

Press release 28 September 2018

## **Byggemma Group establishes its own distribution network in Sweden and completes integration of Furniturebox**

**Byggemma Group First AB (publ) (“Byggemma”)** has decided to establish its own distribution network for last-mile deliveries within its Home Furnishing business area in Sweden. The company’s distribution is currently managed by a third party. Under the new model, which has recently been tested successfully in the Stockholm area, approximately 70 percent of products sold will be delivered to the homes of end customers within two days of being ordered.

The last-mile model will allow Byggemma to establish a distribution network using its own trained drivers, with whom customers will be able to maintain ongoing contact while also having the possibility to digitally track their deliveries minute by minute, all the way to their door. Customers will also be offered evening and weekend deliveries as well as carry-in, removal and assembly services.

“Our service and proximity to our customers are important competitive advantages and we have now reached a size that makes it possible to take this step. We are the largest online supplier of furniture and home furnishings in the Nordic region and have achieved sufficient volumes to offer our own last-mile delivery service more cost efficiently and with a much higher service level than would be possible through a third party. This model allows us to offer our customers faster, more secure and fully flexible delivery. This investment is also important given that costs among established shipping agents have increased significantly since July 2018 due to new invoicing models and given the challenges involved in handling the types of bulky, fragile products we sell,” says Mikael Olander.

As part of the investment, Byggemma will also establish a comprehensive network of pick-up terminals offering generous opening hours for customers who prefer to pick up their products themselves.

In order to fully integrate Furniturebox and streamline its distribution, Byggemma is also expanding its central warehouse in Helsingborg to comprise 50,000 square metres of high bay storage, with the option to add an additional 20,000 square metres. This expansion entails that three of the company’s current warehouse premises will be closed down, enabling simpler, more efficient handling and lower costs.

The move to the central warehouse in Helsingborg, the expansion to 50,000 square metres of high bay storage and the integration of Furniturebox are expected to be completed in late October 2018. The network of pick-up terminals will be established in the first half of 2019 and the network of drivers is expected to be fully up and running by the end of 2019.

The cost for the move to the central warehouse, including the remaining costs for the integration of Furniturebox, the establishment of pick-up terminals and the expansion of the driver network is expected to amount to approximately SEK 35 million. SEK 13 million will be charged to the third quarter of 2018, of which SEK 10 million will be attributable to the integration of Furniturebox during the quarter, compared with the previously expected amount of SEK 1 to 2 million. SEK 7 million is expected to be charged to the fourth quarter of 2018 and SEK 15 million to 2019.

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**About Byggemma Group**

Byggemma Group is the leading online supplier of home improvement products in the Nordic region. We offer our customers a broad product range at attractive prices, with convenient home delivery. We conduct operations in two segments: DIY and Home Furnishing. DIY comprises sales of products from well-known brands for homes and gardens, and Home Furnishing comprises sales of furniture and home decor, mainly under proprietary brands. Byggemma Group includes a wide range of webstores, such as Byggemma, Trademax, Chilli and Furniturebox. Byggemma Group had sales of approximately SEK 4.4 billion in 2017, has its head office in Malmö and is listed on Nasdaq Stockholm Mid Cap.