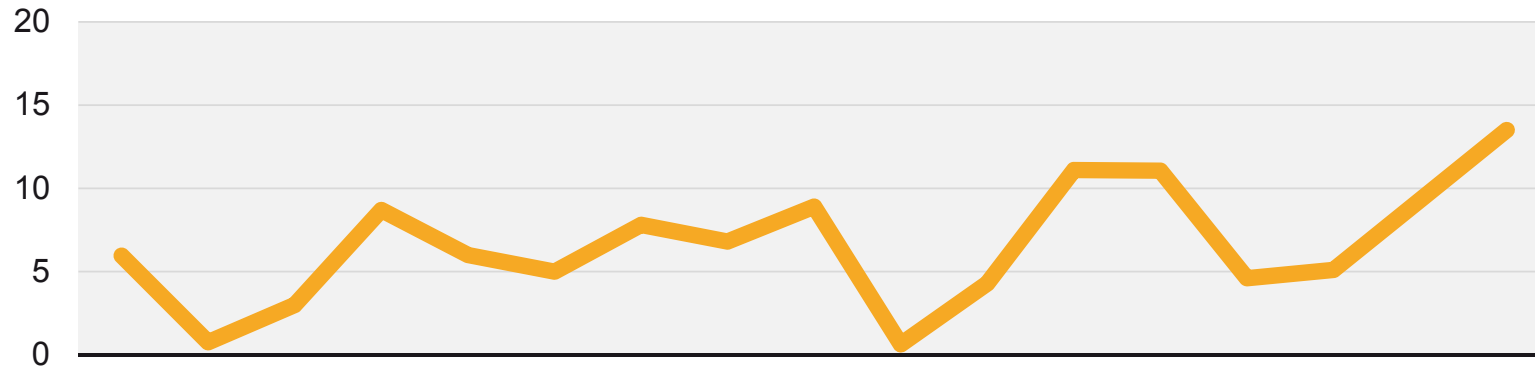
- Sales up 3% in local currency
- Sales 677 MSEK (702)
- Total 75 stores (73)
  - 3 new stores during Q1
  - 2 additional stores net compared to preceding Q1
- Increased market share in a volatile market

MNOK





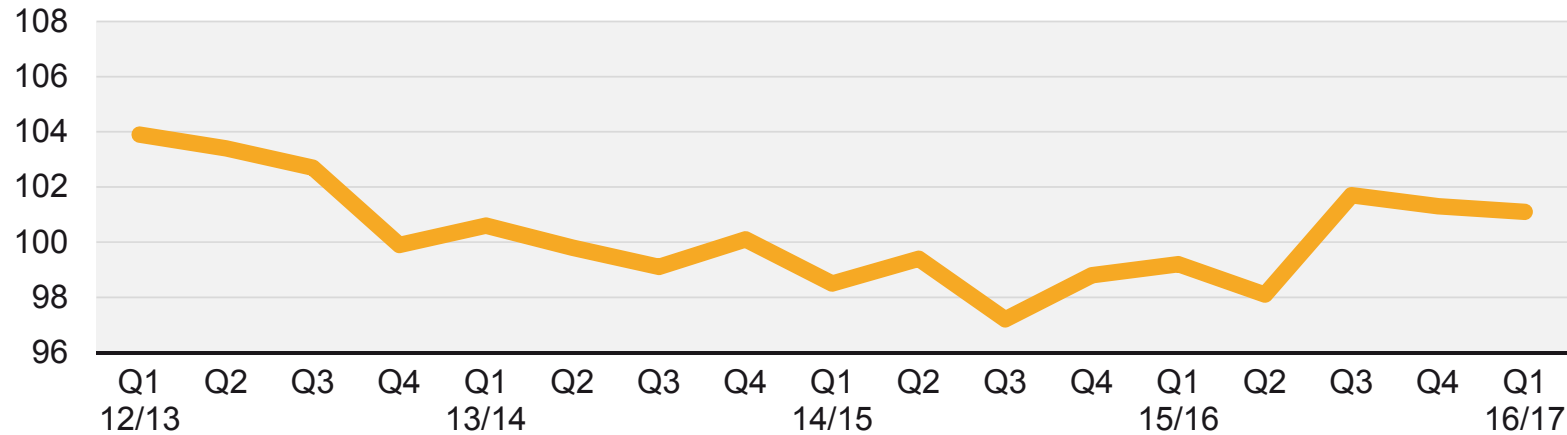
# Finland Consumer Confidence



Source: [www.tilastokeskus.fi](http://www.tilastokeskus.fi)



