

## Interim report for January - September 2016 in Ahlsell AB (publ) (formerly Norrmalm 1.1 AB)

### Third quarter 2016

- Net sales increased by 10 percent to SEK 5,880 million (5,369). Organic growth was 7 percent (1).
- Operating profit (EBIT) increased by 8 percent to SEK 451 million (419).
- Profit (EBITA) increased by 7 percent to SEK 538 million (501). Adjusted EBITA increased by 9 percent to SEK 545 million (501), representing an adjusted EBITA margin of 9.3 percent.
- Profit after tax was SEK 152 million (39).
- Basic and diluted earnings per share were SEK 2.12 (0.51).
- The Board of Directors has decided to apply for admission of the company's shares for trading on the Nasdaq Stockholm stock exchange.
- The Group parent company, Norrmalm 1.1 AB, changed its name to Ahlsell AB (publ).
- Satu Huber and Magdalena Gerger were elected as members of the Board of Directors at an Extraordinary General Meeting.
- The Board of Directors set new financial targets.
- The acquisition of Prevox was finalised and the company is a part of the Group from the 1<sup>st</sup> of August.

### Interim period January - September

- Net sales increased by 7 percent to SEK 17,704 million (16,550). Organic growth was 7 percent (2).
- Operating profit (EBIT) increased by 19 percent to SEK 1,241 million (1,043).
- Profit (EBITA) increased by 16 percent to SEK 1,496 million (1,291). Adjusted EBITA increased by 14 percent to SEK 1,503 million (1,319), representing an adjusted EBITA margin of 8.5 percent.
- Profit after tax was SEK 280 million (26).
- Basic and diluted earnings per share were SEK 3.86 (0.25).
- Two acquisitions were completed with an estimated combined annual net sales of approximately SEK 520 million.

### Financial summary

	2016	2015		2016	2015		Rolling 12	Full year
	July-Sept	July-Sept	change	Jan-Sept	Jan-Sept	change	months	2015
Net sales, SEK million	5,880	5,369	10%	17,704	16,550	7%	23,740	22,586
Organic growth	7%	1%		7%	2%			3%
Operating profit, EBIT	451	419	8%	1,241	1,043	19%	1,703	1,505
Profit (EBITA), SEK million	538	501	7%	1,496	1,291	16%	2,042	1,837
Adjusted EBITA, SEK million	545	501	9%	1,503	1,319	14%	2,061	1,878
EBITA margin, %	9.2%	9.3%		8.4%	7.8%		8.6%	8.1%
Adjusted EBITA margin	9.3%	9.3%		8.5%	8.0%		8.7%	8.3%
Profit after tax (profit for the period), SEK million	152	39	293%	280	26	959%	324	70
Earnings per share, SEK*	2.12	0.51		3.86	0.25		4.44	0.83
Operating cash flow/EBITDA (Cash conversion)							99%	92%
External net debt/Adjusted EBITDA							3.7	3.9

\* Refers to basic and diluted earnings per share

Organic growth, EBITA, adjusted EBITA, EBITA margin, adjusted EBITA margin, operating cash flow/EBITDA (Cash conversion), and external net debt/adjusted EBITDA are so-called alternative performance measures (APMs) for which detailed calculations are presented on page 18.

## Statement from the CEO

### Strong third quarter with positive growth in all our main markets

*The Ahlsell Group reported strong growth this quarter. Sales and profits improved in all three main markets. Developments were particularly exciting in Norway and Finland where we are seeing signs of an upswing in the market and our initiatives are beginning to produce results. It is also pleasing that we have been able to make another acquisition that consolidates our market position in the key growth markets of Gothenburg and Malmö. Sales increased by 10 percent and the adjusted EBITA profit increased by 9 percent, representing an adjusted EBITA margin of 9.3 percent.*

#### Structurally driven and profitable growth

The third quarter was marked by a high level of activity and strong demand in our three main markets. Sweden's economic situation is favourable and the construction market continued to show strong growth. We have seen a slightly slower rate of growth for exports and industrial production, although the rate varies by sector. Norway's mainland economy moved in a positive direction and Ahlsell saw some signs of recovery in the oil and gas industry. In Finland, the construction sector continued to report strong growth and GDP growth improved. Demand in the Nordic region continues to be driven by structural factors such as population growth and overdue investment in infrastructure. In addition, low interest rates have an impact on household consumption and demand for renovation, refurbishment and conversion services.

Ahlsell is noting a significant improvement in sales of installation products as well as robust demand for tools and supplies from industries and government funded infrastructure projects. Investments in new customer and product segments continue to expand the customer base and create further cross-selling opportunities and organic growth.

Sales increased by SEK 511 million to SEK 5,880 million (5,369). Adjusted EBITA increased by SEK 44 million, which means the adjusted EBITA margin remains unchanged in the quarter.

#### New steps towards "One Ahlsell"

The process of harmonising the Group's three main markets is proceeding according to plan. In Sweden, we are continuing to develop our product offering to attract new customers in the construction and real estate sectors. We are also aiming to build better, stronger relationships with existing customers and improve sales effectiveness. The focus in Norway and Finland is primarily on consolidating our market positions in HVAC and then use them to establish the Ahlsell model with a growing and broader range of products and cross-selling. An essential aspect of this process is to improve branch

and branch locations and establish a stronger local presence in attractive growth regions.

#### Acquisitions on the agenda

The acquisition of Prevox was finalised in August following approval from the Swedish Competition Authority (Konkurrensverket). Acquisitions are a priority for us and we are continuously identifying potential targets in each market. We look for companies that complement our existing business, and more strategic targets that can add completely new product and/or customer segments.

#### Ahlsell looking to float

On October 6, Ahlsell announced its intention to float on the Nasdaq Stockholm stock exchange. The purpose of floating the company is to continue the chosen strategy; to increase sales via organic growth and growth through acquisitions. The company's listing on the stock exchange is expected to result in increased media exposure, which I believe can be beneficial to our business, particularly when it comes to recruiting new employees.

Preparations for the floatation have included a change of name for the Group's parent company from Norrmalm 1.1 AB to Ahlsell AB (publ), and the election of Board members of the former Ahlsell AB to the Group's parent company Ahlsell AB (publ). Moreover, two new members have been elected to the Board of Directors, both of them independent of the company and the principal shareholders. Satu Huber and Magdalena Gerger were elected in September 2016. We look forward to benefiting from their valuable experience and expertise.

In conclusion, it is extremely pleasing to see how our programme of change and the current buoyant market conditions are generating strong sales and earnings growth.

Johan Nilsson

President and CEO

Ahlsell is the Nordic region's leading distributor of installation products, tools and supplies for installation companies, construction companies, real estate management companies, industrial and power companies and the public sector. Ahlsell's unique customer offering gives professional users access to an extensive range of products and related services in the areas of water & wastewater, HVAC, insulation, electrical, refrigeration, construction, tools & supplies and personal protection equipment. We generate sales of approximately SEK 24 billion, 97 percent of which is generated in our three main markets of Sweden, Norway and Finland. With approximately 5,000 employees, more than 200 stores and three central warehouses, we deliver on our promise to our customers, every day:

Ahlsell makes it easier to be a professional!

## Net sales

### Third quarter

In the third quarter, net sales increased over the prior year period by SEK 511 million, or 10 percent, to SEK 5,880 million (5,369). Exchange rate movements had a SEK 4 million impact on sales. Organic growth was 7 percent.

The positive sales trend is attributable to strong growth in all three main markets. The Swedish market is being boosted by an increase in population and low interest rates that encourage investment in housing. The market is also being driven by several major infrastructure projects.

A gradual improvement in the market conditions and demand was also seen in the Norwegian and Finnish markets. The signs of recovery that appeared in the first six months grew stronger in the third quarter. There has been a definite increase in demand for HVAC products and Tools & Supplies in the mainland economy in Norway, and demand in the Norwegian gas and oil-related industry has stabilised. The Finnish operations have benefited from an increase in demand across all the product areas. The HVAC and Tools & Supplies segments reported strongest growth.

Growth remained weak in Denmark, with a lower level of activity in the construction sector in the first six months. Slow demand for Ahlsell's products during the summer had a negative impact on sales.

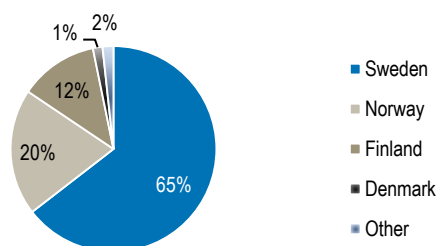
Other markets, representing about 2 percent of net sales, are still experiencing less favourable conditions and organic growth was negative.

### Interim period (nine months)

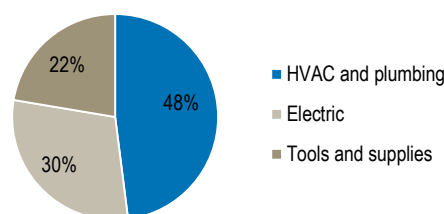
Consolidated net sales from January to September 2016 increased over the prior year period by SEK 1,154 million, or 7 percent, to SEK 17,704 million (16,550). This increase is primarily driven by robust organic growth in the Swedish, Norwegian and Finnish operations and two acquisitions that were made in the Swedish operations.

Organic growth, measured as an increase in sales adjusted for the difference in the number of working days, exchange rate movements and acquisitions, amounted to 7 percent (2). The slightly higher number of working days in the interim period helped increase sales by SEK 108 million. Foreign currency translation, primarily related to the Norwegian operations, impacted net sales by SEK -232 million.

