



2020/Q3 **Continued strong growth**

Clear economies of scale and
increased margins



Today's presenters

Adam Schatz
President and CEO



- **BHG since 2019**
- Axiell Group 2015-2019 (Exec. VP and CFO)
- 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 Q3 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- Q&A



Agenda

- **Results highlights**
- Business update
- Financial update Q3 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- Q&A

Christian Trolle
CEO
Golvpoolen.se

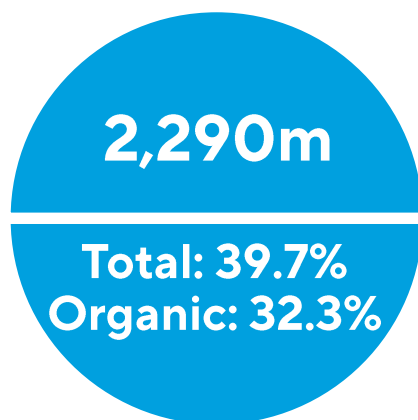


Select financial highlights

Continued strong growth

Sales

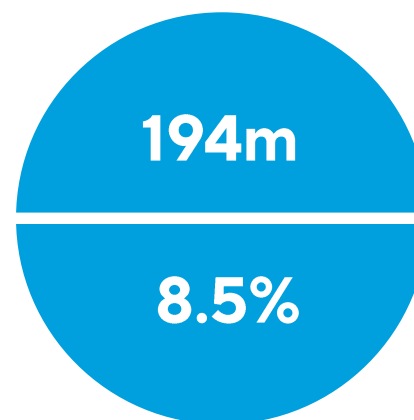
Net Sales (SEK)



Growth

Earnings

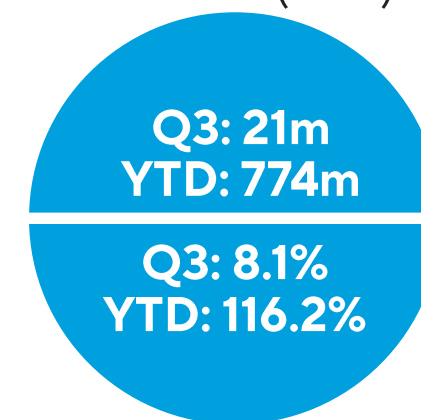
Adj. EBIT (SEK)



Adj. EBIT margin

Cash flow

Cash flow from operating activities (SEK)

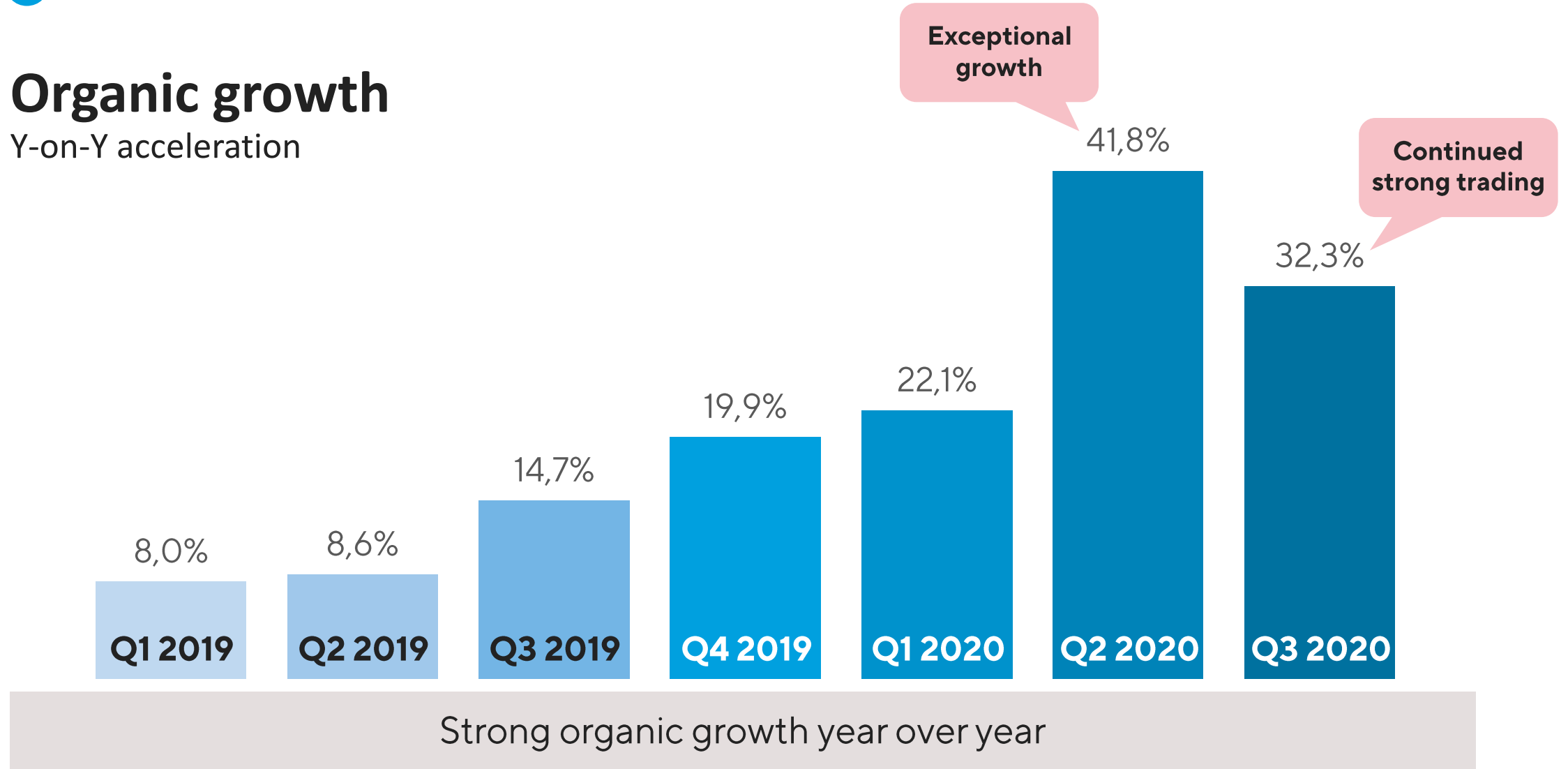


Cash conversion*

Yet another strong quarter – clear economies of scale and increased margins

Organic growth

Y-on-Y acceleration





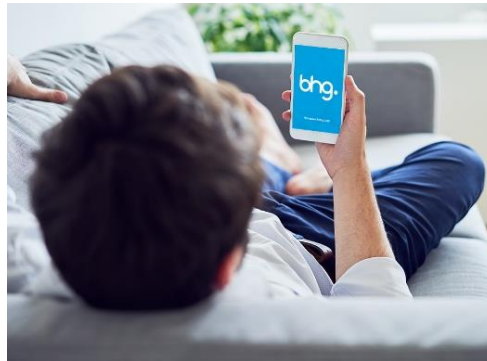
Our strategy remains focused on four cornerstones

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

The Product Offering as the base...

