

STRENGTHS-BASED GROWTH

Capital Markets Event, June 7, 2017

BYGG max[®]

AGENDA

Bygghmax Group today

Our challenge

Updated strategic plan

- Our plan
- Summary
- Execution

Financial implications

Conclusions and Q&A

AGENDA



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BYGGMAX GROUP

5.2

SEK bn revenue

140

stores

4

countries

1000+

employees

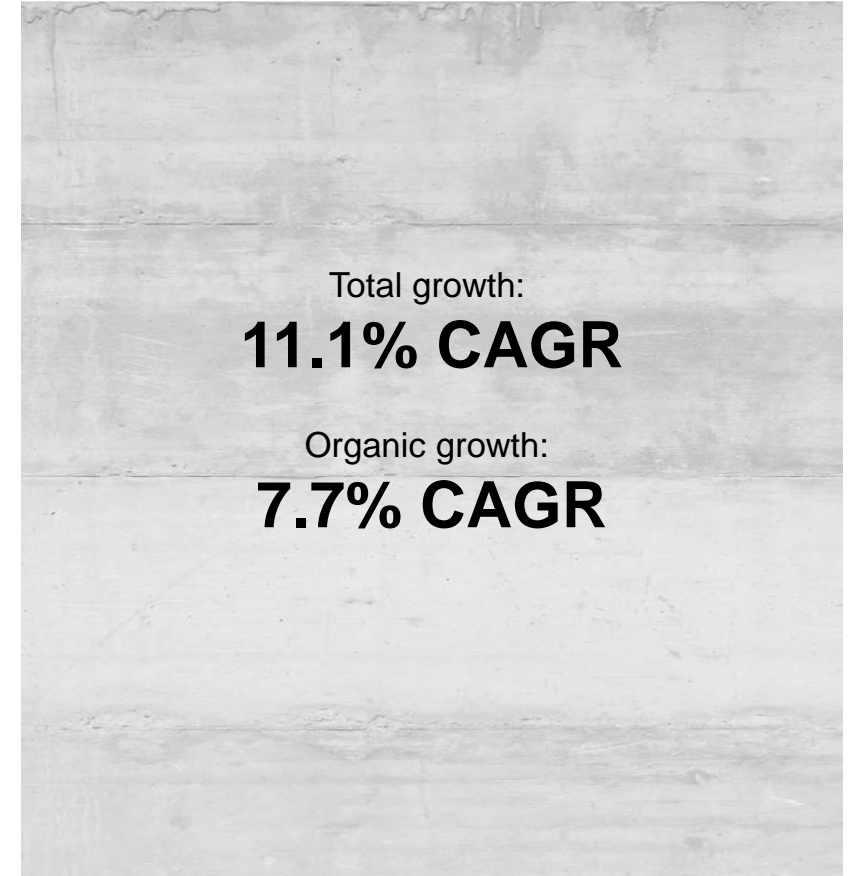
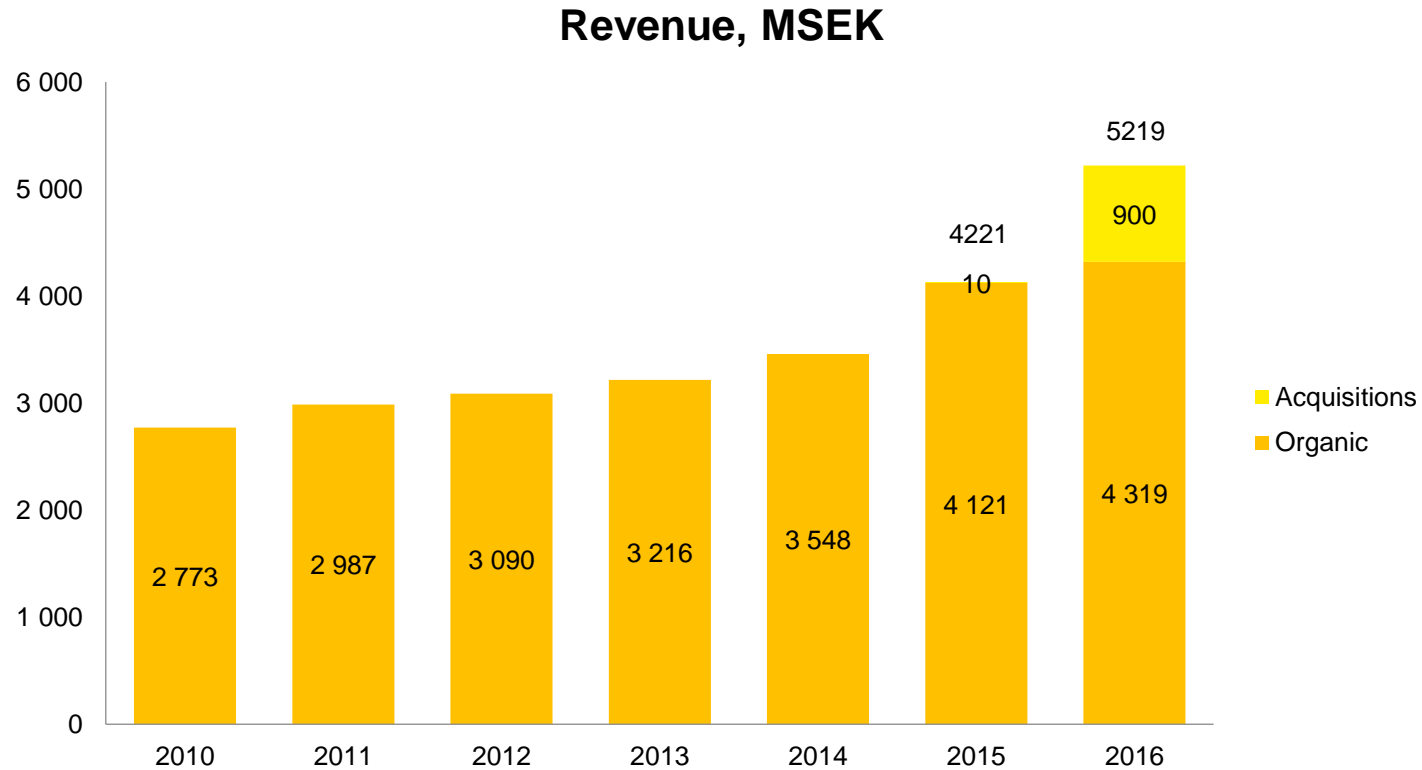
>20%

e-commerce share

-19%

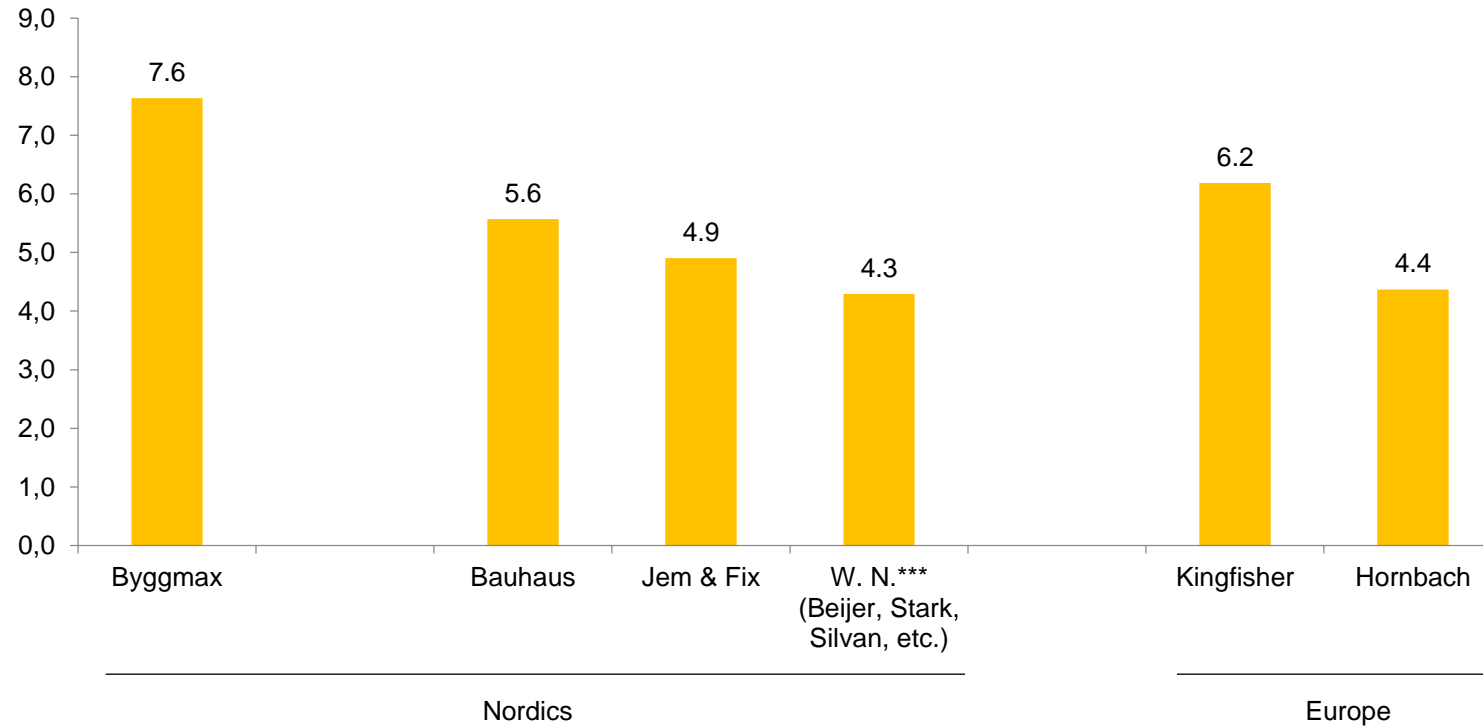
CO2 emissions since 2009

BYGGMAX HAS GROWN STEADILY



...WITH GOOD PROFITABILITY

Average EBIT margin, 2014-2016*
Percent



* Data for 2014-2016, or 2013-2015 where 2016 not available

** Data for Wolseley Nordics, which includes Beijer, Stark, Silvan, etc.

Note: For 2015, Byggmax EBIT excludes acquisition costs, and for 2016, EBIT excludes impact of revaluation of the earnout linked to the acquisition of Skånska Byggaror Group and part of the earnout for Buildor AB, and the effect of goodwill impairment linked to the acquisition of Skånska Byggaror Group



OUR SEGMENTS

The logo for BYGG max, with 'BYGG' in red on a yellow background and 'max' in yellow on a red background.

- Hard discount DIY
- Founded in 1993
- 4.3bn sales
- EBITDA 9.6%

The logo for SkånskaByggvaror.se, featuring a yellow central oval with a green border and the text 'SkånskaByggvaror.se' in green.

- Garden buildings and refined building materials
- Acquired Jan 2016
- 0.8bn sales
- EBITDA 6.8%

The logo for Buildor.se, with 'Buildor' in grey and '.se' in blue.

- E-commerce in DIY, home and garden
- Started 2013, acquired Dec 2015
- 0.1bn sales

All brands target consumers and are focused on low price and easy shopping experience

E-commerce >20% for the group

THREE COMPLEMENTARY BUSINESSES IN LOW-PRICE DIY



Share of Group sales	>80%	15%	2%
Business idea	Good quality building materials at lowest possible price	Affordable refined quality building materials, delivered to your home	Home and garden at lowest price – online
Core customer	Do-it-yourself enthusiast	Do-it-yourself (Increasingly do-it-for-me)	Do-it-yourself Do-it-for-me
Key categories	Heavy building materials	Conservatories Green houses Doors, windows	Bathroom Garden
Channels	Stores E-commerce	E-commerce Showroom stores	E-commerce
Price position	Low	Low	Low



Business idea:

Sell building materials of good quality at lowest possible price – in a customer friendly way

The concept:

- Price leadership
- Fast and easy to shop
- Stores close to customers
- Focused assortment in store
- Broad range online
- Entrepreneurial and cost conscious culture

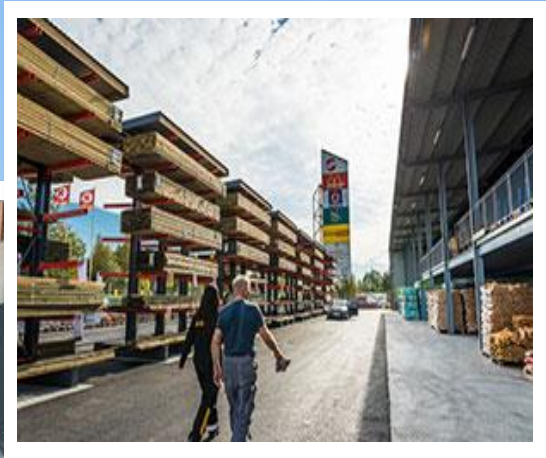
Presence:

