

MEKO AB

January – September 2022
November 2, 2022



Åsa Källenius CFO



Pehr Oscarson CEO

Q3 2022 – A SIGN OF STRENGTH FOR MEKO'S STRATEGY

Continued organic growth proves our resilient business model

Poland and the Baltics show strength but weaker development in Norway and Denmark

Acquisition of Koivunen enables stronger position and significant growth potential

Strong cash flow generation enables solid financial position and lower leverage over time

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

STRONG POSITION WITH SIGNIFICANT POTENTIAL

#1 Sweden	Number of cars: 4,8 MN Average age of car fleet: 9,9 years Population: 10,2 MN
#1 Norway	Number of cars: 2,8 MN Average age of car fleet: 10,5 years Population: 5,5 MN
#1 Denmark	Number of cars: 2,5 MN Average age of car fleet: 8,4 years Population: 5,7 MN
#1 Finland	Number of cars: 3,1 MN Average age of car fleet: 12,5 years Population: 5,5 MN
#4 Poland	Number of cars: 22,5 MN Average age of car fleet: 17,3 year Population: 37,9 MN
#1 Estonia	Number of cars: 0,7 MN Average age of car fleet: 16,7 years Population: 1,3 MN
Latvia	Number of cars: 0,6 MN Average age of car fleet: 14,1 year Population: 1,9 MN
Lithuania	Number of cars: 1,1 MN Average age of car fleet: 16,9 years Population: 2,7 MN



UPDATED BUSINESS AREA STRUCTURE

- **Business Area Denmark;** The business area is unchanged compared with former Business Area FTZ
- **Business area Finland;** From Q3 2022 the BA includes Mekonomen Finland's operations (previously reported within business area MECA/Mekonomen) and the recently acquired Koivunen's operations in Finland
- **Business area Poland/the Baltics;** From Q3 2022 the BA includes former business area Inter-Team as well as the recently acquired operation in Estonia, Latvia and Lithuania
- **Business area Sweden/Norway;** From Q3 2022 the BA includes the former business area MECA/Mekonomen, excluding Mekonomen Finland who is reported in business area Finland
- **Business area Sørensen og Balchen (Norway):** The business area is unchanged compared with former business area Sørensen and Balchen



MEKO – THIRD QUARTER

SEK M	Q3 2022	Q3 2021	Change	2022 9M	2021 9M	Change
Group, net sales	3 660	2 968	23%	10 172	9 180	11%
Adjusted EBIT ¹⁾	281	290	-3%	746	828	-10%
EBIT	235	255	-8%	610	721	-15%
Earnings per share, SEK	2,23	3,02	-26%	6,07	8,12	-25%
Cash flow from operating activities	473	450	5%	722	1 035	-30%
Key figures						
- Organic growth ²⁾	4,0%	4,4%		1,6%	8,9%	
- Adjusted EBIT margin	7,5%	9,6%		7,2%	8,9%	
- EBIT margin	6,3%	8,5%		5,9%	7,7%	

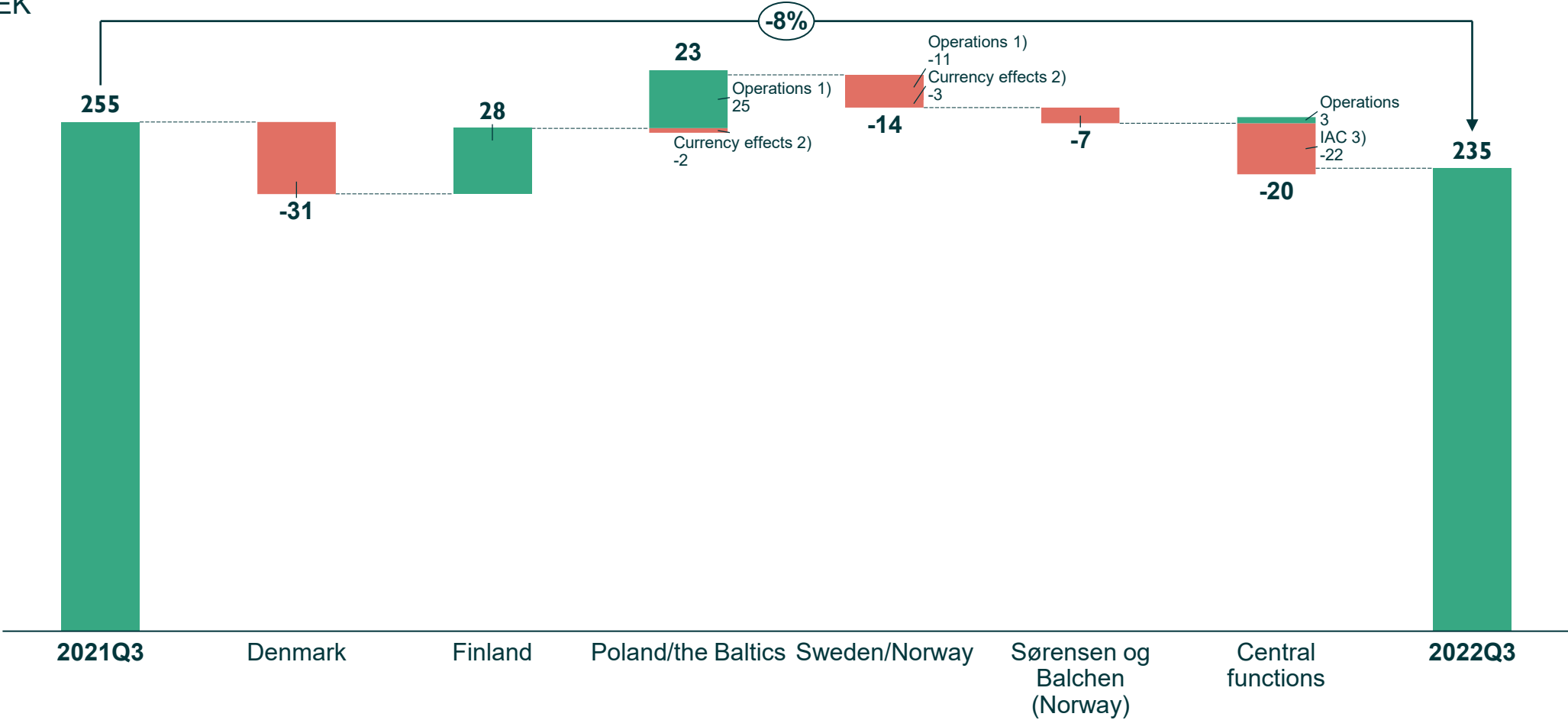
¹⁾ Adjusted EBIT is EBIT adjusted for items affecting comparability (IAC) and material acquisition-related items. Current acquisition-related items are amortizations of acquired intangible assets and depreciation of surplus values on buildings pertaining to the acquisitions FTZ, Inter-Team, Koivunen, MECA (included until May 2022) and Sørensen og Balchen (included until April 2021).

