

A photograph of three young women sitting in the back of a car. The woman in the foreground is smiling and looking towards the camera. The woman in the middle is looking towards the woman on the left. The woman on the left is smiling and looking towards the camera. The car's interior and windows are visible, and the lighting is warm and bright.

# MEKONOMEN GROUP

JANUARY – DECEMBER 2017

9 FEBRUARY 2018

# SUMMARY YEAR 2017



Stable end to a challenging year of transformation



New Group management and new organisational structure



Several initiatives during the year to strengthen the Group's position long term

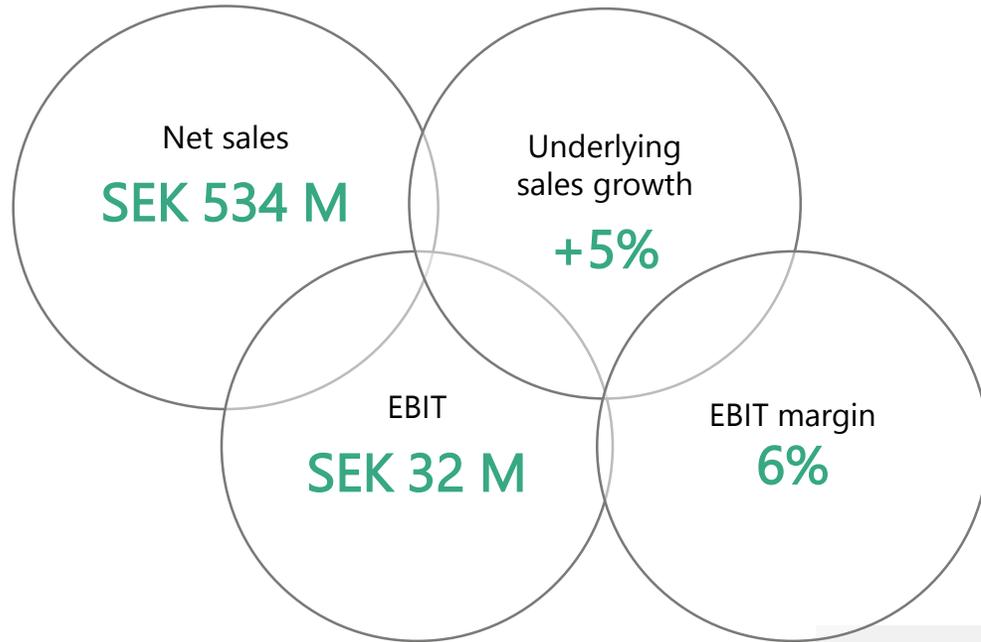
# MEKONOMEN GROUP – FOURTH QUARTER 2017

SEK M	Q4 2017	Q4 2016	change	2017 12M	2016 12M	change
Group revenue	1,507	1,508	0%	6,000	5,937	1%
Underlying sales growth	4%	-1%		1%	4%	
EBIT	96	74	29%	522	481	9%
EBIT margin	6%	5%		9%	8%	

# SALES & RESULT – PER SEGMENT



# MECA – FOURTH QUARTER 2017

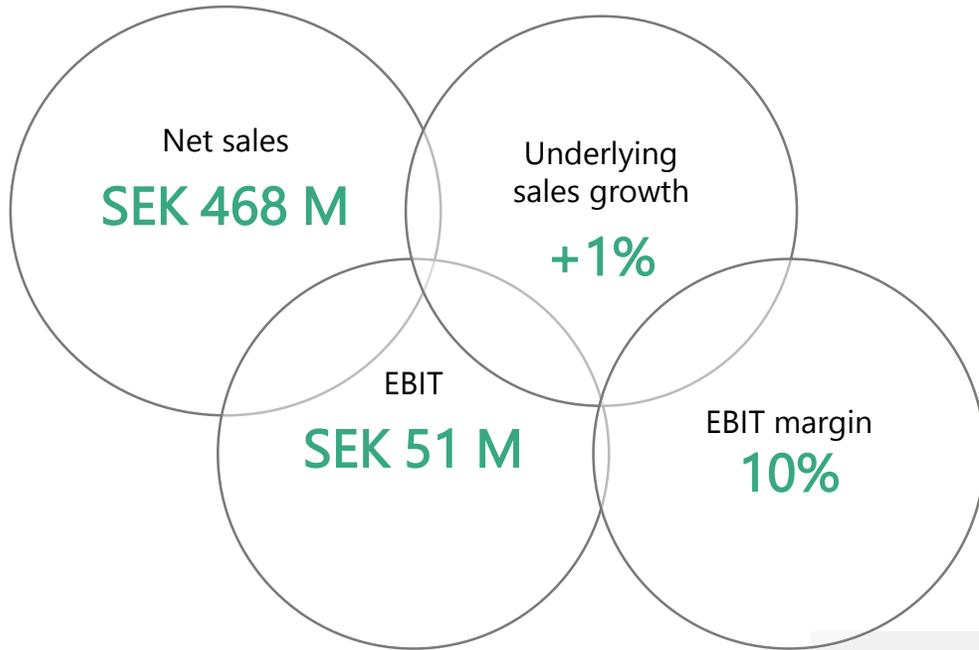


Increased sales to MECA Car Service workshops and favorable sales growth in Preqas, but negatively affected by weaker NOK

