



## Q3 Report 2020

October 21, 2020

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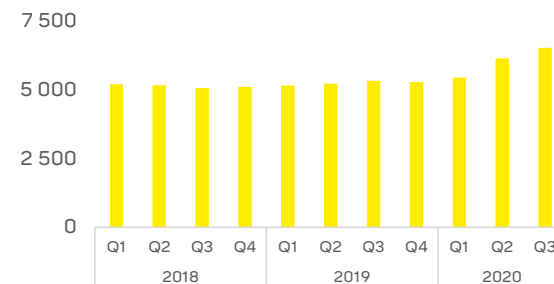
**BYGGMAX®**



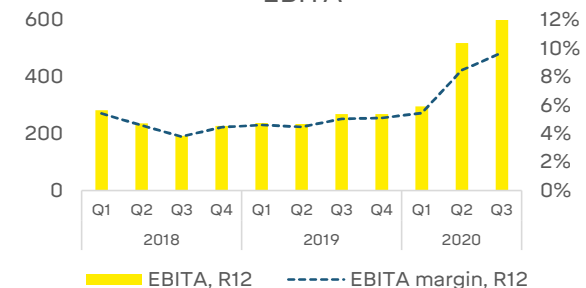
# Q3 2020: STRONG BYGGMAX IN A STRONG MARKET

- Health & safety remains top priority in covid-19 situation
- Net sales increased 21% to 2,200m (1,813m)
  - Like-for-like sales increased 20%
  - Byggmax e-commerce grew 40%
  - Very good market growth
  - Own initiatives add 10% growth
- Increased gross margin and solid cost control gave continued strong scale effects
- EBITA increased to 335m (220m), EBITA margin increased to 15.2% (12.2%), RTM EBITA margin improved to 9.7% (8.5% Q2 2020)
- Positive market outlook

Net sales R12



EBITA



# KEY EVENTS

- Covid-19 situation – continued precautions to operate in a responsible way
- Opened 3 new stores in Q3 2020
- Opened first new “Store 3.0” in Norway

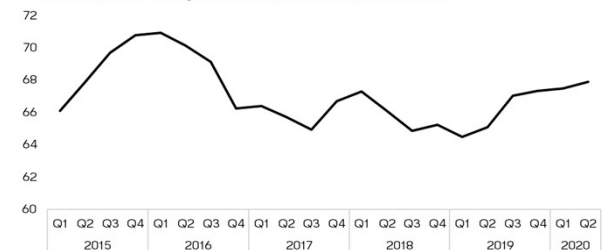


# VERY GOOD MARKET

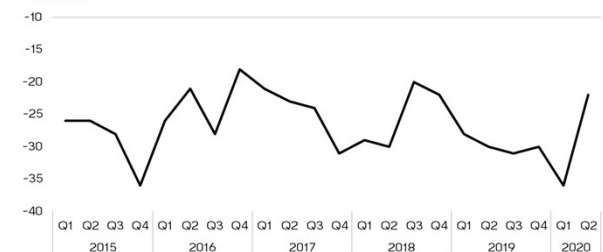
## Very good market growth & continued “stay home” effect

- Continued “stay home” effect during the covid-19 pandemic, although not as strong as in April and May
- Weather effects somewhat favorable in Q3
- Swedish housing market transactions increased Q3 YTD
- We estimate that the Nordic consumer market for building materials increased very well, ca 10-15% (in local currency)
- Market growth was strongest in July, weaker in August, and stronger again in September

House transactions, Sweden  
Thousands, rolling 12 months, detached houses



Intent to renovate, Sweden  
Index





# IMPACT OF COVID-19 PANDEMIC

## Fortunate position

- Stores on free standing properties, concept built on self service, much shopping done outdoors

## Continued precautions

- Ensure health & safety of staff and customers, e.g., stricter hygiene routines, increased cleaning frequency, cash point covers, canceled store opening and campaign events, hand washing stations, info signs, distance markers, etc.
- Promote e-commerce and home delivery
- Launched “pay from car” service in May 2020

