

YEAR-END REPORT Q4 2017

January 25, 2018

Mattias Ankarberg and Pernilla Walfridsson

BYGG max®

HIGHLIGHTS (1/2)

Execution of the new strategy continues according to plan

- Byggmax segment furthest in execution, strategic initiatives contribute positively to strong profitability improvement in 2017 (adjusted EBITDA margin +0.7%-points)
- Skånska Byggvaror in middle of transformation, cost base restructured in Q4

Financial results for Q4 impacted by our strategic plan, soft Nordic consumer market for building materials affected by early autumn weather, and the weaker NOK

- Net sales decreased 2.5 percent, affected by currency effects (-1.2%-p. impact) and sales development in Skånska Byggvaror (-2.4%-p. impact) mainly due to active decisions to reduce less profitable selling
- EBITDA excluding restructuring costs decreased 0.9 percent, significantly negatively impacted by the weaker NOK
- Non-recurring costs of SEK 41.1m. SEK 49.4m attributed to restructuring of Skånska Byggvaror (ca half in cash effect, pay-off 2-2.5 years)



BYGGmax®

HIGHLIGHTS (2/2)

Underlying Byggmax business developed positively in the quarter

- Comparable business (excluding new stores, measured in local currency) increased sales and continued to take market share
- Increased profitability driven by both increased gross margins and lower cost share
- New stores developed according to plan

Board of Directors proposes dividend of SEK 2.50 (2.40) per share

For 2018, focus remain on executing the strategic plan

- Byggmax segment focus shifts towards growth
- For Skånska Byggvaror, transformation year towards “Garden Living”



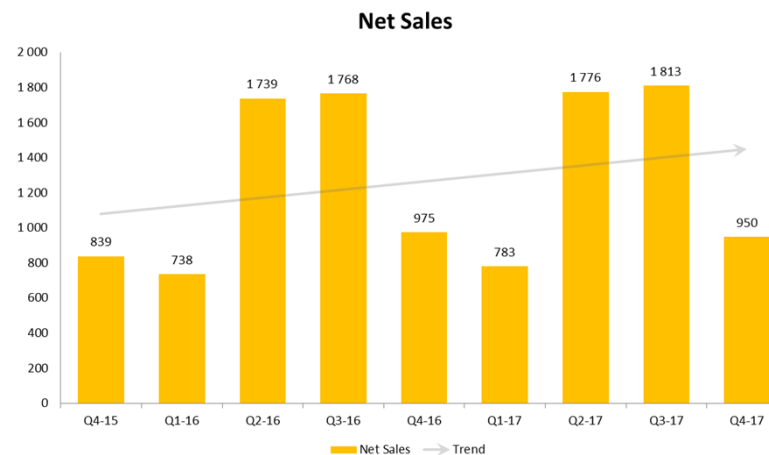
BYGGmax®

SUMMARY Q4 2017

- Net sales decreased 2.5 % for the fourth quarter (+2.0 % YTD), affected by currency effects, decisions to reduce less profitable sales in SKBV and a soft market
- Gross margin was 31.1 %, an increase by 1.3 pp compared to previous year, despite negative impact by the weaker NOK
- Cost share of sales increased affected by decreased sales. Costs were trimmed across the group. Excluding non-recurring items and costs for new stores, costs decreased in the quarter
- EBITDA margin (adjusted) was flat for the Byggmax segment, decreased somewhat for Skånska Byggsvaror
- EBITDA (adjusted) decreased for the Other segment, largely due to changed purchase pattern between the quarters for our distribution company
- EBITDA-margin (adjusted) for the Group decreased by 0.9 pp (decreased by 0.1 pp YTD), significantly impacted by the weaker NOK

- EBITDA and EBITDA margin Q4 2017 are adjusted for one-off items totaled SEK -24.0 M, linked to the closure cost Finland and restructuring cost Skånska Byggsvaror.
- EBITDA and EBITDA margin Q4 2016 are adjusted for one-off items totaled SEK +63.3 M, revaluation of part of the earnout linked to the acquisition of Skånska Byggsvaror Group AB.
- EBITDA and EBITDA margin FY 2017 are adjusted for one-off items totaled SEK -30.9 M, linked to the closure cost Finland, +33.4 M linked to the earnout for Buildor AB and -32.3 linked to restructuring cost of Skånska Byggsvaror.

Mkr	Q4 2017	Q4 2016	Diff.%	2017
Net Sales	950.2	974.9	-2.5	5,321.4
Gross Margin (%)	31.1	29.8	1.3	31.0
EBITDA	-1.9	94.1	-102.0	444.9
EBITDA adjusted	22.1	30.9	-28.5	474.8
EBITDA margin (%)	-0.2	9.7	-9.9	8.4
EBITDA margin (%) adjusted	2.3	3.2	-0.9	8.9



