



***ahlsell***

**Makes it easier to be professional**

28 April, 2017

## First quarter in brief

Good growth across all  
main markets

Strong EBITA growth

One acquisition completed and  
another two signed



# Q1: Net sales up 20 percent in strong market

## Highlights

- Total sales growth of 20%, of which organic growth was 9 pp
- Positive effect from trading days and no Easter
- EBITA increase of 33%

## Events

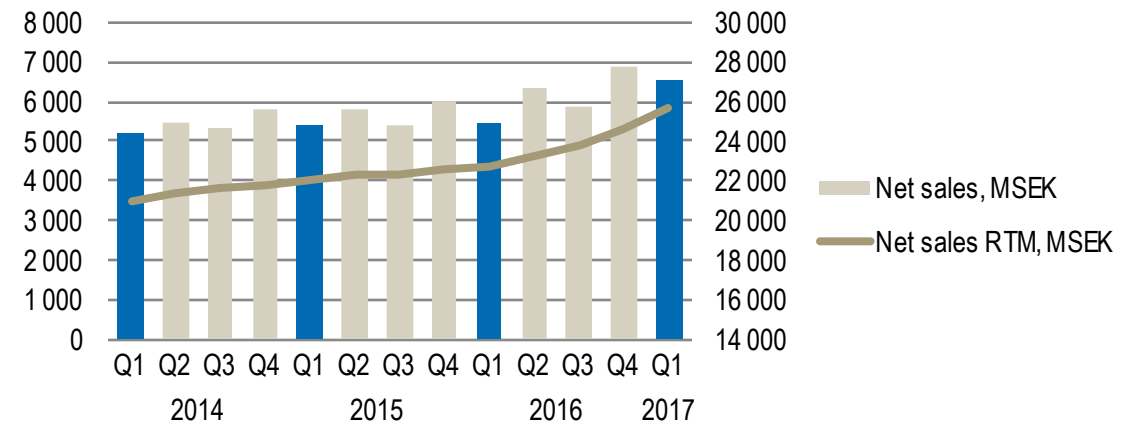
- Acquisition with annual sales of approximately 120 MSEK, and another two signed with sales totaling approximately 105 MSEK

## Cash flow and financial position

- Cash conversion 100%, RTM
- Net debt/adj. EBITDA 3.0x

	Q1-2017	Q1-2016	Change	RTM	FY-2016
Net sales, SEK Million	6 568	5 480	20%	25 694	24 606
Organic growth	9%	6%			7%
Adjusted EBITA, MSEK	530	397	33%	2 263	2 131
Adjusted EBITA Margin, %	8,1%	7,3%		8,8%	8,7%
Operating cash flow / EBITDA (Cash conversion)				100%	90%
External net debt / Adjusted EBITDA				3,0	3,3

## Net sales per quarter and RTM



# Q1: Group net sales driven by organic growth and increased number of trading days

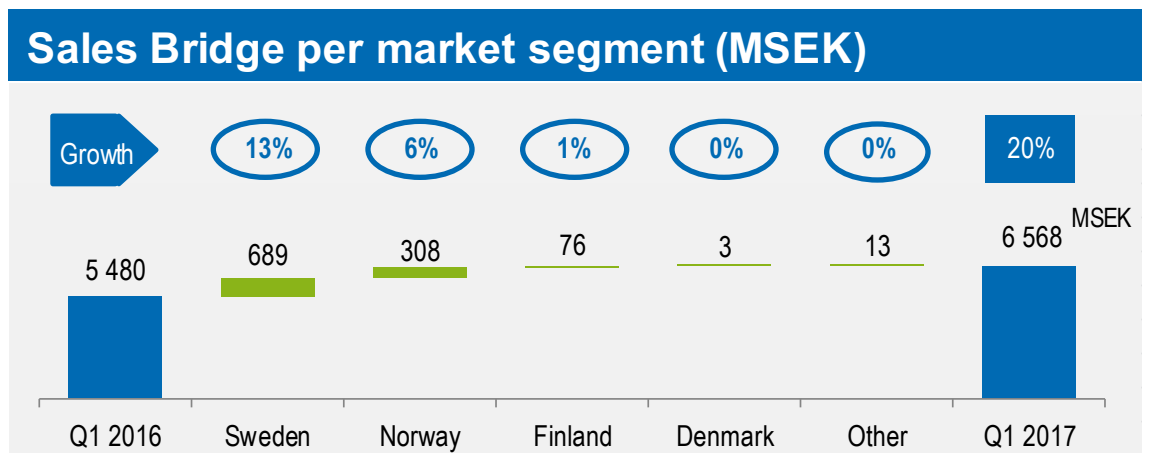
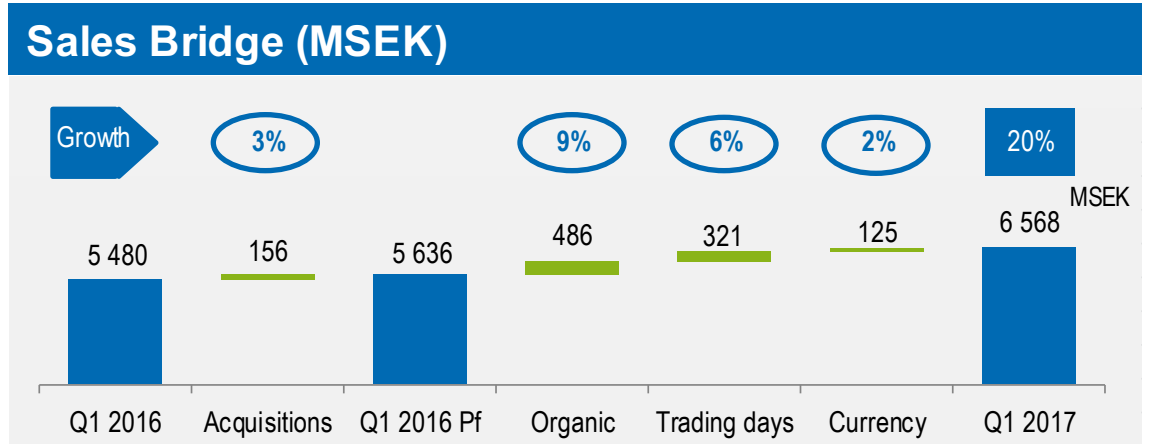
Group  
**+20%**

