

**Positive effects of strategic efforts,
challenging external factors**



**Q3 INTERIM REPORT
JANUARY - SEPTEMBER
2018**

BYGG max®

THE QUARTER IN BRIEF

During the third quarter, implementation of the strategic plan continued at a high pace. The quarter was also affected by challenging external factors. The sales trend was negatively affected by the hot summer, and increased raw material prices for timber continued to negatively impact the gross margin. The sales trend was also negatively impacted by the choice to decrease unprofitable sales in Skånska Byggvaror. Year-on-year Byggmax Group's sales decreased 5.5 percent in the quarter, and profitability measured as EBITDA decreased to SEK 218 M (260).

The initiatives to ramp up growth in the Byggmax segment gave positive effects. To date this year, we have opened fifteen new Byggmax stores, eleven garden departments and continued to develop our e-commerce business. The initiatives contribute well and increasingly to Byggmax sales.

The transformation of Skånska Byggvaror towards a modern leader within "Garden living" continues at a high pace. Gross margins have returned to historically high levels and costs have decrease according to the decided restructuring program. Although the sales trend was negatively impacted by the unusually hot weather, profitability measured as EBITDA increased SEK 11.3 M year-on-year, to SEK 18.5 M (7.2).

+ 15

Fifteen new Byggmax stores opened this year: eleven in Sweden, two in Norway and two in Finland. Six of the new stores in Sweden are of the new format for smaller towns.

NO 1

Byggmax was placed as number 1 in the Norwegian Consumer Council's review of best DIY retail chains, in August 2018

+ 11 M

EBITDA for Skånska Byggvaror increased SEK 11 M in the the third quarter, compared to the same period last year.



July 1 – September 30

- Net sales amounted to SEK 1,712.7 M (1,812.8), down 5.5 percent.
- Net sales for comparable stores decreased 12.6 percent (+1.0).
- The gross margin decreased to 30.7 percent (31.6).
- EBITDA amounted to SEK 218.1 M (260.1). EBITDA excluding non-recurring items¹ amounted to SEK 218.1 M (266.0).
- EBITDA margin was 12.7 percent (14.3). EBITDA margin excluding non-recurring items was 12.7 percent (14.7).
- EBIT amounted to SEK 175.8 M (221.0).
- Profit after tax was SEK 133.7 M (171.9).
- Earnings per share totaled SEK 2.2 (2.8).

Significant events during the quarter

- Three (three) new stores were opened, three Bygghuset stores in Sweden.

Earnings overview

	July – September		12 months	Full year
	2018	2017	October 2017 September 2018	2017
Net sales, SEK M	1,712.7	1,812.8	5,059.3	5,321.4
Gross margin, percent	30.7	31.6	30.8	31.0
EBITDA, excluding non-recurring costs, SEK M ¹	218.1	266.0	340.7	474.8
EBITDA margin excluding non-recurring costs, percent ¹	12.7	14.7	6.7	8.9
EBITDA, SEK M ¹	218.1	260.1	326.7	444.9
EBITDA margin, percent ¹	12.7	14.3	6.5	8.4
EBIT, SEK M ¹	175.8	221.0	145.4	271.9
EBIT margin, percent ¹	10.3	12.2	2.9	5.1
Profit after tax, SEK M ¹	133.7	171.9	93.7	194.6
Earnings per share, SEK	2.2	2.8	1.5	3.2
Return on equity, percent	10.2	12.9	6.7	14.6
Cash flow from operating activities per share, SEK	0.3	-0.2	5.5	5.0
Shareholders' equity per share, SEK	22.5	23.3	22.5	22.3
Number of stores at the end of the period	161	148	161	147
New stores opened during the period	3	3	18	12

¹ Earnings for Q3 2017 were positively affected by earn-out Buildor of SEK 33.4 M and negatively affected by closure costs for four stores in Finland of SEK 39.3 M. See also Note 8 on page 20 for non-recurring items in the previous quarter.

January 1 – September 30

- Net sales amounted to SEK 4,109.1 M (4,371.2), down 6.0 percent.
- Net sales for comparable stores decreased 12.6 percent (down: 0.3).
- The gross margin decreased to 30.7 percent (31.0).
- EBITDA amounted to SEK 328.6 M (446.8). EBITDA excluding non-recurring items¹ amounted to SEK 318.7 M (452.7).
- EBITDA margin was 8.0 percent (10.2). EBITDA margin excluding non-recurring items was 7.8 percent (10.4).
- EBIT amounted to SEK 204.4 M (330.9).
- Profit after tax was SEK 152.0 M (252.9).
- Earnings per share totaled SEK 2.5 (4.1).

Significant events during the quarter

- Fifteen (nine) new stores were opened, eleven Bygghmax stores in Sweden, two Bygghmax stores in Norway and two Bygghmax stores in Finland.

Earnings overview

	January – September	
	2018	2017
Net sales, SEK M	4,109.1	4,371.2
Gross margin, percent	30.7	31.0
EBITDA, excluding non-recurring costs, SEK M ¹	318.7	452.7
EBITDA margin excluding non-recurring costs, percent ¹	7.8	10.4
EBITDA, SEK M ¹	328.6	446.8
EBITDA margin, percent ¹	8.0	10.2
EBIT, SEK M ¹	204.4	330.9
EBIT margin, percent ¹	5.0	7.6
Profit after tax, SEK M ¹	152.0	252.9
Earnings per share, SEK	2.5	4.1
Return on equity, percent	11.1	18.6
Cash flow from operating activities per share, SEK	9.7	9.2
Shareholders'equity per share, SEK	22.5	23.3
Number of stores at the end of the period	161	148
New stores opened during the period	15	9

¹ Earnings for the first nine months of 2018 were positively affected by the reversal of settlement costs for four Bygghmax stores in Finland an amount of SEK 6.2 M due to lower settlement costs than the amount reserved in Q3 2017. Earnings for the first nine months were also positively affected by a capital gain of SEK 3.7 M, at the disposal of Skånska Bygghvaror's Danish subsidiary Pavillion. Earnings for first nine months 2017 were positively affected by the earn-out for Builder of SEK 33.4 M and negatively affected by closure costs for four stores in Finland of SEK39.3 M. See also Note 8 on page 20 for non-recurring items in the previous quarter.

PRESIDENT'S COMMENTS

Introduction

During the third quarter, we continued to implement our strategic plan at a high pace. However, external factors were challenging in the quarter. The hot summer decreased interest in DIY projects and higher raw material prices for timber continued to impact the gross margin negatively.

At the same time, implemented strategic initiatives generated positive results, both in terms of ramping up growth in the Byggmax segment and of transforming Skånska Byggarvaror into a more focused, and more profitable company.

Financial performance

Sales in the third quarter decreased 5.5 percent year-on-year.

Sales for the Byggmax segment decreased 1.6 percent. Following a July with considerably decreased sales, sales increased in the second half of the quarter. Three new stores were opened in the quarter and, to date this year, fifteen new stores have opened and new stores now contribute significantly to sales. In all Byggmax growth initiatives have created positive results and in September, when weather conditions were more normal, sales increased 8 percent.

Sales for Skånska Byggarvaror decreased 33.3 percent, negatively affected by the shift towards Garden Living and the choice to decrease unprofitable sales, but also significantly impacted by the hot summer.

The gross margin for the quarter decreased 0.9 percentage points year-on-year. The gross margin was negatively affected by considerably higher raw material prices for timber, which is Byggmax's largest product category. Historically higher raw material prices have been reflected in higher consumer prices, after some delay. This is also the case this year, and at the end of the third quarter, the negative effect was smaller. For the other product categories in total, the gross margin increased compared to last year.

Total costs decreased compared to last year, despite fifteen new stores. We have continued to trim costs in the Byggmax segment. Costs at Skånska Byggarvaror decreased both as an effect of the earlier decided restructuring program, and due to lower marketing costs as a consequence of the decision to decrease unprofitable sales.

