



Today's presenters



Gustaf Öhrn, CEO



Jesper Flemme, CFO

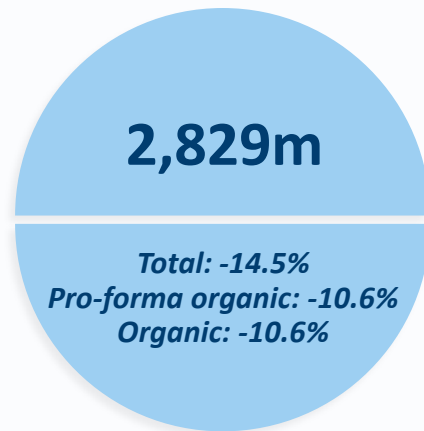
Q4 REPORT 2023

26 January 2024

Q4 2023 – SIGNIFICANT IMPROVEMENT

SALES

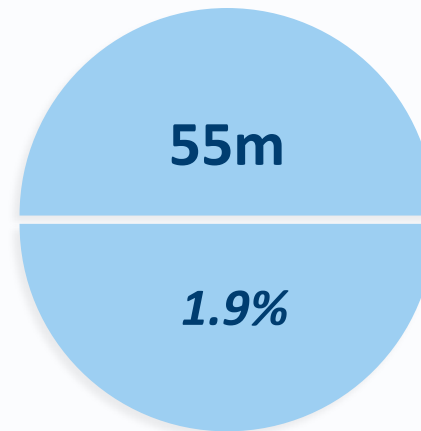
Net Sales (SEK)



Growth

EARNINGS

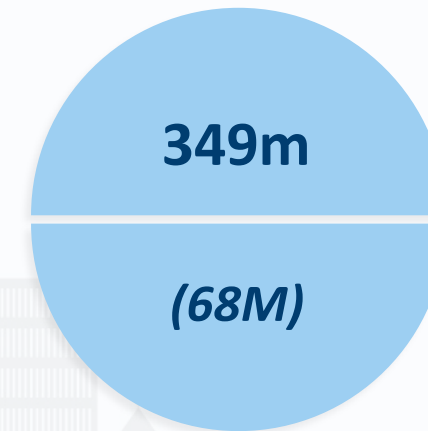
Adj. EBIT(SEK)



Adj. EBIT margin

CASH FLOW

Cash flow from operating activities (SEK)



- We have continued to gain share in a weak market
- Significant improvement in cash flow from operating activities driven by inventory reductions
- Successful focus on cash flow in 2023 – we will prioritize profit over cash 2024

In 2023 we have strengthened our Balance Sheet, improved our Cash Flow and implemented our strategy

