

Interim fourth quarter and Year-End Report 2016

Fourth quarter 2016

- Net sales increased by 14 percent to SEK 6,902 million (6,036). Organic sales growth was 8 percent.
- Operating profit (EBIT), which includes flotation costs of SEK 65 million, increased by 3 percent to SEK 477 million (462). Excluding flotation costs, EBIT increased by 14 percent to SEK 542 million (SEK 475 million excluding items impacting comparability from previous years).
- Profit (EBITA) increased by 3 percent to SEK 563 million (546). Adjusted EBITA increased by 12 percent to SEK 628 million (559), representing an adjusted EBITA margin of 9.1 percent (9.3).
- Profit after tax was SEK 62 million (44).
- Basic earnings per share were SEK 0.16 (0.15).
- One company with annual sales of SEK 80 million was acquired. Ahlsell has thus made three acquisitions during the year with combined annual sales of approximately SEK 600 million.
- Ahlsell made an issue of shares and the company was listed on the Nasdaq Stockholm stock exchange on 28 October.
- A share savings program and a warrants program for senior executives were launched in conjunction with the company's flotation.

January – December 2016

- Net sales increased by 9 percent to SEK 24,606 million (22,586). Organic growth was 7 percent (3).
- Operating profit (EBIT) increased by 14 percent to SEK 1,719 million (1,505).
- Profit (EBITA) increased by 12 percent to SEK 2,058 million (1,837). Adjusted EBITA increased by 13 percent to SEK 2,131 million (1,878), representing an adjusted EBITA margin of 8.7 percent (8.3).
- Profit after tax was SEK 342 million (70).
- Basic earnings per share were SEK 1.11 (0.21).
- The Board proposes a dividend of SEK 0.35 per share (0.00) for 2016.

Financial summary

	2016		2015		2016		2015	
	Oct-Dec	Oct-Dec	change	Jan-Dec	Jan-Dec	change	Jan-Dec	change
Net sales, SEK million	6,902	6,036	14%	24,606	22,586	9%		
Organic growth	8%	4%		7%	3%			
Operating profit, EBIT	477	462	3%	1,719	1,505	14%		
Profit (EBITA), SEK million	563	546	3%	2,058	1,837	12%		
Adjusted EBITA, SEK million	628	559	12%	2,131	1,878	13%		
EBITA margin, %	8.2%	9.0%		8.4%	8.1%			
Adjusted EBITA margin	9.1%	9.3%		8.7%	8.3%			
Profit after tax (profit for the period), SEK million	62	44	41%	342	70	387%		
Earnings per share, SEK*	0.16	0.15		1.11	0.21			
Operating cash flow/EBITDA (Cash conversion)				90%	92%			
External net debt/Adjusted EBITDA				3.3	3.9			

* Refers to basic and diluted earnings per share

Organic growth, EBITA, Adjusted EBITA, EBITA margin, adjusted EBITA margin are so-called alternative performance measures (APMs) for which detailed calculations are presented on page 16.

Statement from the CEO

Strong finish to 2016!

2016 closed with a strong fourth quarter and proved to be the best year in our 140-year history. As a result of successful growth initiatives, a strong underlying market and three acquisitions we exceeded our growth and profit targets.

We continued to grow and increased net sales by 14 percent to SEK 6,902 million in the quarter. We also developed our offering and all our three main markets contributed to the higher sales. Organic growth was up 8 percent and acquisitions, in the Swedish operations, added a further 3 percentage points. Business has benefited from strong market growth which, along with our growth initiatives in the various areas and geographic regions, has helped to improve market positions. Our performance once again demonstrates that our dedicated employees, with the support of the Ahlsell model, provide our customers with a value-adding, competitive offering.

Improved positions in our main markets

The Swedish operations have succeeded in further consolidating their position in a growing market. All the product areas reported improvements in sales and profit. Our focus on growth initiatives brought us new customers and business in construction, lighting, personal protective equipment and other areas. The operations in Norway received a boost from the improved market conditions and higher growth. Initiatives focused on customers in real estate management and aqua culture have been implemented alongside leadership and organisational - changes. The Norwegian process of change also includes initiatives to improve the branch network, extend the portfolio and develop the product area of personal protective equipment. Finland also reported good sales growth in the fourth quarter, with 13 percent organic growth. Confidence in the Finnish economy improved as the year progressed and pent-up need for new homes and renovations is driving demand in expanding urban regions. The strategic growth initiatives in Finland have been aimed at developing new customer and product segments, such as construction and facility management, and improving the branche network, particularly in the city regions.

Increased earnings

Group earnings, excluding items impacting comparability and measured as adjusted EBITA, grew by 12 percent during the fourth quarter. Key reasons for a slightly reduced gross margin during the last quarter of the year were a changed mix with a higher percentage of large projects, especially in Sweden, and strong comparative figures for the fourth quarter of 2015. In addition, the gross profit was impacted by costs related to the re-organisation in conjunction with the ongoing extension of the central warehouse in Hallsberg.

Ahlsell returns to the stock exchange

The flotation of Ahlsell's shares on the Nasdaq Stockholm stock exchange on 28 October piqued considerable interest. The listing gives the company a wider shareholder base and new opportunities to strengthen the brand among customers, the labour market and the capital market.

Acquisitions strengthen our position

All of the companies acquired during the year are situated in south-west Sweden and will help us to consolidate our position in the expansive region of Gothenburg. The "West Swedish package" and the major investments in infrastructure that are taking place in the region are expected to contribute to a growing market for many years to come. Businesses were acquired in all of Ahlsell's product areas with aggregate annual sales of SEK 600 million.

Our ambition is that the operations will continue to grow both organically and through acquisitions in all main markets. The acquisition process has, through a more decentralised approach, led to greater activity in the organisation and we see many potential acquisition opportunities.

Outlook for 2017

Population growth, housing shortages and urbanisation, combined with continuing low interest rates and positive growth in GDP are driving activity in the construction sector. Major infrastructure investments in several of our main markets and a stable industrial economy are also fuelling demand. In conclusion, we expect to see the market and sales continuing to grow, underpinned by our own growth initiatives and an internal programme of improvement. This year already, our strategic programme of work has brought added value for customers, suppliers and shareholders. When things go well for our customers, it goes well for Ahlsell too. Which is why we are committed to improving our customers' competitive position.

Johan Nilsson

President and CEO

Ahlsell 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 individual products and solutions. The Group has an annual turnover of about SEK 25 billion with approximately 97 percent of its net sales in Sweden, Norway and Finland. With over 5000 skilled employees, more than 200 branches and three central warehouses, we are committed to our customer promise:

Ahlsell makes it easier to be professional!

Net sales

Fourth quarter

Sales growth for the Group remained strong in all of Ahlsell's main markets. For the Group as a whole, sales increased by 14 percent over the prior year period to SEK 6,902 million (6,036). Organic growth, calculated as the rise in sales volumes adjusted for the difference in the number of working days, exchange rate movements and acquisitions, amounted to 8 percent (4). Exchange rate movements had a positive 2 percent impact on net sales during the quarter, corresponding to SEK 143 million, and the number of working days helped further increase sales by 1 percentage point.

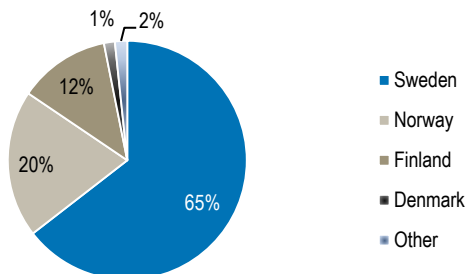
Favourable market conditions are generally good for Ahlsell, which thanks to local presence, good customer relations and an extensive product range is benefiting from the full effect of the Ahlsell model. We have also been pursuing growth initiatives in different areas and regions and this has further contributed to strong organic sales figures for the fourth quarter. Moreover, the contribution from businesses acquired by the Swedish operations during the year has been positive. Denmark and Ahlsell's other markets, which represent about 3 percent of Group sales, have reported weaker growth in the fourth quarter.

