



Mekonomen Group

January – June 2019

August 23, 2019

Q2 2019 – Stable sales – in line with a strong second quarter last year

Stable sales

Stable organic sales in MECA/Mekonomen and strong sales contribution from acquired FTZ and Inter-Team

Continued focus on profitable growth and cash flow

- Ongoing cost-saving programme. Full effect of SEK 65 M annually at the end of Q4 2019
- Acting on unprofitable businesses, streamlining our organisation and prioritisation of projects

Integration of acquired FTZ and Inter-Team according to plan

Customer survey

High rating from our customers on important parameters

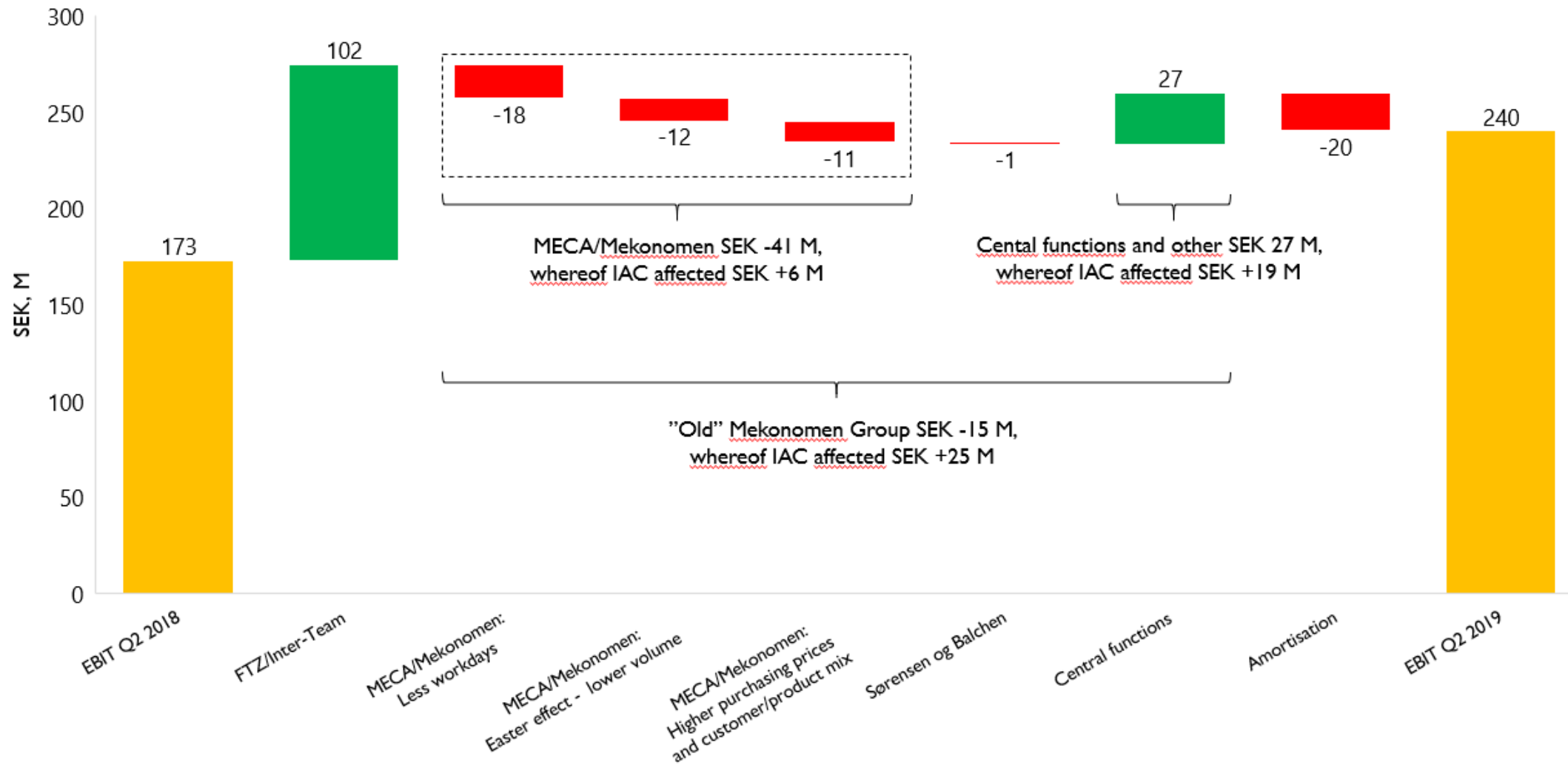
MEKONOMEN GROUP – SECOND QUARTER 2019

SEK M	Q2 2019	Q2 2018	change	2019 6M	2018 6M	change
Group, net sales	3,100	1,633	90%	6,008	3,065	96%
Adjusted EBIT ¹⁾	280	217	29%	494	316	56%
EBIT	240	173	39%	410	233	76%
Key figures						
- Organic growth ²⁾	0%	3%		1%	2%	
- Adjusted EBIT margin	9%	13%		8%	10%	
- EBIT margin	8%	10%		7%	7%	

¹⁾ Adjusted EBIT is EBIT adjusted for items affecting comparability and amortisation of acquired intangible assets — FTZ, Inter-Team, MECA and Sørensen og Balchen.

