



MEKONOMEN GROUP

January – March 2020
May 29, 2020

Q1 2020 – SOLID START IN THE QUARTER

A solid start of the quarter was eliminated by extraordinary events in March

Forceful actions to reduce costs and adapt operations




Well positioned for the future

EXTRA ORDINARY EVENTS IN MARCH







- Covid-19
 - Significant impact
 - Demand affected by mobility restrictions - various levels of restrictions in our main markets
 - Restriction reliefs have led to increased demand
- Data breach
 - Affected the business area MECA/Mekonomen
 - Cyber insurance limits financial damage
 - Systems restored and in use since April 15, 2020

FORCEFUL ACTIONS TO REDUCE COSTS AND ADAPT OPERATIONS

Main priorities

-  Safety and health for our employees
-  Focus on the core business
-  High level of customer service to our customers

FORCEFUL ACTIONS TO REDUCE COSTS AND ADAPT OPERATIONS

-  Secure logistics chains and availability of products in Mekonomen's central warehouses
-  Improve EBIT through forceful actions, including measures as: furloughing, redundancies, temporary shorter working hours for employees, reduction in salaries/bonuses, negotiations with landlords; reduction in marketing and logistics costs
-  Cash flow improvements by re-evaluating approved and planned investments
-  Focus on improving working capital
-  Secure future financing through early discussions with the banks
-  Sharply increased prices in Norway from early May to compensate for the collapsed Norwegian Krona, complemented by further adjustments to our pricing in the other markets