EBIT Q4 2016 includes items affecting comparability of SEK 25 million and SEK 12 million in operating losses in Denmark

SEK M	Q4 2017	Q4 2016	change	2017 12M	2016 12M	change
Net sales	534	528	1%	2,108	2,039	3%
Underlying sales growth	5%	3%		4%	10%	
EBIT	32	13	153%	242	205	18%
EBIT margin	6%	2%		11%	10%	

# MEKONOMEN SWEDEN – FOURTH QUARTER 2017



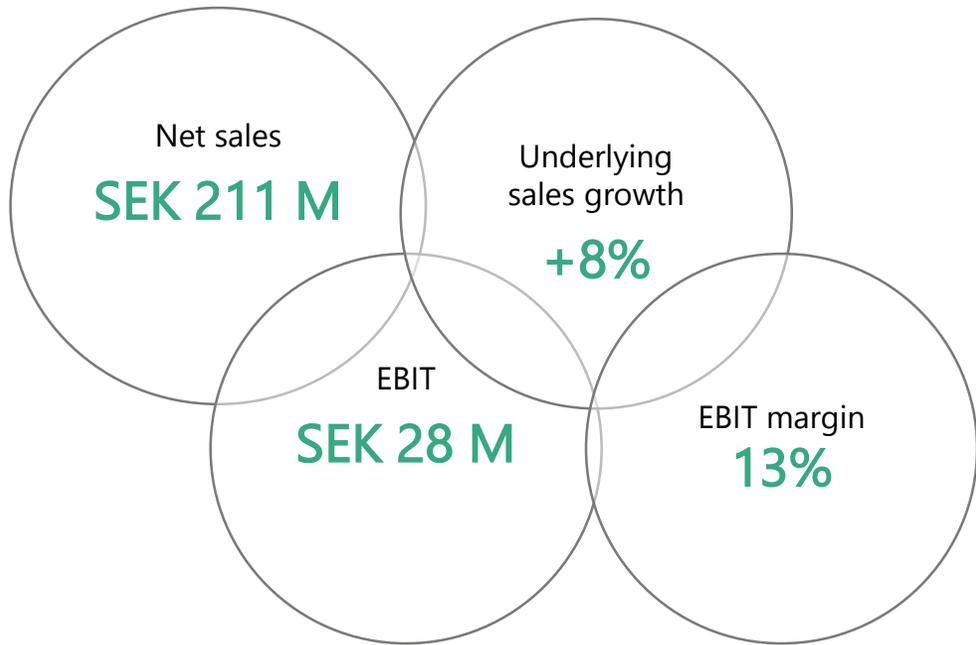
A slight increase in underlying sales and improved gross margin

Indications that our initiatives started to have effect on sales

Improved EBIT due to lower personnel costs according to previously communicated cost and efficiency program

SEK M	Q4 2017	Q4 2016	change	2017 12M	2016 12M	change
Net sales	468	470	0%	1,816	1,891	-4%
Underlying sales growth	1%	-6%		-3%	-3%	
EBIT	51	40	26%	196	187	5%
EBIT margin	10%	8%		10%	10%	

# MEKONOMEN NORWAY – FOURTH QUARTER 2017

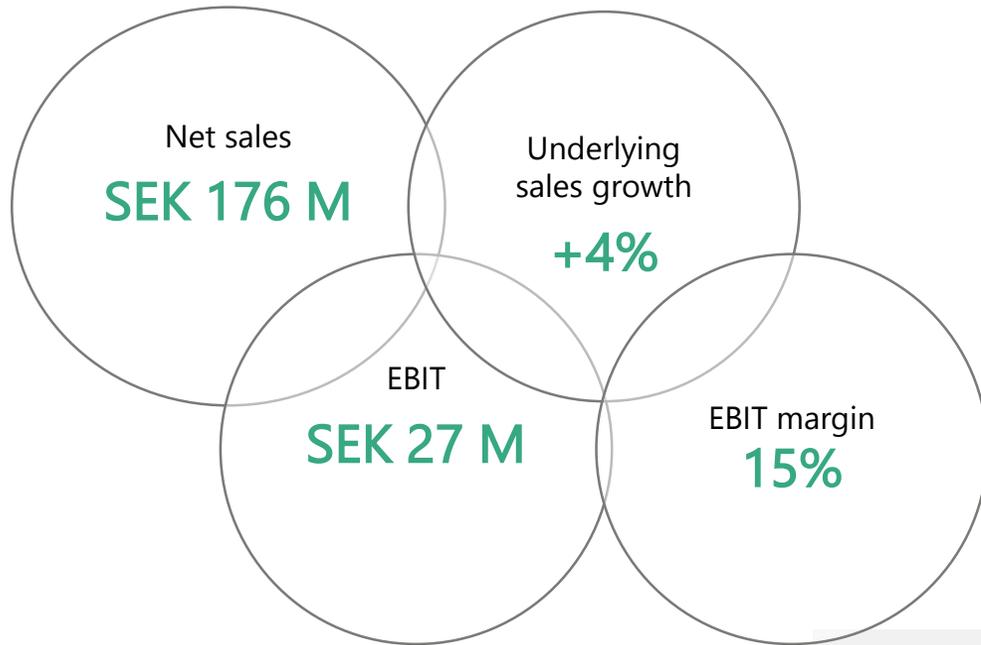


Increased underlying sales growth primarily driven by sales to larger customers and successful consumer campaigns, which however negatively impacted the gross margin

