



ahlsell

Makes it easier to be professional

Interim report presentation, 19 July 2017

January – June in brief

Strong first half year

Adj. EBITA increased 15%

Three acquisitions completed and
another signed



Q2: Organic growth of 8 percent in strong market

Highlights

- Total sales growth of +7%,
- Organic growth was +8%
- Negative effect from fewer trading days and Easter in April
- EBITA increased by +2%

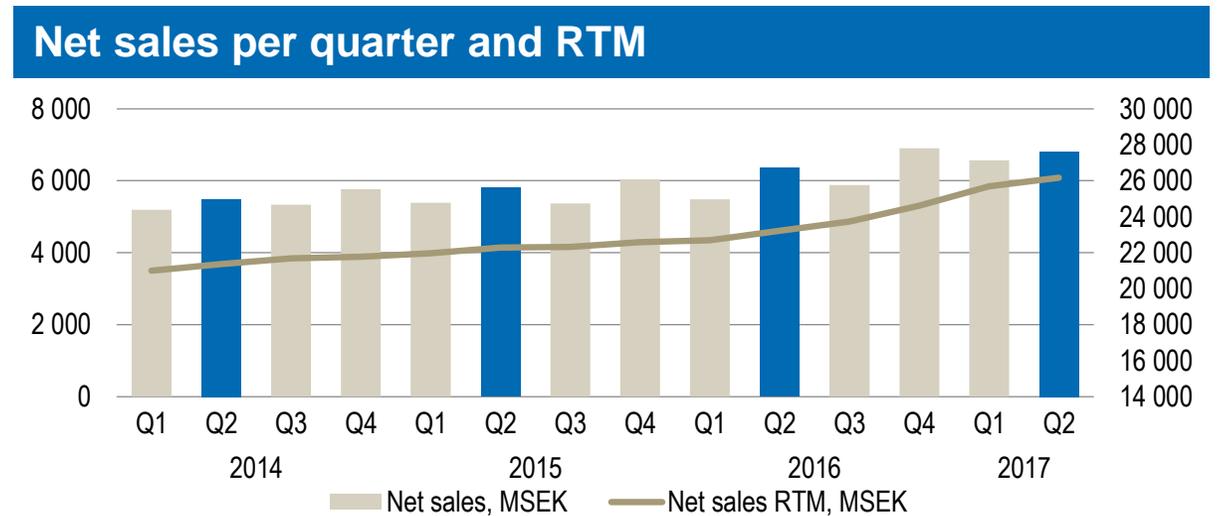
Events

- Two acquisitions completed with annual sales of approximately 100 MSEK
- One additional acquisition with annual sales of approximately 320 MSEK to be completed*

Cash flow and financial position

- Cash conversion 90%
- Net debt/adj. EBITDA 3.0x

Q2	2017	2016	change	2017	2016	Change
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun	
Net sales	6 818	6 344	7%	13 387	11 824	13%
Organic Growth	8%	7%		8%	6%	
Adjusted EBITA, MSEK	570	560	2%	1 099	957	15%
Adjusted EBITA margin	8,4%	8,8%		8,2%	8,1%	



Q2: Strong organic growth and acquisitions drove sales

Group
+7%

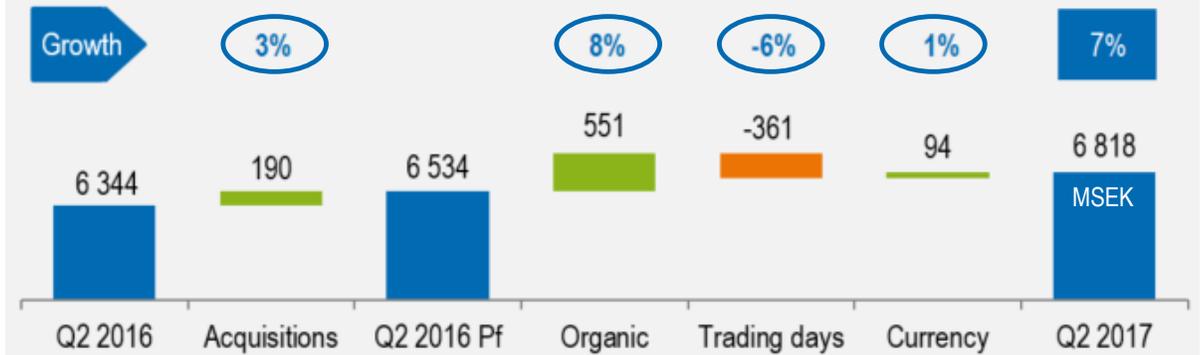
Sweden
+9%

Norway
+4%

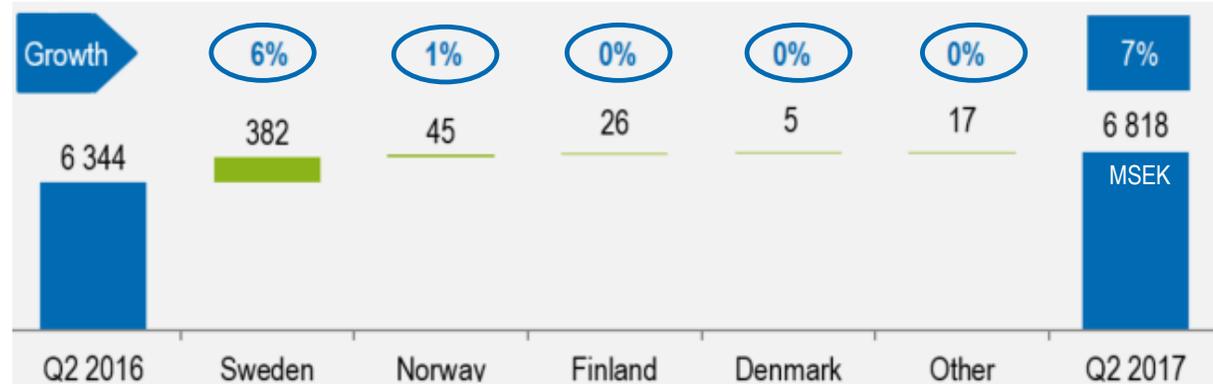
Finland
+3%

- Positive macroeconomics in all main markets
- Organic growth +8%, supported by successful market initiatives
- Negative effect from lower number of trading days and Easter effect*
- Acquisitions contributed 190 MSEK to net sales

Sales Bridge



Sales Bridge per market segment



* When comparing a normal week's activity with corresponding trading days in an Easter week, the higher level of activity is equivalent to approximately one more trading day for the Group.

