Mekonomen Group

Second quarter Interim report January - June 2019

23 August 2019

Stable sales - in line with a strong second quarter last year

1 April – 30 June 2019

- Net sales amounted to SEK 3,100 M (1,633). Net sales rose 90 per cent, of which 0 percentage points is organic growth.
- Adjusted EBIT amounted to SEK 280 M (217).
- EBIT totalled SEK 240 M (173) and the EBIT margin was 8 (10) per cent. EBIT was not impacted by items affecting comparability in the quarter (negative SEK 25 M).
- Positive impacted of IFRS 16 of SEK 5 M on EBIT and adjusted EBIT.
- Earnings per share, before and after dilution, amounted to SEK 2.71 (3.53).
- Cash flow from operating activities amounted to SEK 357 M (234), which was positively affected by SEK 123 M as a result of IFRS 16. The total cash flow for the period was not affected by IFRS 16.
- Net debt was SEK 4,042 M (1,652) at the end of the period, compared with SEK 4,098 M 31 December and SEK 4,185 M 31 March.
- As of 2019, leases are reported in accordance with the new standard IFRS 16, the comparative figures have not been recalculated. See page 9 for further information.

1 January – 30 June 2019

- Net sales amounted to SEK 6,008 M (3,065). Net sales rose 96 per cent, of which 1 percentage points in organic growth.
- Adjusted EBIT amounted to SEK 494 M (316).
- Earnings per share, before and after dilution, amounted to SEK 4.39 (4.69).
- Cash flow from operating activities amounted to SEK 515 M (241), which was positively affected by SEK 253 M as a result of IFRS 16. The total cash flow for the period was not affected by IFRS 16.

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr–Jun 2019	Apr–Jun 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %	12 months July–June	Full-year 2018
Net sales	3 100	1 633	90	6 008	3 065	96	10 722	7 779
Adjusted EBIT	280	217	29	494	316	56	777	599
EBIT	240	173	39	410	233	76	585	407
Profit after financial items	202	170	19	330	227	45	580	477
Profit after tax	157	131	19	253	175	45	347	268
Earnings per share, SEK	2,71	3,53	-23	4,39	4,69	-6	6,80	6,56
Adjusted EBIT margin, %	9	13		8	10		7	8
EBIT margin, %	8	10		7	7		5	5

ADJUSTED EBIT SEK M	Apr–Jun 2019	Apr–Jun 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %	12 months July–June	Full-year 2018
EBIT	**240**	**173**	39	**410**	**233**	76	**585**	**407**
Costs related to the integration of FTZ and Inter-Team				-5			-30	-25
Impairment of inventory DAB products [1]					-20		0	-20
Divestment Marinshopen		-6			-6		0	-6
Acquisition costs FTZ and Inter-Team		-19			-19		-4	-23
Handling of refurbished spare parts							-15	-15
Items affecting comparability, total		*-25*		*-5*	*-45*		*-49*	*-89*
"Other items", material acquisition-related items [2]	*-39*	*-19*		*-78*	*-39*		*-143*	*-103*
Adjusted EBIT	**280**	**217**	29	**494**	**316**	56	**777**	**599**

[1] Digital Audio Broadcasting.

[2] Other items include material acquisition-related items. Current acquisition-related items are depreciation of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

CEO comments

Stable sales - in line with a strong second quarter last year

Mekonomen Group's total net sales rose 90 per cent in the second quarter to SEK 3,100 M (1,633) due to the acquisition of FTZ and Inter-Team.

The organic net sales were in line with the strong second quarter last year, despite adverse impact of Easter falling in second quarter this year compared to in the first quarter last year. In the second quarter, sales growth remains favorable to affiliated workshops in all business areas, which is the portion of the market that we regard as strategically most important for growth.

Unlike a weaker market in large parts of Europe during the quarter, we estimate that the Swedish and Norwegian markets have grown in line with our expectations of a long-term sales growth of 1 – 2 per cent, adjusted for the Easter impact. Further, the growth in the Polish market remained strong, while the development in the Danish market was more in line with Europe in general.

The acquired companies FTZ and Inter-Team generally have, in line with our expectations, lower gross margins than the other business areas, which have had adversely effect on the Group's gross margin. During the quarter, the Group's gross margin was also negatively affected by customer/product mix and increased purchasing prices within MECA/Mekonomen due to the weak SEK against EUR. The margin amounted to 44.5 per cent (55.7) in the quarter.

In the second quarter, adjusted EBIT rose to SEK 280 M (217) and EBIT rose to SEK 240 M (173).

Due to Easter impacts and weather conditions during the Spring season, the Group's development over the first six months of the year provides a more comparable view of its performance instead of the quarters separated. For the first six months the organic net sales increased by 1 per cent.

Mixed development in the business areas

Inter-Team reported a strong sales growth in the second quarter[1)], driven by high export sales, strong growth in the Polish market and estimated gained market shares. FTZ reported a marginally lower sales compared to second quarter last year[1)], negatively affected by Easter effect and a slow Danish market in general. We estimate that FTZ retained its market shares.

Organic growth in the MECA/Mekonomen was 1 per cent in the second quarter. Adjusted for the impact of the low demand during Easter, organic growth was 2 per cent. EBIT fell to SEK 145 M (186), adversely impacted primarily by fewer workdays, low demand during Easter, customer/product mix and an increase in purchasing costs due to weak SEK.

Sales in Sørensen og Balchen were adversely affected by weak consumer sales in Norway and low demand during the Easter holiday. The organic net sales fell by 7 percent. Continued efficient cost control adjusted to lower sales resulted in an EBIT in line with last year of SEK 38 (39) M.

Focus remains on increasing profitability in 2019

During the second half of 2019, our main focus remains on increasing profitability and increasing cash flow.

The cost-savings programme initiated at the beginning of the year proceeding as planned, with limited effects in second quarter. The programme will generate cost reductions of SEK 65 M on an annual basis, with full effect at the end of fourth quarter 2019.

The project to address unprofitable operations has resulted in a stabilisation of the development within the workshop equipment company Preqas and our proprietary workshops. For Mekonomen Finland, we do not yet see the same positive impact, and since this Spring we are taking further measures linked to the business model and increased efficiency. I would like to emphasize that I am not satisfied with the development in recent years when it comes to our unprofitable operations in the Group. As previously communicated, the businesses must show good profitability in the reasonable future to continue to be a part of the Group.

The work of generating purchasing synergies from the acquisition of FTZ and Inter-Team, and the merger of MECA and Mekonomen's central warehouse in Sweden, are proceeding as planned.

During the summer, we conducted a comprehensive customer survey among the Group's affiliated workshops and other workshops. The results show that availability regarding the product range, fast deliveries and close cooperation with the local branch are important parameters for the workshops. It is gratifying that it is also in these areas the workshops have been given the highest rating. The survey also shows that future confidence in growth is high, more than half of all the workshops that participated in the survey indicate that their operations will expand in the coming years.

I see that we are well equipped for the future. I look forward to the remaining 2019 and to continue developing our business in an efficient way and with our customers in focus.

Pehr Oscarson
President and CEO

[1)] Inter-Team and FTZ were acquired on 3 September, 2018 and no exact comparative figures have been calculated for the second quarter of 2018 as the companies before the acquisition had a different financial year than Mekonomen Group.

THIS IS MEKONOMEN GROUP

Mekonomen Group consists of the leading car service chains in northern Europe: FTZ, Inter-Team, MECA, Mekonomen and Sørensen og Balchen. The Group has its own wholesale operations, more than 460 stores and over 3,470 workshops operating under the Group's brands. We offer a wide and easily accessible range of affordable and innovative solutions and products for consumers and companies, where sales to companies account for over 90 per cent of the Group's sales.

Business concept

Mekonomen Group's business concept is to offer consumers and companies solutions for a simpler and more affordable car life by using clear and innovative concepts, high quality and an efficient logistics chain.

Business flow

Mekonomen Group's four business areas FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen, are responsible for their own wholesale operations. The supply of goods is mainly from suppliers in Europe and Asia. Through our branches, we sell and deliver spare parts and accessories to our affiliated workshops as well as to other B2B customers, partner stores and consumers.

GROUP REVENUE

TOTAL REVENUE DISTRIBUTION, SEK M	Apr–Jun 2019	Apr–Jun 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %	12 months July–June	Full-year 2018
Net sales, external per business area								
FTZ [1]	860	–	–	1 695	-	–	2 784	1 088
Inter-Team [1]	582	–	–	1 099	-	–	1 736	638
MECA/Mekonomen	1 447	1 422	2	2 809	2 671	5	5 439	5 301
Sørensen og Balchen	207	209	-1	391	390	0	739	739
Central functions	5	2	117	14	4	276	24	14
Total net sales, Group	**3 100**	**1 633**	90	**6 008**	**3 065**	96	**10 722**	**7 779**
Other operating revenue	44	40	10	84	77	10	179	172
GROUP REVENUE	**3 144**	**1 673**	88	**6 092**	**3 142**	94	**10 901**	**7 951**

[1] The table above includes net sales from FTZ and Inter-Team from September 2018, i.e. only 10 months for rolling 12 months and 4 months for full-year 2018. Revenue distribution per country and business area, is presented in the table on page 15.

