



## 2020/Q1 Accelerating growth

- Organic growth at 22.1 percent
- Highest first quarter EBIT and EBIT margin to date



## Today's presenters

**Adam Schatz**  
President and CEO



- **BHG since 2019**
- Axiell Group 2015-2019 (CFO, Head of Business Division)
- Gambro and Baxter 2008-2015 (Regional CFO, Head of UK & Ireland...); Teknosed AB 2000-2008 (CEO); Goldman Sachs 1998-2000 (Analyst)

**Jesper Flemme**  
Acting CFO



- **BHG since 2016**
- Addedo 2014-2016 (Senior Consultant)
- CDON Group (now Qliro Group) 2012-2014 (Group Financial Controller)
- Deloitte 2007-2012 (Auditor)

## Agenda

- Results highlights
- Business update
- Financial update Q1 2020
  - Group
  - DIY segment
  - Home Furnishing segment
  - Cash flow and financial position
- Summary
- Q&A



**Katja Hempel**  
Graphic Designer & Campaign Coordinator  
Bygghemma.se

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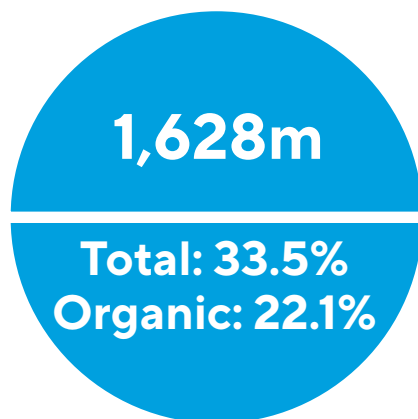
**Katja Hempel**  
Graphic Designer & Campaign Coordinator  
Bygghemma.se

## Select financial highlights

Highest first quarter net sales, adjusted EBIT and cash flow to date

### Sales

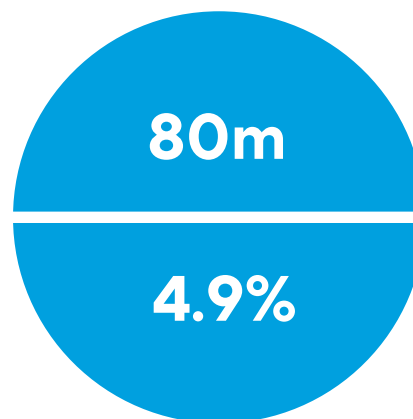
Net Sales (SEK)



Growth

### Earnings

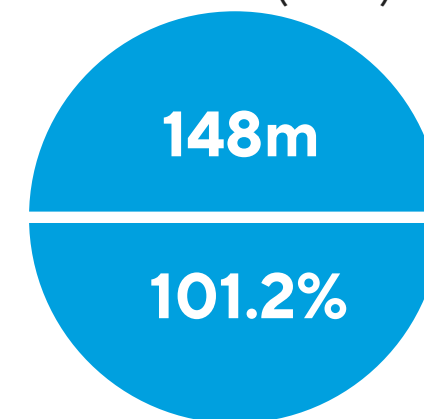
Adj. EBIT (SEK)



Adj. EBIT margin

### Cash flow

Cash flow from operating activities (SEK)

