

# clas ohlson

## nine-month report 2015/16

### Third quarter

- Sales increased by 4% to 2,482 MSEK (2,375), 7% in local currencies
- Operating profit increased by 9% to 382 MSEK (350)
- Profit after tax increased by 9% to 294 MSEK (270)
- Earnings per share increased by 9% to 4.66 SEK (4.27)
- The store portfolio was expanded by 3 new stores (net)

### Nine months

- Sales increased by 5% to 6,098 MSEK (5,831), 7% in local currencies
- Operating profit increased by 5% to 633 MSEK (604)
- Profit after tax increased by 5% to 486 MSEK (464)
- Earnings per share increased by 5% to 7.70 SEK (7.35)
- Cash flow from operating activities amounted to 908 MSEK (772)

### Events after the end of the reporting period

- Sales in February increased by 3% to 495 MSEK (478), 8% in local currencies
- During the coming 2016/17 financial year, Clas Ohlson plans to establish 10-15 new stores



Clas Ohlson opened its 205th store in November in Löddeköpinge.

# +7%

sales in local currencies

# +9%

operating profit

	3 Months			9 Months			12 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	Percentage change	May 2015 - Jan 2016	May 2014 - Jan 2015	Percentage change	Feb 2015 - Jan 2016	May 2014 - Apr 2015
Sales, MSEK	2,482	2,375	4	6,098	5,831	5	7,596	7,330
Operating profit, MSEK	382	350	9	633	604	5	625	596
Result before tax, MSEK	383	351	9	634	605	5	626	597
Result after tax, MSEK	294	270	9	486	464	5	481	459
Gross margin, %	43.7	44.2	-0.5p.p	42.8	43.3	-0.5p.p	42.6	42.9
Operating margin, %	15.4	14.8	0.6p.p	10.4	10.4	0.0p.p	8.2	8.1
Return on capital employed, %	-	-	-	-	-	-	29.3	29.3
Return on equity, %	-	-	-	-	-	-	22.5	22.5
Equity/assets ratio, %	55.5	57.1	-1.6p.p	55.5	57.1	-1.6p.p	55.5	57.3
Earnings per share before dilution, SEK	4.66	4.27	9	7.70	7.35	5	7.62	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. The information was submitted for publication on 16 March 2016 at 7:00 a.m. (CET)

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## CEO's comments

# Record Christmas sales and high level of activity

**Clas Ohlson closed its third and most important quarter by breaking new records as a result of strong Christmas sales figures. Currencies remain a challenge, although a number of measures have limited the negative impact on earnings for the quarter.**

Clas Ohlson had an intense Christmas shopping season, with a high level of activity in all of our sales channels, which increased sales in the quarter by 7 per cent in local currencies to 2,482 MSEK. The sharp increase in the USD and the weaker NOK remained a challenge for us, but by sustaining our focus on developing the sales mix and increasing cost efficiency, we succeeded again this quarter in reducing the negative impact.

The healthy sales trend continued into the fourth quarter and we can report February sales that were up 8 per cent in local currency. Burdened by the further weakening of the NOK, this corresponds to a sales increase of 3 per cent in SEK.

### **New milestone and more satisfied customers than ever before**

We reached a new milestone during the quarter when our Club Clas loyalty program, now established in Sweden and Finland, surpassed 2 million members – something that we are very proud of. Brand new customer surveys also show that customer appreciation remained at a very high level. Our service level and offering received particularly high marks in the survey, showing that our focus on developing our customer interaction and our range of products and services has yielded results.

### **Next step on the journey of growth**

During the quarter, we continued to open stores in Sweden, Finland and the UK, and have seen robust growth in our online channel. This spring, we are particularly looking forward to finally opening our first store in Germany, when we inaugurate the Jungfernstieg store in Hamburg in May. It will be a day that will go down in history as yet another key milestone in Clas Ohlson's journey of growth.



*Klas Balkow*

*President and CEO of Clas Ohlson AB*



“ I am as proud of our employees' hard work during the Christmas period, as I am excited to see what the future holds. Following a strong quarter, we now have our sights set on successfully launching Clas Ohlson in the German market.

Content of financial statements	Financial information	Calendar
Financial statements	8	8 June 2016
Key ratios	12	July 2016
Quarterly overview	13	7 Sept 2016
Accounting policies	15	10 Sept 2016
Key ratio definitions	16	7 Dec 2016
The share	18	15 March 2017

Current financial information is available at [about.clasohlson.com](http://about.clasohlson.com) under "Investors."

