

INTERIM REPORT

Q1 2019

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HIGHLIGHTS

- Increased sales and profitability in Q1
 - Net sales increased 7.5 percent
 - Strong gross margin and cost control
 - EBITA excl. non-recurring items SEK -78m (-97m), corresponding to +3.7%-points margin
- Market continues to grow
 - Positive weather conditions vs. last year, although not as favorable as in 2017
 - Bygghuset takes market share
- Initiatives in place to drive profitable growth in 2019



SUMMARY Q1 2019

- Net sales in Q1 increased by 7.5 percent YoY
 - Driven by the Byggmax segment
 - Market growth contributes
- Strong gross margin in Q1 at 33.4 percent (32.0), an increase of 1.4pp
 - Positive price/mix effect
- Continued strong cost control
 - Comparable costs decrease, i.e., costs excl. new stores and non-recurring items decrease SEK 11.8 M
- EBITA excl. non-recurring items increased to SEK -77.8 M (SEK -96.8 M), or +3.7pp margin
- EBITDA excl. non-recurring items and excl. IFRS 16 increased to SEK -48.6 M (SEK -66.2 M), or +3.2pp margin

Mkr incl. IFRS 16	Q1 2019	Q1 2018	Diff.%	R12
Net Sales	715.4	665.2	7.5	5 157.9
Gross Margin (%)	33.4	32.0	1.4	31.0
EBITA adjusted	-77.8	-96.8	19.6	236.8
EBITA margin (%) adjusted	-10.9	-14.6	3.7	4.6
Mkr excl. IFRS 16	Q1 2019	Q1 2018	Diff.%	R12
EBITDA adjusted	-48.6	-66.2	26.6	363.8
EBITDA margin (%) adjusted	-6.8	-10.0	3.2	7.1
EBITA adjusted	-81.9	-96.8	15.4	232.7
EBITA margin (%) adjusted	-11.4	-14.6	3.2	4.5

• Q1 2018 is positively affected by non-recurring items totaling +8.7 M, attributable to reversal of closure cost Finland (+5.0 M) and sale of Pavillon (+3.7 M)

MARKET DEVELOPMENT



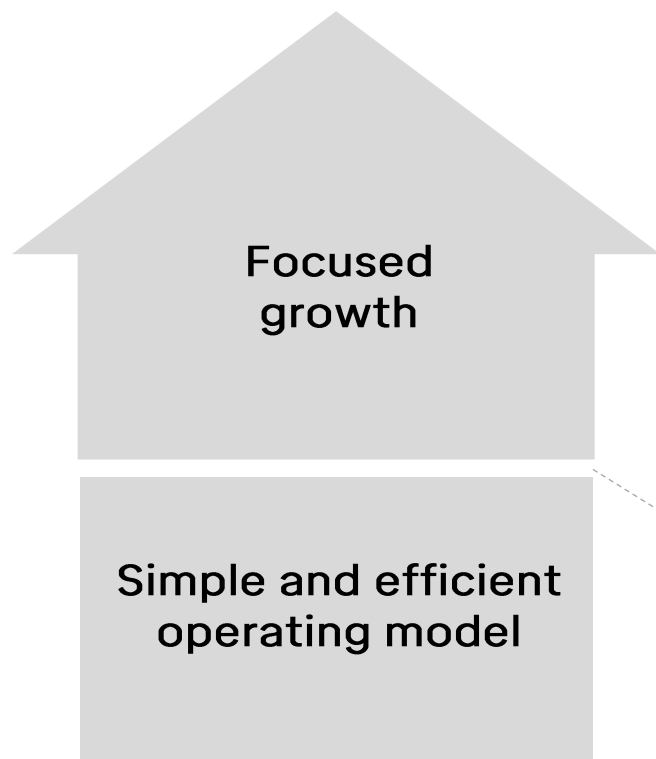
Nordic consumer market estimated to have increased 2-4 percent in Q1

