



# **Mekonomen Group**

January – December 2020  
February 12, 2021

# Q4 2020 – SIGNIFICANT IMPROVEMENT IN PROFITABILITY THROUGH FOCUS ON COSTS

Stable demand and a significant profitability improvement

Strong cash flow and solid financial position

The Board proposes no dividend for fiscal year 2020

Updated financial targets - CMD scheduled on February 25th

Well positioned for the future

# MEKONOMEN GROUP – FOURTH QUARTER 2020

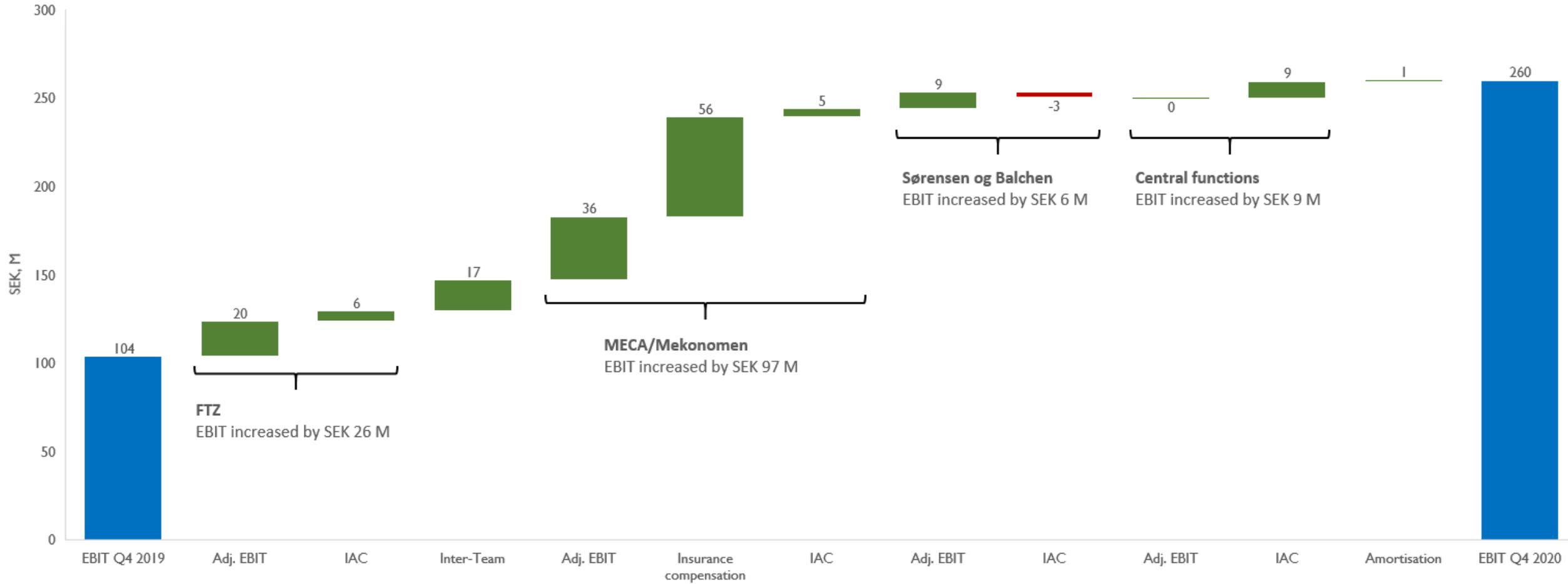
SEK M	Q4 2020	Q4 2019	Change	2020 12M	2019 12M	Change
Group, net sales	2,879	2,954	-3%	11,511	11,842	-3%
Adjusted EBIT <sup>1)</sup>	287	149	92%	937	874	7%
EBIT	260	104	150%	738	705	5%
Earnings per share, SEK	3.29	1.00	228%	7.67	7.34	4%
Cash flow from operating activities	373	202	85%	1,625	1,142	42%
Key figures						
- Organic growth <sup>2)</sup>	0%	1%		-1%	2%	
- Adjusted EBIT margin	10%	5%		8%	7%	
- EBIT margin	9%	3%		6%	6%	

