



ahlsell

Makes it easier to be professional

Q3 2017 report presentation
October 20, 2017

Q3 in brief

Strong third quarter with high activity level

Organic sales growth in all segments

Adj. EBITA increased by 10%



Q3: Organic growth of 10 percent in a strong market

Highlights

- Sales (and organic) growth of +10%, with the strongest growth achieved in September
- Adj. EBITA increased by +10%
- Negative effect of fewer trading days was ~30 MSEK on operating profit

Events

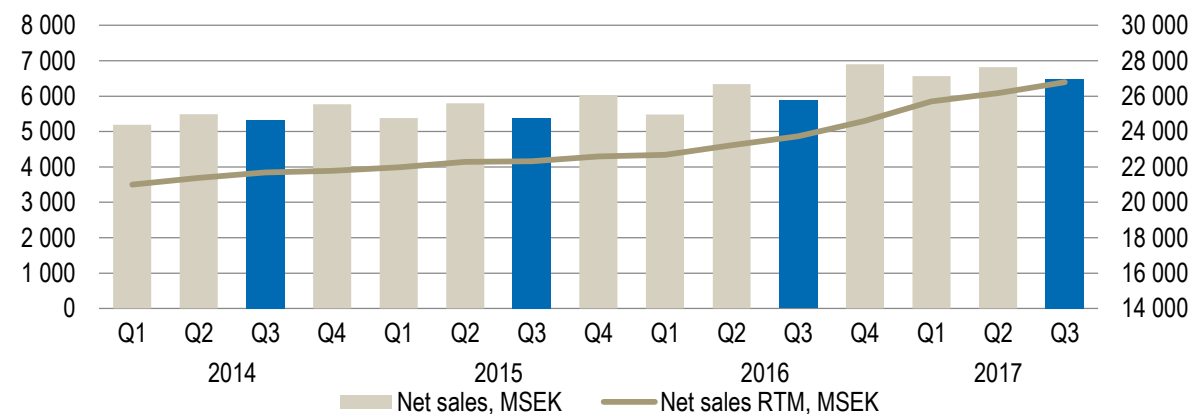
- Acquisition of distributor within temporary electrical-installation products in Norway with annual sales of approximately 23 MSEK*
- Acquisition of ViaCon VA approved and closing is expected early November. The company sells water and sewer products and has an estimated annual turnover of approximately 320 MSEK
- Establishment of Commercial Paper Programme with a total value of 2.5 BSEK

Cash flow and financial position

- Cash conversion RTM 74%
- Net debt/adj. EBITDA 3.0x

	2017 Jul-Sep	2016 Jul-Sep	change	2017 Jan-Sep	2016 Jan-Sep	change
Net sales, SEK million	6,492	5,880	10%	19,879	17,704	12%
Organic growth, %	10%	7%		9%	7%	
Operating profit, EBIT	510	451	13%	1,423	1,241	15%
EBITA margin, %	9.2%	9.2%		8.5%	8.4%	
Adjusted EBITA margin	9.2%	9.3%		8.5%	8.5%	

Net sales per quarter and RTM, MSEK



RTM: Rolling twelve months

* The acquisition was finalized in the beginning of October.

Q3: Sales growth driven by organic growth and acquisitions

Sales growth
+10%

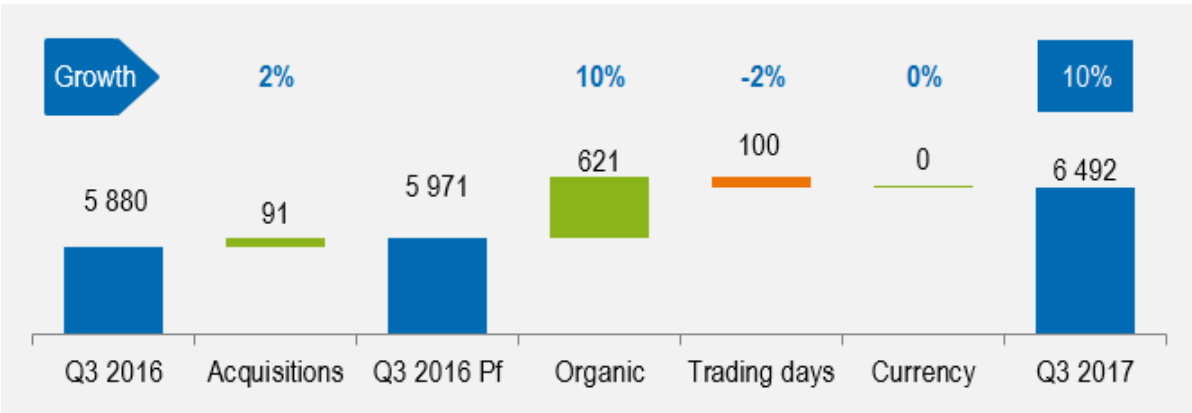
Sweden
+14%

Norway
+6%

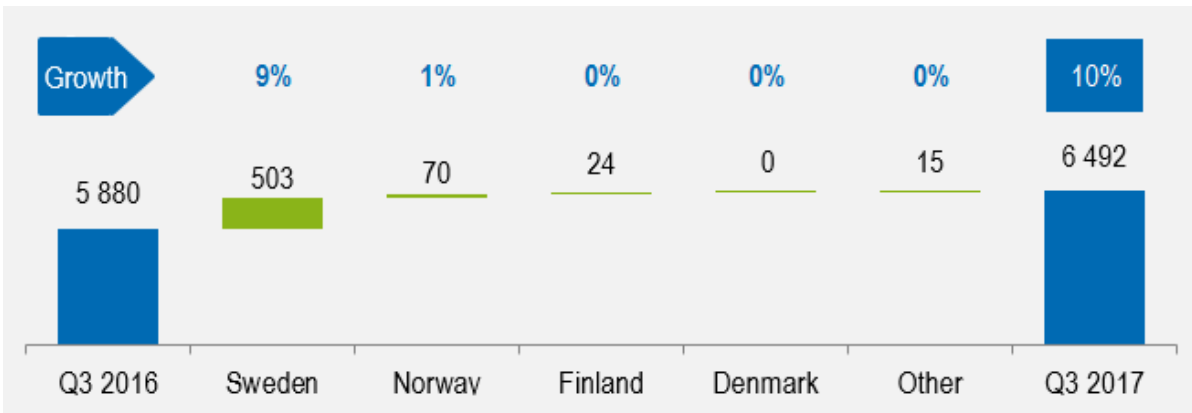
Finland
+3%

- Good demand in all markets and product categories
- Organic growth +10%, supported by successful market initiatives
- Negative effect from lower number of trading days
- Acquisitions contributed 91 MSEK to net sales

Sales Bridge (MSEK)



Sales Bridge per market segment (MSEK)