Q2: Group adj. EBITA up 2%, driven by increased sales

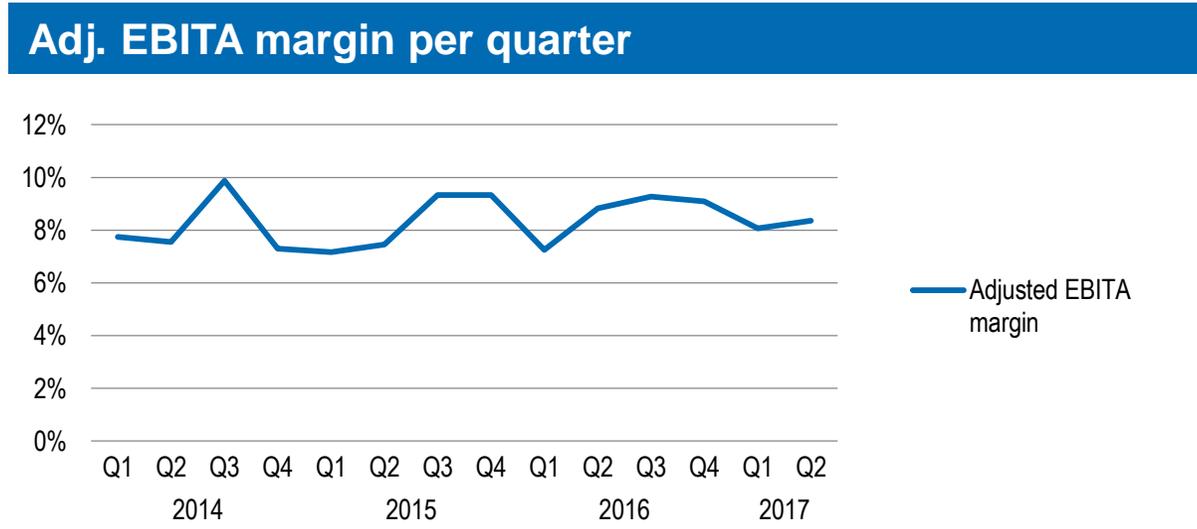
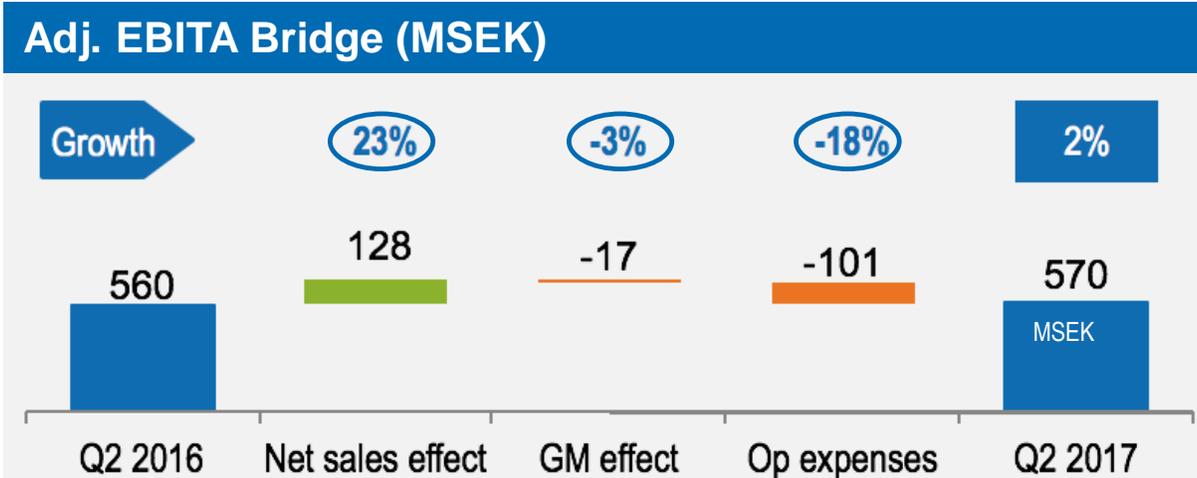
Group
8.4%
 adj. EBITA margin

Sweden
12.0%
 adj. EBITA margin

Norway
2.0%
 adj. EBITA margin

Finland
4.0%
 adj. EBITA margin

- Fewer trading days had negative impact of approximately 100 MSEK
- Stable gross margin
- Increased operating expenses due to volume increase, acquisitions and market initiatives



H1: Group net sales driven by organic growth and acquisitions

Group net sales
up SEK 1.6 billion (13%)

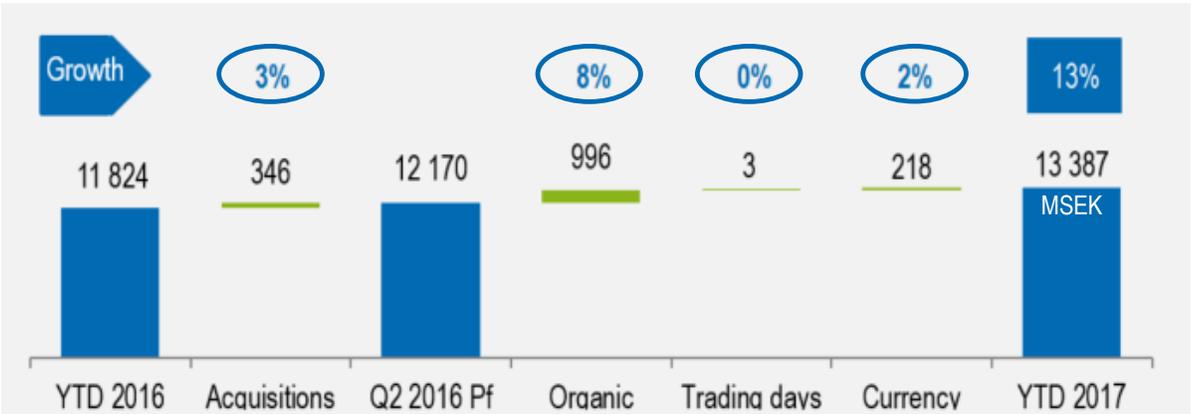
Sweden
+14%

Norway
+15%

Finland
+7%

- Strong market growth driven by macroeconomics and demographics
- Organic growth supported by successful market initiatives
- Acquisitions contributed with 346 MSEK
- Positive FX translation effects

