

## Interim report second quarter 2017

- Net sales increased by 7 percent to SEK 6,818 (6,344) million. Organic growth was 8 (7) percent and acquisitions contributed 3 percentage points. Fewer trading days in the quarter had a negative effect of 6 percentage points on sales.
- Operating profit (EBIT) declined by 1 percent to SEK 471 (476) million. Fewer trading days in the quarter had a negative effect of approximately SEK 100 million on gross profit.
- Profit (EBITA) amounted to SEK 558 (560) million, with an EBITA margin of 8.2 (8.8) percent. EBITA includes costs affecting comparability of SEK 11.5 million attributable to the restructuring of the Finnish management and sales organisation. Adjusted EBITA increased by 2 percent to SEK 570 (560) million, with an adjusted EBITA margin of 8.4 (8.8) percent.
- Profit after tax was SEK 308 (155) million.
- Basic and diluted earnings per share were SEK 0.71 (0.55).
- Two acquisitions were made, with a combined annual turnover of approximately SEK 100 million.
- During the quarter, an agreement was signed with Saferoad Holding on the acquisition of their Swedish Water & Sewer business ViaCon VA, with an annual turnover of approximately SEK 320 million. The transaction is subject to approval by the Swedish Competition Authority and closing is scheduled for September 2017.

### Interim period January - June

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

### Financial summary

	2017	2016		2017	2016		Rolling	Full year
	Apr-Jun	Apr-Jun	change	Jan-Jun	Jan-Jun	change	12 months	2016
Net sales, SEK million	6,818	6,344	7%	13,387	11,824	13%	26,169	24,606
Organic growth, %	8%	7%		8%	6%			7%
Operating profit (EBIT), SEK million	471	476	-1%	913	790	16%	1,842	1,719
Profit (EBITA), SEK million	558	560	0%	1,088	957	14%	2,189	2,058
Adjusted EBITA, SEK million	570	560	2%	1,099	957	15%	2,273	2,131
EBITA margin, %	8.2%	8.8%		8.1%	8.1%		8.4%	8.4%
Adjusted EBITA margin, %	8.4%	8.8%		8.2%	8.1%		8.7%	8.7%
Profit after tax (profit for the period), SEK million	308	155	99%	643	128	400%	856	342
Basic earnings per share, SEK	0.71	0.55		1.47	0.46		2.22	1.11
Diluted earnings per share, SEK	0.71	0.55		1.47	0.46		2.22	1.11
Operating cash flow, SEK million	309	546	-43%	735	610	20%	2,125	2,000
Operating cash flow/EBITDA (Cash conversion), %							90%	90%
External net debt/Adjusted EBITDA, times							3.0	3.3

Organic growth, EBITA, Adjusted EBITA, EBITA margin, Adjusted EBITA margin are alternative performance measures, for which detailed calculations are presented on page 23.

## Statement from the CEO

### Strong growth and continued good profitability

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

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

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

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

Ahlsell Norway achieved organic growth of 6 percent in the quarter. Gross profit was negatively affected by fewer trading days and the Easter effect, which meant that the result for the quarter was unchanged. We saw the strongest development in the Electrical product segment, where we entered into important agreements with electricity grid customers and large installation companies. Sales of Water & Sewer products grew significantly and Ahlsell Norway has successfully aligned itself with municipal operations, resulting in several new transactions. Operations have also continued to focus on strengthening the position in HVAC & Plumbing and increasing cross-selling. The strategy lays the foundation for increased awareness of Ahlsell as a strong

integrated supplier with the market's most extensive range. Development of the branch network is an important part of the position movement and during the quarter we established a new full-range branch and co-located a further two branches. Development of the branch network remains a priority in 2017.

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

### Acquisition opportunities are still favourable

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

### Outlook

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

*Johan Nilsson*

*President and CEO*

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. Our unique offer covers more than one million individual products and solutions. We generate sales of approximately SEK 26 billion, and 97 percent of revenue is generated in our three main markets of Sweden, Norway and Finland. With over 5,000 employees, more than 200 branches and three central warehouses, we are committed every day to our promise to customers:

Ahlsell makes it easier to be professional!

## Net sales

### Second quarter

External net sales for the quarter increased by 7 percent to SEK 6,818 (6,344) million. Organic growth was 8 percent. Together, organic growth and acquisitions accounted for 12 percent growth, with the acquired entities estimated to have contributed 3 percentage points, corresponding to approximately SEK 190 million. Fewer trading days, partly due to the entire Easter holiday falling in the second quarter this year, resulted in a reduction of -6 percentage points in sales, corresponding to SEK 361 million. Translation effects, mainly related to the Norwegian and Finnish operations, had a positive impact of 1 percent on net sales during the quarter, corresponding to SEK 94 million.

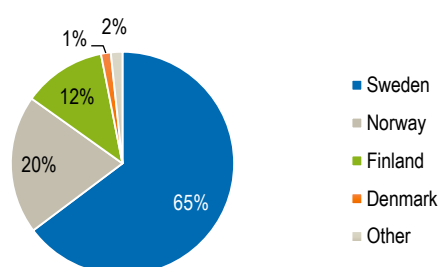
Market conditions remained good in all main markets, which contributed to positive sales growth in all product segments. The Easter effect\* reduced organic growth early in the quarter, but growth recovered quickly in the strong market. The segments Denmark and Other, which together account for about 3 percent of the Group's sales, have shown more varied trends, with Estonia and Poland in particular experiencing strong growth and Russia showing weaker development.

### Interim period January – June (6 months)

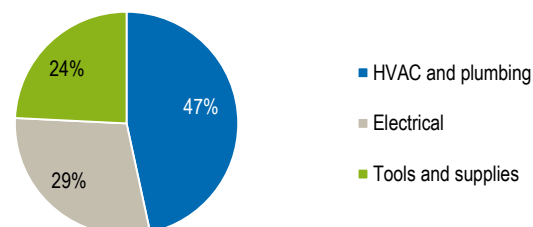
External net sales for the interim period increased by 13 percent to SEK 13,387 (11,824) million. Organic growth was 8 percent. Revenue from acquired entities is estimated to have contributed approximately SEK 346 million, equivalent to 3 percentage points of net sales growth. Together, organic growth and acquisitions accounted for 11 percent growth. Number of trading days had a marginal impact on sales. Translation effects had a positive effect of 2 percent on net sales in the interim period, corresponding to SEK 218 million.

\* The Easter effect means that Ahlsell's sales are lower on the trading days during Easter week. Sales are adversely affected as there is a decline in market activity on these days. The Easter effect varies in severity from country to country, and is strongest in Norway and weakest in Finland. Ahlsell estimates that the Easter effect represents the loss of about one trading day for the Group.

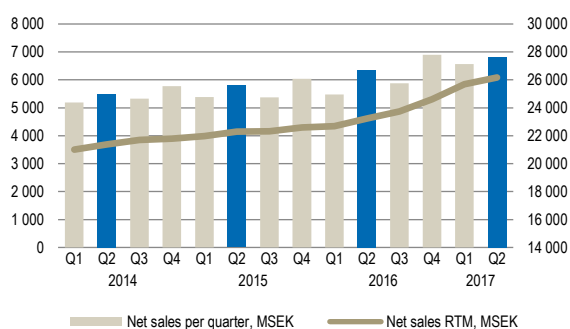
Net sales by segment rolling 12 months



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 second quarter was SEK 558 (560) million, with an EBITA margin of 8.2 (8.8) percent. Adjusted EBITA increased by 2 percent to SEK 570 (560) million, with an adjusted EBITA margin of 8.4 (8.8) percent. The gross margin was 26.8 (27.0) percent, a slight decline compared with the same period the previous year. Fewer trading days compared with the previous year had a negative effect of approximately SEK 100 million on gross profit.

