



***ahlsell***

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Interim report presentation, 19 July 2017

## January – June in brief

Strong first half year

Adj. EBITA increased 15%

Three acquisitions completed and  
another signed



# Q2: Organic growth of 8 percent in strong market

## Highlights

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

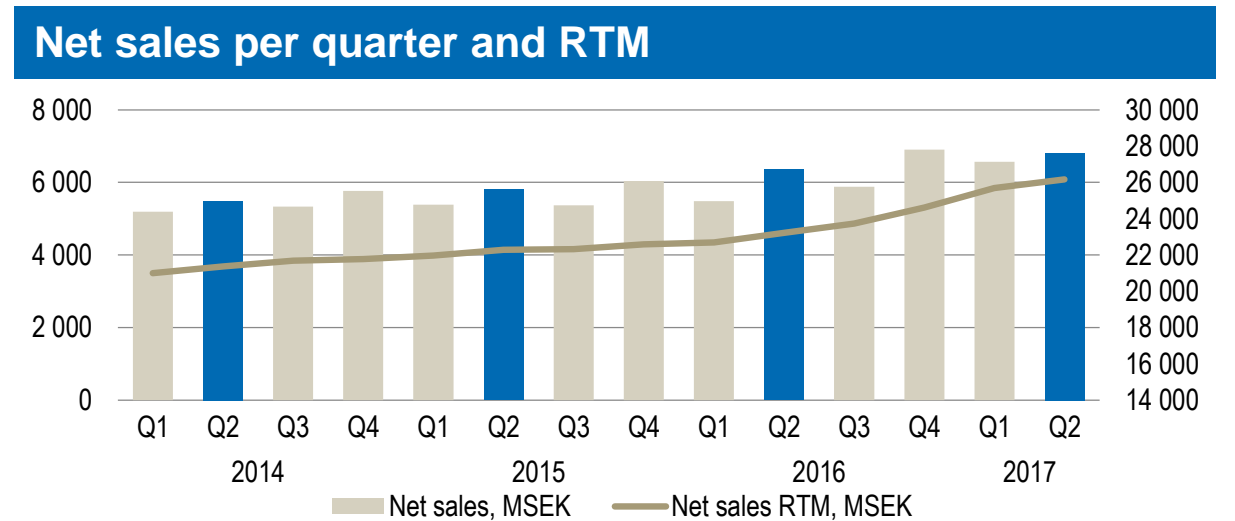
## Events

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

## Cash flow and financial position

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

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



# Q2: Strong organic growth and acquisitions drove sales

Group  
+7%

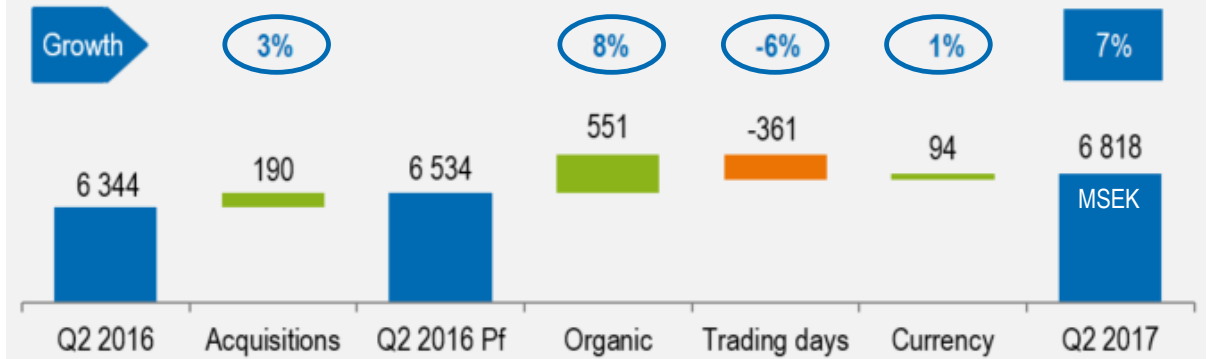
