



# **Interim report, January- September 2010**

October 25, 2010

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## **Summary, January- September, 2010**

In Q3 sales increased by 16 percent and profit before tax by 28 percent

- Q3 net sales SEK 1,043.2 M (896.5) and SEK 2,223.9 M (1,929.4) in the first nine months.
- Q3 EBIT SEK 165.4 M (145.6) and SEK 236.9 M (234.9) in the first nine months.
- Excluding listing costs, Q3 EBIT amounted to SEK 165.4 M, and SEK 253.6 M during the first nine months.
- The Q3 EBIT margin was 15.9 (16.2) percent and 10.7 (12.2) percent during the first nine months.
- Excluding listing costs, the Q3 EBIT margin was 15.9 percent and 11.4 percent for the first nine months.

# Summary, January- September, 2010

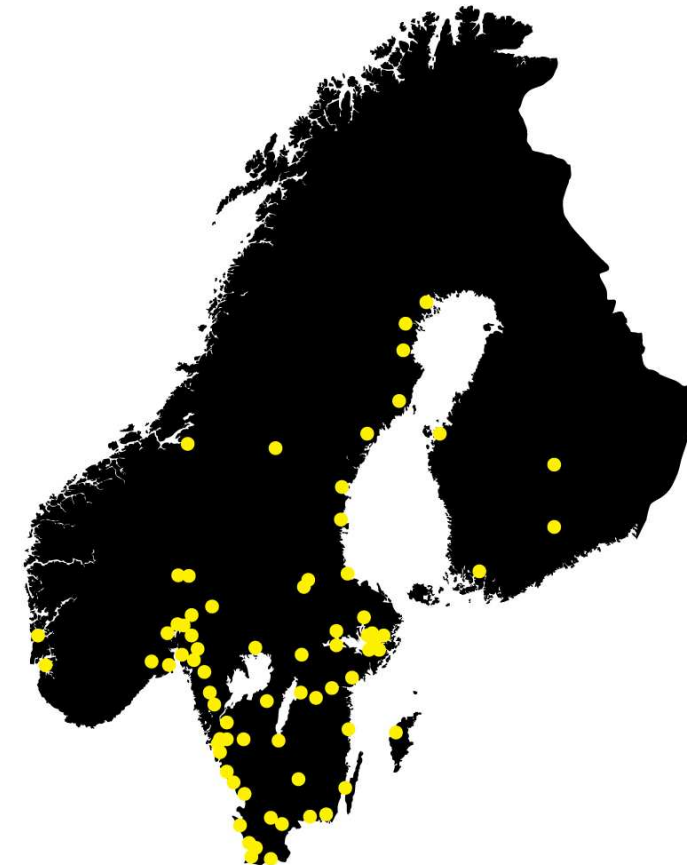
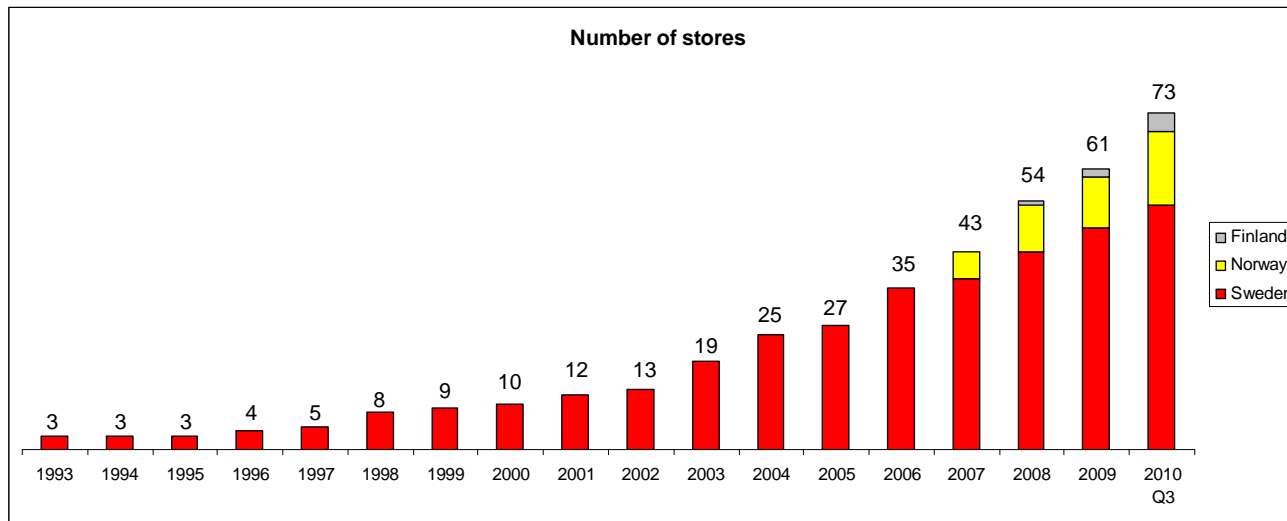
- Twelve (seven in 2009) new stores were opened.
  - In the first quarter, two (zero) stores were opened : Lahtis (Finland) and Haugesund (Norway).
  - In the second quarter, five (one) stores were opened: Partille, Trollhättan, Karlshamn, Värnamo (Sweden) and Fredrikstad (Norway).
  - In the third quarter, five (five) stores were opened: Ystad (Sweden), Stavanger, Kristiansand, Ski (Norway) and Jyväskylä (Finland).
- Bygghmax Group AB (publ) was listed on Nasdaq OMX Stockholm on June 2, 2010 and a 1:3 share split was carried out in conjunction with the listing.
- During the second quarter, before listing half of the company's shareholder loan was replaced by an external bank loan and the remainder was converted to shareholders' equity through an issue offsetting debt in connection with the listing.

