



**bhg.**

**Ready for  
the next phase**

**Capital  
Markets Day**

14 May 2024, in Kalmar

# Today's agenda

SECTION	PRESENTERS	TIME
Opening remarks	Gustaf Öhrn	09:40-09:45
Company update and strategic focus areas	Gustaf Öhrn	09:45-10:15
Financial perspective	Jesper Flemme	10:15-10:45
BREAK		10:45-11:00
Home Improvement – A Nordic Home Improvement powerhouse	Mikael Hagman & Emma Pålsson	11:00-11:30
TRANSPORT TO LUNCH		11:30-11:45
LUNCH		11:45-12:45
TRANSPORT BACK		12:45-13:00
Value Home – Strategically positioned assets with room for improvement	Christian Eriksson & David Olhed	13:00-13:30
Premium Living – An international growth story	Bank Bergström	13:30-14:00
Concluding remarks, key takeaways and Q&A	Gustaf Öhrn	14:00-14:15
COFFEE BREAK		14:15-14:30
WAREHOUSE TOUR		14:30-15:15

# Strong management team with extensive experience



**Gustaf Öhrn**

*President and CEO*



Joined 2022



**Jesper Flemme**

*Group CFO*



Joined 2016



**Mikael Hagman**

*Deputy CEO and  
Head of Home  
Improvement segment*



Joined 2017



**Bank Bergström**

*Head of the Premium  
Living Segment*



Joined 2022

ÅHLÉNS

stadium

J.LINDBERG

CDON

addedo

Deloitte.

MediaMarkt

SONY

NORDIC  
NEST

ELGIGANTEN

MediaMarkt



**Christian Eriksson**

*Head of Value Home  
segment*



Joined 2014



**Martin Leo**

*Group CTO*



Joined 2022



**David Olhed**

*Group CCO*



Joined 2023



**Emma Pålsson**

*CEO for  
Bygghemma*



Joined 2022<sup>1)</sup>

trademax.se  
ALLT FÖR HEMMET

CDON

accenture

CDON

DLF

Findus

# Key messages today



Profitability  
comeback

Prepared for  
market rebound

Updated  
financial targets



# Company update and strategic focus areas

**Gustaf Öhrn**  
Group CEO



# We make living easy

BHG Group at a glance

SEK **11.8**bn  
Net sales,  
2023

>**1.7** m  
Products,  
2023

Home  
Improvement

Value Home

Premium Living

Three business areas

**5%**  
L5Y avg. adj.  
EBIT margin<sup>2)</sup>

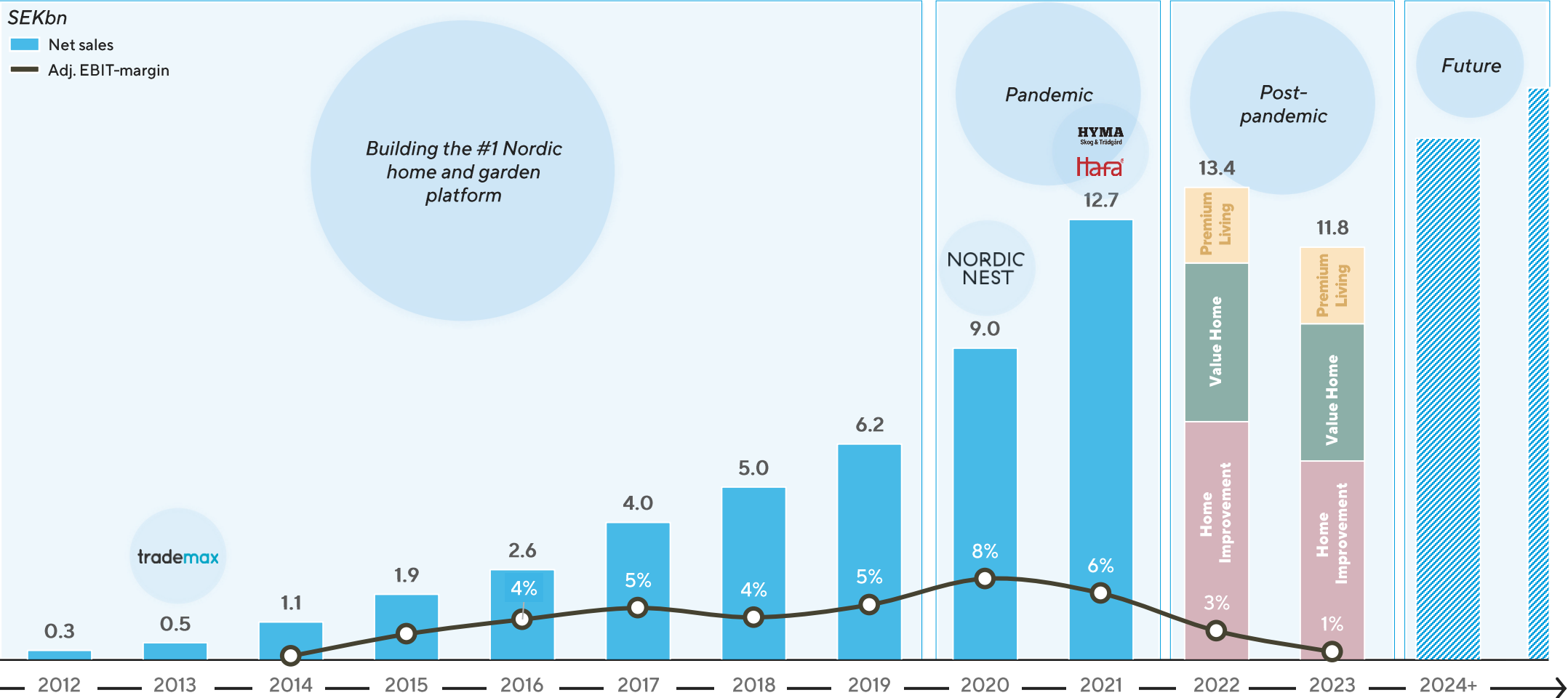
**~1,800**  
Employees

**Decentralised structure**

**Entrepreneurial accountability**

**Leading online market positions**

# History of growth and profitability to continue



# Prepared for market rebound

Significantly stronger company – executing on clear strategic plan in place since 2022

Who we are

Strategic priorities

Where we focus

Foundation

STRATEGICALLY

We make living easy

Project Olympia

Customer centricity • Customer offer expansion

Sustainability • Simplify

HOME IMPROVEMENT

Home Improvement powerhouse

VALUE HOME

Profitability improvement

PREMIUM LIVING

Internationalisation

Decentralised structure • Performance/“winning”-focused culture • Entrepreneurial culture and accountability

Actionable strategy defined

STRUCTURALLY

Q1'24

Consolidation

Several consolidations ongoing in our business units to increase economies of scale and improve customer value

Home Improvement

• Create Nordic DIY-powerhouses led by Bygghemma through consolidation of country organisations

• Localised offerings while consolidated support functions to improve scale and synergies

• Expected to take 18 months

Value Home

• Creating a scalable private label platform in Handfast Group by consolidating Handfast, Arc, E-commerce and newly acquired Tandem

• Individual destinations, but support functions will be consolidated, thereby achieving efficiency gains

Premium Living

• Integration of KitchenTime and LampCubert into Nordic West Group

• Creating category specialists in Furniture (Dormerens), Cooking & Dining (KitchenTime) and Lighting (LampCubert) and increased economies of scale through shared backend

Three business units formed

Consolidation

Divestments of non-core assets

OPERATIONALLY

Q1'24

Efficiency

We are executing several initiatives across our business units to improve efficiency

Fulfillment

• Warehouse automation in Premium Living

• Leverage reduced inventory levels to decrease warehouse space in all BUs

Artificial Intelligence

• Leverage AI to support Customer service in select entities

• Using AI to generate content and improve marketing

Group wide agreements

• Leverage the Group's size to negotiate group wide agreements

• New agreements in place for last mile and payment solutions

Scalable solutions

Automation

Experienced management

Efficiency initiatives

FINANCIALLY

Delivering on announced improvement initiatives

Significant improvements achieved in 2023

Cash flow

SEK 1.6bn

Improvement of -1.7bn vs. 2022

Inventory reduction

SEK 900m

Above target of 600m

Cost reduction

SEK 125m

In line with target of 100-150m

Reduction in interest bearing liabilities

SEK 1.6bn

Focus on de-leveraging and stronger balance sheet

Cost reductions

Inventory reduction

Strong cash flow

Reduction in net debt

8

# Well-positioned for continued profitable growth

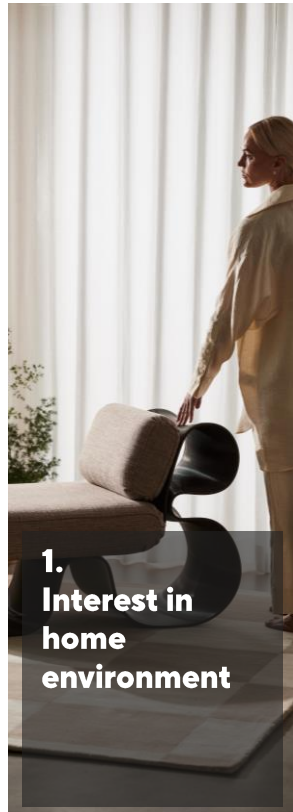




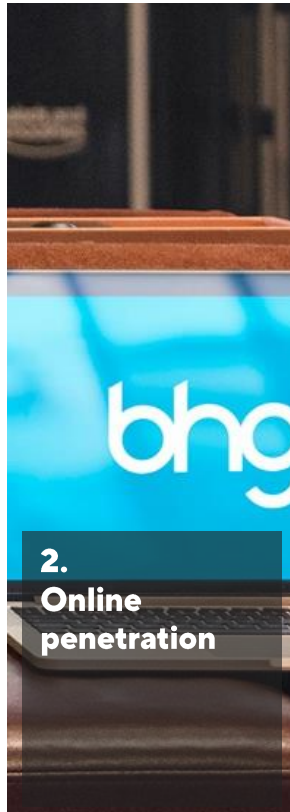
# Our growing markets are driven by structural trends



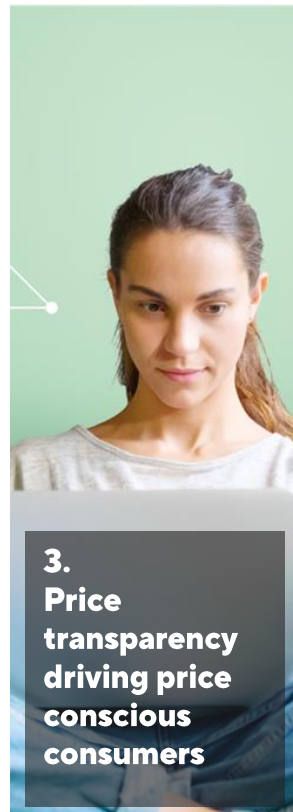
## 1. Well positioned to capture long-term structural market trends



**1. Interest in home environment**



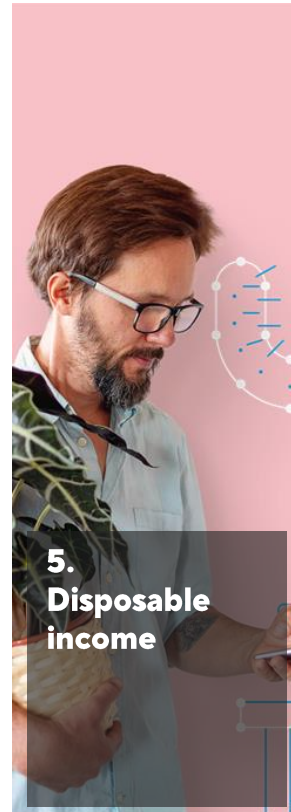
**2. Online penetration**



**3. Price transparency driving price conscious consumers**



**4. Destinations and niche sites**



**5. Disposable income**



**6. Consumer confidence**



**7. Activity in the housing market driving "renovation intent"**



## 2. Capitalising on normalising macro environment



# BHG Group offers a competitive value proposition

Unique attractions both for customers and brands

## 3. Superior customer value proposition



### Why **customers** choose BHG Group

- ✓ **Price**  
Best-in-class prices driven by lean and low fixed cost structure
- ✓ **Choice**  
Broad and deep offering by combining generalist and specialist retailers under one umbrella
- ✓ **Convenience**  
Appealing convenience with home delivery of bulky items
- ✓ **Service**  
Exceptional after purchase services, with best-in-class customer service



## 4. Need-to-be destination for suppliers



### Why **brands** choose BHG Group

- ✓ Large platforms give **strong visibility** to suppliers
- ✓ **Significant market share** on a group-level making it a need-to-be destinations for brands that want to remain relevant
- ✓ **Enabler for internationalisation**

# Group functions further enhancing daily operations

	→	<b>Central group functions including Centre of excellence (IT, online marketing, ESG etc.)</b>
	→	<b>Securing well incentivised and experienced management</b>
	→	<b>Sharing best practises</b>
	→	<b>Operationally experienced group management supporting and securing governance</b>
	→	<b>Drive structural improvements – consolidations and initiatives to realise synergies and economies of scale</b>
	→	<b>Strategy and M&amp;A support</b>
	→	<b>Capital allocations</b>
	→	<b>External communication</b>

# Applied on three profitable business areas

## Home Improvement



## Value Home



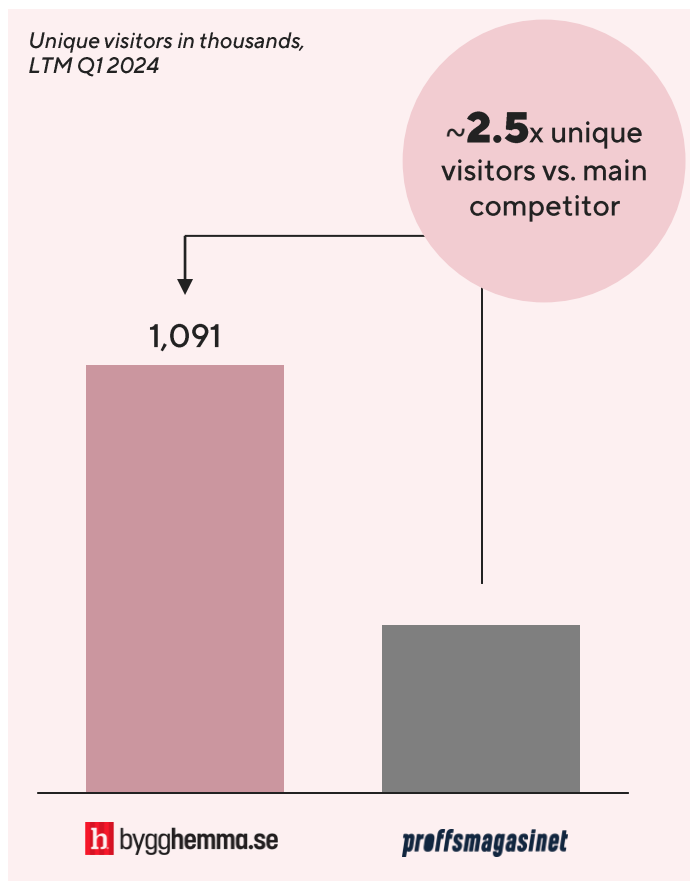
## Premium Living



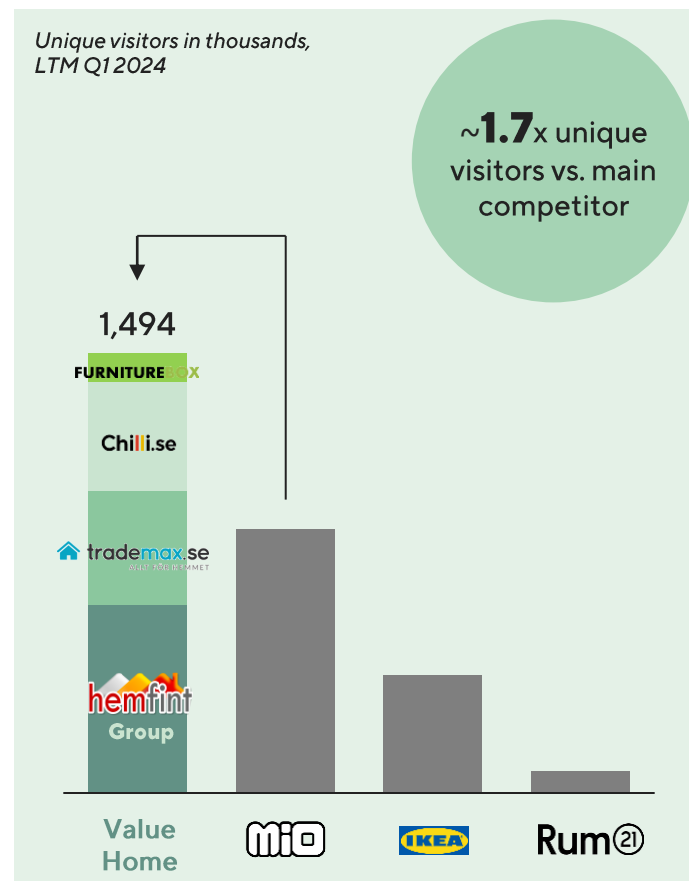
# Market-leading online positions

Well-positioned to capitalise as the market rebounds

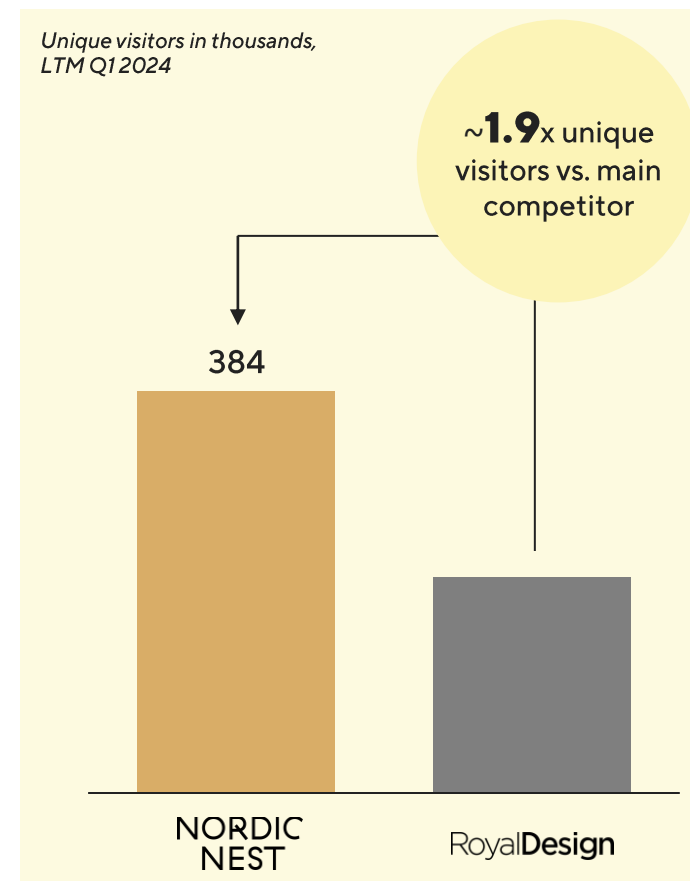
## Home Improvement



## Value Home



## Premium Living



# We are confident in our plans to reach our updated financial targets

## NET SALES GROWTH



- Continue to deliver organic growth above the addressable market

## PROFITABILITY



- Return to an adjusted EBIT margin of 5%
- Over time, further improve adjusted EBIT margin to 7%