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

SEQUENTIAL IMPROVEMENT BUT INFLATION AFFECTS DEVELOPMENT

EBIT bridge 2021Q3 to 2022Q3

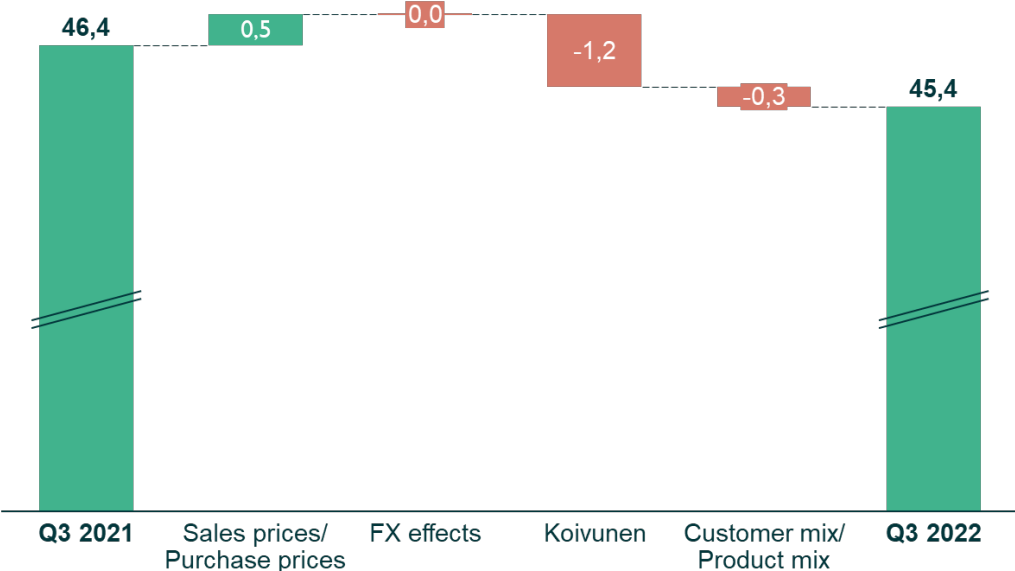
MSEK



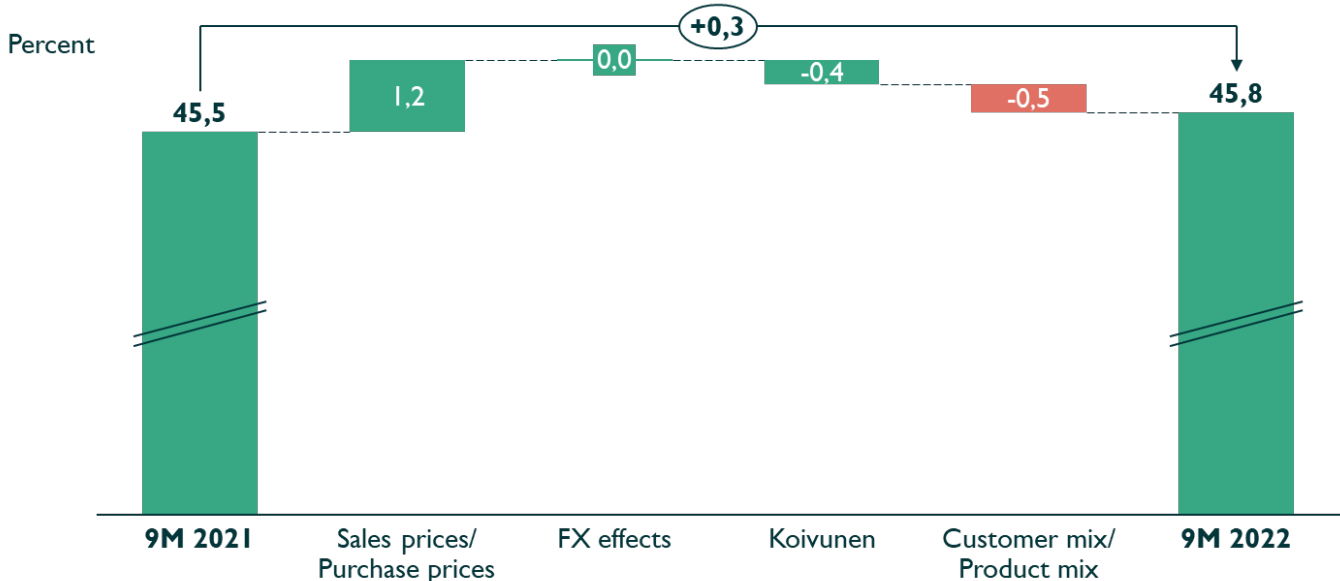
¹⁾ Excluding currency effects on accounts receivables/payables. ²⁾ Currency effects on accounts receivables/payables. ³⁾ Items affecting comparability (IAC) related to transaction costs Koivunen.

