



# Q4 Report 2008/09

11 June 2009

# Agenda

- Q4 (February-April) 2008/09
- Full year 2008/09
- Events after period-end
- Roadmap
- Q&A

# Clas Ohlson today

- A retail chain with 108 stores in four countries
- Sales of SEK 4.9 billion
- 3,100 employees
- 46 million visitors – 24 million customers
- Product range that solves small practical problems of everyday life



Q4 08/09  
(Feb-April)

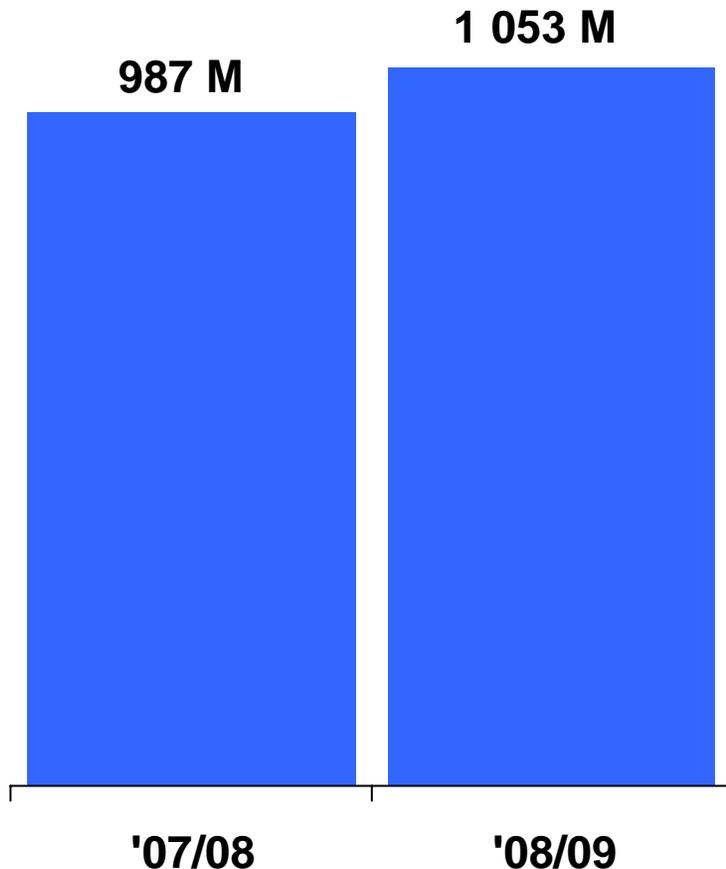
**Time Switch.**

Digital time switch with countdown function. Clear display. Simple to use, push start and the power is cut automatically after 30 minutes. 2-pole switch 240 V/13 A. Earthed.

Product number 36-3294      **Price: SEK 99**



# Sales – Q4

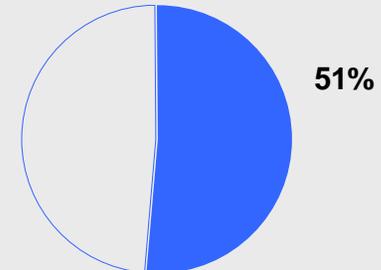


- Sales up 7% to SEK 1 053 M
- 6 new stores opened to 106
- Store sales up 7% to SEK 1 031 M
  - Comparable stores in local currency -9%
  - New stores +13%
  - Currency effects +3%
- Mail order/Internet sales down 13% to SEK 22 M

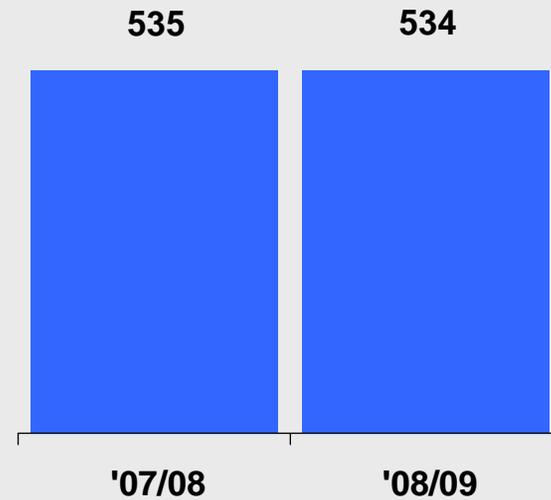
# Sweden & UK – Q4

- Sales unchanged
  - 3 new stores opened in Sweden. Total of 50
  - 5 more stores in Sweden compared to preceding Q4
  - Second store opened in the UK
- Significant slowdown in retail sector compared to Q4 2007/08
- Positive sales development during end of quarter