- 129 small shops in Sweden, Norway and Finland
- Strong e-commerce position





3 Both in- and outdoor space accessed by car



2 Easy access and loading

1 Drive-thru set-up

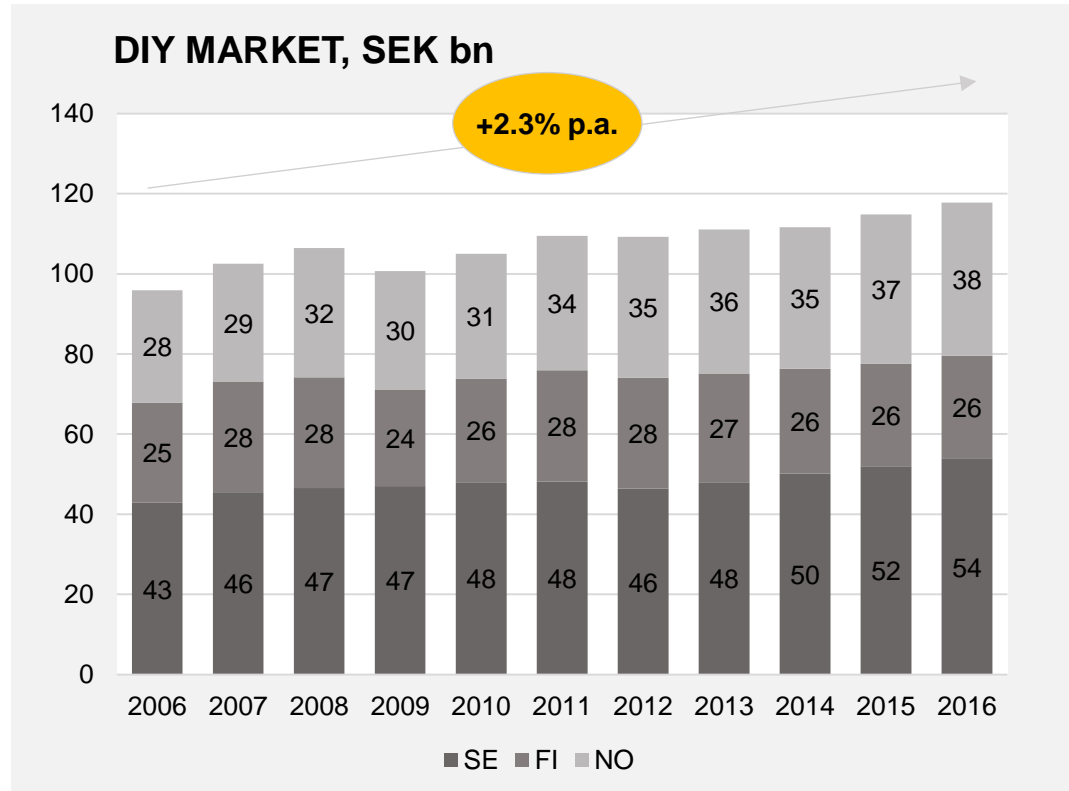
4 Products scanned by Byggmax personnel at exit

5 Trailer borrowed free of charge



6 Direct access to store with parking in front

BYGGMAX GROUP IS OPERATING IN A GOOD MARKET



- DIY market growing around GDP, faster in Sweden
- 70% driven by renovation and maintenance needs, historically stable share of GDP*
- 30% driven by new construction, historically more volatile development*
- Most important criteria when consumers chose DIY store is Low price

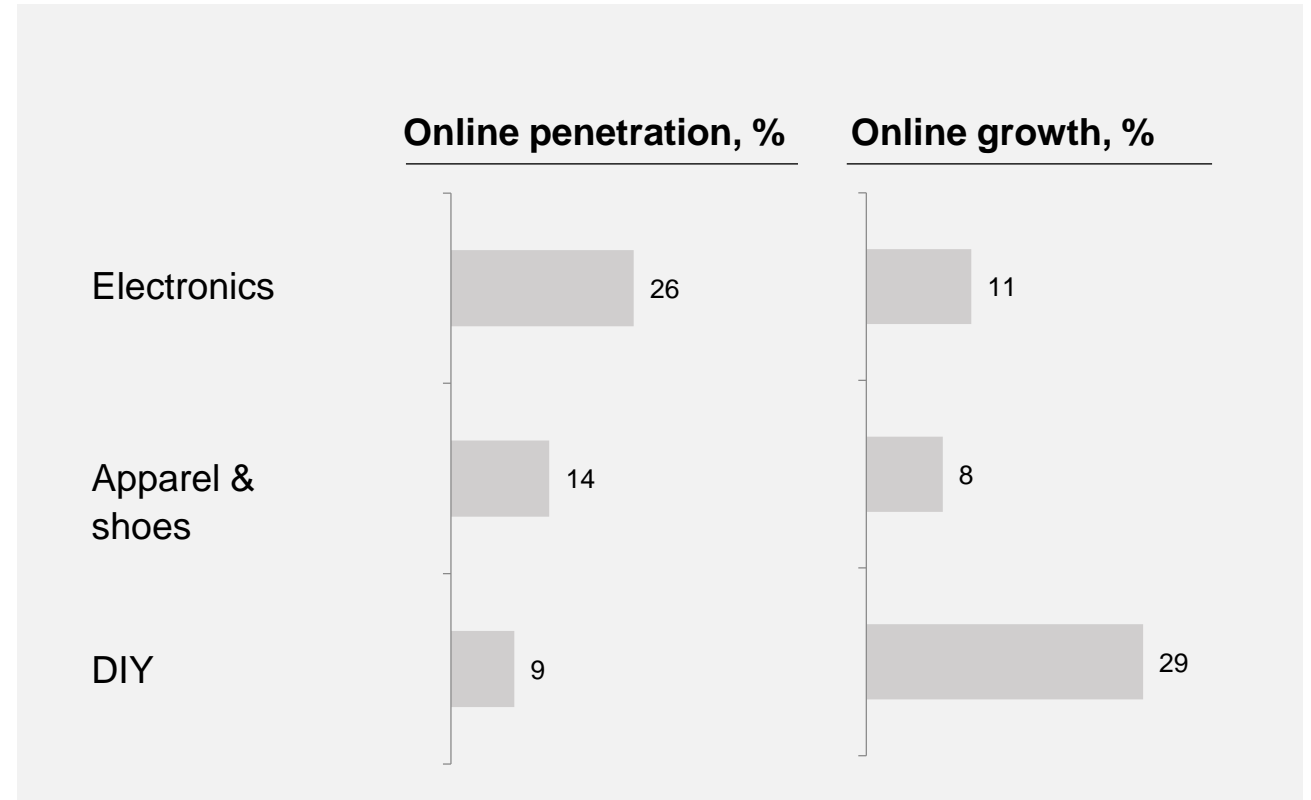
* Sweden
Source: Mintel

WE ARE EXPOSED TO FAVORABLE TRENDS

HARD DISCOUNT CAPTURING SHARE ACROSS RETAIL



RAPID ONLINE GROWTH, FROM A LOW BASE*






* Sweden, 2016
Source: e-handelsbarometern, 2016

WE HAVE UNIQUE STRENGTHS

- Strong Byggmax brand, capturing the low price position
- Unique store format – self-service and close to customers
- Strong e-commerce position
- Lowest OpEx in the industry
- Track record of steady growth
- Strong culture of cost consciousness and entrepreneurship

STRONG BRAND CAPTURING THE LOW PRICE POSITION

	Brand awareness		Top criteria when choosing DIY store	Byggmax low price perception
	Ranking	Trend		
	No 1	↗	Low price	No 1
	Top-3	↑	Low price	No 2
	Top-3	↑	Low price	No 1



BYGGmax

Norges mest kjøpte terrassebord - Nå enda billigere og med 20 års råtegaranti!

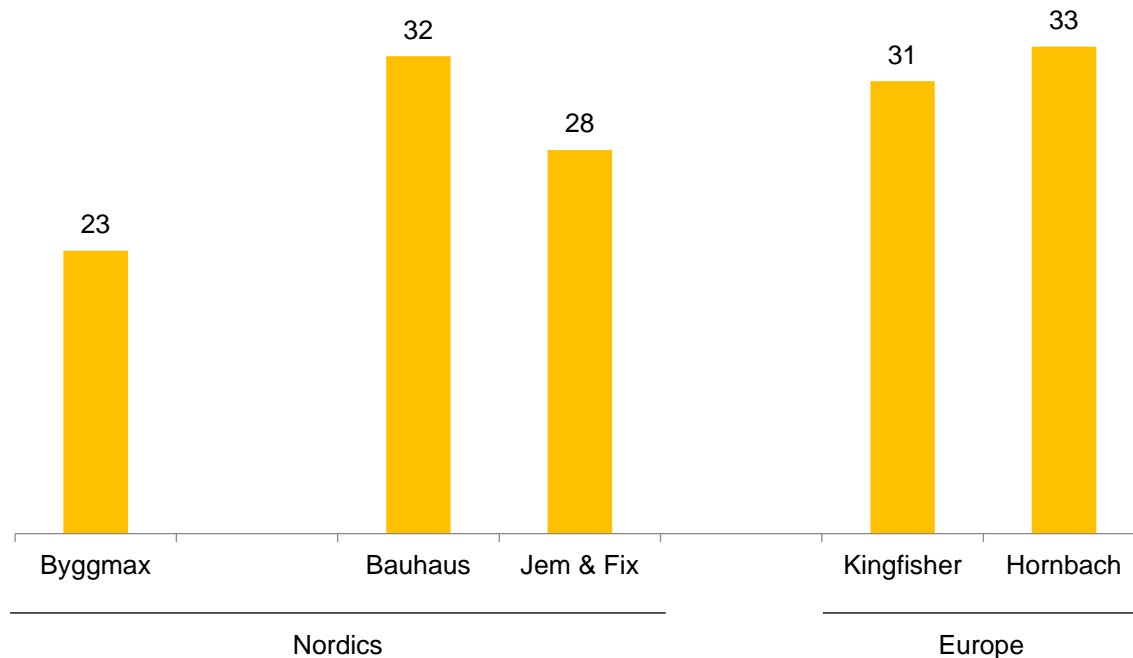
BYGGMAX TREKKER SEG ALDRI FRA EN PRISKAMP

20 ÅRS RÅTEGARANTI
695 /LM
21 X 95 TERRASSEBORD
Grønn, impr. Kl. 1 CU, ca 10,6 lm/m².

20 ÅRS RÅTEGARANTI
750 /LM
28 X 120 TERRASSEBORD
Grønn, impr. Kl. 1 CU, ca 8,4 lm/m².

WE HAVE THE LOWEST OPEX IN THE INDUSTRY

Average OpEx as share of Sales, 2014-2016*
Percent



- Byggmax has the lowest Opex in the Industry
- Enables profitably operating at lowest prices
- Enables serving more of the markets profitably

AGENDA



Byggmax Group today

Our challenge

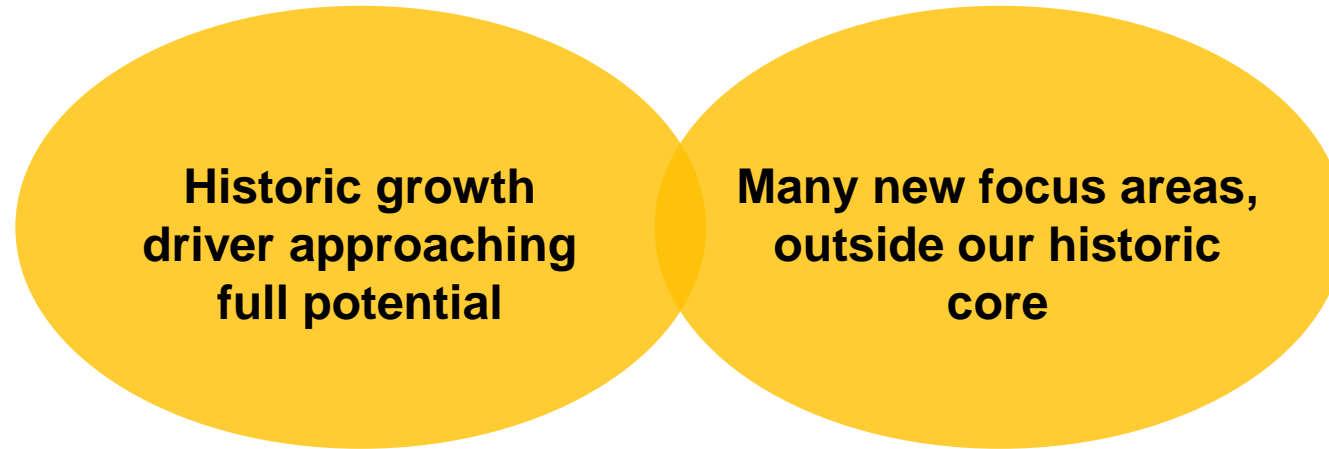
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OUR CHALLENGE



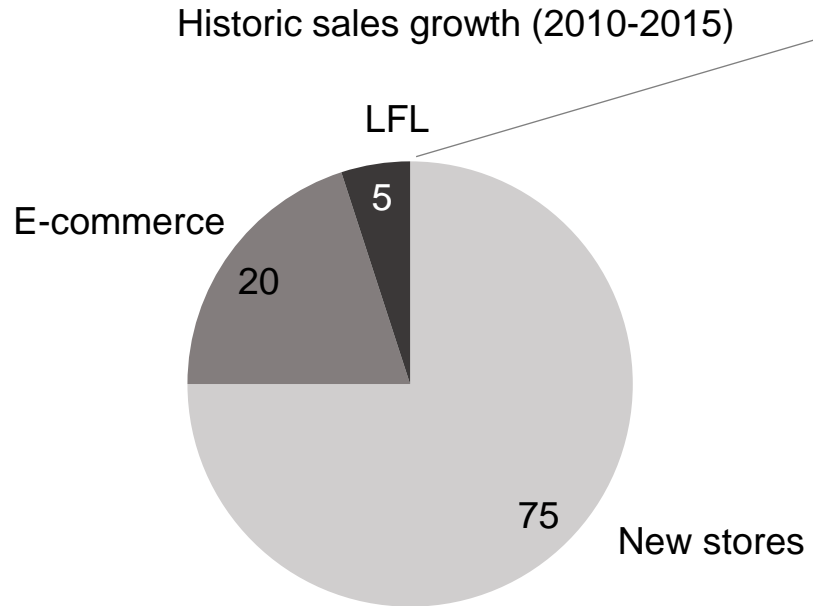
Uncertain growth prospects

Increased complexity

Stretched organization

Falling margins

HISTORIC GROWTH DRIVER APPROACHING FULL POTENTIAL



	Store count 2010-2016	Stores 2016	Stated potential
Sweden	+29	82	95
Norway	+17	33	60
Finland	+9	13	25
TOTAL	+55	128	180

MORE FOCUS AREAS AND INCREASED COMPLEXITY

DEVELOPMENTS 2014-2016

NEW BUSINESS CONCEPTS LAUNCHED

- "Proffsbygg"t
- Byggmax+
- B2B sales channel (route based offers)
- Design Your Living

FOCUS ON LONG-TERM "INVESTMENTS"

