



Mekonomen Group

January – December 2021
February 11, 2022

Q4 2021 – HISTORICALLY PROFITABLE YEAR

Most profitable financial year ever

Continued organic growth

Well positioned in the electric car transition

Solid financial position, favorable conditions for expansion

Re-introduction of dividend of 3 SEK per share

MEKONOMEN GROUP – FOURTH QUARTER

SEK M	Q4 2021	Q4 2020	Change	I2M 2021	I2M 2020	Change
Group, net sales	3 129	2 879	9%	12 309	11 511	7%
Adjusted EBIT ¹⁾	203	287	-29%	1 031	937	10%
EBIT	173	260	-34%	894	738	21%
Earnings per share, SEK	2.09	3.29	-36%	10.21	7.67	33%
Cash flow from operating activities	192	373	-49%	1 227	1 625	-25%
Key figures						
- Organic growth ²⁾	7%	0%		8%	-1%	
- Adjusted EBIT margin	6%	10%		8%	8%	
- EBIT margin	5%	9%		7%	6%	

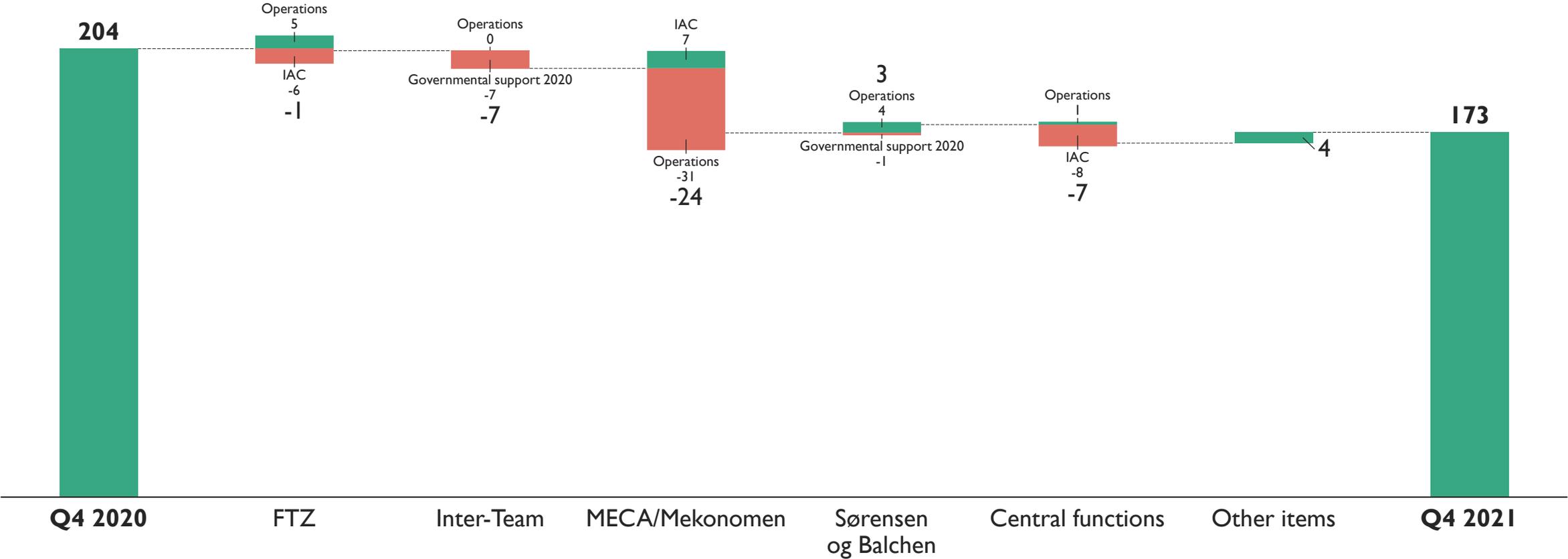
¹⁾ Adjusted EBIT is EBIT adjusted for items affecting comparability and amortisation of acquired intangible assets - FTZ, Inter-Team and MECA (including Sørensen og Balchen until April 2021).