- Nordic consumer market for building materials continued to grow in Q1
- Short term weather has big impact and conditions improved vs. last year's long winter
 - Winter and snow during Jan and Feb in most of Nordics
 - More normal ramp-up towards spring in March this year
 - Far from as favorable as when spring came early in 2017
- Swedish building materials market, of which majority is B2B, increased +2.6% acc. to Bygghandelsindex*
- Continue to perceive passive consumer behavior for larger, more expensive projects

SALES DEVELOPMENT Q1

	Byggmax	Skånska Byggvaror	Other	Total
Share of Byggmax Group sales Q1 2019	90.0%	7.5%	2.5%	100%
Sales development Q1 2019 vs. Q1 2018	<div><div>+10.6%</div><div>LFL +3.1% Non-LFL* +6.7% Currency +0.8%</div></div>	<div><div>-17.2%</div><div></div></div>	<div><div>+0.7%</div><div></div></div>	<div><div>+7.5%</div><div>LFL +1.7% Non-LFL* +5.1% Currency +0.8%</div></div>
	<ul style="list-style-type: none">- LFL ca as market- New stores contribute well- Byggmax continues to take market share	<ul style="list-style-type: none">- Increase in order intake, driven by core categories- However sales decrease as larger share of orders delivered after Q1	<ul style="list-style-type: none">- Sales increase driven by Byggmax, particularly new stores	

BYGGMAX FOCUS 2019: PROFITABLE GROWTH



Store expansion

- 12 new stores
- Of which ca 5 format for smaller towns

Upgrade our offer

- 8 new Garden departments
- Upgrade 15 existing stores to Store 3.0

E-commerce growth

- Expand assortment
- More delivery options

Continue Finland turn-around

Continuous cost trimming and process simplification

STORE OPENINGS

12 new stores planned for 2019

- Of which 10 in Sweden, 2 in Norway
- Of which 5 small format and two with Garden departments

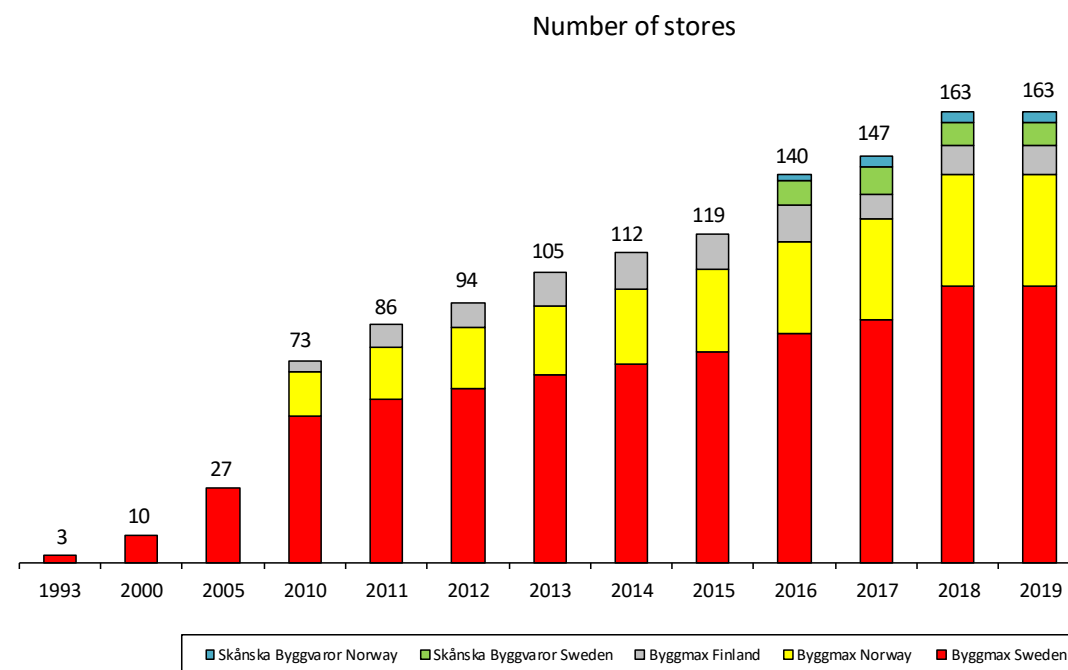
No new stores opened in Q1 (total of 151 Byggmax stores)