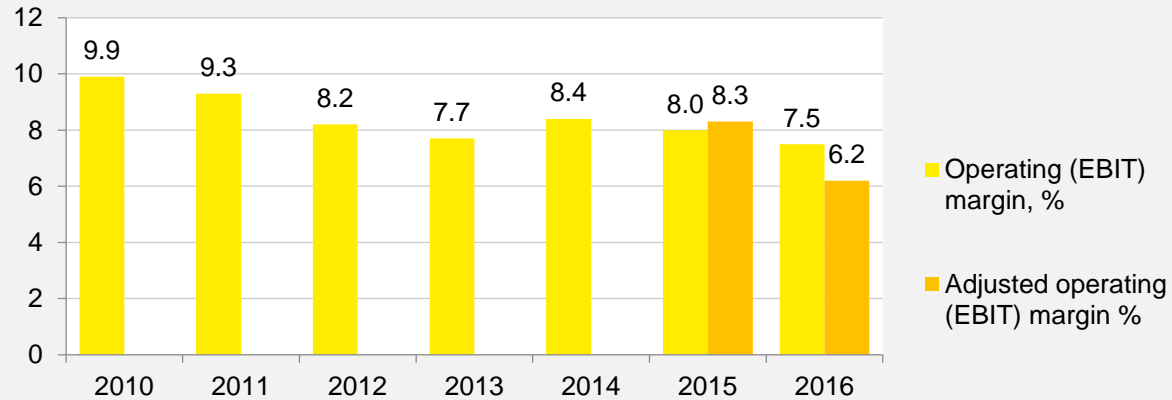
- e-commerce growth
- Finland expansion
- New business concepts

ACQUISITIONS

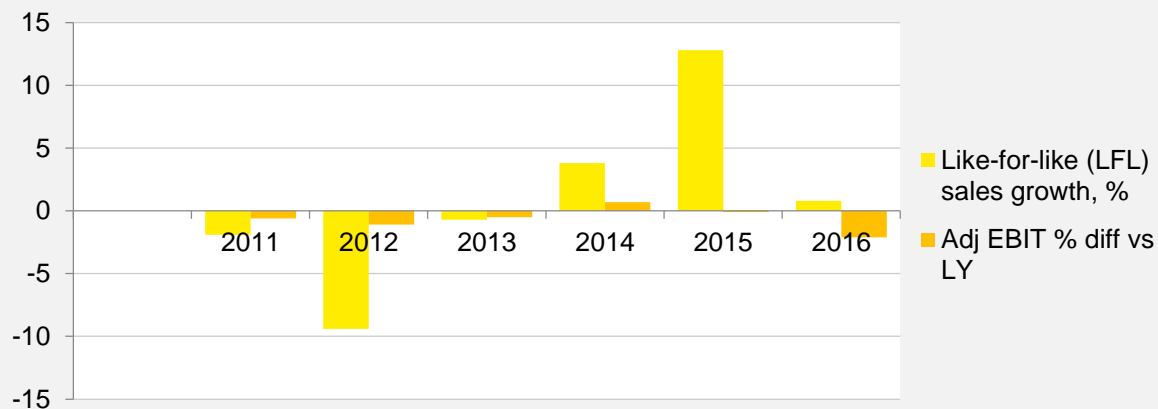
- Buildor
- Skånska Byggvaror

MARGINS HAVE DECREASED OVER TIME

**EBIT margin
2010-2016, %**



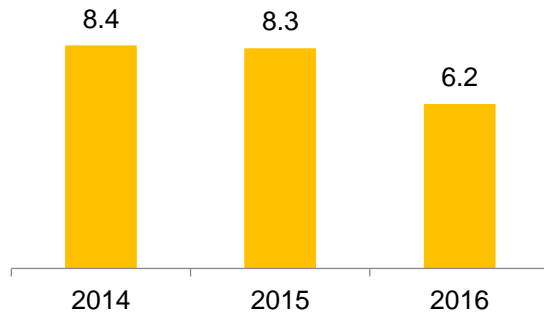
**EBIT margin vs.
LFL development, %**



- Profit margins have decreased over time
- Until 2014, margins developed in line with like-for-like (LFL)
- Different development last two years: declining margins while positive LFL

PROFIT MARGIN DECLINE LAST TWO YEARS

ADJUSTED EBIT MARGIN %



= Decreased 2.2%-points

Drivers of negative EBIT margin development:

- Acquisitions: -1.5%-points
 - o EBITDA level: -0.7%-p.
 - o Amortization: -0.8%-p.
- Byggmax e-commerce (mix): -0.5%-points
- Weaker NOK: -0.5%-points

Minor negative effects from:

- New business initiatives
- Cannibalization from new stores

Byggmax store business develops positively

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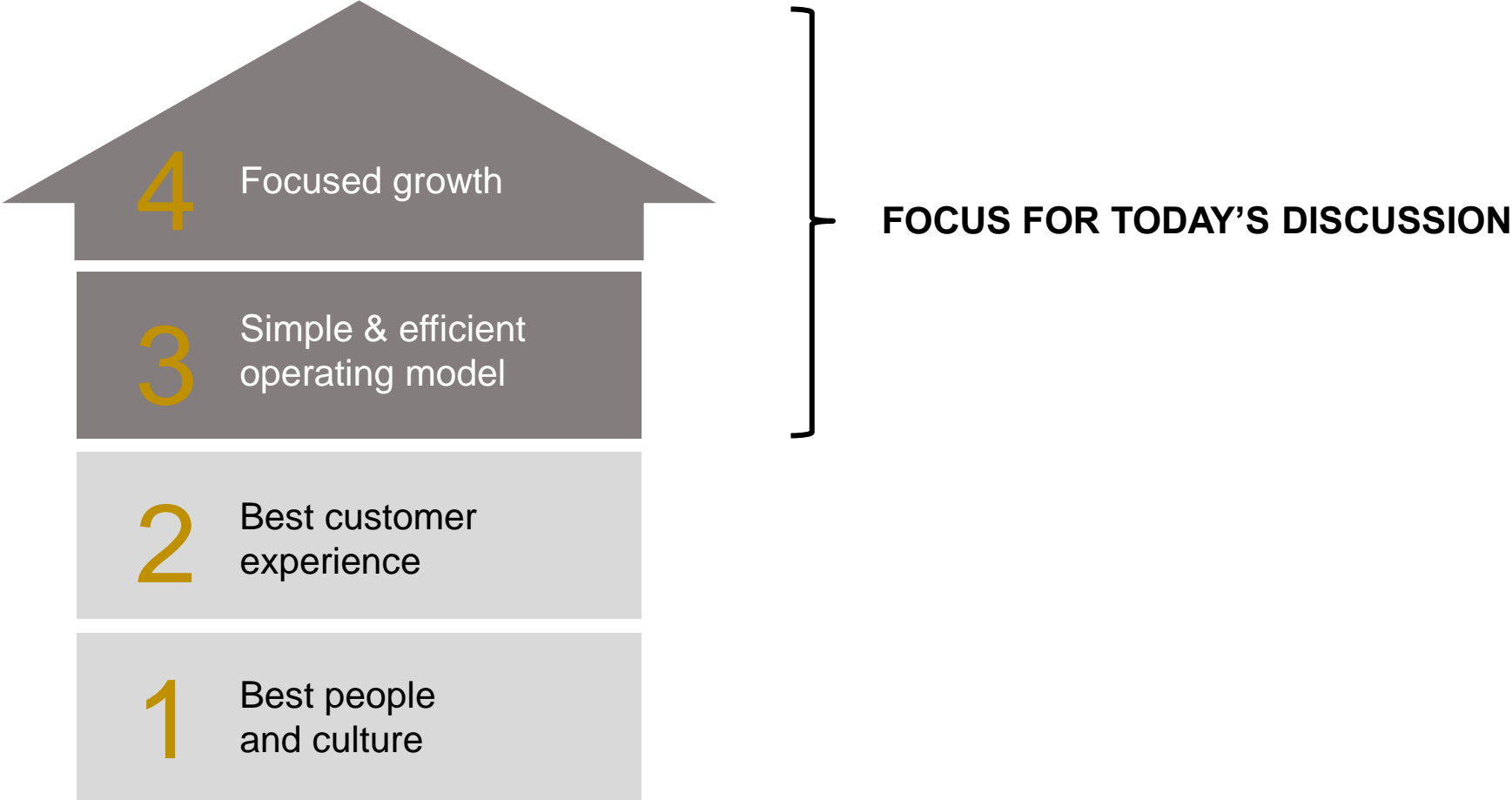
THE OPPORTUNITY IS ENORMOUS

- Hard discount will grow
- Our stores are well positioned for the future
- We are uniquely positioned to win in e-commerce
- Our succesful Byggmax-model can capture share in large adjacent categories

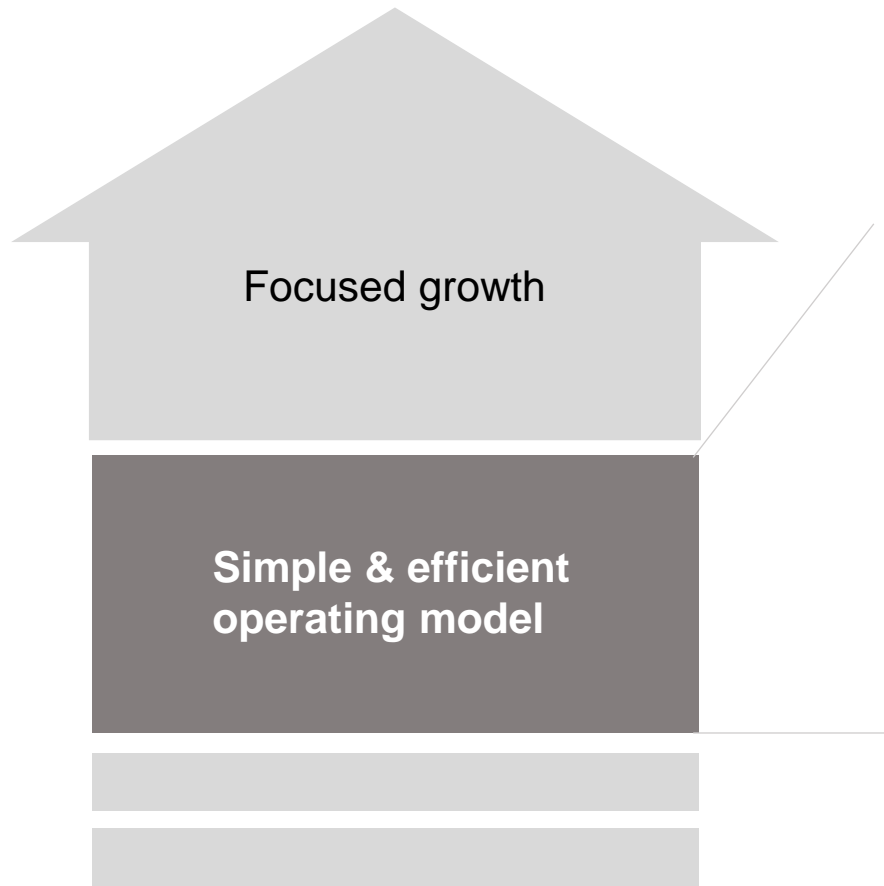
OUR UPDATED PLAN BUILDS ON OUR STRENGTHS

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OUR PLAN TO CAPTURE THE OPPORTUNITY



CAPTURING THE OPPORTUNITY



1. Simplify Byggmax
 - Focus on core business
 - New approach in Finland
 - Shift e-commerce to profitable growth
2. Transform SKBV
3. Capture group synergies
4. Invest in efficiency

1. FOCUS ON CORE BUSINESS



**CLOSE OR
PAUSE
EXPANSION**

- Design Your Living pilot store closed
- Close B2B sales channel for professional buyers
(maintain offer for small trade customers and small companies)
- Pause expansion of Byggmax+ concept for trade customers
- Pause expansion of services business (“Proffsbyggt”) outside Sweden

1. NEW APPROACH IN FINLAND



Strong position with the Finnish customer

- No 1 low price position
- High brand awareness
- Award winning advertising
- 2/3 of assortment “made in Finland” (spring 2017)

- Challenging retail climate
- Potential to improve profitability
- Review of all areas for a new approach in 2018, aimed at higher profitability

1. SHIFT E-COMMERCE TO PROFITABLE GROWTH

- Bygghmax e-commerce operated at around break-even EBITDA margin (with negative working capital), according to previous plans
- E-commerce has grown fast, generating negative margin mix effects
- We have identified potential to improve profitability, and are going forward aiming for fast profitable growth
 - Opportunities identified to reduce costs and improve margins
 - Actions initiated and first results positive
 - Focus forward to profitably grow faster than the online market

2. TRANSFORM SKÅNSKA BYGGVAROR: TODAY

Garden buildings and refined building materials, delivered to customers' homes

Assortment is focused on the home's exterior and interior, e.g.,

- Conservatories
- Green houses
- Doors & windows
- Indoor storage

Vertically integrated, distance seller (mail order) set-up

Selling through e-commerce and 14 showrooms (shop in shops)

Presence in Sweden, Norway and Denmark

2016 sales MSEK 795, EBITDA margin 6.8%



COMPLEXITY INCREASED ALSO IN SKÅNSKA BYGGVAROR

ACQUISITIONS

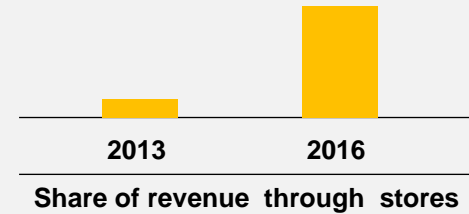
Grønt Fokus

2012

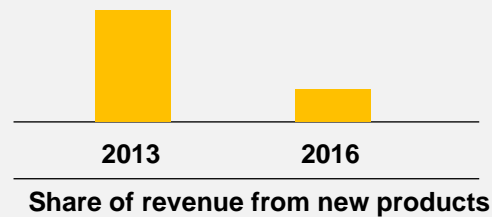


2015

NEW SALES CHANNEL



PRODUCT DEVELOPMENT



Product development focus expanded to more categories and price points

ACTIONS TAKEN TO IMPROVE OPERATIONAL PERFORMANCE

Done 2017

Assortment

- Rebuilt product teams
- Updated assortment strategy
- Launched key product development projects

Sales & marketing model

- Increased store cost efficiency
- Increased marketing efficiency
- Further shifted towards digital media