Profit measured as EBITDA¹ decreased to SEK 218 M compared to SEK 266 M for the corresponding period last year. For the Byggmax segment, profit decreased to SEK 205 M compared to SEK 256 M last year. For Skånska Byggarvaror EBITDA increased SEK 11 M year-on-year.

Market

During the quarter, the hot summer had a strong, negative impact on the consumer market. The impact was particularly considerable for outdoor projects during the first half of the quarter. The Swedish market was also softened by more passive consumer behavior, likely affected by consumers' perceived uncertainty regarding future economic developments.

In total, we estimate that the Nordic market for DIY projects decreased by 4-6 percent during the third quarter, particularly negatively impacted by the hot summer.

Strategic business decisions

For the Byggmax segment, focus in 2018 is increasingly on building for profitable growth. The initiatives are being implemented at a high pace and with good effect.

This year, we will double the expansion pace to 18 new Byggmax stores, of which six are the new smaller format for smaller towns. We have launched our garden concept at 11 stores and continued to develop our e-commerce business. We have increased our online exclusive assortment and, during the summer, we launched new delivery options in selected geographies. Both the garden concept and the new smaller store format have been received well by our customers and we have concluded that both initiatives will be part of our future offering. In total, the initiatives have generated good results and significantly contributed to Byggmax's sales. We now have more alternatives to drive profitable growth through initiatives that connect to our strong core business. In the autumn, we will finalize roll-out plans for 2019.

In the quarter, Byggmax was ranked as the best DIY retail chain in a review by the Norwegian Consumer Council. We are pleased that our efforts to be on the customers side are recognized in Norway!

The transformation of Skånska Byggarvaror, towards a modern leader within "Garden Living", continues at a high pace. The goal is to end the year with a smaller, more profitable business. Implemented initiatives have given positive effects, gross margins have returned to historically high levels and costs decrease according to the previously announced restructuring program. Although the sales trend was negatively impacted by the hot summer, it is positive that the negative profitability trend is turned during the third quarter. EBITDA margin for the quarter was 11.5 percent compared to 3.0 percent last year. We are continuing to execute the transformation plan, and complement with growth initiatives to increase sales during coming years.

Outlook

2018 has so far been mixed. We have implemented strategic initiatives at a high pace which have generated positive effects. At the same time, market conditions have been challenging.

Although market conditions will vary over time, Byggmax is well positioned with our increasingly strong low price concept for both stores and e-commerce.

In addition, Byggmax growth opportunities remain good. Many Nordic towns still lack a low price alternative, our e-commerce complement our focused store assortment, and we have established a Byggmax concept to grow into the large market for garden products.

With a strong business concept, an entrepreneurial culture and good growth prospects, I look forward to giving more of Byggmax to more customers for many years.

We now have more alternatives to drive profitable growth, through initiatives that connect to our strong core business



Mattias Ankarberg

President, Byggmax Group AB (publ)

October 18, 2018

¹ Earnings for Q3 2017 were positively affected by the earn-out for Buildor of SEK 33.4 M and negatively affected by closure costs for four stores in Finland of SEK 39.3 M. Earnings for the first nine months 2018 were positively affected by the reversal of settlement costs for four Byggmax stores in Finland an amount of SEK 6.2 M due to lower settlement costs than the amount reserved in Q3 2017. Earnings for the first nine months were also positively affected by a capital gain of SEK 3.7 M, at the disposal of Skånska Byggarvaror's Danish subsidiary Pavillon. Earnings for the first nine months were also positively affected by the earn-out for Buildor of SEK 33.4 M and negatively affected by closure costs for four stores in Finland of SEK 39.3 M. See also Note 8 on page 20 for non-recurring items in the previous quarter.

CONSOLIDATED SALES AND EARNINGS

July 1 - September 30

Revenues

The operation's net sales totaled SEK 1,712.7 M (1,812.8), down 5.5 percent. Total revenue was SEK 1,715.3 M (1,849.8), down 7.3 percent. The operation's revenues 2017 was affected positively by earn out Buildor SEK 33.4 M. Net sales for comparable stores decreased 12.6 percent in local currency.

Net sales amounted to SEK 1,529.3 M (1,554.1) for Byggmax, SEK 151.5 M (227.1) for Skånska Byggarvaror and SEK 32.0 M (31.6) for Other. The weakest sales month of the quarter was July which also is the largest sales month in the quarter.

The sales decrease of 5.5 percent was divided according to the following:

Comparable stores ² , local currency, percent	-12.6
Non-comparable units and other, percent	5.7
Exchange-rate effects, percent	1.4
Total, percent	-5.5

The Group opened three (three) stores during the quarter: three Byggmax stores in Sweden. During the fourth quarter of 2017, four Byggmax stores were closed in Finland. This was in order to increase profitability in Finland as previously communicated. The total number of stores in the Group as of September 30, 2018 thereby amounted to 161 (148).

EBIT

EBIT amounted to SEK 175.8 M (221.0), corresponding to an EBIT margin of 10.3 percent (12.2). The gross margin was 30.7 percent, compared with 31.6 percent in the year-earlier period. The gross margin was negatively affected by significantly higher raw material prices for timber, which is Byggmax's largest product category. For the other product categories, the total gross margin increased compared to last year. The gross margin was impacted positively by currency effects, positively by NOK and negatively by EUR.

Personnel costs and other external expenses decreased with SEK 39.6 M. The costs are positively affected by continued trimmed costs in Byggmax and decreased costs in Skånska Byggarvaror, both as an effect of the earlier decided restructuring program and lower marketing costs as a consequence of the choice to decrease unprofitable sales. Compared to the year-earlier period, expenses were negatively affected by new stores opened after the third quarter 2017 up to SEK 23.3 M (11.8). Personnel- and other external costs was affected negative in the quarter 2017 by SEK 33.2 M, attributable to closure costs for four Byggmax stores in Finland.

EBITDA amounted to SEK 218.1 M (260.1), corresponding to an EBITDA margin of 12.7 percent (14.3). EBITDA was affected positive in the quarter 2017 due to earn out Buildor of SEK 33.4 M, and negative impact from closure costs for four stores in Finland of SEK 39.3 M.

EBITDA excluding non-recurring items¹ amounted to SEK 218.1 M (266.0), corresponding to an EBITDA margin of 12.7 percent (14.7).

Profit before tax

Profit before tax amounted to SEK 168.4 M (215.2). Net financial items amounted to an expense of SEK 7.3 M (expense: 5,8). Net financial items for the quarter were negatively impacted by exchange-rate effects of SEK 2.8 M (neg: 1.4).

Taxes

Tax cost for the third quarter of 2018 totaled SEK 34.7 M (cost: 43.3).

January 1 - September 30

Revenues

The operation's net sales totaled SEK 4,109.1 M (4,371.2), down 6.0 percent. Total revenue was SEK 4,123.2 M (4,411.0), down 6.5 percent. Operating revenues was positively affected by a capital gain on the divestment of Skånska Byggarvaror's Danish subsidiary Pavillon amounting to SEK 3.7 million. The operation revenues 2017 was affected positively by earn out Buildor SEK 33.4 M. Net sales for comparable stores decreased 12.0 percent in local currency.

Net sales amounted to SEK 3,597.6 M (3,686.1) for Byggmax, SEK 420.1 M (591.8) for Skånska Byggarvaror and SEK 91.5 M (93.2) for Other.

The sales decrease of 6.0 percent was divided according to the following:

Comparable stores ² , local currency, percent	-12.0
Non-comparable units and other, percent	5.0
Exchange-rate effects, percent	0.9
Total, percent	-6.0

The Group opened fifteen (nine) stores during the first nine month: eleven Byggmax stores in Sweden, two Byggmax stores in Norway and two Byggmax stores in Finland. During the fourth quarter 2017 four Byggmax stores were closed in Finland. This was in order to increase profitability in Finland as previously communicated. The total number of stores in the Group as of September 30, 2018 thereby amounted to 161 (148).

