

Mekonomen Group

Interim report January - September 2017

7 November 2017

Stable sales but weak result

1 July - 30 September 2017

- Revenue declined 1 per cent to SEK 1,414 M (1,432). Adjusted for currency effects and calculated on the comparable number of workdays, revenue remained unchanged. Sales in comparable units declined 1 per cent, in local currency.
- EBITA improved to SEK 157 M (154) and the EBITA margin was 11 per cent (11).
- EBIT increased to SEK 127 M (125) and the EBIT margin was 9 per cent (9). EBIT was positively impacted by items affecting comparability of SEK 7 M (neg: 18).
- The gross margin was 54.4 per cent (54.5).
- Earnings per share, before and after dilution, increased to SEK 2.43 (2.20).
- Cash flow from operating activities rose to SEK 79 M (78).
- Net debt was SEK 1,625 M (1,620) at the end of the period, compared with SEK 1,437 M at year-end.

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jul-Sep 2017	Jul-Sep 2016	Chg, %	Jan-Sep 2017	Jan-Sep 2016	Chg, %	12 months Oct-Sep	Full-year 2016
Revenue ¹⁾	1 414	1 432	-1	4 492	4 429	1	6 001	5 937
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	157	154	2	515	491	5	618	594
EBIT	127	125	2	427	407	5	501	481
Profit after financial items	119	112	6	388	374	4	460	446
Profit after tax	89	82	9	293	276	6	359	342
Earnings per share, SEK	2,43	2,20	10	7,98	7,50	6	9,81	9,32
EBITA margin, %	11	11		11	11		10	10
EBIT margin, %	9	9		9	9		8	8

¹⁾ Revenue for the nine-month period of 2017 has been restated for adjusted sales of SEK 24 M from external sales to internal sales in the second quarter of 2017. No impact on EBIT. For further information, refer to the income statement on page 12 and the press release on 23 August 2017.

CEO's comments

Stable sales but weak result

Mekonomen Group's sales declined 1 per cent in the third quarter compared with the year-on-year period. Adjusted for number of workdays and currency effects the sales remained unchanged. EBIT amounted to SEK 127 M (125), positively impacted by items affecting comparability of SEK 7 M (neg: 18).

MECA, Mekonomen Norway and Sørensen og Balchen reported quarterly sales on a level with the third quarter last year, which is in line with the market trend. Sales in Mekonomen Sweden was weak compared with the third quarter of 2016. However, we see that our initiatives have stabilised the development in Mekonomen Sweden and that we have all conditions in place to gradually resume our previous levels of sales and profitability.

Sales to affiliated workshops rose 2 per cent in the third quarter, and sales of spare parts under our proprietary brand ProMeister performed well.

The ongoing transition to digital radio networks in Norway contributed positively to the sales of DAB products in our Norwegian operations, but with lower sales than expected and with negative impact on gross margin.

Earnings trend in the quarter

Adjusted for items affecting comparability, the Group's EBIT was deteriorating compared with the year-on-year period. Except one workday less, the main factors are remained declining sales in Mekonomen Sweden, increased proportion of accessory sales in our Norwegian operations with negative effect on gross margin and higher personnel costs, substantially in Mekonomen Norway. Initiatives have commenced to improve earnings in Mekonomen Norway.

The measures in the previous cost-reduction and efficiency programs have now been completed and had full effect on the Group's profitability during the quarter. We are still not satisfied with the result.

Strategical projects

The central warehouse project in Strängnäs is proceeding as planned, and as previously announced, cost savings of SEK 50 M will have a full effect on EBIT from 2020. The shell of the new building has been completed and installation of the automation solution has started. The work on our new digital spare part catalogue has now reached the final phase and we are planning a first launch by the end of 2017.

We are very proud of our upper-secondary school program ProMeister Fordon which commenced this autumn in Stockholm and Lund with about thirty students. This is one of our long-term initiatives to reduce the shortage of automotive mechanics in the market with relevant and updated expertise.

Market outlook

During the quarter, we experienced a soft consumer market for car services in some regions, while other regions still had lack of capacity in the workshops due to the market shortfall of automotive mechanics.

Due to strong sales of new cars and the growing car fleet in our main markets Sweden and Norway in recent years, we see potential for a growing overall market in the future, provided that car scrapping does not exceed current levels. However, we do not expect any change in this market for the rest of the year, since the growing car fleet will not reach the aftermarket until the cars are older.

Focus ahead

Our focus ahead is on driving sales growth in all of our Group companies and the ambition is to grow faster than recent years. The growth will come from strengthening and further customise offerings to our different customer groups and also from possible acquisitions.

At the same time we are striving to be at the forefront of market trends and to secure our business for the future. As part of this objective, in October we acquired 20 per cent of the shares in Swedspot, a leading company in connected cars and digitalisation.

We consider it strategically important to continue our integration forward in the value chain by, for example, increasing the number of proprietary workshops. As the leading independent player in the aftermarket we thereby obtain major opportunities to make car life even easier for our customers and creating long-term shareholder value.

Pehr Oscarson
President and CEO

MEKONOMEN GROUP IN BRIEF

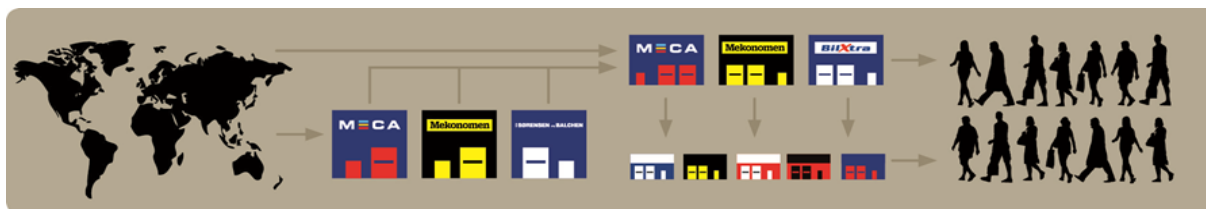
Mekonomen Group makes car life easier and more affordable for our customers. We offer a broad and simpler accessible range of affordable and innovative solutions and products for consumers and companies. We consist of the leading car service chains in the Nordic region with a proprietary wholesale operations, about 340 stores and more than 2,000 affiliated workshops operating under the Group's brands.