# Byggmax

## Stores – more openings in Sweden are being planned for 2011

	Sweden	Norway	Finland
Number of stores, Q3 2010	53	14	4
Planned openings Q4 2010	0	0	0
Planned openings, 2011	4-6	3-5	3-4
Planned openings, 2011 according to the Q2 report	2-4	3-5	3-6

Following establishments has been announced Avesta and Lidköping in Sweden and Björneborg and Borgå in Finland.



Store network, September 30, 2010

# Byggmax

## Successful marketing campaign

### “Hottest Retail Brand”

- In their annual survey, *Market* magazine and *GfK* named Byggmax the “Hottest Retail Brand” in Sweden.
- The Byggmax brand has strengthened its position most during the past year.

### “Byggmax’s advertising campaign most effective”

- Byggmax has the most effective advertizing campaign, more than twice as effective as the market leader<sup>1</sup>

<sup>1</sup>*Dagens Media* and *Indikat* have measured market investments in the building materials trade



### Här är detaljhandelns hetaste varumärken

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Byggmax och Kjell & Company är de två hetaste butiksvärmarkerna i hela den svenska detaljhandeln. Det visar Markets nya undersökning.

För fjärde året i rad har Market tagit researchföretaget GfK till hjälp för att ta reda vilka krav konsumenterna ställer på butikerna och hur de mer kända butikerna i Sverige lever upp till de kraven.

Enligt undersökningen är för närvarande två butiksvärmarken hetare än alla andra i svensk detaljhandel – Byggmax och Kjell & Company.

#### DE TIO HETASTE

1. Byggmax
2. Kjell & Company
3. Media Markt
4. Jula
5. Maxi Ica Stormarknad
6. Gekås i Ullared
7. Myrorna
8. Kicks
9. City Gross
10. Bauhaus

Källa: Sveriges 350 mest kända butiksvärmarken – styrkor och svagheter 2010" (Market)