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

Development – EBIT Q2 2019 vs Q2 2018

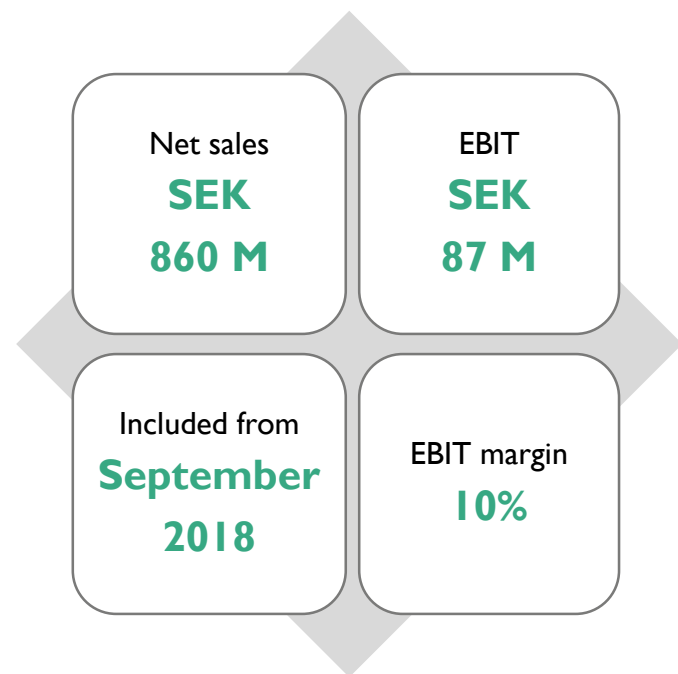


¹⁾ Amortisation of acquired intangible assets pertaining to the acquisitions of FTZ and Inter-Team.

A photograph of three people in a car repair shop. A man with grey hair and a beard, wearing a blue plaid shirt, is holding a black box labeled 'ProMeister Cabin Air Filter' and showing it to a woman with long brown hair and bangs, who is wearing a green jacket. To the left, a man with a beard and long hair, wearing a red long-sleeved shirt, is looking towards the woman. In the background, other people are working on cars, and a car wheel is visible. The text 'SALES & RESULT - PER BUSINESS AREA' is overlaid in white, bold, sans-serif font across the center of the image.

SALES & RESULT - PER BUSINESS AREA

FTZ – SECOND QUARTER 2019



Net sales slightly lower than last year⁽¹⁾, due to Easter effect and a generally slow Danish market, but estimated retained market shares

