

Interim report – Third quarter 2018

Press release 26 October 2018

Third quarter 2018

- Net sales increased by 15% to MSEK 7,458 (6,492). Organic growth was 7% (10).
- Operating profit (EBIT) was MSEK 524 (510).
- Profit (EBITA) amounted to MSEK 620 (597), with an EBITA margin of 8.3% (9.2). EBITA includes items affecting comparability of MSEK -30. Adjusted EBITA increased by 9% to MSEK 650 (597), with an adjusted EBITA margin of 8.7% (9.2).
- Profit after tax increased by 14% to MSEK 367 (323).
- Diluted earnings per share amounted to SEK 0.86 (0.74).
- Cost-saving measures have been intensified during the quarter. These measures are, in total, expected to give MSEK 160 in savings in 2019.
- Two acquisitions were completed during the quarter, with combined annual sales of MSEK 80, distributed as follows: Norway MSEK 45 and Finland MSEK 35. An agreement was also signed for a further acquisition in Norway, with estimated annual sales of MSEK 45.

Interim period January – September 2018

- Net sales increased by 14% to MSEK 22,675 (19,879). Organic growth was 7% (9).
- Operating profit (EBIT) was MSEK 1,566 (1,423).
- Profit (EBITA) amounted to MSEK 1,852 (1,685), with an EBITA margin of 8.2% (8.5). Adjusted EBITA increased by 11% to MSEK 1,882 (1,697), with an adjusted EBITA margin of 8.3% (8.5).
- Profit after tax increased by 24% to MSEK 1,198 (966).
- Diluted earnings per share amounted to SEK 2.79 (2.21).
- Seven acquisitions, with combined annual sales of MSEK 841, were completed during the interim period. An agreement was also signed for a further acquisition with estimated annual sales of MSEK 45.

Financial summary

	2018	2017		2018	2017		Rolling	Full year
	Jul-Sep	Jul-Sep	change	Jan-Sep	Jan-Sep	change	12 months	2017
Net sales, MSEK	7,458	6,492	15%	22,675	19,879	14%	30,281	27,484
Organic growth, %	7%	10%		7%	9%			9%
Operating profit, EBIT	524	510	3%	1,566	1,423	10%	2,186	2,043
Profit (EBITA), MSEK	620	597	4%	1,852	1,685	10%	2,560	2,394
Adjusted EBITA, MSEK	650	597	9%	1,882	1,697	11%	2,590	2,405
EBITA margin, %	8.3%	9.2%		8.2%	8.5%		8.5%	8.7%
Adjusted EBITA margin, %	8.7%	9.2%		8.3%	8.5%		8.6%	8.8%
Profit after tax (profit for the period), MSEK	367	323	14%	1,198	966	24%	1,660	1,428
Basic earnings per share, SEK	0.86	0.74		2.79	2.21		3.86	3.28
Diluted earnings per share, SEK	0.86	0.74		2.79	2.21		3.86	3.28
Operating cash flow	89	-128		725	606	20%	2,110	1,991
Operating cash flow/EBITDA (Cash conversion)							77%	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



Q3 2018

THE AHLSELL MODEL DELIVERS AND BRINGS RECORD SALES

Creating value for our customers is by far the most important consideration for us here at AhlSell and the strong sales growth we achieved during the quarter is further evidence that the AhlSell model is successful. Once again, we have strengthened our market-leading position in technical installation in the Nordic region.

Sales increased by almost SEK 1 billion compared with the third quarter previous year and amounted to MSEK 7,458. This is an increase of 15%, of which 7% is organic. For the first time, on a rolling twelve months basis, our sales have passed the SEK 30 billion mark. The strong organic growth was driven by a continued high construction investment level, increased infrastructure investments and good development within industry.

For years, we have focused on e-commerce and the response from our customers has always been very positive. Our successful e-commerce channel is showing growth of about 20%, which strengthens our belief that increased effort in digitalisation is the right one.

Adjusted EBITA amounted to MSEK 650, corresponding to a margin of 8.7% (9.2). The margin has been adversely affected by both acquisitions and targeted sales initiatives aimed at strengthening our position, mainly in Norway and Finland.

In September, we organised our first capital markets day as a listed company. The event was well-attended and the message from our side was clear: we have a stable and resilient business model and we strive for profitable growth. We see good opportunities to improve our profitability and have a high focus on implementing several cost-saving and efficiency-improving measures in all our main markets. These measures are, in total, expected to give MSEK 160 in savings in 2019.

 The good sales trend continues in **Sweden**, where we achieved organic growth of 6%. In a strong market, with high demand from all market segments, we were successful in further strengthening our positions. We are also gaining ground with our service offering and are involved in several exciting projects, such as Karlatornet in Gothenburg. From the projects we have already won, it is clear that our broad offering enables not only a more efficient process for the customer, but also lower costs. For AhlSell, this means deeper customer relationships and increased up-selling.

 We also achieved a strong sales growth in **Norway**, with organic and acquired growth contributing 7% and 9% respectively. The high growth is pleasing, while in combination with negative mix effects adversely affects profitability and gives us challenges to handle. We have grown strongly and needed to increase our efforts, primarily within logistics and transportation, in order to maintain a high service level to our customers. Onwards, we must therefore work on adapting operations and optimizing flows to ensure profitable growth. As a consequence, the efficiency enhancing and cost-cutting measures are now intensified and hence, restructuring costs of MSEK 35 will be charged to fourth quarter earnings.

 In **Finland**, where market activity was high, we achieved organic growth of 8%. This indicates that we have strengthened our market position also in this country. As in previous quarters, the southern and western parts of Finland are growing fastest, and our initiatives to strengthen our presence have yielded results.

Sustainability in everything we do – Already today, sustainability is a strong comparative advantage for us, and it helps us to repeatedly win large contracts. For example, our broad offering means that we can co-package our products, which reduces the level of fossil emissions. In some projects, we also offer completely fossil-free deliveries.

Near term outlook – In industry, infrastructure and renovation, which together account for some 70% of our market exposure, everything points to continuing strong demand in the near future. The reduced number of residential building starts has not yet had a noticeable impact on our sales, although it is to some extent expected to in the next few quarters. The demand within non-residential construction is expected to remain at a high level. As I look forward, I am convinced that AhlSell stands strong with our attractive customer offering, committed employees and broad market exposure.

Johan Nilsson
President and CEO

Net sales

Third quarter

Net sales for the quarter increased by 15% to MSEK 7,458 (6,492). The sales increase was mainly attributable to strong organic growth of 7%. In addition, acquisitions and currency translation effects contributed further to the sales increase.

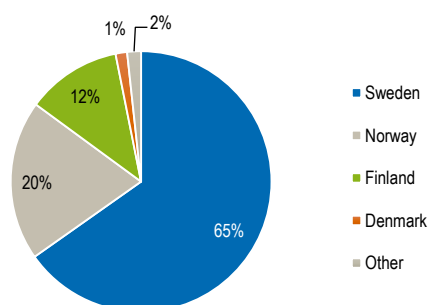
The strong organic growth is largely explained by good market conditions, boosted by a continuing high level of construction investments, increased infrastructure investments in both Sweden and Norway, and favourable conditions for the industry, benefitted by global growth. In addition, Ahlsell strengthened its positions through acquisitions and successful initiatives in selected areas. All Ahlsell's main geographic segments showed positive sales growth and a strong organic growth rate during the quarter.

