



# Agenda

- Q2 2010/11 (August-October)
- Six months 2010/11 (May-October)
- Events after period-end
- Roadmap and progress
- Q&A

# Clas Ohlson today

- A retail chain with 136 stores in four countries
- Sales of SEK 5,7 billion
- 3,500 employees
- 57 million visitors – 29 million customers
- Product range that solves small practical problems of everyday life



## Q2 2010/11 (August-October)

### Battery operated LED wreath

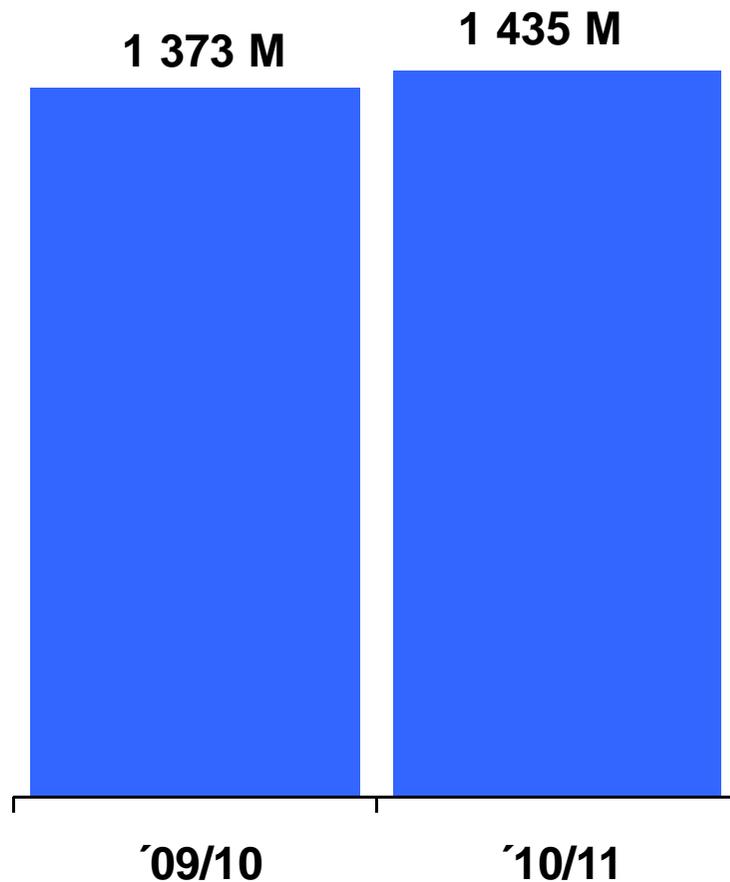
Light sensor. Lights automatically at dusk.  
Built-in timer, turns wreath off after 8 hours.  
Diam: 45 cm. Batteries: 4 x AA/LR6.

Product number 36-4190

**Price: SEK 129**



# Sales – Q2

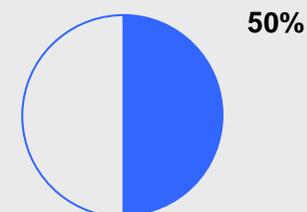


- Sales up 5% to SEK 1 435 M
- 15 (19) more stores vs. Oct 09
  - Comparable stores in local currency -1%
  - New stores +8%
  - Currency effects -2%
- Mail order/Internet SEK 22 M (27 M)

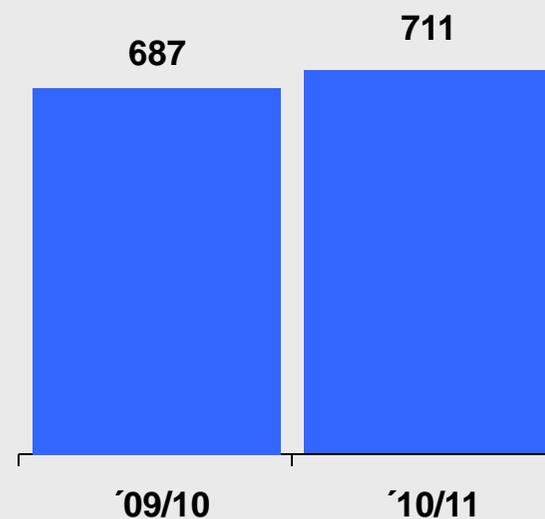
# Sweden – Q2

- Sales up 3%
  - 3 new stores. Total of 59
  - 6 more stores compared to preceding Q2
- Majority of new stores double establishments
- Highly competitive and overall volatile market

