



Q4 Report 2009/2010

10 June 2010

Agenda

- Q4 2009/10 (Feb-April)
- Full year 2009/10 summary (May-April)
- Events after period-end
- Roadmap and progress
- Q&A

Clas Ohlson today

- A retail chain with 120 stores in four countries
- Sales of SEK 5,6 billion
- 3,000 employees
- 51 million visitors – 26 million customers
- Product range that solves small practical problems of everyday life



Clas Ohlson tomorrow

- A European retailer
 - Growth target: 15% p.a. measured over 5 years
- Profitable growth
 - Profit target: >10% operating margin



Q4 2009/10
(Feb-April)

Apple iPod Touch 3rd Generation MP3 Player.

3.5" widescreen, multitouch display. Perfect media player, pocket computer and game player. Built-in Wi-Fi allows you to surf the web, send e-mails or play games using the touch-screen controls. Requires Windows XP-SP3/Vista or Mac OSX 10.4.11 or later and iTunes 9 or later. 8 GB.

Product number 38-3495

Price: SEK 1995



Sales – Q4

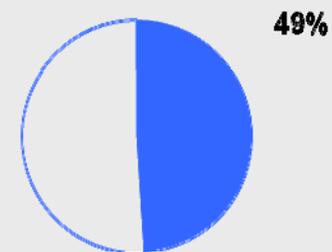


- Sales up 2% to SEK 1 078 M
 - Comparable stores in local currency -3%
 - New stores +7%
 - Currency effects -2%
- Mail order/Internet SEK 20 M (22 M)

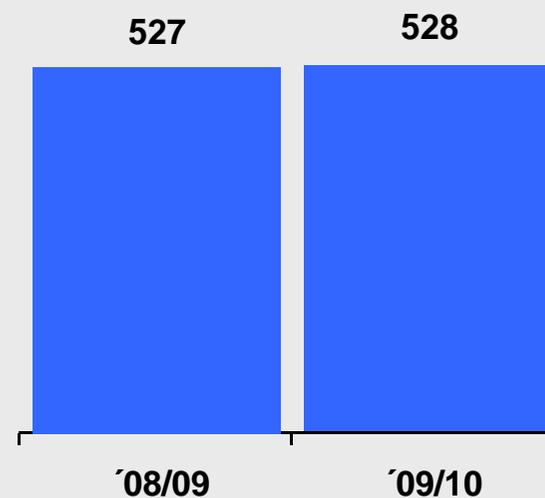
Sweden – Q4

- Sales unchanged
 - 2 new stores. Total of 56
 - 6 more stores compared to preceding Q4
- Lower sales of seasonal products. Slow overall market
- Majority of new stores small concept and double establishments

Portion of sales



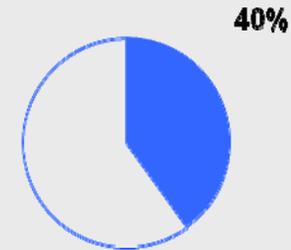
Sales, SEK M



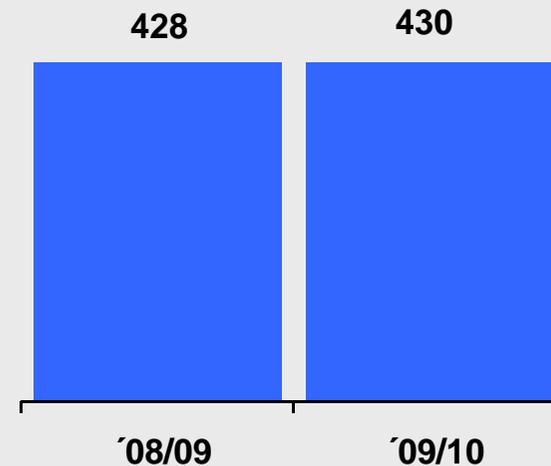
Norway – Q4

- Sales unchanged
 - Up 3 % in local currencies
 - No new stores during Q4. Total of 41
 - 3 more stores compared to preceding Q4
- Negative currency effect. Slow overall market
- Low rate of new stores

Portion of sales



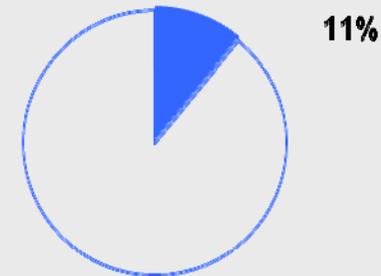
Sales, SEK M



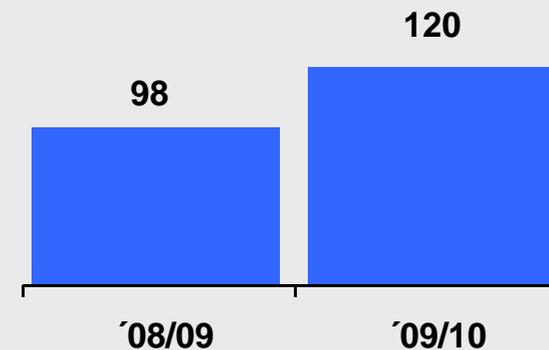
Finland & UK – Q4

- Sales up 22%
 - Up 34% in local currencies
 - 2 new stores during Q4(UK)
 - 5 more stores compared to preceding Q4(UK)
- Finnish market conditions improving
- UK-market recovering slowly but still burdened by high unemployment and uncertainty

