



2020/Q4

Strong end to record year

Operational successes, acquisition of Nordic Nest and updated financial targets



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
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 Q4 2020
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- Q&A

Christian Trolle
CEO
Golvpoolen.se



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Christian Trolle
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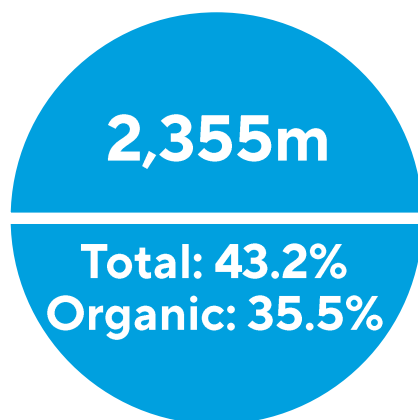


Select financial highlights

Strong end to record year

Sales

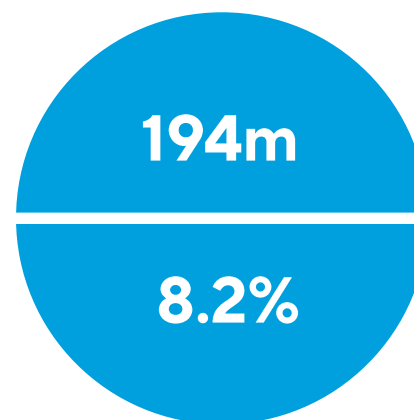
Net Sales (SEK)



Growth

Earnings

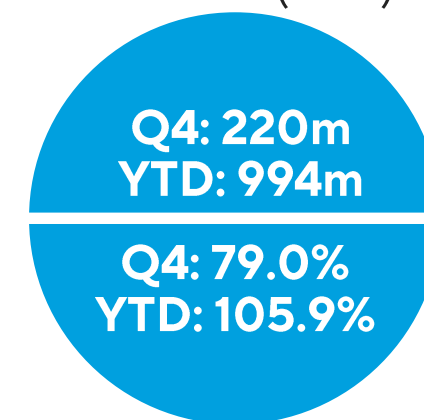
Adj. EBIT (SEK)



Adj. EBIT margin

Cash flow

Cash flow from operating activities (SEK)

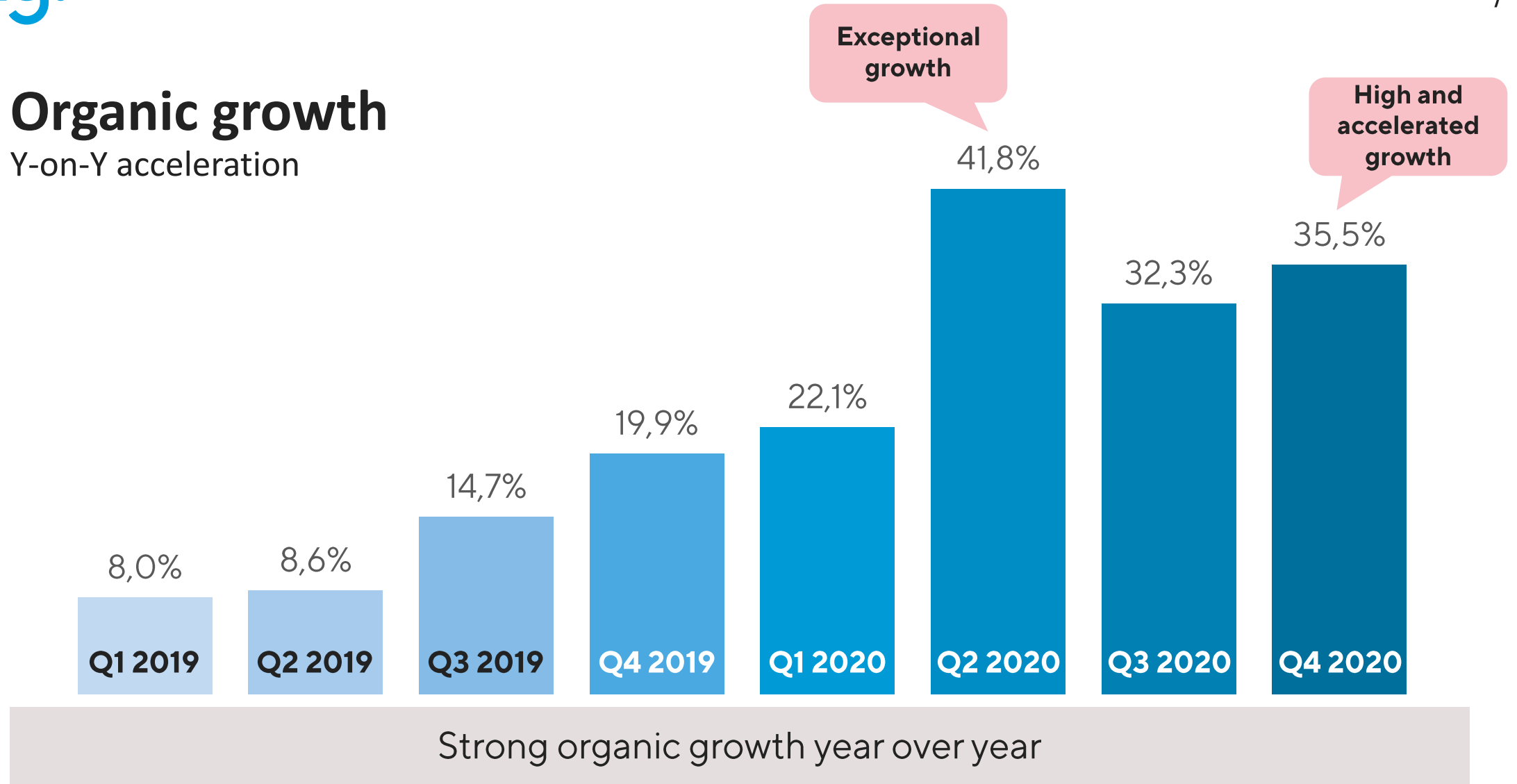


Cash conversion*

Continued strong growth, margins and cash flow

Organic growth

Y-on-Y acceleration





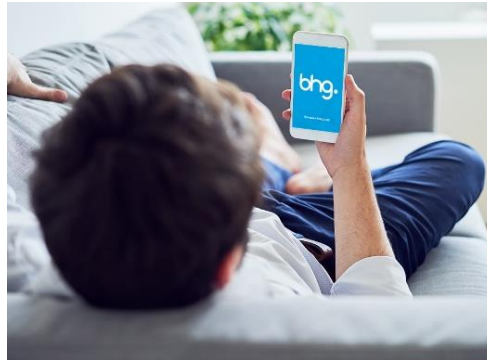
Our strategy remains focused on four cornerstones