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

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

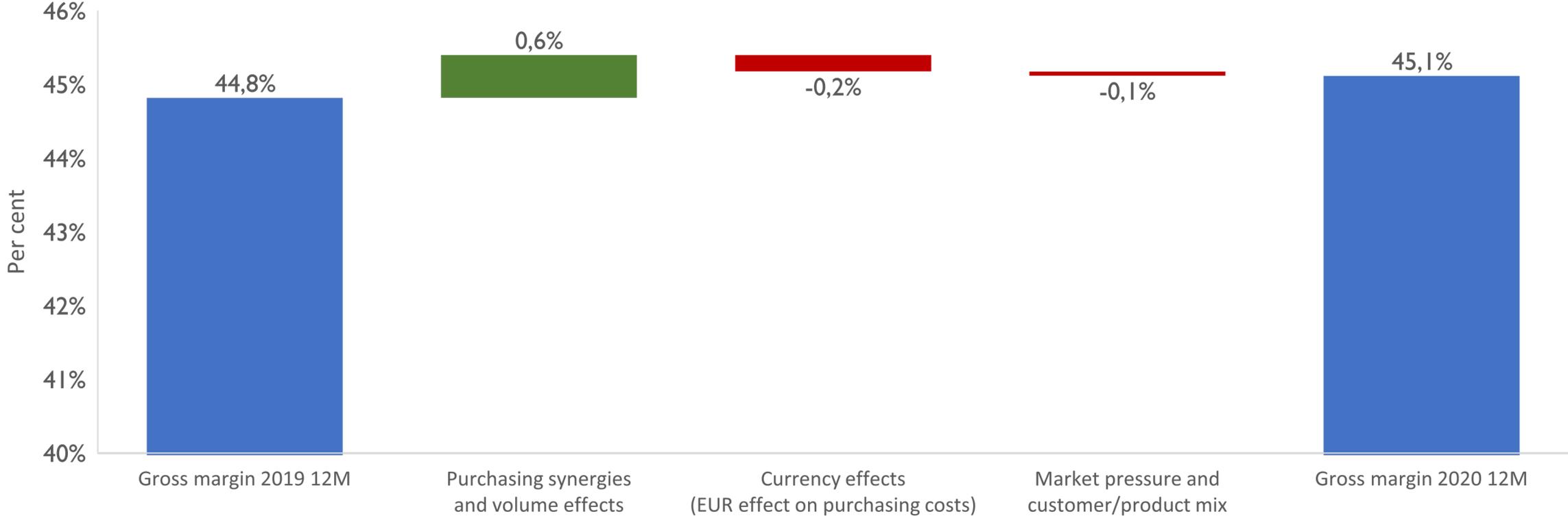
# INCREASED EBIT COMPARED TO LAST YEAR

## EBIT bridge Q4 2019 to Q4 2020



# STABLE GROSS MARGIN AT HIGH LEVEL

Gross margin 12M 2020 vs 12M 2019



In Q4 2020, the gross margin was 45.9 (44.1) %.

# UPDATED FINANCIAL TARGETS - CMD ON FEBRUARY 25

## 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

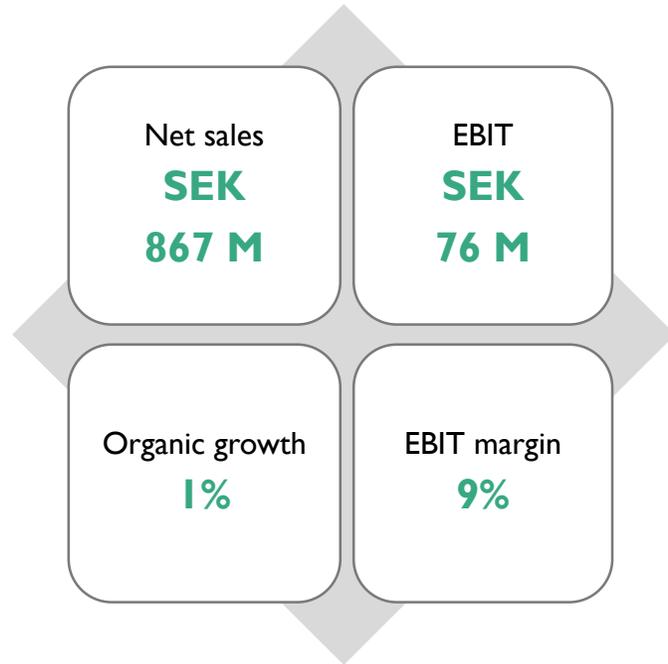
The Board's intention is that Mekonomen Group will pay dividends corresponding to not less than 50 per cent of profit after tax.