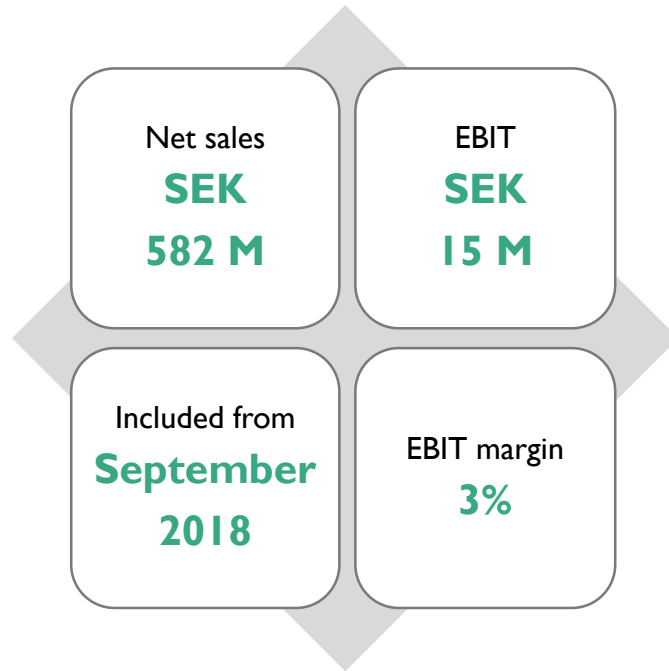
Stable EBIT margin

Included 10 months in the Group

SEK M	Q2 2019	Q2 2018	change	2019 6M	2018 6M	change
Net sales	860	-	-	1,695	-	-
EBIT	87	-	-	180	-	-
Key figures - EBIT margin	10%	-	-	11%	-	-

¹⁾ The comparison period 2018Q2 is before the date of acquisition.

INTER-TEAM – SECOND QUARTER 2019



Strong sales growth¹⁾, driven by increased sales in both Poland and export to neighboring countries, estimated gained market shares

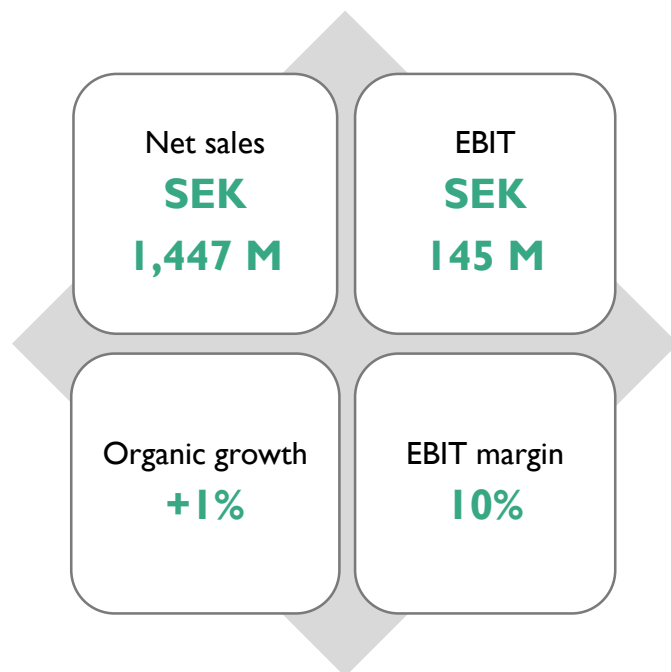
Improved EBIT, but high competition put pressure on gross margin

Included 10 months in the Group

SEK M	Q2 2019	Q2 2018	change	2019 6M	2018 6M	change
Net sales	582	-	-	1,099	-	-
EBIT	15	-	-	14	-	-
Key figures - EBIT margin	3%	-	-	1%	-	-

¹⁾ The comparison period 2018Q2 is before the date of acquisition.

MECA/MEKONOMEN – SECOND QUARTER 2019



Favorable organic sales trend in line with market growth of 1 – 2 per cent annually, adjusted for Easter

EBIT negatively affected by less workdays, Easter effect, customer/product mix, and increased purchasing prices due to weak SEK against EUR

Progress within Preqas and our proprietary workshops, but still challenging in Mekonomen Finland

SEK M	Q2 2019	Q2 2018	change	2019 6M	2018 6M	Change
Net sales	1,447	1,422	2%	2,809	2,671	5%
- Sweden	889	858	4%	1,720	1,618	6%
- Norway	544	552	-2%	1,063	1,031	3%
- Finland	14	12	17%	26	22	15%
Adjusted EBIT ¹⁾	145	192	-24%	252	277	-9%
EBIT	145	186	-22%	248	258	-4%
Key figures						
- Organic growth	1%	2%		2%	2%	
- EBIT margin	10%	13%		9%	9%	

