

A photograph of three young women sitting in the back of a car. The woman in the foreground is smiling and looking towards the camera. The woman in the middle is looking towards the woman in the foreground. The woman in the background is also smiling. The car's interior and windows are visible, and the lighting is warm and bright, suggesting a sunny day.

# MEKONOMEN GROUP

JANUARY – JUNE 2018

27 JULY 2018

**Mekonomen Group**

# SUMMARY



Favorable sales growth and improved earnings



Strong sales growth to affiliated workshops



Declined sales of DAB-products affected the sales negatively by SEK 50 M in Q2.  
Limited impact as of Q3

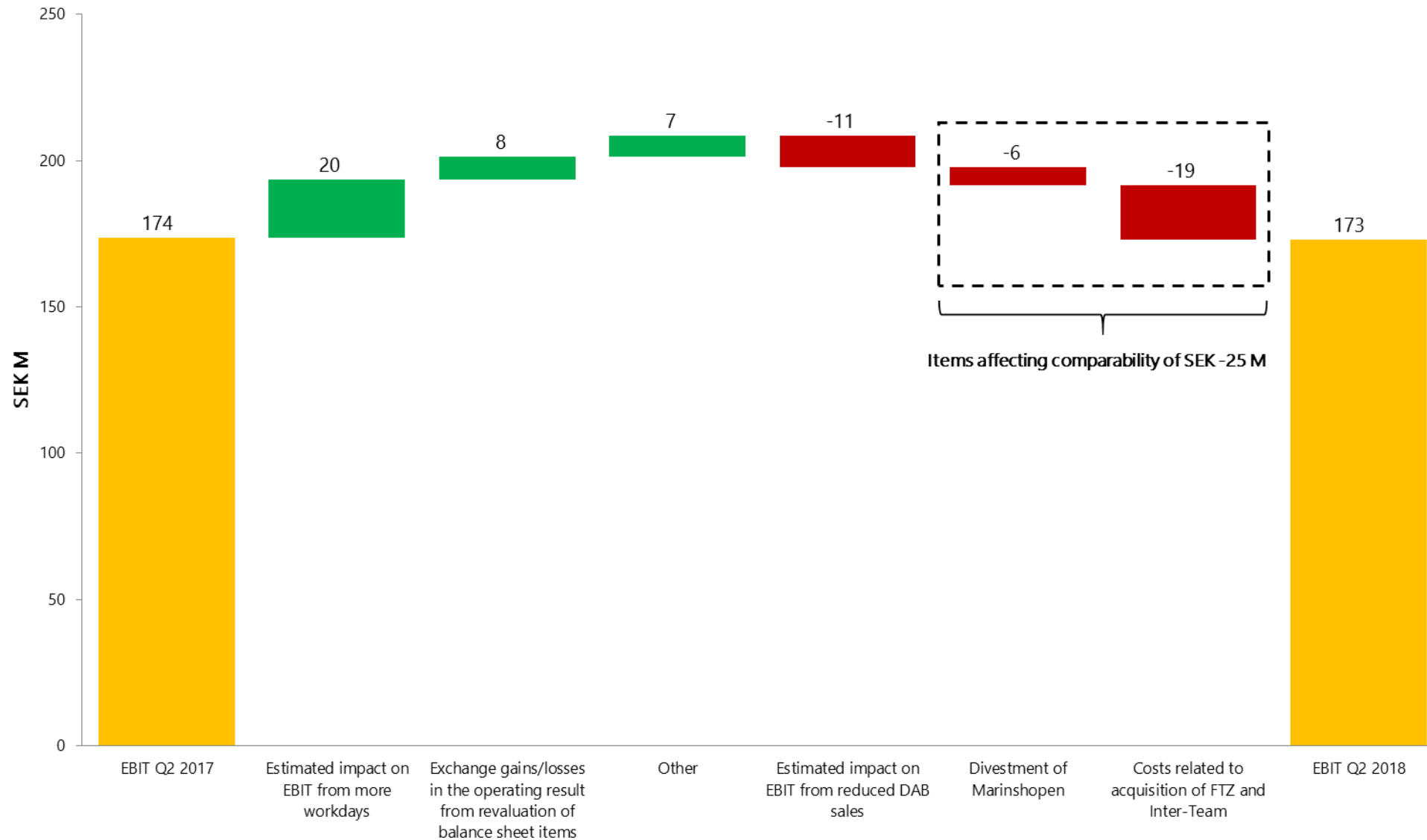


Towards doubling the sales through acquisition

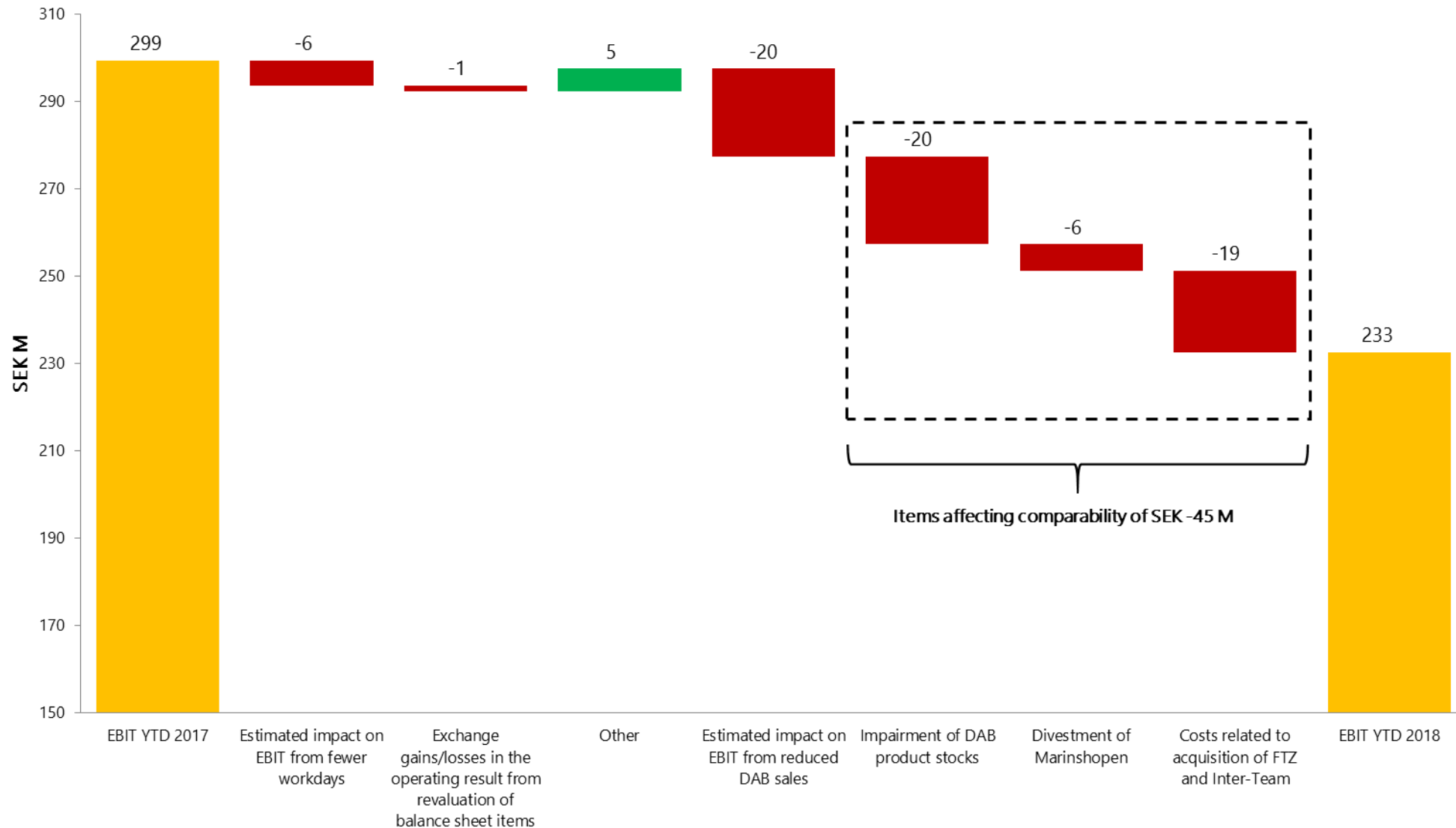
# MEKONOMEN GROUP – SECOND QUARTER 2018

SEK M	Q2 2018	Q2 2017	change	2018 6M	2017 6M	change
Group revenue	1,673	1,560	7%	3,142	3,078	2%
EBIT	173	174	0%	233	299	-22%
Key figures						
- Underlying sales growth	3%	3%		2%	0%	
- EBIT margin	10%	11%		7%	10%	

