



Financial Year 2009

ahlsell

The History of Ahlsell

1877

Ahlsell's history started in 1877 with the establishment of the Bernström & Co sales company. In 1922 the Company merges with R Ahlsell & Co, at which time the focus on heating and plumbing products was strengthened, and the foundation was set for the Group of today.

1964

Ahlsell & Ågren is listed on the Stockholm stock exchange.

1986

Acquisition of El-Partner and the establishment of the electrical business. Ahlsell is delisted from the stock exchange.

1987

Ahlsell becomes a subsidiary within the Trelleborg Group.

1990

The refrigeration business is established by acquiring Sandblom & Stohne. A central warehouse is built in Hallsberg.

1996

The DIY business is established by acquiring Gelia.

1997

Skoogs Elektriska, which is listed on the stock exchange, is acquired and Ahlsell becomes the leading wholesaler in the electrical business area.

1998

The electrical business in Norway and the DIY business in Denmark is established by acquiring Storm Elektro and VVS-Trading.

1999

Nordic Capital becomes the new principal owner by the acquisition of 56%. LVI Tukku Oy is acquired and a Finnish platform is established.

2001

The Tools & Machinery business line is established through the acquisition of Tibnor Industrivaruhus.

2003

A central warehouse is established in Finland.

2004

Ahlsell becomes the market leader in Heating & Plumbing in Norway through the acquisition of Bergens and Stavanger Rørhandel. The market-leading position in Tools & Machinery in Sweden is further enhanced through the acquisition of TotalPartner. Nordic Capital acquires Trelleborg's remaining interest in Ahlsell and becomes the sole owner.

2005

After acquiring Nexans Distribusjon AS, Ahlsell becomes the leading electrical business provider in Norway.

2006

Goldman Sachs and Cinven acquire Ahlsell and become the new principal owners as of February 1, 2006. Ahlsell strengthens its position within refrigeration in the Nordic countries through the acquisition of Tempcold. Heating & Plumbing acquisitions in Estonia and the electrical acquisition on the island of Åland open new markets.

2007

Ahlsell acquires Idestrands. Through this acquisition, Ahlsell strengthens its market position vis-à-vis the Swedish construction industry. Acquisitions in the Tools & Machinery product area in Finland strengthen Ahlsell's leading position in this business line, both in Finland and the Nordic countries.

2009

The year was characterized by the financial crisis that began in 2008 and affected all geographic markets in which Ahlsell operates, leading to a significant drop in sales for the business. Actions initiated late 2008 and early 2009, aiming to compensate for lower sales volumes by reducing the company's cost structure and closing loss making units, were successfully executed during the year resulting in a satisfying end result for the group.

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The year in summary

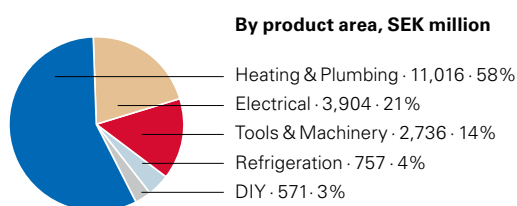
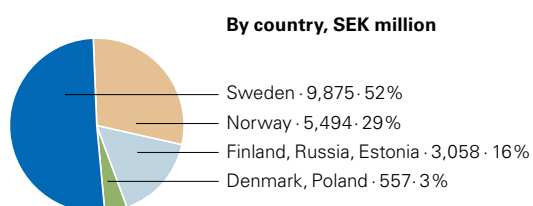
- The year has been characterized by the global financial crisis that began in the second half of 2008. Sales decline was steep during the first half of 2009, but signs of stabilisation have been seen during the later part of the year.
- Due to the deteriorating market situation, the Ahlsell Group has further increased its focus on reducing costs. Personnel costs, being the single largest category of cost, initiated the company to begin a process to reduce the number of employees. Per 2009-12-31 the group had 4 264 employees, more than 700 or 15% less than the previous year.
- The decision to close the loss-making parts of the Danish operation, was successfully carried through during the first half of 2009. Denmark is now a profit making unit focusing on the Refrigeration and DIY business.
- In late 2009 the construction work of a CWH, (Central Warehouse), in Gardemoen, Norway began, which is part of the process of implementing the Ahlsell logistics concept that has been successful in both Sweden and Finland. The CWH which will replace eight regional warehouses and be the foundation of the future logistics setup in Norway. The work is scheduled to be completed in Q4 of 2010.
- Measures taken during the year have tuned the business and positioned it well for the turn of the economy.
- Group sales decreased by 13.6 percent to SEK 18,985 million. Organic growth for the group was -14.6 percent.
- EBITA before restructuring costs was SEK 1,108 million.

KEY FIGURES FOR THE GROUP

	2009	2008	2007	2006	2005
Sales, SEK million	18,985	21,979	21,474	18,958	16,245
Income, EBITA, SEK million *	1,108	1,472	1,222	1,329	1,041
Operating margin (ROS)	5.8	6.7	5.7	7.0	6.4
Net income, SEK million	-59	-740	-269	-161	463
Average number of employees	4,358	5,055	4,786	4,462	4,252

* Before restructuring costs

EXTERNAL TURNOVER IN 2009



CEO's statement



"To sum up 2009, it can be observed that the focus was on acting quickly and consistently, whilst retaining a long-term perspective."