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

Approximately 160 suppliers account for 75 per cent of the supply of goods. Mekonomen Group's three brands MECA, Mekonomen and BilXtra are responsible for their own wholesale operations. 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	2017	2016	Chg. %	2017	2016	Chg. %	Oct-Sep	2016
Net sales, external, per segment								
MECA	481	477	1	1 575	1 511	4	2 103	2 039
Mekonomen Sweden	439	456	-4	1 348	1 421	-5	1 818	1 891
Mekonomen Norway	210	209	1	656	626	5	866	836
Sørensen og Balchen	178	179	-1	603	543	11	784	725
Other segments	64	71	-9	202	219	-8	278	295
Total net sales, Group	1 372	1 392	-1	4 383	4 320	1	5 849	5 786
Other operating revenue	42	40	4	109	109	0	151	151
GROUP REVENUE	1 414	1 432	-1	4 492	4 429	1	6 001	5 937

GROWTH PER CENT	MECA		Mekonomen Sweden		Mekonomen Norway		Sørensen og Balchen		Group	
2017	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep
Underlying increase	2,3	3,0	-2,2	-4,7	2,4	1,4	0,9	7,4	0,3	0,3
Currency effects	-0,1	1,8	0,0	0,0	-0,1	3,9	-0,1	4,1	-0,1	1,7
Effect, workdays	-1,4	-0,6	-1,5	-0,5	-1,6	-0,6	-1,5	-0,6	-1,5	-0,5
Nominal increase	0,8	4,2	-3,7	-5,2	0,8	4,8	-0,7	10,9	-1,2	1,4

SALES IN COMPARABLE UNITS	Group	
– growth compared with the same period previous year, local currency		
PER CENT	Third quarter 2017	Jan-Sep 2017
Sales growth in comparable units	-0,9	1,1

1 July - 30 September 2017

Revenue declined 1 per cent to SEK 1,414 M (1,432). Adjusted for negative currency effects of SEK 1 M, revenue declined 1 per cent. During the quarter, the number of workdays was one day less in Sweden, Finland and Norway compared with the year-earlier period. Calculated on comparable workdays and adjusted for currency effects, revenue remained substantially unchanged. Sales in comparable units declined 1 per cent.

1 January - 30 September 2017

Revenue increased 1 per cent to SEK 4,492 M (4,429). Adjusted for positive currency effects of SEK 74 M, revenue remained unchanged. In the nine-month period, the number of workdays was one day less in Sweden, Norway and Finland compared with the year-earlier period. Calculated on comparable workdays and adjusted for currency effects, revenue remained substantially unchanged. Sales in comparable units rose 1 per cent.

GROUP PERFORMANCE

1 July - 30 September 2017

Operating profit before amortisation and impairment of intangible fixed assets, EBITA

EBITA improved to SEK 157 M (154) and the EBITA margin was 11 per cent (11). EBITA was positively impacted by items affecting comparability of SEK 7 M (neg: 18), of which SEK 3 M pertained to lower than reserved personnel-related costs for persons who have been part of Group Management, mainly the former CEO, and SEK 3 M lower than reserved costs for the recall of Volvo vehicles in which defective driving belts had been installed. In the comparative period – the third quarter of 2016 – MECA's export business to Denmark had a negative impact of SEK 6 M on EBITA. During the quarter, currency effects in the balance sheet had a positive impact of SEK 6 M (pos: 2) on EBITA.

Operating profit, EBIT

EBIT rose to SEK 127 M (125) and the EBIT margin was 9 per cent (9). EBIT was positively impacted by items affecting comparability of SEK 7 M (neg: 18), of which SEK 3 M pertained to lower than reserved personnel-related costs for persons who have been part of Group Management, mainly the former CEO, and SEK 3 M lower than reserved costs for the recall of Volvo vehicles in which defective driving belts had been installed. In the comparative period – the third quarter of 2016 – MECA's export business to Denmark had a negative impact of SEK 6 M on EBIT. During the quarter, currency effects in the balance sheet had a positive impact of SEK 6 M (pos: 2) on EBIT.

Other earnings

Profit after financial items increased to SEK 119 M (112). Net interest expense was SEK 7 M (expense: 6) and other financial items amounted to an expense of SEK 1 M (expense: 7). Profit after tax increased to SEK 89 M (82). In Norway, corporate tax was reduced from 25 to 24 per cent as of 2017, which had a positive impact of SEK 1 M on tax expense. Earnings per share, before and after dilution, increased to SEK 2.43 (2.20).

1 January - 30 September 2017

Operating profit before amortisation and impairment of intangible fixed assets, EBITA

EBITA improved to SEK 515 M (491) and the EBITA margin was 11 per cent (11). EBITA was positively impacted by items affecting comparability of SEK 7 M (neg: 27). In the comparative period – the first nine months of 2016 – MECA's export business to Denmark had a negative impact of SEK 15 M on EBITA. Currency effects in the balance sheet had a positive impact of SEK 4 M (0) on EBITA.

Operating profit, EBIT

EBIT rose to SEK 427 M (407) and the EBIT margin was 9 per cent (9). EBIT was positively impacted by items affecting comparability of SEK 7 M (neg: 27). In the comparative period – the first nine months of 2016 – MECA's export business to Denmark had a negative impact of SEK 15 M on EBIT. Currency effects in the balance sheet had a positive impact of SEK 4 M (0) on EBIT.

Other earnings

Profit after financial items increased to SEK 388 M (374). Net interest expense was SEK 19 M (expense: 18) and other financial items amounted to an expense of SEK 20 M (expense: 15). Other financial items were adversely impacted by comparability effects of SEK 4 M (neg: 1). Profit after tax increased to SEK 293 M (276). In Norway, corporate tax was reduced from 25 to 24 per cent as of 2017, which had a positive impact of SEK 3 M on tax expense. Earnings per share, before and after dilution, increased to SEK 7.98 (7.50).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities increased to SEK 79 M (78) for the third quarter and was SEK 250 M (336) for the nine-month period. Tax paid amounted to SEK 29 M (35) for the third quarter and to SEK 183 M (154) for the nine-month period. Cash and cash equivalents amounted to SEK 194 M (182), compared with SEK 291 M at year-end. The equity/assets ratio was 42 per cent (42). Long-term interest-bearing liabilities amounted to SEK 1,459 M (1,373) compared with SEK 1,338 M at year-end. Current interest-bearing liabilities amounted to SEK 371 M (445) compared with SEK 404 M at year-end. The borrowing capacity has been expanded by SEK 258 M since year-end.

Net debt amounted to SEK 1,625 M (1,620) compared with SEK 1,437 M at year-end, representing an increase of SEK 188 M since year-end. The increase in net debt is mainly attributable to a dividend of SEK 259 M, comprising a dividend of SEK 251 M paid to Parent Company shareholders in the second quarter, and an effect of repayments, investments and acquisitions, and a positive operating cash flow. Loan repayments totalled SEK 66 M during the quarter and SEK 134 M during the nine-month period. Loans were renegotiated in the second quarter including a loan of SEK 600 M with a 4.4-year maturity and a loan of SEK 1,050 M with a 5-year maturity.

INVESTMENTS

Investments in fixed assets amounted to SEK 79 M (20) in the third quarter, and to SEK 134 M (68) in the nine-month period. Depreciation and impairment of tangible fixed assets amounted to SEK 15 M (15) for the third quarter and to SEK 45 M (44) for the nine-month period. Investment in the ongoing establishment of the central warehouse in Strängnäs totalled SEK 65 M (1) in the third quarter, and SEK 71 M (1) in the nine-month period.