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

SOLID UNDERLYING EBIT DEVELOPMENT

MSEK

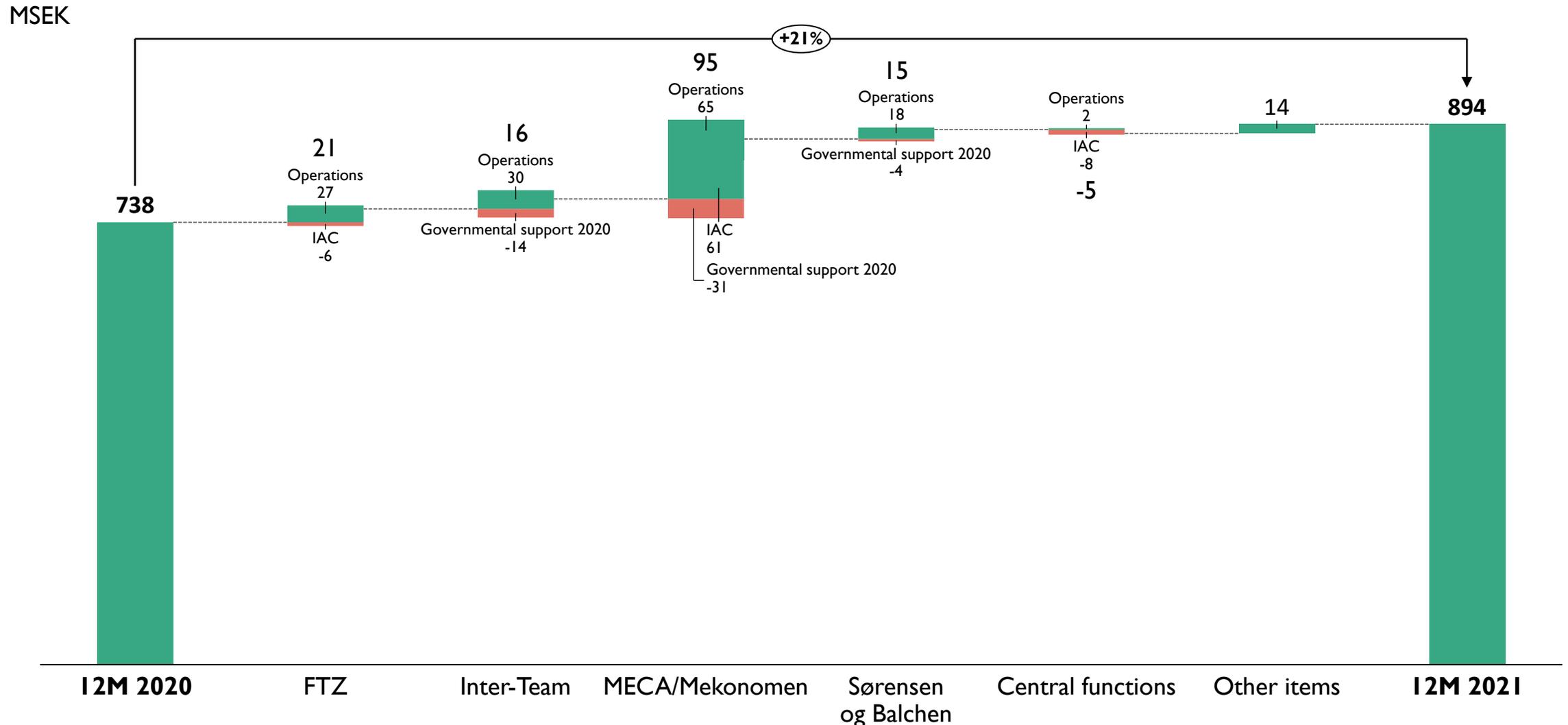
EBIT bridge Q4 2020 to Q4 2021



Q4 2020 EBIT excludes insurance compensation of SEK 56 M.

