

# Q4 REPORT 2023

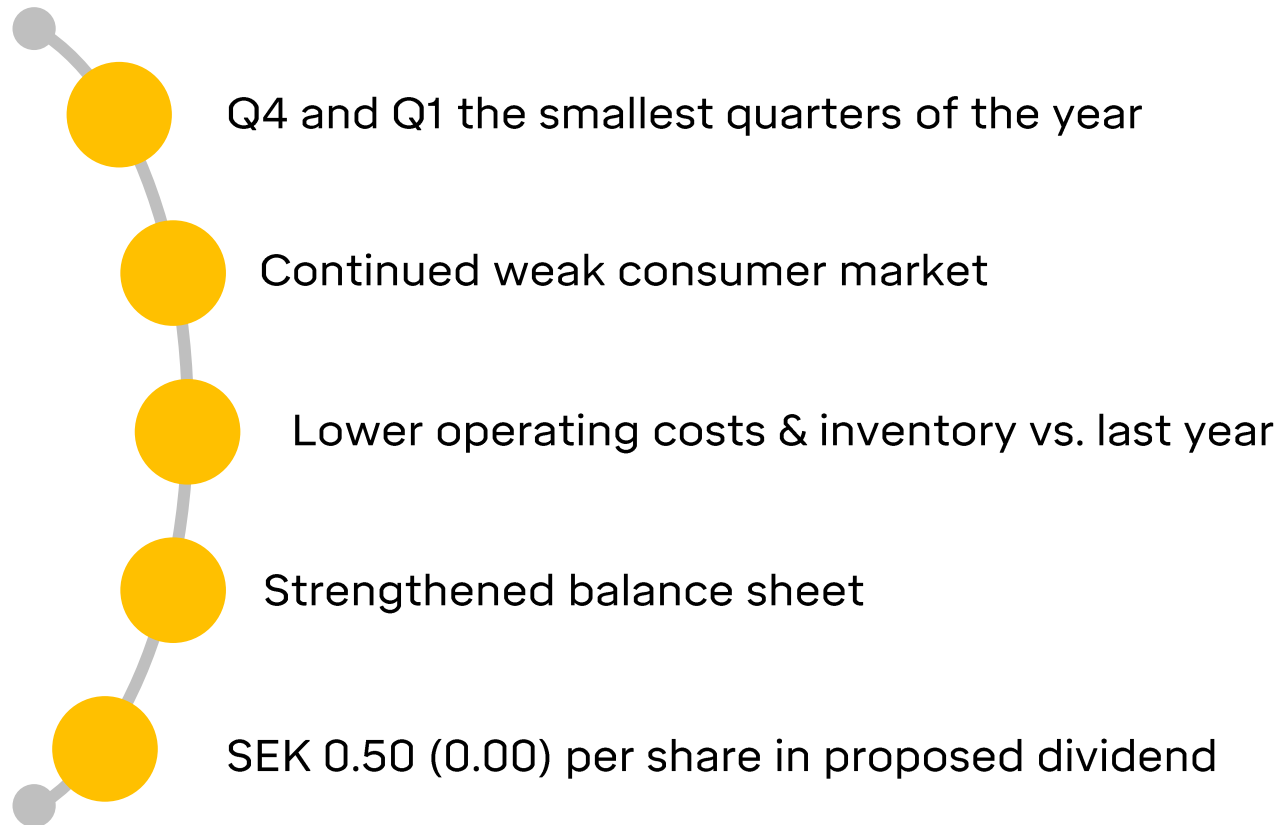
31 January 2024

Karl Sandlund, CEO  
Helena Nathhorst, CFO

The background of the slide is a collage of various paint-related items. It includes several open paint cans of different colors (dark blue, white, and a partially visible purple one) and numerous color swatches in various shades of grey, white, and beige, some of which are overlapping each other.