GROSS MARGIN INITIALLY IMPACTED BY KOIVUNEN ACQUISITION

Gross margin bridge Q3 2021 to Q3 2022



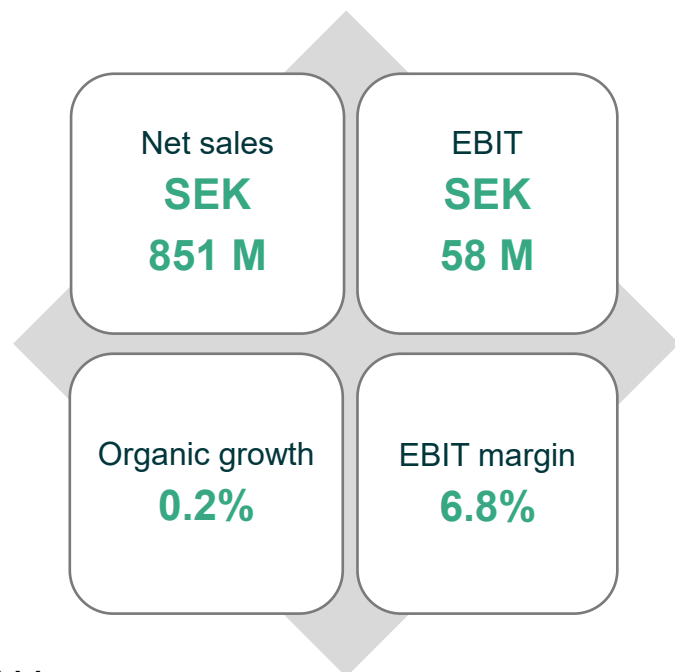
Gross margin bridge 9M 2021 to 9M 2022





SALES & RESULT PER BUSINESS AREA

DENMARK – STRONG POSITION IN A SLOWER MARKET



Reported net sales growth of 6 per cent, of which 0.2 per cent organic, impacted by tough competition and a slow market following weak consumer purchasing power

Weaker EBIT development due to the expensed “feriefridage” of approximately SEK 12 M as well as a swift rise in general cost inflation and higher costs for transportation and energy

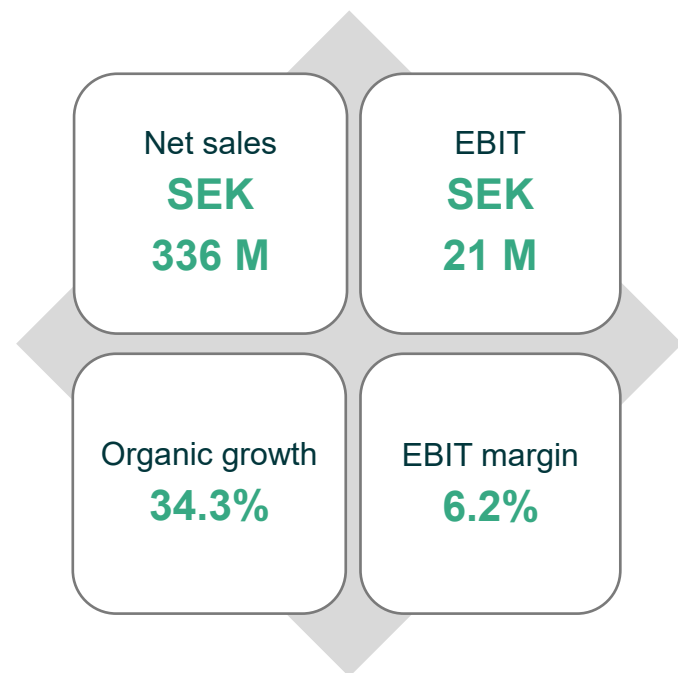
Identified and initiated actions to mitigate increased costs and activities to drive sales

SEK M	Q3 2022	Q3 2021	Change	2022 9M	2021 9M	Change
Net sales	851	804	6%	2 703	2 578	5%
Adjusted EBIT ¹⁾	58	89	-35%	224	277	-19%
EBIT	58	89	-35%	224	277	-19%
Key figures						
- Organic growth ²⁾	0,2%	0,9%		-0,5%	7,4%	
- EBIT margin	6,8%	11,1%		8,3%	10,7%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

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

FINLAND – HEALTHY PERFORMANCE WITH SYNERGY POTENTIAL



Healthy growth in a mature and stable market, organic growth in Mekonomen of 34.3 per cent and above market in Koivunen

Potential for profitability improvement through economies of scale and operational excellence by integration