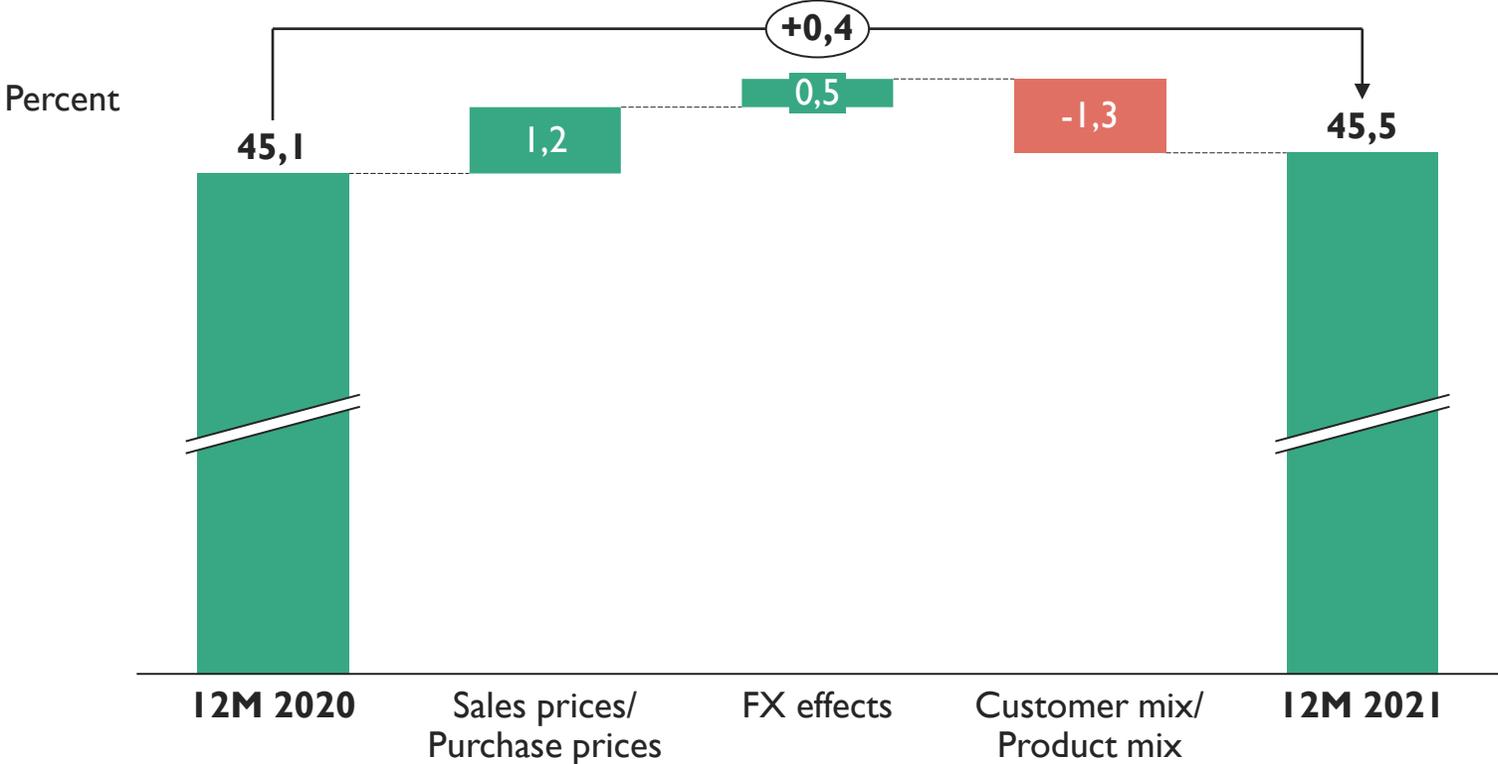
BEST PROFITABILITY EVER

EBIT bridge 12M 2020 to 12M 2021



INCREASED GROSS MARGIN FOR THE FULL YEAR

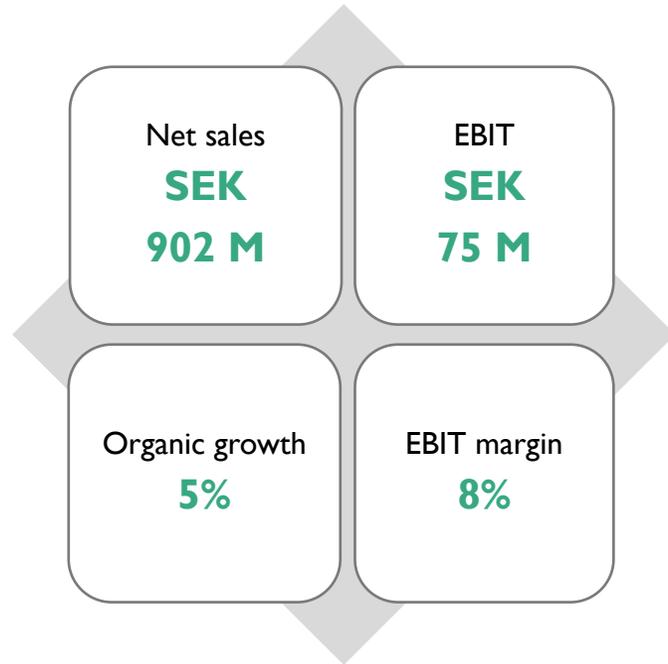
Gross margin bridge 12M 2020 to 12M 2021





SALES & RESULT PER BUSINESS AREA Q2 2021

FTZ – IMPRESSIVE FULL-YEAR EBIT MARGIN AT 10%



Organic net sales growth of 5 per cent, driven by high market activity

Improved adjusted EBIT due to efficiency, despite market investments and higher transportation costs

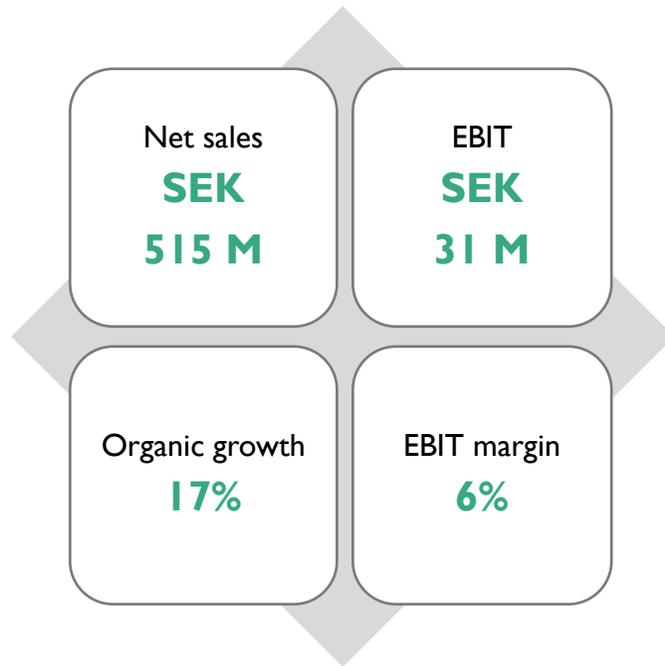
Increased share of digital bookings (car owners)

SEK M	Q4 2021	Q4 2020	Change	I2M 2021	I2M 2020	Change
Net sales	902	867	4%	3 480	3 369	3%
Adjusted EBIT ¹⁾	75	70	7%	352	325	8%
EBIT	75	76	-1%	352	331	6%
Key figures						
- Organic growth ²⁾	5%	1%		7%	0%	
- EBIT margin	8%	9%		10%	10%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

