Fourth quarter and year-end report 2018

Press release 24 January 2019

Fourth quarter 2018

- Net sales increased by 13% to MSEK 8,616 (7,606). Organic growth was 8% (11).
- Operating profit (EBIT) amounted to MSEK 571 (620). EBIT includes items affecting comparability of MSEK -37. Fewer trading days in the quarter had a negative effect of just over MSEK 30 on operating profit.
- Profit (EBITA) amounted to MSEK 668 (709), with an EBITA margin of 7.8% (9.3). Adjusted EBITA amounted to MSEK 705 (709), corresponding to an adjusted EBITA margin of 8.2% (9.3).
- Profit after tax was MSEK 383 (462).
- Diluted earnings per share amounted to SEK 0.89 (1.07).
- The acquisition of a business in Norway, with annual sales of approximately MSEK 45, was closed during the quarter. An agreement to acquire another business in Finland, with estimated annual sales of MSEK 75, was signed during the period.
- In December, Quimper AB, a private limited liability company that has been or will be indirectly invested in by CVC Funds, announced a public offer to the shareholders of Ahlsell AB to acquire all shares in Ahlsell. The acceptance deadline is 11 February.

January – December 2018

- Net sales increased by 14% to MSEK 31,291 (27,484). Organic growth was 7% (9).
- Operating profit (EBIT) amounted to MSEK 2,138 (2,043).
- Profit (EBITA) amounted to MSEK 2,520 (2,394), with an EBITA margin of 8.1% (8.7). Adjusted EBITA amounted to MSEK 2,587 (2,405), with an adjusted EBITA margin of 8.3% (8.8).
- Profit after tax was MSEK 1,582 (1,428).
- Diluted earnings per share amounted to SEK 3.68 (3.28).
- Eight acquisitions with combined annual sales of approximately MSEK 886 were completed during the year. An agreement was also signed for a further acquisition with estimated annual sales of MSEK 75.
- The Board proposes a dividend of SEK 1,84 (1.65) per share for 2018, corresponding to a payout ratio of 50%.

Financial summary

	2018 Oct-Dec	2017 Oct-Dec	*change*	2018 Jan-Dec	2017 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	

A more detailed presentation of the alternative performance measures Organic growth, EBITA, Adjusted EBITA, EBITA margin and Adjusted EBITA margin can be found on page 24.

Statement from the CEO Q4 2018

Johan Nilsson President and CEO

STRONG GROWTH AND INTENSIFIED FOCUS ON INCREASED PROFITABILITY

Good market conditions with growth in all market segments, combined with successful initiatives, contributed to sales growth of 13% during the final quarter of the year. Organic growth accounted for 8% of this growth. Several years of strategic initiatives in sales have brought us continuing strong growth, both with our existing customers, but also with new customers, who appreciate the value of our customer offering. This means that we have yet again proven our position as Nordic market leader in technical distribution. Acquisitions contributed an additional 5% during the quarter and we continue to deliver on our acquisition strategy.

However, the strong growth does not just have advantages. We noted a weakening of the gross margin during the quarter, which is mainly an effect of strong growth in customer and product segments with lower profitability and increased costs for handling high volumes in Norway. This means that, in addition to ongoing efficiency-improving measures, we will also intensify our focus on an improved sales mix.

Our adjusted EBITA amounted to MSEK 705, corresponding to a margin of 8.2%. As previously communicated, we have taken extra costs in connection with restructuring in Norway. These measures are expected to yield results from 2019. Our Group-wide focus on cost savings and efficiency measures continues according to plan, and we are already seeing positive effects of this in our Swedish operations. Our acquisitions, which previously had a dilutive effect on the margin, now report profitability in line with the average for the Group.

The good sales trend continues in **Sweden**, where we achieved organic growth of 7%, indicating a strengthened market position. The high level of activity in the construction sector continues, but we note a shift from private new residential construction to public investments and increased activity in renovation.

Norway also showed strong sales growth, with organic growth of 9%. Acquisitions contributed a further 13%. The high growth is pleasing, while at the same time placing pressure on profitability. The positive economies of scale that we expect as a result of the growth have not yet been realised and instead, the strong growth achieved in the second half of 2018 has resulted in a short-term increase in logistics and transport costs. Improved profitability is therefore top of the agenda in the Norwegian operations. During the quarter, we took MSEK 37 in restructuring costs and we expect savings of MSEK 60 in 2019, well aware of that the choice of route to increased profitability may affect the growth rate.

Finland showed the highest organic growth among our main markets during the quarter, with all product segments developing well. Total organic growth was 10%. As in previous quarters, southern and western parts of Finland are growing fastest, and initiatives to strengthen our presence have yielded results.

Outlook – Our broad exposure to several market segments with different cyclical patterns means that we enter the new year in a strong position. I am confident of continuing positive development within industry and infrastructure. The current good development in construction is also expected to continue, with stronger growth in renovation and new construction of premises than in new residential construction, which is expected to slow down. Overall, I expect good demand and continuing growth for 2019, albeit at a somewhat lower level than in recent years.

Net sales

Fourth quarter

Net sales for the quarter increased by 13% to MSEK 8,616 (7,606). The increase in net sales was mainly attributable to strong organic growth of 8%. Other contributory factors to the increase were acquisitions and currency translation effects.

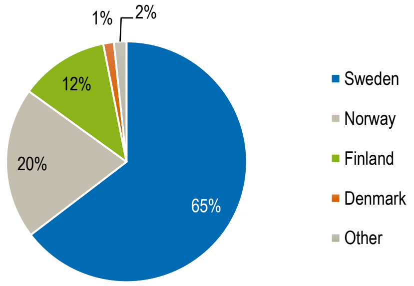
The Group's strong organic growth is due to favourable market conditions with high activity in all the main markets and stronger positions in most segments. In addition, previous initiatives and a strong focus on growth have had an effect on sales growth in this quarter too.

January – December

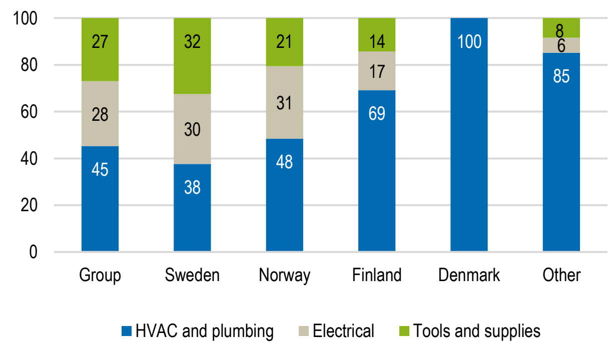
Net sales for the full year increased by 14% to MSEK 31,291 (27,484). The growth was positively affected by strong organic growth, acquisitions and currency translation effects.

Growth	Oct-Dec		Jan-Dec	
	%	MSEK	%	MSEK
Organic	8%	620	7%	2,148
Acquisitions	5%	360	5%	1,304
Trading days	-2%	-118	0%	-133
Currency	2%	148	2%	488
Total growth	**13%**	**1,010**	**14%**	**3,807**

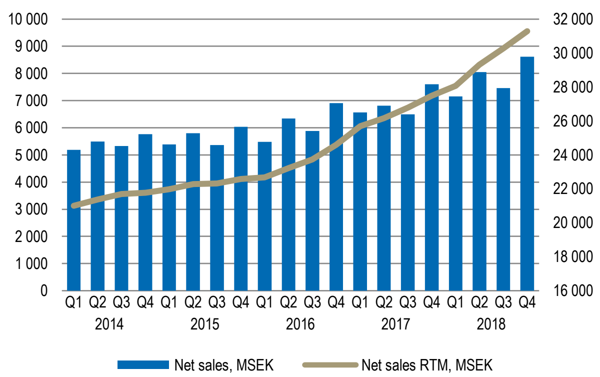
Net sales by segment (rolling 12 months)



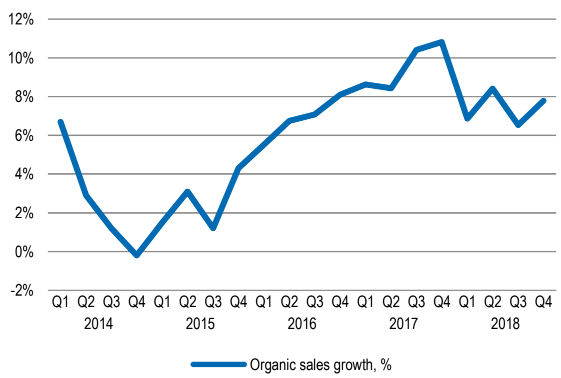
Net sales by product segment (rolling 12 months), %



Net sales (per quarter and rolling 12 months)



Organic sales growth (per quarter)



Earnings

Fourth quarter

The Group's EBITA for the quarter was MSEK 668 (709), corresponding to an EBITA margin of 7.8% (9.3). EBITA includes items affecting comparability of MSEK -37. Adjusted EBITA amounted to MSEK 705 (709), corresponding to a margin of 8.2% (9.3). Fewer trading days compared with the previous year had a negative effect of MSEK -34 on operating profit, corresponding to -5%.