Sweden  
**+19%**

Norway  
**+28%**

Finland  
**+12%**

- Strong market growth driven by macroeconomics, demographics and shortage of housing
- Organic growth +9%, supported by successful market initiatives
- Strong positive effect from number of trading days including no Easter effect\*
- Positive currency effect



\* When comparing the level of activity during a normal week with corresponding working days during an Easter week, the higher level of activity, is equivalent to approximately one more business day overall for the Group.

# Q1: Group adj. EBITA up 33 %, driven by increased sales

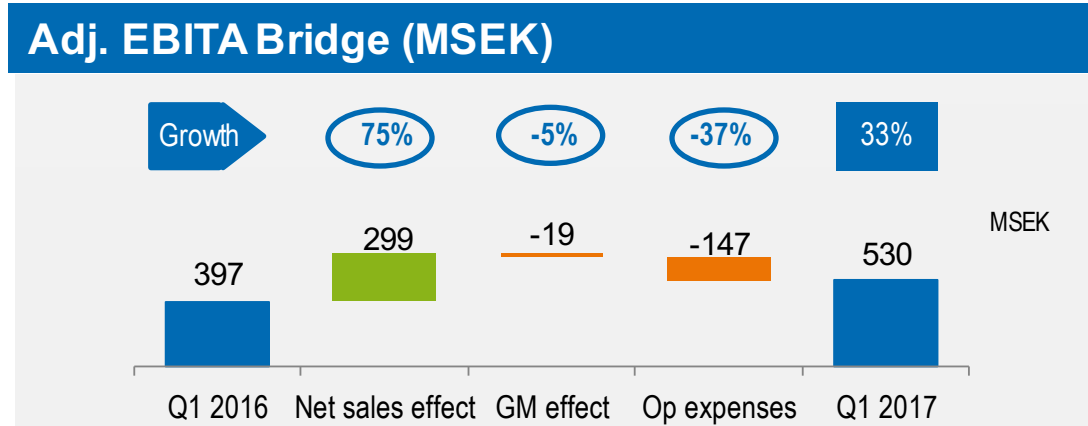
**Group**  
**8.1%**  
 adj. EBITA margin