Interim period January – September

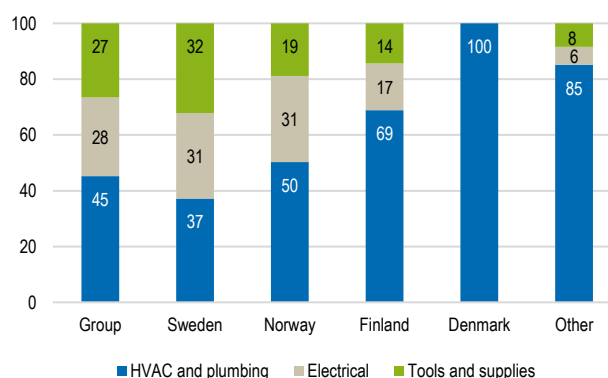
Net sales for the interim period increased by 14% to MSEK 22,675 (19,879). The growth was positively affected by strong organic growth, acquisitions and currency translation effects.

Growth	Jul-Sep		Jan-Sep	
	%	MSEK	%	MSEK
Organic	7%	446	7%	1,540
Acquisitions	5%	330	5%	944
Trading days	0%	-1	0%	-26
Currency	3%	192	2%	339
Total growth	15%	966	14%	2,796

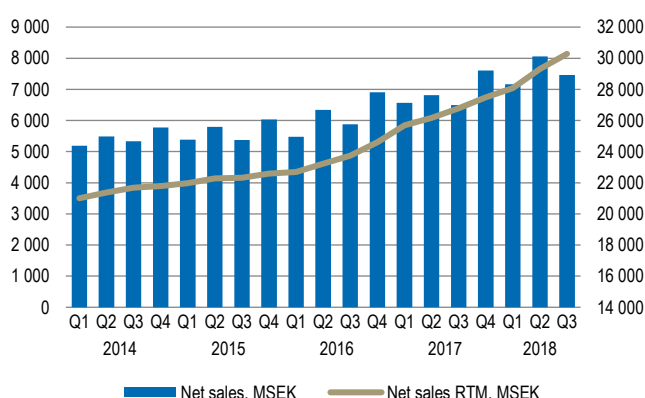
Net sales by segment
(rolling 12 months)



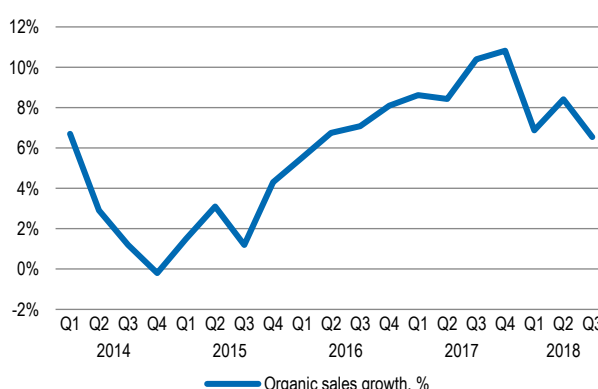
Net sales by product segment
(rolling 12 months), %



Net sales
(per quarter and rolling 12 months)



Organic sales growth
(per quarter)



Earnings

Third quarter

The Group's EBITA for the quarter was MSEK 620 (597), corresponding to an EBITA margin of 8.3% (9.2). EBITA includes items affecting comparability attributable to the ongoing ViaCon restructuring, which amounted to MSEK 30. Adjusted EBITA increased by 9% to MSEK 650 (597), corresponding to a margin of 8.7% (9.2).

The gross margin was somewhat weaker than previous year at 26.7% (27.0). This is partly explained by a stronger growth rate in customer segments with a lower gross margin, primarily related to the Norwegian operations.

The Group's operating expenses increased as a result of acquisitions, growth initiatives and a high activity level in the operations. The non-recurring costs of MSEK 30 attributable to the ViaCon restructuring has weighted the result. Currency translation effects had a positive impact on operating profit, corresponding to MSEK 10.

Profit before tax for the period was MSEK 475 (421). Profit for the period was MSEK 367 (323), corresponding to diluted earnings per share of SEK 0.86 (0.74).

Interim period January – September

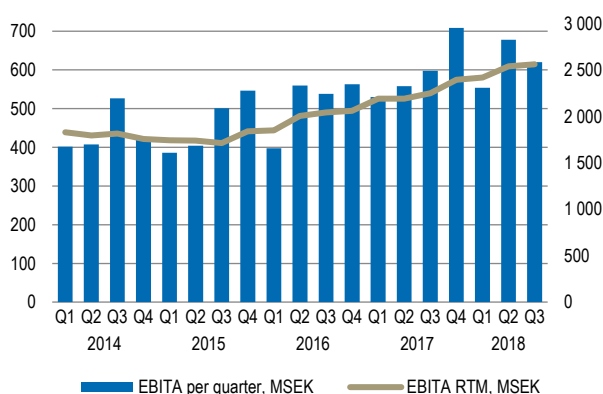
The Group's EBITA for the interim period was MSEK 1,852 (1,685), corresponding to an EBITA margin of 8.2% (8.5). Adjusted EBITA increased by 11% to MSEK 1,882 (1,697), corresponding to a margin of 8.3% (8.5).

The gross margin was somewhat weaker than previous year at 26.7% (27.0).

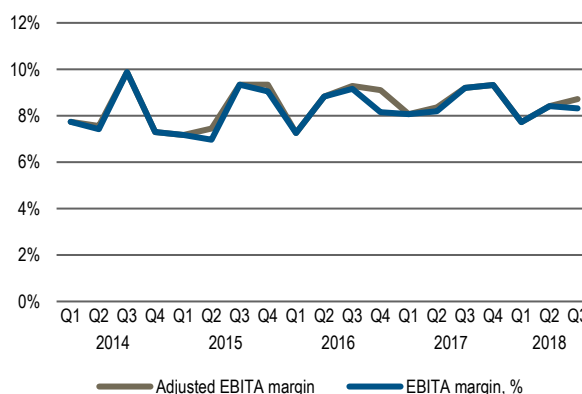
The Group's operating costs, as a proportion of sales, are at the same level as the previous year. Currency translation effects had a positive impact of MSEK 16 on operating profit.

Profit before tax for the period was MSEK 1,431 (1,259). Recalculated deferred taxes following the decision to introduce a new tax rate in Sweden had a positive effect of approximately MSEK 90 on tax expense. Profit for the period was MSEK 1,198 (966), corresponding to diluted earnings per share of SEK 2.79 (2.21).