CAPITAL MARKETS DAY on February 25, 2021



# **SALES & RESULT PER BUSINESS AREA Q4 2020**

# FTZ – GAINING MARKET SHARES



Net sales growth of -1 per cent, of which 1 per cent organic.  
Stable market development throughout the quarter

Improved EBIT margin as a result of effective cost reduction initiatives. Property gain of SEK 6 M. No governmental reliefs

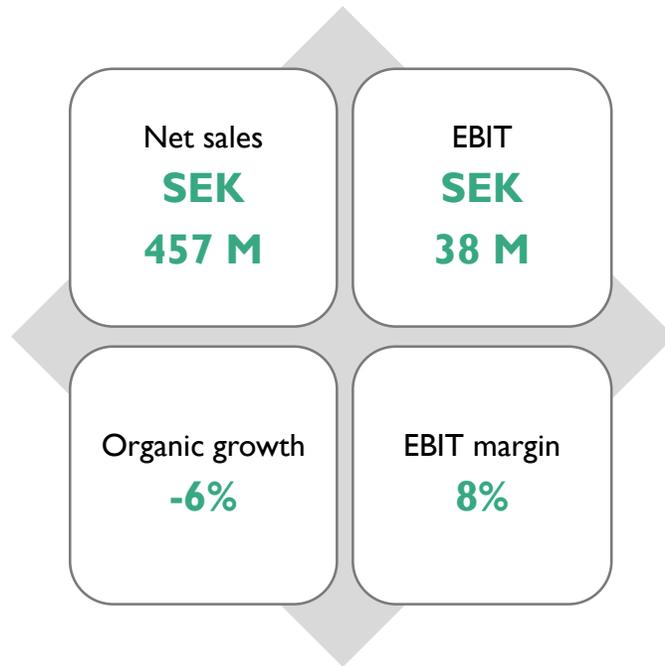
Estimated market share gains in the independent part of the market in Denmark

SEK M	Q4 2020	Q4 2019	Change	2020 12M	2019 12M	Change
Net sales	867	875	-1%	3,369	3,371	0%
Adjusted EBIT <sup>1)</sup>	70	60	17%	325	309	5%
EBIT	76	51	51%	331	299	11%
Key figures						
- Organic growth <sup>2)</sup>	1%	2%		0%	1%	
- EBIT margin	9%	6%		10%	9%	

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

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

# INTER-TEAM – SLOW MARKET DUE TO THE PANDEMIC



Organic growth of -6 per cent, due to slow domestic market caused by the pandemic

Improved EBIT towards long term target, due to effective cost saving actions and one-time effects such as retroactively paid supplier bonuses and governmental reliefs of SEK 7 M

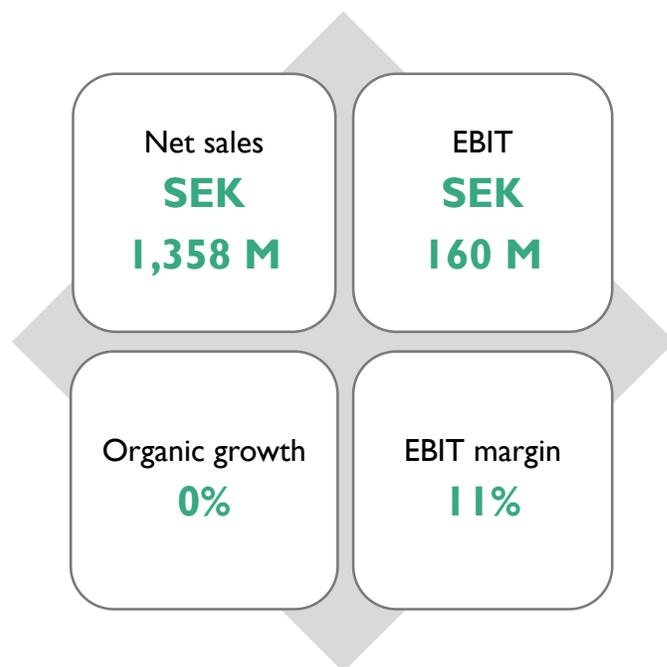
Continued high price pressure and aggressive activities from competitors