# Finland Retail Index

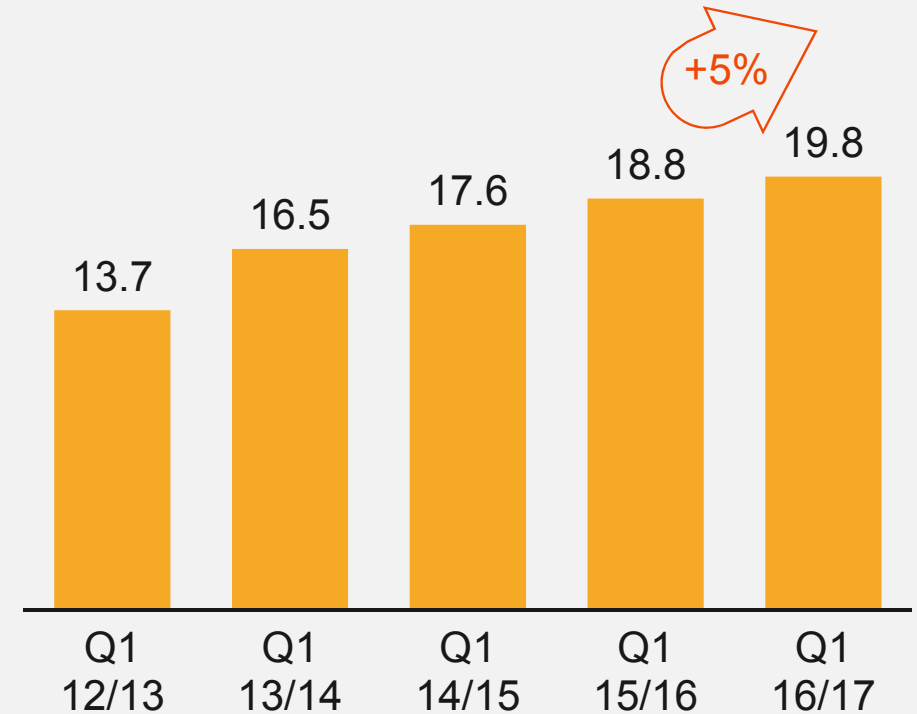


Source: [www.tilastokeskus.fi](http://www.tilastokeskus.fi)

# Finland Q1

- Sales up 5% in local currency
- Sales 186 MSEK (176), up 6%
- Total 34 stores (32)
  - No new store during Q1
  - 2 additional stores net compared to preceding Q1
- Increased market share and strengthened brand position in a soft market