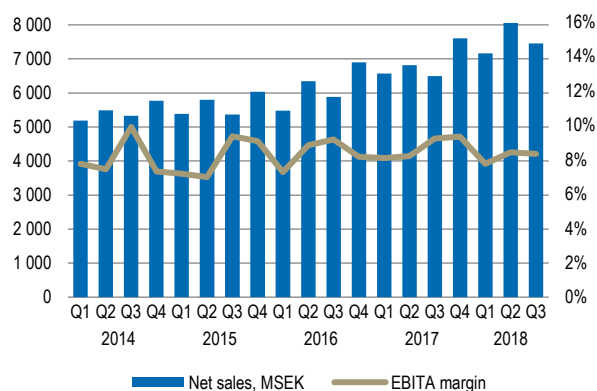
EBITA
(per quarter and rolling 12 months)



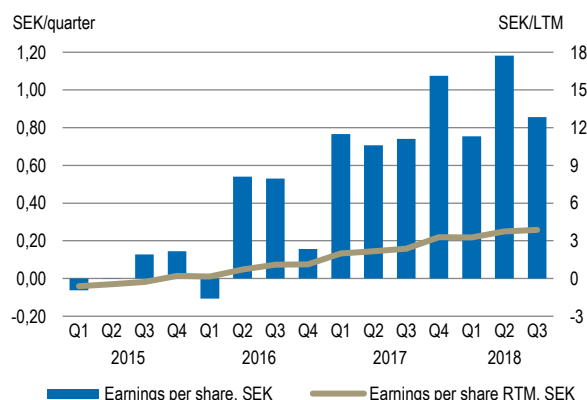
EBITA margin
(per quarter)



Net sales and EBITA margin
(per quarter)



Diluted earnings per share
(per quarter and rolling 12 months)



Segment Sweden

Sweden	2018	2017	change	2018	2017	change	Rolling 12 months	Full year 2017
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep			
External net sales, MSEK	4,672	4,202	11%	14,609	12,947	13%	19,750	18,087
Organic growth, %	6%	13%		8%	10%			11%
Profit (EBITA), MSEK	535	515	4%	1,685	1,562	8%	2,336	2,213
Adjusted EBITA, MSEK	565	515	10%	1,715	1,562	10%	2,366	2,213
EBITA margin, %	11.4%	12.2%		11.5%	12.1%		11.8%	12.2%
Adjusted EBITA margin, %	12.1%	12.2%		11.7%	12.1%		12.0%	12.2%

- **High activity in several market segments brought strong growth**
- **Organic growth was 6%**
- **Adjusted EBITA increased by 10%**

Growth	Jul-Sep		Jan-Sep	
	%	MSEK	%	MSEK
Organic	6%	266	8%	1,046
Acquisitions	5%	204	5%	616
Trading days	0%	0	0%	0
Currency	0%	0	0%	0
Total growth	11%	470	13%	1,662

Third quarter

External net sales for the Swedish operations amounted to MSEK 4,672 (4,202).

High activity in most market segments contributed to continuous favourable conditions for Ahlsell's Swedish operations. Together with successful market activities, this contributed to strengthened positions and positive development, particularly within HVAC & Plumbing and Tools & Supplies. Sales to customers within the installation sector as well as in construction and industry, where Ahlsell has a strong position through a unique total offering, continued to be strong. The fibre market was slightly weaker in early autumn, with a slowdown in investment rate, which affected sales in the electrical segment.

Profit (EBITA) for the quarter was MSEK 535 (515), corresponding to an EBITA margin of 11.4% (12.2). Earnings include items affecting comparability attributable to the ongoing ViaCon restructuring, which amounted to MSEK 30. Adjusted EBITA amounted to MSEK 565 (515), corresponding to an adjusted EBITA margin of 12.1% (12.2). The improvement is largely the result of increased sales due to strong organic growth and revaluation of additional purchase consideration of MSEK 16 on earnings. The gross margin was marginally weaker than

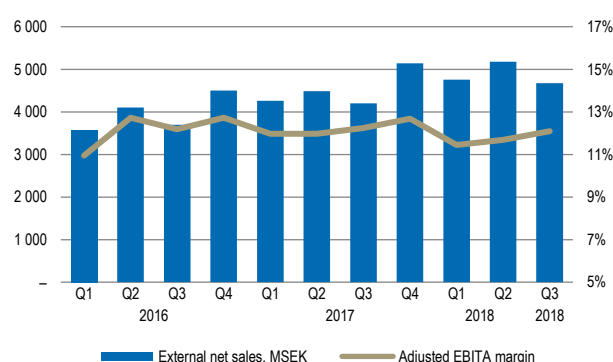
the previous year, which, together with an increased cost level attributable to acquisitions, growth initiatives and a high level of activity, had a negative effect on the EBITA margin.

Other events

Measures have been taken to achieve expected synergies in the acquired ViaCon VA business, and restructuring costs had an effect of MSEK 30 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, with full effect expected to be achieved in early 2019.

In addition, several cost-saving and efficiency-enhancing measures are implemented in our Swedish operations. These measures are expected to provide an additional MSEK 60 in savings in 2019.

External net sales and adjusted EBITA margin



Segment Norway

Norway	2018 Jul-Sep	2017 Jul-Sep	change	2018 Jan-Sep	2017 Jan-Sep	change	Rolling 12 months	Full year 2017
External net sales, MSEK	1,555	1,254	24%	4,617	3,956	17%	6,010	5,349
Organic growth, %	7%	8%		6%	8%			8%
Profit (EBITA), MSEK	50	65	-23%	135	130	4%	183	177
Adjusted EBITA, MSEK	50	65	-23%	135	130	4%	183	177
EBITA margin, %	3.2%	5.2%		2.9%	3.3%		3.0%	3.3%
Adjusted EBITA margin, %	3.2%	5.2%		2.9%	3.3%		3.0%	3.3%

- **Strong organic growth of 7%**
- **Two acquisitions with combined annual sales of MSEK 90**
- **EBITA was negatively affected by a lower gross margin and increased costs**

Growth	Jul-Sep		Jan-Sep	
	%	MSEK	%	MSEK
Organic	7%	100	6%	274
Acquisitions	9%	105	8%	284
Trading days	0%	0	-1%	-24
Currency	8%	95	3%	127
Total growth	24%	300	17%	661

Third quarter

External net sales for the Norwegian operations amounted to MSEK 1,555 (1,254).

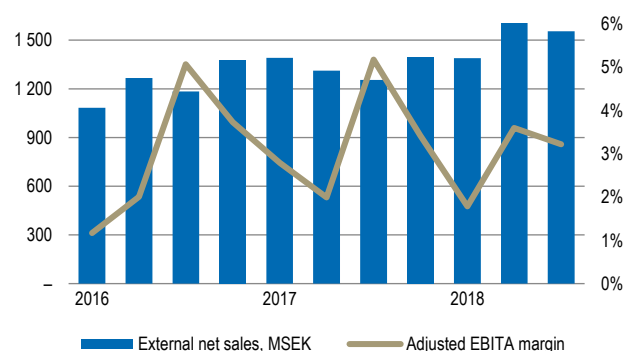
The market situation was favourable in the quarter, with an successively increased growth rate throughout the year. Successful marketing initiatives, targeting electrical, industry and construction customers, was the primary driver of the strong organic sales growth. Other contributory factors to the large sales increase were acquisitions and currency translation effects.

Profit (EBITA) for the quarter was MSEK 50 (65), corresponding to an EBITA margin of 3.2% (5.2). Both in the quarter and the interim period, the growth has been the strongest in segments with a lower gross margin. In addition, strong organic growth and high activity level led to an increased need of resources, mainly within logistics

and transport, to safeguard a high service level towards customers. In order to optimise flows and further streamline the organisation, the already initiated cost-cutting measures have been intensified. Restructuring costs of approximately MSEK 35 will be charged in the fourth quarter and provide savings in 2019 of approximately MSEK 60. Currency translation effects have had a positive effect on operating income of MSEK 4.

Bygg & Industrisalg AS, with operations in the Tools & Supplies segment and annual sales of MSEK 45, was acquired during the period. An agreement was also signed to acquire Øglænd System's sprinkler operations, with estimated annual sales of MSEK 45.

