

Clas Ohlson three-month report 2019/20

First quarter - 1 May to 31 July 2019

- Sales increased 4% to 2,044 MSEK (1,958), organic growth up 4% and up 4% in comparable units
- Online sales increased 20% to 112 MSEK (93)
- Operating profit, including non-recurring costs and costs linked to the CO100+ action programme, totalled 79 MSEK (32). Excluding the effect of the new accounting standard IFRS 16, operating profit amounted to 52 MSEK
- Underlying operating profit amounted to 91 MSEK (62), excluding the effect of IFRS 16
- The operating margin amounted to 3.9% (1.6), excluding the effect of IFRS 16, the operating margin amounted to 2.6%
- Net debt/EBITDA excluding the effect of IFRS 16 (12 months) amounted to 0.0 times (-0.1)
- Profit after tax totalled 49 MSEK (30)
- Earnings per share amounted to 0.77 SEK (0.47)

Events after the end of the reporting period

- In August, sales increased 2% to 740 MSEK (725), organic growth up 2% and up 3% in comparable units
- Online sales in August increased 36% to 35 MSEK (25)

CEO's comment

A good summer and new steps towards a unique position in the retail market

Strong range and successful campaigns

Looking back on the summer, I can see that we were highly successful in offering our customers a relevant product range at the right price, which gave us a total organic sales increase of 4 per cent for the quarter. Online sales increased 20 per cent and operating profit* improved to 79 MSEK, 32 MSEK year-on-year. This is a positive sales trend, with healthy sales of seasonal products also impacting the inventory value in the right direction. The inventory value of 1,955 MSEK is lower than in the preceding quarter, but slightly higher year-on-year. The inventory level reflects the preparations for upcoming campaigns and largely comprises consumables that are part of our

ordinary range for which there is continued high demand. We can also see a strong cash flow for the first quarter.

A unique and complete offering – new partnership with Kolonial

In a broader perspective, we continue to see the same rapid pace of change in the retail sector as previously. This change is being driven by digitalisation, new customer behaviour and global competition. For this reason, we are continuing to leave no stone unturned to build a Clas Ohlson with long-term profitability, and we are implementing our strategic plan including both growth and efficiency initiatives at a fast pace.

Proximity to the customer is set to become increasingly important and we are now taking further steps to establish a unique position in our Nordic home markets in terms of availability and convenience for our customers. Through a new partnership with Kolonial.no, Norway's largest online food retailer, we have the possibility to interact with our Norwegian customers in new channels and offer new smart delivery alternatives for our products right to their door. We have positive experience of our partnership with Mathem in Sweden, with one in ten customer deliveries now including a Clas Ohlson product, and we are looking forward to from today offer Clas Ohlson products through Kolonial's popular online shopping platform.

A profitable store network

Availability and convenience are also key words for our stores. The large growth in the industry is now taking place online, but we can see that stores will continue to play an important role going forward. The lion's share of our sales takes place in our stores and this means that profitable stores are necessary for our goal of sustainable profitable growth. Apart from serving as a key sales channel, the stores provide a customer experience, a service offering and the opportunity to collect products ordered online using Click & Collect – our most popular and most cost-effective delivery option.

This means that we need to ensure that our stores are in locations where our customers want us to be, with the right format and with judicious balance between cost and revenue per square meter. Due to changing consumption pattern, we will change both the number of stores and their orientation at a faster pace. Some get bigger, others get smaller, some disappear and others will be added. As part of this work, we have decided to close four stores in Finland and one in Sweden. The continuous optimisation of our store network and securing flexible lease terms will remain priorities in future.

Continued focus on efficiency enhancements

As previously communicated, we are investing 1-2 per cent of the operating margin in our strategic initiatives over a two-year period. In addition to growth-driving initiatives, efficiency-enhancing measures equivalent to approximately 200-250 MSEK have been identified to date. We are following our plan and efficiency enhancements will remain in focus. However, the impact of these initiatives on the operations and our financial results will vary in line with them being fully realised.

The road ahead is not straight, but we are seeing the positive effects of the work and activities that we have conducted to date, which strengthens our belief that we are on the right track. Accordingly, we will do more of what we have said we will do and maintain a high pace in the implementation of our plan to create even greater value for our customers and shareholders in the form of sustainable profitable growth.

Lotta Lyrå¹
President and CEO of Clas Ohlson AB

*Operating profit for the quarter was positively impacted by approximately 27 MSEK, due to the new accounting standard for leases, IFRS 16.

Press and analyst conference

The report will be presented today at 9:00 a.m. in Clas Ohlson's store at Sveavägen 52 in Stockholm. The presentation is also streamed live [here](#). It is also possible to attend via teleconference. To participate, please dial +46856642703 (Sweden), +443333009270 (UK) or +18335268383 (US).

Contact

For more information, please contact:

Niklas Carlsson, Group Head of Communications, +46 247 44429, niklas.carlsson@clasohlson.se.

This is information that Clas Ohlson AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:00 am CET on 4 September 2019.

Clas Ohlson was founded in 1918 as a mail order business in Insjön, Sweden. Today we are a retail company with customers in five markets, approximately 5,000 co-workers and annual sales of approximately 8.8 billion SEK. Our share is listed on Nasdaq Stockholm. A lot has happened since the start in 1918, but one thing has remained the same over the years; that we want to help and inspire people to improve their everyday lives by offering smart, simple, practical solutions at attractive prices. Visit [about.clasohlson.com](#) to read about us and our passion for simplifying life in all kinds of homes.