



# **INCREASING THE LEAD – INTO THE FUTURE OF MOBILITY**

Capital Markets Day  
March 21, 2023

***MEKO***

# Welcome

Anders Oxelström  
Director of Communication,  
Moderator



# Welcome

Pehr Oscarson  
President & CEO



# Increasing the lead – into the future of mobility

Stronger position – market leader in Northern Europe.

Timeless business model with strong cashflow – positive long term outlook for the car.

Leading the transformation – investing for the future of a more sustainable mobility.

Well positioned to increase shareholder value.

Adjusted long term financial targets reflects the strategy

# Agenda

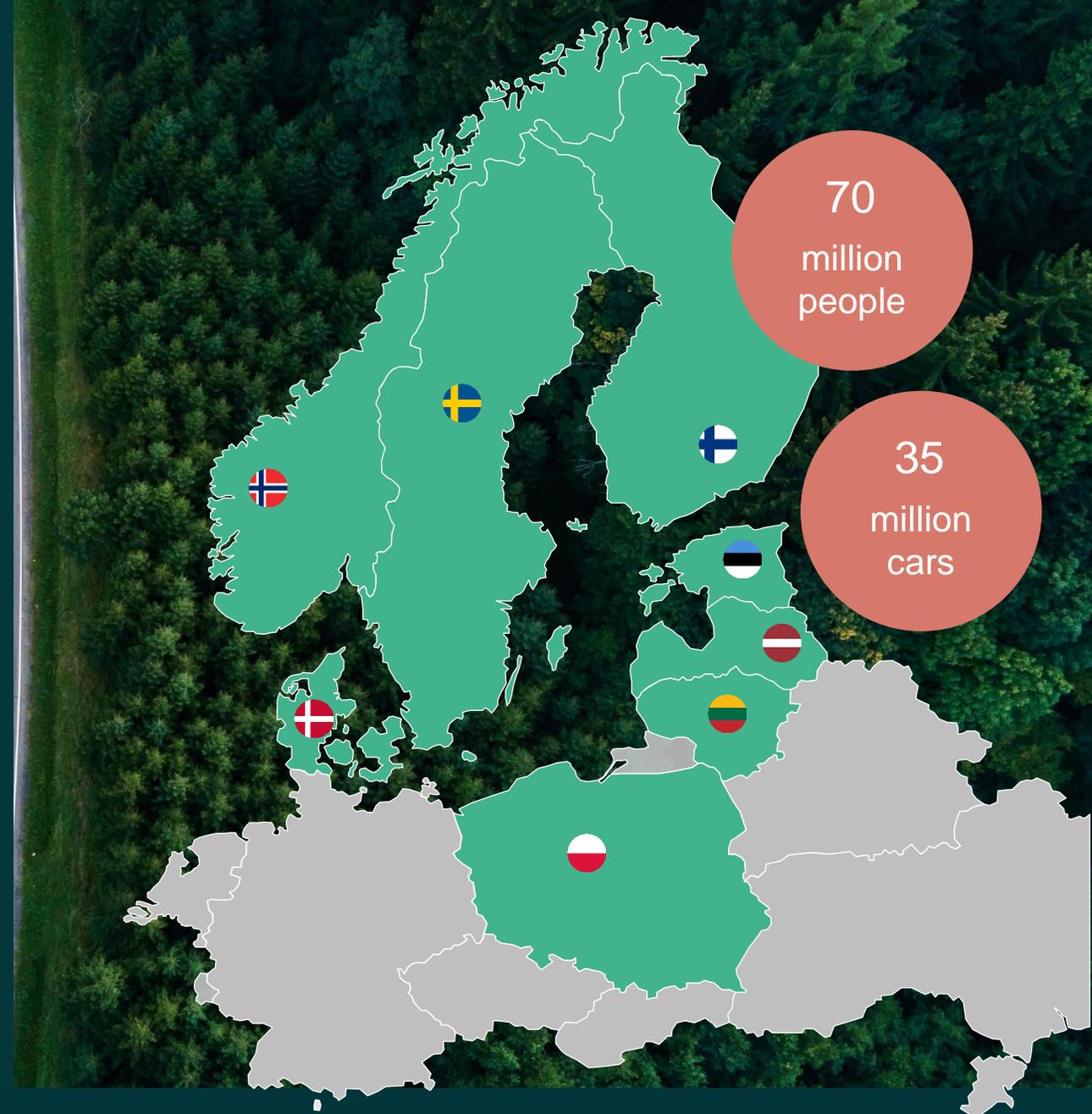
1	Increasing the lead – into the future of mobility	Pehr Oscarson, CEO
2	Markets and trends	Petra Bendelin, Director of Business Development, Strategy and Sustainability
3	Financial roadmap – adjusted financial targets	Åsa Källenius, CFO
4	Strategy update	Petra Bendelin
5	Better operations: Accelerating value creation	Tobias Narvinger, COO
6	Sustainable growth 1: Leading the transformation	Petra Bendelin, Pehr Oscarson
7	Sustainable growth 2: Ensuring sustainability within MEKO	Louise Wohrne, Head of Sustainability
8	Q&A	

An aerial photograph of a two-lane asphalt road with white dashed lines, curving through a dense forest. To the right of the road is a calm lake that reflects the sky and the surrounding trees. The background shows a forested hillside under a soft, overcast sky. The overall mood is serene and natural.

