

Mekonomen Group

Third Quarter Interim report January - September 2020

6 november 2020

Growth, improved profitability and a favourable position for the future market

1 July–30 September 2020

- Net sales declined 1 per cent to SEK 2,863 M (2,879). Organic net sales increased 3 per cent. Net sales was negatively impacted by currency effects of 5 per cent.
- Adjusted EBIT amounted to SEK 270 M (231) and the adjusted EBIT margin was 9 per cent (8).
- EBIT totalled SEK 208 M (191) and the EBIT margin was 7 per cent (7). EBIT was negatively impacted in the quarter by items affecting comparability of SEK 24 M (–).
- Earnings per share, before and after dilution, amounted to SEK 2.18 (1.95).
- Cash flow from operating activities amounted to SEK 521 M (425).
- Net debt was SEK 2,964 M (3,814) at the end of the period, compared with SEK 3,709 M at year-end and SEK 3,299 M at 30 June.
- Covid-19 had a limited impact on the quarter.

1 January–30 September 2020

- Net sales declined 3 per cent to SEK 8,631 M (8,888). Organic net sales declined 1 per cent. Net sales was negatively impacted by currency effects of 3 per cent.
- Adjusted EBIT amounted to SEK 649 M (724) and the adjusted EBIT margin was 7 per cent (8).
- EBIT totalled SEK 478 M (601) and the EBIT margin was 5 per cent (7). EBIT was negatively impacted in the nine-month period by items affecting comparability of SEK 55 M (neg: 5).
- Earnings per share, before and after dilution, amounted to SEK 4.38 (6.34).
- Cash flow from operating activities amounted to SEK 1,252 M (940).
- New bank agreements signed 30 June with adjusted covenants reflecting the financial uncertainty that Mekonomen Group's markets have had and may have due to Covid-19.
- Covid-19 and data breaches affected the period negatively.

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jul–Sep 2020	Jul–Sep 2019	Change, %	Jan–Sep 2020	Jan–Sep 2019	Change, %	12 months Oct– Sep	Full-year 2019
Net sales	2 863	2 879	-1	8 631	8 888	-3	11 586	11 842
Adjusted EBIT	270	231	17	649	724	-10	799	874
EBIT	208	191	9	478	601	-21	582	705
Profit after financial items	167	147	14	349	478	-27	426	555
Profit after tax	127	113	13	260	366	-29	315	421
Earnings per share, SEK	2,18	1,95	12	4,38	6,34	-31	5,38	7,34
Adjusted EBIT margin, %	9	8		7	8		7	7
EBIT margin, %	7	7		5	7		5	6

ADJUSTED EBIT SEK M	Jul–Sep 2020	Jul–Sep 2019	Change, %	Jan–Sep 2020	Jan–Sep 2019	Change, %	12 months Oct– Sep	Full-year 2019
EBIT	208	191	9	478	601	-21	582	705
Costs attributable to restructuring in MECA/Mekonomen	-24			-55			-55	
Costs related to the integration of FTZ and Inter-Team					-5		-10	-14
Impairment of inventory DAB products ¹⁾							3	3
Items affecting comparability, total	-24			-55	-5		-61	-12
"Other items", material acquisition-related items ²⁾	-38	-39		-117	-118		-156	-157
Adjusted EBIT	270	231	17	649	724	-10	799	874

¹⁾ Digital Audio Broadcasting.

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

Growth, improved profitability and a favourable position for the future market

Mekonomen Group stands strong, despite uncertain times. The underlying demand for our products and services is robust. Our third quarter was characterized by increased activity and stabilized demand, as the pandemic had limited effects on our operations. We report positive organic growth and improved profitability on the back of a broad range of forceful actions and structural initiatives. At the end of the quarter we have seen uncertainty grow in our markets as the reported Covid-19 infection rates have increased. We are fully focused on mitigating the effects on our operations and to safeguard the health and safety of our employees and customers. Looking further ahead, we see the timeless need for mobility as a great opportunity for our Group.

Stabilized demand and positive organic growth

In the third quarter, demand in our markets stabilized at close to normal levels as official restrictions related to the pandemic were eased and activity levels increased. Organic net sales growth was 3 per cent, while reported growth was burdened by currency effects and ended at a negative 1 per cent. At the end of the quarter we have seen Covid-19 infection rates rebound in most of our markets and restrictions are slowly being reintroduced. We believe that the uncertainty due to the pandemic will continue for some time. Our top priority is to safeguard the health and safety of our employees and our customers, while we are committed to forcefully mitigate the effects on our operations by taking the right actions. The underlying demand for our products and services is robust, as we have seen over time, and we expect a limited impact as long as society in our markets are not closed down.

Forceful actions and cost focus secure improved profitability

Our efforts resulted in a strengthened profitability during the quarter. EBIT increased to 208 MSEK (191) and the EBIT margin to 7 per cent (7), compared to the same quarter last year. EBIT includes items affecting comparability of -24 (-) MSEK related to structural initiatives. These include costs related to the closure our Eskilstuna warehouse as well as continued closure of unprofitable stores and workshops. Adjusted EBIT improved to compared with the year-earlier quarter. Our efficiency improvements and structural cost saving actions had a positive effect on profitability. The gross margin was stable at 45.2 (45.3) per cent, where earlier currency related price increases in most of our markets compensated for negative mix effects and currency headwind and thus higher purchasing prices in the quarter. The ongoing claims settlement process regarding the data breach has not resulted in any reimbursement during the third quarter.

Strong cash flow and solid financial position

An important focus area this year has been to strengthen our cash flow and reducing our working capital. These activities have resulted in a strong cash flow in the third quarter. Our net debt decreased at the end of September and our net debt/EBITDA dropped to 3.3 times. A part of this is related to government aided tax deferrals in many of our markets during the second quarter. We have also continued to evaluate the investments we make even more carefully. At the end of the second quarter, we negotiated new financing terms with new covenants. Thanks to our performance in the quarter, following our cost savings and improved underlying operations, we have a solid financial position with available cash and a healthy distance to our covenants.

Well positioned for the future market

Looking back, we have been an enabler of mobility for almost fifty years – and I am convinced we have an important role to play for many years to come. Society will inevitable be normalized and continue to evolve. This include new and greener technology in vehicles, new consumer behaviour, and an increased overall focus on sustainability. We have a leading position within our footprint, which we will build on to further strengthen our operations to a more sustainable and even stronger company for the future. As an example of this, I would like to mention that Xpeng, the Chinese challenger in the electric car market, has chosen to cooperate with us in the Norwegian market. We are well prepared for new and emerging competition through our digital capabilities, our strong concepts and our synergies from working as a Group. I am very glad to have witnessed the energy and commitment amongst our employees during these special times. It is also encouraging that Mekonomen Group has been recognized as Sweden's most gender equal company by Allbright Foundation, which I see as a strength and a prerequisite for the future.

Pehr Oscarson
President and CEO

THIS IS MEKONOMEN GROUP

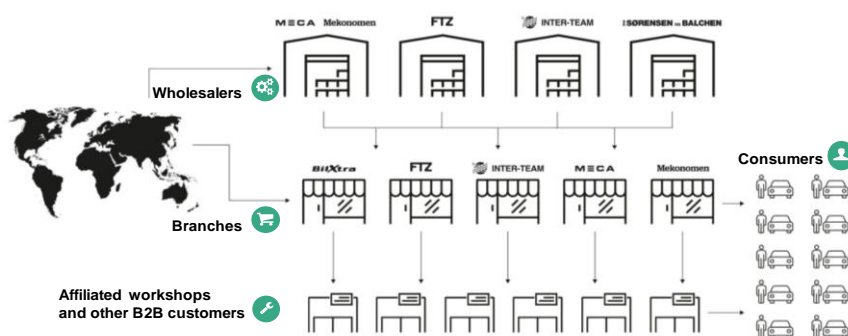
Mekonomen Group consists of the leading car service chains in northern Europe: FTZ, Inter-Team, MECA, Mekonomen and Sørensen og Balchen. The Group has its own wholesale operations, more than 470 stores and over 3,600 workshops operating under the Group's brands. We offer a wide and easily accessible 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 has a shared purchasing function supporting all four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen. The business areas are responsible for their own wholesale operations. The supply of goods is mainly from suppliers in Europe and Asia. Through our stores, we sell and deliver spare parts and accessories to our affiliated workshops as well as other B2B customers, partner stores and consumers.



