

# Q4 report

05 June 2024

**Kristofer Tonström**  
President & CEO

**Pernilla Walfridsson**  
CFO



# Agenda

- Business update
- Financial development
- Events after the reporting period
- Strategy update and summary
- Q&A



# Highlights Q4 & FY 2023/24

- ✓ Q4 total sales\* 2,167 MSEK, organic +13%
- ✓ Q4 operating profit at 65 MSEK
- ✓ FY 2023/24 total sales\* 10,232 MSEK, organic +11%
- ✓ FY operating profit at 717 MSEK, operating margin +7.0%
- ✓ Operating cash flow 1,489 MSEK (941)
- ✓ Solid financial position: net debt/EBITDA -0.2\*\*
- ✓ EPS: 8.03 SEK (2.85)
- ✓ Proposed dividend 4.25 SEK per share
- ✓ Solid start to 2024/25 with +13% organic growth in May

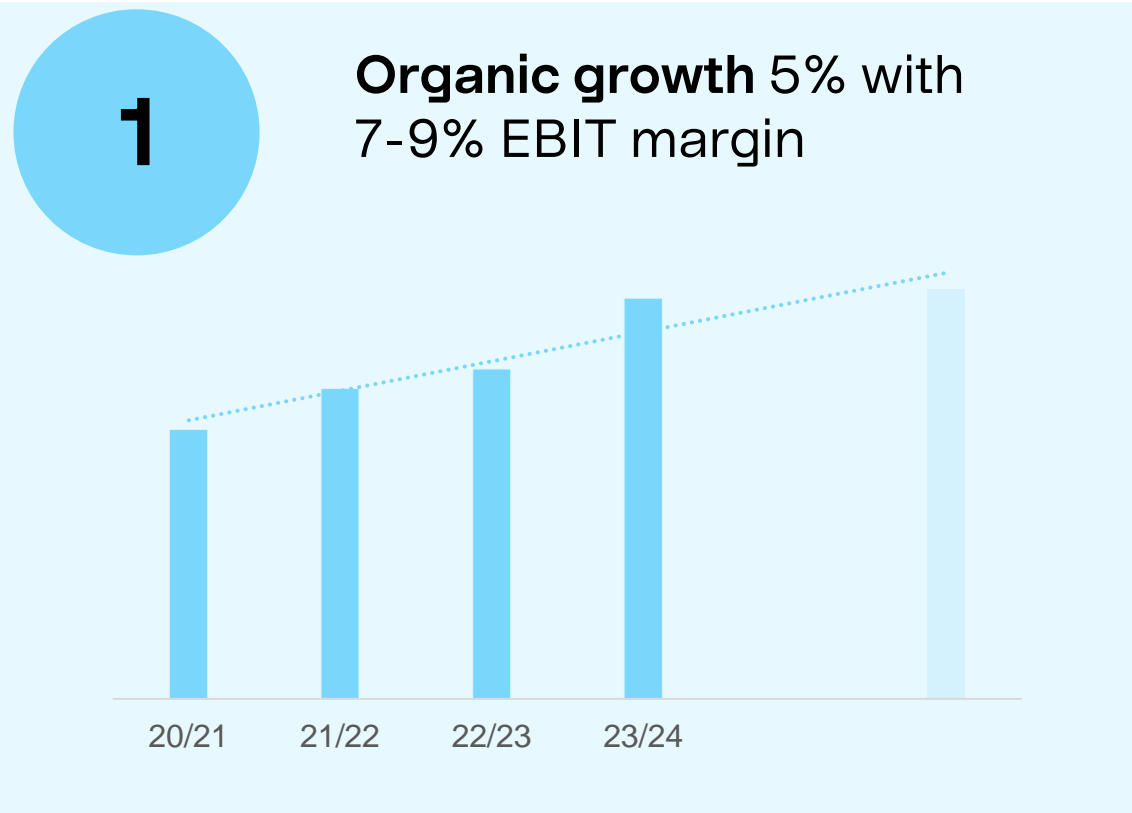
\*Including the acquired Spares Group

\*\*Excl IFRS 16






# **Business update**

# Strategy execution – key targets



# Strategy execution – overview Q4 23/24

Make assortment relevant 12 months/year. 	A profitable and growing online business. 	Expand the store network. 
<ul style="list-style-type: none"> <li>✓ All prioritised categories driving growth</li> <li>✓ Continued high pace in launching product news</li> <li>✓ Positive trend for product reviews</li> </ul>	<ul style="list-style-type: none"> <li>✓ Q4 online sales* +11% ~50% of online orders delivered via stores</li> <li>✓ Online share of total sales approx. 19% in Q4</li> </ul>	<ul style="list-style-type: none"> <li>✓ Net addition of 6 stores in Q4</li> <li>✓ 2 more stores opened in May</li> <li>✓ 24/25: target of approx. 10 new stores, focus also on developing existing stores</li> </ul>
<b>Efficient customer communication.</b>	- Growing customer base. Club Clas +400,000 members vs Q4 LY	
<b>A competitive cost base.</b>	- More effective organisation and ways of working	
<b>Execution on our sustainability agenda.</b>	- Continued roll-out of sustainability training – now more than 300 sustainability ambassadors	



# Growth in all prioritised product categories

<div>Tidy up your home.</div> <div></div> <div></div>	<div>Light up your home.</div> <div></div> <div></div>	<div>Create a conscious home environment.</div> <div></div> <div></div>	<div>Connect &amp; enjoy your home.</div> <div></div> <div></div>	<div>Fix your home.</div> <div></div> <div></div>
<div>Sustainability</div> <div> </div>	<div>Spare parts</div> <div> </div>			<div>Seasons</div> <div></div>
<div>Consumables assortment</div> <div></div>				



# Continued high pace in renewing the assortment

- Record no. of product news in 2023/24
  - Driving customer interest and sales growth
- High relevance in all seasons and customer situations
- Attracting new customer segments and building depth in our product niches

