

INTERIM REPORT Q3 2017

October 18, 2017

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BYGG max®

HIGHLIGHTS

- Net sales increased 2.5%
- EBITDA margin (adjusted) decreased 0.5%-points, to 14.7%
- Implementation of new strategy started according to plan, including:
 - Improving profitability in Finland: 4 store closures, 1 new store
 - Positive indications for growth initiatives launched this summer, i.e., Byggmax format for small towns and Byggmax Garden, both to be expanded to more locations during 2018
 - New CEO for Skånska Byggvaror, Oscar Tjärnberg
- Opened three stores and reached 2017 store expansion target

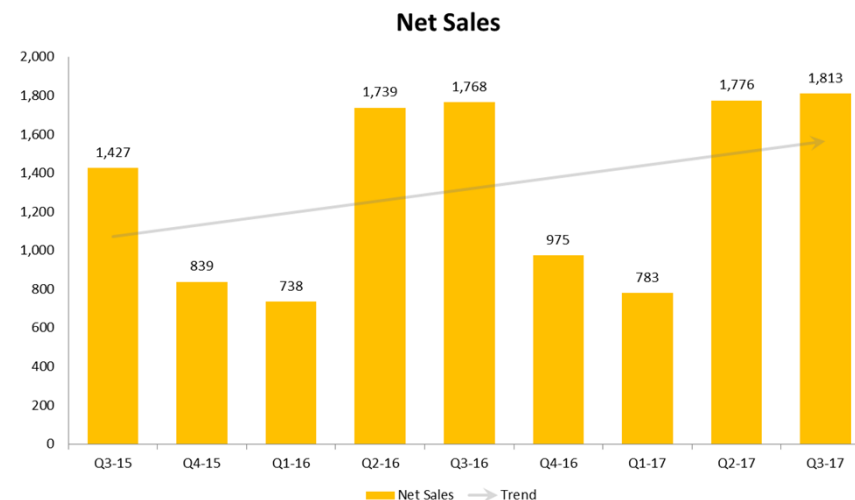


SUMMARY Q3 2017

- Net sales increased 2.5 % for the third quarter (+3.0 % YTD)
- Net sales for comparable stores increased 1.0%
- Gross margin was 31.6 %, an increase by 0.2 pp compared to previous year
- EBITDA-margin (adjusted) decreased by 0.5 pp (improved by 0.1 pp YTD)

- EBITDA and EBITDA margin 2017 are adjusted for one-off items totaled SEK -5,9 M, linked to the earnout for Buildor AB and closure cost Finland.
- EBITDA and EBITDA 2016 are adjusted for one-off items totaled SEK 49.1 M, revaluation of part of the earnout linked to the acquisition of Skånska Byggarvar Group AB.
- 3. EBITDA and EBITDA margin R12 are adjusted for one-off items totaled SEK 57.4 M, linked to the acquisition of Skånska Byggarvar Group AB, earnout for Buildor AB and closure cost Finland.

Mkr	Q3 2017	Q3 2016	Diff. %	R12
Net Sales	1,812.8	1,767.8	2.5	5,346.1
Gross Margin (%)	31.6	31.4	0.2	30.8
EBITDA	260.1	317.5	-18.1	541.0
EBITDA adjusted	266.0	268.5	-0.9	483.6
EBITDA margin (%)	14.3	18.0	-3.7	10.1
EBITDA margin (%) adjusted	14.7	15.2	-0.5	9.0



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- Sales increased by 4.4 (4.9 YTD) %.
- 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 negatively impacted by the weaker NOK and rising costs for input goods.
- Cost control was favorable during the third quarter.
- EBITDA was impacted by the closure cost in Finland of 39.3 MSEK
- Adjusted EBITDA margin improved 0.1pp, and improved 0.8pp YTD

Mkr	Q3 2017	Q3 2016	Diff.%	R12
Net Sales	1,554.1	1488.7	4.4	4,491.5
EBITDA	216.3	242.7	-10.9	428.6
EBITDA, adjusted	255.6	242.7	5.3	467.9
EBITDA margin %	13.9	16.3	-2.4	9.5
EBITDA margin %, adjusted	16.4	16.3	0.1	10.4

Mkr	YTD 2017	YTD 2016	Diff.%	R12
Net Sales	3,686.2	3512.8	4.9	4,491.5
EBITDA	392.6	381.7	2.8	428.6
EBITDA, adjusted	431.8	381.7	13.1	467.9
EBITDA margin %	10.6	10.9	-0.2	9.5
EBITDA margin %, adjusted	11.7	10.9	0.8	10.4

4 • EBITDA and EBITDA margin 2017 are adjusted for one-off items totaled SEK 39.3M, closure cost Finland.