EBIT

EBIT amounted to SEK 204.4 M (330.9), corresponding to an EBIT margin of 5.0 percent (7.6). The gross margin was 30.7 percent, compared with 31.0 percent in the year-earlier period. The gross margin was positively impacted by purchasing improvements, pricing and mix effects and negatively affected by significantly higher raw material prices for timber, which is Byggmax largest product category. The gross margin increased for the Skånska Byggarvaror segments.

Personnel costs and other external expenses increased a total of SEK 0.5 M. The costs are positively affected by continued trimmed costs in Byggmax and decreased costs in Skånska Byggarvaror, both as an effect of the earlier decided restructuring program and lower marketing costs as a consequence of the choice to decrease unprofitable sales. Costs associated to new stores opened after the first quarter of 2017, amounted to SEK 61.0 M (38.5). Personnel- and other external costs was affected negative in the quarter 2017 by SEK 33.2 M, the increase in expenses compared with the year-earlier period was attributable to closure costs for four Byggmax stores in Finland.

EBITDA amounted to SEK 328.6 M (446.8), corresponding to an EBITDA margin of 8.0 percent (10.2). EBITDA had a positive impact of SEK 6.2 M from the reversal of closure costs for four stores in Finland. EBITDA was affected positive in the earlier-year period by earn out Buildor of SEK 33.4 M and negatively affected by closure costs for four Byggmax stores in Finland of SEK 39.3 M.

EBITDA excluding non-recurring items¹ amounted to SEK 318.7 M (452.7), corresponding to an EBITDA margin of 7.8 percent (10.4).

Profit before tax

Profit before tax amounted to SEK 186.2 M (320.5). Net financial items amounted to an expense of SEK 18.2 M (expense: 10.4). Net financial items for the first nine month were negatively impacted by exchange-rate effects of SEK 12.9 M (pos: 4.9).

Taxes

Tax cost for the first nine month of 2018 totaled SEK 34.2 M (cost: 67.6), and was positively affected with SEK 3.2 M by the revaluation of the deferred tax liability based on the tax rate when the debt is expected to be settled.

¹ Earnings for Q3 2017 were positively affected by the earn-out for Buildor of SEK 33.4 M and negatively affected by closure costs for four stores in Finland of SEK 39.3 M. Earnings for the first nine month 2018 were positively affected by the reversal of settlement costs for four Byggmax stores in Finland in an amount of SEK 6.2 M due to lower settlement costs than the amount reserved in Q3 2017. Earnings for the first nine months were also positively affected by a capital gain of SEK 3.7 M, at the disposal of Skånska Byggarvaror's Danish subsidiary Pavillon. Earnings for the first nine months were also positively affected by the earn-out for Buildor of SEK 33.4 M and negatively affected by closure costs for four stores in Finland of SEK 39.3 M. See also Note 8 on page 20 for non-recurring items in the previous quarter.

² A comparable unit is considered comparable from the beginning of the second year following the opening of the online or physical store. Stores that are relocated to new premises in existing locations are treated in the same manner. Comparable stores includes eleven Skånska Byggarvaror stores.

REPORT ON THE BUSINESS SEGMENT

Skånska Byggvaror AB was acquired by Byggmax on January 4, 2016. The internal follow-up includes separate financial information for each brand, which is why segment information from the first quarter of 2016 is presented for three segments. These three segments are Byggmax, Skånska Byggvaror and Other. Other includes Buildor, intra-Group leasing of owned properties, a distribution company and the Parent Company Byggmax Group AB. No individual part of the Other segment represents such a material part that it forms a reportable segment, which is why we have chosen to aggregate them. The performance metric we use internally to follow up and evaluate operations is EBIT before depreciation/amortization and impairment of tangible and intangible fixed assets (EBITDA). For more information see note 1.



Byggmax

The Byggmax segment includes Byggmax AB and the branches Byggmax Norge and Filialen Byggmax AB Finland.

Net sales decreased 1.6 percent during the quarter to SEK 1,529.3 M (1,554.1). After a significant decreased sales in July, sales increased during the second half of the quarter. Three new stores opened in Sweden during the quarter. The sales trend was negatively affected by the closure of four Finnish stores (completed in the fourth quarter of 2017).

The gross margin was negatively affected by significantly higher raw material prices for timber, which is Byggmax's largest product category. For the other product categories in total, the gross margin increased compared to last year.

EBITDA amounted to SEK 204.5 M (216.3) for the quarter. The EBITDA margin for the quarter was 13.4 percent (13.8). Earnings for the quarter were impacted by costs for stores opened after the third quarter of 2017, amounting to SEK 23.5 M (8.9). EBITDA was affected negatively in the year-earlier period by closure costs of four stores in Finland SEK 39.3 M.

Net sales decreased 2.4 percent during the first nine months to SEK 3,597.6 M (3,686.1).

The gross margin was negatively affected during the first nine months by significantly higher raw material prices for timber, which is Byggmax largest product category. For the other product categories, the total gross margin increased compared to last year.

EBITDA amounted to SEK 321.6 M (431.8) for the first nine months. The EBITDA margin for the first nine months was 9.1 percent (10.6). Earnings for the first nine months were impacted by costs for stores opened after the first quarter of 2017, amounting to SEK 59.5 M (31.4). EBITDA was affected positively in the first nine months by reversal of accruals of SEK 6.2 M from the closure costs of four stores in Finland in 2017. EBITDA was affected negatively in the period 2017 from the closure costs of four stores in Finland, SEK 39.3 M.

“Our growth initiatives – ramp up expansion, a new store format for smaller towns, our garden concept and developing our e-commerce – have generated good results and contribute well to Byggmax sales. We now have more alternatives to continue to drive profitable growth, through initiatives that connect to our strong core business.”

*- Mattias Ankarberg,
CEO of Byggmax Group AB (publ)*



REPORT ON THE BUSINESS SEGMENT



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Skånska Byggvaror

Net sales decreased 33.3 percent during the third quarter to SEK 151.5 M (227.1).

Sales were affected negatively by the shift towards "Garden Living" and the decision to reduce unprofitable sales and were also affected significantly by the hot summer. The gross margin at Skånska Byggvaror increased and was positively influenced by mix effects and pricing.

EBITDA amounted to SEK 18.5 M (7.2) during the quarter. The EBITDA margin was 11.5 percent (3.0) for the quarter. Earnings for the quarter were impacted by costs for stores opened after the third quarter of 2017, which amounted to SEK 0.0 M (7.2). External costs decreased significantly in the quarter, as an effect of the previously decided restructuring program, and lower marketing costs as a consequence of the decision to reduce unprofitable sales.

EBIT for the Group was impacted by the amortization of customer relationships and brands totaling SEK 9.9 M (9.9) for the quarter, which were identified in connection with the acquisition of Skånska Byggvaror Group AB.

Net sales decreased 29.0 percent to SEK 420.1 M (591.8) during the first nine months. The gross margin in Skånska Byggvaror increased and was positively influenced by mix effects and pricing.

EBITDA amounted to SEK 8.1 M (18.8) during the first nine months. The EBITDA margin was 1.9 percent (3.1) for the first nine months.

Earnings for the first nine months were impacted by costs for stores opened after the first quarter of 2017, which amounted to SEK 1.5 M (7.1). Operating revenues were positively affected by a capital gain on the divestment of Skånska Byggvaror's Danish subsidiary Pavillion amounting to SEK 3.7 M.