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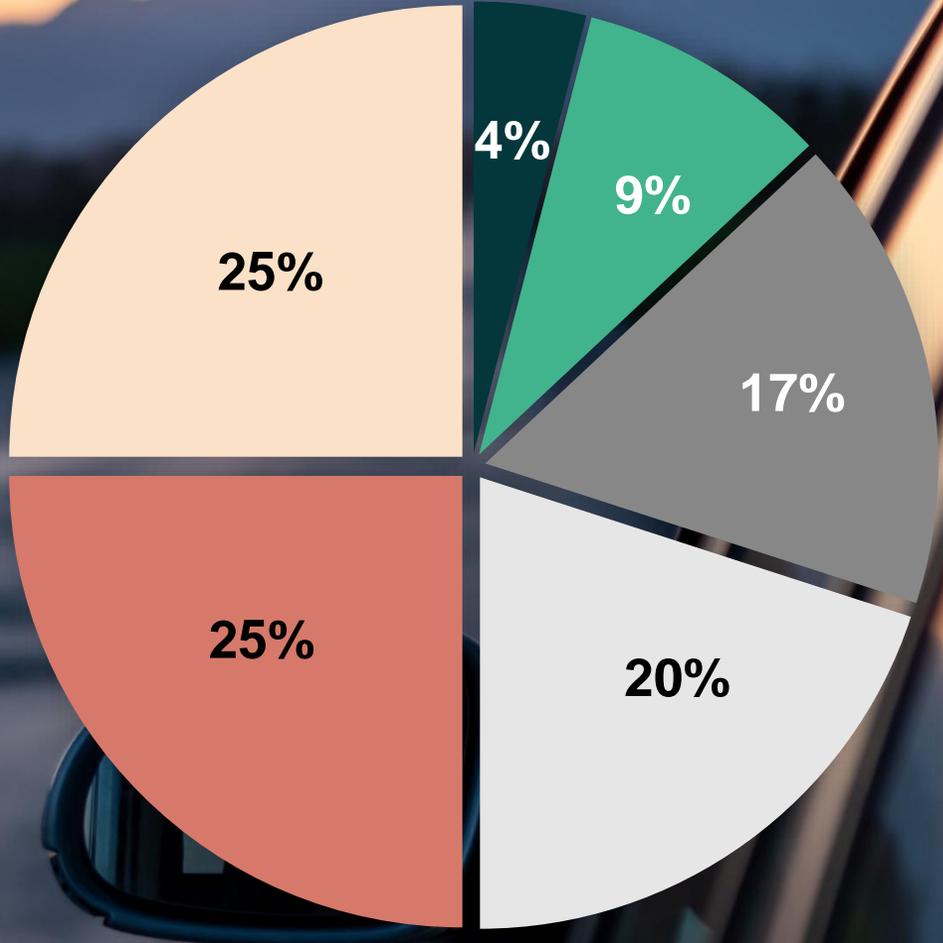
# Market leader in Northern Europe

- Market leader in spare parts and car services.
- 8 markets, 600 branches, 20 000 workshop customers, where of 4 300 affiliated workshops.
- Multiple brands maximize sales potential.
- Strong platform to extract synergies and maximize purchasing power.



# Strong position in each market

- Baltics
- Finland
- Poland
- Norway
- Denmark
- Sweden



Net sales per market Q4, 2022

An aerial photograph of a two-lane asphalt road with white dashed center lines, curving through a dense forest. To the right of the road is a calm lake that reflects the sky and the surrounding trees. The background shows a forested hillside under a soft, overcast sky. The overall mood is serene and natural.

# **INCREASING THE LEAD – INTO THE FUTURE OF MOBILITY**

# Market and trends

Petra Bendelin  
Director of Business development,  
Strategy & Sustainability



# Market trends inspires our development

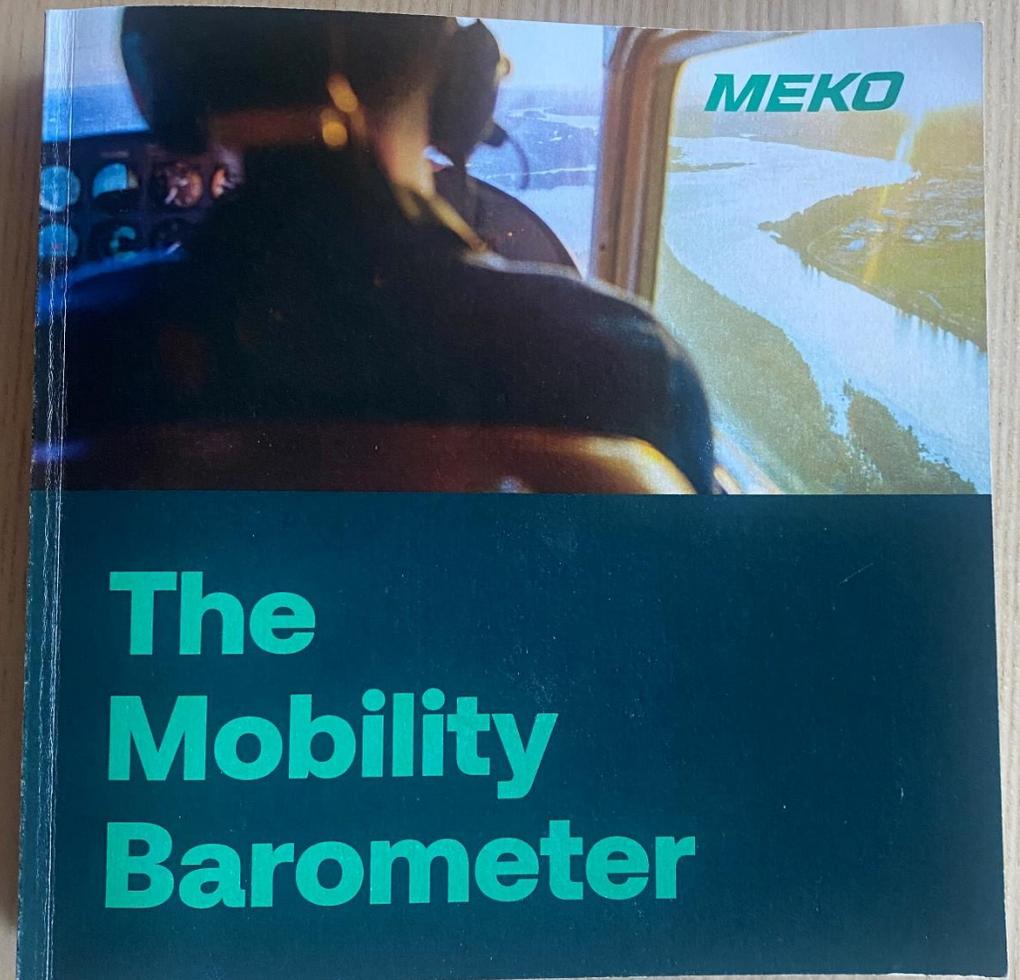
- Developing core business.
- Increasing the lead in a competitive environment.
- New services and products meeting new customer demands.
- Sustainable mindset as an enabler for growth.