SKÅNSKA BYGGVAROR

- Sales decreased by 9.6 (decrease 8.8 YTD) %.
- Sales development was negatively impacted by strong comparable figures (strong spring demand delivered in Q3) 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 third quarter.
- EBITDA-margin decreased by 9.4 pp (decreased 5.9 YTD), negatively affected by lower sales and gross margin.

Mkr	Q3 2017	Q3 2016	Diff.%	R12
Net Sales	227.1	251.3	-9.6	737.2
EBITDA	7.2	31.6	-77.3	14.4
EBITDA margin %	3.2	12.6	-9.4	2.0

Mkr	YTD 2017	YTD 2016	Diff.%	R12
Net Sales	591.8	649.2	-8.8	737.2
EBITDA	18.8	58.8	-68.0	14.4
EBITDA margin %	3.2	9.1	-5.9	2.0

STORE OPENINGS

Following stores were opened in 2017:

Byggmax:

- Veddesta, Stockholm, Sweden (Q2)
- Östhammar, Sweden (Q2)
- Bryne, Norway (Q2)
- Söderham, Sweden (Q3)
- Mariannelund, Sweden (Q3)
- Kalix, Sweden (Q3)

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

Skånska Byggvaror:

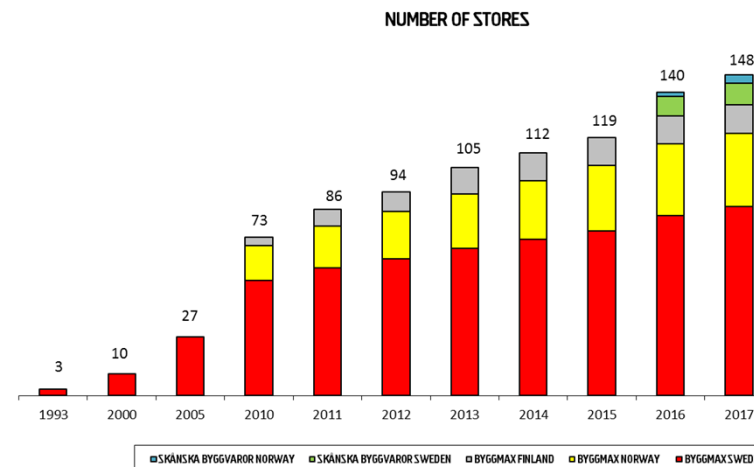
- Jönköping, Sweden (Q1)
- Stavanger, Norway (Q1)
- Bergen, Norway (Q2)

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

- Norway: Ålesund and Eidsvoll

Target is to open 8-12 new stores in 2017

	Sweden	Norway	Finland	Skånska Byggvaror
Number of stores Q3 2017	3	0	0	0
Planned openings Q4 2017	0	2	0	0
New Stores in 2017	5	1	0	3



