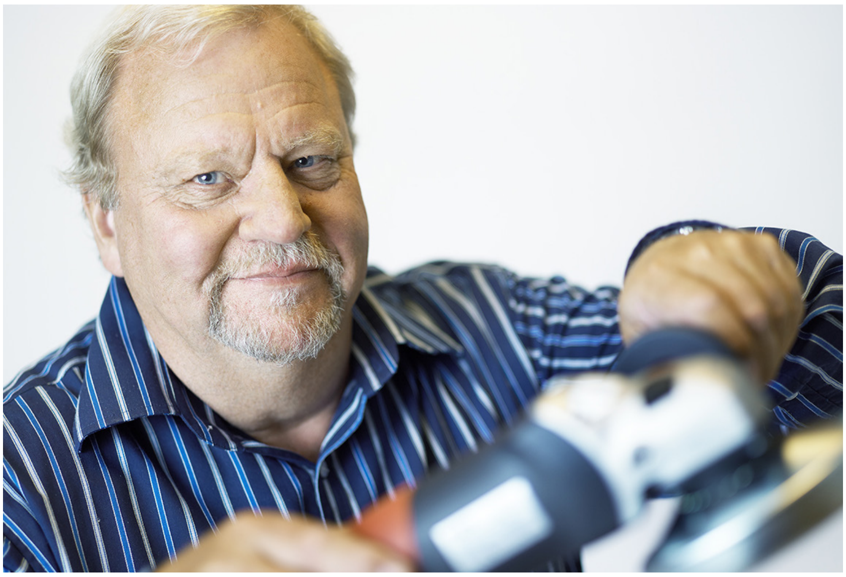


Financial Year 2012

ahlsell

The History of Ahlsell

1877 The history of Ahlsell began in 1877 with the establishment of the Bernström & Co sales company. In 1922, the company merged with R Ahlsell & Co and sharpened its focus on heating and plumbing products, forming the foundation for the Group of today.

1964 Ahlsell & Ågren was listed on the Stockholm stock exchange.

1986 El-Partner was acquired, expanding the company into the electrical segment. Ahlsell is delisted from the stock exchange.

1987 Ahlsell became a subsidiary of the Trelleborg Group.

1990 Ahlsell extended into refrigeration with the acquisition of Sandblom & Stohne. A central warehouse was built in Hallsberg, Sweden.

1996 The DIY segment is established through the acquisition of Gelia.

1997 Skoogs Elektriska, a listed company, was acquired and Ahlsell became the leading wholesaler in the electrical segment.

1998 Ahlsell acquired Storm Elektro and VVSTrading, and expanded into the electrical segment in Norway and the DIY segment in Denmark.

1999 Nordic Capital became the new principal owner. Ahlsell acquired LVI Tukku Oy, which established a Finnish platform.

2001 The Tools & Machinery business line was established through the acquisition of Tibnor Industrivaruhus.

2003 A central warehouse was built in Finland.

2004 Ahlsell acquired Bergens and Stavanger Rørhandel to become the market leader in Heating & Plumbing in Norway. It further strengthened its market-leading position in Tools & Machinery in Sweden through the acquisition of TotalPartner. Nordic Capital acquired Trelleborg's interest in Ahlsell and became the sole owner.

2005 Ahlsell acquired Nexans Distribusjon AS to become the leading electrical installation supplier in Norway.

2006 Goldman Sachs and Cinven acquired Ahlsell and became the new principal owners as of 1 February 2006. Ahlsell strengthened its position in the Nordic refrigeration segment through the acquisition of Tempcold. Heating & Plumbing acquisitions in Estonia and an electrical installations acquisition in Åland open new markets.

2007 Ahlsell acquired Idestrands, strengthening its market position in the Swedish construction industry. Acquisitions in the Tools & Machinery product area in Finland strengthen Ahlsell's leading position in this business line, both in Finland and the Nordic countries.

2011 The strategic acquisition of NEA gave Ahlsell a market-leading position within electrical installations in Sweden. Expanded logistics capacity in Finland, Norway and Sweden contributed to continued profitable development for Ahlsell. Ahlsell decided to invest in the world's largest automated warehouse facility at the logistics centre in Hallsberg.

2012 On 9 May, Ahlsell was acquired by CVC Capital Partners from Cinven and Goldman Sachs, its previous owners. During the year, Ahlsell reinforced its position as the leader in the tools and machinery segment through the acquisition of two companies operating in that particular area: Industriprodukter i Malmfälten AB and Tools in Växjö. Norway experienced a successful turnaround by implementing a new strategy of increased focus on profitability. Continued aggressive initiatives in automating logistics systems have increased expandability and cost efficiency in selected product segments in priority markets. During the year, changes were made to the structure of the company's secondary segments, and Ahlsell now operates in three product areas: HVAC, Electrical and Tools & Machinery.