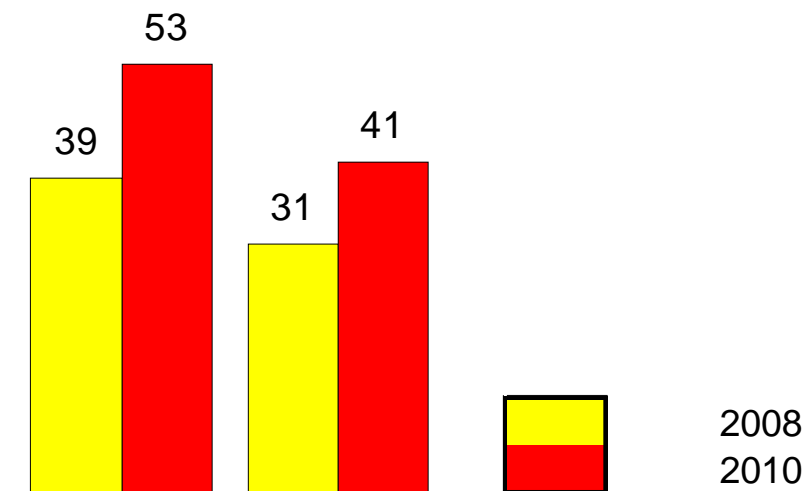
# Byggmax

## Continued strong position among Swedish home owners

- Byggmax continues to hold a strong position among Swedish home owners, according to a building report commissioned by “*Vi i Villa*” magazine
- 53 percent of men and 41 percent of women plan to buy from Byggmax
- In terms of sales, Byggmax’s market share is below these figures, which indicates the potential for broadening the range with “web products”

“Where are you planning to buy your building material?”

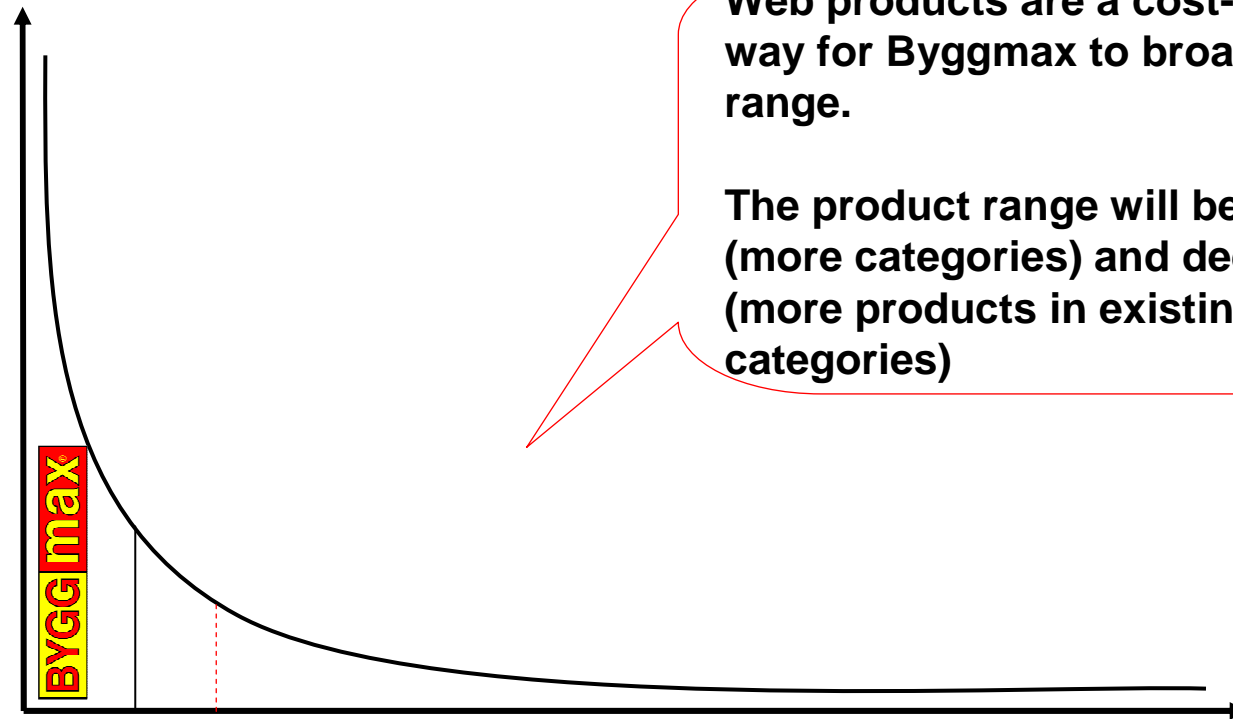
Answer: Byggmax (percent of answers)



# Byggmax

Expanded web range expected to commence in Q4, market launch in the spring

Product turnover



Store

Web

Number of goods in the building trade

# Byggmax

## Financial objectives and dividend policy

- Byggmax's financial objectives are:
  - More than 15 percent growth per year
  - An EBIT margin of more than 11 percent
- Dividend policy
  - Dividend corresponding to not less than 50 percent of the preceding year's netprofit







