



# **Interim report January - March 2017**

April 24, 2017

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# Summary Q1 2017

- Net sales increased +6.1 percent
- Net sales for comparable stores increased slightly, 0.2 percent (+5.3)
- Gross margin was 30.3 percent, a decline compared with 31.2 percent in the year-earlier period
- EBITDA margin improved slightly to -3.0 percent, compared with -3.3 percent in the year-earlier period
  
- In addition to challenging comparables, sales development was impacted negatively by calendar effects
- Cost control was good during the first quarter, and we have implemented measures to reduce costs in every company in the Group
- The lower gross margin was offset by a reduced cost share, resulting in a somewhat improved EBITDA margin compared with the year-earlier period.
  
- Two (six) new stores were opened, one Skånska Byggvaror store in Sweden and one in Norway. Six more store locations set to open 2017 have been announced (five Byggmax, one Skånska Byggvaror)
- We are during the spring updating the strategic plan for Byggmax Group, and this work is proceeding as planned. We will communicate the result of this work on June 7

# Segments

	January - March		12 months	Full Year
SEK M	2017	2016	April 2016- March 2017	2016
<b>Income from external customers</b>				
Byggmax	655.3	615.2	4,371.7	4,331.6
Skånska Byggvaror	104.9	101.7	797.9	794.7
Other	23.1	22.8	222.0	221.7
<b>Total income</b>	<b>783.3</b>	<b>739.7</b>	<b>5,391.6</b>	<b>5,348.0</b>
<b>EBITDA</b>				
Byggmax	0.2	-7.5	425.5	417.8
Skånska Byggvaror	-19.5	-18.5	53.4	54.4
Other	-4.2	1.8	103.1	109.2
<b>Total</b>	<b>-23.5</b>	<b>-24.2</b>	<b>582.0</b>	<b>581.3</b>
<b>EBITDA margin, percent</b>				
Byggmax	0.0%	-1.2%	9.7	9.7
Skånska Byggvaror	-18.6%	-18.2%	6.7	6.8
Other	-18.3%	7.9%	46.4	49.2
<b>Total</b>	<b>3.0%</b>	<b>-3.3%</b>	<b>10.8</b>	<b>10.9</b>

# Comments to the segments

## **The Byggmax segment**

- Total sales increased 6.5 percent (8.0) year-on-year
- Byggmax's online sales continue to show good growth
- Gross margin increased during the quarter. The gross margin was positively affected by the stronger NOK, but adversely impacted by mix-effects and rising costs for input goods
- Cost control was favorable during the first quarter, and we implemented measures to reduce costs
- EBITDA margin improved to 0.0 percent in the first quarter, vs. -1.2 percent in the year-earlier period

## **Skånska Byggvaror**

- Total sales increased 3.2 percent (18.5) compared with the year-earlier period
- Gross margin declined significantly during the quarter as a result of aggressive pricing, mix effects and rising costs for input goods
- The effect of aggressive pricing is largely attributable to the activities that took place in Q4 2016
- Efforts to improve price and campaign management has had positive impact in the first quarter
- Cost control was favorable during the first quarter, and we implemented measures to reduce costs
- EBITDA margin declined somewhat to -18.6 percent, vs. -18.2 percent in the year-earlier period

# Store openings 2017

	Sweden	Norway	Finland	Skånska Byggvaror
Number of stores, Q1 2017	0	0	0	2
Planned openings, Q2 2017	3	1	0	1
New stores in 2017	0	0	0	2