**BYGGMAX<sup>®</sup>**

# Q4 2023: LOWER COST AND STRENGTHENED BALANCE SHEET IN WEAK MARKET



	Q4 2023	Q4 2022
Net sales, SEK M	998	1,170
Net sales growth, %	-14.8%	-10.0%
EBITA SEK M	-77	-28
EBITA-margin, %	-7.7%	-2.4%
Net profit, SEK M	-97	-60

# SELECTED FINANCIAL HIGHLIGHTS – FULL YEAR 2023

NET SALES R12

**SEK  
6.1 BN**

—  
-15.8% vs. 2022

EBITA R12

**SEK  
179M**

—  
-330 M vs. 2022

CASH FLOW FROM  
OPERATING  
ACTIVITIES R12

**SEK  
781M**

—  
SEK +246 M vs. 2022

NET DEBT EXCL  
IFRS16

**SEK  
948M**

—  
SEK -235 M vs. 2022

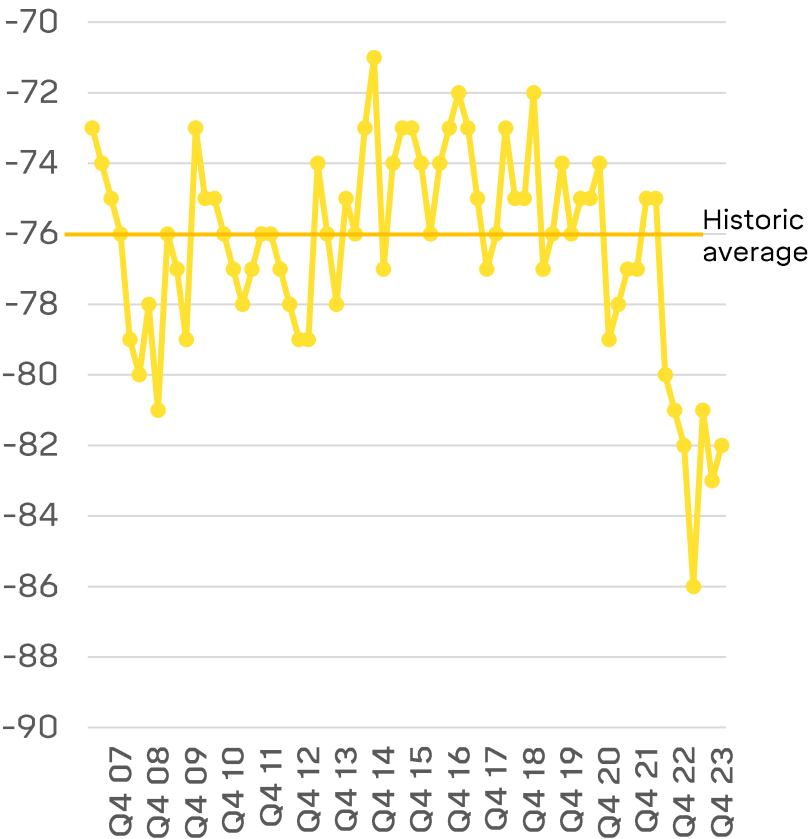
NET OF NEW  
STORES R12

**5**

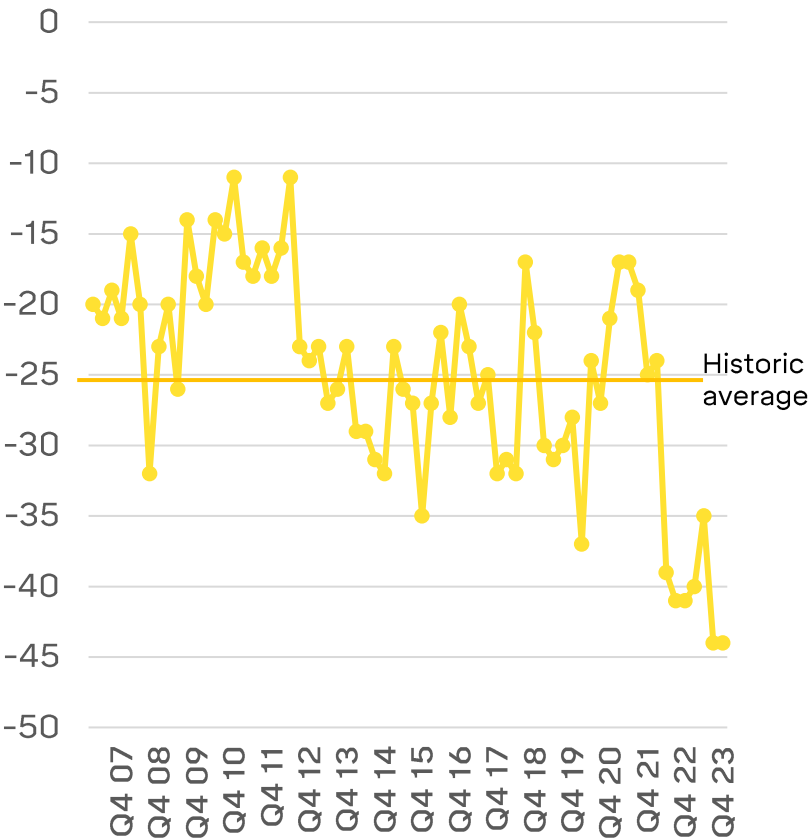
—  
209 stores in  
total

# UNDERLYING CONSUMER DRIVERS STILL AT VERY LOW LEVELS

Intention to buy new home within next 12 months (SWE); Index



