



Mekonomen Group

January – March 2016

11 May 2016

Mekonomen Group

MECA BilXtra Mekonomen

Summary Q1 2016



Favourable underlying growth in Q1 2016, despite Easter effect



Lower EBIT compared with Q1 2015, caused mainly by weak EBIT in Mekonomen Sweden



The losses in Denmark have been halved compared to Q4 2015

First quarter 2016

Revenue	SEK 1 424 M (1 382)
EBITA	SEK 149 M (169)
EBITA margin:	10 per cent (12)
EBIT:	SEK 121 M (142)
EBIT margin:	9 per cent (10)
Revenue growth	+3 per cent
Underlying sales growth:	+9 per cent

Sales and result

- per segment

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MECA – first quarter 2016

EBIT: SEK 60 M (68)

EBIT margin: 12 per cent (15)

Underlying net sales: +20 per cent
affected by Opus Equipment and Denmark

Opus Equipment has affected EBIT negatively by SEK 2 M in the quarter. Denmark EBIT was SEK -5 M. The losses in Denmark have been halved compared with Q4 2015.

Weaker NOK exchange rate has negatively affected the profit (translation effects)

Heavy vehicles – sales to Nobina initiated

Mekonomen Sweden – first quarter 2016

EBIT: SEK 52 M (65)

Negative effect on gross margin, mainly driven by unfavourable product mix

EBIT margin: 11 per cent (14)

The reorganisation implemented, with new working methods, has not yet had desired effect on sales

Underlying net sales: +5 per cent

Implementation of the new retail store system has taken much effort from those stores where the system has been introduced

Initiatives in Mekonomen Sweden

New working methods with increased presence at the customer

Management at district level instead of store level

Field sales force with focus on other workshops

Availability in local warehouses

Implementing a new retail store system

One Mekonomen – increased cooperation with affiliated concept workshops

Mekonomen Norway – first quarter 2016

EBIT: SEK 27 M (35)

Weaker NOK exchange rate has negatively affected the profit (translation effects)

EBIT margin: 14 per cent (17)

Decreased gross margin, driven by consumer campaigns among other things

Underlying net sales: +8 per cent

Increased volumes to the segment other workshops

Sørensen og Balchen – first quarter 2016

EBIT: SEK 24 M (25)

Weaker NOK exchange rate has negatively affected the profit (translation effects)

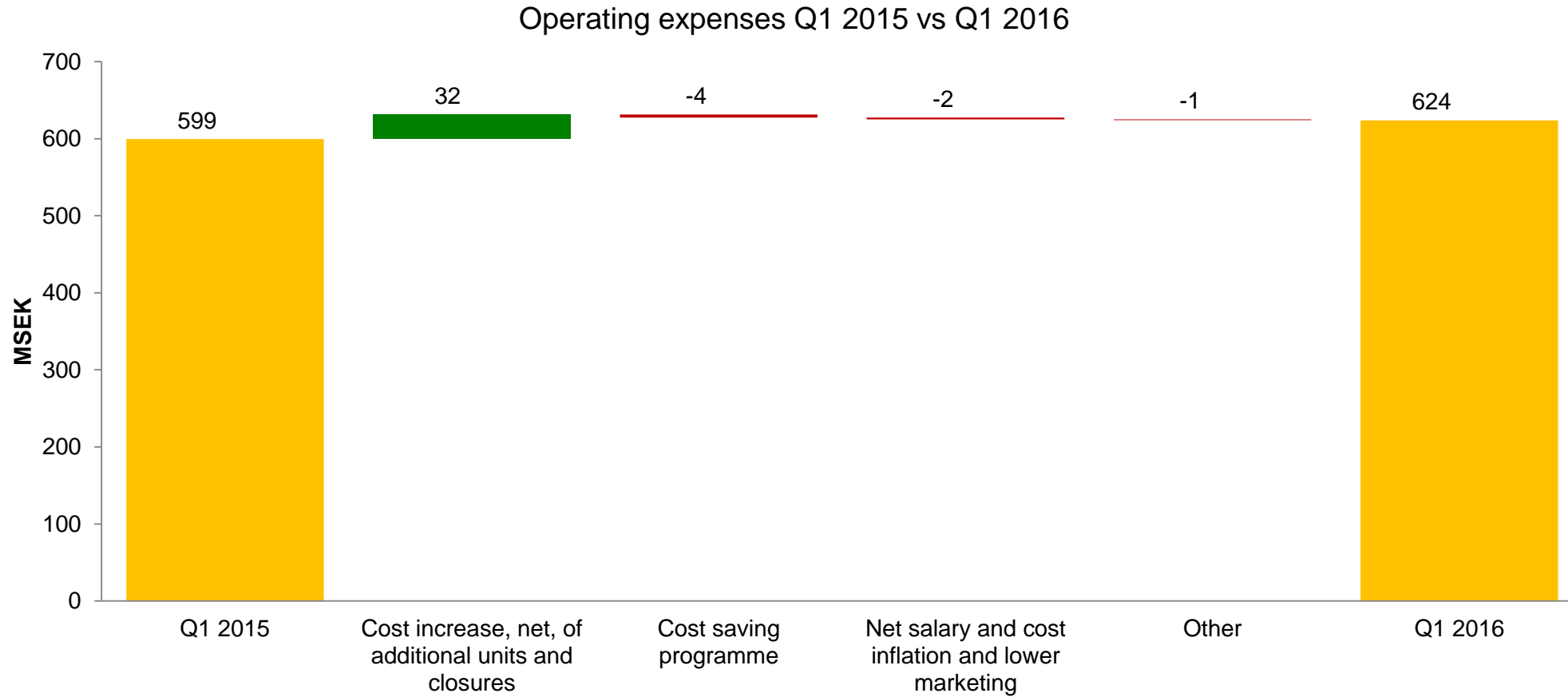
EBIT margin: 13 per cent (13)