Pricing & campaign management

- Improved campaign management
- Pricing tool installed, refined and rolled out
- New organization reflecting commercial processes
- Upgraded process and responsibilities for pricing and inventory management

TRANSFORMING SKÅNSKA BYGGVAROR INTO A MODERN LEADER IN GARDEN LIVING

Goal

Nordic no 1 in Conservatories and Green houses – with lowest prices

Leader in selected additional categories

- Strengths in online sales and home delivery will create a winning offer
- Examples: cottages, sheds, storage

Brand and concept built around inspiration and simplifying complex projects at low price

- Ready-made solutions
- High service and low price
- For both DIY and do-it-for-me

Omni-channel sales & marketing model

- Digital experience
- Showrooms
- Own digital channels



18-24 month transformation

- Assortment
- Sales & marketing model
- Brand and concept

Building on the operational improvements started

Profitability potential above Group average

SKÅNSKA BYGGVAROR GOOD FIT WITH BYGGMAX

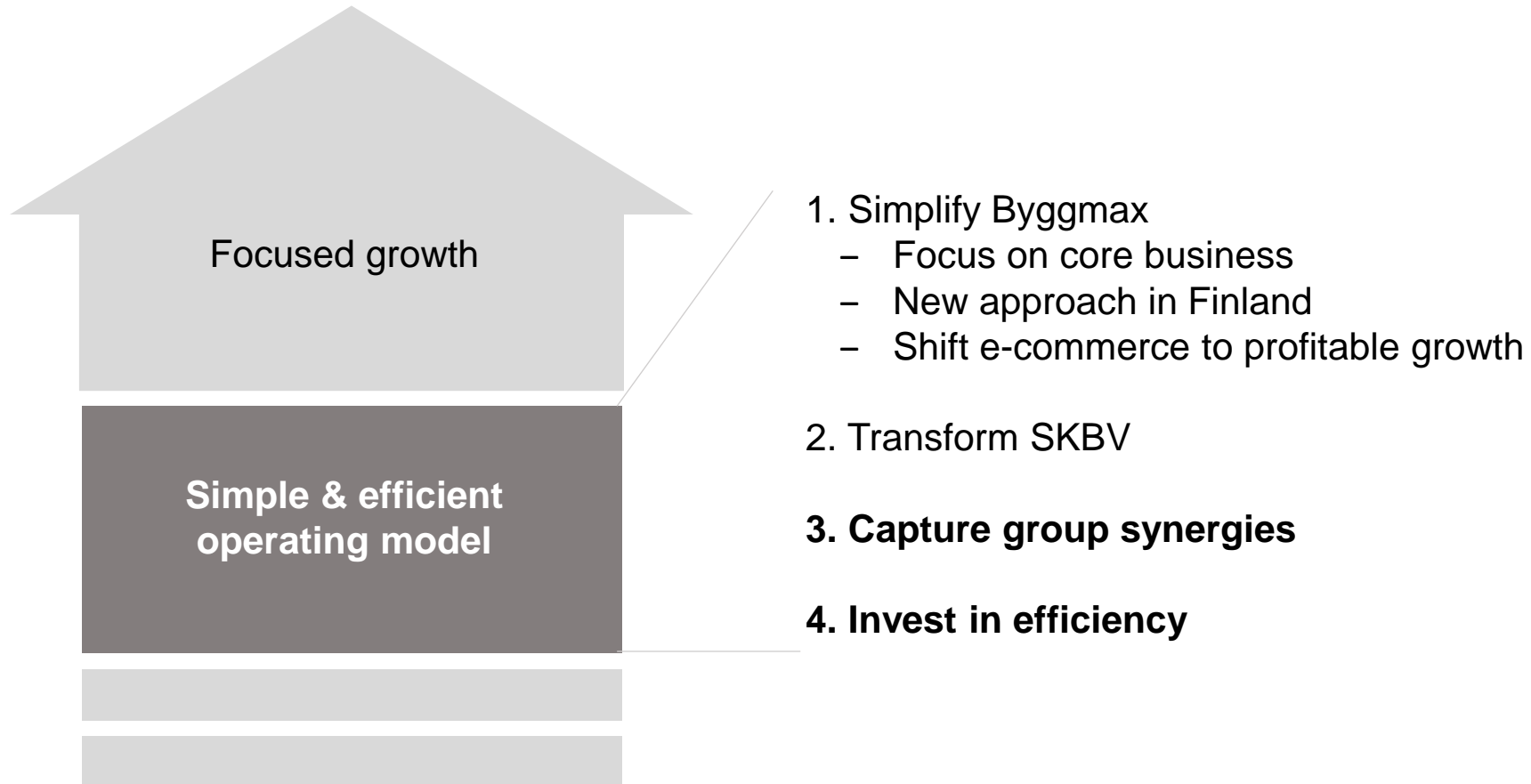
COMPLEMENTARY STRENGTHS

- Own design and vertically integrated (higher gross margins)
- Selling projects, not products: inspiration, service, technical advice, installation service
- Clear niche leader
- Omni-channel model based on e-commerce and showrooms

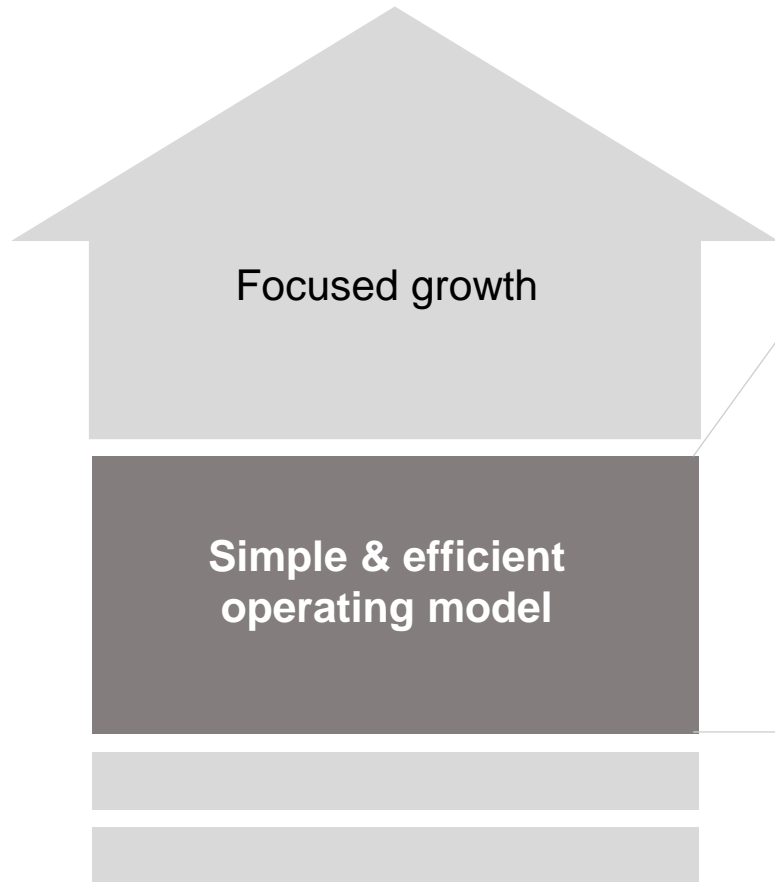
COMMON FOUNDATION

- DIY customer
- Best (lowest) price
- Easy to shop and high customer satisfaction (high NPS)

CAPTURING THE OPPORTUNITY



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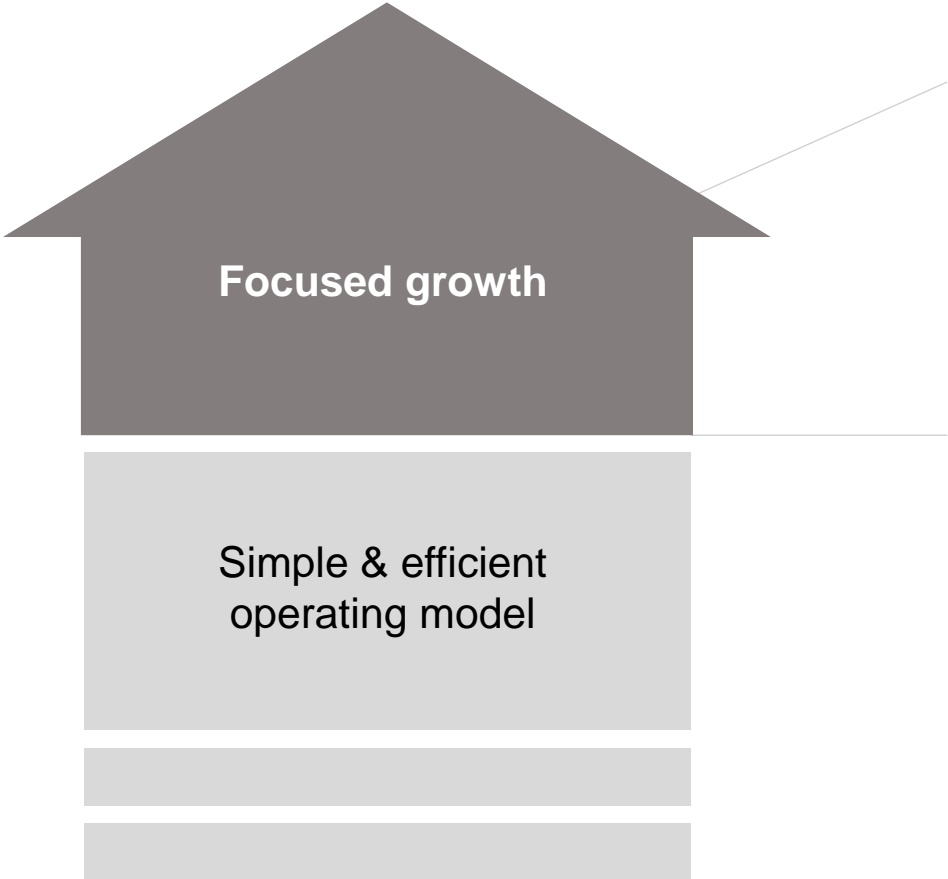
EBIT margin improvement potential (2019)

+1%-point

Identified potential sufficient to improve margins and safeguard the financial target

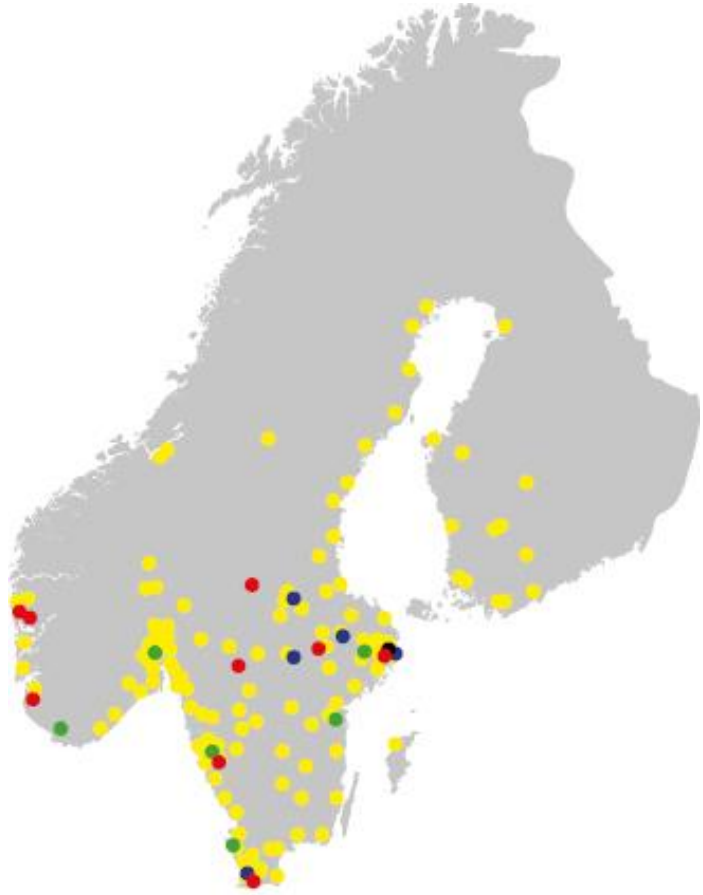
... while stepping up organic sales growth

CAPTURING THE OPPORTUNITY



- 1. New stores
- 2. E-commerce
- 3. Assortment development

1. INCREASED POTENTIAL FOR BYGGMAX STORES



	Stores as of Dec 31, 2016	Earlier estimated potential	Updated estimated potential
Sweden	82	95	110
Norway	33	60	75
Finland	13	25	25
TOTAL	128	180	210

+64%

+17%



1. ADDITIONAL MARKET POTENTIAL IN SMALLER TOWNS

Municipalities (Sweden) Inhabitants	Share of market (estimate)	Byggmax penetration today
> 100 000	35%	High
25 – 100 000	45%	Very high
< 25 000	20%	Low

NEW FORMAT TO PROFITABLY REACH SMALLER TOWNS

Same Byggmax experience, same Byggmax brand

Extra cost efficient Byggmax store

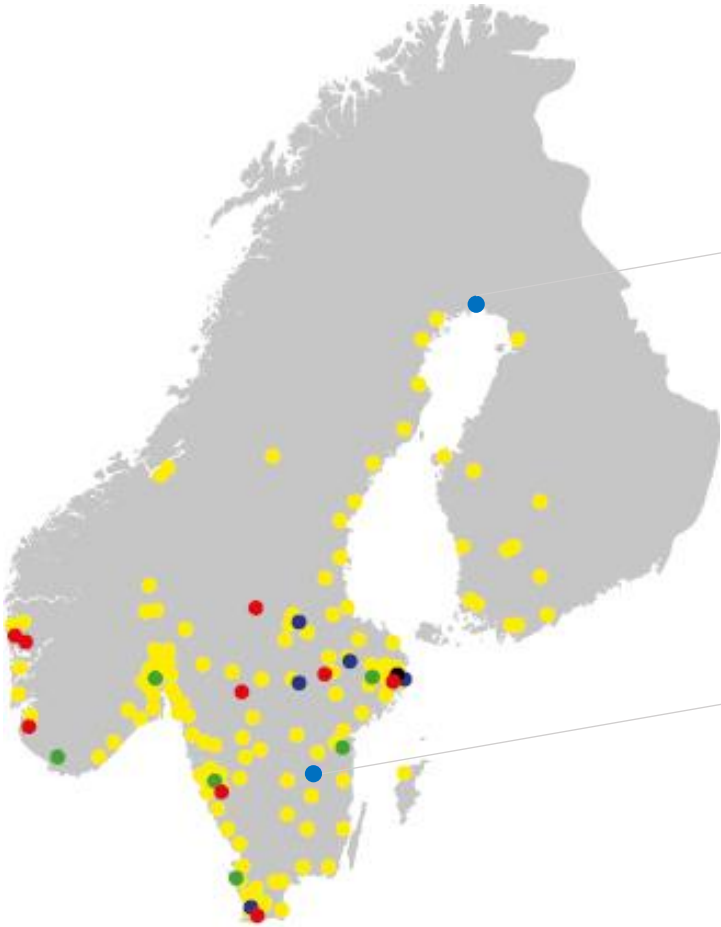
- Less generous opening hours
- More narrow assortment – core categories intact
- Sites can be smaller
- Optimized routines and staffing

