



***AhlSell***

**Makes it easier to be professional**

Q1 2018 report presentation

April 27, 2018

# Q1: The year begins with continued strong organic growth

Sales of 7 161 MSEK  
Increase by 9%  
Organic growth: 7%

Strong market conditions  
Successful strategy  
Fewer trading days  
Negative Easter effect



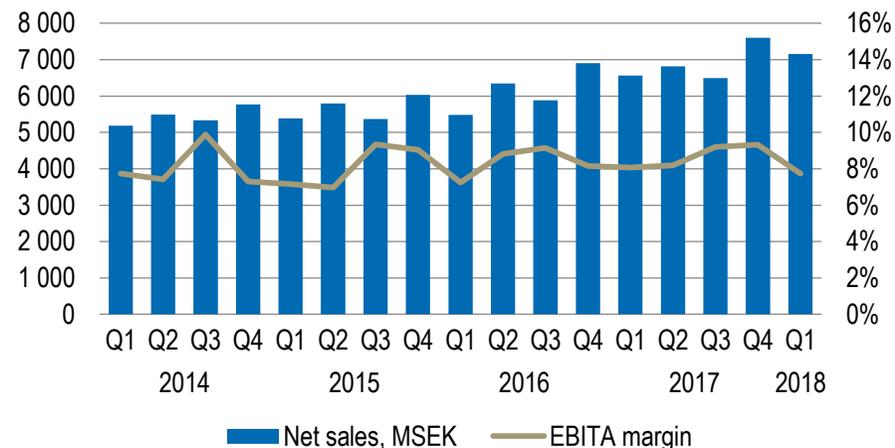
EBITA of 554 MSEK  
Increase by 5%  
7.7% margin (8.1)

Fewer trading days  
Negative Easter effect

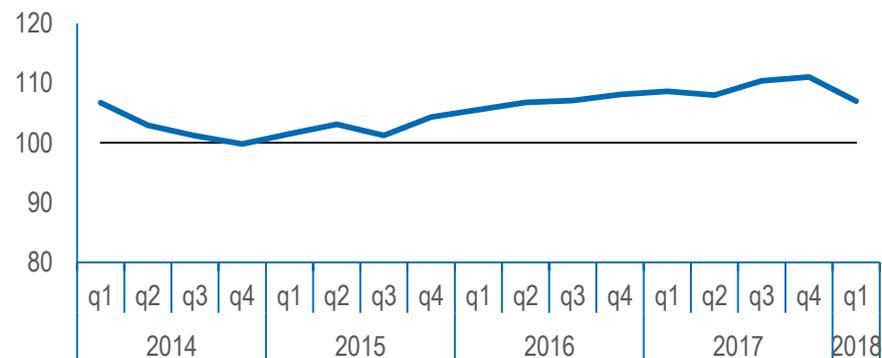
# Q1 overview

	2018	2017		Rolling	Full year
	Jan-Mar	Jan-Mar	change	12 months	2017
Net sales, MSEK	7,161	6,568	9%	28,077	27,484
Organic growth, %	7%	9%			9%
Profit (EBITA), MSEK	554	530	5%	2,418	2,394
Adjusted EBITA, MSEK	554	530	5%	2,429	2,405
EBITA margin, %	7.7%	8.1%		8.6%	8.7%
Adjusted EBITA margin, %	7.7%	8.1%		8.7%	8.8%
Profit after tax, MSEK	324	334	-3%	1,417	1,428
Basic and diluted EPS, SEK	0.75	0.77		3.27	3.28
Operating cash flow	208	425	-51%	1,774	1,991
Cash conversion rate				68%	78%
External net debt/Adjusted EBITDA				2.9	2.6

Net sales and EBITA margin (per quarter)



Organic growth (per quarter)



# Q1: Strong sales growth

Total sales growth  
**+9%**

Sweden  
**+12%**

Norway  
**+0%**

Finland  
**+11%**

- Growth negatively affected by fewer trading days and Easter effect
- Underlying market conditions remained good
  - Industry remained strong
  - Declining growth rate for new housing starts
- Cold and snowy winter months