...with the Customer at the centre

Our history of acquisitions has accelerated the creation of the BHG ecosystem by contributing to each of the four strategy pillars

Agenda

- Results highlights
- **Business update**
- Financial update Q3 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

Sales CAGR 2014-LTM Q3'20

40%



EBIT CAGR 2014-LTM Q3'20

>100%



EBIT margin LTM Q3'20

7.2%



Online destinations

85+



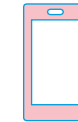
WE MAKE LIVING EASY
#1 Nordic consumer e-commerce company

Two segments
DIY **HF**



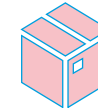
Site visits YTD 2020

~224m



Orders YTD 2020

~2m



Countries with BHG presence

19



Number of SKUs

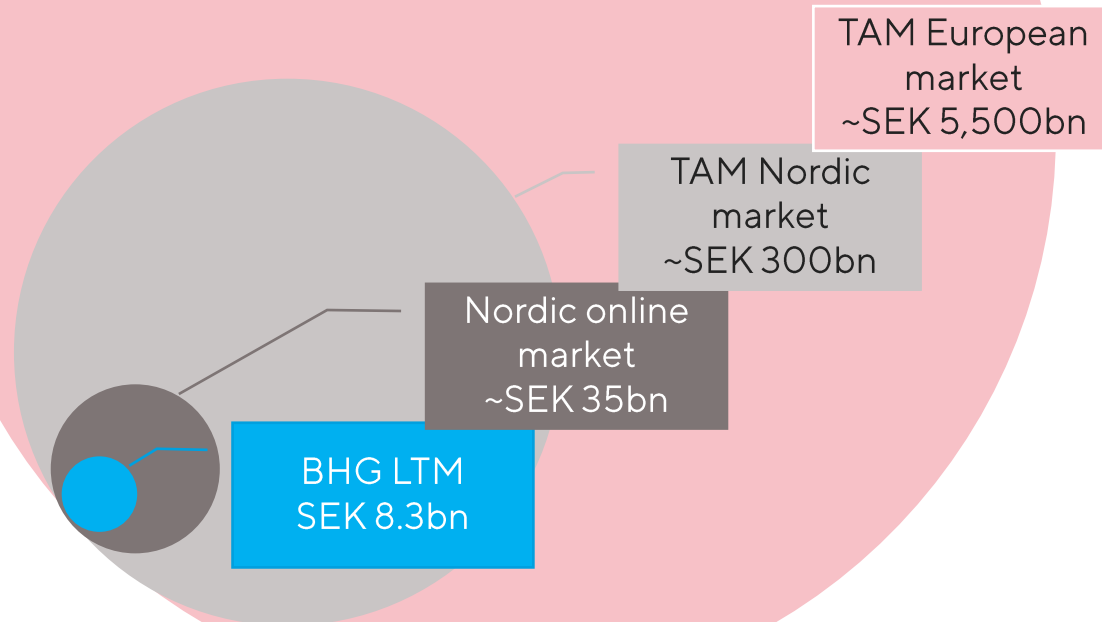
~1m



The Nordic Home Improvement Playing Field

BHG in prime position to continue capturing growth

We are targeting a massive market opportunity...

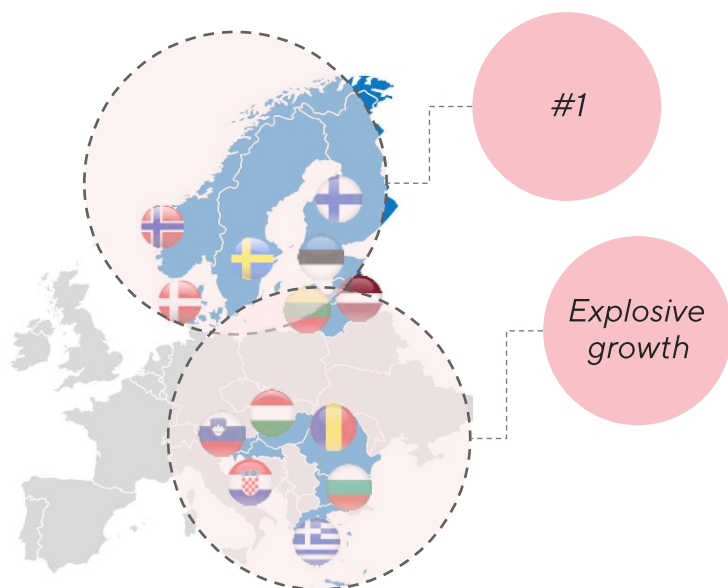


...where the lion's share of growth flows into the online segment

- BHGs Total Addressable Market increased through category expansion
- The total Nordic market in which we now operate estimated to total ~SEK 300bn p.a.
- The online share of the Nordic market is estimated to be ~SEK 35bn
- Lion's share of annual market growth is attributable to the online segment – significant growth opportunities

Geographic footprint – attractive base today, with significant further opportunities

Strong geographic base...



...with plenty of organic and inorganic growth opportunities

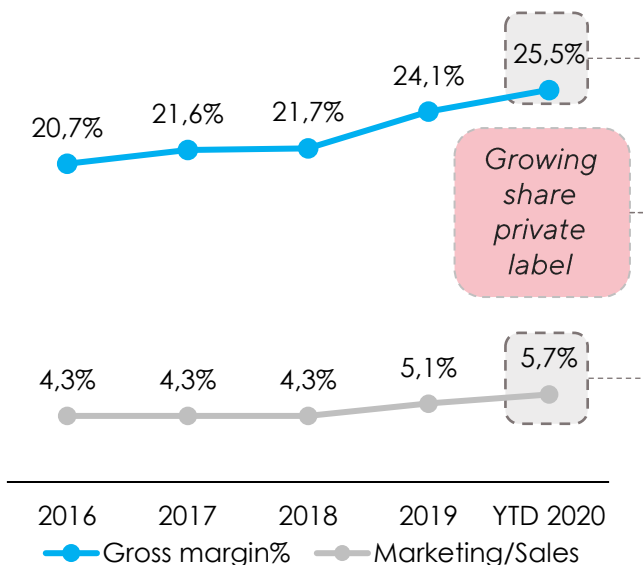
	Current base	New geographies
Organic	<p>TAM in base easily large enough to sustain growth trajectory:</p> <ul style="list-style-type: none">• DIY: Online penetration increase + product assortment driving growth• HF: Plenty of room to grow in the Nordics, as well as our current 10 geographies in Eastern Europe	<p>Critical mass to pursue organic expansion into new geographies</p> <ul style="list-style-type: none">• DIY: Nordic PL expansion – and selectively addressing mainland EU• HF: Have a proven model for expanding organically on the back of our current platform
M&A	<p>Strong deal flow from existing geographies – and pipeline has picked up after Q2 lull</p>	<p>Increasing deal flow from new geographies – continuously scanning opportunities</p>

