



# Mekonomen Group

January – September 2021  
October 29, 2021

# Q3 2021 – BEST THIRD QUARTER EVER

Continued organic growth, driven by Poland and Sweden

Continued profitability improvement

Solid financial position, favorable conditions for expansion

Adaption to an electrified market

Well positioned for the future

# MEKONOMEN GROUP – RECORD QUARTER

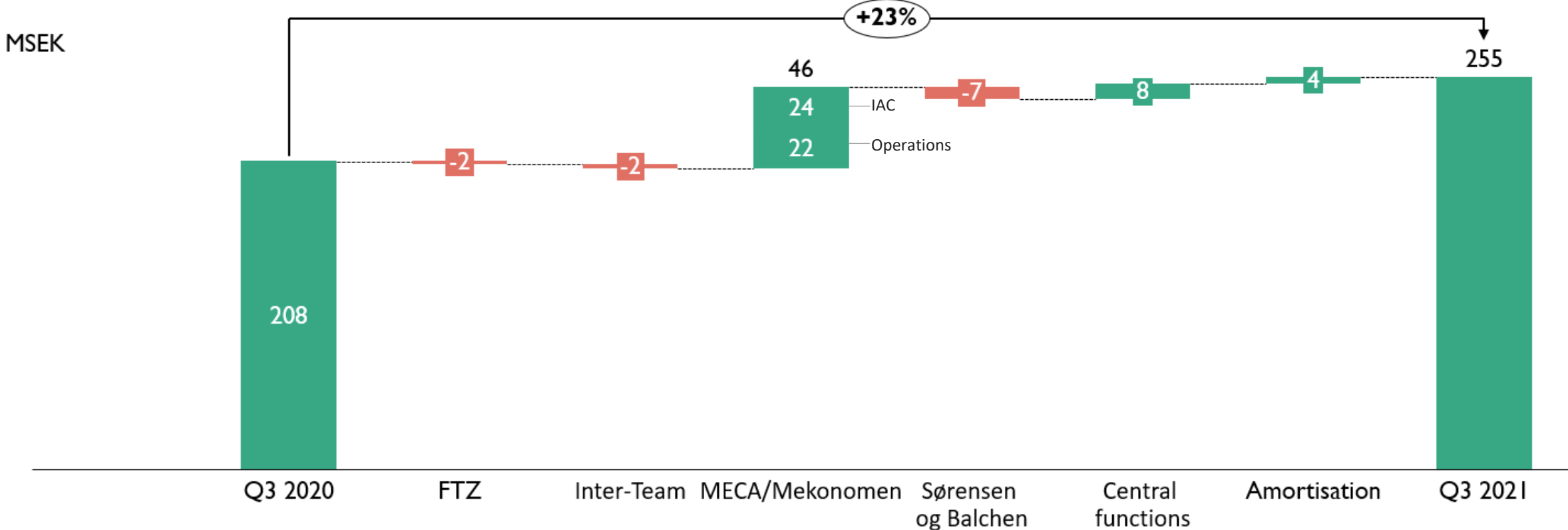
SEK M	Q3 2021	Q3 2020	Change	2021 9M	2020 9M	Change
Group, net sales	2,968	2,863	4%	9,180	8,631	6%
Adjusted EBIT <sup>1)</sup>	290	270	7%	828	649	27%
EBIT	255	208	23%	721	478	51%
Earnings per share, SEK	3.02	2.18	39%	8.12	4.38	85%
Cash flow from operating activities	450	521	-14%	1,035	1,252	-17%
Key figures						
- Organic growth <sup>2)</sup>	4%	3%		9%	-1%	
- Adjusted EBIT margin	10%	9%		9%	7%	
- EBIT margin	8%	7%		8%	5%	

<sup>1)</sup> Adjusted EBIT is EBIT adjusted for items affecting comparability and amortisation of acquired intangible assets - FTZ, Inter-Team and MECA (including Sørensen og Balchen until April 2021).