Stable development

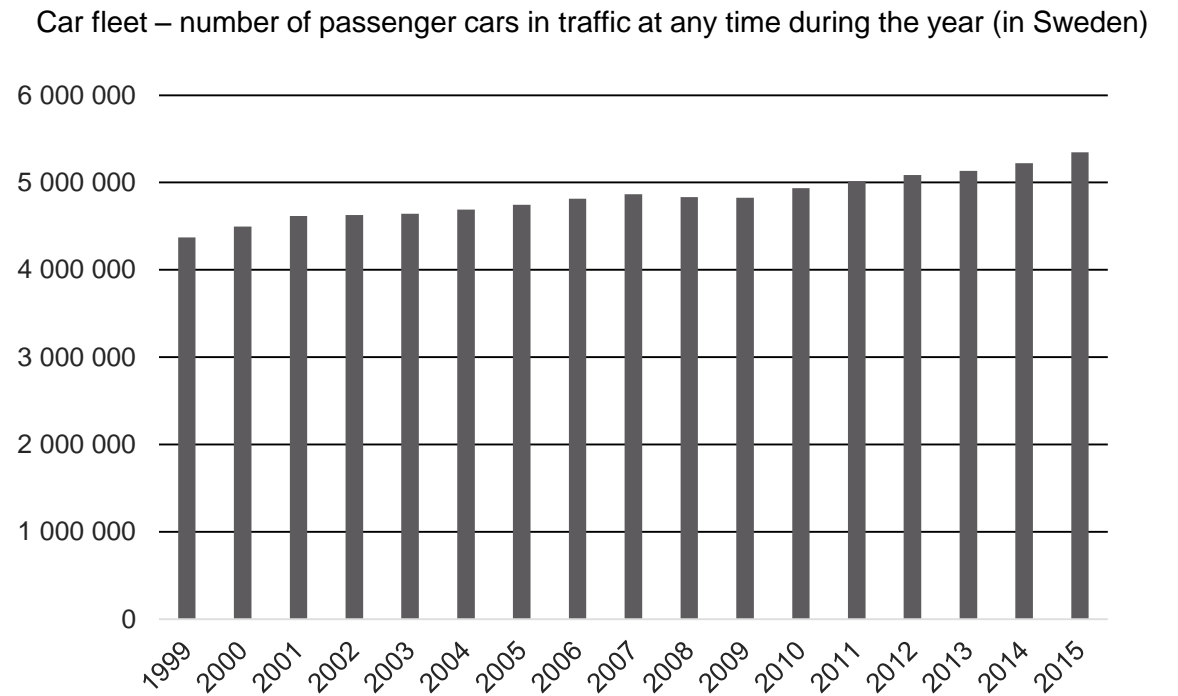
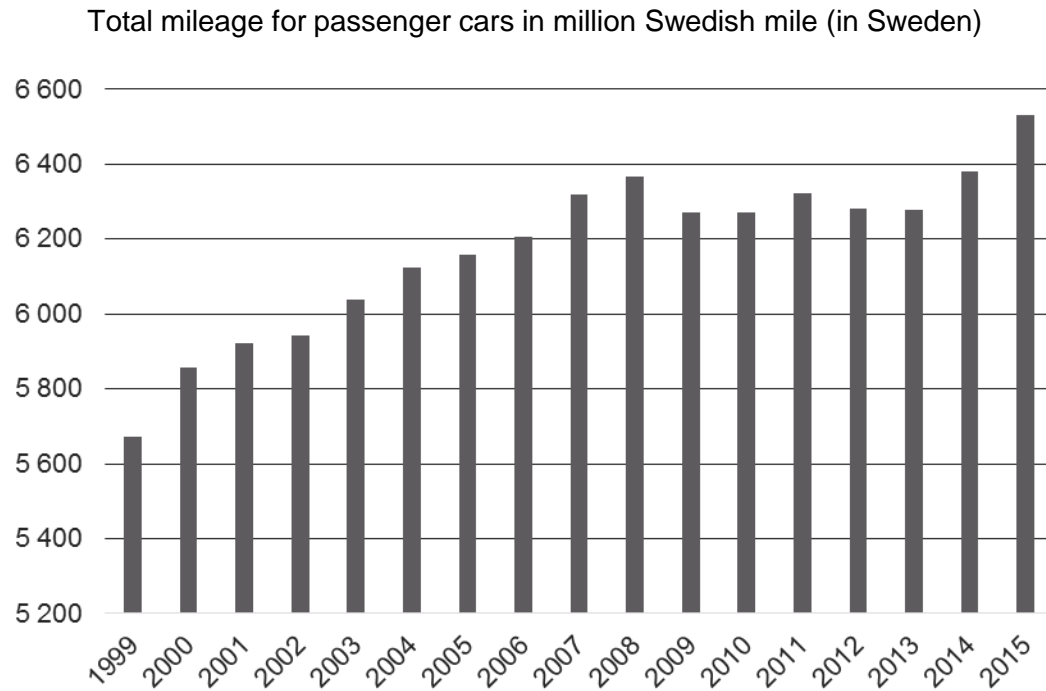
Underlying net sales: +2 per cent