Ahlsell and the markets in which we operate suffered the full impact of the recession during the latter part of 2008. The causes are well-known. In early 2008, adjustments were made to the cost base in order to prepare for a weaker demand. However, the decrease in the level of activity in our primary markets, the construction segment and the industry in general, was greater than we had initially anticipated. You have to go back to the early 1990s to find an equivalent "drop" in the market.

The need for further adjustments was thus evident even before the turn of the year 2008/09. One of Ahlsell's distinctive features is rapidly implementing vigorous measures in the face of concrete problems. This quality was put to the test!

During December-January 2008/09 decisions were taken to:

- Close the Danish Electrical and Heating & Plumbing operations that had been running at a loss for several years.
- Wind up the Latvian operation where the market fell by more than 50% during 2008 and where the assessment was that conditions would not be favourable in the foreseeable future to run a business profitably within Ahlsell's areas.
- Adjust costs further in the business in the form of staff reductions, with an overall package of job losses comprising some 700 people, corresponding to 15% of the Group's employees.

All the measures were completed during the first half of the year.

To sum up 2009, it can be observed that the focus was on acting quickly and consistently, whilst retaining a long-term perspective. In addition, a major emphasis and considerable energy has been put into maintaining the margins in the businesses. This is a great challenge in a falling market with increasingly aggressive pricing from many actors, and where customers expect price reductions. I feel that we have been successful in this task, one which is absolu-

tely crucial for profitability.

We are still experiencing unsatisfactory profitability in Norway. This is largely explained by an inefficient costs structure within the logistics field. A new central warehouse is currently under construction with completion expected during the last quarter this year, and this will generate the conditions for a more efficient and profitable operation. Profitability during 2009 was also negatively affected by the fact that investments fell dramatically in what had historically been the profitable market segment of Oil & Gas. In order to ensure a process that delivers substantial improvements in profitability, a number of new appointments have been made in vital positions, such as CEO, CFO and head of logistics.

The market segment in Finland, which for Ahlsell includes the operations in Russia and Estonia, is the market that has been most severely affected by the recession and where the decrease in sales is most evident. Profitability in Russia/Estonia is negative, while Finland, given the conditions, is showing an acceptable level.

Sweden remains the cause for rejoicing! Ahlsell has a first-class business here. Strong market positions coupled with good business acumen and cost efficiency have created a business with strong tail wind. Moreover, a number of new initiatives are being implemented within various markets and product areas with the aim of further improving operations.

During a difficult period the staff and their trade union representatives have displayed a pragmatic attitude and understanding for the challenges with which the company has had to deal. I am grateful for this and convinced that we will soon be able to start reaping the benefits. However, we first have to get through a challenging 2010...

Stockholm, March 2010

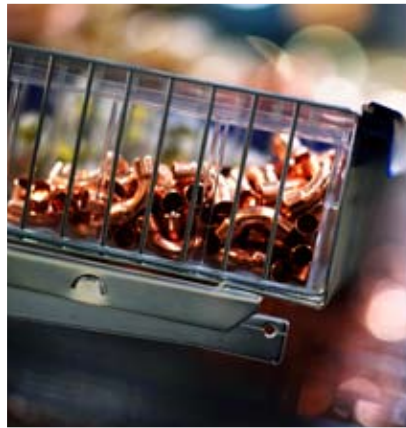
Göran Näsholm

CEO

The Ahlsell concept

Ahlsell is the leading technical trading company for Installation products in the Nordic region. Ahlsell offers professional users a wide range of goods and peripheral services within the product segments of Heating & Plumbing, Electrical, Tools & Machinery, Refrigeration and DIY (Do It Yourself).

The Ahlsell concept forms the overall strategy for steering Group companies towards Ahlsell's vision and goals. The strategy consists of five foundation stones.



WIDE PRODUCT RANGE

With stocks of more than 100,000 items, Ahlsell lives up to our customers' high requirements for diversity of design and function as well as quality and cost. Ahlsell is currently the only player offering a complete range in the Installation sector, and maintains a strong position in all product areas. At Ahlsell, customers are given access to a unique and wide product range through a single point of contact and supplier.



LOCAL PRESENCE

Local presence has been a competitive advantage for Ahlsell since the company's beginnings in 1877. Proximity to customers and excellent knowledge of the local market is a necessary precondition for meeting customers' needs in the best possible way.

Ahlsell has more than 200 retail outlets and sales offices, keeping customers close to the widest product range in the market. Our stores offer quick and easily accessible service, and are a natural meeting place for many trades people.

Ahlsell's activities are carried out in local units that are highly independent, with a clear responsibility for profits. Local managers work closely with their customer base, which allows the best conditions for optimising the quality of interaction with customers and creating motivation for employees. Continued expansion is bringing Ahlsell closer to more customers at new locations.