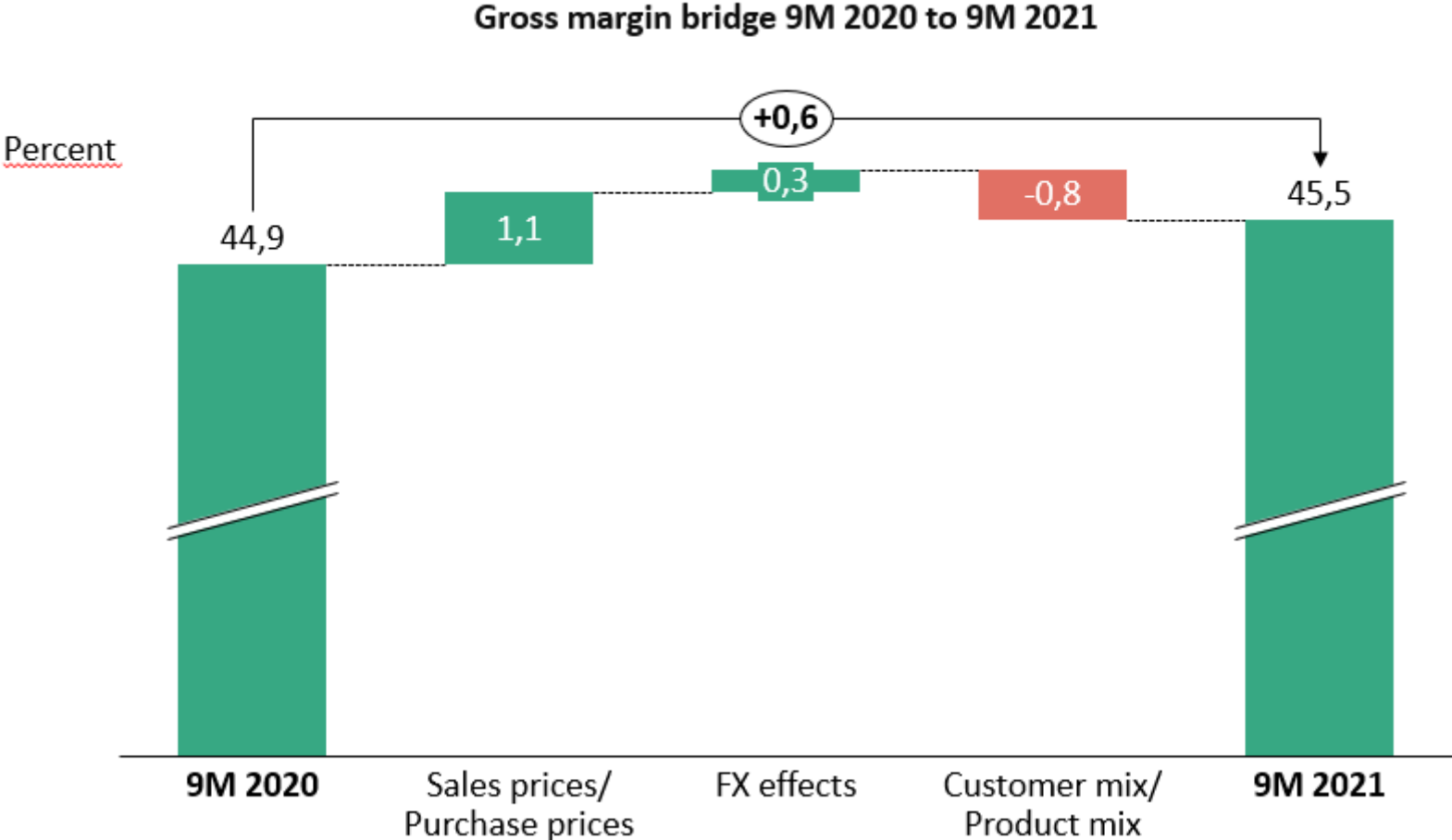
<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

# HIGHEST EBIT FOR A THIRD QUARTER EVER

EBIT bridge Q3 2020 to Q3 2021



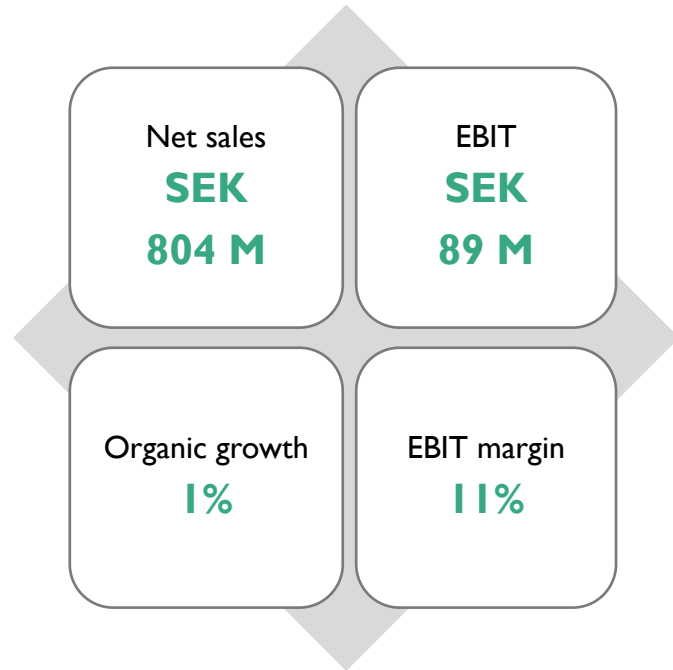
# CONTINUED INCREASED GROSS MARGIN FROM HIGH LEVEL





# **SALES & RESULT PER BUSINESS AREA Q2 2021**

# FTZ – STABLE DEVELOPMENT WITH IMPRESSIVE MARGINS



Organic net sales growth of 1 per cent, continued stable quarterly development

Impressive EBIT margin, slightly burdened by somewhat higher marketing and transportation costs