**Press and analyst conference**  
Wednesday, 16 March at 8:30 a.m. in Clas Ohlson's store at Drottninggatan 53 in Stockholm. The presentation can also be followed on [about.clasohlson.com](http://about.clasohlson.com) or [www.financialhearings.com](http://www.financialhearings.com)

Year-end Report 2015/16
2015/16 Annual Report
Three-month Report 2016/17
2016 AGM
Six-month Report 2016/17
Nine-month Report 2016/17

## Operations

Clas Ohlson is an international retail company with the business concept of selling a broad range of products at attractive prices that make it easy for people to solve everyday practical problems. The concept is unique and 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 market<sup>1</sup>

Retail in Sweden increased by 5.5 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +5.4). During the quarter, consumer confidence in Sweden was 97.5, a decline compared with the preceding quarter (99.1) and a decline compared with the same quarter in the preceding year (98.3).

Retail in Norway increased by 3.1 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +3.4). During the quarter, consumer confidence in Norway was -11.1, a decline compared with the preceding quarter (-8.3) and a decline compared with the same quarter in the preceding year (-3.8).

Retail in Finland increased by 1.7 per cent at current prices compared with the same quarter in the preceding year (preceding quarter -1.9). During the quarter, consumer confidence in Finland amounted to 5.1, an increase compared with the preceding quarter (4.6) and an increase compared with the same quarter in the preceding year (4.3).

Retail in the UK increased by 0.7 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +1.9). During the quarter, consumer confidence in the UK was 2.3, a decline compared with the preceding quarter (4.0) and an increase compared with the same quarter in the preceding year (-1.7).

## Sales

### Third quarter

Sales increased to 2,482 MSEK, up 4 per cent compared with 2,375 MSEK in the year-earlier period. Measured in local currencies, sales increased by 7 per cent.

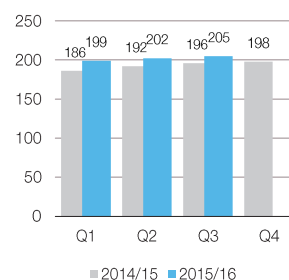
During the quarter, the net store portfolio was expanded by 3 stores (4). At the end of the quarter, the total number of stores was 205, representing an increase of 9 stores compared with the year-earlier period (14).

### Nine months

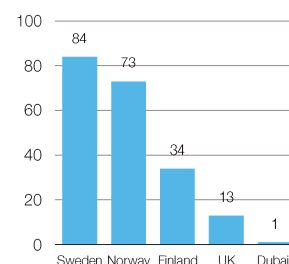
Sales increased to 6,098 MSEK, up 5 per cent compared with 5,831 MSEK in the year-earlier period. Measured in local currencies, sales increased by 7 per cent.

During the first nine months of the year, the net store portfolio was expanded by 7 stores (11).

Total number of stores

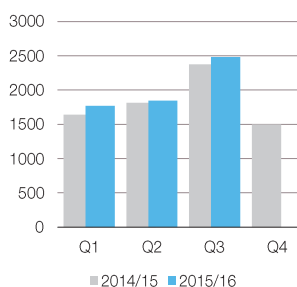


Distribution of numbers of stores

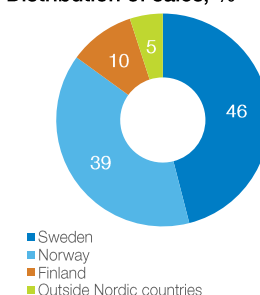


\*Franchise store

Sales, MSEK



Distribution of sales, %



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

## Distribution of sales

MSEK	3 Months				9 Months			
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	Percentage change		May 2015 - Jan 2016	May 2014 - Jan 2015	Percentage change	
			SEK	local currency			SEK	local currency
Sweden	1,127	1,056	7	7	2,780	2,619	6	6
Norway	942	940	0	8	2,360	2,335	1	8
Finland	291	259	13	13	657	597	10	9
Outside Nordic countries	122	120	2	-5	301	281	7	-3
<b>Total</b>	<b>2,482</b>	<b>2,375</b>	<b>4</b>	<b>7</b>	<b>6,098</b>	<b>5,831</b>	<b>5</b>	<b>7</b>

Sales in the UK in comparable units were slightly lower than in the year-earlier period.

## Distribution of sales increase

Per cent	3 Months		9 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015
Comparable units in local currency	4	3	4	3
New stores	3	4	3	4
Exchange-rate effects	-3	-2	-3	-2
<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>

## Results

### Third quarter

The gross margin declined to 43.7 per cent, down 0.5 percentage points year-on-year (44.2). The gross margin was negatively affected by the considerable strengthening of the USD and the weaker NOK during the quarter. The effect was primarily reduced by a positive sales mix, currency hedges and lower sourcing cost.

The share of selling expenses declined by 1.0 percentage point to 26.3 per cent (27.3). The share declined mainly as a result of the increased sales in comparable units and enhanced marketing efficiency.