Full year

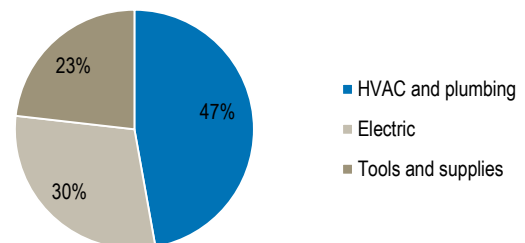
Group net sales amounted to SEK 24,606 million during the year, representing a 9 percent increase over the previous year and the Group thus achieved its highest sales level to date in the history of the company. The higher sales are attributable to good organic growth, along with a positive contribution from acquired companies. Organic growth, measured as an increase in sales, adjusted for a difference in the number of working days, exchange rate movements and acquisitions, amounted to 7 percent (3). Exchange rate movements had a SEK -90 million impact on net sales.

The growth in GDP during the year has been positive in all of the main markets. The construction sector has benefited from favourable macroeconomic conditions, government stimulus packages and demographic effects, while the growth performance in the industrial segments has been more varied. Ahlsell, whose development is influenced by the macroeconomic conditions in the different countries and activity in the construction industry, has benefited from the developments during the year and has posted strong growth figures as a result. Statistics that are available for the industry show overall positive market development for Ahlsell's product segments in the company's main geographic markets. The growth performance in Ahlsell's other geographic markets has been more varied.

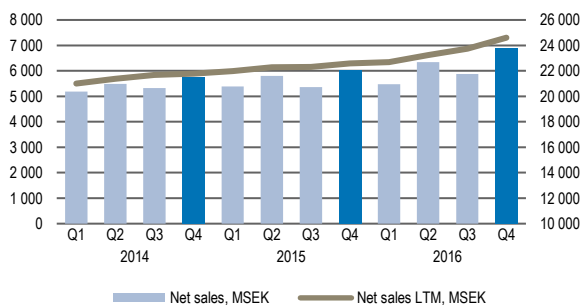
Net sales by segment in 2016



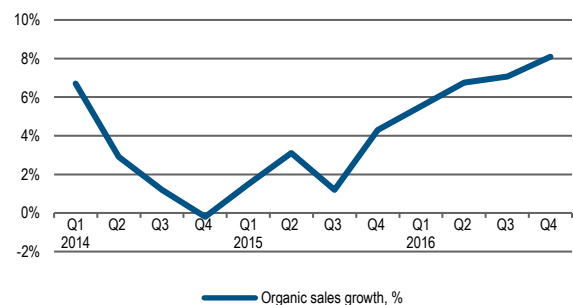
Net sales by product segment in 2016



Net sales for each quarter and LTM



Organic sales growth for each quarter



Earnings

Fourth quarter

The Group's earnings in the fourth quarter, measured as profit before amortisation of intangible assets, EBITA, increased by 3 percent to SEK 563 million (546). The gross margin fell over the prior year period to 27.3 percent (27.8), due to restructuring costs in Sweden for the planned extension of warehouse capacity in Hallsberg. The fourth quarter of 2015 benefited from a more favourable sales mix. This was due to an increase in renovation, maintenance and improvement (RMI) related sales in the quarter before the new RMI tax deduction rules came into force in the Swedish market. In addition, substantial growth in major construction and infrastructure projects impacted the margin. Items impacting comparability totalling SEK 65 million (13) attributable to the company's flotation on the stock exchange have been charged to EBITA in the quarter. The EBITA margin was negatively impacted by this and fell to 8.2 percent (9.0). The adjusted EBITA profit, excluding items impacting comparability, increased by 12 percent to SEK 628 million (559), representing an adjusted EBITA margin of 9.1 percent (9.3). All segments showed positive results and the Swedish and Norwegian operations together accounted for most of the increase in earnings. Sweden's EBITA increased by 11 percent to SEK 573 million (515). The increase in earnings in the Swedish operations is primarily attributed to a stronger market position and larger volumes that have been generated by healthy organic growth. The Norwegian operations also posted a marked improvement in EBITA in the fourth quarter with a profit of SEK 51 million (31), chiefly driven by higher sales and increased cost efficiencies, which had a favourable impact on the EBITA margin.

Profit before tax for the period was SEK 60 million (121). Profit for the period amounted to SEK 62 million (44).

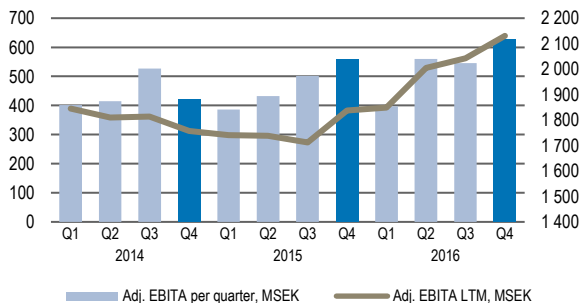
Full year

Profit before amortisation of intangible assets (EBITA) increased by 12 percent to SEK 2,058 million (1,837). The gross margin was slightly down on the previous year to 27.2 percent (27.5). The EBITA margin was 8.4 percent (8.1). Items impacting comparability totalling SEK 72 million (41) have been charged to EBITA. Items impacting comparability in the year are attributable to the company's flotation on the stock exchange and restructuring costs in the Norwegian operations.

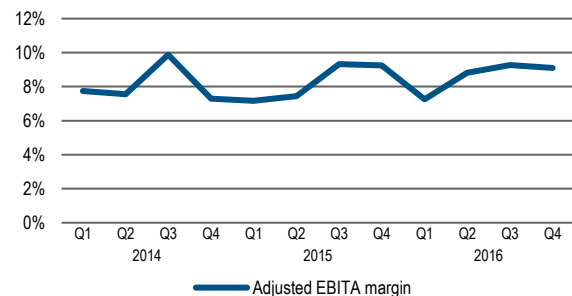
The adjusted EBITA margin rose to 8.7 percent (8.3) and all the main markets contributed to the margin expansion.

Profit before tax for the whole of 2016 was SEK 579 million (232). Profit for the year was SEK 342 million (70).

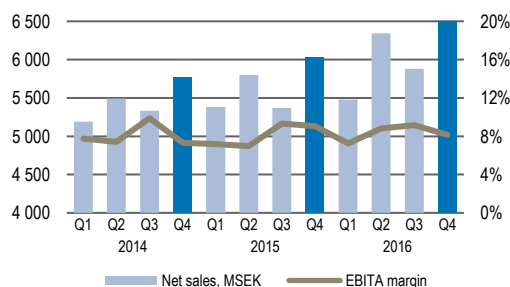
Adj. EBITA for each quarter and LTM



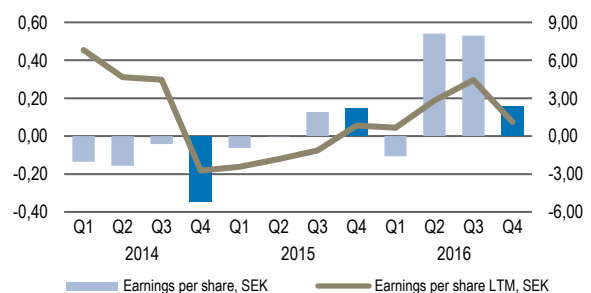
Adj. EBITA margin for each quarter



Net sales and EBITA margin for each quarter



Earnings per share and quarter, and LTM



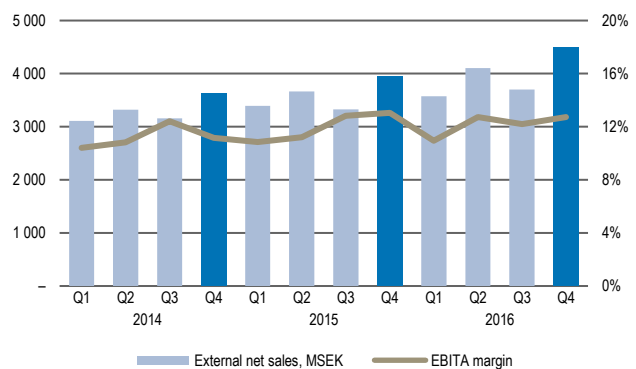
Segment

SWEDEN

Sweden	2016			2015		
	Oct-Dec	Oct-Dec	change	Jan-Dec	Jan-Dec	change
External net sales, SEK million	4,501	3,944	14%	15,874	14,328	11%
Organic growth	8%	7%		8%	6%	
Profit (EBITA), SEK million	573	515	11%	1,936	1,720	13%
Adjusted EBITA, SEK million	573	515	11%	1,936	1,729	12%
EBITA margin, %	12.7%	13.0%		12.2%	12.0%	
Adjusted EBITA margin, %	12.7%	13.1%		12.2%	12.1%	

- Very strong quarter with improved market positions driven by organic growth and acquisitions. Market growth remains strong, driven by housing construction and major infrastructure projects.
- Growth initiatives in the areas of construction, lighting and personal protective equipment produced good results.
- Acquisition of an HVAC business with an annual turnover of SEK 80 million.
- The EBITA profit increased by 11 percent to SEK 573 million.