## CAPITAL STRUCTURE



- Objective to strengthen the balance sheet and operate with a net debt/EBITDA target of below 2.5x, subject to flexibility for strategic activities

## DIVIDEND POLICY

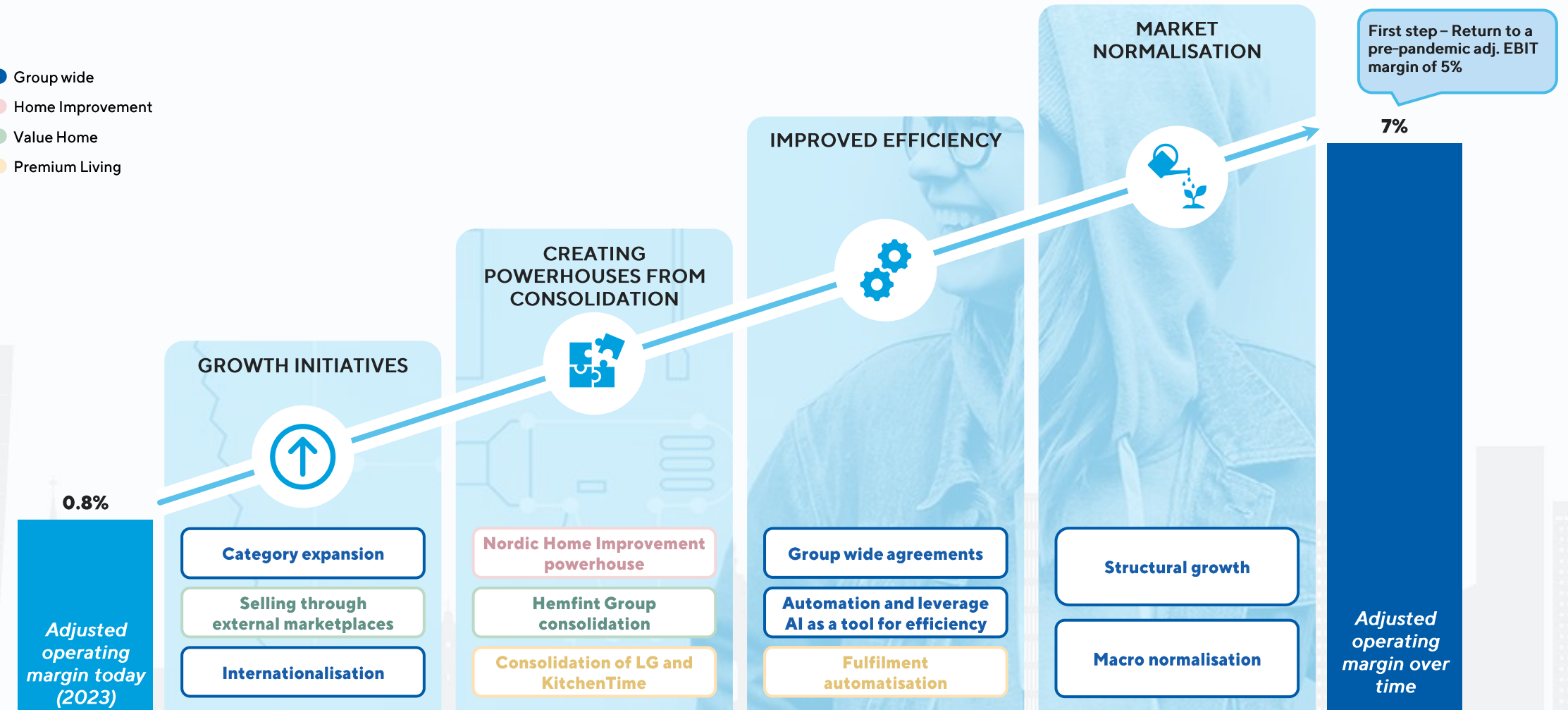


- When free cash flow exceeds available investments in profitable growth, and under the requirement that the capital structure target is met, the surplus will be distributed to shareholders

Notes: Note: The Company's financial targets set forth above constitute forward-looking information that is subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among others, the development of the Company's industry, business, results of operations and financial condition. Company's business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which the Company operates, may differ materially from, and be more negative than, those assumed by the Company's when preparing the financial targets set out above. As a result, the Company's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, and no assurance can be given that the Company will be able to reach these targets or that the Company's financial condition or results of operations will not be materially different from these financial targets

# Strategic focus areas: Clear roadmap for profitable growth

- Group wide
- Home Improvement
- Value Home
- Premium Living





# Financial perspective

**Jesper Flemme**  
Group CFO



# We have an attractive financial profile

1

**Maintained  
profitability every  
year since the IPO**

2

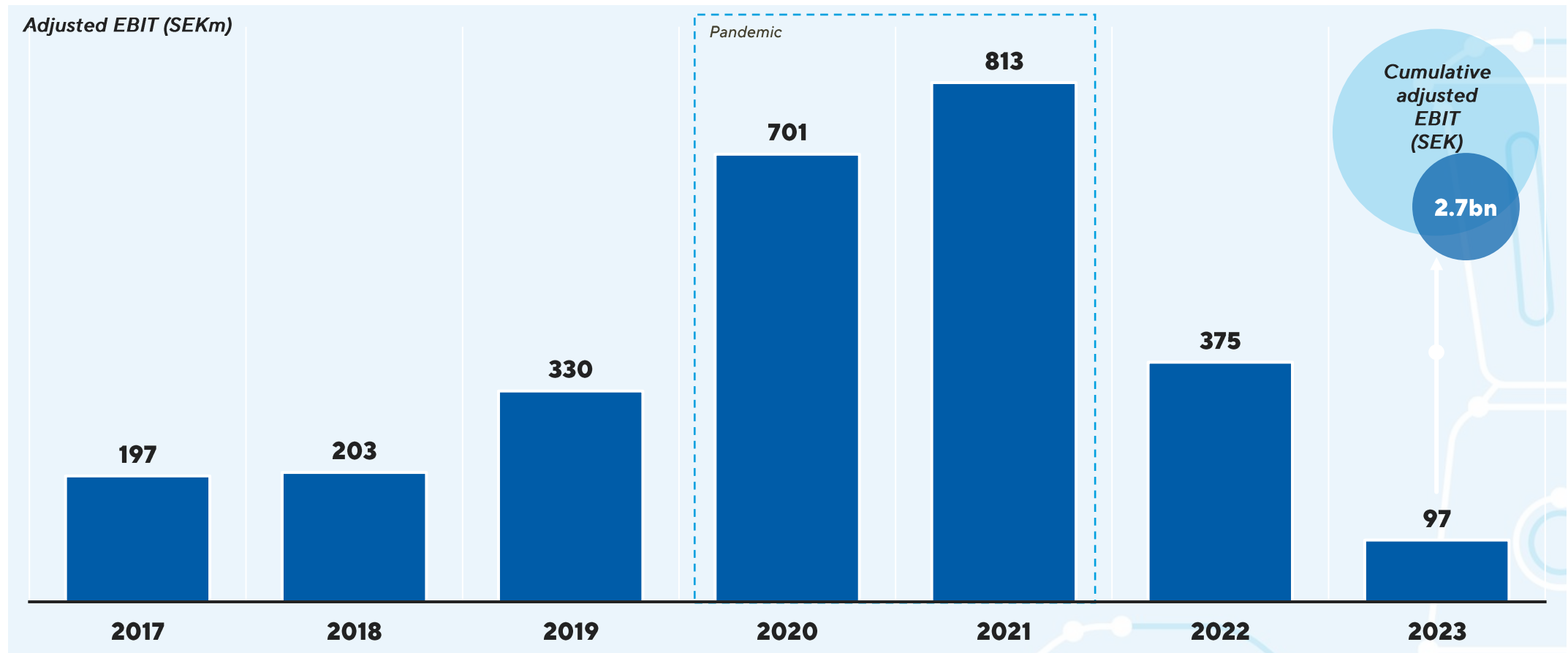
**Capital efficient  
business model with  
strong cash  
generation**

3

**Structured growth  
and profitability to  
return as market  
normalises**

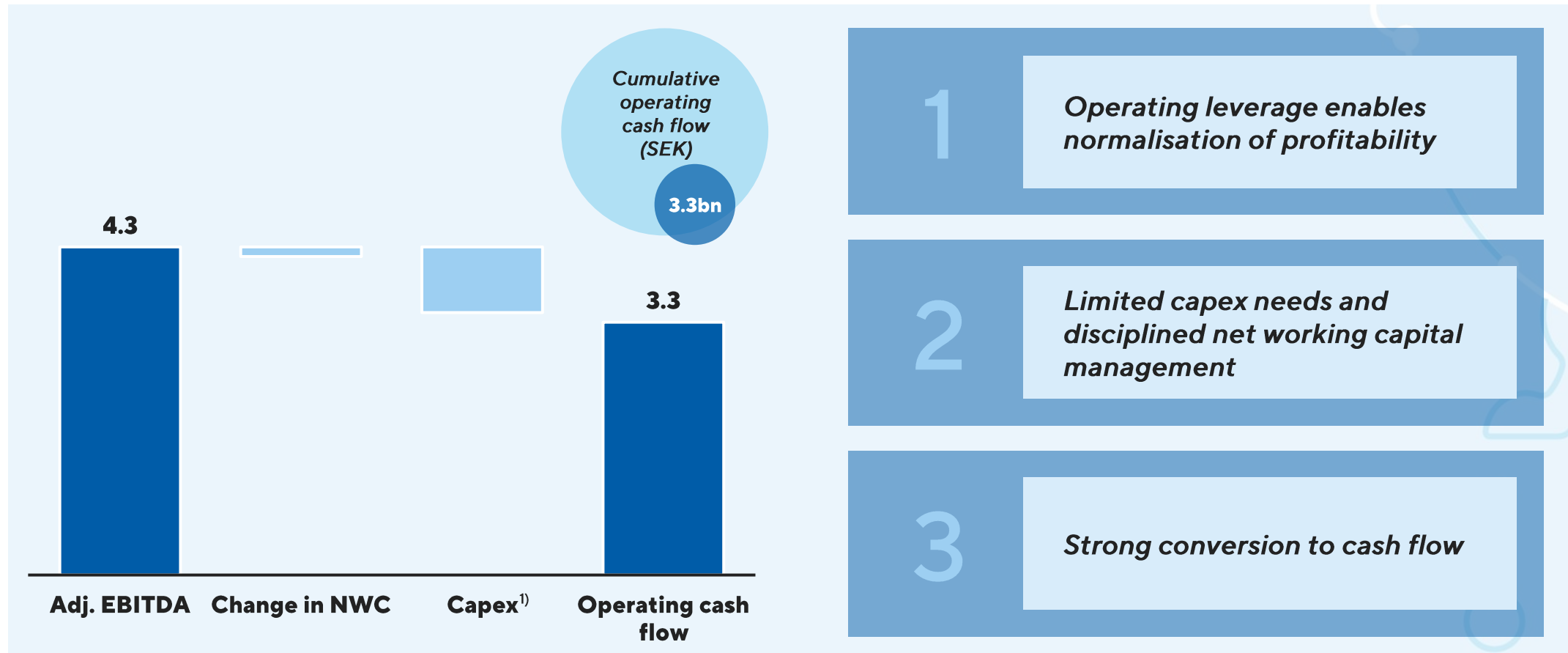
# ① Maintained profitability every year since the IPO