GROUP REVENUE

TOTAL REVENUE DISTRIBUTION, SEK M	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	12 months Oct- Sep	Full-year 2019
Net sales, external per business area								
FTZ	808	800	1	2 502	2 496	0	3 378	3 371
Inter-Team	524	532	-2	1 530	1 631	-6	2 054	2 155
MECA/Mekonomen	1 310	1 349	-3	3 968	4 158	-5	5 337	5 527
Sørensen og Balchen	210	192	10	604	582	4	781	759
Central functions	10	6	62	26	21	28	37	31
Total net sales, Group	2 863	2 879	-1	8 631	8 888	-3	11 586	11 842
Other operating revenue	36	50	-29	131	134	-2	172	174
GROUP REVENUE	2 899	2 929	-1	8 763	9 022	-3	11 758	12 017

Revenue distribution per country and business area is presented in the table on page 16.

GROWTH NET SALES PER CENT	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Group	
	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep
	2020		2020		2020		2020		2020	
Organic growth	3,7	-0,3	2,6	-4,5	0,2	-2,7	22,3	12,6	3,3	-1,3
Effect from acquisitions/divestments	0,0	0,0	0,0	0,0	1,3	1,0	0,0	0,0	0,6	0,5
Currency effect	-2,7	0,0	-5,6	-2,6	-4,3	-3,5	-12,5	-9,9	-4,7	-2,8
Effect, workdays	0,0	0,5	1,5	1,0	0,0	0,7	0,0	1,1	0,3	0,7
Growth net sales	1,0	0,3	-1,5	-6,2	-2,9	-4,6	9,8	3,8	-0,6	-2,9

1 July–30 September 2020

Net sales declined 1 per cent to SEK 2,863 M (2,879). Organic net sales increased 3 per cent. Reduced sales are mainly due to currency effects that had a negative impact of 5 percent which corresponds to SEK 135 M. The number of workdays was one more in Poland, and unchanged in Denmark, Sweden, Norway and Finland, compared with the year-earlier period.

1 January–30 September 2020

Net sales declined 3 per cent to SEK 8,631 M (8,888). Organic net sales declined 1 per cent. Reduced sales are mainly due to the effects of the Covid-19 pandemic, data breaches at the end of March and currency effects. The currency effects have had a negative impact of 3 per cent, which correspond to SEK 246 M. The number of workdays was two days more in Norway and Poland, one day more in Sweden and Denmark, and unchanged in Finland in the nine-month period compared with the year-earlier period.

GROUP PERFORMANCE

1 July–30 September 2020

Adjusted EBIT

Adjusted EBIT amounted to SEK 270 M (231) and the adjusted EBIT margin was 9 per cent (8). Currency effects in the balance sheet had a negative impact of SEK 4 M (neg: 6) on adjusted EBIT during the quarter. Adjusted EBIT was positively impacted by support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs totalling SEK 9 M in the Inter-Team and MECA/Mekonomen business areas.

EBIT

EBIT amounted to SEK 208 M (191) and the EBIT margin was 7 per cent (7). EBIT was negatively impacted in the quarter by items affecting comparability of SEK 24 M (–), attributable to structural measures implemented in the MECA/Mekonomen business area. Measures encompass costs linked to the closure of the warehouse in Eskilstuna (SEK 10 M) and various costs resulting from the closure of stores and workshops and the sale of a workshop (SEK 14 M). These expenses include the impairment of rental contracts of SEK 10 M and minor amounts related to impairment of inventories, personnel expenses, the disposal of machinery and inventories and losses on the sale of a workshop. EBIT was positively impacted by support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs totalling SEK 9 M in the Inter-Team and MECA/Mekonomen business areas. During the quarter, currency effects in the balance sheet had a negative impact of SEK 4 M (neg: 6) on EBIT.

Other earnings

Profit after financial items amounted to SEK 167 M (147). Net interest expense was SEK 33 M (expense: 36) and other financial items amounted to an expense of SEK 7 M (expense: 8). Profit after tax amounted to SEK 127 M (113). Earnings per share, before and after dilution, amounted to SEK 2.18 (1.95).

1 January–30 September 2020

Adjusted EBIT

Adjusted EBIT amounted to SEK 649 M (724) and the adjusted EBIT margin was 7 per cent (8). Currency effects in the balance sheet had a negative impact of SEK 25 M (neg: 9) on adjusted EBIT. Adjusted EBIT was positively impacted by support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs totalling SEK 40 M, primarily in the Inter-Team and MECA/Mekonomen business area.

EBIT

EBIT amounted to SEK 478 M (601) and the EBIT margin was 5 per cent (7). EBIT was negatively impacted by items affecting comparability of SEK 55 M (neg: 5), attributable to structural measures implemented in the MECA/Mekonomen business area. Measures encompass the disposal of IT systems attributable to the consolidation of e-commerce platforms (SEK 10 M), costs linked to the closure of the warehouse in Eskilstuna (SEK 10 M) and various costs resulting from the closure of stores and workshops (SEK 35 M). These costs include the impairment of rental contracts of SEK 20 M and minor amounts related to impairment of inventories, personnel expenses, the disposal of machinery and inventories and losses on the sale of a workshop. EBIT was positively affected from support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs totalling SEK 40 M, primarily in the MECA/Mekonomen and Inter-Team business areas. Currency effects in the balance sheet had a negative impact of SEK 25 M (neg: 9) on EBIT.

Other earnings

Profit after financial items amounted to SEK 349 M (478). Net interest expense amounted to SEK 95 M (expense: 108) and other financial items amounted to an expense of SEK 34 M (expense: 16). The main difference in other financial items compared with the year-earlier period is due to negative currency effects on balances in bank accounts. Profit after tax amounted to SEK 260 M (366). Earnings per share, before and after dilution, amounted to SEK 4.38 (6.34).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in the third quarter amounted to SEK 521 M (425) and for the nine-month period to SEK 1,252 M (940). Tax paid amounted to SEK 57 M (21) for the third quarter and for the nine-month period to SEK 143 M (161). Cash and cash equivalents amounted to SEK 423 M (213) compared with SEK 355 M at the end of the year. The equity/assets ratio was 36 per cent (33). Excluding IFRS 16, the equity/assets ratio was 41.1 per cent (39). Long-term interest-bearing liabilities amounted to SEK 4,234 M (4,965) compared with SEK 4,655 M at year end, including a long-term lease liability of SEK 1,215M (1,357). Current interest-bearing liabilities amounted to SEK 840 M (899) compared with SEK 1,204 M at year end, including a current lease liability of SEK 436 M (462). During the third quarter part of the support used in the second quarter in Norway and Denmark was repaid as planned. However, new and extended support in Denmark had a positive impact on cash flow. In total, these deferred VAT, employer contributions and tax payments amount to approximately SEK 270 M. These deferred payments will be repaid in the next three quarters and will then have a negative impact on cash flow and debt/equity ratio.

Net debt amounted to SEK 2,964 M (3,814), compared with SEK 3,709 M at year end and SEK 3,299 M at the end of the preceding quarter, representing a reduction of SEK 745 M since year end. The changes to net debt during the year were primarily impacted by the operating result, change in working capital, investments and currency fluctuations. During the quarter, loan repayments according to plan totalled SEK 87 M. During the first quarter, a planned repayment on 31 March of EUR 5 M was postponed in agreement with lenders due to the uncertainty of the impact of the Covid-19 pandemic. This change was announced in a press release on 1 April. Mekonomen's available cash and unutilised credit facilities totalled approximately SEK 1,342 M at the end of September. The company fulfills all covenants in the loan agreements as of 30 September 2020.