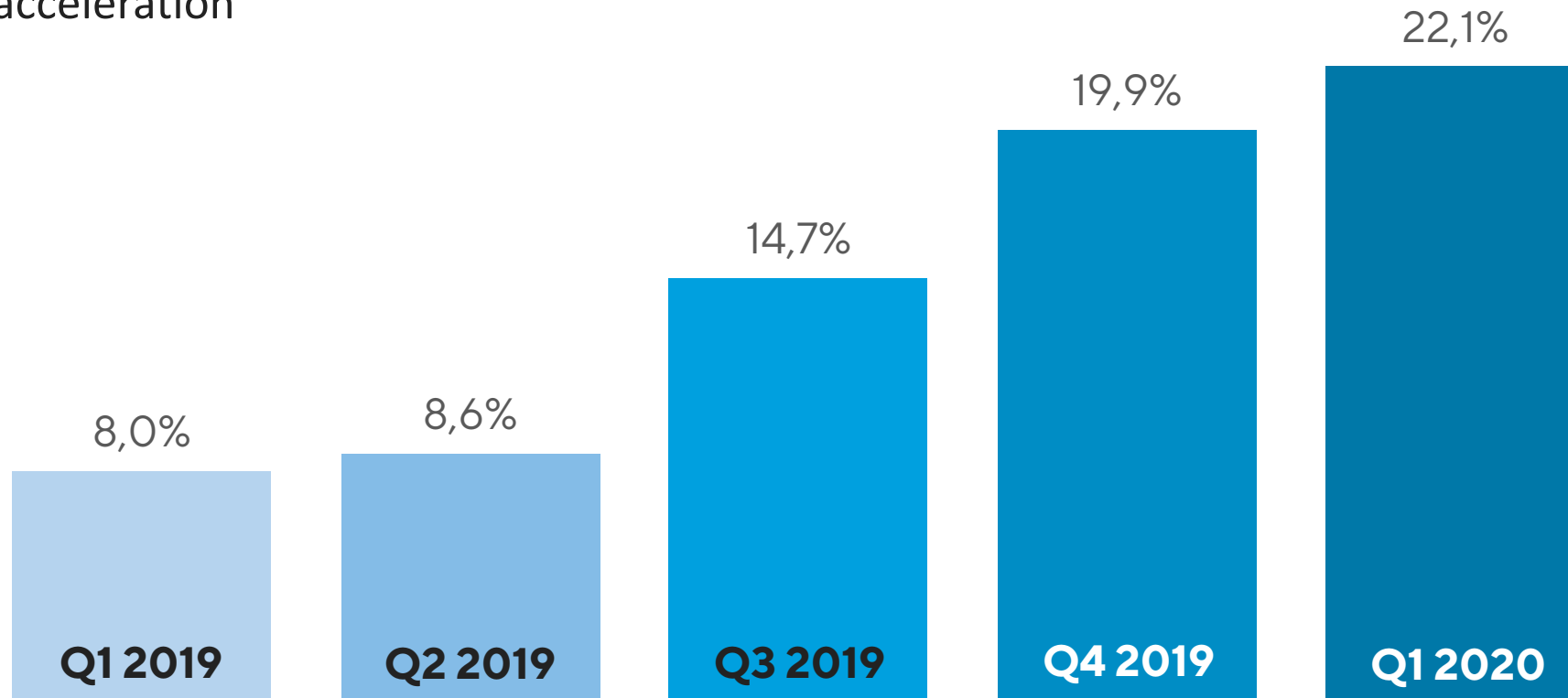


Cash conversion\*

Accelerating growth, coupled with a strong profit and cash flow generation

## Focus on organic growth

Q-on-Q acceleration



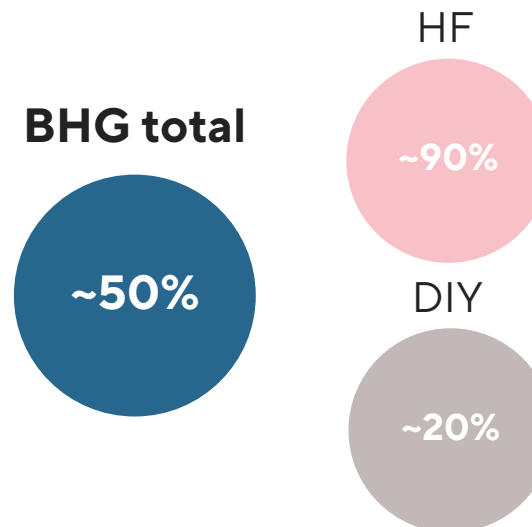
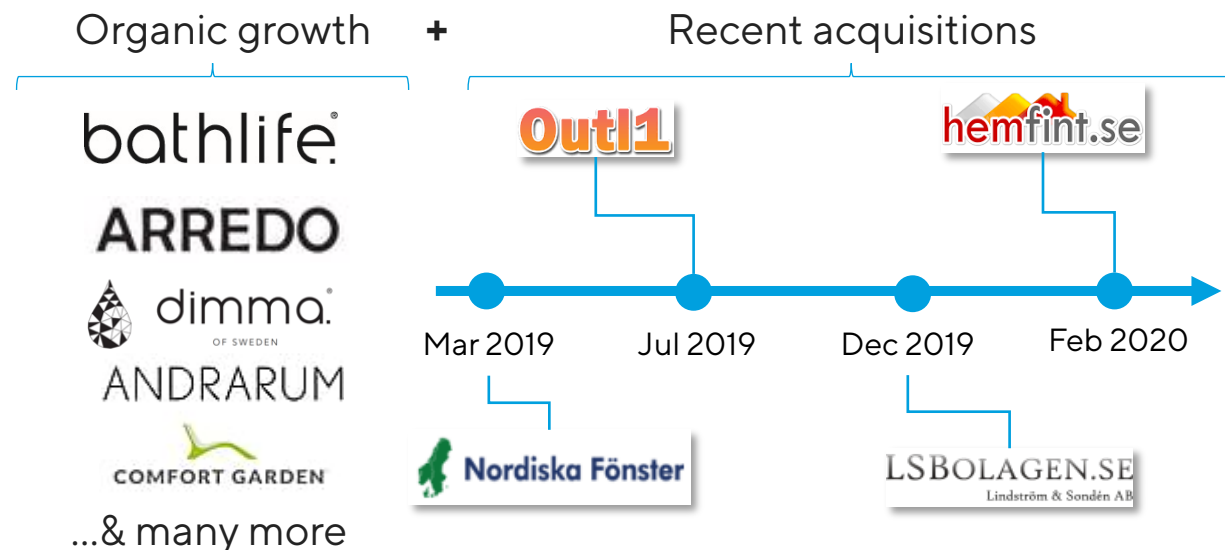
Growth has accelerated, four quarters straight

## Accelerated share of sales from own brands

Primarily driven by organic and M&A-fueled rapid increase the DIY segment

**A strong organic growth for our portfolio of own brands, coupled with recent PL-based acquisitions...**

**...has led to a continued increased share of sales generated by proprietary brands**

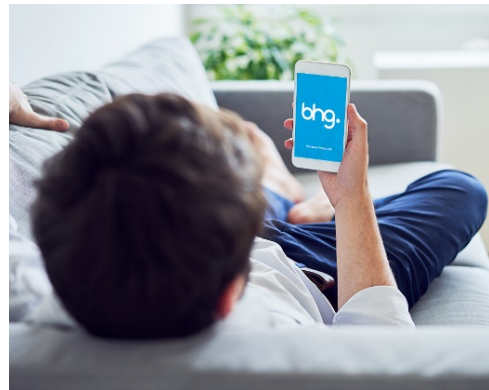


Own brands' share of total sales increased from ~43% in 2019 to ~50% in early 2020



# Our strategy remains focused on four cornerstones

The BHG ecosystem



1.

Continued  
expansion of our  
already leading  
product range

2.

Scale and a  
growing share of  
own brands in our  
sales mix

3.

Creating the most  
appealing digital  
shopping  
experience

4.

Offering the market's  
best professional  
guidance, service and  
support

## Agenda

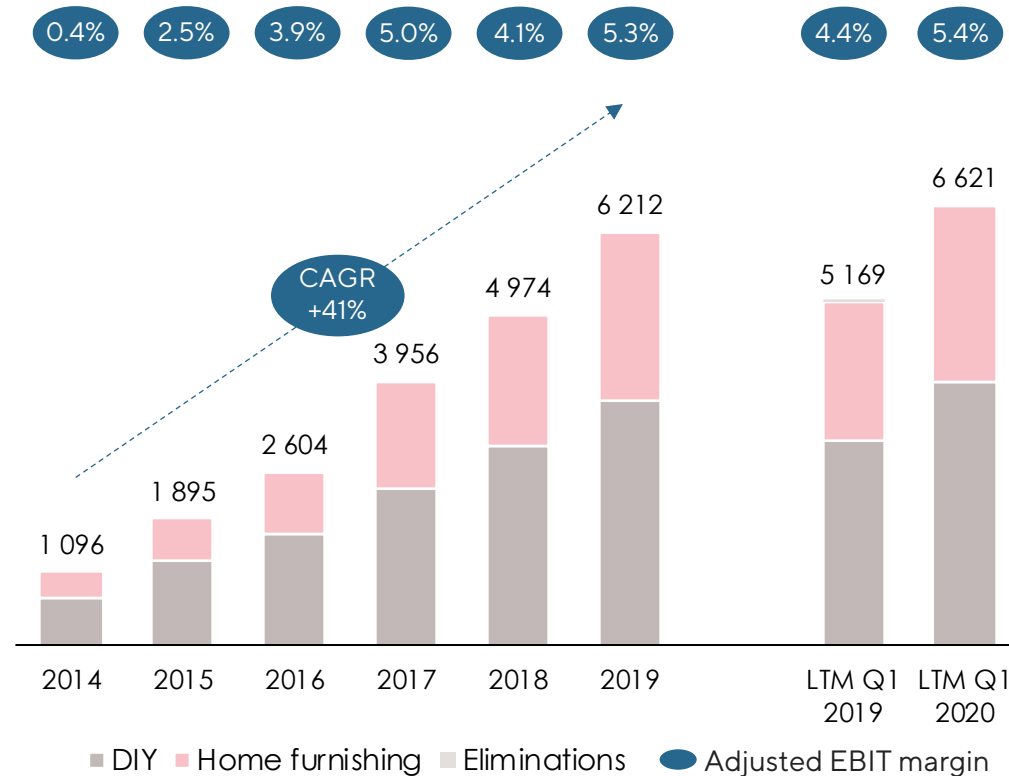
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Christian Trolle  
CEO  
Golvpoolen.se