INVENTORY REDUCTION 2023

**SEK
900m**

Target: 600m

CASH FLOW 2023

**SEK
1,550m**

+1,656m vs. 2022

COST REDUCTION 2023

**SEK
125m***

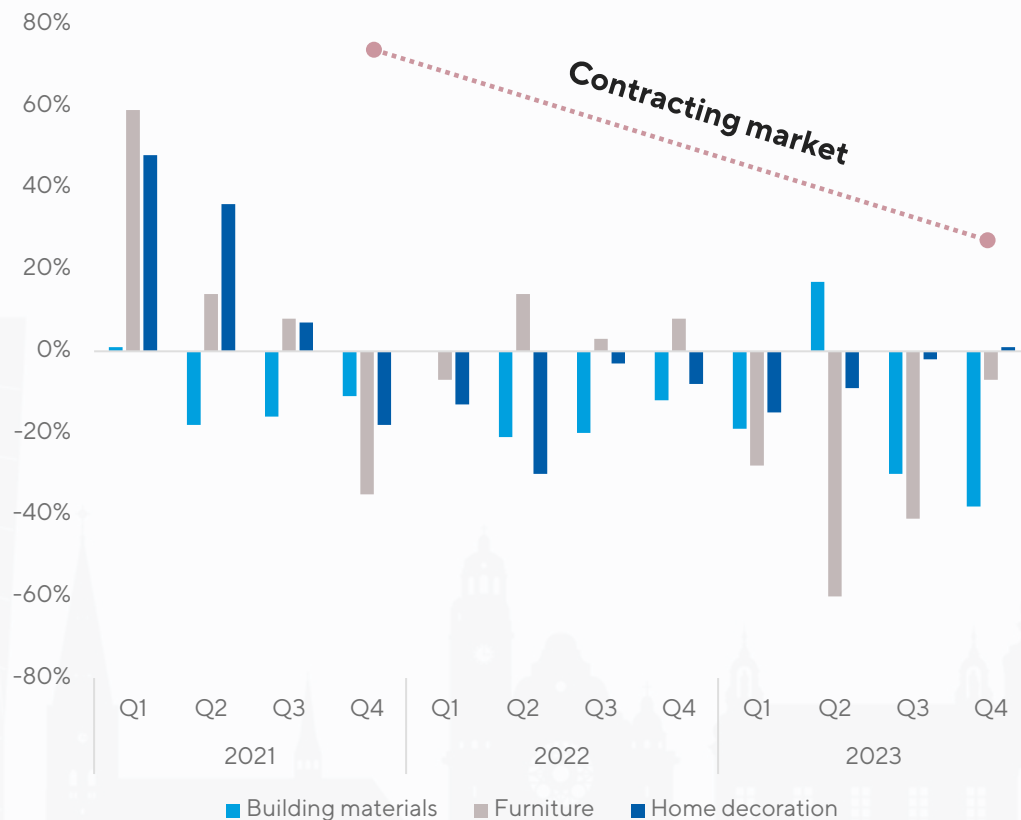
Target: 100-150m

INTREST BEARING LIABILITIES REDUCTION

**SEK
~1.6Bn**

** Adjusted for currency effects, divestments and items affecting comparability*

Our fundamental drivers remain in a contracting market



SOURCE: Svensk Handel – E-handelsindikatorn December 2023

- We have been in a **detracting market** since H2 2021
- Macro-drivers such as **housing market turnover, interest rates, electricity price- volatility and inflation** have all played **major negative** roles in consumer spending
- Our view on the fundamental drivers behind increased **online penetration** remains and we project a continued move from **offline to online in our core categories**
- We believe that the market will **be difficult in 2024** as disposable incomes remain subdued. However, **interest rate cuts and increased activity in the housing market might lead to increased demand**

This is BHG

Home Improvement

Primarily based on a **drop-shipping model with a broad product range**

Mainly active in the **Nordic markets**

Consolidate to Powerhouse

Select key brands

 bygg hemma.se



Value Home

Value-driven model that focuses on offering competitive prices through **private label products**

Mainly active in the **Nordic and Eastern European markets**

Profitability improvement / (Divest non profitable units)