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STORE OPENINGS



Söderhamn, Sweden July 21



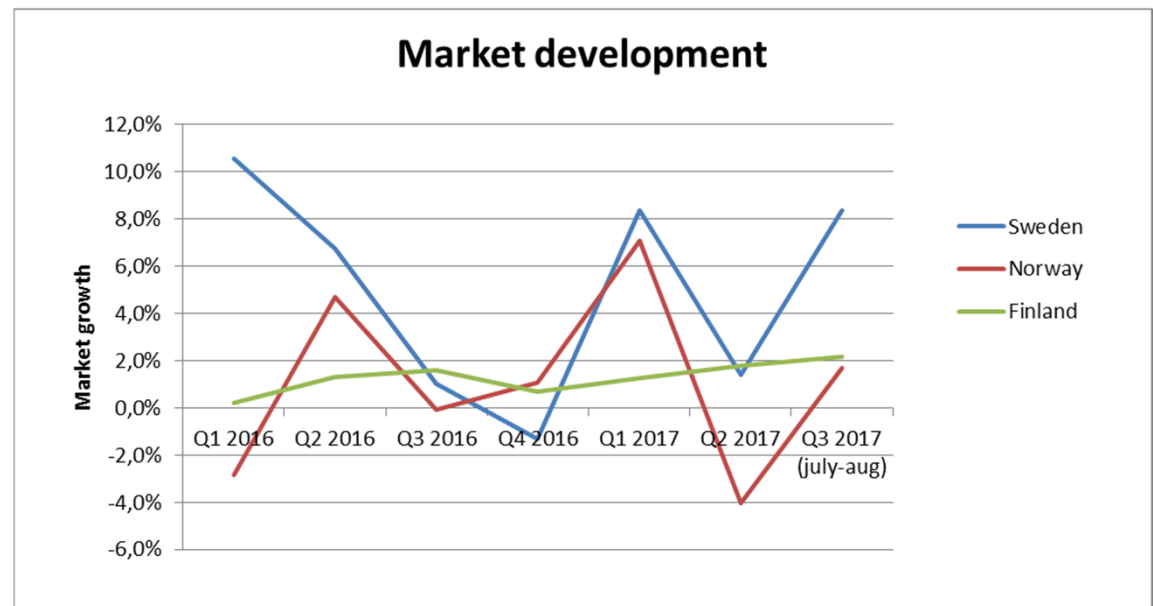
Mariannelund, Sweden July 24



Kalix, Sweden Aug 25

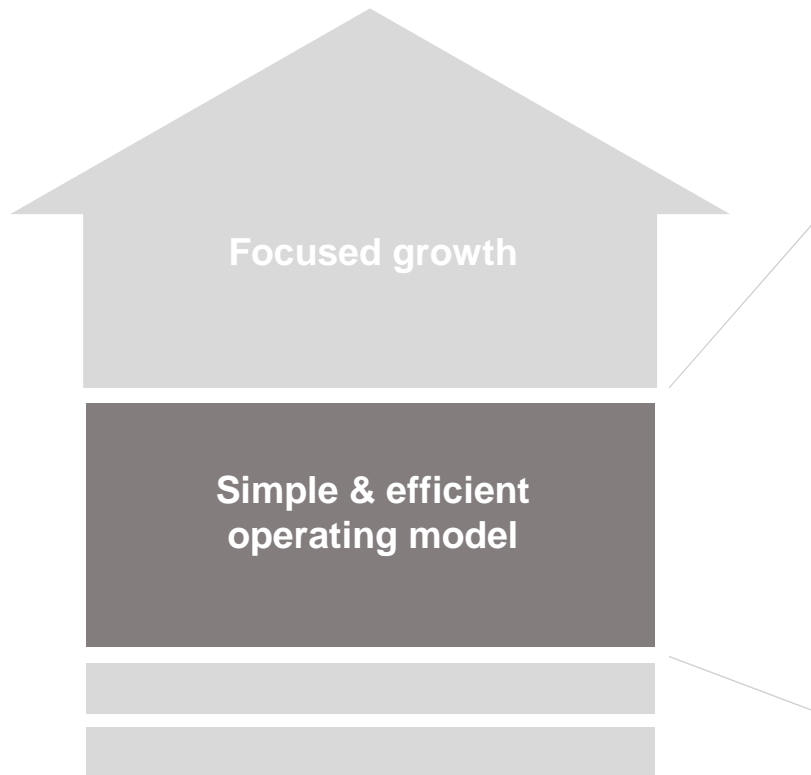
MARKET DEVELOPMENT

- The Swedish building supplies market increased 8.4 percent during July and August (according to DHI)
- During the same period, the Norwegian market increased 1.7 percent
- The Finnish market grew 2.2 percent
- According to industry associations, the Swedish market growth continues to be driven by craftsmen and professionals
- Byggmax primarily targets consumers and does not substantially benefit from growth in the professional segment