## Positive financial impact

- Positive demand from “stay at home” effect
- Disruptions to operations and supply chain minor and manageable



# DRIVING PROFITABLE GROWTH THROUGH PROVEN INITIATIVES



**Focused  
growth**

**Simple &  
efficient**

## **Store upgrades**

- "Store 3.0" 30% (12%) of portfolio end Q3, generate 6% per store
- Garden departments perform strongly (12% of portfolio)

## **E-commerce**

- Byggmax segment online sales +40% Q3, +50% YTD
- Larger assortment, upgraded site, better delivery options

## **Store expansion**

- 9 new stores opened as of Q3, 1 more in Q4
- New stores add 4% sales YTD

## **Skånska Byggvaror build-out**

- Product development generates new product sales
- Strong effect of digital sales & marketing initiative

## **Further efficiency improvements**

- GM% increase +0.3pp YTD (vs. last year's all-time-high)
- Strong cost control, YTD OpEx +9% (-4%-p of sales)

**Own initiatives  
drive ca 10% sales  
growth Q1-Q3 2020**

**Scale effects in  
GM% and Opex%**

# VERY STRONG ONLINE GROWTH

E-commerce continues to be a top priority

Byggmax e-com sales +40% in Q3 2020 as last year's investments continue to pay off

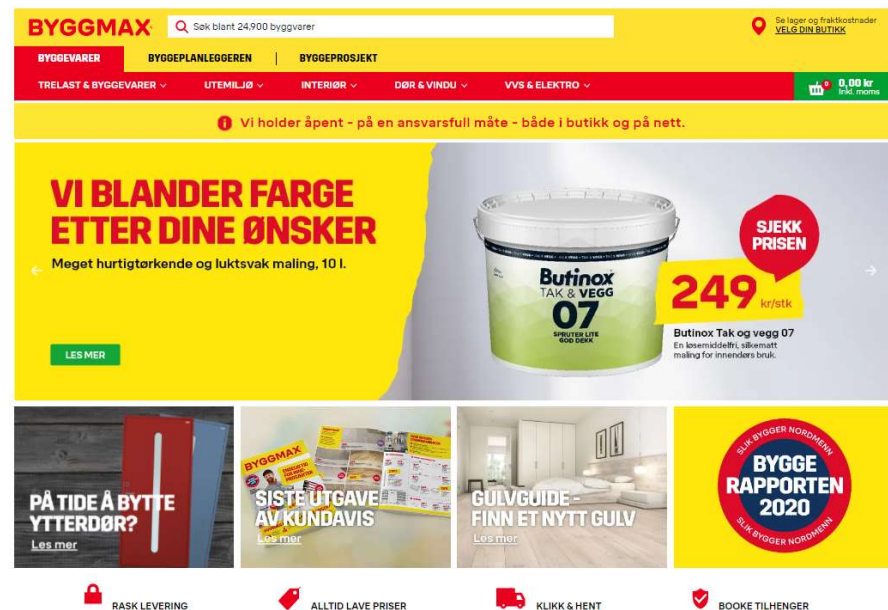
- Larger assortment
- Improved site
- More delivery options

"Order online, pick-up in store" emerging as a preferred consumer alternative

- Growing 2x pace of home delivery
- Strength with 169 Byggmax stores

Most recent freight option, small parcel home delivery, grew fast to 4% of Q3 orders