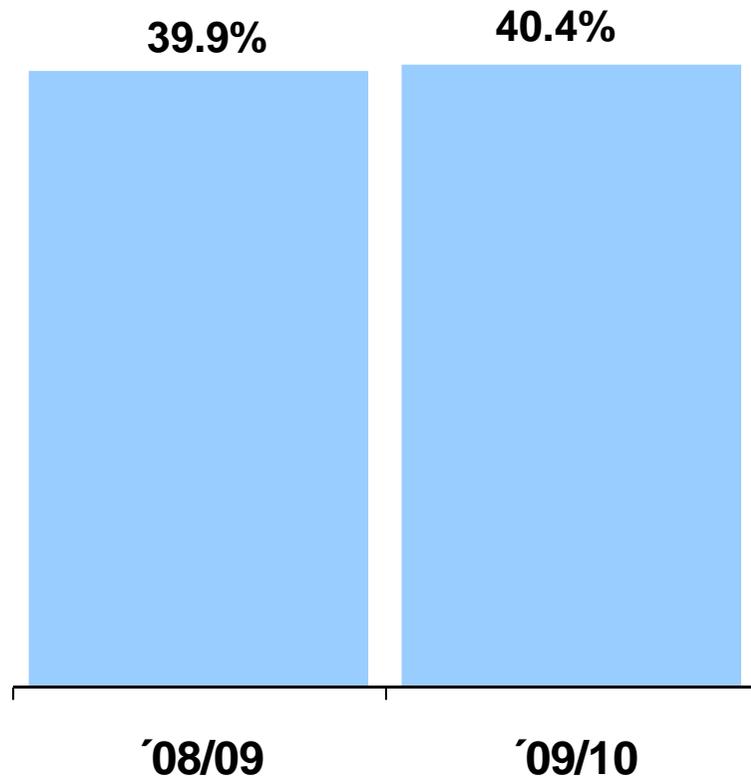
Portion of sales



Sales, SEK M



Gross margin – Q4

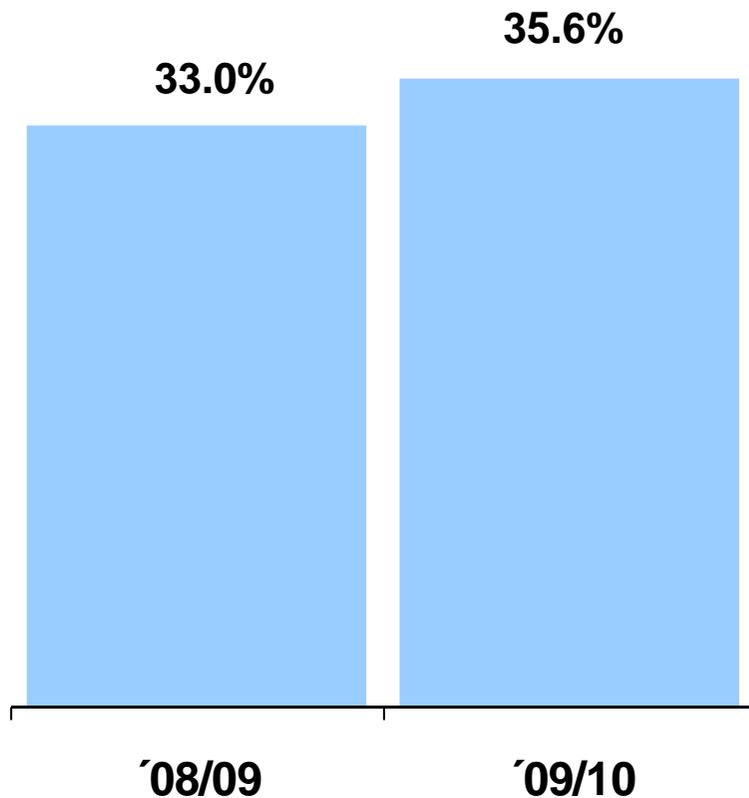


Gross margin increased: 40.4%

- Currency effects (USD, NOK)
- Distribution Costs (Freight and increased depreciation)
- + Increased efficiency in purchasing (Shanghai office)

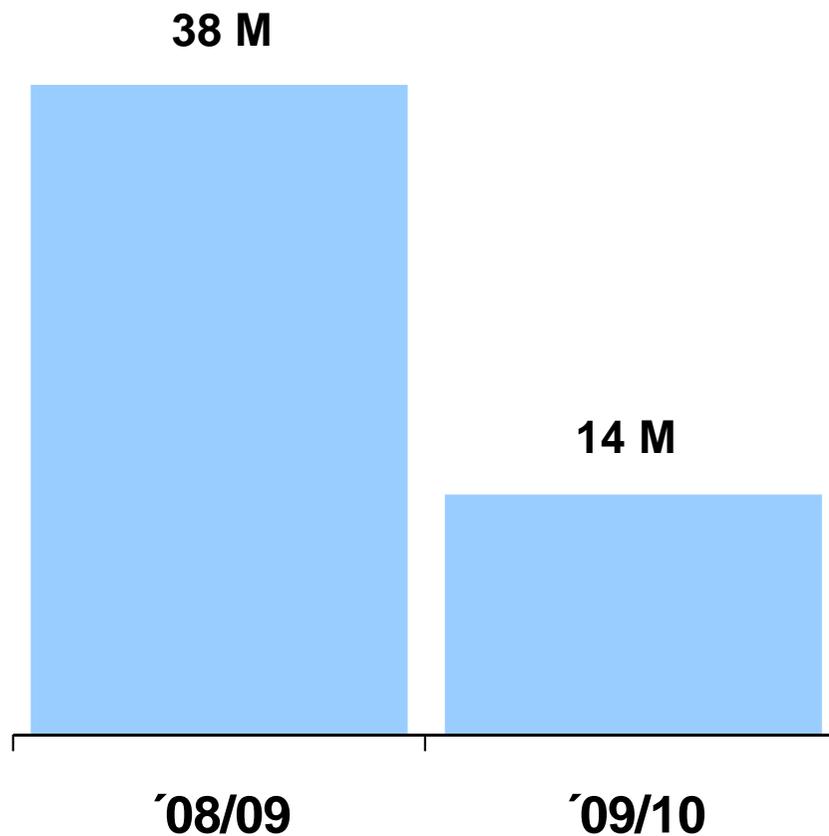
Comparison figure includes charges for early retirement of SEK 15 M (approx. 1.4 p.p.)

