

Interim fourth quarter and Year-End Report 2017

Press release 26 January 2018

Fourth quarter 2017

- Net sales increased by 10 percent to SEK 7,606 (6,902) million. Organic growth was 11 (8) percent and acquisitions contributed a further 2 percentage points. One trading day less in the quarter had a negative effect of approximately -2 percentage points on sales. Translation effects had a negative impact of -1 percent.
- Operating profit (EBIT) increased by 30 percent to SEK 620 (477) million. The previous year's EBIT includes IPO costs of SEK 65 million. Fewer trading days in the quarter had a negative effect of just over SEK 30 million on operating profit.
- Profit (EBITA) increased by 26 percent to SEK 709 (563) million, with an EBITA margin of 9.3 (8.2) percent. Adjusted EBITA amounted to SEK 709 (628) million, corresponding to a margin of 9.3 (9.1) percent.
- Profit after tax was SEK 462 (62) million.
- Basic and diluted earnings per share amounted to SEK 1.07 (0.16).
- Eight acquired businesses were closed during the quarter, with estimated combined annual sales of SEK 556 million, distributed as follows: Sweden SEK 493 million, Norway SEK 23 million and Finland SEK 40 million.
- Agreements were signed during the quarter for the acquisition of Proffsmagasinet AB, annual sales of approximately SEK 260 million, and Bekken & Strøm AS, annual sales of approximately SEK 415 million.

January – December 2017

- Net sales increased by 12 percent to SEK 27,484 (24,606) million. Organic growth was 9 (7) percent and acquisitions contributed a further 3 percentage points. Fewer trading days during the year had a negative effect of -1 percentage point on sales. Translation effects had a positive impact of 1 percent.
- Operating profit (EBIT) increased by 19 percent to SEK 2,043 (1,719) million.
- Profit (EBITA) increased by 16 percent to SEK 2,394 (2,058) million, with an EBITA margin of 8.7 (8.4) percent. Adjusted EBITA increased by 13 percent to SEK 2,405 (2,131) million, corresponding to a margin of 8.8 (8.7) percent.
- Profit after tax was SEK 1,428 (342) million.
- Basic and diluted earnings per share amounted to SEK 3.28 (1.11).
- Eleven acquisitions were made, with combined annual sales of approximately SEK 780 million. Agreements were also signed for two acquisitions with combined annual sales of approximately SEK 675 million.
- The Board proposes a dividend of 1.65 (0.35) per share for 2017, which corresponds to payout-ratio of 50 percent.

Financial summary

	2017	2016		2017	2016	
	Oct-Dec	Oct-Dec	change	Jan-Dec	Jan-Dec	change
Net sales, SEK million	7,606	6,902	10%	27,484	24,606	12%
Organic growth, %	11%	8%		9%	7%	
Operating profit, EBIT	620	477	30%	2,043	1,719	19%
Profit (EBITA), SEK million	709	563	26%	2,394	2,058	16%
Adjusted EBITA, SEK million	709	628	13%	2,405	2,131	13%
EBITA margin, %	9.3%	8.2%		8.7%	8.4%	
Adjusted EBITA margin	9.3%	9.1%		8.8%	8.7%	
Profit after tax (profit for the period), SEK million	462	62	651%	1,428	342	318%
Basic earnings per share, SEK	1.07	0.16		3.28	1.11	
Diluted earnings per share, SEK	1.07	0.16		3.28	1.11	
Operating cash flow	1,385	1,185	17%	1,991	2,000	0%
Operating cash flow/EBITDA (Cash conversion)				78%	90%	
External net debt/Adjusted EBITDA				2.6	3.3	

A more detailed presentation of the alternative performance measures Organic growth, EBITA, Adjusted EBITA, EBITA margin and Adjusted EBITA margin can be found on pages 24-25.

Statement from the CEO

Strong results and a good acquisition rate end a successful year

For Ahlsell, the fourth quarter of 2017 was further proof that our strategy and hard work are producing results.

Compared with the previous year, sales for the quarter showed organic growth of 11 percent. The EBITA result was SEK 709 million. This corresponds to an increase of 13 percent and an adjusted EBITA margin of 9.3 (9.1) percent. In addition to good underlying development in all main markets, our strategy has continued to be successful. Our initiatives have shown continued positive development and we have increased both our sales and our profitability. We have actively worked to strengthen and expand our products-offering, developed our service portfolio and invested in our sales channels - both online and in the branch network. During the quarter, for example, we have opened and modernised another 13 branches according to our full-range concept. This means that our customers meet an even wider range of products in well-stocked branches. For us, it means increased cross-selling and an opportunity to reach even more customers.

In terms of acquisitions, we had a very strong end to the year with acquisitions in our three main markets. During the quarter, we completed eight acquisitions and signed an agreement to acquire two further businesses, which means that we, for the year 2017, signed agreements to acquire 13 operations with estimated sales of more than SEK 1,450 million. The acquisition of the Proffsmagasinet, a leading Nordic e-commerce business, that we announced in December, was probably the one getting the most attention. Both acquisitions and digital services are important components of our strategy for profitable growth. Already today, with 25 percent of sales, online is a significant and important sales channel for us. With the help of the fast-growing Proffsmagasinet, with annual turnover of approximately SEK 260 million, we will be able to develop our market-leading digital business further.

Ahlsell Sweden showed very strong development during the quarter – in terms of sales, earnings and acquisition rate. The high season and a favourable market situation created conditions for strong demand, while internal initiatives such as a focus on increased cross-selling and a broadening of the product range also contributed to increased sales in all product segments. The strongest growth was achieved within Electrical infrastructure and Construction. Sales showed organic growth of 13 percent and acquisitions contributed a further 3 percentage points. Six acquisitions were completed during the quarter, the majority of which were in the attractive product segment Tools & Supplies.

Ahlsell Norway achieved organic growth of 8 percent during the quarter. Demand was driven by favourable market conditions as a result of construction optimism among private operators, a high activity level and increased public investments in civil engineering. There was strong demand from electrical and HVAC installers in particular, but strategic initiatives within niche areas (such as aquaculture) also achieved a good sales rate. Our work towards best practice / “One Ahlsell” has been successful and the profitability has increased. I would also like to draw attention to the fact that the acquisition organisation in Norway is in place and that two interesting acquisitions were presented during autumn, one of which was completed. The other, the acquisition of Bekken & Strøm, which is one of Norway’s leading retailers of protective equipment, with annual sales of SEK 415 million, we expect to close in February.

Ahlsell Finland continues its positive development, with organic growth of 4 percent. We achieved the strongest growth from construction and industrial customers. It also makes me glad to see a slightly improved EBITA margin at the same time as our sales and marketing efforts are proceeding according to plan. One example is to strengthen Ahlsell's position in strategically important regions, such as the Helsinki region. The acquisition of Enexia Oy is an important milestone in our ambition for continued growth and broadened offering.

Outlook

We enter 2018 with a number of completed acquisitions, which gives us a substantial sales increase. This, in combination with our initiatives for strengthened organic growth, provide good opportunities for continued profitable development.

Our broad exposure towards several market segments with different economic patterns means that we stand strong.

The current favourable development in new residential construction is expected to dampen a little during the year, but our exposure to the segment is limited. Historically, our significant exposure to renovation has had a balancing effect on both sales and earnings at times when new construction has been weaker. My assessment is that it will not be any different in the future. Within industry and infrastructure, I see continuing positive developments.

All in all, I expect good demand for our products and services as we enter 2018.

Johan Nilsson, President and CEO

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 over SEK 27 billion and is listed on Nasdaq Stockholm. About 97 percent of revenue is generated in the three main markets of Sweden, Norway and Finland. With about 5,500 employees, more than 220 branches and three central warehouses, we constantly fulfil our customer promise:

Ahlsell makes it easier to be professional!

Net sales

Fourth quarter

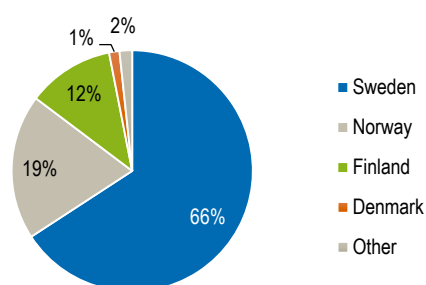
Net sales for the quarter increased by 10 percent to SEK 7,606 (6,902) million. Organic growth was 11 percent. Organic and acquired growth combined was 13 percent, whereof the acquired entities are estimated to have contributed approximately SEK 134 million, corresponding to 2 percentage points. The quarter had one less trading day, which resulted in a sales decline of -2 percentage points or SEK 122 million. Translation effects had an impact of -1 percent on net sales, corresponding to SEK 71 million.

