

Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Any offer to acquire shares pursuant to the proposed Offering will be made, and any investor should make his investment decision, solely on the basis of the information that is contained in the prospectus published by the Company in connection with the Offering. Copies of the prospectus are available at the Company's website, [www.bygghemmagroup.com](http://www.bygghemmagroup.com).

Press release 14 March 2018

## **Bygghemma Group announces Initial Public Offering and prospectus for listing on Nasdaq Stockholm**

**Bygghemma Group First AB (publ) ("Bygghemma Group" or the "Company"), the leading online provider of home improvement products in the Nordic region, has together with the owners of the Company decided to diversify the shareholder base by a sale of new and existing shares (the "Offering"). The Board of Directors of Bygghemma Group has therefore applied for the Company's shares to be listed on Nasdaq Stockholm. Nasdaq Stockholm's listing committee has decided to admit the shares to trading subject to certain conditions, including that customary conditions regarding distribution of shares are met no later than by the first day of trading. The prospectus for the Offering will be published today and the first day of trading is expected to be 27 March 2018.**

### **The Offering in brief:**

- The final price per share in the Offering is expected to be set within the price range SEK 45 – 50, corresponding to a total market value of the outstanding shares in Bygghemma Group upon completion of the Offering of 4,850 – 5,350 MSEK. The final price in the Offering to the public will not exceed SEK 50 per share and is expected to be made public on or about 27 March 2018.
- The Offering comprises between 29,313,482 and 30,018,931 ordinary shares, of which up to 7,000,000 – 7,777,777 new shares will be issued by the Company. The remaining 22,241,154 – 22,313,482 shares are existing shares and will be offered by FSN Capital Shareholders<sup>1</sup>. The Offering of new shares is expected to provide Bygghemma Group with gross proceeds of approximately 350 MSEK and net proceeds of approximately 321 MSEK.
- The Principal Owners have reserved the right to increase the Offering by up to 5,388,886 shares, corresponding to approximately five percent of the total number of shares in the Company.
- In order to cover any over-allotment in relation to the Offering, the Principal Owners will grant the Sole Global Coordinator (as defined below), on behalf of the Managers (as defined below), an option to purchase up to 5,311,170 additional existing shares (the "Over-Allotment Option"), corresponding to up to 15.0% of the number of shares in the Offering.
- Assuming the Offering is increased in full and the Over-Allotment Option is exercised in full, the value of the Offering will amount to approximately 1,913 MSEK, corresponding to

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<sup>1</sup> FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P., (2) FSN Capital GP V Limited acting in its capacity as general partner for and on behalf of each of FSN Capital V L.P., FSN Capital V (B) L.P. and FSN Capital V Invest L.P., and (3) FSN Capital Project Growth GP Limited acting in its capacity as general partner of FSN Capital Project Growth Co-Investment LP (together, the "FSN Capital Shareholders" or the "Principal Owners").

approximately 37.5 % of the total number of outstanding shares in Bygghemma Group upon completion of the Offering, based on an Offering price set at the midpoint of the price range.

- Two cornerstone investors have, subject to certain conditions, undertaken to acquire, in aggregate, up to 5,555,555 shares in the Offering corresponding to approximately 250 MSEK. The Cornerstone investors are Arbejdsmarkedets Tillægspension (ATP) (committed to acquire up to 3.1 % of the outstanding shares in the Company upon completion of the Offering, corresponding to an amount of approximately 150 MSEK), and Creades (committed to acquire up to 2.1 % of the outstanding shares in the Company upon completion of the Offering, corresponding to an amount of approximately 100 MSEK).
- The Offering is being made to institutional investors in Sweden and internationally, and to the general public in Sweden. All offers and sales outside the United States will be made in reliance upon Regulation S under the U.S. Securities Act of 1933, as amended. In the United States, the shares will be sold only to investors reasonably believed to be qualified institutional buyers as defined in, and in accordance with, Rule 144A or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933, as amended.
- The application period for the Offering to the general public in Sweden is expected to take place between 15 and 23 March 2018. The application period for institutional investors is expected to take place between 15 and 26 March 2018.
- Trading in the shares of Bygghemma Group on Nasdaq Stockholm is expected to commence on 27 March 2018 under the ticker "BHG" and settlement is expected to take place on 29 March 2018.
- After completion of the Offering, assuming that the Offering is increased in full and that the Over-Allotment Option is exercised in full, the Principal Owners will own approximately 44 % of the Company's shares, and current members of the Board of Directors and executive management will own approximately 10 % of the Company's shares, based on an Offering price set at the midpoint of the price range.
- A prospectus will be published today 14 March 2018 on Bygghemma Group's website, Carnegie's website for on-going offerings, SEB's website and Nordnet's website.

