

INTERIM REPORT Q2 2017

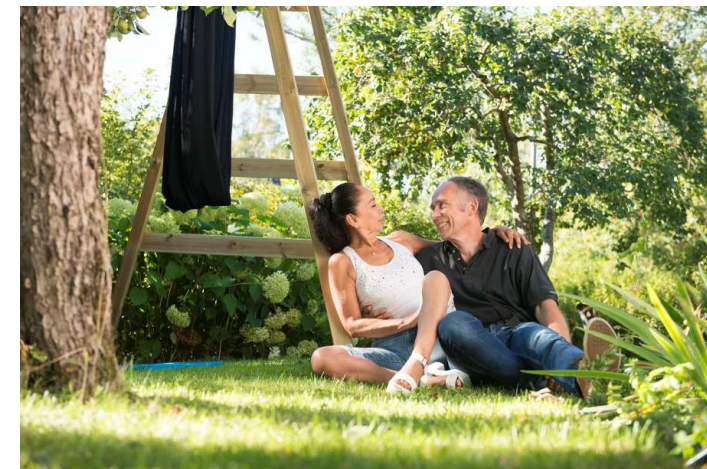
July 17, 2017

Mattias Ankarberg and Pernilla Walfridson

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HIGHLIGHTS

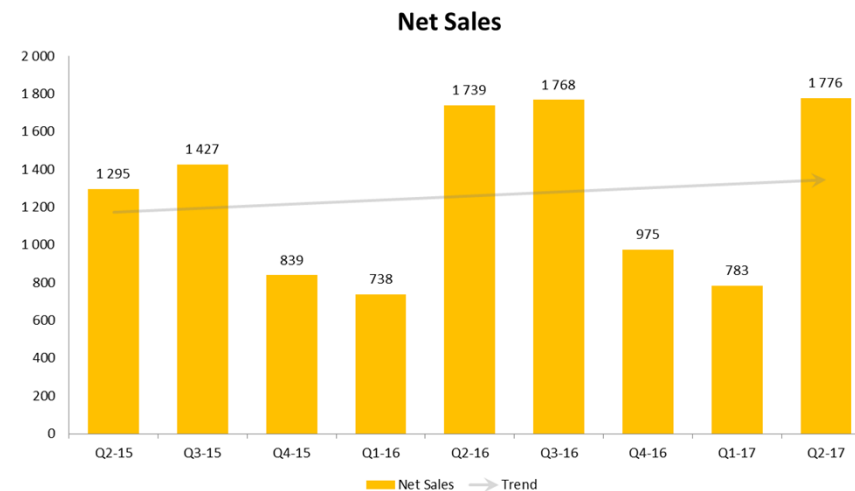
- Sales increased 2.1 percent, following on strong comparables from last year
- EBITDA margin increased 0.7 percent, to 11.8%
- New strategy launched in June, and implementation started according to plan
- Two Byggmax Garden concepts opened in June/July
- Expect to reach 2017 store expansion target of 8-12 stores



SUMMARY Q2 2017

- Net sales increased 2.1 % for the second quarter (+3.3 % YTD)
- Net sales for comparable stores decreased 0.3%
- Gross margin was 30.6, an increase by 0.7 pp compared to previous year
- EBITDA-margin improved by 0.7 pp (improved by 0.5 pp YTD)

Mkr	Q2 2017	Q2 2016	Diff.%	R12
Net Sales	1,775.8	1,738.7	2.1	5,301.1
Gross Margin (%)	30.6	29.9	0.7	30.7
EBITDA	210.2	193.8	8.5	486.1 (598.4)
EBITDA margin (%)	11.8	11.1	0.7	9.2 (11.3)



- Acquisition of Buildor in November 2015 and Skånska Byggvaror in January 2016
- EBITDA and EBITDA margin R12, is adjusted for one-off items totaled SEK 112,3 M, linked to the acquisition of Skånska Byggvaror Group AB and part of earnout for Buildor AB. The figures in brackets are before adjustment for one-off items.