CONTENTS

The year in summary

- Sustained high earnings level despite weak market and a weakening economy. Continued good profitability based on high cost and capital efficiency and economies of scale.
  - Net sales increased by 10.0 per cent to SEK 20,639 million (20,434). Organic growth was 0.4 per cent (8.2).
  - EBITA reached SEK 1,617 million (1,626).
  - EBITA margin was 7.8 per cent (8.0).
  - Net finance costs totalled SEK -1,167 million (-927).
- Ahlsell completed three acquisitions during the year: Industriprodukter i Malmfälten AB, Tools in Växjö in Sweden, and Toivola-Team Oy in Finland.
- Acquisitions and organic sales growth strengthens Ahlsell's position as Sweden's leader in the tools and machinery segment.
- Significant synergies resulting from a successful integration of NEA Elektriska AB.
- New strategy with increased focus on profitability reversed trends in Norway. New CEO assumed duties 1 March 2012.
- Decisions made on automation of central warehouse in Hyvinge and continued expansion within electrical area in Finland.
- CVC Capital Partners completed the acquisition of Ahlsell on 9 May 2012. Ahlsell's strategy for future development remains in place, with growth occurring both organically and via acquisitions.
- Kenneth Bengtsson took over as Ahlsell's board chairman in connection with change of ownership.

KEY FIGURES FOR THE GROUP

	2012	2011	2010	2009	2008
Sales, SEK million	20,639	20,434	19,256	18,985	21,979
Income, EBITA, SEK million	1,617	1,626	1,250	1,108*	1,472*
EBITA margin	7,8	8.0	6.5	5.8	6.7
Net income, SEK million	191	265	492	–59	–740
Average number of employees	4,383	4,309	4,206	4,358	5,055

* Before restructuring costs

Ahlsell in 3 minutes

Business concept

To efficiently carry out trading in installation products, tools, and machinery for professional users.

Visions and goals

To be the customer's first choice for purchasing installation products, tools, and machinery. The objectives are to create good overall growth and high profitability. The Group aims to be a market leader in all product areas and in every market.

Strategy

Ahlsell's organisation encourages decentralised decision-making. Its profit centres independently contribute to the Group's financial goals. Ahlsell aims to ensure continued organic growth by providing outstanding customer service and creating strong profitability. Its strategy is grounded in offering a wide product range and specialist experience, while maintaining local presence and strong customer relationships. Centralised functions such as purchasing, logistics, and administration also contribute to profitability. Growth through acquisition is another key component to achieving additional synergies such as improved market access, higher service levels, and additional profitability.

STRENGTH

Wide product range

+

Strong customer relationships

+

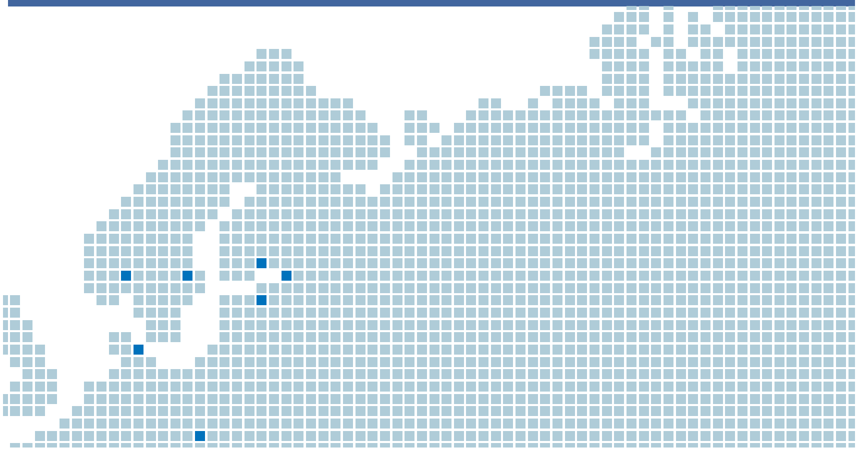
Skilled specialists

OBJECTIVES

2013 Ahlsell aims to achieve overall good growth and high profitability. It will fulfil this by meeting the following objectives.

- Growth in new and existing sectors.
- Acquisitions that complement the core business.
- Continued focus on profit orientation in the Norwegian operation.

AHLSELL PRESENCE



"Ahlsell will continue to grow with balance while ensuring that profitability is always the highest priority."

THE MARKET

The market in brief

Ahlsell is active in the Nordic region, Estonia, Russia and Poland. The Group offers professional users a wide range of products and services in its HVAC, Electrical and Tools and Machinery segments.

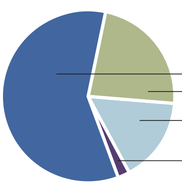
Governing trends
Energy efficient and environmentally friendly products are one customer trend for which Ahlsell's green efforts and environmentally friendly tools and activities are well matched. Industrial companies tend to move toward fewer suppliers. Ahlsell attracts these customers with its wide product range and its integrated concept. A wider product selection in combination with more advanced technology means that commercial companies must supply a broad product assortment while offering customers the services needed.

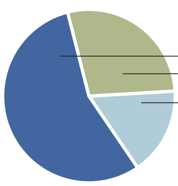
Growing market
The Nordic market is projected to grow in the next few years, accompanied by residential investments and aggressive industry. For Ahlsell, this means new sales opportunities and a positive growth market for professional products.

Local presence
Proximity to customers and excellent knowledge of the local markets are essential. Ahlsell has nearly 200 retail outlets and sales offices, designed to keep customers close to the widest product range in the market.

Customers
Ahlsell provides a broad range of tools and products for professional customers such as electrical, industrial, installation, refrigeration, and heating and plumbing contractors. Customers have a single point of contact and single supplier for their full product needs.