Portion of sales



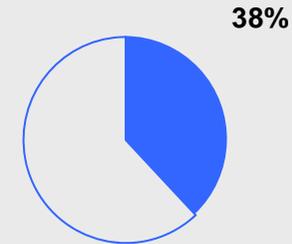
Sales, SEK M



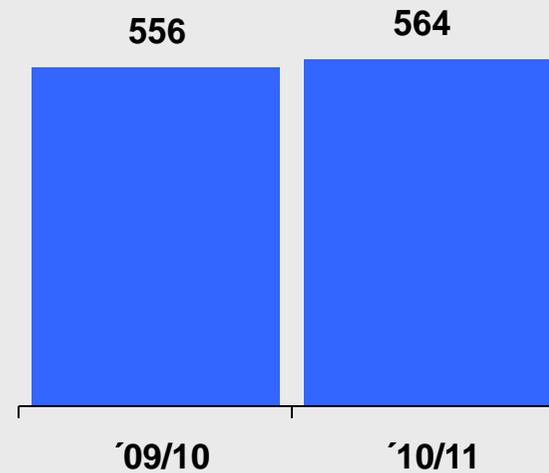
# Norway – Q2

- Sales up 2%
  - Up 5% in local currency
  - 2 new store during Q2.  
Total of 44
  - 4 more stores compared to preceding Q2
- Improved consumer confidence and market

Portion of sales



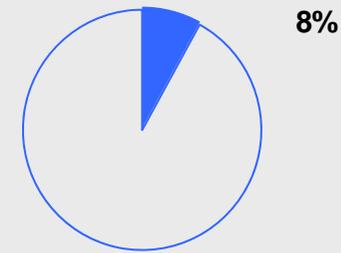
Sales, SEK M



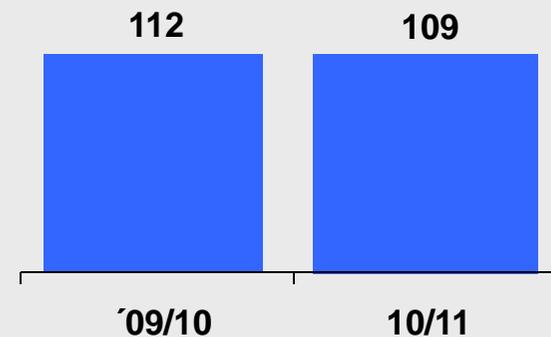
# Finland – Q2

- Sales down 3%
  - Up 7% in local currency
  - Unchanged number of stores compared to preceding Q2. Total of 16
- Negative currency effect
- Positive sales trend in local currencies and increased market share

Portion of sales



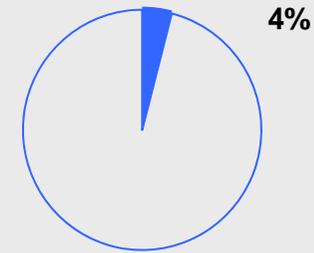
Sales, SEK M



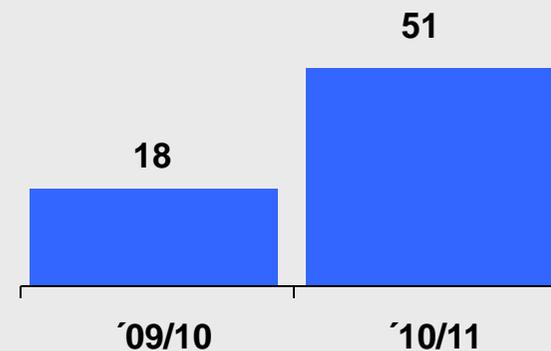
# UK – Q2

- Sales up 183%
  - Up 193% in local currency
  - No new stores during Q2.  
Total of 7 stores
  - 5 more stores compared to preceding Q2
- UK-market burdened by weak economy and financial pressure on households