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- Sales increased by 4.6 (9.0) %.
- Gross margin increased during the quarter. The gross margin was positively affected by purchasing improvements, and price and product mix management. The gross margin was positively impacted by the stronger NOK, but adversely impacted by the EUR and rising costs for input goods.
- Cost control was favorable during the second quarter.
- EBITDA-margin improved 1.5 pp.

Mkr	Q2 2017	Q2 2016	Diff.%	R12
Net Sales	1,478.0	1,413.1	4.6	4,436.6
EBITDA	176.0	146.5	20.1	455.0
EBITDA margin %	11.9	10.4	1.5	10.3



SKÅNSKA BYGGVAROR

- Sales decreased by 12.3 (increase 8.7) %.
- Sales development was negatively impacted by strong comparable figures (related to new mortgage regulations in Sweden June 2016), cold weather, and reduced investments in product development in earlier periods.
- The gross margin decreased as a result of mix effects, rising costs for input goods and currency effects. .
- Cost control was favorable during the second quarter.
- EBITDA-margin decreased by 3.5 pp.

Mkr	Q2 2017	Q2 2016	Diff.%	R12
Net Sales	259.8	296.2	-12.3	761.4
EBITDA	31.2	45.8	-32.0	38.8
EBITDA margin %	12.0	15.4	-3.4	5.1



STORE OPENINGS

Following stores were opened in 2017:

Byggmax:

- Veddesta, Stockholm, Sweden (Q2)
- Östhammar, Sweden (Q2)
- Bryne, Norway (Q2)

Linköping, Sweden moved to new location,
Borlänge, Sweden added new concept Trädgård

Skånska Byggvaror:

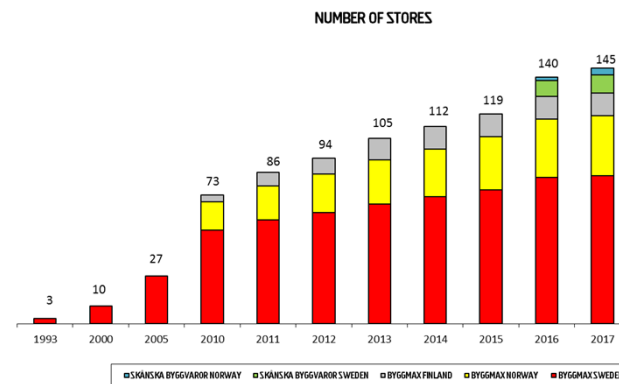
- Jönköping, Sweden (Q1)
- Stavanger, Norway (Q1)
- Bergen, Norway (Q2)

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

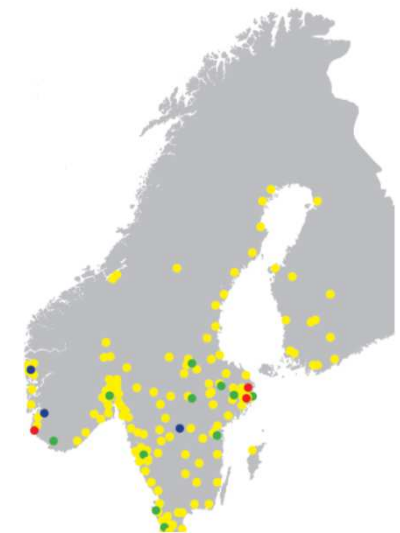
- Sweden: Skene, Söderhamn, Mariannelund and Kalix

Target is to open 8-12 new stores in 2017

	Sweden	Norway	Finland	Skånska Byggvaror
Number of stores Q2 2017	2	1	0	1
Planned openings Q3 2017	4	0	0	0
New Stores in 2017	2	1	0	3



●	Byggmax stores	128
●	New Byggmax stores	3
●	Skånska Byggvaror/Grønt fokus stores	11
●	New Skånska Byggvaror/Grønt fokus stores	3



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STORE OPENINGS (CONT.)



