



BHG acquires AH-Trading

2 September 2021

Today's presenter



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President and CEO



Agenda

- This is BHG
- Acquisition of AH-Trading
 - The company
 - Transaction highlights
 - Rationale
- Q&A



BHG

This is BHG

Leading European online Home improvement player

1 Furniture and DIY...

...the BHG ecosystem



DIY=54%

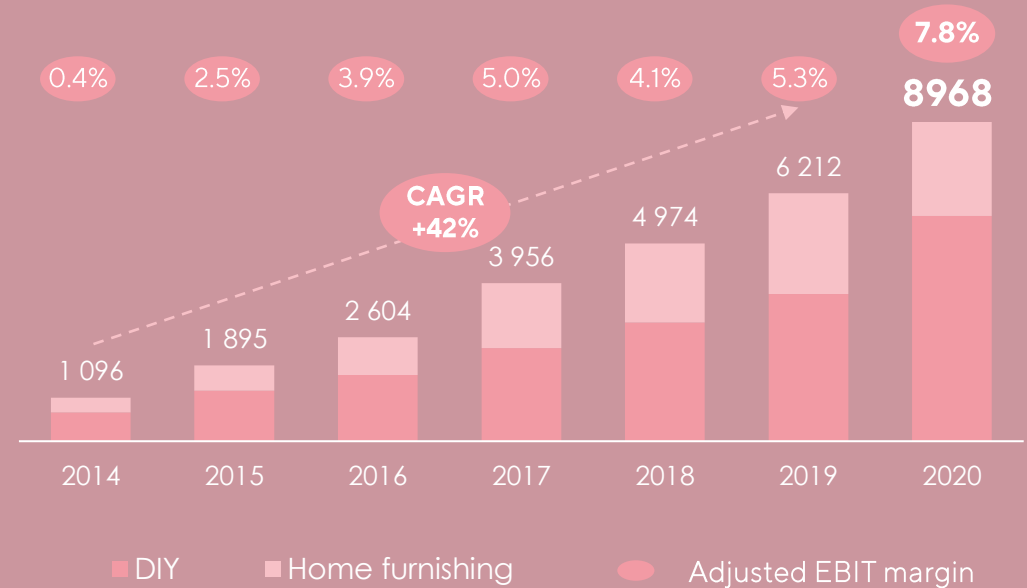
~1 000 000
products

Comple-
mentary
services

Expertise
& show-
rooms

2

A strong financial track-record (2014-2020)



BHG – Clear value creation path

Organic + M&A + Synergies

Organic – drive share

01

Assortment

**02**

Scale and own brands

**03**

Digital shopping experience

**04**

Best guidance, service and support



- Secular shift towards online to continue for many years
- Broad-based leadership position across two segments and multiple categories
- Clear further expansion opportunities in terms of category and geographic presence

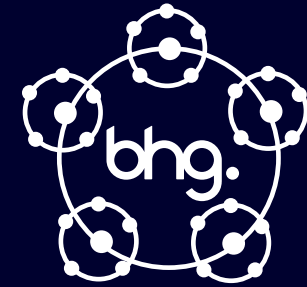
M&A – consolidate markets

35

Acquisitions since 2012 – five acquisitions in last seven months, including two largest to date

- Proven track record and capabilities
- Highly fragmented market – BHG leading the consolidation
- Category catalysts & Platforms

Synergies – accelerate platforms



- Established history and model for creating synergies
- Clear Post Merger Integration approach – bolt-ons attached to platforms – with BHG providing Governance model, Culture, Centres of Excellence and Tech/Data/Automation

AH-trading

A leading online outdoor furniture player in the German market

AH-Trading in a nutshell



- AH-trading was founded in 2002 and entered the online outdoor furniture space in 2007
- AH-Trading has exhibited rapid, profitable growth since and established a leading online position within its space in the German market.
 - 3-year net sales CAGR (2018-2021FC) of 61%.
- HQ and warehouses located in Nordrhein Westfalen, the most populous German state, with headquarters in the city of Xanten, approx. 45 min driving distance from Dusseldorf Airport
- Net sales is est. to €66m and EBITDA to €6.7m (~10%) FY21FC
- The product portfolio comprises both own brands and well-known external brands. The share of own brands is on a growing trajectory and is estimated to reach ~50% of net sales FY21FC