Share of sales costs – Q4



- Share of sales costs up 2.6 percentage points to 35.6%
- + Improved productivity in established markets
 - Lower sales in comparable stores (LFL)
 - Higher share of sales costs new markets (UK)

Profit after financial items & EPS – Q4



- Profit SEK 14 M (38)
 - Lower sales in comparable stores (LFL)
 - Costs for new market entry (UK)
- Earnings per share SEK 0.19 (0.45)

Full year 2009/10

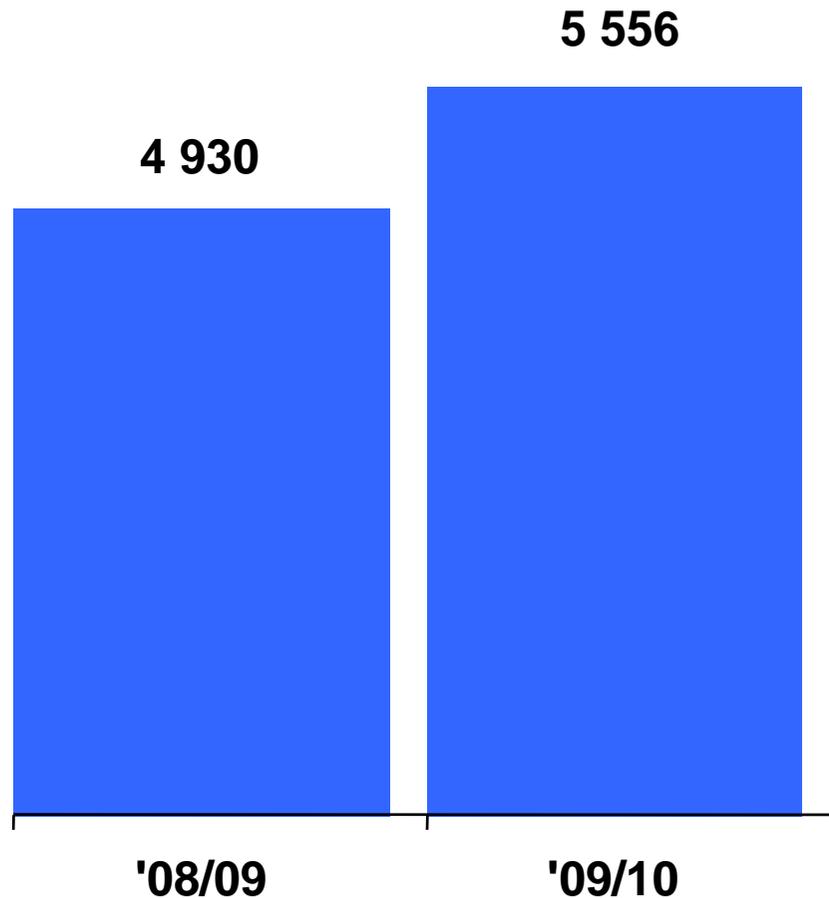
Cocraft Distance Meter.

Accurate range finder measurements with ultra sound and laser. Memory and mathematical function for calculating area, volume and total measurements. Measuring range: 0.6-15 m. Accuracy: $\pm 0.5\%$. Stud detector.