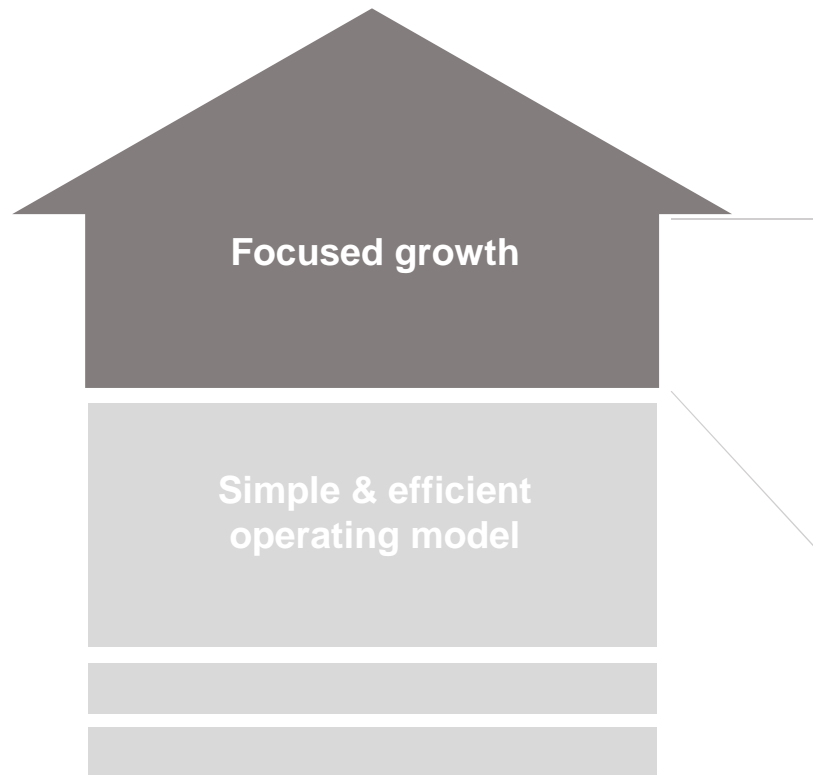
Source: Statistics Sweden, Statistics Norway and Statistics Finland.

IMPLEMENTATION STARTED ACCORDING TO PLAN



- Executing profitability improvements in Finland, including shifting store footprint. Four store closures during Q4 2017, one new store in Riihimäki (close to Helsinki) during spring 2018
- Actions to strengthen Byggmax e-commerce profitability on track and supported by integration with Buildor
- Completed first steps of the expected 18-24 month transformation of Skånska Byggvaror into a modern leader in “garden living”: reduced costs, restarted product development investments, recruited a new CEO in Oscar Tjärnberg

IMPLEMENTATION STARTED ACCORDING TO PLAN



- Byggmax Garden concept (launched this summer): first positive indications, plan to expand the concept to 8-10 more Byggmax stores during 2018
- Byggmax format for smaller towns (launched this summer): first positive indications, plan to expand the format to 3-5 more locations during 2018

STRENGTHENED GROUP MANAGEMENT



Oscar Tjärnberg

- CEO of Skånska Byggvaror as of Oct 2017
- Over fifteen years experience from e-commerce of physical products to consumers
- Most recently CEO of Lekmer



Benedicte Inversini

- Country Manager for Byggmax Norway as of Sep 2017
- More than fifteen years experience from Norwegian retail
- Most recently CEO of Torshov Bilrekvisita A/S, a Norwegian retail chain specializing in car supplies and leisure products



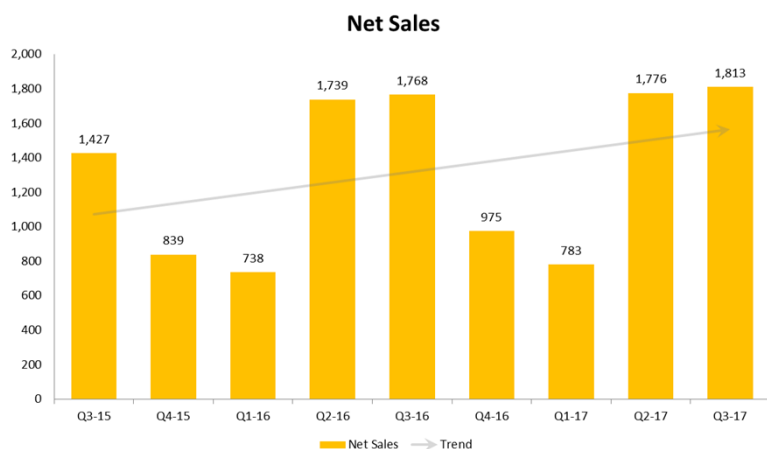
Sarah König

- Head of Group Expansion as of Oct 2017
- More than sixteen years experience from real estate industry in a retail context
- Sarah joins from Steen & Ström, where she is the Leasing Director for Sweden, and member of the Scandinavian Management team



FINANCIAL OVERVIEW

RESULT DEVELOPMENT



- Profitability measured as EBITDA margin adjusted decreased by 0.5 pp compared with the preceding year.