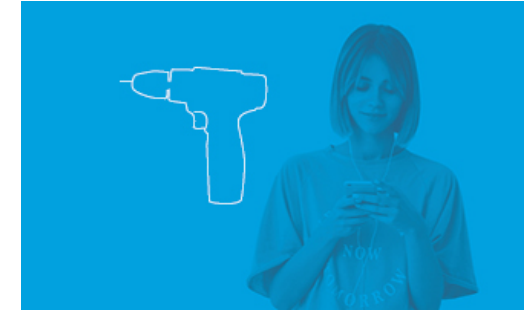
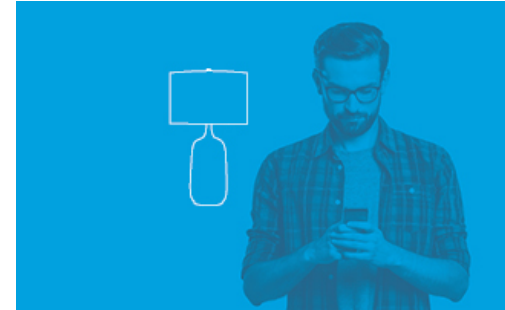


# BHG at a glance

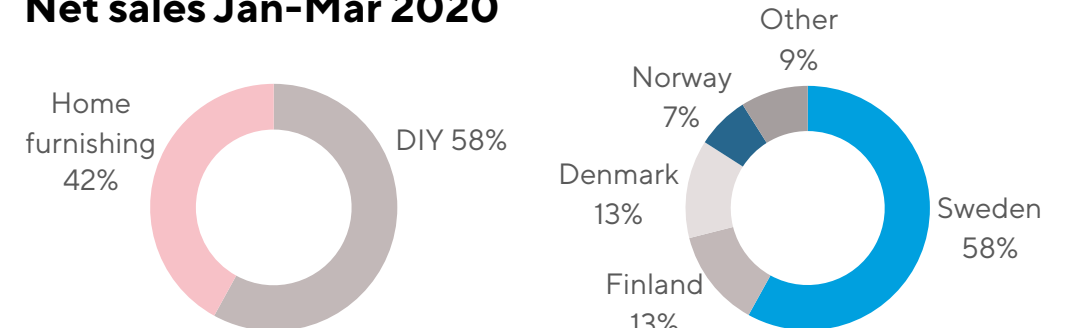
## Significant scale and profitability



## The European online leader in home improvement



## Net sales Jan-Mar 2020



## Coronavirus situation – our actions

### We have taken actions in 4 key areas:

- People
- Supply
- Demand
- Cash

The situation is rapidly evolving, and we will add additional measures as appropriate

### # 1

**People:** Moved select office teams to home office, clearly separating white collar and blue collar teams, limited travel, moved meetings to videoconference

### # 3

**Demand:** In general, people staying more at home seems to have had a short-term positive effect – and should be beneficial also in the aftermath of the immediate situation – the right categories (Home improvement) and channel (online)

### # 2

**Supply:** Close alignment with suppliers; stocking buffers on inventory to prevent shortages; establishing alternative sources for out-of-stock risk products

### # 4

**Cash:** Strong financial base – ample liquidity and secured undrawn bank facilities

### No negative business impact to date

Despite uncertainties, we are well positioned moving forward

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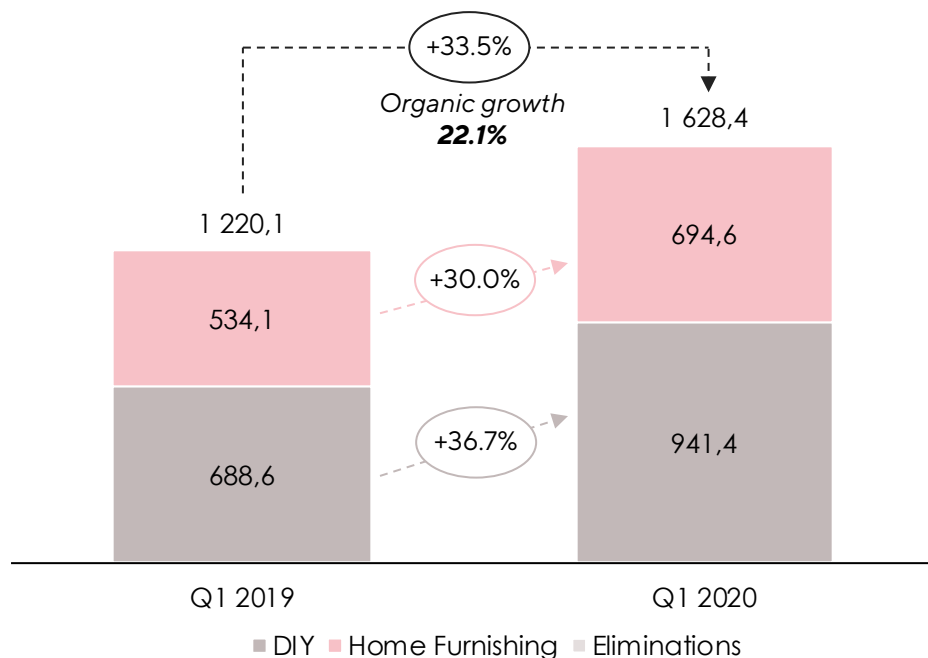


Felicia Jakobsson  
Sales Quality Coordinator  
Bygghemma.se

# Record breaking net sales and EBIT in the first quarter

## Highest first quarter net sales to date driven by strong growth in both segments

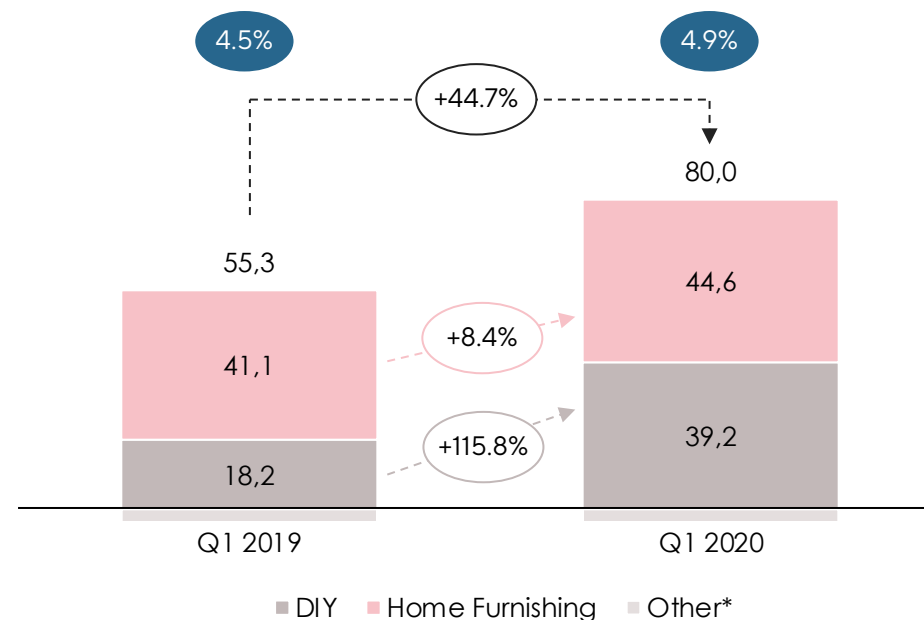
Net sales (SEKm)