Product number 40-7114 **Price: SEK 399**

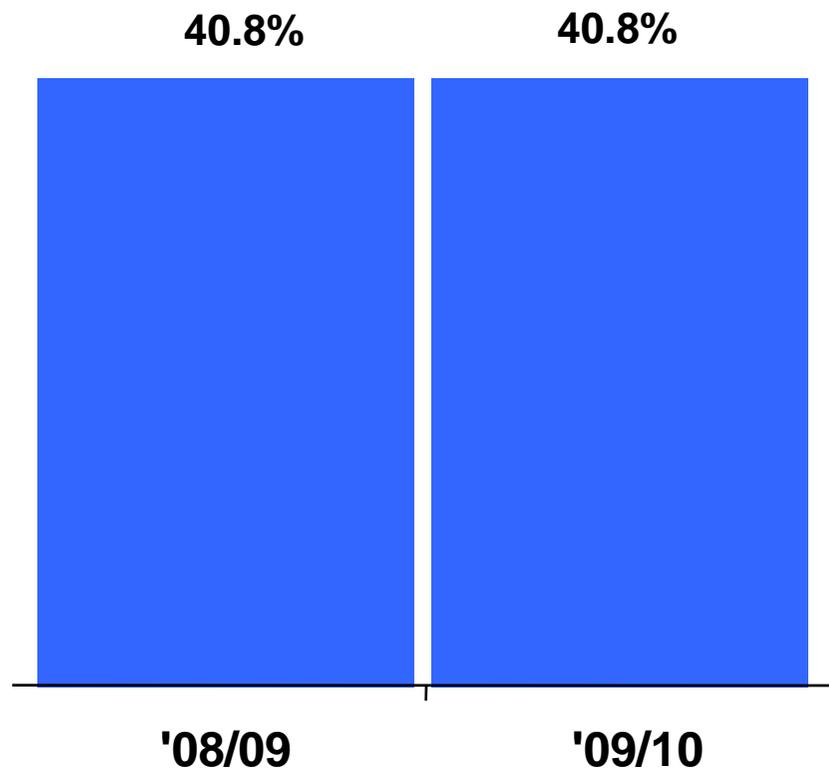


Sales – Full year 2009/10



- Sales +13% to SEK 5 556 M
 - Comparable stores in local currencies unchanged
 - New stores +11%
 - Currency effects +2%
- Internet/mailorder SEK 94 M (100 M)