EBIT for the Group was impacted by the amortization of customer relationships and brands totaling SEK 29.7 M (29.7) for the quarter. For Skånska Byggvaror, 2018 is a conversion year to a modern leader in "Garden Living," i.e. garden buildings such as the sunroom and greenhouse.

"The transformation of Skånska Byggvaror continues to be executed according to plan. Gross margins are this year at historically high levels and profit for the third quarter is significantly stronger than the previous year"

- Oscar Tjärnberg, CEO Skånska Byggvaror



Segment summary

Amounts in SEK M	July - September		January - September		12 months	Full year
	2018	2017	2018	2017	October 2017 – September 2018	2017
Net sales from external customers						
Byggmax	1,529.3	1,554.1	3,597.6	3,686.1	4,402.5	4,491.1
Skånska Byggvaror	151.5	227.1	420.1	591.8	537.5	709.2
Other	32.0	31.6	91.5	93.2	119.3	121.1
Total net sales	1,712.7	1,812.8	4,109.1	4,371.2	5,059.3	5,321.4
EBITDA						
Byggmax	204.5	216.3	327.8	392.6	370.9	435.6
Skånska Byggvaror	18.5	7.2	8.1	18.8	-29.4	-18.7
Other	-4.9	36.6	-7.4	35.4	-14.9	27.9
Total EBITDA	218.1	260.1	328.6	446.8	326.7	444.9
EBITDA, excluding non-recurring items¹						
Byggmax	204.5	255.6	321.6	431.8	356.4	466.6
Skånska Byggvaror	18.5	7.2	4.4	18.8	-0.8	13.6
Other	-4.9	3.2	-7.4	2.1	-14.9	-5.4
Total EBITDA, excluding non-recurring items	218.1	266.0	318.7	452.7	340.7	474.8
EBITDA margin, percent						
Byggmax	13.4	13.8	9.1	10.6	8.4	9.7
Skånska Byggvaror	11.5	3.0	1.9	3.1	-5.4	-2.6
Other	-1.7	11.9	-0.9	4.2	-1.4	2.6
Total EBITDA margin, percent	12.7	14.3	8.0	10.2	6.5	8.4
EBITDA margin, excluding non-recurring items, percent¹						
Byggmax	13.4	16.3	8.9	11.7	8.1	10.4
Skånska Byggvaror	11.5	3.0	1.0	3.1	-0.1	1.9
Other	-1.7	1.0	-0.9	0.2	-1.4	-0.5
Total EBITDA margin, excluding non-recurring items, percent	12.7	14.7	7.8	10.4	6.7	8.9

¹ Earnings for Q3 2017 were positively affected by earn out Buildor of SEK 33.4 M and negatively affected by closure costs for four stores in Finland of SEK 39.3 M. Earnings for the first nine month 2018 were positively affected by the reversal of settlement costs for four Byggmax stores in Finland an amount of SEK 6.2 M due to lower settlement costs than the amount reserved in Q3 2017. Earnings for the first nine months were also positively affected by a capital gain of SEK 3.7 M, at the disposal of Skånska Byggvaror's Danish subsidiary Pavillon. Earnings for the first nine month were also positively affected by earn out Buildor of SEK 33.4 M and negatively affected by closure costs for four stores in Finland, SEK 39.3 M. See also Note 8 on page 20 for non-recurring items in the previous quarter.

CASH FLOW AND FINANCIAL POSITION

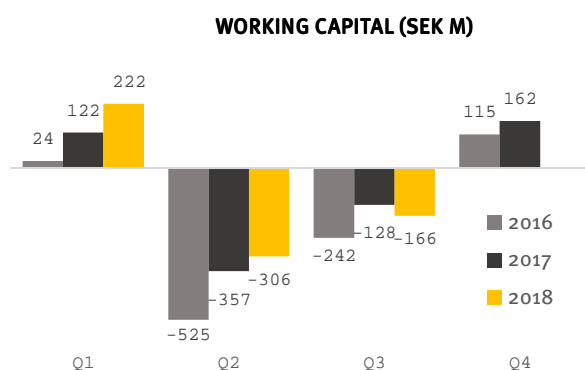
Cash flow and financial position

Cash flow from operating activities amounted to an inflow of SEK 18.4 M (inflow: -12.7) for the quarter, up SEK 31.1 M year-on-year and an inflow SEK 594.3 M (inflow: 563.4) for the first nine months, up SEK 30.9 M. Inventory totaled SEK 949.5 M (922.9), up SEK 26.8 M. Inventory for Skånska Byggsvaror totaled SEK 69.1 M (90.3). Compared with the end of the year-earlier period, 18 (seven) new Byggsmax stores were added and the associated inventory amounted to SEK 100.8 M (28.1). Distribution inventory was SEK 13.6 M lower year-on-year.

At September 30, 2018, consolidated shareholders' equity amounted to SEK 1,371.2 M (1,419.7). Consolidated net debt was SEK 871.3 M (857.5), up SEK 13.2 M year-on-year. The equity/assets ratio amounted to 36.0 percent (37.4). Unutilized credits totaled SEK 496.7 M (642.7).

Investments during the third quarter amounted to SEK 44.2 M (29.1), out of which, SEK 26.5 M (13.9) pertained to investments in stores opened in the third quarter 2018 and SEK 6.8 M (6.9) pertained to IT investments.

Investments during the first nine months amounted to SEK 148.0 M (107.6). Of these investments, SEK 78.4 M (24.3) pertained to investments in stores opened or to be opened during 2018 and SEK 16.8 M (26.2) to IT investments.



New store openings

A total of fifteen (nine) new stores were opened during the period January to September 2018: eleven Byggsmax stores in Sweden, two Byggsmax stores in Norway and two Byggsmax stores in Finland.

The stores in Falkenberg, Kungsängen and Motala in Sweden, moved to new locations and the stores in Falun, Malmö, Motala, Staffanstorp, Visby and Värmdö in Sweden, and Raisio and Turku in Finland added the garden concept.

The following stores have been publicly announced and will be opened in 2018: Stenungsund in Sweden, Kristiansund and Hønefoss in Norway and in 2019 Lycksele and Simrishamn in Sweden.

Skånska Byggsvaror closed one store in Uppsala during the quarter.

The Byggsmax workforce

The number of employees (converted into full-time equivalents) totaled 1,235 (1,245) at the end of the period.

Parent Company

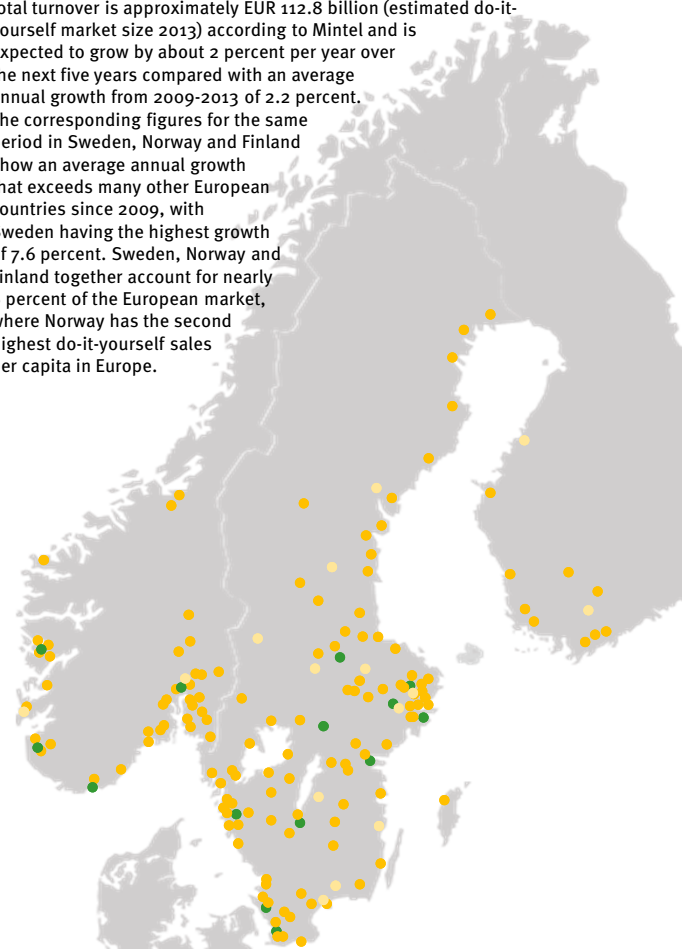
The Parent Company comprises a holding company. The Parent Company's sales amounted to SEK 0.1 M (0.1) for the third quarter and to SEK 0.2 M (0.2) for the first nine months. Loss before taxes for the third quarter was SEK 4.4 M (Loss: 4.0) and for the first nine months the loss was SEK 14.8 M (Loss: 13.4).