Lowest prices

Target good profitability at low turnover



FIRST TWO TEST STORES OPEN THIS SUMMER



Kalix – August 2017



Mariannelund – July 2017



OUR STORES ARE WELL POSITIONED FOR THE FUTURE

DIY market in Sweden, Norway, Finland (estimate)	Online share 2017 (est.)	Shipping cost/ product value
Building materials	25% BYGG max	2% \$\$\$
Tools & machines	18%	10% \$
Bathroom	15%	10% \$
Garden	15%	3% \$\$\$
Doors & windows	9%	10% \$
Floors	8%	8% \$
Electrical	5%	5% \$
Heating & ventilation	5%	8% \$
Total	100%	6%

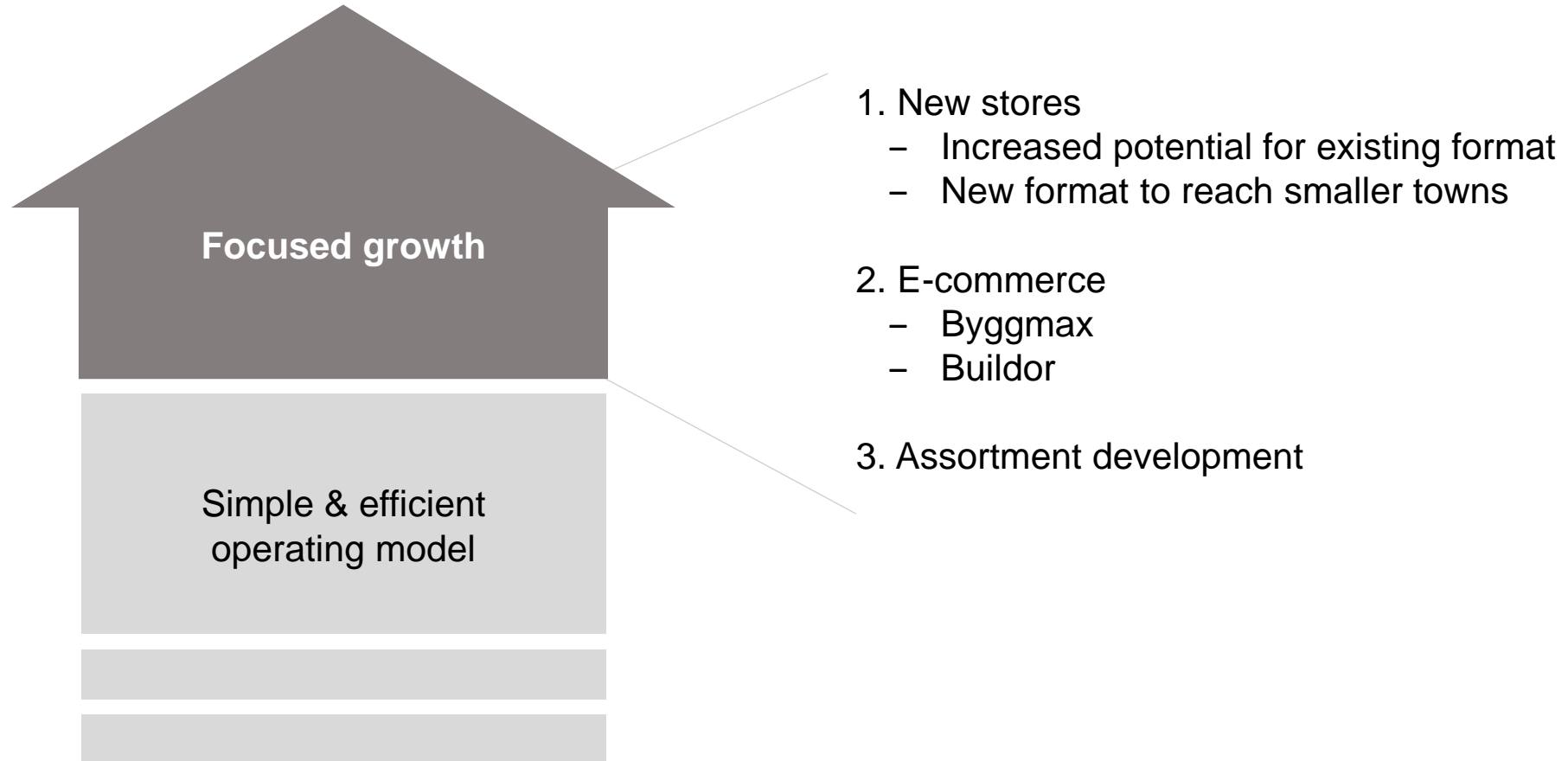
Online penetration will vary by category, as economics vary

- Stores will continue to play the leading role
- Most customers prefer stores
 - Stores can offer lower prices (costs) for heavy, bulky products such as building materials
 - Role of store may evolve, towards pick-up point / distribution center

Byggmax stores are positioned to win

- Stronghold in building materials
- Extensive network, close to customers
- Lowest costs in industry
- Multi-channel model

CAPTURING THE OPPORTUNITY



2. BYGGMAX EARLY LEADER IN E-COMMERCE

EARLY LAUNCH OF ONLINE SHOPPING	
Price and stock levels online	2008
Online sales with home delivery	2008
Web only assortment	2011

EARLY DESTINATION FOR INSPIRATION AND TOOLS



2010

2015

STRONG MARKET POSITION TODAY

	Top-3
	Top-3
	N/a

BYGGMAX UNIQUELY POSITIONED TO WIN

Leverage Byggmax stores

- Decentralized logistics and lower freight costs
- Omni channel features, e.g. click & collect
- Cross-channel customer acquisition

Leverage Byggmax brand – online destination

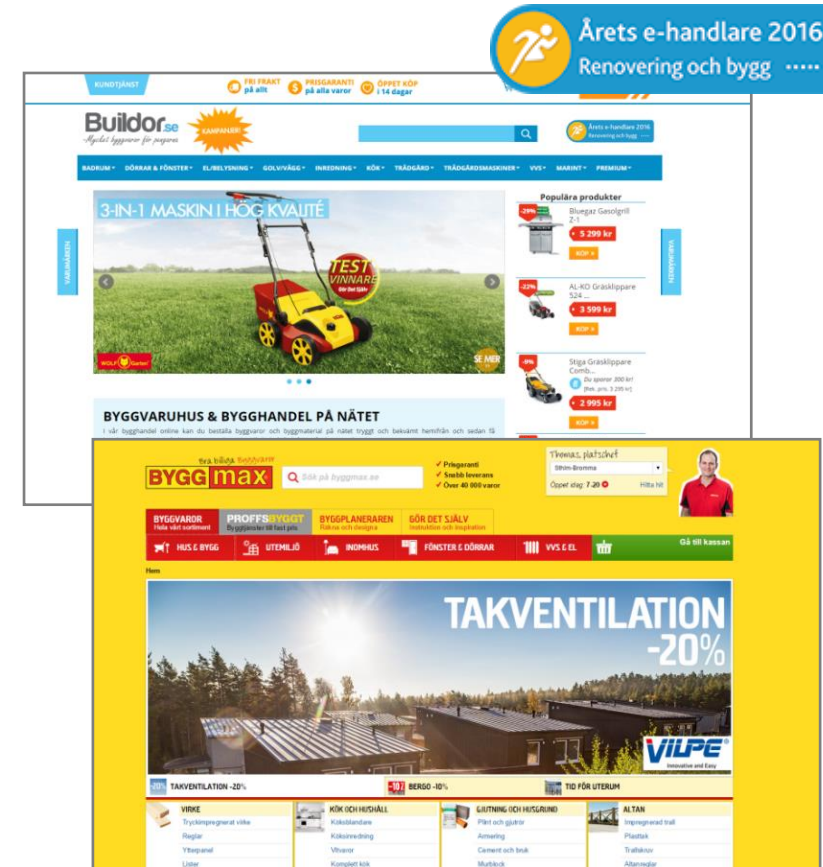
- Organic and direct traffic (destination)
- Position of inspirational and digital videos and tools
- Synergies in marketing (stores/online)

Low price and wide range online

- Low price perception
- Wide online assortment
- Experienced in dropship logistics
- Cost conscious culture

STRONG SYNERGIES WITH BUILDOR

1. Synergies in back-end operations
 - Buying
 - Site management
 - Operations & analytics
 - Tech
2. Best practice execution and sharing
 - Internal benchmark of online pure-play
 - Strengths shared across
3. Leverage Buildor's wider range to identify assortment opportunities

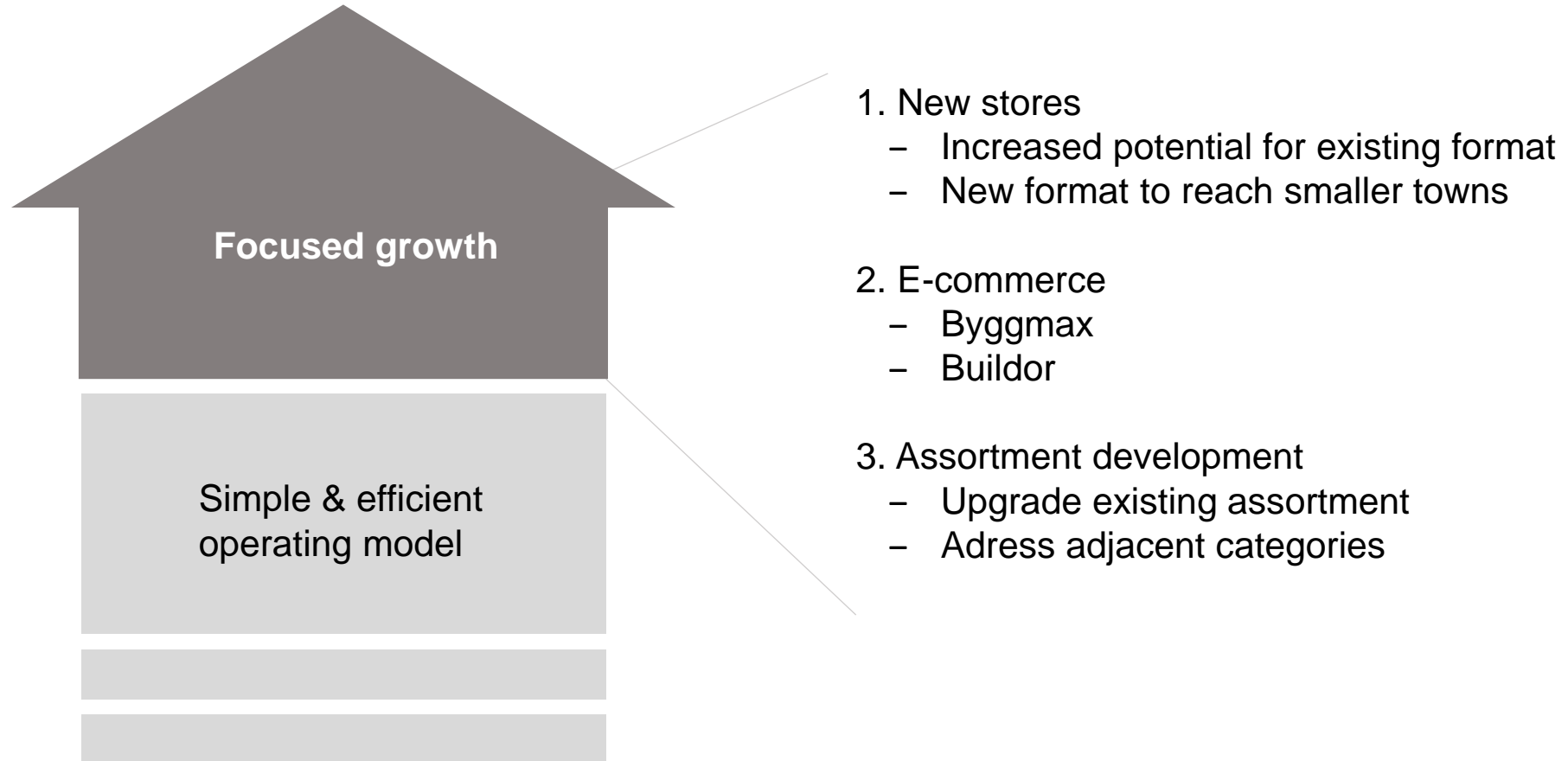


DELIVERING FAST PROFITABLE E-COMMERCE GROWTH

Growth	Profitability
Best customer experience <ul style="list-style-type: none">- Digital tools, inspiration and instructions- Strong value proposition- Omni-channel features- Easy to shop	Best practice e-commerce operations <ul style="list-style-type: none">- Low OpEx- Data-driven execution- High degree of automation
Expand assortment <ul style="list-style-type: none">- Depth in core categories- Breadth through new categories	Low freight and customer acquisition costs <ul style="list-style-type: none">- Logistics optimized using Byggmax stores- Capitalize on Byggmax brand and marketing

- Multi-channel advantage – leverage the stores
- Aim to profitably grow faster than the online market