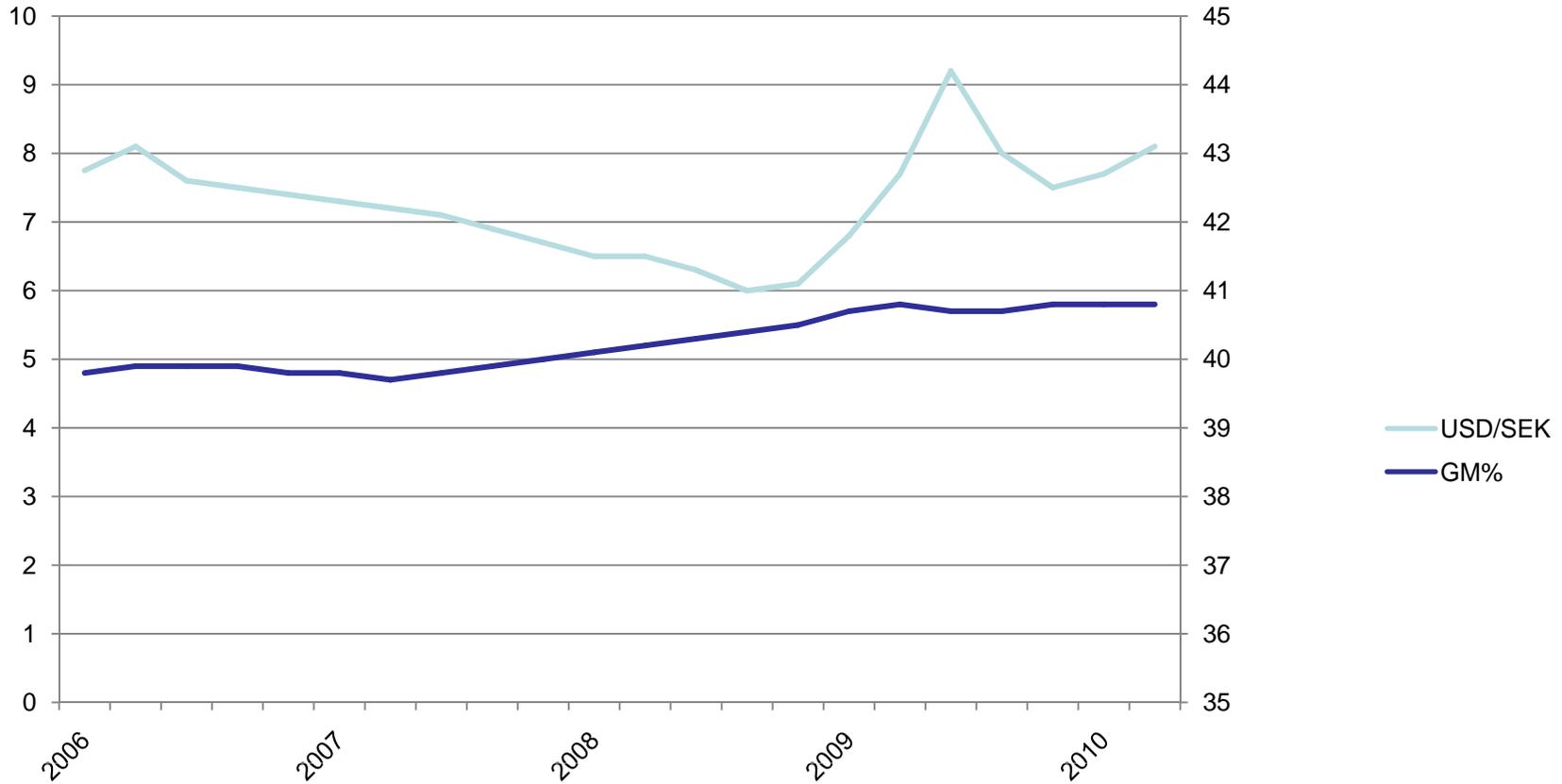
Gross margin – Full Year 2009/10



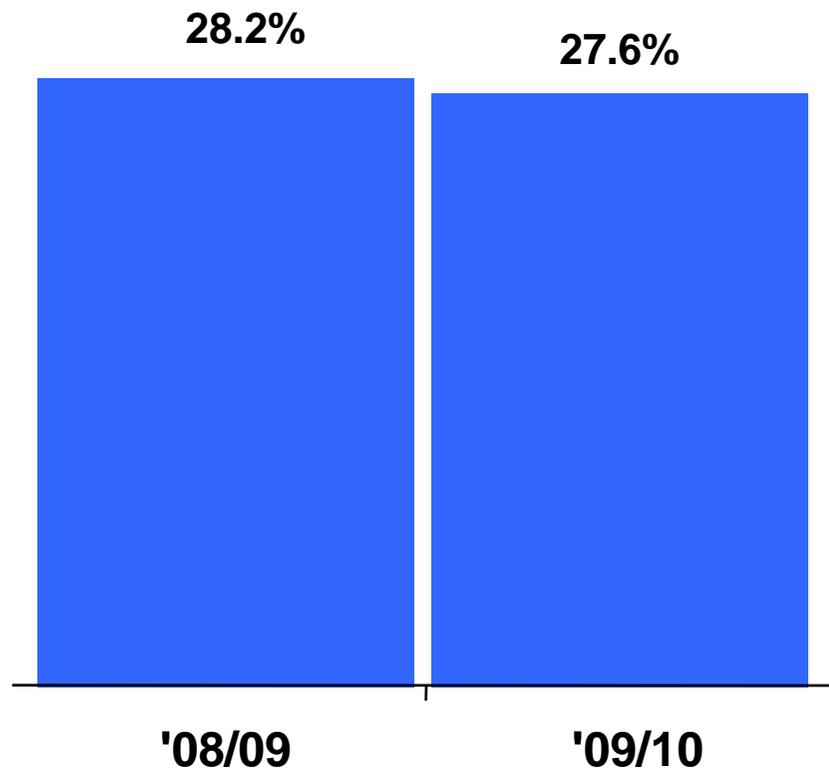
Gross margin unchanged: 40.8%

- Currency effects
- + Sales Mix
- + Increased efficiency in purchasing (Shanghai office)