## Sales bridge, MSEK



## Sales bridge per market segment, MSEK



# Q1: Profitability at good level

EBITA margin  
7.7%

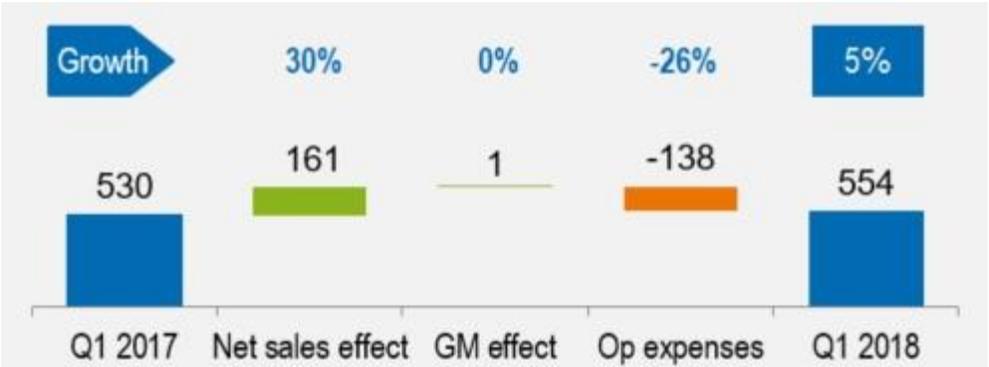
Sweden  
11.5%

Norway  
1.8%

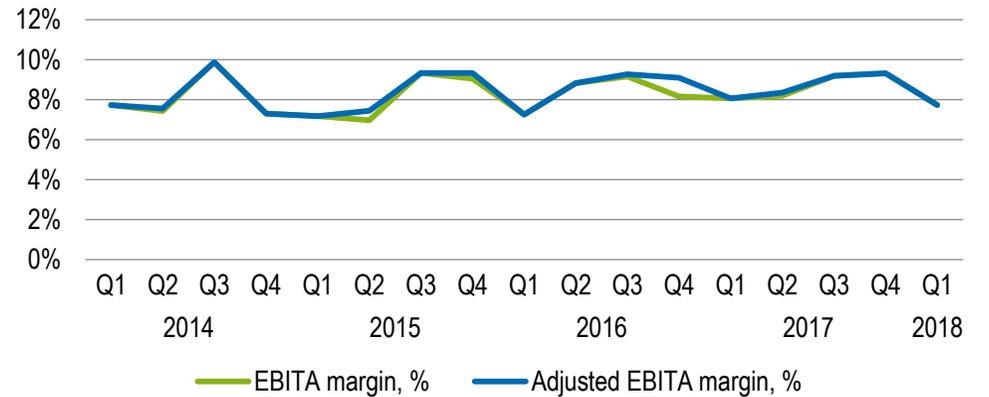
Finland  
2.0%

- Gross margin at 27.2%
  - In line with last year
- EBITA margin decline attributable to Easter effect and fewer trading days
  - MSEK -43 due to trading days
  - Operating expenses as proportion of sales lower y-o-y when excluding Easter and fewer trading days

## EBITA bridge, MSEK



## EBITA margin



# YTD - Acquisitions



~276 MSEK acquired annual sales  
*Of which 276 MSEK completed in Q1*



~455 MSEK acquired annual sales  
*Of which 415 MSEK completed in Q1*  
*Of which 40 MSEK is expected to be closed in May*



In total ~731 MSEK in 2018

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



# Sweden – Highlights Q1

## Continuing strong demand in all market segments

- Industry and infrastructure strong
- Slowdown in the market for housing project starts
- Good development in RMI (renovation, maintenance and improvement)
- Market adversely affected by weather

## Adj. EBITA up 7%

- Somewhat stronger gross margin
- Acquisitions, one trading day less (MSEK -22) and the Easter effect had a negative impact on EBITA margin
- Adjusting for trading days and Easter, costs as a proportion of sales are in line y-o-y

## Successful customer initiatives

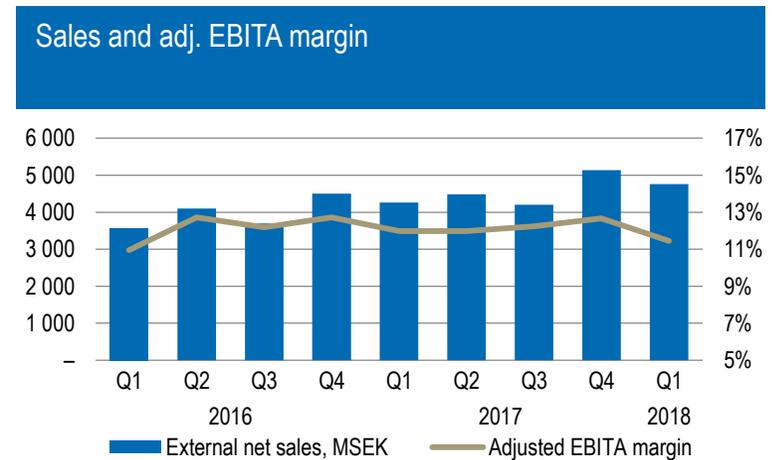
- Modernisation of branch network, improved sales efficiency and targeted initiatives

## Two acquisitions ~276 MSEK in annual sales

- Proffsmagasinet Svenska AB, a leading Nordic e-commerce business with MSEK ~260 in sales
- HMK i Västerås AB, a workwear and personal protection store with MSEK ~16 in sales