External net sales and EBITA margin for each quarter



The Swedish operation's external net sales increased by 14 percent to SEK 4,501 million (3,944) during the fourth quarter. Organic growth was 8 percent. Growth in the quarter, as in the previous quarter, has been particularly good in larger building, infrastructure and construction projects. This brought an increase in project deliveries and a mix shift with a relatively slightly lower percentage of store sales.

Profit (EBITA) for the fourth quarter increased by 11 percent to SEK 573 million (515). The EBITA margin was 12.7 percent (13.0). The somewhat reduced margin is partly due to increased logistics costs relating to the ongoing restructuring and extension of warehouse capacity in Hallsberg, and an increase in the number of major construction and infrastructure projects that have impacted the sales mix. In addition to this were the strong comparative figures for the fourth quarter of 2015, which had a high percentage of renovation, maintenance and improvement (RMI) related sales, driven by the fact that new tax reduction rules for consumer-related RMI work were to be introduced in January 2016. Consumer-related RMI projects have a more favourable gross margin in general and there is a long-term trend of stable growth for RMI projects, apart from a slight stagnation after the fourth quarter of 2015 which was positively impacted by RMI-related sales. Finally, a weaker Swedish krona in the latter part of the year had a slightly negative impact on margin growth.

External net sales for the year as a whole rose 11 percent to SEK 15,874 million (14,328). Organic growth was 8 percent. EBITA increased by 13 percent to SEK 1,936 million (1,720), representing an EBITA margin of 12.2 percent (12.0).

Ahlsell' Swedish operations improved their market position during the year, which can be summarised as having registered a growth in sales, a higher level of profit and a stronger EBITA margin. These developments have been aided by positive macroeconomic conditions and the good growth rate of the Swedish economy. High population growth and continued low interest rates, which have been driving a high level of investment, particularly with respect to new home builds, have been the driving forces behind the growth in the construction sector. Another positive impact on growth came from several large-scale infrastructure projects. Growth performance in the industrial segments has been more varied. Some parts of the manufacturing industry reported positive growth, while the mining industry posted a decline.

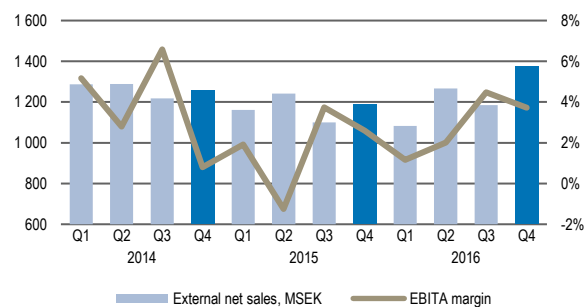
The Swedish operations completed three acquisitions during the year. Elgross'n i Göteborg AB in the Electrical segment, Prevox AB in the Tools & Supplies segment and the operations in Värmematerial VVS Aktiefbolag in the HVAC segment. The acquired companies have combined annual sales of approximately SEK 600 million.

NORWAY

Norway	2016	2015	change	2016	2015	change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
External net sales, SEK million	1,375	1,189	16%	4,909	4,690	5%
Organic growth	6%	1%		7%	-3%	
Profit (EBITA), SEK million	51	31	67%	142	78	81%
Adjusted EBITA, SEK million	51	33	56%	149	101	48%
EBITA margin, %	3.7%	2.6%		2.9%	1.7%	
Adjusted EBITA margin, %	3.7%	2.8%		3.0%	2.2%	

- Improvements in market conditions, successful investments in real estate management, electrical distribution and mariculture contributed to a positive growth in sales and significantly improved profit.
- Planned leadership and organisational changes have been made during the year.
- Organic growth was 6 percent.
- The EBITA margin rose to 3.7 percent (2.6).

External net sales and EBITA margin for each quarter



External net sales for the Norwegian operations in the fourth quarter amounted to SEK 1,375 million (1,189). Organic sales growth was 6 percent and exchange rate movements had a further positive 8 percent impact, corresponding to SEK 96 million. Profit (EBITA) for the fourth quarter totalled SEK 51 million (31), representing an EBITA margin of 3.7 percent (2.6).

External net sales for the year increased by 5 percent to SEK 4,909 million (4,690). Organic sales growth was 7 percent while exchange rate movements had a negative 3 percent impact on sales, corresponding to SEK -128 million. Profit (EBITA) totalled SEK 142 million (78). Items impacting comparability totalling SEK 7 million were recognised in the income statement following operational cutbacks with about 30 jobs lost in south-west Norway, which has been hit hard by the decline in the oil and gas sector. Adjusted EBITA, excluding items impacting comparability, totalled SEK 149 million (101). The adjusted EBITA margin was 3.0 percent (2.2). The increase over the previous year is due to greater efficiency across the organisation. The sales growth was achieved with fixed costs remaining generally unchanged.

Ahlsell's Norwegian operations benefited from the improving market conditions during the year. The growth of the GDP at the beginning of the year was slightly higher than anticipated, and the oil-driven recession that has also impacted the mainland economy appears to have bottomed out. The construction sector has also seen good growth over the year, chiefly driven by new builds, mainly in the residential sector, and a continued high level of investment in infrastructure.

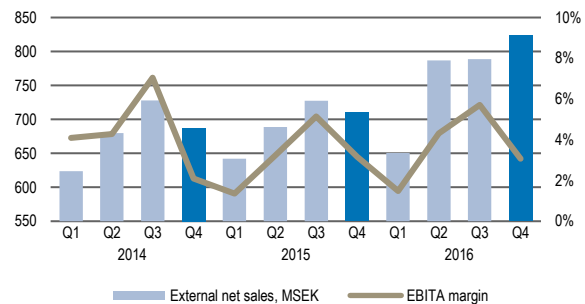
In order to adapt its operations to changing market conditions in the wake of the oil slump, Ahlsell Norway implemented measures aimed at boosting profitability during the year. These measures are expected to produce positive effects in 2017. The successful customer-focused initiatives in the areas of real estate management, electrical distribution and mariculture are also continuing. A comprehensive programme of work is under way to expand regional sales of personal protective equipment. A number of measures have also been launched to strengthen the retail channel both through co-location and by opening new stores.

FINLAND

Finland	2016	2015	change	2016	2015	change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
External net sales, SEK million	824	710	16%	3,050	2,768	10%
Organic growth	13%	0%		7%	-2%	
Profit (EBITA), SEK million	25	22	13%	114	91	26%
Adjusted EBITA, SEK million	25	22	13%	114	91	26%
EBITA margin, %	3.1%	3.2%		3.7%	3.3%	
Adjusted EBITA margin, %	3.1%	3.2%		3.7%	3.3%	

- Improvements in market conditions, strategic initiatives in volume growth and an internal programme of improvement resulted in increased sales and improved earnings.
- Development of the store network and stronger presence in the Helsinki area.
- Organic growth was 13 percent.
- The EBITA margin was 3.1 percent (3.2).

External net sales and EBITA margin for each quarter



Ahlsell's Finnish operations reported strong sales growth, except for the first months of 2016. Growth was notably strong in the fourth quarter, when external net sales rose 16 percent to SEK 824 million (710). In the same period, organic sales growth was 13 percent. Exchange rate movements had a positive 5 percent impact on sales, corresponding to SEK 37 million. Profit (EBITA) for the fourth quarter, which was affected by costs related to new store openings, totalled SEK 25 million (22). The EBITA margin was 3.1 percent (3.2) and was weighed down slightly by higher costs due to an increased level of activity and various growth-promoting measures.