## Highest first quarter EBIT and EBIT margin to date driven primarily by outstanding performance in the DIY segment

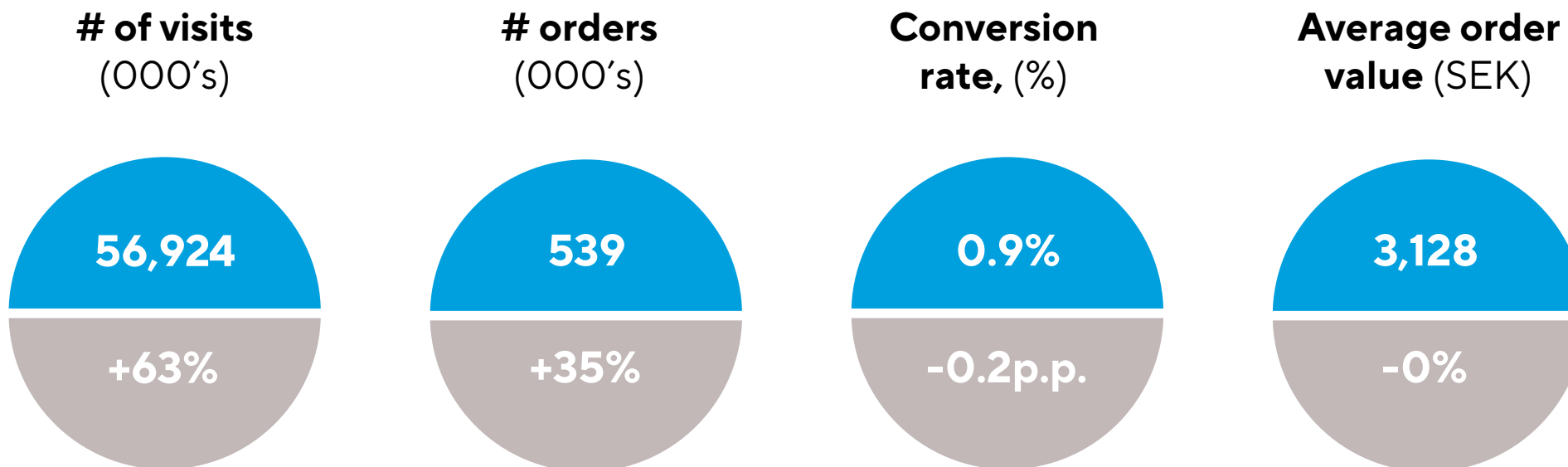
Adjusted EBIT (SEK)

Adjusted EBIT margin



Note: Items affecting comparability amounted to SEK 0.0 million (7.2) in the quarter.  
 \* The Group's other operations primarily consist of Group-wide functions and financing arrangements

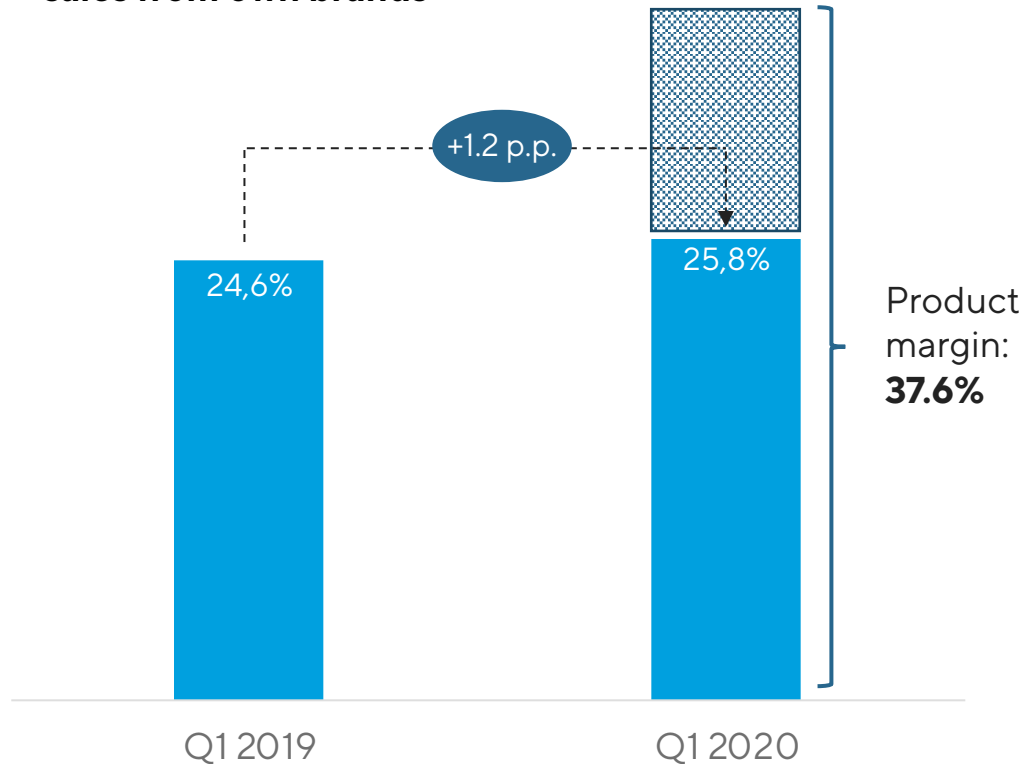
## Continued strong development in KPIs



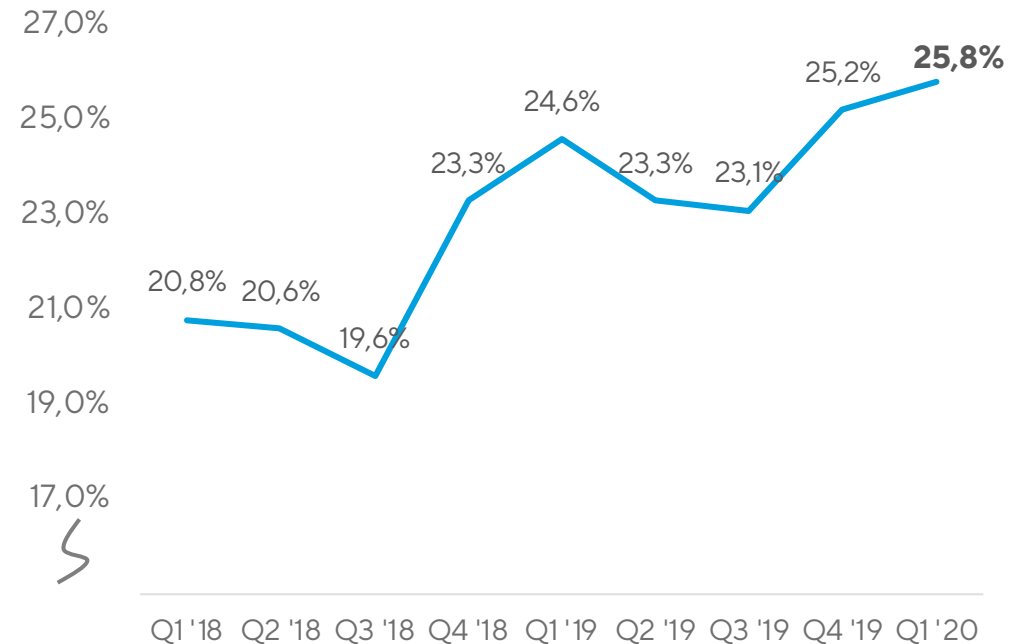
Strong growth on the basis of sound fundamentals

