


FINANCIAL YEAR 2005

ahlsell



“At Ahlsell, we are willing to do that little bit extra to make life easier for our customers”

Contents

The year in summary	3
Interview with the CEO	4
Operations by country	6
<i>Sweden</i>	6
<i>Norway</i>	7
<i>Finland</i>	8
<i>Denmark</i>	9
The Ahlsell concept	10
Market, trends and competitors	12
History	13

ahlsell

makes it easier to be professional

Ahlsell is one of the leading trading companies in the Nordic region within installation products, tools and machinery. The Group offers professional users a wide range of goods and peripheral services within the product areas of Heating & Plumbing, Electrical, Tools & Machinery and Refrigeration. A smaller proportion of sales goes to retail companies within the DIY (Do-It-Yourself) area.

Ahlsell's strategy rests on five cornerstones:

- a uniquely broad range of products from the heating & plumbing, electrical, tools & machinery as well as refrigeration area
- local presence with independent sales units close to the customers
- specialist expertise within each market segment and product area
- centralised functions for purchasing, administration and logistics
- growth through acquisition

The Group has an annual turnover of approx. SEK 18 billion and has over 4,000 employees. The majority owners are Cinven and Goldman Sachs.

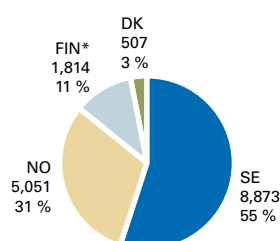


The year in summary

- The Group's net sales increased by 15 percent, adjusted for exchange rate fluctuations and acquisitions, to SEK 16,245 m (11,119).
- Income (EBITA) rose by 79 percent to SEK 1,041 m (583) with an operating margin (ROS) of 6.4 percent (5.2).
- The acquisition of Nexans Distribusjon, with a turnover of approximately SEK 1,200 m, substantially reinforces Ahlsell's position on the wholesale electrical market in Norway.
- Through the acquisition of Malk OY, the Finnish market leader with a turnover of about SEK 60 m, Ahlsell became market leader in the Do-It-Yourself area in Finland.
- Ahlsell's position as market leader within Tools & Machinery in Sweden was further strengthened through the acquisition of Ljungby Industrileverantör and Skaraborgs Industriservice.

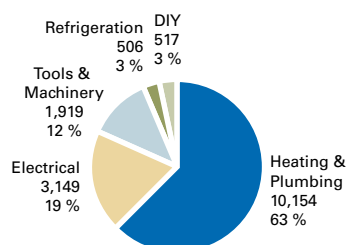
Key ratios in the group					
	2005	2004	2003	2002	2001
Net sales, SEK m	16,245	11,119	9,883	10,069	8,589
Income (EBITA), SEK m	1,041	583	455	394	417
Operating margin (ROS) %	6.4	5.2	4.6	3.9	4.9
Net income, SEK m	463	251	101	9	30
Return on operating capital %	40.5	34.4	27.3	21.1	23.3
Average number of employees	4,252	3,145	2,944	3,057	2,446

External sales in 2005 by country, SEK m



*Incl. Russia SEK 61 m, 0.4%

External sales in 2005 by product area, SEK m



Interview with the CEO



An increase in profitability by 79%, Ahlsell's best ever operating result, plus strategic acquisitions. CEO Göran Näsholm reviews the record year of 2005 and outlines his expectations for the future.

How would you describe the financial results for 2005?

Ahlsell has had a fantastic year. Profitability increased as earnings (EBITA) rose from SEK 583 million in 2004 to SEK 1,041 million in 2005. This is the best ever result and much better than the forecast. Adjusted for exchange rate fluctuations and acquisitions, sales increased by 15 percent to SEK 16,245 m. Moreover, developments are looking good in all countries.

Can you describe developments in the countries where you operate in more detail?

In Sweden, the Heating & Plumbing business has performed very strongly. The product areas of Tools & Machinery and Refrigeration have also done really well.

The marketing organisation introduced at the end of 2003 has now become established and we have boosted our sales capability by acquiring an even better understanding of our customers' needs thanks to segmentation. Our Norwegian operations have been characterised by mergers and efforts to integrate Bergens and Stavanger Rörhandel, which we acquired in October 2004. During the financial year three units have been merged, the head office has been moved, the organisation has been restructured and a new business system has been introduced. All of this has been done while retaining our customer focus, and we succeeded in achieving growth of over 10 percent in 2005. Finland is the real success story within Ahlsell. Five years ago, our Finnish operation was struggling to achieve an operating margin (EBITA) of 1-2 percent. In 2005 they achieved a figure of 6 percent. Our Danish operations have also improved their performance.