Key transaction highlights

Acquiring 80% – founders retaining 20%

Transaction highlights	<ul style="list-style-type: none"> • BHG has acquired 80% of AH-Trading <ul style="list-style-type: none"> – AH-Trading founders, CEO and COO, will retain 20% minority stake – and continue in their current roles • AH-Trading is a fast-growing and profitable online leader in the German market for outdoor furniture <ul style="list-style-type: none"> – Expected to generate c. €66m in net sales, up >45% on 2020A, and EBITDA of appr. €6.7m, in 2021 – Data driven and tech enabled operator, with a high share of own brands and warehousing facilities in Nordrhein Westfalen • Significant synergy opportunities from scale & sourcing, cross-selling and sharing of best practices • Initial valuation for 100% of shares of SEK 490 million and in addition an earn-out, based on 2021-22 EBITDA, of up to SEK 122 million¹⁾ • BHG has a call option to acquire the minority stake based on 2024 performance at a predefined valuation mechanism
Financing	<ul style="list-style-type: none"> • Cash consideration of c. SEK 367 million, financed with cash on hand • Earning accretive transaction <ul style="list-style-type: none"> – Initial valuation, excluding earnout, corresponds to a 2021E EV/EBITDA of c. 7.2x – Earnouts in two tranches, conditional upon hitting performance targets. Including full earnouts, Initial valuation corresponds to a 2021 EV/EBITDA of c. 9.0x
Governance	<ul style="list-style-type: none"> • AH-Trading to be part of BHG's HF segment • AH-Trading to be run decentralised under the leadership of founder and CEO Aron Holtermann
Timeline	<ul style="list-style-type: none"> • The transaction was signed today and is set to close very shortly • AH-Trading will be consolidated into the Home Furnishing segment

Notes:

¹ Payable in cash in two tranches, after the adoption of the annual accounts in 2021 and 2022.

