



MEKONOMEN GROUP

JANUARY – JUNE 2017

28 JULY 2017

Sales and result – second quarter 2017

	Apr-Jun	Jan-Jun
Revenue	SEK 1,584 M (1,573)	SEK 3,102 M (2,997)
EBIT	SEK 174 M (161)	SEK 299 M (282)
EBIT margin	11 per cent (10)	10 per cent (9)
Revenue growth	1 per cent	4 per cent
Underlying sales growth	+5 per cent	+1 per cent

A green Volvo station wagon is parked on a stone bridge with three arches. The bridge is built from large, grey stone blocks and is set against a massive, layered rock cliff. The scene is brightly lit, suggesting a sunny day. The car is positioned on the right side of the bridge, facing right.

SALES AND RESULT - PER SEGMENT

MECA – second quarter 2017

EBIT: SEK 87 M (82)

Improved gross margin

EBIT margin: 16 per cent (15)

Sales growth to MECA Car Service workshops

Underlying net sales: +5 per cent

Sales were positively affected by favourable sales growth in Preqas (renamed from Opus Equipment) and sales of DAB products in Norway

SEK M	2017 Q2	2016 Q2	change	2017 6M	2016 6M	change	2016 12M
Net sales, external	543	534	2%	1,094	1,034	6%	2,039
Underlying net sales, growth	5%	14%		3%	17%		10%
EBIT	87	82	5%	159	142	12%	205
EBIT margin	16%	15%		14%	14%		10%

Mekonomen Sweden – second quarter 2017

EBIT: SEK 56 M (39)

EBIT margin: 11 per cent (8)

Underlying net sales: +4 per cent

Stable development in the quarter

Improved gross margin and reduce costs

Continued focus on regaining market shares and sales growth

SEK M	2017 Q2	2016 Q2	change	2017 6M	2016 6M	change	2016 12M
Net sales, external	498	503	-1%	932	965	-3%	1,891
Underlying net sales, growth	4%	-5%		-3%	-1%		-3%
EBIT	56	39	42%	95	91	4%	187
EBIT margin	11%	8%		10%	9%		10%

Mekonomen Norway – second quarter 2017

EBIT: SEK 33 M (42)

Slightly increased costs in the quarter

EBIT margin: 14 per cent (18)

Gross margin negativley affected by DAB products, which are sold with lower margins

Underlying net sales: +5 per cent

Sales growth mainly driven by sales of DAB products and increased sales affiliated workshops

SEK M	2017 Q2	2016 Q2	change	2017 6M	2016 6M	change	2016 12M
Net sales, external	228	223	2%	446	417	7%	836
Underlying net sales, growth	5%	4%		1%	6%		5%
EBIT	33	42	-21%	60	69	-13%	132
EBIT margin	14%	18%		13%	16%		15%

Sørensen og Balchen – second quarter 2017

EBIT: SEK 39 M (36)

Good cost control

EBIT: 18 per cent (18)

Gross margin negativley affected by DAB products, which are sold with lower margins

