

INTERIM REPORT Q2 2019

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July 15th, 2019

BYGGMAX®

HIGHLIGHTS Q2

- Increased sales and stable profit in Q2
 - Net sales increased 3.9 percent
 - Strong gross margin and cost control
 - EBITA excl. non-recurring items SEK 133m (135m)*
 - YTD EBITA excl. non-rec. items SEK 55m (39m)
- More cautious market
- Positive development driven by strategic priorities
 - Byggmax grows 6%, continue take market share
 - Skånska Byggvaror profitability continue to improve, now for four consecutive quarters



SUMMARY Q2 2019

- Net sales in Q2 increased by 3.9 percent YoY
 - Driven by the Byggmax segment, which grew 5.6 percent
 - LFL sales decreased 1.8 percent
- Gross margin increase in Q2 of 0.5pp compared to the same period last year. Price/mix effects contribute positively, currency negatively
- Solid cost control, cost increase in the quarter largely attributed to new Byggmax stores
- EBITA excl. non-rec. items in line with the same period previous year at SEK 132.9 M (135.3)
- EBITDA excl. non-recurring items and excl. IFRS 16 decreased to SEK 162.7 M (166.8)
- For the first half year net sales increased 4.9 percent, and EBITA excl. non-rec. items increased to SEK 55.0 M (38.5)

Mkr incl IFRS 16	Q2 2019	Q2 2018	Diff.%	R12
Net Sales	1 799.0	1 731.2	3.9	5 225.7
Gross Margin (%)	30.7	30.2	0.5	31.2
EBITA adjusted	132.9	135.3	-1.8	234.3
EBITA margin %, adjusted	7.4	7.8	-0.4	4.5

Mkr excl IFRS 16	Q2 2019	Q2 2018	Diff.%	R12
EBITDA adjusted	162.7	166.8	-2.5	359.7
EBITDA margin %, adjusted	9.0	9.6	-0.6	6.9
EBITA, adjusted	128.3	135.3	-5.1	225.7
EBITA margin %, adjusted	7.1	7.8	-0.7	4.3

- Q2 2018 is positively affected by non-recurring items totaling +1.2 M, attributable to reversal of closure cost Finland

MARKET DEVELOPMENT



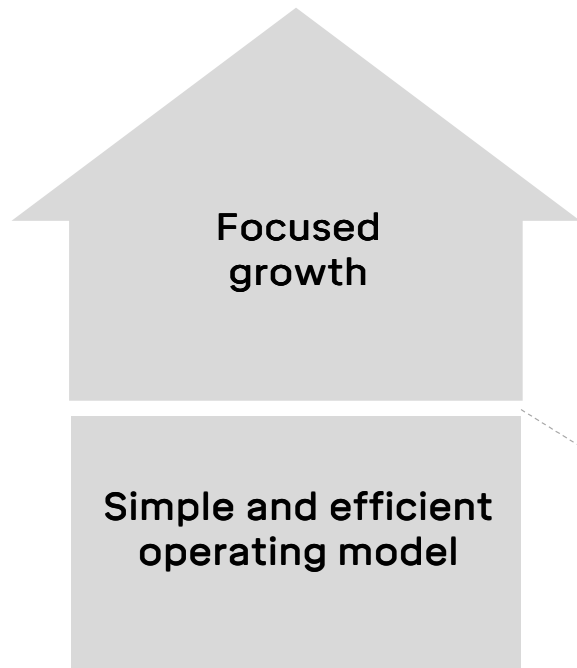
Nordic consumer market estimated to have decreased 2-4 percent in Q2

- Following two quarters of growth, the Nordic consumer market for building materials decreased in Q2 2019
- More cautious consumers
 - Swedish households intent to renovate decreased in Q1 2019, following higher levels during Q3-Q4 2018
 - Lower share of Swedish households plan to use ROT tax deductions to renovate their homes this year
 - Continue to perceive passive consumer behavior for larger, more expensive projects
- Weather conditions in line with last year
- Factors suggest more positive development going forward

