



Q4 2022 results

22 February 2023

Questions can be directed to ir@byggma.no



BYGGMA
group

Company

Byggma is a leading Nordic supplier of building product solutions

Introduction

- Leading supplier of building product solutions in the Nordics, with a special focus on various boards, beams, windows & doors, and lighting products
- Byggma owns 8 companies/ brands, operates 7 manufacturing facilities and distributes its products to all the leading building materials chains
- Byggma is headquartered in Vennesla and employs ~740 people in total
- The company has been listed on Oslo Stock Exchange since 1997 with ticker "BMA"

Byggma companies / brands



HUNTONIT smartpanel®



ANETA
LIGHTING
LIGHTS FOR HOME AND WORK SINCE 1947

Key KPIs



Vennesla, Norway
Headquarter



~740
Employees



NOK 2,508m
LTM² revenue



NOK 326m
LTM² EBIT



NOK ~ 2.0bn¹
Market capitalization



NOK 70m
Paid out dividend in 2022

#1 market position for boards and beams in the Nordics and growing internationally

Bygghälsö segment	Boards	I-beams	Windows and doors	Lighting
Companies / brands				
Product illustrations				
Nordic market position	 <p>Clear #1 position within particle boards, decorative interior panels, fibreboards, MDF interior walls and ceiling panels</p>	 <p>Clear #1 position within I-beams</p>	 <p>Growing market position</p>	 <p>Growing market position</p>
International market position	 <p>Large position in Netherlands, growing in Europe within refined products</p>	 <p>Large and growing position in UK and France</p>		

Highly attractive offering towards all the major building material chains in the Nordics



Highest production capacity in the Nordics¹



Superior product quality versus competition



In-house developed innovative products and solutions



Good control of the distribution chain



No need for large inventory (unlike international players)



Large flexibility in manufacturing

Delivering to all the leading building material chains in the Nordics, with high client satisfaction

MAXBO



**Obs
BYGG**



/OPTIMERA/

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Financials

P&L Summary and Highlights

NOKm	Q4 2022	Q4 2021	2022	2021	2020
Sales revenue	560	632	2508	2344	2052
EBITDA	60	98	408	320	270
EBIT	39	70	326	233	193
Net financials	-26	-4	-25	-9	-33
Profit before tax	13	66	301	224	160
Tax	-3	-13	-49	-48	-35
Net profit	10	53	251	176	125

- Negative sales growth of 11.5% from Q4 2021 to Q4 2022
- EBIT margin of 7.0% in Q4 2022, compared to 11.1% in Q4 2021.
- Price increases implemented as of 1 October 2022 to compensate for increased prices on raw material and energy.
- CO₂ compensation for 2021 and YTD 2022 is not booked pending approval.
- Forestia granted NOK 80 million from Innovasjon Norge to the project Forestia Carbon Sink, a new factory for reception and cleaning of wood waste to be reused in new woodchip boards. This project will be value enhancing for Forestia. It will also make the woodchip boards from Forestia even more circular because the wood waste will be material recycled into new boards and sequester CO₂ instead of energy recovered and release CO₂ into the atmosphere through combustion.



Consolidated balance sheet

Assets (NOK million)	31 Dec 2022	31 Dec 2021
Fixed assets	854	821
Investment property	175	195
Intangible assets	21	22
Deferred tax assets	4	5
Long-term financial derivatives	14	1
Long-term financial investments	1 078	-
Other long-term receivables	0	0
Total non-current assets	2 146	1 044
Inventory	386	357
Customer and other short term receivables	349	446
Short-term financial assets	1	0
Cash and cash equivalents	37	71
Total current assets	774	874
Total assets	2 920	1 918

