



## AO's business foundation

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The company Brødrene A & O Johansen A/S (AO) was established in 1914 and listed on the Copenhagen Stock Exchange in 1963.

AO supplies a wide range of heating, plumbing and sanitary ware products, electrical equipment and components, water and sewerage products, and tools to the following markets:

- The professional market (the PROF market)
- The do-it-yourself market (the DIY market).

The Group has more than 18,000 customers who are offered a stock of approximately 45,000 different items.

AO's customers are serviced by a central warehouse in Albertslund and a logistics centre in Horsens, 47 outlets in Denmark, five in Sweden, and one in Estonia.

The customer structure in the professional market is significantly fragmented whereas the DIY market is characterised by relatively few, large customers.

AO operates in a market with a few large providers and is active in Denmark, Sweden and Estonia.

In 2010, international revenue constituted approximately 10% of the Group's total revenue.

### ***The professional market***

AO's primary business is directed towards the PROF market which is supplied with a wide range of heating, plumbing and sanitary ware products, electrical equipment and components, water and sewerage products as well as tools. The product range represents 45-50% of the cost of a new building project and the percentage is increasing. The above-mentioned market may be divided into the following sectors: new building work and repair, renovation and maintenance work.

Through an efficient storage and distribution system AO is able to effect prompt deliveries to its customers who are plumbers, electricians, building contractors, sewer contractors, construction companies, municipalities, utilities and public institutions.

In 2010, the total market for heating, plumbing and sanitary ware products, electrical equipment and components, water and sewerage products, and tools distributed via wholesalers is estimated at approximately DKK 12 billion in Denmark. In Estonia and the part of Sweden, which is serviced by AO, the market for wholesalers of water and sewerage products is estimated at approximately DKK 2.5 billion.

## ***The DIY market***

The Danish DIY market is serviced by AO's SEKO department with a technical product range that covers electrical as well as heating, plumbing and sanitary ware products. Only business-to-business (B2B) sales are made, and the company's primary customer group consists of DIY centres, specialised stores and other retailers.

In 2010, the above-mentioned market, supplied via wholesalers, is estimated at approximately DKK 600 million.