Intention to renovate within next 12 months (SWE); Index



# IMPROVED CUSTOMER OFFER AND STRENGTHENED POSITION



- 94% of stores upgraded to latest store concept
- 7 new stores during 2023, four announced for 2024
- Record high customer satisfaction



- Net 20.000+ additional products in the online store
- New online color tool
- Choose whatever color you want – no extra cost



- Customized complementary buildings at the best price
- Online configuration tool
- Home delivery of modular building package



- Undisputed low price leader
- Best price perception
- New sales record in selective product categories



# UPDATE ON PRIORITIZED ACTIONS



Assortment optimization. Optimizing assortment and sourcing to secure sales and gross margin



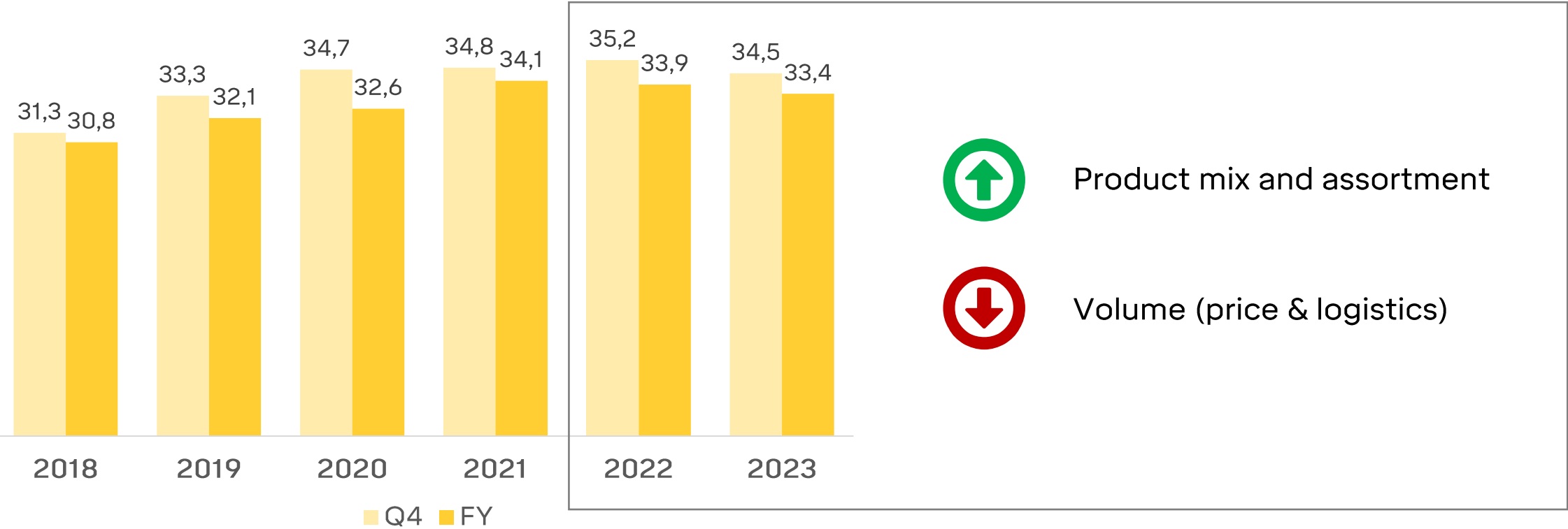
Inventory adjustment. Adapting inventory levels to sales volume