# Understanding changes in mobility

The Mobility Barometer

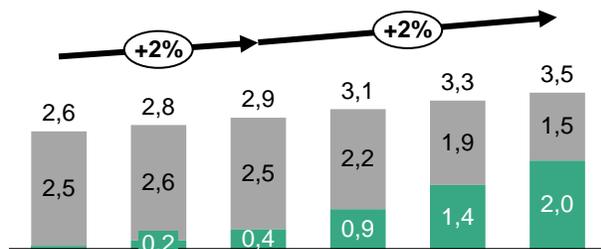
- A unique report
- Habits and expectations of mobility
- Over 4000 respondents



# Growth expected to continue, shift to electric cars



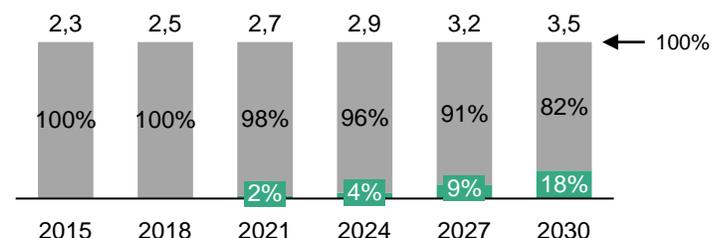
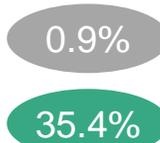
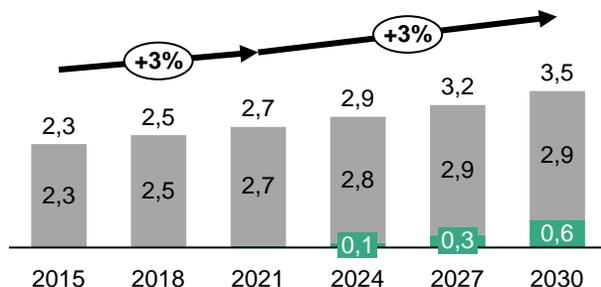
Number of personal vehicles  
Million



CAGR  
'21-'30, %



Share of Battery electric vehicles among  
personal vehicles  
%



■ Combustion engine & Hybrid    ■ Electric vehicle

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# **INCREASING THE LEAD – INTO THE FUTURE OF MOBILITY**

# Financial goals

Åsa Källenius  
CFO



# Updated long term financial targets

## Sales growth

Rephrased

