



# **Interim report January- September 2013**

October 23, 2013

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# **Summary January – September 2013**

**In the third quarter, Byggmax increased net sales by 7.5 percent.**

- Net sales amounted to SEK 1,175.2 M (1,093.2) in Q3 and SEK 2,583.2 M (2,502.5) for the first nine months of the year.
- Net sales for comparable stores increased 1.1 percent (-5.7) in Q3 and declined 2.1 percent (rose 1.0) for the first nine months of the year.
- EBIT totaled SEK 170.0 M (161.5) in Q3 and SEK 212.4 M (216.4) for the first nine months of the year.
- The EBIT margin was 14.5 percent (14.8) in Q3 and 8.2 percent (8.6) for the first nine months of the year.
- Earnings per share amounted to SEK 2.2 (1.9) per share in Q3 and SEK 2.6 (2.4) for the first nine months of the year.

## Summary January – September 2013

- Eleven (eight) new stores were opened
  - One (two) new stores were opened in the first quarter: One in Sweden
  - Five (four) new stores were opened in the second quarter: Four in Sweden and one in Norway
  - Five (two) new stores were opened in the third quarter: Two in Norway and three in Finland
- The company announced an increase in the goal for the number of stores to be opened in existing markets from 155 to 180.
- The four pilot stores to be converted to the new Byggmax 2.0 concept have been converted and a decision taken to convert additional stores to Byggmax 2.0. New stores will open with the new format.
- On July 3, 2013, the Romell Förvaltning AB property company was sold, which contained the property in Karlskoga. The divestment generated a positive earnings effect, which is not significant for the Group.
- During the second quarter, a number of key individuals subscribed for warrants under the incentive program resolved on by the Annual General Meeting.

## Stores: 7-13 openings are planned for 2014

	Sweden	Norway	Finland
Number of stores, Q3 2013	0	2	3
Planned openings, Q4 2013	0	0	0
Opened stores, 2013	5	3	3

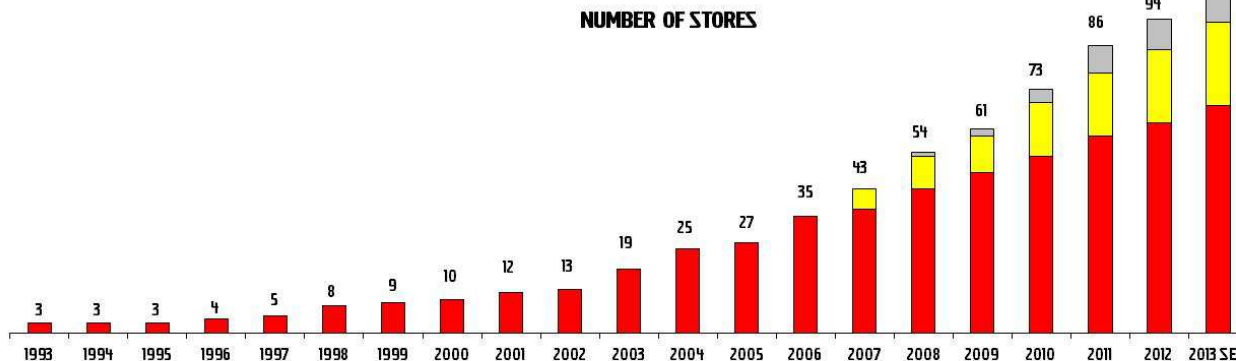
### Store network at September 30, 2013

#### The following stores have been opened:

- Sweden: Arvika, Härnösand, Karlskoga, Sandviken and Torslanda
- Norway: Askoy, Haugenstua (Oslo) and Larvik
- Finland: Espoo, Kangasala and Seinäjoki

The stores will be announced when the contracts have been signed and the municipal permits secured.

Bygghmax plans to open 7-13 stores during 2014.



# The goal for the number of stores has been raised to 180 in the three existing countries

We see a total potential for 180 stores in the three countries in which we operate, which is 25 more than previously announced. We have identified potential for more stores in major cities and the potential to locate to slightly smaller areas based on the sales from our existing store network.

The store potential in Sweden is 95 (+10), Norway 60 (+15) and Finland 25.