SEK 2.7bn in cumulative adjusted EBIT since the IPO

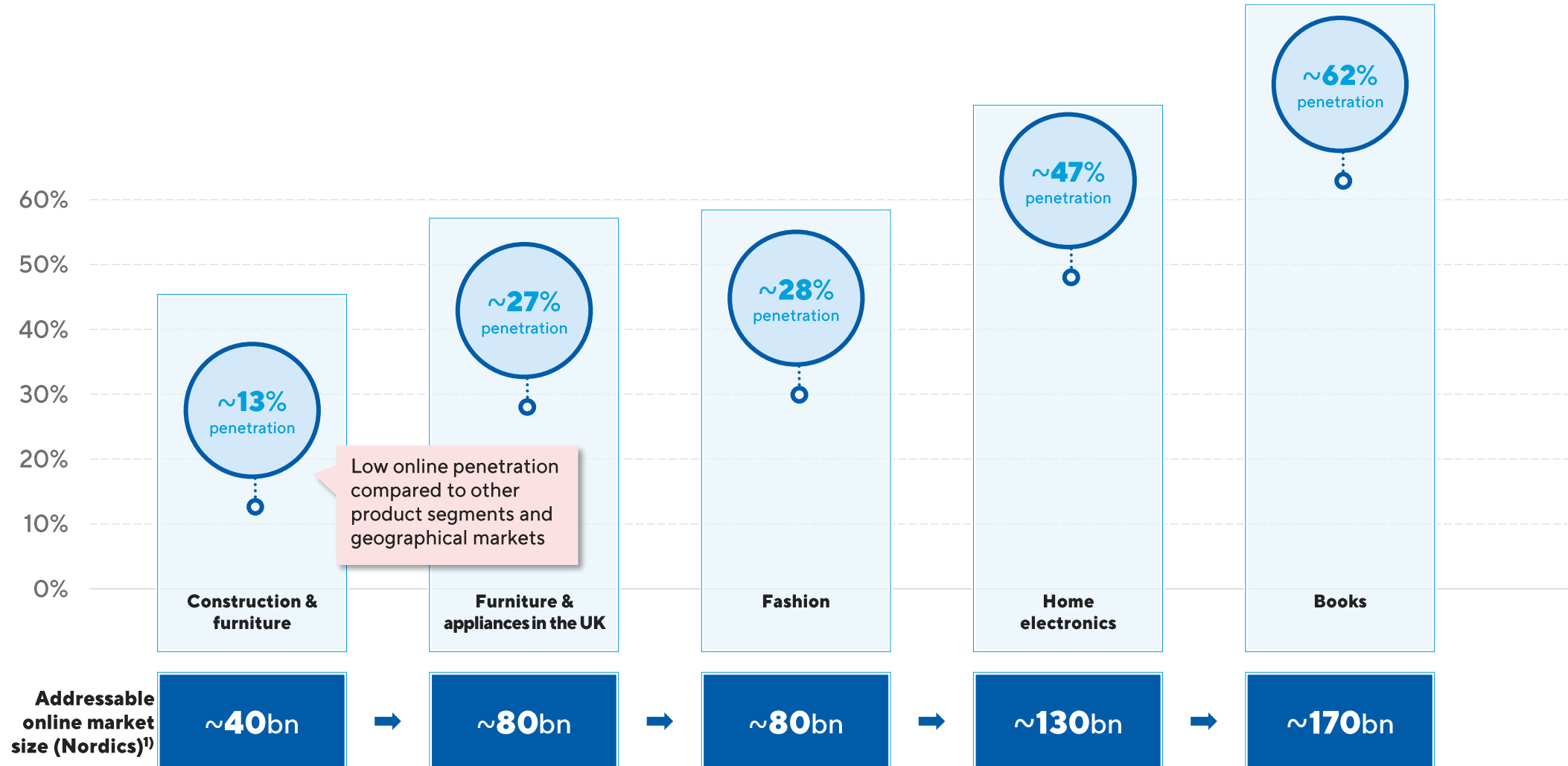


## ② Capital efficient business model

Cumulative operating cash flow exceeding EBIT since the IPO



### ③ Market supported by continued online migration



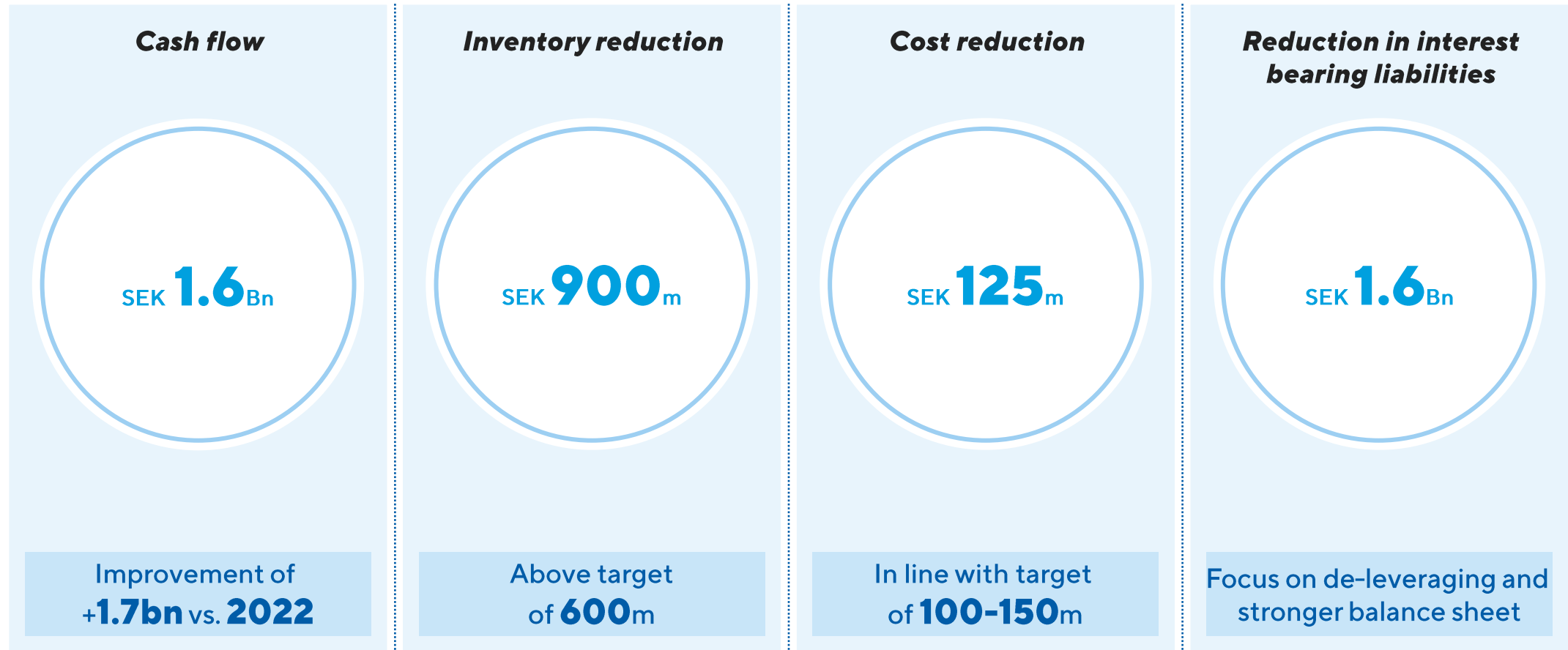
### ③ Market growth to return as macro normalises

Signs of market returning to pre-pandemic levels and normalising

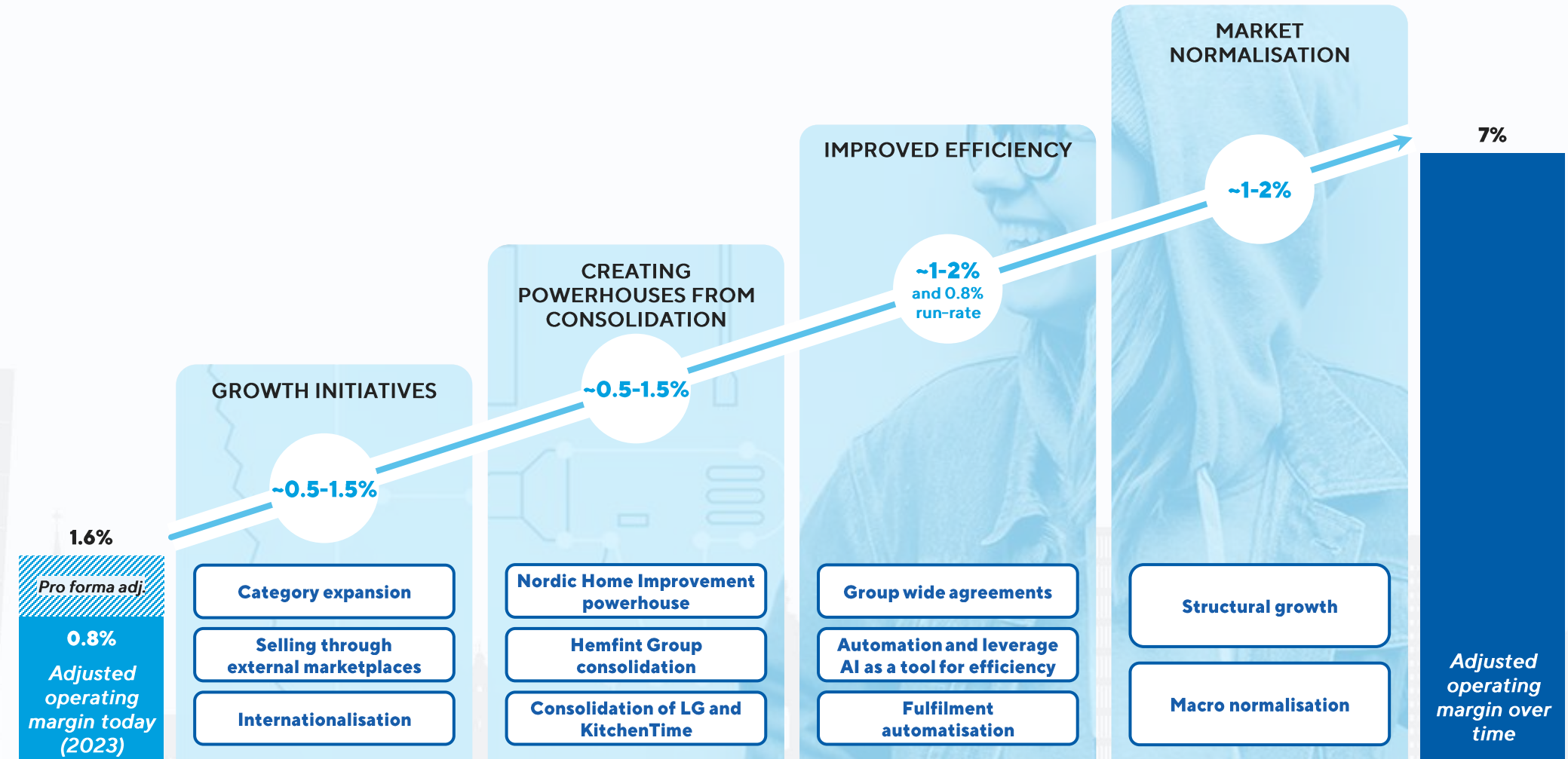


# Delivering on announced improvement initiatives

Significant improvements achieved in 2023

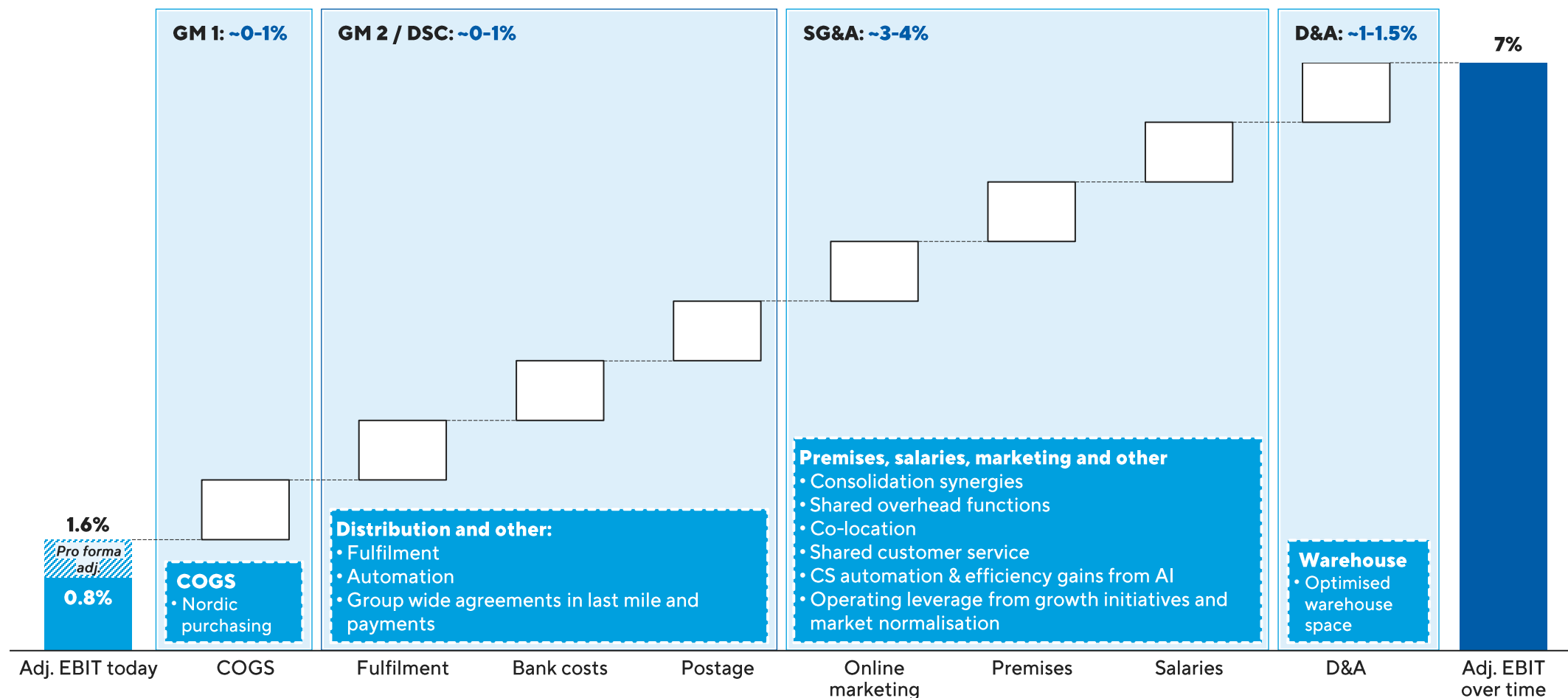


# Strategic focus areas: Clear roadmap for profitable growth



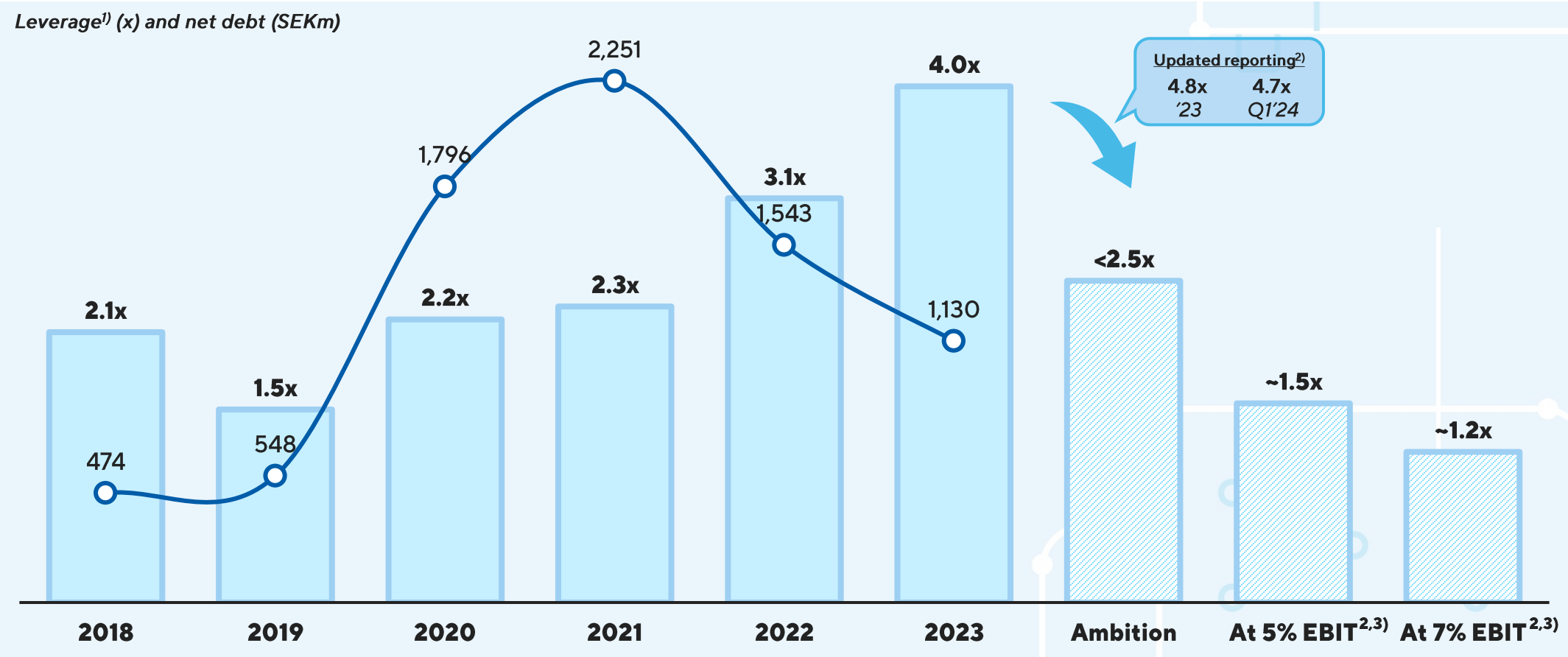
# Drivers towards profitability target

Path to return to normalised levels and beyond



# Committed to further reduce leverage

Strengthening the balance sheet is a key near-term priority, to be driven by profit normalisation



Notes: 1) Net debt in relation to adjusted EBITDAaL pro forma (LTM). 2) From January 1, 2024, BHG excludes result attributed to legal minority interests in the calculation of adjusted EBITDAaL pro forma, LTM 3) Assuming net debt, net sales, depreciation, IFRS adjustments and pro forma adjustments as per 2023. Also including adjustment for result attributed to legal minority interest for 2023, as per updated leverage definition  
Source: Company information

# Structured and highly selective M&A strategy since '23

Opportunities primarily identified in business areas (no proactive Group M&A team)

## Strategic criteria



- Complementing existing business areas
- Niche competences

## Operational criteria



- Strong synergy potential
- Operational value-add
- Business case to drive value creation

## Financial criteria



- Profitable or with significant synergies
- Asset light
- Limited or no leverage impact

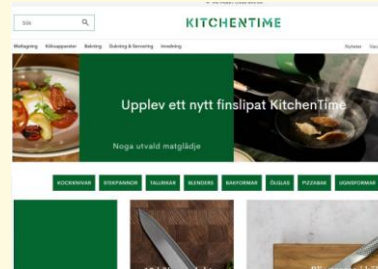
Hemfint and KitchenTime acquisitions are recent examples

## VALUE HOME trendrum.



- Acquired from its founders in March 2024 (no cash consideration)
- Attractively positioned home, garden, and leisure business that fitted well with existing assets
- Efficiency gains from creation of the Hemfint Group

## PREMIUM LIVING KITCHENTIME



- Acquired from Bergendahls in January 2024 (no costs taken over)
- Expert in categories where Nordic Nest already has a leading position
- Significant immediate synergies and short integration process





# Home Improvement

## Nordic Home Improvement powerhouse

**Mikael Hagman**

**Deputy CEO and Head of Home Improvement**



# Home Improvement at a glance

Attractive business model primarily based on drop-shipping

Distinct market position within Home Improvement based on:

- Unbeatable assortment of popular brands
- Price leadership
- Combination of dominating generalist and agile specialists
- Predominantly drop ship model

Typical customer is a homeowner with above average household income

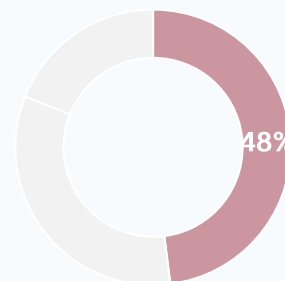
5.7bn

Net sales SEKm  
2023

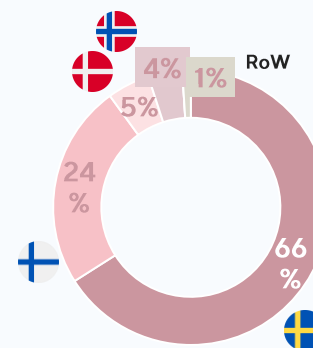
0.9%

Adj. EBIT-margin %  
2023

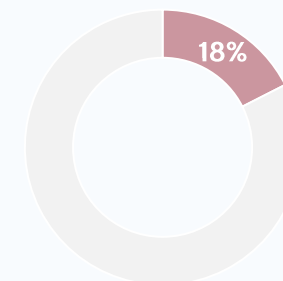
Share of Group sales  
2023



Net sales by country  
2023

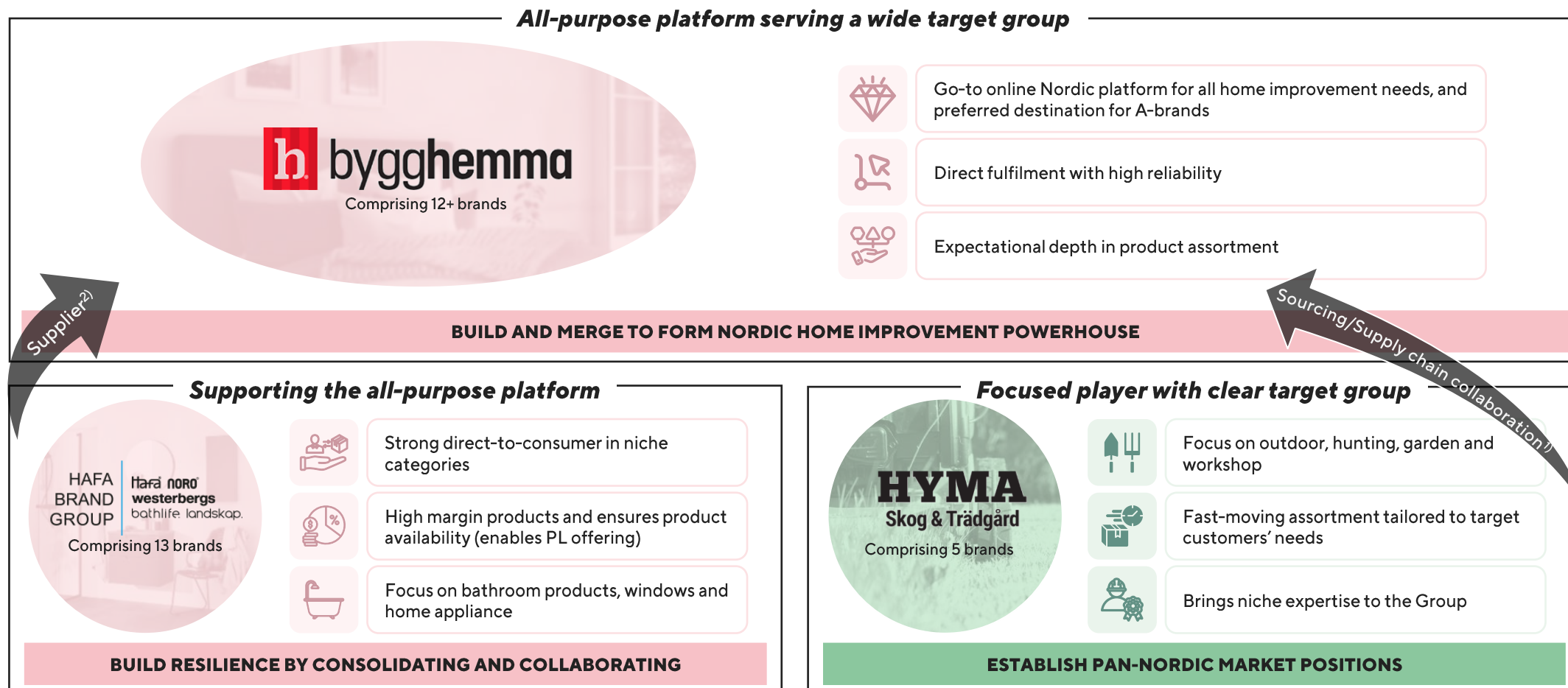


Share of private label  
2023

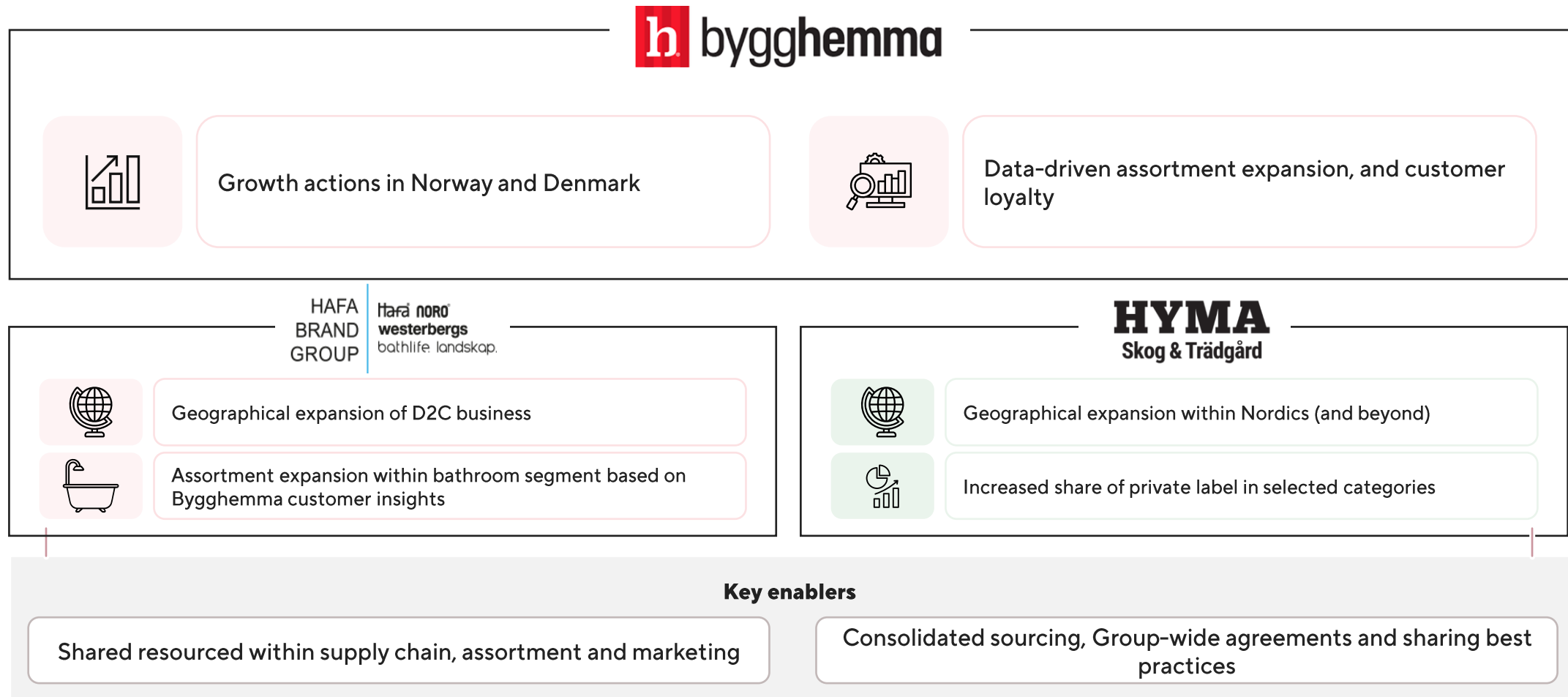


Source: Company information

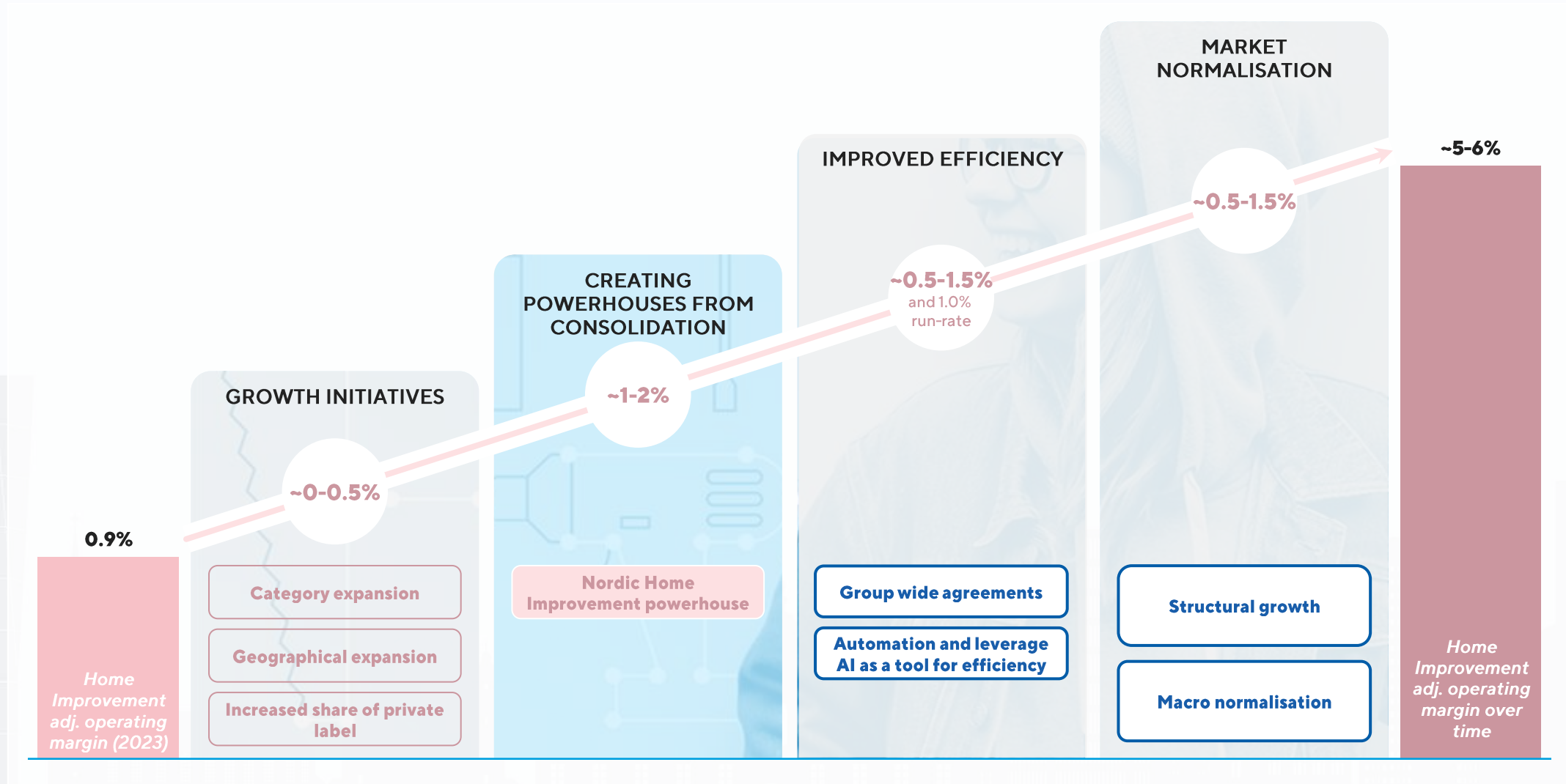
# Home Improvement consists of three main platforms

