



AhlSell

Makes it easier to be professional

Q2 2018 report presentation

July 19, 2018

Q2: High demand, successful initiatives and strong results

Strong organic growth at 8%

Sales up by 18%
to 8 056 MSEK

- Strong market
- Successful initiatives & positive effect from acquisitions
- “Positive” Easter effect



EBITA margin 8.4% (8.2)

EBITA up by 21%
to 678 MSEK

- Diluting effect of acquisitions
- Strong market
- Continued high pace of sales initiatives

Q2: Strong sales growth, primarily driven by organic growth

Sales growth / organic
+18% / +8%

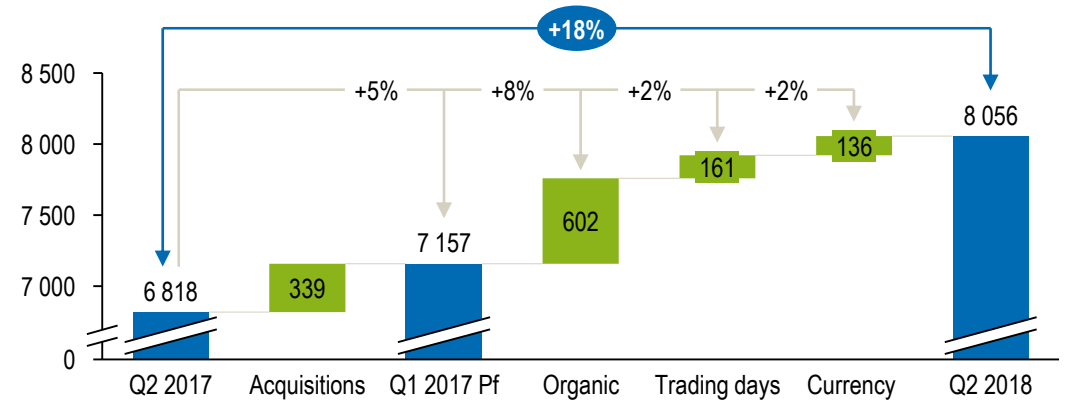
Sweden
+16% / +8%

Norway
+28% / +9%

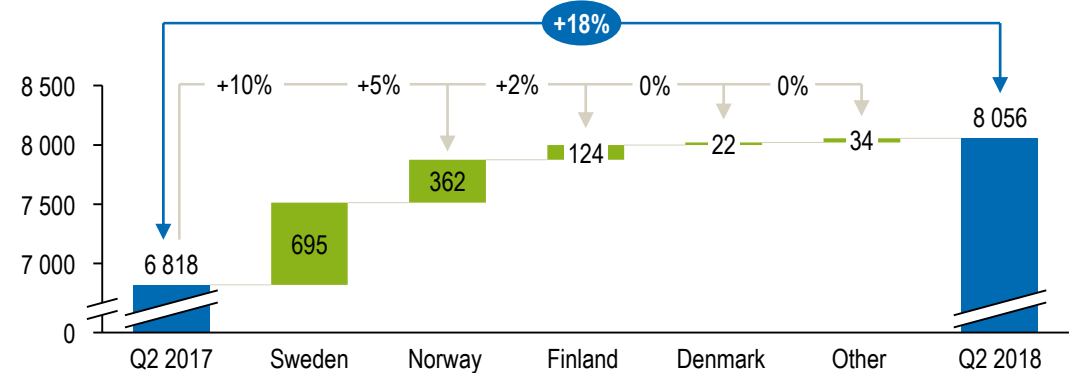
Finland
+15% / +5%

- Underlying market conditions remained strong
 - Construction still strong, however, declining number of housing starts
 - Renovation growth accelerating
 - Industry strong
- Growth positively affected by acquisitions, working days and currency

Sales bridge – Growth in MSEK and %



Sales bridge per market segment – Growth in MSEK and %



Q2: Profitability at high level

**EBITA margin
+8.4% (8.2)**

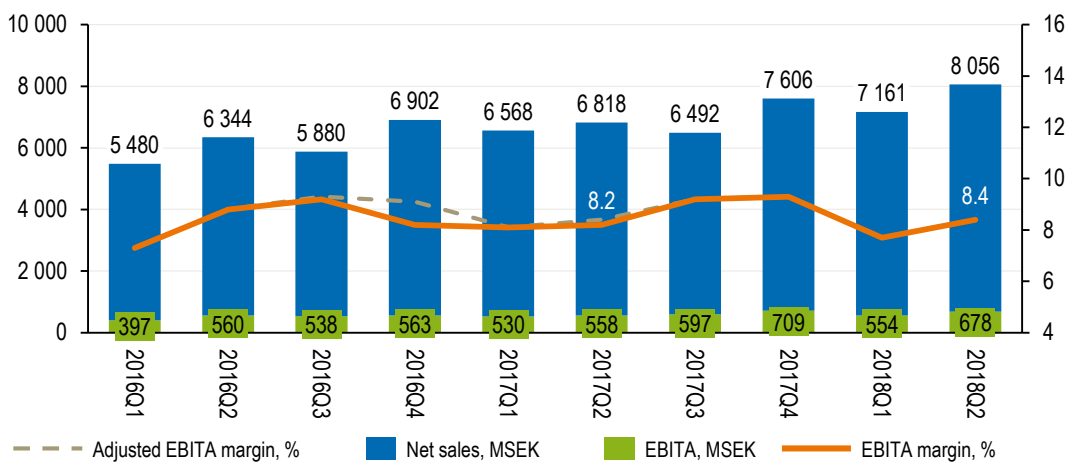
**Sweden
+11.7% (12.0)**

**Norway
+3.6% (2.0)**

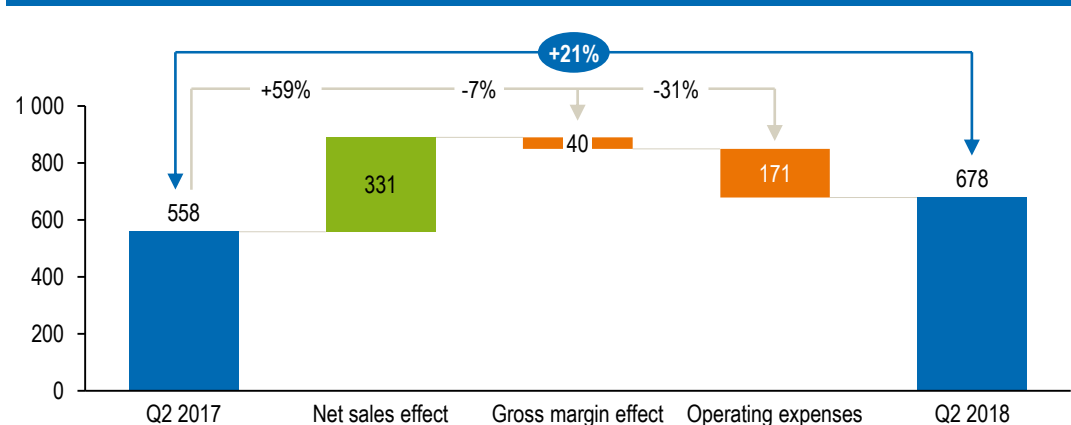
**Finland
+3.2% (2.6)**

- Gross margin at 26.3% (26.8)
- EBITA margin at 8.4%
 - Dilution from acquisitions
 - Continued high pace of sales initiatives
 - Positive currency effect of MSEK 5