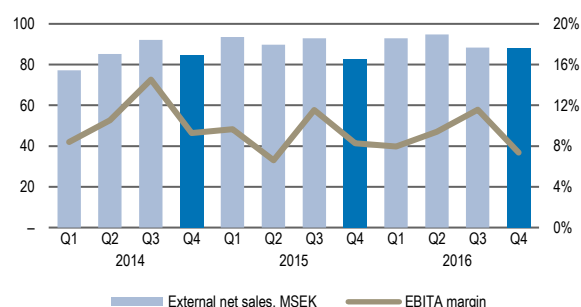
External net sales for the year increased by 10 percent to SEK 3,050 million (2,768). Organic sales growth was 7 percent. Exchange rate movements impacted sales by 1 percent, corresponding to SEK 37 million. Profit (EBITA) for the whole year totalled SEK 114 million (91) and the margin rose to 3.7 percent (3.3). The improvement in profit (EBITA) is due to sales growth, driven by market dynamics and the company's growth initiatives. Greater efficiency across the organisation, due in part to an internal measures of improvement, has also helped to improve the margin.

Following several years of negative growth, Finland's macroeconomic data has improved broadly. This is reflected in an improved economic environment, triggered by the positive growth in the trade, service and construction industries and also partly in the manufacturing industry. The increased level of activity in the construction sector during the year has been driven primarily by a pent-up need for new homes in expanding urban regions, where the construction of new apartments has been declining for several years, and also by a rise in construction activity outside the residential property sector. This has contributed to Ahlsell's positive sales growth during the year.

DENMARK

Denmark	2016	2015	change	2016	2015	change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
External net sales, SEK million	88	83	7%	364	359	1%
Organic growth	-1%	-4%		-1%	3%	
Profit (EBITA), SEK million	6	7	-6%	33	33	1%
Adjusted EBITA, SEK million	6	7	-6%	33	33	1%
EBITA margin, %	7.3%	8.3%		9.1%	9.1%	
Adjusted EBITA margin, %	7.3%	8.3%		9.1%	9.1%	

External net sales and EBITA margin for each quarter



- Strong growth and performance for the Refrigeration operation, while a weaker consumer market has impacted sales to the DIY market.
- Stable earnings level.
- Organic growth was -1 percent.

External net sales for the Danish operations increased by 7 percent in the fourth quarter to SEK 88 million (83) and profit (EBITA) totalled SEK 6 million (7). The EBITA margin was 7.3 percent (8.3).

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External net sales for the year as a whole amounted to SEK 364 million (359). Organic growth was -1 percent and the exchange rate movement was marginal. Profit (EBITA) totalled SEK 33 million (33).

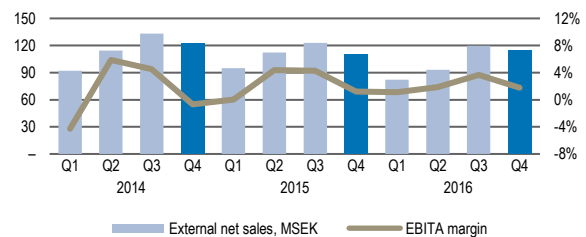
Ahlsell Denmark, whose activities are mainly geared toward the DIY market and refrigeration products, has experienced stable growth with sales and earnings on par with year-earlier levels for the operation as a whole. Ahlsell's Danish refrigeration operations have developed well with an increase in profits due to sales growth and reduced costs. The DIY operations have shown weaker growth during the year due to a sluggish consumer market and stronger competition, which also had a negative impact on margin growth.

OTHER OPERATIONS

Other countries Estonia, Russia, Poland	2016			2015		
	Oct-Dec	Oct-Dec	change	Jan-Dec	Jan-Dec	change
External net sales, SEK million	115	110	4%	410	440	-7%
Organic growth	-1%	-8%		-7%	-1%	
Profit (EBITA), SEK million	2	1	52%	9	12	-21%
Adjusted EBITA, SEK million	2	1	52%	9	12	-21%
EBITA margin, %	1.8%	1.2%		2.2%	2.6%	
Adjusted EBITA margin, %	1.8%	1.2%		2.2%	2.6%	

- Robust organic growth in Russia, driven by an expanding market for installation projects.
- Growth was weak in Estonia and Poland.
- The EBITA profit improved slightly in spite of weak sales and challenging market conditions.
- Cost-saving measures implemented in all markets.

External net sales and EBITA margin for each quarter



In the fourth quarter in other markets, which comprises Russia, Estonia and Poland, external net sales amounted to SEK 115 million (110) and profit (EBITA) to SEK 2 million (1), which is a margin of 1.8 percent (1.2). The external net sales for the year amounted to SEK 410 million (440). Profit (EBITA) for the year totalled SEK 9 million (12), with an EBITA margin of 2.2 percent (2.6).

The operations in Russia have experienced positive growth during the year, driven by an expanding market for installation projects. However, the margins have declined slightly as a result of prevailing market conditions, which explains why the EBITA profit showed negative growth for the year as a whole. The operations in Estonia and Poland have reported negative sales growth as a result of generally weak market conditions and fierce competition, causing the EBITA margin to shrink in spite of cost-saving measures.

Acquisitions

Three businesses were acquired during the year, representing combined annual sales of approximately SEK 600 million. All the acquisitions were made by the Swedish operations and cover all the product areas. The total purchase price was SEK 512 million, with an effect on the cash flow of SEK 451 million. Reported net assets of the acquired companies amount to SEK 111 million. Fair value gains on intangible assets of SEK 143 million were allocated to customer relationships, SEK 70 million to trademarks and SEK 239 million to goodwill. Goodwill is attributable to the 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 affords it the opportunity to further consolidate its 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 PreveX AB. The acquisition was finalised at the beginning of August following approval from the Swedish Competition Authority (Konkurrensverket). At the date of acquisition, PreveX had estimated annual sales of approximately SEK 400 million. PreveX is a retailer for 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 PreveX 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 outcome will be in the range of SEK 0-40 million on the settlement date, depending on how the terms and conditions are met.

The operations of Värmematerial VVS Aktiebolag were acquired in December. Värmematerial is a full range wholesale company within heating and sanitation, with warehouses and headquarters in Nässjö, and two branches in Borås and Visby. Through the acquisition of Värmematerial's business, Ahlsell strengthens its heating and sanitation position in these market areas. The company has estimated annual sales of approximately SEK 80 million and just over 20 employees.

The acquired businesses are integrated into Ahlsell's existing operations after the date of acquisition, which means it is not possible to disclose how much the acquired companies have contributed to consolidated turnover and earnings.

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 areas	Annual sales SEK million ^a	Number of employees ^b
8 June 2016	Elgross'n i Göteborg AB	Sweden	Electrical	120	33
1 Aug 2016	Prevox AB	Sweden	Tools & Supplies	400	104
6 Dec 2016	Värmematerial VVS AB (assets & liabilities)	Sweden	HVAC	80	24
Total				600	161

^a Estimated sales for the last 12 months at the time of take-over

^b At date of acquisition

Net finance income/expense

New financing was provided in connection with Ahlsell's flotation on the Nasdaq Stockholm stock exchange in the fourth quarter and the Group's previous financing was repaid (see "Financial position and liquidity"). The effect in the net financial income/expense of the new financing is an improved net interest expense in the future. In connection with the new financing and conversion of shareholder loans into equity, capitalised fees relating to previous financing have been recognised as expense amounting to SEK 327 million. The Group reported a net financial income/expense of SEK -417 million (-341) for the fourth quarter. The net interest expense, excluding interest on shareholder loans, was SEK -325 million (-174). The high net interest expense in the period is due to expensed capitalised bank fees in connection with repayment of the Group's previous financing. The interest expense on shareholder loans, including costs for impairment of capitalised set-up fees for shareholder loans, amounted to SEK -134 million (-154). Currency rate effects impacted the net financial income/expense by SEK -90 million (115) and the revaluation effects of derivatives impacted the net financial result by SEK 137 million (-121).

