



Mekonomen Group

January – September 2016
11 November 2016

Mekonomen Group

MECA BilXtra Mekonomen

Summary Q3 2016



Continued weak operating profit in Mekonomen Sweden, measures have been initiated



Favourable underlying growth in Q3 2016



Agreement has been signed for divestment of the Danish business (after the end of the period)

Sales and result

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	Jul-Sep	Jan-Sep
Revenue	SEK 1 432 M (1 405)	SEK 4 429 M (4 314)
EBITA	SEK 154 M (196)	SEK 491 M (589)
EBITA margin:	11 per cent (14)	11 per cent (14)
EBIT:	SEK 125 M (168)	SEK 407 M (507)
EBIT margin:	9 per cent (12)	9 per cent (12)
Revenue growth	2 per cent	3 per cent
Underlying sales growth:	2 per cent	5 per cent

Sales and result

- per segment

Mekonomen Group

MECA *BitXtra* Mekonomen

MECA – third quarter 2016

EBIT: SEK 50 M (51)

Strong sales growth to MECA Car Service workshops

EBIT margin: 10 per cent (11)

EBIT was affected by Denmark of SEK -6 M (-9) in the quarter

Underlying net sales: +3 per cent

Opus Equipment reported a weak result, partly because of costs related to the establishment in Norway

Negative gross margin effect due to increased share of sales to large customers

SEK, million	2016 Q3	2015 Q3	chg	2016 9M	9M	chg	2015 12M
Underlying net sales	3%	16%		12%	12%		13%
EBIT	50	51	-1%	192	195	-1%	245
EBIT margin	10%	11%		13%	14%		13%

MECA – agreement is signed for divestment of the Danish business

Buyer is T. Hansen / AD Danmark and the transaction is completed December 28 2016

The transaction means that Mekonomen Group will have left Denmark and will thus have no losses attributable to Denmark as of 2017

Negative non-recurring effect of SEK 25 M in the fourth quarter

The previously communicated future positive tax effects of more than SEK 50 M are still valid

Mekonomen Sweden – third quarter 2016

EBIT: SEK 55 M (77)

EBIT was negatively impacted by a non-recurring cost of SEK 5 M (0), related to store closure

EBIT margin: 12 per cent (16)

The sales organisation is decentralised so that the stores regain their traditionally strong role, in order to strengthen entrepreneurship

Underlying net sales: -2 per cent

Previous communicated saving program proceeds according to plan and has not had effect in the quarter

SEK, million	2016 Q3	2015 Q3	chg	2016 9M	2015 9M	Chg	2015 12M
Underlying net sales	-2%	6%		-1%	7%		6%
EBIT	55	77	-28%	147	235	-37%	287
EBIT margin	12%	16%		10%	16%		14%

Mekonomen Norway - third quarter 2016

EBIT: SEK 35 M (39)

Sales growth mainly driven by increased sales to Mekonomen Service Centres

EBIT margin: 16 per cent (19)

Pressure on gross margin, partly driven by higher share of sales to Mekonomen Service Centres combined with increased competition

Underlying net sales: +8 per cent

Good cost control

SEK, million	2016 Q3	2015 Q3	Chg	2016 9M	2015 9M	chg	2015 12M
Underlying net sales	8%	4%		6%	6%		5%
EBIT	35	39	-9%	105	125	-16%	151
EBIT margin	16%	19%		16%	20%		18%

Sørensen og Balchen - third quarter 2016

EBIT: SEK 29 M (30)

Favourable sales development of accessories

EBIT margin: 16 per cent (16)

Pressure on gross margin, partly driven by higher sales of accessories combined with increased competition

