

Mekonomen Group

Interim report January - September 2018

8 November 2018

Successful acquisition of FTZ and Inter-Team resulting in record sales

1 July–30 September 2018

- Revenue rose to SEK 1,887 M (1,414). Adjusted for the acquisition of FTZ and Inter-Team, currency effects and calculated on the comparable number of days, revenue rose 2 per cent. Sales in comparable units rose 1 per cent, in local currency.
- EBITA amounted to SEK 155 M (157) and the EBITA margin was 8 per cent (11).
- EBIT amounted to SEK 118 M (127) and the EBIT margin amounted to 6 per cent (9). EBIT was negatively impacted by items affecting comparability of SEK 4 M (positive 7), attributable to costs for the acquisition process of FTZ and Inter-Team.
- EBIT adjusted for items affecting comparability rose to SEK 122 M (120).
- The gross margin was 51.3 per cent (54.4).
- Earnings per share amounted to SEK 2.30 (2.43).
- Cash flow from operating activities amounted to SEK 176 M (79).
- Net debt was SEK 5,622 M (1,625) at the end of the period, compared with SEK 1,444 M at year-end.
- On 3 September, Mekonomen concluded its acquisition of FTZ in Denmark and Inter-Team in Poland for a consideration of EUR 404 M and the entities are consolidated from that date.

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jul-Sep 2018	Jul-Sep 2017	Chg. %	Jan-Sep 2018	Jan-Sep 2017	Chg. %	12 months Oct-Sep	Full-year 2017
Revenue	1 887	1 414	33	5 028	4 492	12	6 536	6 000
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	155	157	-1	446	515	-13	581	649
EBIT	118	127	-7	351	427	-18	447	522
Profit after financial items	233	119	95	460	388	18	547	475
Profit after tax	85	89	-4	260	293	-11	335	368
Earnings per share, SEK	2,30	2,43	-5	6,99	7,98	-12	9,06	10,05
EBITA margin, %	8	11		9	11		9	11
EBIT margin, %	6	9		7	9		7	9

EBIT ADJUSTED FOR ITEMS AFFECTING COMPARABILITY, SEK M	Jul-Sep 2018	Jul-Sep 2017	Change, %	Jan-Sep 2018	Jan-Sep 2017	Change, %	12 months Oct-Sep	Full-year 2017
EBIT, excluding items affecting comparability	122	120	2	400	420	-5	503	515
Items affecting comparability	-4	7	n/a	-49	7	n/a	-56	7
EBIT	118	127	-7	351	427	-18	447	522

CEO comments

Milestone quarter with the acquisition of FTZ and Inter-Team and with the base business continuing to show improvement

In early September, we concluded the acquisition of FTZ and Inter-Team, which will almost double Mekonomen Group's sales. The acquisition was part financed with a rights issue of just over SEK 1.6 billion, which was fully subscribed and was concluded in October. I would like to thank investors for your trust and confidence in Mekonomen Group and our expansion into Denmark and Poland which are important strategic moves for the Group.

Mekonomen Group's total revenue increased 33 per cent to SEK 1,887 M (1,414) in the third quarter. Sales growth adjusted for FTZ and Inter-Team, was 5 per cent in the quarter, with positive contribution from the strong NOK in relation to SEK and an increase in the number of proprietary workshops. At the same time, sales were negatively affected by the very hot summer, which meant more workshops were closed and also closed for longer periods than in 2017. Adjusted for FTZ and Inter-Team, number of workdays (same number as the year earlier) and currency effects, revenue rose 2 per cent.

In the third quarter, MECA, Mekonomen and Sørensen og Balchen reported increased net sales compared to the third quarter last year, positively affected by strengthened NOK. Adjusted for number of workdays and currency effects MECA reported an increase in net sales, while net sales in Mekonomen and Sørensen og Balchen did not reach up to last year's level.

EBIT in line with communicated preliminary information

EBIT for the Group amounted to SEK 118 M (127) in the third quarter, adversely impacted by items affecting comparability of SEK 4 M (pos. 7), which mainly included costs for the acquisition process. EBIT adjusted for items affecting comparability rose to SEK 122 M (120). EBIT adjusted for FTZ and Inter-Team and items affecting comparability amounted SEK 116 M (120) for the quarter, which is aligned with the preliminary information for the third quarter we communicated on 28 September.

EBIT was adversely impacted by continued weakening of the SEK against EUR and the exceptionally hot summer. In addition, an increase in the number of proprietary workshops compared with the preceding year affected the profitability negatively in the quarter.

Effect from proprietary workshops in the quarter

During the last year Mekonomen Group's number of proprietary workshops has increased from approximately 40 workshops to just above 70 workshops. Owning a number of workshops ourselves is strategically important in order to develop our strong customer offer and to create value for our shareholders. More proprietary workshops mean increased revenue in the Group, as we also add the earnings of automotive technicians' working hours. In the third quarter, the profitability of the workshops is low due to lower demand for car service during the summer months, while the fixed costs are evenly distributed over the year.

FTZ and Inter-Team

In the third quarter, the newly acquired businesses FTZ and Inter-Team are included from September. The reported net sales and EBIT for September are comparable to last year (prior to acquisition). FTZ reported net sales of SEK 252 M and EBIT of SEK 13 M and Inter-Team reported net sales of SEK 147 M and EBIT of SEK 0 M. The Inter-Team business operates at a lower margin than the Group as a whole and we expect some EBIT margin dilution as a result of the acquisition.

Market development

We experienced lower demand for workshop services in the market in July and August. The summer months are normally weaker, but the extremely hot summer further reduced demand. Our assessment is that a large part of the demand that normally occurs during the summer months will not create pent-up demand in the autumn. The need for workshop services which was postponed has resulted in longer waiting times at the workshops in the autumn rather than increased sales.

New digital spare parts catalogue and central warehouse projects proceeding as planned

Both the work with our new digital spare parts catalogue and the work with the joint central warehouse for MECA and Mekonomen in Sweden are progressing according to plan. Our tests with low volumes of the new automation during the summer period went well and we have started our gradual ramp-up during the autumn, which implies that we are putting more and more articles into the new automation solution.

Outlook

The acquisition of FTZ and Inter-Team has strengthened our position in the Northern Europe. Forward, my focus is to enhance our competitiveness and customer offerings in all our markets and utilise the synergies we can achieve by pooling knowledge in areas such as customer relationship, efficient logistics and innovation. Even if FTZ and Inter-Team will operate as separate businesses the integration is important and the work to achieve purchasing synergies of SEK 100 M with full effect from 2021 has already begun.

The shortage of service technicians and other roles in our industry remains significant and is one of the industry's greatest challenges. Our estimate is that the industry as a whole needs about 6,400 new employees over the next three years. Mekonomen Group is actively engaged in attracting and training new people to become automotive technicians. The high grades needed for admission to our vocational upper secondary school program ProMeister Fordon in Stockholm and Lund confirms the substantial interest in modern education for automotive technicians. The upskilling of existing technicians in, for example, electric and hybrid cars and new technology is a central pillar if we are to meet customer needs in the future with the current rapid technological progress.