Net sales and earnings	2018	2017	change	Rolling 12 months	Full year 2017
	Jan-Mar	Jan-Mar			
External net sales, MSEK	4,758	4,261	12%	18,584	18,087
Organic growth, %	9%	9%			11%
Profit (EBITA), MSEK	545	510	7%	2,248	2,213
Adjusted EBITA, MSEK	545	510	7%	2,248	2,213
EBITA margin, %	11.5%	12.0%		12.1%	12.2%
Adjusted EBITA margin, %	11.5%	12.0%		12.1%	12.2%

Growth	Jan-Mar	
	%	MSEK
Organic	9%	379
Acquisitions	5%	194
Trading days	-2%	-76
Currency	0%	0
Total growth	12%	497





# Norway – Highlights Q1

## Good development for the Norwegian economy, but snow and cold weather negatively affected demand

- Strongest growth achieved in electrical installation, industry and construction
- Positive growth in RMI and new commercial buildings
- Slowdown in new housing starts
- Large amounts of snow affected earthworks

## Adj. EBITA down 36%

- Gross margin was a little stronger
- Fewer trading days (-MSEK 17) and Easter effect had a significant impact on EBITA margin
- Costs as a proportion of sales slightly improved, adjusted for fewer working days and the Easter

## Successful initiatives brought new customers

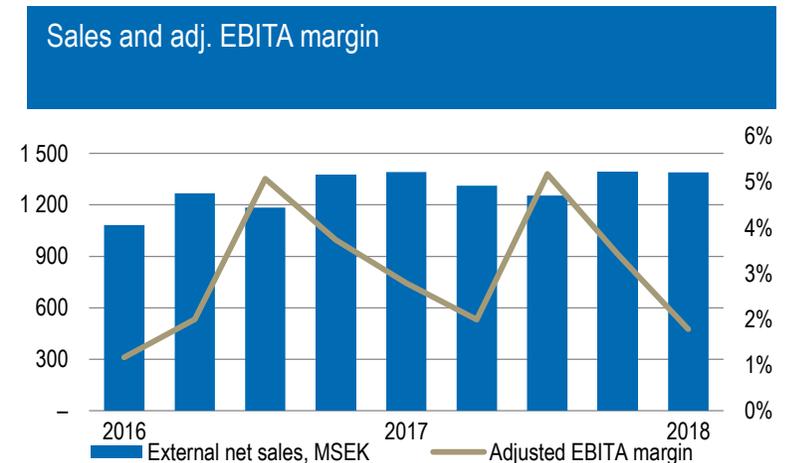
- Several new customers in the electrical segment and prestige project won after successful launch of “Efficient construction site”

## Two acquisitions ~455 MSEK in annual sales

- Bekken & Strøm, a leading Norwegian retailer of workwear and PPE, with annual sales of MSEK 415
- After the end of the period; Agreement to acquire Sentrum Motor och Verktøy AS, with a strong position in tools and PPE and sales of MSEK 40

Net sales and earnings	2018	2017	change	Rolling 12 months	Full year 2017
	Jan-Mar	Jan-Mar			
External net sales, MSEK	1,389	1,390	0%	5,348	5,349
Organic growth, %	2%	12%			8%
Profit (EBITA), MSEK	25	39	-36%	163	177
Adjusted EBITA, MSEK	25	39	-36%	163	177
EBITA margin, %	1.8%	2.8%		3.1%	3.3%
Adjusted EBITA margin, %	1.8%	2.8%		3.1%	3.3%

Growth	Jan-Mar	
	%	MSEK
Organic	2%	31
Acquisitions	5%	68
Trading days	-5%	-69
Currency	-2%	-31
Total growth	0%	-1





# Finland – Highlights Q1

## Favourable market conditions driven by an upturn in industry and a strong construction sector

- Increased demand in production related investments, driven by strong industry climate
- Strong development in construction, also within residential

## Adj. EBITA up 14%

- Gross margin weaker due to negative mix effects
- EBITA negatively affected by fewer trading days (MSEK -3)

## Reorganisation completed

- Organisation strengthened through key recruitments and competence development in sales and leadership
- Branch network developed, including new branch in Helsinki

Net sales and earnings	2018	2017	change	Rolling 12 months	Full year 2017
	Jan-Mar	Jan-Mar			
External net sales, MSEK	803	727	11%	3,277	3,201
Organic growth, %	5%	4%			4%
Profit (EBITA), MSEK	16	14	14%	119	117
Adjusted EBITA, MSEK	16	14	14%	131	129
EBITA margin, %	2.0%	1.9%		3.6%	3.7%
Adjusted EBITA margin, %	2.0%	1.9%		4.0%	4.0%