INVESTMENTS

During the third quarter, investments in fixed assets amounted to SEK 227 M (107) including leases of SEK 196 M (73) and during the nine-month period investments were SEK 377 M (258), including leases of SEK 281 M (157). Investments mainly related to workshop profiling, workshop customization, workshop equipment, inventories to stores and workshops and IT investments. Depreciation and impairment of tangible fixed assets and right-of-use assets amounted to SEK 155 M (154) for the third quarter and to SEK 461 M (457) for the nine-month period, of which SEK 20 M pertained to the impairment of rental contracts relating to closed stores and workshops.

Company and business acquisitions amounted to SEK 2 M (6) during the third quarter and to SEK 52 M (69) for the nine-month period, of which SEK – M (1) pertained to an estimated supplementary purchase consideration for the third quarter and SEK 5 M (8) for the nine-month period. No supplementary purchase considerations (SEK 1 M) were paid in the quarter, and during the nine-month period supplementary purchase considerations of SEK 2 M (13) were paid. Acquired assets totalled SEK 33 M (38) and assumed liabilities SEK 22 M (18) for the nine-month period. Aside from goodwill, which amounted to SEK 25 M (38), intangible surplus values of SEK 47 M (17) were identified for the nine-month period pertaining to customer relationships. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 8 M (0) for the nine-month period. Acquired non-controlling interests amounted to SEK 6 M (0) for the third quarter and to SEK 11 M (6) for the nine-month period. Neither during the nine-month period of 2019 nor in 2020 were any non-controlling interests divested. Divested business amounted to 1 (–) during the quarter and the nine-month period.

ACQUISITIONS AND START-UPS

Third quarter

Sørensen og Balchen acquired one workshop in the Oslo region, Norway. MECA/ Mekonomen acquired an additional 35 per cent of Allt i Bil Västra Sverige AB, 25 per cent of Mekonomen Tønsberg AS and 25 per cent of Mekonomen Mariestad AB and these are now wholly owned.

Earlier in the year

MECA/Mekonomen has conducted a number of acquisitions during the year. In Sweden, five stores were acquired in Kalix, Boden, Järfälla, Linköping and Finspång as well as the acquisition of a 75 per cent share of a store in Örkelljunga. Four of these acquired stores were previously partner stores. In Norway, a 51 per cent shareholding was acquired of Tores Auto AS, which includes seven workshops located in the Bergen region, and an acquisition of one workshop near Oslo.

Sørensen og Balchen established a workshop in Hamar in Norway.

Other than the above, MECA/Mekonomen acquired the remaining 25 per cent holdings in two partly-owned stores and these are now wholly owned. It also acquired an additional 8 per cent holding in Mekster AB.

Number of stores and workshops

At the end of the period, the total number of stores in the chains was 476 (468), of which 396 (398) were proprietary stores. The number of affiliated workshops totalled 3,648 (3,485). See the distribution in the table on page 18.

EMPLOYEES

During the period, the average number of employees was 4,883 (4,942). See the distribution in the table on page 18.

PERFORMANCE BY BUSINESS AREA

As of the first quarter of 2019, the Group reports in four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

BUSINESS AREA FTZ

FTZ SEK M	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	12 months Oct- Sep	Full-year 2019
Net sales, external	808	800	1	2 502	2 496	0	3 378	3 371
EBIT	91	69	32	255	249	3	305	299
EBIT margin, %	11	9		10	10		9	9
No. of stores/of which proprietary				51 / 51	51 / 51			51 / 51
No. of AutoMester				414	426			421
No. of Hella Service Partner				331	334			331
No. of Din BilPartner				150	147			153
No. of CarPeople				45	29			38

The FTZ business area mainly includes wholesale and branch operations in Denmark.

Net sales for the third quarter rose 1 per cent to SEK 808 M (800), negatively impacted by currency effects of SEK 21 M. Organic net sales increased 4 per cent. Performance during the quarter gradually improved with a strong finish. Sales to affiliated workshops and larger customers remained favourable. Uncertainty about market developments has increased since mid-September, when restrictions were reintroduced in Denmark.

EBIT improved to SEK 91 M (69) for the quarter, while the EBIT margin increased to 11 per cent (9). The earnings improvement is largely due to cost savings pertaining to personnel and marketing activities. Gross margin was unchanged compared with the year-earlier period. No EBIT-impacting government relief was utilised during the quarter.

The number of workdays was unchanged in Denmark compared with the year-earlier quarter.

BUSINESS AREA INTER-TEAM

INTER-TEAM SEK M	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	12 months Oct- Sep	Full-year 2019
Net sales, external	524	532	-2	1 530	1 631	-6	2 054	2 155
EBIT	31	9	252	49	23	114	69	43
EBIT margin, %	6	2		3	1		3	2
No. of stores/of which proprietary				82 / 79	83 / 80			82/79
No. of Inter Data Service				450	356			404
No. of O.K. Serwis				211	183			199

The Inter-Team business area mainly includes wholesale and branch operations in Poland and export business.

Net sales declined 2 per cent to SEK 524 M (532) in the third quarter. Currency effects had a negative impact on net sales of SEK 30 M and organic net sales increased 3 per cent. Sales in the domestic market performed favourably during the quarter as market conditions improved. Uncertainty about short-term market developments increased in September as infection rates rose in Poland. Export markets demonstrated favourable growth during each month of the quarter, mainly driven by the German market.

EBIT increased to SEK 31 M (9) for the quarter and the EBIT margin rose to 6 per cent (2). The increase in profit was primarily due to substantial savings measures, pertaining primarily to personnel expenses and reduced marketing activities. Support for personnel-related costs from the Polish government had a positive impact on EBIT of approximately SEK 7 M during the quarter. Gross margin improved slightly, as higher volumes and supplier bonuses together with previously implemented price adjustments more than offset a higher percentage of export sales with lower margins and negative currency fluctuations.

The number of workdays was one more workday in Poland compared with the year-earlier quarter.

BUSINESS AREA MECA/MEKONOMEN

MECA/MEKONOMEN SEK M	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	12 months Oct- Sep	Full-year 2019
Net sales, external	1 310	1 349	-3	3 968	4 158	-5	5 337	5 527
EBIT	89	128	-30	194	376	-48	257	438
EBIT margin, %	7	9		5	9		5	8
No. of stores/of which proprietary				278 / 229	268 / 229			271 / 230
No. of Mekonomen Bilverkstad				801	793			795
No. of MECA Car Service				732	716			709
No. of MekoPartners				208	201			208
No. of Speedy				43	38			40
No. of AlltiBil				7	9			8

The MECA/Mekonomen business area mainly includes wholesale, store, workshop and fleet operations in Sweden, Norway and Finland. The business area comprises MECA, Mekonomen and a number of smaller operations.

Net sales for the third quarter declined 3 per cent to SEK 1,310 M (1,349), of which SEK 770 M (821) in the Swedish operations, SEK 515 M (513) in the Norwegian operations and SEK 25 M (14) in the Finnish operations. Currency effects had a negative impact on net sales of SEK 59 M. Organic sales were unchanged.

Market developments have generally stabilised during the quarter. Sales in the Swedish market noted a slightly negative growth each month, compared with the year-earlier periods. In Norwegian operations, the previously implemented currency-related price increases together with a high level of market activity resulted in good organic sales growth for the quarter.