**Sweden**  
**12.0%**  
 adj. EBITA margin

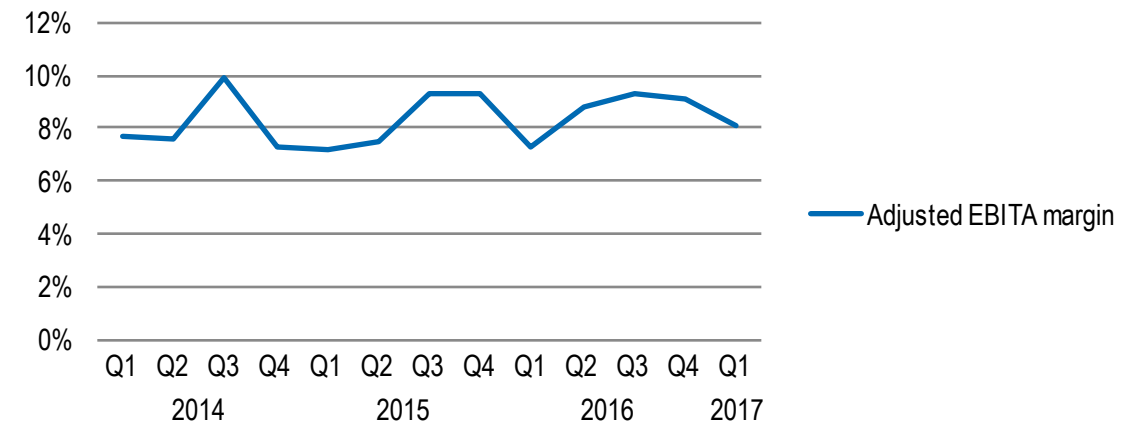
**Norway**  
**2.8%**  
 adj. EBITA margin

**Finland**  
**1.9%**  
 adj. EBITA margin

- Strong net sales effect
- EBITA-improvement mainly in Sweden and Norway
- Gross margin affected primarily by higher share of sales to larger projects
- Increased operating expenses due to volume increase, acquisitions and initiatives



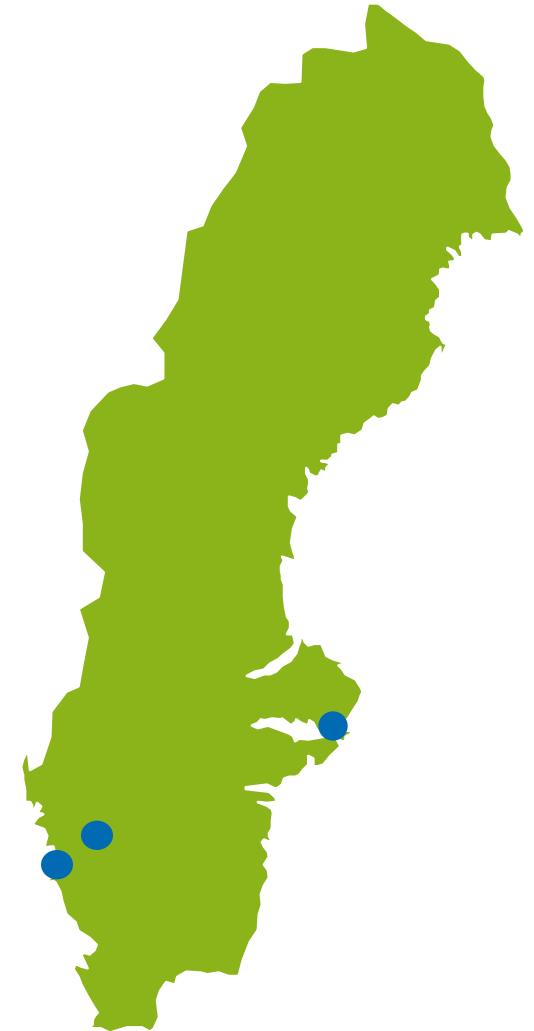
### Adj. EBITA margin per quarter



# Acquisitions strengthen our position in PPE

Total net sales of 120 MSEK acquired, another 105 MSEK signed

Q1	G-ESS Yrkeskläder	<ul style="list-style-type: none"><li>• Net sales* of 120 MSEK</li><li>• PPE (Work wear and shoes)</li><li>• 4 branches in Stockholm region</li></ul>
Q2	CJ Järn & Maskin	<ul style="list-style-type: none"><li>• Net sales* of 50 MSEK</li><li>• Tools, machinery and PPE</li><li>• Vårgårda, Vara</li></ul>
	Svensk Industri & Kommunservice "Sikab"	<ul style="list-style-type: none"><li>• Net sales* of 55 MSEK</li><li>• PPE (Work wear and shoes)</li><li>• Gothenburg</li></ul>



\* Estimated net sales (RTM) at acquisition date

# Sweden:

## Market

- Strong activity in the construction sector, encouraged by a favourable investment situation with low interest rates and housing shortage
- Major infrastructure investments

## Highlights Q1

- Net sales up 19% driven by strong organic growth and an increased number of trading days
- Lower share of sales via branches slightly affected gross margin
- Adj. EBITA rose 30%, adj. EBITA-margin at 12.0%
- Acquisition of G-ESS with annual turnover of approximately SEK 120 million and two additional acquisition agreements after the end of the interim period

Sweden	2017	2016	change	Rolling	2016
	Jan-Mar	Jan-Mar		12	2016
				months	Jan-Dec
External net sales, SEK million	4,261	3,572	19%	16,563	15,874
Organic growth	9%	7%			8%
Profit (EBITA), SEK million	510	391	30%	2,055	1,936
Adjusted EBITA, SEK million	510	391	30%	2,055	1,936
EBITA margin, %	12.0%	10.9%		12.4%	12.2%
Adjusted EBITA margin, %	12.0%	10.9%		12.4%	12.2%