Portion of sales



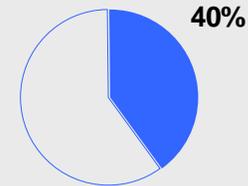
Sales



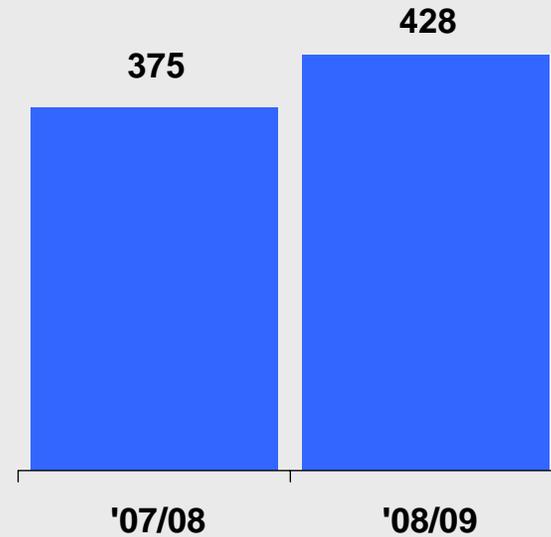
# Norway – Q4

- Sales up 14%
  - 2 new stores opened bringing total to 38
  - 9 more stores compared to preceding Q4
- Slowdown in retail sector compared to Q4 2007/08
- Positive exchange-rate effects

Portion of sales



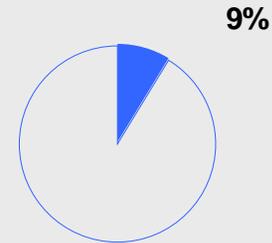
Sales



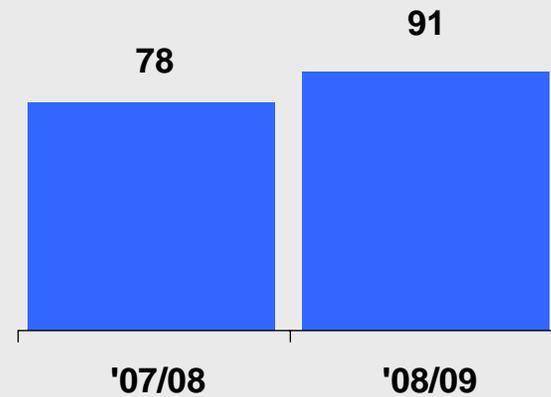
# Finland – Q4

- Sales up 17%
  - Number of stores unchanged. Total of 16
  - 4 more stores compared to preceding Q4
- Positive exchange-rate effects
- Significant slow down in retail spending
- Challenging market due to economical climate

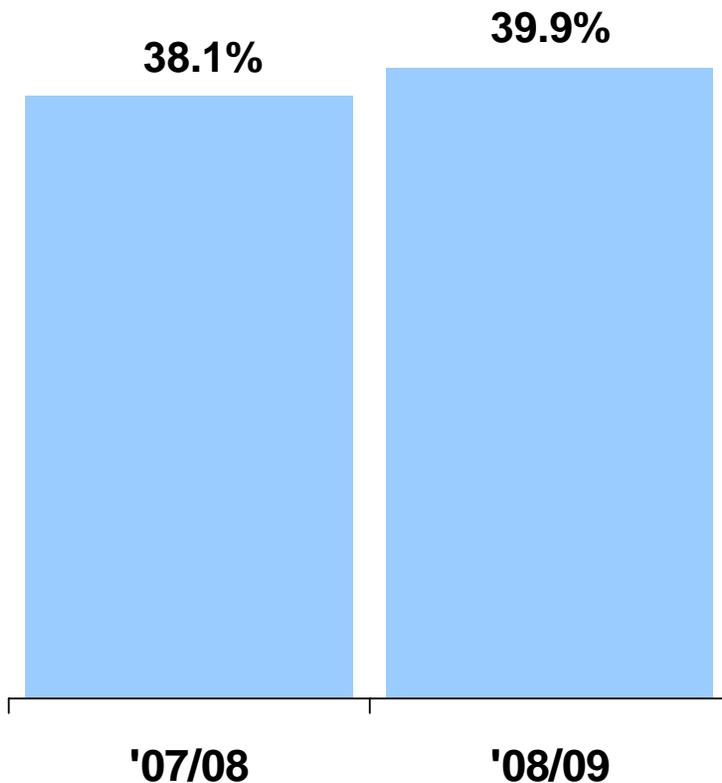
Portion of sales



Sales



# Gross margin – Q4



Gross margin up 1.8 percentage points to 39.9 percent

- + Favourable sales mix
- + Currency effects (NOK, EUR)
- Nonrecurring items of 1,4% (SEK 15 M)

Comparison figure 2007/08 includes negative effect of 1.2% concerning accounting items of a nonrecurring nature