Attractive and profitable customer base

Broad and growing customer base

- ~70% aged 25-55
- ~50/50 women/men (difference between segments)
- ~40% growth in active customers Q3 2020
- Growing share of returning customers
- Low single digit return rates

Low marketing cost and increasing gross margin



Customer demand clearly boosted during the pandemic

- The pandemic has clearly affected overall demand for our products favourably: Consumers have spent more time at home and travelled less – invested more in their homes and through online
- The overall customer profile, however, has remained relatively unchanged
- High demand has put strain on organization, but significant steps taken in quarter to get back on track

Agenda

- Results highlights
- Business update
- **Financial update Q3 2020**
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- Q&A

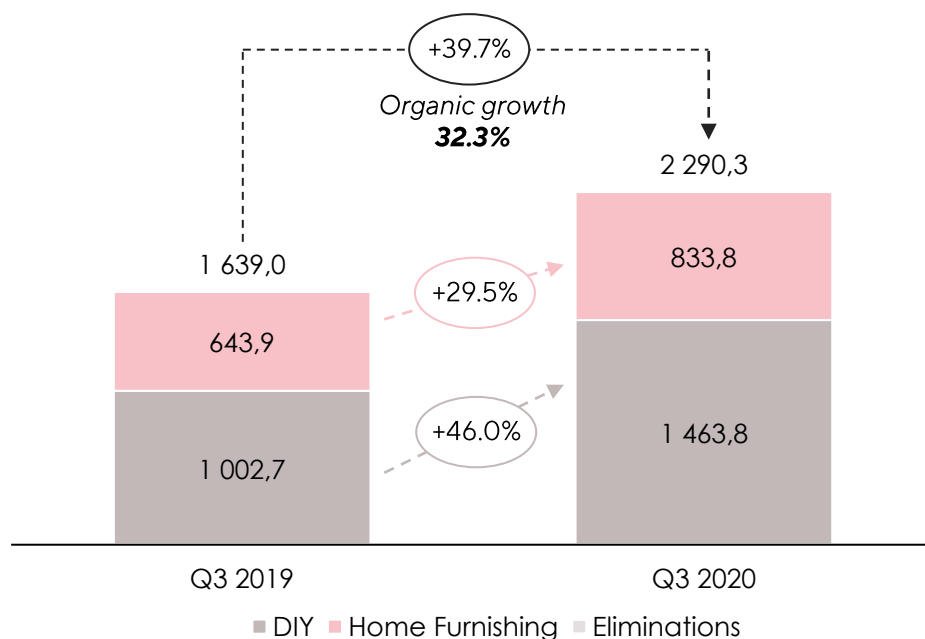


Katja Hempel
Graphic Designer & Campaign Coordinator
Bygghemma.se

Strong growth and profitability in the quarter

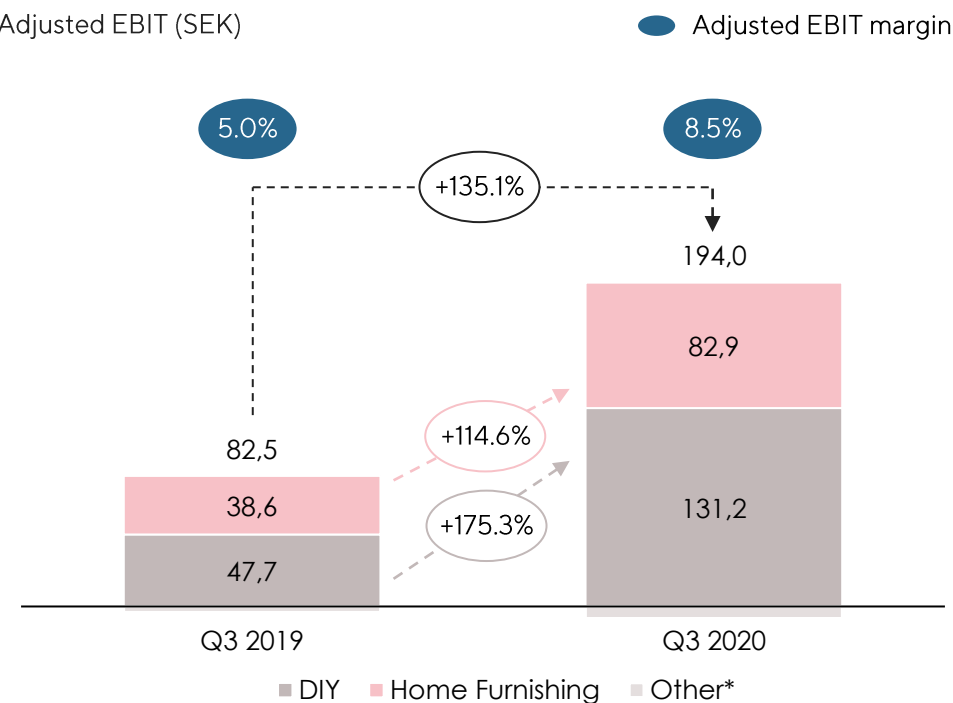
Changed customer behaviours in early stages of the pandemic persisting – particularly strong growth in the DIY segment

Net sales (SEKm)



High EBIT and EBIT margin – clear economies of scale and increased margins

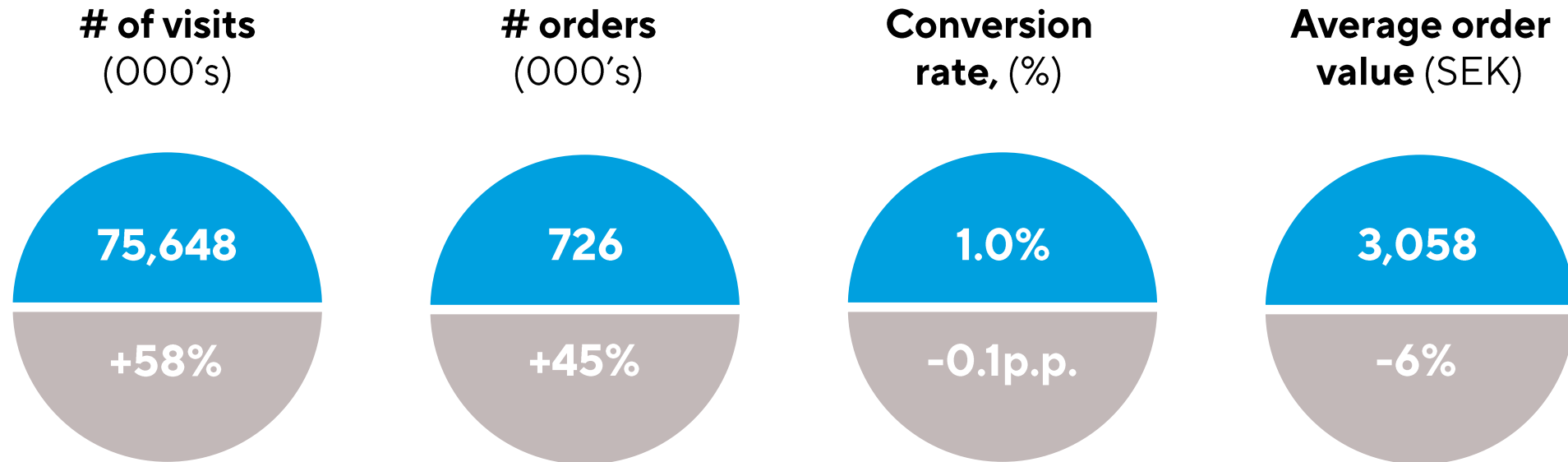
Adjusted EBIT (SEK)



Note: No items affecting comparability in Q3 2020 or Q3 2019.

