

Byggmax Group restructures Skånska Byggvaror to execute the strategy for profitable growth

Skånska Byggvaror restructures its cost base and moves towards a modern leader within "Garden Living". Initiatives are launched to focus the business on the profitable core, strengthen digital competence, and decrease operational cost. The restructuring of Skånska Byggvaror impacts Byggmax Group's financial results for Q4 2017 with a non-recurring cost of ca SEK 50 million, of which ca half in cash effect. Pay-off time is 2-2.5 years. For 2018, Skånska Byggvaror expects decreased operational costs, decreased revenues as marketing of non-core categories is reduced, and to end the year with a stronger, more profitable core business.

Skånska Byggvaror is a leading Nordic e-commerce company with a strong and profitable business within its core categories of garden related buildings, such as conservatories and greenhouses. However, the last few years' efforts to broaden the business have been coupled with increased complexity, higher costs, and less focus on developing the core business.

- There is enormous potential in our core business. We have a market leading position in the Nordics, strong portfolio of own design products, a proprietary e-commerce infrastructure, and a broad base of very satisfied customers, says Oscar Tjärnberg, CEO of Skånska Byggvaror since October 1, 2017. We are now taking actions to pivot the business, building on these core strengths in order to drive profitable growth.

Skånska Byggvaror is now moving towards a modern leader within "garden living", i.e., conservatories, green houses, and related accessories for the garden. Several initiatives have already been initiated, including:

- Investments to build best in class e-commerce capabilities, and to strengthen the product portfolio of own design products with in core categories such as conservatories and green houses
- Reduce sales of less profitable non-core products, as a first step executed through reduced marketing and product exposure. Non-core product categories include e.g., doors, windows, garage doors, filing cabinets, bathroom installations, saunas, storage, and closets
- Restructuring the cost base to reduce operational costs. This includes reorganization to a smaller head office organization, remodeling of the Danish Pavillon business, consolidation of logistic and office sites, and increased store efficiency through reduced assortment display and staffing

The restructuring of Skånska Byggvaror impacts Byggmax Group's financial results for Q4 2017 with a non-recurring cost of ca SEK 50 million, of which ca half in cash effect. The largest non-recurring cost component is rent costs, coupled with reduced office, logistics, and showroom space. The actions taken have a pay-off time of 2-2.5 years, measured as annual cost savings in relation to non-recurring costs. These changes to reduce operational costs will have some impact in 2018, and full impact in 2019.

- The actions we now take are an important step towards creating a modern leader within "garden living", says Mattias Ankarberg, CEO of Byggmax Group. I'm impressed by how quickly Oscar and his team has put a clear plan in place. 2018 will be a transformation year for Skånska Byggvaror. We expect decreased revenues as a result of reduced presence in non-core product categories, investments to execute the strategic plan, and to end 2018 with a stronger core business and lower operational costs. I look forward to see this unique business develop under Oscar's leadership.

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About Skånska Byggvaror

Skånska Byggvaror is an expansive and profitable online based Nordic distance retailer on the DIY market for refined building products. Founded in 1965, the company has successfully been developed from a mail order retailer to an established and market leading online company. Skånska Byggvaror offers a carefully selected and affordable range of products, mainly through its online sales channel. The business model is characterized by a high proportion of products under its own brand, control of the value chain from product development to home delivery and high level of service regardless of sales channel. In addition to the online sales channels, Skånska Byggvaror currently has 14 showroom stores on two markets, 10 stores located in Sweden and 4 in Norway.

Skånska Byggvaror is part of Byggmax Group, that also includes Byggmax and Buildor. The corporate group had a turnover of SEK 5.2 billion in 2016 and Byggmax Group is listed on Nasdaq since 2010.

About Byggmax Group

Byggmax was founded in 1993 and currently operates 88 stores in Sweden, 36 in Norway and 9 in Finland and e-commerce in all three countries. Byggmax online offer consists of both the complete store assortment as well as an extensive range of online-exclusive products.

Since the very beginning, Byggmax business concept has been discount DIY retailing, being the best price DIY retailer for consumers in need of high-quality construction materials. Byggmax 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 end 2015 and early 2016, Byggmax Group acquired Skånska Byggvaror Group and Buildor AB. Skånska Byggvaror is a distance and e-commerce retailer of building projects and materials, with strong offers in e.g., conservatories and green houses. Skånska Byggvaror operates in Sweden, Norway, and Denmark, online and with a number of showroom stores. Buildor is a fast growing e-commerce retailer of

home improvement products.

For further information, please visit www.byggmax.se or www.skanskabyggvaror.se