Grønt Fokus

Bergen, Norway May 13



STORE OPENINGS (CONT.)



Veddesta (Stockholm), Sweden May



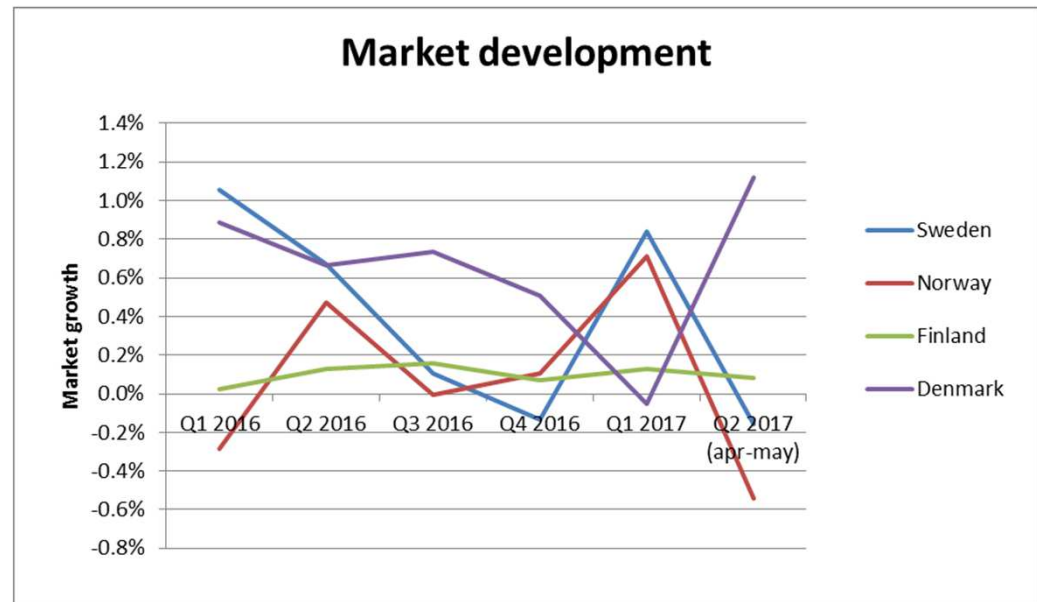
Bryne, Norway Jun 27



Östhammar, Sweden Jun 16

MARKET DEVELOPMENT

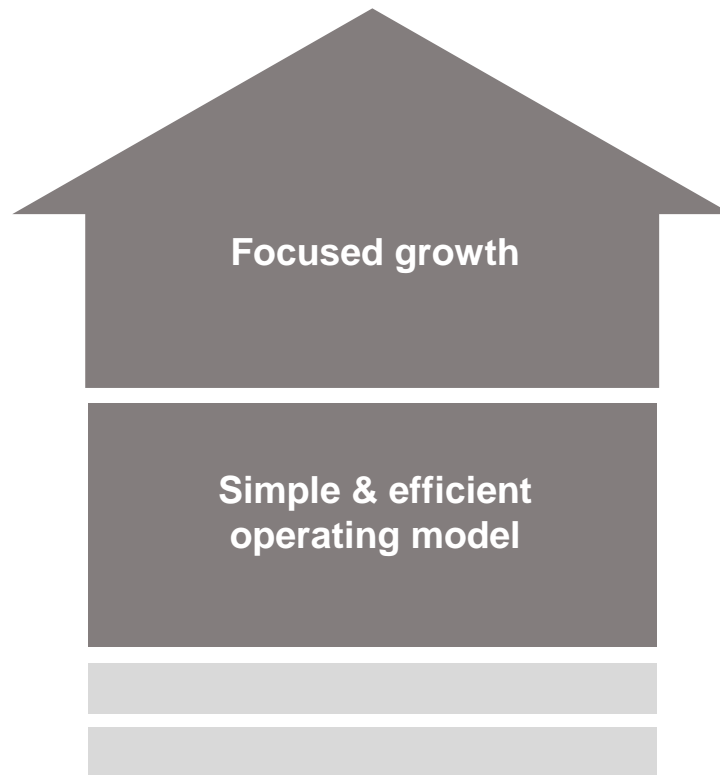
- The Swedish building supplies market decreased 1.6 percent during April and May
- During the same period, the Norwegian market decreased 5.4 percent and the Finnish market grew 0.8 percent
- The Danish market grew 11.2 percent during April.
- According to Byggvaruhandlarna the Swedish market continues to be positively impacted 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.