Sales Bridge



Sales Bridge per market segment



H1: Group adj. EBITA up 15%, driven by increased sales

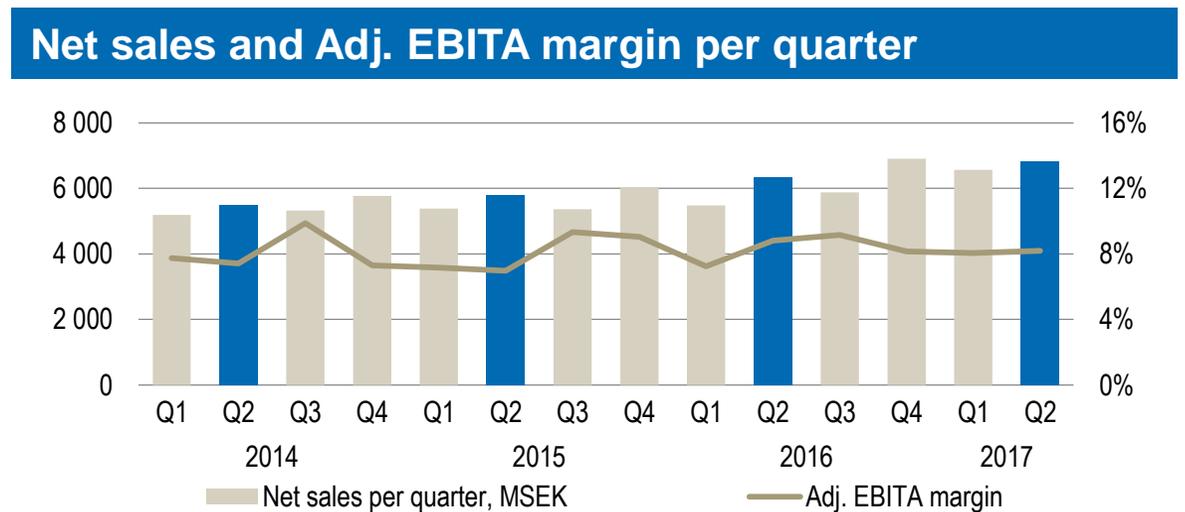
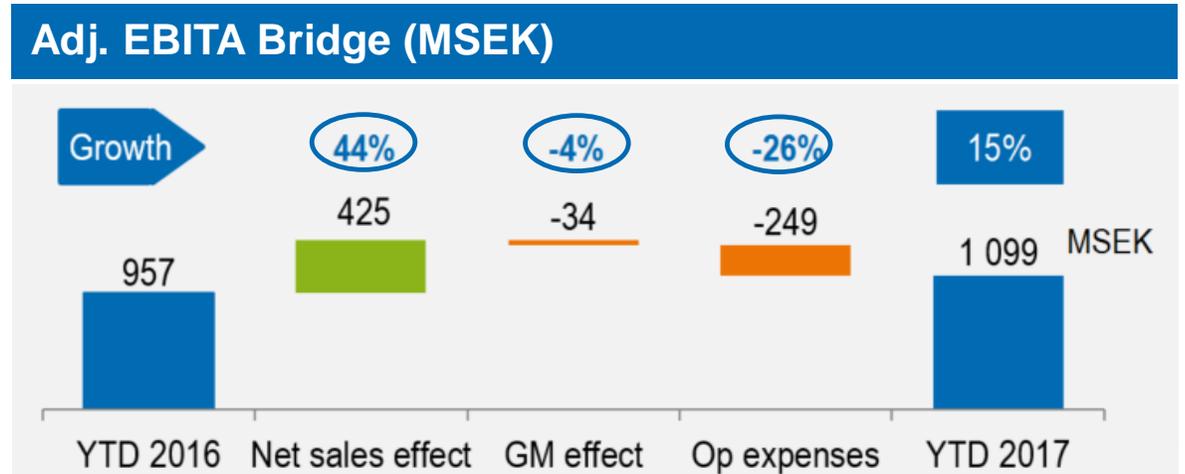
Group
8.2%
 adj. EBITA margin

Sweden
12.0%
 adj. EBITA margin

Norway
2.4%
 adj. EBITA margin

Finland
3.0%
 adj. EBITA margin

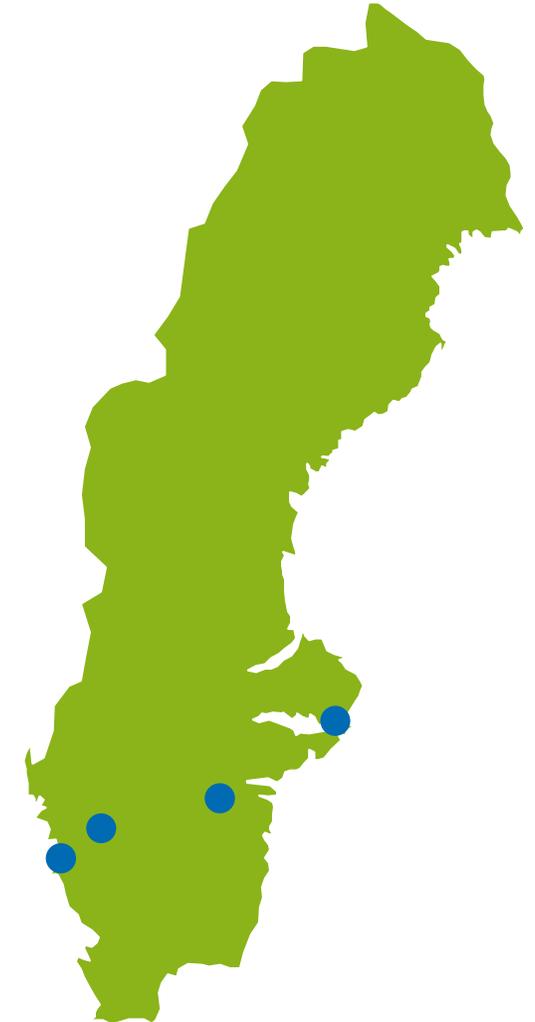
- Strong net sales effect
- Stable gross margin
- Increased operating expenses due to volume increase, acquisitions and market initiatives



Three acquisitions completed and a strong pipeline

Total net sales of 220 MSEK acquired, another 320 MSEK signed

Quarter	Acquisition	Details
Q1	G-ESS Yrkeskläder	<ul style="list-style-type: none"> Net sales* of 120 MSEK PPE (Workwear and shoes) 4 branches in Stockholm region
	CJ Järn & Maskin	<ul style="list-style-type: none"> Net sales* of 45 MSEK Tools, machinery and PPE Vårgårda
Q2	Svensk Industri & Kommunservice	<ul style="list-style-type: none"> Net sales* of 55 MSEK PPE (Workwear and shoes) Gothenburg
	ViaCon VA Signed**	<ul style="list-style-type: none"> Net sales* of 320 MSEK Water and Sewer products 11 locations in SE