Underlying net sales: 1 per cent

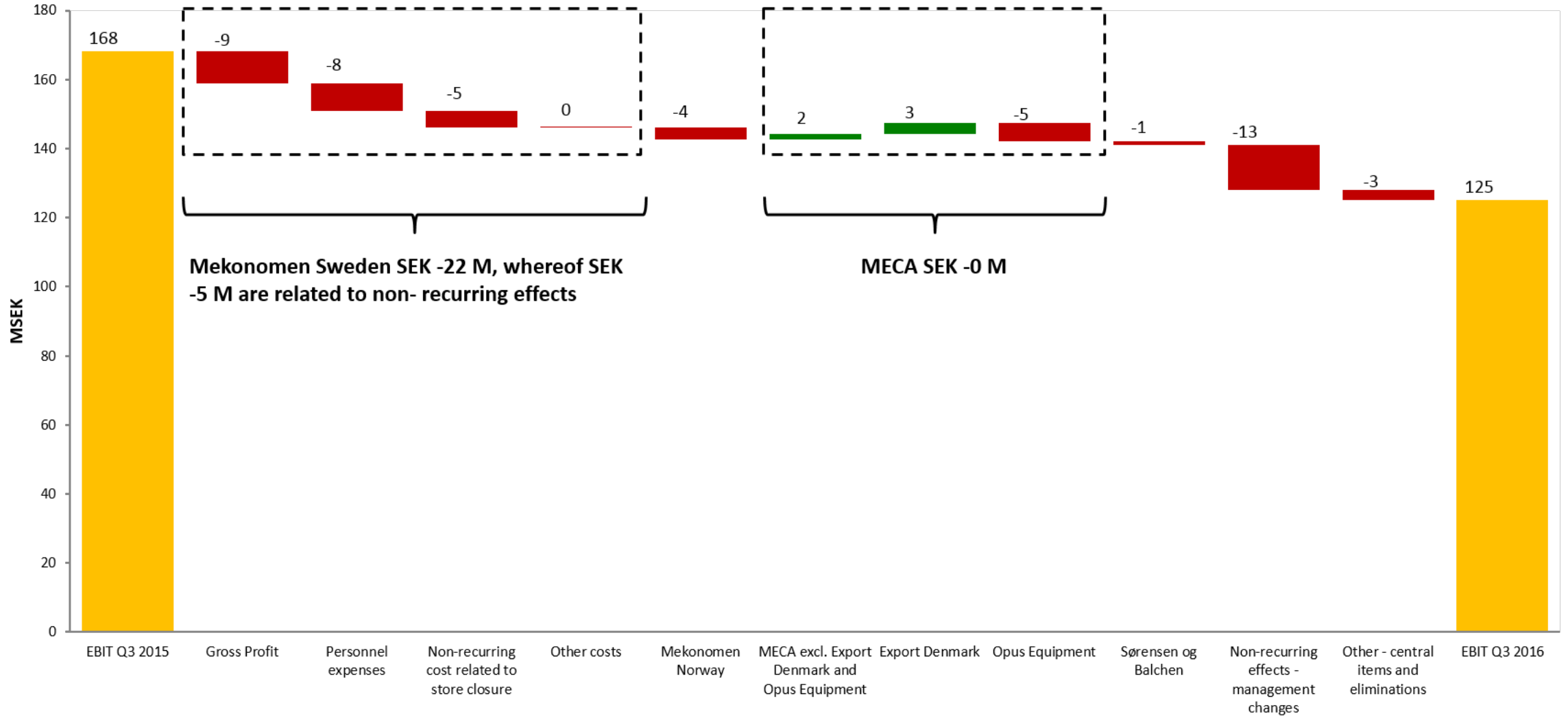
Good cost control



SEK, million	2016 Q3	2015 Q3	Chg	2016 9M	2015 9M	chg	2015 12M
Underlying net sales	1%	9%		1%	9%		6%
EBIT	29	30	-4%	88	90	-2%	116
EBIT margin	16%	16%		16%	16%		16%