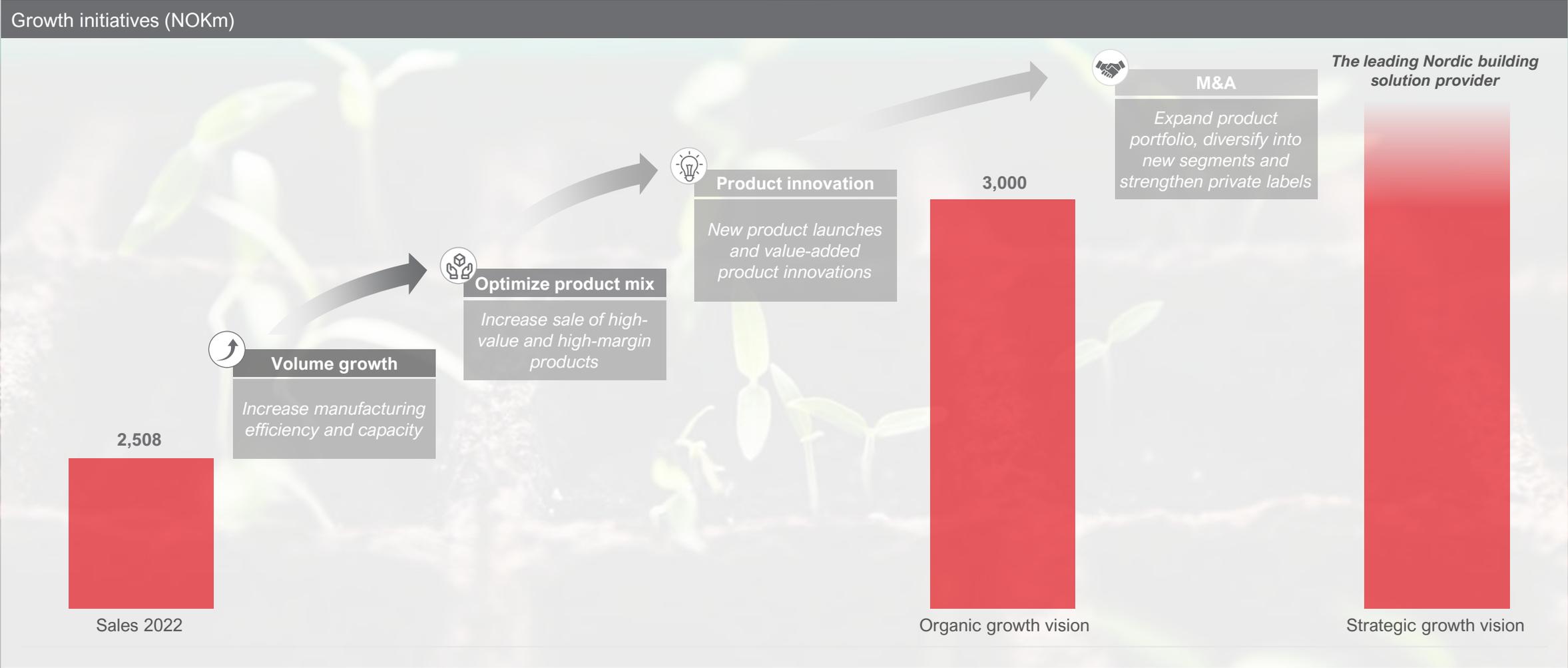
- Solid balance and hidden reserves in real estate and land
- Equity ratio of 28.6% as per 31 December 2022

Equity and liabilities (NOK million)	31 Dec 2022	31 Dec 2021
Share capital and share premium	53	53
Other equity not recognised in P&L	-	16
Retained earnings	797	606
Total equity	834	668
Long-term debt	617	387
Long-term leasing obligations	280	79
Long-term financial derivatives	-	0
Deferred tax liabilities	113	112
Total long-term liabilities	1 010	578
Accounts payable and other short-term liabilities	463	483
Tax payable	47	43
Short-term debt	546	126
Short-term leasing obligations	19	19
Short-term financial derivatives	-	0
Total short-term liabilities	1 076	671
Total liabilities*	2 086	1 250
Total equity and liabilities	2 920	1 918
*Of which interest-bearing debt (long-term and short-term)	1 462	611
Net interest-bearing debt	1 425	540
*Of which interest-bearing debt (long-term and short-term) ex. leasing	1 163	513
Net interest-bearing debt ex. Leasing	1 126	442

Consolidated income statement

NOKm	2022	2021	2020	2019	2018	2017
Sales revenue	2 508	2 344	2 052	1 783	1 655	1 619
Other revenue	25	44	23	23	22	18
Total revenue	2 533	2 388	2 075	1 806	1 677	1 637
COGS	-1 196	-1 133	-955	-844	-780	-744
Personnel expenses	-501	-488	-439	-424	-405	-387
D&A	-82	-87	-77	-70	-54	-54
Freight and complaints	-176	-171	-163	-146	-143	-135
Marketing	-104	-96	-93	-91	-72	-75
Other gains (losses)	53	0	1	-3	1	6
Other OPEX	-201	-179	-157	-156	-159	-154
Total direct costs	-2 207	-2 155	-1 883	-1 733	-1 612	-1 543
EBIT	326	233	193	73	65	94
Net financials	-25	-9	-33	-11	-9	-10
Profit before tax	301	224	160	62	56	84
Tax	-49	-48	-35	-13	-9	-20
Net profit	251	176	125	49	47	64

Byggma is set to continue demonstrated growth through identified growth avenues



Large growth potential for further consolidation within building material products

Several attractive M&A targets has been identified

Breakdown of identified M&A targets (# targets)

By product offering



■ Adjacent products ■ New products

- Adjacent products include wood fibreboards, particle and MDF boards, and wall panel
- New products include wind- and moisture barriers for roofs and walls, surface products, timber, decking and cladding panels

By revenue (2019)



■ < NOK 300m ■ NOK 300-1,000m
■ NOK 1,000-3,000m ■ > NOK 3,000m

- Majority of the targets have revenues in the range of NOK 100-1,000m
- 4 targets have revenues exceeding NOK 1bn

Fragmented building material product market with large M&A potential



Byggma M&A strategy and track record

- Byggma has a strong M&A track record having completed 9 acquisitions since IPO in 1997
 - The acquisitions have been highly successful and allowed Byggma to strengthen its position in established markets as well as expand the product offering and make Byggma a diversified provider of building material solutions
 - Company integration has been a core focus and Byggma has successfully grown the companies' topline and profitability post implementation
- The Nordic building material market is highly fragmented with large potential for consolidation
- Going forward, Byggma intends to be a part of a wider industry consolidation and has identified a shortlist of 11 potential M&A targets with a combined revenue of approx. NOK 17.6bn¹
- The shortlist includes companies with supplementary product offering as well as new product segments with significant potential for synergy realization
 - Revenue synergies from capitalizing on Byggma's well-established and experienced sales and distribution channels to grow the revenues of the acquired companies
 - Cost synergies from utilizing Byggma's organisation and operational experience

