



# **Year-end report January-December 2014**

January 26, 2015

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# **Summary January-December 2014**

In the fourth quarter, Byggmax's net sales increased 10 percent and EBIT improved and amounted to SEK 38 M.

- Net sales amounted to SEK 695.4 M (633.2) for the fourth quarter and SEK 3,547.2 M (3,216.4) for the full year.
- Net sales for comparable stores increased 3.7 percent (up 2.9) for the fourth quarter and rose 3.8 percent (down 0.7) for the full year.
- EBIT for the fourth quarter totaled SEK 37.9 M (34.2). EBIT for the full year amounted to SEK 288.1 M (246.7) excluding non-recurring items and SEK 296.8 M including non-recurring items.
- The operating margin for the fourth quarter was 5.4 percent (5.4) and the operating margin for the full year was 8.4 percent (7.7).
- Earnings per share amounted to SEK 0.5 (0.4) per share for the fourth quarter and SEK 3.6 (3.0) per share for the full year.

## Summary January-December 2014

- Seven (eleven) new stores were opened: four in Sweden, two in Norway and one in Finland.
- 15 stores were converted to the Bygghmax 2.0 concept during the quarter and 35 stores were converted during the year.
- During the second quarter, Bygghmax signed a new three-year financing agreement with 30-percent lower interest expenses on a full-year basis.
- During the second quarter, Karin Hyllgren Jonsson was elected as a new Board member of Bygghmax Group AB (publ) and Johannes Lien declined reelection.
- Mikael Bengtsson will leave the position of Business Manager at his own request at the end of 2014 and will be replaced by Marcus Hed who will move from his current role as Regional Manager at Bygghmax.
- Per Haraldsson, Sourcing and Supply Chain Manager at Bygghmax, took over responsibility for the category managers. Purchasing Manager Pär Petersson, who was a member of the Group management and responsible for the category managers, is leaving Bygghmax at his own request in March 2015.

## Summary January-December 2014

- During the quarter the Administrative Court set aside the decision by Swedish Customs on March 26, 2012 pertaining to charges for customs and anti-dumping duties, as well as the decision by Swedish Customs on April 12, 2012 to levy additional customs charges. The decision had no impact on earnings. Byggmax are waiting for notification if Swedish Customs will appeal the judgment.
- Byggmax signed a supplemental agreement with Svenska Handelsbanken during the quarter, which will result in a SEK 50 M increase in the revolving credit facility.
- The Board of Directors proposes a dividend of SEK 2.6 (2.3) per share

# Byggmax

**Stores: Seven new stores were opened in 2014 and openings are planned for seven to 13 stores in 2015.**

	Sweden	Norway	Finland
Number of stores, Q4 2014	0	0	0
Planned openings, Q1 2015	1	0	0
Opened stores, 2014	4	2	1

**Store network at December 31, 2014**

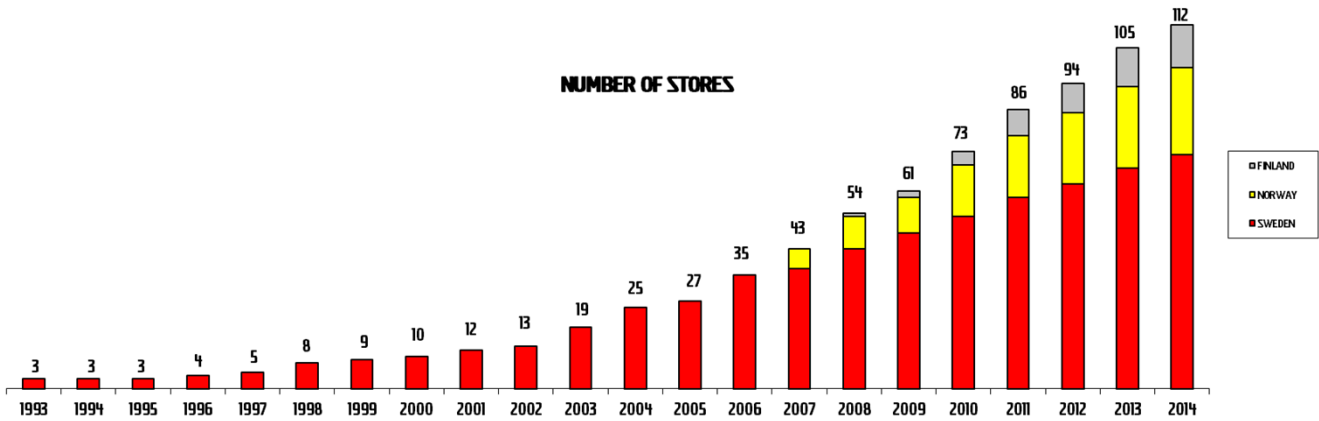
The following stores have been opened in 2014:

- Sweden: Katrineholm, Munkedal, Ullstämman (Linköping) and Värmdö
- Norway: Tönsberg and Åsane (Bergen)
- Finland: Pirkkala (Tampere)

The stores in Jönköping and Hudiksvall have moved to new premises.

**Byggmax plans to open between seven and 13 stores in 2015.**

Stores are announced when the contracts have been signed and the municipal permits secured.



## Byggmax will continue to invest in increased growth

Byggmax has a number of investment areas: expansion in Finland, the online store and services.

In 2014, after depreciation and amortization, these areas resulted in a total charge of 2.1% on the EBIT margin. In other words, if these investments are disregarded, the EBIT margin would be 2.1% higher.

We will continue to invest to grow and capture market shares in 2015.

The aim is for the effect on the EBIT margin i 2015 to remain less than 3 percentage points.

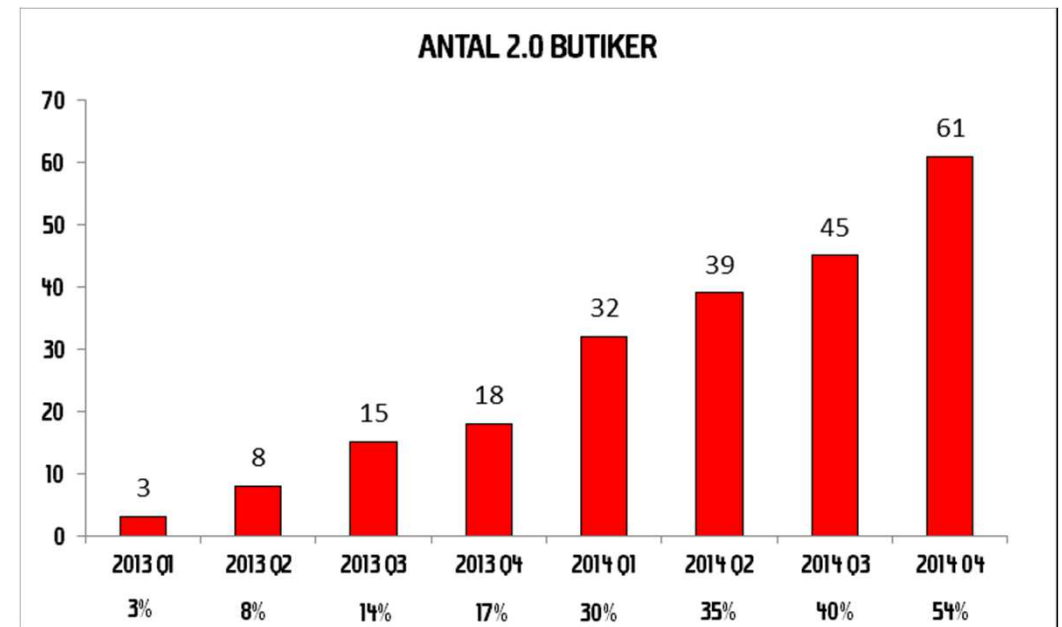
The screenshot displays the Byggmax website interface. At the top, there's a navigation bar with 'Om Byggmax', 'Logga in', and 'KUND TJÄNST'. Below this, a banner reads 'Bra billiga Byggvaror' and 'BYGGmax'. A search bar is present with the text 'Sök på byggmax.se'. The main content area features a large image of flooring products with prices: 139.00/m², 129.00/m², and 239.00/m². A 'Testfakta Bäst i test' badge is also visible. The right sidebar shows a shopping cart with 1 item and a total price of 69.90 kr. The bottom section lists categories like 'VIRKE', 'GJUTNING OCH HUSGRUND', and 'GÖLV'.