EBIT for the third quarter totalled SEK 89 M (128) and the EBIT margin was 7 per cent (9). As a direct result of the market situation, forceful actions were taken during the second quarter to adapt operations. Savings measures, primarily in personnel and marketing activities, had a positive impact on earnings. EBIT was positively impacted in an amount of SEK 2 M as a result of relief in the form of reduced employer contributions, sick pay support and short-time working support. EBIT was negatively impacted by items affecting comparability totalling SEK 24 M (-) in the quarter, which include costs linked to the closure of the warehouse in Eskilstuna and structural initiatives in the form of the closure of unprofitable stores and workshops. EBIT adjusted for items affecting comparability was SEK 113 M (128).

The claims settlement process with respect to the data breach is in progress. No compensation was paid by the insurance company during the third quarter. The gross margin was unchanged compared with the year-earlier quarter as previously implemented price increases offset lower sales volumes and negative currency effects.

The number of workdays was unchanged in Sweden, Norway and Finland compared with the year-earlier quarter.

BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN SEK M	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	12 months Oct- Sep	Full-year 2019
Net sales, external	210	192	10	604	582	4	781	759
EBIT	53	30	73	136	92	47	164	121
EBIT margin, %	25	16		22	16		21	16
No. of stores/of which proprietary				65 / 37	66 / 38			65/37
No. of BilXtra workshops				256	253			258

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

Net sales in the third quarter increased 10 per cent to SEK 210 M (192). Currency effects had a negative impact on net sales of SEK 24 M. The organic growth in sales was 22 per cent, as a result of strong sales in the consumer and wholesaler segments in combination with currency-related price increases. The business has benefited from increased market activity during the quarter.

EBIT rose to SEK 53 M (30) and the EBIT margin increased to 25 per cent (16) in the quarter, mainly driven by higher sales and strict cost control. Gross margin improved, as price increases together with higher volumes and supplier bonuses more than offset the weaker NOK and higher purchasing prices. No EBIT-impacting government relief was utilised during the quarter.

The number of workdays was unchanged in Norway compared with the year-earlier quarter.

NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

Mekonomen has limited seasonal effects in its operations. However, the number of workdays affects sales and earnings. Extreme summer or winter weather can also impact sales.

WORKDAYS BY COUNTRY	Q1			Q2			Q3			Q4			Full-year		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Sweden	63	63	63	60	59	60	66	66	65	63	62	62	252	250	250
Norway	64	63	62	59	58	60	66	66	65	63	62	62	252	249	249
Denmark	64	63	-	59	59	-	66	66	65	63	62	62	252	250	250
Poland	63	63	-	62	61	-	66	65	64	63	62	62	254	251	250
Finland	63	63	63	60	60	61	66	66	65	63	61	61	252	250	250

SIGNIFICANT RISKS AND UNCERTAINTIES

Mekonomen Group is exposed to a number of external, operating and financial risks. All identified risks are monitored continuously and, if necessary, risk-reducing measures are taken to limit the effects. The most relevant risk factors are described in the 2019 Annual Report – page 18 and Note 11 – that describes risks relating to market competitors, operational risks and financial risks.

Compared with the Annual Report, which was published on 3 April 2020, Mekonomen Group’s risk profile has changed due to the outbreak of Covid-19 in almost all identified risk categories. This is described in the quarterly report published 29 May 2020. Regarding external risks, we foresee continued, if somewhat less noticeable, behavioural changes among both store and workshop customers, towards more online interaction, which could continue in the long term. Furthermore, operators in the industry have been affected by the consequences of the pandemic, which may result in disruptive changes that must be managed. The operating risks include continued risk in terms of employee health and availability, and the vulnerability of our IT environments as well as, to a certain extent, our supply of goods depending on how the Covid-19 pandemic develops in the world around us.

Mekonomen Group has, through its Risk and Compliance Committee (RCC), which consists of Group Management and the Group’s risk manager, a particular focus on identifying critical changes in the area of risk. The risk manager and CFO maintain frequent dialogues with business area managers to limit the risks and prevent these from occurring. This process is conducted with various stakeholders, the Board and the Audit Committee.

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 negative SEK 40 M (neg: 63) for the third quarter, and negative SEK 77 M (neg: 174) for the nine-month period, excluding dividends from subsidiaries of SEK 474 M (332) for the nine-month period. The difference in earnings after financial items compared with the year-earlier period was largely due to currency effects on long-term loans and balances in bank accounts. The average number of employees in the Parent Company was 6 (5). During the third quarter, Mekonomen AB sold goods and services to Group companies for a total of SEK 9 M (10) and for SEK 26 M (30) in the nine-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 18 M (neg: 5) for the third quarter and negative SEK 39 M (neg: 20) for the nine-month period.

“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 38 M (expense: 39) for the third quarter, and an expense of SEK 117 M (expense: 118) for the nine-month period.

EVENTS DURING THE PERIOD

A new bank agreement was signed on 30 June. The revised bank agreement stipulates that bank covenants for the second quarter of 2020 and henceforth are to be adjusted to reflect the financial uncertainty that Covid-19 has had and will have on Mekonomen Group's markets. During the second and third quarters, repayment of Mekonomen Group's debt was carried out according to plan. Due to the uncertainty of the financial impact of Covid-19 on Mekonomen's markets, the company's planned repayment of EUR 5 M in the first quarter that would have been paid on 31 March 2020 has been postponed until the end of the loan period (August 2023). The terms no longer entail restrictions on dividend payments to shareholders.

On 28 March, the company became aware of data breaches within the MECA/Mekonomen business area, which caused comprehensive disruptions to the IT systems within the business area in Sweden and Norway. The systems were restored in mid-April and Mekonomen possesses cyber insurance that will limit financial damage.

During the period, Covid-19 has impacted markets where Mekonomen Group conducts business. For further information, refer to the separate sections "Covid-19 and its impact on financial statements in the third quarter," "significant risks and uncertainties," "Financial position and cash flow" and the description of developments given by each business area.

During the third quarter, Geir Hoff was recruited as new Country Manager in Norway in the MECA/Mekonomen business area. He takes over after Torhild Barlaup, who left the Group during the quarter. Geir will begin his assignment for Mekonomen Group in early 2021.

LTIP 2020

During the third quarter, a long-term, share-based incentive programme was launched as resolved by the AGM on 7 May 2020, LTIP 2020. The main motivation for establishing LTIP 2020 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 2020 is according to the AGM resolution of 7 May limited to 255,000 (including any dividend compensation) to 30 participants. The actual number of participants is 26 and the number of shares required to cover the company's commitment according to LTIP amounts to 200,000 shares.

LTIP 2020 encompass 26 employees comprising company management in Mekonomen as well as certain other key individuals in the Group. Participation in LTIP 2020 requires some individual share ownership in Mekonomen. After the established vesting period, which runs until 31 March 2023, 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 growth in adjusted EBIT as well as decrease of net debt/EBITDA. The expected average cost per year amounts to SEK 4 M for the programme, over three years. The cost exceeds the stated amount at the Annual General Meeting on May 7 due to the significantly higher share price at the launch of LTIP 2020.

For a more detailed description of LTIP 2020, refer to information from the AGM on 7 May 2020 at www.mekonomen.com

To ensure the supply of shares in accordance with LTIP 2020, the company entered into an equity swap agreement for 200,000 shares in the third quarter. The equity swap agreement matures on 31 May 2023. The company already holds a total of 93,250 own shares intended to ensure the supply of share for the previously launched LTIP 2019.

COVID-19 AND ITS IMPACT ON FINANCIAL STATEMENTS IN THE THIRD QUARTER

At the end of the third quarter, the spread of Covid-19 increased in all of Mekonomen Group's markets. While our operations were affected by Covid-19, it was less severe than in the second quarter, as all markets were not under lock-down, as was the case in the second quarter. Our operations have been conducted as usual. However, demand is still adversely affected in Denmark, Poland and Sweden.

Mekonomen Group has continued to carefully monitor the development of Covid-19 and any additional restrictions imposed in the Group's markets. Further measures in addition to those already taken may therefore be needed. The forceful actions to reduce costs and adapt operations that were introduced in March remain. These measures had a positive effect on earnings in the third quarter.

