

clas ohlson

six-month report 2015/16

Second quarter

- Sales increased by 2% to 1,846 MSEK (1,814), 5% in local currencies
- Operating profit declined by 5% to 145 MSEK (151)
- Profit after tax fell by 4% to 111 MSEK (116)
- Earnings per share declined by 4% to 1.76 SEK (1.84)
- The company's 200th store was opened in Karlstad, Sweden, in August
- The first new small-format store was opened in St Albans in the UK
- The store portfolio was expanded by three new stores (net)



Strong sales figures in November contributed to a good start to the Christmas shopping season.

Six months

- Sales increased by 5% to 3,616 MSEK (3,457), 6% in local currencies
- Operating profit declined by 1% to 250 MSEK (253)
- Profit after tax fell by 1% to 192 MSEK (194)
- Earnings per share declined by 1% to 3.03 SEK (3.07)
- Cash flow from operating activities amounted to 322 MSEK (272)

+5%

sales in local currencies

+11%

November sales
in local currencies

Events after the end of the reporting period

- In November, sales increased by 8% to 809 MSEK (746), 11% in local currencies

	3 Months			6 Months			12 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	Percentage change	May 2015 - Oct 2015	May 2014 - Oct 2014	Percentage change	Nov 2014 - Oct 2015	May 2014 - Apr 2015
Sales, MSEK	1,846	1,814	2	3,616	3,457	5	7,489	7,330
Operating profit, MSEK	145	151	-5	250	253	-1	593	596
Result before tax, MSEK	145	152	-5	251	254	-1	594	597
Result after tax, MSEK	111	116	-4	192	194	-1	457	459
Gross margin, %	43.9	44.8	-0.9 p.p	42.2	42.8	-0.6 p.p	42.7	42.9
Operating margin, %	7.8	8.3	-0.5 p.p	6.9	7.3	-0.4 p.p	7.9	8.1
Return on capital employed, %	-	-	-	-	-	-	28.2	29.3
Return on equity, %	-	-	-	-	-	-	21.6	22.5
Equity/assets ratio, %	52.6	52.9	-0.3 p.p	52.6	52.9	-0.3 p.p	52.6	57.3
Earnings per share before dilution, SEK	1.76	1.84	-4	3.03	3.07	-1	7.23	7.27

The 2015/16 financial year comprises the period from 1 May 2015 to 30 April 2016.

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence

The information in this interim report is such that Clas Ohlson is obligated to publish according to the Securities Market Act. This information was submitted for publication on 9 December 2015 at 7:00 a.m. (CET).

Contact person: Sara Kraft Westrell
Director of Information and IR
Tel: +46 247 649 13 or ir@clasohlson.se

CEO's comments

A stable quarter and a good start to Christmas shopping

During the second quarter, we noted a stable sales trend, and I am very pleased with the good start to the Christmas shopping season, with November sales figures breaking new records. As expected, we were also impacted by significant challenges created by currencies during the quarter, although we successfully limited the negative effect on earnings by taking compensating measures.

Sales in the second quarter increased by 5 per cent in local currencies. We reported a slightly weaker performance in August, but a strong trend in the following two months, which combined to result in yet another sales record for Clas Ohlson.

During the second quarter, we have been focusing on reducing the effect of the significantly stronger USD and the weak NOK, for example by a positive sales mix and enhanced cost efficiency. Despite continued currency challenges, we are now closing the quarter with earnings almost on a par with the preceding year's level.

Favourable sales trend in November

Today, we are also reporting on the first month of the third quarter and a highly favourable start to Christmas shopping. Sales in November increased by 8 per cent to 809 MSEK, with a particularly favourable performance in Finland where sales increased by 19 per cent in local currency.

New store format and further expansion

During the quarter, we opened a number of new stores, with the inauguration of our 200th store being a particularly memorable milestone. We also opened the first stores of our new small-format concept in St Albans and in Ealing, London, as the next stage of the optimisation of the UK store network.

In the autumn, we were honoured to be recognised for our product range, our prices and our personnel. It is wonderful to see that our customers appreciate what we do and we are soon to have the pleasure to welcome our two millionth member to Club Clas.



Klas Balkow

President and CEO of Clas Ohlson AB



“ We are continuing to expand the operations by developing new concepts and opening more stores. We are continually further developing our sales channels and we launched a new small-format store concept during the quarter.

Content of financial statements

Financial statements	10
Key ratios	14
Quarterly overview	15
Accounting policies	17
Key ratio definitions	18
The share	20

Financial information

Current financial information is available at about.clasohlson.com under "Investors".

Press and analyst conference

Wednesday, 9 December at 8:30 a.m. (CET) in Clas Ohlson's store at Drottninggatan 53 in Stockholm. The presentation can also be followed on about.clasohlson.com or www.financialhearings.com

Calendar

16 March 2016	Nine-month Report 2015/16
8 June 2016	Year-end Report 2015/16
July 2016	2015/16 Annual Report
7 Sept 2016	Three-month Report 2016/17
10 Sept 2016	Annual General Meeting 2016
7 Dec 2016	Six-month Report 2016/17

Operations

Clas Ohlson is an international retail company with the business concept of selling dependable products at low prices and with the right quality according to need. The concept is unique and is highly attractive in established markets and has the potential for expansion into new markets and new customer segments.

Clas Ohlson sells products in the categories of Hardware, Electrical, Multimedia, Home and Leisure. Activities are pursued in Sweden, Norway, Finland and the UK through stores, online shopping, catalogues and by telephone, as well as through franchise in Dubai.

Business environment and market¹

Retail in Sweden increased by 5.4 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +6.8). During the quarter, consumer confidence in Sweden amounted to 99.1, an increase compared with the preceding quarter (97.7) and the same quarter in the preceding year (98.8).