# Byggmax

## Byggmax upgrades the store concept and increases the in-store product range – Byggmax 2.0

The four pilot stores in Byggmax 2.0 have been evaluated and, on average, sales from these four stores outperformed other comparable stores by a total of almost 7 percent during the quarter and by 8 percent in September. Achieving such favorable results with limited marketing activities in such a short period of time is extremely satisfying and we can see significant potential in the new format. About 60 percent of the increase was attributable to the new products, which have a margin about 8 percentage points higher than average, based on the outcome in September.

Moving forward, total investment for a store conversion is expected to be about SEK 1.6 M per store. This comprises an increase in tied-up inventory of about SEK 0.6 M per store, which is partly financed by an increase in accounts payable. In the businessmodel for Byggmax 2.0 we have approximately fifty percent variable costs and fifty percent fixed costs.

Based on this positive outcome, the Board has decided to proceed with the roll-out of Byggmax 2.0. The decision is to convert three stores in the fourth quarter of 2013, followed by an additional 30 in 2014.



## Trial launch of building services in Stockholm

In the third quarter, Byggmax launched a trial for providing building services in Stockholm. Via the Byggmax website our customers can purchase floor-laying and painting services at fixed prices per square meter.

The idea is to expand the test geographically and in terms of building services if the results are favorable. The concept has considerable potential, since we will be reaching an entirely new target group – those who want to renovate but are unable to or do not wish to do it themselves.





# Financial information

October 23, 2013



# Byggmax

## Results trend

Earnings overview	July - September		January - September		12 months	Full year
	2013	2012	2013	2012	Oct 1. 2012 - Sept 30. 2013	2012
Net sales, SEK M	1,175.2	1,093.1	2,583.2	2,502.5	3,171.1	3,090.4
Gross margin, percent	31.2	30.6	30.3	29.6	30.7	30.2
EBIT, SEK M	170.0	161.5	212.4	216.4	248.2	252.2
EBIT margin, percent	14.5	14.8	8.2	8.6	7.8	8.2
Profit/loss after tax, SEK M	130.8	113.5	158.1	143.5	194.3	179.8
Earnings per share, SEK	2.2	1.9	2.6	2.4	3.2	3.0
Return on shareholders' equity	14.8	13.8	17.0	16.7	24.6	20.4
Cash flow from operating activities per share, SEK	0.6	-0.9	5.9	5.8	3.8	3.6
Shareholders' equity per share, SEK	15.6	14.4	15.6	14.4	13.5	15.1
Number of stores at the end of the period	105	94	105	94	105	94
New stores opened during the period	5	2	11	8	11	8

- Net sales increased by 7.5 percent in Q3.
- The gross margin was 0.6 % higher than in Q3 the preceding year.
- Overheads increased during Q3 (SEK 20.8 M). This was mainly due to costs of SEK (16.3) M for stores opened after Q3 of 2012, increased staffing at its head office, and to costs for the implementation of Byggmax 2.0.

# Sales trend

The sales increase was divided according to the following:	July-September 2013	January-September 2013
Comparable stores, local currency, percent	1.1	-2.1
Non-comparable units, percent	7.3	6.3
Currency effects, percent	-0.9	-1.0
Total, percent	7.5	3.2

- The operation's net sales were SEK 1,175.2 M (1,093.1) in Q3, up 7.5 percent and for the first nine months totaled SEK 2,583.2 M (2,502.5), up 3.2 percent.
- Net sales for comparable stores increased by 1.1 percent in local currency in Q3 and for the first nine months declined by 2.1 percent.
- In Q3, net sales amounted to SEK 856.1 M (799.1) in Sweden and to SEK 319.2 M (294.0) in the other Nordic markets. For the first nine months net sales amounted to SEK 1,905.6 M (1,841.1) in Sweden and to SEK 677.6 M (661.0) in the other Nordic markets.

