

Interim second quarter report 2018

Press release 19 July 2018

Second quarter 2018

- Net sales increased by 18% to MSEK 8,056 (6,818). Organic growth was 8% (8).
- Operating profit (EBIT) increased by 24% to MSEK 582 (471). The number of trading days had a positive effect of MSEK 44 on operating profit for the quarter.
- Profit (EBITA) increased by 21% to MSEK 678 (558), with an EBITA margin of 8.4% (8.2). Adjusted EBITA for the previous year was MSEK 570, with an EBITA margin of 8.4%.
- Profit after tax was MSEK 507 (308). Recalculated deferred taxes following the decision to introduce a new tax rate in Sweden had a positive effect of MSEK 92 on tax expense.
- Diluted earnings per share amounted to SEK 1.18 (0.71). The change to the tax rate in Sweden had a positive effect of SEK 0.21 earnings per share.
- Two acquisitions were completed during the quarter, with estimated combined annual sales of MSEK 70, distributed as follows: Norway MSEK 40 and Sweden MSEK 30. Additionally, an agreement to acquire Kahipa Oy in Finland, with estimated annual sales of MSEK 35, was signed during the quarter. Closing was in early July.

Interim period January - June 2018

- Net sales increased by 14% to MSEK 15,217 (13,387). Organic growth was 8% (8).
- Operating profit (EBIT) increased by 14% to MSEK 1,043 (913).
- Profit (EBITA) increased by 13% to MSEK 1,231 (1,088), with an EBITA margin of 8.1% (8.1). Adjusted EBITA for the previous year was MSEK 1,099, with an EBITA margin of 8.2%.
- Profit after tax was MSEK 831 (643).
- Diluted earnings per share amounted to SEK 1.93 (1.47). The change to the tax rate in Sweden had a positive effect of SEK 0.21 earnings per share.
- Five acquisitions with estimated combined annual sales of MSEK 761 were completed during the interim period. An agreement was also signed for a further acquisition with estimated annual sales of MSEK 35.

Financial summary

	2018			2017			Rolling 12 months	Full year 2017
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change		
Net sales, MSEK	8,056	6,818	18%	15,217	13,387	14%	29,315	27,484
Organic growth, %	8%	8%		8%	8%			9%
Operating profit, EBIT	582	471	24%	1,043	913	14%	2,172	2,043
Profit (EBITA), MSEK	678	558	21%	1,231	1,088	13%	2,537	2,394
Adjusted EBITA, MSEK	678	570	19%	1,231	1,099	12%	2,537	2,405
EBITA margin, %	8.4%	8.2%		8.1%	8.1%		8.7%	8.7%
Adjusted EBITA margin, %	8.4%	8.4%		8.1%	8.2%		8.7%	8.8%
Profit after tax (profit for the period), MSEK	507	308	64%	831	643	29%	1,616	1,428
Basic earnings per share, SEK	1.18	0.71		1.94	1.47		3.74	3.28
Diluted earnings per share, SEK	1.18	0.71		1.93	1.47		3.74	3.28
Operating cash flow	429	309	39%	636	735	-13%	1,893	1,991
Operating cash flow/EBITDA (Cash conversion)							70%	78%
External net debt/Adjusted EBITDA							2.9	2.6

A more detailed presentation of the alternative performance measures Organic growth, EBITA, Adjusted EBITA, EBITA margin and Adjusted EBITA margin can be found on page 23.

Statement from the CEO

HIGH DEMAND, SUCCESSFUL INITIATIVES AND STRONG RESULTS

The combination of continuing high demand and successful initiatives led to a strong second quarter for Ahlseil. Net sales increased by 18% and for the first time we exceeded 8 billion in one quarter.

We achieved an organic growth of 8%, as a result of a good market development and an attractive customer offering, which led to stronger positions. An example of where we strengthened our position is within personal protective equipment, where we succeeded with a combination of acquisitions and our own initiatives. To ensure that we remain the customer's natural choice also in the future, we have, for example, developed a Group-wide function in 2018, that will drive the development within digital services.

We also continued to deliver on our acquisition strategy and made acquisitions in all our three main markets. Overall acquired growth accounted for 5% of the quarter's sales growth.

Profit measured as adjusted EBITA was also strong and increased by 19% compared with the previous year. The adjusted EBITA margin was unchanged at 8.4%. The EBITA is currently somewhat negatively affected by, among other things, growth-promoting initiatives such as targeted sales and marketing initiatives, aiming to further strengthen our position, primarily in Norway and Finland. As always, acquisitions also have an initial diluting effect on the EBITA margin. However, acquisitions are over time, just as they always have been, an important success factor which strongly contributes to increased sales and improved profitability.

While we see our offensive measures producing returns in the form of strong sales growth, we are continuously trimming our organisation, which means that we have a number of cost-saving and efficiency-improving measures under implementation in different areas of our main segments. For example, measures are being planned in ViaCon, which was acquired in November 2017. Third-quarter earnings are expected to be affected by restructuring costs of approximately MSEK 30.

 In **Sweden**, we achieved organic growth of 8%. Our targeted efforts to create customer value have produced results. We won several important contracts during the quarter – in heavy industry, infrastructure, installation and construction – which is testimony to the success of our initiatives aimed at the customer segments. In new construction, we continued to experience high customer demand for both commercial and residential properties. The growth rate in the renovation market was stronger than in previous quarters. In order to remain the best alternative for customers in the future, we continue to invest in the organisation – both in e-commerce and branches. In total, we have established seven new branches in the last twelve months.

 In **Norway**, it is pleasing to see our initiatives producing results. During the quarter, we strengthened our market position further within prioritised customer segments and achieved strong organic sales growth of 9%. The high growth is partly attributable to the lack of an Easter effect* but also to a good underlying

market for installation products where our competitive offering is contributing. For example, the sustainable initiative; "efficient construction site" has led to further public contracts. In addition, the acquisition of Bekken & Strøm has developed well and the improved product offering within personal protective equipment has resulted in Ahlseil winning several new deals. We are now clearly one of the market leaders in personal protective equipment in Norway.

 In **Finland**, market activity during the quarter was good and we achieved organic growth of 5%. Our sales to customers in facility management, installation and construction developed well. As in previous quarters, southern and western parts of Finland are growing fastest and we continue our initiatives to strengthen the position in these regions. During the quarter, an agreement was signed to acquire Kahipa Oy, a distributor of HVAC & Plumbing fastenings and installation tools in southern Finland with estimated annual sales of MSEK 35.

Outlook

Within industry and infrastructure, everything points to continuing strong demand in the near future. There has been a decline in building starts in new residential construction, but we have not yet seen any significant effect on our sales. On the other hand, we are already seeing signs of an increasing activity level in renovation. This indicates that demand for renovation is now picking up, as demand for new construction is expected to decline. Just as it has done historically.

I am certain that with our committed employees, the best customer offering and our broad market exposure, we stand strong. Overall demand is expected to remain favourable for Ahlseil in the coming quarters.

Johan Nilsson
President and CEO



Personal protective equipment and private label are both examples of successful strategic initiatives. The image shows our own brand "Activewear".

*The Easter effect means a reduction in Ahlseil's sales during the trading days that fall in Easter week. The definition can be found on page 24.

Net sales

Second quarter

Net sales for the quarter increased by 18% to MSEK 8,056 (6,818). The increase in net sales was positively affected mainly by strong organic growth, which accounted for 8%. Other factors contributing to the increase in net sales were acquisitions, the number of trading days and currency translation effects.

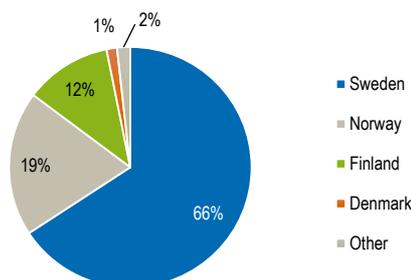
The strong organic growth is largely due to good market development in the Nordic countries, but successful initiatives and an attractive customer offering contributed further. Ahlsell's market has benefited from production growth and investments in industries such as construction, manufacturing and exports, and in Norway from increased profitability in the oil sector, which has also boosted oil-related industries. All Ahlsell's geographical segments showed positive development in net sales and the highest growth rate for the Group's main segments was achieved in the Swedish and Norwegian operations.

