

# Mekonomen Group

## Interim report January - March 2020

29 May 2019

### Challenging start of the year – but well positioned to navigate through the difficult market situation

#### 1 January–31 March 2020

- Net sales amounted to SEK 2,874 M (2,909). Net sales declined 1 per cent, of which -2 percentage points in organic growth.
- Adjusted EBIT amounted to SEK 98 M (214) and the adjusted EBIT margin was 3 per cent (7).
- EBIT totalled SEK 59 M (170) and the EBIT margin was 2 per cent (6). EBIT was not impacted by items affecting comparability in the quarter (neg: 5).
- Earnings per share, before and after dilution, amounted to SEK -0.29 (1.68).
- Cash flow from operating activities amounted to SEK 62 M (158).
- Net debt was SEK 3,928 M (4,185) at the end of the period, compared with SEK 3,709 M at year-end.
- In March, the Board resolved to withdraw the previously communicated proposal to the 2020 Annual General Meeting of a dividend of SEK 0.50 per share. The AGM on May 7 approved the Boards proposal of no dividend.
- COVID-19 and the data breach impacted the quarter negatively.

SUMMARY OF THE GROUP'S EARNINGS TREND						
SEK M	Jan–Mar 2020	Jan–Mar 2019	Change, %	12 months Apr - Mar	Full-year 2019	Change, %
Net sales	2 874	2 909	-1	11 808	11 842	0
Adjusted EBIT	98	214	-54	758	874	-13
EBIT	59	170	-65	594	705	-16
Profit after financial items	-11	129	-109	415	555	-25
Profit after tax	-15	96	-115	310	421	-26
Earnings per share, SEK	-0,29	1,68	-117	5,37	7,34	-27
Adjusted EBIT margin, %	3	7		6	7	
EBIT margin, %	2	6		5	6	

ADJUSTED EBIT						
SEK M	Jan–Mar 2020	Jan–Mar 2019	Change, %	12 months Apr - Mar	Full-year 2019	Change, %
<b>EBIT</b>	<b>59</b>	<b>170</b>	-65	<b>594</b>	<b>705</b>	-16
Costs related to the integration of FTZ and Inter-Team		-5		-9	-14	
Impairment of inventory DAB products <sup>1)</sup>				3	3	
Items affecting comparability, total		-5		-6	-11	
"Other items", material acquisition-related items <sup>2)</sup>	-39	-39		-157	-157	
<b>Adjusted EBIT</b>	<b>98</b>	<b>214</b>	-54	<b>758</b>	<b>874</b>	-13

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

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

### **Challenging start of the year – but well positioned to navigate through the difficult market situation**

We conclude an industrious and challenging first quarter where our operations has been affected by both the Covid-19 pandemic and a data breach. A solid start of the quarter was eliminated by the extraordinary events in March, resulting in both lower demand and a weakening of our most influential currencies. We believe that the negative development due to the pandemic will continue for some time before it gradually will get better. We are fully focused on mitigating the effects on our operations, through forceful actions with a broad range of measures. Our firm belief is that Mekonomen Group, as an enabler of mobility, is very well positioned for the time when ordinary life in our markets becomes normalized.

#### **Restrictions affecting demand**

The world is facing an extensive challenge from the Covid-19 pandemic and it affects us all, both personally and professionally. Our top priority has been to safeguard the health and safety of our employees and ensuring sustained operations as automobile spare parts and workshop services are vital to keep society and car owners mobile over time. As local authorities in most of our markets have initiated physical restrictions to control the pandemic, demand has been severely impacted from mid-March and onwards. Mobility has in many places been forbidden.

In late March, our business area MECA/Mekonomen was exposed to a data breach. This caused extensive disruptions to our IT-systems and negative effects on our operations until mid-April. However, our cyber insurance gave us immediate access to IT expertise and will limit the financial impact from lost revenue and additional costs incurred.

#### **Lower profitability due to lower demand and currency headwind**

January and February resulted in a solid start of the quarter, where sales and EBIT were somewhat affected by the mild winter conditions and only a limited impact by the Covid-19 pandemic. From March and onwards, the impact related to the pandemic became more evident in most of our markets. Demand was severely impacted by the strict countermeasures initiated by governments from mid-March and our most influential currencies weakened following the increased uncertainty.

The first quarter reported net sales declined by 1 per cent and by 2 per cent organically, where sales in March alone declined organically by approximately 10 per cent. EBIT decreased to 59 MSEK (170) in the quarter and the EBIT margin to 2 per cent (6), with a considerable impact on EBIT from the pandemic and the data breach combined. In equal parts, lower volumes and currency headwind and thus higher purchasing prices in the latter part of the quarter explains the lower gross margin of 44.0 per cent (45.5). The sharp decline of the Norwegian Krona put further pressure on profitability when ledgers was revaluated for currency effects at the end of the quarter.

#### **Forceful actions to reduce costs and adapt operations**

Due to the expected negative development going forward, we have acted forcefully and implemented a broad range of contingency measures to mitigate the impact on earnings and cash flow. We swiftly initiated efficiency improvements and cost saving actions throughout our operations, including reduction of temporary workforce and consultants, short-term layoffs and work-time reduction, reduced marketing activities and negotiations towards lower facilities rents. Our recently implemented country-based organisation in MECA/Mekonomen has led to further cost reduction. In early May we increased prices sharply in Norway to compensate for the weaker Norwegian Krona complemented by further adjustments to our pricing in Sweden. Further activities have been put in place to secure the operational cash flow, where we have strengthened our management processes to monitor our working capital. We take advantage of government aided tax deferrals, when applicable, and have been reprioritizing capital expenditure by deferring and scaling back investments to further strengthen the liquidity buffer.

Furthermore, we have also received support from our shareholders at the AGM 2020 to withdraw the initial dividend proposal to further protect our balance sheet. At the end of March, we have accessible cash and unutilized credit lines of approximately 655 MSEK.

#### **Current outlook**

The pandemic is not over, and strict countermeasures are still in effect in many of our markets. How long this situation will last is unclear, even though we see restrictions being slightly eased in May. As a result, it is not possible to predict the scope or impact on the company and its full potential financial effects. In the second quarter 2020, we expect a considerable net sales and EBIT margin deterioration compared to the year-earlier quarter. Net sales declined by approximately 17 per cent in April, impacted by both the data breach during the first half of the month and Covid-19. In May, sales recovered noticeably in most of our markets, except for Poland being in a later phase of the closedown of society compared to the Nordics. Profitability is expected to improve significantly from the first quarter, when the initiated actions comes into effect as of April, along with an expected recovery of our most influential currencies. EBIT in April was negatively impacted by the data breach for part of the month. We expect that our cyber insurance will cover these losses. Adjusted for this we estimate that EBIT in April would have been on a similar level as we experienced in 2019.

#### **Well positioned for the future market**

I am convinced we are taking the necessary steps to address the short-term challenges posed on us by the pandemic and to ensure Mekonomen Group is well positioned when the society inevitably return to a more normalized life. Mobility is one of the pillars of our society, which safeguard an extensive and stable demand for workshop services and automobile spare parts. We are highly digitalized and have a strong position within our footprint and will take advantage of the opportunities to further strengthen our customer relations and build an even stronger company for the future. Together with all our committed employees, we will be the best and most comprehensive partner for those who service and repair cars in our markets and continue to deliver on our long-term profitable growth strategy.