Company and business combinations amounted to SEK 14 M (1) in the third quarter, and SEK 57 M (28) in the nine-month period, of which SEK 1 M (2) pertained to estimated supplementary purchase consideration for the third quarter and SEK 13 M (14) for the nine-month period. In addition, supplementary purchase considerations of SEK 0 M (0) were paid in the quarter, and of SEK 3 M (0) in the nine-month period. Acquired assets totalled SEK 13 M (3) and assumed liabilities SEK 2 M (0) for the nine-month period. In addition to goodwill, which amounted to SEK 20 M (5), intangible surplus values of SEK 26 M (19) were identified pertaining to customer relations. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 1 M (0). Acquired non-controlling interests amounted to SEK 2 M (10) for the third quarter, and to SEK 8 M (13) for the nine-month period. Divested non-controlling interests amounted to SEK 0 M (0) in both the third quarter and the nine-month period. Divested businesses amounted to SEK 10 M (0) in both the third quarter and the nine-month period. The divestment was mainly related to Preqas' share of development and production of own items.

ACQUISITIONS AND START-UPS

Third quarter

Mekonomen Sweden acquired minority shares in one store, and via a new issue of shares by Mekonomen's operation in Iceland, minority shares in a store were acquired through dilution, all for a minor amount. Mekonomen Sweden acquired a store in Kungshamn, Sweden. Meko Service Nordic acquired four workshops in Sweden, in Älmhult, Växjö, Ljungby and Västerås. Sørensen og Balchen started up a store in Råholt, Norway.

Earlier in the year

Mekonomen Sweden acquired minority shares in three stores, Mekonomen Norway acquired minority shares in both a store and a workshop, and Sørensen og Balchen acquired minority shares in a workshop, all for a minor amount. Mekonomen Sweden started up a store in Karlstad, Sweden. Mekonomen Norway acquired two partner stores in Mosjön and Mo i Rana, respectively, and one workshop in Halden, Norway. MECA acquired three stores in Sweden, in Västervik, Visby and Trelleborg. MECA also acquired operations for heavy workshop equipment in eastern Norway. Meko Service Nordic acquired two workshops in Malmö, Sweden. Sørensen og Balchen started up a store in Bø, Norway.

The impact of these acquisitions on consolidated sales and earnings was only marginal.

Number of stores and workshops

At the end of the period, the total number of stores in the chains was 345 (341), of which 266 (260) were proprietary stores. The number of affiliated workshops totalled 2,026 (2,123). See the distribution in the table on page 17.

EMPLOYEES

At the end of the period, the number of employees was 2,155 (2,229) and the average number of employees during the period was 2,156 (2,223). See the distribution in the table on page 18.

PERFORMANCE BY SEGMENT

MECA SEGMENT

MECA SEK M	Jul-Sep 2017	Jul-Sep 2016	Chg, %	Jan-Sep 2017	Jan-Sep 2016	Chg, %	12 months Oct-Sep	Full-year 2016
Net sales, external	481	477	1	1 575	1 511	4	2 103	2 039
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	55	53	3	222	201	10	238	217
EBIT	51	50	2	211	192	9	223	205
EBITA margin, %	11	11		14	13		11	10
EBIT margin, %	10	10		13	13		10	10
Number of of stores/of which proprietary				86 / 76	85 / 75			85 / 75
Number of Mekonomen Service Centres				-	87			-
Number of MekoPartner				-	30			-
Number of MECA Car Service				708	695			711

The MECA segment mainly includes wholesale and store operations in Sweden and Norway, and fleet operations in Sweden. MECA also includes the business areas of heavy vehicles, ProMeister Solutions and Preqas (name changed from Opus Equipment on 1 July 2017), which operate for the entire Mekonomen Group.

In MECA, sales were driven by favourable sales to the MECA Car Service workshops, higher sales of DAB products in the Norwegian market and positive sales growth in Preqas. The improved gross margin during the first six-month period continued in the third quarter. Despite positive sales growth, earnings in Preqas declined, which had a negative impact on MECA's EBIT compared with the third quarter of 2016.

In the comparative periods – the third quarter and nine-month period of 2016 – MECA's export business to Denmark had a negative impact of SEK 6 M and SEK 15 M, respectively, on EBIT.

The currency effect of net sales against the NOK remained substantially unchanged during the quarter, with a positive impact of SEK 27 M for the nine-month period. The number of workdays was one day less in Sweden and Norway compared with the third quarter of 2016, and one day less in Sweden and Norway for the nine-month period. Underlying net sales rose 2 per cent in the third quarter, and 3 per cent in the nine-month period. MECA's EBIT improved to SEK 51 M (50) for the third quarter, and the EBIT margin was 10 per cent (10).

MEKONOMEN SWEDEN SEGMENT

MEKONOMEN SWEDEN ¹⁾ SEK M	Jul-Sep 2017	Jul-Sep 2016	Chg, %	Jan-Sep 2017 ²⁾	Jan-Sep 2016	Chg, %	12 months Oct-Sep	Full-year 2016
Net sales, external	439	456	-4	1 348	1 421	-5	1 818	1 891
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	57	56	1	148	149	-1	189	190
EBIT	56	55	1	145	147	-1	185	187
EBITA margin, %	12	12		11	10		10	10
EBIT margin, %	12	12		10	10		10	10
Number of of stores/of which proprietary				134 / 114	132 / 112			132 / 112
Number of Mekonomen Service Centres				415	435			427
Number of MekoPartner				138	121			127

¹⁾ As of 1 January 2017, Marinshopen has been included in the Mekonomen Sweden segment instead of "Other segments", the comparative figures have not been restated. Marinshopen's net sales amounted to SEK 10 M for the third quarter of 2016, and to SEK 25 M for the nine-month period of 2016. EBIT totalled SEK 1 M in the third quarter of 2016 and SEK 0 M in the nine-month period of 2016. For full-year 2016, net sales amounted to SEK 29 M and EBIT to SEK -1 M.

²⁾ External net sales and earnings for the nine-month period of 2017 have been restated for adjustment of the second quarter of 2017, pertaining to SEK 24 M in reduced external net sales and SEK 6 M in reallocation of EBIT from Mekonomen Sweden to Mekonomen Norway. For further information, refer to the press release on 23 August 2017.

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

Despite the continued stabilisation of Mekonomen Sweden's performance during the quarter, there was no visible

effect on sales and earnings. Sales were adversely impacted by weak sales to other B2B customers and a soft consumer market for car service. The previous completed cost-reduction and efficiency program had full effect on profitability in the quarter and the EBIT level is mainly correlated to the lower sales.

Items affecting comparability had a positive impact of SEK 3 M (neg: 5) on EBIT during the third quarter, and SEK 3 M (neg: 14) during the nine-month period. Items affecting comparability during the quarter pertained to lower than reserved costs of SEK 3 M for the recall of Volvo vehicles in which defective driving belts had been installed.

The number of workdays was one day less in Sweden compared with the third quarter of 2016, and one day less for the nine-month period. Underlying net sales declined 2 per cent in the third quarter, and 5 per cent in the nine-month period. EBIT improved to SEK 56 M (55) for the third quarter, and the EBIT margin was 12 per cent (12).