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

INTER-TEAM – STRONG DOMESTIC ORGANIC GROWTH



Strong organic growth of 17 per cent, driven by high activity in the prioritized domestic market. Also, positive development in the export operations

Favorable net sales growth of 13 per cent

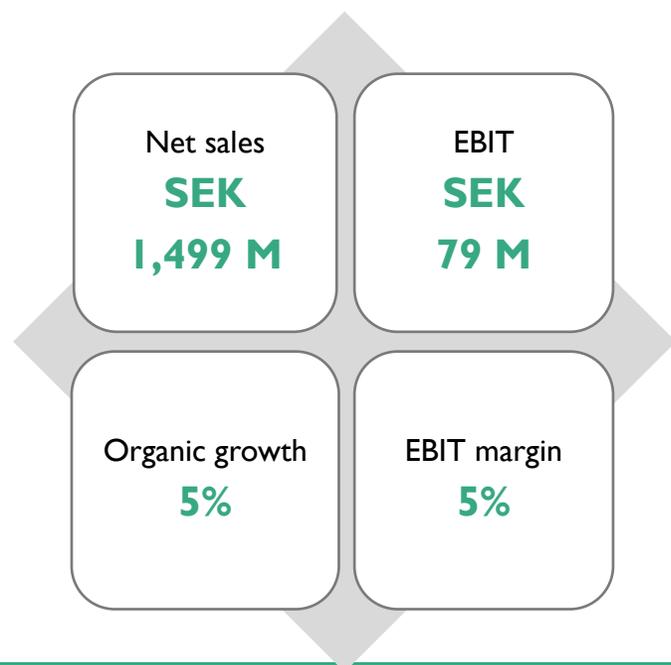
Stable underlying EBIT, comparable quarter boosted by subsidies related to the pandemic and retroactive supplier bonuses

SEK M	Q4 2021	Q4 2020	Change	I2M 2021	I2M 2020	Change
Net sales	515	457	13%	2 091	1 988	5%
Adjusted EBIT ¹⁾	31	38	-17%	102	86	18%
EBIT	31	38	-17%	102	86	18%
Key figures						
- Organic growth ²⁾	17%	-6%		13%	-5%	
- EBIT margin	6%	8%		5%	4%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

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

MECA/MEKONOMEN – STRONG GROWTH IN SWEDEN



Net sales grew 10 per cent, of which 5 per cent organic, despite increased covid-19 infection rates in the Nordics

Slightly lower underlying EBIT due to forward looking market investments and higher transportation cost. Deviation from comparable quarter mainly due to insurance compensation of 56 MSEK

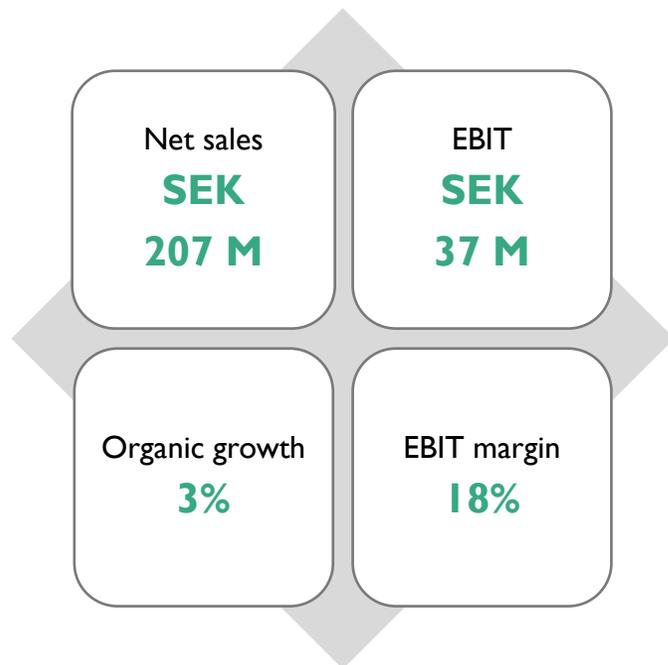
Strong market development in Sweden whilst Norway shows a relatively stable development in relation to the comparable quarter

SEK M	Q4 2021	Q4 2020	Change	12M 2021	12M 2020	Change
Net sales	1 499	1 369	10%	5 857	5 363	9%
- Sweden	943	851	11%	3 564	3 247	10%
- Norway	526	493	7%	2 182	2 025	8%
- Finland	30	25	21%	111	91	22%
Adjusted EBIT ¹⁾	68	155	-56%	435	401	8%
EBIT	79	160	-50%	447	352	27%
Key figures						
- Organic growth ²⁾	5%	0%		8%	-2%	
- EBIT margin	5%	11%		7%	6%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

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

SØRENSEN OG BALCHEN – OUTSTANDING PERFORMANCE



Net sales increased 11 per cent, of which 3 per cent organic. Solid overall market development in both the wholesale and the consumer segment

EBIT increased compared to the comparable quarter while the margin was stable at 18 per cent

Well positioned niche player in the Norwegian market

SEK M	Q4 2021	Q4 2020	Change	I2M 2021	I2M 2020	Change
Net sales	207	187	11%	873	791	10%
Adjusted EBIT ¹⁾	37	34	9%	185	170	9%
EBIT	37	34	9%	185	170	9%
Key figures						
- Organic growth ²⁾	3%	15%		8%	13%	
- EBIT margin	18%	18%		21%	21%	

¹⁾ Adjusted EBIT excludes items affecting comparability.