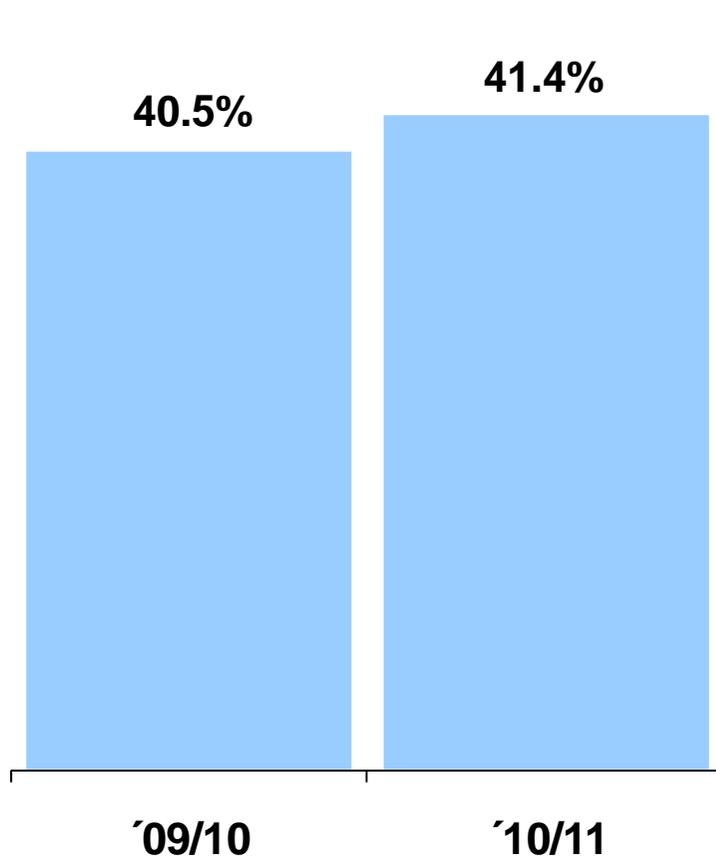
Portion of sales



Sales, SEK M



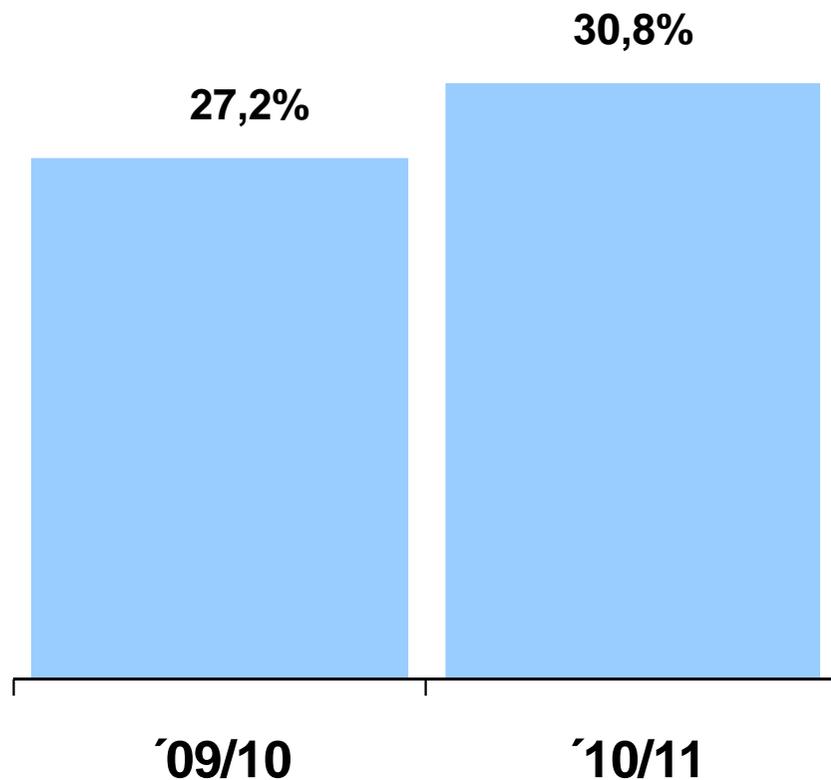
# Gross margin – Q2



Gross margin up 0.9 percentage points to 41.4%

- + Increased share of direct purchasing
- + Sales mix
- + Currency effects
- Increased freight costs
- Increased depreciation (Distribution Center investment)

