



AhlSell

Makes it easier to be professional

Q4 2018 report presentation
January 24, 2019

Q4: Strong growth and intensified focus on increased profitability

Sales

Sales up by 13%
to 8 616 MSEK

- Successful growth initiatives
- High market activity
- Positive effect from acquisitions

Strong organic
growth at 8%



Adj. EBITA

Adj. EBITA
705 MSEK

- Gross margin mix negative
- Increased costs due to high activity
- Cost-savings showing effect in Sweden
- Fewer trading days affecting EBITA with MSEK -34
- Items affecting comparability of MSEK -37

Adj. EBITA margin
8,2% (9,3)

The Board proposes a dividend of SEK 1.84 (1.65) per share for 2018, corresponding to a payout ratio of 50%

Q4: Strong sales growth

Sales growth / organic
+13% / +8%

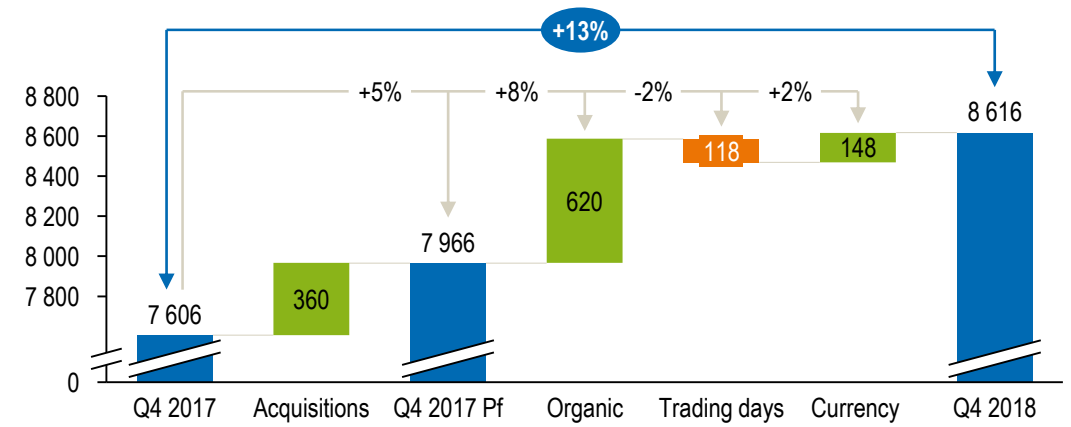
Sweden
+9% / +7%

Norway
+26% / +9%

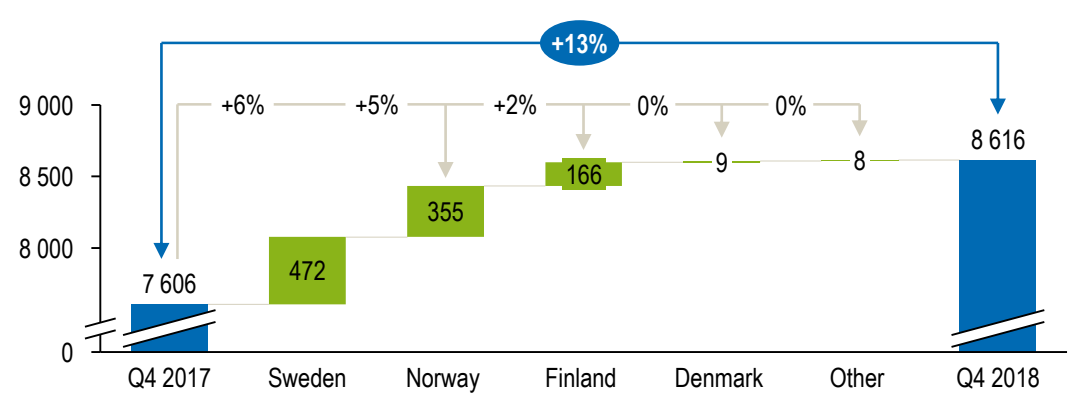
Finland
+20% / +10%

- Favourable market conditions
 - Construction still strong despite declining number of housing starts
 - Increased growth rate in renovation
 - Strong infrastructure and industry
- Growth positively affected by acquisitions and currency

Sales bridge – Growth in MSEK and %



Sales bridge per market segment – Growth in MSEK and %



Q4: Sales initiatives and increased costs affect the margin

Adj. EBITA margin
8.2% (9.3)

Sweden
12.0% (12.7)

Norway
1.6% (3.4)

Finland
2.8% (4.4)

Gross margin at 25.9% (27.1)

- Organic growth with lower margin

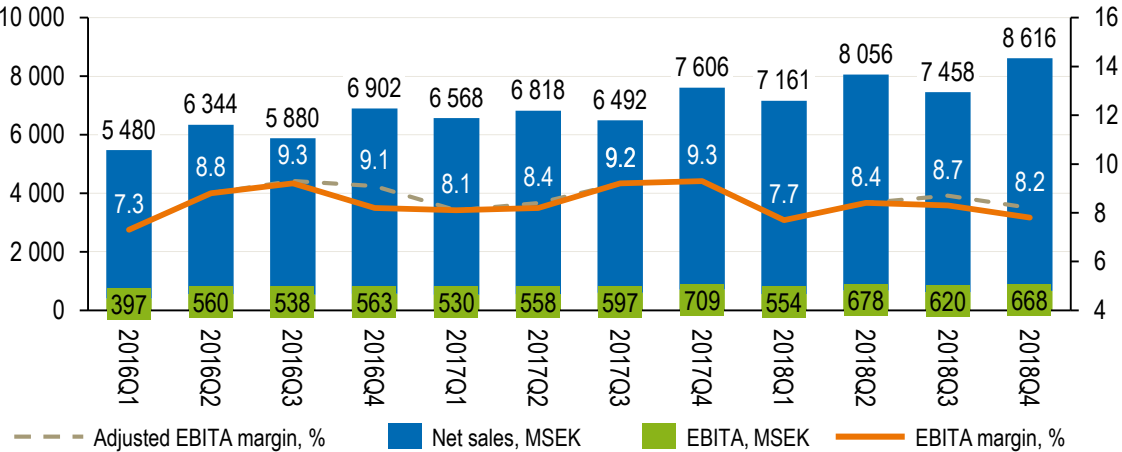
EBITA impacted by restructuring costs of MSEK 37 (Norway)

Adj. EBITA margin weaker

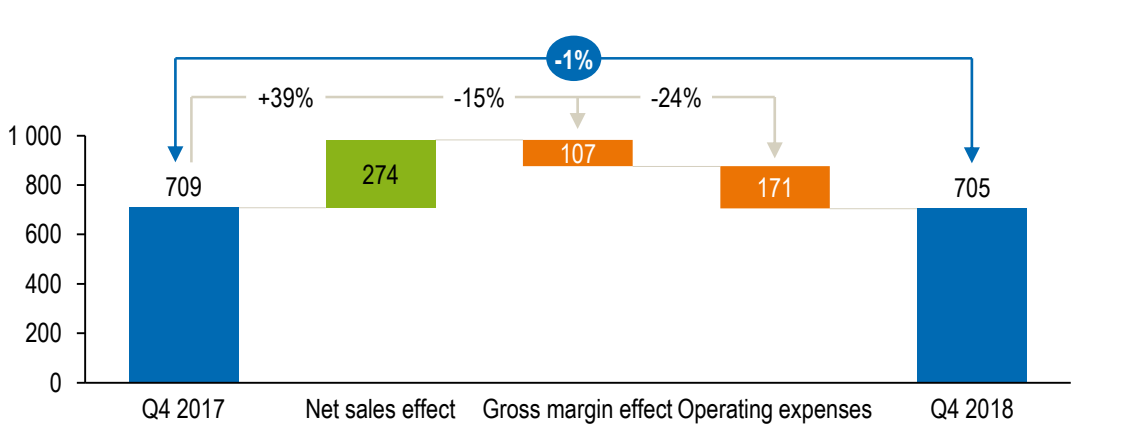
- Fewer trading days affecting EBITA with MSEK -34
- Increased costs due to high activity

Cost-saving measures further intensified. Positive effect already achieved in Sweden.