Investment highlights



Large potential from recent product innovations

	Walls2Paint	Premium Ceiling	Proff Vegg	Smartpanel Wet Wall
				
Description	<ul style="list-style-type: none"> Wood-based, wallpapered wall boards 	<ul style="list-style-type: none"> A ready to paint plain ceiling panel with a unique 4-sided locking profile Launched after the highly successful introduction of Walls2Paint 	<ul style="list-style-type: none"> Click-based wall boards Paintable immediately after installation and are also suitable for tapestry 	<ul style="list-style-type: none"> Moisture resistant wood fibre boards for wet areas such as bath- and laundry rooms
Benefits	<ul style="list-style-type: none"> No need for spackeling Superior indoor climate Tree-based boards with high screwability Easy to install Installable on top of existing walls 	<ul style="list-style-type: none"> No need for spackeling Superior indoor climate Tree-based boards with high screwability Easy to install Installable on top of existing roof 	<ul style="list-style-type: none"> No need for spackeling Strong resistance to variations in temperature- and humidity Paintable immediately after installation Highly suitable for tapestry Recommended by Norges Astma- og Allergiforbund 	<ul style="list-style-type: none"> Waterproof wall system for bathroom, kitchen and other rooms Can shower directly on the panels Fully automated production line with great flexibility Environmentally friendly core from Huntonit
Revenue (2022)	NOK 168m	NOK 20m ¹⁾	NOK 21m ²⁾	Product launched in 2021/2022
Short term revenue potential	NOK ~250m	NOK ~150-200m	NOK ~100m	NOK ~280-300m

Segment information

Sales revenue (NOKm)	Q4 2022	Q4 2021	2022	2021	2020
Panel sales to external customers	344	399	1 662	1 588	1 450
Beam sales to external customers	105	124	457	418	293
Window sales to external customers	80	69	291	229	214
Lighting sales to external customers	30	39	98	110	95
Net sales revenues for the Group	560	632	2 508	2 344	2 052

Operating profit (NOKm)	Q4 2022	Q4 2021	H1 2022	2021*	2020
Panel	18	45	162	140	163
Beam	12	12	70	55	26
Window	6	4	19	11	6
Lighting	0	4	-6	5	5
Real Estate*	10	10	24	41	0
Group / eliminations	-6	-4	57	-18	-7
Operating profit for the Group	39	70	326	233	193

*Figures for Q4 2021 and full year 2021 have been adjusted for the new segment, Real Estate, and the financial reporting principle change of the investment property. Please see further comments in the quarterly report.

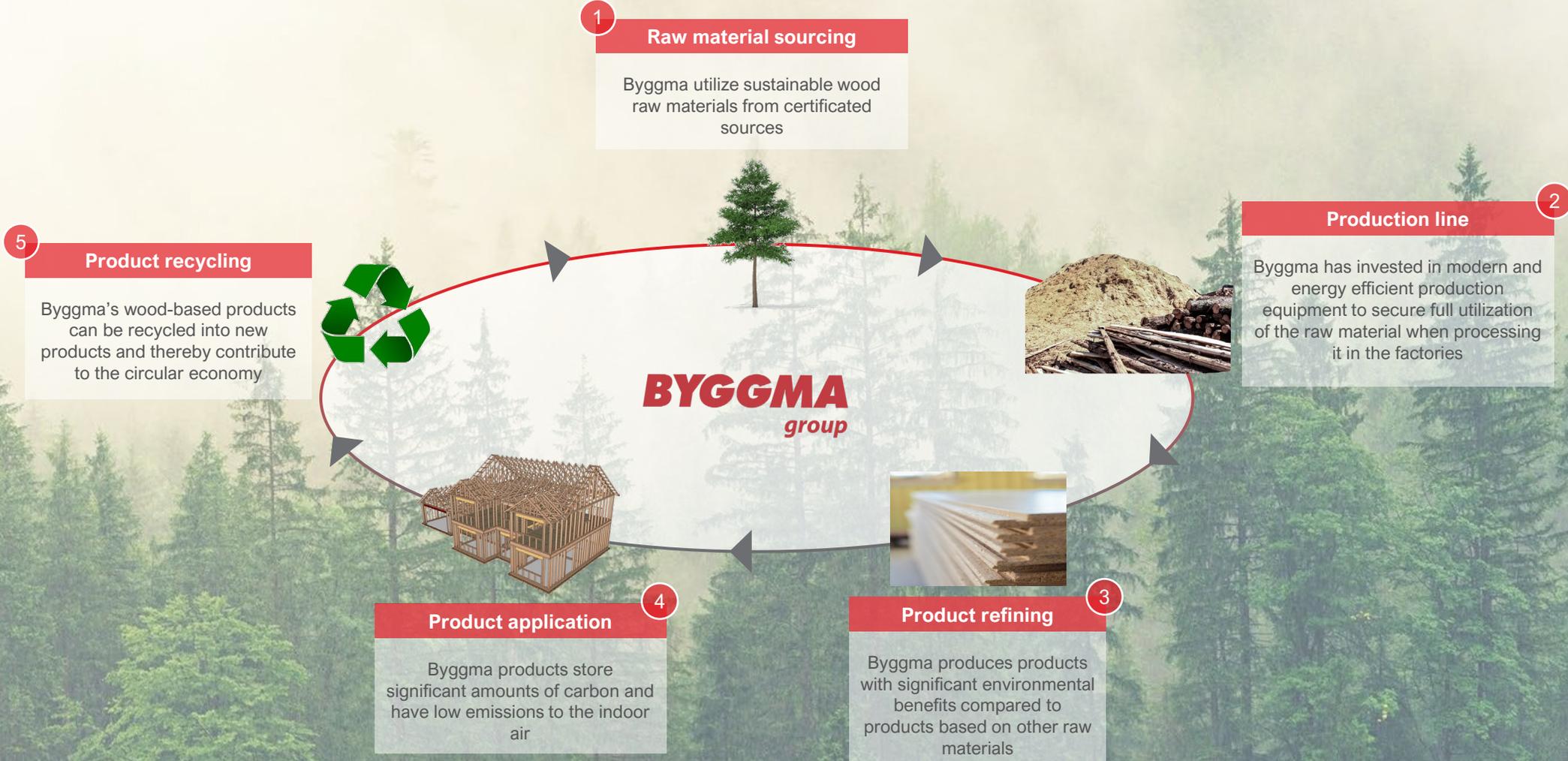
Byggma still has ample available production capacity and high growth potential from value-added products