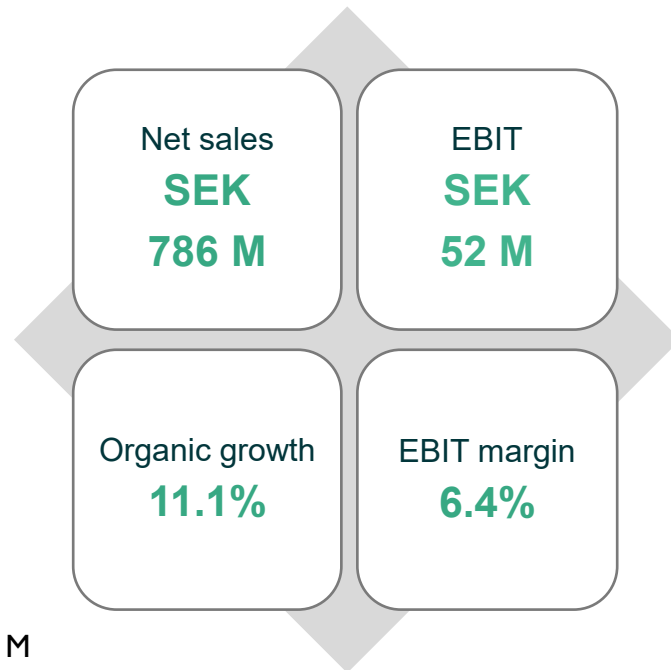
Target to turn Mekonomen Finland profitable through closing down current warehouse and existing logistics operations

SEK M	Q3 2022	Q3 2021	Change	2022 9M	2021 9M	Change
Net sales	336	30	>500%	402	81	399%
Adjusted EBIT ¹⁾	21	-7	397%	9	-21	141%
EBIT	21	-7	397%	9	-21	141%
Key figures						
- Organic growth ²⁾	34,3%	-		27,6%	-	
- EBIT margin	6,2%	-23,5%		2,1%	-25,9%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

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

POLAND/THE BALTICS – STRONG SALES AND EBIT GROWTH



Strong organic growth of 11.1 per cent, driven by both Poland and export sales. Healthy growth also in the Baltics

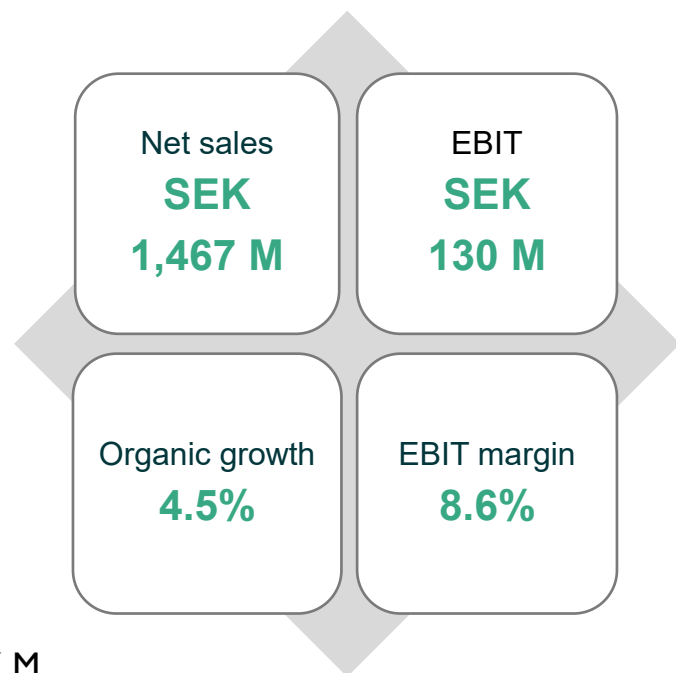
Robust EBIT development, in line with long-term strategic target to increase profitability

Synergy potential within the segment post the acquisition of Koivunen

SEK M	Q3 2022	Q3 2021	Change	2022 9M	2021 9M	Change
Net sales	786	571	38%	1 935	1 576	23%
- Poland	627	571	10%	1 775	1 576	13%
- The Baltics	159	-	-	159	-	-
Adjusted EBIT ¹⁾	52	29	80%	107	71	50%
EBIT	52	29	80%	107	71	50%
Key figures						
- Organic growth ²⁾	11,1%	13,9%		11,0%	11,3%	
- EBIT margin	6,4%	4,9%		5,3%	4,4%	

¹⁾ Adjusted EBIT excludes items affecting comparability. ²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects. Refers to Poland (former B.A. Inter-Team).

SWEDEN/NORWAY – STRONG PERFORMANCE IN SWEDEN



Net sales grew 9 per cent, of which 4.5 per cent organic. Growth driven by strong performance in Sweden. Slow market development in Norway, negatively affected by weak consumer purchasing power

Gross margin and EBIT decreased slightly due to currency headwind and cost inflation

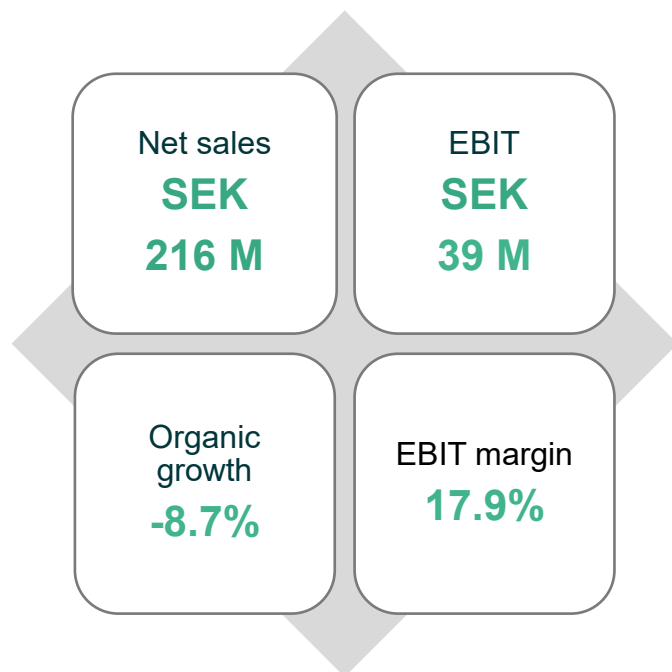
Actions initiated to balance costs in Norway and optimize operations in Sweden, to support future profitable growth