Operating profit increased by 9 per cent to 382 MSEK (350). The operating margin increased by 0.6 percentage points to 15.4 per cent (14.8). Profit after financial items increased by 9 per cent to 383 MSEK (351).

Depreciation for the period amounted to 60 MSEK (59).

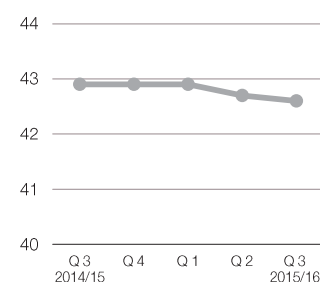
Spot exchange rates for key currencies averaged 0.98 for NOK and 8.57 for USD, compared with 1.06 and 7.72, respectively, in the year-earlier period. Currency hedging was undertaken in USD and NOK. The company's policy is to hedge 50 per cent of the expected flow in each currency every month, with six-month maturities.

### Nine months

The gross margin declined to 42.8 per cent, down 0.5 percentage points year-on-year (43.3). The gross margin was negatively affected by the considerable strengthening of the USD and the weaker NOK during the period. The effect was primarily reduced by a positive sales mix and currency hedges.

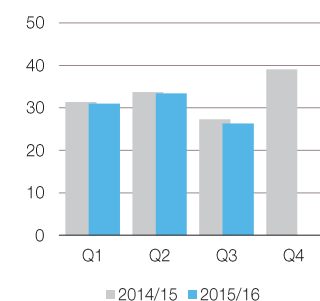
## Gross margin

rolling 12 months, %

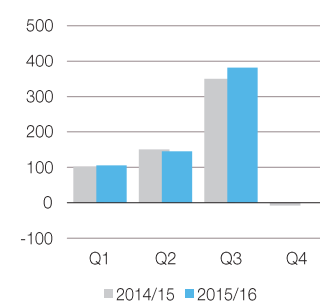


## Share of

selling expenses, %

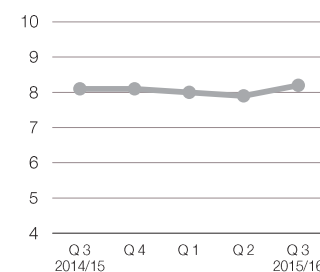


## Operating profit, MSEK



## Operating margin

rolling 12 months, %



The share of selling expenses declined by 0.6 percentage points to 29.8 per cent (30.4). The share declined mainly as a result of increased sales in comparable units.

Operating profit increased by 5 per cent to 633 MSEK (604). The operating margin was unchanged at 10.4 per cent (10.4). Profit after financial items increased by 5 per cent to 634 MSEK (605).

Depreciation for the period amounted to 179 MSEK (174).

Spot exchange rates for key currencies averaged 1.02 for NOK and 8.46 for USD, compared with 1.09 and 7.17, 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 nine-month period, investments totalled 198 MSEK (147). Of this amount, investments in new or refurbished stores accounted for 58 MSEK (65). Other investments were primarily IT and replacement investments. During the nine-month period, investments in IT systems amounted to 100 MSEK (56).

## Financing and liquidity

Cash flow from operating activities during the nine-month period totalled 908 MSEK (772). Cash flow for the period, after investing and financing activities, was 352 MSEK (316). The cash dividend paid to Clas Ohlson's shareholders in September 2015 totalled 331 MSEK (300).

The average 12-month value of inventories was 1,601 MSEK (1,436). Over a rolling 12-month period, the stock turnover rate at the distribution centre was 6.5 times (7.1). The decline was attributable to exchange-rate effects (USD).

At the end of the period, the value of inventories was 1,540 MSEK (1,458). The increase in inventories was attributable to new stores and exchange-rate effects (USD). Compared with the preceding year, a net of nine 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).

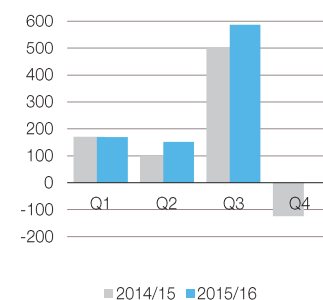
The Group's net cash holdings, meaning cash and cash equivalents less interest-bearing liabilities, amounted to 861 MSEK (674) at the end of the period. The equity/assets ratio was 55 per cent (57).

## Sustainable development

We are continuing our focus on products and services that help our customers to lead more sustainable lifestyles. In recent months, we increased options for customers to return used ink and toner cartridges to our stores, and the concept has now been launched in Sweden, Norway and Finland. By collecting cartridges and refilling them with ink, we ensure that these products are handled properly and reused rather than ending up in customers' household waste. Since we started this initiative a year ago, 215,000 cartridges have been collected for reuse.

With our customers help, we raised 2.3 MSEK in the Save the Children Christmas campaign during the quarter. This money will be used to support projects aimed at improving the situation for migrant workers in China and their children, and be donated to Save the Children's disaster relief fund.