Good sales to consumers

Operating expenses

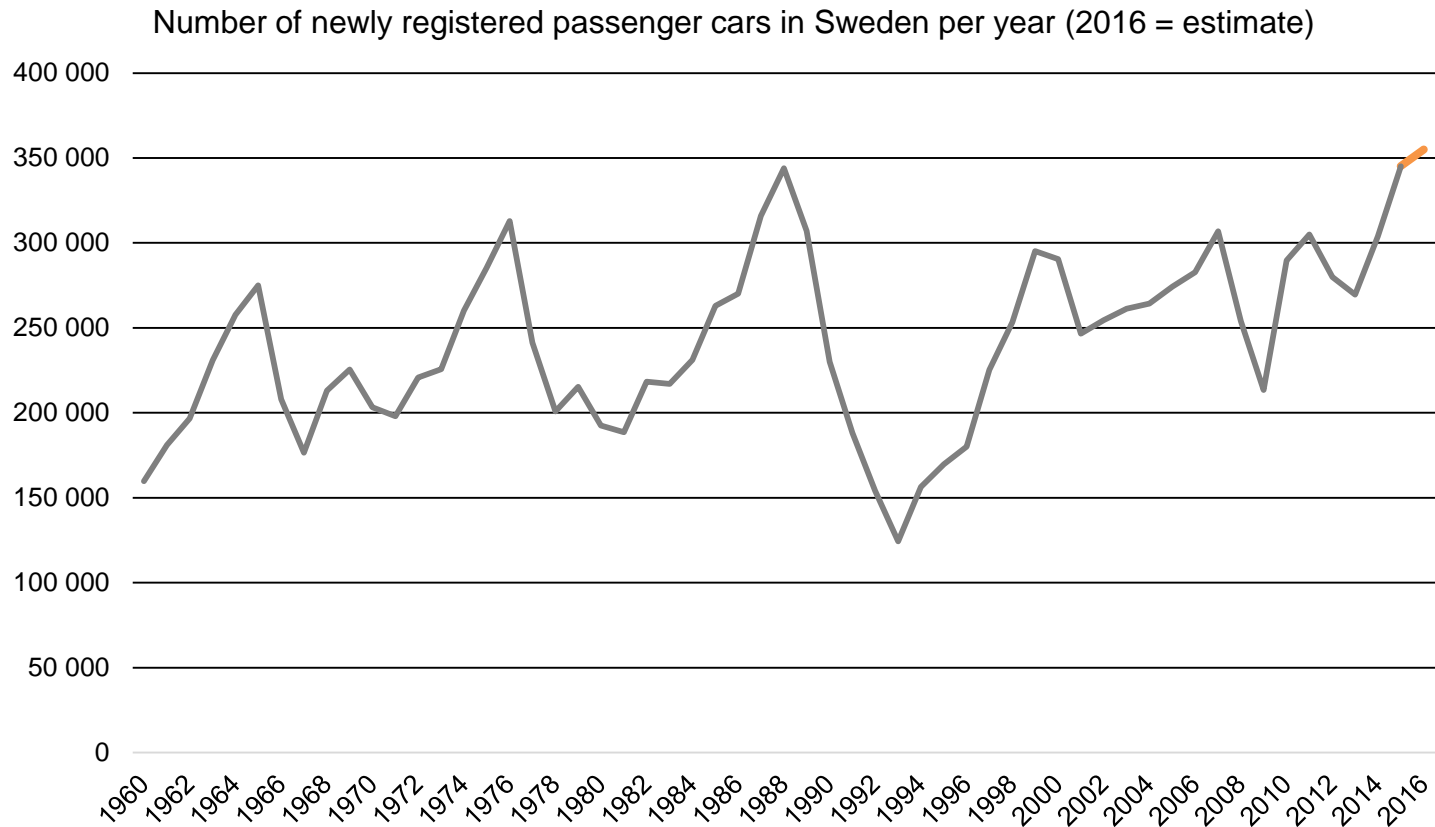


Market – Vehicle miles traveled and number of cars in the car fleet



Source: Trafal

Market – Newly registered passenger cars



Källa: BIL Sweden

Market and growth

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Sales growth by customer group in the first quarter 2016