Growth	Jan-Mar	
	%	MSEK
Organic	5%	40
Acquisitions	2%	12
Trading days	-2%	-12
Currency	5%	37
Total growth	11%	76



# Denmark and Other - Highlights Q1

## Denmark

- Refrigeration: Strong results driven by higher prices for refrigerants
- DIY business stable
- Sales up 6%, of which organic; 6%
- Fewer trading days impacted net sales by -5%
- EBITA margin at 11.3%

Net sales and earnings Denmark	2018 Jan-Mar	2017 Jan-Mar	change	Rolling 12 months	Full year 2017
External net sales, MSEK	101	96	6%	388	382
Organic growth, %	6%	-5%			4%
Profit (EBITA), MSEK	11	8	36%	45	42
Adjusted EBITA, MSEK	11	8	36%	45	42
EBITA margin, %	11.3%	8.8%		11.7%	11.1%
Adjusted EBITA margin, %	11.3%	8.8%		11.7%	11.1%

## Other

- Strong growth in all regions
- Successful initiatives aimed at increasing sales efficiency and expanding the product offering
- Sales up 15% of which organic; 14%
- Adj. EBITA margin at 1.5%

Net sales and earnings Estonia, Russia, Poland	2018 Jan-Mar	2017 Jan-Mar	change	Rolling 12 months	Full year 2017
External net sales, MSEK	109	95	15%	480	465
Organic growth, %	14%	5%			10%
Profit (EBITA), MSEK	2	1	60%	13	12
Adjusted EBITA, MSEK	2	1	60%	13	12
EBITA margin, %	1.5%	1.1%		2.7%	2.6%
Adjusted EBITA margin, %	1.5%	1.1%		2.7%	2.6%



# Financials

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# Sales, profitability and cash conversion

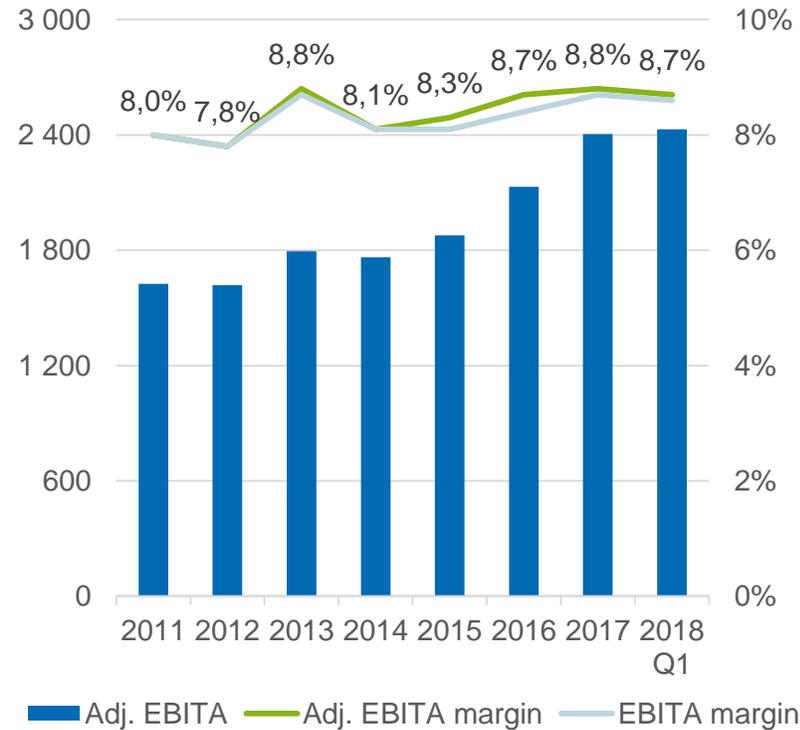
## Net sales

2011 – 2018 Q1 (SEKbn)