SEK M	Q4 2020	Q4 2019	Change	2020 12M	2019 12M	Change
Net sales	457	524	-13%	1,988	2,155	-8%
Adjusted EBIT <sup>1)</sup>	38	20	85%	86	43	101%
EBIT	38	20	85%	86	43	101%
Key figures						
- Organic growth <sup>2)</sup>	-6%	3%		-5%	5%	
- EBIT margin	8%	4%		4%	2%	

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

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

# MECA/MEKONOMEN – IMPROVED PROFITABILITY



Net sales growth of -1 per cent, of which 0 per cent organic. Stable market development throughout the quarter

Higher EBIT, mainly related to earlier implemented cost efficiency measures and paid insurance compensation of SEK 56 M

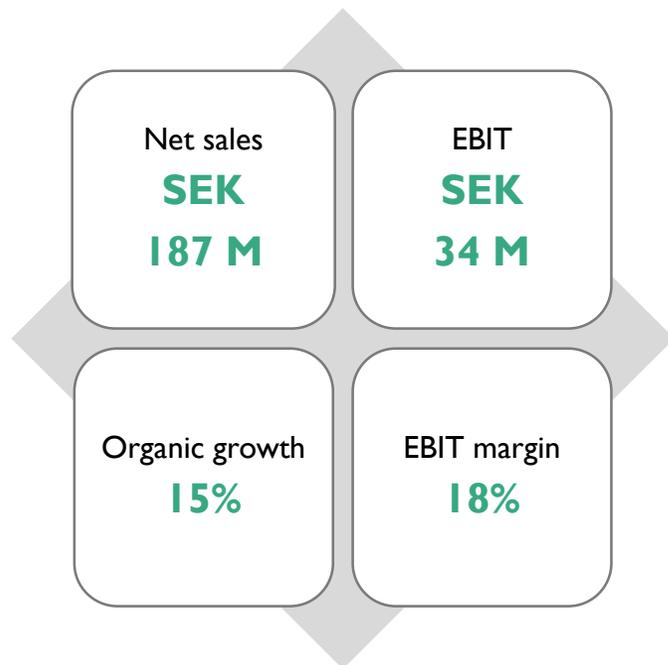
Continued high activity in Norway while somewhat hesitant market in Sweden during the quarter

SEK M	Q4 2020	Q4 2019	Change	2020 12M	2019 12M	Change
Net sales	1,358	1,368	-1%	5,326	5,527	-4%
- Sweden	844	862	-2%	3,225	3,404	-5%
- Norway	489	486	0%	2,010	2,063	-3%
- Finland	25	19	29%	91	60	53%
Adjusted EBIT <sup>1)</sup>	155	61	152%	404	441	-8%
EBIT	160	63	155%	354	438	-19%
Key figures						
- Organic growth <sup>2)</sup>	0%	0%		-2%	2%	
- EBIT margin	11%	5%		6%	8%	

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

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

# SØRENSEN OG BALCHEN – OUTPERFORMING THE MARKET



Net sales grew 6 per cent, of which 15 per cent organic. Strong performance within both B2C and B2B segment

EBIT rose 21 per cent and the margin expanded to 18 per cent, driven by strong growth and effective cost control

Benefited from being a sharp niche player in a continued highly active Norwegian market. Estimated market share gains

SEK M	Q4 2020	Q4 2019	Change	2020 12M	2019 12M	Change
Net sales	187	176	6%	791	759	4%
Adjusted EBIT <sup>1)</sup>	34	27	28%	170	119	43%
EBIT	34	28	21%	170	121	41%
Key figures						
- Organic growth <sup>2)</sup>	15%	2%		13%	-6%	
- EBIT margin	18%	16%		21%	16%	

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

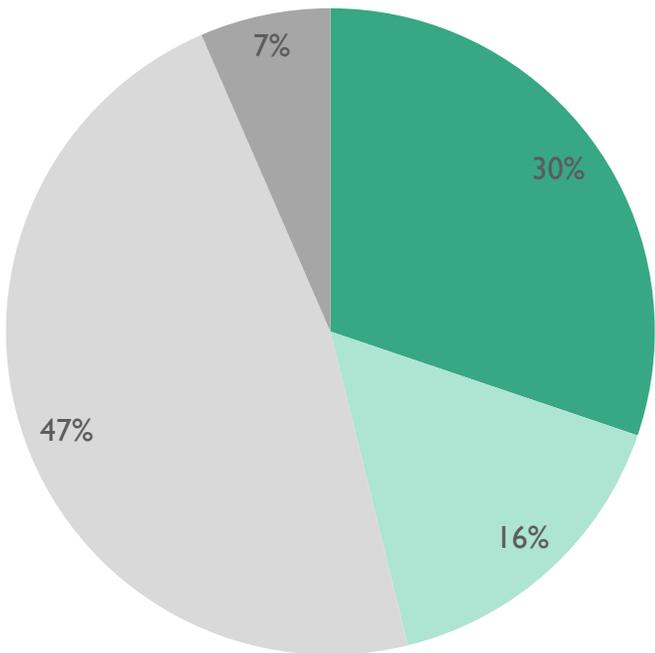
<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.