Interim period January - June

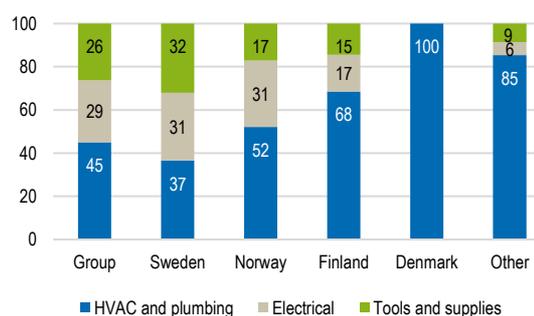
Net sales for the interim period increased by 14% to MSEK 15,217 (13,387). The growth was positively affected by strong organic growth, acquisitions and currency translation effects.

Growth	Apr-Jun		Jan-Jun	
	%	MSEK	%	MSEK
Organic	8%	602	8%	1,097
Acquisitions	5%	339	5%	612
Trading days	2%	161	0%	-26
Currency	2%	136	1%	147
Total growth	18%	1,238	14%	1,830

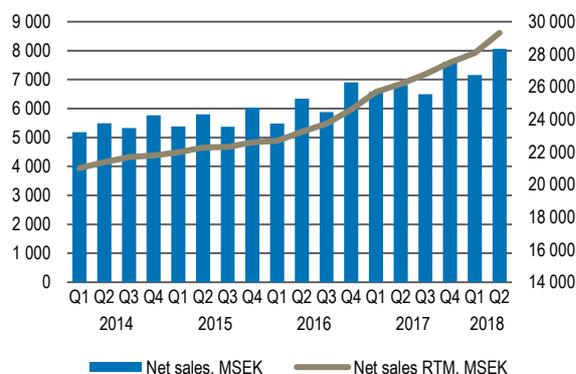
Net sales by segment
(rolling 12 months)



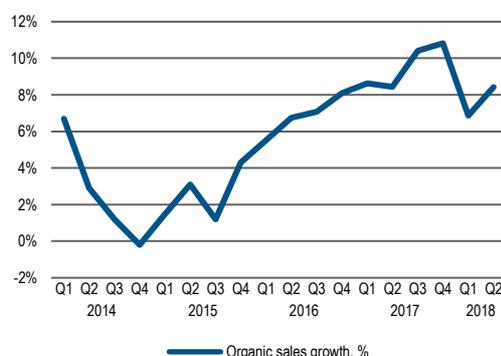
Net sales by product segment, %
(rolling 12 months)



Net sales
(per quarter and rolling 12 months)



Organic sales growth
(per quarter)



Earnings

Second quarter

The Group's EBITA for the quarter was MSEK 678 (558), an increase of 21% from the previous year, corresponding to an EBITA margin of 8.4% (8.2). Adjusted EBITA for the previous year was MSEK 570, with an EBITA margin of 8.4%.

The gross margin was weaker than the previous year at 26.3% (26.8). This was partly due to a stronger sales growth rate in customer segments with a lower gross margin.

The Group's operating expenses increased as a result of acquisitions, growth initiatives and a high activity level in the operations. Translation effects had a positive impact on operating profit, corresponding to MSEK 5.

Profit before tax for the period was MSEK 536 (409). Recalculated deferred taxes following the decision to introduce a new tax rate in Sweden had a positive effect of MSEK 92 on tax expense. Profit for the period was MSEK 507 (308), corresponding to diluted earnings per share of SEK 1.18 (0.71). The decision on a change to the tax rate in Sweden had a positive effect of SEK 0.21 earnings per share.

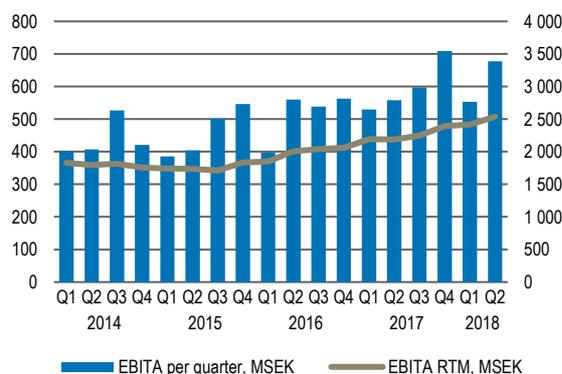
Interim period January - June

The Group's EBITA for the interim period was MSEK 1,231 (1,088), an increase of 13% from the previous year, corresponding to an EBITA margin of 8.1% (8.1).

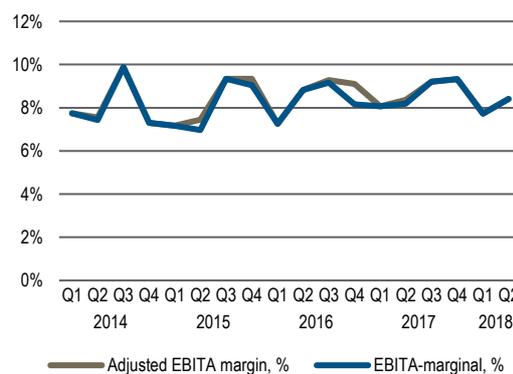
The gross margin was 26.7% (27.0), a slight decline from the previous year. Operating expenses as a proportion of sales declined somewhat. Currency translation effects had a slightly positive impact on operating profit, corresponding to MSEK 6.

Profit before tax for the period was MSEK 956 (837). Recalculated deferred taxes following the decision to introduce a new tax rate in Sweden had a positive effect of MSEK 92 on tax expense. Profit for the period was MSEK 831 (643), corresponding to diluted earnings per share of SEK 1.93 (1.47). The decision on a change to the tax rate in Sweden had a positive effect of SEK 0.21 earnings per share.

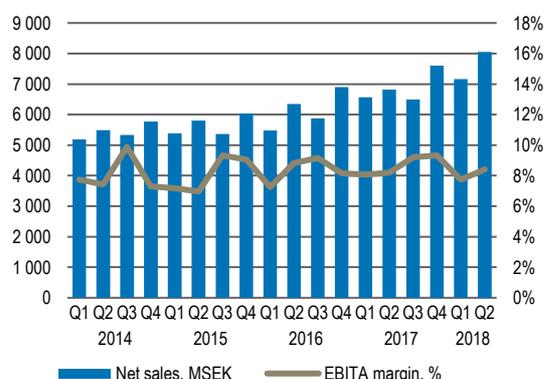
EBITA
(per quarter and rolling 12 months)



EBITA margin
(per quarter)



Net sales and EBITA margin
(per quarter)



Earnings per share
(per quarter and rolling 12 months)



Segment Sweden

Sweden	2018			2017			Rolling 12 months	Full year 2017
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change		
External net sales, MSEK	5,180	4,484	16%	9,937	8,745	14%	19,280	18,087
Organic growth, %	8%	10%		9%	9%			11%
Profit (EBITA), MSEK	605	537	13%	1,150	1,047	10%	2,316	2,213
Adjusted EBITA, MSEK	605	537	13%	1,150	1,047	10%	2,316	2,213
EBITA margin, %	11.7%	12.0%		11.6%	12.0%		12.0%	12.2%
Adjusted EBITA margin, %	11.7%	12.0%		11.6%	12.0%		12.0%	12.2%

- **Strong demand and continued high growth rate in all product segments**
- **Organic growth was 8%**
- **One acquisition was made, with estimated annual sales of MSEK 30**
- **EBITA increased by 13%**

Growth	Apr-Jun		Jan-Jun	
	%	MSEK	%	MSEK
Organic	8%	393	9%	783
Acquisitions	5%	216	5%	410
Trading days	2%	86	0%	0
Currency	0%	0	0%	0
Total growth	16%	695	14%	1,192

Second quarter

External net sales for the Swedish operations amounted to MSEK 5,180 (4,484). The quarter had one trading day more than the comparative period.

Strong demand from a broad customer base together with our own initiatives meant that Ahlsell performed strongly in all product segments. The strongest growth was achieved among customers in industry, HVAC & Plumbing installation and facility management. Sales to the construction sector continue to be high, with a slightly increased proportion of sales in renovation, and to small and medium-sized customers. Initiatives, particularly in private label products and personal protective equipment, have developed well during the quarter and contributed to the increase in sales. In order to further strengthen the local position and increase proximity to customers, a new branch in the Stockholm region was opened during the quarter.