Sweden

Market

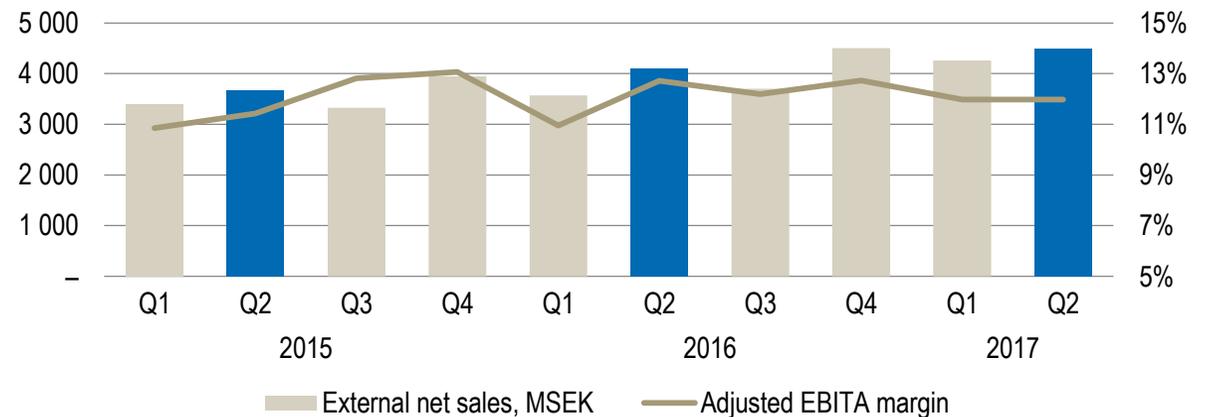
- Strong activity in the construction sector, encouraged by a favourable investment situation with low interest rates and housing shortage
- Major infrastructure investments. Increase in non-residential building permit approvals

Highlights Q2

- Net sales up 9% and organic growth was 10%
 - Timing of Easter and lower number of trading days had negative effect
 - A number of major contracts renewed with broader product proposition
- Adj. EBITA up 3%, adj. EBITA-margin was 12.0%
 - Negative effect of fewer trading days was ~ -66 MSEK on gross profit
 - Gross margin hampered by customer mix

Sweden	2017	2016	change	2017	2016	change
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun	
External net sales, SEK million	4 484	4 102	9%	8 745	7 674	14%
Organic growth	10%	8%		9%	7%	
Profit (EBITA), SEK million	537	522	3%	1 047	913	15%
Adjusted EBITA, SEK million	537	522	3%	1 047	913	15%
EBITA margin, %	12.0%	12.7%		12.0%	11.9%	
Adjusted EBITA margin, %	12.0%	12.7%		12.0%	11.9%	

Net sales and adj. EBITA margin per quarter



Norway

Market

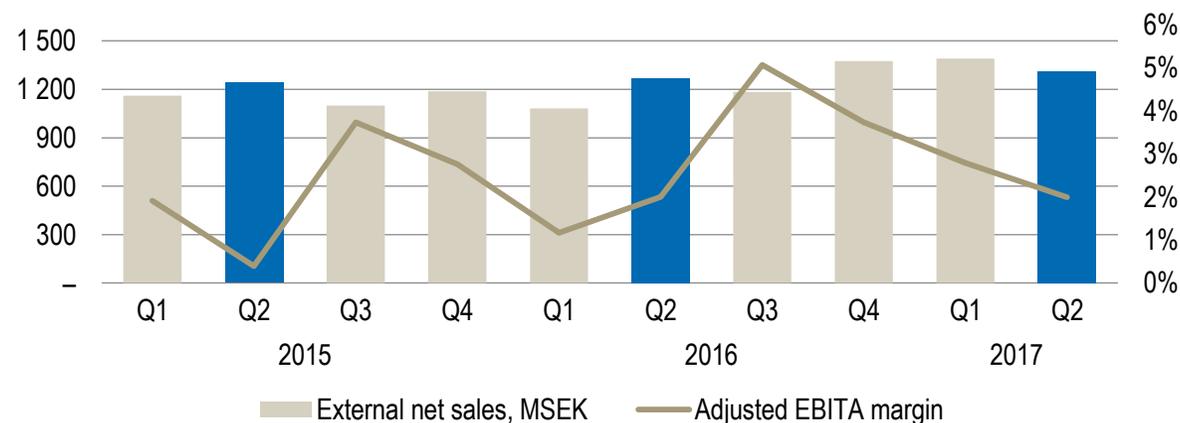
- Good market conditions in the construction and infrastructure sector

Highlights Q2

- Net sales up 4% driven by organic growth
 - Strong growth and strategic contracts within Electrical
 - Timing of Easter and lower number of trading days had negative effect
 - Positive FX translation effects of 51 MSEK
- Adjusted EBITA up 3%, and stable margin
 - Gross margin slightly up
 - Negative effect of fewer trading days was ~ -22 MSEK on gross profit
 - Continuing work on extending the offering and rolling out strategic market initiatives

Norway	2017	2016	change	2017	2016	change
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun	
External net sales, SEK million	1 312	1 267	4%	2 702	2 349	15%
Organic growth	6%	6%		9%	6%	
Profit (EBITA), SEK million	26	25	3%	65	38	71%
Adjusted EBITA, SEK million	26	25	3%	65	38	71%
EBITA margin, %	2.0%	2.0%		2.4%	1.6%	
Adjusted EBITA margin, %	2.0%	2.0%		2.4%	1.6%	

Net sales and adj. EBITA margin per quarter



Finland

Market

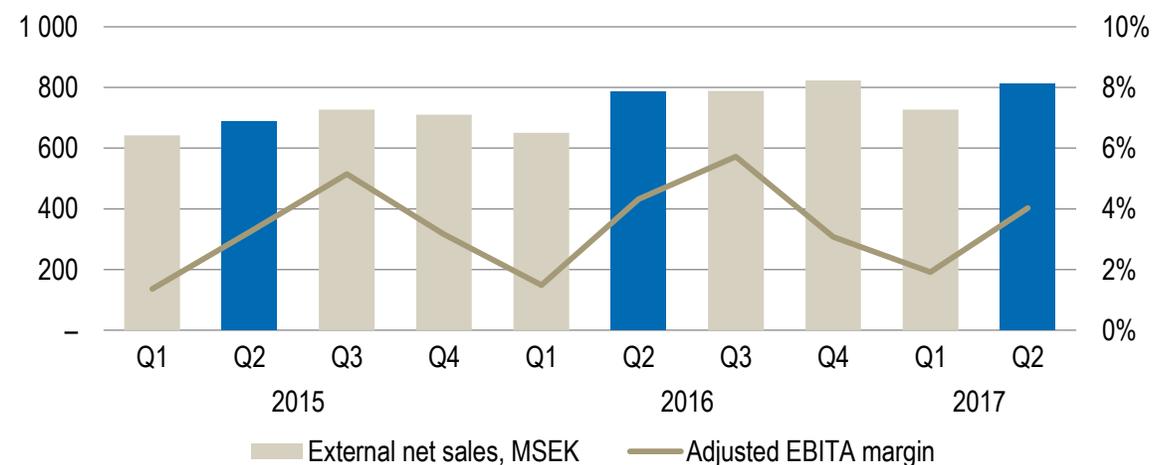
- Positive development in some sectors and successive improvements expected