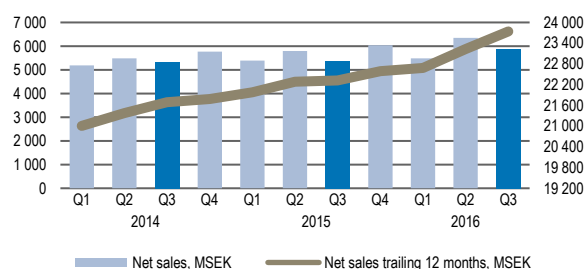
Net sales by country, rolling 12 months



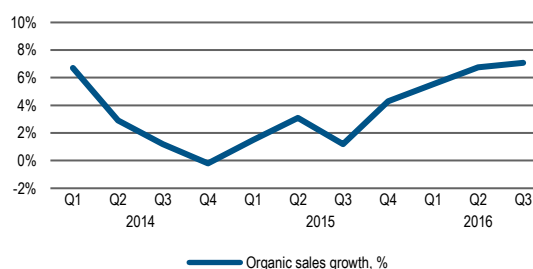
Net sales by product segment, rolling 12 months



Net sales for each quarter, rolling 12 months



Organic sales growth for each quarter



## Earnings

### Third quarter

The Group's operating profit (EBIT) increased by 8 percent to SEK 451 million (419). EBITA increased by 7 percent to SEK 538 million (501). Adjusted EBITA increased by 9 percent to SEK 545 million (501), representing an adjusted EBITA margin of 9.3 percent (9.3). Items impacting comparability totalling SEK 7 million (0) related to restructuring costs in Norway to cover the loss of about 30 jobs have been charged to EBITA (see Note 5). Positive performances were reported by all the Nordic operations although the margins varied across the countries.

Sweden's EBITA increased by 6 percent to SEK 451 million (426). This improvement is mainly due to the rise in sales volumes. The higher sales can be attributed in part to a greater number of major projects. This impacted on the gross margin to some extent. EBITA for the Norwegian operations increased to SEK 53 million (41). Adjusted EBITA increased by SEK 19 million to SEK 60 million (41). This positive development is primarily due to successful marketing investments and higher volumes, which in turn have helped boost the EBITA margin slightly. Items impacting comparability had a SEK -7 million (0) impact and foreign currency translation a SEK -2 million impact on the EBITA profit. EBITA for the Finnish operations increased to SEK 45 million (37). This positive development is primarily due to an increase in sales and an improved gross margin. EBITA for the Danish operations totalled SEK 10 million (11). The decrease can be attributed to reduced sales which were, however, offset by an improved gross margin and lower costs. EBITA for other operations (Estonia, Russia and Poland) was negatively impacted by deteriorating market conditions with reduced sales and lower gross margins as a result. Cost saving measures have been initiated. EBITA for other operations totalled SEK 4 million (5).

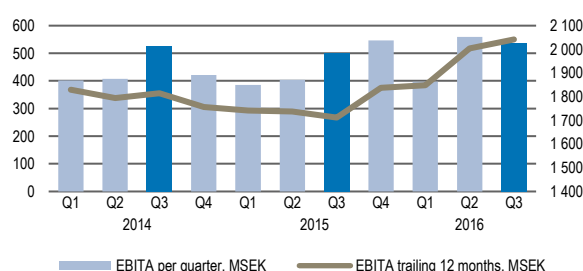
Profit before tax for the period increased by SEK 143 million to SEK 263 million (120). Profit after tax for the period increased by SEK 113 million to SEK 152 million (39). In addition to the increase in the operating profit over the prior year period, the improvement is due to a stronger net financial performance as a result of positive revaluation effects of derivatives and to exchange rate movements having had a less negative impact on net financial items.

### Interim period (nine months)

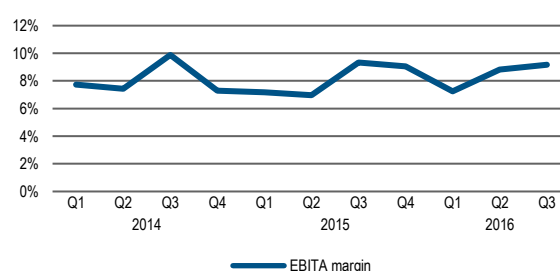
The Group's operating profit (EBIT) increased by 8 percent to SEK 1,241 million (1,043). The EBITA profit for January to September increased by 16 percent to SEK 1,496 million (1,291). Items impacting comparability totalling SEK -7 million (-28) were recognised in the income statement for the period. The EBITA margin rose to 8.4 percent (7.8), and the adjusted EBITA margin rose to 8.5 percent (8.0). The higher number of working days had a favourable SEK 29 million impact on EBITA. The higher sales can be attributed in part to a greater number of major projects. This had a slight impact on the gross margin which dropped to 27.2 percent (27.4).

Profit before tax for the period increased by SEK 143 million to SEK 263 million (120). Profit after tax for the period increased by SEK 113 million to SEK 152 million (39).

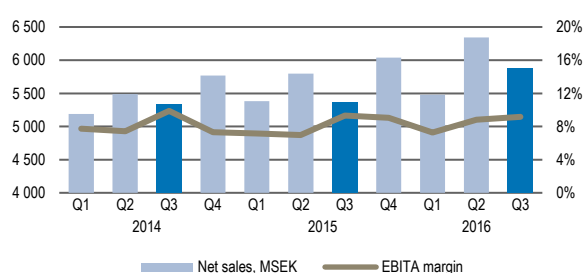
EBITA for each quarter and rolling 12 months



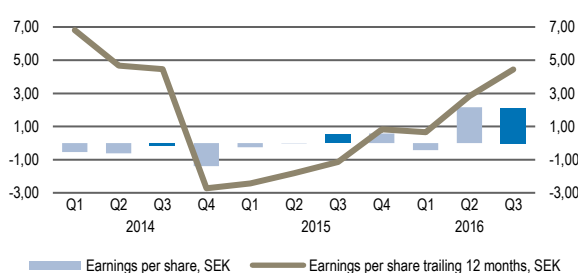
EBITA margin for each quarter



Net sales and EBITA margin for each quarter



Earnings per share and quarter, and rolling 12m



## Segment by quarter

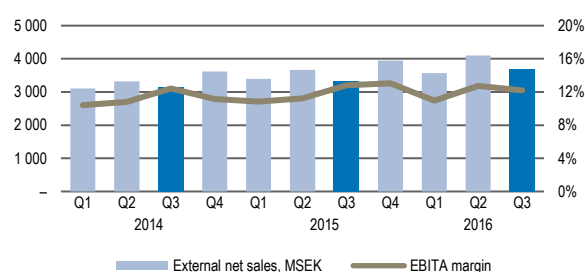
### SWEDEN

Sweden	2016 July-Sept	2015 July-Sept	change	2016 Jan-Sept	2015 Jan-Sept	change	Rolling 12 months	Full year 2015
External net sales, SEK million	3,699	3,326	11%	11,373	10,384	10%	15,317	14,328
Organic growth	8%	4%		7%	6%			6%
Profit (EBITA), SEK million	451	426	6%	1,363	1,206	13%	1,878	1,720
Adjusted EBITA, SEK million*	451	426	6%	1,363	1,213	12%	1,879	1,729
EBITA margin, %	12.2%	12.8%		12.0%	11.6%		12.3%	12.0%
Adjusted EBITA margin*, %	12.2%	12.8%		12.0%	11.7%		12.3%	12.1%

\*See Note 5

- Strong and growing demand. Sales increased in all product and customer segments, with demand being particularly robust in the construction and electrical infrastructure. Cross-selling share developed favourably in the quarter.
- Continued robust organic growth with an increase of 8 percent.
- The EBITA margin was 12.2 percent (12.8).
- The acquisition of Prevox was finalised and the company entered the Group on 1 August.

#### External net sales and EBITA margin for each quarter



In the third quarter, external net sales for the Sweden segment increased over the prior year period by 11 percent to SEK 3,699 million (3,326). Organic growth was 8 percent. Profit (EBITA) increased by 6 percent to SEK 451 million (426). The increase in profit is due to strong growth, supported by greater demand from construction-related customer and product segments and an increase in cross-selling. Demand varied among industrial customers and was overall characterised by industrial production growth remaining relatively weak. The higher sales can be attributed in part to a greater number of major projects. This impacted the gross margin to some extent. The EBITA margin fell to 12.2 percent (12.8).

Factors helping to drive growth are low interest rates, an increase in the population and strong household spending in Sweden. The main reason for rising demand is investment in new housing. Growth in business volumes and earnings is a result of the market trend that is benefiting all of Ahlsell's product areas, combined with an increase in cross-selling and a widening of the portfolio to new customer segments in the construction market and industry. Investment in the construction and electrical infrastructure in particular showed strong growth.

The acquisition of Prevox was finalised on 1 August following approval from the Swedish Competition Authority (Konkurrensverket). At the date of acquisition, Prevox had estimated annual sales of SEK 400 million.

