

# MEKO AB

January – June 2022  
August 24, 2022



Åsa Källenius CFO



Pehr Oscarson CEO

# Q2 2022 – ORGANIC GROWTH AND STRENGTHENED POSITION IN NORTHERN EUROPE

Acquisition of Koivunen enables continued growth and strengthened position

Target to be the best and most complete partner in our markets

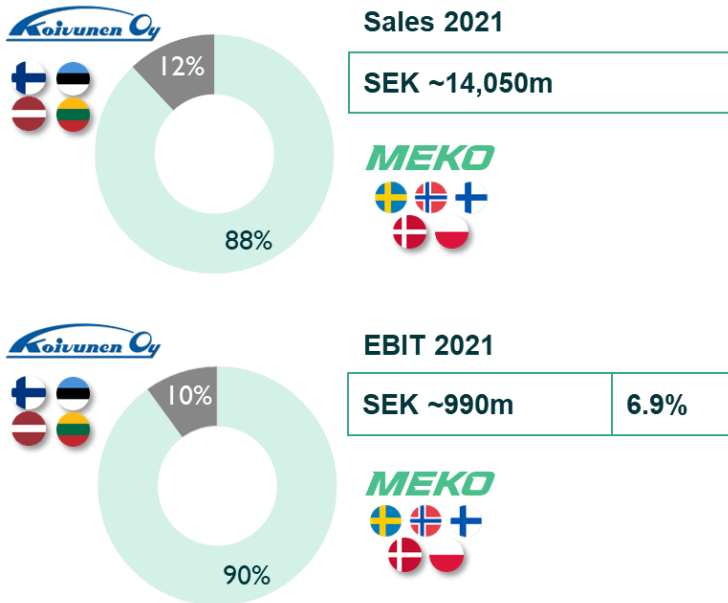
Organic growth – resilient business model

Market fluctuations in Denmark and Norway

Currency and inflation affects profitability – cost balance activities initiated

# MARKET LEADER IN NORTHERN EUROPE

## Illustrative combined sales and EBIT



## Synergy potential

Synergy potential of SEK 40 million, with full effect in 2024

- Efficiency through economies of scale in MEKO's current operation in Finland
- Efficiency potential within distribution, warehousing, sourcing, common private label offerings, as well as digitalization and concept development
- Purchasing synergies
- Strong position to lead the aftermarket's transformation to a future electrified car fleet