Sales, EBITA and EBITA margin



EBITA bridge – Growth in MSEK and %



H1: Strong sales growth – both organic and acquired

Total sales growth
+14%

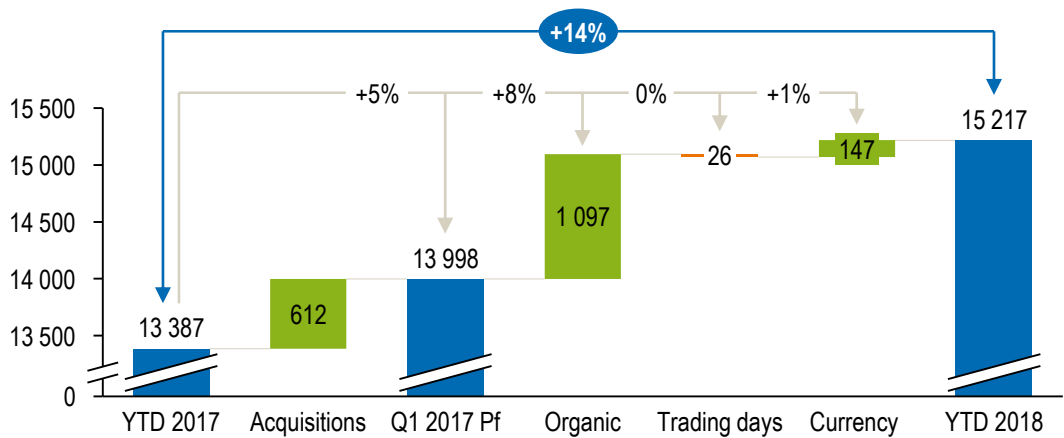
Sweden
+14%

Norway
+13%

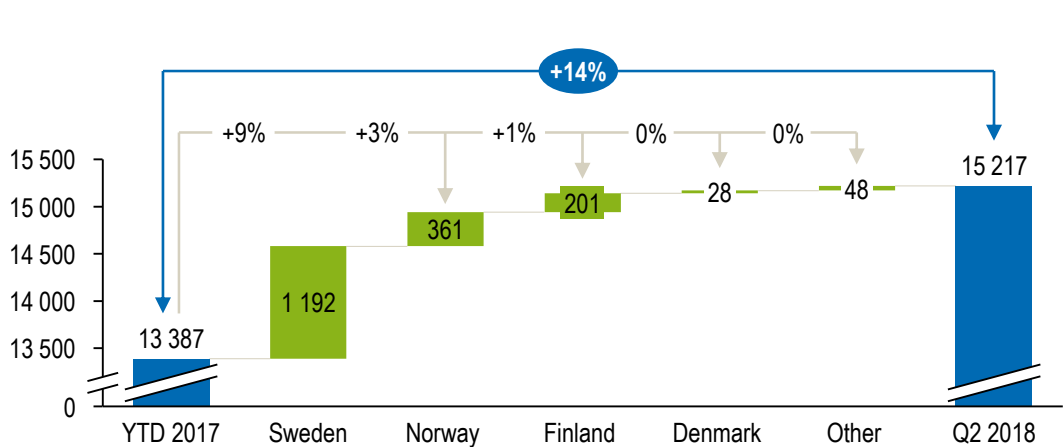
Finland
+13%

- Strong sales growth
 - Both organic and acquired
- Underlying market conditions remained good
 - Construction still strong, however, declining number of housing starts
 - Industry remained strong
 - Stable development in infrastructure

Sales bridge – Growth in MSEK and %



Sales bridge per market segment – Growth in MSEK and %



H1: EBITA up by 13%, driven by increased sales

EBITA margin
8.1% (8.1)

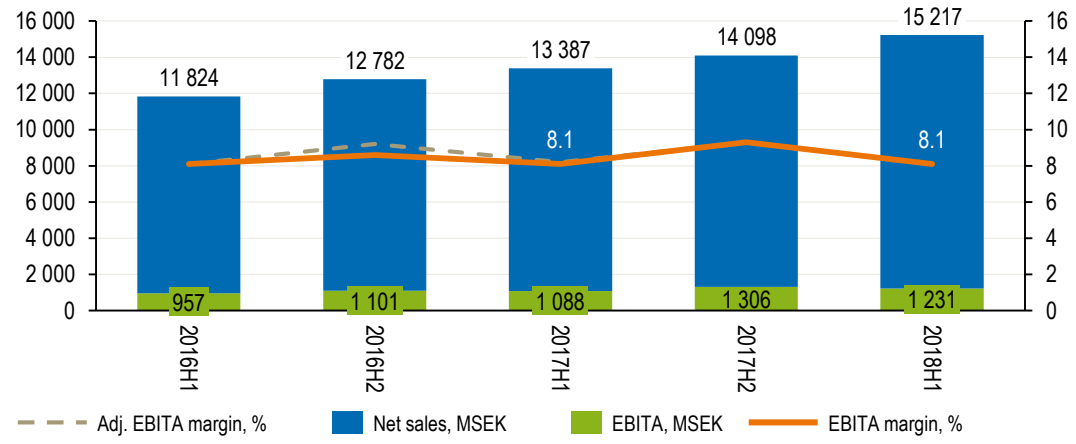
Sweden
11.6% (12.0)

Norway
2.8% (2.4)

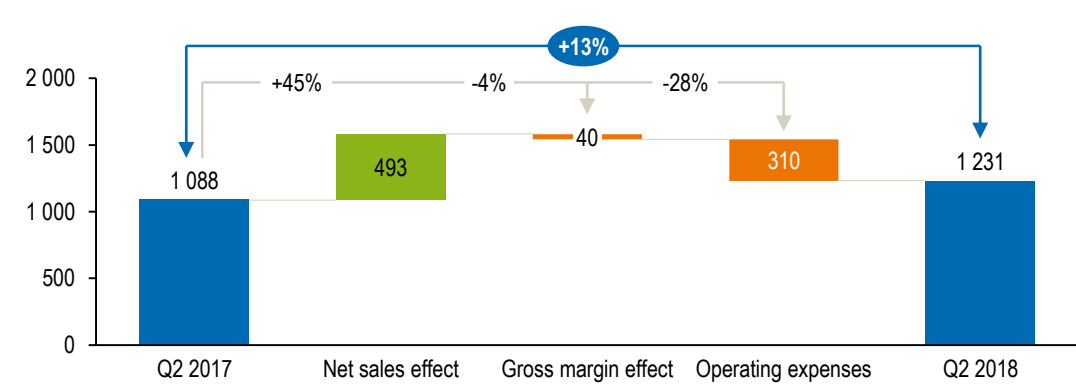
Finland
2.6% (2.3)

- Strong net sales effect
- Stable gross margin
- Increased operating expenses due to volume increase, acquisitions and market initiatives

Sales, EBITA and EBITA margin



EBITA bridge – Growth in MSEK and %



YTD - Acquisitions



~306 MSEK acquired annual sales



~455 MSEK acquired annual sales



~35 MSEK acquired annual sales
Of which 35 MSEK closed in July

In total ~796 MSEK in 2018

High acquisition activity in combination with organic initiatives bodes well for future profitable growth