# Financial information

October 25, 2010

## Earnings trend

Earnings overview	July-September		January-September		12 months	Full-year
	2010	2009	2010	2009	Oktober 1, 2009 - September 30, 2010	2009
Net sales, SEK M	1,043.2	896.5	2,223.9	1,929.4	2,738.0	2,443.5
Gross margin, percent	30.3	30.2	29.7	29.8	29.8	29.8
EBIT, SEK M	165.4	145.6	236.9 (253.6')	234.9	274.7	272.7
EBIT margin, percent	15.9	16.2	10.7 (11.4')	12.2	10.0	11.1
Profit after tax, SEK M	111.0	91.3	152.1 (163.0')	143.7	169.7	161.2
Earnings per share, SEK <sup>2</sup>	1.8	1.7	2.5 (2.7')	2.6	2.8	2.9
Number of stores at the end of the period	73	60	73	60	73	61
New stores opened during the period	5	5	12	6	13	7

- Net sales increased with 16.4 percent during Q3 and increased with 15.3 percent during the first nine months, attributable to new store openings and increased sales in existing stores.
- The gross margin is in line with the corresponding period in the preceding year.
- Overhead cost increased during the third quarter primarily due to expenses for stores that opened after the third quarter of 2009. The increase in costs for the first nine month was mainly due to expenses for stores that opened after the third quarter of 2009 and expenses for the company's stock-exchange listing. Listing costs totaled SEK 16.7 M.

## Earnings trend (excluding listing costs)

	January - September	
	2010	2009
Listing costs, SEK M	16.7	0.0
EBIT, SEK M	253.6	234.9
EBIT margin, percent	11.4	12.2
Profit after tax, SEK M	163.0	143.7
Earnings per share, SEK	2.7	2.6

- Non-recurring costs in the form of listing costs during the first nine months were SEK16.7 M. Listing costs had a negative impact on the earnings in Q1 and Q2.
- The EBIT margin for the first nine months is lower than the year-earlier period, which is mainly due to more store openings and cold weather at the beginning of the year.

# Bygghmax

## Sales trend

The sales increase was divided according to the following:	July - September 2010	January - September 2010
Comparable stores, local currency, percent	5.4	4.2
Noncomparable units, percent	11.5	11.4
Exchange-date effects, percent	-0.5	-0.3
Total	16.4	15.3

- The operation's Q3 net sales were SEK 1,043.2 M (896.5) +16.4 percent, and SEK 2,223.9 M (1,929.4) +15.3 percent in the first nine months.
- Q3 net sales for comparable stores were +5.4 percent in local currency, and +4.2 percent for the first nine months.
- Q3 net sales in Sweden were SEK 824.6 M (738.0) and SEK 218.6 M (158.5) in other Nordic markets. They amounted to SEK 1,781.9 M (1,599.2) in the first nine months in Sweden, and SEK 442.0 M (330.2) in other Nordic markets.

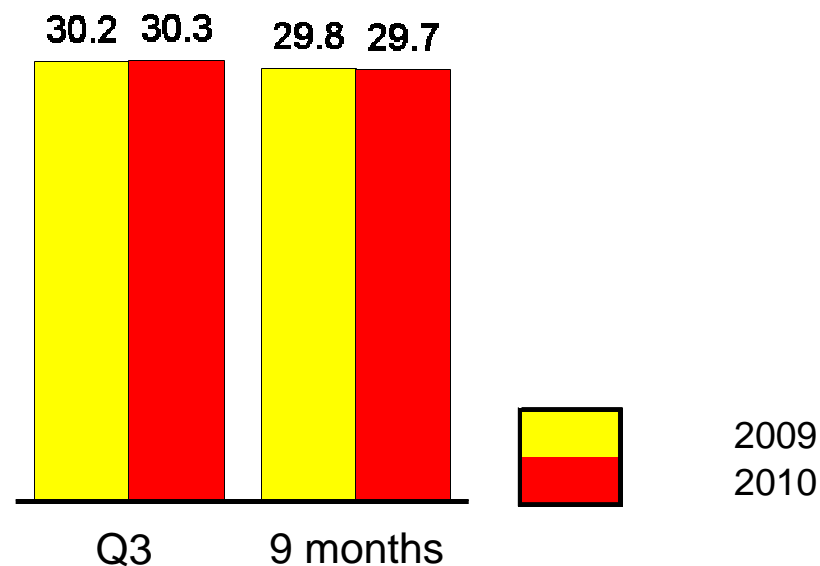
## Gross margin

### Q3

- The gross margin was 30.3 percent (30.2)