## Continued improved gross margin trajectory

Gross margin favorably affected by growth in share of sales from own brands



Margin trajectory the result of the improvement plan in Home Furnishing launched in the 2<sup>nd</sup> half of 2018 coupled with the boosted DIY private label share

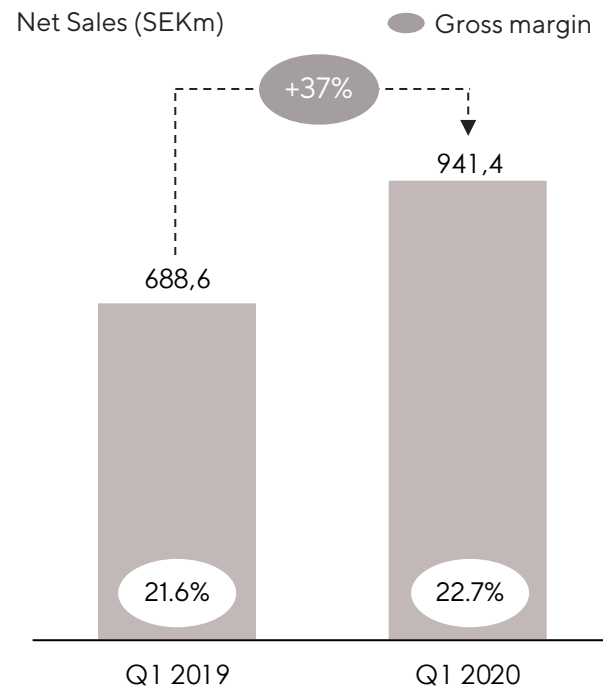


## DIY segment

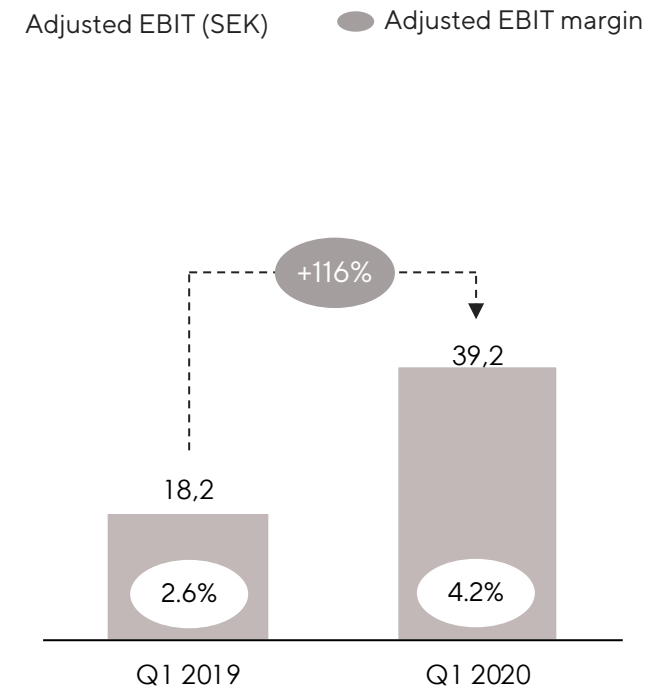
# Cementing leading online position in the Nordics

- Net sales increased by 36.7% of which organic growth accounted for 17.9%, leading to further market share gains
- Continued rapid assortment expansion – range now includes well over half a million unique products
- Further extending the range of installation services, now available for over 100,000 products, in support of the BHG Ecosystem
- The segment continued expanding its share of own brands, reaching around 20% of net sales for the first time
- Adjusted EBIT amounted to record-high SEK 39.2 – an increase of 115.8%

## DIY represented 58% of the Group's net sales in the first quarter



## Record-high adjusted EBIT

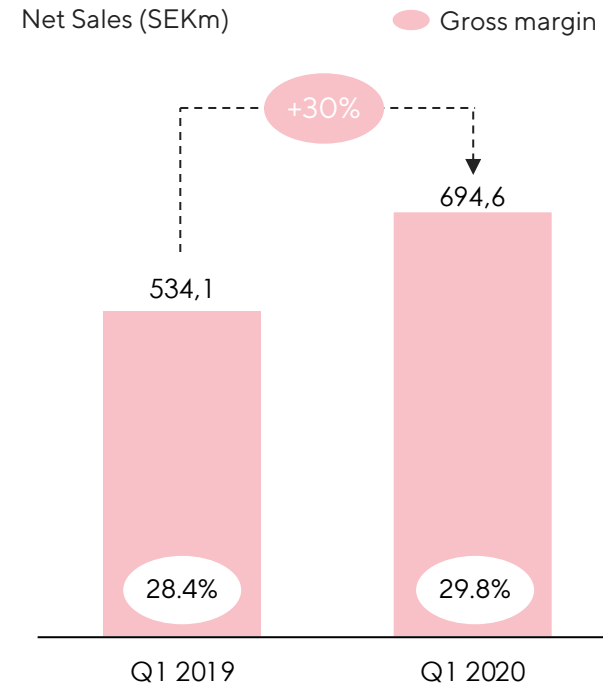


## Home Furnishing segment

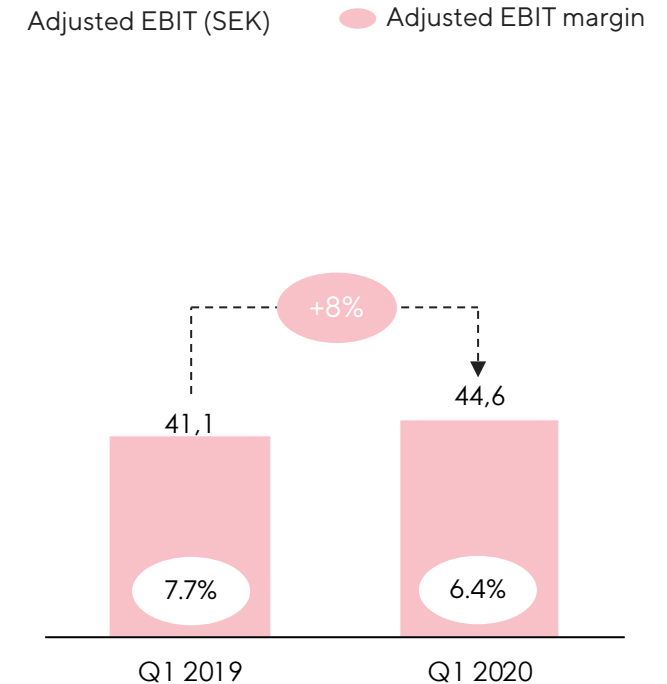
# Solid performance in turbulent times

- Net sales increased by 30.0% of which organic growth accounted for 27.6%
- The assortment expansion continued – the segment's range now includes over 300,000 unique products
- Coverage through our own last-mile distribution expanded, with Southern Sweden now up and running
- All geographies grew. Growth was especially brisk in Eastern Europe and Norway
- Performance adversely affected by depreciation of SEK and NOK versus EUR and USD rates – swift measures have had offsetting effect towards end of quarter
- Adjusted EBIT amounted SEK 44.6 million corresponding to an adjusted EBIT margin of 6.4%