# Share of sales costs – Q2

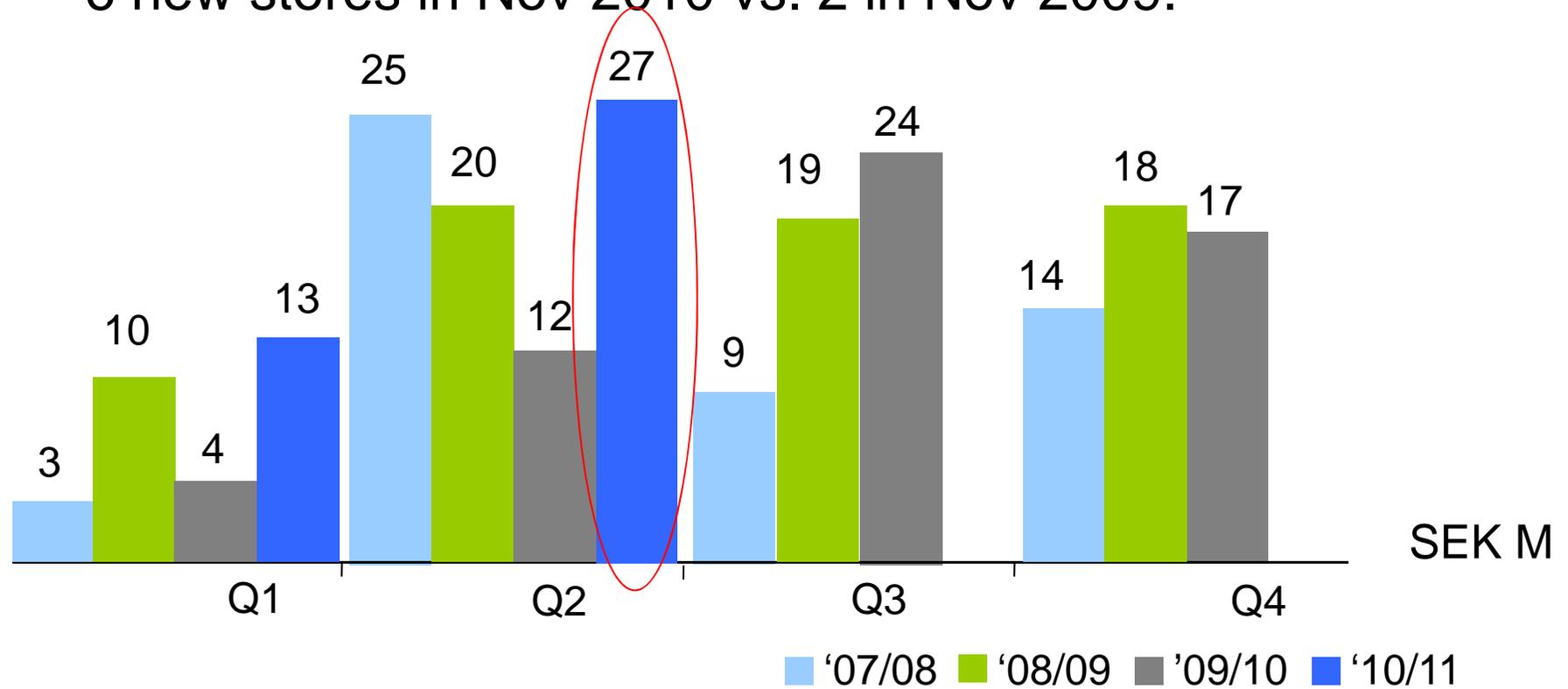


Share of sales costs up 3.6 percentage points to 30.8%

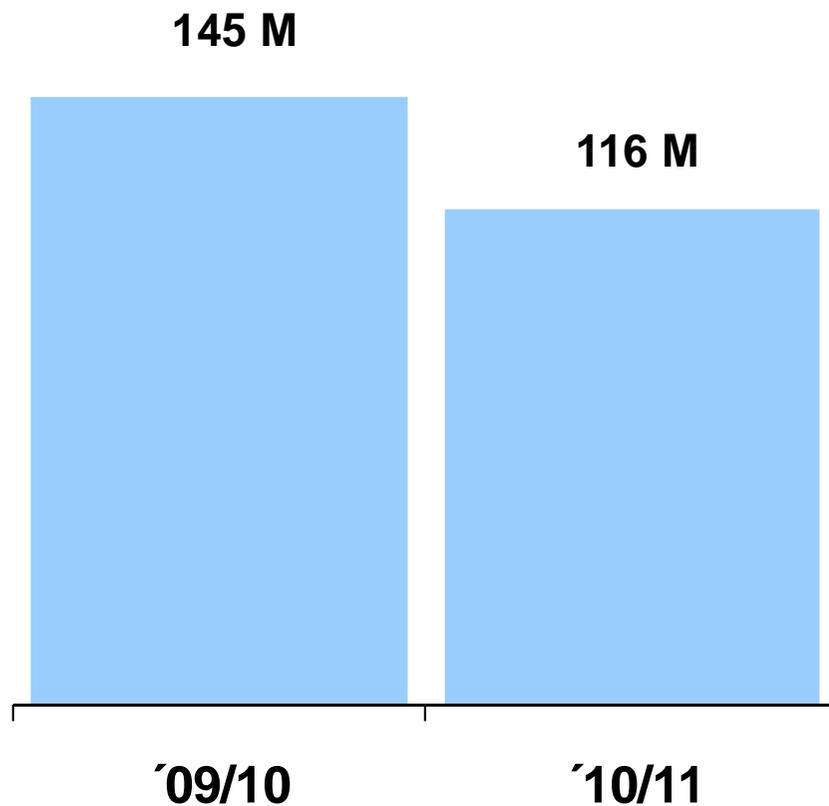
- Higher share of sales costs new markets (UK)
- Lower sales in comparable stores (LFL)
- Higher start up costs in store network

# Start-up costs new stores Q2

- Start up costs of SEK 27 M (12)
- 5 (3) new stores during Q2
- 1 (0) refurbished
- 6 new stores in Nov 2010 vs. 2 in Nov 2009.