The Ahlsell concept



SKILLED SPECIALISTS & STRONG CUSTOMER RELATIONS

Knowledgeable employees are a precondition if we are to be able to offer knowledgeable advice, based on customers' needs. Extensive experience in the industry, combined with continual training and trend monitoring, provide Ahlsell's employees with deep levels of understanding about the products, the market and developing trends.

Ahlsell works as a specialist trading company for various customer categories within the framework of its extensive range. The sales function is organised into a number of market segments, and interacts with customers based on their specific needs. Our combination of a broad range of products, specialist expertise and strong customer relationships in the respective market segments, creates good grounds for long and strong customer relationships and new business.



CENTRALISED FUNCTIONS

Centralised purchasing functions allow us to achieve cost synergies in the purchasing process as well as benefits in supplier relationships. The corporate IT system and support functions are other important parts of our efforts to maintain economies of scale.

The hub of Ahlsell's business is the Group's highly efficient logistics systems with its modern distribution centres in strategic locations throughout the Nordic region. Cost and capital-efficient goods handling, combined with large volumes, are the foundation for profitable business. Distribution centres are established in the various countries in which we do business in line with critical volumes. Our ambition is to operate in each country as a single legal entity which enjoys corporate logistics, IT and administration systems.



GROWTH THROUGH ACQUISITIONS

Company acquisitions are an important part of Ahlsell's strategy for achieving the Group's overall goal - to create profitable growth. Ahlsell strengthens its competitive advantage through acquisitions, widening the range of products offered or increasing its presence in existing local markets. Through these, Ahlsell becomes an even stronger partner to its customers and suppliers. Both service and accessibility are improved for customers.

Another important motive for acquisitions involves the opportunities for synergies, primarily through coordination within such functions as purchasing, IT, logistics and administration. Acquisitions also enable Ahlsell to establish itself in new geographical markets. It is Ahlsell's ambition for all acquisitions to be integrated as quickly as is practically possible.

Ahlsell's product segments

With over 100,000 items in stock Ahlsell is able to satisfy the high level of requirements placed on diversity in relation to design and performance as well as cost. Ahlsell offers an overall concept where the customer has access to the entire range through one contact.



HEATING & PLUMBING

The range consists of around 40,000 stocked items within heating, ventilation and sanitation. Everything from heating systems to products for the modern bathroom are available for heating & plumbing contractors and building companies. A wide range of meters, valves, hoses, pumps, pipes and pipe accessories in different materials is available for industrial use. There are also a large number of products available within water and drainage, from individual components to complete systems. The product range also includes ventilation products and products for insulation.



ELECTRICAL

The range includes some 90,000 items aimed at electrical contractors and companies within the industrial, property and power sectors, around 25,000 of which are kept in stock. The range encompasses cables, installation and automation products, lighting, heating and data, telecommunications and security products.

Ahlsell's product segments



TOOLS AND MACHINERY

Ahlsell supplies approximately 35,000 stocked items within its product line for professional end users in industry, installation and heating and plumbing/construction. The range includes hand tools, machines, personal protection, storage products, fixing elements, locks and fittings, construction products, cutting tools and welding equipment.



REFRIGERATION

The product line comprises cooling products and customised solutions for comfort cooling in offices, industrial premises and residences, as well as commercial cooling in shops. Compressors, refrigerants and complete refrigerating units for cooling computers and telecommunication equipment as well as heat pumps are also included in the range.



DO IT YOURSELF

The range comprises products within Electricity and Heating & Plumbing that are adapted for our retail dealers' customers and their needs. The DIY concept is marketed under the Gelia brand for the Swedish, Norwegian and Finnish markets, and VVS Trading for the Danish market. A total of some 10,000 items are kept in stock, sourced from both worldwide and well established local producers.

Sweden

OPERATIONS

The history of Ahlsell's Swedish operation goes back to 1877 and the company is now Sweden's leading supplier of installation products, tools and machinery.

Operations in Sweden include the Group's product segments: Heating & Plumbing, Electrical, Tools & Machinery, Refrigeration and DIY. In 2009, 52 (51) percent of the Group's external net sales were generated in the Swedish market. Due to the foreseen downturn in economy and business activity, an extensive cost reduction plan was decided upon in beginning of the year, focusing on all cost drivers. As a result, numerous cost cut measures were implemented and also a downsizing scheme of the organisation resulting in redundancy of approximately 300 employees.

At year-end, Ahlsell had around 80 sales units in Sweden. The average number of employees in Sweden in 2009 was 2,309 (2,542). The number of customers was around 60,000, and the ten largest customers accounted for around 14 percent of net sales.

POSITION AND COMPETITORS

In the Heating & Plumbing product segment, Ahlsell shares the leading position with Dahl. In the electrical supplies market Ahlsell is number three among electrical supplies companies. Elektroskandia continues to be the market leader while the Rexel-owned companies Selga and StorEL together share the number two spot.

The Swedish market for Tools & Machinery has been in a consolidation phase during the last decade where Ahlsell has taken an active role in this consolidation. Ahlsell together with B&B Tools, are the two main players in the Swedish marketplace of Tools and Machinery.