SALES DEVELOPMENT Q2

	Byggmax	Skånska Byggvaror	Other	Total		
Share of Byggmax Group sales Q2 2019	87.4%	11.2%	1.4%	100%		
Sales development Q2 2019 vs. Q2 2018	+5.6%	0.4%	-39.1%	+3.9%		
	LFL -1.8%	Non-LFL +7.1%	Currency +0.3%	LFL -1.8%	Non-LFL 5.4%	Currency +0.3%
	<ul style="list-style-type: none">- LFL somewhat above market- New stores contribute well- Byggmax continues to take market share	<ul style="list-style-type: none">- Order intake somewhat below last year- Most categories show good growth- Decline in in more expensive projects and some non-core	<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

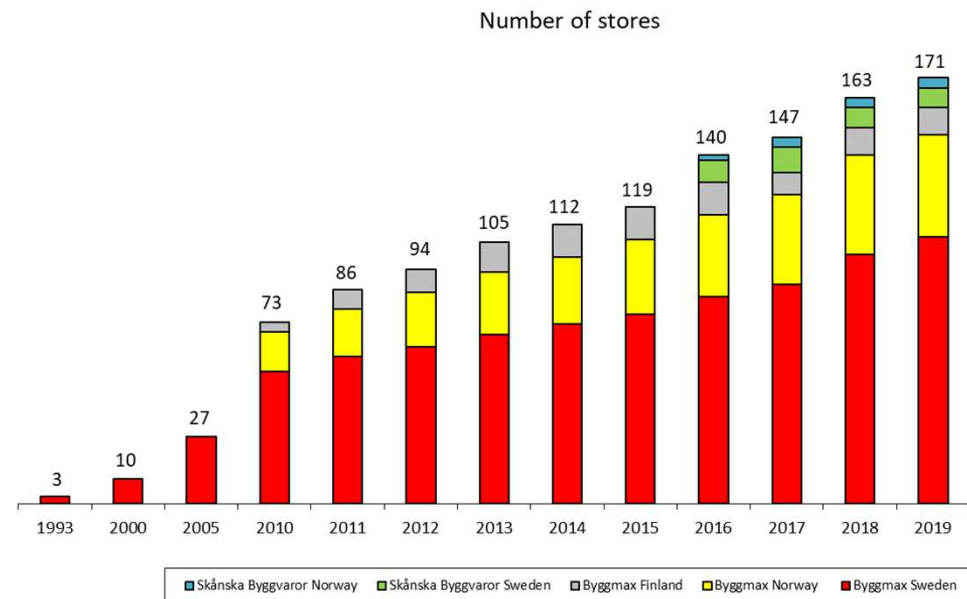
STORE OPENINGS

12 new stores planned for 2019

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

8 of the 12 planned stores for the year opened in Q2, of which 5 small format:

- Sweden
 - Gislaved
 - Ljungby
 - Lycksele
 - Simrishamn
 - Skara
 - Strängnäs
 - Älmhult
- Norway
 - Kongsberg



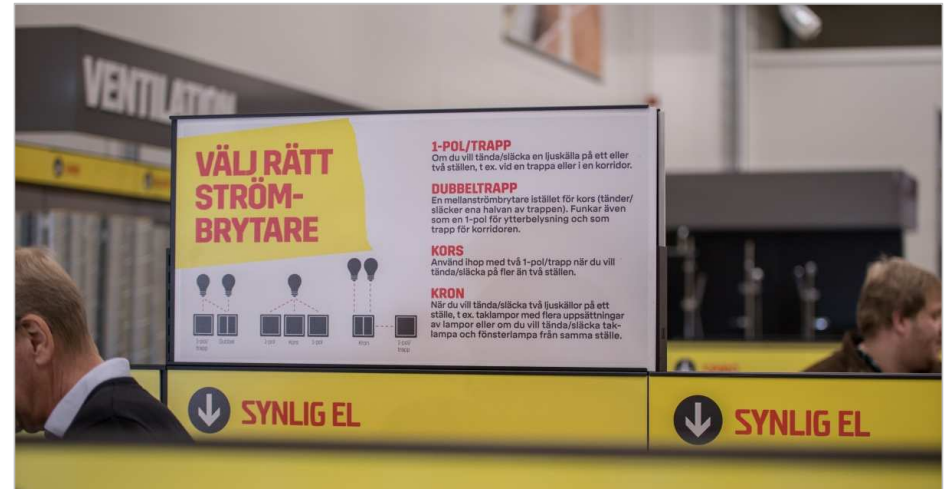
UPGRADING OUR STORES



Garden department the Bygghuset way – lowest prices and easy to shop with drive through solution

Six garden departments added this year so far, as of Q2 total 20 stores with Garden departments