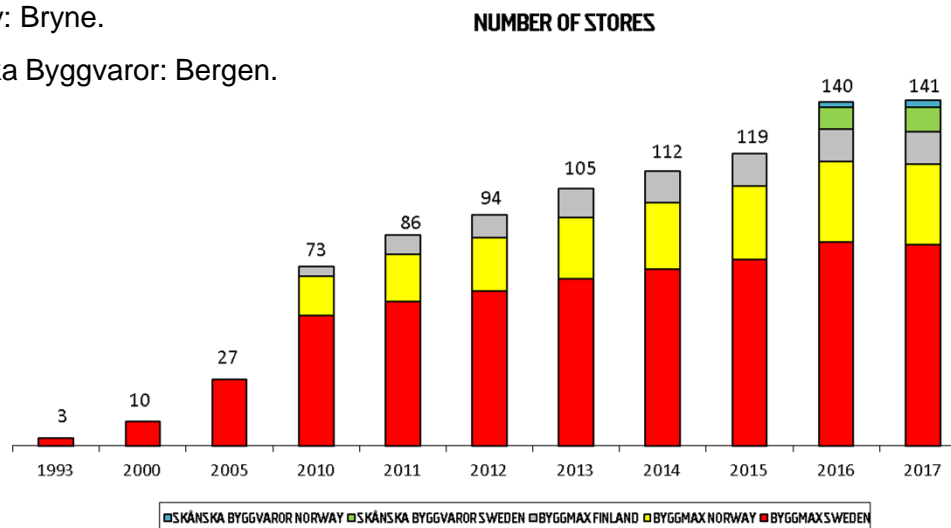
## The following stores were opened in 2017:

- Skånska Byggvaror: Jönköping in Sweden and Stavanger in Norway.

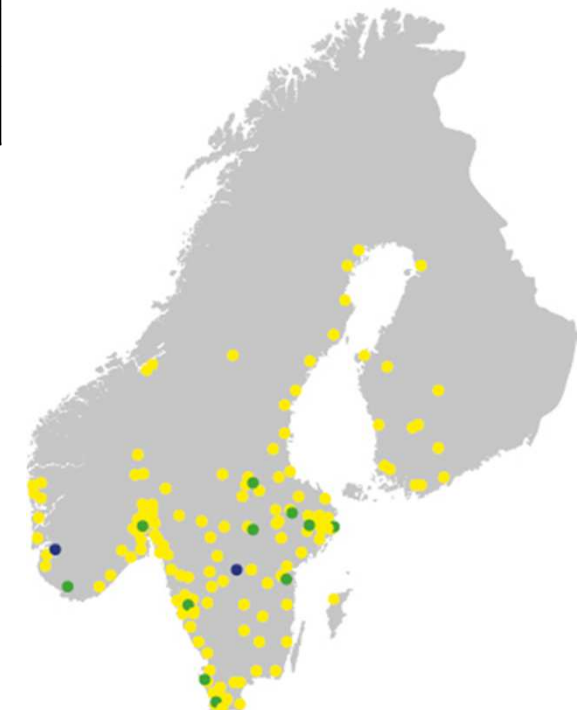
Stores are announced when the contracts have been signed and the municipal permits secured.

## The following stores have been publicly announced and will be opened in 2017:

- Sweden: Skene, Östhammar, Veddesta and Söderhamn.
- Norway: Bryne.
- Skånska Byggvaror: Bergen.