# DEVELOPMENT – EBIT Q2 2018 vs Q2 2017



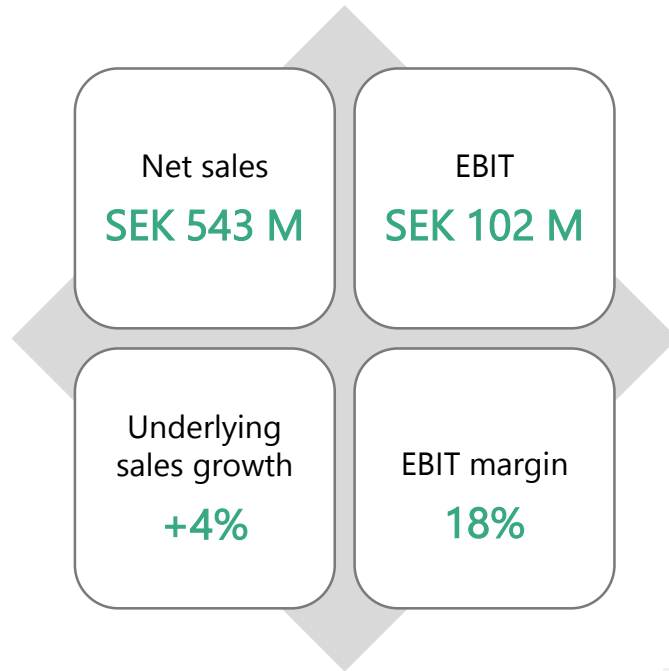
# DEVELOPMENT – EBIT H1 2018 vs H1 2017



# SALES & RESULT – PER SEGMENT



# MECA – SECOND QUARTER 2018



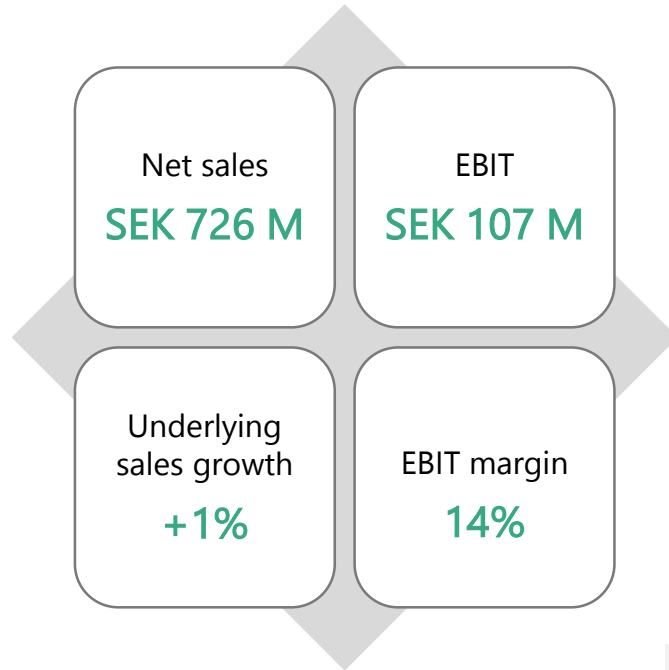
Increased sales to MECA Car Service workshops and other larger customers

Sales positively affected by increased sales due to acquired workshops and strong NOK

Sales negatively affected by lower sales of DAB products in Norway

SEK M	Q2 2018	Q2 2017	change	2018 6M	2017 6M	Change
Net sales	543	495	10%	1,033	989	4%
- Sweden	254	240	6%	493	484	2%
- Norway	289	255	13%	540	504	7%
EBIT	102	91	11%	160	166	-4%
Key figures						
- Underlying sales growth	4%	6%		4%	2%	
- EBIT margin	18%	18%		15%	17%	

# MEKONOMEN – SECOND QUARTER 2018



Positive sales development and efficient cost control in Sweden, due to committed employees

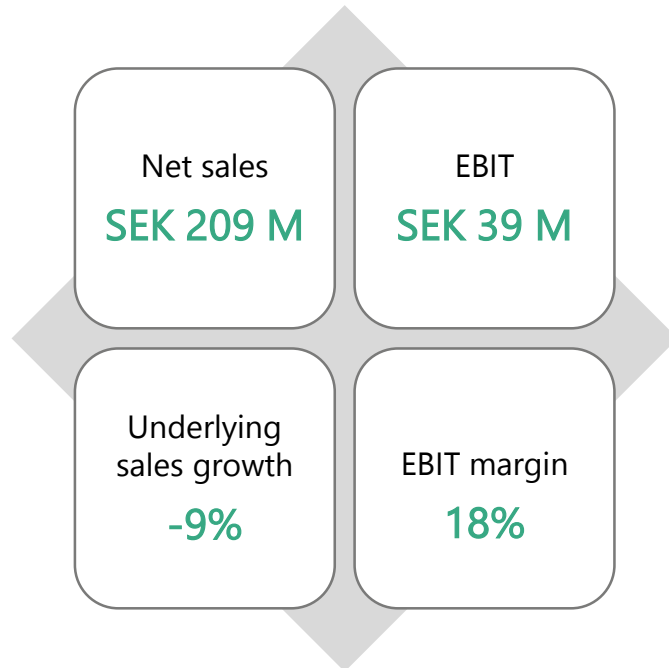
EBIT negatively impacted by non-recurring costs in Norway related to closures/mergers of stores and acquired workshops

SEK M	Q2 2018	Q2 2017	change	2018 6M	2017 6M	Change
Net sales	726	703	3%	1,358	1,354	0%
- Sweden	482	475	2%	910	908	0%
- Norway	244	228	7%	448	446	1%
EBIT	107	89	20%	150*	155	-4%
Key figures						
- Underlying sales growth	1%	1%		0%	-4%	
- EBIT margin	14%	12%		11%	11%	

