



# Q1 Report 2020

April 21, 2020

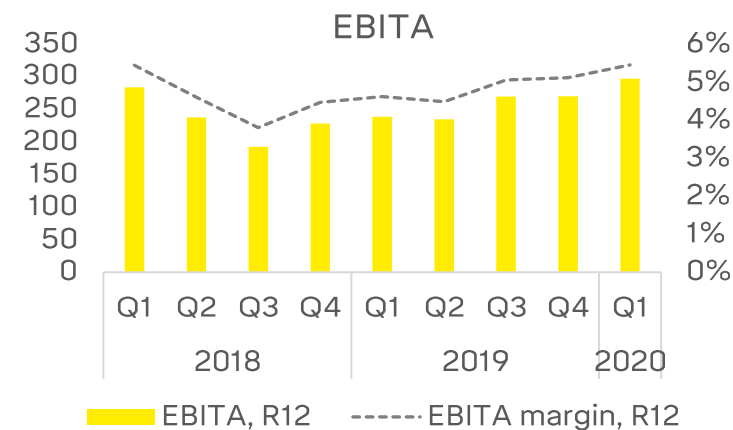
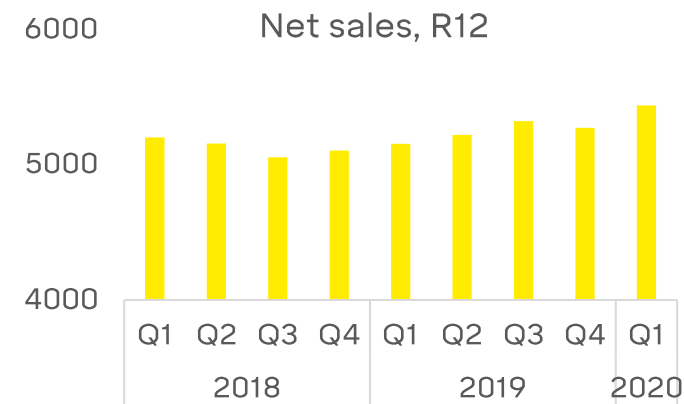
Mattias Ankarberg, CEO  
Helena Nathhorst, CFO

**BYGGMAX®**



# Q1 2020: STRONG START TO THE YEAR

- Health & safety top priority in covid-19 situation
- Net sales increased 23% to 879m (715m)
  - Like-for-like sales increased +21%
  - Strong market growth incl. a “stay home” effect
  - Own initiatives add to growth
- Continued strong gross margin and cost control
- EBITA increased 27m to -51m (-78m), EBITA margin increased 5%-points to -5.8% (-10.9%), RTM EBITA margin improved to 5.4% (5.1% FY 2019)
- Plans for 2020 remain



# KEY EVENTS

- Covid-19 situation – precautions to operate in a responsible way and increase flexibility
- Board of Directors withdrew dividend proposal of SEK 1.16 per share
- Upgraded further 13 stores to Store 3.0
- 10 store openings for Q2/Q3 communicated (no openings in Q1)
- Byggmax ranked as most sustainable DIY brand in Sweden by Sustainable Brand Index



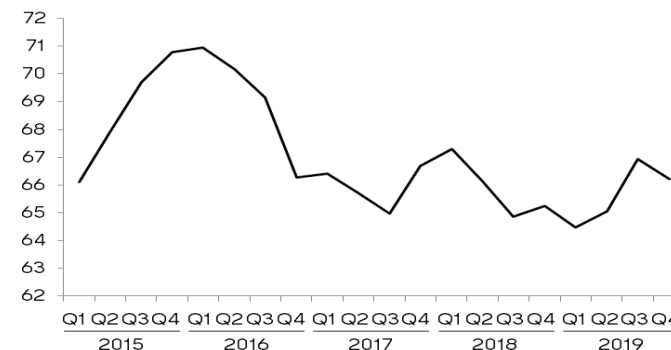
# UNUSUALLY STRONG MARKET GROWTH

## Strong market growth including “stay home” effect

- Strong market growth throughout the quarter, driven by favorable weather and likely the recovered Swedish housing market
- Additional market boost during second half of March – a likely “stay home” effect as the covid-19 outbreak accelerated
- No public data on consumer building materials market exists, estimates more difficult than usual
- We estimate that the Nordic consumer market for building materials increased strongly, around 10-15%, with larger increase for outdoor products