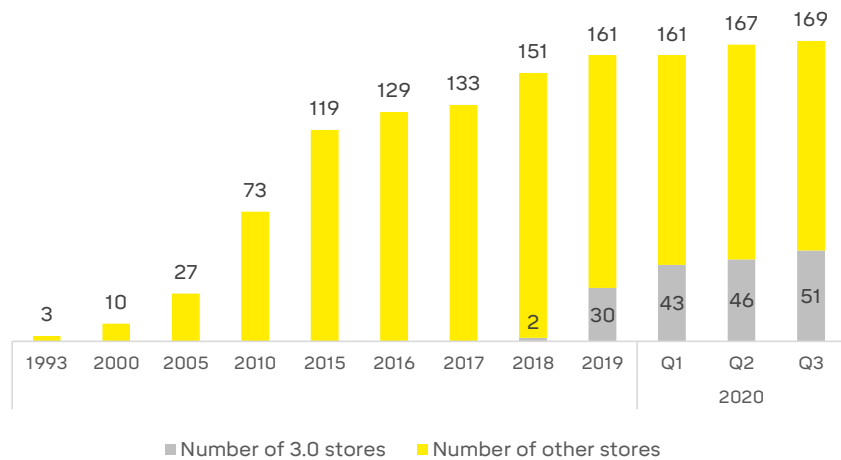
20% online share for Group RTM





# EXPANDING AND UPGRADING OUR STORE PORTFOLIO

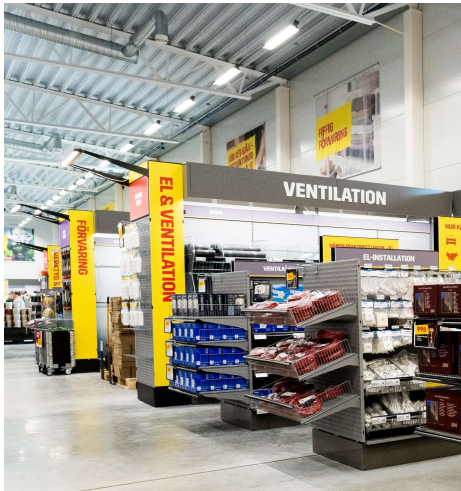
Bygghmax store portfolio



## Store 3.0 now 30% of portfolio

- 3 new stores in Q3 2020, of which 2 in Sweden (Kiruna, Tierp) and 1 in Norway (Notodden)
- Closed 1 store in Norway, in vicinity of new Oslo area store opened Q2 (relocation)
- 2 new stores as 3.0, and 3 upgrades to Store 3.0, to total 51 Store 3.0 (30% of Bygghmax portfolio)
- 1 new format for small towns to 17 (10%)
- No new stores with Garden department, still 20 (12%)

## NOW THREE UPGRADED FORMATS



**Small town format**  
Upgraded “3.0” version  
launched 2020



**Regular format**  
“Store 3.0” launched Q4 2018  
Upgrades ongoing



**Large format, incl. Garden**  
Upgraded “3.0” version  
launched 2020

Store 3.0 upgrades generate 6% sales increase per store vs. expected 3%

## UPGRADED LARGE FORMAT – WIDER AISLES & CLEAR NAVIGATION



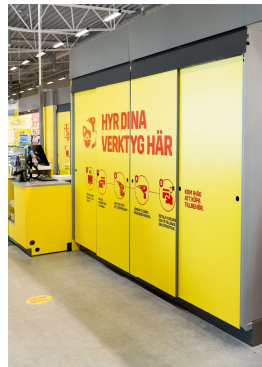


## CLEAR DEPARTMENTS & IMPROVED ASSORTMENT



Clear departments and improved communication  
Improved assortments within paint, flooring, tools, electrical installation, ventilation, bathroom, screws & fasteners, garden, and storage

# INCREASED CUSTOMER CONVENIENCE



Paint tinting

Machine rental

Collect@store pick-up



Floors and samples – take home or get delivered

Self check-out, pay from car or regular assisted check out

# SKÅNSKA BYGGVAROR CONTINUED VERY WELL

Growth initiatives continue to give strong results

- Product development
- Digital sales and marketing

Order intake increased well

Positive financial trend continued in Q3 2020

- Sustained sales momentum
- Continued profitability improvement

Focus remains on building for growth, through growth initiatives within core business and continued efficiency trimming