Gross Margin 2006-2010

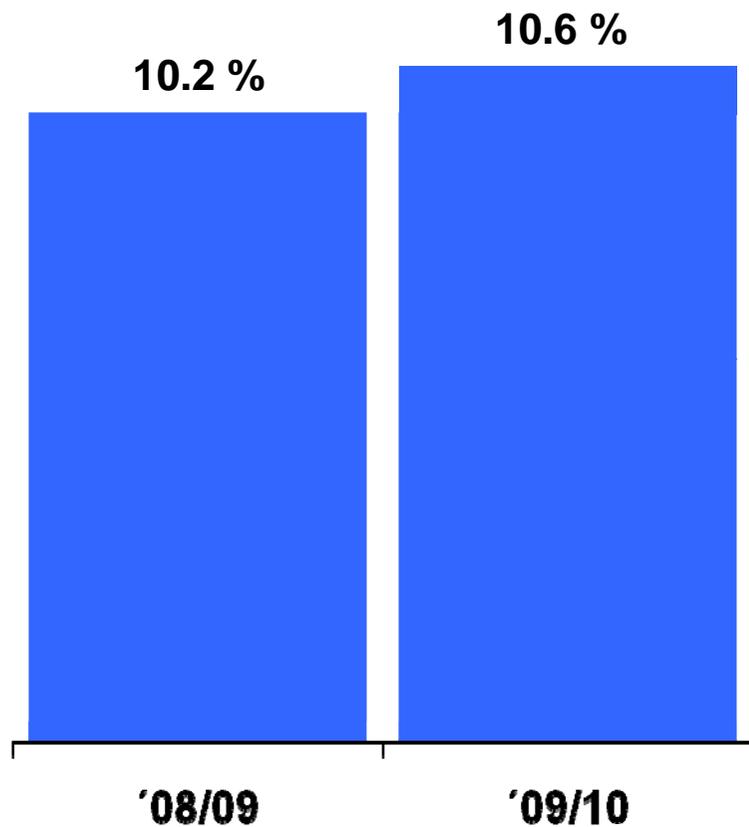


Share of sales costs – Full year 2009/10



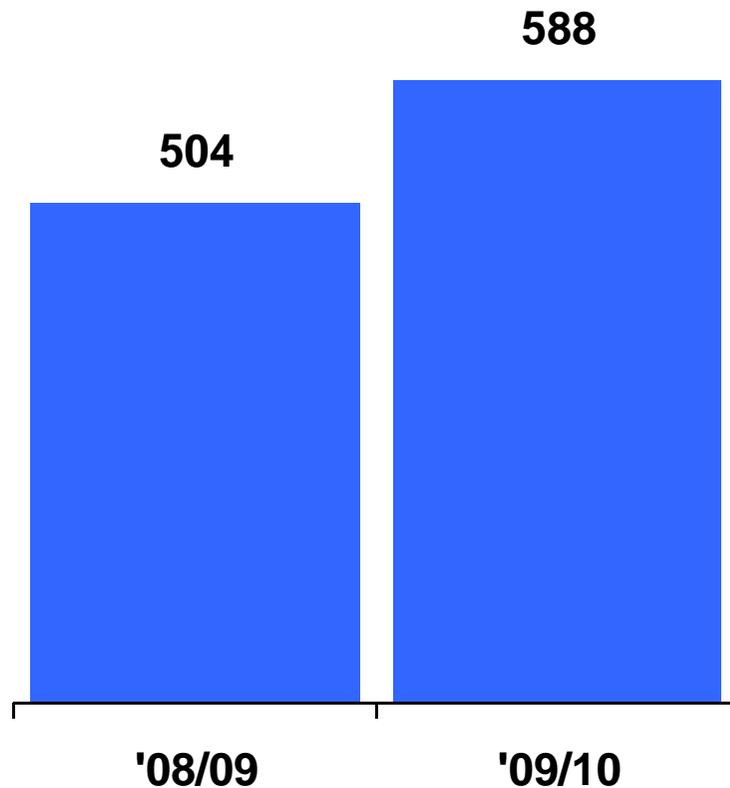
Share of sales costs down 0.6 percentage points to 27.6%
+ Improved productivity in established markets
- Higher share of sales costs new markets (UK)

Operating margin – Full year 2009/10



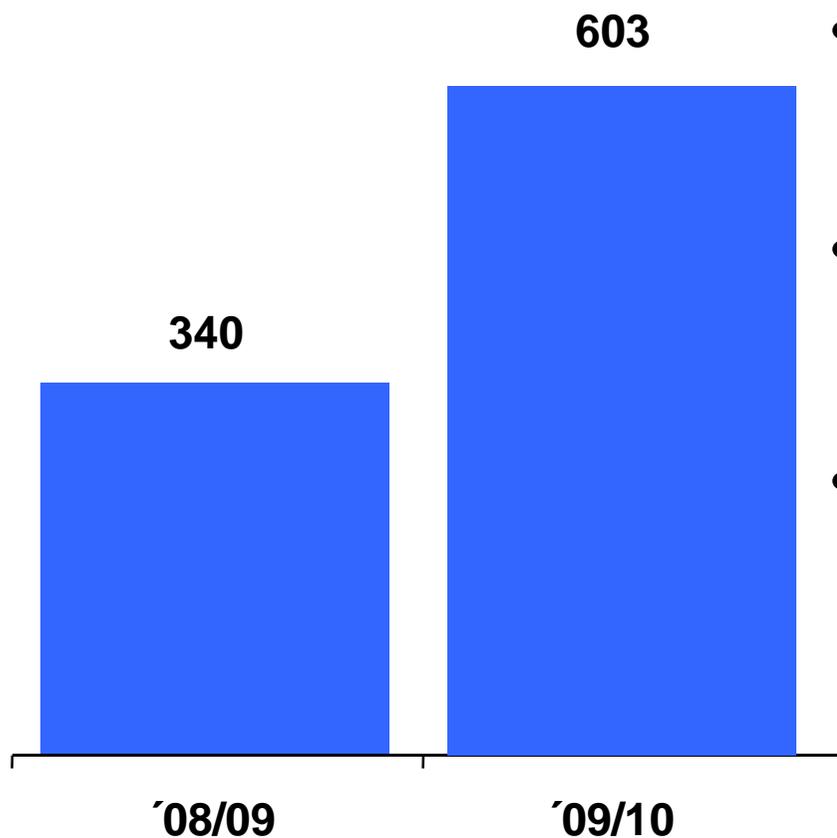
- Operating margin 10.6% (10.2)

Profit after financial items - Full year 09/10



- Profit SEK 588 M (504)
- Financial items of SEK -2 M (+1)

