



MEKONOMEN GROUP

JANUARY – MARCH 2017

10 MAY 2017

Sales and result – first quarter 2017

Jan-Mar

Revenue

SEK 1,518 M (1,424)

EBIT

SEK 126 M (121)

EBIT margin

8 per cent (9)

Revenue growth

7 per cent

Underlying sales growth

-3 per cent

A green Volvo station wagon is parked on a stone bridge with three arches. The bridge is built into a rocky cliffside. The text 'SALES AND RESULT - PER SEGMENT' is overlaid in white on the image.

SALES AND RESULT - PER SEGMENT

MECA – first quarter 2017

EBIT: SEK 73 M (60)

EBIT margin: 13 per cent (12)

Underlying net sales: +1 per cent

Sales growth to MECA Car Service workshops

The sales was positively affected by strong sales growth in Opus Equipment and sales of DAB products in Norway

The gross margin was negatively impacted by an increased share of sales to large customers and higher sales of DAB products

SEK M	2017 Q1	2016 Q1	change	R12 Apr-Mar	2016 FY
Net sales, external	551	500	10%	2,090	2,039
Underlying net sales, growth	1%	20%		5%	10%
EBIT	73	60	21%	218	205
EBIT margin	13%	12%		10%	10%

Mekonomen Sweden – first quarter 2017

EBIT: SEK 39 M (52)

EBIT margin: 9 per cent (11)

Underlying net sales: -10 per cent

The re-implementation of a more decentralised sales organisation was completed during the quarter

Continued weak sales and profitability

Stable sales to affiliated workshops

Previously communicated saving program proceeds according to plan and contributed positively to the profitability in the quarter

SEK M	2017 Q1	2016 Q1	change	R12 Apr-Mar	2016 FY
Net sales, external	434	462	-6%	1,863	1,891
Underlying net sales, growth	-10%	5%		-6%	-3%
EBIT	39	52	-24%	175	187
EBIT margin	9%	11%		9%	10%

Mekonomen Norway – first quarter 2017

EBIT: SEK 27 M (27)

The sales growth mainly driven by increased sales to Mekonomen Service Centers and consumers

EBIT margin: 12 per cent (14)

Stabilised gross margin

Underlying net sales: -3 per cent

Slightly increased costs in the quarter

SEK M	2017 Q1	2016 Q1	change	R12 Apr-Mar	2016 FY
Net sales, external	217	194	12%	859	836
Underlying net sales, growth	-3%	8%		2%	5%
EBIT	27	27	-1%	132	132
EBIT margin	12%	14%		15%	15%

Sørensen og Balchen – first quarter 2017

EBIT: SEK 28 M (24)

Favourable sales growth of accessories, mainly driven of increased sales of DAB products

EBIT: 13 per cent (13)

Pressure on gross margin, partly driven of higher sales of accessories combined with increased competition