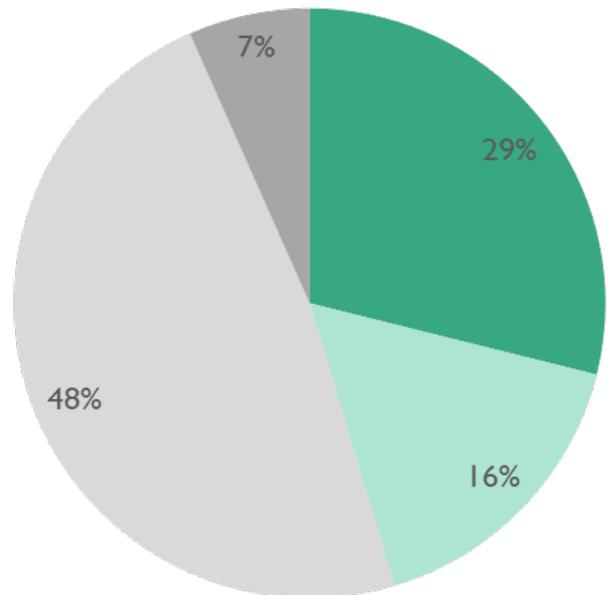
²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

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

MARKET & FOOTPRINT

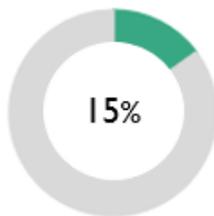
STRONG GROUP FOOTPRINT

Net sales per business area, 2021 Q4



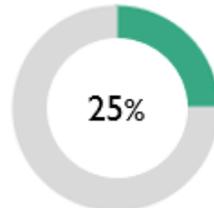
■ FTZ ■ Inter-Team
■ MECA/Mekonomen ■ Sørensen og Balchen

Market shares - main markets



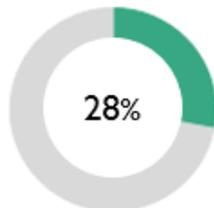
Sweden

Number of branches: **196** (21Q3: 195)
 Number of affiliated workshops: **941** (21Q3: 935)



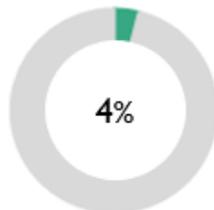
Norway

Number of branches: **129** (21Q3: 129)
 Number of affiliated workshops: **992** (21Q3: 994)



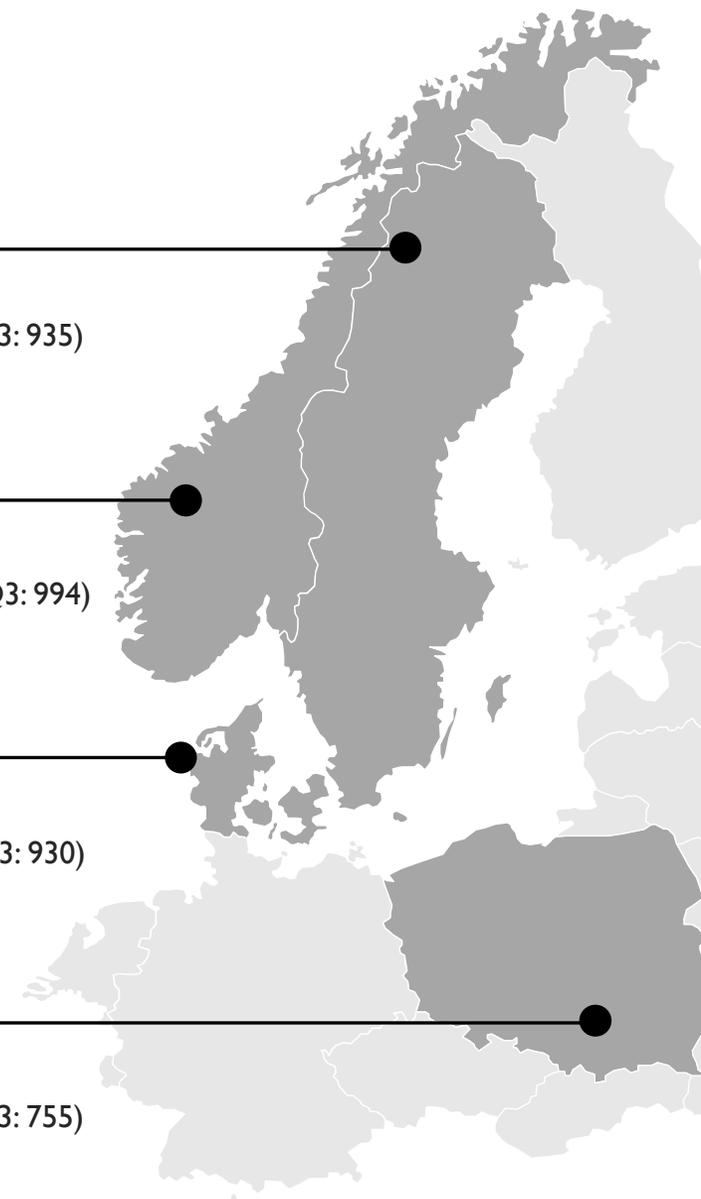
Denmark

Number of branches: **50** (21Q3: 50)
 Number of affiliated workshops: **919** (21Q3: 930)