Retail in Norway increased by 3.4 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +2.5). During the quarter, consumer confidence in Norway was -8.3, a decline compared with the preceding quarter (-5.6) and a decline compared with the same quarter preceding year (0.9).

Retail in Finland declined by 1.9 per cent at current prices compared with the same quarter in the preceding year (preceding quarter -0.8). During the quarter, consumer confidence in Finland amounted to 4.6, a decline compared with the preceding quarter (11.1) and an increase compared with the same quarter in the preceding year (0.6).

Retail in the UK increased by 1.9 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +2.1). During the quarter, consumer confidence in the UK was 4.0, the same level compared with the preceding quarter (4.0) and an increase compared with the same quarter in the preceding year (-0.7).

Sales

Second quarter

Sales increased to 1,846 MSEK, up 2 per cent compared with 1,814 MSEK in the year-earlier period. Measured in local currencies, sales increased by 5 per cent.

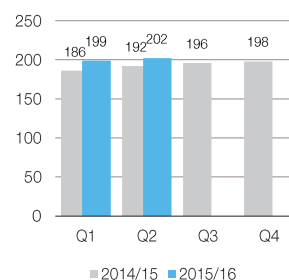
During the quarter, the net store portfolio was expanded by 3 stores (6). At the end of the quarter, the total number of stores was 202, representing an increase of 10 stores compared with the year-earlier period (11).

Six months

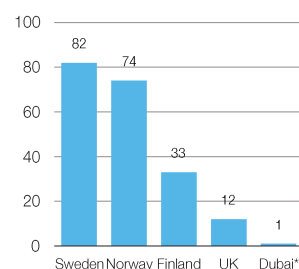
Sales increased to 3,616 MSEK, up 5 per cent compared with 3,457 MSEK in the year-earlier period. Measured in local currencies, sales increased by 6 per cent.

During the first six months of the financial year, the net store portfolio was expanded by 4 stores (7).

Total number of stores

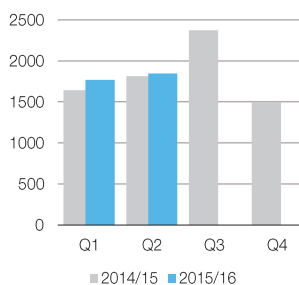


Distribution of numbers of stores

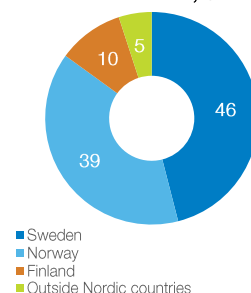


*Franchise store

Sales, MSEK



Distribution of sales, %



¹Source: HUI, National Institute of Economic Research, Office for National Statistics, Opinion, Statistics Finland, Statistics Norway, Trading Economics.

Distribution of sales

MSEK	3 Months				6 Months			
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	Percentage change		May 2015 - Oct 2015	May 2014 - Oct 2014	Percentage change	
			SEK	local currency			SEK	local currency
Sweden	847	803	6	6	1,653	1,563	6	6
Norway	716	750	-4	5	1,419	1,395	2	8
Finland	190	177	7	5	366	338	8	6
Outside Nordic countries	93	84	10	-1	179	161	11	-2
Total	1,846	1,814	2	5	3,616	3,457	5	6

Sales in the UK in comparable units were in line with the year-earlier period.

Distribution of sales increase

Per cent	3 Months		6 Months	
	Aug 2015 - Oct 2015		May 2015 - Oct 2015	
Comparable units in local currency	0		2	
New stores	5		4	
Exchange-rate effects	-3		-1	
Total	2		5	

Results

Second quarter

The gross margin declined to 43.9 per cent, down 0.9 percentage points year-on-year (44.8). The gross margin was negatively affected during the quarter by the considerable strengthening of the USD and the weakened NOK. The effect was reduced by a positive sales mix and currency hedges.

The share of selling expenses declined by 0.3 percentage points to 33.4 per cent (33.7).

Operating profit decreased by 5 per cent to 145 MSEK (151). The operating margin fell by 0.5 percentage points to 7.8 per cent (8.3). Profit after financial items declined by 5 per cent to 145 MSEK (152).

Depreciation for the period amounted to 59 MSEK (58).

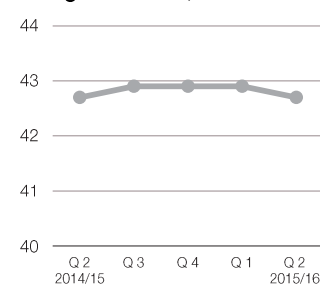
Spot exchange rates for key currencies averaged 1.02 for NOK and 8.41 for USD, compared with 1.11 and 7.09, respectively, in the year-earlier period. Currency hedging was undertaken in USD and NOK. The company's policy is to hedge 50 per cent of the expected flow in each currency every month, with six-month maturities.

Six months

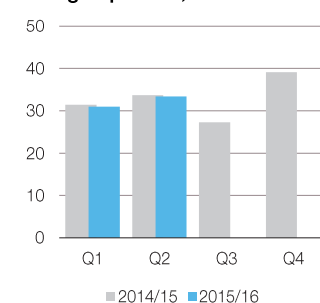
The gross margin declined to 42.2 per cent, down 0.6 percentage points year-on-year (42.8). The gross margin was negatively affected during the period by the considerable strengthening of the USD and the weakened NOK. The effect was reduced by a positive sales mix and currency hedges.

The share of selling expenses declined by 0.3 percentage points to 32.3 per cent (32.6).