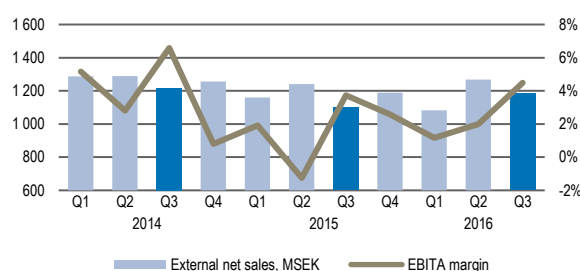
### NORWAY

Norway	2016 July-Sept	2015 July-Sept	change	2016 Jan-Sept	2015 Jan-Sept	change	Rolling 12 months	Full year 2015
External net sales, SEK million	1,185	1,100	8%	3,534	3,501	1%	4,723	4,690
Organic growth	8%	2%		7%	-5%			-3%
Profit (EBITA), SEK million	53	41	29%	91	48	91%	122	78
Adjusted EBITA*, SEK million	60	41	46%	98	68	44%	131	101
EBITA margin, %	4.5%	3.7%		2.6%	1.4%		2.6%	1.7%
Adjusted EBITA margin*, %	5.1%	3.7%		2.8%	1.9%		2.8%	2.2%

\*See Note 5

- A high level of activity in the construction market has kept demand for HVAC products and Tools & Supplies strong. There was also an increase in demand from the industry including the oil and gas-related sector.
- Organic growth was 8 percent, driven by a rise in sales to major installation companies, chains and the public sector.
- EBITA totalled SEK 53 million (41), adjusted EBITA totalled SEK 60 million (41).
- The EBITA margin improved to 4.5 percent (3.7).

External net sales and EBITA margin for each quarter



In the third quarter, external net sales for the Norway segment increased over the prior year period by 8 percent to SEK 1,185 million (1,100). Exchange rate movements had a SEK -3 million impact on sales.

Organic growth was 8 percent. This increase is due to positive growth in all product segments. Profit (EBITA) increased by 29 percent to SEK 53 million (41). Adjusted EBITA increased to SEK 60 million (41). The positive growth of EBITA is mainly attributable to a rise in sales and an improved gross margin, resulting from increased sales to industrial customers which has benefited the product mix. Our operations in south-west Norway have been negatively impacted by the decline in the oil and gas sector and in the quarter, we made a SEK 7 million provision to cover the loss of about 30 jobs. See Note 5 about items impacting comparability. These measures are expected to lead to better profitability for the region in the coming year.

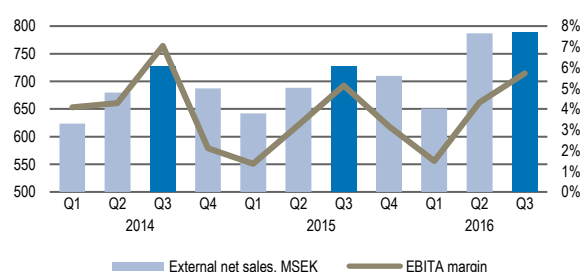
All internal projects and efficiency initiatives as well as strategic investment areas delivered and showed increased volumes and stable gross margins which contributed to the positive earnings. Efforts to regain market share in the HVAC segment and to increase cross-selling have developed as planned. Sales in the electrical segment remained at the same level as in the previous year but the customer mix has shifted slightly from installation chains to installers within infrastructure. Demand from oil and gas-related businesses rose compared with the previous year.

## FINLAND

Finland	2016 July-Sept	2015 July-Sept	change	2016 Jan-Sept	2015 Jan-Sept	change	Rolling 12 months	Full year 2015
External net sales, SEK million	789	727	8%	2,226	2,058	8%	2,936	2,768
Organic growth	7%	-3%		6%	-2%			-2%
Profit (EBITA), SEK million	45	37	21%	89	68	30%	111	91
Adjusted EBITA, SEK million	45	37	21%	89	68	30%	111	91
EBITA margin, %	5.7%	5.1%		4.0%	3.3%		3.8%	3.3%
Adjusted EBITA margin, %	5.7%	5.1%		4.0%	3.3%		3.8%	3.3%

- The construction market continued to show strong growth, which helped boost demand for construction-related products.
- There has been a significant rise in sales of HVAC products and Tools & Supplies, while Electrical sales remained at the same level as in the previous year.
- Organic growth was 7 percent, driven by good demand and successful campaigns. Significant online sales growth was reported in the period.
- The EBITA margin rose to 5.7 percent (5.1).

External net sales and EBITA margin for each quarter



In the third quarter, external net sales for the Finland segment increased over the prior year period by 8 percent to SEK 789 million (727). Foreign currency translation had a SEK 7 million positive impact on external net sales. Organic growth was 7 percent.

The increase in organic growth is a combination of a number of improvement initiatives, successful sales efforts across all the product segments, and a strong underlying market. Higher volumes, particularly in HVAC, were the result of efforts to regain market share and consolidate the market position. Despite marketing investments, the gross margin was stable and the overall impact on earnings was positive. Profit (EBITA) for the quarter totalled SEK 45 million (37) and the EBITA margin rose to 5.7 percent (5.1).



## Ahlsell's interim report for January – September 2016

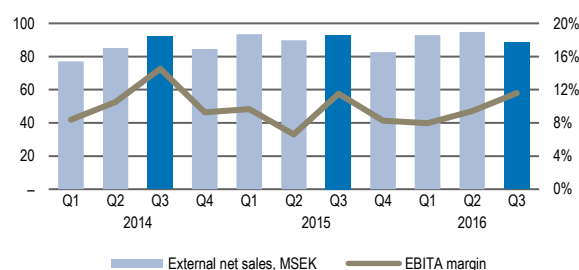
Finland's construction market is showing clear signs that it has entered a growth phase. Data published by Statistics Finland confirm this. For instance, construction company sales rose by 12.4 percent in the second quarter of 2016 and the cubic volume for the number of building permits granted increased by 3.4 per cent from May to July.

### DENMARK

Denmark	2016 July-Sept	2015 July-Sept	change	2016 Jan-Sept	2015 Jan-Sept	change	Rolling 12 months	Full year 2015
External net sales, SEK million	88	93	-5%	276	276	0%	359	359
Organic growth	-6%	-1%		-1%	5%			3%
Profit (EBITA), SEK million	10	11	-5%	27	26	3%	33	33
Adjusted EBITA, SEK million	10	11	-5%	27	26	3%	33	33
EBITA margin, %	11.6%	11.5%		9.6%	9.3%		9.3%	9.1%
Adjusted EBITA margin, %	11.6%	11.5%		9.6%	9.3%		9.3%	9.1%

#### External net sales and EBITA margin for each quarter

- Weak growth continues to characterise the Danish market.
- The Refrigeration product segment reported a modest increase, but sales to retailers in the DIY market had slower growth.
- Organic growth was -6 percent.
- The EBITA margin rose to 11.6 percent.



In the third quarter, external net sales for the Denmark segment decreased over the prior year period by -5 percent to SEK 88 million (93). Foreign currency translation had a SEK 1 million positive impact on external net sales. Organic growth was -6 percent. Profit (EBITA) for the quarter totalled SEK 10 million (11) and the EBITA margin rose to 11.6 percent. Lower costs had a positive impact on the EBITA profit.

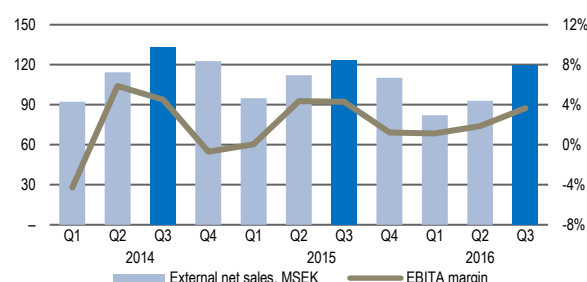
The Danish market continues to pose challenges and demand has been weak. This has had an impact on Ahlsell's sales. The Danish operations encompass refrigeration products and sales to DIY retailers and are affected to a certain extent by construction activity which has seen negative growth.

### OTHER OPERATIONS

Other countries Estonia, Russia, Poland	2016 July-Sept	2015 July-Sept	change	2016 Jan-Sept	2015 Jan-Sept	change	Rolling 12 months	Full year 2015
External net sales, SEK million	120	123	-3%	295	330	-11%	405	440
Organic growth	-3%	-2%		-9%	0%			-1%
Profit (EBITA), SEK million	4	5	-17%	7	10	-31%	8	12
Adjusted EBITA, SEK million	4	5	-17%	7	10	-31%	8	12
EBITA margin, %	3.7%	4.3%		2.4%	3.1%		2.1%	2.6%
Adjusted EBITA margin, %	3.7%	4.3%		2.4%	3.1%		2.1%	2.6%

- Generally weak market conditions and fierce competition.
- The Estonian operations have stabilised their sales and earnings growth.
- The operations in Russia (HVAC) and Poland (refrigeration) are still having to cope with difficult market conditions.
- Organic growth was -3 percent.
- The EBITA margin fell to 3.7 percent.

External net sales and EBITA margin for each quarter



Other markets, comprising Russia, Estonia and Poland, reported external net sales of SEK 120 million (123) for the quarter. Profit (EBITA) totalled SEK 4 million (5) and the EBITA margin fell to 3.7 (4.3) percent. It has mainly been the Polish and Russian operations that have experienced weak growth, while the benefits from the restructuring measures in the Estonian operations are starting to come through. Focus remains on keeping costs in line with prevailing market conditions.

## Acquisitions

Two businesses were acquired in the January to September period, representing an estimated combined annual sales of approximately SEK 520 million. The acquisitions were both made in the Sweden segment. The total purchase price was SEK 477 million. The acquired companies have reported net assets of SEK 79 million. Fair value gains on intangible assets of SEK 143 million were treated as customer relationships, SEK 70 million as trademarks and SEK 237 million as goodwill. The goodwill is attributable to the sourcing and cost synergies that are expected to arise.

Elgross'n was acquired in June 2016. The company holds a strong position in the market in Gothenburg. It specialises in lighting and electrical installation and has premises in Högsbo and Marieholm (Gothenburg). The majority of its customers are local installation companies. Gothenburg is a key growth market for Ahlsell and the acquisition enables us to further consolidate our position in the region. The company has estimated annual sales of approximately SEK 120 million.