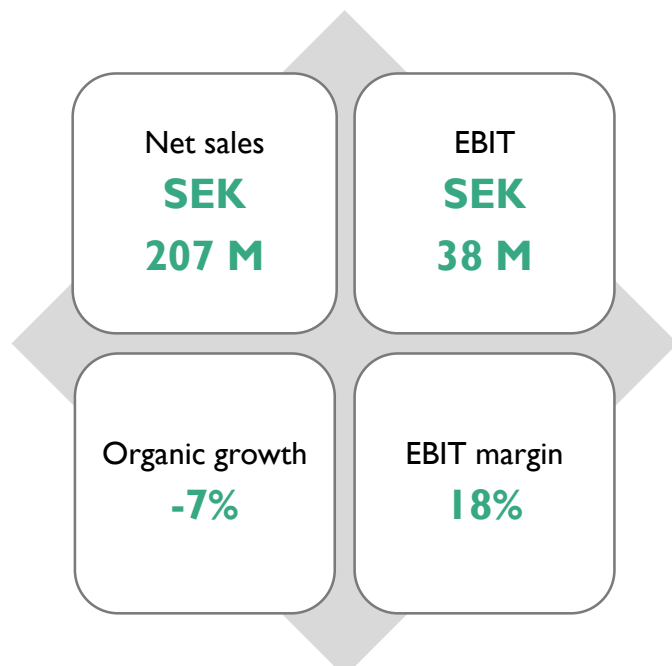
¹⁾ Adjusted EBIT excludes items affecting comparability



MERGING OF CENTRAL WAREHOUSES IN SWEDEN

- Proceeding according to plan, full cost savings of SEK 50 M will have a full effect on EBIT from 2020
- During 2019 we have seen positive effects from the new automation regarding warehouse efficiency and delivery quality
- During Q3 2019 start implementing MECA in the warehouse - initially with pilot testing of a smaller number of MECA branches to ensure full delivery capacity without interruption in MECA's ongoing operations

SØRENSEN OG BALCHEN – SECOND QUARTER 2019



Favorable sales growth to affiliated workshops, but negatively impacted by weak retail market and Easter effect

Largest part of B2C sales in the Group and more exposed to the retail market. Action on increasing share of B2B sales is proceeding well

Continued high EBIT and EBIT margin due to responsive adaption to changed market conditions

SEK M	Q2 2019	Q2 2018	change	2019 6M	2018 6M	change
Net sales	207	209	-1%	391	390	0%
Adjusted EBIT ¹⁾	38	39	-3%	62	60	3%
EBIT	38	39	-3%	62	53	16%
Key figures						
- Organic growth	-7%	-9%		-10%	-8%	
- EBIT margin	18%	18%		16%	13%	

¹⁾ Adjusted EBIT excludes items affecting comparability

A photograph of a modern automotive repair shop. A silver SUV is elevated on a two-post lift. Three technicians are working: one is using a flashlight on the underside of the car, another is looking up at the car, and a third is working on a tire in the background. The shop is well-lit and organized, with various tools and equipment visible.

MARKET & FOOTPRINT

Group main markets and trends

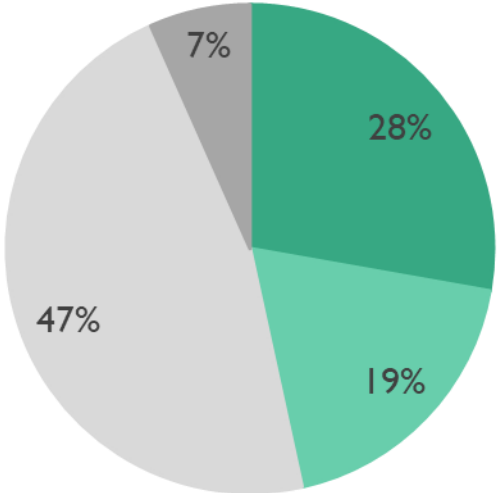
2018	Denmark	Norway	Poland	Sweden
Population	5.8 million	5.3 million	38.4 million	10.2 million
GDP growth	1.4 %	2.2 %	5.1 %	2.3 %
Number of cars	2.5 million	2.8 million	22.5 million	4.8 million
Growth in number of cars	2.6 %	1.1 %	3.9 %	0.5 %
Cars >3 years old	69 %	82 %	93 %	81 %
Pure electric cars	0.3 %	7.1 %	<0.1%	0.3 %
Market structure	High consolidation	High consolidation	Fragmented	High consolidation
Expected long-term growth (%)	1-2 %	1-2 %	4-5 %	1-2 %
Mekonomen Group's B2B share of total sales	100 %	~85 % whereof SogB ~70 %	100 %	~85 %
Mekonomen Group's market share	28 %	25 %	4 %	15 %