## 61 stores converted to 2.0

Byggmax 2.0 is an updated store concept, with more articles and clearer communication, utilizing the same sales area and with improved sales control.

Byggmax 2.0 stores continue to deliver promising sales increases following conversion. 15 additional store was converted during the quarter.

In spring 2015, the plan is to convert another 20 to 30 stores.

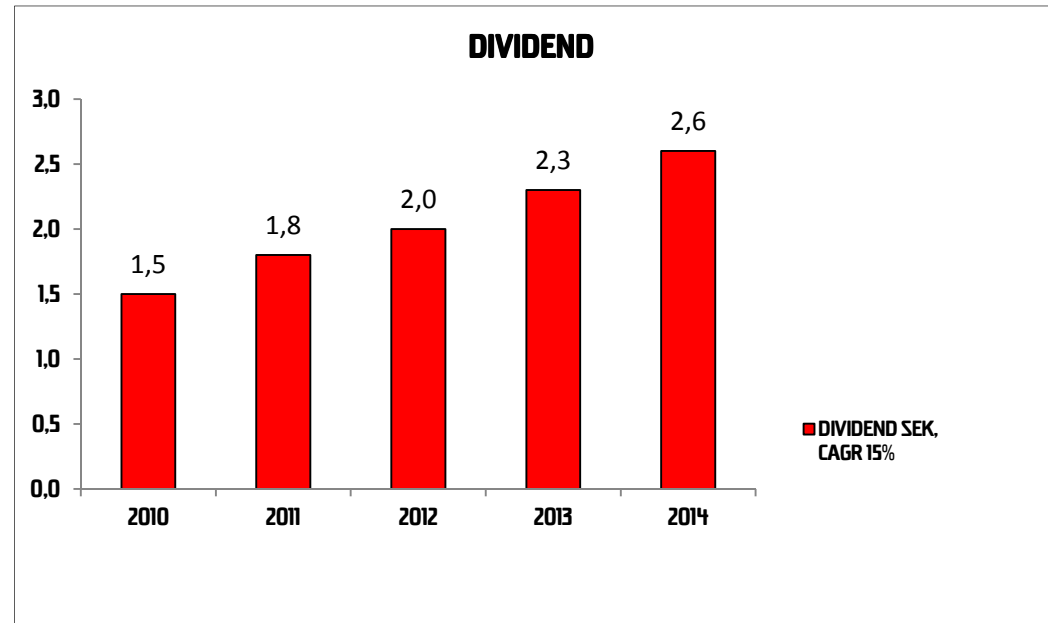


The diagram above shows the number of stores using the 2.0 concept, as well as the proportion of the total number of stores.

**Byggmax**

# **The Board of Directors proposes a dividend of SEK 2.6 per share**

- The Board of Directors proposes a dividend of SEK 2.6 (2.3) per share
- Byggmax dividend policy is to distribute at least 50 percent of net profits for the year





# Financial information

January 26, 2015

# Results trend

Earnings overview	October - December		January - December	
	2014	2013	2014	2013
Net sales, SEK M	695.4	633.2	3,547.2	3,216.4
Gross margin, percent	32.5	32.6	31.1	30.7
EBIT, SEK M	37.9	34.2	296.8	246.7
EBIT margin, percent	5.4	5.4	8.4	7.7
Profit/loss after tax, SEK M	30.8	25.9	217.9	184.0
Earnings per share, SEK	0.5	0.4	3.6	3.0
Return on shareholders' equity	3.0	2.7	21.6	19.5
Cash flow from operating activities per share, SEK	-1.4	-2.8	5.1	3.2
Shareholders' equity per share, SEK	17.2	16.0	17.2	16.0
Number of stores at the end of the period	112	105	112	105
New stores opened during the period	0	0	7	11

- Net sales increased by 9.8 percent in Q4.
- The gross margin was 0.1 percent lower than in Q4 the preceding year.
- Overheads increased during the quarter, mainly due to the rise in the number of stores.