* The Group's other operations primarily consist of Group-wide functions and financing arrangements

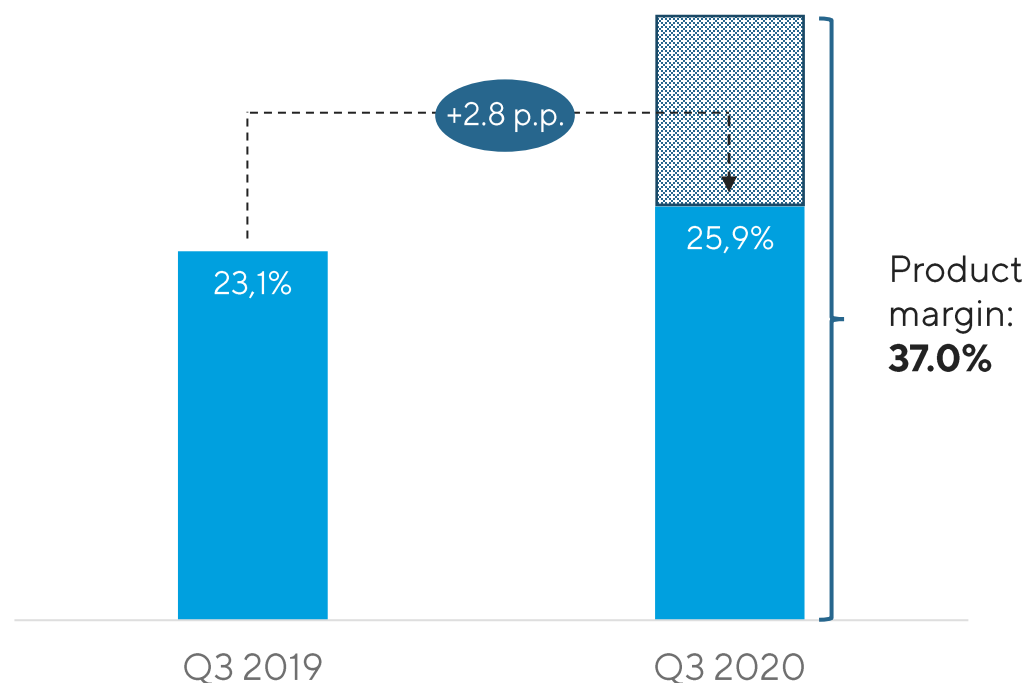
Continued robust development in KPIs



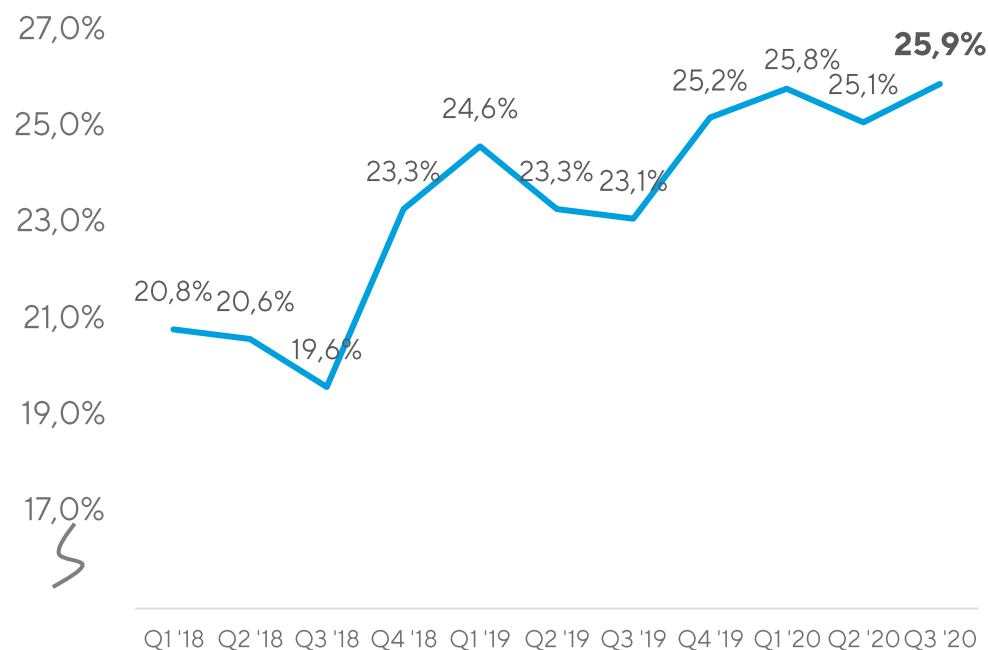
Strong growth on the basis of sound fundamentals

Highest quarterly gross margin to date

Gross margin improvement driven by increasing share of proprietary brands, continued focus on pricing, cost and process efficiencies and positive currency effects