Highlights Q2

- Net sales up 3% and organic growth was 4%
 - Positive FX translation effects of 33 MSEK
 - Lower number of trading days had negative effect
- Adj. EBITA fell 4%, Adj. EBITA margin slightly lower
 - Negative effect of fewer trading days was ~ -8 MSEK on gross profit
 - Continued investment in branch network expansion
- New organisational setup
 - Costs affecting comparability of 11.5 MSEK in Q2
 - Positive annual effect of about 20 MSEK on costs

Finland	2017	2016	change	2017	2016	change
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun	
External net sales, SEK million	813	787	3%	1 540	1 438	7%
Organic growth	4%	8%		4%	5%	
Profit (EBITA), SEK million	21	34	-37%	35	44	-19%
Adjusted EBITA, SEK million	33	34	-4%	47	44	7%
EBITA margin, %	2.6%	4.3%		2.3%	3.0%	
Adjusted EBITA margin, %	4.0%	4.3%		3.0%	3.0%	

Net sales and adj. EBITA margin per quarter



Denmark and Other

Denmark

- Market conditions remain challenging
- Net sales up 5% driven by organic growth of 6%. Positive FX translation effects of 7 MSEK
- Fewer trading days impacted net sales and EBITA
- Improved gross margin
- Adj. EBITA margin increased to 10.3%

Denmark	2017			2016		
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change
External net sales, SEK million	100	95	5%	195	188	4%
Organic growth	6%	-1%		0%	1%	
Profit (EBITA), SEK million	10	9	15%	19	16	15%
Adjusted EBITA, SEK million	10	9	15%	19	16	15%
EBITA margin, %	10.3%	9.4%		9.6%	8.7%	
Adjusted EBITA margin, %	10.3%	9.4%		9.6%	8.7%	

Other

- Net sales up 18% driven by strong organic growth in Estonia and Poland. Positive FX translation effects
- Russian operation hampered by weak macro conditions
- Adj. EBITA margin increased to 2.3%

Other	2017			2016		
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change
Estonia, Russia, Poland						
External net sales, SEK million	110	93	18%	204	175	17%
Organic growth	12%	-14%		8%	-12%	
Profit (EBITA), SEK million	3	2	45%	4	3	34%
Adjusted EBITA, SEK million	3	2	45%	4	3	34%
EBITA margin, %	2.3%	1.9%		1.8%	1.5%	
Adjusted EBITA margin, %	2.3%	1.9%		1.8%	1.5%	



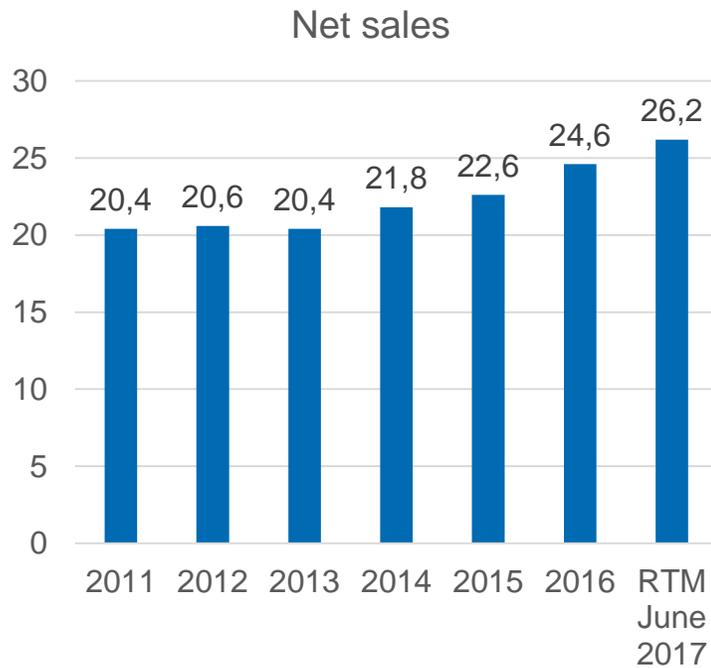
Financials

ahlsell

Robust and resilient cash flow generator

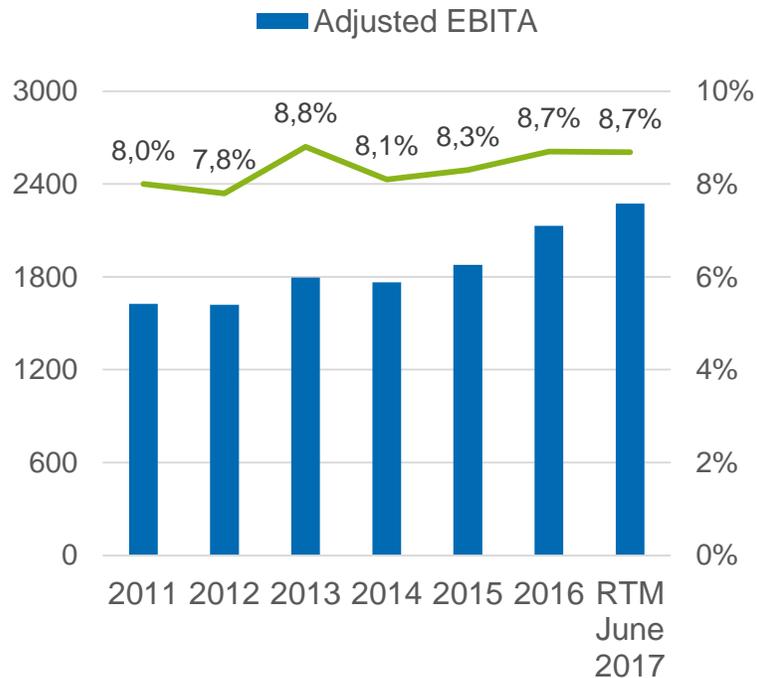
Net sales growth

2011 – RTM June 2017 (SEKbn)