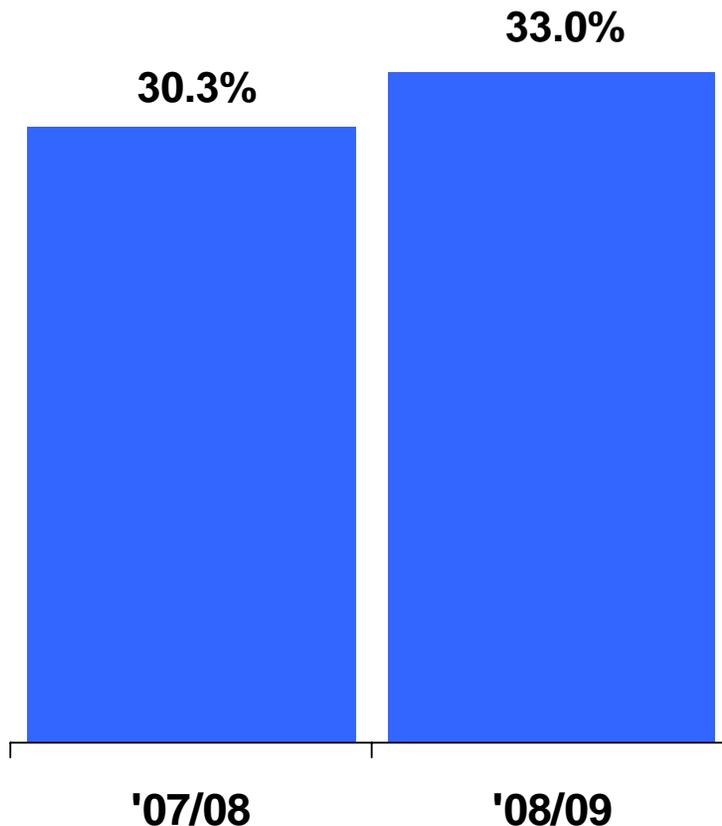
# Gross margin – impacting factors



# Efficiency measures at Distribution Centre

- New picking facility operational as of May 2009
- Reorganisation and increased productivity
- Redundancy of 45 FTE identified at Distribution Centre
- SEK 15 M for early retirement booked in Q4

# Share of sales costs – Q4



Share of sales costs  
+ 2.7 percentage points

## Store network

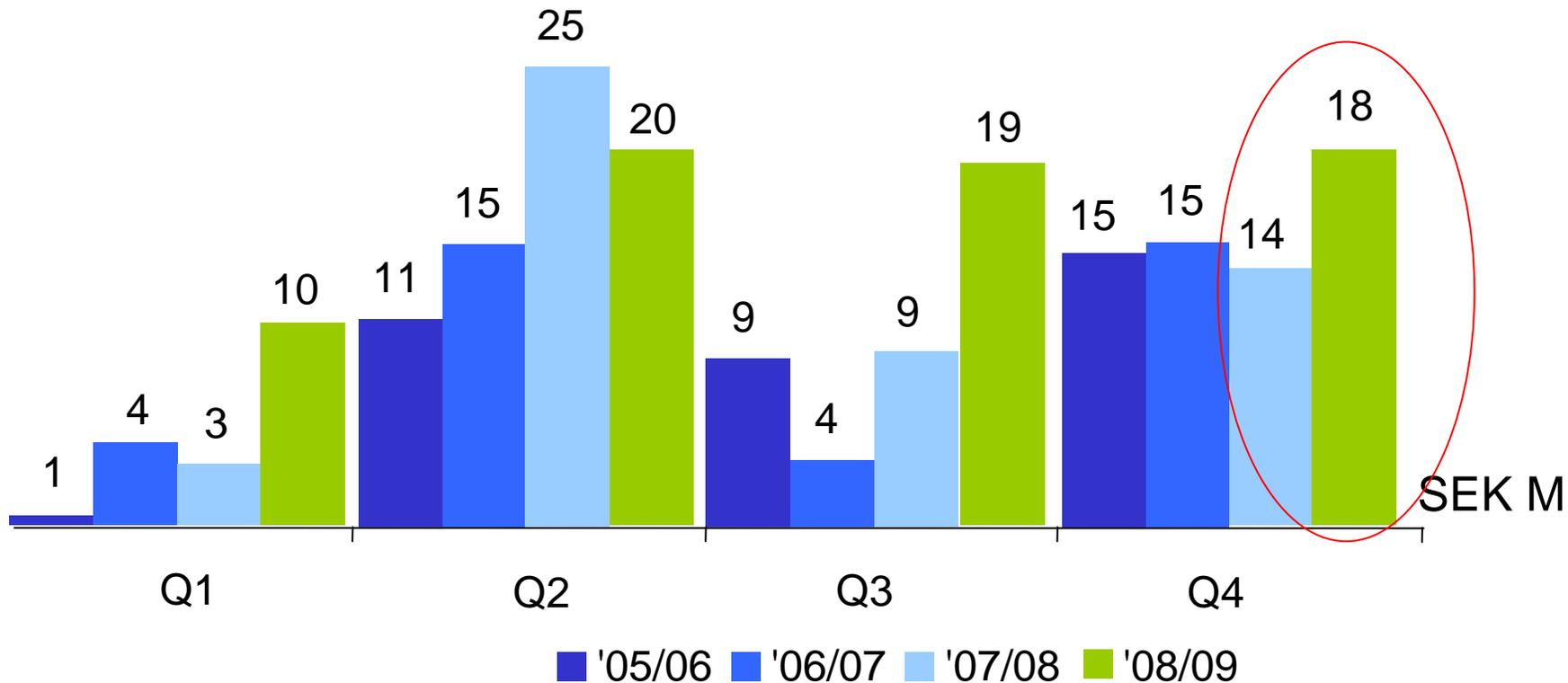
- Lower sales in comparable stores
- Increased rental costs in current stores
- + Improved store productivity

