Mekonomen Group

Year-end report January - December 2018

14 February 2019

2018 – Increased revenue through acquisitions, but weak conclusion to the year

1 October–31 December 2018

- Revenue rose to SEK 2,922 M (1,507). Adjusted for the acquisition of FTZ and Inter-Team, currency effects and calculated on the comparable number of workdays, revenue rose 5 per cent. Sales in comparable units decreased 1 per cent, in local currency.
- EBITA amounted to SEK 107 M (134) and the EBITA margin amounted to 4 per cent (9). EBITA was negatively impacted by items affecting comparability of SEK 53 M (pos: 2).
- EBIT totalled SEK 57 M (96) and the EBIT margin was 2 per cent (6). EBIT was negatively impacted by items affecting comparability of SEK 53 M (neg: 7).
- The gross margin was 44.0 per cent (55.2).
- Earnings per share, before and after dilution, amounted to SEK 0.18 (2.07).
- Cash flow from operating activities amounted to SEK 46 M (246).

1 January–31 December 2018

- Revenue amounted to SEK 7,951 M (6,000). Adjusted for the acquisition of FTZ and Inter-Team, currency effects and calculated on the comparable number of workdays, revenue rose 3 per cent. Sales in comparable units declined 1 per cent, in local currency.
- EBITA amounted to SEK 553 M (649) and the EBITA margin was 7 per cent (11). EBITA was negatively impacted by items affecting comparability of SEK 89 M (pos: 9).
- EBIT amounted to SEK 407 M (522) and the EBIT margin amounted to 5 per cent (9). EBIT was negatively impacted by items affecting comparability of SEK 89 M (0).
- The gross margin was 49.9 per cent (54.6).
- Earnings per share, before and after dilution, amounted to SEK 6.56 (10.05).
- Cash flow from operating activities amounted to SEK 331 M (496).
- Net debt was SEK 4,098 M (1,444).
- The Board of Directors proposes no dividend (last year SEK 4,46)[1)].

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Oct–Dec 2018	Oct–Dec 2017	Change, %	Jan–Dec 2018	Jan–Dec 2017	Change, %
Revenue	2 922	1 507	94	7 951	6 000	33
Operating profit before amortisation and impairment of intangible assets (EBITA)	107	134	-21	553	649	-15
EBIT	57	96	-41	407	522	-22
Profit after financial items	17	87	-80	477	475	0
Profit after tax	8	75	-89	268	368	-27
Earnings per share, SEK	0,18	2,07	-91	6,56	10,05	-35
EBITA margin, %	4	9		7	11	
EBIT margin, %	2	6		5	9	

EBIT ADJUSTED FOR ITEMS AFFECTING COMPARABILITY, SEK M	Oct–Dec 2018	Oct–Dec 2017	Change, %	Jan–Dec 2018	Jan–Dec 2017	Change, %
EBIT, excluding items affecting comparability	**110**	**103**	7	**496**	**522**	**-5**
Impairment of DAB product stock				-20		
Divestment Marinshopen				-6		
Costs for the acquisition of FTZ and Inter-Team				-23		
Inventory charge spare parts[2)]	-28			-15		
Costs related to integration of FTZ and Inter-Team	-25			-25		
Items affecting comparability 2017 sum		-7			0	
Items affecting comparability, total	**-53**	**-7**		**-89**	**0**	
EBIT	**57**	**96**	-41	**407**	**522**	**-22**

[1)] 4,46 is recalculated amount regarding outstanding shares as of 31 December 2018, 56 353 372. The actual dividend paid out was 7 per 35 901 487 shares,

[2)] Inventory charge spare parts of SEK -28 M, of which SEK -13 M relates to full year 2018 and SEK -15 M relates to full year 2017. Historical periods have not been adjusted for this.

CEO comments

2018 – Increased revenue through acquisitions, but weak conclusion to the year

The year 2018 has been marked with both successes and challenges. The successful acquisition of FTZ and Inter-Team implied that we almost doubled our size and positioned ourselves further in the consolidation of the Nordic market and took our first step into continental Europe. At the same time, I am disappointed that we have not succeeded in growing in our Swedish and Norwegian core business - selling spare parts for workshops - which is basically a stable and profitable business. Our costs need to be more responsive when there is a slower market. In addition, we acquired several smaller operations in Sweden and Norway during the year which increased our revenues but further diluted operating margins.

In the fourth quarter, the Group’s revenue increased 94 per cent to SEK 2,922 M (1,507). Adjusted for the acquisitions of FTZ and Inter-Team, sales growth was 6 per cent during the quarter, positively impacted by the several minor acquisitions and strong NOK. Sales in comparable units, namely sales adjusted for all acquisitions during 2018, declined by 1 per cent in local currency. Although I am not satisfied with the sales in comparable units, I believe we have maintained our market shares in a weak market. Sales in FTZ also decreased by approximately 1 per cent in local currency and sales in Inter-Team increased by approximately 5 per cent compared with the fourth quarter 2017 (before the date of the acquisitions).

Gross margin declined to 44.0 per cent (55.2) in the quarter. As expected, gross margin was largely affected by FTZ and Inter-Team, which have lower gross margins than the rest of the Group. Gross margin was also minor negatively impacted by cost increases due to a strong EUR and the inventory charge related to spare parts.

EBIT in line with communicated preliminary information

EBIT for the Group amounted to SEK 57 M (96) in the fourth quarter, adversely impacted by items affecting comparability of SEK 53 M (neg: 7). EBIT adjusted for items affecting comparability amounted to SEK 110 M (103), which is aligned with the preliminary information for the fourth quarter we communicated on 17 January.

Adjusted EBIT was adversely impacted mainly by lower sales in comparable units and lower gross margin. In addition, acquisitions of minor operations during the year have had negative impact on the profitability due to initially low EBIT margins.

Market development

The mild start of the winter and long Christmas holiday period was likely the main factors to explain the weak demand for car parts and workshop services in all our main markets during the fourth quarter. A trend that was typical in many parts of Europe. In January and in the first part of February we have noted that demand has stabilised. For the first half of 2019, we expect the market to again grow 1–2 per cent in the Nordic region and 4–5 per cent in Poland.

The Norwegian market has made the most progress in the transition to a fossil-free car fleet and we have begun to see changes in the Norwegian aftermarket for car parts and workshop services. Both our Norwegian and Swedish operations are active in the transition, and a large percentage of automotive technicians in our affiliated workshops are trained in electrical and hybrid vehicle technology. In Norway, MECA has in 2018 developed a certification for electric car workshops. During the first half of 2019, roughly half of MECA workshops in Norway will be certified to service, repair and inspect (PKK) electrical and hybrid vehicles. We have also gradually expanded our range to include spare parts and accessories for electric cars as demand increases.

Outlook

In 2019, our focus will remain on pursuing profitable growth in all Group companies, with an emphasis on profitability. Due to FTZ and Inter-Team, the Group's gross margin will be lower in the first three quarters of 2019 compared to 2018, and the EBIT margin of Inter-Team will reduce the Group EBIT margins.

We are now making a powerful effort to increase efficiency and adjust our cost structure throughout the Group. A cost-savings programme is commenced that aim to realise cost reductions of SEK 65 M on an annual basis, whereof SEK 30 M will be achieved from the third quarter of 2019 and with full effect from the fourth quarter of 2019. As a part of the programme we will act on unprofitable businesses as well as streamline our organisation and prioritise projects, to the benefit of escalating the pace of our strategic projects that constitute the platform for the core business and our future growth.

Since the beginning of the year, we have increased sales prices in our Swedish and Norwegian markets to compensate for the higher purchasing costs, due to a strong EUR.

The integration of FTZ and Inter-Team and the work to generate purchasing synergies of SEK 100 M as of 2021 is proceeding according to plan. The merger of MECA's and Mekonomen's central warehouses in Sweden is also proceeding according to plan and will generate cost savings of SEK 50 M as of 2020.

The Board of Directors proposes no dividend in 2019. In making this recommendation, the Board has considered how best to prioritize the use of the Company’s cash flow in light of the Company’s dual goals of reducing leverage and paying dividends. With the higher debt levels and lower than anticipated earnings in Q4 2018 the Board considered it prudent at this time to reduce the proposed dividend until the debt levels, relative to earnings improves. The Board continues to support the longer term goal of paying 50 per cent of earnings as dividends.

With the recent price adjustments, upcoming purchasing synergies, focus on profitability and with the help of the savings progam and our talented leaders and employees, I look with confidence into 2019. A year where we continue to develop our business and create added value for our customers and shareholders.

Pehr Oscarson
President and CEO

THIS IS MEKONOMEN GROUP

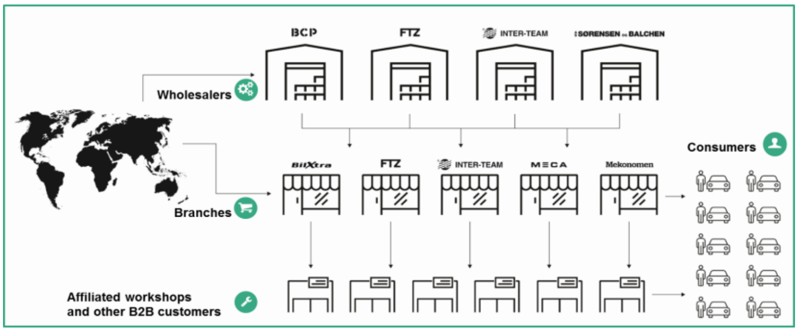
Mekonomen Group consists of the leading car service chains in northern Europe with proprietary wholesale operations, over 460 branches and more than 3,400 affiliated workshops operating under the Group's brands. Our businesses all have one thing in common: we make car life easier and more affordable for our customers. We do so through a broad and accessible range of affordable and innovative solutions and products for consumers and companies.