### The first nine months

- The gross margin was 29.7 percent (29.8) in the first nine months.
- The gross margin was positively impacted by improved purchasing work, but negatively by the rise in timber prices and that the price increase was not passed on directly to the consumer.



## Operating expenses

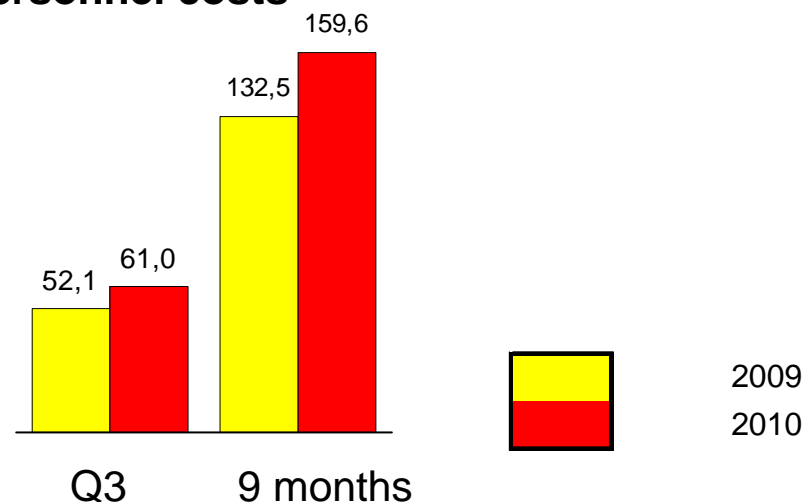
### Q3

- Personnel costs and other operating expenses rose by a total of SEK 23.1 M.
- This is mainly due to expenses (SEK 22.1 M) for stores that were opened after the third quarter of 2009.

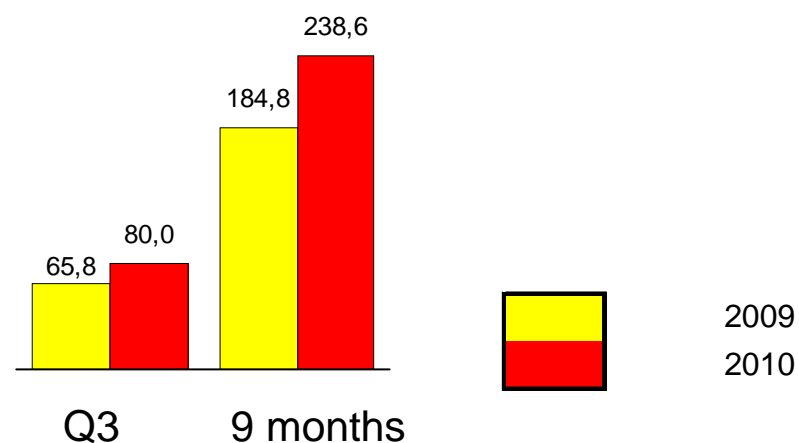
### The first nine months

- Personnel costs and other operating expenses rose by a total of SEK 81.0 M.
- This is mainly due to expenses (58.2 M) for stores that were opened after the first nine months of 2009.
- Increased expenses of SEK 2.2 M due to the cold weather and other stores (snow removal and heating)
- Listing costs of SEK 16.7 M (non-recurring).
- The subsidiary Anso Eiendom AS was divested during the second quarter of 2009 and generated a loss of SEK 4.2 M, which was recognized as an expense under the heading "Other external and operating expenses"