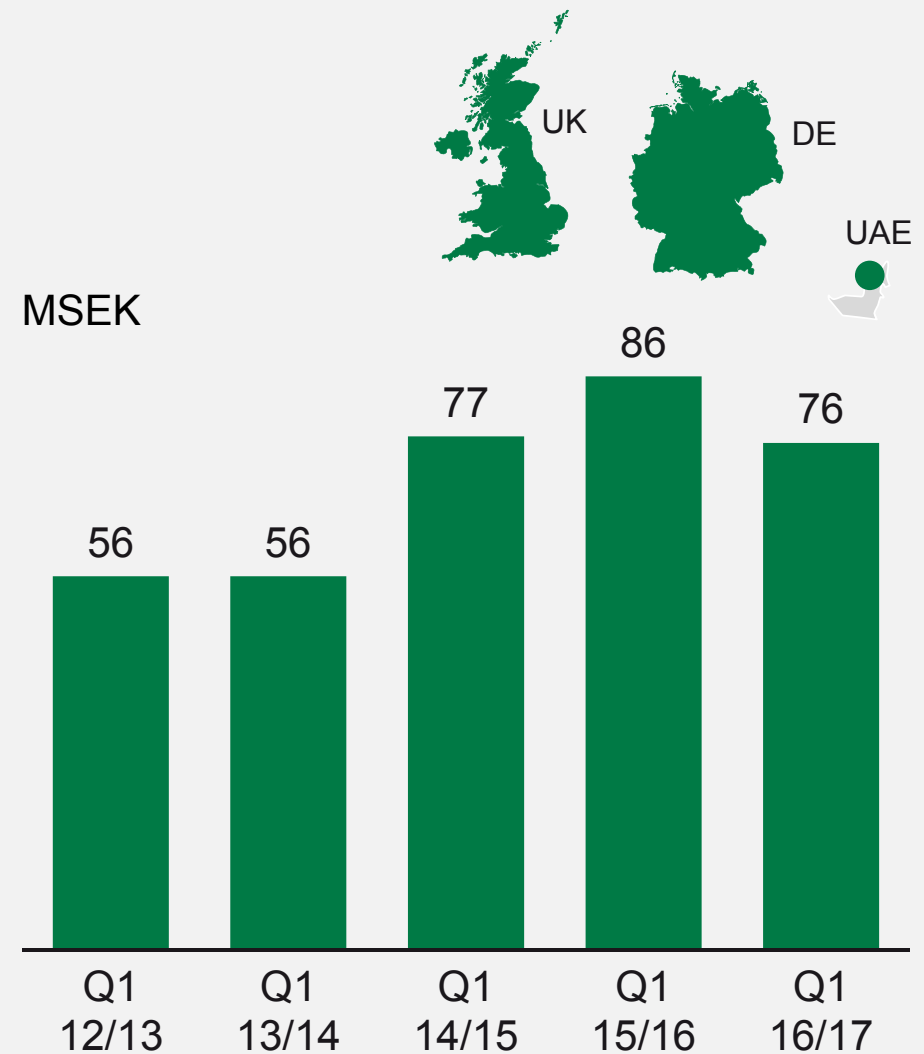
MEUR





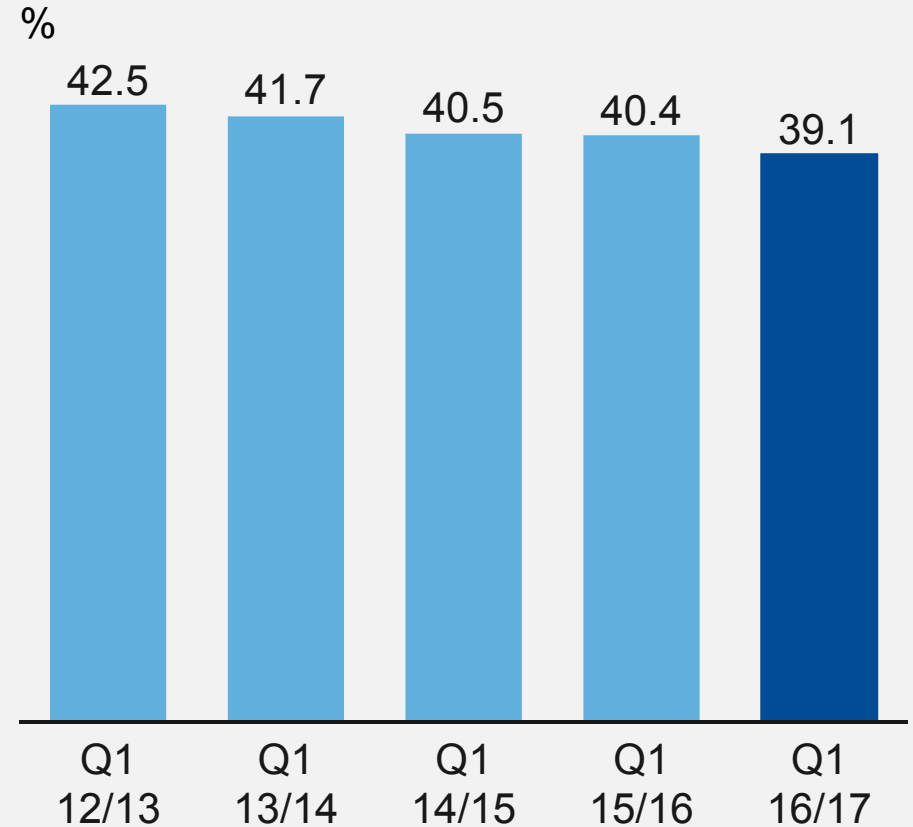
# Outside Nordic countries Q1

- Sales down 4% in local currencies
- Sales 76 MSEK (86)
- Total 13 stores (13), whereof one franchise
  - 1 new store during Q1
  - 2 stores closed during Q1
- Soft development in UK influenced by restructuring and currency
- Positive retail sales development in Dubai
- Positive start in Hamburg