Garden sales was strong during the quarter



Store 3.0 to be more complete also for smaller projects

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

Converted 13 existing stores to 3.0 so far

Continued positive sales indications

RECOGNIZED FOR OUR CUSTOMER OFFER



Price leadership

Several surveys
2019 showed
Byggmax as the
Nordic region's
price leader



Product quality

Bygghem's own paint products awarded "best in test" in a recent independent Swedish test ("Gör det själv")



SKÅNSKA BYGGVAROR: CONTINUED IMPROVED PROFITABILITY

Executed transformation has significantly improved the business

Profitability continues to improve in Q2, EBITA excl. non-rec. items SEK 20.5 (7.7)

Profitability increased for the fourth consecutive quarter

For 2019, focus is on building for profitable growth through

- Growth initiatives within core assortment, sales and marketing
- Continued improve efficiency



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 1.43 bn in Q2.
- 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 Q2 EBITA was SEK +4.5 M, corresponding to positive effect on EBITA margin of 0.3 percent
 - With Bygghmax Group's sales pattern, annual estimated impact on full year EBITA margin is ca 0.3 percent
- Negative impact on net income
 - Quarterly impact on net income in Q2 amounted to SEK -2.7 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 68.0 M
 - Cash flow from financing activities negatively affected by the equivalent amount.

Impact of IFRS 16

Profit & Loss (SEK M)	2019 Q2
SG&A	76.0
Affecting EBITDA	76.0
Depreciation	-71.5
Affecting EBITA	4.5
<i>Affecting EBITA margin</i>	<i>0.3%</i>
Net finance	-8.0
Tax	0.8
Net income	-2.7

Balance Sheet (SEK M)	2019 Q2
Tangible fixed assets	1 461.5
Current receivables	-32.3
Affecting Total Assets	1 429.2
Long term borrowing from credit institutions	1 104.2
Current borrowing from credit institutions	325.0
Affecting Shareholders' Equity and Liabilities	1 429.2

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

RESULT DEVELOPMENT Q2

Mkr incl IFRS 16	Q2 2019	Q2 2018	Diff.%	R12
Net Sales	1 799.0	1 731.2	3.9	5 225.7
Growth comparable stores (%)	-1.8	-5.9	4.1	N/A
Gross Margin (%)	30.7	30.2	0.5	31.2
EBITA adjusted	132.9	135.3	-1.8	234.3
EBITA margin %, adjusted	7.4	7.8	-0.4	4.5
Profit after tax	86.7	96.7	-10.3	125.0
Earnings per share	1.4	1.6	-10.3	2.0

Mkr excl IFRS 16	Q2 2019	Q2 2018	Diff.%	R12
EBITDA adjusted	162.7	166.8	-2.5	359.7
EBITDA margin %, adjusted	9.0	9.6	-0.6	6.9
EBITA, adjusted	128.3	135.3	-5.1	225.7
EBITA margin %, adjusted	7.1	7.8	-0.7	4.3
Profit after tax	89.4	96.7	-7.6	130.6

- Net sales in Q2 increased by 3.9 percent YoY.
- Gross margin in Q2 increased 0.5 percentage points to 30.7 percent (30.2).
- Continued solid cost control, cost increase in the quarter largely explained by costs attributable to new Bygghuset stores
- EBITA excluding non-recurring items in line with the same period last year and amounted to SEK 132.9 M (SEK 135.3). EBITA Q2 2019 was positively impacted by IFRS 16 effects of SEK +4.5 M.

• Q2 2018 is affected by non-recurring items totaling SEK +1.2 M, linked to reversal of closure cost Finland.

RESULT DEVELOPMENT YTD

Mkr incl IFRS 16	YTD 2019	YTD 2018	Diff. %
Net Sales	2 514.4	2 396.4	4.9
Growth comparable stores (%)	-0.8	-9.6	8.8
Gross Margin (%)	31.5	30.7	0.8
EBITA adjusted	55.0	38.5	42.9
EBITA margin %, adjusted	2.2	1.6	0.6
Profit after tax	5.7	18.3	-68.8
Earnings per share	0.1	0.3	-68.8

Mkr excl IFRS 16	YTD 2019	YTD 2018	Diff. %
EBITDA adjusted	114.1	100.5	13.4
EBITDA margin %, adjusted	4.5	4.2	0.3
EBITA, adjusted	46.5	38.5	20.7
EBITA margin %, adjusted	1.8	1.6	0.2
Profit after tax	11.3	18.3	-38.0

- Net sales YTD increased by 4.9 percent YoY.
- Gross margin for the first six months increased 0.8 percentage points to 31.5 percent (30.7).
- Cost control remains strong, the cost increase attributable to expansion is offset by a decrease in comparable costs.
- EBITA excluding non-recurring items increased SEK 16.5 M to SEK 55.0 M for the first six months (SEK 38.5 M). EBITA 2019 was positively impacted by IFRS 16 effects of SEK +8.6 M.