## Geographic presence



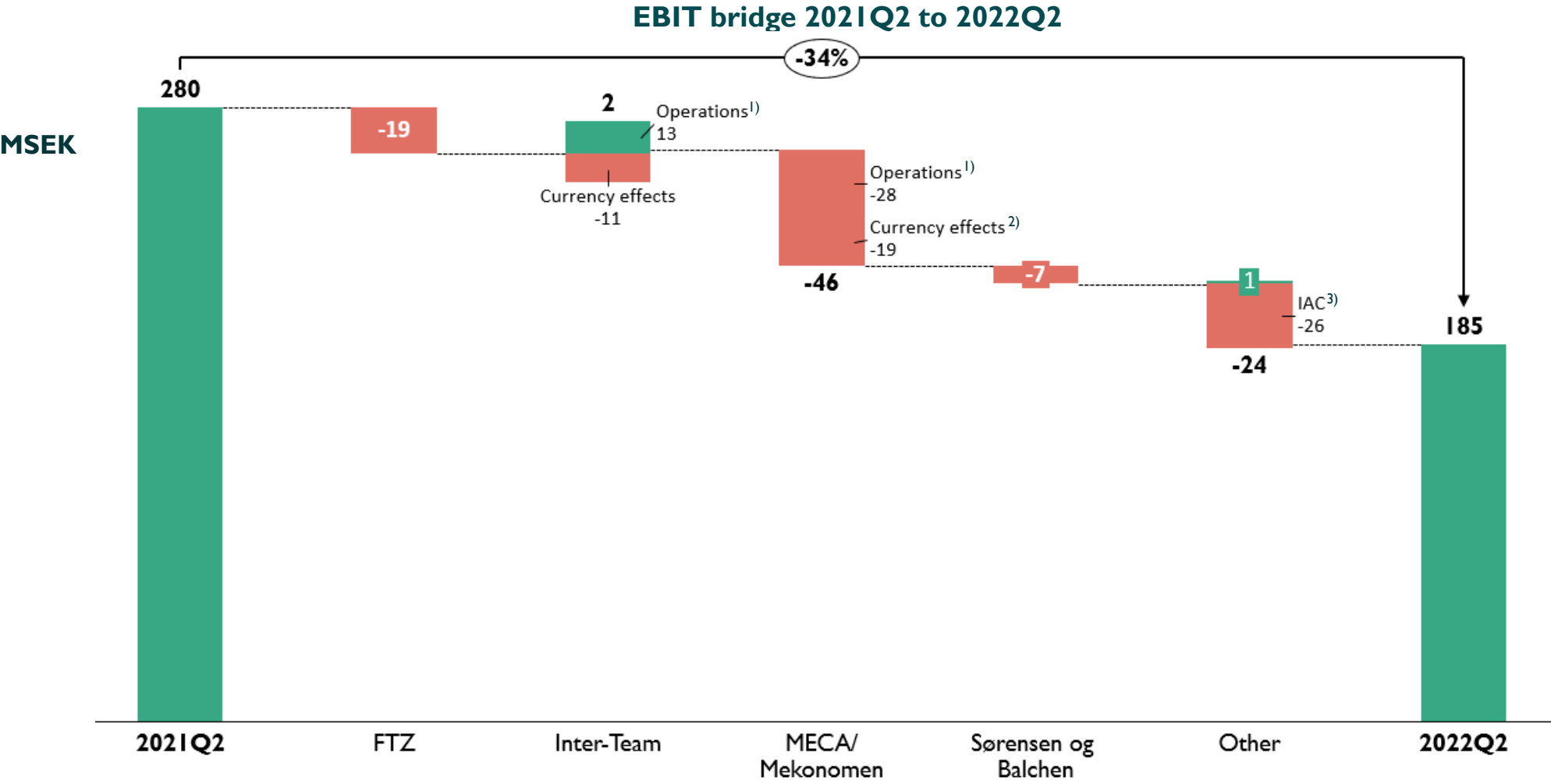
# MEKO – SECOND QUARTER

SEK M	Q2 2022	Q2 2021	Change	2022 6M	2021 6M	Change
Group, net sales	3 357	3 210	5%	6 512	6 211	5%
Adjusted EBIT <sup>1)</sup>	240	314	-23%	465	538	-14%
EBIT	185	280	-34%	375	466	-19%
Earnings per share, SEK	1,73	3,24	-47%	3,84	5,10	-25%
Cash flow from operating activities	387	406	-5%	249	585	-57%
Key figures						
- Organic growth <sup>2)</sup>	2%	12%		1%	11%	
- Adjusted EBIT margin	7%	10%		7%	9%	
- EBIT margin	5%	9%		6%	7%	

<sup>1)</sup> Adjusted EBIT is EBIT adjusted for items affecting comparability and amortization of acquired intangible assets - FTZ and Inter-Team (including MECA until May 2022 and Sørensen og Balchen until April 2021).