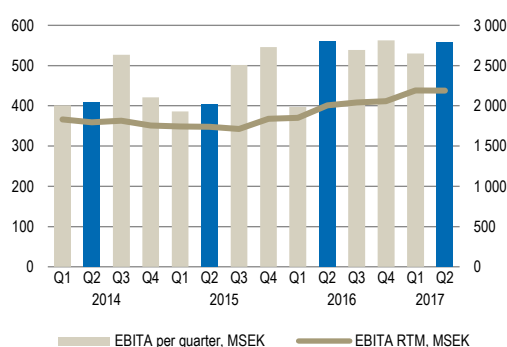
Profit before tax for the period was SEK 409 (244) million. Profit for the period amounted to SEK 308 (155) million.

### Interim period January – June (6 months)

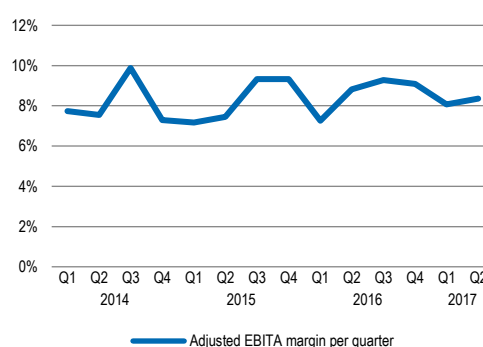
The Group's EBITA for the interim period was SEK 1,088 (957) million, corresponding to an increase of 14 percent and an EBITA margin of 8.1 (8.1) percent. Adjusted EBITA increased by 15 percent to SEK 1,099 (957) million, with an adjusted EBITA margin of 8.2 (8.1) percent. The gross margin was 27.0 (27.2) percent, a slight decline compared with the same period the previous year.

Profit before tax for the period was SEK 837 (256) million. Profit for the period amounted to SEK 643 (128) million.

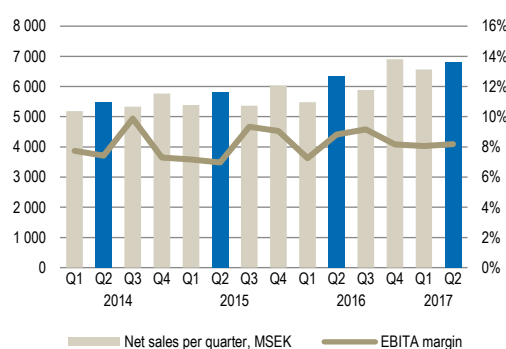
EBITA per quarter and rolling 12 months



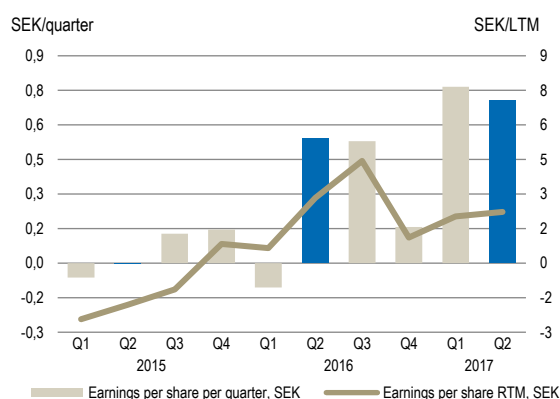
Adjusted EBITA margin per quarter



Net sales and EBITA margin per quarter



Earnings per share per quarter, and rolling 12 months



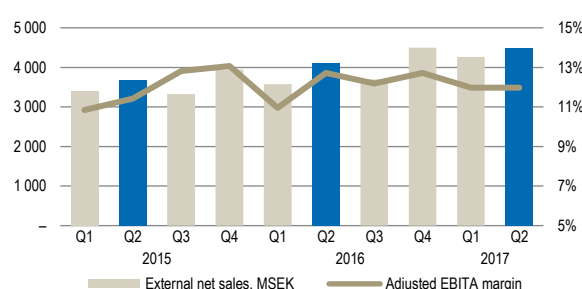
## Segment

### SWEDEN

Sweden	2017	2016	change	2017	2016	change	Rolling 12 months	Full year 2016
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun			
External net sales, SEK million	4,484	4,102	9%	8,745	7,674	14%	16,945	15,874
Organic growth, %	10%	8%		9%	7%			8%
Profit (EBITA), SEK million	537	522	3%	1,047	913	15%	2,071	1,936
Adjusted EBITA, SEK million	537	522	3%	1,047	913	15%	2,071	1,936
EBITA margin, %	12.0%	12.7%		12.0%	11.9%		12.2%	12.2%
Adjusted EBITA margin, %	12.0%	12.7%		12.0%	11.9%		12.2%	12.2%

- Continuing strong construction sector and several large infrastructure projects driving growth.
- Two acquisitions during the quarter, with an annual turnover of approximately SEK 100 million and agreement for another acquisition with an annual turnover of approximately SEK 320 million.
- Organic growth was 10 percent.
- EBITA amounted to SEK 537 (522) million, corresponding to a margin of 12.0 (12.7) percent.

### External net sales and adjusted EBITA margin per quarter



External net sales for the Swedish operations amounted to SEK 4,484 (4,102) million, an increase of 9 percent. Organic growth was 10 percent and revenue from acquired entities is estimated to have contributed approximately SEK 190 million, equivalent to 5 percentage points of the sales growth. Together, organic growth and acquisitions accounted for 15 percent growth. Fewer trading days had an adverse effect of -6 percentage points on sales growth.

The construction sector continued to develop strongly, with an increase in the number of residential buildings started and permits granted for new commercial properties, primarily office premises. Land and Water & Sewer operations have also experienced positive growth in demand, driven by a large number of extensive infrastructure projects. Emerging growth in the manufacturing industry is also contributing to positive development.

EBITA for the second quarter was SEK 537 (522) million, with an EBITA margin of 12.0 (12.7) percent. The improvement in earnings was attributable to increased sales in all product segments. Fewer trading days compared with the previous year had a negative effect of SEK 66 million on gross profit. A slightly lower gross margin than in the same period the previous year had an adverse effect on earnings and is attributable to a continuing customer mix shift towards large nationwide customers and to large individual project agreements in which strong growth has been achieved with lower margins.

The extension of the warehouse capacity in Hallsberg is progressing according to plan and without disturbing operations.

Two acquisitions with operations in the Tools & Supplies product area were conducted during the quarter. These were C.J. Järn & Maskin AB, with an annual turnover of approximately SEK 45 million, and Svensk Industri & Kommunservice AB, with an annual turnover of approximately SEK 55 million. An agreement has also been signed for the acquisition of ViaCon VA, with an annual turnover of approximately SEK 320 million. The acquisition is subject to approval by the Swedish Competition Authority. Closing is scheduled for September.

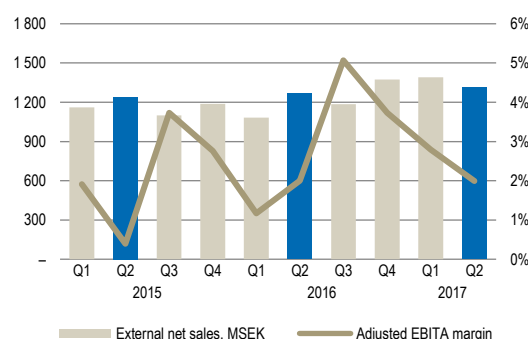
External net sales for the interim period increased by 14 percent to SEK 8,745 (7,674) million. Organic growth was 9 percent and revenue from acquired entities is estimated to have contributed approximately SEK 346 million, equivalent to 5 percentage points of sales growth. EBITA increased by 15 percent to SEK 1,047 (913) million, with an EBITA margin of 12.0 (11.9) percent. A total of three acquisitions, with a combined annual turnover of approximately SEK 220 million, were made during the interim period.