Pehr Oscarson  
President and CEO

## THIS IS MEKONOMEN GROUP

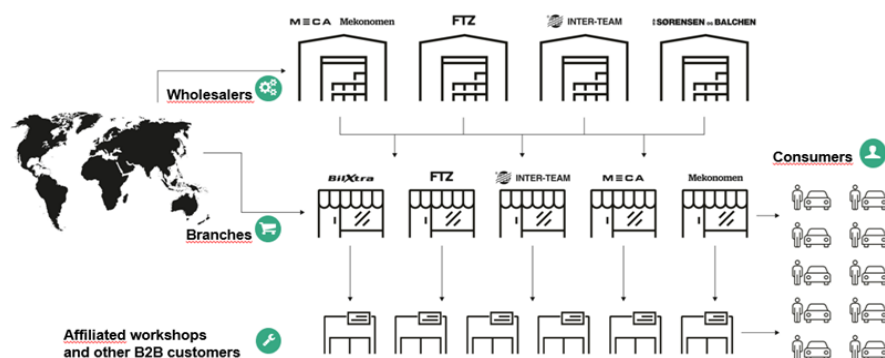
Mekonomen Group consists of the leading car service chains in northern Europe: FTZ, Inter-Team, MECA, Mekonomen and Sørensen og Balchen. The Group has its own wholesale operations, more than 470 stores and over 3,600 workshops operating under the Group's brands. We offer a wide and easily accessible range of affordable and innovative solutions and products for consumers and companies, where sales to companies account for over 90 per cent of the Group's sales.

### 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

Mekonomen Group has a shared purchasing function supporting all four business areas FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen. The business areas are responsible for their own wholesale operations. The supply of goods is mainly from suppliers in Europe and Asia. 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	Jan-Mar	Jan-Mar		12 months	Full-year	
DISTRIBUTION, SEK M	2020	2019	Change, %	Apr - Mar	2019	Change, %
<b>Net sales, external per business area</b>						
FTZ	853	836	2	3 389	3 371	1
Inter-Team	516	517	0	2 154	2 155	0
MECA/Mekonomen	1 324	1 362	-3	5 488	5 527	-1
Sørensen og Balchen	172	183	-6	748	759	-1
Central functions	8	10	-17	29	31	-5
<b>Total net sales, Group</b>	<b>2 874</b>	<b>2 909</b>	<b>-1</b>	<b>11 808</b>	<b>11 842</b>	<b>0</b>
Other operating revenue	42	40	7	177	174	2
<b>GROUP REVENUE</b>	<b>2 917</b>	<b>2 948</b>	<b>-1</b>	<b>11 985</b>	<b>12 017</b>	<b>0</b>

Revenue distribution per country and business area is presented in the table on page 14.

GROWTH NET SALES PER CENT	FTZ	Inter-Team	MECA/Mekonomen	Sørensen og Balchen	Group
January-March 2020					
Organic growth	-1,7	-2,0	-2,1	-3,2	-2,1
Effect from acquisitions/divestments	0,0	0,0	0,4	0,0	0,2
Currency effect	2,2	1,8	-1,7	-4,3	-0,1
Effect, workdays	1,6	0,0	0,6	1,5	0,8
<b>Growth net sales</b>	<b>2,1</b>	<b>-0,2</b>	<b>-2,8</b>	<b>-6,0</b>	<b>-1,2</b>

### 1 January-31 March 2020

Net sales amounted to SEK 2,874 M (2,909). Net sales declined 1 per cent, of which 2 percentage points in negative organic growth. The number of workdays was one day more in Denmark and Norway, and unchanged in Finland, Poland and Sweden compared with the year-earlier period.

## **1 January–31 March 2020**

### *Adjusted EBIT*

Adjusted EBIT amounted to SEK 98 M (214) and the adjusted EBIT margin was 3 per cent (7). During the quarter, currency effects in the balance sheet had a negative impact of SEK 29 M (neg: 1) on adjusted EBIT.

### *EBIT*

EBIT totalled SEK 59 M (170) and the EBIT margin was 2 per cent (6). EBIT was not impacted by items affecting comparability in the quarter (neg: 5). During the quarter, currency effects in the balance sheet had a negative impact of SEK 29 M (neg: 1) on EBIT.

### *Other earnings*

Loss after financial items was SEK 11 M (profit: 129). Net interest expense amounted to SEK 30 M (expense: 36) and other financial items to an expense of SEK 40 M (expense: 6). The main difference in other financial items compared with the year-earlier period is due to negative currency effects on the balance in bank accounts. Loss after tax amounted to SEK 15 M (profit: 96). Earnings per share, before and after dilution, amounted to SEK -0.29 (1.68).

## **FINANCIAL POSITION AND CASH FLOW**

Cash flow from operating activities amounted to SEK 62 M (158) for the first quarter. Tax paid amounted to SEK 57 M (81) for the first quarter. Cash and cash equivalents amounted to SEK 207 M (177). The equity/assets ratio was 34 per cent (31). Excluding IFRS 16, the equity/assets ratio was 39 per cent (36). Long-term interest-bearing liabilities amounted to SEK 4,662 M (5,255) including a long-term lease liability of SEK 1,220 M (1,449). Current interest-bearing liabilities amounted to SEK 1,164 M (1,080), including a current lease liability of SEK 449 M (511).

Net debt amounted to SEK 3,928 M (4,185) compared with SEK 3,709 M at year-end, representing an increase of SEK 219 M since year-end. The changes to net debt during the year were primarily impacted by working capital, investments and currency fluctuations. During the quarter, loan repayments according to plan totalled SEK 34 M. A second planned repayment on 31 March of EUR 5 M was postponed in agreement with lenders due to the impact of the COVID-19 pandemic. This change was announced in a press release on 1 April. Mekonomen's available cash and unutilised credit facilities totalled approximately SEK 655 M at the end of March and we do not see an additional need for liquidity at the current time aside from our present funding. The company fulfils all covenants in the loan agreements as of 31 March 2020.

## **INVESTMENTS**

During the first quarter, investments in fixed assets amounted to SEK 84 M (73) including leases of SEK 46 M. Depreciation and impairment of tangible fixed assets and right-of-use assets amounted to SEK 149 M (152) for the first quarter.

Company and business combinations amounted to SEK 49 M (64) in the first quarter, of which SEK 5 M (8) pertained to an estimated supplementary purchase consideration for the first quarter. In addition, supplementary purchase considerations of SEK 0 M (6) were paid in the quarter. Acquired assets totalled SEK 32 M (35) and assumed liabilities SEK 23 M (16) for the quarter. Aside from goodwill, which amounted to SEK 24 M (33), intangible surplus values of SEK 49 M (15) were identified in the quarter pertaining to customer relations. Deferred tax liabilities attributable to acquired intangible fixed assets totalled SEK 9 M (0). Acquired non-controlling interests amounted to SEK 5 M (6) for the first quarter. Divested non-controlling interests amounted to SEK - M (0) in the first quarter. Divested businesses amounted to SEK - M (0) in the first quarter.

## **ACQUISITIONS AND START-UPS**

### **First quarter**

MECA/Mekonomen has conducted a number of acquisitions during the quarter. In Sweden, four stores were acquired in Kalix, Boden, Järfälla and Linköping as well as the acquisition of a 75 per cent share of a store in Örkelljunga. In Norway, a 51 per cent shareholding was acquired of Tores Auto AS, which includes seven workshops located in the Bergen region, and an acquisition of one workshop near Oslo.

Sørensen og Balchen established a workshop in Hamar in Norway.

Other than the above, MECA/Mekonomen acquired the remaining 25 per cent holdings in two partly-owned stores and these are now wholly owned. It also increased ownership in Mekster AB by 8 per cent and now holds 59 per cent.

### **Number of stores and workshops**

At the end of the period, the total number of stores in the chains was 476 (468), of which 402 (397) were proprietary stores. The number of affiliated workshops totalled 3,650 (3,447). See the distribution in the table on page 16.

## **EMPLOYEES**

During the period, the average number of employees was 5,018 (4,958). See the distribution in the table on page 16.

## PERFORMANCE BY BUSINESS AREA

As of the first quarter of 2019, the Group reports in four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

### BUSINESS AREA FTZ

FTZ SEK M	Jan–Mar 2020	Jan–Mar 2019	Change, %	12 months Apr - Mar	Full-year 2019	Change, %
Net sales, external	853	836	2	3 389	3 371	1
EBIT	84	93	-9	290	299	-3
EBIT margin, %	10	11		9	9	
No. of stores/of which proprietary	51 / 51	51 / 51			51 / 51	
No. of AutoMester	421	425			421	
No. of Din BilPartner	154	140			153	
No. of HELLA Service Partner	331	333			331	
No. of CarPeople	40	28			38	
No. of Nesign	50	–			39	

The FTZ business area mainly includes wholesale and branch operations in Denmark.

