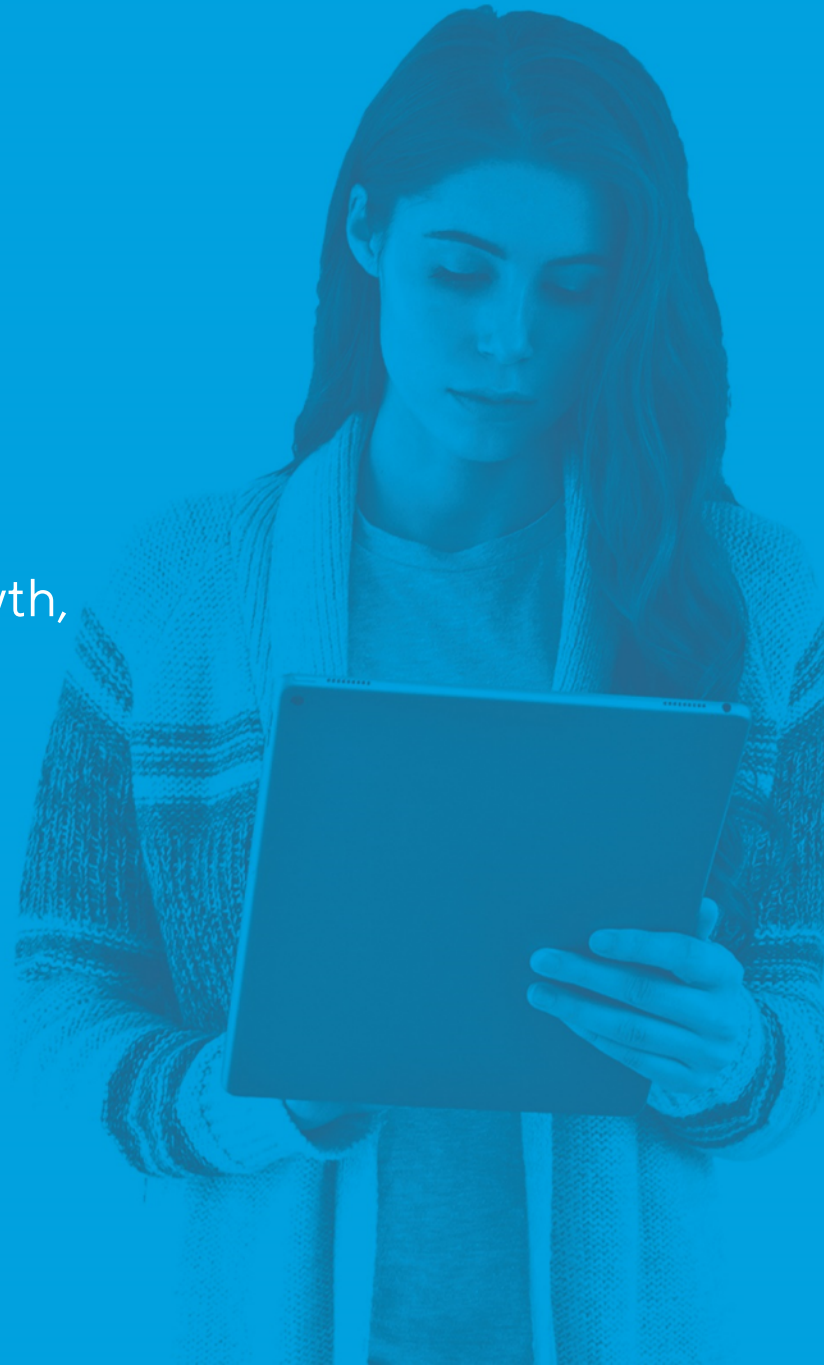




2020/Q2 **Exceptional growth**

A record-breaking quarter for growth,
profit and cash generation



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 Q2 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- Q&A

Linus Olsson
Business Controller
BHG



Agenda

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 - Group
 - DIY segment
 - Home Furnishing segment
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Linus Olsson
Business Controller
BHG

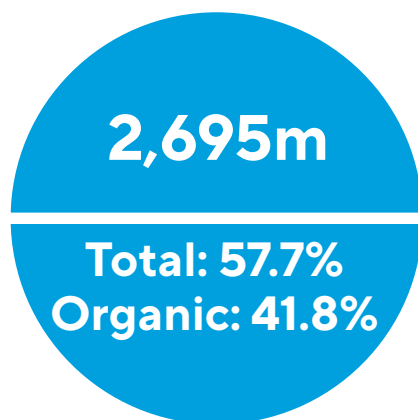


Select financial highlights

Strongest quarter to date

Sales

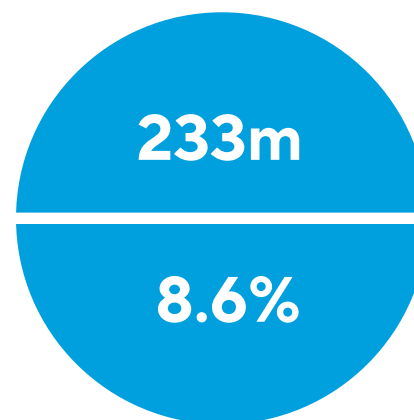
Net Sales (SEK)



Growth

Earnings

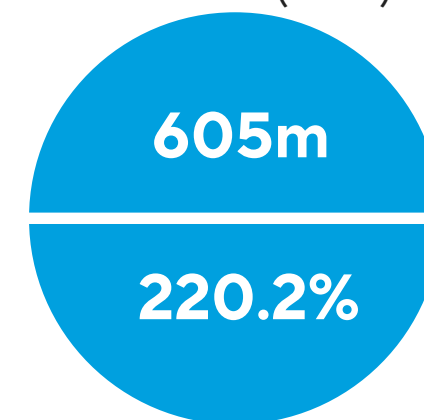
Adj. EBIT (SEK)



Adj. EBIT margin

Cash flow

Cash flow from operating activities (SEK)