# MARKET & FOOTPRINT

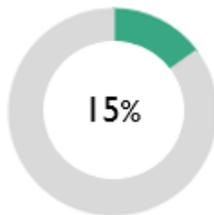
# STRONG GROUP FOOTPRINT

Net sales per business area, 2020Q4



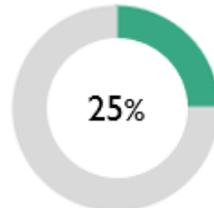
■ FTZ ■ Inter-Team ■ MECA/Mekonomen ■ Sørensen og Balchen

Market shares - main markets



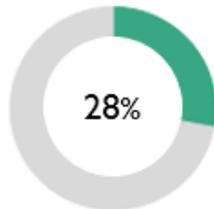
## Sweden

Number of branches: **194** (20Q3: 195)  
 Number of affiliated workshops: **956** (20Q3: 992)



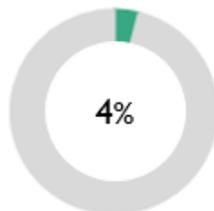
## Norway

Number of branches : **132** (20Q3: 132)  
 Number of affiliated workshops: **961** (20Q3: 998)



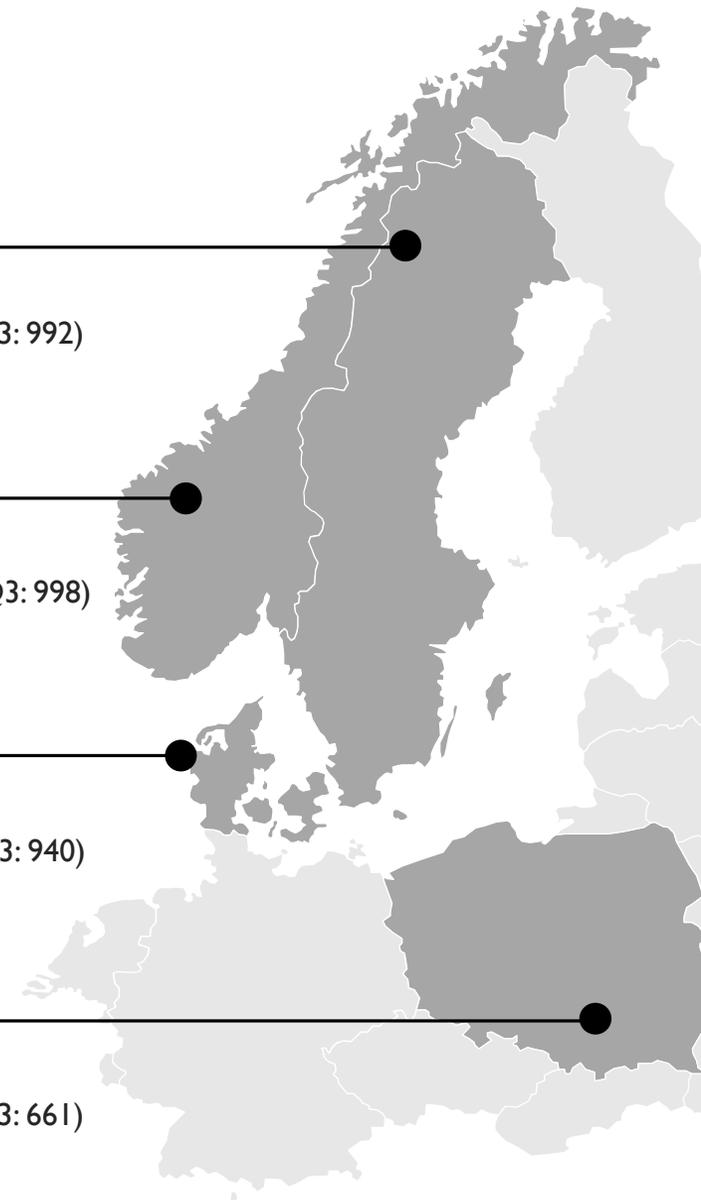
## Denmark

Number of branches : **51** (20Q3: 51)  
 Number of affiliated workshops: **930** (20Q3: 940)