## Sales trend

The sales increase was divided according to the following:	October - December 2014	January-December 2014
Comparable stores, local currency, percent	3.7	3.8
Non-comparable units, percent	5.5	6.4
Currency effects, percent	0.6	0.1
Total, percent	9.8	10.3

- The operation's net sales amounted to SEK 695.4 M (633.2) for the fourth quarter, up 9.8 percent, and to SEK 3,547.2 M (3,216.4) for the full year, up 10.3 percent.
- Net sales for comparable stores increased 3.7 percent in local currency for the fourth quarter and rose 3.8 percent in local currency for the full year.
- Net sales for the fourth quarter totaled SEK 507.8 M (457.4) in Sweden and SEK 187.6 M (175.8) in the other countries in the Nordic market. Net sales for the full year amounted to SEK 2,606.2 M (2,363.0) in Sweden and SEK 940.9 M (853.4) in the other Nordic markets.

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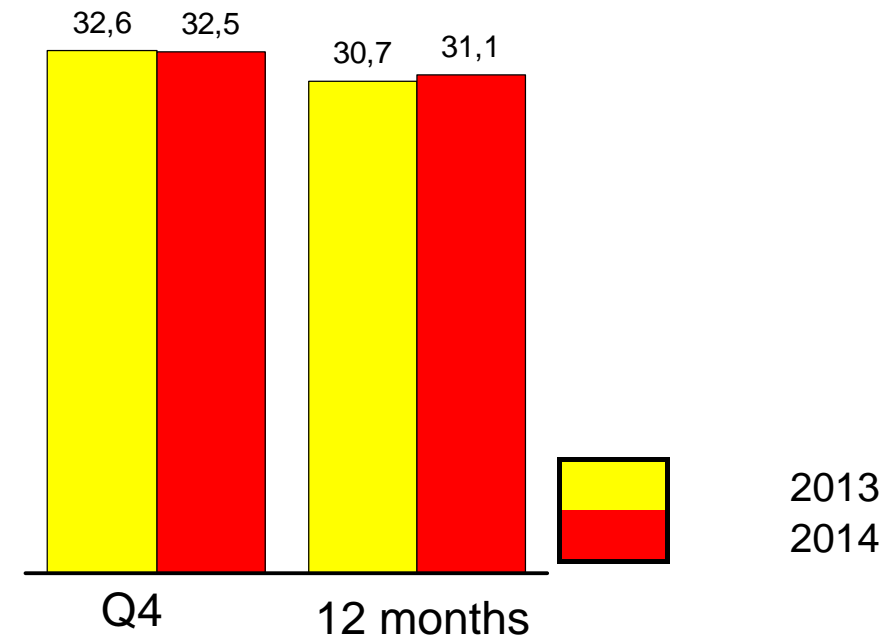
## Gross margin

### Fourth quarter

- The gross margin was 32.5 percent (32.6)

### Full year

- The gross margin was 30.9 percent (30.7) excluding non-recurring items and 31.1 percent including nonrecurring items.