Sales, EBITA and Adj. EBITA margin



Adj. EBITA bridge – Growth in MSEK and %



2018: Strong organic growth and several acquisitions

Total sales growth / organic
+14% / 7%

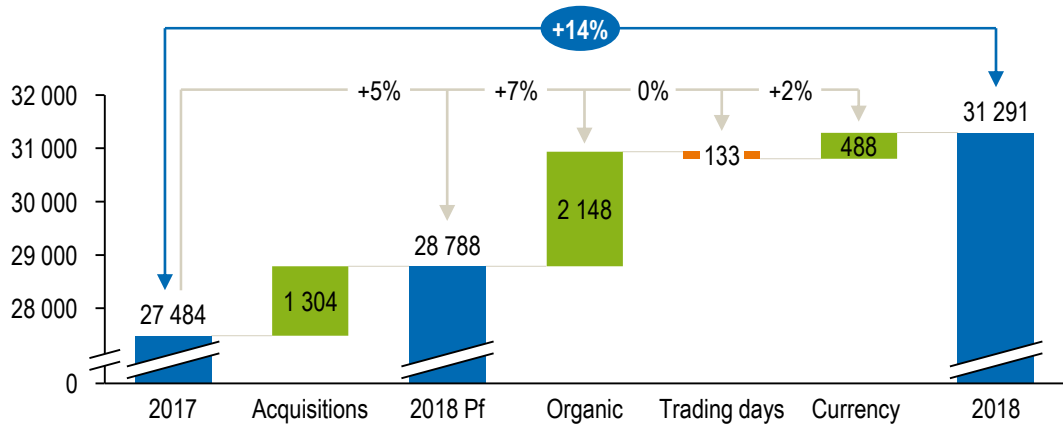
Sweden
+12% / 8%

Norway
+19% / 7%

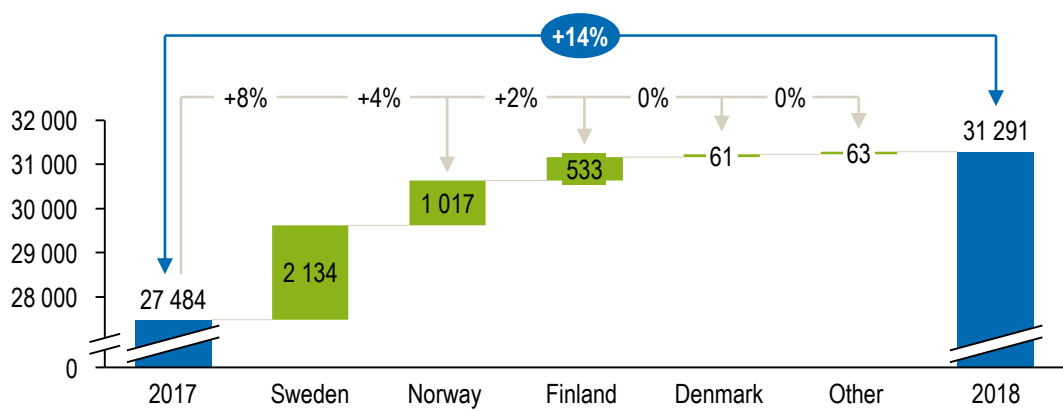
Finland
+17% / 7%

- Strong organic sales growth
- Significant contribution from acquisitions
- Underlying market conditions still strong
 - Construction activity still high, despite declining number of housing starts
 - Growth rate in renovation increased in H2
 - Industry remained strong
 - Good development in infrastructure

Sales bridge – Growth in MSEK and %



Sales bridge per market segment – Growth in MSEK and %



2018: Adj. EBITA up by 8% driven by strong sales

Adj. EBITA margin
8.3% (8.8)

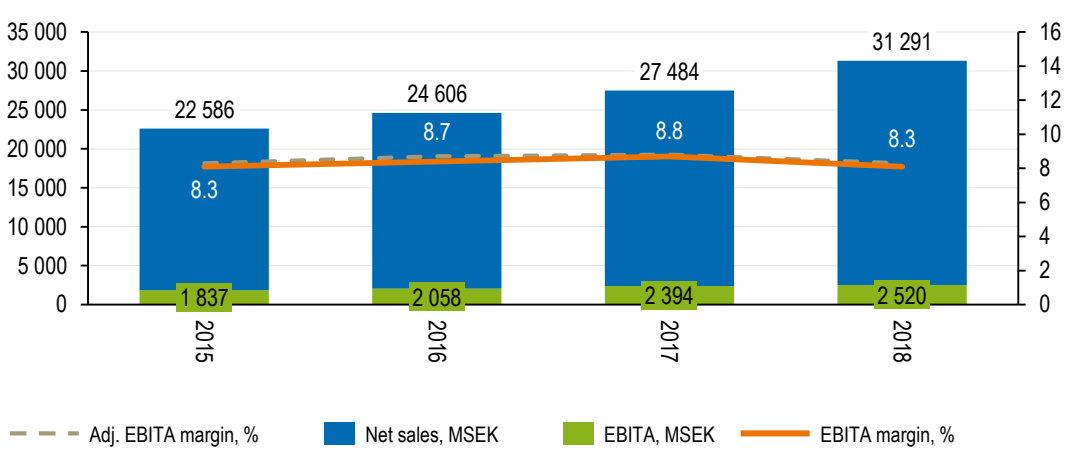
Sweden
11.8% (12.2)

Norway
2.6% (3.3)

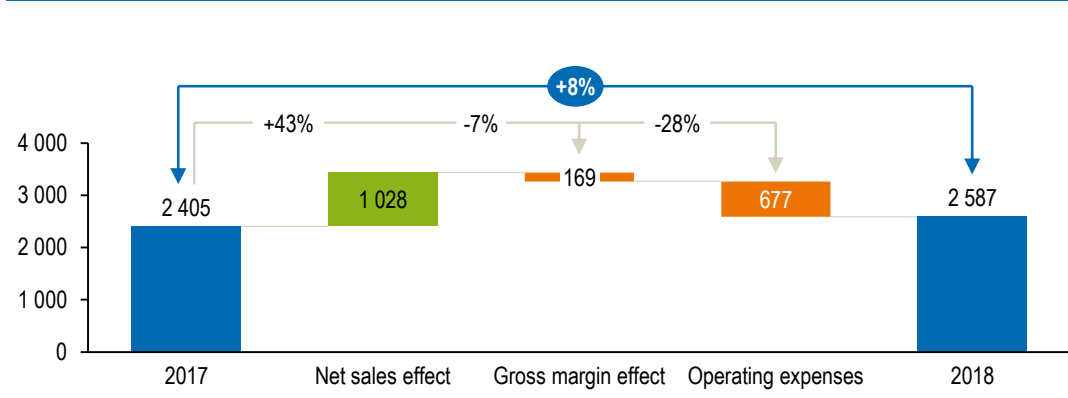
Finland
3.4% (4.0)

