



Financial Year 2008

ahlsell

The History of Ahlsell

1877

History starts in 1877 with the establishment of the Bernström & Co sales company. In 1922 the Company merged 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.

1977

The Company changes its name to Ahlsell.

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.

1999

Nordic Capital becomes the new principal owner. 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

Reorganisation – from a product organisation to a market organisation. 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 interest in Ahlsell and becomes the principal owner.

2005

Ahlsell becomes the market leader in DIY on the Finnish market through the acquisition of Malk Oy. 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.

2008

During the year Ahlsell focusses on the integration of acquisitions and the consolidation of the operations. In the second half of the year, the flagging economy and the prevailing finance crisis begins to make its presence felt and the company takes steps to counteract it. At the year-end Ahlsell presents the best results in the company's history.

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The year in summary

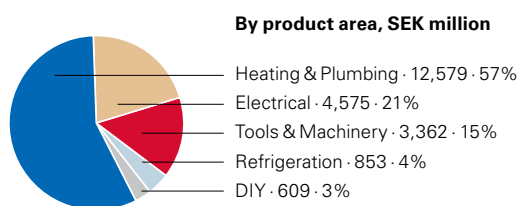
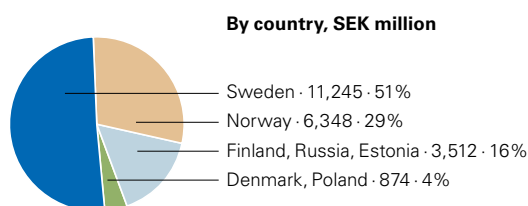
- During the year the Group has further increased its focus on strengthening margins and reducing costs. The successful implementation of these measures resulted in the Group generating the highest EBITA in its history.
- Group sales increased by 2,4 percent to SEK 21,979 million. EBITA before restructuring costs was SEK 1,472 million, an increase of more than 20%.
- Due to a successively deteriorating market situation, the Ahlsell Group in December 2008 gave notice to 500 employees. Of the employees concerned, 300 worked in the Group's Swedish operations and the remaining 200 were employed primarily in Norway and Finland. This personnel reduction corresponds to approximately 10% of the Group's total workforce.
- In December 2008 the liquidation process of the Latvian business began. The Latvian business showed an EBITA loss of SEK 34 million from January to November 2008. This action will improve the financial position of the Group.
- At the beginning of 2009, the decision was taken to close the loss-making parts of the Danish operation. Going forward the Danish operation will focus on the profitable product segments of Do It Yourself ("DIY") and Refrigeration in Denmark and Poland.

KEY FIGURES FOR THE GROUP

	2008	2007	2006	2005	2004
Sales, SEK million	21,979	21,474	18,958	16,245	11,119
Income, EBITA, SEK million *	1,472	1,222	1,329	1,041	583
Operating margin (ROS)	6.7	5.7	7.0	6.4	5.2
Net income, SEK million	-740	-269	-161	463	251
Average number of employees	5,055	4,786	4,462	4,252	3,145

* Before restructuring costs

EXTERNAL TURNOVER IN 2008



CEO's statement



"Ahlsell is the Nordic region's largest business to business trading company. Our ambition is also to be the best, which I hope to prove in the next few years."

The end of 2007 saw decelerating growth. It was the first sign that our markets began to feel the effects of the deepening, internationally-driven financial crisis. In our market growth forecasts for 2008 we predicted a gradual weakening of the market and therefore also initiated a series of measures aimed at adapting the company's resources to the new situation. For a trading company, unfortunately this has meant making personnel cuts as our personnel expenses account for around 70 percent of total costs. At the same time we took significant measures to prevent our gross margins from being eroded in the weakened market. This initiative, which has been driven centrally within the company, proved successful during the year.

I am particularly pleased with our performance in Sweden, where we have an operation which, even by international standards, is "top of the class". A partially new management and organisational structure were introduced in the last quarter and we will be following future developments with great anticipation.