With such superb results, is it possible for Ahlsell to do even better?

We certainly can be even better. Our aim is to be the best trading company in Europe within our area of operation. To realise our ambition of being best in Europe, our current objectives, which I see as positive and assertive, must be based on four main elements. These comprise a platform of stable and cost-effective systems for administration, logistics and distribution, a focused sales force,

bold initiative and new acquisitions. This foundation is essentially already in place at Ahlsell. What remains is to break through the mental barrier. If we can do that, then Ahlsell's fantastic journey can continue.

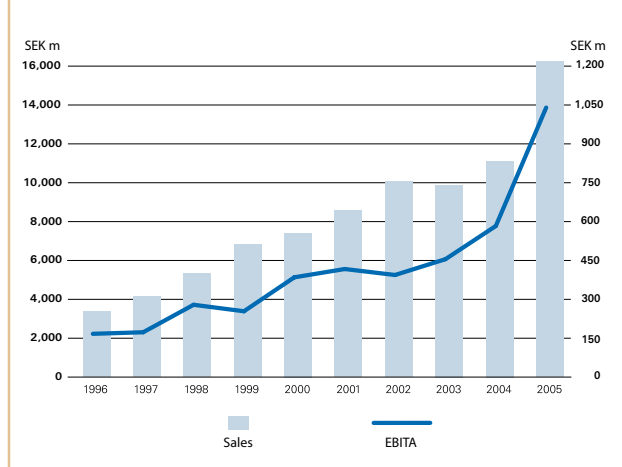
What has the new ownership configuration meant for Ahlsell?

Ahlsell has good experience from ownership of a private equity company, and our customers, suppliers and employees will notice no difference now that Cinven and Goldman Sachs are our principal owners. I know that our new owners have confidence in the business plan that we have now adopted for the coming years and will support our management in their ambition to realise our bold objectives.

Ahlsell has acquired a number of companies during the last ten years. How has this affected the Group?

It has naturally had an effect on us in many ways. Most obviously, we are a considerably larger operation today. Ten years ago our

Sales and income 1996 - 2005



turnover was approximately SEK 3 billion, today it is over SEK 16 billion. We are a leading trading company in the Nordic market and we have expanded into new product areas such as DIY and Tools & Machinery.

The acquisitions have also had a major influence on the culture and flow of ideas into the Group. We have a tradition of our staff staying with us for a long time and I am obviously pleased about that. We also try in a variety of ways to encourage people to grow within the company. However, all companies also need a certain injection of "new blood" from outside. The acquisitions have brought us many new colleagues with exciting ideas and experience. Today, Ahlsell's employees are a powerful resource, and I am proud of the skills and commitment found in the Group.

We have also learnt some lessons over the years and have become better at buying and integrating companies. This applies both to our capacity to identify and analyse potential acquisitions as well to the procedures and legal processes involved. I'm not saying that it's easy to integrate a large acquisition, after all, merging different organisations, exchanging IT systems and changing the logistics apparatus is a demanding task. It would be best if all this could be done without losing market focus, but there is always a certain loss of momentum for a while. However, the important thing is to make this period as short as possible, and I feel that this is something we are now good at.

Will Ahlsell continue to acquire companies?

As I said, we are now a leading trading company in all the Nordic countries, but this is not the case in all our submarkets, that is to say, within each product area. Moreover, several of these markets are still relatively fragmented. Our ambition is to be active in the consolidation that is now underway, so that we can achieve our long-term goal of being market leader in every product area in all our geographic regions.

How do you think the market will evolve?

All Ahlsell's market segments have performed well during 2005. The increased investment in construction and traditional industries has been an important factor for us. But within the refrigeration segment too, a number of successful product launches have enabled us to create solid growth. I see Refrigeration as an interesting area for future expansion. Examples of other interesting growth areas are small and medium-sized installers of Heating & Plumbing and Electrical systems, the Construction, Manufacturing, Computer and Telecoms industries as well as Power Supply Utilities.

In 2006 I expect the market to remain strong in Sweden, Denmark and Finland and the Norwegian market to continue at its high level.

What other expectations do you have for 2006?

Based on our positive view of market developments, our volumes should continue to increase. We will continue to focus on improving our margins, cost-efficiency, cash flow and capital tie-ups. In conjunction with our focus areas in each country of operation, this will lead to improved profits and volumes for 2006 as well.

Operations by country

Sweden

OPERATIONS

Ahlsell's history dates back to 1877 when the sales company Bernström & Co was established. The foundations of the present Group were laid in 1922 when Bernström & Co merged with R Ahlsell & Co, shifting the focus more to heating and plumbing products. Today Ahlsell is Sweden's leading trading company in installation products, tools and machinery. The operation includes all five of the Group's product areas: Heating and Plumbing, Electrical, Tools & Machinery, Refrigeration and DIY. In 2005, 55 percent of the Group's net external sales were generated in the Swedish market.