Approx.  
**4,500**  
new products

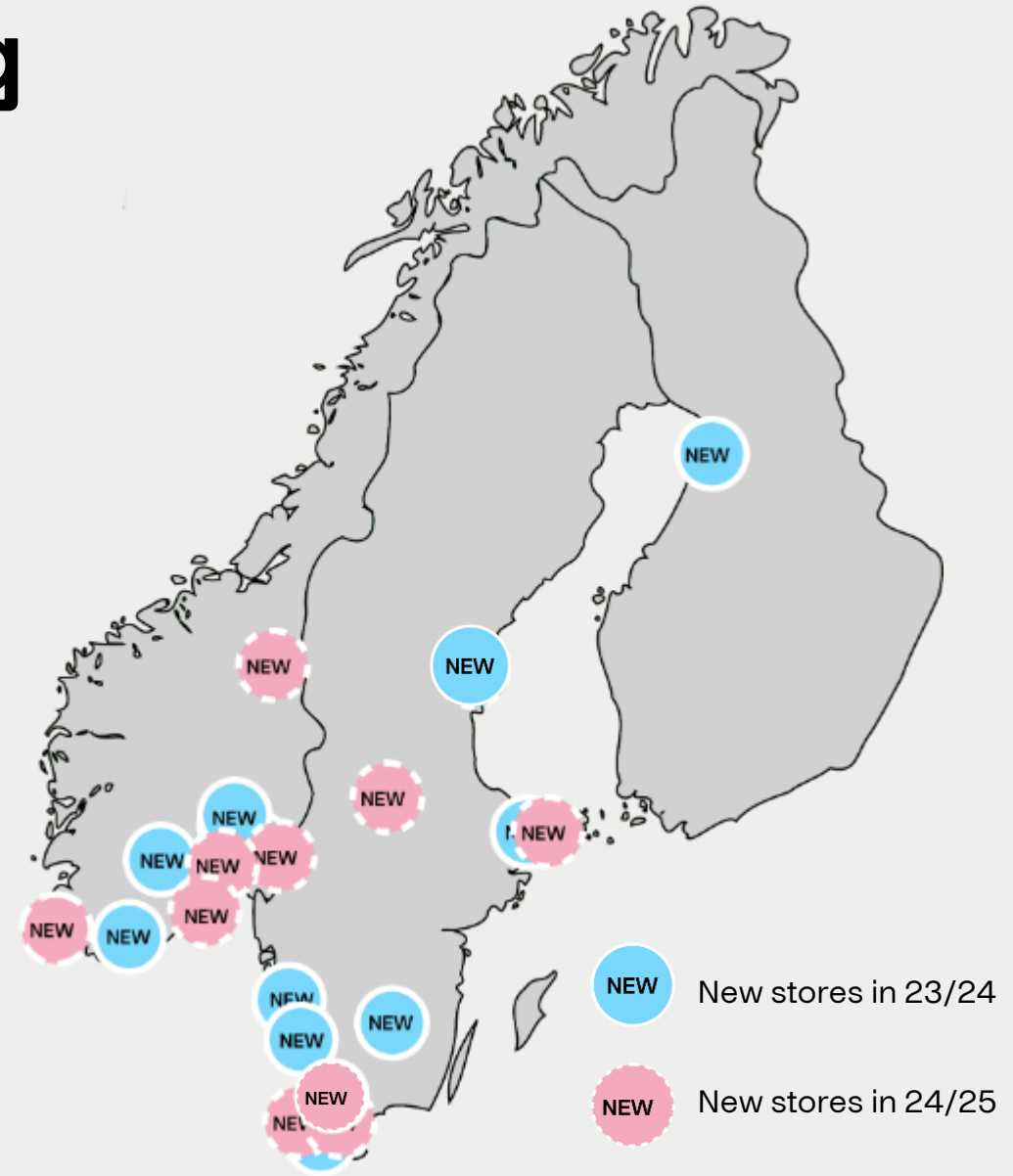




# Store expansion according to plan...

- New stores well received by customers
- Continued positive trend in LFL sales
- Stores and e-com supporting each other
- Reduced cost base an enabler for profitable growth by store expansion going forward

*Target for 2024/25: net addition of approx. 10 new stores*



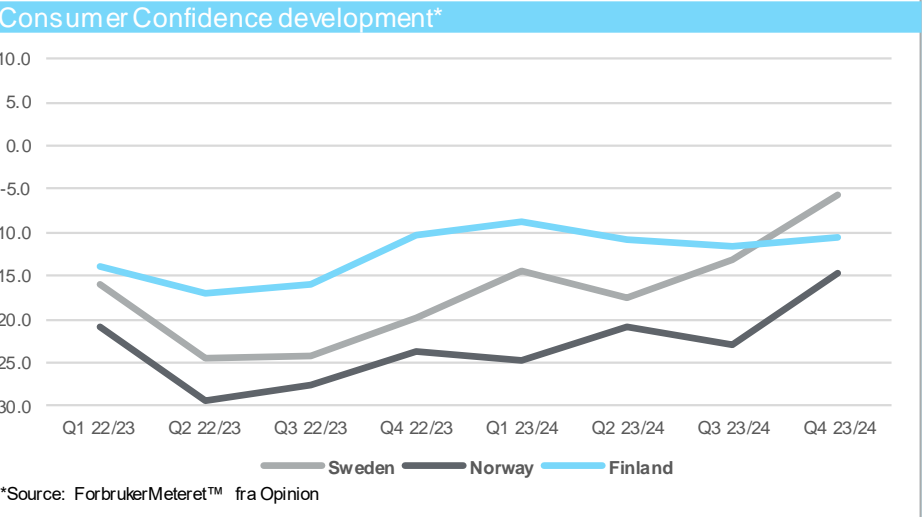
# ...and building a more robust store portfolio

- Relocation of existing stores
- Renegotiations of existing store contracts
- Optimised assortment
- Optimised sales area (+/-)
- Optimised storage area (+/-)