Market conditions continued to be favourable in all geographic segments, and all product segments showed positive developments. The Swedish and Norwegian markets continued to show the strongest growth, with a high level of activity during the high season period (September–November). The Finnish market also continued to develop positively, but with slightly lower growth figures. The segments Denmark and Other, which together account for about 3 percent of the Group's sales, continued to show positive growth during the period.

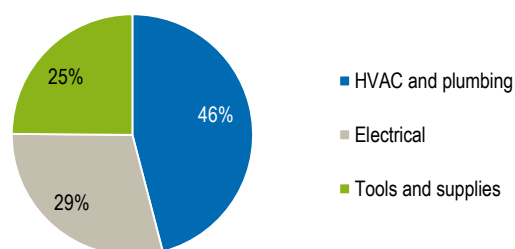
January – December 2017

Net sales for the year increased by 12 percent to SEK 27,484 (24,606) million. Organic growth was 9 percent. Revenue from acquired entities is estimated to have contributed SEK 571 million, equivalent to net sales growth of 3 percentage points. Organic and acquired growth combined was 12 percent. Fewer trading days compared with the previous year had a negative effect of -1 percent on sales. Translation effects had a positive impact of 1 percent on net sales during the year, corresponding to SEK 145 million.

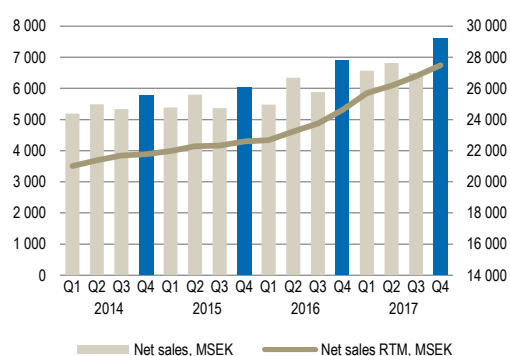
Net sales by segment 2017



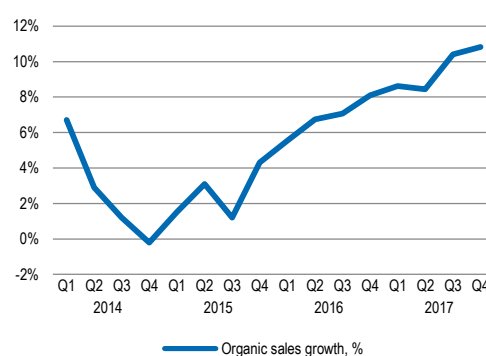
Net sales by product segment 2017



Net sales per quarter and rolling 12 months



Organic sales growth per quarter



Earnings

Fourth quarter

The Group's EBITA for the quarter was SEK 709 (563) million, corresponding to an increase of 26 percent from the previous year and an EBITA margin of 9.3 (8.2) percent. Adjusted EBITA amounted to SEK 709 (628) million, corresponding to a margin of 9.3 (9.1) percent. The gross margin was 27.1 (27.3) percent, which is marginally lower than the previous year. Contributory factors were slightly increased logistics costs as a result of high activity at the Group's central warehouses and effects of increased project volumes with a lower gross margin. Fewer trading days compared with the previous year had a negative effect of SEK 33 million on operating profit. The Group's operating expenses increased as a result of strong growth and acquisitions. However, costs as a proportion of sales declined, which contributed to the improved EBITA margin. The previous year included IPO costs of SEK 65 million.

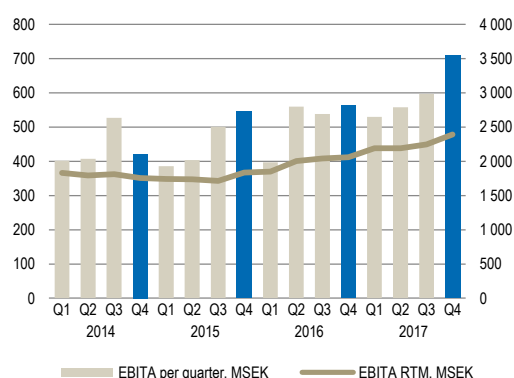
Profit before tax for the period was SEK 575 (60) million. Profit for the period was SEK 462 (62) million, corresponding to basic and diluted earnings per share of SEK 1.07 (0.16).

January – December 2017

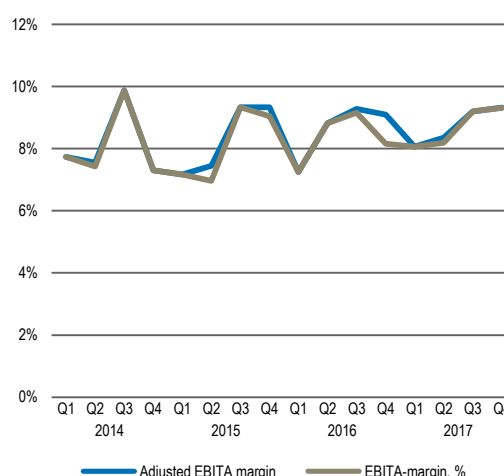
The Group's EBITA was SEK 2,394 (2,058) million, corresponding to an increase of 16 percent from the previous year and an EBITA margin of 8.7 (8.4) percent. Adjusted EBITA increased by 13 percent to SEK 2,405 (2,131) million, corresponding to a margin of 8.8 (8.7) percent. Fewer trading days compared with the previous year had a negative effect of SEK 58 million on EBITA, corresponding to -3 percent. The gross margin was 27.0 (27.2) percent, which is a marginal decline from the previous year.

Profit before tax for the period was SEK 1,834 (579) million. Profit for the year was SEK 1,428 (342) million, corresponding to basic and diluted earnings per share of SEK 3.28 (1.11).

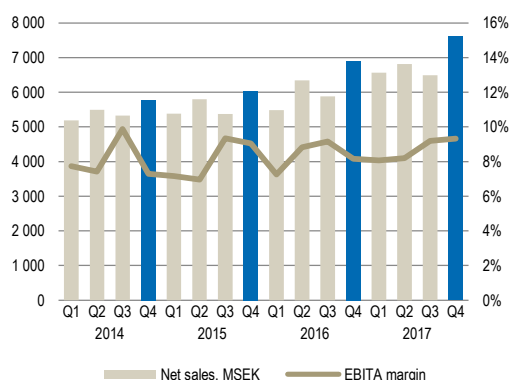
EBITA per quarter and rolling 12 months



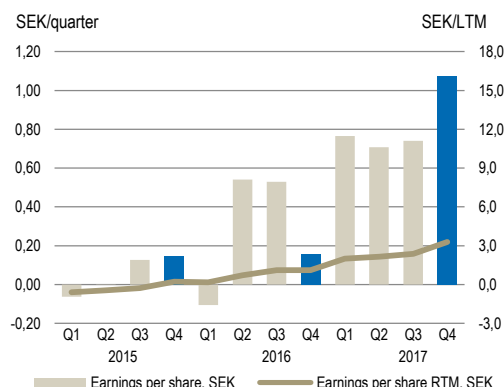
EBITA margin per quarter



Net sales and EBITA margin per quarter



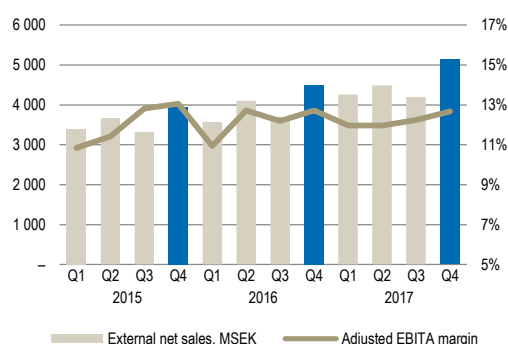
Earnings per share per quarter and rolling 12 months



Segment Sweden

- Active marketing, the high season and favourable market conditions created strong demand and resulted in organic sales growth of 13 percent.
- Six acquisitions were made during the period, with combined annual sales of approximately SEK 493 million.
- EBITA amounted to SEK 651 (573) million, corresponding to a margin of 12.7 (12.7) percent.

External net sales and adjusted EBITA margin per quarter



Sweden	2017	2016	change	2017	2016	change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
External net sales, SEK million	5,140	4,501	14%	18,087	15,874	14%
Organic growth, %	13%	8%		11%	8%	
Profit (EBITA), SEK million	651	573	14%	2,213	1,936	14%
Adjusted EBITA, SEK million	651	573	14%	2,213	1,936	14%
EBITA margin, %	12.7%	12.7%		12.2%	12.2%	
Adjusted EBITA margin, %	12.7%	12.7%		12.2%	12.2%	

Fourth quarter

External net sales for the Swedish operations amounted to SEK 5,140 (4,501) million, an increase of 14 percent. Organic growth was 13 percent and acquired entities are estimated to have contributed approximately SEK 129 million, corresponding to 3 percentage points of the sales growth. Organic and acquired growth combined was 16 percent. One trading day less resulted in a sales decline of -2 percentage points.