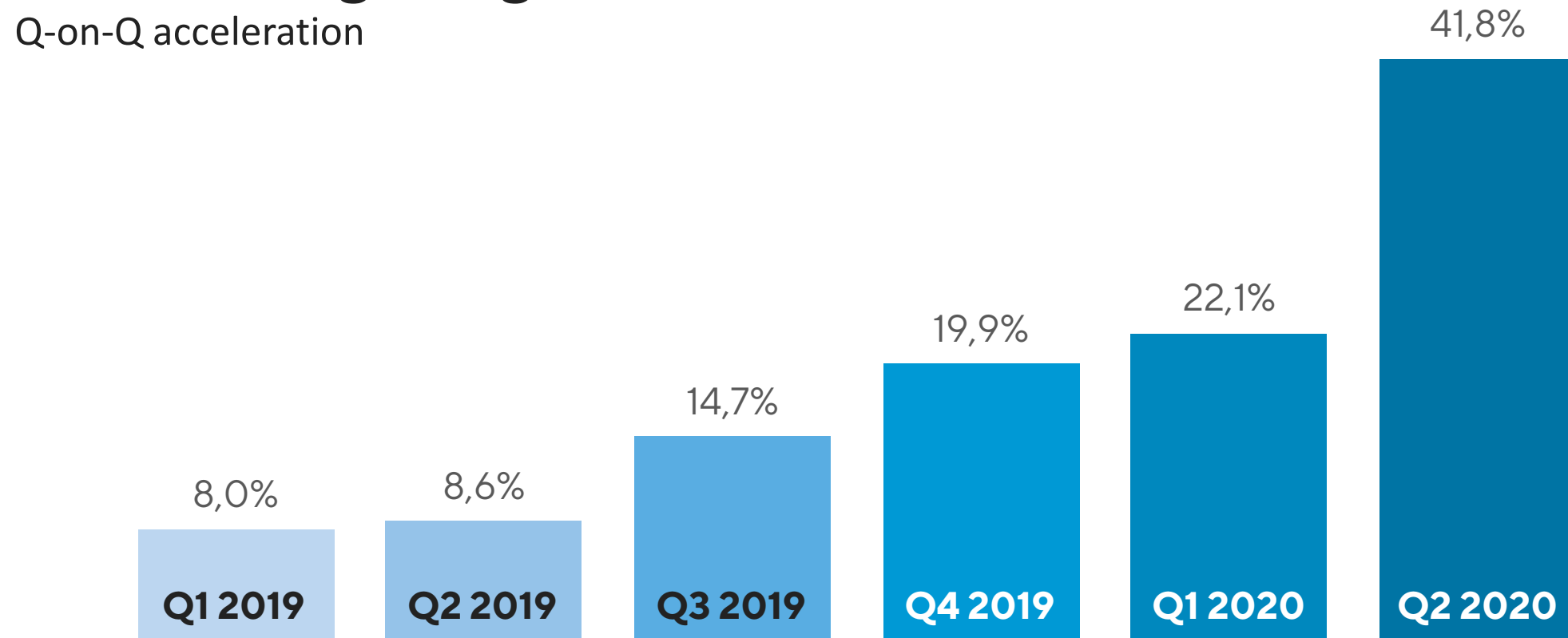


Cash conversion*

A record-breaking quarter for growth, profit and cash generation

Focus on organic growth

Q-on-Q acceleration

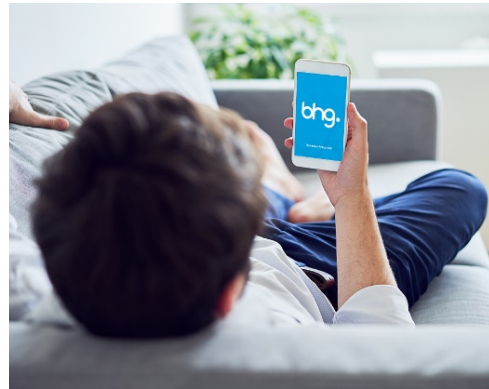


Organic growth has accelerated, five quarters straight



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

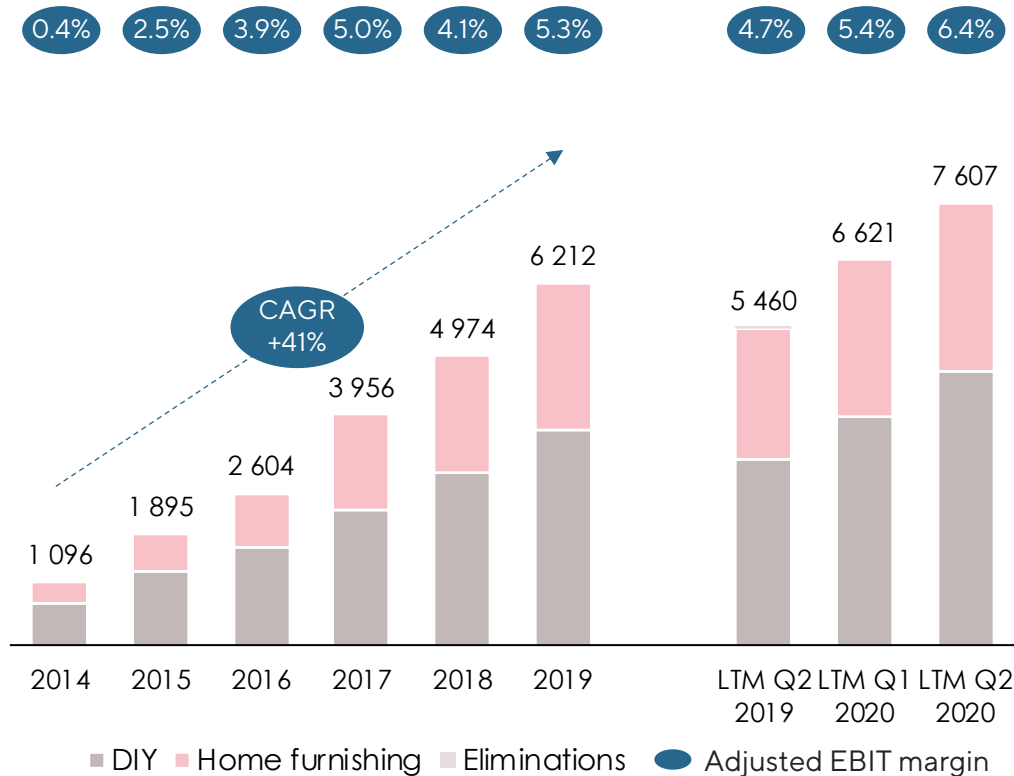
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- **Business update**
- Financial update Q2 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- Q&A



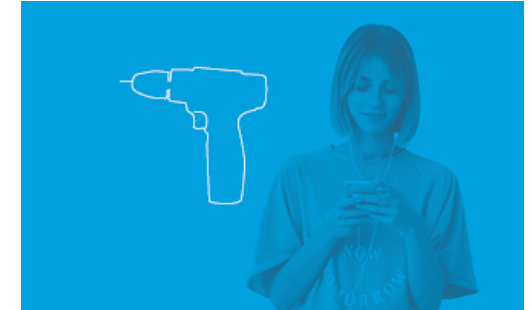
Felicia Jakobsson
Sales Quality Coordinator
Bygghemma.se

BHG at a glance

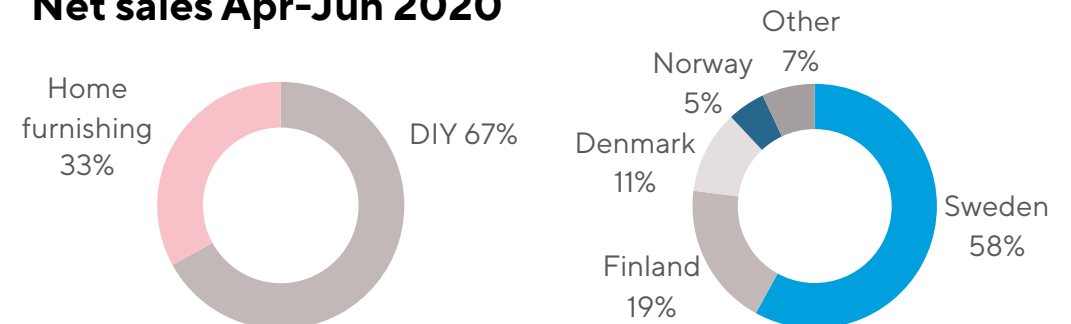
Significant scale and profitability



The European online leader in home improvement

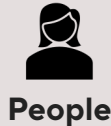


Net sales Apr-Jun 2020



Coronavirus situation and its effect on BHG's business

Operational



- Moved select office teams to home office, clearly separating white collar and blue collar teams, limited travel, moved meetings to video conference