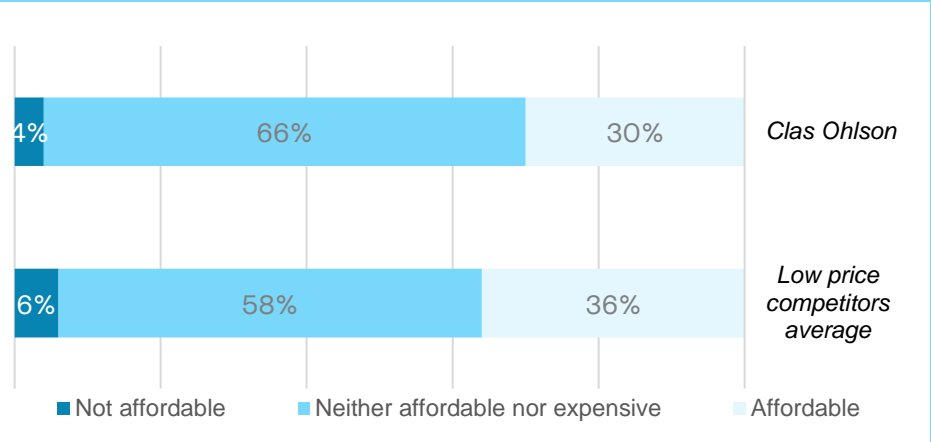


# Value for money assortment and great customer service

Customer Confidence development\*

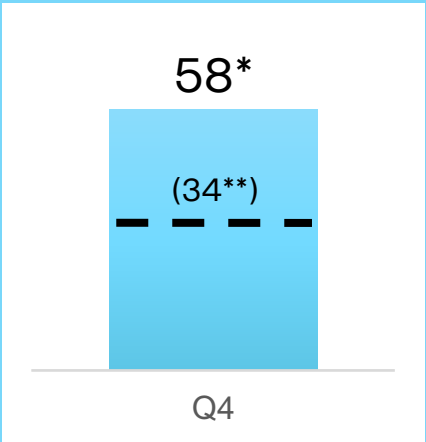


Q: How affordable do you think the following brands are?



Source: Clas Ohlson survey, April 2024

Net Promoter Score (NPS)



\* Source: Clas Ohlson survey, April 2024  
\*\* Retail industry average





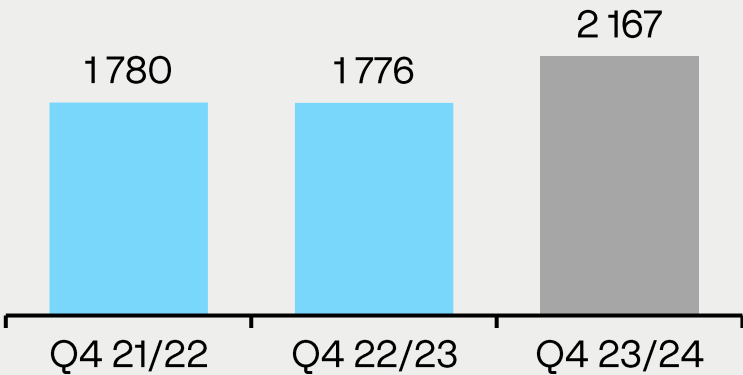
# **Financial development**

# Sales development well above targets

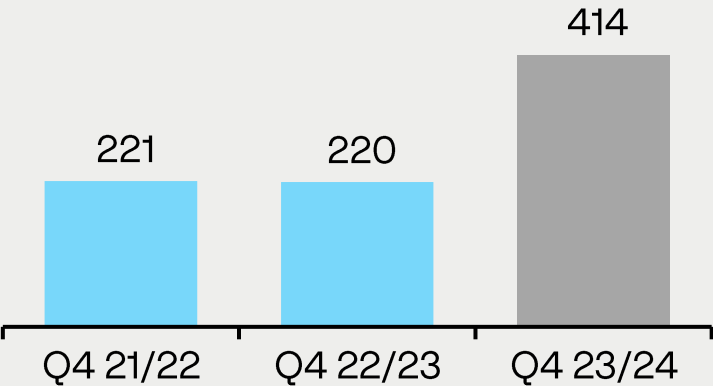
## Q4

- Total sales, excluding Spares, up 12% to 1,998 MSEK, organic sales up 13%, LFL up 12%
- Online sales, excluding Spares, up 11%
- Total sales, including Spares, 2,167 MSEK
- Online sales, including Spares, 414 MSEK