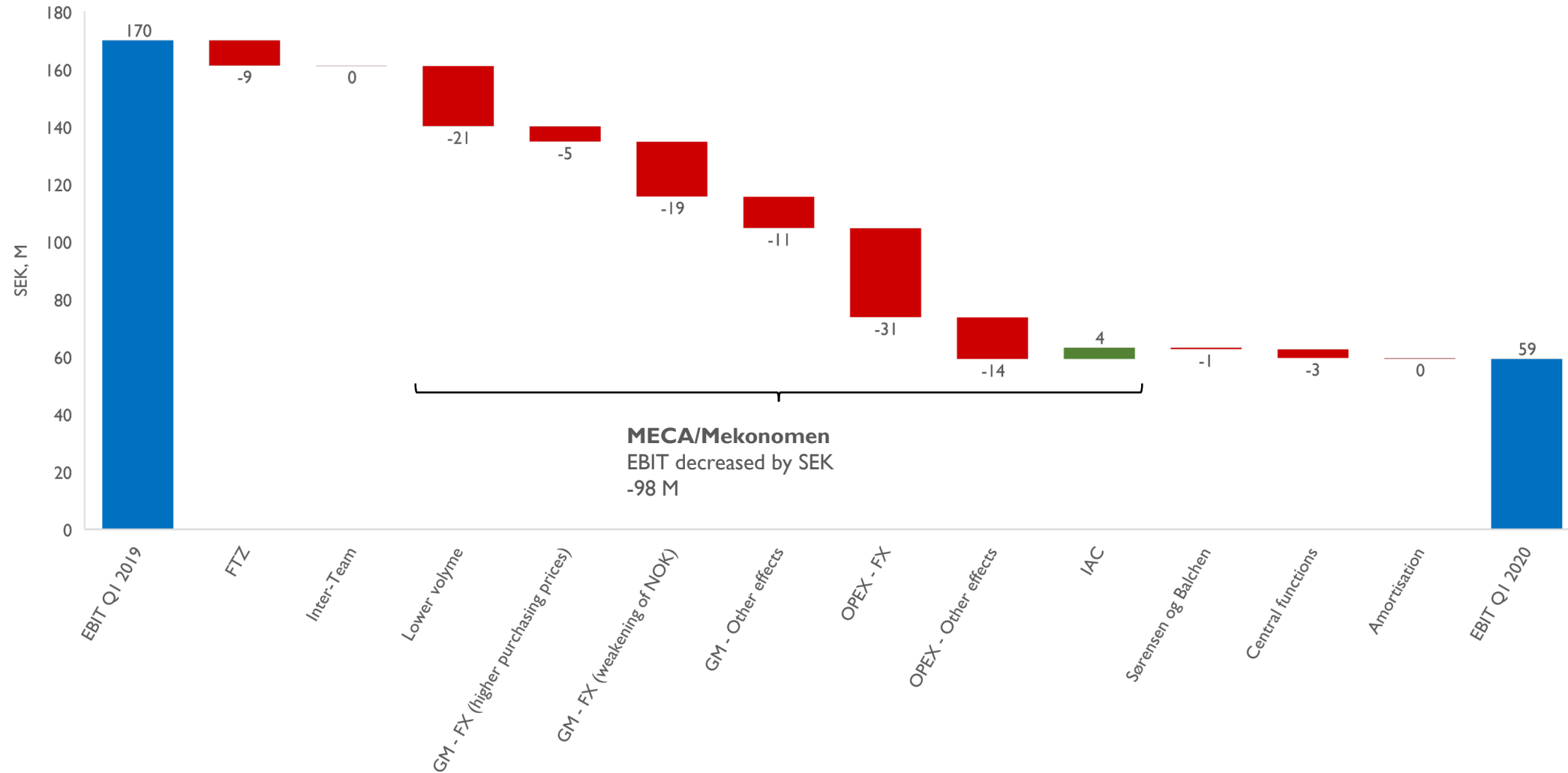
MEKONOMEN GROUP – FIRST QUARTER 2020

SEK M	Q1 2020	Q1 2019	Change	Apr-Mar Rolling 12M	2019 12M	Change
Group, net sales	2.874	2.909	-1%	11.808	11.842	0%
Adjusted EBIT ¹⁾	98	214	-54%	758	874	-13%
EBIT	59	170	-65%	594	705	-16%
Earnings per share, SEK	-0.29	1.68	n.a.	5.37	7.34	-27%
Cash flow for the period	-166	-36	n.a.	15	146	-89%
Key figures						
- Organic growth ²⁾	-2%	2%		-	2%	
- Adjusted EBIT margin	3%	7%		6%	7%	
- EBIT margin	2%	6%		5%	6%	

¹⁾ Adjusted EBIT is EBIT adjusted for items affecting comparability and amortisation of acquired intangible assets - FTZ, Inter-Team, MECA and Sørensen og Balchen.

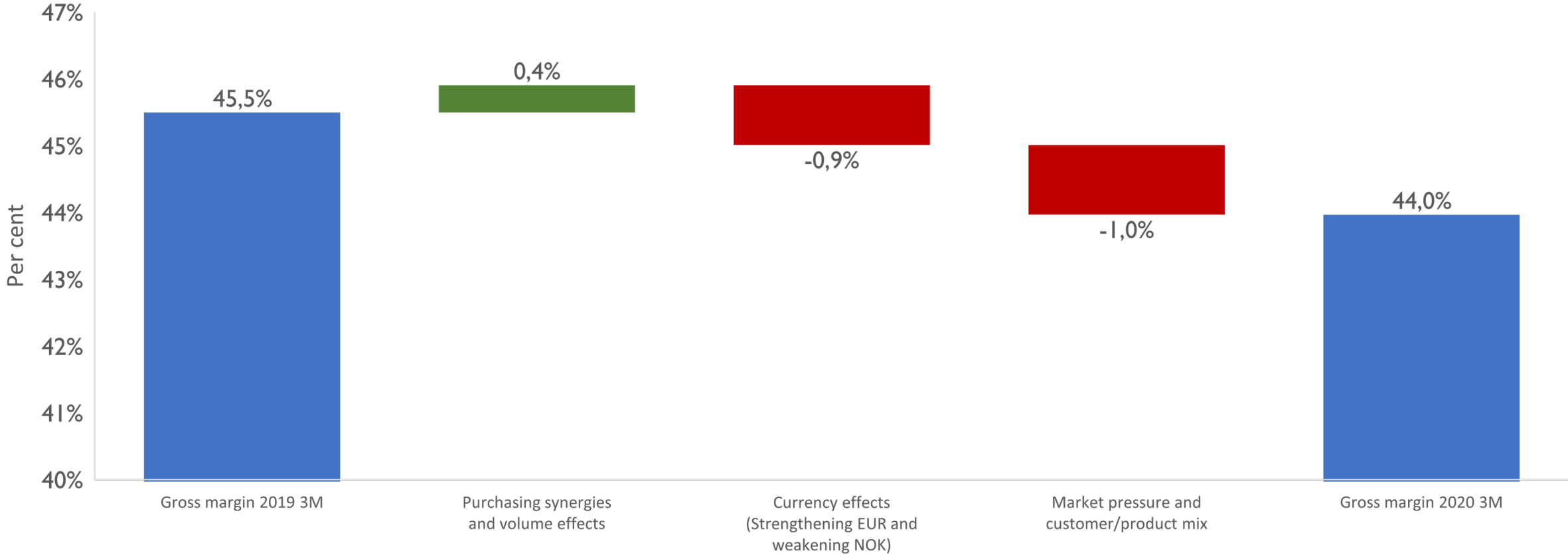
²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