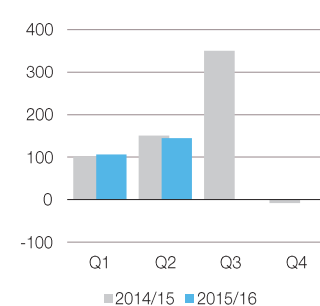
Gross margin rolling 12 months, %



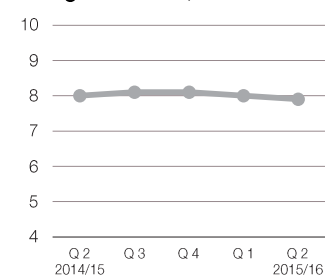
Share of selling expenses, %



Operating profit, MSEK



Operating margin rolling 12 months, %



Operating profit decreased by 1 per cent to 250 MSEK (253). The operating margin fell by 0.4 percentage points to 6.9 per cent (7.3). Profit after financial items declined by 1 per cent to 251 MSEK (254).

Depreciation for the period amounted to 119 MSEK (114).

Spot exchange rates for key currencies averaged 1.04 for NOK and 8.40 for USD, compared with 1.11 and 6.89, respectively, in the year-earlier period. Currency hedging was undertaken in USD and NOK. The company's policy is to hedge 50 per cent of the expected flow in each currency every month, with six-month maturities.

Investments

During the six-month period, investments totalled 115 MSEK (107). Of this amount, investments in new or refurbished stores accounted for 40 MSEK (48). Other investments were primarily IT and replacement investments. During the six-month period, investments in IT systems amounted to 56 MSEK (46).

Financing and liquidity

Cash flow from operating activities during the six-month period totalled 322 MSEK (272). Cash flow for the period, after investing and financing activities, was a negative 155 MSEK (neg: 147). The cash dividend paid to Clas Ohlson's shareholders in September 2015 was 331 MSEK (300).

The average 12-month value of inventories was 1,581 MSEK (1,403). Over a rolling 12-month period, the stock turnover rate at the distribution centre was 6.4 times (7.0). The decline was attributable to exchange-rate effects (USD).

At the end of the period, the value of inventories was 1,764 MSEK (1,609). The increase in inventories was attributable to new stores and exchange-rate effects (USD). Compared with the preceding year, 10 own stores were added.

During the period, buy-backs of the company's own shares to secure the LTI 2015 (Long Term Incentive Plan 2015) amounted to 48 MSEK (14).

The Group's net cash holdings, meaning cash and cash equivalents less interest-bearing liabilities, amounted to 354 MSEK (213) at the end of the period. The equity/assets ratio was 53 per cent (53).

Sustainable development

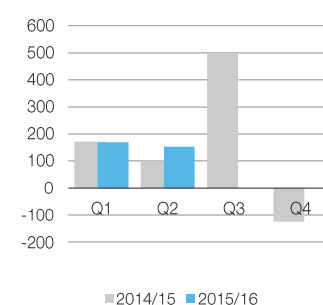
We launched our new communications concept called "From Here to Sustainability" in September, which was well received by both employees and customers. One of our new products is a broad range of completely paraffin-free candles. Continuing to relevantly develop our offering of products for a more sustainable lifestyle is also a high priority, and the aim is to double sales in this product segment by 2020.

Over the past quarter, we focused on further developing our risk model for assessing and prioritising suppliers who conduct manufacturing in risk countries. We also tested a new training tool for factories in China, where the next step is to evaluate the results and then define a suitable roll-out plan for prioritised suppliers.

Update regarding new business system

Clas Ohlson is implementing a new IT platform. sCORE, Systems for Clas Ohlson Retail Efficiency, will change our way of working with, for example, purchasing,

Cash flow, MSEK*



* from operating activities



Our Nordic ecolabelled straight candles are made of 100 per cent stearin and part of our range for a more sustainable lifestyle.

supply chain, sales, finance and HR. sCORE will enhance the efficiency of the supply chain, increase the level of service, better meet customer demand and changed purchasing patterns, and support our international expansion by making it easier to open new stores in more countries and to work with new customer segments. The project was initiated in the spring of 2013 and the investment is estimated at 50 to 70 MSEK per year over a five-year period.

Employees

The average number of employees in the Group was 2,769 (2,676), of whom 1,180 (1,140) were women. The increase was mainly related to new stores.

Parent Company

Parent Company sales during the six-month period amounted to 2,886 MSEK (2,819) and profit after financial items totalled 136 MSEK (265).

Investments during the period totalled 85 MSEK (63). The Parent Company's contingent liabilities amounted to 316 MSEK (308).

Events after the end of the reporting period

Sales in November

In November, sales increased by 8 per cent to 809 MSEK (746). In local currencies, sales increased by 11 per cent. At the end of the month, the total number of stores was 205, representing an increase of 9 stores compared with the year-earlier period (14).



In October, Clas Ohlson launched its Christmas range featuring a long line of exciting and affordable new products, and Christmas shopping had a good start in November.

Distribution of sales

MSEK	Nov 2015	Nov 2014	Percentage change	
			SEK	local currency
Sweden	373	339	10	10
Norway	302	293	3	12
Finland	94	79	20	19
Outside Nordic countries	39	36	9	-3
Total	809	746	8	11

In the first seven months of the financial year (May-November), total sales increased by 5 per cent to 4,426 MSEK (4,203). In local currencies, sales increased by 7 per cent.

Changes to Clas Ohlson's Board of Directors

The 2015 Annual General Meeting, held on 12 September, elected Mathias Haid and Göran Näsholm as new members of Clas Ohlson's Board of Directors.

Clas Ohlson's Nomination Committee appointed

In accordance with the resolution of the Annual General Meeting, the four largest shareholders are each to appoint a member to the Nomination Committee. The two largest owner groups, the Haid and Tidstrand families, each appoint one member and the next largest shareholders then appoint one member each to the Nomination Committee.