Select key brands

 trademax
ALLT FÖR HEMMET

 FURNITURE1

Premium Living

Premium position primarily based on wholesale

Active in the **Nordics, as well as several international markets**

Internationalization

Select key brands

 NORDIC
NEST

KEY FOCUS AREAS 2024

PROFITABILITY

CONSOLIDATION

EFFICIENCY

GROWTH INITIATIVES

CUSTOMER CENTRICITY



We are taking measures across the line to improve our profitability

Gross Margin

In-price
optimization and
supplier **sourcing**

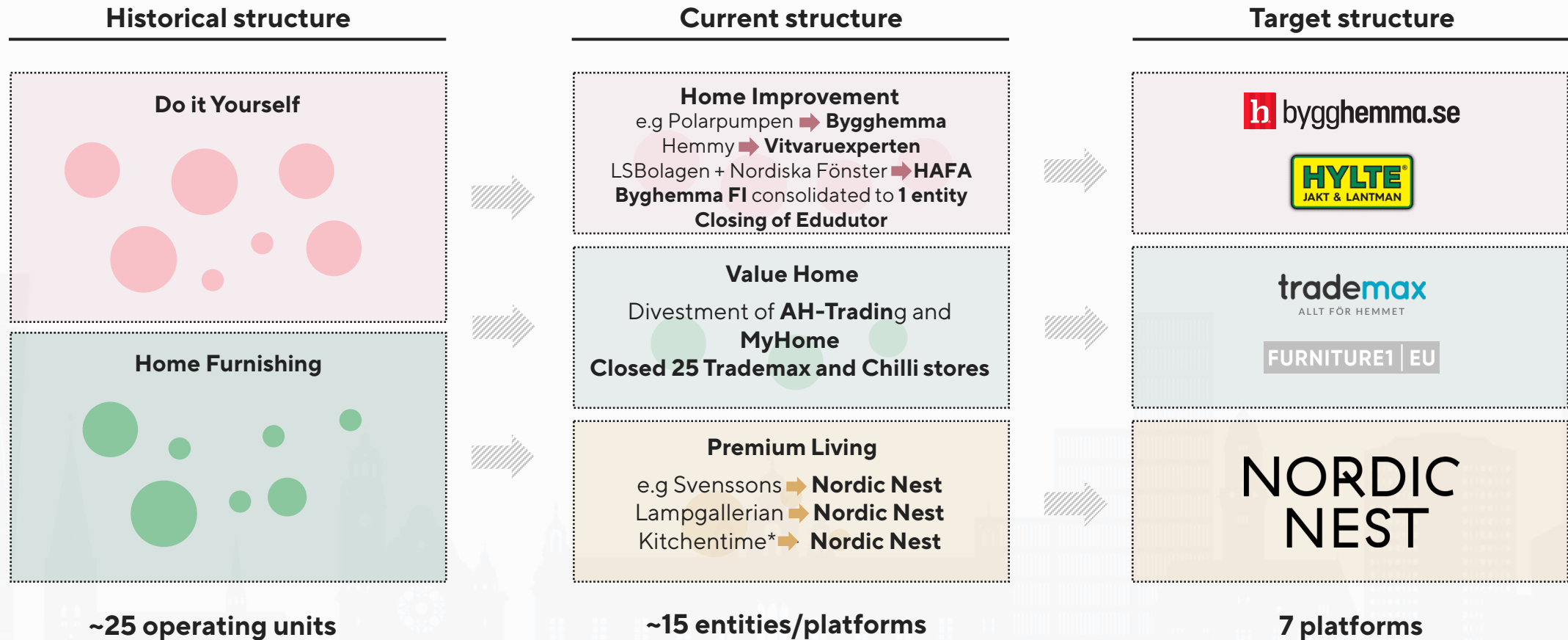
Direct selling costs

Cost leverage
through **warehousing**
and **Marketing**.
Leverage size to
reduce last mile cost

SG&A

Increase
efficiency through
consolidations,
IT-investments
and **AI**

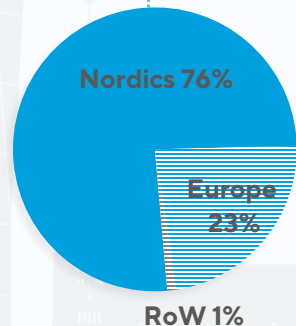
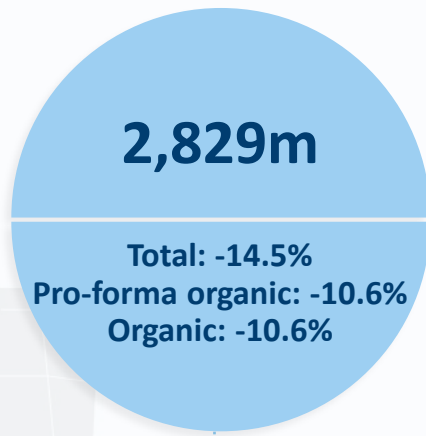
We are moving towards fewer and larger platforms to achieve economies of scale and to simplify our structure