Annual sales growth of at least 5 percent

- through a combination of organic growth and smaller acquisitions, but excluding selective M&A

## Adjusted EBIT growth

Updated

Annual adjusted EBIT growth of at least 10 percent.

## Net debt/EBITDA

Unchanged

Net debt/EBITDA shall be in the range of 2.0-3.0 times.

## Dividend policy

Updated

Dividends corresponding to 50 per cent of profit after tax.

- Potential acquisition opportunities, financial position, investment needs and buy-backs taken into consideration.

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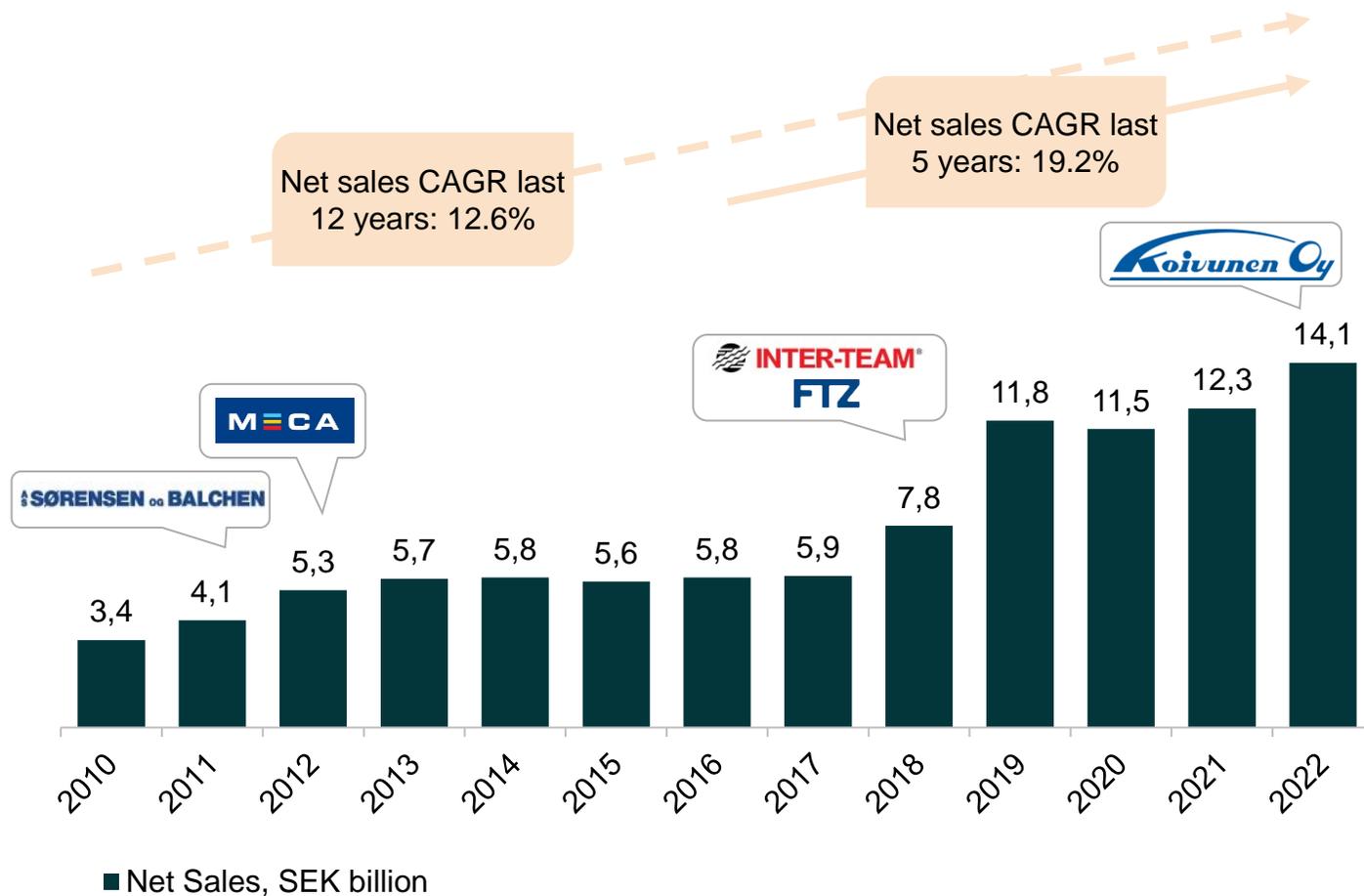
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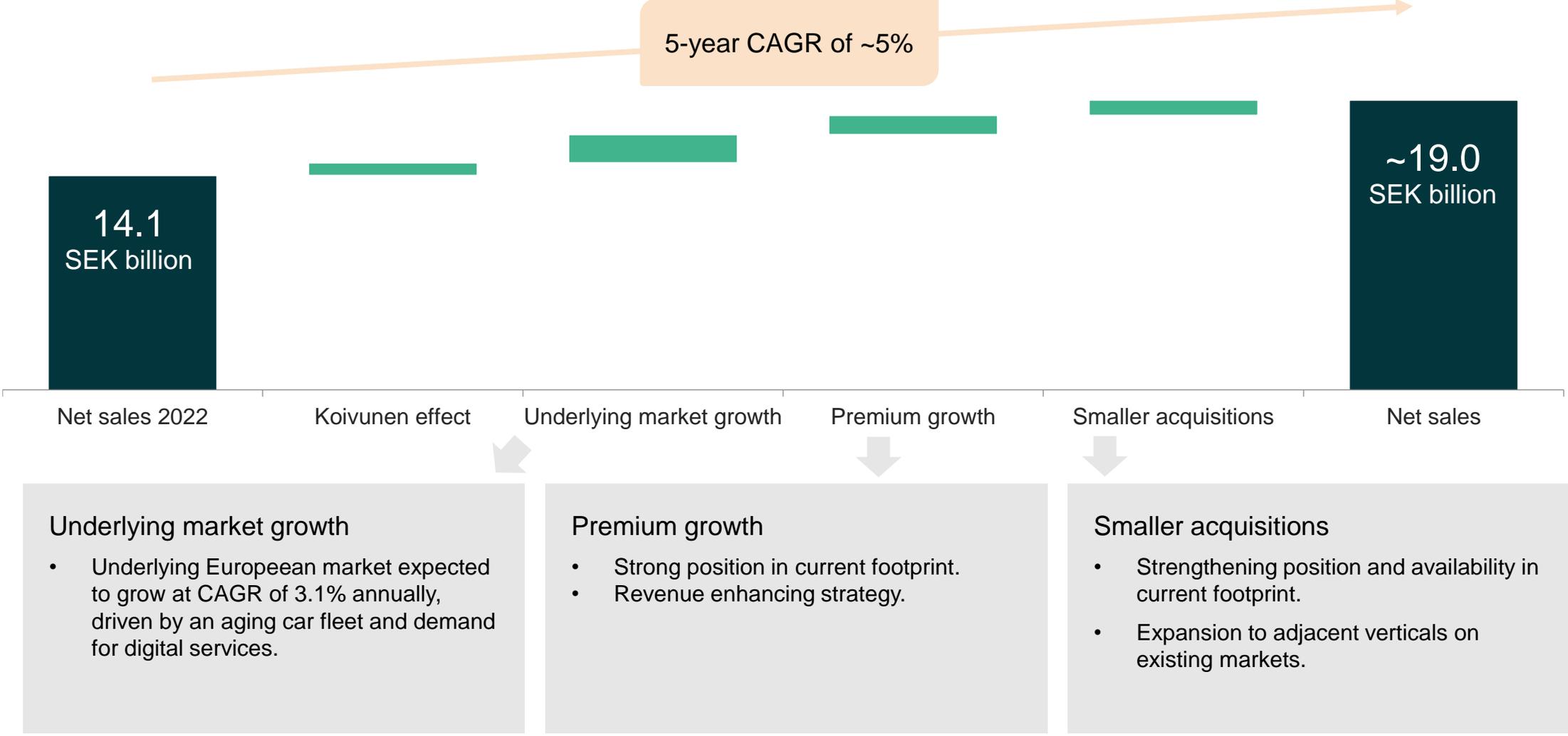
# History of organic growth and selective acquisitions