Net sales for the first quarter rose 2 per cent to SEK 853 M (836), positively impacted by currency effects of SEK 18 M. Organic growth was a negative 2 per cent, largely due to the COVID-19 pandemic, which had a substantial negative impact following the lock-down in Denmark from 12 March. Developments during most of the quarter were characterised by a generally weak aftermarket for car accessories and workshop services and continuing price competition, which was offset by favourable sales to affiliated workshops and larger customers. Forceful actions has been taken to mitigate the impact from Covid-19.

EBIT totalled SEK 84 M (93) for the quarter and EBIT margin 10 per cent (11). The decline is mainly due to volume effects and lower supplier bonuses as a direct result of the pandemic. Purchasing synergies and fewer marketing activities had a positive impact on earnings.

There was one more workday in Denmark compared with the year-earlier quarter.

### BUSINESS AREA INTER-TEAM

INTER-TEAM SEK M	Jan–Mar 2020	Jan–Mar 2019	Change, %	12 months Apr - Mar	Full-year 2019	Change, %
Net sales, external	516	517	0	2 154	2 155	0
EBIT	-1	-1	-10	43	43	0
EBIT margin, %	0	0		2	2	
No. of stores/of which proprietary	83 / 80	82 / 79			82 / 79	
No. of O.K. Serwis	205	181			199	
No. of INTER DATA SERVICE	423	308			404	

The Inter-Team business area mainly includes wholesale and branch operations in Poland and export business.

Inter-Team reported unchanged net sales of SEK 516 M (517) in the first quarter. Currency effects had a positive impact on net sales of SEK 9 M and organic growth was a negative 2 per cent. Sales in January and February were characterised by continued favourable growth in both the domestic market and in export markets. The COVID-19 pandemic had a substantial negative impact following the restrictions imposed in Poland on 12 March. Forceful actions has been taken to mitigate the impact from Covid-19.

EBIT was unchanged compared with the corresponding quarter last year and amounted to a negative SEK 1 M (neg: 1). EBIT margin was 0 per cent (0). Continued price pressure in Poland and in the export business was a feature of the quarter. Lower volumes and a weaker currency subjected the gross margin to pressure later in the quarter.

The number of workdays was unchanged in Poland compared with the year-earlier quarter.

## BUSINESS AREA MECA/MEKONOMEN

MECA/MEKONOMEN SEK M	Jan-Mar 2020	Jan-Mar 2019	Change, %	12 months Apr - Mar	Full-year 2019	Change, %
Net sales, external	1 324	1 362	-3	5 488	5 527	-1
EBIT	5	103	-95	340	438	-22
EBIT margin, %	0	7		6	8	
No. of stores/of which proprietary	277 / 234	269 / 229			271 / 230	
No. of Mekonomen Service Centres	795	789			795	
No. of MekoPartners	204	213			208	
No. of Speedy	43	42			40	
No. of MECA Car Service	722	723			709	
No. of AlltBil	8	8			8	

The MECA/Mekonomen business area mainly includes wholesale, store, workshop and fleet operations in Sweden, Norway and Finland. The business area comprises MECA, Mekonomen and a number of smaller operations.

MECA/Mekonomen reported negative sales growth of 3 per cent in the first quarter. Net sales totalled SEK 1,324 M (1,362) for the first quarter, of which SEK 813 M (831) in the Swedish operations, SEK 495 M (520) in the Norwegian operations and SEK 17 M (12) in the Finnish operations. Currency effects had a negative impact on net sales of SEK 23 M. Organic growth was a negative 2 per cent. Sales in the quarter were initially slow due to the weak market, following a mild winter and a lower demand for seasonal products. The COVID-19 pandemic has, together with the data breaches at the end of March, had a substantial negative impact on demand in the latter part of the quarter. Forceful actions has been taken to mitigate the impact from Covid-19.

EBIT totalled SEK 5 M (103) for the first quarter. EBIT was not impacted by items affecting comparability (pos: 4). EBIT margin was 0 per cent (7). The gross margin was weighed down by lower volumes in the wake of the pandemic and the data breaches as well as higher purchasing prices, due to the stronger EUR. The substantially weakened NOK led to significant translation effects, which placed earnings under additional pressure. The price increases carried out in December had, together with staff reductions and fewer marketing activities, a positive impact during the quarter.

The number of workdays was one day more in Norway and unchanged in Finland and Sweden compared with the year-earlier quarter.

## BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN SEK M	Jan-Mar 2020	Jan-Mar 2019	Change, %	12 months Apr - Mar	Full-year 2019	Change, %
Net sales, external	172	183	-6	748	759	-1
EBIT	23	24	-2	120	121	0
EBIT margin, %	13	13		16	16	
No. of stores/of which proprietary	65 / 37	66 / 38			65 / 37	
No. of BilXtra workshops	254	257			258	

The Sørensen og Balchen business area mainly includes wholesale and store operations in Norway. Sørensen og Balchen is the business area in the Group with the largest share of direct sales to consumers and is therefore more exposed to increasing competition in the retail trade than the Group as a whole.

Sales in the first quarter fell 6 per cent to SEK 172 M (183). The currency effect on net sales was a negative SEK 8 M. Organic growth was a negative 3 per cent in the first quarter, as the market remained weak in both the consumer and corporate sectors. The COVID-19 pandemic had a substantial negative impact on volumes following the lock-down in Norway from 12 March. Forceful actions has been taken to mitigate the impact from Covid-19.

EBIT amounted to SEK 23 M (24) and the EBIT margin was 13 per cent (13) in the quarter. The gross margin improved slightly, as price increases and an improved product mix fully offset the weaker NOK and thereby higher purchasing prices. Cost control remains effective and the rapid adjustment of operations in the wake of the pandemic had a positive impact on the earnings trend.

There was one more workday in the quarter in Norway compared with the year-earlier quarter.

## NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

Mekonomen has limited seasonal effects in its operations. However, the number of workdays affects both sales and earnings.

WORKDAYS BY COUNTRY	Q1			Q2			Q3			Q4			Full-year		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Sweden	63	63	63	60	59	60	66	66	65	63	62	62	252	250	250
Norway	64	63	62	59	58	60	66	66	65	63	62	62	252	249	249
Denmark	64	63	-	59	59	-	66	66	65	63	62	62	252	250	250
Poland	63	63	-	62	61	-	66	65	64	63	62	62	254	251	250
Finland	63	63	63	60	60	61	66	66	65	63	61	61	252	250	250

## SIGNIFICANT RISKS AND UNCERTAINTIES

Mekonomen Group is a company operating in North and Central Europe that is exposed to a number of external, operating and financial risks. All identified risks are monitored continuously and, if necessary, risk-reducing measures are taken to limit the effects. The most relevant risk factors are described in the 2019 Annual Report – page 18 and Note 11 – that describes risks relating to market and competitors, operational risks and financial risks.

Compared with the Annual Report, which was published on 3 April 2020, Mekonomen Group’s risk profile has changed due to the outbreak of COVID-19 in almost all identified risk categories. Regarding external risks, we can see, for example, behavioural changes among both store and workshop customers, towards more online interaction, which may endure over time. Furthermore, operators in the industry have been affected in various ways by the pandemic, which may result in disruptive changes that must be managed. The increased operating risks include uncertainty about the health and availability of employees, about our supply of goods from suppliers primarily in Southern Europe and Asia, about the vulnerability of our IT environments, but above all about selecting the right measures to, as far as possible, counter the real and potential negative impact of the COVID-19 pandemic.

Mekonomen Group has, through its Risk and Compliance Committee (RCC), which consists of Group Management and the Group’s risk manager, a particular focus on identifying critical changes in the area of risk. The RCC maintains a frequent dialogue with business area managers to limit the risks and prevent these from occurring. This process also takes place in close dialogue with various stakeholders, the Board and Audit Committee.