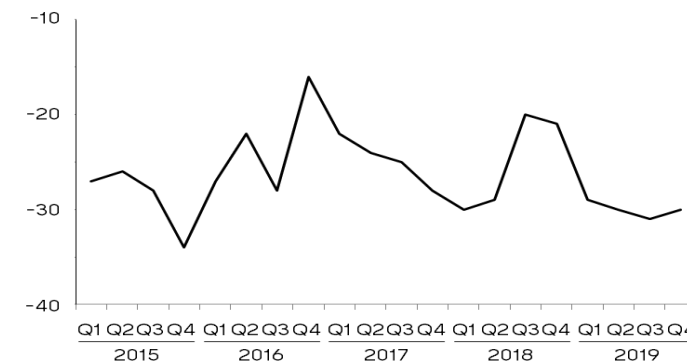
## House transactions, Sweden

Thousands, rolling twelve months, detached houses



## Intent to renovate, Sweden

Index



# IMPACT OF COVID-19 PANDEMIC

## Fortunate position

- Bygghmax stores located on free standing properties (not shopping centers), concept built on self service, much shopping done outdoors
- Low supply exposure to Asia and Southern Europe

## Many precautions taken

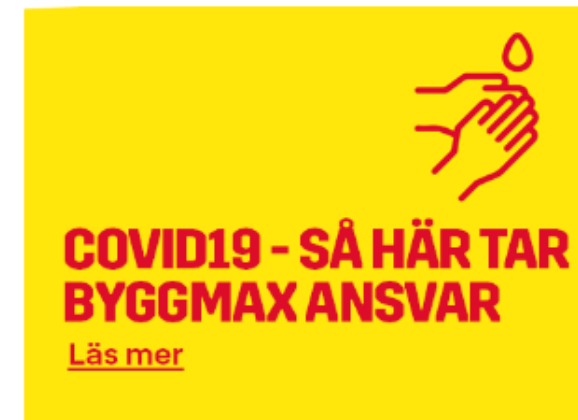
- Ensure health & safety of our staff, e.g., stricter hygiene routines, increased store cleaning frequency, installed cash point covers, canceled new store opening and campaign events, etc.
- Ensure safe store environment for our customers, e.g., hand washing stations, info signs, distance markers, self check-out (where possible)
- Promote e-commerce and home delivery

## Positive financial impact in Q1 2020

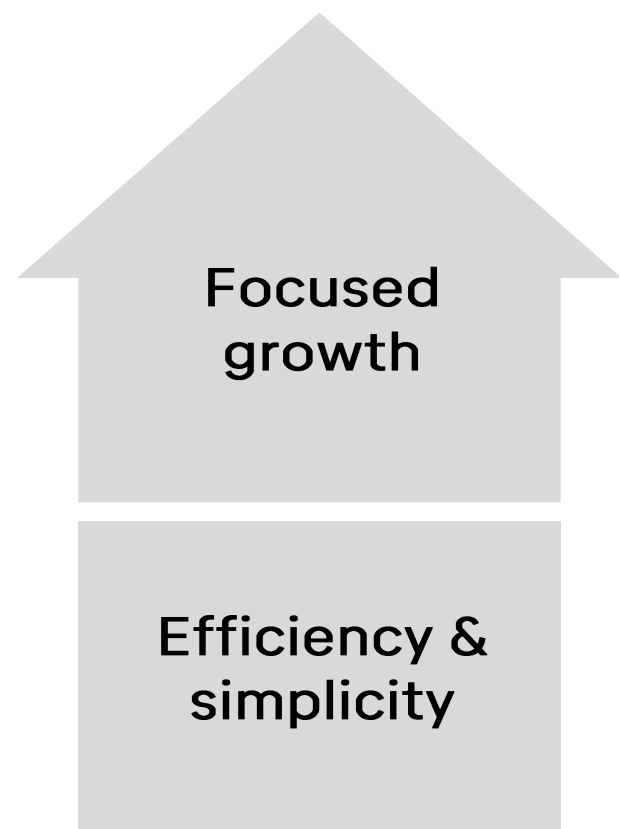
- Positive demand from “stay at home” effect
- Disruptions to operations and supply chain so far minor and manageable
- Impact beyond Q1 2020 remains to be seen