**NORWAY**

Norway	2017 Apr-Jun	2016 Apr-Jun	change	2017 Jan-Jun	2016 Jan-Jun	change	Rolling 12 months	Full year 2016
External net sales, SEK million	1,312	1,267	4%	2,702	2,349	15%	5,261	4,909
Organic growth, %	6%	6%		9%	6%			7%
Profit (EBITA), SEK million	26	25	3%	65	38	71%	169	142
Adjusted EBITA, SEK million	26	25	3%	65	38	71%	176	149
EBITA margin, %	2.0%	2.0%		2.4%	1.6%		3.2%	2.9%
Adjusted EBITA margin, %	2.0%	2.0%		2.4%	1.6%		3.4%	3.0%

**External net sales and adjusted EBITA margin per quarter**

- Good market conditions in the construction and civil engineering sector.
- Continuing work on extending the offering and rolling out strategic market initiatives.
- Branch network initiatives continue. A new branch was opened in the Oslo area, and several re-location and co-location projects conducted in the branch network.
- Organic growth, which was adversely affected by the Easter effect, was 6 percent.
- EBITA amounted to SEK 26 (25) million, corresponding to a margin of 2.0 (2.0) percent.



External net sales for the Norwegian operations amounted to SEK 1,312 (1,267) million, an increase of 4 percent. Organic growth was 6 percent and was hampered by the Easter effect to a greater extent than other segments. Fewer trading days had an adverse effect of -7 percentage points on sales growth. Translation effects had a positive impact of 4 percent, corresponding to SEK 51 million. The sales growth in the quarter is mainly attributable to the product segment Electrical, which increased its sales to installation and electricity grid customers. The product segment HVAC & Plumbing also showed positive development, primarily driven by increased sales to large installation and water & sewer customers.

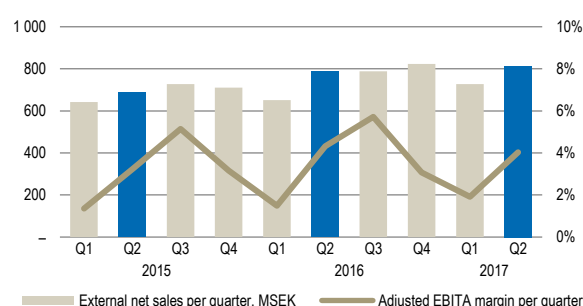
EBITA for the second quarter was SEK 26 (25) million, with an EBITA margin of 2.0 (2.0) percent. Gross profit was adversely affected by fewer trading days, corresponding to a loss in earnings of SEK 22 million. The gross margin for the quarter was slightly higher than in the same quarter the previous year. Work on several of the previously launched initiatives is proceeding according to plan. Examples include initiatives aimed at facility management, electricity grid and aquaculture customers, and the strengthening of the regional sales force within personal protective equipment. The branch network has also been strengthened both through co-location and the opening of new branches.

External net sales for the interim period increased by 15 percent to SEK 2,702 (2,349) million. Organic growth was 9 percent. Translation effects had a positive impact of 6 percent, corresponding to SEK 152 million. EBITA increased by 71 percent to SEK 65 (38) million, with an EBITA margin of 2.4 (1.6) percent.

**FINLAND**

Finland	2017	2016	change	2017	2016	change	Rolling 12 months	Full year 2016
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun			
External net sales, SEK million	813	787	3%	1,540	1,438	7%	3,152	3,050
Organic growth, %	4%	8%		4%	5%			7%
Profit (EBITA), SEK million	21	34	-37%	35	44	-19%	106	114
Adjusted EBITA, SEK million	33	34	-4%	47	44	7%	117	114
EBITA margin, %	2.6%	4.3%		2.3%	3.0%		3.3%	3.7%
Adjusted EBITA margin, %	4.0%	4.3%		3.0%	3.0%		3.7%	3.7%

- Positive development in the construction sector, both for residential and commercial buildings.
- High activity in the organisation aimed at developing the branch network and market offering.
- Costs affecting comparability of SEK 11.5 million related to the restructuring of the management and sales organisation.
- Organic growth was 4 percent.
- Adjusted EBITA amounted to SEK 33 (34) million, corresponding to an adjusted margin of 4.0 (4.3) percent.

**External net sales and adjusted EBITA margin per quarter**


External net sales for the Finnish operations amounted to SEK 813 (787) million, an increase of 3 percent. Organic sales growth was 4 percent. Fewer trading days had an adverse effect of -5 percentage points on sales growth. Translation effects had a positive impact of 4 percent, corresponding to SEK 33 million. The sales growth is primarily driven by good growth in the HVAC & Plumbing area and a strong construction sector, particularly in new apartment and commercial buildings.

EBITA for the second quarter was SEK 21 (34) million, with an EBITA margin of 2.6 (4.3) percent. Adjusted EBITA amounted to SEK 33 (34) million, with an adjusted EBITA margin of 4.0 (4.3) percent. Gross profit was adversely affected by fewer trading days compared with the same period the previous year, corresponding to SEK 8 million. The development and strengthening of both the branch network and the sales force have been priority activities. This applies both in the Helsinki region and other growth areas, and in interesting customer and product areas with growth potential.

During the quarter, negotiations on restructuring the management and sales organisation, which affects about 30 positions, were completed. Costs affecting comparability attributable to the restructuring had an adverse effect of SEK 11.5 million on earnings for the second quarter. The measures are expected to have a positive effect on the cost level already in the next quarter, with an annual effect of about SEK 20 million.

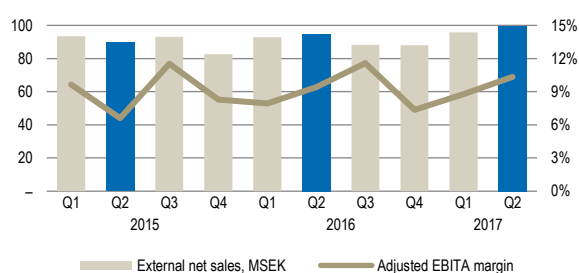
External net sales for the interim period increased by 7 percent to SEK 1,540 (1,438) million. Organic growth was 4 percent. Translation effects had a positive impact of 3 percent, corresponding to SEK 47 million. Profit (EBITA) amounted to SEK 35 (44) million, with an EBITA margin of 2.3 (3.0) percent. Adjusted EBITA increased by 7 percent to SEK 47 (44) million, with an adjusted EBITA margin of 3.0 (3.0) percent.

**DENMARK**

Denmark	2017 Apr-Jun	2016 Apr-Jun	change	2017 Jan-Jun	2016 Jan-Jun	change	Rolling 12 months	Full year 2016
External net sales, SEK million	100	95	5%	195	188	4%	372	364
Organic growth, %	6%	-1%		0%	1%			-1%
Profit (EBITA), SEK million	10	9	15%	19	16	15%	35	33
Adjusted EBITA, SEK million	10	9	15%	19	16	15%	35	33
EBITA margin, %	10.3%	9.4%		9.6%	8.7%		9.5%	9.1%
Adjusted EBITA margin, %	10.3%	9.4%		9.6%	8.7%		9.5%	9.1%

**External net sales and adjusted EBITA margin per quarter**

- Organic growth was 6 percent.
- Gross margin strengthened.
- EBITA amounted to SEK 10 (9) million, corresponding to a margin of 10.3 (9.4) percent.



External net sales for the Danish operations amounted to SEK 100 (95) million, an increase of 5 percent. Organic growth was 6 percent, while fewer trading days had an adverse effect of -5 percentage points on net sales. Translation effects had a positive impact of 4 percent, corresponding to SEK 4 million. Market conditions for the Danish operations remained challenging in the DIY segment, where Ahlsell's gross margins were affected by strong competition and a changed product mix. The Danish refrigeration operation showed improved gross margins, despite weak market conditions.

EBITA for the second quarter was SEK 10 (9) million, with an EBITA margin of 10.3 (9.4) percent.

External net sales for the interim period increased by 4 percent to SEK 195 (188) million. Organic growth was 0 percent and an increased number of trading days affected sales by 1 percentage point. Translation effects had a positive impact of 3 percent, corresponding to SEK 6 million. EBITA increased by 15 percent to SEK 19 (16) million, with an EBITA margin of 9.6 (8.7) percent.