## Net sales and adj. EBITA margin per quarter



\* Estimated net sales (LTM) at acquisition date

# Norway:

## Market

- Positive development of the mainland economy and housing sector has had a positive impact on market conditions

## Highlights Q1

- Net sales up 28% driven by organic growth and an increased number of trading days
- The shift of Easter to the second quarter has had a positive impact on sales and result during the period
- Gross margin slightly lower due to increased sales to large customers and projects
- Adj. EBITA margin increased to 2.8%
- Establishment of a new organisational structure with clear regional accountability for performance

Norway	2017	2016	change	Rolling 12 months	2016
	Jan-Mar	Jan-Mar			Jan-Dec
External net sales, SEK million	1,390	1,082	28%	5,217	4,909
Organic growth	12%	6%			7%
Profit (EBITA), SEK million	39	13	207%	168	142
Adjusted EBITA, SEK million	39	13	207%	176	149
EBITA margin, %	2.8%	1.2%		3.2%	2.9%
Adjusted EBITA margin, %	2.8%	1.2%		3.4%	3.0%

## Net sales and adj. EBITA margin per quarter





# Finland:

## Market

- Strong residential sector in the larger city regions
- Market conditions are, to some extent, considered challenging, both in terms of recovery in certain sectors, as well as increased competition

## Highlights Q1

- Net sales up 12% driven by increased number of trading days and organic growth
- Increased operating expenses due to initiatives
- Adj. EBITA margin increased to 1.9%
- Continued investment in branch network expansion
- Plan for new organisational setup and increased cost efficiency

Finland	2017	2016	change	Rolling 12 months	2016
	Jan-Mar	Jan-Mar			Jan-Dec
External net sales, SEK million	727	651	12%	3,126	3,050
Organic growth	4%	2%			7%
Profit (EBITA), SEK million	14	10	44%	118	114
Adjusted EBITA, SEK million	14	10	44%	118	114
EBITA margin, %	1.9%	1.5%		3.8%	3.7%
Adjusted EBITA margin, %	1.9%	1.5%		3.8%	3.7%

## Net sales and adj. EBITA margin per quarter



# Denmark and Other

## Denmark

- Market conditions remain challenging despite positive signs
- Net sales grew with 3% due to currency effects
- Organic growth was -5% due to weak market conditions
- Adj. EBITA margin increased to 8.8%

Denmark	2017 Jan-Mar	2016 Jan-Mar	change	Rolling 12 months	2016 Jan-Dec
External net sales, SEK million	96	93	3%	367	364
Organic growth	-5%	3%			-1%
Profit (EBITA), SEK million	8	7	14%	34	33
Adjusted EBITA, SEK million	8	7	14%	34	33
EBITA margin, %	8.8%	7.9%		9.3%	9.1%
Adjusted EBITA margin, %	8.8%	7.9%		9.3%	9.1%

## Other

- Net sales grew with 15% due to currency effects and organic growth in Estonia
- The slower growth in Russia and Poland is attributable to a subdued market, especially with respect to projects
- Adj. EBITA margin of 1.1%

Other (Est, PI, Rus)	2017 Jan-Mar	2016 Jan-Mar	change	Rolling 12 months	2016 Jan-Dec
External net sales, SEK million	95	82	15%	422	410
Organic growth	5%	-10%			-7%
Profit (EBITA), SEK million	1	1	13%	9	9
Adjusted EBITA, SEK million	1	1	13%	9	9
EBITA margin, %	1.1%	1.1%		2.2%	2.2%
Adjusted EBITA margin, %	1.1%	1.1%		2.2%	2.2%