- Strong growth in customer and product segments with lower gross margin
- Profitability level for acquisitions in line with group
- Increased costs for handling high volumes in Norway
- Operating expenses in % of sales in line with last year

Sales, EBITA and Adj. EBITA margin



Adj. EBITA bridge – Growth in MSEK and %



2018: 9 acquisitions announced, of which 8 finalised

~Annual revenues



proffs
magasinet

HMK
YRKESKLÄDER

BYGG & INDUSTRI
PARTNER

Swedish
acquisitions 2018:
MSEK 306



BS
BEKKENSTRØM

SMV
GRUPPEN

BYGG & INDUSTRI
SALG

ØGLÆND
SYSTEM

Norwegian
acquisitions 2018:
MSEK 545



KAHIPA
Talotekniikan kannakkeita vuodesta 1987

PJC

Finnish
acquisitions 2018:
MSEK 35

(Another MSEK 75 in 2019)

Acquired revenues for Ahlsell Group 2018: **MSEK 886** *(Another MSEK 75 finalised in 2019)*



Sweden – Highlights Q4

Continued high market activity in all segments

- Growth 9%, of which 7% organic
- Remained strong demand in construction and industry
- Further strengthened positions

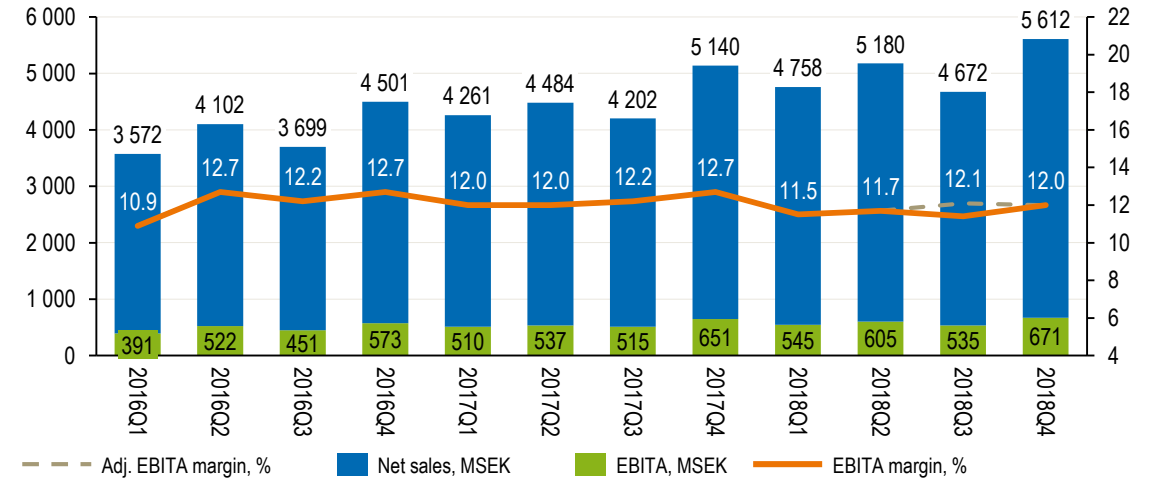
Adj. EBITA margin at 12.0% (12.7)

- Strong organic growth
- Diluting effect from acquisitions
- Gross margin somewhat weaker
- Costs as a proportion of sales lower than previous year

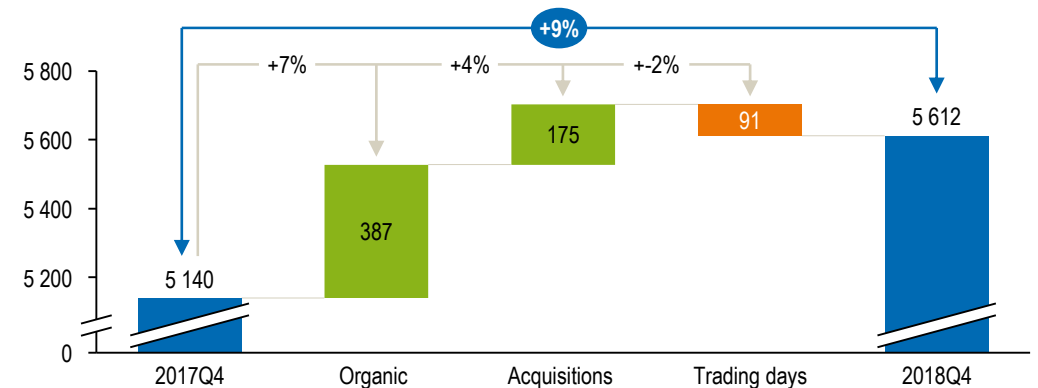
Further efficiency measures

- Initiated cost-savings gave effect by the end of Q4
- MSEK 90 in savings expected in 2019

Sales, EBITA and EBITA margin



Sales bridge – Growth in MSEK and %





Norway – Highlights Q4

Strong growth and strengthened market position

- Growth 26%, of which 9% organic
- High market activity
- Strong sales towards infrastructure, construction and industry
- Acquisitions and currency contributed positively
 - Sprinkler operations acquired from Øglænd System (MSEK 45)

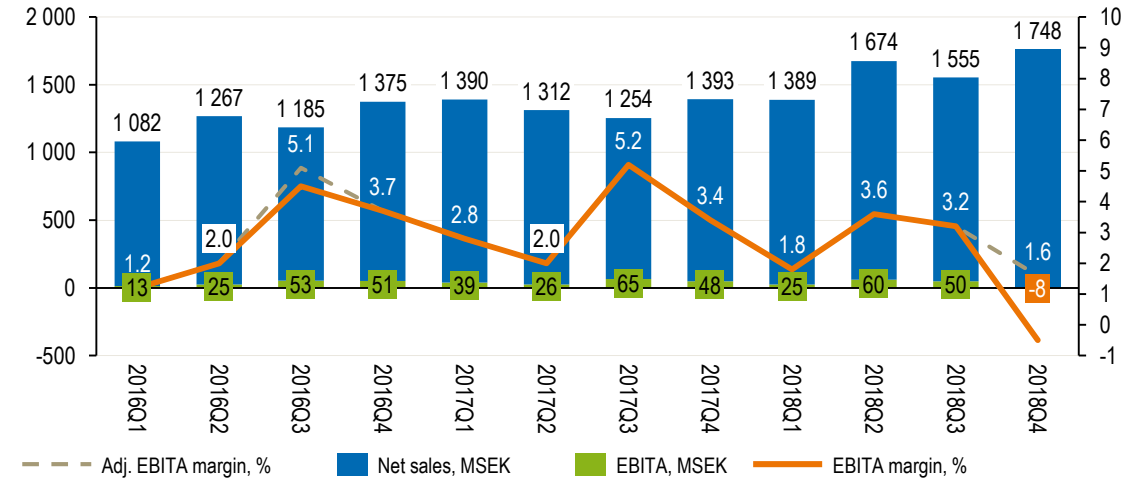
Adj. EBITA margin at 1.6% (3.4)

- Additional volumes with lower gross margin
- High activity level led to higher costs in logistics and transport