Ahlsell has a strong market position in commercial refrigeration in Sweden. In the more fragmented domestic cooling market, Ahlsell is one of many players. In the DIY

segment for Electrical and Heating & Plumbing products, Ahlsell is the market leader in both the Electrical and Heating & Plumbing markets. Other major players include Dahl, Amiga, Malmbergs and Schneider.

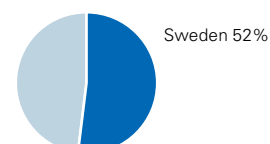
TREND FOR 2009 AND OUTLOOK

The operation in Sweden, which is the Ahlsell Group's most profitable market, performed well taking into consideration the poor market during the year. External net sales for the full-year declined by 12 percent to SEK 9,875 (11,245) million. Earnings (EBITA) totalled SEK 884 (1,126) million. The operating margin was 9.0 (10.0) percent.

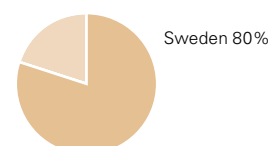
The global economic crisis set the scene for 2009 when both the industrial sector as well as the building sector dropped during the year. The industrial segment had a deeper and more immediate drop whereas the building market showed a slower downturn due to completion of building projects combined with a rather positive renovation sector which was subsidised by dedicated tax reliefs.

Ahlsell expects the market to be quite weak during first half of 2010. Some recovery will be seen within the industrial sector combined with continued good activity level for building renovation due to subsidies and favourable interest rates. During the second half of 2010 it is expected to see some growth in most of the business segments.

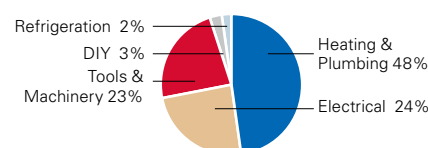
SHARE OF THE GROUP'S EXTERNAL TURNOVER



SHARE OF THE GROUP'S EARNINGS (EBITA) ¹⁾



SALES/PRODUCT SEGMENT



¹⁾ Excluding central expenses

Norway

OPERATIONS

Ahlsell established its operations in Norway in 1990 through acquisitions in the Refrigeration product segment. The Norwegian operations have since been expanded and now include the product segments Heating & Plumbing, Electrical, Refrigeration and DIY. The product segment of heating and plumbing also includes sales to the market segment of Oil & Gas, corresponding to 8% of the group's sales.

In 2009 the Norwegian operation accounted for 29 (29) percent of the Group's external net sales. At year-end, Ahlsell had around 60 sales units in Norway. The average number of employees during the year was 1,022 (1,176). The number of customers was around 18,000 and the ten largest customers accounted for around 12 percent of net sales.

During 2009 the focus of the Norwegian operation was the continuation and further strengthening of a programme of efficiency-enhancing measures aimed at improving margins, reducing general costs and reducing the company's tied-up capital. The EBITA-margin increased from 2.5% by year end 2008 to 3.0% by year end 2009. The company's capital efficiency also experienced an improvement on the back of a reduction in net working capital by nearly 20 percent.

POSITION AND COMPETITORS

In the Heating & Plumbing product segment Ahlsell shares a market-leading position with Brødrene Dahl. Norwegian company Heidenreich is third in the market. Ahlsell is a major player in the Norwegian electrical supplies market, where

the largest companies are Elektroskandia and Onninen. In Refrigeration Ahlsell is currently number two in the commercial refrigeration market and the largest player in the fragmented DIY market. Ahlsell is also a well positioned wholesaler within the Oil&Gas Industry. Product line includes; pipes, fittings, flanges, valves and actuators – where the company is the second largest player in Norway within these niches.

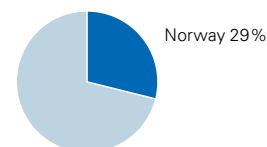
TREND FOR 2009 AND OUTLOOK

The year's external net sales in Norway amounted to SEK 5,494 (6,348) million. Earnings (EBITA) for the full-year totalled SEK 167 (159) million. During the year the Company has changed pension scheme, which has affected the result positively with SEK 117 million. The result has also been affected by provisions made for future extraordinary costs in connection with the transition to a new logistic structure, total-ling SEK 79 million.

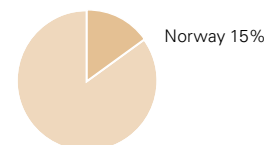
The market began to weaken in the last quarter of 2008, and has been relatively weak throughout 2009. Ahlsell decided at the end of the year to implement further personnel cuts and to close down three minor departments. Ahlsell also decided to expedite the close down of three of the regional warehouses in preparation for the upcoming new central warehouse located at Gardermoen, outside Oslo.

In 2010 the Norwegian market is expected to continue at a low level but with a revamp towards the end of the year. The competitive intensity is hard and the industry outlook is relatively uncertain with the late effects of the financial crisis kicking in as the building industry is slowing down.