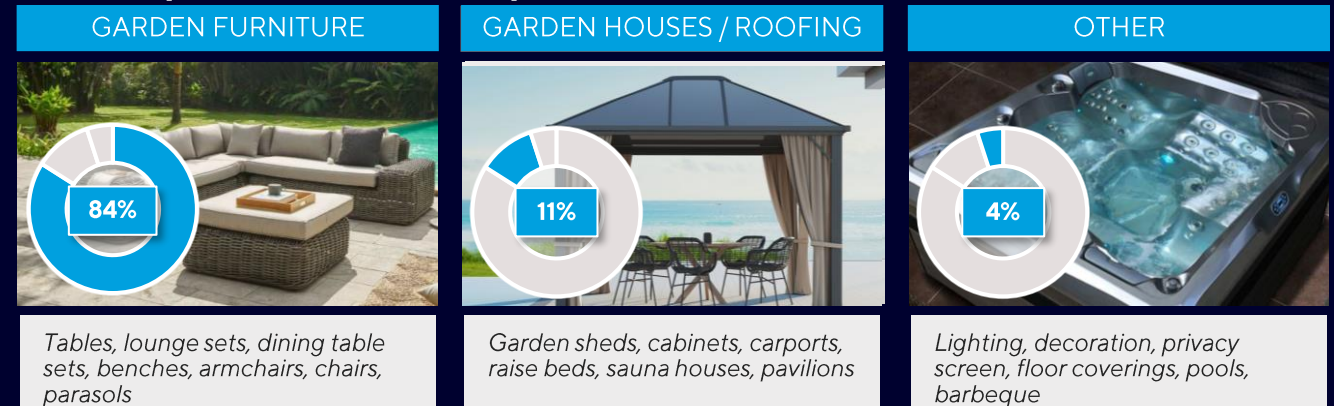
Overview of AH-Trading

A leading online garden furniture specialist

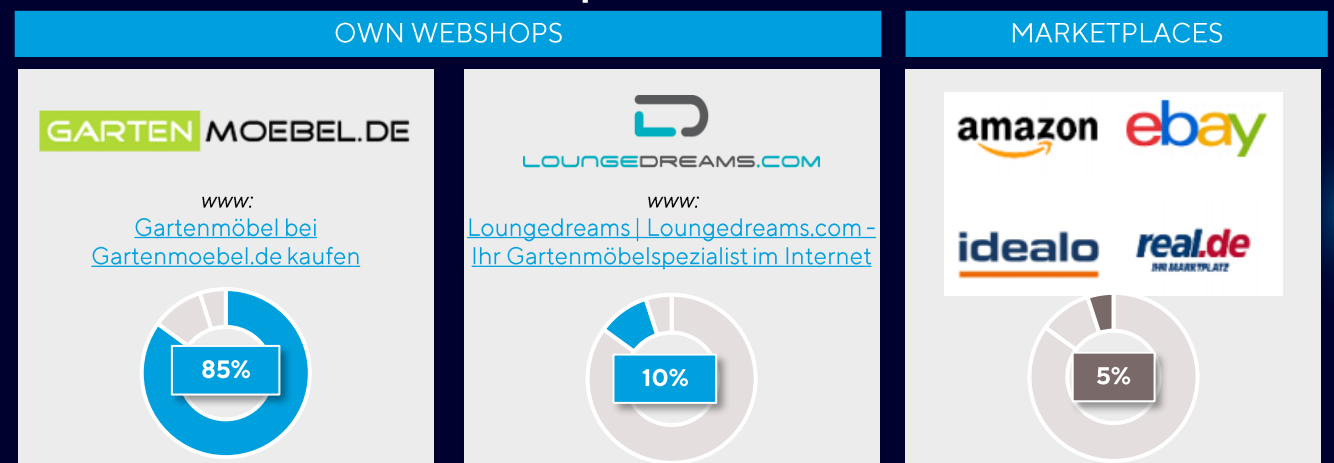
Introduction

- AH-trading is a leading online outdoor and garden furniture player on the German market
- The Current product portfolio comprises c. 10,000 SKUs – of which c. 3,000 are own brand and c. 7,000 well known external brands
- Excellent customer satisfaction – ~120.000 active customers and >10m site visits in 2020
- Facilities are located in Xanten (HQ and warehouse) and Rheinberg (warehouse), close to Dusseldorf, Germany
- In-house design and development capabilities. Own brands sourced from Asia, with long-lasting and strong ties to ~20 manufacturing partners
- Approx. 120 full-time employees

Product portfolio and sales split FY20



Distribution channels and sales split FY20



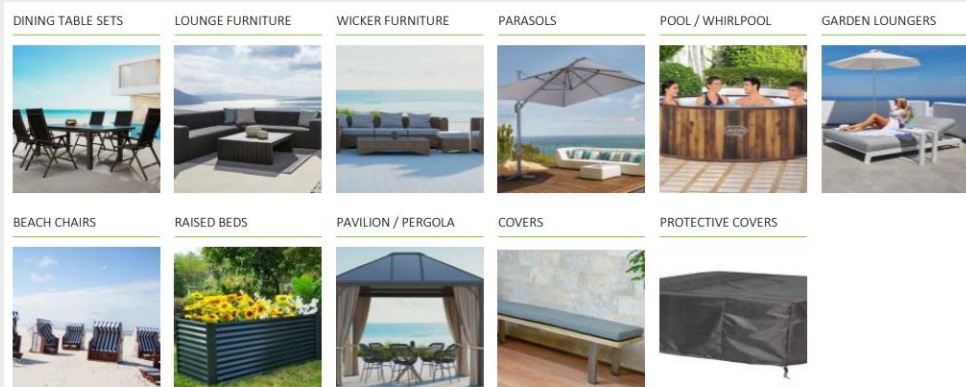
Product portfolio and brands

A high and growing share of own brands – with attractive margins

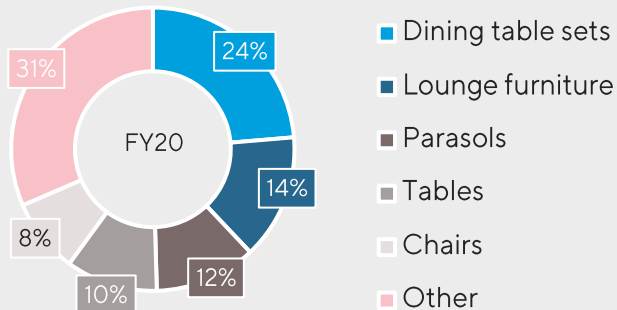
Over 10,000 articles overall and diversified supplier base

Working with nearly 30 top brands

Example of product groups



Top five product groups by revenue



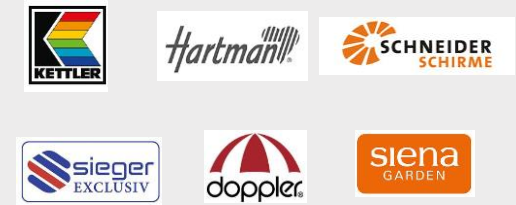
OWN BRANDS



3 Brands
~3,000 Individual items

42% of sales FY20 → 48% of sales YTD Jun21

THIRD PARTY BRANDS



+25 Brands
~7,000 Individual items

58% of sales FY20 → 52% of sales YTD Jun21

Strategic fit & financials



Strategic fit

Similar operating model



Strong cultural fit



Platform for growth



AH-Trading is a true online category expert within outdoor furniture, a core BHG category, with a great track-record



The Company has critical mass within its domain and adds an expert on-the-ground team and infrastructure to the BHG footprint



