

Press release

Interim report first quarter 2017

- Net sales increased by 20 percent to SEK 6,568 million (5,480). Organic growth was 9 percent. A higher number of working days in the quarter accounted for a further 6 percentage points of the increased sales.
- Operating profit (EBIT) increased by 41 percent to SEK 443 million (314).
- Profit (EBITA) increased by 33 percent to SEK 530 million (397), representing an EBITA margin of 8.1 percent (7.3).
- Profit after tax was SEK 334 million (-27).
- Basic and diluted earnings per share were SEK 0.77 (-0.09).
- The company G-ESS Yrkeskläder AB was acquired during the quarter. Based in Stockholm, the company has four branches and is one of Sweden's larger independent distributors of workwear and footwear. Annual turnover is approximately SEK 120 million.
- After the end of the reporting period, acquisition agreements were signed with two Swedish companies with operations within the Tools & Supplies segment. The two companies have a total annual turnover of approximately SEK 105 million.

CEO Statement

Great start to the year

Sales increased by 20 percent and the EBITA profit rose 33 percent. All main markets and product segments contributed to the strong performance and we are seeing positive economic growth in our main markets for the first time in several years. The quarter was impacted positively by exchange rate movements and the timing of Easter.

We continue to see solid market conditions and have responded successfully to the strong demand. Our One-Stop-Shop offering, with flexible deliveries and professional advice, add values that are particularly supportive when customers and the market are experiencing high levels of activity.

Sales increased by 20 percent and all main markets are enjoying good growth. The solid increase is primarily attributed to organic growth and acquisitions which together accounted for 12 percent growth. We have extended the offering throughout by continuing to focus on our strategic growth initiatives, all of which delivered good growth. In addition, acquisitions have provided us with new customers, a broader product range and additional skills and expertise. The EBITA profit rose 33 percent, which is primarily due to the leverage from increased volumes. The gross margin weakened slightly due to a continued increase in the share of project deliveries and sales to large customers. This led to a shift in the mix with a relatively lower percentage of store sales. The lower gross margin was balanced out by larger volumes and increased cost efficiency. The cash flow for the quarter also meant that we strengthened our financial position and met our debt target.

A look at the individual main markets shows that the Swedish operations grew by 19 percent, with organic growth and acquisitions together accounting for 14 percentage points. Sweden is still experiencing a favourable investment climate, with low interest rates and a housing shortage, which continues to drive demand in the construction sector. An expanding population and urbanisation are also driving demand with increasing calls for upgrades and enhancements to the infrastructure. We are maintaining a focus in the Swedish operations on our strategic initiatives in Construction, Lighting, Real Estate Management and Personal Protective Equipment, all of which posted good growth figures. Our investments in South and West Sweden have also produced positive results, with our acquisitions and the establishment of new branches.

A comparison with the first quarter of 2016 shows that the Norwegian operations have leveraged Norway's improving business climate. The operations have also benefited from an increased number of working days and the fact that Easter did not impact the results. Organic growth was 12 percent. The combination of a high level of activity in the housing market and the stable growth of the mainland economy generated strong demand. We are also seeing positive developments from the measures we took to increase the efficiency of our marketing activities and to drive cross-selling.

The market for new builds in city regions in Finland has continued to grow and the Finnish economy has been showing cautious improvement. We achieved 4 percent organic growth and our strategic investments in the HVAC & Plumbing field provided good returns. High priority has been given to developing the branch network which, among other achievements resulted in a new full-range branch in the Helsinki area. After the end of the first quarter we have also decided to implement annual savings of about SEK 20 million and to restructure the management and sales organisation. We expect these measures to increase sales and cost efficiency, in part already in 2017.

Acquisitions

Our ambition to expand through acquisitions remains high and we are involved in a number of interesting dialogues in all three main markets. During the quarter, this resulted in an acquisition and in April we signed two more acquisition agreements. All three acquisitions are located in Sweden and consolidate our regional market position while adding new and attractive business. In total, these acquisitions have annual sales of approximately 225 MSEK.

Outlook

The year had a vigorous start. Robust demand, together with our own initiatives and favourable calendar effects, led to a positive development for the Group. In spite of the negative calendar effect impacting the second quarter, with fewer actual working days and lower activity levels due to Easter season, the market outlook is still favourable. The Nordic construction sector is still strong and we perceive an acceleration in demand from the industry in both Sweden and Norway. In addition, internal improvement work is proceeding and the challenges in the marketplace are ever present. All in all, I feel very confident that we are focusing on the right issues and that we have the momentum to achieve continued profitable growth in the future.

Johan Nilsson
President and CEO

This report will be commented upon as follows:

Through a webcast today at 10:00 p.m. (CET) under the following link: <https://tv.streamfabriken.com/ahlsell-q1-2017>

You can also participate by calling:

SE: +46 8 566 426 62
UK: +44 (0)20 300 898 02
US: +1 85 575 322 36

For further information, please contact:

Johan Nilsson, President and CEO, telephone +46 705 532 829, e-mail: johan.nilsson@ahlsell.se
Kennet Göransson, CFO, telephone +46 706 211 294, e-mail: kennet.goransson@ahlsell.se
Anna Oxenstierna, Investor relations, telephone +46 708 158 485, e-mail: anna.oxenstierna@ahlsell.se

This information is information that Ahlsell AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of Johan Nilsson, at 7:30 CET on 28 April 2017.
--

Ahlsell, listed on Nasdaq Stockholm, is the leading Nordic distributor of installation products, tools and supplies addressing installers, contractors, facility managers, industry, energy and infrastructure companies and the public sector. Our unique offering includes over a million 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 approximately 5 000 skilled employees, over 200 stores and three central warehouses, we are committed to our customer promise:

Ahlsell makes it easier to be professional.