Development - EBIT

EBIT Q3 2016 vs Q3 2015





Market and growth

Mekonomen Group

MECA *BilXtra* Mekonomen

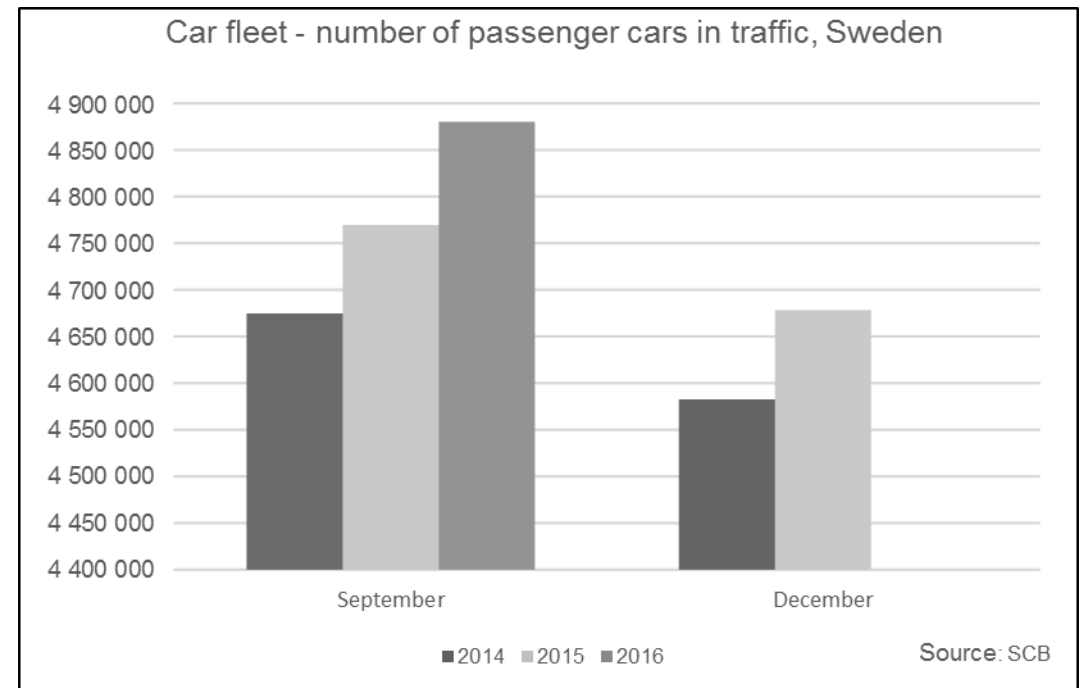
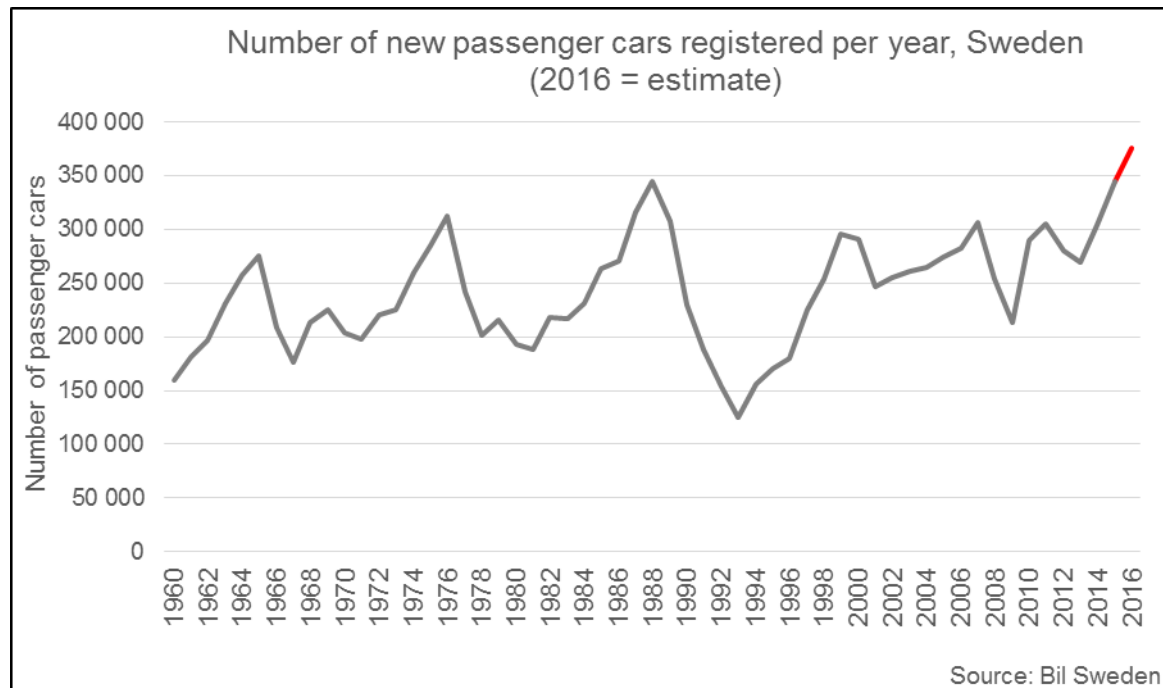
Market statistics



Stable market in the third quarter

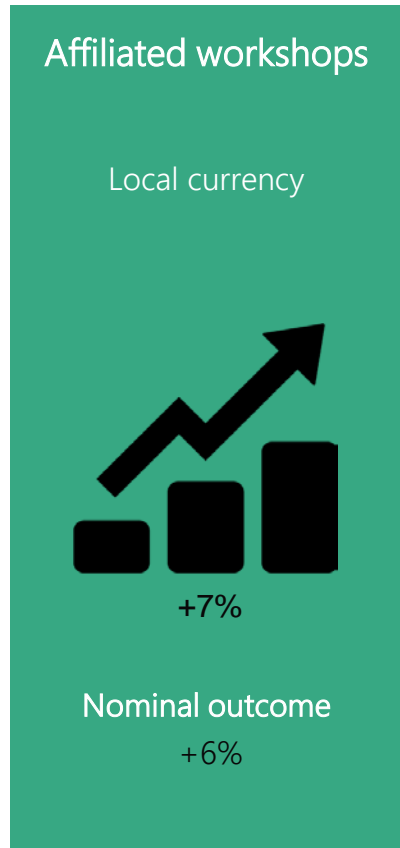


Ahead we see potential for a growing overall market, but we expect no change in the market during the fourth quarter