At year-end, Ahlsell had some 80 establishments in Sweden. During the year this number increased by two as a result of the acquisitions of Ljungby Industrileverantör with a turnover of SEK 20 m and Skaraborgs Industriservice with a turnover of SEK 30 m. The central warehouse for the Swedish operations is located in Hallsberg.

The average number of employees in Sweden during 2005 was 2,246, an increase of 109 over the previous year. The number of customers serviced during the year amounted to over 50,000. The ten largest customers accounted for 15 percent of net sales.

POSITION AND COMPETITORS

In the Heating & Plumbing product area, Ahlsell's market share is estimated at slightly over 40 percent, which makes the Group market leader in Sweden.

In the Electrical product area, Ahlsell now ranks number two among electrical wholesalers with a market share of approximately 20 percent. Elektroskandia (owned by Dutch company Hagemeyer) is the largest player and Selga (owned by French company Rexel) is third.

The Swedish market in Tools & Machinery is fragmented, as in Norway and Finland, with a large number of local companies with a net turnover in the range of SEK 20 to 80 m. Ahlsell's position as market leader was further strengthened during the year through the acquisitions of Ljungby Industrileverantör and Skaraborgs Industriservice. These complement Ahlsell's existing sales within the Tools & Machi-

nery product area, which go mainly to the traditional engineering industries. Today Ahlsell is a leader in Tools & Machinery with a market share of about 30 percent. Another player in the market is Bergman & Beving.

Ahlsell's market share in commercial refrigeration amounts to about 30 percent, which makes the Group number two in the market. Kylma (owned by G & L Beijer of Sweden) is largest and Tempcold* is third. In the more fragmented market for residential cooling, Ahlsell is one among many players.

In the DIY segment for Electrical and Heating & Plumbing products, Ahlsell is market leader with approximately 35 percent of the market for electrical products and just under 10 percent in Heating & Plumbing. Other major players include GG Carat (owned by Dahl), Amiga, Malmbergs and Schneider.

DEVELOPMENT IN 2005 AND FUTURE PROSPECTS

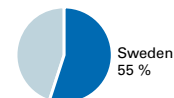
External net sales of the Swedish operations increased by 18 percent to SEK 8,873 m. The growth was generated primarily within the Heating & Plumbing product area. A smaller proportion of the sales increase in Tools & Machinery was due to the acquisition of Ljungby Industrileverantör and Skaraborgs Industriservice.

There is considerable pressure on prices in the Swedish Electrical market, and the drop in volume is partially explained by the fact that Ahlsell elected to divest itself of unprofitable contracts and withdraw from some areas of business.

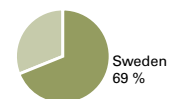
Income (EBITA) totalled SEK 722 m, equivalent to growth of 42 percent. An operating margin of 8.1 percent is the best ever recorded by Ahlsell in Sweden. This improvement is chiefly due to a higher level of cost-efficiency and a change in the customer mix.

During the latter part of 2003, a new sales organisation, based on market and customer segments, was introduced in Sweden. It has contributed to boosting the Group's selling power in 2005 as Ahlsell is even better at meeting the needs of its customers within each segment. A number of growth and profitability initiatives have

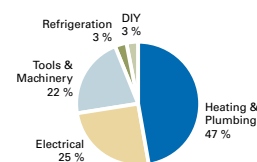
Share of external sales



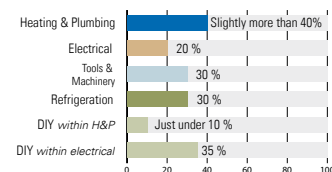
Share of income (EBITA)



Sales/ product area



Market share/ product area



also been launched, and these are expected to produce positive results and economies of scale during the coming years.

Ahlsell takes a positive view of economic trends in Sweden for 2006. Investments are expected to increase in both the construction and industrial sectors. An improved market and intensified sales efforts, in combination with continued cost controls, are expected to lead to better margins and profits in 2006.

* In April 2006 Ahlsell entered into an agreement to acquire Tempcold.

Norway

OPERATIONS

Ahlsell established its operations in Norway in 1990 through acquisitions in the Refrigeration product area. They have since been expanded and now encompass the product areas of Heating & Plumbing, Electrical, Refrigeration and DIY. The Norwegian operations accounted for 31 percent of the Group's external net sales in 2005. As a result of the acquisition of electrical wholesaler Nexans Distribusjon, the number of establishments in Norway increased by 24, bringing their number up to 80 at the close of the year.