Trends

- Change of customer expectations
 - Digitalisation
 - Future car fleet
- Next generation car fleet
 - Electric cars
 - Higher share of software in the cars
- Shift in competitiveness
 - Connected cars
 - New actors
 - Consolidation and integration

Mekonomen Group - Footprint

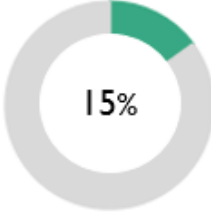
Net sales per business area, 2019Q2



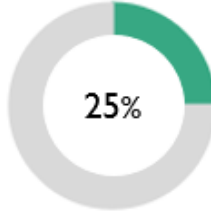
■ FTZ ■ Inter-Team
■ MECA/Mekonomen ■ Sørensen og Balchen

Main markets

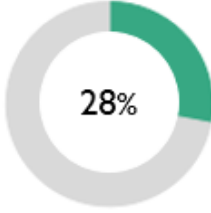
Market shares



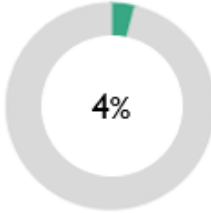
Sweden
 Number of branches: 189 (19Q1: 191)
 Number of affiliated workshops: 1 012 (19Q1: 1 022)



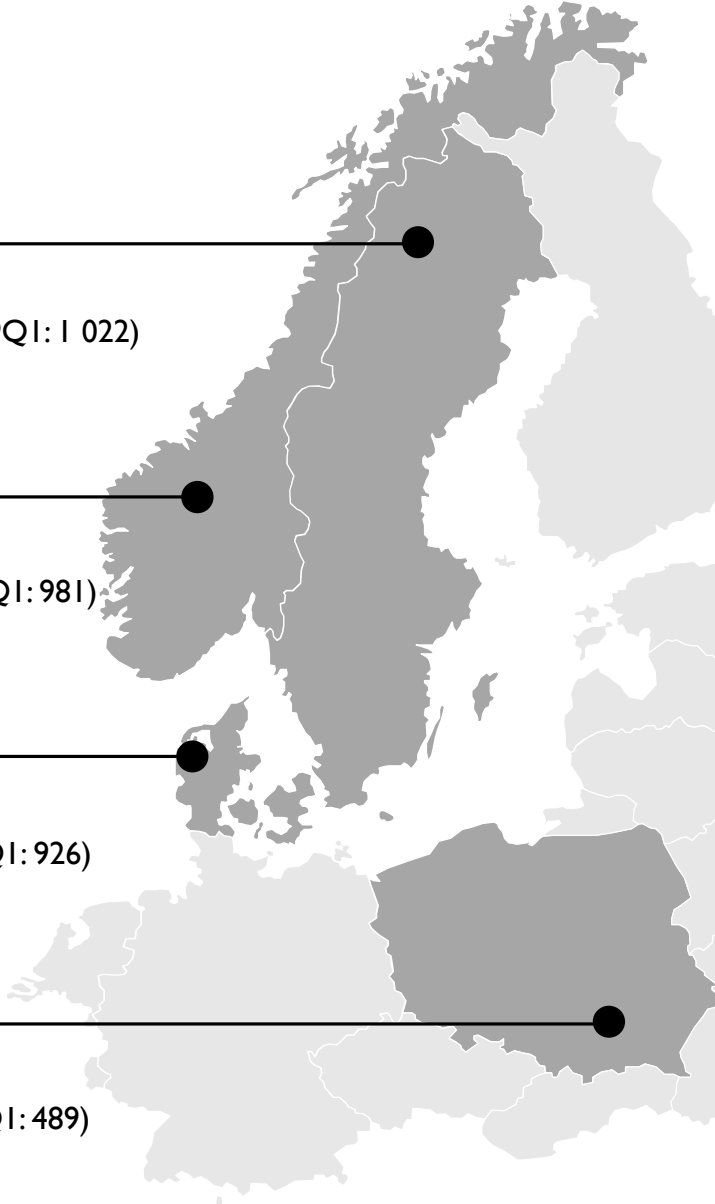
Norway
 Number of branches : 132 (19Q1: 132)
 Number of affiliated workshops: 989 (19Q1: 981)