\* Includes an impairment of DAB products in Q1 2018 of SEK 13 M



# SØRENSEN OG BALCHEN – SECOND QUARTER 2018



Sales negatively affected by significantly lower sales of DAB products in Norway

Stable sales growth adjusted for the DAB effect

Efficient cost control



SEK M	Q2 2018	Q2 2017	change	2018 6M	2017 6M	Change
Net sales	209	211	-1%	390	425	-8%
EBIT	39	39	2%	53*	67	-20%
Key figures						
- Underlying sales growth	-9%	14%		-8%	10%	
- EBIT margin	18%	18%		13%	15%	

\* Includes an impairment of DAB products in Q1 2018 of SEK 7 M

Expansion to new markets doubles the size of the Group



# FTZ & INTER-TEAM

	✓	Clear market leader in Denmark	#1 Market position <sup>(1)</sup>	1–2% Market growth <sup>(1)</sup> CAGR 17A–22E	~920 Franchise workshops	~50 Branches	~1,150 Employees	SEK 3,262m Sales May 2018 LTM <sup>(2)</sup>	11.1% EBITDA margin May 2018 LTM <sup>(2)</sup>
	✓	Proven logistics and sales platform enabling best-in-class offering							
	✓	Highly attractive financial track record							
	✓	Strong position in high growth Polish market	#4 Market position <sup>(1)</sup>	~5% Market growth <sup>(1)</sup> CAGR 17A–22E	~410 Franchise workshops	~80 Branches	~1,400 Employees	SEK 1,941m Sales May 2018 LTM <sup>(2)</sup>	1.9% EBITDA margin May 2018 LTM <sup>(2)</sup>
	✓	Extensive offering of high quality private label parts							
	✓	Platform for future growth through increased market share							

1) Management estimate

2) Financial information for the period June 2017–May 2018 based on preliminary financial information from the company's internal accounting system in EUR and converted to SEK with an exchange rate (EUR/SEK) of 10.27

# UPCOMING EVENTS

## Next steps

- |   |                          |
|---|--------------------------|
| ▪ Announcement of acquisition               | 6 July 2018              |
| ▪ Expected approval from competition filing | August / September 2018  |
| ▪ Closing of acquisition                    | Two weeks after approval |
| ▪ EGM                                       | H2 2018                  |
| ▪ Rights issue                              | H2 2018                  |