## New stores

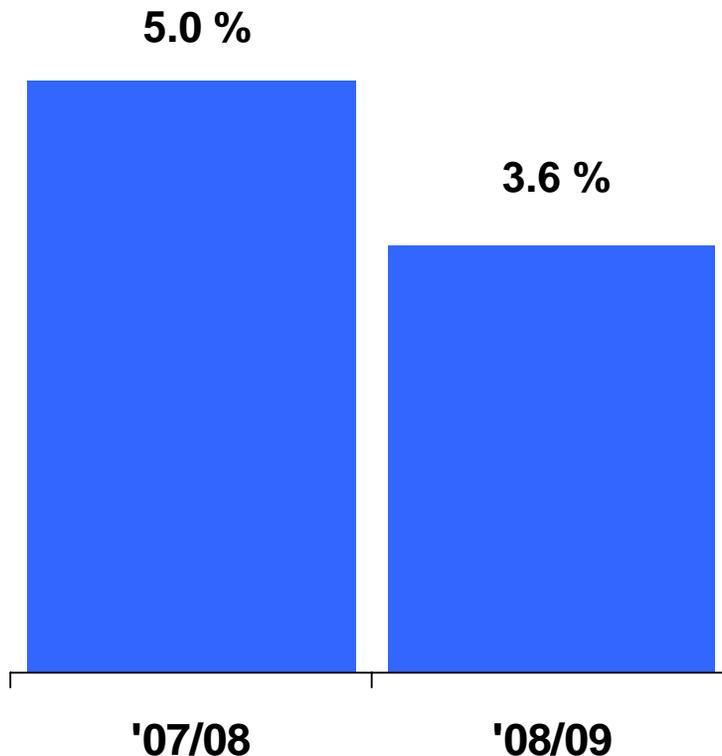
- Higher share of sales costs until store is established
- Start up costs for UK
- Higher number of new stores compared to Q4 07/08

# Start-up costs new stores Q4

- 6 new stores (4) during Q4

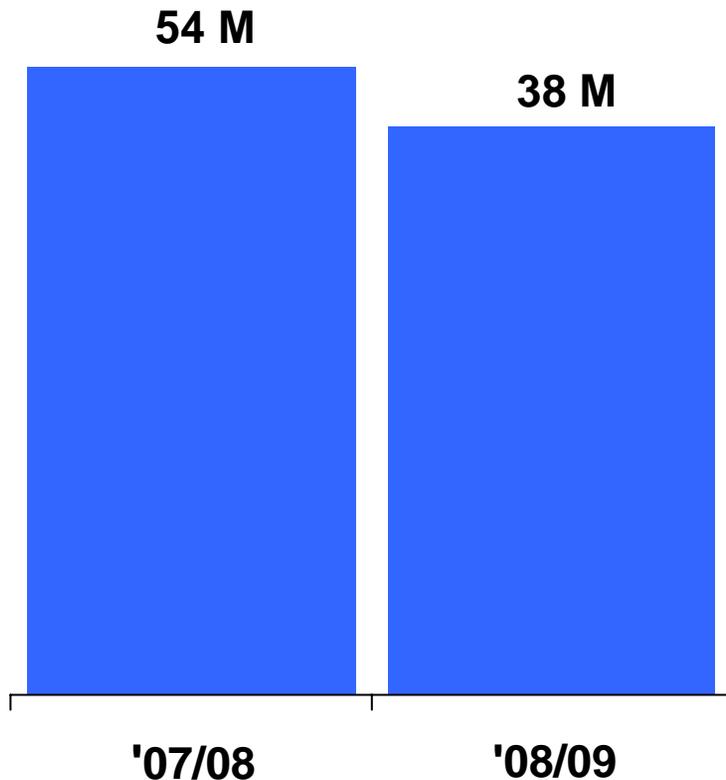


# Operating margin – Q4



- Operating margin: 3.6% (5.0)
  - Lower sales in comparable stores
  - Increased costs
    - Establishment in UK
    - Rental costs
    - New stores
    - Nonrecurring items, DC
  - Increased productivity
    - Store network and Distribution Centre

# Profit after financial items – Q4



- Profit amounted to SEK 38 M (54)
- Excluding nonrecurring items\*, profit amounted to 52 (54)
- Financial items of SEK 0 M (+4)