The position in Norway, which is our second largest market and therefore of crucial long-term importance to the Group's overall profitability, is still unsatisfactory. In addition to our downsizing and margin-safeguarding measures, the company also sharpened its business edge by introducing better system support, new improved routines and a number of KPIs. Our profitable but highly cyclical Oil & Gas operations dropped 30 percent in volume during the year, which of course contributed to the mediocre result.

In Finland, 2008 was largely characterised by the final integration of previously acquired companies in the Tools and Machinery sector. The structure is now in place and the new organisation will be able to benefit from the market synergies arising from Heating & Plumbing and Tool & Machinery operating under the same management. Results from Finland continue to be healthy.

Our operations in the Baltic region (Estonia and Latvia) went in completely different

directions during the year, despite sharing the same general market preconditions, i.e., a rapidly flagging market. While in Estonia, cost adjustment programmes and sound business philosophy have halted the economic decline and secured good continued profitability, the situation in Latvia was the opposite. Ahlsell therefore took the decision in the autumn to discontinue the operation, a process which will be completed during the second quarter of 2009.

Denmark is the Nordic market which, generally speaking, has been the weakest for some time. Our profitability has been poor and unsatisfactory for a number of years due to the fact that the Electrical and Heating & Plumbing segments, which account for 40 percent of total sales, have been loss making. After unsuccessfully having tried to steer operations on a path towards profitability, we decided at the end of the year to commence a wind-up process which we expect will be completed by the half-year mark in 2009. What will remain are two highly profitable, market-leading operations in DIY and Refrigeration.

Ahlsell is a company that acts decisively and is known for its ability to handle difficult market situations. This was shown in 2008 when Ahlsell, despite a depressed market and volumes below those recorded in 2007, increased its EBITA result by SEK 250 million, which is the best performance in the company's long history. The company's cash position at year-end was SEK 1,426 million.

But all this would not have been possible without the dedication of a large number of employees and their ability to focus on what is important. In 2009 we saw greater uncertainty about market prospects than I have ever experienced in my 20 years at the company. We are, however, continuing to adapt our cost centres for another challenging year. Ahlsell is the Nordic region's largest business to business trading company. Our ambition is also to be the best, which I hope to prove in the next few years.

Göran Näsholm
CEO

The Ahlsell concept

Ahlsell is the leading technical trading company in the Nordic countries for Installation products as well as Tools and Machinery, and also has operations in the Baltic States and Russia. 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 Group has an annual turnover of approximately SEK 22 billion and about 5,000 employees.

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 around 150,000 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 in Sweden 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 230 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 knowledge about 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. Our distribution centres, rapid order processing and direct deliveries from the warehouse provide our customers with the right goods at the right time and in the right place.

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 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.

Sweden

OPERATIONS

Ahlsell's history goes back to 1877, when partners John Bernström and Jakob Tornblad set up John Bernström & Co mainly to sell machinery, pumps, oil and agricultural equipment. The foundations of the present Group were laid in 1922 when Bernström & Co merged with R Ahlsell & Co to form Ahlsell and Bernström, giving it a stronger focus on heating and plumbing products. The company has now been in business for 130 years and is 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 2008, 51 (51) percent of the Group's external net sales were generated in the Swedish market. In the first half-year a number of efficiency-enhancing methods were undertaken in the Swedish operation, which resulted in redundancy for some 100 employees.

Johan Nilsson took over as the new CEO of Ahlsell Sverige in August 2008. He succeeded Göran Näsholm, who remains at Ahlsell as Group chief executive. At the end of 2008, a new organisation was established at Ahlsell Sverige which, among other things, clarified the organisational demarcation lines at the Group and country levels.

At year-end, Ahlsell had around 85 sales units in Sweden. The average number of employees in Sweden in 2008 was 2,542 (2,494). The number of customers during the year was around 60,000, and the ten largest customers accounted for around 15 percent of net sales.

