



# MEKONOMEN GROUP

January – June 2020  
August 21, 2020

# Q2 2020 – STRONG PERFORMANCE

Gradual recovery from Covid-19 impact throughout the quarter

Forceful actions to reduce costs and adapt operations

Strong profitability through cost focus and a solid financial position

Well positioned for the future

# EXTRA ORDINARY EVENTS IN THE SECOND QUARTER

- Covid-19
  - Impact on demand in all markets due to official restrictions
  - Gradual recovery throughout the quarter
  - Reliefs of the restrictions have boosted demand
- Data breach
  - Major systems restored and in use since April 15, 2020
  - Affected business area MECA/Mekonomen in April and May
  - Insurance will limit financial impact

# ACTIONS TO REDUCE COSTS AND ADAPT OPERATIONS

- ✓ Secured logistics chains and availability of products in Mekonomen's central warehouses
- ✓ Cost reduction initiatives including personnel, reduced marketing costs and negotiated rents of which around 1/3 will be made permanent
- ✓ Structural cost reduction initiatives including closure of unprofitable branches and work shops
- ✓ Improved working capital and cash flow by re-evaluated approved and planned investments combined with governmental reliefs such as postponed VAT and tax payments of around SEK 300 M
- ✓ Secured future financing through new bank agreement
- ✓ Sharply increased prices in Norway complemented by further pricing adjustments in the other markets

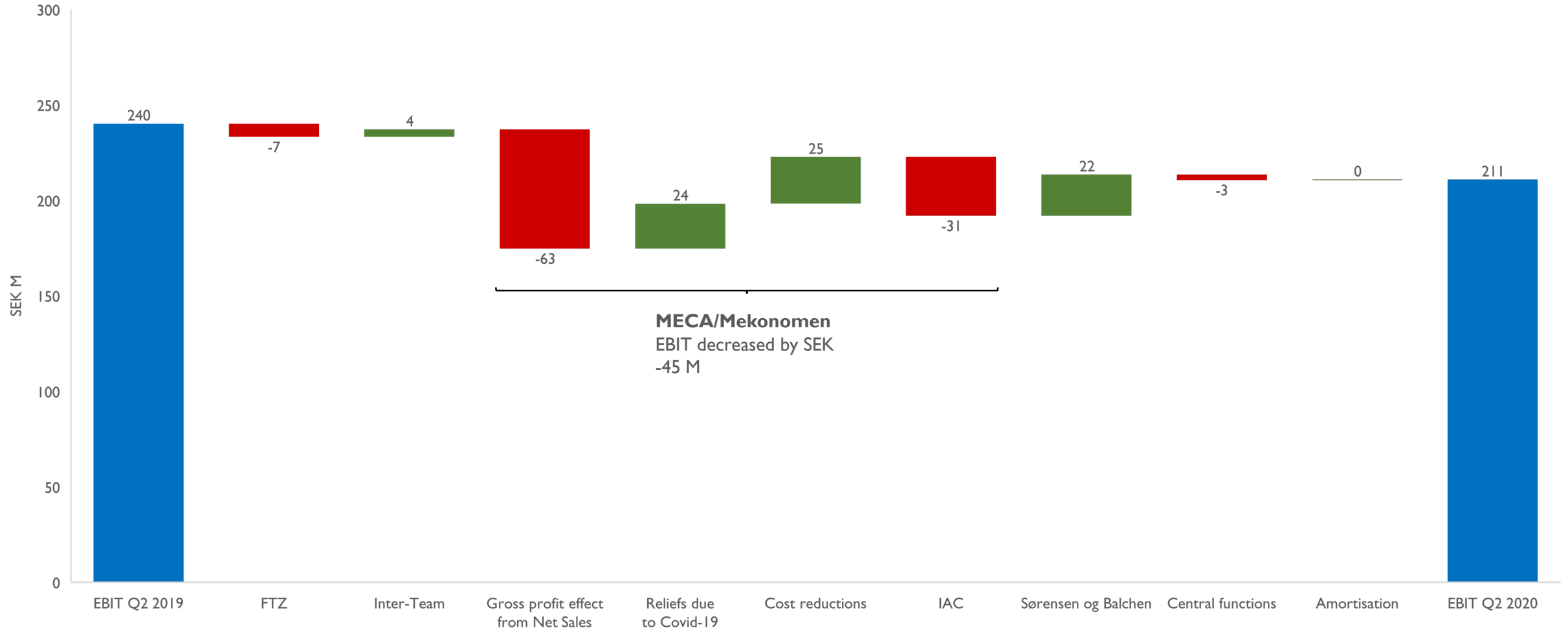
# MEKONOMEN GROUP – SECOND QUARTER 2020

SEK M	Q2 2020	Q2 2019	Change	2020 6M	2019 6M	Change
Group, net sales	2,894	3,100	-7%	5,768	6,008	-4%
Adjusted EBIT <sup>1)</sup>	281	280	0%	379	494	-23%
EBIT	211	240	-12%	270	410	-34%
Earnings per share, SEK	2.49	2.71	-8%	2.20	4.39	-50%
Cash flow from operating activities	669	357	87%	731	515	42%
Key figures						
- Organic growth <sup>2)</sup>	-5%	0%		-3%	1%	
- Adjusted EBIT margin	10%	9%		6%	8%	
- EBIT margin	7%	8%		5%	7%	