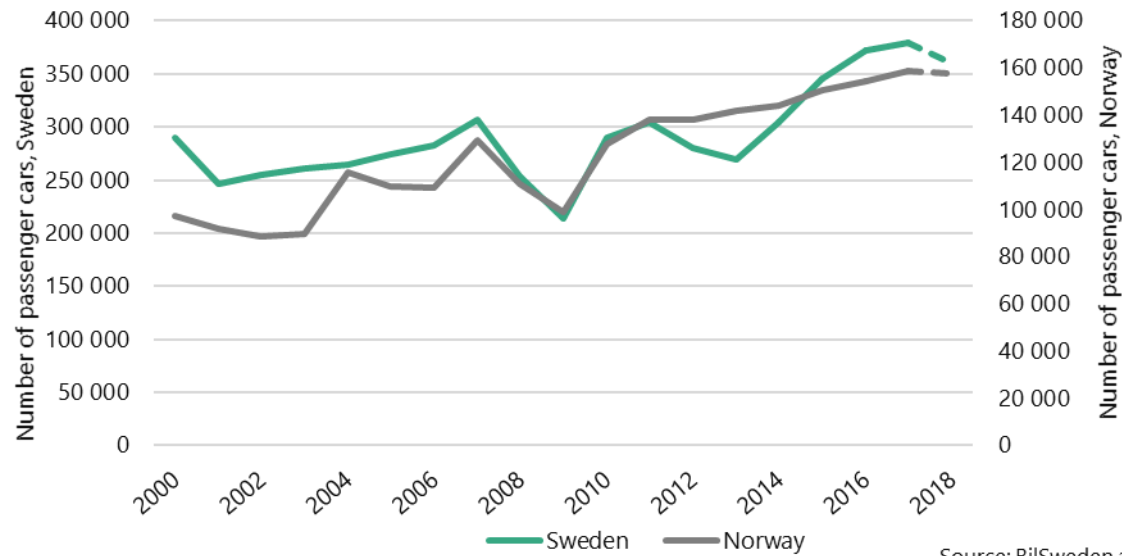
# MARKET & GROWTH



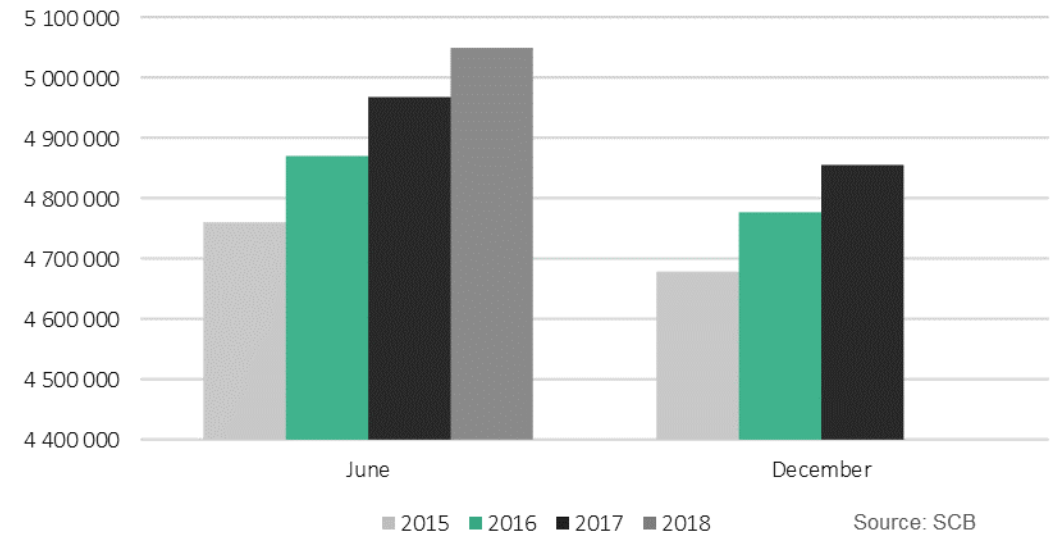
# MARKET TRENDS

- Provided that scrapping or export of cars do not increase from the current level we see potential for an increasing overall market

Number of newly registered passenger cars per year (2018 = estimates)



Car fleet - number of registered passenger cars, Sweden



# SALES GROWTH BY CUSTOMER GROUP IN THE SECOND QUARTER 2018



## Affiliated workshops

Growth, nominal: +20%  
Growth, local currency: +18%



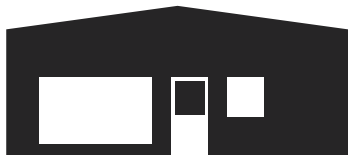
## Consumers

Growth, nominal: -1%  
Growth, local currency: -3%



## Other B2B customers

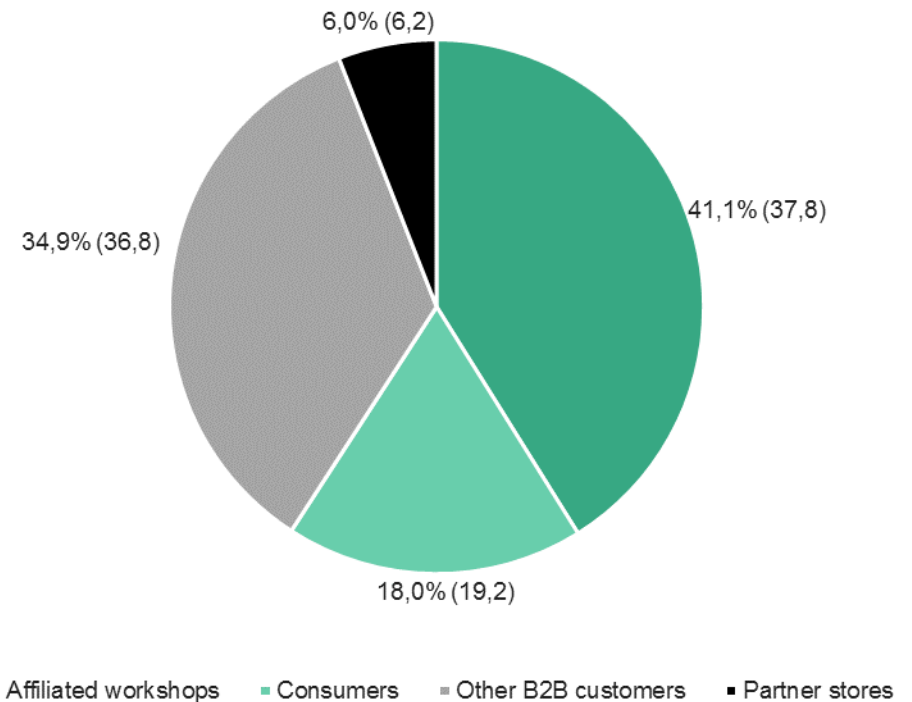
Growth, nominal: -1%  
Growth, local currency: -3%