- MEKO net sales CAGR last 5 years of 19.2%
- Acquired Sørensen og Balchen in 2011 and MECA in 2012
- Acquired FTZ and Inter-Team in 2018
- Acquired Koivunen in 2022
- MEKO organic net sales CAGR last 5 years of 2.8%
- Automotive aftermarket in Europe 2022-2027 expected to grow at a CAGR of 3.1% annually, versus historic growth of around 2% the past decade\*

\* Market Data Forecast, January 2022

# Positioned to outgrow the market



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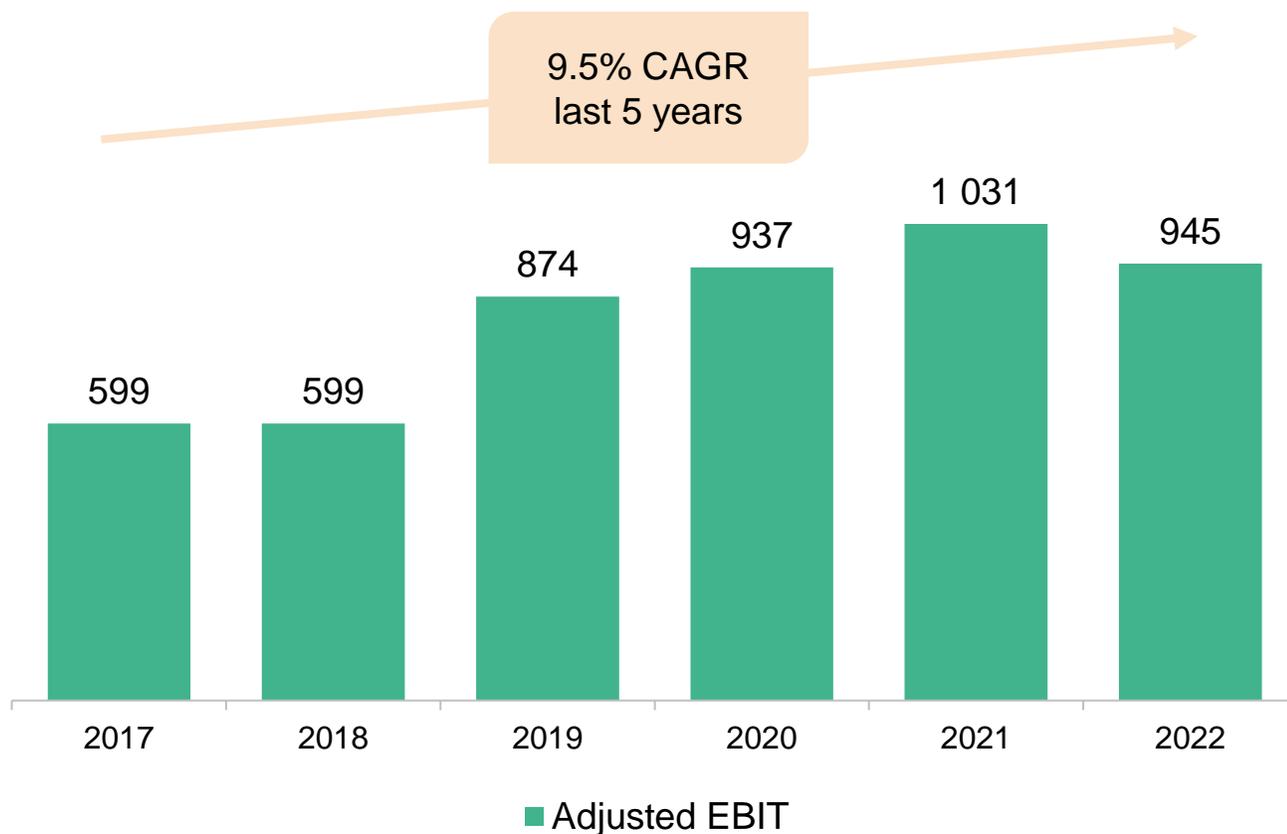
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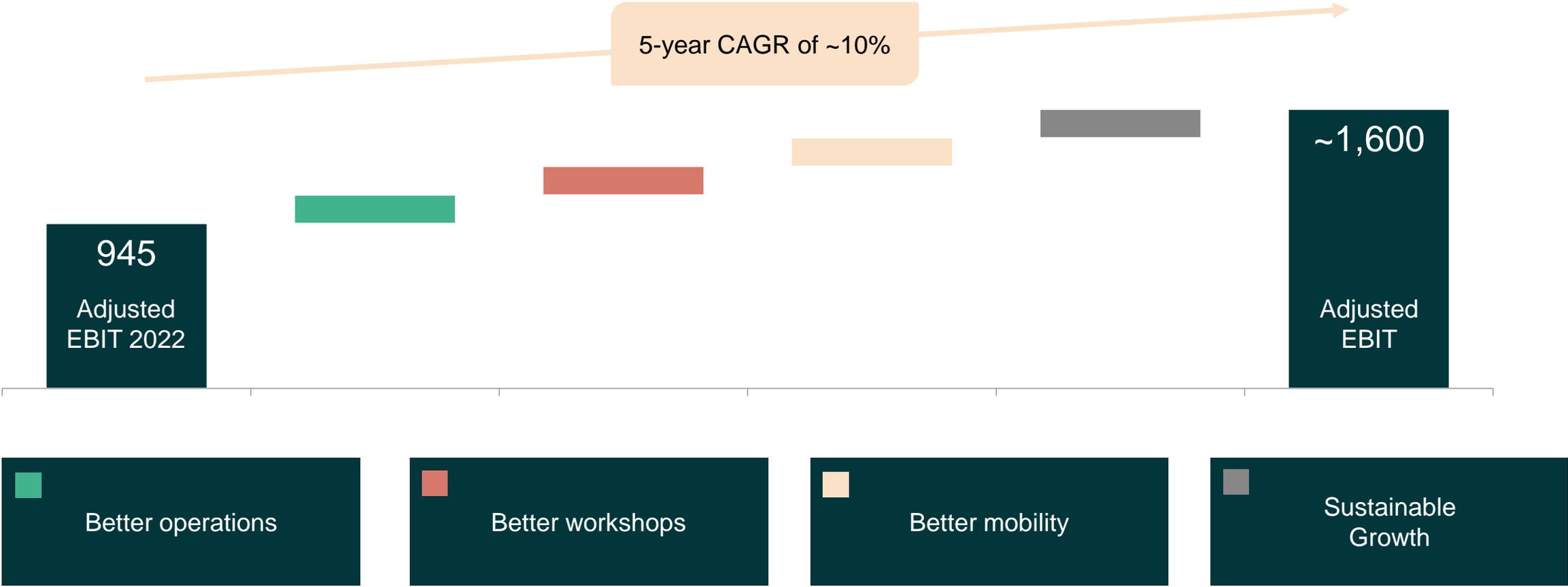
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# Adjusted EBIT growth supported by cost focus