## PARENT COMPANY, “CENTRAL FUNCTIONS” AND “OTHER ITEMS”

The Parent Company’s operations mainly comprise Group Management and functions that support the Group’s work, such as Group Finance/controlling, internal audit, sustainability, legal and joint purchasing. The Parent Company’s earnings after financial items were a negative SEK 139 M (neg: 61) for the first quarter, excluding dividends from subsidiaries of SEK 332 M in the comparative period. Share dividends from subsidiaries were not paid during the current quarter. The low earnings after financial items compared with the year-earlier period is largely due to negative currency effects on long-term loans and balances in bank accounts. The average number of employees in the Parent Company was six (six). Mekonomen AB sold goods and services to Group companies for a total of SEK 9 M (10) during the first quarter.

“Central functions” comprise Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions. The units reported in “Central functions” do not reach the quantitative thresholds for separate reporting, and the benefits of reporting these segments separately are considered limited for users of financial statements. EBIT for “Central functions” was a negative SEK 13 M (neg: 10) for the first quarter

“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, Sørensen og Balchen, FTZ and Inter-Team totalling an expense of SEK 39 M (expense: 39) for the first quarter.

## **EVENTS DURING THE PERIOD**

On 28 March, the company became aware of data breaches within the MECA/Mekonomen business area, which caused extensive disruptions to the IT systems within the business area in Sweden and Norway. The systems were restored in mid-April and Mekonomen has a cyber insurance that will limit financial damage. The data breaches resulted in delays in reporting and work with the financial statements, which is why the report for the first quarter was postponed until 29 May, instead of the previously communicated 7 May.

The rapid spread of COVID-19 during the first quarter has impacted markets where Mekonomen Group conducts business. For further information, refer to the separate sections “impact of COVID-19”, “significant risks and uncertainties”, “Financial position and cash flow” and the description of developments given by each business area.

## **CHANGES IN GROUP MANAGEMENT**

Petra Bendelin, Director of Business Development and Strategy, is a member of Group Management as of 7 February 2020.

## **IMPACT OF COVID-19**

The independent aftermarket for spare parts was stable during the first few months of the year and this was also the case for Mekonomen. In March, the market and Mekonomen were affected, to varying degrees in different markets, by the slowdown related to COVID-19.

Following the rapid global spread of COVID-19, sales in March and thereby the first quarter were negatively impacted. Measures have been taken in all parts of the business, including forceful actions to reduce costs and adapt operations in March. However, these measures had limited impact on earnings in the first quarter, but are expected to impact the second quarter.

As lock-down restrictions are lifted, it is reasonable to assume, even though uncertain, a relatively rapid market recovery as there is a pent-up demand for Mekonomen’s products and services. There is therefore good reason to expect a gradual recovery in the market during the third and fourth quarters, which together with forceful actions to reduce cost, may mean we make a strong recovery. Mekonomen has in the past displayed stability even when the economy and demand have been weak.

Work that started immediately in March to address COVID-19 is lead by Group Management based on:

- ☒ The health of staff, customers and suppliers.
- ☒ Secure logistics chains and availability of products in Mekonomen’s central warehouses. Measures were taken to offset the financial impact, including in the following areas: furloughing, redundancies, temporary shorter working hours for employees, reduction in salaries/bonuses; negotiations with landlords; reduction in marketing and logistics costs, etc. The available support from governments in Sweden, Norway, Denmark and Poland has been utilised as far as possible.
- ☒ Cash flow improvements by re-evaluating approved and planned investments.
- ☒ Focus on improving working capital.
- ☒ Secure future financing through early discussions with Mekonomen’s banks.

One additional measure is the Board’s decision to withdraw the announced proposal of a SEK 0.50 dividend per share for the 2019 financial year, which was decided by the AGM 7 May.

## **EVENTS AFTER THE END OF THE PERIOD**

The new COVID-19 has continued to impact society and markets in which Mekonomen conducts business even after the end of the period. In April and early May, the impact on Mekonomen was substantial but in the latter part of May Mekonomen’s market has improved significantly.

The impact differs depending on the varying degrees of lock-down in our markets. The Swedish market has been impacted to a lesser extent, as Sweden applied social distancing. Norway and Denmark were severely impacted in April, owing to the widespread shut-down, though the gradual opening up of these societies in May has been positive for Mekonomen. Poland was less affected in April but is later experiencing increased restrictions that have a large impact on Mekonomen’s operations.

At present, it is too early to assess the total impact of COVID-19 on Mekonomen’s financial performance in the second quarter of 2020.



Work to manage COVID-19 is being led by Group Management in various areas. See the Impact of COVID-19 section for more information.

The impact of COVID-19 on financial earnings in the first and second quarters lead to proactive discussions with Mekonomen's banking group as earlier communicated in a press release 1 April. Mekonomen is in compliance with its bank covenants as of 31 March 2020; however, out of an abundance of caution Mekonomen pro-actively began discussions with its banking group in the end of March. As a result of those discussions, the banking group agreed to raise the bank leverage covenant as of 31 March and postpone the company's planned amortization payment of Euro 5 million due 31 March 2020. Mekonomen is in on-going discussions with its banking group regarding additional amendments to update and adapt the loan agreements to the change in the market due to the impact of COVID-19 from the second quarter and onwards.

Mekonomen Group's Annual General Meeting was held on 7 May in Stockholm. All members of the Board of Directors were re-elected and John S. Quinn was re-elected as Chairman of the Board. The Meeting also resolved in accordance with the Board's proposal not to pay a dividend and that available funds be carried forward and, in accordance with the Board's proposal to amend paragraphs 1, 11 and 12 in the Articles of Association due to rules concerning shareholder rights. For other decisions and documentation, see the Mekonomen Group website, [www.mekonomen.com](http://www.mekonomen.com)

### **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 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 1–22 and should be read in its entirety.

The Parent Company prepares its accounts in accordance with the Swedish Annual Accounts Act and RFR 2 and applies the same policies and measurement methods as in the most recent Annual Report.

## **FORTHCOMING FINANCIAL REPORTING DATES**

<b>Information</b>	<b>Period</b>	<b>Date</b>
Interim report	January–June 2020	2020-08-21
Interim report	January–September 2020	2020-11-06
Year-end report	January–December 2020	2021-02-12

Stockholm 29 May 2020  
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Pehr Oscarson  
President and CEO

This interim report has not been reviewed by the company's auditors.

For further information, please contact:

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This information is such information that Mekonomen AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act.

The information was submitted for publication, through the agency of the contactperson set out above, on 29 May 2020 at 07:30

The interim report is published in Swedish and English. The Swedish version is the original version and has been translated into English.

## CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jan–Mar 2020	Jan–Mar 2019	12 months Apr - Mar	Full-year 2019
Net sales	2 874	2 909	11 808	11 842
Other operating revenue	42	40	177	174
<b>Total revenue</b>	<b>2 917</b>	<b>2 948</b>	<b>11 985</b>	<b>12 017</b>
Goods for resale	-1 611	-1 585	-6 560	-6 535
Other external costs	-385	-345	-1 415	-1 375
Personnel expenses	-657	-643	-2 590	-2 576
<b>Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>265</b>	<b>375</b>	<b>1 420</b>	<b>1 531</b>
Depreciation and impairment of tangible fixed assets and right-of-use assets	-149	-152	-607	-611
<b>Operating profit before amortisation and impairment of intangible fixed assets (EBITA)</b>	<b>116</b>	<b>222</b>	<b>813</b>	<b>920</b>
Amortisation and impairment of intangible fixed assets	-56	-52	-219	-215
<b>EBIT</b>	<b>59</b>	<b>170</b>	<b>594</b>	<b>705</b>
Interest income	3	3	12	12
Interest expenses	-33	-39	-146	-151
Other financial items	-40	-6	-46	-11
<b>Profit after financial items</b>	<b>-11</b>	<b>129</b>	<b>415</b>	<b>555</b>
Tax	-3	-33	-104	-134
<b>PROFIT FOR THE PERIOD</b>	<b>-15</b>	<b>96</b>	<b>310</b>	<b>421</b>
<b>Profit for the period attributable to:</b>				
Parent Company's shareholders	-16	94	303	413
Non-controlling interests	2	2	7	8
<b>PROFIT FOR THE PERIOD</b>	<b>-15</b>	<b>96</b>	<b>310</b>	<b>421</b>
Earnings per share before and after dilution, SEK	-0,29	1,68	5,37	7,34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jan–Mar 2020	Jan–Mar 2019	12 months Apr - Mar	Full-year 2019
<b>Profit for the period</b>	<b>-15</b>	<b>96</b>	<b>310</b>	<b>421</b>
<b>Other comprehensive income:</b>				
<i>Components that will not be reclassified to profit/loss for the year:</i>				
– Actuarial gains and losses	-	-	-4	-4
<i>Components that may later be reclassified to profit/loss for the year:</i>				
– Exchange-rate differences from translation of foreign subsidiaries	121	122	105	106
– Loan hedging of net investments <sup>1)</sup>	-78	-30	-75	-27
– Cash-flow hedges <sup>2)</sup>	-6	-5	-5	-3
<b>Other comprehensive income, net after tax</b>	<b>37</b>	<b>87</b>	<b>21</b>	<b>71</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>22</b>	<b>183</b>	<b>332</b>	<b>492</b>
<b>Comprehensive income for the period attributable to:</b>				
Parent Company's shareholders	22	182	325	484
Non-controlling interests	0	1	7	8
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>22</b>	<b>183</b>	<b>332</b>	<b>492</b>

<sup>1)</sup> Loans raised in EUR in conjunction with acquisitions in Denmark hedge the currency risk in the net investment and loans renewed in NOK in the first quarter of 2019 hedge net investment in Norway and the currency translation is recognised in accordance with IFRS 9.

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

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	31 March 2020	31 March 2019	31 December 2019
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	5 844	5 825	5 697
Tangible fixed assets	472	488	465
Right-of-use assets	1 705	2 014	1 818
Financial fixed assets	95	79	101
Deferred tax assets	-	0	-
Goods for resale	2 814	2 813	2 854
Current receivables	1 646	1 704	1 580
Cash and cash equivalents	207	177	355
<b>TOTAL ASSETS</b>	<b>12 783</b>	<b>13 099</b>	<b>12 870</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	4 375	4 034	4 335
Long-term liabilities, interest-bearing	3 442	3 806	3 333
Long-term lease liabilities	1 220	1 449	1 323
Deferred tax liabilities	382	465	428
Long-term liabilities, non-interest-bearing	70	20	20
Current liabilities, interest-bearing	715	569	748
Current lease liabilities	449	511	457
Current liabilities, non-interest-bearing	2 131	2 244	2 227
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>12 783</b>	<b>13 099</b>	<b>12 870</b>

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

CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY, SEK M	31 March 2020	31 March 2019	31 December 2019
Shareholders' equity at the beginning of the year	4 335	3 853	3 853
Comprehensive income for the period	22	183	492
Repurchase of own shares	-	-	-2
Acquisition/divestment of non-controlling interests	19	-6	-6
Shareholders' contributions from minority shareholders	-	3	7
Dividend to shareholders	-2	-	-9
Share savings programme	0	-	1
<b>SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>4 375</b>	<b>4 034</b>	<b>4 335</b>
Of which non-controlling interests	53	32	32

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jan-Mar 2020	Jan-Mar 2019	12 months Apr - Mar	Full-year 2019
<b>Operating activities</b>				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	202	349	1 269	1 416
Tax paid	-57	-81	-201	-226
<b>Cash flow from operating activities before changes in working capital</b>	<b>145</b>	<b>268</b>	<b>1 067</b>	<b>1 190</b>
Cash flow from changes in working capital:				
Changes in inventory	24	60	-30	6
Changes in receivables	-43	-171	75	-53
Changes in liabilities	-65	0	-66	-2
<i>Increase (-)/Decrease (+) working capital</i>	-83	-110	-21	-48
<b>Cash-flow from operating activities</b>	<b>62</b>	<b>158</b>	<b>1 046</b>	<b>1 142</b>
<b>Cash flow from investing activities</b>	<b>-67</b>	<b>-83</b>	<b>-183</b>	<b>-199</b>
<b>Cash flow from financing activities</b>	<b>-161</b>	<b>-111</b>	<b>-848</b>	<b>-798</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-166</b>	<b>-36</b>	<b>15</b>	<b>146</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>355</b>	<b>205</b>	<b>177</b>	<b>205</b>
Exchange-rate difference in cash and cash equivalents	18	8	14	5
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>207</b>	<b>177</b>	<b>207</b>	<b>355</b>

**INFORMATION ABOUT FINANCIAL INSTRUMENTS RECOGNISED 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 2019 Annual Report, Note 11. All of Mekonomen's financial instruments measured to fair value are included in Level 2, excluding supplementary purchase considerations, which are included in Level 3. However, current supplementary purchase considerations do not represent material amounts.

The main methods and assumptions used to determine the fair value of the financial instruments shown in the table below are described in the 2019 Annual Report, Note 11. The financial instruments contained in the interim report are the same as those in the 2019 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	31 March 2020	31 March 2019
<b>FINANCIAL ASSETS</b>		
Derivatives: Currency swaps	-	-
Interest-rate swaps	-	0
<b>TOTAL</b>	<b>-</b>	<b>0</b>
<b>FINANCIAL LIABILITIES</b>		
Derivatives: Currency swaps	-	-
Interest-rate swaps	16	9
<b>TOTAL</b>	<b>16</b>	<b>9</b>

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 31 March 2020							
SEK M	Instruments measured at fair value through Income Statement	Financial assets acquired acquisition value	Financial liabilities acquired acquisition value	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total Balance sheet summary
<b>FINANCIAL ASSETS</b>							
Financial fixed assets	-	72	-	72	72	23	95
Accounts receivable	-	1 134	-	1 134	1 134	-	1 134
Other current receivables	-	-	-	-	-	511	511
Cash and cash equivalents	-	207	-	207	207	-	207
<b>TOTAL</b>	<b>-</b>	<b>1 413</b>	<b>-</b>	<b>1 413</b>	<b>1 413</b>	<b>534</b>	<b>1 947</b>
<b>FINANCIAL LIABILITIES</b>							
Long-term liabilities, interest-bearing	-	-	3 426	3 426	3 426	-	3 426
Long-term lease liabilities	-	-	1 220	1 220	-	-	1 220
Long-term liabilities, non-interest-bearing	-	-	45	45	45	14	59
Derivative instruments <sup>1)</sup>	16	-	-	16	16	-	16
Supplementary purchase considerations, long-term	11	-	-	11	11	-	11
Current liabilities, interest-bearing	-	-	715	715	715	-	715
Current lease liabilities	-	-	449	449	-	-	449
Accounts payable	-	-	1 144	1 144	1 144	-	1 144
Other current liabilities	-	-	-	-	-	982	982
Supplementary purchase considerations, short-term	4	-	-	4	4	-	4
<b>TOTAL</b>	<b>27</b>	<b>-</b>	<b>6 999</b>	<b>7 025</b>	<b>5 356</b>	<b>996</b>	<b>8 026</b>

<sup>1)</sup> Derivative instruments used for hedging purposes.