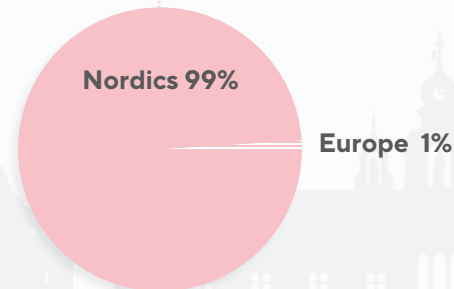
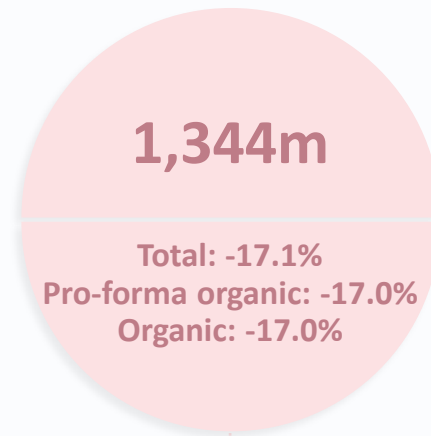
* To be acquired April 1 2024

We have been taking actions to increase our geographical expansion to ensure future growth

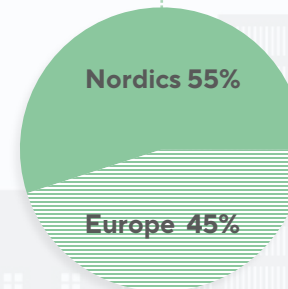
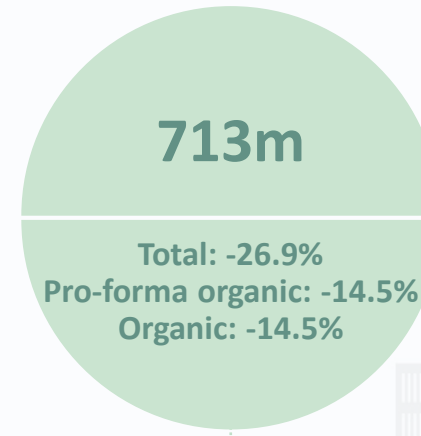
BHG Group



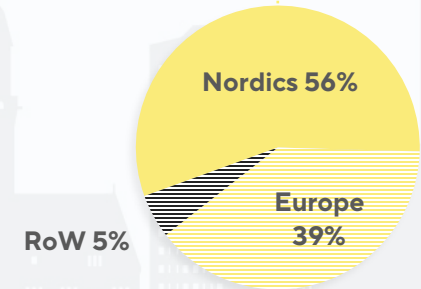
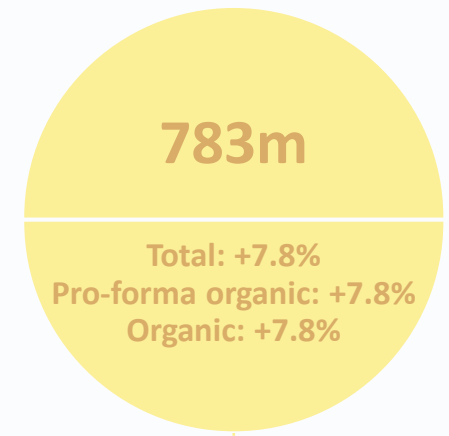
Home Improvement