Sales growth by customer group in the third quarter 2016

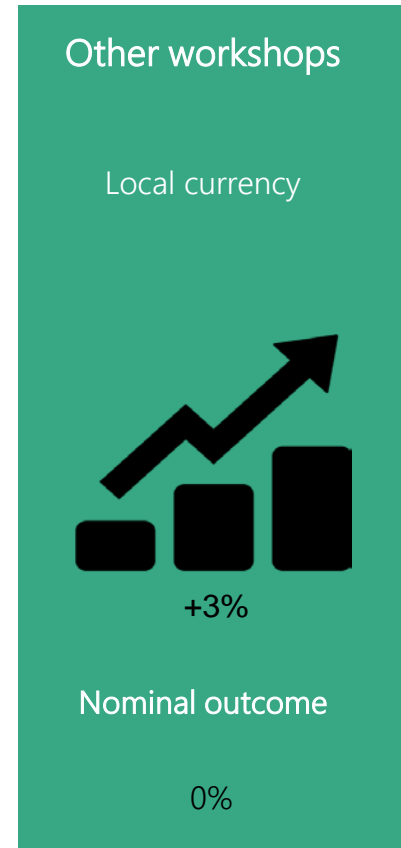
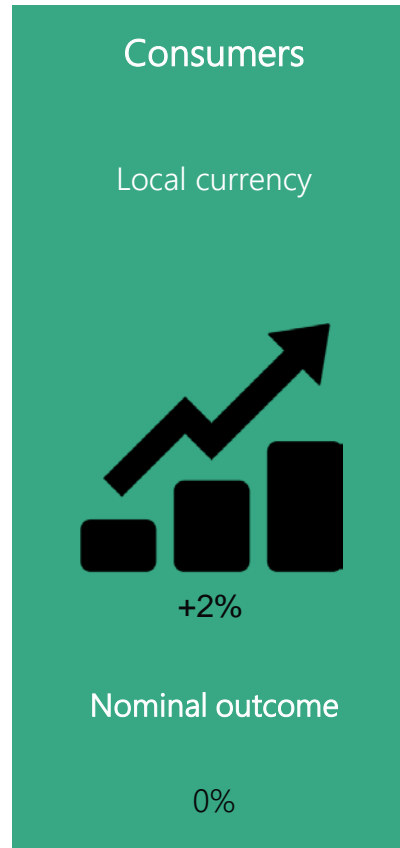
- Favorable sales growth to affiliated workshop customers



- Independent workshops are becoming fewer. That is, more and more workshops are affiliated to a chain of workshops
- Trend towards less purchases are made outside the workshops' franchise system
- The problems in Mekonomen Sweden primarily affect sales to other workshops

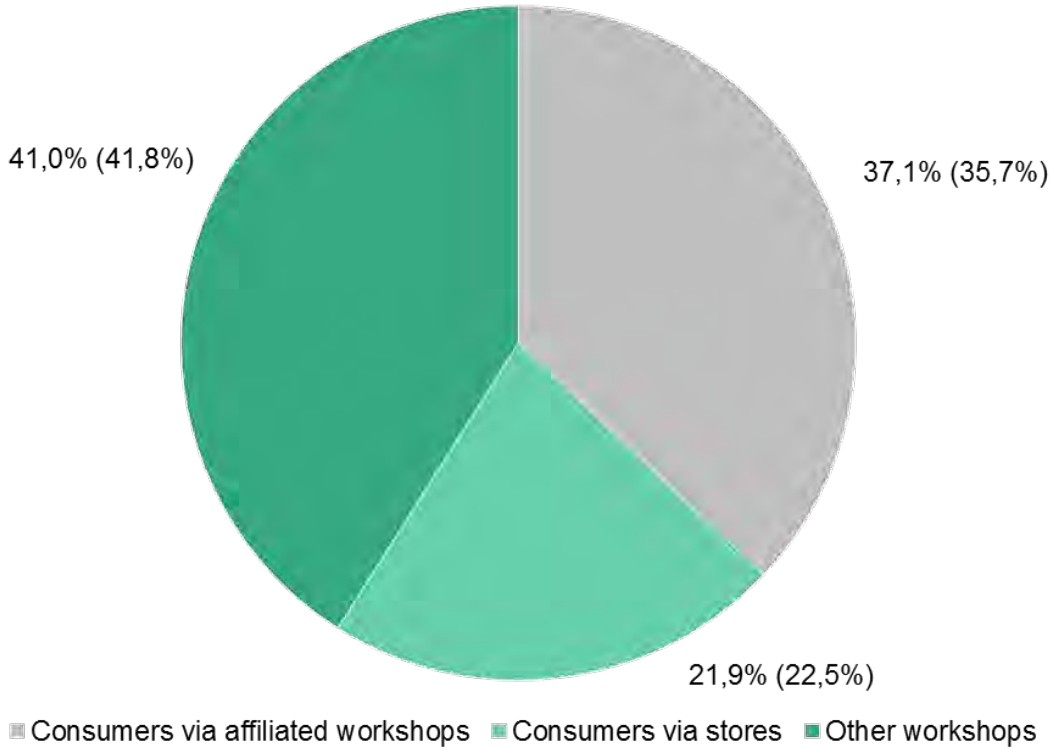
Sales growth by customer group January – September 2016