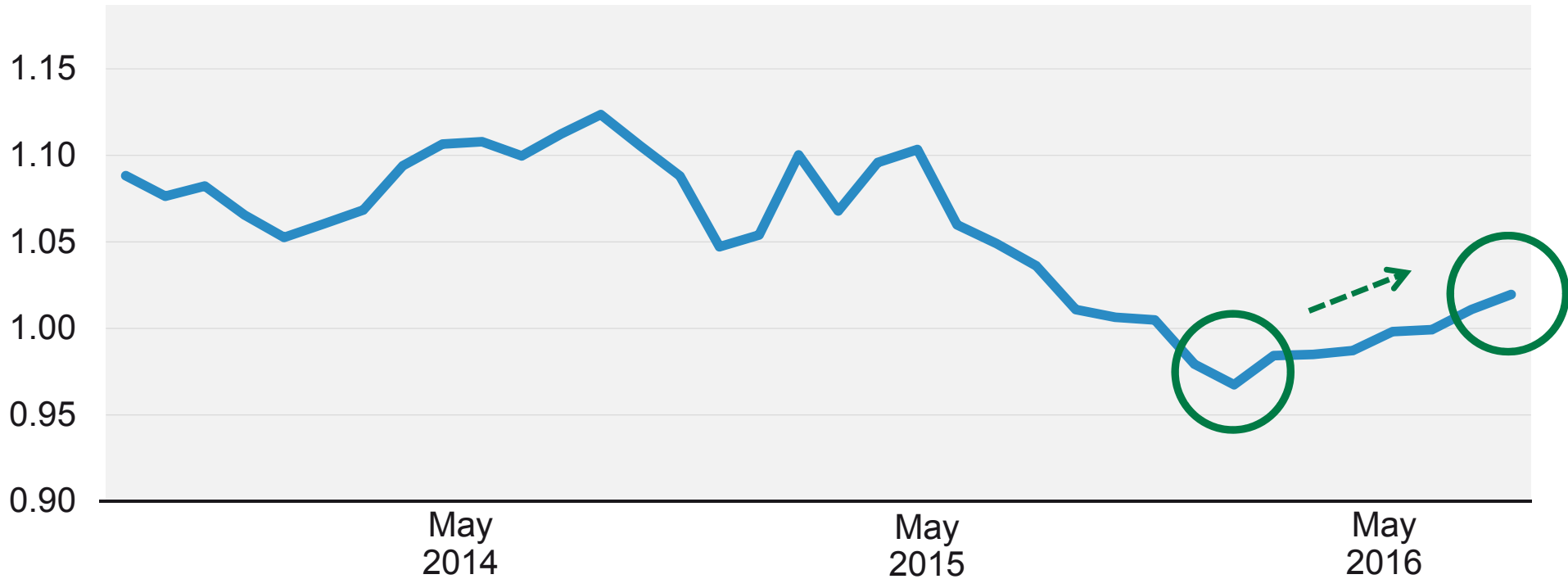
# Gross margin Q1

- Gross margin down 1.3 percentage points to 39.1%
- Negative currency impact (NOK)