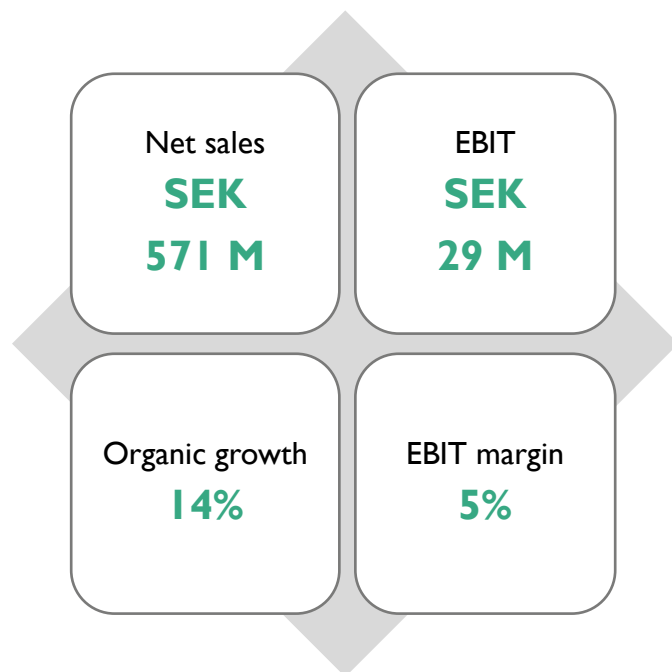
Increased share of online sales and digital bookings

SEK M	Q3 2021	Q3 2020	Change	2021 9M	2020 9M	Change
Net sales	804	808	-1%	2,578	2,502	3%
Adjusted EBIT <sup>1)</sup>	89	91	-2%	277	255	9%
EBIT	89	91	-2%	277	255	9%
Key figures						
- Organic growth <sup>2)</sup>	1%	4%		7%	0%	
- EBIT margin	11%	11%		11%	10%	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

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

# INTER-TEAM – HIGHEST QUARTERLY SALES EVER



Strong organic growth of 14 per cent, driven by higher volumes. Reported net sales growth of 9 per cent negatively affected by FX effects

EBIT margin increased from previous quarter supported by strong growth and good cost control. Comparable quarter boosted by subsidies related to the pandemic

Highly active domestic market driving volumes, following eased restrictions

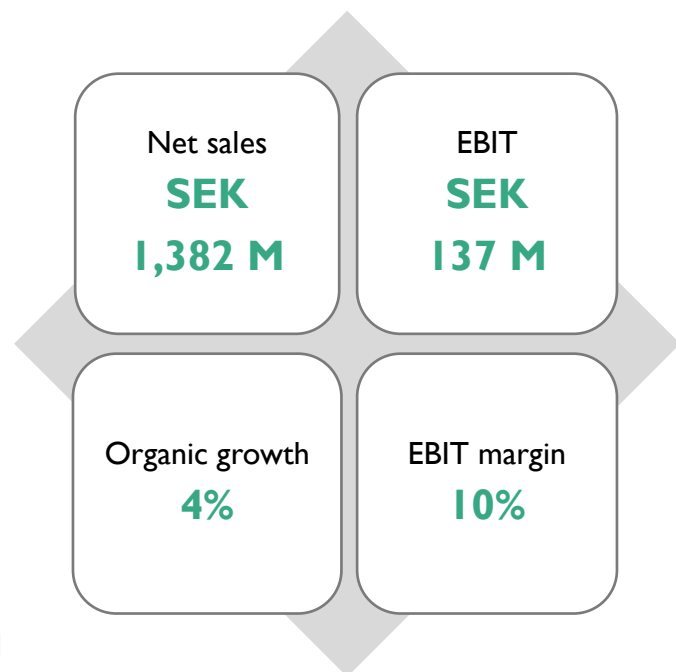
SEK M	Q3 2021	Q3 2020	Change	2021 9M	2020 9M	Change
Net sales	571	524	9%	1,576	1,530	3%
Adjusted EBIT <sup>1)</sup>	29	31	-7%	71	49	46%
EBIT	29	31	-7%	71	49	46%
Key figures						
- Organic growth <sup>2)</sup>	14%	3%		11%	-5%	
- EBIT margin	5%	6%		4%	3%	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

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



# MECA/MEKONOMEN – STRONG EBIT MARGIN DEVELOPMENT



Net sales growth of 5 per cent, of which 4 per cent organic, Estimated market share gains in the independent part of the market in Sweden and Norway

Increased underlying EBIT, mainly related to higher sales through customer loyalty, strong gross margin and earlier implemented structural and cost efficiency measures

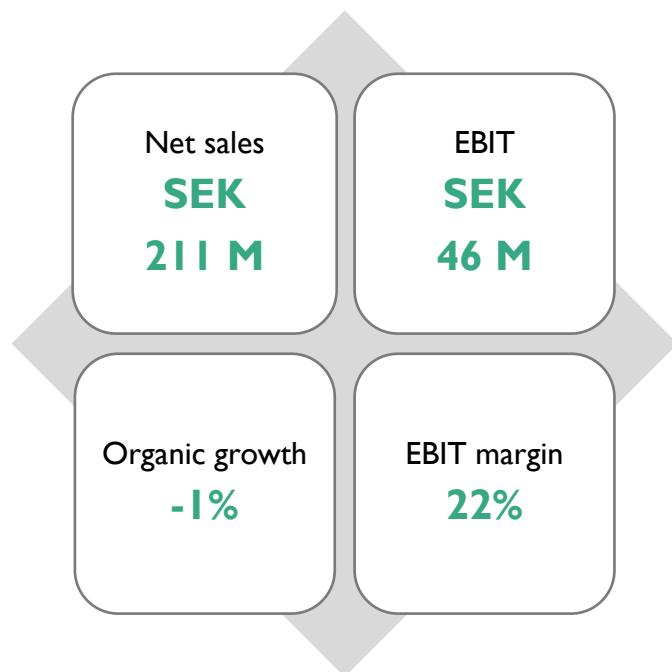
Favorable market activity in Sweden whilst Norway shows stable development in relation to strong comparable quarter