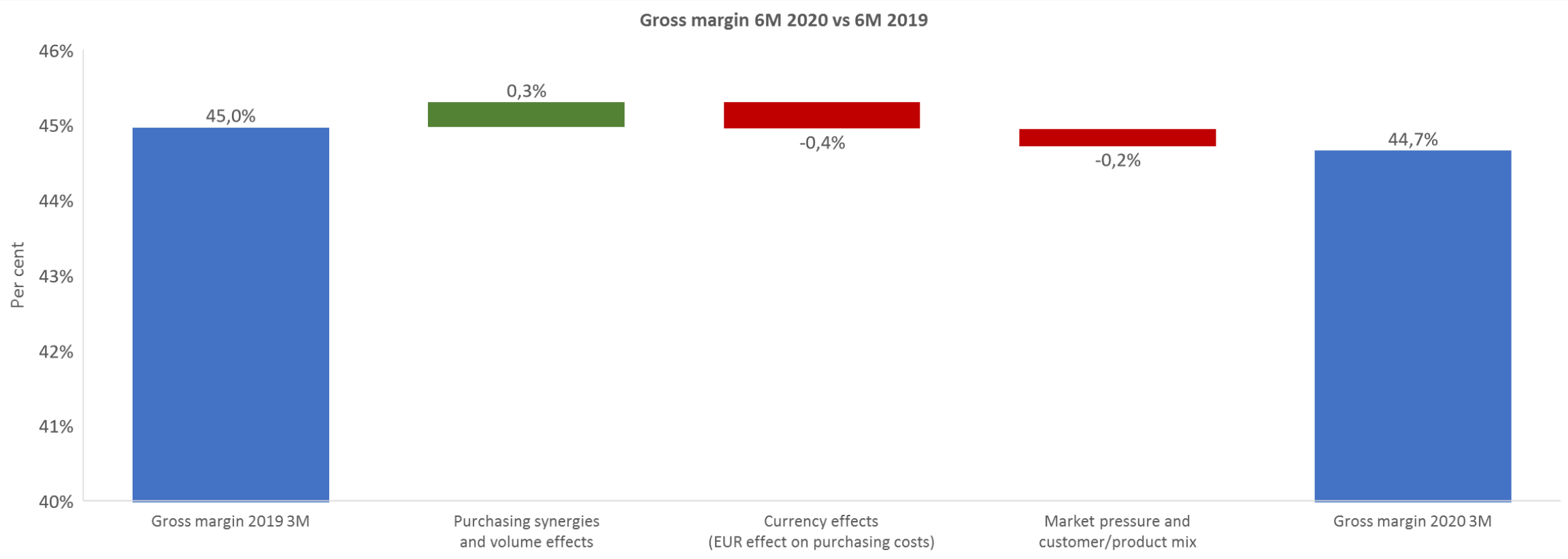
<sup>1)</sup> Adjusted EBIT is EBIT adjusted for items affecting comparability and amortisation of acquired intangible assets - FTZ, Inter-Team, MECA and Sørensen og Balchen.

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

# DEVELOPMENT EBIT Q2 2020 vs Q2 2019



# DEVELOPMENT GROSS MARGIN 6M 2020 vs 6M 2019

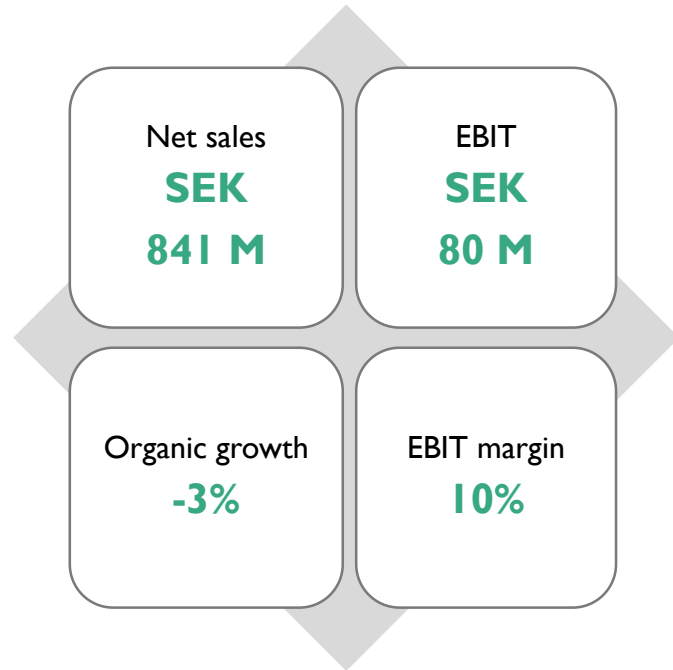




# SALES & RESULT PER BUSINESS AREA Q2 2020



# FTZ – MARKET LEADER WITH STRONG EARNINGS



Net sales growth of -2 per cent, of which -3 per cent organic, mainly as a result of the COVID-19 pandemic. Steady market recovery as restrictions eased