Sweden  
+9%

Norway  
+4%

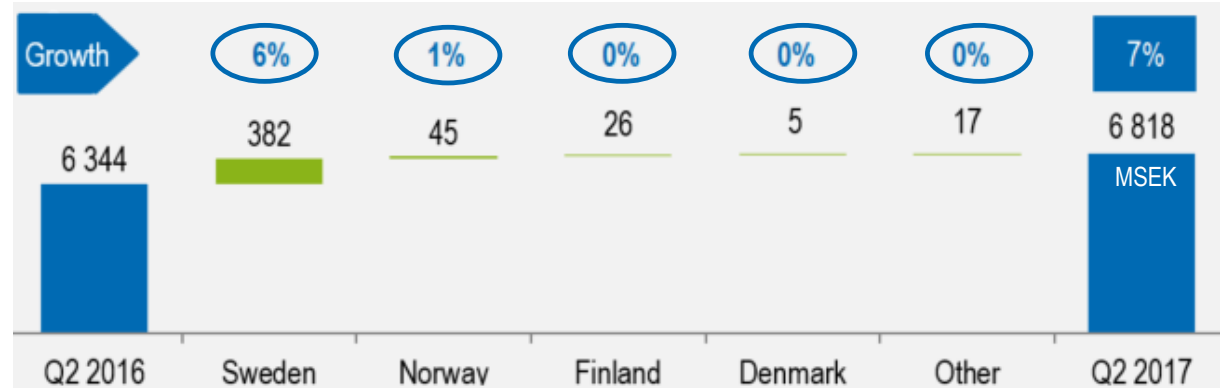
Finland  
+3%

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

## Sales Bridge



## Sales Bridge per market segment



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

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

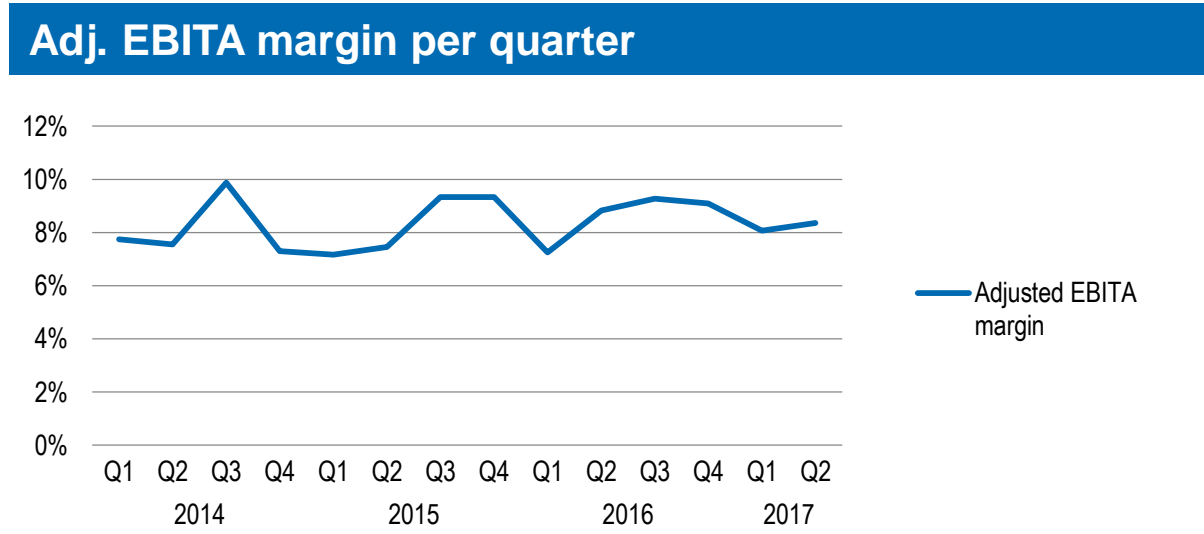
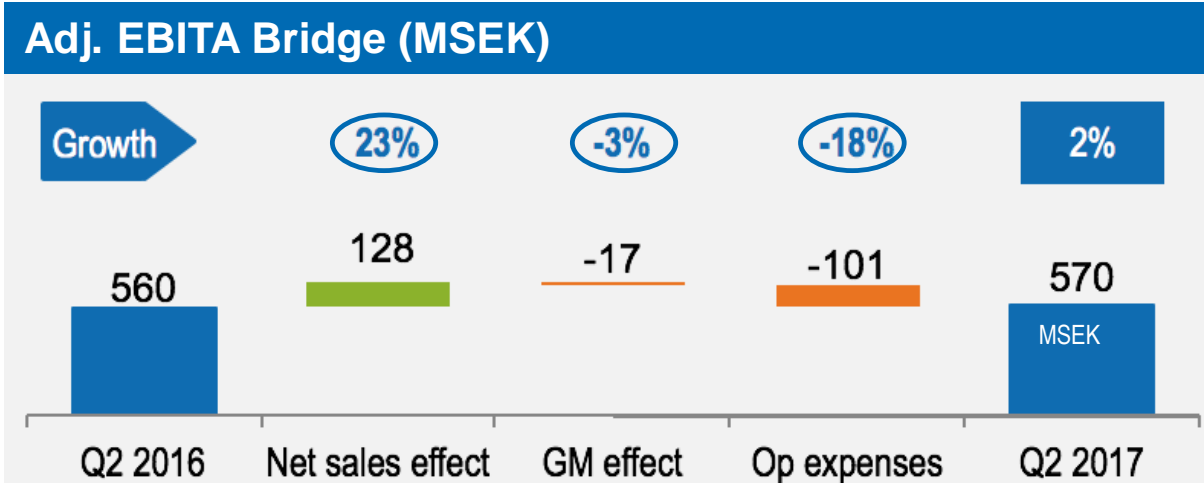
**Group**  
**8.4%**  
 adj. EBITA margin

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

**Norway**  
**2.0%**  
 adj. EBITA margin

**Finland**  
**4.0%**  
 adj. EBITA margin

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





# H1: Group net sales driven by organic growth and acquisitions

Group net sales  
up SEK 1.6 billion (13%)