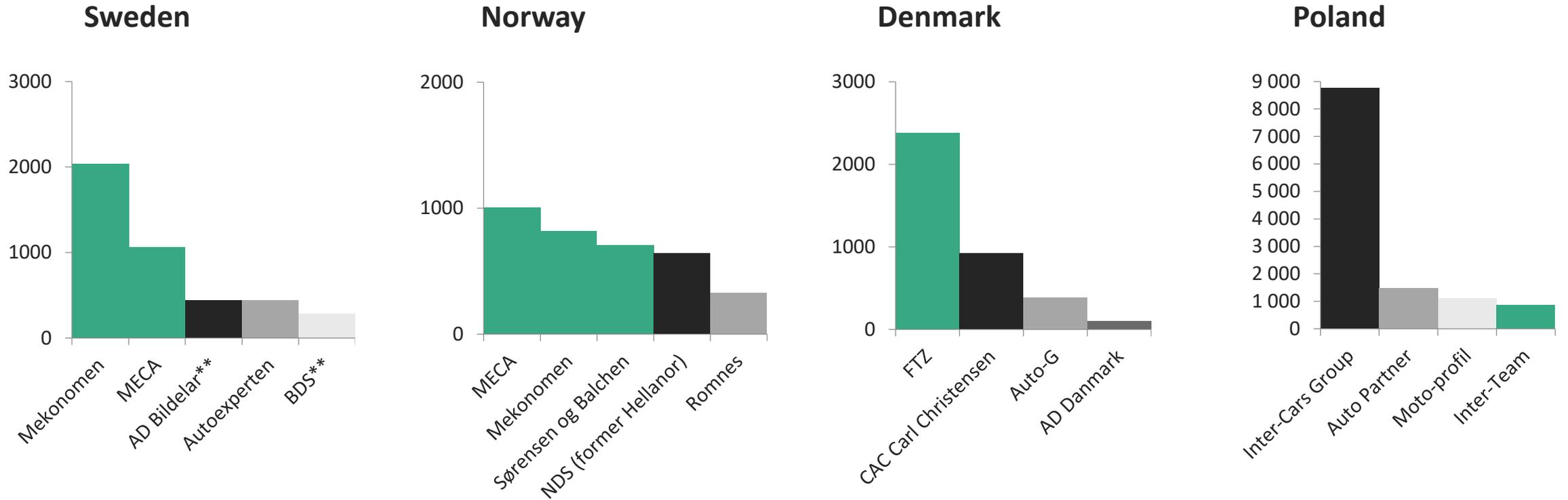
## Poland

Number of branches : **82** (20Q3: 82)  
 Number of affiliated workshops: **661** (20Q3: 661)



# LEADER IN THREE OF FOUR MARKETS

Competition overview, net sales in local currency M\*



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

\*\*Net sales in wholesale business

A man wearing a dark jacket, light-colored pants, a beanie, and a scarf is standing in a snowy forest. He is holding a mobile phone to his ear with one hand and adjusting his beanie with the other. To his right, a dark-colored car is parked on a snow-covered road. The car has a flat tire on the front left side, which is propped up by a spare tire. A red warning triangle is placed on the ground in front of the car. The background consists of bare trees and a light sky, suggesting a winter day with falling snow.