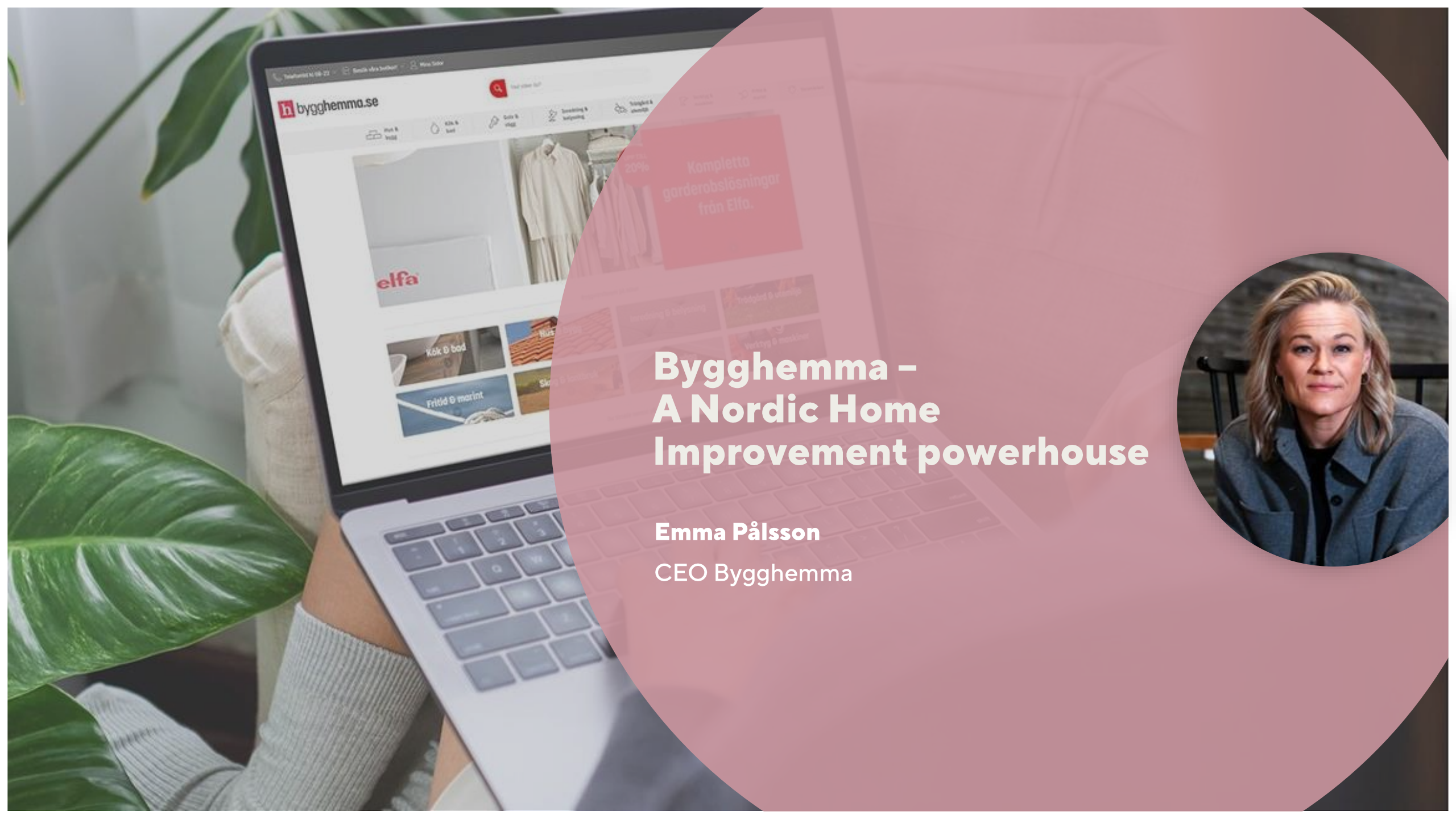


# Several initiatives in each platform to drive growth



# Growth and consolidation expected to drive improvement





# Bygghemma – A Nordic Home Improvement powerhouse

**Emma Pålsson**

CEO Bygghemma

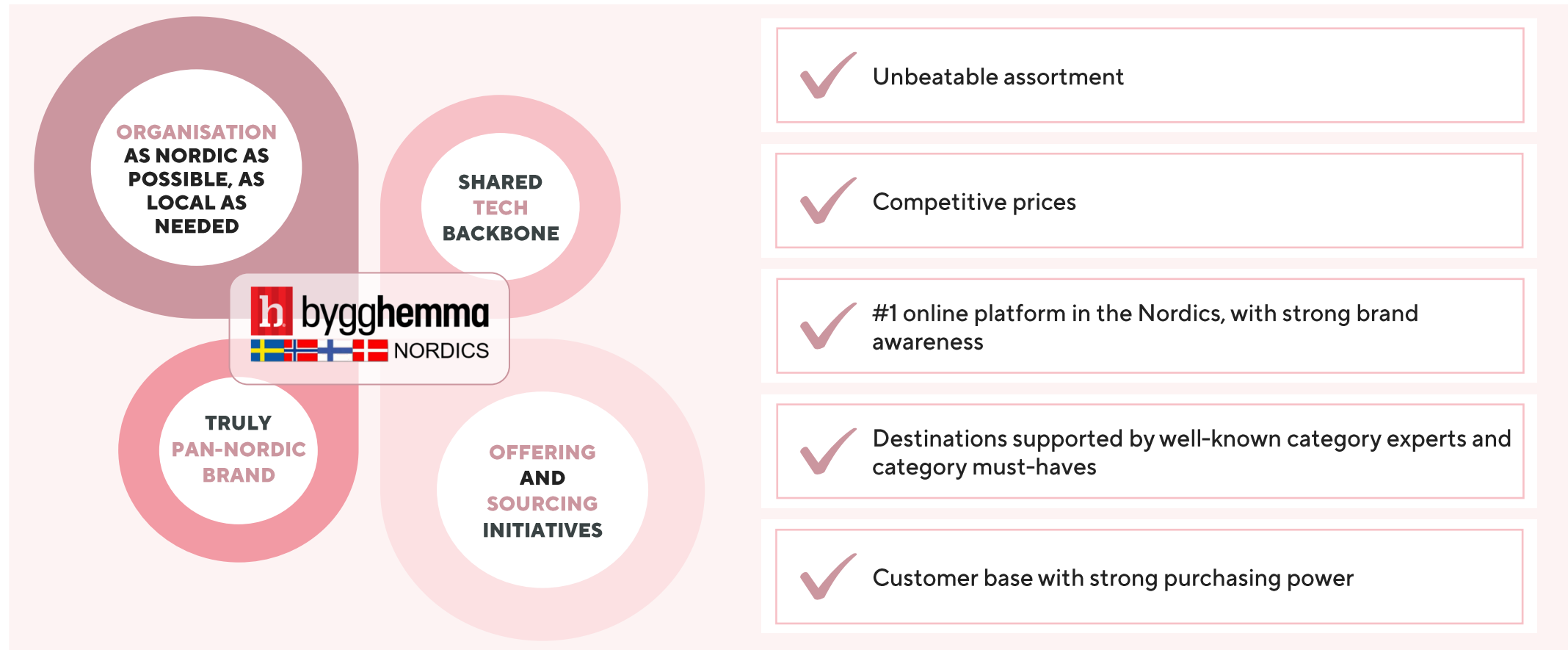


# Building the Nordic's home improvement powerhouse



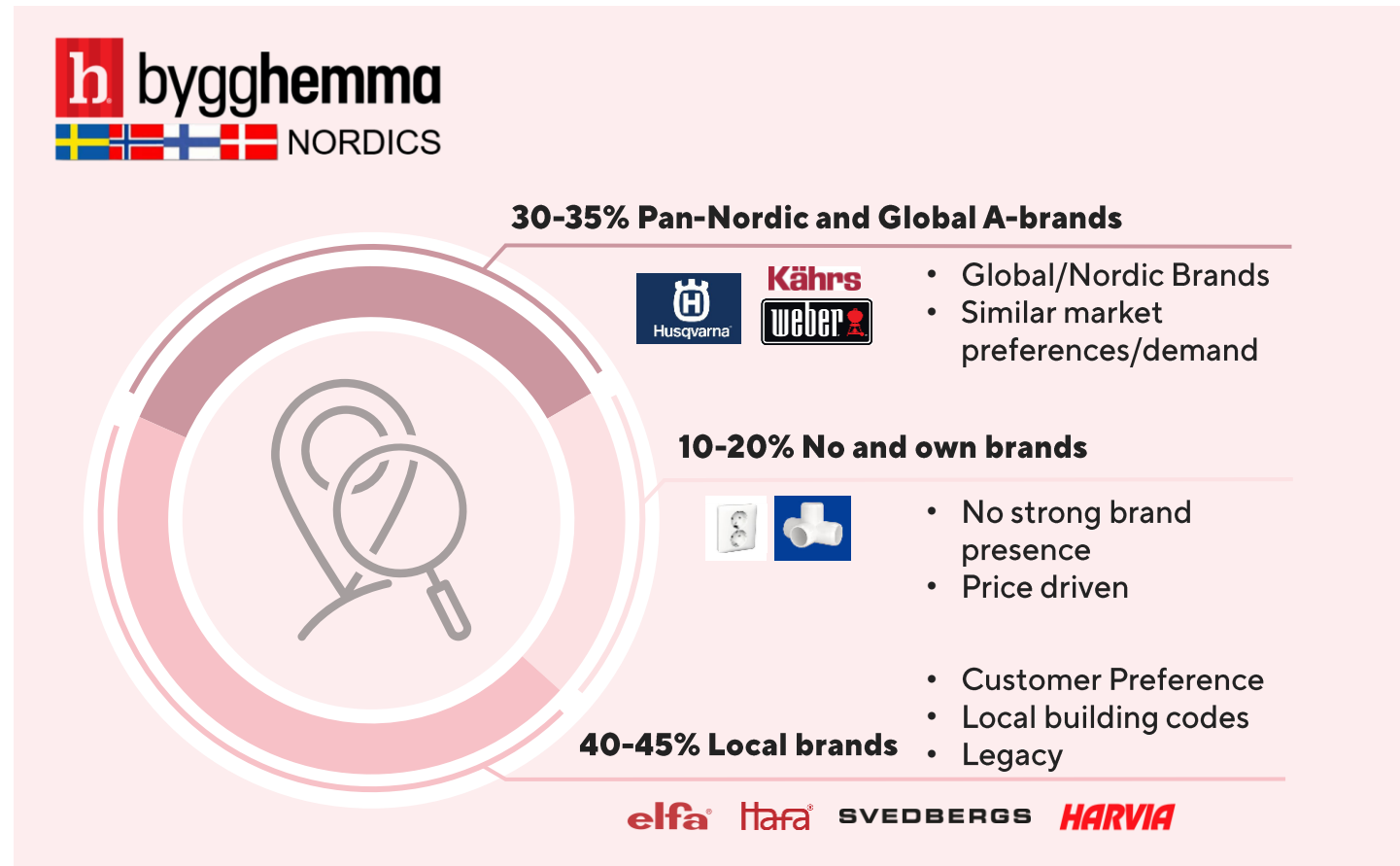
# Bygghemma to be established as a Nordic Home Improvement powerhouse

Dominating the online Home Improvement category by leveraging consolidation synergies

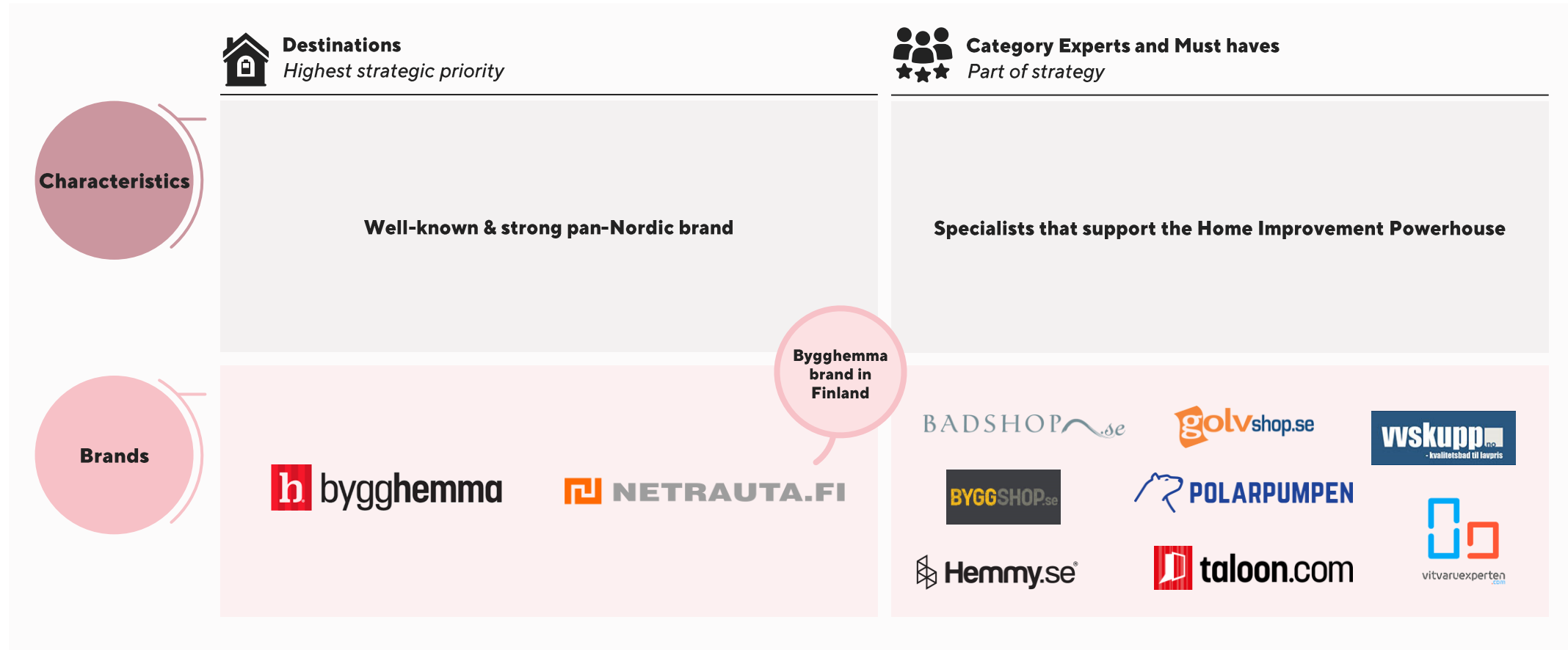


# As Nordic as possible, as local as needed

Local customer preferences remains high, but will gradually become harmonised

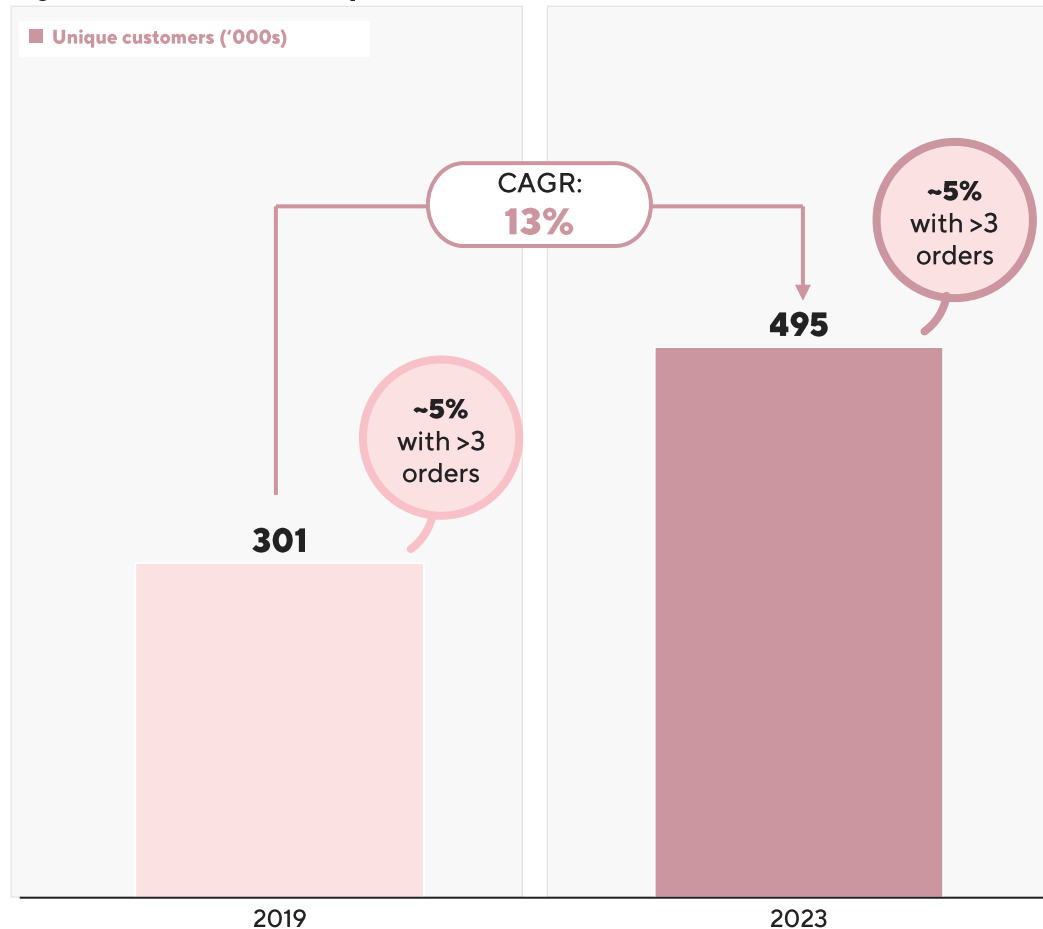


# The country destinations supported by category experts

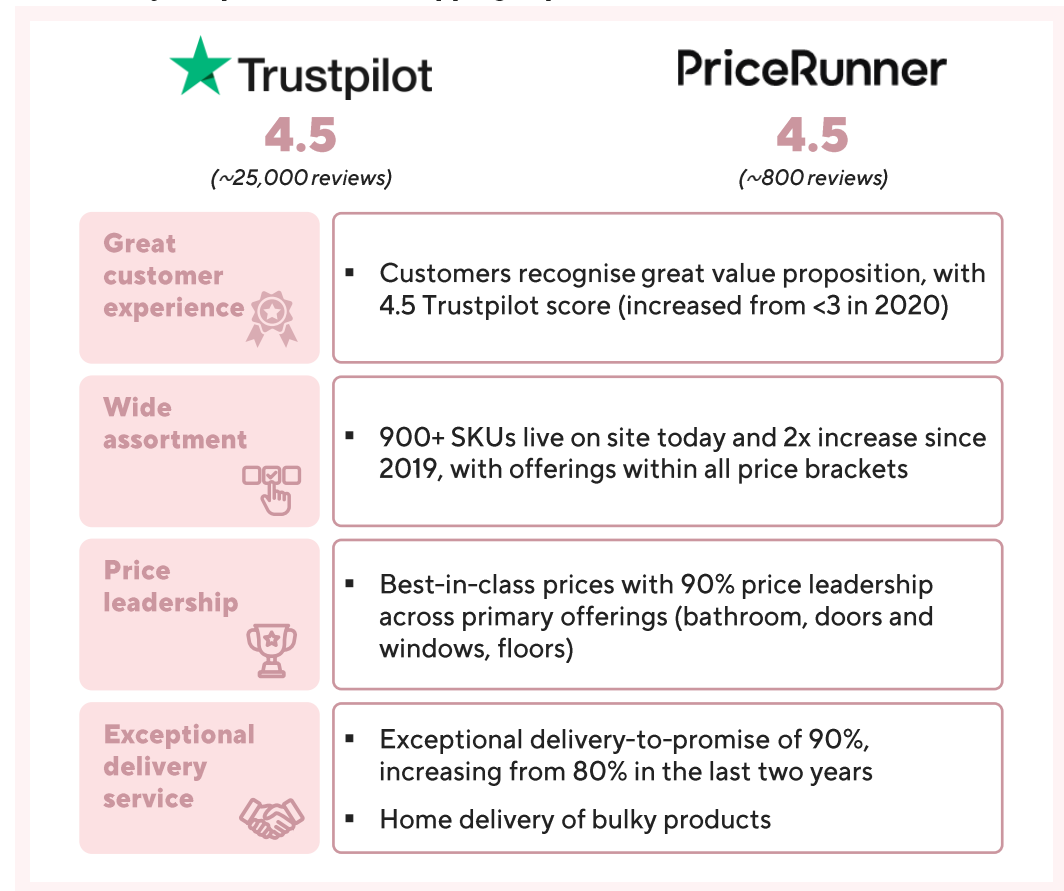


# Why customers choose Bygghemma

## Significant increase in unique customers...



## ... driven by a superior online shopping experience





bhg.