Goodwill

In connection with the interim financial statements, we have reviewed our operations and goodwill values booked. We see no indication that a decrease in value may have taken place. The ordinary impairment test of goodwill will take place in the fourth quarter.

Reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs

EBIT for Mekonomen Group was positively affected by relief granted due to Covid-19 in the form of compensation from the Polish government of approximately SEK 7 M for personnel-related costs. In other markets, little or no support has been received. The support has been recorded net and reduced personnel expenses, and mainly pertains to the Inter-Team business area with operations in Poland.

Inventories

As of 30 September, the effects of the Covid-19 pandemic have not had any significant impact on the valuation of inventories.

Credit losses

As of 30 September, there is no indication of the need to expand credit loss reserves.

Financial position

During the quarter, focus has been on securing liquidity and cash flow. Liquidity and cash flow during the quarter were favourable, largely due to positive earnings and continued support and relief concerning mainly the postponement of VAT and tax payments totalling approximately SEK 270 M.

EVENTS AFTER THE END OF THE PERIOD

At present, it is too early to assess the total impact of Covid-19 on Mekonomen Group's financial earnings in the fourth quarter and the full-year of 2020.

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. This interim report consists of pages 1–24 and should be read in its entirety.

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.

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 should correspond to its source, and rounding differences may therefore arise.

Government grants

Government support that has been received is recognised in profit or loss and in the balance sheet at fair value when there is reasonable certainty that the conditions for receiving the support will be met. State contributions are reported in the income statement as a reduction of personnel expenses and is accrued over the same periods as the costs the support is intended to cover.

FORTHCOMING FINANCIAL REPORTING DATES

Information	Period	Date
Year-end report	January–December 2020	2021-02-12
Interim report	January–March 2021	2021-05-07
Interim report	January–June 2021	2021-08-20
Interim report	January–September 2021	2021-10-29
Year-end report	January–December 2021	2022-02-11

ANNUAL GENERAL MEETING

The 2020 Annual General Meeting will be held at 11:00 a.m. on 7 May 2021 in Stockholm. The Annual Report will be published and available on Mekonomen's website by 31 March 2021.

NOMINATION COMMITTEE

In accordance with the guidelines established at the Annual General Meeting on 7 May 2020, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the Annual General Meeting on 7 May 2021 pertaining to the election of a Chairman of the Annual General Meeting, the number of Board members and deputy members, the election of a Chairman and other members to the company's Board of Directors, Board fees, as well as any remuneration for committee work, election of and fees paid to auditors, and guidelines for the appointment of the Nomination Committee.

Prior to the 2021 Annual General Meeting, the Nomination Committee consists of John Quinn (LKQ Corporation), Arne Löw (Fourth Swedish National Pension Fund), Kristian Åkesson (Didner & Gerge Fonder AB), and Caroline Sjösten (Swedbank Robur Fonder). Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee. At the first Nomination committee John Quinn was appointed as the nomination committee chairman.

Stockholm 6 November 2020
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Pehr Oscarson
President and CEO

For further information, please contact:
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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 contactperson set out above, on 6 November 2020 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.

Auditor's report

Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Introduction

We have reviewed the condensed interim financial information (interim report) of Mekonomen AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 6 November 2020

PricewaterhouseCoopers AB

Linda Corneliusson
Authorised Public Accountant

CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Net sales	2 863	2 879	8 631	8 888	11 586	11 842
Other operating revenue	36	50	131	134	172	174
Total revenue	2 899	2 929	8 763	9 022	11 758	12 017
Goods for resale	-1 568	-1 576	-4 760	-4 882	-6 413	-6 535
Other external costs	-329	-338	-1 054	-1 015	-1 414	-1 375
Personnel expenses	-581	-616	-1 838	-1 907	-2 507	-2 576
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	421	400	1 111	1 218	1 424	1 531
Depreciation and impairment of tangible fixed assets and right-of-use assets	-155	-154	-461	-457	-615	-611
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	266	246	650	761	809	920
Amortisation and impairment of intangible fixed assets	-58	-55	-172	-159	-228	-215
EBIT	208	191	478	601	582	705
Interest income	2	3	8	9	11	12
Interest expenses	-35	-39	-102	-117	-137	-151
Other financial items	-7	-8	-34	-16	-29	-11
Profit after financial items	167	147	349	478	426	555
Tax	-40	-34	-90	-112	-111	-134
PROFIT FOR THE PERIOD	127	113	260	366	315	421
Profit for the period attributable to:						
Parent Company's shareholders	123	110	247	357	303	413
Non-controlling interests	4	3	13	9	12	8
PROFIT FOR THE PERIOD	127	113	260	366	315	421
Earnings per share before and after dilution, SEK	2,18	1,95	4,38	6,34	5,38	7,34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Profit for the period	127	113	260	366	315	421
Other comprehensive income:						
<i>Components that will not be reclassified to profit/loss for the year:</i>						
– Actuarial gains and losses	5	-2	5	-2	3	-4
<i>Components that may later be reclassified to profit/loss for the year:</i>						
– Exchange-rate differences from translation of foreign subsidiaries	9	37	-92	238	-224	106
– Loan hedging of net investments ¹⁾	-7	-28	23	-90	86	-27
– Cash-flow hedges ²⁾	1	-1	-5	-7	-2	-3
Other comprehensive income, net after tax	7	6	-69	139	-137	71
COMPREHENSIVE INCOME FOR THE PERIOD	134	119	190	505	178	492
Comprehensive income for the period attributable to:						
Parent Company's shareholders	130	116	180	496	168	484
Non-controlling interests	4	3	11	9	9	8
COMPREHENSIVE INCOME FOR THE PERIOD	134	119	190	505	178	492

¹⁾ Loans raised in EUR in conjunction with acquisitions in Denmark hedge 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 September 2020	30 September 2019	31 December 2019
ASSETS ¹⁾			
Intangible fixed assets	5 586	5 839	5 697
Tangible fixed assets	448	473	465
Right-of-use assets	1 661	1 862	1 818
Financial fixed assets	100	86	101
Deferred tax assets	-	-	-
Goods for resale	2 653	2 816	2 854
Current receivables	1 821	1 837	1 580
Cash and cash equivalents	423	213	355
TOTAL ASSETS	12 693	13 127	12 870
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	4 520	4 347	4 335
Long-term liabilities, interest-bearing	3 019	3 608	3 333
Long-term lease liabilities	1 215	1 357	1 323
Deferred tax liabilities	377	443	428
Long-term liabilities, non-interest-bearing	95	20	20
Current liabilities, interest-bearing	405	437	748
Current lease liabilities	436	462	457
Current liabilities, non-interest-bearing	2 627	2 453	2 227
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	12 693	13 127	12 870

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 September 2020	30 September 2019	31 December 2019
Shareholders' equity at the beginning of the year	4 335	3 853	3 853
Comprehensive income for the period	190	505	492
Share Swap	-18	-	-
Repurchase of own shares	-	-2	-2
Acquisition/divestment of non-controlling interests	13	-6	-6
Shareholders' contributions from minority shareholders	2	6	7
Dividend to shareholders	-4	-10	-9
Share savings programme	1	0	1
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	4 520	4 347	4 335
Of which non-controlling interests	66	33	32

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Operating activities						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	406	358	1 045	1 119	1 341	1 416
Tax paid	-57	-21	-143	-161	-207	-226
Cash flow from operating activities before changes in working capital	348	337	902	958	1 135	1 190
Cash flow from changes in working capital:						
Changes in inventory	-35	16	115	89	33	6
Changes in receivables	-11	-36	-213	-253	-13	-53
Changes in liabilities	218	107	447	147	299	-2
<i>Increase (-)/Decrease (+) working capital</i>	173	88	350	-18	319	-48
Cash-flow from operating activities	521	425	1 252	940	1 454	1 142
Cash flow from investing activities	-36	-40	-138	-164	-172	-199
Cash flow from financing activities	-411	-334	-1 041	-787	-1 052	-798
CASH FLOW FOR THE PERIOD	74	51	73	-11	229	146
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	352	153	355	205	213	205
Exchange-rate difference in cash and cash equivalents	-3	9	-5	19	-19	5
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	423	213	423	213	423	355