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

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Felicia Jakobsson
Sales Quality Coordinator
Bygghemma.se

BHG at a glance – significant scale and profitability

Sales CAGR 2014-2020

>40%



EBIT CAGR 2014-2020

>100%



EBIT margin 2020

7.8%



Online destinations

85+



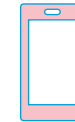
WE MAKE LIVING EASY
#1 Nordic consumer e-commerce company

Two segments
DIY **HF**



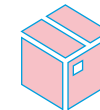
Site visits 2020

~302m



Orders 2020

~3m



Countries with BHG presence

19



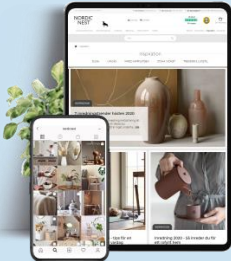
Number of SKUs

~1m



NORDIC NEST – the Group's largest acquisition to date

This is Nordic Nest



► Founded in **2002**
Today appr. **1bn sales**

🌐 **10** locally adapted webshops

🌍 Serves **70** Countries globally

👥 **250+** team members

😊 **4,5 of 5,0** customer satisfaction level

👤 **711k** unique Customers in 2020

📦 **+30k** products in the assortment

📦 **+220** different brands

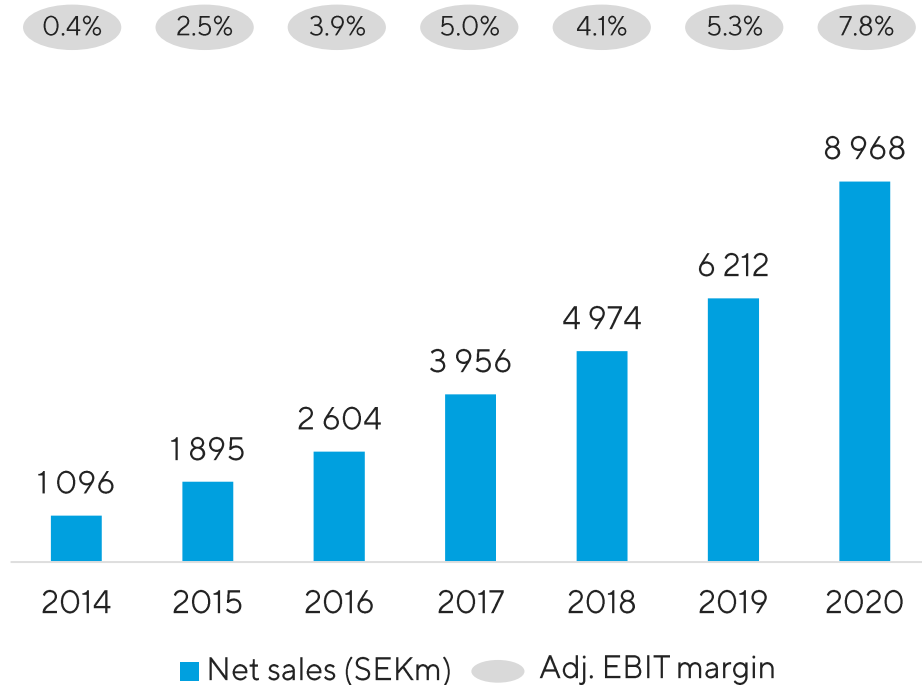
NORDIC NEST

BHG + Nordic Nest: A winning combination

- 1 Complementary customer offering
 - Complete combined product portfolio – *from furniture to home decoration*
 - Covering wide range of customer profiles – *from value-for-money to affordable luxury*
- 2 Perfect geographic match – *BHG strongholds will serve as accelerators for NN and NN footholds as channels for BHG geographic expansion*
- 3 Excellent culture fit – *the customer at the centre, with a focus on profitable growth*

Announcing updated medium term financial targets

Targets since early 2018 – SEK 10bn Net sales and 7% adj. EBIT margin – have now essentially been reached...



...thus, we are announcing updated medium-term financial targets

Net sales

- **SEK 20bn (incl. acquisitions)**
- 20-25% average annual sales growth
- 15% organic growth

Profitability

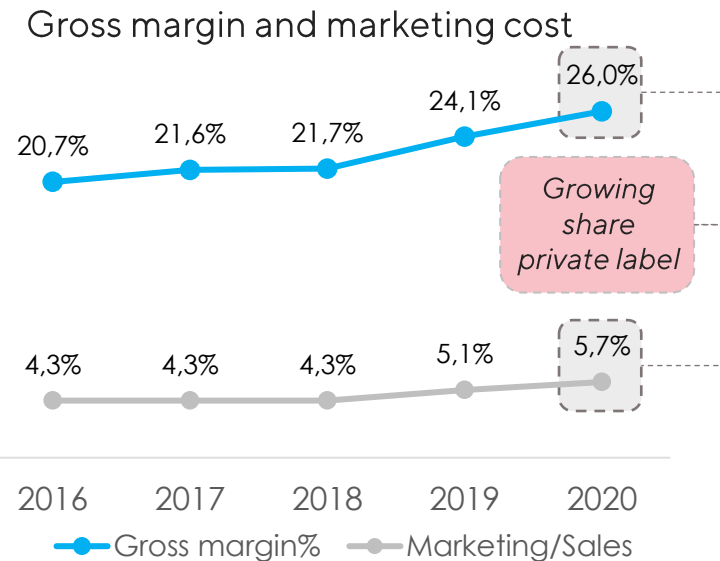
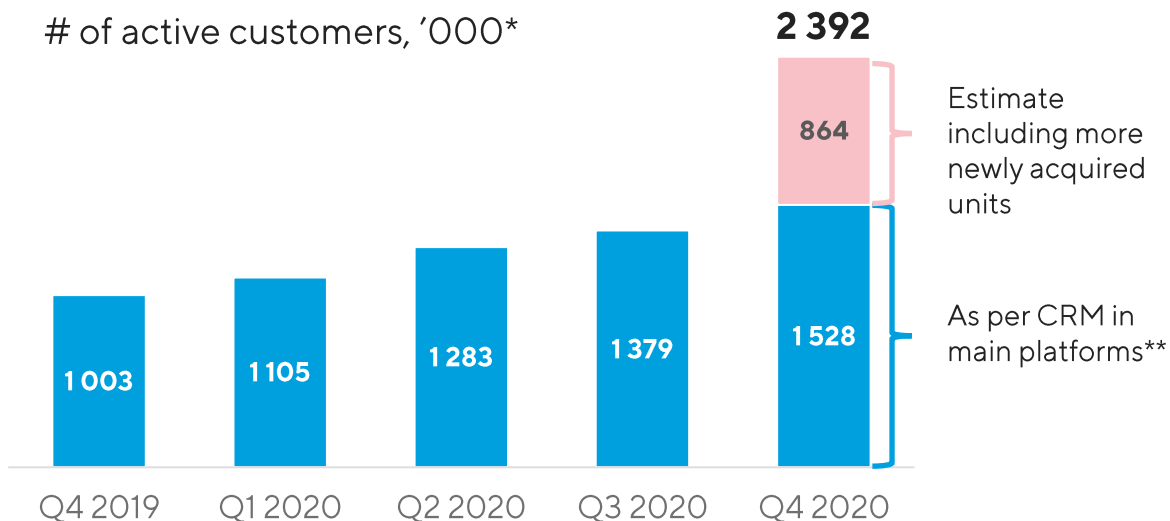
- **Adjusted EBIT margin of at least 7%**
- Market-leading level – will not compromise on growth to achieve higher level than the established target