Value Home

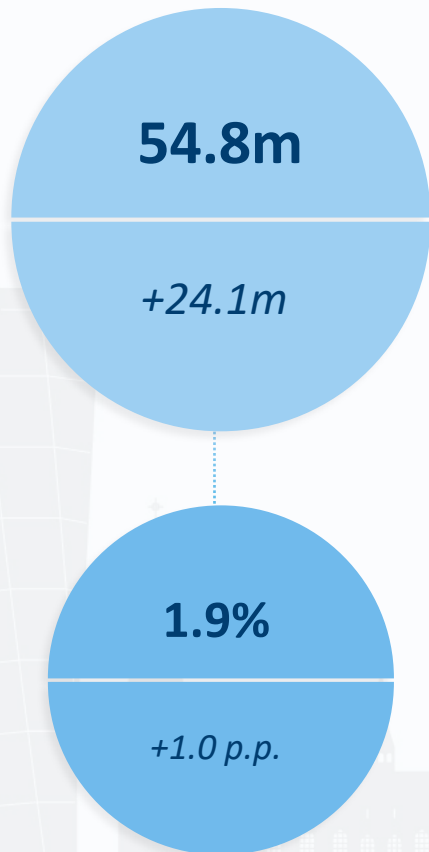


Premium Living

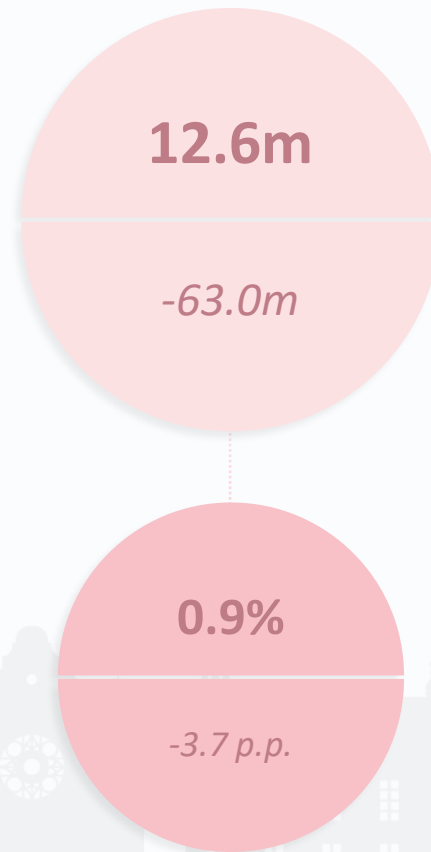


We have fulfilled our commitment on cost-reduction but more needs to be done

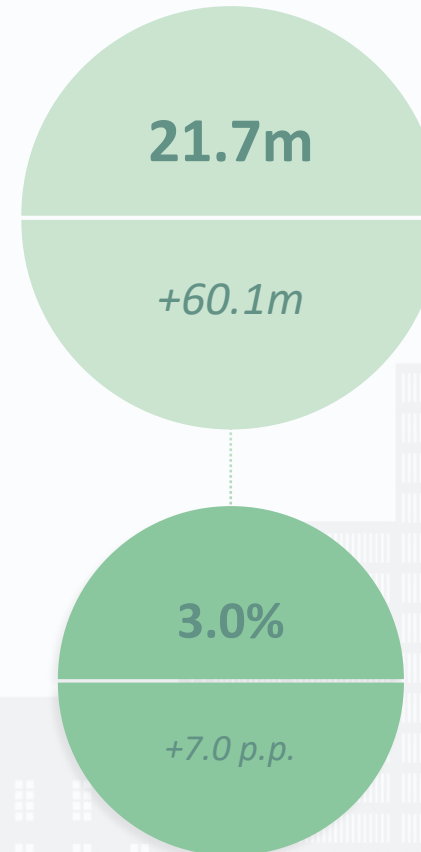
BHG Group



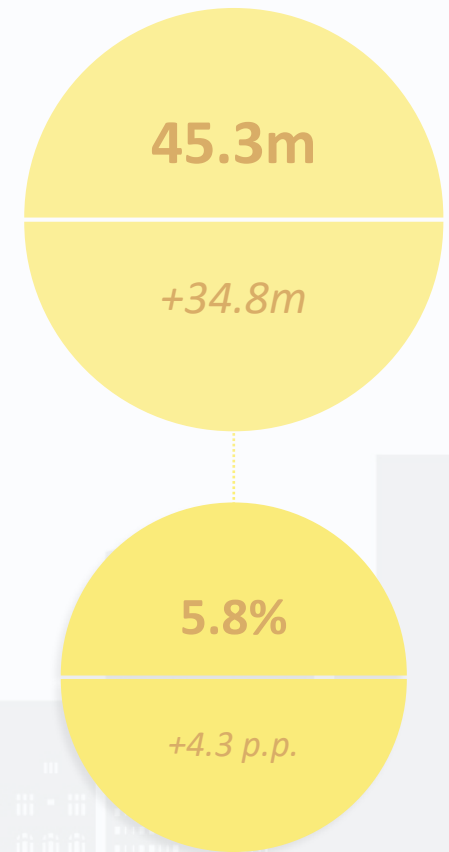
Home Improvement



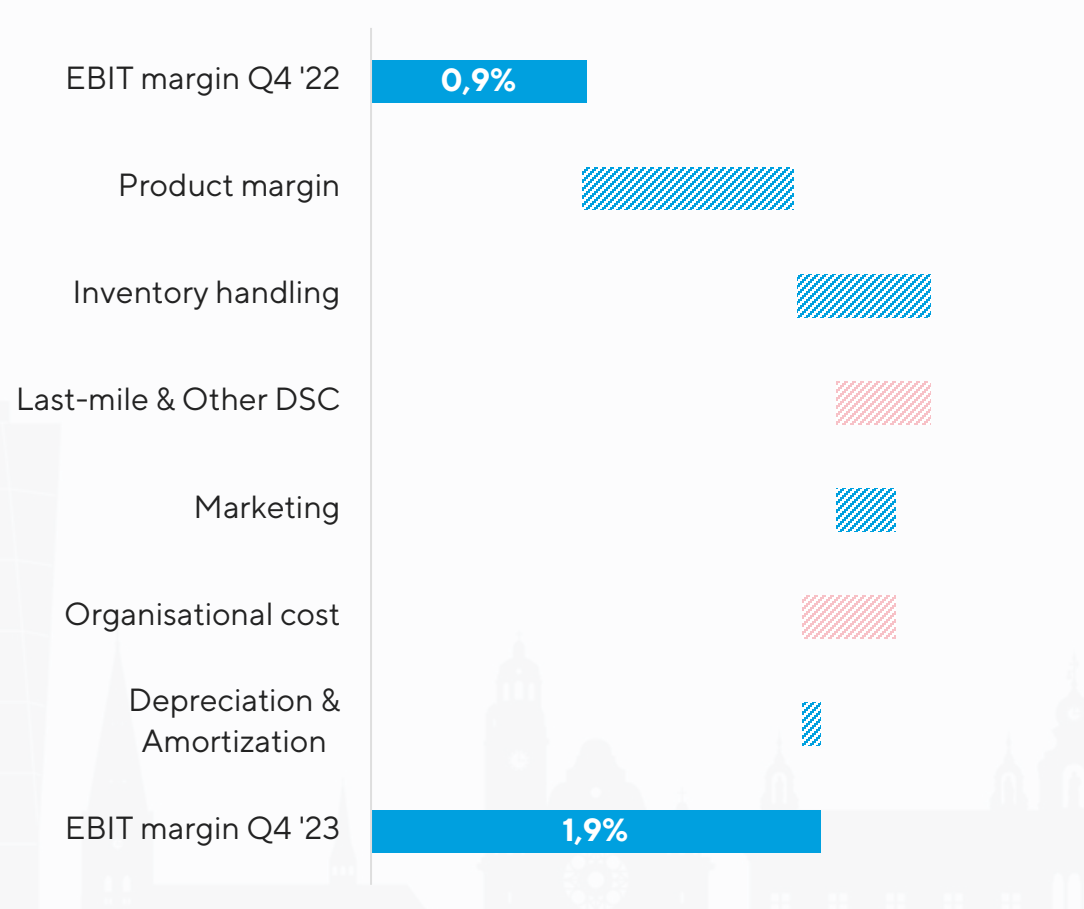
Value Home



Premium Living



EBIT margin bridge 2022 Q4 → 2023 Q4