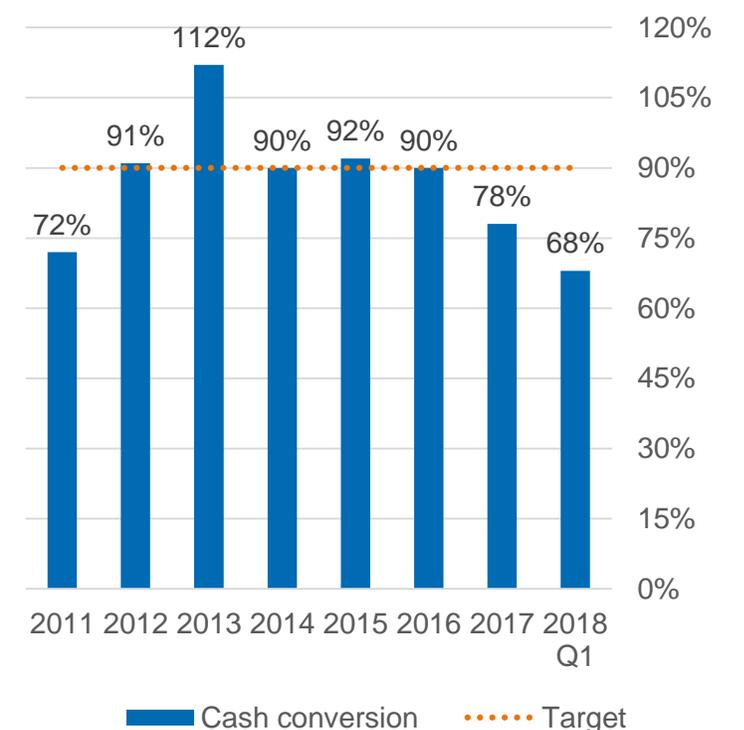
## Profitability

2011 – 2018 Q1 (SEKbn)



## Cash conversion

2011 – 2018 Q1  
(Operating cash flow / EBITDA)

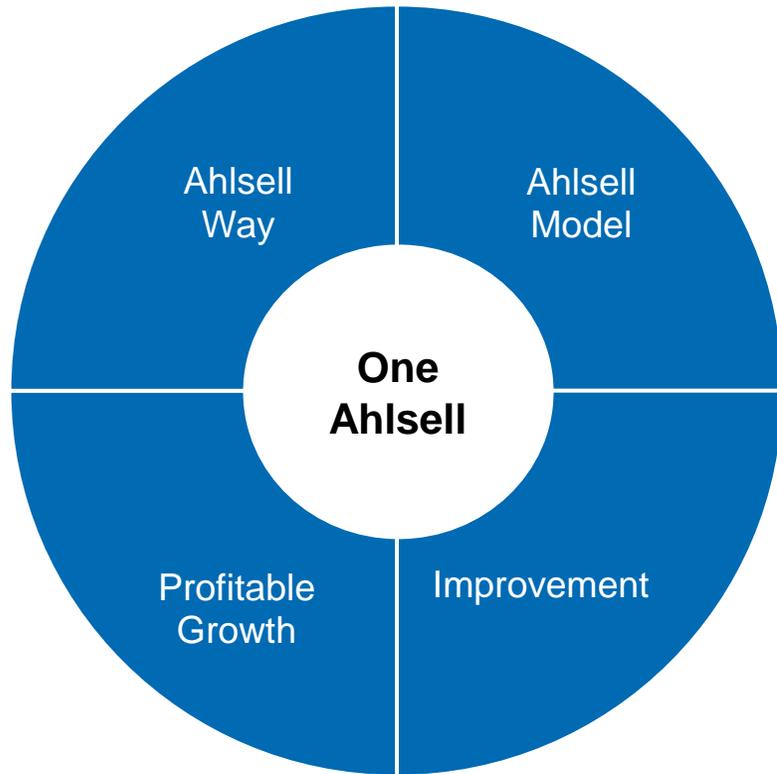


# Other performance measures



	2018 Q1 RTM	2017 Jan-Dec	2016 Jan-Dec
<b>Cash conversion rate, %</b> <i>Operating cash flow/EBITDA</i>	68	78	90
<b>Leverage</b> <i>External net debt/Adjusted EBITDA</i>	2.9	2.6	3.3
<b>Equity/Assets ratio, %</b>	37	36	34
<b>Investments, % of sales</b>	0.8	0.8	0.6
<b>Average working capital, % of sales</b>	9.4	8.9	8.9
<b>Return on operating capital, %</b> <i>excluding intangible fixed assets</i>	70	73	67
<b>Return on equity, %</b>	16	17	15
<b>Return on working capital %</b>	92	99	94
<b>Basic earnings per share, SEK</b>	3.27	3.28	1.11
<b>Dividend</b>	na	1.65*	0.35

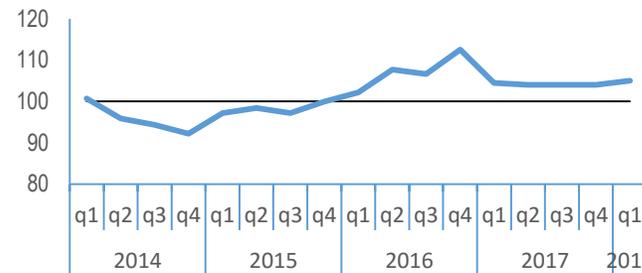
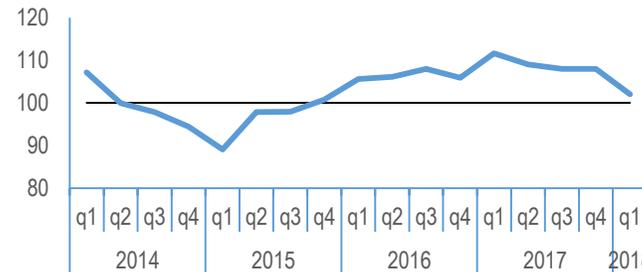
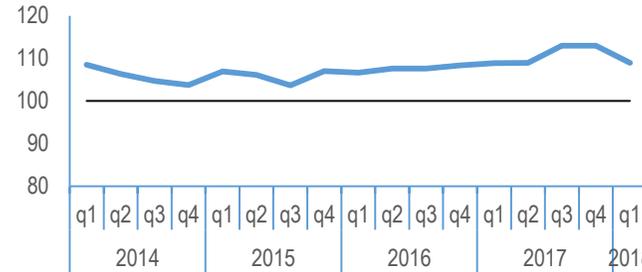
# Management priorities for profitable growth