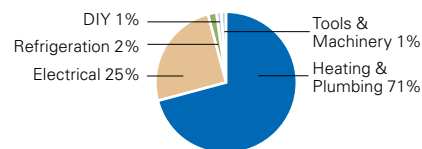
SHARE OF THE GROUP'S EXTERNAL TURNOVER



SHARE OF THE GROUP'S EARNINGS (EBITA) ¹⁾



SALES/PRODUCT SEGMENT



¹⁾ Excluding central expenses

Finland

OPERATIONS

Ahlsell established its operations in Finland in 1990 through acquisitions in the Refrigeration segment. The operation expanded in 1999 by acquisitions in the Heating & Plumbing product segment. In 2005 the Group acquired leading DIY wholesaler Malk and in 2006 the Tools & Machinery segment in Finland was added by the acquisition of Kojaltek. In 2007 the Sähkötarvike Group was acquired, which today enables Ahlsell Finland to provide a range of electrical supplies in the Finnish market.

The total market demand decreased notably in Finland during 2009. The decrease in Heating and Plumbing was -18%, Electrical -17% and tools and machines around -40%. As a result of weak demand, Ahlsell started a cost cut program. The number of outlets was reduced from around 50 down to 37 as a result of moving Tools & Machinery and Heating and Plumbing divisions in to the same locations in several cities. The average number of employees in Finland totalled 557 (615), a decrease of almost 10 percent, which was the result of activities initiated already in 2008 to downsize the company to prevailing market conditions. The number of customers was around 14,000. The ten largest customers accounted for around 10 percent of net sales.

Turnover in 2009 totalled SEK 2,686 million (3,033) million, corresponding to 14 (14) percent of the Group's external net sales. During the year the focus has been on continued integration of acquired companies, which has included the coordination of the product range and logistics.

A letter of intent to purchase Solar Suomi was signed in 2009 and executed in early 2010. The purpose is to further improve Ahlsell's position in electrical wholesale.

The new warehouse steering system Astro was put into operation in 2009 in the central warehouse in Hyvinge.

POSITION AND COMPETITORS

Along with Dahl, Ahlsell has a strong position in Heating & Plumbing in Finland after the market leader, Onninen. In Tools & Machinery Ahlsell is a major player together with B&B TOOLS, the Etola Group and Würth. Ahlsell has a smaller market share in Electrical, where SLO, Elektroskandia and Onninen are the market leaders. In Refrigeration, commercial refrigeration and domestic cooling, Ahlsell is in shared first position with Onninen. Combi Cool (G & L Beijer) is number three in the Refrigeration market. Ahlsell currently also operates in the Electrical segment in DIY under the Gelia trademark.

EASTERN EUROPE

In addition to the Finnish operations, Ahlsell Finland has subsidiary operations in Russia and Estonia.

RUSSIA

Ahlsell established business in Russia in 1995 and the operation is focused on supplying a range of Heating & Plumbing products for professional constructors and installers.

2009 was a challenging year for Ahlsell in Russia when the Russian construction market decreased by approximately 50%. A cost cutting program was initiated resulting in non profitable business units being closed and the average number of employees being reduced to 98 (119). Despite the tough market conditions Ahlsell has increased its market share in Russia and a new branch was opened in the Southern Region.

Turnover in Russia in 2009 amounted to SEK 146 (158) million.

ESTONIA

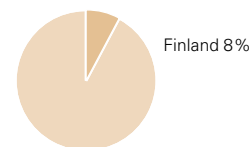
After the acquisition of FEB, which had an annual turnover of around SEK 250 million, Ahlsell became the leader in the Estonian Heating & Plumbing market in 2006.

As a result of very weak total market demand, a cost cut program was executed in 2009. Several actions were taken in order to lower the costs. Poor performing units were closed down or moved to cheaper and more

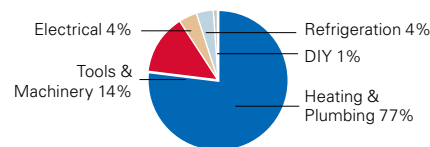
SHARE OF THE GROUP'S EXTERNAL TURNOVER ²⁾



SHARE OF THE GROUP'S EARNINGS (EBITA) ¹⁾²⁾



SALES/PRODUCT SEGMENT ²⁾



¹⁾ Excluding central expenses

²⁾ Including Russia, Estonia and Latvia

efficient locations. In Pärnu a new concept store was established April 2009.

The average number of employees was reduced to 132 (158). Turnover amounted to SEK 226 (320) million.

TREND FOR 2009 AND OUTLOOK

Ahlsell Finland's external net sales for the year, including subsidiary operations, decreased by 13 percent to SEK 3,058 (3,512) million, which is equivalent to 16 (16) percent of the Group's external net sales. The operating margin ended at 3.1 (6.3) percent

Like the other Nordic markets, the Finnish market weakened dramatically during 2009. The market development for 2010 is difficult to estimate, but the total market is expected to be at the same level as 2009. The Russian and Estonian markets are expected to be stagnated.

In 2010 the Finnish operations will focus on cost control and on further developing the cross-sales opportunities enabled by the acquisitions over the last few years.

