

Pressmeddelande

Stockholm den 19 juli 2017

Second Quarter

- Net sales increased by 7 percent to SEK 6,818 (6,344) million. Organic growth was 8 (7) percent and acquisitions contributed 3 percentage points. Fewer trading days in the quarter had a negative effect of 6 percentage points on sales.
- Operating profit (EBIT) declined by 1 percent to SEK 471 (476) million. Fewer trading days in the quarter had a negative effect of approximately SEK 100 million on gross profit.
- Profit (EBITA) amounted to SEK 558 (560) million, with an EBITA margin of 8.2 (8.8) percent. EBITA includes costs affecting comparability of SEK 11.5 million attributable to the restructuring of the Finnish management and sales organisation. Adjusted EBITA increased by 2 percent to SEK 570 (560) million, with an adjusted EBITA margin of 8.4 (8.8) percent.
- Profit after tax was SEK 308 (155) million.
- Basic and diluted earnings per share were SEK 0.71 (0.55).
- Two acquisitions were made, with a combined annual turnover of approximately SEK 100 million.

During the quarter, an agreement was signed with Saferoad Holding on the acquisition of their Swedish Water & Sewer business ViaCon VA, with an annual turnover of approximately SEK 320 million. The transaction is subject to approval by the Swedish Competition Authority and closing is scheduled for September 2017.

Interim period January-June

- Net sales increased by 13 percent to SEK 13,387 (11,824) million. Organic growth was 8 (6) percent.
- Operating profit (EBIT) increased by 16 percent to SEK 913 (790) million.
- Profit (EBITA) increased by 14 percent to SEK 1,088 (957) million, with an EBITA margin of 8.1 (8.1) percent. Adjusted EBITA increased by 15 percent to SEK 1,099 (957) million, with an adjusted EBITA margin of 8.2 (8.1) percent.
- Profit after tax was SEK 643 (128) million.
- Basic and diluted earnings per share were SEK 1.47 (0.46).
- Three acquisitions were made, with a combined annual turnover of approximately SEK 220 million.

Statement from the CEO

Strong growth and continued good profitability

Sales increased by 7 percent during the quarter, reflecting a strong first six months period, both in terms of revenue growth and earnings. All markets contributed to the performance and we see continuing good economic growth in our main markets. Gross profit for the quarter was adversely affected by Easter and fewer trading days.

Sales increased by 13 percent during the first half of the year. The solid increase was primarily attributable to organic growth and acquisitions. Our focus on an extended product range, full-range branches and strategic growth initiatives, together with completed acquisitions, has made us more attractive in the market. The positive development is reflected in the fact that we have entered into a number of new agreements with strategically important customers, and have renewed and extended existing agreements with many of our customers. We are increasingly seeing our customer-specific e-commerce solutions, in which efficient and environmentally-optimised logistics are integrated into the service, being well-received by large nationwide customers, irrespective of the market.

Looking at results, we succeeded in converting increased sales into improved earnings. To increase sales by SEK 1.6 billion in comparison with the first six months last year means a strong increase in operating activity. It is a mark of strength, then, that we have been able to increase adjusted EBITA by 15 percent, while making significant investments in Norway and Finland.

In terms of the individual markets, Ahlsell Sweden continues to deliver both strong sales growth and

improved earnings. Operations showed organic growth of 10 percent during the quarter, and we both renewed and extended several nationwide agreements, notably in Construction, Electrical and Water & Sewers. The proportion of large projects continues to grow and we are delivering to most major construction and infrastructure projects in progress around Sweden. Acquisitions in recent years have strengthened Ahlsell's construction and civil engineering business and made us an even more attractive partner. Internally, we have continued the extensive capacity expansion of the central warehouse in Hallsberg. We have also successfully driven improvement work with a focus on sales efficiency and developing the branch network during the period.

Ahlsell Norway achieved organic growth of 6 percent in the quarter. Gross profit was negatively affected by fewer trading days and the Easter effect, which meant that the result for the quarter was unchanged. We saw the strongest development in the Electrical product segment, where we entered into important agreements with electricity grid customers and large installation companies. Sales of Water & Sewer products grew significantly and Ahlsell Norway has successfully aligned itself with municipal operations, resulting in several new transactions. Operations have also continued to focus on strengthening the position in HVAC & Plumbing and increasing cross-selling. The strategy lays the foundation for increased awareness of Ahlsell as a strong integrated supplier with the market's most extensive range. Development of the branch network is an important part of the position movement and during the quarter we established a new full-range branch and co-located a further two branches. Development of the branch network remains a priority in 2017.

Ahlsell Finland still has a relatively unfavourable market situation and organic growth was 4 percent, despite high operational activity. The focus has been on strengthening the market position in HVAC & Plumbing and continuing the growth in Electrical and Tools & Supplies. Work on changing the management and sales organisation for the Finnish operations began during the quarter. The change is expected to bring a clearer focus on Ahlsell's offering as an integrated supplier, while increasing the organisation's efficiency. About 30 positions are affected. Extensive work is also in progress in Finland, aimed at developing and strengthening the branch network, with a focus on location, an extended range and Ahlsell's branch concept.

Acquisition opportunities are still favourable

Acquisitions are a key element of Ahlsell's business model and growth strategy and there are major synergies inherent in both complementary and strategic acquisitions. With this in mind it is very positive that we presently have a significant pipeline of potential acquisition candidates in all our main markets. During the second quarter, our acquisition efforts resulted in two completed acquisitions and an agreement on the acquisition of ViaCon's Swedish Water & Sewer operations with an annual turnover of SEK 320 million. The agreement with ViaCon also includes an attractive co-operation agreement for the distribution of their geotechnical products and road signage systems. The acquisition of ViaCon is subject to approval by the Swedish Competition Authority and we expect closing in September. In the year to date, we have made acquisitions, or signed agreements for acquisitions, with a combined annual turnover of approximately SEK 540 million.

Outlook

I do not expect any major change in the demand situation; in fact, the outlook for the next six months currently appears good, particularly in Sweden, with a construction market that remains strong and positive development in the industrial sector. In the rest of the Nordic region, the outlook also appears positive in, for example, the construction and industrial sector in Norway and we can expect a gradual recovery in Finland.

Johan Nilsson
President and CEO

This report will be commented upon as follows:

Through a webcast today at 10:00 (Europe/Stockholm) under the following link: <https://tv.streamfabriken.com/ahlsell-q2-2017>

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Ahlsell AB (publ), listed on Nasdaq Stockholm, is the leading Nordic distributor of installation products, tools and supplies addressing installers, contractors, facility managers, industry, energy and infrastructure companies and the public sector. Our unique offering includes over a million articles and solutions. The Group has an annual turnover of about SEK 26 billion with approximately 97 percent of its net sales in Sweden, Norway and Finland. With approximately 5 000 skilled employees, over 200 branches and three central warehouses, we are committed to our customer promise: Ahlsell makes it easier to be professional.