Continued strong EBIT margin as a result of effective cost reduction initiatives. No governmental reliefs used

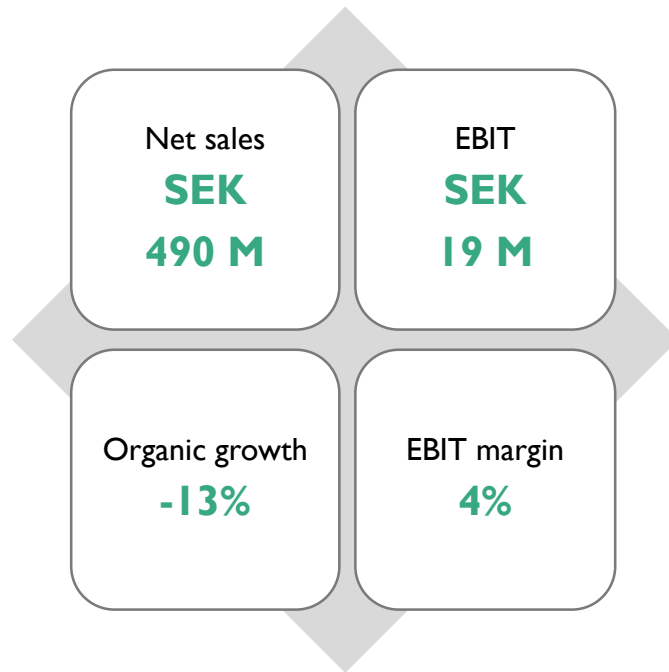
Estimated market share gains in the independent part of the market in Denmark, despite slow market development

SEK M	Q2 2020	Q2 2019	Change	2020 6M	2019 6M	Change
Net sales	841	860	-2%	1,694	1,695	0%
Adjusted EBIT <sup>1)</sup>	80	87	-8%	164	180	-9%
EBIT	80	87	-8%	164	180	-9%
Key figures						
- Organic growth <sup>2)</sup>	-3%	-		-2%	-	
- EBIT margin	10%	10%		10%	11%	

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

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

# INTER-TEAM – IMPROVED EBIT ACCORDING TO STRATEGY



Net sales dropped 16 per cent, of which 13 per cent organically following a slower market recovery in Poland versus the Nordics

Improved EBIT as a result of continued focus on long-term strategy and effective cost saving actions. No governmental reliefs received in the quarter

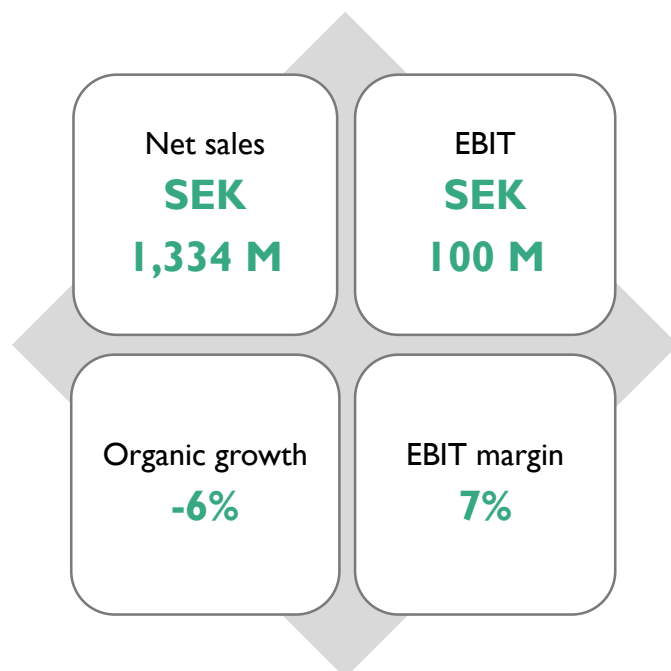
Continued high price pressure and aggressive activities from competitors

SEK M	Q2 2020	Q2 2019	Change	2020 6M	2019 6M	Change
Net sales	490	582	-16%	1,006	1,099	-8%
Adjusted EBIT <sup>1)</sup>	19	15	27%	18	14	28%
EBIT	19	15	27%	18	14	28%
Key figures						
- Organic growth <sup>2)</sup>	-13%	-		-8%	-	
- EBIT margin	4%	3%		2%	1%	

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

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

# MECA/MEKONOMEN – GRADUAL IMPROVEMENT



Net sales 8 per cent lower, of which -6 per cent organically, mainly due to effects from covid-19 and the data breach

Lower EBIT, as a result of covid-19 and the data breach. Cost saving activities and governmental support of SEK 24 M had a positive effect. Structural initiatives to improve long-term profitability