Events after the close of the reporting period

No significant events have occurred since the end of the reporting period.

Market – potential for further growth

The Byggsmax Group conducts business in the Swedish, Norwegian and Finnish do-it-yourself market. The European do-it-yourself market's total turnover is approximately EUR 112.8 billion (estimated do-it-yourself market size 2013) according to Mintel and is expected to grow by about 2 percent per year over the next five years compared with an average annual growth from 2009-2013 of 2.2 percent. The corresponding figures for the same period in Sweden, Norway and Finland show an average annual growth that exceeds many other European countries since 2009, with Sweden having the highest growth of 7.6 percent. Sweden, Norway and Finland together account for nearly 6 percent of the European market, where Norway has the second highest do-it-yourself sales per capita in Europe.



Stores	Sweden	Norway	Finland	Total
● Byggsmax	88	36	9	133
● Skånska Byggsvaror	10	4	0	14
○ Opened 2018				
● Byggsmax	11	2	2	15
● Skånska Byggsvaror	-1	0	0	-1
Total	108	42	11	161

Auditor's report

Byggmax Group AB (publ) reg.no. 556656-3531

Introduction

We have reviewed the condensed interim financial information (interim report) of Byggmax Group AB (publ) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 18, 2018

Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund

Authorized Public Accountant
Auditor-in-charge

Erik Bergh

Authorized Public Accountant

Consolidated statement of comprehensive income

Amount in SEK M	July- September		January – September		12 months	Full year
	2018	2017	2018	2017	October 2017 – September 2018	2017
REVENUE						
Net sales	1,712.7	1,812.8	4,109.1	4,371.2	5,059.3	5,321.4
Other operating income	2.5	37.0	14.0	39.8	13.6	39.4
Total revenue	1,715.3	1,849.8	4,123.2	4,411.0	5,073.0	5,360.8
OPERATING EXPENSES						
Cost of goods sold	-1,186.9	-1,239.9	-2,848.1	-3,017.2	-3,502.5	-3,671.6
Other external costs and operating expenses	-152.6	-200.0	-494.9	-527.7	-653.1	-685.8
Personnel costs	-157.5	-149.8	-451.5	-419.3	-590.8	-558.5
Depreciation, amortization of tangible and intangible fixed assets	-42.4	-39.1	-124.2	-115.9	-181.3	-173.0
Total operating expenses	1,539.5	-1,628.8	-3,918.8	-4,080.1	-4,927.6	-5,089.0
EBIT	175.8	221.0	204.4	330.9	145.4	271.9
Profit/loss from financial items	-7.3	-5.8	-18.2	-10.4	-21.4	-13.6
Profit before tax	168.4	215.2	186.2	320.5	123.9	258.2
Income tax	-34.7	-43.3	-34.2	-67.6	-30.2	-63.6
Profit/loss for the period	133.7	171.9	152.0	252.9	93.7	194.6
OTHER COMPREHENSIVE INCOME FOR THE PERIOD						
Items that will not be reclassified to profit or loss	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS						
Translation differences	-2.8	1.4	12.9	-4.9	10.1	-7.7
Other comprehensive income for the period	-2.8	1.4	12.9	-4.9	10.1	-7.7
Total comprehensive income for the period	130.9	173.3	164.9	248.0	103.8	186.9
Earnings per share before dilution, SEK	2.2	2.8	2.5	4.1	1.5	3.2
Earnings per share after dilution, SEK	2.2	2.8	2.5	4.2	1.5	3.2
Average number of shares, (thousand)	60,999	60,925	60,999	60,815	60,998	60,861
Number of shares at the end of the period, (thousand)	60,999	60,993	60,999	60,993	60,999	60,999

Consolidated statement of financial position

Amounts in SEK M	Note	September 30, 2018	September 30, 2017	December 31, 2017
ASSETS				
FIXED ASSETS				
Intangible fixed assets		2,165.3	2,205.8	2,188.6
Tangible fixed assets		416.8	378.8	358.5
Financial fixed assets		21.2	17.8	27.8
Total fixed assets		2,603.3	2,602.4	2,574.9
CURRENT ASSETS				
Inventories		949.5	922.9	879.6
Derivatives		0.0	0.0	1.3
Current receivables		148.6	201.3	149.0
Cash and cash equivalents		87.1	69.8	40.1
Assets held for sale		0.0	0.0	3.4
Total current assets		1,185.2	1,194.1	1,073.4
Total assets		3,788.4	3,796.5	3,648.3
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Shareholders' equity		1,371.2	1,419.7	1,358.8
LIABILITIES				
Borrowing from credit institutions		405.2	525.1	406.2
Deferred tax liabilities		190.4	195.9	200.5
Other long liabilities		0.9	0.6	0.5
Long-term liabilities		596.5	721.6	607.2
Borrowing from credit institutions		553.2	402.3	811.6
Provisions	6	14.0	39.3	63.2
Accounts payable		925.3	892.1	591.3
Current tax liabilities		0.0	23.8	7.3
Derivatives		3.4	0.0	0.0
Other liabilities		132.3	129.0	44.7
Accrued expenses and deferred income		192.6	168.9	160.0
Liabilities that are directly related to assets held for sale		0.0	0.0	4.1
Current liabilities		1,820.8	1,655.2	1,682.3
Total shareholders' equity and liabilities		3,788.4	3,796.5	3,648.3

Consolidated statement of changes in equity

Amounts in SEK M	September 30, 2018	September 30, 2017	December 31, 2017
Opening balance at the beginning of the period	1,358.8	1,302.2	1,302.2
COMPREHENSIVE INCOME			
Translation differences	12.9	-4.9	-7.7
Profit/loss for the period	152.0	252.9	194.6
Total comprehensive income	164.9	248.0	186.9
TRANSACTIONS WITH SHAREHOLDERS			
Dividend to shareholders	-152.5	-145.8	-145.8
Warrants and issue of new shares	0.0	11.0	11.1
Issue of warrants	-0.1	4.3	4.3
Total transactions with shareholders	-152.6	-130.5	-130.2
Shareholders' equity at the end of the period	1,371.2	1,419.7	1,358.8