Prior to the 2016 Annual General Meeting, Clas Ohlson's Nomination Committee will comprise the following members: Jonas Bergh, representing the Haid owner family, Göran Sundström, representing the Tidstrand owner family, Rikard Wennerklint, If Skadeförsäkring AB, Erik Durhan, Nordea Investment Funds, and Kenneth Bengtsson, Chairman of the Board of Clas Ohlson AB.

The composition of the Nomination Committee is based on the ownership structure at 30 September 2015. The Nomination Committee represents approximately 70 per cent of the total number of company shares (votes). The above Nomination Committee will serve until a new Nomination Committee is elected.

The Nomination Committee's assignment is to present to the coming Annual General Meeting proposals concerning the election of the Chairman of the Board and other Board members and the election of auditors, as well as fees and other remuneration to be paid for Board assignments to each of the Board members and to the auditors. The Nomination Committee is also to submit proposals concerning the Chairman of the Annual General Meeting.

Shareholders who wish to submit proposals to the Nomination Committee can do so by post to: Clas Ohlson AB, Valberedningen, SE-793 85 Insjön, Sweden or by e-mail to: valberedningen@clasohlson.se

Outlook

Growth will occur in accordance with the Group's long-term financial objectives. In the years ahead, establishment in new markets is expected to have a negative impact of up to 2-3 percentage points on Clas Ohlson's operating margin per financial year.

The continued development of Clas Ohlson's product range, sales channels and new customer segments will provide additional growth opportunities, in both established and new markets.

Clas Ohlson is also reviewing and optimising the current store network in the UK and strengthening its presence in areas close to London with small-format stores.

Clas Ohlson is preparing for entry into the German market with retail stores and online shopping. Initially, three stores will be established in Hamburg starting in the summer of 2016.

Initial plans are to establish at least one more store in the Gulf region through a franchise partnership. Future continued expansion will be determined following an evaluation.

The implementation of the new IT platform to support the company's operations and future growth and development is expected to carry on until 2018.

Risks and uncertainties

Clas Ohlson's operations entail risks that could negatively impact the Group to varying extents. Work is continuously carried out to update the Group's risk situation through a documented and systematic process in which risks are identified, assessed, monitored and reported. Those risks deemed to have the greatest negative potential based on the probability of occurrence and their possible impact on operations are prioritised. This work contributes to the strategic and operational management of the company.

Operational risks primarily comprise establishments in new markets, purchasing in Asia, IT systems, competition, logistics, strikes, key employees, social responsibility, product range and shrinkage, while financial risks mainly comprise economic conditions, wage inflation, raw-material prices, transport costs and exchange-rate exposure.

For a detailed description of the Group's risks and risk management, refer to pages 48-51 of the 2014/15 Annual Report. Apart from the risks described in the Annual Report, no other significant risks have arisen.

Assurance

The six-month report provides a fair review of the Parent Company's and the Group's operations, position and earnings and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Insjön, Sweden, 9 December 2015

Kenneth Bengtsson
Chairman of the Board

Mathias Haid

Sanna Suvanto-Harsaae

Cecilia Marlow

Göran Näsholm

Katarina Sjögren Petrini

Göran Sundström

Klas Balkow
President and CEO

Robert Flahiff
Employee representative
Handels

Henrik Andersson
Employee representative
Unionen

Review report

Introduction

We have reviewed the interim report for Clas Ohlson AB (publ) for the period 1 May 2015 to 31 October 2015. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Insjön, Sweden, 9 December 2015

Deloitte AB

Kent Åkerlund
Authorised Public Accountant

Financial statements

Consolidated Income Statement

MSEK	3 Months		6 Months		12 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014	Nov 2014 - Oct 2015	May 2014 - Apr 2015
Sales	1,846.5	1,814.4	3,616.3	3,456.6	7,489.4	7,329.8
Cost of goods sold	-1,035.4	-1,001.1	-2,089.4	-1,978.6	-4,292.7	-4,181.9
Gross profit	811.1	813.3	1,526.9	1,478.0	3,196.7	3,147.9
Selling expenses	-617.4	-611.0	-1,166.4	-1,127.4	-2,400.6	-2,361.6
Administrative expenses	-49.2	-49.7	-98.4	-95.6	-191.4	-188.6
Other operating income/expenses	0.0	-1.2	-11.8	-1.7	-11.8	-1.7
Operating profit	144.5	151.4	250.3	253.3	593.0	596.0
Net financial income/expense	0.2	0.2	0.5	0.4	1.3	1.2
Profit after financial items	144.8	151.6	250.9	253.7	594.3	597.2
Income tax	-33.7	-35.8	-59.2	-59.8	-137.7	-138.3
Profit for the period	111.1	115.8	191.7	193.9	456.7	458.9

Consolidated Comprehensive Income Statement

MSEK	3 Months		6 Months		12 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014	Nov 2014 - Oct 2015	May 2014 - Apr 2015
Profit for the period	111.1	115.8	191.7	193.9	456.7	458.9
Other comprehensive income, net of tax:						
Items that later can be reversed back to the Consolidated income statement:						
Exchange rate differences	-29.0	0.8	-41.0	9.7	-25.3	25.4
Cash flow hedging	18.2	7.4	50.8	14.8	19.4	-16.6
Total	-10.8	8.2	9.8	24.5	-5.9	8.8
Items that later can not be reversed back to the Consolidated income statement:						
Reevaluation of net pension obligations	0.0	0.0	0.0	0.0	-0.1	-0.1
Total	0.0	0.0	0.0	0.0	-0.1	-0.1
Total other comprehensive income, net of tax	-10.8	8.2	9.8	24.5	-6.0	8.7
Total comprehensive income for the period	100.3	124.0	201.5	218.4	450.7	467.6