Denmark

OPERATIONS

Ahlsell has had a presence in Denmark since 1990, when the refrigeration operation was acquired. The Danish operation has since expanded to also include the product segment of DIY since the acquisition of VVS-Trading 1998. The loss-making product segments of Heating & Plumbing and Electrical have been closed according to plan during the beginning of 2009. Ahlsell Denmark, which organisationally also includes a smaller sales unit in the Polish Refrigeration product segment, accounted for 3 (4) percent of the Group's external net sales in 2009. The average number of employees in the Danish operation totalled 223 (287). The number of customers totalled around 1,000. The ten largest customers accounted for around 28 percent of net sales.

POSITION AND COMPETITORS

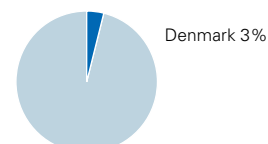
Ahlsell has a strong position in the Refrigeration market, and is the market leader in commercial refrigeration products. The second largest is H Jessen Jürgensen, owned by G & L Beijer. In the DIY segment, Ahlsell is the market leader for Heating & Plumbing products.

TREND FOR 2009 AND OUTLOOK

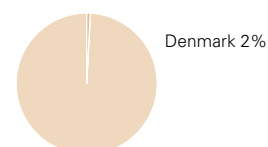
The turnover in 2009 for Ahlsell's Danish operations, including the Polish operation, was SEK 557 (874) million and the operating profit before restructuring costs was SEK 21 (10) million. Both the Refrigeration and DIY operations are well-established and profitable.

The Danish market in 2009 was characterised by shrinking volumes and increased price pressure. Ahlsell expects the market to continue to perform weakly in beginning of 2010 but improve during the latter part of 2010 resulting in a small growth.

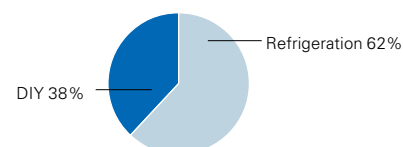
SHARE OF THE GROUP'S EXTERNAL TURNOVER ³⁾



SHARE OF THE GROUP'S EARNINGS (EBITA) ¹⁾³⁾



SALES/PRODUCT SEGMENT ¹⁾



¹⁾ Excluding central expenses

³⁾ Including Poland

⁴⁾ Adjusted for the closing of Heating & Plumbing and Electrical product segments

Environmental

Ahlsell strives to be an industry leader with regard to environmental issues. Our impact on the environment is therefore central to all our operations and decisions. Our approach to the environment is based on the knowledge, insight and commitment of every employee.

Ahlsell is subject to environmental laws and regulations in all of the countries in which we operate. We handle a small number of products in our central warehouses that are classified as hazardous substances under environmental law, including refrigerants, adhesives and oils. These substances require specialised know-how and arrangements in terms of use, handling, transportation, storage and disposal, and we maintain a roster of qualified staff members to perform such functions. However, these substances represent only a very small portion of our product portfolio, and we believe that our overall environmental risk is limited. Given the nature of our business, as a distributor of products manufactured by others, our impact on the environment occurs primarily through our choice of products, means of transportation and operations at our central warehouses. Our logistics centre in Hallsberg, and our purchasing and distribution operations in Sweden, are environmentally certified according to ISO 14001, an international standard for environmental management.

As an essential part of our environmental strategy, all levels of the supply chain in Sweden have been environmentally audited

– from materials handling, heating and lighting to internal and external transportation by forklift and truck. A number of areas have been deemed especially important in this environmental work, and Ahlsell has established clear guidelines for these areas. This means that Ahlsell will:

- Safeguard the handling of chemical products.
- Efficiently use transportation and together with the company's main shipper periodically measure capacity utilisation and environmental impact.
- Work to use energy more efficiently, measured as electricity consumption in relation to delivery volume.
- Increase waste recycling.
- Through exercises and training, prevent situations that can lead to pollutant emissions.
- Through training, increase understanding of the environmental impact of the product range.

"We handle a small number of products in our central warehouses that are classified as hazardous substances under environmental law, including refrigerants, adhesives and oils."



Ahlsell Energy Efficiency

There is a growing perception in the Nordic region to do better in order to conserve energy, especially when the majority of EU member states have agreed to reduce energy consumption by 20 percent by 2020 through increased energy efficiency. Ahlsell has developed a business concept involving a number of activities and tools to facilitate the choice of a more energy efficient alternative for our customers. The concept includes product labels, manuals, seminars and a dedicated website. Ahlsell's venture is clear, commercially driven and tangible.



IDENTIFIABLE

The first step is to be able to identify which products and systems that have at least a 20 percent lower energy consumption when compared to a reference product, system or behaviour. Regardless of whether one of Ahlsell's sales staff is using the internal business system or if a customer is visiting the internet shop or browsing through catalogues, it is important that these products are easy to locate. The products that meet the required specification for "Energy Efficiency" will be marked with a symbol intended to represent the reduction of energy consumption.

VERIFIABLE

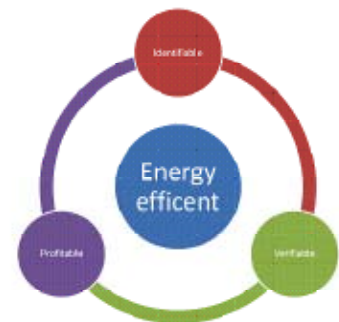
The second step concerns verification of the product or system to establish that it actually has a positive impact on energy consumption when compared with the chosen method.