BYGGMAX

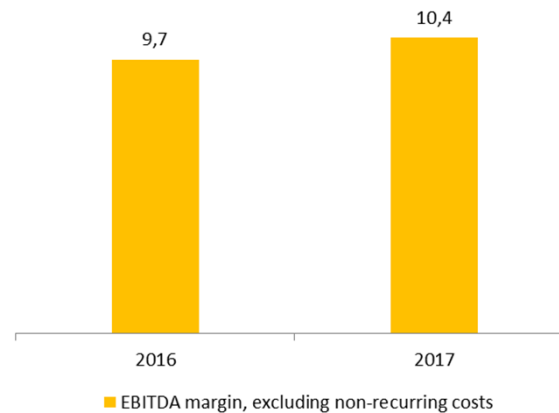
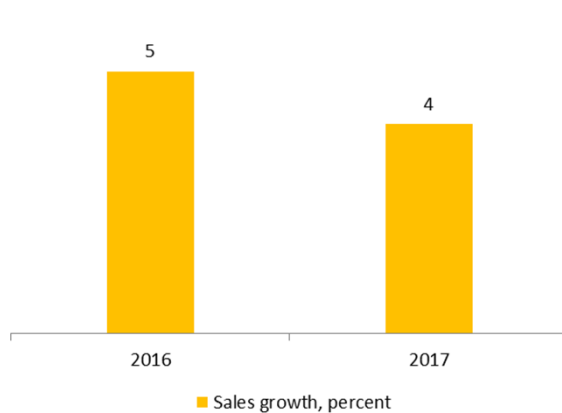
- Sales decreased slightly in Q4 (increase 4% YTD).
- Sales increased (in local currency) despite a soft Nordic consumer market for building materials. In addition, four stores in Finland were closed in the quarter and e-commerce was focused on improving profitability rather than sales growth.
- Gross 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
- Adjusted EBITDA margin decreased 0.1pp in Q4, and increased 0.7pp YTD
- Comparable business (excluding new stores, measured in local currency) increased sales and increased profitability driven by both increased gross margins and lower cost share
- New stores developed according to plan
- Byggmax continues to take market share

Mkr	Q4 2017	Q4 2016	Diff.%
Net Sales	804.9	805.3	0.0
EBITDA	43.1	36.1	19.3
EBITDA, adjusted	34.8	36.1	-3.6
EBITDA margin %	5.4	4.5	0.9
EBITDA margin %, adjusted	4.4	4.5	-0.1

Mkr	YTD 2017	YTD 2016	Diff.%
Net Sales	4,491.1	4318.1	4.0
EBITDA	435.6	417.8	4.3
EBITDA, adjusted	466.6	417.8	11.7
EBITDA margin %	9.7	9.7	0.0
EBITDA margin %, adjusted	10.4	9.7	0.7

5 • EBITDA and EBITDA margin YTD 2017 are adjusted for one-off items totaled SEK 30.9M, closure cost Finland.

BYGGMAX 2017



Strong profitability improvement, positively impacted by strategic plan

- Byggmax segment EBITDA margin excluding restructuring costs for FY 2017 increase +0.7pp to 10.4%
- Byggmax segment profitability highest in over 5 years (i.e., 2017 adjusted EBITDA margin also above levels when Byggmax reported as stand-alone 2012-2015)
- Execution of initiatives in strategic plan impacts profitability positively

SKÅNSKA BYGGVAROR

- Sales decreased by 19.3 (decrease 10.8 YTD) %.
- Sales development was negatively impacted by strong comparable figures (aggressive pricing in same period last year) and active decisions to start reduce less profitable selling in non-core categories.
- The gross margin increased significantly, positively affected by mix effects and pricing.
- Adjusted EBITDA margin decreased 1.5 pp, and decreased 4.9 pp YTD.

Mkr	Q4 2017	Q4 2016	Diff.%
Net Sales	117.4	145.4	-19.3
EBITDA	-37.5	-4.4	-752.7
EBITDA, adjusted	-5.2	-4.4	-18.6
EBITDA margin %	-32.5	-3.0	-29.5
EBITDA margin %, adjusted	-4.5	-3.0	-1.5

Mkr	YTD 2017	YTD 2016	Diff.%
Net Sales	709.2	794.7	-10.8
EBITDA	-18.7	54.4	-134.4
EBITDA, adjusted	13.6	54.4	-75.0
EBITDA margin %	-2.6	6.8	-9.4
EBITDA margin %, adjusted	1.9	6.8	-4.9

SKÅNSKA BYGGVAROR MOVES TOWARDS “GARDEN LIVING”

Moves towards a modern leader within “Garden Living” and restructures cost based in Q4

- Focus on the profitable core of conservatories, green houses and related garden accessories
- Strengthen digital competence
- Decrease operational cost. Restructuring includes reorganization to a smaller head office organization, remodeling of the Danish Pavillon business, consolidation of logistic and office sites, and increased store efficiency through reduced assortment display and staffing

The restructuring impacts financial results for Q4 2017 with a non-recurring cost of SEK 49.4 million, of which ca half in cash effect. Pay-off time is 2-2.5 years

Expect transformation year 2018

- Decreased operational costs, with some impact 2018 and full impact 2019
- Decreased revenues due to reduced marketing of less profitable non-core categories
- End the year with a stronger, more profitable core business

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)
- Skene, Sweden (Q4)
- Ålesund, Norway (Q4)
- Eidsvoll, Norway (Q4)

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

Skånska Byggvaror:

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

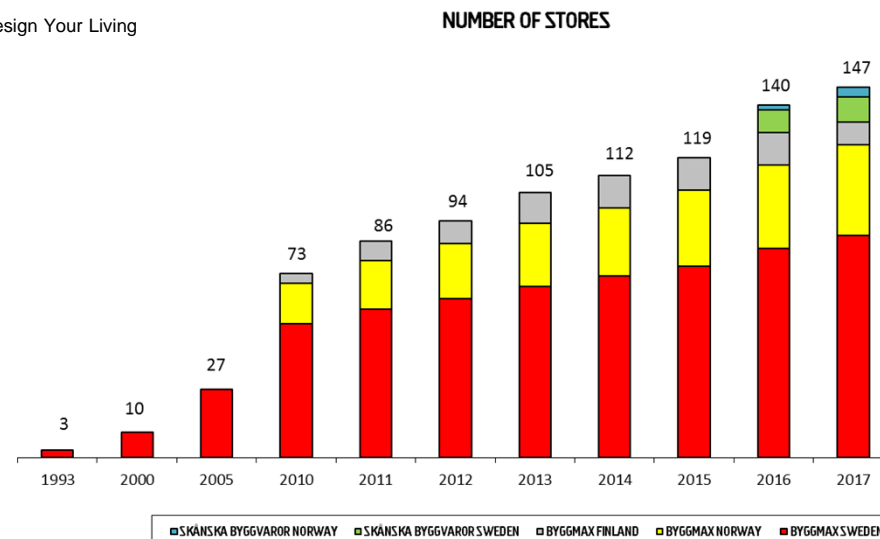
The following stores have been publicly announced and will be opened in 2017:

- Sweden: Ljusdal, Oskarshamn and Tranås
- Finland: Riihimäki

Target was to open 8-12 new stores in 2017

	Sweden	Norway	Finland	Skånska Byggvaror
New stores Q4 2017	1	2	0	0
New stores in 2017	6	3	0	3
Closed stores in 2017	1*	0	4	0