The gross margin for the quarter was 25.9% (27.1), having weakened during the year. This is mainly due to active marketing and a stronger growth rate in segments with a lower gross margin, notably in the Norwegian operations.

The Group's operating expenses increased as a result of acquisitions and a continuing high level of activity and resource use compared with previous years. Cost-saving and efficiency-improving measures have begun to show effects in the Swedish operations at the end of the quarter. Costs attributable to the restructuring of the Norwegian operations had an impact of MSEK -37 on earnings. Currency translation effects had a positive impact of MSEK 7 on operating profit.

Profit before tax for the period was MSEK 523 (575). Profit for the period was MSEK 383 (462), corresponding to diluted earnings per share of SEK 0.89 (1.07).

January – December

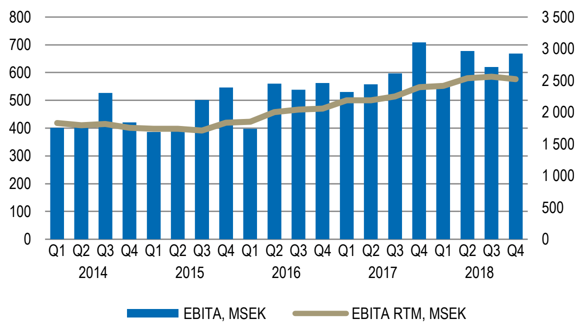
The Group's EBITA for the full year was MSEK 2,520 (2,394), corresponding to an EBITA margin of 8.1% (8.7). Adjusted EBITA increased by 8% to MSEK 2,587 (2,405), corresponding to a margin of 8.3% (8.8). Fewer trading days compared with the previous year had a negative effect of MSEK -37 on operating profit, corresponding to - 2%.

The gross margin was 26.5% (27.0), a weaker than in the previous year.

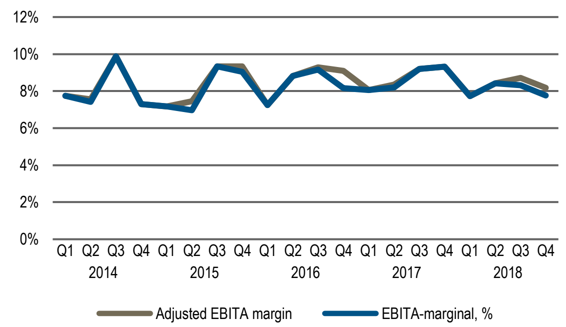
The Group's operating expenses, adjusted for items affecting comparability, as a proportion of sales are at the same level as in the previous year. Currency translation effects had a positive impact of MSEK 23 on operating profit.

Profit before tax for the full year was MSEK 1,954 (1,834). Recalculated deferred taxes following the decision to introduce a new tax rate in Sweden and Norway had a positive effect of approximately MSEK 85 on tax expense. Profit for the year was MSEK 1,582 (1,428), corresponding to diluted earnings per share of SEK 3.68 (3.28).

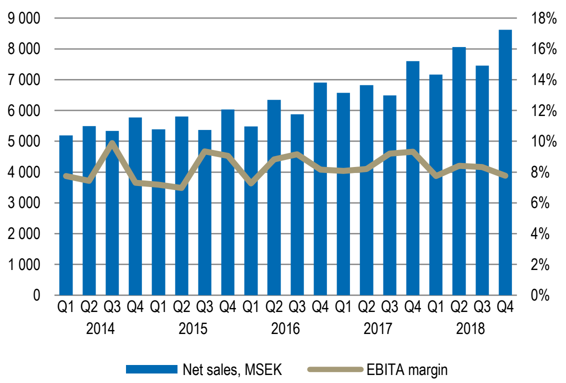
EBITA (per quarter and rolling 12 months)



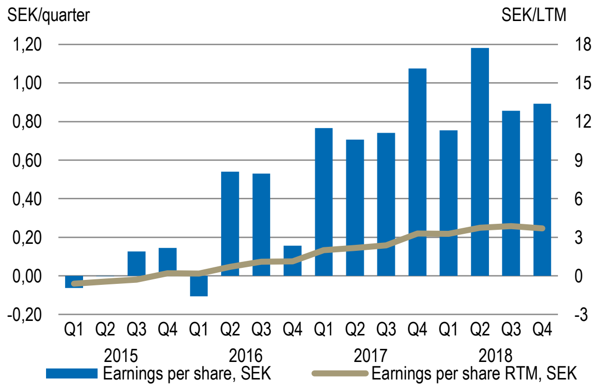
EBITA margin (per quarter)



Net sales and EBITA margin (per quarter)



Earnings per share (per quarter and rolling 12 months)



Segment Sweden

Sweden	2018 Oct-Dec	2017 Oct-Dec	change	2018 Jan-Dec	2017 Jan-Dec	change
External net sales, MSEK	5,612	5,140	*9%*	20,221	18,087	*12%*
Organic growth, %	7%	13%		8%	11%	
Profit (EBITA), MSEK	671	651	*3%*	2,356	2,213	*6%*
Adjusted EBITA, MSEK	671	651	*3%*	2,386	2,213	*8%*
EBITA margin, %	12.0%	12.7%		11.7%	12.2%	
Adjusted EBITA margin, %	12.0%	12.7%		11.8%	12.2%	

- **Strong organic growth of 7%, driven by high activity and successful initiatives**
- **Fewer trading days had a negative effect of MSEK 25 on earnings**

Growth	Oct-Dec %	Oct-Dec MSEK	Jan-Dec %	Jan-Dec MSEK
Organic	7%	387	8%	1,423
Acquisitions	4%	175	5%	791
Trading days	-2%	-91	0%	-81
Currency	0%	0	0%	0
Total growth	**9%**	**472**	**12%**	**2,134**

Fourth quarter

External net sales for the Swedish operations increased by 9% to MSEK 5,612 (5,140).

With high activity in most customer segments, market conditions for Ahlsell's Swedish operations continued to be favourable. Together with a broad product range and service offering, expansion of the branch network and increased e-commerce, this contributed to positive sales development and strong organic growth. Sales to customers within installation, construction and industry continued to develop strongly. The high activity level in the construction sector continues, but there is an emerging shift from private new residential construction to more public investments and an increase in the renovation sector.

Profit (EBITA) for the quarter was MSEK 671 (651), corresponding to an EBITA margin of 12.0% (12.7). The improvement is primarily due to increased sales as a result of strong organic growth. The gross margin was overall weaker than in the previous year. Initiated cost-saving and efficiency-improving measures gave effect towards the end of the quarter, and costs as a proportion of sales were lower than in the previous year. Fewer trading days compared with the previous year had a negative effect of MSEK -25 on operating profit, corresponding to -4%, while a contingent consideration revaluation had a positive effect of MSEK 7.

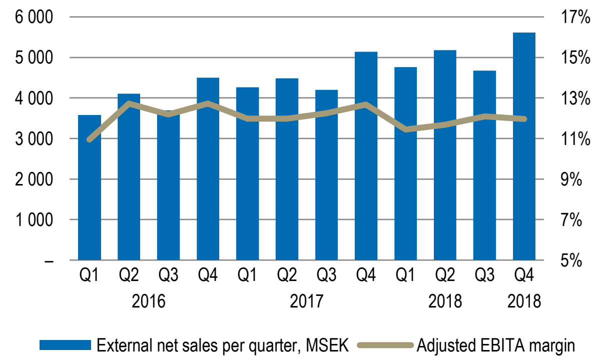
The subsidiary Ahlsell Maskin AB, with annual sales of approximately MSEK 80, was divested during the quarter. Its activities were considered as non-core business for Ahlsell. The divestment has only had a marginal impact on earnings.

January – December

External net sales for the full year increased by 12% to MSEK 20,221 (18,087).