**Mikael Olander, President and CEO of Bygghemma Group:**

*"Bygghemma Group has built a strong position as the superior online provider of home improvement products in the Nordic region. Over the past years, we have grown significantly while increasing profitability. This has been possible thanks to our first-mover advantage, scalable business model and winning culture. I am very proud over what the whole organisation together has accomplished, and we are all looking forward to taking the next step in becoming a listed company."*

**Henrik Theilbjørn, Chairman of the Board of Bygghemma Group:**

*"Bygghemma Group has established a leading Nordic platform and has great potential for both substantial organic and acquisition-driven growth and improved results in the coming years. The Company targets a large and attractive market under digital transformation where it has a clear online market leadership. It is now the right time to take the next step and continue to create value in a listed environment. We are excited to broaden the ownership base and offer the opportunity for an enlarged group of shareholders to follow us into the exciting future of the Company."*

**Peter Möller, Partner, FSN Capital Partners (investment advisor to the FSN Capital Shareholders):**

*"Bygghemma Group operates on a fast-growing market where it has established a strong position as the leading online provider of home improvement products in the Nordic region. During our ownership the Company has implemented several important strategic initiatives, made add-on acquisitions and improved its market position. We look forward to continue supporting the Company and participate in the development of Bygghemma Group."*

**About Bygghemma Group**

Bygghemma Group is the leading online provider of home improvement in the Nordic region<sup>2</sup>. The Company offers its customers a broad<sup>3</sup> product assortment at competitive prices with convenient home delivery. Sales are predominantly made online and most orders are delivered directly from the supplier to the end customer.

During 2015-2017, net sales grew by a CAGR of 44 percent, with an improvement in adjusted EBITA margin from 2.5 percent in 2015 to 5.0 percent in 2017. In 2017, Bygghemma Group reported net sales of SEK 4.0 billion and adjusted EBITA of SEK 197.0 million, corresponding to an adjusted EBITA margin of 5.0 percent. Pro forma net sales for 2017 (which includes acquisitions completed during 2017) amounted to SEK 4.4 billion.

The total Nordic market for home improvement products, which includes DIY (Do-It-Yourself) and home furnishing, was valued at approximately SEK 230 billion in 2016<sup>4</sup>. While the total market for home improvement products is relatively stable, it is being impacted by an on-going shift to online sales. Online penetration in home improvement remains low compared to other popular retail categories such as consumer electronics, apparel and consumer appliances.

Bygghemma Group's operations comprise two segments: DIY and home furnishing. The two segments follow similar business model fundamentals and strategy, operational activities, supplier contracts and financial profile. In addition, the segments generate operational synergies that increase the efficiency of the operations as a result of their efficient sales organisations, shared product categories and logistics setup, exchange of best practice, IT and systems, shared payment solutions and the ability to analyse data generated from a growing customer base.

As a result of its fulfilment model, where a large share of all orders are delivered directly from a supplier to a customer, as well as the fact that the home furnishing segment primarily stocks popular products with high turnover rates, Bygghemma Group can maintain low levels of inventory. This enables a potential for strong conversion of EBITDA to operating cash flow with a cash conversion over 100 percent from 2015 to 2017.

Bygghemma Group believes that it has a number of significant strengths and competitive advantages that enable for the Company to carry out its strategy and achieve its financial targets:

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<sup>2</sup> Company's assessment supported by analysis from Arthur D. Little based on revenues within the Nordic online home improvement market during 2016. Calculations are based on publicly available information, such as annual reports and estimates on market size and share of online sales. The analysis excludes VAT. Bygghemma Group includes sales from the following companies: Bygghemma (Sweden, Norway, Denmark), Chilli (Sweden, Norway), Trademax (Sweden, Norway, Denmark, Finland), United Web, Stonefactory, Linoleumkompaniet, Kodin1, Taloon, Netrauta, Talotarvike, Polarpumpen, Vitvaruexperten, Golvpoolen, Furniturebox, My Home, Frej Jonsson and WeGot.