Q3: Increased sales drove group EBITA

Group
9.2%
 adj. EBITA margin

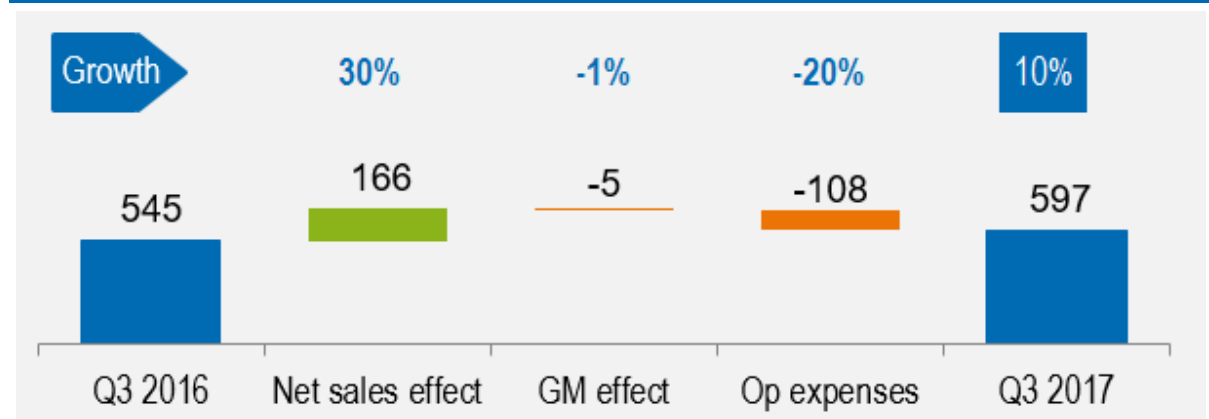
Sweden
12.2%
 adj. EBITA margin

Norway
5.2%
 adj. EBITA margin

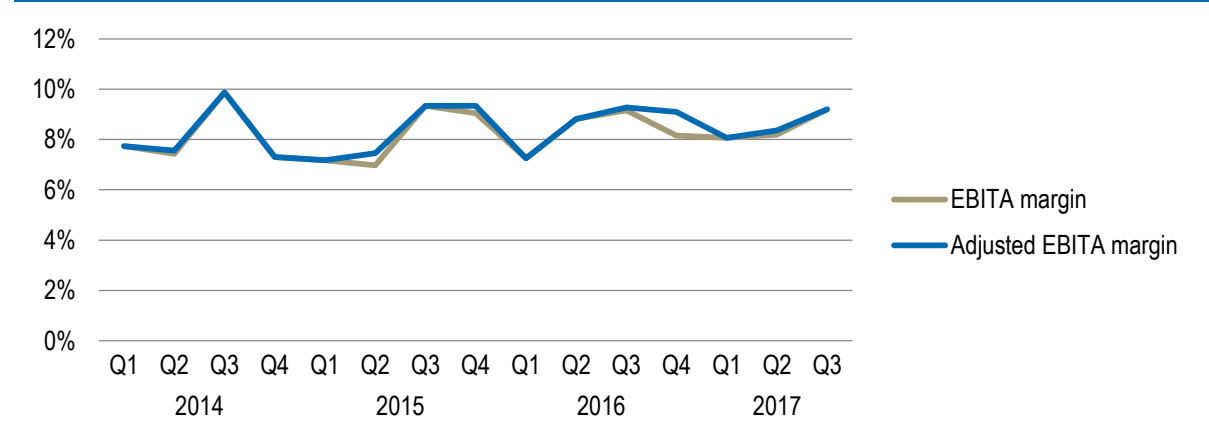
Finland
5.6%
 adj. EBITA margin

- Adjusted EBITA up 10% while activity levels and project volumes remained strong
- Stable gross margin
- Fewer trading days had negative impact of ~30 MSEK

Adj. EBITA Bridge (MSEK)



EBITA margin per quarter, %



First nine months: Sales driven by strong market development and acquisitions

Group net sales
up SEK 2.2 billion (12%)

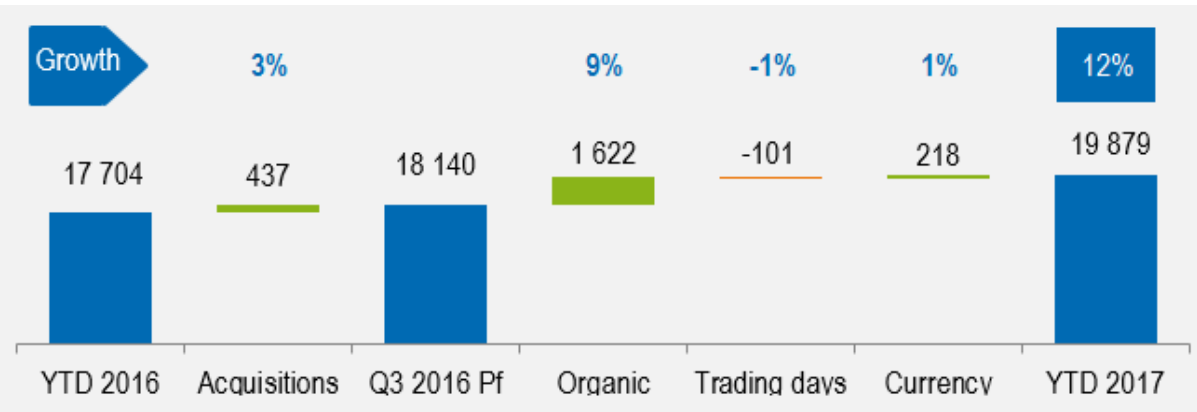
Sweden
+14%

Norway
+12%

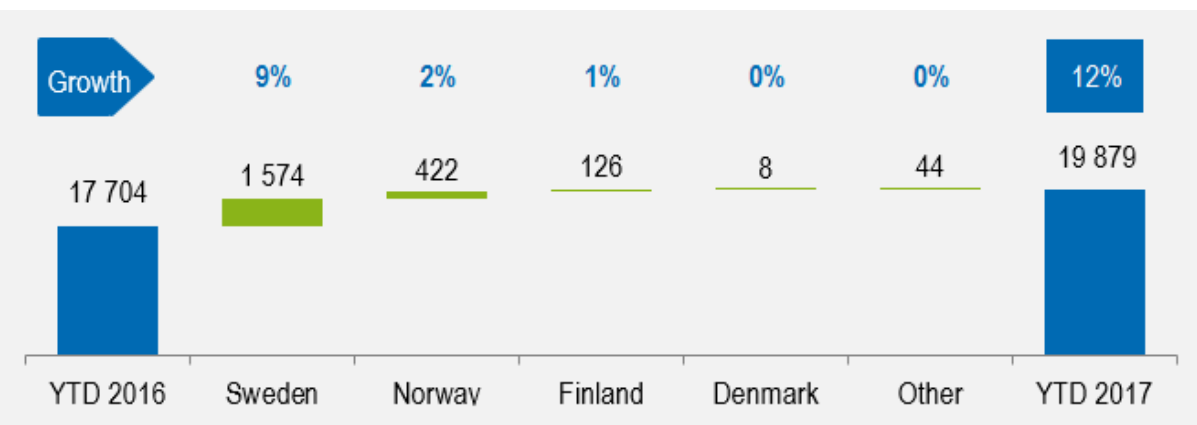
Finland
+6%

- Sales driven by favourable market conditions with particularly strong growth in:
 - Sweden; with strong development in infrastructure, new residential construction and an upturn for the industrial sector
 - Norway; with strong development in the Oslo region
- Organic growth up 9%

Sales Bridge (MSEK)



Sales Bridge per market segment (MSEK)