Ops, supply & logistics

- Close alignment with suppliers; stocking buffers on inventory to prevent shortages; establishing alternative sources for out-of-stock risk products
- Some logistics partners experienced challenges scaling up fast enough but situation now improved
- Extraordinary demand situation put our customer service organisation to the test – now on the right track



Cash

- BHG's financial position is stronger than ever – ample liquidity and secured undrawn bank facilities

Sales



Demand

- Nordic consumers have spent more time at home and travelled less. Due to this situation consumers have invested more in products for the home
- This should be beneficial also in the aftermath of the immediate situation – the right categories (Home improvement) and channel (online)



Online migration

- Customers have been less inclined to shop in physical stores, shifting sales online
- It seems likely that the increased e-commerce penetration will persist – a new base has been established which we can grow from

The pandemic has clearly affected overall demand for our products favourably

Despite uncertainties, we are well positioned moving forward

Agenda

- Results highlights
- Business update
- **Financial update Q2 2020**
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- Q&A

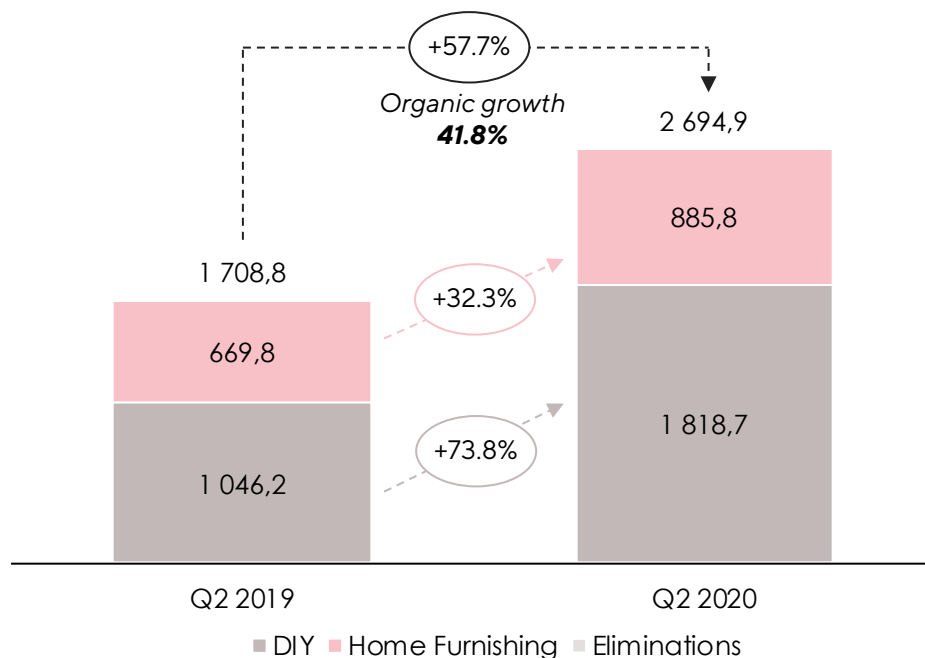
Christian Trolle
CEO
Golvpoolen.se



Record breaking performance for the quarter

Highest quarterly net sales to date – particularly strong growth in the DIY segment

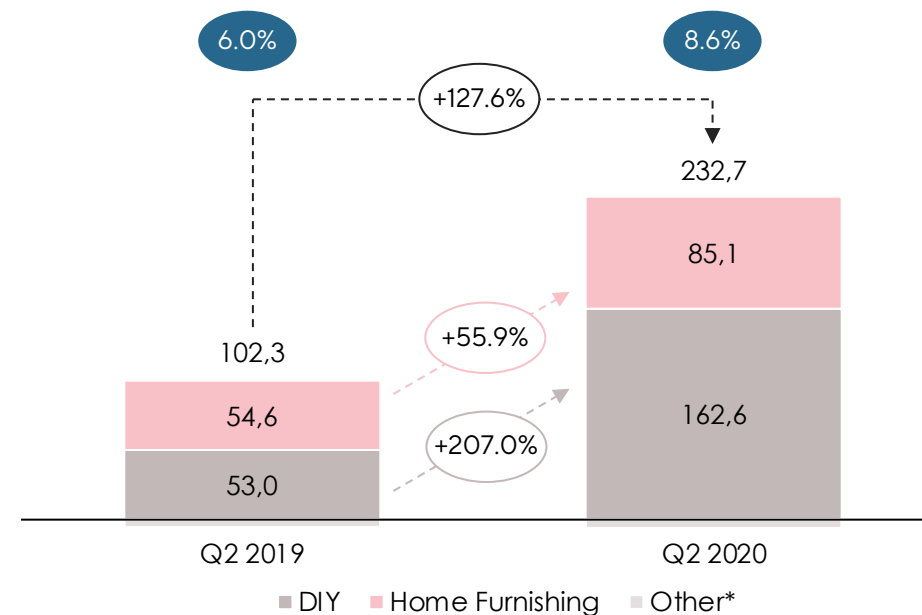
Net sales (SEKm)



Strongest quarterly EBIT and EBIT margin to date – disciplined strategy execution and growing share of private label in DIY

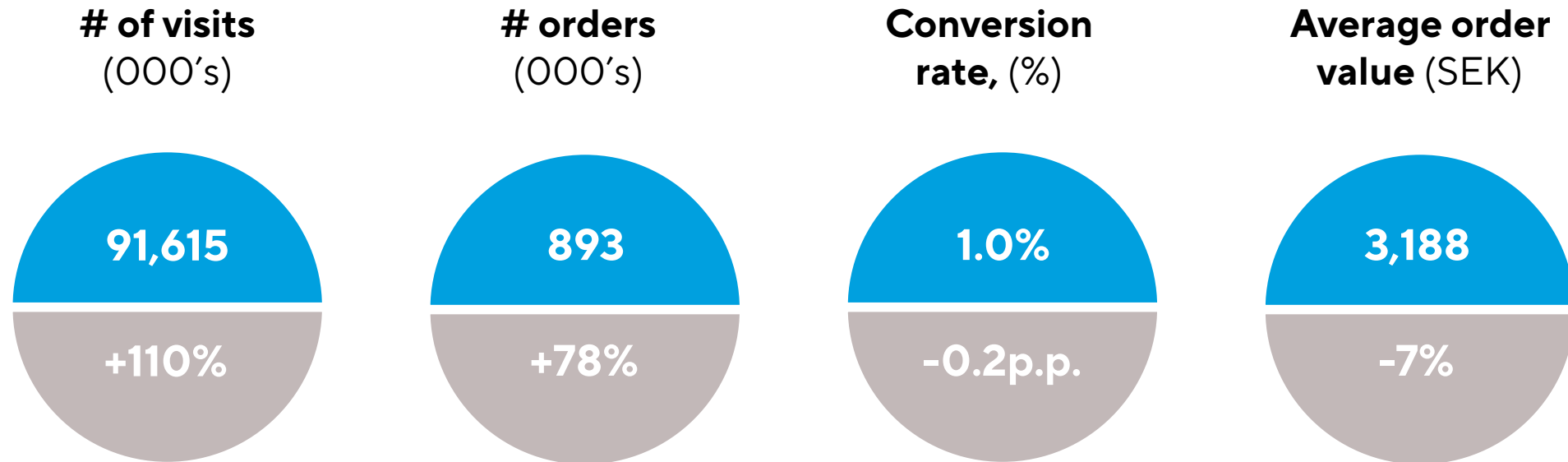
Adjusted EBIT (SEK)