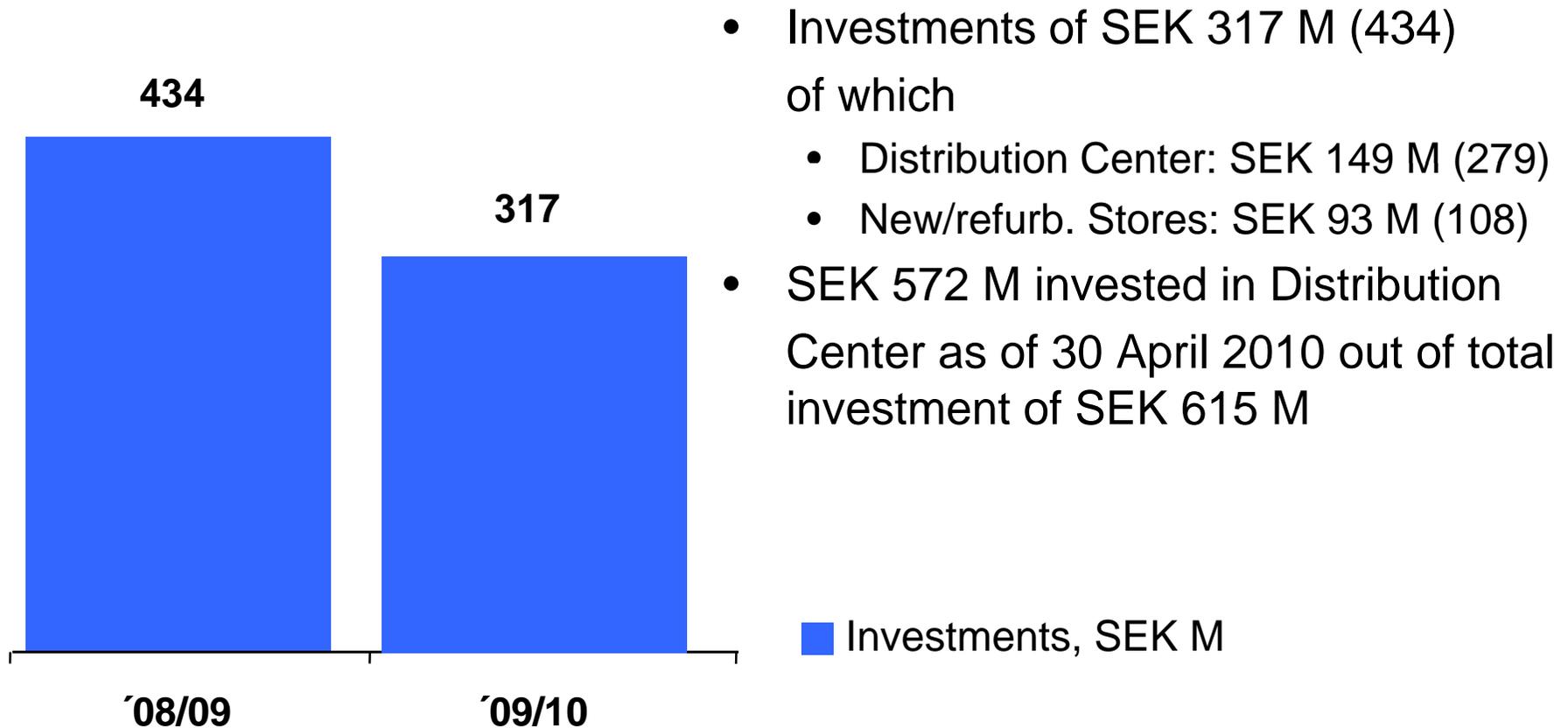
Cash flow – Full year 2009/10



- Cash flow from operating activities SEK 603 M (340). E.g. increased profit and working capital efficiency.
- Inventory: +8% to SEK 1 204 M (1 117)
 - Average inventory R12 +10%
 - 14 New stores compared to (08/09)
- Cash flow for the period SEK 19 M (-203)

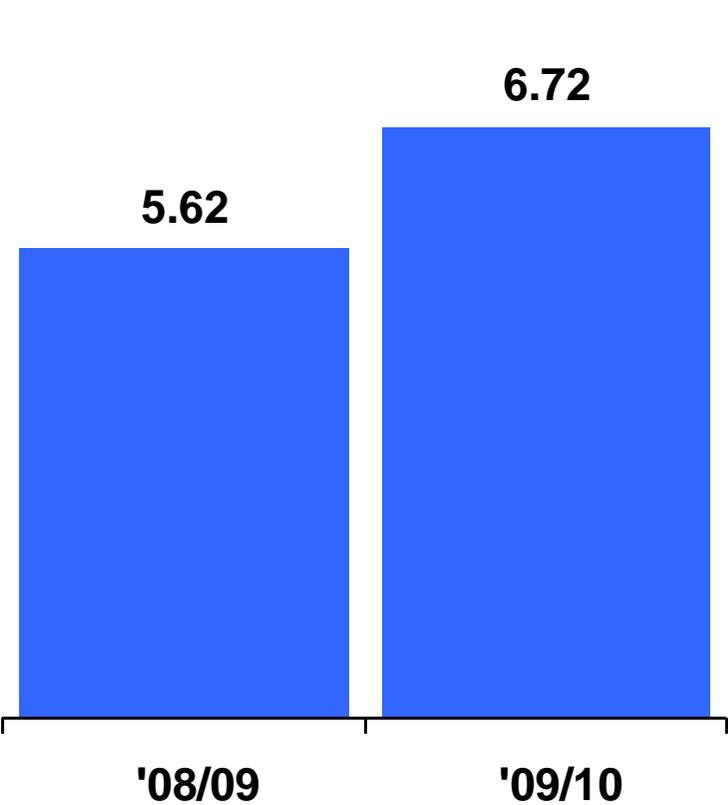
■ Cash flow from operating activities, SEK M

Investments – Full year 2009/10



- Investments of SEK 317 M (434) of which
 - Distribution Center: SEK 149 M (279)
 - New/refurb. Stores: SEK 93 M (108)
- SEK 572 M invested in Distribution Center as of 30 April 2010 out of total investment of SEK 615 M

Profit per share – Full year 2009/10



- Profit per share SEK 6.72 (5.62)

Proposed dividend

For the 2009/10 financial year, the Board proposes that a dividend of SEK 3,75 per share be paid (3.00), equivalent to around 57 per cent of the Group's net profit (53 per cent)

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.

Events after period-end

Asaklitt Insulated Travel Mug.