Consolidated statement of cash flows

Amounts in SEK M	July- September		January - September		12 months	Full year
	2018	2017	2018	2017	October 2017 – September 2018	2017
CASH FLOW FROM OPERATING ACTIVITIES						
EBIT	175.8	221.0	204.4	330.9	145.4	271.9
Non-cash items						
- Depreciation and amortization of tangible and intangible fixed assets	42.4	39.1	124.2	115.9	181.3	173.0
- Other non-cash items	1.6	41.4	-3.7	40.0	24.2	68.0
Interest received	3.4	5.4	12.6	12.7	14.3	14.4
Interest paid	-9.2	-7.8	-26.2	-23.4	-32.4	-29.6
Tax paid	-43.4	-21.4	-60.4	-69.9	-70.1	-79.6
Cash flow from operating activities before changes in working capital	170.5	277.7	250.9	406.2	262.7	418.1
CHANGES IN WORKING CAPITAL						
Increase/decrease in inventories and work in process	93.6	91.4	-61.5	-95.5	-30.9	-64.9
Increase/decrease in other current receivables	42.9	15.2	-0.6	-56.1	61.8	6.2
Increase/decrease in other current liabilities	-288.7	-397.0	405.4	308.7	39.6	-57.1
Cash flow from operating activities	18.4	-12.7	594.3	563.4	333.2	302.3
CASH FLOW FROM INVESTING ACTIVITIES						
Investment in intangible fixed assets	-8.8	-5.1	-20.6	-25.0	-30.9	-35.4
Investment in tangible fixed assets	-35.4	-24.0	-127.4	-82.6	-143.5	-98.7
Investment in other financial fixed assets	0.0	7.8	0.0	7.9	-0.4	7.5
Investment in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from sale of subsidiaries	0.0	0.0	2.4	0.0	2.4	0.0
Cash flow from investing activities	-44.2	-21.3	-145.6	-99.7	-172.4	-126.6
CASH FLOW FROM FINANCING ACTIVITIES						
Change in overdraft facilities	28.8	95.0	-248.6	-247.3	85.8	87.0
Issue of warrants	0.0	3.3	-0.1	15.3	-0.3	14.9
Divided to shareholders	0.0	0.0	-152.5	-145.8	-152.5	-145.8
Borrowings	0.0	-50.0	0.0	0.0	0.0	0.0
Amortization of loans	0.0	0.0	-0.6	-50.0	-76.5	-125.9
Cash flow from financing activities	28.8	48.3	-401.7	-427.8	-143.5	-169.6
Cash flow from the period	3.0	14.3	47.0	35.8	17.3	6.1
Cash and cash equivalents at the beginning of the period	84.1	55.5	40.1	34.0	69.8	34.0
Cash and cash equivalents at the end of the period	87.1	69.8	87.1	69.8	87.1	40.1

Parent Company income statement

Amounts in SEK M	Note	July- September		January – September		12 months	Full year
		2018	2017	2018	2017	October 2017 – September 2018	2017
REVENUE							
Operating income		0.1	0.1	0.2	0.2	0.3	0.3
Total revenue		0.1	0.1	0.2	0.2	0.3	0.3
OPERATING EXPENSES							
Other external expenses		-1.3	-1.5	-7.1	-5.1	-10.8	-8.7
Personnel costs		-0.2	-0.0	-0.5	-0.3	-0.6	-0.4
Total operating expenses		-1.5	-1.6	-7.6	-5.4	-11.4	-9.1
EBIT		-1.4	-1.5	-7.4	-5.1	-11.1	-8.8
Profit/loss from financial items		-3.0	-2.5	-7.4	-8.3	159.6	158.7
Profit/loss before tax		-4.4	-4.0	-14.8	-13.4	148.6	149.9
Tax on profit/loss		1.0	0.9	3.2	3.0	0.3	0.0
Profit/loss for the period		-3.5	-3.1	-11.5	-10.5	148.9	149.9

No statement of other comprehensive income was prepared since the company recognized no transactions under other comprehensive income. Accordingly, the profit for the period corresponds with the comprehensive income for the period.

Parent Company balance sheet

Amount in SEK M	Note	September 30, 2018	September 30, 2017	Full year 2017
ASSETS				
Fixed assets				
Financial fixed assets		1,573.3	1,573.3	1,573.3
Total fixed assets		1,573.3	1,573.3	1,573.3
Current assets				
Total current assets		5.7	4.6	173.8
Total assets		1,579.0	1,577.9	1,747.1
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Other long liabilities		91.7	95.0	255.7
Other long liabilities		405.2	525.0	406.1
Current liabilities		1,082.2	957.9	1,085.3
Total shareholders' equity and liabilities		1,579.0	1,577.9	1,747.1

Note 1 Segments

July - September

REVENUE, SEK M	Byggmax		Skånska Byggvaror		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total net sales per segment	1,530.9	1,567.3	161.6	236.9	289.9	307.5	1,982.3	2,111.7
Net sales internal	1.6	13.2	10.1	9.8	257.9	275.9	269.6	298.9
Net sales external	1,529.3	1,554.1	151.5	227.1	32.0	31.6	1,712.7	1,812.8
EBITDA	204.5	216.3	18.5	7.2	-4.9	36.6	218.1	260.1
EBITDA margin, percent	13.4	13.8	11.5	3.0	-1.7	11.9	12.7	14.3
Amortization and depreciation							-42.4	-39.1
Financial income							5.5	6.2
Financial expenses							-12.8	-12.0
Profit/loss before tax							168.4	215.2

NET SALES PER GEOGRAPHY, SEK M	Sweden		Other Nordic countries		Total	
	2018	2017	2018	2017	2018	2017
Byggmax	1,142.3	1,155.4	387.0	398.7	1,529.3	1,554.1
Skånska Byggvaror	115.5	178.4	36.0	48.7	151.5	227.1
Others	31.9	31.6	0.0	0.0	32.0	31.6
Total net sales	1,289.7	1,365.4	423.0	447.4	1,712.7	1,812.8

January - September

REVENUE, SEK M	Byggmax		Skånska Byggvaror		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total net sales per segment	3,602.3	3,701.3	433.4	609.4	869.9	835.9	4,905.5	5,146.6
Net sales internal	4.7	15.2	13.3	17.6	778.4	742.7	796.4	775.4
Net sales external	3,597.6	3,686.1	420.1	591.8	91.5	93.2	4,109.1	4,371.2
EBITDA	327.8	392.6	8.1	18.8	-7.4	35.4	328.6	446.8
EBITDA margin, percent	9.1	10.6	1.9	3.1	-0.9	4.2	8.0	10.2
Amortization and depreciation							-124.2	-115.9
Financial income							16.0	19.1
Financial expenses							-34.1	-29.5
Profit/loss before tax							186.2	320.5

January - September

NET SALES PER GEOGRAPHY, SEK M	Sweden		Other Nordic countries		Total	
	2018	2017	2018	2017	2018	2017
Byggmax	2,721.2	2,740.9	876.4	945.3	3,597.6	3,686.1
Skånska Byggvaror	332.9	471.4	87.2	120.5	420.1	591.8
Others	91.4	93.1	0.1	0.1	91.5	93.2
Total net sales	3,145.4	3,305.3	963.7	1,065.9	4,109.1	4,371.2

ASSETS PER SEGMENT	Byggmax		Skånska Byggvaror		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total assets per segment	2,571.2	2,506.1	1,064.4	1,193.0	152.8	97.4	3,788.5	3,796.5
- of which fixed assets	1,489.2	1,435.9	954.6	1,009.9	138.2	138.8	2,582.1	2,584.6

Note 2 Disclosures about transactions with related parties

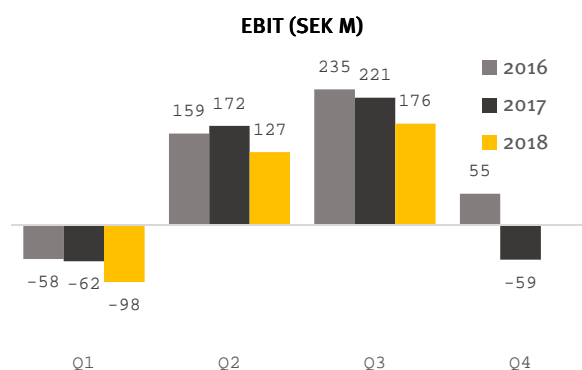
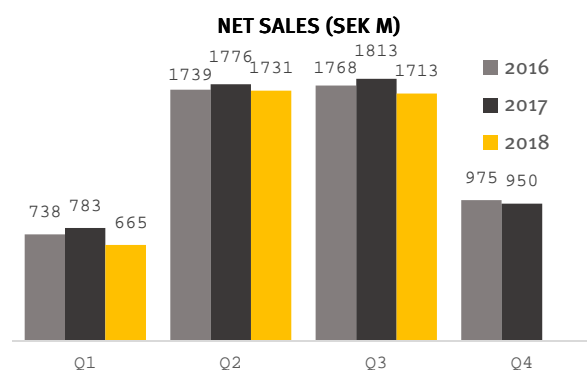
No transactions occurred between Byggmax and related parties that could significantly impact the company's position and results.