Sweden – Highlights Q2

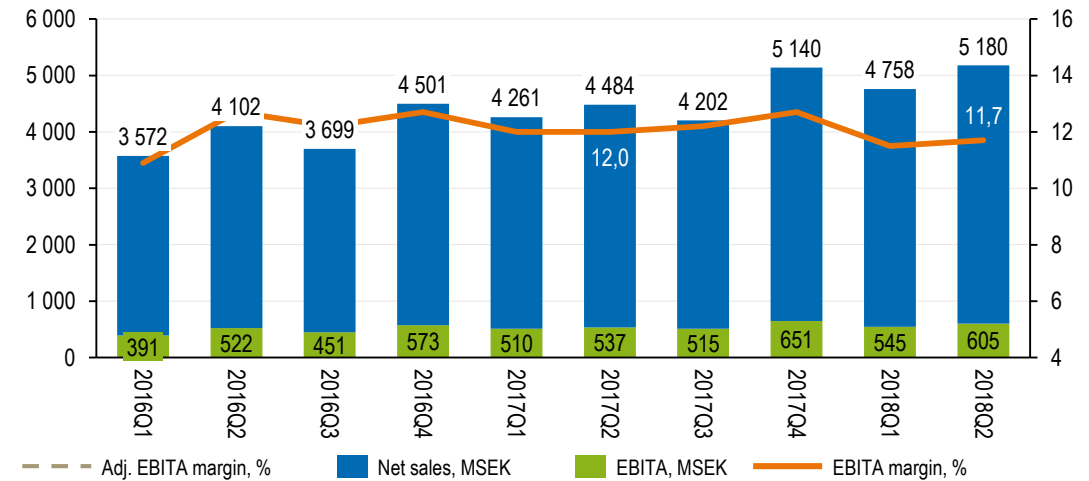
Strong demand and continued high growth in all product segments

- Strong development in all product segments
 - Remained high demand in new construction
 - Growth rate in renovation increasing
 - Strong demand from industry customers
- Successful customer initiatives within SME, private label and PPE
- One acquisition within Tools & Supplies with ~30 MSEK in annual sales: Bygg & Industripartner

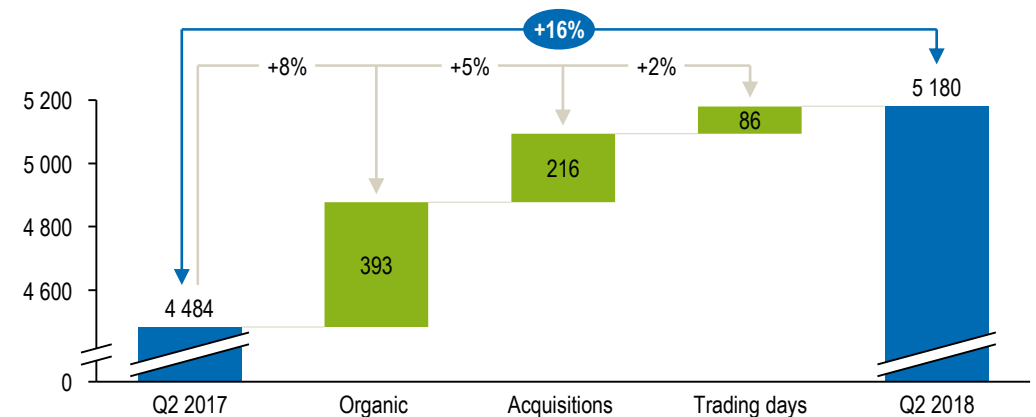
EBITA up 13%

- Higher sales growth in segments with lower margins
- Acquisitions, growth initiatives and a high level of activity impacted negatively
- EBITA margin at 11.7% (12.0%)

Sales, EBITA and EBITA margin



Sales bridge – Growth in MSEK and %





Norway – Highlights Q2

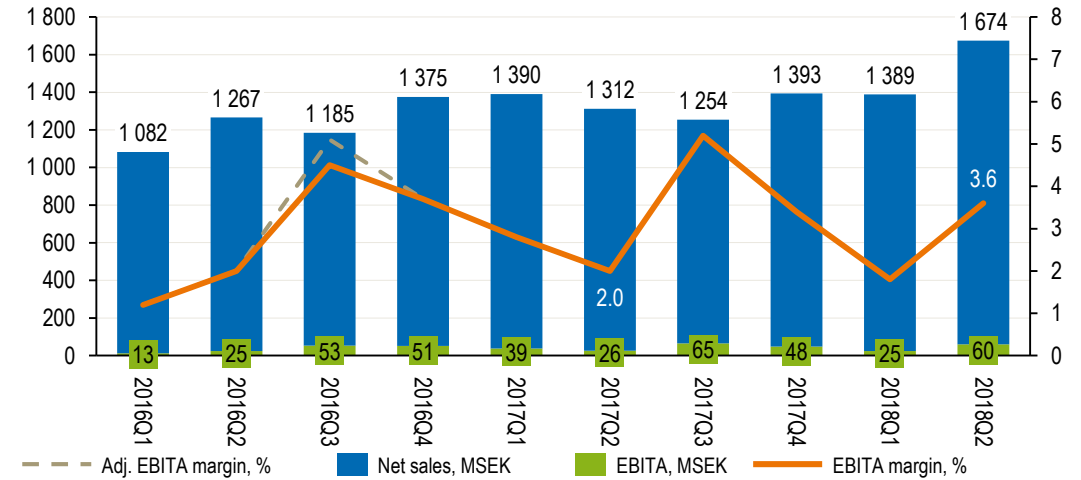
Strong growth and successful customer targeting

- Sales up 28%, of which 9% organic - Two more trading days and lack of Easter effect contributed
 - Strong demand from industry
 - Positive trend in construction
 - Strong organic growth in Electrical
- The acquisition of Bekken & Strøm developed well
- One acquisition within Tools & Supplies with ~40 MSEK in annual sales: Sentrum Motor og Verktøy

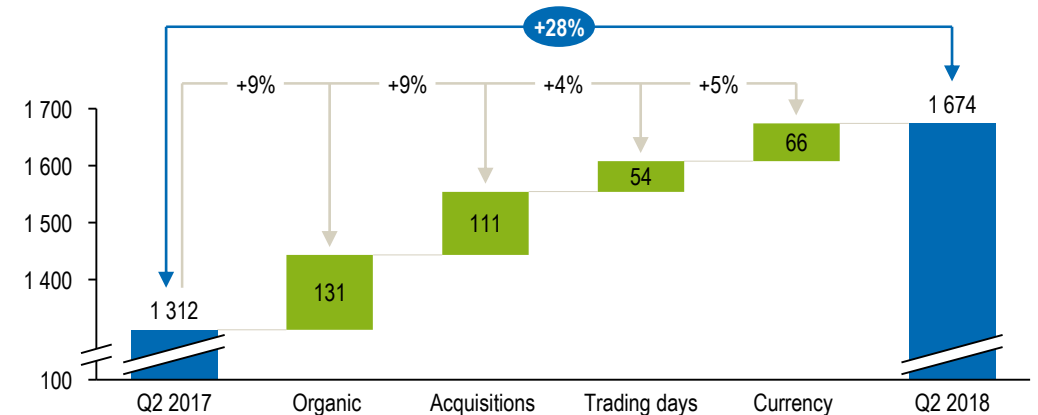
EBITA margin at 3.6% (2.0)