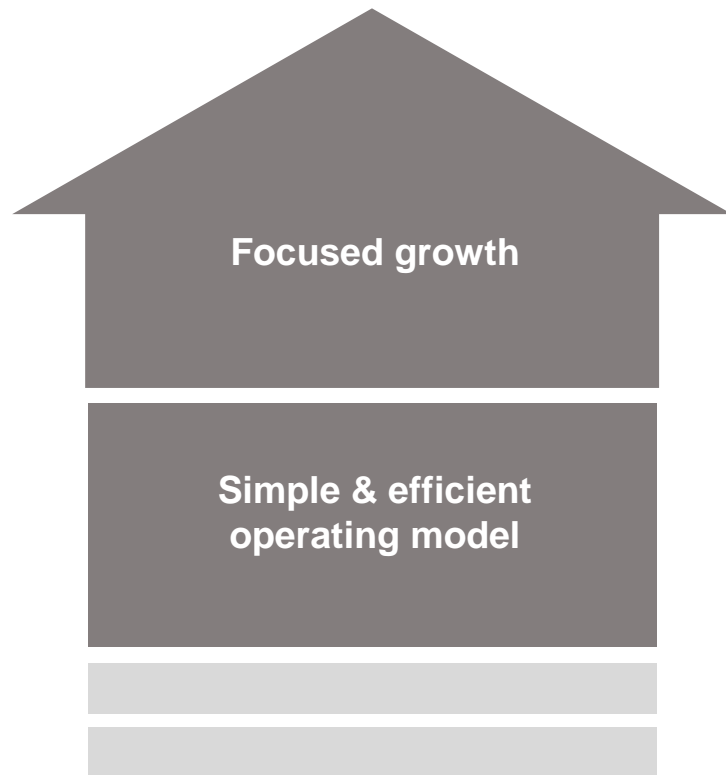
Information regarding Denmark refers to April 2017

NEW STRATEGY LAUNCHED IN JUNE



- Based on our strengths
- Achieve scale effects for profitable growth

IMPLEMENTATION STARTED ACCORDING TO PLAN



- Two Byggmax Garden concepts opened (Borlänge in June, Vellinge in July), with first positive response from customers
- On track to launch two Byggmax small format stores this summer (Mariannelund in July, Kalix in August)
- Executing profitability improvements in Finland, including employee co-operation negotiations in seven stores – may result in up to 5 stores being closed
- Actions to strengthen Byggmax e-commerce profitability on track
- Initiated transformation of Skånska Byggvaror into a modern leader in “garden living”: reduced costs, improved price management, and reinstalled product teams