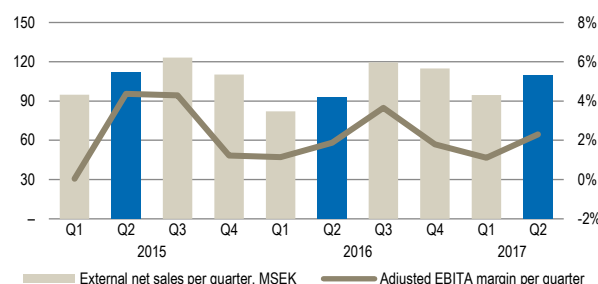
**OTHER**

Other (Estonia, Russia, Poland)	2017 Apr-Jun	2016 Apr-Jun	change	2017 Jan-Jun	2016 Jan-Jun	change	Rolling 12 months	Full year 2016
External net sales, SEK million	110	93	18%	204	175	17%	439	410
Organic growth	12%	-14%		8%	-12%			-7%
Profit (EBITA), SEK million	3	2	45%	4	3	34%	10	9
Adjusted EBITA, SEK million	3	2	45%	4	3	34%	10	9
EBITA margin, %	2.3%	1.9%		1.8%	1.5%		2.3%	2.2%
Adjusted EBITA margin, %	2.3%	1.9%		1.8%	1.5%		2.3%	2.2%



**External net sales and adjusted EBITA margin per quarter**

- Positive growth for Estonia and Poland.
- Weak growth for Russia.
- Organic growth was 12 percent.
- EBITA amounted to SEK 3 (2) million, corresponding to a margin of 2.3 (1.9) percent.



External net sales for Other amounted to SEK 110 (93) million, an increase of 18 percent. Organic sales growth was 12 percent, and fewer trading days had an adverse effect of -2 percentage points. Translation effects had a positive impact of 8 percent, corresponding to SEK 7 million. The organic sales growth is driven by strong growth in the Estonian and Polish operations, while the Russian operations showed considerably weaker growth.

EBITA for the second quarter was SEK 3 (2) million, with an EBITA margin of 2.3 (1.9) percent.

External net sales for the interim period increased by 17 percent to SEK 204 (175) million. Organic growth was 8 percent and an increased number of trading days affected sales by 1 percentage point. Translation effects had a positive impact of 8 percent, corresponding to SEK 12 million. EBITA increased by 34 percent to SEK 4 (3) million, with an EBITA margin of 1.8 (1.5) percent.

## Acquisitions

Three acquisitions were made during the interim period, with a combined annual turnover of approximately SEK 220 million. The acquisitions were all conducted by the Swedish operations in the Tools & Supplies product area.

The total purchase consideration was SEK 128 million, with a cash flow effect of SEK -111 million. The acquired companies have reported net assets of SEK 49 million. Intangible surplus values were allocated as follows: SEK 14 million to customer relationships and SEK 68 million to goodwill. Goodwill is attributable to the synergies that are expected to arise.

C.J. Järn & Maskin AB and Svensk Industri & Kommunservice AB were acquired in the second quarter.

C.J. Järn & Maskin offers an extensive range of tools, machinery, personal protective equipment and industrial supplies for the professional market. Its operations are based in Vårgårda. C.J. Järn & Maskin has a strong position in the region, with customers mainly in the industrial sector. The company had an annual turnover of approximately SEK 45 million and 18 employees on the acquisition date. The acquisition of C.J. Järn & Maskin brings interesting customers, while also strengthening Ahlsell's position in the region.

Svensk Industri & Kommunservice AB, which is known in the market under the brand name Sikab, is one of Gothenburg's leading companies within professional workwear and footwear. The company has a 1,200 square metre store on Hisingen near the Tingstad Tunnel, where approximately 5,000 warehouse articles are offered to municipalities and small and medium-sized entrepreneurs. The acquisition of Sikab extends and strengthens Ahlsell's offering in professional workwear and footwear in the Gothenburg region, and there are considered to be good opportunities for cross-selling, notably in personal protective equipment. The company had an annual turnover of approximately SEK 55 million and 13 employees on the acquisition date.

As the acquired businesses were integrated into Ahlsell's existing operations after the acquisition date, it is not possible to present information about their contribution to consolidated net sales and earnings. Ahlsell considers the analysis of the acquired net assets to be provisional, and subsequent fair value adjustments may therefore be made.

Closing	Acquisition	Country	Product area	Annual sales SEK million <sup>a</sup>	Number of employees <sup>b</sup>
28 Feb 2017	G-ESS Yrkeskläder AB	Sweden	Tools & Supplies	120	37
2 May 2017	C.J. Järn & Maskin AB	Sweden	Tools & Supplies	46	18
1 June 2017	Svensk Industri & Kommunservice AB	Sweden	Tools & Supplies	55	13
<b>Total</b>				<b>221</b>	<b>68</b>

<sup>a</sup> Estimated sales for the last 12 months on date of closing

<sup>b</sup> On acquisition date

Ahlsell has also entered into an agreement with Saferoad Holding on the acquisition of their Swedish water & sewers business ViaCon VA, with an annual turnover of approximately SEK 320 million. The agreement includes the takeover of inventories, equipment and intangible assets belonging to the Water & Sewer operations, and covers stock-keeping and distribution of Water & Sewer products. The business has 81 employees based in 11 locations in Sweden. The acquisition adds valuable expertise and strengthens Ahlsell's focus on attractive customer segments in construction and infrastructure.

The purchase consideration for the Water & Sewer operations, including inventories, is approximately SEK 90 million and is dependent on the size of working capital on the date of closing. The transaction is subject to approval by the Swedish Competition Authority and closing is scheduled for September 2017.

## Net financial items

The Group's net financial items for the second quarter amounted to SEK -62 (-232) million. The improvement is largely due to the full repayment of shareholder loans in October 2016, which now no longer affect net financial items, and new financing in the fourth quarter of 2016, which was arranged at better interest terms than the previous financing. Net interest expense was SEK -48 (-331) million. Interest expense related to the shareholder loans that were fully repaid in October 2016 had an impact of approximately SEK -160 million on net interest expense for the comparative period. Currency effects had an impact of SEK -36 (-38) million on net financial items, while revaluation of derivatives had an impact of SEK 26 (155) million on net financial items.

The Group's net financial items for the period January-June amounted to SEK -76 (-534) million. The improvement for the interim period is largely due to the full repayment of shareholder loans in October 2016, which now no longer affect net financial items, and the new financing arranged in the fourth quarter of 2016. Net interest expense was SEK -95 (-666) million. Interest expense related to the shareholder loans that were fully repaid in October 2016 had an impact of approximately SEK -325 million on net interest expense for the comparative period. Currency effects had an impact of SEK -42 (-64) million on net financial items, while revaluation of derivatives had an impact of SEK 67 (223) million on net financial items.

## Tax

Tax on profit for the second quarter amounted to SEK -101 (-89) million. Tax on profit for the period January-June amounted to SEK -195 (-127) million. The higher tax cost for the year is due to the higher level of profit compared with the previous year. The effective tax rate for the interim period was 23%.

## Financial position and liquidity

The Group's cash and cash equivalents at 30 June were SEK 957 (2,017) million, a decline of SEK 252 million since the beginning of the year. There are also unused credit facilities of SEK 1,923 million.

External net debt at 30 June amounted to SEK 7,251 (7,713) million, a decline of SEK 462 million since 30 June last year. External net debt/adjusted EBITDA was 3.0 (3.6) times.

The Group's equity at 30 June was SEK 8,568 (888) million, an increase of SEK 479 million since the beginning of the year.

## Cash flow and investments

Operating cash flow for the second quarter was SEK 309 (546) million. The decline compared with the previous year is mainly related to changes in working capital. Cash flow from changes in working capital was SEK -231 (8) million. Cash flow from investing activities was SEK -132 (-60) million. The cash flow from investing activities was adversely affected by expenses associated with the central warehouse extension in Hallsberg. On completion, some of the expenses will be rebilled to the lessor. These expenses amounted to SEK 28 million in the second quarter. Investments in property, plant and equipment and intangible assets during the second quarter amounted to SEK -56 (-44) million. Cash flow from financing activities for the second quarter amounted to SEK -559 (-555) million and was affected by repayments and the dividend to shareholders. Cash flow for the period amounted to SEK -419 (-297) million.