* Design Your Living



BYGGmax®

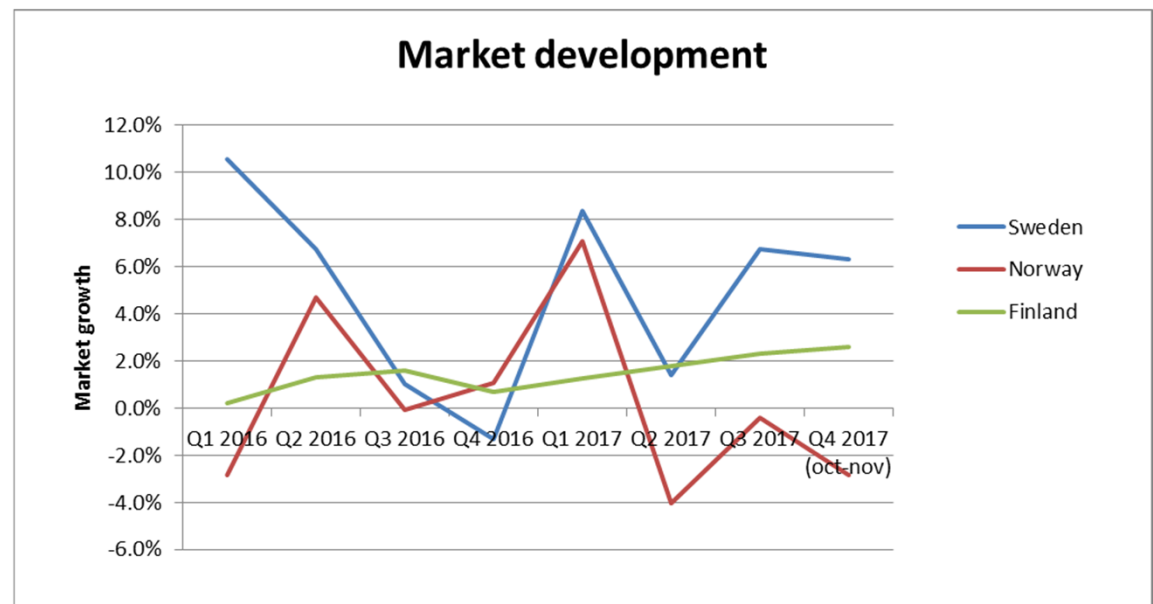
STORE OPENINGS



- Ålesund, Norway Nov 24
- Skene, Sweden Dec 1
- Eidsvoll, Norway Dec 15

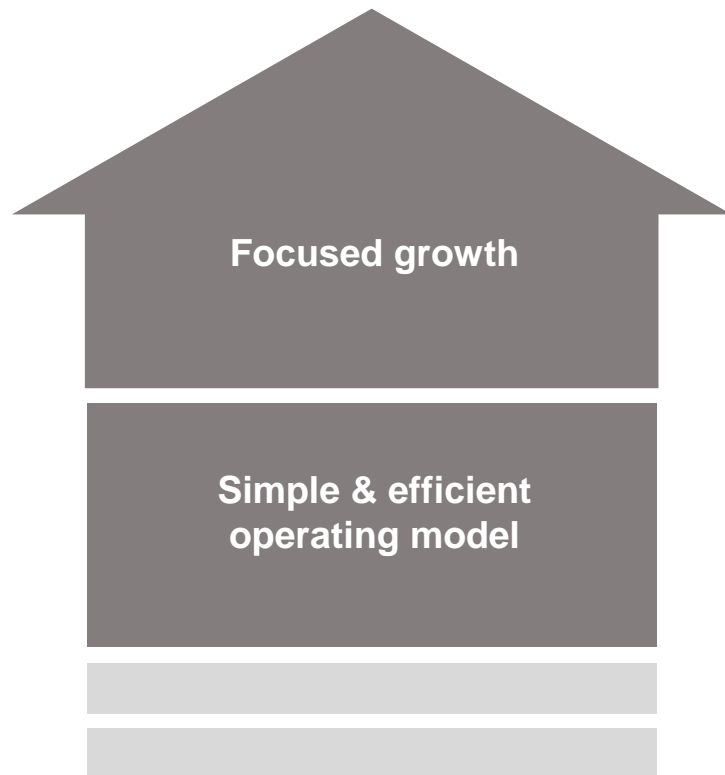
MARKET DEVELOPMENT

- The Nordic consumer market for building materials was soft during the fourth quarter, negatively impacted by early arrival of autumn weather
 - The Swedish building supplies market increased 6.3 percent during October and November (according to DHI) but, according to industry body, continues to be driven by new housing
 - Consumer market was weak and e.g., ROT payments decreased in Q4
- During the same period, the Norwegian market decreased 2.9 percent
- The Finnish market grew 2.6 percent



Source: Statistics Sweden, Statistics Norway and Statistics Finland.

NEW STRATEGY LAUNCHED IN JUNE 2017



- Based on our strengths
- More ambitious financial goals
- Potential to reach new financial goals by 2019

ACCOMPLISHED 2017



- Closed and paused non-core Byggmax activities such as Design Your Living, B2B sales, Byggmax+ and Proffsbyggt
- Closed 4 loss-making Byggmax stores in Finland
- Turned Byggmax e-commerce into profitability
- Positive indications for new growth initiatives: a smaller Byggmax format for smaller towns, and a Byggmax garden concept



- Set focus for Skånska Byggvaror to become a modern leader within “Garden Living”. In the fourth quarter, installed new CEO, detailed the strategic plan, and restructured the cost base



FOCUS 2018



Increasingly shift focus towards growth

- Open 20 new Bygghuset stores, doubling historical expansion pace
- Focus Bygghuset e-commerce on growth, now at good profitability
- Expand the Bygghuset Garden concept to ca 10 more stores



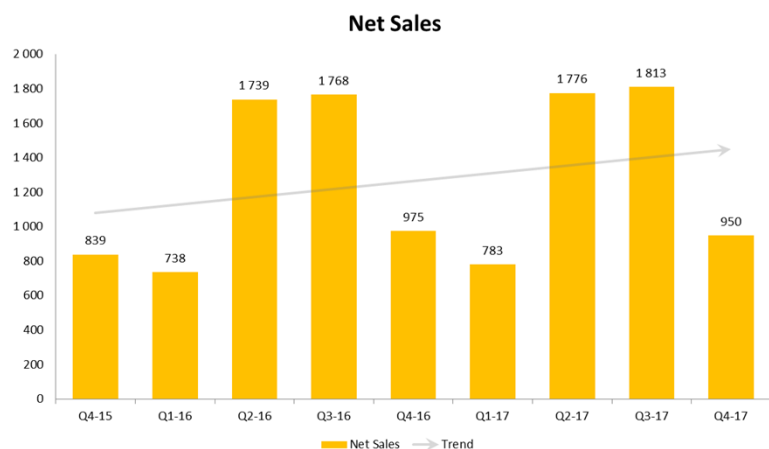
Transformation year – towards a modern leader in “Garden living”

- Develop core categories, strengthen digital competence and reduce operational costs. Expect to end the year with a stronger, more profitable core business

For 2018, also expect (i) negative effect on sales development from completed store closures and a more focused business concept for Skånska Bygghuset, (ii) negative effect on profitability from start-up costs of more stores

FINANCIAL OVERVIEW

RESULT DEVELOPMENT



- Profitability measured as EBITDA margin adjusted decreased by 0.9 pp compared with the preceding year, negatively impacted by the weaker NOK.
- Earnings for the quarter was significantly impacted by non recurring costs.

Mkr	Q4 2017	Q4 2016	Diff.%	2017
Net Sales	950.2	974.9	-2.5	5,321.4
Growth comparable stores (%)	-1.9	-9.1	7.2	-0.1
Gross Margin (%)	31.1	29.8	1.3	31.0
EBITDA, adjusted	22.1	30.9	-28.5	474.8
EBITDA margin (%), adjusted	2.3	3.2	-0.9	8.9
EBIT, adjusted	-17.9	-8.1	-122.5	318.9
EBIT margin (%), adjusted	-1.9	-0.8	-1.1	6.0
Profit after tax	-58.3	56.8	-202.6	194.6
Earnings per share	-1.0	0.9	-211.1	3.2

- EBITDA Q4 2017 are adjusted for one-off items totaled SEK +8.3 M, linked to the closure cost Finland and -32.3 linked to restructuring cost Skånska Byggaror. EBIT is in addition adjusted -17.1 M depreciation cost linked to restructuring Skånska Byggaror
- EBITDA and EBITDA Q4 2016 are adjusted for one-off items totaled SEK +63.3 M, revaluation of part of the earnout linked to the acquisition of Skånska Byggaror Group AB
- EBITDA FY 2017 are adjusted for one-off items totaled SEK -30.9 M, linked to the closure cost Finland, +33.4 M linked to the earnout for Buildor AB and -32.3 linked to restructuring cost Skånska Byggaror. EBIT is in addition adjusted -17.1 M depreciation cost linked to restructuring Skånska Byggaror.