8 new stores planned for Q2

The following Byggmax stores have been publicly announced and will be opened in 2019:

- Sweden: Gislaved, Kumla, Ljungby, Lund, Lycksele, Simrishamn, Skara, Strängnäs, Älmhult
- Norway: Kongsberg, Slemmestad

Garden departments added to 2 existing stores in Q1, resulting in total of 16 stores with Garden departments as of Q1 2019



POSITIVE INDICATIONS FROM "STORE 3.0"

Tested "Store 3.0" in two stores during autumn

Goal to upgrade our offer in existing stores

- More complete for both smaller and bigger projects
- Improved shopping experience

Upgrade to Store 3.0 includes

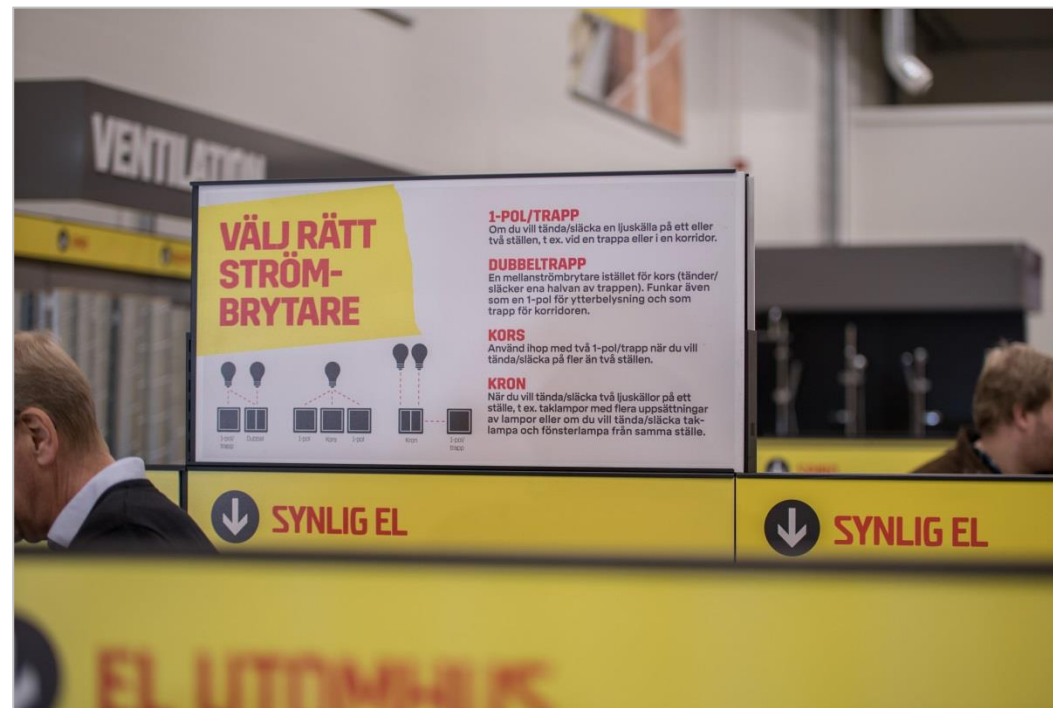
- Selected new assortments in electrical installation, ventilation, grouting, and a small garden department
- More clear departments and better navigation

Previous Bygghuset 2.0 upgrade program gave good effects, first stores in 2013:

- Sales impact of 6-7% at higher GM%
- Conversion investments of SEK 1.6M per store

For Store 3.0, ambition is to capture half the upside of 2.0 at less than half of the investment

Plan to convert 15 existing stores to 3.0 during 2019, of which 10 ready by Easter