\*Costs for early retirement at Distribution center in Insjön

# Full year 2008/09

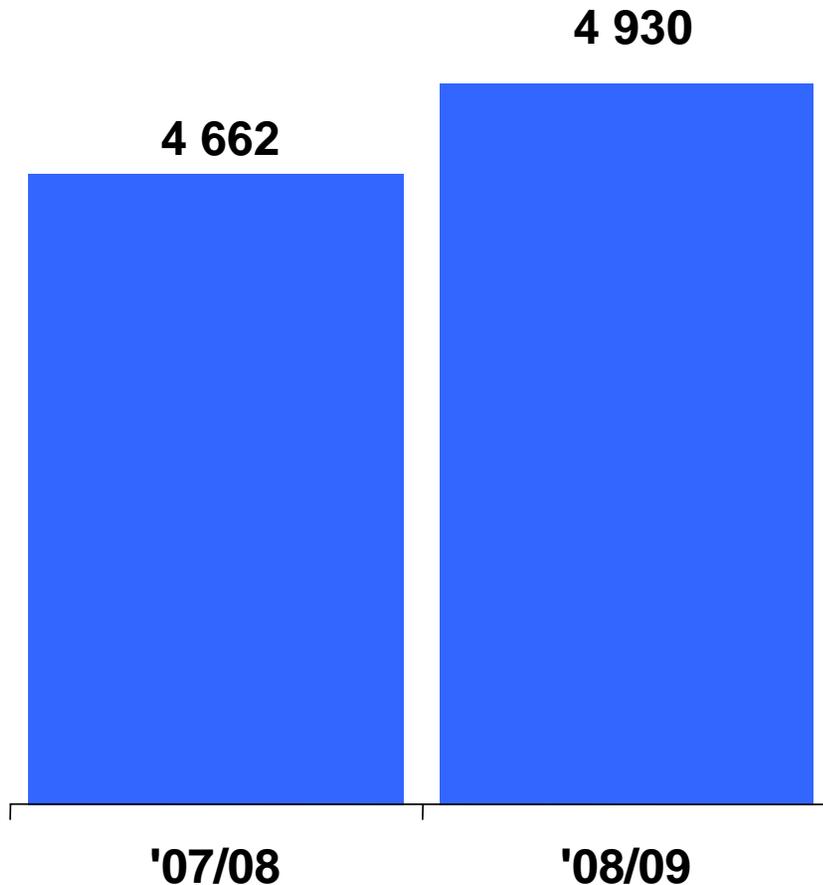
## Travel Clock Radio.

Alarm with snooze.  
Wake up to FM/AM radio or buzzer.  
Weather station with forecast, indoor  
temperature, humidity meter and moon  
phases. Calendar, backlight.  
Size: 75x65x100 mm (WxDxH).