The Group reported a net financial income/expense of SEK -1,140 million (-1,274) for the year. The net interest expense, excluding interest on shareholder loans, was SEK -823 million (-706). The high net interest expense in the year is due to expensed capitalised bank fees in connection with repayment of the Group's previous financing. The interest expense on shareholder loans, including costs for impairment of capitalised set-up fees, amounted to SEK -632 million (-605). Currency rate effects due to the revaluation of loans and cash in foreign currency impacted the net financial result by SEK -178 million (149) and the revaluation effects of derivatives impacted the net financial result by SEK 530 million (-71).

Tax

Tax on profit for the fourth quarter amounted to SEK 1 million (-77). The difference between the effective tax rate and the parent company's tax rate in the period is primarily explained by the fact that the company has utilised losses from previous years in which deferred tax has not been taken into account. Tax on profit for the full year amounted to SEK -237 million (-162). The difference between the effective tax rate and the parent company's tax rate for the full year is primarily explained by non-deductible interest on shareholder loans. These shareholder loans were converted into equity in connection with the flotation on the Nasdaq Stockholm stock exchange.

Financial position and liquidity

New financing was provided in connection with Ahlsell's flotation on the Nasdaq Stockholm stock exchange and previous financing was fully repaid. In addition, previous shareholder loans were converted into equity. The new financing is primarily through three credit facilities: Two term loan facilities totalling SEK 7,722 million on 31 December 2016, the balance sheet date, with SEK 1,472 million due in November 2019 and SEK 6,250 million due in November 2021, and a SEK 2,250 million revolving credit facility, SEK 700 million of which had been used on the balance sheet date. In addition to this, SEK 16 million had been used for bank guarantees and letters of credit.

At 31 December, the Group's cash and cash equivalents totalled SEK 1,209 million (2,360), which is a decrease of SEK 1,151 million since the beginning of the previous year. There are also undrawn credit lines of SEK 1,534 million.

At 31 December, external net debt totalled SEK 7,486 million (7,854), which is a decrease of SEK 368 million since the previous year. External net debt/adjusted EBITDA-ratio totalled SEK 3.3x (3.9). Payments during the year arising in connection with completed acquisitions impacted the KPI by 0.2.

At 31 December, consolidated equity was SEK 8,089 million (711), which is an increase during the year of SEK 7,378 million, of which the shares issued to offset previous shareholder loans added SEK 7,020 million.

Cash flows and investments

The company reported an operating cash flow of SEK 1,185 million (1,353) for the fourth quarter. The decrease over the previous year can mainly be attributed to working capital changes. The cash flow from working capital changes was SEK 630 million (824). The cash flow from investing activities was SEK -81 million (-73). Investments in property, plant and equipment and intangible assets during the fourth quarter amounted to SEK -52 million (-39). The cash flow from financing activities was SEK -1,316 million (-99). The cash flow from financing activities has been impacted during the quarter by new financing and repayment of the Group's previous financing. Cash flow for the period amounted to SEK -425 million (985).

An operating cash flow of SEK 2,000 million (1,838) was reported for January to December. The improvement from the previous year is mainly related to the higher level of profit. The cash flow from working capital changes was SEK -89 million (60). The cash flow from investing activities was SEK -530 million (-210). Investments in property, plant and equipment and intangible assets during the year amounted to SEK -156 million (-171). The cash flow from financing activities was SEK -1,871 million (-513). The cash flow from financing activities was affected by Ahlsell's refinancing. Cash flow for the year amounted to SEK -1,155 million (604). The change from the previous year is mainly attributable to higher payments for acquisitions and a cash outflow from financing activities in connection with the provision of new financing and the repayment of the Group's previous financing.

Operating cash flow in relation to EBITDA (Cash conversion) was 90 percent (92) for the year.

Personnel

The number of employees at the end of the year was 5,090 (4,820). The average number of employees during the year was 4,791 (4,632). The number of employees increased by 161 through acquired companies.

Parent company

Ahlsell AB (publ), corp. ID 556882-8916, is the parent company of the Group. The parent company reported net sales of SEK 1 million (0) for the fourth quarter. Profit/loss before tax amounted to SEK -116 million (-33). The parent company's cash and cash equivalents amounted to SEK 0 million (0) at the end of the period. Parent company net sales for the year as a whole amounted to SEK 1 million (0). Profit/loss before tax amounted to SEK -198 million (328). The company is financed via the Group's cash pool.

Other events

Stock exchange flotation

Ahlsell was launched on the Nasdaq Stockholm stock exchange on 28 October 2016. The IPO price was SEK 46 per share. Costs of SEK 65 million attributable to the company's flotation on the stock exchange have been included in operating profit in the fourth quarter of the year.

Change in number of shares

Several transactions relating to share capital took place in 2016 as part of the process of preparing for Ahlsell's stock market launch.

- A 4:1 share split was completed following approval at an Extraordinary General Meeting of Shareholders on 4 October 2016. The number of shares increased by 238,141,638.
- A share conversion was completed following approval at an Extraordinary General Meeting of Shareholders on 27 October 2016, with all shares being converted to ordinary shares. Approval was also given at the Meeting to
 - o implement an offset issue to convert outstanding shareholder loans into equity
 - o implement a non-cash issue of SEK 2,081,626 in which the minority shareholders contributed the value of the preferred shares retracted.

Upon completion of the above transactions, the number of shares as at 31 October 2016 was 436,302,187 ordinary shares. The par value of each share is SEK 0.28 (1.00). As at 31 December 2016, the share capital totalled SEK 123,425,298, representing an increase of SEK 44,044,752 since 31 December 2015.

Incentive programmes

Approval was given to introduce two long-term incentive programmes in Ahlsell at an Extraordinary General Meeting of Shareholders on 16 October. The overall objectives of the incentive schemes are to increase shareholder value, attract and retain senior executives and other key persons, improve motivation, and strengthen the link between Ahlsell's and the key persons' respective goals and targets. The incentive programmes comprise a share savings program for about 110 senior executives, including Group management and key employees, and a warrants scheme for ten senior executives including Group management.

Share savings program

At the close of the registration period, 100 people had registered their interest in participating in the share savings program, which meant they invested a total of 2.7 million saving shares, which is 83% acceptance of the number of saving shares offered.

The number of performance shares in the scheme may amount to 8.2 million shares. The share savings program could result in a maximum dilution of 1.9% of the total number of shares in Ahlsell.

The estimated maximum total cost for Ahlsell (including social security expenses) for the share savings program over its validity period, based on actual investment from participating key employees, 100 percent vesting on each level and with application of IFRS accounting policies, can amount to a maximum of approximately SEK 477 million, compared with the SEK 788 million stated in the prospectus for the flotation and the interim report for the third quarter. The difference in estimated total cost is due to:

- the acceptance level was 83 percent of the saving shares offered, which is equal to 70 percent of the total number of saving shares that was decided at the Extraordinary General Meeting of Shareholders on 16 October 2016.
- the maximum number of performance shares was SEK 8.2 million (11.7)
- the average issue price for the scheme was SEK 47 (51.50).
- The weighted cost of social security expenses was 24 percent (31) after taking actual participation into account

The calculation of the theoretical maximum cost estimate does not take into account the fact that Ahlsell is expected to pay an annual dividend, that there is staff turnover in the group participating in the scheme, and that no reduction factor was used for the stock market performance requirements when calculating the market value. There is information on Ahlsell's website www.ahlsell.com about the scheme, plus tables illustrating how the costs are distributed over the years, and how alternative development scenarios impact the total cost of the share savings program as a whole. The booked cost for 2016 was SEK 9 million, SEK 7 million of which was reversed to equity and SEK 2 million was reserved for social security expenses. The cost for the year is approximately 5 percent of the estimated total cost.

As previously announced, it is Ahlsell's intention to take precautionary measures in the form of equity swaps with third parties in order to limit the exposure for the share savings program. As at 31 December, the number of hedged shares amounted to 3.3 million, with an average acquisition value of SEK 52.0. Ahlsell's exposure for the share savings program amounts to the value of the equivalent of 8.2 million shares. On top of this are social security expenses at 24 percent. The change in the value of the equity swaps is disclosed in the income statement.