POSITION AND COMPETITORS

In the Heating & Plumbing product segment, Ahlsell shares the leading position with Dahl. In 2008 a major structural deal was concluded in the electrical supplies market, with French company Rexel acquiring the Dutch Hagemeyer Group. This makes Ahlsell number three among electrical

supplies companies. Elektroskandia continues to be the market leader while the Rexel-owned companies Selga and StorEL share the number two spot. The Swedish market for Tools & Machinery has consolidated strongly in the last few years. Ahlsell has, together with B&B TOOLS, driven this trend by acquiring a large number of local companies. B&B TOOLS has mainly acquired retailers in the TOOLS chain and is today the market leader in the Swedish market, with Ahlsell as a strong second.

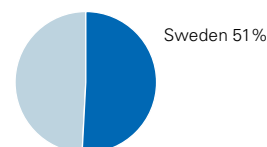
Ahlsell has a strong market position in commercial refrigeration in Sweden. In the more fragmented domestic cooling market, Ahlsell is one of many players. In the DIY segment for Electrical and Heating & Plumbing products, Ahlsell is the market leader in both the Electrical and Heating & Plumbing markets. Other major players include Dahl, Amiga, Malmbergs and Schneider.

TREND FOR 2008 AND OUTLOOK

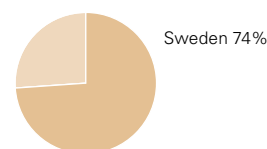
The operation in Sweden, which is the Ahlsell Group's most profitable market, performed strongly during the year. External net sales for the full-year rose by 2 percent to SEK 11,245 (10,965) million. Earnings (EBITA before restructuring costs) totalled SEK 1,126 (859) million, which is equivalent to an increase of 30 percent. The operating margin was 10.0 (7.8) percent, which is the best ever recorded by Ahlsell in Sweden.

This result is mainly attributable to healthy performance in the first half-year. The second half-year saw growth in Ahlsell's main segment stagnate or weaken. Ahlsell expects the market to continue to weaken during 2009. To counteract this trend and safeguard the company's future competitiveness, some 300 employees were given notice at the end of the year. This is expected to have a positive effect on results from the first quarter of 2009.

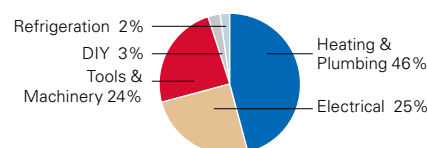
SHARE OF THE GROUP'S EXTERNAL TURNOVER



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. They have since been expanded and now encompass the product segments Heating & Plumbing, Electrical, Refrigeration, DIY and Oil & Gas. In 2008 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 1,176 (1,226). The number of customers was around 18,000 and the ten largest customers accounted for around 13 percent of net sales.

During 2008 the focus of the Norwegian operation was on carrying out a programme of efficiency-enhancing measures aimed at improving margins, reducing general costs and reducing the company's tied-up capital. The objectives established for improving margins were reached in the last months of the year. Demands for increased cost-savings resulted in a reduction of personnel of around 100 employees – a process which began at the end of the first half-year. The improvement in results is expected to take full effect in 2009. The company's capital efficiency also experienced a marked improvement on the back of a reduction in net working capital by more than 15 percent.

POSITION AND COMPETITORS

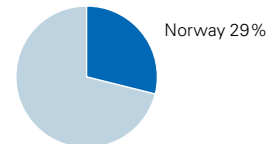
In the Heating & Plumbing product segment Ahlsell shares a market-leading position with Brøderne Dahl. Norwegian company Heidenreich is third in the market. Ahlsell is a major player in the Norwegian electrical supplies market, where the largest companies are Elektroskandia, Onninen and Solar. In Refrigeration Ahlsell is currently number two in the commercial refrigeration market and the largest player in the fragmented DIY market.