BYGGmax®

RESULT DEVELOPMENT FY 2017

- Profitability measured as EBITDA margin adjusted decreased by 0.1 pp compared with the preceding year.
- For Byggmax, EBITDA margin excluding non-recurring costs increased 0.7 percentage points, to a five-year high of 10.4 percent.
- For Skånska Bygghvaror, EBITDA margin excluding non-recurring costs decreased 4.9 percentage points to 1.9 percent.

Mkr	2017 FY	2016 FY	Diff. %
Net Sales	5,321.4	5,219.3	2.0
Byggmax	4,491.1	4,318.1	4.0
Skånska Bygghvaror	709.2	794.7	-10.8
Other	121.1	106.5	13.7
Gross Margin (%)	31.0	30.6	0.4
EBITDA margin (%), adjusted	8.9	9.0	-0.1
Byggmax	10.4	9.7	0.7
Skånska Bygghvaror	1.9	6.8	-4.9
Other	-0.5	-0.3	-0.2
EBIT margin (%), adjusted	6.0	6.2	-0.2
Profit after tax	194.6	284.6	-31.6
Earnings per share	3.2	4.7	-31.9

- EBITDA FY 2017 is adjusted for one-off items totaled SEK -30.9 M, linked to the closure cost Finland, 33.4 M linked to the earnout for Buildor AB and -32.3 linked to restructuring cost Skånska Bygghvaror. EBIT is in addition adjusted -17.1 M depreciation cost linked to restructuring Skånska Bygghvaror.
- EBITDA FY 2016 is adjusted for one-off items totaled SEK +112.3 M linked to the earnout for Skånska Bygghvaror and Buildor AB. EBIT is in addition adjusted -44.8 M linked to impairment of goodwill Skånska Bygghvaror.

OVERVIEW OF NON-RECURRING COSTS

- Earnings for the quarter was significantly impacted by non recurring costs.
- This is mainly related to restructuring of Skånska Byggvaror (SEK 49.4 million, of which SEK 25.6 million in cash effect).
- EBITDA was positively impacted by reduced provisions related to the closure of four stores in Finland (SEK 8.3 million).
- In 2016 EBITDA was impacted positively by the revaluation of the earnout linked to the acquisition of Skånska Byggvaror and Buildor.

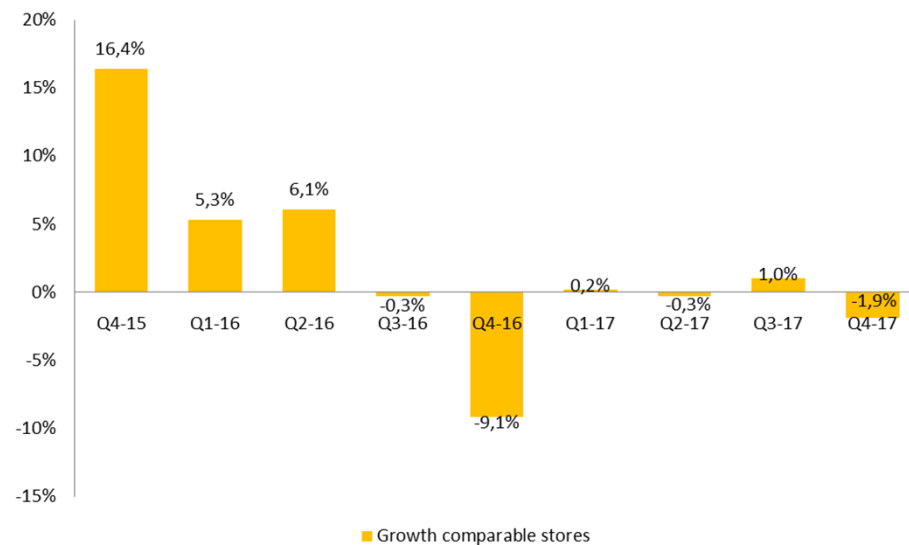
Effect of non-recurring items	2017 Q4	2016 Q4	2017 FY	2016 FY
Earn out Buildor 2017	0.0	0.0	33.4	0.0
Earn out SKBV and Buildor 2016	0.0	63.3	0.0	112.3
Closure cost four stores Finland	8.3	0.0	-30.9	0.0
Restructuring cost SKBV OPEX	-32.3	0.0	-32.3	0.0
Total EBITDA effect	-24.0	63.3	-29.8	112.3
Impairment SKBV	-7.2	0.0	-7.2	-44.8
Restructure cost SKBV Depreciation	-9.9	0.0	-9.9	0.0
Total EBIT effect	-41.1	63.3	-46.9	67.5

SALES DEVELOPMENT

- Sales in the fourth quarter decreased by 2.5 percent year-on-year.
- Net sales for comparable stores was down 1.9 percent (decrease 9.1) in local currency for the fourth quarter.
- The sales trend for the quarter was negatively affected by currency effects of -1,2 percent and the sales development in Skånska Byggvaror impacted sales -2.4 percent mainly due to active decision to reduce less profitable selling.
- Byggmax continues to take market share. Despite a soft Nordic consumer market for building materials affected by early autumn weather, and the weaker NOK
- The weakest sales month of the quarter was October.