The Norwegian organisation has several distribution warehouses. A review of logistics will be carried out in 2006 with the aim of introducing a more cost and capital-efficient logistics solution. After the acquisition of Nexans Distribusjon, with a turnover of SEK 1,200 m and 300 employees, Ahlsell has about 1,300 employees in Norway. Turnover amounted to SEK 5,051 m at the end of the financial year. The total number of customers during the year was about 25,000. The ten largest customers accounted for approximately 15 percent of net sales.

POSITION AND COMPETITORS

In the Heating & Plumbing product area, Ahlsell's position in the Norwegian wholesale market has been significantly strengthened through the acquisition of Bergens and Stavanger Rørhandel (BR/SR) in 2004. Ahlsell's market share is estimated to amount to just over 40 percent in Heating & Plumbing, which makes it market leader together with Brøderne Dahl. In third position in the market is Norway's Heidenreich. During the financial year, Ahlsell acquired the electrical wholesaler Nexans Distribusjon with a turnover of SEK 1,200 m, thus becoming a leading player in the electrical market.

Ahlsell's market share in the electrical segment is estimated at approximately 15 percent. Other players are Onninen, Elektroskandia and Danish company Solar.

In Refrigeration, Ahlsell is estimated to have about 15 percent of the market for both commercial refrigeration and residential cooling. This makes it one of the five largest

players in the refrigeration market. The major players are Schløsser Møller (owned by G & L Beijer), Tempcold*, and the two family-owned companies Moderne Kjøling and Børresen.

In the DIY segment, Ahlsell has a strong position in electrical goods. The total market share for Electrical and Heating & Plumbing goods is estimated at about 10 percent.

DEVELOPMENT IN 2005 AND FUTURE PROSPECTS

External net sales in Norway increased by 225 percent during the year to SEK 5,051 m. The increase is mainly due to the acquisitions of Nexans Distribusjon and BR/SR, along with the strong market.

Income (EBITA) amounted to SEK 194 m. The operation has been characterised by mergers and efforts designed to integrate the acquisition of (BR/SR) in October 2004 and Nexans Distribusjon in 2005. During the financial year, three units have been merged, the head office has been moved, the organisation has been restructured and a new business system has been introduced. The Group-wide IT system allows economies of scale in purchasing, logistics and administration. Measures have also been taken to streamline administrative functions and logistics.

For Ahlsell in Norway, 2006 will be distinguished largely by the continued integration of BR/SR and Nexans Distribusjon and the realisation of cost savings.

Positive developments are expected to continue in the construction-related market. Investments in the oil and gas industries also appear to be continuing at a high level. In terms of Ahlsell's overall operations in Norway, a continued high market level in combination with structural measures that have already been implemented or are planned is expected to have a positive effect on profitability and income during 2006.

** In April 2006 Ahlsell entered into an agreement to acquire Tempcold.*

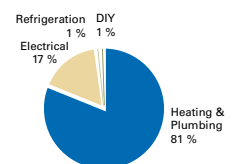
Share of external sales



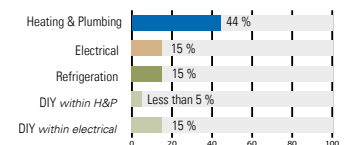
Share of income (EBITA)



Sales/ product area



Market share/ product area



Finland

OPERATIONS

Ahlsell established operations in Finland in 1990 through acquisitions in the Refrigeration product area. They were expanded in 1999 through the acquisition of a leading wholesaler of Heating & Plumbing products. In 2005, Ahlsell established itself in DIY in Finland through the acquisition of leading DIY wholesaler Malk OY, with a turnover of SEK 60 m and 20 employees. Eleven percent of the Group's external sales were generated in Finland.

Ahlsell has 25 sales units in Finland, and the central warehouse is situated in Hyvinge, outside Helsinki. The average number of employees in Finland was 318, a reduction of 4 percent. The company serviced some 13,000 customers during the year. The ten largest of these accounted for just over 15 percent of net sales.

Ahlsell also has a smaller operation in Russia, which comes under the umbrella of Finland. The operation was established in 1996 in St. Petersburg and comprises the Heating & Plumbing product area. In 2004 a second establishment was started in Ekaterinburg. In 2005, sales in Russia amounted to SEK 61 Million with an operating margin of 3.6 percent. The average number of employees was 52.

POSITION AND COMPETITORS

Ahlsell has a strong position in Finland in both Heating & Plumbing and Refrigeration. In the Heating & Plumbing product area, the market share is estimated to exceed 20 percent, making Ahlsell number three in the wholesale market after Onninen and Dahl.