TREND FOR 2008 AND OUTLOOK

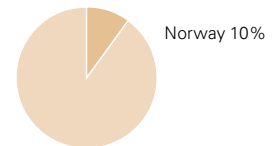
The year's external net sales in Norway amounted to SEK 6,348 (6,429) million. Earnings (EBITA before restructuring costs) for the full-year totalled SEK 159 (185) million. In the second quarter the Norwegian market began to weaken, a trend which continued for the duration of 2008. As a result, Ahlsell decided at the end of the year to implement further personnel cuts, equivalent to 150 annual employee positions.

In 2009 the Norwegian market is expected to continue seeing limited growth. However, because of the recently implemented cost reduction programme, Ahlsell's Norwegian results will improve.

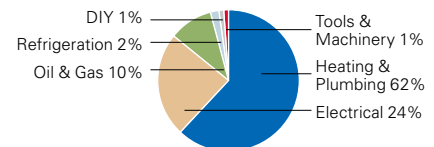
SHARE OF THE GROUP'S EXTERNAL TURNOVER



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. These were expanded in 1999 by acquisitions in Heating & Plumbing products. The Group acquired leading DIY wholesaler Malk in 2005. The Tools & Machinery segment in Finland was added during the year by the acquisition of Kojatek, with sales units in several regions in Finland. In June 2007 the Sähkötarvike Group was acquired, which today enables Ahlsell Finland to provide a range of electrical supplies in the Finnish market.

Ahlsell has 50 sales units in Finland. The average number of employees in Finland totalled 615 (456), an increase of 35 percent, which is mainly attributable to the acquisitions in Tools & Machinery and Electrical in 2007. The number of customers during the year was around 15,000. The ten largest customers accounted for around 11 percent of net sales.

Turnover in 2008 totalled SEK 3,033 (2,788) million, and 14 (13) percent of the Group's external net sales were generated in Finland. During the year the focus was on continued integration of acquired companies, which included the coordination of the product range, logistics and sales organisation. Work on improving margins was carried out during the year. Ahlsell Åland, which was acquired in 2006 and incorporated into the Swedish operation, was transferred in 2008 to Ahlsell Finland as a result of the acquisition of the Sähkötarvike Group. At the beginning of the year, the extension of the central warehouse in Hyvinge was put into operation.

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 Elektroskandia and Onninen are the market leaders. In Refrigeration, commercial refrigeration and domestic cooling, Ahlsell is in shared first place with Onninen. Combi Cool (G & L Beijer) is number two 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 has had an operation in Russia since 1996. There are sales units in five of the seven Russian regional centres: St. Petersburg, Moscow, Samara, Yekaterinburg and Novosibirsk. The expansion of the last few years is proof that Ahlsell has established itself in the market in earnest and has gained a firm foothold in the country. Today the Russian operation is primarily focused on providing a range of Heating & Plumbing products. Turnover in Russia in 2008 amounted to SEK 158 (126) million, an increase of 25 percent. The average number of employees rose to 119 (110).

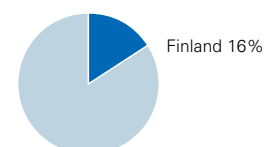
Estonia

After the acquisition of FEB, which had an annual turnover of around SEK 250 million, Ahlsell became the market leader in the Estonian Heating & Plumbing market in 2006. Ahlsell's Estonian operations are based in Tallinn and the company has operations in all regions and boasts ten units in six cities: Tallinn, Tartu, Pärnu, Rakvere, Narva and Viljandi. Turnover in Estonia for the 2008 financial year was SEK 320 (331) million. The average number of employees was 158 (158).