First nine months: Group adj. EBITA up 13%, driven by increased sales

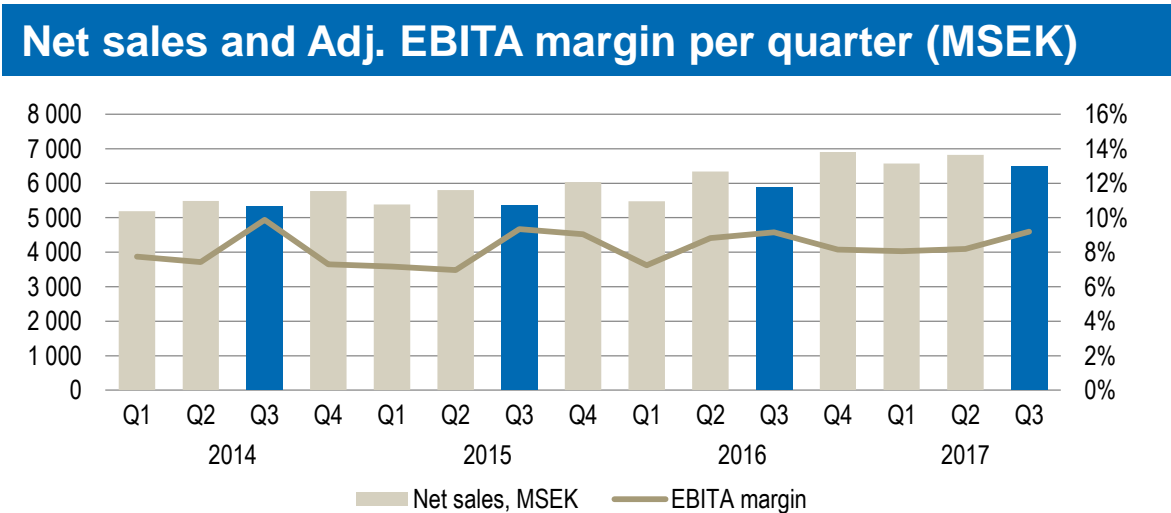
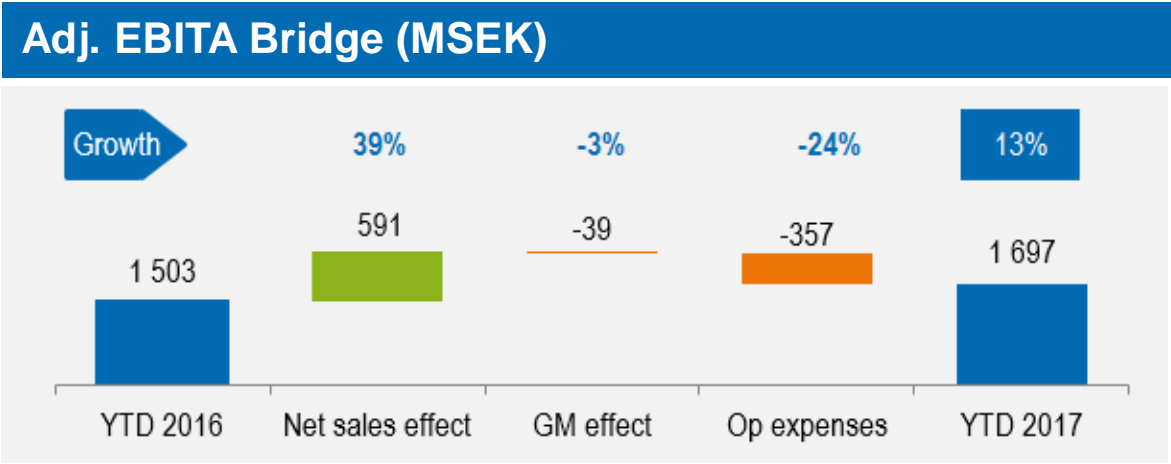
Group
8.5%
 adj. EBITA margin

Sweden
12.1%
 adj. EBITA margin

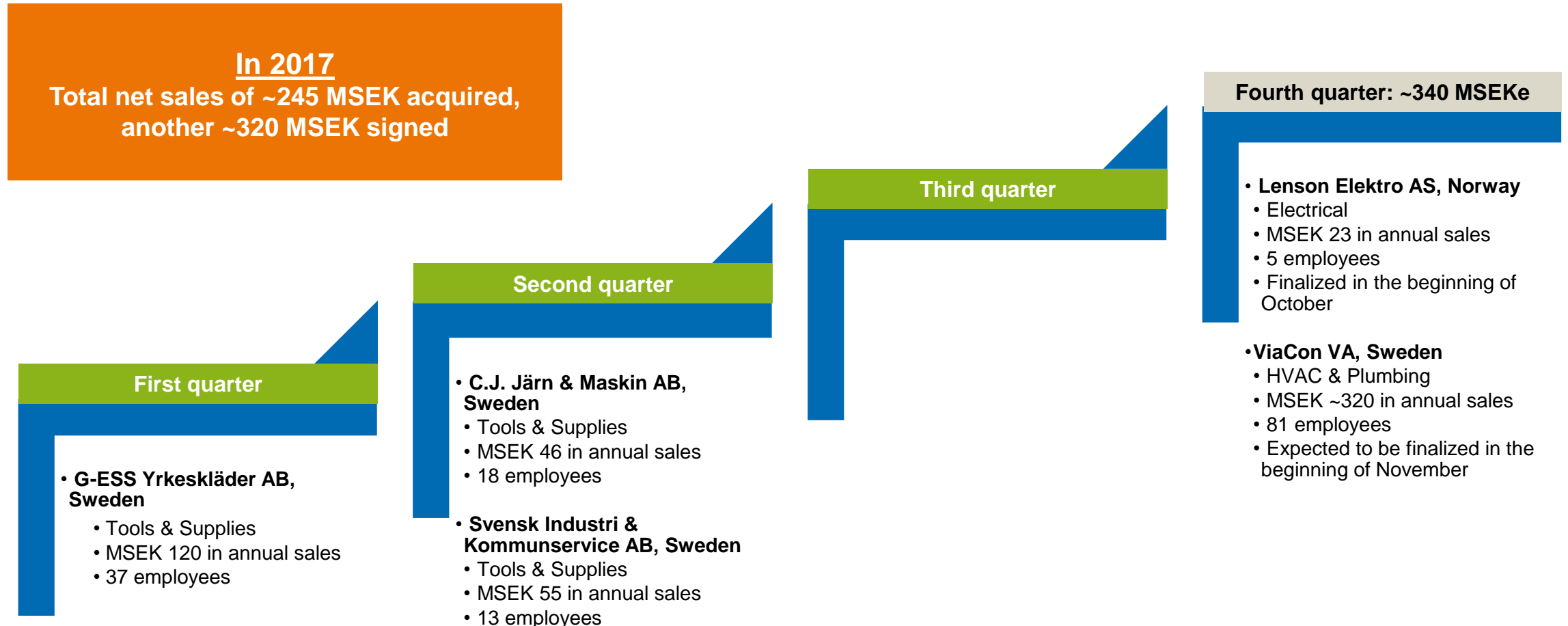
Norway
3.3%
 adj. EBITA margin

Finland
3.9%
 adj. EBITA margin

- Strong positive net sales effect
- The gross margin was somewhat lower due to higher project volumes and higher growth in segments with lower margins
- Increased operating expenses due to high activity level and market initiatives



Four acquisitions completed, one signed and a strong pipeline



Sweden

Market

- Favourable market situation in all market segments driven by strong development in new residential construction, infrastructure and an upturn for the industrial sector