Adjusted EBIT margin



Note: Items affecting comparability amounted to SEK 0.0 million (0.3) in the quarter.
 * The Group's other operations primarily consist of Group-wide functions and financing arrangements

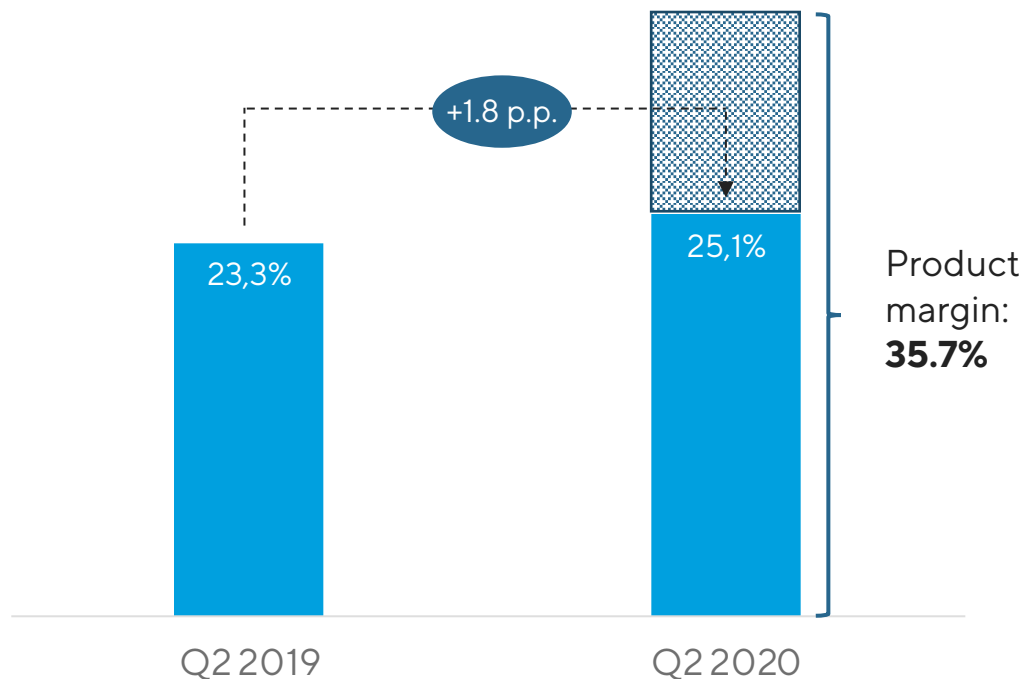
Continued strong development in KPIs



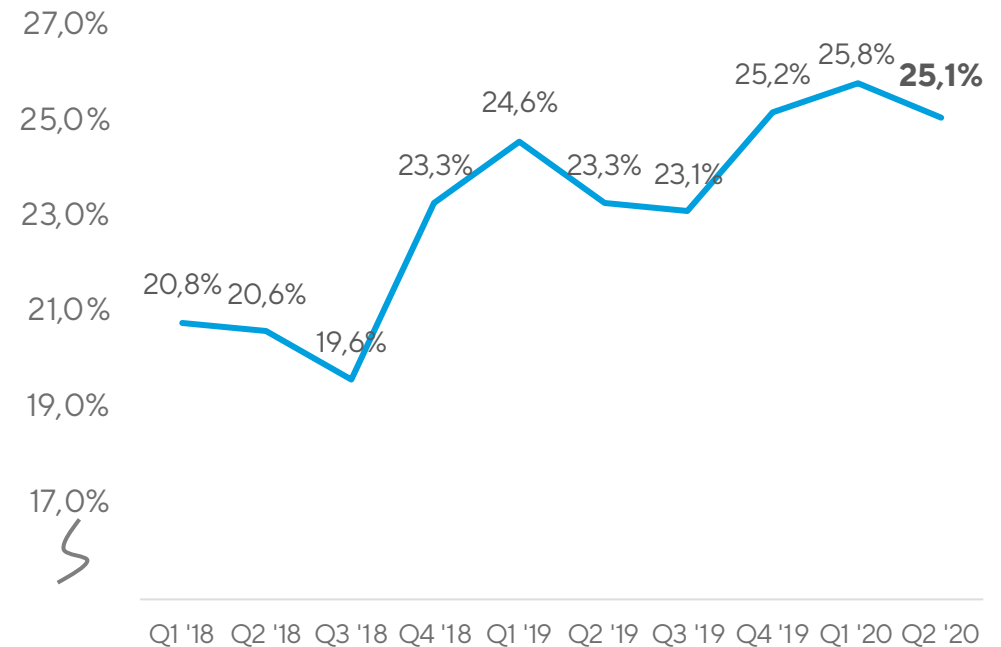
Strong growth on the basis of sound fundamentals

Continued improved gross margin trajectory

Gross margin improvement driven by continued focus on cost and process efficiencies and increasing share of private label