## Contribute to society in new ways

- Free home delivery for 70+ (risk group)
- Donated 50,000 face mask to Stockholm region hospitals



# FOCUS 2020 – Q1 UPDATE: OWN INITIATIVES ADD TO GROWTH



## **Store upgrades – Exceed expectations in Q1**

- Performance in Q1 exceed expectations of 3% growth per store
- 13 more store upgraded to Store 3.0

## **E-commerce – Strong growth, online share 18%**

- Larger assortment, upgraded site, better delivery options
- Customers increasingly digital

## **Store expansion – no new stores Q1**

- No new stores Q1, 10 communicated for opening Q2/Q3
- New stores continue to perform well

## **Skånska Byggvaror build-out – on track**

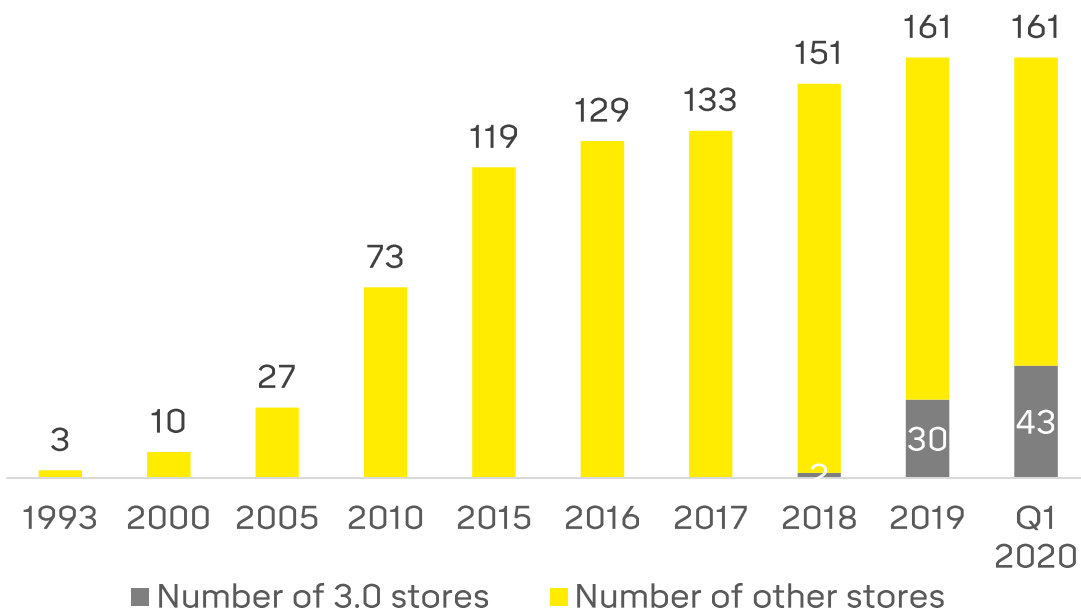
- Positive financial trend continued
- Growth initiatives on track