- Favorable sales growth to affiliated workshop customers



Distribution, customer groups Q3 2016

- Favorable sales growth to affiliated workshops



Q3 2016 (Q3 2015)



Favorable sales growth to affiliated workshops is an effect of our customer focus and investment in quality and is the part in the market where it is strategically most important to grow in

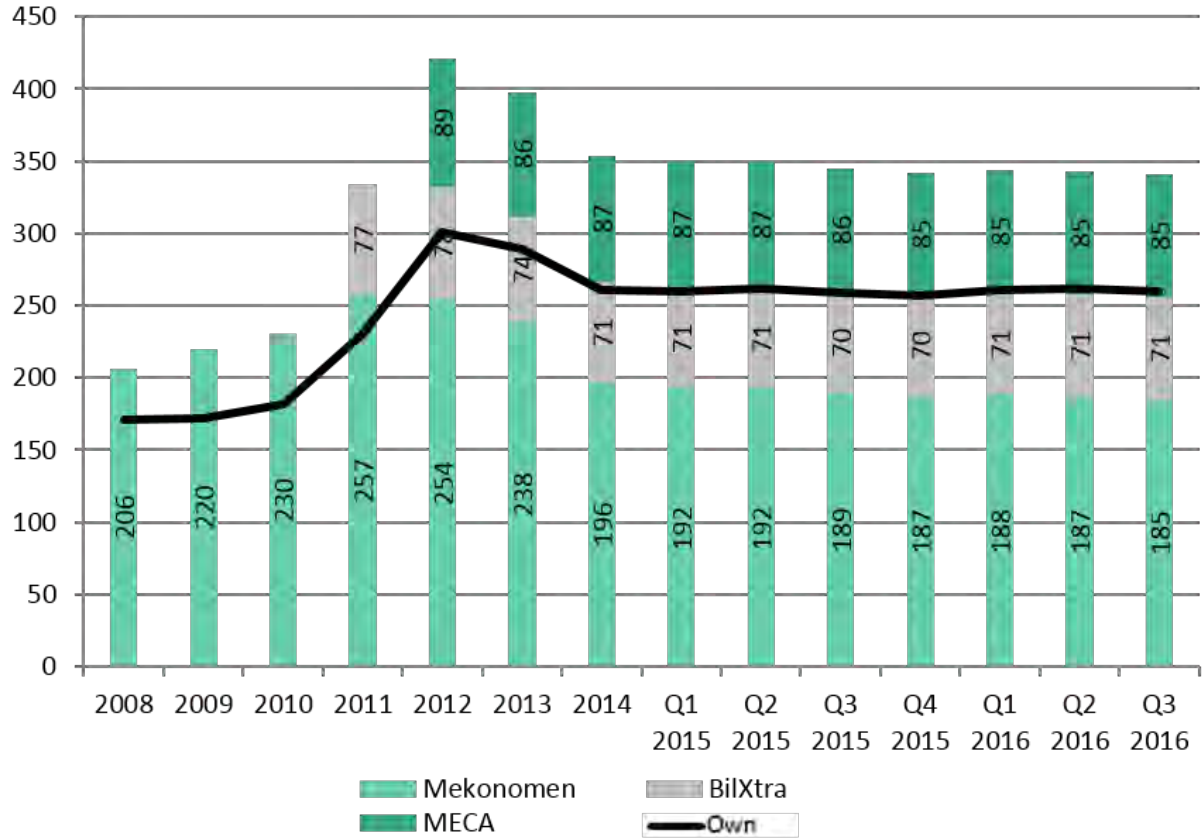