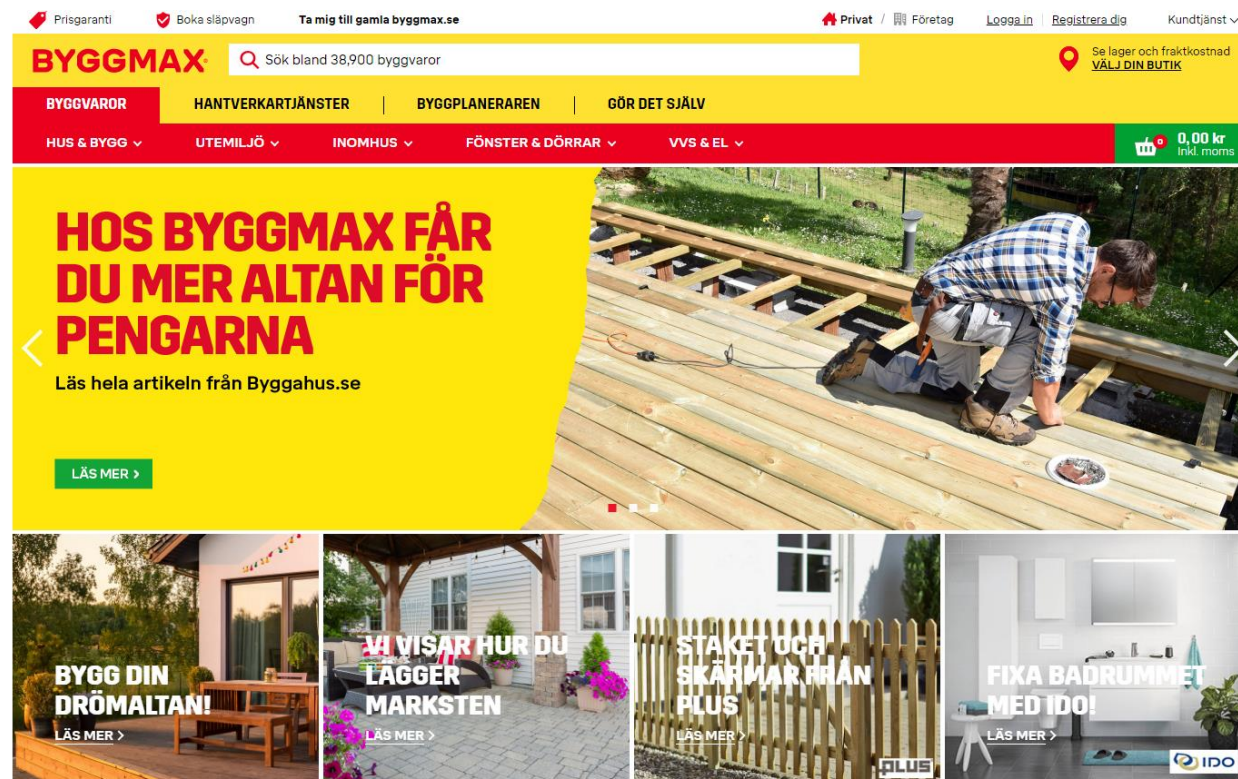
CONTINUED TO DEVELOP OUR E-COMMERCE

Upgraded to modern platform and site, incl.

- Improved design and new check-out
- Customer experience based on visitor behavior
- Technological platform suitable for quick and agile business development

Continued to improve our delivery options

- Launched collect@store in Sweden, Norway, Finland
- Launched new home delivery options in Sweden: Evening and Express



SKÅNSKA BYGGVAROR FOCUS 2019: BUILD FOR GROWTH

Focus 2019 on building for profitable growth in core business

Growth initiatives within

- Assortment
- Sales
- Marketing

Continuous efficiency improvements

Positive indications of growth initiatives and expect first effects in the coming peak season, i.e., the second and third quarters 2019



FINANCIAL OVERVIEW

INTRODUCTION OF IFRS 16

The IFRS 16 accounting standard was implemented January 1, 2019.

This resulted in the majority of the company's finance leases (primarily store leases) no longer being classified in the Profit and Loss as lease rents, but will instead be recognized as asset depreciation and interest expenses on the lease liability.