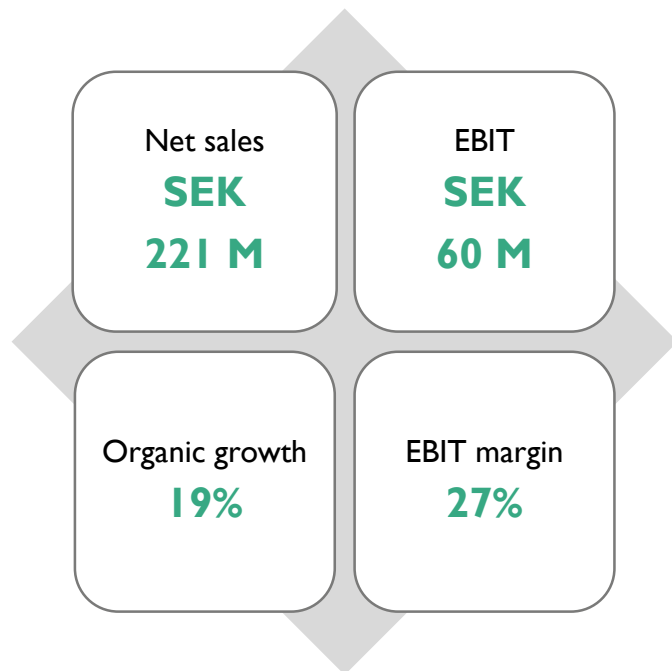
Substantial price changes in Norway to compensate for the stronger EUR

SEK M	Q2 2020	Q2 2019	Change	2020 6M	2019 6M	Change
Net sales	1,334	1,447	-8%	2,658	2,809	-5%
- Sweden	798	889	-10%	1,611	1,720	-6%
- Norway	512	544	-6%	1,007	1,063	-5%
- Finland	24	14	68%	41	26	58%
Adjusted EBIT <sup>1)</sup>	131	145	-10%	136	252	-46%
EBIT	100	145	-31%	105	248	-58%
Key figures						
- Organic growth <sup>2)</sup>	-6%	1%		-4%	2%	
- EBIT margin	7%	10%		4%	9%	

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

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

# SØRENSEN OG BALCHEN – BEST QUARTER EVER



Net sales grew 7 per cent, of which 19 per cent organically.  
Driven by strong position in the consumer segment

EBIT rose 57 per cent and the margin expanded to 27 per cent,  
driven by strong growth and effective cost control.  
Governmental support of SEK 3 M had a positive effect.

Benefited from a strong do-it-yourself market in the wake of the  
shutdown and the fact that many worked from home

SEK M	Q2 2020	Q2 2019	Change	2020 6M	2019 6M	Change
Net sales	221	207	7%	394	391	1%
Adjusted EBIT <sup>1)</sup>	60	38	57%	83	62	34%
EBIT	60	38	57%	83	62	34%
Key figures						
- Organic growth <sup>2)</sup>	19%	-7%		8%	-10%	
- EBIT margin	27%	18%		21%	16%	

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

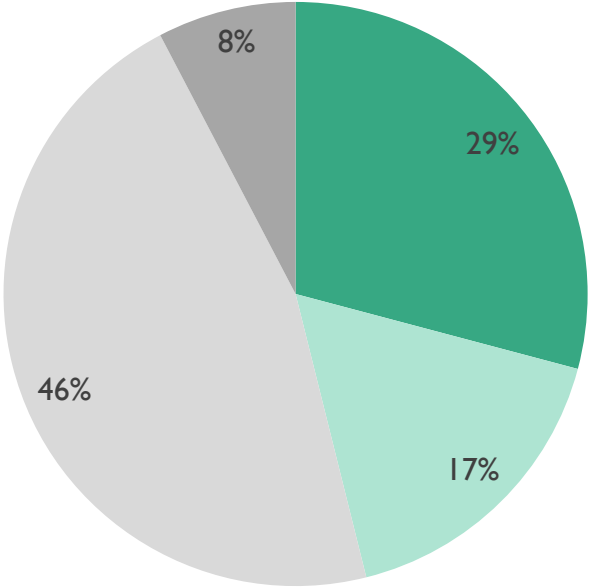
<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.



# MARKET & FOOTPRINT

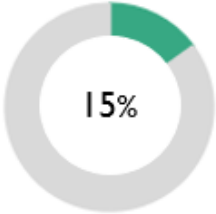
# STRONG GROUP FOOTPRINT

Net sales per business area, 2020Q2

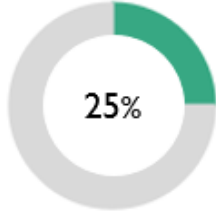


■ FTZ ■ Inter-Team ■ MECA/Mekonomen ■ Sørensen og Balchen

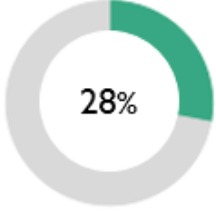
## Market shares - main markets



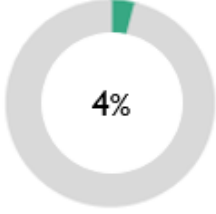
**Sweden**  
 Number of branches: **194** (20Q1: 199)  
 Number of affiliated workshops: **994** (20Q1: 988)