GROWTH NET SALES PER CENT	MECA/Mekonomen		Sørensen og Balchen		Group [1]	
2019	Q2	Jan–Jun	Q2	Jan–Jun	Q2	Jan–Jun
Organic growth	0,7	2,1	-7,4	-10,5	-0,4	0,7
Effect from acquisitions/divestments	3,1	3,1	9,1	9,2	92,3	95,2
Currency effect	0,4	0,8	1,0	2,1	0,4	1,0
Effect workdays	-2,4	-0,9	-3,4	-0,8	-2,5	-0,9
Growth net sales	**1,8**	**5,2**	**-0,7**	**0,1**	**89,9**	**96,0**

[1] Net sales for FTZ and Inter-Team is fully deducted as an effect from aquisitions until comparative numbers are available.

1 April – 30 June 2019

Net sales amounted to SEK 3,100 M (1,633). Net sales rose 90 per cent, of which 0 percentage points in organic growth. The number of workdays was one day less in Finland and Sweden and two fewer in Norway, compared with the year-earlier period.

1 January – 30 June 2019

Net sales amounted to SEK 6,008 M (3,065). Net sales rose 96 per cent, of which 1 percentage points in organic growth. During the six-month period, the number of workdays was one day less in Sweden, Finland and Norway compared with the year-earlier period.

GROUP PERFORMANCE

1 April – 30 June 2019

Adjusted EBIT

Adjusted EBIT amounted to SEK 280 M (217) and the Adjusted EBIT margin was 9 per cent (13). Adjusted EBIT was positively impacted by IFRS 16 of SEK 5 M. During the quarter, currency effects in the balance sheet had a negative impact of SEK 1 M (pos: 3) on Adjusted EBIT.

EBIT

EBIT amounted to SEK 240 M (173) and the EBIT margin was 8 per cent (10). EBIT was not affected by items affecting comparability during the quarter (neg: SEK 25 M), but was positively impacted by IFRS 16 of SEK 5 M. During the quarter, currency effects in the balance sheet had a negative impact of SEK 1 M (pos: 3) on EBIT.

Other earnings

Profit after financial items amounted to SEK 202 M (170), negatively impacted by IFRS 16 of SEK 6 M. Net interest expense was SEK 36 M (expense: 7) and other financial items to an expense of SEK 2 M (income: 3). Profit after tax was negatively impacted by IFRS 16 of SEK 4 M and totalled SEK 157 M (131). Earnings per share, before and after dilution amounted to SEK 2.71 (3.53).

1 January – 30 June 2019

Adjusted EBIT

Adjusted EBIT amounted to SEK 494 M (316) and the Adjusted EBIT margin was 8 per cent (10). Adjusted EBIT was positively impacted by IFRS 16 of SEK 9 M. During the period, currency effects in the balance sheet had a negative impact of SEK 3 M (neg: 3) on EBIT.

EBIT

EBIT amounted to SEK 410 M (233) and the EBIT margin amounted to 7 per cent (7). EBIT was negatively impacted by items affecting comparability of SEK 5 M (pos: 45), attributable to costs for the integration of FTZ and Inter-Team and was positively impacted by IFRS 16 of SEK 9 M. Currency effects in the balance sheet had a negative impact of SEK 3 M (neg: 3) on EBIT.

Other earnings

Profit after financial items amounted to SEK 330 M (227), negatively impacted by IFRS 16 of SEK 12 M. Net interest expense was SEK 72 M (expense: 13) and other financial items to an expense of SEK 8 M (income: 8). Profit after tax was negatively impacted by IFRS 16 of SEK 10 M and totalled SEK 253 M (175). Earnings per share, before and after dilution, amounted to SEK 4.39 (4.69).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities amounted to SEK 357 M (234) for the second quarter and to SEK 515 M (241) for the six-month period. Compared with the year-earlier period, cash flow from operating activities was positively impacted by IFRS 16 of SEK 123 M for the quarter and SEK 253 M for the six-month period. The total cash flow for the period has, however, not been affected by IFRS 16. Tax paid amounted to SEK 59 M (65) for the second quarter and to SEK 141 M (127) for the six-month period. Cash and cash equivalents amounted to SEK 153 M (213) compared with SEK 205 M at year-end. The equity/assets ratio was 32 per cent (41). Calculated excluding IFRS 16, the equity/assets ratio was 38 per cent. Long-term interest-bearing liabilities amounted to SEK 5,149 M (1,381) including a long-term lease liability of SEK 1,439 M, compared with SEK 3,232 M at year-end. Current interest-bearing liabilities amounted to SEK 960 M (492), including a current lease liability of SEK 459 M, compared with SEK 1,081 M at year-end. The increase compared with the year-on-year quarter is mainly due to the financing of the acquisition of FTZ and Inter-Team.

Net debt amounted to SEK 4,042 M (1,652), compared with SEK 4,098 M at year-end and SEK 4,185 M at the end of the previous quarter, representing a reduction of SEK 56 M since year-end. The changes to net debt during the year were primarily impacted by working capital, investments and repayments. During the quarter, loan repayments according to plan totalled SEK 87 M.

INVESTMENTS

During the second quarter, investments in fixed assets amounted to SEK 78 M (79) including leasing contracts of SEK 43 M and SEK 151 M (144) during the half year including leasing contracts of SEK 84 M. Depreciation and impairment of tangible fixed assets amounted to SEK 151 M (17) for the second quarter and to SEK 303 M (33) for the six-month period. Depreciation increased by SEK 124 M for the quarter and SEK 249 M in the first six-months due to IFRS 16. Investments in the ongoing establishment of and inventory for the central warehouse in Strängnäs totalled SEK 4 M (50) in the second quarter, and SEK 5 M (96) for the first six months. Investments now total SEK 199 M.

Company and business combinations amounted to SEK - M (29) in the second quarter and to SEK 64 M (53) for the six-month period, of which SEK - M (1) pertained to an estimated supplementary purchase consideration for the second quarter and SEK 8 M (3) for the six-month period. In addition, supplementary purchase considerations of SEK 7 M (1) were paid in the quarter. Acquired assets totalled SEK 35 M (21) and assumed liabilities SEK 16 M (19) for the six-month period. In addition to goodwill, which amounted to SEK 33 M (27), intangible surplus values of SEK 15 M (21) were identified pertaining to customer relations for the six-month period. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK - M (4) for the six-month period. Acquired non-controlling interests amounted to SEK - M (0) for the second quarter and to SEK 6 M (0) for the half year. Divested non-controlling interests amounted to SEK - M (0) in the first six months. Divested operations amounted to SEK - M (7) in the second quarter and SEK - M (6) for the first six months of the year.

ACQUISITIONS AND START-UPS

Second quarter

No acquisitions took place during the second quarter.

Earlier in the year

MECA/Mekonomen acquired three stores in Sweden and two workshops in Sweden as well as a workshop in Norway. Sørensen og Balchen acquired one store in Norway. As previously communicated, the Group acquired Nordic Forum Holding through FTZ. The impact of these acquisitions on consolidated sales and earnings was only marginal.

Number of stores and workshops

At the end of the period, the total number of stores in the chains was 466 (333), of which 395 (264) were proprietary stores. The number of affiliated workshops totalled 3,479 (2,026). See the distribution in the table on page 17.

EMPLOYEES

During the period, the average number of employees was 4,978 (2,257). See the distribution in the table on page 17.

PERFORMANCE BY BUSINESS AREA

To adapt segment reporting to the changed internal organisation and governance, arising from the acquisitions of FTZ and Inter-Team in 2018, a new segment division has been implemented. As of the first quarter of 2019, the Group reports in four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen. For further information, refer to “Accounting policies.” Comparative figures have been restated.

BUSINESS AREA FTZ

FTZ SEK M	Apr–Jun 2019	Apr–Jun 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %	12 months July–June	Full-year 2018
Net sales, external	860	–	-	1 695	–	-		1 088
EBIT	87	–	-	180	–	-	–	49
EBIT margin, %	10	–	-	11	–	-	–	5
No. of stores/of which proprietary				51 / 51				51 / 51
No. of AutoMester				425			–	423
No. of Din BilPartner				148			–	136
No. of HELLA Service Partner				329			–	336
No. of CarPeople				27			–	26

The FTZ business area mainly includes wholesale and retail operations in Denmark. Operations were acquired on 3 September, 2018. FTZ’s operations generally have a lower gross margin than Mekonomen Group as a whole. However, EBIT margin is higher than the Group as a whole due to generally lower operating expenses.