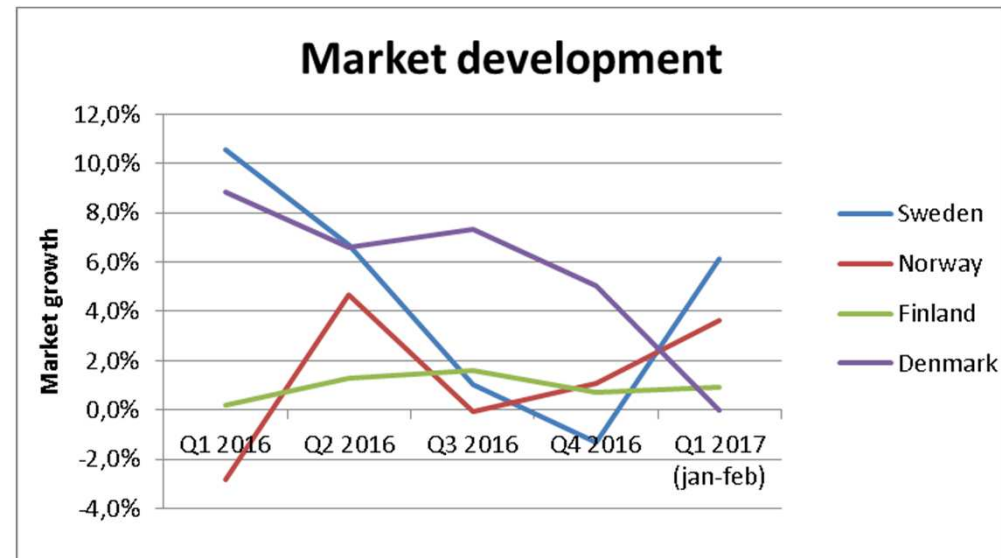
## Store network at March 31, 2017



<span style="color: yellow;">●</span>	Byggmax stores	128
<span style="color: red;">●</span>	New Byggmax stores	0
<span style="color: green;">●</span>	Skånska Byggvaror/Grønt fokus stores	11
<span style="color: blue;">●</span>	New Skånska Byggvaror/Grønt fokus stores	2

# Market development

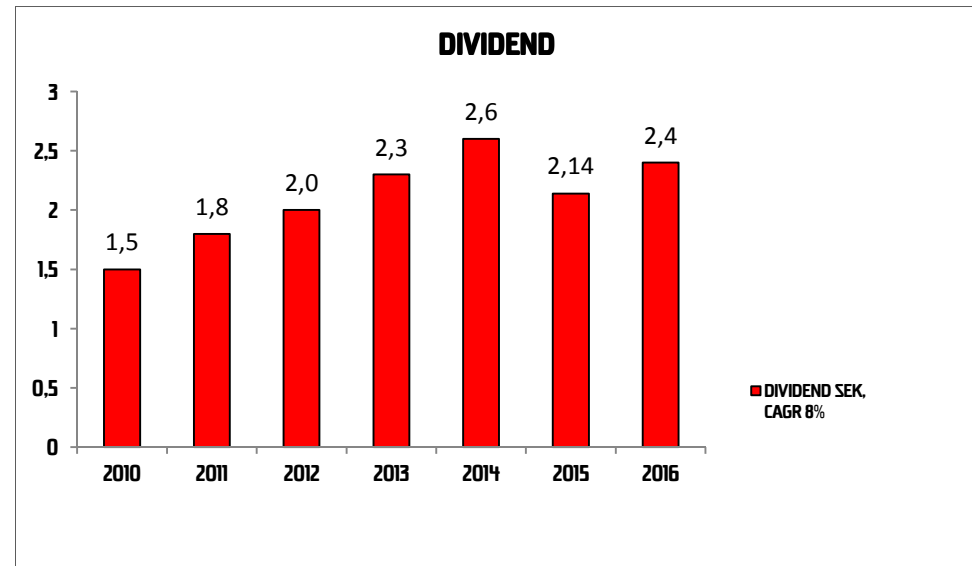
- The Swedish building supplies market grew 6.2 percent during the first two months of the year.
- During the same period, the Norwegian market increased 3.7 percent and the Finnish market 0.9 percent.
- The Danish market increased 0.0 percent during January.
- According to Byggvaruhandlarna, the Swedish market is negatively affected by the reduction in ROT (Repairs, Conversion and Extension) deductions, but positively affected by an increase in new housing production.
- Byggmax, which primarily targets consumers, does not substantially benefit from positive effects of an increase in new-builds.



Source: Statistics Sweden, Statistics Norway, Statistics Finland and Statistics Denmark.

# The Board of Directors proposes a dividend of SEK 2.4 per share

- The Board of Directors proposes a dividend of SEK 2.4 (2.14) per share
- Byggmax's dividend policy is to distribute at least 50 percent of net profits for the year



# Changes to Group management

Changes to Group management, mainly aiming to achieve:

- Greater representation of Byggmax in Group management. The Byggmax segment makes up the vast majority of the Group's operations and we want to reflect this in the Group management team
- A flat organization with clear areas of responsibility
- Individuals responsible for the large businesses and countries included in the Group management team

The changes mean that Byggmax Country Managers and the head of Byggmax Marketing & Store concept are included in Group management

The changes are effective as of April 15, 2017



# Outlook

- The market trend in Sweden is positive over time. The market showed strong growth during the first half 2016, ROT deductions have decreased during the first quarter 2017, and the trend in the consumer market will probably remain weak during the first half 2017. In both the Finnish and Norwegian markets, uncertainty remains regarding economic developments.
- We plan to continue grow through both online sales and stores, and aim to open 8 to 12 new stores in 2017. So far this year, two stores have opened and a further six have been announced.
- We are during the spring updating the strategic plan for Byggmax Group. The work is proceeding according to plan. We will communicate the result of this work on June 7.