I am very positive to the inclusion of FTZ and Inter-Team in Mekonomen Group and I am convinced that we have the right conditions for long-term competitiveness and profitability in all of our main markets – Denmark, Norway, Poland and Sweden.

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 stores 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 stores, we sell and deliver spare parts and accessories to our affiliated workshops as well as other B2B customers, partner stores and consumers.



GROUP REVENUE

TOTAL REVENUE	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		12 months	Full-year
DISTRIBUTION, SEK M	2018	2017	Chg. %	2018	2017	Chg. %	Oct-Sep	2017
Net sales, external, per segment								
FTZ	252	-		252	-		252	-
Inter-Team	147	-		147	-		147	-
MECA	467	442	6	1 500	1 431	5	1 976	1 907
Mekonomen	656	650	1	2 014	2 004	1	2 693	2 683
Sørensen og Balchen	180	178	1	571	603	-5	746	778
Other segments	148	103	44	432	346	25	567	482
Total net sales, Group	1 850	1 372	35	4 915	4 383	12	6 382	5 850
Other operating revenue	37	42	-12	113	109	4	154	150
GROUP REVENUE	1 887	1 414	33	5 028	4 492	12	6 536	6 000

Revenue distribution per country and segment is presented in the table on page 18.

GROWTH EXCL. FTZ AND INTER-TEAM PER CENT	MECA		Mekonomen		Sørensen og Balchen		Group	
2018	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep
Underlying increase	2,2	3,6	-1,0	-0,2	-4,7	-7,4	2,4	2,0
Currency effects	3,4	1,5	2,0	0,9	6,0	2,6	2,7	1,2
Effect, workdays	0,0	-0,3	0,0	-0,2	0,0	-0,5	0,0	-0,2
Nominal increase	5,6	4,8	1,0	0,5	1,2	-5,3	5,1	3,0

SALES IN COMPARABLE UNITS – growth compared with the same period of previous year, local currency PER CENT	Group	
	Third quarter 2018	Jan-Sep 2018
Sales growth in comparable units	1,2	-0,8

1 July–30 September 2018

Revenue amounted to SEK 1,887 M (1,414). Adjusted for the acquisition of FTZ and Inter-Team and positive currency effects (SEK 39 M), revenue rose 2 per cent. During the quarter, the number of workdays was unchanged in Sweden and Norway, compared with the year-earlier period. Calculated on comparable workdays and adjusted for currency effects, revenue increased 2 per cent excluding FTZ and Inter-Team. Sales in comparable units rose 1 per cent in local currency. The decline in sales of DAB products had an adverse impact of approximately SEK 21 M compared to last year.

1 January–30 September 2018

Revenue amounted to SEK 5,028 M (4,492). Adjusted for FTZ and Inter-Team and positive currency effects (SEK 56 M), revenue rose 2 per cent. During the period, the number of workdays was unchanged in Sweden and one day less in Norway, compared with the year-earlier period. Calculated on comparable workdays and adjusted for currency effects, revenue increased 2 per cent excluding FTZ and Inter-Team. Sales in comparable units declined 1 per cent in local currency. The decline in sales of DAB products had an adverse impact on revenue of approximately SEK 121 M.

GROUP PERFORMANCE

1 July–30 September 2018

EBIT before amortisation and impairment of intangible fixed assets, EBITA

EBITA amounted to SEK 155 M (157) and the EBITA margin was 8 per cent (11). EBITA was negatively impacted by items affecting comparability of SEK 4 M (pos: 7), attributable to costs for the acquisition process of FTZ and Inter-Team. During the quarter, currency effects in the balance sheet had a positive impact of SEK 4 M (6).

Operating profit, EBIT

EBIT amounted to SEK 118 M (127) and the EBIT margin amounted to 6 per cent (9). EBIT was negatively impacted by items affecting comparability of SEK 4 M (pos: 7), attributable to costs for the acquisition process of FTZ and Inter-Team. During the quarter, currency effects in the balance sheet had a positive impact of SEK 4 M (6).

Other earnings

Profit after financial items amounted to SEK 233 M (119). Net interest expense was SEK 16 M (expense: 7) and other financial items amounted to income of SEK 131 M (expense: -1) related to currency effects connected to the long term loans. Profit after tax totaled SEK 85 M (89). The tax expense was negatively impacted by the impairment of deferred tax assets pertaining to Group deductions for earlier loss carryforwards in Denmark pursuant to the acquisition of FTZ totaling SEK 93 M. Corporate tax 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 2.30 (2.43).

1 January–30 September 2018

EBIT before amortisation and impairment of intangible fixed assets, EBITA

EBITA amounted to SEK 446 M (515) and the EBITA margin was 9 per cent (11). EBITA was negatively impacted by items affecting comparability totalling SEK 49 M (pos: 7), of which SEK 20 M was attributable to costs for impairment of DAB product stocks for the Norwegian market, SEK 23 M to costs for the acquisition process of FTZ and Inter-Team and SEK 6 M to the divestment of Marinshopen. Currency effects in the balance sheet had a positive impact of SEK 1 M (4) on EBITA.

Operating profit, EBIT

EBIT amounted to SEK 351 M (427) and the EBIT margin amounted to 7 per cent (9). EBIT was negatively impacted by items affecting comparability totalling SEK 49 M (pos: 7), 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 process of FTZ and Inter-Team and SEK 6 M to the divestment of Marinshopen. Currency effects in the balance sheet had a positive impact of SEK 1 M (4) on EBIT.

Other earnings

Profit after financial items amounted to SEK 460 M (388). Net interest expense was SEK 30 M (expense: 19) and other financial items amounted to income of SEK 139 M (expense: 20) related to currency effects connected to the long term loans. Profit after tax amounted to SEK 260 M (293). The tax expense was negatively impacted by the impairment of deferred tax assets pertaining to Group deductions for earlier loss carryforwards in Denmark pursuant to the acquisition of FTZ totaling SEK 93 M. Corporate tax 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 6.99 (7.98).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in the third quarter amounted to SEK 176 M (79) and SEK 417 M (250) for the nine-month period. Tax paid amounted to SEK 18 M (29) for the third quarter and to SEK 145 M (183) for the nine-month period. Cash and cash equivalents amounted to SEK 346 M (194), compared with SEK 254 M at year-end. The equity/assets ratio was 21 per cent (42). Long-term interest-bearing liabilities amounted to SEK 3,482 M (1,459), compared with SEK 1,453 M at year-end. Current interest-bearing liabilities amounted to SEK 2,494 M (371), compared with SEK 255 M at year-end.

Net debt amounted to SEK 5,622 M (1,625) compared with SEK 1,444 M at year-end, representing an increase of SEK 4,178 M from prior year-end. The increase in net debt is largely attributable to loans raised in conjunction with the acquisition of FTZ and Inter-Team of SEK 4,265 M, a dividend of SEK 259 M, and an effect of repayments, investments and acquisitions, and a positive operating cash flow. Loan repayments totaled SEK 34 M in the quarter.