# BUSINESS DEVELOPMENT



## LAUNCH OF HEAVY VEHICLE WORKSHOP CONCEPT IN NORWAY

- MECA Norway have established an independent workshop concept for heavy vehicles in Norway under the brand MECA Tungbil (MECA heavy vehicle)
- MECA Norway owns the workshop concept and is the spare parts supplier to the workshops. The first 10 workshops in the concept are owned by the Norwegian workshop company Bulder AS, and affiliated to MECA Tungbil since February 1
- MECA Norway aims for 50 workshops under the MECA Tungbil chain concept by the end of 2023



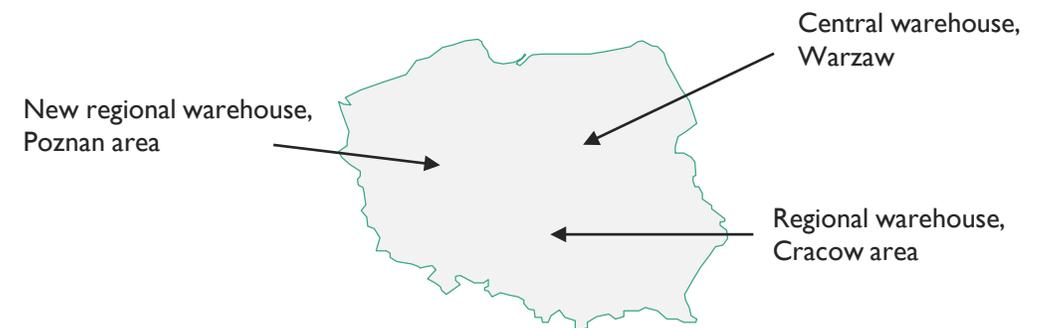
## **BROADEN ASSORTMENT FOR HEAVY VEHICLE SPARE PARTS IN SWEDEN**

- The pilot project with spare parts deliveries for heavy vehicles through 5 of MECA Sweden's local branches, has developed successfully during 2020
- The business is now expanding to include 30 branches with local warehousing and fast deliveries national wide
- MECA Sweden thus becomes the player that offers the greatest availability, in terms of the number of distribution points, in Sweden



# AVAILABILITY - NEW REGIONAL WAREHOUSE IN WESTERN POLAND

- Availability, efficiency, competence and quality - our most important competitive advantage against existing and future new players entering our industry
- New regional warehouse opened in western Poland during Q4 2020 in order to strengthen availability-network further for our workshop customers





# SUCCESSFUL MERGER OF CENTRAL WAREHOUSE IN SWEDEN - COMPLETED

- A successful project with gradually increased synergies yearly since start
- Full cost saving effects of SEK 50 M annually, according to plan
- The rent for MECAs former central warehouse in Eskilstuna, is terminated since January 1, 2021

## Digital Capital Markets Day

- February 25, 2021.
- 2.00-4.00 p.m. CET  
(Q&A session at 3.30 p.m.)
- President & CEO and the management team will present the updated strategy 2025

**ENABLING MOBILITY**

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

# APPENDIX

# Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Oct-Dec 2020	Oct-Dec 2019	Change, %	Jan-Dec 2020	Jan-Dec 2019	Change, %
Net sales	2 879	2 954	-3	11 511	11 842	-3
Adjusted EBIT	287	149	92	937	874	7
EBIT	260	104	150	738	705	5
Profit after financial items	247	77	221	596	555	8
Profit after tax	187	55	238	446	421	6
Earnings per share, SEK	3,29	1,00	228	7,67	7,34	4
Adjusted EBIT margin, %	10	5		8	7	
EBIT margin, %	9	3		6	6	

ADJUSTED EBIT SEK M	Oct-Dec 2020	Oct-Dec 2019	Change, %	Jan-Dec 2020	Jan-Dec 2019	Change, %
<b>EBIT</b>	<b>260</b>	<b>104</b>	150	<b>738</b>	<b>705</b>	5
Costs attributable to restructuring at MECA/Mekonomen	5			-50		
Gains from a sale of property FTZ	6			6		
Costs related to the integration of FTZ and Inter-Team		-9			-14	
Impairment of inventory DAB products <sup>1)</sup>		3			3	
<i>Items affecting comparability, total</i>	<i>11</i>	<i>-6</i>		<i>-44</i>	<i>-11</i>	
<i>"Other items", material acquisition-related items <sup>2)</sup></i>	<i>-38</i>	<i>-39</i>		<i>-155</i>	<i>-157</i>	
<b>Adjusted EBIT</b>	<b>287</b>	<b>149</b>	92	<b>937</b>	<b>874</b>	7