- MEKO adjusted EBIT growth of 9.5% CAGR over the past 5 years, supported by:
  - Acquisition of FTZ and inter-team in 2018 and koivunen in 2022.
  - Purchasing synergies generated from earlier acquisitions.
  - Continuous cost-efficiency measures and strategic initiatives.
- Acquisition of FTZ and inter-team in 2018 as well as koivunen in 2022 diluted the average margin.
- Strategy to support future EBIT growth on top of synergy extraction and continuous cost-efficiency measures.

# Strategy execution enables adjusted EBIT growth



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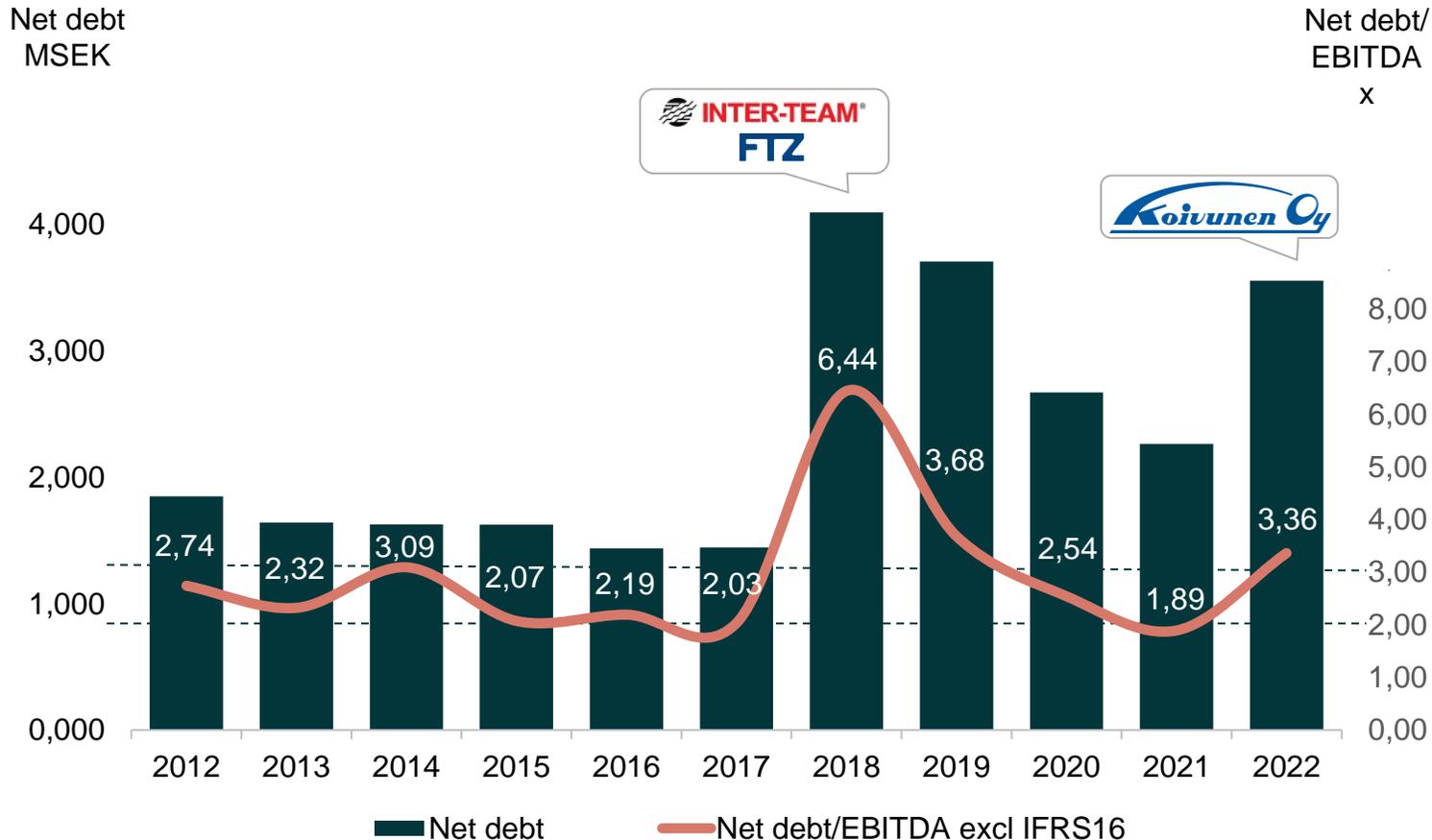
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# Temporary higher Net debt and leverage