PROFITABLE

By reducing energy consumption by at least 20 percent the saving for the end user will be tangible. Add to the fact that the investment frequently can be written off over a period of 5 years, we can often present a calculation that is profitable for the customer already from the first year.



Energieeffektiv



Employees and Personnel Development

Motivated employees who have in-depth knowledge of their products, and at the same time have a good understanding of customer needs, are a critical success factor for Ahlsell. To maintain a commitment to service, it is important that employees enjoy their work and regard Ahlsell as a good employer. The aim is to satisfy our employees' need for personal development in a working environment that is both comfortable and safe.

At December 31, 2009, Ahlsell had approximately 4,300 full and part-time employees. The following table sets forth the average number of our employees by geographic market and function for the periods indicated.

Ahlsell promotes skills development through an extensive training programme called the Ahlsell School. The company has its own internal trainers department, with the task of providing its employees with training in internal processes and systems. Ahlsell has also established systems to record and monitor education and training of all employees. All new managers receive special training where labour legislation, internal processes and corporate culture are reviewed. In addition, a number of tools have been developed to support managers in their efforts to develop business together with employees, including a trainer's manual which sets forth sales strategies and policies used by managers to train employees. Introductory training for new employees is offered periodically at the logistical centre in Hallsberg, Sweden, particularly for

employees from acquired companies. Recurring training occurs on a regular basis at our central warehouse, including management training and training in the proper handling and storage of the limited range of hazardous substances we sell.

Most of Ahlsell's employees are members of unions. Union membership varies by country and employee type. The company is bound by several collective bargaining agreements. Relations with employees and their labour unions are considered to be good, and Ahlsell has not experienced or been subject to any material work stoppage, slowdown or collective employee action. Furthermore, we have not recently experienced, nor do we reasonably foresee, an inability to find and employ the people necessary to run our business. In addition to salary and other benefits in kind, Ahlsell provides pension plans for employees, both defined-contribution plans and defined-benefit plans. These pension plans are provided on a country-by-country basis.



AVERAGE NUMBER OF EMPLOYEES

Geographic Market	2009		2008	
	Number	Of which: Men %	Number	Of which: Men %
Sweden	2,309	80%	2,542	80%
Norway	1,022	82%	1,176	81%
Finland	557	80%	615	79%
Denmark	165	73%	224	68%
Estonia	132	86%	158	84%
Russia	98	55%	119	61%
Latvia	17	59%	158	62%
Poland	58	86%	63	87%
Total	4,358	80%	5,055	79%

Governance

BOARD OF DIRECTORS

At present, the Board of Directors consists of seven members, including the Chairman. The table below sets forth the members of our Board of Directors, the year they were born, the year of their respective initial election and their independence.

Rolf Börjesson has been the Chairman of our Board of Directors since 2007. He currently also serves as a non-executive member of the Board of Directors of Svenska Cellulosa AB, Avery Dennison Corp. and Huh-tamäki Oyj. Mr. Börjesson was the Chief Executive Officer of Rexam PLC (“Rexam”) from 1996 to 2004 and the Chairman of Rexam from 2004 up to May 2008. Prior to joining Rexam in 1996, Mr. Börjesson was the CEO of PLM AB, Sweden. He spent 11 years in senior executive positions at ITT Corporation and Dresser Inc., based in Europe, but working extensively with United States-based companies. He is also a former member of the Board of Directors of Invensys PLC, Midway Holding AB, Frigoscandia AB and Copenhagen Airports A/S. Mr. Börjesson holds a Master’s degree in Chemical Engineering from Chalmers University of Technology.

Caroline Sundewall has been a member of our Board of Directors since 2007. She currently also serves as a member of the Board of Directors of Electrolux AB, Haldex AB, Lifco AB, Pägengruppen AB, SJ AB, Svolder AB, Tradedoubler AB and Mertzig Asset Management AB. Her professional experience includes positions at Ratos AB, Chase Manhattan Bank, Svenska Handelsbanken AB, as well as experience as an analyst in the business divisions of Finanstidningen, Sydsvenskan, Affärsvärlden and Dagens Industri. Ms. Sundewall holds a Master’s degree in Business from Stockholm School of Economics and has studied at Insead in France.

Guy Davison has been a member of our Board of Directors since 2007. Since 1988, Mr. Davison has worked at Cinven Ltd., where he currently serves as a member of the Board of Directors and is a member of the Consumer and Industrials sector teams. Recent transactions with which Mr. Davison has been involved include Gala Coral Group, Maxeda, Unique Pub Company, Foseco and William Hill. From 1984 to 1988, Mr. Davison worked at the venture capital firm Larpent Newton and prior to that as a chartered accountant with KPMG

LLP in London. Mr. Davison also serves on the Board of Directors of Gala Coral Group Limited and various companies within the Ahlsell Group. Mr. Davison holds a Master’s degree in History from Magdalene College, Cambridge University.