## Operating expenses

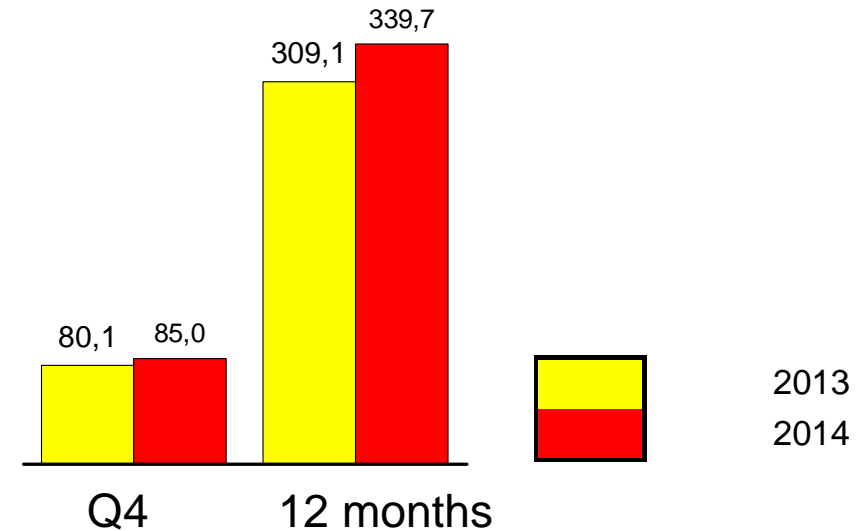
### Fourth quarter

- Personnel costs and other external expenses rose a total of SEK 14.3 M.
- This was mainly attributable to expenses of SEK 9.5 M for stores opened after the fourth quarter of 2013.
- The increase in costs during the quarter, other than for new stores, was attributable to expenses associated with the investments being made. This will also impact the costs in 2015.

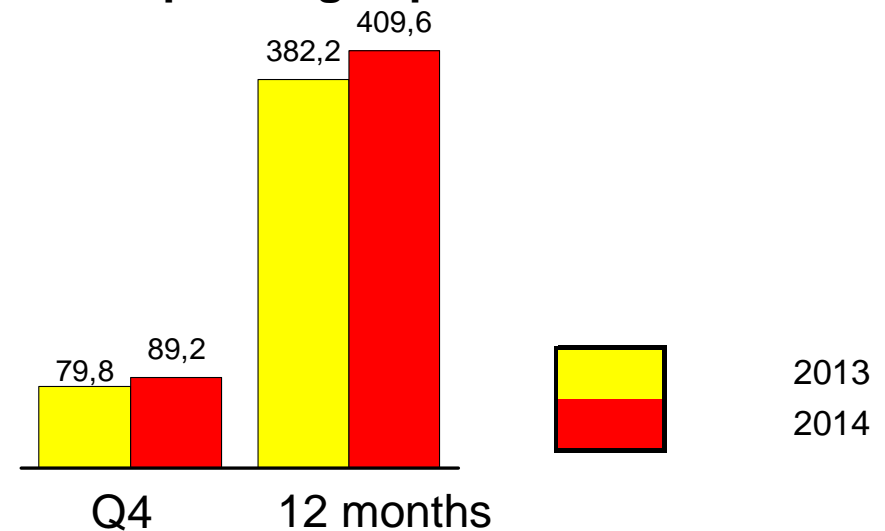
### Full year

- Personnel costs and other external expenses rose a total of SEK 58.1 M.
- This was mainly attributable to expenses of SEK 55.7 M for stores opened after the fourth quarter of 2013.
- Investments related to the conversion to Byggmax 2.0 will be capitalized as of January 1, 2014, in accordance with the information previously provided.

### Personnel costs



### Other operating expenses



# Net financial items

Loss from financial items	October - December		January - December	
SEK M	2014	2013	2014	2013
Group				
Profit/loss from participations in Group companies	0.0	0.0	0.0	0.4
Comprehensive income from participations in Group companies	0.0	0.0	0.0	0.4
Financial income				
Exchange-rate gains	1.5	1.4	7.2	10.1
Changes in fair value – interest swaps and currency derivatives	2.5	0.4	8.1	3.6
Interest income	0.1	0.2	-0.4	0.2
Other financial income	0.1	0.0	0.1	0.1
Total financial income	4.1	2.0	15.0	13.9
Financial expenses				
Exchange-rate losses	-1.0	0.1	-11.0	-3.8
Changes in fair value – interest swaps and currency derivatives	-0.1	-1.8	-7.6	-3.3
- interest expenses, bank loans	-1.4	-3,7	-9.0	-14.5
- financial leasing, reversal of discounting effect	-0.1	-0.3	-0.4	-1.1
Other financial expenses	0.0	-0.1	-0.5	-0.4
Total financial expenses	-2.7	-5.7	-28.6	-23.1
Loss from financial items	1.4	-3.7	-13.6	-8.7