Strong industrial activity, high employment and low vacancy rates have been beneficial to investments in industry and construction of new commercial buildings. Together with continuing high activity in new residential construction and a stable renovation market, development in the installation market was strong. This has benefited Ahlsell's operations, where growth has been strongest among customers in Electrical infrastructure and Construction. Successful marketing activities has further strengthened growth and all sales channels showed good development.

EBITA for the quarter increased by 14 percent to SEK 651 (573) million, with an EBITA margin of 12.7 (12.7) percent. The improvement in earnings was attributable to increased sales in all product segments. Fewer trading days had a negative effect of SEK 23 million on operating profit. Continuing strong sales growth in infrastructure projects and mix changes had a negative effect on the gross margin during the quarter. The higher cost level compared with the previous year was caused by acquired entities, and a continuing high activity level in the central warehouse. Costs as a proportion of sales declined.

Six acquisitions, with combined annual sales of approximately SEK 493 million, were made during the period. The operations of ViaCon VA AB and the companies Nordic Sprinkler AB, Enexia AB and Prepipe Construction AB, with combined annual sales of approximately SEK 400 million, were acquired in the product segment HVAC & Plumbing. The operations of Gehås AB and the companies Infästningsspecialisten i Göteborg AB, Jobline i Umeå AB and Safe Workwear Sweden AB, with combined annual sales of approximately of SEK 93 million, were acquired in the product segment Tools & Supplies.

In addition to the above acquisitions, an agreement was signed during the period to acquire Proffsmagasinet AB, a leading Nordic e-commerce tools & supplies business, with estimated annual sales of approximately SEK 260 million. Closing was in January.

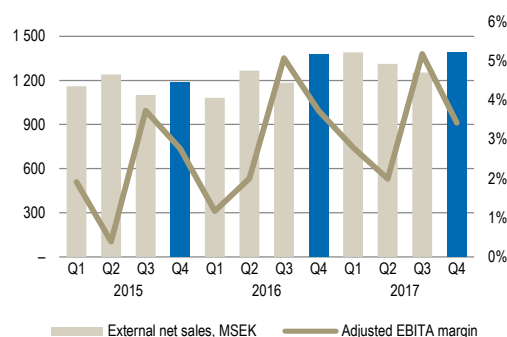
January – December 2017

External net sales increased by 14 percent to SEK 18,087 (15,874) million during the year. Organic growth was 11 percent and acquired entities are estimated to have contributed approximately SEK 566 million, corresponding to 4 percentage points of the sales growth. Fewer trading days compared with the previous year had a negative effect of SEK 144 million on sales, corresponding to -1 percent. EBITA increased by 14 percent to SEK 2,213 (1,936) million, with an EBITA margin of 12.2 (12.2) percent. Fewer trading days compared with the previous year had a negative effect of SEK 42 million on EBITA, corresponding to -2 percent. A total of nine acquisitions, with combined annual sales of approximately SEK 714 million, were made during the year.

Segment Norway

- Favourable market conditions driven by increased construction from private operators and increased public investments in civil engineering.
- Organic growth was 8 percent.
- Acquisition of Lenson Elektro AS, annual sales approximately SEK 23 million, and agreement on acquisition of Bekken & Strøm AS, annual sales approximately SEK 415 million.
- EBITA amounted to SEK 48 (51) million, corresponding to a margin of 3.4 (3.7) percent.

External net sales and adjusted EBITA margin per quarter



Norway	2017		change	2016		change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
External net sales, SEK million	1,393	1,375	1%	5,349	4,909	9%
Organic growth, %	8%	6%		8%	7%	
Profit (EBITA), SEK million	48	51	-7%	177	142	25%
Adjusted EBITA, SEK million	48	51	-7%	177	149	19%
EBITA margin, %	3.4%	3.7%		3.3%	2.9%	
Adjusted EBITA margin, %	3.4%	3.7%		3.3%	3.0%	

Fourth quarter

External net sales for the Norwegian operations amounted to SEK 1,393 (1,375) million, an increase of 1 percent. Organic growth was 8 percent and revenue from acquired entities is estimated to have contributed approximately SEK 5 million. One trading day less resulted in a sales decline of -2 percentage points. Translation effects had an impact of -6 percentage points on net sales, corresponding to SEK -76 million.

New residential construction continues to be an important driver in the construction sector, but demand is also increasing in new construction of commercial property and in the renovation, maintenance and improvement (RMI) sector. Increased investments from the industrial sector and stable growth for the export industry together with domestic consumption produce good market conditions. Within Ahlsell's Norwegian operations, growth during the quarter has been primarily driven by sales to electrical and HVAC installers, although sales to more niche areas such as aquaculture have also shown very favourable development.

EBITA for the quarter declined by 7 percent to SEK 48 (51) million, with an EBITA margin of 3.4 (3.7) percent. Operating profit was negatively affected by fewer trading days, corresponding to a loss in earnings of SEK 6 million, and a large customer loss. Excluding the customer loss, which amounts to SEK 7 million, the costs as a proportion of sales declined. Compared with the previous year, the gross margin was slightly lower during the quarter, partly due to increased logistics costs and a strong growth rate for large installation customers.

During the quarter, an agreement was signed for the acquisition of Lenson Elektro AS, with operations in the electrical product segment and annual annual sales of approximately SEK 23 million. The company specialises in products and services for temporary electrical installations. Closing was in early October.

In addition to the above acquisitions, an agreement has been signed for the acquisition of Bekken & Strøm, a leading Norwegian retailer of personal protective equipment (PPE), with about 160 employees and estimated annual sales of SEK 415 million. The acquisition is subject to approval by the Norwegian Competition Authority and closing is expected in February.

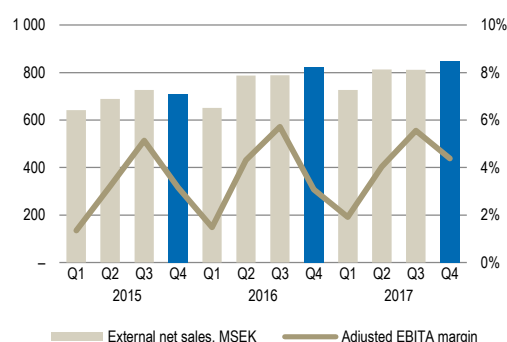
January – December 2017

External net sales increased by 9 percent to SEK 5,349 (4,909) million during the year. Organic growth was 8 percent and revenue from acquired entities is estimated to have contributed approximately SEK 5 million, equivalent to 0 percentage points of the sales growth. Fewer trading days compared with the previous year had a negative effect of SEK 42 million on sales, corresponding to -1 percent. Translation effects had a positive impact of 1 percent, corresponding to SEK 68 million. EBITA increased by 25 percent to SEK 177 (142) million, with an EBITA margin of 3.3 (2.9) percent. Adjusted EBITA for the previous year was SEK 149 million, with a margin of 3.0 percent. Fewer trading days compared with the previous year had a negative effect of SEK 11 million on EBITA, corresponding to -7 percent. One acquisition, with annual sales of approximately SEK 23 million, was made during the year.

Segment Finland

- Organic growth was 4 percent, with construction and industrial customers accounting for the strongest growth.
- Initiatives to expand and develop the branch network and to strengthen the position in strategically important regions are proceeding.
- Acquisition of Enexia Oy, with annual sales of approximately SEK 40 million.
- EBITA amounted to SEK 37 (25) million, corresponding to a margin of 4.4 (3.1) percent.

External net sales and adjusted EBITA margin per quarter



Finland	2017	2016	change	2017	2016	change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
External net sales, SEK million	848	824	3%	3,201	3,050	5%
Organic growth, %	4%	13%		4%	7%	
Profit (EBITA), SEK million	37	25	47%	117	114	3%
Adjusted EBITA, SEK million	37	25	47%	129	114	13%
EBITA margin, %	4.4%	3.1%		3.7%	3.7%	
Adjusted EBITA margin, %	4.4%	3.1%		4.0%	3.7%	

Fourth quarter

External net sales for the Finnish operations amounted to SEK 848 (824) million, an increase of 3 percent. Organic sales growth was 4 percent. One trading day less resulted in a sales decline of -2 percentage points. Translation effects had a marginal impact on sales growth.