MEKONOMEN NORWAY SEGMENT

MEKONOMEN NORWAY SEK M	Jul-Sep 2017	Jul-Sep 2016	Chg. %	Jan-Sep 2017 ¹⁾	Jan-Sep 2016	Chg. %	12 months Oct-Sep	Full-year 2016
Net sales, external	210	209	1	656	626	5	866	836
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	23	35	-36	89	105	-15	117	132
EBIT	23	35	-36	89	105	-15	117	132
EBITA margin, %	10	16		13	16		13	15
EBIT margin, %	10	16		13	16		13	15
Number of stores/of which proprietary				45 / 34	45 / 32			45 / 32
Number of Mekonomen Service Centres				332	341			339
Number of MekoPartner				92	95			93

¹⁾ Earnings for the nine-month period of 2017 have been restated for the reallocation of EBIT of SEK 6 M from Mekonomen Sweden to Mekonomen Norway when adjusting the second quarter of 2017. For further information, refer to the press release on 23 August 2017.

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

Sales remained stable for Mekonomen Norway during the third quarter, while a higher proportion of sales to large customers and increased sales of DAB products continued to have a negative impact on the gross margin. EBIT was adversely impacted by increased personnel costs during the quarter. Initiatives to improve earnings have commenced.

The currency effect of net sales against the NOK remained substantially unchanged during the third quarter, with a positive impact of SEK 25 M in the nine-month period. The number of workdays was one day less in Norway compared with the third quarter of 2016, and one day less in the nine-month period. Underlying net sales increased 2 per cent in the third quarter, and 1 per cent in the nine-month period. EBIT totalled SEK 23 M (35) for the third quarter and the EBIT margin was 10 per cent (16).

SØRENSEN OG BALCHEN SEGMENT

SØRENSEN OG BALCHEN SEK M	Jul-Sep 2017	Jul-Sep 2016	Chg. %	Jan-Sep 2017	Jan-Sep 2016	Chg. %	12 months Oct-Sep	Full-year 2016
Net sales, external	178	179	-1	603	543	11	784	725
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	27	29	-7	94	88	6	123	117
EBIT	27	29	-7	93	88	6	122	117
EBITA margin, %	15	16		15	16		15	16
EBIT margin, %	15	16		15	16		15	16
Number of stores/of which proprietary				74 / 39	71 / 36			72 / 37
Number of BilXtra				261	254			255

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

Sørensen og Balchen reported sales in line with the third quarter of 2016, negatively impacted by soft demand for car service and accessories in the consumer market. Increased sales of DAB products contributed positively to sales but with a negative impact on gross margin. Sørensen og Balchen continued to report an effective cost control during the quarter.

The currency effect of net sales against the NOK remained substantially unchanged during the third quarter, with a positive impact of SEK 23 M in the nine-month period. The number of workdays was one day less in Norway compared with the third quarter of 2016, and one day less in the nine-month period. Underlying net sales rose 1 per cent in the third quarter, and 7 per cent in the nine-month period. EBIT totalled SEK 27 M (29) for the third quarter, and the EBIT margin was 15 per cent (16).

SALES GROWTH PER CUSTOMER GROUP

GROWTH PER CUSTOMER GROUP – growth compared with the same period previous year PER CENT	July - September 2017				January - September 2017			
	Affiliated workshops	Consumers	Other B2B customers	Partner stores	Affiliated workshops	Consumers	Other B2B customers	Partner stores
Nominal growth	2,4	-1,6	-4,3	-10,1	4,6	-1,6	1,4	-4,8
Currency adj. growth	2,3	-1,6	-2,9	-10,0	2,9	-3,0	0,2	-6,8

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 BY COUNTRY	Q1			Q2			Q3			Q4			Full-year		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Sweden	64	61	62	59	62	60	65	66	66	63	64	63	251	253	251
Norway	65	61	63	58	62	59	65	66	66	63	64	63	251	253	251
Finland	64	61	62	60	63	60	65	66	66	62	63	63	251	253	251

SIGNIFICANT RISKS AND UNCERTAINTIES

The company conducted a review and assessment of operating and financial risks and uncertainties in accordance with the 2016 Annual Report and found that no significant risks have occurred since then. For the effect of exchange-rate fluctuations on profit before tax, refer to page 36 of the 2016 Annual Report. For a full presentation of the risks affecting the Group, refer to the 2016 Annual Report.

PARENT COMPANY, “OTHER SEGMENTS” AND “OTHER ITEMS”

The Parent Company’s operations mainly comprise Group Management and finance functions. The Parent Company’s earnings after financial items were negative SEK 3 M (neg: 27) for the third quarter, and negative SEK 30 M (neg: 49) for the nine-month period, excluding dividends of SEK 315 M (47) from subsidiaries for the nine-month period. The average number of employees was 5 (8). Mekonomen AB sold goods and services to Group companies for a total of SEK 9 M (8) in the third quarter, and for SEK 31 M (26) 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, Mekonomen’s store operations in Iceland (dormant in the third quarter of 2017), Meko Service Nordic with the BilLivet and Speedy workshop operations, the services Mekonomen car share and Mekonomen car leasing, the joint venture in Poland (InterMeko Europa), Lasingoo Norway and Group-wide functions that also include Mekonomen AB (publ). As of 1 January 2017, Marinhopen has been included in the Mekonomen Sweden segment instead of “Other segments,” the comparative figures have not been restated. The associated company Automotive Web Solutions AB was divested in the second quarter. The units reported in “Other segments” do not reach the quantitative thresholds for separate reporting, and the benefits of reporting these segments separately are considered limited for users of the financial statements. EBIT for “Other segments” amounted to negative SEK 10 (neg: 25) for the third quarter, and negative SEK 54 M (neg: 67) for the nine-month period. EBIT was positively impacted by items affecting comparability of SEK 3 M (neg: 13) in the third quarter pertaining to lower than reserved personnel-related costs for persons who have been part of Group Management, mainly the former CEO.

“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 and Sørensen og Balchen totalling an expense of SEK 19 M (expense: 19) for the third quarter, and an expense of SEK 58 M (expense: 57) for the nine-month period.

CHANGES IN GROUP MANAGEMENT

Åsa Källenius became the new CFO of Mekonomen Group on 15 August 2017. On 6 November 2017, Marcus Larsson stepped down from his position as executive vice president, at his own request, to take up a new assignment with another employer. The position of executive vice president of Mekonomen Group will not be replaced in its current form.

EVENTS AFTER THE END OF THE PERIOD

On 3 October 2017, Örjan Grandin announced that he would be stepping down from his position Supply Chain Director, at his own request, to take up a new assignment with another employer. In October, Mekonomen AB acquired 20 per cent of the shares in Swedspot, a leading company in connected cars and digitalisation. No other significant events occurred after the end of the reporting period.

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 Swedish 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. This interim report consists of pages 1-23 and should be read in its entirety.