DEVELOPMENT EBIT Q1 2020 vs Q1 2019



DEVELOPMENT GROSS MARGIN Q1 2020 vs Q1 2019

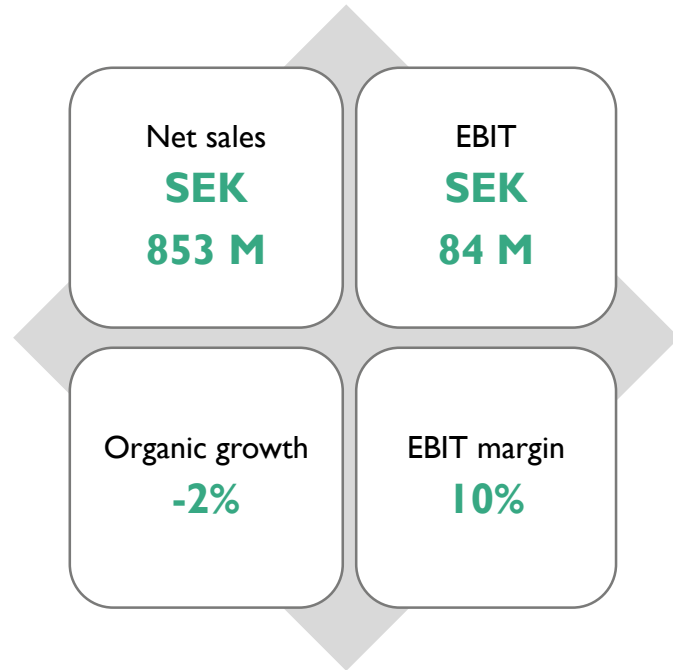
Gross margin 3M 2020 vs 3M 2019





SALES & RESULT PER BUSINESS AREA Q1 2020

FTZ – UNTHREATENED MARKET LEADER



Net sales growth of 2 per cent, of which -2 per cent organic

Slightly lower EBIT, mainly as a result of the COVID-19 pandemic and the close-down of Denmark on March 12

Estimated market share gains in Denmark, despite slow market development

SEK M	Q1 2020	Q1 2019	Change	Apr-Mar Rolling 12M	2019 12M	Change
Net sales	853	836	2%	3.389	3.371	1%
Adjusted EBIT ¹⁾	84	93	-9%	300	309	-3%
EBIT	84	93	-9%	290	299	-3%
Key figures						
- Organic growth ²⁾	-2%	-		-	1%	
- EBIT margin	10%	11%		9%	9%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

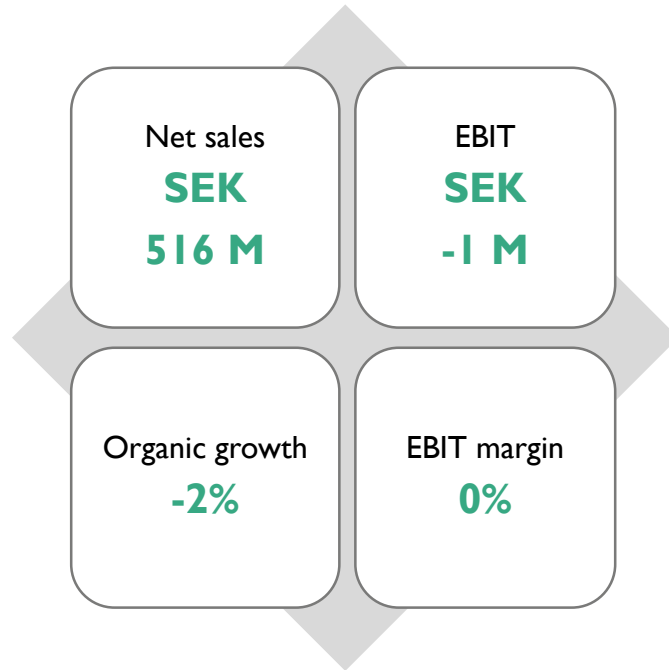
²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.



FTZ WORKSHOPS SOON CERTIFIED WITHIN ELECTRIC & HYBRIDE TECHNIQUE

- First 50 workshops have signed up to become certified practitioners of electric and hybride technique
- The FTZ Academy expands with 350 m2, to house 3 electric and hybrid workplaces, 2 additional workplaces and a large floor space for calibration of latest security systems (ADAS)
- The expansion means that FTZ will be at the forefront and the leading independent player in electricity and hybrid training in Denmark. Independent workshops have not previously had access to this extensive training opportunity

INTER-TEAM – STRONG GROWTH



Net sales unchanged as a result of negative market growth in March following the COVID-19 pandemic

Unchanged EBIT, despite solid performance in January and February

Continued high price pressure and aggressive activities from competitors

SEK M	Q1 2020	Q1 2019	Change	Apr-Mar Rolling 12M	2019 12M	Change
Net sales	516	517	0%	2.154	2.155	0%
Adjusted EBIT ¹⁾	-1	-1	0%	43	43	0%
EBIT	-1	-1	10%	43	43	0%
Key figures						
- Organic growth ²⁾	-2%	-		-	5%	
- EBIT margin	0%	0%		2%	2%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