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's five segments – FTZ, Inter-Team, MECA, Mekonomen and Sørensen og Balchen – are responsible for their own wholesale operations. The supply of goods is mainly from suppliers in Europe and Asia. Through our branches, 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	Oct–Dec 2018	Oct–Dec 2017	Change, %	Jan–Dec 2018	Jan–Dec 2017	Change, %
Net sales, external, per segment						
FTZ	836	-	-	1 088	-	-
Inter-Team	490	-	-	638	-	-
MECA	508	477	7	2 008	1 907	5
Mekonomen	670	679	-1	2 684	2 683	0
Sørensen og Balchen	168	176	-4	739	778	-5
Other segments	190	135	41	622	482	29
Total net sales, Group	**2 864**	**1 467**	95	**7 779**	**5 850**	33
Other operating revenue	59	41	44	172	150	15
GROUP REVENUE	**2 922**	**1 507**	94	**7 951**	**6 000**	33

GROWTH EXCL. FTZ AND INTER-TEAM PER CENT	MECA		Mekonomen		Sørensen og Balchen		Group	
2018	Q4	Jan–Dec	Q4	Jan–Dec	Q4	Jan–Dec	Q4	Jan–Dec
Underlying increase	5,7	4,1	-1,8	-0,5	-7,3	-7,4	5,2	2,8
Currency effects	2,7	1,8	1,6	1,1	4,7	3,1	2,1	1,5
Effect, workdays	-1,7	-0,6	-1,1	-0,5	-1,5	-0,8	-1,6	-0,6
Nominal increase	**6,6**	**5,3**	**-1,3**	**0,1**	**-4,1**	**-5,1**	**5,7**	**3,7**

SALES IN COMPARABLE UNITS – growth compared with the same period of previous year, local currency PER CENT	Group Fourth quarter 2018	Group Jan–Dec 2018
Sales growth in comparable units	-0,9	-1,2

1 October–31 December 2018

Revenue rose to SEK 2,922 M (1,507). Adjusted for positive currency effects of SEK 32 M and the acquisition of FTZ and Inter-Team, revenue increased 4 per cent. During the quarter, the number of workdays was one day less in Sweden, Finland and Norway, compared with the year-earlier period. Calculated on comparable workdays and adjusted for currency effects, revenue increased 5 per cent. Sales in comparable units declined 1 per cent. The decline in sales of DAB products had a negative impact of approximately SEK 16 M compared to 2017.

1 January–31 December 2018

Revenue amounted to SEK 7,951 M (6,000). Adjusted for positive currency effects of SEK 88 M and for the acquisition of FTZ and Inter-Team, revenue increased 2 per cent. The number of workdays was one day less in Sweden and Finland and two fewer in Norway for the full-year compared with the year-earlier period. Calculated on comparable workdays and adjusted for currency effects, revenue rose 3 per cent. Sales in comparable units declined 1 per cent. The decline in sales of DAB products had a negative impact on revenue of approximately SEK 136 M compared to last year.

GROUP PERFORMANCE

1 October–31 December 2018

EBIT before amortisation and impairment of intangible fixed assets, EBITA

EBITA amounted to SEK 107 M (134) and the EBITA margin amounted to 4 per cent (9). EBITA was negatively impacted by items affecting comparability of SEK 53 M (pos: 2), regarding inventory charge spare parts of SEK -28 M, both in 2017 and 2018, that were returned to suppliers for repair and integration costs of SEK -25 M. During the quarter, currency effects in the balance sheet had a negative impact of SEK 3 M (neg: 5) on EBITA. The decline in sales of DAB products had a negative impact on EBITA of approximately SEK 4 M compared to last year.

Operating profit, EBIT

EBIT totalled SEK 57 M (96) and the EBIT margin was 2 per cent (6). EBIT was negatively impacted by items affecting comparability of SEK 53 M (neg: 7), regarding inventory charge spare parts of SEK -28 M, both in 2017 and 2018, that were returned to suppliers for repair and integration costs of SEK -25 M. Currency effects in the balance sheet had a negative impact of SEK 3 M (neg: 5) on EBIT during the quarter. The decline in sales of DAB products had a negative impact on EBIT of approximately SEK 4 M compared to last year.

Other earnings

Profit after financial items amounted to SEK 17 M (87). Net interest expense was SEK 17 M (expense: 6) and other financial items amounted to an expense of SEK 22 M (expense: 3). Profit after tax totalled SEK 8 M (75). Earnings per share, before and after dilution, amounted to SEK 0.18 (2.07).

1 January–31 December 2018

EBIT before amortisation and impairment of intangible fixed assets, EBITA

EBITA amounted to SEK 553 M (649) and the EBITA margin was 7 per cent (11). Earnings were negatively impacted by items affecting comparability of SEK 89 M (pos: 9), of which SEK 20 M was attributable to impairment of DAB product stocks for the Norwegian market, SEK 23 M to costs for the acquisition of FTZ and Inter-Team, SEK 6 M to the divestment of Marinshopen and SEK 15 M regarding inventory charge spare parts, in 2017, that were returned to suppliers for repair. Currency effects in the balance sheet negatively affected EBITA by SEK 3 M (neg: 1). The decline in sales of DAB products had a negative impact on EBITA of approximately SEK 18 M compared to last year.

Operating profit, EBIT

EBIT amounted to SEK 407 M (522) and the EBIT margin amounted to 5 per cent (9). Earnings were negatively impacted by items affecting comparability of SEK 89 M (0), of which SEK 20 M was attributable to impairment of DAB product stocks for the Norwegian market, SEK 23 M to costs for the acquisition of FTZ and Inter-Team, SEK 6 M to the divestment of Marinshopen and SEK 15 M regarding inventory charge spare parts, in 2017, that were returned to suppliers for repair and integration costs of SEK 25 M. Currency effects in the balance sheet negatively affected EBIT by SEK 3 M (neg: 1). The decline in sales of DAB products had a negative impact on EBIT of approximately SEK 18 M compared to last year.

Other earnings

Profit after financial items increased to SEK 477 M (475). Net interest expense was SEK 47 M (expense: 25) and other financial items amounted to income of SEK 117 M (expense: 23). Profit after tax amounted to SEK 268 M (368). The tax expense was negatively impacted by SEK 93 M (pos: 17) for the impairment of deferred tax assets regarding Group deductions for earlier loss carryforwards in Denmark pursuant to the acquisition of FTZ. The corporate tax rate in Sweden will be reduced in two steps from 2019, which will have an effect on the calculation of deferred tax in the balance sheet, and this had a positive impact on the tax expense of SEK 7 M. Earnings per share, before and after dilution, amounted to SEK 6.56 (10.05).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities amounted to SEK 46 M (246) for the fourth quarter and to 331 (496) in the full-year. Tax paid amounted to SEK 54 M (neg: 117) for the fourth quarter and to SEK 199 M (66) in the full-year. Cash and cash equivalents amounted to SEK 205 M (254). The equity/assets ratio was 35 per cent (43). Long-term interest-bearing liabilities amounted to SEK 3,232 M (1,453). Current interest-bearing liabilities amounted to SEK 1,081 M (255).

Net debt amounted to SEK 4,098 M (1,444) , down SEK 1,525 M in the fourth quarter primarily due to the rights issue and an increase of SEK 2,653 M since year-end 2017. The increase in net debt during the year was mainly attributable to loans raised in the context of the acquisition of FTZ and Inter-Team of SEK 4,564 M, a dividend of SEK 260 M, and an effect of repayments, investments and a positive operating cash flow. During the quarter, loan repayments totalled SEK 1,698 M and in the full-year SEK 1,997 M.

INVESTMENTS

Investments in fixed assets amounted to SEK 52 M (30) in the fourth quarter and to SEK 221 M (164) in the full-year. Depreciation and impairment of tangible fixed assets amounted to SEK 28 M (15) for the fourth quarter and to SEK 84 M (60) for the full-year. Investments in the ongoing establishment of the central warehouse in Strängnäs totalled SEK 7 M (6) in the fourth quarter and SEK 104 M (77) in the full-year. Investments in the central warehouse now amount to a total of SEK 194 M.

During the fourth quarter, company and business combinations amounted to SEK 28 M (12) and to SEK 4 406 M (68) in the full year, of which SEK 0 M (0) pertained to an estimated supplementary purchase consideration for the fourth quarter and SEK 3 M (13) for the full-year. In addition, supplementary purchase considerations of SEK 0 M (1) were paid in the quarter and of SEK 5 M (4) in the full-year. Acquired assets totalled SEK 2850 M (25) and assumed liabilities SEK 1 385 M (10) for the full year. In addition to goodwill, which amounted to SEK 1 865 M (22), intangible surplus values were identified relating to customer relations of SEK 829 M (34). Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 300 M (3). Acquired non-controlling interests amounted to SEK 1 M (0) for the fourth quarter and to SEK 1 M (8) for the full-year. Divested non-controlling interests amounted to SEK 1 M (0) in both the fourth quarter and the full-year. Divested operations amounted to SEK 0 (0) in the fourth quarter and to SEK 6 M (10) in the full-year.