QUARTERLY DATA, BUSINESS AREA	2020		2019					2018				
	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	
<b>NET SALES, SEK M <sup>1)</sup></b>												
FTZ	853	3 371	875	800	860	836	1 088	836	252	-	-	
Inter-Team	516	2 155	524	532	582	517	638	490	147	-	-	
MECA/Mekonomen	1 324	5 527	1 368	1 349	1 447	1 362	5 301	1 363	1 267	1 422	1 249	
Sørensen og Balchen	172	759	176	192	207	183	739	168	180	209	182	
Central functions <sup>2)</sup>	8	31	11	6	5	10	14	6	4	2	2	
<b>GROUP</b>	<b>2 874</b>	<b>11 842</b>	<b>2 954</b>	<b>2 879</b>	<b>3 100</b>	<b>2 909</b>	<b>7 779</b>	<b>2 864</b>	<b>1 850</b>	<b>1 633</b>	<b>1 432</b>	
<b>EBIT, SEK M</b>												
FTZ	84	299	51	69	87	93	49	36	13	-	-	
Inter-Team	-1	43	20	9	15	-1	-1	0	0	-	-	
MECA/Mekonomen <sup>3)</sup>	5	438	63	128	145	103	428	54	116	186	73	
Sørensen og Balchen	23	121	28	30	38	24	106	24	29	39	14	
Central functions <sup>2) 3)</sup>	-13	-39	-19	-5	-6	-10	-73	-19	-14	-33	-8	
Other items <sup>4)</sup>	-39	-157	-39	-39	-39	-39	-103	-39	-26	-19	-19	
<b>GROUP</b>	<b>59</b>	<b>705</b>	<b>104</b>	<b>59</b>	<b>240</b>	<b>170</b>	<b>407</b>	<b>57</b>	<b>118</b>	<b>173</b>	<b>60</b>	
<b>EBIT MARGIN, %</b>												
FTZ	10	9	6	9	10	11	5	4	5	-	-	
Inter-Team	0	2	4	2	3	0	0	0	0	-	-	
MECA/Mekonomen <sup>3)</sup>	0	8	5	9	10	7	8	4	9	13	6	
Sørensen og Balchen	13	16	16	16	18	13	14	15	16	18	8	
<b>GROUP</b>	<b>2</b>	<b>6</b>	<b>3</b>	<b>7</b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>4</b>	
<b>INVESTMENTS, SEK M <sup>5)</sup></b>												
FTZ	3	10	3	1	5	1	10	10	0	-	-	
Inter-Team	7	13	5	5	2	1	3	2	1	-	-	
MECA/Mekonomen	23	91	20	22	27	22	191	36	21	72	61	
Sørensen og Balchen	3	5	0	-	1	4	6	0	1	3	2	
Central functions <sup>2)</sup>	2	12	2	6	0	4	12	4	2	3	3	
<b>GROUP</b>	<b>38</b>	<b>131</b>	<b>30</b>	<b>34</b>	<b>35</b>	<b>32</b>	<b>221</b>	<b>52</b>	<b>25</b>	<b>78</b>	<b>66</b>	

<sup>1)</sup> Net sales for each business area are from external customers.

<sup>2)</sup> Central functions includes Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions.

<sup>3)</sup> Acquisition costs pertaining to the second quarter of 2018 of SEK 19 M and pertaining to the third quarter of 2018 of SEK 4 M have been transferred from MECA/Mekonomen to central functions.

<sup>4)</sup> "Other items" includes acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items pertain to amortisation of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

<sup>5)</sup> Investments do not include company and business combinations and exclude leases according to IFRS 16.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan–Mar 2020						Jan–Mar 2019					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
Revenue distribution per country												
FTZ	853					853	836					836
Inter-Team		516				516		517				517
MECA/Mekonomen			17	495	813	1 324			12	520	831	1 362
Sørensen og Balchen				172		172				183		183
Central functions						8						10
<b>Total net sales, Group</b>						<b>2 874</b>						<b>2 909</b>
Other revenue						42						40
<b>GROUP REVENUE</b>						<b>2 917</b>						<b>2 948</b>

Distribution of revenue per country based on the country that generates revenue for each segment.

QUARTERLY DATA SEK M	2020			2019				2018			
	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue	2 917	12 017	2 995	2 929	3 144	2 948	7 951	2 922	1 887	1 673	1 469
EBITDA	265	1 531	313	400	443	375	637	134	177	219	106
EBITDA excl. IFRS 16 <sup>1)</sup>	136	1 008	180	268	315	245					
Adjusted EBIT	98	874	149	231	280	214	599	148	148	217	99
EBIT	59	705	104	191	240	170	407	57	118	173	60
Net financial items	-71	-150	-27	-44	-38	-41	70	-39	114	-3	-2
Profit after financial items	-11	555	77	147	202	129	477	17	233	170	58
Tax	-3	-134	-22	-34	-45	-33	-209	-9	-147	-38	-15
Profit for the period	-15	421	55	113	157	96	268	8	85	131	43
EBITDA margin, %	9	13	10	14	14	13	8	5	9	13	7
Adjusted EBIT margin, %	3	7	5	8	9	7	8	5	8	13	7
EBIT margin, %	2	6	3	7	8	6	5	2	6	10	4
Earnings per share before and after dilution, SEK	-0,29	7,34	1,00	1,95	2,71	1,68	6,56	0,18	2,30	3,53	1,15
Shareholders' equity per share, SEK	76,7	76,4	76,4	76,6	74,5	71,0	67,9	67,9	64,4	66,3	68,8
Cash flow per share, SEK <sup>2)</sup>	1,1	20,3	3,6	7,5	6,3	2,8	8,3	0,9	1,2	6,5	0,2
Return on shareholders' equity, % <sup>3)</sup>	7,2	10,0	10,0	9,8	10,1	10,5	9,7	9,7	13,7	14,0	13,6
Share price at the end of the period	44,4	93,1	93,1	82,8	77,4	64,9	91,5	91,5	126,4	123,8	142,6

<sup>1)</sup> EBITDA excl. IFRS 16, see alternative performance measures for calculation. IFRS 16 is applied as of 2019.

<sup>2)</sup> Cash flow per share for the third quarter of 2018 is recognised after reclassification of SEK 132 M between operating activities and financing activities.

For further information, refer to the press release on 14 November 2018.

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

KEY FIGURES	Jan-Mar 2020	Jan-Mar 2019	12 months Apr - Mar	Full-year 2019
Return on shareholders' equity, % <sup>1)</sup>	7,2	10,5	7,2	10,0
Return on total capital, % <sup>1)</sup>	4,3	6,8	4,3	5,6
Return on capital employed, % <sup>1)</sup>	5,5	8,9	5,5	7,2
Equity/assets ratio, % <sup>2)</sup>	34,2	30,8	34,2	33,7
Net debt, SEK M	3 928	4 185	3 928	3 709
Net debt/EBITDA excl. IFRS 16 multiple <sup>1)3)</sup>	4,37	5,39	4,37	3,68
Net debt incl. IFRS 16/EBITDA, multiple <sup>1)</sup>	3,94	6,78	3,94	3,59
Gross margin, %	44,0	45,5	44,4	44,8
EBITDA margin, % <sup>4)</sup>	9,1	12,7	11,8	12,7
Adjusted EBIT margin, %	3,4	7,3	6,3	7,3
EBIT margin, %	2,0	5,8	5,0	5,9
Earnings per share before and after dilution, SEK	-0,29	1,68	5,37	7,34
Shareholders' equity per share, SEK	76,7	71,0	76,7	76,4
Cash flow per share, SEK	1,1	2,8	18,6	20,3
Number of shares at the end of the period <sup>5)</sup>	56 323 372	56 353 372	56 323 372	56 323 372
Average number of shares during the period	56 323 372	56 353 372	56 331 427	56 338 824

<sup>1)</sup> 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 period January-March.

<sup>2)</sup> The equity/assets ratio has changed materially due to IFRS 16, which is applied as of 2019. The equity/assets ratio excl. IFRS 16 amounts to 39,5 per cent.

<sup>3)</sup> Net debt/EBITDA excl. IFRS 16 is reported to the bank.

<sup>4)</sup> The EBITDA margin has changed materially due to IFRS 16, which is applied as of 2019. The EBITDA margin excl. IFRS 16 amounts to 4,67 per cent for the quarter.

<sup>5)</sup> The total number of shares amounts to 56,416,622, of which 93,250 are own shares at the end of the quarter.