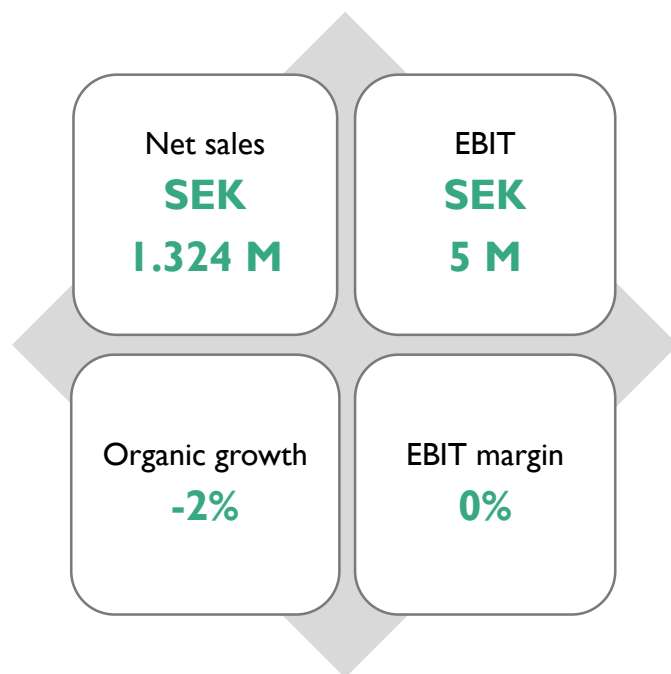
²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.



INCREASED SERVICE LEVEL TO CUSTOMERS IN SOUTH POLAND

- Successful implementation of a new warehouse management system for regional warehouse in the Cracow area (Tychy) in south Poland
- Increased efficiency, optimization of costs and increased service level to the customers in the south part of Poland

MECA/MEKONOMEN – NR 1 & 2 MARKET LEADER



Net sales 3 per cent lower, mainly due to effects of the COVID-19 pandemic and the data breach. The mild winter affected sales somewhat, especially seasonal products

Higher purchasing costs related to a stronger EUR versus SEK and NOK

Lower EBIT, as a result of the pandemic and the data breach. Earlier price changes had a positive effect in the quarter

SEK M	Q1 2020	Q1 2019	Change	Apr-Mar Rolling 12M	2019 12M	Change
Net sales	1.324	1.362	-3%	5.488	5.527	-1%
- Sweden	813	831	-2%	3.386	3.404	-1%
- Norway	495	520	-5%	2.038	2.063	-1%
- Finland	17	12	42%	65	60	9%
Adjusted EBIT ¹⁾	5	99	-95%	339	440	-23%
EBIT	5	103	-95%	340	438	-22%
Key figures						
- Organic growth ²⁾	-2%	3%		-	2%	
- EBIT margin	0%	7%		6%	8%	

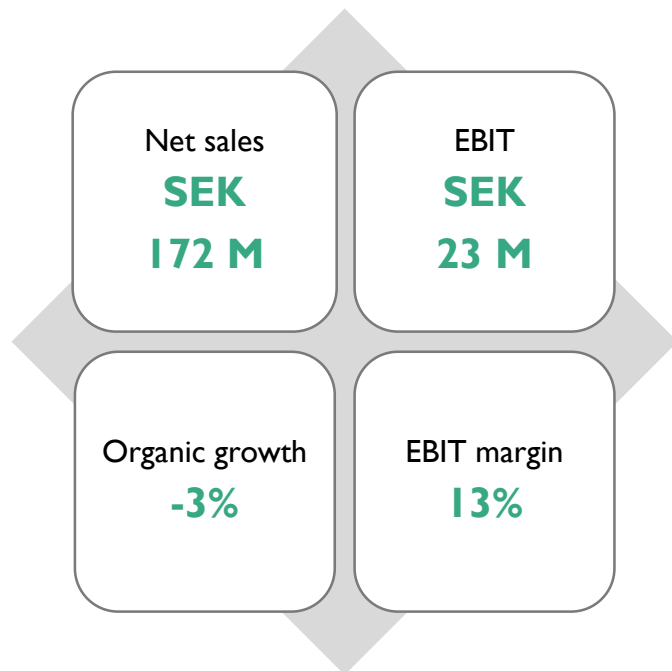
¹⁾ Adjusted EBIT excludes items affecting comparability.