EXTERNAL REVENUES IN 2012





Ahlsell's product segments

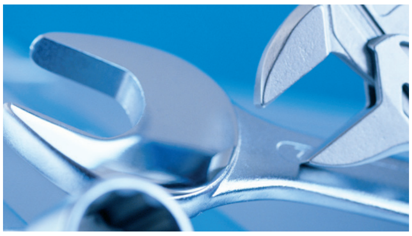
With over 100,000 items in stock, Ahlsell is able to satisfy the high requirements on diversity in relation to design, performance, and cost. Ahlsell offers an overall concept which gives the customer access to the entire range through one contact.

HVAC

Ahlsell's product range in HVAC includes around 50,000 items in stock within heating, ventilation and sanitation. Everything from heating systems to products for the modern bathroom is available for heating and plumbing contractors and building companies. A wide range of meters, valves, hoses, pumps, pipes, and pipe accessories in different materials are marketed for industrial use. A large number of products are also available within water and drainage, from individual components to complete systems. The range also includes ventilation and insulation products.

ELECTRICAL

Ahlsell lists some 90,000 Electrical items for electrical contractors and companies within the industrial, property, and power sectors, and keeps around 30,000 of these in stock. The range includes cables, installation and automation products, lighting, heating and data, telecommunications and security products.



TOOLS & MACHINERY

Ahlsell stocks approximately 35,000 items in its Tools & Machinery line for professional end users in industry, installation and heating and plumbing/construction. The range includes hand tools, machines, personal protection, storage products, fixing elements, locks and fittings, construction products, cutting tools and welding equipment.

The Ahlsell concept

Ahlsell is the leading technical wholesaler for installation products in the Nordic region. Ahlsell offers professional users a wide range of goods and peripheral services within the product segments of HVAC, Electrical and Tools & Machinery.

The Ahlsell concept forms the overall strategy for steering Group companies towards Ahlsell's vision and goals. The strategy consists of five foundation stones.

WIDE PRODUCT RANGE

With more than 100,000 items in its product range, Ahlsell lives up to its customers' high requirements on diversity of design and function as well as quality and cost. Ahlsell is currently the only player to offer a complete range in the installation sector, and maintains a strong position in all product areas. At Ahlsell, customers are given access to a unique and wide product range through a single point of contact and supplier.

LOCAL PRESENCE

Local presence has been a competitive advantage for Ahlsell since the company's beginnings in 1877. Proximity to customers and excellent knowledge of the local market are essential to meet customers' needs in the best possible way. Ahlsell has nearly 200 retail outlets and sales offices, which keep customers close to the widest product range in the market. Our stores offer quick, easily accessible service, and are natural meeting place for many tradesmen. Ahlsell carries out its operations in highly independent local units which have a clear responsibility for profit. Local managers work closely with their customer base, which allows them to optimise the quality of interaction with customers and motivate their employees. Continued expansion is bringing Ahlsell closer to more customers at new locations.

SKILLED SPECIALISTS & STRONG CUSTOMER RELATIONS

Knowledgeable employees are essential to be able to offer knowledgeable advice based on customer needs. Extensive industry experience, combined with continual training and trend monitoring, mean that Ahlsell's employees have intrinsic knowledge of the products, the market, and developing trends. Ahlsell works as a specialist wholesaler for various customer categories within the framework of its extensive range. The sales function is organised into a number of market segments, and interacts with customers based on their specific needs. The combination of a broad product range, specialist expertise, and strong customer relationships in each market segment creates a good foundation for long and strong customer relationships, as well as new business.

CENTRALISED FUNCTIONS

Centralised purchasing functions allow Ahlsell to achieve cost synergies in the purchasing process as well as benefits in supplier relationships. The corporate IT system and support functions are other important parts of our efforts to maintain economies of scale. At the centre of Ahlsell's operations is the Group's highly efficient logistics system with its modern distribution centres located strategically throughout the Nordic region. Cost efficient goods handling with little capital tie-up, combined with large volumes, are the foundation for profitable business. Distribution centres have been established in the various countries of operation, in line with key volumes. Ahlsell aims to operate as one legal entity in each country, while maintaining centralised logistics, IT, and administration systems.

GROWTH THROUGH ACQUISITIONS

Company acquisitions are an important part of Ahlsell's strategy for achieving the Group's overall goal of profitable growth. Ahlsell strengthens its competitive advantage through acquisitions, widening its product range, and increasing its presence in existing local markets. These actions enable Ahlsell to become an even stronger partner to its customers and suppliers, and improve service and accessibility for customers. Another important motive for acquisitions is an opportunity for synergies, primarily in functions such as purchasing, IT, logistics and administration. Acquisitions also enable Ahlsell to establish itself in new geographical markets. Ahlsell aims for all acquisitions to be integrated as quickly as is practically possible.

CEO's statement

Göran Näsholm
President and CEO

A weak year with strong earnings"

2012 – STRONGER MARKET POSITIONS IN A WEAK ECONOMY

It is not without pride that I summarise Ahlsell's 2012 results. Despite a marked slowdown in economic activity in the second half, we almost managed to keep sales, earnings, and profitability unchanged compared to last year's record results. Managing to maintain gross margins in a difficult operating environment through cost efficiency is a solid achievement. It demonstrates that we have a successful business model, offer customised solutions, and are committed to excellent quality service.

Despite the sluggish market during the year, we quickly took the necessary actions and made adjustments to ensure satisfactory levels of profitability, not only in Sweden but also in our other markets. We have also been proactive and continue to invest resources in building and strengthening our expertise in key product and market segments. We also made improvements within the purchasing organisation. Three acquisitions were carried out during the year: two in Sweden and one in Finland. The most significant change during the year occurred in Norway, where the strategy shift we implemented had major positive effects. Overall, we were able to strengthen our market positions in most places, especially in the major segments of Electrical and Tools & Machinery in Sweden.

