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## Bygghem Group updates strategy and sets more ambitious financial goals – focus on strengths-based growth

*Bygghem Group will focus its strategy on growing from the strong profitable core it has today, and further improve the operational models. Some concepts, as Design Your Living and Bygghem+ are closed or paused, and focus will be on organic growth through proven strengths within store expansion, e-commerce, and assortment development. As part of this strategy, two initiatives will be launched this summer: trialling a smaller store format in smaller towns, and a concept for the garden segment done the Bygghem way – with convenient drive-in, quality products, and lowest prices.*

*With this new strategy, the financial targets have been updated to reflect a higher ambition: Organic net sales growth of 10-15% per year, EBITDA margin of 9-10 percent, and dividend of at least 50 percent of net profit*

Following a strategic review during the spring, Bygghem Group has updated the strategic direction.

Today Bygghem Group has an attractive position in a good market, and a set of unique strengths:

- Strong Bygghem 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

The future strategic direction is based on two fundamentals: a simple and efficient operating model, and focused growth building on our strengths

To create a future simple and efficient operating model, Bygghem Group will:

- Simplify the Bygghem business, by closing and pausing non-core activities such as Design Your Living and Bygghem+, take a new approach in Finland, and shift e-commerce focus to profitable growth
- Transform Skånska Bygghem to a modern leader in garden living (conservatories, green houses, etc.), based on own design products and an omni-channel concept built around inspiration and low price
- Capture group synergies, wherever possible
- Invest in efficiency improvements, e.g., automation through new IT tools and systems

Bygghem Group will deliver focused growth through three main areas:

- New stores: capturing an identified increased potential for growth in existing markets (potential revised up to 64% more stores vs. current level), and additionally testing a smaller Bygghem format to profitably serve smaller towns, a segment representing 20% of the market and with low Bygghem presence today. The small format will be launched in Sweden in two new stores this summer, in Mariannelund (July) and Kalix (August)
- E-commerce: Bygghem has a unique position to win in e-commerce going forward, building on Bygghem strong brand, Bygghem low price perception and wide online assortment, and leveraging the Bygghem store network, creating logistics efficiency and an omni-channel customer experience. Bygghem aims to profitably grow faster than the online market
- Assortment development: in addition to continuously upgrading the assortment offer, Bygghem has developed a Bygghem-style concept for garden products. The concept builds on Bygghem strengths: store format with drive-in for easy customer shopping, focused assortment of quality products, and lowest possible prices. The garden concept will be tested in two stores in Sweden this summer, in Borlänge (June) and Vellinge (July)

The updated strategy and initiatives have potential to improve the EBITDA-margin by 1%-point (by 2019, compared to 2016) and step up organic sales growth to 10-15% per year (by 2019, compared to 7.7% annualized organic sales growth 2010-2016).

Bygghem Group has decided on new, more ambitious financial goals, reflecting the new strategy. The new goals are:

- Organic net sales growth of 10-15% per year (changed from: "Net sales to grow 15 percent per year over time, inclusive of acquisitions")
- EBITDA margin of 9-10 percent (changed from: "Maintain an EBITDA margin of not less than 9 percent")
- Dividend should be at least 50 percent of net profit (unchanged)

The updated strategy will be presented at Bygghem Group capital markets event, Wednesday June 7 at 17:00. Material will be available on Bygghem Group website as of 20:00 the same day.

For further information regarding Bygghem Group capital markets event, please contact:

Annica Ridell, Carnegie  
annica.ridell@carnegie.se  
Telefon: +46 734 17 92 42

### For further questions, please contact

Mattias Ankarberg, CEO Bygghem Group  
Mobile: +46 76119 09 85  
E-mail: [mattias.ankarberg@byggmax.se](mailto:mattias.ankarberg@byggmax.se)

## About Bygghmax Group

Bygghmax Group consists of Bygghmax, Skånska Bygghvaror, and Buildor. For 2016, the Group's net sales was SEK 5.2 billion. Bygghmax Group is listed on Nasdaq since 2010.

Bygghmax was founded in 1993 and currently operates 83 stores in Sweden, 33 in Norway and 13 in Finland and e-commerce in all three countries. Bygghmax online offer consists of both the complete store assortment as well as an extensive range of online-exclusive products. Since the very beginning, Bygghmax business concept has been discount DIY retailing, being the best price DIY retailer for consumers in need of high-quality construction materials. Bygghmax stores are located close to the customers homes and are equipped with a drive-in system enabling easy shopping, including the loading of products directly onto the customers vehicles. During the past two years, Bygghmax Group has acquired Skånska Bygghvaror Group and Buildor AB. Skånska Bygghvaror is a distance and e-commerce retailer of building projects and materials, with strong offers in e.g., conservatories and green houses. Skånska Bygghvaror operates in Sweden, Norway, and Denmark, online and with 13 showroom stores. Buildor is a fast growing e-commerce retailer of home improvement products.