Denmark
 Number of branches : 51 (19Q1: 51)
 Number of affiliated workshops: 929 (19Q1: 926)



Poland
 Number of branches : 82 (19Q1: 82)
 Number of affiliated workshops: 520 (19Q1: 489)





Group synergies and best practice

- Purchasing synergies are proceeding according to plan
- Established collaboration between the Group's business areas within the area training and technical support
- Common development of future private label in the Group

New branch concept in Sweden - BilXtra

- The BilXtra concept attracts new customer groups and thus broadens the target group in Sweden with gained market shares from competitors
- Efficient establishment strategy
 - Branches with an existing wide customer base
 - Both proprietary branches and franchise cooperations
- The brand already exists within the Group in Norway, operated by Sørensen og Balchen. In Sweden BilXtra are operated by MECA Sweden



Noe veldig **X**tra er på vei.

BilXtra är störst i Norge på tillbehör och reservdelar. I Sverige finns våra produkter än så länge endast i Jönköping, Malmö och Växjö. Inom kort dykar våra låga priser upp runt om i hela landet.



Initiatives in attracting mechanics

- Since 2017 Inter-Team have had a collaboration with the oldest automotive technical upper secondary school in Warsaw, Poland.
 - The aim of the project is to provide young future car mechanics with current and practical knowledge in the field of diagnostics and repair of motor vehicles and to improve the qualifications of school graduates
 - The students participates in specialised trainings organised and run by Inter-Team Technical Academy staff in parallel with the school programme. The students are equipped with working clothes and get the opportunity to have an internship at Inter-Team or at one of OK Serwis workshops
 - Since the start, 24 trainings have been organized and 94 students have been trained
- “Always on” advertising strategy in the Group
 - Ongoing advertising to attract mechanics in traditional and social media and through organisations and authorities.
 - Own channels, eg. the FTZ’s workshop concept Din Bilpartner, who facilitates workshops and mechanics to match through a digital recruitment portal on their web site
- Our own upper secondary school in Sweden starts its third year with full classes in first grade in Stockholm and Lund. We thus have students of all three grade levels
- A mechanic training programme for adults is initiated in collaboration with the Swedish Public Employment Service (Arbetsförmedlingen) and the training actor Yrkesakademin. In 30 weeks, unemployed adults are retrained to become automotive mechanics



Customer survey 2019

- Comprehensive customer survey with over 1.500 participating workshops
- Overall high ratings throughout the survey areas in all Group companies
- The result will be used to further develop and improve the customer experience in the Group



Customer survey 2019

- High satisfaction

- Our customers are most satisfied within the areas deliveries and the contact with the local store
- The most important areas for our customers, which also correlates with the overall customer satisfaction, are:
 - Development of services and concepts
 - Central marketing and providing new clients to the workshops
 - Contact with local store
- The most important reason for affiliation to a workshop concept is:
 - The brand
 - Fast deliveries
 - Spare part range