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

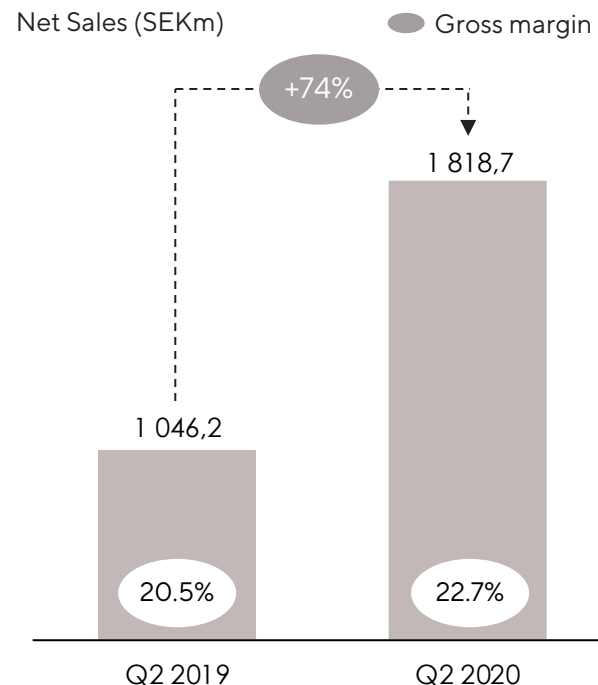


DIY segment

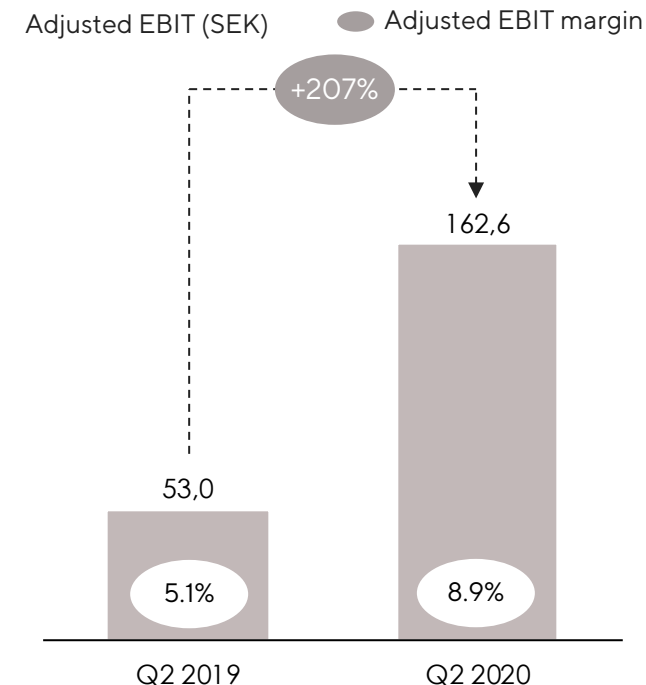
Exceptionally strong second quarter

- Net sales increased by 73.8% of which organic growth accounted for 48.3% - continued to consolidate position as the leading player in online DIY in the Nordics
- All five recent acquisitions reported healthy growth in the period and contributed to increasing share of proprietary brands favourably impacting gross margin
- Widening digital lead, as exemplified by more consumers than ever visiting our sites and further broadening our range of installation services
- The exceptional growth led to shifts in product and geographic mix resulting in lower AOV - no adverse effect on gross margin
- Adjusted EBIT amounted to record-high SEK 162.6m - an increase of 207.0%

DIY represented 67% of the Group's net sales in the second quarter



Record-high adjusted EBIT

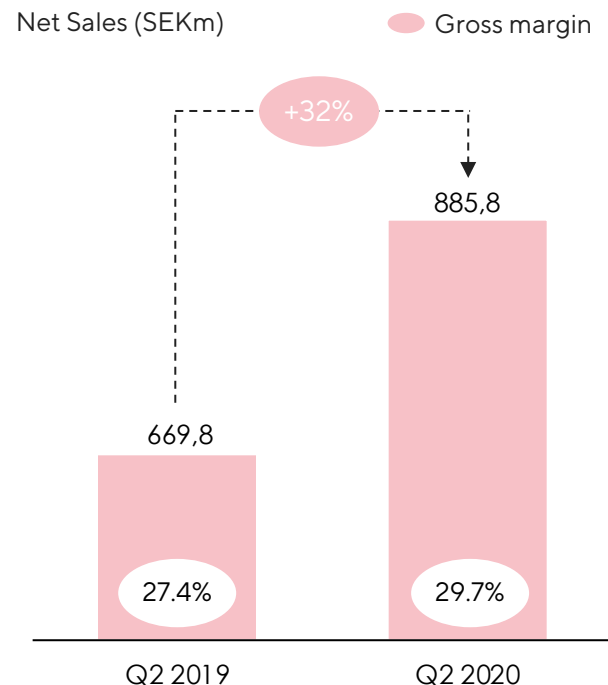


Home Furnishing segment

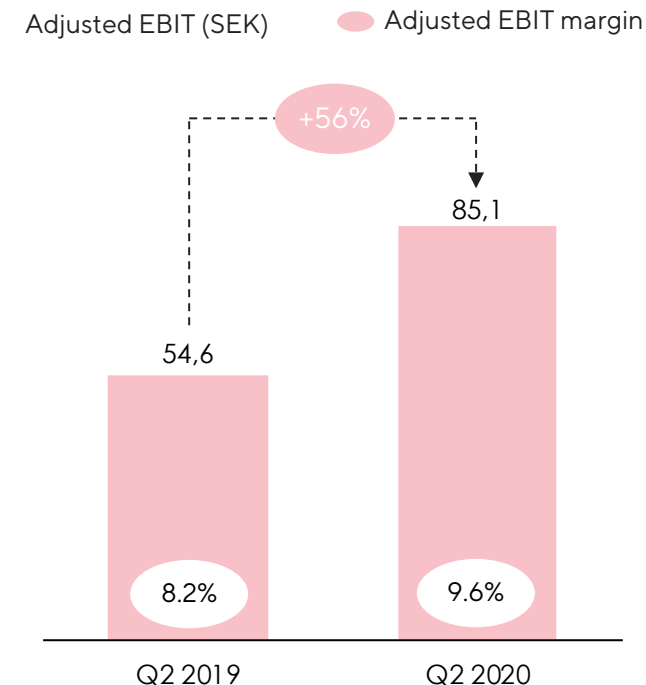
Seventh consecutive quarter of good growth and margins

- Net sales increased by 32.3% of which organic growth accounted for 31.5%
- Growth of 25% or more in all geographic markets except Norway, which despite a weak NOK and the price increases we implemented to offset the currency headwind grew by more than 10%
- Shifts to product and geographic mix led to slightly lower AOV but did not have any negative effects on unit economics
- Coverage through our own last-mile distribution continued – Southern Sweden now successfully established and roll-out in metropolitan areas of Helsinki and Oslo planned as next in line
- Adjusted EBIT amounted SEK 85.1 million corresponding to an adjusted EBIT margin of 9.6%