SEK M	Q3 2021	Q3 2020	Change	2021 9M	2020 9M	Change
Net sales	1,382	1,320	5%	4,358	3,994	9%
- Sweden	834	775	8%	2,621	2,396	9%
- Norway	519	520	0%	1,656	1,532	8%
- Finland	30	25	20%	81	66	23%
Adjusted EBIT <sup>1)</sup>	137	115	19%	367	247	49%
EBIT	137	91	50%	367	192	91%
Key figures						
- Organic growth <sup>2)</sup>	4%	1%		9%	-3%	
- EBIT margin	10%	7%		8%	5%	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

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

# SØRENSEN OG BALCHEN – STRONG PERFORMANCE



Net sales in line with previous year, while organic growth slightly negative following weak development in consumer market

EBIT decreased slightly compared to a strong comparable quarter while the margin contracted to 22 per cent

Strong sales development in online channel

SEK M	Q3 2021	Q3 2020	Change	2021 9M	2020 9M	Change
Net sales	211	210	0%	666	604	10%
Adjusted EBIT <sup>1)</sup>	46	53	-13%	148	136	9%
EBIT	46	53	-13%	148	136	9%
Key figures						
- Organic growth <sup>2)</sup>	-1%	22%		10%	13%	
- EBIT margin	22%	25%		22%	22%	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

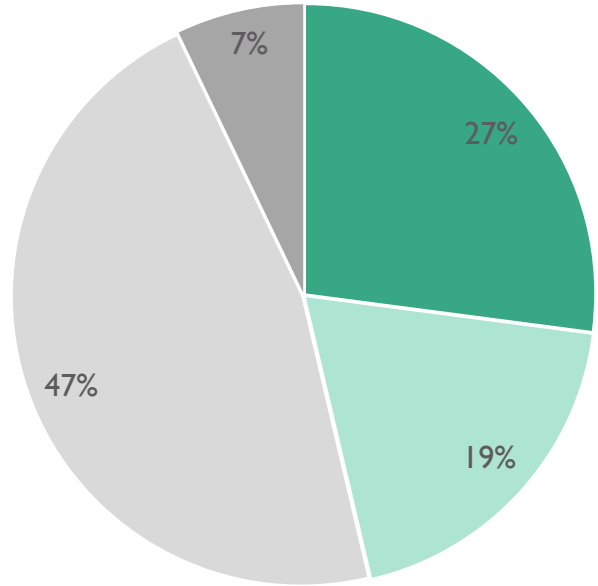
<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

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

# MARKET & FOOTPRINT

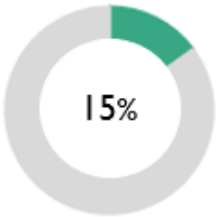
# STRONG GROUP FOOTPRINT

Net sales per business area, 2021 Q3

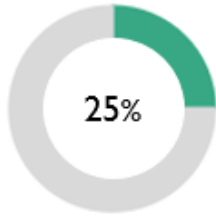


■ FTZ                      ■ Inter-Team  
■ MECA/Mekonomen   ■ Sørensen og Balchen

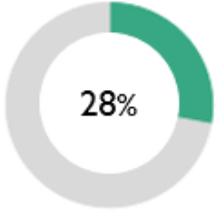
Market shares - main markets



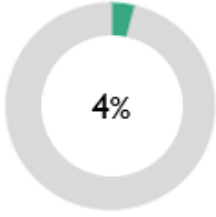
**Sweden**  
 Number of branches: **195** (21Q2: 197)  
 Number of affiliated workshops: **935** (21Q2: 936)



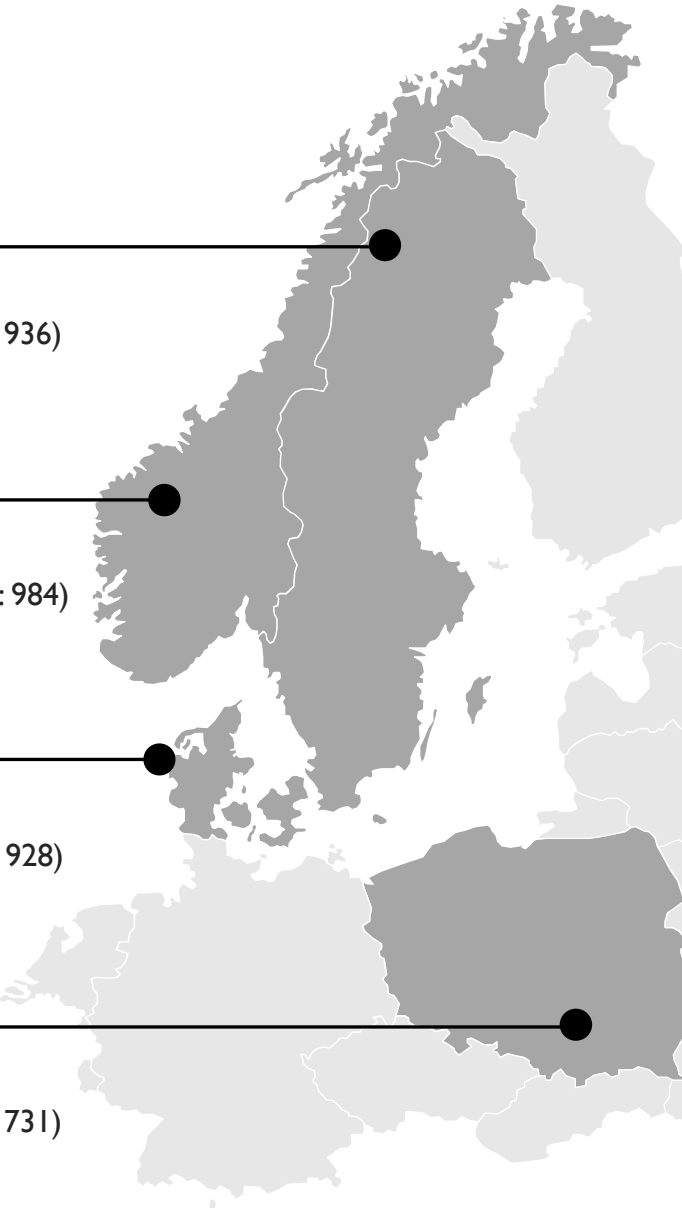
**Norway**  
 Number of branches: **129** (21Q2: 131)  
 Number of affiliated workshops: **994** (21Q2: 984)