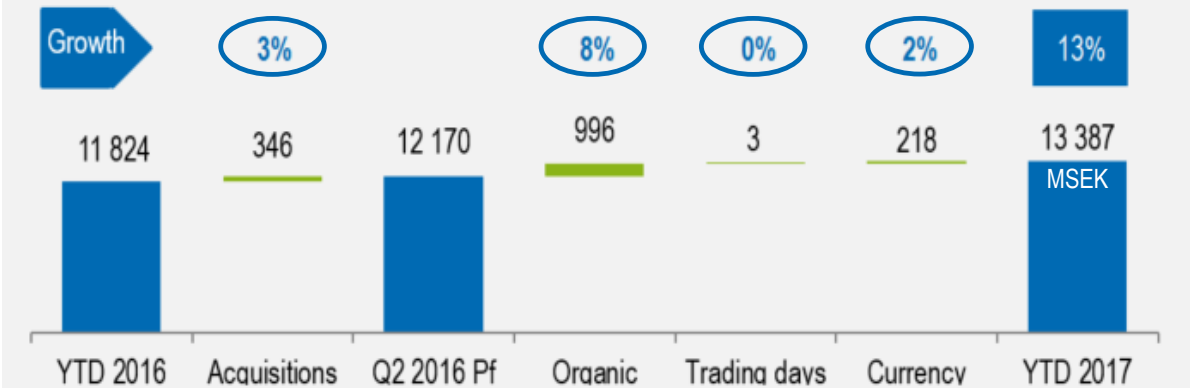
Sweden  
+14%

Norway  
+15%

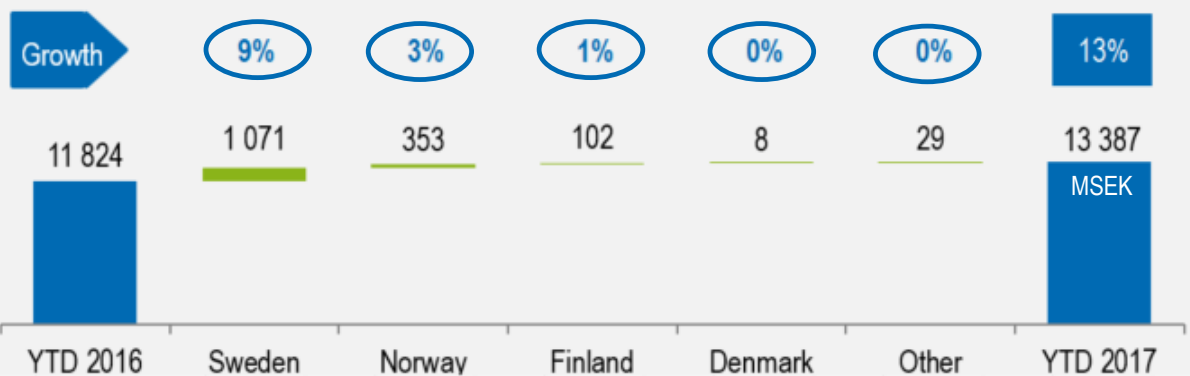
Finland  
+7%

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

## Sales Bridge



## Sales Bridge per market segment



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

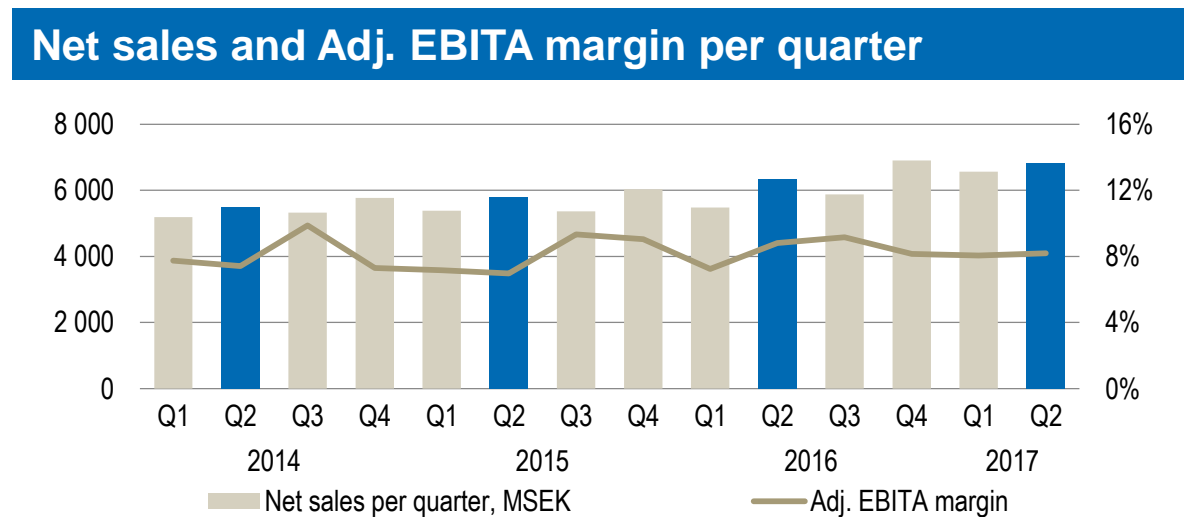
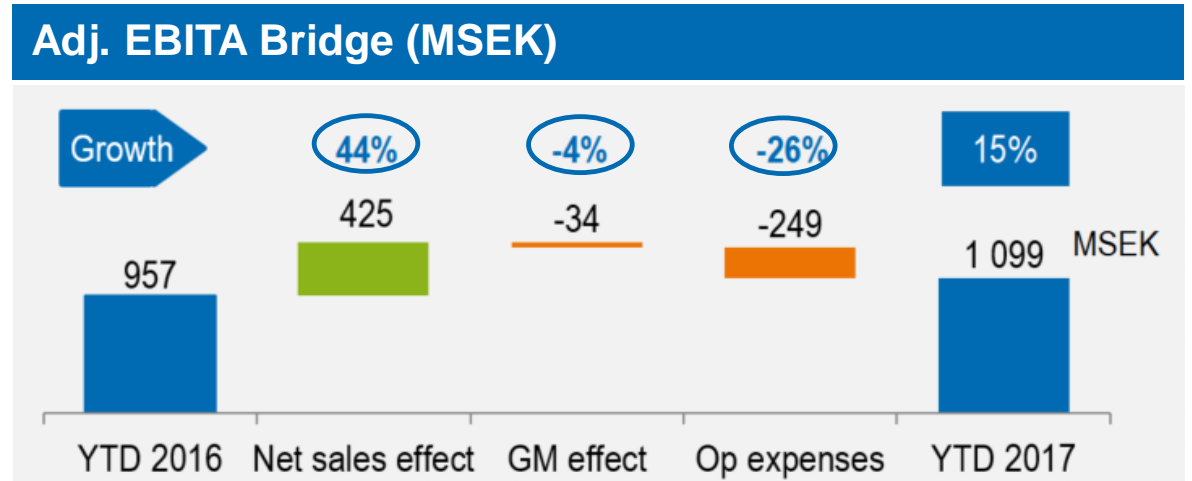
**Group**  
**8.2%**  
 adj. EBITA margin