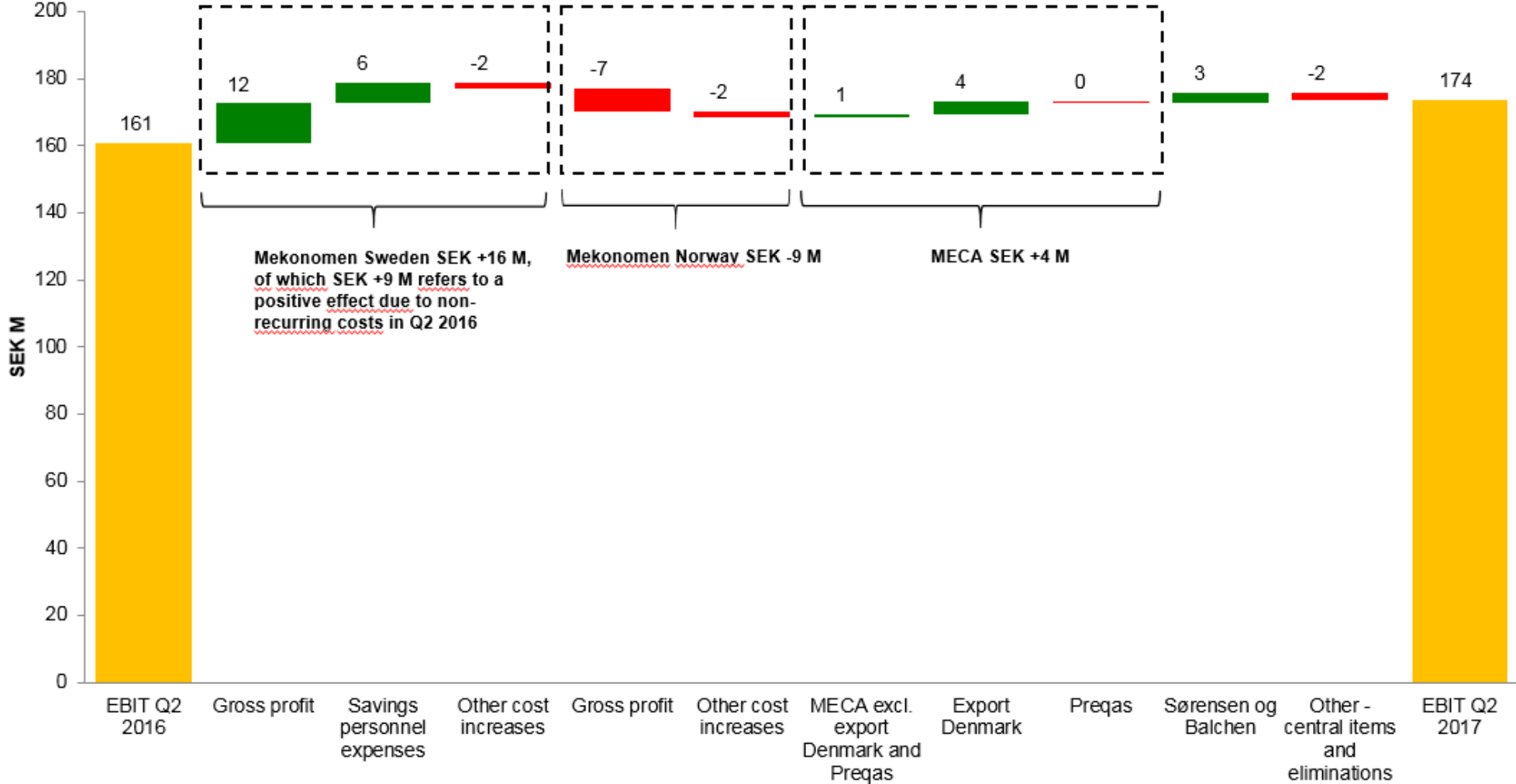
Underlying net sales: +14 per cent

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

SEK M	2017 Q2	2016 Q2	change	2017 6M	2016 6M	change	2016 12M
Net sales, external	211	192	10%	425	364	17%	725
Underlying net sales, growth	14%	0%		10%	1%		1%
EBIT	39	36	9%	67	59	13%	117
EBIT margin	18%	18%		15%	16%		16%