Operating cash flow for the period January-June was SEK 735 (610) million. The increase compared with the previous year is mainly due to the higher level of profit. Cash flow from changes in working capital was SEK -334 (-383) million. Cash flow from investing activities, including acquisitions, was SEK -256 (-20) million. In the previous year, the sale of a property had a positive impact of about SEK 70 million on investing activities. The period's cash flow from investing activities was adversely affected by expenses associated with the central warehouse extension in Hallsberg. On completion, some of the expenses will be rebilled to the lessor. These expenses amounted during the period January-June to SEK 52 million. Investments in property, plant and equipment and intangible assets during the period January-June amounted to SEK -92 (-5) million. Cash flow from financing activities was SEK -559 (-555) million. Tax liabilities of approximately SEK 60 million attributable to prior years were settled in the interim period. Cash flow for the period amounted to SEK -254 (-345) million.

Operating cash flow/EBITDA (Cash conversion) was 90 (96) percent for the last twelve months.

## Personnel

The number of employees at the end of the period was 5,206 (4,952). The average number of employees in the period January-June was 5,140 (4,847). Acquisitions since the beginning of the year have increased the number of employees by 68. Acquisitions in 2016, after the end of the comparative period, increased the number of employees by about 130.

The Group's share-savings programme costs for the second quarter were SEK 13 million. SEK 9 million of this amount was credited to equity and SEK 4 million was reserved for social security contributions. The Group's share-savings programme costs for the period January-June were SEK 26 million. SEK 19 million of this amount was credited to equity and SEK 7 million was reserved for social security contributions. The costs are reported in the Central segment.

## 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 were SEK 113 (0) million. Profit before tax amounted to SEK 172 (-36) million. The Parent Company's net

sales for the period January-June were SEK 223 (0) million. Profit before tax amounted to SEK 374 (-46) million. The Parent Company's cash and cash equivalents amounted to SEK 2 (0) million at the end of the period. The Company is financed via the Group's cash pool.

## Significant events after the end of the interim period

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

## Related-party transactions

The Luxembourg-based company, Keravel S.a.r.l., owns 40.1 % of Ahlsell AB (publ), corp. ID 556882-8916 (registered in Sweden with registered office in Stockholm). Ahlsell's shares were admitted to trading on Nasdaq Stockholm on 28 October 2016. Prior to the listing on Nasdaq Stockholm, the Ahlsell Group was invoiced a monitoring fee of SEK 2 million by CVC Capital Partners Advisory Company S.a r.l. for the period January-June 2016. No monitoring fee will be invoiced for 2017.

## 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 of Ahlsell's central IT systems.
- Upholding Ahlsell's reputation is key to the success of its business. Ahlsell's customers are placing ever greater demands on Ahlsell and on the sustainability and accountability of Ahlsell's suppliers. 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 2017. The IASB has issued amendments to standards effective on 1 January 2017. These standards have not had a material impact on the consolidated financial statements.

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 2017. These standards have not had a material impact on the Parent Company's financial statements.

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

## Future events and reporting dates

Event/report	Date
Q3, Interim report July-Sept	20 October 2017
Q4, Year-End Report 2017, January-December	26 January 2018

## Stockholm, 19 July 2017

Ahlsell AB (publ)

Johan Nilsson  
President and CEO

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

## Consolidated accounts

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

### CONDENSED INCOME STATEMENT

SEK millions	Note	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
Net sales	1	6,818	6,344	13,387	11,824	26,169	24,606
Cost of goods sold		-4,994	-4,631	-9,778	-8,606	-19,088	-17,916
<b>Gross profit</b>		<b>1,825</b>	<b>1,713</b>	<b>3,608</b>	<b>3,217</b>	<b>7,081</b>	<b>6,690</b>
Selling expenses		-1,257	-1,147	-2,493	-2,251	-4,802	-4,559
Administration expenses		-107	-92	-220	-184	-479	-443
Other operating income and expenses		10	2	19	8	42	31
<b>Operating profit, EBIT</b>	<b>1.2</b>	<b>471</b>	<b>476</b>	<b>913</b>	<b>790</b>	<b>1,842</b>	<b>1,719</b>
Net financial items		-62	-232	-76	-534	-681	-1,140
<b>Profit before tax</b>		<b>409</b>	<b>244</b>	<b>837</b>	<b>256</b>	<b>1,161</b>	<b>579</b>
Income tax		-101	-89	-195	-127	-305	-237
<b>Profit/loss for the period</b>		<b>308</b>	<b>155</b>	<b>643</b>	<b>128</b>	<b>856</b>	<b>342</b>
Attributable to							
Owners of the parent company		308	155	643	128	856	342
Non-controlling interests		-	-	-	-	-	-
Basic earnings per share, SEK	6	0.71	0.55	1.47	0.46	2.22	1.11
Diluted earnings per share, SEK	6	0.71	0.55	1.47	0.46	2.22	1.11

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
<b>Profit/loss for the period</b>	<b>308</b>	<b>155</b>	<b>643</b>	<b>128</b>	<b>856</b>	<b>342</b>
<b>Other comprehensive income for the period</b>						
<b>Items that will be reclassified to profit or loss for the period</b>						
Translation differences	-7	5	-22	18	-100	-60
Change in hedging reserve	-1	-	-2	-	-5	-4
Tax attributable to components of other comprehensive income	-4	18	-7	29	36	72
<b>Items that will not be reclassified to profit or loss for the period</b>						
Actuarial gains and losses	0	0	0	1	-3	-2
Tax attributable to actuarial gains and losses	0	0	0	0	0	1
<b>Comprehensive income for the period</b>	<b>297</b>	<b>179</b>	<b>613</b>	<b>177</b>	<b>784</b>	<b>348</b>
<b>Attributable to</b>						
Owners of the parent company	297	-2	613	177	784	348
Non-controlling interests	-	-	-	-	-	-

**CONDENSED BALANCE SHEET**

SEK millions	Note	2017 30 June	2016 30 June	2016 31 Dec
<b>ASSETS</b>				
Customer relationships		3,086	3,236	3,249
Trademark		3,837	3,767	3,837
Goodwill		7,064	6,730	7,028
Other intangible assets		131	130	123
Property, plant and equipment		797	737	781
Financial assets	4	78	156	8
Deferred tax assets		7	9	7
<b>Total non-current assets</b>		<b>15,002</b>	<b>14,765</b>	<b>15,033</b>
Inventories		3,360	3,054	3,287
Trade receivables	4	3,600	3,312	3,054
Other receivables	4	1,143	997	1,091
Cash and cash equivalents	4	957	2,017	1,209
<b>Total current assets</b>		<b>9,060</b>	<b>9,381</b>	<b>8,641</b>
<b>TOTAL ASSETS</b>		<b>24,061</b>	<b>24,146</b>	<b>23,674</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Non-current interest-bearing liabilities	4	7,930	16,191	7,930
Provisions		56	56	55
Deferred tax liabilities		1,392	1,314	1,426
Other non-current liabilities		27	–	25
<b>Total non-current liabilities</b>		<b>9,405</b>	<b>17,561</b>	<b>9,436</b>
Current interest-bearing liabilities	4	328	322	724
Trade payables	4	4,780	4,325	4,599
Provisions		19	7	19
Other current liabilities		961	1,044	807
<b>Total current liabilities</b>		<b>6,088</b>	<b>5,697</b>	<b>6,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,061</b>	<b>24,146</b>	<b>23,674</b>