## Partner stores

Growth, nominal: +3%  
Growth, local currency: +1%

Sales distribution, customer groups Q2 2018

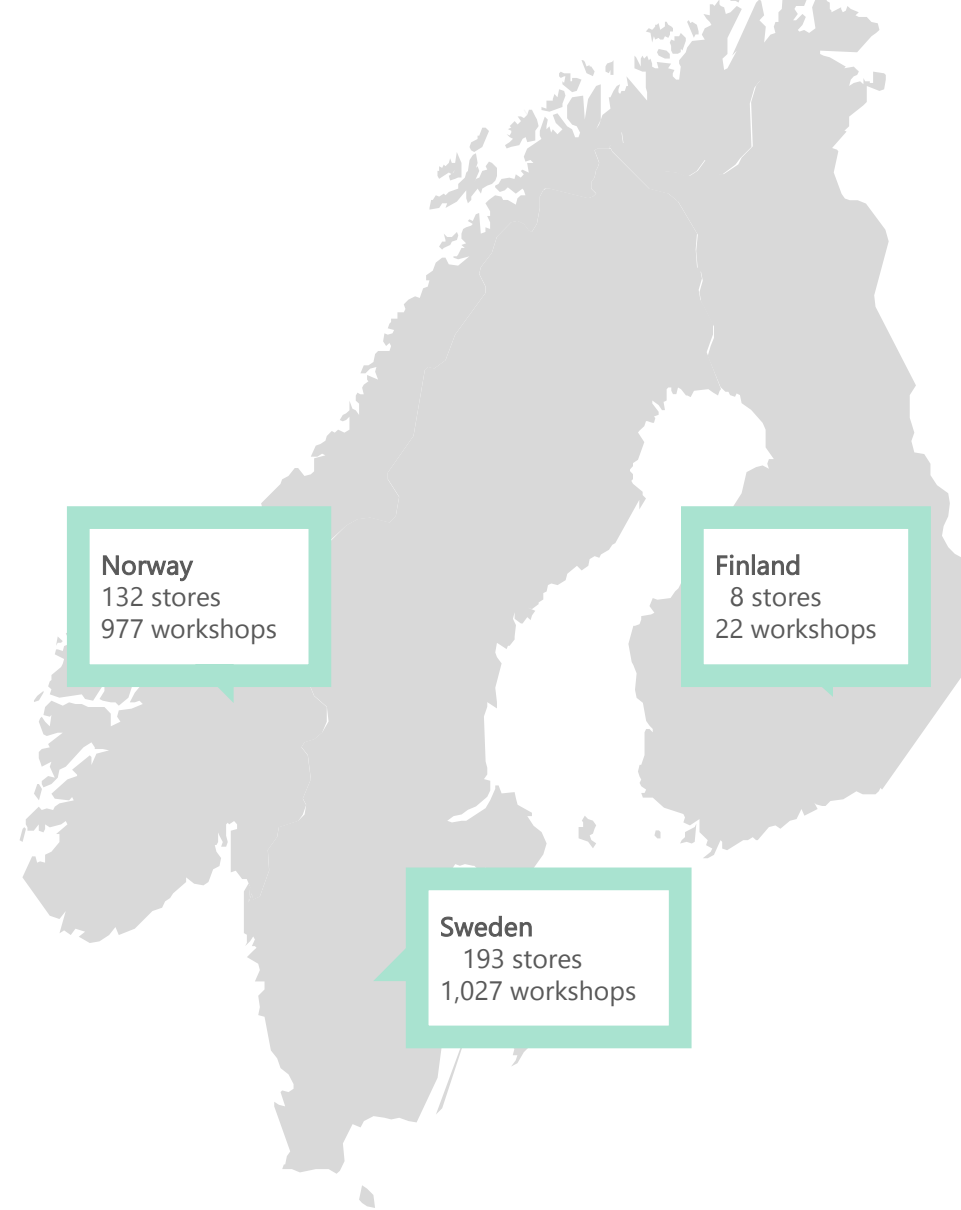
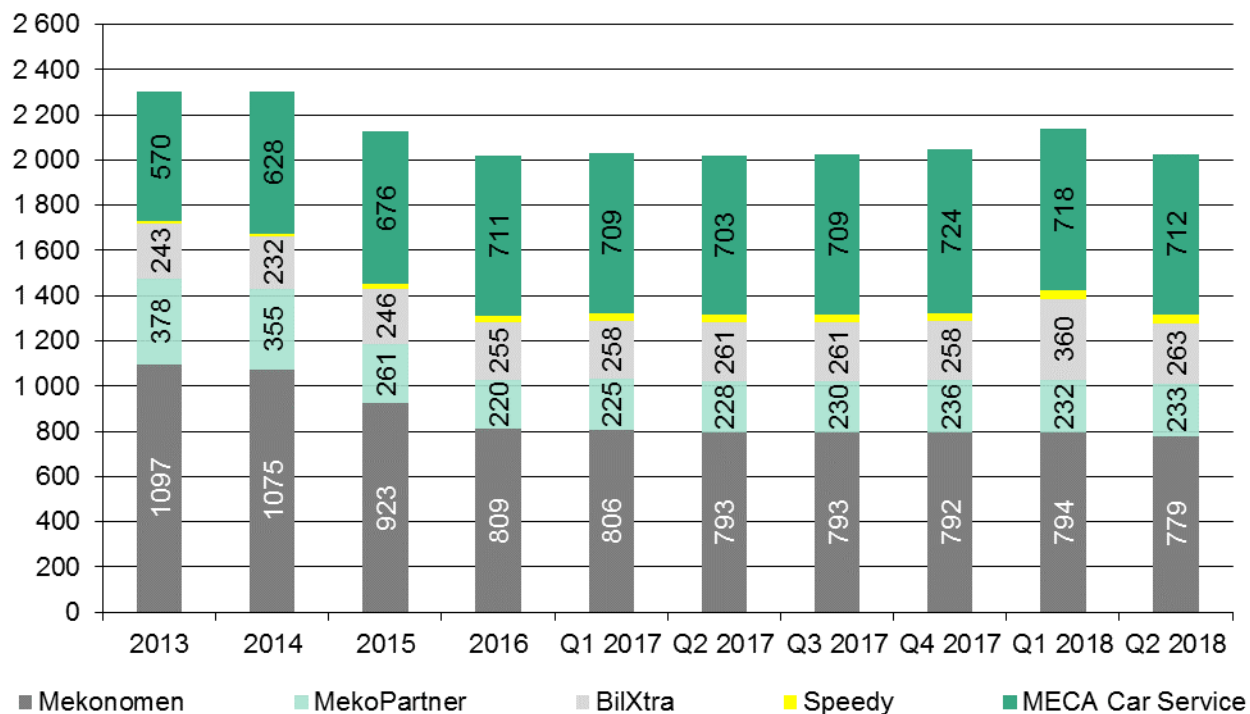