Cash flow, MSEK\*



\* from operating activities



Together with our customers we can help improve the situation for migrant workers in China and their children via Save the Children.

## Update regarding new business system

Clas Ohlson is implementing a new IT platform. sCORE, Systems for Clas Ohlson Retail Efficiency, which will change our way of working with, for example, purchasing, 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 2,776 (2,706), of whom 1,183 (1,153) were women. The increase was mainly related to new stores.

## Parent Company

Parent Company sales during the nine-month period amounted to 4,793 MSEK (4,574) and profit after financial items totalled 380 MSEK (410).

Investments during the period totalled 155 MSEK (87). The Parent Company's contingent liabilities amounted to 303 MSEK (312).

## Events after the end of the reporting period

### Sales in February

Sales in February increased by 3 per cent to 495 MSEK (478). Measured in local currencies, sales increased by 8 per cent. A positive calendar effect of about 4 percentage points was calculated in February, due to 2016 being a leap year.

At the end of the month, the total number of stores was 204, representing a net increase of 8 stores compared with the year-earlier period (14).



In February, Clas Ohlson launched a brand new range of affordable wallpaper available in stores and online.

### Distribution of sales

MSEK	Feb 2016	Feb 2015	Percentage change	
			SEK	local currency
Sweden	230	210	9	9
Norway	188	196	-4	8
Finland	53	49	8	9
Outside Nordic countries	24	24	-1	4
<b>Total</b>	<b>495</b>	<b>478</b>	<b>3</b>	<b>8</b>

In the first ten months of the financial year (May-February), total sales increased by 4 per cent to 6,593 MSEK (6,310). Measured in local currencies, sales increased by 7 per cent.

## Store expansion

In the current 2015/16 financial year, Clas Ohlson will establish a total of 10 stores. This figure is in line with the planned establishment of 10-15 new stores, which was previously communicated. The number of future store establishments under contract and communicated totals 12 stores. During the coming 2016/17 financial year, Clas Ohlson plans to establish 10-15 new stores.

## 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 May 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 continue 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.

The company's auditors have not reviewed this report.

Insjön, Sweden, 16 March 2016

Klas Balkow

*President and CEO of Clas Ohlson AB*

## Financial statements

### Consolidated Income Statement

MSEK	3 Months		9 Months		12 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015	Feb 2015 - Jan 2016	May 2014 - Apr 2015
Sales	2,481.5	2,374.9	6,097.8	5,831.5	7,596.1	7,329.8
Cost of goods sold	-1,396.1	-1,325.8	-3,485.5	-3,304.4	-4,363.0	-4,181.9
<b>Gross profit</b>	<b>1,085.4</b>	<b>1,049.1</b>	<b>2,612.3</b>	<b>2,527.1</b>	<b>3,233.1</b>	<b>3,147.9</b>
Selling expenses	-651.8	-648.1	-1,818.2	-1,775.5	-2,404.3	-2,361.6
Administrative expenses	-49.0	-48.8	-147.4	-144.4	-191.6	-188.6
Other operating income/expenses	-2.2	-1.8	-14.0	-3.5	-12.2	-1.7
<b>Operating profit</b>	<b>382.3</b>	<b>350.4</b>	<b>632.7</b>	<b>603.7</b>	<b>624.9</b>	<b>596.0</b>
Net financial income/expense	0.4	0.4	0.9	0.8	1.4	1.2
<b>Profit after financial items</b>	<b>382.7</b>	<b>350.8</b>	<b>633.6</b>	<b>604.5</b>	<b>626.2</b>	<b>597.2</b>
Income tax	-88.3	-81.1	-147.5	-140.9	-144.8	-138.3
<b>Profit for the period</b>	<b>294.4</b>	<b>269.7</b>	<b>486.1</b>	<b>463.6</b>	<b>481.4</b>	<b>458.9</b>

### Consolidated Comprehensive Income Statement

MSEK	3 Months		9 Months		12 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015	Feb 2015 - Jan 2016	May 2014 - Apr 2015
Profit for the period	294.4	269.7	486.1	463.6	481.4	458.9
Other comprehensive income, net of tax:						
Items that later can be reversed back to the Consolidated income statement:						
Exchange rate differences	-12.3	-8.8	-53.3	0.9	-28.8	25.4
Cash flow hedging	-25.8	-3.0	25.0	11.8	-3.4	-16.6
<b>Total</b>	<b>-38.1</b>	<b>-11.8</b>	<b>-28.3</b>	<b>12.7</b>	<b>-32.2</b>	<b>8.8</b>
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
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>
<b>Total other comprehensive income, net of tax</b>	<b>-38.1</b>	<b>-11.8</b>	<b>-28.3</b>	<b>12.7</b>	<b>-32.3</b>	<b>8.7</b>
<b>Total comprehensive income for the period</b>	<b>256.3</b>	<b>257.9</b>	<b>457.8</b>	<b>476.3</b>	<b>449.1</b>	<b>467.6</b>