SEK M	Q3 2022	Q3 2021	Change	2022 9M	2021 9M	Change
Net sales	1 467	1 352	9%	4 461	4 278	4%
- Sweden	895	834	7%	2 729	2 621	4%
- Norway	573	519	10%	1 731	1 656	5%
Adjusted EBIT ¹⁾	130	144	-10%	333	388	-14%
EBIT	130	144	-10%	333	388	-14%
Key figures						
- Organic growth ²⁾	4,5%	4,0%		0,9%	9,0%	
- EBIT margin	8,6%	10,5%		7,3%	8,9%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

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

SØRENSEN OG BALCHEN (NORWAY) – CONTINUED STRONG MARGIN



Net sales was 3 per cent, of which -8.7 per cent organic, affected by slow consumer market development and tough comparables

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

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

SEK M	Q3 2022	Q3 2021	Change	2022 9M	2021 9M	Change
Net sales	216	211	3%	668	666	0%
Adjusted EBIT ¹⁾	39	46	-15%	126	148	-14%
EBIT	39	46	-15%	126	148	-14%
Key figures						
- Organic growth ²⁾	-8,7%	-1,3%		-11,3%	10,2%	
- EBIT margin	17,9%	21,5%		18,7%	21,9%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

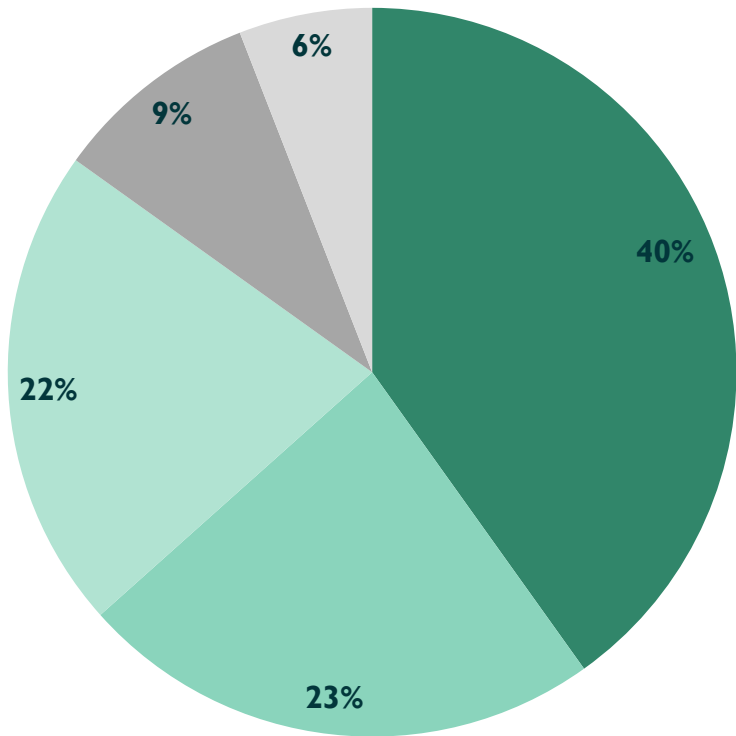
²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

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

MARKET & FOOTPRINT

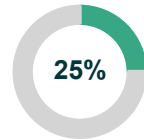
STRONG GROUP FOOTPRINT

Net sales per business area, 2022Q3



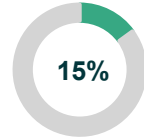
- Sweden/Norway
- Denmark
- Poland/the Baltics
- Sørensen og Balchen (Norway)
- Finland

Market shares - main markets



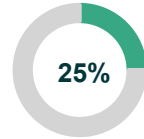
Finland

Number of branches: **170** (22Q2: 18)
 Number of affiliated workshops: **335** (22Q2: 89)



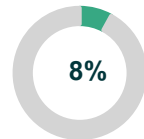
Sweden

Number of branches: **196** (22Q2: 197)
 Number of affiliated workshops: **996** (22Q2: 1,004)



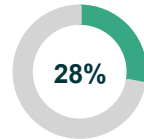
Norway

Number of branches: **129** (22Q2: 129)
 Number of affiliated workshops: **1,030** (22Q2: 1,035)



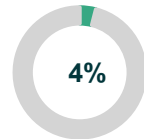
The Baltics

Number of branches: **41** (22Q2: -)
 Number of affiliated workshops: **25** (22Q2: -)