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 2019 Annual Report, Note 11. All of Mekonomen's financial instruments measured to fair value 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 2019 Annual Report, Note 11. The financial instruments contained in the interim report are the same as those in the 2019 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	30 September 2020	30 September 2019
FINANCIAL ASSETS		
Derivatives: Currency swaps	-	-
Interest-rate swaps	-	1
TOTAL	-	1
FINANCIAL LIABILITIES		
Derivatives: Currency swaps	-	-
Interest-rate swaps	15	13
TOTAL	15	13

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 30 September 2020

SEK M	Instruments measured at fair value through Income Statement	Financial assets accrued acquisition value	Financial liabilities accrued acquisition value	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	-	77	-	77	77	23	100
Accounts receivable	-	1 197	-	1 197	1 197	-	1 197
Other current receivables	-	-	-	-	-	625	625
Cash and cash equivalents	-	423	-	423	423	-	423
TOTAL	-	1 697	-	1 697	1 697	647	2 344
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing	-	-	3 004	3 004	3 004	-	3 004
Long-term lease liabilities	-	-	1 215	1 215	-	-	1 215
Long-term liabilities, non-interest-bearing	-	-	-	-	-	89	89
Derivative instruments ¹⁾	15	-	-	15	15	-	15
Supplementary purchase considerations, long-term	6	-	-	6	6	-	6
Current liabilities, interest-bearing	-	-	405	405	405	-	405
Current lease liabilities	-	-	436	436	-	-	436
Accounts payable	-	-	1 247	1 247	1 247	-	1 247
Other current liabilities	-	-	-	-	-	1 374	1 374
Supplementary purchase considerations, short-term	6	-	-	6	6	-	6
TOTAL	27	-	6 307	6 333	4 682	1 463	7 796

¹⁾ Derivative instruments used for hedging purposes.

QUARTERLY DATA, BUSINESS AREA	2020					2019					2018			
	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	
NET SALES, SEK M ¹⁾														
FTZ	808	841	853	3 371	875	800	860	836	1 088	836	252	-	-	
Inter-Team	524	490	516	2 155	524	532	582	517	638	490	147	-	-	
MECA/Mekonomen	1 310	1 334	1 324	5 527	1 368	1 349	1 447	1 362	5 301	1 363	1 267	1 422	1 249	
Sørensen og Balchen	210	221	172	759	176	192	207	183	739	168	180	209	182	
Central functions ²⁾	10	8	8	31	11	6	5	10	14	6	4	2	2	
GROUP	2 863	2 894	2 874	11 842	2 954	2 879	3 100	2 909	7 779	2 864	1 850	1 633	1 432	
EBIT, SEK M														
FTZ	91	80	84	299	51	69	87	93	49	36	13	-	-	
Inter-Team	31	19	-1	43	20	9	15	-1	-1	0	0	-	-	
MECA/Mekonomen ³⁾	89	100	5	438	63	128	145	103	428	54	116	186	73	
Sørensen og Balchen	53	60	23	121	28	30	38	24	106	24	29	39	14	
Central functions ^{2) 3)}	-18	-9	-13	-39	-19	-5	-6	-10	-73	-19	-14	-33	-8	
Other items ⁴⁾	-38	-39	-39	-157	-39	-39	-39	-39	-103	-39	-26	-19	-19	
GROUP	208	211	59	705	104	191	240	170	407	57	118	173	60	
EBIT MARGIN, %														
FTZ	11	10	10	9	6	9	10	11	5	4	5	-	-	
Inter-Team	6	4	0	2	4	2	3	0	0	0	0	-	-	
MECA/Mekonomen ³⁾	7	7	0	8	5	9	10	7	8	4	9	13	6	
Sørensen og Balchen	25	27	13	16	16	16	18	13	14	15	16	18	8	
GROUP	7	7	2	6	3	7	8	6	5	2	6	10	4	
INVESTMENTS, SEK M ⁵⁾														
FTZ	8	6	3	10	3	1	5	1	10	10	0	-	-	
Inter-Team	3	1	7	13	5	5	2	1	3	2	1	-	-	
MECA/Mekonomen	16	17	23	91	20	22	27	22	191	36	21	72	61	
Sørensen og Balchen	1	1	3	5	0	-	1	4	6	0	1	3	2	
Central functions ²⁾	2	2	2	12	2	6	0	4	12	4	2	3	3	
GROUP	31	28	38	131	30	34	35	32	221	52	25	78	66	

¹⁾ Net sales for each business area are from external customers.

²⁾ Central functions includes Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions.

³⁾ Acquisition costs pertaining to the second quarter of 2018 of SEK 19 M and pertaining to the third quarter of 2018 of SEK 4 M have been transferred from MECA/Mekonomen to central functions.

⁴⁾ "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.

⁵⁾ Investments do not include company and business combinations and exclude leases according to IFRS 16.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jul-Sep 2020						Jul-Sep 2019					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
Revenue distribution per country												
FTZ	808					808	800					800
Inter-Team		524				524		532				532
MECA/Mekonomen			25	515	770	1 310			14	513	821	1 349
Sørensen og Balchen				210		210				192		192
Central functions						10						6
Total net sales, Group						2 863						2 879
Other revenue						36						50
GROUP REVENUE						2 899						2 929

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

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan-Sep 2020						Jan-Sep 2019					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
Revenue distribution per country												
FTZ	2 502					2 502	2 496					2 496
Inter-Team		1 530				1 530		1 631				1 631
MECA/Mekonomen			66	1 521	2 381	3 968			40	1 577	2 542	4 158
Sørensen og Balchen				604		604				582		582
Central functions						26						21
Total net sales, Group						8 631						8 888
Other revenue						131						134
GROUP REVENUE						8 763						9 022

QUARTERLY DATA SEK M	2020					2019					2018		
	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue	2 899	2 947	2 917	12 017	2 995	2 929	3 144	2 948	7 951	2 922	1 887	1 673	1 469
EBITDA	421	426	265	1 531	313	400	443	375	637	134	177	219	106
EBITDA excl. IFRS 16 ¹⁾	287	289	136	1 008	180	268	315	245					
Adjusted EBIT	270	281	98	874	149	231	280	214	599	148	148	217	99
EBIT	208	211	59	705	104	191	240	170	407	57	118	173	60
Net financial items	-41	-17	-71	-150	-27	-44	-38	-41	70	-39	114	-3	-2
Profit after financial items	167	194	-11	555	77	147	202	129	477	17	233	170	58
Tax	-40	-46	-3	-134	-22	-34	-45	-33	-209	-9	-147	-38	-15
Profit for the period	127	148	-15	421	55	113	157	96	268	8	85	131	43
EBITDA margin, %	15	14	9	13	10	14	14	13	8	5	9	13	7
Adjusted EBIT margin, %	9	10	3	7	5	8	9	7	8	5	8	13	7
EBIT margin, %	7	7	2	6	3	7	8	6	5	2	6	10	4
Earnings per share before and after dilution, SEK	2,18	2,49	-0,29	7,34	1,00	1,95	2,71	1,68	6,56	0,18	2,30	3,53	1,15
Shareholders' equity per share, SEK	79,1	77,2	76,7	76,4	76,4	76,6	74,5	71,0	67,9	67,9	64,4	66,3	68,8
Cash flow per share, SEK ²⁾	9,2	11,9	1,1	20,3	3,6	7,5	6,3	2,8	8,3	0,9	1,2	6,5	0,2
Return on shareholders' equity, % ³⁾	7,0	6,8	7,2	10,0	10,0	9,8	10,1	10,5	9,7	9,7	13,7	14,0	13,6
Share price at the end of the period	93,3	66,0	44,4	93,1	93,1	82,8	77,4	64,9	91,5	91,5	126,4	123,8	142,6

¹⁾ EBITDA excl. IFRS 16, see alternative performance measures for calculation. IFRS 16 is applied as of 2019.