- Strong sales in segments with lower gross margin
- Two more trading days and lack of Easter effect had a significant positive impact of MSEK +14
- Positive effect from sale of property: MSEK +13 and positive currency translation: MSEK +2
- Transaction costs of MSEK -3 related to acquisitions

Sales, EBITA and EBITA margin



Sales bridge – Growth in MSEK and %





Finland – Highlights Q2

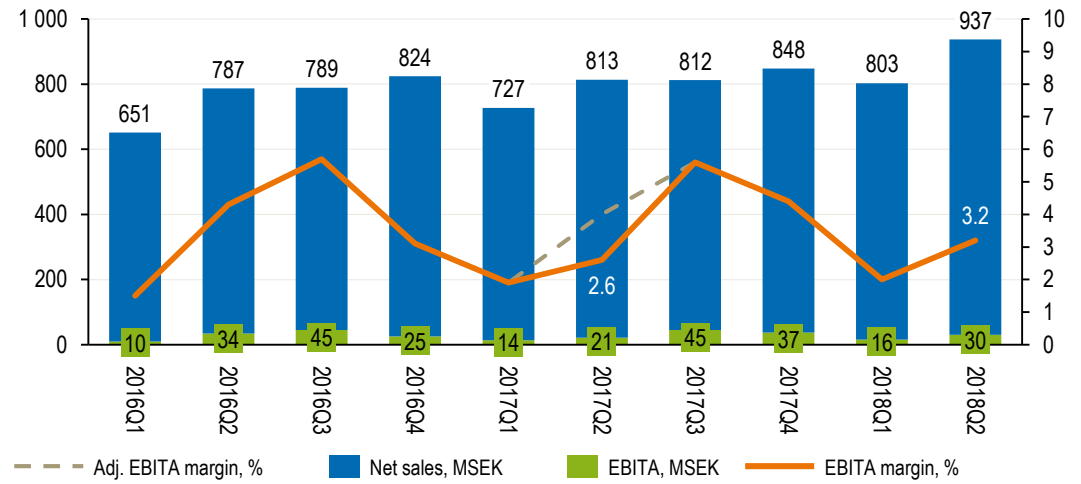
Good growth

- Sales up 15%, of which 5% organic
- Good overall market
 - Strong growth for construction and industry
 - Good demand for HVAC & P. and Tools & S.
- Initiatives to strengthen position in fast growing regions
- One acquisition signed within Tools & Supplies with ~35 MSEK in annual sales - Kahipa Oy

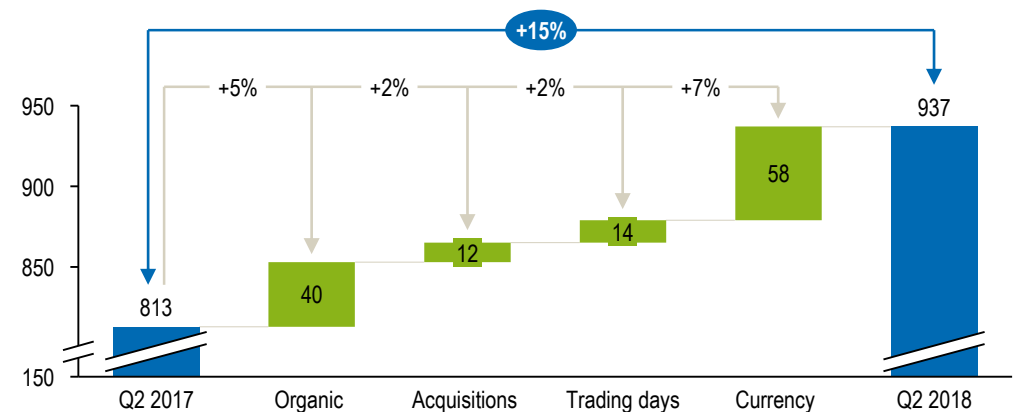
Adj. EBITA down 9%

- Negative impact by increased sales level with weaker gross margin
- Operating expenses increased, partly due to investments in branch network and sales initiatives
- EBITA margin at 3.2% (2.6)
 - Adj. EBITA margin at 3.2% (4.0%)

Sales, EBITA and EBITA margin



Sales bridge – Growth in MSEK and %

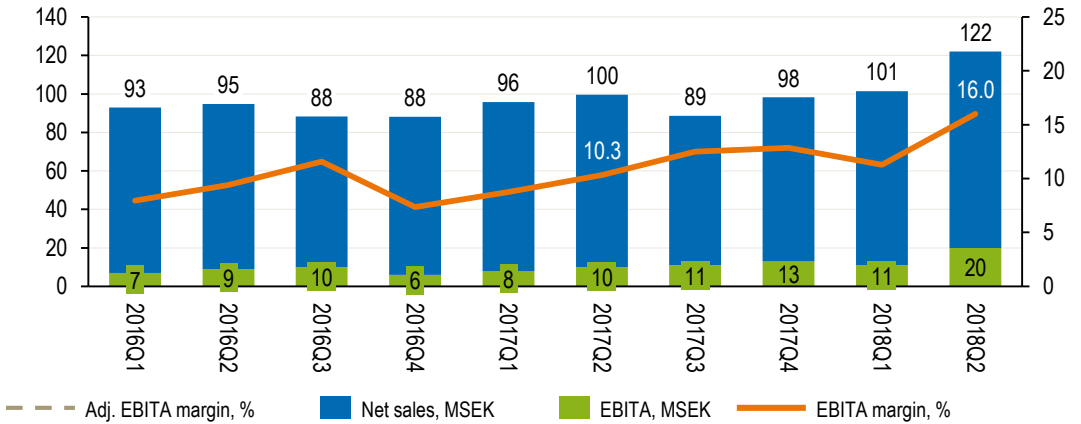


Denmark and Other - Highlights Q2

Denmark

- Sales up 22%, of which 11% organic
- Strong refrigeration business driven by higher prices for refrigerants
- DIY business stable
- +2 trading days vs. comparative period
- EBITA margin strong at 16.0% (10.3)

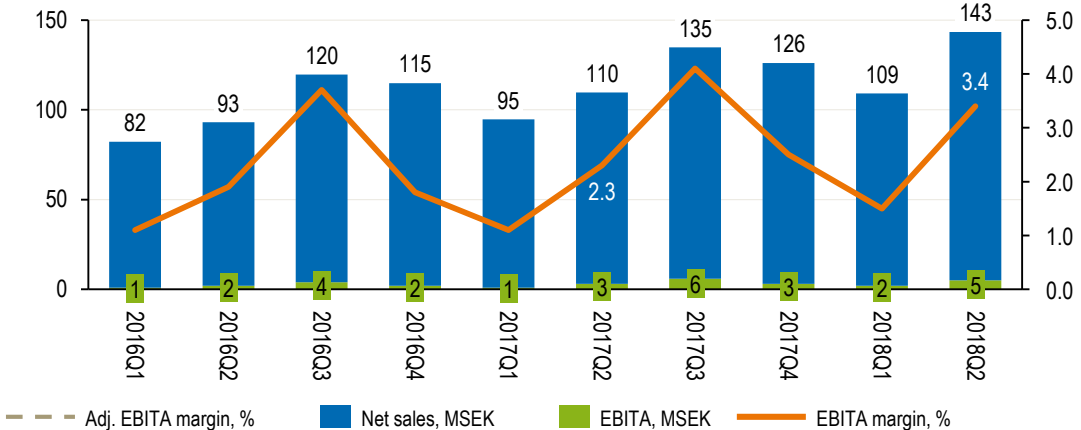
Sales, EBITA and EBITA margin



Other

- Sales up 31%, of which 24% organic
- Strong organic growth in all regions
- Good market conditions
- Successful activities to increase sales efficiency and broaden the product offering
- Adj. EBITA margin at 3.4% (2.3)