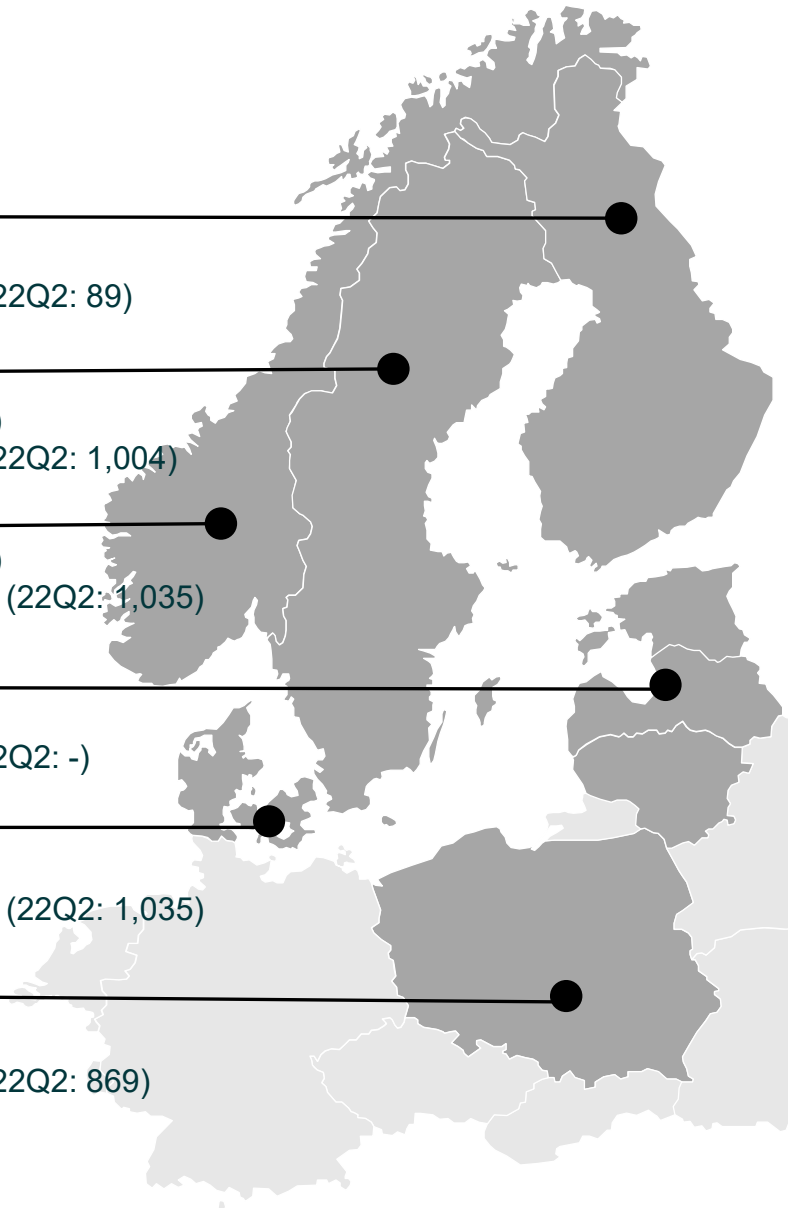
Denmark

Number of branches: **50** (22Q2: 50)
 Number of affiliated workshops: **1,026** (22Q2: 1,035)



Poland

Number of branches: **85** (22Q2: 85)
 Number of affiliated workshops: **907** (22Q2: 869)





DEVELOPMENT OF A COMPLETE FLEET SOLUTION

- Partnership agreement between MEKO and the French car aftermarket player Mobivia
- The combined offer will give Fleet customers (corporate car owners) and new electric car makers a partner for the European market
- One pilot customer case on-going and several opportunities identified



THE IMPORTANCE OF OUR FLEET BUSINESS

- Cars owned by companies*;
 - Sweden: 20 percent (of which 10% owned by sole trader companies)
 - Norway: 9 percent
 - Denmark: 15 percent

* Estimate, based on available data for ownership changes



SUSTAINABILITY – BUSINESS INTEGRATION 2.0

- New Head of Sustainability in MEKO
- Focus on further integration of sustainability areas in the business strategy. Ongoing actions in all areas of the Group, eg;
 - Transformation electric cars, E+, assortment, services, availability
 - Certification of MECA workshops in Norway according to “Miljøfyrtårn”. A Norwegian public certificate, supported and recommended by the Norwegian Environment Department (Miljøverndepartementet)
 - Assortment with environmentally friendly classified lubricant oil from Panolin in Sweden
 - Electric delivery vans in Denmark

ELECTRIC VEHICLE MARKET FORECAST 2030

- Personal vehicles in Scandinavia 2030 (figures for 2020 in parenthesis)

EV market in Norway 2030

- 3,5 million (2,9) personal vehicles total
 - 2,0 million (0,3) BEV
 - 1,5 million (2,6) non-BEV

Political target: "Only zero emission vehicles sold from 2025"

EV market in Denmark 2030

- 3,5 million (2,7) personal vehicles total
 - 600 000* (30 000) BEV
 - 2,9 (2,7) million non-BEV

Political target: "775 000 Low emission vehicles (BEV and PHEV) by 2030"

*Based on political target - Market indicators shows the result could be closer to 1 million BEV.

EV market in Sweden 2030

- 5,4 (4,9) million personal vehicles total
 - 1,0 million (60 000) BEV
 - 4,4 million (4,9) non-BEV

Political target: "70% reduction of carbon emissions from the transport sector by 2030, compared to 2010"

- Poland was excluded from the analysis due to currently low volumes.
- Things could change rapidly in all markets in case of political decisions in the country or on an EU level.