The economic growth is driven by the export industry and growing domestic demand, which has resulted in increased investments within the industrial sector. Growth in the construction sector is mainly attributable to new residential construction in attractive growth regions and the construction of new commercial properties, while growth in the renovation market is positive but at a lower level. For Ahlsell's Finnish operations, construction and industrial customers accounted for the strongest growth.

EBITA for the quarter was SEK 37 (25) million, with an EBITA margin of 4.4 (3.1) percent. Operating profit was negatively affected by fewer trading days, corresponding to SEK 3 million. The gross margin is a little weaker than in the previous year, partly due to competition in HVAC and plumbing and a deliberate focus on volume growth in priority areas. The cost level is lower than the previous year as a result of measures taken during the year.

Enexia Oy, with operations in sprinkler systems and annual sales of approximately SEK 40 million, was acquired during the quarter.

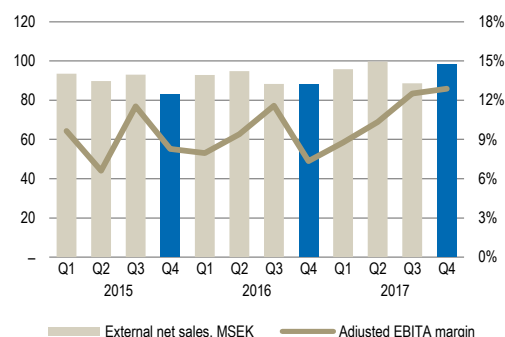
January – December 2017

External net sales increased by 5 percent to SEK 3,201 (3,050) million during the year. Organic growth was 4 percent. Fewer trading days compared with the previous year had a negative effect of SEK 25 million on sales, corresponding to -1 percent. Translation effects had a positive impact of 2 percent, corresponding to SEK 54 million. Profit (EBITA) amounted to SEK 117 (114) million, with an EBITA margin of 3.7 (3.7) percent. Adjusted EBITA increased by 13 percent to SEK 129 (114) million, with an adjusted EBITA margin of 4.0 (3.7) percent. Fewer trading days compared with the previous year had a negative effect of SEK 5 million on EBITA, corresponding to -5 percent. One acquisition, with annual sales of approximately SEK 40 million, was made during the year.

Segment Denmark

- Strong sales and earnings growth driven by positive development within Danish refrigeration operations.
- Organic growth was 13 percent.
- EBITA amounted to SEK 13 (6) million, corresponding to a margin of 12.9 (7.3) percent.

External net sales and adjusted EBITA margin per quarter



Denmark	2017			2016		
	Oct-Dec	Oct-Dec	change	Jan-Dec	Jan-Dec	change
External net sales, SEK million	98	88	11%	382	364	5%
Organic growth, %	13%	-1%		4%	-1%	
Profit (EBITA), SEK million	13	6	95%	42	33	28%
Adjusted EBITA, SEK million	13	6	95%	42	33	28%
EBITA margin, %	12.9%	7.3%		11.1%	9.1%	
Adjusted EBITA margin, %	12.9%	7.3%		11.1%	9.1%	

Fourth quarter

External net sales for the Danish operations amounted to SEK 98 (88) million, an increase of 11 percent. Organic growth was 13 percent, and one trading day less had a negative effect of -2 percentage points on sales. Translation effects had a marginal impact on sales growth during the quarter.

Danish refrigeration sales have increased, mainly as a result of higher prices for refrigerants and increased activity among several key customers, which has also contributed to a positive earnings trend. The DIY business (Do-It-Yourself) has shown slightly weaker sales development during the period and measures have been taken to strengthen the sales organisation.

EBITA for the quarter increased by 95 percent to SEK 13 (6) million, with an EBITA margin of 12.9 (7.3) percent.

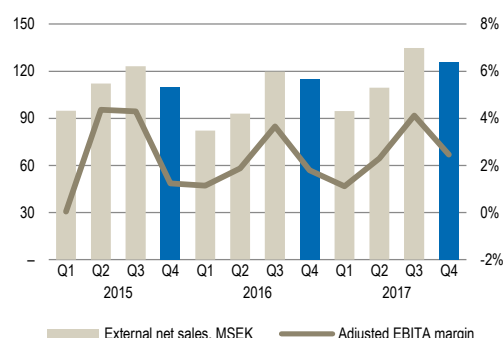
January – December 2017

External net sales increased by 5 percent to SEK 382 (364) million during the year. Organic growth was 4 percent. Translation effects had a positive impact of 2 percent, corresponding to SEK 7 million. EBITA increased by 28 percent to SEK 42 (33) million, with an EBITA margin of 11.1 (9.1) percent.

Segment Other

- Strong growth in Estonia and Poland.
- Organic growth was 10 percent.
- EBITA amounted to SEK 3 (2) million, corresponding to a margin of 2.5 (1.8) percent.

External net sales and adjusted EBITA margin per quarter



Other	2017			2016		
	Oct-Dec	Oct-Dec	change	Jan-Dec	Jan-Dec	change
Estonia, Russia and Poland						
External net sales, SEK million	126	115	10%	465	410	14%
Organic growth, %	10%	-1%		10%	-7%	
Profit (EBITA), SEK million	3	2	51%	12	9	34%
Adjusted EBITA, SEK million	3	2	51%	12	9	34%
EBITA margin, %	2.5%	1.8%		2.6%	2.2%	
Adjusted EBITA margin, %	2.5%	1.8%		2.6%	2.2%	

Fourth quarter

External net sales for Other amounted to SEK 126 (115) million, an increase of 10 percent. Organic sales growth was 10 percent, and fewer trading days had a negative effect of -1 percentage point. Translation effects had a positive impact of 1 percent, corresponding to SEK 1 million. The organic sales growth is driven by strong growth in the Estonian and Polish operations, while the Russian operations showed considerably weaker growth. In Estonia, demand was generally good and house manufacturers showed particularly good sales development. In Poland, the previous year's investments in the sales force have produced results and new strategic partnerships have been initiated during the quarter.

EBITA for the quarter increased by 51 percent to SEK 3 (2) million, with an EBITA margin of 2.5 (1.8) percent.

January – December 2017

External net sales increased by 14 percent to SEK 465 (410) million during the year. Organic growth was 10 percent. Translation effects had a positive impact of 4 percent, corresponding to SEK 17 million. EBITA increased by 34 percent to SEK 12 (9) million, with an EBITA margin of 2.6 (2.2) percent.

Acquisitions

Eleven acquisitions were made during the period, with combined annual sales of approximately SEK 780 million. Nine of these acquisitions were in segment Sweden, one was in segment Norway and one in segment Finland. Acquisitions were made in all product areas. The total purchase consideration was SEK 368 million, with a cash flow effect of SEK -346 million. The acquired companies have reported net assets of SEK 160 million. Intangible surplus values were allocated as follows: SEK 14 million to customer relationships and SEK 202 million to goodwill. Goodwill is attributable to the synergies that are expected to arise. As the acquired businesses were integrated into Ahlsell's existing operations after the acquisition date, it is not possible to present information about their contribution to consolidated net sales and earnings. Ahlsell considers the analysis of the acquired net assets to be provisional, and subsequent fair value adjustments may therefore be made.

Closing	Completed acquisitions 2017	Country	Product segment	Annual sales SEK million ^a	Number of employees ^b
28/02/2017	G-ESS Yrkeskläder AB	Sweden	Tools & Supplies	120	37
02/05/2017	C.J. Jäm & 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