Capital structure and dividend policy

- Remain unchanged

Growth in number of active customers >50% YoY

- The number of active customers has increase steadily during 2020 – reaching an estimated 2.4m
- Increasing share of repeat orders; roughly equal gender distribution, with share of women increasing somewhat
- Due to many recent acquisitions, work remains to measure customer developments in a uniform way across all units
- Marketing cost remains low and gross margin is increasing



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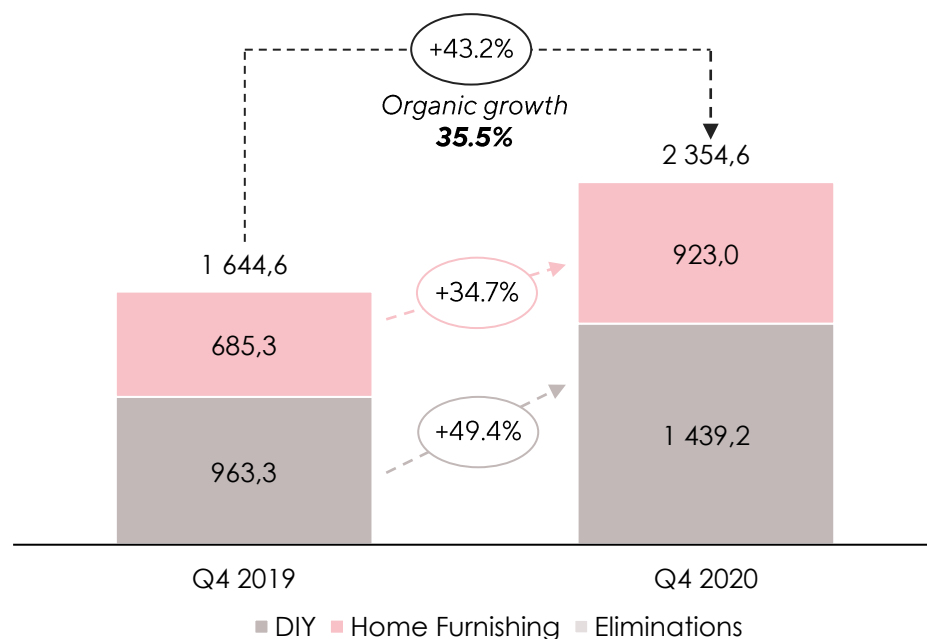


Katja Hempel
Graphic Designer & Campaign Coordinator
Bygghemma.se

Continued strong growth and profitability in the quarter

Similar pattern as in second and third quarter – even and high growth in Home Furnishing and accelerated growth in DIY

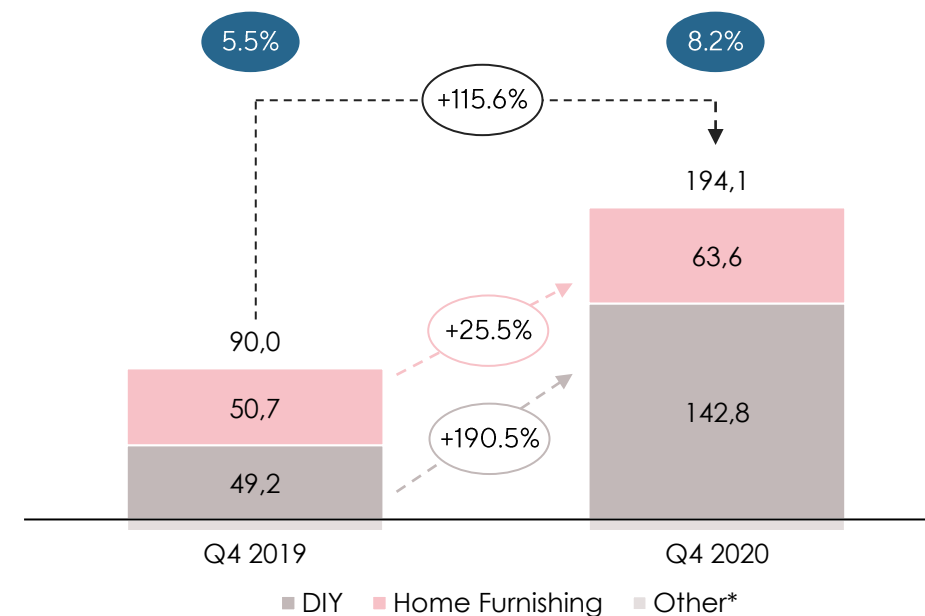
Net sales (SEKm)



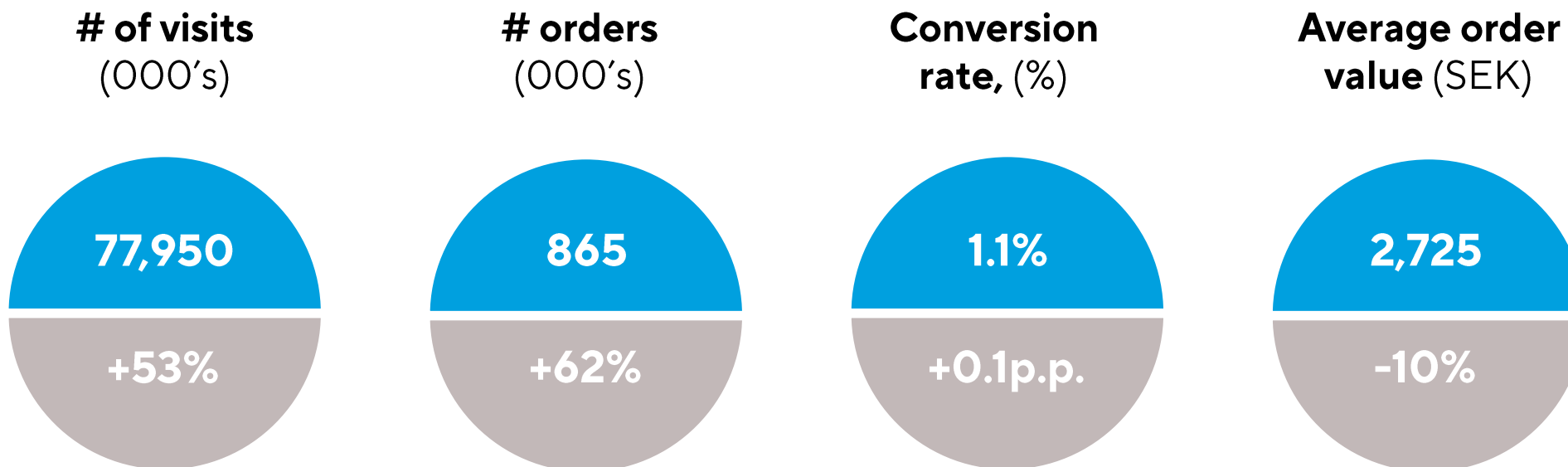
High EBIT and EBIT margin – record-breaking gross margin and clear economies of scale