New standards or interpretations that became effective on or after 1 January 2017 have not had any material effect on Mekonomen Group's financial statements for the interim period.

New accounting policies that become effective on 1 January 2018 are IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. Mekonomen Group's initial assessment is that these standards will not have any material effect on the financial statements remains firm. More information will be provided in the 2017 year-end report.

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.

FORTHCOMING FINANCIAL REPORTING DATES

Information	Period	Date
Year-end report	January-December 2017	9 February 2018
Interim report	January-March 2018	9 May 2018
Interim report	January-June 2018	27 July 2018
Interim report	January-September 2018	8 November 2018
Year-end report	January-December 2018	14 February 2019

ANNUAL GENERAL MEETING

The 2017 Annual General Meeting will be held on 9 May 2018 in Stockholm. The Annual Report will be published and available on Mekonomen's website by 18 April 2018.

NOMINATION COMMITTEE

In accordance with the guidelines adopted by the Annual General Meeting on 25 April 2017, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the Annual General Meeting on 9 April 2018 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 2018 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 was elected Chairman of the Nomination Committee. Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee.

Stockholm, 7 November 2017
Mekonomen AB (publ), Corp. Reg. No: 556392-1971

Pehr Oscarson
President and CEO

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This information is such information that Mekonomen AB (publ) is obliged to publish in accordance with 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 7:30 a.m CET on 7 November 2017.

The interim report is published in Swedish and English. The Swedish version is the original version and has been translated into English. Only the original version of the interim report has been reviewed by the company's auditors.

Auditor's report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Mekonomen AB (publ) as of 30 September 2017 and the nine-month period then ended. 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 Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report 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 on Auditing (ISA), and other generally accepted auditing standards 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. Accordingly, we do not express an audit opinion.

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, 7 November 2017

PricewaterhouseCoopers AB

Lennart Danielsson
Authorised Public Accountant

CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	12 months Oct-Sep	Full-year 2016
Net sales ¹⁾	1 372	1 392	4 383	4 320	5 849	5 786
Other operating revenue	42	40	109	109	151	151
Total revenue ¹⁾	1 414	1 432	4 492	4 429	6 001	5 937
Goods for resale ¹⁾	-626	-633	-1 997	-1 983	-2 700	-2 686
Other external costs	-284	-290	-910	-906	-1 233	-1 229
Personnel expenses	-332	-340	-1 025	-1 004	-1 387	-1 366
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	172	168	560	535	681	656
Depreciation and impairment of tangible fixed assets	-15	-15	-45	-44	-63	-62
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	157	154	515	491	618	594
Amortisation and impairment of intangible fixed assets	-30	-28	-88	-84	-118	-113
EBIT	127	125	427	407	501	481
Interest income	1	1	3	3	4	5
Interest expenses	-8	-7	-21	-22	-28	-28
Other financial items	-1	-7	-20	-15	-17	-12
Profit after financial items	119	112	388	374	460	446
Tax	-30	-31	-95	-98	-101	-105
PROFIT FOR THE PERIOD	89	82	293	276	359	342
Profit for the period attributable to:						
Parent Company's shareholders	87	79	286	269	352	335
Non-controlling interests	2	3	7	7	7	7
PROFIT FOR THE PERIOD	89	82	293	276	359	342
Earnings per share before and after dilution, SEK	2,43	2,20	7,98	7,50	9,81	9,32

¹⁾ According to a press release on 23 August 2017, Mekonomen Group has adjusted sales for the second quarter of 2017 by SEK 24 M from external sales to internal sales. EBIT was not effected. In the Q3 interim report for 2017, the nine-month period of 2017 has therefore been restated, which means that net sales, total revenue and goods for resale have been reduced by SEK 24 M in the income statement for the nine-month period of 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	12 months Oct-Sep	Full-year 2016
Profit for the period	89	82	293	276	359	342
Other comprehensive income:						
<i>Components that will not be reclassified to profit/loss for the year:</i>						
- Actuarial gains and losses	-	-1	-	-1	0	-1
<i>Components that may later be reclassified to profit/loss for the year:</i>						
- Exchange-rate differences from translation of foreign subsidiaries ¹⁾	11	66	-31	121	-47	105
- Cash-flow hedges ²⁾	1	0	2	-4	3	-4
Other comprehensive income, net after tax	11	65	-29	116	-45	100
COMPREHENSIVE INCOME FOR THE PERIOD	101	147	265	392	314	442
Comprehensive income for the period attributable to:						
Parent Company's shareholders	99	144	258	385	308	434
Non-controlling interests	2	3	7	8	7	8
COMPREHENSIVE INCOME FOR THE PERIOD	101	147	265	392	314	442

¹⁾ At 30 September 2017, the accumulated translation reserve pertaining to Denmark was a negative SEK 14 M. The translation reserve pertaining to Denmark will be reclassified in shareholders' equity via the income statement in the current amount at the time when the Danish company is liquidated, which is planned no later than 2018. For the quarter the exchange-rate differences from translation of Danish subsidiaries in other comprehensive income amounted to SEK 0 M (1) and SEK 0 M (3) for the nine-month period and SEK 3 M for the full year 2016.

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

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 September 2017	30 September 2016	30 December 2016
ASSETS ¹⁾			
Intangible fixed assets	2 717	2 772	2 757
Tangible fixed assets	248	175	181
Financial fixed assets	42	50	46
Deferred tax assets	77	55	77
Goods for resale	1 339	1 296	1 279
Current receivables	973	935	821
Cash and cash equivalents	194	182	291
TOTAL ASSETS	5 590	5 466	5 452
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	2 323	2 276	2 324
Long-term liabilities, interest-bearing	1 459	1 373	1 338
Deferred tax liabilities	142	142	163
Long-term liabilities, non-interest-bearing	35	25	24
Current liabilities, interest-bearing	371	445	404
Current liabilities, non-interest-bearing	1 259	1 205	1 199
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5 590	5 466	5 452

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

CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY, SEK M	30 September 2017	30 September 2016	30 December 2016
Shareholders' equity at the beginning of the year	2 324	2 155	2 155
Comprehensive income for the period	265	392	442
Acquisition/divestment of non-controlling interests	-8	-13	-14
Dividend to shareholders	-259	-259	-259
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	2 323	2 276	2 324
Of which non-controlling interests	15	13	14

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	12 months Oct-Sep	Full-year 2016
Operating activities						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	166	151	532	500	675	642
Tax paid	-29	-35	-183	-154	-181	-153
Cash flow from operating activities before changes in working capital	137	116	350	345	494	489
Cash flow from changes in working capital:						
Changes in inventories	-76	-47	-76	-9	-107	-40
Changes in receivables	-55	5	-116	-71	-13	33
Changes in liabilities	72	4	94	70	84	61
<i>Increase (-)/Decrease (+) working capital</i>	-58	-38	-99	-10	-35	54
Cash-flow from operating activities	79	78	250	336	458	544
Cash flow from investing activities	-83	-14	-167	-70	-191	-94
Cash flow from financing activities	-66	-207	-175	-390	-251	-466
CASH FLOW FOR THE PERIOD	-70	-144	-92	-124	16	-16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	268	317	291	295	182	295
Exchange-rate difference in cash and cash equivalents	-4	10	-5	12	-4	12
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	194	182	194	182	194	291

INFORMATION ABOUT FINANCIAL INSTRUMENTS MEASURED 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 2016 Annual Report, Note 11. All of Mekonomen's financial instruments are included in Level 2.