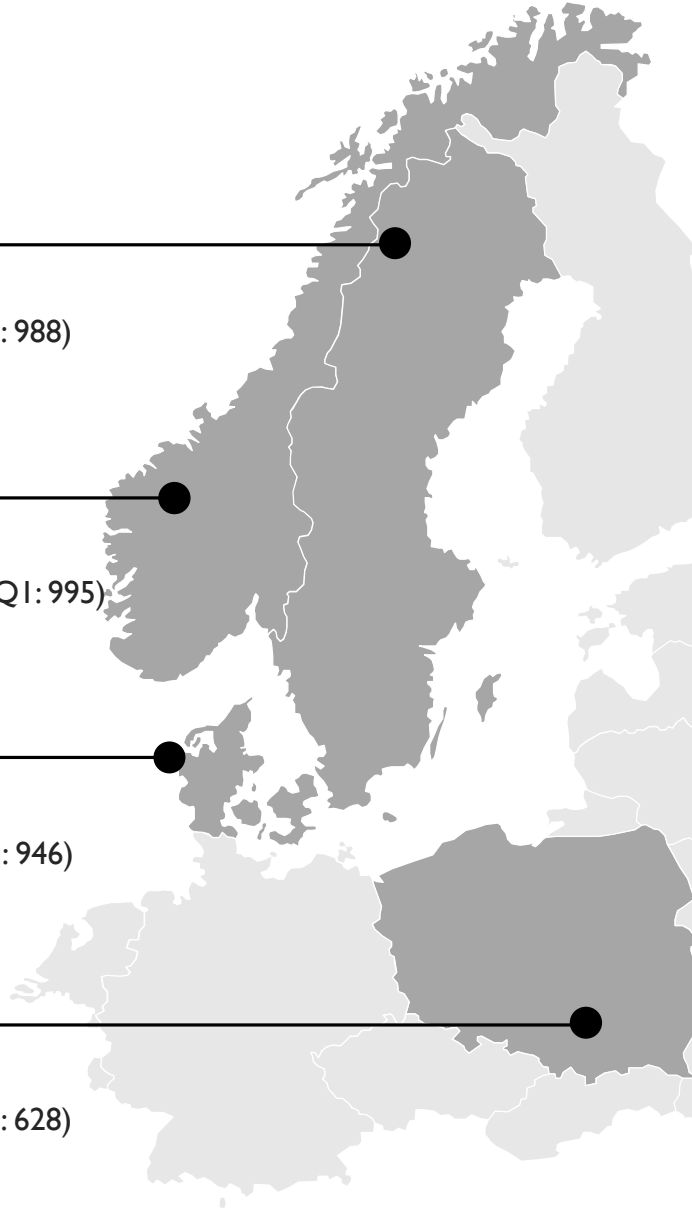
**Norway**  
 Number of branches : **132** (20Q1: 131)  
 Number of affiliated workshops: **1 000** (20Q1: 995)