Measures taken to reduce costs

SEK M	Q4 2017	Q4 2016	change	2017 12M	2016 12M	change
Net sales	211	210	0%	867	836	4%
Underlying sales growth	8%	0%		3%	5%	
EBIT	28	28	0%	117	132	-12%
EBIT margin	13%	13%		13%	15%	

# SØRENSEN OG BALCHEN – FOURTH QUARTER 2017



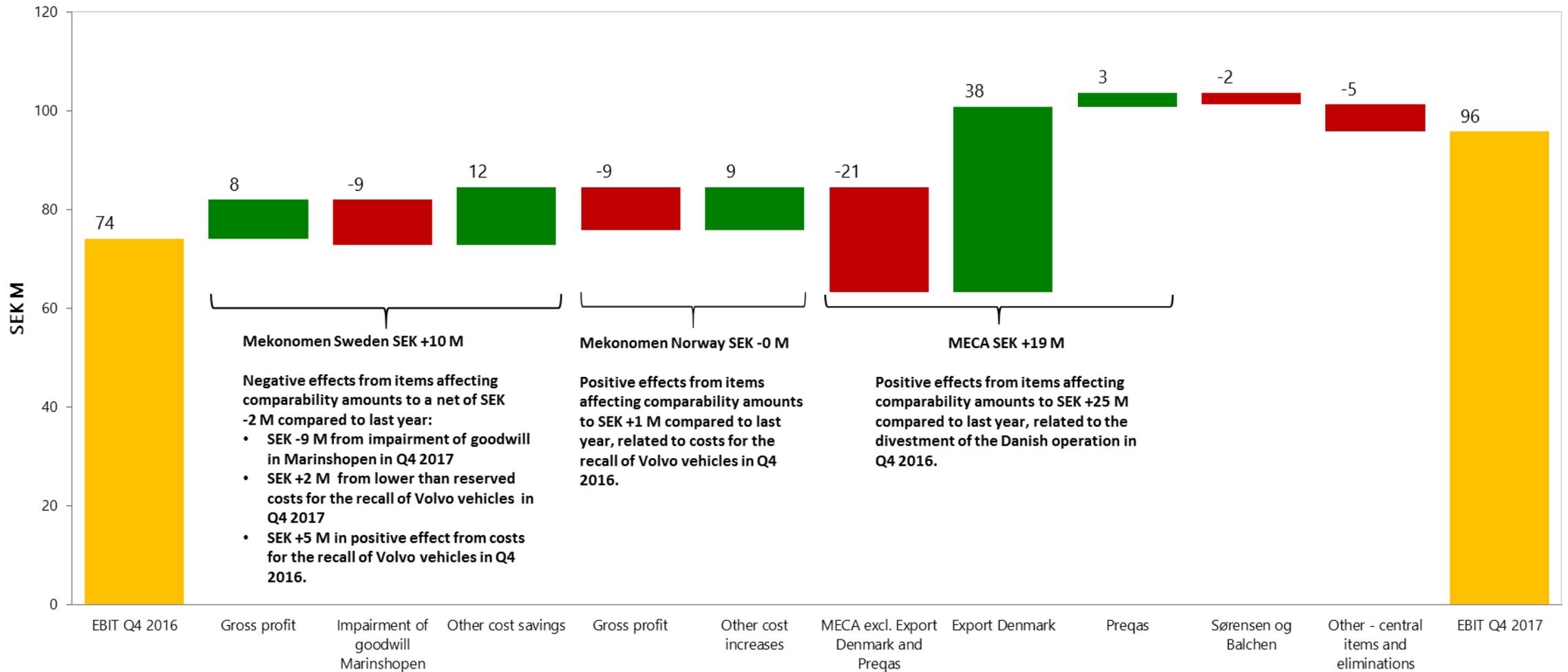
Sales negatively affected by slow consumer market, weaker NOK and increased price competition

Stable EBIT

Effective cost control

SEK M	Q4 2017	Q4 2016	change	2017 12M	2016 12M	change
Net sales	176	182	-3%	778	725	7%
Underlying sales growth	4%	4%		7%	1%	
EBIT	27	29	-8%	120	117	3%
EBIT margin	15%	16%		15%	16%	