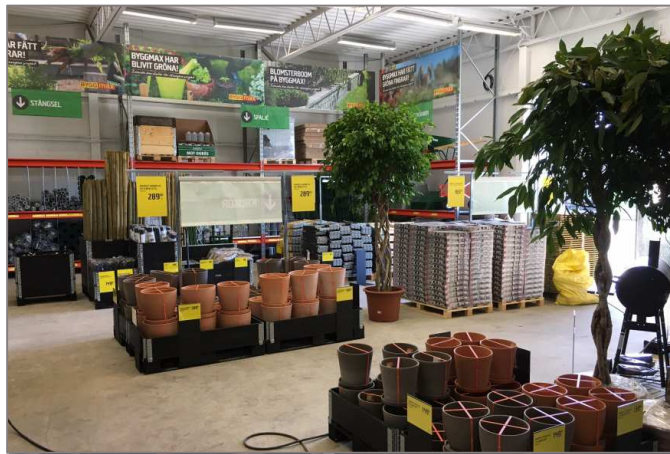
BYGGMAX GARDEN CONCEPT OPENED



Borlänge Trädgård, Sweden June 19



Vellinge Trädgård, Sweden July 3



FIRST SMALL FORMAT STORES OPEN THIS SUMMER

New format to profitably reach smaller towns

Same Byggmax experience, same Byggmax brand

Extra cost efficient Byggmax store

- Less generous opening hours
- More narrow assortment – core categories intact
- Sites can be smaller
- Optimized routines and staffing

Lowest prices

Target good profitability at low turnover

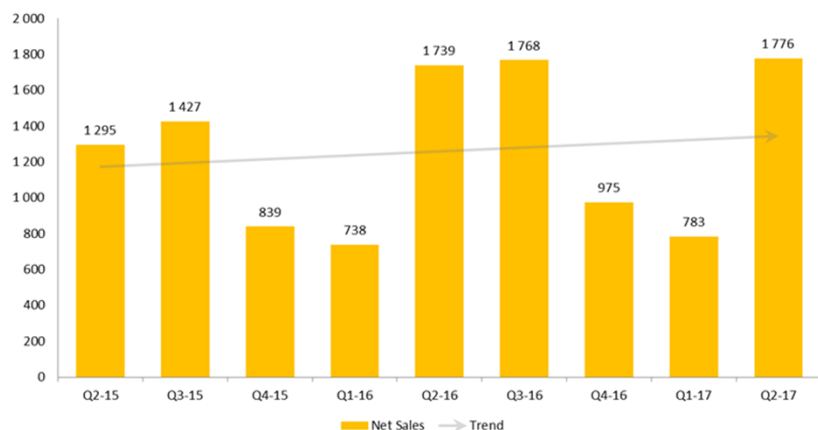
Two stores this summer: Mariannelund Jul 24, Kalix Aug 21



FINANCIAL OVERVIEW

RESULT DEVELOPMENT

Net Sales



- Profitability measured as EBITDA margin increased significantly compared with the preceding year.

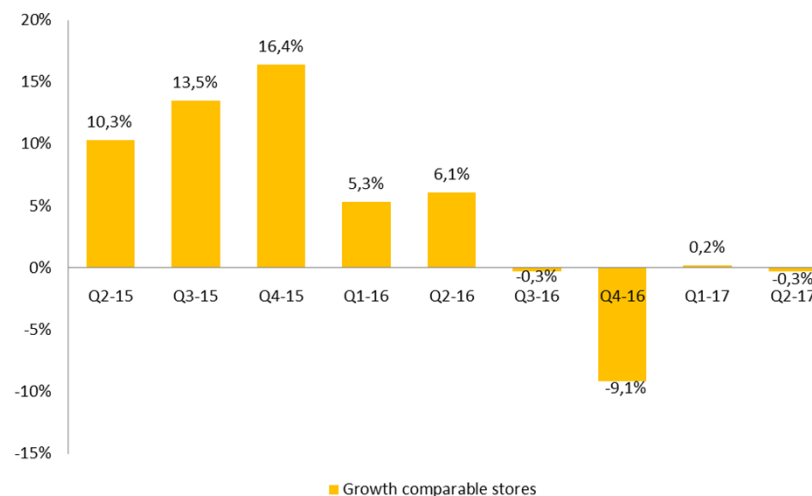
Mkr	Q2 2017	Q2 2016	Diff. %	R12
Net Sales	1775.8	1,738.7	2.1	5,301.1
Growth comparable stores (%)	-0.3	6.1	-6.4	N/A
Gross Margin (%)	30.6	29.9	0.7	30.7
EBITDA	210.2	193.8	8.5	486.1 (598.4)
EBITDA margin (%)	11.8	11.1	0.7	9.2 (11.3)
EBIT	171.8	159.2	7.9	400.4
EBIT margin (%)	9.7	9.2	0.5	7.6
Profit after tax	132.6	113.9	16.4	310.0
Earnings per share	2.2	1.9	15.8	5.1

- EBITDA and EBITDA margin R12, is adjusted for one-off items totaled SEK 112,3 M, linked to the acquisition of Skånska Byggsvarv Group AB and part of earnout for Buildor AB. The figures in brackets are before adjustment for one-off items.