Adjusted EBIT (SEK)

Adjusted EBIT margin



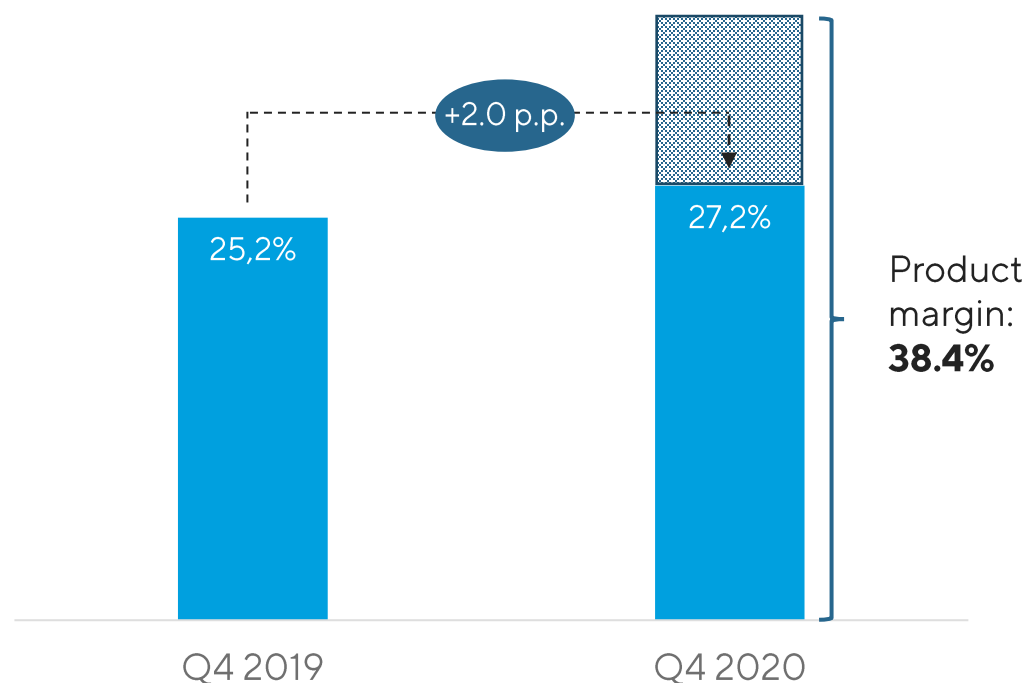
Continued robust development in KPIs



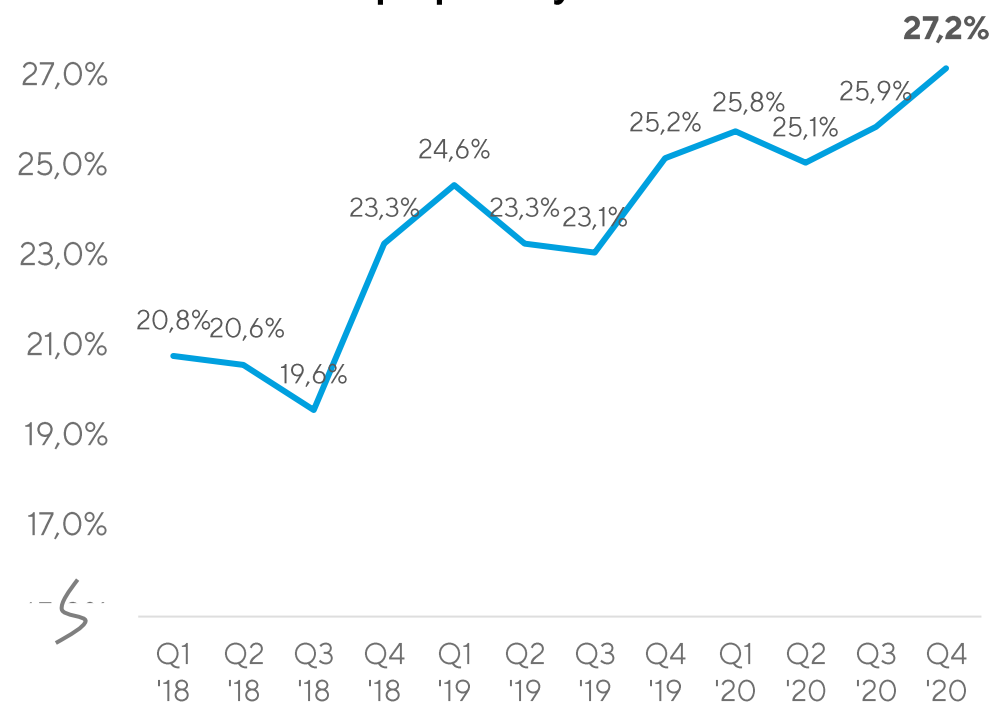
Strong growth on the basis of sound fundamentals