SUCCESSFUL INTEGRATION OF NEA

The Swedish business performed well in the first quarter, after which sales slowed the rest of the year. The integration of NEA Elmateriel AB, our largest acquisition in recent years, was successfully completed during the first quarter with significant synergies and increased market share in the electrical installation field. During the year, we continued to make significant investments in the logistics field. Our central warehouse in Hallsberg has the world's largest automated high-bay storage facility for light goods. The investment is in its final phase, and when fully operational, the new system is expected to promote an even higher level of service and provide significant cost efficiencies. The corresponding system solution is operational in Norway, and investments in increased automation began in Finland in 2013. Accordingly, Ahlsell will be well positioned for continued expansion and cost-effective logistics management in selected product segments in all priority markets.

TURNAROUND IN NORWAY

In Norway, a new strategy was developed after an extensive restructuring program last year. After the steps taken, we are now able to offer our customers a higher level of service. First, we implemented considerable cost cutting by closing seven entities and reducing staff in the sales organisation. Then we introduced a new pricing mechanism in which we abandoned unprofitable customer segments. A new CEO took over in the second quarter. After breaking even in the first half of the year, the measures taken resulted in increased margins and profitability improvement of more than SEK 100 million compared with last year. We estimate that these measures will also have a positive impact on earnings in the coming years in Norway.

STRONGEST GROWTH IN FINLAND

The Finnish operation, including Russia and Estonia, had the strongest sales growth in the first half of the year, followed by a very substantial drop in sales by mid-year in Finland. Sales remained at a lower level for the rest of the year as the economy deteriorated, but was partly offset by strong performance in Russia and Estonia. Our expansion in the electrical sector continues according to plan and shows strong growth figures. The Finnish expansion is supported by continued investments in the central warehouse in Hyvinge, and our focus on additional product areas will continue. Denmark continued to be Ahlsell's weakest market, but the product areas Ahlsell operates in – refrigeration and DIY – showed satisfactory profitability in a declining market.

NEW OWNER, SAME STRATEGY

CVC Capital Partners, one of the world's leading private equity firms, completed the acquisition of Ahlsell in May. Kenneth Bengtsson, chairman of the board of the Confederation of Swedish Enterprise and former president and CEO of ICA, was elected as the company's new board chairman. It is stimulating to have a genuine tradesman with a successful career from a leading trading company as chairman. The change of ownership does not imply any change in strategy for the company; we will keep building on Ahlsell's successful business model with a strong focus on profitability and future growth ambitions, both organically and through acquisitions. In connection with the acquisition, Ahlsell has access to new, secure bank financing that provides good financial flexibility for future expansion.

WELL EQUIPPED FOR THE FUTURE

In 2013, we anticipate that the economy will remain weak for the first half of the year with a gradual improvement of the situation in our markets by the end of the year. The strongest trend is expected in Norway, then in Sweden, while Finland is expected to have the weakest market for now. The risk of further deterioration in the business environment adds to the uncertainty, since GDP growth is what drives our sales. Although some places show signs of improvement in the global economy, the problems affecting southern Europe are not over. This could also inhibit growth in our key geographic markets.

Even if 2013 proves to be a year of weak economic conditions, particularly in the construction sector, I estimate at this point that the measures we have taken and the adjustments we have made place us in a position to improve our earnings compared to 2012. Overall, we feel that Ahlsell has strong market positions, and we will continue to focus on profitability in order to expand within our priority areas. We have a highly-qualified, well-adapted, efficient organisation. We have invested aggressively in logistics and IT systems. We have secure funding and financial possibilities for acquiring companies when opportunities arise. We are well equipped for the future.

Stockholm, March 2013

Göran Näsholm
President and CEO

> “We have a successful business model, offer customised solutions, and are committed to excellent quality service.

Sweden

Johan Nilsson
Head of Operations, Sweden

OPERATIONS

Ahlsell's history began in 1877, when partners John Bernström and Jakob Tornblad founded John Bernström & Co mainly to sell machinery, pumps, oil and agricultural equipment. The foundations of the present Group were laid in 1922 when Bernström & Co merged with R Ahlsell & Co to form Ahlsell and Bernström, giving it a stronger focus on heating and plumbing products. The company is now Sweden's leading supplier of installation products, tools and machinery. Operations in Sweden include the Group's product segments HVAC, Electrical, and Tools & Machinery.

The integration of NEA Elmateriel AB, which was acquired in 2011, was successfully completed during the first quarter with significant synergies, thus increasing Ahlsell's market share in the electrical field. During the year, two small companies in the tool area were acquired: Industriprodukter i Malmfälten AB and Tools in Växjö. These acquisitions strengthened Ahlsell's position as Sweden's leader in the tool segment. Our investment in the world's largest facility for so-called light goods at the central warehouse in Hallsberg is in its final phase, and it will be fully operational in 2013. The facility has more than 100,000 storage spaces and represents the largest investment Ahlsell has made in Sweden in the 2000s.

In 2012, the Swedish business accounted for 59 (59) per cent of Group net sales. Our local presence has increased further and Sweden had 85 outlets at year end. The number of employees increased to an average of 2,527 (2,438). The number of customers totalled about 70,000 during the year and the 10 biggest customers accounted for about 12 per cent of net sales.