In Refrigeration, Ahlsell is third with a market share of about 15 percent within both commercial refrigeration and residential cooling. The largest player in the refrigeration market is Onninen, followed by Combi Cool (G & L Beijer) and Tempcold*.

In 2005, Ahlsell established itself in the

DIY segment in Finland through the acquisition of leading DIY wholesaler Malk OY, with a turnover of SEK 60 m and 20 employees. After the acquisition, Ahlsell's market share in Heating & Plumbing products in the DIY market is estimated at approximately 40 percent.

DEVELOPMENT IN 2005 AND FUTURE PROSPECTS

Ahlsell's external net sales in Finland increased by 16 percent during the year to SEK 1,753 m. Income (EBITA) amounted to SEK 101 m. The improvement in income is due mainly to lower relative cost levels and higher gross margins, which in turn result from investments previously made in a central warehouse and logistics systems as well as better purchasing.

During the year, the Finnish operation has focussed on improving and streamlining processes and has also maintained a focus on expenses and margins. The Finnish market remained strong in Ahlsell's product areas.

The market is not expected to change and will remain strong in 2006. Ahlsell aims to expand its presence in Finland. Investments and restructuring carried out during previous years, in combination with a continued focus on costs and margins, constitute a good basis for further improvements in profit in 2006.

* In April 2006 Ahlsell entered into an agreement to acquire Tempcold.

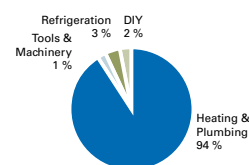
Share of external sales



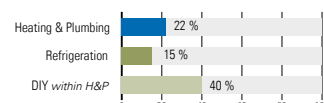
Share of income (EBITA)



Sales/ product area



Market share/ product area



Denmark

OPERATIONS

Ahlsell has had a presence in Denmark since 1990 when the refrigeration operation was acquired. Since then, the number of product areas has expanded to include DIY in 1998 and Heating & Plumbing and Electrical in 2000. The Danish operation accounted for three percent of the Group's external sales in 2005.

The number of sales outlets was 11 at the close of the year. The average number of employees in the Danish operation was 159. The company serviced about 2,500 customers during the year. The ten largest customers accounted for just over 20 percent of sales.

POSITION AND COMPETITORS

Ahlsell is a small but fast-growing player in the Danish Heating & Plumbing wholesale market, with a share of several percent. The dominant player is Dahl, followed by Danish wholesalers A & O Johansen and Sanistål.

Ahlsell's market share is also limited in the Electrical product area, where the market is dominated by the two Danish wholesalers Solar and Louis Poulsen.

Ahlsell occupies a strong position in the Refrigeration market, with about 25 percent of commercial refrigeration products and 10 percent of residential cooling products. Ahlsell is one of the three leading players, along with H Jessen Jürgensen and Tempcold*.

In DIY, Ahlsell is market leader in the Heating & Plumbing product area. Other major players are Dahl and A & O Johansen.

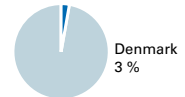
DEVELOPMENT IN 2005 AND FUTURE PROSPECTS

Ahlsell's sales in Denmark amounted to SEK 507 m. Both the Refrigeration and DIY operations are well established and profitable. In the less established product areas, namely Heating & Plumbing and Electrical, sales are outpacing the market. As a whole, income (EBITA) in the Danish operation improved by 122 percent to SEK 20 m.

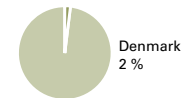
Ahlsell's assessment is that the Danish market will develop relatively strongly in 2006. The company's growth strategy in Heating & Plumbing and Electricals remains unchanged, while operations within Refrigeration and DIY are expected to continue to perform well with good profitability. The Danish operation will continue to focus strongly on improving cost-effectiveness and margins which, along with local business initiatives, should lead to increased volumes and improved profits for 2006.

** In April 2006 Ahlsell entered into an agreement to acquire Tempcold.*

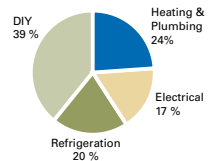
Share of external sales



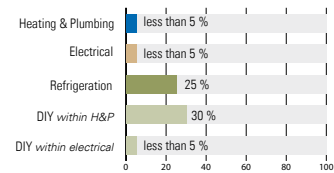
Share of income (EBITA)



Sales/ product area



Market share/ product area



The Ahlsell concept

The Ahlsell concept reflects the Group's overall strategy for guiding the business in line with its vision and goals. This strategy consists of five cornerstones.

Business concept

To create an efficient trade in installation products, tools and machinery for professional users in the Nordic region.