## **Further efficiency improvements – on track**

- Continued strong cost control
- GM% remains strong

# UPGRADING OUR STORE PORTFOLIO

## Bygghmax store portfolio



## Store portfolio upgraded Q1 2020

- 13 stores upgraded to Store 3.0, to total 43 (27% of Bygghmax portfolio)
- 18 stores with Garden department, no change vs end 2019 (11%)
- 13 small format stores, all in Sweden, no change vs end 2019 (8%)
- No new stores

# STRENGTHENING OUR E-COMMERCE POSITION

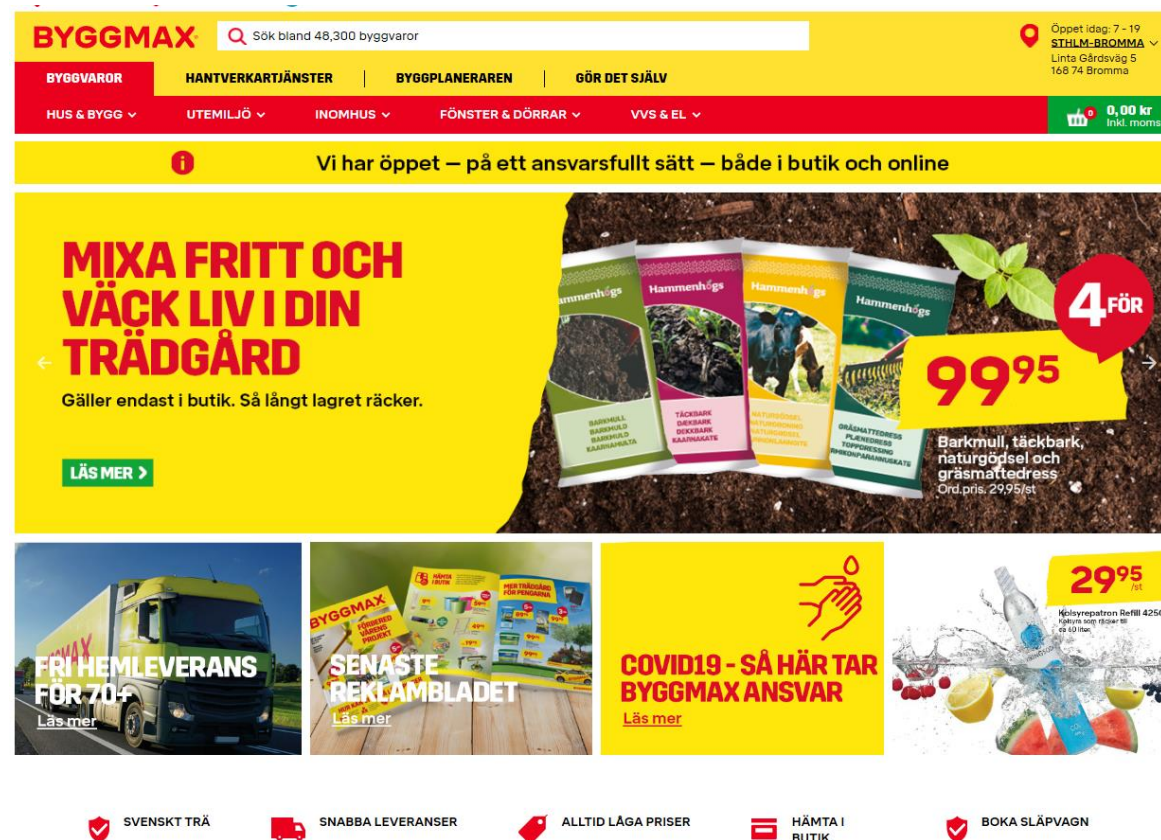
E-commerce continues to be a top priority

Customers increasingly digital

E-com growth supported by

- Larger assortment
- Improved site
- More delivery options

Strong e-com growth and 18% online share for Group in Q1 2020





# SKÅNSKA BYGGVAROR'S POSITIVE TREND CONTINUED

Positive financial trend continued in Q1 2020

- Sustained positive sales momentum
- Continued profitability improvement

Growth initiatives within core assortment, sales and marketing starting to give results