- Lenson Elektro AS, with annual sales of approximately SEK 23 million, was acquired in October. Lenson Elektro AS (Lenson) provides products in the area of temporary electrical installations such as lighting and climate. The company is located in Trondheim. Lenson's primary market is Norway's central regions.
- In June, Ahlsell signed an agreement with Saferoad Holding on the acquisition of its Swedish water & sewer business ViaCon VA, with annual sales of approximately SEK 320 million. The acquisition includes the takeover of inventories, equipment and intangible assets belonging to the Water & Sewer operations. The business is found at 11 locations in Sweden. The acquisition adds valuable expertise and strengthens Ahlsell's focus on attractive customer segments in construction and infrastructure. Closing was in early November, following approval by the Swedish Competition Authority.
- Gehås AB, with annual sales of approximately SEK 15 million, was acquired at the beginning of December. Gehås sells workwear, profile products, stationery and office supplies in Värmland, and has two stores: one in Arvika and one in Årjäng. The acquisition of the Gehås operations further strengthens Ahlsell's presence in Värmland within personal protective equipment, workwear and profile clothing.
- Infästningsspecialisten i Göteborg AB was also acquired at the beginning of December. Infästningsspecialisten distributes building supplies to professional customers in Västra Götaland. The company has a particularly strong position within fastening products and related tools, which are sold to small and medium-sized contractors in the customer segments construction, electrical, assembly, steel plating, HVAC and plumbing and demolition. Through the acquisition, Ahlsell's customers in the region gain even better access to components within fastening. The company has annual sales of approximately SEK 28 million.
- Doradus Capital AB's sprinkler operations were acquired in December. The acquisition included Enexia AB, Prepipe Construction AB and Nordic Sprinkler AB in Sweden and Enexia Oy in Finland. In Sweden, Nordic Sprinkler AB offers a full range of sprinkler components. Prepipe Construction AB offers prefabricated sprinkler systems, while Enexia AB is a distributor of grooved piping systems. In Finland, Enexia Oy distributes a full range of sprinkler system components and grooved piping systems. Customers are found mainly within plumbing and industry. Prior to the acquisition, Ahlsell had limited sprinkler system operations and the acquisition was aimed at strengthening Ahlsell's market presence. The acquired businesses have combined annual sales of approximately SEK 120 million.
- Jobline i Umeå AB was acquired at the end of December. Jobline sells workwear and protective equipment to small and medium-sized professional customers in Umeå and its surroundings. The acquisition will enable Ahlsell to offer customers an even better range of products. The company has annual sales of approximately SEK 26 million.
- Safe Workwear Sweden AB was also acquired at the end of December. Safe Workwear has two branches, one in Stockholm and one in Strängnäs. The company mainly sells well-known brands of workwear and protective equipment to companies and municipalities. The acquisition of Safe Workwear strengthens Ahlsell's presence in both Stockholm and Mälardalen. The company has annual sales of approximately 24 million.

Agreements of acquisitions 2017-2018	Country	Product segment	Annual sales SEK million ^a	Number of employees ^b
Proffsmagasinet AB	Sweden	Tools & Supplies	260	50
Bekken & Strøm AS	Norway	Tools & Supplies	415	160
HMK i Västerås AB	Sweden	Tools & Supplies	16	8
TOTAL			691	218

In December, Ahlsell entered into agreements for two further acquisitions: Proffsmagasinet AB in Sweden and Bekken & Strøm AS in Norway.

- Proffsmagasinet is active in e-commerce in Sweden, Norway and Finland. The company offers about 17,000 items under well-known brands within professional hardware products, such as tools, gauges, laser instruments and personal protective equipment. The company has annual sales of approximately SEK 260 million. A significant share of Ahlsell's turnover derive from the e-commerce channel and the acquisition will further strengthen the already strong position. For both Ahlsell and Proffsmagasinet, the sales channel has a strong growth. The transaction was subject to approval by the Swedish Competition Authority, which was granted in December. Closing was on 16 January 2018.
- Bekken & Strøm is one of Norway's largest retailers of workwear, protective equipment, work & safety footwear and profile clothing. The company has annual sales of about SEK 415 million. The transaction is subject to approval by the Norwegian Competition Authority and closing is planned for February 2018.

The total purchase price for Proffsmagasinet AB and Bekken & Strøm AS is expected to be approximately SEK 660 million. The purchase price allocations for the two acquisitions are not yet completed.

- In January, Ahlsell entered into an agreement to acquire HMK in Västerås AB with annual sales of approximately SEK 16 million. The company sells workwear and protective equipment. Closing is planned to the beginning of February.

Closing	Completed acquisitions 2016	Country	Product segment	Annual sales SEK million ^a	Number of employees ^b
08/06/2016	Elgross'n i Göteborg AB	Sweden	Electrical	120	33
01/08/2016	Prevex AB	Sweden	Tools & Supplies	400	104
06/12/2016	Värmematerial VVS AB (assets and liabilities)	Sweden	HVAC & Plumbing	80	24
Total				600	161

^a Estimated sales for the last 12 months on date of closing.

^b On acquisition date

The purchase price allocations for the acquisitions made in 2016 are now final and no changes have been made to the allocations for Elgross'n and Prevex from what was previously presented. The purchase price allocation for Värmematerial VVS AB has been adjusted so that goodwill has increased by SEK 5 million and inventories have declined by SEK 5 million.

Net financial items

The Group's net financial items for the fourth quarter amounted to SEK -45 (-417) million. The improvement in net financial items for the period is primarily due to new financing in October 2016 when shareholder loans were converted to equity and capitalised charges of SEK 327 million related to previous financing were recognised as an expense. Net interest expense was SEK -43 (-459) million. Interest expenses and recognition of capitalised charges as an expense for the shareholder loans that were fully repaid in October 2016 had an impact of approximately SEK -142 million on net interest expense for the comparative period. Currency effects had an impact of SEK -7 (-90) million on net financial items, while revaluation of currency and interest rate derivatives had an impact of SEK 12 (137) million on net financial items. Revaluation of equity swaps (used to secure the Group's long-term share-saving programme) had an effect of SEK -0 (-4) million on net financial items. These equity swaps were terminated in connection with the repurchase of own shares in November. Other financial items, which consisted mainly of bank charges, had a net effect of of SEK -7 (-5) million on net financial items during the fourth quarter.

The Group's net financial items for the full year amounted to SEK -209 (-1,140) million. The improvement for the year is largely due to the full repayment of shareholder loans in October 2016, which now no longer affect net financial items, new financing in the fourth quarter of 2016 and the fact that capitalised charges for the previous financing were recognised as an expense during the comparative year. Net interest expense was SEK -183 (-1,456) million. Interest expenses and recognition of capitalised charges as an expense for the shareholder loans that were fully repaid in October 2016 had an impact of approximately SEK -632 million on net interest expense for the comparative period. Currency effects had an impact of SEK -37 (-178) million on net financial items, while revaluation of currency and interest rate derivatives had an impact of SEK 33 (526) million on net financial items. Revaluation of equity swaps (used to secure the Group's long-term share-saving programme) had an effect of SEK -5 (-4) million on net financial items. These equity swaps were terminated in connection with the repurchase of own shares in November. Other financial items, which consisted mainly of bank charges, had a net effect of of SEK -17 (-37) million on net financial items during the full year.

Tax

Tax on profit for the fourth quarter amounted to SEK -113 (1) million. Tax on profit for the full year amounted to SEK -406 (-237) million. The higher tax cost for the year is due to the higher earnings level compared with the previous year. The effective tax rate for the full year was -22.1 (-41.0) percent. During the fourth quarter, tax losses from previous years have been capitalised which affected the effective tax rate for the full year by 1 percentage point.

Financial position and liquidity

The Group's cash and cash equivalents at 31 December were SEK 1,295 (1,209) million, an increase of SEK 86 million since the beginning of the year. There are also unused credit facilities of SEK 3,215 million. Commercial papers were issued at the beginning of September, mainly for the purpose of refinancing some of the existing debt. Outstanding commercial papers amounted to SEK 999 million on the reporting date. External net debt at 31 December amounted to SEK 6,742 (7,486) million, a decline of SEK 744 million since 31 December the previous year. External net debt/adjusted EBITDA was 2.6 (3.3) times.

The Group's equity at 31 December was SEK 9,004 (8,089) million, an increase of SEK 915 million 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 SEK 772 (342) million. The increase compared with the previous year is mainly due to the higher earnings level. Cash flow from changes in working capital was SEK 705 (630) million. Cash flow from investing activities, including acquisitions, was SEK -218 (-81) million. The period's cash flow from investing activities was positively affected by the fact that the receivable for the costs to be billed to the lessor for the first stage of the expansion of the Group's central warehouse in Hallsberg was settled in the fourth quarter, which had a positive cash flow effect of SEK 83 million. Investments in property, plant and equipment and intangible assets during the fourth quarter amounted to SEK -72 (-52) million. Cash flow from financing activities amounted to SEK -575 (-1,316) million and was affected by debt repayment of SEK 206 million and the repurchase of own shares of SEK 369 million during the fourth quarter. Cash flow for the period amounted to SEK 683 (-425) million.

Cash flow from operating activities before changes in working capital for the full year was SEK 2,193 (1,335) million. The increase compared with the previous year is mainly due to the higher earnings level and lower interest expenses. Cash flow from changes in working capital was SEK -333 (-89) million. The decline compared with the previous year is largely related to increased inventories to support the strong sales. Cash flow from investing activities, including acquisitions, was SEK -541 (-530) million. In the comparative period in 2016, the sale of a property had a positive impact of about SEK 70 million on investing activities. The year's cash flow from investing activities was positively affected by the fact that the receivable for the costs to be billed to the lessor for the first stage of the expansion of the Group's central warehouse in Hallsberg was settled in the fourth quarter, which had a positive cash flow effect of SEK 16 million. Investments in property, plant and equipment and intangible assets during the full year amounted to SEK -217 (-156) million. Cash flow from financing activities was SEK -1,235 (-1,871) million, and was affected by repayments, SEK 1,712 million, issuance of commercial papers, SEK 999 million, repurchase of own shares, SEK 369 million, and a dividend payment of SEK 153 million to shareholders during the year.