Development - EBIT

EBIT Q2 2017 vs Q2 2016



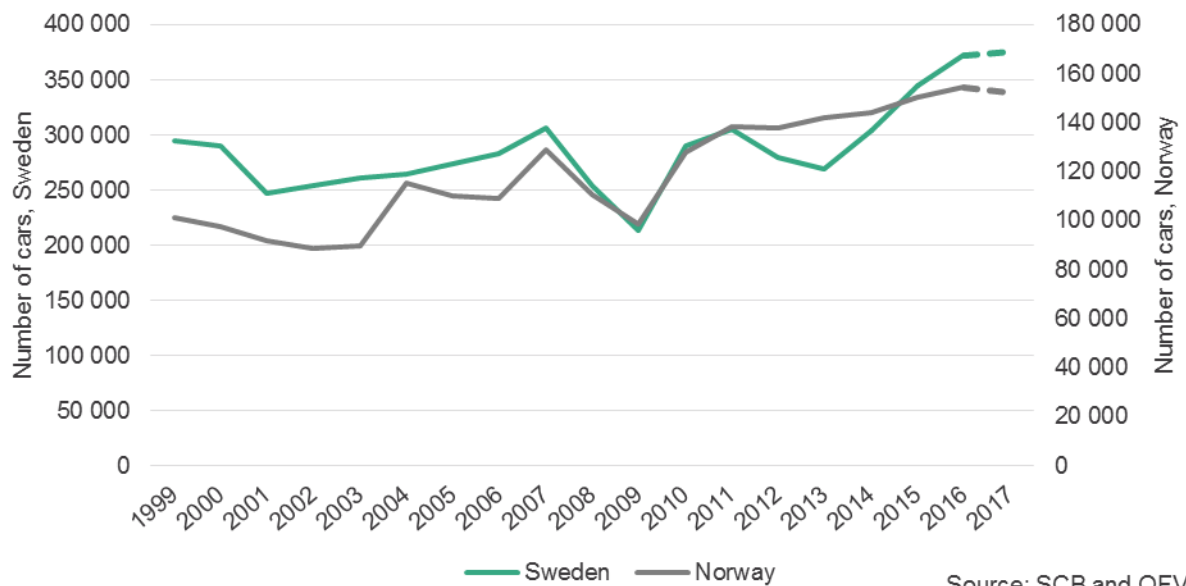


MARKET AND GROWTH

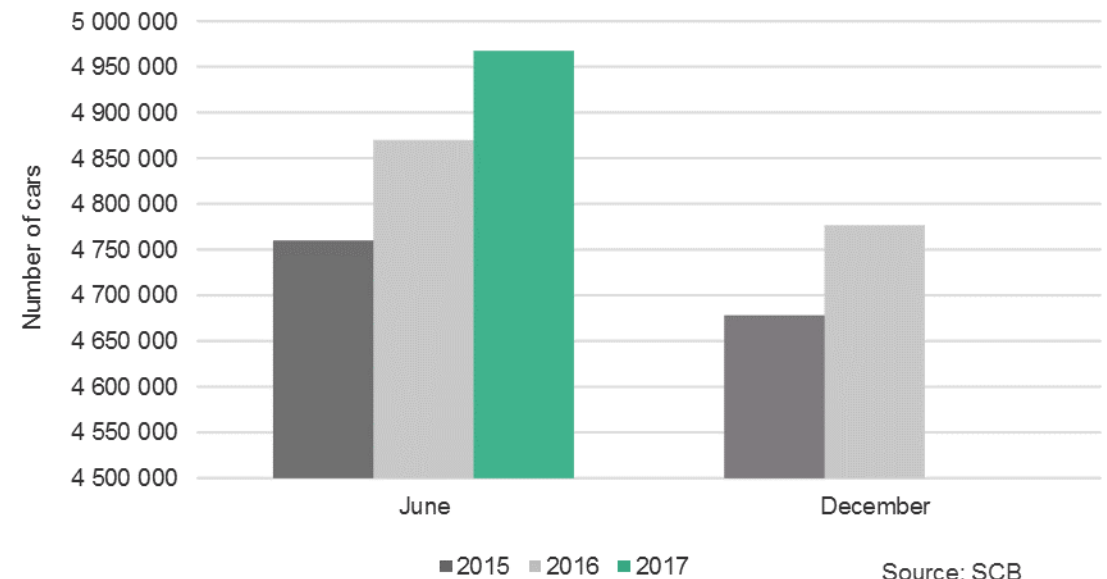
Market trends

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

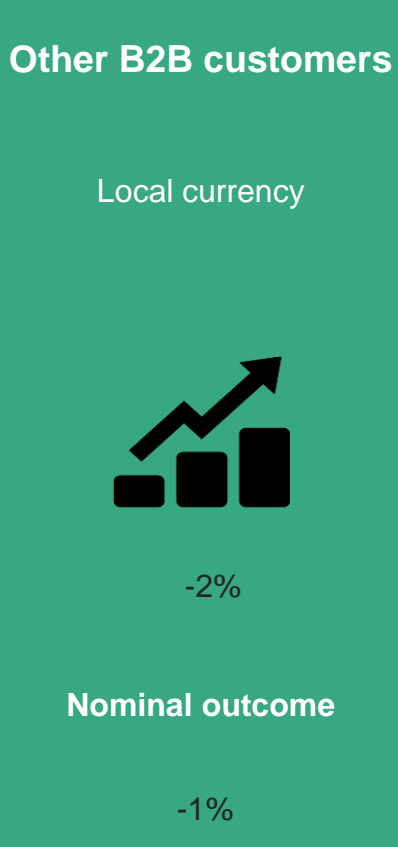
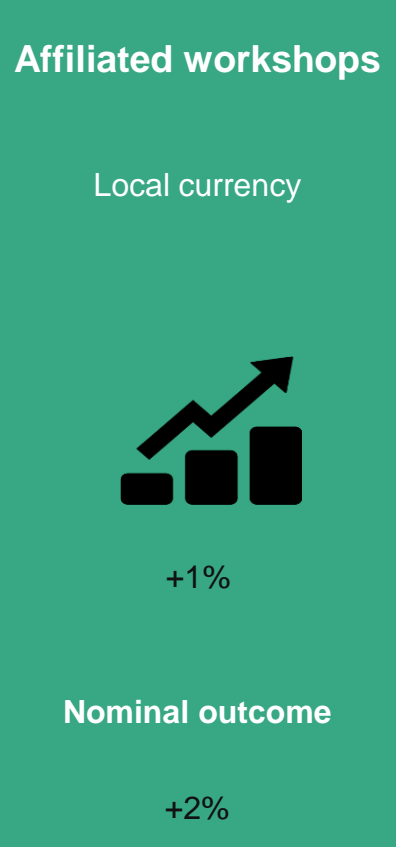
Number of newly registered passenger cars per year (2017 = estimates)