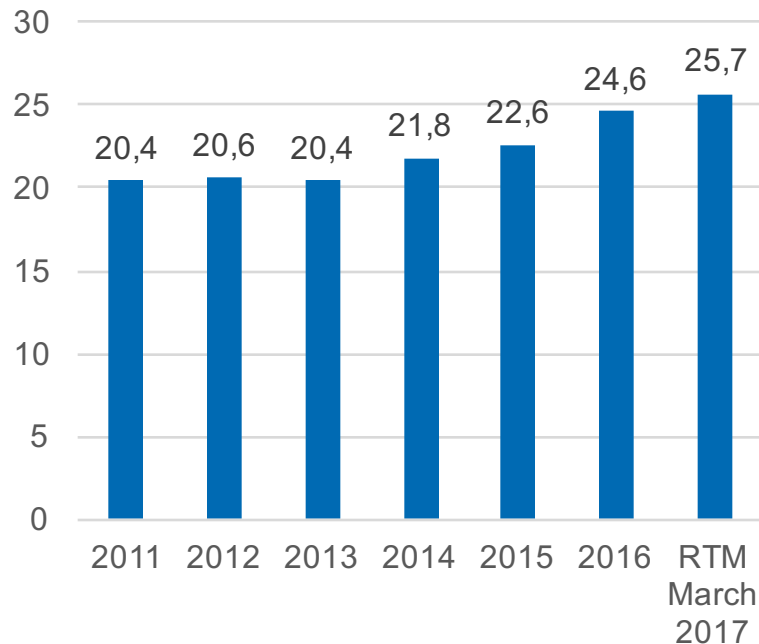
# Financials

*ahlsell*

# Robust and resilient cash flow generator

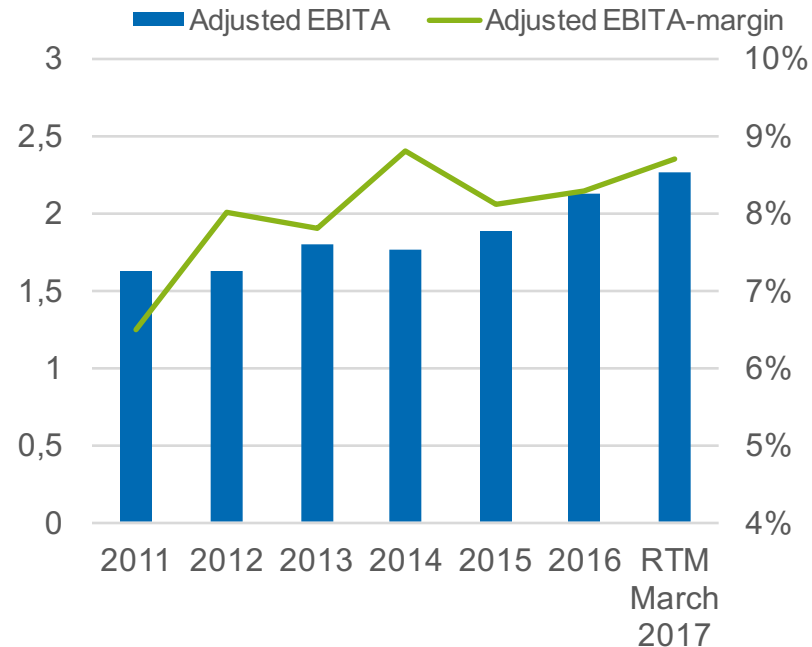
## Net sales growth

2011 – RTM March 2017 (SEKbn)



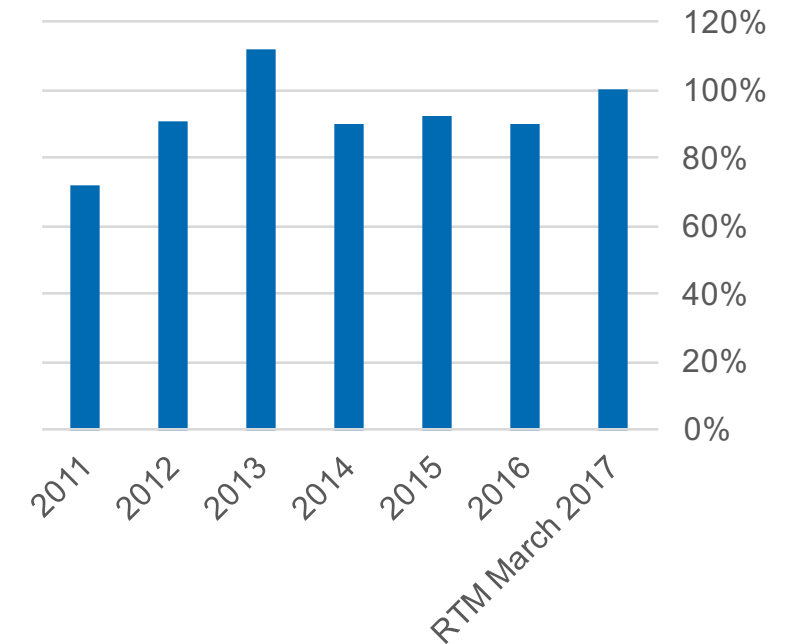
## Profitability

2011 – RTM March 2017 (SEKbn)



## Cash conversion

2011 – RTM March 2017  
(Operating cash flow / EBITDA)



# Other performance measures

## Highlights

- Cash conversion in line with financial target
- Net debt in line with financial target
- Organic growth with limited CAPEX
- Excellent capital efficiency and profitability