EBITA for the quarter increased by 13% to MSEK 605 (537), corresponding to an EBITA margin of 11.7% (12.0). The improvement in earnings is primarily due to increased sales as a result of strong organic growth. The gross

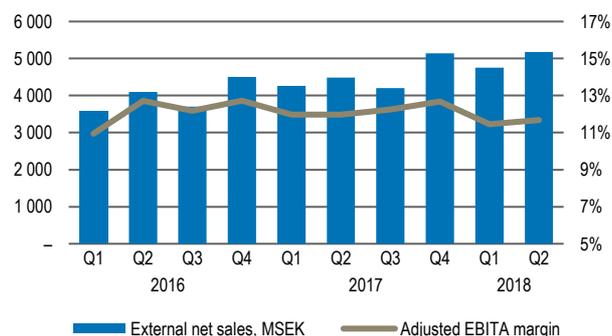
margin was weaker than in the previous year, partly due to higher sales growth in segments with lower margins. This, in combination with an increased cost level attributable to acquisitions, growth initiatives and a high level of activity, had a negative effect on the EBITA margin.

During the period, Bygg & IndustriPartner Skaraborg AB was acquired, with operations in the Tools & Supplies product segment and estimated annual sales of MSEK 30.

Other events

To achieve expected synergies, measures are being planned in ViaCon VA, which was acquired in November 2017. Restructuring costs of approximately MSEK 30 are expected to have an effect on third quarter earnings. The costs are mainly related to future rental costs for premises vacated in connection with the integration. The measures are expected to bring annual savings of MSEK 30 and the full effects should be achieved in early 2019.

External net sales and adjusted EBITA margin



Segment Norway

Norway	2018			2017			Rolling 12 months	Full year 2017
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change		
External net sales, MSEK	1,674	1,312	28%	3,063	2,702	13%	5,710	5,349
Organic growth, %	9%	6%		6%	9%			8%
Profit (EBITA), MSEK	60	26	130%	85	65	31%	198	177
Adjusted EBITA, MSEK	60	26	130%	85	65	31%	198	177
EBITA margin, %	3.6%	2.0%		2.8%	2.4%		3.5%	3.3%
Adjusted EBITA margin, %	3.6%	2.0%		2.8%	2.4%		3.5%	3.3%

- **Strong growth and successful customer targeting, particularly in the electrical segment**
- **Organic growth was 9%**
- **One acquisition was made, with estimated annual sales of MSEK 40**
- **EBITA increased by 130%, positively affected by a gain of MSEK 13 on the sale of property**

Growth	Apr-Jun		Jan-Jun	
	%	MSEK	%	MSEK
Organic	9%	131	6%	174
Acquisitions	9%	111	7%	179
Trading days	4%	54	-1%	-25
Currency	5%	66	1%	33
Total growth	28%	362	13%	361

Second quarter

External net sales for the Norwegian operations amounted to MSEK 1,674 (1,312). The quarter had two trading days more than the comparative period and the activity level was positively affected by the lack of an Easter effect compared with the second quarter the previous year.

After a weak start to the year, market conditions improved in Norway during the second quarter, including strong demand from industry. In combination with our own initiatives and a competitive offering, this resulted in a strong increase in organic sales and a strengthened market position for Ahlsell. Organic growth was strongest in the Electrical segment as a result of successful marketing, primarily towards infrastructure and installation customers. Similarly, a positive trend was noted in sales to construction and industrial customers. The acquisition of Bekken & Strøm developed well, which also contributed to a stronger position in Tools & Supplies.

Profit (EBITA) for the quarter increased to MSEK 60 (26), corresponding to an EBITA margin of 3.6% (2.0). Profit

includes a gain of MSEK 13 on the sale of property and transaction costs of MSEK 3 related to acquisitions. In addition to strong organic growth, which also includes a positive Easter effect, operating profit was positively affected by an increased number of trading days, corresponding to additional earnings of MSEK 14, and by acquisitions. The gross margin was weaker compared with the previous year due to good sales growth in segments with lower margins. Currency translation effects had a positive impact on operating profit, corresponding to MSEK 2.

During the period, Sentrum Motor og Verktøy AS was acquired, with operations in the Tools & Supplies segment and estimated annual sales of MSEK 40.

External net sales and adjusted EBITA margin



Segment Finland

Finland	2018			2017			Rolling 12 months	Full year 2017
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change		
External net sales, MSEK	937	813	15%	1,741	1,540	13%	3,401	3,201
Organic growth, %	5%	4%		5%	4%			4%
Profit (EBITA), MSEK	30	21	40%	46	35	30%	128	117
Adjusted EBITA, MSEK	30	33	-9%	46	47	-2%	128	129
EBITA margin, %	3.2%	2.6%		2.6%	2.3%		3.8%	3.7%
Adjusted EBITA margin, %	3.2%	4.0%		2.6%	3.0%		3.8%	4.0%

- **Good growth, with the strongest development in HVAC & Plumbing and Tools & Supplies**
- **Organic growth was 5%**
- **Agreement on an acquisition with estimated annual sales of MSEK 35**
- **Adjusted EBITA was MSEK 30 (33), adversely affected by a weaker gross margin and costs of initiatives**

Growth	Apr-Jun		Jan-Jun	
	%	MSEK	%	MSEK
Organic	5%	40	5%	82
Acquisitions	2%	12	2%	23
Trading days	2%	14	0%	0
Currency	7%	58	6%	95
Total growth	15%	124	13%	201

Second quarter

External net sales for the Finnish operations amounted to MSEK 937 (813). The quarter had one trading day more than the comparative period.

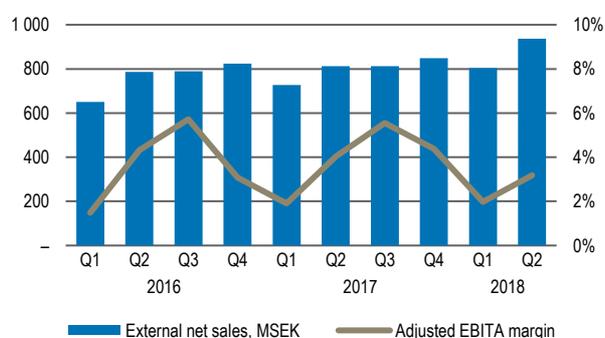
The Finnish economy continued to show good overall development during the quarter, driven primarily by industry, with increased production and a strong export sector. There are also some regional differences, with the growth regions of southern and western Finland being the driving forces. For Ahlsell, growth was strong in the HVAC & Plumbing segment, with sales in climate and facility management and sales to installation and construction customers developing well. The Tools & Supplies product segment also showed good growth.

Profit (EBITA) for the quarter was MSEK 30 (21), corresponding to an EBITA margin of 3.2% (2.6). Adjusted EBITA for the previous year was MSEK 33, corresponding

to an EBITA margin of 4.0%. An increased sales level, with a weaker gross margin, had a negative effect on earnings. In addition, operating expenses also increased, partly due to investments in the branch network and sales initiatives.

During the period, an agreement was signed to acquire Kahipa Oy (Kahipa), with operations in HVAC & Plumbing and estimated annual sales of MSEK 35. Closing was in early July.

External net sales and adjusted EBITA margin



Segment Denmark

Denmark	2018			2017			Rolling 12 months	Full year 2017
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change		
External net sales, MSEK	122	100	22%	224	195	14%	410	382
Organic growth, %	11%	6%		9%	0%			4%
Profit (EBITA), MSEK	20	10	90%	31	19	66%	55	42
Adjusted EBITA, MSEK	20	10	90%	31	19	66%	55	42
EBITA margin, %	16.0%	10.3%		13.9%	9.6%		13.3%	11.1%
Adjusted EBITA margin, %	16.0%	10.3%		13.9%	9.6%		13.3%	11.1%

- Continued strong growth, primarily driven by increased refrigerant prices
- Organic growth was 11%
- Strong EBITA margin of 16.0%, strengthened by increased prices for refrigerants and currencies

Growth	Apr-Jun		Jan-Jun	
	%	MSEK	%	MSEK
Organic	11%	11	9%	18
Acquisitions	0%	0	0%	0
Trading days	4%	4	-1%	-2
Currency	7%	7	6%	12
Total growth	22%	22	14%	28

Second quarter

External net sales for the Danish operations amounted to MSEK 122 (100). The quarter had two trading days more than the comparative period.

Danish refrigeration sales continued to increase, mainly as a result of higher prices for refrigerants. The DIY (Do-It-Yourself) business had a stable sales development.