ACQUISITIONS AND START-UPS

Fourth quarter

During the fourth quarter, the Group acquired five workshops in Uddevalla, Lidingö, Ljusdal, Härnösand and Åbro, three stores in Sunne, Hagfors and Uddevalla and three car wash facilities in Sweden.

Earlier in the year

On 6 July Mekonomen entered into an agreement to acquire all shares in the automotive spare-parts distributors FTZ Autodele & Verktøj A/S ("FTZ") in Denmark and INTER-TEAM Sp.z.o.o. (”Inter-Team”) in Poland. After approvals had been received from relevant authorities the acquisition of FTZ and Inter-Team was completed by 3 September, 2018. The consideration of the shares has been fully submitted and paid in cash and the total consideration amounted to 404 MEUR, recalculated at the exchange rate at the transaction day to 4,284 MSEK. FTZ and Inter-Team are included in Mekonomen financial reporting from the day of acquisition 3 September 2018.

In addition to FTZ and Inter-Team the Group acquired 13 workshops in Värnamo, Gislaved, Hedemora, Trollhättan, Strömstad, Borås, Gävle, Nynäshamn, Eskilstuna, Lund, Rosersberg, Nödinge, Nybro in Sweden, together with workshops in Jaren, Trondelag, Sandefjord and Sköyen in Norway. The acquisition was carried out of a 65 per cent stake in Allt i Bil AB, with seven workshops in the west of Sweden, that in turn acquired Bilglascentralen, with operations in Gothenburg and 51 per cent of the shares in Mekster AB, which sells spare parts via digital channels. Moreover, four workshops were established in Karlskoga, Karlshamn, Skellefteå and Kiruna. Four stores were also acquired in Sweden, in Hedemora, Vårby, Kristinehamn and Söderhamn. The impact of these acquisitions on consolidated sales and earnings was only marginal.

See the preliminary effects of the acquisitions on page 18–19.

Number of stores and workshops

At the end of the period, the total number of stores in the chains was 467 (336), of which 396 (263) were proprietary stores. The number of affiliated workshops totalled 3,416 (2,045). See the distribution in the table on page 17.

EMPLOYEES

During the period, the average number of employees was 3,181 (2,231) . See the distribution in the table on page 17.

PERFORMANCE BY SEGMENT

To adapt segment reporting to the changed internal organisation and governance, a new segment division has been implemented. As of the first quarter of 2018 until the second quarter, the Group reported in three segments – MECA, Mekonomen and Sørensen og Balchen. The comparative figures have been restated. For further information, refer to "Accounting policies." From the third quarter 2018, the two new units FTZ and Inter-Team are reported in two additional segments.

FTZ SEGMENT

FTZ SEK M	Oct–Dec 2018	Oct–Dec 2017	Change, %	Jan–Dec 2018	Jan–Dec 2017	Change, %
Net sales, external	836	-	-	1 088	-	-
EBIT before amortisation and impairment of intangible fixed assets (EBITA)	37	-	-	50	-	-
EBIT	36	-	-	49	-	-
EBITA margin, %	4	-		5	-	
EBIT margin, %	4	-		5	-	
Number of stores/of which proprietary				51 / 51	-	
Number of AutoMester				423	-	
Number of Din BilPartner				136	-	
Number of HELLA Service Partner				336	-	
Number of CarPeople				26	-	

The FTZ segment mainly includes wholesale and store operations in Denmark and is part of this report since September, or only four months. FTZ has generally lower gross margin than Mekonomen Group as a whole, which is compensated by generally lower operating costs.

In the fourth quarter FTZ reported a reduced sales by approximately 1 per cent compared to the same period last year (before the date of acquisition), negatively affected by weak aftermarket for car parts and workshop services in Denmark. EBIT was adversely affected by items affecting comparability of SEK 18 M related to integration costs.

Net sales amounted to SEK 836 M (-) for the quarter and to SEK 1,088 M (-) for the full-year. EBIT amounted to SEK 36 M (-) for the fourth quarter and EBIT margin to 4 per cent (-).

INTER-TEAM SEGMENT

INTER-TEAM SEK M	Oct–Dec 2018	Oct–Dec 2017	Change, %	Jan–Dec 2018	Jan–Dec 2017	Change, %
Net sales, external	490	-	-	638	-	-
EBIT before amortisation and impairment of intangible fixed assets (EBITA)	0	-	-	0	-	-
EBIT	0	-	-	-1	-	-
EBITA margin, %	0	-		0	-	
EBIT margin, %	0	-		0	-	
Number of stores/of which proprietary				82 / 79	/	
Number of O.K. Serwis				175	-	
Number of INTER DATA SERVICE				290	-	

The Inter-Team segment mainly includes wholesale and store operations in Poland and the export business and is part of this report since September, or only four months. Inter-Team has generally lower gross margin than Mekonomen Group as a whole.

Inter-Team reported a sales increase of approximately 5 per cent in the fourth quarter compared to the same period in 2017 (before the acquisition date), which is in line with our estimated growth of 4-5 per cent annually in the Polish aftermarket for car parts and workshop services. EBIT was adversely affected by items affecting comparability of SEK 7 M related to integration costs.

Net sales amounted to SEK 490 M (-) for the quarter and to SEK 638 M (-) for the full-year. EBIT amounted to SEK 0 M (-) for the fourth quarter and EBIT margin 0 per cent (-).

MECA SEGMENT

MECA SEK M	Oct–Dec 2018	Oct–Dec 2017	Change, %	Jan–Dec 2018	Jan–Dec 2017	Change, %
Net sales, external	508	477	7	2 008	1 907	5
EBIT before amortisation and impairment of intangible fixed assets (EBITA)	44	45	-2	260	273	-5
EBIT	41	42	-3	249	265	-6
EBITA margin, %	9	9		13	14	
EBIT margin, %	8	9		12	14	
Number of stores/of which proprietary				85 / 80	86 / 76	
Antal MECA Car Service				717	722	

The MECA segment mainly includes wholesale and store operations in Sweden and Norway, and fleet operations in Sweden.

MECA reported a favorable sales trend in the fourth quarter despite a weak market for car parts and workshops in Sweden and Norway. Net sales were positively affected by several minor acquisitions and strong NOK against SEK. EBIT was adversely impacted by higher purchasing costs, due to strong EUR, and initial low EBIT margins in the acquired operations.

Net sales totalled SEK 508 M (477) for the quarter, of which net sales in the Swedish operations amounted to SEK 251 M (249) and in the Norwegian operations to SEK 257 M (228). For the full-year, net sales amounted to SEK 2,008 M (1,907), of which net sales in the Swedish operations amounted to SEK 959 M (949) and in the Norwegian operations to SEK 1,049 M (958). The currency effect on net sales against the NOK was a positive SEK 13 M for the quarter and a positive SEK 35 M for the full-year. The number of workdays in the quarter was one less in both Sweden and Norway compared with the year-earlier quarter and one less in Sweden and two less in Norway for the full-year. Underlying net sales rose 6 per cent in the quarter and rose 4 per cent in the in the full-year. MECA’s EBIT totalled SEK 41 M (42) for the fourth quarter and the EBIT margin was 8 per cent (9).

MEKONOMEN SEGMENT

MEKONOMEN SEK M	Oct–Dec 2018	Oct–Dec 2017	Change, %	Jan–Dec 2018	Jan–Dec 2017	Change, %
Net sales, external	670	679	-1	2 684	2 683	0
EBIT before amortisation and impairment of intangible fixed assets (EBITA)	51	89	-43	295	325	-9
EBIT	50	79	-36	290	313	-7
EBITA margin, %	8	13		11	12	
EBIT margin, %	7	11		11	11	
Number of stores/of which proprietary				172 / 143	175 / 145	
Antal Mekonomen Service Centres				721	746	
Antal MekoPartner				224	236	

1) As of 1 January 2018, Marinshopen has been included in “Other segments” instead of the Mekonomen segment, the comparative figures have not been restated. Marinshopen’s net sales amounted to SEK 4 M for the fourth quarter of 2017, and to SEK 26 M for the full-year 2017. EBIT totalled a negative SEK 2 M in the fourth quarter of 2017 and a negative SEK 12 M, including goodwill impairment of SEK 9 M for the full-year 2017.

The Mekonomen segment mainly includes wholesale, store and fleet operations in Sweden and Norway.

The weak aftermarket for car parts and workshop services in Sweden and Norway had negative effect on the Mekonomen segment's net sales in the fourth quarter, which was partly offset by positive effects from strong NOK against SEK. During the quarter, EBIT was adversely impacted by high purchasing costs due to strong EUR and items affecting comparability of SEK -28 M (neg. 7) in the quarter. The items affecting comparability relate to incorrect treatment of spare parts, during 2017 and 2018, which have been returned to suppliers for renovation.

Net sales totalled SEK 670 M (679) for the quarter, of which net sales in the Swedish operations amounted to SEK 457 M (468) and in the Norwegian operations to SEK 214 M (211). For the full-year, net sales amounted to SEK 2,684 M (2,683), of which net sales in the Swedish operations totalled SEK 1,800 M (1,816) and in the Norwegian operations SEK 884 M (867). The currency effect on net sales against the NOK was a positive SEK 11 M for the quarter and a positive SEK 29 M for the full-year. The number of workdays in the quarter was one less in both Sweden and Norway compared with the year-earlier quarter and one less in Sweden and two less in Norway for the full-year. Underlining net sales declined 2 per cent during the quarter and were largely unchanged for the full-year. Mekonomen’s EBIT improved to SEK 50 M (79) for the fourth quarter, and the EBIT margin was 7 per cent (11).