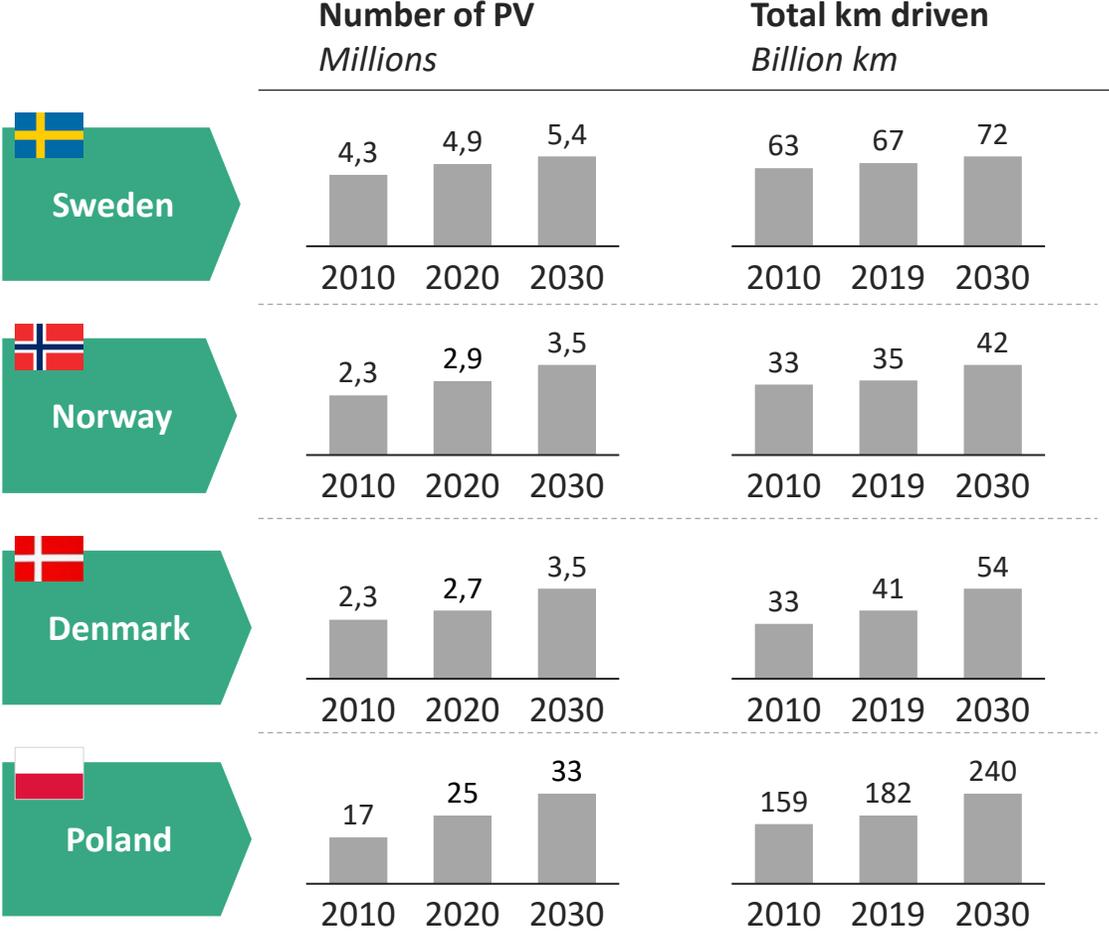


Poland

Number of branches: **85** (21Q3: 84)
 Number of affiliated workshops: **791** (21Q3: 755)



LONG-TERM PROGNOSIS – UNDERLYING FACTORS FOR MARKET GROWTH



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

Source: Public records, Mekonomen Group analysis

A blurred white car is driving on a road, moving from left to right. The road has white lane markings and a large white arrow pointing right. The background shows a green field and a blue sky with scattered white clouds.