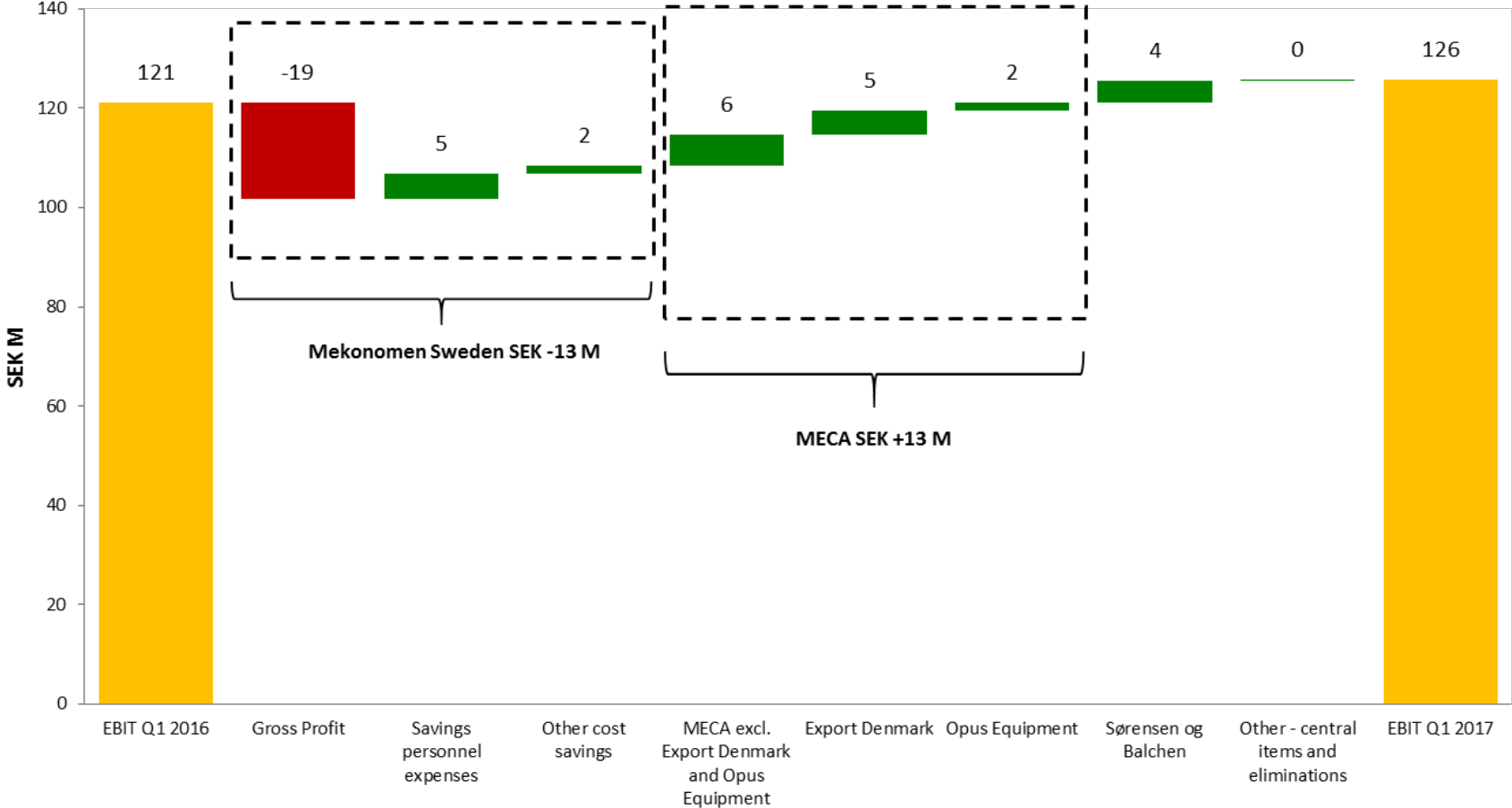
Underlying net sales: +7 per cent

Good cost control

SEK M	2017 Q1	2016 Q1	change	R12 Apr-Mar	2016 FY
Net sales, external	213	172	24%	766	725
Underlying net sales, growth	7%	2%		3%	1%
EBIT	28	24	18%	121	117
EBIT margin	13%	13%		15%	16%