Home Furnishing represented 33% of the Group's net sales in the second quarter



Solid growth in adjusted EBIT



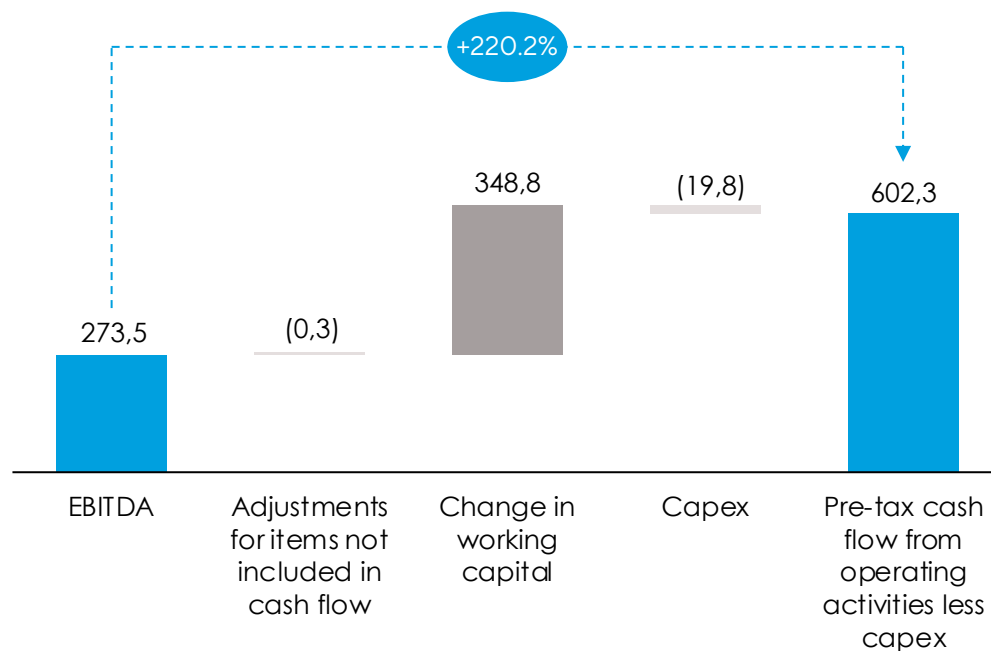
Cash flow and financial position

Record breaking cash generation in the quarter

The exceptional quarter demonstrated BHG's attractive business model with low tied-up capital and high cash flows when growth is strong

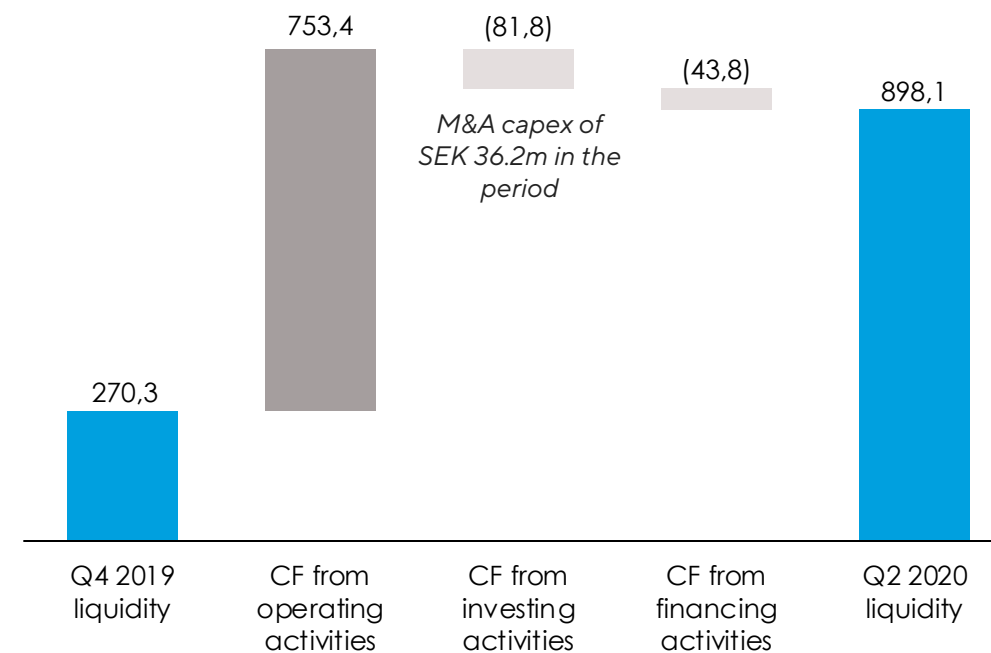
Q2 2020 (SEKm)

● Cash conversion



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

SEKm



Cash flow and financial position

BHG's financial position is stronger than ever

Overview of financial position

SEKm	30 Jun 2020
Interest bearing liabilities	2,095.9
Cash and cash equivalents	(898.1)
Adjustment lease liabilities	(477.2)
Adjustment for earn-outs and deferred payments	(750.9)
Adjustment transaction costs	3.6
Net debt / (Net cash)	(26.7)
Q2 2020 LTM adjusted EBITDA (excl. impact from IFRS 16)	526.1
Net debt / LTM adjusted EBITDA	-0.1x

- **Net cash** amounted to SEK 27m, hence outperforming Net debt / EBITDA target of 1.5 – 2.5x
- The Group's unutilised credit facilities amounted to SEK 524 million at the end of the period, compared with SEK 577 million at the beginning of the year
- BHG's financial position is stronger than ever and means that we can continue to execute our organic growth initiatives robustly and also combine them with an active acquisition strategy moving forward

Agenda

- Results highlights
- Business update
- Financial update Q2 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
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Q2 Summary

BHG stands strong	<ul style="list-style-type: none"> Strong position at the end of Q1 – further strengthened during Q2
Accelerating growth	<ul style="list-style-type: none"> Five quarters of accelerating growth, total as well as organic
Strong gross and bottom-line margins	<ul style="list-style-type: none"> Strongest adj. EBIT margin to date – on the back of continued gross margin expansion, a higher share of own brands and operating leverage
Financial position stronger than ever	<ul style="list-style-type: none"> Ample liquid funds available: SEK 898m of cash on hand and SEK 524m in combined undrawn credit facilities
Strategy execution in full swing	<ul style="list-style-type: none"> Continuing to build BHG ecosystem: Expansion of last mile and installation footprint
On course to 10bn	<ul style="list-style-type: none"> We go for 10! LTM sales of SEK 7.6bn and improved margins substantiates path to mid-term financial target