### Data per share

	3 Months		9 Months		12 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015	Feb 2015 - Jan 2016	May 2014 - Apr 2015
Number of shares before dilution	63,119,214	63,099,994	63,164,659	63,113,799	63,159,943	63,121,729
Number of shares after dilution	63,386,946	63,334,080	63,443,916	63,364,656	63,433,392	63,400,934
Number of shares at end of period	63,136,705	63,118,341	63,136,705	63,118,341	63,136,705	63,216,061
Earnings per share before dilution, SEK	4.66	4.27	7.70	7.35	7.62	7.27
Earnings per share after dilution, SEK	4.65	4.26	7.66	7.32	7.59	7.24
Comprehensive income per share, SEK	4.06	4.09	7.25	7.55	7.11	7.41



## Consolidated Balance Sheet

MSEK	31 Jan 2016	31 Jan 2015	30 Apr 2015
<b>Assets</b>			
Intangible assets	244.4	166.3	171.0
Tangible assets	1,137.8	1,237.5	1,228.9
Non-current receivables	11.4	8.1	11.6
Inventories	1,540.2	1,457.8	1,569.3
Other receivables	266.6	206.9	242.5
Liquid assets	861.4	674.3	517.4
<b>Total assets</b>	<b>4,061.8</b>	<b>3,750.9</b>	<b>3,740.7</b>
<b>Equity and liabilities</b>			
Equity	2,252.5	2,140.3	2,144.5
Long-term liabilities, Non-interest-bearing	208.7	204.0	213.3
Current liabilities, Non interest-bearing	1,600.6	1,406.6	1,382.9
<b>Total equity and liabilities</b>	<b>4,061.8</b>	<b>3,750.9</b>	<b>3,740.7</b>

## Consolidated Cash Flow

MSEK	3 Months		9 Months		12 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015	Feb 2015 - Jan 2016	May 2014 - Apr 2015
Operating profit	382.4	350.4	632.7	603.7	624.9	596.0
Adjustment for items not included in cash flow	72.7	76.4	208.8	198.1	269.7	259.0
Interest received	0.6	0.7	1.5	1.7	2.1	2.3
Interest paid	-0.2	-0.2	-0.6	-0.9	-0.7	-1.0
Tax paid	-29.2	-30.4	-80.6	-72.4	-134.8	-126.6
<b>Cash flow from operating activities before changes in working capital</b>	<b>426.3</b>	<b>396.9</b>	<b>761.8</b>	<b>730.2</b>	<b>761.2</b>	<b>729.7</b>
Change in working capital	160.0	102.8	146.0	41.8	21.9	-82.4
<b>Cash flow from operating activities</b>	<b>586.3</b>	<b>499.7</b>	<b>907.8</b>	<b>772.0</b>	<b>783.1</b>	<b>647.3</b>
Investments in intangible assets	-43.7	-10.7	-99.5	-56.3	-112.5	-69.3
Investments in tangible assets	-39.1	-29.1	-98.3	-90.4	-131.0	-123.1
Sale of equipment	0.0	0.0	0.3	0.1	0.3	0.1
<b>Cash flow from investing activities</b>	<b>-82.8</b>	<b>-39.8</b>	<b>-197.5</b>	<b>-146.6</b>	<b>-243.2</b>	<b>-192.3</b>
Repurchase of own shares	0.0	0.0	-47.9	-13.7	-47.9	-13.7
Sale of own shares	3.8	3.3	21.0	4.2	31.2	14.4
Dividend to shareholders	0.0	0.0	-331.3	-299.6	-331.3	-299.6
<b>Cash flow from financing activities</b>	<b>3.8</b>	<b>3.3</b>	<b>-358.2</b>	<b>-309.1</b>	<b>-348.0</b>	<b>-298.9</b>
<b>Cash flow for the period</b>	<b>507.3</b>	<b>463.2</b>	<b>352.1</b>	<b>316.3</b>	<b>191.9</b>	<b>156.1</b>
Liquid assets at the start of the period	353.6	212.9	517.4	358.3	674.3	358.3
Exchange rate difference for liquid assets	0.5	-1.8	-8.1	-0.3	-4.8	3.0
<b>Liquid assets at the end of the period</b>	<b>861.4</b>	<b>674.3</b>	<b>861.4</b>	<b>674.3</b>	<b>861.4</b>	<b>517.4</b>