SALES DEVELOPMENT

- Sales in the second quarter increased by 2.1 percent year-on-year.
- Net sales for comparable stores decreased 0.3 percent (increase 6.1) in local currency for the second quarter.
- In addition to challenging comparative figures, the sales trend for the quarter was negatively impacted by cold weather and during April and May the market for building supplies decreased in both Sweden and Norway.
- The weakest sales month of the quarter was April.

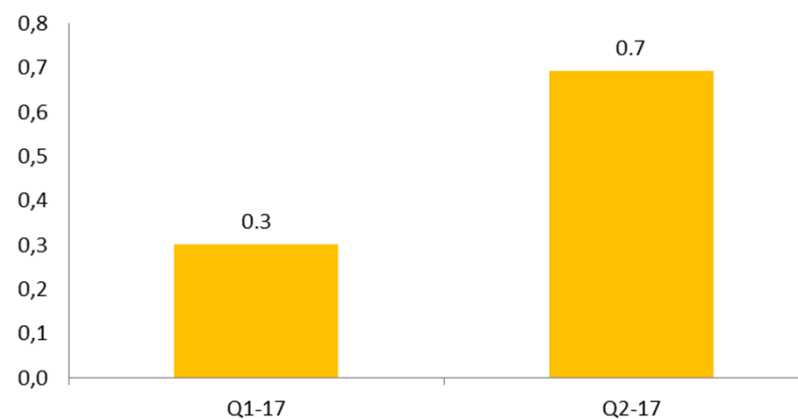
Percent	Q2 2017	Q2 2016
Comparable stores, local currency	-0.3	6.1
Non-comparable stores and Other	1.5	30.3
Currency effect	0.9	-2.1
Total	2.1	34.3



EBITDA

- EBITDA margin was 11.8 percent for the quarter, compared with 11.1 percent for the year-earlier period.
- EBITDA improved by 0.7 percent compared with the preceding year.
- EBITDA margin improvement driven by improved gross margin. In addition, cost control was favorable in the quarter.