NUMBER OF STORES AND WORKSHOPS	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Group	
	31 March		31 March		31 March		31 March		31 March	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Number of stores</b>										
Proprietary stores	51	51	80	79	234	229	37	38	402	397
Partner stores	-	0	3	3	43	40	28	28	74	71
<b>Total</b>	<b>51</b>	<b>51</b>	<b>83</b>	<b>82</b>	<b>277</b>	<b>269</b>	<b>65</b>	<b>66</b>	<b>476</b>	<b>468</b>
<b>Number of workshops</b>										
Mekonomen Service Centres	-	-	-	-	795	789	-	-	795	789
MekoPartner	-	-	-	-	204	213	-	-	204	213
Speedy	-	-	-	-	43	42	-	-	43	42
BilXtra	-	-	-	-	-	-	254	257	254	257
MECA Car Service	-	-	-	-	722	723	-	-	722	723
AlltiBil	-	-	-	-	8	8	-	-	8	8
AutoMester	421	425	-	-	-	-	-	-	421	425
Din BilPartner	154	140	-	-	-	-	-	-	154	140
HELLA Service Partner	331	333	-	-	-	-	-	-	331	333
CarPeople	40	28	-	-	-	-	-	-	40	28
Nosign	50	-	-	-	-	-	-	-	50	-
O.K. Servis	-	-	205	181	-	-	-	-	205	181
INTER DATA SERVICE	-	-	423	308	-	-	-	-	423	308
<b>Total</b>	<b>996</b>	<b>926</b>	<b>628</b>	<b>489</b>	<b>1 772</b>	<b>1 775</b>	<b>254</b>	<b>257</b>	<b>3 650</b>	<b>3 447</b>

AVERAGE NUMBER OF EMPLOYEES	Jan-Mar 2020	Jan-Mar 2019
FTZ	1 121	1 168
Inter-Team	1 474	1 438
MECA/Mekonomen	2 094	2 029
Sørensen og Balchen	257	268
Central functions <sup>1)</sup>	72	54
<b>Total</b>	<b>5 018</b>	<b>4 958</b>

<sup>1)</sup> "Central functions" includes Group-wide functions that also include the Parent Company Mekonomen AB and operations in ProMeister Solutions.



## FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Jan-Mar 2020	Jan-Mar 2019	12 months Apr - Mar	Full-year 2019
Operating revenue	19	21	67	69
Operating expenses	-24	-31	-94	-101
<b>EBIT</b>	<b>-4</b>	<b>-10</b>	<b>-27</b>	<b>-32</b>
Net financial items <sup>1)</sup>	-135	281	-168	248
<b>Profit after financial items</b>	<b>-139</b>	<b>271</b>	<b>-194</b>	<b>215</b>
Appropriations	-	-	206	206
Tax	30	13	-3	-20
<b>PROFIT FOR THE PERIOD</b>	<b>-109</b>	<b>284</b>	<b>8</b>	<b>401</b>

<sup>1)</sup> Net financial items include dividends on participations in subsidiaries totalling SEK 332 M for the first quarter and full-year 2019. No dividends were received from subsidiaries in the first quarter of 2020.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jan-Mar 2020	Jan-Mar 2019	12 months Apr - Mar	Full-year 2019
<b>Profit for the period</b>	<b>-109</b>	<b>284</b>	<b>8</b>	<b>401</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-109</b>	<b>284</b>	<b>8</b>	<b>401</b>

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	31 March 2020	31 March 2019	31 December 2019
<b>ASSETS</b>			
Fixed assets	9 077	8 087	9 037
Current receivables in Group companies	222	1 539	239
Other current receivables	28	47	13
Cash and cash equivalents	96	24	235
<b>TOTAL ASSETS</b>	<b>9 423</b>	<b>9 697</b>	<b>9 524</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	5 055	5 048	5 164
Untaxed reserves	211	247	211
Provisions	3	3	3
Long-term liabilities	3 417	3 789	3 314
Current liabilities in Group companies	3	2	70
Other current liabilities	733	607	762
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>9 423</b>	<b>9 697</b>	<b>9 524</b>

SUMMARY OF CHANGES IN EQUITY FOR THE PARENT COMPANY, SEK M	31 March 2020	31 March 2019	31 December 2019
Shareholders' equity at the beginning of the year	5 164	4 765	4 765
Comprehensive income for the period	-109	284	401
Repurchase of own shares	-	-	-2
Share savings programme	0	-	1
<b>SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>5 055</b>	<b>5 048</b>	<b>5 164</b>

## ALTERNATIVE PERFORMANCE MEASURES

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 is not defined or specified in IFRS. Mekonomen believes that these measures provide valuable supplementary information to company management, investors and other stakeholders in evaluating 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 supplement to the measures defined according to IFRS. For definitions of key figures, refer to page 21. 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 supplements to the 2016–2019 Annual Reports on our website:

<http://www.mekonomen.com/sv/alternativa-nyckeltal/>.

\*The European Securities and Markets Authority.

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON SHAREHOLDERS' EQUITY SEK M	Jan–Mar 2020	Jan–Mar 2019	12 months Apr - Mar	Full-year 2019
Profit for the period (rolling 12-month basis)	310	321	310	421
– Less non-controlling interest of profit for the period (rolling 12 months)	-7	-8	-7	-8
<b>Profit for the period excluding non-controlling interest (rolling 12 months)</b>	<b>303</b>	<b>313</b>	<b>303</b>	<b>413</b>
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters <sup>1)</sup>	4 228	2 998	4 228	4 129
<b>RETURN ON SHAREHOLDERS' EQUITY, %</b>	<b>7,2</b>	<b>10,5</b>	<b>7,2</b>	<b>10,0</b>

<sup>1)</sup> SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2020 Q1	Q4	2019 Q3	Q2	Q1	2018 Q4	Q3	Q2	Q1
Shareholders' equity	4 375	4 335	4 347	4 228	4 034	3 853	2 340	2 398	2 487
– Less non-controlling interest of shareholders' equity	-53	-32	-33	-29	-32	-25	-29	-18	-17
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<b>4 322</b>	<b>4 303</b>	<b>4 313</b>	<b>4 199</b>	<b>4 002</b>	<b>3 828</b>	<b>2 311</b>	<b>2 380</b>	<b>2 469</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters</b>	<b>4 228</b>	<b>4 129</b>	<b>3 731</b>	<b>3 344</b>	<b>2 998</b>	<b>2 670</b>	<b>2 366</b>	<b>2 347</b>	<b>2 347</b>

RETURN ON TOTAL CAPITAL SEK M	Jan–Mar 2020	Jan–Mar 2019	12 months Apr - Mar	Full-year 2019
Profit after financial items (rolling 12 months)	415	548	415	555
– Plus interest expenses (rolling 12 months)	146	84	146	151
<b>Profit after financial items plus interest expenses (rolling 12 months)</b>	<b>561</b>	<b>632</b>	<b>561</b>	<b>706</b>
– Divided by TOTAL ASSETS, average over the past five quarters <sup>2)</sup>	12 999	9 296	12 999	12 616
<b>RETURN ON TOTAL CAPITAL, %</b>	<b>4,3</b>	<b>6,8</b>	<b>4,3</b>	<b>5,6</b>

<sup>2)</sup> TOTAL ASSETS SEK M	2020 Q1	Q4	2019 Q3	Q2	Q1	2018 Q4	Q3	Q2	Q1
Total assets	12 783	12 870	13 127	13 118	13 099	10 863	11 111	5 798	5 608
<b>TOTAL ASSETS, average over the past five quarters</b>	<b>12 999</b>	<b>12 616</b>	<b>12 264</b>	<b>10 798</b>	<b>9 296</b>	<b>7 787</b>	<b>6 732</b>	<b>5 603</b>	<b>5 549</b>