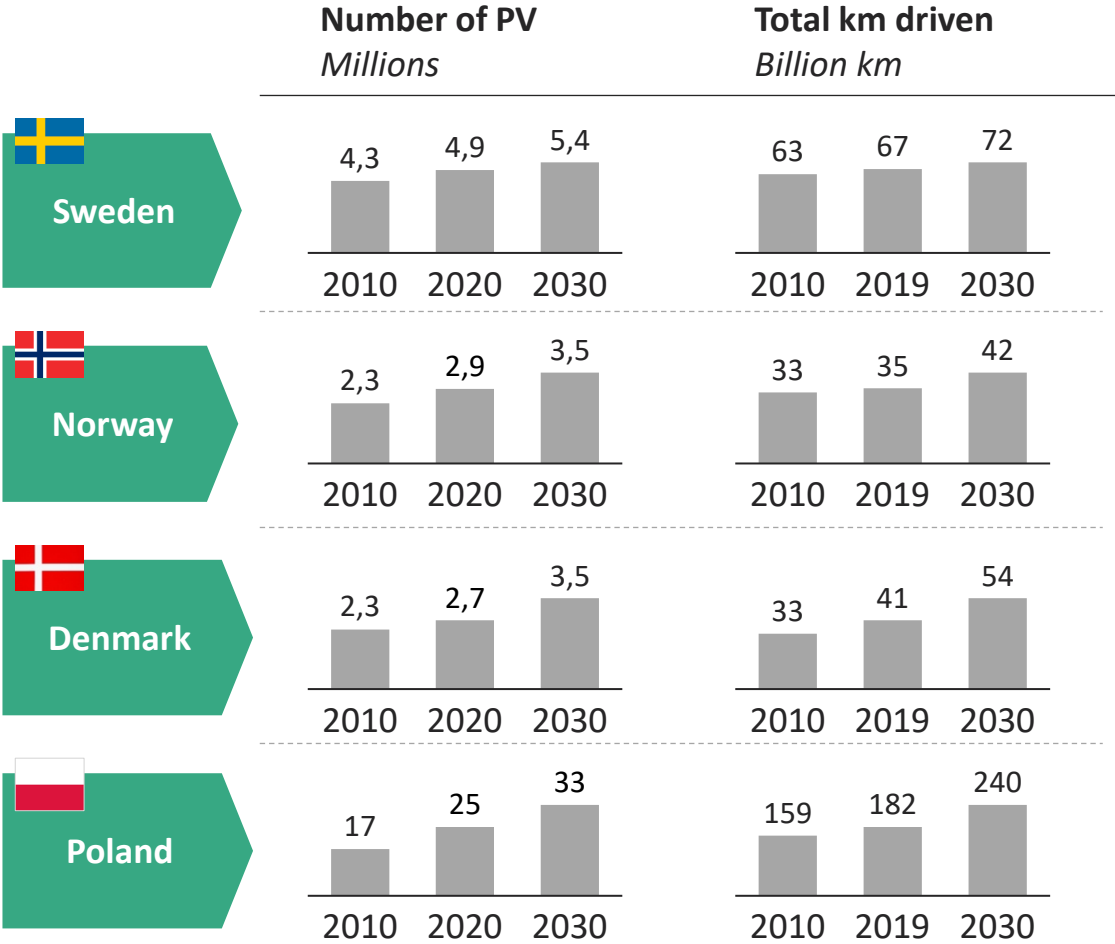
**Denmark**  
 Number of branches: **50** (21Q2: 50)  
 Number of affiliated workshops: **930** (21Q2: 928)



**Poland**  
 Number of branches: **84** (21Q2: 84)  
 Number of affiliated workshops: **755** (21Q2: 731)



# LONG-TERM PROGNOSIS – UNDERLYING FACTORS FOR MARKET GROWTH



- The total number of personal vehicles (PV) is expected to continue increasing in all markets
- Km per car is decreasing but total km driven is expected to increase
- Prognosis do not include effects from the pandemic

Source: Public records, Mekonomen Group analysis

A blurred white car is driving on a road that stretches into the distance. The sky is blue with scattered white clouds. The road has white lane markings, including a large arrow pointing right. The background shows a green field and a line of trees.