Warrants program

It was decided at an extraordinary general meeting held on 16 October to issue warrants for transfer to ten senior executives including Group management. The issue included a total of 1.5 million warrants that give entitlement to subscribe to the equivalent number of shares. One of Ahlsell's wholly-owned subsidiaries has subscribed to all the warrants, 1.1 million of which have been transferred to the ten executives participating in the scheme. Remaining warrants will be held by Ahlsell to be offered to any senior executives joining the company in the future. The participants have acquired the warrants at market value, whereby a total of SEK 2.7 million was transferred to the company in the form of paid-in warrant premiums.

The warrants may be exercised in the period beginning 28 October 2019 and ending 28 October 2020. The price to be paid for subscription for one share has been set at SEK 55.20 (120 percent of the price for the shares in the offer at the initial public offering (SEK 46)). Should the Ahlsell share price on the exercise date be more than SEK 78.20 related to the scheme's ceiling value (170 percent of the price for the shares in the offer at the initial public offering), the number of shares issuable upon exercise of each warrant shall be proportionately reduced.

Other disclosures

In March 2015, the Finnish Competition Authority carried out an inspection of a number of companies in the HVAC sector in Finland, including Ahlsell Oy. At the end of 2016, the Competition Authority contacted Ahlsell with additional questions but did not provide any information about the reason for the inspection. The Finnish Competition Authority still has not communicated any decisions in connection with the inspection.

Significant events after the close of the year

There were no material events for the Group subsequent to the end of the reporting period.

Transactions with related parties

The Luxembourg-based company, Keravel S.a.r.l., owns 60.4% of Ahlsell AB (publ), corp. ID 556882-8916 (registered in Sweden with registered office in Stockholm). Ahlsell has been publicly traded on the Nasdaq Stockholm stock exchange since 28 October 2016. For the full-year period, the Ahlsell Group has been invoiced SEK 3.9 million (4.7) in monitoring fees by CVC Capital Partners Advisory Company S.à r.l. Since the flotation on the Nasdaq Stockholm stock exchange, no monitoring fee has been paid.

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.
- A good reputation is crucial to Ahlsell's ability to attract customers. Breach and violation of sustainability issues, such as corruption, health & safety, trade rules, 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. 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 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 parent company's financial statements.

With effect from the second quarter, Ahlsell has introduced the new European guidelines for the disclosure of alternative performance measures (see page 16).

The figures that are reported have been rounded off in some cases, which means that tables and calculations do not always add up exactly.

Nomination Committee for the Annual General Meeting 2017

The Nomination Committee for the Annual General Meeting 2017 shall comprise the four largest shareholders that are entered in the share register held by Euroclear by 31 December 2016 and that wish to participate in the nomination process. The contravention of the general six-month rule arises from the fact that Ahlsell began trading on 28 October 2016. In addition to these four members, the Board chairperson shall be co-opted to the Nomination Committee. In accordance with this, the following persons have been appointed members of the Nomination Committee: Tomas Ekman, Keravel S.a.r.l. (CVC Capital Partners), Vegard Söraunet, Odin Fonder, Jan Särilvik, Nordea Funds and Mikael Wiberg, Alecta and Kenneth Bengtsson, Board chairperson. Shareholders wishing to submit proposals to the Nomination Committee should do so by email to valberedningen@ahlsell.se or by letter to: Ahlsell AB, Valberedningen, SE-117 87 Stockholm, Sweden.

The Board's proposal to the Annual General Meeting

The Annual General Meeting will be held on 4 May 2017. The notice will be published no later than four weeks before the meeting.

The Board proposes a dividend 0.35 per share, corresponding to a total of SEK 153 million (0). The dividend is in line with the company's dividend policy which states that 40-60 percent of the net profit is to be distributed. The dividend proposal is based on the performance of the final quarter, roughly equivalent to the period of time the company has been publicly traded, adjusted for costs incurred in connection with the company's flotation on the stock exchange and pro forma for new financing.

Future events and reporting dates

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

Stockholm, 27 January 2017

Ahlsell AB (publ)

Johan Nilsson
 President and CEO

This report has not been reviewed by the company's auditors.

Consolidated accounts

The figures that are reported have been rounded off in some cases, which means that tables and calculations do not always add up exactly.

CONDENSED INCOME STATEMENT

SEK million	Note	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Net sales	1	6,902	6,036	24,606	22,586
Cost of goods sold		-5,021	-4,359	-17,916	-16,377
Gross profit		1,882	1,677	6,690	6,209
Selling expenses		-1,266	-1,147	-4,559	-4,331
Administration expenses		-150	-82	-443	-390
Other operating income and expenses		11	13	31	18
Operating profit, EBIT	1.2	477	462	1,719	1,505
Net finance income/expense		-417	-341	-1,140	-1,274
Profit before tax		60	121	579	232
Income tax		1	-77	-237	-162
Profit/loss for the period		62	44	342	70
Attributable to					
Owners of the parent company		62	44	342	70
Non-controlling interests		-	-	-	-
Basic earnings per share, SEK	6	0.16	0.15	1.11	0.21
Diluted earnings per share, SEK	6	0.16	0.15	1.11	0.21

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Profit/loss for the period	62	44	342	70
Other comprehensive income for the period				
Items that will be recycled to profit or loss for the period				
Exchange differences	-80	-59	-60	-96
Change in hedging reserve	-4	-	-4	-
Tax attributable to items recognised in other comprehensive income	10	-21	72	-50
Items that will not be recycled to profit or loss for the period				
Actuarial gains and losses	-3	17	-2	17
Tax attributable to actuarial gains and losses	0	0	1	-3
Comprehensive income for the period	-15	-19	348	-62
Attributable to				
Owners of the parent company	-15	-19	348	-62
Non-controlling interests	-	-	-	-

CONDENSED BALANCE SHEET

SEK million	Note	2016 31 Dec	2015 31 Dec
ASSETS			
Customer relationships		3,249	3,345
Trademark		3,837	3,767
Goodwill		7,028	6,634
Other intangible assets		123	127
Property, plant and equipment		781	727
Financial assets	4	8	7
Deferred tax assets		7	9
Total non-current assets		15,033	14,616
Inventories		3,287	2,917
Trade receivables	4	3,054	2,549
Other receivables	4	1,091	866
Cash and cash equivalents	4	1,209	2,360
Assets held for sale		–	69
Total current assets		8,641	8,762
TOTAL ASSETS		23,674	23,378
EQUITY AND LIABILITIES			
Equity		8,089	711
Non-current interest-bearing liabilities	4	7,930	16,298
Provisions		55	56
Deferred tax liabilities		1,426	1,364
Other non-current liabilities		25	–
Total non-current liabilities		9,436	17,717
Current interest-bearing liabilities	4	724	213
Trade payables	4	4,599	3,785
Provisions		19	13
Other current liabilities		807	929
Liabilities attributable to assets held for sale		–	10
Total current liabilities		6,148	4,950
TOTAL EQUITY AND LIABILITIES		23,674	23,378

CONDENSED CASH FLOW STATEMENT

SEK million	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit after financial items	60	121	579	232
Adjustments for non-cash items	363	224	1,001	1,062
- of which depreciation and impairment of assets	129	128	505	485
- capitalised and accrued interests	-64	99	459	589
- other	297	-3	37	-13
Tax paid	-81	-11	-245	-26
Cash flow from operating activities before changes in working capital	342	333	1,335	1,268
Changes in inventories	57	41	-165	-263
Changes in operating receivables	466	666	-554	-191
Changes in operating liabilities	107	118	630	513
Cash flow from changes in working capital	630	824	-89	60
Cash flow from operating activities	972	1,157	1,246	1,327
Cash flow from acquisition of assets, liabilities and operations	-34	-36	-451	-49
Other cash flow from investing activities	-46	-37	-79	-161
Cash flows from investing activities	-81	-73	-530	-210
Cash flows before financing activities	891	1,085	716	1,117
Disposal of derivatives	455	-	455	-
Issued warrants	3	-	3	-
Acquisition of non-controlling interests	-	-	-	-3
Proceeds from borrowings	8,651	-	8,651	-
Amortisation of borrowings	-10,425	-99	-10,979	-510
Cash flow from financing activities	-1,316	-99	-1,871	-513
CASH FLOW FOR THE PERIOD	-425	985	-1,155	604
Cash and cash equivalents at beginning of period	1,634	1,377	2,360	1,760
Exchange rate differences in cash and cash equivalents	0	-3	4	-4
Cash and cash equivalents at end of period	1,209	2,360	1,209	2,360
Additional information				
Interest received	5	7	19	24
Interest paid	-186	-202	-575	-619