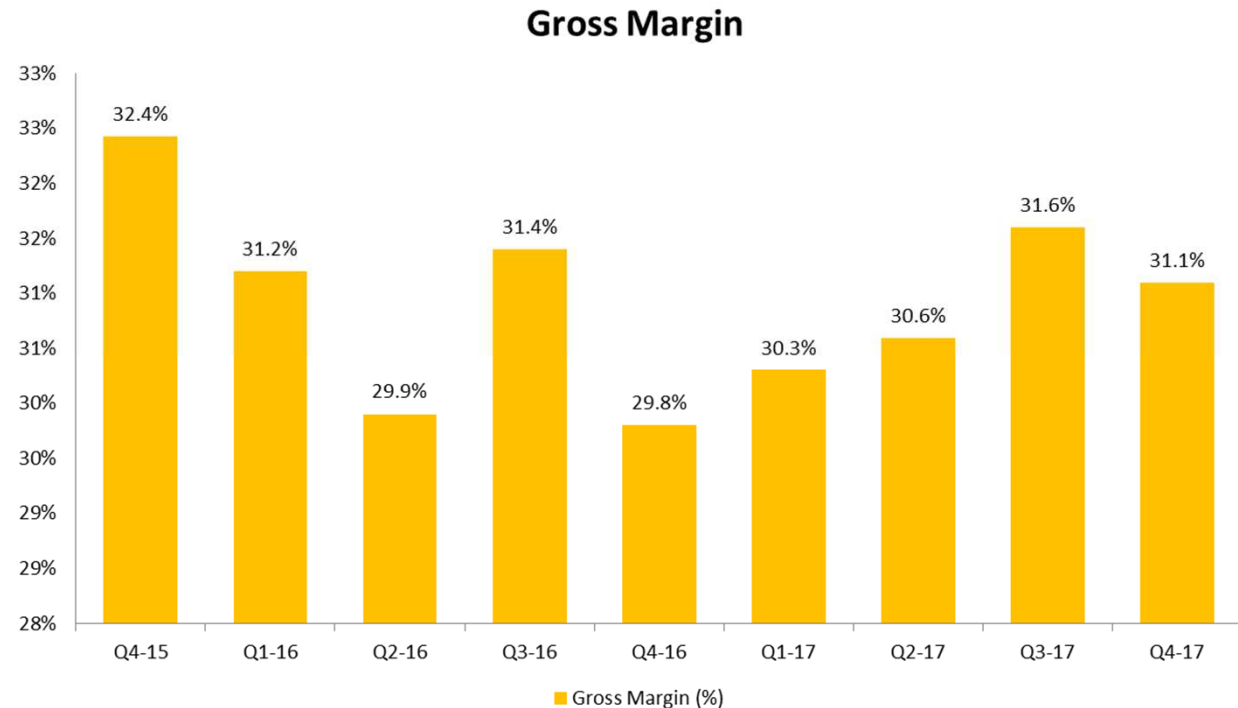
Growth percent	Q4 2017	Q4 2016
Comparable stores, local currency	-1.9	-9.1
Non-comparable stores and Other	0.6	23.4*
Currency effect	-1.2	1.9
Total	-2.5	16.2*

* 2016 growth largely impacted by the acquisition of Skånska Byggvaror.



GROSS MARGIN

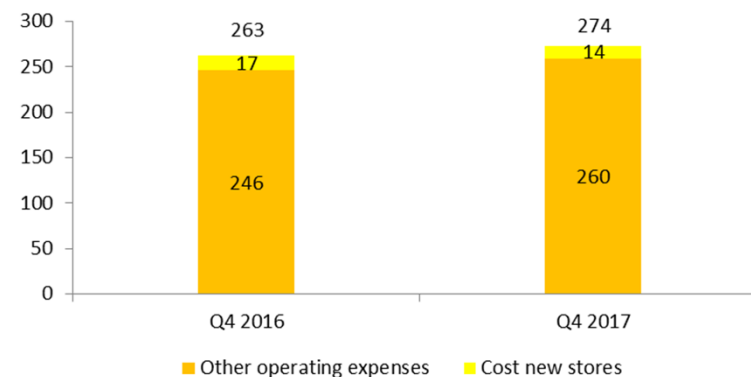
- The gross margin was 31.1 percent (29.8), an increase by 1.3 pp compared to previous year. The gross margin increase despite significant negative impact of the weaker NOK.
- Byggmax segment: Gross margin increased during the quarter. The gross margin was positively affected by purchasing improvements, 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 increased significantly, positively affected by mix effects and pricing.



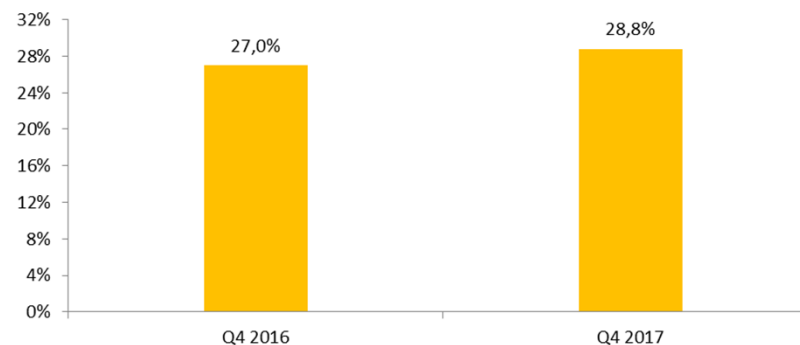
OPERATING EXPENSES

- Personnel costs and other external expenses rose a total of SEK 34.2 M. Adjusted for closure cost Finland and restructuring Skånska Byggaror the expenses rose 10.4 MSEK.
- The increase in expenses compared with the year-earlier period was also affected by costs associated with new stores opened after the fourth quarter of 2016, amounting to SEK 13.9 M (17.1).
- The costs excluding new stores and restructuring costs are lower than the same quarter last year. We have a positive effect on costs connected to the four closed stores in Finland. We have also continued to reduce costs in all companies in the Group.
- Cost share of sales increased during the quarter, negatively affected by sales development.