# Negative hedging effects

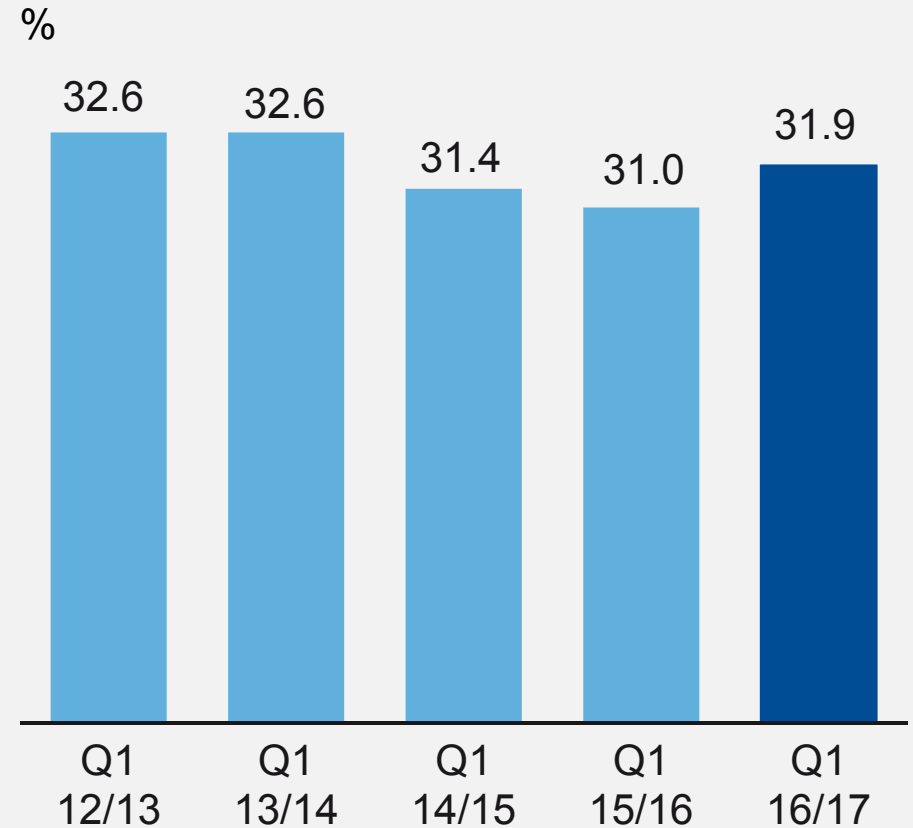
NOK/SEK





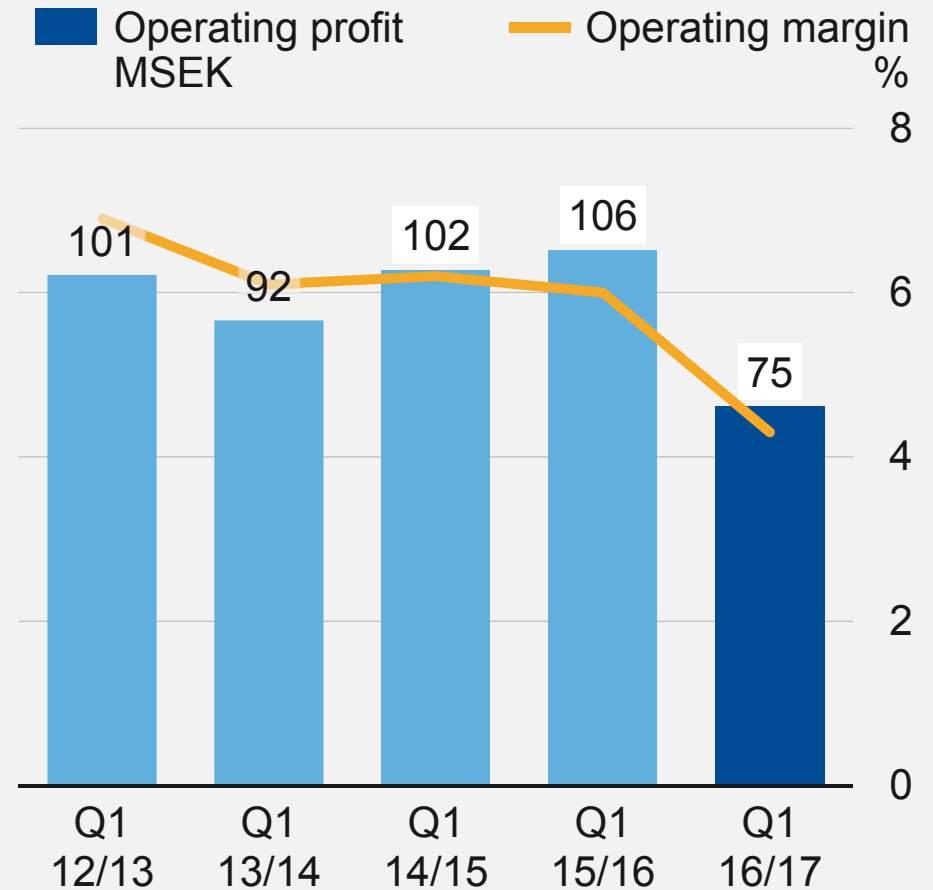
# Share of selling expenses

- Share of selling expenses 31.9%, up 0.9 p.p. in the quarter
  - Impacted by start-up cost for Germany
  - Soft LFL sales
  - + Increased efficiency