SØRENSEN OG BALCHEN SEGMENT

SØRENSEN OG BALCHEN SEK M	Oct–Dec 2018	Oct–Dec 2017	Change, %	Jan–Dec 2018	Jan–Dec 2017	Change, %
Net sales, external	168	176	-4	739	778	-5
EBIT before amortisation and impairment of intangible fixed assets (EBITA)	24	27	-8	107	120	-11
EBIT	24	27	-9	106	120	-11
EBITA margin, %	15	15		14	15	
EBIT margin, %	15	15		14	15	
Number of stores/of which proprietary				64 / 36	68 / 39	
Antal BilXtra				258	258	

The Sørensen og Balchen segment mainly includes wholesale and store operations in Norway.

Net sales in Sørensen and Balchen were positively affected by a strong NOK against SEK in the quarter, but negatively affected by the weak Norwegian aftermarket for car parts and workshop services. Sørensen and Balchen is the segment in the Group that has the largest share of sales directly to consumers and is thus more exposed to the increased competition in the retail market and to the declining sales of DAB products. However, Sørensen and Balchen continued to show effective cost control during the quarter.

Net sales amounted to SEK 168 M (176) for the quarter and to SEK 739 M (778) for the full-year. The currency effect on net sales against the NOK was a positive SEK 8 M for the fourth quarter, and a positive SEK 24 M for the full-year. The number of workdays was one day less in Norway compared with the fourth quarter of 2017, and two less in the full-year. Underlying net sales declined 7 per cent in the fourth quarter and declined 7 per cent in the full-year. EBIT amounted to SEK 24 M (27) for the fourth quarter, and the EBIT margin was 15 per cent (15).

NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

Mekonomen has no actual seasonal effects in its operations. However, the number of workdays affects both sales and earnings.

WORKDAYS	Q1			Q2			Q3			Q4			Full-year		
BY COUNTRY	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Sweden	63	64	61	60	59	62	65	65	66	62	63	64	250	251	253
Norway	62	65	61	60	58	62	65	65	66	62	63	64	249	251	253
Denmark	-	-	-	-	-	-	65	-	-	62	-	-	250	-	-
Poland	-	-	-	-	-	-	64	-	-	63	-	-	251	-	-
Finland	63	64	61	61	60	63	65	65	66	61	62	63	250	251	253

SIGNIFICANT RISKS AND UNCERTAINTIES

The company conducted a review and assessment of operating and financial risks and uncertainties in accordance with the 2017 Annual Report. Since then, two large companies (FTZ and Inter-Team) have been added. Our assessment is that this has not resulted in any new significant risk areas but that currency and interest rate exposure increased as a result of expanded foreign operations and larger loans. A full assessment will be presented in the 2018 Annual Report. For the effect of exchange-rate fluctuations on profit before tax, refer to page 38 of the 2017 Annual Report. For a full presentation of the risks affecting the Group, refer to the 2017 Annual Report.

PARENT COMPANY, "OTHER SEGMENTS" AND "OTHER ITEMS"

The Parent Company's operations mainly comprise Group Management and finance management. The Parent Company's earnings after financial items were a negative SEK 34 M (neg: 18) for the fourth quarter, and a positive SEK 54 M (neg: 49) for the full-year, excluding share dividends of SEK 271 M (0) from subsidiaries for the quarter and SEK 612 M (315) for the full-year. The average number of employees was five (five). During the fourth quarter, Mekonomen AB sold goods and services to Group companies for a total of SEK 11 M (3) and for SEK 30 M (34) in the full-year.

"Other segments" includes business operations and operating segments that are not reported separately. These include Mekonomen's wholesale and store operations in Finland, Meko Service Nordic with the workshop operation BilLivet, the Speedy workshop operations, the Allt i Bil workshop operations, the Tunga Fordon, ProMeister Solutions, Preqas, the Mekster operations, the Mekonomen car leasing services, a joint venture in Poland (InterMeko Europa), Lasingoo Norge and Group-wide functions that also include Mekonomen AB (publ). Mekonomen's store operations in Iceland were divested during the first quarter and Marinshopen was divested during the second quarter.

The Tunga Fordon, ProMeister Solutions, Preqas and MECA Scandinavia AB operations were previously reported under MECA but have been part of "Other segments" since the first quarter of 2018. Comparative figures have been restated.

The units reported in "Other Segments" do not reach the quantitative thresholds for separate reporting and the benefits of reporting them as separate segments are considered limited for users of the financial statements. EBIT for "Other segments" amounted to a negative SEK 56 M (neg: 32) in the fourth quarter and negative SEK 184 M (neg: 98) for the full year.

"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 39 M (expense: 19) for the fourth quarter and an expense of SEK 103 M (expense: 77) for the full year.

EVENTS DURING THE PERIOD

The Board of Mekonomen AB resolved on 24 August 2018, subject to the approval of the General Meeting, to increase the company's share capital via a rights issue for Mekonomen's shareholders. The Board decision was approved by shareholders at an Extraordinary General Meeting on 26 September 2018.

The subscription price was set at SEK 79 per share.

The result from the rights issue, for which the subscription period ended on 18 October 2018, showed that the rights issue was oversubscribed. As a result of the rights issue, Mekonomen received proceeds amounting to approximately SEK 1,621m before issue costs and taxes. The net amount was SEK 1,588 M. The rights issue increased Mekonomen's share capital by SEK 51,287,837.50 to SEK 141,041,055.00 and the number of shares increased by 20,515,135 shares. The number of shares after the rights issue amount to 56,416,622 shares.

In December, Mekonomen AB repurchased 63,250 own shares to cover the company's commitments in accordance with "LTIP 2018", as resolved by the Annual General Meeting of 9 May 2018. Due to the aquisition of FTZ and Inter-Team the targets for the LTIP program 2018 has not been met. The board has chosen not to change the targets, but instead propose to the Annual General Meeting to decide upon a new program for 2019.

EVENTS AFTER THE END OF THE PERIOD

On 11 January, the acquisition of Nordic Forum Holding was concluded, in a separate transaction, as previously communicated. The acquisition was not material.

As of the first quarter of 2019, Mekonomen Group's earnings will be monitored and reported in four segments. The new segments will be MECA/Mekonomen, Sørensen og Balchen, FTZ and Inter-Team. The MECA/Mekonomen segment will also include Preqas, Speedy and Meko Service Nordic

As of 14 February 2019, Mekonomen Group's management structure was changed to be better suited to the new Group structure.

As of 14 February 2019, Group Management comprises the following individuals:
Pehr Oscarson, President and CEO
Åsa Källenius, CFO
Tobias Narvinger, Director for Purchasing & Product Supply
Gabriella Granholm, Director of Communication & Marketing
Robert Hård, Director of Legal Affairs & Sustainability

No other significant events occurred after the end of the reporting period.

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 with the exception of IFRS 15 and IFRS 9, which are described below. This interim report consists of pages 1–24 and should be read in its entirety.

New standards or interpretations that became effective on or after 1 January 2018 have not had any material effect on Mekonomen Group's financial statements for the interim period.

During the fourth quarter, Mekonomen entered into hedging relationships in accordance with IFRS 9 Financial Instruments. Loans raised in conjunction with an acquisition in Denmark hedge the currency risk in the net investment. The currency translation of the share of the loan included in the hedging relationship is recognised therefore as of 1 October 2018 in other comprehensive income. Mekonomen has also entered into new hedging relationships regarding cash-flow hedges for interest rate risk, to fix the interest rate in variable borrowing. The change in value of the derivatives that are part of cash flow hedges are recognised in other comprehensive income.

As of 1 January 2018, Mekonomen Group applies IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. Neither IFRS 15 nor IFRS 9 have had any material effect on Mekonomen Group's financial statements, except for expanded disclosure requirements. The adoption of IFRS 15 has not had any material effect on revenue recognition in the consolidated income statement. Total assets in the balance sheet rose SEK 6 M in the fourth quarter of 2018 due to gross recognition of provisions for returned goods. The Group has chosen to use the modified retrospective application method, which is why the comparative figures have not been restated. Nor has the introduction of IFRS 9 affected the consolidated income statement or total assets in any material amounts. Impairment of accounts receivable and loan receivables will follow the simple model in IFRS 9. The Group has chosen to use the modified retrospective application method, which is why comparative figures have not been restated.

IFRS 16 Leases is a new accounting policy that will become effective as of 1 January 2019. IFRS 16 requires that will replace IAS 17. According to the new standard, in principle, all lease contracts are to be recognised as an right-of-use asset and a lease liability in the balance sheet and a cost in the profit and loss divided by dividends in EBIT and interest expenses in the financial items. The group will primarily be affected by leasing contracts pertaining to premises and vehicles. The group has chosen the modified retrospective approach and will according to the standard therefore not restate the comparative figures and equity will not be affected since the value of the right-of-use asset will be recognized at an amount equal to the leasing debt, adjusted by the amount of any prepaid or accrued leasing expences related to the lease, recognized as of 31 December, 2018.

The group will apply the majority of the practical expedients allowed in connection with the transition to IFRS 16 of which the most material is to exclude the leases with a remaining lease term shorter that 12 months from the transfer date and leases with a lower value are excluded from the calculation of a leasing debt and right of use asset. These will instead be expensed in the profit and loss on a straight-line basis. The group is expecting that the liability for the leasing commitment as per 1 January 2019 will amount to approximately SEK 2,000 M excluding prepaid leasingexpenses and the right-of-use asset will amount to approximately SEK 2,000 M. The shareholders´ equity will not be affected by The transition to IFRS 16.