In the second quarter, FTZ reported a slightly decrease in sales compared with corresponding period last year (before the date of acquisition)[1)], negatively affected by Easter effects and a generally slow Danish market in the quarter. FTZ reported a stable EBIT margin in the quarter, compared with second quarter 2018 (before the date of acquisition)[1)].

Net sales amounted to SEK 860 M (-) for the quarter, and SEK 1,695 M (-) for the six-month period. EBIT totalled SEK 87 M (-) for the quarter and EBIT margin 10 per cent (-). For the six-month period, EBIT was SEK 180 M (-) and EBIT margin was 11 per cent (-).

1) FTZ was acquired on 3 September, 2018 and no exact comparative figures have been calculated for the second quarter of 2018 as FTZ before the acquisition had a different financial year than Mekonomen Group.

BUSINESS AREA INTER-TEAM

INTER-TEAM SEK M	Apr–Jun 2019	Apr–Jun 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %	12 months July–June	Full-year 2018
Net sales, external	582	–	–	1 099	–	–	–	638
EBIT	15	–	–	14	–	–	–	-1
EBIT margin, %	3	–	–	1	–	–	–	0
No. of stores/of which proprietary				82 / 79				82 / 79
No. of O.K. Serwis				182				175
No. of INTER DATA SERVICE				338				290

The Inter-Team business area mainly includes wholesale and store operations in Poland and export business. The operations were acquired on 3 September, 2018. Inter-Team’s operations generally have a lower gross and EBIT margin than Mekonomen Group as a whole.

Inter-Team reported strong sales growth in the second quarter compared with the corresponding period last year (before the date of acquisition)[2)], due to an increase in exports to neighbouring countries and strong growth in the Polish market. Inter-Team reported an increased EBIT compared with last year (before the date of acquisition)[2)], adversely impacted by increased price pressure in the quarter, in both the fragmented Polish market and in the export business.

Net sales amounted to SEK 582 M (-) for the quarter, and net sales for the six-month period amounted to SEK 1,099 M (-). EBIT totalled SEK 15 M (-) for the quarter and EBIT margin 3 per cent (-). For the half year, EBIT totalled SEK 14 M (-) and EBIT margin 1 per cent (-).

2) Inter-Team was acquired on 3 September, 2018 and no exact comparative figures have been calculated for the second quarter of 2018 as Inter-Team before the acquisition had a different financial year than Mekonomen Group.

BUSINESS AREA MECA/MEKONOMEN

MECA/MEKONOMEN SEK M	Apr–Jun 2019	Apr–Jun 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %	12 months July–June	Full-year 2018
Net sales, external	1 447	1 422	2	2 809	2 671	5	5 439	5 301
EBIT [1)]	145	186	-22	248	258	-4	418	428
EBIT margin, %[1)]	10	13		9	9		8	8
No. of stores/of which proprietary				267 / 227	267 / 226			270 / 230
No. of Mekonomen Service Centres				792	779			778
No. of MekoPartner				212	233			224
No. of Speedy				39	39			39
No. of MECA Car Service				718	712			721
No. of AlltiBil				8	–			8

[1)] Acquisition costs pertaining to April–June 2018 of SEK 19 M and to September–November 2018 of SEK 4 M have been transferred from MECA/Mekonomen to central functions.

The MECA/Mekonomen business area mainly includes wholesale, store, workshop and fleet operations in Sweden, Norway and Finland. The segment consists of the previously reportable segments MECA and Mekonomen, together with minor operations that were previously reported in “Other segments”, Tunga Fordon, Preqas, Meko Service Nordic, Speedy, AlltiBil and Mekster. Comparative figures have been restated.

MECA/Mekonomen reported a favorable sales trend in the second quarter. Organic sales growth was 1 per cent, despite the adverse impact from low demand for workshop services during days before and after the Easter weekend. Adjusted for this effect the organic growth was 2 per cent, in line with our expectations of an annually market growth of 1 – 2 per cent in the Nordic region. Sales growth was primarily driven by a favorable increase in sales to affiliated concept workshops and a number of minor acquisitions.

In the second quarter gross margin was negatively affected mainly by increased purchasing prices due to weak SEK and customer/product mix. The fall in year-on-year EBIT in the quarter is mainly an effect of lower gross margin.

Net sales totalled SEK 1,447 M (1,422) for the quarter, of which net sales in the Swedish operations amounted to SEK 889 M (858), in the Norwegian operations to SEK 544 M (552) and in the Finnish operations to SEK 14 M (12). During the six-month period, net sales amounted to SEK 2,809 M (2,671), of which net sales in the Swedish operations totalled SEK 1,720 M (1,618), in the Norwegian operations SEK 1,063 M (1,031) and in the Finnish operations SEK 26 M (22). The currency effect on net sales against the NOK was a positive SEK 5 M during the quarter and a positive SEK 21 M for the six-month period. In the quarter, the number of workdays was one day less in Finland and Sweden and two less in Norway compared with the year-earlier quarter and one less in Finland, Sweden and Norway during the six-month period. Organic growth increased 1 per cent during the second quarter and 2 per cent for the six-month period. EBIT for the segment amounted to SEK 145 M (186) in the second quarter and the EBIT margin was 10 per cent (13). In the second quarter, EBIT was impacted by items affecting comparability of SEK - M (neg: 6). For the six-month period, EBIT was SEK 248 M (258), including negative items affecting comparability of SEK 4 M (neg: 19), and the EBIT margin was 9 per cent (9).

BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN SEK M	Apr–Jun 2019	Apr–Jun 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %	12 months July–June	Full-year 2018
Net sales, external	207	209	-1	391	390	0	739	739
EBIT	38	39	-3	62	53	16	115	106
EBIT margin, %	18	18		16	13		15	14
No. of stores/of which proprietary				66 / 38	66 / 38			64 / 36
No. of BilXtra				261	263			258

The Sørensen og Balchen business area mainly includes wholesale and store operations in Norway.

Sørensen og Balchen is the segment in the Group with the largest share of direct sales to consumers and is therefore more exposed to increasing competition in the retail trade than the Group as a whole. The organic net sales in Sørensen og Balchen decreased by 7 per cent, primarily adversed impacted by weak consumer sales and low demand for workshop service during days before and after the Easter weekend. The weak net sales were offset by continued effective cost control during the quarter, adapted to market conditions, and the business area reported an EBIT in line with second quarter 2018.

Net sales amounted to SEK 207 M (209) for the quarter and to SEK 391 M (390) for the six-month period. Currency effects on net sales against the NOK were a positive SEK 2 M for the second quarter and a positive SEK 8 M for the six-month period. The number of workdays was two less in Norway compared with the year-earlier quarter, but one day less for the six-month period. Organic growth decreased 7 per cent during the second quarter and by 10 per cent for the six-month period. Sørensen og Balchen’s EBIT totalled SEK 38 M (39) for the second quarter and the EBIT margin was 18 per cent (18). For the six-month period, EBIT was SEK 62 M (53), including items affecting comparability of SEK - M (neg: 7), and the EBIT margin was 16 per cent (13).

NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

Mekonomen has no actual seasonal effects in its operations. However, the number of workdays affects both sales and earnings.

WORKDAYS	Q1			Q2			Q3			Q4			Full-year		
BY COUNTRY	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Sweden	63	63	64	59	60	59	66	65	65	62	62	63	250	250	251
Norway	63	62	65	58	60	58	66	65	65	62	62	63	249	249	251
Denmark	63	–	–	59	–	–	66	65	–	62	62	–	250	250	–
Poland	63	–	–	61	–	–	65	64	–	62	63	–	251	251	–
Finland	63	63	64	60	61	60	66	65	65	61	61	62	250	250	251

SIGNIFICANT RISKS AND UNCERTAINTIES

The company conducted a review and assessment of operating and financial risks and uncertainties in accordance with the 2018 Annual Report and found that no new significant risks have occurred since then. For the effect of exchange-rate fluctuations on profit before tax, refer to page 38 of the 2018 Annual Report. For a full presentation of the risks affecting the Group, refer to the 2018 Annual Report.

PARENT COMPANY, “CENTRAL FUNCTIONS” AND “OTHER ITEMS”

The Parent Company’s operations mainly comprise Group Management and functions that support the Group’s work, such as Group Finance/controlling, internal audit, sustainability, legal and joint purchasing. The Parent Company’s earnings after financial items were a negative SEK 49 M (neg: 10) for the second quarter and a negative SEK 111 M (neg: 14) for the six-month period excluding share dividends of SEK 332 M (340) for the six-month period. The average number of employees in the Parent Company was six (five). During the second quarter, Mekonomen AB sold goods and services to Group companies for SEK 11 M (6) and for SEK 20 M (11) in the six-month period.

“Central functions” comprise Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions. The units reported in “Central functions” do not reach the quantitative thresholds for separate reporting, and the benefits of reporting these segments separately are considered limited for users of financial statements. EBIT for “Central functions” was a negative SEK 6 M (neg: 33) for the second quarter and negative SEK 15 M (neg: 40) for the half year.