- Leverage FY 2022 of 3.36 times impacted by Koivunen acquisition, market situation and slight inventory build-up in 2022
- Proven track record of deleverage post larger acquisitions
  - Acquired Sørensen og Balchen in 2011 and MECA in 2012
  - Acquired FTZ and Inter-Team in 2018
- Target to reach target range by the end of 2023 through operational cash flow generation and working capital release by slightly reduced inventory

# High cash conversion support

mix of dividend, deleverage and selective acquisitions.

Summary of cash flows 2019-2022



- Cash flow generated from operations of **SEK 5.2 billion** in 2019-2022.
  - Changes in working capital negative by SEK 141 M, mainly due to inventory build-up during 2022.
  - Investments of SEK 2,119 M, mainly related to acquisition of Koivunen.
  - Financing activities of SEK 2,204 M, largely related to deleverage.
- 2022 year-end net debt at **SEK 3,558 M** and net debt/EBITDA at **3.36** times (1.89 at end 2021)
- Cash flow sufficient for future dividend payments, selective value creative acquisitions and required investments, while keeping net debt/EBITDA within target range of 2.0-3.0 times

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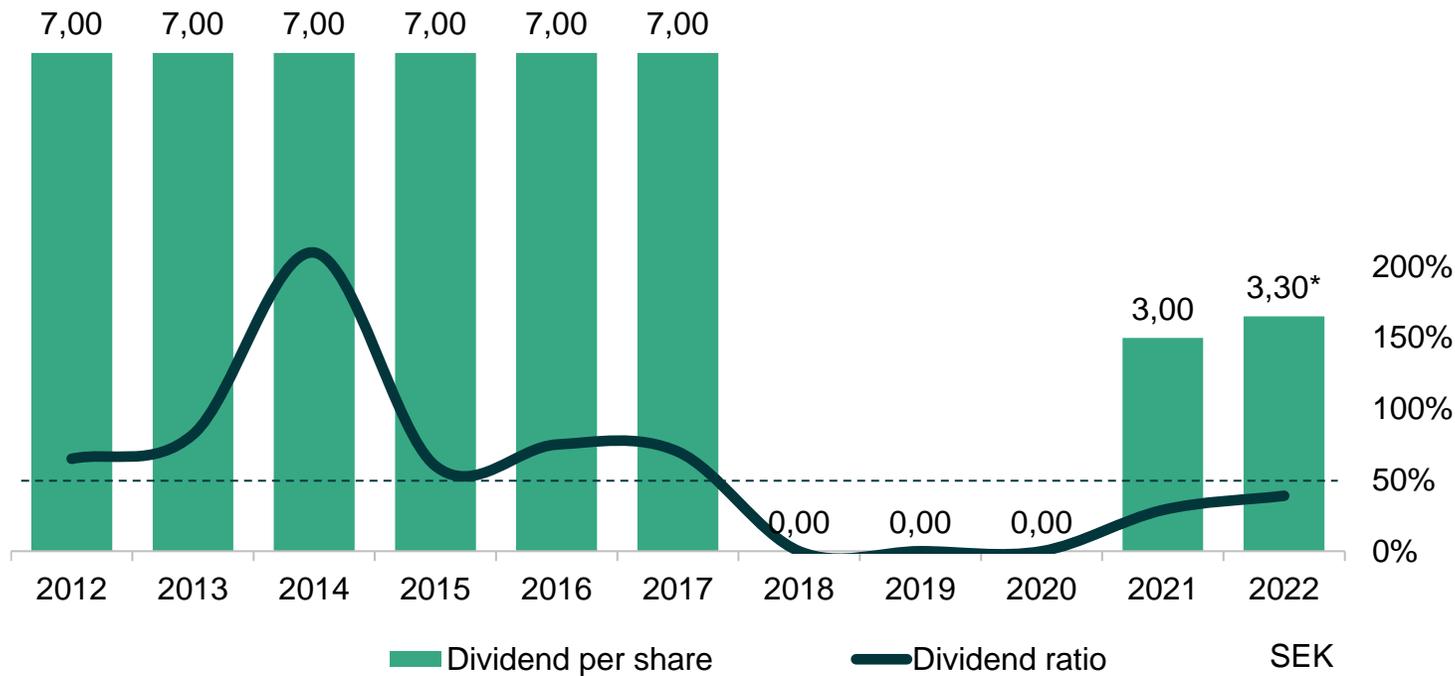
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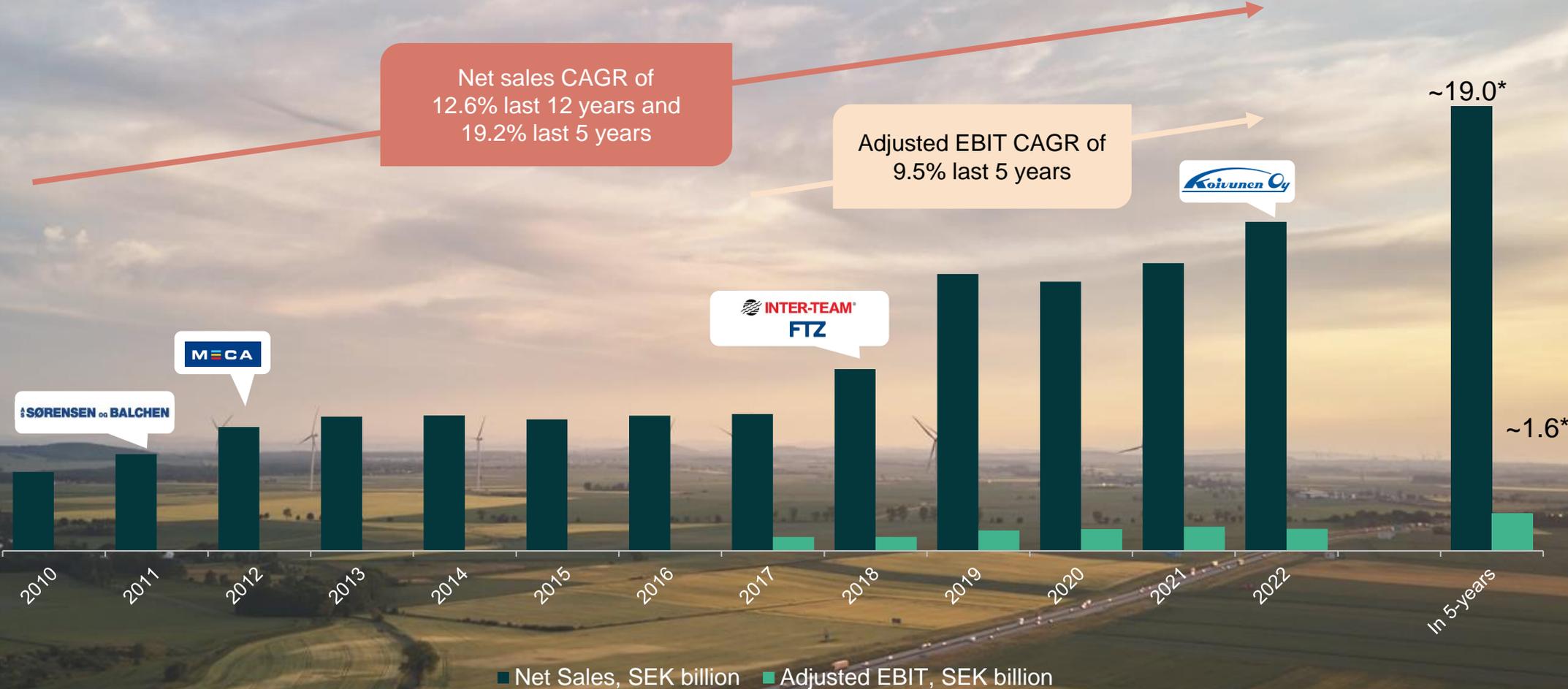
# Target to return to our strong dividend history