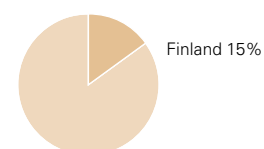
Latvia

The Latvian market deteriorated dramatically in 2008. As a result, Ahlsell decided

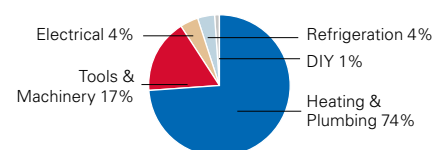
SHARE OF THE GROUP'S EXTERNAL TURNOVER ²⁾



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



SALES/PRODUCT SEGMENT ²⁾



¹⁾ Excluding central expenses

²⁾ Including Russia, Estonia and Latvia

to discontinue the Latvian operation in the first half-year of 2009.

TREND FOR 2008 AND OUTLOOK

Ahlsell Finland's external net sales for the year, including subsidiary operations, rose by 8 percent to SEK 3,512 (3,245) million, which is equivalent to 16 (15) percent of the Group's external net sales. The operating margin continued its positive trend, ending at 6.5 (6.2) percent.

Like the other Nordic markets, the Finnish market weakened during 2008 from its previously high level. This trend is expected to continue during 2009. As a result, some 50 employees were given notice, which will have a positive effect on the result from the first quarter of 2009. The markets in Estonia and Russia are expected to perform weakly.

In 2009 Finnish operations will focus on further developing the cross-sales opportunities enabled by the acquisitions of the last few years.

Denmark

OPERATIONS

Ahlsell has had a presence in Denmark since 1990, when the refrigeration operation was acquired. Since then the number of product segments has expanded to include DIY in 1998 and Heating & Plumbing and Electrical in 2000. Ahlsell Denmark, which organisationally also includes a smaller sales unit in the Polish Refrigeration product segment, accounted for 4 (4) percent of the Group's external net sales in 2008. The average number of employees in the Danish operation totalled 224 (226). The number of customers totalled around 3,000. The ten largest customers accounted for around 11 percent of net sales.

POSITION AND COMPETITORS

Ahlsell has a strong position in the Refrigeration market. Ahlsell is the market leader in commercial refrigeration products. The next largest is H Jessen Jürgensen, owned by G & L Beijer. In the DIY segment, Ahlsell is the market leader for Heating & Plumbing products. Other large companies include Dahl and A & O Johansen. In Electrical and Heating & Plumbing, Ahlsell has been a minor player operating primarily in the Copenhagen area. The market is dominated by a few large players: Solar and Lemwigh-Müller in the Electrical market, and Dahl, Sanistål and A & O Johansen in the Heating & Plumbing market.

TREND FOR 2008 AND OUTLOOK

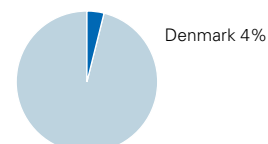
The turnover in 2008 for Ahlsell's Danish operations, including the Polish operation, was SEK 874 (835) million and the operating profit was SEK 10 (14) million.

Both the Refrigeration and DIY operations are well-established and profitable. In the Electrical and Heating & Plumbing product segments, operations have shown weak profitability for some time, which resulted in Ahlsell taking the decision to discontinue these operations.

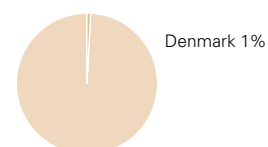
The Danish market in 2008 was characterised by shrinking volumes and increased competition in the installation sector. Ahlsell expects the market to continue to perform weakly in 2009.

The discontinuation of the Electrical and Heating & Plumbing operations will have a positive effect on the result in 2009. Cost-savings programmes have also been implemented in Refrigeration and DIY. In total these measures are expected to counteract the flagging market trend and lead to an improved result in 2009.

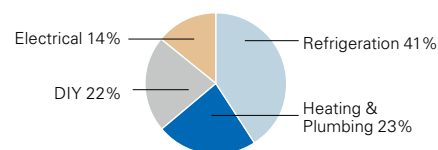
SHARE OF THE GROUP'S EXTERNAL TURNOVER ³⁾



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



SALES/PRODUCT SEGMENT ¹⁾



¹⁾ Excluding central expenses

³⁾ Including Poland

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, we believe that our impact on the environment is small, primarily occurring through our choice of products, product 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 more efficiently use energy, 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.