# DEVELOPMENT – EBIT Q4 2017 vs Q4 2016



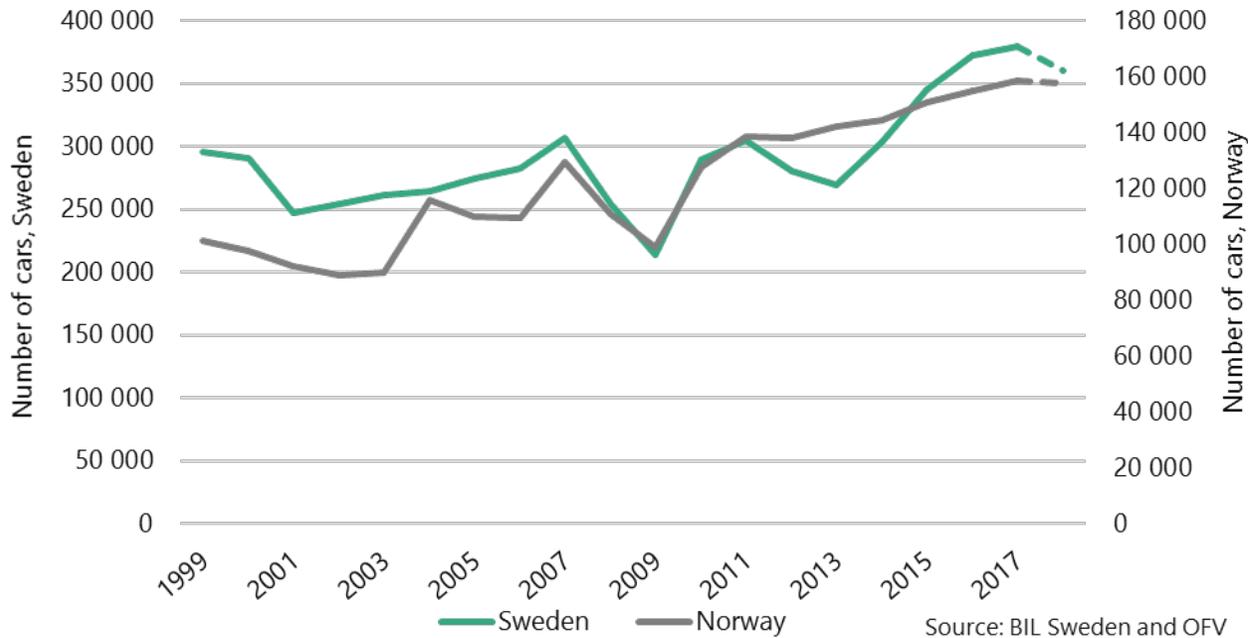
# MARKET & GROWTH



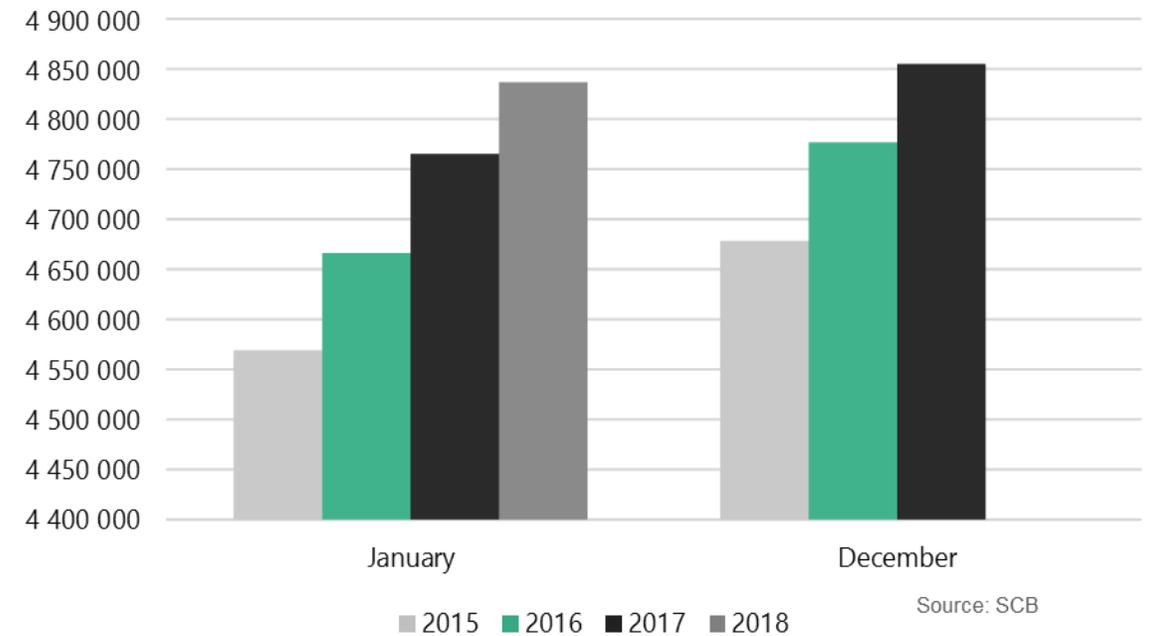
# MARKET TRENDS

- Provided that scrapping or export of cars do not increase from the current level we see potential for an increasing overall market

Number of newly registered passenger cars per year (2018 = estimates)