Mkr	Q3 2017	Q3 2016	Diff. %	R12
Net Sales	1,812.8	1,767.8	2.5	5,346.1
Growth comparable stores (%)	1.0	-0.3	1.3	N/A
Gross Margin (%)	31.6	31.4	0.2	30.8
EBITDA, adjusted	266.0	268.5	-0.9	483.6
EBITDA margin (%), adjusted	14.7	15.2	-0.5	9.0
EBIT, adjusted	226.9	231.0	-1.8	328.7
EBIT margin (%), adjusted	12.5	13.1	-0.5	6.1
Profit after tax	171.9	172.2	-0.2	309.7
Earnings per share	2.8	2.8	0.0	5.1

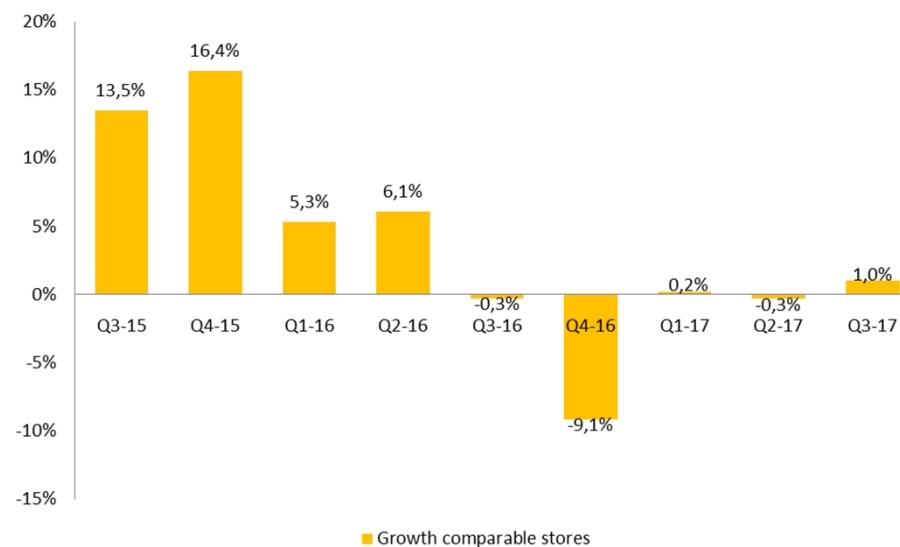
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- EBITDA and EBITDA margin R12 are adjusted for one-off items totaled SEK 57.4 M, linked to the acquisition of Skånska Bygghvaror Group AB, earnout for Buildor AB and closure cost Finland.
- EBIT 2016 is adjusted for the impacted of impairment of goodwill of SEK 44.8 M linked to the acquisition of Skånska Bygghvaror Group AB

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SALES DEVELOPMENT

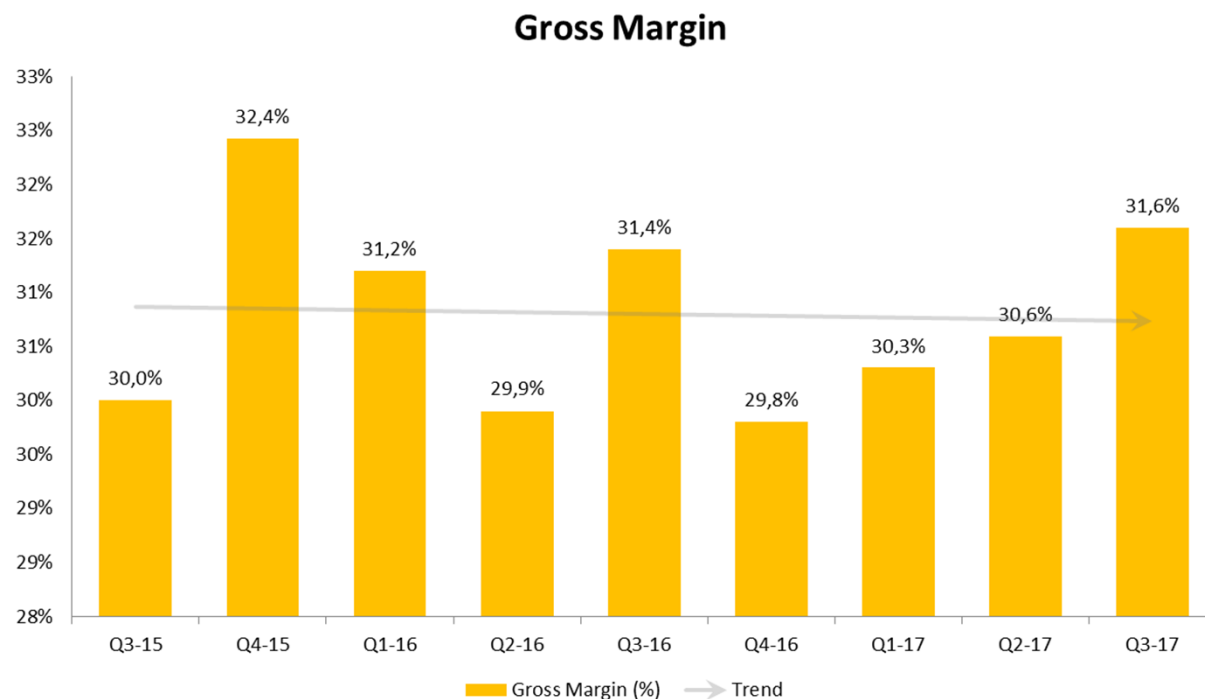
- Sales in the third quarter increased by 2.5 percent year-on-year.
- Net sales for comparable stores increased 1.0 percent (decrease 0.3) in local currency for the third quarter.
- The sales trend for the quarter was positively impacted by favorable weather in July, and negatively by a cold and rainy September.
- The weakest sales month of the quarter was September.