Data per share

	3 Months		6 Months		12 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014	Nov 2014 - Oct 2015	May 2014 - Apr 2015
Number of shares before dilution	63,098,409	63,083,858	63,201,260	63,120,702	63,154,981	63,121,729
Number of shares after dilution	63,346,934	63,240,818	63,462,268	63,295,458	63,395,383	63,400,934
Number of shares at end of period	63,101,875	63,083,894	63,101,875	63,083,894	63,101,875	63,216,061
Earnings per share before dilution, SEK	1.76	1.84	3.03	3.07	7.23	7.27
Earnings per share after dilution, SEK	1.75	1.83	3.02	3.06	7.20	7.24
Comprehensive income per share, SEK	1.59	1.97	3.19	3.46	7.14	7.41

Consolidated Balance Sheet

MSEK	31 Oct 2015	31 Oct 2014	30 Apr 2015
Assets			
Intangible assets	209.7	164.2	171.0
Tangible assets	1,158.0	1,259.7	1,228.9
Non-current receivables	11.5	8.1	11.6
Inventories	1,763.6	1,608.7	1,569.3
Other receivables	288.4	287.2	242.5
Liquid assets	353.6	212.9	517.4
Total assets	3,784.9	3,540.8	3,740.7
Equity and liabilities			
Equity	1,989.1	1,874.4	2,144.5
Long-term liabilities, Non-interest-bearing	221.1	198.0	213.3
Current liabilities, Non interest-bearing	1,574.7	1,468.4	1,382.9
Total equity and liabilities	3,784.9	3,540.8	3,740.7

Consolidated Cash Flow

MSEK	3 Months		6 Months		12 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014	Nov 2014 - Oct 2015	May 2014 - Apr 2015
Operating profit	144.5	151.4	250.3	253.3	593.0	596.0
Adjustment for items not included in cash flow	60.7	62.6	136.1	121.7	273.4	259.0
Interest received	0.5	0.4	0.9	1.0	2.2	2.3
Interest paid	-0.3	-0.3	-0.4	-0.7	-0.7	-1.0
Tax paid	-31.2	-21.1	-51.4	-42.0	-136.0	-126.6
Cash flow from operating activities before changes in working capital	174.2	193.0	335.5	333.3	731.9	729.7
Change in working capital	-22.1	-91.9	-13.9	-61.0	-35.3	-82.4
Cash flow from operating activities	152.1	101.1	321.6	272.3	696.6	647.3
Investments in intangible assets	-21.4	-11.4	-55.8	-45.6	-79.5	-69.3
Investments in tangible assets	-41.5	-39.7	-59.2	-61.3	-121.0	-123.1
Change in current investments	0.3	0.0	0.3	0.1	0.3	0.1
Cash flow from investing activities	-62.6	-51.1	-114.7	-106.8	-200.2	-192.3
Repurchase of own shares	0.0	0.0	-47.9	-13.7	-47.9	-13.7
Sale of own shares	0.8	0.3	17.2	0.9	30.7	14.4
Dividend to shareholders	-331.3	-299.6	-331.3	-299.6	-331.3	-299.6
Cash flow from financing activities	-330.5	-299.3	-362.1	-312.4	-348.5	-298.9
Cash flow for the period	-241.0	-249.3	-155.2	-146.9	147.9	156.1
Liquid assets at the start of the period	600.8	462.4	517.4	358.3	212.9	358.3
Exchange rate difference for liquid assets	-6.2	-0.2	-8.6	1.5	-7.2	3.0
Liquid assets at the end of the period	353.6	212.9	353.6	212.9	353.6	517.4

Sales by segment

	3 Months		6 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014
MSEK				
Sweden	847.0	802.5	1,653.0	1,562.6
Norway	716.5	750.1	1,418.6	1,394.8
Finland	190.4	177.4	366.1	338.1
Outside Nordic countries	92.6	84.4	178.6	161.1
Group functions	712.2	723.8	1,228.0	1,250.6
Sales to other segments	-712.2	-723.8	-1,228.0	-1,250.6
Total	1,846.5	1,814.4	3,616.3	3,456.6

Operating profit by segment

	3 Months		6 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014
MSEK				
Sweden	32.2	31.7	63.9	61.6
Norway	28.5	29.9	56.5	56.0
Finland	6.1	4.8	11.5	9.3
Outside Nordic countries	2.8	1.9	5.2	4.0
Group functions	74.9	83.1	113.2	122.4
Total	144.5	151.4	250.3	253.3

Specification of change in profits*

	3 Months	6 Months
	Aug 2015 - Oct 2015	May 2015 - Oct 2015
MSEK		
Profit from sales	7.3	32.1
Decreased gross margin	-18.9	-19.4
Change in administrative expenses	0.5	-2.8
Decreased expansion costs stores	4.2	2.1
Increased depreciation	-1.1	-4.8
Change in other operating income/expense**	1.2	-10.1
Change in financial income/expense	0.0	0.1
Change in profit after financial items	-6.8	-2.8

*The table shows the change in profit after financial items compared with previous year.

**During the first quarter of 2015/16 is 10.5 MSEK related to closing cost for the store in Birmingham, which is expected to be balanced out during the financial year.