# Financial information

April 24, 2017

# Results trend



Earnings overview	January - March		12 months April 2016- March 2017	Full year
	2017	2016		2016
Net sales, SEK M	782.6	737.9	5,264.0	5,219.3
Gross margin, percent	30.3	31.2	30.4	30.6
EBITDA, excluding acquisition costs, SEK M	-23.5	-24.0	582.2	581.6
EBITDA, SEK M	-23.5	-24.2	582.0	581.3
EBITDA margin, percent	-3.0	-3.3	11.1	11.1
EBIT, SEK M	-61.9	-57.8	387.7	391.8
EBIT margin, SEK M	-7.9	-7.8	7.4	7.5
Profit after tax, SEK M	-51.6	-58.2	291.3	284.6
Earnings per share, SEK	-0.8	-1.0	4.8	4.7
Return on shareholders' equity	-4.0	-5.2	24.9	23.3
Cash flow from operating activities per share, SEK	-1.4	-1.4	5.8	5.5
Shareholders' equity per share, SEK	20.6	17.9	20.6	21.4
Number of stores at the end of the period	141	131	141	140
New stores opened during the period	2	6	10	15

- EBITDA, amounted to SEK -23.5 M during the first quarter of 2017. This can be compared with SEK -24.2 M for the first quarter of 2016.
- Earnings 2016, were impacted by the revaluation of the earnout linked to the acquisition of Skånska Byggvaror Group AB and part of the earnout for Buildor AB. The effect on other operating income was SEK 112.3 M. Earnings were also impacted by impairment of goodwill of negative SEK 44.8 M linked to the acquisition of Skånska Byggvaror.

# Sales trend

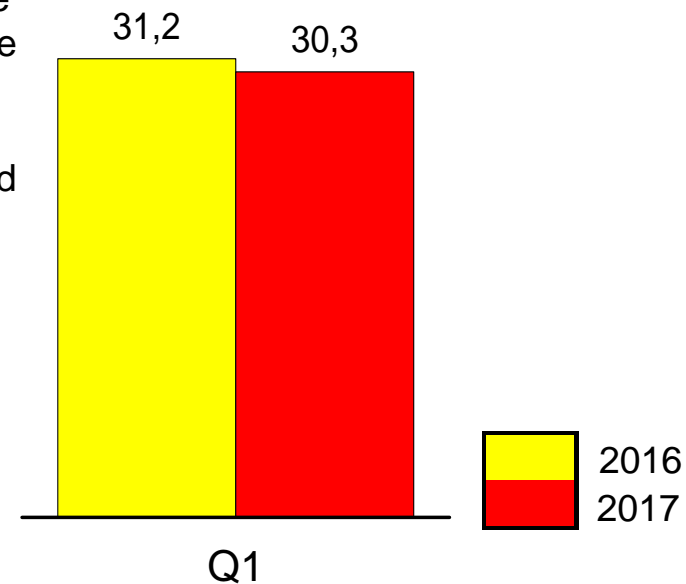
The sales increase was divided according to the following:	January - March 2017	January - March 2016
Comparable stores, local currency, percent	0.2	5.3
Non-comparable stores and Other, percent	4.2	26.1
Currency effects, percent	1.7	-2.0
Total, percent	6.1	29.5

- The operation's net sales amounted to SEK 782.6 M (737.9) for the first quarter, up 6.1 percent.
- Net sales for comparable stores increased 0.2 percent (increase 5.3) in local currency for the first quarter.
- Operating income amounted to SEK 655.3 M (615.2) for Byggmax, SEK 104.9 (101.7) M for Skånska Byggvaror and SEK 23.1 M (22.9) for Other.