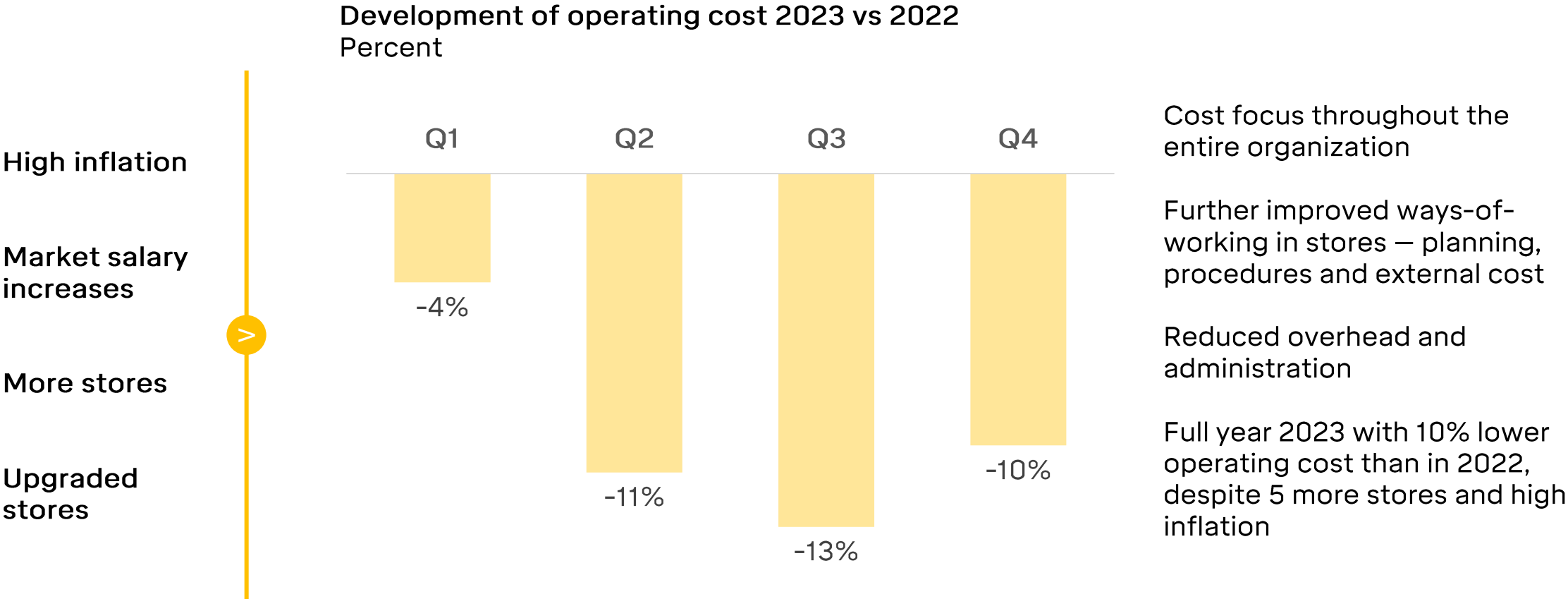
Cost efficiency. Continuously securing industry's lowest operating cost