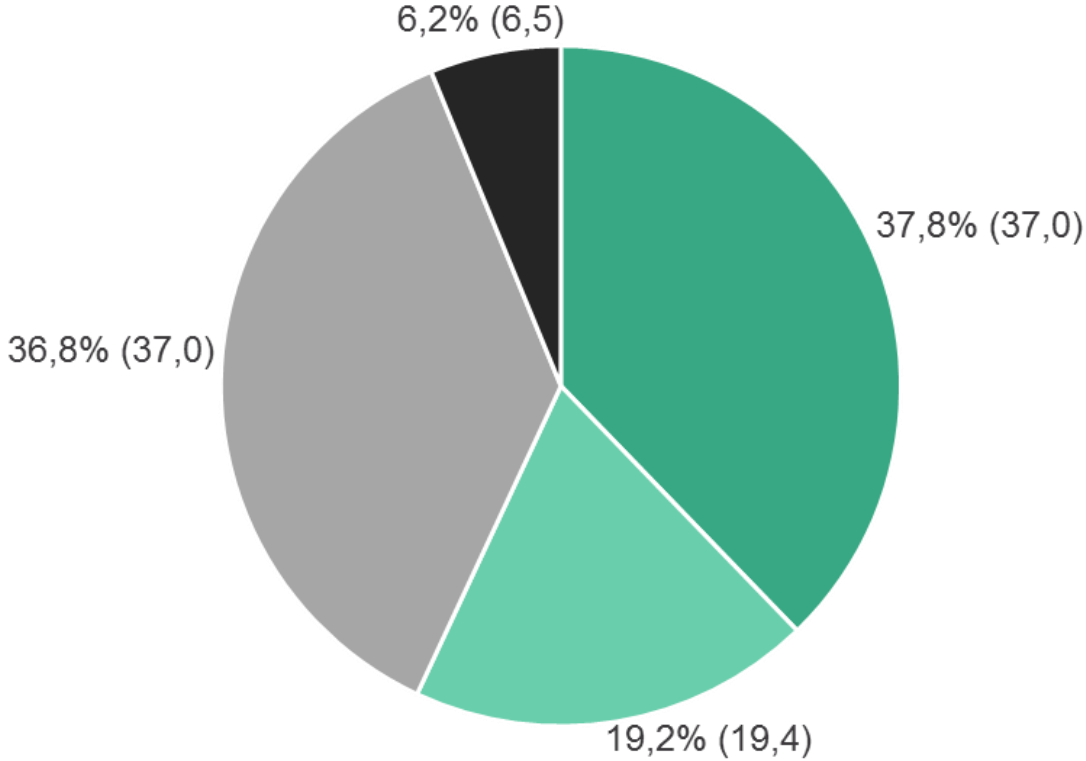
Car fleet - number of passenger cars in traffic, Sweden