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.

SEGMENT REPORTING

As of 1 January 2018, Mekonomen Group implemented a new organisation that is better adapted to the business. The organisational change and related changes to internal control have also affected the segment reporting. As of the first quarter until the second quarter of 2018, Mekonomen Group presented three segments:
MECA, Mekonomen and Sørensen og Balchen.

The MECA segment comprises MECA Sweden and MECA Norway. The Mekonomen segment comprises Mekonomen Sweden and Mekonomen Norway. The Sørensen og Balchen segment is unchanged. The Tunga Fordon, ProMeister Solutions, Preqas and MECA Scandinavia AB operations that were previously reported under MECA, are now included in "Other segments." Comparative figures have been restated. Marinshopen, which was previously included in Mekonomen Sweden, was also reported until its divestment in May 2018 in "Other segments." Comparative figures have not been restated.

MECA Sweden and MECA Norway, like Mekonomen Sweden and Mekonomen Norway, have been merged into the MECA and Mekonomen segments, respectively, since the operations in Sweden and Norway work under the same brand, sell similar products through their stores to the same type of customer categories, and operate their businesses under similar conditions.

As of September 2018, the new FTZ and Inter-Team operations are reported in two separate segments.

FORTHCOMING FINANCIAL REPORTING DATES

Information	Period	Date
Year-end report	January–December 2018	2019-02-14
Interim report	January–March 2019	2019-05-02
Interim report	January–June 2019	2019-08-23
Interim report	January–September 2019	2019-11-08
Year-end report	January–December 2019	2020-02-07

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held on 2 May 2019 in Stockholm. The Annual Report will be published and available on Mekonomen's website by 11 April 2019.

SHARE DIVIDEND

The Board proposes no dividend for 2018.

NOMINATION COMMITTEE

In accordance with the guidelines established at the Annual General Meeting on 9 May 2018, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the Annual General Meeting on 2 May 2019 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 2018 Annual General Meeting, the Nomination Committee consists of John Quinn (LKQ Corporation), Evert Carlsson (Swedbank Robur Fonder), Caroline Sjösten (Fjärde AP-fonden) and Kristina Åkesson (Didner & Gerge Småbolagsfond). John Quinn was elected Chairman of the Nomination Committee.
Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee.

Stockholm den 14 februari 2019
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Pehr Oscarson
President and CEO

This year-end report has not been audited.

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CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Net sales	2 864	1 467	7 779	5 850
Other operating revenue	59	41	172	150
Total revenue	**2 922**	**1 507**	**7 951**	**6 000**
Goods for resale	-1 604	-658	-3 901	-2 654
Other external costs	-531	-339	-1 581	-1 249
Personnel expenses	-653	-361	-1 832	-1 386
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	**134**	**150**	**637**	**710**
Depreciation and impairment of tangible fixed assets	-28	-15	-84	-60
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	**107**	**134**	**553**	**649**
Amortisation and impairment of intangible fixed assets	-50	-39	-146	-127
EBIT	**57**	**96**	**407**	**522**
Interest income	3	1	6	4
Interest expenses	-20	-7	-53	-29
Other financial items	-22	-3	117	-23
Profit after financial items	**17**	**87**	**477**	**475**
Tax	-9	-12	-209	-107
PROFIT FOR THE PERIOD	**8**	**75**	**268**	**368**
Profit for the period attributable to:				
Parent Company's shareholders	9	74	260	361
Non-controlling interests	-1	1	8	7
PROFIT FOR THE PERIOD	**8**	**75**	**268**	**368**
Earnings per share before and after dilution, SEK	0,18	2,07	6,56	10,05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Profit for the period	**8**	**75**	**268**	**368**
Other comprehensive income:				
Components that will not be reclassified to profit/loss for the year:				
– Actuarial gains and losses	0	0	-2	0
Components that may later be reclassified to profit/loss for the year:				
– Exchange-rate differences from translation of foreign subsidiaries	-80	-20	-129	-51
– Loan hedging of net investments [1)]	4	-	4	-
– Cash-flow hedges [2)]	-1	1	1	3
Other comprehensive income, net after tax	***-77***	***-20***	***-125***	***-48***
COMPREHENSIVE INCOME FOR THE PERIOD	**-68**	**55**	**143**	**320**
Comprehensive income for the period attributable to:				
Parent Company's shareholders	-66	55	135	313
Non-controlling interests	-2	0	8	7
COMPREHENSIVE INCOME FOR THE PERIOD	**-68**	**55**	**143**	**320**

[1)] Loans raised in conjunction with an acquisition in Denmark hedges the currency risk in the net investment and the currency translation is recognised according to 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	31 december 2018	31 december 2017	31 december 2016
ASSETS [1]			
Intangible fixed assets	5 745	2 686	2 757
Tangible fixed assets	490	254	181
Financial fixed assets	77	62	46
Deferred tax assets	0	93	77
Goods for resale	2 816	1 382	1 279
Current receivables	1 530	823	821
Cash and cash equivalents	205	254	291
TOTAL ASSETS	**10 863**	**5 554**	**5 452**
SHAREHOLDERS' EQUITY AND LIABILITIES [1]			
Shareholders' equity	3 853	2 379	2 324
Long-term liabilities, interest-bearing	3 232	1 453	1 338
Deferred tax liabilities	474	168	163
Long-term liabilities, non-interest-bearing	20	18	24
Current liabilities, interest-bearing	1 081	255	404
Current liabilities, non-interest-bearing	2 203	1 280	1 199
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**10 863**	**5 554**	**5 452**

[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	31 december 2018	31 december 2017	31 december 2016
Shareholders' equity at the beginning of the year	2 379	2 324	2 155
Comprehensive income for the period	143	320	442
New issue, net including issue costs.	1 588	-	-
Repurchase of own shares	-6	-	-
Acquisition/divestment of non-controlling interests	6	-7	-14
Shareholders' contributions from minority shareholders	3	-	-
Dividend to shareholders	-260	-258	-259
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	**3 853**	**2 379**	**2 324**
Of which non-controlling interests	25	16	14

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Operating activities				
Cash flow from operating activities before changes in working capital, excluding tax paid	*141*	*142*	*652*	*675*
Tax paid	-54	117	-199	-66
Cash flow from operating activities before changes in working capital	**87**	**259**	**453**	**609**
Cash flow from changes in working capital:				
Changes in inventory	-271	-51	-336	-127
Changes in receivables	223	43	78	-74
Changes in liabilities	7	-5	135	88
Increase (–)/Decrease (+) working capital	*-41*	*-14*	*-122*	*-113*
Cash-flow from operating activities	**46**	**246**	**331**	**496**
Cash flow from investing activities	**-82**	**-61**	**-4 407**	**-229**
Cash flow from financing activities	**-100**	**-120**	**4 044**	**-295**
CASH FLOW FOR THE PERIOD	**-135**	**65**	**-32**	**-27**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**346**	**194**	**254**	**291**
Exchange-rate difference in cash and cash equivalents	**-6**	**-4**	**-18**	**-9**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	205	254	205	254

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 2017 Annual Report, Note 11. All of Mekonomen's financial instruments 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 2017 Annual Report, Note 11. The financial instruments contained in the interim report are the same as those in the 2017 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	31 december 2018	31 december 2017
FINANCIAL ASSETS		
Derivatives: Currency swaps	-	-
Interest-rate swaps	-	-
TOTAL	**-**	**-**
FINANCIAL LIABILITIES		
Derivatives: Currency swaps	-	-
Interest-rate swaps	3	4
TOTAL	**3**	**4**

GROUP´S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 31 December 2018 SEK M	Derivative instruments [1]	Financial asset accrued aquisition value	Financial liabilitie accrued acquisition value	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	-	54	-	54	54	22	77
Accounts receivable	-	868	-	868	868	-	868
Other current receivables	-	-	-	-	-	662	662
Cash and cash equivalents	-	205	-	205	205	-	205
TOTAL	**-**	**1 128**	-	**1 128**	**1 128**	**684**	**1 812**
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing	3	-	3 229	3 232	3 232	-	3 232
Long-term liabilities, non-interest-bearing	-	-	8	8	8	12	20
Current liabilities, interest-bearing	1	-	1 080	1 081	1 081	-	1 081
Accounts payable	-	-	1 363	1 363	1 363	-	1 363
Other current liabilities	-	-	12	12	12	828	840
TOTAL	**3**	**-**	**5 692**	**5 695**	**5 695**	**840**	**6 536**