## Sales by segment

	3 Months		9 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015
<b>MSEK</b>				
Sweden	1,126.8	1,056.1	2,779.8	2,618.7
Norway	941.7	940.4	2,360.3	2,335.2
Finland	291.1	258.6	657.1	596.8
Outside Nordic countries	122.0	119.8	300.6	280.8
Group functions	776.4	695.6	2,004.4	1,946.2
Sales to other segments	-776.4	-695.6	-2,004.4	-1,946.2
<b>Total</b>	<b>2,481.5</b>	<b>2,374.9</b>	<b>6,097.8</b>	<b>5,831.5</b>

## Operating profit by segment

	3 Months		9 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015
<b>MSEK</b>				
Sweden	45.4	43.7	109.3	105.3
Norway	38.2	41.6	94.7	97.6
Finland	8.9	8.8	20.4	18.1
Outside Nordic countries	3.6	6.4	8.8	10.4
Group functions	286.2	249.9	399.5	372.3
<b>Total</b>	<b>382.3</b>	<b>350.4</b>	<b>632.7</b>	<b>603.7</b>

## Specification of change in profits\*

	3 Months	9 Months
	Nov 2015 - Jan 2016	May 2015 - Jan 2016
<b>MSEK</b>		
Profit from sales	40.5	72.6
Decreased gross margin	-10.8	-30.2
Increased administrative expenses	-0.2	-3.0
Decreased expansion costs stores	3.1	5.2
Increased depreciation	-0.3	-5.1
Change in other operating income/expense**	-0.4	-10.5
Change in financial income/expense	0.0	0.1
<b>Change in profit after financial items</b>	<b>31.9</b>	<b>29.1</b>

\*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)

	9 Months	
	May 2015 - Jan 2016	May 2014 - Jan 2015
<b>MSEK</b>		
Equity brought forward	2,144.5	1,964.9
Divident to shareholders	-331.3	-299.6
Repurchase of own shares	-47.9	-13.7
Sale of own shares	21.0	4.2
Paid-in option premiums:		
Value of employee services	8.4	8.2
Total comprehensive income	457.8	476.3
<b>Equity carried forward</b>	<b>2,252.5</b>	<b>2,140.3</b>

## 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 Jan 2016	31 Jan 2015
<b>Sell/buy</b>		
NOK/SEK	-0,8	1,0
NOK/USD	6,2	8,9
SEK/USD	0,0	0,0
<b>Total</b>	<b>5,5</b>	<b>9,9</b>

Forward contracts belong to the derivate 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 January 2016 there are both positive and negative market values in the currency pairs. Forward contracts with negative market value totalled MSEK 3.5 (0.2), which was recognized in the item Current liabilities, non-interest-bearing. Forward contracts with positive market values amounted to MSEK 8.9 (10.1), which is recognized in the item Other receivables. The company hedge the expected flow in each currency every month, with six-month maturities. During previous year, hedges were made in January/February and June/July for the forthcoming six-month periods. Deferred tax of MSEK 1.2 (2.2) was taken into account and the remaining fair value of MSEK 4.3 (7.7) was recognized in the hedging reserve within equity.

## Key ratios

	3 Months		9 Months		12 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015	Feb 2015 - Jan 2016	May 2014 - Apr 2015
<b>MSEK</b>						
Sales growth, %	4.5	6.1	4.6	7.6	5.2	7.7
Gross margin, %	43.7	44.2	42.8	43.3	42.6	42.9
Operating margin, %	15.4	14.8	10.4	10.4	8.2	8.1
Return on capital employed, %	-	-	-	-	29.3	29.3
Return on equity, %	-	-	-	-	22.5	22.5
Equity/assets ratio, %	55.5	57.1	55.5	57.1	55.5	57.3
Sales per sq.m in stores, SEK thousand	-	-	-	-	30	30
Number of stores at period end	205	196	205	196	205	198
Number of employees at period end	2,776	2,706	2,776	2,706	2,776	2,736
<b>Data per share</b>						
Number of shares before dilution	63,119,214	63,099,994	63,164,659	63,113,799	63,159,943	63,121,729
Number of shares after dilution	63,386,946	63,334,080	63,443,916	63,364,656	63,433,392	63,400,934
Number of shares at period end	63,136,705	63,118,341	63,136,705	63,118,341	63,136,705	63,216,061
Earnings per share before dilution, SEK	4.66	4.27	7.70	7.35	7.62	7.27
Earnings per share after dilution, SEK	4.65	4.26	7.66	7.32	7.59	7.24
Comprehensive income per share, SEK	4.06	4.09	7.25	7.55	7.11	7.41
Cash flow per share*, SEK	9.29	7.92	14.37	12.23	12.40	10.25
Equity per share, SEK	35.68	33.91	35.68	33.91	35.68	33.92