INVESTMENTS

Investments in fixed assets amounted to SEK 25 M (79) in the third quarter, and to SEK 169 M (134) for the nine-month period. Depreciation and impairment of tangible fixed assets amounted to SEK 23 M (15) for the third quarter and to SEK 56 M (45) for the nine-month period. Investments in the ongoing establishment and inventories for the central warehouse in Strängnäs totaled SEK 2 M (65) in the third quarter, and SEK 98 M (71) for the nine-month period. Investments now amount to a total of SEK 187 M.

Company and business combinations amounted to SEK 4,325 M (14) during the third quarter and to SEK 4,377 M (57) for the nine-month period, of which SEK 0 M (1) pertained to an estimated supplementary purchase consideration for the third quarter and SEK 3 M (13) for in the nine-month period. In addition, supplementary purchase considerations of SEK 0 M (0) were paid in the quarter, and SEK 5 M (3) in the nine-month period. Acquired assets totaled SEK 2,816 M (13) and assumed liabilities SEK 1,416 M (2) for the nine-month period. In addition to goodwill, which amounted to SEK 1,900 M (20), intangible surplus values of SEK 829 M (26) were identified pertaining to customer relations and brands of SEK 548 M (0). Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 300 M (1). Acquired non-controlling interests amounted to SEK 0 M (2) in the third quarter and to SEK 0 M (8) for the nine-month period. Divested non-controlling interests amounted to SEK 0 M (0) for the nine-month period. Divested businesses amounted to SEK 0 M (10) in the third quarter and SEK 6 M (10) for the nine-month period.

ACQUISITIONS AND START-UPS

Third quarter

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 during the third quarter the Group has also acquired five workshops in Eskilstuna, Lund, Rosersberg, Nödinge and Nybro and one workshop in Jaren and one workshop in Trøndelag in Norway. Acquisition has also been made of Bilglascentralen with operations in Gothenburg and 51 per cent of the shares in Mekster AB, which sells spare parts online. These acquisitions only have a marginal impact on consolidated sales and earnings.

See the preliminary effects of the acquisitions on page 20-21

Earlier in the year

The Group has acquired ten workshops in Värnamo, Gislaved, Hedemora, Trollhättan, Strömstad, Borås, Gävle and Nynäshamn, and acquired a 65 per cent stake in Allt i Bil AB, with seven workshops in Sweden as well as Sandefjord and Skøyen in Norway, and established four workshops in Karlskoga, Karlshamn, Skellefteå and Kiruna. Four stores were also acquired in Sweden, Hedemora, Vårby, Kristinehamn and Söderhamn. The acquisitions had only a marginal impact on consolidated sales and earnings.

Number of stores and workshops

At the end of the period, the total number of stores in the chains was 466 (345), of which 393 (266) were proprietary stores. The number of affiliated workshops totaled 3,413 (2,026). See the distribution in the table on page 19.

EMPLOYEES

During the period, the average number of employees was 2,561 (2,156). See the distribution in the table on page 19.

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 was reported in three segments – MECA, Mekonomen and Sørensen og Balchen. Reporting according to the new segment division occurred for the first time in the first quarter of 2018. 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 will be reported in two additional segments.

FTZ SEGMENT

FTZ SEK M	Jul-Sep 2018	Jul-Sep 2017	Chg. %	Jan-Sep 2018	Jan-Sep 2017	Chg. %	12 months Oct-Sep	Full-year 2017
Net sales, external	252	-	-	252	-	-	252	-
Operating profit before amortisation and impairment of intangible assets (EBITA)	14	-	-	14	-	-	14	-
EBIT	13	-	-	13	-	-	13	-
EBITA margin, %	5	-	-	5	-	-	5	-
EBIT margin, %	5	-	-	5	-	-	5	-
Number of stores/of which proprietary				51 / 51	0 / -			-
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 one month.

During the third quarter, FTZ reported net sales and EBIT for September comparable to last year (prior to acquisition).

Net sales amounted to SEK 252 M (-) for the quarter and to SEK 252 M (-) for the period. EBIT amounted to SEK 13 M (-) for the third quarter and EBIT margin to 5 per cent (-).

INTER-TEAM SEGMENT

INTER-TEAM SEK M	Jul-Sep 2018	Jul-Sep 2017	Chg. %	Jan-Sep 2018	Jan-Sep 2017	Chg. %	12 months Oct-Sep	Full-year 2017
Net sales, external	147	-	-	147	-	-	147	-
Operating profit before amortisation and impairment of intangible assets (EBITA)	0	-	-	0	-	-	0	-
EBIT	0	-	-	0	-	-	0	-
EBITA margin, %	0	-	-	0	-	-	0	-
EBIT margin, %	0	-	-	0	-	-	0	-
Number of stores/of which proprietary				82 / 79	0 / -			-
Number of O.K. Serwis				282	-			-
Number of INTER DATA SERVICE				178	-			-

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 one month.

During the third quarter, Inter-Team reported net sales and EBIT for September comparable to last year (prior to acquisition). The Inter-Team business operates at a lower margin than the Group as a whole.

Net sales amounted to SEK 147 M (-) for the quarter and to SEK 147 M (-) for the period. EBIT amounted to SEK 0 M (-) for the third quarter and EBIT margin 0 per cent (-).

MECA SEGMENT

MECA SEK M	Jul-Sep 2018	Jul-Sep 2017	Chg. %	Jan-Sep 2018	Jan-Sep 2017	Chg. %	12 months Oct-Sep	Full-year 2017
Net sales, external	467	442	6	1 500	1 431	5	1 976	1 907
Operating profit before amortisation and impairment of intangible assets (EBITA)	51	58	-13	216	229	-5	261	273
EBIT	48	56	-15	208	222	-6	251	265
EBITA margin, %	11	13		14	16		13	14
EBIT margin, %	10	13		14	15		12	14
Number of stores/of which proprietary				85 / 77	86 / 76			86 / 76
Number of MECA Car Service				706	708			722

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

MECA reported a good sales development in the third quarter, despite the unusual warm summer. Sales to MECA Car Service workshops and other major customers remained favorable. The strong sales growth in the Norwegian operations is mainly affected by strong NOK and positive sales contribution from acquired workshops. EBIT was negatively affected by higher purchasing prices, due to strong EUR, and increased costs related to the higher number of proprietary workshops compared to the third quarter last year.

Net sales totaled SEK 467 M (442) for the quarter, of which net sales in the Swedish operations amounted to SEK 214 M (216) and in the Norwegian operations to SEK 253 M (227). For the nine-month period, net sales amounted to SEK 1,500 M (1,431), of which net sales in the Swedish operations amounted to SEK 707 M (700) and in the Norwegian operations to SEK 792 M (731). The currency effect on net sales against the NOK was a positive SEK 15 M for the quarter and a positive SEK 22 M for the nine-month period. The number of workdays in the quarter was unchanged in Sweden and Norway compared with the year-earlier quarter and unchanged for the nine-month period in Sweden, but with one day less in Norway. Underlying net sales rose 2 per cent in the third quarter and 4 per cent in the nine-month period. MECA's EBIT totaled SEK 48 M (56) for the third quarter and EBIT margin amounted to 10 per cent (13).