Company / brand	Key financials (2021)	Nominal production capacity	Available capacity	Growth potential	Other potential
	<p><u>Revenue</u>: NOK 935m</p> <p><u>EBITDA</u>: NOK 157m</p>	300,000 m ³ / year	5%	 HIGH Large potential from transitioning to higher share of innovative/ value-added products with higher average sales price	Production capacity can be expanded by ~10% by extending the manufacturing line
	<p><u>Revenue</u>¹: NOK 593m</p> <p><u>EBITDA</u>¹: NOK 70m</p>	60,000 ton / year	22%	 HIGH Growth potential both through available production capacity and innovative, higher priced products such as "Proff Vegg"	
	<p><u>Revenue</u>: NOK 165m</p> <p><u>EBITDA</u>: NOK 1m</p>	3.5 million m ² / year	30%	 HIGH Growth potential both through available production capacity and innovative, higher priced products such as "Fuktbestandig"	Wet Wall production to ramp up in 2022
	<p><u>Revenue</u>²: NOK 417m</p> <p><u>EBIT</u>²: NOK 56m</p>	15 million running meters / year	60%	 HIGH Large potential through utilizing significant available production capacity. High international sales potential	

15 | Note 1: The numbers for Huntonit includes the beam revenue and costs still legally belonging to Huntonit AS

Note 2: The numbers for Masonite Beams include all revenue and costs related to the Beam segment, including the beam revenue and costs still legally belonging to Huntonit AS

Targeted approach towards environmentally friendly production and initiatives



Byggma's manufacturing and product offering contribute to a more environmentally friendly society

5.8%

The CO₂ abatement from Byggmas board products corresponds to 5.8% of the Norway's total road traffic emission

47%

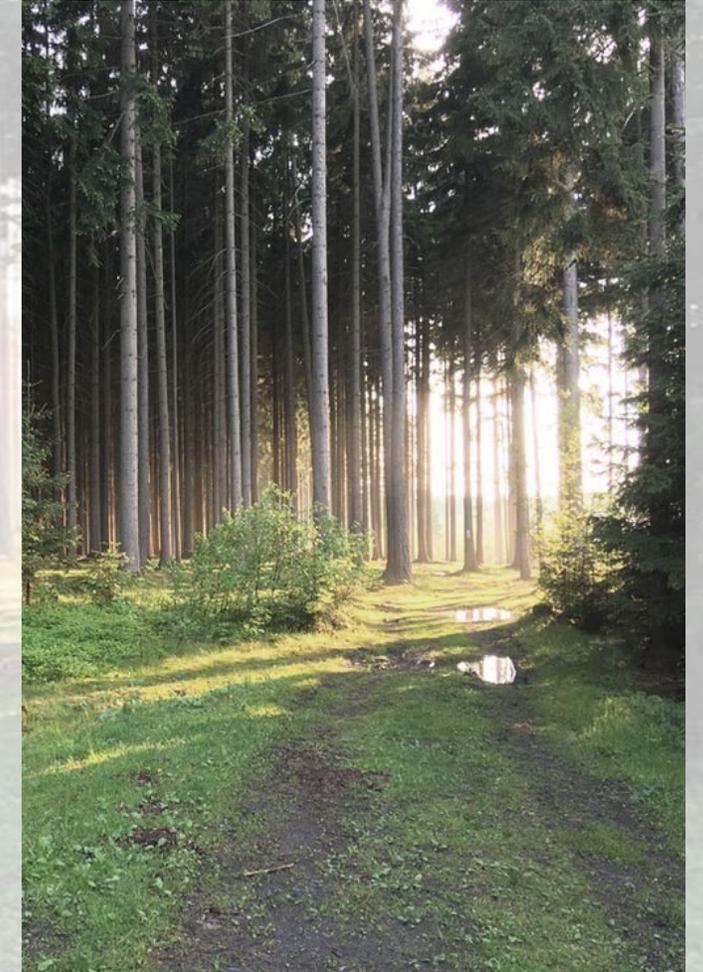
Masonite's I-beam systems use 47% less raw material compared to massive tree constructions