Q&A



**Lunch break**



## Value Home

**Strategic positioned assets  
with room for improvement**

**Christian Eriksson**  
Head of Value Home



# Value Home at a glance

+90% of sales from own and private label offering

Value Home operates primarily in the Nordic and Eastern European markets. Value-driven model that focuses on offering competitive prices, enabled by high share of private label

2.9bn after divestments<sup>1)</sup>

3.9bn

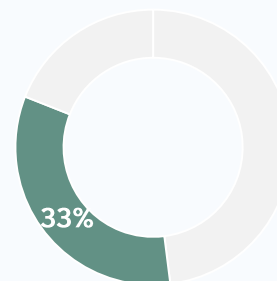
Net sales SEKm  
2023

4.1% after divestments<sup>1)</sup>

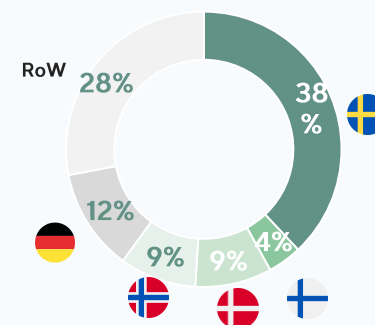
1.3%

Adj. EBIT-margin %  
2023

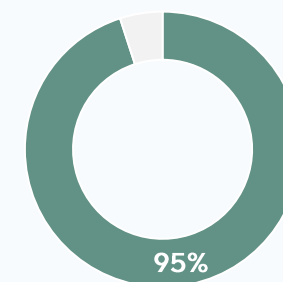
Share of Group sales  
2023



Net sales by country  
2023



Share of private label  
2023



Note: 1) Divestment in Germany and Denmark and closing of stores in Sweden. Source: Company information

# Main characteristics of Value Home operations



**Mix between private and white label products**



**Working with producers not brands/distributors**



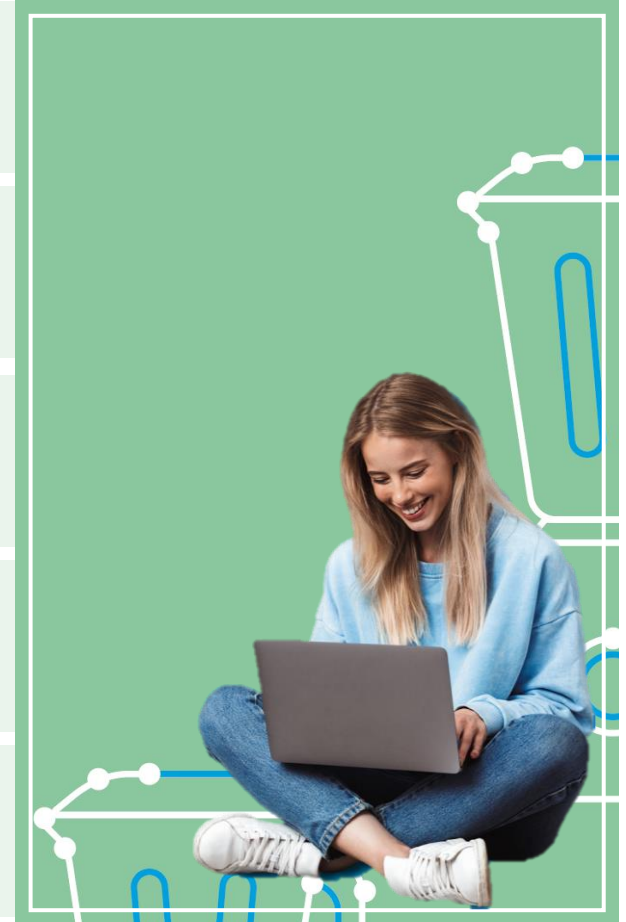
**BHG managing content creation as well as product quality and compliance**



**Deep understanding of local customer preferences**



**Bulky products require complex supply chain**

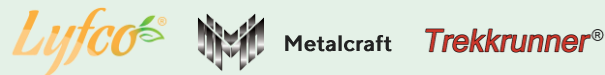


# Value Home has several strategically positioned assets

*Nordic home, garden and leisure in the value segment*



**PRIVATE LABEL OFFERING (94%)**

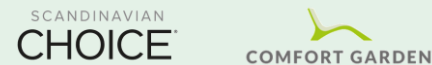


- ✓ Specialty expertise in doors, windows and bathroom products in the Nordics

*Nordic furniture and interior design in the value segment*



**PRIVATE LABEL OFFERING (91%)**



- ✓ One of Northern Europe's largest online destinations within home and furnishing

*Outlet with focus on home in CEE*



**WHITE LABEL OFFERING (100%)**

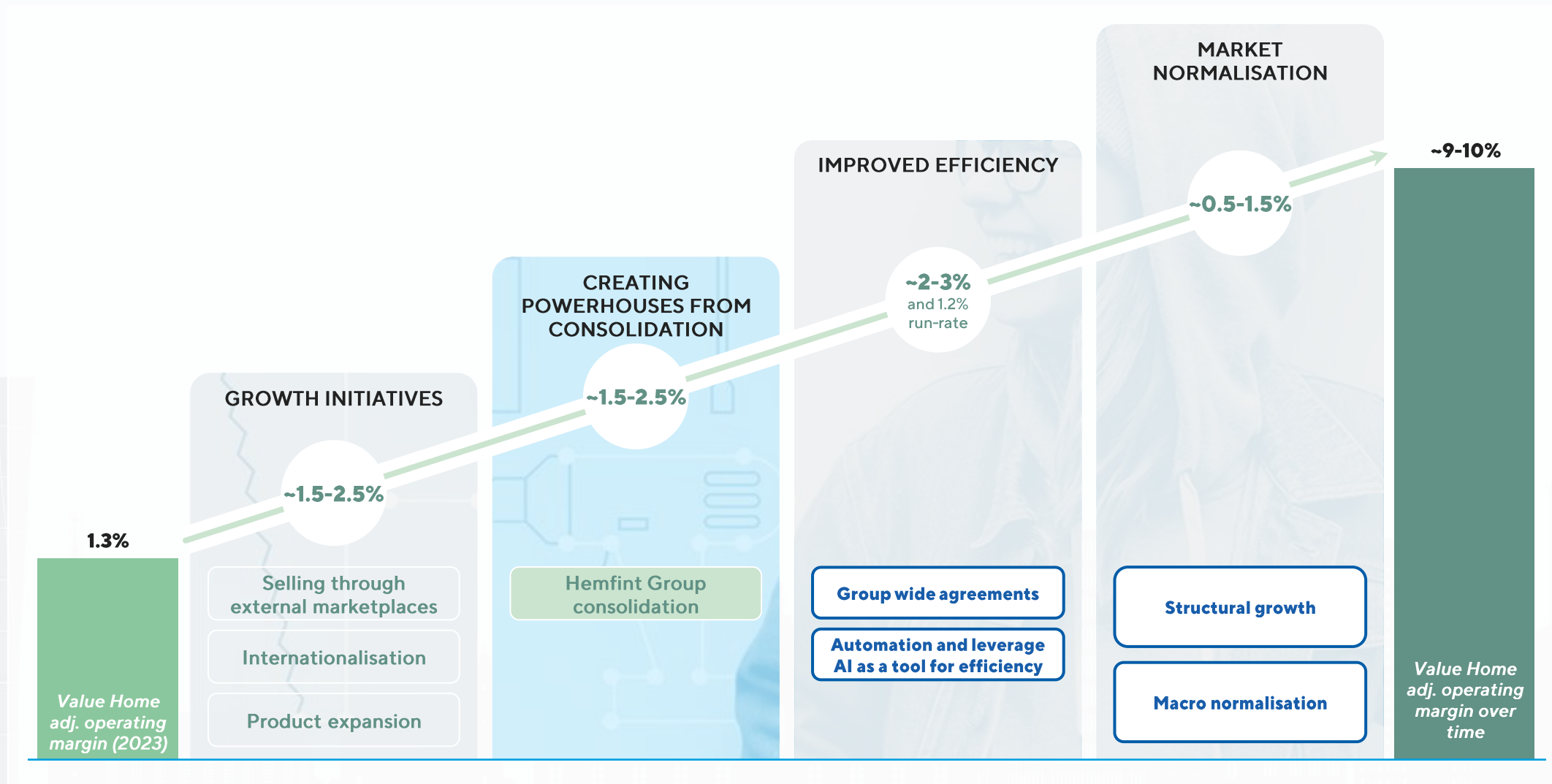


- ✓ Furniture player focuses on 10+ European markets outside of the Nordics

**SIMILAR OFFERING TARGETING DIFFERENT GEOGRAPHICAL MARKETS**

**OPERATIONAL EXCELLENCE & CONSOLIDATION JOURNEY**

# Consolidation and efficiency expected to drive improvements





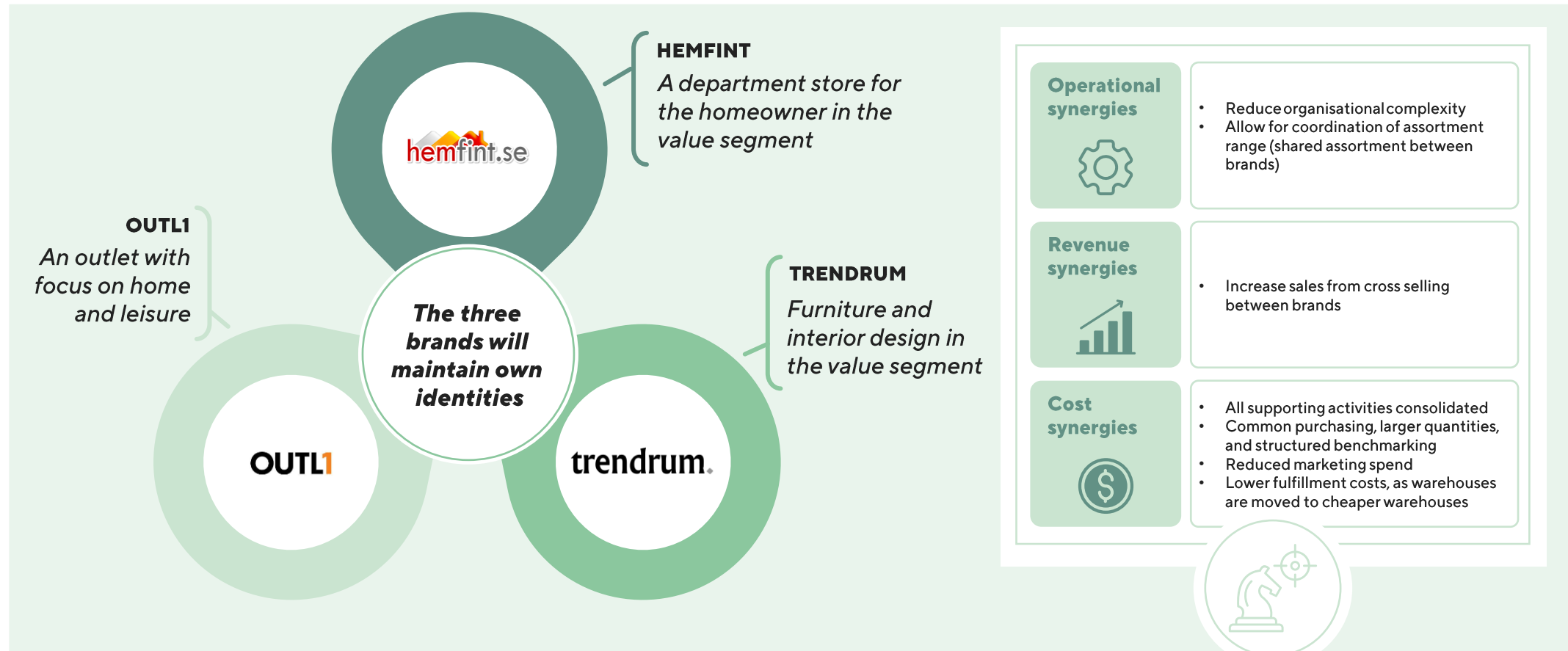
# Hemfint consolidation journey

**David Olhed**  
Group CCO



# Strategic rationale behind consolidation of Hemfint, Trendrum and Outl1

Three brands with similar competencies, assortment and customer base



# Thorough plan to ensure successful consolidation

## Overview of planned activities

Planned activities to reach target state				Target state	
	Immediate	Short-term	Mid-term		
<div>Warehouse and logistic</div> <div></div>	Accelerate move from expensive warehouses	Consolidate all incoming goods across brands, move current inventory to new warehouses	Move warehouses		
<div>Customer service</div> <div></div>	Consolidate into one organisation, leverage off-shoring solutions	Focus in-house resources to single location			
<div>IT</div> <div></div>	Evaluate options for short/long term system set-up	Start consolidation	Consolidate	<div></div> <div>ONE SINGLE ORGANISATION PER FUNCTION</div>	
<div>Marketing</div> <div></div>	Establish a new joint group organisation	Establish the new organisation (including recruitment if needed)	Co-location		
<div>Finance</div> <div></div>	Consolidate into a single organisation, with existing resources				
<div>Purchasing</div> <div></div>	Consolidate based on existing resources	Establish the long-term organisation			





# **Premium Living**

## **An international growth story**

**Bank Bergström**

Head of Premium Living



# Premium Living business area at a glance

Targeting to consolidate current brand portfolio into Nordic Nest Group

Premium Living has a premium position that is primarily based on stock keeping of external brands, which internationalises Scandinavian design in a scalable way from their Nordic base