Product number 38-2922    **Price: SEK 179**

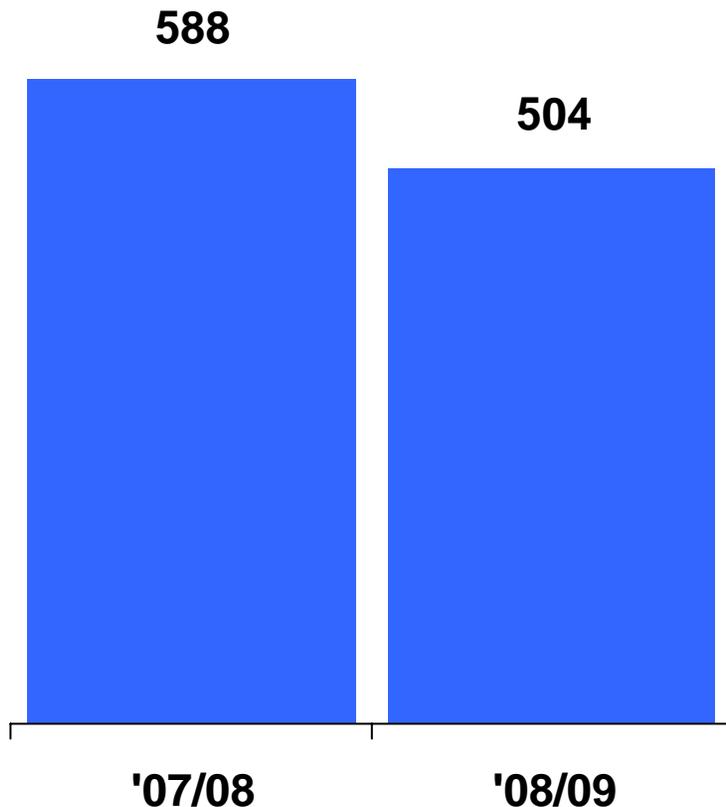


# Sales – 12 months



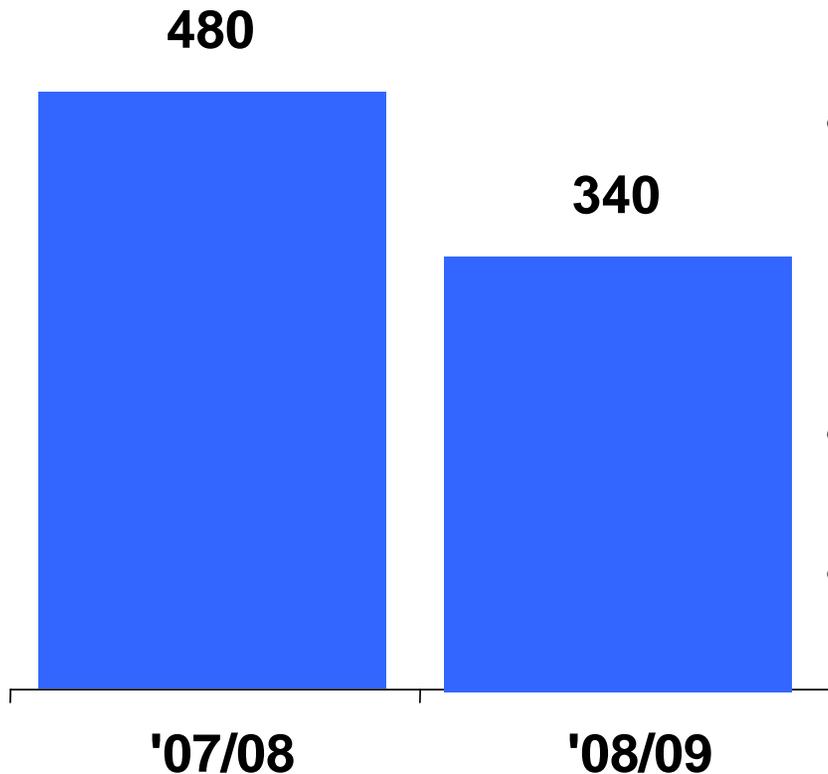
- Sales +6% to SEK 4 930 M
- Stores +6% to SEK 4 830 M
  - Comparable stores in local currencies -7%
  - New stores +12%
  - Currency effects +1%
- Internet/mailorder -17% to SEK 100 M

# Profit after financial items – 12 months



- Profit SEK 504 M (588)
  - Start up costs for new stores SEK 67 M (51)
  - Build up costs for Purchasing office, UK, store concepts
  - Includes restructuring charges of SEK 15 M