The market for consumer sales increasing slightly

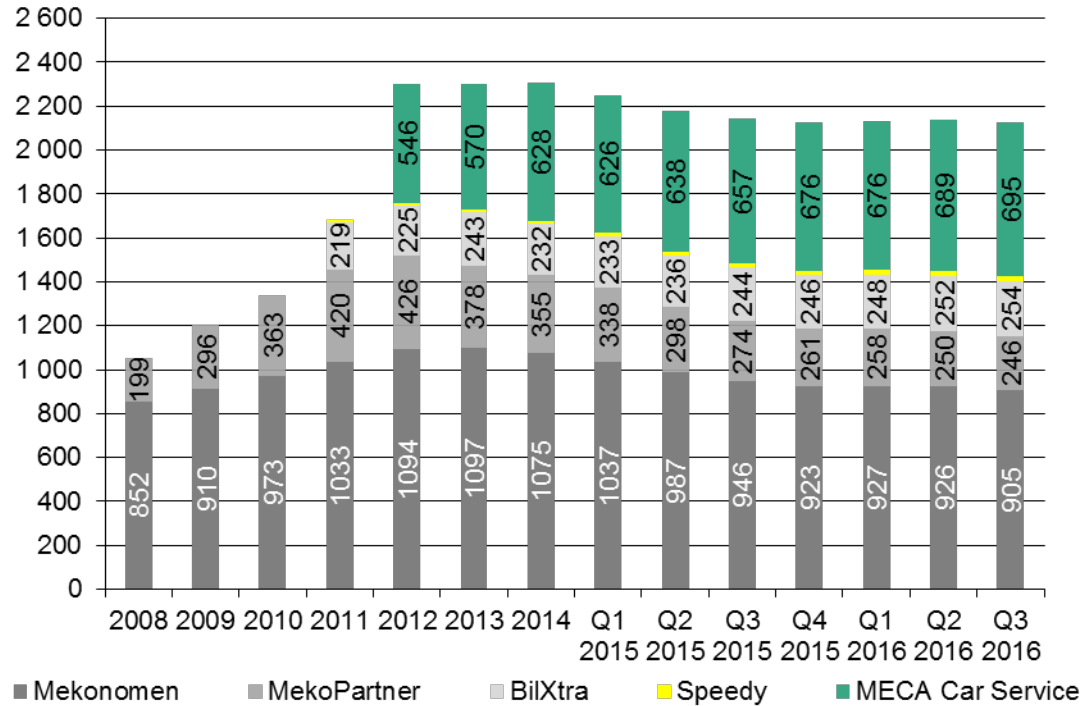


Weak development in our sales to other workshops, which not sufficiently has been compensated of our investment in ProMeister

Stores



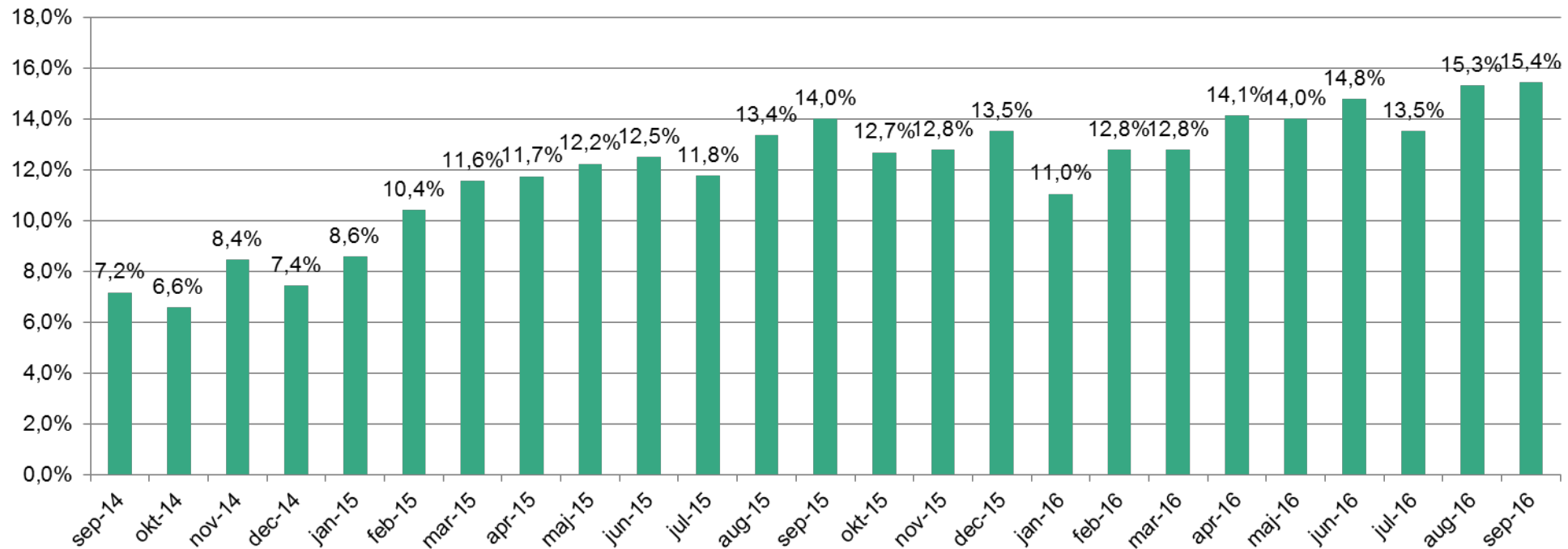
Affiliated workshops



ProMeister

- Continued increase in share of spare parts sales from our own brand ProMeister in third quarter 2016