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEK million	2016	2015
	Jan-Dec	Jan-Dec
Opening balance	711	777
Comprehensive income for the period	348	-62
Total recognised income and expenses	348	-62
Issued warrants	3	-
Offset issue	7,020	-
Long-term share savings program	7	-
Acquisition of non-controlling interests	-	-3
Total shareholder transactions	7,030	-3
Closing equity	8,089	711

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-Dec (12 mths), %	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	9%	11%	5%	10%	1%	-7%
Acquisitions, %	-1%	-2%	0%	-1%	0%	0%
Currency, %	0%	0%	3%	-1%	-1%	1%
Difference in the number of working days, %	-1%	-1%	-1%	0%	-1%	-1%
Organic growth, %	7%	8%	7%	7%	-1%	-7%

Oct-Dec (3 mths), %	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	14%	14%	16%	16%	7%	4%
Acquisitions, %	-3%	-4%	0%	0%	0%	0%
Currency, %	-2%	0%	-8%	-5%	-6%	-5%
Difference in the number of working days, %	-1%	-2%	-2%	2%	-2%	0%
Organic growth, %	8%	8%	6%	13%	-1%	-1%

EBITA/Adjusted EBITA

Jan-Dec (12 mths), SEK million	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	1,719	1,697	94	71	27	9	-179
Amortisation and impairment of intangible assets	340	239	49	43	6	0	3
Profit (EBITA), SEK million	2,058	1,936	142	114	33	9	-176
Items impacting comparability	72	–	7	–	–	–	65
Adjusted EBITA, SEK million	2,131	1,936	149	114	33	9	-111

Oct-Dec (3 mths), SEK million	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	477	511	38	16	5	2	-95
Amortisation and impairment of intangible assets	86	62	13	9	2	0	0
Profit (EBITA), SEK million	563	573	51	25	6	2	-95
Items impacting comparability	65	–	–	–	–	–	65
Adjusted EBITA, SEK million	628	573	51	25	6	2	-30

EBITA margin/Adjusted EBITA margin

Jan-Dec (12 mths), %	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	7.0%	10.7%	1.9%	2.3%	7.5%	2.2%
Amortisation and impairment of intangible assets, %	1.4%	1.5%	1.0%	1.4%	1.6%	0.0%
Profit (EBITA) margin, %	8.4%	12.2%	2.9%	3.7%	9.1%	2.2%
Items impacting comparability, %	0.3%	–	0.1%	–	–	–
Adjusted EBITA margin, %	8.7%	12.2%	3.0%	3.7%	9.1%	2.2%

Oct-Dec (3 mths), %	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	6.9%	11.3%	2.8%	2.0%	5.6%	1.8%
Amortisation and impairment of intangible assets, %	1.2%	1.4%	0.9%	1.1%	1.7%	0.0%
Profit (EBITA) margin, %	8.2%	12.7%	3.7%	3.1%	7.3%	1.8%
Items impacting comparability, %	0.9%	–	–	–	–	–
Adjusted EBITA margin, %	9.1%	12.7%	3.7%	3.1%	7.3%	1.8%

Condensed parent company statements

CONDENSED INCOME STATEMENT

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Net sales	1	–	1	–
Gross profit	1	0	1	0
Administration expenses	-67	0	-67	-2
Operating profit	-65	0	-66	-2
Dividends from subsidiaries	–	–	–	478
Interest and similar income	143	116	547	443
Interest expense and similar charges	-82	-149	-567	-591
Profit/loss after financial items	-4	-33	-86	328
Appropriations	-112	–	-112	–
Profit before tax	-116	-33	-198	328
Income tax	15	–	-74	–
Profit/loss for the period	-101	-33	-272	328

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Profit/loss for the period	-101	-33	-272	328
Other comprehensive income for the period	–	–	–	–
Comprehensive income for the period	-101	-33	-272	328
Attributable to:				
Owners of the parent company	-101	-33	-272	328

CONDENSED BALANCE SHEET

SEK million	2016 31 Dec	2015 31 Dec
Shares in Group companies	3,032	2,930
Receivables from Group companies	12,845	5,051
Deferred tax assets	1	–
Total non-current assets	15,877	7,981
Other receivables	7	478
Cash and cash equivalents	0	–
Total current assets	8	478
TOTAL ASSETS	15,885	8,458
Equity	7,176	423
Untaxed reserves	112	–
Non-current liabilities	7,651	7,595
Current liabilities	946	440
TOTAL EQUITY AND LIABILITIES	15,885	8,458

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 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Sweden	4,501	3,944	15,874	14,328
Norway	1,375	1,189	4,909	4,690
Finland	824	710	3,050	2,768
Denmark	88	83	364	359
Other	115	110	410	440
Central	–	–	–	–
The Group	6,902	6,036	24,606	22,586

Gross profit by segment

SEK million	2016 Jan-Dec	2015 Jan-Dec
Sweden	4,628	4,227
Norway	1,273	1,250
Finland	577	514
Denmark	138	136
Other	75	83
Central	–	–
The Group	6,690	6,209

EBITA by segment

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Sweden	573	515	1,936	1,720
Norway	51	31	142	78
Finland	25	22	114	91
Denmark	6	7	33	33
Other	2	1	9	12
Central	-95	-30	-176	-96
Eliminations	–	–	–	–
The Group	563	546	2,058	1,837

EBITA margin by segment

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Sweden	12.7%	13.0%	12.2%	12.0%
Norway	3.7%	2.6%	2.9%	1.7%
Finland	3.1%	3.2%	3.7%	3.3%
Denmark	7.3%	8.3%	9.1%	9.1%
Other	1.8%	1.2%	2.2%	2.6%
Central	–	–	–	–
The Group	8.2%	9.0%	8.4%	8.1%

Adjusted EBITA by segment

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Sweden	573	515	1,936	1,729
Norway	51	33	149	101
Finland	25	22	114	91
Denmark	6	7	33	33
Other	2	1	9	12
Central	-30	-20	-111	-87
Eliminations	-	-	-	-
The Group	628	559	2,131	1,878

Adjusted EBITA margin by segment

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Sweden	12.7%	13.1%	12.2%	12.1%
Norway	3.7%	2.8%	3.0%	2.2%
Finland	3.1%	3.2%	3.7%	3.3%
Denmark	7.3%	8.3%	9.1%	9.1%
Other	1.8%	1.2%	2.2%	2.6%
Central	-	-	-	-
The Group	9.1%	9.3%	8.7%	8.3%

Figures for the quarter
External net sales by segment/quarter

Year Quarter	2016				2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	4,501	3,699	4,102	3,572	3,944	3,326	3,667	3,392	3,620	3,160	3,322	3,108
Norway	1,375	1,185	1,267	1,082	1,189	1,100	1,241	1,161	1,256	1,218	1,288	1,287
Finland	824	789	787	651	710	727	689	642	687	728	680	624
Denmark	88	88	95	93	83	93	90	93	85	92	85	77
Other	115	120	93	82	110	123	112	95	123	133	114	92
Central	-	-	-	-	-	-	-	-	-	-	-	-
The Group	6,902	5,880	6,344	5,480	6,036	5,369	5,798	5,383	5,770	5,331	5,490	5,188