# Gross margin

## First quarter

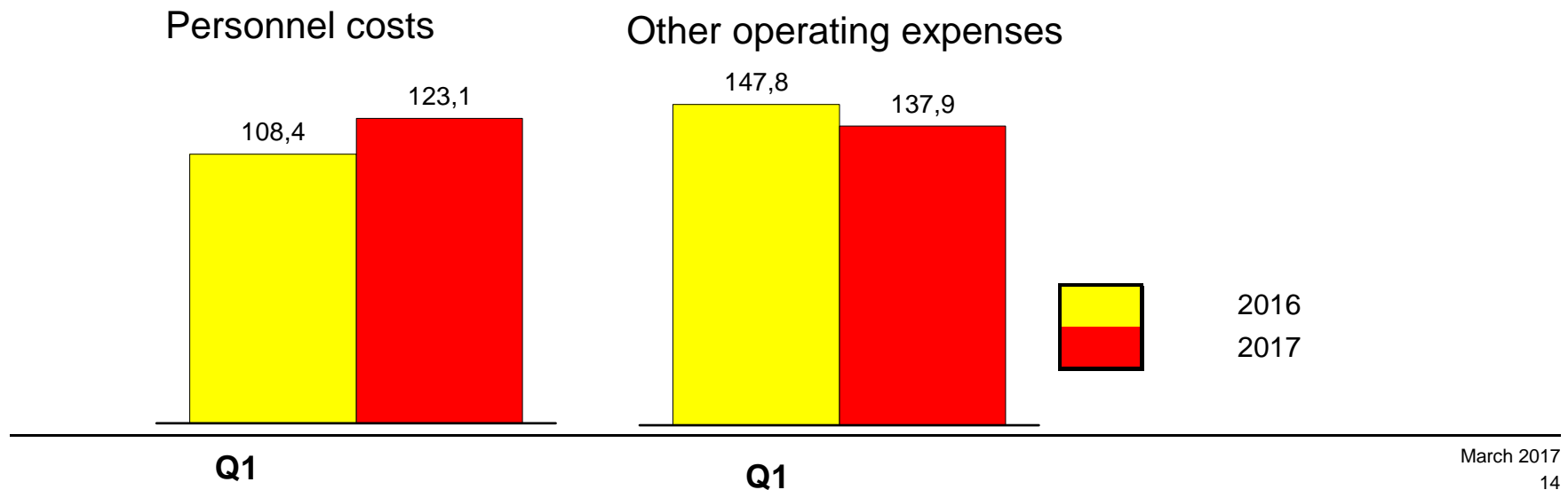
- The gross margin was 30.3 percent (31.2).
- The Byggmax segment's gross margin increased during the quarter. The gross margin was positively affected by the stronger NOK, but adversely impacted by mix-effects and rising costs for input goods. Retail prices have remained largely unchanged.
- The gross margin for Skånska Byggvaror declined significantly during the quarter as a result of aggressive pricing, mix effects and rising costs for input goods. The effect of aggressive pricing is largely attributable to the activities that took place in the fourth quarter of 2016, but where products were delivered and sales recorded during the first quarter 2017.



# Operating expenses

## First quarter

- Personnel costs and other external expenses rose a total of SEK 3.4 M.
- The increase in expenses compared with the year-earlier period was mainly attributable to costs associated with new stores opened after the first quarter of 2016, amounting to SEK 11.5 M.
- Other external expenses declined. Cost control was favorable during the first quarter, and we implemented measures to reduce costs in every company in the Group. Although costs increased as a result of new stores, the Group showed a lower total cost share in the first quarter than in the year-earlier period.



# Net financial items



Profit/loss from financial items	January - March		Full Year
SEK M	2017	2016	2016
Group			
Profit from participations in Group companies	0.0	0.0	0.0
Comprehensive income from participations in Group companies	0.0	0.0	0.0
Financial income			
Exchange-rate gains	0.9	1.0	7.1
Changes in fair value – interest swaps and currency derivatives	4.6	0.4	12.3
Interest income	0.0	0.3	0.8
Other financial income	0.0	0.0	0.1
Total financial income	0.0	1.7	20.3
Financial expenses			
Exchange-rate losses	-1.3	-1.3	-18.4
Changes in fair value – interest swaps and currency derivatives	-4.3	-4.5	-10.0
- interest expenses, bank loans	-3.4	-9.8	-20.6
- interest expenses, discount rate earnout	-0.8	-3.2	-11.7
- financial leasing, reversal of discounting effect	0.0	0.0	0.0
Other financial expenses	-0.6	0.4	-1.1
Total financial expenses	-10.4	-18.4	-61.8
Profit/loss from financial items	-4.9	-16.8	-41.5