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

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

# Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
<b>Operating activities</b>				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	449	296	1 494	1 416
Tax paid	-27	-64	-170	-226
<b>Cash flow from operating activities before changes in working capital</b>	<b>422</b>	<b>232</b>	<b>1 324</b>	<b>1 190</b>
Cash flow from changes in working capital:				
Changes in inventory	-113	-83	2	6
Changes in receivables	228	200	15	-53
Changes in liabilities	-163	-148	284	-2
<i>Increase (-)/Decrease (+) working capital</i>	-49	-30	301	-48
<b>Cash-flow from operating activities</b>	<b>373</b>	<b>202</b>	<b>1 625</b>	<b>1 142</b>
<b>Cash flow from investing activities</b>	<b>-48</b>	<b>-34</b>	<b>-186</b>	<b>-199</b>
<b>Cash flow from financing activities</b>	<b>-298</b>	<b>-11</b>	<b>-1 339</b>	<b>-798</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>27</b>	<b>156</b>	<b>100</b>	<b>146</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>423</b>	<b>213</b>	<b>355</b>	<b>205</b>
Exchange-rate difference in cash and cash equivalents	-30	-14	-35	5
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>420</b>	<b>355</b>	<b>420</b>	<b>355</b>

# Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	31 December 2020	31 December 2019	31 December 2018
<b>ASSETS</b> <sup>1)</sup>			
Intangible fixed assets	5 410	5 697	5 745
Tangible fixed assets	448	465	490
Right-of-use assets	1 606	1 818	-
Financial fixed assets	98	101	77
Deferred tax assets	1	-	-
Goods for resale	2 704	2 854	2 816
Current receivables	1 506	1 580	1 530
Cash and cash equivalents	420	355	205
<b>TOTAL ASSETS</b>	<b>12 193</b>	<b>12 870</b>	<b>10 863</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> <sup>1)</sup>			
Shareholders' equity	4 595	4 335	3 853
Long-term liabilities, interest-bearing	2 743	3 333	3 232
Long-term lease liabilities	1 168	1 323	-
Deferred tax liabilities	388	428	474
Long-term liabilities, non-interest-bearing	16	20	20
Current liabilities, interest-bearing	455	748	1 081
Current lease liabilities	432	457	-
Current liabilities, non-interest-bearing	2 397	2 227	2 203
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>12 193</b>	<b>12 870</b>	<b>10 863</b>

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

# Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales	2 879	2 954	11 511	11 842
Other operating revenue	121	40	253	174
<b>Total revenue</b>	<b>3 000</b>	<b>2 995</b>	<b>11 763</b>	<b>12 017</b>
Goods for resale	-1 558	-1 652	-6 318	-6 535
Other external costs	-349	-360	-1 403	-1 375
Personnel expenses	-631	-669	-2 469	-2 576
<b>Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>463</b>	<b>313</b>	<b>1 574</b>	<b>1 531</b>
Depreciation and impairment of tangible fixed assets and right-of-use assets	-145	-154	-606	-611
<b>Operating profit before amortisation and impairment of intangible fixed assets (EBITA)</b>	<b>318</b>	<b>159</b>	<b>968</b>	<b>920</b>
Amortisation and impairment of intangible fixed assets	-58	-56	-230	-215
<b>EBIT</b>	<b>260</b>	<b>104</b>	<b>738</b>	<b>705</b>
Interest income	3	3	10	12
Interest expenses	-30	-35	-133	-151
Other financial items	15	5	-19	-11
<b>Profit after financial items</b>	<b>247</b>	<b>77</b>	<b>596</b>	<b>555</b>
Tax	-60	-22	-150	-134
<b>PROFIT FOR THE PERIOD</b>	<b>187</b>	<b>55</b>	<b>446</b>	<b>421</b>
<b>Profit for the period attributable to:</b>				
Parent Company's shareholders	185	56	432	413
Non-controlling interests	2	-1	15	8
<b>PROFIT FOR THE PERIOD</b>	<b>187</b>	<b>55</b>	<b>446</b>	<b>421</b>
Earnings per share before and after dilution, SEK	3,29	1,00	7,67	7,34

# Largest owners 2020-12-31

## Voting rights and share capitals, %

LKQ Corporation	26,6
Fjärde AP-Fonden	8,5
Didner & Gerge Fonder	6,7
Swedbank Robur Fonder	3,4
Eva Fraim Pahlman	3,4
AFA Försäkring	3,0
Dimensional Fund Advisors	2,5
Avanza Pension	2,1
Vanguard	1,9
Ing-Marie Fraim	1,8
<b>Total 10 largest shareholders</b>	<b>60,0</b>
Others	40,0
<b>Total</b>	<b>100,0</b>