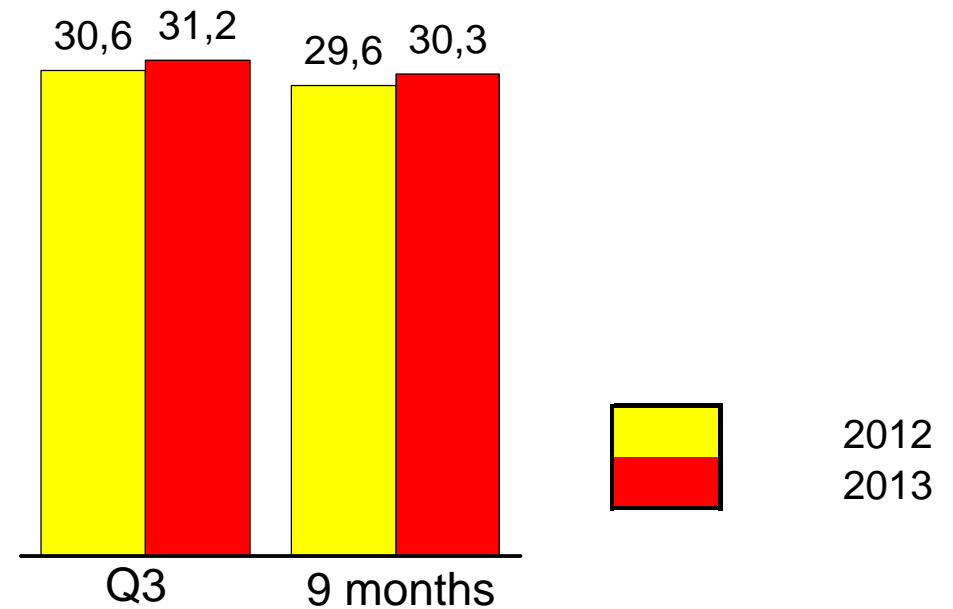
## Gross margin

### Q3

- Gross margin: 31.2 percent (30.6)
- The gross margin for the quarter was higher than the year. earlier period, which was primarily attributable to an enhanced product mix.

### First nine months of the year

- Gross margin: 30.3 percent (29.6)



## Operating expenses

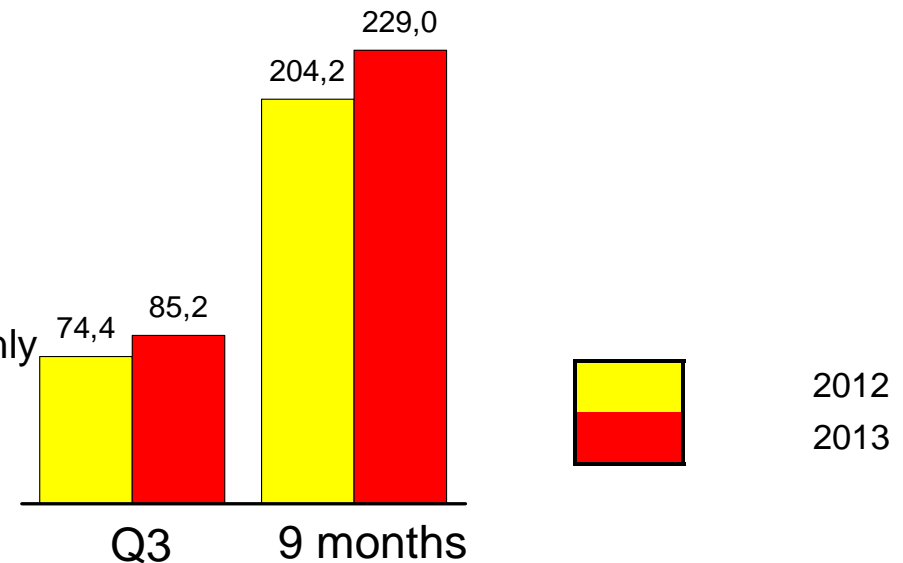
### Q3

- Personnel and other operating expenses rose by SEK 20.8 M.
- This was primarily attributable to expenses of SEK 16.3 M for stores opened after Q3 2012.
- Costs for Byggmax 2.0 amounted to SEK 1.2 M during the third quarter. Byggmax has also increased staffing at its head office, mainly due to the e-commerce and web marketing activities.