# Profit after financial items & EPS – Q2



- Profit SEK 116 M (145)
  - + Improved Gross Margin
  - Costs for new market entry (UK)
  - Higher start up costs for new stores
  - Negative LFL in established markets
- Earnings per share SEK 1.35 (1.64)

## Six-months 2010/11 summary (May-Oct)

### **Mp3/iPod Speaker**

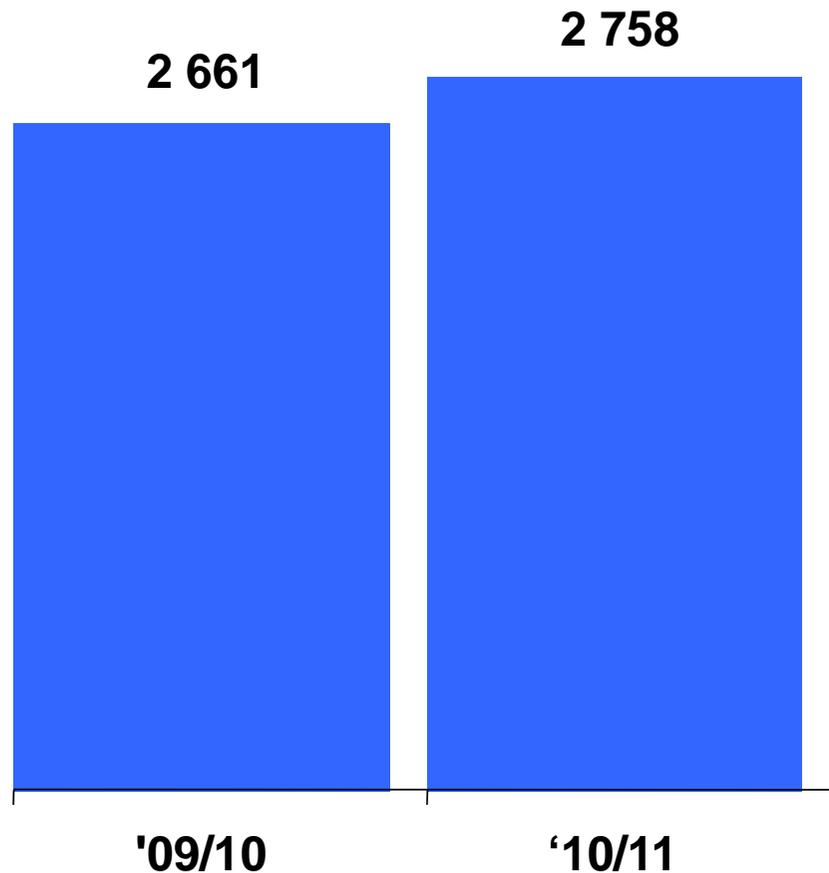
with Radio (non-original). Smart design allowing the iPod to sit inside and be protected by the speaker. Built-in FM radio with preset stations, alarm clock and 3.5 mm aux input. Comes with remote control and Mains adaptor. Size: 36,5 x 2,5 x 13,5 cm.