In June, Ahlsell signed an agreement to acquire the entire share capital of Prevox AB. The acquisition was finalised at the beginning of August following approval from the Swedish Competition Authority (Konkurrensverket). At the date of acquisition, Prevox had estimated annual sales of approximately SEK 400 million. Prevox is an industrial reseller with a focus on the professional construction market and has a strong market position in Gothenburg and Malmö with three strategically located stores. Gothenburg and Malmö are key growth markets for Ahlsell and this acquisition strengthens Ahlsell's position in these regions. The company has approximately 100 employees.

The total consideration for Prevox comprised a base purchase price and additional contingent consideration. The additional consideration was valued at SEK 23 million in the acquisition analysis. The contingent consideration is dependent on the level of profit achieved in the company and is based on management's estimate of the most likely outcome. The additional consideration falls due for payment in four years' time. The amount will be in the range of SEK 0-40 million on the settlement date, depending on how the terms and conditions are met.

Ahlsell regards the analysis of the acquired net assets as provisional and an adjustment of the fair values may therefore be made.

Take-over	Acquisitions	Country	Product area	Annual sales SEK million <sup>a</sup>	Number of employees <sup>b</sup>
8 June 2016	Elgross'n i Göteborg AB	Sweden	Electrical	120	33
1 August 2016	Prevox AB	Sweden	Tools & Supplies	400	104
<b>Total</b>				<b>520</b>	<b>137</b>

<sup>a</sup> Estimated sales for the last 12 months at the time of take-over

<sup>b</sup> At date of acquisition

## Net finance income/expense

The Group reported a net financial result of SEK -188 million (-298) for the third quarter. The net interest expense, excluding interest on shareholder loans, was SEK -162 million (-174). The interest expense on shareholder loans was SEK -163 million (-149). Exchange rate movements impacted the net financial result by SEK -24 million (-82) and the revaluation effects of exchange rate derivatives and interest rate derivatives impacted the net financial result by SEK 171 million (120).

The Group reported a net financial result of SEK -722 million (-932) for the January to September period. The net interest expense, excluding interest on shareholder loans, was SEK -498 million (-533). The interest expense on shareholder loans was SEK -486 million (-441). Exchange rate movements impacted the net financial result by SEK -114 million (34) and the



revaluation effects of exchange rate derivatives and interest rate derivatives impacted the net financial result by SEK 394 million (50).

## Tax

Tax on profit for the third quarter amounted to SEK -111 million (-81). Tax on profit for the January to September period amounted to SEK -238 million (-85). The difference between the effective tax rate and the parent company's tax rate is primarily explained by non-deductible interest on shareholder loans.

## Financial position and liquidity

At 30 September, the Group's cash and cash equivalents totalled SEK 1,634 million. Since the beginning of the year, the Group's cash and cash equivalents have decreased by SEK 726 million. The Group also has undrawn credit lines of SEK 486 million.

External net debt has increased since the beginning of the year by SEK 355 million and at 30 September stood at SEK 8,209 million.

At 30 September, consolidated equity amounted to SEK 1,075 million, an increase of SEK 363 million since the beginning of the year.

## Cash flow and investments

The company reported an operating cash flow of SEK 206 million (113) for the third quarter. The improvement over the previous year is mainly related to the higher profit level and working capital changes. The cash flow from working capital changes was SEK -337 million (-375). The cash flow from investing activities was SEK -429 million (-49), and this increase is primarily explained by the acquisition of Prevox. Investments in property, plant and equipment and intangible assets amounted to SEK -28 million (-36). The cash flow from financing activities was SEK 0 million (0).

An operating cash flow of SEK 816 million (485) was reported for the January to September period. The improvement over the previous year is mainly related to the higher profit level and the sale of a property in Sweden. The cash flow from working capital changes was SEK -719 million (-765). The cash flow from investing activities was SEK -449 million (-137), and this increase is primarily explained by the acquisition of Prevox. The sale of a property at the beginning of 2016 had a positive impact of about SEK 70 million on investing activities. Investments in property, plant and equipment and intangible assets amounted to SEK -104 million (-133). The cash flow from financing activities was SEK -555 million (-414).

## Personnel

The number of employees at the end of the period was 5,129 (4,767). The average number of employees during the interim period was 4,932 (4,792). Employees from acquired companies have increased personnel numbers during the year by 137.

## Parent company

Ahlsell AB (publ), corp. ID 556882-8916, previously Norrmalm 1.1 AB until September 2016, is the parent company of the Group. The parent company reported net sales of SEK 0 million (0) for the January to September period. Profit/loss before tax amounted to SEK -82 million (362). The parent company reported net sales of SEK 0 million (0) for the third quarter. Profit/loss before tax amounted to SEK -36 million (-33).

The parent company's cash and cash equivalents amounted to SEK 0 million (0) at the end of the period. The company is financed via the Group's cash pool.

## Pre-float preparation

### Mission and financial targets

Ahlsell's Board of Directors has approved the following mission and financial targets:

#### Mission

Ahlsell shall be customers' and suppliers' preferred choice in the field of installation products, tools and supplies. The Group's overall objective is to continually increase profits through a combination of organic growth and M&A complemented by operational initiatives. Our goal is to be a world-class distributor in all product segments in each market we operate in.

#### Financial targets

Ahlsell's financial targets have been set with a medium-term outlook and other targets that are the underlying basis of the business plan, which assumes continued growth in the addressable distribution market in the Nordic region, underpinned by successful organic growth options, acquisitions and efficiency measures.

### **Sales growth**

Ahlsell's target is to achieve 2–3 percentage points above market growth (main markets Sweden, Norway and Finland combined) through a combination of organic growth and M&A.

### **EBITA margin**

Ahlsell continually and systematically targets to increase its adjusted EBITA margin.

### **Operating cash flow/EBITDA (Cash Conversion)**

Ahlsell's target is to achieve an annual cash generation of approximately 90 percent.

### **Net debt/adjusted EBITDA**

Ahlsell's target is to have net debt in relation to adjusted EBITDA of 2.0–3.0 times. The capital structure should enable flexibility and allow the company to capture strategic opportunities while maintaining a solid financial position.

### **Dividend policy**

Ahlsell's target is to pay a dividend corresponding to 40–60 percent of net profit subject to strategic headroom. The dividend shall take into account acquisitions, the Company's financial position, cash flow and future growth opportunities.

## **Change of name from Norrmalm 1.1 AB**

The Group's parent company name was changed from Norrmalm 1.1 AB to Ahlsell AB (publ) in September in preparation for the floatation. The former Ahlsell AB (publ) has changed its name to Ahlsell Operations AB (publ) in connection with this.

## **Board of Directors and election of new board members**

Almost all of the Board members of the former Ahlsell AB were elected as Board members for the new parent company, Ahlsell AB (publ), at an Extraordinary General Meeting of Shareholders held on 22 September 2016. The intention is to float the new parent company on the stock exchange. Moreover, two new members have been elected to the Board of Directors, both of them independent of the company and the principal shareholders. Newly-elected members of the Board

- **Satu Huber** is a Finnish citizen and was born in 1958. Satu currently holds the position of CEO of the Elo Mutual Pension Insurance Company. Satu serves as a member on several boards, including the Audit Committee for YIT Plc, the Finnish Centre of Pensions (ETK) and the Finnish Pension Alliance (TELA). A complete list of current and previous positions can be viewed at [www.ahlsell.com](http://www.ahlsell.com).
- **Magdalena Gerger** is a Swedish citizen and was born in 1964. Magdalena currently holds the position of CEO and President of Systembolaget AB. Magdalena serves as a member on several boards, including the Confederation of Swedish Enterprise (Svenskt Näringsliv), the Business Council for The Royal Swedish Academy of Engineering Sciences (IVA) and Investor AB. A complete list of current and previous positions can be viewed at [www.ahlsell.com](http://www.ahlsell.com).

## **Expenses related to preparation of listing**

The company expects costs of approximately SEK 50 million to be reported in operating profit in the fourth quarter. These relate to the process of preparing for a stock market launch. If a stock market launch takes place and existing loans are repaid, previously capitalised arrangement fees for loans will be recognised in net financial items.

## **Events after the end of the reporting period**

### **Split of shares**

As part of the company's preparations for a potential listing of its stock on the Nasdaq Stockholm stock exchange, it was decided at the Extraordinary General Meeting of Shareholders held on 4 October that shares in the company are to be split 1:4, which means that one (1) share is split into four (4) shares. This decision was registered with the Swedish Companies Registration Office (Bolagsverket) on 11 October 2016.

### **Incentive program**

The Board of Directors has decided to recommend to the annual general meeting to adopt two long-term incentive programmes for the company's senior executives and other key employees of Ahlsell. The incentive programmes comprise a share-save scheme and a warrants scheme. The combined cost of the incentive programmes is estimated at a maximum of approximately SEK 788 million and their maximum dilutive effect amounts to approximately 3 percent of Ahlsell's total number of shares after floatation.

The incentive programmes are expected to reduce the company's EBITA by a maximum of SEK 788 million spread over a four-year period. Taking into account the fact that the company's future financing intentions are not reflected in the current calculation of earnings per share, we consider it to be misleading to calculate the impact of the proposed incentive programmes on earnings per share.

## Declaration of intent regarding a stock market launch

On 6 October, Ahlsell announced its intention to float on the Nasdaq Stockholm stock exchange. The flotation is expected to take place in the fourth quarter after the publication of this report.