MERGING OF CENTRAL WAREHOUSES - LARGE PART OF THE PROJECT FINALIZED DURING Q2 2020

- The project is proceeding as planned and will generate cost saving effects of SEK 50 M annually, with full effect as of the end of 2020
- Deliveries to both MECA Sweden and Norway are now made from Strängnäs instead of Eskilstuna
- The volumes from the old MECA warehouse in Eskilstuna will be moved during Q2 2020. The transfer of the remaining inventory from Eskilstuna to Strängnäs will then start and the work will run until end of 2020

SØRENSEN OG BALCHEN – WELL MAINTAINED & EFFICIENT



The COVID-19 pandemic had a substantial negative impact on volumes following the lock-down in Norway from 12 March

The gross margin improved slightly, as price increases and an improved product mix fully offset the weaker NOK

EBIT stable versus last year. Cost control remains effective and further adjustments is in place with regards to the pandemic

SEK M	Q1 2020	Q1 2019	Change	Apr-Mar Rolling 12M	2019 12M	Change
Net sales	172	183	-6%	748	759	-1%
Adjusted EBIT ¹⁾	23	24	-2%	120	121	0%
EBIT	23	24	-2%	120	121	0%
Key figures						
- Organic growth	-3%	-13%		-	-6%	
- EBIT margin	13%	13%		16%	16%	

¹⁾ Adjusted EBIT excludes items affecting comparability.



INTEGRATING E-COMMERCE WITH STORES

- Click & collect (Klikk og hent) launched March 19 at Bilxtra.no
- The customer will reserve item at bilxtra.no and will receive a text message within two hours, stating that the item is ready for pickup in store
- The initiative has increased the number of online orders, about 40 per cent of online orders since beginning of April are "click and collect" orders



MARKET & FOOTPRINT

GROUP MAIN MARKETS AND TRENDS

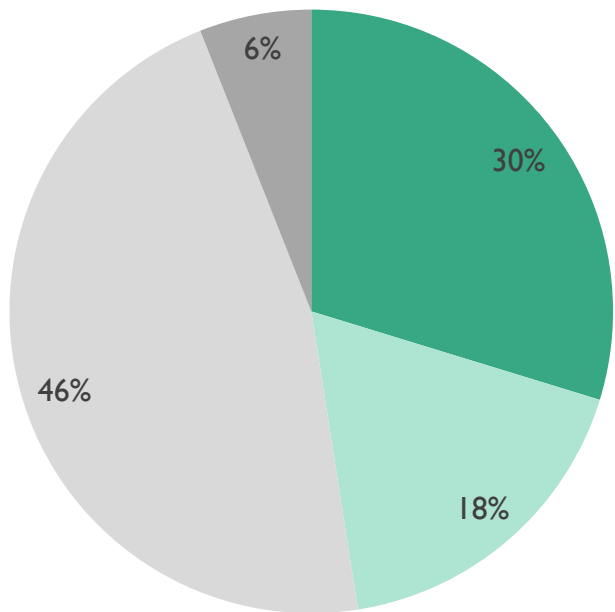
2019	Denmark	Norway	Poland	Sweden
Population	5.8 million	5.4 million	38.4 million	10.3 million
GDP growth	2.3 %	2.3 %	4.1 %	1.2 %
Number of cars	2.7 million	2.8 million	23.4 million	4.9 million
Growth in number of cars	2.2 %	1.8 %	4.0 %	0.4 %
Cars >3 years old	70 %	83 %	93 %	75 %
Pure electric cars	0.6 %	9.7 %	<0.1%	0.6 %
Market structure	High consolidation	High consolidation	Fragmented	High consolidation
Expected long-term growth (%)	1-2 %	1-2 %	4-5 %	1-2 %
Mekonomen Group's B2B share of total sales	100 %	~85 % whereof SogB ~70 %	100 %	~85 %
Mekonomen Group's market share	28 %	25 %	4 %	15 %

Trends

- Change of customer expectations
 - Digitalisation
 - Future car fleet
- Next generation car fleet
 - Pure electric cars
 - Hybride cars
 - Higher share of automation and software in the cars
- Shift in competitiveness
 - Connected cars
 - New actors
 - Consolidation and integration

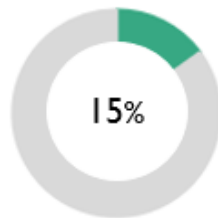
GROUP FOOTPRINT

Net sales per business area, 2020Q1



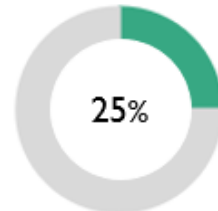
- FTZ
- Inter-Team
- MECA/Mekonomen
- Sørensen og Balchen

Market shares - main markets



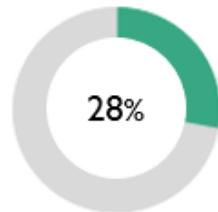
Sweden

Number of branches: **199** (19Q4: 195)
 Number of affiliated workshops: **988** (19Q4: 1,002)



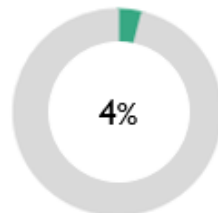
Norway

Number of branches : **131** (19Q4: 131)
 Number of affiliated workshops: **995** (19Q4: 983)