ProMeister share of spare parts sale

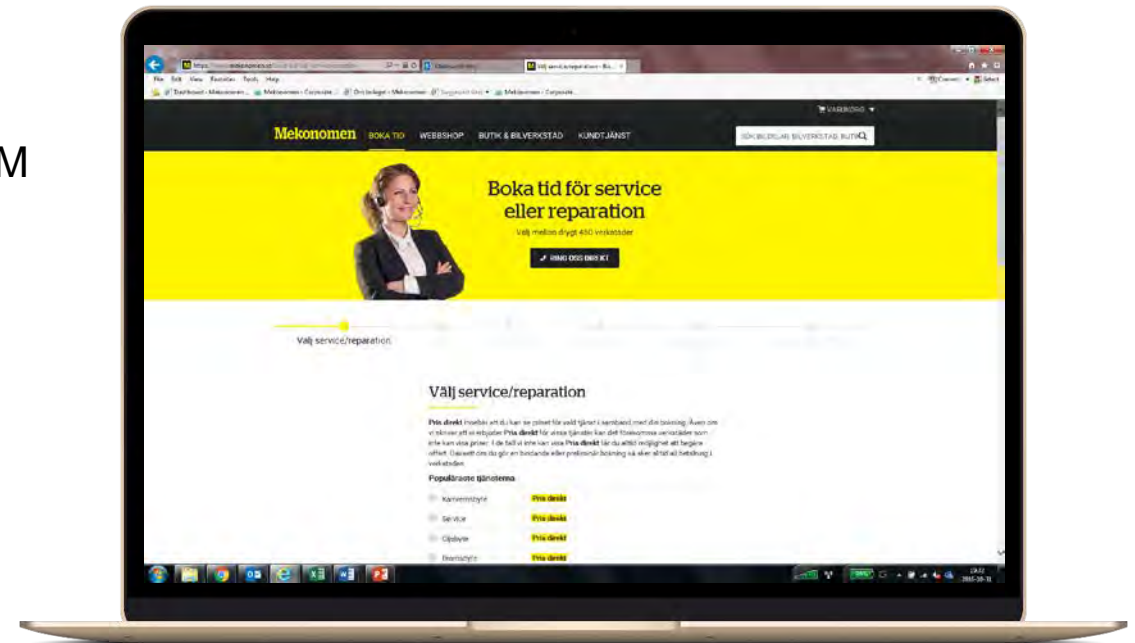


Events after the end of the period

Agreement is signed for divestment of the Danish business. The transaction will be completed 28 December and will result in a negative non-recurring EBIT effect of SEK 25 M in the fourth quarter

Pris direkt – service booking with price and appointment directly on screen. Marketing initiated. Favorable conversion rate of 4.5% in the first week

Recall of Volvo cars in which defective driving belts have been installed will burden the fourth quarter with a non-recurring cost of SEK 6 M. The responsibility issue is under investigation



Focus

Mekonomen Group

MECA *BilXtra* Mekonomen

Strategic focus areas



Growth and innovation

- In combination with retained and developed entrepreneurship



Continued focus on ProMeister, ProMeister Academy

- Products och training



Continued quality assurance of workshops and concepts



Strategic projects

- E-commerce platform for B2B and B2C
- Central warehouse



Appendix

Mekonomen Group

MECA *BilXtra* Mekonomen

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jul - Sep	Jul - Sep	Change %	Jan - Sep	Jan - Sep	Change %	12 months	Full-year
	2016	2015		2016	2015		Oct - Sep	2015
Revenue	1 432	1 405	2	4 429	4 314	3	5 876	5 761
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	154	196	-21	491	589	-17	629	726
EBIT	125	168	-26	407	507	-20	516	616
Profit after financial items	112	154	-27	374	485	-23	483	594
Profit after tax, continuing operations	82	111	-27	276	354	-22	352	430
Profit after tax, discontinued operations	0	0	0	0	-1	0	1	0
Profit after tax	82	111	-27	276	353	-22	353	430
Earnings per share, continuing operations, SEK	2,20	3,01	-27	7,50	9,63	-22	9,64	11,77
Earnings per share, discontinued operations, SEK	0,00	0,00	0	0,00	-0,03	0	0,03	0,00
Earnings per share, SEK	2,20	3,01	-27	7,50	9,60	-22	9,67	11,77
EBITA margin, %	11	14		11	14		11	13
EBIT margin, %	9	12		9	12		9	11

The amounts in the table above pertain to continuing operations, except for Profit after tax and Earnings per share.

Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul - Sep 2016	Jul - Sep 2015	Jan - Sep 2016	Jan - Sep 2015	12 months Oct - Sep	Full-year 2015
Operating activities						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	151	200	500	622	660	782
Tax paid	-35	-33	-154	-186	-157	-189
Cash flow from operating activities before changes in working capital	116	167	345	435	504	594
Cash flow from changes in working capital:						
Changes in inventory	-47	-39	-9	-10	-18	-19
Changes in receivables	5	-9	-71	-83	1	-11
Changes in liabilities	4	36	70	-98	44	-124
<i>Increase (-)/Decrease (+) restricted working capital</i>	-38	-12	-10	-191	27	-154
Cash-flow from operating activities	78	155	336	244	531	439
Cash flow from investing activities	-14	-53	-70	-97	-120	-146
Cash flow from financing activities	-207	-98	-390	-150	-485	-245
CASH FLOW FOR THE PERIOD	-144	4	-124	-3	-74	48
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	317	259	295	258	256	258
Exchange-rate difference in cash and cash equivalents	10	-6	12	1	0	-11
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	182	256	182	256	182	295

Compared with the interim report for January-September 2015, SEK 15 M was reclassified in the third quarter and SEK 102 M in the nine-month period between cash flow from operating activities before changes in working capital and changes in liabilities in working capital. The reclassification did not have any impact on total cash flow from operating activities. The reclassification pertains to the discontinued operations in Denmark.

Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jul - Sep 2016	Jul - Sep 2015	Jan - Sep 2016	Jan - Sep 2015	12 months Oct - Sep	Full-year 2015
Continuing operations:						
Net sales	1 392	1 374	4 320	4 209	5 735	5 624
Other operating revenue	40	31	109	106	140	137
Total revenue	1 432	1 405	4 429	4 314	5 876	5 761
Goods for resale	-633	-607	-1 983	-1 881	-2 631	-2 529
Other external costs	-290	-284	-906	-862	-1 212	-1 167
Personnel expenses	-340	-304	-1 004	-939	-1 347	-1 282
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	168	210	535	633	686	784
Depreciation and impairment of tangible fixed assets	-15	-14	-44	-44	-57	-57
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	154	196	491	589	629	726
Amortisation and impairment of intangible fixed assets	-28	-27	-84	-82	-112	-110
EBIT	125	168	407	507	516	616
Interest income	1	1	3	4	5	6
Interest expenses	-7	-8	-22	-25	-29	-33
Other financial items	-7	-8	-15	0	-9	5
Profit after financial items	112	154	374	485	483	594
Tax	-31	-42	-98	-131	-131	-164
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	82	111	276	354	352	430
Discontinued operations:						
Earnings/loss for the period from discontinued operations ¹⁾	0	0	0	-1	1	0
PROFIT FOR THE PERIOD	82	111	276	353	353	430
Profit for the period attributable to:						
Parent Company's shareholders	79	108	269	345	347	423
Non-controlling interests	3	3	7	8	6	8
PROFIT FOR THE PERIOD	82	111	276	353	353	430
Earnings/loss per share, before and after dilution, SEK						
- Earnings from continuing operations	2,20	3,01	7,50	9,63	9,64	11,77
- Earnings/loss from discontinued operations	0,00	0,00	0,00	-0,03	0,03	0,00
Profit for the period	2,20	3,01	7,50	9,60	9,67	11,77

Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 September 2015	30 September 2015	31 December 2015
ASSETS ¹⁾			
Intangible fixed assets	2 772	2 759	2 734
Tangible fixed assets	175	178	182
Financial fixed assets	50	51	51
Deferred tax assets	55	54	55
Goods for resale	1 296	1 235	1 226
Current receivables	935	894	818
Cash and cash equivalents	182	256	295
TOTAL ASSETS	5 466	5 426	5 361
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	2 276	2 111	2 155
Long-term liabilities, interest-bearing	1 373	1 510	1 469
Deferred tax liabilities	142	149	169
Long-term liabilities, non-interest-bearing	25	4	8
Current liabilities, interest-bearing	445	522	461
Current liabilities, non-interest-bearing	1 205	1 131	1 099
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5 466	5 426	5 361

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

Largest owners as of 2016-09-30

	Voting rights and share capitals, %
Axel Johnson AB	26,5
Fourth Swedish National Pension Fund	7,6
Handelsbanken Funds	7,5
Lannebo Funds	5,7
Eva Fraim Pålman	5,6
Kempen Capital Management	3,7
Swedbank Robur Funds	3,6
Columbia Wanger Asset Management	3,2
Ing-Marie Fraim Sefastsson	2,8
Catella Funds	1,8
Total 10 largest shareholders	67,9
Others	32,1
Total	100,0