"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."



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, 2008, Ahlsell had approximately 5,000 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. 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	2008		2007	
	Number	Of which: Men %	Number	Of which: Men %
Sweden	2,542	80%	2,494	81%
Norway	1,176	81%	1,226	83%
Finland	615	79%	456	77%
Denmark	224	68%	226	67%
Estonia	158	84%	158	83%
Latvia	119	61%	110	63%
Russia	158	62%	60	62%
Poland	63	87%	56	88%
Total	5,055	79%	4,786	80%

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.

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. 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.

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, and TeliaSonera 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.

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.

Sanjay Patel has been a member of our Board of Directors since 2007. Mr. Patel is co-head of private equity investing activities within the Principal Investment Area of Goldman Sachs in Europe and is also co-head of Principal Investment Area in India. He sits on the Investment Committee and the Operating Committee and also serves as a member of the firm’s Partnership Committee. He is also co-head of private equity in India. Sanjay joined Goldman Sachs in New York in 1983, where he worked in the Mergers & Acquisitions Department as an analyst until 1985. From 1987 to 1990, he was an associate in the Leveraged Buyout Department and from 1990 to 1996 he was vice president. In 1996, Sanjay became a managing director in the Principal Investment Area, and a partner upon rejoining the firm in London in 2005. Prior to rejoining Goldman Sachs, Sanjay joined GSC Partners as a managing director in April 1998 and was promoted to co-president of GSC Partners in 1999. He became a

Name	Position	Born	Member Since ¹⁾	Independent
Rolf Börjesson	Chairman of the Board	1942	2007	Yes
Guy Davison	Board member	1957	2007	No
Caroline Sundewall	Board member	1958	2007	Yes
Göran Näsholm	Board member	1955	2007	No
Sanjay Patel	Board member	1961	2007	No
Steven Sher	Board member	1970	2007	No
Magnus Hildingsson	Board member	1973	2007	No

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

Governance

senior advisor of GSC Partners in January 2004, a position he held until December 2004. Mr. Patel also serves as a member of the Board of Directors of ISS A/S, The Endemol Group, Sigma Electric Company, GET Holdings, Expro International Group plc, Odyssey Entertainment Limited, and the R.L. Winston Rod Company. He is also a strategic advisor to the India Real Estate Opportunities Fund and Gaja Capital Partners. Sanjay received an A.B. (Honours) degree, magna cum laude, and an S.M. degree in Engineering from Harvard University in 1983 and an MBA from the Graduate School of Business at Stanford University in 1987, where he was an Arjay Miller Scholar.

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.

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.

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.

OWNERSHIP

About Cinven

Cinven is a leading international buyout firm, founded in 1977. It acquires successful, high-quality companies and helps them grow and develop. Cinven takes a responsible approach towards the companies it owns, their employees, suppliers and local communities, the environment and society as a whole.

Focusing on five sectors – consumer, healthcare, industrials, services and technology, media and telecoms (TMT) – the firm has offices in London, Paris, Frankfurt, Milan and Hong Kong.

Cinven is currently investing its fourth fund, which totals €6.5 billion. Some 50% of the investors in the fund by value are based in Europe and another 40% are based in North America. They include leading institutional investors, mainly pension funds and insurance companies with a long-term investment horizon.

About Goldman Sachs

GS Capital Partners is the private equity vehicle through which the Principal Investment Area (PIA) of Goldman Sachs Group, Inc. conducts its privately negotiated corporate equity investment activities. Since 1986, PIA has raised 15 investment funds (including mezzanine and senior secured loan funds) through 3 corporate investment vehicles, aggregating over USD 87 billion of capital including actual and estimated leverage. GS Capital Partners is a global private equity group focused on large, sophisticated business opportunities in which value can be created through leveraging the resources of Goldman Sachs.