## SALES DEVELOPMENT Q3

	Bygghmax	Skånska Bygghvaror	Total
Share of Bygghmax Group sales Q3 2020	90.2%	9.8%	100%
Sales development Q3 2020 vs. Q3 2019	<b>20.4%</b> LFL 19.0%    New stores 3.8%	<b>31.2%</b> LFL 34.0%	<b>21.4%</b> LFL 20.4%    Currency -3.0%

Exceptional market sales driven by:

- Good market growth and continued “Stay home” effect during covid-19 pandemic
- Own initiatives add approximately 10% to growth, e.g., new stores, e-com, Store 3.0 upgrades

# P&L Q3 2020

## Financial report - incl. IFRS 16

Mkr	Q3 July-September	
	2020	2019
Net sales	2 200	1 813
Other operating income	8	2
<b>Total revenue</b>	<b>2208</b>	<b>1 815</b>
Cost of goods sold	-1 471	-1 229
Other external costs and operating expenses	-112	-91
Personnel costs	-182	-166
Depreciation and amortization of tangible and intangible assets	-119	-118
<b>Total operating expenses</b>	<b>-1 884</b>	<b>-1 604</b>
<b>EBITA</b>	<b>335</b>	<b>220</b>

## Byggmax Group

- Net sales in Q3 increased by 21.4 percent to SEK 2,200m
- Gross margin at 33.1 percent (32.2), impacted positively by product mix and scale effects
- Comparable costs, i.e. personnel and other external costs excluding new stores, increased by SEK 21m due to higher personnel in stores and increased marketing activities in the positive market situation
- Costs related to new stores amounted to SEK 15m (15).
- EBITA increased to SEK 335m (220)
- EBITA margin increased to 15.2 percent (12.2)

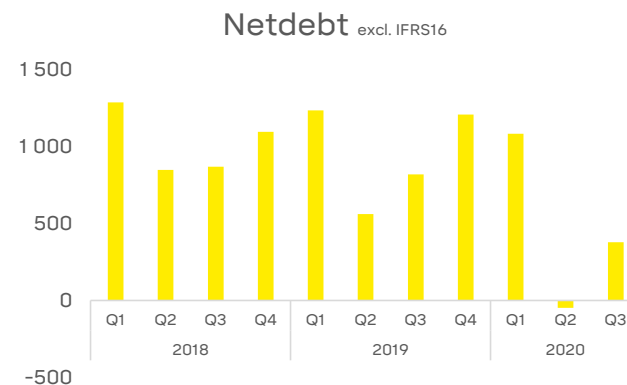
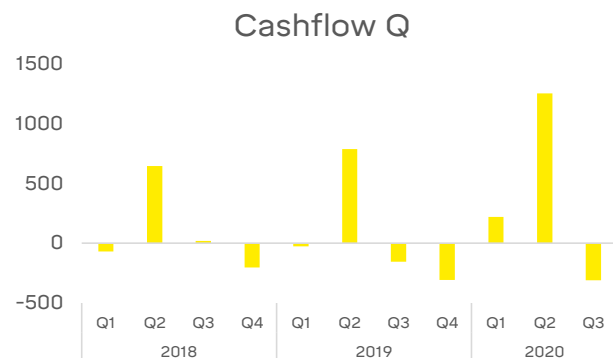
## Byggmax (excl IFRS 16)

- Net sales increased 20.4 percent to SEK 1,984m (1,648)
- EBITDA increased to SEK 332m (231)

## Skånska Byggvaror (excl IFRS 16)

- Net sales increased 31.2 percent to SEK 216m (165)
- EBITDA increased to SEK 33m (21)

# CASH FLOW & NET DEBT



Cash flow from operating activities amounted to SEK -311m for the third quarter, movements driven by:

- Strong net sales and earnings development, cash flow before change in working capital increased by SEK 122m
- Decreased accounts payable in the period. Cash flow affected by strong cash position in Q3 enabling cash discounts in accounts payable

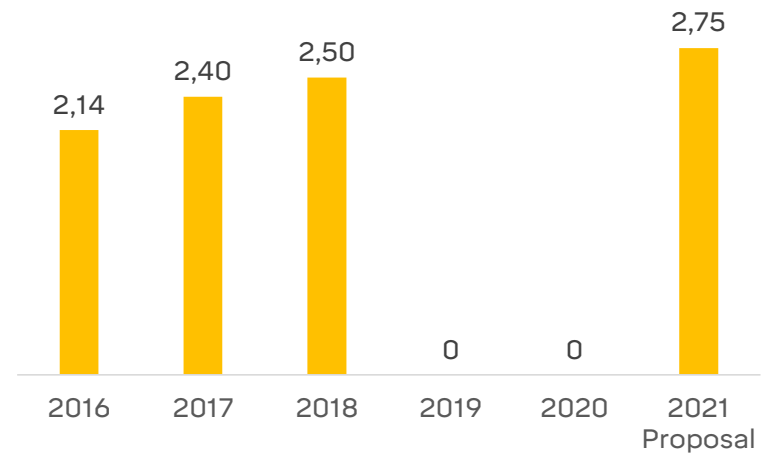
Continuous strengthened balance sheet. Net debt position excluding effects of IFRS 16 at SEK 367m compared to net debt SEK 822m in September 2019.



# DIVIDEND PROPOSAL FOR 2021

Board of Directors recommend dividend of SEK 2.75 per share for 2021

- Ambition to continue increase the dividend over time
- Continue to strengthen the balance sheet
- Allow further opportunities for expansion and upgrades



## POSITIVE MARKET OUTLOOK

Demand for home improvement boosted by “stay home” effect also in Q3

- Consumers working from home
- “Staycation” instead of travelling

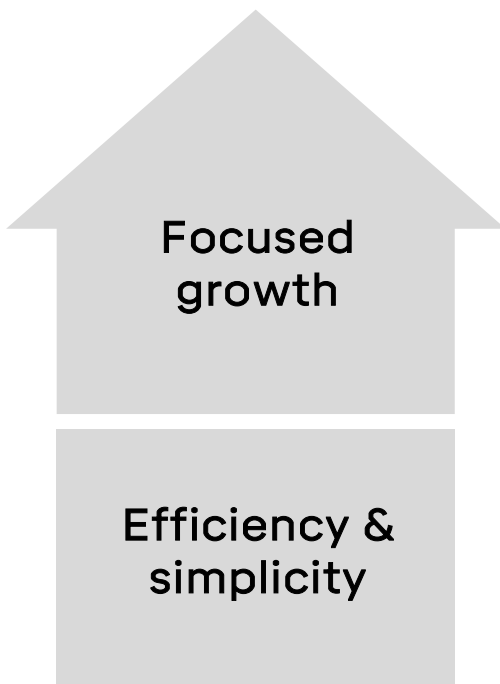
Expect “stay home” to boost demand also in Q4

House transactions in Sweden increase 2020 YTD, i.e., return to growth following spring decline

Market should be strong also next year, even if not to same extent as in 2020



# FOCUS FORWARD – CONTINUE PROFITABLE GROWTH



## **Store upgrades**

- Upgrade additional stores to Store 3.0, reach close to 40% of portfolio by end 2020
- Upgrade continues in 2021

## **E-commerce growth**

- Continue increase assortment and improve customer experience

## **Store expansion**

- 1 more Byggmax store opened Q4 2020, to total of 10 new for 2020
- Continue expansion with three formats: small town, regular, large incl. Garden

## **Skånska Byggvaror build-out**

- Initiatives within core assortment and digital sales and marketing

## **Further efficiency improvements**

- Supported by new tools and technology



## Q&A





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