### Personnel costs



### Other operating expenses



## Financial position and cash flow

Amounts in SEK M	July 1, 2010 - Sept 30, 2010	July 1, 2009 - Sept 30, 2009	January 1, 2010 - Sept 30, 2010	January 1, 2009 - Sept 30, 2009	January 1, 2009 - December 1, 2009
Cash flow from operating activities before changes in working capital	167.5	143.8	228.6	245.1	286.8
Changes in working capital	-99.1	-47.8	128.5	62.4	-124.3
Cash flow from operating activities	68.4	96.0	357.1	307.4	162.5
Cash flow from investing activities	-12.4	-4.5	-30.6	1.5	-4.3
Cash flow from financial activities	-72.3	-5.1	326.1	-105.2	-252.1
Cash flow for the period	-16.3	86.3	0.4	203.8	-93.9
Cash and cash equivalents at the beginning of the period	44.9	239.6	28.2	122.1	122.1
Cash and cash equivalents at the end of the period	28.6	325.9	28.6	325.9	28.2

- Cash flow from operating activities for Q3 deteriorated by SEK 27.6 M compared with the year-earlier period and improved for the first nine months by SEK 49.7 M
- The deterioration during Q3 was mainly due to lower accounts payable, which was partly the result of postponed purchasing due to the cold spring compared with the year-earlier period, resulting in more invoices being paid in Q3 (accrual effect).



# **Financial statements in summary January – September 2010**

October 25, 2010



# Byggmax

## Income statement

Amount in SEK M	July 1, 2010 -Sept 30, 2010	July 1, 2009 -Sept 30, 2009	January 1, 2010 - Sept 30, 2010	January 1, 2009 - Sept 30, 2009	January 1, 2009 December 31, 2009
Net sales	1,043.2	896.5	2,223.9	1,929.4	2,443.5
Other operating income	0.2	0.7	2.1	2.9	7.3
Operating income	1,043.4	897.2	2,226.0	1,932.3	2,450.8
Operating expenses					
Goods for sale	-726.9	-625.3	-1,562.4	-1355.1	-1,715.7
Other external and operating expenses	-80.0	-65.8	-238.6	-184.8	-248.2
Personnel costs	-61.0	-52.1	-159.6	-132.5	-180.3
Depreciation and amortization of tangible and intangible fixed assets	-10.1	-8.5	-28.5	-25.0	-33.9
Total operating expenses	-878.0	-751.6	-1,989.1	-1697.4	-2,178.1
EBIT	165.4	145.6	236.9	234.9	272.7
Loss from financial items	-6.3	-21.5	-31.4	-49.6	-68.8
Profit before tax	159.1	124.1	205.5	185.3	203.9
Income tax	-48.1	-32.8	-53.4	-41.6	-42.7
Profit for the period	111.0	91.3	152.1	143.7	161.2

# Byggmax

## Balance sheet

Amounts in SEK M	September 30, 2010	September 30, 2009	December 31, 2009
<b>ASSETS</b>			
Fixed assets			
Intangible fixed assets	1,062.6	1,055.7	1,055.5
Tangible fixed assets	128.4	108.1	111.8
Financial fixed assets	11.8	3.8	14.3
Total fixed assets	1,202.8	1,167.5	1,181.6
Current assets			
Inventories	364.0	277.9	295.0
Derivatives	5.8	3.7	0.9
Current receivables	92.1	98.8	97.2
Cash and cash equivalents	41.8	328.9	31.6
Total current assets	503.8	709.3	424.7
<b>TOTAL ASSETS</b>	<b>1,706.6</b>	<b>1,876.9</b>	<b>1,606.3</b>

Amounts in SEK M	September 30, 2010	September 30, 2009	December 31, 2009
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	728.4	319.3	337.8
<b>LIABILITIES</b>			
Borrowing from credit institutions	278.7	491.6	307.3
Loans from related parties	0.0	449.8	458.0
Derivative instruments	0.0	11.2	11.0
Deferred tax liabilities	39.9	33.5	47.3
Long-term liabilities	318.6	986.2	823.7
Borrowing from credit institutions	49.5	25.4	71.3
Accounts payable	453.9	431.8	285.6
Current tax liabilities	69.6	42.3	31.7
Derivative instruments	5.1	1.5	2.9
Other liabilities	31.4	27.9	8.2
Accrued expenses and prepaid income	50.1	42.5	45.2
Current liabilities	659.6	571.4	444.9
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,706.6</b>	<b>1,876.9</b>	<b>1,606.3</b>