“Other items” includes acquisition-related items attributable to Mekonomen AB’s direct acquisitions. Current acquisition-related items are amortisations of acquired intangible assets pertaining to the acquisitions of MECA, Sørensen og Balchen, FTZ and Inter-Team totalling an expense of SEK 39 M (expense: 19) for the second quarter and an expense of SEK 78 M (expense: 39) for the six month-period.

EVENTS DURING THE PERIOD

During the period, a long-term, share-based incentive programme was launched as resolved by the AGM on 2 May 2019, LTIP 2019. LTIP 2019 replaces the programme approved at the 2018 AGM (LTIP 2018), where no allotment has taken place. The main motivation for establishing LTIP 2019 is to connect the shareholders' and company management and other key individuals' interests to ensure maximum long-term value generation and to encourage individual share ownership in Mekonomen.

The maximum number of shares in Mekonomen that can be allocated as part of LTIP 2019 is according to the AGM resolution of 2 May limited to 105,000 (including any dividend compensation) to 19 participants. The actual number of participants is 17 and the number of shares required to cover the company's commitment according to LTIP amounts to 93,250 shares.

LTIP 2019 encompass 17 employees comprising company management in Mekonomen as well as certain other key individuals in the Group. Participation in LTIP 2019 requires some individual share ownership in Mekonomen. After the established vesting period, which runs until 31 March 2022, participants will be allocated shares free of charge in Mekonomen provided that certain conditions are met. These conditions are linked to continuing employment in Mekonomen Group, individual share ownership in Mekonomen as well as the performance of total shareholder return (TSR) and earnings per share (EPS). The expected average cost per year amounts to SEK 1.1 M and the maximum annual cost amounts to SEK 1.8 M, meaning SEK 3.3 M and SEK 5.8 M respectively for the entire programme over three years.

For a more detailed description of LTIP 2019, refer to information from the AGM on 5 May 2019 at www.mekonomen.com

EVENTS AFTER THE END OF THE PERIOD

To ensure the supply of shares in accordance with LTIP 2019, between 3 and 10 July 2019 the company has repurchased 30,000 shares. The company already held 63,250 own shares intended for LTIP 2018, which has now been replaced by LTIP 2019. On 10 July 2019, the company held 93,250 own shares to ensure the supply of shares related to LTIP 2019. Since the total number of shares in Mekonomen amounts to 56,416,622, this corresponds to 0.17 per cent.

ACCOUNTING POLICIES

Mekonomen Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting. The same accounting policies and measurement methods were applied as in the most recent Annual Report with the exception of IFRS 16. The application of IFRS 16 entailed changes to the Group's accounting policies and has affected accounting, measuring and reporting certain amounts presented in the income statement and balance sheet. A description of the new accounting policies is provided below. This interim report consists of pages 1-23 and should be read in its entirety.

As of 1 January 2019, Mekonomen Group applies IFRS 16 Leases, which has replaced the earlier standard IAS 17. In accordance with IAS 17, lessees classified leases as either finance or operating. The agreements classified as operating were not recognised as assets and liabilities in the balance sheet. According to the new standard, IFRS 16, lessees do not distinguish between operating and finance leases and recognise in essentially all leases as a right-of-use asset and lease liability in the balance sheet. Leases are recognised in the balance sheet on the day the leased asset is available for use by the Group. Amortisation of the asset is recognised in EBIT and interest on the lease liability in net financial items. The new standard will therefore have a slightly positive impact on EBIT since part of the leasing expense is recognised as an interest expense in net financial items. Recognised EBITDA will increase substantially as recognised rental charges will decrease at the same time as amortisation of right-of-use assets increases. Lease expenses recognised partly as payment of interest, partly as amortisation of lease liability. Cash flow for the amortisation of the lease liability is presented as financing activities. Payment of the interest element is presented as other interest payments in operating activities. The main impact on the Group is in leases pertaining to the lease of premises and vehicles.

The Group has chosen the modified retrospective approach and, according to the standard, does not restate comparative figures. Lease liability was the total of the present value of all future lease fees and the right-of-use assets corresponding to the lease liability adjusted for pre paid and accrued lease expenses. The Group has elected to recognise lease liabilities and right-of-use assets on separate lines in the balance sheet from 2019, thereby assets and liabilities relating to finance leases according to the earlier IAS 17 were reclassified to the new balance sheet items. Equity was not effected by the transition.

The Group has elected to apply a number of the exemption rules available in conjunction with the transition to IFRS 16 of which the most significant concern the exclusion of leases that on the transition date had a remaining time to maturity of up to 12 months. In addition to the exemption rules in conjunction with the transition, the Group continuously applies the practical exemptions that mean leases with a lease term of up to 12 months and leases where the underlying asset has a low value are excluded from the calculation of lease liabilities and right-of-use assets. These are expensed on a straight-line basis in profit or loss. The simplified approach for the definition of a lease has been applied, meaning all components of an agreement were considered as leasing components. Furthermore, Mekonomen Group has chosen not to apply IFRS 16 relating to intangible assets as this option was available according to the standard.

Leases that were classified as operating leases under IAS 17 were previously not recognised in the lessee's balance sheet. Future undiscounted minimum lease payments for these contracts were recognised, however, in Note 14 of the 2018 Annual Report at SEK 1,737 M. This compares with lease liabilities for right-of-use assets in the balance sheet on 1 January 2019 of SEK 2,010 M. The difference is primarily attributable to the effect of longer maturities for several leases as probable extensions to contracts with extension clauses are included under IFRS 16. The likelihood that extension clauses for local contracts will be exercised have been assessed based on factors such as the market situation for the property and its significance for business operations. An incremental borrowing rate was determined on the basis of country, term of the loan and creditworthiness for each unit. The total value of the right-of-use asset amounted to SEK 2,065 M on 1 January 2019. For more information on accounting policies for IFRS 16, refer to page 57 of the 2018 Annual Report.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

The Parent Company prepares its accounts in accordance with the Swedish Annual Accounts Act and RFR 2 and applies the same accounting policies and measurement methods as in the most recent Annual Report.

SEGMENT REPORTING

As of the first quarter of 2019, Mekonomen Group implemented a new organisation that is better adapted to the business. The organisational change and related changes to internal control have also affected the segment reporting. As of the first quarter of 2019, Mekonomen Group will present four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

The MECA/Mekonomen business area consists of the previously reportable segments MECA and Mekonomen, together with minor operations that were previously reported in "Other segments," – Tunga Fordon, Preqas, Meko Service Nordic, Speedy, AlltiBil and Mekster. The FTZ, Inter-Team and Sørensen og Balchen segments are unchanged. Central functions includes Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions. Comparative figures have been restated.

FORTHCOMING FINANCIAL REPORTING DATES

Information	Period	Date
Interim report	January–September 2019	2019-11-08
Year-end report	January–December 2019	2020-02-07

BOARD OF DIRECTORS' ASSURANCE

The Board of Directors and CEO affirm that this interim report presents a true and fair view of the Parent Company's and the Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 23 August 2019
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

John S. Quinn Chairman	Helena Skåntorp Executive Vice Chairman	Eivor Andersson Board member
Kenny Bräck Board member	Joseph M. Holsten Board member	Magnus Håkansson Board member
Arja Taaveniku Board member	Pehr Oscarson President and CEO	

This interim report has not been reviewed by the company's auditors.

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This information is such information that Mekonomen AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act.

The information was submitted for publication, through the agency of the contact person set out above, on 23 August 2019 at 07:30.

The interim report is published in Swedish and English. The Swedish version is the original version and has been translated into English.

CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Net sales	3 100	1 633	6 008	3 065	10 722	7 779
Other operating revenue	44	40	84	77	179	172
Total revenue	**3 144**	**1 673**	**6 092**	**3 142**	**10 901**	**7 951**
Goods for resale	-1 721	-724	-3 307	-1 397	-5 811	-3 901
Other external costs [1]	-331	-356	-676	-685	-1 573	-1 581
Personnel expenses	-648	-373	-1 291	-735	-2 388	-1 832
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	**443**	**219**	**818**	**325**	**1 130**	**637**
Depreciation and impairment of tangible fixed assets [2]	-151	-17	-303	-33	-353	-84
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	**292**	**202**	**515**	**292**	**776**	**553**
Amortisation and impairment of intangible fixed assets	-52	-29	-105	-59	-191	-146
EBIT	**240**	**173**	**410**	**233**	**585**	**407**
Interest income	3	1	6	2	10	6
Interest expenses [3]	-39	-8	-78	-15	-116	-53
Other financial items	-2	3	-8	8	101	117
Profit after financial items	**202**	**170**	**330**	**227**	**580**	**477**
Tax	-45	-38	-77	-53	-234	-209
PROFIT FOR THE PERIOD	**157**	**131**	**253**	**175**	**347**	**268**
Profit for the period attributable to:						
Parent Company's shareholders	153	127	247	168	339	260
Non-controlling interests	4	5	6	6	7	8
PROFIT FOR THE PERIOD	**157**	**131**	**253**	**175**	**347**	**268**
Earnings per share before and after dilution, SEK	2,71	3,53	4,39	4,69	6,80	6,56

[1] Other external costs were positively impacted by SEK 129 M in the quarter and SEK 258 M for the first six-months due to IFRS 16.