Operating cash flow (see also note 3) for the last 12 months was SEK 1,991 (2,000) million. Operating cash flow/EBITDA (Cash conversion) was 78 (90) percent for the last twelve months. An important explanation for the lower level is increased inventories to support the strong sales. In addition, net investments were also at a higher level than in the comparative period, mainly because the comparative period was positively affected by the sale of a property.

Personnel

The number of employees at the end of the period was 5,471 (5,090) and the average number of employees during the year was 5,106 (4,791). Acquisitions during the year have increased the number of employees by 214. The Group's share-savings programme costs were SEK 13 (9) million during the fourth quarter. SEK 9 (7) million of this amount was credited to equity and SEK 4 (2) million was reserved for social security contributions. The Group's share-savings programme costs were SEK 51 (9) million for the full year. SEK 37 (7) million of this amount was credited to equity and SEK 14 (2) million was reserved for social security contributions. The costs are reported in the Central segment and are included in the income statement under administration expenses. Own shares have been repurchased for the purpose of securing the implementation of the Group's long-term share-savings programme. The number of repurchased shares is seven million.

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 SEK 125 (1) million. Profit before tax was SEK -1,743 (-116) million. The Parent Company's net sales for the full year amounted to SEK 453 (1) million. Profit before tax was SEK -1,240 (-198) million. Group internal restructuring had a negative effect of SEK 1,753 million on the Parent Company's earnings. The Parent Company's cash and cash equivalents were SEK 2 (0) million at the end of the period. The Company is financed via the Group's cash pool.

Other events

The authorization for repurchase of shares granted by the Annual General Meeting on 4 May 2017 was utilized during the fourth quarter of the year. The main purpose of the repurchase is to secure the implementation of the Group's long-term share-savings programme. In November, 7 million shares were acquired at an average share price of 52.75 SEK. Total purchase price amounted to 369 MSEK. In connection with the repurchase, all equity swaps previously used to hedge the Group's long-term share savings program were terminated.

Significant events after the end of the interim period

Acquisitions

In December, Ahlsell signed an agreement to acquire Proffsmagasinet AB. Following the approval from the Swedish Competition Authority, the acquisition was closed on January 16, 2018. In January, Ahlsell entered into an agreement to acquire HMK in Västerås AB with annual sales of approximately SEK 16 million and eight employees. The company sells workwear and protective equipment. Closing is planned to the beginning of February.

Other

In March 2015, the Competition Authority in Finland conducted a survey of several companies in the HVAC sector in Finland, including Ahlsell Oy. In January 2018, the Authority announced that the investigation is proceeding.

Related-party transactions

The Luxembourg-based company Keravel S.a.r.l. owns 25.1% of Ahlsell AB (publ), corp. ID 556882-8916 (registered in Sweden with registered office in Stockholm). Ahlsell's shares were admitted to trading on Nasdaq Stockholm on 28 October 2016. Prior to the listing on Nasdaq Stockholm, the Ahlsell Group was invoiced a monitoring fee of SEK 3.9 million by CVC Capital Partners Advisory Company S.a.r.l. for 2016. No monitoring fee has been invoiced for 2017.

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 the accountability of Ahlsell's suppliers. 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 1 January 2017. The IASB has issued amendments to standards effective on 1 January 2017. These standards have not had any material impact on the consolidated financial statements.

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 2017. These standards have not had any material impact on the Parent Company's financial statements.

The new standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) are effective for annual periods beginning on or after 1 January 2018, while IFRS 16 (Leases) is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for all these standards. The project initiated in connection with the introduction of IFRS 15 has proceeded as planned and the different revenue streams have been reviewed in 2017. The Group's assessment is that the standard will not have an effect on the Group's earnings and financial position. The work on IFRS 9 also proceeds as planned, and the assessment is that this standard will also not affect the Group's earnings and financial position, as the Group already has a customer loss allowance principle, which is based on an expected loss model. The project relating to the introduction of IFRS 16 is proceeding according to plan and information on all leases considered to be material has been collected and reviewed.

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

The Board's proposal to the Annual General Meeting

Ahlsell's 2018 annual general meeting will be held on 3 May 2018. The notice will be duly issued. The Board proposes a dividend of SEK 1.65 (0.35) per share, corresponding to a payout-ratio of 50 percent. In total, the dividend amount to SEK 708 (153) million. The dividend is consistent with the dividend policy, which states that 40-60 percent of net profit is to be distributed.

Stockholm, 26 January 2018
Johan Nilsson
President and CEO, Ahlsell AB

This report has not been reviewed by the company's auditors. This is a translation of the Swedish version of the Interim fourth quarter and Year-End Report 2017. In case of any discrepancies, the Swedish version shall prevail.

Consolidated accounts

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

CONDENSED INCOME STATEMENT

SEK millions	Note	2017	2016	2017	2016
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	1	7,606	6,902	27,484	24,606
Cost of goods sold		-5,543	-5,021	-20,062	-17,916
Gross profit		2,063	1,882	7,423	6,690
Selling expenses		-1,344	-1,266	-4,962	-4,559
Administration expenses		-112	-150	-455	-443
Other operating income and expenses		12	11	38	31
Operating profit, EBIT	1.2	620	477	2,043	1,719
Net financial items		-45	-417	-209	-1,140
Profit before tax		575	60	1,834	579
Income tax		-113	1	-406	-237
Profit/loss for the period		462	62	1,428	342
Attributable to					
Owners of the parent company		462	62	1,428	342
Non-controlling interests		-	-	-	-
Basic earnings per share, SEK	6	1.07	0.16	3.28	1.11
Diluted earnings per share, SEK	6	1.07	0.16	3.28	1.11

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit/loss for the period	462	62	1,428	342
Other comprehensive income for the period				
Items that will be reclassified to profit or loss for the period				
Translation differences	21	-80	-11	-60
Change in hedging reserve	-3	-4	-10	-4
Tax attributable to components of other comprehensive income	-3	10	-6	72
Items that will not be reclassified to profit or loss for the period				
Actuarial gains and losses	-1	-3	-1	-2
Tax attributable to actuarial gains and losses	0	0	0	1
Comprehensive income for the period	476	-15	1,399	348
Attributable to				
Owners of the parent company	476	-15	1,399	348
Non-controlling interests	-	-	-	-

CONDENSED BALANCE SHEET

SEK millions	Note	2017 31 Dec	2016 31 Dec
ASSETS			
Customer relationships		2,929	3,249
Trademark		3,837	3,837
Goodwill		7,206	7,028
Other intangible assets		136	123
Property, plant and equipment		853	781
Financial assets	4	10	8
Deferred tax assets		8	7
Total non-current assets		14,980	15,033
Inventories		3,888	3,287
Trade receivables	4	3,491	3,054
Other receivables	4	1,220	1,091
Cash and cash equivalents	4	1,295	1,209
Total current assets		9,894	8,641
TOTAL ASSETS		24,874	23,674
EQUITY AND LIABILITIES			
Equity		9,004	8,089
Non-current interest-bearing liabilities	4	7,934	7,930
Provisions		55	55
Deferred tax liabilities		1,494	1,426
Other non-current liabilities	4	29	25
Total non-current liabilities		9,512	9,436
Current interest-bearing liabilities	4	51	724
Trade payables	4	5,218	4,599
Provisions		10	19
Other current liabilities		1,079	807
Total current liabilities		6,358	6,148
TOTAL EQUITY AND LIABILITIES		24,874	23,674

CONDENSED CASH FLOW STATEMENT

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit after financial items	575	60	1,834	579
Adjustments for non-cash items	126	363	563	1,001
- of which depreciation and impairment of assets	134	129	519	505
- capitalised and accrued interest	-4	-64	9	459
- other	-4	297	35	37
Tax paid	71	-81	-203	-245
Cash flow from operating activities before changes in working capital	772	342	2,193	1,335
Change in inventories	-33	57	-489	-165
Change in operating receivables	554	466	-547	-554
Change in operating liabilities	184	107	703	630
Cash flow from changes in working capital	705	630	-333	-89
Cash flow from operating activities	1,477	972	1,861	1,246
Cash flow from acquisition of assets, liabilities and operations	-234	-34	-346	-451
Other cash flow from investing activities	15	-46	-195	-79
Cash flow from investing activities	-218	-81	-541	-530
Cash flow before financing activities	1,258	891	1,320	716
Dividend paid	-	-	-153	-
Repurchase of shares	-369	-	-369	-
Disposal of derivatives	-	455	-	455
Issued warrants	-	3	-	3
Proceeds from borrowings	-	8,651	999	8,651
Amortisation of borrowings	-206	-10,425	-1,712	-10,979
Cash flow from financing activities	-575	-1,316	-1,235	-1,871
CASH FLOW FOR THE PERIOD	683	-425	86	-1,155
Cash and cash equivalents at beginning of period	613	1,634	1,209	2,360
Exchange differences	-1	0	0	4
Cash and cash equivalents at end of period	1,295	1,209	1,295	1,209
Additional information				
Interest received	4	5	17	19
Interest paid	-41	-186	-152	-575