External net sales and adjusted EBITA margin



Segment Finland

Finland	2018 Jul-Sep	2017 Jul-Sep	change	2018 Jan-Sep	2017 Jan-Sep	change	Rolling 12 months	Full year 2017
External net sales, MSEK	979	812	20%	2,720	2,352	16%	3,568	3,201
Organic growth, %	8%	4%		6%	4%			4%
Profit (EBITA), MSEK	53	45	18%	99	80	23%	136	117
Adjusted EBITA, MSEK	53	45	18%	99	92	8%	136	129
EBITA margin, %	5.4%	5.6%		3.6%	3.4%		3.8%	3.7%
Adjusted EBITA margin, %	5.4%	5.6%		3.6%	3.9%		3.8%	4.0%

- **Strong organic growth in all product segments**
- **One acquisition with estimated annual sales of MSEK 35**
- **EBITA increased by 18%**

Growth	Jul-Sep		Jan-Sep	
	%	MSEK	%	MSEK
Organic	8%	66	6%	149
Acquisitions	3%	21	2%	44
Trading days	0%	0	0%	0
Currency	10%	79	7%	174
Total growth	20%	166	16%	367

Third quarter

External net sales for the Finnish operations amounted to MSEK 979 (812).

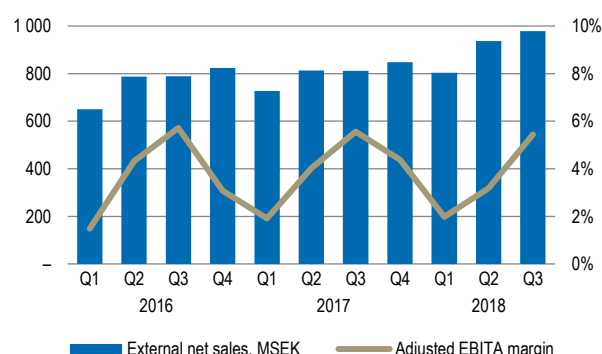
The Finnish operations showed strong growth during the quarter, driven by high organic growth, currency translation effects and acquisitions. All product segments developed well, with the strongest growth achieved to customers in climate- and facility management, and in installation and construction.

Profit (EBITA) for the quarter was MSEK 53 (45), corresponding to an EBITA margin of 5.4% (5.6). The

increase is attributable to increased sales, together with positive currency translation effects. The gross margin was marginally weaker than previous year, while costs as a proportion of sales decreased slightly.

Kahipa Oy, with operations in HVAC & Plumbing and annual sales of MSEK 35, was acquired during the period.

External net sales and adjusted EBITA margin



Segment Denmark

Denmark	2018	2017	change	2018	2017	change	Rolling 12 months	Full year 2017
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep			
External net sales, MSEK	112	89	26%	336	284	18%	434	382
Organic growth, %	16%	2%		11%	1%			4%
Profit (EBITA), MSEK	19	11	73%	50	30	68%	63	42
Adjusted EBITA, MSEK	19	11	73%	50	30	68%	63	42
EBITA margin, %	17.1%	12.5%		14.9%	10.5%		14.5%	11.1%
Adjusted EBITA margin, %	17.1%	12.5%		14.9%	10.5%		14.5%	11.1%

- Organic growth was 16%
- Gross margin strengthened by increased refrigerant prices
- Strong earnings with EBITA margin of 17%

Growth	Jul-Sep		Jan-Sep	
	%	MSEK	%	MSEK
Organic	16%	14	11%	32
Acquisitions	0%	0	0%	0
Trading days	0%	0	-1%	-2
Currency	10%	9	7%	21
Total growth	26%	23	18%	51

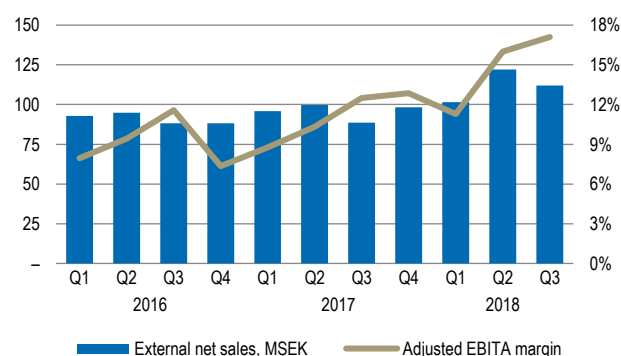
Third quarter

External net sales for the Danish operations amounted to MSEK 112 (89).

Sales growth continued to be primarily driven by refrigeration operations, where the price level of refrigerants has increased significantly. The DIY (Do-It-Yourself) operations also showed positive sales growth.

Profit (EBITA) for the quarter increased to MSEK 19 (11), corresponding to an EBITA margin of 17.1% (12.5). The gross margin improved, mainly as a result of increased refrigerant prices, which contributed to the strong earnings trend.

External net sales and adjusted EBITA margin



Segment Other

Other	2018	2017		2018	2017		Rolling 12 months	Full year
Estonia, Russia, Poland	Jul-Sep	Jul-Sep	change	Jan-Sep	Jan-Sep	change		2017
External net sales, MSEK	141	135	4%	393	339	16%	519	465
Organic growth, %	-1%	12%		11%	10%			10%
Profit (EBITA), MSEK	5	6	-17%	11	9	22%	14	12
Adjusted EBITA, MSEK	5	6	-17%	11	9	22%	14	12
EBITA margin, %	3.3%	4.1%		2.8%	2.7%		2.7%	2.6%
Adjusted EBITA margin, %	3.3%	4.1%		2.8%	2.7%		2.7%	2.6%

- Strong growth in Russia and Poland
- Organic growth of -1%
- EBITA driven by positive development in Russia

Growth		Jul-Sep		Jan-Sep	
	%	MSEK	%	MSEK	
Organic	-1%	-1	11%	38	
Acquisitions	0%	0	0%	0	
Trading days	-1%	-1	0%	-1	
Currency	6%	8	5%	17	
Total growth	4%	6	16%	54	

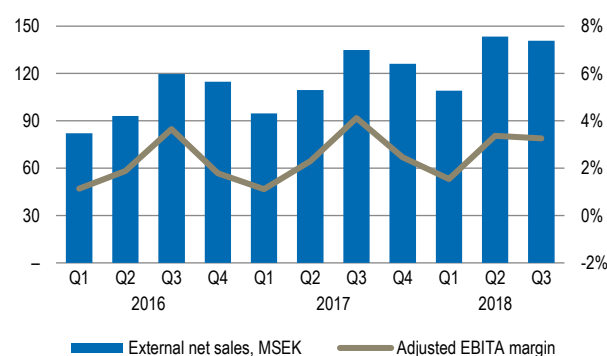
Third quarter

External net sales for segment Other amounted to MSEK 141 (135).

Sales growth for the segment was positively affected by strong organic growth in both Russia and Poland, and favourable currency translation effects. In Estonia, the sales development was weaker, which also had a negative impact on earnings growth.

Profit (EBITA) for the quarter was MSEK 5 (6), corresponding to an EBITA margin of 3.3% (4.1).