Highlights Q3

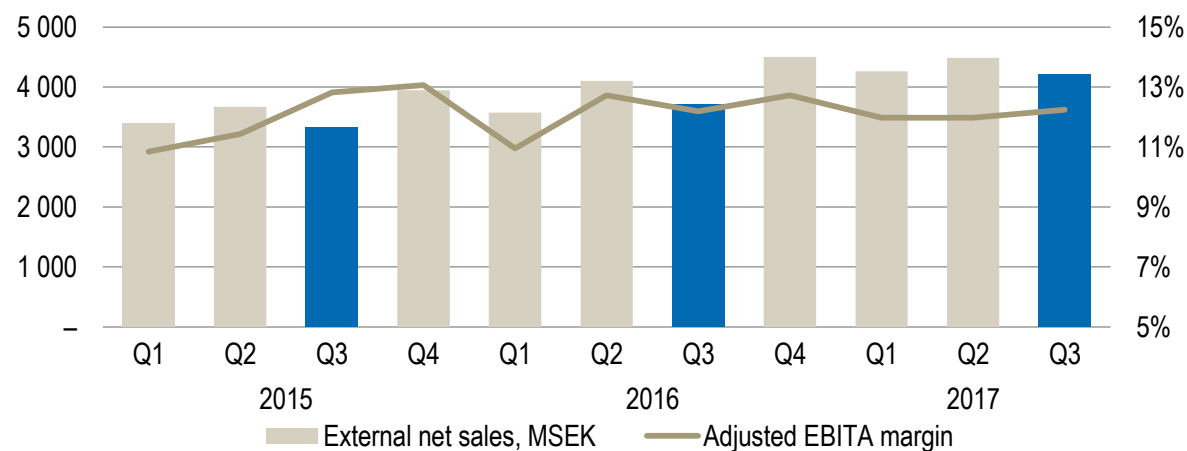
- Net sales up 14% and organic growth was strong at 13%
 - Number of trading days had negative effect
 - Strong growth within Electrical infrastructure, Construction and Industrial
- Adj. EBITA up 14%
 - Increased sales in all product segments supported results
 - Negative effect of fewer trading days was -19 MSEK
 - Gross margin hampered by customer mix
- Acquisition of ViaCon VA approved and closing is expected early November
 - The company sells water and sewer products and has an annual turnover of estimated 320 MSEK

Subsequent events

- New pipe warehouse inaugurated at the central warehouse in Hallsberg in the beginning of October

Sweden	2017 Jul-Sep	2016 Jul-Sep	change	2017 Jan-Sep	2016 Jan-Sep	change
External net sales, SEK million	4,202	3,699	14%	12,947	11,373	14%
Organic growth, %	13%	8%		10%	7%	
Profit (EBITA), SEK million	515	451	14%	1,562	1,363	15%
Adjusted EBITA, SEK million	515	451	14%	1,562	1,363	15%
EBITA margin, %	12.2%	12.2%		12.1%	12.0%	
Adjusted EBITA margin, %	12.2%	12.2%		12.1%	12.0%	

Net sales and adj. EBITA margin per quarter



Norway

Market

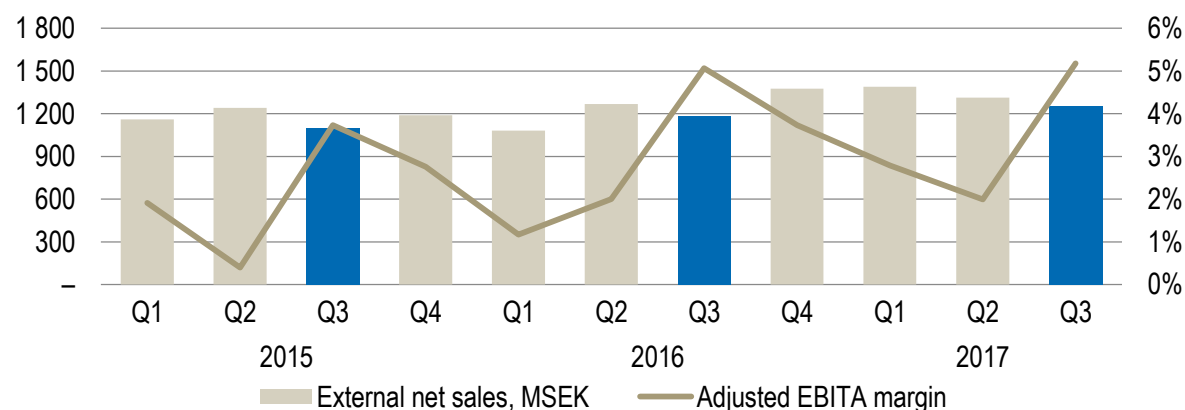
- Good growth driven by new housing construction and investments in the infrastructure sector

Highlights Q3

- Net sales up 6% driven by organic growth of 8%
 - Number of trading days had negative effect
 - Strong growth deriving from electrical- and HVAC-installers and electricity-utility companies
 - Investments in the public sector supported the water and sewer business
- Adjusted EBITA up 8%, corresponding to a 5,2% margin
 - Gross margin hampered by customer mix
 - Negative effect of fewer trading days was -5 MSEK
- Acquisition of Lenson Elektro AS in Norway with a turnover of approximately 23 MSEK
 - The acquisition was finalized in the beginning of October

Norway	2017 Jul-Sep	2016 Jul-Sep	change	2017 Jan-Sep	2016 Jan-Sep	change
External net sales, SEK million	1,254	1,185	6%	3,956	3,534	12%
Organic growth, %	8%	8%		8%	7%	
Profit (EBITA), SEK million	65	53	22%	130	91	43%
Adjusted EBITA, SEK million	65	60	8%	130	98	32%
EBITA margin, %	5.2%	4.5%		3.3%	2.6%	
Adjusted EBITA margin, %	5.2%	5.1%		3.3%	2.8%	

Net sales and adj. EBITA margin per quarter



Finland

Market

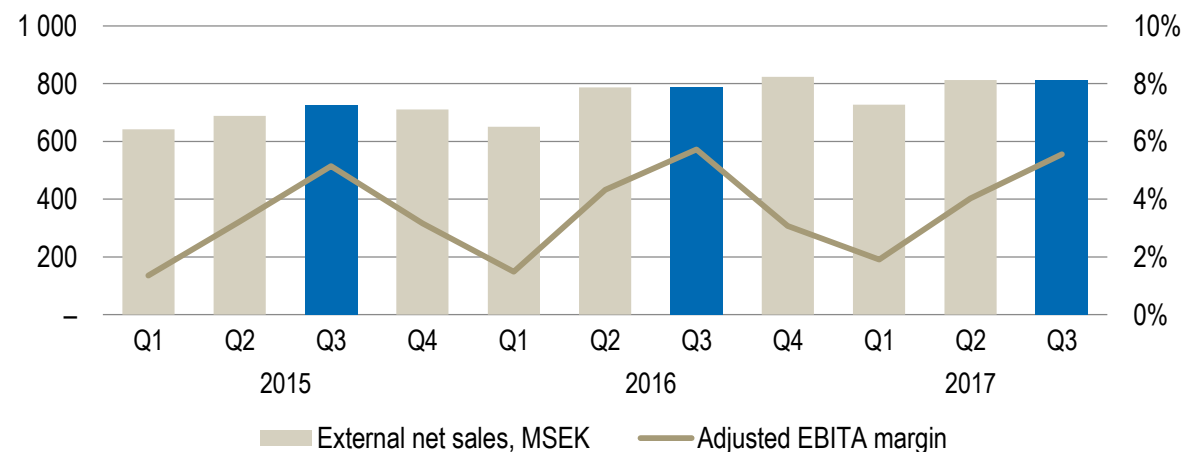
- Strong demand from the construction sector driven by record high levels of construction of apartments in multi-dwelling buildings. Pick up in demand within industrial sector

Highlights Q3

- Net sales up 3% and organic growth was 4%
 - Lower number of trading days had negative effect
 - Good growth within construction and industry.
- Adj. EBITA stable
 - Negative effect of fewer trading days was -3 MSEK
 - Continued investment in branch network expansion and some increased costs associated with sales activities

Finland	2017 Jul-Sep	2016 Jul-Sep	change	2017 Jan-Sep	2016 Jan-Sep	change
External net sales, SEK million	812	789	3%	2,352	2,226	6%
Organic growth, %	4%	7%		4%	6%	
Profit (EBITA), SEK million	45	45	0%	80	89	-9%
Adjusted EBITA, SEK million	45	45	0%	92	89	3%
EBITA margin, %	5.6%	5.7%		3.4%	4.0%	
Adjusted EBITA margin, %	5.6%	5.7%		3.9%	4.0%	