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

**Norway**  
**2.4%**  
 adj. EBITA margin

**Finland**  
**3.0%**  
 adj. EBITA margin

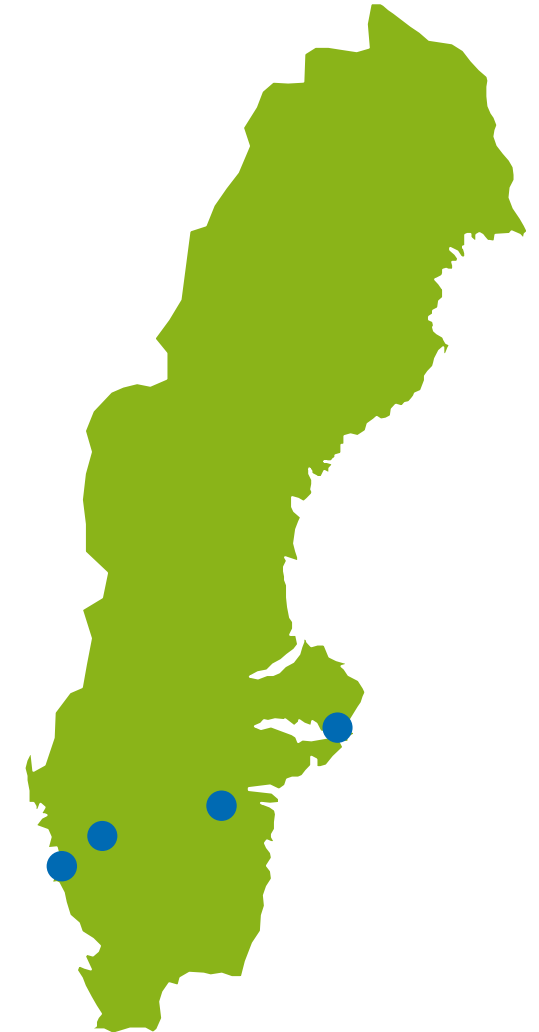
- Strong net sales effect
- Stable gross margin
- Increased operating expenses due to volume increase, acquisitions and market initiatives



# Three acquisitions completed and a strong pipeline

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

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





# Sweden

## Market

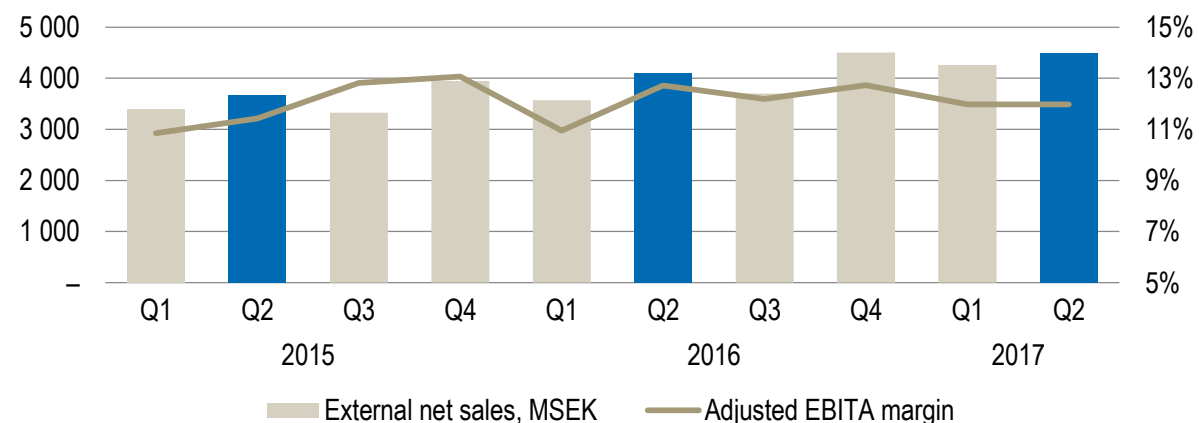
- Strong activity in the construction sector, encouraged by a favourable investment situation with low interest rates and housing shortage
- Major infrastructure investments. Increase in non-residential building permit approvals