## Transactions with related parties

Keravel S.à r.l owns 84.7 percent of Ahlsell AB (publ) (corp. ID 556882-8916), registered in Sweden with its registered office in Stockholm. The remaining 15.3 percent is owned by current and former senior executives of the Ahlsell Group. Keravel S.à r.l. is a company indirectly owned by the CVC European Equity Fund V and the CVC European Equity Tandem Fund. For the nine-month period ending 30 September 2016, the Ahlsell Group has been invoiced SEK 3.5 million (3.5) in monitoring fees by CVC Capital Partners Advisory Company S.à r.l.

## Risks and uncertainties

The Group and the parent company are exposed to a number of risks relating to both their operating and their financing activities. The risks that Ahlsell considers to be the most significant to its business are listed below.

- Acquisitions are a key part of Ahlsell's growth strategy. Acquisition processes can be beset with difficulties, for instance, when it comes to identifying acquisition objects, integrating acquired businesses and achieving the expected synergies.
- Activity in the building sector, comprising new construction projects, service and repairs, and renovation, maintenance and improvement (RMI), is the single most important driving force for Ahlsell's sales development.
- If Ahlsell's own warehouse and distribution operations were disrupted or shut down for some reason or if the distribution companies contracted by Ahlsell had insufficient distribution capacity to meet requirements, Ahlsell's ability to deliver its products to the market would be adversely affected.
- Due to the nature and financial effects of its business activities, Ahlsell is exposed to risks relating to fluctuations in currency exchange rates.
- An unfavourable development in interest rates can have an adverse impact on Ahlsell's business activities and financial position.
- Please see the 2015 Annual Report for a more detailed explanation of the risks affecting the Group and parent company.
- A good reputation is crucial to Ahlsell's ability to attract customers. Breach of competition legislation, environmental legislation, employment legislation or any breach of internationally accepted conventions may have a negative impact on Ahlsell's operations and financial position.

## Accounting policies

This interim report has been prepared according to International Financial Reporting Standards (IFRS) with the application of IAS 34, Interim Financial Reporting. The accounting policies and methods of calculation used in the preparation of the latest annual report have been applied, with the exception of new and amended standards and interpretations that came into effect on 1 January 2016.

The IASB has issued amendments to standards that became effective on 1 January 2016 or thereafter. These standards have not had a material impact on the consolidated financial statements.

The calculation of earnings per share is based on the profit for the year attributable to shareholders of the parent company, less dividends on cumulative preferred stock for the relevant period divided by the weighted average number of ordinary shares outstanding during the year.

The dilutive effect of Ahlsell AB (publ)'s ordinary shares is taken into account when calculating diluted earnings per share. The company's stock structure may be modified in the event of a sale or flotation of Ahlsell AB (publ). If the stock structure is modified, the majority holder of ordinary shares may, for instance, arrange for outstanding preferred stock to be repurchased or acquired for cash, acquired for issued ordinary shares or through the issue of ordinary shares. Terms and conditions or agreements for such transactions have not existed during the reported periods and do not exist at the current time. This means that preferred stock has not been converted, and cannot currently be converted, into ordinary shares at a future date and is thus not subject to dilution.

The interim report for the parent company has been prepared in compliance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which is in compliance with RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The IASB has issued amendments to standards that became effective on 1 January 2016 or thereafter. These standards have not had a material impact on the consolidated financial statements.

## Auditors' report

This report has been subject to a review by the company's auditors.

## Future events and reporting dates

<b>Event/report</b>	<b>Date</b>
Year-end report for 2016	27 January 2017
Q1, Interim report Jan-March	28 April 2017
Q2, Interim report April-June	19 July 2017
Q3, Interim report July-Sept	20 October 2017
Q4, Year-end report for 2017	26 January 2018
Annual Report 2016	31 March 2017
Annual General Meeting 2017	4 may 2017

Stockholm, 14 October 2016

Johan Nilsson  
President and CEO

## Audit report

To the Board of Directors of Ahlsell AB (publ)

Corp. ID 556882-8916

### Introduction

We have conducted a review of the condensed interim financial information (interim report) for Ahlsell AB (publ) as at 30 September 2016 and the nine-month period ending on this date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practice. The review procedures that are undertaken do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the parent company in accordance with the Annual Accounts Act.

Stockholm, 14 October 2016

KPMG AB

Joakim Thilstedt

Authorised Public Accountant

## Consolidated accounts

### CONDENSED INCOME STATEMENT

SEK million	Note	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
Net sales	1	5,880	5,369	17,704	16,550	23,740	22,586
Cost of goods sold		-4,289	-3,877	-12,895	-12,019	-17,254	-16,377
<b>Gross profit</b>		<b>1,591</b>	<b>1,492</b>	<b>4,808</b>	<b>4,531</b>	<b>6,486</b>	<b>6,209</b>
Selling expenses		-1,043	-964	-3,293	-3,185	-4,440	-4,331
Administration expenses		-109	-109	-294	-308	-376	-390
Other operating income and expenses		12	0	20	4	33	18
<b>Operating profit, EBIT</b>	<b>1.2</b>	<b>451</b>	<b>419</b>	<b>1,241</b>	<b>1,043</b>	<b>1,703</b>	<b>1,505</b>
Net finance income/expense		-188	-298	-722	-932	-1,064	-1,274
<b>Profit before tax</b>		<b>263</b>	<b>120</b>	<b>519</b>	<b>111</b>	<b>640</b>	<b>232</b>
Income tax		-111	-81	-238	-85	-315	-162
<b>Profit/loss for the period</b>		<b>152</b>	<b>39</b>	<b>280</b>	<b>26</b>	<b>324</b>	<b>70</b>
Attributable to							
Owners of the parent company		152	39	280	26	324	70
Non-controlling interests		-	-	-	-	-	-
Basic earnings per share, SEK*	6	2.12	0.51	3.86	0.25	4.44	0.83

\* There is no dilutive effect

### Condensed statement of comprehensive income

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
<b>Profit/loss for the period</b>	<b>152</b>	<b>39</b>	<b>280</b>	<b>26</b>	<b>324</b>	<b>70</b>
<b>Other comprehensive income for the period</b>						
<b>Items that will be recycled to profit or loss for the period</b>						
Exchange differences	2	-5	19	-37	-39	-96
Tax attributable to items recognised in other comprehensive income	32	-18	62	-29	41	-50
<b>Items that will not be recycled to profit or loss for the period</b>						
Actuarial gains and losses	1	-1	2	0	19	17
Tax attributable to actuarial gains and losses	0	0	0	0	-3	-3
<b>Comprehensive income for the period</b>	<b>187</b>	<b>15</b>	<b>363</b>	<b>-40</b>	<b>341</b>	<b>-62</b>
Attributable to						
Owners of the parent company	187	15	363	-40	341	-62
Non-controlling interests	-	-	-	-	-	-



**CONDENSED BALANCE SHEET**

SEK million	Note	2016 30 Sept	2015 30 Sept	2015 31 Dec
<b>ASSETS</b>				
Customer relationships		3,339	3,456	3,345
Trademark		3,837	3,767	3,767
Goodwill		7,044	6,679	6,634
Other intangible assets		127	125	127
Property, plant and equipment		742	818	727
Financial assets	4	7	64	7
Deferred tax assets		8	7	9
<b>Total non-current assets</b>		<b>15,104</b>	<b>14,917</b>	<b>14,616</b>
Inventories		3,332	2,994	2,917
Trade receivables	4	3,532	3,175	2,549
Other receivables	4	1,404	922	866
Cash and cash equivalents	4	1,634	1,377	2,360
Assets held for sale		–	–	69
<b>Total current assets</b>		<b>9,902</b>	<b>8,468</b>	<b>8,762</b>
<b>TOTAL ASSETS</b>		<b>25,006</b>	<b>23,385</b>	<b>23,378</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Non-current interest-bearing liabilities	4	16,587	16,446	16,298
Provisions		57	77	56
Deferred tax liabilities		1,482	1,237	1,364
Other non-current liabilities		24	–	–
<b>Total non-current liabilities</b>		<b>18,151</b>	<b>17,760</b>	<b>17,717</b>
Current interest-bearing liabilities	4	324	143	213
Trade payables	4	4,564	3,760	3,785
Provisions		14	7	13
Other current liabilities		878	981	929
Liabilities attributable to assets held for sale		–	–	10
<b>Total current liabilities</b>		<b>5,780</b>	<b>4,891</b>	<b>4,950</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,006</b>	<b>23,385</b>	<b>23,378</b>