Profit (EBITA) amounted to MSEK 2,356 (2,213), with an EBITA margin of 11.7% (12.2). Earnings include items affecting comparability of MSEK -30 attributable to ViaCon restructuring. Adjusted EBITA increased by 8% to MSEK 2,386 (2,213), with an adjusted EBITA margin of 11.8% (12.2). Fewer trading days compared with the previous year had a negative effect of MSEK -23 on operating profit, corresponding to -1%. A total of three acquisitions, with combined annual sales of MSEK 306, were made during the year. In addition, a business with annual sales of approximately MSEK 80 was divested.

External net sales and adjusted EBITA margin



Segment Norway

Norway	2018 Oct-Dec	2017 Oct-Dec	change	2018 Jan-Dec	2017 Jan-Dec	change
External net sales, MSEK	1,748	1,393	*26%*	6,366	5,349	*19%*
Organic growth, %	9%	8%		7%	8%	
Profit (EBITA), MSEK	-8	48	*-118%*	127	177	*-29%*
Adjusted EBITA, MSEK	29	48	*-40%*	164	177	*-8%*
EBITA margin, %	-0.5%	3.4%		2.0%	3.3%	
Adjusted EBITA margin, %	1.6%	3.4%		2.6%	3.3%	

- **Strong sales growth, driven by both acquisitions and organic growth**
- **EBITA was negatively affected by a lower gross margin and items affecting comparability of MSEK -37**

Growth	Oct-Dec		Jan-Dec	
	%	MSEK	%	MSEK
Organic	9%	135	7%	408
Acquisitions	13%	161	9%	445
Trading days	-2%	-27	-1%	-49
Currency	6%	86	4%	213
Total growth	**26%**	**355**	**19%**	**1,017**

Fourth quarter

External net sales for the Norwegian operations increased by 26% to MSEK 1,748 (1,393).

The Norwegian operations achieved very strong sales and high organic growth during the quarter. The growth was mainly driven by high market activity and strong sales to customers in infrastructure, construction and industry, while sales to customers in HVAC & Plumbing was weaker. The year's acquisitions have provided a significant boost to the sales growth and contributed to stronger positions.

Profit (EBITA) for the quarter was MSEK -8 (48), corresponding to an EBITA margin of -0.5% (3.4). Earnings include items affecting comparability of MSEK -37 attributable to ongoing restructuring to achieve improved organisational efficiency. Adjusted EBITA amounted to MSEK 29 (48), corresponding to an adjusted EBITA margin of 1.6% (3.4). The gross margin is weaker than in the previous year, due to organic growth with lower margin, while the reduced efficiency in logistics and transport that was noted in the third quarter continued during the last quarter of the year. Cost-saving measures are expected to result in efficiency improvements in most functions starting in 2019. Fewer trading days compared with the previous year had a negative effect of MSEK -8 on operating profit, corresponding to -16%.

The sprinkler operation was acquired from Øglænd System AS during the period. The acquisition strengthens Ahlsell's expertise and range as a distributor of sprinkler systems in the Norwegian market and brings annual sales of MSEK 45.

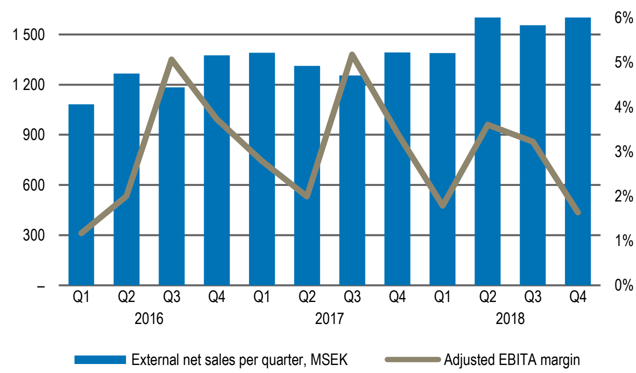
January – December

External net sales for the full year increased by 19% to MSEK 6,366 (5,349).

Profit (EBITA) amounted to MSEK 127 (177), with an EBITA margin of 2.0% (3.3). EBITA includes items affecting comparability of MSEK -37. Adjusted EBITA amounted to MSEK 164 (177), corresponding to an adjusted EBITA margin of 2.6% (3.3). Fewer trading days compared with the previous year had a negative effect of MSEK -13 on operating profit, corresponding to -7%.

Four acquisitions, with combined annual sales of MSEK 545, were made during the year.

External net sales and adjusted EBITA margin



Segment Finland

Finland	2018 Oct-Dec	2017 Oct-Dec	change	2018 Jan-Dec	2017 Jan-Dec	change
External net sales, MSEK	1,014	848	*20%*	3,734	3,201	*17%*
Organic growth, %	10%	4%		7%	4%	
Profit (EBITA), MSEK	28	37	*-24%*	127	117	*8%*
Adjusted EBITA, MSEK	28	37	*-24%*	127	129	*-1%*
EBITA margin, %	2.8%	4.4%		3.4%	3.7%	
Adjusted EBITA margin, %	2.8%	4.4%		3.4%	4.0%	

- **Strong organic growth of 10%**
- **All product segments developed well**

Growth	Oct-Dec		Jan-Dec	
	%	MSEK	%	MSEK
Organic	10%	90	7%	238
Acquisitions	3%	23	2%	68
Trading days	0%	0	0%	0
Currency	6%	53	7%	227
Total growth	**20%**	**166**	**17%**	**533**

Fourth quarter

External net sales for the Finnish operations increased by 20% to MSEK 1,014 (848).

The Finnish operations showed strong sales growth during the quarter, driven by high organic growth, currency translation effects and acquisitions. All product segments developed well and several customer segments showed very good sales development.

Profit (EBITA) for the quarter was MSEK 28 (37), corresponding to an EBITA margin of 2.8% (4.4). The decline is primarily due to a weaker gross margin. Costs as a proportion of sales were in line with the previous year.

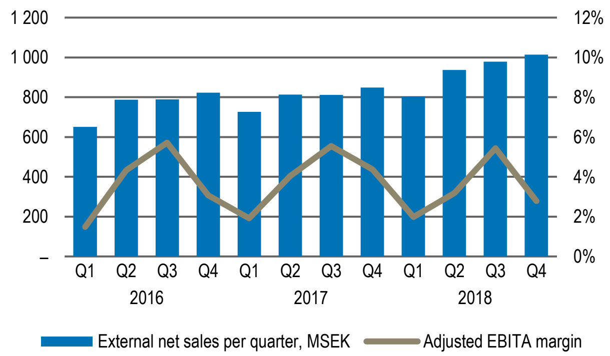
During the quarter, an agreement was signed to acquire PJ-Control Oy, with annual sales of approximately MSEK 75. The company has a strong foothold in the Helsinki area and offers sales of electrical components within industrial automation. Closing was on 2 January 2019.

January – December

External net sales for the full year increased by 17% to MSEK 3,734 (3,201).

Profit (EBITA) amounted to MSEK 127 (117), with an EBITA margin of 3.4% (3.7). One acquisition, with total annual sales of MSEK 35, was made during the year.

External net sales and adjusted EBITA margin



Segment Denmark

Denmark	2018 Oct-Dec	2017 Oct-Dec	change	2018 Jan-Dec	2017 Jan-Dec	change
External net sales, MSEK	107	98	*9%*	443	382	*16%*
Organic growth, %	6%	13%		10%	4%	
Profit (EBITA), MSEK	8	13	*-34%*	59	42	*38%*
Adjusted EBITA, MSEK	8	13	*-34%*	59	42	*38%*
EBITA margin, %	7.8%	12.9%		13.2%	11.1%	
Adjusted EBITA margin, %	7.8%	12.9%		13.2%	11.1%	

- **Organic growth of 6%, driven by refrigeration and DIY**
- **The gross margin weakened, mainly due to reduced refrigerant prices**

Growth	Oct-Dec		Jan-Dec	
	%	MSEK	%	MSEK
Organic	6%	5	10%	38
Acquisitions	0%	0	0%	0
Trading days	-2%	-2	-1%	-3
Currency	5%	5	7%	26
Total growth	**9%**	**9**	**16%**	**61**

Fourth quarter

External net sales for the Danish operations increased by 9% to MSEK 107 (98).

The increase was driven by organic growth in both refrigeration and DIY (Do-It-Yourself) operations. However, as a direct result of reduced refrigerant prices, the growth rate for refrigeration operations has declined compared with the previous quarters of the year.