MEKONOMEN SEGMENT

MEKONOMEN ¹⁾ SEK M	Jul-Sep 2018	Jul-Sep 2017	Chg. %	Jan-Sep 2018	Jan-Sep 2017	Chg. %	12 months Oct-Sep	Full-year 2017
Net sales, external	656	650	1	2 014	2 004	1	2 693	2 683
Operating profit before amortisation and impairment of intangible assets (EBITA)	92	80	15	244	237	3	333	325
EBIT	90	79	15	240	234	3	318	313
EBITA margin, %	14	12		12	11		12	12
EBIT margin, %	13	12		12	11		11	11
Number of stores/of which proprietary				173 / 145	179 / 148			175 / 145
Number of Mekonomen Service Centres				730	747			746
Number of MekoPartner				226	230			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 8 M for the third quarter of 2017, to SEK 22 M for the January–September 2017 period, and to SEK 26 M for the full-year 2017. EBIT totalled SEK 0 M in the third quarter of 2017, a negative SEK 1 M for the January–September 2017 period, and a negative SEK 12 M, including impairment losses on goodwill of SEK 9 M, for the full-year 2017.

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

In the third quarter Mekonomen presented a good sales growth to affiliated workshops. The segment reported a net sales in line with last year, despite being adversely impacted by the extremely hot summer. Sales growth in the Norwegian operations is mainly affected by strong NOK against SEK. EBIT was negatively affected by increased purchasing prices, which was offset by strong cost control in the Swedish operations.

Net sales totaled SEK 656 M (650) for the quarter, of which net sales in the Swedish operations amounted to SEK 433 M (439) and in the Norwegian operations to SEK 223 M (210). For the nine-month period, net sales amounted to SEK 2,014 M (2,004), of which net sales in the Swedish operations totaled SEK 1,343 M (1,348) and in the Norwegian operations SEK 671 M (656). The currency effect on net sales against the NOK was a positive SEK 13 M for the quarter and a positive SEK 18 M for the nine-month period. The number of workdays in the quarter was unchanged in Sweden and Norway compared with the year-earlier quarter and unchanged for the nine-month period in Sweden, but with one day less in Norway. Underlying net sales declined 1 per cent during the quarter and were largely unchanged for the nine-month period. Mekonomen's EBIT totaled SEK 90 M (79) for the third quarter and EBIT margin amounted to 13 per cent (12).

SØRENSEN OG BALCHEN SEGMENT

SØRENSEN OG BALCHEN	Jul-Sep			Jan-Sep			12 months		Full-year
SEK M	2018	2017	Chg. %	2018	2017	Chg. %	Oct-Sep	2017	
Net sales, external	180	178	1	571	603	-5	746	778	
Operating profit before amortisation and impairment of intangible assets (EBITA)	29	27	8	82	94	-12	109	120	
EBIT	29	27	8	82	93	-12	109	120	
EBITA margin, %	16	15		14	15		14	15	
EBIT margin, %	16	15		14	15		14	15	
Number of stores/of which proprietary				66 / 38	74 / 39			68 / 39	
Number of BilXtra				262	261			258	

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

Sørensen og Balchen reported increased net sales in the third quarter that were positively impacted by the strong NOK, while the exceptionally hot summer had an adverse impact. The segment continued to report efficient cost control during the third quarter.

Net sales amounted to SEK 180 M (178) for the quarter and to SEK 571 M (603) for the nine-month period. During the quarter, the currency effect on net sales against the NOK was a positive SEK 11 M for the second quarter and a positive SEK 16 M for the nine-month period. The number of workdays was unchanged in Norway compared with the year-earlier period, but one day less during the nine-month period. Underlying net sales decreased 5 per cent in the third quarter, and 7 per cent in the nine-month period. Sørensen og Balchen's EBIT totaled SEK 29 M (27) for the third quarter and the EBIT margin was 16 per cent (15).

SALES GROWTH PER CUSTOMER GROUP

GROWTH PER CUSTOMER GROUP		July–September 2018				January–September 2018			
– growth compared with the same period of previous year		Affiliated	Consumers	Other	Partner	Affiliated	Consumers	Other	Partner
PER CENT	workshops		B2B customers	B2B customers	stores ¹⁾	workshops		B2B customers	stores ¹⁾
Nominal growth	38,9	-2,8	56,2	6,5	20,7	-2,1	13,4	-0,1	
Currency adj. growth	35,0	-5,2	51,5	2,7	19,2	-3,3	11,9	-1,7	

¹⁾ Change in growth for partner stores can become large percentages, as for instance in cases of stockbuilding and acquisitions, but are minor amounts for the Group.

SALES GROWTH PER CUSTOMER GROUP EXCLUDING FTZ AND INTER-TEAM

GROWTH PER CUSTOMER GROUP		July–September 2018				January–September 2018			
– growth compared with the same period of previous year		Affiliated	Consumers	Other	Partner	Affiliated	Consumers	Other	Partner
PER CENT	workshops		B2B customers	B2B customers	stores ¹⁾	workshops		B2B customers	stores ¹⁾
Nominal growth	19,0	-3,4	-2,4	6,5	14,5	-2,3	-4,5	-0,1	
Currency adj. growth	15,7	-5,8	-5,4	2,7	13,1	-3,5	-5,7	-1,7	

¹⁾ Change in growth for partner stores can become large percentages, as for instance in cases of stockbuilding and acquisitions, but are minor amounts for the Group.

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	-	-

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 increased foreign operation and larger loans. A full assessment will be presented in the annual report 2018. 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 net financial items were a positive SEK 102 M (neg: 3) for the third quarter and a positive SEK 88 M (neg: 30) for the nine-month period excluding share dividends of SEK 340 M (315) from subsidiaries for the nine-month period. The average number of employees was 5 (5). During the quarter, Mekonomen AB sold goods and services to Group companies totalling SEK 8 M (9) and for SEK 19 M (31) in the nine-month period.

“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 BilLivet workshop operations, 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 36 M (neg: 15) in the third quarter and negative SEK 128 M (neg: 65) for the nine-month period.

“Other items” includes acquisition-related items attributable to Mekonomen AB’s direct acquisitions. Current acquisition-related items are amortisations of acquired intangible assets pertaining to the acquisitions of MECA, Sørensen og Balchen, FTZ and Inter-Team totaling an expense of SEK 26 M (expense: 19) for the third quarter and an expense of SEK -64 M (expense: -58) for the nine-month period.

EVENTS AFTER THE END OF 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 is oversubscribed. As a result of the rights issue, Mekonomen has received proceeds amounting to approximately SEK 1,621m. The right issue will increase Mekonomen's share capital with 51,287,837.50 to SEK 141,041,055.00 by issuing 20,515,135 shares. The number of shares in Mekonomen after the rights issue will amount to 56,416,622 shares. The bridgeloan that was intended to be repaid with the rights issue as a part of the financing of the acquisition of FTZ and Inter-Team has been repaid after completion of the rights issue.

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 1–26 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.

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 8 M in the third quarter of 2018 due to gross recognition of provisions for returned goods. The Group has chosen to use the modified retrospective application 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, which is why comparative figures have not been restated.