The 2015 and 2017 Annual General Meetings resolved to introduce warrant programs for senior executives and other key staff at Byggmax. The warrants are priced at market value, which is based on a valuation made by an independent party. Each warrant entitles its holder to subscribe for one share in the company at the exercise prices shown in the table below. The participants in the warrants program have entered into a pre-emption agreement. The 2015 warrant program expires on November 30, 2018 and can be exercised from May 30, 2018. The 2017 warrant program expires on December 7, 2020 and can be exercised from June 8, 2020.

	2015	2017
Total number	386,000	969,000
Price	3.98	4.37
Exercise price	66.4	67.5
Term	3.5	3.5
Number of participants	13	27

Note 3 Income per quarter

	2016	2016	2016	2016	2017	2017	2017	2017	2018	2018	2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales, SEK M	737.9	1,738.7	1,767.8	974.9	782.6	1,775.8	1,812.8	950.2	665.2	1,731.2	1,712.7
Gross margin, percent	31.2	29.9	31.4	29.8	30.3	30.6	31.6	31.1	32.0	30.2	30.7
EBITDA, excluding non-recurring costs, SEK M	-24.0	194.0	317.5	94.1	-23.5	210.2	266.0	22.1	-62.5	166.8	218.1
EBITDA, SEK M	-24.2	193.8	317.5	94.1	-23.5	210.2	260.1	-1.9	-57.5	168.0	218.1
EBITDA margin, percent	-3.3	11.1	18.0	9.7	-3.0	11.8	14.3	-0.2	-8.6	9.7	12.7
EBIT, SEK M	-57.8	159.2	235.3	55.2	-61.9	171.8	221.0	-59.0	-98.0	126.6	175.8
EBIT margin, percent	-7.8	9.2	13.3	5.7	-7.9	9.7	12.2	-6.2	-14.7	7.3	10.3
Working capital, SEK M	23.8	-524.5	-241.6	114.6	121.9	-357.2	-128.8	162.1	221.6	-306.4	-152.0
Return on equity, percent	-5.2	10.5	14.8	4.4	-4.0	10.6	12.9	-4.2	-5.9	7.7	10.2
Cash flow from operating activities per share, SEK	-1.4	11.4	-0.4	-4.1	-1.1	10.6	-0.2	-4.3	-1.2	10.6	0.3
Shareholders' equity per share, SEK	17.9	17.7	20.7	21.4	20.6	20.4	23.3	22.3	21.1	20.3	22.5
Profit after tax per share	-1.0	1.9	2.8	0.9	-0.8	2.2	2.8	-1.0	-1.3	1.6	2.2
Share price at the end of the period	74.5	64.3	64.8	63.0	61.5	61.3	68.5	55.0	41.5	39.0	36.4
Number of stores	131	137	139	140	141	145	148	147	148	159	161



Note 4 Fair value disclosures pertaining to financial instruments

The fair value of financial liabilities and assets is estimated as equal to their carrying amounts. All external loans have an interest period of three months, meaning that the carrying amount closely corresponds to fair value.

Note 5 Financial instruments

Byggmax only holds derivative instruments measured at fair value in its financial statements. These instruments are measured at fair value in profit or loss. The value of the derivative instruments is attributable to level 2 (observable data for the asset or liability) and is based on the daily rate at closing day. No reclassifications between the various levels took place during the period.

Note 6 Provisions

Provisions consist of restructuring costs for Skånska Byggvaror to focus on the core business "Garden Living", strengthening digital skills and reducing operating expenses, SEK 14.0 M

Note 7 Depreciation

Depreciation includes depreciation of customer relations and brand for Skånska Byggvaror with SEK 29.7 M (29.7) for the first nine months of 2018.

Note 8 Effect of non-recurring items

	July - September		January - September		12 months	Full year
	2018	2017	2018	2017	October 2017 – September 2018	2017
Earn out Buildor 2017	0.0	33.4	0.0	33.4	0.0	33.4
Closure cost for four stores in Finland	0.0	-39.3	6.2	-39.3	14.5	-30.9
Restructuring cost Skånska Byggarvaror EBITDA	0.0	0.0	3.7	0.0	-28.6	-32.3
Total EBITDA effect	0.0	-5.9	9.9	-5.9	-14.1	-29.8
Impairment Skånska Byggarvaror	0.0	0.0	0.0	0.0	-7.2	-7.2
Restructure cost Skånska Byggarvaror Depreciation	0.0	0.0	0.0	0.0	-9.9	-9.9
Total EBIT effect	0.0	-5.9	9.9	-5.9	-31.2	-46.9

Key ratios

Byggmax has reviewed its terminology for alternative key ratios due to the guidelines from the European Securities and Markets Authority (ESMA). It has not been deemed necessary to change the key ratios. The Byggmax Group uses the alternative key ratios EBITDA, EBIT working capital, return on equity, net debt and equity/assets ratio. The Group believes that these key ratios can be utilized by users of the financial statements as a supplement in assessing the possibility of dividends, making strategic investments, evaluating profitability and assessing the Group's ability to meet its financial commitments. Byggmax reports alternative key ratios to describe the operations' underlying profitability and to improve comparability between reporting periods and industries.

The Group's definitions are unchanged compared with prior periods. Calculation of alternative key data is available at www.byggmax.com under financial statistics. See link (<http://om.byggmax.se/en/investors/financial-statistics/>)

Financial Key ratios

Definition

Net sales for comparable stores:	Net sales for comparable stores is an important industry-specific ratio for the organic increase in sales. The ratio is a good tool for investors who want to compare sales increases for different companies in the industry. The Group defines this as sales for stores that are comparable.
EBITDA:	EBITDA is a ratio that the Group considers to be relevant for investors to understand earnings generated before investments in fixed assets. The Group defines earnings before interest, tax, depreciation and amortization (EBITDA) as EBIT from continuing operations excluding depreciation/amortization and impairment of tangible and intangible fixed assets.
EBITDA excluding non-recurring items:	EBITDA excluding non-recurring items is a measure that the Group regards as relevant to an investor who wishes to understand the profit from current operations, excluding the impact on non-recurring items. The Group defines non-recurring items in the report as acquisition costs, earnout and close down costs for four stores in Finland. These items are not included in the ordinary business transactions and the amounts are of significant size and thus affect earnings and key ratios.
EBITDA margin:	EBITDA divided by net sales
EBIT:	EBIT is a ratio that the Group considers to be relevant for investors to understand the net earnings from revenue and operating expenses without into consider capital costs and taxes. The Group defines earnings before interest and tax (EBIT) as operating profit.
EBIT margin:	EBIT divided by net sales
Earnings per share:	Profit after tax divided by the average number of shares outstanding at the end of the period.
Cash flow from operating activities per share:	Cash flow from operating activities for the period divided by the number of shares outstanding on the balance-sheet date.
Return on equity:	Return on equity is a ratio that the Group considers to be relevant for investors seeking to compare their investments with alternative investments. The Group defines return on equity as profit after tax divided by average shareholders' equity.
Working capital:	Working capital is a ratio that the Group considers to be relevant for creditors and investors seeking to compare the amount of capital required by the Group to finance the operating activities. The Group defines working capital as items on the assets side (inventories, current receivables) less items on the liabilities side (accounts payable, current income tax liabilities, other liabilities, accrued expenses and deferred income).
Net debt:	Net debt is a ratio that the Group considers to be relevant for creditors who want to see the scope of the Group's total liabilities situation. The Group defines net debt as interest-bearing liabilities less cash and cash equivalents.
Equity/assets ratio:	Equity/assets ratio is a ratio that the Group considers to be important to creditors who want to understand the Group's long-term solvency. The Group defines the equity/assets ratio as shareholders' equity divided by total assets.