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

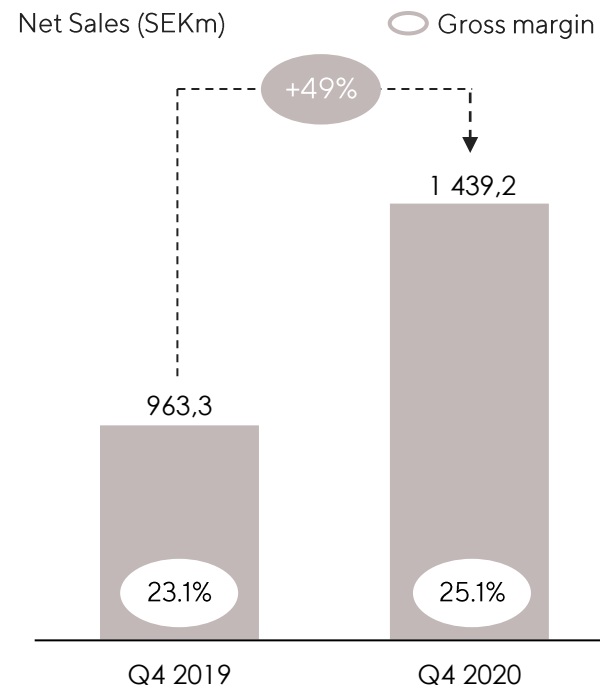


DIY segment

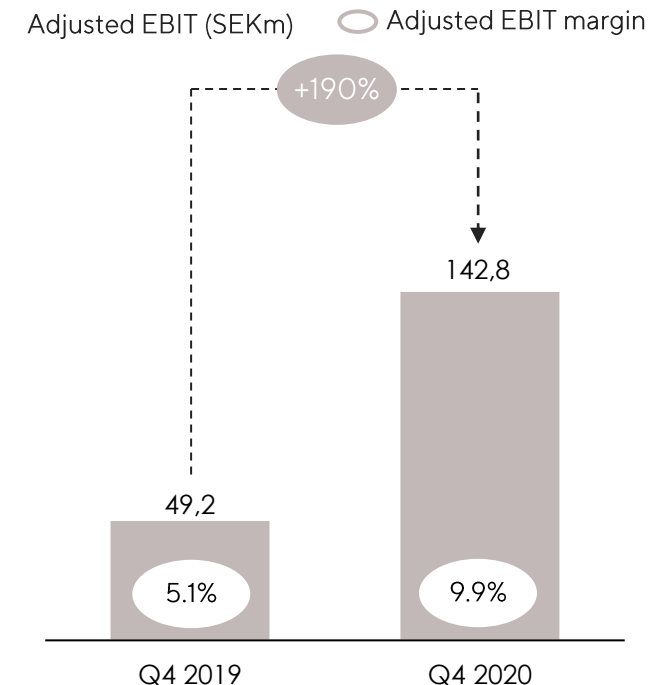
Strong growth and extraordinarily high profitability

- Net sales increased by 49.4% of which organic growth accounted for 39.4% - further strengthened leading online DIY position in the Nordics
- Record-high gross margin at 25.1% - favourably impacted by a high share of sales from own brands
- Continued development of customer offering - BHG ecosystem - e.g. through expansion of product assortment and expanded offering for consolidated and express deliveries in Sweden
- Nationwide Swedish installation network is in place and the installation platform has now also been introduced in the Finnish market - number of installations has doubled
- Adjusted EBIT amounted to SEK 142.8m - record-breaking EBIT margin of 9.9%

DIY represented 61% of the Group's net sales in the fourth quarter



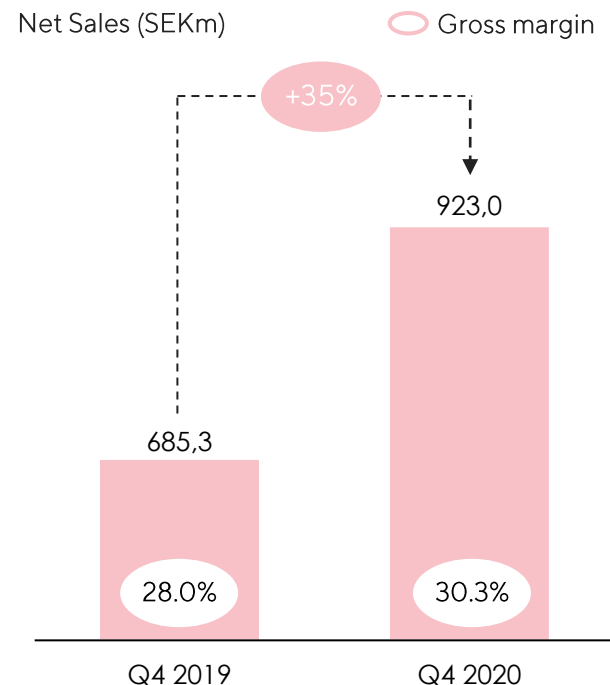
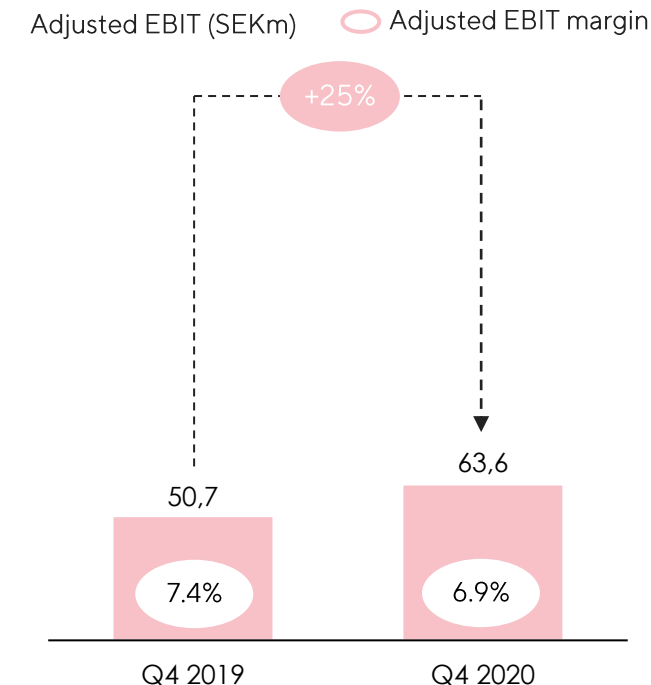
Increase in the adjusted EBIT margin from the preceding quarter's record level



Home Furnishing segment

Ninth consecutive quarter of solid growth and margins

- Net sales increased by 34.7% of which organic growth accounted for 30.1%
- Strong and even net sales across all geographical markets - somewhat negatively impacted by bottlenecks in areas of the product supply chain, stricter restrictions in Denmark at end of the quarter and currency fluctuations
- Continued work to increase rate of growth in Norway - showroom and last-mile solution expected to be in place early in the second quarter of 2021
- Shifts to product mix and negative currency impact led to somewhat lower AOV but did not have any negative effects on unit economics
- Adjusted EBIT amounted SEK 63.6 million corresponding to an adjusted EBIT margin of 6.9%