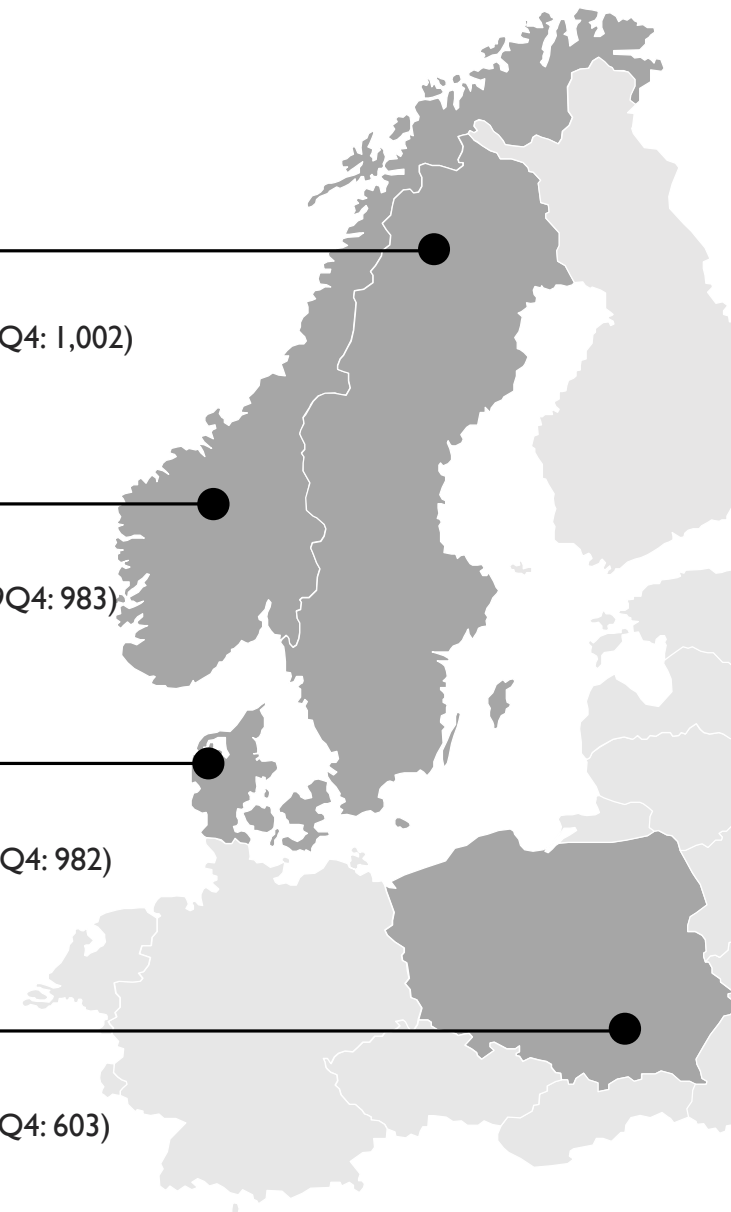
Denmark

Number of branches : **51** (19Q4: 51)
 Number of affiliated workshops: **996** (19Q4: 982)