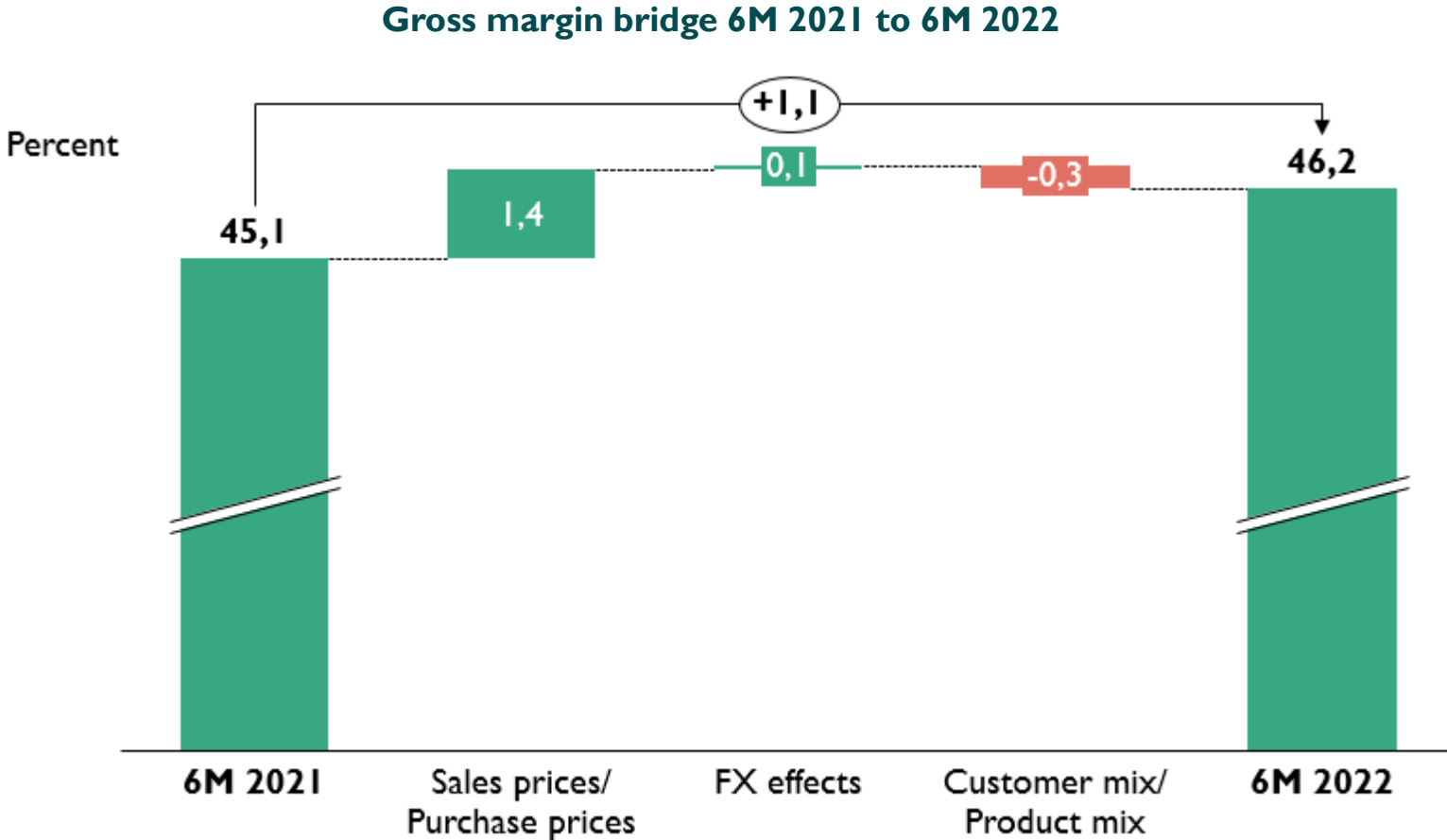
<sup>2)</sup> Organic growth refers to changes in net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.

# CURRENCY AND INFLATION AFFECTS EBIT DEVELOPMENT



<sup>1)</sup> Excluding currency effects on accounts receivables/payables. <sup>2)</sup> Currency effects on accounts receivables/payables. <sup>3)</sup> Items affecting comparability (IAC) related to transaction costs Koivunen.

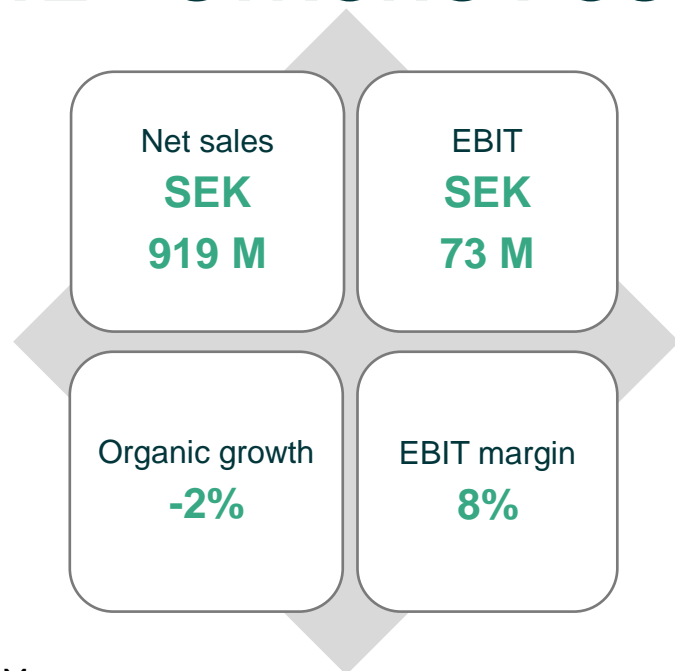
# INCREASED GROSS MARGIN IN THE SECOND QUARTER





# SALES & RESULT PER BUSINESS AREA

# FTZ – STRONG POSITION IN A SLOW MARKET



Reported net sales growth of 2 per cent, of which -2 per cent organic, burdened by somewhat weaker demand

Weaker EBIT development due to swift rise in general cost inflation and higher costs for transportation and energy