Development - EBIT

EBIT Q1 2017 vs Q1 2016



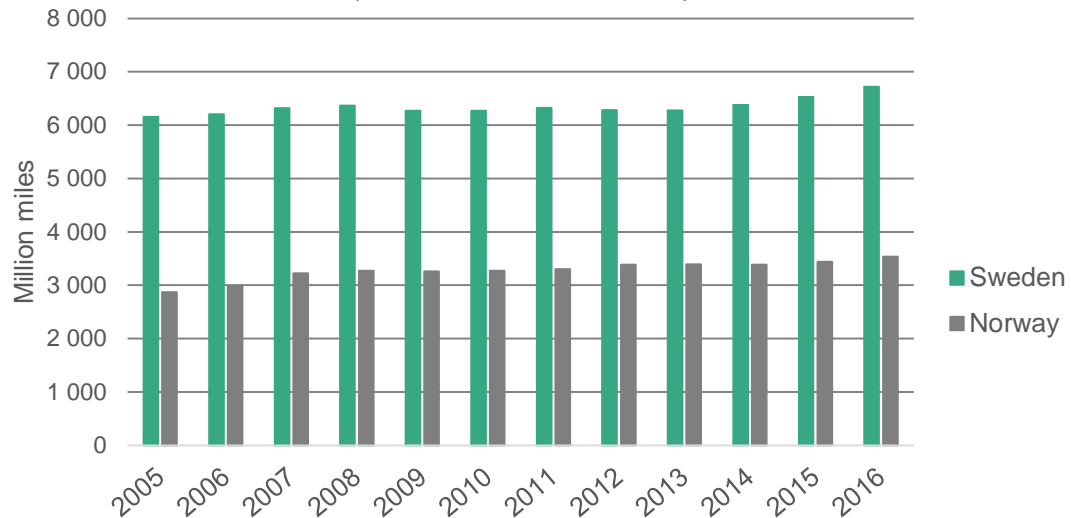


MARKET AND GROWTH

Market statistics

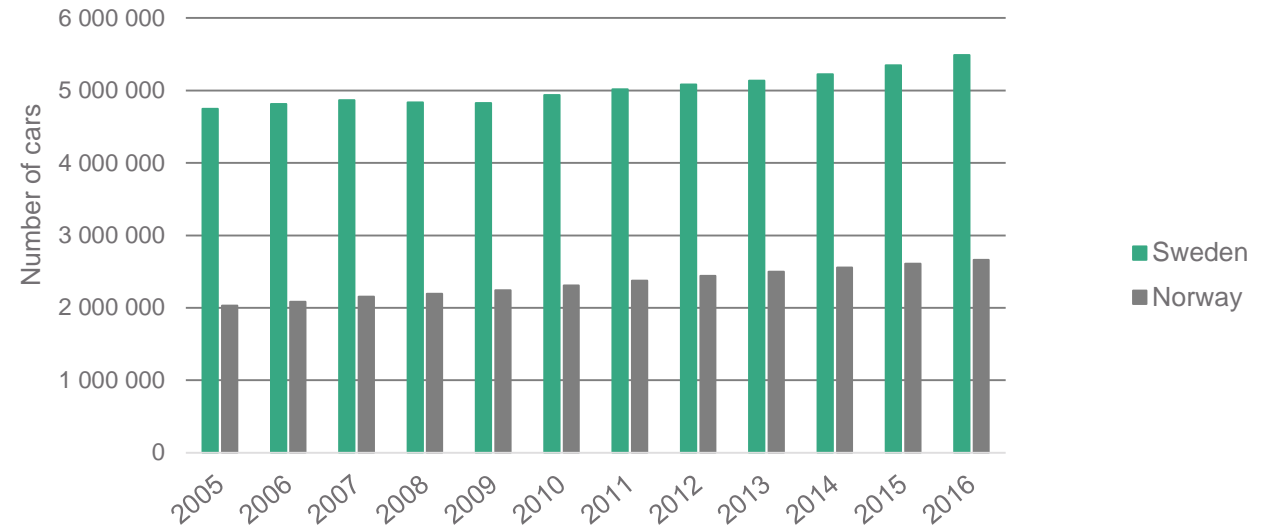
- Stable market in the first quarter, although we have noticed certain slowness
- Provided that scrapping or export of cars do not increase from the current level we see potential for an increasing overall market in 2017

Total mileage for passenger cars in million
(Scandinavian miles)



Source: Trafa and SSB

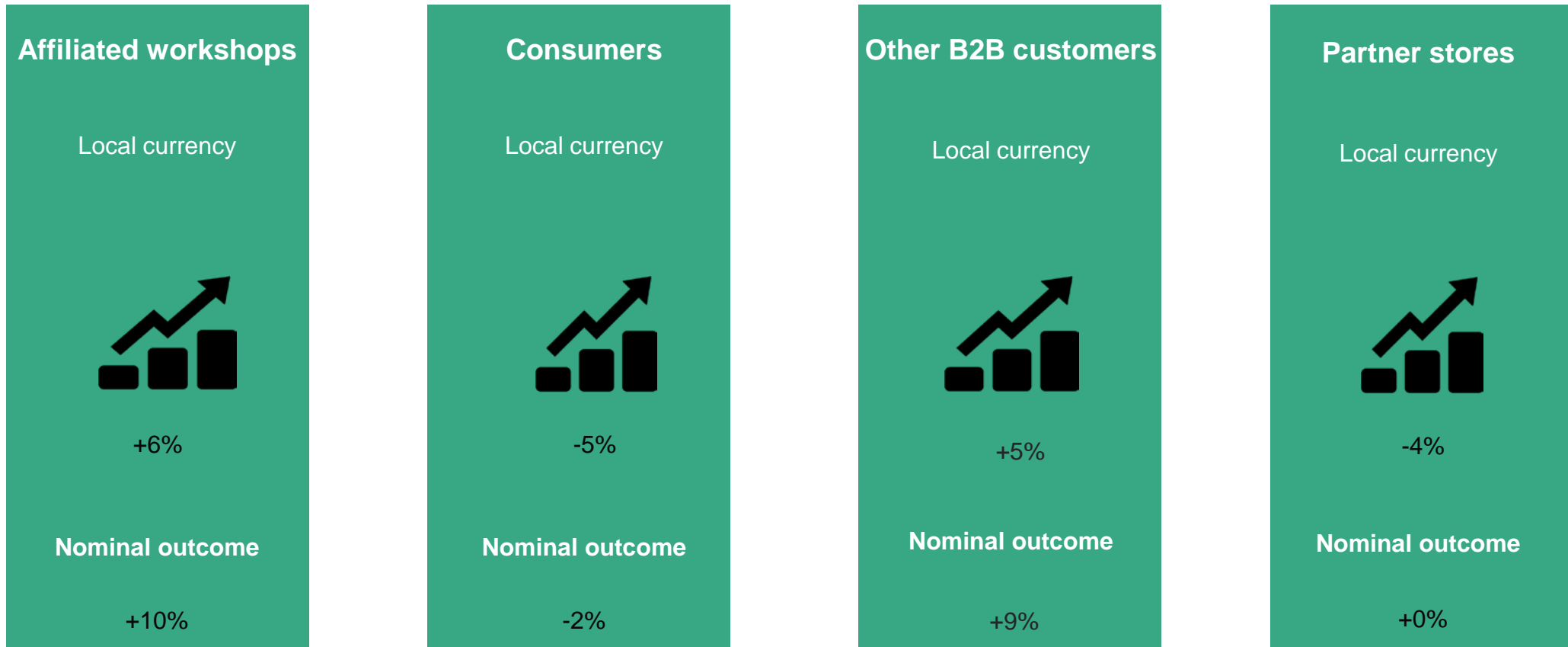
Car fleet - number of registered passenger cars