Percent	Q3 2017	Q3 2016
Comparable stores, local currency	1,0	-0,3
Non-comparable stores and Other	1,5	24,3
Currency effect	0,0	-0,2
Total	2,5	23,9



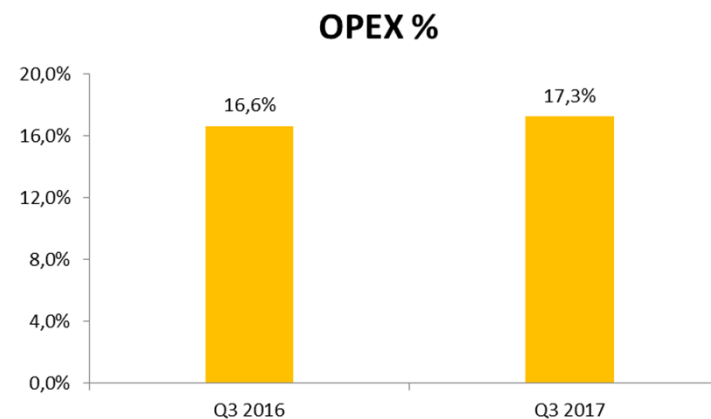
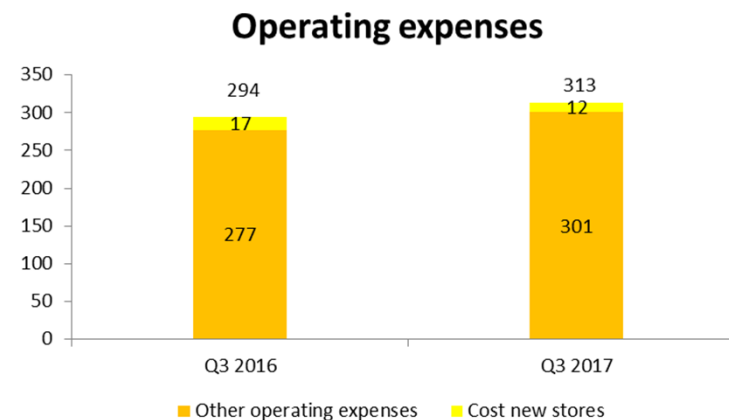
GROSS MARGIN

- The gross margin was 31.6 percent (31.4), an increase by 0.2 pp compared to previous year.
- Byggmax segment: 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 negatively impacted by the weaker NOK and rising costs for input goods
- The gross margin in Skånska Byggvaror 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 18.9 M.
- The increase in expenses compared with the year-earlier period was mainly attributable to costs associated with new stores opened after the third quarter of 2016, amounting to SEK 11.9 M (16.7).
- Cost share of sales was negatively affected by store openings shifting towards later in the year and investments in strategic initiatives. We have in parallel continued to reduce costs in all companies in the Group.