## Home Furnishing represented 42% of the Group's net sales in the first quarter



## Solid growth in adjusted EBIT



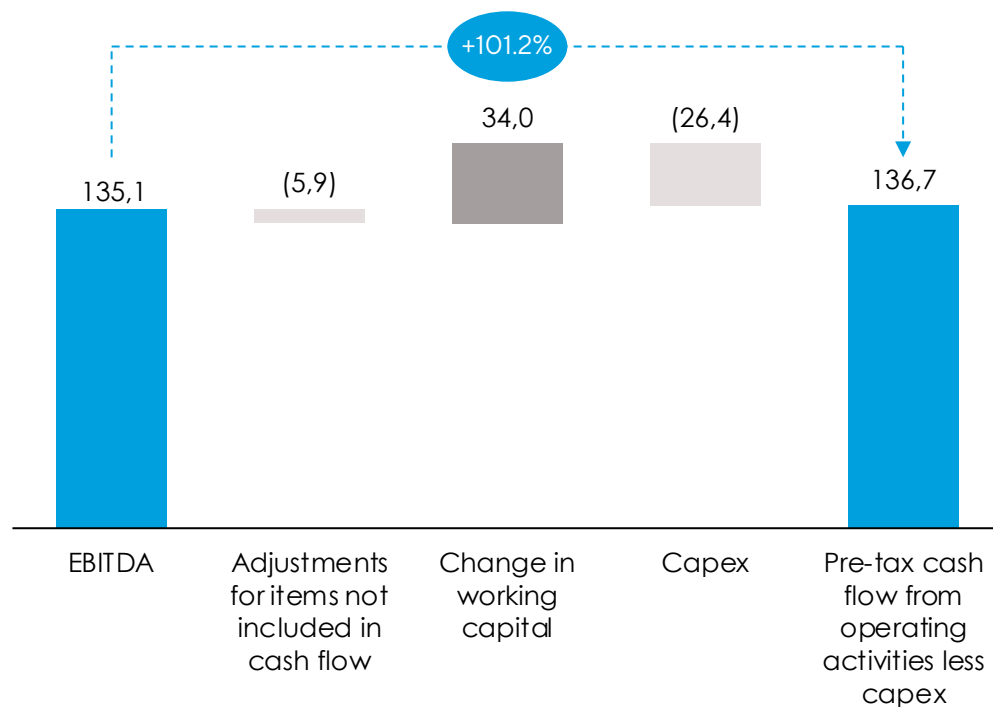
## Cash flow and financial position

## Strong first quarter cash-generation

The cash-generation is a result of growth in EBITDA, a favorable working capital position and relatively low capex requirements

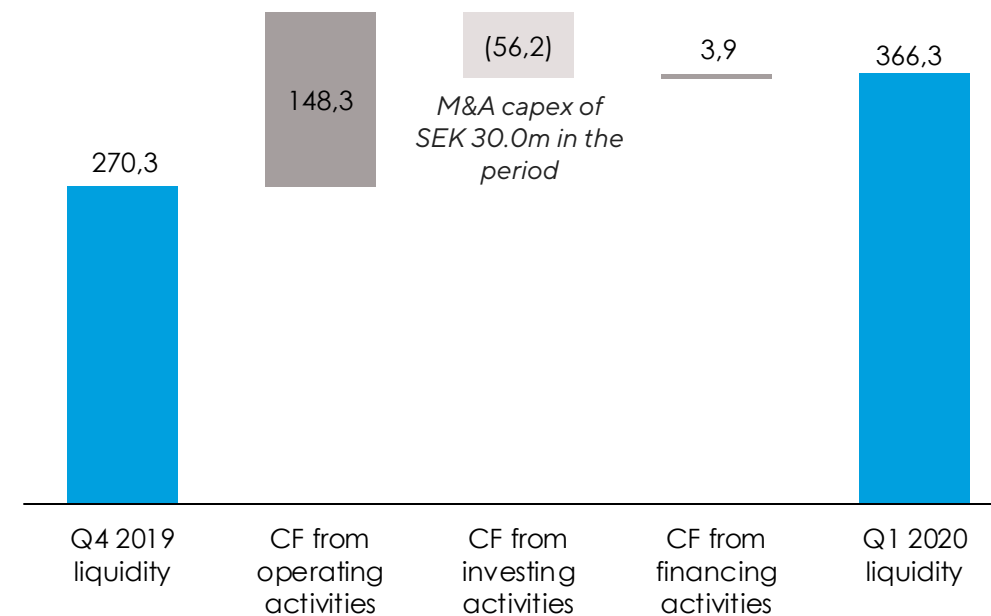
Jan-Mar 2020 (SEKm)

● Cash conversion



Liquidity driven by strongest first quarter contribution from cash flow from operating activities to date

SEKm



## Cash flow and financial position

## Financial position remains solid

## Overview of financial position

SEKm	31 Mar 2020
Interest bearing liabilities	2,077.7
Cash and cash equivalents	(366.3)
Adjustment lease liabilities	(564.9)
Adjustment for earn-outs and deferred payments	(650.9)
Adjustment transaction costs	3.9
<b>Net debt / (Net cash)</b>	<b>499.6</b>

Q1 2020 LTM adjusted EBITDA  
(excl. impact from IFRS 16)

393.3

**Net debt / LTM adjusted EBITDA**

1.3x

- Net debt / EBITDA of 1.3x, outperforming financial target of 1.5 – 2.5x
- The Group's unutilised credit facilities amounted to SEK 529 million at the end of the period, compared with SEK 577 million at the beginning of the year
- Strong financial position to facilitate growth investments and continued M&A

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Linus Olsson  
Business Controller  
BHG



## Q1 Summary

House in order	<ul style="list-style-type: none"> <li>BHG remains strong and fully operational: The situation with regards to our people, supply chain, demand picture and financial position is stable</li> </ul>
Accelerating growth	<ul style="list-style-type: none"> <li>Four quarters of accelerating growth, total as well as organic</li> </ul>
Strong gross and bottom-line margins	<ul style="list-style-type: none"> <li>Strongest Q1 margins to date – on the back of continued gross margin expansion <i>and</i> operating leverage, with higher share of own brands</li> </ul>
Solid financial position	<ul style="list-style-type: none"> <li>Ample liquid funds available: SEK 366m of cash on hand and SEK 529m in combined undrawn credit facilities</li> </ul>
Strategy execution in full swing	<ul style="list-style-type: none"> <li>Continuing to build BHG ecosystem: Expansion of last mile and installation footprint</li> </ul>
On course to 10bn	<ul style="list-style-type: none"> <li><b>We go for 10!</b> LTM sales of SEK 6.6bn and improved margins substantiates path to mid-term financial target</li> </ul>