Net sales and adj. EBITA margin per quarter



Denmark and Other

Denmark

- Market conditions remain challenging
- Net sales stable with an organic growth of 2%
- Sales within refrigeration increased as a result of price increases for refrigerants
- Fewer trading days impacted net sales and EBITA
- Adj. EBITA margin increased to 12.5%, relating to increased sales within refrigerants

Denmark	2017 Jul-Sep	2016 Jul-Sep	change	2017 Jan-Sep	2016 Jan-Sep	change
External net sales, SEK million	89	88	0%	284	276	3%
Organic growth, %	2%	-6%		1%	-1%	
Profit (EBITA), SEK million	11	10	8%	30	27	12%
Adjusted EBITA, SEK million	11	10	8%	30	27	12%
EBITA margin, %	12.5%	11.6%		10.5%	9.6%	
Adjusted EBITA margin, %	12.5%	11.6%		10.5%	9.6%	

Other

- Net sales up 13% driven by strong organic growth in Estonia and Poland
- Russian operation hampered by weak market conditions
- Positive FX translation effects
- Adj. EBITA margin increased to 4.1%

Other	2017 Jul-Sep	2016 Jul-Sep	change	2017 Jan-Sep	2016 Jan-Sep	change
Estonia, Russia, Poland						
External net sales, SEK million	135	120	13%	339	295	15%
Organic growth, %	12%	-3%		10%	-9%	
Profit (EBITA), SEK million	6	4	27%	9	7	30%
Adjusted EBITA, SEK million	6	4	27%	9	7	30%
EBITA margin, %	4.1%	3.7%		2.7%	2.4%	
Adjusted EBITA margin, %	4.1%	3.7%		2.7%	2.4%	



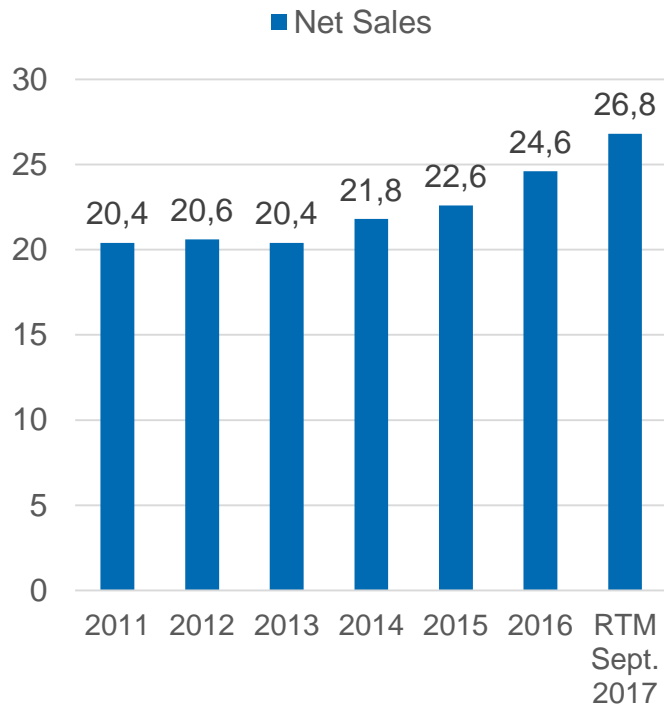
Financials

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Robust and resilient cash flow generator

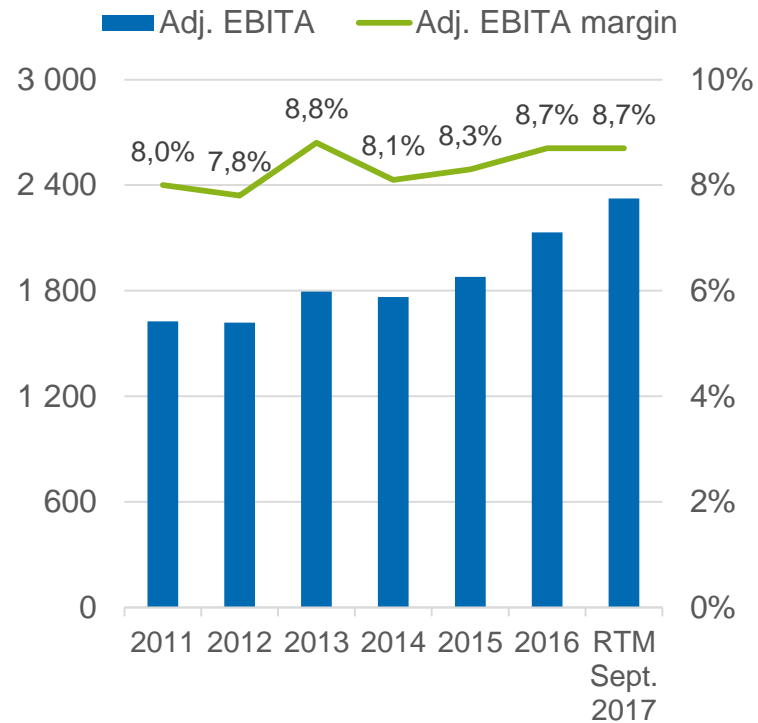
Net sales

2011 – RTM September 2017
(SEKbn)



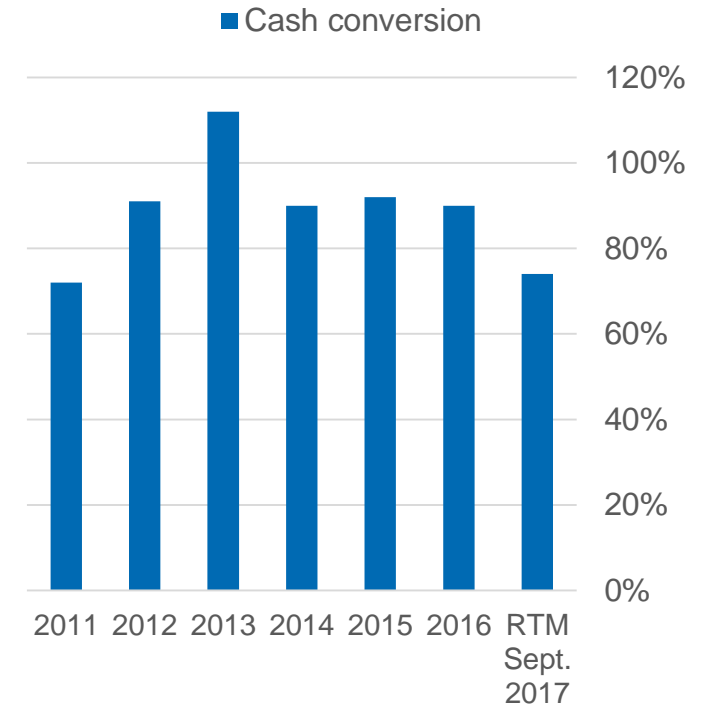
Profitability

2011 – RTM Sept. 2017
(SEKbn)