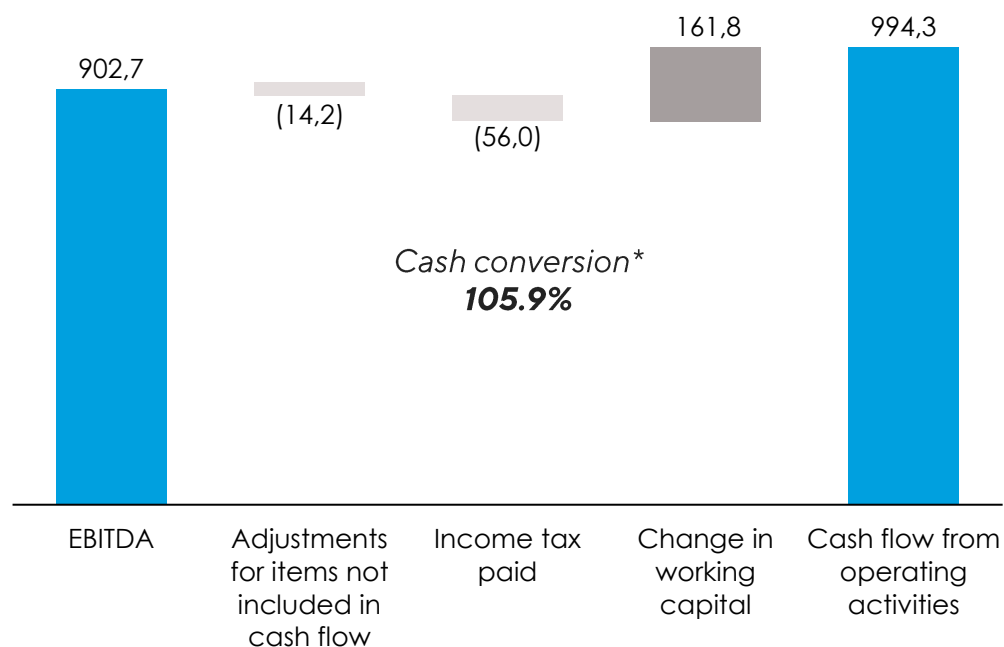
Home Furnishing represented 39% of the Group's net sales in the fourth quarter**Solid growth in adjusted EBIT**

Cash flow and financial position

Continued strong cash generation

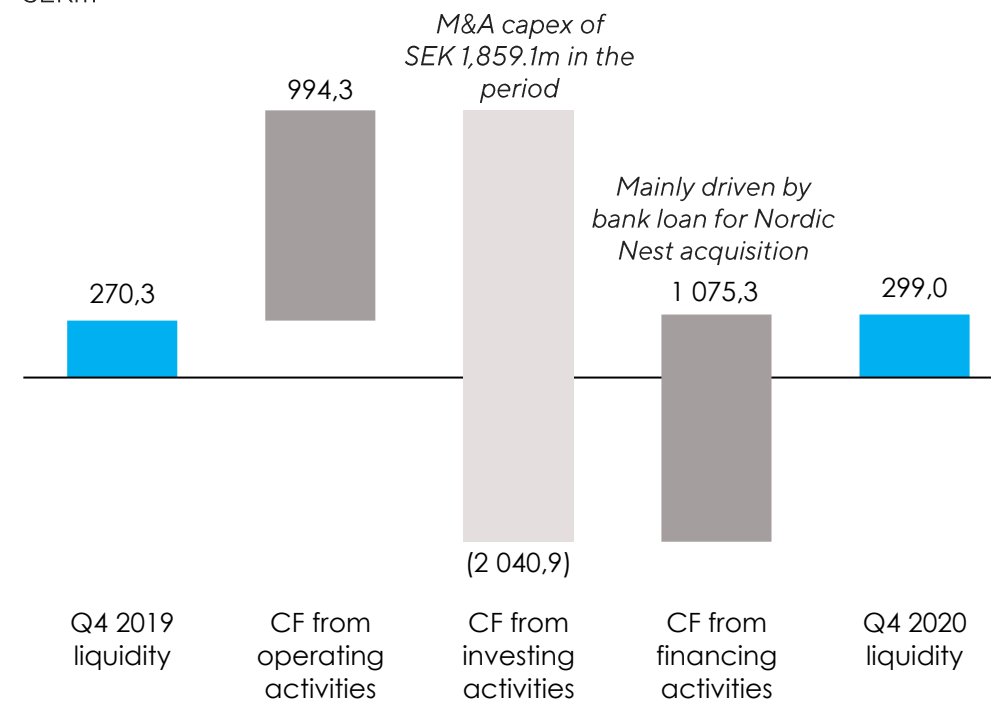
Strong cash flow from operating activities mainly driven by EBITDA as well as a favourable working capital trend

Jan-Dec 2020 (SEKm)



Liquidity mainly driven by cash flow from operating activities as well as M&A capex and bank loan raised for Nordic Nest acquisition

SEKm



Cash flow and financial position

BHG's financial position remains solid**Overview of financial position**

SEKm	31 Dec 2020
Interest bearing liabilities	3,711.8
Cash and cash equivalents	(299.0)
Adjustment lease liabilities	(599.6)
Adjustment for earn-outs and deferred payments	(1023.3)
Adjustment transaction costs	6.1
Net debt / (Net cash)	1796.0
Q4 2020 LTM adjusted EBITDA* (excl. impact from IFRS 16)	825.6
Net debt / LTM adjusted EBITDA	2.2x

- Net debt / EBITDA of 2.2x, within financial target of 1.5-2.5x
- The Group's unutilised credit facilities amounted to SEK 300 million at the end of the period, compared with SEK 577 million at the beginning of the year
- Despite recent acquisitions, including that of Nordic Nest, Net debt/EBITDA remains within the communicated range

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Linus Olsson
Business Controller
BHG



Q4 Summary



Strong end to record year

- Q4 caps record – and transformative – year



Growth!

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



Largest acquisition to date

- Nordic Nest is a perfect strategic fit with BHG – the businesses complement each other in terms of customer offering and geographic footprint



Strong gross and bottom-line margins

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



Strategy execution in full swing

- BHG ecosystem: Further expansion of logistics and installation capabilities



We raise the bar!