## Highlights Q2

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

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

## Net sales and adj. EBITA margin per quarter



# Norway

## Market

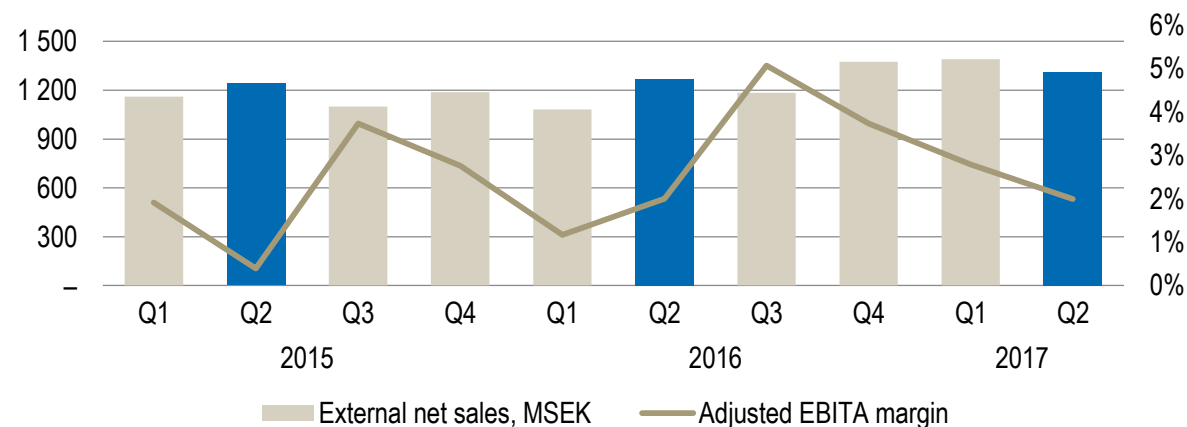
- Good market conditions in the construction and infrastructure sector

## Highlights Q2

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

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

## Net sales and adj. EBITA margin per quarter



# Finland

## Market

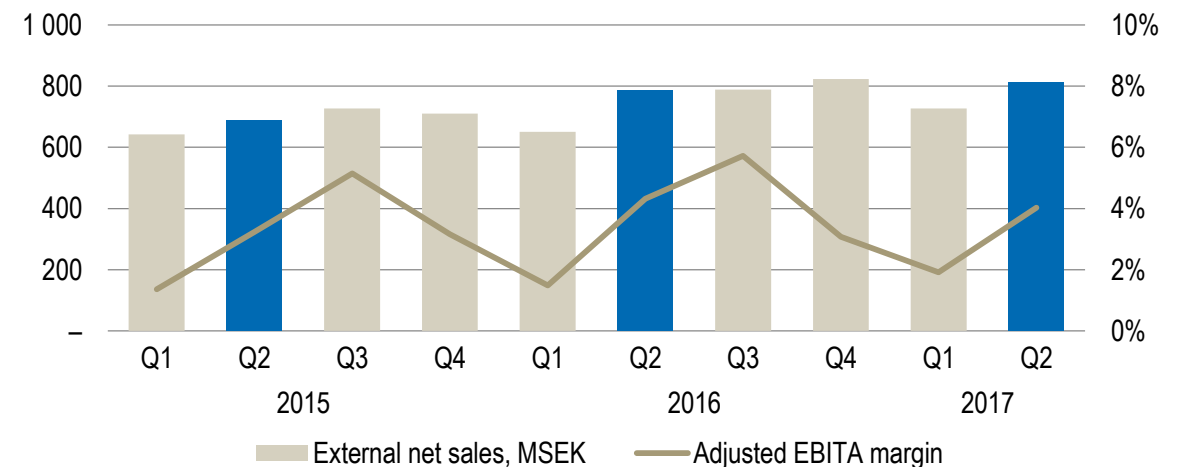
- Positive development in some sectors and successive improvements expected

## Highlights Q2

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

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

## Net sales and adj. EBITA margin per quarter



# Denmark and Other

## Denmark

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

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

## Other

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

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



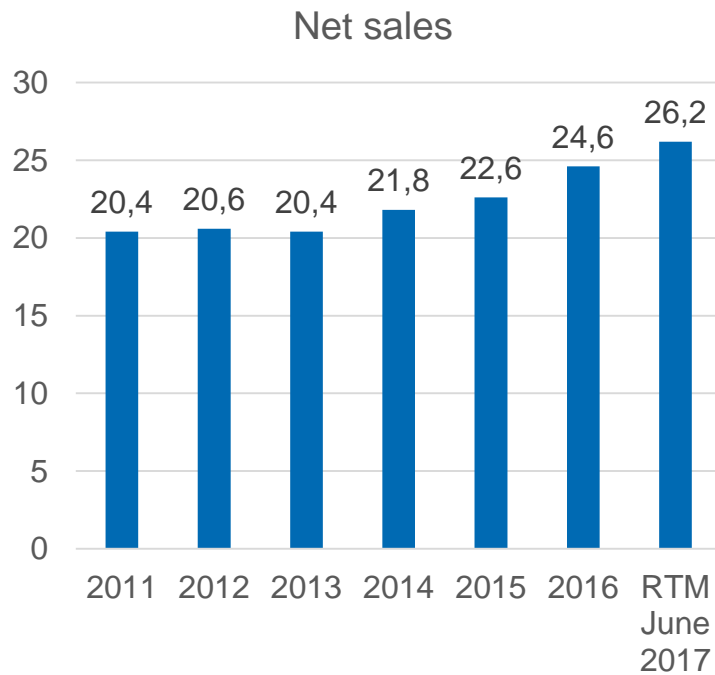
# Financials

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# Robust and resilient cash flow generator