Magnus Hildingsson has been a member of our Board of Directors since 2007. He joined Cinven in 2005 as a Principal. Mr. Hildingsson is a member of the Nordic and Industrials sector teams at Cinven. Magnus previously spent four years at Intermediate Capital Group specialising in Nordic investment opportunities. Prior to this he worked in private equity and corporate finance at Nomura for five years. Mr. Hildingsson also serves as a member of the Board of Directors of Coor Service. He holds a Bachelor of Science degree from the London School of Economics.

Steven Sher has been a member of our Board of Directors since 2007. Since 2006, he has been a Managing Director of Goldman Sachs International. Mr. Sher joined Goldman Sachs in 1997 in the Investment Banking division and moved to the Principal Investment Area in 2000, where he is currently responsible for the private equity activities of Goldman Sachs Capital Partners in the Nordic region. Prior to joining Goldman Sachs, he served as a chartered accountant with Price Waterhouse in London from 1994 to 1997. Mr. Sher also serves as a member of the Board of Directors of ISS and Endemol. Mr. Sher holds a Bachelor of Commerce degree and a postgraduate Bachelor of Accounting degree from the University of Witwatersrand.

Name	Position	Born	Member Since ¹⁾	Representing
Rolf Börjesson	Chairman of the Board	1942	2007	Independent
Caroline Sundewall	Board member	1958	2007	Independent
Guy Davison	Board member	1957	2007	Cinven
Magnus Hildingsson	Board member	1973	2007	Cinven
Steven Sher	Board member	1970	2007	Goldman Sachs
Mattias Hieber	Board member	1976	2009	Goldman Sachs
Göran Näsholm	Board member / CEO	1955	2007	CEO, Ahlsell

¹⁾ Several of the board members have been members of previous operating boards of the Ahlsell Group

Matthias Hieber has been a member of our Board of Directors since 2009. Since 2006, he has been an Executive Director of Goldman Sachs International. Mr Hieber joined Goldman Sachs in 2000 in the Principal Investment Area and from 2003 to 2006 worked in the London office of Texas Pacific Group. He rejoined Goldman Sachs Principal Investment Area in 2006. Mr Hieber holds a MA from the Vienna University of Business Administration and is a CFA charterholder.

Göran Näsholm has been a member of our Board of Directors since 2007. He is also our Chief Executive Officer, a position he has held since 1999. Prior to joining the company he worked in different positions within the Alfa Laval Group. From 2001 to 2003, he served as the Chairman of the Board of Directors of the Swedish Heating & Plumbing Federation (Svenska Rörgrossistföreningen VVS) and from 2004 to 2006 he served as a member of the Board of Directors of the Swedish Trade Federation (Svensk Handel). Mr. Näsholm is a member of the Board of Directors of Svenska Handelsbanken Regional Bank Stockholm. Mr. Näsholm holds a Bachelor's degree in Mechanical Engineering from Örebro Technical Institute and a Master's degree in Economics and Business from the University of Uppsala.

GOVERNANCE ISSUES

Under the Swedish Companies Act, the Board of Directors is ultimately responsible for the organisation and management of a company. Our articles of association provide that the Board of Directors must be elected by our shareholders and must consist of between three and ten directors (with no deputy directors). In addition to the provisions in our articles of association, Swedish law provides that the labour unions which represent our employees have the right to

appoint up to three additional directors and up to three deputy directors.

Under Swedish law, the chief executive officer and at least half of the board members must be residents of a country within the European Economic Area, unless the Swedish Companies Registration Office grants an exemption. Swedish law provides that board members who are elected at a general meeting of shareholders shall serve for a term expiring at the next annual general meeting. The labour unions representing our employees have discretion to fix the term of the board members who are employee representatives. While such terms may not exceed four years, these members may serve for an unlimited number of consecutive terms. Board members elected by our shareholders may be removed from office at any time by a general meeting of shareholders, and vacancies on the board may only be filled by a resolution of the shareholders. Under Swedish law, the chief executive officer of a Swedish public limited liability company may not serve as chairman of the board.

AUDIT COMMITTEE

The audit committee comprises of the Board members Caroline Sundewall (Committee Chairman), Rolf Börjesson and Magnus Hildingsson.

Gunnar Haglund, CEO of Ahlsell, and Bengt Colmander, Secretary of the Audit Committee also participated in the meetings held during the year together with members of the Company's controlling and reporting staff who reported issues related to the Audit Committee tasks.

In 2009, the Audit Committee held four meetings. The external auditors participated during three meetings. The audit committee also had discussion with the external auditors without the participation of management during one of the meetings.

The Audit Committee's main tasks are to:

- Review the financial reporting
- Review the status and development of the Internal Control function on Group and country level
- Review and be updated on the organization of Group's reporting and controlling
- Review reports from the external auditors
- Perform tender processes for external auditors at least once every fourth year
- Review the external auditor's audit plan and follow up on the quality of the work
- Together with the CFO prepare any evaluation issues, impairment tests or other issues that might have a major impact on the Balance sheet

COMPENSATION COMMITTEE

The Group applies a process whereby recommendations and decisions for salaries, remuneration, benefits and other employment terms and conditions for the CEO and other senior executives, who report directly to the CEO, are determined and approved by the Board Chairman.