12%

Huntonit's specific energy consumption has been reduced by 12% over the last 5 years

48%

Forestia's new closed cooling system has contributed to 48% reduction in use of cooling water



Byggma takes an active role towards sustainability and responsible production

Byggma's main goal is to develop and deliver sustainable solutions based on renewable raw materials and unique competence. Sustainability is, and has always been, a core element in Byggma's business model and a natural part of its overarching goal. Management and Board of Directors in Byggma wish for sustainability to be a natural part of operations and innovation in the Byggma group



Climate and Environment

- Effective utilization of raw materials
- Manufacturing facilities located with proximity to raw materials
- Packaging solutions with minimum waste while ensuring protection during transportation
- Wood-based building materials store significant amounts of carbon
- Effective distribution system for transportation of goods to customers
- The wood that is applied is sourced from certified suppliers or sustainable forestry
- Resource effective constructions lead to good utilization of raw materials
- Ensure that we do not pollute the environment that affects life on land, watercourses or the ocean.



Human and Society

- Employees are given the opportunity for personal and professional development
- Collaborations with academia
- Vocational education
- Advanced training
- Factories with proximity to raw materials
- Byggma's presence contributes to sustainable cities and communities
- Byggma's presence provides significant assignments and income for other players in the value chain



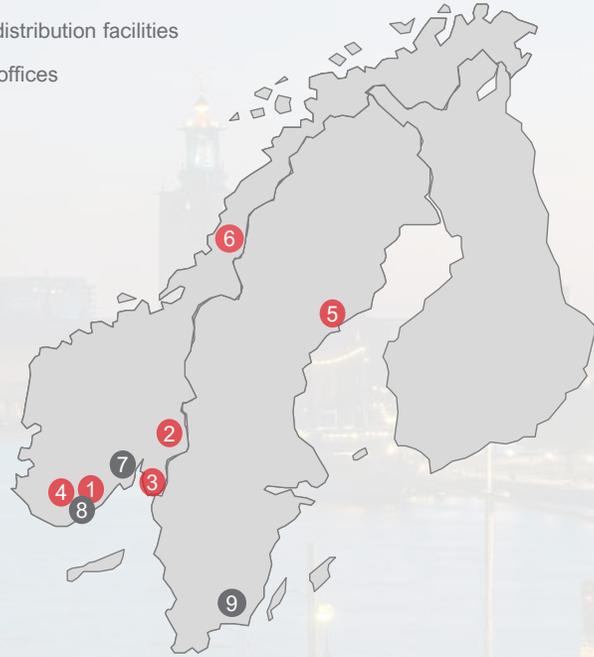
Business model

- Good profitability gives basis for secure jobs and development of the companies
- Byggma is seeking new and innovative solutions for a better customer experience and a more profitable and efficient construction process
- Focus on the triple bottom line in all R&D activities
- Increased efficiency and streamlining of operations through continuous improvement and industrial investments

Leading Nordic presence, with growing international customer base

Production facilities and offices

- Production and distribution facilities
- Distribution and offices



- 1 Birkeland
- 2 Braskereidfoss
- 3 Fredrikstad
- 4 Vennesla
- 5 Rundvik
- 6 Mo i Rana
- 7 Slemmestad
- 8 Kristiansand
- 9 Våxjö