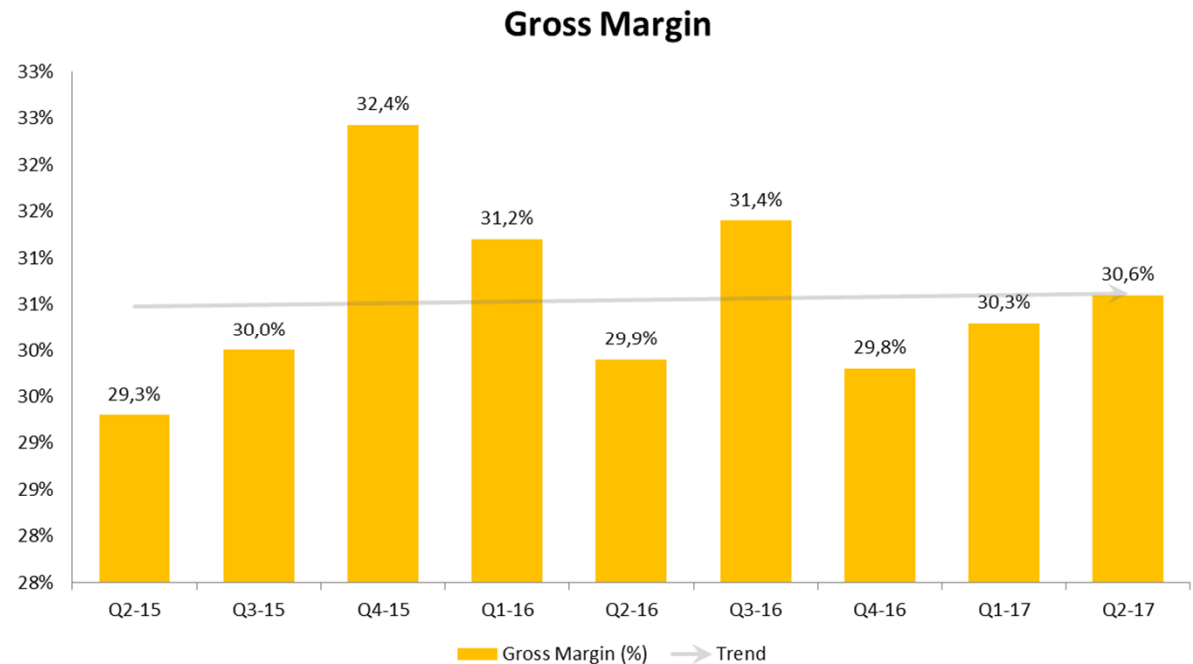
EBITDA margin improvement



* Year-on-year improvement 2017 vs 2016

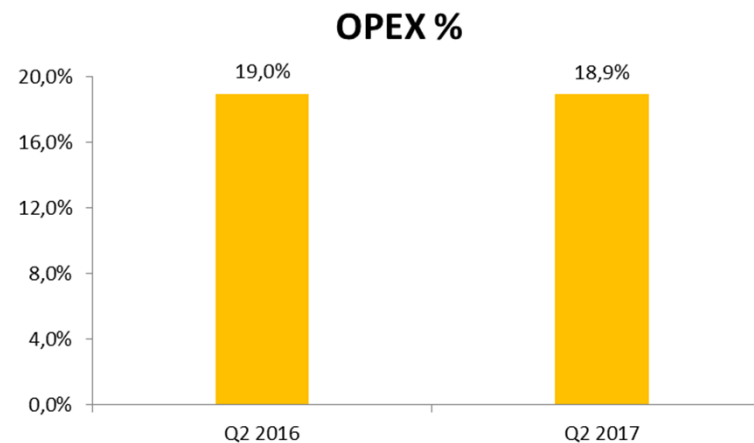
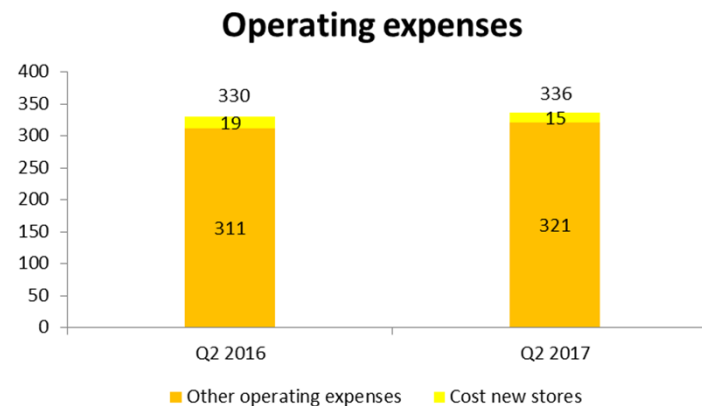
GROSS MARGIN

- The gross margin was 30.6 percent (29,9) , an increase by 0.7 pp compared to previous year.
- Byggmax segment: increased during the quarter. The gross margin was positively affected by purchasing improvements, and price and product mix management. In addition, the gross margin was positively affected by the stronger NOK, negatively by the stronger EUR. The gross margin was adversely impacted by the rising costs for input goods. Retail prices have remained largely unchanged.
- Skånska Byggvaror segment : decreased as a result of mix effects, rising costs for input goods and currency effects.