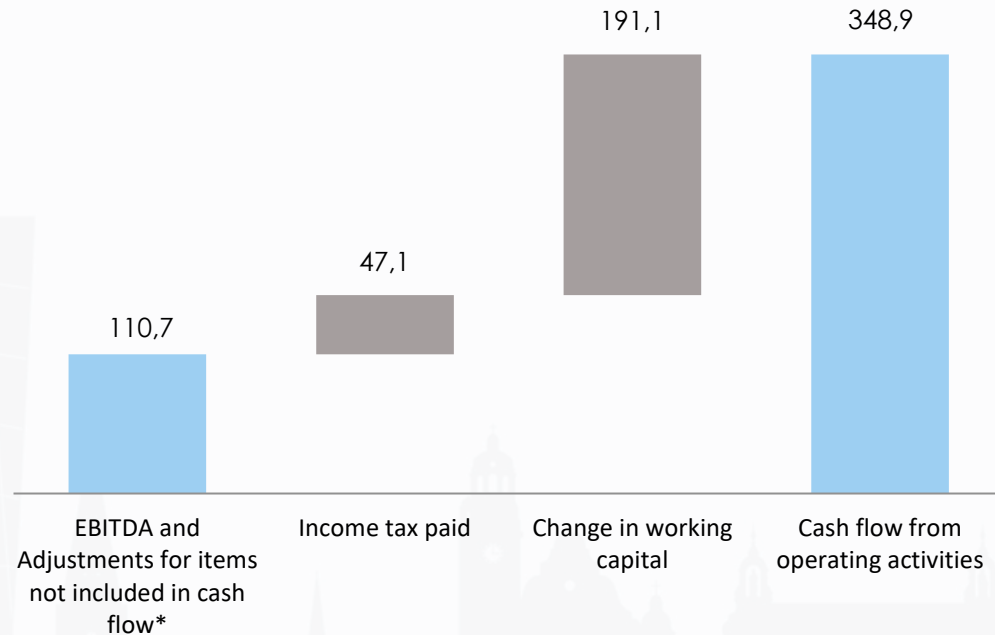


- The significant improvement in **Gross Margin** was primarily driven by **Value Home** and **Premium Living**, thanks to an active effort to normalize the margin structure
- Another positive driver in the quarter was **inventory handling costs**, as we start to see the effects both from **cost initiatives** and **investments in automation**.