[2] Depreciation and impairment of tangible fixed assets were negatively impacted by SEK 124 M in the quarter and SEK 249 M for the first six-months due to IFRS 16.

[3] Interest expenses were negatively impacted by SEK 10 M for the quarter and SEK 21 M in the first six-months due to IFRS 16.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Profit for the period	**157**	**131**	**253**	**175**	**347**	**268**
Other comprehensive income:						
Components that will not be reclassified to profit/loss for the year:						
– Actuarial gains and losses	-	-	-	-	-2	-2
Components that may later be reclassified to profit/loss for the year:						
– Exchange-rate differences from translation of foreign subsidiaries	80	-37	201	102	-30	-129
– Loan hedging of net investments [1]	-32	-	-62	-	-57	4
– Cash-flow hedges [2]	-2	1	-6	1	-7	1
Other comprehensive income, net after tax	***46***	***-36***	***133***	***103***	***-95***	***-125***
COMPREHENSIVE INCOME FOR THE PERIOD	**203**	**95**	**386**	**278**	**251**	**143**
Comprehensive income for the period attributable to:						
Parent Company's shareholders	198	90	379	271	244	135
Non-controlling interests	5	5	7	7	7	8
COMPREHENSIVE INCOME FOR THE PERIOD	**203**	**95**	**386**	**278**	**251**	**143**

[1] Loans raised in EUR in conjunction with acquisitions in Denmark hedges the currency risk in the net investment and loans renewed in NOK in the first quarter of 2019 hedge net investment in Norway and the currency translation is recognised in accordance with IFRS 9.

[2] Holding of financial interest-rate derivatives for hedging purposes, according to Level 2 measurements defined in IFRS 13.

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 June 2019	30 June 2018	31 December 2018
ASSETS [1]			
Intangible fixed assets	5 833	2 749	5 745
Tangible fixed assets	486	359	490
Right-of-use assets	1 947	–	–
Financial fixed assets	81	69	77
Deferred tax assets	0	93	0
Goods for resale	2 835	1 375	2 816
Current receivables	1 782	941	1 530
Cash and cash equivalents	153	213	205
TOTAL ASSETS	**13 118**	**5 798**	**10 863**
SHAREHOLDERS' EQUITY AND LIABILITIES [1]			
Shareholders' equity	4 228	2 398	3 853
Long-term liabilities, interest-bearing	3 710	1 381	3 232
Long-term lease liabilities	1 439	–	–
Deferred tax liabilities	439	147	474
Long-term liabilities, non-interest-bearing	20	11	20
Current liabilities, interest-bearing	501	492	1 081
Current lease liabilities	459	–	–
Current liabilities, non-interest-bearing	2 323	1 370	2 203
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**13 118**	**5 798**	**10 863**

[1] The carrying amounts of financial assets and liabilities are measured at either fair value or a reasonable approximation of fair value.

CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY, SEK M	30 June 2019	30 June 2018	31 December 2018
Shareholders' equity at the beginning of the year	3 853	2 379	2 379
Comprehensive income for the period	386	278	143
New issue, net including issue costs	–	–	1 588
Repurchase of own shares	–	–	-6
Acquisition/divestment of non-controlling interests	-6	0	6
Shareholders' contributions from minority shareholders	4	–	3
Dividend to shareholders	-10	-259	-260
Share savings programme	0	–	–
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	**4 228**	**2 398**	**3 853**
Of which non-controlling interests	29	18	25

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Operating activities						
Cash flow from operating activities before changes in working capital, excluding tax paid	*412*	*217*	*761*	*354*	*1 060*	*652*
Tax paid	-59	-65	-141	-127	-212	-199
Cash flow from operating activities before changes in working capital	**353**	**152**	**621**	**227**	**847**	**453**
Cash flow from changes in working capital:						
Changes in inventory	12	19	72	39	-303	-336
Changes in receivables	-47	-67	-217	-89	-51	78
Changes in liabilities	39	130	39	63	111	135
Increase (-)/Decrease (+) working capital	*4*	*83*	*-106*	*14*	*-242*	*-122*
Cash-flow from operating activities [1]	**357**	**234**	**515**	**241**	**605**	**331**
Cash flow from investing activities	**-42**	**-102**	**-125**	**-191**	**-4 340**	**-4 407**
Cash flow from financing activities [1]	**-341**	**-106**	**-453**	**-94**	**3 685**	**4 044**
CASH FLOW FOR THE PERIOD	**-26**	**27**	**-62**	**-44**	**-49**	**-32**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**177**	**183**	**205**	**254**	**213**	**254**
Exchange-rate difference in cash and cash equivalents	2	3	10	3	-10	-18
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**153**	**213**	**153**	**213**	**153**	**205**

[1] Cash flow from operating activities increased by SEK 123 M for the quarter and SEK 253 M for the six-month period as well as cash flow from financing activities decreased by SEK 123 M for the quarter and SEK 253 M for the six-month period due to IFRS 16.

INFORMATION ABOUT FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE IN THE BALANCE SHEET

The financial instruments measured at fair value in the balance sheet are shown below. This was carried out by dividing the measurements into three levels, which is described in the 2018 Annual Report, Note 11. All of Mekonomen's financial instruments are included in Level 2, excluding supplementary purchase considerations, which are included in Level 3. However, current supplementary purchase considerations do not represent material amounts.

The main methods and assumptions used to determine the fair value of the financial instruments shown in the table below are described in the 2018 Annual Report, Note 11. The financial instruments contained in the interim report are the same as those in the 2018 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	30 June 2019	30 June 2018
FINANCIAL ASSETS		
Derivatives: Currency swaps	–	–
Interest-rate swaps	0	–
TOTAL	**0**	**-**
FINANCIAL LIABILITIES		
Derivatives: Currency swaps	–	–
Interest-rate swaps	11	2
TOTAL	**11**	**2**

GROUP´S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 30 June 2019 SEK M	Derivative instruments [1]	Financial asset accrued aquisition value	Financial liabilitie accrued aquisition value	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	0	59	-	59	59	22	81
Accounts receivable	-	1 270	-	1 270	1 270	-	1 270
Other current receivables	-	-	-	-	-	512	512
Cash and cash equivalents	-	153	-	153	153	-	153
TOTAL	**0**	**1 482**	-	**1 482**	**1 482**	**534**	**2 017**
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing	11	-	5 137	5 149	5 149	-	5 149
Long-term liabilities, non-interest-beari	-	-	7	7	7	13	20
Current liabilities, interest-bearing	-	–	960	960	960	-	960
Accounts payable	-	–	1 284	1 284	1 284	-	1 284
Other current liabilities	-	–	5	5	5	1 034	1 039
TOTAL	**11**	**-**	**7 393**	**7 405**	**7 405**	**1 047**	**8 451**