# BUSINESS DEVELOPMENT



## MILESTONE OF 1,500 ELECTRIC CAR WORKSHOPS REACHED

- More than 1,500 of the Group's workshops now meet the requirements of E+ level I (at least)
- E+ is Mekonomen Group's standard for electric car service. Level I guarantees that the workshops have the right skills and equipment to take care of more than 80 per cent of the work needed on modern electric cars

# E+ Definition in three levels



## E+ Level 1

Work on high voltage vehicles  
**excluding handling of high  
voltage components**

*Example: Scheduled  
maintenance, brakes*



## E+ Level 2

Work on high voltage vehicles  
**including exchanging high  
voltage components**

*Example: Replacing high  
voltage components including  
the battery*



## E+ Level 3

Work on high voltage vehicles  
**including repairing high  
voltage components**

*Example: Opening the high  
voltage battery and replacing  
individual battery cells*





# MOBILE E+ TRAINING TOUR IN SWEDEN

- Mobile E+ training tour in 29 places in Sweden from October 2021 until June 2022
- Mechanics will be educated in E+ level 2, which approves work on all electric cars, including replacing high voltage components
- The training is conducted in an 18 meter long highly equipped trailer



# SUSTAINABLE TRANSITION CONCEPT FOR WORKSHOPS IN DENMARK

- FTZ launched the all-in-one solution “Grøn Viden” (sustainable solutions) in Denmark, that guides the workshops safely through the transition towards a sustainable electric workshop
- “Grøn Viden” gathers parts and equipment, services, training, and business optimization in one concept
- Integrated in FTZ’s total concept offer to its affiliated workshops



## **MEKONOMEN GROUP – THE NUMBER ONE TO- GO-TO FOR ELECTRIC VEHICLES**

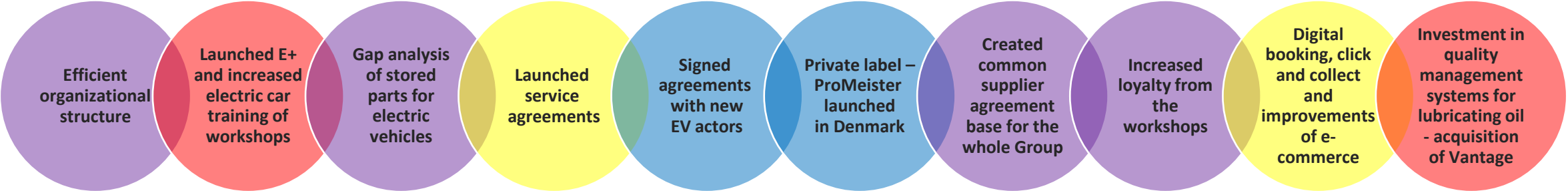
- Gap analysis of spare parts stored in the Group's warehouses for the 30 most common electric car models showing that we are the number one player in our markets
- We currently cover 62 per cent of the spare part requirement for the 30 most common electric cars (increase from 50 per cent Q2 2021)
- We estimate to have full coverage during 2022