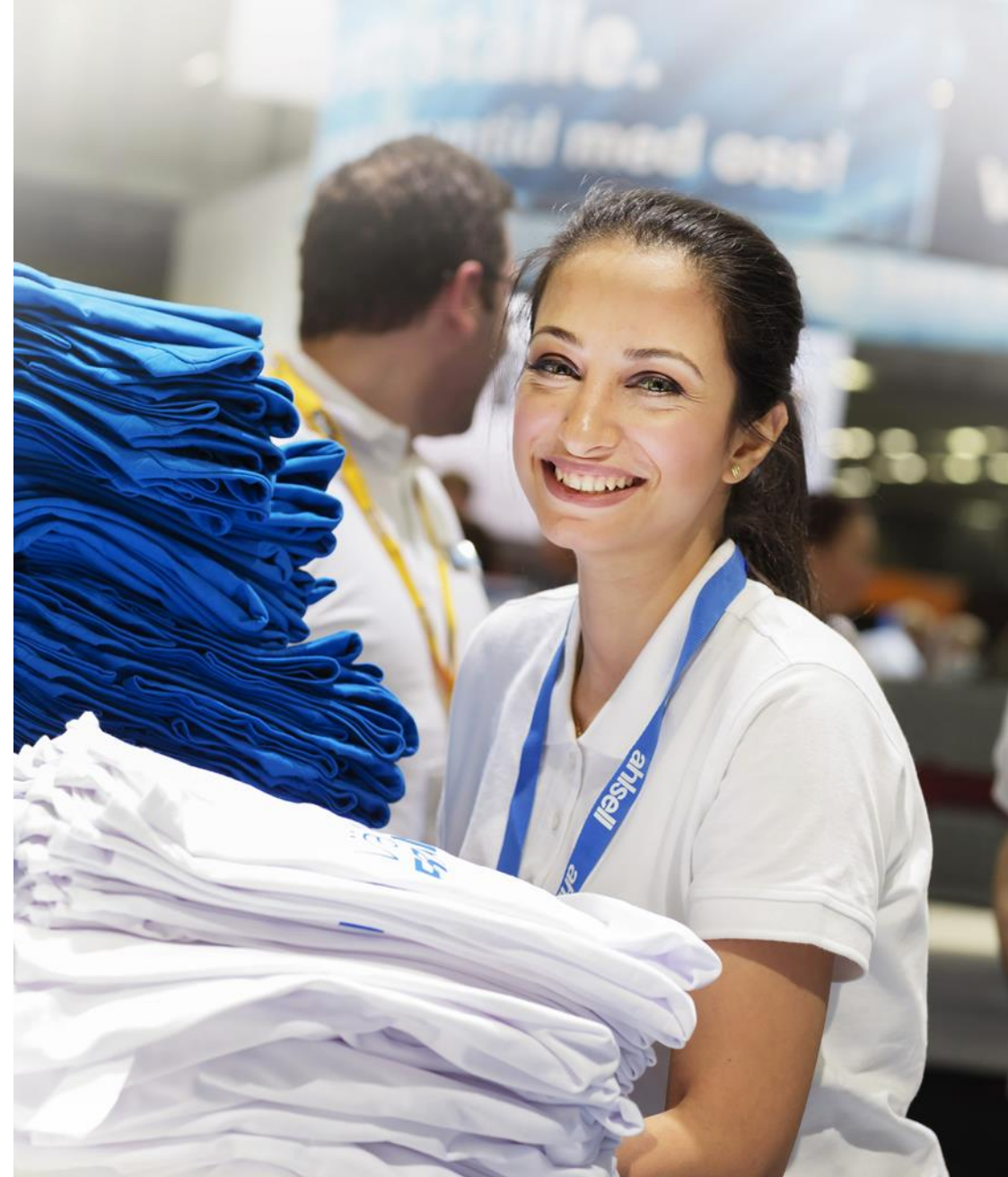
Cash conversion

2011 – RTM Sept. 2017
(Operating cash flow / EBITDA)

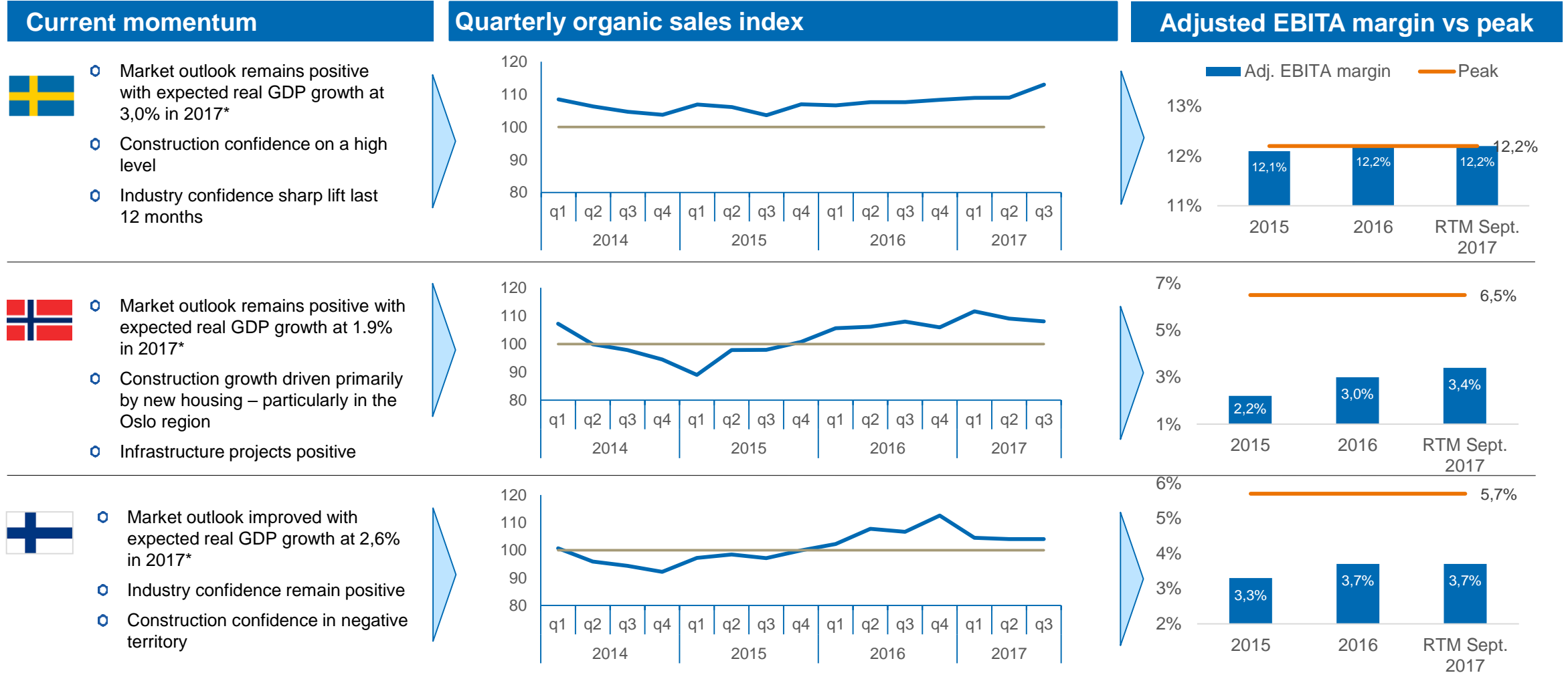


Other performance measures

	2017 RTM	2016
	30 Sept.	Jan-Dec
Operating cash flow/EBITDA	74%	90%
External net debt/Adjusted EBITDA	3.0	3.3
Debt equity ratio, %	36%	34%
Investments, % of sales	0.7%	0.6%
Average working capital, % of sales	9.2%	8.9%
Return on operating capital (excluding intangible fixed assets), %	68%	67%
Return on equity, %	15%	15%
Return on working capital %	91%	94%