Sales, EBITA and EBITA margin





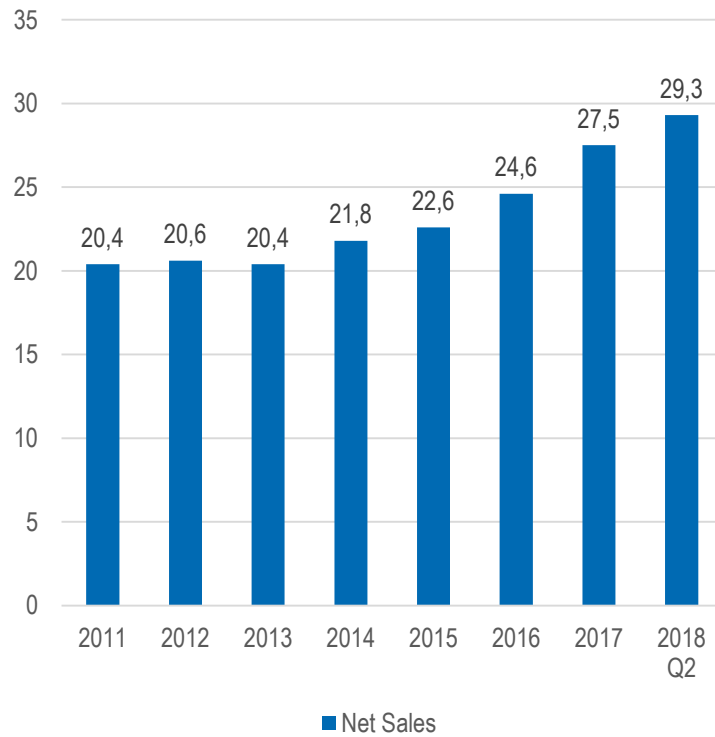
Financials

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Sales, profitability and cash conversion

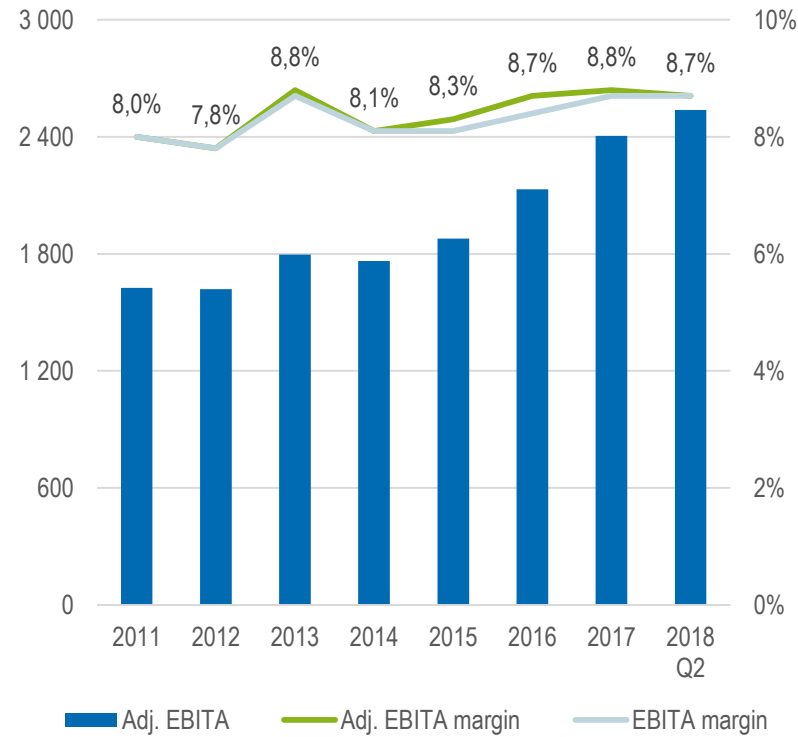
Net sales

2011 – 2018 Q2 (SEKbn)



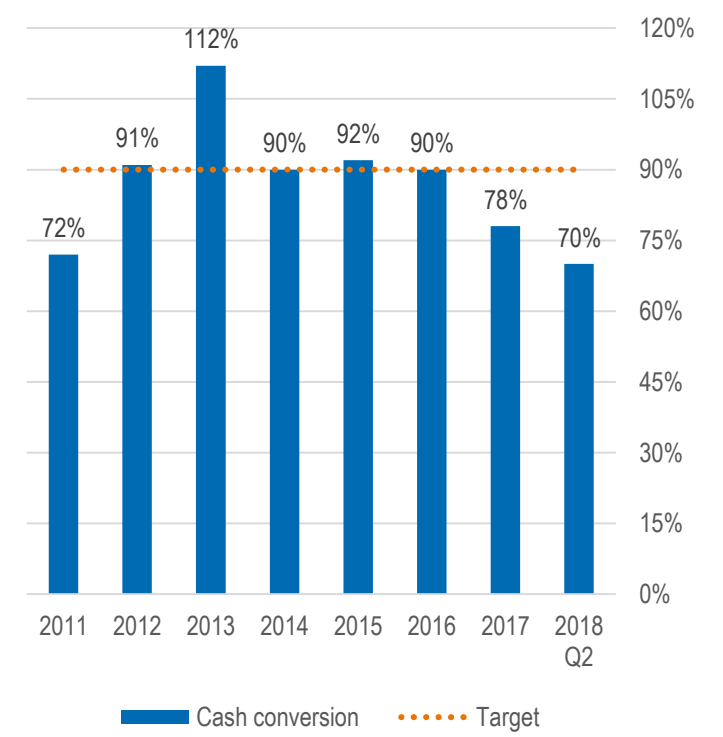
Profitability

2011 – 2018 Q2 (SEKbn)



Cash conversion

2011 – 2018 Q2
(Operating cash flow / EBITDA)



Other performance measures



	2018 Q2 RTM	2017 Jan-Dec	2016 Jan-Dec
Leverage			
<i>External net debt/Adjusted EBITDA</i>	2.9	2.6	3.3
Equity/Assets ratio, %	35	36	34
Investments, % of sales	0.8	0.8	0.6
Average working capital, % of sales	9.7	8.8	8.9
Return on operating capital, % <i>excluding intangible fixed assets</i>	68	73	67
Return on equity, %	18	17	15
Return on working capital %	89	99	94
Basic earnings per share, SEK	3.74	3.28	1.11
Dividend	na	1.65	0.35

Near term outlook



Overall demand is expected to remain favourable for Ahlsell in the coming quarters

- *Strong demand within industry and infrastructure*
 - *Increasing activity level in renovation*
- *Remained high activity level within new construction, despite declining building starts in new residential*