NORDIC NEST GROUP

NORDIC NEST



LampGallerian KITCHENTIME

Sleepo

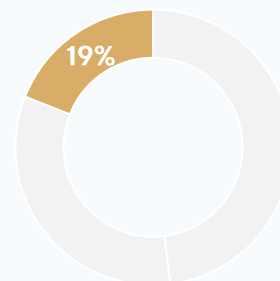
2.2

Net sales SEKm  
2023

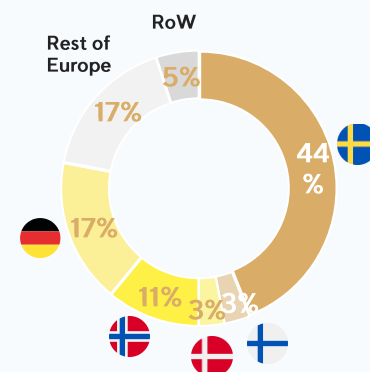
3.2%

Adj. EBIT-margin %  
2023

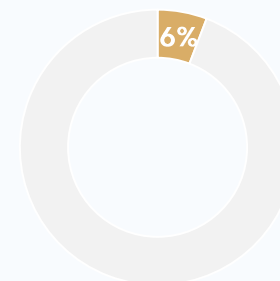
Share of Group sales  
2023



Net sales by country  
2023



Share of private label  
2023<sup>1)</sup>



Note: 1) Excluding LampGallerian. Source: Company information

# Nordic Nest Group at glance

NORDIC NEST  
GROUP

**Online-first with 26  
sites in 16 local  
languages,  
supported by 5  
flagship stores**



**26**

Sites

**34,000m<sup>2</sup>**

Logistic center with  
global reach



**70**

Countries

**500+**

Employees



**2.1bn**

Sales 2023

**450+**

# of brands

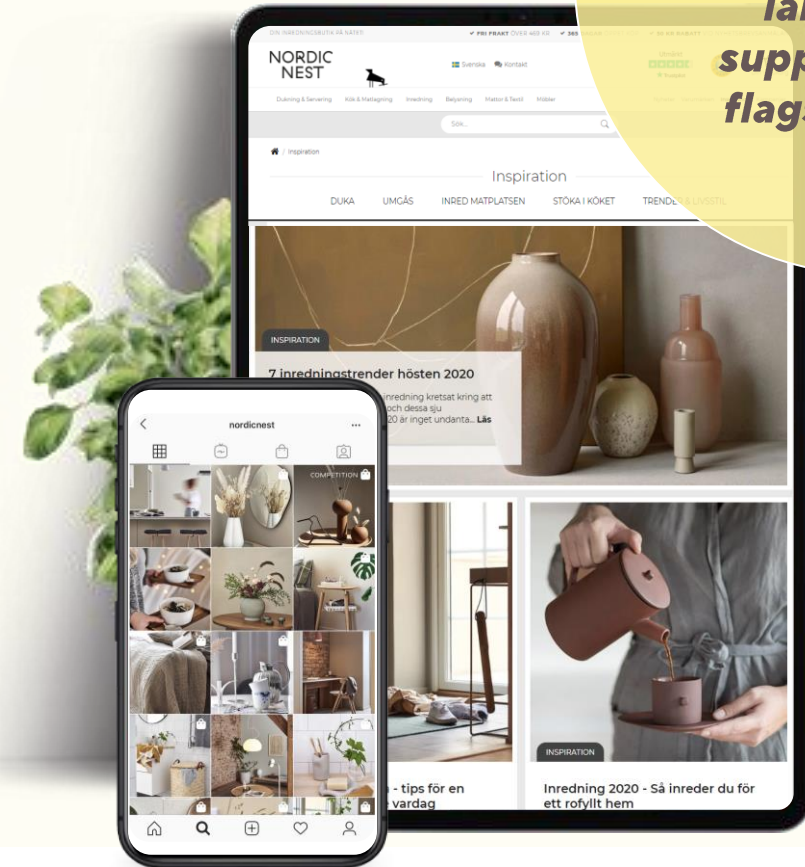


**5%**

L4Y adj. EBIT margin<sup>1)</sup>

**4.7**

Average customer review  
score on main markets



# Nordic Nest Group's pillars for success

**World's Best  
Customer  
Experience**

**4.7**  
/5.0<sup>1)</sup>

**World's Most  
Motivated Team**

**91**  
/100<sup>2)</sup>

**Industry-leading  
profitability**

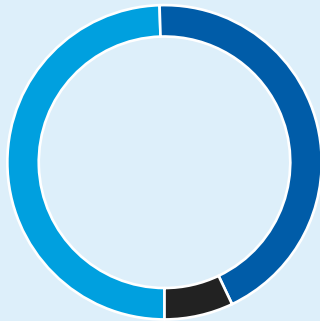
**5%**  
EBIT margin L4Y

# Superior customer experience

Global, loyal, and satisfied customer base

## Large and global customer base

Sales split 2023



**43%** **49%** **7%**

**Nordics** **Rest of Europe** **Rest of World**

## Attractive demographics



Age

**Majority between 18-40 years old**



Gender

**Tilted towards female customers**



Income

**High income earners**



Residency

**Large share of big city residents**

## Strong customer characteristics

YTD 2024



**Recurring customers**

**Repurchase factor**



## Market leading satisfaction



**Trustpilot**



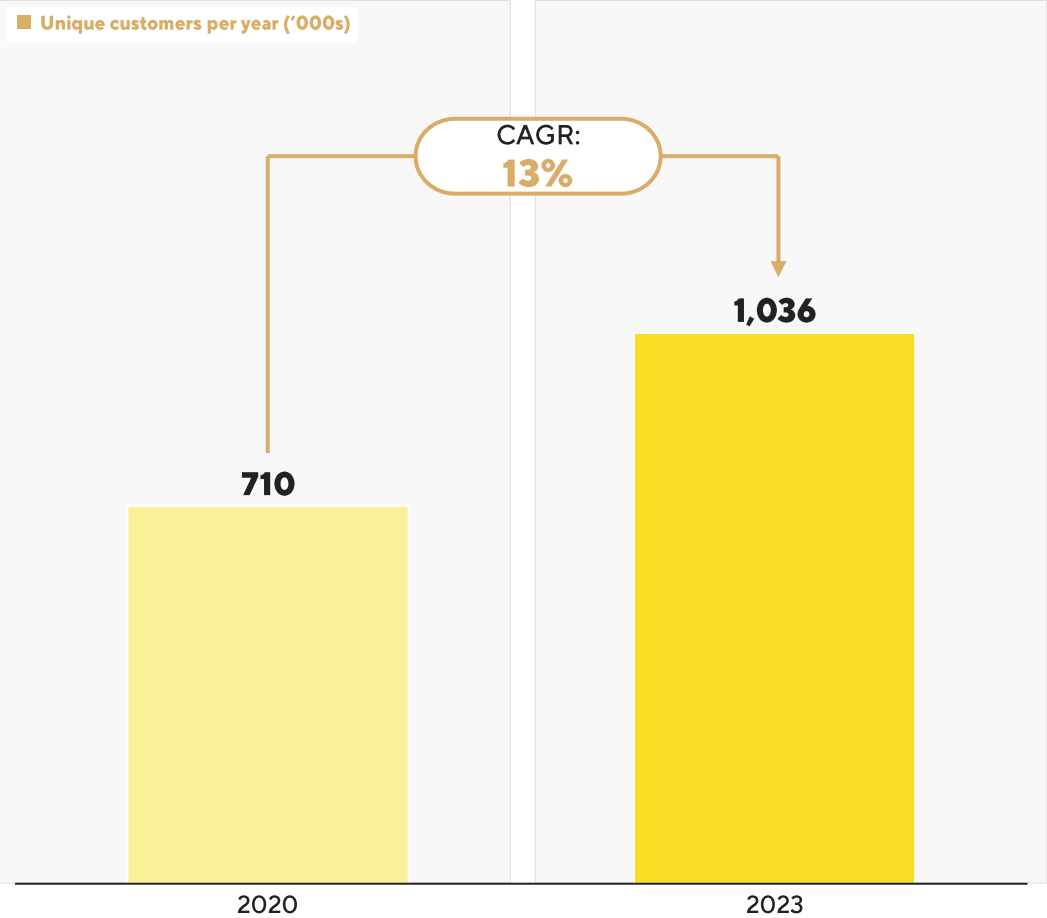
**Prisjakt**



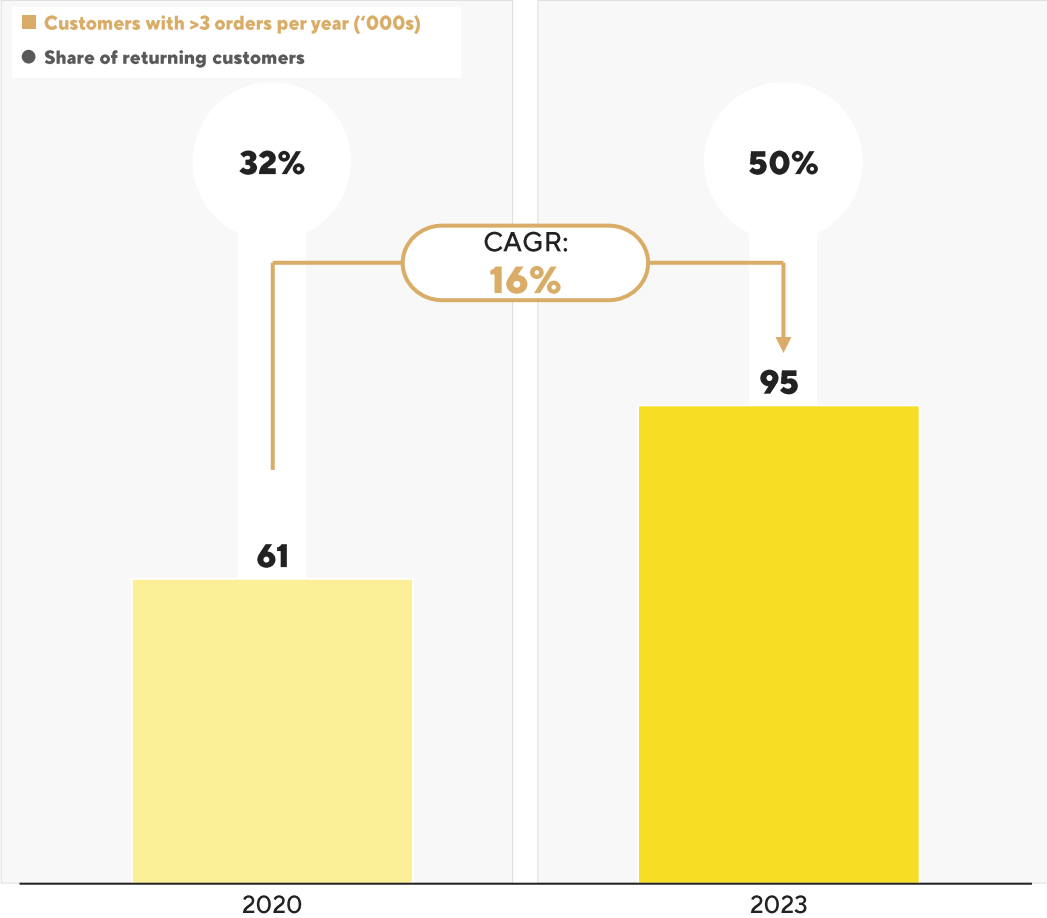
**PriceRunner**

# Builds growing share of loyal and recurring customers

Significant increase in unique customers...



... with higher customer retention

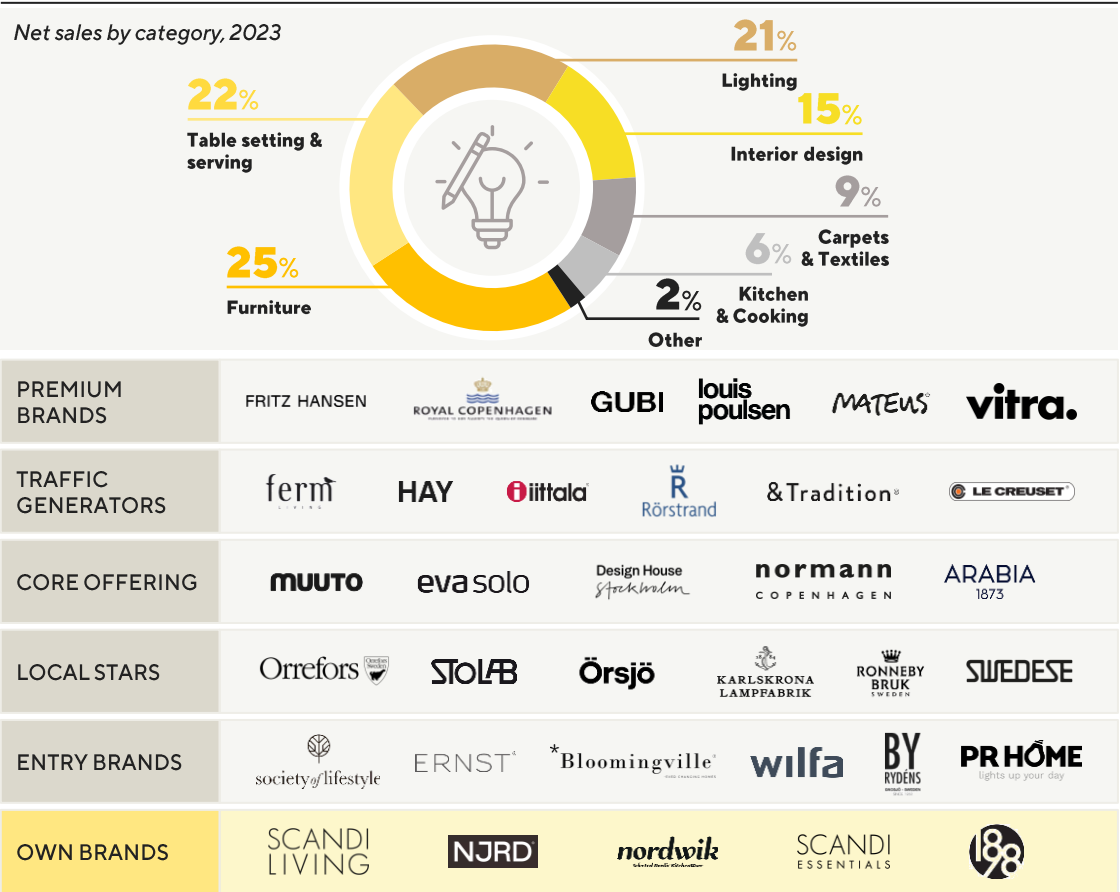


# Partner of choice for brands

Strong offering of premium brands with support from increasing share of own brands



Focus on Nordic style home interior and furniture with 55 000+ SKUs in total



# Well invested and efficient operating model

Pre automation



**50–55** SEK per order

2022

Phase 1  
Picking automation



**37–40** SEK per order

2023

Phase 2  
Packing automation



**33–37** SEK per order

2024

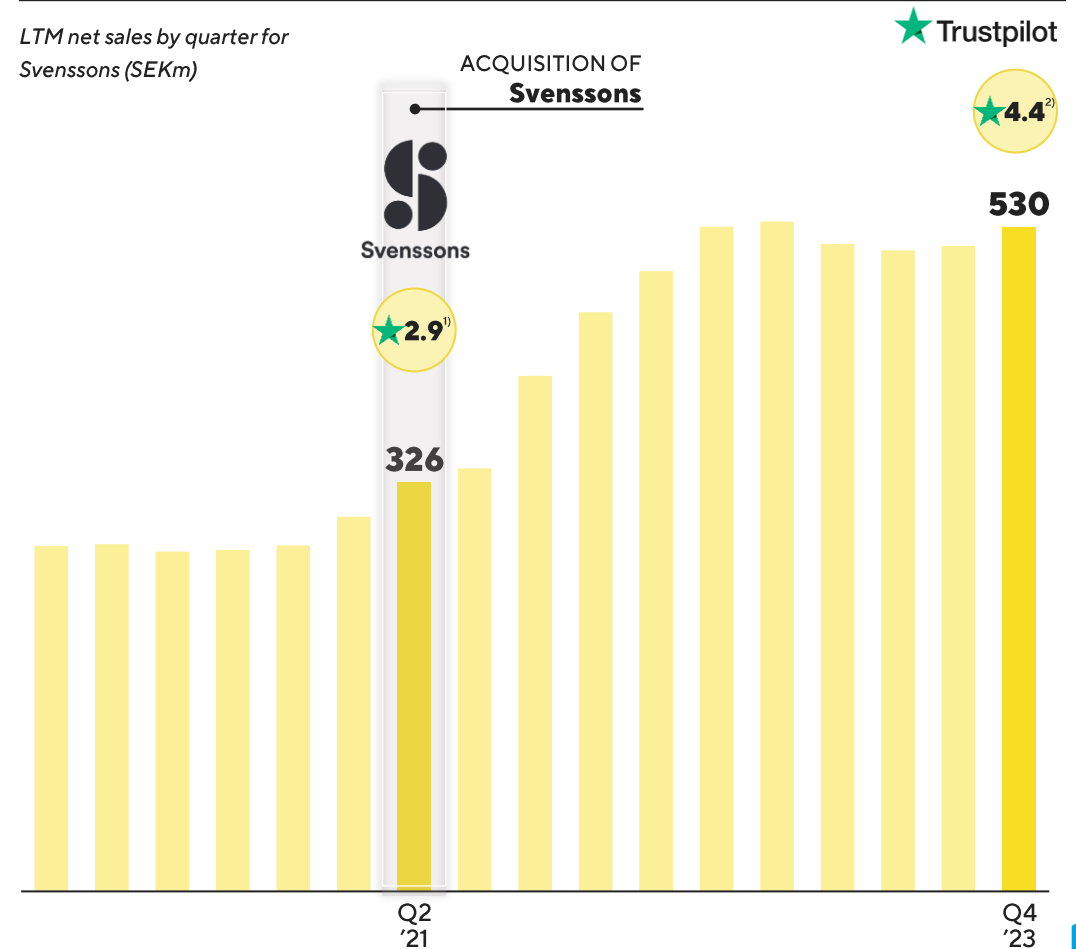
Phase 3  
Internal logistics



**30–33** SEK per order

## Proven ability to acquire and integrate bolt-ons such as Svenssons and Kitchen Time

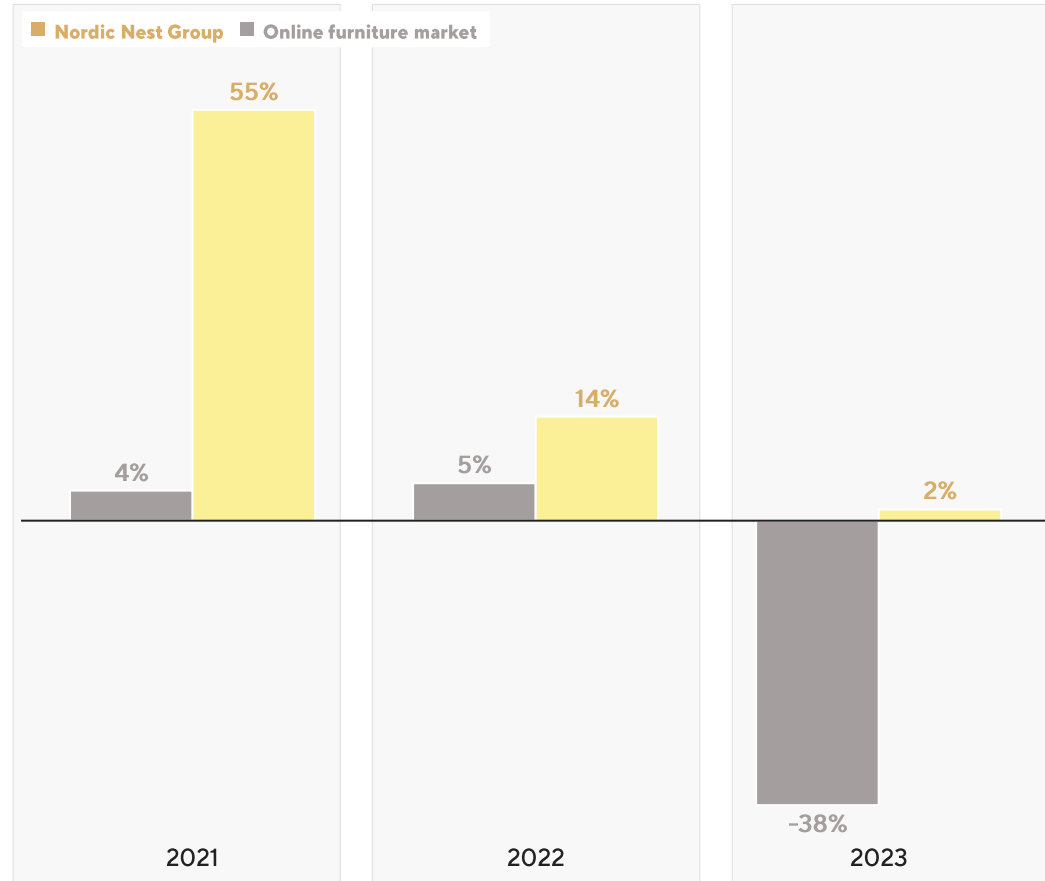
LTM net sales by quarter for Svenssons (SEKm)