Car fleet - number of registered passenger cars, Sweden

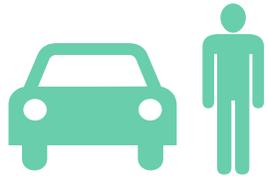


# SALES GROWTH BY CUSTOMER GROUP IN THE FOURTH QUARTER 2017



## Affiliated workshops

Growth, nominal: +7%  
Growth, local currency: +5%



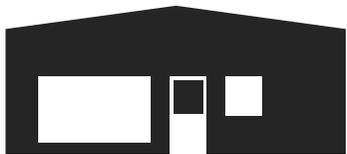
## Consumers

Growth, nominal: +1%  
Growth, local currency: +3%



## Other B2B customers

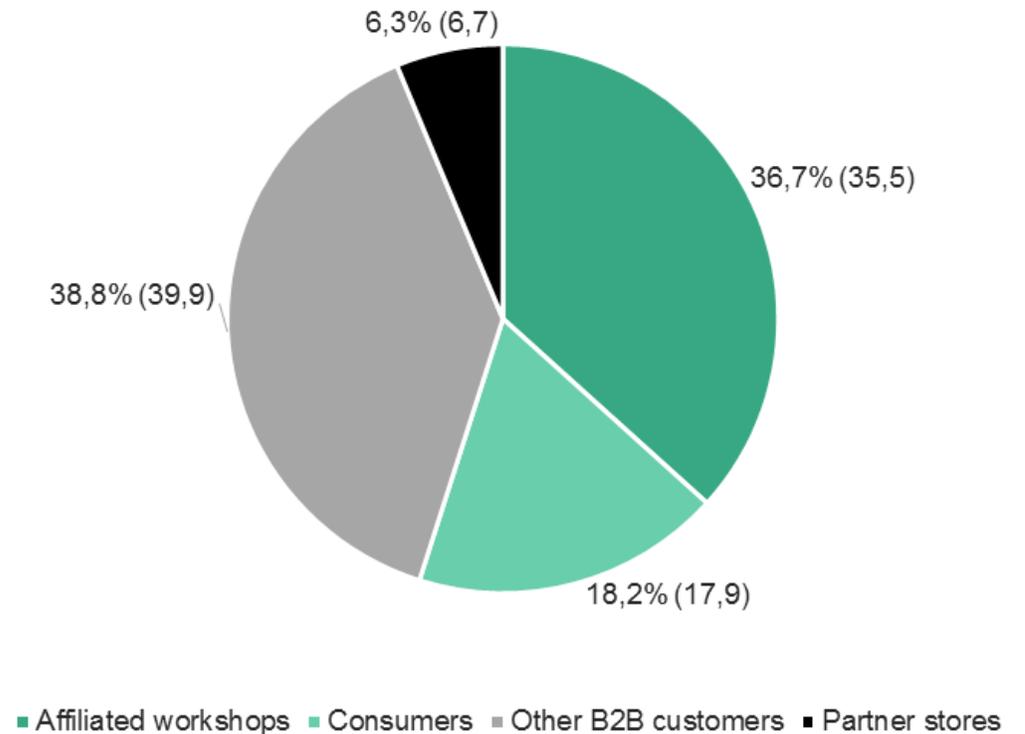
Growth, nominal: -5%  
Growth, local currency: -1%