Profit (EBITA) for the quarter increased to MSEK 20 (10), corresponding to an EBITA margin of 16.0% (10.3). The gross margin improved in both the refrigeration and DIY operations, while costs remained in line with the previous

year. Increased refrigerant prices and favourable exchange rates on purchases contributed to earnings growth.

External net sales and adjusted EBITA margin



Segment Other

Other	2018			2017			Rolling 12 months	Full year 2017
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change		
External net sales, MSEK	143	110	31%	253	204	24%	513	465
Organic growth, %	24%	12%		20%	8%			10%
Profit (EBITA), MSEK	5	3	92%	7	4	82%	15	12
Adjusted EBITA, MSEK	5	3	92%	7	4	82%	15	12
EBITA margin, %	3.4%	2.3%		2.6%	1.8%		3.0%	2.6%
Adjusted EBITA margin, %	3.4%	2.3%		2.6%	1.8%		3.0%	2.6%

- **Strong growth in all three geographical regions**
- **Organic growth was 24%**
- **EBITA increased by 92%, driven by increased volumes and improved sales efficiency**

Growth	Apr-Jun		Jan-Jun	
	%	MSEK	%	MSEK
Organic	24%	27	20%	40
Acquisitions	0%	0	0%	0
Trading days	3%	3	0%	1
Currency	4%	4	3%	8
Total growth	31%	34	24%	48

Second quarter

External net sales for segment Other amounted to MSEK 143 (110).

The segment's increase in sales was positively affected by strong organic growth in all three geographical regions. Market conditions were good and activities aimed at increasing sales efficiency and broadening the product offering contributed to increased sales.

Profit (EBITA) for the quarter increased to MSEK 5 (3), corresponding to an EBITA margin of 3.4% (2.3).

External net sales and adjusted EBITA margin



Acquisitions

Five acquisitions with combined annual sales of approximately MSEK 760 were made during the interim period. The total purchase consideration for them was MSEK 750, with a cash flow effect of MSEK 699. Acquired liquid assets amounted to MSEK 42. The total consideration includes an additional contingent consideration valued at MSEK 9 attributable to the acquisition of Proffsmagasinet Svenska AB. The acquired companies have reported net assets of MSEK 180. Intangible surplus values were allocated as follows: MSEK 167 to customer relationships and MSEK 446 to goodwill. Goodwill is attributable to the synergies that are expected to arise.

Closing	Completed acquisitions 2018	Country	Product segment	Annual sales MSEK ^a	Number of employees ^b
16/01/2018	Proffsmagasinet Svenska AB	Sweden	Tools & Supplies	260	50
	<i>Strengthens the position in e-commerce by offering the market's best product range to an even larger customer base of professionals</i>				
01/02/2018	HMK i Västerås AB	Sweden	Tools & Supplies	16	8
	<i>Strengthens the position in workwear and personal protection in Västerås and its surroundings, Sweden</i>				
02/02/2018	Bekken & Strøm AS	Norway	Tools & Supplies	415	160
	<i>Makes Ahlsell a market leader in personal protective equipment in Norway</i>				
02/05/2018	Sentrum Motor og Verktøy AS	Norway	Tools & Supplies	40	9
	<i>Strengthens the position in personal protective equipment and aquaculture in Finnmark, Norway</i>				
31/05/2018	Bygg & IndustriPartner Skaraborg AB	Sweden	Tools & Supplies	30	7
	<i>Strengthens the position in Tools & Supplies in Skaraborg, Sweden</i>				
Total				761	234

^a Estimated sales for the last 12 months on date of closing

^b On acquisition date

The total consideration for Proffsmagasinet Svenska AB comprised a base purchase price and additional contingent consideration. The additional consideration was valued at MSEK 9 in the purchase price allocation. The contingent consideration is dependent on the company's earnings development and is calculated based on the most likely outcome. The additional consideration is due for payment in 1.5 years. The outcome will be in the range of MSEK 0-13 on the settlement date, depending on fulfilment of the conditions.

As acquired businesses are fully or partly integrated into Ahlsell's existing operations after the acquisition date, it is not possible to present information about contribution to the Group's sales and earnings. Ahlsell considers the analysis of the acquired net assets to be provisional, and subsequent fair value adjustments may therefore be made. If all acquisitions closed in 2018 had been conducted on 1 January, the Group's sales would have been approximately MSEK 80 higher and EBITA about MSEK 7 higher. Total transaction costs for the year's acquisitions amount to approximately MSEK 5.

In June, Ahlsell signed an agreement to acquire Kahipa Oy, with annual sales of approximately MSEK 35. Kahipa Oy is a Finnish distributor of HVAC & Plumbing fastenings and installation tools. Kahipa has seven employees and two branches in southern Finland. Closing was in early July. The final analysis and purchase price allocation are not yet completed.

Closing	Completed acquisitions 2017	Country	Product segment	Annual sales MSEK ^a	Number of employees ^b
28/02/2017	G-ESS Yrkeskläder AB	Sweden	Tools & Supplies	120	37
02/05/2017	C.J. Järn & Maskin AB	Sweden	Tools & Supplies	46	18
01/06/2017	Svensk Industri & Kommunservice AB	Sweden	Tools & Supplies	55	13
02/10/2017	Lenson Elektro AS	Norway	Electrical	23	5
01/11/2017	ViaCon VA (assets and liabilities)	Sweden	HVAC & Plumbing	320	81
01/12/2017	Gehås AB (assets and liabilities)	Sweden	Tools & Supplies	15	6
04/12/2017	Infästningsspecialisten Göteborg AB	Sweden	Tools & Supplies	28	8
28/12/2017	Nordic Sprinkler AB, Enexia AB, Prepipe Construction AB	Sweden	HVAC & Plumbing	80	21
28/12/2017	Enexia Oy	Finland	HVAC & Plumbing	40	8
29/12/2017	Jobline i Umeå AB	Sweden	Tools & Supplies	26	8
29/12/2017	SAFE Workwear Sweden AB	Sweden	Tools & Supplies	24	9
Total				777	214

^a Estimated sales for the last 12 months on date of closing

^b On acquisition date

Purchase price allocations for G-ESS Yrkeskläder AB, C.J. Järn & Maskin AB and Svensk Industri & Kommunservice AB are final and no changes have been made to what was previously presented. If all acquisitions during 2017 had been conducted on 1 January, the Group's sales would have been approximately MSEK 555 higher and EBITA about MSEK 35 higher.

Net financial items

The Group's net financial items for the second quarter amounted to MSEK -46 (-62). Net interest expense was MSEK -41 (-48). Currency effects had an impact of MSEK 21 (-36) on net financial items, while revaluation of currency and interest rate derivatives had an effect of MSEK -21 (32). Other financial items, mainly bank charges, had a net effect of MSEK -5 (-3) on net financial items during the second quarter. Revaluation of equity swaps (used to secure the Group's long-term share-savings programme in 2017) had a negative effect of MSEK 6 on the figure for the comparative period. These equity swaps were terminated in the fourth quarter of 2017.

The Group's net financial items for the period January-June amounted to MSEK -87 (-76). Net interest expense was MSEK -79 (-95). Currency effects had an impact of MSEK 51 (-42) on net financial items, while revaluation of currency and interest rate derivatives had an effect of MSEK -48 (41). Other financial items, mainly bank charges, had a net effect of MSEK -10 (-6) on net financial items during the period January-June. Revaluation of equity swaps (used to secure the Group's long-term share-saving programme in 2017) had a positive effect of MSEK 26 on the figure for the comparative period. These equity swaps were terminated in the fourth quarter of 2017.

Tax

Tax on profit for the second quarter amounted to MSEK -29 (-101). Tax on profit for the period January-June amounted to MSEK -125 (-195). Recalculated deferred taxes following the decision to introduce a new tax rate in Sweden had a positive effect of MSEK 92 on the year's tax expense. The effective tax rate for the interim period was -13.1% (-23.3). The lower effective tax rate is mainly due to deferred tax income, with a change to the tax rate in Sweden affecting the effective tax rate by 9.6 percentage points. For the 2017 financial year, the effective tax rate was -22.1%.

Financial position and liquidity

The Group's cash and cash equivalents at 30 June were MSEK 1,355 (957), an increase of MSEK 60 since the beginning of the year. There are also unused credit facilities of MSEK 3,229. Outstanding commercial papers amounted to MSEK 1,424 on the reporting date. Ahlsell issued a bond loan of MSEK 750 during the quarter.