	RTM	2016
	31 March	Jan-Dec
Operating cash flow/EBITDA	100%	90%
External net debt/Adjusted EBITDA	3.0	3.3
Investments, % of sales	0.6%	0.6%
Working capital, % of sales	8.3%	8.3%
Average working capital, % of sales	8.8%	8.9%
Net working capital, % of sales	8.0%	7.1%
Return on operating capital (excluding intangible fixed assets), %	70%	67%
Return on working capital %	97%	94%

# Q&A



## First quarter in brief

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main markets

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# Appendix

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# Condensed Income Statement

SEK million	2017	2016	RTM	2016
	Jan-Mar	Jan-Mar	31 March	Jan-Dec
Net sales	6,568	5,480	25,694	24,606
Cost of goods sold	-4,784	-3,976	-18,725	-17,916
<b>Gross profit</b>	<b>1,784</b>	<b>1,504</b>	<b>6,970</b>	<b>6,690</b>
Selling expenses	-1,237	-1,104	-4,692	-4,559
Administration expenses	-114	-92	-465	-443
Other operating income and expenses	9	6	35	31
<b>Operating profit, EBIT</b>	<b>443</b>	<b>314</b>	<b>1,847</b>	<b>1,719</b>
Net finance income/expense	-14	-303	-851	-1,140
<b>Profit before tax</b>	<b>428</b>	<b>11</b>	<b>996</b>	<b>579</b>
Income tax	-94	-38	-293	-237
<b>Profit/loss for the period</b>	<b>334</b>	<b>-27</b>	<b>703</b>	<b>342</b>
Attributable to				
Owners of the parent company	334	-27	703	342
Non-controlling interests	-	-	-	-
Basic earnings per share, SEK	0.77	-0.09	2.03	1.11
Diluted earnings per share, SEK	0.77	-0.09	2.03	1.11

# Condensed Balance Sheet

SEK million	2017 31 March	2016 31 March	2016 31 Dec
<b>ASSETS</b>			
Customer relationships	3,176	3,287	3,249
Trademark	3,837	3,767	3,837
Goodwill	7,053	6,671	7,028
Other intangible assets	124	127	123
Property, plant & equipment	783	728	781
Financial assets	56	31	8
Deferred tax assets	7	9	7
<b>Total non-current assets</b>	<b>15,036</b>	<b>14,621</b>	<b>15,033</b>
Inventories	3,227	3,039	3,287
Trade receivables	3,512	2,844	3,054
Other receivables	1,024	806	1,091
Cash and cash equivalents	1,375	2,313	1,209
<b>Total current assets</b>	<b>9,138</b>	<b>9,003</b>	<b>8,641</b>
<b>TOTAL ASSETS</b>	<b>24,174</b>	<b>23,624</b>	<b>23,674</b>

SEK million	2017 31 March	2016 31 March	2016 31 Dec
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>8,415</b>	<b>709</b>	<b>8,089</b>
Non-current interest-bearing liabilities	7,927	16,063	7,930
Provisions	55	56	55
Deferred tax liabilities	1,406	1,301	1,426
Other non-current liabilities	26	–	25
<b>Total non-current liabilities</b>	<b>9,413</b>	<b>17,419</b>	<b>9,436</b>
Current interest-bearing liabilities	727	690	724
Trade payables	4,677	3,754	4,599
Provisions	17	8	19
Other current liabilities	925	1,044	807
<b>Total current liabilities</b>	<b>6,346</b>	<b>5,496</b>	<b>6,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>24,174</b>	<b>23,624</b>	<b>23,674</b>

# Condensed Cash Flow Statement

SEK million	2017 Jan-Mar	2016 Jan-Mar	RTM 31 March	Whole of 2016
<b>Profit after financial items</b>	<b>428</b>	<b>11</b>	<b>996</b>	<b>579</b>
Adjustments for non-cash items	108	299	810	1,001
Tax paid	-145	-7	-383	-245
<b>Cash flows from operating activities before changes in working capital</b>	<b>392</b>	<b>303</b>	<b>1,423</b>	<b>1,335</b>
Changes in inventories	72	-97	4	-165
Changes in operating receivables	-367	-216	-705	-554
Changes in operating liabilities	192	-78	900	630
<b>Cash flows from changes in working capital</b>	<b>-103</b>	<b>-390</b>	<b>199</b>	<b>-89</b>
<b>Cash flows from operating activities</b>	<b>289</b>	<b>-87</b>	<b>1,622</b>	<b>1,246</b>
Cash flows from acquisition of assets, liabilities and operations	-63	-	-514	-451
Other cash flows from investing activities	-60	40	-179	-79
<b>Cash flows from investing activities</b>	<b>-123</b>	<b>40</b>	<b>-693</b>	<b>-530</b>
<b>Cash flows before financing activities</b>	<b>166</b>	<b>-47</b>	<b>929</b>	<b>716</b>
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-1,871</b>	<b>-1,871</b>
<b>CASH FLOWS FOR THE PERIOD</b>	<b>166</b>	<b>-47</b>	<b>-942</b>	<b>-1,155</b>
Exchange rate differences in cash and cash equivalents	0	1	3	4
<b>Cash and cash equivalents at end of period</b>	<b>1,375</b>	<b>2,313</b>	<b>1,375</b>	<b>1,209</b>
<b>Additional information</b>				
Interest received	5	4	20	19
Interest paid	-27	-103	-499	-575