This has several implications on Byggmax Group's Profit and Loss and Balance Sheet

IMPACT OF IFRS 16

Main impact of IFRS 16 on Bygghmax Group's financials:

- Balance sheet increased with SEK 1.44 bn in Q1.
- Several items in P&L impacted, but total net effect on EBITA is small and estimated to ca +0.3%-points on full-year EBITA margin
 - Large impact between items, e.g., SG&A and Depreciation
 - Total impact on Q1 EBITA was SEK +4.1 M, corresponding to positive effect on EBITA margin of 0.6 percent
 - With Bygghmax Group's sales pattern, annual impact is smaller and estimated impact on full year EBITA margin is ca 0.3 percent
- Negative impact on net income
 - Quarterly impact on net income in Q1 amounted to SEK -3.0 M
 - Net income is affected by interest as this is a higher share of the lease liability at the beginning than at the end of the lease period
 - Estimated negative annual impact: SEK 10-12 M
- No effect on net cash flow
 - Cash flow from operating activities is positively affected with SEK 65.1 M
 - Cash flow from financing activities negatively affected by the equivalent amount.

Impact of IFRS 16

Profit & Loss (SEK M)	2019 Q1
SG&A	72.9
Affecting EBITDA	72.9
Depreciation	-68.9
Affecting EBITA	4.1
<i>Affecting EBITA margin</i>	<i>0.6%</i>
Net finance	-7.8
Tax	0.8
Net income	-3.0

Balance Sheet (SEK M)	2019 Q1
Tangible fixed assets	1 477.6
Current receivables	-36.1
Affecting Total Assets	1 441.5
Long term borrowing from credit institutions	1 132.3
Current borrowing from credit institutions	309.2
Affecting Shareholders' Equity and Liabilities	1 441.5

- Current receivables decrease as prepaid leases are re-classified as fixed assets.

RESULT DEVELOPMENT Q1

Mkr incl IFRS 16	Q1 2019	Q1 2018	Diff. %	R12
Net Sales	715.4	665.2	7.5	5 157.9
Growth comparable stores (%)	1.7	-16.9	18.6	N/A
Gross Margin (%)	33.4	32.0	1.4	31.0
EBITA adjusted	-77.8	-96.8	19.6	236.8
EBITA margin %, adjusted	-10.9	-14.6	3.7	4.6
Profit after tax	-81.0	-78.4	-3.3	135.0
Earnings per share	-1.3	-1.3	-3.3	2.2

Mkr excl IFRS 16	Q1 2019	Q1 2018	Diff. %	R12
EBITDA adjusted	-48.6	-66.2	26.6	363.8
EBITDA margin %, adjusted	-6.8	-10.0	3.2	7.1
EBITA, adjusted	-81.9	-96.8	15.4	232.7
EBITA margin %, adjusted	-11.4	-14.6	3.2	4.5
Profit after tax	-78.1	-78.4	0.5	138.0

- Net sales in Q1 increased by 7.5 percent YoY.
- Gross margin in Q1 increased 1.4 percentage points to 33.4 percent (32.0).
- Continued strong cost control
 - Comparable costs decrease, i.e., costs excl. new stores and non-recurring items decrease SEK 11.8 M
- EBITA excluding non-recurring items increased SEK 19.0 M to SEK -77.8 M (SEK -96.8). EBITA Q1 2019 was positively impacted by IFRS 16 effects of SEK +4.1 M.
- Profit after tax in Q1 2019 was negatively affected by currency effects of SEK 4.1 M, and IFRS 16 effects of SEK 3.0 M. Profit after tax Q1 2018 was positively affected by one-off items of SEK 8.7 M.

• Q1 2018 is affected by non-recurring items totaling SEK +8.7 M, linked to reversal of closure cost Finland (+5.0 M) and the sale of Pavillon (+3.7 M).