External net sales and adjusted EBITA margin



Acquisitions

Seven acquisitions with combined annual sales of MSEK 841 were made during the interim period. None of the acquisitions are considered to be so significant that the acquisition analysis is reported separately. The total purchase consideration for the acquisitions was MSEK 818, with a cash flow effect of MSEK 753. Acquired liquid assets amounted to MSEK 47. The total purchase consideration includes a contingent consideration, valued at MSEK 18, attributable to the acquisitions of Proffsmagasinet Svenska AB and Kahipa Oy. The acquired companies have reported net assets of MSEK 211. Intangible surplus values were allocated as follows: MSEK 167 to customer relationships and MSEK 477 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</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</i>				
31/05/2018	Bygg & IndustriPartner Skaraborg AB	Sweden	Tools & Supplies	30	7
	<i>Strengthens the position in Tools & Supplies in Skaraborg</i>				
02/07/2018	Kahipa Oy	Finland	Tools & Supplies	35	8
	<i>Gives Ahlsell specialist competence in a strategically important niche market within HVAC fastenings</i>				
03/09/2018	Bygg & Industrisalg AS	Norway	Tools & Supplies	45	13
	<i>Strengthens the PPE presence in the region around Stavanger</i>				
Total				841	255

^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. In the purchase price allocation, the additional consideration was valued at MSEK 9, which 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.

The total consideration for Kahipa Oy comprises a base purchase price and additional contingent consideration. In the purchase price allocation, the additional consideration was valued at MSEK 9, which 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 year. The outcome will be in the range of MSEK 0-9 on the settlement date, depending on fulfilment of the conditions.

In September, Ahlsell signed an agreement to acquire Øglænd System's sprinkler operations. The company has eight employees and annual sales of approximately MSEK 45. The acquisition is expected to be completed in early November.

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 their 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 133 higher and EBITA about MSEK 14 higher. Total transaction costs for the year's acquisitions amount to approximately MSEK 5.

Revalued additional purchase considerations of MSEK 16 were recognised as other operating income during the interim period. The revaluation is attributable to the contingent consideration in connection with the acquisition of Prevex, where some of the synergy effects are expected to materialise after the measurement point for the additional purchase consideration.

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

The acquisition analysis of all acquisitions completed in 2017 are final, and only marginal changes have been made based on what has been 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 third quarter amounted to MSEK -49 (-88). Net interest expense was MSEK -41 (-46). Currency effects had an impact of MSEK -7 (12) on net financial items, while revaluation of currency derivatives had an effect of MSEK 3 (-21). Other financial items, mainly bank charges, had a net effect of MSEK -4 (-4) on net financial items during the third quarter. Revaluation of equity swaps (used to secure the Group's long-term share-savings programme in 2017) had a negative effect of MSEK 30 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-September amounted to MSEK -136 (-164). Net interest expense was MSEK -120 (-140). Currency effects had an impact of MSEK 44 (-29) on net financial items, while revaluation of currency derivatives had an effect of MSEK -45 (21). Other financial items, mainly bank charges, had a net effect of MSEK -14 (-10) on net financial items during the period January- September. Revaluation of equity swaps (used to secure the Group's long-term share-savings programme in 2017) had a negative effect of MSEK 5 on the figure for the comparative period. These equity swaps were terminated in the fourth quarter of 2017.

Tax

Tax on profit for the third quarter amounted to MSEK -107 (-98). Tax on profit for the period January-September amounted to MSEK -232 (-293). The effective tax rate for the interim period was -16.2% (-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 about 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 September were MSEK 1,126 (612), a decline of MSEK 169 since the beginning of the year. There are also unused credit facilities of MSEK 3,226. Outstanding commercial papers amounted to MSEK 1,424 on the reporting date. Ahlsell issued a bond loan of MSEK 750 during the interim period.

Net debt at 30 September was MSEK 8,103 (7,531), an increase of MSEK 1,361 since the beginning of the year. The increase is mainly related to the acquisitions during the interim period as well as a seasonal increase in working capital during the first three quarters of the year. Net debt/adjusted EBITDA was 2.9 (3.0) times.

The Group's equity at 30 September was MSEK 9,720 (8,888), an increase of MSEK 716 since the beginning of the year.

Cash flow and investments

Cash flow from operating activities before changes in working capital for the third quarter was MSEK 545 (528). Cash flow from changes in working capital was MSEK -521 (-704). Cash flow from investing activities, including acquisitions, was MSEK -144 (-66). Investments in property, plant and equipment and intangible assets during the third quarter amounted to MSEK -80 (-52). Cash flow from financing activities was MSEK -105 (-101). Cash flow for the period amounted to MSEK -225 (-344).

Cash flow from operating activities before changes in working capital for the period January-September was MSEK 1,532 (1,422). Cash flow from changes in working capital was MSEK -1,087 (-1,038). Cash flow from investing activities, including

acquisitions, was MSEK -946 (-322). Investments in property, plant and equipment and intangible assets amounted to MSEK -195 (-145) during the interim period. The increase is attributable to the expansion of the central warehouse in Hallsberg. Cash flow from financing activities for the period amounted to MSEK 327 (-659) and was mainly affected by a bond issue of MSEK 750, a dividend payment of MSEK 708 to shareholders and issued commercial papers of net MSEK 425.

Operating cash flow (see also note 3) for the last twelve months was SEK 2,110, an increase of MSEK 119 from the previous full year. Operating cash flow/EBITDA (Cash conversion) was 77% for the last twelve months. For the corresponding period the previous year, the cash conversion amounted to 74%.

Personnel

The number of employees at the end of the period was 5,829 (5,292) and the average number of employees during the period was 5,759 (5,198). Acquisitions during the last twelve months have increased the number of employees by 401.

The Group's share-savings programme costs were MSEK 15 (13) during the third quarter. MSEK 11 (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 for the period January–September were MSEK 41 (38). MSEK 30 (28) of this amount was credited to equity and MSEK 11 (10) 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 in 2017 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 September, the number of hedged shares amounted to 1,075,000, with an average cost of SEK 53.47.

Parent Company

Ahlsell AB (publ), corp. ID 556882-8916, is the Parent Company of the Group. The Parent Company's net sales for the third quarter were MSEK 17 (106). Profit/loss before tax was MSEK -53 (127). The Parent Company's net sales for the period January–September were MSEK 53 (328). Profit/loss before tax was MSEK -210 (501). The Parent Company's cash and cash equivalents were MSEK 2 (3) 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.

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.

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

Stockholm, 26 October 2018

Johan Nilsson

President and CEO, Ahlsell AB

Auditors' review report

To the Board of Directors of Ahlsell AB (publ)
Corp. ID 556882-8916

Introduction

We have conducted a review of the condensed interim financial information (interim report) for Ahlsell AB (publ) as at 30 September 2018 and the nine-month period ending on this date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 26 October 2018

Joakim Thilstedt

Authorised Public Accountant, KPMG AB

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 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Net sales	1	7,458	6,492	22,675	19,879	30,281	27,484
Cost of goods sold		-5,469	-4,741	-16,624	-14,519	-22,167	-20,062
Gross profit		1,989	1,751	6,051	5,360	8,114	7,423
Selling expenses		-1,348	-1,125	-4,155	-3,619	-5,499	-4,962
Administration expenses		-140	-123	-379	-344	-490	-455
Other operating income and expenses		23	7	49	26	61	38
Operating profit, EBIT	1.2	524	510	1,566	1,423	2,186	2,043
Net financial items		-49	-88	-136	-164	-180	-209
Profit before tax		475	421	1,431	1,259	2,006	1,834
Income tax		-107	-98	-232	-293	-346	-406
Profit/loss for the period		367	323	1,198	966	1,660	1,428
Attributable to							
owners of the parent company		367	323	1,198	966	1,660	1,428
Non-controlling interests		–	–	–	–	–	–
Basic earnings per share, SEK	6	0.86	0.74	2.79	2.21	3.86	3.28
Diluted earnings per share, SEK	6	0.86	0.74	2.79	2.21	3.86	3.28