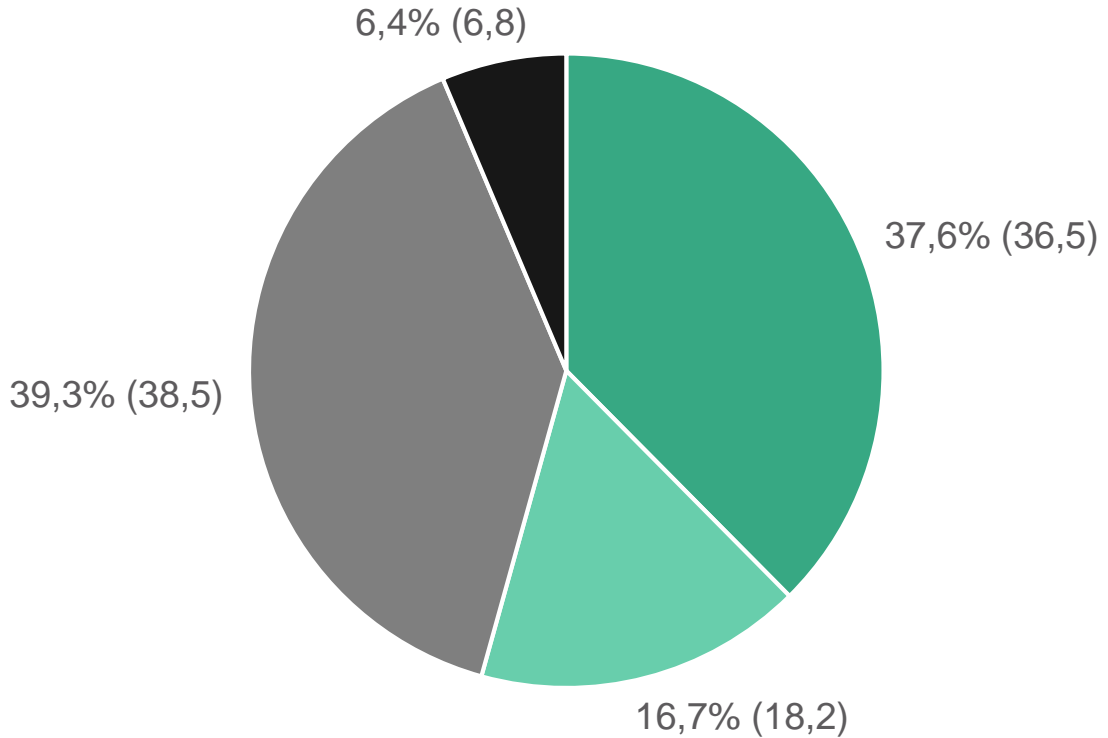
Source: Trafa and SSB

Sales growth by customer group in the first quarter 2017

- Favourable sales growth to affiliated workshop and other B2B customers