The main methods and assumptions used to determine the fair value of the financial instruments shown in the table below are described in the 2016 Annual Report, Note 11. The financial instruments contained in the interim report are the same as those in the 2016 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	30 September 2017	30 September 2016
FINANCIAL ASSETS		
Derivatives: Currency swaps	-	-
Interest-rate swaps	-	-
TOTAL	-	-
FINANCIAL LIABILITIES		
Derivatives: Currency swaps	-	-
Interest-rate swaps	5	9
TOTAL	5	9

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 30 September 2017							Total
SEK M	Derivative instruments	Loan and accounts receivables	Other financial liabilities	Total carrying amount	Fair value	Non-monetary assets & liabilities	Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	-	40	-	40	40	2	42
Accounts receivable	-	604	-	604	604	-	604
Other current receivables	-	-	-	-	-	369	369
Cash and cash equivalents	-	194	-	194	194	-	194
TOTAL	-	838	-	838	838	371	1 209
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing	5	-	1 454	1 459	1 459	-	1 459
Current liabilities, interest-bearing	-	-	371	371	371	-	371
Accounts payable	-	-	627	627	627	-	627
Other current liabilities	-	-	-	-	-	632	632
TOTAL	5	-	2 453	2 457	2 457	632	3 089

QUARTERLY DATA, SEGMENTS	2017				2016				2015				
	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
NET SALES, SEK M ¹⁾													
MECA	481	543	551	2 039	528	477	534	500	1 871	489	466	473	444
Mekonomen Sweden ^{2) 3)}	439	475	434	1 891	470	456	503	462	1 925	493	468	515	449
Mekonomen Norway	210	228	217	836	210	209	223	194	814	191	195	224	204
Sørensen og Balchen	178	211	213	725	182	179	192	172	729	159	179	201	191
Other segments ⁴⁾	64	71	67	295	76	71	85	63	285	83	66	77	60
GROUP	1 372	1 529	1 482	5 786	1 466	1 392	1 537	1 391	5 624	1 415	1 374	1 489	1 346
EBITA, SEK M													
MECA	55	90	76	217	16	53	85	62	258	52	54	80	71
Mekonomen Sweden ^{2) 3)}	57	50	40	190	42	56	40	53	289	53	78	92	65
Mekonomen Norway ³⁾	23	39	27	132	28	35	42	27	151	25	39	51	36
Sørensen og Balchen	27	39	28	117	29	29	36	24	117	26	30	35	25
Other segments ⁴⁾	-4	-16	-17	-63	-11	-20	-15	-17	-87	-20	-5	-35	-28
GROUP	157	203	155	594	103	154	189	149	726	138	196	224	169
EBIT, SEK M													
MECA	51	87	73	205	13	50	82	60	245	49	51	77	68
Mekonomen Sweden ^{2) 3)}	56	50	39	187	40	55	39	52	287	53	77	92	65
Mekonomen Norway ³⁾	23	39	27	132	28	35	42	27	151	25	39	51	35
Sørensen og Balchen	27	39	28	117	29	29	36	24	116	26	30	35	25
Other segments ⁴⁾	-10	-22	-22	-84	-16	-25	-19	-23	-106	-26	-9	-39	-32
Other items ⁵⁾	-19	-19	-19	-77	-19	-19	-19	-19	-77	-19	-19	-19	-19
GROUP	127	174	126	481	74	125	161	121	616	109	168	197	142
INVESTMENTS, SEK M ⁶⁾													
MECA	5	6	6	16	6	3	4	3	17	5	2	2	8
Mekonomen Sweden ^{2) 3)}	69	8	6	30	14	5	5	6	29	12	2	6	9
Mekonomen Norway ³⁾	0	0	1	3	1	0	1	1	4	1	1	1	1
Sørensen og Balchen	0	1	1	5	2	1	1	1	3	1	0	1	1
Other segments ⁴⁾	5	13	12	57	21	11	18	8	50	14	14	14	8
GROUP	79	28	27	111	43	20	28	20	103	33	19	24	28
EBITA MARGIN, %													
MECA	11	17	14	10	3	11	16	12	14	11	12	17	16
Mekonomen Sweden ^{2) 3)}	12	10	9	10	8	12	8	11	14	10	16	17	14
Mekonomen Norway ³⁾	10	17	12	15	13	16	18	14	18	13	19	22	17
Sørensen og Balchen	15	18	13	16	16	16	18	14	16	16	16	17	13
GROUP	11	13	10	10	7	11	12	10	13	10	14	15	12
EBIT MARGIN, %													
MECA	10	16	13	10	2	10	15	12	13	10	11	16	15
Mekonomen Sweden ^{2) 3)}	12	10	9	10	8	12	8	11	14	10	16	17	14
Mekonomen Norway ³⁾	10	17	12	15	13	16	18	14	18	13	19	22	17
Sørensen og Balchen	15	18	13	16	16	16	18	13	16	16	16	17	13
GROUP	9	11	8	8	5	9	10	9	11	8	12	13	10

¹⁾ Net sales for each segment are from external customers.

²⁾ As of 1 January 2017, Marinshopen has been included in the Mekonomen Sweden segment instead of "Other segments," the comparative figures have not been restated. Marinshopen's net sales amounted to SEK 10 M for the third quarter of 2016 and EBIT to SEK 1 M. For full-year 2016, net sales amounted to SEK 29 M and EBIT to a negative SEK 1 M.

³⁾ Revenue for Mekonomen Sweden has been restated by a negative SEK 24 M for the second quarter of 2017 and earnings have been restated for reallocation of EBIT of SEK 6 M from Mekonomen Sweden to Mekonomen Norway when adjusting for the second quarter of 2017. For further information, refer to the press release on 23 August 2017.

⁴⁾ "Other segments" include Mekonomen's wholesale and store operations in Finland, Mekonomen's store operations in Iceland (dormant in the third quarter of 2017), Meko Service Nordic with the Billivet and Speedy workshop operations, the services Mekonomen car leasing and Mekonomen car share, the joint venture in Poland (InterMeko Europa), Lasingoo Norway and Group-wide functions that also include Mekonomen AB (publ). As of 1 January 2017, Marinshopen has been included in the Mekonomen Sweden segment instead of "Other segments," the comparative figures have not been restated. The associated company Automotive Web Solutions AB was divested in the second quarter of 2017.

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 and Sørensen og Balchen.

⁶⁾ Investments do not include company and business combinations.