**CONDENSED CASH FLOW STATEMENT**

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
<b>Profit after financial items</b>	<b>409</b>	<b>244</b>	<b>837</b>	<b>256</b>	<b>1,161</b>	<b>579</b>
Adjustments for non-cash items	158	142	266	441	825	1,001
- of which depreciation and impairment of assets	128	129	255	249	510	505
- capitalised and accrued interest	1	185	16	320	154	459
- other	29	-172	-5	-129	161	37
Tax paid	-64	-77	-209	-84	-370	-245
<b>Cash flow from operating activities before changes in working capital</b>	<b>503</b>	<b>309</b>	<b>894</b>	<b>613</b>	<b>1,616</b>	<b>1,335</b>
Change in inventories	-130	40	-58	-57	-166	-165
Change in operating receivables	-231	-603	-598	-819	-333	-554
Change in operating liabilities	129	571	322	493	459	630
<b>Cash flow from changes in working capital</b>	<b>-231</b>	<b>8</b>	<b>-334</b>	<b>-383</b>	<b>-40</b>	<b>-89</b>
<b>Cash flow from operating activities</b>	<b>271</b>	<b>317</b>	<b>560</b>	<b>230</b>	<b>1,576</b>	<b>1,246</b>
Cash flow from acquisition of assets, liabilities and operations	-48	-15	-111	-15	-547	-451
Other cash flow from investing activities	-84	-45	-144	-5	-218	-79
<b>Cash flow from investing activities</b>	<b>-132</b>	<b>-60</b>	<b>-256</b>	<b>-20</b>	<b>-765</b>	<b>-530</b>
<b>Cash flow before financing activities</b>	<b>139</b>	<b>257</b>	<b>305</b>	<b>210</b>	<b>811</b>	<b>716</b>
Dividend paid	-153	-	-153	-	-153	-
Disposal of derivatives	-	-	-	-	455	455
Issued warrants	-	-	-	-	3	3
Proceeds from borrowings	-	-	-	-	8,651	8,651
Amortisation of borrowings	-406	-555	-406	-555	-10,830	-10,979
<b>Cash flow from financing activities</b>	<b>-559</b>	<b>-555</b>	<b>-559</b>	<b>-555</b>	<b>-1,875</b>	<b>-1,871</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-419</b>	<b>-297</b>	<b>-254</b>	<b>-345</b>	<b>-1,064</b>	<b>-1,155</b>
Cash and cash equivalents at beginning of period	1,375	2,313	1,209	2,360	2,017	2,360
Exchange differences	1	1	2	2	4	4
<b>Cash and cash equivalents at end of period</b>	<b>957</b>	<b>2,017</b>	<b>957</b>	<b>2,017</b>	<b>957</b>	<b>1,209</b>
<b>Additional information</b>						
Interest received	4	4	9	8	20	19
Interest paid	-43	-188	-70	-291	-354	-575

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

SEK millions	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Opening equity	8,089	711	711
Comprehensive income for the period	613	177	348
<b>Total recognised income and expenses</b>	<b>613</b>	<b>177</b>	<b>348</b>
Issued warrants	-	-	3
Offset issue	-	-	7,020
Long-term share-saving programme	19	-	7
Dividend	-153	-	-
<b>Total shareholder transactions</b>	<b>-134</b>	<b>-</b>	<b>7,030</b>
<b>Closing equity</b>	<b>8,568</b>	<b>888</b>	<b>8,089</b>

## Condensed Parent Company statements

### CONDENSED INCOME STATEMENT — PARENT COMPANY

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
Net sales	113	–	223	–	224	1
<b>Gross profit</b>	<b>113</b>	<b>0</b>	<b>223</b>	<b>0</b>	<b>224</b>	<b>1</b>
Administration expenses	-29	0	-64	0	-131	-67
<b>Operating profit/loss</b>	<b>84</b>	<b>0</b>	<b>159</b>	<b>0</b>	<b>93</b>	<b>-66</b>
Interest and similar income	110	126	239	277	509	547
Interest and similar expense	-22	-161	-24	-323	-269	-567
<b>Profit after financial items</b>	<b>172</b>	<b>-36</b>	<b>374</b>	<b>-46</b>	<b>333</b>	<b>-86</b>
Appropriations	–	–	–	–	-112	-112
<b>Profit before tax</b>	<b>172</b>	<b>-36</b>	<b>374</b>	<b>-46</b>	<b>222</b>	<b>-198</b>
Income tax	-37	–	-81	–	-154	-74
<b>Profit/loss for the period</b>	<b>135</b>	<b>-36</b>	<b>293</b>	<b>-46</b>	<b>67</b>	<b>-272</b>

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
<b>Profit/loss for the period</b>	<b>135</b>	<b>-36</b>	<b>293</b>	<b>-46</b>	<b>67</b>	<b>-272</b>
Change in hedging reserve	-1	–	-2	–	-5	-4
Tax attributable to components of other comprehensive income	0	–	0	–	1	1
<b>Other comprehensive income for the period</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-4</b>	<b>-3</b>
<b>Comprehensive income for the period</b>	<b>134</b>	<b>-36</b>	<b>292</b>	<b>-46</b>	<b>63</b>	<b>-275</b>
Attributable to:						
Owners of the parent company	134	-36	292	-46	63	-275

**CONDENSED BALANCE SHEET – PARENT COMPANY**

SEK millions	2017 30 June	2016 30 June	2016 31 Dec
Intangible assets	3	–	–
Property, plant and equipment	0	–	–
Shares in Group companies	3,032	2,930	3,032
Financial investments	1	–	–
Receivables from Group companies	12,601	5,302	12,845
Deferred tax assets	3	–	1
<b>Total non-current assets</b>	<b>15,639</b>	<b>8,232</b>	<b>15,877</b>
Other receivables	82	–	7
Cash and cash equivalents	2	–	0
<b>Total current assets</b>	<b>84</b>	<b>0</b>	<b>8</b>
<b>TOTAL ASSETS</b>	<b>15,724</b>	<b>8,232</b>	<b>15,885</b>
<b>Equity</b>	<b>7,335</b>	<b>377</b>	<b>7,176</b>
<b>Untaxed reserves</b>	<b>112</b>	<b>–</b>	<b>112</b>
<b>Non-current liabilities</b>	<b>7,653</b>	<b>7,854</b>	<b>7,651</b>
<b>Current liabilities</b>	<b>624</b>	<b>0</b>	<b>946</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15,724</b>	<b>8,232</b>	<b>15,885</b>



## 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 segment

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
Sweden	4,484	4,102	8,745	7,674	16,945	15,874
Norway	1,312	1,267	2,702	2,349	5,261	4,909
Finland	813	787	1,540	1,438	3,152	3,050
Denmark	100	95	195	188	372	364
Other	110	93	204	175	439	410
Central	–	–	–	–	–	–
<b>Group</b>	<b>6,818</b>	<b>6,344</b>	<b>13,387</b>	<b>11,824</b>	<b>26,169</b>	<b>24,606</b>

#### EBITA by segment

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
Sweden	537	522	1,047	913	2,071	1,936
Norway	26	25	65	38	169	142
Finland	21	34	35	44	106	114
Denmark	10	9	19	16	35	33
Other	3	2	4	3	10	9
Central	-39	-32	-82	-56	-201	-176
Eliminations	–	–	–	–	–	–
<b>Group</b>	<b>558</b>	<b>560</b>	<b>1,088</b>	<b>957</b>	<b>2,189</b>	<b>2,058</b>

#### EBITA margin by segment

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
Sweden	12.0%	12.7%	12.0%	11.9%	12.2%	12.2%
Norway	2.0%	2.0%	2.4%	1.6%	3.2%	2.9%
Finland	2.6%	4.3%	2.3%	3.0%	3.3%	3.7%
Denmark	10.3%	9.4%	9.6%	8.7%	9.5%	9.1%
Other	2.3%	1.9%	1.8%	1.5%	2.3%	2.2%
Central	–	–	–	–	–	–
<b>Group</b>	<b>8.2%</b>	<b>8.8%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>8.4%</b>	<b>8.4%</b>