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Profit/loss for the period	367	323	1,198	966	1,660	1,428
Other comprehensive income for the period						
Items that will be reclassified to profit or loss for the period						
Translation differences	-58	-11	243	-32	264	-11
Change in hedging reserve	9	-5	-3	-7	-7	-10
Tax attributable to components of other comprehensive income	-2	3	12	-4	10	-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	317	310	1,451	923	1,927	1,399
Attributable to						
owners of the parent company	317	310	1,451	923	1,927	1,399
Non-controlling interests	–	–	–	–	–	–

CONDENSED BALANCE SHEET

MSEK	Note	2018 30 Sep	2017 30 Sep	2017 31 Dec
ASSETS				
Customer relationships		2,902	3,005	2,929
Trademark		3,837	3,837	3,837
Goodwill		7,846	7,064	7,206
Other intangible assets		149	135	136
Property, plant and equipment		931	802	853
Financial assets	4	27	92	10
Deferred tax assets		9	7	8
Total non-current assets		15,701	14,945	14,980
Inventories		4,406	3,754	3,888
Trade receivables	4	4,645	3,994	3,491
Other receivables	4	1,450	1,218	1,220
Cash and cash equivalents	4	1,126	612	1,295
Total current assets		11,627	9,578	9,894
TOTAL ASSETS		27,327	24,523	24,874
EQUITY AND LIABILITIES				
Equity		9,720	8,888	9,004
Non-current interest-bearing liabilities	4	8,688	7,932	7,934
Provisions		56	55	55
Deferred tax liabilities		1,398	1,378	1,494
Other non-current liabilities	4	27	28	29
Total non-current liabilities		10,169	9,394	9,512
Current interest-bearing liabilities	4	513	242	51
Trade payables	4	5,709	5,037	5,218
Provisions		41	12	10
Other current liabilities		1,176	951	1,079
Total current liabilities		7,438	6,241	6,358
TOTAL EQUITY AND LIABILITIES		27,327	24,523	24,874

CONDENSED CASH FLOW STATEMENT

MSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Profit after financial items	475	421	1,431	1,259	2,006	1,834
Adjustments for non-cash items	163	171	426	437	552	563
- of which depreciation and impairment of assets	147	130	432	385	565	519
- capitalised and accrued interest	0	-3	-3	12	-7	9
- other	15	44	-3	39	-7	35
Tax paid	-93	-65	-325	-274	-254	-203
Cash flow from operating activities before changes in working capital	545	528	1,532	1,422	2,304	2,193
Change in inventories	-234	-398	-189	-456	-222	-489
Change in operating receivables	-297	-503	-1,158	-1,101	-604	-547
Change in operating liabilities	10	198	260	519	445	703
Cash flow from changes in working capital	-521	-704	-1,087	-1,038	-382	-333
Cash flow from operating activities	24	-177	445	384	1,922	1,861
Cash flow from acquisition of assets, liabilities and operations	-54	-1	-753	-112	-987	-346
Other cash flow from investing activities	-91	-66	-193	-210	-177	-195
Cash flow from investing activities	-144	-66	-946	-322	-1,164	-541
Cash flow before financing activities	-120	-243	-501	62	757	1,320
Dividend paid	–	–	-708	-153	-708	-153
Issued warrants	–	–	1	–	1	–
Repurchase of shares	–	–	–	–	-369	-369
Proceeds from borrowings	400	999	1,625	999	1,625	999
Repayment of borrowings	-505	-1,100	-590	-1,506	-797	-1,712
Cash flow from financing activities	-105	-101	327	-659	-248	-1,235
CASH FLOW FOR THE PERIOD	-225	-344	-174	-597	509	86
Cash and cash equivalents at beginning of period	1,355	957	1,295	1,209	612	1,209
Exchange differences	-4	0	5	1	4	0
Cash and cash equivalents at end of period	1,126	612	1,126	612	1,126	1,295
Additional information						
Interest received	5	4	13	13	18	17
Interest paid	-36	-41	-109	-111	-150	-152

CONDENSED STATEMENT OF CHANGES IN EQUITY

MSEK	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Opening equity	9,004	8,089	8,089
Comprehensive income for the period	1,451	923	1,399
Total recognised income and expenses	1,451	923	1,399
Long-term share-savings programme	30	28	37
Repurchase of own shares	–	–	-369
Equity swap for securing long-term share-savings programme	-58	–	–
Dividend	-708	-153	-153
Issued warrants	1	–	–
Total shareholder transactions	-735	-125	-485
Closing equity	9,720	8,888	9,004

Parent Company financial statements

CONDENSED BALANCE SHEET – PARENT COMPANY

MSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Net sales	17	106	53	328	178	453
Gross profit	17	106	53	328	178	453
Administration expenses	-31	-35	-100	-98	-135	-133
Operating profit/loss	-14	71	-47	230	43	320
Interest and similar income	4	154	9	393	181	592
Interest and similar expense	-42	-98	-172	-122	-2,006	-1,982
Profit/loss after financial items	-53	127	-210	501	-1,782	-1,070
Appropriations	–	–	–	–	-170	-170
Profit/loss before tax	-53	127	-210	501	-1,952	-1,240
Income tax	–	-28	–	-110	-2	-112
Profit/loss for the period	-53	99	-210	390	-1,954	-1,353

CONDENSED STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

MSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Profit/loss for the period	-53	99	-210	390	-1,954	-1,353
Change in hedging reserve	9	-5	-3	-7	-7	-10
Tax attributable to components of other comprehensive income	-2	1	1	1	1	2
Other comprehensive income for the period	7	-4	-3	-5	-5	-8
Comprehensive income for the period	-45	95	-212	385	-1,958	-1,361
Attributable to:						
owners of the parent company	-45	95	-212	385	-1,958	-1,361