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

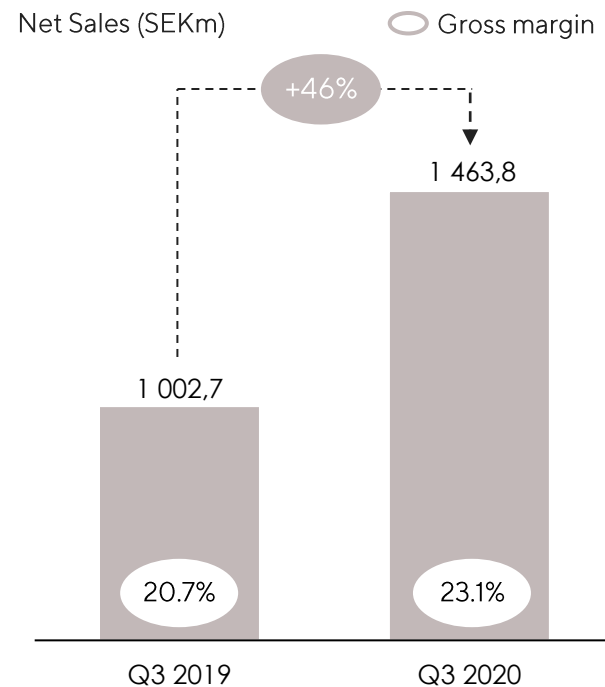


DIY segment

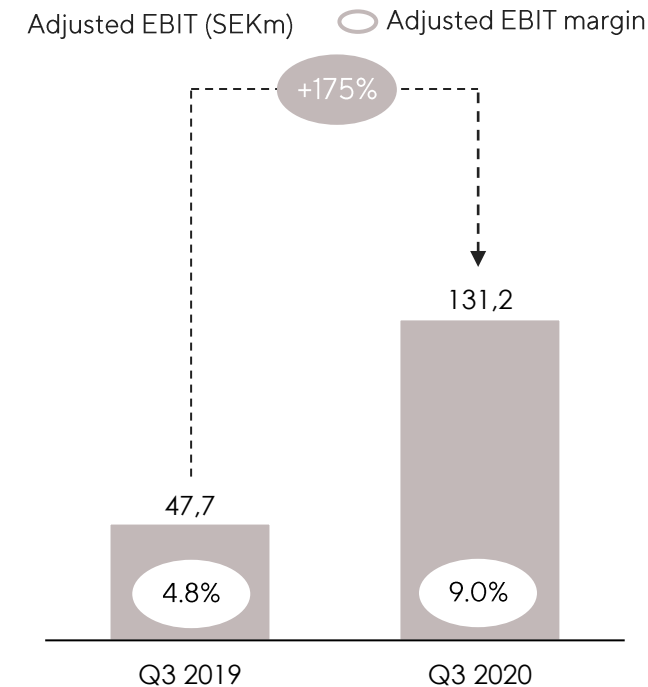
Extraordinarily strong third quarter

- Net sales increased by 46.0% of which organic growth accounted for 34.6% – strengthened position as leading player in online DIY in the Nordics
- Continued development of customer offering – BHG ecosystem – e.g. through expanded product assortment and laying foundation for significantly improved delivery services for the Swedish platform
- Nationwide Swedish installation network is in place and the installation platform has now also been introduced in the Finnish market
- Shift in product mix alongside negative currency effects led to decline in AOV – no adverse effect on gross margin
- Adjusted EBIT amounted to SEK 131.2m – record-breaking EBIT margin of 9.0%

DIY represented 64% of the Group's net sales in the third quarter



Record breaking EBIT margin

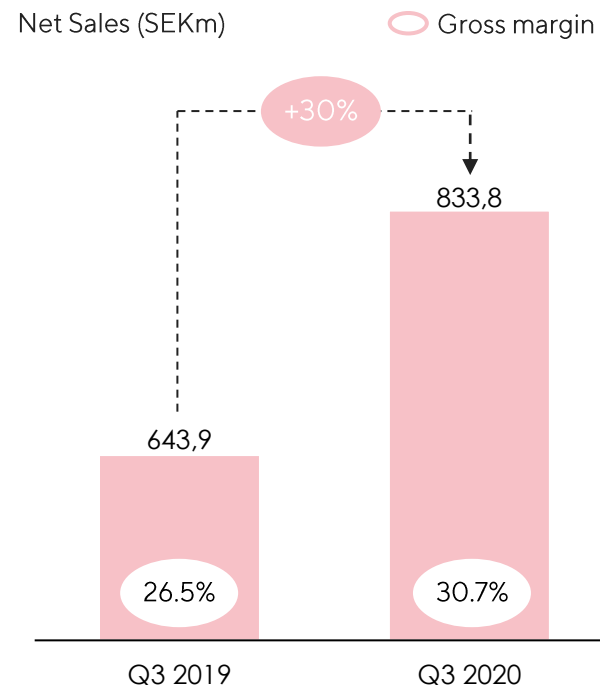


Home Furnishing segment

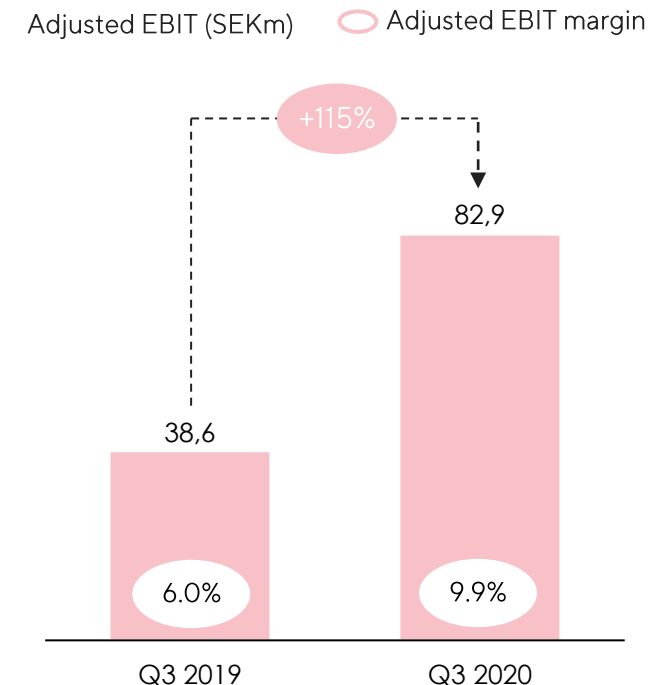
Eight consecutive quarter of good growth and strong margins

- Net sales increased by 29.5% of which organic growth accounted for 28.6%
- Operations in Eastern Europe, followed by those in Sweden and Denmark, displayed the most robust growth – steps taken for accelerated presence in Norway
- Development of Nordic warehouse and logistics infrastructure continued - modern software platform in place at all last-mile terminals, enables improved track-and-trace functionality for customers
- Shifts to product and geographic mix led to slightly lower AOV but did not have any negative effects on unit economics
- Adjusted EBIT amounted SEK 82.9 million corresponding to an adjusted EBIT margin of 9.9%

Home Furnishing represented 36% of the Group's net sales in the third quarter



Solid growth in adjusted EBIT



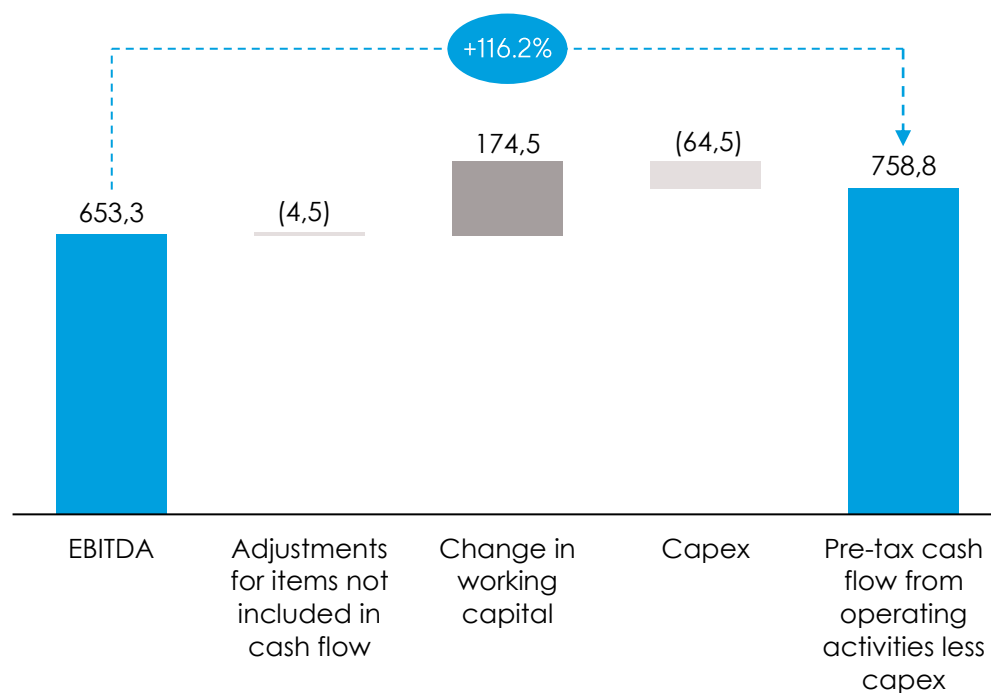
Cash flow and financial position

Continued strong cash generation

Strong cash flow attributable to BHG's attractive business model – low tied-up capital and high cash flows when growth is strong