Change in equity

(attributable to the Parent company shareholders)

MSEK	6 Months	
	May 2015 - Oct 2015	May 2014 - Oct 2014
Equity brought forward	2,144.5	1,964.9
Dividend to shareholders	-331.3	-299.6
Repurchase of own shares	-47.9	-13.7
Sale of own shares	17.2	0.9
Paid-in option premiums:		
Value of employee services	5.1	3.5
Total comprehensive income	201.5	218.4
Equity carried forward	1,989.1	1,874.4

Forward contracts

As per balance-sheet date, outstanding cash-flow hedging existed according to the following table per currency pair (carrying amount and fair value)

MSEK	31 Oct 2015	31 Oct 2014
Sell/buy		
NOK/SEK	8,2	-1,8
NOK/USD	30,4	15,6
SEK/USD	0,0	0,0
Total	38,6	13,8

Forward contracts belong to the derivative category, which is used for hedging purposes. All derivatives are measured at fair value, established by using forward contract prices on balance-sheet date, meaning, level 2 in the fair value hierarchy according to IFRS 13. As per 31 October 2015 there are only positive market values in the currency pairs amounting to 38.6 MSEK (15.6) which is recognized in the item Other receivables. Previous year forward contracts with negative market values totalled MSEK 1.8 which was recognized in the item Current liabilities, non-interest-bearing. The company hedge the expected flow in each currency every month, with six-month maturities. Up until February 2015, hedges were made in January/February and June/July for the forthcoming six-month periods. Deferred tax of MSEK 8.5 MSEK (3.0) was taken into account and the remaining fair value of MSEK 30.1 (10.8) was recognized in the hedging reserve within equity.

Key ratios

	3 Months		6 Months		12 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014	Nov 2014 - Oct 2015	May 2014 - Apr 2015
MSEK						
Sales growth, %	1.8	8.1	4.6	8.6	5.8	7.7
Gross margin, %	43.9	44.8	42.2	42.8	42.7	42.9
Operating margin, %	7.8	8.3	6.9	7.3	7.9	8.1
Return on capital employed, %	-	-	-	-	28.2	29.3
Return on equity, %	-	-	-	-	21.6	22.5
Equity/assets ratio, %	52.6	52.9	52.6	52.9	52.6	57.3
Sales per sq.m in stores, SEK thousand	-	-	-	-	31	30
Number of stores at period end	202	192	202	192	202	198
Number of employees at period end	2,769	2,676	2,769	2,676	2,769	2,736
Data per share						
Number of shares before dilution	63,098,409	63,083,858	63,201,260	63,120,702	63,154,981	63,121,729
Number of shares after dilution	63,346,934	63,240,818	63,462,268	63,295,458	63,395,383	63,400,934
Number of shares at period end	63,101,875	63,083,894	63,101,875	63,083,894	63,101,875	63,216,061
Earnings per share before dilution, SEK	1.76	1.84	3.03	3.07	7.23	7.27
Earnings per share after dilution, SEK	1.75	1.83	3.02	3.06	7.20	7.24
Comprehensive income per share, SEK	1.59	1.97	3.19	3.46	7.14	7.41
Cash flow per share*, SEK	2.41	1.60	5.09	4.31	11.03	10.25
Equity per share, SEK	31.52	29.71	31.52	29.71	31.52	33.92

** From the operating activities

Quarterly overview

MSEK	Q2 13/14	Q3 13/14	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15	Q4 14/15	Q1 15/16	Q2 15/16
Sales	1,677.7	2,237.6	1,385.9	1,642.2	1,814.4	2,374.9	1,498.3	1,769.8	1,846.5
Cost of goods sold	-952.0	-1,258.9	-815.9	-977.5	-1,001.1	-1,325.8	-877.5	-1,054.0	-1,035.4
Gross profit	725.7	978.7	570.0	664.7	813.3	1,049.1	620.8	715.8	811.1
Selling expenses	-552.6	-598.5	-545.2	-516.4	-611.0	-648.1	-586.1	-549.0	-617.4
Administrative expenses	-46.5	-48.1	-40.4	-45.9	-49.7	-48.8	-44.2	-49.2	-49.2
Other operating income/expenses	-0.8	-1.7	-2.4	-0.5	-1.2	-1.8	1.8	-11.8	0.0
Operating profit	125.8	330.4	-18.0	101.9	151.4	350.4	-7.7	105.8	144.5
Net financial income/expense	-0.4	0.4	0.0	0.2	0.2	0.4	0.4	0.3	0.2
Profit after financial items	125.4	330.8	-18.0	102.1	151.6	350.8	-7.3	106.1	144.8
Income tax	-31.1	-76.7	5.8	-24.0	-35.8	-81.1	2.6	-25.5	-33.7
Profit for the period	94.3	254.1	-12.2	78.1	115.8	269.7	-4.7	80.6	111.1
Key ratios for the period									
Gross margin, %	43.3	43.7	41.1	40.5	44.8	44.2	41.4	40.4	43.9
Operating margin, %	7.5	14.8	-1.3	6.2	8.3	14.8	-0.5	6.0	7.8
Earnings per share before dilution, SEK	1.49	4.03	-0.19	1.24	1.84	4.27	-0.07	1.27	1.76
Earnings per share after dilution, SEK	1.49	4.02	-0.19	1.23	1.83	4.26	-0.07	1.27	1.75
Equity per share, SEK	26.85	30.81	31.12	32.46	29.71	33.91	33.92	35.14	31.52

Seasonal fluctuations

Clas Ohlson's market and operations are influenced by consumer purchasing behaviour. The company's product range is particularly well suited to Christmas preparations and Christmas shopping, which means that the third quarter (Nov-Jan) is generally the strongest quarter of the financial year. This is followed by the second and first quarters and, finally, the fourth quarter, which is the weakest in terms of sales and profit.