\*\* From the operating activities

## Quarterly overview

MSEK	Q3 13/14	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15	Q4 14/15	Q1 15/16	Q2 15/16	Q3 15/16
Sales	2,237.6	1,385.9	1,642.2	1,814.4	2,374.9	1,498.3	1,769.8	1,846.5	2,481.5
Cost of goods sold	-1,258.9	-815.9	-977.5	-1,001.1	-1,325.8	-877.5	-1,054.0	-1,035.4	-1,396.1
<b>Gross profit</b>	<b>978.7</b>	<b>570.0</b>	<b>664.7</b>	<b>813.3</b>	<b>1,049.1</b>	<b>620.8</b>	<b>715.8</b>	<b>811.1</b>	<b>1,085.4</b>
Selling expenses	-598.5	-545.2	-516.4	-611.0	-648.1	-586.1	-549.0	-617.4	-651.8
Administrative expenses	-48.1	-40.4	-45.9	-49.7	-48.8	-44.2	-49.2	-49.2	-49.0
Other operating income/expenses	-1.7	-2.4	-0.5	-1.2	-1.8	1.8	-11.8	0.0	-2.2
<b>Operating profit</b>	<b>330.4</b>	<b>-18.0</b>	<b>101.9</b>	<b>151.4</b>	<b>350.4</b>	<b>-7.7</b>	<b>105.8</b>	<b>144.5</b>	<b>382.3</b>
Net financial income/expense	0.4	0.0	0.2	0.2	0.4	0.4	0.3	0.2	0.4
<b>Profit after financial items</b>	<b>330.8</b>	<b>-18.0</b>	<b>102.1</b>	<b>151.6</b>	<b>350.8</b>	<b>-7.3</b>	<b>106.1</b>	<b>144.8</b>	<b>382.7</b>
Income tax	-76.7	5.8	-24.0	-35.8	-81.1	2.6	-25.5	-33.7	-88.3
<b>Profit for the period</b>	<b>254.1</b>	<b>-12.2</b>	<b>78.1</b>	<b>115.8</b>	<b>269.7</b>	<b>-4.7</b>	<b>80.6</b>	<b>111.1</b>	<b>294.4</b>
<b>Key ratios for the period</b>									
Gross margin, %	43.7	41.1	40.5	44.8	44.2	41.4	40.4	43.9	43.7
Operating margin, %	14.8	-1.3	6.2	8.3	14.8	-0.5	6.0	7.8	15.4
Earnings per share before dilution, SEK	4.03	-0.19	1.24	1.84	4.27	-0.07	1.27	1.76	4.66
Earnings per share after dilution, SEK	4.02	-0.19	1.23	1.83	4.26	-0.07	1.27	1.75	4.65
Equity per share, SEK	30.81	31.12	32.46	29.71	33.91	33.92	35.14	31.52	35.68

## 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		9 Months		12 Months	
		Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015	Feb 2015 - Jan 2016	May 2014 - Apr 2015
Sales		1,907.2	1,754.7	4,793.4	4,573.9	5,965.3	5,745.8
Cost of goods sold	1	-1,312.9	-1,271.0	-3,448.5	-3,221.9	-4,283.1	-4,056.5
<b>Gross profit</b>		<b>594.3</b>	<b>483.7</b>	<b>1,344.9</b>	<b>1,352.0</b>	<b>1,682.2</b>	<b>1,689.3</b>
Selling expenses	1	-311.3	-301.6	-848.0	-828.4	-1,113.5	-1,093.9
Administrative expenses	1	-38.9	-36.8	-115.1	-111.3	-146.5	-142.7
Other operating income/expenses		-0.3	-0.3	-0.9	-0.7	0.0	0.2
<b>Operating profit</b>		<b>243.8</b>	<b>145.0</b>	<b>380.8</b>	<b>411.6</b>	<b>422.1</b>	<b>452.9</b>
Dividend from group companies		0.0	0.0	0.0	0.0	110.6	110.6
Net financial income/expense		-0.4	-0.6	-1.2	-1.9	-0.4	-1.0
<b>Profit after financial items</b>		<b>243.5</b>	<b>144.4</b>	<b>379.6</b>	<b>409.7</b>	<b>532.4</b>	<b>562.5</b>
Appropriations		0.0	0.0	0.0	0.0	-46.3	-46.3
<b>Profit before tax</b>		<b>243.5</b>	<b>144.4</b>	<b>379.6</b>	<b>409.7</b>	<b>486.1</b>	<b>516.2</b>
Income tax		-55.1	-33.1	-86.0	-92.8	-82.9	-89.7
<b>Profit for the period</b>		<b>188.3</b>	<b>111.3</b>	<b>293.6</b>	<b>316.9</b>	<b>403.2</b>	<b>426.5</b>