Total sales, MSEK

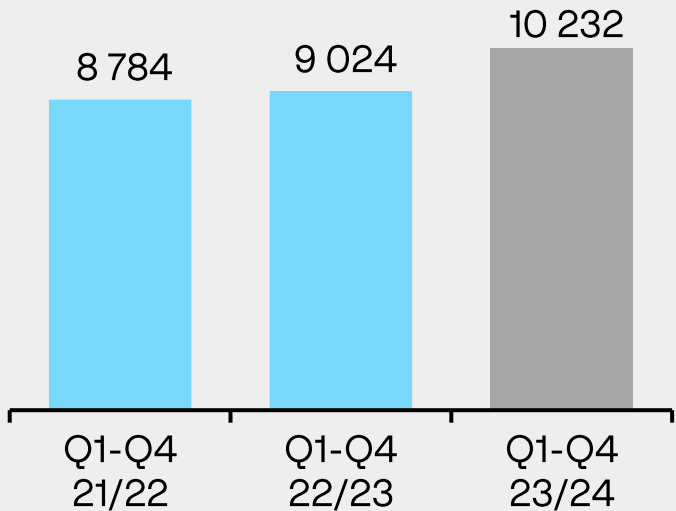


Online sales, MSEK

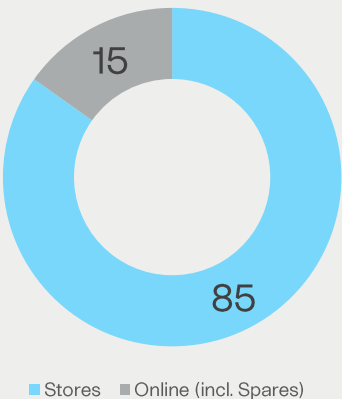


## FY 2023/24

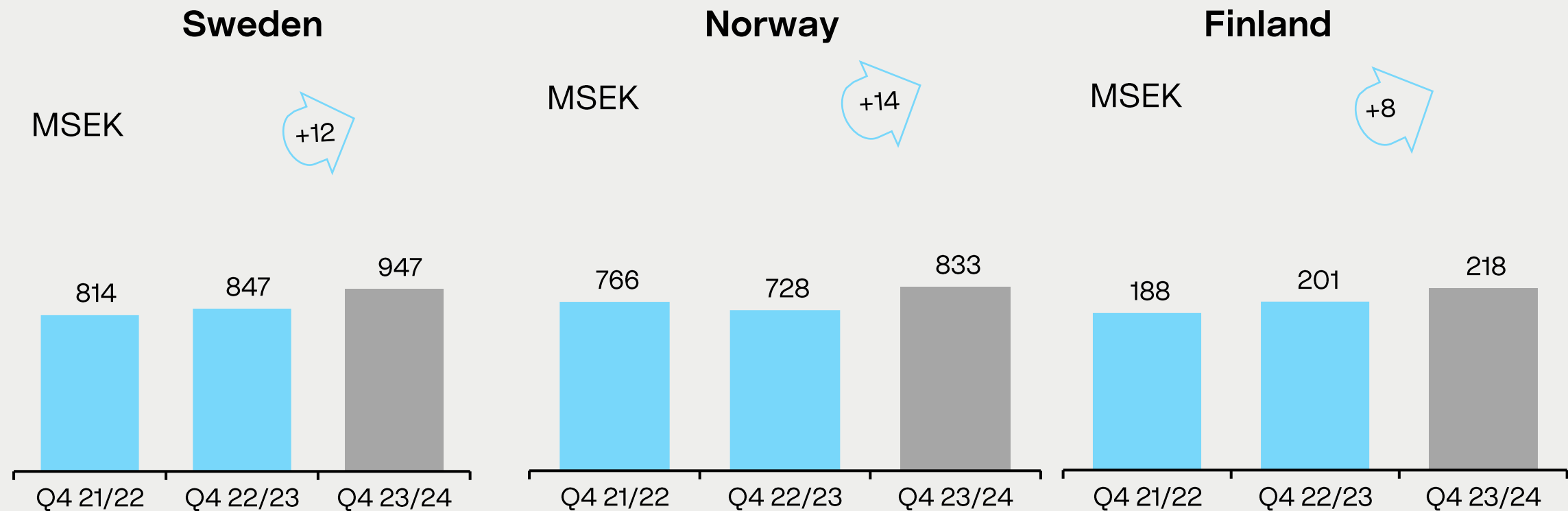
- Total sales, excluding Spares, up 10% to 9,885 MSEK, organic sales up 11%, LFL up 11%
- Online sales, excluding Spares, up 14%
- Total sales, including Spares, 10,232 MSEK
- Online sales, including Spares, 1,553 MSEK
- The store network increased by 8 stores during FY 2023/24



Online share of total sales (R12), %



# Strong sales in all markets



Organic  
growth:

Q4: +12%  
Q1-Q4: +11%

Q4: +16%  
Q1-Q4: +13%

Q4: +7%  
Q1-Q4: +3%



# Macro trends with business impact

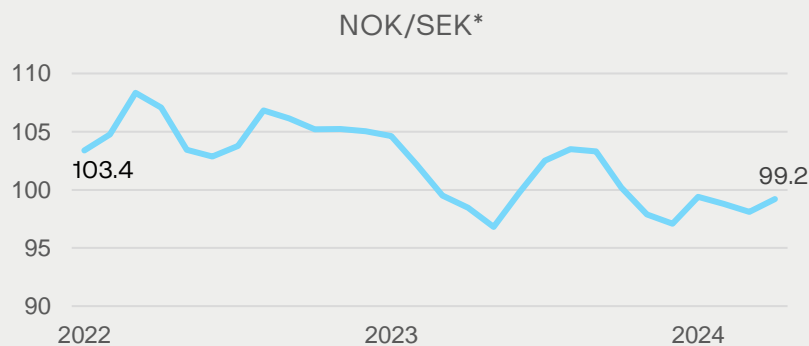
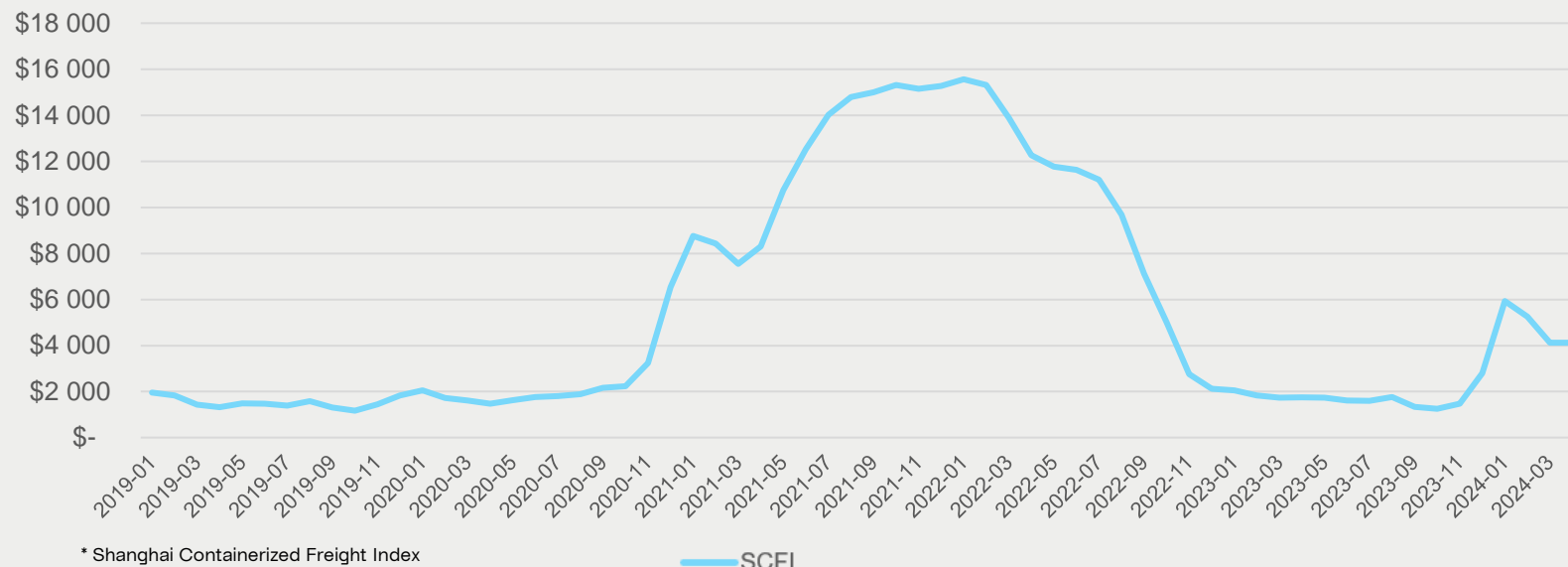
## Factors impacting Clas Ohlson:

- Container shipping costs and raw material and commodity prices
- Translation/transaction effects - sales instant effects and purchasing with a time lag
- Hedging policy/effects
- Pricing effects

## Proactive measures:

- Pricing – continuously optimising prices
- Sourcing – diversified sourcing strategy
- Flexible freight contracts
- Optimise sales mix – private label, product and category mix
- Products and packaging

Spot prices for 40t containers from Asia to Gothenburg

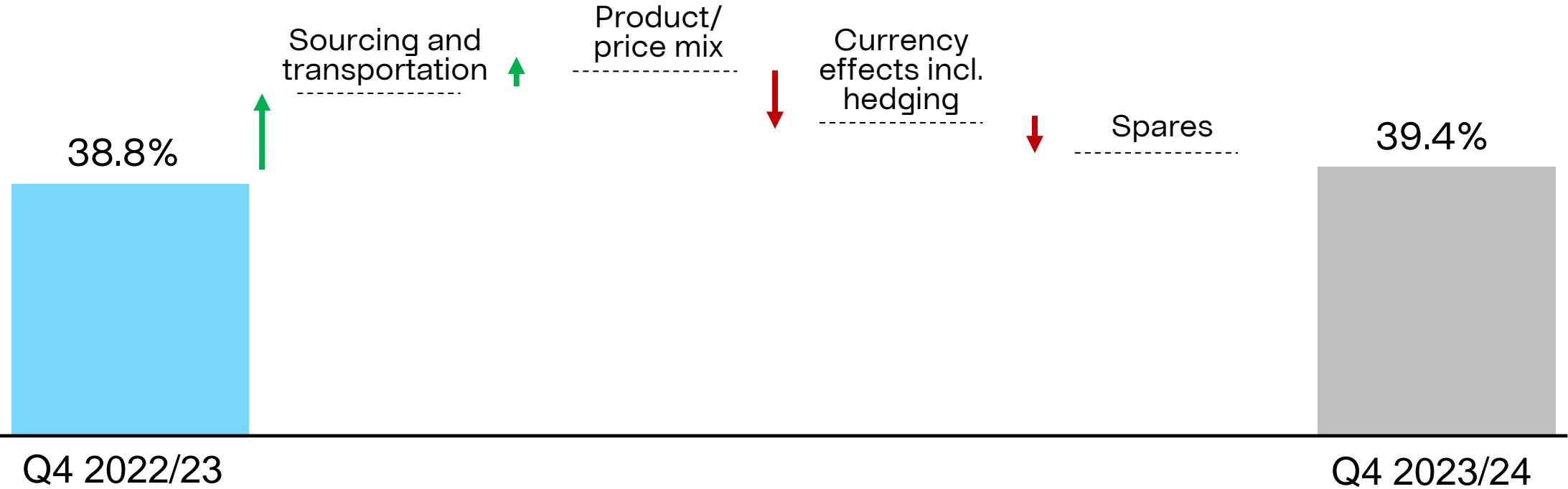


\* Monthly average, The Riksbank/Nasdaq





# Improved gross margin



# Financial overview

MSEK	Q4 23/24	Q4 22/23	Q1-Q4 23/24	Q1-Q4 22/23
<b>Operating profit excl. non-recurring items</b>	<b>65</b>	<b>-7</b>	<b>921</b>	<b>459</b>
<i>Items affecting comparability</i>	<i>0</i>	<i>0</i>	<i>-204</i>	<i>-154</i>
<b>Operating profit</b>	<b>65</b>	<b>-7</b>	<b>717</b>	<b>305</b>
<b>Profit after financial items</b>	<b>51</b>	<b>-22</b>	<b>653</b>	<b>242</b>
<b>Profit for the period</b>	<b>41</b>	<b>-23</b>	<b>509</b>	<b>181</b>
<b>EPS before dilution, SEK</b>	<b>0.64</b>	<b>-0.36</b>	<b>8.03</b>	<b>2.85</b>

Share of selling expenses, Q4

**34.0**%

(35.9%)

Administrative expenses, Q4

**42**MSEK

(40 MSEK)