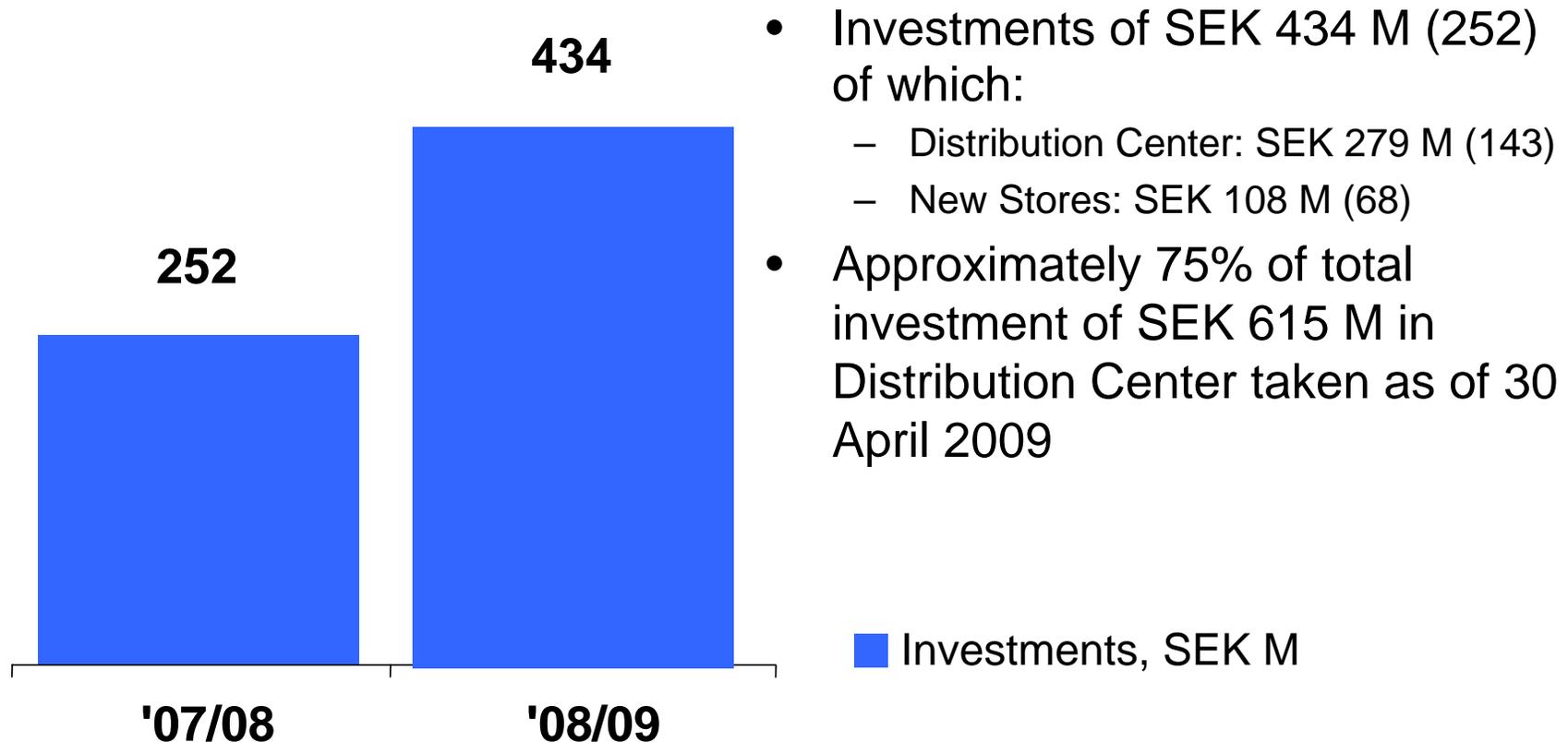
# Cashflow – 12 months



- Cash flow from operating activities SEK 340 M
- Inventory: +17% to SEK 1 117 M (953)
  - 20 New stores compared to (07/08). Inventory of new stores SEK 107 M
  - Spring Catalogue
  - Currency effects
- Average inventory: +9% to SEK 1 024 M
- Inventory turnover at Distribution Center: 6.7 (6.8)

■ Cash flow from operating activities, SEK M

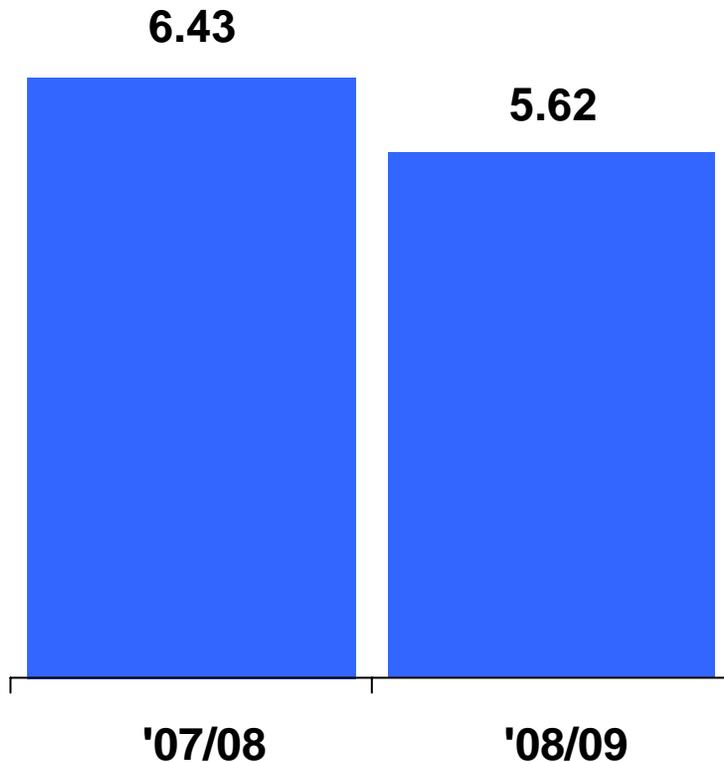
# Investments – 12 months



- Investments of SEK 434 M (252) of which:
  - Distribution Center: SEK 279 M (143)
  - New Stores: SEK 108 M (68)
- Approximately 75% of total investment of SEK 615 M in Distribution Center taken as of 30 April 2009

# Profit per share – 12 months

Profit per share SEK 5.62 (6.43)



# Proposed dividend

## Dividend policy:

The level of dividend should be equivalent to around half the net profit. In addition, the Board may propose that surplus liquidity also be distributed.

For the 2008/09 financial year, the Board proposes that a dividend of SEK 3,00 per share be paid (5.00), equivalent to around 54 per cent of the Group's net profit (78 per cent)

# Events after period-end

## **Baltic Fishing Buoyancy Aid.**

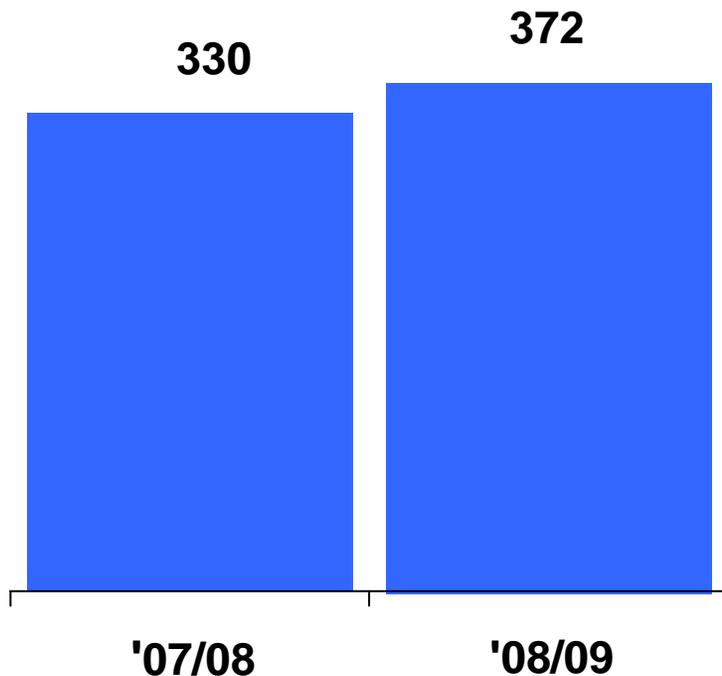
Special vest for hobby fishermen with 3 spacious pockets, hood, zip and adjustable waistband. Heavy-duty water and dirt resistant nylon fabric. Suitable for people who can swim.