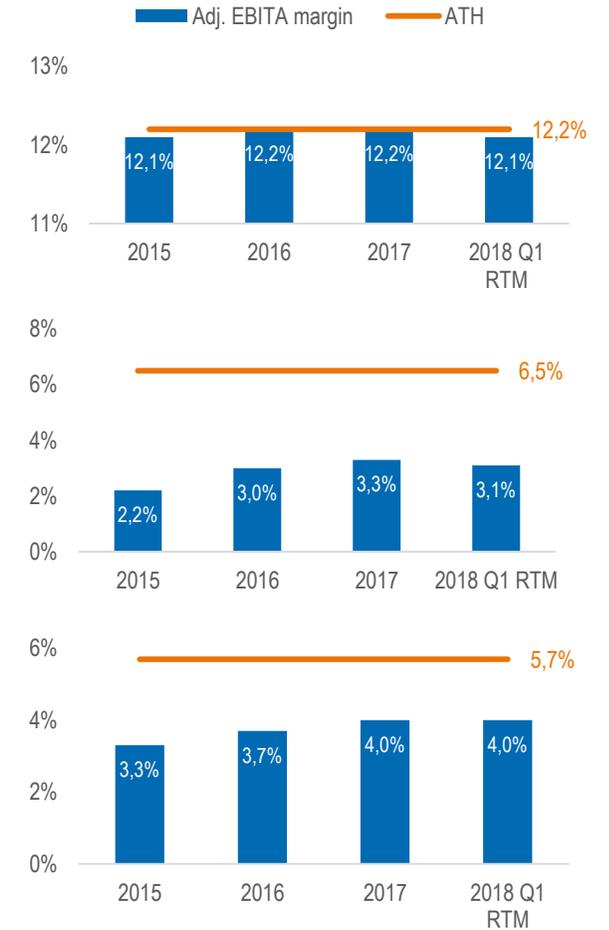
Sustainability in everything we do



Quarterly organic sales index



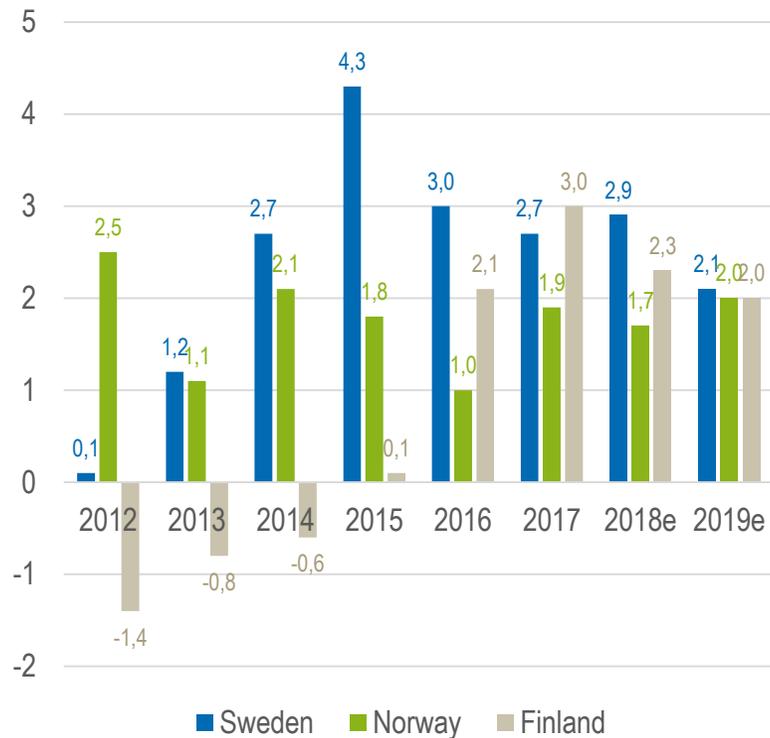
Adjusted EBITA margin vs. ATH



# Market development

## GDP growth

Per country, fixed prices, calendar-adjusted

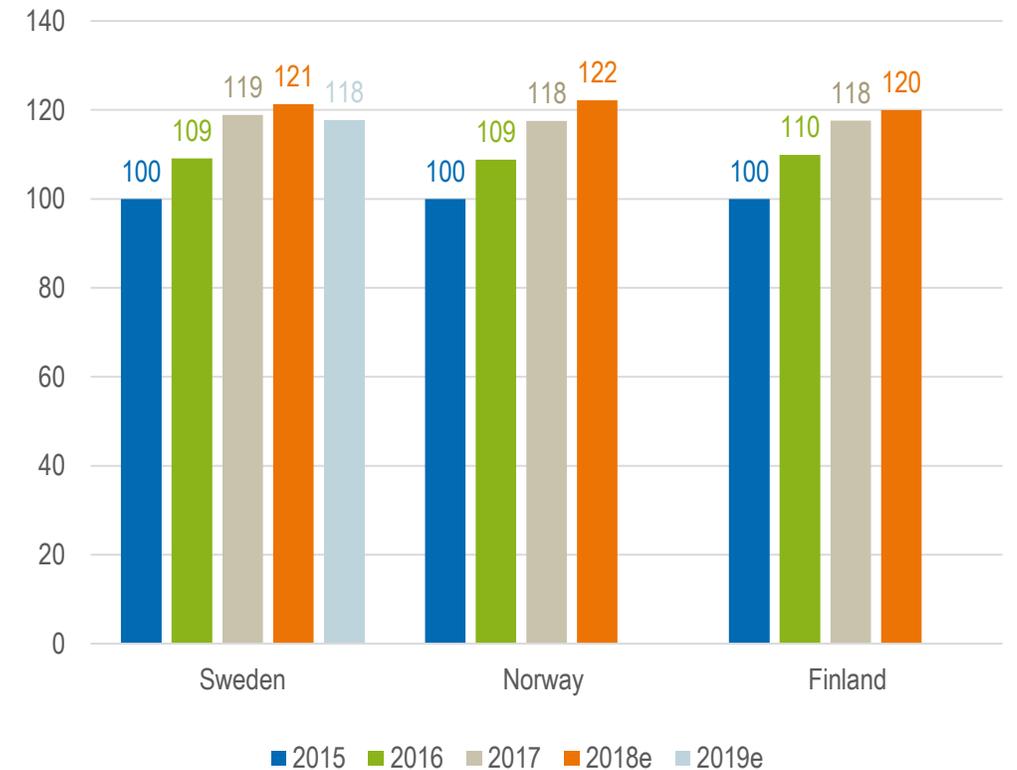


## PMI



## Total construction investments

Infrastructure, residential and commercial, index 2015=100



# Outlook 2018



*Demand has been strong in the early part of the year, and our broad exposure to several market segments with different cyclical patterns means that we have a broad and stable demand base.*

*Looking ahead, I see continuing positive demand from industry and infrastructure.*

*We have seen a high activity level in new residential construction so far this year, but this is expected to gradually ease off. However, our exposure to new residential construction is small, and the renovation, maintenance and improvement (RMI) sector has historically had a balancing effect on both sales and earnings in periods of declining new construction.*