## Agenda

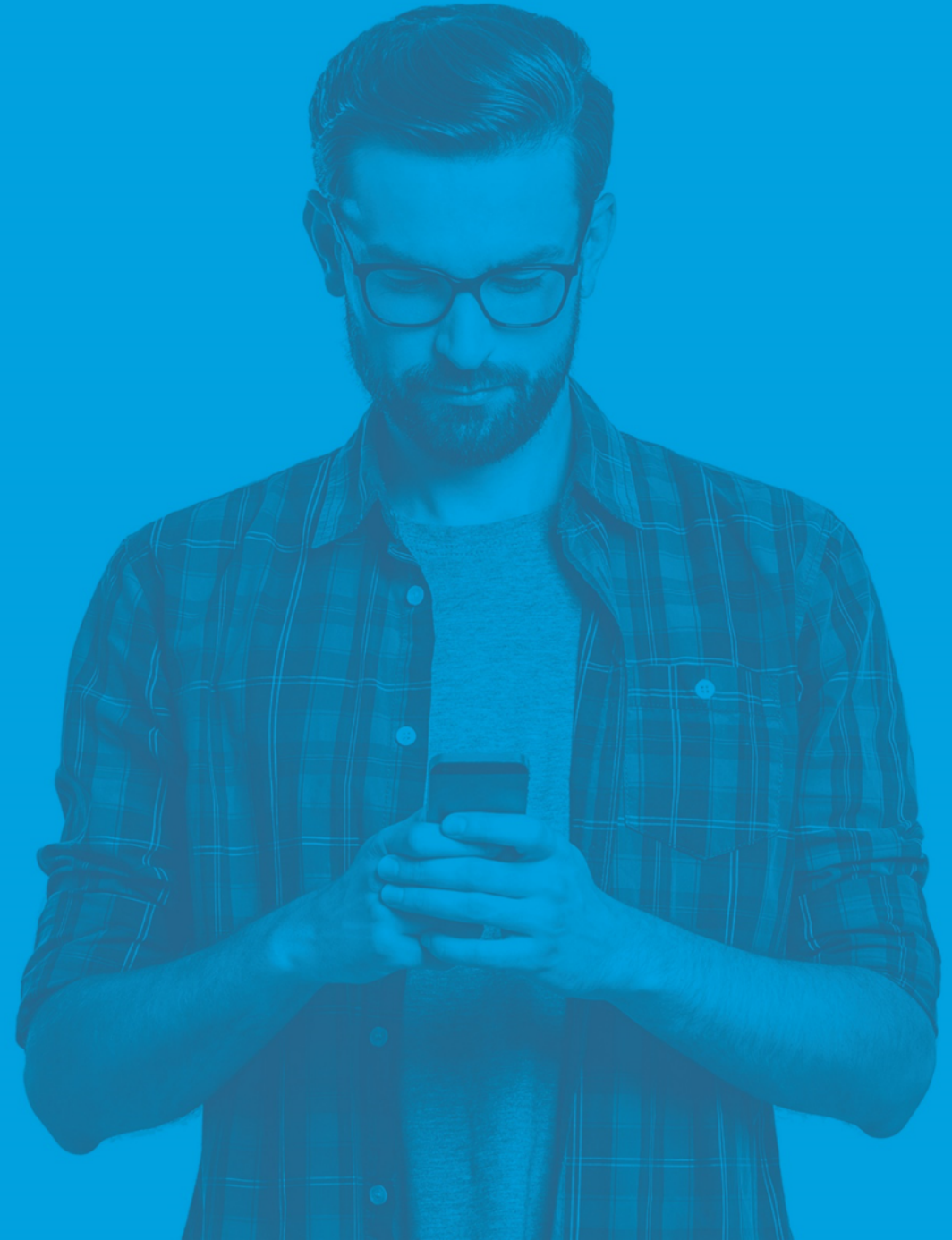
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Sebastian Holtze  
CCO  
Bygghemma.se





# Appendix



# Condensed consolidated financial information

SEKm (if not otherwise stated)	Q1		Δ%	Jan-Dec
	2020	2019		2019
Net sales	1,628.4	1,220.1	33.5	6,212.5
Gross profit	420.5	300.4	40.0	1,490.5
Gross margin (%)	25.8	24.6	1.2 p.p.	24.0
Adjusted EBITDA*	135.1	85.9	57.2	475.3
Adjusted EBITDA margin (%)	8.3	7.0	1.3 p.p.	7.7
Adjusted EBIT*	80.0	55.3	44.7	330.1
Adjusted EBIT margin (%)	4.9	4.5	0.4 p.p.	5.3
Items affecting comparability	-	-7.2	-100.0	-7.5
Operating income	69.2	38.3	80.9	282.0
Operating margin (%)	4.2	3.1	1.1 p.p.	4.5
Net profit for the period	46.2	22.1	108.7	179.9
Cash flow from operating activities	148.3	52.2	184.1	422.2
Visits (thousands)	56,924	34,882	63.2	184,398
Orders (thousands)	539	399	35.1	1,940
Conversion rate (%)	0.9	1.1	-0.2 p.p.	1.1
Average order value (SEK)	3,128	3,129	-0.0	3,227

\* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APM)" for a more detailed description.

## DIY segment

SEKm (if not otherwise stated)	Q1		Δ%	Jan-Dec
	2020	2019		2019
Net sales	941.4	688.6	36.7	3,700.8
Gross profit	214.0	148.9	43.7	794.3
Gross margin (%)	22.7	21.6	1.1 p.p.	21.5
Adjusted EBITDA	62.3	32.4	92.3	235.4
Adjusted EBITDA margin (%)	6.6	4.7	1.9 p.p.	6.4
Adjusted EBIT	39.2	18.2	115.8	167.9
Adjusted EBIT margin (%)	4.2	2.6	1.5 p.p.	4.5
Items affecting comparability	-	-1.4	-100.0	-1.4
Operating income	31.2	9.7	222.9	136.9
Operating margin (%)	3.3	1.4	1.9 p.p.	3.7
Net profit for the period	19.4	3.2	502.8	28.1
Visits (thousands)	24,689	17,337	42.4	86,473
Orders (thousands)	310	231	33.9	1,141
Conversion rate (%)	1.3	1.3	-0.1 p.p.	1.3
Average order value (SEK)	3,316	3,102	6.9	3,255

# Home Furnishing segment

SEKm (if not otherwise stated)	Q1		Δ%	Jan-Dec
	2020	2019		2019
Net sales	694.6	534.1	30.0	2,533.1
Gross profit	207.0	151.7	36.5	697.5
Gross margin (%)	29.8	28.4	1.4 p.p.	27.5
Adjusted EBITDA	76.5	57.5	33.0	262.7
Adjusted EBITDA margin (%)	11.0	10.8	0.2 p.p.	10.4
Adjusted EBIT	44.6	41.1	8.4	185.0
Adjusted EBITmargin (%)	6.4	7.7	-1.3 p.p.	7.3
Items affecting comparability	-	-5.8	-100.0	-6.0
Operating income	41.8	32.6	28.2	168.0
Operating margin (%)	6.0	6.1	-0.1 p.p.	6.6
Net profit for the period	29.2	23.5	24.1	74.6
Visits (thousands)	32,235	17,545	83.7	97,925
Orders (thousands)	230	168	36.8	799
Conversion rate (%)	0.7	1.0	-0.2 p.p.	0.8
Average order value (SEK)	2,875	3,166	-9.2	3,188