Johan Nilsson, CEO

Registration open!
www.ahlsell.com/cmd2018

Capital Markets Day

September 4, 2018

Stockholm



Q&A





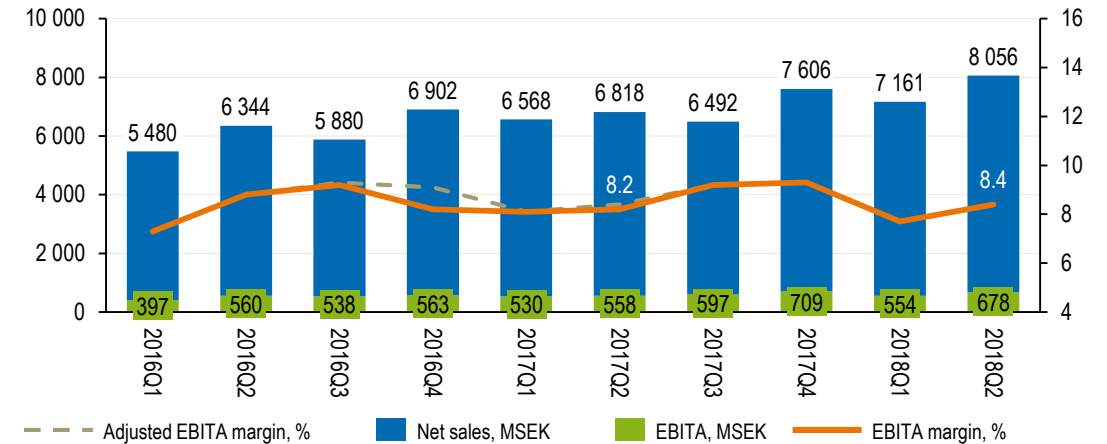
Appendix

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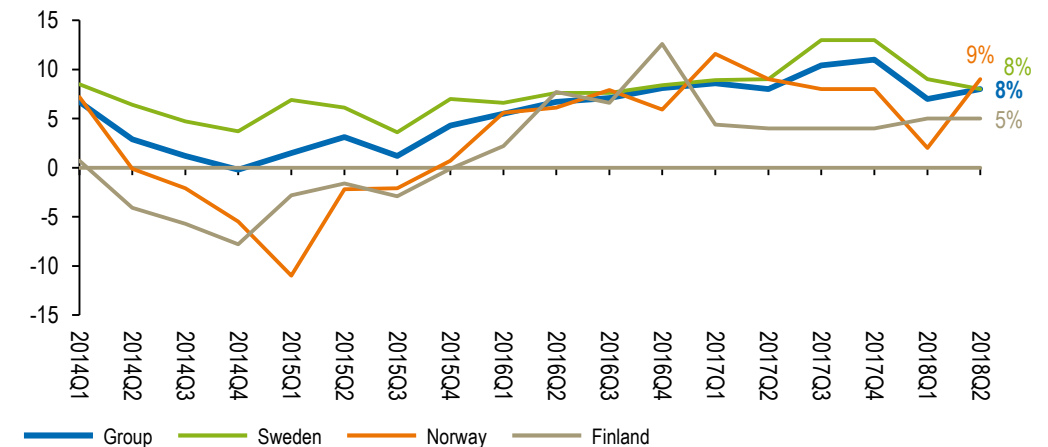
Q2 overview

	2018	2017	Δ	2018	2017	Δ	RTM	2017
	Q2	Q2		H1	H1			FY
Net sales, MSEK	8,056	6,818	18%	15,217	13,387	14%	29,315	27,484
Operating profit, EBIT	582	471	24%	1,043	913	14%	2,172	2,043
Profit (EBITA), MSEK	678	558	21%	1,231	1,088	13%	2,537	2,394
Adjusted EBITA, MSEK	678	570	19%	1,231	1,099	12%	2,537	2,405
EBITA margin, %	8.4%	8.2%		8.1%	8.1%		8.7%	8.7%
Adjusted EBITA margin, %	8.4%	8.4%		8.1%	8.2%		8.7%	8.8%
Profit after tax (profit for the period), MSEK	507	308	64%	831	643	29%	1,616	1,428
Diluted earnings per share, SEK	1.18	0.71		1.93	1.47		3.74	3.28
Operating cash flow	429	309	39%	636	735	-13%	1,893	1,991
Operating cash flow/EBITDA (Cash conversion)							70%	78%
External net debt/Adjusted EBITDA							2.9	2.6

Sales, EBITA and EBITA margin



Organic growth, %



Condensed Income Statement

	2018	2017	2018	2017	Rolling	Full year
MSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	12 months	2017
Net sales	8,056	6,818	15,217	13,387	29,315	27,484
Cost of goods sold	-5,940	-4,994	-11,155	-9,778	-21,438	-20,062
Gross profit	2,116	1,825	4,062	3,608	7,876	7,423
Selling expenses	-1,431	-1,257	-2,807	-2,493	-5,276	-4,962
Administration expenses	-123	-107	-238	-220	-473	-455
Other operating income and expenses	20	10	26	19	45	38
Operating profit, EBIT	582	471	1,043	913	2,172	2,043
Net financial items	-46	-62	-87	-76	-220	-209
Profit before tax	536	409	956	837	1,952	1,834
Income tax	-29	-101	-125	-195	-336	-406
Profit/loss for the period	507	308	831	643	1,616	1,428
Attributable to						
- Owners of the parent company	507	308	831	643	1,616	1,428
- Non-controlling interests	-	-	-	-	-	-
Basic earnings per share, SEK	1.18	0.71	1.94	1.47	3.74	3.28
Diluted earnings per share, SEK	1.18	0.71	1.93	1.47	3.74	3.28

Condensed Balance Sheet

MSEK	2018 30 Jun	%	2017 30 Jun	2017 31 Dec
ASSETS				
Customer relationships	3,002	11%	3,086	2,929
Trademark	3,837	14%	3,837	3,837
Goodwill	7,836	29%	7,064	7,206
Other intangible assets	149	1%	131	136
Property, plant and equipment	910	3%	797	853
Financial assets	13	0%	78	10
Deferred tax assets	9	0%	7	8
Total non-current assets	15,756	58%	15,002	14,980
Inventories	4,174	15%	3,360	3,888
Trade receivables	4,384	16%	3,600	3,491
Other receivables	1,434	5%	1,143	1,220
Cash and cash equivalents	1,355	5%	957	1,295
Total current assets	11,348	42%	9,060	9,894
TOTAL ASSETS	27,104	100%	24,061	24,874

MSEK	2018 30 Jun	%	2017 30 Jun	2017 31 Dec
EQUITY AND LIABILITIES				
Equity	9,409	35%	8,568	9,004
Non-current interest-bearing liabilities	8,807	32%	7,930	7,934
Provisions	56	0%	56	55
Deferred tax liabilities	1,402	5%	1,392	1,494
Other non-current liabilities	41	0%	27	29
Total non-current liabilities	10,306	38%	9,405	9,512
Current interest-bearing liabilities	507	2%	328	51
Trade payables	5,627	21%	4,780	5,218
Provisions	8	0%	19	10
Other current liabilities	1,246	5%	961	1,079
Total current liabilities	7,388	27%	6,088	6,358
TOTAL EQUITY AND LIABILITIES	27,104	100%	24,061	24,874