Distribution, customer groups in the first quarter 2017



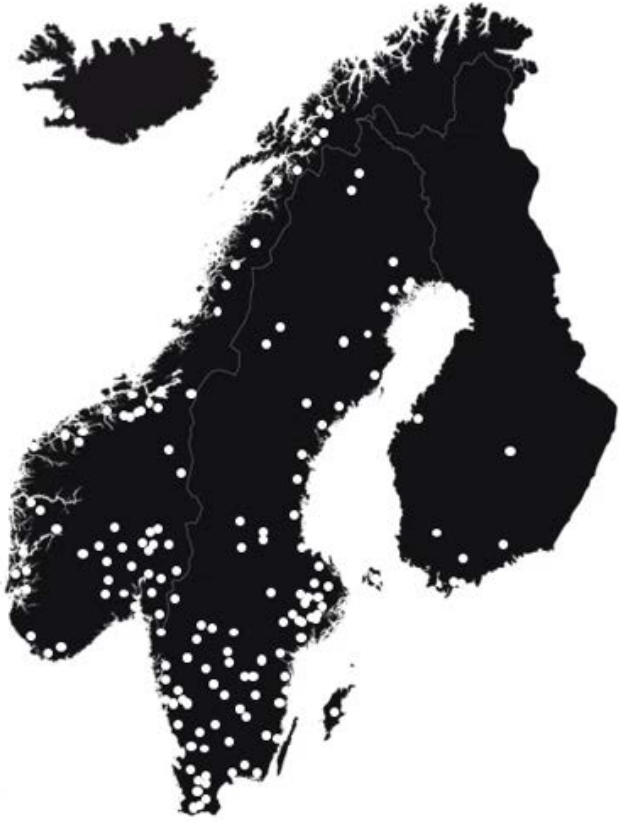
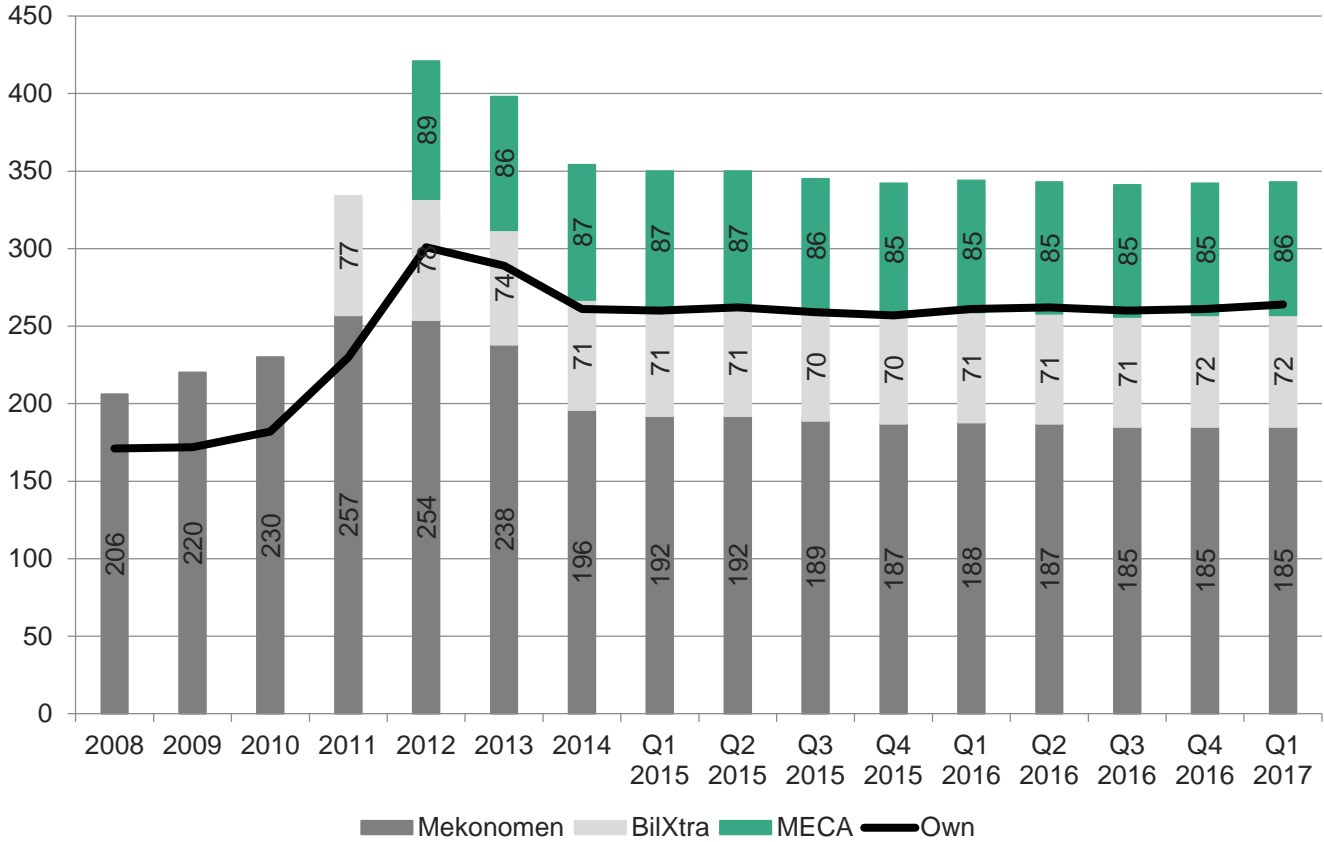
■ Affiliated workshops ■ Consumers ■ Other B2B customers ■ Partner stores

Q1 2017 (Q1 2016)