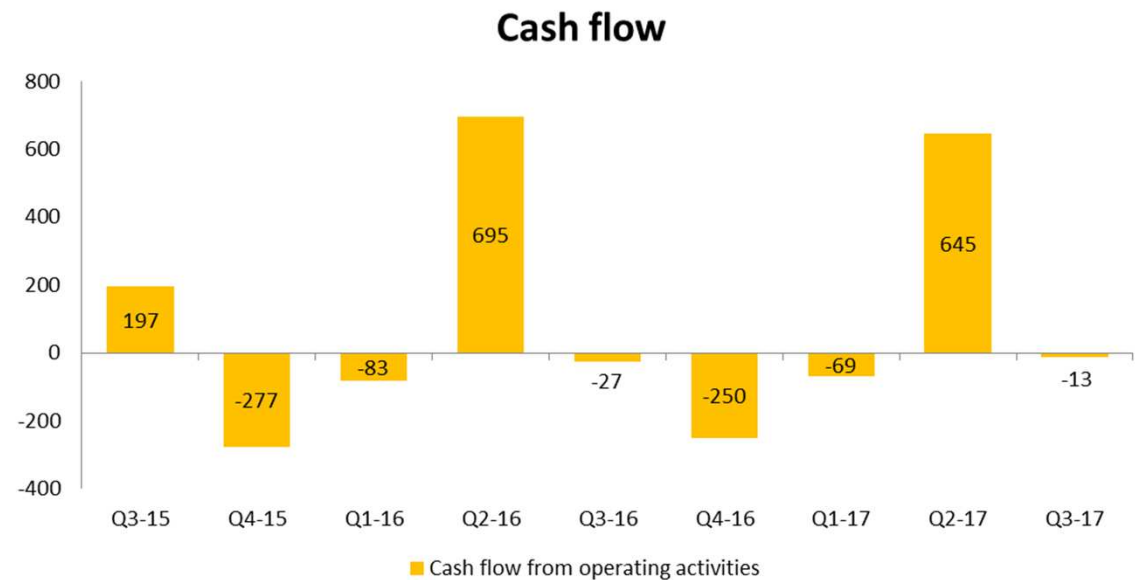
NET FINANCIAL ITEMS

- Net financial items was strengthened by SEK 5.9 M.
- Net financial items for the quarter were impacted negatively by an amount of SEK 1.8 M (negative 3.5) by exchange-rate effects.
- Net financial items 2016 were impacted by the discount rate of interest on the earnout on Skånska Byggvaror Group AB and Buildor AB of SEK -3.2 M

	Q3 2017	Q3 2016	Diff.%	R12
Net financial items	-5.8	-11.7	50.4	-13.2

CASH FLOW

- Cash flow from operating activities for the third quarter increase by SEK 14.2 M.
- The cash flow 2016 was impacted by the acquisition of Skånska Byggvaror Group.



OUTLOOK AND SUMMARY

OUTLOOK

- Expect normal development of modest positive growth in the Swedish market during autumn and winter. Uncertainty remains in both the Finnish and Norwegian markets
- Byggmax segment develops positively
 - YTD sales +4.9 percent
 - YTD EBITDA margin +0.8%-points
 - Positive indications for key growth initiatives: faster store expansion, profitable e-commerce growth, and our garden concept
- Completed first steps of transformation of Skånska Byggvaror, expect positive financial effects over time

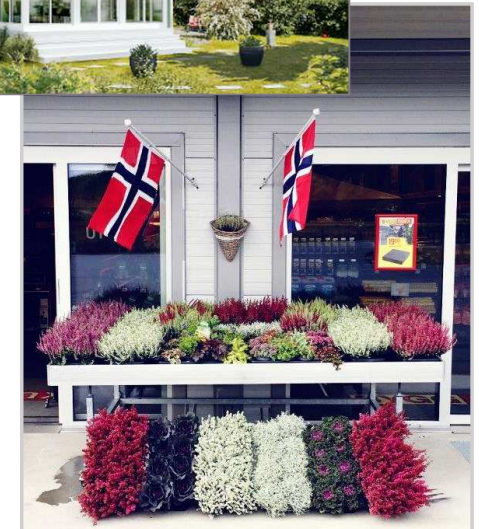


SUMMARY

**Net sales increased 2.5%,
EBITDA margin (adjusted)
decreased 0.5%-points**

**Byggmax segment sales and
profitability develops positively**

**Implementation of new strategy
started as planned**



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