Product number 38-3669

**Price: SEK 749**

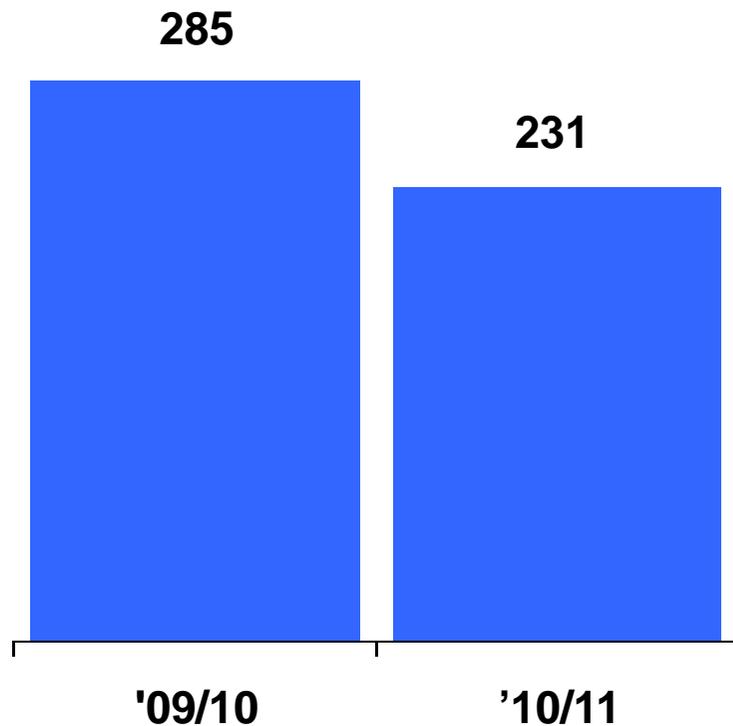


# Sales – six months 2010/11



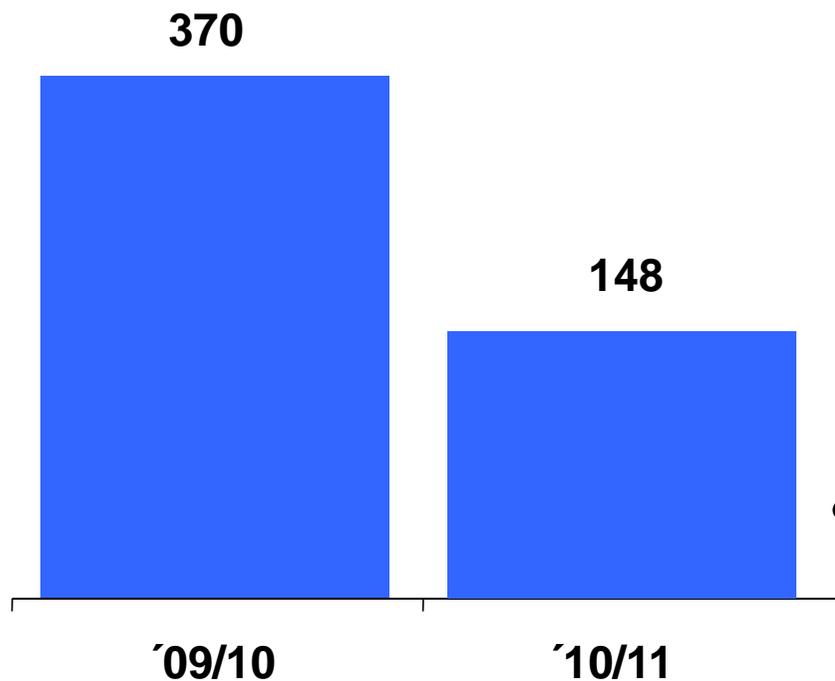
- Sales +4% to SEK 2 758 M
  - Comparable stores in local currencies -2%
  - New stores +7%
  - Currency effects -1%
- Internet/mailorder SEK 41 M (46 M)

# Profit after financial items & EPS – six months 2010/11



- Profit SEK 231 M (285)
- Financial items of SEK -3 M (-2)
- EPS SEK 2.66 (3.21)