POSITION AND COMPETITORS

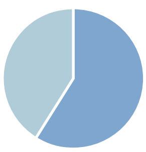
In the HVAC product segment, Ahlsell shares the marketing leading position with Dahl. Ahlsell is number two in the Electrical segment, among electrical suppliers. Elektroskandia continues to be the market leader, while the Rexel-owned companies Selga and StorEL together now share the third position. The Swedish market for Tools & Machinery has been in a consolidation phase during the last decade, and Ahlsell has taken an active role in this consolidation. Ahlsell now holds a leading position followed by B&B TOOLS in the Swedish market. Ahlsell has a strong market position in commercial refrigeration in Sweden. In the more fragmented domestic cooling market, Ahlsell is one of many players. In the DIY segment, Ahlsell is the market leader for Electrical and Heating & Plumbing products. Other major players include Dahl, Amiga, Malmbergs, and Schneider.

PERFORMANCE DURING THE YEAR AND OUTLOOK

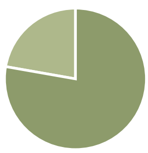
Sweden is Ahlsell's largest and most profitable market. In 2012, sales increased to SEK 12,134 million (12,040). Earnings (EBITA) totalled SEK 1,322 million (1,379), corresponding to an EBITA margin of 10.9 per cent, which holds up well against the competition. After a good performance in the first quarter, there was a slowdown in activity in the second quarter. The construction sector was especially weak. Sales trends remained relatively stable at a lower level over the second half of the year. We have continued to focus on the prioritised product and market segments personal protective equipment and energy-efficient products, with positive results.

The bulk of Ahlsell's operations are dependent on the base, engineering, and construction industries. These industries are late cyclical and have long project periods, which is why slowdowns occur gradually. The slowdown in growth that occurred in 2012 is expected to continue during the first half of 2013. We estimate that economic developments in Sweden may gradually improve later in the year. Initiatives taken on an expanded, automated high-bay storage facility in Hallsberg and other cost-efficiency efforts also signify that we expect continued strong sales and earnings growth. The most significant area of uncertainty still relates to the weak trend and extensive problems in southern Europe and the risk this will spill over into the Nordic countries.

SHARE OF THE GROUP'S EXTERNAL REVENUE

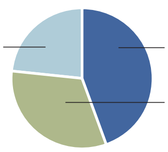


SHARE OF GROUPS EBITA*



*) Excluding central expenses

SALES PER PRODUCT SEGMENT



Norway

Morten Harsem
CEO, Norway

OPERATIONS

Ahlsell established its operations in Norway in 1990 through acquisitions in the Refrigeration area. The Norwegian operations have since been expanded and now include the product segments HVAC, Electrical and Tools & Machinery.

After extensive restructuring in recent years, a new approach was implemented in the Norwegian business to reverse the earnings trend. During the year, costs were cut extensively by closing seven entities that had unsatisfactory profitability. The sales staff was also reduced by nearly 10 per cent and the number of sales managers was halved. In addition, a new pricing system was introduced. On the management side, a new CEO took over on 1 March 2012.

In 2012, Ahlsell's Norwegian business accounted for roughly 23 (23) per cent of Group net sales. By the end of the year, the company had 40 sales locations in Norway. The average number of employees during the year was 838 (872) and the number of customers was about 17,000. The 10 biggest customers accounted for about 14 per cent of net sales.

POSITION AND COMPETITORS

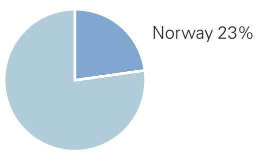
In the and HVAC product segment Ahlsell shares the market-leading position with Brødrene Dahl. The German controlled company Heidenreich is number three in the market. Ahlsell has also a solid position in the Norwegian electrical supplies market, where the largest companies are Rexel, Onninen and Solar. In a very fragmented DIY market for Heating & Plumbing and electrical products Ahlsell is considered to be the number one supplier.

PERFORMANCE DURING THE YEAR AND OUTLOOK

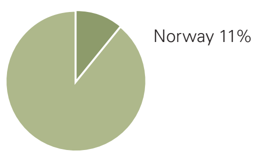
In 2012, net sales in Norway totalled SEK 4,813 million (4,699). Earnings (EBITA) rose to SEK 178 million (73), which corresponds to an EBITA margin of 3.7 per cent. After a near break-even result in the first half of the year, restructuring measures resulted in a radical improvement in profitability in the second half. In connection with the restructuring, our market position dipped, since our increased focus on profitability led us to abandon unprofitable customer segments. At the same time, we strengthened our position in the electrical sector.

For 2013, we anticipate a continued generally slower rate of growth relative to 2012. Norway should, however, continue to be the Nordic region's strongest market with positive growth driven by government investments in construction and infrastructure. The altered strategy towards greater profitability and improved control systems, together with other cost savings measures implemented in 2012, will have significant positive earnings effects in 2013 as well.