Identified and initiated actions to mitigate increased costs

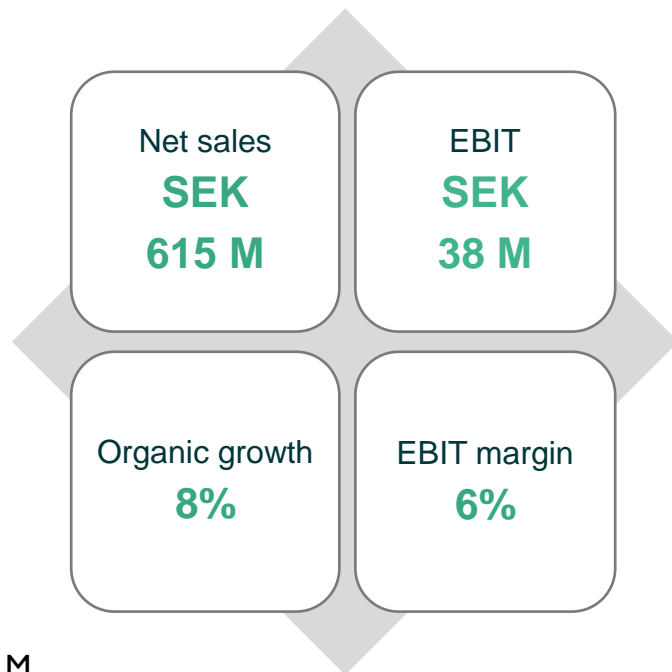
SEK M	Q2 2022	Q2 2021	Change	2022 6M	2021 6M	Change
Net sales	919	900	2%	1 852	1 774	4%
Adjusted EBIT <sup>1)</sup>	73	92	-20%	166	188	-11%
EBIT	73	92	-20%	166	188	-11%
Key figures						
- Organic growth <sup>2)</sup>	-2%	12%		-1%	11%	
- EBIT margin	8%	10%		9%	11%	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.



# INTER-TEAM – BEST EVER SECOND QUARTER



Strong organic growth of 8 per cent, driven by both the domestic market and export sales

Robust EBIT development, in line with long-term strategic target to increase profitability

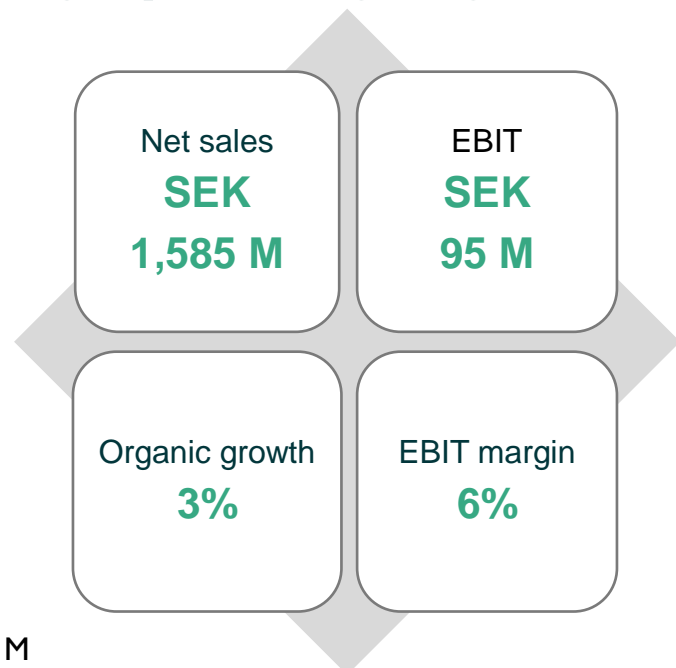
Potential synergies between Poland and the Baltic states after the acquisition of Koivunen

SEK M	Q2 2022	Q2 2021	Change	2022 6M	2021 6M	Change
Net sales	615	555	11%	1 149	1 005	14%
Adjusted EBIT <sup>1)</sup>	38	36	5%	55	42	30%
EBIT	38	36	5%	55	42	30%
Key figures						
- Organic growth <sup>2)</sup>	8%	21%		11%	10%	
- EBIT margin	6%	6%		5%	4%	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

# MECA/MEKONOMEN – STRONG PERFORMANCE IN SWEDEN



Net sales grew 5 per cent, of which 3 per cent organic, driven by strong performance in Sweden. Slow market development in Norway, negatively affected by weak consumer purchasing power

Gross Margin and EBIT decreased due to currency headwind and cost inflation. Very strong Q2 2021.