QUARTERLY DATA, SEK M	2017				2016					2015 ¹⁾			
	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
	Revenue ²⁾	1 414	1 560	1 518	5 937	1 508	1 432	1 573	1 424	5 761	1 447	1 405	1 527
EBITDA	172	218	170	656	121	168	203	163	784	151	210	239	184
EBITA	157	203	155	594	103	154	189	149	726	138	196	224	169
EBIT	127	174	126	481	74	125	161	121	616	109	168	197	142
Net financial items	-8	-18	-13	-35	-2	-13	-9	-11	-22	0	-15	-9	2
Profit after financial items	119	156	113	446	72	112	152	110	594	109	154	188	144
Tax	-30	-38	-27	-105	-6	-31	-40	-27	-164	-32	-42	-50	-39
Profit for the period	89	118	86	342	66	82	112	83	430	76	111	138	105
EBITDA margin, %	12	14	11	11	8	12	13	11	14	10	15	16	13
EBITA margin, %	11	13	10	10	7	11	12	10	13	10	14	15	12
EBIT margin, %	9	11	8	8	5	9	10	9	11	8	12	13	10
Earnings per share, SEK	2,43	3,22	2,33	9,32	1,83	2,20	3,02	2,28	11,77	2,17	3,01	3,72	2,87
Shareholders' equity per share, SEK	64,3	61,6	66,3	64,4	64,4	63,0	59,3	62,5	59,7	59,7	58,4	56,9	61,0
Cash flow per share, SEK	2,2	3,7	1,0	15,1	5,8	2,2	6,4	0,8	12,2	5,4	4,3	3,8	-1,3
Return on shareholders' equity, % ³⁾	15,3	15,2	14,9	15,1	15,1	15,9	17,6	18,7	20,0	20,0	20,9	21,9	21,3
Share price at the end of the period	184,5	167,0	176,5	171,5	171,5	167,0	182,0	201,0	173,0	173,0	194,0	202,5	227,5

¹⁾ Income measures presented for 2015 pertained to continuing operations, except for earnings per share which pertained to total operations.

²⁾ 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 income statement on page 12 and the press release on 23 August 2017.

³⁾ The key figures for return on shareholders' equity are calculated on a rolling 12-month basis for each quarter.

KEY FIGURES	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	12 months	Full-year
	2017	2016	2017	2016	Oct-Sep	2016
Return on shareholders' equity, % ¹⁾	-	-	15,3	15,9	15,3	15,1
Return on total capital, % ¹⁾	-	-	8,9	9,4	8,9	8,7
Return on capital employed, % ¹⁾	-	-	11,9	12,4	11,9	11,6
Equity/assets ratio, %	41,6	41,6	41,6	41,6	41,6	42,6
Net debt, SEK M	1 625	1 620	1 625	1 620	1 625	1 437
Net debt/EBITDA, multiple ¹⁾	-	-	2,38	2,36	2,38	2,19
Gross margin, %	54,4	54,5	54,4	54,1	53,8	53,6
EBITDA margin, %	12,2	11,8	12,5	12,1	11,4	11,0
EBITA margin, %	11,1	10,7	11,5	11,1	10,3	10,0
EBIT margin, %	9,0	8,7	9,5	9,2	8,3	8,1
Earnings per share, SEK	2,43	2,20	7,98	7,50	9,81	9,32
Shareholders' equity per share, SEK	-	-	64,3	63,0	64,3	64,4
Cash flow per share, SEK	2,2	2,2	7,0	9,4	12,8	15,1
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-September period.

NUMBER OF STORES AND WORKSHOPS	MECA		Mekonomen Sweden ¹⁾		Mekonomen Norway		Sørensen og Balchen		Other segments ¹⁾		Group	
	30 September		30 September		30 September		30 September		30 September		30 September	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Number of stores												
Proprietary stores	76	75	114	112	34	32	39	36	3	5	266	260
Partner stores	10	10	20	20	11	13	35	35	3	3	79	81
Total	86	85	134	132	45	45	74	71	6	8	345	341
Number of workshops												
Mekonomen Service Centres	-	87	415	435	332	341	-	-	46	42	793	905
MekoPartner	-	30	138	121	92	95	-	-	-	-	230	246
Speedy	-	-	-	-	-	-	-	-	33	23	33	23
BilXtra	-	-	-	-	-	-	261	254	-	-	261	254
MECA Car Service	708	695	-	-	-	-	-	-	1	-	709	695
Total	708	812	553	556	424	436	261	254	80	65	2 026	2 123

¹⁾ As of 1 January 2017, Marinhopen has been included in the Mekonomen Sweden segment instead of "Other segments," the comparative figures have not been restated due to immateriality.

AVERAGE NUMBER OF EMPLOYEES	Jan-Sep 2017	Jan-Sep 2016
MECA	668	691
Mekonomen Sweden ¹⁾	669	716
Mekonomen Norway	275	258
Sørensen og Balchen	259	259
Other segments ¹⁾	285	298
Total	2 156	2 223

¹⁾ "Other segments" include Mekonomen's wholesale and store operations in Finland, Mekonomen's store operations in Iceland (dormant in the third quarter of 2017), Meko Service Nordic with the BilLivet and Speedy workshop operations, the services Mekonomen car share and Mekonomen car leasing, Lasingoo Norway and Group-wide functions that also include Mekonomen AB (publ). Mekonomen AB's employees comprise Group Management. As of 1 January 2017, Marinshopen has been included in Mekonomen Sweden instead of "Other segments," the comparative figures have not been restated due to immateriality.

FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	12 months Oct-Sep	Full-year 2016
Operating revenue	20	21	65	64	85	84
Operating expenses	-21	-37	-79	-93	-107	-122
EBIT	-1	-16	-14	-30	-22	-38
Net financial items ¹⁾	-2	-11	299	27	272	0
Profit after financial items	-3	-27	285	-2	250	-38
Appropriations	-	-	-	-	156	156
Tax	0	6	6	10	-5	0
PROFIT FOR THE PERIOD	-3	-21	291	8	401	118

¹⁾ Net financial items include dividends on participations in subsidiaries totalling SEK 315 M (47) for the nine-month period and SEK 47 M for the full-year 2016, and impairment of participations in subsidiaries totalling SEK -28 M for full-year 2016.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY, SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	12 months Oct-Sep	Full-year 2016
Profit for the period	-3	-21	291	8	401	118
COMPREHENSIVE INCOME FOR THE PERIOD	-3	-21	291	8	401	118

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	30 September 2017	30 September 2016	31 December 2016
ASSETS			
Fixed assets	3 191	3 153	3 190
Current receivables in Group companies	1 329	1 258	1 242
Other current receivables	146	85	77
Cash and cash equivalents	101	80	163
TOTAL ASSETS	4 767	4 576	4 673
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	2 681	2 532	2 642
Untaxed reserves	210	175	210
Provisions	2	2	2
Long-term liabilities	1 450	1 358	1 324
Current liabilities in Group companies	6	-	69
Other current liabilities	418	509	426
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4 767	4 576	4 673