SHARE OF THE GROUP'S EXTERNAL REVENUE

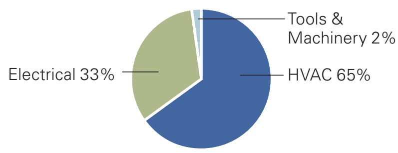


SHARE OF GROUP'S EBITA*



*) Excluding central expenses

SALES PER PRODUCT SEGMENT



Finland

Mika Salokangas
Head of Operations, Finland

OPERATIONS

Ahlsell established its operations in Finland in 1990 through acquisitions in the Refrigeration segment. The operation expanded in 1999 through acquisitions in the HVAC product segment. In 2005 the Group acquired leading DIY wholesaler Malk, and it expanded into the Tools & Machinery segment in Finland in 2006 through the acquisition of Kojaltek. Since then, approximately 10 other Tools & Machinery companies have been acquired and now form the foundation of the Tools & Machinery division. In 2007, Ahlsell acquired the Sähkötarvike Group and Solar Finland in 2010. Together they enable Ahlsell Finland to provide a range of electrical supplies to the Finnish market.

In 2012, focus on the electrical area, which is a prioritised growth area, continued according to an established multi-year plan. The central warehouse capacity extension along with the relocation of headquarters to Hyvinge in late 2011 contributed to the operation's expansion and increased capital efficiency. In 2012, Ahlsell's Finnish business, including operations in Russia and Estonia, accounted for roughly 16 (16) per cent of Group net sales. By the end of the year, the company had 35 sales locations in Finland, 6 in Russia, and 9 in Estonia. The average number of employees was 843 (816), including Russia and Estonia.

POSITION AND COMPETITORS

Along with Dahl, Ahlsell has a strong position in HVAC in Finland after the market leader, Onninen. In Tools & Machinery, Ahlsell is a major player together with B&B TOOLS, the Etola Group and Würth. Ahlsell has a growing market share in Electrical, where Sonepar, Rexel and Onninen are the market leaders. In Refrigeration, commercial refrigeration and domestic cooling, Ahlsell shares the top position with Combi Cool and Onninen. Ahlsell also operates in the DIY market.

EASTERN EUROPE

In addition to the Finnish operations, Ahlsell has subsidiary operations in Russia and Estonia.

Russia

Ahlsell established operations in Russia in 1995, which focus on supplying a range of Heating & Plumbing products for professional constructors and installers. In 2012 sales in Russia continued to improve, increasing by about 26 per cent. Sales totalled SEK 217 million (172), but the business is still running at a loss. The average number of employees was 122 (122).

Estonia

Ahlsell established itself in Estonia through the acquisition of FEB in 2006, which immediately gave Ahlsell a market leading position in HVAC. In 2007, we acquired Satter, a Tools & Machinery company. These two operations merged in 2008 to together build Ahlsell's operations in Estonia. Market and sales trends also improved in Estonia compared to last year. Sales increased by roughly 13 per cent and totalled SEK 268 million (237). Profitability achieved satisfactory levels during the year. The average number of employees was 135 (136).

PERFORMANCE DURING THE YEAR AND OUTLOOK

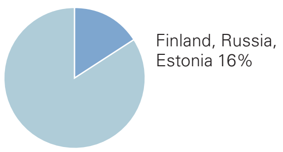
In 2012, net sales in Finland, including operations in Russia and Estonia, totalled SEK 3,311 million (3,259). Earnings (EBITA) totalled SEK 179 million (210), which corresponds to an EBITA margin of 5.4 per cent.

The Finnish market performed well in the first half of the year and Ahlsell's sales growth was favourable. In the second half, there was a very sharp slowdown in Finland, which was partially offset by strong sales growth in Russia and Estonia. We have maintained our market position in HVAC, and in the electrical product area Ahlsell continued to gain market share. Among other things, the sales organisation was strengthened, new businesses were established, and we expect continued expansion, particularly with the support of Ahlsell's competitive concept of a wide range that helps increase cross-selling.

Toivola-Team Oy in Jyväskylä was acquired during the year. It is active in the areas of tools, transmission products, industrial supplies, and personal protective equipment. Another step in Ahlsell's Finnish expansion was taken by increasing automation of the central warehouse in Hyvinge. This will increase both the capacity and cost-effectiveness of the facility.

But there remain uncertainties surrounding economic developments in 2013. We expect weaker performance in the first half and a gradual improvement in the latter part of the year. Although growth on the Finnish market will be limited during the year, we expect continued healthy earnings performance through the positive effects of the coordination of the product range with the Swedish business and expansion within Tools and Machinery as well as through cost savings.

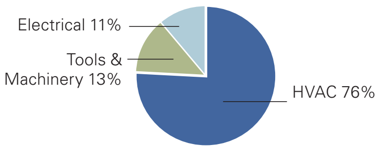
SHARE OF THE GROUP'S EXTERNAL REVENUE



SHARE OF GROUP'S EBITA*

*) Excluding central expenses

SALES PER PRODUCT SEGMENT



Denmark

OPERATIONS

Ahlsell established a presence in Denmark in 1990 through the acquisition of its refrigeration operation. The Danish operation has since expanded to include the DIY product segment after the acquisition of VVS Trading in 1998. Ahlsell Denmark, which organisationally also includes a smaller sales unit in the Polish Refrigeration product segment, accounted for 2 (2) per cent of the Group's external net sales in 2012. The average number of employees in the Danish operation, including the operations in Poland, totalled 164 (175).

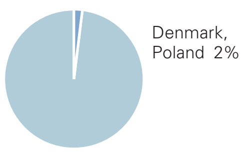
POSITION AND COMPETITORS

Ahlsell has a strong position in the Refrigeration market, and is together with H Jessen Jürgensen, owned by G & L Beijer, the market leader in commercial refrigeration products. In the DIY segment, Ahlsell is the market leader for HVAC products.