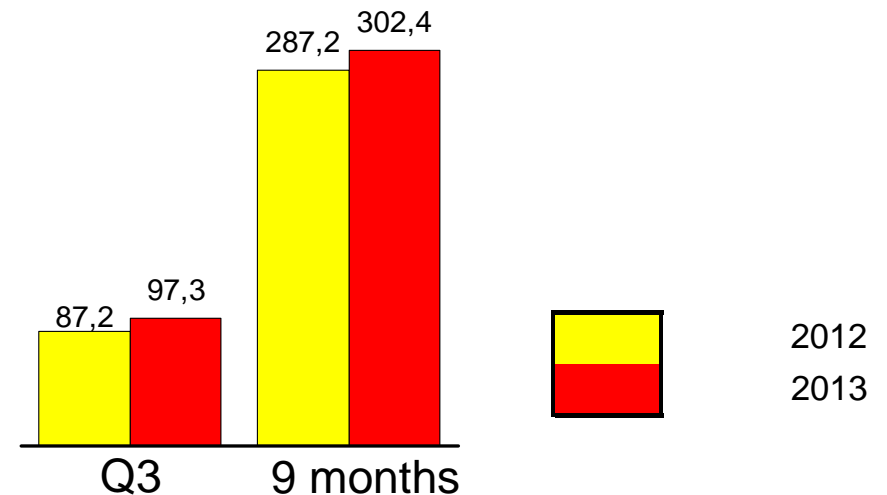
### First nine months of the year

- Personnel and other operating expenses rose by SEK 40.1 M.
- This was primarily attributable to expenses of SEK 36.3 M for stores opened after Q3 2012.
- Costs for Byggmax 2.0 amounted to SEK 4.2 M during the first nine months of the year. Byggmax has also increased staffing at its head office, mainly due to the e-commerce and web marketing activities.

### Personnel expenses



### Other operating expenses



# Net financial items

Loss from financial items	July-September		January-September	
SEK M	2013	2012	2013	2012
Group				
Profit/loss from participations in Group companies	0.4	0.0	0.4	0.0
Comprehensive income from participations in Group companies	0.4	0.0	0.4	0.0
Financial income				
Exchange-rate gains	5.2	2.6	8.7	7.0
Changes in fair value – interest swaps and currency derivatives	1.7	1.5	3.2	5.3
Interest income	0.0	0.0	0.0	0.0
Other financial income	0.0	0.0	0.0	0.0
Total financial income	7.0	4.2	11.9	12.4
Financial expenses				
Exchange-rate losses	-2.6	-4.0	-3.9	-9.1
Changes in fair value – interest swaps and currency derivatives	0.0	-0.6	-1.6	-6.8
- interest expenses, bank loans	-2.8	-3.1	-10.7	-11.7
- interest expenses, loans from related parties	0.0	0.0	0.0	0.0
- interest expenses, reversal of discounting effect on loans from related parties	0.0	0.0	0.0	0.0
- financial leasing, reversal of discounting effect	-0.3	-0.5	-0.8	-1.5
Other financial expenses	-0.2	-0.3	-0.3	-0.4
Total financial expenses	-5.8	-8.5	-17.3	-29.4
Loss from financial items	1.5	-4.3	-5.1	-17.0

- Net financial items improved by SEK 5.8 M in Q3, year-on-year. This was primarily attributable to positive exchange-rate effects, mainly from hedging contracts



# Financial position and cash flow

Amounts in SEK M	Jul 1, 2013 Sep 30, 2013	Jul 1, 2012 Sep 30, 2012	Jan 1, 2013 Sep 30, 2013	Jan 1, 2012 Sep 30, 2012	Oct 1, 2012 Sep 30, 2013	Jan 1, 2012 Dec 31, 2012
Cash flow from operating activities before changes in working capital	152.3	143.4	204.1	195.8	243.8	235.5
Changes in working capital	-114.2	-200.4	155.7	157.1	-16.1	-15.0
Cash flow from operating activities	38.1	-57.0	360.0	352.8	227.8	220.5
Cash flow from investing activities	-4.8	-14.9	-67.3	-56.7	-95.9	-85.3
Cash flow from financing activities	-73.3	78.7	-283.6	-249.4	156.4	-122.2
Cash flow for the period	-40.0	6.9	9.1	46.7	-24.5	13.1
Cash and cash equivalents at the beginning of the period	72.7	50.3	23.6	10.5	57.2	10.5
Cash and cash equivalents at the end of the period	32.7	57.2	32.7	57.2	32.7	23.6

Cash flow from operating activities for Q3 increased by SEK 95.1 M year-on-year. Cash flow for the third quarter of 2012 was affected by an increase in inventory value, as well as a decrease in accounts payable due to lower purchasing during the quarter.