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEK millions	2017	2016
	Jan-Dec	Jan-Dec
Opening equity	8,089	711
Comprehensive income for the period	1,399	348
Total recognised income and expenses	1,399	348
Repurchase of own shares	-369	-
Dividend	-153	-
Long-term share-saving programme	37	7
Issued warrants	-	3
Offset issue	-	7,020
Total shareholder transactions	-485	7,030
Closing equity	9,004	8,089

Condensed Parent Company statements

CONDENSED INCOME STATEMENT – PARENT COMPANY

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	125	1	453	1
Gross profit	125	1	453	1
Administration expenses	-35	-67	-133	-67
Operating profit/loss	90	-65	320	-66
Interest and similar income	199	143	592	547
Interest and similar expense	-1 860	-82	-1,982	-567
Profit after financial items	-1,572	-4	-1,070	-86
Appropriations	-170	-112	-170	-112
Profit before tax	-1,743	-116	-1,240	-198
Income tax	-2	15	-112	-74
Profit/loss for the period	-1,745	-101	-1,353	-272

CONDENSED STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit/loss for the period	-1,745	-101	-1,353	-272
Change in hedging reserve	-3	-4	-10	-4
Tax attributable to components of other comprehensive income	1	1	2	1
Other comprehensive income for the period	-3	-3	-8	-3
Comprehensive income for the period	-1,747	-104	-1,361	-275
Attributable to:				
Owners of the parent company	-1,747	-104	-1,361	-275

CONDENSED BALANCE SHEET – PARENT COMPANY

SEK millions	2017	2016
	31 Dec	31 Dec
Intangible assets	2	–
Property, plant and equipment	0	–
Shares in Group companies	1,658	3,032
Financial investments	1	–
Receivables from Group companies	11,791	12,845
Deferred tax assets	3	1
Total non-current assets	13,455	15,877
Other receivables	6	7
Cash and cash equivalents	2	0
Total current assets	7	8
TOTAL ASSETS	13,462	15,885
Equity	5,330	7,176
Untaxed reserves	282	112
Non-current liabilities	7,655	7,651
Current liabilities	195	946
TOTAL EQUITY AND LIABILITIES	13,462	15,885

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 segment

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Sweden	5,140	4,501	18,087	15,874
Norway	1,393	1,375	5,349	4,909
Finland	848	824	3,201	3,050
Denmark	98	88	382	364
Other	126	115	465	410
Central	–	–	–	–
Group	7,606	6,902	27,484	24,606

Gross profit by segment

SEK millions	2017	2016
	Jan-Dec	Jan-Dec
Sweden	5,220	4,628
Norway	1,368	1,273
Finland	601	577
Denmark	150	138
Other	84	75
Central	–	–
Group	7,423	6,690

EBITA by segment

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Sweden	651	573	2,213	1,936
Norway	48	51	177	142
Finland	37	25	117	114
Denmark	13	6	42	33
Other	3	2	12	9
Central	-43	-95	-169	-176
Eliminations	–	–	–	–
Group	709	563	2,394	2,058

EBITA margin by segment

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Sweden	12.7%	12.7%	12.2%	12.2%
Norway	3.4%	3.7%	3.3%	2.9%
Finland	4.4%	3.1%	3.7%	3.7%
Denmark	12.9%	7.3%	11.1%	9.1%
Other	2.5%	1.8%	2.6%	2.2%
Central	–	–	–	–
Group	9.3%	8.2%	8.7%	8.4%

Adjusted EBITA by segment

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Sweden	651	573	2,213	1,936
Norway	48	51	177	149
Finland	37	25	129	114
Denmark	13	6	42	33
Other	3	2	12	9
Central	-43	-30	-169	-111
Eliminations	-	-	-	-
Group	709	628	2,405	2,131

Adjusted EBITA margin by segment

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Sweden	12.7%	12.7%	12.2%	12.2%
Norway	3.4%	3.7%	3.3%	3.0%
Finland	4.4%	3.1%	4.0%	3.7%
Denmark	12.9%	7.3%	11.1%	9.1%
Other	2.5%	1.8%	2.6%	2.2%
Central	-	-	-	-
Group	9.3%	9.1%	8.8%	8.7%

Quarterly figures
External net sales by segment/quarter

Year	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	5,140	4,202	4,484	4,261	4,501	3,699	4,102	3,572	3,944	3,326	3,667	3,392
Norway	1,393	1,254	1,312	1,390	1,375	1,185	1,267	1,082	1,189	1,100	1,241	1,161
Finland	848	812	813	727	824	789	787	651	710	727	689	642
Denmark	98	89	100	96	88	88	95	93	83	93	90	93
Other	126	135	110	95	115	120	93	82	110	123	112	95
Central	-	-	-	-	-	-	-	-	-	-	-	-
Group	7,606	6,492	6,818	6,568	6,902	5,880	6,344	5,480	6,036	5,369	5,798	5,383

EBITA per segment and quarter

Year	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	651	515	537	510	573	451	522	391	515	426	411	368
Norway	48	65	26	39	51	53	25	13	31	41	-16	22
Finland	37	45	21	14	25	45	34	10	22	37	22	9
Denmark	13	11	10	8	6	10	9	7	7	11	6	9
Other	3	6	3	1	2	4	2	1	1	5	5	0
Central	-43	-44	-39	-43	-95	-25	-32	-24	-30	-20	-25	-22
Eliminations	-	-	-	-	-	-	-	-	-	-	-	-
Group	709	597	558	530	563	538	560	397	546	501	404	386

EBITA margin per segment and quarter

Year	2017				2016				2015			
	Quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sweden	12.7%	12.2%	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%	13.0%	12.8%	11.2%	10.8%
Norway	3.4%	5.2%	2.0%	2.8%	3.7%	4.5%	2.0%	1.2%	2.6%	3.7%	-1.3%	1.9%
Finland	4.4%	5.6%	2.6%	1.9%	3.1%	5.7%	4.3%	1.5%	3.2%	5.1%	3.2%	1.4%
Denmark	12.9%	12.5%	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%	8.3%	11.5%	6.6%	9.7%
Other	2.5%	4.1%	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%	1.2%	4.3%	4.4%	0.0%
Central	–	–	–	–	–	–	–	–	–	–	–	–
Group	9.3%	9.2%	8.2%	8.1%	8.2%	9.2%	8.8%	7.3%	9.0%	9.3%	7.0%	7.2%

Adjusted EBITA per segment and quarter

Year	2017				2016				2015			
	Quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sweden	651	515	537	510	573	451	522	391	515	426	419	368
Norway	48	65	26	39	51	60	25	13	33	41	5	22
Finland	37	45	33	14	25	45	34	10	22	37	22	9
Denmark	13	11	10	8	6	10	9	7	7	11	6	9
Other	3	6	3	1	2	4	2	1	1	5	5	0
Central	-43	-44	-39	-43	-30	-25	-32	-24	-20	-20	-25	-22
Eliminations	–	–	–	–	–	–	–	–	–	–	–	–
Group	709	597	570	530	628	545	560	397	559	501	432	386

Adjusted EBITA margin per segment and quarter

Year	2017				2016				2015			
	Quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sweden	12.7%	12.2%	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%	13.1%	12.8%	11.4%	10.8%
Norway	3.4%	5.2%	2.0%	2.8%	3.7%	5.1%	2.0%	1.2%	2.8%	3.7%	0.4%	1.9%
Finland	4.4%	5.6%	4.0%	1.9%	3.1%	5.7%	4.3%	1.5%	3.2%	5.1%	3.2%	1.4%
Denmark	12.9%	12.5%	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%	8.3%	11.5%	6.6%	9.7%
Other	2.5%	4.1%	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%	1.2%	4.3%	4.4%	0.0%
Central	–	–	–	–	–	–	–	–	–	–	–	–
Group	9.3%	9.2%	8.4%	8.1%	9.1%	9.3%	8.8%	7.3%	9.3%	9.3%	7.4%	7.2%

NOTE 2. DEPRECIATION, AMORTISATION AND IMPAIRMENT

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Amortisation of intangible assets	-89	-86	-351	-340
Impairment of intangible assets	-	-	-	-
Depreciation of property, plant and equipment	-45	-44	-168	-156
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.