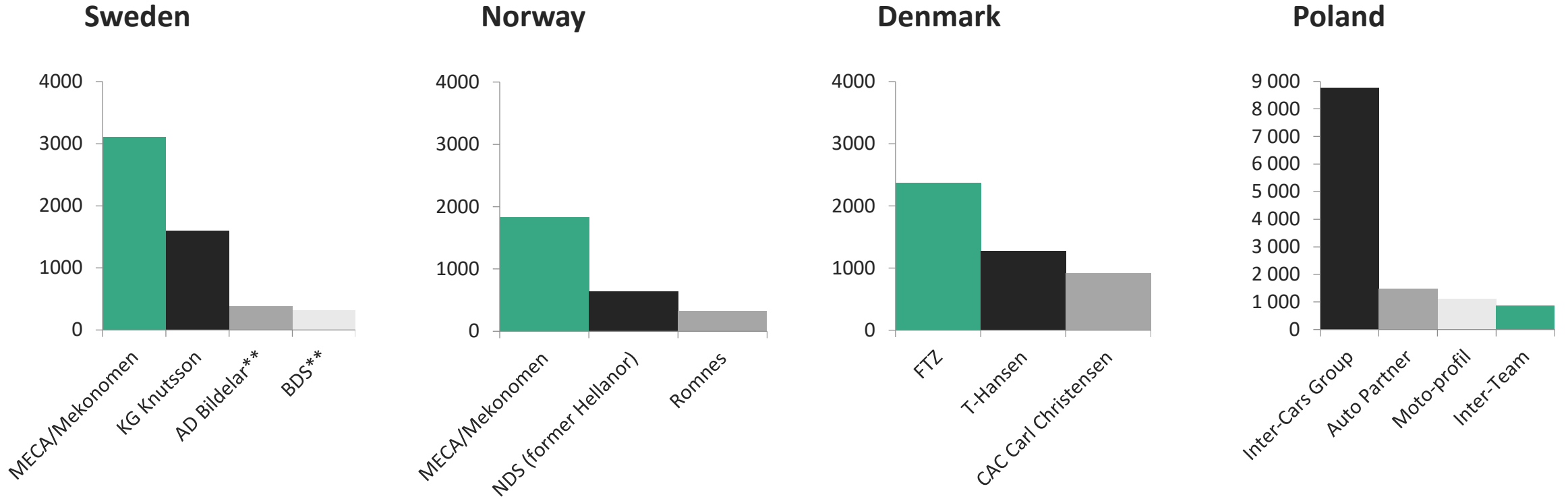
Poland

Number of branches : **83** (19Q4: 82)
 Number of affiliated workshops: **628** (19Q4: 603)



LEADER IN THREE OF FOUR MARKETS

Competition overview, net sales in local currency M*



*The net sales figures are taken from the latest published official numbers

**Net sales in wholesale business

An aerial photograph showing a two-lane asphalt road with yellow double lines, curving through a dense green forest. To the left of the road is a body of water with ripples. Two cars, one red and one white, are visible on the road. The overall scene is bright and natural.

Innovation for the future

BUSINESS DEVELOPMENT



LEADING AFTER MARKET PLAYER WITHIN AUTOMOTIVE TECHNICAL TRAINING

- High end academies in all main markets
- In 2019, more than 11 000 training days were held for automotive technicians



LEADING AFTER MARKET PLAYER WITHIN ELECTRIC AND HYBRIDE CAR COMPETENCE

- 892 training days within electric and hybrid car technology in Norway and Sweden in 2019
- New electric and hybrid training launched in Denmark Q1 2020. High demand, the courses were quickly fully booked



FIRST MECHANIC EDUCATION AT DISTANCE IN EUROPE

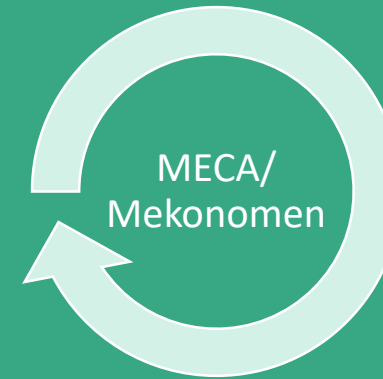
- Full mechanic upper secondary school education program through a web-based platform. The training covers the recently launched revised curriculum
- Around 70 upper secondary schools use the educational packages today
- The availability of vehicle technology is critical for the industry, distance training ensures continued growth of mechanics despite the ongoing pandemic and creates possibilities for the future

WELL POSITIONED FOR THE FUTURE

Favourable development in the core business



- Strong sales culture and high availability



- Unbeatable logistics operation

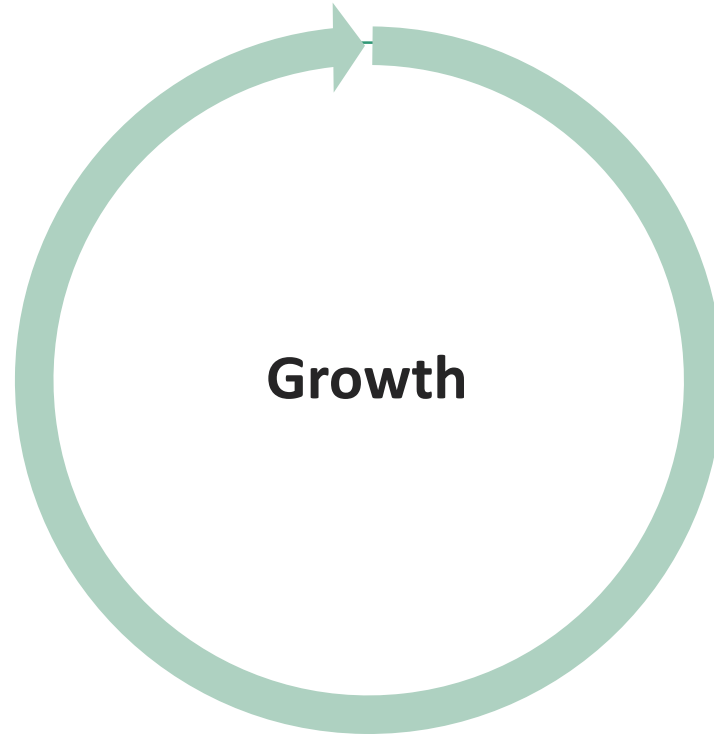


- Strong growth



- Well maintained and efficient

FOCUS 2020



WE ENABLE MOBILITY

Strong position





APPENDIX

Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jan–Mar		Change, %	12 months		Full-year	
	2020	2019		Apr - Mar	2019	Change, %	
	Net sales	2 874	2 909	-1	11 808	11 842	0
Adjusted EBIT	98	214	-54	758	874	-13	
EBIT	59	170	-65	594	705	-16	
Profit after financial items	-11	129	-109	415	555	-25	
Profit after tax	-15	96	-115	310	421	-26	
Earnings per share, SEK	-0,29	1,68	-117	5,37	7,34	-27	
Adjusted EBIT margin, %	3	7		6	7		
EBIT margin, %	2	6		5	6		