RETURN ON CAPITAL EMPLOYED SEK M	Jan–Mar 2020	Jan–Mar 2019	12 months Apr - Mar	Full-year 2019
Profit after financial items (rolling 12 months)	415	548	415	555
– Plus interest expenses (rolling 12 months)	146	84	146	151
<b>Profit after financial items plus interest expenses (rolling 12 months)</b>	<b>561</b>	<b>632</b>	<b>561</b>	<b>706</b>
– Divided by CAPITAL EMPLOYED, average over the past five quarters <sup>3)</sup>	10 263	7 066	10 263	9 856
<b>RETURN ON CAPITAL EMPLOYED, %</b>	<b>5,5</b>	<b>8,9</b>	<b>5,5</b>	<b>7,2</b>

3) CAPITAL EMPLOYED SEK M	2020		2019			2018			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	12 783	12 870	13 127	13 118	13 099	10 863	11 111	5 798	5 608
– Less deferred tax liabilities	-382	-428	-443	-439	-465	-474	-449	-147	-157
– Less long-term liabilities, non-interest-bearing	-70	-20	-20	-20	-20	-20	-13	-11	-16
– Less current liabilities, non-interest-bearing	-2 131	-2 227	-2 453	-2 323	-2 244	-2 203	-2 334	-1 370	-1 228
<b>CAPITAL EMPLOYED</b>	<b>10 201</b>	<b>10 195</b>	<b>10 211</b>	<b>10 337</b>	<b>10 370</b>	<b>8 166</b>	<b>8 316</b>	<b>4 271</b>	<b>4 207</b>
<b>CAPITAL EMPLOYED, average over the past five quarters</b>	<b>10 263</b>	<b>9 856</b>	<b>9 480</b>	<b>8 292</b>	<b>7 066</b>	<b>5 809</b>	<b>5 007</b>	<b>4 167</b>	<b>4 146</b>

GROSS MARGIN SEK M	Jan–Mar	Jan–Mar	12 months	Full-year
	2020	2019	Apr - Mar	2019
Net sales	2 874	2 909	11 808	11 842
– Less goods for resale	-1 611	-1 585	-6 560	-6 535
<b>Total</b>	<b>1 264</b>	<b>1 323</b>	<b>5 248</b>	<b>5 307</b>
– Divided by net sales	2 874	2 909	11 808	11 842
<b>GROSS MARGIN, %</b>	<b>44,0</b>	<b>45,5</b>	<b>44,4</b>	<b>44,8</b>

EARNINGS PER SHARE SEK M	Jan–Mar	Jan–Mar	12 months	Full-year
	2020	2019	Apr - Mar	2019
Profit for the period	-15	96	310	421
– Less non-controlling interests' share	-2	-2	-7	-8
<b>Profit for the period attributable to Parent Company's shareholders</b>	<b>-16</b>	<b>94</b>	<b>303</b>	<b>413</b>
– Divided by Average number of shares <sup>4)</sup>	56 323 372	56 353 372	56 331 427	56 338 824
<b>EARNINGS PER SHARE, SEK</b>	<b>-0,29</b>	<b>1,68</b>	<b>5,37</b>	<b>7,34</b>

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan–Mar	Jan–Mar	12 months	Full-year
	2020	2019	Apr - Mar	2019
Shareholders' equity	4 375	4 034	4 375	4 335
– Less non-controlling interest of shareholders' equity	-53	-32	-53	-32
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<b>4 322</b>	<b>4 002</b>	<b>4 322</b>	<b>4 303</b>
– Divided by number of shares at the end of the period <sup>4)</sup>	56 323 372	56 353 372	56 323 372	56 323 372
<b>SHAREHOLDERS' EQUITY PER SHARE, SEK</b>	<b>76,7</b>	<b>71,0</b>	<b>76,7</b>	<b>76,4</b>

CASH FLOW PER SHARE SEK M	Jan–Mar	Jan–Mar	12 months	Full-year
	2020	2019	Apr - Mar	2019
Cash flow from operating activities	62	158	1 046	1 142
– Divided by Average number of shares <sup>4)</sup>	56 323 372	56 353 372	56 331 427	56 338 824
<b>CASH FLOW PER SHARE, SEK</b>	<b>1,1</b>	<b>2,8</b>	<b>18,6</b>	<b>20,3</b>

4) AVERAGE NUMBER OF SHARES	Jan-Mar 2020	Jan-Mar 2019	12 months Apr - Mar	Full-year 2019
Number of shares at the end of the period	56 323 372	56 353 372	56 323 372	56 323 372
- Multiplied by the number of days that the Number of shares at the end of the period has remained unchanged during the period	90	90	267	177
Number of shares on another date during the period			56 353 372	56 353 372
- Multiplied by the number of days that the Number of shares on another date has existed during the period			98	188
- Total divided by the number of days during the period	90	90	365	365
<b>AVERAGE NUMBER OF SHARES</b>	<b>56 323 372</b>	<b>56 353 372</b>	<b>56 331 427</b>	<b>56 338 824</b>

NET DEBT SEK M	31 March 2020	31 March 2019	31 December 2019
Long-term liabilities, interest-bearing incl. lease liability	4 662	5 256	4 655
- Less interest-bearing long-term liabilities and provisions for pensions, leases, derivatives and similar obligations	-1 242	-1 463	-1 339
Current liabilities, interest-bearing incl. lease liability	1 164	1 080	1 204
- Less interest-bearing current liabilities and provisions for pensions, leases, derivatives and similar obligations	-449	-511	-457
- Less cash and cash equivalents	-207	-177	-355
<b>NET DEBT</b>	<b>3 928</b>	<b>4 185</b>	<b>3 709</b>

NET DEBT INCL. IFRS 16 SEK M	31 March 2020	31 March 2019	31 December 2019
NET DEBT	3 928	4 185	3 709
- Plus long-term lease liabilities according to IFRS 16	1 220	1 449	1 323
- Plus current lease liabilities according to IFRS 16	449	511	457
<b>NET DEBT INCL. IFRS 16</b>	<b>5 598</b>	<b>6 145</b>	<b>5 489</b>

EBITDA EXCL. IFRS 16	Jan-Mar 2020	Jan-Mar 2019	12 months Apr - Mar	Full-year 2019
EBITDA according to income statement	265	375	1 420	1 531
- less change relating to lease expenses in accordance with IFRS 16	-128	-130	-522	-523
<b>EBITDA excluding IFRS 16</b>	<b>136</b>	<b>245</b>	<b>899</b>	<b>1 008</b>

## 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.
EBITDA	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets.
EBITDA excl. IFRS 16	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets excl. effects of IFRS 16.
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.
Adjusted EBIT	EBIT adjusted for items affecting comparability and material acquisition-related items. Current acquisition-related items are depreciation of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.
Adjusted EBIT margin	Adjusted EBIT as a percentage of total revenue.
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	Short-term and long-term interest-bearing liabilities for borrowing, i.e. excluding short and long-term lease liabilities, pensions, derivatives and similar obligations, less cash and cash equivalents.
Net debt incl. IFRS 16	Short-term and long-term interest-bearing liabilities for borrowing, and long and short-term lease liabilities according to IFRS 16, i.e. excluding pensions, derivatives and similar obligations, less cash and cash equivalents.
Organic growth	Change in net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.
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

Business area	Reportable segment
Affiliated workshops	Workshops that are not proprietary, but conduct business under the Group's brands/workshop concepts (Mekonomen Service Centre, MekoPartner, MECA Car Service, BiXtra 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, Carwise Kraft Sakura and Vehcare.
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 the period with previous periods, including restructuring programmes, costs related to major legal disputes, impairments, and gains and losses from the acquisition or divestments of businesses, subsidiaries, associated companies and joint ventures or items of a similar nature.
Concept workshops	Affiliated workshops.
ProMeister	Mekonomen Group's proprietary brand for high-quality spare parts with five-year guarantees, and the name of the services we offer affiliated workshops.
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 for cars	Products that are not necessary for a car to function, but enhance the experience or extend use of the car, such as car-care products, roof boxes, car child seats, etc.
Currency effects in the balance sheet	Impact of currency with respect to realised and unrealised revaluations of foreign short-term non-interest-bearing receivables and liabilities.
Currency transaction effects	Impact of currency with respect to internal sales from Bileko Car Parts AB, and from MECA CarParts 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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