## Partner stores

Growth, nominal: -7%  
Growth, local currency: -4%

Sales distribution, customer groups Q4 2017

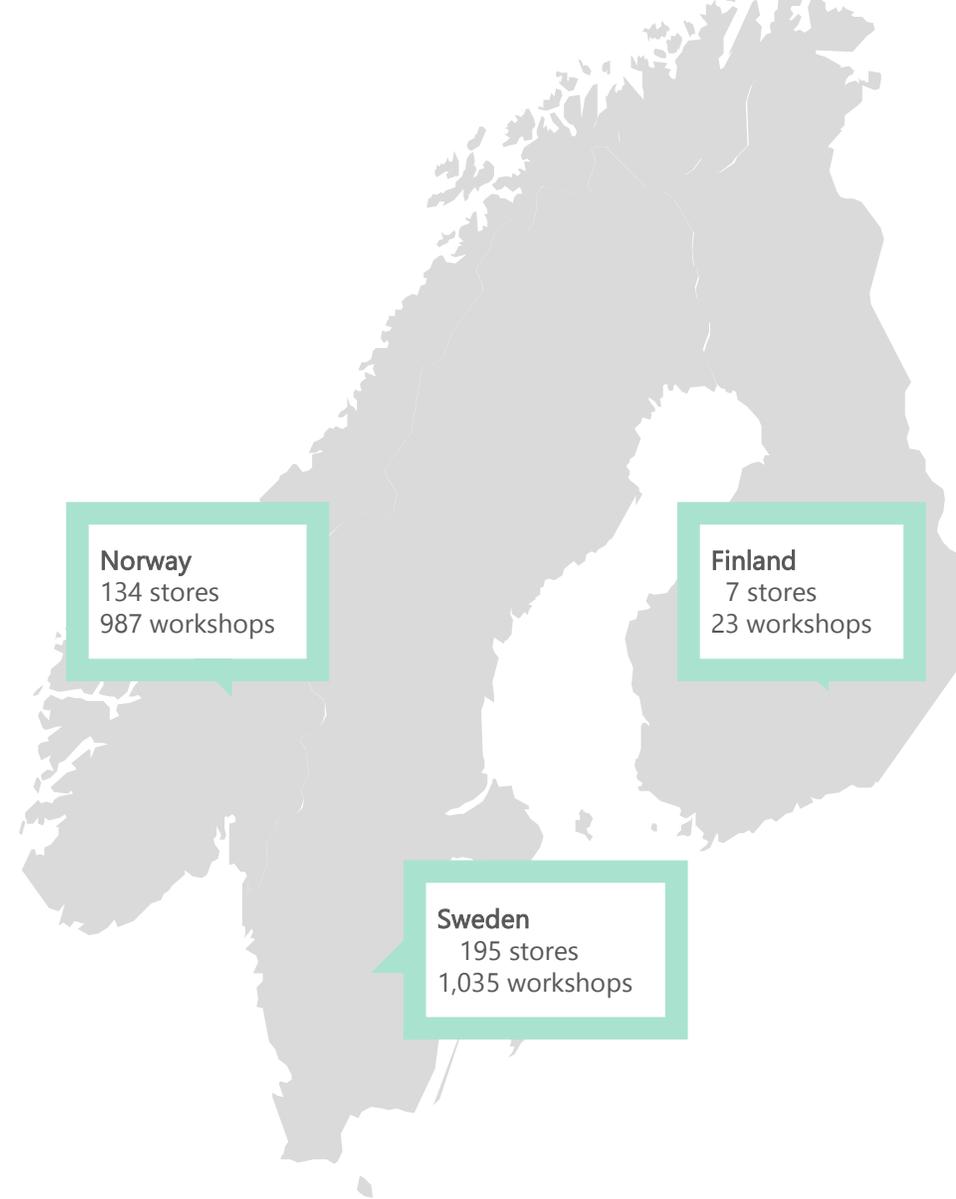
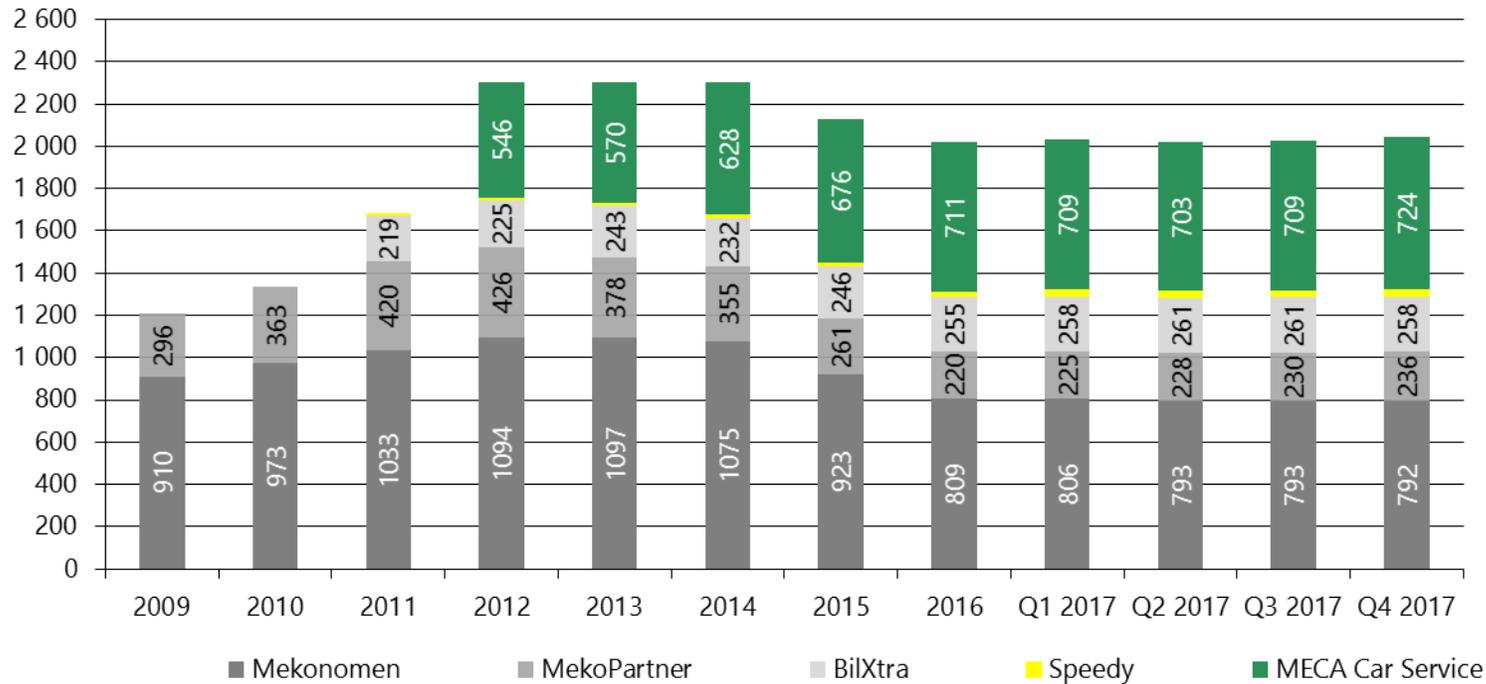