SUMMARY OF CHANGES IN EQUITY FOR THE THE PARENT COMPANY, SEK M	30 September 2017	30 September 2016	31 December 2016
Shareholders' equity at the beginning of the year	2 642	2 775	2 775
Comprehensive income for the period	291	8	118
Dividend to shareholders	-251	-251	-251
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	2 681	2 532	2 642

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 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 complement to the measures defined according to IFRS. For definitions of key figures, refer to page 22. 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 complements to the 2016 Annual Report on our website: 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⁾ 2017	Jan-Sep ¹⁾ 2016	12 months Oct-Sep	Full-year 2016
Profit for the period (rolling 12-months)	359	352	359	342
- Less non-controlling interest of profit for the period (rolling 12 months)	-7	-6	-7	-7
Profit for the period excluding non-controlling interest (rolling 12 months)	352	346	352	335
- Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters ²⁾	2 295	2 175	2 295	2 218
RETURN ON SHAREHOLDERS' EQUITY, %	15,3	15,9	15,3	15,1

²⁾ SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2017			2016			2015				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	2 323	2 224	2 396	2 324	2 276	2 139	2 257	2 155	2 111	2 053	2 204
- Less Non-controlling interest of shareholders' equity	-15	-12	-15	-14	-13	-10	-13	-12	-13	-10	-14
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	2 308	2 212	2 381	2 311	2 263	2 129	2 244	2 143	2 098	2 043	2 190
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters	2 295	2 259	2 266	2 218	2 175	2 132	2 144	2 108	2 146	2 164	2 219

RETURN ON TOTAL CAPITAL SEK M	Jan-Sep ¹⁾ 2017	Jan-Sep ¹⁾ 2016	12 months Oct-Sep	Full-year 2016
Profit after financial items (rolling 12 months)	460	483	460	446
- Plus Interest Expenses (rolling 12 months)	28	29	28	28
Profit after financial items plus interest expenses (rolling 12 months)	488	513	488	475
- Divided by TOTAL ASSETS, average over the past five quarters ³⁾	5 500	5 424	5 500	5 430
RETURN ON TOTAL CAPITAL, %	8,9	9,4	8,9	8,7

³⁾ TOTAL ASSETS SEK M	2017			2016			2015				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	5 590	5 465	5 528	5 452	5 466	5 481	5 387	5 361	5 426	5 392	5 627
TOTAL ASSETS, average over the past five quarters	5 500	5 479	5 463	5 430	5 424	5 410	5 439	5 438	5 492	5 523	5 571

RETURN ON CAPITAL EMPLOYED SEK M	Jan-Sep ¹⁾ 2017	Jan-Sep ¹⁾ 2016	12 months Oct-Sep	Full-year 2016
Profit after financial items (rolling 12 months)	460	483	460	446
- Plus Interest Expenses (rolling 12 months)	28	29	28	28
Profit after financial items plus interest expenses (rolling 12 months)	488	513	488	475
- Divided by CAPITAL EMPLOYED, average over the past five quarters ⁴⁾	4 119	4 122	4 119	4 107
RETURN ON CAPITAL EMPLOYED, %	11,9	12,4	11,9	11,6

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	2017			2016			2015				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	5 590	5 465	5 528	5 452	5 466	5 481	5 387	5 361	5 426	5 392	5 627
- Less Deferred tax liabilities	-142	-149	-155	-163	-142	-148	-158	-169	-149	-156	-160
- Less Long-term liabilities, non interest-bearing	-35	-35	-32	-24	-25	-25	-9	-8	-4	-3	-3
- Less Current liabilities, non interest-bearing	-1 259	-1 162	-1 178	-1 199	-1 205	-1 154	-1 087	-1 099	-1 131	-1 068	-1 167
CAPITAL EMPLOYED	4 153	4 119	4 162	4 066	4 094	4 155	4 133	4 086	4 143	4 165	4 297
CAPITAL EMPLOYED, average over the past five quarters	4 119	4 119	4 122	4 107	4 122	4 136	4 165	4 134	4 180	4 216	4 256

GROSS MARGIN SEK M	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	12 months	Full-year
	2017	2016	2017	2016	Oct-Sep	2016
Net sales	1 372	1 392	4 383	4 320	5 849	5 786
- Less Goods for resale	-626	-633	-1 997	-1 983	-2 700	-2 686
Total	747	758	2 386	2 337	3 149	3 100
- Divided by Net sales	1 372	1 392	4 383	4 320	5 849	5 786
GROSS MARGIN, %	54,4	54,5	54,4	54,1	53,8	53,6

EARNINGS PER SHARE SEK M	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	12 months	Full-year
	2017	2016	2017	2016	Oct-Sep	2016
Profit for the period	89	82	293	276	359	342
- Less Non-controlling interests' share	-2	-3	-7	-7	-7	-7
Profit for the period attributable to Parent Company's shareholders	87	79	286	269	352	335
- 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
EARNINGS PER SHARE, SEK	2,43	2,20	7,98	7,50	9,81	9,32

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan-Sep	Jan-Sep	12 months	Full-year
	2017	2016	Oct-Sep	2016
Shareholders' equity	2 323	2 276	2 323	2 324
- Less Non-controlling interest of shareholders' equity	-15	-13	-15	-14
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	2 308	2 263	2 308	2 311
- Divided by average 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	64,3	63,0	64,3	64,4

CASH FLOW PER SHARE SEK M	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	12 months	Full-year
	2017	2016	2017	2016	Oct-Sep	2016
Cash flow from operating activities	79	78	250	336	458	544
- 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	2,2	2,2	7,0	9,4	12,8	15,1

5) AVERAGE NUMBER OF SHARES	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	12 months	Full-year
	2017	2016	2017	2016	Oct-Sep	2016
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 have remained unchanged during the period	92	92	273	274	365	366
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 have existed during the period	0	0	0	0	0	0
- Total divided by the number of days during the period	92	92	273	274	365	366
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 2017	30 September 2016	31 December 2016
Long-term liabilities, interest-bearing	1 459	1 373	1 338
- Less interest-bearing long-term liabilities and provisions for pensions, leasing, derivatives and similar obligations.	-9	-13	-11
Current liabilities, interest-bearing	371	445	404
- Less interest-bearing current liabilities and provisions for pensions, leasing, derivatives and similar obligations.	-2	-2	-2
- Less Cash and cash equivalents	-194	-182	-291
NET DEBT	1 625	1 620	1 437

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 to Parent Company's shareholders at the end of the periods divided by five.
Return on capital employed	Profit after 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 cost 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 period with previous periods, including restructuring programs, costs related to major legal disputes, impairments and gains and losses from acquisitions 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 other 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.
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 to cars	Products that are not necessary for a car to function, but enhance the experience or extend the 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 non-interest-bearing current receivables and liabilities.
Currency transaction effects	Impact of currency with respect to internal sales from Mekonomen Grossist AB, and from MECA Car Parts 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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