Current momentum and activity levels beneficial for Ahlsell



*Source: Konjunkturinstitutet, October 10, 2017

Q&A





Appendix

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Condensed Income Statement

MSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	Rolling 12 months	Full year 2016
Net sales	6,492	5,880	19,879	17,704	26,781	24,606
Cost of goods sold	-4,741	-4,289	-14,519	-12,895	-19,540	-17,916
Gross profit	1,751	1,591	5,360	4,808	7,241	6,690
Selling expenses	-1,125	-1,043	-3,619	-3,293	-4,885	-4,559
Administration expenses	-123	-109	-344	-294	-493	-443
Other operating income and expenses	7	12	26	20	37	31
Operating profit, EBIT	510	451	1,423	1,241	1,900	1,719
Net finance income/expense	-88	-188	-164	-722	-581	-1,140
Profit before tax	421	263	1,259	519	1,319	579
Income tax	-98	-111	-293	-238	-292	-237
Profit/loss for the period	323	152	966	280	1,027	342
Attributable to						
Owners of the parent company	323	152	966	280	1,027	342
Non-controlling interests	–	–	–	–	–	–
Basic earnings per share, before dilution, SEK						
Basic earnings per share, after dilution, SEK	0.74	0.54	2.21	1.00	2.41	1.11

Condensed Balance Sheet

MSEK	2017 30 Sep	2016 30 Sep	2016 31 Dec
ASSETS			
Customer relationships	3,005	3,339	3,249
Trademark	3,837	3,837	3,837
Goodwill	7,064	7,044	7,028
Other intangible assets	135	127	123
Property, plant and equipment	802	742	781
Financial assets	92	7	8
Deferred tax assets	7	8	7
Total non-current assets	14,945	15,104	15,033
Inventories	3,754	3,332	3,287
Trade receivables	3,994	3,532	3,054
Other receivables	1,218	1,404	1,091
Cash and cash equivalents	612	1,634	1,209
Total current assets	9,578	9,902	8,641
TOTAL ASSETS	24,523	25,006	23,674

MSEK	2017 30 Sep	2016 30 Sep	2016 31 Dec
EQUITY AND LIABILITIES			
Equity	8,888	1,075	8,089
Non-current interest-bearing liabilities	7,932	16,587	7,930
Provisions	55	57	55
Deferred tax liabilities	1,378	1,482	1,426
Other non-current liabilities	28	24	25
Total non-current liabilities	9,394	18,151	9,436
Current interest-bearing liabilities	242	324	724
Trade payables	5,037	4,564	4,599
Provisions	12	14	19
Other current liabilities	951	878	807
Total current liabilities	6,241	5,780	6,148
TOTAL EQUITY AND LIABILITIES	24,523	25,006	23,674

Condensed Cash Flow Statement

	2017	2016	2017	2016	Rolling	Full year
SEK millions	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	12 months	2016
Profit after financial items	421	263	1,259	519	1,319	579
Adjustments for non-cash items	171	197	437	638	799	1,001
Tax paid	-65	-80	-274	-164	-355	-245
Cash flow from operating activities before changes in working capital	528	380	1,422	993	1,764	1,335
Change in inventories	-398	-166	-456	-223	-398	-165
Change in operating receivables	-503	-201	-1,101	-1,020	-635	-554
Change in operating liabilities	198	30	519	524	626	630
Cash flow from changes in working capital	-704	-337	-1,038	-719	-408	-89
Cash flow from operating activities	-177	44	384	274	1,356	1,246
Cash flow from acquisition of assets, liabilities and operations	-1	-402	-112	-417	-146	-451
Other cash flow from investing activities	-66	-28	-210	-33	-256	-79
Cash flow from investing activities	-66	-429	-322	-449	-403	-530
Cash flow before financing activities	-243	-385	62	-176	953	716
Dividend paid	-	-	-153	-	-153	-
Cash flow from financing activities	-101	-	-659	-555	-1,975	-1,871
CASH FLOW FOR THE PERIOD	-344	-385	-597	-730	-1,022	-1,155
Cash and cash equivalents at beginning of period	957	2,017	1,209	2,360	1,634	2,360
Exchange differences	0	2	1	4	1	4
Cash and cash equivalents at end of period	612	1,634	612	1,634	612	1,209

Sweden

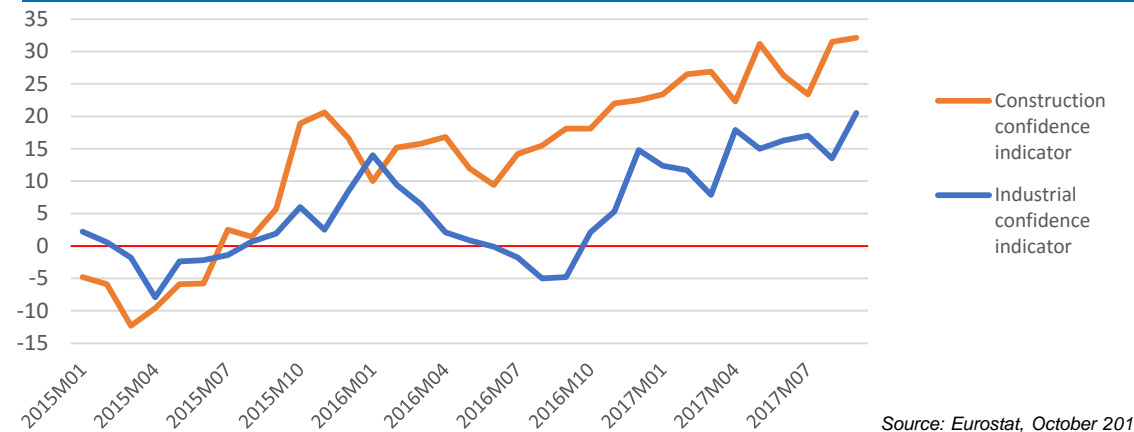
Market development 2017

- Market outlook remains positive with expected real GDP growth at 3,0% in 2017
- Confidence indicators at high levels
 - Industry confidence sharp lift last 12 months
 - Construction confidence on a high level
- Structural drivers remain strong
 - Urbanisation
 - Population and employment growth
 - Shortage of housing and low interest rates

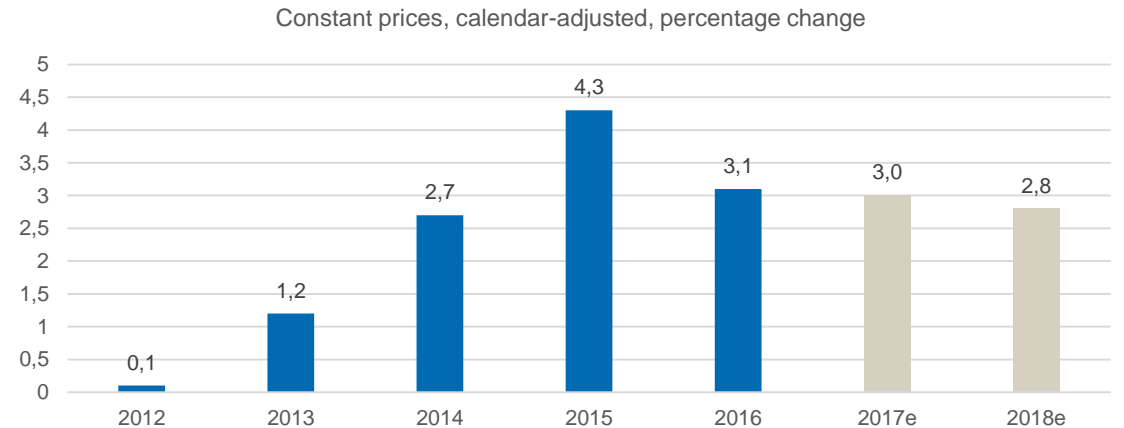
Management priorities 2017

- Expanding business organically and through M&A
- Improve customer interface and multi channel offer
- Increase cross selling and cost efficiency