## Parent Company Comprehensive Income Statement

MSEK	3 Months		9 Months		12 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015	Feb 2015 - Jan 2016	May 2014 - Apr 2015
Profit for the period	188.3	111.3	293.6	316.9	403.2	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	-8.2	7.7	-5.4	16.0	-2.9	18.5
<b>Other comprehensive income, net of tax</b>	<b>-8.2</b>	<b>7.7</b>	<b>-5.4</b>	<b>16.0</b>	<b>-2.9</b>	<b>18.5</b>
<b>Total comprehensive income</b>	<b>180.1</b>	<b>119.0</b>	<b>288.2</b>	<b>332.9</b>	<b>400.3</b>	<b>445.0</b>

### Note 1 Depreciation

	3 Months		9 Months		12 Months	
	Nov 2015 - Jan 2016	Nov 2014 - Jan 2015	May 2015 - Jan 2016	May 2014 - Jan 2015	Feb 2015 - Jan 2016	May 2014 - Apr 2015
Depreciation for the period	40.4	39.7	119.3	116.5	159.2	156.5

## Parent Company Balance Sheet

MSEK	31 Jan 2016	31 Jan 2015	30 Apr 2015
<b>Assets</b>			
Intangible assets	244.4	166.3	171.0
Tangible assets	850.4	905.6	889.0
Financial assets	206.2	205.3	211.1
Inventories	1,017.5	967.6	1,067.4
Other receivables	283.8	295.7	397.1
Liquid assets	773.9	587.3	442.5
<b>Total assets</b>	<b>3,376.3</b>	<b>3,127.8</b>	<b>3,178.1</b>
<b>Equity and liabilities</b>			
Equity	835.7	772.4	897.3
Untaxed reserves	1,009.5	963.2	1,009.5
Provisions	49.8	41.8	41.1
Long-term liabilities, Non-interest-bearing	5.0	5.0	5.0
Current liabilities, Non interest-bearing	1,476.3	1,345.4	1,225.2
<b>Total equity and liabilities</b>	<b>3,376.3</b>	<b>3,127.8</b>	<b>3,178.1</b>
Pledged assets	0.0	0.0	0.0
Contingent liabilities	302.7	311.6	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, third quarter

- Turku, 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, refer to the detailed list on the website [about.clasohlson.com](http://about.clasohlson.com)

### Closed stores, third quarter

- Bergen, Norway, closed December 2015

### Future store openings as of report date

- Umeå Avion, Umeå, Sweden, scheduled to open in March 2016
- Jungfernstieg, Hamburg, Germany, scheduled to open in May 2016
- Sandnes, Norway, scheduled to open in May 2016
- Finnsnes, Norway, scheduled to open in June 2016
- Voss, Norway, scheduled to open in June 2016
- Svolvær, Norway, scheduled to open in August 2016
- Kaivotalo, Helsinki, 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 in spring of 2017
- Tampere, Finland, scheduled to open April 2018

For more information, refer to the detailed list on the website [about.clasohlson.com](http://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 January 2016 was 142 SEK per share.

### Number of shares

The number of registered shares totalled 65,600,000, unchanged from the preceding year. At 31 January 2016, the company held 2,463,295 shares (2,481,659) 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 63,136,705 (63,118,341).

### 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.

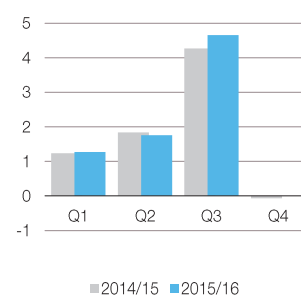
### The largest shareholders 31 January 2016

Owner	Number of A-shares	Number of B-shares	Equity, %	Votes, %
Helena Ek-Tidstrand	1 368 060	6 179 828	12	17
Björn Haid	1 007 960	4 730 834	9	13
Johan Tidstrand	1 368 060	900 000	3	12
Peter Haid	1 007 960	3 685 243	7	12
Claus-Toni Haid	1 007 960	3 538 783	7	12
Nordea Investment Funds	0	3 568 622	5	3
IF Skadeförsäkring AB	0	3 114 337	5	3
Länsförsäkringar fondförvaltning AB	0	1 582 733	2	1
Swedbank Robur fonder	0	1 449 045	2	1
Afa Försäkring	0	1 430 171	2	1
Other shareholders	0	29 660 404	46	25
<b>Total</b>	<b>5 760 000</b>	<b>59 840 000</b>	<b>100</b>	<b>100</b>

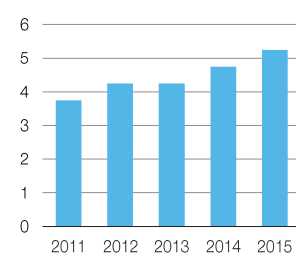
### Share data

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 CO<sub>2</sub> 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](http://www.clasohlson.com)

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