**Adjusted EBITA by segment**

SEK millions	2017	2016	2017	2016	Rolling	Full year
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	12 months	2016
Sweden	537	522	1,047	913	2,071	1,936
Norway	26	25	65	38	176	149
Finland	33	34	47	44	117	114
Denmark	10	9	19	16	35	33
Other	3	2	4	3	10	9
Central	-39	-32	-82	-56	-136	-111
Eliminations	-	-	-	-	-	-
<b>Group</b>	<b>570</b>	<b>560</b>	<b>1,099</b>	<b>957</b>	<b>2,273</b>	<b>2,131</b>

**Adjusted EBITA margin by segment**

SEK millions	2017	2016	2017	2016	Rolling	Full year
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	12 months	2016
Sweden	12.0%	12.7%	12.0%	11.9%	12.2%	12.2%
Norway	2.0%	2.0%	2.4%	1.6%	3.4%	3.0%
Finland	4.0%	4.3%	3.0%	3.0%	3.7%	3.7%
Denmark	10.3%	9.4%	9.6%	8.7%	9.5%	9.1%
Other	2.3%	1.9%	1.8%	1.5%	2.3%	2.2%
Central	-	-	-	-	-	-
<b>Group</b>	<b>8.4%</b>	<b>8.8%</b>	<b>8.2%</b>	<b>8.1%</b>	<b>8.7%</b>	<b>8.7%</b>

**Quarterly figures**
**External net sales per segment/quarter**

Year	2017			2016			2015			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	4,484	4,261	4,501	3,699	4,102	3,572	3,944	3,326	3,667	3,392
Norway	1,312	1,390	1,375	1,185	1,267	1,082	1,189	1,100	1,241	1,161
Finland	813	727	824	789	787	651	710	727	689	642
Denmark	100	96	88	88	95	93	83	93	90	93
Other	110	95	115	120	93	82	110	123	112	95
Central	-	-	-	-	-	-	-	-	-	-
<b>Group</b>	<b>6,818</b>	<b>6,568</b>	<b>6,902</b>	<b>5,880</b>	<b>6,344</b>	<b>5,480</b>	<b>6,036</b>	<b>5,369</b>	<b>5,798</b>	<b>5,383</b>

**EBITA per segment and quarter**

Year	2017			2016			2015			
Quarter	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	537	510	573	451	522	391	515	426	411	368
Norway	26	39	51	53	25	13	31	41	-16	22
Finland	21	14	25	45	34	10	22	37	22	9
Denmark	10	8	6	10	9	7	7	11	6	9
Other	3	1	2	4	2	1	1	5	5	0
Central	-39	-43	-95	-25	-32	-24	-30	-20	-25	-22
Eliminations	-	-	-	-	-	-	-	-	-	-
<b>Group</b>	<b>558</b>	<b>530</b>	<b>563</b>	<b>538</b>	<b>560</b>	<b>397</b>	<b>546</b>	<b>501</b>	<b>404</b>	<b>386</b>

**EBITA margin per segment and quarter**

Year	2017			2016			2015			
Quarter	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%	13.0%	12.8%	11.2%	10.8%
Norway	2.0%	2.8%	3.7%	4.5%	2.0%	1.2%	2.6%	3.7%	-1.3%	1.9%
Finland	2.6%	1.9%	3.1%	5.7%	4.3%	1.5%	3.2%	5.1%	3.2%	1.4%
Denmark	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%	8.3%	11.5%	6.6%	9.7%
Other	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%	1.2%	4.3%	4.4%	0.0%
Central	-	-	-	-	-	-	-	-	-	-
<b>Group</b>	<b>8.2%</b>	<b>8.1%</b>	<b>8.2%</b>	<b>9.2%</b>	<b>8.8%</b>	<b>7.3%</b>	<b>9.0%</b>	<b>9.3%</b>	<b>7.0%</b>	<b>7.2%</b>

**Adjusted EBITA per segment and quarter**

Year	2017			2016			2015			
Quarter	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	537	510	573	451	522	391	515	426	419	368
Norway	26	39	51	60	25	13	33	41	5	22
Finland	33	14	25	45	34	10	22	37	22	9
Denmark	10	8	6	10	9	7	7	11	6	9
Other	3	1	2	4	2	1	1	5	5	0
Central	-39	-43	-30	-25	-32	-24	-20	-20	-25	-22
Eliminations	-	-	-	-	-	-	-	-	-	-
<b>Group</b>	<b>570</b>	<b>530</b>	<b>628</b>	<b>545</b>	<b>560</b>	<b>397</b>	<b>559</b>	<b>501</b>	<b>432</b>	<b>386</b>

**Adjusted EBITA margin per segment and quarter**

Year	2017			2016			2015			
Quarter	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%	13.1%	12.8%	11.4%	10.8%
Norway	2.0%	2.8%	3.7%	5.1%	2.0%	1.2%	2.8%	3.7%	0.4%	1.9%
Finland	4.0%	1.9%	3.1%	5.7%	4.3%	1.5%	3.2%	5.1%	3.2%	1.4%
Denmark	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%	8.3%	11.5%	6.6%	9.7%
Other	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%	1.2%	4.3%	4.4%	0.0%
Central	-	-	-	-	-	-	-	-	-	-
<b>Group</b>	<b>8.4%</b>	<b>8.1%</b>	<b>9.1%</b>	<b>9.3%</b>	<b>8.8%</b>	<b>7.3%</b>	<b>9.3%</b>	<b>9.3%</b>	<b>7.4%</b>	<b>7.2%</b>

**NOTE 2. DEPRECIATION/AMORTISATION**

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
Amortisation of intangible assets	-88	-84	-175	-167	-347	-340
Impairment of intangible assets	-	-	-	-	-	-
Depreciation of property, plant and equipment	-40	-37	-80	-74	-163	-156
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.

SEK millions	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
<b>Operating profit/loss</b>	<b>471</b>	<b>476</b>	<b>913</b>	<b>790</b>	<b>1,842</b>	<b>1,719</b>
Adjustments for non-cash items	126	107	247	208	489	449
Cash flows from changes in working capital	-231	8	-334	-383	-40	-89
<b>Operating cash flows before investments</b>	<b>365</b>	<b>591</b>	<b>827</b>	<b>615</b>	<b>2,290</b>	<b>2,079</b>
Acquisition of intangible assets	-14	-10	-20	-17	-33	-30
Acquisition of property, plant and equipment	-43	-36	-73	-60	-140	-127
Sale of property, plant and equipment	0	1	1	72	7	77
<b>Cash flow from operating investments</b>	<b>-56</b>	<b>-44</b>	<b>-92</b>	<b>-5</b>	<b>-166</b>	<b>-79</b>
<b>Operating cash flows after investments</b>	<b>309</b>	<b>546</b>	<b>735</b>	<b>610</b>	<b>2,125</b>	<b>2,000</b>

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

SEK millions	2017 30 June	2017 30 June	2016 30 June	2016 30 June	2016 31 Dec	2016 31 Dec
	Recognised value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>						
Financial assets held for trading measured at fair value	39	39	153	153	0	0
Loans and receivables	4,632	4,632	5,333	5,333	4,267	4,267
Available-for-sale financial assets	3	3	3	3	3	3
Total	4,674	4,674	5,489	5,489	4,271	4,271
<b>Financial liabilities</b>						
Financial liabilities held for trading measured at fair value	8	8	30	30	8	8
Other financial liabilities	13,058	13,058	20,807	21,357	13,285	13,285
Total	13,065	13,065	20,837	21,387	13,293	13,293

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 fair value hierarchy.

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 financial assets or liabilities off the balance sheet.

**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 which have an effect on EBITA and which seldom occur, and should therefore be taken into consideration when analysing the underlying business.