²⁾ Cash flow per share for the third quarter of 2018 is recognised after reclassification of SEK 132 M between operating activities and financing activities. For further information, refer to the press release on 14 November 2018.

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

KEY FIGURES	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	12 months	Full-year
	2020	2019	2020	2019	Oct- Sep	2019
Return on shareholders' equity, % ¹⁾	-	-	7,0	9,8	7,0	10,0
Return on total capital, % ¹⁾	-	-	4,4	5,1	4,4	5,6
Return on capital employed, % ¹⁾	-	-	5,6	6,7	5,6	7,2
Equity/assets ratio, % ²⁾	35,6	33,1	35,6	33,1	35,6	33,7
Net debt, SEK M	2 964	3 814	2 964	3 814	2 964	3 709
Net debt/EBITDA excl. IFRS 16 multiple ¹⁾	-	-	3,30	3,96	3,30	3,68
Net debt incl. IFRS 16/EBITDA, multiple ¹⁾	-	-	3,24	4,17	3,24	3,59
Gross margin, %	45,2	45,3	44,9	45,1	44,7	44,8
EBITDA margin, % ³⁾	14,5	13,6	12,7	13,5	12,1	12,7
Adjusted EBIT margin, %	9,3	7,9	7,4	8,0	6,8	7,3
EBIT margin, %	7,2	6,5	5,5	6,7	4,9	5,9
Earnings per share before and after dilution, SEK	2,18	1,95	4,38	6,34	5,38	7,34
Shareholders' equity per share, SEK	-	-	79,1	76,6	79,1	76,4
Cash flow per share, SEK	9,2	7,5	22,2	16,7	25,8	20,3
Number of outstanding shares at the end of the period ⁴⁾	56 323 372	56 323 372	56 323 372	56 323 372	56 323 372	56 323 372
Average number of shares during the period	56 323 372	56 325 655	56 323 372	56 344 031	56 323 372	56 338 824

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 period January–September.

²⁾ The equity/assets ratio has changed materially due to IFRS 16, which is applied as of 2019. The equity/assets ratio excl. IFRS 16 amounts to 41.1 per cent.

³⁾ The EBITDA margin has changed materially due to IFRS 16, which is applied as of 2019. The EBITDA margin excl. IFRS 16 amounts to 9.89 per cent for the quarter.

⁴⁾ The total number of shares amounts to 56,416,622, of which 93,250 are own shares at the end of the quarter.

NUMBER OF STORES AND WORKSHOPS	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Group	
	30 September		30 September		30 September		30 September		30 September	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Number of stores										
Proprietary stores	51	51	79	80	229	229	37	38	396	398
Partner stores	-	-	3	3	49	39	28	28	80	70
Total	51	51	82	83	278	268	65	66	476	468
Number of workshops ¹⁾										
AutoMester	414	426	-	-	-	-	-	-	414	426
Hella Service Partner	331	334	-	-	-	-	-	-	331	334
Din BilPartner	150	147	-	-	-	-	-	-	150	147
CarPeople	45	29	-	-	-	-	-	-	45	29
Inter Data Service	-	-	450	356	-	-	-	-	450	356
O.K. Serwis	-	-	211	183	-	-	-	-	211	183
Mekonomen Service Centres	-	-	-	-	801	793	-	-	801	793
MECA Car Service	-	-	-	-	732	716	-	-	732	716
MekoPartner	-	-	-	-	208	201	-	-	208	201
Speedy	-	-	-	-	43	38	-	-	43	38
AlltiBil	-	-	-	-	7	9	-	-	7	9
BilXtra	-	-	-	-	-	-	256	253	256	253
Total	940	936	661	539	1 791	1 757	256	253	3 648	3 485

¹⁾ Nosign has been excluded from the report. These workshops have access to a white label concept with services through the Group and are not operating under the Group's brands.

AVERAGE NUMBER OF EMPLOYEES	Jan-Sep 2020	Jan-Sep 2019
FTZ	1 124	1 156
Inter-Team	1 394	1 447
MECA/Mekonomen	2 048	2 007
Sørensen og Balchen	247	268
Central functions ^{1) 2)}	70	64
Total	4 883	4 942

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

²⁾ Changes to Group-wide functions resulted in an adjustment to the number of employees, comparative figures have been restated.

FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Operating revenue	17	17	53	60	63	69
Operating expenses	-27	-21	-81	-79	-103	-101
EBIT	-10	-4	-28	-20	-40	-32
Net financial items ¹⁾	-30	-59	425	178	495	248
Profit after financial items	-40	-63	397	158	454	215
Appropriations	-	-	-	-	206	206
Tax	9	13	16	37	-40	-20
PROFIT FOR THE PERIOD	-32	-50	413	195	620	401

¹⁾ Net financial items include dividends on participations in subsidiaries totalling SEK 474 M (332) for the nine-month period.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Profit for the period	-32	-50	413	195	620	401
COMPREHENSIVE INCOME FOR THE PERIOD	-32	-50	413	195	620	401

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	30 September 2020	30 September 2019	31 December 2019
ASSETS			
Fixed assets	9 034	8 012	9 037
Current receivables in Group companies	18	1 135	239
Other current receivables	44	79	13
Cash and cash equivalents	220	48	235
TOTAL ASSETS	9 316	9 275	9 524
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	5 561	4 958	5 164
Untaxed reserves	211	247	211
Provisions	3	3	3
Long-term liabilities	2 997	3 587	3 314
Current liabilities in Group companies	118	0	70
Other current liabilities	425	480	762
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9 316	9 275	9 524

SUMMARY OF CHANGES IN EQUITY FOR THE PARENT COMPANY, SEK M	30 September 2020	30 September 2019	31 December 2019
Shareholders' equity at the beginning of the year	5 164	4 765	4 765
Comprehensive income for the period	413	195	401
Share swap	-18	-	-
Repurchase of own shares	-	-2	-2
Share savings programme	1	0	1
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	5 561	4 958	5 164

ALTERNATIVE PERFORMANCE MEASURES

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 is not defined or specified in IFRS. Mekonomen believes that these measures provide 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 22. 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 2016–2019 Annual Reports on our website:

<http://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-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Profit for the period (rolling 12-month basis)	315	374	315	421
– Less non-controlling interest of profit for the period (rolling 12 months)	-12	-8	-12	-8
Profit for the period excluding non-controlling interest (rolling 12 months)	303	367	303	413
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters ¹⁾	4 348	3 731	4 348	4 129
RETURN ON SHAREHOLDERS' EQUITY, %	7,0	9,8	7,0	10,0

¹⁾ SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2020			2019			2018				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	4 520	4 410	4 375	4 335	4 347	4 228	4 034	3 853	2 340	2 398	2 487
– Less non-controlling interest of shareholders' equity	-66	-63	-53	-32	-33	-29	-32	-25	-29	-18	-17
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	4 454	4 346	4 322	4 303	4 313	4 199	4 002	3 828	2 311	2 380	2 469
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters	4 348	4 297	4 228	4 129	3 731	3 344	2 998	2 670	2 366	2 347	2 347

RETURN ON TOTAL CAPITAL SEK M	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Profit after financial items (rolling 12 months)	426	495	426	555
– Plus interest expenses (rolling 12 months)	137	137	137	151
Profit after financial items plus interest expenses (rolling 12 months)	563	631	563	706
– Divided by TOTAL ASSETS, average over the past five quarters ²⁾	12 803	12 264	12 803	12 616
RETURN ON TOTAL CAPITAL, %	4,4	5,1	4,4	5,6