# STORES AND AFFILIATED WORKSHOPS

Number of stores Q4 17: **336 (342)**

Number of workshops Q4 17: **2,045 (2,021)**

Number of affiliated workshops

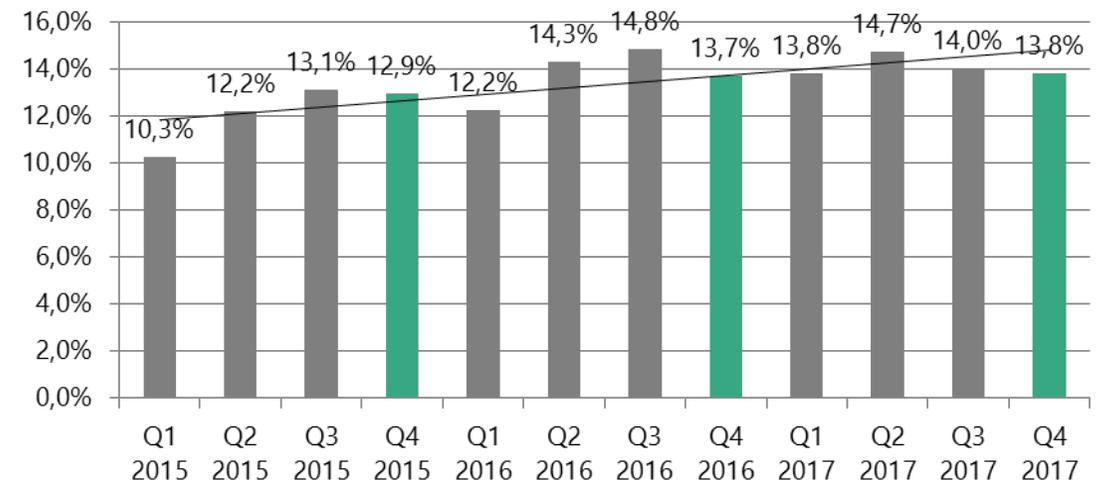




# PROMEISTER

- ProMeister's proportion of our total spare part sales has developed well

ProMeister's sales share of our total spare part sales





## STREAMLINING OF OUR CENTRAL WAREHOUSE STRUCTURE

- Proceeding according to plan, where cost savings of SEK 50 M will have a full effect on EBIT from 2020
- In November, a new storage system (WMS) was installed. This will enable us to get a smooth implementation of the automated solution when it is deployed
- System automation tests are scheduled for Q2 2018



## NEW MANAGEMENT STRUCTURE

- New Group management structure to better reflect the company's business from 1 January 2018
- Focus on profitable growth in all parts of the Group
- The management now consists of CEO, CFO, the managing directors of the larger sales companies and persons responsible for HR, Purchasing & Supply, Communications & Marketing, Legal & Sustainability and Venture



## MECHANIC OF THE YEAR

- Bilal Mouhib received the award *Mechanic of the Year 2017* at the annual Mekanomen Group Award in the end of 2017.
- The nomination: "*Bilal has both a high level of technical expertise and a high end customer focus. With persistence, hard work and dedication he has developed in a very impressive way and is a great asset to the company. The biggest challenge for our industry is the lack of mechanics. We are pleased that we attract talented people like Bilal, and his close to 10,000 colleagues, to the Group's workshops*"
- Bilal is from Italy and came to Sweden two years ago. He has in a short amount of time learned the Swedish language and acclimatized to the work as a mechanic at Speedy Bilservice in Huddinge, (a suburb of Stockholm).



## STRONG BRANDS

- Mekanomen was named Sweden's strongest brand in the "Car accessories and workshops" category for the fourth consecutive year. The award is based on a customer survey carried out by Evimetrix.
- Speedy Bilservice in Vällingby, outside Stockholm, was appointed "Star Workshop of the Year" for the second year in a row at Lasingoo.se
- Speedy Car Service is also the most popular workshop chain at Reco.se with an average rating of 4.6 out of 5 from the customers.
- Among workshop chains in Norway, MECA's affiliated workshops are the most satisfied ones when it comes to marketing activities in their own chain. MECA was rated with 8.1 out of 10 possible, in the annual survey conducted by the industry newspaper Motorbransjen.

**M** Search for keyword, product ID or category...

SE AUDI 100, 91-94 (103 kW)

ABS och ESP AC\_ACC-utrustning Avgassystem Batteri och elsystem Batteri och laddning

Göm filter < Clear ↻

< Broms

**Broms**

Bromsskiva  
Monteringssats

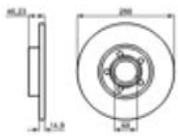
**Filter**

Placering ▾  
Quality ▾

**Bromsskiva**

Bäst

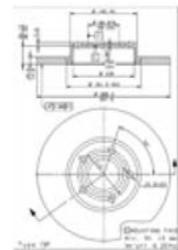
**Bromsskiva Bosch fram**  
Art. Nr 69-0986478545



<b>Antal bulthål</b>	5
<b>Bromsskivetyyp</b>	Solid
<b>Diameter</b>	288 mm
<b>Fabrikat</b>	Bosch
<b>Höjd</b>	46.2 mm

Bäst

**Bromsskiva Bosch fram**  
Art. Nr [02-08.5747.14](#)



<b>Antal bulthål</b>	5
<b>Bromsskivetyyp</b>	Solid
<b>Diameter</b>	288 mm
<b>Fabrikat</b>	Bosch
<b>Höjd</b>	46.2 mm

# UPGRADED DIGITAL SPARE PART CATALOGUE

- Ongoing test period in Mekonomen Norway from the end of 2017
- Test initiated in Mekonomen Sweden in early 2018

# STRATEGIC FOCUS AREAS 2017



## Mekonomen Sweden

- Entrepreneurial sales organisation



## Cost control

- Completed cost-reduction and efficiency program with full effect of SEK 45 M annually from the third quarter 2017



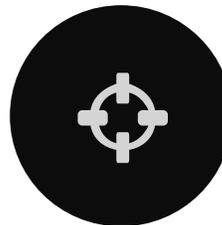
## Continued quality assurance

- Workshops and concepts



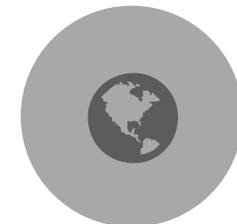
## Continued focus on ProMeister and ProMeister Academy

- Products and training



## Strategic projects

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



## Growth and innovation

- Combined with maintained and developed entrepreneurship

A grayscale photograph of a woman with long blonde hair in a ponytail, wearing a dark t-shirt and jeans. She is standing in profile, facing right, and holding a small notebook or document. Behind her is a white car with its hood open, parked on a gravel surface. The background is a blurred field.