- January-June 2018 is affected by non-recurring items totaling SEK 9.9 M linked to reversal of closure cost Finland (+6.2 M) and sale of Pavillon (+3.7M).

SALES DEVELOPMENT

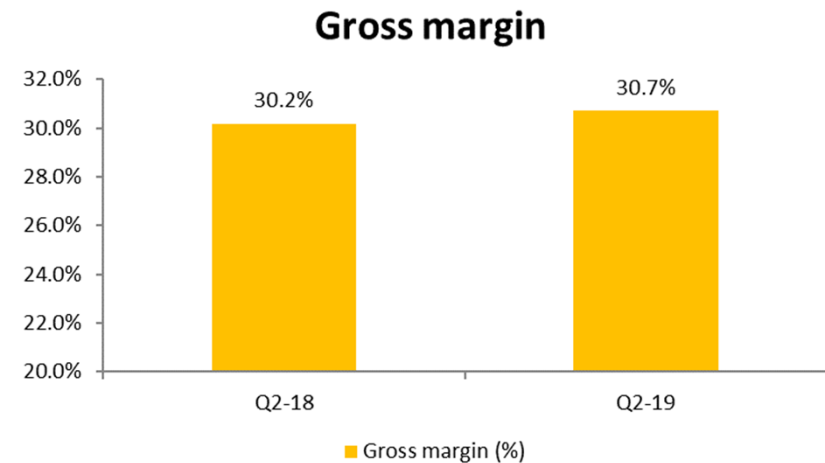
- Sales in Q2 increased by 3.9 percent YoY
- Byggmax segment sales increased 5.6 percent
 - New stores perform well and non-comparable stores drive 7.1 percent growth for the Byggmax segment
 - Sales in comparable stores decreased 1.8 percent
- Sales for Skånska Byggvaror fairly flat against previous year (increased 0.4 percent)
 - Order intake increased in Q1
 - Order intake in Q2 decreased somewhat
 - Good growth in several core categories
 - Decrease for more expensive projects and some non-core categories

Net sales increase of 3.9 percent for the Group was divided according to the following:	Q2 2019 %	Q2 2018 %
Comparable stores, local currency	-1.8	-5.9
Non-comparable stores and Other	5.4	2.3
Currency effect	0.3	1.2
Total	3.9	-2.5

Net sales increase of 5.6 percent for the Byggmax segment was divided according to the following:	Q2 2019 %	Q2 2018 %
Comparable stores, local currency	-1.8	-4.7
Non-comparable stores and Other	7.1	4.3
Currency effect	0.3	1.1
Total	5.6	0.8

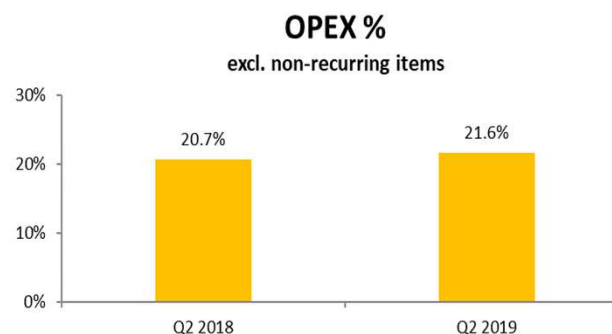
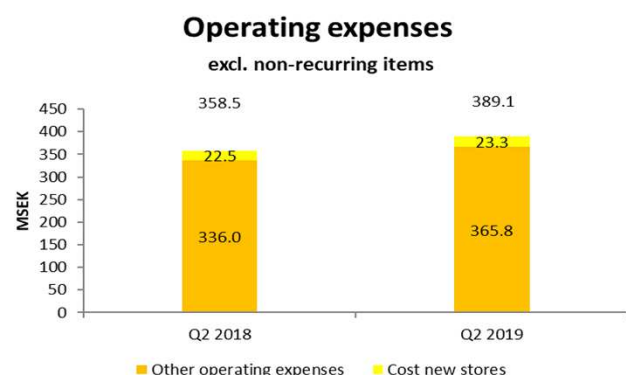
GROSS MARGIN