IFRS 16 Leasing is a new accounting policy that will become effective as of 1 January 2019. The Group has not yet completed its assessment of the effects of IFRS 16, but does expect the standard to have a material impact on total assets, increased fixed assets and liabilities, as well as on EBITDA and interest expenses in the income statement.

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 has 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 will also be 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.

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 2019 Annual General Meeting, the Nomination Committee consists of John Quinn, LKQ Corporation, Evert Carlsson, Swedbank Robur Fonder, Arne Lööv, Fjärde AP-fonden and Carl Gustafsson, Didner & Gerge Småbolagsfond. John Quinn has been appointed Chairman of the Nomination Committee. Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee.

Stockholm, 8 November, 2018
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Pehr Oscarson
President and CEO

For further information, please contact:

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This information is such information that Mekonomen AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act.

The information was submitted for publication, through the agency of the contact person set out above, at 07:30 a.m CET on 8 November 2018.

The interim report is published in Swedish and English. The Swedish version is the original version and has been translated into English.

Auditor's review

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Mekonomen AB (publ) at 30 September 2018 and the nine-month period that ended on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

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

Conclusion

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

Stockholm, 8 November 2018

PricewaterhouseCoopers AB

Lennart Danielsson
Authorised Public Accountant
Auditor-in-charge

Linda Corneliusson
Authorised Public Accountant

CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	12 months Oct-Sep	Full-year 2017
Net sales	1 850	1 372	4 915	4 383	6 382	5 850
Other operating revenue	37	42	113	109	154	150
Total revenue	1 887	1 414	5 028	4 492	6 536	6 000
Goods for resale	-900	-626	-2 297	-1 997	-2 955	-2 654
Other external costs	-365	-284	-1 050	-910	-1 389	-1 249
Personnel expenses	-444	-332	-1 179	-1 025	-1 540	-1 386
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	177	172	502	560	652	710
Depreciation and impairment of tangible fixed assets	-23	-15	-56	-45	-71	-60
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	155	157	446	515	581	649
Amortisation and impairment of intangible fixed assets	-37	-30	-96	-88	-134	-127
EBIT	118	127	351	427	447	522
Interest income	2	1	3	3	4	4
Interest expenses	-18	-8	-33	-21	-41	-29
Other financial items	131	-1	139	-20	136	-23
Profit after financial items	233	119	460	388	547	475
Tax	-147	-30	-200	-95	-212	-107
PROFIT FOR THE PERIOD	85	89	260	293	335	368
Profit for the period attributable to:						
Parent Company's shareholders	83	87	251	286	325	361
Non-controlling interests	3	2	9	7	10	7
PROFIT FOR THE PERIOD	85	89	260	293	335	368
Earnings per share before and after dilution, SEK	2,30	2,43	6,99	7,98	9,06	10,05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	12 months Oct-Sep	Full-year 2017
Profit for the period	85	89	260	293	335	368
Other comprehensive income:						
<i>Components that will not be reclassified to profit/loss for the year:</i>						
- Actuarial gains and losses	-2	-	-2	-	-1	0
<i>Components that may later be reclassified to profit/loss for the year:</i>						
- Exchange-rate differences from translation of foreign subsidiaries ¹⁾	-151	11	-49	-31	-70	-51
- Cash-flow hedges ²⁾	1	1	2	2	3	3
Other comprehensive income, net after tax	-152	11	-49	-29	-68	-48
COMPREHENSIVE INCOME FOR THE PERIOD	-67	101	211	265	267	320
Comprehensive income for the period attributable to:						
Parent Company's shareholders	-69	99	201	258	256	313
Non-controlling interests	2	2	10	7	10	7
COMPREHENSIVE INCOME FOR THE PERIOD	-67	101	211	265	267	320

¹⁾ At 30 September 2018, the accumulated translation reserve pertaining to former operations in Denmark was a negative SEK -14 M (i.e. excluding translation differences for FTZ). The translation reserve pertaining to Denmark will be reclassified in shareholders' equity via the income statement in the amount applicable at that time if the Danish company is liquidated, which will be investigated in the future. The translation of Danish subsidiaries (excl FTZ) amounted to SEK 0 M (0) in other comprehensive income for the quarter and a loss of SEK 1 M (0) for the nine-month period.

²⁾ Holding of financial interest-rate derivatives for hedging purposes, according to Level 2 measurements defined in IFRS 13.

SUMMARY CONSOLIDATED BALANCE SHEET SEK M	30 September 2018	30 September 2017	31 December 2017
ASSETS ¹⁾			
Intangible fixed assets	5 858	2 717	2 686
Tangible fixed assets	480	248	254
Financial fixed assets	85	42	62
Deferred tax assets	0	77	93
Goods for resale	2 595	1 339	1 382
Current receivables	1 747	973	823
Cash and cash equivalents	346	194	254
TOTAL ASSETS	11 111	5 590	5 554
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	2 340	2 323	2 379
Long-term liabilities, interest-bearing	3 482	1 459	1 453
Deferred tax liabilities	449	142	168
Long-term liabilities, non-interest-bearing	13	35	18
Current liabilities, interest-bearing	2 494	371	255
Current liabilities, non-interest-bearing	2 334	1 259	1 280
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	11 111	5 590	5 554

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 EQUITY, SEK M	30 September 2018	30 September 2017	31 December 2017
Shareholders' equity at the beginning of the year	2 379	2 324	2 324
Comprehensive income for the period	211	265	320
Acquisition/divestment of non-controlling interests	6	-8	-7
Shareholders' contributions from minority shareholders	3	-	-
Dividend to shareholders	-259	-259	-258
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	2 340	2 323	2 379
Of which non-controlling interests	29	15	16

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	12 months Oct-Sep	Full-year 2017
Operating activities						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	290	166	643	532	786	675
Tax paid	-18	-29	-145	-183	-28	-66
Cash flow from operating activities before changes in working capital	272	137	498	350	757	609
Cash flow from changes in working capital:						
Changes in inventory	-104	-76	-65	-76	-115	-127
Changes in receivables	-57	-55	-145	-116	-103	-74
Changes in liabilities	65	72	128	94	123	88
<i>Increase (-)/Decrease (+) working capital</i>	-96	-58	-81	-99	-95	-113
Cash-flow from operating activities	176	79	417	250	662	496
Cash flow from investing activities	-4 134	-83	-4 325	-167	-4 386	-229
Cash flow from financing activities	4 106	-66	4 012	-175	3 892	-295
CASH FLOW FOR THE PERIOD	148	-70	104	-92	169	-27
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	213	268	254	291	194	291
Exchange-rate difference in cash and cash equivalents	-15	-4	-12	-5	-17	-9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	346	194	346	194	346	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	30 September 2018	30 September 2017
FINANCIAL ASSETS		
Derivatives: Currency swaps	-	-
Interest-rate swaps	-	-
TOTAL	-	-
FINANCIAL LIABILITIES		
Derivatives: Currency swaps	-	-
Interest-rate swaps	2	5
TOTAL	2	5