KPIs



6

Production facilities



9

Offices



~740

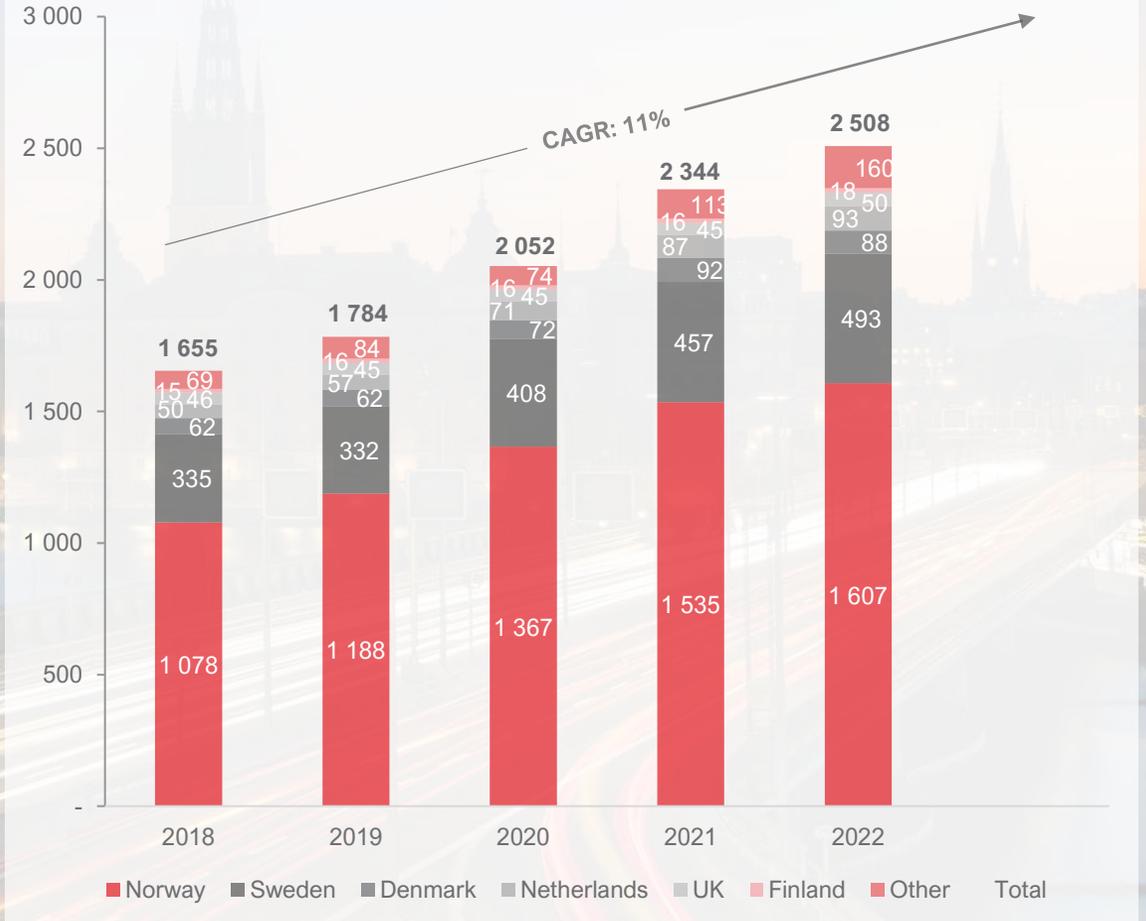
Employees



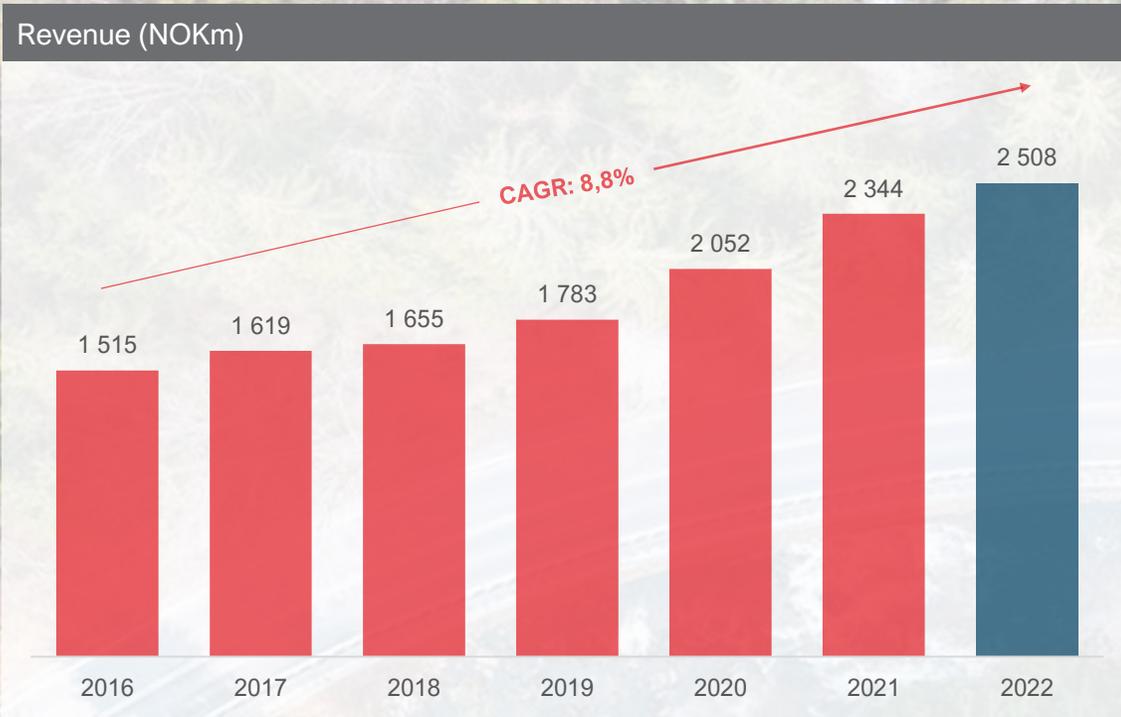
180,000 sqm

Real estate facilities

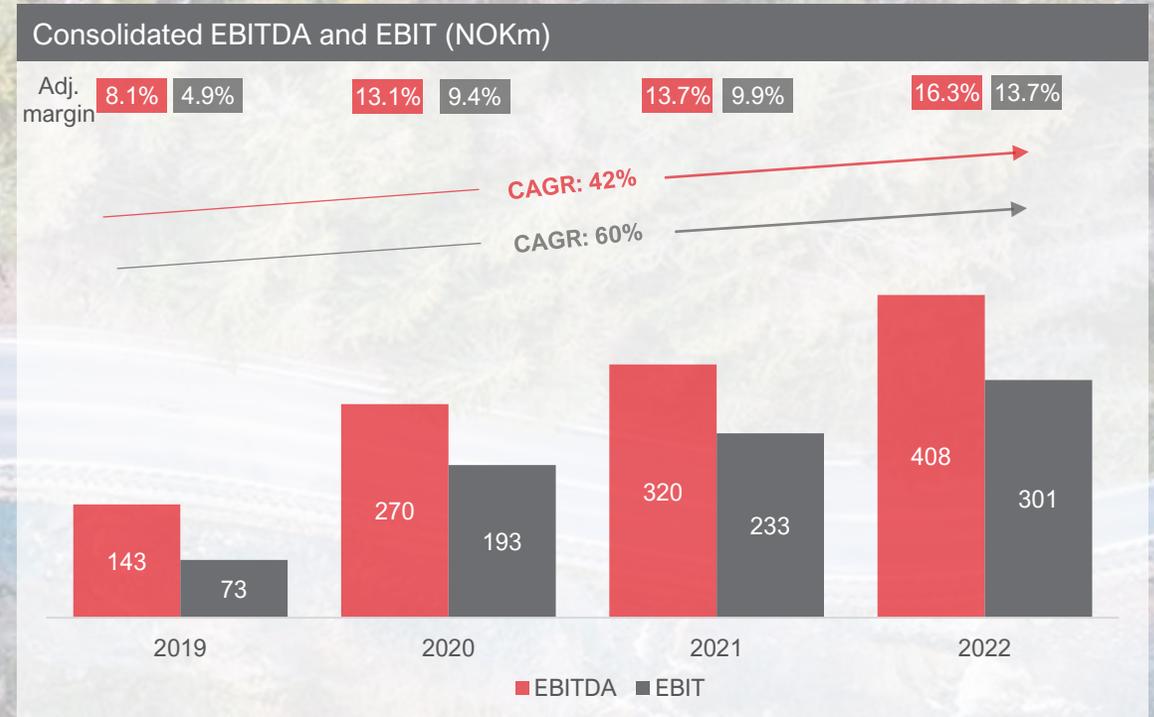
Revenue by country (NOKm)



Strong topline and profitability improvements last few years



- Organic growth from 2015-2018, while the growth from 2018 is a combination of organic growth initiatives and the acquisition of Smartpanel (2018) and Byggform (2019), adding NOK 117m in revenues in 2019, and NOK 34m in 2020 (full-year effect of the Byggform acquisition)
- The growth in 2020 and 2021 is partly related to realized market synergies from increased market share following the Smart Panel acquisition. Other growth drivers include change in product mix, volume increase (partly off-set by a drop in Europe), price increases and other (incl. currency)