- Significant **efficiency increases** was the main positive driver in **Marketing**
- Slight improvement in **D&A**. Effect from divestments of stores will take full effect 2024 onwards

We generated ~SEK 1.6bn in cash flow from operating activities during 2023

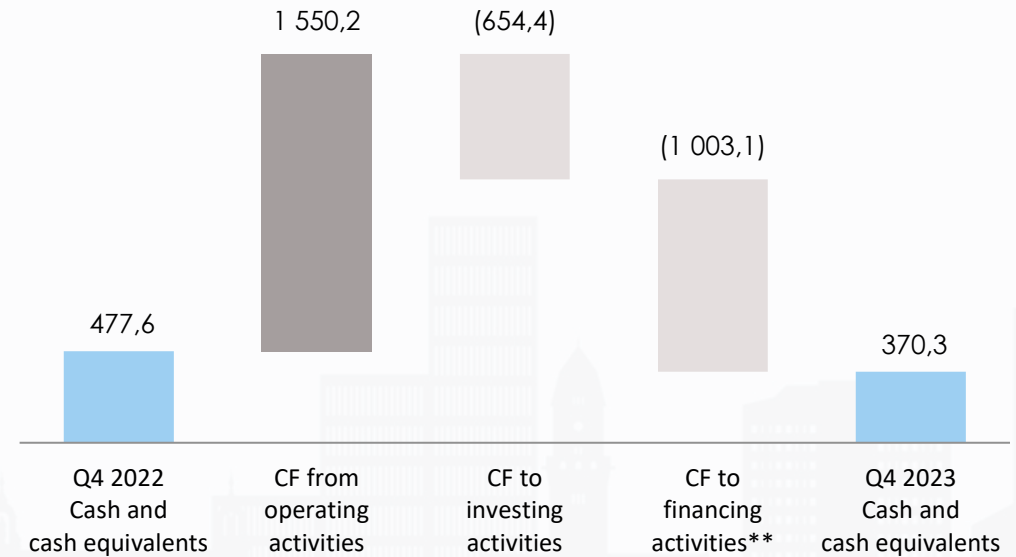
Significant improvement in cash flow from operating activities compared to last year (Q4 2022: 67.5m)

Oct-Dec 2023 (SEKm)