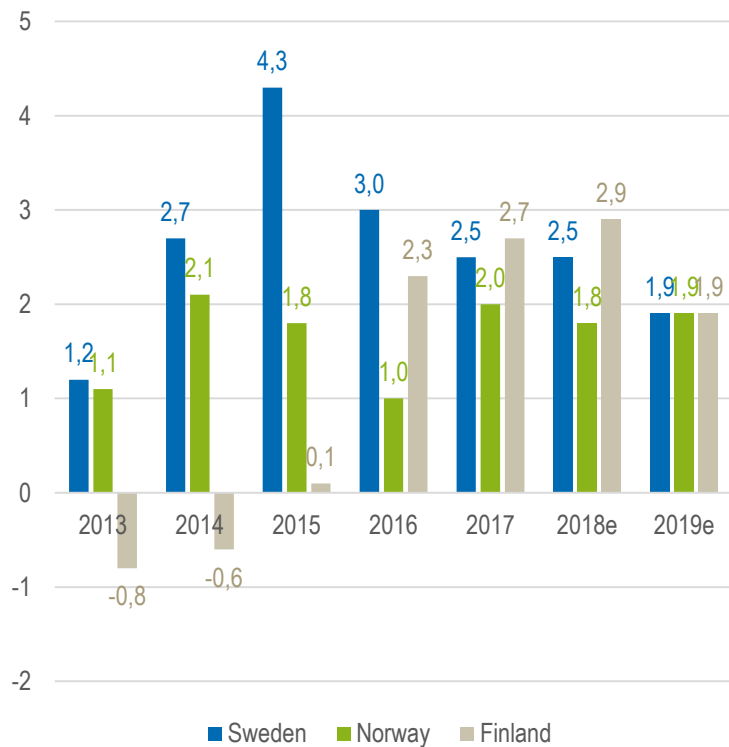
Condensed Cash Flow Statement

MSEK	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 months	Full year 2017
Profit after financial items	536	409	956	837	1,952	1,834
Adjustments for non-cash items	137	158	263	266	560	563
Tax paid	-68	-64	-232	-209	-226	-203
Cash flow from operating activities before changes in working capital	606	503	987	894	2,286	2,193
Change in inventories	75	-130	45	-58	-387	-489
Change in operating receivables	-806	-231	-861	-598	-811	-547
Change in operating liabilities	498	129	251	322	632	703
Cash flow from changes in working capital	-232	-231	-566	-334	-565	-333
Cash flow from operating activities	373	271	421	560	1,721	1,861
Cash flow from investing activities	-98	-132	-801	-256	-1,086	-541
Cash flow before financing activities	275	139	-381	305	634	1,320
Dividend paid	-708	-153	-708	-153	-708	-153
Issued warrants	1	-	1	-	1	-
Repurchase of shares	-	-	-	-	-369	-369
Proceeds from borrowings	750	-	1,225	-	2,224	999
Repayment of borrowings	-54	-406	-86	-406	-1,392	-1,712
Cash flow from financing activities	-12	-559	432	-559	-244	-1,235
CASH FLOW FOR THE PERIOD	263	-419	51	-254	390	86
Cash and cash equivalents at beginning of period	1,088	1,375	1,295	1,209	957	1,209
Exchange differences	3	1	9	2	8	0
Cash and cash equivalents at end of period	1,355	957	1,355	957	1,355	1,295

Market development

GDP growth

Per country, fixed prices, calendar-adjusted



Industrial indicators

Sweden PMI
54.2 (62.4)

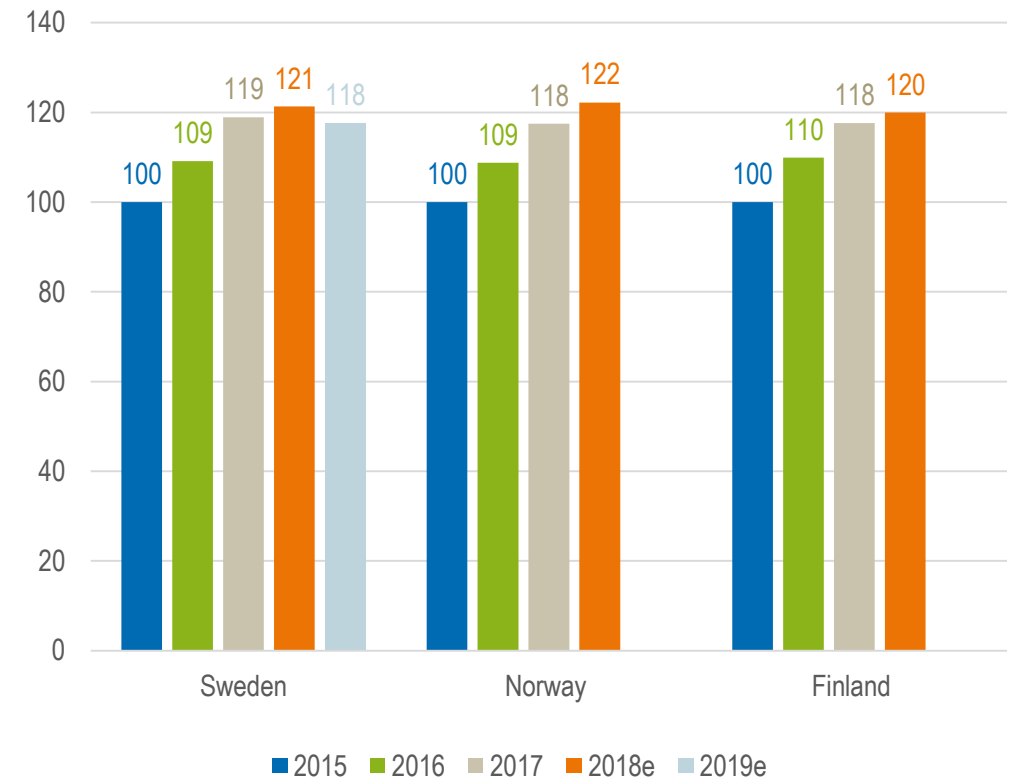
Norway PMI
55.8 (56.1)

Finland Manufacturing confidence
14 (9)

Manufacturing next 3 months
26 (22)

Total construction investments

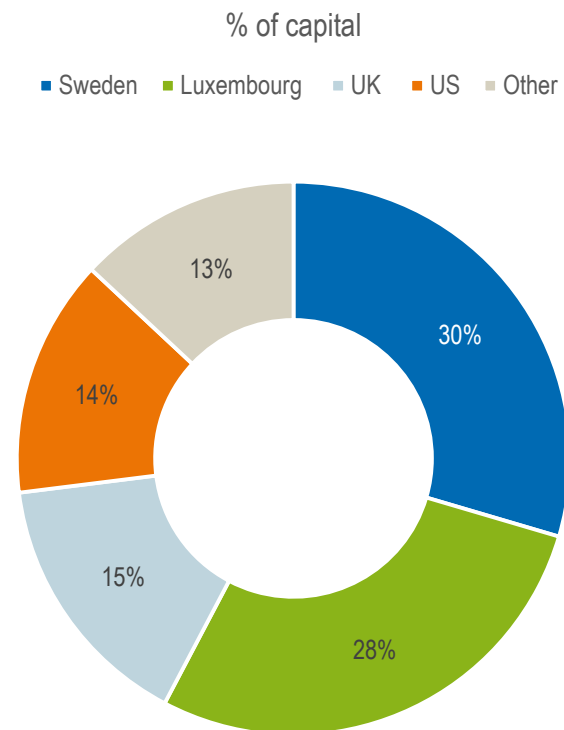
Infrastructure, residential and commercial, index 2015=100