²⁾ TOTAL ASSETS SEK M	2020			2019			2018				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	12 693	12 540	12 783	12 870	13 127	13 118	13 099	10 863	11 111	5 798	5 608
TOTAL ASSETS, average over the past five quarters	12 803	12 888	12 999	12 616	12 264	10 798	9 296	7 787	6 732	5 603	5 549

RETURN ON CAPITAL EMPLOYED SEK M	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Profit after financial items (rolling 12 months)	426	495	426	555
– Plus interest expenses (rolling 12 months)	137	137	137	151
Profit after financial items plus interest expenses (rolling 12 months)	563	631	563	706
– Divided by CAPITAL EMPLOYED, average over the past five quarters ³⁾	9 972	9 480	9 972	9 856
RETURN ON CAPITAL EMPLOYED, %	5,6	6,7	5,6	7,2

CAPITAL EMPLOYED SEK M	2020			2019			2018				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	12 693	12 540	12 783	12 870	13 127	13 118	13 099	10 863	11 111	5 798	5 608
– Less deferred tax liabilities	-377	-385	-382	-428	-443	-439	-465	-474	-449	-147	-157
– Less long-term liabilities, non-interest-bearing	-95	-82	-70	-20	-20	-20	-20	-20	-13	-11	-16
– Less current liabilities, non-interest-bearing	-2 627	-2 414	-2 131	-2 227	-2 453	-2 323	-2 244	-2 203	-2 334	-1 370	-1 228
CAPITAL EMPLOYED	9 594	9 658	10 201	10 195	10 211	10 337	10 370	8 166	8 316	4 271	4 207
CAPITAL EMPLOYED, average over the past five quarters	9 972	10 120	10 263	9 856	9 480	8 292	7 066	5 809	5 007	4 167	4 146

GROSS MARGIN SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2020	2019	2020	2019	Oct– Sep	2019
Net sales	2 863	2 879	8 631	8 888	11 586	11 842
– Less goods for resale	-1 568	-1 576	-4 760	-4 882	-6 413	-6 535
Total	1 295	1 304	3 871	4 005	5 173	5 307
– Divided by net sales	2 863	2 879	8 631	8 888	11 586	11 842
GROSS MARGIN, %	45,2	45,3	44,9	45,1	44,7	44,8

EARNINGS PER SHARE SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2020	2019	2020	2019	Oct– Sep	2019
Profit for the period	127	113	260	366	315	421
– Less non-controlling interests' share	-4	-3	-13	-9	-12	-8
Profit for the period attributable to Parent Company's shareholders	123	110	247	357	303	413
– Divided by Average number of shares ⁴⁾	56 323 372	56 325 655	56 323 372	56 344 031	56 323 372	56 338 824
EARNINGS PER SHARE, SEK	2,18	1,95	4,38	6,34	5,38	7,34

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan–Sep	Jan–Sep	12 months	Full-year
	2020	2019	Oct– Sep	2019
Shareholders' equity	4 520	4 347	4 520	4 335
– Less non-controlling interest of shareholders' equity	-66	-33	-66	-32
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	4 454	4 313	4 454	4 303
– Divided by number of shares at the end of the period ⁴⁾	56 323 372	56 323 372	56 323 372	56 323 372
SHAREHOLDERS' EQUITY PER SHARE, SEK	79,1	76,6	79,1	76,4

CASH FLOW PER SHARE SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2020	2019	2020	2019	Oct– Sep	2019
Cash flow from operating activities	521	425	1 252	940	1 454	1 142
– Divided by Average number of shares ⁴⁾	56 323 372	56 325 655	56 323 372	56 344 031	56 323 372	56 338 824
CASH FLOW PER SHARE, SEK	9,2	7,5	22,2	16,7	25,8	20,3

⁴⁾ AVERAGE NUMBER OF SHARES	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
Number of shares at the end of the period	56 323 372	56 323 372	56 323 372	56 323 372	56 323 372	56 323 372
– Multiplied by the number of days that the Number of shares at the end of the period has remained unchanged during the period	92	85	273	85	365	177
Number of shares on another date during the period		56 353 372		56 353 372		56 353 372
– Multiplied by the number of days that the Number of shares on another date has existed during the period		7		188		188
– Total divided by the number of days during the period	92	92	273	273	365	365
AVERAGE NUMBER OF SHARES	56 323 372	56 325 655	56 323 372	56 344 031	56 323 372	56 338 824

NET DEBT SEK M	30 September 2020	30 September 2019	31 December 2019
Long-term liabilities, interest-bearing incl. lease liability	4 234	4 965	4 655
– Less interest-bearing long-term liabilities and provisions for pensions, leases, derivatives and similar obligations	-1 252	-1 375	-1 339
Current liabilities, interest-bearing incl. lease liability	840	899	1 204
– Less interest-bearing current liabilities and provisions for pensions, leases, derivatives and similar obligations	-436	-462	-457
– Less cash and cash equivalents	-423	-213	-355
NET DEBT	2 964	3 814	3 709

NET DEBT INCL. IFRS 16 SEK M	30 September 2020	30 September 2019	31 December 2019
NET DEBT	2 964	3 814	3 709
– Plus long-term lease liabilities according to IFRS 16	1 215	1 357	1 323
– Plus current lease liabilities according to IFRS 16	436	462	457
NET DEBT INCL. IFRS 16	4 615	5 633	5 489

EBITDA EXCL. IFRS 16	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	12 months Oct- Sep	Full-year 2019
EBITDA according to income statement	421	400	1 111	1 218	1 424	1 531
– less change relating to lease expenses in accordance with IFRS 16	-134	-131	-399	-390	-525	-523
EBITDA excluding IFRS 16	287	268	712	828	898	1 008

FINANCIAL DEFINITIONS

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 capital	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.
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.
EBIT margin	Operating profit after depreciation/amortisation (EBIT) as a percentage of total revenue.
EBITA	Operating profit after depreciation according to plan but before amortisation and impairment of intangible fixed assets.
EBITDA	Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets.
EBITDA excl. IFRS 16	Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets excl. effects of IFRS 16.
EBITDA margin	EBITDA as a percentage of total revenue.
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests, in relation to the number of shares at the end of the period.
Adjusted EBIT	EBIT adjusted for items affecting comparability (see definition under company-specific terms and definitions) and material acquisition-related items. Current acquisition-related items are depreciation of amortisation intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.
Adjusted EBIT margin	Adjusted EBIT as a percentage of total revenue.
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 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, 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.
Net debt	Short-term and long-term interest-bearing liabilities for borrowing, i.e. excluding short and long-term lease liabilities, pensions, derivatives and similar obligations, less cash and cash equivalents.
Net debt incl. IFRS 16	Current and long-term interest-bearing liabilities for borrowing, and long-term and current lease liabilities according to IFRS 16, i.e. excluding pensions, derivatives and similar obligations, less cash and cash equivalents.
Organic sales	Net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.
Organic growth	Change in net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.
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 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, divided by the number of days during the period.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of total assets.
Capital employed	Total assets less non-interest-bearing liabilities and provisions, including deferred tax liabilities.

COMPANY-SPECIFIC TERMS AND DEFINITIONS

Business area	Reportable segment.
Affiliated workshops	Workshops that are not proprietary owned, but conduct business under the Group's brands/workshop concepts (Mekonomen Bilverkstad, MekoPartner, MECA Car Service, BilXtra and Speedy).
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, Carwise Kraft Sakura and Vehcare.
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 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.
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, expenses relating to major legal disputes, impairments and gains and losses from the acquisitions or disposals of businesses, subsidiaries, associates and joint ventures or items of a similar nature.
Concept workshops	Affiliated workshops.
LTIP	Long-term Incentive Programme
ProMeister	Mekonomen Group's proprietary brand for high-quality spare parts with five-year guarantees, and the name of the services we offer affiliated workshops.
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.
TSR	Total shareholders return
Currency effects in the balance sheet	Impact of currency with respect to realised and unrealised revaluations of foreign current 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.
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