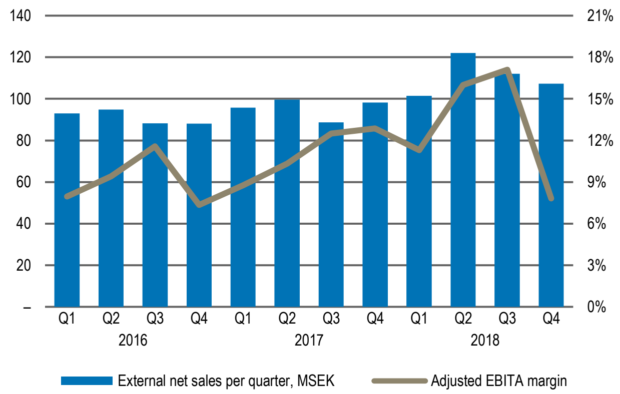
Profit (EBITA) for the quarter was MSEK 8 (13), corresponding to an EBITA margin of 7.8% (12.9). The gross margin weakened, mainly due to reduced refrigerant prices. Fewer trading days compared with the previous year had a negative effect of MSEK -1 on operating profit, corresponding to -5%.

January – December

External net sales for the full year increased by 16% to MSEK 443 (382).

Profit (EBITA) amounted to MSEK 59 (42), with an EBITA margin of 13.2% (11.1). Fewer trading days compared with the previous year had a negative effect of MSEK -1 on operating profit, corresponding to -3%.

External net sales and adjusted EBITA margin



Segment Other

Other Estonia, Russia, Poland	2018 Oct-Dec	2017 Oct-Dec	*change*	2018 Jan-Dec	2017 Jan-Dec	*change*
External net sales, MSEK	134	126	*7%*	528	465	*13%*
Organic growth, %	2%	10%		9%	10%	
Profit (EBITA), MSEK	2	3	*-34%*	13	12	*7%*
Adjusted EBITA, MSEK	2	3	*-34%*	13	12	*7%*
EBITA margin, %	1.5%	2.5%		2.5%	2.6%	
Adjusted EBITA margin, %	1.5%	2.5%		2.5%	2.6%	

- **Organic growth in Poland and Estonia**
- **Positive currency translation effects**

Growth	Oct-Dec		Jan-Dec	
	%	MSEK	%	MSEK
Organic	2%	3	9%	41
Acquisitions	0%	0	0%	0
Trading days	1%	1	0%	0
Currency	4%	5	5%	22
Total growth	**7%**	**8**	**13%**	**63**

Fourth quarter

External net sales for segment Other increased by 7% to MSEK 134 (126).

Sales growth for the segment was positively affected by favourable currency translation effects and by organic growth in the Polish and Estonian operations.

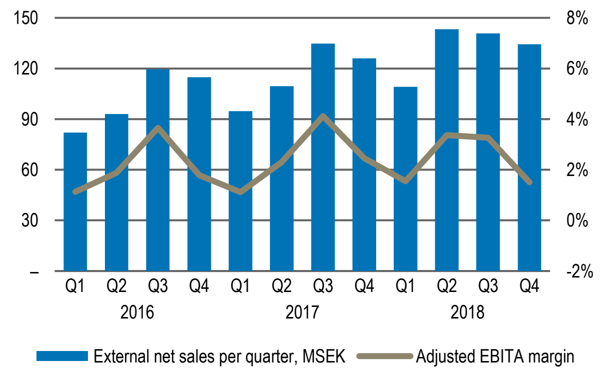
Profit (EBITA) for the quarter was MSEK 2 (3), corresponding to an EBITA margin of 1.5% (2.5).

January – December

External net sales for the full year increased by 13% to MSEK 528 (465).

Profit (EBITA) amounted to MSEK 13 (12), with an EBITA margin of 2.5% (2.6).

External net sales and adjusted EBITA margin



Acquisitions

Eight acquisitions with combined annual sales of MSEK 886 were made during the year. None of the acquisitions is considered sufficiently significant as to warrant a separately reported purchase price allocation. The total purchase consideration for the acquisitions was MSEK 828, with a cash flow effect of MSEK 763. Acquired liquid assets amounted to MSEK 47. The total purchase consideration includes a contingent consideration, valued at MSEK 18, attributable to the acquisitions of Proffsmagasinet Svenska AB and Kahipa Oy. The acquired companies have reported net assets of MSEK 217. Intangible surplus values were allocated as follows: MSEK 165 to customer relationships and MSEK 490 to goodwill. Goodwill is attributable to the synergies that are expected to arise.

Closing	Completed acquisitions	Country	Product segment	Annual sales MSEK[a]	Number of employees[b]
16/01/2018	Proffsmagasinet Svenska AB	Sweden	Tools & Supplies	260	50
	Strengthens the position in e-commerce by offering the market's best product range to an even larger customer base of professionals				
01/02/2018	HMK i Västerås AB	Sweden	Tools & Supplies	16	8
	Strengthens the position in workwear and personal protection in Västerås and its surroundings				
02/02/2018	Bekken & Strøm AS, Sandefjord Skofabrikk AS, Jenger Oy	Norway	Tools & Supplies	415	160
	Makes Ahlsell a market leader in personal protective equipment in Norway.				
02/05/2018	Sentrum Motor og Verktøy AS	Norway	Tools & Supplies	40	9
	Strengthens the position in personal protective equipment and aquaculture in Finnmark				
31/05/2018	Bygg & IndustriPartner Skaraborg AB	Sweden	Tools & Supplies	30	7
	Strengthens the position in Tools & Supplies in Skaraborg				
02/07/2018	Kahipa Oy	Finland	Tools & Supplies	35	8
	Gives Ahlsell specialist competence in a strategically important niche market within HVAC & Plumbing fastenings				
03/09/2018	Bygg & Industrisalg AS	Norway	Tools & Supplies	45	13
	Strengthens the personal protective equipment presence in the region around Stavanger				
01/11/2018	Øglænd System AS (assets and liabilities)	Norway	Tools & Supplies	45	8
	Broadens the range and opens up access to a market-leading sprinkler range				
Total				**886**	**263**

[a] Estimated sales for the last 12 months on date of closing [b] On acquisition date

The total consideration for Proffsmagasinet Svenska AB comprised a base and additional contingent consideration. In the purchase price allocation, the additional consideration was valued at MSEK 9, which is dependent on the company's earnings development and is calculated based on the most likely outcome. The additional consideration is due for payment in 1.5 year. The outcome will be in the range of MSEK 0-13 on the settlement date, depending on fulfilment of the conditions.

The total consideration for Kahipa Oy comprised a base and additional contingent consideration. In the purchase price allocation, the additional consideration was valued at MSEK 9, which is dependent on the company's earnings development and is calculated based on the most likely outcome. The additional consideration is due for payment in 1 year. The outcome will be in the range of MSEK 0-9 on the settlement date, depending on fulfilment of the conditions.

As acquired businesses are fully or partly integrated into Ahlsell's existing operations after the acquisition date, it is not possible to present information about their contribution to the Group's sales and earnings. Ahlsell considers the analysis of the acquired net assets to be provisional, and subsequent fair value adjustments may therefore be made. If all acquisitions closed in 2018 had been conducted on 1 January, the Group's sales would have been approximately MSEK 175 higher and EBITA about MSEK 17 higher. Total transaction costs for the year's acquisitions amount to approximately MSEK 5.

Revalued contingent considerations of MSEK 7 were recognised as other operating income in segment Sweden in the fourth quarter. The revaluation is attributable to the contingent consideration in connection with the acquisition of Prevex, where some of the calculated synergy effects have been late in coming and are expected to materialise after the measurement point for the additional purchase consideration. Total revalued contingent considerations of MSEK 23 were recognised as income during the year.

In December, Ahlsell entered into an agreement to acquire PJ-Control Oy in Finland. The company, which offers electrical components within industrial automation, has annual sales of approximately MSEK 75 and 15 employees. Closing was in early January. According to the preliminary acquisition analysis, the intangible surplus values amount to MSEK 22.

Closing	Completed acquisitions 2017	Country	Product segment	Annual sales MSEK[a]	Number of employees[b]
28/02/2017	G-ESS Yrkeskläder AB	Sweden	Tools & Supplies	120	37
02/05/2017	C.J. Järn & Maskin AB	Sweden	Tools & Supplies	46	18
01/06/2017	Svensk Industri & Kommunservice AB	Sweden	Tools & Supplies	55	13
02/10/2017	Lenson Elektro AS	Norway	Electrical	23	5
01/11/2017	ViaCon VA (assets and liabilities)	Sweden	HVAC & Plumbing	320	81
01/12/2017	Gehås AB (assets and liabilities)	Sweden	Tools & Supplies	15	6
04/12/2017	Infästningsspecialisten Göteborg AB	Sweden	Tools & Supplies	28	8
28/12/2017	Nordic Sprinkler AB, Enexia AB, Prepipe Construction AB	Sweden	HVAC & Plumbing	80	21
28/12/2017	Enexia Oy	Finland	HVAC & Plumbing	40	8
29/12/2017	Jobline i Umeå AB	Sweden	Tools & Supplies	26	8
29/12/2017	SAFE Workwear Sweden AB	Sweden	Tools & Supplies	24	9
Total				**777**	**214**

[a] Estimated sales for the last 12 months on date of closing [b] On acquisition date

The purchase price allocations for all acquisitions completed in 2017 are final and only marginal changes have been made based on what was previously presented. If all acquisitions during 2017 had been conducted on 1 January, the Group's sales would have been approximately MSEK 555 higher and EBITA about MSEK 35 higher.