<sup>3</sup> Based on a product range comprising approximately 250,000 products available for sale in the DIY segment and approximately 50,000 products available for sale in the home furnishing segment.

<sup>4</sup> Arthur D. Little.

- Targeting a large and attractive Nordic market going digital;
- Clear online leadership in a fragmented Nordic home improvement market;
- Proven, disruptive and winning model to build category dominance;
- Attractive financial profile combining profitable growth, scale and strong cash generation; and
- Best-in-class management team with extensive experience and proven track record.

Since its inception in 2006, Bygghemma Group has expanded its product offering, made significant operational investments and broadened its geographical presence in Sweden, Finland, Norway and Denmark. As of 1 January 2018, the Company's webstores are supported by 72 showrooms, customer service and an inbound sales team. The Company is headquartered in Malmö (Sweden) and the Group had 812 employees on average in 2017.

#### **About FSN Capital and background to the listing**

Since 2000, the funds of which FSN Capital Partners acts as investment advisor have jointly managed capital of EUR 2.2 billion and have so far made 32 platform investments in med-sized Nordic companies focusing on value creation through growth initiatives and operational improvements. Among current and past investments are Actic, Troax, Kjell & Company, Holmbergs and CTEK. For further information, see [www.fsncapital.com](http://www.fsncapital.com).

The business concept of the Principal Owners is to invest in unlisted companies with the aim of actively developing and divesting them once set targets have been achieved. The board of directors and the management of Bygghemma Group, together with the Principal Owners, believe that it is now an appropriate time to broaden the shareholder base and to apply for a listing of the shares on Nasdaq Stockholm.

The Offering and the listing is expected to support future growth, provide the Company with improved access to capital markets and a diversified base of new Swedish and international shareholders. Bygghemma Group also expects that the listing on Nasdaq Stockholm will promote broader awareness among customers and suppliers. Bygghemma Group has established a leading Nordic platform and has great potential for both substantial organic and acquisition-driven growth and improved results in the coming years.

#### **Prospectus and application**

A prospectus (in Swedish and English) will be published on Bygghemma Group's website ([www.bygghemmagroup.com](http://www.bygghemmagroup.com)), Carnegie's website for on-going offerings ([www.carnegie.se/om-carnegie/kontakt/pagaende-erbjudanden/](http://www.carnegie.se/om-carnegie/kontakt/pagaende-erbjudanden/)) and SEB's website for prospectuses ([www.sebgroup.com/prospectuses](http://www.sebgroup.com/prospectuses)). Application can be made through Nordnet's Internet service ([www.nordnet.se](http://www.nordnet.se)) and through Carnegie for its clients.

#### **Preliminary timetable**

Publication of the prospectus:	14 March 2018
Application period for institutional investors:	15 March – 26 March 2018
Application period for the general public in Sweden:	15 March – 23 March 2018
First day of trading on Nasdaq Stockholm:	27 March 2018
Settlement:	29 March 2018

**Advisors**

Carnegie is acting as Sole Global Coordinator and Joint Bookrunner (the "Sole Global Coordinator"). SEB and Berenberg are acting as Joint Bookrunners (together with the Sole Global Coordinator, the "Managers").

Baker McKenzie is legal advisor to the Company and the Principal Owners regarding Swedish and US law, Cederquist is legal advisor to the Managers regarding Swedish law and Latham & Watkins is legal advisor to the Managers regarding US law.

White & Case is legal advisor to the Company and the Principal Owners in relation to financing, and Linklaters is legal advisor to SEB.

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### **Important information**

This announcement is not and does not form a part of any offer for sale of securities.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Canada, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

Any offering of the securities referred to in this announcement will be made by means of a prospectus. This announcement is not a prospectus for the purposes of Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus.

In any EEA Member State other than Sweden that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

This communication is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

Matters discussed in this announcement may constitute forward-looking statements. Forward looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.

In connection with the offer or sale of securities referred to herein, the Managers may overallocate securities/conduct stabilization or effect transactions with a view to supporting the market price of the



securities at a level higher than that which might otherwise prevail. Any stabilisation action or over-allotment will be conducted by the Managers in accordance with all applicable laws and rules.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Bygghemma Group have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Bygghemma Group may decline and investors could lose all or part of their investment; the shares Bygghemma Group offer no guaranteed income and no capital protection; and an investment in shares in Bygghemma Group is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Bygghemma Group.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Bygghemma Group and determining appropriate distribution channels.