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 30 September 2018							
SEK M	Derivative instruments	Loan and accounts receivables	Other financial liabilities	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	-	63	-	63	63	22	85
Accounts receivable	-	1 183	-	1 183	1 183	-	1 183
Other current receivables	-	-	-	-	-	564	564
Cash and cash equivalents	-	346	-	346	346	-	346
TOTAL	-	1 592	-	1 592	1 592	586	2 178
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing	-	-	3 482	3 482	3 482	-	3 482
Long-term liabilities, non-interest-bearing	-	-	9	9	9	4	13
Current liabilities, interest-bearing	2	-	2 492	2 494	2 494	-	2 494
Accounts payable	-	-	1 149	1 149	1 149	-	1 149
Other current liabilities	-	-	13	13	13	1 172	1 185
TOTAL	2	-	7 145	7 147	7 147	1 176	8 322

QUARTERLY DATA, SEGMENTS	2018				2017				2016				
	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
NET SALES, SEK M ¹⁾													
FTZ	252	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Team	147	-	-	-	-	-	-	-	-	-	-	-	-
MECA	467	543	490	1 907	477	442	495	493	1 842	470	433	487	452
Mekonomen ^{2) 3)}	656	726	631	2 683	679	650	703	651	2 727	680	665	727	656
Sørensen og Balchen	180	209	182	778	176	178	211	213	725	182	179	192	172
Other segments ⁴⁾	148	154	130	482	135	103	119	125	492	134	115	132	111
GROUP	1850	1633	1 432	5850	1 467	1 372	1 529	1 482	5786	1 466	1 392	1 537	1 391
EBITA, SEK M													
FTZ	14	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Team	0	-	-	-	-	-	-	-	-	-	-	-	-
MECA	51	104	61	273	45	58	93	77	283	62	60	92	68
Mekonomen ²⁾	92	108	45	325	89	80	90	67	323	69	92	82	80
Sørensen og Balchen	29	39	14	120	27	27	39	28	117	29	29	36	24
Other segments ⁴⁾	-30	-50	-31	-70	-26	-8	-19	-17	-129	-57	-26	-22	-23
GROUP	155	202	89	649	134	157	203	155	594	103	154	189	149
EBIT, SEK M													
FTZ	13	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Team	0	-	-	-	-	-	-	-	-	-	-	-	-
MECA	48	102	59	265	42	56	91	75	278	61	58	91	68
Mekonomen ²⁾	90	107	43	313	79	79	89	66	320	68	91	82	79
Sørensen og Balchen	29	39	14	120	27	27	39	28	117	29	29	36	24
Other segments ⁴⁾	-36	-55	-37	-98	-32	-15	-26	-24	-156	-64	-33	-28	-30
Other items ⁵⁾	-26	-19	-19	-77	-19	-19	-19	-19	-77	-19	-19	-19	-19
GROUP	118	173	60	522	96	127	174	126	481	74	125	161	121
INVESTMENTS, SEK M ⁶⁾													
FTZ	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Team	1	-	-	-	-	-	-	-	-	-	-	-	-
MECA	3	4	4	15	4	2	4	5	11	4	2	3	3
Mekonomen	7	55	50	96	11	69	8	8	33	15	5	6	7
Sørensen og Balchen	1	3	2	3	0	0	1	1	5	2	1	1	1
Other segments ⁴⁾	13	16	10	49	14	7	15	13	62	22	12	18	9
GROUP	25	78	66	164	30	79	28	27	111	43	20	28	20
EBITA MARGIN, %													
FTZ	5	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Team	0	-	-	-	-	-	-	-	-	-	-	-	-
MECA	11	19	12	14	9	13	19	15	15	13	14	19	15
Mekonomen ^{2) 3)}	14	14	7	12	13	12	12	10	11	10	13	11	12
Sørensen og Balchen	16	18	8	15	15	15	18	13	16	16	16	18	14
GROUP	8	12	6	11	9	11	13	10	10	7	11	12	10
EBIT MARGIN, %													
FTZ	5	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Team	0	-	-	-	-	-	-	-	-	-	-	-	-
MECA	10	18	12	14	9	13	18	15	15	13	13	19	15
Mekonomen ^{2) 3)}	13	14	7	11	11	12	12	10	11	10	13	11	12
Sørensen og Balchen	16	18	8	15	15	15	18	13	16	16	16	18	13
GROUP	6	10	4	9	6	9	11	8	8	5	9	10	9

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 8 M for the third quarter of 2017 and EBIT to SEK 0 M. For January–September 2017, net sales amounted to SEK 22 M and EBIT to a negative SEK 1 M. For full-year 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" 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, 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	Jul-Sep 2018					Jul-Sep 2017				
	Denm	Poland	Swed	Norway	Total	Denm	Poland	Swed	Norway	Total
Revenue distribution per country										
FTZ	252				252	-				-
Inter-Team		147			147		-			-
MECA			214	253	467			216	227	442
Mekonomen			433	223	656			439	210	650
Sørensen og Balchen				180	180				178	178
Other segments					148					103
Total net sales, Group					1 850					1 372
Other revenue					37					42
GROUP REVENUE					1 887					1 414

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

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan-Sep 2018					Jan-Sep 2017				
	Denm	Poland	Swed	Norway	Total	Denm	Poland	Swed	Norway	Total
Revenue distribution per country										
FTZ	252				252	-				-
Inter-Team		147			147		-			-
MECA			707	792	1 500			700	731	1 431
Mekonomen			1 343	671	2 014			1 348	656	2 004
Sørensen og Balchen				571	571				603	603
Other segments					432					346
Total net sales, Group					4 915					4 383
Other revenue					113					109
GROUP REVENUE					5 028					4 492

QUARTERLY DATA, SEK M	2 018				2017				2016				
	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue ¹⁾	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	177	219	106	710	150	172	218	170	656	121	168	203	163
EBITA	155	202	89	649	134	157	203	155	594	103	154	189	149
EBIT	118	173	60	522	96	127	174	126	481	74	125	161	121
Net financial items	114	-3	-2	-47	-9	-8	-18	-13	-35	-2	-13	-9	-11
Profit after financial items	233	170	58	475	87	119	156	113	446	72	112	152	110
Tax	-147	-38	-15	-107	-12	-30	-38	-27	-105	-6	-31	-40	-27
Profit for the period	85	131	43	368	75	89	118	86	342	66	82	112	83
EBITDA margin, %	9	13	7	12	10	12	14	11	11	8	12	13	11
EBITA margin, %	8	12	6	11	9	11	13	10	10	7	11	12	10
EBIT margin, %	6	10	4	9	6	9	11	8	8	5	9	10	9
Earnings per share, SEK	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	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	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, % ²⁾	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	126,4	123,8	142,6	149,25	149,25	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	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	12 months Oct-Sep	Full-year 2017
Return on shareholders' equity, %	-	-	13,7	15,3	13,7	15,6
Return on total capital, %	-	-	8,7	8,9	8,7	9,1
Return on capital employed, %	-	-	11,7	11,9	11,7	12,2
Equity/assets ratio, %	21,1	41,6	21,1	41,6	21,1	42,8
Net debt, SEK M	-	-	5 622	1 625	5 622	1 444
Net debt/EBITDA, multiple ²⁾	8,62	2,38	8,62	2,38	8,62	2,03
Gross margin, %	51,3	54,4	53,3	54,4	53,7	54,6
EBITDA margin, %	9,4	12,2	10,0	12,5	10,0	11,8
EBITA margin, %	8,2	11,1	8,9	11,5	8,9	10,8
EBIT margin, %	6,3	9,0	7,0	9,5	6,8	8,7
Earnings per share, SEK	2,30	2,43	6,99	7,98	9,06	10,05
Shareholders' equity per share, SEK	-	-	64,4	64,3	64,4	65,8
Cash flow per share, SEK	4,9	2,2	11,6	7,0	18,4	13,8
Number of shares at the end of the period	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487
Average number of shares during the period	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487

¹⁾ Key figures for return on shareholders' equity/total capital/capital employed and net debt/EBITDA are calculated on a rolling 12-month basis for the January–June period.