# STRONG GROSS MARGIN IN WEAK MARKET

Percent



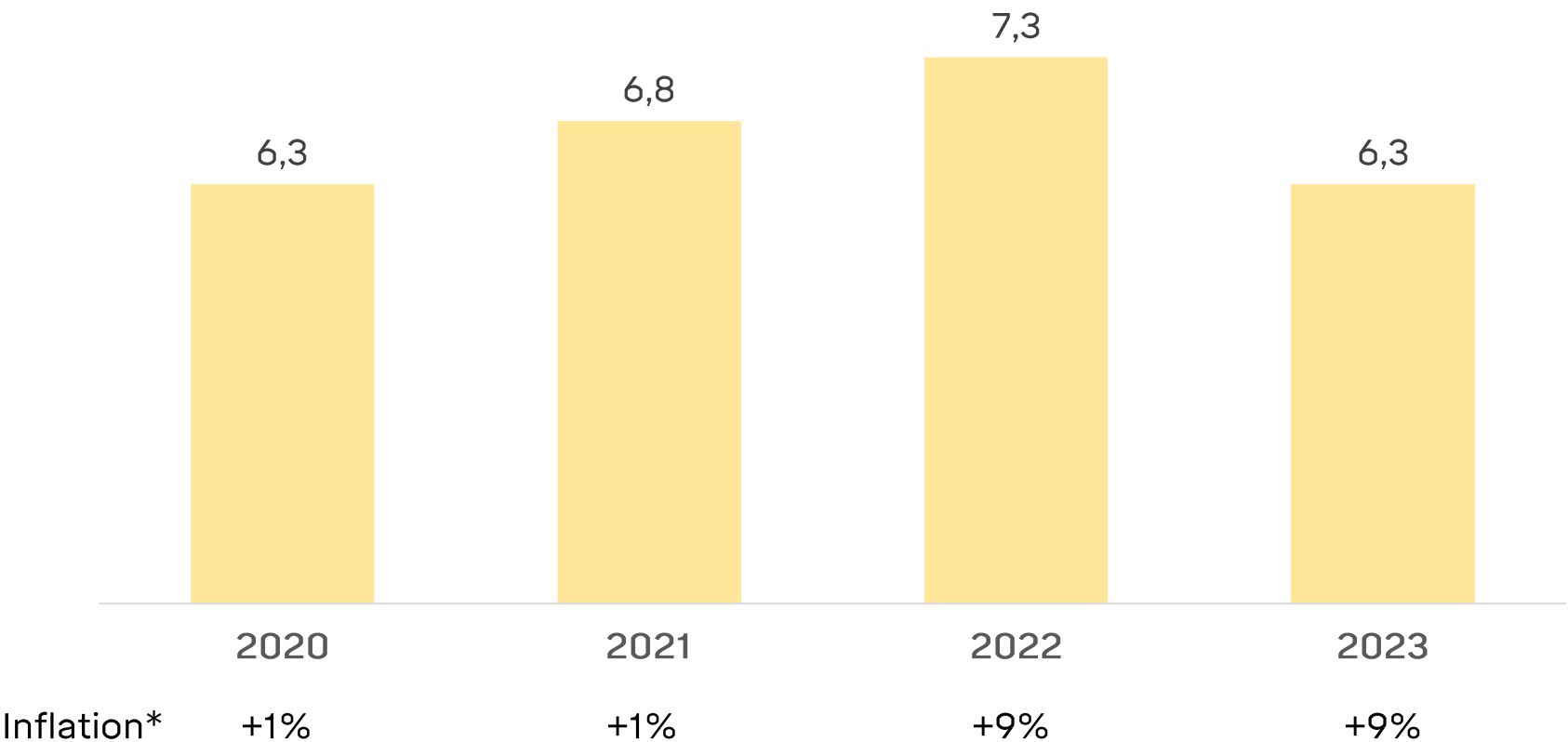
# CONTINUOUSLY SECURING INDUSTRY'S LOWEST OPERATING COST





# LOWER OPERATING COST PER STORE DESPITE HIGH INFLATION

Operating cost divided by average number of stores each year  