ADJUSTED EBIT SEK M	Jan–Mar		Change, %	12 months		Full-year	
	2020	2019		Apr - Mar	2019	Change, %	
EBIT	59	170	-65	594	705	-16	
Costs related to the integration of FTZ and Inter-Team		-5		-9	-14		
Impairment of inventory DAB products ¹⁾				3	3		
<i>Items affecting comparability, total</i>		-5		-6	-11		
<i>“Other items”, material acquisition-related items ²⁾</i>	-39	-39		-157	-157		
Adjusted EBIT	98	214	-54	758	874	-13	

¹⁾ Digital Audio Broadcasting.

²⁾ Other items include material acquisition-related items. Current acquisition-related items are depreciation 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	Jan–Mar 2020	Jan–Mar 2019	12 months Apr - Mar	Full-year 2019
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	202	349	1 269	1 416
Tax paid	-57	-81	-201	-226
Cash flow from operating activities before changes in working capital	145	268	1 067	1 190
Cash flow from changes in working capital:				
Changes in inventory	24	60	-30	6
Changes in receivables	-43	-171	75	-53
Changes in liabilities	-65	0	-66	-2
<i>Increase (-)/Decrease (+) working capital</i>	-83	-110	-21	-48
Cash-flow from operating activities	62	158	1 046	1 142
Cash flow from investing activities	-67	-83	-183	-199
Cash flow from financing activities	-161	-111	-848	-798
CASH FLOW FOR THE PERIOD	-166	-36	15	146
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	355	205	177	205
Exchange-rate difference in cash and cash equivalents	18	8	14	5
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	207	177	207	355

Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	31 March 2020	31 March 2019	31 December 2019
ASSETS ¹⁾			
Intangible fixed assets	5 844	5 825	5 697
Tangible fixed assets	472	488	465
Right-of-use assets	1 705	2 014	1 818
Financial fixed assets	95	79	101
Deferred tax assets	-	0	-
Goods for resale	2 814	2 813	2 854
Current receivables	1 646	1 704	1 580
Cash and cash equivalents	207	177	355
TOTAL ASSETS	12 783	13 099	12 870
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	4 375	4 034	4 335
Long-term liabilities, interest-bearing	3 442	3 806	3 333
Long-term lease liabilities	1 220	1 449	1 323
Deferred tax liabilities	382	465	428
Long-term liabilities, non-interest-bearing	70	20	20
Current liabilities, interest-bearing	715	569	748
Current lease liabilities	449	511	457
Current liabilities, non-interest-bearing	2 131	2 244	2 227
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	12 783	13 099	12 870

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

Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jan–Mar 2020	Jan–Mar 2019	12 months Apr - Mar	Full-year 2019
Net sales	2 874	2 909	11 808	11 842
Other operating revenue	42	40	177	174
Total revenue	2 917	2 948	11 985	12 017
Goods for resale	-1 611	-1 585	-6 560	-6 535
Other external costs	-385	-345	-1 415	-1 375
Personnel expenses	-657	-643	-2 590	-2 576
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	265	375	1 420	1 531
Depreciation and impairment of tangible fixed assets and right-of-use assets	-149	-152	-607	-611
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	116	222	813	920
Amortisation and impairment of intangible fixed assets	-56	-52	-219	-215
EBIT	59	170	594	705
Interest income	3	3	12	12
Interest expenses	-33	-39	-146	-151
Other financial items	-40	-6	-46	-11
Profit after financial items	-11	129	415	555
Tax	-3	-33	-104	-134
PROFIT FOR THE PERIOD	-15	96	310	421
Profit for the period attributable to:				
Parent Company's shareholders	-16	94	303	413
Non-controlling interests	2	2	7	8
PROFIT FOR THE PERIOD	-15	96	310	421
Earnings per share before and after dilution, SEK	-0,29	1,68	5,37	7,34

Largest owners 2020-03-31

	Voting rights and share capitals, %
LKQ Corporation	26,6
Fjärde AP-fonden	8,4
Didner & Gerge Fonder	8,0
AFA Försäkring	4,2
Eva Fraim Pahlman	3,4
Swedbank Robur Fonder	3,0
Dimensional Fund Advisors	2,8
Avanza Pension	2,2
Centerstone Investors LLC	2,1
Vanguard	2,1
Total 10 largest shareholders	62,8
Others	37,2
Total	100,0