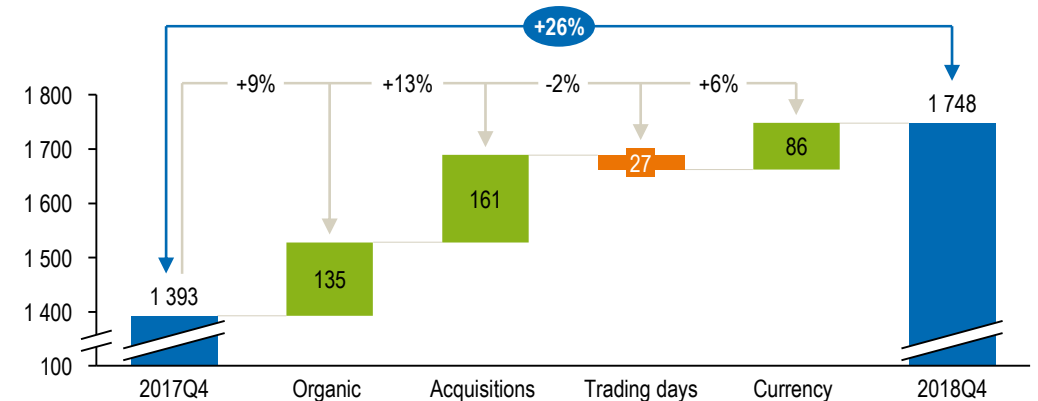
Cost-saving measures are intensified

- Intensifying our focus on improved sales mix and profitability
- Restructuring costs of MSEK 37 to reduce cost and improve efficiency
- Annual savings of MSEK 60 are expected in 2019

Sales, EBITA and EBITA margin



Sales bridge – Growth in MSEK and %





Finland – Highlights Q4

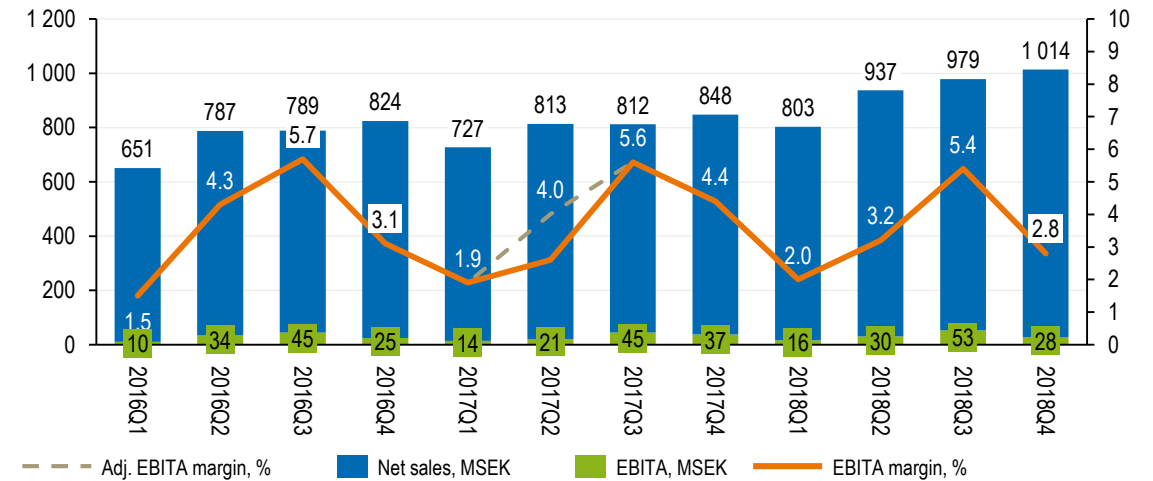
Strong growth at 20%

- 10% organic growth and strengthened positions
- All product segments developed well
- Strong sales development towards several customer segments
- PJ-Control Oy acquired with MSEK ~75 in annual sales

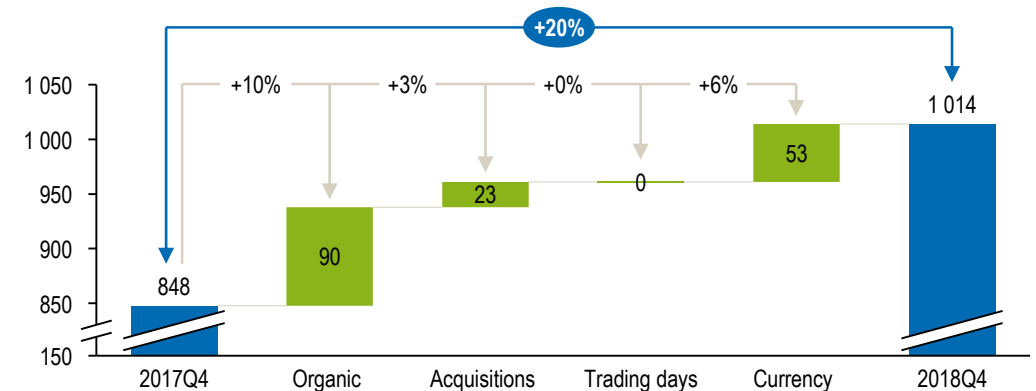
EBITA margin at 2,8% (4,4)

- Gross margin was somewhat lower
- Costs as a proportion of sales in line with previous year

Sales, EBITA and EBITA margin



Sales bridge – Growth in MSEK and %

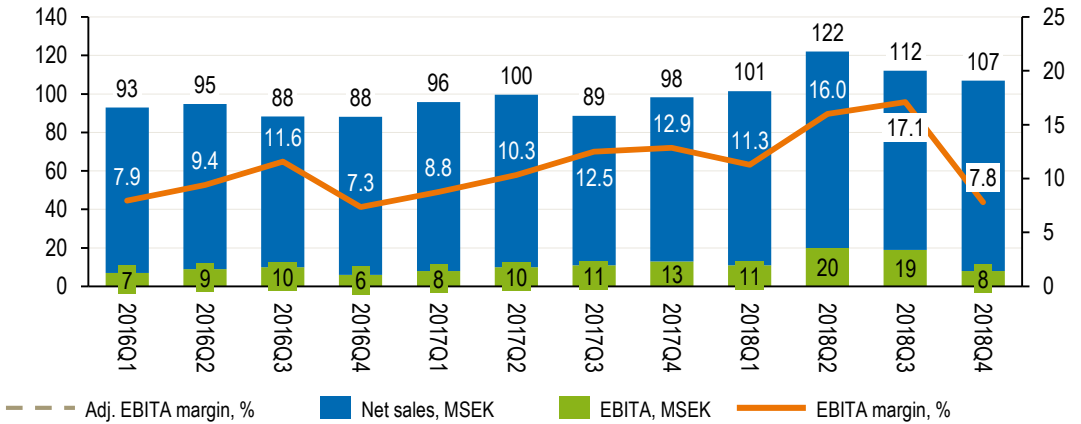


Denmark and Other - Highlights Q4

Denmark

- Sales up 9%, of which 6% organic
- Organic growth in both refrigeration and DIY, however growth rate for refrigeration has declined somewhat y-oy as a result of reduced refrigerant prices
- EBITA margin at 7.8% (12.9), weakened by reduced refrigerant margins

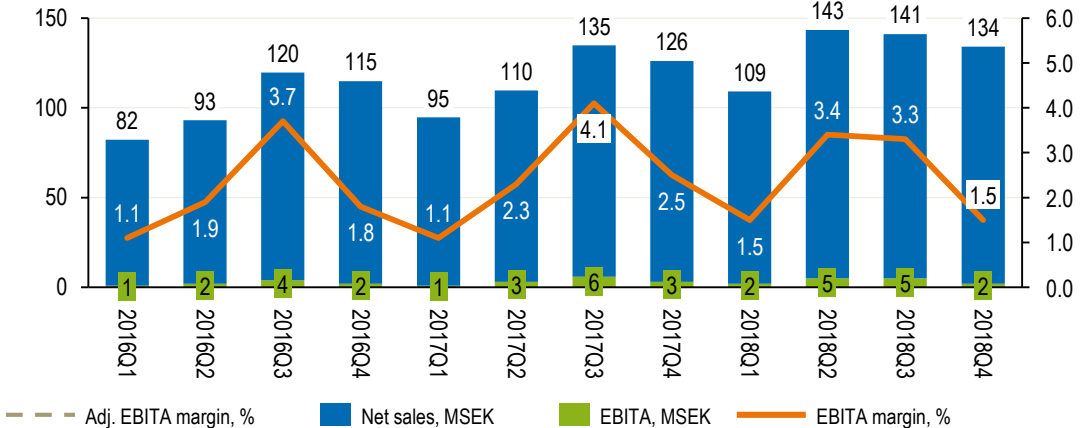
Sales, EBITA and EBITA margin



Other

- Total sales growth of 7%, of which organic 2%
- Organic growth in both the Polish and Estonian operations
- EBITA margin at 1.5% (2.5)