SALES DEVELOPMENT

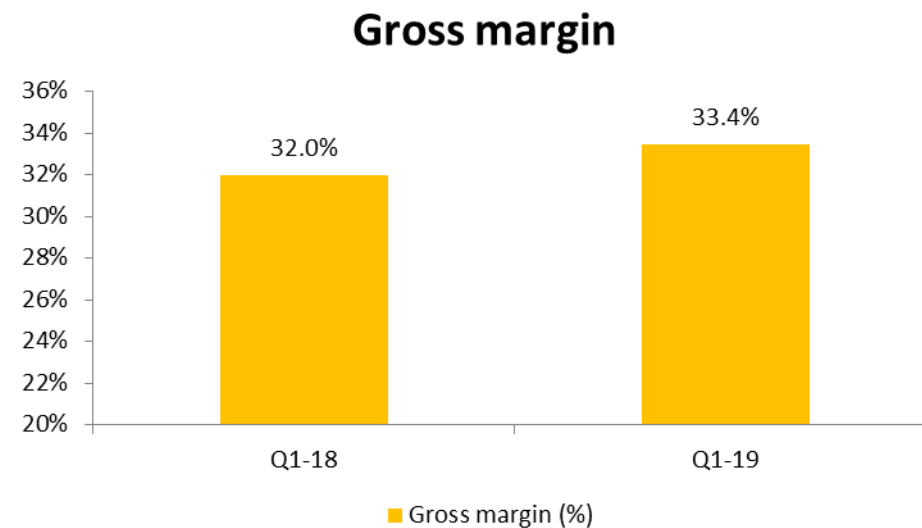
- Sales in Q1 increased by 7.5 percent YoY
- Sales for the Byggmax segment increased 10.6 percent
 - New stores perform well and non-comparable stores drive 6.7 percent growth for the Byggmax segment
- Sales for Skånska Byggvaror decreased 17.2 percent despite increased order intake
 - The increase in order intake was driven by the core categories, while demand for other categories decreased following last year's changes to the commercial model.
 - Sales decreased despite increased order intake as a larger share of orders received will be delivered after the end of the quarter.

Net sales increase of 7.5 percent for the Group was divided according to the following:	Q1 2019 %	Q1 2018 %
Comparable stores, local currency	1.7	-16.9
Non-comparable stores and Other	5.1	2.1
Currency effect	0.8	-0.2
Total	7.5	-15.0

Net sales increase of 10.6 percent for the Byggmax segment was divided according to the following:	Q1 2019 %	Q1 2018 %
Comparable stores, local currency	3.1	-13.4
Non-comparable stores and Other	6.7	2.7
Currency effect	0.8	-0.6
Total	10.6	-11.2

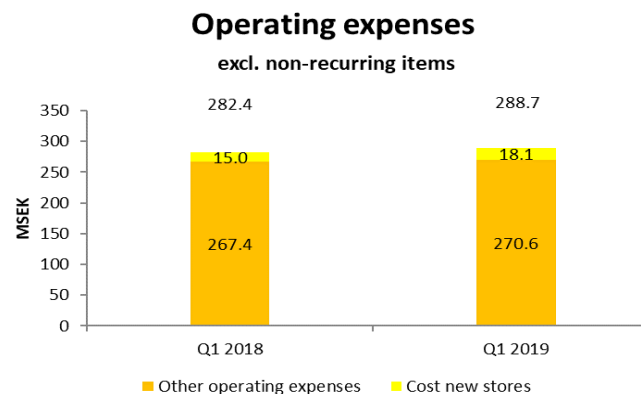
GROSS MARGIN

- The gross margin was 33.4 percent (32.0) in the first quarter, an increase of 1.4 pp compared to the same period last year.
- Positive impact from price/mix effects
- In total negative impact from currency development in Q1



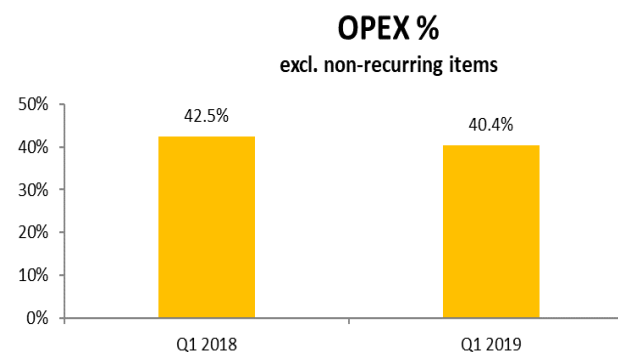
OPERATING EXPENSES

- The effect of IFRS 16 skews the YoY comparison of opex; analysis hence made disregarding IFRS 16.
- Cost efficiency improved in the quarter; comparable costs defined as costs excl. new stores and non-recurring items decreased SEK 11.8 M
- Excluding non-recurring items in 2018 personnel costs and other external expenses increased SEK 6.3 M in the first quarter.
- Costs attributable to new Byggmax stores accounted for a SEK 18.1 M increase
- In total, cost share of sales decreased during the quarter