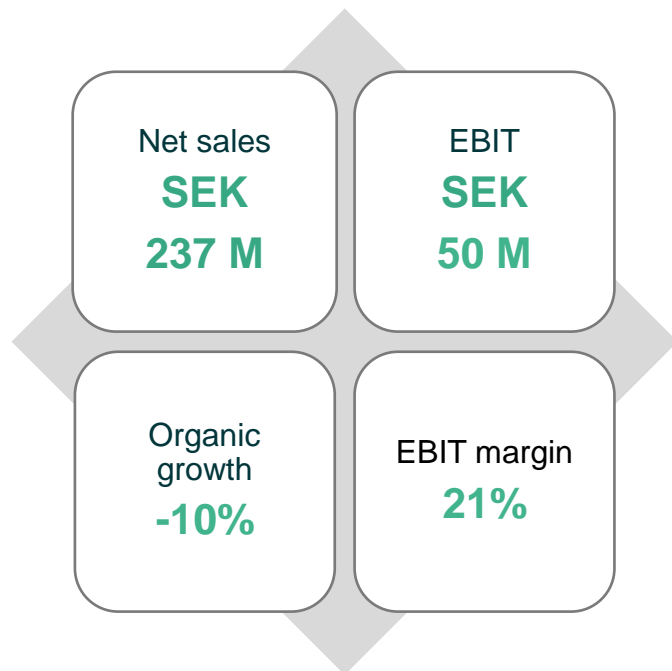
Actions to balance costs identified and initiated, to support future profitable growth

SEK M	Q2 2022	Q2 2021	Change	2022 6M	2021 6M	Change
Net sales	1 585	1 516	5%	3 058	2 976	3%
- Sweden	966	910	6%	1 835	1 788	3%
- Norway	587	580	1%	1 159	1 138	2%
- Finland	32	26	24%	65	50	29%
Adjusted EBIT <sup>1)</sup>	95	141	-33%	190	230	-17%
EBIT	95	141	-33%	190	230	-17%
Key figures						
- Organic growth <sup>2)</sup>	3%	10%		0%	11%	
- EBIT margin	6%	9%		6%	8%	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

# SØRENSEN OG BALCHEN – CONTINUED STRONG MARGIN



Net sales was -1 per cent, of which -10 per cent organic, affected by slow consumer market development

Continued strong margins, while EBIT decreased compared to the comparable quarter due to lower volumes and cost pressure

Weakened consumer purchasing power has affected market development and segment performance in the quarter

SEK M	Q2 2022	Q2 2021	Change	2022 6M	2021 6M	Change
Net sales	237	239	-1%	452	455	-1%
Adjusted EBIT <sup>1)</sup>	50	57	-13%	87	102	-14%
EBIT	50	57	-13%	87	102	-14%
Key figures						
- Organic growth <sup>2)</sup>	-10%	4%		-12%	16%	
- EBIT margin	21%	24%		19%	22%	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

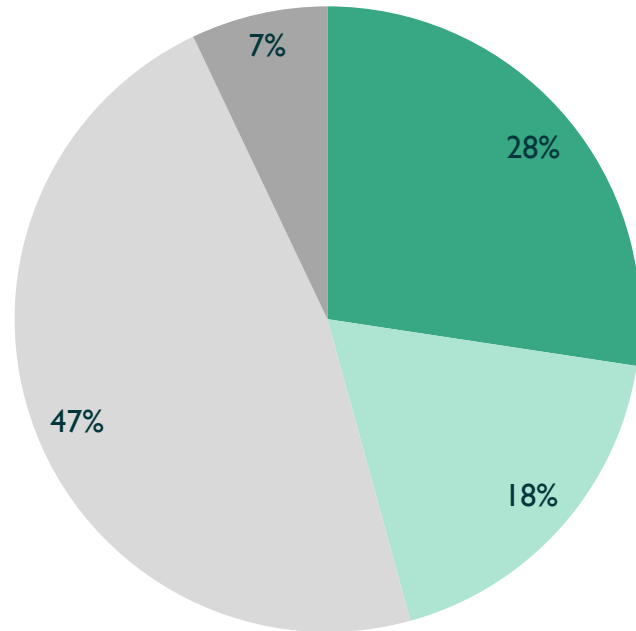
<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

A close-up photograph of a car's side-view mirror. The mirror's reflection shows a paved road that curves to the right, bordered by a dense, lush green forest. The text 'MARKET & FOOTPRINT' is overlaid in white, bold, sans-serif font across the center of the mirror's reflection. The car's body is visible in the foreground, slightly out of focus.