Sales growth by customer group in the second quarter 2017



Distribution, customer groups in the second quarter 2017

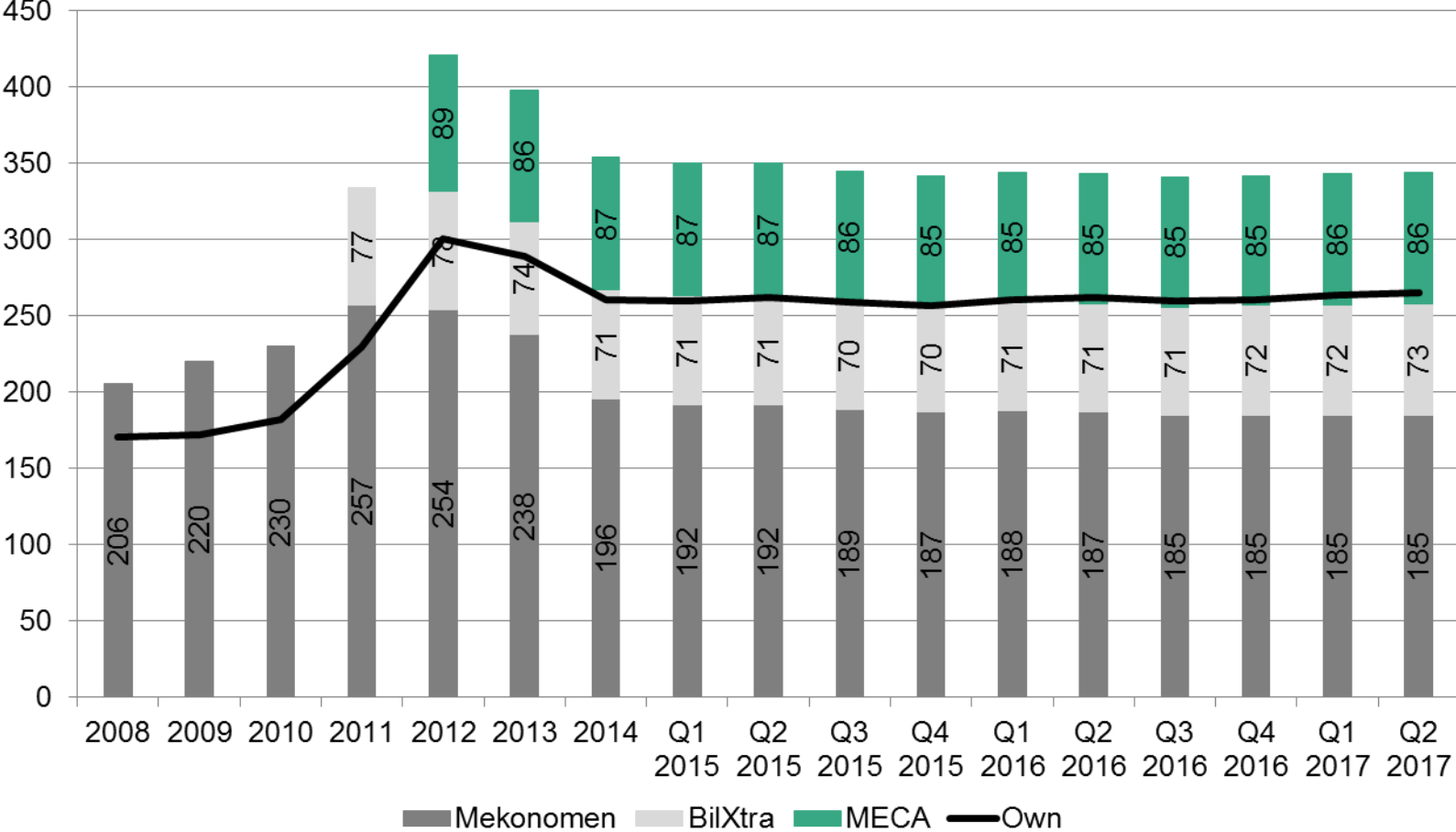


- Affiliated workshops' share of total sales increases as an effect of our customer focus and investment in quality

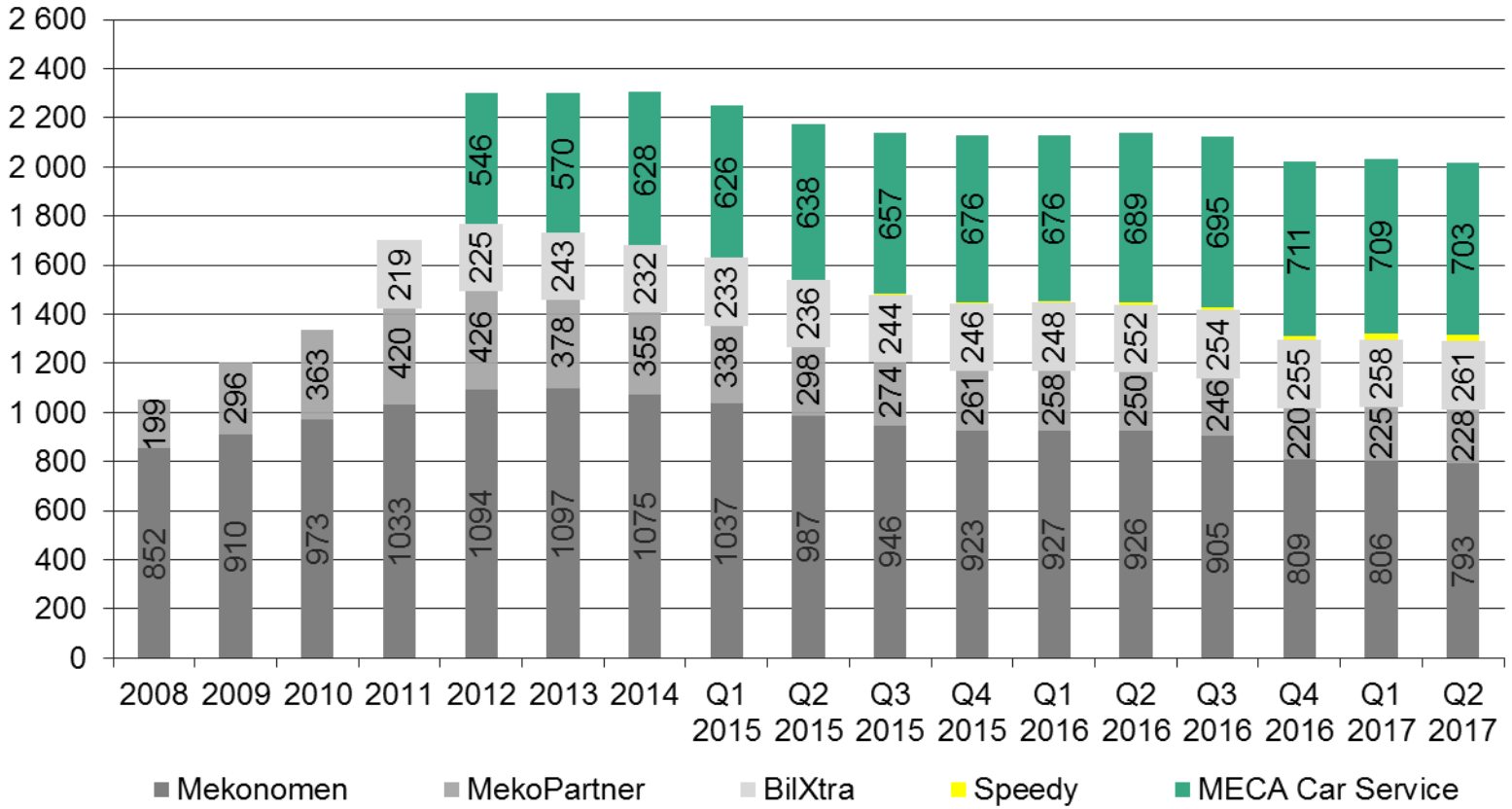
'Partner stores' is displayed as a separate customer group. Previously, sales to 'Partner stores' were proportionately distributed on 'Affiliated workshops', 'Consumers' and 'Other B2B customers'.