SEK millions	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating profit/loss	620	477	2,043	1,719
Adjustments for non-cash items	127	123	493	449
Cash flow from changes in working capital	705	630	-333	-89
Operating cash flow before investments	1,452	1,231	2,202	2,079
Acquisition of intangible assets	-8	-8	-39	-30
Acquisition of property, plant and equipment	-64	-44	-178	-127
Sale of property, plant and equipment	5	6	6	77
Cash flow from operating investments	-67	-46	-211	-79
Operating cash flow	1,385	1,185	1,991	2,000

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

SEK millions	2017	2017	2016	2016
	31 Dec	31 Dec	31 Dec	31 Dec
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Financial assets held for trading measured at fair value	0	0	0	0
Loans and receivables	4,793	4,793	4,267	4,267
Available-for-sale financial assets	3	3	3	3
Total	4,796	4,796	4,271	4,271
Financial liabilities				
Financial liabilities held for trading measured at fair value	14	14	8	8
Other financial liabilities	13,218	13,218	13,269	13,269
Total	13,232	13,232	13,277	13,277

Financial instruments measured at fair value in the balance sheet relate to equity swaps, currency swaps 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 which have an effect on EBITA.

SEK millions		2017	2016	2017	2016
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Type of cost/revenue	Segment				
Costs attributable to restructuring (dismissed salaried staff)	Finland	–	–	-11	–
IPO costs	Central	–	-65	–	-65
Costs attributable to restructuring (dismissed salaried staff)	Norway	–	–	–	-7
Total items affecting comparability		–	-65	-11	-72

NOTE 6. EARNINGS PER SHARE

SEK millions		2017	2016	2017	2016
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Earnings per share					
Profit attributable to owners of the parent company (SEK million)		462	62	1,428	342
Weighted average number of basic ordinary shares outstanding, net after repurchase (millions)		432.7	393.1	435.4	308.4
Basic earnings per share, SEK		1.07	0.16	3.28	1.11

Diluted earnings per share

The Ahlsell Group's two long-term incentive programmes could potentially lead to future dilution of the number of shares. It will only be possible to calculate the dilutive effect of the share-savings programme after the first measurement period has ended (2018). There is currently a slight dilutive effect for the warrants programme. There is no other dilution associated with ordinary shares.

Weighted average number of diluted ordinary shares outstanding, net after repurchase (millions)		432.7	393.1	435.4	308.4
Diluted earnings per share, SEK		1.07	0.16	3.28	1.11

KEY PERFORMANCE MEASURES

SEK millions unless otherwise stated	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Sales measures				
Net sales	7,606	6,902	27,484	24,606
Growth, %	10%	14%	12%	9%
Organic growth, %	11%	8%	9%	7%
Performance measures				
Operating profit (EBIT)	620	477	2,043	1,719
EBITA	709	563	2,394	2,058
Adjusted EBITA	709	628	2,405	2,131
EBITDA	753	606	2,562	2,215
Adjusted EBITDA	753	671	2,573	2,287
Margin measures				
EBIT margin, %	8.1%	6.9%	7.4%	7.0%
EBITA margin, %	9.3%	8.2%	8.7%	8.4%
Adjusted EBITA margin, %	9.3%	9.1%	8.8%	8.7%
Cash flow measures				
Cash flow for the period	683	-425	86	-1,155
Operating cash flow	1,385	1,185	1,991	2,000
Operating cash flow/EBITDA			78%	90%
Capital structure				
Cash	1,295	1,209	1,295	1,209
External net debt	6,742	7,486	6,742	7,486
External net debt/Adjusted EBITDA			2.6	3.3
Debt/equity ratio, times			0.7	0.9
Equity/assets ratio, %			36%	34%
Working capital (average)	2,784	2,349	2,429	2,189
Working capital at end of period	2,483	2,042	2,483	2,042
Operating capital (average)	16,193	15,883	15,890	15,529
Operating capital, excluding intangible assets (average)	3,617	3,163	3,277	3,058
Returns				
Return on operating capital, %			13%	11%
Return on operating capital (excluding intangible assets), %			73%	67%
Return on equity, %			17%	15%
Return on working capital %			99%	94%
Shares				
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	436,302
Weighted average number of basic shares outstanding, net after repurchase (thousands)	432,724	393,053	435,415	308,409
Weighted average number of diluted shares outstanding, net after repurchase (thousands)	432,724	393,053	435,428	308,409
Basic earnings per share, SEK	1.07	0.16	3.28	1.11
Diluted earnings per share, SEK	1.07	0.16	3.28	1.11
Other				
Number of employees at end of period			5,471	5,090

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 – fourth quarter

Oct-Dec	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	10%	14%	1%	3%	11%	10%
Acquisitions, %	-2%	-3%	0%	0%	0%	0%
Currency, %	1%	0%	6%	0%	0%	-1%
Difference in number of trading days, %	2%	2%	2%	2%	2%	1%
Organic growth, %	11%	13%	8%	4%	13%	10%
Number of trading days 2017		63	63	62	63	
Number of trading days 2016		64	64	63	64	

Organic growth – January-December

Jan-Dec	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	12%	14%	9%	5%	5%	14%
Acquisitions, %	-3%	-4%	0%	0%	0%	0%
Currency, %	-1%	0%	-1%	-2%	-2%	-4%
Difference in number of trading days, %	1%	1%	1%	1%	0%	0%
Organic growth, %	9%	11%	8%	4%	4%	10%
Number of trading days 2017		251	251	251	251	
Number of trading days 2016		253	253	253	252	

EBITA/Adjusted EBITA – fourth quarter

Oct-Dec, SEK million	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	620	588	35	26	11	3	-43
Amortisation and impairment of intangible assets	89	64	12	11	2	0	0
Profit (EBITA), SEK million	709	651	48	37	13	3	-43
Items affecting comparability	-	-	-	-	-	-	-
Adjusted EBITA, SEK million	709	651	48	37	13	3	-43

EBITA/Adjusted EBITA – January-December

Jan-Dec, SEK million	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	2,043	1,962	128	74	36	12	-170
Amortisation and impairment of intangible assets	351	251	50	44	6	0	1
Profit (EBITA), SEK million	2,394	2,213	177	117	42	12	-169
Items affecting comparability	11	-	-	11	-	-	-
Adjusted EBITA, SEK million	2,405	2,213	177	129	42	12	-169

EBITA margin/Adjusted EBITA margin – fourth quarter

Oct-Dec	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	8.1%	11.4%	2.5%	3.1%	11.3%	2.4%
Amortisation and impairment of intangible assets, %	1.2%	1.2%	0.9%	1.3%	1.5%	0.0%
Profit (EBITA) margin, %	9.3%	12.7%	3.4%	4.4%	12.9%	2.5%
Items affecting comparability, %	–	–	–	–	–	–
Adjusted EBITA margin, %	9.3%	12.7%	3.4%	4.4%	12.9%	2.5%

EBITA margin/Adjusted EBITA margin - January-December

Jan-Dec	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	7.4%	10.8%	2.4%	2.3%	9.5%	2.6%
Amortisation and impairment of intangible assets, %	1.3%	1.4%	0.9%	1.4%	1.6%	0.0%
Profit (EBITA) margin, %	8.7%	12.2%	3.3%	3.7%	11.1%	2.6%
Items affecting comparability, %	0.0%	–	–	0.4%	–	–
Adjusted EBITA margin, %	8.8%	12.2%	3.3%	4.0%	11.1%	2.6%

Definitions of key performance measures

Definitions of key performance measures can be found in the Annual Report.

Calendar and contacts

Webcast conference call for the report

On 26 January at 10.30 CET, a presentation will be held at Helio GT 30, Grev Turegatan 30 in Stockholm for analysts and investors, during which President and CEO Johan Nilsson and CFO Kennet Göransson will present the report. The presentation will be conducted in English and will also be broadcast in real time on the internet. There will be an opportunity to ask questions at the venue, via the telephone conference and via the webcast. To participate in the presentation, please register using the link below, which is also the link to the webcast. <https://financialhearings.com/event/10307>

SE: +468 5664 2662, UK +4420 3008 9806, US: +1855 753 2235. The presentation material and recorded webcast will be available on Ahlsell's website after the presentation.

Event	Date
Q1, Interim report January-March 2018	27 April 2018
Ahlsell's 2018 Annual General Meeting, Stockholm	3 May 2018
Q2, Interim report April-June 2018	19 July 2018
Q3, Interim report July-September 2018	26 October 2018
Q4, Year-End Report 2018, January-December	25 January 2019

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