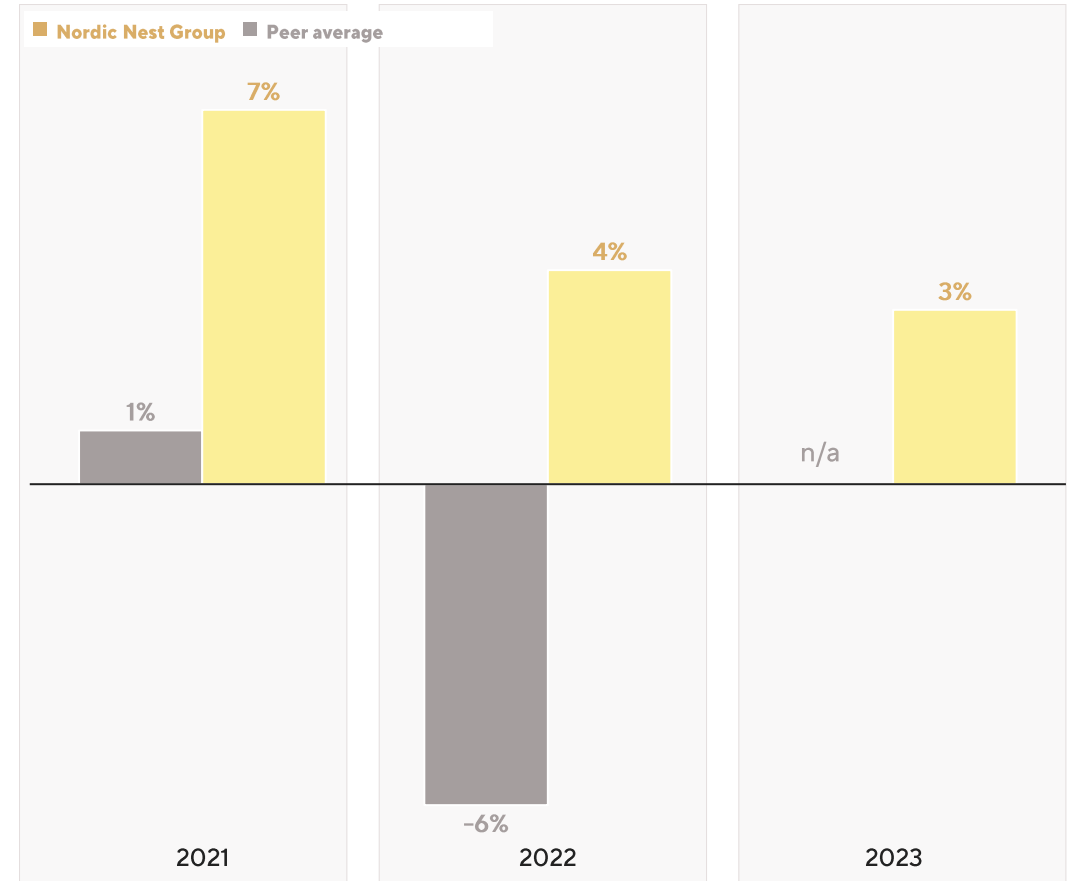
# Attractive financial profile

Outperforming the market and main peers with profitable growth

Net growth, Nordic Nest Group and online furniture market





















Adjusted EBIT margin, Nordic Nest Group and main competitors<sup>1)</sup>

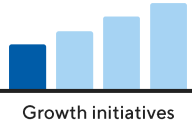


# Fragmented competitive landscape

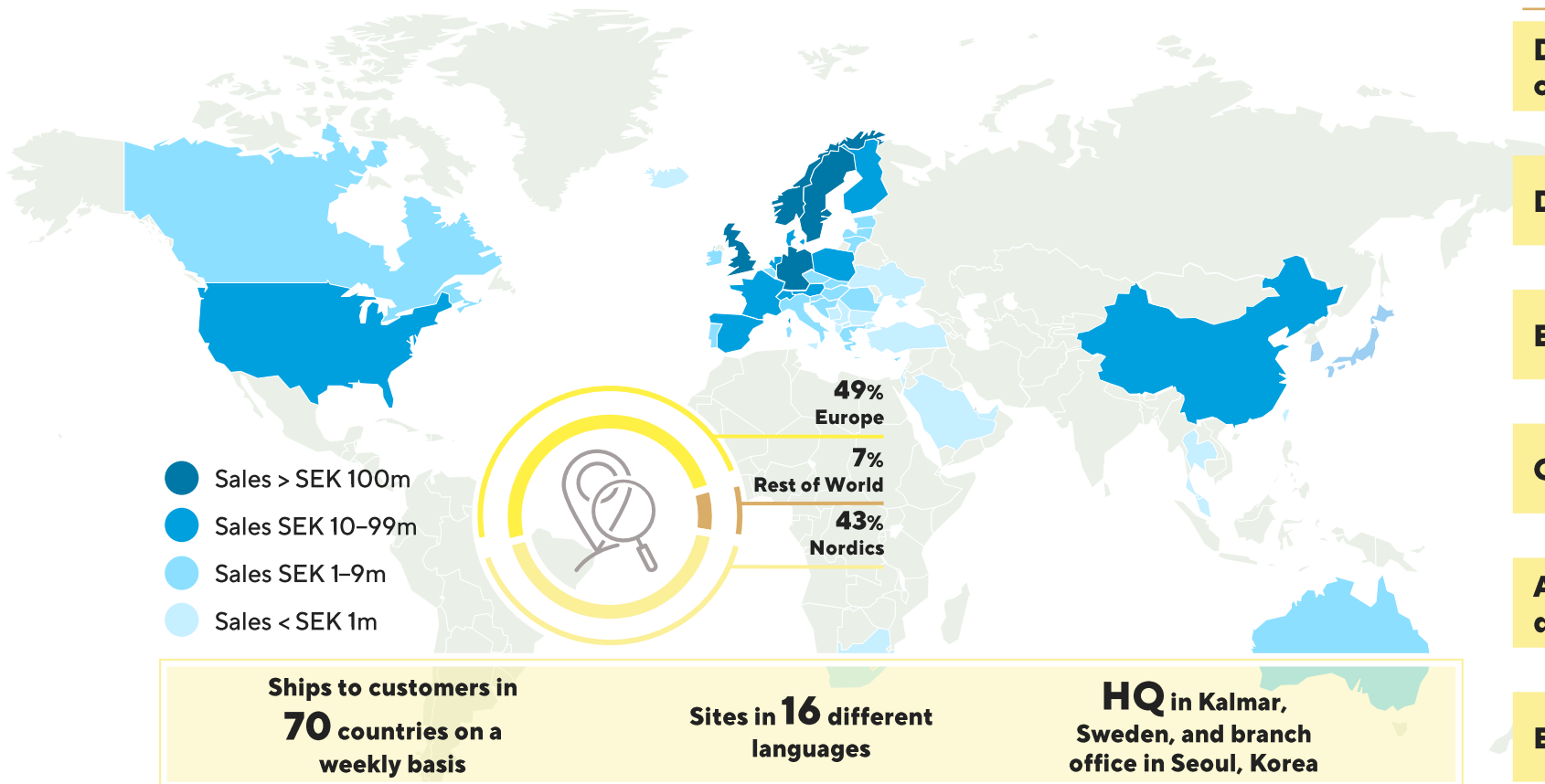
The interior design category is fragmented across markets with no multi-national champion

																	
ONLINE FOCUSED HOME INTERIOR PLAYERS	NORDIC NEST	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	RoyalDesign	✓	✓	✓	✓	✓	✓	✓									
	Rum <sup>®</sup>	✓	✓	✓	✓												
	WESTWING					✓		✓	✓	✓	✓	✓					
	NORDISKA GALLERIET	✓	✓	✓	✓												
	 Badaren och Kocken	✓	✓	✓	✓												
	 FINNISH DESIGN SHOP	✓			✓	✓	✓		✓				✓				
	connox		✓			✓	✓	✓	✓								
MAIN MARKET- PLACES	amazon	GENERALLY SMALL OFFERING IN THIS NICHE, WITH LIMITED ACCESS TO PREMIUM BRANDS															
	CDON.COM																
	ebay																

# Opportunity to continue successful internationalisation



Global footprint with clear strategy for winning premium Scandinavian design customers



## What we are doing to win customers

Develop customer interactions in all channels

Deepen collaboration with all partners

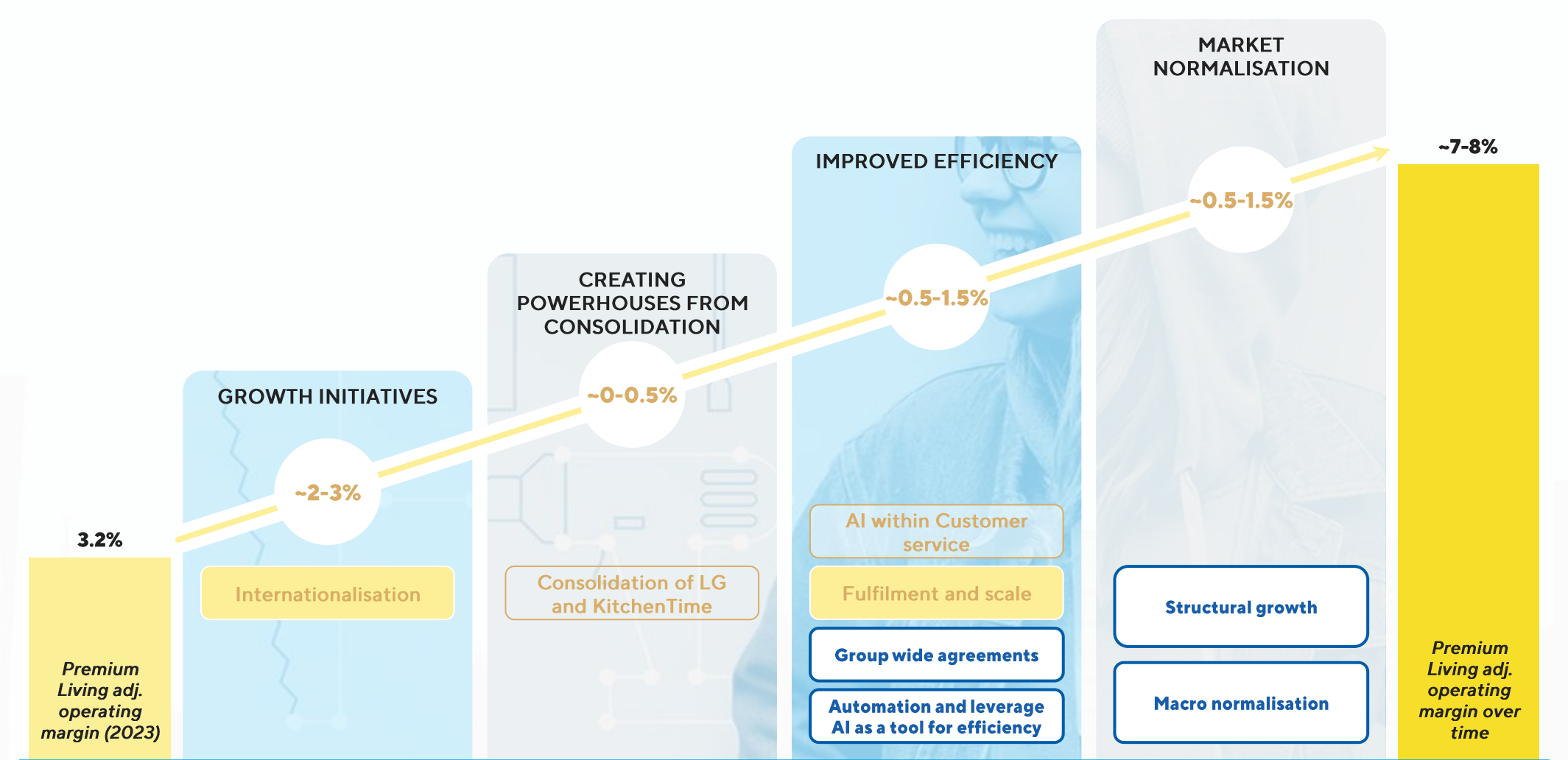
Expand to new markets

Continue building our strong culture

Analysis of customer and behavioral data

Ensure efficient global logistics

# Profitable growth from all building blocks







## Concluding remarks and key takeaways

**Gustaf Öhrn**  
Group CEO



# Key messages today



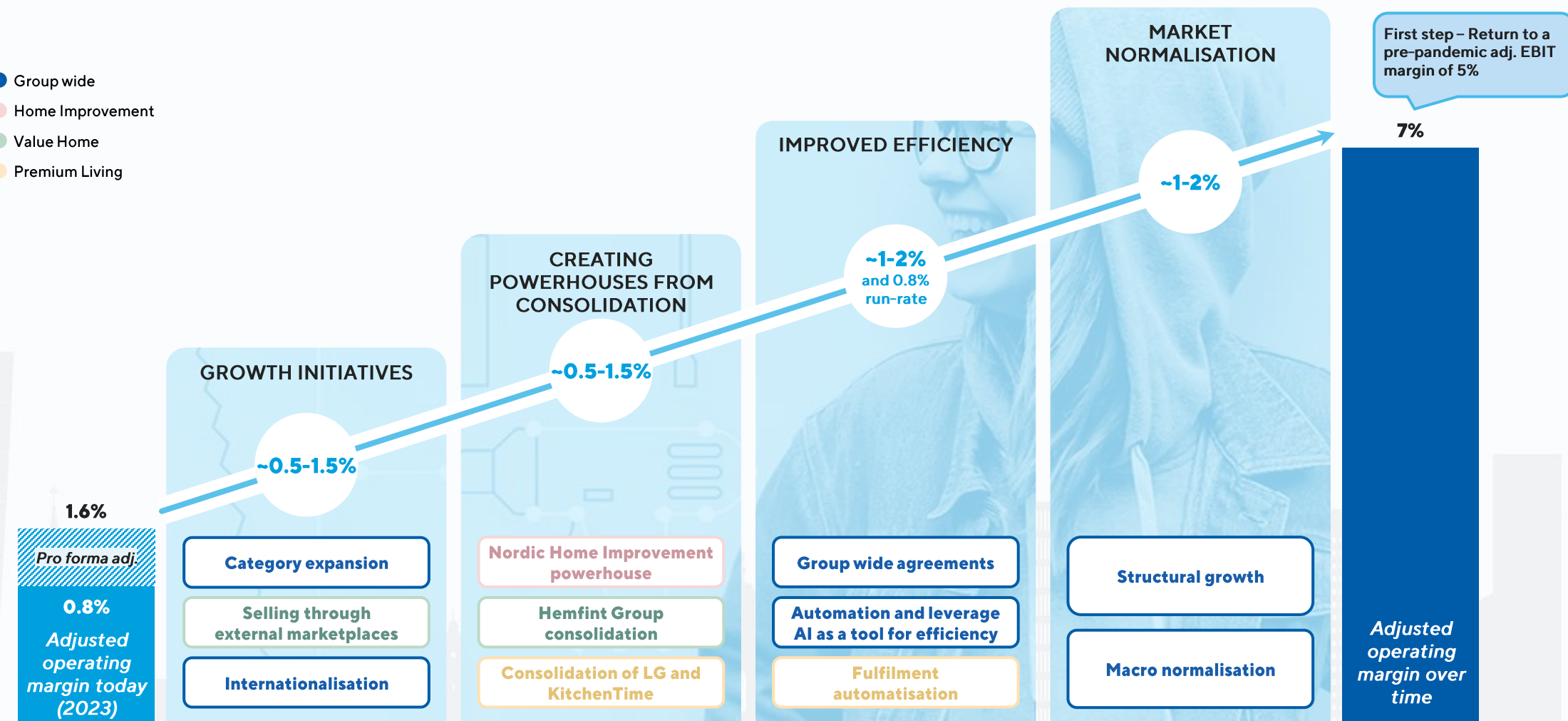
Profitability  
comeback

Prepared for  
market rebound

Updated  
financial targets

# Strategic focus areas: Clear roadmap for profitable growth

- Group wide
- Home Improvement
- Value Home
- Premium Living



# We are confident in our plans to reach our updated financial targets

## NET SALES GROWTH →

- Continue to deliver organic growth above the addressable market

## PROFITABILITY →

- Return to an adjusted EBIT margin of 5%
- Over time, further improve adjusted EBIT margin to 7%

## CAPITAL STRUCTURE →

- Objective to strengthen the balance sheet and operate with a net debt/EBITDA target of below 2.5x, subject to flexibility for strategic activities

## DIVIDEND POLICY →

- When free cash flow exceeds available investments in profitable growth, and under the requirement that the capital structure target is met, the surplus will be distributed to shareholders

Notes: Note: The Company's financial targets set forth above constitute forward-looking information that is subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among others, the development of the Company's industry, business, results of operations and financial condition. Company's business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which the Company operates, may differ materially from, and be more negative than, those assumed by the Company's when preparing the financial targets set out above. As a result, the Company's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, and no assurance can be given that the Company will be able to reach these targets or that the Company's financial condition or results of operations will not be materially different from these financial targets