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

Stores



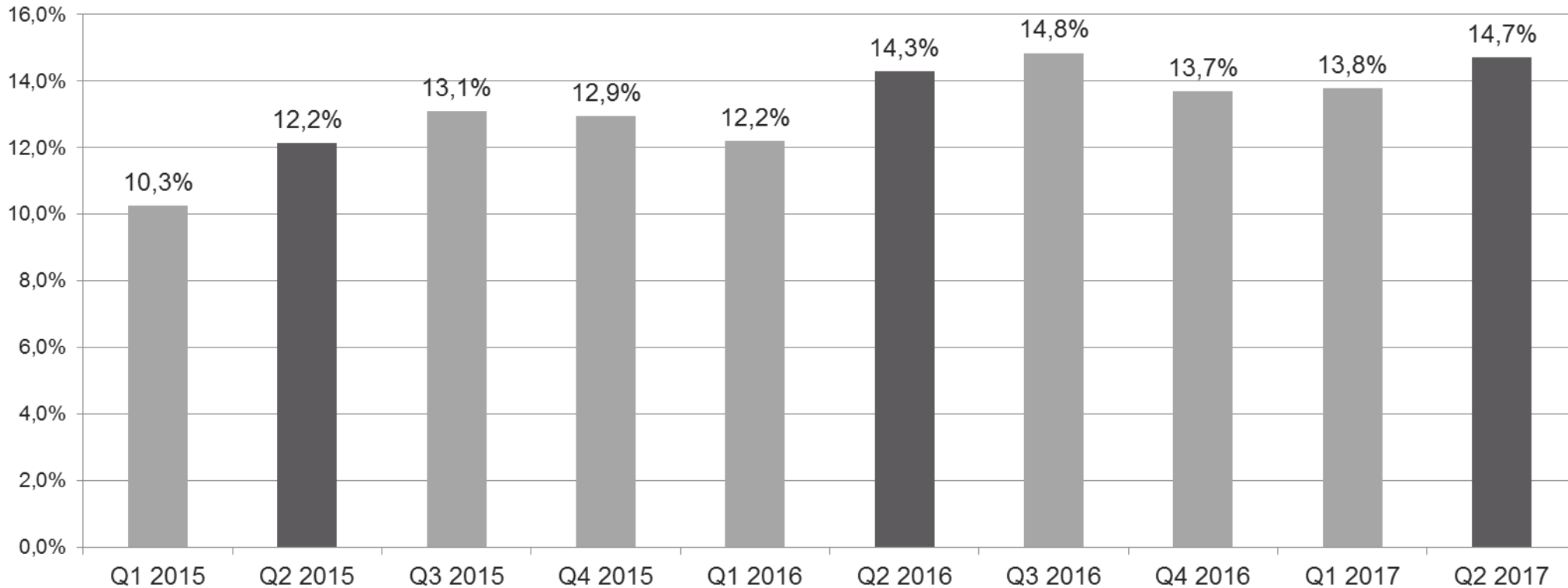
Affiliated workshops



ProMeister

- The proportion of ProMeister spare parts sales of our total spare parts sales increased to 14.7 per cent for the quarter compared with 14.3 per cent for the second quarter last year

ProMeister sales share of total spare parts sales





Streamlining of central warehouse structure

- Proceeding according to plan
- The base slab has been cast for the extension of the building, construction of the building will start after the summer
- Currently, picking stations and decanting stations are being completed in an adjacent area in the existing building

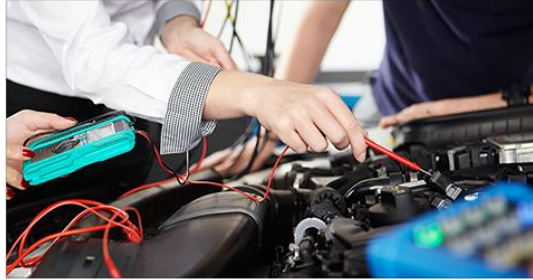


Future-guaranteed workshop

- ProMeister Academy
 - 69 per cent growth in number of mechanics course days in Sweden during the first six-month period 2017
 - Preparations conducted in Norway to offer training in accordance with the new certification requirements for PKK (vehicle inspection), which is expected to be decided by the Norwegian Stortinget (Parliament) in autumn 2017
- Start-up of ProMeister automotive programme August 2017
 - In Stockholm, the practical training takes place in co-location with Mekonomen's store and workshop in Vårby. In Lund co-location takes place with Yrkesakademin
 - Teachers and advisors are recruited

ProMeister Academy
den 21 maj · €

Är du en hobbymekaniker eller en fordonsingenjör? Testa dig i vårt quiz!



Är du en fordonsingenjör? Testa dig i vårt Quiz

Mekaniker är den traditionella benämningen för den som arbetar med bilar. Men allt eftersom bilarna utvecklas med teknik, data och nya drivmedel blir kraven på mekaniker högre. Vi ser redan idag att mekanikerna i allt större utsträckning...



Har du vad som krävs?

Det är nya tider och dags för den nya tidens mekaniker. Har du vad som krävs för att vara en av de bästa? Skicka in din intresseanmälan här!