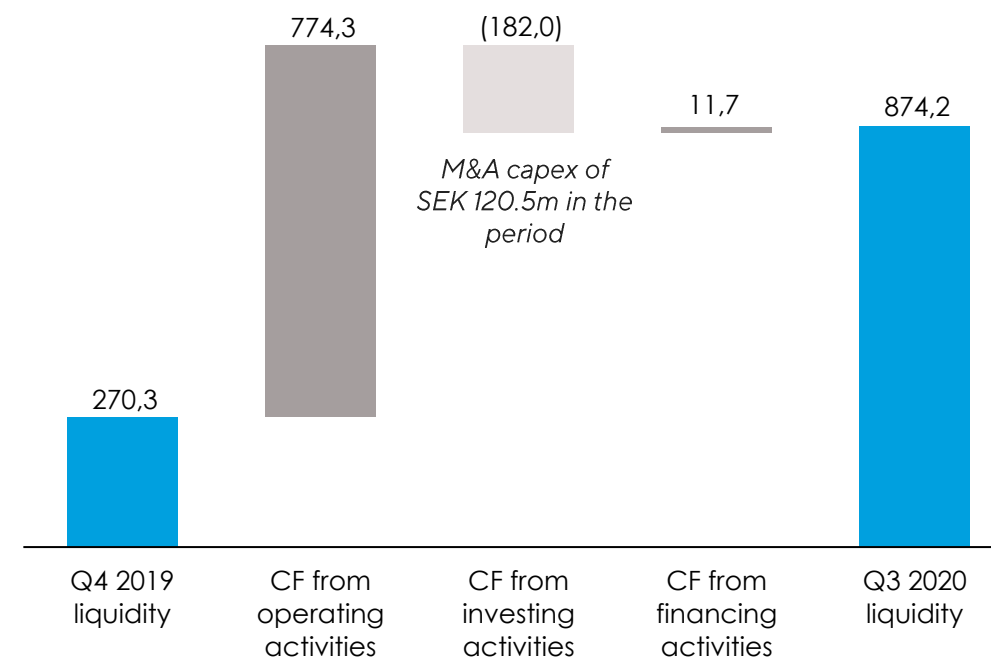
Jan-Sep 2020 (SEKm)

● Cash conversion



Liquidity mainly driven by cash flow from operating activities resulting from strong EBITDA and favourable working capital trend

SEKm



Cash flow and financial position

BHG's financial position remains solid

Overview of financial position

SEKm	30 Sep 2020
Interest bearing liabilities	2,162.5
Cash and cash equivalents	(874.2)
Adjustment lease liabilities	(476.5)
Adjustment for earn-outs and deferred payments	(728.6)
Adjustment transaction costs	3.3
Net debt / (Net cash)	86.5
Q3 2020 LTM adjusted EBITDA (excl. impact from IFRS 16)	632.5
Net debt / LTM adjusted EBITDA	0.1x

- **Net debt** amounted to SEK 87m, hence outperforming Net debt / EBITDA target of 1.5 – 2.5x
- The Group's unutilised credit facilities amounted to SEK 434 million at the end of the period, compared with SEK 577 million at the beginning of the year
- BHG's strong financial position 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 Q3 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- **Summary**
- Q&A

Linus Olsson
Business Controller
BHG



Q3 Summary



BHG stands strong

- Strong position after first six months – further strengthened during Q3



Growth!

- Fourth quarter in a row of organic growth significantly higher than communicated targets



Strong gross and bottom-line margins

- Continued industry-leading margins: Cost efficiency, scale and private label



Solid financial position

- Ample liquid funds available: SEK 874m of cash on hand and SEK 434m in combined undrawn credit facilities



Strategy execution in full swing

- BHG ecosystem: Further expansion of logistics and installation capabilities



On course to 10bn

- **We go for 10!** LTM sales of SEK 8.3bn and improved margins substantiates path to mid-term financial target



Don't forget

Black Friday is just
around the
corner...

...and why not get
those Christmas
presents early

Check out
great deals on
our sites!