CONDENSED BALANCE SHEET – PARENT COMPANY

MSEK	2018 30 Sep	2017 30 Sep	2017 31 Dec
Intangible assets	1	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	488	12,718	11,791
Deferred tax assets	4	5	3
Total non-current assets	14,290	15,759	13,455
Other receivables	50	8	6
Cash and cash equivalents	2	3	2
Total current assets	52	10	7
TOTAL ASSETS	14,342	15,769	13,462
Equity	3,772	7,437	5,330
Untaxed reserves	357	112	282
Non-current liabilities	9,651	7,661	7,655
Current liabilities	561	559	195
TOTAL EQUITY AND LIABILITIES	14,342	15,769	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	7,335	6,051	6,363	19,750		
Norway	3,018	1,860	1,132	6,010		
Finland	2,456	600	512	3,568		
Denmark	434	–	–	434		
Other	442	33	44	519		
Central	–	–	–	–		
Group	13,685	8,545	8,051	30,281		
External net sales by segment, MSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Sweden	4,672	4,202	14,609	12,947	19,750	18,087
Norway	1,555	1,254	4,617	3,956	6,010	5,349
Finland	979	812	2,720	2,352	3,568	3,201
Denmark	112	89	336	284	434	382
Other	141	135	393	339	519	465
Central	–	–	–	–	–	–
Group	7,458	6,492	22,675	19,879	30,281	27,484
EBITA by segment, MSEK						
Sweden	535	515	1,685	1,562	2,336	2,213
Norway	50	65	135	130	183	177
Finland	53	45	99	80	136	117
Denmark	19	11	50	30	63	42
Other	5	6	11	9	14	12
Central	-42	-44	-128	-125	-172	-169
Eliminations	–	–	–	–	–	–
Group	620	597	1,852	1,685	2,560	2,394
EBITA margin by segment, %						
Sweden	11.4%	12.2%	11.5%	12.1%	11.8%	12.2%
Norway	3.2%	5.2%	2.9%	3.3%	3.0%	3.3%
Finland	5.4%	5.6%	3.6%	3.4%	3.8%	3.7%
Denmark	17.1%	12.5%	14.9%	10.5%	14.5%	11.1%
Other	3.3%	4.1%	2.8%	2.7%	2.7%	2.6%
Central	–	–	–	–	–	–
Group	8.3%	9.2%	8.2%	8.5%	8.5%	8.7%
Adjusted EBITA per segment, MSEK						
Sweden	565	515	1,715	1,562	2,366	2,213
Norway	50	65	135	130	183	177
Finland	53	45	99	92	136	129
Denmark	19	11	50	30	63	42
Other	5	6	11	9	14	12
Central	-42	-44	-128	-125	-172	-169
Eliminations	–	–	–	–	–	–
Group	650	597	1,882	1,697	2,590	2,405
Adjusted EBITA margin by segment, %						
Sweden	12.1%	12.2%	11.7%	12.1%	12.0%	12.2%
Norway	3.2%	5.2%	2.9%	3.3%	3.0%	3.3%
Finland	5.4%	5.6%	3.6%	3.9%	3.8%	4.0%
Denmark	17.1%	12.5%	14.9%	10.5%	14.5%	11.1%
Other	3.3%	4.1%	2.8%	2.7%	2.7%	2.6%
Central	–	–	–	–	–	–
Group	8.7%	9.2%	8.3%	8.5%	8.6%	8.8%

Quarterly figures

Year	2018				2017				2016		
Quarter	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sweden											
External net sales	4,672	5,180	4,758	5,140	4,202	4,484	4,261	4,501	3,699	4,102	3,572
EBITA	535	605	545	651	515	537	510	573	451	522	391
as % of net sales	11.4%	11.7%	11.5%	12.7%	12.2%	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%
Adjusted EBITA	565	605	545	651	515	537	510	573	451	522	391
as % of net sales	12.1%	11.7%	11.5%	12.7%	12.2%	12.0%	12.0%	12.7%	12.2%	12.7%	10.9%
Norway											
External net sales	1,555	1,674	1,389	1,393	1,254	1,312	1,390	1,375	1,185	1,267	1,082
EBITA	50	60	25	48	65	26	39	51	53	25	13
as % of net sales	3.2%	3.6%	1.8%	3.4%	5.2%	2.0%	2.8%	3.7%	4.5%	2.0%	1.2%
Adjusted EBITA	50	60	25	48	65	26	39	51	60	25	13
as % of net sales	3.2%	3.6%	1.8%	3.4%	5.2%	2.0%	2.8%	3.7%	5.1%	2.0%	1.2%
Finland											
External net sales	979	937	803	848	812	813	727	824	789	787	651
EBITA	53	30	16	37	45	21	14	25	45	34	10
as % of net sales	5.4%	3.2%	2.0%	4.4%	5.6%	2.6%	1.9%	3.1%	5.7%	4.3%	1.5%
Adjusted EBITA	53	30	16	37	45	33	14	25	45	34	10
as % of net sales	5.4%	3.2%	2.0%	4.4%	5.6%	4.0%	1.9%	3.1%	5.7%	4.3%	1.5%
Denmark											
External net sales	112	122	101	98	89	100	96	88	88	95	93
EBITA	19	20	11	13	11	10	8	6	10	9	7
as % of net sales	17.1%	16.0%	11.3%	12.9%	12.5%	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%
Adjusted EBITA	19	20	11	13	11	10	8	6	10	9	7
as % of net sales	17.1%	16.0%	11.3%	12.9%	12.5%	10.3%	8.8%	7.3%	11.6%	9.4%	7.9%
Other											
External net sales	141	143	109	126	135	110	95	115	120	93	82
EBITA	5	5	2	3	6	3	1	2	4	2	1
as % of net sales	3.3%	3.4%	1.5%	2.5%	4.1%	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%
Adjusted EBITA	5	5	2	3	6	3	1	2	4	2	1
as % of net sales	3.3%	3.4%	1.5%	2.5%	4.1%	2.3%	1.1%	1.8%	3.7%	1.9%	1.1%
Central											
EBITA	-42	-42	-45	-43	-44	-39	-43	-95	-25	-32	-24
Adjusted EBITA	-42	-42	-45	-43	-44	-39	-43	-30	-25	-32	-24
Eliminations											
EBITA	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITA	-	-	-	-	-	-	-	-	-	-	-
Group											
External net sales	7,458	8,056	7,161	7,606	6,492	6,818	6,568	6,902	5,880	6,344	5,480
EBITA	620	678	554	709	597	558	530	563	538	560	397
as % of net sales	8.3%	8.4%	7.7%	9.3%	9.2%	8.2%	8.1%	8.2%	9.2%	8.8%	7.3%
Adjusted EBITA	650	678	554	709	597	570	530	628	545	560	397
as % of net sales	8.7%	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 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Amortisation of intangible assets	-96	-88	-285	-262	-374	-351
Impairment of intangible assets	-	-	-	-	-	-
Depreciation of property, plant and equipment	-51	-43	-146	-123	-191	-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 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Operating profit	524	510	1,566	1,423	2,186	2,043
Adjustments for non-cash items	163	118	422	365	550	493
Cash flow from changes in working capital	-521	-704	-1,087	-1,038	-382	-333
Operating cash flow before investments	166	-77	902	750	2,354	2,202
Acquisition of intangible assets	-10	-11	-34	-31	-42	-39
Acquisition of property, plant and equipment	-70	-41	-161	-114	-225	-178
Sale of property, plant and equipment	2	1	18	1	23	6
Cash flow from operating investments	-77	-52	-177	-144	-244	-211
Operating cash flow	89	-128	725	606	2,110	1,991

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

MSEK	2018 30 Sep	2018 30 Sep	2017 30 Sep	2017 30 Sep	2017 31 Dec	2017 31 Dec
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets at fair value	1	1	4	4	0	0
Loans and receivables	5,794	5,794	4,696	4,696	4,793	4,793
Available-for-sale financial assets at purchased value	3	3	3	3	3	3
Total	5,798	5,798	4,703	4,703	4,796	4,796
Financial liabilities						
Financial liabilities at fair value	20	20	27	27	14	14
Other financial liabilities	14,916	14,915	13,212	13,212	13,218	13,218
Total	14,935	14,935	13,239	13,239	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 raised 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		2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Type of cost/revenue	Segment						
Costs attributable to restructuring (ViaCon VA)	Sweden	-30	–	-30	–	-30	–
Costs attributable to restructuring (staff under notice with pay)	Finland	–	–	–	-11	–	-11
Total items affecting comparability		-30	–	-30	-11	-30	-11