Parent Company Income Statement

MSEK	Note	3 Months		6 Months		12 Months	
		Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014	Nov 2014 - Oct 2015	May 2014 - Apr 2015
Sales		1,562.5	1,529.3	2,886.2	2,819.2	5,812.8	5,745.8
Cost of goods sold	1	-1,118.3	-1,032.1	-2,135.6	-1,950.9	-4,241.2	-4,056.5
Gross profit		444.2	497.2	750.6	868.3	1,571.6	1,689.3
Selling expenses	1	-285.7	-279.4	-536.8	-526.8	-1,103.9	-1,093.9
Administrative expenses	1	-39.1	-38.1	-76.2	-74.5	-144.4	-142.7
Other operating income/expenses		0.1	-0.2	-0.6	-0.4	0.0	0.2
Operating profit		119.6	179.5	137.0	266.6	323.3	452.9
Dividends from group companies		0.0	0.0	0.0	0.0	110.6	110.6
Net financial income/expense		-0.5	-0.8	-0.9	-1.3	-0.6	-1.0
Profit after financial items		119.1	178.7	136.2	265.3	433.3	562.5
Appropriations		0.0	0.0	0.0	0.0	-46.3	-46.3
Profit before tax		119.1	178.7	136.2	265.3	387.0	516.2
Income tax		-27.0	-40.2	-30.8	-59.7	-60.8	-89.7
Profit for the period		92.1	138.5	105.3	205.6	326.2	426.5

Parent Company Comprehensive Income Statement

MSEK	3 Months		6 Months		12 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014	Nov 2014 - Oct 2015	May 2014 - Apr 2015
Profit for the period	92.1	138.5	105.3	205.6	326.2	426.5
Other comprehensive income, net of tax:						
Items that later can be reversed back to the Consolidated income statement:						
Income from hedge of net investment in foreign operations	-3.9	1.1	2.8	8.3	13.0	18.5
Other comprehensive income, net of tax	-3.9	1.1	2.8	8.3	13.0	18.5
Total comprehensive income	88.2	139.6	108.1	213.9	339.2	445.0

Note 1 Depreciations

	3 Months		6 Months		12 Months	
	Aug 2015 - Oct 2015	Aug 2014 - Oct 2014	May 2015 - Oct 2015	May 2014 - Oct 2014	Nov 2014 - Oct 2015	May 2014 - Apr 2015
Depreciations for the period	39.5	39.0	78.9	76.8	158.5	156.5

Parent Company Balance Sheet

MSEK	31 Oct 2015	31 Oct 2014	30 Apr 2015
Assets			
Intangible assets	209.7	164.2	171.0
Tangible assets	855.7	924.0	889.0
Financial assets	213.9	220.7	211.1
Inventories	1,186.5	1,087.9	1,067.4
Other receivables	444.9	510.5	397.1
Liquid assets	253.3	133.4	442.5
Total assets	3,164.0	3,040.7	3,178.1
Equity and liabilities			
Equity	648.5	645.5	897.3
Untaxed reserves	1,009.5	963.2	1,009.5
Provisions	42.8	32.3	41.1
Long-term liabilities, Non-interest-bearing	5.0	5.0	5.0
Current liabilities, Non interest-bearing	1,458.2	1,394.7	1,225.2
Total equity and liabilities	3,164.0	3,040.7	3,178.1
Pledged assets	0.0	0.0	0.0
Contingent liabilities	315.5	308.2	325.6

Accounting policies

Clas Ohlson applies the International Financial Reporting Standards (IFRS) adopted by the EU. This interim report has been prepared in accordance with the Swedish Annual Accounts Act, IAS 34 Interim Financial Reporting and RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2. The same accounting policies are applied as for the Group, except in those cases described under the section headed "Parent Company accounting policies" in the 2014/15 Annual Report on page 73. The same accounting policies and calculation methods are applied as in the latest annual report, except those stated below.

The International Accounting Standards Board (IASB) has issued new and revised IFRSs as well as interpretations that apply from 1 May 2015. However, these had no appreciable impact on the consolidated income statements and balance sheets.

For a more detailed description of the accounting policies applied to the Group and Parent Company in this interim report, refer to the 2014/15 Annual Report, pages 70-73.

Key ratio definitions

Capital employed

The balance-sheet total less non-interest-bearing liabilities.

Cash flow from operating activities

Operating profit adjusted for items not included in cash flow, interest, paid tax and change in working capital.

Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of shares before dilution.

Comparable units

Units that have been in operation during the current period and the entire year-earlier period.

Comprehensive income per share

Comprehensive income in relation to the average number of shares before dilution.

Earnings per share (before and after dilution)

Profit for the period in relation to number of shares (before and after dilution).

Equity/assets ratio

Equity at the end of the period expressed as a percentage of the balance-sheet total.

Equity per share

Equity in relation to the number of shares outstanding at the end of the period.

Gross margin

Gross profit expressed as a percentage of net sales for the period.

Operating margin

Operating profit expressed as a percentage of net sales for the period.

Return on capital employed

Operating profit plus financial income expressed as a percentage of average capital employed.

Return on equity

Net profit for the period expressed as a percentage of average equity.

Sales growth

Sales in relation to sales during the year-earlier period.

Sales per square metre

Store sales in relation to the effective retail space. For new stores, a conversion has been made in relation to how long the store has been open.

Working capital

The total of current assets, excluding cash and cash equivalents, less current non-interest-bearing liabilities.

Store portfolio

New stores second quarter

- Karlstad, Bergvik, Sweden, opened August 2015
- Sandefjord, Norway, opened September 2015
- St Albans, UK, opened October 2015
- Esbo, Iso Omena, Finland, opened October 2015

For more information, please see detailed list on webpage about.clasohlson.com

Closed stores second quarter

- Birmingham, UK, closed August 2015

New stores after the end of the reporting period

- Åbo, Raisio, Finland, opened November 2015
- Stockholm, Solna, Mall of Scandinavia, Sweden, opened November 2015
- Löddeköpinge, Sweden, opened November 2015
- Ealing Broadway, UK, opened December 2015

For more information, please see detailed list on webpage about.clasohlson.com

Future store openings as of report date

- Umeå Syd, Umeå, Sweden, scheduled to open in March 2016
- Jungfernstieg, Hamburg, Germany, scheduled to open in summer of 2016
- Svolvær, Norway, scheduled to open in August 2016
- Kaivotalo, Helsingfors, Finland, scheduled to open in October 2016
- Stovner, Oslo, Norway, scheduled to open in November 2016
- Altona, Hamburg, Germany, scheduled to open in autumn of 2016
- Alstertal, Hamburg, Germany, scheduled to open in autumn of 2016
- Varberg, Sweden, scheduled to open spring 2017

For more information, please see detailed list on webpage about.clasohlson.com

Glossary

Average receipt

Average amount per purchase.