EBITA by segment and quarter

Year Quarter	2016				2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	573	451	522	391	515	426	411	368	404	392	359	323
Norway	51	53	25	13	31	41	-16	22	10	80	36	67
Finland	25	45	34	10	22	37	22	9	14	51	29	25
Denmark	6	10	9	7	7	11	6	9	8	13	9	6
Other	2	4	2	1	1	5	5	0	-1	6	7	-4
Central	-95	-25	-32	-24	-30	-20	-25	-22	-14	-17	-32	-17
Eliminations	-	-	-	-	-	-	-	-	-	-	-	-
The Group	563	538	560	397	546	501	404	386	421	527	408	402

EBITA margin by segment and quarter

Year	2016				2015				2014			
	Quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sweden	12.7%	12.2%	12.7%	10.9%	13.0%	12.8%	11.2%	10.8%	11.2%	12.4%	10.8%	10.4%
Norway	3.7%	4.5%	2.0%	1.2%	2.6%	3.7%	-1.3%	1.9%	0.8%	6.6%	2.8%	5.2%
Finland	3.1%	5.7%	4.3%	1.5%	3.2%	5.1%	3.2%	1.4%	2.1%	7.0%	4.3%	4.1%
Denmark	7.3%	11.6%	9.4%	7.9%	8.3%	11.5%	6.6%	9.7%	9.3%	14.5%	10.5%	8.4%
Other	1.8%	3.7%	1.9%	1.1%	1.2%	4.3%	4.4%	0.0%	-0.7%	4.5%	5.9%	-4.3%
Central	-	-	-	-	-	-	-	-	-	-	-	-
The Group	8.2%	9.2%	8.8%	7.3%	9.0%	9.3%	7.0%	7.2%	7.3%	9.9%	7.4%	7.7%

NOTE 2. DEPRECIATION/AMORTISATION

SEK million	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Amortisation of intangible assets	-86	-84	-340	-332
Impairment of intangible assets	-	-	-	-
Depreciation of property, plant and equipment	-44	-39	-156	-148
Impairment of property, plant and equipment	-	-6	-	-6

NOTE 3. OPERATING CASH FLOW

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 flows is used by management to monitor business performance.

SEK million	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating profit	477	462	1,719	1,505
Adjustments for non-cash items	123	104	449	433
Cash flows from changes in working capital	630	824	-89	60
Operating cash flow before investments	1,231	1,391	2,079	1,998
Acquisition of intangible assets	-8	-11	-30	-51
Acquisition of property, plant and equipment	-44	-28	-127	-120
Sale of property, plant and equipment	6	1	77	11
Cash flow from operating investments	-46	-37	-79	-160
Operating cash flow after investments	1,185	1,353	2,000	1,838

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

SEK million	2016	2016	2015	2015
	31 Dec	31 Dec	31 Dec	31 Dec
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets held for trading are measured at fair value	0	0	0	0
Loans and receivables	4,267	4,267	4,913	4,913
Available-for-sale financial assets	3	3	3	3
Total	4,271	4,271	4,917	4,917
Financial liabilities				
Financial liabilities held for trading are measured at fair value	8	8	113	113
Other financial liabilities	13,285	13,285	20,183	20,733
Total	13,293	13,293	20,295	20,845

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Financial instruments measured at fair value in the balance sheet relate to equity swaps, currency swaps and interest rate swaps. These are measured using valuation techniques that only use 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 and which seldom occur and should therefore be considered in the analysis of the underlying business.

SEK million		2016	2015	2016	2015
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Type of cost/revenue	Segment				
IPO costs	Central	-65	-	-65	-
Costs attributable to restructuring (dismissed salaried staff)	Norway	-	-	-7	-
Costs attributable to management changes and a provision for unused premises	Norway	-	-2	-	-23
Impairment and provision for costs associated with sale of property	Sweden	-	-1	-	-9
Costs for a large-scale strategy project and market analysis	Central	-	-10	-	-10
Total items impacting comparability		-65	-13	-72	-41

NOTE 6. EARNINGS PER SHARE

SEK million		2016	2015	2016	2015
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Earnings per share					
Profit attributable to equity holders of the Parent (SEK million)		62	44	342	70
Dividend for the period for preferred shares classified as equity (SEK million) ¹		-	-3	-	-12
Profit/loss for calculation of earnings per share		62	41	342	58
Weighted average number of ordinary shares outstanding (millions)					
		393.1	280.6	308.4	280.6
Profit/loss per share		0.16	0.15	1.11	0.21

Diluted earnings per share

The Ahlsell Group's two long-term incentive programmes could potentially lead to future dilution of the number of shares. It will only be possible to calculate the dilution effect of the share savings program after the first measurement period has ended (2018). There is currently no dilution effect for the warrants scheme.

There is no other dilution associated with ordinary shares.

Historically, the number of shares has been adjusted so that the number of diluted shares equals the number of ordinary shares following a split.

Diluted earnings per share, SEK	0.16	0.15	1.11	0.21
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¹ For 2016, no adjustment has been made for the preference share dividend as these shares were converted into ordinary shares in conjunction with the flotation on the stock exchange in October.

KEY PERFORMANCE MEASURES

SEK million unless otherwise stated	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Sales measurement				
Net sales	6,902	6,036	24,606	22,586
Performance measurement				
Operating profit (EBIT)	477	462	1,719	1,505
EBITA	563	546	2,058	1,837
Adjusted EBITA	628	559	2,131	1,878
EBITDA	606	590	2,215	1,990
Adjusted EBITDA	671	603	2,287	2,025
Margin measurement				
EBIT margin, %	6.9%	7.7%	7.0%	6.7%
EBITA margin, %	8.2%	9.0%	8.4%	8.1%
Adjusted EBITA margin, %	9.1%	9.3%	8.7%	8.3%
Measurement of cash flows				
Cash flow for the period	-425	985	-1,155	604
Operating cash flow	1,185	1,353	2,000	1,838
Operating cash flow/EBITDA	195%	229%	90%	92%
Capital structure				
Cash on hand	1,209	2,360	1,209	2,360
Net debt including shareholder loans	7,486	14,242	7,486	14,242
External net debt	7,486	7,854	7,486	7,854
External net debt/Adjusted EBITDA			3.3	3.9
Debt/equity ratio, times	0.9	20.0	0.9	20.0
Working capital (average)	2,349	2,212	2,189	2,155
Working capital at end of period	2,042	1,799	2,042	1,799
Operating capital (average)	15,883	15,567	15,529	15,738
Operating capital, excluding intangible assets (average)	3,163	3,198	3,058	3,222
Return				
Return on operating capital, %			11.1%	9.6%
Return on operating capital (excluding intangible assets), %			67.3%	57.0%
Return on equity, %			14.9%	9.5%
Return on working capital %			94.0%	85.3%
Shares				
Weighted average number of basic shares outstanding (thousands)	403,308	317,522	338,733	317,522
Weighted average number of diluted shares outstanding (thousands)	403,308	317,522	338,733	317,522
Number of ordinary shares at end of period (thousands)	436,302	280,606	436,302	280,606
Number of shares at end of period (thousands)	436,302	317,522	436,302	317,522
Basic earnings per share, SEK	0.16	0.15	1.11	0.21
Diluted earnings per share, SEK	0.16	0.15	1.11	0.21
Other				
Number of employees at end of period			5,090	4,820

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 cleared of 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 cleared of 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 cleared of items impacting comparability and Ahlsell therefore considers it to be a useful KPI for showing the profit generated by the operating activities.
Operating cash flows	Cash flows 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 flows/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 after tax 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 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.
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 working capital	EBITA as a percentage of average working capital.	This KPI measures the returns on working capital tied up in operations.
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 the operations and the profit can be set in relation to this in order to ascertain how efficiently tied-up operating capital is being used.

Net debt	Non-current and current interest-bearing liabilities less non-current and current interest-bearing assets.	Net debt is a measure used to show the Group's total debt.
External net debt	Net debt excluding shareholder loans.	Ahsell 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.	Ahsell 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.	Gives management information on the number of employees in full-time employment in the Group.

Ahsell AB (Publ)

Postal address:

Ahsell AB

SE-117 98 Stockholm

Visiting address: Rosterigränd 12

Billing address: Ahsell AB, Omkostnadsfakturor, 694 81 Hallsberg

Telephone: + 46 8 685 70 00

Telefax: +46 8 685 70 96

E-mail: info@ahsell.com