Agenda

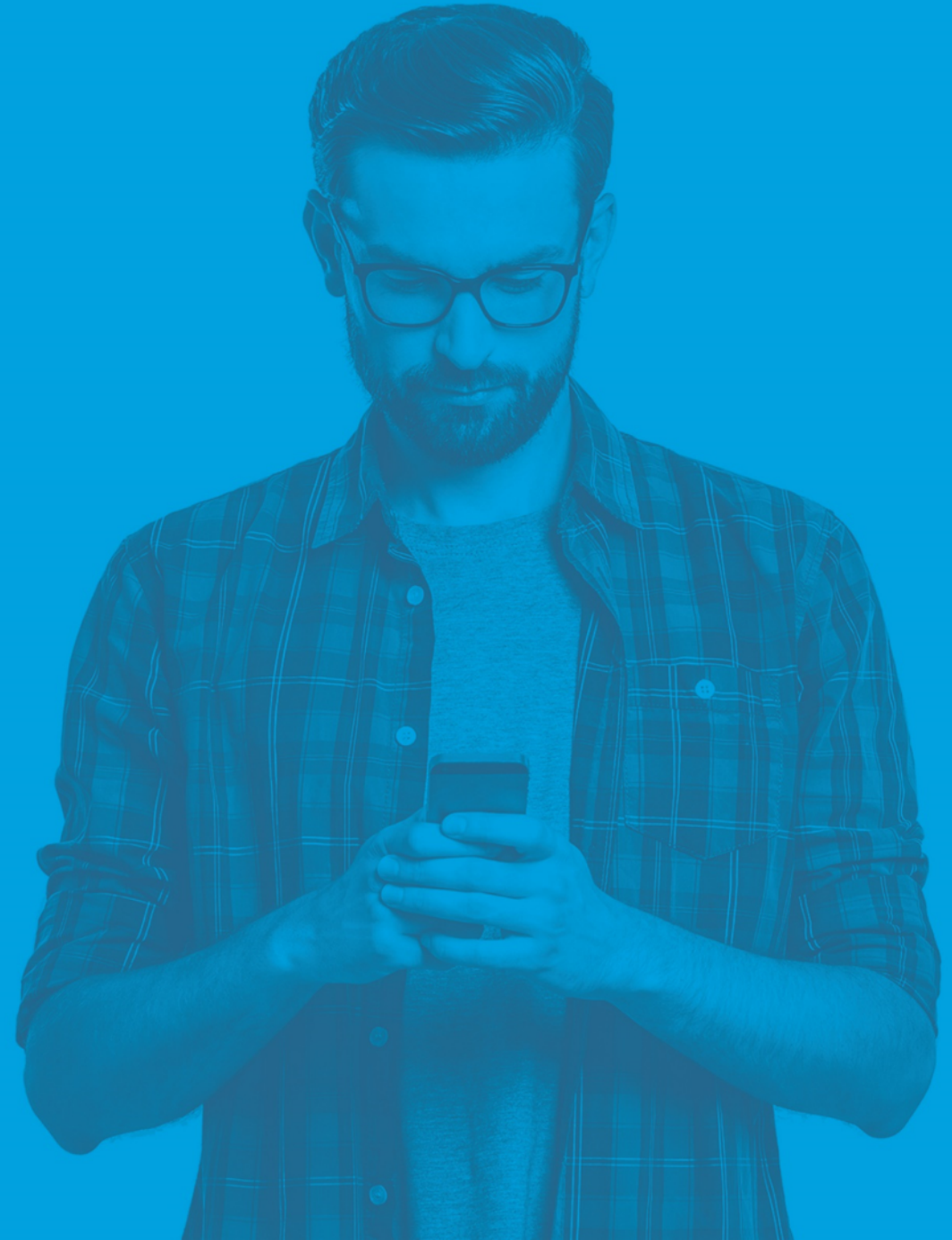
- Results highlights
- Business update
- Financial update Q2 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- **Q&A**



Katja Hempel
Graphic Designer & Campaign Coordinator
Bygghemma.se



Appendix



Condensed consolidated financial information

SEKm (if not otherwise stated)	Apr-Jun			Jan-Jun			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	2,694.9	1,708.8	57.7	4,323.3	2,928.9	47.6	6,212.5
Gross profit	675.5	397.6	69.9	1,096.0	698.1	57.0	1,490.5
Gross margin (%)	25.1	23.3	1.8 p.p.	25.4	23.8	1.5 p.p.	24.0
Adjusted EBITDA*	273.5	135.7	101.5	408.6	221.7	84.3	475.3
Adjusted EBITDA margin (%)	10.2	7.9	2.2 p.p.	9.5	7.6	1.9 p.p.	7.7
Adjusted EBIT*	232.7	102.3	127.6	312.7	157.5	98.5	330.1
Adjusted EBIT margin (%)	8.6	6.0	2.7 p.p.	7.2	5.4	1.9 p.p.	5.3
Items affecting comparability	-	-0.3		-	-7.5		-7.5
Operating income	222.0	91.9	141.5	291.2	130.2	123.7	282.0
Operating margin (%)	8.2	5.4	2.9 p.p.	6.7	4.4	2.3 p.p.	4.5
Net profit for the period	147.2	53.9	173.2	193.4	76.0	154.4	179.9
Cash flow from operating activities	605.1	260.6	132.2	753.4	312.8	140.9	422.2
Visits (thousands)	91,615	43,583	110.2	148,539	78,464	89.3	184,398
Orders (thousands)	893	503	77.6	1,432	902	58.8	1,940
Conversion rate (%)	1.0	1.2	-0.2 p.p.	1.0	1.1	-0.2 p.p.	1.1
Average order value (SEK)	3,188	3,417	-6.7	3,165	3,290	-3.8	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)	Apr-Jun			Jan-Jun			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	1,818.7	1,046.2	73.8	2,760.1	1,734.8	59.1	3,700.8
Gross profit	413.1	214.9	92.3	627.1	363.8	72.4	794.3
Gross margin (%)	22.7	20.5	2.2 p.p.	22.7	21.0	1.8 p.p.	21.5
Adjusted EBITDA	185.5	68.1	172.1	247.8	100.6	146.4	235.4
Adjusted EBITDA margin (%)	10.2	6.5	3.7 p.p.	9.0	5.8	3.2 p.p.	6.4
Adjusted EBIT	162.6	53.0	207.0	201.8	71.1	183.7	167.9
Adjusted EBIT margin (%)	8.9	5.1	3.9 p.p.	7.3	4.1	3.2 p.p.	4.5
Items affecting comparability	-	-0.1		-	-1.5		-1.4
Operating income	154.6	45.6	238.9	185.8	55.3	236.1	136.9
Operating margin (%)	8.5	4.4	4.1 p.p.	6.7	3.2	3.5 p.p.	3.7
Net profit for the period	93.6	22.0	324.9	113.0	25.2	347.6	28.1
Visits (thousands)	46,950	23,647	98.5	71,638	40,984	74.8	86,473
Orders (thousands)	588	317	85.5	898	548	63.7	1,141
Conversion rate (%)	1.3	1.3	-0.1 p.p.	1.3	1.3	-0.1 p.p.	1.3
Average order value (SEK)	3,271	3,392	-3.6	3,287	3,270	0.5	3,255

Home Furnishing segment

SEKm (if not otherwise stated)	Apr-Jun			Jan-Jun			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	885.8	669.8	32.3	1,580.4	1,203.9	31.3	2,533.1
Gross profit	262.7	183.4	43.2	469.7	335.1	40.2	697.5
Gross margin (%)	29.7	27.4	2.3 p.p.	29.7	27.8	1.9 p.p.	27.5
Adjusted EBITDA	103.0	72.9	41.4	179.5	130.4	37.7	262.7
Adjusted EBITDA margin (%)	11.6	10.9	0.7 p.p.	11.4	10.8	0.5 p.p.	10.4
Adjusted EBIT	85.1	54.6	55.9	129.7	95.7	35.5	185.0
Adjusted EBITmargin (%)	9.6	8.2	1.5 p.p.	8.2	7.9	0.3 p.p.	7.3
Items affecting comparability	-	-0.2		-	-6.0		-6.0
Operating income	82.3	51.6	59.5	124.1	84.2	47.4	168.0
Operating margin (%)	9.3	7.7	1.6 p.p.	7.9	7.0	0.9 p.p.	6.6
Net profit for the period	66.8	37.5	78.0	96.0	61.1	57.2	74.6
Visits (thousands)	44,665	19,935	124.0	76,900	37,480	105.2	97,925
Orders (thousands)	305	186	64.2	535	354	51.2	799
Conversion rate (%)	0.7	0.9	-0.2 p.p.	0.7	0.9	-0.2 p.p.	0.8
Average order value (SEK)	3,027	3,461	-12.5	2,962	3,321	-10.8	3,188