- Net financial items for the quarter were impacted negatively in an amount of SEK 0.1 M (negative 4.4) by exchange-rate effects. 2016 was negatively effected by discounted earnouts attributable to the acquisitions of Skånska Byggaror and Buildor AB, and a non-recurring item of SEK 3.9 M.

# Financial position and cash flow

Amounts in SEK M	Jan 1, 2017 Mar 31 2017	Jan 1, 2016 Mar 31 2016	12 months Apr 1, 2016 – Mar 31, 2017	Full year 2016
Cash flow from operating activities before changes in working capital	-37.0	-50.6	500.9	487.3
Changes in working capital	-31.9	-32.7	-151.1	-151.8
Cash flow from operating activities	-68.9	-83.3	349.9	335.5
Cash flow from investing activities	-27.0	-764.2	-138.1	-875.4
Cash flow from financing activities	101.9	864.1	-212.2	-549.9
Cash flow for the period	6.1	16.6	-0.4	10.1
Cash and cash equivalents at the beginning of the period	34.0	23.9	40.5	23.9
Cash and cash equivalents at the end of the period	40.1	40.5	40.1	34.0

- Cash flow from operating activities for the first quarter up by SEK 14.4 M.
- The cash flow 2016 was impacted by the acquisition of Skånska Byggvaror Group.





# **Condensed financial statements January - March 2017**

April 24, 2017

# Income statement

Amounts in SEK M	Jan 01, 2017- Mar 31, 2017	Jan 01, 2016- Mar 31, 2016	Apr 01, 2016 - Mar 31, 2017	Jan 1, 2016 - Dec 31, 2016
Net sales	782.6	737.9	5,264.0	5,219.3
Other operating income	0.7	1.8	127.6	128.7
Operating income	783.3	739.7	5,391.6	5,348.0
Operating expenses				
Goods for sale	-545.7	-507.7	-3,661.5	-3,623.4
Other external and operating expenses	-137.9	-147.8	-606.7	-616.6
Personnel costs	-123.1	-108.4	-541.4	-526.7
Depreciation, amortization and impairment of intangible and tangible fixed assets	-38.4	-33.6	-194.3	-189.5
Total operating expenses	-845.2	-797.5	-5,003.9	-4,956.2
EBIT	-61.9	-57.8	387.7	391.8
Profit/loss from financial items	-4.9	-16.8	-29.7	-41.5
Profit/loss before tax	-66.8	-74.5	358.0	350.3
Income tax	15.2	16.3	-66.7	-65.7
Profit/loss for the period	-51.6	-58.2	291.3	284.6

# Balance sheet

Amounts in SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016	Amounts in SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
<b>ASSETS</b>				<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Fixed assets				Shareholders' equity	1,248.3	1,087.2	1,302.2
Intangible fixed assets	2,221.0	2,291.7	2,222.3	Liabilities			
Tangible fixed assets	364.0	344.2	375.7	Borrowing from credit institutions	525.1	800.6	525.1
Financial fixed assets	19.4	24.7	21.0	Deferred tax liabilities	198.9	190.2	201.3
Total fixed assets	2,604.5	2,660.6	2,619.0	Other long-term liabilities	0.6	45.4	47.3
Current assets				Long-term liabilities	724.6	1,036.2	773.7
Inventories	920.5	839.3	818.5	Borrowing from credit institutions	801.6	602.7	699.6
Derivatives	0.0	0.0	0.2	Accounts payable	692.4	638.1	630.7
Current receivables	170.2	141.4	150.9	Current tax liabilities	0.0	0.0	20.8
Cash and cash equivalents	48.1	48.3	41.9	Derivatives	-0.1	6.6	0.3
Total current assets	1,138.7	1,029.0	1,011.5	Other liabilities	119.2	161.9	62.3
<b>TOTAL ASSETS</b>	<b>3,743.2</b>	<b>3,689.5</b>	<b>3,630.5</b>	Accrued expenses and deferred income	157.2	156.8	141.0
				Current liabilities	1,770.3	1,566.1	1,554.7
				<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,743.2</b>	<b>3,689.5</b>	<b>3,630.5</b>
				Pledged assets – Shares in subsidiaries	0.0	0.0	0.0
				Pledged assets – Chattel mortgages	0.0	0.0	0.0
				Pledged assets – Blocked funds	8.0	7.7	7.9
				Contingent liabilities	None	None	None