**CONDENSED CASH FLOW STATEMENT**

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
<b>Profit/loss after financial items</b>	<b>263</b>	<b>120</b>	<b>519</b>	<b>111</b>	<b>639</b>	<b>232</b>
Adjustments for non-cash items of which	197	302	638	838	862	1,062
- depreciation and impairment of assets	126	121	375	357	504	485
- capitalised and accrued interests	202	201	523	491	621	589
- unrealised gains/losses from changes in fair values of derivatives	-171	-120	-394	-50	-272	71
- other	40	100	134	40	10	-84
Tax paid	-80	1	-164	-14	-176	-26
<b>Cash flow from operating activities before changes in working capital</b>	<b>380</b>	<b>423</b>	<b>993</b>	<b>934</b>	<b>1,326</b>	<b>1,268</b>
Changes in inventories	-166	-92	-223	-303	-182	-263
Changes in operating receivables	-201	-199	-1,020	-857	-354	-191
Changes in operating liabilities	30	-84	524	395	641	513
<b>Cash flow from changes in working capital</b>	<b>-337</b>	<b>-375</b>	<b>-719</b>	<b>-765</b>	<b>105</b>	<b>60</b>
<b>Cash flow from operating activities</b>	<b>44</b>	<b>48</b>	<b>274</b>	<b>170</b>	<b>1,431</b>	<b>1,327</b>
Cash flow from acquisition of assets, liabilities and operations	-402	-13	-417	-13	-452	-49
Other cash flow from investing activities	-28	-36	-33	-124	-70	-161
<b>Cash flow from investing activities</b>	<b>-429</b>	<b>-49</b>	<b>-449</b>	<b>-137</b>	<b>-522</b>	<b>-210</b>
<b>Cash flow before financing activities</b>	<b>-385</b>	<b>-1</b>	<b>-176</b>	<b>32</b>	<b>909</b>	<b>1,117</b>
Acquisition of non-controlling interests	-	-	-	-3	-	-3
Amortisation of borrowings	-	-	-555	-411	-654	-510
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-555</b>	<b>-414</b>	<b>-654</b>	<b>-513</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-385</b>	<b>-1</b>	<b>-730</b>	<b>-382</b>	<b>255</b>	<b>604</b>
Cash and cash equivalents at beginning of period	2,017	1,379	2,360	1,760	1,377	1,760
Exchange rate differences in cash and cash equivalents	2	-1	4	-1	2	-4
<b>Cash and cash equivalents at end of period</b>	<b>1,634</b>	<b>1,377</b>	<b>1,634</b>	<b>1,377</b>	<b>1,634</b>	<b>2,360</b>
<b>Additional information</b>						
Interest received	6	7	14	17	21	24
Interest paid	-98	-100	-389	-417	-592	-619

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

SEK million	2016 Jan-Sept	2015 Jan-Sept	2015 Jan-Dec
Opening balance	711	777	777
Comprehensive income for the period	363	-40	-62
<b>Total recognised income and expenses</b>	<b>363</b>	<b>-40</b>	<b>-62</b>
Acquisition of non-controlling interests	-	-3	-3
<b>Total shareholder transactions</b>	<b>-</b>	<b>-3</b>	<b>-3</b>
<b>Closing equity</b>	<b>1,075</b>	<b>734</b>	<b>711</b>

**KEY PERFORMANCE MEASURES**

SEK million unless otherwise stated	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
<b>Sales measurement</b>						
Net sales	5,880	5,369	17,704	16,550	23,740	22,586
<b>Performance measurement</b>						
Operating profit (EBIT)	451	419	1,241	1,043	1,703	1,505
EBITA	538	501	1,496	1,291	2,042	1,837
Adjusted EBITA	545	501	1,503	1,319	2,061	1,878
EBITDA	577	540	1,608	1,400	2,199	1,990
Adjusted EBITDA	584	540	1,615	1,422	2,218	2,025
<b>Margin measurement</b>						
EBIT margin, %	7.7%	7.8%	7.0%	6.3%	7.2%	6.7%
EBITA margin, %	9.2%	9.3%	8.4%	7.8%	8.6%	8.1%
Adjusted EBITA margin, %	9.3%	9.3%	8.5%	8.0%	8.7%	8.3%
<b>Measurement of cash flow</b>						
Cash flow for the period	-385	-1	-730	-382	255	604
Operating cash flow	206	113	816	485	2,169	1,838
Operating cash flow/EBITDA	35.6%	21.0%	50.7%	34.6%	98.6%	92.4%
<b>Capital structure</b>						
Cash on hand	1,634	1,377	1,634	1,377	1,634	2,360
Net debt including shareholder loans	15,095	15,298	15,095	15,298	15,095	14,242
External net debt	8,209	9,062	8,209	9,062	8,209	7,854
External net debt/Adjusted EBITDA					3.7	3.9
Debt/equity ratio, times	14.0	20.9	14.0	20.9	14.0	20.0
Working capital (average)	2,449	2,456	2,226	2,244	2,305	2,155
Working capital at end of period	2,656	2,625	2,656	2,625	2,656	1,799
Operating capital (average)	15,836	16,028	15,520	15,929	15,647	15,738
Operating capital, excluding intangible assets (average)	3,295	3,546	3,099	3,359	3,224	3,222
<b>Return</b>						
Return on operating capital, %					10.9%	9.6%
Return on operating capital (excluding intangible assets), %					63.3%	57.0%
Return on equity, %					39.4%	9.5%
<b>Shares</b>						
Weighted average number of basic shares outstanding (thousands)	79,381	79,381	79,381	79,381	79,381	79,381
Weighted average number of diluted shares outstanding (thousands)	79,381	79,381	79,381	79,381	79,381	79,381
Number of ordinary shares at end of period (thousands)	70,152	70,152	70,152	70,152	70,152	70,152
Number of shares at end of period (thousands)	79,381	79,381	79,381	79,381	79,381	79,381
Basic earnings per share, SEK	2.12	0.51	3.86	0.25	4.44	0.83
Diluted earnings per share, SEK	2.12	0.51	3.86	0.25	4.44	0.83
Operating cash flow per basic share, SEK	2.59	1.43	10.27	6.11	27.32	23.15
Operating cash flow per diluted share, SEK	2.59	1.43	10.27	6.11	27.32	23.15
<b>Other</b>						
Number of employees at end of period			5,129	4,767	5,129	4,820

**ALTERNATIVE PERFORMANCE MEASURES**

Organic growth, EBITA, adjusted EBITA, EBITA margin and adjusted EBITA margin are so-called alternative performance measures (APMs) for which detailed calculations are presented below. The APMs are used by management to monitor business performance.

**Organic growth**

Jan-Sept (9 mths), %	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	7%	10%	1%	8%	0%	-11%
Pro forma, %	-1%	-1%	0%	-1%	0%	0%
Currency, %	1%	0%	6%	0%	0%	3%
Difference in the number of working days, %	-1%	-1%	-1%	-1%	-1%	-1%
<b>Organic growth, %</b>	<b>7%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>-1%</b>	<b>-9%</b>

July-Sept (3 mths), %	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	10%	11%	8%	8%	-5%	-3%
Pro forma, %	-2%	-3%	0%	-1%	0%	0%
Currency, %	0%	0%	0%	-1%	-1%	1%
Difference in the number of working days, %	0%	0%	0%	0%	0%	-1%
<b>Organic growth, %</b>	<b>7%</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>	<b>-6%</b>	<b>-3%</b>

**EBITA/Adjusted EBITA**

Jan-Sept (9 mths), SEK million	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	1,241	1,186	55	55	22	7	-84
Amortisation and impairment of intangible assets	254	177	36	34	4	0	3
<b>Profit (EBITA), SEK million</b>	<b>1,496</b>	<b>1,363</b>	<b>91</b>	<b>89</b>	<b>27</b>	<b>7</b>	<b>-81</b>
Items impacting comparability	7	-	7	-	-	-	-
<b>Adjusted EBITA, SEK million</b>	<b>1,503</b>	<b>1,363</b>	<b>98</b>	<b>89</b>	<b>27</b>	<b>7</b>	<b>-81</b>

July-Sept (3 mths), SEK million	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	451	390	41	33	9	4	-26
Amortisation and impairment of intangible assets	87	61	12	12	1	0	1
<b>Profit (EBITA), SEK million</b>	<b>538</b>	<b>451</b>	<b>53</b>	<b>45</b>	<b>10</b>	<b>4</b>	<b>-25</b>
Items impacting comparability	7	-	7	-	-	-	-
<b>Adjusted EBITA, SEK million</b>	<b>545</b>	<b>451</b>	<b>60</b>	<b>45</b>	<b>10</b>	<b>4</b>	<b>-25</b>

**EBITA margin/Adjusted EBITA margin**

Jan-Sept (9 mths), %	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	7.0%	10.4%	1.6%	2.5%	8.0%	2.3%
Amortisation and impairment of intangible assets, %	1.4%	1.6%	1.0%	1.5%	1.6%	0.0%
<b>Profit (EBITA) margin, %</b>	<b>8.4%</b>	<b>12.0%</b>	<b>2.6%</b>	<b>4.0%</b>	<b>9.6%</b>	<b>2.4%</b>
Items impacting comparability, %	0.0%	-	0.2%	-	-	-
<b>Adjusted EBITA margin, %</b>	<b>8.5%</b>	<b>12.0%</b>	<b>2.8%</b>	<b>4.0%</b>	<b>9.6%</b>	<b>2.4%</b>

July-Sept (3 mths), %	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	7.7%	10.5%	3.4%	4.2%	9.9%	3.6%
Amortisation and impairment of intangible assets, %	1.5%	1.6%	1.0%	1.5%	1.7%	0.0%
<b>Profit (EBITA) margin, %</b>	<b>9.2%</b>	<b>12.2%</b>	<b>4.5%</b>	<b>5.7%</b>	<b>11.6%</b>	<b>3.7%</b>
Items impacting comparability, %	0.1%	-	0.6%	-	-	-
<b>Adjusted EBITA margin, %</b>	<b>9.3%</b>	<b>12.2%</b>	<b>5.1%</b>	<b>5.7%</b>	<b>11.6%</b>	<b>3.7%</b>

**Operating cash flow**

SEK million	2016 July-Sept	2015 July-Sept	Rolling 12 months	Full year 2015
<b>Cash flow from operating activities</b>	<b>274</b>	<b>170</b>	<b>1,431</b>	<b>1,327</b>
Finance income (according to the income statement)	408	-101	335	-173
Finance expense (according to the income statement)	315	1,033	729	1,447
Income tax paid (according to statement of cash flow)	164	14	176	26
Difference in adjustment for non-cash items	-312	-509	-432	-628
<b>Operating cash flow before investments</b>	<b>848</b>	<b>608</b>	<b>2,239</b>	<b>1,998</b>
Acquisition of operations	-22	-41	-32	-51
Sale of operations	-83	-92	-110	-120
Changes in financial assets	72	10	72	11
<b>Operating cash flow</b>	<b>816</b>	<b>485</b>	<b>2,169</b>	<b>1,838</b>