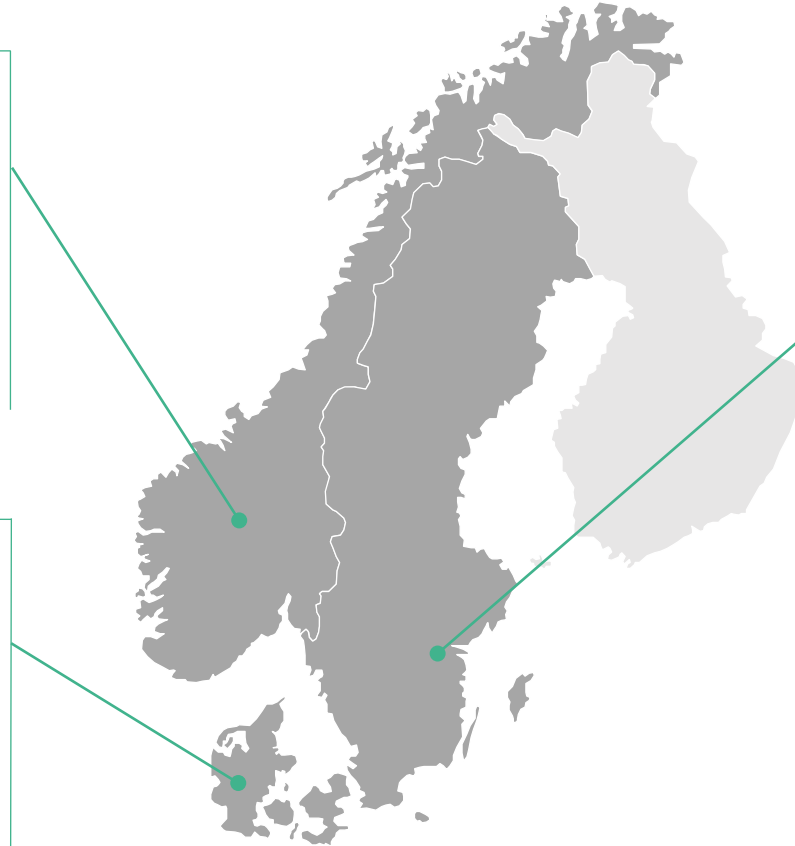
EV: Electric vehicle.

BEV: Battery electric vehicle (fully electric).

PHEV: Plug-in hybrid electric vehicle.

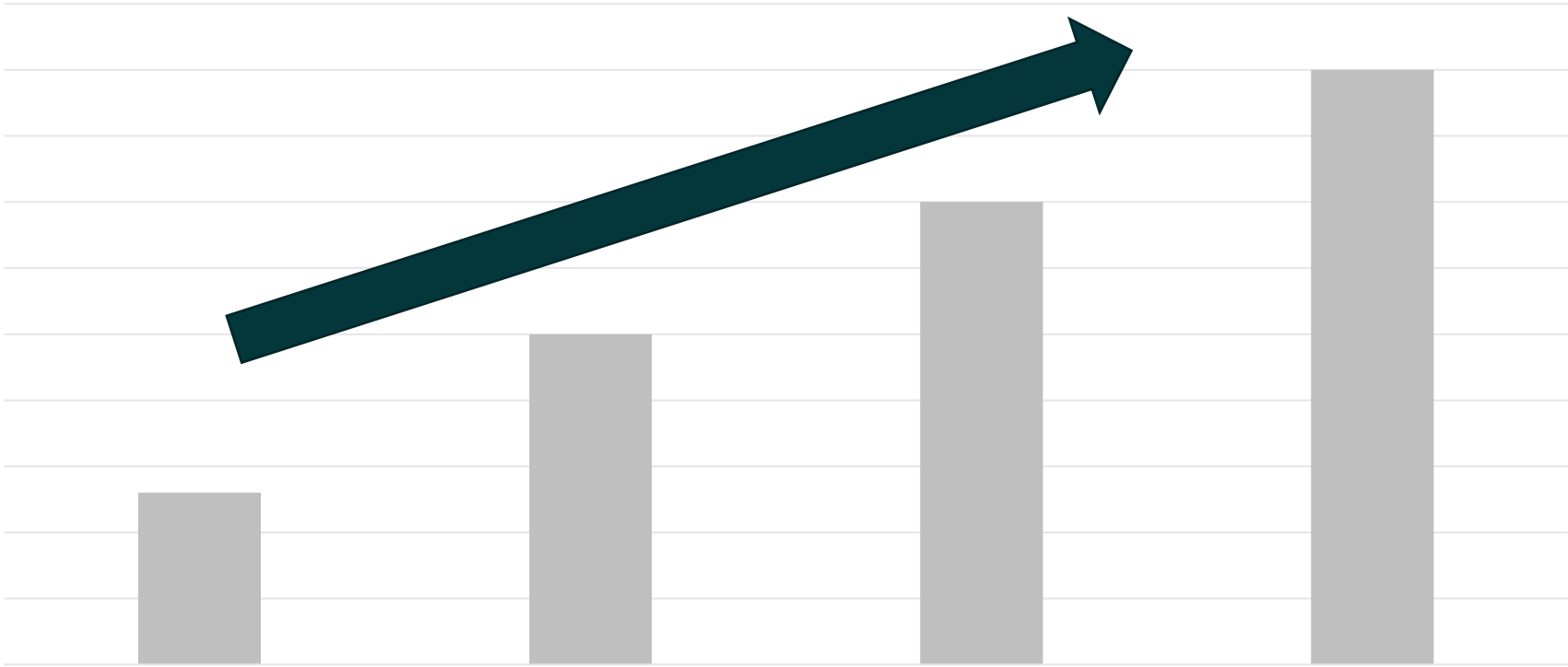
PV: Personal vehicle

Source: Statistics Sweden, Statistics Denmark, Statistics Norway, Information Council for the Road Traffic Norway, IMF GDP prognosis.