Sales, EBITA and EBITA margin





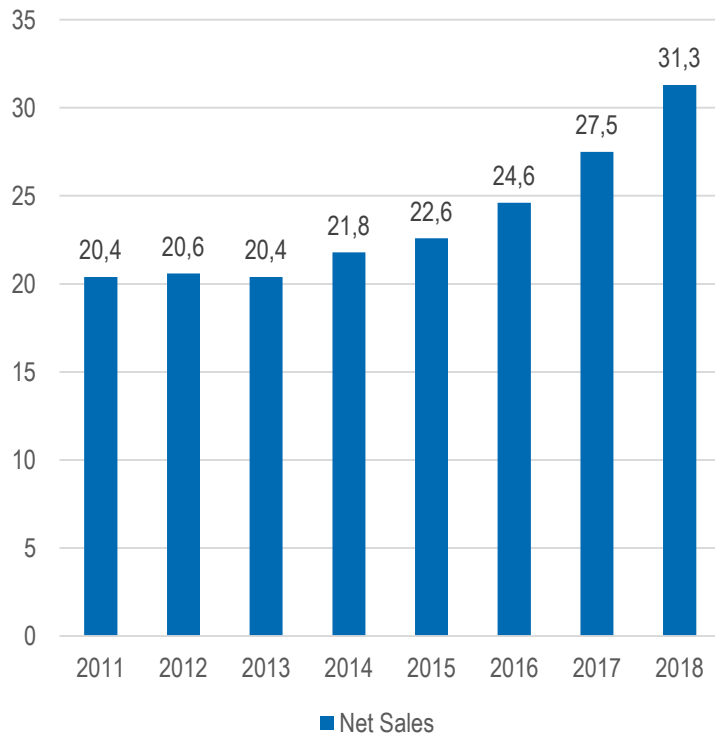
Financials

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Sales, profitability and cash conversion

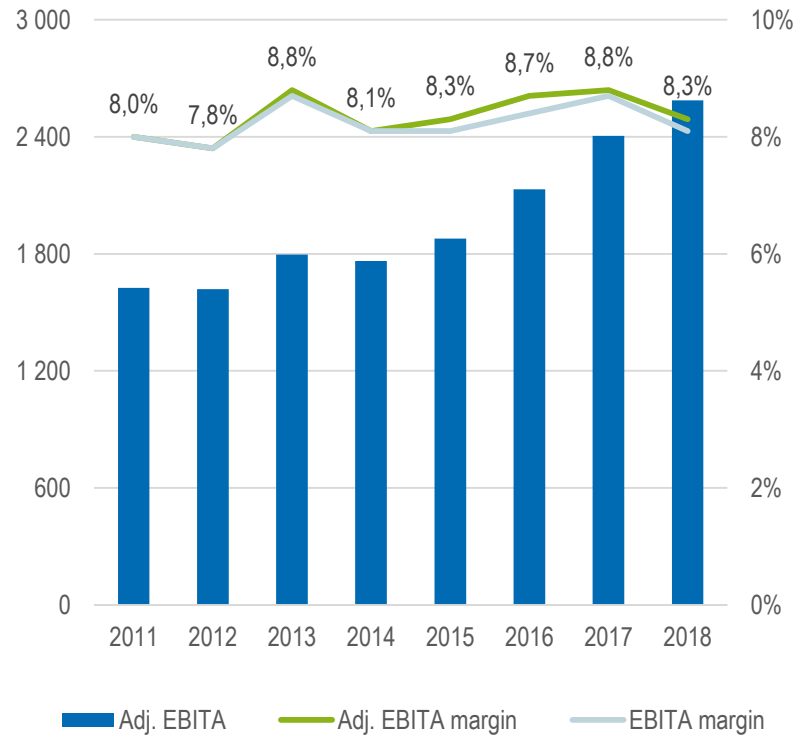
Net sales

2011 – 2018 (SEKbn)



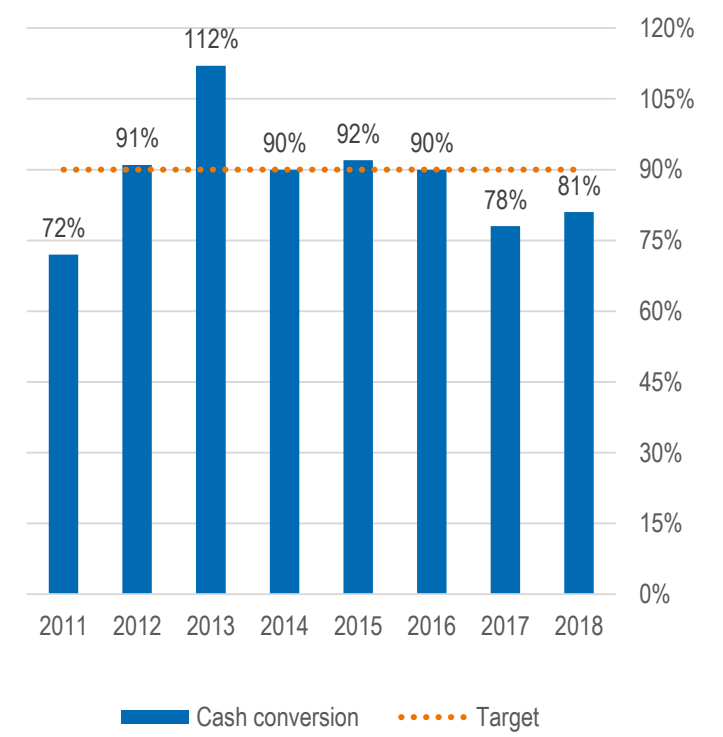
Profitability

2011 – 2018 (SEKbn)



Cash conversion

2011 – 2018
(Operating cash flow / EBITDA)



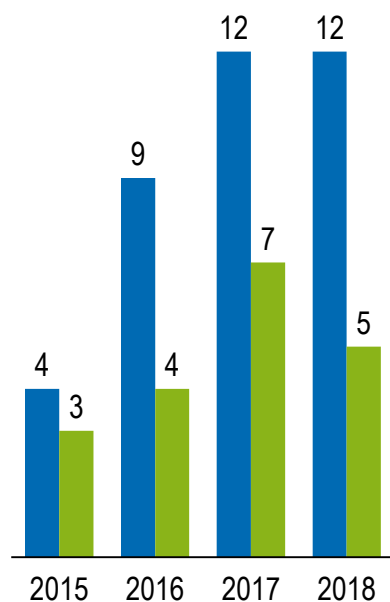
Other performance measures



| | 2018 Jan-Dec | 2017 Jan-Dec |
|--|-----------------|-----------------|
| Leverage | | |
| <i>External net debt/Adjusted EBITDA</i> | 2.4 | 2.6 |
| Equity/Assets ratio, % | 38 | 36 |
| Investments, % of sales | 0.9 | 0.8 |
| Average working capital, % of sales | 10.0 | 8.8 |
| Return on operating capital, % <i>excluding intangible fixed assets</i> | 63 | 73 |
| Return on equity, % | 17 | 17 |
| Return on working capital % | 81 | 99 |
| Basic earnings per share, SEK | 3.68 | 3.28 |
| Dividend | 1,84* | 1.65 |