# **Condensed financial statements January – September 2013**

October 23, 2013

# Income statement

Amounts in SEK M	Jul 1, 2013 Sep 30, 2013	Jul 1, 2012 Sep 30, 2012	Jan 1, 2013 Sep 30, 2013	Jan 1, 2012 Sep 30, 2012	Oct 1, 2012 Sep 31, 2013	Jan 1, 2012 Dec 31, 2012
Net sales	1,175.2	1,093.1	2,583.2	2,502.5	3,171.1	3,090.4
Other operating income	1.5	2.5	4.9	5.3	6.8	7.2
Operating income	1,176.8	1,095.6	2,588.1	2,570.8	3,177.9	3,097.6
Operating expenses						
Goods for sale	-808.8	-758.6	-1,800.8	-1,761.2	-2,198.2	-2,158.6
Other external and operating expenses	-97.3	-87.2	-302.4	-287.2	-376.1	-360.9
Personnel costs	-85.2	-74.4	-229.0	-204.2	-297.4	-272.6
Depreciation, amortization and impairment of tangible and intangible fixed assets	-15.5	-13.8	-43.4	-38.8	-57.9	-53.4
Total operating expenses	-1,006.8	-934.1	-2,375.6	-2,291.3	-2,929.7	-2,845.4
EBIT	170.0	161.5	212.4	216.4	248.2	252.2
Loss after financial items	1.5	-4.3	-5.1	-17.0	-8.7	-20.7
Profit before tax	171.5	157.2	207.4	199.4	239.5	231.5
Income tax	-40.7	-43.7	-49.3	-55.9	-45.1	-51.7
Profit/loss for the period	130.8	113.5	158.1	143.5	194.3	179.8

# Byggmax

## Balance sheet

Amounts in SEK M	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012	Amounts in SEK M	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
<b>ASSETS</b>				<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Fixed assets				Shareholders' equity	945.4	876.5	914.2
Intangible fixed assets	1,081.4	1,077.7	1,078.9	Liabilities			
Tangible fixed assets	193.3	153.1	174.8	Borrowing from credit institutions	7.4	21.1	17.2
Financial fixed assets	23.5	5.5	12.8	Deferred tax liabilities	65.3	64.8	65.2
<b>Total fixed assets</b>	<b>1,298.2</b>	<b>1,236.3</b>	<b>1,266.5</b>	<b>Long-term liabilities</b>	<b>72.8</b>	<b>85.9</b>	<b>82.4</b>
Current assets				Borrowing from credit institutions	328.8	349.7	483.5
Inventories	552.2	491.1	465.8	Accounts payable	492.3	454.4	278.7
Derivatives	2.2	0.0	0.5	Current tax liabilities	9.0	17.9	3.8
Current receivables	72.2	99.3	86.8	Derivatives	0.0	0.8	0.0
Cash and cash equivalents	41.1	69.5	33.9	Other liabilities	42.3	43.8	20.7
<b>Total current assets</b>	<b>667.6</b>	<b>659.9</b>	<b>587.0</b>	Accrued expenses and prepaid income	75.2	67.3	70.3
<b>TOTAL ASSETS</b>	<b>1,965.9</b>	<b>1,896.2</b>	<b>1,853.5</b>	<b>Current liabilities</b>	<b>947.6</b>	<b>933.8</b>	<b>856.9</b>
				<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,965.9</b>	<b>1,896.2</b>	<b>1,853.5</b>
				Pledged assets - Shares in subsidiaries	1,184.6	995.2	1,022.9
				Pledged assets – Chattel mortgages	120.0	120.0	120.0
				Pledged assets – Blocked funds	8.4	12.3	10.3
				Contingent liabilities	None	None	None