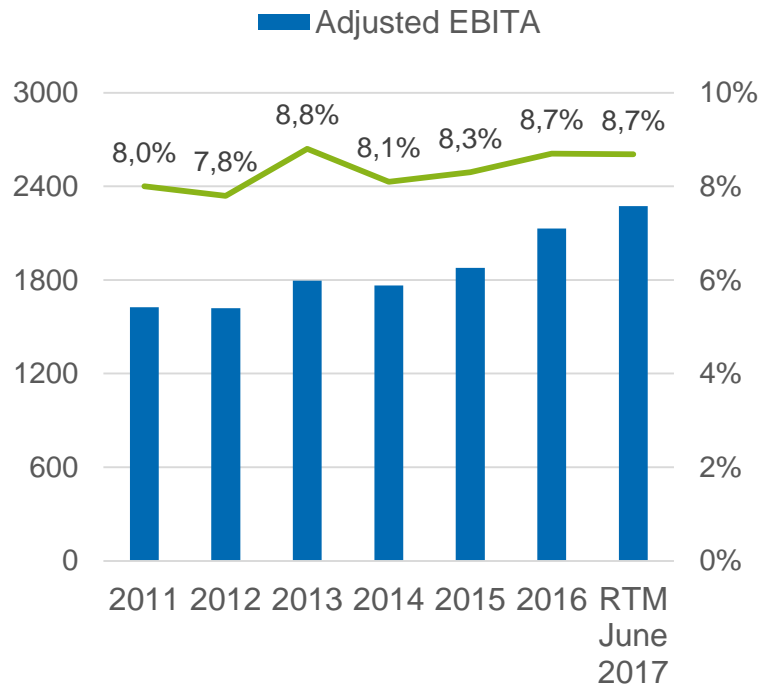
## Net sales growth

2011 – RTM June 2017 (SEKbn)



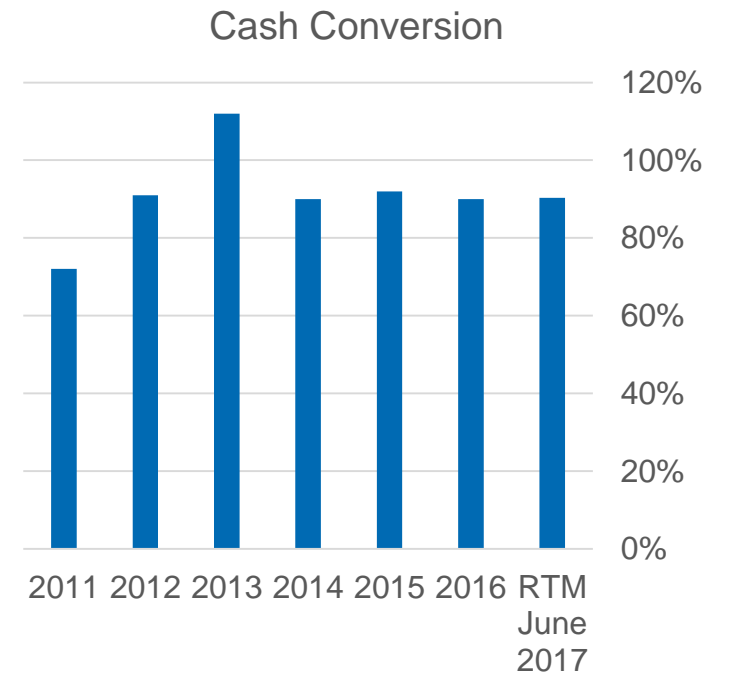
## Profitability

2011 – RTM June 2017 (SEKbn)



## Cash conversion

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





# Other performance measures

## Highlights

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

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

# Q&A





# Appendix

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# Condensed Income Statement