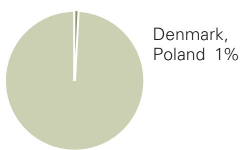
PERFORMANCE DURING THE YEAR AND OUTLOOK

Net sales in Denmark, including operations in Poland, totalled SEK 381 million (437). Earnings (EBITA) totalled SEK 16 million (32), which corresponds to an EBITA margin of 4.2 per cent. Ahlsell has a leading position within the DIY and Refrigeration areas, with both showing satisfactory earnings in a declining market. The weak market led to an implementation of certain cost adjustments within the organisation. The economic situation was weaker in Denmark than in other Nordic countries, where the DIY segment in particular is strongly linked to trends in private consumption. We expect a weak trend in the Danish construction market in 2013 as well, with some gradual improvement during the second half of the year.

SHARE OF THE GROUP'S EXTERNAL REVENUE

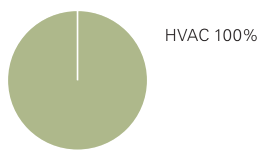


SHARE OF GROUP'S EBITA*



*) Excluding central expenses

SALES PER PRODUCT SEGMENT



Environmental

Ahlsell strives to lead the industry with regard to environmental issues. Our environmental impact is therefore central to all our operations and decisions. Our environmental approach is based on the knowledge, insight, and commitment of every employee.

Ahlsell strives to lead the industry with regard to environmental issues. Our environmental impact is therefore central to all our operations and decisions. Our environmental approach is based on the knowledge, insight, and commitment of every employee. Ahlsell is subject to environmental laws and regulations in all of the countries where we operate. We handle a small number of products in the central warehouses that are classified as hazardous substances under environmental law, including refrigerants, adhesives, and oils. These substances require specialised know-how and arrangements for their use, handling, transportation, storage and disposal, and we maintain a roster of qualified staff members to perform such functions. However, these substances represent only a very small portion of our product portfolio, and we believe that our overall environmental risk is limited. Given the nature of our business, as a distributor of products manufactured by others, we believe that our impact on the environment is small, primarily occurring through our choice of products, product transportation and operations at our central warehouses. Our logistics centre in Hallsberg, and our purchasing and distribution operations in Sweden, are environmentally certified according to ISO 14001, an international standard for environmental management. As an essential component in our environmental strategy, the supply chain in Sweden has been environmentally audited at all levels – from materials handling, heating and lighting to internal and external transportation by forklift and truck. Several areas have been deemed especially important in this environmental work, and Ahlsell has established clear guidelines for these areas.

This means that Ahlsell will:

- Safeguard the handling of chemical products.
- Use transportation efficiently and together with the company's main shipper periodically measure capacity utilisation and environmental impact.
- Work toward more efficient energy use, measured as electricity consumption in relation to delivery volume.
- Increase waste recycling.
- Prevent situations that can lead to pollutant emissions through exercises and training.
- Increase understanding of the environmental impact of the product range using training.

"We handle a small number of products in our central warehouses that are classified as hazardous substances under environmental law, including refrigerants, adhesives and oils."

Employees and Personnel Development

Motivated employees who have both in-depth knowledge of products as well as a good understanding of customer needs are a critical success factor for Ahlsell. To maintain a commitment to service, it is important that employees enjoy their work and regard Ahlsell as a good employer. The aim is to satisfy our employees' need for personal development in a working environment that is both comfortable and safe.

As of December 31, 2012, Ahlsell had approximately 4,400 full and part-time employees. The following table shows the average number of employees by geographic market and function for the periods indicated. Ahlsell promotes skills development through an extensive training program called the Ahlsell Business School. The company has an internal training department tasked with providing its employees with training in internal processes and systems. Ahlsell has also established systems to record and monitor education and training of all employees. All new managers receive a full day of special training that reviews topics such as labour legislation, internal processes and corporate culture. In addition, a number of tools have been developed to support managers in their efforts to develop business together with employees, including a trainer's manual which sets forth sales strategies and policies used by managers to train employees. Introductory training for new employees is offered periodically at the logistics centre in Hallsberg, Sweden, particularly for employees from acquired companies. Recurring training occurs on a regular basis at our central warehouse, including management training and training in the proper handling and storage of the limited range of hazardous substances we sell. Most of Ahlsell's employees are members of unions. Union membership varies by country and employee type. The company is bound by several collective bargaining agreements. Relationships with employees and their labour unions are considered to be good, and Ahlsell has not experienced or been subject to any material work stoppage, slowdown or collective employee action. Furthermore, we have not recently experienced, nor do we reasonably foresee, an inability to find and employ the people necessary to run our business. In addition to salary and other benefits in kind, Ahlsell provides pension plans for employees, both defined-contribution plans and defined-benefit plans. These pension plans are provided on a country-by-country basis.

AVERAGE NUMBER OF EMPLOYEES

	2012		2011	
Group	**Number**	**Of which: Men %**	**Number**	**Of which: Men %**
Sweden	2 527	80%	2 438	80%
Norway	838	82%	872	85%
Finland	586	80%	558	73%
Denmark	104	69%	114	68%
Estonia	135	87%	136	87%
Russia	122	56%	122	50%
Poland	60	80%	61	82%
China	11	64%	8	75
Total	**4 383**	**79%**	**4 309**	**79%**

Governance

Ahlsell's corporate governance is based on several sources, including its Articles of Association and Swedish legislation such as the Companies Act and the Swedish Corporate Governance Code.