**Denmark**  
 Number of branches : **51** (20Q1: 51)  
 Number of affiliated workshops: **964** (20Q1: 946)

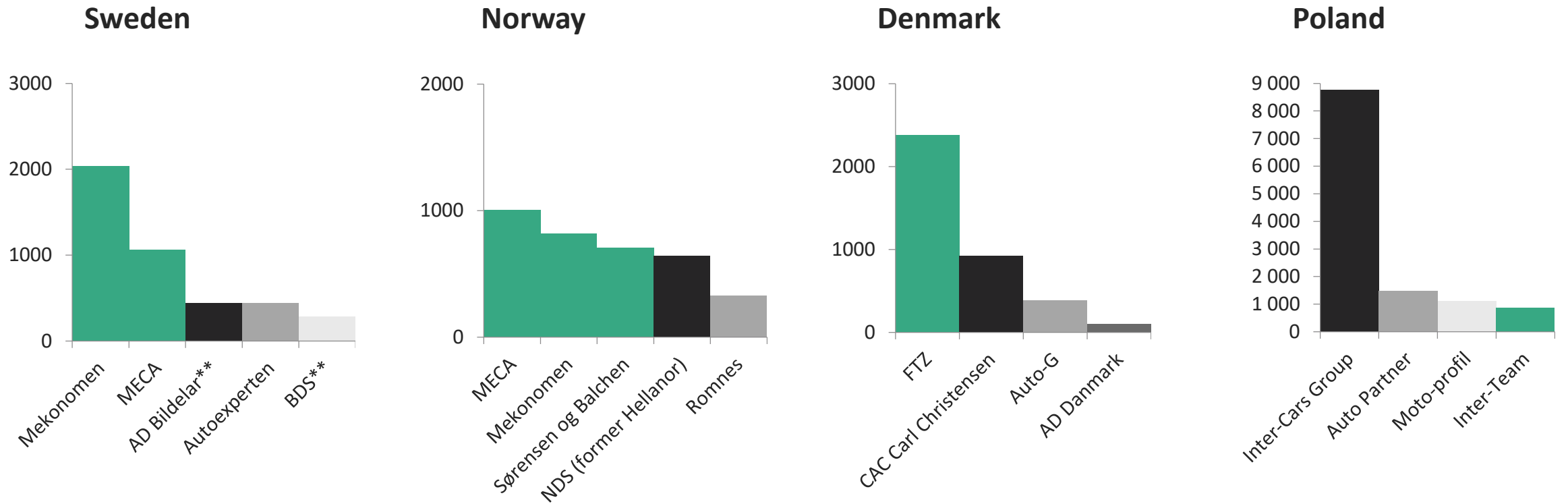


**Poland**  
 Number of branches : **82** (20Q1: 83)  
 Number of affiliated workshops: **647** (20Q1: 628)



# LEADER IN THREE OF FOUR MARKETS

Competition overview, net sales in local currency M\*



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

\*\*Net sales in wholesale business

An aerial photograph showing a two-lane asphalt road winding through a dense green forest. To the left of the road is a body of water with ripples. A red car is driving on the right side of the road, and a white car is on the left. The text 'Innovations for the future' is overlaid in white on the upper left portion of the image.

Innovations for the future

# BUSINESS DEVELOPMENT





## STRONGER INTEREST FOR INDEPENDENT AFTER MARKET PLAYERS

- Car dealer networks are shrinking as a general trend due to lack of profitability and efficiency. New digital sale channels replace traditional physical show rooms
- New car producers enter the European market looking for efficient sale channels and established partners with wide networks within the independent after market
- Our wide workshop and distribution network, efficient logistics, high end training academy, business systems and strong brands make us an attractive partner in northern Europe

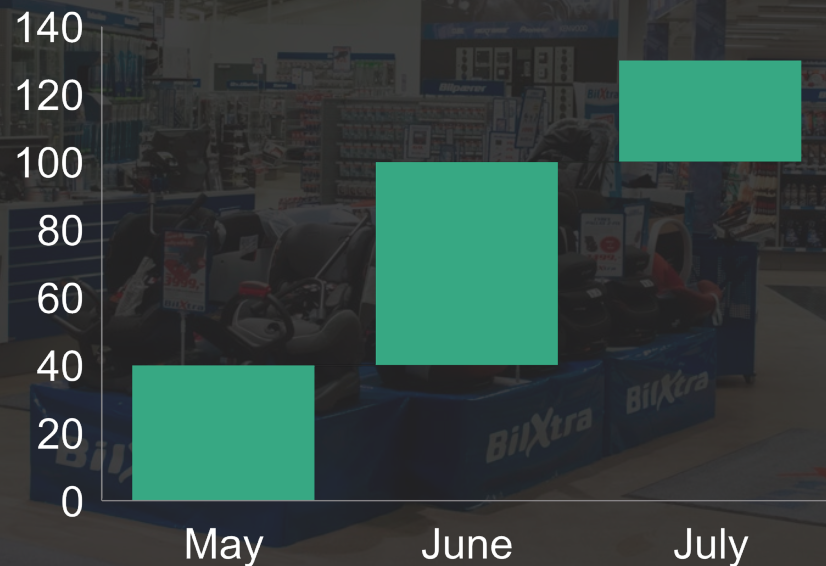


## **COLLABORATION INITIATED WITH COMPANY BEHIND ELECTRIC CAR XPENG**

- Letter of intent with the Chinese electric car producer ZEM (electric car Xpeng) in MECA Norway regarding service and warranty partnership
- The existing electric car certification launched within MECA Norway during 2019 a door opener to dialogue with the next generation car producers

## INTEGRATING E-COMMERCE WITH BRANCHES

Click and collect sales increase 2020, %



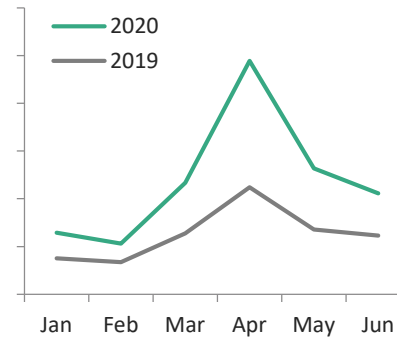
- Favorable development of BilXtra's click & collect service since start March 2020 in Sørensen og Balchen/BilXtra
- The customer reserve item at bilxtra.no and receive a text message within two hours, stating that the item is ready for pickup in branch
- Over 50% of BilXtra e-commerce consists of click and collect orders

# INCREASED DIGITAL WORKSHOP BOOKINGS

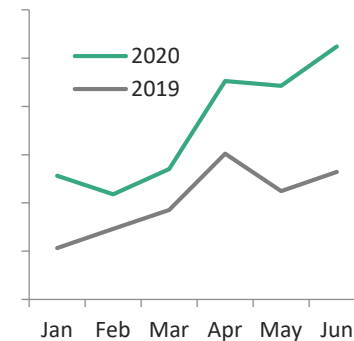
- Increasing numbers of car owners using our digital booking solutions
- Mekonomen Sweden's "price direct" among first booking solutions in the market with large numbers of bookings, mature development phase