*My assessment is that this will not be any different in the future.*



**Johan Nilsson, CEO**

# Q&A



**Save the date**

# **Capital Markets Day**

**September 4, 2018**

**Stockholm**





## Appendix

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# Condensed Income Statement

MSEK	2018 Jan-Mar	2017 Jan-Mar	Rolling 12 months	Full year 2017
Net sales	7,161	6,568	28,077	27,484
Cost of goods sold	-5,215	-4,784	-20,492	-20,062
<b>Gross profit</b>	<b>1,946</b>	<b>1,784</b>	<b>7,585</b>	<b>7,423</b>
Selling expenses	-1,376	-1,237	-5,102	-4,962
Administration expenses	-116	-114	-457	-455
Other operating income and expenses	6	9	35	38
<b>Operating profit, EBIT</b>	<b>461</b>	<b>443</b>	<b>2,061</b>	<b>2,043</b>
Net financial items	-41	-14	-236	-209
<b>Profit before tax</b>	<b>419</b>	<b>428</b>	<b>1,825</b>	<b>1,834</b>
Income tax	-96	-94	-407	-406
<b>Profit/loss for the period</b>	<b>324</b>	<b>334</b>	<b>1,417</b>	<b>1,428</b>
Attributable to				
owners of the parent company	324	334	1,417	1,428
Non-controlling interests	–	–	–	–
Basic earnings per share, SEK	0.75	0.77	3.27	3.28
Diluted earnings per share, SEK	0.75	0.77	3.27	3.28