- The gross margin was 30.7 percent (30.2) in the second quarter, an increase of 0.5 pp compared to the same period last year.
- Gross margin was positively impacted by price/mix effects
- Negative impact of currency effects (EUR)
- Gross margin improved for both Byggmax and Skånska Byggvaror



OPERATING EXPENSES

- The effect of IFRS 16 skews the YoY comparison of opex; analysis hence made disregarding IFRS 16.
- Excluding non-recurring items in 2018 personnel costs and other external expenses rose a total of SEK 30.7 M in the second quarter.
- The majority of the increase are costs attributable to new Byggmax stores; these accounted for a SEK 23.3 M increase
- Comparable costs defined as costs excl. new stores and non-recurring items increased SEK 7.1 M.
- Cost share of sales increased during the quarter
- Focus on efforts to continuously improve cost efficiency will continue



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

Actuals Q2 2018	358.5
Cost affected by new stores	23.3
Costs excluding new stores and non-recurring items	7.1
Non-recurring items	0.2
Actuals Q2 2019	389.1

- Operating expenses Q2 2018 are adjusted for non-recurring items totaling SEK +0.2 M, linked to reversal of closure costs Finland.

PROFITABILITY PER SEGMENT

Mkr incl IFRS 16		Q2 2019	Q2 2018	Diff.%	R12
EBITA, adjusted	Byggmax	113.3	122.5	-7.5	234.3
	Skånska Byggvaror	20.5	7.7	167.9	3.0
	Other	-1.0	5.2	-118.9	-2.9
	Group	132.9	135.3	-1.8	234.4
EBITA margin %, adjusted	Byggmax	7.2	8.2	-1.0	5.1
	Skånska Byggvaror	10.0	3.8	6.2	0.6
	Other	-0.3	1.5	-1.8	-0.3
	Group	7.4	7.8	-0.4	4.5

Byggmax

- A stronger gross margin offset most of the effect of the decreased sales in comparable stores
- New stores impacted EBITA negatively by circa SEK 3 M.
- Adjusted EBITA decreased to SEK 113.3 M (122.5)

Skånska Byggvaror

- Adjusted EBITA increased to SEK 20.5 M (7.7)
- Improvement driven by higher order intake in the earlier period, improved gross margin and efficiency improvements
- Profitability increased for the fourth consecutive quarter.

Other

- Variations in the quarterly purchasing patterns for Byggmax resulted in reduced profitability in the fully owned distribution company, included in the 'Other' segment.
- Q2 adjusted EBITA was SEK -1.0 M (SEK 5.2).

• Byggmax Q2 2018 is affected by one-off items totaling SEK +1.2 M, linked to reversal of closure cost Finland.