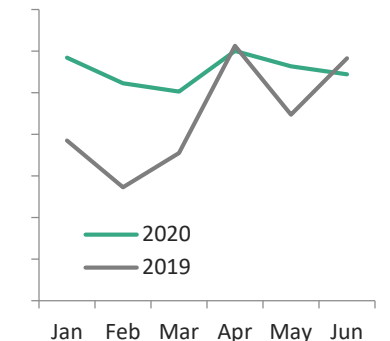
**FTZ:**  
90 % increase in number of bookings\*



**MECA Sweden:**  
76 % increase in number of bookings\*

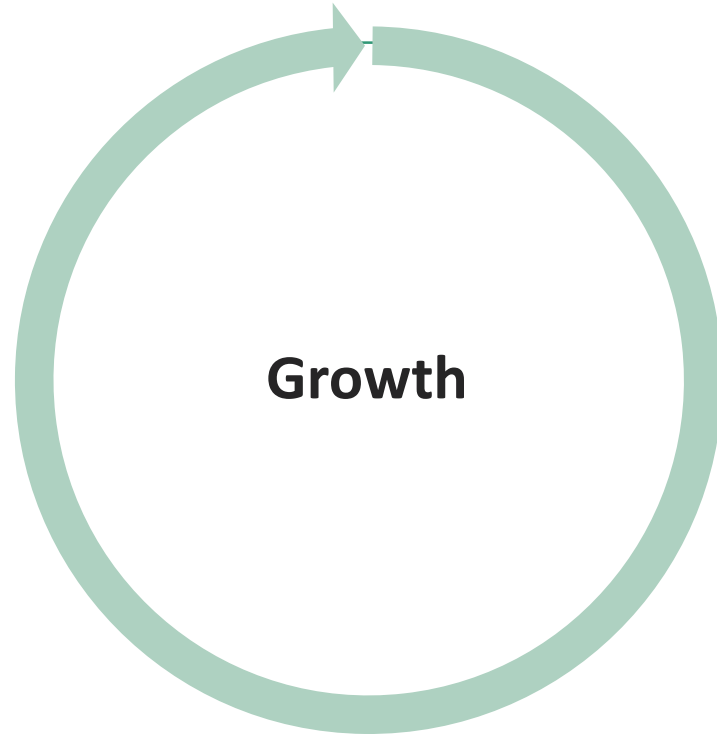


**Mekonomen Sweden:**  
25 % increase in number of bookings\*



\*Total number of bookings Jan-Jun 2020, compared with same period 2019

# FOCUS 2020



A photograph of a car repair shop. A silver SUV is elevated on a two-post lift. Three mechanics are working: one is at the rear wheel of a lower car, another is looking up at the SUV, and a third is holding a tool. The word 'APPENDIX' is overlaid in large white letters. The lift has 'AUTOP STENHOJ' written on it.

# APPENDIX

# Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr-Jun			Jan-Jun			12 months Jul- Jun	Full-year 2019
	2020	2019	Change, %	2020	2019	Change, %		
Net sales	2 894	3 100	-7	5 768	6 008	-4	11 602	11 842
Adjusted EBIT	281	280	0	379	494	-23	759	874
EBIT	211	240	-12	270	410	-34	565	705
Profit after financial items	194	202	-4	182	330	-45	406	555
Profit after tax	148	157	-6	133	253	-48	301	421
Earnings per share, SEK	2,49	2,71	-8	2,20	4,39	-50	5,16	7,34
Adjusted EBIT margin, %	10	9		6	8		6	7
EBIT margin, %	7	8		5	7		5	6

ADJUSTED EBIT SEK M	Apr-Jun			Jan-Jun			12 months Jul- Jun	Full-year 2019
	2020	2019	Change, %	2020	2019	Change, %		
<b>EBIT</b>	<b>211</b>	<b>240</b>	-12	<b>270</b>	<b>410</b>	-34	<b>565</b>	<b>705</b>
Costs attributable to restructuring at MECA/Mekonomen	-31			-31			-31	
Costs related to the integration of FTZ and Inter-Team					-5		-9	-14
Impairment of inventory DAB products <sup>1)</sup>							3	3
<i>Items affecting comparability, total</i>	-31			-31	-5		-37	-11
<i>"Other items", material acquisition-related items <sup>2)</sup></i>	-39	-39		-78	-78		-157	-157
<b>Adjusted EBIT</b>	<b>281</b>	<b>280</b>	0	<b>379</b>	<b>494</b>	-23	<b>759</b>	<b>874</b>

<sup>1)</sup> Digital Audio Broadcasting.