Net debt at 30 June was MSEK 8,017 (7,251), an increase of MSEK 1,275 since the beginning of the year. The increase is mainly related to the acquisitions during the interim period. Net debt/adjusted EBITDA was 2.9 (3.0) times.

The Group's equity at 30 June was MSEK 9,409 (8,568), an increase of MSEK 405 since the beginning of the year.

Cash flow and investments

Cash flow from operating activities before changes in working capital for the second quarter was MSEK 606 (503). Cash flow from changes in working capital was MSEK -232 (-231). Cash flow from investing activities, including acquisitions, was MSEK -98 (-132). Investments in property, plant and equipment and intangible assets during the second quarter amounted to MSEK -61 (-56). Cash flow from financing activities for the second quarter amounted to MSEK -12 (-559) and was affected by a bond issue of MSEK 750, a dividend payment of MSEK 708 to shareholders and loan repayments of MSEK 54. Cash flow for the period amounted to MSEK 263 (-419).

Cash flow from operating activities before changes in working capital for the period January-June was MSEK 987 (894). Cash flow from changes in working capital was MSEK -566 (-334). The decline in cash flow from changes in working capital is primarily attributable to increased capital tied up in operating receivables. This is mainly explained by high growth during, and an unfavourable calendar effect in connection with closing of, the interim period. Cash flow from investing activities, including acquisitions, was MSEK -801 (-256). Investments in property, plant and equipment and intangible assets during the interim period amounted to MSEK -115 (-92). Cash flow from financing activities for the period amounted to MSEK 432 (-559) and was mainly affected by a bond issue of MSEK 750, a dividend payment of MSEK 708 to shareholders and issued commercial papers of MSEK 425 (net).

Operating cash flow (see also note 3) for the last 12 months was SEK 1,893, a decline of MSEK 98 from the previous full year. The decline is entirely due to a lower cash flow from changes working capital in the interim period compared with the previous year. Operating cash flow/EBITDA (Cash conversion) was 70% for the last twelve months. Operating cash flow for the second quarter was MSEK 429 (309), an increase of 39% from the previous year.

Personnel

The number of employees at the end of the period was 5,827 (5,206) and the average number of employees during the period was 5,710 (5,140). Acquisitions during the year have increased the number of employees by 234.

The Group's share-savings programme costs were MSEK 14 (13) during the second quarter. MSEK 10 (9) of this amount was credited to equity and MSEK 4 (4) was reserved for social security contributions. The Group's share-savings programme costs were MSEK 26 (26) during the period January-June 2018. MSEK 19 (19) of this amount was credited to equity and MSEK 7 (7) was reserved for social security contributions. The costs are reported in the Central segment and are included in the income statement under administration expenses. Own shares have been repurchased for the purpose of securing the Group's long-term share-savings programme. The number of repurchased shares is seven million. In 2018, the Group entered into equity

swaps to secure the incentive programme adopted by the 2018 Annual General Meeting. At 30 June, the number of hedged shares amounted to 750,000 with an average cost of SEK 54.29.

Parent Company

Ahlsell AB (publ), corp. ID 556882-8916, is the Parent Company of the Group. The Parent Company's net sales for the second quarter amounted to MSEK 19 (113). Profit/loss before tax was MSEK -251 (172). The Parent Company's net sales for the period January-June were MSEK 36 (223). Profit/loss before tax was MSEK -157 (374). The Parent Company's cash and cash equivalents were MSEK 3 (2) at the end of the period. The Company is financed via the Group's cash pool. Ahlsell is listed on Nasdaq Stockholm under the ticker AHSL.

Related-party transactions

There have been no transactions between Ahlsell and related parties that have significantly affected the Company's position and results during the period.

Events after the end of the interim period

There were no significant events after the end of the interim period.

Other events

To achieve expected synergies, measures are being planned in ViaCon VA, which was acquired in November. Restructuring costs of approximately MSEK 30 are expected to have an effect on third quarter earnings. The costs are mainly related to future rental costs for premises vacated in connection with the integration. The measures are expected to bring annual savings of MSEK 30 and the full effects should be achieved in early 2019.

Risks and uncertainties

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

- 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.
- Acquisitions are a key part of Ahlsell's growth strategy. The acquisition process can be subject to difficulties, such as identifying acquisition objects, integrating acquired businesses and achieving expected synergies. Ahlsell's acquisitions mean that intangible assets constitute a large part of Ahlsell's total assets. Ahlsell's intangible assets consist primarily of customer relationships, trademarks and goodwill.
- 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.
- Ahlsell is greatly dependent on IT systems for the day-to-day operation of its business and the performance of its financial reporting. External suppliers are responsible for the administration and maintenance of all Ahlsell's central IT systems.
- Upholding Ahlsell's reputation is key to the success of its business. Ahlsell's customers are placing ever increasing demands on Ahlsell and on Ahlsell's suppliers' responsibility. If Ahlsell is found wanting in its sustainability performance and in the control of its suppliers' sustainability practices, there is a risk that this will adversely impact sales.
- Due to the nature and financial effects of its business activities, Ahlsell is exposed to risks relating to fluctuations in currency exchange rates.
- Ahlsell has outstanding debts at variable interest rates. An unfavourable development in interest rates can have an adverse impact on Ahlsell's business activities and financial position.

Accounting policies

This interim report has been prepared under International Financial Reporting Standards (IFRS), in accordance with 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 effective on 1 January 2018. The IASB has issued amendments to standards effective on 1 January 2018. The Group applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect from 1 January 2018. The transition to these standards has not affected the Group's earnings and financial position.

The interim report for the Parent Company has been prepared in accordance 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 effective on or after 1 January 2018. These standards have not had any material impact on the Parent Company's financial statements.

The project relating to the introduction of IFRS 16 is proceeding according to plan and information on all leases considered to be material has been collected and quantified. The final impact of the introduction of IFRS 16 on the financial statements will depend on future economic conditions, including the Group's borrowing rate on 1 January 2019 and the composition of the Group's lease portfolio at that time, which is why the final impact is yet to be determined.

The Board and CEO confirm that the report has been prepared in accordance with generally accepted accounting principles in Sweden and provides a true and fair overview of the development of the operations, financial position and performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

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

Stockholm, 19 July 2018

Ahlseil AB (publ)

Kennet Bengtsson
Chairman of the Board

Peter Törnquist
Vice Chairman

Johan Nilsson
Board member
President and CEO

Susanne Ehnåge
Board member

Magdalena Gerger
Board member

Satu Huber
Board member

Gustaf Martin-Löf
Board member

Terje Venold
Board member

Søren Vestergaard-Poulsen
Board member

Glenn Edlund
Board member
Employee representative

Maria Herbertsson
Board member
Employee representative

Anders Nilsson
Board member
Employee representative

Consolidated financial statements

As the reported figures have been rounded in some cases, tables and calculations do not always add up exactly.

CONDENSED INCOME STATEMENT

MSEK	Note	2018 Apr- Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 months	Full year 2017
Net sales	1	8,056	6,818	15,217	13,387	29,315	27,484
Cost of goods sold		-5,940	-4,994	-11,155	-9,778	-21,438	-20,062
Gross profit		2,116	1,825	4,062	3,608	7,876	7,423
Selling expenses		-1,431	-1,257	-2,807	-2,493	-5,276	-4,962
Administration expenses		-123	-107	-238	-220	-473	-455
Other operating income and expenses		20	10	26	19	45	38
Operating profit, EBIT	1.2	582	471	1,043	913	2,172	2,043
Net financial items		-46	-62	-87	-76	-220	-209
Profit before tax		536	409	956	837	1,952	1,834
Income tax		-29	-101	-125	-195	-336	-406
Profit/loss for the period		507	308	831	643	1,616	1,428
Attributable to							
- Owners of the parent company		507	308	831	643	1,616	1,428
- Non-controlling interests		-	-	-	-	-	-
Basic earnings per share, SEK	6	1.18	0.71	1.94	1.47	3.74	3.28
Diluted earnings per share, SEK	6	1.18	0.71	1.93	1.47	3.74	3.28