Shareholders

2018-06-30 sorted by Euroclear's official share register for directly and trustee registered shareholders + known custody names

	Investor Name	Position	%
1	CVC / Keravel SARL	109 578 323	25,1%
2	Norges Bank	19 845 748	4,5%
3	AMF Försäkring	18 087 004	4,1%
4	JP Chase NA	17 051 069	3,9%
5	Odin Fonder	12 001 000	2,8%
6	Alecta Pensionsförsäkring	11 000 000	2,5%
7	SEB Investment Management	10 870 694	2,5%
8	Handelsbanken Fonder	7 775 000	1,8%
9	Swedbank Robur fonder	7 431 948	1,7%
	<i>Ahlsell AB</i>	<i>7 000 000</i>	<i>1,6%</i>
10	Afa försäkring	5 686 654	1,3%
11	Kirkbi Invest	4 941 161	1,1%
12	Nordea Investment Funds	4 885 354	1,1%
13	Lannebo fonder	4 387 000	1,0%
14	Andra AP-fonden	4 294 577	1,0%
15	Folksam	3 685 268	0,8%
16	JP Morgan Bank Luxembourg	3 643 460	0,8%
17	Danica Pension	3 399 897	0,8%
18	Profun Förvaltning	3 046 956	0,7%
19	Catella Fondförvaltning	3 008 398	0,7%
20	Skarvhagen Förvaltnings AB	2 900 000	0,7%
21	Kuwait Investment Authority	2 766 270	0,6%
22	Nordea	2 423 428	0,6%
23	Tredje AP-fonden	2 196 872	0,5%
24	Threadneedle LUX	1 895 986	0,4%
25	Kammarkollegiet	1 582 893	0,4%
26	Bodenholm	1 411 814	0,3%
27	Skandia Fonder	1 397 766	0,3%
28	Berenberg Gossler	1 226 333	0,3%
29	Länsförsäkringar fondförvaltning AB	1 133 975	0,3%
30	SPP fonder	1 130 831	0,3%
	Other	154 616 508	35,4%
	Shares outstanding	436 302 187	100%



Trading days

2017	Q1	Q2	Q3	Q4
Sweden	64	59	65	63
Norway	65	58	65	63
Finland	64	60	65	62
Denmark	65	58	65	63

H1	H2	FY
123	128	251
123	128	251
124	127	251
123	128	251

2018*	Q1	Q2	Q3	Q4
Sweden	63	60	65	62
Norway	62	60	65	62
Finland	63	61	65	62
Denmark	62	59	65	62

H1	H2	FY
123	127	250
122	127	249
124	127	251
121	127	248

2019*	Q1	Q2	Q3	Q4
Sweden	63	59	66	62
Norway	63	58	66	62
Finland	63	60	66	62
Denmark	63	57	66	62

H1	H2	FY
122	128	250
121	128	249
123	128	251
120	128	248

Merger & Acquisitions 2017-present

Closing	Acquisitions	Country	Product segment	Annual sales SEK million ^a	Number of employees ^b	Rationale
28/02/2017	G-ESS Yrkeskläder AB	Sweden	Tools & Supplies	120	37	Strengthen position in professional workwear position in the Stockholm area
02/05/2017	C.J. Järn & Maskin AB	Sweden	Tools & Supplies	46	18	Strengthens position in the region of Vårgårda. Good opportunities for cross-selling to mainly industrial customers
01/06/2017	Svensk Industri & Kommunservice AB	Sweden	Tools & Supplies	55	13	Attractive customer base with many customers within public administration. Broaden offer in PPE.
02/10/2017	Lenson Elektro AS	Norway	Electrical	23	5	Increase exposure to electrical installations such as power, lighting and climate.
01/11/2017	ViaCon VA (assets and liabilities)	Sweden	HVAC & Plumbing	320	81	Valuable expertise in Water & Sewage operations. Strengthens initiatives to attractive customer segments.
01/12/2017	Gehås AB (assets and liabilities)	Sweden	Tools & Supplies	15	6	Strengthen position within PPE in Värmland
04/12/2017	Infästningsspecialisten Göteborg AB	Sweden	Tools & Supplies	28	8	Strong position within fastening solutions and related tools to SMID customers
28/12/2017	Nordic Sprinkler AB, Enexia AB, Prepipe Construction AB	Sweden	HVAC & Plumbing	80	21	Ahlsell is a relatively small player in sprinkler systems, and the acquisition will strengthen our presence
28/12/2017	Enexia Oy	Finland	HVAC & Plumbing	40	8	Same as Nordic Sprinkler
29/12/2017	Jobline i Umeå AB	Sweden	Tools & Supplies	26	8	Strengthen position within PPE in Umeå and surroundings, north of Sweden
29/12/2017	SAFE Workwear Sweden AB	Sweden	Tools & Supplies	24	9	Safe Workwear strengthens our presence in both Stockholm and the region of Mälardalen
16/01/2018	Proffsmagasinet AB	Sweden	Tools & Supplies	260	50	Leading Nordic e-commerce business - we get further knowledge on new ways of meeting professional customers
01/02/2018	HMK i Västerås AB	Sweden	Tools & Supplies	16	8	Wide range of well-known brands in workwear and personal protection in Västerås
02/02/2018	Bekken & Strøm AS	Norway	Tools & Supplies	415	160	Leading Norwegian supplier of workwear and personal protective equipment (PPE)
02/05/2018	Sentrum Motor och Verktøy AS	Norway	Tools & Supplies	40	9	Gives Ahlsell a strong foothold in Tools & Supplies and improves the conditions for growth within HVAC & Plumbing in the Finnmark region
31/05/2018	Bygg & IndustriPartner Skaraborg AB	Sweden	Tools & Supplies	30	7	Strengthen position in tools and supplies in Skövde with surroundings
02/07/2018	Kahipa Oy	Finland	Tools & Supplies	35	7	Gain specialist competence within HVAC brackets in Southern parts of Finland

2017:
777 MSEK

2018 YTD:
796 MSEK

Introduction to the presenting team



Johan Nilsson
CEO

- Appointed Group CEO in 2015
- CEO Ahlsell Sweden 2008-2015
- Joined Ahlsell in 2008
- Previously: CCO of Sanitec, CEO of IFÖ Sanitär and IDO



Kennet Göransson
CFO

- Joined Ahlsell in 2014
- Held equivalent positions with Indutrade, Addtech and Bergman & Beving



Karin Larsson
Head of IR

- Joined Ahlsell in 2017
- Previous positions: IRO at Atlas Copco Stockholm, equity sales at SEB Enskilda and Baclays capital, Frankfurt

Disclaimer

Some statements are forward-looking and the actual outcome can be different. In addition to the factors explicitly commented upon, the actual outcome may be affected by other factors such as macroeconomic conditions, movements in foreign exchange- and interest-rates, political risks, competitor behaviour, supply- and IT-disturbances.