The product portfolio, including own brands, matches that of our Nordic base - creating two-way clear cross-selling synergies



Serving the same customer group as BHG



The operating model and cultural fits are excellent



Strong management, with retained stake

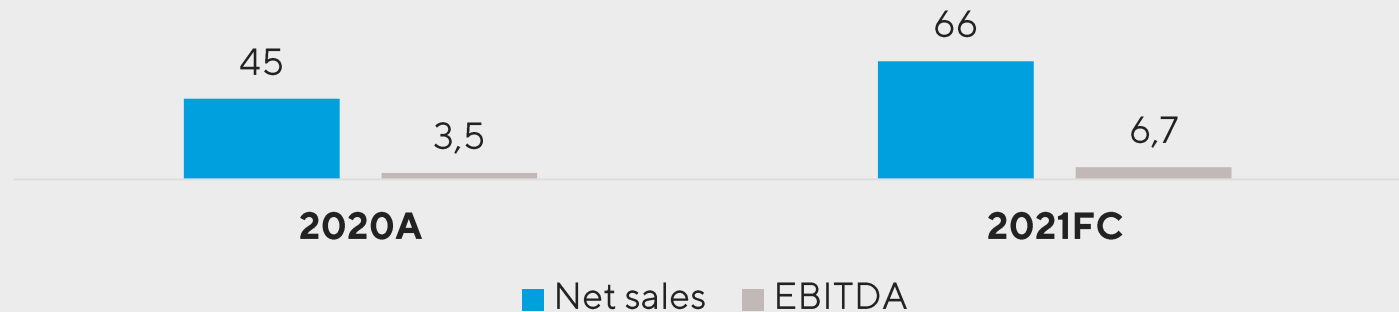


Earnings accretive transaction, made at an attractive multiple

Financials

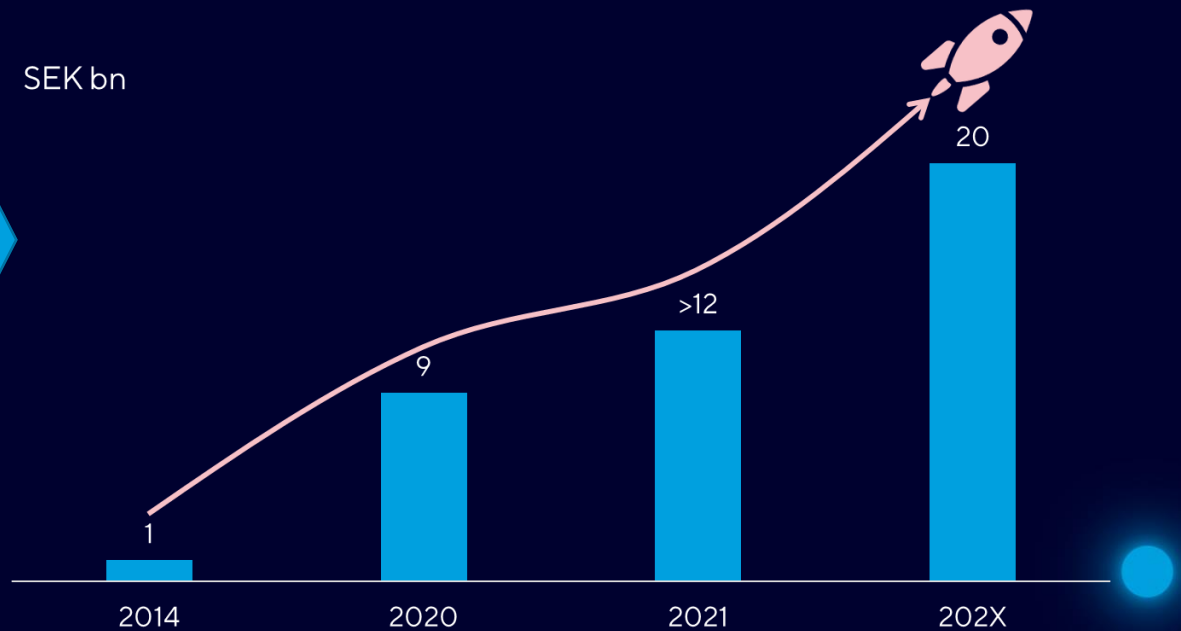
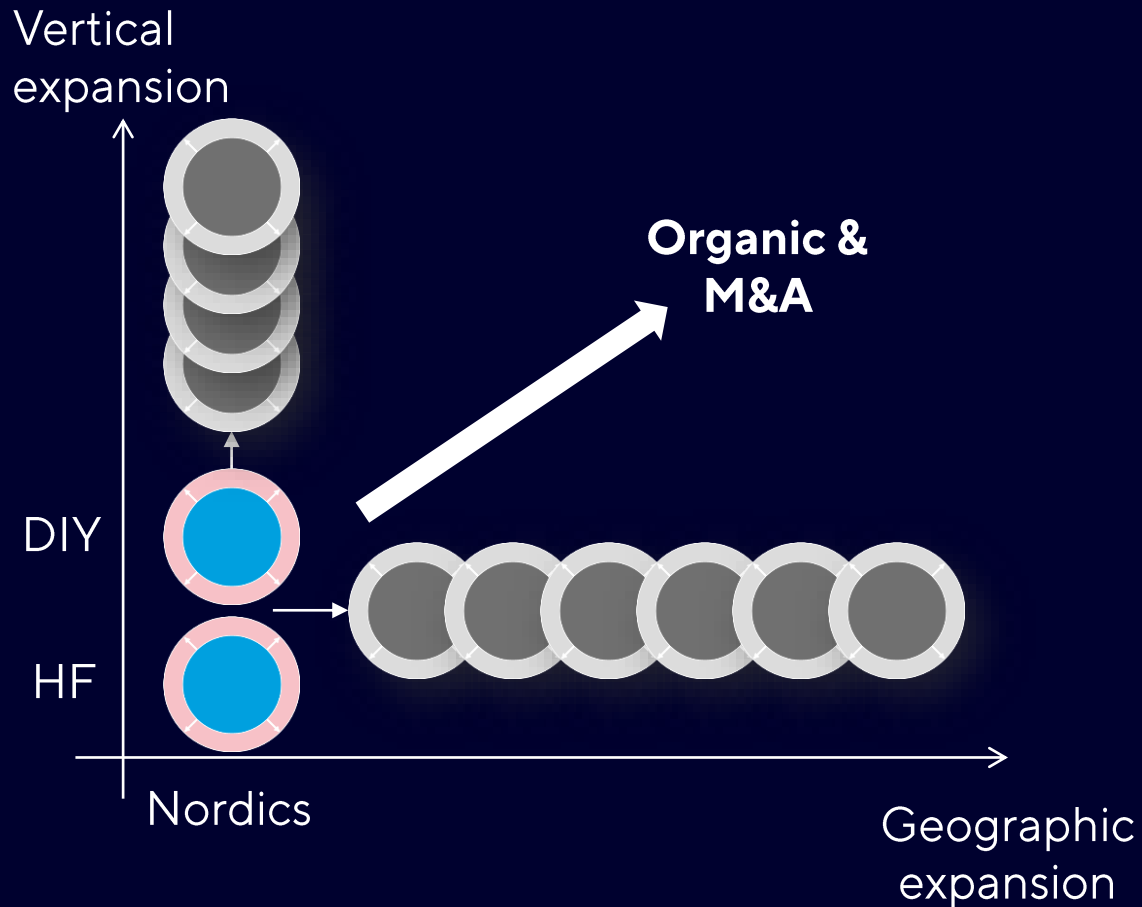
2020A & 2021FC

(MEUR)



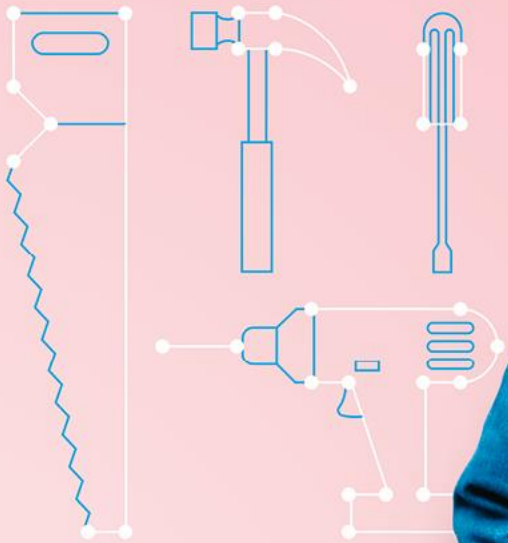
Our growth journey continues

Category expansion – *everything for the Home* – and Geographies





bhg.



AH-TRADING



Q&A

Forward-looking statements



Certain information contained in this presentation, including any information on the Group's plans or future financial or operating performance and other statements that express BHG's management's expectations or estimates of future performance, constitute forward-looking statements (when used in this document, the words "anticipate", "believe", "estimate" and "expect" and similar expressions, as they relate to BHG or its management, are intended to identify forward-looking statements). Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. BHG cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of BHG to be materially different from BHG's estimated future results, performance or achievements expressed or implied by those forward-looking statements.