Financial targets and outcome

Total sales growth*
+2-3% above market



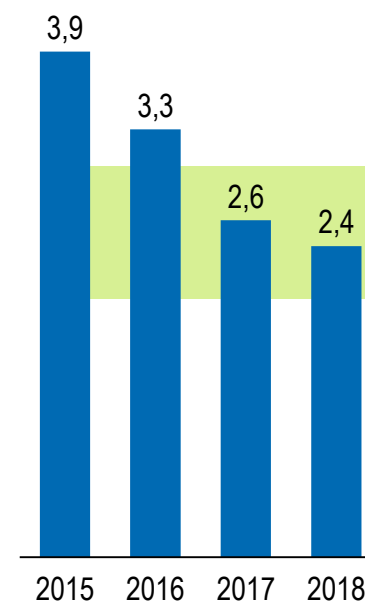
Adj. EBITA margin
Continuous increase



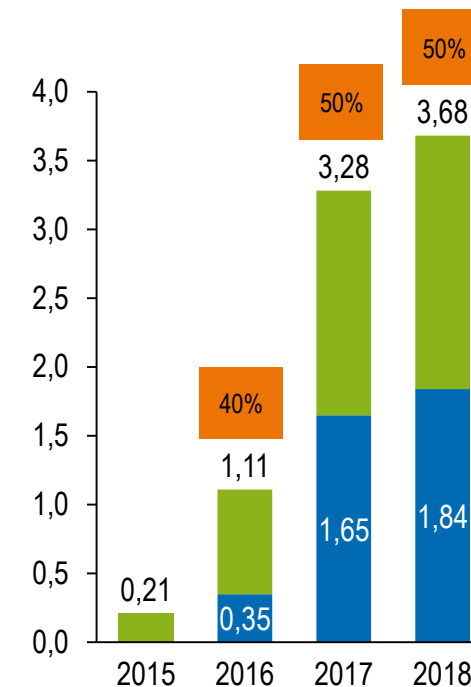
Cash conversion rate**
Above 90% over time



Leverage***
2-3x



Pay out ratio
40-60% of net profit



Ahlsell sales growth, %
Market growth, %

Adj. EBITA margin, %
EBITA margin, %

Cash conversion rate, RTM, %
Target, %

Net debt ratio, RTM
Target

DPS, SEK
EPS, SEK, RTM
Pay out ratio, %

Near term outlook



“

Overall, I expect good demand and continuing growth for 2019, albeit at a somewhat lower level than in recent years

Q&A





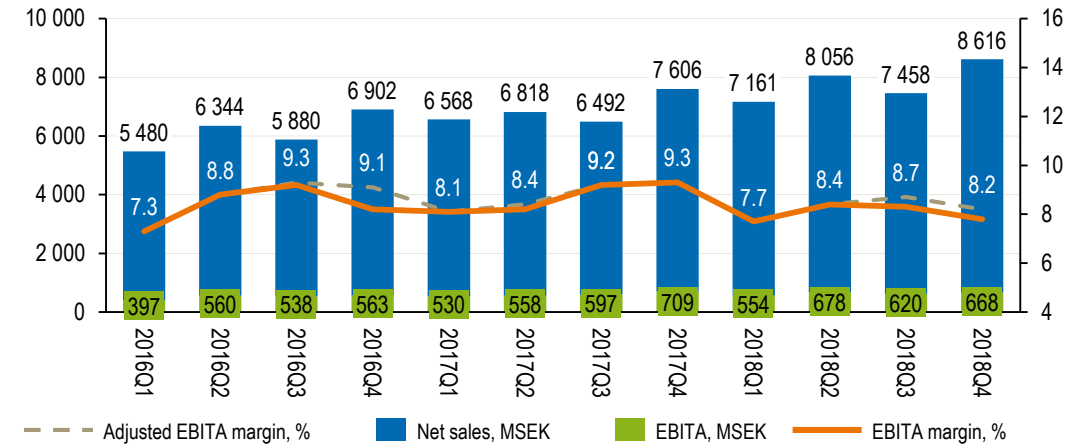
Appendix

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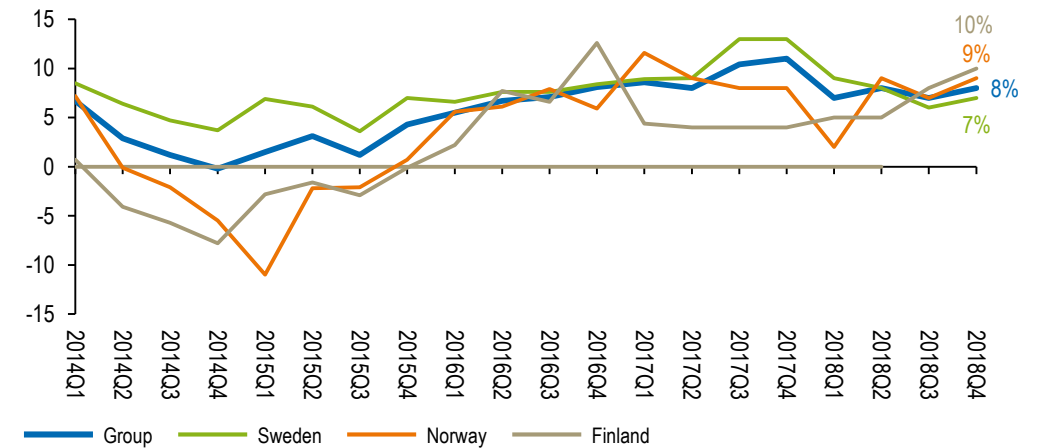
Q4 overview

| | 2018 | | | 2017 | | |
|--|---------|---------|--------|---------|---------|--------|
| | Oct-Dec | Oct-Dec | change | Jan-Dec | Jan-Dec | change |
| Net sales, MSEK | 8,616 | 7,606 | 13% | 31,291 | 27,484 | 14% |
| Organic growth, % | 8% | 11% | | 7% | 9% | |
| Operating profit, EBIT | 571 | 620 | -8% | 2,138 | 2,043 | 5% |
| Profit (EBITA), MSEK | 668 | 709 | -6% | 2,520 | 2,394 | 5% |
| Adjusted EBITA, MSEK | 705 | 709 | -1% | 2,587 | 2,405 | 8% |
| EBITA margin, % | 7.8% | 9.3% | | 8.1% | 8.7% | |
| Adjusted EBITA margin, % | 8.2% | 9.3% | | 8.3% | 8.8% | |
| Profit after tax (profit for the period), MSEK | 383 | 462 | -17% | 1,582 | 1,428 | 11% |
| Basic earnings per share, SEK | 0.89 | 1.07 | | 3.68 | 3.28 | |
| Diluted earnings per share, SEK | 0.89 | 1.07 | | 3.68 | 3.28 | |
| Operating cash flow | 1,476 | 1,385 | 7% | 2,201 | 1,991 | 11% |
| Operating cash flow/EBITDA (Cash conversion) | | | | 81% | 78% | |
| External net debt/Adjusted EBITDA | | | | 2.4 | 2.6 | |