Liquidity mainly driven by cash flow from operating activities

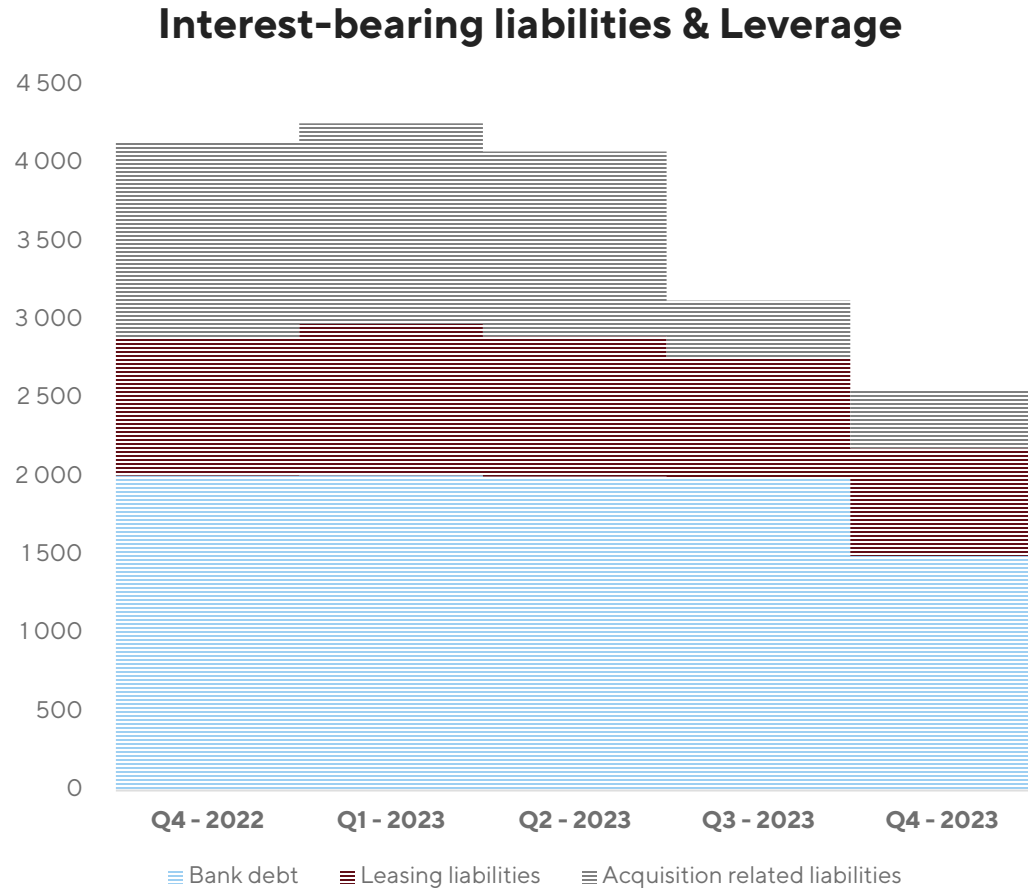
SEKm



* EBITDA was SEK 142.6m and Adjustments for items not included in cash flow was SEK -31.9m in the quarter

** Including translation differences

We have reduced total interest-bearing liabilities by ~SEK 1.6bn during 2023 – reducing risk



Net debt

1,129.7m

EBITDAaL LTM

281.7m

4,01x

- We have reduced our total interest-bearing liabilities with **~1.6bn** 2023
- Acquisition related liabilities amounts to **374m** whereof **49m** short-term
- **1.8bn** unutilized facilities

SUMMARY

MARKET

- Demand has been **contracting since Q4 2021**
- We expect a **challenging market in 2024**

STRENGTHEN FINANCIAL POSITION

- We've **strengthened** our **balance sheet** and **cash flow**
- We've **significantly** reduced our **inventory levels**
- **Reduced cost run rate**

CONSOLIDATIONS

- We're well underway on our **consolidation journey**
- We will **continue to simplify** our structure during 2024

IMPROVED PROFITABILITY & WE ARE WELL POSITIONED

- First quarterly improvement since **mid-2021**
- We're in **good shape** and **well positioned** when **demand returns**
- **Profitability** is our **main focus in 2024**