Net financial items

The Group's net financial items for the fourth quarter amounted to MSEK -48 (-45). Net interest expense was MSEK -42 (-43). Currency effects had an impact of MSEK -29 (-7) on net financial items, while revaluation of currency derivatives had an effect of MSEK 29 (12). Other financial items, which consisted mainly of bank charges, had a net effect of MSEK -5 (-7) on net financial items during the fourth quarter. Revaluation of equity swaps (used to secure the Group's long-term share-savings programme in 2017) had an effect of MSEK 0 on the figure for the comparative period. These equity swaps were terminated in the fourth quarter of 2017.

The Group's net financial items for the full year amounted to MSEK -184 (-209). Net interest expense was MSEK -163 (-183). Currency effects had an impact of MSEK 15 (-37) on net financial items, while revaluation of currency derivatives had an effect of MSEK -17 (33). Other financial items, which consisted mainly of bank charges, had a net effect of MSEK -20 (-17) on net financial items during the year. Revaluation of equity swaps (used to secure the Group's long-term share-savings programme in 2017) had a negative effect of MSEK 5 on the figure for the comparative period. These equity swaps were terminated in the fourth quarter of 2017.

Tax

Tax on profit for the fourth quarter amounted to MSEK -140 (-113). Tax on profit for the full year amounted to MSEK -372 (-406). The effective tax rate for the year was -19.1% (-22.1). The lower effective tax rate for the full year is mainly due to deferred tax income, with a change in the tax rate in Sweden affecting the effective tax rate by about 4 percentage points, corresponding to approximately MSEK 85.

Financial position and liquidity

The Group's cash and cash equivalents at 31 December were MSEK 1,248 (1,295), a decline of MSEK 47 since the previous year. There are also unused credit facilities of MSEK 3,214. Outstanding commercial papers amounted to MSEK 200 on the reporting date.

Net debt at 31 December amounted to MSEK 6,684 (6,742), a decline of MSEK 58 since 31 December the previous year. Net debt/adjusted EBITDA was 2.4 (2.6) times.

The Group's equity at 31 December was MSEK 9,976 (9,004), an increase of MSEK 972 since 31 December the previous year.

Cash flow and investments

Cash flow from operating activities before changes in working capital for the fourth quarter was MSEK 625 (772). Cash flow from changes in working capital was MSEK 830 (705). Cash flow from investing activities, including acquisitions, was MSEK -105 (-218). Investments in property, plant and equipment and intangible assets during the fourth quarter amounted to MSEK -77 (-72). Cash flow from financing activities was MSEK -1,224 (-575). Cash flow for the period amounted to MSEK 125 (683).

Cash flow from operating activities before changes in working capital for the full year was MSEK 2,157 (2,193). Cash flow from changes in working capital was MSEK -257 (-333). Cash flow from investing activities, including acquisitions, was MSEK -1,051 (-541). Investments in property, plant and equipment and intangible assets amounted to MSEK -272 (-217) during the interim period. The increase is attributable to the investment in the central warehouse in Hallsberg. Cash flow from financing activities during the year amounted to MSEK -897 (-1,235) and was mainly affected by a bond issue of MSEK 750, a dividend payment of MSEK 708 to shareholders and commercial paper repayments of MSEK 799 (net).

Operating cash flow (see also note 3) for the full year was MSEK 2,201 (1,991), an increase of MSEK 205 from the previous year. Operating cash flow/EBITDA (Cash conversion) for the last twelve months was 81% (78).

Personnel

The number of employees at the end of the period was 5,724 (5,471) and the average number of employees during the period was 5,829 (5,106). Acquisitions during the year increased the number of employees by 263.

The Group's share-savings programme costs were MSEK 15 (13) during the fourth quarter. MSEK 11 (9) of this amount was credited to equity and MSEK 4 (4) was reserved for social security contributions. The Group's share-savings programme costs for the full year were MSEK 55 (51). MSEK 41 (37) of this amount was credited to equity and MSEK 14 (14) was reserved for social security contributions. The costs are reported in the Central segment and are included in the income statement under administration expenses. In order to secure the Group's long-term share-savings programme, own shares were repurchased in 2017 and the Group also entered into equity swaps in 2018. The number of repurchased shares is seven million. At 31 December, the number of hedged shares amounted to 1,075,000, with an average cost of SEK 53.47.

Parent Company

Ahlsell AB (publ), corp. ID 556882-8916, is the Parent Company of the Group. The Parent Company's net sales for the fourth quarter amounted to MSEK 17 (125). Profit/loss before tax was MSEK -209 (-1,743). The Parent Company's net sales for the full year amounted to MSEK 70 (453). Profit/loss before tax was MSEK 0 (-1,240). The Parent Company's cash and cash equivalents were MSEK 2 (2) at the end of the period. The Company is financed via the Group's cash pool. Ahlsell is listed on Nasdaq Stockholm under the ticker AHSL.

Related-party transactions

There have been no transactions between Ahlsell and related parties that have significantly affected the Company's position and results during the period.

Other events

On 11 December 2018, Quimper AB, a private limited liability company that has been or will be indirectly invested in by CVC Funds, announced a public offer to the shareholders of Ahlsell AB (publ) to acquire all shares in Ahlsell at a price of SEK 55.00 per share. Following the public offer, the Board of Directors appointed an independent bid committee from among its members, consisting of Satu Huber (chair of the bid committee) Magdalena Gerger, Susanne Ehnbåge and Terje Venold. In accordance with the regulations (Takeover rules, Nasdaq Stockholm), the independent members of Ahlsell AB's Board will announce their opinion on the offer no later than two weeks before the acceptance deadline for the bid, which is 11 February 2019. Costs related to the offer will be charged in the first quarter of 2019.

Events after the end of the interim period

On 2 January 2019, Ahlsell Oy completed the acquisition of PJ-Control Oy, a company specialising in electrical and industrial automation, with annual sales of approximately MSEK 75.

Risks and uncertainties

The Group and the Parent Company are exposed to a number of risks relating to both operating and financing activities. The risks that Ahlsell considers to be the most significant to its business are listed below.

- Activity in the building sector, comprising new construction projects, service and repairs, and renovation, maintenance and improvement (RMI), is the single most important driving force for Ahlsell's sales development.
- Acquisitions are a key part of Ahlsell's growth strategy. The acquisition process can be subject to difficulties, such as identifying acquisition objects, integrating acquired businesses and achieving expected synergies. Ahlsell's acquisitions mean that intangible assets constitute a large part of Ahlsell's total assets. Ahlsell's intangible assets consist primarily of customer relationships, trademarks and goodwill.
- If Ahlsell's own warehouse and distribution operations were disrupted or shut down for some reason or if the distribution companies contracted by Ahlsell had insufficient distribution capacity to meet requirements, Ahlsell's ability to deliver its products to the market would be adversely affected.
- Ahlsell is greatly dependent on IT systems for the day-to-day operation of its business and the performance of its financial reporting. External suppliers are responsible for the administration and maintenance of all Ahlsell's central IT systems.
- Upholding Ahlsell's reputation is key to the success of its business. Ahlsell's customers are placing ever increasing demands on Ahlsell and on Ahlsell's suppliers' responsibility. If Ahlsell is found wanting in its sustainability performance and in the control of its suppliers' sustainability practices, there is a risk that this will adversely impact sales.

- Due to the nature and financial effects of its business activities, Ahlsell is exposed to risks relating to fluctuations in currency exchange rates.
- Ahlsell has outstanding debts at variable interest rates. An unfavourable development in interest rates can have an adverse impact on Ahlsell's business activities and financial position.