# Appendix

# Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Oct-Dec	Oct-Dec	Change, %	Jan-Dec	Jan-Dec	Change, %
	2017	2016		2017	2016	
Revenue	1 507	1 508	0	6 000	5 937	1
Operating profit before amortisation and impairment of intangible assets (EBITA)	134	103	30	649	594	9
EBIT	96	74	29	522	481	9
Profit after financial items	87	72	20	475	446	6
Profit after tax	75	66	14	368	342	8
Earnings per share, SEK	2,07	1,83	13	10,05	9,32	8
EBITA margin, %	9	7		11	10	
EBIT margin, %	6	5		9	8	

# Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
<b>Operating activities</b>				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	142	143	675	642
Tax paid	117	1	-66	-153
<b>Cash flow from operating activities before changes in working capital</b>	<b>259</b>	<b>144</b>	<b>609</b>	<b>489</b>
Cash flow from changes in working capital:				
Changes in inventories	-51	-30	-127	-40
Changes in receivables	43	103	-74	33
Changes in liabilities	-5	-9	88	61
<i>Increase (-)/Decrease (+) working capital</i>	-14	64	-113	54
<b>Cash flow from operating activities</b>	<b>246</b>	<b>208</b>	<b>496</b>	<b>544</b>
<b>Cash flow from investing activities</b>	<b>-61</b>	<b>-23</b>	<b>-229</b>	<b>-94</b>
<b>Cash flow from financing activities</b>	<b>-120</b>	<b>-76</b>	<b>-295</b>	<b>-466</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>65</b>	<b>108</b>	<b>-27</b>	<b>-16</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>194</b>	<b>182</b>	<b>291</b>	<b>295</b>
Exchange-rate difference in cash and cash equivalents	-4	0	-9	12
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>254</b>	<b>291</b>	<b>254</b>	<b>291</b>

# Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	31 december 2017	31 december 2016	31 december 2015
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	2 686	2 757	2 734
Tangible fixed assets	254	181	182
Financial fixed assets	62	46	51
Deferred tax assets	93	77	55
Goods for resale	1 382	1 279	1 226
Current receivables	823	821	818
Cash and cash equivalents	254	291	295
<b>TOTAL ASSETS</b>	<b>5 554</b>	<b>5 452</b>	<b>5 361</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	2 379	2 324	2 155
Long-term liabilities, interest-bearing	1 453	1 338	1 469
Deferred tax liabilities	168	163	169
Long-term liabilities, non-interest-bearing	18	24	8
Current liabilities, interest-bearing	255	404	461
Current liabilities, non-interest-bearing	1 280	1 199	1 099
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>5 554</b>	<b>5 452</b>	<b>5 361</b>

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

# Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	1 487	1 488	5 850	5 788
Other operating revenue	41	42	150	151
<b>Total revenue</b>	<b>1 507</b>	<b>1 508</b>	<b>6 000</b>	<b>5 937</b>
Goods for resale	-858	-703	-2 654	-2 688
Other external costs	-339	-323	-1 249	-1 229
Personnel expenses	-381	-381	-1 388	-1 388
<b>Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>150</b>	<b>121</b>	<b>710</b>	<b>656</b>
Depreciation and impairment of tangible fixed assets	-15	-18	-60	-62
<b>EBIT before amortisation and impairment of intangible fixed assets (EBITA)</b>	<b>134</b>	<b>103</b>	<b>649</b>	<b>594</b>
Amortisation and impairment of intangible fixed assets	-39	-29	-127	-113
<b>EBIT</b>	<b>96</b>	<b>74</b>	<b>522</b>	<b>481</b>
Interest income	1	1	4	5
Interest expenses	-7	-7	-29	-28
Other financial items	-3	3	-23	-12
<b>Profit after financial items</b>	<b>87</b>	<b>72</b>	<b>475</b>	<b>446</b>
Tax	-12	-8	-107	-105
<b>PROFIT FOR THE PERIOD</b>	<b>75</b>	<b>66</b>	<b>368</b>	<b>342</b>
<b>Profit for the period attributable to:</b>				
Parent Company's shareholders	74	68	381	335
Non-controlling interests	1	0	7	7
<b>PROFIT FOR THE PERIOD</b>	<b>75</b>	<b>66</b>	<b>368</b>	<b>342</b>
Earnings per share before and after dilution, SEK	2,07	1,83	10,05	9,32

# Largest owners 2017-12-31

	Voting rights and share capitals, %
LKQ Corporation	26,5
Fjärde AP Fonden	8,0
Eva Fraim Pålman	5,6
Swedbank Robur Fonder	4,6
Didner & Gerge Fonder	4,4
Burgundy Asset Management	4,4
Svolder	2,9
Ing-Marie Fraim Sefastsson	2,8
Catella Fonder	2,3
Kempen Capital Management	1,8
Total 10 largest shareholders	63,2
Others	36,8
Total	100,0