SEK millions		2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
<b>Type of cost/revenue</b>	<b>Segment</b>						
Restructuring costs	Finland	-11	-	-11	-	-11	-
IPO costs	Central	-	-	-	-	-65	-65
Restructuring costs	Norway	-	-	-	-	-7	-7
<b>Total items affecting comparability</b>		<b>-11</b>	<b>0</b>	<b>-11</b>	<b>0</b>	<b>-84</b>	<b>-72</b>

**NOTE 6. EARNINGS PER SHARE**

SEK millions		2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
<b>Earnings per share</b>							
Profit attributable to owners of the parent company (SEK million)		308	155	643	128	856	342
Weighted average number of basic ordinary shares outstanding (millions)		436.3	280.6	436.3	280.6	386.0	308.4
<b>Basic earnings per share, SEK</b>		<b>0.71</b>	<b>0.55</b>	<b>1.47</b>	<b>0.46</b>	<b>2.22</b>	<b>1.11</b>

**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 dilutive effect of the share-savings programme after the first measurement period has ended (2018). There is currently a slight dilutive effect for the warrants programme.

There is no other dilution associated with ordinary shares.

Weighted average number of diluted ordinary shares outstanding (millions)	436.4	280.6	436.3	280.6	386.0	308.4
<b>Diluted earnings per share, SEK</b>	<b>0.71</b>	<b>0.55</b>	<b>1.47</b>	<b>0.46</b>	<b>2.22</b>	<b>1.11</b>

**KEY PERFORMANCE MEASURES**

SEK millions unless otherwise stated	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Rolling 12 months	Full year 2016
<b>Sales measures</b>						
Net sales	6,818	6,344	13,387	11,824	26,169	24,606
Growth, %	7%	9%	13%	6%		9%
Organic growth, %	8%	7%	8%	6%		7%
<b>Performance measures</b>						
Operating profit (EBIT)	471	476	913	790	1,842	1,719
EBITA	558	560	1,088	957	2,189	2,058
Adjusted EBITA	570	560	1,099	957	2,273	2,131
EBITDA	599	597	1,168	1,031	2,352	2,215
Adjusted EBITDA	610	597	1,180	1,031	2,436	2,287
<b>Margin measures</b>						
EBIT margin, %	6.9%	7.5%	6.8%	6.7%	7.0%	7.0%
EBITA margin, %	8.2%	8.8%	8.1%	8.1%	8.4%	8.4%
Adjusted EBITA margin, %	8.4%	8.8%	8.2%	8.1%	8.7%	8.7%
<b>Cash flow measures</b>						
Cash flow for the period	-419	-297	-254	-345	-1,064	-1,155
Operating cash flow	309	546	735	610	2,125	2,000
Operating cash flow/EBITDA					90%	90%
<b>Capital structure</b>						
Cash	957	2,017	957	2,017	957	1,209
External net debt	7,251	7,713	7,251	7,713	7,251	7,486
External net debt/Adjusted EBITDA					3.0	3.3
Debt/equity ratio, times			0.8	16.3	0.8	0.9
Equity/assets ratio, %			36%	4%	36%	34%
Working capital (average)	2,268	2,224	2,193	2,082	2,295	2,189
Working capital at end of period	2,393	2,241	2,393	2,241	2,393	2,042
Operating capital (average)	15,748	15,452	15,688	15,294	15,747	15,529
Operating capital, excluding intangible assets (average)	3,129	3,145	3,050	2,988	3,148	3,058
<b>Returns</b>						
Return on operating capital, %					12%	11%
Return on operating capital (excluding intangible assets), %					70%	67%
Return on equity, %					16%	15%
Return on working capital %					95%	94%
<b>Shares</b>						
Weighted average number of basic shares outstanding (thousands)	436,302	317,522	436,302	317,522	397,912	338,733
Weighted average number of diluted shares outstanding (thousands)	436,374	317,522	436,349	317,522	397,935	338,733
Number of ordinary shares at end of period (thousands)	436,302	280,606	436,302	280,606	436,302	436,302
Number of shares at end of period (thousands)	436,302	317,522	436,302	317,522	436,302	436,302
Basic earnings per share, SEK	0.71	0.55	1.47	0.46	2.22	1.11
Diluted earnings per share, SEK	0.71	0.55	1.47	0.46	2.22	1.11
<b>Other</b>						
Number of employees at end of period			5,206	4,952	5,206	5,090

**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, %	13%	14%	15%	7%	4%	17%
Acquisitions, %	-3%	-5%	0%	0%	0%	0%
Currency, %	-2%	0%	-6%	-3%	-3%	-8%
Difference in number of trading days, %	0%	0%	0%	0%	-1%	-1%
<b>Organic growth, %</b>	<b>8%</b>	<b>9%</b>	<b>9%</b>	<b>4%</b>	<b>0%</b>	<b>8%</b>
Number of trading days Jan-Jun 2017		123	123	124	123	
Number of trading days Jan-Jun 2016		123	123	124	122	

Apr-Jun	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	7%	9%	4%	3%	5%	18%
Acquisitions, %	-3%	-5%	0%	0%	0%	0%
Currency, %	-1%	0%	-4%	-4%	-4%	-8%
Difference in number of trading days, %	6%	6%	7%	5%	5%	2%
<b>Organic growth, %</b>	<b>8%</b>	<b>10%</b>	<b>6%</b>	<b>4%</b>	<b>6%</b>	<b>12%</b>
Number of trading days Apr-Jun 2017		59	58	60	58	
Number of trading days Apr-Jun 2016		62	62	63	61	

**EBITA/Adjusted EBITA**

Jan-Jun, SEK millions	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	913	923	40	13	16	4	-82
Amortisation and impairment of intangible assets	175	124	25	22	3	0	0
<b>Profit (EBITA)</b>	<b>1,088</b>	<b>1,047</b>	<b>65</b>	<b>35</b>	<b>19</b>	<b>4</b>	<b>-82</b>
Items affecting comparability	11	-	-	11	-	-	-
<b>Adjusted EBITA</b>	<b>1,099</b>	<b>1,047</b>	<b>65</b>	<b>47</b>	<b>19</b>	<b>4</b>	<b>-82</b>

Apr-Jun, SEK millions	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	471	475	14	10	9	2	-39
Amortisation and impairment of intangible assets	88	62	12	11	1	0	0
<b>Profit (EBITA)</b>	<b>558</b>	<b>537</b>	<b>26</b>	<b>21</b>	<b>10</b>	<b>3</b>	<b>-39</b>
Items affecting comparability	11	-	-	11	-	-	-
<b>Adjusted EBITA</b>	<b>570</b>	<b>537</b>	<b>26</b>	<b>33</b>	<b>10</b>	<b>3</b>	<b>-39</b>

**EBITA margin/Adjusted EBITA margin**

Jan-Jun	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	6.8%	10.6%	1.5%	0.9%	8.0%	1.7%
Amortisation and impairment of intangible assets, %	1.3%	1.4%	0.9%	1.4%	1.5%	0.0%
<b>Profit (EBITA) margin, %</b>	<b>8.1%</b>	<b>12.0%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>9.6%</b>	<b>1.8%</b>
Items affecting comparability, %	0.1%	-	-	0.7%	-	-
<b>Adjusted EBITA margin, %</b>	<b>8.2%</b>	<b>12.0%</b>	<b>2.4%</b>	<b>3.0%</b>	<b>9.6%</b>	<b>1.8%</b>

Apr-Jun	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	6.9%	10.6%	1.1%	1.3%	8.8%	2.3%
Amortisation and impairment of intangible assets, %	1.3%	1.4%	0.9%	1.4%	1.5%	0.0%
<b>Profit (EBITA) margin, %</b>	<b>8.2%</b>	<b>12.0%</b>	<b>2.0%</b>	<b>2.6%</b>	<b>10.3%</b>	<b>2.3%</b>
Items affecting comparability, %	0.2%	-	-	1.4%	-	-
<b>Adjusted EBITA margin, %</b>	<b>8.4%</b>	<b>12.0%</b>	<b>2.0%</b>	<b>4.0%</b>	<b>10.3%</b>	<b>2.3%</b>

## Definitions of key performance measures

Definitions of key performance measures can be found in the Annual Report.

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