Accounting policies

This interim report has been prepared under International Financial Reporting Standards (IFRS), in accordance with IAS 34 Interim Financial Reporting. The accounting policies and methods of calculation used in the preparation of the latest annual report have been applied, with the exception of new and amended standards and interpretations effective on 01 January 2018. The IASB has issued amendments to standards effective on 1 January 2018. The Group applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect from 1 January 2018. The transition to these standards has not affected the Group's earnings and financial position.

The project relating to the introduction of IFRS 16 has progressed according to plan. The transition to IFRS 16 will mean that assets and liabilities will increase by approximately SEK 2.4 billion, while prepaid rent of MSEK 89 will be reclassified from prepaid to property, plant and equipment. According to the current estimate, the transition will have a positive effect of about 0.25% on EBITA compared with previous accounting policies.

The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which is in compliance with RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The IASB has issued amendments to standards effective on or after 1 January 2018. These standards have not had any material impact on the Parent Company's financial statements.

The figures that are reported have been rounded in some cases, which means that tables and calculations do not always add up exactly.

The Board's proposal to the Annual General Meeting

Ahlsell's 2019 annual general meeting will be held on 9 May 2019. The notice will be duly issued. The Board proposes a dividend of SEK 1,84 (1.65) per share, which corresponds to a payout ratio of 50%. The total dividend is MSEK 790 (708). The dividend is in line with the dividend policy, which states that 40-60 percent of net profit is to be distributed.

Stockholm, 24 January 2019

Johan Nilsson
President and CEO, Ahlsell AB

This report has not been reviewed by the Company's auditors.

Consolidated financial statements

As the reported figures have been rounded in some cases, tables and calculations do not always add up exactly.

CONDENSED INCOME STATEMENT

MSEK	Note	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales	1	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	**1,2**	**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	6	0.89	1.07	3.68	3.28
Diluted earnings per share, SEK	6	0.89	1.07	3.68	3.28

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Profit/loss for the period	**383**	**462**	**1,582**	**1,428**
Other comprehensive income for the period				
Items that will be reclassified to profit or loss for the period				
Translation differences	-130	21	114	-11
Change in hedging reserve	-7	-3	-10	-10
Tax attributable to components of other comprehensive income	-2	-3	10	-6
Items that will not be reclassified to profit or loss for the period				
Actuarial gains and losses	0	-1	0	-1
Tax attributable to actuarial gains and losses	0	0	0	0
Comprehensive income for the period	**244**	**476**	**1,695**	**1,399**
Attributable to				
owners of the parent company	244	476	1,695	1,399
Non-controlling interests	–	–	–	–

CONDENSED BALANCE SHEET

MSEK	Note	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	4	70	10
Deferred tax assets		10	8
Total non-current assets		**15,564**	**14,980**
Inventories		4,132	3,888
Trade receivables	4	3,720	3,491
Other receivables	4	1,321	1,220
Cash and cash equivalents	4	1,248	1,295
Total current assets		**10,422**	**9,894**
TOTAL ASSETS		**25,986**	**24,874**
EQUITY AND LIABILITIES			
Equity		**9,976**	**9,004**
Non-current interest-bearing liabilities	4	6,380	7,934
Provisions		65	55
Deferred tax liabilities		1,515	1,494
Other non-current liabilities	4	21	29
Total non-current liabilities		**7,982**	**9,512**
Current interest-bearing liabilities	4	1,583	51
Trade payables	4	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
- of which depreciation and impairment of assets	152	134	584	519
- capitalised and accrued interest	2	-4	-1	9
- other	16	-4	13	35
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
Exchange differences	-3	-1	2	0
Cash and cash equivalents at end of period	**1,248**	**1,295**	**1,248**	**1,295**
Additional information				
Interest received	5	4	18	17
Interest paid	-35	-41	-144	-152

CONDENSED STATEMENT OF CHANGES IN EQUITY

MSEK	2018 Jan-Dec	2017 Jan-Dec
Opening equity	9,004	8,089
Comprehensive income for the period	1,695	1,399
Total recognised income and expenses	**1,695**	**1,399**
Long-term share-savings programme	41	37
Repurchase of own shares	–	-369
Equity swap for securing long-term share-savings programme	-57	–
Dividend	-708	-153
Issued warrants	1	–
Total shareholder transactions	**-724**	**-485**
Closing equity	**9,976**	**9,004**

Parent Company financial statements

CONDENSED BALANCE SHEET – PARENT COMPANY

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales	17	125	70	453
Gross profit	**17**	**125**	**70**	**453**
Administration expenses	-31	-35	-131	-133
Operating profit	**-14**	**90**	**-61**	**320**
Interest and similar income	3	199	13	592
Interest and similar expense	-46	-1,860	-217	-1,982
Profit after financial items	**-56**	**-1,572**	**-266**	**-1,070**
Appropriations	265	-170	265	-170
Profit before tax	**209**	**-1,743**	**0**	**-1,240**
Income tax	-1	-2	-1	-112
Profit/loss for the period	**208**	**-1,745**	**-1**	**-1,353**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Profit/loss for the period	**208**	**-1,745**	**-1**	**-1,353**
Translation differences	-1	–	-1	–
Change in hedging reserve	-7	-3	-10	-10
Tax attributable to components of other comprehensive income	2	1	3	2
Other comprehensive income for the period	**-6**	**-3**	**-9**	**-8**
Comprehensive income for the period	**202**	**-1,747**	**-10**	**-1,361**
Attributable to:				
owners of the parent company	202	-1,747	-10	-1,361

CONDENSED BALANCE SHEET – PARENT COMPANY

MSEK	2018 31 Dec	2017 31 Dec
Intangible assets	1	2
Property, plant and equipment	0	0
Shares in Group companies	13,795	1,658
Financial investments	1	1
Receivables from Group companies	474	11,791
Deferred tax assets	5	3
Total non-current assets	**14,277**	**13,455**
Other receivables	282	6
Cash and cash equivalents	2	2
Total current assets	**284**	**7**
TOTAL ASSETS	**14,561**	**13,462**
Equity	**3,939**	**5,330**
Untaxed reserves	**357**	**282**
Non-current liabilities	**8,631**	**7,655**
Current liabilities	**1,634**	**195**
TOTAL EQUITY AND LIABILITIES	**14,561**	**13,462**

Notes

Disclosures in accordance with IAS 34 (16A) are presented in the financial statements and related notes, and also in other sections of the interim report.

NOTE 1. INFORMATION BY SEGMENT
External net sales by product area and segment, and gross profit by segment

External net sales by product area RTM, MSEK	HVAC & Plumbing	Electrical	Tools & Supplies	Total
Sweden	7,594	6,066	6,561	20,221
Norway	3,081	1,978	1,307	6,366
Finland	2,581	617	536	3,734
Denmark	443	–	–	443
Other	450	34	44	528
Central	–	–	–	–
Group	**14,149**	**8,695**	**8,447**	**31,291**
External net sales by segment, MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Sweden	5,612	5,140	20,221	18,087
Norway	1,748	1,393	6,366	5,349
Finland	1,014	848	3,734	3,201
Denmark	107	98	443	382
Other	134	126	528	465
Central	–	–	–	–
Group	**8,616**	**7,606**	**31,291**	**27,484**
Gross profit by segment				
Sweden			5,783	5,220
Norway			1,551	1,368
Finland			670	601
Denmark			181	150
Other			95	84
Central			–	–
Group			**8,281**	**7,423**

EBITA and adjusted EBITA by segment

EBITA by segment, MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Sweden	671	651	2,356	2,213
Norway	-8	48	127	177
Finland	28	37	127	117
Denmark	8	13	59	42
Other	2	3	13	12
Central	-33	-43	-162	-169
Eliminations	–	–	–	–
Group	**668**	**709**	**2,520**	**2,394**
EBITA margin by segment, %				
Sweden	12.0%	12.7%	11.7%	12.2%
Norway	-0.5%	3.4%	2.0%	3.3%
Finland	2.8%	4.4%	3.4%	3.7%
Denmark	7.8%	12.9%	13.2%	11.1%
Other	1.5%	2.5%	2.5%	2.6%
Central	–	–	–	–
Group	**7.8%**	**9.3%**	**8.1%**	**8.7%**
Adjusted EBITA per segment, MSEK				
Sweden	671	651	2,386	2,213
Norway	29	48	164	177
Finland	28	37	127	129
Denmark	8	13	59	42
Other	2	3	13	12
Central	-33	-43	-162	-169
Eliminations	–	–	–	–
Group	**705**	**709**	**2,587**	**2,405**
Adjusted EBITA margin by segment, %				
Sweden	12.0%	12.7%	11.8%	12.2%
Norway	1.6%	3.4%	2.6%	3.3%
Finland	2.8%	4.4%	3.4%	4.0%
Denmark	7.8%	12.9%	13.2%	11.1%
Other	1.5%	2.5%	2.5%	2.6%
Central	–	–	–	–
Group	**8.2%**	**9.3%**	**8.3%**	**8.8%**