P&L

SEKm	Apr-Jun		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
Net sales	2,694.9	1,708.8	4,323.3	2,928.9	6,212.5
Other operating income	3.2	-0.0	0.1	0.0	0.3
Total net sales	2,698.1	1,708.7	4,323.3	2,928.9	6,212.7
Cost of goods sold	-2,019.4	-1,311.1	-3,227.3	-2,230.8	-4,721.9
Personnel costs	-166.3	-123.7	-305.2	-230.9	-493.4
Other external costs and operating expenses	-238.8	-137.1	-380.4	-248.2	-525.5
Other operating expenses	0.0	-2.2	-1.7	-5.5	-4.9
Depreciation and amortisation of tangible and intangible fixed assets	-51.6	-42.7	-117.5	-83.3	-185.0
Operating income	222.0	91.9	291.2	130.2	282.0
Profit/loss from financial items	-31.8	-20.6	-39.1	-29.9	-48.9
Profit before tax	190.1	71.3	252.1	100.3	233.1
Income tax	-42.9	-17.4	-58.7	-24.3	-53.2
Profit for the period	147.2	53.9	193.4	76.0	179.9
Attributable to:					
Equity holders of the parent	144.3	53.3	190.9	74.6	176.2
Non-controlling interest	2.9	0.6	2.5	1.5	3.6
Net income for the period	147.2	53.9	193.4	76.0	179.9
Earnings per share before dilution, SEK	1.34	0.50	1.78	0.69	1.64
Earnings per share after dilution, SEK	1.33	0.50	1.77	0.69	1.64

Balance sheet

SEKm	30 Jun		31 Dec
	2020	2019	2019
Non-current assets			
Goodwill	3,011.0	2,713.5	2,896.7
Other intangible fixed assets	1,320.5	1,268.3	1,293.6
Total intangible fixed assets	4,331.6	3,981.8	4,190.2
Buildings and land	10.6	11.4	10.7
Leased fixed assets	480.2	348.7	459.2
Tangible fixed assets	45.7	34.4	39.8
Financial fixed assets	8.3	5.1	6.6
Deferred tax asset	11.9	9.2	13.5
Total fixed assets	4,888.3	4,390.6	4,720.1
Current assets			
Inventories	810.3	605.3	668.4
Current receivables	379.6	306.3	359.5
Cash and cash equivalents	898.1	281.7	270.3
Total current assets	2,088.0	1,193.3	1,298.1
Total assets	6,976.3	5,584.0	6,018.2
Equity			
Equity attributable to owners of the parent	2,972.7	2,855.0	2,889.7
Non-controlling interest	37.9	33.6	35.4
Total equity	3,010.6	2,888.6	2,925.1
Non-current liabilities			
Deferred tax liability	254.6	239.5	249.6
Other provisions	23.3	2.0	23.0
Non-current interest-bearing liabilities to credit institutions	821.4	616.4	813.6
Non-current lease liabilities	347.5	267.7	339.7
Other non-current liabilities	703.5	338.7	507.0
Total non-current liabilities	2,150.2	1,464.3	1,933.0
Current liabilities			
Current interest-bearing liabilities to credit institutions	46.4	18.0	-
Current lease liabilities	129.8	94.9	118.9
Other interest-bearing liabilities	47.5	53.2	47.5
Other current liabilities	1,591.9	1,064.9	993.8
Total current liabilities	1,815.5	1,231.0	1,160.1
Total equity and liabilities	6,976.3	5,584.0	6,018.2

Consolidated statement of cash flows

SEKm	Apr-Jun		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
EBITDA	273.5	135.5	408.6	214.2	467.8
Adjustments for items not included in cash flow	-0.3	0.7	-6.2	9.2	7.9
Income tax paid	-17.0	-13.0	-31.8	-23.9	-34.4
Cash flow from operating activities before changes in working capital	256.3	123.1	370.6	199.5	441.3
Changes in working capital	348.8	137.5	382.8	113.3	-19.2
Cash flow from operating activities	605.1	260.6	753.4	312.8	422.2
Investments in operations	-6.2	-27.1	-36.2	-101.1	-251.4
Investments in other non-current assets	-19.8	-24.7	-46.2	-46.4	-98.0
Divestment of other tangible fixed assets	0.1	-0.1	0.1	0.1	1.3
Received interest	0.2	0.3	0.4	0.4	1.5
Cash flow to/from investing activities	-25.6	-51.5	-81.8	-147.1	-346.5
Loans taken	5.5	20.3	53.5	128.9	307.4
Amortisation of loans	-27.7	-212.8	-72.0	-234.2	-315.7
Issue of warrants	-	6.0	-	6.0	6.0
Interest paid	-8.2	-8.3	-16.9	-15.7	-30.5
Cash flow to/from financing activities	-30.4	-194.8	-35.4	-115.0	-32.8
Cash flow for the period	549.1	14.3	636.2	50.8	42.8
Cash and cash equivalents at the beginning of the period	366.3	265.3	270.3	226.9	226.9
Translation differences in cash and cash equivalents	-17.3	2.1	-8.4	4.0	0.6
Cash and cash equivalents at the end of the period	898.1	281.7	898.1	281.7	270.3

Reconciliation of non-IFRS metrics

SEKm	Apr-Jun		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
Operating income	222.0	91.9	291.2	130.2	282.0
Acquisition-related costs	-	0.3	-	1.7	1.7
Last-mile project	-	-	-	5.8	5.8
Total items affecting comparability	-	0.3	-	7.5	7.5
Amortisation and impairment of acquisition-related intangible fixed assets	10.8	10.0	21.5	19.8	40.6
Adjusted EBIT	232.7	102.3	312.7	157.5	330.1
Adjusted EBIT (%)	8.6	6.0	7.2	5.4	5.3
Depreciation and amortisation of tangible and intangible fixed assets	40.9	32.7	96.0	63.4	144.4
Gain/loss from sale of fixed assets	-0.1	0.8	-0.1	0.7	0.8
Adjusted EBITDA	273.5	135.7	408.6	221.7	475.3
Adjusted EBITDA (%)	10.2	7.9	9.5	7.6	7.7
Net sales	2,694.9	1,708.8	4,323.3	2,928.9	6,212.5
Cost of goods	-1,731.9	-1,126.9	-2,748.2	-1,901.9	-4,023.8
Gross profit before direct selling costs	963.0	581.8	1,575.1	1,026.9	2,188.6
Gross profit before direct selling costs (%)	35.7	34.0	36.4	35.1	35.2
Direct selling costs	-287.5	-184.2	-479.2	-328.9	-698.1
Gross profit	675.5	397.6	1,096.0	698.1	1,490.5
Gross profit (%)	25.1	23.3	25.4	23.8	24.0
Last-mile project	-	-	-	5.2	5.2
Adjusted gross profit	675.5	397.6	1,096.0	703.2	1,495.7
Adjusted gross profit (%)	25.1	23.3	25.4	24.0	24.1



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