NOTE 6. EARNINGS PER SHARE

MSEK		2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Earnings per share							
Profit attributable to owners of the parent company (MSEK)		367	323	1,198	966	1,660	1,428
Weighted average number of basic ordinary shares outstanding (millions)		429.3	436.3	429.3	436.3	430.2	435.4
Basic earnings per share, SEK		0.86	0.74	2.79	2.21	3.86	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)	429.4	436.3	429.8	436.3	430.5	435.4
Diluted earnings per share, SEK	0.86	0.74	2.79	2.21	3.86	3.28

PERFORMANCE MEASURES

MSEK unless otherwise stated	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Rolling 12 months	Full year 2017
Sales measures						
Net sales	7,458	6,492	22,675	19,879	30,281	27,484
Growth, %	15%	10%	14%	12%		12%
Organic growth, %	7%	10%	7%	9%		9%
Income measures						
Operating profit (EBIT)	524	510	1,566	1,423	2,186	2,043
EBITA	620	597	1,852	1,685	2,560	2,394
Adjusted EBITA	650	597	1,882	1,697	2,590	2,405
EBITDA	671	640	1,998	1,808	2,752	2,562
Adjusted EBITDA	701	640	2,028	1,820	2,782	2,573
Margin measures						
EBIT margin, %	7.0%	7.8%	6.9%	7.2%	7.2%	7.4%
EBITA margin, %	8.3%	9.2%	8.2%	8.5%	8.5%	8.7%
Adjusted EBITA margin, %	8.7%	9.2%	8.3%	8.5%	8.6%	8.8%
Cash flow measures						
Cash flow for the period	-225	-344	-174	-597	509	86
Operating cash flow	89	-128	725	606	2,110	1,991
Operating cash flow / EBITDA (cash conversion)					77%	78%
Capital structure						
Cash	1,126	612	1,126	612	1,126	1,295
Net debt	8,104	7,531	8,104	7,531	8,104	6,742
Net debt / Adjusted EBITDA					2.9	2.6
Debt / equity ratio, times					0.8	0.7
Equity / assets ratio, %					36%	36%
Working capital (average)	3,576	2,739	3,170	2,416	3,153	2,429
Working capital at end of period	3,835	3,085	3,835	3,085	3,835	2,483
Operating capital (average)	17,804	16,171	17,158	15,889	17,025	15,890
Operating capital, excluding intangible assets (average)	4,521	3,607	4,049	3,277	4,031	3,277
Returns						
Return on operating capital, %					13%	13%
Return on operating capital (excluding intangible assets), %					64%	73%
Return on equity, %					18%	17%
Return on working capital %					81%	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	430,153	435,415
Weighted average number of diluted shares outstanding, net after repurchase (thousands)	429,432	436,306	429,753	436,334	430,491	435,428
Basic earnings per share, SEK	0.86	0.74	2.79	2.21	3.86	3.28
Diluted earnings per share, SEK	0.86	0.74	2.79	2.21	3.86	3.28
Other						
Number of employees at end of period			5,829	5,292	5,829	5,471

PER SHARE DATA – quarterly figures

Year	2018				2017			2016
Quarter	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Share price at end of period	49.76	52.85	52.55	52.80	52.90	57.75	60.45	52.00
Earnings per share	0.86	1.18	0.75	1.08	0.74	0.71	0.77	0.16
Return on equity RTM	18%	18%	16%	17%	15%	16%	18%	15%
Equity per share	22.6	21.9	22.2	20.6	20.4	19.6	19.3	18.5
Operating cash flow per share, RTM	4.9	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-Sep	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	14%	13%	17%	16%	18%	16%
Acquisitions, %	-5%	-5%	-8%	-2%	0%	0%
Currency, %	-2%	0%	-3%	-7%	-7%	-5%
Difference in number of trading days, %	0%	0%	1%	0%	1%	0%
Organic growth, %	7%	8%	6%	6%	11%	11%
Number of trading days Jan-Sep 2018		188	187	189	187	
Number of trading days Jan-Sep 2017		188	188	189	188	

Jul-Sep	Group	Sweden	Norway	Finland	Denmark	Other
Growth, %	15%	11%	24%	20%	26%	4%
Acquisitions, %	-5%	-5%	-9%	-3%	0%	0%
Currency, %	-3%	0%	-8%	-10%	-10%	-6%
Difference in number of trading days, %	0%	0%	0%	0%	0%	1%
Organic growth, %	7%	6%	7%	8%	16%	-1%
Number of trading days Jul-Sep 2018		65	65	65	65	
Number of trading days Jul-Sep 2017		65	65	65	65	

EBITA/Adjusted EBITA

Jan-Sep, MSEK	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	1,566	1,489	86	64	45	11	-129
Amortisation and impairment of intangible assets	285	196	49	35	5	0	1
Profit (EBITA), MSEK	1,852	1,685	135	99	50	11	-128
Items affecting comparability	30	30	–	–	–	–	–
Adjusted EBITA, MSEK	1,882	1,715	135	99	50	11	-128

Jul-Sep, MSEK	Group	Sweden	Norway	Finland	Denmark	Other	Central
EBIT	524	469	33	41	18	5	-42
Amortisation and impairment of intangible assets	96	66	17	12	2	0	0
Profit (EBITA), MSEK	620	535	50	53	19	5	-42
Items affecting comparability	30	30	–	–	–	–	–
Adjusted EBITA, MSEK	650	565	50	53	19	5	-42

EBITA margin / Adjusted EBITA margin

Jan-Sep	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	6.9%	10.2%	1.9%	2.4%	13.5%	2.8%
Amortisation and impairment of intangible assets, %	1.3%	1.3%	1.1%	1.3%	1.4%	0.0%
Profit (EBITA) margin, %	8.2%	11.5%	2.9%	3.6%	14.9%	2.8%
Items affecting comparability, %	0.1%	0.2%	–	–	–	–
Adjusted EBITA margin, %	8.3%	11.7%	2.9%	3.6%	14.9%	2.8%

Jul-Sep	Group	Sweden	Norway	Finland	Denmark	Other
EBIT margin, %	7.0%	10.0%	2.1%	4.2%	15.7%	3.2%
Amortisation and impairment of intangible assets, %	1.3%	1.4%	1.1%	1.2%	1.4%	0.0%
Profit (EBITA) margin, %	8.3%	11.4%	3.2%	5.4%	17.1%	3.3%
Items affecting comparability, %	0.4%	0.6%	–	–	–	–
Adjusted EBITA margin, %	8.7%	12.1%	3.2%	5.4%	17.1%	3.3%

NUMBER OF TRADING DAYS

	Q1	Q2	Q3	Q4	HY1	HY2	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	60	65	62	122	127	249
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	58	66	62	121	128	249

*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 BSEK 30 and is listed on Nasdaq Stockholm. 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: <https://financialhearings.com/event/10700>

Telephone number for the conference call: SE: +468 5664 2664, UK: +44 203 008 9810, US: +1 855 753 2236.

Financial calendar 2019

- 25 January: Q4 2018 Report
- 26 April: Q1 2019 Report
- 9 May: Annual General Meeting in Stockholm
- 17 July: Q2 2019 Report
- 23 October: Q3 2019 Report

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.

The information was submitted through the agency of Johan Nilsson for publication on 26 October 2018 at 7.30 a.m. CEST.