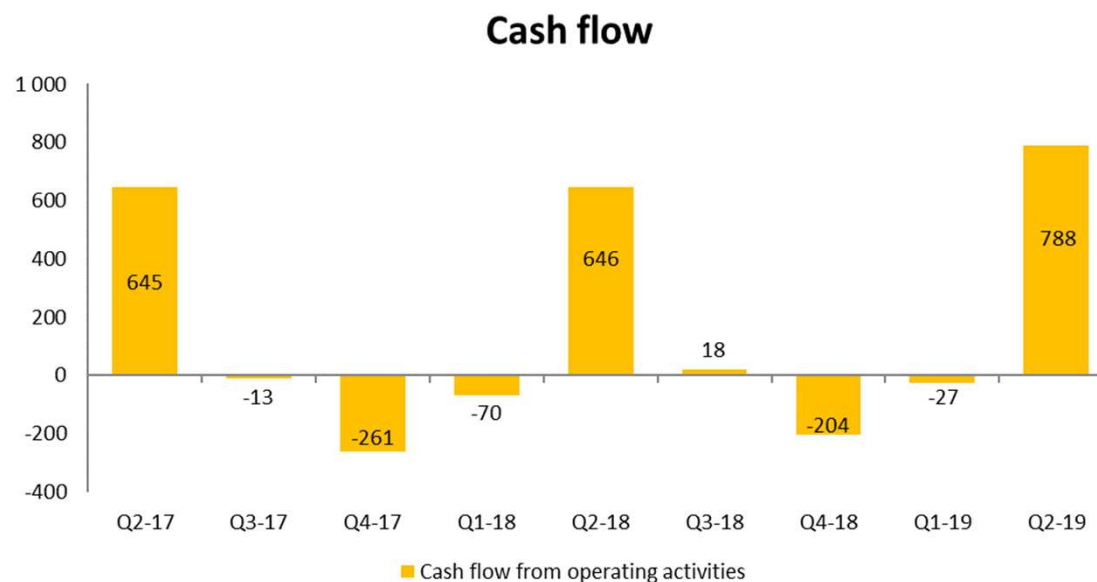
NET FINANCIAL ITEMS

- Negative development of SEK 5.7 M in net financial items YoY.
- Net financial items for the quarter were negatively impacted by
 - Exchange-rate effects of SEK -1.2 M
 - Currency impact however decreased SEK 3.4 M from the same period last year (-4.6).
 - IFRS 16 effects of SEK -8.0 M

Mkr incl. IFRS 16	Q2 2019	Q2 2018	Diff.%	R12
Net financial items	-14.7	-9.0	-64.2	-44.6

CASH FLOW

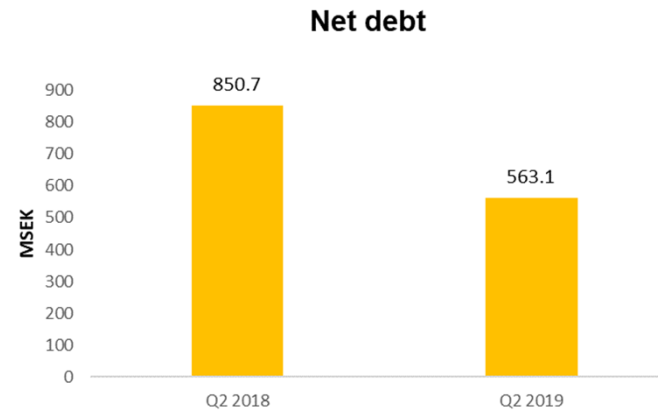
- Excluding the impact of IFRS 16, cash flow from operating activities increased by SEK 73.9 M in Q2 compared to the same period last year.
- Excluding the impact of IFRS 16, cash flow from operating activities amounted to SEK 443 M for the rolling 12 month.
- Impact can vary between quarters due to sales and purchasing patterns.



- Effect of IFRS 16 on cash flow from operating activities: EBITA SEK -4.5 M, depreciation SEK -71.5 M, interest SEK +8.0 M.

NET DEBT

- Excluding effects of IFRS 16, net debt decreased SEK 287.6 M in Q2 compared to the same quarter last year
- Strong cash generation in our business
- Cash generation strengthened by improved working capital

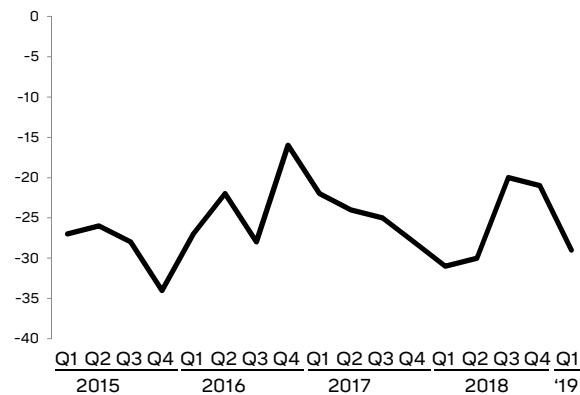


OUTLOOK AND SUMMARY

OUTLOOK

- More cautious market in Q2 2019 and consumer market decreased, following two quarters of growth
- Several factors suggest more positive market trend possible in shorter and longer term
 - Last year's summer demand softened by hot weather
 - Signs of a stronger Swedish housing market
 - Renovation needs are substantial for many years
- Timber raw material prices declining

Intent to renovate, Sweden



Household data, adjusted for seasonal patterns
Source: National Institute of Economical Research, Sweden



SUMMARY

Increased sales and stable profit

More cautious market in Q2

Positive effects of initiatives in both Byggmax and Skånska Byggvaror



BYGGMAX®