- Announcing updated medium term financial targets – SEK 20bn net sales and minimum 7% adjusted EBIT margin

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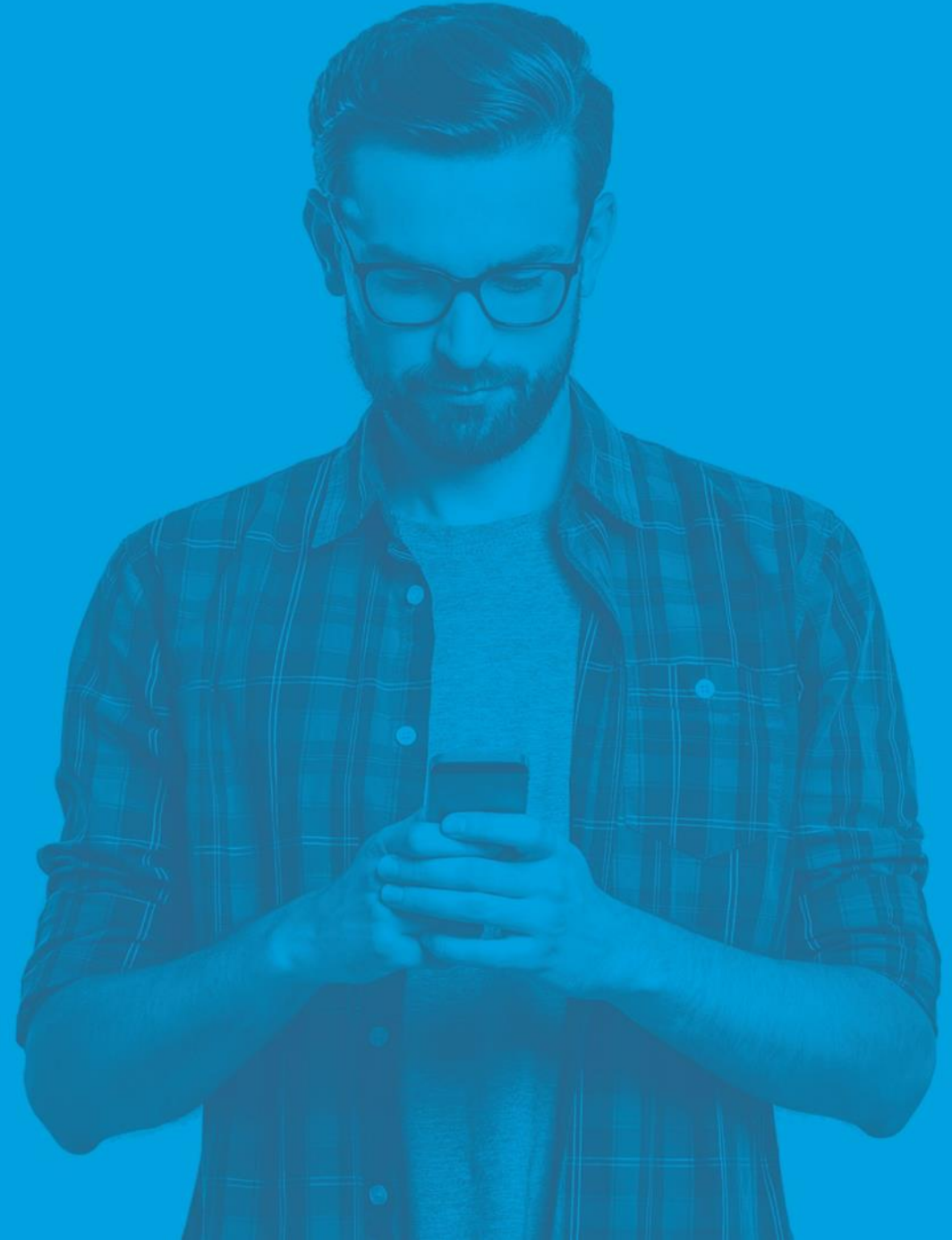
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Sebastian Holtze
CCO
Bygghemma.se





Appendix



Condensed consolidated financial information

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	2,354.6	1,644.6	43.2	8,968.2	6,212.5	44.4
Gross profit	641.3	414.3	54.8	2,330.8	1,490.5	56.4
Gross margin (%)	27.2	25.2	2.0 p.p.	26.0	24.0	2.0 p.p.
Adjusted EBITDA*	249.5	131.9	89.2	902.7	475.3	89.9
Adjusted EBITDA margin (%)	10.6	8.0	2.6 p.p.	10.1	7.7	2.4 p.p.
Adjusted EBIT*	194.1	90.0	115.6	700.8	330.1	112.3
Adjusted EBIT margin (%)	8.2	5.5	2.8 p.p.	7.8	5.3	2.5 p.p.
Items affecting comparability	-	0.0	-100.0	-	-7.5	-100.0
Operating income	183.4	79.6	130.4	657.8	282.0	133.2
Operating margin (%)	7.8	4.8	2.9 p.p.	7.3	4.5	2.8 p.p.
Net profit for the period	91.9	64.1	43.4	420.3	179.9	133.6
Cash flow from operating activities	220.0	51.9	324.3	994.3	422.2	135.5
Visits (thousands)	77,950	51,010	52.8	302,133	183,999	64.2
Orders (thousands)	865	536	61.5	3,012	1,930	56.0
Conversion rate (%)	1.1	1.1	0.1 p.p.	1.0	1.0	-0.1 p.p.
Average order value (SEK)	2,725	3,017	-9.7	3,018	3,240	-6.8

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

DIY segment

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	1,439.2	963.3	49.4	5,663.1	3,700.8	53.0
Gross profit	361.5	222.9	62.2	1,327.4	794.3	67.1
Gross margin (%)	25.1	23.1	2.0 p.p.	23.4	21.5	2.0 p.p.
Adjusted EBITDA	168.4	69.0	143.8	571.6	235.4	142.8
Adjusted EBITDA margin (%)	11.7	7.2	4.5 p.p.	10.1	6.4	3.7 p.p.
Adjusted EBIT	142.8	49.2	190.5	475.8	167.9	183.3
Adjusted EBIT margin (%)	9.9	5.1	4.8 p.p.	8.4	4.5	3.9 p.p.
Items affecting comparability	-	0.0	-100.0	-	-1.4	-100.0
Operating income	134.9	41.5	225.2	444.0	136.9	224.3
Operating margin (%)	9.4	4.3	5.1 p.p.	7.8	3.7	4.1 p.p.
Net profit for the period	-20.3	-10.4	95.1	185.4	28.1	558.8
Visits (thousands)	31,894	20,703	54.1	139,931	86,428	61.9
Orders (thousands)	490	296	65.3	1,814	1,118	62.4
Conversion rate (%)	1.5	1.4	0.1 p.p.	1.3	1.3	0.0 p.p.
Average order value (SEK)	2,819	3,092	-8.8	3,155	3,314	-4.8

Home Furnishing segment

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	923.0	685.3	34.7	3,337.2	2,533.1	31.7
Gross profit	280.1	191.7	46.1	1,005.4	697.5	44.1
Gross margin (%)	30.3	28.0	2.4 p.p.	30.1	27.5	2.6 p.p.
Adjusted EBITDA	93.4	72.6	28.6	382.1	262.7	45.5
Adjusted EBITDA margin (%)	10.1	10.6	-0.5 p.p.	11.5	10.4	1.1 p.p.
Adjusted EBIT	63.6	50.7	25.5	276.2	185.0	49.3
Adjusted EBITmargin (%)	6.9	7.4	-0.5 p.p.	8.3	7.3	1.0 p.p.
Items affecting comparability	-	-		-	-6.0	-100.0
Operating income	60.8	47.9	26.8	265.0	168.0	57.7
Operating margin (%)	6.6	7.0	-0.4 p.p.	7.9	6.6	1.3 p.p.
Net profit for the period	-30.3	-14.2	113.8	125.4	74.6	68.2
Visits (thousands)	46,056	30,307	52.0	162,202	97,571	66.2
Orders (thousands)	375	239	56.8	1,198	813	47.4
Conversion rate (%)	0.8	0.8	0.0 p.p.	0.7	0.8	-0.1 p.p.
Average order value (SEK)	2,601	2,924	-11.1	2,811	3,139	-10.4