# STORES AND AFFILIATED WORKSHOPS

Number of stores Q2 18: **333 (344)**

Number of workshops Q2 18: **2,026 (2,018)**

Number of affiliated workshops







## STREAMLINING OF OUR CENTRAL WAREHOUSE STRUCTURE

- Proceeding according to plan, where cost savings of SEK 50 M will have a full effect on EBIT from 2020
- In end of June, the formal take-over of the automation from the automation supplier took place
- We are currently testing the equipment and all associated processes
- During the autumn and winter, we will gradually move articles to the new solution



## SUPPLIER AGREEMENT WITH ST1

- Mekonomen Group's wholesale company, Bileko Car Parts, will be the new supplier of car accessories to St1's Shell stores in Sweden
- The new agreement does not initially mean a significant increase in turnover, the agreement is however a strategic new business model that could bring further opportunities and new customer groups in the future
- The cooperation will begin in Autumn 2018



## STRATEGIC COOPERATION AGREEMENTS

- MECA and Mekonomen in Sweden will become Trygg-Hansa's partner in the segment of car engine damages\*. The collaboration will begin in September 2018 and brings new customer group for MECA's and Mekonomen's workshops
- The fleet-agreement with LeasePlan, to provide service and repairs to LeasePlan's car fleet, has been renewed with both MECA and Mekonomen. LeasePlan is one of the largest Fleet-customer in the group

\*The cooperation does not include Trygg-Hansa's car brand agreement



# PROMEISTER SOLUTIONS AS APPROVED TRAINING PROVIDER FOR PKK INSPECTORS IN NORWAY

- ProMeister Solutions has been approved to conduct training for PKK (periodisk kontroll av kjøretøy) inspectors in Norway
- Over 10,000 inspectors in Norway will need to undergo training before 1 October 2021, according to new rules based on EU Directive 2014/45 / EU
- The training will start in autumn 2018. Premises, equipment and teachers are already in place

# FOCUS 2018

## Strategic projects

Spare parts catalogue

Central warehouse structure

## Workshop quality

Continued focus on our own brand ProMeister (Products and workshop services)

Approved workshop (Godkänd Bilverkstad)

Recruitment and education – Mechanics

## Growth and innovation

Increase organic growth in our core business through improved customer offerings

Retain and develop entrepreneurship in the Group

Continued focus on new businesses and our acquisition ambition

A woman with a ponytail is standing in front of a white car with its hood open. She is holding a notebook and looking at it. The background is a blurred outdoor setting.

# APPENDIX

# EARNINGS TREND

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr - Jun			Jan - Jun			12 months		Full-year 2017
	2018	2017	Change, %	2018	2017	Change, %	July - June		
	Revenue	1 673	1 560	7	3 142	3 078	2	6 063	
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	202	203	-1	292	358	-19	583	649	
EBIT	173	174	0	233	299	-22	456	522	
Profit after financial items	170	156	9	227	269	-16	433	475	
Profit after tax	131	118	11	175	204	-14	339	368	
Earnings per share, SEK	3,53	3,22	10	4,69	5,55	-16	9,18	10,05	
EBITA margin, %	12	13		9	12		10	11	
EBIT margin, %	10	11		7	10		8	9	