²⁾ EBITDA includes FTZ and Inter-Team only one month 2018 (1/12 of rolling 12-months) and is calculated before the rights issue was finalized.

NUMBER OF STORES AND WORKSHOPS	FTZ		Inter-Team		MECA		Mekonomen ¹⁾		Sørensen og Balchen		Other segments ¹⁾		Group	
	30 September		30 September		30 September		30 September		30 September		30 September		30 September	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Number of stores														
Proprietary stores	51	-	79	-	77	76	145	148	38	39	3	3	393	266
Partner stores	-	-	3	-	8	10	28	31	28	35	6	3	73	79
Total	51	0	82	0	85	86	173	179	66	74	9	6	466	345
Number of workshops														
Mekonomen Service Centres	-	-	-	-	-	-	730	747	-	-	61	46	791	793
MekoPartner	-	-	-	-	-	-	226	230	-	-	-	-	226	230
Speedy	-	-	-	-	-	-	-	-	-	-	39	33	39	33
BilXtra	-	-	-	-	-	-	-	-	262	261	-	-	262	261
MECA Car Service	-	-	-	-	706	708	-	-	-	-	-	1	706	709
Allt i Bil	-	-	-	-	-	-	-	-	-	-	8	-	8	0
AutoMester	423	-	-	-	-	-	-	-	-	-	-	-	423	0
Din BilPartner	136	-	-	-	-	-	-	-	-	-	-	-	136	0
HELLA Service Partner	336	-	-	-	-	-	-	-	-	-	-	-	336	0
CarPeople	26	-	-	-	-	-	-	-	-	-	-	-	26	0
O.K. Serwis	-	-	282	-	-	-	-	-	-	-	-	-	282	0
INTER DATA SERVICE	-	-	178	-	-	-	-	-	-	-	-	-	178	0
Total	921	0	460	0	706	708	956	977	262	261	108	80	3 413	2 026

¹⁾ From 1 January 2018 until its investment 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-Sep 2018	Jan-Sep 2017
FTZ	130	-
Inter-Team	143	-
MECA	617	525
Mekonomen ¹⁾	926	944
Sørensen og Balchen	258	259
Other segments ¹⁾	488	428
Total	2 561	2 156

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.

Mekonomen and the sellers have also entered into a separate agreement whereby Mekonomen under certain conditions may acquire Nordic Forum Holding A/S, the former holding company for FTZ and Inter-Team, before 31 December 2018. However, any such transaction is not deemed to be of material importance for the Group.

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 acquisition is 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 about 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 6.

During the nine-month period January to September 2018, FTZ and Inter-Team together impacted the Group’s net sales by SEK 400 M, and had a positive impact on EBIT of SEK 13 M, excluding acquisition costs of SEK 23 M and excluding planned amortisation of intangible assets identified in connection with the acquisition of SEK 6 M. The impact of other acquisitions on consolidated sales and earnings was only marginal.

Had FTZ and Inter-Team been acquired on 1 January 2018, the impact on the Group’s net sales during the nine-month period of January–September 2018 and the impact on EBIT would have totaled:

SEK M	FTZ	Inter-Team	Total
Net sales, external	2 453	1 398	3 851
EBIT ¹⁾	252	18	270

1) Excluding planned amortisation of intangible assets identified in connection with the acquisition of SEK 58 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 costs amounted to SEK 23 M for the nine-month period January–September 2018. Acquisition costs are, in all material respects, attributable to the acquisition of FTZ and Inter-Team. These expenses 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				Other	Total
SEK M	FTZ	Inter-Team	acquisitions	acquisitions	acquisitions
Value of acquired assets and liabilities					
Intangible fixed assets	8	3	1		11
Tangible fixed assets	76	51	13		140
Financial fixed assets	15	6	0		20
Deferred tax assets	-	1	0		1
Inventories	546	604	11		1 161
Current receivables	586	204	10		800
Cash and cash equivalents	640	38	4		682
Long-term liabilities	-12	-469	-1		-482
Deferred tax liabilities	-18	-	-		-18
Current liabilities	-618	-275	-23		-916
Acquired net assets	1 223	163	15		1 400
Brands	518	30	-		548
Customer relations	778	22	29		829
Goodwill	1 811	34	54		1 900
Deferred tax liabilities	-285	-10	-5		-300
Acquired non-controlling interests, surplus value recognised against shareholders' equity					0
Total identifiable net assets	4 045	239	93		4 377
Total purchase consideration	-4 045	-239	-93		-4 377
– of which, cash portion	-4 045	-239	-90		-4 374
– of which, supplementary purchase considerations, liabilities	-	-	-3		-3
Cash and cash equivalents in the acquired companies ¹⁾	640	38	4		682
Less adjustments for the acquired units' liabilities to the seller ¹⁾	-	-469	-		-469
Addition of supplementary purchase considerations paid for previous years	-	-	-5		-5
Impact on Group's cash and cash equivalents	-3 405	-670	-91		-4 166

¹⁾ On the transaction-date, FTZ's and Inter-Team's respective Group balances in relation to the seller were settled. FTZ's receivables for the seller (mainly through funds in the Group account) were transferred to own bank accounts at FTZ and are included in the balance sheet for FTZ presented above under cash and cash equivalents. Inter-Team's liabilities to the seller of SEK 469 M were assumed by Mekonomen AB through an adjustment with the seller.

The fair value of the acquired receivables was SEK 800 M.

The brands have an indefinite useful life. The amount for Customer relations is 829 MSEK of which 800 MSEK pertains to the acquisition of FTZ and Inter-Team, which has an estimated useful life of ten years. The other customer relations of 29 MSEK has 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 acquisitions 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 purchasing synergies. 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.