# MARKET & FOOTPRINT

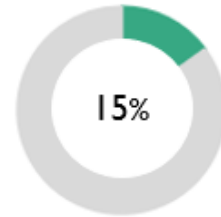
# STRONG GROUP FOOTPRINT

Net sales per business area, 2022Q2



■ FTZ ■ Inter-Team ■ MECA/Mekonomen ■ Sørensen og Balchen

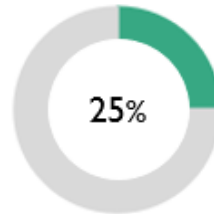
Market shares - main markets



## Sweden

Number of branches: **197** (22Q1: 197)

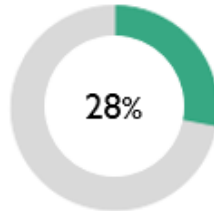
Number of affiliated workshops: **1,004** (22Q1: 986)



## Norway

Number of branches: **129** (22Q1: 129)

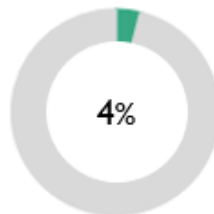
Number of affiliated workshops: **1,035** (22Q1: 1,016)



## Denmark

Number of branches: **50** (22Q1: 50)

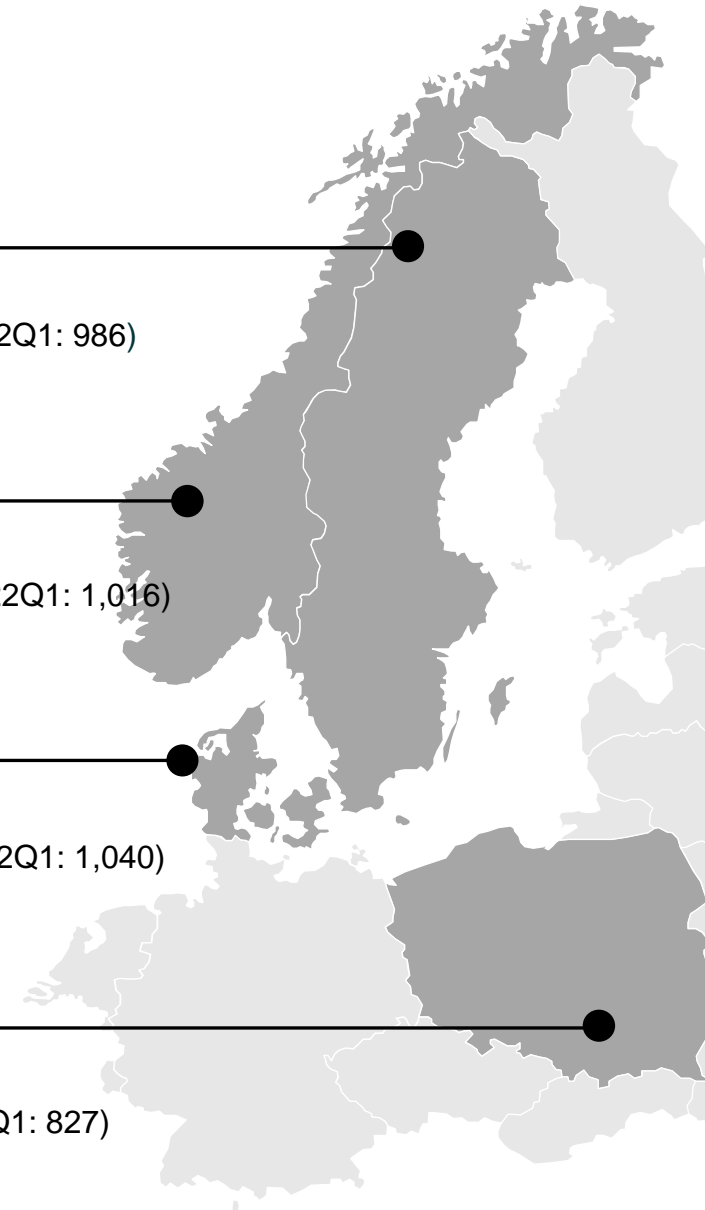
Number of affiliated workshops: **1,035** (22Q1: 1,040)



## Poland

Number of branches: **85** (22Q1: 85)

Number of affiliated workshops: **869** (22Q1: 827)





## CAR IS STILL KING

- Cross-national survey conducted in Denmark, Finland, Norway, and Sweden with more than 4 000 respondents
- The survey contains a broad range of questions about current habits in everyday life connected to personal transportation
- 8 out of 10 use a car sometime every week
- 60 percent think that cars will be a big part of the future, only 10 percent disagree



## NUMBER ONE GO-TO FOR ELECTRIC VEHICLE OWNERS

- Added collaboration – LOI with the Norwegian technology and innovation company Electric Way to become a service partner for the Chinese electric vehicle brand VOYAH
- More than 56 000 pre-orders for Fisker Ocean in August
- Production of Fisker Ocean starts in November 2022