Personnel cost and other external expenses, SEK M excl. IFRS 16

Actuals Q1 2018	277.8
Cost affected by new stores	18.1
Costs excluding new stores and non-recurring items	-11.8
Non-recurring items	4.6
Actuals Q1 2019	288.7



- Operating expenses Q1 2018 are adjusted for non-recurring items totaling SEK +4.6 M, linked to reversal of closure costs Finland.

PROFITABILITY PER SEGMENT

Mkr incl IFRS 16		Q1 2019	Q1 2018	Diff. %	R12
EBITA, adjusted	Byggmax	-50,9	-61,0	16,6	243,4
	Skånska Byggvaror	-25,4	-27,1	6,3	-9,8
	Other	-1,6	-8,8	81,6	3,3
	Group	-77,8	-96,8	19,6	236,8
EBITA margin %, adjusted	Byggmax	-7,9	-10,5	2,6	5,4
	Skånska Byggvaror	-44,5	-39,3	-5,2	-1,9
	Other	-0,7	-3,7	3,0	0,3
	Group	-10,9	-14,6	3,7	4,6

Byggmax

- The Byggmax segment developed positively with sales growth, strengthened gross margin and decreased comparable costs.
- Adjusted EBITA for Q1 amounted to SEK -50.9 M (-61.0). The adjusted EBITA margin for Q1 improved 2.6%-points.

Skånska Byggvaror

- Skånska Byggvaror saw lower sales, but demonstrated stable earnings and increased order intake.
- Adjusted EBITA for Q1 amounted to SEK -25.4 M (-27.1), corresponding to an EBITA margin of -44.5 percent (-39.3) for the quarter.

Other

- In the quarter, changed purchasing patterns for Byggmax also resulted in higher profitability in the fully owned distribution company, which is included in segment 'Other'. Q1 adjusted EBITA was SEK -1.6 M (SEK -8.8).

- Byggmax Q1 2018 is affected by one-off items totaling SEK +5.0 M, linked to reversal of closure cost Finland.
- Byggmax R12 is affected by one-off items totaling SEK +1.2 M, linked to the reversal of closure cost Finland.
- Skånska Byggvaror Q1 2018 is affected by one-off items totaling SEK +3.7 M, linked to the sale of Pavillon.