EBIT-margin, Q4

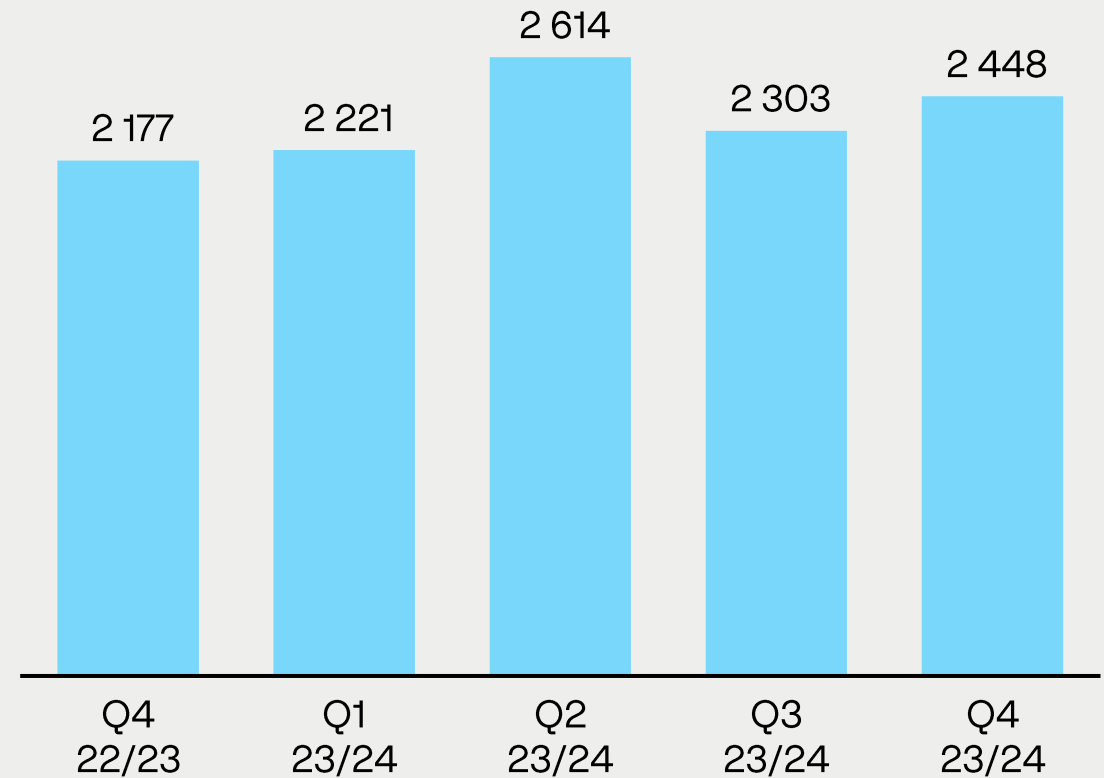
**3.0**%

(-0.4%)

# Well balanced inventory

- **Inventory level:** 2,448 MSEK (2,177) at the end of the period
- **Average inventory level LTM:** 2,356 MSEK (2,397)
- **Inventory turnover rate DC:** 5.9 (4.5)

MSEK



# Strong cash flow and solid financial position

MSEK	Q1-Q4 23/24	Q1-Q4 22/23
Cash flow from operating activities, before change in working capital	1,352	1,001
Change in working capital	137	-60
Cash flow from operating activities	1,489	941
Cash flow from investing activities	-554	-123
Cash flow from financing activities	-910	-1,129
Cash flow for the period	26	-311

Approved credit facilities\*

**1,110** MSEK  
Of which utilised 0 MSEK

Net debt/EBITDA excl. IFRS 16

**-0.2x**  
(0.2x)

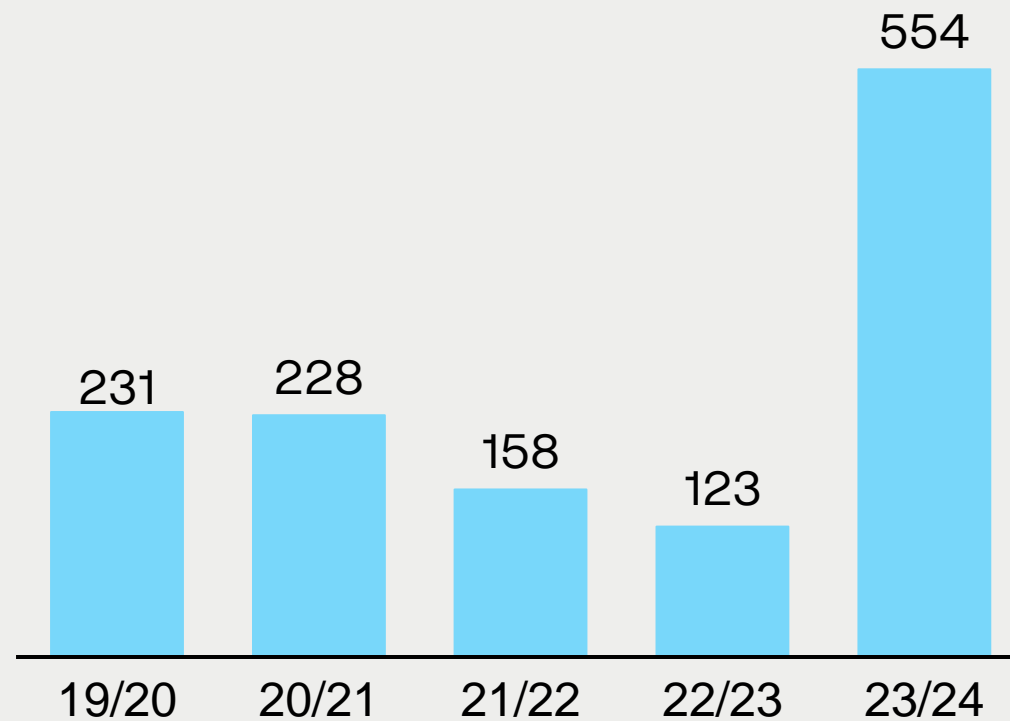
# Investments

## FY 2023/24

- Total investments 554 MSEK (123)
- Spares Europe acquisition 431 MSEK
- New stores and refurbishments 80 MSEK (41)
- IT systems 3 MSEK (36)

## Outlook 2024/25

- Investments in store openings and store refurbishments to increase
- Investments in IT to increase from very low levels to around 30-50 MSEK
- Total investments expected to be in line with normal level of approx. 200 MSEK