Operating expenses



OPEX %



BYGGmax

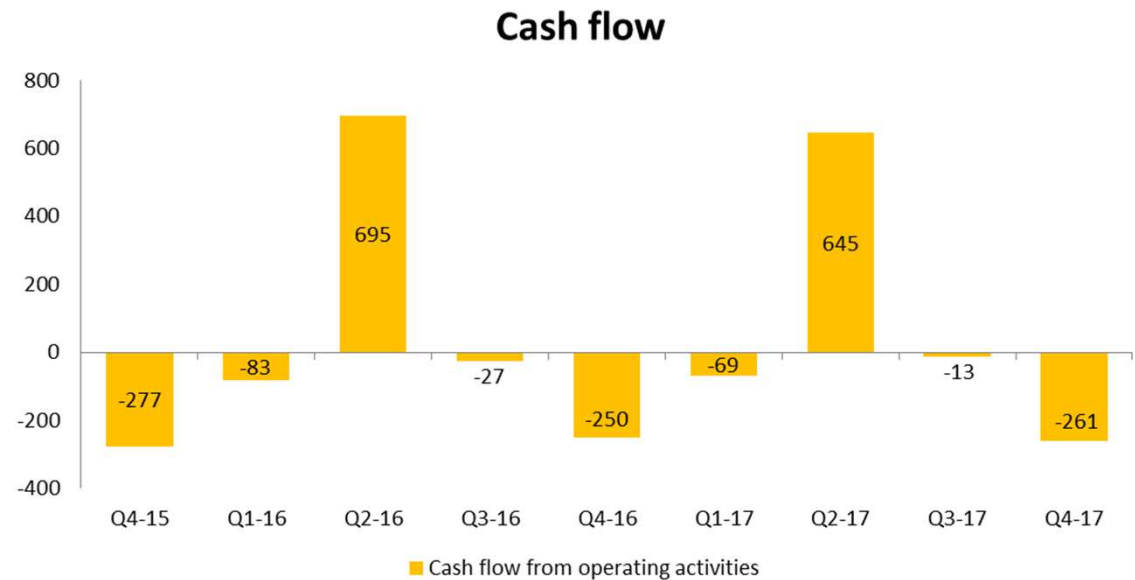
NET FINANCIAL ITEMS

- Net financial items decreased by SEK 0.4 M.
- Byggmax has signed a new three-year agreement with Svenska Handelsbanken. The agreement implies an increase of the credit with SEK 150 M and slightly improved terms.

	Q4 2017	Q4 2016	Diff.%	2017
Net financial items	-3.2	-2.8	-14.3	13.6

CASH FLOW

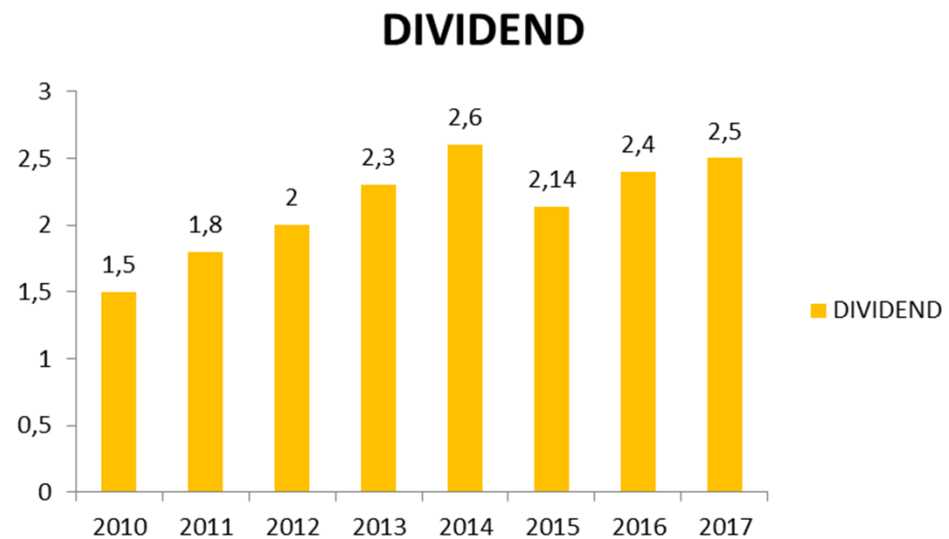
- Cash flow from operating activities for the fourth quarter decrease by SEK 11.4 M.
- The cash flow 2016 was impacted by the acquisition of Skånska Byggvaror Group.



THE BOARD OF DIRECTORS PROPOSES A DIVIDEND OF SEK 2.5 PER SHARE

The Board of Directors proposes a dividend of SEK 2.5 (2.4) per share

Bygghmax's dividend policy is to distribute at least 50 percent of net profits for the year.