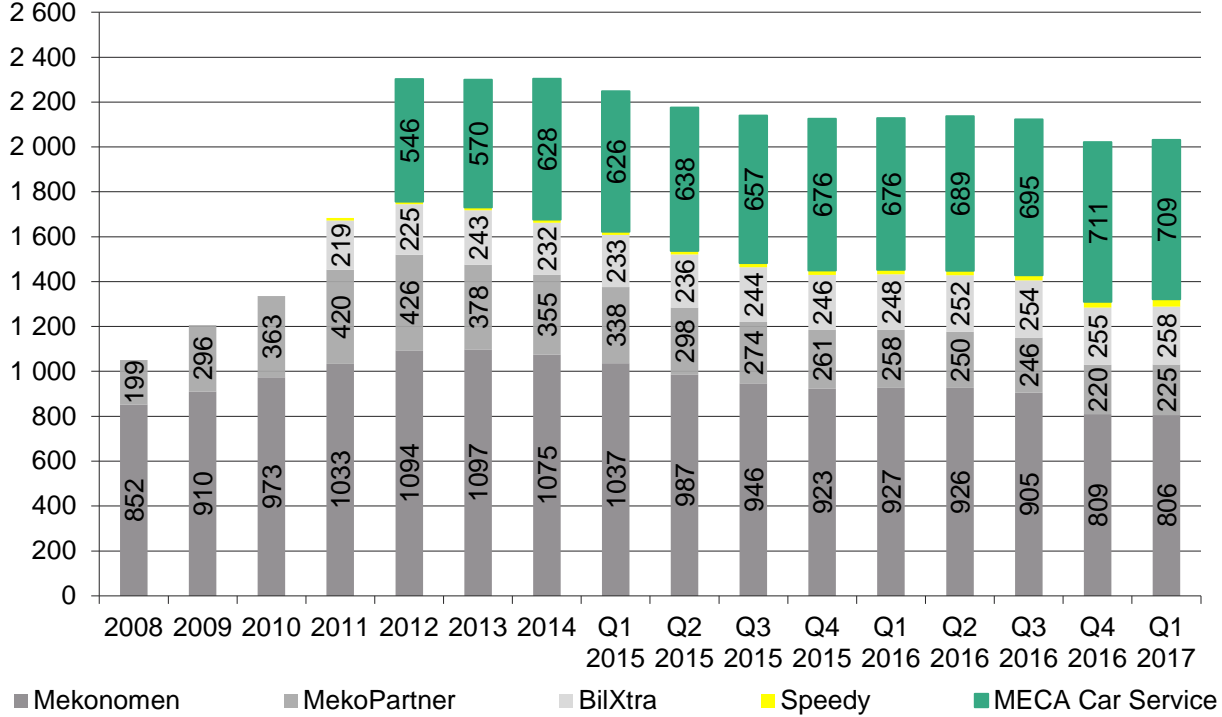
- Favourable sales growth to affiliated workshops is an effect of our customer focus and investment in quality and is the part in the market where it is strategically most important to grow in

'Partner stores' is displayed as a separate customer group. Previously, sales to 'Partner stores' were proportionately distributed on 'Affiliated workshops', 'Consumers' and 'Other B2B customers'.