Vision and goals

Ahlsell shall be the obvious choice for customers in the field of installation products, tools and machinery. The Group's overall objective is to generate high growth and profitability and become a leading player in all product areas in each Nordic country.

WIDE PRODUCT RANGE



Ahlsell offers a comprehensive selection of goods from leading manufacturers of installation products, tools and machinery. This gives customers access to a wide range of products and most peripheral services through a single contact, allowing them to increase efficiency and reduce costs.

The wide product range, in combination with large volumes, also allows Ahlsell to maintain a cost-effective supply chain. The product range and relationships with suppliers are constantly being developed.

Ahlsell endeavours to provide diversity within each product area in terms of product design and function as well as quality and cost.

LOCAL PRESENCE



Proximity to the customer and familiarity with the local market are necessary to satisfy customer needs in an optimal way. Ahlsell currently has about 200 outlets and sales offices throughout the Nordic region. The outlets offer fast and accessible service and are a natural meeting place for many professionals.

Since the business comprises a large number of local units with a high degree of autonomy and clearly defined responsibility for profits, local managers are able to provide optimum quality in customer relations as well as motivate their staff.

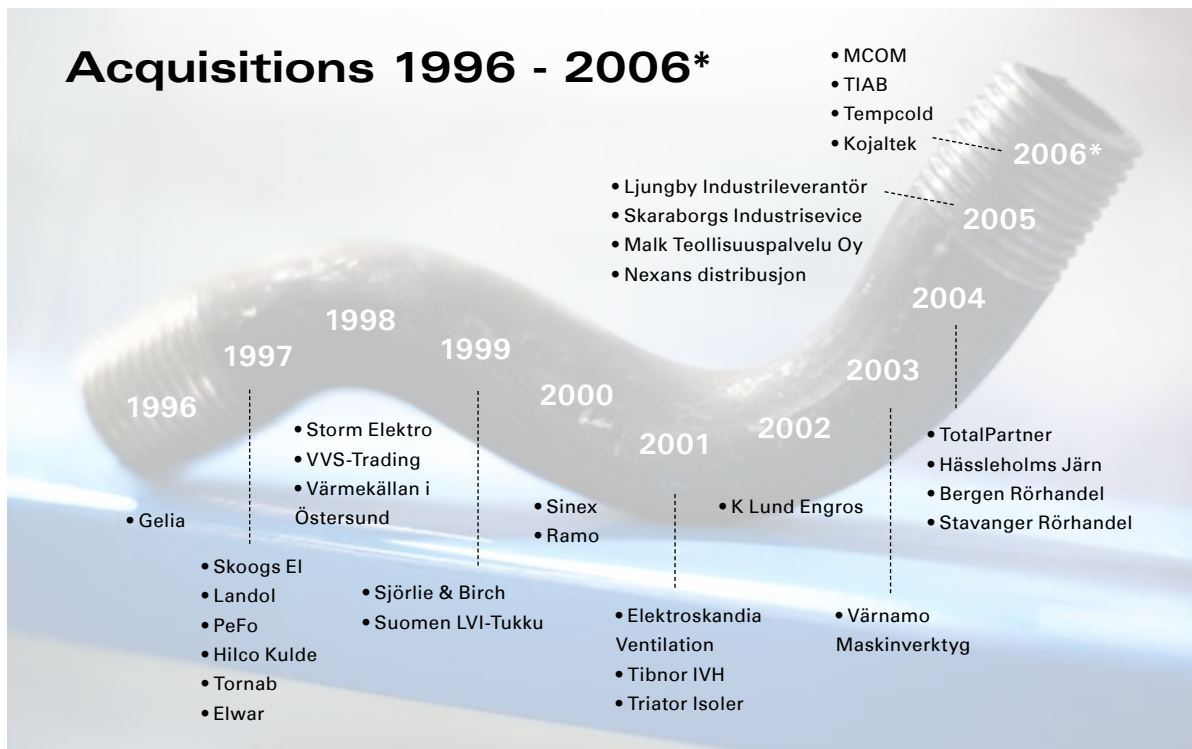
SKILLED SPECIALISTS



Skilled staff are indispensable for providing customers with expert advice based on their individual needs. Extensive industry experience combined with continuous training and monitoring of the market environment means that Ahlsell's staff have in-depth knowledge of products, markets and trends.

The sales organisation is organised into market segments and responds to customers on the basis of their specific needs. The combination of a wide product range and specialist expertise within each market segment provides an excellent basis for long-term customer relations and new business.

Acquisitions 1996 - 2006*



Since 1996, up to and including May 3, 2006, 31 companies have been acquired, with a combined turnover of SEK 10 billion.