- Favorable sales growth to workshop customers

Affiliated workshops

Local currency



+9%

Nominal outcome

+5%

Consumers

Local currency



+4%

Nominal outcome

+1%

Other workshops

Local currency



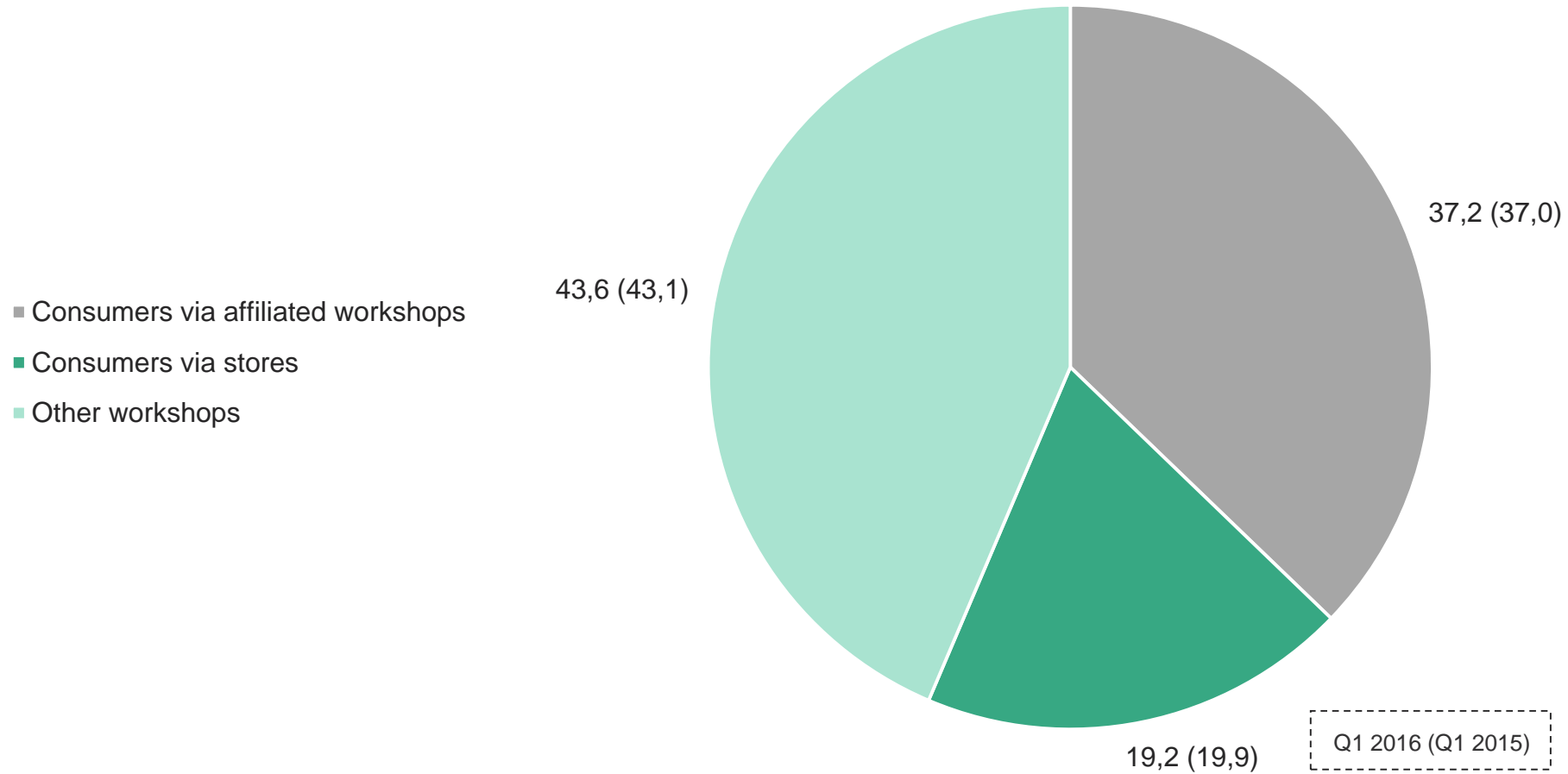
+10%

Nominal outcome

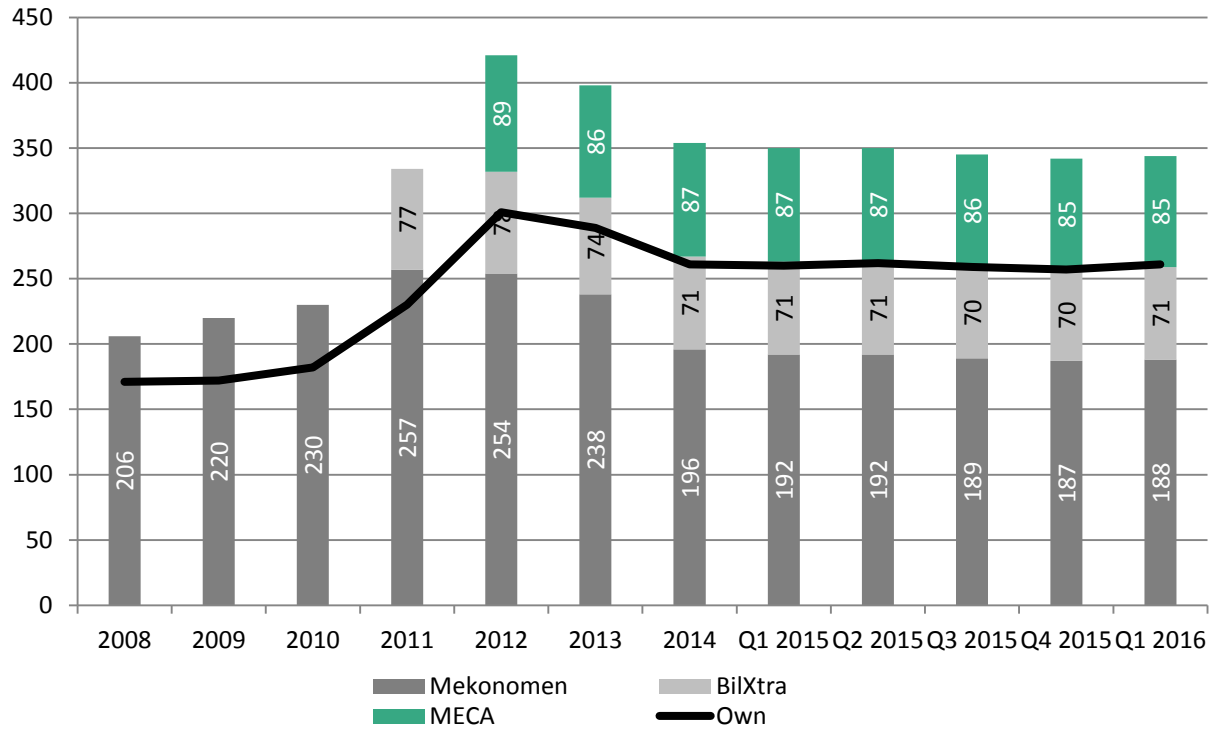
5%

Distribution, customer groups Q1 2016

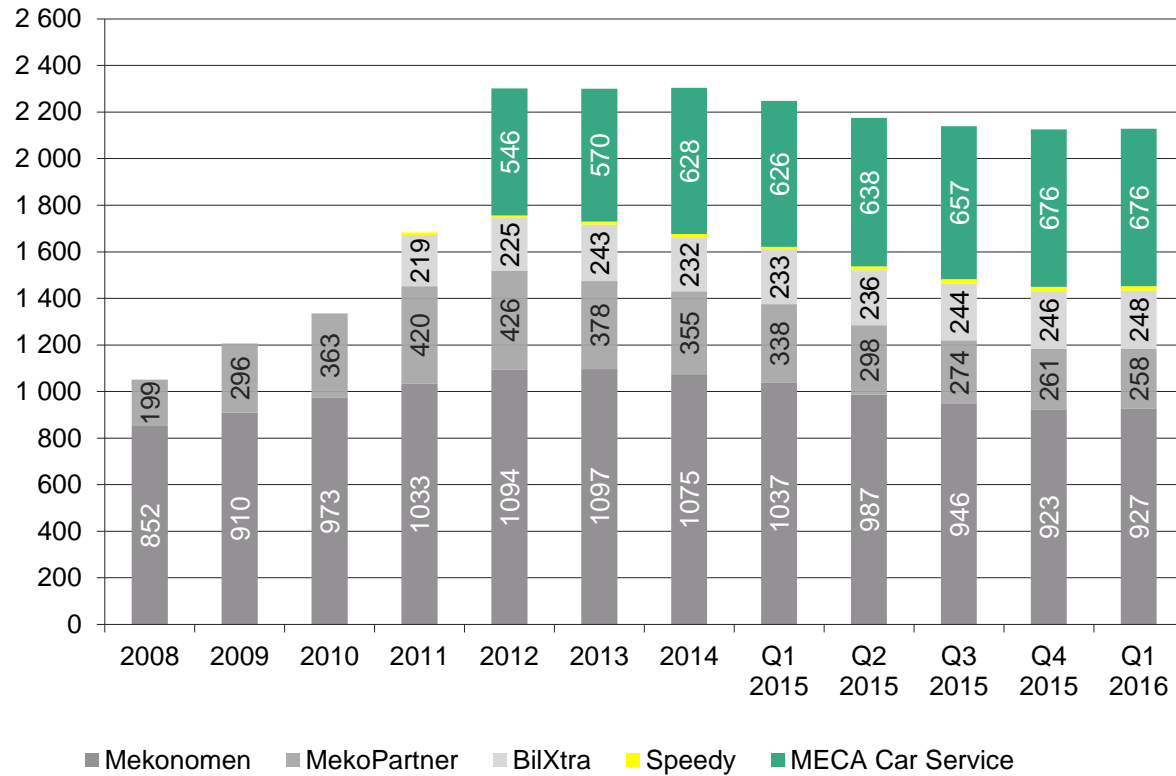
- Favorable sales growth to workshops



Stores



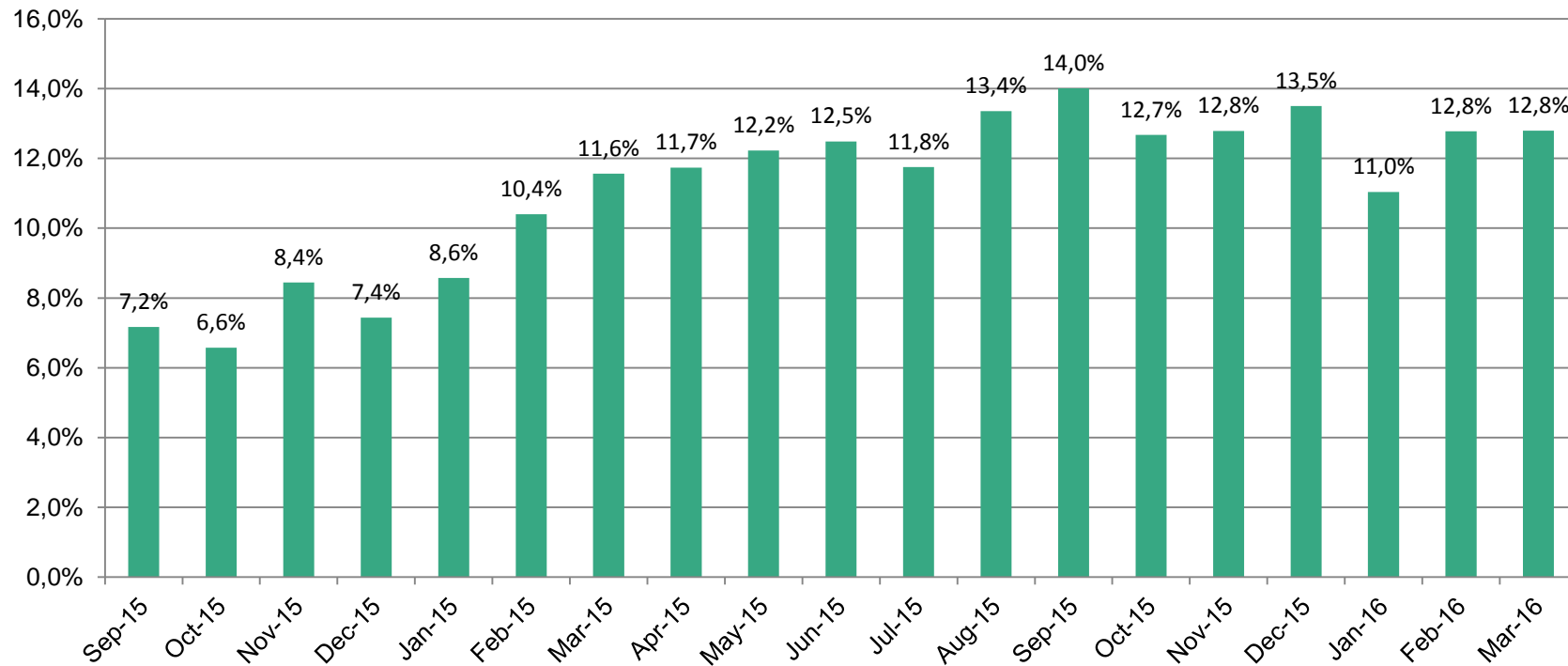
Affiliated workshops



ProMeister

- January 2016 affected by larger proportion of products related to cold weather

ProMeister share of spare parts sale



Focus

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Focus 2016



The growth is our most important focus in 2016



We continue to see the most potential for growth in our core business to B2B customers



New working method in Mekonomen Sweden with increased presence at the customer is expected to have positive effects



Intensified marketing efforts in Mekonomen Sweden



To cost effective increase sales in Denmark



Group-wide e-commerce platform for B2B and B2C and increase the quality of our workshops