Stores



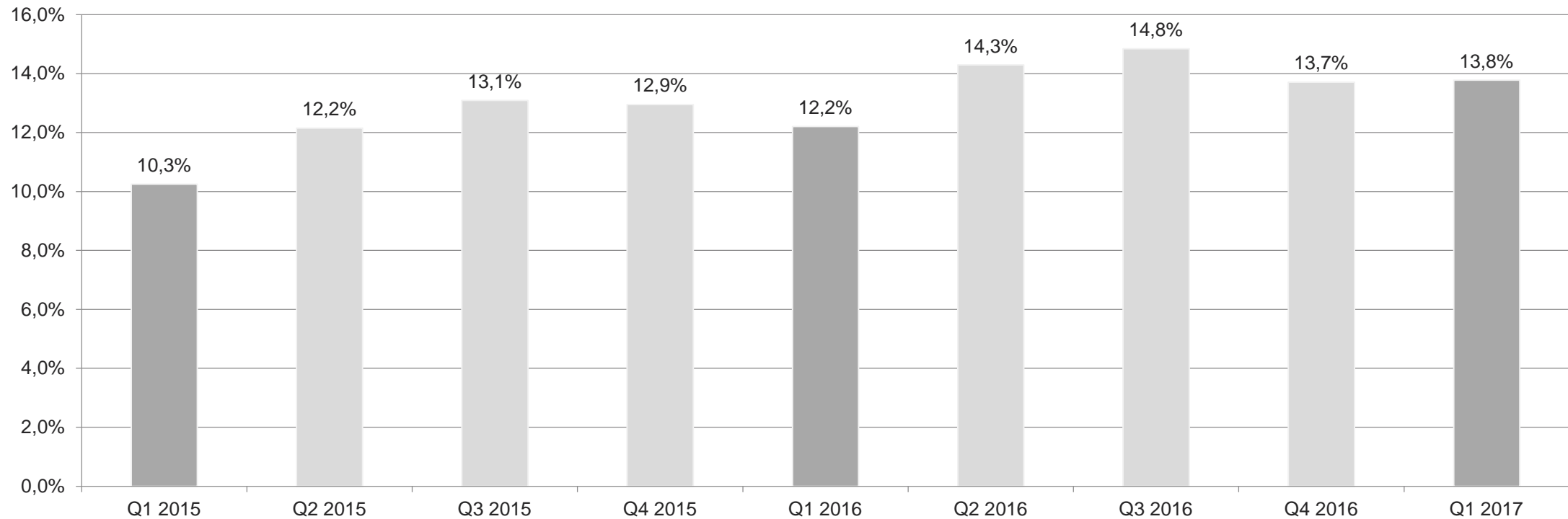
Affiliated workshops



ProMeister

- Sales of spare parts from our own brand ProMeister increased by 15 per cent in the first quarter compared to corresponding period last year
- The proportion of ProMeister spare parts sales of our total spare parts sales increased to 13.8 per cent for the quarter compared with 12.2 per cent for the first quarter last year

ProMeister sales share of total spare parts sales





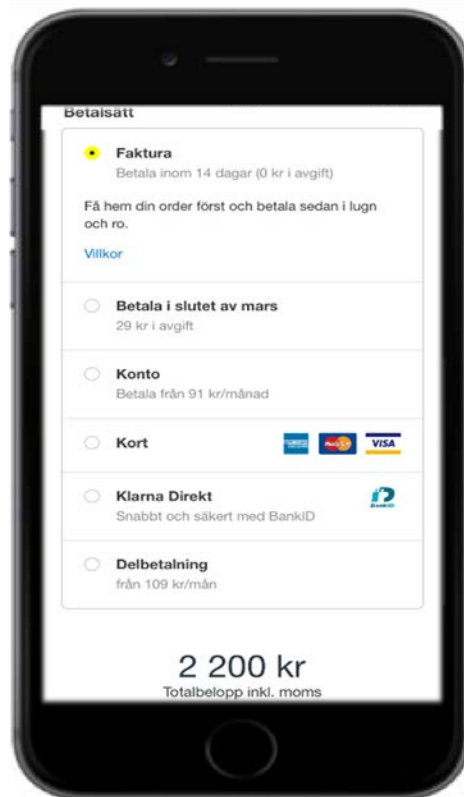
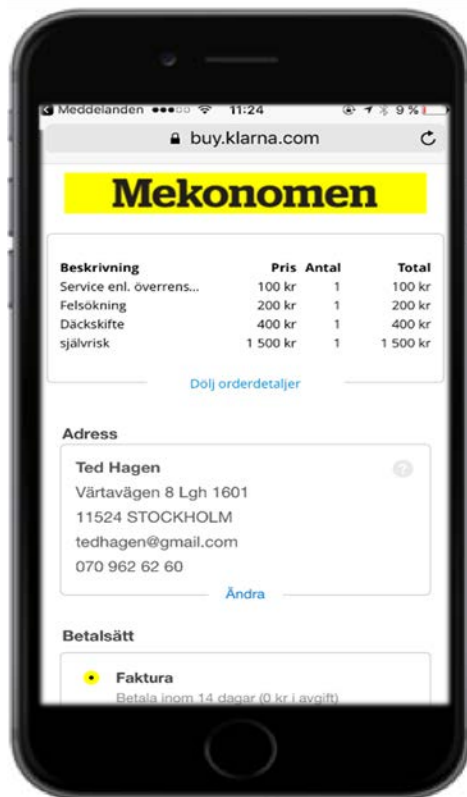
Future-guaranteed workshop

- Upper-secondary school for automotive engineers starts in the autumn semester of 2017 in Stockholm and Lund
- Recruitment and staffing has been started in the Group
- Technical support receives 4,500 cases/month – solid bank of knowledge
- ProMeister Academy – advanced Mechanic training
- Profitable workshops – support regarding efficiency and profitability for the workshops



Growth in the workshop – immediate recruitment of 100 mechanics

- Consolidation in the industry has resulted in fewer workshops
- Necessity of 100 mechanics, immediate recruitment
- We recruit, evaluate candidates and match with the right workshop, at no charge for the workshops



Flexible payment solution for car owners

- New mobile payment solution for car owners - payment of workshop services
- SMS to the car owner when the car is ready, with the invoice and choice of payment methods – partial payment, card or bank
- Simplicity - no mobile app or manual credit application

Strategic focus areas 2017



Mekonomen Sweden

- Entrepreneurial sales organisation



Cost control

- Ongoing cost and efficiency program with full effect of SEK 45 M annually from 2017Q3