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 months	Full year 2017
Profit/loss for the period	507	308	831	643	1,616	1,428
Other comprehensive income for the period						
Items that will be reclassified to profit or loss for the period						
Translation differences	101	-7	302	-22	312	-11
Change in hedging reserve	-8	-1	-13	-2	-23	-10
Tax attributable to components of other comprehensive income	5	-4	14	-7	15	-6
Items that will not be reclassified to profit or loss for the period						
Actuarial gains and losses	0	0	0	0	-1	-1
Tax attributable to actuarial gains and losses	0	0	0	0	0	0
Comprehensive income for the period	605	297	1,134	613	1,919	1,399
Attributable to						
owners of the parent company	605	297	1,134	613	1,919	1,399
non-controlling interests	-	-	-	-	-	-

CONDENSED BALANCE SHEET

MSEK	Note	2018 30 Jun	2017 30 Jun	2017 31 Dec
ASSETS				
Customer relationships		3,002	3,086	2,929
Trademark		3,837	3,837	3,837
Goodwill		7,836	7,064	7,206
Other intangible assets		149	131	136
Property, plant and equipment		910	797	853
Financial assets	4	13	78	10
Deferred tax assets		9	7	8
Total non-current assets		15,756	15,002	14,980
Inventories		4,174	3,360	3,888
Trade receivables	4	4,384	3,600	3,491
Other receivables	4	1,434	1,143	1,220
Cash and cash equivalents	4	1,355	957	1,295
Total current assets		11,348	9,060	9,894
TOTAL ASSETS		27,104	24,061	24,874
EQUITY AND LIABILITIES				
Equity		9,409	8,568	9,004
Non-current interest-bearing liabilities	4	8,807	7,930	7,934
Provisions		56	56	55
Deferred tax liabilities		1,402	1,392	1,494
Other non-current liabilities	4	41	27	29
Total non-current liabilities		10,306	9,405	9,512
Current interest-bearing liabilities	4	507	328	51
Trade payables	4	5,627	4,780	5,218
Provisions		8	19	10
Other current liabilities		1,246	961	1,079
Total current liabilities		7,388	6,088	6,358
TOTAL EQUITY AND LIABILITIES		27,104	24,061	24,874

CONDENSED CASH FLOW STATEMENT

MSEK	2018	2017	2018	2017	Rolling	Full year
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	12 months	2017
Profit after financial items	536	409	956	837	1,952	1,834
Adjustments for non-cash items	137	158	263	266	560	563
- of which depreciation and impairment of assets	145	128	284	255	548	519
- capitalised and accrued interest	0	1	-3	16	-10	9
- other	-8	29	-18	-5	22	35
Tax paid	-68	-64	-232	-209	-226	-203
Cash flow from operating activities before changes in working capital	606	503	987	894	2,286	2,193
Change in inventories	75	-130	45	-58	-387	-489
Change in operating receivables	-806	-231	-861	-598	-811	-547
Change in operating liabilities	498	129	251	322	632	703
Cash flow from changes in working capital	-232	-231	-566	-334	-565	-333
Cash flow from operating activities	373	271	421	560	1,721	1,861
Cash flow from acquisition of assets, liabilities and operations	-50	-48	-699	-111	-934	-346
Other cash flow from investing activities	-48	-84	-102	-144	-153	-195
Cash flow from investing activities	-98	-132	-801	-256	-1,086	-541
Cash flow before financing activities	275	139	-381	305	634	1,320
Dividend paid	-708	-153	-708	-153	-708	-153
Issued warrants	1	-	1	-	1	-
Repurchase of shares	-	-	-	-	-369	-369
Proceeds from borrowings	750	-	1,225	-	2,224	999
Repayment of borrowings	-54	-406	-86	-406	-1,392	-1,712
Cash flow from financing activities	-12	-559	432	-559	-244	-1,235
CASH FLOW FOR THE PERIOD	263	-419	51	-254	390	86
Cash and cash equivalents at beginning of period	1,088	1,375	1,295	1,209	957	1,209
Exchange differences	3	1	9	2	8	0
Cash and cash equivalents at end of period	1,355	957	1,355	957	1,355	1,295
Additional information						
Interest received	4	4	9	9	17	17
Interest paid	-36	-43	-73	-70	-154	-152

CONDENSED STATEMENT OF CHANGES IN EQUITY

MSEK	2018	2017	2017
	Jan-Jun	Jan-Jun	Jan-Dec
Opening equity	9,004	8,089	8,089
Comprehensive income for the period	1,134	613	1,399
Total recognised income and expenses	1,134	613	1,399
Long-term share-savings programme	19	19	37
Repurchase of own shares	-	-	-369
Equity swap for securing long-term share-savings programme	-41	-	-
Dividend	-708	-153	-153
Issued warrants	1	-	-
Total shareholder transactions	-729	-134	-485
Closing equity	9,409	8,568	9,004

Parent Company financial statements

CONDENSED BALANCE SHEET – PARENT COMPANY

MSEK	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 months	Full year 2017
Net sales	19	113	36	223	267	453
Gross profit	19	113	36	223	267	453
Administration expenses	-32	-29	-69	-64	-139	-133
Operating profit	-14	84	-33	159	128	320
Interest and similar income	-176	110	6	239	359	592
Interest and similar expense	-61	-22	-130	-24	-2,087	-1,982
Profit after financial items	-251	172	-157	374	-1,601	-1,070
Appropriations	-	-	-	-	-170	-170
Profit before tax	-251	172	-157	374	-1,771	-1,240
Income tax	-	-37	-	-81	-32	-112
Profit/loss for the period	-251	135	-157	293	-1,803	-1,353

CONDENSED STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

MSEK	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 months	Full year 2017
Profit/loss for the period	-251	135	-157	293	-1,803	-1,353
Change in hedging reserve	-8	-1	-13	-2	-21	-10
Tax attributable to components of other comprehensive income	2	0	3	0	5	2
Other comprehensive income for the period	-7	-1	-10	-1	-17	-8
Comprehensive income for the period	-258	134	-167	292	-1,819	-1,361
Attributable to:						
- Owners of the parent company	-258	134	-167	292	-1,819	-1,361

CONDENSED BALANCE SHEET – PARENT COMPANY

MSEK	2018 30 Jun	2017 30 Jun	2017 31 Dec
Intangible assets	2	3	2
Property, plant and equipment	0	0	0
Shares in Group companies	13,795	3,032	1,658
Financial investments	1	1	1
Receivables from Group companies	484	12,601	11,791
Deferred tax assets	6	3	3
Total non-current assets	14,288	15,639	13,455
Other receivables	695	82	6
Cash and cash equivalents	3	2	2
Total current assets	698	84	7
TOTAL ASSETS	14,986	15,724	13,462
Equity	3,778	7,335	5,330
Untaxed reserves	357	112	282
Non-current liabilities	10,296	7,653	7,655
Current liabilities	555	624	195
TOTAL EQUITY AND LIABILITIES	14,986	15,724	13,462

Notes

Disclosures in accordance with IAS 34 (16A) are presented in the financial statements and related notes, and also in other sections of the interim report.

NOTE 1. INFORMATION BY SEGMENT

External net sales by product area RTM, MSEK	HVAC & Plumbing	Electrical	Tools & Supplies	Total		
Sweden	7,047	6,062	6,171	19,280		
Norway	2,976	1,756	979	5,710		
Finland	2,330	578	494	3,401		
Denmark	410	–	–	410		
Other	438	31	44	513		
Central	–	–	–	–		
Group	13,201	8,426	7,687	29,315		
External net sales by segment, MSEK	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 months	Full year 2017
Sweden	5,180	4,484	9,937	8,745	19,280	18,087
Norway	1,674	1,312	3,063	2,702	5,710	5,349
Finland	937	813	1,741	1,540	3,401	3,201
Denmark	122	100	224	195	410	382
Other	143	110	253	204	513	465
Central	–	–	–	–	–	–
Group	8,056	6,818	15,217	13,387	29,315	27,484
EBITA by segment, MSEK						
Sweden	605	537	1,150	1,047	2,316	2,213
Norway	60	26	85	65	198	177
Finland	30	21	46	35	128	117
Denmark	20	10	31	19	55	42
Other	5	3	7	4	15	12
Central	-42	-39	-87	-82	-174	-169
Eliminations	–	–	–	–	–	–
Group	678	558	1,231	1,088	2,537	2,394
EBITA margin by segment, %						
Sweden	11.7%	12.0%	11.6%	12.0%	12.0%	12.2%
Norway	3.6%	2.0%	2.8%	2.4%	3.5%	3.3%
Finland	3.2%	2.6%	2.6%	2.3%	3.8%	3.7%
Denmark	16.0%	10.3%	13.9%	9.6%	13.3%	11.1%
Other	3.4%	2.3%	2.6%	1.8%	3.0%	2.6%
Central	–	–	–	–	–	–
Group	8.4%	8.2%	8.1%	8.1%	8.7%	8.7%
Adjusted EBITA per segment, MSEK						
Sweden	605	537	1,150	1,047	2,316	2,213
Norway	60	26	85	65	198	177
Finland	30	33	46	47	128	129
Denmark	20	10	31	19	55	42
Other	5	3	7	4	15	12
Central	-42	-39	-87	-82	-174	-169
Eliminations	–	–	–	–	–	–
Group	678	570	1,231	1,099	2,537	2,405
Adjusted EBITA margin by segment, %						
Sweden	11.7%	12.0%	11.6%	12.0%	12.0%	12.2%
Norway	3.6%	2.0%	2.8%	2.4%	3.5%	3.3%
Finland	3.2%	4.0%	2.6%	3.0%	3.8%	4.0%
Denmark	16.0%	10.3%	13.9%	9.6%	13.3%	11.1%
Other	3.4%	2.3%	2.6%	1.8%	3.0%	2.6%
Central	–	–	–	–	–	–
Group	8.4%	8.4%	8.1%	8.2%	8.7%	8.8%