SEK millions



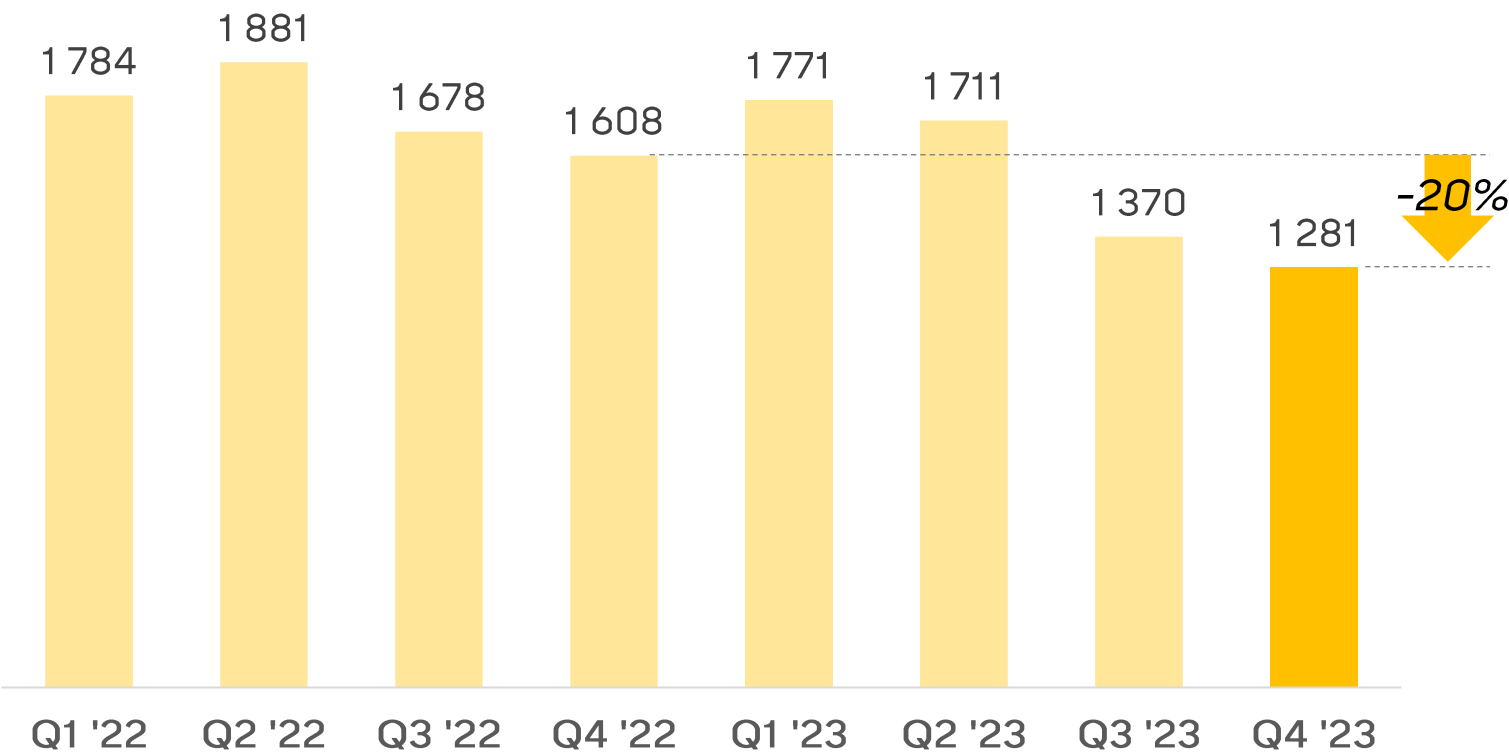
General inflation 20% since 2020

Byggmax operating cost per store same in 2023 as in 2020 – despite 94% of stores upgraded and record high customer satisfactions