OUTLOOK AND SUMMARY

OUTLOOK

- Expect normal development of modest positive growth in the Swedish market during winter and spring. Finnish market shows signs of returning to modest growth. Uncertainty remains in the Norwegian market
- Byggmax segment focus for 2018 increasingly shifts towards growth
- Skånska Byggvaror expects transformation year in 2018



BYGG max®

SUMMARY

Implementation of new strategic plan on track

Underlying Byggmax business developed positively in the quarter

Skånska Byggvaror restructures cost base and moves towards modern leader in "garden living"



BYGGmax®

SKÅNSKA BYGGVAROR

Update, Jan 25, 2018

BYGG max®

SUMMARY OF WAY FORWARD

- Skånska Byggvaror moves towards a modern leader within “Garden Living”
 - Focus on core categories of conservatories, green houses and related garden accessories
 - Strengthen digital competence
 - Decrease operational cost
- Restructuring of cost base in Q4 2017
 - Impacts Byggmax Group’s financial results with a non-recurring cost of SEK 49.4 million, of which ca half in cash effect
 - Largest cost: rents coupled with consolidation of office, logistics and showroom store space
 - Pay-off time is 2-2.5 years
- Expect transformation year 2018



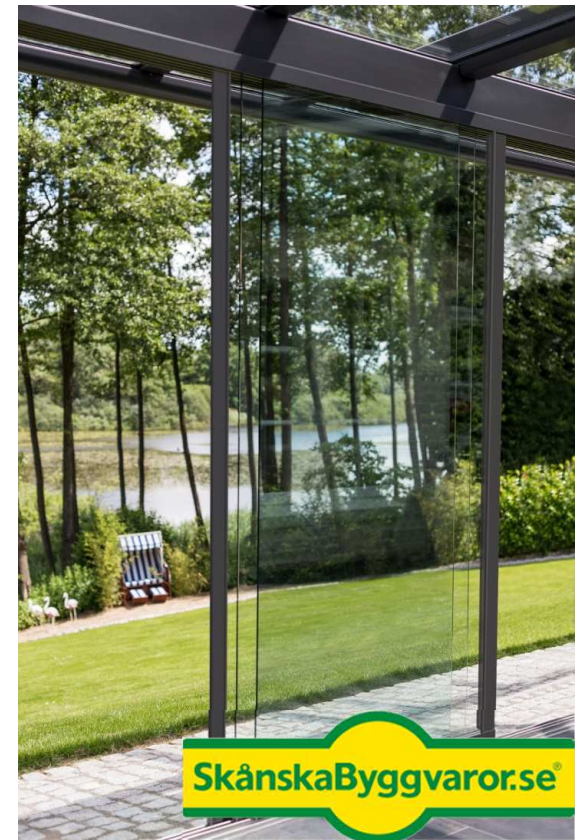
STRONG POTENTIAL IN CORE BUSINESS

Current situation

- Leading Nordic e-commerce company with a strong and profitable business within its core categories of garden related buildings
- Last few years' efforts to broaden the business have been coupled with increased complexity, higher costs, and less focus on developing the core business
- Enormous potential in core business: market leader in Nordics, strong products and in-house competence, solid database of satisfied customers, own unique e-commerce infrastructure, etc.

Actions to pivot the business

- Building on core strengths in order to drive profitable growth
- Focus on developing core categories, strengthen digital competence, and reduce operational cost



MOVING TOWARD A MODERN LEADER IN “GARDEN LIVING”

CORE PRODUCTS

- Focus on core categories within “Garden Living”, incl. accessories
- Strengthen product portfolio of own design products and other market leading brands



Conservatories



Green houses



Sheds



Lighting

NON-CORE PRODUCTS

- Reduce sales of less profitable non-core products
- As a first step executed through reduced marketing and product exposure



Garage



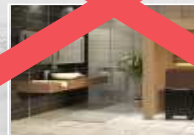
Bathrooms



Doors



Windows



Sauna



Storage

E-COM CAPABILITIES

- Investments to build best in class e-commerce capabilities, refining current online propriety
- Digital customer acquisition
- Data driven tools and processes
- Pricing automation
- Recruiting digital competence



Daniel
Hedblad



Mikael
Eriksson



Jonas
Rylander



Martin
Heijkenskjöld

SkånskaByggvaror.se

RESTRUCTURING TO REDUCE OPERATIONAL COSTS

Actions

- Reorganization to a smaller head office organization
- Increased store efficiency through reduced assortment display and staffing
- Remodeling of the Danish Pavillon business
- Consolidation of logistic sites: closing Klippan and Ängelholm1, transferring all operations to Ängelholm2
- Consolidation of office site: closing Helsingborg, transferring office to co-locate with Ängelholm2 and Byggmax Group in Solna

Effects

- Non-recurring cost of ca SEK 49.4 million, of which ca half in cash effect
- Largest cost: rents for consolidation of office, logistics and showroom store space
- The actions taken have a pay-off time of 2-2.5 years, measured as annual cost savings in relation to non-recurring costs



TRANSFORMATION YEAR 2018

Focus on developing core categories, strengthen digital competence, and reduce operational cost

Expect transformation year 2018:

- Decreased operational costs, with some impact in 2018 and full impact in 2019
- Decreased revenues due to reduced marketing of less profitable non-core categories
- End the year 2018 with a stronger, more profitable core business