Quarterly figures

Year	2018			2017			2016			
Quarter	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden										
External net sales	5,180	4,758	5,140	4,202	4,484	4,261	4,501	3,699	4,102	3,572
EBITA	605	545	651	515	537	510	573	451	522	391
as % of net sales	11.7%	11.5%	12.7%	12.2%	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%
Adjusted EBITA	605	545	651	515	537	510	573	451	522	391
as % of net sales	11.7%	11.5%	12.7%	12.2%	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%
Norway										
External net sales	1,674	1,389	1,393	1,254	1,312	1,390	1,375	1,185	1,267	1,082
EBITA	60	25	48	65	26	39	51	53	25	13
as % of net sales	3.6%	1.8%	3.4%	5.2%	2.0%	2.8%	3.7%	4.5%	2.0%	1.2%
Adjusted EBITA	60	25	48	65	26	39	51	60	25	13
as % of net sales	3.6%	1.8%	3.4%	5.2%	2.0%	2.8%	3.7%	5.1%	2.0%	1.2%
Finland										
External net sales	937	803	848	812	813	727	824	789	787	651
EBITA	30	16	37	45	21	14	25	45	34	10
as % of net sales	3.2%	2.0%	4.4%	5.6%	2.6%	1.9%	3.1%	5.7%	4.3%	1.5%
Adjusted EBITA	30	16	37	45	33	14	25	45	34	10
as % of net sales	3.2%	2.0%	4.4%	5.6%	4.0%	1.9%	3.1%	5.7%	4.3%	1.5%
Denmark										
External net sales	122	101	98	89	100	96	88	88	95	93
EBITA	20	11	13	11	10	8	6	10	9	7
as % of net sales	16.0%	11.3%	12.9%	12.5%	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%
Adjusted EBITA	20	11	13	11	10	8	6	10	9	7
as % of net sales	16.0%	11.3%	12.9%	12.5%	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%
Other										
External net sales	143	109	126	135	110	95	115	120	93	82
EBITA	5	2	3	6	3	1	2	4	2	1
as % of net sales	3.4%	1.5%	2.5%	4.1%	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%
Adjusted EBITA	5	2	3	6	3	1	2	4	2	1
as % of net sales	3.4%	1.5%	2.5%	4.1%	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%
Central										
EBITA	-42	-45	-43	-44	-39	-43	-95	-25	-32	-24
Adjusted EBITA	-42	-45	-43	-44	-39	-43	-30	-25	-32	-24
Eliminations										
EBITA	-	-	-	-	-	-	-	-	-	-
Adjusted EBITA	-	-	-	-	-	-	-	-	-	-
Group										
External net sales	8,056	7,161	7,606	6,492	6,818	6,568	6,902	5,880	6,344	5,480
EBITA	678	554	709	597	558	530	563	538	560	397
as % of net sales	8.4%	7.7%	9.3%	9.2%	8.2%	8.1%	8.2%	9.2%	8.8%	7.3%
Adjusted EBITA	678	554	709	597	570	530	628	545	560	397
as % of net sales	8.4%	7.7%	9.3%	9.2%	8.4%	8.1%	9.1%	9.3%	8.8%	7.3%

NOTE 2. DEPRECIATION, AMORTISATION AND IMPAIRMENT

MSEK	2018	2017	2018	2017	Rolling	Full year
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	12 months	2017
Amortisation of intangible assets	-96	-88	-189	-175	-365	-351
Impairment of intangible assets	-	-	-	-	-	-
Depreciation of property, plant and equipment	-49	-40	-96	-80	-183	-168
Impairment of property, plant and equipment	-	-	-	-	-	-

NOTE 3. CONDENSED OPERATING CASH FLOW

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

MSEK	2018	2017	2018	2017	Rolling	Full year
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	12 months	2017
Operating profit	582	471	1,043	913	2,172	2,043
Adjustments for non-cash items	124	126	259	247	505	493
Cash flow from changes in working capital	-232	-231	-566	-334	-565	-333
Operating cash flow before investments	474	365	736	827	2,112	2,202
Acquisition of intangible assets	-14	-14	-24	-20	-43	-39
Acquisition of property, plant and equipment	-47	-43	-91	-73	-197	-178
Sale of property, plant and equipment	16	0	16	1	22	6
Cash flow from operating investments	-45	-56	-99	-92	-218	-211
Operating cash flow	429	309	636	735	1,893	1,991

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

MSEK	2018	2018	2017	2017	2017	2017
	30 Jun	30 Jun	30 Jun	30 Jun	31 Dec	31 Dec
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets held for trading measured at fair value	-	-	39	39	0	0
Loans and receivables	5,749	5,749	4,632	4,632	4,793	4,793
Available-for-sale financial assets	3	3	3	3	3	3
Total	5,752	5,752	4,674	4,674	4,796	4,796
Financial liabilities						
Financial liabilities held for trading measured at fair value	79	79	8	8	14	14
Other financial liabilities	14,903	14,903	13,058	13,058	13,218	13,218
Total	14,982	14,982	13,065	13,065	13,232	13,232

Financial instruments measured at fair value in the balance sheet relate to currency 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.

For borrowing, there is no material difference between the carrying amount and fair value, as the Group's borrowings are at variable interest rates. Nor does the Group have any other off-balance sheet financial assets or liabilities.

NOTE 5. ITEMS AFFECTING COMPARABILITY

To achieve better comparability between years, EBITA is presented in the interim report net of items affecting comparability. Items affecting comparability are large non-recurring items that have an effect on EBITA and therefore on comparability. The threshold for what qualifies as an item affecting comparability has been increased from the previous year. For an item of income or expense to be classified as affecting comparability, the guideline is that its amount is at least 1% of the Group's profit for the year.

MSEK	Segment	2018	2017	2018	2017	Rolling	Full	
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	12	year	
							months	2017
Type of cost/revenue								
Costs attributable to restructuring (staff under notice with pay)	Finland	-	-11	-	-11	-	-11	
Total items affecting comparability		-	-11	-	-11	-	-11	

NOTE 6. EARNINGS PER SHARE

MSEK	2018	2017	2018	2017	Rolling	Full year	
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	12	2017	
							months
Earnings per share							
Profit attributable to owners of the parent company (MSEK)	507	308	831	643	1,616	1,428	
Weighted average number of basic ordinary shares outstanding (millions)	429.3	436.3	429.3	436.3	431.9	435.4	
Basic earnings per share, SEK	1.18	0.71	1.94	1.47	3.74	3.28	

Diluted earnings per share

The Ahlsell Group's two long-term incentive programmes could potentially lead to future dilution of the number of shares. As of 30 June 2018, there is a dilutive effect for the share-savings programme, but no dilutive effect for the warrants programme. There is no other dilution associated with ordinary shares.