ProMeister

Vi söker 100
fordonsingenjörer

M Mekonomen Sverige
den 28 juni kl. 10:30 · €

Är du bilmekaniker, tekniskt intresserad och redo för nästa steg i karriären? Då ska du kika här! Mekonomen Group söker 100 fordonsingenjörer i Sverige som kan ta hand om framtidens bilar.



Är du redo för nästa steg i karriären? Bilmekaniker är ett framtidsyrke.

Vi ser att den traditionella bilden av mekaniker håller på att suddas ut. Den digitala utvecklingen i bilarna gör att bilmekanikerns tekniska kunskap och intresse blir en...

MEKONOMEN.SE

Ansök nu

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A man and a woman are looking at a tablet together. The tablet displays a diagram of a car engine with various components labeled. The man is wearing a blue shirt and the woman is wearing a light-colored shirt.

MECA
BIXtra
Mekonomen

ProMeister Solutions söker fordonsingenjörer till Helsingborg
Mekonomen · Teknik & Ingenjör · 19 aug

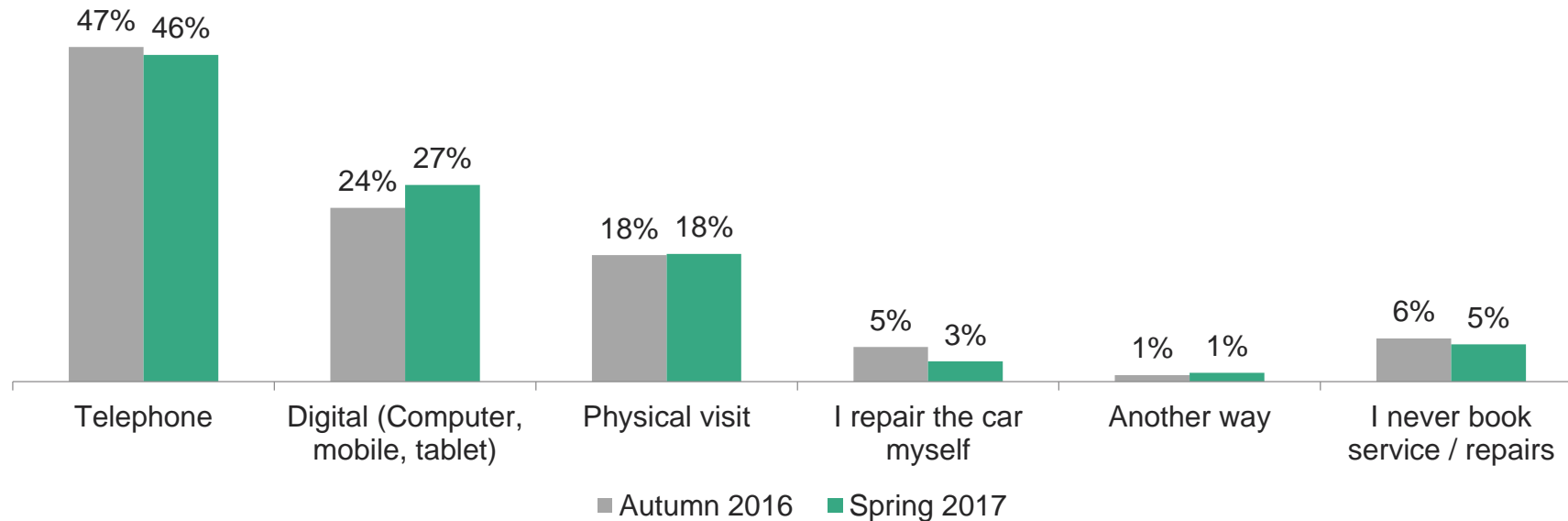
Recruitment automotive engineers

- Need of 100 automotive engineers in order to expand existing workshops
- Positive response to the recruitment campaign
- Over 40 recruitment processes are ongoing

Customers demand for digitalisation

- Increased interest in digital booking service
- June 2017 is a record month so far in the number of bookings via Mekonomen's digital booking service “price direct”

How would you prefer to book service / repair for your car?





Eco cars

- Continued growth in environmental friendly cars
 - 66 per cent increase in Sweden in the last 12 months
 - Every second new car in Norway is chargeable
- Almost 200,000 cars on the roads in Sweden and Norway
- Launch of new assortment of accessories for rechargeable cars
- Plans for charging stations next our to stores and workshops
- Continued increased participation in electrical and hybrid training within ProMeister Academy



New CFO Mekonomen Group – Åsa Källenius

- Will assume her position 15 August 2017
- Previously served as CFO at Tele2 Sweden, among others
- Karl Lindström serves as interim CFO

Strategic focus areas 2017



Mekonomen Sweden

- Entrepreneurial sales organisation



Cost control

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



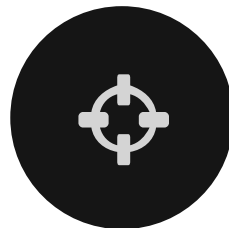
Continued quality assurance

- Workshops and concepts



Continued focus on ProMeister and ProMeister Academy

- Products and training



Strategic projects

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



Growth and innovation

- Combined with maintained and developed entrepreneurship

A grayscale photograph of a woman with long blonde hair in a ponytail, wearing a dark t-shirt and jeans. She is standing in profile, looking down at a smartphone she is holding in her hands. In the background, a white car is parked, slightly out of focus. The entire image has a dark, semi-transparent overlay.