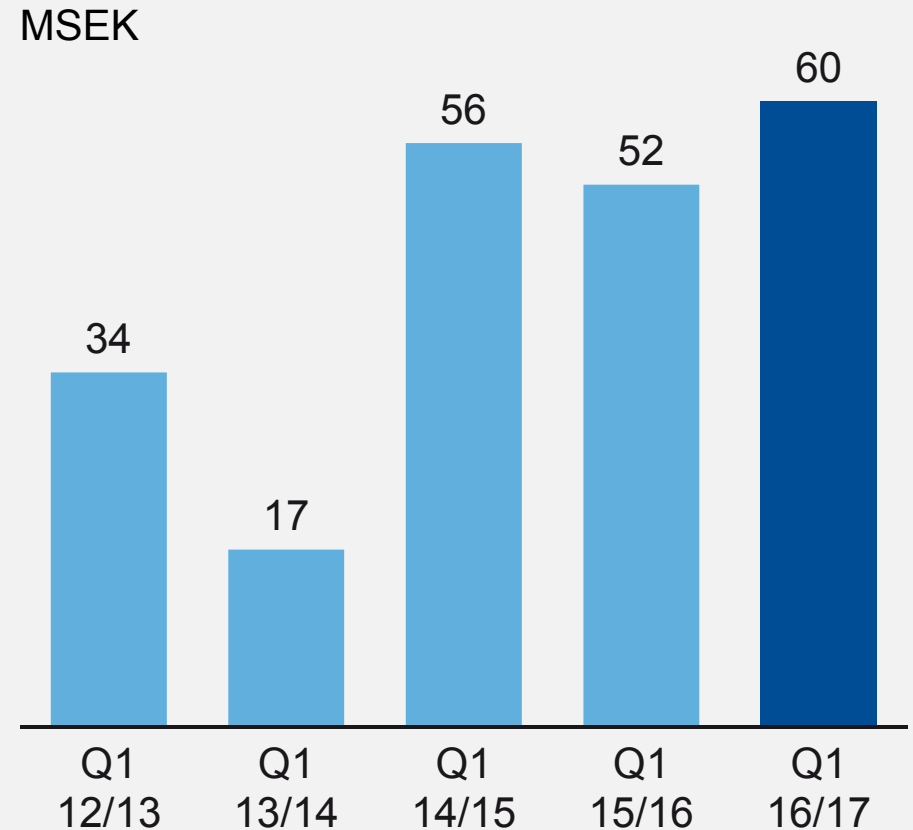
# Profit Q1

- Operating profit amounted to 75 MSEK
  - Effected by negative currency
  - Impacted by start-up cost for Germany
- Operating margin amounted to 4.3%
- Earnings per share 0.91 SEK



# Investments

- Total investments 60 MSEK (52)
- New stores and refurbishments 28 MSEK (11)
- IT-systems 23 MSEK (34)
  - Implementation of new IT-platform
  - Other IT developments





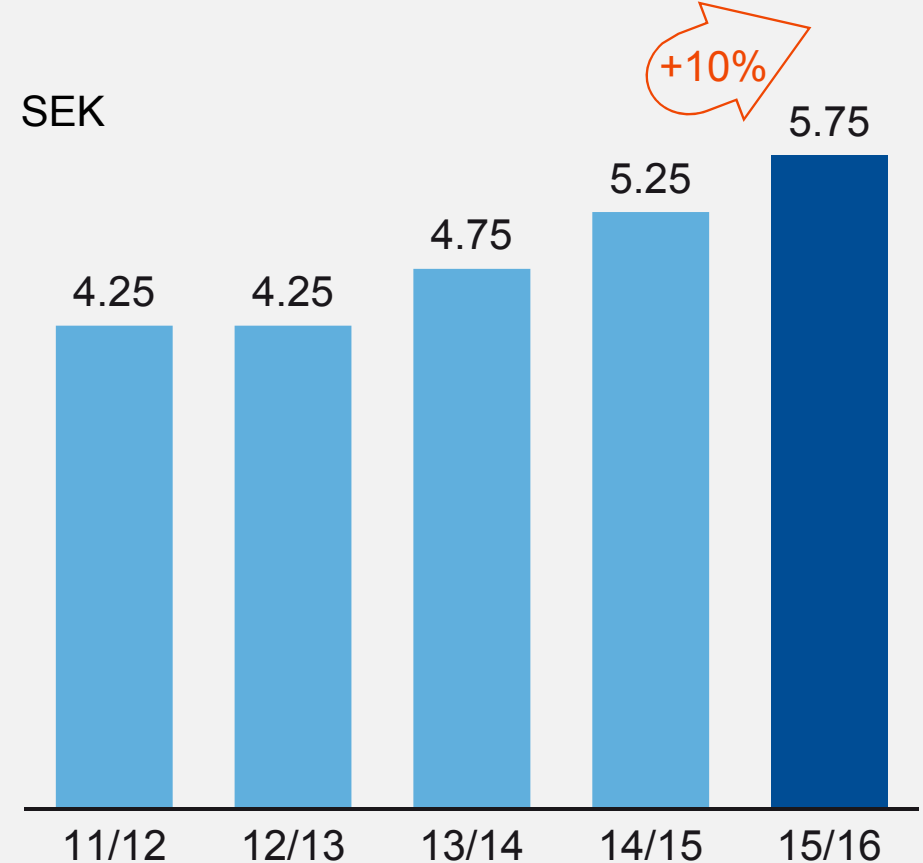
# Strong financial position

- Cash flow from operating activities was 16 MSEK (170)
  - Inventory 1,721 MSEK (1,532)
  - Inventory turnover rate DC 6.5 (6.7)
- Cash flow after investments and financing activities of -111 MSEK (86)
- Net cash holdings of 495 MSEK (601)