## HIGH-TECH AUTOMATED CENTRAL WAREHOUSE IN NORWAY

- Investment in further efficiency, improved competitiveness and increased availability for customers
- Doubled stock capacity - 100,000 items
- The new facility is planned to be built in the Mjøs region in Norway and is expected to be completed in 2025





**WE ENABLE MOBILITY  
– TODAY, TOMORROW AND IN THE  
FUTURE**

# APPENDIX

# Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr- Jun 2022			Apr- Jun 2021			Jan - Jun 2022			Jan - Jun 2021			12 months Jul- Jun		Full-year 2021	
			Change, %			Change, %			Change, %							
Net sales	3 357	3 210	5	6 512	6 211	5	12 609	12 309								
Adjusted EBIT	240	314	-23	465	538	-14	958	1 031								
EBIT	185	280	-34	375	466	-19	803	894								
Profit after financial items	143	243	-41	306	382	-20	683	759								
Profit after tax	102	188	-46	223	296	-24	514	587								
Earnings per share, SEK	1,73	3,24	-47	3,84	5,10	-25	8,95	10,21								
Adjusted EBIT margin, %	7	10		7	9		7	8								
EBIT margin, %	5	9		6	7		6	7								

ADJUSTED EBIT SEK M	Apr- Jun 2022			Apr- Jun 2021			Jan - Jun 2022			Jan - Jun 2021			12 months Jul- Jun		Full-year 2021	
			Change, %			Change, %			Change, %							
<b>EBIT</b>	<b>185</b>	<b>280</b>	<b>-34</b>	<b>375</b>	<b>466</b>	<b>-19</b>	<b>803</b>	<b>894</b>								
Transaction costs related to the acquisition of Koivunen	-26			-26			-26									
Payment of AGS health insurance							12	12								
Impairment of associates							-8	-8								
Items affecting comparability, total	-26			-26			-22	3								
"Other items", material acquisition-related items <sup>1)</sup>	-30	-34	-13	-64	-72	-11	-133	-141								
<b>Adjusted EBIT</b>	<b>240</b>	<b>314</b>	<b>-23</b>	<b>465</b>	<b>538</b>	<b>-14</b>	<b>958</b>	<b>1 031</b>								

<sup>1)</sup> Other items include material acquisition-related items. Current acquisition-related items pertain to the amortization of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen (MECA until the end of May 2022 and Sørensen og Balchen until the end of April 2021 when amortization of these was completed).

# Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Apr- Jun 2022	Apr- Jun 2021	Jan - Jun 2022	Jan - Jun 2021	12 months Jul- Jun	Full-year 2021
<b>Operating activities</b>						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	353	458	730	816	1 531	1 617
Tax paid	-84	-67	-221	-163	-250	-192
<b>Cash flow from operating activities before changes in working capital</b>	<b>268</b>	<b>391</b>	<b>509</b>	<b>653</b>	<b>1 281</b>	<b>1 425</b>
Cash flow from changes in working capital:						
Changes in inventory	-97	89	-223	108	-567	-236
Changes in receivables	-30	-90	-223	-291	-134	-201
Changes in liabilities	245	17	186	115	310	239
<i>Increase (-)/Decrease (+) working capital</i>	<i>118</i>	<i>15</i>	<i>-260</i>	<i>-68</i>	<i>-390</i>	<i>-198</i>
<b>Cash-flow from operating activities</b>	<b>387</b>	<b>406</b>	<b>249</b>	<b>585</b>	<b>890</b>	<b>1 227</b>
<b>Cash flow from investing activities</b>	<b>-81</b>	<b>-71</b>	<b>-125</b>	<b>-129</b>	<b>-196</b>	<b>-201</b>
<b>Cash flow from financing activities</b>	<b>-368</b>	<b>-272</b>	<b>-551</b>	<b>-202</b>	<b>-918</b>	<b>-569</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-62</b>	<b>63</b>	<b>-427</b>	<b>254</b>	<b>-224</b>	<b>457</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>538</b>	<b>625</b>	<b>892</b>	<b>420</b>	<b>684</b>	<b>420</b>
Exchange-rate differences in cash and cash equivalents	11	-4	22	10	26	15
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>487</b>	<b>684</b>	<b>487</b>	<b>684</b>	<b>487</b>	<b>892</b>

# Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	June 30 2022	June 30 2021	December 31 2021
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	5 472	5 407	5 394
Tangible fixed assets	436	449	436
Right-of-use assets	1 522	1 641	1 651
Financial fixed assets	131	108	94
Deferred tax assets	22	7	3
Goods for resale	3 325	2 642	3 021
Current receivables	2 055	1 848	1 738
Cash and cash equivalents	486	684	892
<b>TOTAL ASSETS</b>	<b>13 448</b>	<b>12 787</b>	<b>13 229</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	5 403	4 905	5 229
Long-term liabilities, interest-bearing	2 970	3 064	2 996
Long-term lease liabilities	1 041	1 192	1 181
Deferred tax liabilities	349	347	357
Long-term liabilities, non-interest-bearing	23	15	45
Current liabilities, interest-bearing	205	268	198
Current lease liabilities	476	445	467
Current liabilities, non-interest-bearing	2 980	2 551	2 757
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>13 448</b>	<b>12 787</b>	<b>13 229</b>

<sup>1)</sup> The carrying amounts of financial assets and liabilities are measured at either fair value or a reasonable approximation of fair value.

# Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Apr- Jun 2022	Apr- Jun 2021	Jan - Jun 2022	Jan - Jun 2021	12 months Jul- Jun	Full-year 2021
Net sales	3 357	3 210	6 512	6 211	12 609	12 309
Other operating revenue	58	53	129	110	261	243
<b>Total revenue</b>	<b>3 415</b>	<b>3 263</b>	<b>6 640</b>	<b>6 321</b>	<b>12 870</b>	<b>12 552</b>
Goods for resale	-1 804	-1 750	-3 505	-3 410	-6 804	-6 709
Other external costs	-478	-354	-898	-710	-1 677	-1 490
Personnel expenses	-744	-679	-1 455	-1 334	-2 773	-2 653
<b>Operating profit before depreciation/ amortization and impairment of tangible and intangible fixed assets and right-of-use assets (EBITDA)</b>	<b>388</b>	<b>480</b>	<b>783</b>	<b>867</b>	<b>1 616</b>	<b>1 699</b>
Depreciation and impairment of tangible fixed assets and right-of-use assets	-151	-146	-301	-287	-596	-582
<b>Operating profit before amortization and impairment of intangible fixed assets (EBITA)</b>	<b>238</b>	<b>334</b>	<b>483</b>	<b>579</b>	<b>1 020</b>	<b>1 117</b>
Amortization and impairment of intangible fixed assets	-52	-54	-107	-114	-217	-223
<b>EBIT</b>	<b>185</b>	<b>280</b>	<b>375</b>	<b>466</b>	<b>803</b>	<b>894</b>
Interest income	3	2	6	5	10	9
Interest expenses	-28	-29	-55	-60	-110	-115
Other financial items	-17	-10	-20	-28	-20	-29
<b>Profit after financial items</b>	<b>143</b>	<b>243</b>	<b>306</b>	<b>382</b>	<b>683</b>	<b>759</b>
Tax	-41	-55	-83	-87	-169	-172
<b>PROFIT FOR THE PERIOD</b>	<b>102</b>	<b>188</b>	<b>223</b>	<b>296</b>	<b>514</b>	<b>587</b>
<b>Profit for the period attributable to:</b>						
Parent Company's shareholders	97	182	215	286	501	572
Non-controlling interests	5	6	9	10	13	14
<b>PROFIT FOR THE PERIOD</b>	<b>102</b>	<b>188</b>	<b>223</b>	<b>296</b>	<b>514</b>	<b>587</b>
Earnings per share before and after dilution, SEK	1,73	3,24	3,84	5,10	8,95	10,21

# Largest owners 2022-06-30

Voting rights and share capitals, %	
LKQ Corporation	26,6
Swedbank Robur Fonder	11,1
Fjärde AP-fonden	8,7
Didner & Gerge Fonder	6,7
Eva Fraim Pålman	3,2
AFA Försäkring	3,0
Dimensional Fund Advisors	2,7
Nordea Fonder	2,5
Vanguard	2,3
Ing-Marie Fraim	1,8
<b>Total 10 largest shareholders</b>	<b>68,5</b>
Others	31,5
<b>Total</b>	<b>100,0</b>

# FINANCIAL TARGETS

## SALES GROWTH

The target is to achieve an average annual sales increase of at least 5 percent, through a combination of organic growth and smaller acquisitions.

## NET DEBT/EBITDA

The target is that net debt/ EBITDA shall be in the range 2.0-3.0 times.

## ADJUSTED EBIT MARGIN

The target is to reach adjusted EBIT margin of 10 percent.

## DIVIDEND POLICY

The Board's intention is that Mekonomen Group will pay dividends corresponding to not less than 50 percent of profit after tax.