<sup>2)</sup> Other items include material acquisition-related items. Current acquisition-related items are amortisation of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

# Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul- Jun	Full-year 2019
<b>Operating activities</b>						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	437	412	639	761	1 294	1 416
Tax paid	-28	-59	-85	-141	-170	-226
<b>Cash flow from operating activities before changes in working capital</b>	<b>409</b>	<b>353</b>	<b>554</b>	<b>621</b>	<b>1 123</b>	<b>1 190</b>
Cash flow from changes in working capital:						
Changes in inventory	126	12	150	72	84	6
Changes in receivables	-159	-47	-202	-217	-37	-53
Changes in liabilities	294	39	229	39	188	-2
<i>Increase (-)/Decrease (+) working capital</i>	260	4	177	-106	235	-48
<b>Cash-flow from operating activities</b>	<b>669</b>	<b>357</b>	<b>731</b>	<b>515</b>	<b>1 358</b>	<b>1 142</b>
<b>Cash flow from investing activities</b>	<b>-35</b>	<b>-42</b>	<b>-102</b>	<b>-125</b>	<b>-176</b>	<b>-199</b>
<b>Cash flow from financing activities</b>	<b>-469</b>	<b>-341</b>	<b>-630</b>	<b>-453</b>	<b>-975</b>	<b>-798</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>165</b>	<b>-26</b>	<b>-1</b>	<b>-62</b>	<b>207</b>	<b>146</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>207</b>	<b>177</b>	<b>355</b>	<b>205</b>	<b>153</b>	<b>205</b>
Exchange-rate difference in cash and cash equivalents	-19	2	-2	10	-8	5
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>352</b>	<b>153</b>	<b>352</b>	<b>153</b>	<b>352</b>	<b>355</b>



# Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 June 2020	30 June 2019	31 December 2019
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	5 621	5 833	5 697
Tangible fixed assets	457	486	465
Right-of-use assets	1 598	1 947	1 818
Financial fixed assets	96	81	101
Deferred tax assets	–	0	–
Goods for resale	2 632	2 835	2 854
Current receivables	1 784	1 782	1 580
Cash and cash equivalents	352	153	355
<b>TOTAL ASSETS</b>	<b>12 540</b>	<b>13 118</b>	<b>12 870</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	4 410	4 228	4 335
Long-term liabilities, interest-bearing	3 232	3 710	3 333
Long-term lease liabilities	1 134	1 439	1 323
Deferred tax liabilities	385	439	428
Long-term liabilities, non-interest-bearing	82	20	20
Current liabilities, interest-bearing	441	501	748
Current lease liabilities	441	459	457
Current liabilities, non-interest-bearing	2 414	2 323	2 227
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>12 540</b>	<b>13 118</b>	<b>12 870</b>

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

# Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
Net sales	2 894	3 100	5 768	6 008	11 602	11 842
Other operating revenue	53	44	96	84	186	174
<b>Total revenue</b>	<b>2 947</b>	<b>3 144</b>	<b>5 864</b>	<b>6 092</b>	<b>11 788</b>	<b>12 017</b>
Goods for resale	-1 582	-1 721	-3 192	-3 307	-6 420	-6 535
Other external costs	-340	-331	-725	-676	-1 424	-1 375
Personnel expenses	-600	-648	-1 256	-1 291	-2 541	-2 576
<b>Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>426</b>	<b>443</b>	<b>690</b>	<b>818</b>	<b>1 402</b>	<b>1 531</b>
Depreciation and impairment of tangible fixed assets and right-of-use assets	-157	-151	-306	-303	-613	-611
<b>Operating profit before amortisation and impairment of intangible fixed assets (EBITA)</b>	<b>268</b>	<b>292</b>	<b>384</b>	<b>515</b>	<b>789</b>	<b>920</b>
Amortisation and impairment of intangible fixed assets	-57	-52	-114	-105	-224	-215
<b>EBIT</b>	<b>211</b>	<b>240</b>	<b>270</b>	<b>410</b>	<b>565</b>	<b>705</b>
Interest income	2	3	5	6	11	12
Interest expenses	-34	-39	-67	-78	-140	-151
Other financial items	14	-2	-26	-8	-30	-11
<b>Profit after financial items</b>	<b>194</b>	<b>202</b>	<b>182</b>	<b>330</b>	<b>406</b>	<b>555</b>
Tax	-46	-45	-49	-77	-105	-134
<b>PROFIT FOR THE PERIOD</b>	<b>148</b>	<b>157</b>	<b>133</b>	<b>253</b>	<b>301</b>	<b>421</b>
<b>Profit for the period attributable to:</b>						
Parent Company's shareholders	140	153	124	247	290	413
Non-controlling interests	7	4	9	6	10	8
<b>PROFIT FOR THE PERIOD</b>	<b>148</b>	<b>157</b>	<b>133</b>	<b>253</b>	<b>301</b>	<b>421</b>
Earnings per share before and after dilution, SEK	2,49	2,71	2,20	4,39	5,16	7,34

# Largest owners 2020-06-30

	Voting rights and share capitals, %
LKQ Corporation	26,6
Fjärde AP-fonden	8,8
Didner & Gerge Fonder	6,6
Eva Fraim Pahlman	3,4
Swedbank Robur Fonder	3,4
AFA Försäkring	3,0
Avanza Pension	2,8
Dimensional Fund Advisors	2,6
Vanguard	2,1
Wipunen varainhallinta Oy	2,0
Total 10 largest shareholders	61,3
Others	38,7
Total	100,0