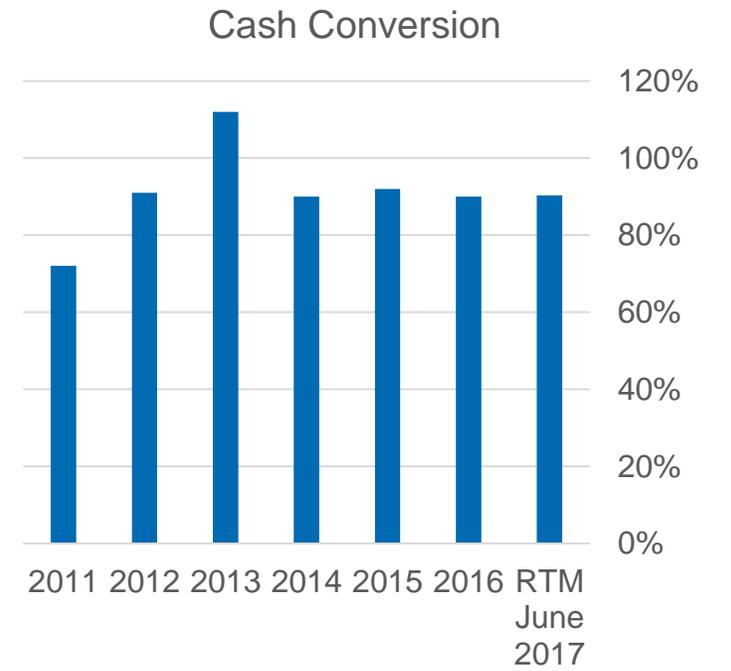
Profitability

2011 – RTM June 2017 (SEKbn)



Cash conversion

2011 – RTM June 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

	2017 RTM 30 June	2016 Jan-Dec
Operating cash flow/EBITDA	90%	90%
External net debt/Adjusted EBITDA	3.0	3.3
Investments, % of sales	0.7%	0.6%
Average working capital, % of sales	8.8%	8.9%
Return on operating capital (excluding intangible fixed assets), %	70%	67%
Return on working capital %	95%	94%

Q&A





Appendix

ahlsell

Condensed Income Statement

MSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2017 June RTM	Full Year 2016
Net sales	6 818	6 344	13 387	11 824	26 169	24 606
Cost of goods sold	-4 994	-4 631	-9 778	-8 606	-19 088	-17 916
Gross profit	1 825	1 713	3 608	3 217	7 081	6 690
Selling expenses	-1 257	-1 147	-2 493	-2 251	-4 802	-4 559
Administration expenses	-107	-92	-220	-184	-479	-443
Other operating income and expenses	10	2	19	8	42	31
Operating profit, EBIT	471	476	913	790	1 842	1 719
Net finance income/expense	-62	-232	-76	-534	-681	-1 140
Profit before tax	409	244	837	256	1 161	579
Income tax	-101	-89	-195	-127	-305	-237
Profit/loss for the period	308	155	643	128	856	342
Attributable to						
Owners of the parent company	308	155	643	128	856	342
Non-controlling interests	–	–	–	–	–	–
Basic earnings per share, before dilution, SEK	0.71	0.55	1.47	0.46	2.22	1.11
Basic earnings per share, after dilution, SEK	0.71	0.55	1.47	0.46	2.22	1.11

Condensed Balance Sheet

MSEK	2017 30 June	2016 30 June	2016 31 Dec
ASSETS			
Customer relationships	3 086	3 236	3 249
Trademark	3 837	3 767	3 837
Goodwill	7 064	6 730	7 028
Other intangible assets	131	130	123
Property, plant and equipment	797	737	781
Financial assets	78	156	8
Deferred tax assets	7	9	7
Total non-current assets	15 002	14 765	15 033
Inventories	3 360	3 054	3 287
Trade receivables	3 600	3 312	3 054
Other receivables	1 143	997	1 091
Cash and cash equivalents	957	2 017	1 209
Total current assets	9 060	9 381	8 641
TOTAL ASSETS	24 061	24 146	23 674

MSEK	2017 30 June	2016 30 June	2016 31 Dec
EQUITY AND LIABILITIES			
Equity	8 568	888	8 089
Non-current interest-bearing liabilities	7 930	16 191	7 930
Provisions	56	56	55
Deferred tax liabilities	1 392	1 314	1 426
Other non-current liabilities	27	–	25
Total non-current liabilities	9 405	17 561	9 436
Current interest-bearing liabilities	328	322	724
Trade payables	4 780	4 325	4 599
Provisions	19	7	19
Other current liabilities	961	1 044	807
Total current liabilities	6 088	5 697	6 148
TOTAL EQUITY AND LIABILITIES	24 061	24 146	23 674

Condensed Cash Flow Statement

SEK million	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	RTM 12 mån	Full Year 2016
Profit after financial items	409	244	838	256	1 161	579
Adjustments for non-cash items	158	142	266	441	825	1 001
Tax paid	-64	-77	-209	-84	-370	-245
Cash flow from operating activities before changes in working capital	503	309	894	613	1 616	1 335
Changes in inventories	-130	40	-58	-57	-166	-165
Changes in operating receivables	-231	-603	-598	-819	-333	-554
Changes in operating liabilities	129	571	322	493	459	630
Cash flow from changes in working capital	-231	8	-334	-383	-40	-89
Cash flow from operating activities	271	317	560	230	1 576	1 246
Cash flow from acquisition of assets, liabilities and operations	-48	-15	-111	-15	-547	-451
Other cash flow from investing activities	-84	-45	-144	-5	-218	-79
Cash flow from investing activities	-132	-60	-256	-20	-765	-530
Cash flow before financing activities	139	257	305	210	811	716
Cash flow from financing activities	-559	-555	-559	-555	-1 875	-1 871
Cash flow for the period	-419	-297	-254	-345	-1 064	-1 155
Exchange rate differences in cash and cash equivalents	1	1	2	2	4	4
Cash and cash equivalents at end of period	957	2 017	957	2 017	957	1 209