Focus remains on building for growth, i.e., growth initiatives within core business and continued efficiency trimming



# SALES DEVELOPMENT Q1

	Byggmax	Skånska Byggvaror	Total
Share of Byggmax Group sales Q1 2020	92.4%	7.6%	100%
Sales development Q1 2020 vs. Q1 2019	<b>23.2%</b> LFL 20.7%    New stores 4.3%	<b>19.4%</b> LFL 20.7%	<b>22.9%</b> LFL 20.7%    Currency -1.3%

In all, Q1 sales growth of +22.9% driven by three factors with largely equal impact

- Good market growth throughout all of the quarter
- Own initiatives to drive organic sales: new stores, Store 3.0 upgrades, e-com
- Additional “stay at home effect” during second half of March

# P&L Q1 2020

	January-March		12 month
Mkr	2020	2019	April 2019- March 2020
Net sales	879	715	5 441
Other operating income	3	1	11
<b>Total revenue</b>	<b>882</b>	<b>716</b>	<b>5452</b>
Cost of goods sold	-592	-476	-3 701
Other external costs and operating expenses	-96	-77	-373
Personnel costs	-141	-139	-654
Depreciation and amortization of tangible and intangible assets	-115	-112	-468
<b>Total operating expenses</b>	<b>-943</b>	<b>-804</b>	<b>-5 196</b>
<b>EBIT</b>	<b>-61</b>	<b>-88</b>	<b>257</b>

## Byggmax Group

- Net sales in Q1 increased by 22.9 percent YoY to SEK 879 M
- Gross margin amounted to 32.7 (33.4) percent, decrease due to product mix with more outdoor products and currency effects
- Personnel and other external costs, excluding new stores, increased by SEK 11 M, mainly attributable to one-time and ongoing covid-19 precautions and currency effects
- EBITA increased SEK 27 M to -51 (-78)
- EBITA margin increased 5.1 p.p. to -5.8 (-10.9)
- EBIT increased SEK to SEK -61 M (-88)

## Byggmax (excl IFRS 16)

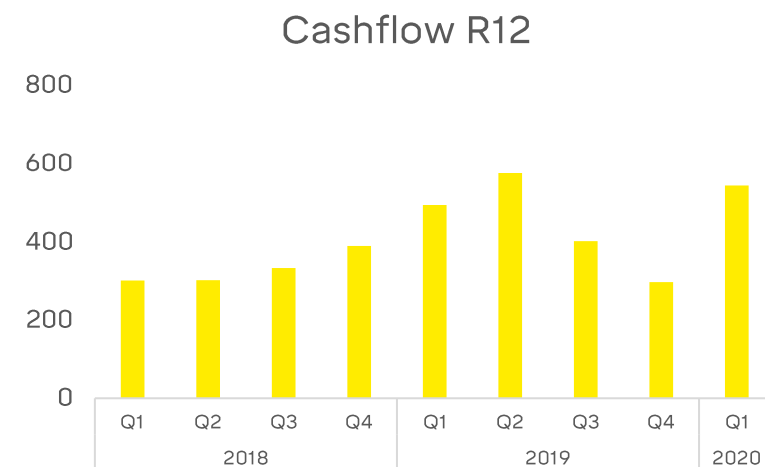
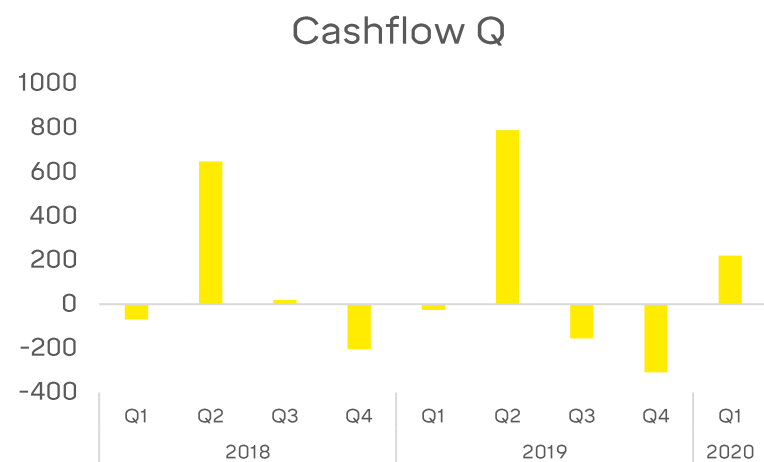
- Net sales in Q1 increased 23.2 percent SEK 813 M (660)
- EBITDA increased SEK 25 M to 1 (-24)