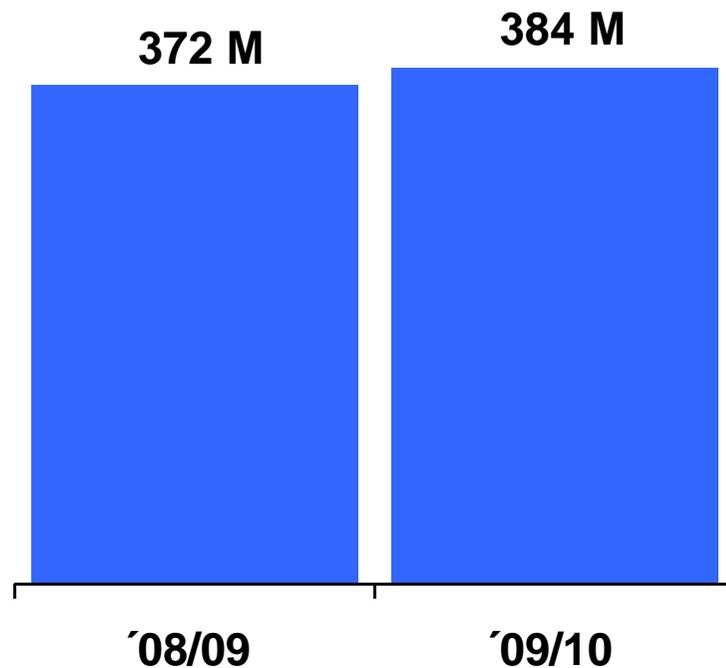
Stainless steel. Sealable 2-part stopper.
For hot or cold drinks. 0.35 litres.

Product number 34-3546

Price: SEK 69



Sales – May



- Sales up to SEK 384 M (372) +3%
- 13 (20) more stores vs. May 2009
- Changes in local currencies
 - Sweden +4%
 - Norway -6%
 - Finland +6%
 - UK +204%
- Mail order/Internet sales:
SEK 6 M (7)

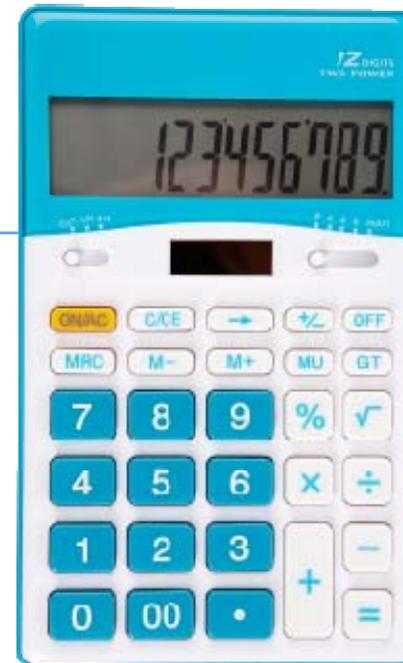
Continued high activity rate towards long term vision

Calculator.

Solar cell and battery operated. 12-digit LCD display. The four basic maths functions, per cent and memory. 15 mm tall digits. 145x90x13 mm.

Product number 36-4127

Price: SEK 49



Our way forward

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



UK – expansion update

- Two new stores in Q4: Liverpool and Leeds
- Higher number of visitors and customers compared to group average
- Conversion rate and average purchase lower than group average
- Longer time to reach break-even in new UK stores compared to established markets



Leeds and Liverpool openings



Consumer feedback UK

- Very positive reception regarding concept, assortment, value and service
- Finding their way deep into our assortment
- Opening up new shopping opportunities – part of our range currently not available on High Streets
- Building position as the Modern Hardware Store
- Nominated for “Emerging Retailer of the year”, March 2010



New store concepts

- Easier navigation & improved competitiveness
- 22 new stores
- 8 refurbished stores
 - 2008/09: 1
 - 2009/10: 4
 - 2010/11: 3 (May)
- Total of 6-8 stores to be refurbished during 2010/11



New store concepts, continued

- Refurbished and expanded original store in Insjön
 - 3 200 square meters, 2 x larger than previous store
 - Dalarnas most popular tourist attraction!
- New large format store on Drottninggatan, Stockholm
 - Planned sales area 2 600 square meters
 - Most frequented shopping district in Sweden
 - Complement to current store (Gallerian) in city centre of Stockholm



Store expansion - pipeline

- 14 stores opened during 2009/10



Contract pipeline

- Plan for 17-22 new stores of which 6-10 in the UK during 2010/11
- 9 new stores contracted with openings in 2010/11 and 6 in 2011/12

Store productivity

Measures during 2009/10

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



Increased sourcing efficiency

- More direct sourcing in Asia instead of via agents in Sweden and Europe
- Increased direct sourcing in Asia without use of agents
- Closer cooperation with fewer suppliers
- Developed Code of Conduct follow up (444 CSR-audits in 2009/10 vs. 357 in 2008/09)



Distribution Center

- New automated picking facility and High Bay Warehouse implemented during 2009/10
- Increased productivity and doubled storage capacity
- Increased depreciation
- Capacity for efficient storage and picking for 150+ stores



Organisational Development

- Building on strong foundation of current organisation and culture
- Strengthened organisation and improved processes
- Exporting “Insjöandan”, corporate culture to new markets
- UK staff training



Outlook

- Continued focus on profitable growth in Europe in accordance with financial targets
- Business plan to invest in new markets (currently UK)
 - annual impact of up to 2-3 percentage points on EBIT-margin
- Increased expansion rate with 17-22 new stores during 2010/11 of which 6-10 new stores in the UK
- Further potential to increase sales in primary markets in Nordics through new store concepts

Q&A

Oregon BAR686A Weather Station.

Wireless. Forecast, moon phase, indoor/outdoor temp. Radio-controlled clock and calendar. Progressive alarm with snooze. Comes with receiver, wireless transmitter and batteries. Size: 125x100x75 mm.

Product number 31-4188

Price: SEK 399



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