P&L

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Net sales	2,354.6	1,644.6	8,968.2	6,212.5
Other operating income	5.4	2.4	4.2	0.3
Total net sales	2,360.0	1,647.0	8,972.4	6,212.7
Cost of goods sold	-1,713.3	-1,230.3	-6,637.4	-4,721.9
Personnel costs	-185.9	-144.2	-657.2	-493.4
Other external costs and operating expenses	-211.4	-140.5	-775.0	-525.5
Other operating expenses	0.0	0.2	-0.0	-4.9
Depreciation and amortisation of tangible and intangible fixed assets	-66.0	-52.6	-245.0	-185.0
Operating income	183.4	79.6	657.8	282.0
Profit/loss from financial items	-58.4	-2.4	-107.5	-48.9
Profit before tax	125.0	77.2	550.3	233.1
Income tax	-33.1	-13.1	-130.0	-53.2
Profit for the period	91.9	64.1	420.3	179.9
Attributable to:				
Equity holders of the parent	91.2	62.6	415.1	176.2
Non-controlling interest	0.7	1.5	5.1	3.6
Net income for the period	91.9	64.1	420.3	179.9
Earnings per share before dilution, SEK	0.85	0.58	3.87	1.64
Earnings per share after dilution, SEK	0.83	0.58	3.80	1.64

Balance sheet

SEKm	31 Dec	
	2020	2019
Non-current assets		
Goodwill	4,395.1	2,896.7
Other intangible fixed assets	1,804.4	1,293.6
Total intangible fixed assets	6,199.6	4,190.2
Buildings and land	10.0	10.7
Leased fixed assets	601.9	459.2
Tangible fixed assets	64.0	39.8
Financial fixed assets	9.4	6.6
Deferred tax asset	19.1	13.5
Total fixed assets	6,904.0	4,720.1
Current assets		
Inventories	992.3	668.4
Current receivables	434.3	359.5
Cash and cash equivalents	299.0	270.3
Total current assets	1,725.6	1,298.1
Total assets	8,629.6	6,018.2
Equity		
Equity attributable to owners of the parent	2,787.2	2,889.7
Non-controlling interest	35.8	35.4
Total equity	2,823.0	2,925.1
Non-current liabilities		
Deferred tax liability	375.0	249.6
Other provisions	22.7	23.0
Non-current interest-bearing liabilities to credit institutions	2,042.6	813.6
Non-current lease liabilities	449.8	339.7
Other non-current liabilities	948.0	507.0
Total non-current liabilities	3,838.1	1,933.0
Current liabilities		
Current interest-bearing liabilities to credit institutions	46.4	-
Current lease liabilities	149.8	118.9
Other interest-bearing liabilities	75.3	47.5
Other current liabilities	1,697.0	993.8
Total current liabilities	1,968.4	1,160.1
Total equity and liabilities	8,629.6	6,018.2

Consolidated statement of cash flows

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
EBITDA	249.5	131.9	902.7	467.8
Adjustments for items not included in cash flow	-9.8	-7.5	-14.2	7.9
Income tax paid	-7.0	1.3	-56.0	-34.4
Cash flow from operating activities before changes in working capital	232.7	125.6	832.5	441.3
Changes in working capital	-12.6	-73.8	161.8	-19.2
Cash flow from operating activities	220.0	51.9	994.3	422.2
Investments in operations	-1,738.6	-77.9	-1,859.1	-251.4
Redemption of loan to seller upon acquisition of operations	-91.8	-	-91.8	-
Investments in other non-current assets	-30.0	-33.3	-94.1	-98.0
Divestment of operations	0.3	-	0.4	-
Divestment of other tangible fixed assets	0.2	0.9	0.5	1.3
Received interest	1.0	1.1	3.2	1.5
Cash flow to/from investing activities	-1,858.9	-109.1	-2,040.9	-346.5
Loans taken	1,134.2	77.7	1,277.1	307.4
Amortisation of loans	-40.5	-44.4	-147.3	-315.7
Issue of warrants	-	-	12.9	6.0
Interest paid	-9.2	-8.6	-33.9	-30.5
Dividends to non-controlling interests	-	-	-5.5	-
Cash flow to/from financing activities	1,084.5	24.7	1,103.4	-32.8
Cash flow for the period	-554.4	-32.5	56.8	42.8
Cash and cash equivalents at the beginning of the period	874.2	307.1	270.3	226.9
Translation differences in cash and cash equivalents	-20.9	-4.3	-28.1	0.6
Cash and cash equivalents at the end of the period	299.0	270.3	299.0	270.3

Reconciliation of non-IFRS metrics

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Operating income	183.4	79.6	657.8	282.0
Acquisition-related costs	-	-0.0	-	1.7
Last-mile project	-	-	-	5.8
Total items affecting comparability	-	-0.0	-	7.5
Amortisation and impairment of acquisition-related intangible fixed assets	10.7	10.4	43.0	40.6
Adjusted EBIT	194.1	90.0	700.8	330.1
Adjusted EBIT (%)	8.2	5.5	7.8	5.3
Depreciation and amortisation of tangible and intangible fixed assets	55.3	42.2	201.9	144.4
Gain/loss from sale of fixed assets	0.0	-0.4	-0.0	0.8
Adjusted EBITDA	249.5	131.9	902.7	475.3
Adjusted EBITDA (%)	10.6	8.0	10.1	7.7
Net sales	2,354.6	1,644.6	8,968.2	6,212.5
Cost of goods	-1,449.8	-1,046.7	-5,640.1	-4,023.8
Gross profit before direct selling costs	904.8	598.0	3,328.1	2,188.6
Gross profit before direct selling costs (%)	38.4	36.4	37.1	35.2
Direct selling costs	-263.6	-183.7	-997.3	-698.1
Gross profit	641.3	414.3	2,330.8	1,490.5
Gross profit (%)	27.2	25.2	26.0	24.0
Last-mile project	-	-	-	5.2
Adjusted gross profit	641.3	414.3	2,330.8	1,495.7
Adjusted gross profit (%)	27.2	25.2	26.0	24.1



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