Quarterly figures

Year	2018				2017				2016			
Quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden												
External net sales	5,612	4,672	5,180	4,758	5,140	4,202	4,484	4,261	4,501	3,699	4,102	3,572
EBITA	671	535	605	545	651	515	537	510	573	451	522	391
as % of net sales	12.0%	11.4%	11.7%	11.5%	12.7%	12.2%	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%
Adjusted EBITA	671	565	605	545	651	515	537	510	573	451	522	391
as % of net sales	12.0%	12.1%	11.7%	11.5%	12.7%	12.2%	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%
Norway												
External net sales	1,748	1,555	1,674	1,389	1,393	1,254	1,312	1,390	1,375	1,185	1,267	1,082
EBITA	-8	50	60	25	48	65	26	39	51	53	25	13
as % of net sales	-0.5%	3.2%	3.6%	1.8%	3.4%	5.2%	2.0%	2.8%	3.7%	4.5%	2.0%	1.2%
Adjusted EBITA	29	50	60	25	48	65	26	39	51	60	25	13
as % of net sales	1.6%	3.2%	3.6%	1.8%	3.4%	5.2%	2.0%	2.8%	3.7%	5.1%	2.0%	1.2%
Finland												
External net sales	1,014	979	937	803	848	812	813	727	824	789	787	651
EBITA	28	53	30	16	37	45	21	14	25	45	34	10
as % of net sales	2.8%	5.4%	3.2%	2.0%	4.4%	5.6%	2.6%	1.9%	3.1%	5.7%	4.3%	1.5%
Adjusted EBITA	28	53	30	16	37	45	33	14	25	45	34	10
as % of net sales	2.8%	5.4%	3.2%	2.0%	4.4%	5.6%	4.0%	1.9%	3.1%	5.7%	4.3%	1.5%
Denmark												
External net sales	107	112	122	101	98	89	100	96	88	88	95	93
EBITA	8	19	20	11	13	11	10	8	6	10	9	7
as % of net sales	7.8%	17.1%	16.0%	11.3%	12.9%	12.5%	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%
Adjusted EBITA	8	19	20	11	13	11	10	8	6	10	9	7
as % of net sales	7.8%	17.1%	16.0%	11.3%	12.9%	12.5%	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%
Other												
External net sales	134	141	143	109	126	135	110	95	115	120	93	82
EBITA	2	5	5	2	3	6	3	1	2	4	2	1
as % of net sales	1.5%	3.3%	3.4%	1.5%	2.5%	4.1%	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%
Adjusted EBITA	2	5	5	2	3	6	3	1	2	4	2	1
as % of net sales	1.5%	3.3%	3.4%	1.5%	2.5%	4.1%	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%
Central												
EBITA	-33	-42	-42	-45	-43	-44	-39	-43	-95	-25	-32	-24
Adjusted EBITA	-33	-42	-42	-45	-43	-44	-39	-43	-30	-25	-32	-24
Eliminations												
EBITA	–	–	–	–	–	–	–	–	–	–	–	–
Adjusted EBITA	–	–	–	–	–	–	–	–	–	–	–	–
Group												
External net sales	8,616	7,458	8,056	7,161	7,606	6,492	6,818	6,568	6,902	5,880	6,344	5,480
EBITA	668	620	678	554	709	597	558	530	563	538	560	397
as % of net sales	7.8%	8.3%	8.4%	7.7%	9.3%	9.2%	8.2%	8.1%	8.2%	9.2%	8.8%	7.3%
Adjusted EBITA	705	650	678	554	709	597	570	530	628	545	560	397
as % of net sales	8.2%	8.7%	8.4%	7.7%	9.3%	9.2%	8.4%	8.1%	9.1%	9.3%	8.8%	7.3%

NOTE 2. DEPRECIATION, AMORTISATION AND IMPAIRMENT

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Amortisation of intangible assets	-97	-89	-382	-351
Impairment of intangible assets	–	–	–	–
Depreciation of property, plant and equipment	-55	-45	-201	-168
Impairment of property, plant and equipment	–	–	–	–

NOTE 3. CONDENSED OPERATING CASH FLOW

In addition to the cash flow statement prepared in accordance with IAS 7, Ahlsell prepares a cash flow based on business operations, excluding financial transactions, taxes and acquisitions and disposals of operations. This cash flow measure is used by management to monitor business performance.

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Operating profit	**571**	**620**	**2,138**	**2,043**
Adjustments for non-cash items	150	127	572	493
Cash flow from changes in working capital	830	705	-257	-333
Operating cash flow before investments	**1,551**	**1,452**	**2,453**	**2,202**
Acquisition of intangible assets	-25	-8	-59	-39
Acquisition of property, plant and equipment	-52	-64	-213	-178
Sale of property, plant and equipment	2	5	20	6
Cash flow from operating investments	**-75**	**-67**	**-252**	**-211**
Operating cash flow	**1,476**	**1,385**	**2,201**	**1,991**

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

MSEK	2018 31 Dec	2018 31 Dec	2017 31 Dec	2017 31 Dec
Financial assets	Carrying value	Fair value	Carrying value	Fair value
Financial assets at fair value	14	14	0	0
Loans and receivables	5,035	5,035	4,793	4,793
Financial assets at cost	3	3	3	3
Total	5,053	5,053	4,796	4,796
Financial liabilities				
Financial liabilities at fair value	24	24	14	14
Other financial liabilities	13,259	13,259	13,218	13,218
Total	13,283	13,283	13,232	13,232

Financial instruments measured at fair value in the balance sheet relate to currency and interest rate swaps. These are measured using valuation techniques that only use observable market inputs at level two according to the framework for fair value measurement.

For borrowing, there is no material difference between the carrying amount and fair value, as the Group's borrowings are at variable interest rates. Nor does the Group have any other off-balance sheet financial assets or liabilities.

NOTE 5. ITEMS AFFECTING COMPARABILITY

To achieve better comparability between years, EBITA is presented in the interim report net of items affecting comparability. Items affecting comparability are large non-recurring items that have an effect on EBITA and therefore on comparability. The threshold for what qualifies as an item affecting comparability has been raised from the previous year. For an item of income or expense to be classified as affecting comparability, the guideline is that its amount is at least 1% of the Group's profit for the year.

MSEK		2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Type of cost/revenue	**Segment**				
Costs attributable to restructuring	Norway	-37	–	-37	–
Costs attributable to Viacon VA restructuring	Sweden	–	–	-30	–
Costs attributable to restructuring (staff under notice with pay)	Finland	–	–	–	-11
Total items affecting comparability		**-37**	**–**	**-67**	**-11**

NOTE 6. EARNINGS PER SHARE

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Earnings per share				
Profit attributable to owners of the parent company (MSEK)	383	462	1,582	1,428
Weighted average number of basic ordinary shares outstanding (millions)	429.3	432.7	429.3	435.4
Basic earnings per share, SEK	**0.89**	**1.07**	**3.68**	**3.28**

Diluted earnings per share

The Ahlsell Group's two long-term incentive programmes could potentially lead to future dilution of the number of shares. As of 31 December 2018, there is a dilutive effect for the share savings programme, but no dilutive effect for the warrants programme. There is no other dilution associated with ordinary shares.