# CASH FLOW

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, SEK M	Apr - Jun 2018	Apr - Jun 2017	Jan - Jun 2018	Jan - Jun 2017	12 months July - June	Full-year 2017
<b>Operating activities</b>						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	217	204	354	366	662	675
Tax paid	-65	-74	-127	-153	-39	-66
<b>Cash flow from operating activities before changes in working capital</b>	<b>152</b>	<b>130</b>	<b>227</b>	<b>213</b>	<b>623</b>	<b>609</b>
Cash flow from changes in working capital:						
Changes in inventory	19	-23	39	-1	-87	-127
Changes in receivables	-67	16	-89	-62	-101	-74
Changes in liabilities	130	12	63	21	130	88
<i>Increase (-)/Decrease (+) working capital</i>	83	5	14	-41	-58	-113
<b>Cash flow from operating activities</b>	<b>234</b>	<b>134</b>	<b>241</b>	<b>172</b>	<b>565</b>	<b>496</b>
Cash flow from investing activities	-102	-31	-191	-84	-336	-229
Cash flow from financing activities	-106	-129	-94	-109	-279	-295
<b>CASH FLOW FOR THE PERIOD</b>	<b>27</b>	<b>-26</b>	<b>-44</b>	<b>-22</b>	<b>-50</b>	<b>-27</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>183</b>	<b>296</b>	<b>254</b>	<b>291</b>	<b>268</b>	<b>291</b>
Exchange-rate difference in cash and cash equivalents	3	-2	3	-1	-5	-9
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>213</b>	<b>268</b>	<b>213</b>	<b>268</b>	<b>213</b>	<b>254</b>



# BALANCE SHEET

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 June 2018	30 June 2017	31 December 2017
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	2 749	2 725	2 686
Tangible fixed assets	359	186	254
Financial fixed assets	69	42	62
Deferred tax assets	93	77	93
Goods for resale	1 375	1 263	1 382
Current receivables	941	905	823
Cash and cash equivalents	213	268	254
<b>TOTAL ASSETS</b>	<b>5 798</b>	<b>5 465</b>	<b>5 554</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	2 398	2 224	2 379
Long-term liabilities, interest-bearing	1 381	1 526	1 453
Deferred tax liabilities	147	149	168
Long-term liabilities, non-interest-bearing	11	35	18
Current liabilities, interest-bearing	492	369	255
Current liabilities, non-interest-bearing	1 370	1 162	1 280
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>5 798</b>	<b>5 465</b>	<b>5 554</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 2018	Apr - Jun 2017	Jan - Jun 2018	Jan - Jun 2017	12 months July - June	Full-year 2017
Net sales	1 633	1 529	3 065	3 011	5 904	5 850
Other operating revenue	40	31	77	68	159	150
<b>Total revenue</b>	<b>1 673</b>	<b>1 560</b>	<b>3 142</b>	<b>3 078</b>	<b>6 063</b>	<b>6 000</b>
Goods for resale	-724	-683	-1 397	-1 371	-2 680	-2 654
Other external costs	-356	-314	-685	-626	-1 308	-1 249
Personnel expenses	-373	-345	-735	-693	-1 428	-1 386
<b>Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>219</b>	<b>218</b>	<b>325</b>	<b>388</b>	<b>647</b>	<b>710</b>
Depreciation and impairment of tangible fixed assets	-17	-15	-33	-30	-64	-60
<b>Operating profit before amortisation and nedskrivningar av immateriella fixed assets (EBITA)</b>	<b>202</b>	<b>203</b>	<b>292</b>	<b>358</b>	<b>583</b>	<b>649</b>
Amortisation and impairment of intangible fixed assets	-29	-30	-59	-59	-127	-127
<b>EBIT</b>	<b>173</b>	<b>174</b>	<b>233</b>	<b>299</b>	<b>456</b>	<b>522</b>
Interest income	1	1	2	2	4	4
Interest expenses	-8	-7	-15	-14	-30	-29
Other financial items	3	-12	8	-19	4	-23
<b>Profit after financial items</b>	<b>170</b>	<b>156</b>	<b>227</b>	<b>269</b>	<b>433</b>	<b>475</b>
Tax	-38	-38	-53	-65	-95	-107
<b>PROFIT FOR THE PERIOD</b>	<b>131</b>	<b>118</b>	<b>175</b>	<b>204</b>	<b>339</b>	<b>368</b>
<b>Profit for the period attributable to:</b>						
Parent Company's shareholders	127	116	168	199	330	361
Non-controlling interests	5	3	6	5	9	7
<b>PROFIT FOR THE PERIOD</b>	<b>131</b>	<b>118</b>	<b>175</b>	<b>204</b>	<b>339</b>	<b>368</b>
<b>Earnings per share before and after dilution, SEK</b>	<b>3,53</b>	<b>3,22</b>	<b>4,69</b>	<b>5,55</b>	<b>9,18</b>	<b>10,05</b>

# LARGEST OWNERS 2018-06-30

	Voting rights and share capitals, %
LKQ Corporation	26,5
Fjärde AP-fonden	8,2
Didner & Gerge Fonder	7,8
Eva Fraim Pålman	5,6
Swedbank Robur Fonder	4,4
Burgundy Asset Management	4,2
Ing-Marie Fraim	2,8
Catella Fonder	2,6
Kempen Capital Management	2,1
Vanguard	1,9
Total 10 largest shareholders	66,1
Others	33,9
Total	100,0