Sales, EBITA and Adj. EBITA margin



Organic growth, %



Condensed Income Statement

| | 2018 | 2017 | 2018 | 2017 |
|-------------------------------------|--------------|--------------|--------------|--------------|
| MSEK | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Net sales | 8,616 | 7,606 | 31,291 | 27,484 |
| Cost of goods sold | -6,386 | -5,543 | -23,010 | -20,062 |
| Gross profit | 2,230 | 2,063 | 8,281 | 7,423 |
| Selling expenses | -1,533 | -1,344 | -5,688 | -4,962 |
| Administration expenses | -144 | -112 | -522 | -455 |
| Other operating income and expenses | 18 | 12 | 67 | 38 |
| Operating profit, EBIT | 571 | 620 | 2,138 | 2,043 |
| Net financial items | -48 | -45 | -184 | -209 |
| Profit before tax | 523 | 575 | 1,954 | 1,834 |
| Income tax | -140 | -113 | -372 | -406 |
| Profit/loss for the period | 383 | 462 | 1,582 | 1,428 |
| Attributable to | | | | |
| owners of the parent company | 383 | 462 | 1,582 | 1,428 |
| Non-controlling interests | – | – | – | – |
| Basic earnings per share, SEK | 0.89 | 1.07 | 3.68 | 3.28 |
| Diluted earnings per share, SEK | 0.89 | 1.07 | 3.68 | 3.28 |

Condensed Balance Sheet

| MSEK | 2018 31 Dec | 2017 31 Dec |
|---------------------------------|----------------|----------------|
| ASSETS | | |
| Customer relationships | 2,782 | 2,929 |
| Trademark | 3,837 | 3,837 |
| Goodwill | 7,767 | 7,206 |
| Other intangible assets | 160 | 136 |
| Property, plant and equipment | 936 | 853 |
| Financial assets | 70 | 10 |
| Deferred tax assets | 10 | 8 |
| Total non-current assets | 15,564 | 14,980 |
| Inventories | 4,132 | 3,888 |
| Trade receivables | 3,720 | 3,491 |
| Other receivables | 1,321 | 1,220 |
| Cash and cash equivalents | 1,248 | 1,295 |
| Total current assets | 10,422 | 9,894 |
| TOTAL ASSETS | 25,986 | 24,874 |

| MSEK | 2018 31 Dec | 2017 31 Dec |
|--|----------------|----------------|
| EQUITY AND LIABILITIES | | |
| Equity | 9,976 | 9,004 |
| Non-current interest-bearing liabilities | 6,380 | 7,934 |
| Provisions | 65 | 55 |
| Deferred tax liabilities | 1,515 | 1,494 |
| Other non-current liabilities | 21 | 29 |
| Total non-current liabilities | 7,982 | 9,512 |
| Current interest-bearing liabilities | 1,583 | 51 |
| Trade payables | 5,298 | 5,218 |
| Provisions | 53 | 10 |
| Other current liabilities | 1,094 | 1,079 |
| Total current liabilities | 8,028 | 6,358 |
| TOTAL EQUITY AND LIABILITIES | 25,986 | 24,874 |

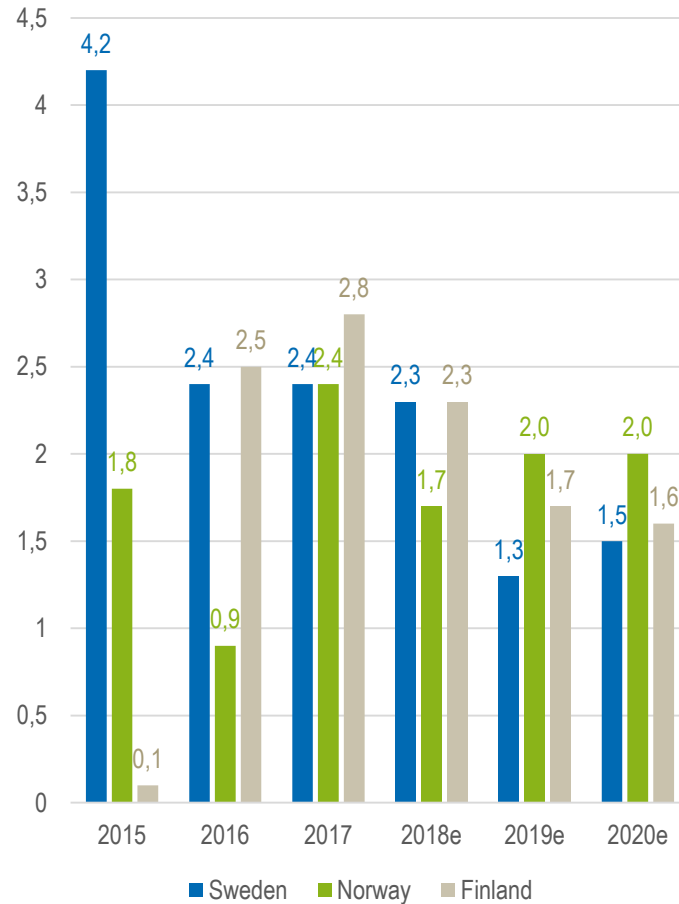
Condensed Cash Flow Statement

| MSEK | 2018 Oct-Dec | 2017 Oct-Dec | 2018 Jan-Dec | 2017 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|
| Profit after financial items | 523 | 575 | 1,954 | 1,834 |
| Adjustments for non-cash items | 170 | 126 | 596 | 563 |
| Tax paid | -69 | 71 | -393 | -203 |
| Cash flow from operating activities before changes in working capital | 625 | 772 | 2,157 | 2,193 |
| Change in inventories | 190 | -33 | 1 | -489 |
| Change in operating receivables | 979 | 554 | -180 | -547 |
| Change in operating liabilities | -339 | 184 | -79 | 703 |
| Cash flow from changes in working capital | 830 | 705 | -257 | -333 |
| Cash flow from operating activities | 1,454 | 1,477 | 1,899 | 1,861 |
| Cash flow from acquisition of assets, liabilities and operations | -10 | -234 | -763 | -346 |
| Other cash flow from investing activities | -95 | 15 | -288 | -195 |
| Cash flow from investing activities | -105 | -218 | -1,051 | -541 |
| Cash flow before financing activities | 1,349 | 1,258 | 848 | 1,320 |
| Dividend paid | - | - | -708 | -153 |
| Issued warrants | - | - | 1 | - |
| Repurchase of shares | - | -369 | - | -369 |
| Proceeds from borrowings | - | - | 1,625 | 999 |
| Repayment of borrowings | -1,224 | -206 | -1,815 | -1,712 |
| Cash flow from financing activities | -1,224 | -575 | -897 | -1,235 |
| CASH FLOW FOR THE PERIOD | 125 | 683 | -49 | 86 |
| Cash and cash equivalents at beginning of period | 1,126 | 613 | 1,295 | 1,209 |