**Operating cash flow/EBITDA (Cash conversion)**

SEK million	2016 July-Sept	2015 July-Sept	Rolling 12 months	Full year 2015
Operating cash flow	816	485	2,169	1,838
EBITDA	1,608	1,400	2,199	1,990
<b>Operating cash flow/EBITDA (Cash conversion), %</b>	<b>50.7%</b>	<b>34.6%</b>	<b>98.6%</b>	<b>92.3%</b>

**External net debt**

SEK million	2016 30 Sept	2015 30 Sept	2015 31 Dec
Financial assets, including derivatives	7	8	7
Cash and cash equivalents	1,634	1,377	2,360
Derivatives	315	12	-113
Liabilities to credit institutions	-10,006	-10,309	-10,009
Accrued interest	-136	-151	-99
Shareholder loans	-6,886	-6,236	-6,388
Other interest-bearing liabilities	-24	-	-
<b>Net debt</b>	<b>-15,095</b>	<b>-15,298</b>	<b>-14,242</b>
Shareholder loans	6,886	6,236	6,388
<b>External net debt</b>	<b>-8,209</b>	<b>-9,062</b>	<b>-7,854</b>

**External net debt/Adjusted EBITDA**

SEK million	Rolling 12 months	Full year 2015
External net debt	-8,209	-7,854
Adjusted EBITDA	2,218	2,025
<b>External net debt/Adjusted EBITDA</b>	<b>3,7</b>	<b>3,9</b>

## Condensed parent company statements

## CONDENSED INCOME STATEMENT

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
Net sales	–	–	–	–	–	–
<b>Gross profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Administration expenses	0	–	0	-1	-1	-2
<b>Operating profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>
Dividends from subsidiaries	–	–	–	478	–	478
Interest income, Group companies	127	116	404	327	520	443
Interest expense, Group companies	-163	-149	-486	-443	-634	-591
<b>Profit before tax</b>	<b>-36</b>	<b>-33</b>	<b>-82</b>	<b>362</b>	<b>-115</b>	<b>328</b>
Income tax	–	–	–	–	–	–
<b>Profit/loss for the period</b>	<b>-36</b>	<b>-33</b>	<b>-82</b>	<b>362</b>	<b>-115</b>	<b>328</b>

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
<b>Profit/loss for the period</b>	<b>-36</b>	<b>-33</b>	<b>-82</b>	<b>362</b>	<b>-115</b>	<b>328</b>
<b>Other comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Comprehensive income for the period</b>	<b>-36</b>	<b>-33</b>	<b>-82</b>	<b>362</b>	<b>-115</b>	<b>328</b>
Attributable to:						
Owners of the parent company	-36	-33	-82	362	-115	328

## CONDENSED BALANCE SHEET

SEK million	2016 30 Sept	2015 30 Sept	2015 31 Dec
Shares in Group companies	2,930	2,405	2,930
Receivables from Group companies	5,429	4,935	5,051
<b>Total non-current assets</b>	<b>8,359</b>	<b>7,340</b>	<b>7,981</b>
Other receivables	–	478	478
<b>Total current assets</b>	<b>–</b>	<b>478</b>	<b>478</b>
<b>TOTAL ASSETS</b>	<b>8,359</b>	<b>7,818</b>	<b>8,458</b>
<b>Equity</b>	<b>341</b>	<b>372</b>	<b>423</b>
<b>Non-current liabilities</b>	<b>8,018</b>	<b>7,446</b>	<b>7,595</b>
<b>Current liabilities</b>	<b>–</b>	<b>–</b>	<b>440</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,359</b>	<b>7,818</b>	<b>8,458</b>



## Notes

Disclosures in accordance with IAS 34.16A are presented in the financial statements and the related notes as well as in other sections of the interim report.

### NOTE 1. INFORMATION BY SEGMENT

#### External net sales by segment

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
Sweden	3,699	3,326	11,373	10,384	15,317	14,328
Norway	1,185	1,100	3,534	3,501	4,723	4,690
Finland	789	727	2,226	2,058	2,936	2,768
Denmark	88	93	276	276	359	359
Other	120	123	295	330	405	440
Central	-	-	-	-	-	-
<b>The Group</b>	<b>5,880</b>	<b>5,369</b>	<b>17,704</b>	<b>16,550</b>	<b>23,740</b>	<b>22,586</b>

#### EBITA by segment

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
Sweden	451	426	1,363	1,206	1,878	1,720
Norway	53	41	91	48	122	78
Finland	45	37	89	68	111	91
Denmark	10	11	27	26	33	33
Other	4	5	7	10	8	12
Central	-25	-20	-81	-67	-111	-96
Eliminations	-	-	-	-	-	-
<b>The Group</b>	<b>538</b>	<b>501</b>	<b>1,496</b>	<b>1,291</b>	<b>2,042</b>	<b>1,837</b>

#### EBITA margin by segment

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
Sweden	12.2%	12.8%	12.0%	11.6%	12.3%	12.0%
Norway	4.5%	3.7%	2.6%	1.4%	2.6%	1.7%
Finland	5.7%	5.1%	4.0%	3.3%	3.8%	3.3%
Denmark	11.6%	11.5%	9.6%	9.3%	9.3%	9.1%
Other	3.7%	4.3%	2.4%	3.1%	2.1%	2.6%
Central	-	-	-	-	-	-
<b>The Group</b>	<b>9.2%</b>	<b>9.3%</b>	<b>8.4%</b>	<b>7.8%</b>	<b>8.6%</b>	<b>8.1%</b>

**Figures for the quarter**
**External net sales by segment/quarter**

Year Quarter	2015			2014							
	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
Sweden	3,699	4,102	3,572	3,944	3,326	3,667	3,392	3,620	3,160	3,322	3,108
Norway	1,185	1,267	1,082	1,189	1,100	1,241	1,161	1,256	1,218	1,288	1,287
Finland	789	787	651	710	727	689	642	687	728	680	624
Denmark	88	95	93	83	93	90	93	85	92	85	77
Other	120	93	82	110	123	112	95	123	133	114	92
Central	-	-	-	-	-	-	-	-	-	-	-
<b>The Group</b>	<b>5,880</b>	<b>6,344</b>	<b>5,480</b>	<b>6,036</b>	<b>5,369</b>	<b>5,798</b>	<b>5,383</b>	<b>5,770</b>	<b>5,331</b>	<b>5,490</b>	<b>5,188</b>

**EBITA by segment and quarter**

Year Quarter	2015			2014							
	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
Sweden	451	522	391	515	426	411	368	404	392	359	323
Norway	53	25	13	31	41	-16	22	10	80	36	67
Finland	45	34	10	22	37	22	9	14	51	29	25
Denmark	10	9	7	7	11	6	9	8	13	9	6
Other	4	2	1	1	5	5	0	-1	6	7	-4
Central	-25	-32	-24	-30	-20	-25	-22	-14	-17	-32	-17
Eliminations	-	-	-	-	-	-	-	-	-	-	-
<b>The Group</b>	<b>538</b>	<b>560</b>	<b>397</b>	<b>546</b>	<b>501</b>	<b>404</b>	<b>386</b>	<b>421</b>	<b>527</b>	<b>408</b>	<b>402</b>

**EBITA margin by segment and quarter**

Year Quarter	2015			2014							
	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
Sweden	12.2%	12.7%	10.9%	13.0%	12.8%	11.2%	10.8%	11.2%	12.4%	10.8%	10.4%
Norway	4.5%	2.0%	1.2%	2.6%	3.7%	-1.3%	1.9%	0.8%	6.6%	2.8%	5.2%
Finland	5.7%	4.3%	1.5%	3.2%	5.1%	3.2%	1.4%	2.1%	7.0%	4.3%	4.1%
Denmark	11.6%	9.4%	7.9%	8.3%	11.5%	6.6%	9.7%	9.3%	14.5%	10.5%	8.4%
Other	3.7%	1.9%	1.1%	1.2%	4.3%	4.4%	0.0%	-0.7%	4.5%	5.9%	-4.3%
Central	-	-	-	-	-	-	-	-	-	-	-
<b>The Group</b>	<b>9.2%</b>	<b>8.8%</b>	<b>7.3%</b>	<b>9.0%</b>	<b>9.3%</b>	<b>7.0%</b>	<b>7.2%</b>	<b>7.3%</b>	<b>9.9%</b>	<b>7.4%</b>	<b>7.7%</b>

**NOTE 2. DEPRECIATION/AMORTISATION**

SEK million	2016	2015	2016	2015	Rolling 12 months	Full year 2015
	July-Sept	July-Sept	Jan-Sept	Jan-Sept		
Amortisation of intangible assets	-87	-82	-254	-248	-338	-332
Impairment of intangible assets	-	-	-	-	-	-
Depreciation of property, plant and equipment	-39	-38	-112	-109	-151	-148
Impairment of property, plant and equipment	-	-	-	-	-6	-6

**NOTE 3. CONDENSED CASH FLOW FROM OPERATING ACTIVITIES**

In addition to the cash flow statement which has been prepared in accordance with IAS 7, Ahlsell prepares a cash flow which is based on operations, excluding financial transactions and taxes, and acquisitions and divestment of operations. This measurement of cash flow is used by management to monitor business performance.