* Up to and including 3 May 2006

CENTRALISED PURCHASING, ADM. AND LOGISTICS



Centralised purchasing functions create cost synergies in the purchasing process while simultaneously benefiting relations with suppliers. The use of IT systems and support functions throughout the Group also facilitates efforts to benefit from economies of scale.

At the hub of Ahlsell's business is the Group's efficient logistics system with state-of-the-art central warehouses in strategic locations throughout the Nordic region. A cost and capital-efficient supply chain, along with large volumes, forms the basis of a profitable business. With central warehousing, fast handling of orders and direct deliveries from stock, customers receive the right goods at the right time and at the right place.

As soon as a critical volume is reached, a central warehouse is established in each country where the Group operates. The aim is to run a business in each country through a legal unit with shared logistics, IT and administrative systems.

GROWTH THROUGH ACQUISITIONS



Potential acquisitions can be divided into those carried out to expand the company's geographical presence and those that complement existing product areas in markets where Ahlsell is already operating.

The aim of the first category is to broaden the customer base and service a larger market in line with Ahlsell's concept.

Acquisitions enable us to become an even stronger partner for our customers and suppliers. Ahlsell prioritises those acquisitions that provide clear cost synergies and its aim is to integrate all of them into its existing system within twelve months. In most cases, this involves the coordination of diverse administrative, purchasing, IT and logistics systems as well as sales offices.

Historically, Ahlsell has tended to acquire businesses with a low level of profitability that improved after integration. In such cases, the Ahlsell concept has contributed to a significant creation of added value.

Market, trends and competitors

Ahlsell is a wholesaler in the product areas of Heating & Plumbing, Electricals, Tools & Machinery and Refrigeration. A smaller share of sales of Heating & Plumbing and Electrical products goes to retailers in the DIY (Do-It-Yourself) segment. Ahlsell has operations in Sweden, Norway, Finland and Denmark and on a smaller scale in Russia.

Market

Sales of installation products, tools and machinery in the Nordic market are primarily at wholesale level. Ahlsell estimates that about 80 percent of all sales within the Nordic region in its various product areas go through wholesalers. The remainder comprise sales direct from supplier to customer and a smaller share of DIY sales. The total market for Ahlsell's product areas is estimated at SEK 80 billion.

Ahlsell's largest product areas, namely Heating & Plumbing and Electricals, together accounted for about 80 percent of total sales in 2005.

The market for Heating & Plumbing and Electrical products in the Nordic region grew by 3-4 percent* annually over a 10-year period. Several of the segments within which Ahlsell operates have a relatively low degree of consolidation. This gives Ahlsell further opportunities for acquisitions and offers solid growth potential.

Customers

Ahlsell's customers consist mainly of installation, industrial, construction and property companies, sewage and drainage contractors, power utilities as well as municipalities and retailers.

The Group has approximately 100,000 customers. The ten largest accounted for about 15 percent of the Group's net sales, and no single customer accounted for more than 3 percent of net sales.

Wholesalers are playing a greater role in the market

The Nordic wholesale market within Ahlsell's product areas is affected by several trends – including a broader product range, consolidation among suppliers, the transfer of production to low-cost countries as well as changes in ordering patterns.

During the last decade, the product range available in the market has extended significantly and this trend is expected to continue. This is due to increased demand from customers for a greater variety of products, both from a design and a cost

perspective, but also to the increasing technical content of the products.

Essentially all product suppliers, both globally and locally, make use of wholesalers as a sales channel to reach out to local markets. The supplier structure varies to some extent between the different product areas, partly as a result of differences in design and degree of standardisation.

An overriding trend is that production in manufacturing industry is being moved to low-cost countries. This is also happening in Ahlsell's product areas, creating both challenges and opportunities. Customer ordering patterns have also changed during recent years.

The construction of new housing, above all in Sweden, has been limited and individual construction projects have generally declined in scope. As a result, construction and installation companies have shortened their advance planning and have become reluctant to keep products in stock. Taken together, these trends have produced an increasingly unclear situation for both customers and suppliers, thus strengthening the role of wholesalers.

Competitive situation

In the wholesale markets for Heating & Plumbing, Electricals, Tools & Machinery, Refrigeration and DIY, a few large companies together command a significant share of the overall market in the Nordic region. However, Ahlsell and Finland's Onninen are the only two players that are established within several product areas. Ahlsell is a leading company within all these areas, though not in each individual country, and aims to strengthen its position further.

The heating and plumbing market may now be regarded as fully consolidated, with the three major players totalling more than 50 percent in all countries. Together with Dahl, Ahlsell is the leader in Sweden, Finland and Norway.

The Electrical market has seen significant consolidation in recent years, comprising a small number of players with substantial market shares. This is most clearly evident in Finland and Denmark. Ahlsell is a major player in Sweden and Norway and a minor one in Denmark.