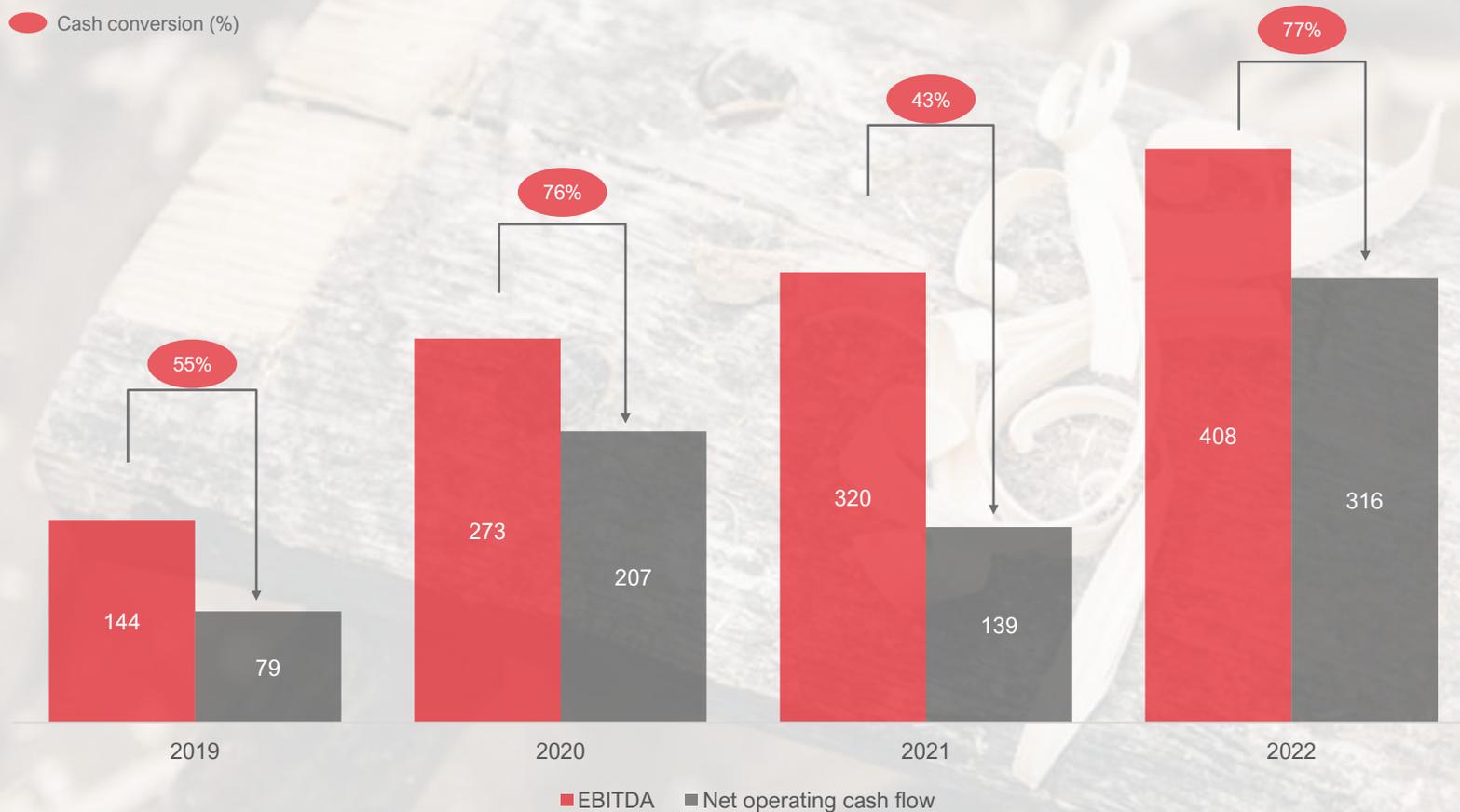


- Byggma has more than doubled its EBITDA and more than tripled its EBIT since 2019
- The strong improvement is primarily due to realization of synergies from the Smartpanel acquisition, product mix optimization and normal price increases. Byggma has seen an increase in raw material prices and experienced unfavorable currency development, but has been able to offset this by increase prices to end users and ultimately improve the margins
- In 2019, the EBITDA and EBIT have been adjusted for normalizations following the acquisition of Smartpanel in 2018

Robust cash conversion ratio

Operating cash flow and cash conversion (NOKm)

● Cash conversion (%)



- Byggma has a history of strong cash flow generation over the last years which is set to continue going forward
- This has allowed the company to invest significantly in product innovation in addition to increased manufacturing capacity and efficiency
- Since 2016, annual Capex amounts to approx. NOK 100m while maintaining an attractive dividend capacity
- If desired, Byggma can manage annual maintenance Capex in the range of NOK 30-50m and hence generate even stronger free cash flows going forward
- Byggma has targeted a long-term dividend payout ratio of minimum 30%-50%
 - The company will pay out a higher dividend when possible after evaluating various growth opportunities

Consolidated cash flow statement

NOKm	2022	2021	2020	2019	2018	2017
Operating activities						
Cash flow from operations	389	193	230	102	94	205
Interest paid	-38	-23	-24	-21	-19	-17
Interest received	6	3	5	7	7	6
Taxes paid	-41	-34	-4	-9	-28	-13
Cash flow from operating activities	316	139	207	79	53	181
Investing activities						
Purchase of subsidiaries	0	0	0	-21	0	0
Purchase of fixed assets	-129	-89	-59	-90	-98	-107
Sale of fixed assets	15	0	0	1	1	5
Purchase of non-tangible assets	-2	-2	-2	-2	-7	-10
Purchase of financial investments	-1 016	0	0	0	0	0
Group loans	0	39	-27		0	0
Cash flow from investing activities	-1 133	-52	-87	-113	-104	-112
Financing activities						
Repurchase of shares	0	0	0	-4	-11	0
Dividend paid	-70	-559	-7	-7	-7	-36
Cash flow distributed to shareholders	-70	-559	-7	-11	-18	-36
Change in overdrafts	73	16	-3	4	0	0
New debt raised	814	72	150	50	149	39
Debt down payment	-88	-67	-62	-49	-63	-34
Loan from related parties	54	0	0	0	0	0
Change in interest bearing receivables	0	0	0	-12	0	0
Cash flow from external financing	854	20	85	-7	86	6
Cash flow from financing activities	784	-538	78	-18	68	-30
Change in cash and cash equivalents	-33	-451	197	-52	17	38
Currency gains (losses)	-1	-4	5	-3	1	1

Byggma operates 8 high-end manufacturing and distribution facilities



Huntonit Eiendom AS

Location: Vennesla, Agder

Total area: 78,112m²

Production area: 19,664m²

Year of construction: 1948-1988



Aneta Lighting AB

Location: Växjö, Sweden

Total area: 31,728m²

Warehouse facility: 6,500m²

Year of construction: 1970 and 1979



Uldal AS (Birkeland Eiendom AS)

Location: Birkenes, Agder

Total area: 15,100m²

Production area: 4,930m²

Year of construction: 1967-1991



Masonite Fastighet AB

Location: Nordmaling, Sweden

Total area: 187,585m²

Production area: 38,107m²

Year of construction: 1921-2001



Forestia Eiendom AS

Location: Våler, Innlandet

Total area: 321,460m²

Production area: 21,079m²

Year of construction: 1969-1987 and 1997



Smartpanel AS

Location: Fredrikstad, Viken

Warehouse facility: 7,100m²

Production area: 13,700m²



Aneta Lighting AS

Location: Kristiansand, Agder

Total area: 6,300m²

Warehouse facility: 3,500m²

Key takeaways

Market leading position



Robust underlying market



Strong brands and product offering



Long history of profitable growth



Attractive growth trajectory



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