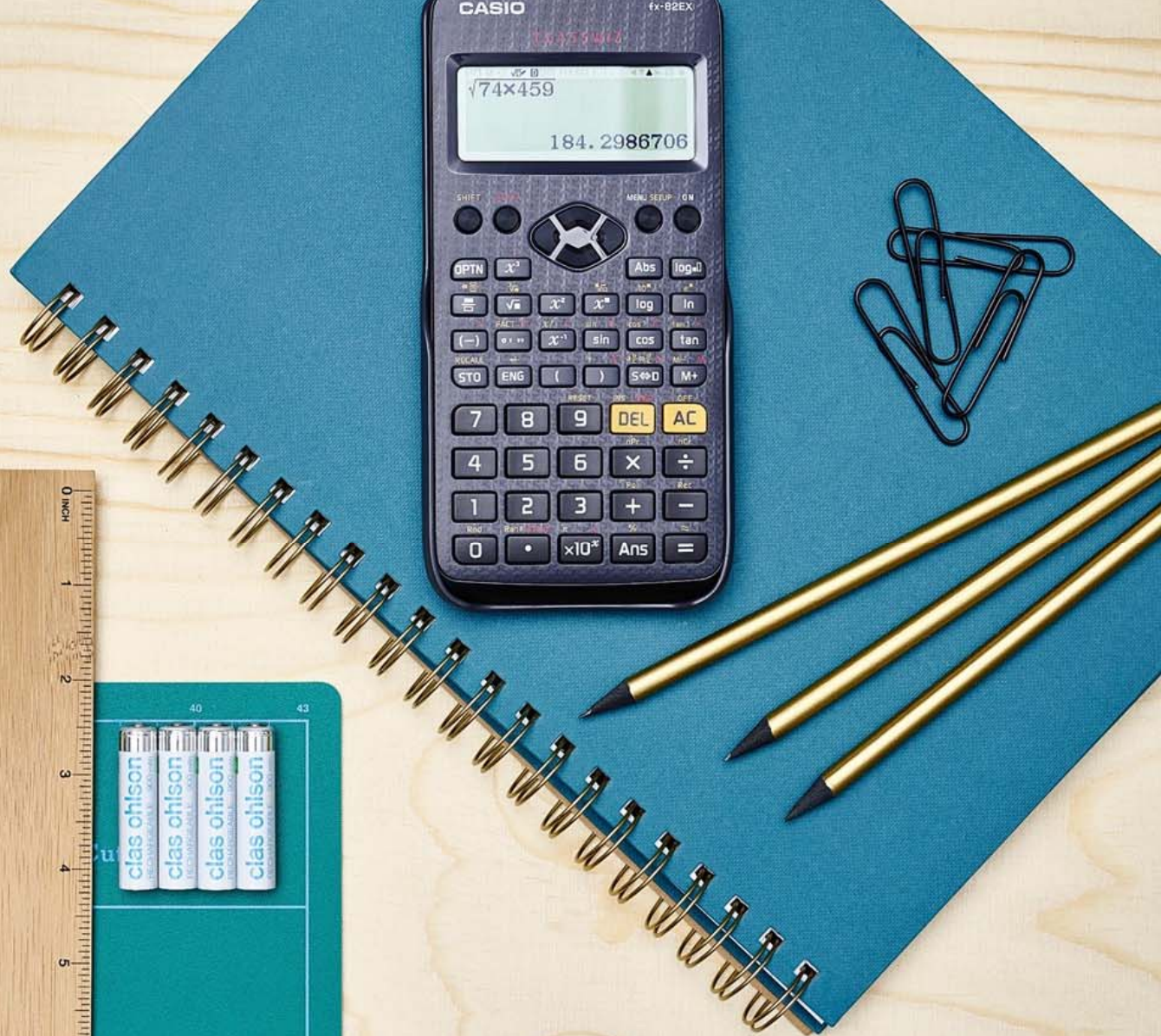
# Proposed dividend

- Proposed dividend  
5.75 SEK per share (5.25)
- Equivalent to 100% (75) of net profit
- In line with dividend policy  
*At least 50 per cent of earnings per share after tax,  
with consideration for the financial position*