17 MSEK of the goodwill that arose in connection with the acquisitions is expected to be tax deductible.

FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	12 months Oct-Sep	Full-year 2017
Operating revenue	19	20	54	65	70	81
Operating expenses	-27	-21	-78	-79	-111	-112
EBIT	-8	-1	-23	-14	-41	-31
Net financial items ¹⁾	110	-2	452	299	451	298
Profit after financial items	102	-3	428	285	410	267
Appropriations	-	-	-	-	171	171
Tax	-115	0	-113	6	-129	-11
PROFIT FOR THE PERIOD	-13	-3	316	291	452	427

¹⁾ Net financial items include dividends on participations in subsidiaries totalling SEK 340 M (315) for the first nine months and SEK 315 M for the full-year 2017.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY, SEK M	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	12 months Oct-Sep	Full-year 2017
Profit for the period	-13	-3	316	291	452	427
COMPREHENSIVE INCOME FOR THE PERIOD	-13	-3	316	291	452	427

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	30 September 2018	30 September 2017	31 December 2017
ASSETS			
Fixed assets	7 928	3 191	3 248
Current receivables in Group companies	1 118	1 329	1 502
Other current receivables	59	146	29
Cash and cash equivalents	184	101	152
TOTAL ASSETS	9 289	4 767	4 931
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	2 882	2 681	2 817
Untaxed reserves	252	210	252
Provisions	3	2	3
Long-term liabilities	3 477	1 450	1 446
Current liabilities in Group companies	87	6	145
Other current liabilities	2 589	418	269
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9 289	4 767	4 931

SUMMARY OF CHANGES IN EQUITY FOR EQUITY, SEK M	30 September 2018	30 September 2017	31 December 2017
Shareholders' equity at the beginning of the year	2 817	2 642	2 642
Comprehensive income for the period	316	291	427
Dividend to shareholders	-251	-251	-251
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	2 882	2 681	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 20. 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 Report on our website: <http://www.mekonomen.com/en/alternative-performance-measures/>.

*The European Securities and Markets Authority.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON SHAREHOLDERS' EQUITY SEK M	Jan-Sep ¹⁾ 2018	Jan-Sep ¹⁾ 2017	12 months Oct-Sep	Full-year 2017
Profit for the period (rolling 12-month basis)	335	359	335	368
– Less non-controlling interest of profit for the period (rolling 12 months)	-10	-7	-10	-7
Profit for the period excluding non-controlling interest (rolling 12 months)	325	352	325	361
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters ²⁾	2 366	2 295	2 366	2 315
RETURN ON SHAREHOLDERS' EQUITY, %	13,7	15,3	13,7	15,6

SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2018				2017				2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Shareholders' equity	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' equity	-29	-18	-17	-16	-15	-12	-15	-14	-13	-10	-13	
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	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	2 366	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-Sep ¹⁾ 2018	Jan-Sep ¹⁾ 2017	12 months Oct-Sep	Full-year 2017
Profit after financial items (rolling 12 months)	547	460	547	475
– Plus Interest Expenses (rolling 12 months)	41	28	41	29
Profit after financial items plus interest expenses (rolling 12 months)	587	488	587	504
– Divided by TOTAL ASSETS, average over the past five quarters ³⁾	6 732	5 500	6 732	5 518
RETURN ON TOTAL CAPITAL, %	8,7	8,9	8,7	9,1

TOTAL ASSETS SEK M	2018				2017				2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Total assets	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	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-Sep ¹⁾ 2018	Jan-Sep ¹⁾ 2017	12 months Oct-Sep	Full-year 2017
Profit after financial items (rolling 12 months)	547	460	547	475
– Plus interest expenses (rolling 12 months)	41	28	41	29
Profit after financial items plus interest expenses	587	488	587	504
– Divided by CAPITAL EMPLOYED, average over the past five quarters ⁴⁾	5 007	4 119	5 007	4 117
RETURN ON CAPITAL EMPLOYED, %	11,7	11,9	11,7	12,2

¹⁾ The key figures for return on shareholders' equity/total capital/capital employed are calculated on a rolling 12-month basis for the January–September period.

4) CAPITAL EMPLOYED SEK M	Q3	2018		2017			2016				
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	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	-449	-147	-157	-168	-142	-149	-155	-163	-142	-148	-158
– Less long-term liabilities, non-interest-bearing	-13	-11	-16	-18	-35	-35	-32	-24	-25	-25	-9
– Less current liabilities, non-interest-bearing	-2 334	-1 370	-1 228	-1 280	-1 259	-1 162	-1 178	-1 199	-1 205	-1 154	-1 087
CAPITAL EMPLOYED	8 316	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	5 007	4 167	4 146	4 117	4 119	4 119	4 122	4 107	4 122	4 136	4 165

GROSS MARGIN SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2018	2017	2018	2017	Oct–Sep	2017
Net sales	1 850	1 372	4 915	4 383	6 382	5 850
– Less goods for resale	-900	-626	-2 297	-1 997	-2 955	-2 654
Total	950	747	2 618	2 386	3 427	3 196
– Divided by net sales	1 850	1 372	4 915	4 383	6 382	5 850
GROSS MARGIN, %	51,3	54,4	53,3	54,4	53,7	54,6

EARNINGS PER SHARE SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2018	2017	2018	2017	Oct–Sep	2017
Profit for the period	85	89	260	293	335	368
– Less non-controlling interests' share	-3	-2	-9	-7	-10	-7
Profit for the period attributable to Parent Company's shareholders	83	87	251	286	325	361
– Divided by average number of shares ³⁾	35 901 487	35 901 487	35 901 487,0	35 901 487	35 901 487	35 901 487
EARNINGS PER SHARE, SEK	2,30	2,43	6,99	7,98	9,06	10,05

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan–Sep	Jan–Sep	12 months	Full-year
	2018	2017	Oct–Sep	2017
Shareholders' equity	2 340	2 323	2 340	2 379
– Less non-controlling interest of shareholders' equity	-29	-15	-29	-16
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	2 311	2 308	2 311	2 363
– Divided by number of shares at the end of the period ⁵⁾	35 901 487	35 901 487	35 901 487	35 901 487
SHAREHOLDERS' EQUITY PER SHARE, SEK	64,4	64,3	64,4	65,8

CASH FLOW PER SHARE SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2018	2017	2018	2017	Oct–Sep	2017
Cash flow from operating activities	176	79	417	250	662	496
– Divided by average number of shares ⁵⁾	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487
CASH FLOW PER SHARE, SEK	4,9	2,2	11,6	7,0	18,4	13,8

7) AVERAGE NUMBER OF SHARES	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2018	2017	2018	2017	Oct–Sep	2017
Number of shares at the end of the period	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487	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	92	92	273	273	365	365
Number of shares on another date during the period	0	0	0	0	0	0
– Multiplied by the number of days that the number of shares on another date has existed during the period	0	0	0	0	0	0
– Total divided by the number of days during the period	92	92	273	273	365	365
AVERAGE NUMBER OF SHARES	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487	35 901 487

NET DEBT SEK M	30 September 2018	30 September 2017	31 December 2017
Long-term liabilities, interest-bearing	3 482	1 459	1 453
– Less interest-bearing long-term liabilities and provisions for pensions, leasing, derivatives and similar obligations	-4	-9	-7
Current liabilities, interest-bearing	2 494	371	255
– Less interest-bearing current liabilities and provisions for pensions, leasing, derivatives and similar obligations	-2	-2	-2
– Less cash and cash equivalents	-346	-194	-254
NET DEBT	5 622	1 625	1 444

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 costs 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, leasing, 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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