# P&L

SEKm	Q1		Jan-Dec
	2020	2019	2019
Net sales	1,628.4	1,220.1	6,212.5
Other operating income	0.0	0.1	0.3
<b>Total net sales</b>	<b>1,628.4</b>	<b>1,220.1</b>	<b>6,212.7</b>
Cost of goods sold	-1,207.9	-919.7	-4,721.9
Personnel costs	-138.9	-107.2	-493.4
Other external costs and operating expenses	-141.6	-111.2	-525.5
Other operating expenses	-4.9	-3.3	-4.9
Depreciation and amortisation of tangible and intangible fixed assets	-65.9	-40.6	-185.0
<b>Operating income</b>	<b>69.2</b>	<b>38.3</b>	<b>282.0</b>
Profit/loss from financial items	-7.2	-9.2	-48.9
<b>Profit before tax</b>	<b>62.0</b>	<b>29.0</b>	<b>233.1</b>
Income tax	-15.8	-6.9	-53.2
<b>Profit for the period</b>	<b>46.2</b>	<b>22.1</b>	<b>179.9</b>
Attributable to:			
Equity holders of the parent	46.6	21.3	176.2
Non-controlling interest	-0.4	0.8	3.6
<b>Net income for the period</b>	<b>46.2</b>	<b>22.1</b>	<b>179.9</b>
Earnings per share before dilution, SEK	0.43	0.20	1.64
Earnings per share after dilution, SEK	0.43	0.20	1.64

# Balance sheet

SEKm	31 Mar		31 Dec
	2020	2019	2019
<b>Non-current assets</b>			
Goodwill	3,025.0	2,671.5	2,896.7
Other intangible fixed assets	1,333.3	1,260.2	1,293.6
<b>Total intangible fixed assets</b>	<b>4,358.3</b>	<b>3,931.8</b>	<b>4,190.2</b>
Buildings and land	11.3	11.4	10.7
Leased fixed assets	567.3	351.0	459.2
Tangible fixed assets	46.1	25.2	39.8
Financial fixed assets	7.4	5.0	6.6
Deferred tax asset	12.1	9.0	13.5
<b>Total fixed assets</b>	<b>5,002.6</b>	<b>4,333.4</b>	<b>4,720.1</b>
<b>Current assets</b>			
Inventories	833.3	608.9	668.4
Current receivables	306.1	247.2	359.5
Cash and cash equivalents	366.3	265.3	270.3
<b>Total current assets</b>	<b>1,505.8</b>	<b>1,121.3</b>	<b>1,298.1</b>
<b>Total assets</b>	<b>6,508.4</b>	<b>5,454.7</b>	<b>6,018.2</b>
<b>Equity</b>			
Equity attributable to owners of the parent	2,942.7	2,798.1	2,889.7
Non-controlling interest	37.1	32.6	35.4
<b>Total equity</b>	<b>2,979.7</b>	<b>2,830.7</b>	<b>2,925.1</b>
<b>Non-current liabilities</b>			
Deferred tax liability	257.7	239.3	249.6
Other provisions	22.7	1.8	23.0
Non-current interest-bearing liabilities to credit institutions	815.6	803.9	813.6
Non-current lease liabilities	406.2	274.6	339.7
Other non-current liabilities	596.2	298.7	507.0
<b>Total non-current liabilities</b>	<b>2,098.5</b>	<b>1,618.2</b>	<b>1,933.0</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities to credit institutions	46.4	0.8	-
Current lease liabilities	158.7	90.0	118.9
Other interest-bearing liabilities	54.6	51.3	47.5
Other current liabilities	1,170.5	863.7	993.8
<b>Total current liabilities</b>	<b>1,430.2</b>	<b>1,005.7</b>	<b>1,160.1</b>
<b>Total equity and liabilities</b>	<b>6,508.4</b>	<b>5,454.7</b>	<b>6,018.2</b>

# Consolidated statement of cash flows

SEKm	Q1		Jan-Dec
	2020	2019	2019
EBITDA	135.1	78.8	467.8
Adjustments for items not included in cash flow	-5.9	8.6	7.9
Income tax paid	-14.8	-10.9	-34.4
<b>Cash flow from operating activities before changes in working capital</b>	<b>114.3</b>	<b>76.4</b>	<b>441.3</b>
Changes in working capital	34.0	-24.2	-19.2
<b>Cash flow from operating activities</b>	<b>148.3</b>	<b>52.2</b>	<b>422.2</b>
Investments in operations	-30.0	-74.0	-251.4
Investments in other non-current assets	-26.4	-21.8	-98.0
Divestment of other tangible fixed assets	0.1	0.2	1.3
Received interest	0.2	0.0	1.5
<b>Cash flow to/from investing activities</b>	<b>-56.2</b>	<b>-95.6</b>	<b>-346.5</b>
Loans taken	48.0	108.6	307.4
Amortisation of loans	-44.3	-21.4	-315.7
Issue of warrants	-	-	6.0
Interest paid	-8.7	-7.4	-30.5
<b>Cash flow to/from financing activities</b>	<b>-5.0</b>	<b>79.8</b>	<b>-32.8</b>
<b>Cash flow for the period</b>	<b>87.2</b>	<b>36.5</b>	<b>42.8</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>270.3</b>	<b>226.9</b>	<b>226.9</b>
Translation differences in cash and cash equivalents	8.9	1.9	0.6
<b>Cash and cash equivalents at the end of the period</b>	<b>366.3</b>	<b>265.3</b>	<b>270.3</b>

# Reconciliation of non-IFRS metrics

SEKm	Q1		Jan-Dec
	2020	2019	2019
<b>Operating income</b>	<b>69.2</b>	<b>38.3</b>	<b>282.0</b>
Acquisition-related costs	-	1.4	1.7
Last-mile project	-	5.8	5.8
<b>Total items affecting comparability</b>	<b>-</b>	<b>7.2</b>	<b>7.5</b>
Amortisation and impairment of acquisition-related intangible fixed assets	10.8	9.8	40.6
<b>Adjusted EBIT</b>	<b>80.0</b>	<b>55.3</b>	<b>330.1</b>
<b>Adjusted EBIT (%)</b>	<b>4.9</b>	<b>4.5</b>	<b>5.3</b>
Depreciation and amortisation of tangible and intangible fixed assets	55.1	30.7	144.4
Gain/loss from sale of fixed assets	-0.0	-0.1	0.8
<b>Adjusted EBITDA</b>	<b>135.1</b>	<b>85.9</b>	<b>475.3</b>
<b>Adjusted EBITDA (%)</b>	<b>8.3</b>	<b>7.0</b>	<b>7.7</b>
Net sales	1,628.4	1,220.1	6,212.5
Cost of goods	-1,016.3	-775.0	-4,023.8
<b>Gross profit before direct selling costs</b>	<b>612.1</b>	<b>445.1</b>	<b>2,188.6</b>
<b>Gross profit before direct selling costs (%)</b>	<b>37.6</b>	<b>36.5</b>	<b>35.2</b>
Direct selling costs	-191.6	-144.7	-698.1
<b>Gross profit</b>	<b>420.5</b>	<b>300.4</b>	<b>1,490.5</b>
<b>Gross profit (%)</b>	<b>25.8</b>	<b>24.6</b>	<b>24.0</b>
Last-mile project	-	5.2	5.2
<b>Adjusted gross profit</b>	<b>420.5</b>	<b>305.6</b>	<b>1,495.7</b>
<b>Adjusted gross profit (%)</b>	<b>25.8</b>	<b>25.0</b>	<b>24.1</b>



# bhg.

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