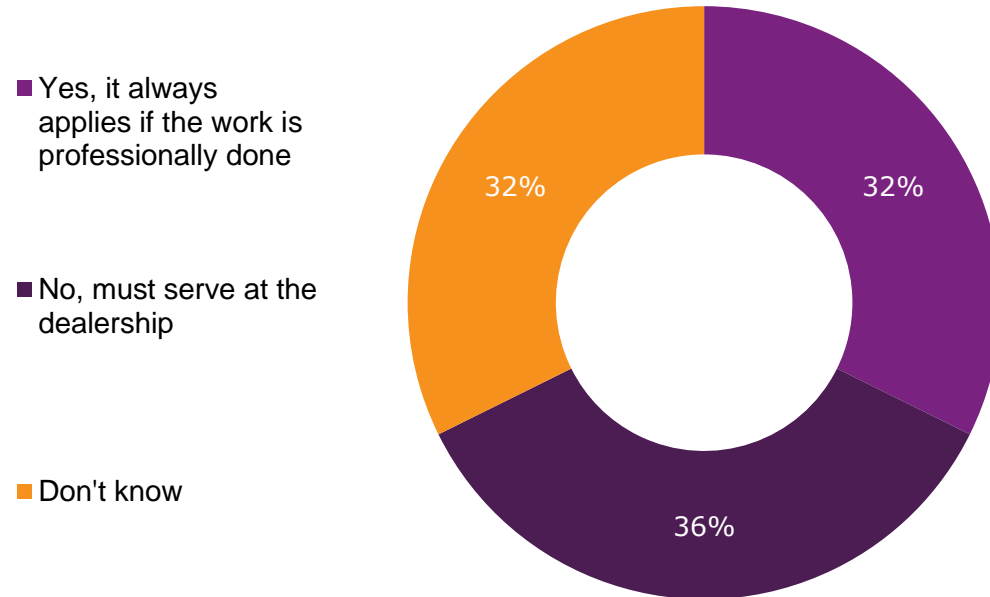
Sales growth



Customer orientation – Car owners misinformed

- Two of three car owners are unsure of what applies on new car warranty when they serve the car at independent workshops

Do you think the new car warranties apply if you serve at an independent workshop?



Respondents in per cent (one answer alternatives)

Strategic focus areas



Growth and innovation



Continued focus on ProMeister, ProMeister Academy
- Products och training



Strategic projects
– E-commerce platform for B2B and B2C, PIM (launched Q1 2016)
– Central warehouse