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

# Condensed Balance Sheet

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

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

# Condensed Cash Flow Statement

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



# Sweden

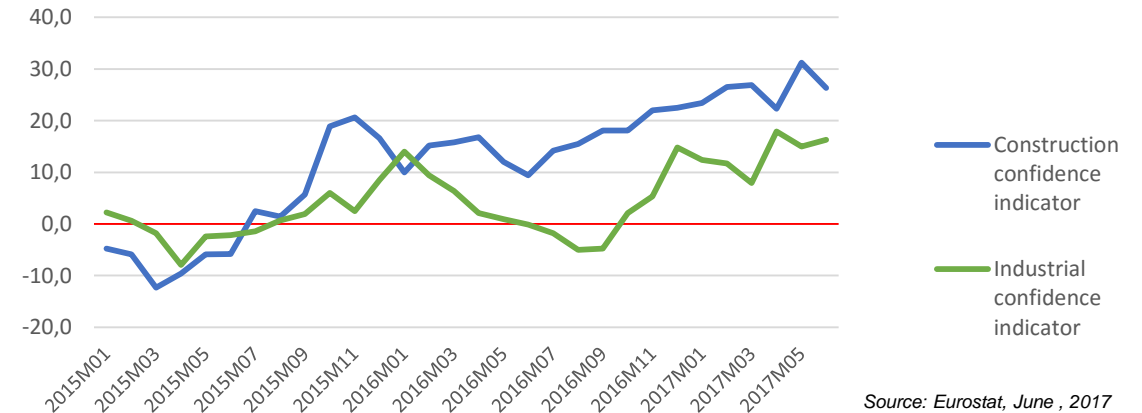
## Market outlook 2017

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

## Management priorities 2017

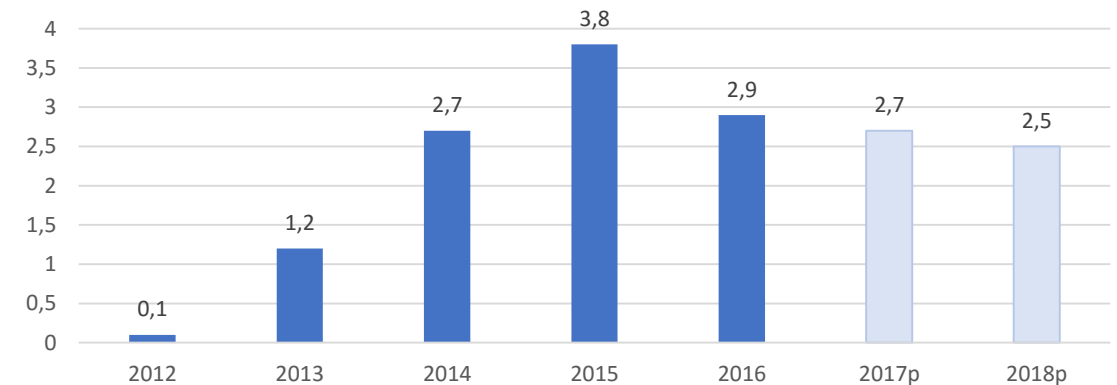
- Expanding business organically and through M&A
- Improve customer interface and multi channel offer
- Increase cross selling and cost efficiency

## Strong confidence in Construction and Industry



## Improved GDP growth outlook

Constant prices, calendar-adjusted, percentage change



# Norway

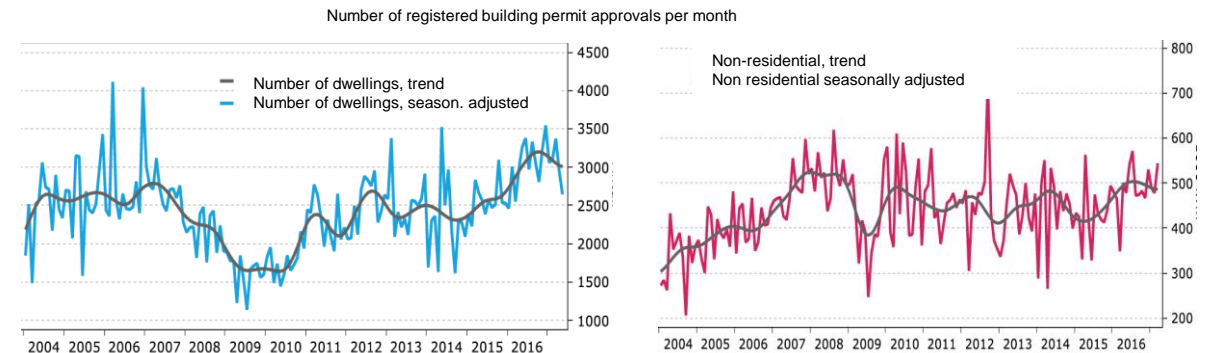
## Market outlook 2017

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

## Management priorities 2017

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

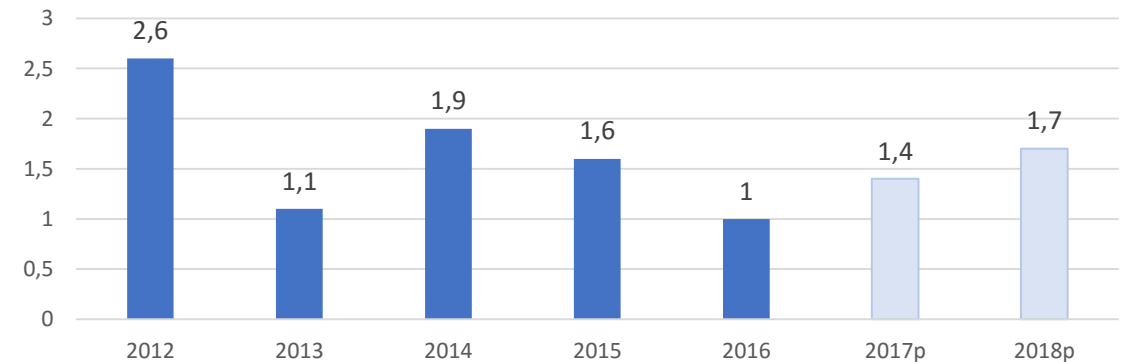
## Building permit approvals growth shows positive trend