## Skånska Byggvaror(excl IFRS 16)

- Net sales in Q1 increased 19.4 percent SEK 67 M (56)
- EBITDA increased SEK 2 M to -21 (-23)



# CASH FLOW



Cash flow from operating activities amounted to SEK 220 M for the first quarter, movements driven by;

- strong net sales development
- high accounts payable
- lower prepayments due to financial precautions

# MARKET OUTLOOK

Future covid-19 implications not yet possible to assess

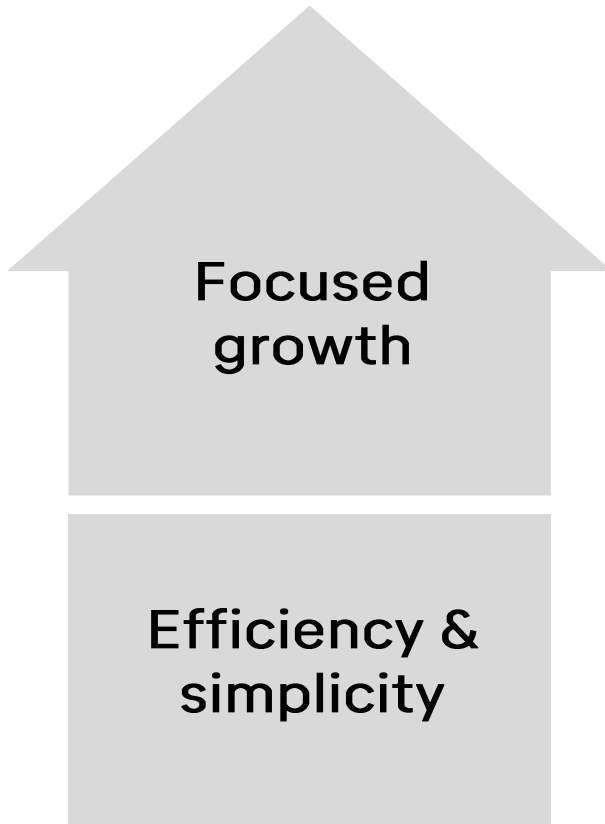
- In the short term, customers will travel less and spend more time in their homes
- Remains to be seen if this will boost home improvement demand also in coming quarters, and/or if so far manageable disruptions to operations will increase

Covid-19 situation also impacts supplier markets and input goods prices, with not yet determined effects

Longer term economic and housing market climate will impact DIY demand and input goods prices. Bygghem has historically performed well also in tougher economic times



# FOCUS 2020 – CONTINUE PROFITABLE GROWTH



## Store upgrades

- Convert additional 15-20 Byggmax stores to 3.0
- Store 3.0 to ca 40% of portfolio by end 2020 (27% Q1 2020)
- Add 3 Garden departments

## E-commerce growth

- Continue increase assortment and improve customer experience

## Store expansion

- Add 10 new Byggmax stores, of which ca 5 small format

## Skånska Byggvaror build-out

- Initiatives within core assortment and digital sales and marketing

## Further efficiency improvements

- Supported by new tools and technology



# Q&A



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