Weighted average number of diluted ordinary shares outstanding (millions)	429.9	436.4	430.1	436.3	432.3	435.4
Diluted earnings per share, SEK	1.18	0.71	1.93	1.47	3.74	3.28

PERFORMANCE MEASURES

MSEK unless otherwise stated	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 months	Full year 2017
Sales measures						
Net sales	8,056	6,818	15,217	13,387	29,315	27,484
Growth, %	18%	7%	14%	13%		12%
Organic growth, %	8%	8%	8%	8%		9%
Income measures						
Operating profit (EBIT)	582	471	1,043	913	2,172	2,043
EBITA	678	558	1,231	1,088	2,537	2,394
Adjusted EBITA	678	570	1,231	1,099	2,537	2,405
EBITDA	727	599	1,327	1,168	2,720	2,562
Adjusted EBITDA	727	610	1,327	1,180	2,720	2,573
Margin measures						
EBIT margin, %	7.2%	6.9%	6.9%	6.8%	7.4%	7.4%
EBITA margin, %	8.4%	8.2%	8.1%	8.1%	8.7%	8.7%
Adjusted EBITA margin, %	8.4%	8.4%	8.1%	8.2%	8.7%	8.8%
Cash flow measures						
Cash flow for the period	263	-419	51	-254	390	86
Operating cash flow	429	309	636	735	1,893	1,991
Operating cash flow/EBITDA (cash conversion)					70%	78%
Capital structure						
Cash	1,355	957	1,355	957	1,355	1,295
Net debt	8,017	7,251	8,017	7,251	8,017	6,742
Net debt/Adjusted EBITDA					2.9	2.6
Debt/equity ratio, times					0.9	0.7
Equity/assets ratio, %					35%	36%
Working capital (average)	3,182	2,268	2,949	2,193	2,865	2,429
Working capital at end of period	3,318	2,393	3,318	2,393	3,318	2,483
Operating capital (average)	17,363	15,748	16,873	15,688	16,592	15,890
Operating capital, excluding intangible assets (average)	4,078	3,129	3,811	3,050	3,729	3,277
Returns						
Return on operating capital, %					13%	13%
Return on operating capital (excluding intangible assets), %					68%	73%
Return on equity, %					18%	17%
Return on working capital %					89%	99%
The share						
Number of shares outstanding at end of period (thousands)	436,302	436,302	436,302	436,302	436,302	436,302
Number of shares outstanding, net after repurchase (thousands)	429,302	436,302	429,302	436,302	429,302	429,302
Weighted average number of basic shares outstanding, net after repurchase (thousands)	429,302	436,302	429,302	436,302	431,932	435,415
Weighted average number of diluted shares outstanding, net after repurchase (thousands)	429,935	436,374	430,097	436,349	432,326	435,428
Basic earnings per share, SEK	1.18	0.71	1.94	1.47	3.74	3.28
Diluted earnings per share, SEK	1.18	0.71	1.93	1.47	3.74	3.28
Other						
Number of employees at end of period			5,827	5,206	5,827	5,471

PER SHARE DATA – quarterly figures

Year	2018			2017			2016
	Quarter	Q2	Q1	Q4	Q3	Q2	Q1
Share price at end of period	52.85	52.55	52.80	52.90	57.75	60.45	52.00
Earnings per share	1.18	0.75	1.08	0.74	0.71	0.77	0.16
Return on equity RTM	18%	16%	17%	15%	16%	18%	15%
Equity per share	21.9	22.2	20.6	20.4	19.6	19.3	18.5
Operating cash flow per share, RTM	4.4	4.1	4.6	4.1	4.9	5.4	4.6

ALTERNATIVE PERFORMANCE MEASURES

Organic growth, EBITA, Adjusted EBITA, EBITA margin and Adjusted EBITA margin are alternative performance measures, for which detailed calculations are presented below. The APMs are used by management to monitor business performance.

Organic growth

Jan-Jun	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	14%	14%	13%	13%	14%	24%
Acquisitions, %	-5%	-5%	-7%	-2%	0%	0%
Currency, %	-1%	0%	-1%	-6%	-6%	-3%
Difference in number of trading days, %	0%	0%	1%	0%	1%	0%
Organic growth, %	8%	9%	6%	5%	9%	20%
Number of trading days Jan-Jun 2018		123	122	124	122	
Number of trading days Jan-Jun 2017		123	123	124	123	

Apr-Jun	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	18%	16%	28%	15%	22%	31%
Acquisitions, %	-5%	-5%	-9%	-2%	0%	0%
Currency, %	-2%	0%	-5%	-7%	-7%	-4%
Difference in number of trading days, %	-2%	-2%	-4%	-2%	-4%	-3%
Organic growth, %	8%	8%	9%	5%	11%	24%
Number of trading days Apr-Jun 2018		60	60	61	60	
Number of trading days Apr-Jun 2017		59	58	60	58	

Adjusted EBITA

Jan-Jun, MSEK	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	1,043	1,020	53	23	28	6	-87
Amortisation and impairment of intangible assets	189	130	32	23	3	0	1
Profit (EBITA), MSEK	1,231	1,150	85	46	31	7	-87
Items affecting comparability	-	-	-	-	-	-	-
Adjusted EBITA, MSEK	1,231	1,150	85	46	31	7	-87

Apr-Jun, MSEK	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	582	540	43	18	18	5	-42
Amortisation and impairment of intangible assets	96	65	17	12	2	0	0
Profit (EBITA), MSEK	678	605	60	30	20	5	-42
Items affecting comparability	-	-	-	-	-	-	-
Adjusted EBITA, MSEK	678	605	60	30	20	5	-42

NUMBER OF TRADING DAYS

	Q1	Q2	Q3	Q4	H1	H2	Full year
2016							
Sweden	61	62	66	64	123	130	253
Norway	61	62	66	64	123	130	253
Finland	61	63	66	63	124	129	253
Denmark	61	61	66	64	122	130	252
2017							
Sweden	64	59	65	63	123	128	251
Norway	65	58	65	63	123	128	251
Finland	64	60	65	62	124	127	251
Denmark	65	58	65	63	123	128	251
2018*							
Sweden	63	60	65	62	123	127	250
Norway	62	60	65	62	122	127	249
Finland	63	61	65	62	124	127	251
Denmark	62	59	65	62	121	127	248
2019*							
Sweden	63	59	66	62	122	128	250
Norway	63	58	66	62	121	128	249
Finland	63	60	66	62	123	128	251
Denmark	63	57	66	62	120	128	248

*Preliminary figures, may be amended.

SEASONALITY

Ahlsell's sales are affected by seasonal variations to a certain extent. Sales are strongest in the second and fourth quarters. Sales are affected by the number of trading days in a quarter. In addition, the quarter in which Easter falls (Q1 or Q2) will have lower sales. The Easter effect means a reduction in Ahlsell's sales during the trading days that fall in Easter week, as market activity decreases on these days. The Easter effect, which varies in strength from country to country, is strongest in Norway and weakest in Finland. Ahlsell estimates that the Easter effect for the Group corresponds to the loss of about one full trading day.

Glossary and definitions of performance measures

A glossary and definitions of performance measures can be found in the Annual Report.

Ahlsell is the Nordic region's leading distributor of installation products, tools and supplies for installers, construction companies, facility managers, industrial and power companies and the public sector. The unique customer offer covers more than one million individual products and solutions. The Group has a turnover of just over SEK 29 billion and about 97% of revenue is generated in the three main markets of Sweden, Norway and Finland. With about 5,800 employees, more than 230 branches and three central warehouses, we constantly fulfil our customer promise:

Ahlsell makes it easier to be professional!

Business concept

To create effective trading in installation products, tools and supplies for professional users.

Overall objective

Ahlsell's objective is to continuously contribute to strengthening our customers' competitiveness and to be an attractive partner to our suppliers. We aim to constantly develop our offering to fulfil our customers' requirements and exceed their expectations. We aim to achieve profitable growth through a combination of organic and acquired growth and operational improvements. Our goal is to be the leading distributor within the product segments in our main markets.

Calendar

Webcast & conference call

At 10.00 on the report issue date, the Company will host a webcast, with President and CEO Johan Nilsson and CFO Kennet Göransson presenting the report. The presentation will be conducted in English and can be followed via webcast and conference call.

Link to the webcast: <http://www.financialhearings.com/event/10699>

Telephone number for the conference call: SE: +8 5055 6453, UK: +44 203 008 9811, US: +1 855 831 5944.

Calendar

- 4 September - Capital Markets Day - registration open at www.ahlsell.com/cmd2018
- 26 October - Q3, Interim report July-September 2018
- 25 January 2019 - Q4, Year-end report 2018, January-December

Contact

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This information is information that Ahlsell AB (publ) is required to make public pursuant to the EU Market Abuse Regulation.

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