Events after  
period-end

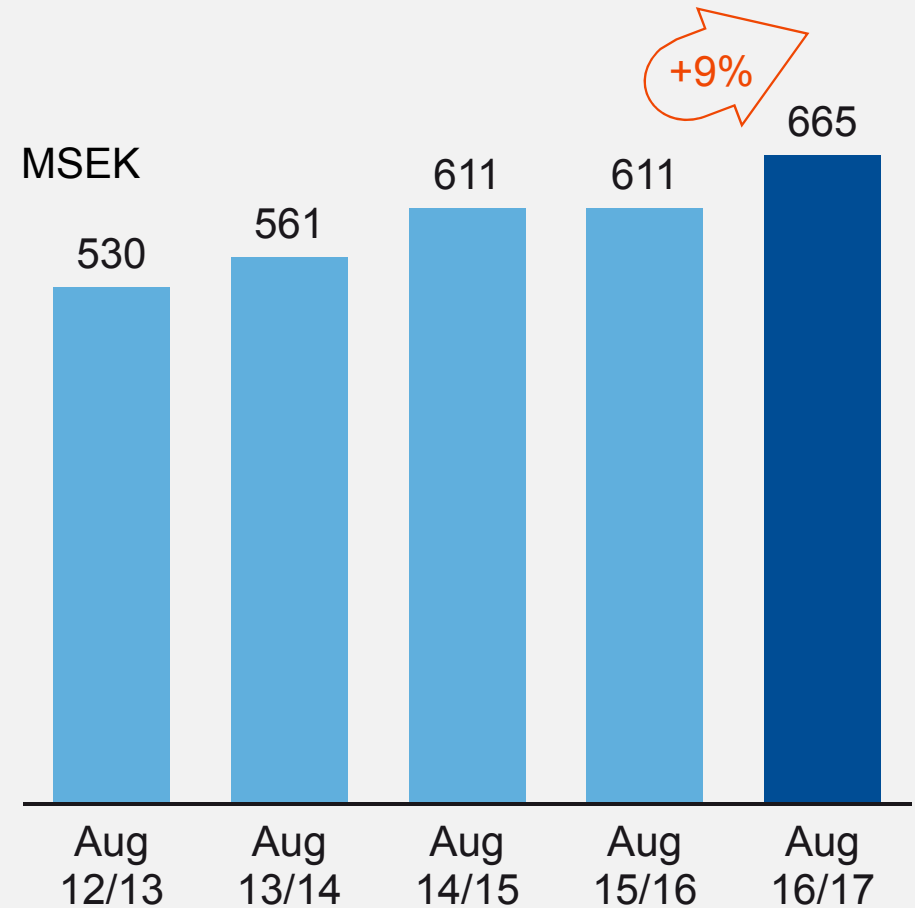




# August sales

- Sales 665 MSEK
- Sales up 10% in local currencies
  - Sweden +6%
  - Norway +16%
  - Finland +22%
  - Outside Nordic countries -14%\*
- 8 additional stores net compared to end of August last year (14)

\*Effected by store optimization in the UK



# Launch of new autumn range

- Many new products at great value
  - More than 2,000 news
- Further developed private brand assortment
- Focus on practical smart products
  - Developed seasonal product range
  - Increased share of products for a more sustainable lifestyle





**More than you  
see in store**

Our entire range isn't  
displayed on our shelves.  
We have a lot more in stock,  
just ask a member of staff to  
find what you're looking for.



Update on expansion agenda

**NOW!**

**20% off**  
everything in  
store today  
Off marked price





# Update UK development

- New smaller store format cluster in London region
  - Positive sales development month by month
- Optimising store network
  - Norwich and Cardiff closed in the first quarter
  - Doncaster closed in September
  - Leeds to close in autumn
  - Watford to close in March 2017 at the latest
  - Croydon to close (date to be confirmed)
  - One more store to close (date subject to negotiations)



# Update Dubai expansion

- Mirdif store continues to show positive development
- New store contracted in Mercato Mall
  - 140 stores in shopping centre
  - 5 million visitors per year
  - Estimated to open in November 2016





# Update German expansion

- First store opened in central Hamburg in May
- Positive launch and summer trading
  - Solid conversion rate
  - ATV in line with Finland
  - Good range penetration
  - Private label highly appreciated



# Next step in 2016 Hamburg launch

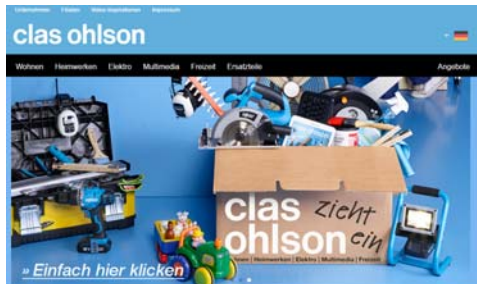
Altona  
opens

**15**

September

Alstertal  
opens

**December**



E-com to launch  
**autumn**







## Summary Q1

- Currency impact first quarter
- Strong financial position
- High energy for future growth

# clas ohlson

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