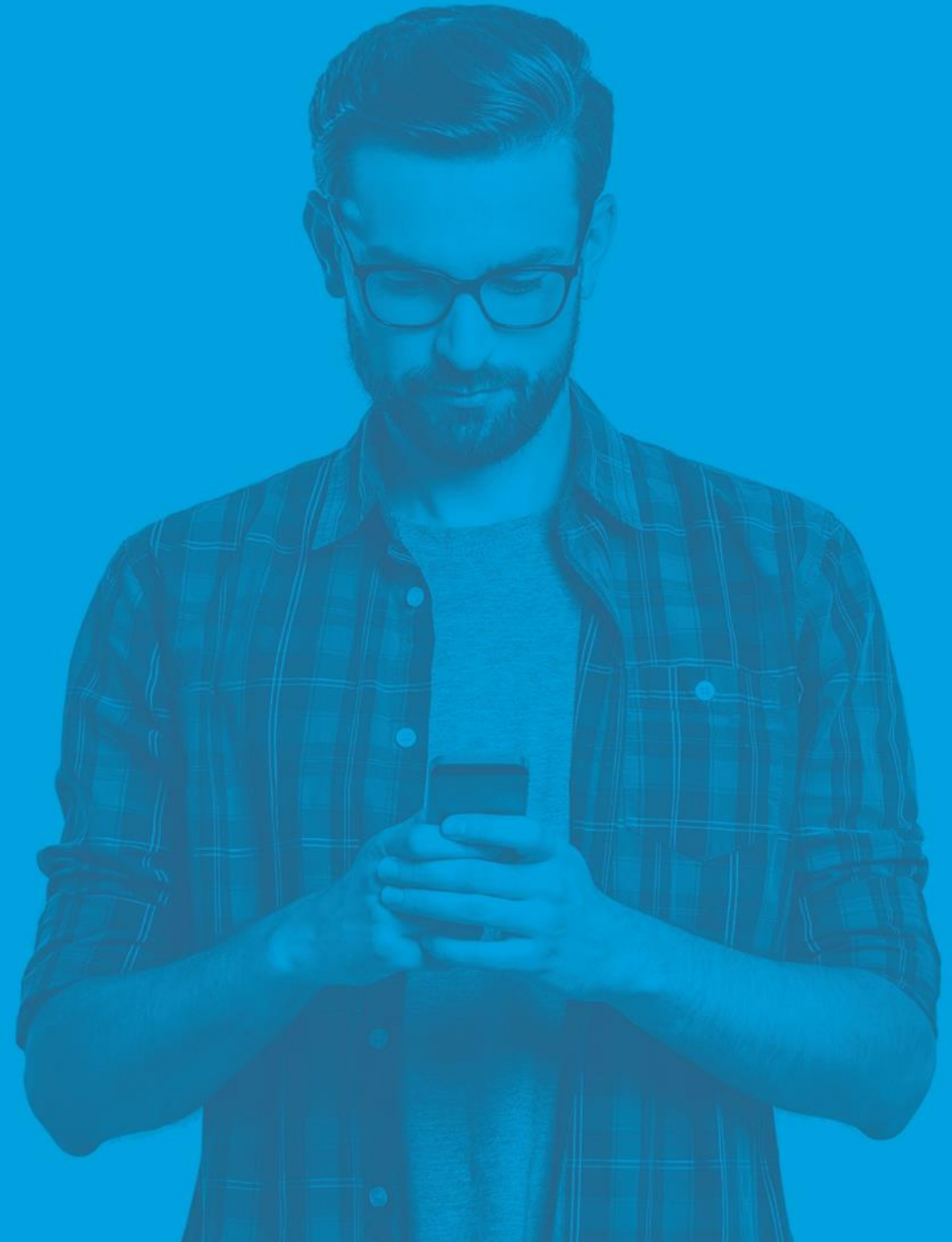
Agenda

- Results highlights
- Business update
- Financial update Q3 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- **Q&A**





Appendix



Condensed consolidated financial information

SEKm (if not otherwise stated)	Jul-Sep			Jan-Sep			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	2,290.3	1,639.0	39.7	6,613.6	4,567.8	44.8	6,212.5
Gross profit	593.5	378.1	57.0	1,689.5	1,076.2	57.0	1,490.5
Gross margin (%)	25.9	23.1	2.8 p.p.	25.5	23.6	2.0 p.p.	24.0
Adjusted EBITDA*	244.6	121.8	100.9	653.3	343.5	90.2	475.3
Adjusted EBITDA margin (%)	10.7	7.4	3.3 p.p.	9.9	7.5	2.4 p.p.	7.7
Adjusted EBIT*	194.0	82.5	135.1	506.7	240.0	111.1	330.1
Adjusted EBIT margin (%)	8.5	5.0	3.4 p.p.	7.7	5.3	2.4 p.p.	5.3
Items affecting comparability	-	-0.0	-100.0	-	-7.5	-100.0	-7.5
Operating income	183.2	72.2	153.7	474.4	202.4	134.4	282.0
Operating margin (%)	8.0	4.4	3.6 p.p.	7.2	4.4	2.7 p.p.	4.5
Net profit for the period	134.9	39.7	239.5	328.4	115.8	183.6	179.9
Cash flow from operating activities	20.9	57.5	-63.7	774.3	370.3	109.1	422.2
Visits (thousands)	75,648	48,007	57.6	224,187	126,472	77.3	184,398
Orders (thousands)	726	501	44.9	2,158	1,403	53.8	1,940
Conversion rate (%)	1.0	1.0	-0.1 p.p.	1.0	1.1	-0.1 p.p.	1.1
Average order value (SEK)	3,058	3,242	-5.7	3,129	3,273	-4.4	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)	Jul-Sep			Jan-Sep			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	1,463.8	1,002.7	46.0	4,223.9	2,737.5	54.3	3,700.8
Gross profit	338.8	207.6	63.2	965.8	571.4	69.0	794.3
Gross margin (%)	23.1	20.7	2.4 p.p.	22.9	20.9	2.0 p.p.	21.5
Adjusted EBITDA	155.5	65.8	136.1	403.3	166.4	142.3	235.4
Adjusted EBITDA margin (%)	10.6	6.6	4.1 p.p.	9.5	6.1	3.5 p.p.	6.4
Adjusted EBIT	131.2	47.7	175.3	333.0	118.8	180.4	167.9
Adjusted EBIT margin (%)	9.0	4.8	4.2 p.p.	7.9	4.3	3.5 p.p.	4.5
Items affecting comparability	-	-0.0	-100.0	-	-1.5	-100.0	-1.4
Operating income	123.2	40.1	207.2	309.0	95.4	223.9	136.9
Operating margin (%)	8.4	4.0	4.4 p.p.	7.3	3.5	3.8 p.p.	3.7
Net profit for the period	92.8	13.3	596.3	205.7	38.6	433.5	28.1
Visits (thousands)	36,401	20,126	80.9	108,039	61,111	76.8	86,473
Orders (thousands)	436	283	53.9	1,334	832	60.4	1,141
Conversion rate (%)	1.2	1.4	-0.2 p.p.	1.2	1.4	-0.1 p.p.	1.3
Average order value (SEK)	3,225	3,364	-4.2	3,266	3,302	-1.1	3,255

Home Furnishing segment

SEKm (if not otherwise stated)	Jul-Sep			Jan-Sep			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	833.8	643.9	29.5	2,414.2	1,847.8	30.7	2,533.1
Gross profit	255.6	170.8	49.7	725.3	505.9	43.4	697.5
Gross margin (%)	30.7	26.5	4.1 p.p.	30.0	27.4	2.7 p.p.	27.5
Adjusted EBITDA	109.3	59.7	83.0	288.8	190.1	51.9	262.7
Adjusted EBITDA margin (%)	13.1	9.3	3.8 p.p.	12.0	10.3	1.7 p.p.	10.4
Adjusted EBIT	82.9	38.6	114.6	212.6	134.3	58.2	185.0
Adjusted EBITmargin (%)	9.9	6.0	3.9 p.p.	8.8	7.3	1.5 p.p.	7.3
Items affecting comparability	-	-		-	-6.0	-100.0	-6.0
Operating income	80.1	35.9	123.4	204.3	120.1	70.1	168.0
Operating margin (%)	9.6	5.6	4.0 p.p.	8.5	6.5	2.0 p.p.	6.6
Net profit for the period	59.7	27.7	115.7	155.7	88.7	75.5	74.6
Visits (thousands)	39,247	27,881	40.8	116,148	65,361	77.7	97,925
Orders (thousands)	290	218	33.1	824	571	44.3	799
Conversion rate (%)	0.7	0.8	0.0 p.p.	0.7	0.9	-0.2 p.p.	0.8
Average order value (SEK)	2,807	3,084	-9.0	2,907	3,230	-10.0	3,188