[1] Derivateinstruments uset for hedge

QUARTERLY DATA, SEGMENTS	2018					2017				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
NET SALES, SEK M [1]										
FTZ	1 088	836	252	-	-	-	-	-	-	-
Inter-Team	638	490	147	-	-	-	-	-	-	-
MECA	2 008	508	467	543	490	1 907	477	442	495	493
Mekonomen [2) 3)]	2 684	670	656	726	631	2 683	679	650	703	651
Sørensen og Balchen	739	168	180	209	182	778	176	178	211	213
Other segments [4]	622	190	148	154	130	482	135	103	119	125
GROUP	**7 779**	**2 864**	**1 850**	**1 633**	**1 432**	**5 850**	**1467**	**1372**	**1529**	**1482**
EBITA, SEK M										
FTZ	50	37	14	-	-	-	-	-	-	-
Inter-Team	0	0	0	-	-	-	-	-	-	-
MECA	260	44	51	104	61	273	45	58	93	77
Mekonomen [2]	295	51	92	108	45	325	89	80	90	67
Sørensen og Balchen	107	24	29	39	14	120	27	27	39	28
Other segments [4]	-159	-49	-30	-50	-31	-70	-26	-8	-19	-17
GROUP	**553**	**107**	**155**	**202**	**89**	**649**	**134**	**157**	**203**	**155**
EBIT, SEK M										
FTZ	49	36	13	-	-	-	-	-	-	-
Inter-Team	-1	0	0	-	-	-	-	-	-	-
MECA	249	41	48	102	59	265	42	56	91	75
Mekonomen [2]	290	50	90	107	43	313	79	79	89	66
Sørensen og Balchen	106	24	29	39	14	120	27	27	39	28
Other segments [4]	-184	-56	-36	-55	-37	-98	-32	-15	-26	-24
Other items [5]	-103	-39	-26	-19	-19	-77	-19	-19	-19	-19
GROUP	**407**	**57**	**118**	**173**	**60**	**522**	**96**	**127**	**174**	**126**
INVESTMENTS, SEK M [6]										
FTZ	10	10	0	-	-	-	-	-	-	-
Inter-Team	3	2	1	-	-	-	-	-	-	-
MECA	17	6	3	4	4	15	4	2	4	5
Mekonomen	124	11	7	55	50	96	11	69	8	8
Sørensen og Balchen	6	0	1	3	2	3	0	0	1	1
Other segments [4]	62	23	13	16	10	49	14	7	15	13
GROUP	**221**	**52**	**25**	**78**	**66**	**164**	**30**	**79**	**28**	**27**
EBITA MARGIN, %										
FTZ	5	4	5	-	-	-	-	-	-	-
Inter-Team	0	0	0	-	-	-	-	-	-	-
MECA	13	9	11	19	12	14	9	13	19	15
Mekonomen [2) 3)]	11	8	14	14	7	12	13	12	12	10
Sørensen og Balchen	14	15	16	18	8	15	15	15	18	13
GROUP	**7**	**4**	**8**	**12**	**6**	**11**	**9**	**11**	**13**	**10**
EBIT MARGIN, %										
FTZ	5	4	5	-	-	-	-	-	-	-
Inter-Team	0	0	0	-	-	-	-	-	-	-
MECA	12	8	10	18	12	14	9	13	18	15
Mekonomen [2) 3)]	11	7	13	14	7	11	11	12	12	10
Sørensen og Balchen	14	15	16	18	8	15	15	15	18	13
GROUP	**5**	**2**	**6**	**10**	**4**	**9**	**6**	**9**	**11**	**8**

1) Net sales for each segment are from external customers.

2) As of 1 January 2018, Marinshopen has been included in "Other segments" instead of the Mekonomen segment. The comparative figures have not been restated. Marinshopen's net sales amounted to SEK 4 M for the fourth quarter of 2017 and EBIT to a negative SEK 2 M. For the January to December period 2017, net sales amounted to SEK 26 M and EBIT to a negative SEK 12 M, including impairment losses on goodwill of SEK 9 M. Marinshopen was divested externally during the second quarter of 2018.

3) Revenue for Mekonomen for the second quarter of 2017 has been restated for adjusted sales of SEK 24 M from external sales to internal sales. No impact on EBIT. For further information, refer to the press release on 23 August 2017.

4) "Other segments" include Mekonomen's wholesale and store operations in Finland, Meko Service Nordic with the BilLivet workshop operations, Speedy workshop operations, Allt i Bil workshop operations, The Tunga Fordon, ProMeister Solutions, Preqas, Mekster operations, the Mekonomen car leasing services, the joint venture in Poland (InterMeko Europe, Lasingoo Norge and Group-wide functions that also include Mekonomen AB (publ). Mekonomen's store operations in Iceland were divested during the first quarter and Marinshopen was divested in the second quarter of 2018.

5) "Other items" includes acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items pertain to amortisations of acquired intangible assets pertaining to the acquisitions of MECA, Sørensen og Balchen, FTZ and Inter-Team.

6) Investments do not include company and business combinations.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Oct–Dec 2018					Oct–Dec 2017				
Revenue distribution per country	Denm	Poland	Sweden	Norway	Total	Denm	Poland	Sweden	Norway	Total
FTZ	836				836	-				-
Inter-Team		490			490		-			-
MECA			251	257	508			249	228	477
Mekonomen			457	214	670			468	211	679
Sørensen og Balchen				168	168				176	176
Other segments					190					135
Total net sales, Group					**2 864**					**1 467**
Other revenue					59					41
GROUP REVENUE					**2 922**					**1 507**

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

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan–Dec 2018					Jan–Dec 2017				
Revenue distribution per country	Denm	Poland	Sweden	Norway	Total	Denm	Poland	Sweden	Norway	Total
FTZ	1 088				1 088	-				-
Inter-Team		638			638		-			-
MECA			959	1 049	2 008			949	958	1 907
Mekonomen			1 800	884	2 684			1 816	867	2 683
Sørensen og Balchen				739	739				778	778
Other segments					622					482
Total net sales, Group					**7 779**					**5 850**
Other revenue					172					150
GROUP REVENUE					**7 951**					**6 000**

QUARTERLY DATA, SEK M	Full-year	2018				2017					2016 1)				
		Q4	Q3	Q2	Q1	ull-year	Q4	Q3	Q2	Q1	ull-year	Q4	Q3	Q2	Q1
Revenue 2)	7 951	2 922	1 887	1 673	1 469	6 000	1 507	1 414	1 560	1 518	5 937	1 508	1 432	1 573	1 424
EBITDA	637	134	177	219	106	710	150	172	218	170	656	121	168	203	163
EBITA	553	107	155	202	89	649	134	157	203	155	594	103	154	189	149
EBIT	407	57	118	173	60	522	96	127	174	126	481	74	125	161	121
Net financial items	70	-39	114	-3	-2	-47	-9	-8	-18	-13	-35	-2	-13	-9	-11
Profit after net financial ite	477	17	233	170	58	475	87	119	156	113	446	72	112	152	110
Tax	-209	-9	-147	-38	-15	-107	-12	-30	-38	-27	-105	-6	-31	-40	-27
Profit for the period	268	8	85	131	43	368	75	89	118	86	342	66	82	112	83
EBITDA margin, %	8	5	9	13	7	12	10	12	14	11	11	8	12	13	11
EBITA margin, %	7	4	8	12	6	11	9	11	13	10	10	7	11	12	10
EBIT margin, %	5	2	6	10	4	9	6	9	11	8	8	5	9	10	9
Earnings per share, SEK	6,56	0,18	2,30	3,53	1,15	10,05	2,07	2,43	3,22	2,33	9,32	1,83	2,20	3,02	2,28
Shareholders' equity per share, SEK	67,9	67,9	64,4	66,3	68,8	65,8	65,8	64,3	61,6	66,3	64,4	64,4	63,0	59,3	62,5
Cash flow per share, SEK	8,3	0,9	4,9	6,5	0,2	13,8	6,8	2,2	3,7	1,0	15,1	5,8	2,2	6,4	0,8
Return on shareholders' equity, % 3)	9,7	9,7	13,7	14,0	13,6	15,6	15,6	15,3	15,2	14,9	15,1	15,1	15,9	17,6	18,7
Share price at the end of the period	91,5	91,5	126,4	123,8	142,6	149,3	149,3	184,5	167,0	176,5	171,5	171,5	167,0	182,0	201,0

1) Revenue for the second quarter of 2017 has been restated for adjusted sales of SEK 24 M from external sales to internal sales. No impact on EBIT.

For further information, refer to the press release on 23 August 2017.

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

KEY FIGURES	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Return on shareholders' equity, %	-	-	9,7	15,6
Return on total capital, %	-	-	6,8	9,1
Return on capital employed, %	-	-	9,1	12,2
Equity/assets ratio, %	35,5	42,8	35,5	42,8
Net debt, SEK M	4 098	1 444	4 098	1 444
Net debt/EBITDA, multiple	-	-	6,44	2,03
Gross margin, %	44,0	55,2	49,9	54,6
EBITDA margin, %	4,6	9,9	8,0	11,8
EBITA margin, %	3,7	8,9	7,0	10,8
EBIT margin, %	1,9	6,4	5,1	8,7
Earnings per share, SEK	0,18	2,07	6,56	10,05
Shareholders' equity per share, SEK	-	-	67,9	65,8
Cash flow per share, SEK	0,9	6,8	8,3	13,8
Number of shares at the end of the period	56 353 372	35 901 487	56 353 372	35 901 487
Average number of shares during the period	51 045 485	35 901 487	39 718 604	35 901 487

NUMBER OF STORES AND WORKSHOPS	FTZ 31 december		Inter-Team 31 december		MECA 31 december		Mekonomen 31 december		Sørensen og Balchen 31 december		Other segments [1] 31 december		Group 31 december	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Number of stores														
Proprietary stores	51	-	79	-	80	76	143	145	36	39	7	3	396	263
Partner stores	0	-	3	-	5	10	29	30	28	29	6	4	71	73
Total	**51**	**0**	**82**	**0**	**85**	**86**	**172**	**175**	**64**	**68**	**13**	**7**	**467**	**336**
Number of workshops														
Mekonomen Service Centres	-	-	-	-	-	-	721	746	-	-	59	46	780	792
MekoPartner	-	-	-	-	-	-	224	236	-	-	-	-	224	236
Speedy	-	-	-	-	-	-	-	-	-	-	39	35	39	35
BilXtra	-	-	-	-	-	-	-	-	258	258	-	-	258	258
MECA Car Service	-	-	-	-	717	722	-	-	-	-	4	2	721	724
Allt i Bil	-	-	-	-	-	-	-	-	-	-	8	-	8	
AutoMester	423	-	-	-	-	-	-	-	-	-	-	-	423	
Din BilPartner	136	-	-	-	-	-	-	-	-	-	-	-	136	
HELLA Service Partner	336	-	-	-	-	-	-	-	-	-	-	-	336	
CarPeople	26	-	-	-	-	-	-	-	-	-	-	-	26	
O.K. Serwis	-	-	175	-	-	-	-	-	-	-	-	-	175	
INTER DATA SERVICE	-	-	290	-	-	-	-	-	-	-	-	-	290	
Total	**921**	**0**	**465**	**0**	**717**	**722**	**945**	**982**	**258**	**258**	**110**	**83**	**3 416**	**2 045**

[1] From 1 January 2018 until its divestment in May 2018, Marinshopen has been included in "Other segments" instead of the Mekonomen segment. The comparative figures have not been restated due to immateriality.