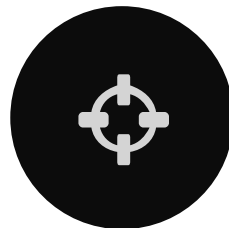
Continued quality assurance

- Workshops and concepts



Continued focus on ProMeister and ProMeister Academy

- Products and training



Strategic projects

- E-commerce platform for B2B and B2C
- Central warehouse



Growth and innovation

- Combined with maintained and developed entrepreneurship

A grayscale photograph of a woman with long blonde hair in a ponytail, wearing a dark t-shirt and jeans. She is standing in profile, looking down at a smartphone she is holding in her hands. In the background, a white car is parked, and the scene is dimly lit, possibly at dusk or dawn. The overall mood is professional and focused.

APPENDIX

Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jan - Mar 2017	Jan - Mar 2016	Change, %	12 months April - March	Full-year 2016
Revenue	1 518	1 424	7	6 031	5 937
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	155	149	4	600	594
EBIT	126	121	4	486	481
Profit after financial items	113	110	2	449	446
Profit after tax	86	83	4	345	342
Earnings per share, SEK	2,33	2,28	2	9,38	9,32
EBITA margin, %	10	10		10	10
EBIT margin, %	8	9		8	8

Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jan - Mar 2017	Jan - Mar 2016	12 months April - March	Full-year 2016
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	162	153	651	642
Tax paid	-79	-80	-152	-153
Cash flow from operating activities before changes in working capital	83	73	499	489
Cash flow from changes in working capital:				
Changes in inventory	23	40	-56	-40
Changes in receivables	-78	-82	36	33
Changes in liabilities	9	-1	71	61
Increase (-)/decrease (+) restricted working capital	-46	-43	52	54
Cash-flow from operating activities	37	30	551	544
Cash flow from investing activities	-53	-26	-121	-94
Cash flow from financing activities	20	-62	-384	-466
CASH FLOW FOR THE PERIOD	4	-58	46	-16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	291	295	238	295
Exchange-rate difference in cash and cash equivalents	1	2	12	12
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	296	238	297	291

Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET	31 March	31 March	31 December
SEK M	2017	2016	2016
ASSETS¹⁾			
Intangible fixed assets	2 757	2 732	2 757
Tangible fixed assets	185	181	181
Financial fixed assets	44	54	46
Deferred tax assets	77	55	77
Goods for resale	1 253	1 202	1 279
Current receivables	915	927	821
Cash and cash equivalents	296	238	291
TOTAL ASSETS	5 528	5 387	5 452
SHAREHOLDERS' EQUITY AND LIABILITIES¹⁾			
Shareholders' equity	2 396	2 257	2 324
Long-term liabilities, interest-bearing	1 553	1 440	1 338
Deferred tax liabilities	155	158	163
Long-term liabilities, non-interest-bearing	32	9	24
Current liabilities, interest-bearing	213	436	404
Current liabilities, non-interest-bearing	1 178	1 087	1 199
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5 528	5 387	5 452

¹⁾ 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	Jan - Mar 2017	Jan - Mar 2016	12 months April - March	Full-year 2016
Net sales	1 482	1 391	5 877	5 786
Other operating revenue	36	32	155	151
Total revenue	1 518	1 424	6 031	5 937
Goods for resale	-688	-637	-2 737	-2 686
Other external costs	-312	-296	-1 244	-1 229
Personnel expenses	-349	-327	-1 387	-1 366
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	170	163	663	656
Depreciation and impairment of tangible fixed assets	-15	-14	-63	-62
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	155	149	600	594
Amortisation and impairment of intangible fixed assets	-29	-28	-114	-113
EBIT	126	121	486	481
Interest income	1	1	5	5
Interest expenses	-7	-8	-27	-28
Other financial items	-7	-4	-14	-12
Profit after financial items	113	110	449	446
Tax	-27	-27	-104	-105
PROFIT FOR THE PERIOD	86	83	345	342
Profit for the period attributable to:				
Parent Company's shareholders	84	82	337	335
Non-controlling interests	2	1	8	7
PROFIT FOR THE PERIOD	86	83	345	342
Earnings per share, before and after dilution, SEK				
Profit for the period	2,33	2,28	9,38	9,32

Largest owners 2017-03-31

	Voting rights and share capitals, %
LKQ Corporation	26,5
Fourth Swedish National Pension Fund	8,1
Eva Fraim Pålman	5,6
Lannebo Funds	5,4
Swedbank Robur Funds	4,6
Didner & Gerge Funds	3,4
Ing-Marie Fraim Sefastsson	2,8
Catella Funds	2,4
Handelsbanken Funds	2,4
Fidelity	2,1
Total 10 largest shareholders	63,2
Others	36,8
Total	100,0