Source: Prognoscentret, May 2017

## GDP growth in Norway

Constant prices, calendar-adjusted, percentage change



Source: Konjunkturinstituttet, June 2017

# Finland

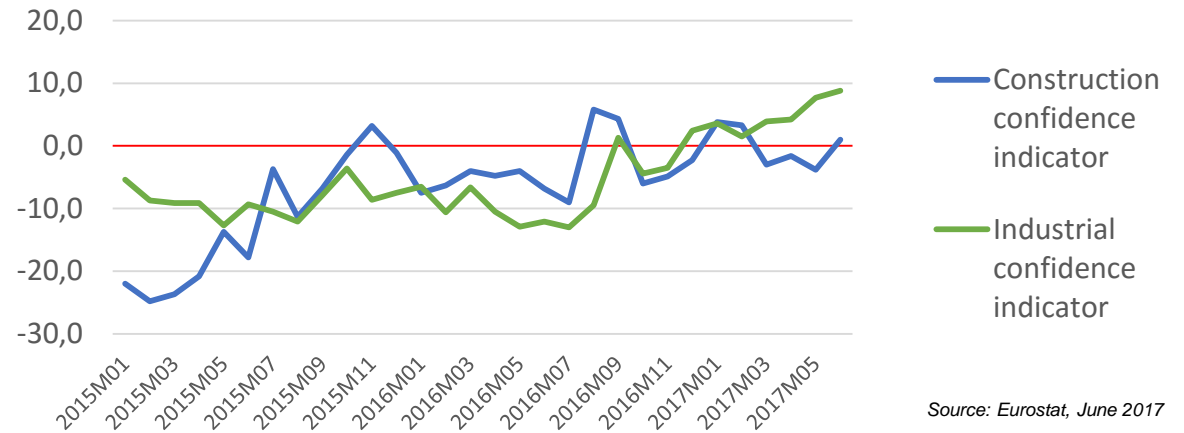
## Market outlook 2017

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

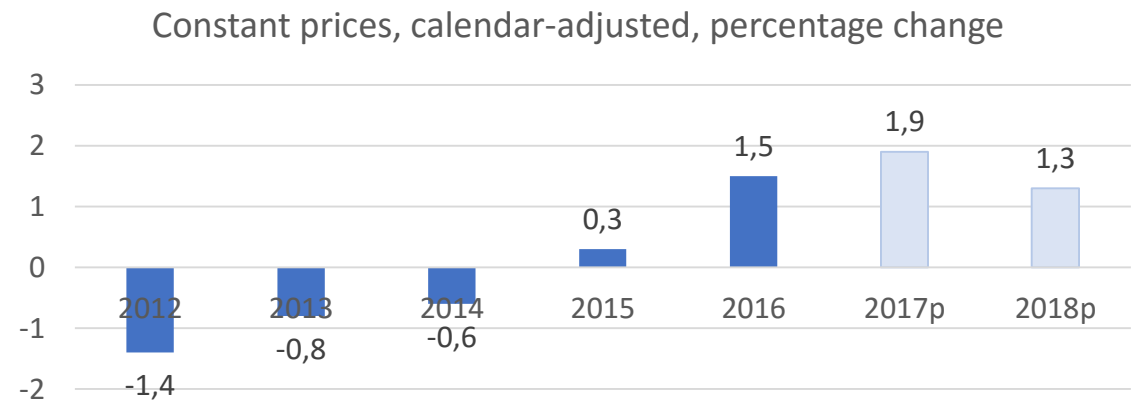
## Management priorities 2017

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

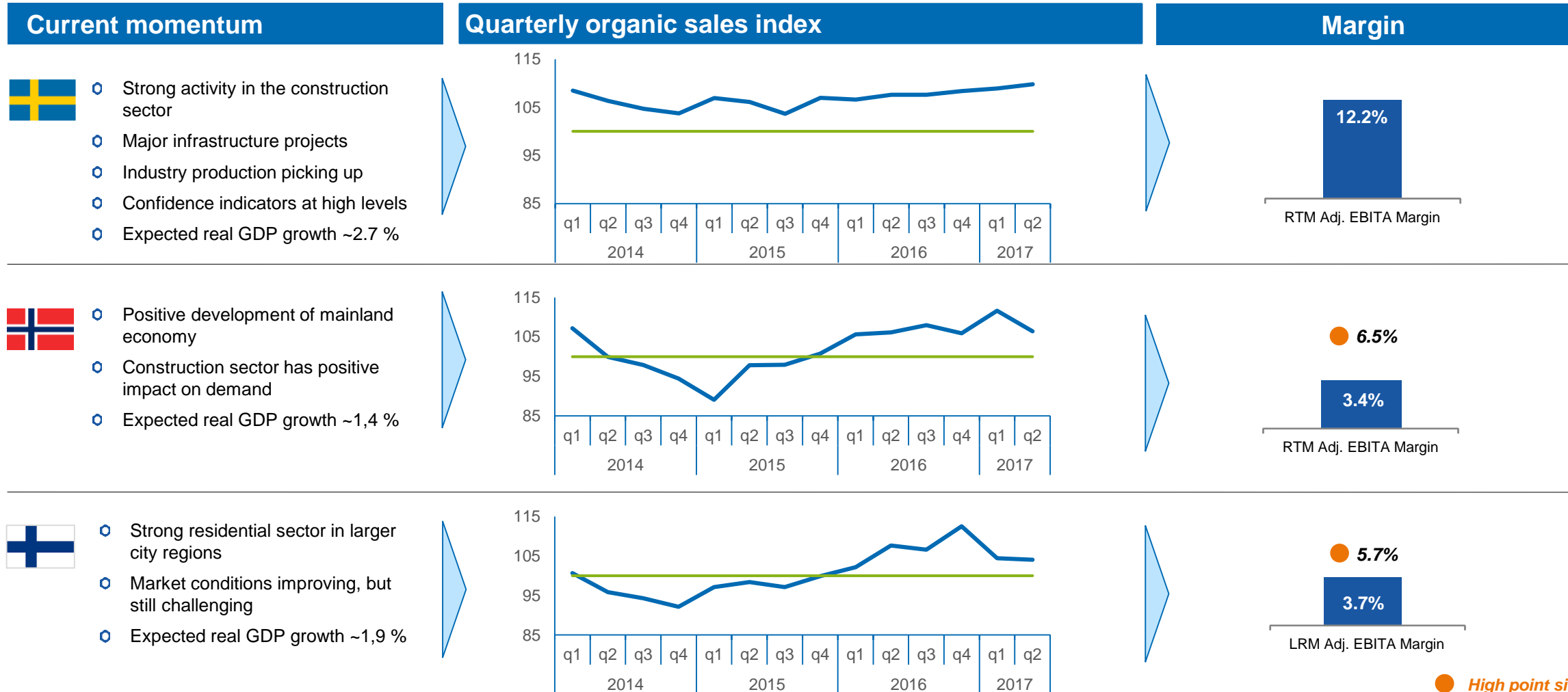
## Finnish market is recovering



## And GDP growth outlook improves



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



● High point since 2013