P&L

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Net sales	2,290.3	1,639.0	6,613.6	4,567.8	6,212.5
Other operating income	0.4	0.2	0.1	0.2	0.3
Total net sales	2,290.7	1,639.1	6,613.7	4,568.0	6,212.7
Cost of goods sold	-1,696.8	-1,260.8	-4,924.1	-3,491.6	-4,721.9
Personnel costs	-166.1	-118.3	-471.3	-349.2	-493.4
Other external costs and operating expenses	-183.2	-136.8	-563.6	-385.0	-525.5
Other operating expenses	-0.1	-1.9	-1.4	-7.4	-4.9
Depreciation and amortisation of tangible and intangible fixed assets	-61.4	-49.1	-178.9	-132.4	-185.0
Operating income	183.2	72.2	474.4	202.4	282.0
Profit/loss from financial items	-10.0	-16.7	-49.1	-46.5	-48.9
Profit before tax	173.2	55.5	425.3	155.9	233.1
Income tax	-38.3	-15.8	-96.9	-40.1	-53.2
Profit for the period	134.9	39.7	328.4	115.8	179.9
Attributable to:					
Equity holders of the parent	133.0	39.0	323.9	113.6	176.2
Non-controlling interest	2.0	0.7	4.5	2.2	3.6
Net income for the period	134.9	39.7	328.4	115.8	179.9
Earnings per share before dilution, SEK	1.24	0.36	3.02	1.06	1.64
Earnings per share after dilution, SEK	1.22	0.36	2.98	1.06	1.64

Balance sheet

SEKm	30 Sep		31 Dec
	2020	2019	2019
Non-current assets			
Goodwill	3,050.0	2,855.2	2,896.7
Other intangible fixed assets	1,335.1	1,293.0	1,293.6
Total intangible fixed assets	4,385.1	4,148.2	4,190.2
Buildings and land	10.6	11.1	10.7
Leased fixed assets	477.6	411.5	459.2
Tangible fixed assets	45.4	35.2	39.8
Financial fixed assets	8.5	5.2	6.6
Deferred tax asset	18.6	10.5	13.5
Total fixed assets	4,945.9	4,621.7	4,720.1
Current assets			
Inventories	767.8	634.7	668.4
Current receivables	369.6	309.0	359.5
Cash and cash equivalents	874.2	307.1	270.3
Total current assets	2,011.6	1,250.8	1,298.1
Total assets	6,957.5	5,872.5	6,018.2
Equity			
Equity attributable to owners of the parent	3,106.7	2,914.1	2,889.7
Non-controlling interest	38.5	34.9	35.4
Total equity	3,145.2	2,949.0	2,925.1
Non-current liabilities			
Deferred tax liability	256.1	244.7	249.6
Other provisions	24.0	1.8	23.0
Non-current interest-bearing liabilities to credit institutions	911.1	735.6	813.6
Non-current lease liabilities	345.1	314.8	339.7
Other non-current liabilities	707.9	409.4	507.0
Total non-current liabilities	2,244.2	1,706.3	1,933.0
Current liabilities			
Current interest-bearing liabilities to credit institutions	46.4	-	-
Current lease liabilities	131.4	110.9	118.9
Other interest-bearing liabilities	20.7	77.2	47.5
Other current liabilities	1,369.7	1,029.1	993.8
Total current liabilities	1,568.1	1,217.2	1,160.1
Total equity and liabilities	6,957.5	5,872.5	6,018.2

Consolidated statement of cash flows

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
EBITDA	244.6	121.8	653.3	336.0	467.8
Adjustments for items not included in cash flow	1.8	6.2	-4.5	15.4	7.9
Income tax paid	-17.2	-11.8	-49.0	-35.7	-34.4
Cash flow from operating activities before changes in working capital	229.2	116.2	599.8	315.7	441.3
Changes in working capital	-208.4	-58.7	174.5	54.6	-19.2
Cash flow from operating activities	20.9	57.5	774.3	370.3	422.2
Investments in operations	-84.3	-72.5	-120.5	-173.6	-251.4
Investments in other non-current assets	-17.9	-18.2	-64.1	-64.7	-98.0
Divestment of operations	0.1	-	0.1	-	-
Divestment of other tangible fixed assets	0.2	0.3	0.3	0.4	1.3
Received interest	1.7	0.0	2.1	0.4	1.5
Cash flow to/from investing activities	-100.2	-90.4	-182.0	-237.5	-346.5
Loans taken	89.4	100.8	142.9	229.6	307.4
Amortisation of loans	-34.8	-37.1	-106.8	-271.3	-315.7
Issue of warrants	12.9	-	12.9	6.0	6.0
Interest paid	-7.7	-6.1	-24.6	-21.8	-30.5
Dividends to non-controlling interests	-5.5	-	-5.5	-	-
Cash flow to/from financing activities	54.3	57.5	18.9	-57.5	-32.8
Cash flow for the period	-25.0	24.6	611.2	75.4	42.8
Cash and cash equivalents at the beginning of the period	898.1	281.7	270.3	226.9	226.9
Translation differences in cash and cash equivalents	1.2	0.8	-7.2	4.8	0.6
Cash and cash equivalents at the end of the period	874.2	307.1	874.2	307.1	270.3

Reconciliation of non-IFRS metrics

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Operating income	183.2	72.2	474.4	202.4	282.0
Acquisition-related costs	-	0.0	-	1.7	1.7
Last-mile project	-	-	-	5.8	5.8
Total items affecting comparability	-	0.0	-	7.5	7.5
Amortisation and impairment of acquisition-related intangible fixed assets	10.8	10.3	32.3	30.2	40.6
Adjusted EBIT	194.0	82.5	506.7	240.0	330.1
Adjusted EBIT (%)	8.5	5.0	7.7	5.3	5.3
Depreciation and amortisation of tangible and intangible fixed assets	50.6	38.8	146.6	102.2	144.4
Gain/loss from sale of fixed assets	0.0	0.4	-0.0	1.2	0.8
Adjusted EBITDA	244.6	121.8	653.3	343.5	475.3
Adjusted EBITDA (%)	10.7	7.4	9.9	7.5	7.7
Net sales	2,290.3	1,639.0	6,613.6	4,567.8	6,212.5
Cost of goods	-1,442.2	-1,075.2	-4,190.4	-2,977.1	-4,023.8
Gross profit before direct selling costs	848.1	563.8	2,423.2	1,590.7	2,188.6
Gross profit before direct selling costs (%)	37.0	34.4	36.6	34.8	35.2
Direct selling costs	-254.6	-185.6	-733.7	-514.5	-698.1
Gross profit	593.5	378.1	1,689.5	1,076.2	1,490.5
Gross profit (%)	25.9	23.1	25.5	23.6	24.0
Last-mile project	-	-	-	5.2	5.2
Adjusted gross profit	593.5	378.1	1,689.5	1,081.4	1,495.7
Adjusted gross profit (%)	25.9	23.1	25.5	23.7	24.1

A woman with long dark hair, wearing a light-colored sweater, is holding a tablet and looking down at it. The image is overlaid with a solid blue tint.

bhg.

WE MAKE LIVING EASY