# Condensed Balance Sheet

MSEK	2018 31 Mar	2017 31 Mar	2017 31 Dec
<b>ASSETS</b>			
Customer relationships	3,062	3,176	2,929
Trademark	3,837	3,837	3,837
Goodwill	7,730	7,053	7,206
Other intangible assets	143	124	136
Property, plant and equipment	890	783	853
Financial assets	10	56	10
Deferred tax assets	9	7	8
<b>Total non-current assets</b>	<b>15,681</b>	<b>15,036</b>	<b>14,980</b>
Inventories	4,201	3,227	3,888
Trade receivables	3,835	3,512	3,491
Other receivables	1,109	1,024	1,220
Cash and cash equivalents	1,088	1,375	1,295
<b>Total current assets</b>	<b>10,233</b>	<b>9,138</b>	<b>9,894</b>
<b>TOTAL ASSETS</b>	<b>25,914</b>	<b>24,174</b>	<b>24,874</b>

MSEK	2018 31 Mar	2017 31 Mar	2017 31 Dec
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>9,542</b>	<b>8,415</b>	<b>9,004</b>
Non-current interest-bearing liabilities	8,020	7,927	7,934
Provisions	56	55	55
Deferred tax liabilities	1,518	1,406	1,494
Other non-current liabilities	32	26	29
<b>Total non-current liabilities</b>	<b>9,626</b>	<b>9,413</b>	<b>9,512</b>
Current interest-bearing liabilities	513	727	51
Trade payables	5,119	4,677	5,218
Provisions	11	17	10
Other current liabilities	1,103	925	1,079
<b>Total current liabilities</b>	<b>6,746</b>	<b>6,346</b>	<b>6,358</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,914</b>	<b>24,174</b>	<b>24,874</b>

# Condensed Cash Flow Statement

MSEK	2018 Jan-Mar	2017 Jan-Mar	Rolling 12 months	Full year 2017
<b>Profit after financial items</b>	<b>419</b>	<b>428</b>	<b>1,825</b>	<b>1,834</b>
Adjustments for non-cash items	126	108	581	563
<b>Cash flow from operating activities before changes in working capital</b>	<b>381</b>	<b>392</b>	<b>2,183</b>	<b>2,193</b>
Change in inventories	-31	72	-592	-489
Change in operating receivables	-56	-367	-236	-547
Change in operating liabilities	-247	192	264	703
<b>Cash flow from changes in working capital</b>	<b>-334</b>	<b>-103</b>	<b>-564</b>	<b>-333</b>
<b>Cash flow from operating activities</b>	<b>47</b>	<b>289</b>	<b>1,619</b>	<b>1,861</b>
Cash flow from acquisition of assets, liabilities and operations	-649	-63	-932	-346
Other cash flow from investing activities	-54	-60	-189	-195
<b>Cash flow from investing activities</b>	<b>-703</b>	<b>-123</b>	<b>-1,120</b>	<b>-541</b>
<b>Cash flow before financing activities</b>	<b>-656</b>	<b>166</b>	<b>498</b>	<b>1,320</b>
Dividend paid	-	-	-153	-153
Repurchase of shares	-	-	-369	-369
Proceeds from borrowings	475	-	1,474	999
Repayment of borrowings	-31	-	-1,743	-1,712
<b>Cash flow from financing activities</b>	<b>444</b>	<b>-</b>	<b>-791</b>	<b>-1,235</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-212</b>	<b>166</b>	<b>-292</b>	<b>86</b>
Cash and cash equivalents at beginning of period	1,295	1,209	1,375	1,209
<b>Cash and cash equivalents at end of period</b>	<b>1,088</b>	<b>1,375</b>	<b>1,088</b>	<b>1,295</b>

# 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
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
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
123	128	251
123	128	251
124	127	251
123	128	251
H1	H2	FY
123	127	250
122	127	249
124	127	251
121	127	248
H1	H2	FY
122	128	250
121	128	249
123	128	251
120	128	248

# Merger & Acquisitions 2016-present

Closing	Acquisitions	Country	Product segment	Annual sales SEK million <sup>a</sup>	Number of employees <sup>b</sup>	Rationale
08/06/2016	Elgross'n i Göteborg AB	Sweden	Electrical	120	33	Specializes in lighting and electrical installations in growth market Gothenburg
01/08/2016	Prevex AB	Sweden	Tools & Supplies	400	104	Hardware store chain for professionals, with a strong market position in Gothenburg and Malmö
06/12/2016	Värmematerial VVS AB (assets and liabilities)	Sweden	HVAC & Plumbing	80	24	Strengthen position in the heating and sanitation in Nässjö, Borås and Visby
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)
Not completed	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

2016:  
600 MSEK

2017:  
777 MSEK

2018 YTD:  
691 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, equity sales at SEB Enskilda and Baclays capital

# 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.