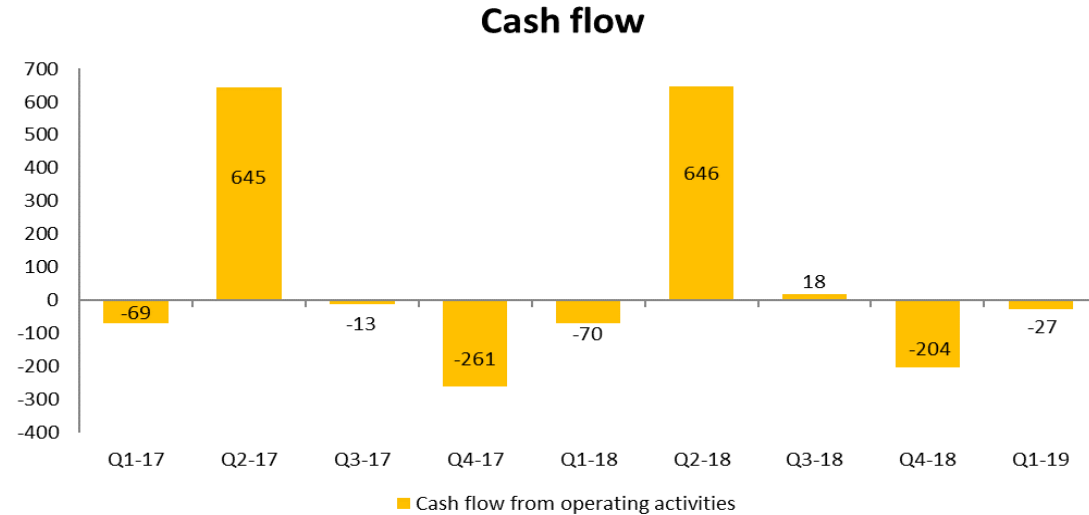
NET FINANCIAL ITEMS

- Negative development of SEK 12.9 M in net financial items YoY.
- Net financial items for the quarter were negatively impacted by
 - Exchange-rate effects of SEK -1.9 M (positive: 2.2)
 - IFRS 16 effects of SEK -7.8 M

Mkr incl. IFRS 16	Q1 2019	Q1 2018	Diff.%	R12
Net financial items	-14.8	-1.9	-680.1	-38.8

CASH FLOW

- The first quarter generated a cash flow from operating activities in line with previous seasonal patterns.
- Cash flow from operating activities is positively affected by IFRS 16. Total IFRS 16 effect amounts to SEK +65.1 M, meaning YoY cash flow from operating activities excluding IFRS 16 has decreased.



- Effect of IFRS 16 on cash flow from operating activities: EBITA SEK -4.1 M, depreciation SEK -68.9 M, interest SEK +7.8 M.

FINANCIAL GOALS

Given the effects of IFRS 16, the 2019 profitability target has been updated to be based on EBITA (replacing EBITDA).

Overall, the reformulated profitability target corresponds to the previous EBITDA target, but is formulated to fit with the new accounting policy:

Financial goals

- Organic sales growth of 10 to 15 percent per year
- **EBITA margin of 7-8 percent per year**
- Distribute at least 50 percent of net profit

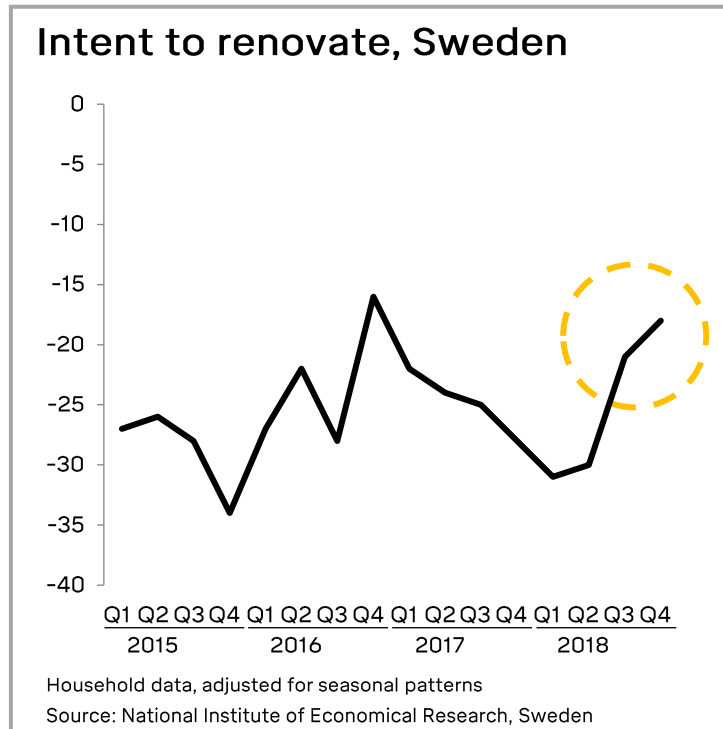
Previous profitability target

- *EBITDA margin of 9 to 10 percent per year*

OUTLOOK AND SUMMARY

OUTLOOK

- Positive market outlook for 2019
 - Optimistic view on continued solid market growth in Nordics
 - Swedish consumers' intent to renovate further improved as of Q4 2018
- Focus on profitable growth in 2019, with initiatives in place to drive profitable growth in each segments' core business



SUMMARY

Sales and profitability increase in Q1

Market growth and positive outlook

Initiatives in place to drive profitable growth in core business



BYGGMAX®