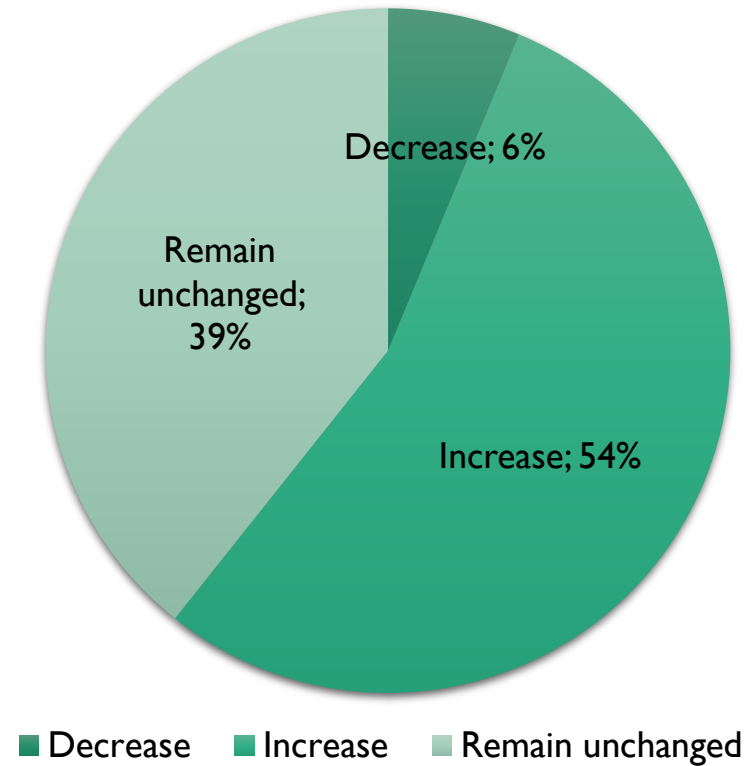
Customer survey 2019

- Focus areas

- Continued digitalisation of the booking process
- Continue to attract car owners to our affiliated workshops
- Continued development of workshop concepts
- Continued development of private label assortments

Customer survey 2019

- Confidence in future growth in our affiliated workshops



- **Q:** Do you believe that your business will increase, decrease or remain unchanged in the next five years?

Focus 2019

Profitability

Improved sales, efficiency and cost control

- Synergies & best practice
- Efficiency and saving programme
- Act on unprofitable businesses

Customer value

Develop our concepts to affiliated workshops and other B2B customers

- B2B focus - with consistent consumer insight
- Availability, services & product range
- Develop core business concepts & digital solutions for our affiliated workshops

Growth

Continue to grow and develop core & venture businesses

- Organic growth
- Leverage on initiated strategic investments (business systems, spare part catalogue automated warehouse, acquisitions)



APPENDIX

IFRS 16 effects

- Primarily affecting leasing contracts pertaining to premises and vehicles
- Net debt is not affected by IFRS 16, due to our definition is excluding leasing liabilities

IFRS 16 effects in 2019Q2

SEK M	Including	Excluding	Effect
EBITDA	443	0	443
Adjusted EBIT	280	275	5
EBIT	240	235	5
Profit after financial items	202	208	-6
Profit after tax	157	161	-4
Right-of-use assets	1 947	0	1 947
Leasing liabilities	1 898	0	1 898
CF from operating activities	357	234	123
CF from financing activities	-42	81	-123
CF for the period	-26	0	-26
Net debt	4 042	4 042	0
Equity/asset ratio, %	32	38	-6

Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr-Jun			Jan-Jun			12 months July-June	Full-year 2018
	2019	2018	Change, %	2019	2018	Change, %		
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	32	8	10	-21	7	8
EBIT margin, %	8	10	10	7	7	-9	5	5

ADJUSTED EBIT SEK M	Apr-Jun			Jan-Jun			12 months July-June	Full-year 2018
	2019	2018	Change, %	2019	2018	Change, %		
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.

Cash flow

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						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	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 ¹⁾	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
<i>Increase (-)/Decrease (+) working capital</i>	4	83	-106	14	-242	-122
Cash-flow from operating activities	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.

Balance sheet

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.

Income statement

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.

Largest owners 2019-06-30

	Voting rights and share capitals, %
LKQ Corporation	26,6
Didner & Gerge Fonder	8,8
Fjärde AP-fonden	8,4
Swedbank Robur Fonder	4,3
Eva Fraim Pålman	3,4
Dimensional Fund Advisors	2,5
Avanza Pension	2,3
Centerstone Investors LLC	2,1
Vanguard	1,9
Ing-Marie Fraim	1,8
Total 10 largest shareholders	62,2
Others	37,8
Total	100,0