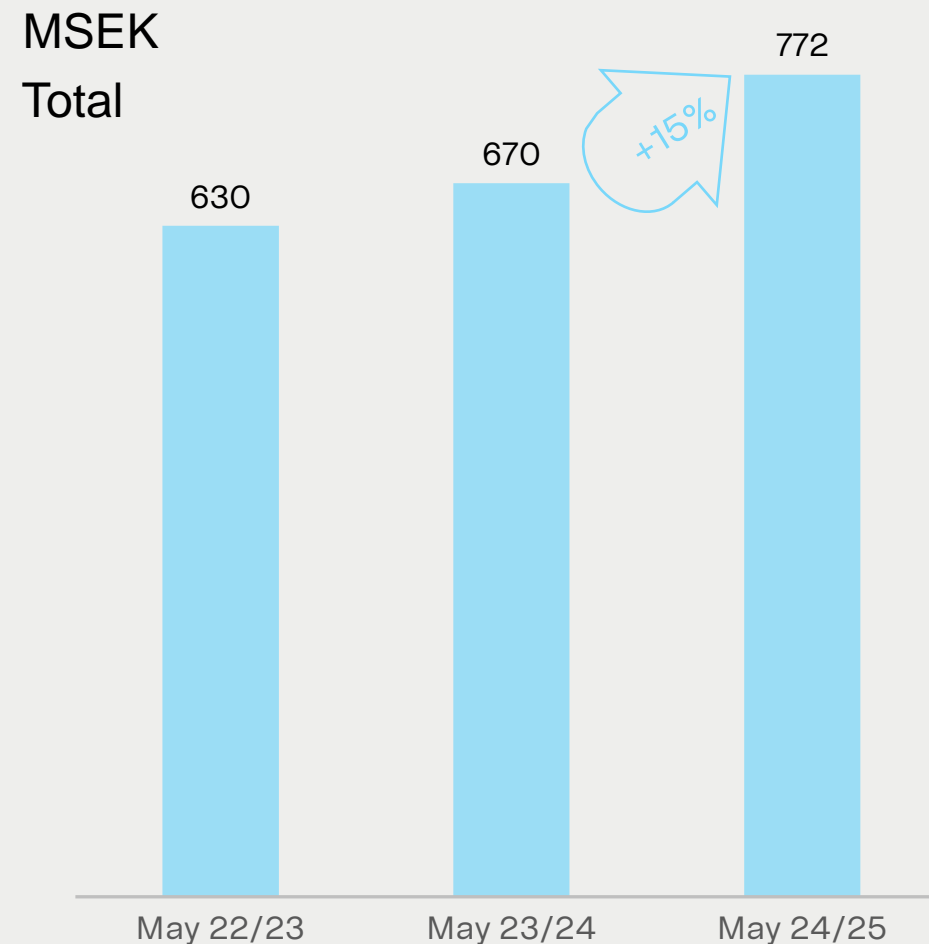




# **Events after the reporting period**

# May sales development

- Total sales, excluding Spares, up 15% to 772 MSEK, organic sales up 13% and LFL up 10%
  - Sweden +12% organic
  - Norway +17% organic
  - Finland +7% organic
- Total sales, including Spares, 848 MSEK
- Store network increased by 10 stores compared to end of May last year