Clas Office

Our concept that facilitates purchases for our corporate customers.

Club Clas

Our loyalty program, our loyalty club.

Conversion rate

The percentage of visitors who make a purchase.

Franchise

Concept whereby we “rent” our brand to an external player, who operates a store under our name.

Omni-channel

A shopping experience where customers perceive a seamless interaction between physical stores, the online store and telephone sales.

Products for a more sustainable lifestyle

Products with a positive, or significantly lower, environmental impact throughout their life cycle than a standard product.

sCORE

Systems for Clas Ohlson Retail Efficiency, our project for the introduction of a new business system.

Store traffic

Number of visitors.

The share

Clas Ohlson Series B shares have been listed on Nasdaq Stockholm since 1999 and are included in the Consumer Services sector index. The price paid on 31 October 2015 was 130 SEK per share.

Number of shares

The number of registered shares totalled 65,600,000, unchanged from the preceding year. On 31 October 2015, the company held 2,498,125 shares (2,516,106) corresponding to 4 per cent (4) of the total number of registered shares. At the end of the period, the number of shares outstanding, net after buyback, was 63,101,875 (63,083,894).

Dividend policy

Clas Ohlson's dividend policy is that the dividend is to comprise at least 50 per cent of earnings per share after tax, with consideration of the company's financial position.

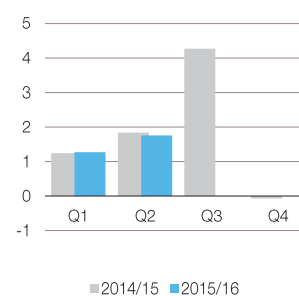
The largest shareholders 31 October 2015

Owner	Number of A-shares	Number of B-shares	Equity, %	Votes, %
Helena Tidstrand	1,368,060	6,179,828	12	17
Björn Haid	1,007,960	4,732,834	9	13
Claus Toni Haid	1,007,960	3,793,783	7	12
Peter Haid	1,007,960	3,785,243	7	12
Johan Tidstrand	1,368,060	900,000	4	12
Nordea Investment Funds	0	3,520,865	5	3
IF Skadeförsäkring	0	3,114,337	5	3
Länsförsäkringar fondförvaltning AB	0	1,510,456	2	1
Swedbank Robur fonder	0	1,479,497	2	1
Afa Försäkring	0	1,402,111	2	1
Other shareholders	0	29,421,046	45	25
Total	5,760,000	59,840,000	100	100

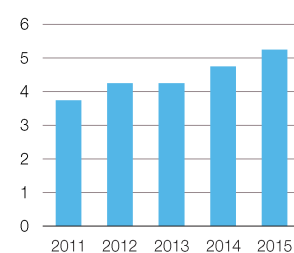
Share data

Listing	Nasdaq Stockholm Mid Cap
Ticker	Clas B
Industry	Consumer Services
ISIN code	SE0000584948

Earnings per share, SEK



Dividend per share, SEK



clas ohlson in brief

Our business model

A broad range of smart products at attractive prices, proactive, knowledgeable and available customer service, and an inspirational shopping experience through all sales channels.

■ Customer understanding

The key to becoming relevant and succeeding in an increasingly competitive environment is our ability to understand our customers and their needs. We develop our offering and our relationship with customers based on this knowledge.

■ Development of product range and purchasing

Based on our knowledge and insight about our customers and their needs, we continuously develop our product range. The range must be relevant and attractive and we want to offer alternatives to suit different types of users. An efficient purchasing organisation, a close relationship with our suppliers and large volumes enable us to have an attractively priced and sustainable offering.

■ Inventory and distribution

Our distribution centre coordinates efficient distribution and logistics, and ensures the best possible inventory management and service level.

■ Integrated sales channels

Most of our sales currently occur through our stores, but we offer our products and meet customers in several integrated sales channels. Our customers should experience Clas Ohlson as the same, irrespective of where, how or when they choose to shop.

Our vision

To develop Clas Ohlson into a leading international modern hardware retailer, with high profitability that adds value for all stakeholders.

Our mission

To help and inspire people to improve their everyday life by offering smart, simple, practical solutions at attractive prices.

Financial objectives

- Annual sales growth in comparable units of at least 2 per cent
- Establishment of 10–15 new stores during the 2015/16 financial year
- An operating margin of at least 10 per cent

Sustainability targets

- The proportion of products that promote a more sustainable lifestyle should amount to not less than 12 per cent of sales by 2020
- Relative emissions of CO₂ attributable to freight should be reduced by not less than 50 per cent during the 2007–2020 period

Strategic focus areas

Our customer offering

We will be the natural choice for practical problem solutions

Our customer interaction

We will increase customer loyalty and attract new customers

Our expansion

We will continue to expand operations

Our supply chain

We will optimise our supply chain

Our ways of working

We will enhance efficiency and simplify our ways of working

Our people

We will ensure a high-performance and customer-oriented organisation



Our business concept

We will sell dependable products at low prices and with the right quality according to need.

www.clasohlson.com

Clas Ohlson AB | SE-793 85 Insjön, Sweden | Telephone +46 (0)247-444 00 | Corp. Reg. No. 556035-8672