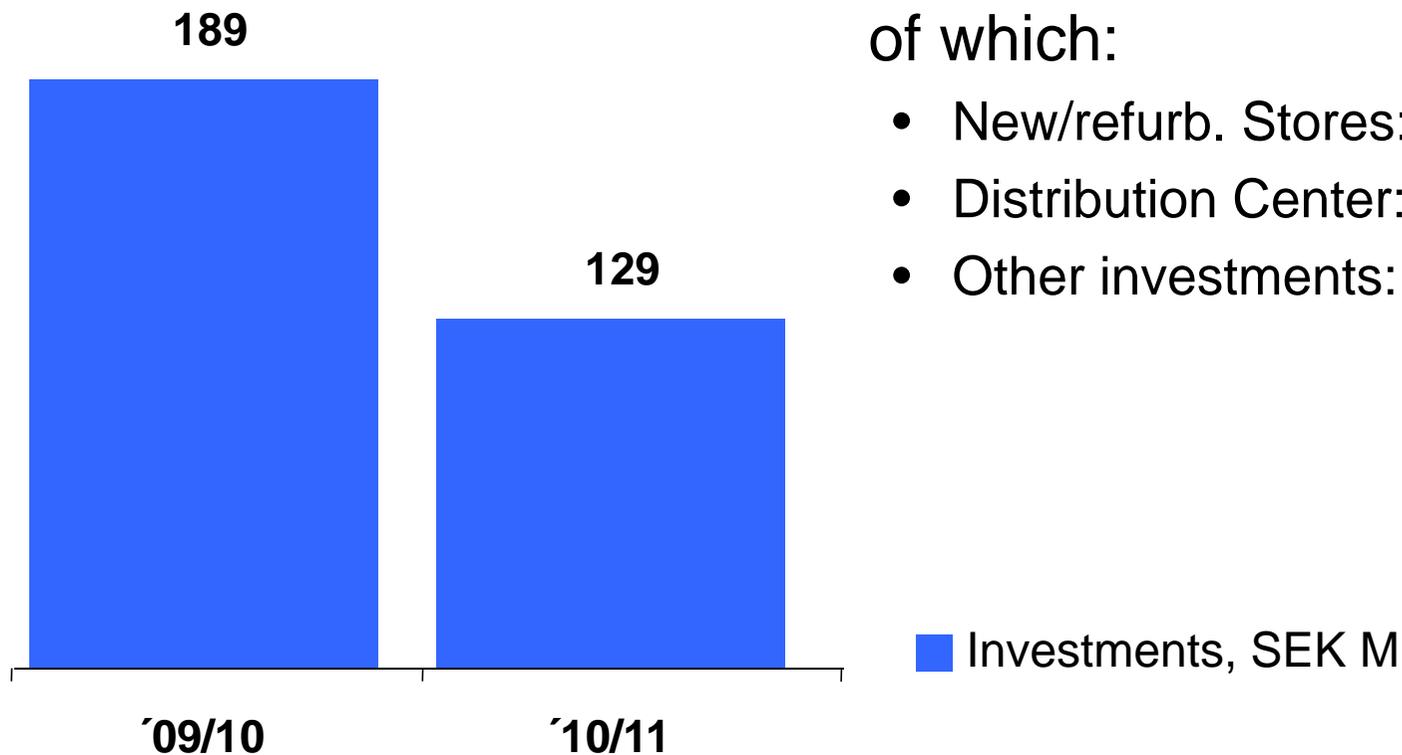
# Cash flow – six months 2010/11



- Cash flow from operating activities SEK 148 M (370)
- Inventory: SEK 1 521 M (1 226)
  - Average inventory R12 +14%
  - 15 New stores compared to 2009/10
  - Inventory build up for Christmas sales with increased direct purchasing from Asia and inventory for new stores
- Cash flow for the period SEK 84 M (119)

■ Cash flow from operating activities, SEK M

# Investments – six months 2010/11



- Investments of SEK 129 M (189) of which:
  - New/refurb. Stores: SEK 90 M (33)
  - Distribution Center: SEK 8 M (124)
  - Other investments: SEK 31 M (32)

## Events after period-end

### **Lamp with star and shade.**

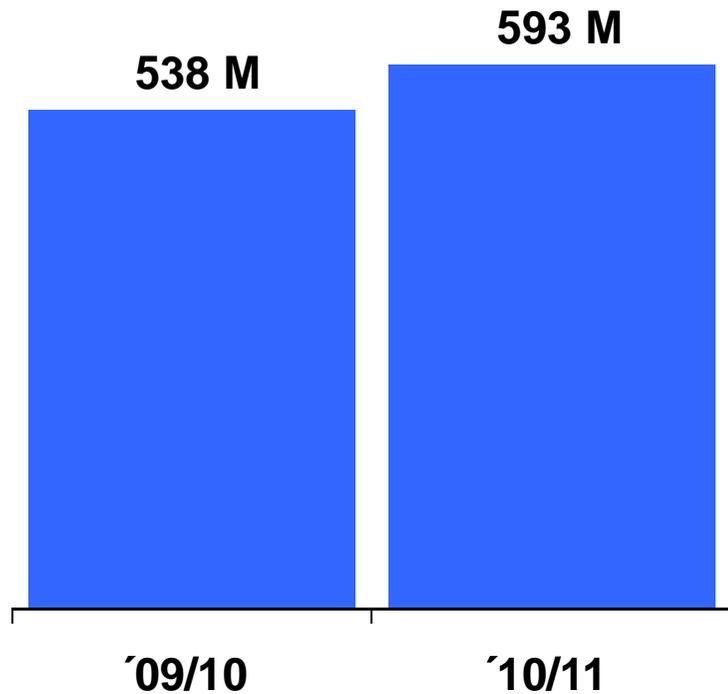
Simply replace the star with the shade after Christmas.  
Base height: 42 cm. White fabric shade. Festive white cardboard star.