BUSINESS DEVELOPMENT



NUMBER ONE TO-GO-TO FOR ELECTRIC CAR OWNERS

- 2,000 of the Group's workshops meets the requirements of electric car standard E+ (1,500 in Q3 2021)
- Our ongoing mobile E+ tour in Sweden offering a more advanced level training is fully booked
- Electric vehicle tire training for workshops to ensure the right car function and safety for EV owners
- Relevant coverage of spare parts for most common electric cars in the Nordic region



HIGH FREQUENCY IN THE GROUP'S TRAINING ACADEMIES

- More than 1,000 physical classroom training days conducted in the Group during 2021, despite challenges due to the pandemic
- Electric and technical training in focus
- A new Master Technician Education is developing in Denmark - next level technical competence training



INCREASED DIGITALIZATION B2C

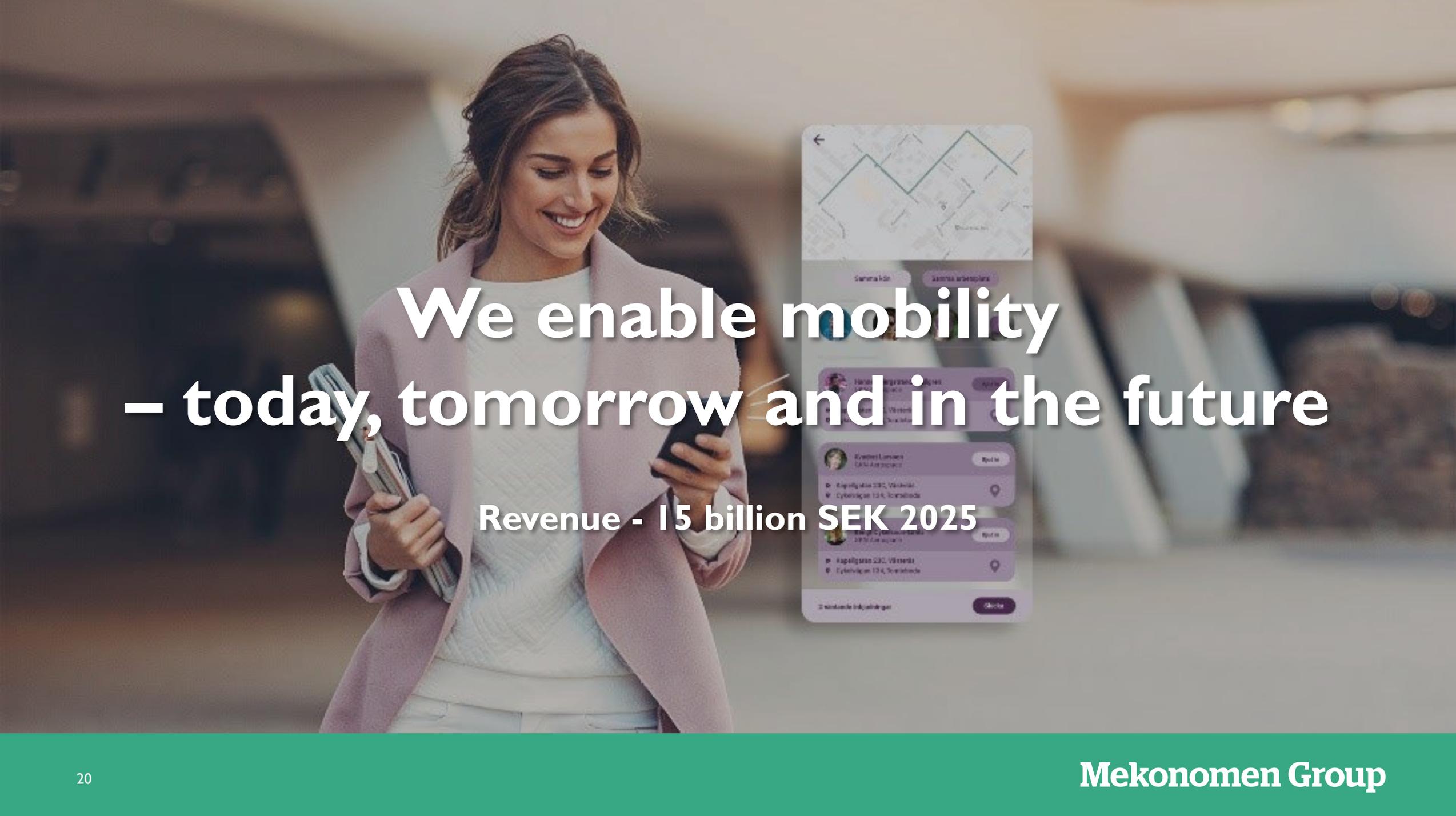
- 20 percent increased digital bookings in 2021 compared with 2020 (number of car repair and service bookings)
- Significant increased interest for digital booking options of workshop services*
- Digitalization creates closer relation to car owners in order to improve our offers
- Over 40 percent increased e-commerce B2C sales in 2021 compared with 2020 - from low levels (product sales)

*Mekonomen Group's own customer surveys conducted in 2021 and 2017 together with Kantar/Sifo. Around 45 percent of car owners in Sweden, Norway, and Finland prefer digital booking options. A doubled interest for digital options in Sweden and Norway compared to same survey in 2017 (no available data from 2017 in Finland).