APPENDIX

Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr - Jun 2017	Apr - Jun 2016	Chg, %	Jan - Jun 2017	Jan - Jun 2016	Chg, %	12 months Jul - Jun	Full-year 2016
	Revenue	1 584	1 573	1	3 102	2 997	4	6 042
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	203	189	8	358	337	6	615	594
EBIT	174	161	8	299	282	6	499	481
Profit after financial items	156	152	3	269	262	3	453	446
Profit after tax	118	112	6	204	194	5	352	342
Earnings per share, SEK	3,22	3,02	7	5,55	5,29	5	9,58	9,32
EBITA margin, %	13	12		12	11		10	10
EBIT margin, %	11	10		10	9		8	8

Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Apr - Jun 2017	Apr - Jun 2016	Jan - Jun 2017	Jan - Jun 2016	12 months Jul - Jun	Full-year 2016
Operating activities						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	204	196	366	349	660	642
Tax paid	-74	-40	-153	-119	-187	-153
Cash flow from operating activities before changes in working capital	130	156	213	229	473	489
Cash flow from changes in working capital:						
Changes in inventory	-23	-2	-1	38	-78	-40
Changes in receivables	16	6	-62	-75	46	33
Changes in liabilities	12	68	21	66	16	61
<i>Increase (-)/decrease (+) restricted working capital</i>	5	72	-41	29	-16	54
Cash-flow from operating activities	134	228	172	258	457	544
Cash flow from investing activities	-31	-30	-84	-56	-122	-94
Cash flow from financing activities	-129	-120	-109	-182	-393	-466
CASH FLOW FOR THE PERIOD	-26	78	-22	19	-57	-16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	296	238	291	295	317	295
Exchange-rate difference in cash and cash equivalents	-2	1	-1	3	9	12
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	268	317	268	317	268	291

Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 June 2017	30 June 2016	31 December 2016
ASSETS¹⁾			
Intangible fixed assets	2 725	2 756	2 757
Tangible fixed assets	186	177	181
Financial fixed assets	42	51	46
Deferred tax assets	77	55	77
Goods for resale	1 263	1 219	1 279
Current receivables	905	906	821
Cash and cash equivalents	268	317	291
TOTAL ASSETS	5 465	5 481	5 452
SHAREHOLDERS' EQUITY AND LIABILITIES¹⁾			
Shareholders' equity	2 224	2 139	2 324
Long-term liabilities, interest-bearing	1 526	1 407	1 338
Deferred tax liabilities	149	148	163
Long-term liabilities, non-interest-bearing	35	25	24
Current liabilities, interest-bearing	369	608	404
Current liabilities, non-interest-bearing	1 162	1 154	1 199
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5 465	5 481	5 452

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

Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Apr - Jun 2017	Apr - Jun 2016	Jan - Jun 2017	Jan - Jun 2016	12 months Jul - Jun	Full-year 2016
Net sales	1 552	1 537	3 034	2 928	5 892	5 786
Other operating revenue	31	37	68	69	150	151
Total revenue	1 584	1 573	3 102	2 997	6 042	5 937
Goods for resale	-707	-713	-1 395	-1 350	-2 731	-2 686
Other external costs	-314	-320	-626	-616	-1 238	-1 229
Personnel expenses	-345	-337	-693	-664	-1 395	-1 366
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	218	203	388	366	678	656
Depreciation and impairment of tangible fixed assets	-15	-15	-30	-29	-63	-62
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	203	189	358	337	615	594
Amortisation and impairment of intangible fixed assets	-30	-28	-59	-55	-116	-113
EBIT	174	161	299	282	499	481
Interest income	1	1	2	2	5	5
Interest expenses	-7	-7	-14	-15	-27	-28
Other financial items	-12	-3	-19	-8	-23	-12
Profit after financial items	156	152	269	262	453	446
Tax	-38	-40	-65	-67	-102	-105
PROFIT FOR THE PERIOD	118	112	204	194	352	342
Profit for the period attributable to:						
Parent Company's shareholders	116	108	199	190	344	335
Non-controlling interests	3	3	5	4	8	7
PROFIT FOR THE PERIOD	118	112	204	194	352	342
Earnings per share, before and after dilution, SEK						
Profit for the period	3,22	3,02	5,55	5,29	9,58	9,32

Largest owners 2017-06-30

	Voting rights and share capitals, %
LKQ Corporation	26,5
Fourth Swedish National Pension Fund	8,1
Eva Fraim Pålman	5,6
Swedbank Robur Funds	4,8
Didner & Gerge Funds	4,6
Burgundy Asset Management	4,4
Lannebo Funds	4,0
Ing-Marie Fraim Sefastsson	2,8
Svolder	2,7
Catella Funds	2,3
Total 10 largest shareholders	65,7
Others	34,3
Total	100,0