[1] Derivative instruments used for hedge

QUARTERLY DATA, BUSINESS AREA	2019		2018					2017				
	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
NET SALES, SEK M [1]												
FTZ	860	836	1 088	836	252	–	–	–	–	–	–	–
Inter-Team	582	517	638	490	147	–	–	–	–	–	–	–
MECA/Mekonomen [2]	1447	1 362	5 301	1 363	1 267	1 422	1 249	5 060	1 287	1 192	1 315	1 266
Sørensen og Balchen	207	183	739	168	180	209	182	778	176	178	211	213
Central functions [3]	5	10	14	6	4	2	2	12	5	2	2	3
GROUP	**3 100**	**2 909**	**7 779**	**2 864**	**1 850**	**1 633**	**1 432**	**5 850**	**1 467**	**1 372**	**1 529**	**1 482**
EBITA, SEK M												
FTZ	88	93	50	37	14	–	–	–	–	–	–	–
Inter-Team	15	-1	0	0	0	–	–	–	–	–	–	–
MECA/Mekonomen [4]	156	114	468	64	126	195	83	561	125	131	175	130
Sørensen og Balchen	38	24	107	24	29	39	14	120	27	27	39	28
Central functions [3] [4]	-5	-10	-72	-18	-14	-32	-8	-32	-18	-1	-10	-3
GROUP	**292**	**222**	**553**	**107**	**155**	**202**	**89**	**649**	**134**	**157**	**203**	**155**
EBIT, SEK M												
FTZ	87	93	49	36	13	–	–	–	–	–	–	–
Inter-Team	15	-1	-1	0	0	–	–	–	–	–	–	–
MECA/Mekonomen [4]	145	103	428	54	116	186	73	513	106	121	165	121
Sørensen og Balchen	38	24	106	24	29	39	14	120	27	27	39	28
Central functions [3] [4]	-6	-10	-73	-19	-14	-33	-8	-34	-18	-2	-11	-4
Other items [5]	-39	-39	-103	-39	-26	-19	-19	-77	-19	-19	-19	-19
GROUP	**240**	**170**	**407**	**57**	**118**	**173**	**60**	**522**	**96**	**127**	**174**	**126**
INVESTMENTS, SEK M [6]												
FTZ	5	1	10	10	0	–	–	–	–	–	–	–
Inter-Team	2	1	3	2	1	–	–	–	–	–	–	–
MECA/Mekonomen	27	22	191	36	21	72	61	154	28	77	25	25
Sørensen og Balchen	1	4	6	0	1	3	2	3	0	0	1	1
Central functions [3]	0	4	12	4	2	3	3	6	2	2	2	0
GROUP	**35**	**32**	**221**	**52**	**25**	**78**	**66**	**164**	**30**	**79**	**28**	**27**
EBITA MARGIN, %												
FTZ	10	11	5	4	5	–	–	–	–	–	–	–
Inter-Team	3	0	0	0	0	–	–	–	–	–	–	–
MECA/Mekonomen [4]	11	8	9	5	10	13	6	11	10	11	13	10
Sørensen og Balchen	18	13	14	15	16	18	8	15	15	15	18	13
GROUP	**8**	**8**	**7**	**4**	**8**	**12**	**6**	**11**	**9**	**11**	**13**	**10**
EBIT MARGIN, %												
FTZ	10	11	5	4	5	–	–	–	–	–	–	–
Inter-Team	3	0	0	0	0	–	–	–	–	–	–	–
MECA/Mekonomen [4]	10	7	8	4	9	13	6	10	8	10	12	9
Sørensen og Balchen	18	13	14	15	16	18	8	15	15	15	18	13
GROUP	**8**	**6**	**5**	**2**	**6**	**10**	**4**	**9**	**6**	**9**	**11**	**8**

[1] Net sales for each business area are from external customers.
[2] Revenue for MECA/Mekonomen in the second quarter of 2017 has been restated for adjusted sales of SEK 24 M from external sales to internal sales. No impact on EBIT. For further information, refer to the press release on 23 August 2017.
[3] Central functions includes Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions.
[4] Acquisition costs pertaining to the second quarter of 2018 of SEK 19 M and to the third quarter of 2018 of SEK 4 M have been transferred from MECA/Mekonomen to central functions.
[5] "Other items" includes acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items pertain to amortisation of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.
[6] Investments do not include company and business combinations and exclude leases according to IFRS 16.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Apr–Jun 2019						Apr–Jun 2018					
Revenue distribution per country	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
FTZ	860					860	–					–
Inter-Team		582				582		–				–
MECA/Mekonomen			14	544	889	1 447			12	552	858	1 422
Sørensen og Balchen				207		207				209		209
Central functions						5						2
Total net sales, Group						**3 100**						**1 633**
Other revenue						44						40
GROUP REVENUE						**3 144**						**1 673**

Distribution of revenue per country based on the country that generates revenue for each segment.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan–Jun 2019						Jan–Jun 2018					
Revenue distribution per country	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
FTZ	1 695					1 695	-					–
Inter-Team		1 099				1 099		-				–
MECA/Mekonomen			26	1 063	1 720	2 809			22	1 031	1 618	2 671
Sørensen og Balchen				391		391				390		390
Central functions						14						4
Total net sales, Group						**6 008**						**3 065**
Other revenue						84						77
GROUP REVENUE						**6 092**						**3 142**

QUARTERLY DATA	2019		2018					2017				
SEK M	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue [1]	3 144	2 948	7 951	2 922	1 887	1 673	1 469	6 000	1 507	1 414	1 560	1 518
EBITDA	443	375	637	134	177	219	106	710	150	172	218	170
EBITDA excl. IFRS 16 [2]	315	245										
Adjusted EBIT	280	214	599	148	148	217	99	612	122	140	193	145
EBIT	240	170	407	57	118	173	60	522	96	127	174	126
Net financial items	-38	-41	70	-39	114	-3	-2	-47	-9	-8	-18	-13
Profit after financial items	202	129	477	17	233	170	58	475	87	119	156	113
Tax	-45	-33	-209	-9	-147	-38	-15	-107	-12	-30	-38	-27
Profit for the period	157	96	268	8	85	131	43	368	75	89	118	86
EBITDA margin, %	14	13	8	5	9	13	7	12	10	12	14	11
Adjusted EBIT margin, %	9	7	8	5	8	13	7	10	8	10	12	10
EBIT margin, %	8	6	5	2	6	10	4	9	6	9	11	8
Earnings per share before and after dilution, SEK	2,71	1,68	6,56	0,18	2,30	3,53	1,15	10,05	2,07	2,43	3,22	2,33
Shareholders' equity per share, SEK	74,5	71,0	67,9	67,9	64,4	66,3	68,8	65,8	65,8	64,3	61,6	66,3
Cash flow per share, SEK	6,3	2,8	8,3	0,9	4,9	6,5	0,2	13,8	6,8	2,2	3,7	1,0
Return on shareholders' equity, % [3]	10,1	10,5	9,7	9,7	13,7	14,0	13,6	15,6	15,6	15,3	15,2	14,9
Share price at the end of the period	77,4	64,9	91,5	91,5	126,4	123,8	142,6	149,3	149,3	184,5	167,0	176,5

[1] Revenue for the second quarter of 2017 has been restated for adjusted sales of SEK 24 M from external sales to internal sales. No impact on EBIT. For further information, refer to the press release on 23 August 2017.

[2] EBITDA excl. IFRS 16, see alternative performance measures for calculation.

[3] The key figures for return on shareholders' equity are calculated on a rolling 12-month basis for each quarter.

KEY FIGURES	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Return on shareholders' equity, %[1]	–	–	10,1	14,0	10,1	9,7
Return on total capital, % [1]	–	–	6,4	8,3	6,4	6,8
Return on capital employed, % [1]	–	–	8,4	11,1	8,4	9,1
Equity/assets ratio, % [2]	32,2	41,4	32,2	41,4	32,2	35,5
Net debt, SEK M	4 042	1 652	4 042	1 652	4 042	4 098
Net debt/EBITDA, multiple [1] [3]	–	–	3,58	2,56	3,58	6,44
Gross margin, %	44,5	55,7	45	54,4	45,8	49,9
EBITDA margin, % [4]	14,1	13,1	13,4	10,3	10,4	8,0
Adjusted EBIT margin, %	8,9	13,0	8,1	10,1	7,1	7,5
EBIT margin, %	7,6	10,3	6,7	7,4	5,4	5,1
Earnings per share before and after dilution, SEK	2,71	3,53	4,39	4,69	6,80	6,56
Shareholders' equity per share, SEK	–	–	74,5	66,3	74,5	67,9
Cash flow per share, SEK	6,3	6,5	9,1	6,7	12,1	8,3
Number of shares at the end of the period [5]	56 353 372	35 901 487	56 353 372	35 901 487	56 353 372	56 353 372
Average number of shares during the period	56 353 372	35 901 487	56 353 372	35 901 487	49 860 498	39 718 604

[1] Key figures for return on shareholders' equity/total capital/capital employed and net debt/EBITDA are calculated on a rolling 12-month basis for the January–June period.

[2] The equity/assets ratio has changed materially due to IFRS 16. The equity/assets ratio excl. IFRS 16 amounts to 37.7 per cent.

[3] Net debt/EBITDA reported to the bank includes EBITDA rolling 12 months including FTZ and Inter-Team, excluding IFRS 16 and with a margin under the maximum level as stated in the agreement. The table above includes EBITDA from FTZ and Inter-Team from September 2018, i.e. only 10 months and including IFRS 16.

[4] The EBITDA margin has changed materially due to IFRS 16. The EBITDA margin excl. IFRS 16 amounts to 10 per cent for the quarter and 9.19 per cent for the six-month period.

[5] The total number of shares amounts to 56,416,622, of which 63,250 are own shares at the end of the quarter.