Sweden

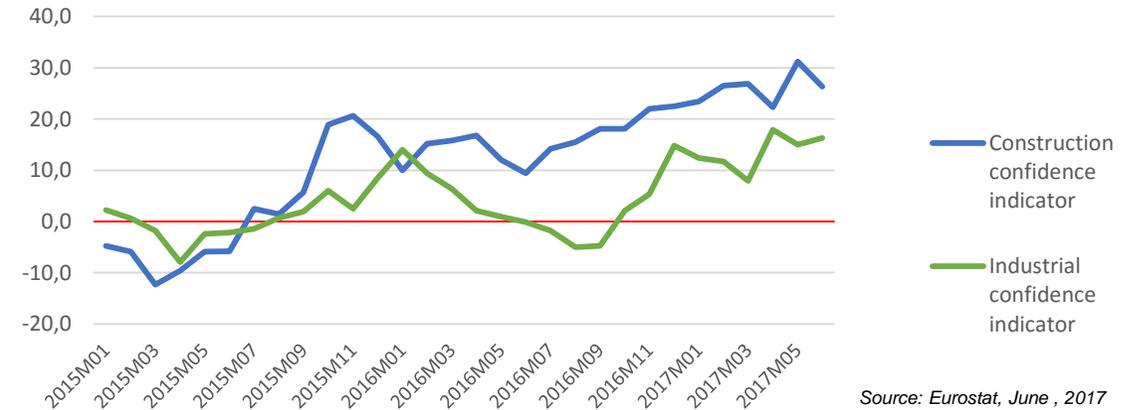
Market outlook 2017

- Market outlook remains positive with expected real GDP growth at 2.7% in 2017
- Structural drivers remain strong
 - Urbanisation
 - Population growth
 - Shortage of housing
 - Low interest rates
- Confidence indicators at high levels
 - Industry confidence sharp lift last 9 months
 - Construction confidence on a high level

Management priorities 2017

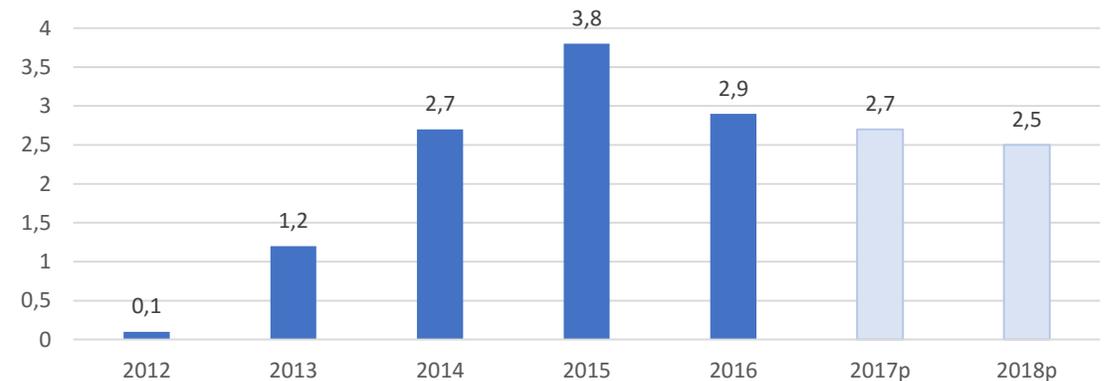
- Expanding business organically and through M&A
- Improve customer interface and multi channel offer
- Increase cross selling and cost efficiency

Strong confidence in Construction and Industry



Improved GDP growth outlook

Constant prices, calendar-adjusted, percentage change



Source: Konjunkturinstitutet, June, 2017

Norway

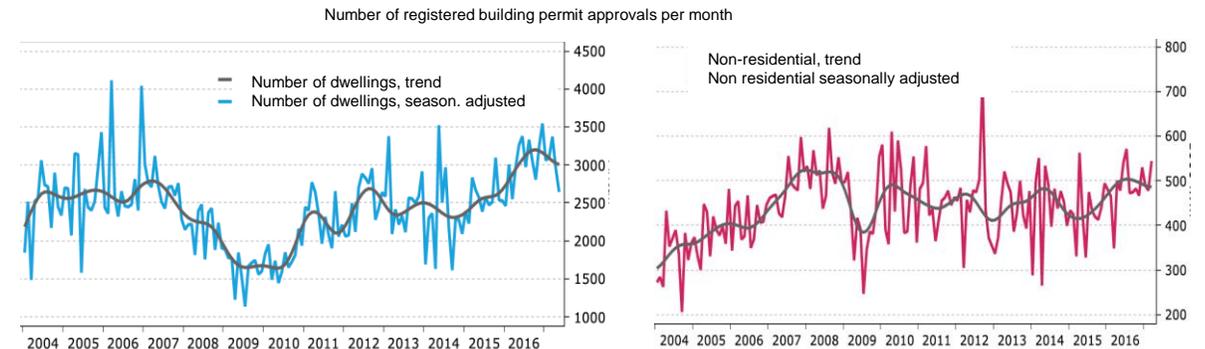
Market outlook 2017

- Market outlook remains positive with expected real GDP growth at 1.4% in 2017
- Construction growth driven primarily by new housing and infrastructure projects
- Structural drivers
 - Population growth with increased urbanisation, 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

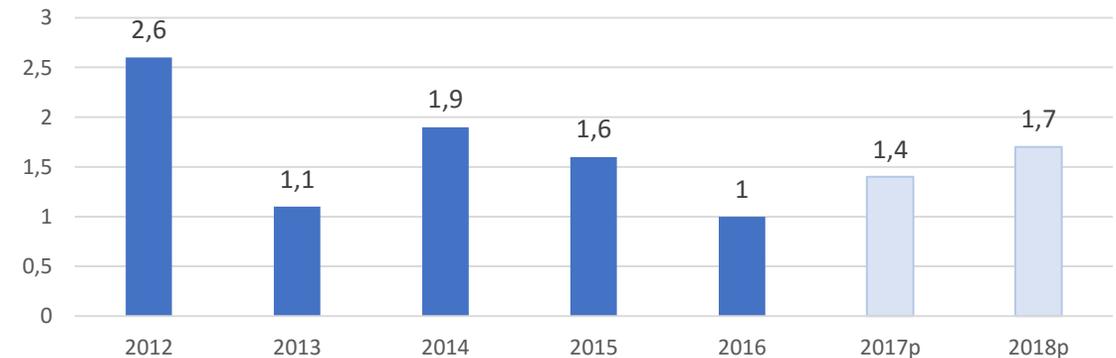
Building permit approvals growth shows positive trend