Weighted average number of diluted ordinary shares outstanding (millions)	429.5	432.7	429.9	435.4
Diluted earnings per share, SEK	**0.89**	**1.07**	**3.68**	**3.28**

PERFORMANCE MEASURES

MSEK unless otherwise stated	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Sales measures				
Net sales	8,616	7,606	31,291	27,484
Growth, %	13%	10%	14%	12%
Organic growth, %	8%	11%	7%	9%
Income measures				
Operating profit (EBIT)	571	620	2,138	2,043
EBITA	668	709	2,520	2,394
Adjusted EBITA	705	709	2,587	2,405
EBITDA	723	753	2,721	2,562
Adjusted EBITDA	760	753	2,788	2,573
Margin measures				
EBIT margin, %	6.6%	8.1%	6.8%	7.4%
EBITA margin, %	7.8%	9.3%	8.1%	8.7%
Adjusted EBITA margin, %	8.2%	9.3%	8.3%	8.8%
Cash flow measures				
Cash flow for the period	125	683	-49	86
Operating cash flow	1,476	1,385	2,201	1,991
Operating cash flow/EBITDA (cash conversion)			81%	78%
Capital structure				
Cash	1,248	1,295	1,248	1,295
Net debt	6,684	6,742	6,684	6,742
Net debt/Adjusted EBITDA			2.4	2.6
Debt/equity ratio, times			0.7	0.7
Equity/assets ratio, %			38%	36%
Working capital (average)	3,391	2,784	3,125	2,429
Working capital at end of period	2,947	2,483	2,947	2,483
Operating capital (average)	17,410	16,193	17,088	15,890
Operating capital, excluding intangible assets (average)	4,241	3,617	3,983	3,277
Returns				
Return on operating capital, %			13%	13%
Return on operating capital (excluding intangible assets), %			63%	73%
Return on equity, %			17%	17%
Return on working capital %			81%	99%
The share				
Number of shares outstanding at end of period (thousands)	436,302	436,302	436,302	436,302
Number of shares outstanding, net after repurchase (thousands)	429,302	436,302	429,302	429,302
Weighted average number of basic shares outstanding, net after repurchase (thousands)	429,302	432,724	429,302	435,415
Weighted average number of diluted shares outstanding, net after repurchase (thousands)	429,481	432,724	429,871	435,428
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
Other				
Number of employees at end of period			5,724	5,471

PER SHARE DATA – quarterly figures

Year	2018				2017				2016
Quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Share price at end of period	52.10	49.76	52.85	52.55	52.80	52.90	57.75	60.45	52.00
Earnings per share	0.89	0.86	1.18	0.75	1.08	0.74	0.71	0.77	0.16
Return on equity, RTM	17%	18%	18%	16%	17%	15%	16%	18%	15%
Equity per share	23.2	22.6	21.9	22.2	20.6	20.4	19.6	19.3	18.5
Operating cash flow per share, RTM	5.1	4.9	4.4	4.1	4.6	4.1	4.9	5.4	4.6

ALTERNATIVE PERFORMANCE MEASURES

Organic growth, EBITA, Adjusted EBITA, EBITA margin and Adjusted EBITA margin are alternative performance measures, for which detailed calculations are presented below. The APMs are used by management to monitor business performance.

Organic growth

Jan-Dec	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	14%	12%	19%	17%	16%	13%
Acquisitions, %	-5%	-5%	-9%	-2%	0%	0%
Currency, %	-2%	0%	-4%	-7%	-7%	-5%
Difference in number of trading days, %	0%	0%	1%	0%	1%	0%
Organic growth, %	**7%**	**8%**	**7%**	**7%**	**10%**	**9%**
Number of trading days Jan-Dec 2018		250	249	251	249	
Number of trading days Jan-Dec 2017		251	251	251	251	

Oct-Dec	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	13%	9%	26%	20%	9%	7%
Acquisitions, %	-5%	-4%	-13%	-3%	0%	0%
Currency, %	-2%	0%	-6%	-6%	-5%	-4%
Difference in number of trading days, %	2%	2%	2%	0%	2%	-1%
Organic growth, %	**8%**	**7%**	**9%**	**10%**	**6%**	**2%**
Number of trading days Oct-Dec 2018		62	62	62	62	
Number of trading days Oct-Dec 2017		63	63	62	63	

EBITA/Adjusted EBITA

Jan-Dec, MSEK	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	2,138	2,093	62	81	52	13	-163
Amortisation and impairment of intangible assets	382	263	65	47	6	0	1
Profit (EBITA), MSEK	**2,520**	**2,356**	**127**	**127**	**59**	**13**	**-162**
Items affecting comparability	67	30	37	–	–	–	–
Adjusted EBITA, MSEK	**2,587**	**2,386**	**164**	**127**	**59**	**13**	**-162**

Oct-Dec, MSEK	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	571	604	-25	17	7	2	-34
Amortisation and impairment of intangible assets	97	67	16	12	2	0	0
Profit (EBITA), MSEK	**668**	**671**	**-8**	**28**	**8**	**2**	**-33**
Items affecting comparability	37	–	37	–	–	–	–
Adjusted EBITA, MSEK	**705**	**671**	**29**	**28**	**8**	**2**	**-33**

EBITA margin/Adjusted EBITA margin

Jan-Dec	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	6.8%	10.4%	1.0%	2.2%	11.8%	2.5%
Amortisation and impairment of intangible assets, %	1.2%	1.3%	1.0%	1.2%	1.4%	0.0%
Profit (EBITA) margin, %	**8.1%**	**11.7%**	**2.0%**	**3.4%**	**13.2%**	**2.5%**
Items affecting comparability, %	0.1%	0.1%	0.6%	–	–	–
Adjusted EBITA margin, %	**8.3%**	**11.8%**	**2.6%**	**3.4%**	**13.2%**	**2.5%**

Oct-Dec	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	6.6%	10.8%	-1.4%	1.6%	6.3%	1.5%
Amortisation and impairment of intangible assets, %	1.1%	1.2%	0.9%	1.2%	1.5%	0.0%
Profit (EBITA) margin, %	**7.8%**	**12.0%**	**-0.5%**	**2.8%**	**7.8%**	**1.5%**
Items affecting comparability, %	0.4%	–	2.1%	–	–	–
Adjusted EBITA margin, %	**8.2%**	**12.0%**	**1.6%**	**2.8%**	**7.8%**	**1.5%**

NUMBER OF TRADING DAYS

	Q1	Q2	Q3	Q4	HY1	HY2	Full year
2016							
Sweden	61	62	66	64	123	130	253
Norway	61	62	66	64	123	130	253
Finland	61	63	66	63	124	129	253
Denmark	61	61	66	64	122	130	252
2017							
Sweden	64	59	65	63	123	128	251
Norway	65	58	65	63	123	128	251
Finland	64	60	65	62	124	127	251
Denmark	65	58	65	63	123	128	251
2018							
Sweden	**63**	**60**	**65**	**62**	**123**	**127**	**250**
Norway	**62**	**60**	**65**	**62**	**122**	**127**	**249**
Finland	**63**	**61**	**65**	**62**	**124**	**127**	**251**
Denmark	**62**	**60**	**65**	**62**	**122**	**127**	**249**
2019*							
Sweden	63	59	66	62	122	128	250
Norway	63	58	66	62	121	128	249
Finland	63	60	66	62	123	128	251
Denmark	63	58	66	62	121	128	249

*Preliminary figures, may be amended.

SEASONALITY

Ahlsell's sales are affected by seasonal variations to a certain extent. Sales are strongest in the second and fourth quarters. Sales are affected by the number of trading days in a quarter. In addition, the quarter in which Easter falls (Q1 or Q2) will have lower sales. The Easter effect means a reduction in Ahlsell's sales during the trading days that fall in Easter week, as market activity decreases on these days. The Easter effect, which varies in strength from country to country, is strongest in Norway and weakest in Finland. Ahlsell estimates that the Easter effect for the Group corresponds to the loss of about one full trading day.

Glossary and definitions of performance measures

A glossary and definitions of performance measures can be found in the Annual Report.

Ahlsell is the Nordic region's leading distributor of installation products, tools and supplies for installers, construction companies, facility managers, industrial and power companies and the public sector. The unique customer offer covers more than one million individual products and solutions. The Group has a turnover of just over SEK 31 billion and the Company is listed on Nasdaq Stockholm. About 97 percent of revenue is generated in the three main markets of Sweden, Norway and Finland. With about 5,700 employees, more than 230 branches and three central warehouses, we constantly fulfil our customer promise:

Ahlsell makes it easier to be professional!

Business concept
To create effective trading in installation products, tools and supplies for professional users.

Overall objective
Ahlsell's objective is to continuously contribute to strengthening our customers' competitiveness and to be an attractive partner to our suppliers. We aim to constantly develop our offering to fulfil our customers' requirements and exceed their expectations. We aim to achieve profitable growth through a combination of organic and acquired growth and operational improvements. Our goal is to be the leading distributor within the product segments in our main markets.

Calendar

Webcast & conference call

At 15.00 CET on the report issue date, the Company will host a webcast, with President and CEO Johan Nilsson and CFO Kennet Göransson presenting the report. The presentation will be conducted in English and can be followed via webcast and conference call.

Link to the webcast: https://financialhearings.com/event/10701

Telephone number for the conference call: SE: +468 5664 2705, UK: +44 333 300 9260, US: +1 646 722 4902.

Financial calendar 2019

- 26 April: Q1 Report 2019
- 9 May: Annual General Meeting in Stockholm
- 17 July: Q2 Report 2019
- 23 October: Q3 Report 2019

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