- Net financial items for the quarter were positively impacted by exchange-rate effects of SEK 2.8 M (positive:0.2).

## Financial position and cash flow

Amounts in SEK M	Oct 1, 2014	Oct 1, 2013	Jan 1, 2014	Jan 1, 2013
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Cash flow from operating activities before changes in working capital	53,9	42.8	309,0	246.9
Changes in working capital	-136,6	-210,4	2,1	-54.5
Cash flow from operating activities	-82,7	-167.6	311,1	192.5
Cash flow from investing activities	-49,3	-14.8	-147,1	-82.1
Cash flow from financing activities	121,5	174.4	-166,2	-109.2
Cash flow for the period	-10,5	-8.0	-2,2	1.1
Cash and cash equivalents at the beginning of the period	33,0	32.7	24,7	23.6
Cash and cash equivalents at the end of the period	22,5	24.7	22,5	24.7

- Cash flow from operating activities for the fourth quarter increased SEK 84.9 M year-on-year, which was primarily attributable to calendar effects linked to supplier payments.
- Cash flow for the 12-month fiscal year rose SEK 118.6 M.
- Investments relating to the conversion of stores to the Byggmax 2.0 concept totaled SEK 21.7 M for the fourth quarter and totaled SEK 50.4 M for the full year.



# **Condensed financial statements January-December 2014**

January 26, 2015

# Byggmax

## Income statement

Amounts in SEK M	Oct 1, 2014	Oct 1, 2013	Jan 1, 2014	Jan 1, 2013
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Net sales	695.4	633.2	3,547.2	3,216.4
Other operating income	4.9	1.7	12.2	6.6
Operating income	700.3	634.9	3,559.4	3,223.0
Operating expenses				
Goods for sale	-469.4	-426.8	-2,443.6	-2,227.6
Other external and operating expenses	-89.2	-79.8	-409.6	-382.2
Personnel costs	-85.0	-80.1	-339.7	-309.1
Depreciation, amortization and impairment of tangible and intangible fixed assets	-18.9	-14.0	-69.6	-57.4
Total operating expenses	-662.4	-600.7	-3,262.6	-2,976.3
EBIT	37.9	34.2	296.8	246.7
Loss after financial items	1.4	-3.7	-13.6	-8.7
Profit before tax	39.3	30.6	283.2	237.9
Income tax	-8.4	-4.6	-65.2	-53.9
Profit/loss for the period	30.8	25.9	217.9	184.0

# Byggmax

## Balance sheet

Amounts in SEK M	Dec 31, 2014	Dec 31, 2013	Amounts in SEK M	Dec 31, 2014	Dec 31, 2013
<b>ASSETS</b>			<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Fixed assets			Shareholders' equity	1,047.6	970.0
Intangible fixed assets	1,082.6	1,081.4			
Tangible fixed assets	267.4	194.0	Liabilities		
Financial fixed assets	25.5	24.2	Borrowing from credit institutions	1.8	5.8
<b>Total fixed assets</b>	<b>1,375.5</b>	<b>1,299.6</b>	Deferred tax liabilities	95.6	78.4
			<b>Long-term liabilities</b>	<b>97.4</b>	<b>84.1</b>
Current assets					
Inventories	612.7	538.3	Borrowing from credit institutions	480.5	504.3
Derivatives	1.3	0.8	Accounts payable	370.4	284.7
Current receivables	99.1	73.0	Current tax liabilities	6.7	0.0
Cash and cash equivalents	30.9	33.1	Derivatives	0.0	0.0
<b>Total current assets</b>	<b>744.0</b>	<b>645.2</b>	Other liabilities	29.1	24.9
			Accrued expenses and prepaid income	87.8	76.7
<b>TOTAL ASSETS</b>	<b>2,119.5</b>	<b>1,944.8</b>	<b>Current liabilities</b>	<b>974.5</b>	<b>890.7</b>
			<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,119.5</b>	<b>1,944.8</b>
			Pledged assets - Shares in subsidiaries	1,147.4	1,100.2
			Pledged assets - Chattel mortgages	120.0	120.0
			Pledged assets - Blocked funds	8.4	8.4
			Contingent liabilities	None	None