# Byggmax

## Cash-flow statement

Amounts in SEK M	Jul 1, 2013 Sep 30, 2013	Jul 1, 2012 Sep 30, 2012	Jan 1, 2013 Sep 30, 2013	Jan 1, 2012 Sep 30, 2012	Oct 1, 2012 Sep 30, 2013	Jan 1, 2012 Dec 31, 2012
Cash flow from operating activities						
EBIT	170.0	161.5	212.4	216.4	248.2	252.2
Non-cash items						
- Depreciation/amortization of tangible and intangible fixed assets	15.5	13.8	43.4	38.4	55.9	50.9
- Other non-cash items	-1.7	-1.0	-1.5	-0.7	1.6	2.4
Interest received	5.3	2.7	8.7	7.0	10.9	9.2
Interest paid	-5.8	-7.9	-15.8	-22.6	-22.9	-29.8
Tax paid	-31.0	-25.7	-43.1	-42.7	-49.8	-49.4
Cash flow from operating activities before changes in working capital	152.3	143.4	204.1	195.8	243.8	235.5
Changes in working capital						
Increase/decrease in inventories and work in progress	19.1	35.2	-87.3	-67.9	-60.3	-41.0
Increase/decrease in other current receivables	22.3	8.5	3.0	1.6	3.6	2.2
Increase/decrease in other current liabilities	-155.6	-244.1	240.2	223.4	40.6	23.8
Cash flow from operating activities	38.1	-57.0	360.0	352.8	227.8	220.5



# Cash-flow statement continued

Amounts in SEK M	Jul 1, 2013 Sep 30, 2013	Jul 1, 2012 Sep 30, 2012	Jan 1, 2013 Sep 30, 2013	Jan 1, 2012 Sep 30, 2012	Oct 1, 2012 Sep 30, 2013	Jan 1, 2012 Dec 31, 2012
Cash flow from investing activities						
Investment in intangible fixed assets	-2.3	-2.1	-9.8	-10.9	-13.2	-14.3
Investment in tangible fixed assets	-13.2	-12.8	-69.9	-45.7	-74.9	-50.6
Divestment of tangible fixed assets	0.0	0.0	0.0	-0.1	0.0	-0.1
Investment in other financial fixed assets	0.1	0.1	1.8	0.0	3.9	2.0
Investment in subsidiaries	0.0	0.0	0.0	0.0	-22.3	-22.3
Proceeds from sale of subsidiaries	10.7	0.0	10.7	0.0	10.7	0.0
Cash flow from investing activities	-4.8	-14.9	-67.3	-56.7	-95.9	-85.3
Cash flow from financing activities						
Change in overdraft facility	-69.0	254.8	-146.7	50.2	-10.7	186.2
Dividend to shareholders	0.0	0.0	-121.5	-109.3	-121.5	-109.3
Amortization of loans	-4.3	-176.1	-15.5	-190.3	-24.2	-199.0
Cash flow from financing activities	-73.3	78.7	-283.6	-249.4	-156.4	-122.2
Cash flow for the period	-40.0	6.9	9.1	46.7	-24.5	13.1
Cash and cash equivalents at the beginning of the period	72.7	50.3	23.6	10.5	57.2	10.5
Cash and cash equivalents at the end of the period	32.7	57.2	32.7	57.2	32.7	23.6

Note that cash and cash equivalents in the cash flow are adjusted for blocked funds

# Largest shareholders at September 30, 2012

Name/Address	Number of shares	Holding (%)
ALTOR 2003 S.À.R.L.	21 720 908	35,76
Lannebo fonder	4 254 945	7,01
Norges Bank Investment Management	3 075 312	5,06
ÖRESUND, INVESTMENT AB	2 441 261	4,02
Schroder Investment Management North America, Inc.	2 400 000	3,95
Jarrton Management (Göran Peterson)	2 381 296	3,92
Zamgate Investments (Stig Notlöv)	1 804 613	2,97
Ulslane (Lars Lindberg)	1 715 000	2,82
Nordea Investment Funds	1 320 815	2,17
Swedbank Robur fonder	1 308 745	2,15
<b>Total ten largest shareholders (grouped by shareholders) – based on holding</b>	<b>42,422,895</b>	<b>69,85</b>
Total other shareholders	18,314,150	30,15
Total, September 30, 2013	60,737,045	100,00