CAPTURING THE OPPORTUNITY

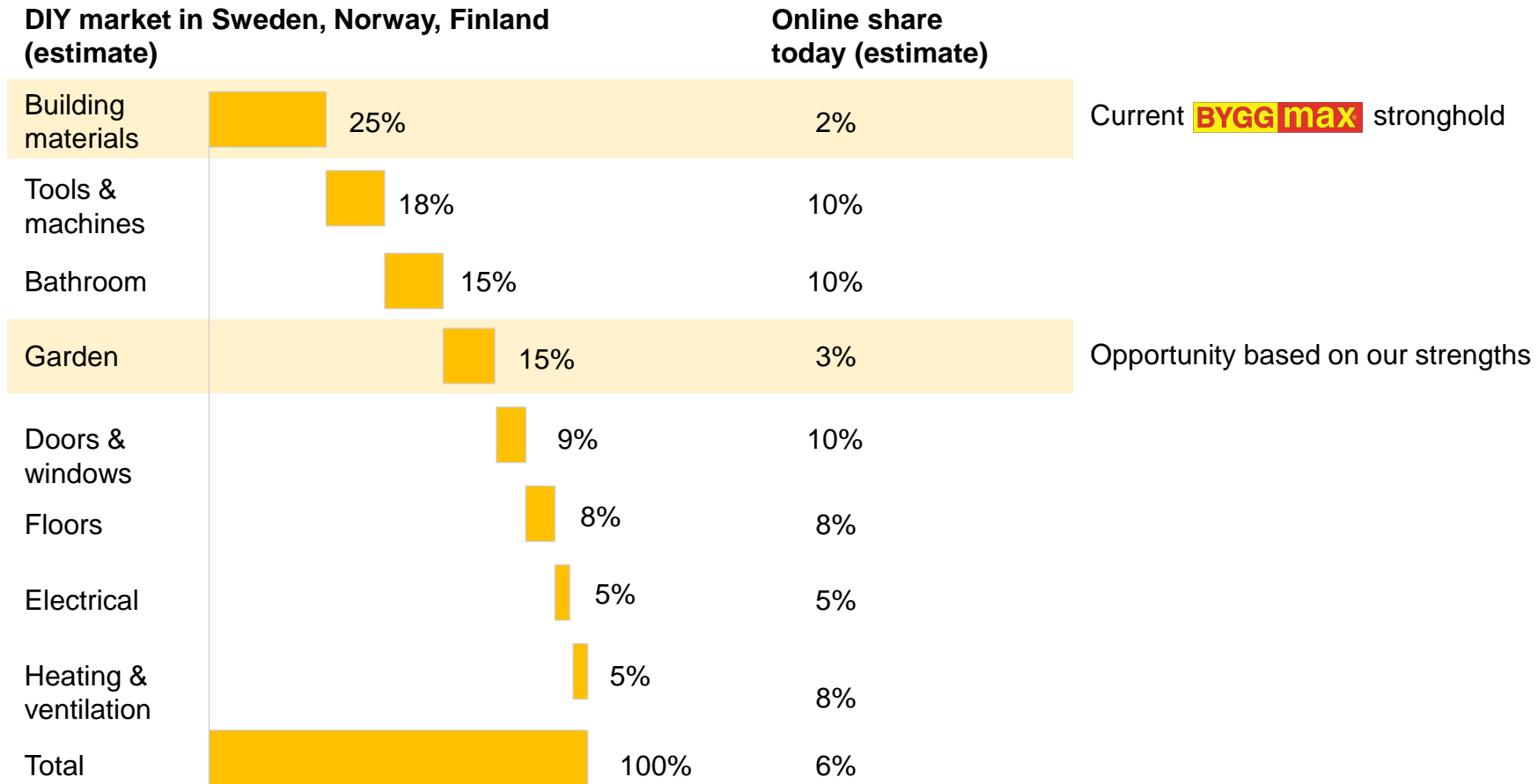


3. UPGRADE EXISTING ASSORTMENT

New assortment 2017 – examples



3. ADDRESS RELEVANT ADJACENT CATEGORIES



GARDEN CONCEPT THE BYGGMAX WAY

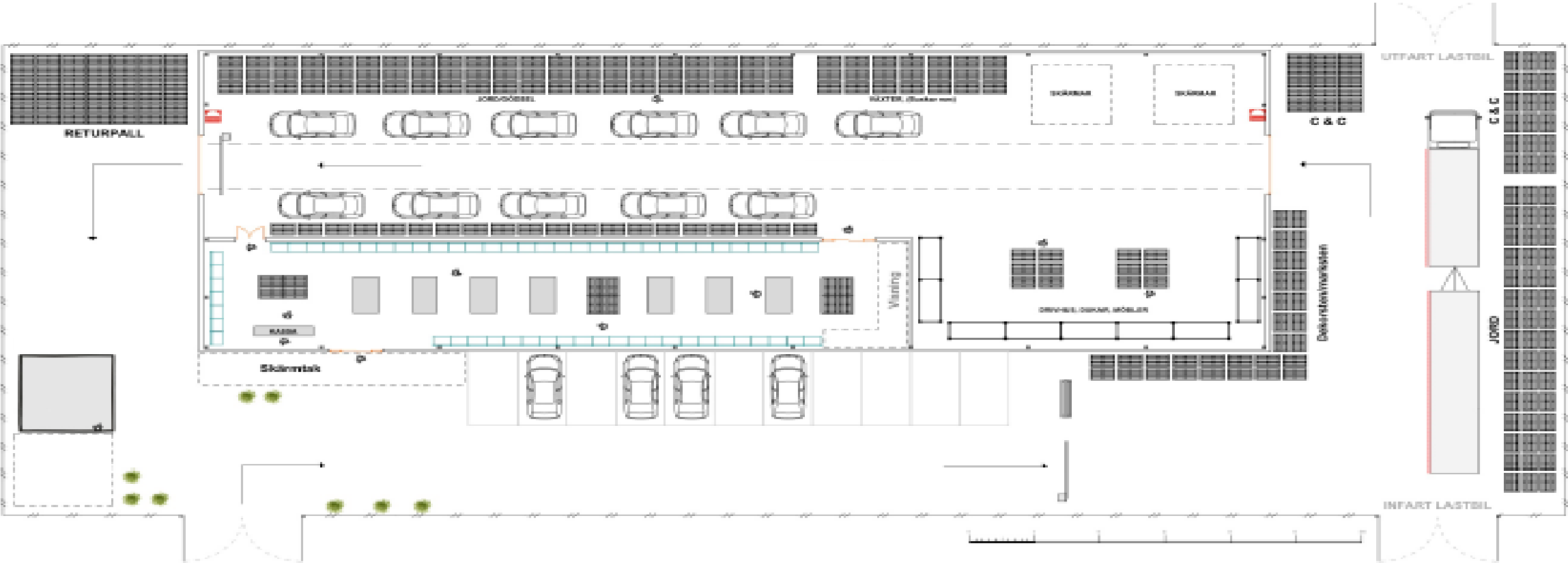


Drive in = easy to shop

Discount = cheapest on all products

Focused assortment = ca 700 SKUs

CONCEPT BASED ON PROVEN BYGGMAX STORE FORMAT



ASSORTMENT OVERVIEW

Soil & fertilizers



Plants



Seeds & leeks



Gears & wheelbarrows



Pest & weed control



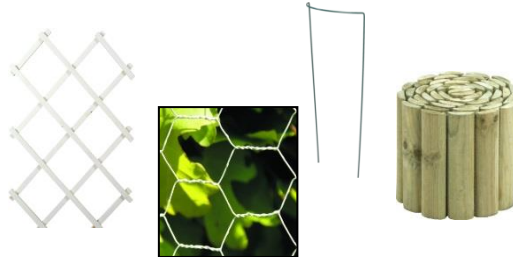
Pots



Irrigation & machinery



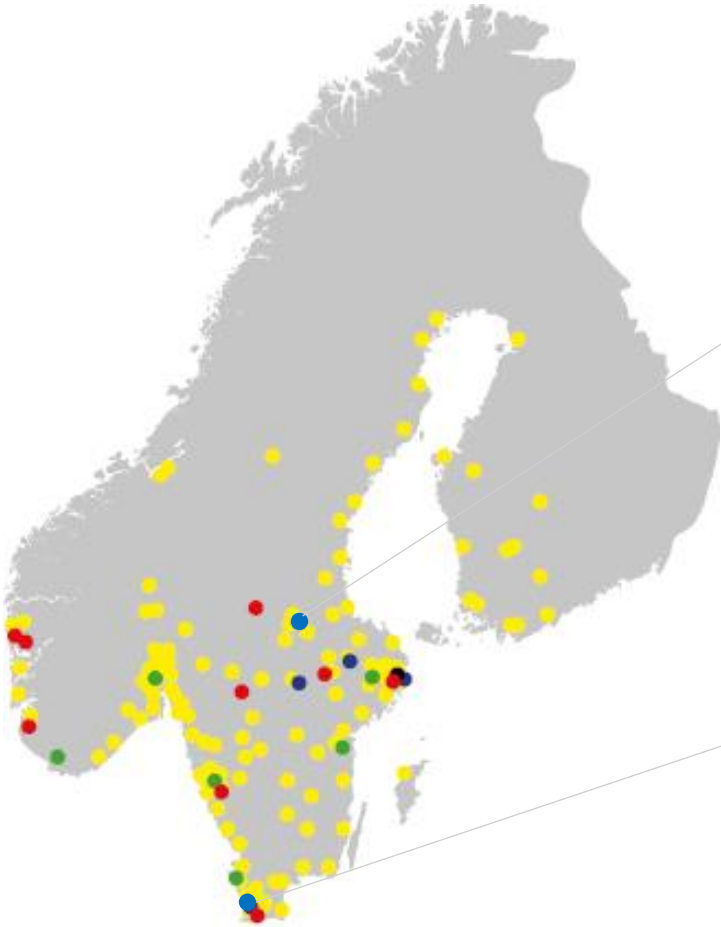
Delimiters & fencing



Wooden products



FIRST TWO TEST STORES OPEN THIS SUMMER



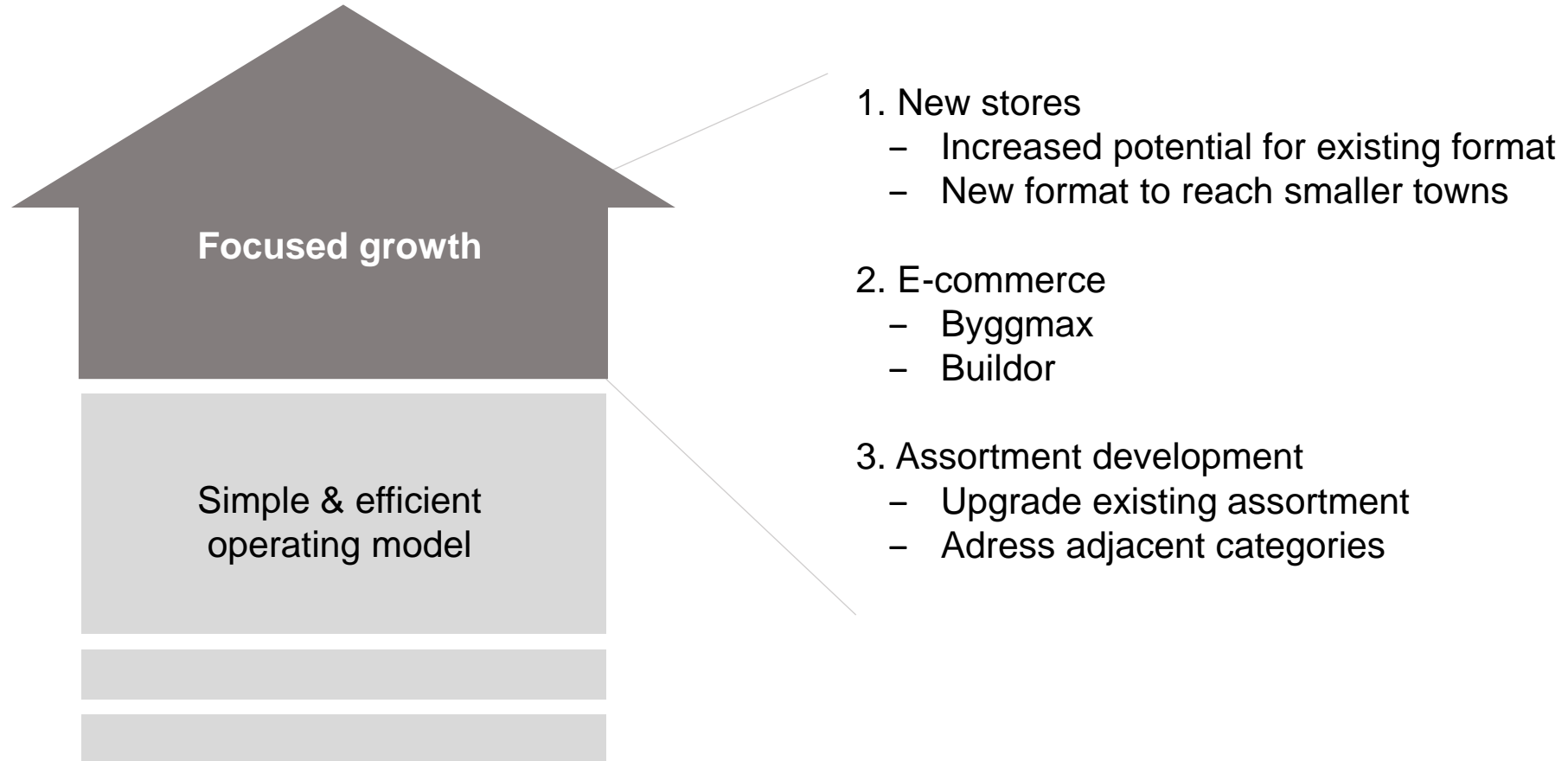
Borlänge – June 2017



Vellinge – July 2017



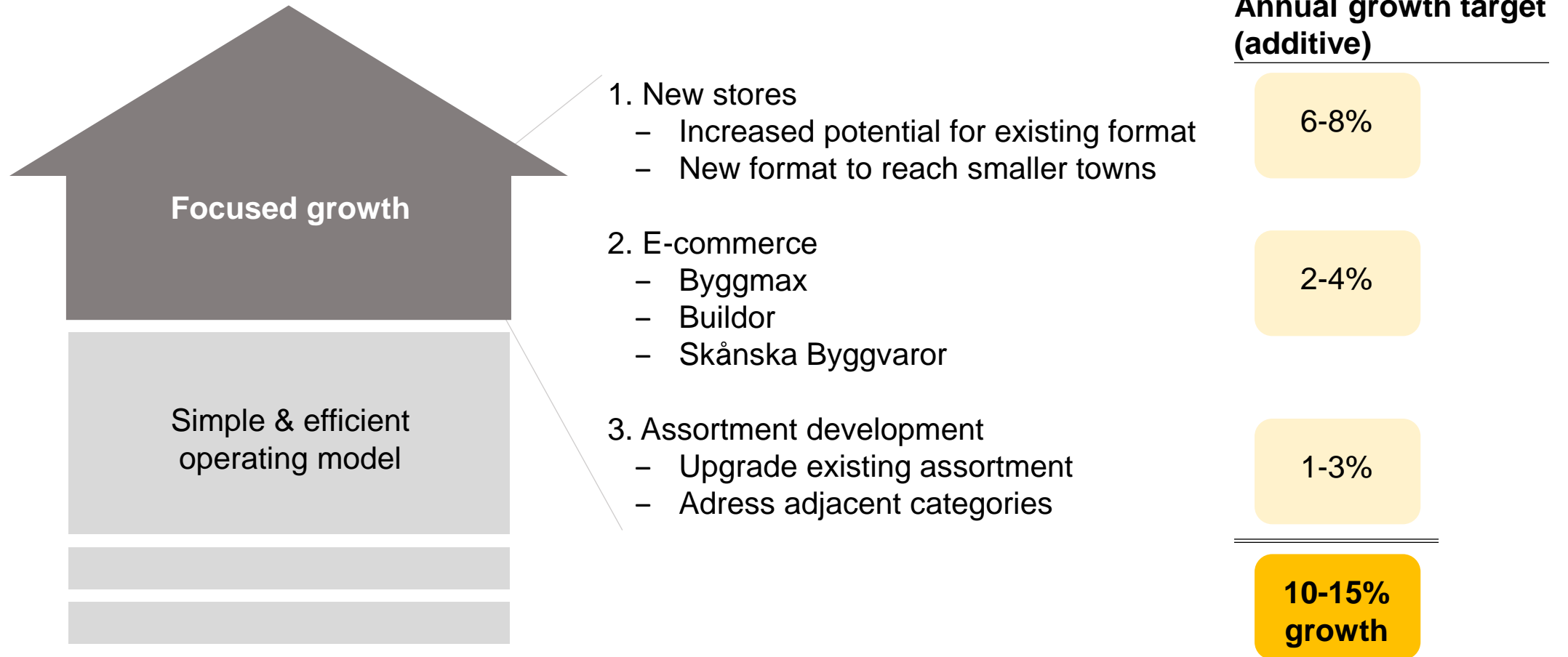
CAPTURING THE OPPORTUNITY



M&A AS A COMPLEMENT, NOT A STRATEGIC PRIORITY FOR GROWTH

- M&A not a strategic priority
- In the light of our growth strategy – complement
- Be opportunistic

CAPTURING THE OPPORTUNITY



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BYGGMAX GROUP – WHO WE ARE

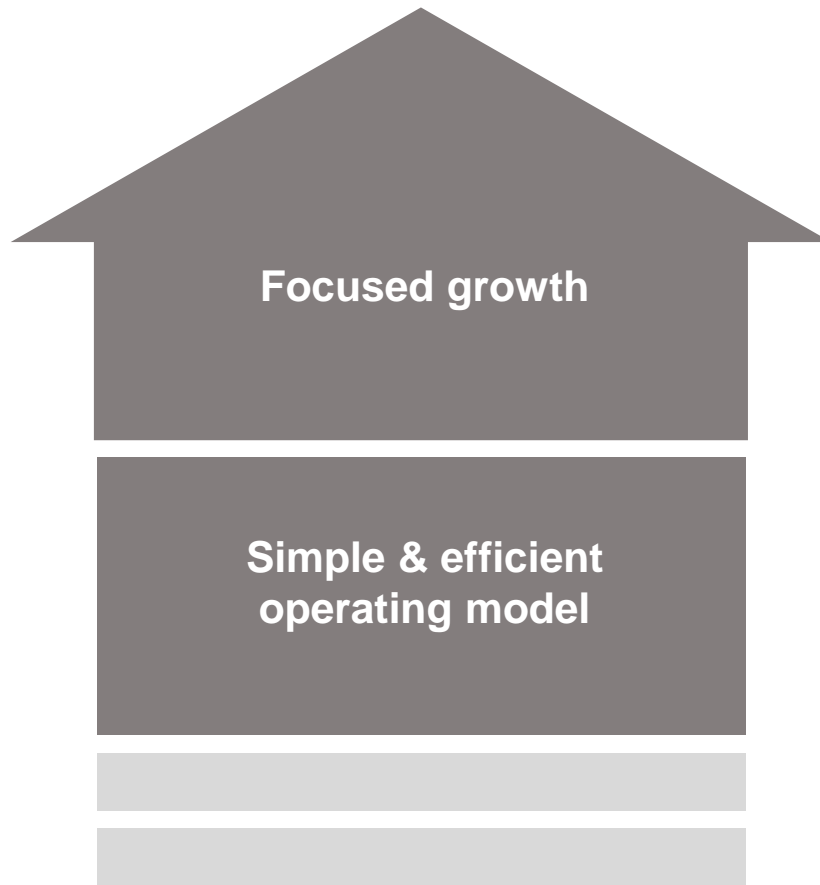
Byggmax Group is a growth focused, hard discount consumer retailer of home improvement, who