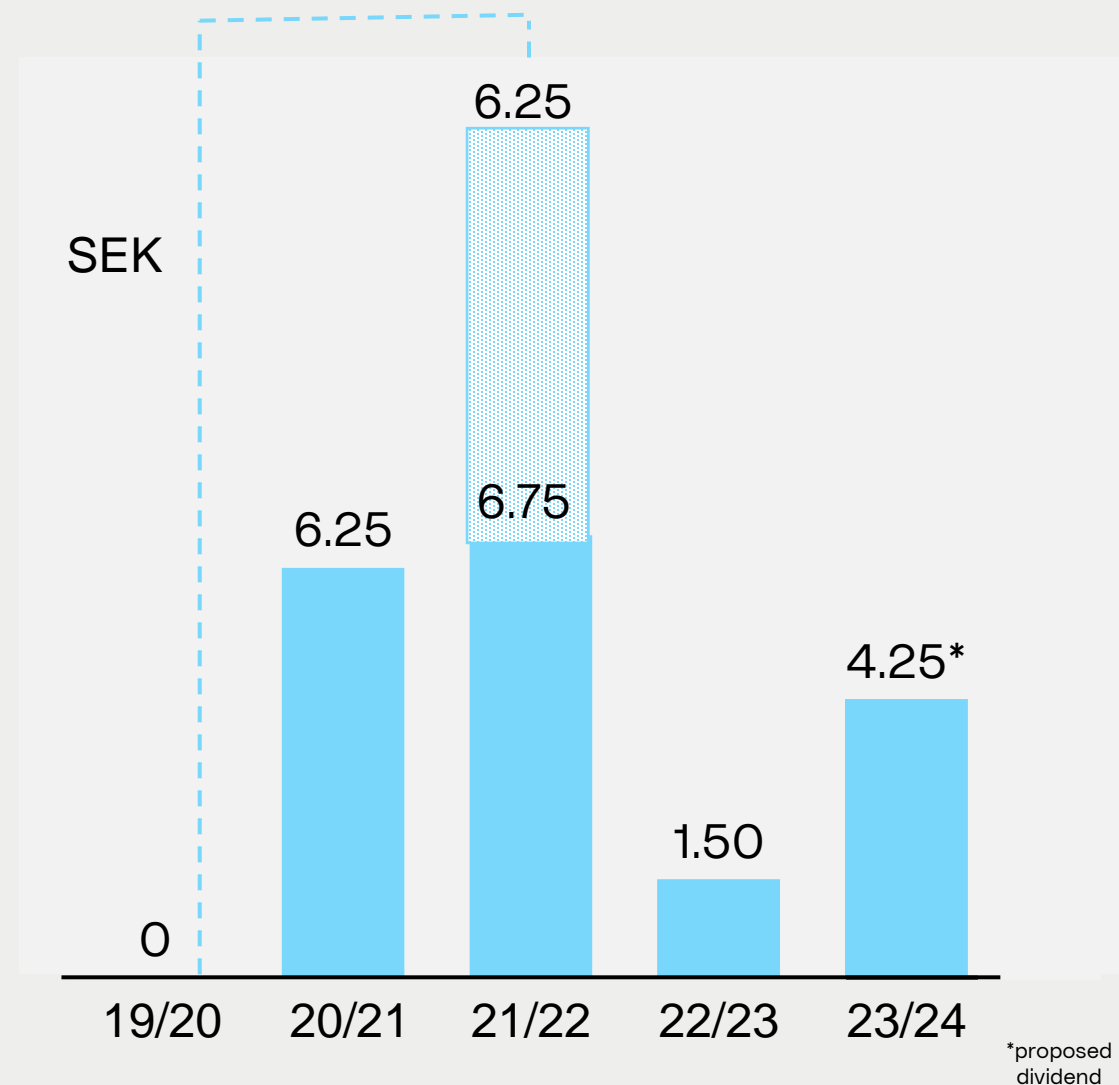




# Proposed dividend

- Proposed dividend 4.25 SEK per share (1.50) to be distributed as two separate payments of 2.125 SEK
- Strong EPS development enables increased dividend
- Dividend in line with dividend policy

*At least 50 per cent of earnings per share after tax, with consideration for the financial position*





# Strategy update and summary

# Financial targets and framework



## Sales

5%

Clas Ohlson targets to achieve an organic sales growth of 5% per year

## Operating margin

7-9%

The company is targeting a reported operating margin\* of 7-9% per year

\* i.e incl IFRS16

## Dividend policy

>50%

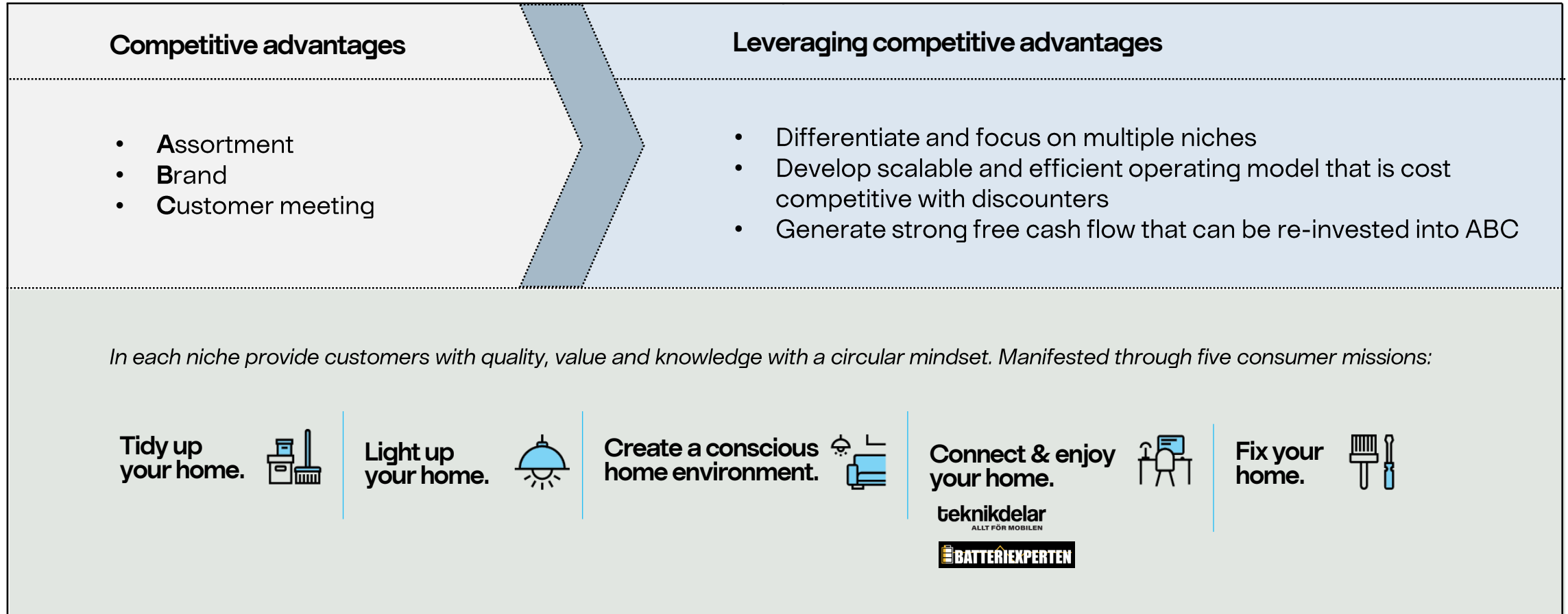
Dividends are to comprise at least 50% of earnings per share after tax, with consideration for the company's financial position

## Net debt/EBITDA




<2x

Net debt in relation to EBITDA is to be below two times. Investments are to be made in line with the company's financial position, cash flow and credit facility

# Strategic position



# Focus areas 2024/25 for profitable growth


Make assortment relevant 12 months/year. 	A profitable and growing online business. 	Build a robust store network. 
<p>Drive profitable growth with prioritised product niches that build our position as the #1 choice for home fixing.</p> <p>Continued high pace in renewing the assortment.</p>	<p>Drive profitable growth by a developing the online channel and a broader assortment adapted to online customers shopping behaviour.</p>	<p>Drive profitable growth by opening new stores in the right locations at the right cost and strengthen the existing portfolio.</p>
<b>Efficient customer communication.</b>	Continue building leading position within our prioritised product niches and maximise value per customer	
<b>A competitive cost base.</b>	Next step in operational efficiency – standardised IT systems reducing operational cost	
<b>Execution on our sustainability agenda.</b>	Continue developing a more sustainable business model and deliver on our people strategy	

# Executing on our strategic plan – positioned for sustainable and profitable growth

- Strong development throughout 2023/24
  - Strategic initiatives yield results
- Assortment relevance key growth driver
  - Record number of product news in 2023/24, big focus also 2024/25
- Continued focus on developing our sales channels
  - Target 2024/25: net addition of approx. 10 stores
  - Developing existing store network
  - Growing online sales
- Continued cost focus and simpler ways of working going forward







# Q&A