NUMBER OF STORES AND WORKSHOPS	FTZ 30 June		Inter-Team 30 June		MECA/ Mekonomen 30 June		Sørensen og Balchen 30 June		Group 30 June	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Number of stores										
Proprietary stores	51	–	79	–	227	226	38	38	395	264
Partner stores	0	–	3	–	40	41	28	28	71	69
Total	**51**	**0**	**82**	**0**	**267**	**267**	**66**	**66**	**466**	**333**
Number of workshops										
Mekonomen Service Centres	–	–	–	–	792	779	–	–	792	779
MekoPartner	–	–	–	–	212	233	–	–	212	233
Speedy	–	–	–	–	39	39	–	–	39	39
BilXtra	–	–	–	–	–	–	261	263	261	263
MECA Car Service	–	–	–	–	718	712	–	–	718	712
AlltiBil	–	–	–	–	8	–	–	–	8	–
AutoMester	425	–	–	–	–	–	–	–	425	–
Din BilPartner	148	–	–	–	–	–	–	–	148	–
HELLA Service Partner	329	–	–	–	–	–	–	–	329	–
CarPeople	27	–	–	–	–	–	–	–	27	–
O.K. Serwis	–	–	182	–	–	–	–	–	182	–
INTER DATA SERVICE	–	–	338	–	–	–	–	–	338	–
Total	**929**	**0**	**520**	**0**	**1 769**	**1 763**	**261**	**263**	**3 479**	**2 026**

AVERAGE NUMBER OF EMPLOYEES	Jan–Jun 2019	Jan–Jun 2018
FTZ	1 163	–
Inter-Team	1 433	–
MECA/Mekonomen	2 061	1 958
Sørensen og Balchen	268	252
Central functions [1]	55	47
Total	**4 978**	**2 257**

[1] Central functions includes Group-wide functions that also include the Parent Company Mekonomen AB and operations in ProMeister Solutions.

FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Operating revenue	22	19	43	35	88	81
Operating expenses	-27	-29	-58	-51	-127	-120
EBIT	**-5**	**-11**	**-15**	**-16**	**-39**	**-39**
Net financial items [1)]	-44	0	236	342	599	705
Profit after financial items	**-49**	**-10**	**221**	**326**	**561**	**666**
Appropriations	-	-	-	-	73	73
Tax	11	2	23	3	-101	-122
PROFIT FOR THE PERIOD	**-39**	**-8**	**245**	**329**	**533**	**617**

[1)] Net financial items include dividends on participations in subsidiaries totalling SEK 332 M (340) for the first six months and SEK 612 M for the full-year 2018.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY, SEK M	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Profit for the period	-39	-8	245	329	533	617
COMPREHENSIVE INCOME FOR THE PERIOD	**-39**	**-8**	**245**	**329**	**533**	**617**

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	30 June 2019	30 June 2018	31 December 2018
ASSETS			
Fixed assets	8 014	3 257	8 055
Current receivables in Group companies	1 391	1 630	1 338
Other current receivables	64	42	27
Cash and cash equivalents	19	131	79
TOTAL ASSETS	**9 488**	**5 059**	**9 499**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	5 010	2 895	4 765
Untaxed reserves	247	252	247
Provisions	3	3	3
Long-term liabilities	3 691	1 378	3 224
Current liabilities in Group companies	0	7	123
Other current liabilities	537	524	1 137
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**9 488**	**5 059**	**9 499**

SUMMARY OF CHANGES IN EQUITY FOR THE PARENT COMPANY, SEK M	30 June 2019	30 June 2018	31 December 2018
Shareholders' equity at the beginning of the year	4 765	2 817	2 817
Comprehensive income for the period	245	329	617
New issue, net including issue costs	–	–	1 588
Repurchase of own shares	–	–	-6
Dividend to shareholders	–	-251	-251
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	**5 010**	**2 895**	**4 765**

ALTERNATIVE PERFORMANCE MEASURES

As of the January–June 2016 interim report, Mekonomen applies the Guidelines on Alternative Performance Measures issued by ESMA*. An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows that are not defined or specified in IFRS. Mekonomen believes that these measures valuable supplementary information to company management, investors and other stakeholders in evaluating the company's performance. The alternative performance measures are not always comparable with measures used by other companies since not all companies calculate these measures in the same way. These should therefore be seen as a supplement to the measures defined according to IFRS. For definitions of key figures, refer to page 20. For relevant reconciliations of the alternative performance measures that cannot be directly read in or derived from the financial statements, refer to the tables below. For historical reconciliations of alternative performance measures, refer also to supplements to the 2016, 2017 and 2018 Annual Reports on our website: https://www.mekonomen.com/en/alternative-performance-measures/

*The European Securities and Markets Authority.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON SHAREHOLDERS' EQUITY SEK M	Jan–Jun [1] 2019	Jan–Jun [1] 2018	12 months July–June	Full-year 2018
Profit for the period (rolling 12-month basis)	347	339	347	268
– Less non-controlling interest of profit for the period (rolling 12 months)	-7	-9	-7	-8
Profit for the period excluding non-controlling interest (rolling 12 months)	**339**	**330**	**339**	**260**
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters [2]	3 344	2 347	3 344	2 670
RETURN ON SHAREHOLDERS' EQUITY, %	**10,1**	**14,0**	**10,1**	**9,7**

[2] SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Shareholders' equity	4 228	4 034	3 853	2 340	2 398	2 487	2 379	2 323	2 224	2 396
– Less non-controlling interest of shareholders' equity	-29	-32	-25	-29	-18	-17	-16	-15	-12	-15
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**4 199**	**4 002**	**3 828**	**2 311**	**2 380**	**2 469**	**2 363**	**2 308**	**2 212**	**2 381**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters	**3 344**	**2 998**	**2 670**	**2 366**	**2 347**	**2 347**	**2 315**	**2 295**	**2 259**	**2 266**

RETURN ON TOTAL CAPITAL SEK M	Jan–Jun 1) 2019	Jan–Jun 1) 2018	12 months July–June	Full-year 2018
Profit after financial items (rolling 12 months)	580	433	580	477
– Plus Interest Expenses (rolling 12 months)	116	30	116	53
Profit after financial items plus interest expenses (rolling 12 months)	**696**	**463**	**696**	**530**
– Divided by TOTAL ASSETS, average over the past five quarters [3]	10 798	5 603	10 798	7 787
RETURN ON TOTAL CAPITAL, %	**6,4**	**8,3**	**6,4**	**6,8**

[3] TOTAL ASSETS SEK M	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Total assets	13 118	13 099	10 863	11 111	5 798	5 608	5 554	5 590	5 465	5 528
TOTAL ASSETS, average over the past five quarters	**10 798**	**9 296**	**7 787**	**6 732**	**5 603**	**5 549**	**5 518**	**5 500**	**5 479**	**5 463**

RETURN ON CAPITAL EMPLOYED SEK M	Jan–Jun [1] 2019	Jan–Jun [1] 2018	12 months July–June	Full-year 2018
Profit after financial items (rolling 12 months)	580	433	580	477
– Plus Interest Expenses (rolling 12 months)	116	30	116	53
Profit after financial items plus interest expenses	**696**	**463**	**696**	**530**
– Divided by CAPITAL EMPLOYED, average over the past five quarters [4]	8 292	4 167	8 292	5 809
RETURN ON CAPITAL EMPLOYED, %	**8,4**	**11,1**	**8,4**	**9,1**

[1] The key figures for return on shareholders' equity/total capital/capital employed are calculated on a rolling 12-month basis for the January-June period.

[4] CAPITAL EMPLOYED		2019		2018			2017		
SEK M	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	13 118	13 099	10 863	11 111	5 798	5 608	5 554	5 590	5 465	5 528
– Less deferred tax liabilities	-439	-465	-474	-449	-147	-157	-168	-142	-149	-155
– Less long-term liabilities, non-interest-bearing	-20	-20	-20	-13	-11	-16	-18	-35	-35	-32
– Less current liabilities, non-interest-bearing	-2 323	-2 244	-2 203	-2 334	-1 370	-1 228	-1 280	-1 259	-1 162	-1 178
CAPITAL EMPLOYED	**10 337**	**10 370**	**8 166**	**8 316**	**4 271**	**4 207**	**4 087**	**4 153**	**4 119**	**4 162**
CAPITAL EMPLOYED, average over the past five quarters	**8 292**	**7 066**	**5 809**	**5 007**	**4 167**	**4 146**	**4 117**	**4 119**	**4 119**	**4 122**

GROSS MARGIN SEK M	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Net sales	3 100	1 633	6 008	3 065	10 722	7 779
– Less goods for resale	-1 721	-724	-3 307	-1 397	-5 811	-3 901
Total	**1 378**	**909**	**2 702**	**1 668**	**4 912**	**3 878**
– Divided by net sales	3 100	1 633	6 008	3 065	10 722	7 779
GROSS MARGIN, %	**44,5**	**55,7**	**45,0**	**54,4**	**45,8**	**49,9**

EARNINGS PER SHARE SEK M	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Profit for the period	157	131	253	175	347	268
– Less non-controlling interests' share	-4	-5	-6	-6	-7	-8
Profit for the period attributable to Parent Company's shareholders	**153**	**127**	**247**	**168**	**339**	**260**
– Divided by Average number of shares [5]	56 353 372	35 901 487	56 353 372	35 901 487	49 860 498	39 718 604
EARNINGS PER SHARE, SEK	**2,71**	**3,53**	**4,39**	**4,69**	**6,80**	**6,56**