Product number 36-4344

**Price: SEK 99**



# Sales – November



- Sales up to SEK 593 M (538) +10%
- 19 (15) more stores vs. November 2009
- Changes in local currencies +15%
  - Sweden +10%
  - Norway +16%
  - Finland +8%
  - UK +136%
- Mail order/Internet sales: SEK 9 M (9)

# Christmas/Winter assortment – good start in November

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



# Our way forward

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





# UK – New stores

- Four new stores opened in November & December:
  - Birmingham
  - Cardiff
  - Norwich
  - Doncaster



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# UK – Market and expansion plans

- UK market burdened by slow economy affecting consumer confidence
- Aggressive sales campaigns from competition
- Downturn creates opportunities for contracting attractive locations – building long term position in UK-market
- Balancing expansion plans to market development. Plans to establish 4-6 new stores (previous guidance 6-10)



# New store concepts

- Easier navigation & improved competitiveness
- 38 new stores (to date)
- 11 refurbished stores (to date)
- Gradual refurbishment of older stores. Current plan 6-8 stores during 2010/11
- Evaluating more cost efficient and faster refurb. of newer stores



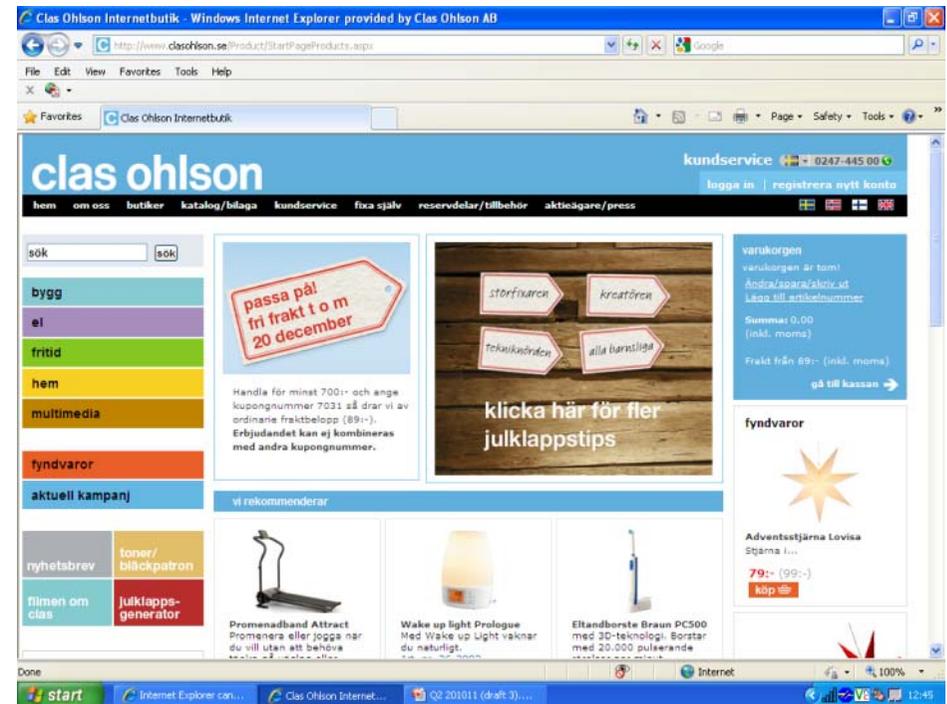
# Potential in new store formats

- Different formats to match local potential
  - Large
  - Medium
  - Small
- New large format stores in Insjön (May 2010), Drottninggatan, Stockholm (Oct 2010) and Fredriksstad, Norway (Nov 2010)



# Investments in e-commerce

- Multichannel strategy development
- Investment in new e-commerce platform
- E-commerce in all markets in 2011/12



# Store expansion - pipeline



## Contract pipeline

- Plan for 20-22 new stores of which 4-6 in the UK during 2010/11 (14 in 2009/10)
- 16 new stores opened to date in 2010/11
- 14 new stores contracted of which 4 openings in 2010/11 and 10 in 2011/12
  - Sweden: 4
  - Norway: 7
  - Finland: 3

# Outlook

- Continued focus on long term 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
- Further potential to increase sales in primary markets in Nordics in line with our strategic plan



# Q&A

## Wall Mounted Electric Fireplace

Cosy and realistic virtual flame effect. Curved glass front panel and decorative pebbles. Three heat settings: 1000 W, 2000 W or just flames. Adjustable flame effect. Comes with remote control, wall bracket and fixings. 230 V. Size: 900x560x145 mm. Weight: 18 kg.

Product number 36-4183

**Price: SEK 999**



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