Definition of market-specific ratios and figures

Ratios	Definition
Gross margin:	(Net sales less goods for sale) in relation to net sales
Comparable stores:	A comparable unit is considered comparable from the beginning of the second year following the opening of the online or physical store. Stores relocated to new premises in an existing location are treated in the same manner.

This information is information that Bygghmax Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 a.m. on October 18, 2018.

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THE BYGGMAX GROUP

Byggmax in brief

Byggmax Group consists of Byggmax, Buildor and Skånska Byggvaror. The first Byggmax store opened the doors 1993 and 17 years later, 2010, Byggmax Group's stock was listed on the Stockholm Stock Exchange. Byggmax has operations in Sweden, Norway and Finland.

Business concept

Byggmax's business concept is to sell high-quality building supplies at the lowest price possible.

Business model and key factors for success

Byggmax offers affordable high-quality products for the most common maintenance and DIY projects. Since the start in 1993, the organization has been characterized by the so-called "Byggmax concept" which has been decisive for the company's development. The concept is built on a limited product range, resource-efficient administration, strong company culture and a competitive and effective pricing strategy, as well as the stores' distinguished shape and design.

Goals

Byggmax has established the following long-term goals for the Group:

- Organic sales growth of 10 to 15 percent per year.
- The EBITDA margin should be 9 to 10 percent per year.
- Distribute at least 50 percent of net profit.

The company's long-term financial targets were updated in connection with the launch of an updated strategy in June 2017. To realize the strategy, a number of initiatives to increase efficiency and the rate of growth were implemented in 2017 and will be implemented in 2018. The ambition of the Byggmax Group is to achieve these new financial targets in 2019.

Strategies

Focus on organic growth based on existing strengths in store expansion, online shopping and range development. As part of this strategy, two tests were launched in 2017: a condensed store format for smaller locations and a garden concept in accordance with the Byggmax concept, with drive-in and an easy-to-buy, focused range of quality products and the market's lowest prices.

In conjunction with this, the financial targets have been updated to reflect raised ambitions. The target is organic growth of 10-15 percent per year, an EBITDA margin of 9-10 percent and a dividend of at least 50 percent of net profit.

Byggmax organization

Byggmax has a resource-efficient organization with the majority of business activities managed centrally. Aside from the sales force, which is based in Byggmax stores, most business processes, including Byggmax's online sales, are managed functionwide across all stores by the head office in Solna, near Stockholm. In addition to the office in Solna, Skånska Byggvaror has an office in Helsingborg.

Risks and uncertainties

A number of factors can impact Byggmax's earnings and operations. Most of these factors can be managed through internal procedures, while certain factors are largely governed by external circumstances. For a more detailed description of the Group's risks and risk management, refer to the Annual Report. Apart from the risks described in the Annual Report, no material risks arose during the period.

Seasonal fluctuations

The company's operations are affected by strong seasonal variations controlled by consumer demand for basic building supplies. Due to the weather's impact on demand, Byggmax's sales and cash flow are generally higher in the second and third quarters, when about two thirds of the company's sales are generated, while these usually decline in the fourth and first quarters. Although seasonal variations do not normally affect Byggmax's earnings and cash flow from year to year, earnings and cash flow may be impacted during the year by unusually harsh or mild weather conditions, or by excessive or insufficient precipitation. Byggmax endeavors to balance the seasonal effects by launching new products that are not as susceptible to seasonal variations.

About Buildor.se

Buildor.se has been a part of the Byggmax family since October 2015. Buildor.se was launched in 2013 with the goal of making it easier and more pleasant to shop for building supplies. Buildor offers a broad range of varied product categories at the market's most competitive prices for building supplies and interior fittings online. It is just as important for us to provide fast and personal customer service as it is to ensure our employees have the requisite expertise regarding the products' function and accessories to be able to help customers in the most effective way. Another equally important aspect is offering lightning-fast deliveries, which is something Buildor is known for. During the end of 2016, Buildor was launched in the Norwegian market, Buildor.no.

About Skånska Byggvaror

Skånska Byggvaror has been a part of the Byggmax family since January 2016. Skånska Byggvaror was founded in 1965 and is an online Nordic distance retailer of value-added building products for the DIY market.

With internal product development and carefully selected suppliers, Skånska Byggvaror creates attractive products sold under its own brands. The path from idea to launch is and has always been short. This gives Skånska Byggvaror unique control over the assortment, in areas including quality, design and value. Since 2012, Skånska Byggvaror has successfully sold its products in Norway through the Grønt Fokus brand.



Value drivers

Byggmax's ability to create value through its business is impacted in the long and short term by various external and internal factors. A selection of these are listed below.

Value drivers – short-term factors

- Trends in cost prices – Cost prices impact Byggmax's margins. Historically, the market has passed on adjustments in cost prices to the end consumer.
- Competitors' pricing – Byggmax prices products based on the prices of the competition with the objective of always being the cheapest. Therefore, the pricing of competitors affects margins.
- Short-term trends in the DIY market – Byggmax operates in the DIY market and, accordingly, its trends impact the company.
- Weather – Byggmax sells many items for outdoor use and, accordingly, sales are impacted by the weather. Seasonal variations are clearly visible and the company has significantly higher turnover in spring, summer and early autumn.
- Availability of attractive store locations – The establishment of new stores is a key element of Byggmax's strategy in both the long and short term, thus making attractive store locations of key importance.

Value drivers – long-term factors

- The ability to maintain the strong corporate culture – The Byggmax culture plays a key role in the company's success and its retention is a key factor for continued success.
- The ability to execute the Group's strategy and business concept – Maintaining stringency levels in the product range and pricing as well as continuing to trim the organization through continuous improvements comprise a few of the key elements for success.
- The ability to renew the concept and strategies when needed – The Byggmax concept has remained much the same since it was founded in 1993. However, the concept has developed over time and new ideas have been tested and incorporated or discarded.
- Long-term development of the DIY market – Byggmax operates in the DIY market and its long-term trend is important.
- Trends in the attractiveness of the low-price segment in the DIY market – Byggmax's strategy is to become the largest operator in the low-price segment in the Nordic region. Long-term trends are therefore important.
- The competitors' strategies and their execution – Byggmax operates in a competitive market and the actions of the competitors affect the Group.
- E-commerce trend in building materials – E-commerce comprises a significant portion of Byggmax's sales and is an area in which the Byggmax Group is investing.
- Trend in demand for sun rooms – Sun rooms represent an important product group for Skånska Byggvaror, one of the companies in the Byggmax Group.

Ownership structure

Ownership	Number of shares	Holding (%)
Odin Forvaltning AS	5,875,592	9.63
Afa Försäkring	5,172,442	8.48
Alantra Asset Management SGIC SA	3,390,000	5.56
FIL Gestion SASU	3,364,000	5.51
CI Investments, Inc.	3,097,000	5.08
Försäkringsaktiebolaget, Avanza Pension	2,733,168	4.48
Swedbank Robur fonder	2,407,068	3.95
Handelsbanken fonder	2,400,000	3.93
Old Mutual Global Investors (UK) Ltd.	2,199,000	3.60
Unionen	2,000,000	3.28
Total of the ten major shareholders	32,638,270	53.51
Total other shareholders	28,360,775	46.49
Total, September 30, 2018	60,999,045	100.00

BYGG max[®]