Product number 31-1277

**Price: SEK 549**



# Sales – May



- Sales up to 372 SEK M (330), +13%
  - Changes in local currencies
    - Sweden +2%
    - Norway +21%
    - Finland & UK +32%
  - Store sales: SEK 365 M (322)
  - Mail order/Internet sales: SEK 7 M (8)
  - 1 new store opened (Sweden)
- Adjusted montly reporting to IFRS8 for new financial year (2009/10)**

# High activity rate towards long term vision

## Screwdriver Set 18 Pcs with Chrome Vanadium blades.

8 slotted/PH screwdrivers, length 100-270 mm  
and 10 electronics screwdrivers with rotating tops,  
slotted/PH/Torx length 150 mm.

Comes with a rack for wall or table mounting.

Product number 30-9883

**Price: SEK 99**



2008/09 – A year with continued  
growth and future oriented  
activities in a challenging market

# Long term vision

## Vision:

To develop Clas Ohlson into a European retailer with high profitability and good growth in value for our shareholders...  
...through being the preferred retailer for consumers to solve the small practical problems of everyday life



# Our way forward

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



# Launch in the UK



# clas ohlson



clas  
ohlson

Croydon, London, November 2008

# Croydon, London launch

the swedes have come to croydon with a usefulshöpp

great prices

- 10% off

clas ohlson  
usefulshöpp

clasohlson.co.uk  
find us in the whitgift centre

HOME • DIY • MULTIMEDIA • ELECTRICALS • LEISURE



come and celebrate the grand opening of clas ohlson, the usefulshöpp sweden

This Saturday we will be holding a host of exciting in-store product demonstrations & special entertainment from Acacia Showcase. Be part of the event showcasing the best of what's on offer.

For the full schedule of events visit [clasohlson.co.uk](http://clasohlson.co.uk)

clasohlson.co.uk  
find us in the whitgift centre

swedish DIY party?

AKBA Boston  
The Swedish

Handy Andy  
The DIY

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usefulshöpp

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# Manchester Launch



# First impressions - UK

- Higher number of visitors compared to group average
- Lower conversion rate and lower average purchase compared to group average which is expected
- Building brand awareness and market position takes time



# New store concept

- New store concept introduced in 7 new stores in Sweden, 2 in Norway and 2 in UK
- Easier navigation, modern and attractive store concept
- First store rebuilt in Norrköping
- Up to 10 stores to be rebuilt during 09/10
- Estimated investment of SEK 40 M



# Easier to navigate



# Even more inspiration



# Even better customer service



# New smaller store format “Mini Clas”

- First stores opened in Motala, Hudiksvall, Larvik (Norway), Marieberg (Örebro), Kullagatan (Helsingborg)
- 500-800 m<sup>2</sup>
- Smaller assortment – large and rare items by order
- Less staff intensive
- Positive feedback from customers
- Same profitability targets as larger stores



# Developed marketing

- Strengthened brand positioning
- Developed brand identity
- Two catalogues per year



**clac ohlson**  
allt för en enklare vardag



# Developed assortment

- Assortment adopted to international expansion
- Renewal of assortment, 2 000 new products
- Wider range with five categories and less duplicates



# Strengthened sourcing

- Purchasing-organisation established in China
- Gradual increase in share of own sourcing vs. sourcing via agents
- Fewer suppliers – from 800 to 600 achieved during 2008/09



# Social Responsibility

- CSR-organisation established in China during 2008/09
- Capacity for 400 audits per year
- GRI-reporting from 2008/09
- Top 10 in CDP Nordic Report 2008 (Carbon Disclosure)
- Participation in UN Global Compact (Human Rights)



# Expansion of Distribution Center

- New picking facility implemented
- Increases productivity substantially
- New High Bay Warehouse under construction (operational at end of 2009)
- Capacity for efficient storage and picking for 150+ stores



# Store productivity

- Improved Merchandising
- Improved Scheduling
- Improved process for store establishment



# Organisational Development

- Building on strong foundation of current organisation and culture
- Recruitment of international experience
- Clas Ohlson Academy
- Exporting “Insjöandan”, corporate culture to new markets
- UK staff training
- Mentor teams



# Focus areas 2009/10

- Develop sales in existing store network
- Implement new store concept
- Further expansion
  - 15-20 stores of which 4-8 in UK
  - New platform for e-commerce
- Productivity focus in all areas



# Q&A



## **Coline Kettle.**

1.0 litre, with automatic shut off and safety locking lid. Hidden heating element, water level meter, water filter, indicator light. Cordless. 2000 W/230 V.

Product number 34-7246

**Price: SEK 298**

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