FULL DIGITIZATION SPEED

Positive development of digital bookings





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

APPENDIX

Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jul-Sep	Jul-Sep	Change, %	Jan-Sep	Jan-Sep	Change, %	12 months	Full-year
	2022	2021		2022	2021		Oct-Sep	2021
Net sales	3 660	2 968	23	10 172	9 180	11	13 301	12 309
Adjusted EBIT	281	290	-3	746	828	-10	949	1 031
EBIT	235	255	-8	610	721	-15	783	894
Profit after financial items	179	225	-20	485	608	-20	637	759
Profit after tax	133	173	-23	357	469	-24	475	587
Earnings per share, SEK	2,23	3,02	-26	6,07	8,12	-25	8,17	10,21
Adjusted EBIT margin, %	7,5	9,6		7,2	8,9		7,0	8,2
EBIT margin, %	6,3	8,5		5,9	7,7		5,8	7,1

ADJUSTED EBIT SEK M	Jul-Sep	Jul-Sep	Change, %	Jan-Sep	Jan-Sep	Change, %	12 months	Full-year
	2022	2021		2022	2021		Oct-Sep	2021
EBIT	235	255	-8	610	721	-15	783	894
Transaction costs related to the acquisition of Koivunen				-26			-26	
Transaction tax related to the acquisition of Koivunen	-22			-22			-22	
Payment of AGS health insurance							12	12
Impairment of associates							-8	-8
Items affecting comparability, total	-22			-48			-44	3
"Other items", material acquisition-related items ¹⁾	-24	-34	-37	-88	-107	-17	-122	-141
Adjusted EBIT	281	290	-3	746	828	-10	949	1 031

¹⁾ Other items include material acquisition-related items. Current acquisition-related items pertain to the amortization of surplus values on acquired tangible and intangible assets relating to the acquisitions of FTZ, Inter-Team, Koivunen, MECA and Sørensen og Balchen (MECA until the end of May 2022 and Sørensen og Balchen until April 2021 when this amortization was completed).

Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	12 months Oct-Sep	Full-year 2021
Operating activities						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	395	436	1 124	1 252	1 490	1 617
Tax paid	-25	-25	-246	-188	-250	-192
Cash flow from operating activities before changes in working capital	370	411	879	1 064	1 240	1 425
Cash flow from changes in working capital:						
Changes in inventory	32	-134	-191	-26	-401	-236
Changes in receivables	-147	-59	-370	-350	-221	-201
Changes in liabilities	218	232	404	347	296	239
<i>Increase (-)/Decrease (+) working capital</i>	103	39	-157	-29	-326	-198
Cash-flow from operating activities	473	450	722	1 035	914	1 227
Cash flow from investing activities	-1 344	-22	-1 469	-152	-1 518	-201
Cash flow from financing activities	1 011	-187	460	-389	279	-569
CASH FLOW FOR THE PERIOD	140	241	-287	494	-324	457
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	486	684	892	420	924	420
Exchange-rate differences in cash and cash equivalents	13	0	35	10	39	15
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	639	924	639	924	639	892

Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET	September 30	September 30	December 30
SEK M	2022	2021	2021
ASSETS ¹⁾			
Intangible fixed assets	5 868	5 388	5 394
Tangible fixed assets	1 057	439	436
Right-of-use assets	1 532	1 670	1 651
Financial fixed assets	143	101	94
Deferred tax assets	15	2	3
Goods for resale	4 017	2 774	3 021
Current receivables	2 389	1 922	1 738
Cash and cash equivalents	639	924	892
TOTAL ASSETS	15 660	13 219	13 229
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	5 698	5 071	5 229
Long-term liabilities, interest-bearing	4 354	3 030	2 996
Long-term lease liabilities	1 026	1 205	1 181
Deferred tax liabilities	532	347	357
Long-term liabilities, non-interest-bearing	19	44	45
Current liabilities, interest-bearing	0	270	198
Current lease liabilities	506	461	467
Current liabilities, non-interest-bearing	3 523	2 791	2 757
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15 660	13 219	13 229

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	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	12 months Oct-Sep	Full-year 2021
Net sales	3 660	2 968	10 172	9 180	13 301	12 309
Other operating revenue	84	44	212	154	301	243
Total revenue	3 744	3 013	10 384	9 334	13 602	12 552
Goods for resale	-2 010	-1 591	-5 515	-5 001	-7 223	-6 709
Other external costs	-522	-350	-1 419	-1 060	-1 849	-1 490
Personnel expenses	-750	-616	-2 204	-1 950	-2 907	-2 653
Operating profit before depreciation/ amortization and impairment of tangible and intangible fixed assets and right-of-use assets (EBITDA)	462	455	1 245	1 322	1 623	1 699
Depreciation and impairment of tangible fixed assets and right-of-use assets	-182	-146	-482	-434	-631	-582
Operating profit before amortization and impairment of intangible fixed assets (EBITA)	280	309	763	888	991	1 117
Amortization and impairment of intangible fixed assets	-45	-54	-152	-167	-208	-223
EBIT	235	255	610	721	783	894
Interest income	4	2	10	7	12	9
Interest expenses	-42	-28	-97	-89	-124	-115
Other financial items	-18	-4	-37	-32	-35	-29
Profit after financial items	179	225	485	608	637	759
Tax	-46	-53	-129	-139	-162	-172
PROFIT FOR THE PERIOD	133	173	357	469	475	587
Profit for the period attributable to:						
Parent Company's shareholders	125	169	340	455	457	572
Non-controlling interests	9	4	17	13	18	14
PROFIT FOR THE PERIOD	133	173	357	469	475	587
Earnings per share before and after dilution, SEK	2,23	3,02	6,07	8,12	8,17	10,21

Largest owners 2022-09-30

Voting rights and share capitals, %	
LKQ Corporation	26,6
Swedbank Robur Funds	11,3
Fourth Swedish National Pension Fund	8,7
Didner & Gerge Funds	6,4
Eva Fraim Pahlman	3,2
AFA Insurance	3,0
Nordea Funds	2,7
Dimensional Fund Advisors	2,7
Vanguard	2,4
Ing-Marie Fraim	1,8
Total 10 largest shareholders	68,7
Others	31,3
Total	100,0

FINANCIAL TARGETS

SALES GROWTH

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

NET DEBT/EBITDA

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

ADJUSTED EBIT MARGIN

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

DIVIDEND POLICY

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