Strong confidence in Construction and Industry



GDP growth Sweden



Norway

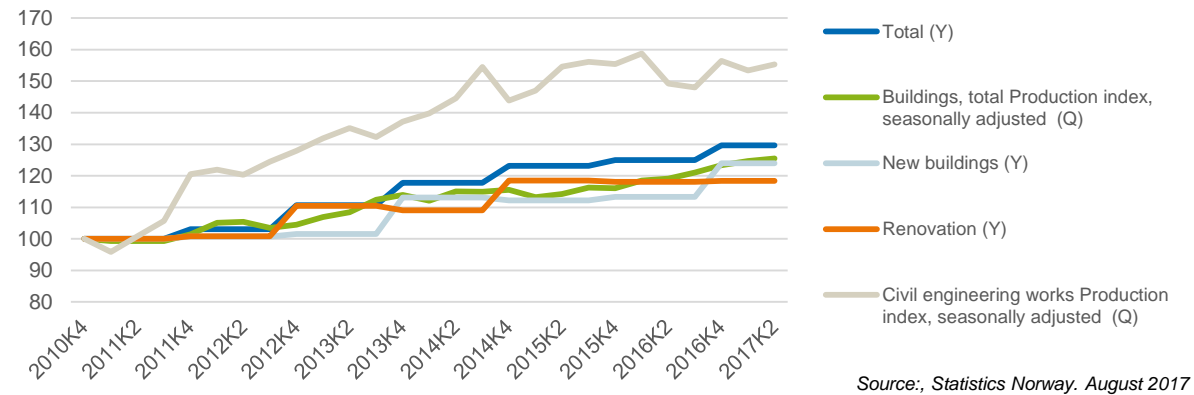
Market development 2017

- Market outlook remains positive with expected real GDP growth at 1.9% in 2017
- Construction growth driven by new buildings and infrastructure projects
- Structural drivers that benefit Ahlsell
 - Population growth with increased urbanisation, primarily in the Oslo region
 - Low interest and unemployment rates

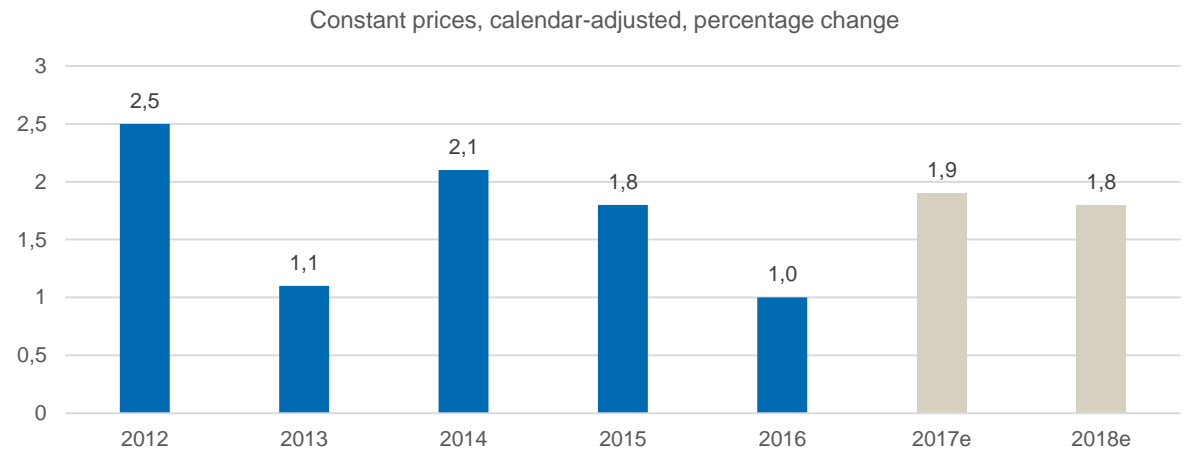
Management priorities 2017

- Continued roll-out of broader offer
- Improved branch network
- Initiatives in facility management, aqua culture and PPE
- M&A

Construction production index at high levels



GDP growth Norway



Finland

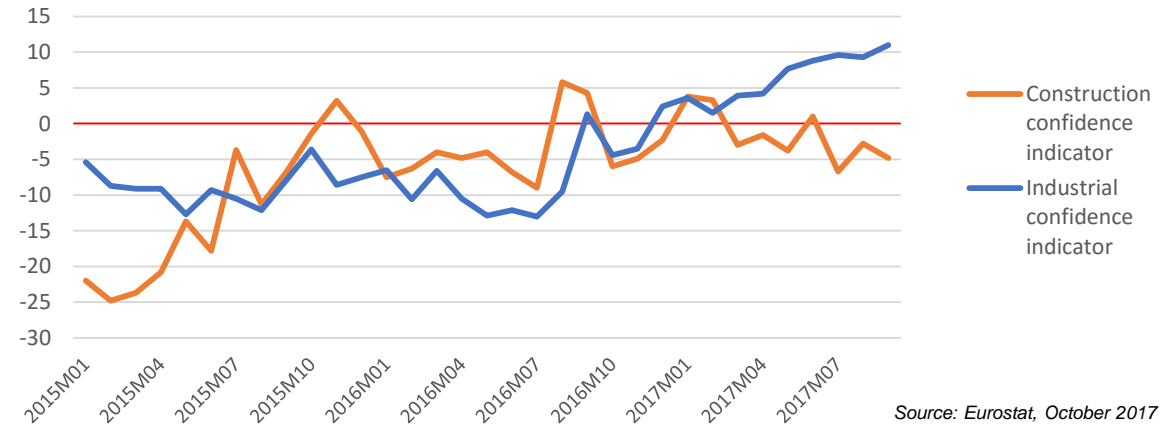
Market development 2017

- Market outlook improved with expected real GDP growth at 2,6% in 2017
- Mixed confidence in Finnish economy
 - Industry confidence remain positive
 - Construction confidence negative
- Structural drivers still beneficial for Ahlsell
 - Urbanisation leads to construction of new housing
 - Under-invested building market

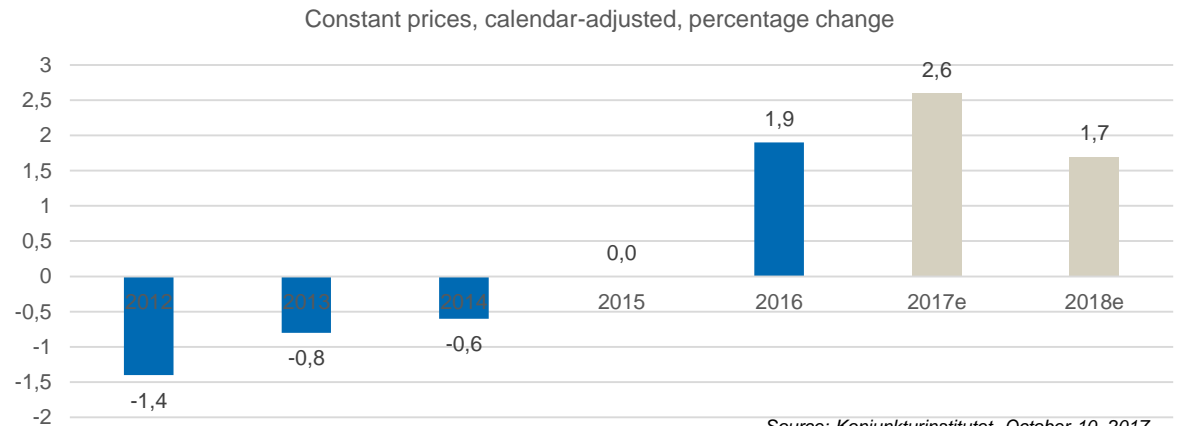
Management priorities 2017

- Focus on regaining market share in HVAC & Plumbing, and building position in 2nd product segment
- Initiatives in facility management and construction
- New organizational set up
- M&A

Mixed trend within construction and industrial



GDP growth Finland



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.