- Build on the successful and unique low-cost self-service Byggmax format
- Operate two additional, complementary concepts focused on lowest price and easiest shopping experience
- Offer a wide range of home improvement products, with a current core in building materials (Byggmax) and own design products in niche garden building categories (Skånska Byggvaror)

We deliver fast growth through store expansion, e-commerce, and assortment development

We have industry leading efficiency and profitability, through a simple operating model, capturing cost synergies, and a strong culture of continuously improving efficiency

OUR STRATEGIC PLAN

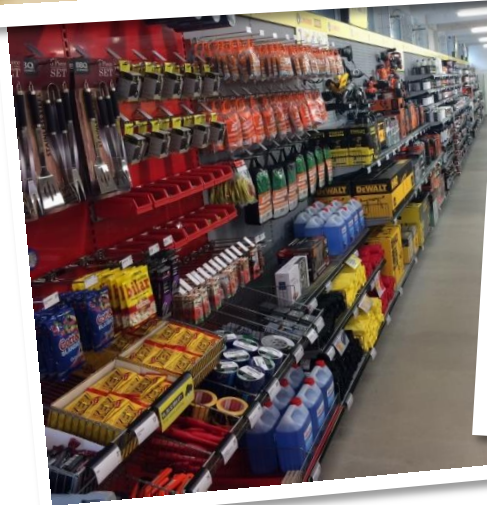
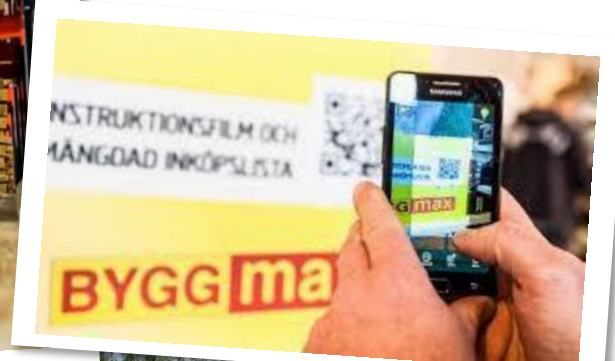


- Based on our strengths
- Achieve scale effects for profitable growth

UPDATED VERSION OF THE ORIGINAL BYGGmax CONCEPT



Det nyfödda Byggmax var smidigare, rejälare och framförallt mycket billigare än andra byggvaruhus.



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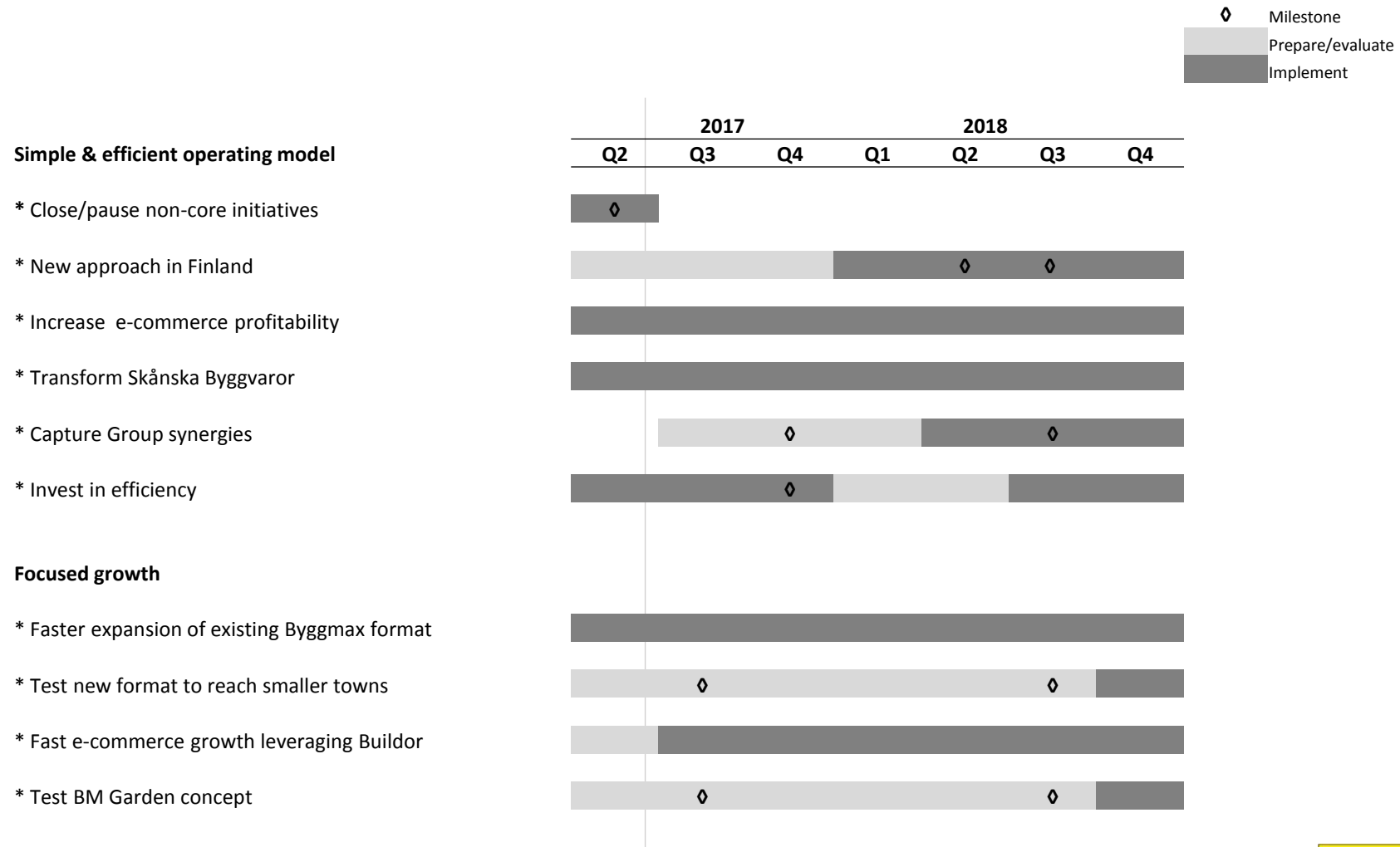
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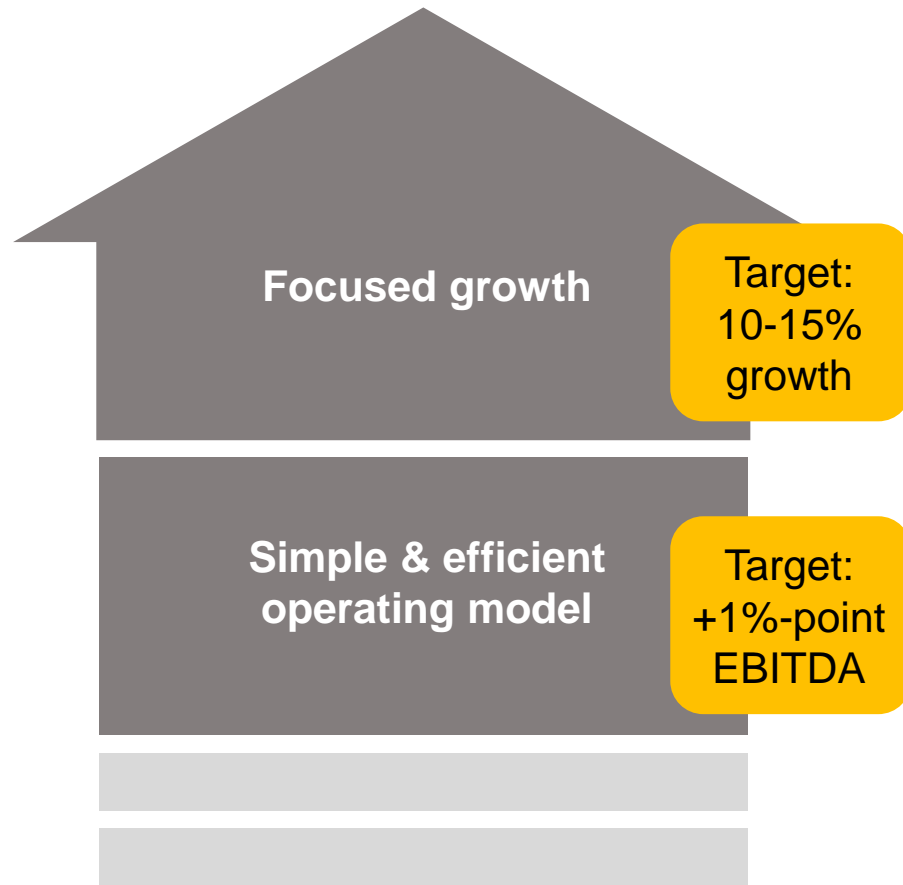
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DELIVERING TOP-10 INITIATIVES WILL TAKE +18 MONTHS