Group-wide functions
- Purchasing, category, supply chain and IT



Continued quality assurance of workshops and concepts

Examples of business initiatives



Mekonomen has signed a fleet agreement to supply spare parts to LKAB



Heavy vehicles – sales to Nobina initiated

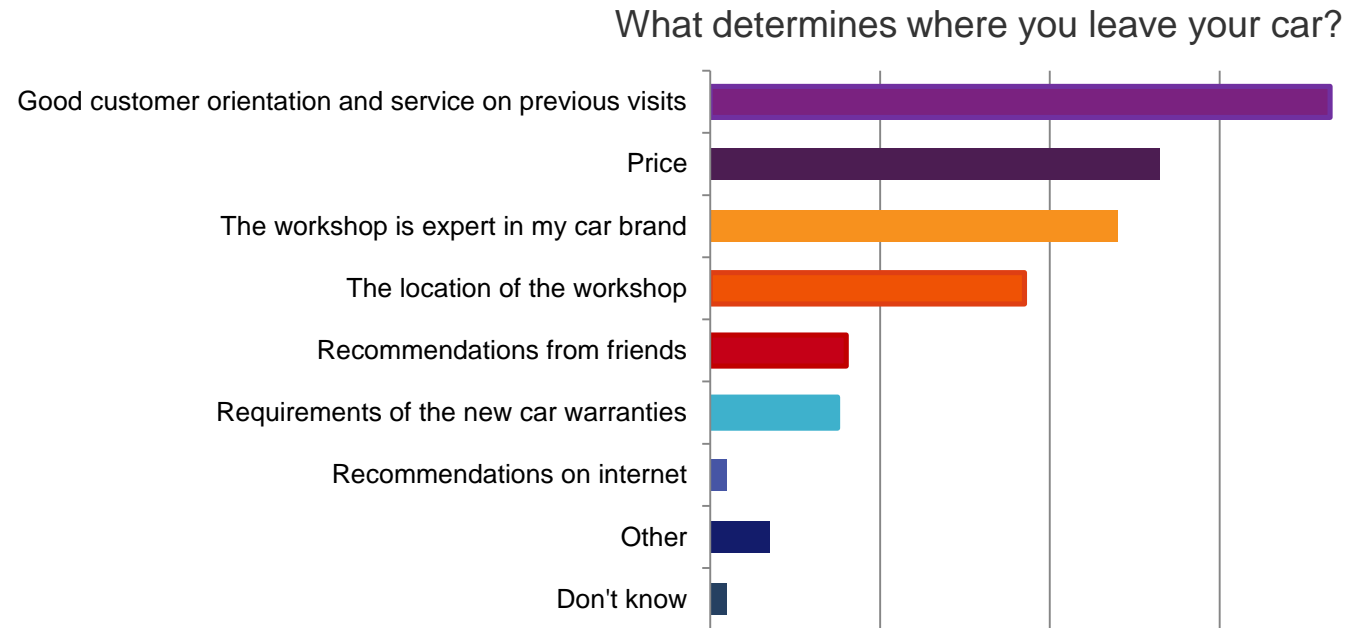


Sales of oils initiated to industrial customers in Norway



Customer survey – Choice of workshop

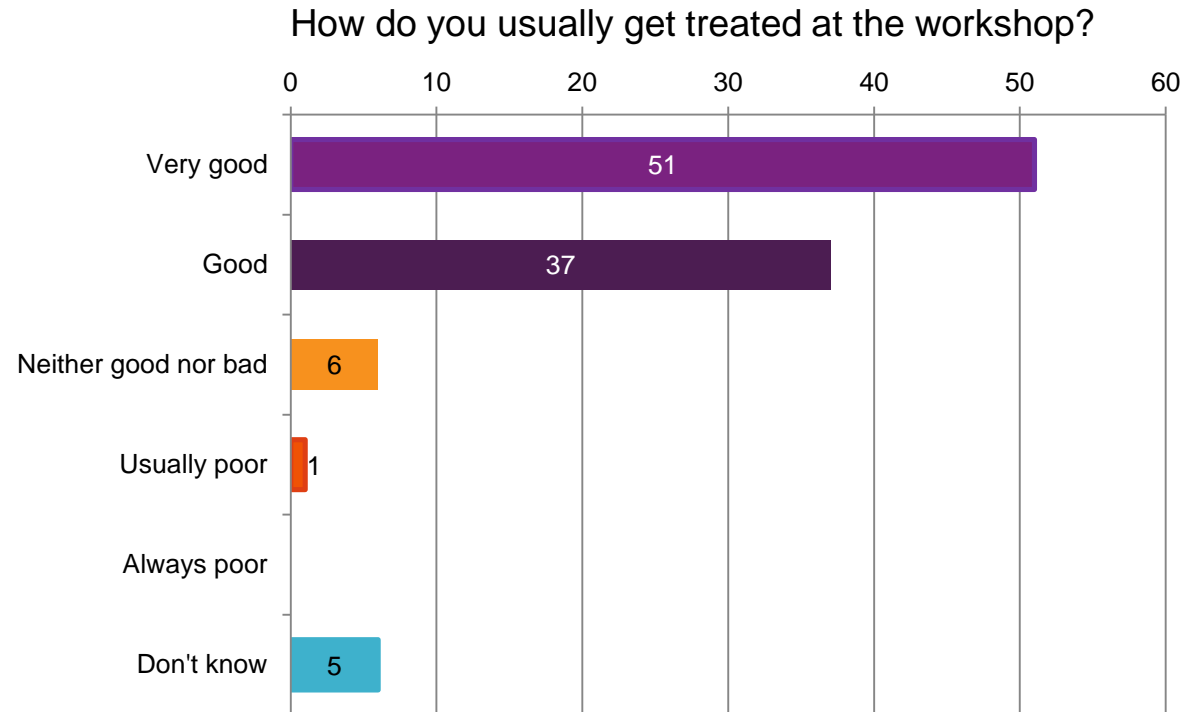
- Customer service, customer orientation and price are important factors in selection of workshop



Respondents in per cent (multiple choices)

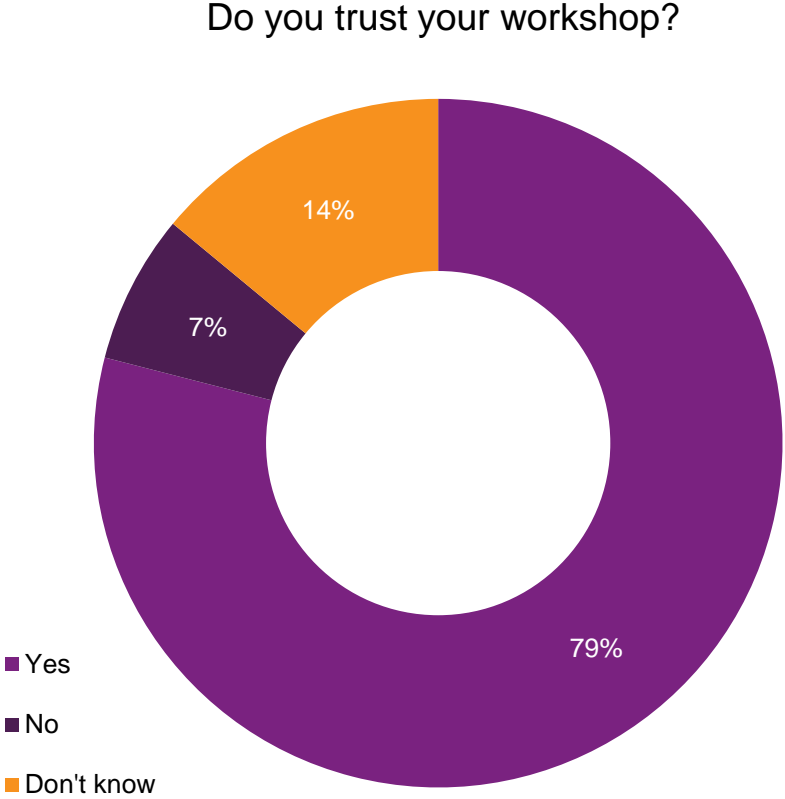
Customer survey – customer orientation

- The customer orientation get good grades in the industry



Respondents in per cent (one answer alternatives)

Consumer survey - trust



Respondents in per cent (one answer alternatives)

Appendix

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Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %	12 months April-March	Full-year 2015
Revenue	1 424	1 382	3	5 803	5 761
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	149	169	-12	706	726
EBIT	121	142	-15	595	616
Profit after financial items	110	144	-23	560	594
Profit after tax, continuing operations	83	105	-21	408	430
Profit after tax, discontinued operations	0	0	0	0	0
Profit after tax	83	105	-21	408	430
Earnings per share, continuing operations, SEK	2,28	2,88	-21	11,17	11,77
Earnings/loss per share, discontinued operations, SEK	0,00	-0,01	0	0,01	0,00
Earnings per share, SEK	2,28	2,87	-21	11,18	11,77
EBITA margin, %	10	12		12	13
EBIT margin, %	9	10		10	11

The amounts in the table above pertain to continuing operations, except for Profit after tax and Earnings per share. For further information about discontinued operations.