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
<b>Operating profit</b>	<b>451</b>	<b>419</b>	<b>1,241</b>	<b>1,043</b>	<b>1,703</b>	<b>1,505</b>
Adjustments for non-cash items	118	105	326	329	430	433
Cash flow from changes in working capital	-337	-375	-719	-765	105	60
<b>Operating cash flow before investments</b>	<b>233</b>	<b>149</b>	<b>848</b>	<b>608</b>	<b>2,239</b>	<b>1,998</b>
Acquisition of intangible assets	-5	-9	-22	-41	-32	-51
Acquisition of property, plant and equipment	-23	-27	-83	-92	-110	-120
Sale of property, plant and equipment	0	1	72	10	72	11
<b>Cash flow from operating investments</b>	<b>-28</b>	<b>-35</b>	<b>-33</b>	<b>-123</b>	<b>-70</b>	<b>-160</b>
<b>Operating cash flow after investments</b>	<b>206</b>	<b>113</b>	<b>816</b>	<b>485</b>	<b>2,169</b>	<b>1,838</b>

**NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS**

SEK million	2016 30 Sept	2016 30 Sept	2015 30 Sept	2015 30 Sept	2015 31 Dec	2015 31 Dec
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Financial assets held for trading are measured at fair value	335	335	57	57	0	0
Loans and receivables	5,170	5,170	4,557	4,557	4,913	4,913
Available-for-sale financial assets	3	3	3	3	3	3
<b>Total</b>	<b>5,508</b>	<b>5,508</b>	<b>4,617</b>	<b>4,617</b>	<b>4,917</b>	<b>4,917</b>
<b>Financial liabilities</b>						
Financial liabilities held for trading are measured at fair value	20	20	44	44	113	113
Other financial liabilities	21,496	22,046	20,305	20,905	20,183	20,733
<b>Total</b>	<b>21,515</b>	<b>22,065</b>	<b>20,349</b>	<b>20,949</b>	<b>20,295</b>	<b>20,845</b>

Financial instruments measured at fair value in the balance sheet relate to exchange rate swaps and interest rate swaps. These are measured using a valuation technique that only uses observable market inputs at level two according to the framework for fair value measurement. With regard to borrowing, there is no material difference between the carrying amount and fair value, as the Group's borrowings are at a variable rate of interest. Nor does the Group have any other financial assets or liabilities off the balance sheet.

**NOTE 5. ITEMS IMPACTING COMPARABILITY**

For the purpose of better comparability across the years, EBITA is presented exclusive of items impacting comparability in the interim report. Items impacting comparability refer to larger, non-recurring items that affect EBITA.

SEK million		2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
<b>Type of cost/revenue</b>	<b>Segment</b>						
Costs attributable to restructuring (dismissed salaried staff)	Norway	-7	-	-7	-	-7	-
Costs attributable to management changes and a provision for unused premises	Norway	-	-	-	-20	-2	-23
Impairment and provision for costs associated with the sale of a property in Stockholm	Sweden	-	-	-	-8	-1	-9
Costs for a large-scale strategy project and market analysis	Central	-	-	-	-	-10	-10
<b>Total items impacting comparability</b>		<b>-7</b>	<b>-</b>	<b>-7</b>	<b>-28</b>	<b>-19</b>	<b>-41</b>

**NOTE 6 EARNINGS PER SHARE**

SEK million	2016 July-Sept	2015 July-Sept	2016 Jan-Sept	2015 Jan-Sept	Rolling 12 months	Full year 2015
Profit attributable to equity holders of the Parent (SEK million)	151.9	38.6	280.3	26.5	324.0	70.2
Dividend payment required for the period for preferred shares classified as equity (SEK million)	-3.3	-3.0	-9.8	-8.9	-12.8	-11.9
<b>Profit/loss for earnings per share</b>	<b>148.6</b>	<b>35.7</b>	<b>270.5</b>	<b>17.6</b>	<b>311.3</b>	<b>58.3</b>
Weighted average number of ordinary shares outstanding (millions)	70.2	70.2	70.2	70.2	70.2	70.2
Profit/loss per share	2.12	0.51	3.86	0.25	4.44	0.83

**Diluted earnings per share**

The stock structure of Ahlsell AB (publ) may be modified in the event of a sale or flotation of Ahlsell AB (publ). If the stock structure is modified, the majority holders of ordinary shares may arrange for outstanding preferred stock to be repurchased or acquired for cash, acquired for ordinary shares or acquired for the issue of ordinary shares. Terms and conditions or contracts for such transactions of the preferred stock have not existed during the reported periods and do not exist at the current time. This means that the preferred stock has not been converted, and is not currently converted, into ordinary shares. The number of outstanding preferred shares is 9.2 million. If preferred stock is acquired for ordinary shares, the number of shares issued will depend on the fair values of ordinary and preferred stock.

There is no other dilution associated with ordinary shares.

Diluted earnings per share, SEK	2.12	0.51	3.86	0.25	4.44	0.83
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## KPI definitions

Key performance indicators	Description	Reason for use
Organic growth	Sales growth excluding the difference in the number of days worked, currency exchange rate fluctuations and acquisitions.	This KPI is used by management in the analysis of underlying sales growth driven by changes in volumes, prices and product mixes, for comparable business units across different periods.
EBIT margin, %	Operating profit (EBIT) as a percentage of net sales.	This KPI is used to follow up value creation.
EBITA	Operating profit/loss excluding amortisation and impairment of intangible fixed assets.	EBITA provides a general picture of profit generated by operating activities.
EBITA margin, %	EBITA as a percentage of total net sales.	Ahlsell considers that, coupled with sales growth and working capital, the EBITA margin is a useful KPI for following up value creation.
Adjusted EBITA	EBITA excluding items impacting comparability.	Adjusted EBITA is adjusted for items impacting comparability and Ahlsell therefore considers it to be a useful KPI for showing the profit generated by the operating activities.
Adjusted EBITA margin, %	EBITA excluding items impacting comparability as a percentage of net sales.	Adjusted EBITA margin is adjusted for items impacting comparability and Ahlsell therefore considers it to be a useful KPI for showing the profit generated by the operating activities.
EBITDA	Operating profit/loss excluding amortisation/depreciation and impairment of intangible fixed assets and property, plant and equipment.	EBITDA and EBITA together provide an overall picture of the profit generated by the operating activities.
Adjusted EBITDA	EBITDA excluding items impacting comparability.	Adjusted EBITDA is adjusted for items impacting comparability and Ahlsell therefore considers it to be a useful KPI for showing the profit generated by the operating activities.
Operating cash flow	Cash flow that are based on business operations, excluding financial transactions, taxes and acquisitions and divestment of operations.	The operating cash flow is used by management to monitor the cash flow generated by the operating activities.
Operating cash flow/EBITDA	Operating cash flow in relation to EBITDA.	Cash generation is used by management to ascertain how efficiently tied-up working capital is being used.
Average working capital	Average working capital, calculated as the average of the opening balance, closing balance and the quarters in between.	This measure indicates how much working capital is tied up in operations on average and can be set in relation to the turnover in order to ascertain how efficiently tied-up working capital is being used.
Working capital	Inventories, trade receivables and other operating receivables less trade payables and other current liabilities (excluding interest). This figure represents an average for each period based on quarterly data.	This measure indicates how much working capital is tied up in operations and can be set in relation to the turnover in order to ascertain how efficiently tied-up working capital is being used.
Return on equity	Profit for the period as a percentage of average capital.	Shows from a shareholder perspective the return generated on the capital invested by the shareholders in the company.
Operating capital	Property, plant and equipment, goodwill and other intangible assets, deferred tax asset, shares in joint ventures and working capital less deferred tax liability, non-current and current provisions and other non-current liabilities. This figure represents an average for each period based on quarterly data.	This KPI measures the capital tied up in operations, including intangible fixed assets.
Operating capital (excluding intangible fixed assets)	Operating capital less goodwill and other intangible fixed assets, and related deferred tax. This figure represents an average for each period based on quarterly data.	This KPI measures the capital tied up in operations, excluding intangible assets.

Key performance indicators	Description	Reason for use
Average operating capital	Average operating capital, calculated as the average of the opening balance, closing balance and the quarters in between.	This KPI measures the average amount of operating capital tied up in operations, including intangible fixed assets.
Average operating capital (excluding intangible fixed assets)	Average operating capital (excluding intangible fixed assets) calculated as the average of the opening balance, closing balance and the quarters in between.	This KPI is the central KPI for measuring the average amount of operating capital tied up in operations.
Return on operating capital	Operating profit as a percentage of average operating capital.	This KPI measures the returns on capital tied up in operations, including intangible fixed assets.
Return on operating capital excluding intangible fixed assets	EBITA as a percentage of average operating capital (excluding intangible fixed assets).	This KPI indicates how much operating capital is tied up in operations and can be set in relation to turnover in order to ascertain how efficiently tied-up working capital is being used.
Net debt	Non-current and current interest-bearing assets less non-current and current interest-bearing liabilities.	Net debt is a measure used to show the Group's total debt.
External net debt	Net debt excluding shareholder loans and intra-group receivables and liabilities.	Ahlsell considers external net debt to be a useful KPI for measuring the Group's total external debt.
Debt/equity ratio	Net debt in relation to equity.	Ahlsell considers that this KPI shows financial risk and provides management with a useful tool for monitoring Group debt.
External net debt/Adjusted EBITDA	External net debt in relation to adjusted EBITDA	This helps to show financial risk and provides management with a useful measure in monitoring the level of Group debt.
Number of employees at end of period	Number of people who have received a salary in the last month of the period.	Provides management with an understanding of the number of employees in full-time employment in the Group.