EXECUTION FOLLOWED UP WITH KPIS AND MILESTONES



Top-level KPIs

- Sales growth from new stores %
- LFL %
- Sales growth from e-commerce %
- OpEx % (share of sales)
- Skånska Byggvaror EBITDA %
- e-commerce EBITDA %

Major milestones

- 1st evaluation small format: Q3 2017
- Full evaluation small format: Q3 2018
- 1st evaluation Garden: Q3 2017
- Full evaluation Garden: Q3 2018
- Evaluation of new approach in Finland: Q3 2018

AGENDA

Bygghmax Group today

Our challenge

Updated strategic plan

- Our plan
- Summary
- Execution

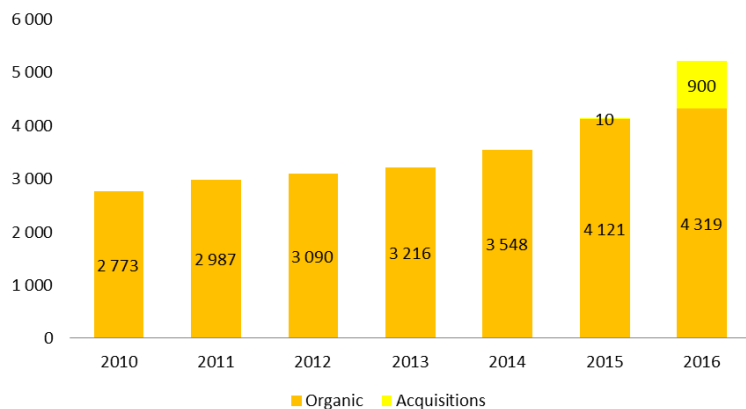


Financial implications

Conclusions and Q&A

OUR FINANCIAL PROFILE

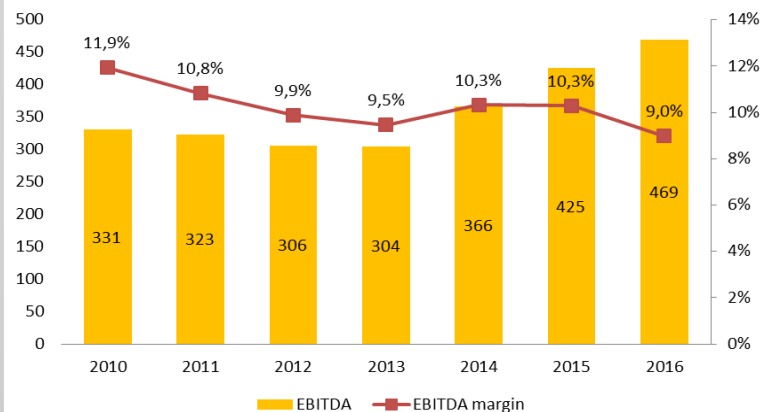
Revenue, MSEK



Steady growth

- Total Growth 11.1% CAGR
- Organic Growth 7.7% CAGR

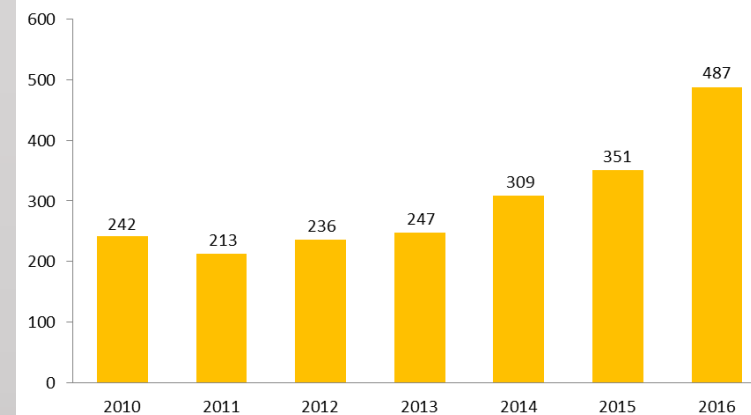
EBITDA AND EBITDA margin



Good margins, but declining

- EBITDA margin 9.0% in 2016

Cash flow from operations

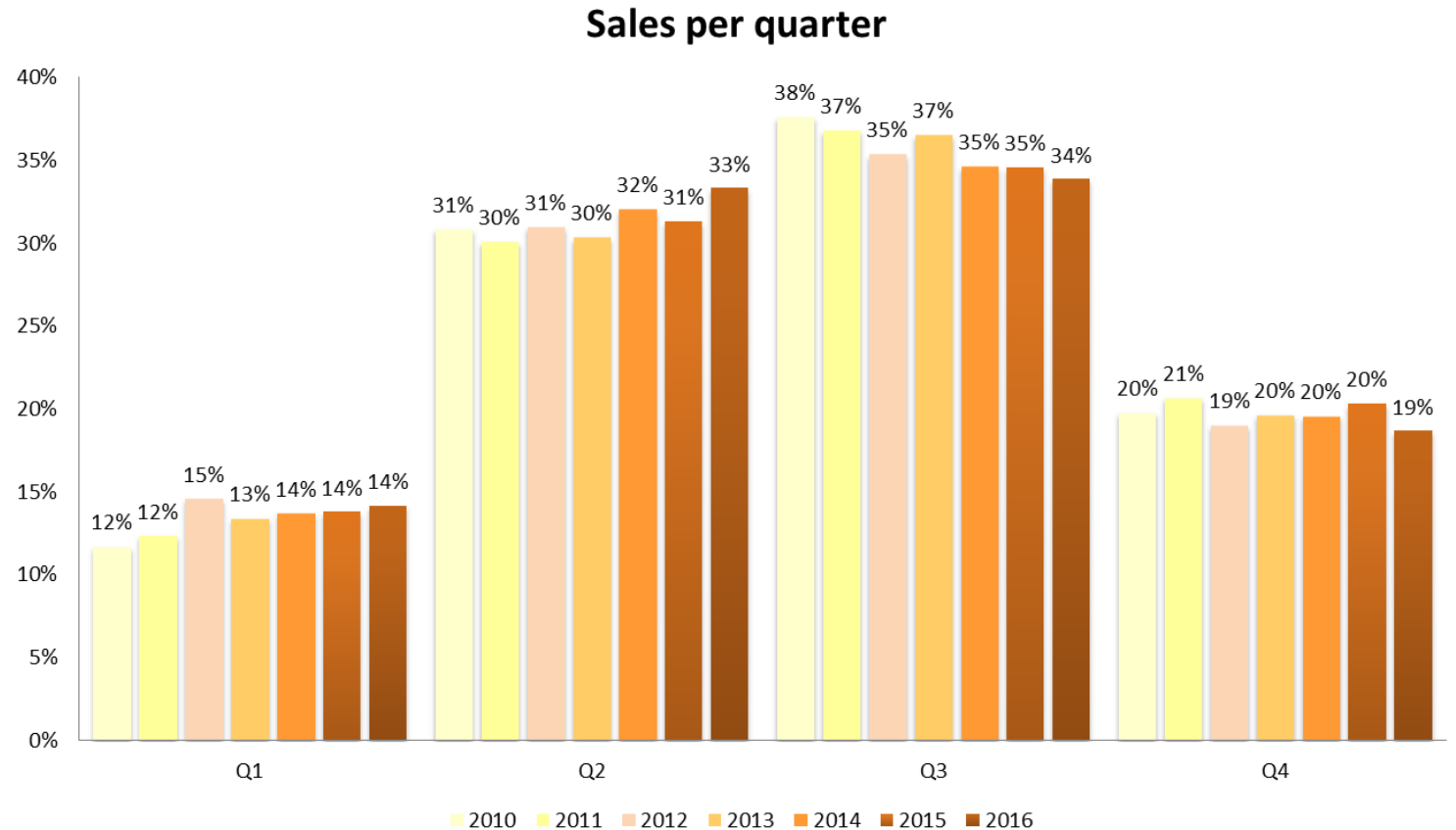


Strong cash flow

- SEK 487m in cash flow from operations (2016)
- Over SEK 2bn in cash flow 2010-2016

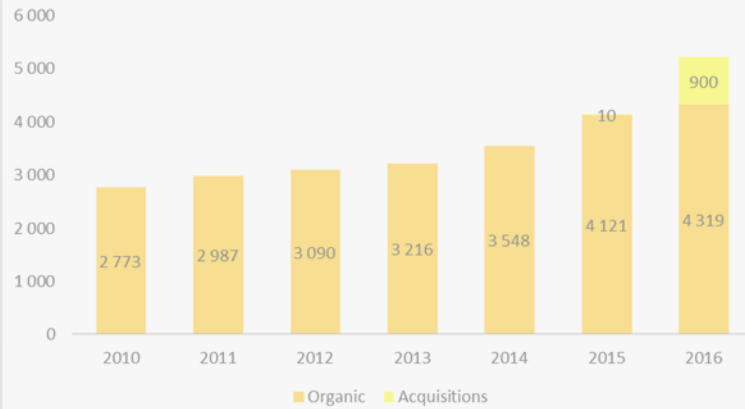
SEASONAL BUSINESS BY NATURE

- About 2/3 of sales are generated during Q2 and Q3
- Variations may occur due to
 - o Weather
 - o Timing of new store openings last 24 months
- Rapid sales increase in the spring when the weather improves
- July is by far the strongest sales month, driven by building and repair work carried out during the Scandinavian vacation period
- Weather is particularly important for the timing of Q1–Q2 sales



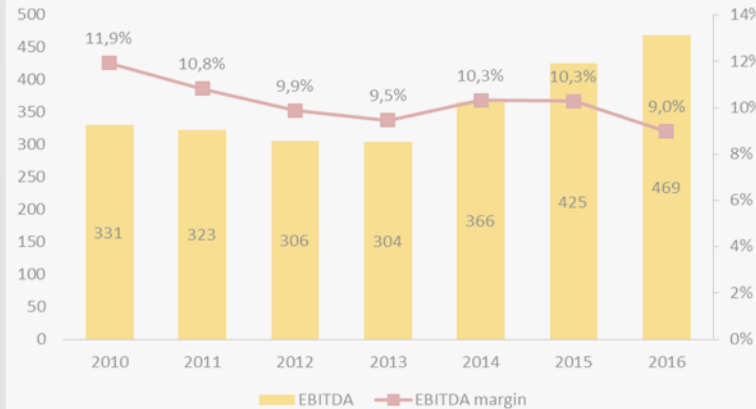
IMPLICATIONS OF OUR NEW STRATEGY

Revenue, MSEK



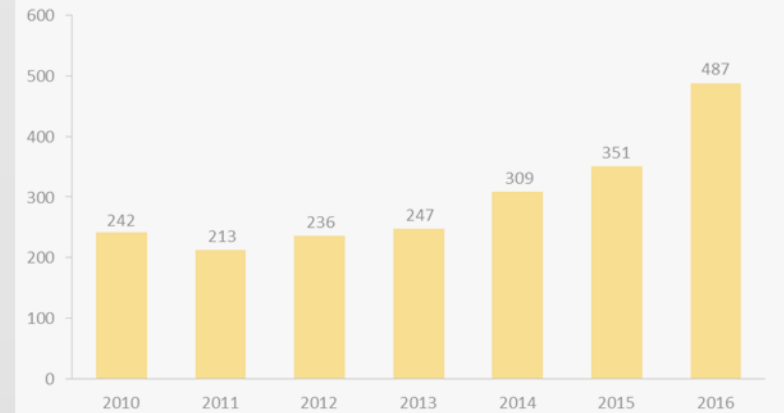
Step up organic growth to 10-15%

EBITDA AND EBITDA margin



Improve and stabilize EBITDA margin at 9-10%

Cash flow from operations



Continue strong cash flow generation

Over SEK 2bn in cash flow 2010-2016

TIMING OF FINANCIAL EFFECTS

- Identified potential for 1%-point EBITDA (and EBIT) margin improvement and organic net sales growth of 10-15%
- Ramp up to 10-15% organic growth by 2018 or 2019
 - Timing connected to shaping of Byggmax small format and Garden concepts
 - We will communicate first evaluation of both initiatives by Q3 2017 (milestones)
- Potential for 1%-point EBITDA margin improvement by 2019

STRAIGHTFORWARD PLAN FOR USE OF CAPITAL

2010 – 2016

- Generated SEK 2 billion in cash
- Capital mainly used for
 - Dividends
 - Acquisitions
 - Investments in stores

Going forward

- Continue strong cash generation
- Use capital primarily for
 - Dividends
 - Investments in strategic priorities: new stores, existing stores, IT
 - Pay off debt

MORE AMBITIOUS FINANCIAL TARGETS SET, IN LINE WITH NEW STRATEGY

Sales

EBITDA

Dividend

CURRENT

Net sales to grow 15 percent per year over time, inclusive of acquisitions

Maintain an EBITDA margin of not less than 9 percent

Dividend at least 50 percent of net profit



GOING FORWARD

Organic net sales growth of 10-15% per year

EBITDA margin of 9-10 percent

Dividend at least 50 percent of net profit

- Increase ambition for organic sales growth (CAGR 7.7% 2010-2016)
- No longer focus on acquisitions
- Identified potential for increased profitability reflected in EBITDA target

AGENDA

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CONCLUSIONS

We have an attractive position in a good market, unique strengths, and a strong track record of delivering growth

However, profitability has decreased over the last two years as focus has shifted away from the core

Our new focused strategy builds on our advantages and strengths, and will bring back good profitable growth

- Streamline our operating model to improve and stabilize margins at industry leading levels
- Speed up organic growth to double digits, capturing big growth opportunities in and close to our core

THANK YOU!

Q&A