# Sweden

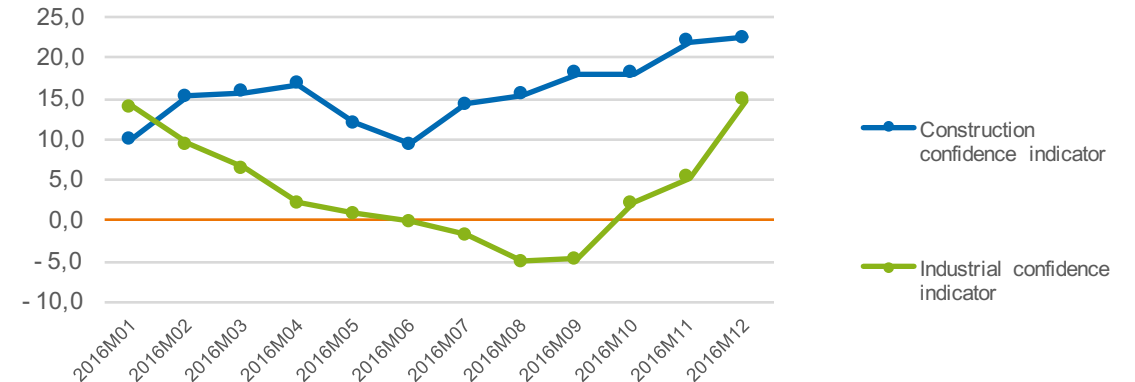
## Market outlook 2017

- Market outlook remains positive with expected real GDP growth at 2.5% in 2017
- Structural drivers remain strong
  - Urbanization
  - Population growth
  - Shortage of housing
  - Low interest rates
- Confidence indicators at high levels
  - Industry confidence had a sharp lift in Q4
  - Construction stable and confident

## Management priorities 2017

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

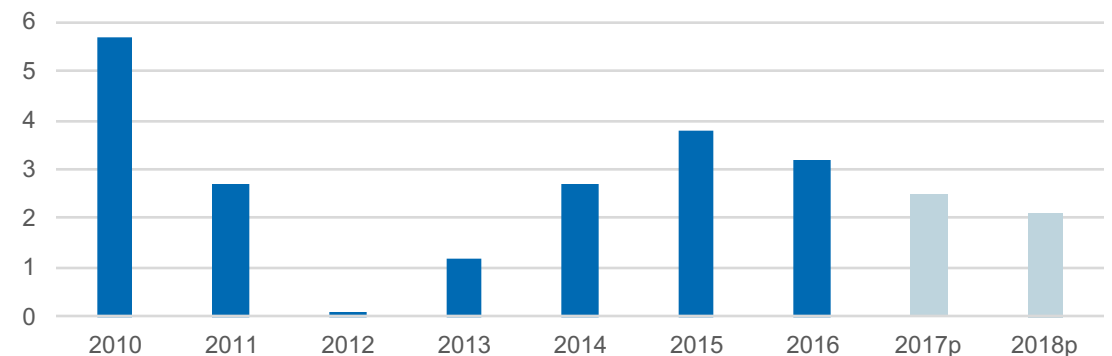
## Strong confidence in Construction and Industry