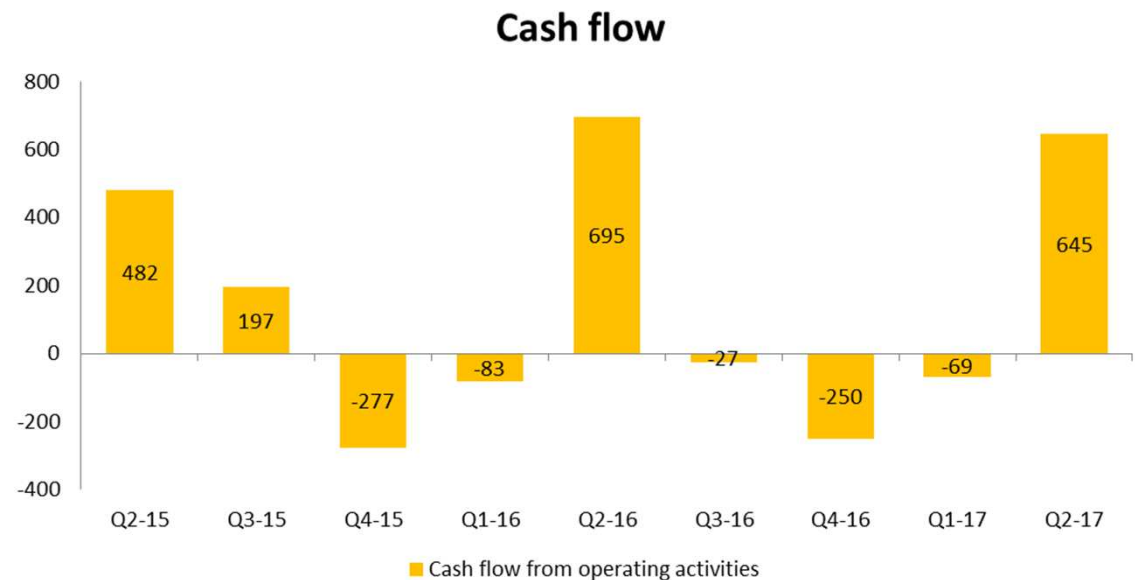
OPERATING EXPENSES

- Personnel costs and other external expenses rose a total of SEK 6.3 M.
- The increase in expenses compared with the year-earlier period was mainly attributable to costs associated with new stores opened after the second quarter of 2016, amounting to SEK 15.2 M (18.5).
- Cost control was good during the second quarter. Cost share of sales was unchanged compared to the same period last year, and we have taken measures to reduce costs in all companies in the Group.



CASH FLOW

- Cash flow from operating activities for the second quarter decreased by SEK 50.4 M.
- The cash flow was impacted by calendar effects on supplier payments between the years.
- The cash flow 2016 was impacted by the acquisition of Skånska Byggvaror Group.



NET FINANCIAL ITEMS

- Net financial items for the quarter were impacted positively in an amount of SEK 4.9 M (negative 2.5) by exchange-rate effects.
- Net financial items were also impacted by the discount rate of interest on the earnout on Skånska Byggvaror Group AB and Buildor AB of SEK -0.8 M (-3.2).

	Q2 2017	Q2 2016	Diff. %	R12
Net financial items	0.3	-10.3	102.9	-19.1

OUTLOOK AND SUMMARY

OUTLOOK

- Following a weak consumer market during the first half of 2017, we expect the Swedish market to return to a more normal development of modest positive growth in the second half of 2017. Uncertainty remains in both the Finnish and Norwegian market
- We plan to continue grow through online sales and stores, and expect to meet our goal to open 8 to 12 new stores in 2017. This includes two stores to trial the smaller Byggmax store format in smaller towns
- Focus forward to implement the updated strategy, and implementation has started according to plan



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SUMMARY

**Net sales increased 2%
following strong comparables**

**Strong and improved profitability,
EBITDA margin +0.7%-points**

**Implementation of new strategy
started as planned**



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