The market for commercial refrigeration products is fairly mature and concentrated, with Ahlsell and G & L Beijer as the leading players. However, the faster-growing residential cooling segment is fragmented with several smaller players.

In Tools & Machinery, the level of concentration is generally low and the market is characterised by a large number of small companies, with the exception of Denmark, which has three large players. In this product area, Ahlsell is active only in Sweden, where it is the market leader.

The Nordic market in the DIY segment is fragmented, with a number of small companies focusing on local markets.

* Source: Association of Nordic Wholesalers and Ahlsell

Acquisition potential

Unconsolidated share of the market (excl. DIY). The higher the figure, the greater the potential for acquisition.

Country	Heating & Plumbing	Electrical	Tools & Machinery	Commercial refrigeration	DIY
Sweden	<10%	<20%	approx. 60%	approx. 15%	
Market position	1	2	1	2**	1
Norway	approx. 15%	<20%	approx. 70%	approx. 60%	
Market position	1	3	-	4**	1
Finland	approx. 5%	approx. 10%	approx. 70%	<20%	
Market position	3	-	-	3**	1
Denmark	approx. 40%	approx. 40%	approx. 70%	<20%	
Market position	5	4	-	2**	1

** In April 2006 Ahlsell entered into an agreement to acquire Tempcold. Ahlsell will subsequently be market leader in Refrigeration in all countries.



ahlsell

makes it easier to be professional

History



1877

THE HISTORY OF AHLSELL began in 1877 with the establishment of the trading company Bernström & Co. The company merged with R Ahlsell & Co in 1922, which led to a stronger focus on heating and plumbing and laid the foundations for the present Group.



1964

The company's shares are launched on the Stockholm stock exchange.

1986

Acquisition of El-Partner, El-Håge and other companies establishes the business within the Electrical segment. Boliden acquires Ahlsell and the company is delisted.



1987

Ahlsell becomes a subsidiary within the Trelleborg Group, which acquires Boliden.

1990

Acquisition of Sandblom & Stohne establishes the business within the Refrigeration area. A central warehouse is set up in Hallsberg.

1996

Acquisition of Gelia establishes the company's DIY business.

1999

Nordic Capital becomes the new majority owner of Ahlsell by acquiring 51% of its shares.



2001

Acquisition of Tibnor Industrivaruhus establishes the business within the Tools & Machinery area.

2002

Ahlsell celebrates its 125th anniversary. A central warehouse is set up in Norway.

2003

Reorganisation from a product-based to a market-based organisation. A central warehouse is set up in Finland.

2004

Acquisition of Bergens and Stavanger Rörhandel makes Ahlsell market leader in Heating & Plumbing in Norway. Acquisition of TotalPartner reinforces its position as market leader in the Tools & Machinery area in Sweden. Nordic Capital becomes sole majority owner of Ahlsell.

2005

Ahlsell acquires Nexans Distribusjon AS and becomes market leader in the Electrical product area in Norway. Acquisition of Malk OY makes Ahlsell market leader in DIY in Finland. Ahlsell has acquired 27 companies since 1996. Cinven and Goldman Sachs Capital Partners, two of Europe's leading private equity companies, acquire Ahlsell and thus become new majority owners from January 2006.



ahlsell

PARENT COMPANY

Ahlsell Holding AB
117 98 Stockholm
Visiting address: Liljeholmsvägen 30
Tel: 08 685 70 00 Fax: 08 685 70 96
www.ahlsell.com

SWEDEN

Ahlsell AB
117 98 Stockholm
Visiting address: Liljeholmsvägen 30
Tel: 08 685 70 00
Fax: 08 685 70 96
www.ahlsell.se

NORWAY

Ahlsell Norge AS
Postboks 184
4065 Stavanger, Norway
Visiting address: Gamle Forusvei 53
Forus, 4033 Stavanger
Tel: +47 51 81 85 00
Fax: +47 51 81 86 00
www.ahlsell.no

FINLAND

Ahlsell Oy
01510 Vantaa, Finland
Visiting address: Äyritie 12 C
Tel: +358 20 584 5000
Fax: +358 20 584 5101
www.ahlsell.fi

DENMARK

Ahlsell A/S
2610 Rødovre, Denmark
Visiting address: Islevdalvej 142
Tel: +45 44 54 40 01
Fax: +45 44 54 40 41
www.ahlsell.dk

RUSSIA

ZAO Ahlsell SPb
Box 7001, 190 000 St Petersburg,
Russia
Visiting address: Rentgena 5
Tel: +7 812 325 2424
Fax: +7 812 325 2407
www.ahlsell.ru