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Shareholders' equity	4 228	2 398	4 228	3 853
– Less non-controlling interest of shareholders' equity	-29	-18	-29	-25
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**4 199**	**2 380**	**4 199**	**3 828**
– Divided by Number of shares at the end of the period [5]	56 353 372	35 901 487	56 353 372	56 353 372
SHAREHOLDERS' EQUITY PER SHARE, SEK	**74,5**	**66,3**	**74,5**	**67,9**

CASH FLOW PER SHARE SEK M	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Cash flow from operating activities	357	234	515	241	605	331
– Divided by Average number of shares [5]	56 353 372	35 901 487	56 353 372	35 901 487	49 860 498	39 718 604
CASH FLOW PER SHARE, SEK	**6,3**	**6,5**	**9,1**	**6,7**	**12,1**	**8,3**

5) AVERAGE NUMBER OF SHARES	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
Number of shares at the end of the period	56 353 372	35 901 487	56 353 372	35 901 487	56 353 372	56 353 372
– Multiplied by the number of days that the Number of shares at the end of the period has remained unchanged during the period	91	91	181	181	189	8
Number of shares on another date during the period			0	0	35 901 487	35 901 487
Number of shares on another date during the period					56 310 344	56 310 344
Number of shares on another date during the period					56 416 622	56 416 622
– Multiplied by the number of days that the Number of shares on another date has existed during the period			0	0	116	297
– Multiplied by the number of days that the Number of shares on another date has existed during the period			0	0	12	12
– Multiplied by the number of days that the Number of shares on another date has existed during the period					48	48
– Total divided by the number of days during the period	91	91	181	181	365	365
AVERAGE NUMBER OF SHARES	**56 353 372**	**35 901 487**	**56 353 372**	**35 901 487**	**49 860 498**	**39 718 604**

NET DEBT SEK M	30 June 2019	30 June 2018	31 December 2018
Long-term liabilities, interest-bearing incl. lease liability	5 149	1 381	3 232
– Less interest-bearing long-term liabilities and provisions for pensions, leases, derivatives and similar obligations	-1 455	-3	-7
Current liabilities, interest-bearing incl. lease liability	960	492	1 081
– Less interest-bearing current liabilities and provisions for pensions, leases, derivatives and similar obligations	-459	-5	-3
– Less Cash and cash equivalents	-153	-213	-205
NET DEBT	**4 042**	**1 652**	**4 098**

EBITDA excluding IFRS 16	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	12 months July–June	Full-year 2018
EBITDA according to income statement	443	219	818	325	1 130	637
– less change relating to lease expenses in accordance with IFRS 16	-129		-258		-258	
EBITDA excluding IFRS 16	**315**	**219**	**560**	**325**	**871**	**637**

FINANCIAL DEFINITIONS

Adjusted EBIT	EBIT adjusted for items affecting comparability and material acquisition-related items. Current acquisition-related items are amortizations of acquired intangible assets pertaining to the acquisitions FTZ, Inter-Team, MECA and Sørensen og Balchen.
Adjusted EBIT margin	Adjusted EBIT as a percentage of total revenue.
Capital employed	Total assets less non-interest-bearing liabilities and provisions, including deferred tax liabilities.
Cash flow per share	Cash flow from operating activities in relation to the average number of shares. Average number of shares is calculated as the average number of shares at the end of the period multiplied by the number of days that this number existed during the period, plus any other number of shares during the period multiplied by the number of days that this or these numbers existed during the period, with the total divided by the number of days during the period.
Cash and cash equivalents	Cash and cash equivalents comprise cash funds held at financial institutions and current liquid investments with a term from the date of acquisition of less than three months, which are exposed to only an insignificant risk of fluctuations in value. Cash and cash equivalents are recognised at nominal amounts.
EBIT margin	EBIT after depreciation/amortisation as a percentage of total revenue.
EBITA	EBIT after depreciation according to plan but before amortisation and impairment of intangible fixed assets.
EBITA margin	EBITA as a percentage of total revenue.
EBITDA	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets.
EBITDA excl IFRS 16	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets excl IFRS 16 adjustments.
EBITDA margin	EBITDA as a percentage of total revenue.
Earnings per share	Profit for the period excluding non-controlling interests, in relation to the average number of shares. Average number of shares is calculated as the average number of shares at the end of the period multiplied by the number of days that this number existed during the period, plus any other number of shares during the period multiplied by the number of days that this or these numbers existed during the period, with the total divided by the number of days during the period.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of total assets.
Gross margin	Net sales less costs for goods for resale, as a percentage of net sales.
Gross profit	Revenue less cost for goods for resale.
Net debt	Short-term and long-term interest-bearing liabilities for borrowing, ie excluding short and long-term leasing liabilities, pensions, derivatives and similar liabilities, less cash and cash equivalents.
Organic growth	Change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.
Return on shareholders' equity	Profit for the period, excluding non-controlling interests, as a percentage of average shareholders' equity attributable to Parent Company's shareholders. Average shareholders' equity attributable to Parent Company's shareholders is calculated as shareholders' equity attributable to Parent Company's shareholders at the end of the period plus the shareholders' equity for the four immediately preceding quarters attributable to Parent Company's shareholders at the end of the periods divided by five.
Return on capital employed	Profit after financial items plus interest expenses as a percentage of average capital employed. Average capital employed is calculated as capital employed at the end of the period plus the capital employed for the four immediately preceding quarters divided by five.
Return on total capital	Profit after financial items plus interest expenses as a percentage of average total assets. Average total assets is calculated as total assets at the end of the period plus the total assets for the four immediately preceding quarters at the end of the periods divided by five.
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests, in relation to the number of shares at the end of the period.

COMPANY-SPECIFIC TERMS AND DEFINITIONS

Affiliated workshops	Workshops that are not proprietary, but conduct business under the Group's brands/workshop concepts (Mekonomen Service Centre, MekoPartner, MECA Car Service, BilXtra and Speedy).
Business area	Reportable segment
B2B	Sales of goods and services between companies (business-to-business).
B2C	Sales of goods and services between companies and consumers (business-to-consumer).
DAB products	Car accessories with solutions for receiving digital radio broadcasts. DAB is an abbreviation for Digital Audio Broadcasting.
Proprietary stores	Stores with operations in subsidiaries, directly or indirectly majority owned by Mekonomen AB.
Proprietary workshops	Workshops with operations in subsidiaries, directly or indirectly majority owned by Mekonomen AB.
OBP	Proprietary products, such as Mekonomen Group's proprietary products ProMeister and Carwise.
Fleet operations	Mekonomen Group's offering to business customers comprising service and repairs of cars, sales of spare parts and accessories, and tyre storage.
Sales in comparable units	Sales in comparable units comprise external sales, in local currency, in majority-owned stores, wholesale sales to partner stores, external sales in majority-owned workshops and Internet sales.
Sales to Customer Group Affiliated workshops	Sales to affiliated workshops and sales to proprietary workshops.
Sales to Customer Group Consumer	Cash sales from proprietary stores to customer groups other than Affiliated Workshops and Other B2B Customers, as well as the Group's e-commerce sales to consumers.
Sales to Customer Group Partner stores	Sales to partner stores.
Sales to Customer Group Other B2B Customers	Sales to business customers that are not affiliated with any of Mekonomen Group's concepts, including sales in Fleet operations.
Comparable units	Stores, majority-owned workshops and Internet sales that have been in operation over the past 12-month period and throughout the entire preceding comparative period.
Items affecting comparability	Events or transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including restructuring programmes, costs related to major legal disputes, impairments, and gains and losses from the acquisition or divestments of businesses, subsidiaries, associated companies and joint ventures or items of a similar nature.
Concept workshops	Affiliated workshops.
Lasingoo	The car portal that Mekonomen Group owns together with industry players that simplifies the workshop selection and booking processes for car owners.
ProMeister	Mekonomen Group's proprietary brand for high-quality spare parts with five-year guarantees.
ProMeister sales	Sales of Mekonomen Groups proprietary brand ProMeister, mainly consists of spare part, but also accessories.
Spare parts for cars	Parts that are necessary for a car to function.
Partner stores	Stores that are not proprietary, but conduct business under the Group's brands/store concepts.
Accessories for cars	Products that are not necessary for a car to function, but enhance the experience or extend use of the car, such as car-care products, roof boxes, car child seats, etc.
Underlying net sales	Sales adjusted for the number of comparable workdays and currency effects.
Currency effects in the balance sheet	Impact of currency with respect to realised and unrealised revaluations of foreign short term non-interest-bearing receivables and liabilities.
Currency transaction effects	Impact of currency with respect to internal sales from Bileko Car Parts AB, and from MECA Car Parts AB to each country.
Currency translation effects	Impact of currency from translation of earnings from foreign subsidiaries to SEK.
Other operating revenue	Mainly comprises rental income, marketing subsidies and exchange-rate gains in Mekonomen Group.

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