Source: Prognoscentret, May 2017

GDP growth in Norway

Constant prices, calendar-adjusted, percentage change



Source: Konjunkturinstituttet, June 2017

Finland

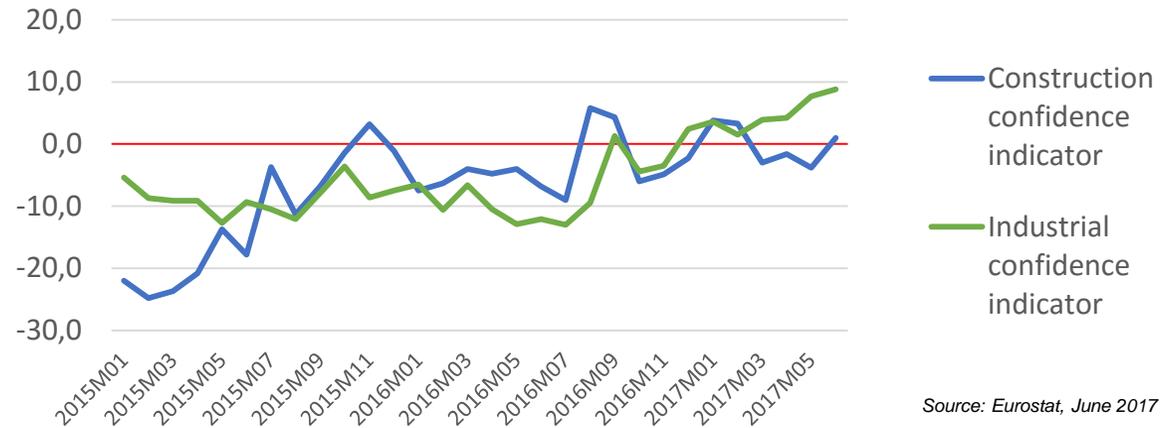
Market outlook 2017

- Market outlook slightly improved with expected real GDP growth at 1,9% in 2017
- Structural drivers still strong
 - Infrastructure projects
 - Under-invested building market
- Growing confidence in Finnish economy
 - Industry confidence is positive
 - Construction confidence just above zero, slowly improving

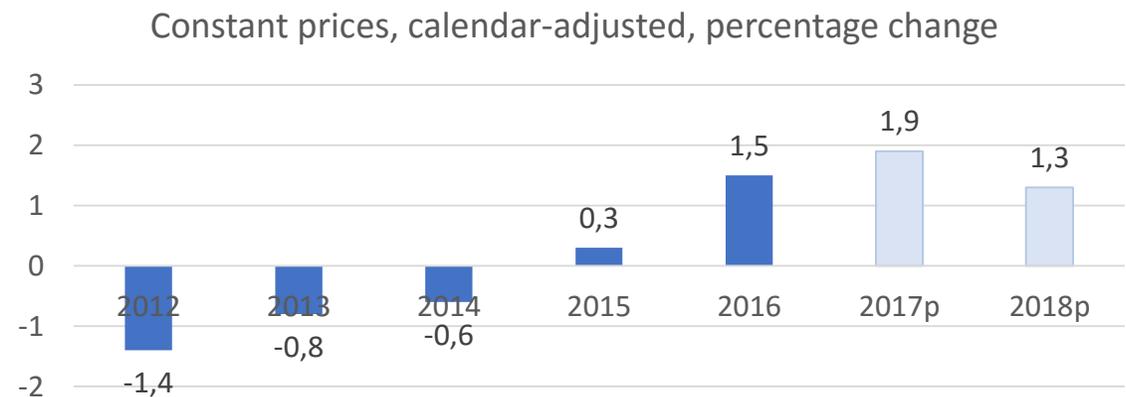
Management priorities 2017

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

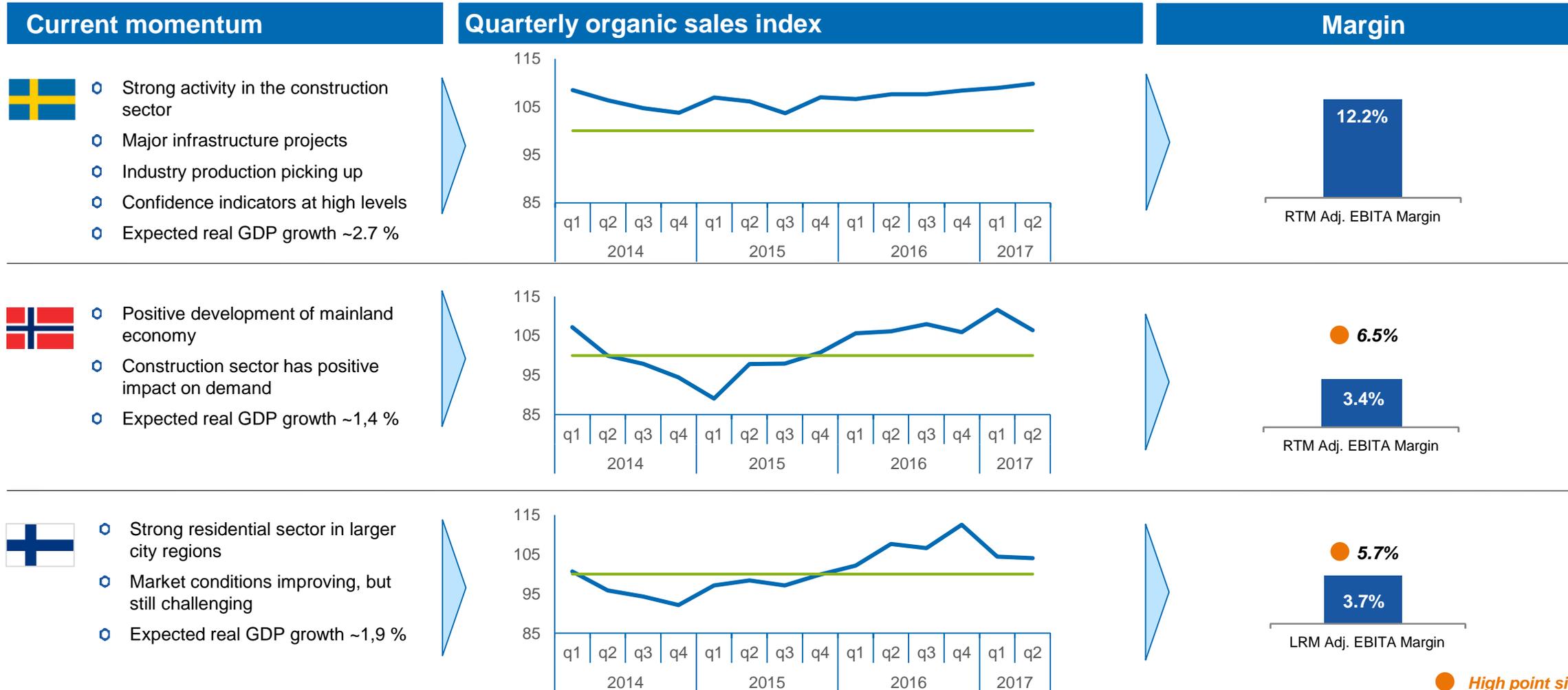
Finnish market is recovering



And GDP growth outlook improves



Sweden on continued strong trajectory, with Norway and Finland showing improvement



● High point since 2013