Quarterly data

QUARTERLY DATA, CONTINUING OPERATIONS, SEK M	2016		2015				2014				
	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue	1 424	5 761	1 447	1 405	1 527	1 382	5 390	1 373	1 340	1 387	1 290
EBITA	149	726	138	196	224	169	763	184	214	210	156
EBIT	121	616	109	168	197	142	639	145	186	182	126
Net financial items	-11	-22	0	-15	-9	2	-19	-3	-12	-1	-4
Profit after net financial items	110	594	109	154	188	144	620	142	174	181	123
Tax	-27	-164	-32	-42	-50	-39	-153	-40	-38	-44	-31
Profit for the period	83	430	76	111	138	105	466	102	135	137	92
EBITA margin, %	10	13	10	14	15	12	14	13	16	15	12
EBIT margin, %	9	11	8	12	13	10	12	11	14	13	10
Earnings per share, continuing operations, SEK	2,28	11,77	2,14	3,01	3,74	2,88	12,80	2,87	3,69	3,74	2,50
Earnings/loss per share, discontinued operations, SEK	0,00	0,00	0,03	0,00	-0,02	-0,01	-9,46	-7,55	-0,49	-0,75	-0,67
Earnings/loss per share, SEK	2,28	11,77	2,17	3,01	3,72	2,87	3,34	-4,68	3,20	2,99	1,83
Shareholders' equity per share, SEK	62,5	59,7	59,7	58,4	56,9	61,0	57,5	57,5	65,0	60,9	64,6
Cash flow per share, SEK ¹⁾	0,8	12,2	5,4	4,3	3,8	-1,3	11,5	5,0	3,2	5,4	-2,0
Return on shareholders' equity, % ²⁾	18,7	20,0	20,0	20,9	21,9	21,3	20,6	20,6	18,3	17,2	16,6

1) The key figures are calculated including discontinued operations for each quarter.

2) The key figures for return on shareholders' equity are calculated on a rolling 12-month basis for continuing operations for each quarter.

Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jan-Mar 2016	Jan-Mar 2015	12 months April-March	Full-year 2015
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	153	196	738	782
Tax paid	-80	-72	-196	-189
Cash flow from operating activities before changes in working capital	73	124	542	594
Cash flow from changes in working capital:				
Changes in inventory	40	-19	40	-19
Changes in receivables	-82	-97	4	-11
Changes in liabilities	-1	-56	-69	-124
<i>Increase (-)/Decrease (+) restricted working capital</i>	-43	-172	-26	-154
Cash-flow from operating activities	30	-47	516	439
Cash flow from investing activities	-26	-19	-153	-146
Cash flow from financing activities	-62	182	-490	-245
CASH FLOW FOR THE PERIOD	-58	116	-126	48
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	295	258	380	258
Exchange-rate difference in cash and cash equivalents	2	7	-16	-11
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	238	380	238	295

Compared with the interim report for January-March 2015, SEK 45 M was reclassified between cash flow from operating activities before changes in working capital and changes in liabilities in the working capital. The reclassification did not have any impact on total cash flow from operating activities. The reclassification pertains to the discontinued operations in Denmark.

Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jan-Mar 2016	Jan-Mar 2015	12 months April-March	Full-year 2015
Continuing operations:				
Net sales	1 391	1 346	5 669	5 624
Other operating revenue	32	36	133	137
Total revenue	1 424	1 382	5 803	5 761
Goods for resale	-637	-599	-2 567	-2 529
Other external costs	-296	-286	-1 177	-1 167
Personnel expenses	-327	-313	-1 296	-1 282
Depreciation and impairment of tangible fixed assets	-14	-14	-57	-57
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	149	169	706	726
Amortisation and impairment of intangible fixed assets	-28	-27	-111	-110
EBIT	121	142	595	616
Interest income	1	1	5	6
Interest expenses	-8	-9	-32	-33
Other financial items	-4	10	-9	5
Profit after financial items	110	144	560	594
Tax	-27	-39	-152	-164
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	83	105	408	430
Discontinued operations:				
Profit for the period from discontinued operations ¹⁾	0	0	0	0
PROFIT FOR THE PERIOD	83	105	408	430
Profit for the period attributable to:				
Parent Company's shareholders	82	103	401	423
Minority owners	1	2	7	8
PROFIT FOR THE PERIOD	83	105	408	430
Earnings/loss per share, before and after dilution, SEK				
- Earnings from continuing operations	2,28	2,88	11,17	11,77
- Earnings/loss from discontinued operations	0,00	-0,01	0,01	0,00
Profit for the period	2,28	2,87	11,18	11,77

Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	31 March 2016	31 March 2015	31 December 2015
ASSETS ¹⁾			
Intangible fixed assets	2 732	2 810	2 734
Tangible fixed assets	181	201	182
Financial fixed assets	54	61	51
Deferred tax assets	55	55	55
Goods for resale	1 202	1 241	1 226
Current receivables	927	880	818
Cash and cash equivalents	238	380	295
TOTAL ASSETS	5 387	5 627	5 361
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	2 257	2 204	2 155
Long-term liabilities, interest-bearing	1 440	1 576	1 469
Deferred tax liabilities	158	160	169
Long-term liabilities, non-interest-bearing	9	3	8
Current liabilities, interest-bearing	436	517	461
Current liabilities, non-interest-bearing	1 087	1 167	1 099
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5 387	5 627	5 361

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

Largest owners as of 2016-03-31

	Voting rights and Share capitals, %
Axel Johnson company	26,5
Handelsbanken Funds	9,7
Lannebo Funds	7,7
Fourth Swedish National Pension Fund	6,2
Eva Fraim Pålman	5,6
Kempen Funds	3,7
Columbia Funds	3,2
Ing-Marie Fraim Sefastsson	2,8
Catella Funds	1,5
Swedbank Robur Funds	1,4
Total 10 largest shareholders	68,2
Others	31,8
Total	100,0