Source: Eurostat, Dec 2016

## Positive GDP growth outlook

Sweden Constant prices, calendar-adjusted, percentage change



Source: Konjunkturinstitutet, Dec 2016

# Norway

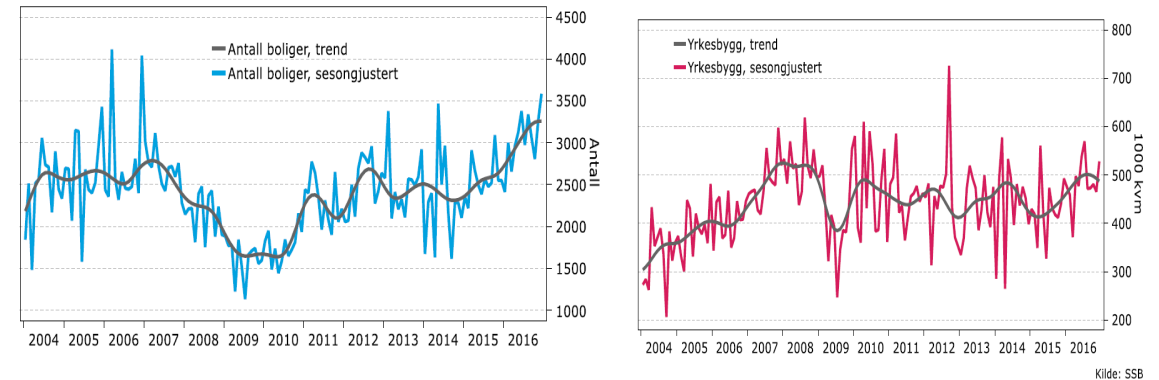
## Market outlook 2017

- Market outlook remains positive with expected real GDP growth at 0.9% in 2017
- Construction growth driven primarily by new housing and infrastructure projects
- Structural drivers
  - Population growth with increased urbanization, primarily in the Oslo region
  - Low interest and unemployment rates

## Management priorities 2017

- Broader offer
- Improved branch network
- Initiatives in facility management, aqua culture and PPE
- M&A

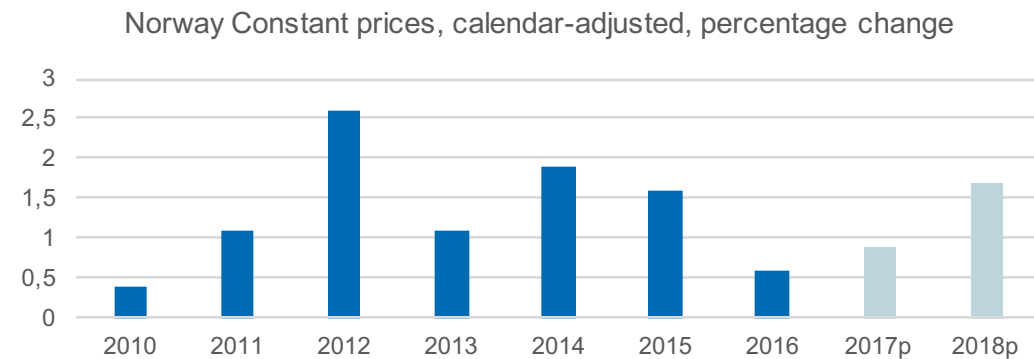
## Building permit growth shows positive trend



Source: Prognoscentret, Dec 2016

Kilde: SSB

## GDP growth in Norway



Source: Konjunkturinstituttet, Dec 2016

# Finland

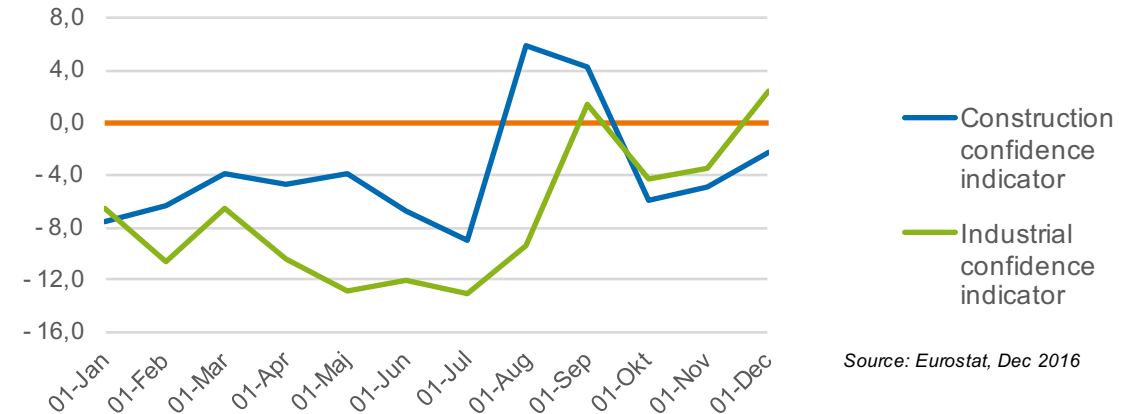
## Market outlook 2017

- Market outlook remains positive with expected real GDP growth just below 1% in 2017
- Structural drivers still strong
  - Infrastructure projects
  - Under-invested building market
- Growing confidence in Finnish economy
  - Industry confidence is above 0
  - Construction confidence fell back in October but rebounded at the end of the quarter

## Management priorities 2017

- Focus on regaining market share in HVAC & Plumbing, and building position in 2<sup>nd</sup> product segment
- Program aiming for increased efficiency
- M&A

## Finnish market is recovering



## GDP growth in Finland