# We enable mobility – today, tomorrow and in the future

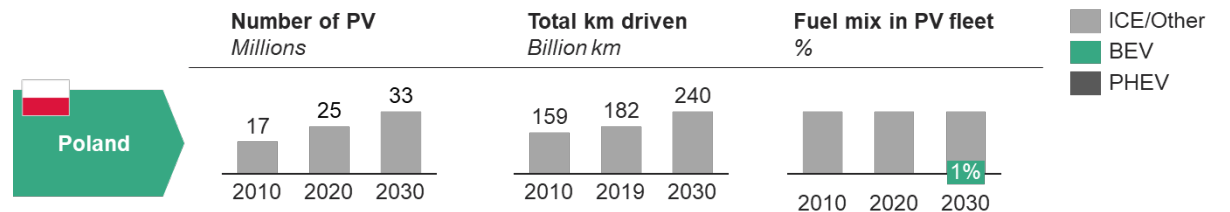
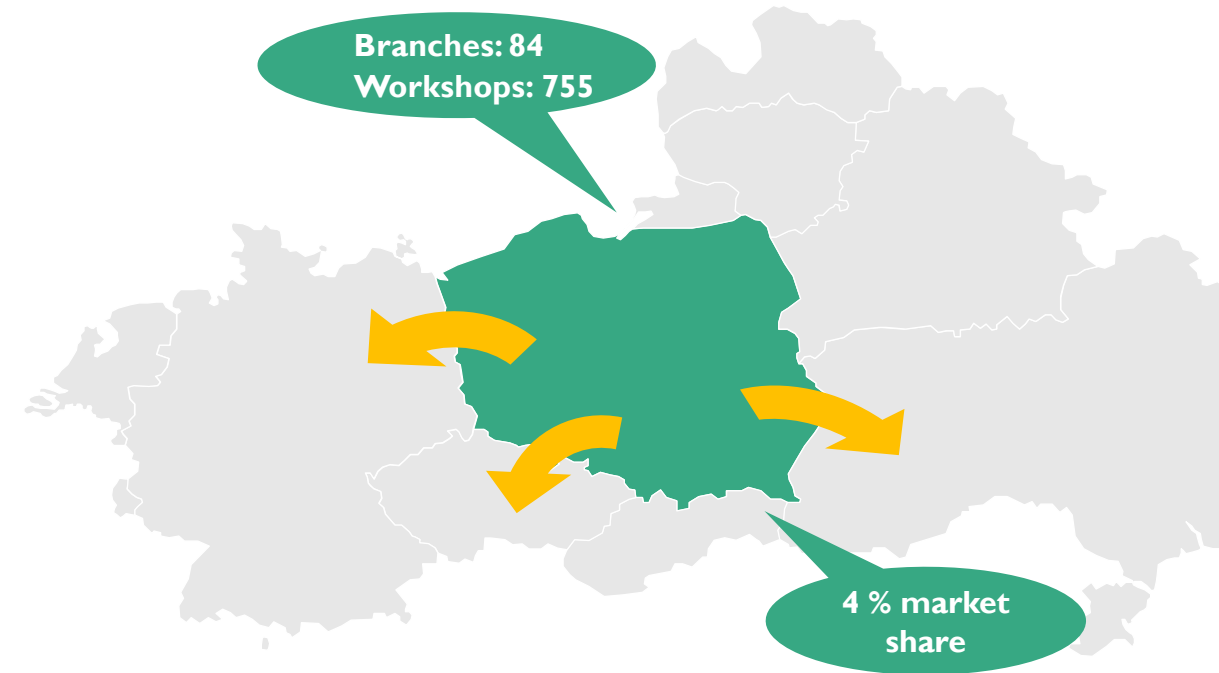
Revenue - 15 billion SEK 2025

# ENABLING MOBILITY STRATEGY – A FEW EXAMPLES OF IMPLEMENTED ACTIONS



# DEEP DIVE INTO THE POLISH MARKET

- Rapidly growing market
- Strong underlying demand
- Successful strategy
  - Two new regional warehouses to increase availability
  - Prioritized domestic market and profitable export
  - Improved EBIT-margin of 5.4% LTM versus 0.7% in 2017
- Ready for electrification





## LOGISTIC INITIATIVE OF THE YEAR

- Mekonomen Group received the award “The logistics initiative of the year” at Retail Awards on October 20, 2021, for the Groups central warehouse project in Sweden
- The merge of the Groups two central warehouses started in 2016 and was fully completed in the end of 2020
- 70 per cent of our items and 75 per cent of our orders are efficiently handled by an automated warehouse solution



# APPENDIX



# Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jul - Sep 2021			Jul - Sep 2020			Jan - Sep 2021			Jan-Sep 2020			12 months Oct - Sep		Full-year 2020	
			Change, %			Change, %			Change, %							
Net sales	2 968	2 863	4	9 180	8 631	6	12 059	11 51								
Adjusted EBIT	290	270	7	828	649	27	1 115	937								
EBIT	255	208	23	721	478	51	981	738								
Profit after financial items	225	167	35	608	349	74	855	596								
Profit after tax	173	127	36	469	260	80	655	446								
Earnings per share, SEK	3,02	2,18	39	8,12	4,38	85	11,42	7,67								
Adjusted EBIT margin, %	10	9		9	7		9	8								
EBIT margin, %	8	7		8	5		8	6								

ADJUSTED EBIT SEK M	Jul - Sep 2021			Jul - Sep 2020			Jan - Sep 2021			Jan - Sep 2020			12 months Oct - Sep		Full-year 2020	
			Change, %			Change, %			Change, %							
<b>EBIT</b>	<b>255</b>	<b>208</b>	23	<b>721</b>	<b>478</b>	51	<b>981</b>	<b>738</b>								
Costs attributable to restructuring in business area MECA/Mekonomen		-24			-55		5	-50								
Gains from sale of property in business area FTZ							6	6								
<i>Items affecting comparability, total</i>		-24			-55		11	-44								
<i>"Other items", material acquisition-related items <sup>1)</sup></i>	-34	-38		-107	-117		-145	-155								
<b>Adjusted EBIT</b>	<b>290</b>	<b>270</b>	7	<b>828</b>	<b>649</b>	27	<b>1 115</b>	<b>937</b>								

<sup>1)</sup> Other items include material acquisition-related items. Current acquisition-related items pertain to the amortization of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

# Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul - Sep 2021	Jul - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	12 months Oct - Sep	Full-year 2020
<b>Operating activities</b>						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	436	406	1 252	1 045	1 701	1 494
Tax paid	-25	-57	-188	-143	-215	-170
<b>Cash flow from operating activities before changes in working capital</b>	<b>411</b>	<b>348</b>	<b>1 064</b>	<b>902</b>	<b>1 486</b>	<b>1 324</b>
Cash flow from changes in working capital:						
Changes in inventory	-134	-35	-26	115	-139	2
Changes in receivables	-59	-11	-350	-213	-123	15
Changes in liabilities	232	218	347	447	184	284
<i>Increase (-)/Decrease (+) working capital</i>	39	173	-29	350	-78	301
<b>Cash-flow from operating activities</b>	<b>450</b>	<b>521</b>	<b>1 035</b>	<b>1 252</b>	<b>1 408</b>	<b>1 625</b>
<b>Cash flow from investing activities</b>	<b>-22</b>	<b>-36</b>	<b>-152</b>	<b>-138</b>	<b>-200</b>	<b>-186</b>
<b>Cash flow from financing activities</b>	<b>-187</b>	<b>-411</b>	<b>-389</b>	<b>-1 041</b>	<b>-687</b>	<b>-1 339</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>241</b>	<b>74</b>	<b>494</b>	<b>73</b>	<b>521</b>	<b>100</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>684</b>	<b>352</b>	<b>420</b>	<b>355</b>	<b>423</b>	<b>355</b>
Exchange-rate differences in cash and cash equivalents	0	-3	10	-5	-20	-35
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>924</b>	<b>423</b>	<b>924</b>	<b>423</b>	<b>924</b>	<b>420</b>

# Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	September 30 2021	September 30 2020	December 31 2020
<b>ASSETS</b> <sup>1)</sup>			
Intangible fixed assets	5 388	5 586	5 410
Tangible fixed assets	439	448	448
Right-of-use assets	1 670	1 663	1 606
Financial fixed assets	101	100	98
Deferred tax assets	2	-	1
Goods for resale	2 774	2 653	2 704
Current receivables	1 922	1 823	1 506
Cash and cash equivalents	924	423	420
<b>TOTAL ASSETS</b>	<b>13 219</b>	<b>12 693</b>	<b>12 193</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> <sup>1)</sup>			
Shareholders' equity	5 071	4 520	4 595
Long-term liabilities, interest-bearing	3 030	3 019	2 743
Long-term lease liabilities	1 205	1 215	1 168
Deferred tax liabilities	347	377	388
Long-term liabilities, non-interest-bearing	44	95	16
Current liabilities, interest-bearing	270	405	611
Current lease liabilities	461	436	432
Current liabilities, non-interest-bearing	2 791	2 627	2 240
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>13 219</b>	<b>12 693</b>	<b>12 193</b>

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

# Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jul - Sep 2021	Jul - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	12 months Oct - Sep	Full-year 2020
Net sales	2 968	2 863	9 180	8 631	12 059	11 511
Other operating revenue	44	36	154	131	275	253
<b>Total revenue</b>	<b>3 013</b>	<b>2 899</b>	<b>9 334</b>	<b>8 763</b>	<b>12 334</b>	<b>11 763</b>
Goods for resale	-1 591	-1 568	-5 001	-4 760	-6 559	-6 318
Other external costs	-350	-329	-1 060	-1 054	-1 409	-1 403
Personnel expenses	-616	-581	-1 950	-1 838	-2 581	-2 469
<b>Operating profit before depreciation/ amortization and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>455</b>	<b>421</b>	<b>1 322</b>	<b>1 111</b>	<b>1 785</b>	<b>1 574</b>
Depreciation and impairment of tangible fixed assets and right-of-use assets	-146	-155	-434	-461	-579	-606
<b>Operating profit before amortization and impairment of intangible fixed assets (EBITA)</b>	<b>309</b>	<b>266</b>	<b>888</b>	<b>650</b>	<b>1 206</b>	<b>968</b>
Amortization and impairment of intangible fixed assets	-54	-58	-167	-172	-226	-230
<b>EBIT</b>	<b>255</b>	<b>208</b>	<b>721</b>	<b>478</b>	<b>981</b>	<b>738</b>
Interest income	2	2	7	8	10	10
Interest expenses	-28	-35	-89	-102	-119	-133
Other financial items	-4	-7	-32	-34	-17	-19
<b>Profit after financial items</b>	<b>225</b>	<b>167</b>	<b>608</b>	<b>349</b>	<b>855</b>	<b>596</b>
Tax	-53	-40	-139	-90	-200	-150
<b>PROFIT FOR THE PERIOD</b>	<b>173</b>	<b>127</b>	<b>469</b>	<b>260</b>	<b>655</b>	<b>446</b>
<b>Profit for the period attributable to:</b>						
Parent Company's shareholders	169	123	455	247	640	432
Non-controlling interests	4	4	13	13	15	15
<b>PROFIT FOR THE PERIOD</b>	<b>173</b>	<b>127</b>	<b>469</b>	<b>260</b>	<b>655</b>	<b>446</b>
Earnings per share before and after dilution, SEK	3,02	2,18	8,12	4,38	11,42	7,67

# Largest owners 2021-09-30

## Voting rights and share capitals, %

LKQ Corporation	26,6
Fjärde AP-fonden	8,3
Swedbank Robur Fonder	7,2
Didner & Gerge Fonder	6,4
Eva Fraim Pählman	3,2
Dimensional Fund Advisors	2,6
Vanguard	2,1
AFA Försäkring	1,8
Ing-Marie Fraim	1,8
Nordea Fonder	1,4
<b>Total 10 largest shareholders</b>	<b>61,5</b>
Others	38,5
<b>Total</b>	<b>100,0</b>

# UPDATED FINANCIAL TARGETS

## SALES GROWTH

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

## ADJUSTED EBIT MARGIN

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

## NET DEBT/EBITDA

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

## DIVIDEND POLICY

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