## Cash flow statement

Amounts in SEK M	July 1, 2010 - Sept 30, 2010	July 1, 2009 - Sept 30, 2009	January 1, 2010 - Sept 30, 2010	January 1, 2009 - Sept 30, 2009	January 1, 2009 - December 1, 2009
Cash flow from operating activities					
Operating activities	165.4	145.6	236.9	234.9	272.7
Non-cash items					
- Depreciation/amortization of tangible and intangible fixed assets	10.3	8.5	28.4	25.0	33.9
- Capital gains from divestment of subsidiaries	0.0	0.2	0.0	4.4	4.5
- Other non-cash items	-0.8	1.9	-2.4	2.2	0.7
Interest received	1.5	-0.7	6.5	18.0	22.9
Interest paid	-8.2	-8.5	-26.9	-30.0	-38.0
Tax paid	-0.8	-3.1	-14.0	-9.4	-10.0
Cash flow from operating activities before changes in working capital	167.5	143.8	228.6	245.1	286.8
Changes in working capital					
Increase/decrease in inventories and work in process	14.2	-0.6	-67.0	-44.6	-62.9
Increase/decrease in other current receivables	-10.8	-25.2	8.1	-37.8	-40.2
Increase/decrease in other current liabilities	-102.5	-23.2	187.4	144.8	-21.2
Cash flow from operating activities	68.4	96.0	357.1	307.4	162.5

## Cash flow statement, continued

Amounts in SEK M	July 1, 2010 - Sept 30, 2010	July 1, 2009 - Sept 30, 2009	January 1, 2010 - Sept 30, 2010	January 1, 2009 - Sept 30, 2009	January 1, 2009 - December 1, 2009
Cash flow from investing activities					
Divestment of subsidiaries	0.0	-0.2	0.0	6.3	6.2
Investment in intangible fixed assets	-2.4	-0.6	-4.2	-2.1	-3.2
Investment in tangible fixed assets	-10.0	-4.0	-23.1	-7.7	-11.6
Divestment of tangible fixed assets	0.0	0.4	1.0	5.2	5.2
Acquisitions of financial fixed assets	0.0	0.0	0.1	-0.2	-0.9
Investment in other financial fixed assets	0.0	0.0	-10.6	0.0	0.0
Investment in subsidiaries	0.0	0.0	6.2	0.0	0.0
Cash flow from investing activities	-12.4	-4.5	-30.6	1.5	-4.3
Cash flow from financing activities					
New issue	0.0	0.0	0.0	0.6	0.6
Change in overdraft facilities	-66.9	0.0	23.3	0.0	0.0
Borrowings	0.0	0.0	249.7	0.0	0.0
Amortization of loans	-5.4	-5.2	-599.2	-105.8	-252.7
Cash flow from financial activities	-72.3	-5.1	326.1	-105.2	-252.1
Cash flow for the period	-16.3	86.3	0.4	203.8	-93.9
Cash and cash equivalents at the beginning of the period	44.9	239.6	28.2	122.1	122.1
Cash and cash equivalents at the end of the period <sup>1</sup>	28.6	325.9	28.6	325.9	28.2

Note that cash and cash equivalents in the cash flow are adjusted for restricted bank funds.

October, 2010

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## Largest shareholders, September 30, 2010

### The ten largest shareholders

Name/Address	Number of shares	Holding (%)
ALTOR 2003 GP	21 720 908	35,76%
ZAMGATE INVESTMENTS (Stig Notlöv)	3 078 042	5,07%
ROBUR	2 680 441	4,41%
SCHRODER	2 563 786	4,22% 31/7 2010
JARRTON MANAGEMENT (Göran Peterson)	2 381 296	3,92%
THREADNEEDLE	1 782 761	2,94% 31/7 2010
LIVFÖRSÄKRINGSAB SKANDIA (PUBL)	1 551 016	2,55%
ULSLANE HOLDINGS (Lars Lindberg)	1 363 910	2,25%
NORDICA LIFE (Fredrik Cappelen)	981 816	1,62%
MOBERG, ANDERS	739 946	1,22%
<b>Total ten largest shareholders (grouped by shareholders) – based on holding</b>	<b>38 843 922</b>	<b>63,95%</b>
Total other shareholders	21 893 123	36,05%
Total, September 30, 2010	60 737 045	100.00%