# Cash-flow statement

Amounts in SEK M	Oct 1, 2014	Oct 1, 2013	Jan 1, 2014	Jan 1, 2013
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Cash flow from operating activities				
EBIT	37.9	34.2	296.8	246.7
Non-cash items				
- Depreciation/amortization of tangible and intangible fixed assets	18.9	14.0	69.6	57.4
- Other non-cash items	-0.6	-1.2	1.4	-2.7
Interest received	1.6	1.6	6.9	10.3
Interest paid	-2.6	-4.0	-21.0	-19.7
Tax paid	-1.3	-1.9	-44.6	-45.1
Cash flow from operating activities before changes in working capital	53.9	42.8	309.0	246.9
Changes in working capital				
Increase/decrease in inventories and work in progress	21.7	14.8	-78.3	-72.5
Increase/decrease in other current receivables	-12.2	-1.7	-20.5	1.3
Increase/decrease in other current liabilities	-146.1	-223.5	100.9	16.7
Cash flow from operating activities	-82.7	-167.6	311.1	192.5

# Cash-flow statement, continued

Amounts in SEK M	Oct 1, 2014	Oct 1, 2013	Jan 1, 2014	Jan 1, 2013
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Cash flow from investing activities				
Investment in intangible fixed assets	-4.6	-2.5	-12.0	-12.3
Investment in tangible fixed assets	-44.4	-12.3	-134.5	-82.3
Divestment of tangible fixed assets	-0.5	0.0	-0.6	0.0
Investment in other financial fixed assets	0.1	0.0	0.0	1.9
Investment in subsidiaries	0.0	0.0	0.0	0.0
Proceeds from sale of subsidiaries	0.0	0.0	0.0	10.7
Cash flow from investing activities	-49.3	-14.8	-147.1	-82.1
Cash flow from financing activities				
Change in overdraft facility	123.2	178.0	-16.7	31.4
Dividend to shareholders	0.0	0.0	-139.7	-121.5
Amortization of loans	-1.7	-3.6	-9.8	-19.1
Cash flow from financing activities	121.5	174.4	-166.2	-109.2
Cash flow for the period	-10.5	-8.0	-2.2	1.1
Cash and cash equivalents at the beginning of the period	33.0	32.7	24.7	23.6
Cash and cash equivalents at the end of the period	22.5	24.7	22.5	24.7

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

# Largest shareholders at December 31, 2014

Name	Number of shares	Holding (%)
Nordea Investment Funds	6,115,778	10.07
Swedbank Robur fonder	4,369,140	7.19
SEB Investment Management	3,594,648	5.92
HANDELSBANKEN FONDER AB RE JPMEL	3,561,862	5.86
Norges Bank Investment Management	3,384,378	5.57
JPMorgan Asset Management (UK) Ltd.	3,035,975	5.00
Schroder Investment Management North America, Inc.	2,400,000	3.95
Jarrton Management (Göran Peterson)	2,381,296	3.92
FJÄRDE AP-FONDEN	2,002,796	3.30
ÖRESUND, INVESTMENT AB	1,979,952	3.26
<b>Total ten largest shareholders (grouped by shareholders) – based on holding</b>	<b>32,825,825</b>	<b>54.05</b>
Total other shareholders	27,911,220	45.95
Total, December 31, 2014	60,737,045	100.00