Byggmax ready with high efficiency when the market returns

# ADAPTING INVENTORY LEVELS TO SALES VOLUME

Inventory level by end of quarter  
SEK millions



Continued focus on adjusting inventory levels – Q1 -1% vs last year, Q4 -20% vs last year

Optimization of assortment, improved logistics set-ups and adapting to lower sales volume

In combination with lower level of investments this has strengthened cashflow and balance sheet

# WEAK Q4 MARKET IN LINE WITH EXPECTATIONS

## Sales development, Q4 2023 vs. 2022

**-14.8%**

LFL	New stores	Currency
-14.9%	1.2%	-1.0%

## Sales development by geography

Sweden	Other Nordics
<b>-11.9%</b>	<b>-21.2%</b>

## Store portfolio and channel development

### NUMBER OF STORES

	Oct – Dec 2023	Full year 2022
Beginning of the period	209	204
<b>Sweden</b>		
+ New stores	0	4
+ Acquired stores	0	0
– Closed stores	0	0
<b>Other Nordic</b>		
+ New stores	0	3
+ Acquired stores	0	0
– Closed stores	0	-2
End of the period	209	209

**19%**  
Group e-com  
share R12  
(20%)

## Strengthened position in weak market

- Good performance on smaller projects remains
- Net five new stores in 2023, in total 209 stores combined with an online assortment
- Improved customer offering and customer satisfaction

# STRONG OPERATIONAL FOCUS IN LOW SEASON QUARTER

## P&L Q4 2023

SEK M	2023	2022
Net sales	998	1,170
Other operating income	11	11
<b>Total revenue</b>	<b>1,009</b>	<b>1,182</b>
Cost of goods sold	-654	-758
Other external costs and operating expenses	-83	-107
Personnel costs	-195	-200
Depreciation and amortization of tangible assets	-168	-159
<b>Total operating expenses</b>	<b>-1,100</b>	<b>-1,224</b>
<b>EBIT</b>	<b>-91</b>	<b>-42</b>
Amortization of intangible fixed assets related to acquired surplus values	14	14
<b>EBITA</b>	<b>-77</b>	<b>-28</b>

- Net sales in Q4 decreased by -14.8 percent.
- The gross margin 34.5 percent (35.2). The product mix contributed positively to the gross margin, and the decrease in volume has contributed to negative economies of scale.
- Personnel cost and other operating expenses decreased by SEK 30 M. Continued high cost control through a more efficient store organization and by reduced costs for administration. The comparable costs, i.e. costs excluding new stores and closures, decreased by SEK 34 M.
- EBITA decreased to SEK -77 M (-28)