SHAREHOLDERS

The company is 92% owned by CVC Capital Partners and 8% by its senior employees.

THE ARTICLES OF ASSOCIATION

The Articles of Association are agreed at the Annual General Meeting (AGM) and contain mandatory information of a fundamental character for the company. They include details of the kind of activity in which the company is engaged, the size and regular meeting place of its Managing Board, the amount of its equity capital, specifications concerning various types of shares, the number of shares and how the company's AGMs are to be convened.

THE ANNUAL GENERAL MEETING

At the AGM, Ahlsell's shareholders decide on key questions such as ratifying the income statement and the balance sheet, dividend payouts to the shareholders, the Board's composition, discharge from liability for the directors and CEO, changes in the Articles of Association, appointment of auditors and the principles for remunerating the company's management.

BOARD OF DIRECTORS

At present, the Board of Directors consists of five members, including the Chairman. The table below sets forth the members of our Board of Directors, the year they were born, the year of their respective initial election and their independence.

THE WORK OF THE BOARD 2012

The Board's work follows an annual plan for the presentation of reports which is scheduled in its procedural rules. Prior to each Board meeting, the Board is provided with basic data compiled according to agreed procedures. These procedures aim to ensure that the Board obtains relevant information and a basis for making decisions before each Board Meeting.

The board meetings start with a discussion of the company's financial situation, which focuses on sales, expenditures, results and capital tie-ups. The Board decides on the interim reports and annual report. Accounting and auditing questions are prepared by the Audit Committee and reported to the Board.

GOVERNANCE ISSUES

Under the Swedish Companies Act, the Board of Directors is ultimately responsible for the organisation and management of a company. Our articles of association provide that the Board of Directors must be elected by our shareholders and must consist of between three and ten directors (with no deputy directors). In addition to the provisions in our articles of association, Swedish law provides that the labour unions which represent our employees have the right to appoint up to three additional directors and up to three deputy directors. Under Swedish law, the chief executive officer and at least half of the board members must be residents of a country within the European Economic Area, unless the Swedish Companies Registration Office grants an exemption. Swedish law provides that board members who are elected at a general meeting of shareholders shall serve for a term expiring at the next annual general meeting. The labour unions representing the employees have discretion to fix the term of the board members who are employee representatives. While such terms may not exceed four years, these members may serve for an unlimited number of consecutive terms. Board members elected by our shareholders may be removed from office at any time by a general meeting of shareholders, and vacancies on the board may only be filled by a resolution of the shareholders. Under Swedish law, the chief executive officer of a Swedish public limited liability company may not serve as chairman of the board.

Name	Position	Born	Member Since*	Independent	Audit Committee	Compensation committee
Kenneth Bengtsson	Chairman of the Board	1961	2012	Yes		X
Peter Thörnquist	Board member	1953	2012	No	X	X
Sören Vestergaard-Poulsen	Board member	1969	2012	No		X
Gustaf Martin-Löf	Board member	1977	2012	No	X	
Göran Näsholm	Board member / CEO	1955	1999	No		

AUDIT COMMITTEE

The main task of the Audit Committee is to assist the Board in checking the financial reporting and accounting procedures and the accounting principles as well as following up the audits for the parent company and the Group. In addition, the Committee evaluates the quality of the Group's reporting and risk-handling functions as well as participating in the auditors' reports and viewpoints. The audit committee comprises of the Board members Peter Törnquist (Committee Chairman) and Gustaf Martin-Löf.

Gunnar Haglund, CFO of Ahlsell, and Bengt Colmander, Secretary of the Audit Committee also participated in the meetings held during the year together with members of the Company's controlling and reporting staff who reported issues related to the Audit Committee tasks.

In 2012, the Audit Committee held two meetings. The external auditors participated during these meetings. During the year, the Committee dealt with questions relating to the company's financial reporting inclusive of part-yearly report.

COMPENSATION COMMITTEE

The Group applies a process whereby recommendations and decisions for salaries, remuneration, benefits and other employment terms and conditions for the CEO and other senior executives, who report directly to the CEO, are determined and approved by the Compensation Committee. The compensation committee shall consist of at least three directors, which may not be employees of the company or any other company within the Ahlsell group. The members shall be independent of the company and its management. The chairman of the board of directors shall chair the committee. The members of the committee shall be elected for a term of one year, however not longer until the time of the next annual general meeting.

AUDITORS

The auditors are appointed by the shareholders at the AGM, normally for a period of one year. The auditors inspect the company's annual report, Group report and accounts as well as the corporate administration by the Board and CEO. At the AGM, the professional services firm KPMG was chosen as Ahlsell's external auditor. The authorised public accountant Thomas Thiel from KPMG is mainly responsible for the audit.

INTERNAL AUDIT

The company has a simple legal and operational structure and has elaborated a system of governance and internal inspection. The Board follows up the company's appraisal of the internal inspection, for instance through discussions with the company's auditors. Against the background of the above, the Board has decided not to have a special internal audit function.

THE COMPANY MANAGEMENT

The CEO is appointed by the Board and tasked with assuming the responsibility for the ongoing administration of the company according to the Board's instructions. The CEO reports to the Board about Ahlsell's development and prepares the basis for making decisions on investments, company establishments, and more. The CEO manages and checks that the company is run in accordance with the Swedish Companies Act, other laws and regulations, the Articles of Association and the Board's instruments of internal governance. In Ahlsell's organisation, the country heads and the members of the group management report directly to the CEO