AVERAGE NUMBER OF EMPLOYEES	Jan–Dec 2018	Jan–Dec 2017
FTZ	389	-
Inter-Team	449	-
MECA	628	567
Mekonomen	939	955
Sørensen og Balchen	256	253
Other segments[1]	521	455
Total	**3 181**	**2 231**

[1] "Other segments" includes Mekonomen's wholesale and store operations in Finland, Meko Service Nordic with the BilLivet workshop operations, Speedy workshop operations, Allt i Bil workshop operations, The Tunga Fordon, ProMeister Solutions, Preqas, and Mekster operations, the Mekonomen car leasing services, the joint venture in Poland (InterMeko Europe, Lasingoo Norge and Group-wide functions that also include Mekonomen AB (publ). Mekonomen's store operations in Iceland were divested in the first quarter and Marinshopen during the second quarter of 2018.

PRELIMINARY EFFECTS OF ACQUISITIONS COMPLETED IN 2018

On 6 July 2018, Mekonomen agreed to acquire all shares in automotive spare-parts distributors FTZ Autodele & Værktøj A/S ("FTZ") in Denmark and INTER-TEAM Sp.z.o.o. ("Inter-Team") in Poland. Following approval by the relevant authorities, the acquisition of FTZ and Inter-Team was concluded on 3 September 2018. Payment was made in full in cash for the shares and the total purchase consideration was EUR 404 M, translated using the transaction-date rate to SEK 4,284 M. The distribution of the total purchase consideration is presented in the table below.

The share purchasing agreement between Mekonomen and Hella Holding International GmbH entailed, in addition to the acquisition of the companies FTZ and Inter-Team, that Mekonomen on certain conditions could acquire Nordic Forum Holding A/S, the former holding company for FTZ and Inter-Team. After the end of the financial year, the acquisition of the holding company was finalised with the aim of fulfilling the agreement and the transaction is not of material importance for Mekonomen. Nordic Forum has no active operations after 2018 and will not be utilised in its previous role as holding company or commercial counterparty for its subsidiaries. The acquisition is exclusively a practical consequence of the earlier acquisition.

The acquisition of FTZ and Inter-Team fits well with the Mekonomen Group's strategy to be part of the ongoing consolidation in Europe. The transaction is strategic for Mekonomen Group, which is now taking the next step on its journey of growth. Through FTZ, the Group is strengthening its position as the leading spare-parts distributor in the Nordic region and has through FTZ, which has a 28 per cent share of the Danish market, become the leading spare-parts distributor in Denmark. Through Inter-Team, Mekonomen Group has established a strong market position in Poland and will take part in the fast-growing and fragmented Polish car parts market, which is moreover characterised by an older fleet of cars than in the Nordic countries. The acquired companies will be developed within the scope of their existing corporate structures and brands within their own segments in the Group.

Mekonomen Group's sales almost doubled following the acquisition of FTZ and Inter-Team. The acquisitions are expected to generate annual synergies of SEK 100 M, most of which comprise purchasing synergies, with full effect in 2021. The Group has also increased the number of its stores from about 330 to more than 460 and the number of affiliated workshops from 2,000 to more than 3,400.

FTZ and Inter-Team are included in Mekonomen's financial reporting from the acquisition date of 3 September 2018.

In addition to FTZ and Inter-Team, which are recognised separately below, information on corporate acquisitions is provided in aggregate form since each individual acquisition is not deemed to be of such a size as to warrant separate recognition. All other acquisitions were paid in cash. For further information about other acquisitions, refer also to the section Acquisitions and establishments, page 5.

During 2018 financial year, FTZ and Inter-Team together impacted the Group's net sales by SEK 1,726 M, and had a positive impact on EBIT of SEK 49 M, excluding acquisition costs of SEK 23 M and excluding planned amortisation of intangible assets identified in connection with the acquisition of SEK 26 M. The impact of other acquisitions on consolidated sales and earnings was marginal.

Had FTZ and Inter-Team been acquired on 1 January 2018, the impact on the Group's net sales and impact on EBIT during the 2018 financial year would have been:

SEK M	FTZ	Inter-Team	Total
Net sales, external	3 288	1 882	**5 170**
EBIT[1)]	341	19	**360**

1) Excluding planned amortisation of intangible assets identified in connection with the acquisition of SEK 77 M.

The total of other acquisitions would have had a insignificant impact on sales and profit had they been implemented at the beginning of the year.

Acquisition-related expenses amounted to SEK 23 M for the 2018 financial year. Acquisition costs are, in all material respects, attributable to the acquisition of FTZ and Inter-Team. These costs are not included in the total purchase consideration in the table below, but are recognised as other expenses in the consolidated income statement.

Below is the preliminary acquisition analysis pertaining to acquired operations:

Preliminary effects of acquisitions SEK M	FTZ	Inter-Team	Other acquisitions	Total acquisitions
Value of acquired assets and liabilities				
Intangible fixed assets	8	3	1	11
Tangible fixed assets	76	51	20	148
Financial fixed assets	8	6	0	14
Deferred tax assets	-	1	-	1
Inventories	559	605	18	1 182
Current receivables	596	207	10	813
Cash and cash equivalents	640	37	4	681
Long-term liabilities	-12	-469	-1	-482
Deferred tax liabilities	-25	-	-	-25
Current liabilities	-581	-273	-23	-878
Acquired net assets	**1 269**	**168**	**29**	**1 465**
Brands	518	30	-	548
Customer relations	778	22	29	829
Goodwill	1 766	29	70	1 865
Deferred tax liabilities	-285	-10	-5	-300
Acquired non-controlling interests, surplus value recognised against shareholders' equity			1	1
Total identifiable net assets	**4 045**	**239**	**123**	**4 407**
Total purchase consideration	-4 045	-239	-123	-4 407
– of which, cash portion	-4 045	-239	-120	-4 404
– of which supplementary purchase considerations entered as a liability	-	-	-3	-3
Cash and cash equivalents in the acquired companies	640	37	4	681
Less adjustments for the acquired units' liabilities to the seller	-	-469	-	-469
Addition of supplementary purchase considerations paid for previous years	-	-	-5	-5
Impact on Group's cash and cash equivalents	**-3 405**	**-670**	**-121**	**-4 196**

The fair value of the acquired receivables was SEK 813 M.

The brands have an indefinite useful life. The amount for Customer relations is SEK 829 M of which SEK 800 M pertains to the acquisition of FTZ and Inter-Team, which have an estimated useful life of 10 years. The other customer relations of SEK 29 M have an estimated useful life of five years. With respect to other amortisation of intangible assets, refer to the 2017 Annual Report.

The arising goodwill is primarily attributable to the value of geographical expansion and a stronger market position, particularly in the Nordic countries. The arising goodwill is also attributable to expected specific synergies in Mekonomen, new customers and, to a limited extent, the total workforce. These benefits have not been recognised separately from goodwill since they do not meet the criteria for recognition of identifiable intangible assets. The acquisition of FTZ and Inter-Team are expected to generate annual synergies of SEK 100 M, most of which comprise purchasing synergies. The synergies will gradually increase from the beginning of the second half of 2018 and are expected to reach full effect in 2021. Costs of SEK 60 M are expected to arise in conjunction with the work to realise synergies and reach integration. FTZ and Inter-Team will continue to operate as independent companies in their current company structure, and no significant integration expenses will therefore arise over time.

SEK 25 M of the goodwill that arose in connection with the acquisitions is expected to be tax deductible.

FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR SHAREHOLDERS' EQUITY, SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Operating revenue	26	16	81	81
Operating expenses	-42	-34	-120	-112
EBIT	**-16**	**-18**	**-39**	**-31**
Net financial items [1)]	253	-1	705	298
Profit after financial items	**237**	**-18**	**666**	**267**
Appropriations	73	171	73	171
Tax	-9	-16	-122	-11
PROFIT FOR THE PERIOD	**301**	**136**	**617**	**427**

[1)] Net financial items include dividends on participations in subsidiaries totalling SEK 271 M (0) for the quarter and SEK 612 M (315) for the full-year.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY, SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Profit for the period	**301**	**136**	**617**	**427**
COMPREHENSIVE INCOME FOR THE PERIOD	**301**	**136**	**617**	**427**

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	31 december 2018	31 december 2017
ASSETS		
Fixed assets	8 055	3 248
Current receivables in Group companies	1 338	1 502
Other current receivables	27	29
Cash and cash equivalents	79	152
TOTAL ASSETS	**9 499**	**4 931**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	4 765	2 817
Untaxed reserves	247	252
Provisions	3	3
Long-term liabilities	3 224	1 446
Current liabilities in Group companies	123	145
Other current liabilities	1 137	269
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**9 499**	**4 931**

CONDENSED CHANGES IN EQUITY FOR SHAREHOLDERS' EQUITY, SEK M	31 december 2018	31 december 2017
Shareholders' equity at the beginning of the year	2 817	2 642
Comprehensive income for the period	617	427
New issue, net including issue costs.	1 588	-
Repurchase of own shares	-6	-
Dividend to shareholders	-251	-251
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	**4 765**	**2 817**

ALTERNATIVE PERFORMANCE MEASURES

As of the January–June 2016 interim report, 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 are not defined or specified in IFRS. Mekonomen believes that these measures provide valuable supplementary information to company management, investors and other stakeholders when 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 23. 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 and 2017 Annual Reports on our website:
http://www.mekonomen.com/sv/alternativa-nyckeltal/.

*The European Securities and Markets Authority.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON SHAREHOLDERS' EQUITY SEK M	Jan–Dec 2018	Jan–Dec 2017
Profit for the period	268	368
– Less non-controlling interest of profit for the period	-8	-7
Profit for the period excluding non-controlling interest	**260**	**361**
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters [1]	2 670	2 315
RETURN ON SHAREHOLDERS' EQUITY, %	**9,7**	**15,6**

[1] SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2018				2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	3 853	2 340	2 398	2 487	2 379	2 323	2 224	2 396	2 324	2 276	2 139	2 257
– Less non-controlling interest of shareholders' equ	-25	-29	-18	-17	-16	-15	-12	-15	-14	-13	-10	-13
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**3 828**	**2 311**	**2 380**	**2 469**	**2 363**	**2 308**	**2 212**	**2 381**	**2 311**	**2 263**	**2 129**	**2 244**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters	**2 670**	**2 366**	**2 347**	**2 347**	**2 315**	**2 295**	**2 259**	**2 266**	**2 218**	**2 175**	**2 132**	**2 144**

RETURN ON TOTAL CAPITAL SEK M	Jan–Dec 2018	Jan–Dec 2017
Profit after financial items	477	475
– Plus Interest expenses	53	29
Profit after financial items plus interest expenses	**530**	**504**
– Divided by TOTAL ASSETS, average over the past five quarters [2]	7 787	5 518
RETURN ON TOTAL CAPITAL, %	**6,8**	**9,1**

[2] TOTAL ASSETS SEK M	2018				2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	10 863	11 111	5 798	5 608	5 554	5 590	5 465	5 528	5 452	5 466	5 481	5 387
TOTAL ASSETS, average over the past five quarters	**7 787**	**6 732**	**5 603**	**5 549**	**5 518**	**5 500**	**5 479**	**5 463**	**5 430**	**5 424**	**5 410**	**5 439**

RETURN ON CAPITAL EMPLOYED SEK M	Jan–Dec 2018	Jan–Dec 2017
Profit after financial items	477	475
– Plus Interest expenses	53	29
Profit after financial items plus interest expenses	**530**	**504**
– Divided by CAPITAL EMPLOYED, average over the past five quarters [3]	5 809	4 117
RETURN ON CAPITAL EMPLOYED, %	**9,1**	**12,2**

3) CAPITAL EMPLOYED	2018				2017				2016			
SEK M	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	10 863	11 111	5 798	5 608	5 554	5 590	5 465	5 528	5 452	5 466	5 481	5 387
– Less deferred tax liabilities	-474	-449	-147	-157	-168	-142	-149	-155	-163	-142	-148	-158
– Less long-term liabilities, non-interest-bearing	-20	-13	-11	-16	-18	-35	-35	-32	-24	-25	-25	-9
– Less current liabilities, non-interest-bearing	-2 203	-2 334	-1 370	-1 228	-1 280	-1 259	-1 162	-1 178	-1 199	-1 205	-1 154	-1 087
CAPITAL EMPLOYED	**8 166**	**8 316**	**4 271**	**4 207**	**4 087**	**4 153**	**4 119**	**4 162**	**4 066**	**4 094**	**4 155**	**4 133**
CAPITAL EMPLOYED, average over the past five quarters	**5 809**	**5 007**	**4 167**	**4 146**	**4 117**	**4 119**	**4 119**	**4 122**	**4 107**	**4 122**	**4 136**	**4 165**

GROSS MARGIN SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Net sales	2 864	1 467	7 779	5 850
– Less goods for resale	-1 604	-658	-3 901	-2 654
Total	**1 260**	**809**	**3 878**	**3 196**
– Divided by net sales	2 864	1 467	7 779	5 850
GROSS MARGIN, %	**44,0**	**55,2**	**49,9**	**54,6**

EARNINGS PER SHARE SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Profit for the period	8	75	268	368
– Less non-controlling interests' share	1	-1	-8	-7
Profit for the period attributable to Parent Company's shareholders	**9**	**74**	**260**	**361**
– Divided by average number of shares 4)	51 045 485	35 901 487	39 718 604	35 901 487
EARNINGS PER SHARE, SEK	**0,18**	**2,07**	**6,56**	**10,05**

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan–Dec 2018	Jan–Dec 2017
Shareholders' equity	3 853	2 379
– Less non-controlling interest of shareholders' equity	-25	-16
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**3 828**	**2 363**
– Divided by number of shares at the end of the period 4)	56 353 372	35 901 487
SHAREHOLDERS' EQUITY PER SHARE, SEK	**67,9**	**65,8**

CASH FLOW PER SHARE SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Cash flow from operating activities	46	246	331	496
– Divided by average number of shares 4)	51 045 485	35 901 487	39 718 604	35 901 487
CASH FLOW PER SHARE, SEK	**0,9**	**6,8**	**8,3**	**13,8**

4) AVERAGE NUMBER OF SHARES	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Number of shares at the end of the period	56 353 372	35 901 487	56 353 372	35 901 487
– Multiplied by the number of days that the number of shares at the end of the period has remained unchanged during the period	8	92	8	365
Number of shares on another date during the period	35 901 487	0	35 901 487	0
Number of shares on another date during the period	56 310 344	0	56 310 344	0
Number of shares on another date during the period	56 416 622	0	56 416 622	0
– Multiplied by the number of days that the number of shares on another date has existed during the period	24	0	297	0
– Multiplied by the number of days that the number of shares on another date has existed during the period	12	0	12	0
– Multiplied by the number of days that the number of shares on another date has existed during the period	48	0	48	0
– Total divided by the number of days during the period	92	92	365	365
AVERAGE NUMBER OF SHARES	**51 045 485**	**35 901 487**	**39 718 604**	**35 901 487**

NET DEBT SEK M	31 december 2018	31 december 2017	31 december 2016
Long-term liabilities, interest-bearing	3 232	1 453	1 338
– Less interest-bearing long-term liabilities and provisions for pensions, leasing, derivatives and similar obligations	-7	-7	-11
Current liabilities, interest-bearing	1 081	255	404
– Less interest-bearing current liabilities and provisions for pensions, leasing, derivatives and similar obligations	-3	-2	-2
– Less cash and cash equivalents	-205	-254	-291
NET DEBT	**4 098**	**1 444**	**1 437**

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 Parent Company's shareholders at the end of the periods divided by five.
Return on capital employed	Profit after net 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	EBIT after depreciation/amortisation as a percentage of total revenue.
EBITA	EBIT after depreciation according to plan but before amortisation and impairment of intangible fixed assets.
EBITA margin	EBITA as a percentage of total revenue.
EBITDA	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets.
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.
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 average 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, with the total 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	Long and short-term interest-bearing liabilities for borrowing, meaning excluding pensions, leases, derivatives and similar obligations, less cash and cash equivalents.
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 average 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, with the total 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

Affiliated workshops	Workshops that are not proprietary, but conduct business under the Group's brands/workshop concepts (Mekonomen Service Centre, 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 and Carwise.
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 in comparable units	Sales in comparable units comprise external sales, in local currency, in majority-owned stores, wholesale sales to partner stores, external sales in majority-owned workshops and Internet sales.
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.
Comparable units	Stores, majority-owned workshops and Internet sales that have been in operation over the past 12-month period and throughout the entire preceding comparative period.
Items affecting comparability	Events or transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current the period with previous periods, including restructuring programmes, costs related to major legal disputes, impairments, and gains and losses from the acquisition or divestments of businesses, subsidiaries, associated companies and joint ventures or items of a similar nature.
Concept workshops	Affiliated workshops
Lasingoo	The car portal that Mekonomen Group owns together with industry players that simplifies the workshop selection and booking processes for car owners.
ProMeister	Mekonomen Group's proprietary brand for high-quality spare parts with five-year guarantees.
ProMeister sales	Sales of Mekonomen Group's proprietary brand ProMeister, mainly consists of spare parts, but also accessories.
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.
Underlying net sales	Sales adjusted for the number of comparable workdays and currency effects.
Currency effects in the balance sheet	Impact of currency with respect to realised and unrealised revaluations of foreign short-term non-interest-bearing current receivables and liabilities.
Currency transaction effects	Impact of currency with respect to internal sales from Bileko Car Parts AB, and from MECA CarParts 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 in Mekonomen Group.

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