# Cash flow statement

Amounts in SEK M	Jan 1, 2017- Mar 31, 2017	Jan 1, 2016- Mar 31, 2016	12 months Apr 1 2016- Mar 31 2017	Jan 1, 2016 - Dec 31, 2016
Cash flow from operating activities				
EBIT	-61.9	-57.8	387.7	391.8
Non-cash items				
-Depreciation/amortization of intangible and tangible fixed ASSETS	38.4	34.4	193.5	189.5
- Other non-cash items	-0.2	3.7	4.2	8.1
Interest received	2.5	1.3	15.2	13.9
Interest paid	-8.5	-15.6	-48.1	-55.2
Tax paid	-7.4	-16.7	-51.6	-60.8
Cash flow from operating activities before changes in working capital	-37.0	-50.6	500.9	487.3
Changes in working capital				
Increase/decrease in inventories and work in progress	-111.1	-112.8	-92.5	-94.2
Increase/decrease in other current receivables	-9.0	0.4	-19.8	-10.4
Increase/decrease in other current liabilities	88.2	79.7	-38.8	-47.2
Cash flow from operating activities	-68.9	-83.3	349.9	335.5

# Cash flow statement, continued

Amounts in SEK M	Jan 1, 2017- Mar 31, 2017	Jan 1, 2016- Mar 31, 2016	12 months Apr 1 2016- Mar 31 2017	Jan 1, 2016 - Dec 31, 2016
Cash flow from investing activities				
Investment in intangible fixed assets	-11.7	-6.0	-28.1	-22.4
Investment in tangible fixed assets	-15.2	-54.4	-109.8	-149.1
Divestment of tangible fixed assets	0.0	0.0	0.0	0.0
Investment in other financial fixed assets	-0.1	0.0	-0.2	-0.2
Investments in subsidiaries	0.0	-703.7	0.0	-703.7
Proceeds from the sale of subsidiaries	0.0	0.0	0.0	0.0
Cash flow from investing activities	-27.0	-764.2	-138.1	-875.4
Cash flow from financing activities				
Change in overdraft facility	102.0	236.8	75.8	210.6
Issue of warrants	-0.1	0.0	-6.5	-6.5
Dividend to shareholders	0.0	0.0	-130.0	-130.0
Borrowings	0.0	800.0	0.0	800.0
Amortization of loans	0.0	-172.7	-151.5	-324.3
Cash flow from financing activities	101.9	864.1	-212.2	549.9
Cash flow for the period	6.1	16.6	-0.4	10.1
Cash and cash equivalents at the beginning of the period	34.0	23.9	40.5	23.9
Cash and cash equivalents at the end of the period	40.1	40.5	40.1	34.0

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

# Largest shareholders at March 31, 2017

Name	Number of shares	Holding (%)
Nordea Investment Funds	6 127 894	10,09
Swedbank Robur fonder	5 701 300	9,39
ODIN Forvaltning AS	3 739 417	6,16
Handelsbanken fonder	3 595 584	5,92
Carnegie fonder	3 344 150	5,51
Afa Försäkring	2 800 742	4,61
Emi Fund Management Co. Ltd.	1 678 817	2,76
Threadneedle Asset Management Ltd.	1 541 542	2,54
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1 518 109	2,50
SEB Investment Management	1 024 465	1,69
<b>Total ten largest shareholders (grouped by shareholders) - based on holding</b>	<b>31 072 020</b>	<b>51,16</b>
Total other shareholders	29 665 025	48,84
Total, March 31, 2017	60 737 045	100,00