PROOF OF CONCEPT

- Retail award, Sweden:
 - *“Logistics initiative of the year”*
- Auto Awards, Denmark:
 - *“Supplier of the year”*
 - *“Workshop chain of the year”*
 - *“Marketing campaign of the year”*
- MSCI ESG ratings:
 - *AA rating*
- Sustainalytics ESG ratings:
 - *Top-Rated ESG Performer for both “Industry” and “Regional”*



We enable mobility – today, tomorrow and in the future

Revenue - 15 billion SEK 2025



APPENDIX

Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Oct-Dec	Oct-Dec	Change, %	Jan - Dec	Jan - Dec	Change, %
	2021	2020		2021	2020	
Net sales	3 129	2 879	9	12 309	11 511	7
Adjusted EBIT	203	287	-29	1 031	937	10
EBIT	173	260	-34	894	738	21
Profit after financial items	151	247	-39	759	596	27
Profit after tax	118	187	-37	587	446	31
Earnings per share, SEK	2,09	3,29	-36	10,2	7,67	33
Adjusted EBIT margin, %	6	10		8	8	
EBIT margin, %	5	9		7	6	

ADJUSTED EBIT SEK M	Oct-Dec	Oct-Dec	Change, %	Jan - Dec	Jan - Dec	Change, %
	2021	2020		2021	2020	
EBIT	173	260	-34	894	738	21
Payment of AGS health insurance	12			12		
Impairment of associates	-8			-8		
Costs attributable to restructuring in business area MECA/Mekonomen		5			-50	
Gains from sale of property in business area FTZ		6			6	
Items affecting comparability, total	3	11		3	-44	
"Other items", material acquisition-related items ¹⁾	-34	-38		-141	-155	
Adjusted EBIT	203	287	-29	1 031	937	10

¹⁾ Other items include material acquisition-related items. Current acquisition-related items pertain to the amortization of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen (Sørensen og Balchen until the end of the second quarter 2021 when its amortization was completed).

Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	365	449	1 617	1 494
Tax paid	-4	-27	-192	-170
Cash flow from operating activities before changes in working capital	361	422	1 425	1 324
Cash flow from changes in working capital:				
Changes in inventory	-210	-113	-236	2
Changes in receivables	149	228	-201	15
Changes in liabilities	-108	-163	239	284
<i>Increase (-)/Decrease (+) working capital</i>	-169	-49	-198	301
Cash-flow from operating activities	192	373	1 227	1 625
Cash flow from investing activities	-49	-48	-201	-186
Cash flow from financing activities	-180	-298	-569	-1 339
CASH FLOW FOR THE PERIOD	-38	27	457	100
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	924	423	420	355
Exchange-rate differences in cash and cash equivalents	6	-30	15	-35
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	892	420	892	420

Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	December 31 2021	December 31 2020	December 31 2019
ASSETS ¹⁾			
Intangible fixed assets	5 394	5 410	5 697
Tangible fixed assets	436	448	465
Right-of-use assets	1 651	1 606	1 818
Financial fixed assets	94	98	101
Deferred tax assets	3	1	-
Goods for resale	3 021	2 704	2 854
Current receivables	1 738	1 506	1 580
Cash and cash equivalents	892	420	355
TOTAL ASSETS	13 229	12 193	12 870
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	5 229	4 595	4 335
Long-term liabilities, interest-bearing	2 996	2 743	3 333
Long-term lease liabilities	1 181	1 168	1 323
Deferred tax liabilities	357	388	428
Long-term liabilities, non-interest-bearing	45	16	20
Current liabilities, interest-bearing	198	611	748
Current lease liabilities	467	432	457
Current liabilities, non-interest-bearing	2 757	2 240	2 227
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	13 229	12 193	12 870

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

Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
Net sales	3 129	2 879	12 309	11 511
Other operating revenue	89	121	243	253
Total revenue	3 218	3 000	12 552	11 763
Goods for resale	-1 708	-1 558	-6 709	-6 318
Other external costs	-430	-349	-1 490	-1 403
Personnel expenses	-703	-631	-2 653	-2 469
Operating profit before depreciation/ amortization and impairment of tangible and intangible fixed assets (EBITDA)	377	463	1 699	1 574
Depreciation and impairment of tangible fixed assets and right-of-use assets	-149	-145	-582	-606
Operating profit before amortization and impairment of intangible fixed assets (EBITA)	229	318	1 117	968
Amortization and impairment of intangible fixed assets	-56	-58	-223	-230
EBIT	173	260	894	738
Interest income	2	3	9	10
Interest expenses	-26	-30	-115	-133
Other financial items	3	15	-29	-19
Profit after financial items	151	247	759	596
Tax	-33	-60	-172	-150
PROFIT FOR THE PERIOD	118	187	587	446
Profit for the period attributable to:				
Parent Company's shareholders	117	185	572	432
Non-controlling interests	1	2	14	15
PROFIT FOR THE PERIOD	118	187	587	446
Earnings per share before and after dilution, SEK	2,09	3,29	10,21	7,67

Largest owners 2021-12-31

Voting rights and share capitals, %

LKQ Corporation	26,6
Swedbank Robur Fonder	9,5
Fjärde AP-fonden	8,3
Didner & Gerge Fonder	6,7
Eva Fraim Pahlman	3,2
Nordea Fonder	2,6
Dimensional Fund Advisors	2,6
Vanguard	2,3
AFA Försäkring	2,0
Ing-Marie Fraim	1,8
Total 10 largest shareholders	65,6
Others	34,4
Total	100,0

UPDATED FINANCIAL TARGETS

SALES GROWTH

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

ADJUSTED EBIT MARGIN

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

NET DEBT/EBITDA

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

DIVIDEND POLICY

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