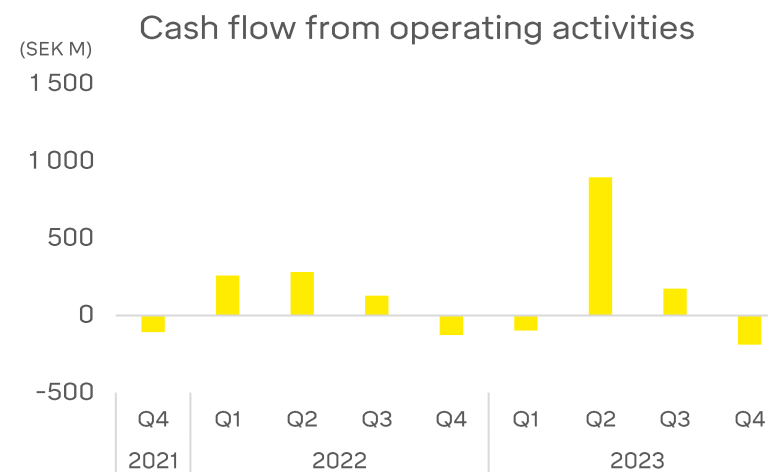
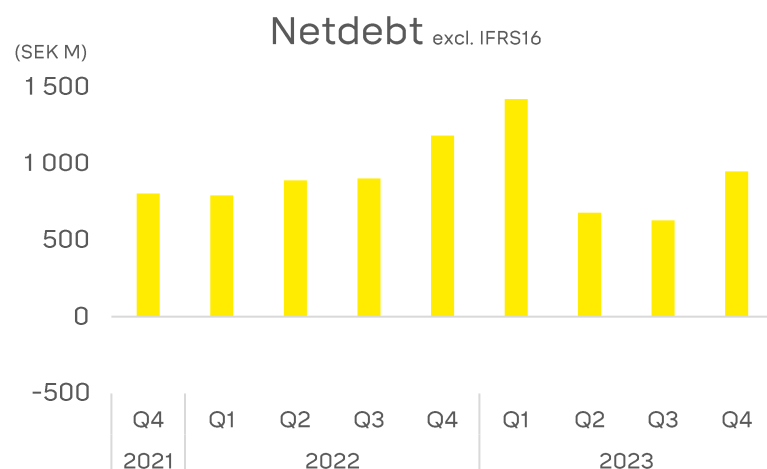
# STRONG GROSS MARGIN AND REDUCED COST BASE

## P&L 2023

SEK M	2023	2022
Net sales	6,113	7,260
Other operating income	39	38
<b>Total revenue</b>	<b>6,152</b>	<b>7,298</b>
Cost of goods sold	-4,069	-4,799
Other external costs and operating expenses	-490	-609
Personnel costs	-811	-827
Depreciation and amortization of tangible assets	-658	-609
<b>Total operating expenses</b>	<b>-6,029</b>	<b>-6,845</b>
<b>EBIT</b>	<b>123</b>	<b>452</b>
Amortization of intangible fixed assets related to acquired surplus values	56	57
<b>EBITA</b>	<b>179</b>	<b>509</b>

- Net sales decreased by -15.8 percent.
- The gross margin 33.4 percent (33.9). Assortment and purchasing improvements impacted positive on the gross margin, while the decrease in volume has contributed to negative economies of scale.
- The costs base has been adjusted to lower sales in 2023. Also, more efficient administration and a lower rate of development projects. Personnel cost and other operating expenses decreased by SEK 138 M. The comparable costs, i.e. costs excluding new stores and closures, decreased by SEK 186 M.
- EBITA decreased to SEK 179 M (509)
- EBITA margin decreased to 2.9 percent (7.0)

# IMPROVED CASH FLOW & REDUCED NET DEBT



Net debt reduced by SEK 235 M in 2023 to SEK 948 M at year end (1,183 M). Net debt reduction driven by lower inventory levels combined with lower capex activities.

Cash flow from the operating activities SEK +781 M in 2023 vs +536 M 2022. The lower operating profit is compensated by strong cash management. Normal seasonal variations on cashflow in the quarter.

# SUMMARY: IMPROVED BYGGMAX IN WEAK MARKET – FIT-FOR-GROWTH WHEN MARKET RETURNS



## Weak market

- It has been two difficult years for the Nordic consumer – uncertainty, high inflation and rising interest rates
- Continued weak market, especially related to larger projects



## Actions

- Byggmax has spent the time well – improved customer experience, lower operating cost, optimized assortment & inventory



## Financials

- Strengthened balance sheet from adjusted inventory and capex activity
- EBITA SEK 179 M, 2.9 percent



## Priorities remain

- Byggmax is the undisputed low price leader
- When market returns, Byggmax is “fit-for-growth”



A young child in a blue and white striped shirt stands on a small wooden stool, holding a yellow paint roller. An adult, seen from the back, is also painting the wall with a yellow roller. The wall is partially covered in bright yellow paint, with some areas still white. The scene is brightly lit, casting soft shadows.

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**Q&A**