Market development

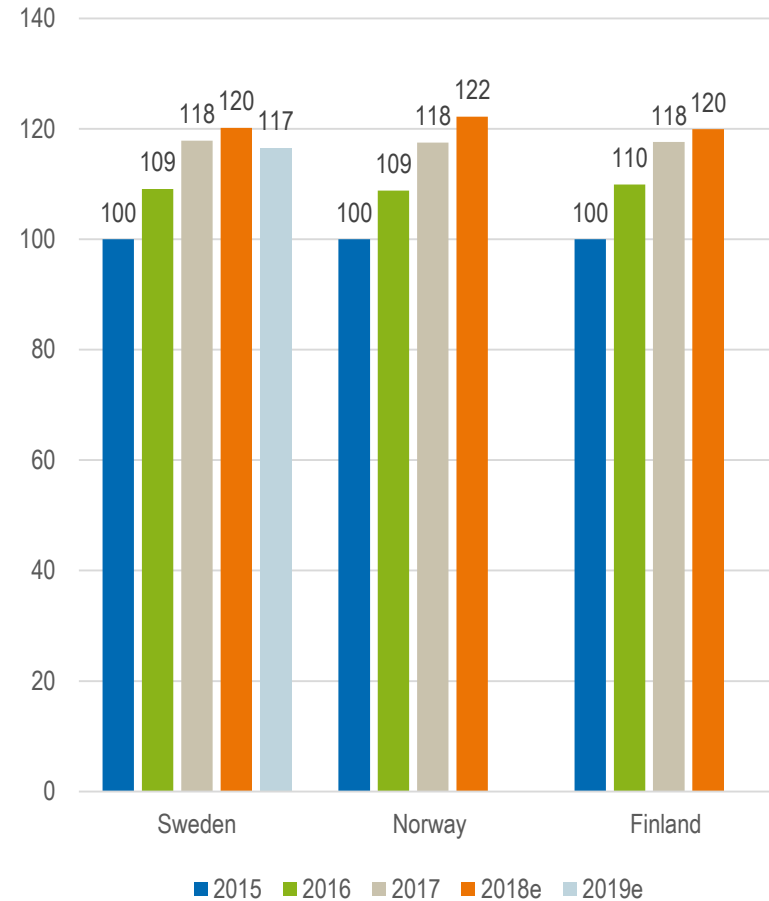
GDP growth

Per country, fixed prices, calendar-adjusted



Total construction investments

Infrastructure, residential and commercial, index 2015=100



PMI & Confidence levels

Q4, end December, seasonally adjusted



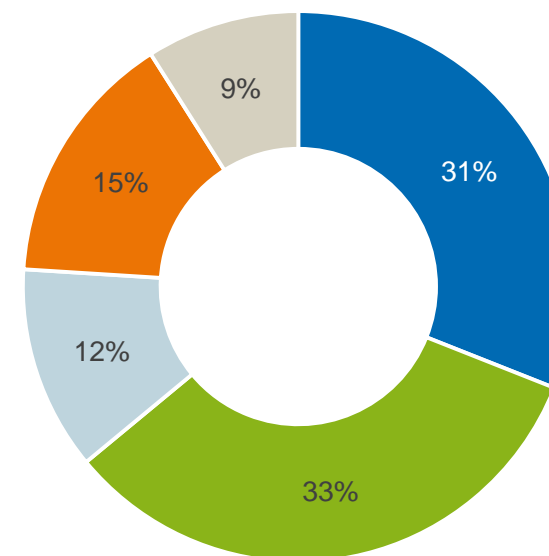
Top 30 shareholders

2018-12-31 sorted by Euroclear's official share register

| | Investor Name | Position | % |
|----|--|-------------|-------|
| 1 | KERAVEL S.A.R.L | 109 578 323 | 25,1% |
| 2 | SEB Investment Management | 21 700 745 | 5,0% |
| 3 | CBNY Norges Bank | 21 004 907 | 4,8% |
| 4 | JPM Chase NA | 18 763 806 | 4,3% |
| 5 | AMF - Försäkring och Fonder | 15 563 072 | 3,6% |
| 6 | STATE STREET BANK AND TRUST CO, W9 | 13 701 429 | 3,1% |
| 7 | ALECTA PENSIONSFORSAKRING, OMSESIDIGT | 12 260 000 | 2,8% |
| 8 | JP MORGAN BANK LUXEMBOURG S.A. | 11 401 219 | 2,6% |
| 9 | Handelsbanken Fonder | 10 439 000 | 2,4% |
| 10 | CBLUX-THREADNEEDLE (LUX) | 9 950 730 | 2,3% |
| 11 | BNY MELLON SA/NV (FORMER BNY), W8IMY | 8 523 881 | 2,0% |
| 12 | RBC INVESTOR SERVICES BANK S.A., W8IMY (W.P.R) | 8 217 272 | 1,9% |
| 13 | Tredje AP-fonden | 7 716 762 | 1,8% |
| | AHLSELL AB | 7 000 000 | 1,6% |
| 14 | MORGAN STANLEY AND CO LLC, W9 | 6 038 080 | 1,4% |
| 15 | CBLDN-400 SERIES FUNDS-CLIENT AC | 5 405 892 | 1,2% |
| 16 | Swedbank Robur fonder | 5 087 654 | 1,2% |
| 17 | KIRKBI INVEST A/S | 5 083 797 | 1,2% |
| 18 | EUROCLEAR BANK S.A/N.V, W8-IMY | 4 974 222 | 1,1% |
| 19 | Lannebo fonder | 4 970 500 | 1,1% |
| 20 | JP Morgan Bank Luxembourg | 4 072 922 | 0,9% |
| 21 | Folksam | 3 981 319 | 0,9% |
| 22 | Länsförsäkringar fondförvaltning AB | 3 878 491 | 0,9% |
| 23 | JP MORGAN SCEURITIES LLC | 3 831 169 | 0,9% |
| 24 | Andra AP-fonden | 3 820 102 | 0,9% |
| 25 | JPMORGAN CHASE N.A | 3 750 000 | 0,9% |
| 26 | BNY MELLON SA/NV (FORMER BNY), W8IMY | 3 408 289 | 0,8% |
| 27 | Credit Suisse securities USA | 3 331 717 | 0,8% |
| 28 | SKANDINAVISKA ENSKILDA BANKEN S.A. | 3 289 745 | 0,8% |
| 29 | PROFUN FÖRVALTNINGS AB | 2 800 000 | 0,6% |
| 30 | SKARVHAGEN FÖRVALTNINGS AB | 2 700 000 | 0,6% |
| | Other | 90 057 142 | 20,6% |

% of capital

■ Sweden ■ Luxembourg ■ UK ■ US ■ Other



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 | 60 | 65 | 62 |

| H1 | H2 | FY |
|-----|-----|-----|
| 123 | 127 | 250 |
| 122 | 127 | 249 |
| 124 | 127 | 251 |
| 122 | 127 | 249 |

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

| H1 | H2 | FY |
|-----|-----|-----|
| 122 | 128 | 250 |
| 121 | 128 | 249 |
| 123 | 128 | 251 |
| 121 | 128 | 249 |

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 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 SME customers |
| 28/12/2017 | Nordic Sprinkler AB, Enexia AB, Prepiped 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 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 | HVAC & Plumbing | 35 | 8 | Gain specialist competence within HVAC brackets in Southern parts of Finland |
| 03/09/2018 | Bygg & Industrisalg AS | Norway | Tools & Supplies | 45 | 13 | Strengthens the PPE presence in the region around Stavanger |
| 01/11/2018 | Øglænd System | Norway | Tools & Supplies | 45 | 8 | Gain competence and relevance in sprinkler systems in Norway |
| 03/12/2018 | <i>DIVESTMENT: Ahlsell Maskin AB</i> | Sweden | Tools & Supplies | -80 | -26 | <i>The company became a part of Ahlsell through the acquisition of Tibnor Industrivaruhus in 2001 and is not considered to be an Ahlsell core business</i> |
| 03/01/2019 | PJ Control | Finland | Electrical | 75 | 5 | Strengthens Ahlsell's position in electrical components within industrial automation |

2017:
777 MSEK
acquired

2018:
886 MSEK
acquired
80 MSEK
divested

2019 YTD:
75 MSEK
acquired

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 Barclays 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.