\*Proposed by the Board

- Dividend payments affected by larger acquisitions during the past 5 years
- Dividend of 3.30 SEK per share proposed by the Board for 2022, paid in 2 installments during 2023
- Target to return to recurring annual dividend payments of 50 percent of profit after tax when back within target leverage range

# Summary



\*Market Data Forecast, January 2022

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# **INCREASING THE LEAD – INTO THE FUTURE OF MOBILITY**

# Strategy updates

Petra Bendelin  
Director of Business development,  
Strategy & Sustainability



# Four focus areas built on a strong foundation

**We enable mobility  
today, tomorrow and in the future**



Better  
operations



Better  
workshops



Better  
mobility



Sustainable  
growth

We act with respect, commitment  
and with the customer in focus

# Strategy execution in line with plan

## Better operations

Optimized our network

Extracting synergies from Finland of 40 MSEK

Launched talent program

Committed to Science Based Targets

## Better workshops

“Efficient workshop” for increased profitability

Glass concept with new customer base

State of the art workshop business system

## Better mobility

Fleet offer growth by 30% and total revenue of 300 MSEK

70% growth of Service agreements

Launched Mobile service

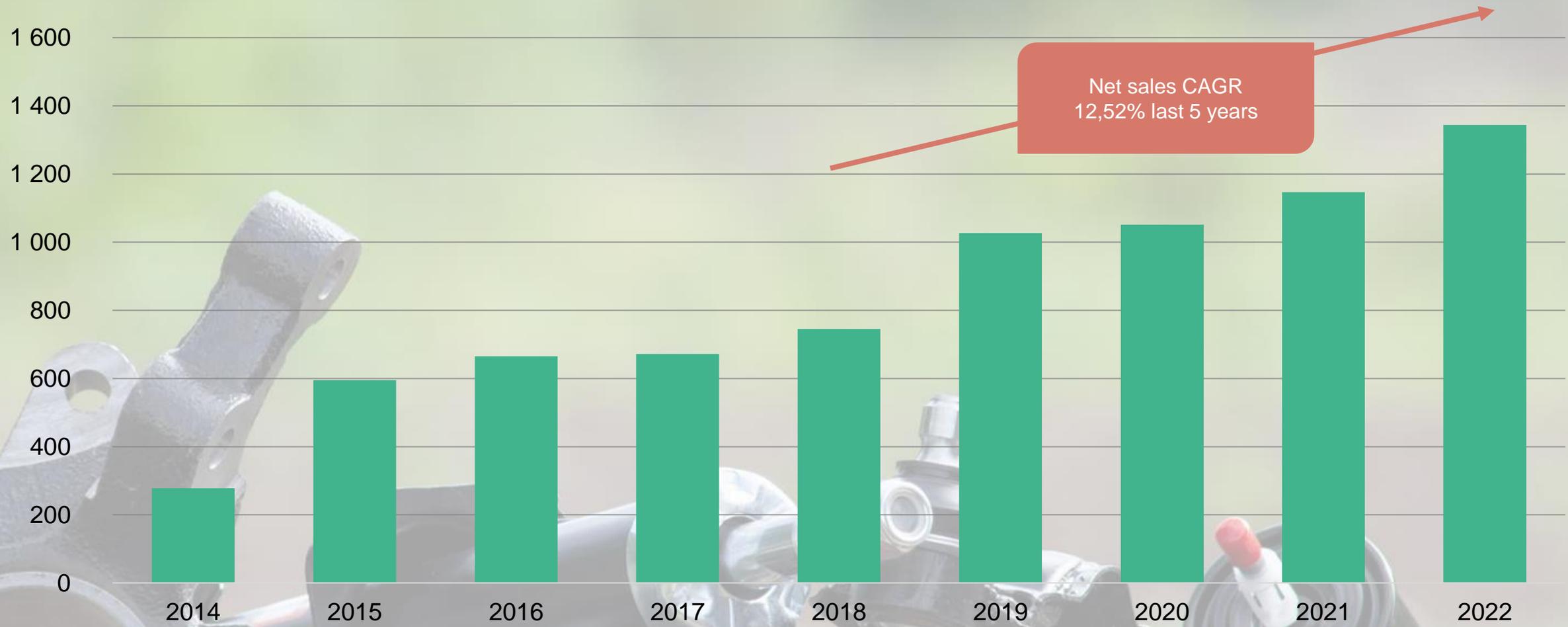
## Sustainable Growth

Taking the lead in Northern Europe

Successful smaller acquisitions

27% growth within Heavy vehicles

# Example: Unique assortment support our growth and vision



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# Example: Level up on high voltage competence

- E+ standard: common knowledge, safety and tools for electric cars
- Over 6000 trained mechanics within high voltage competence
- Training of the highest E+ level yet have just started



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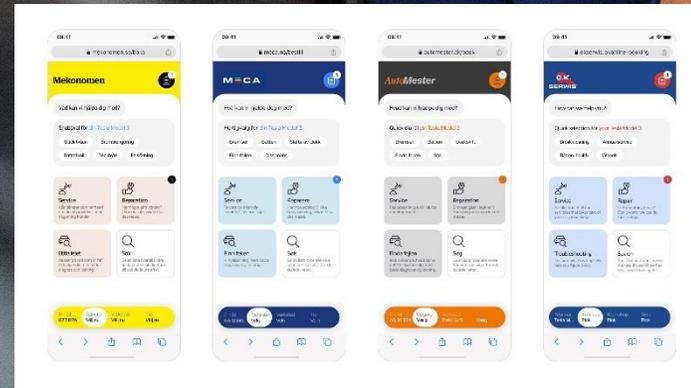
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# Example: Booking solution challenging the industry

~ 250 000 digital bookings

~ 25% growth compared to last year

~ 700 MSEK revenue



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# Example: Strong growth in heavy vehicles

Sales to heavy vehicles customers

Net sales CAGR  
27% last 5 years

■ Sales MSEK

2018

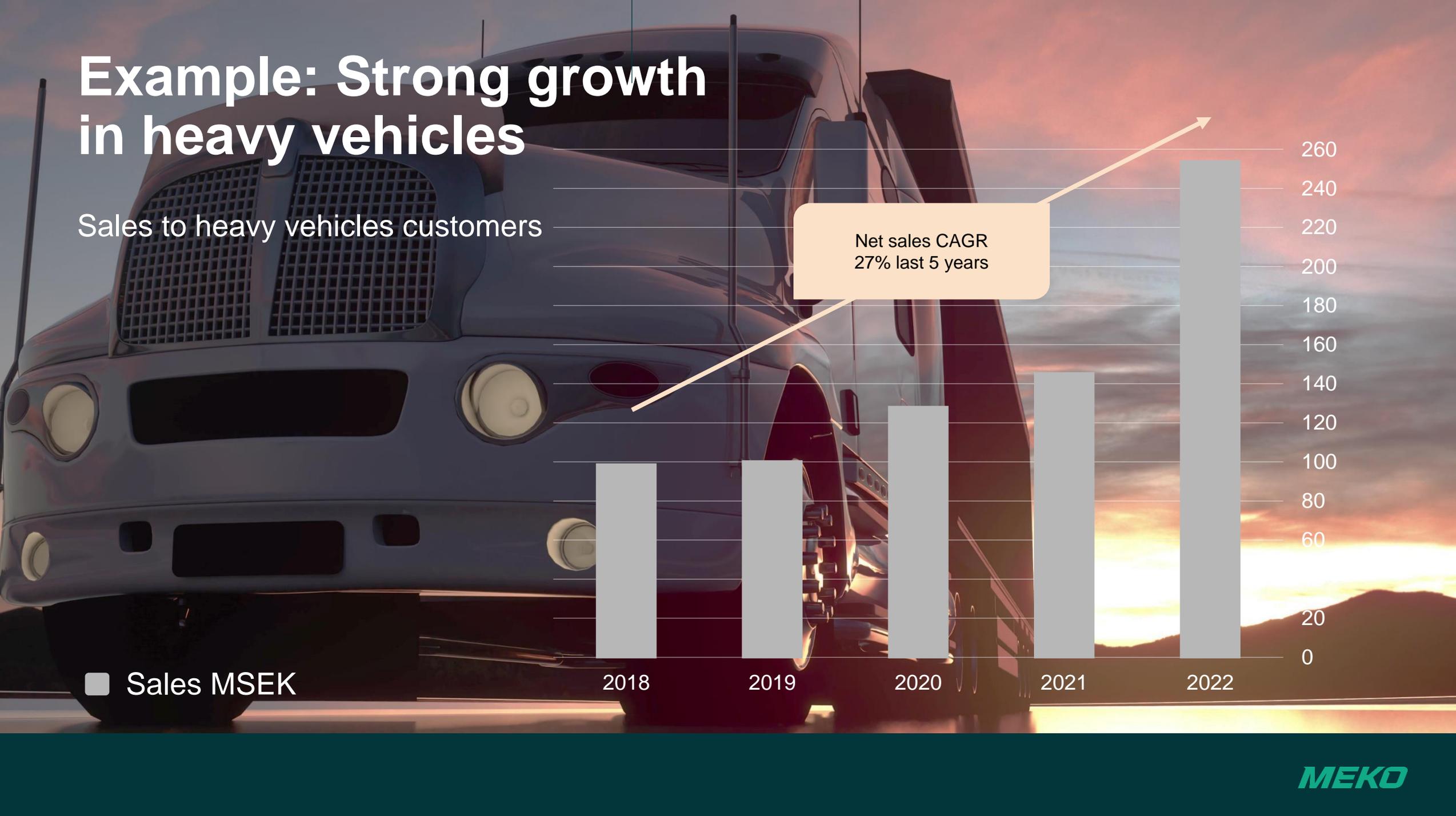
2019

2020

2021

2022

260  
240  
220  
200  
180  
160  
140  
120  
100  
80  
60  
20  
0



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# **INCREASING THE LEAD – INTO THE FUTURE OF MOBILITY**

Short break

# Better operations

Tobias Narvinger  
COO



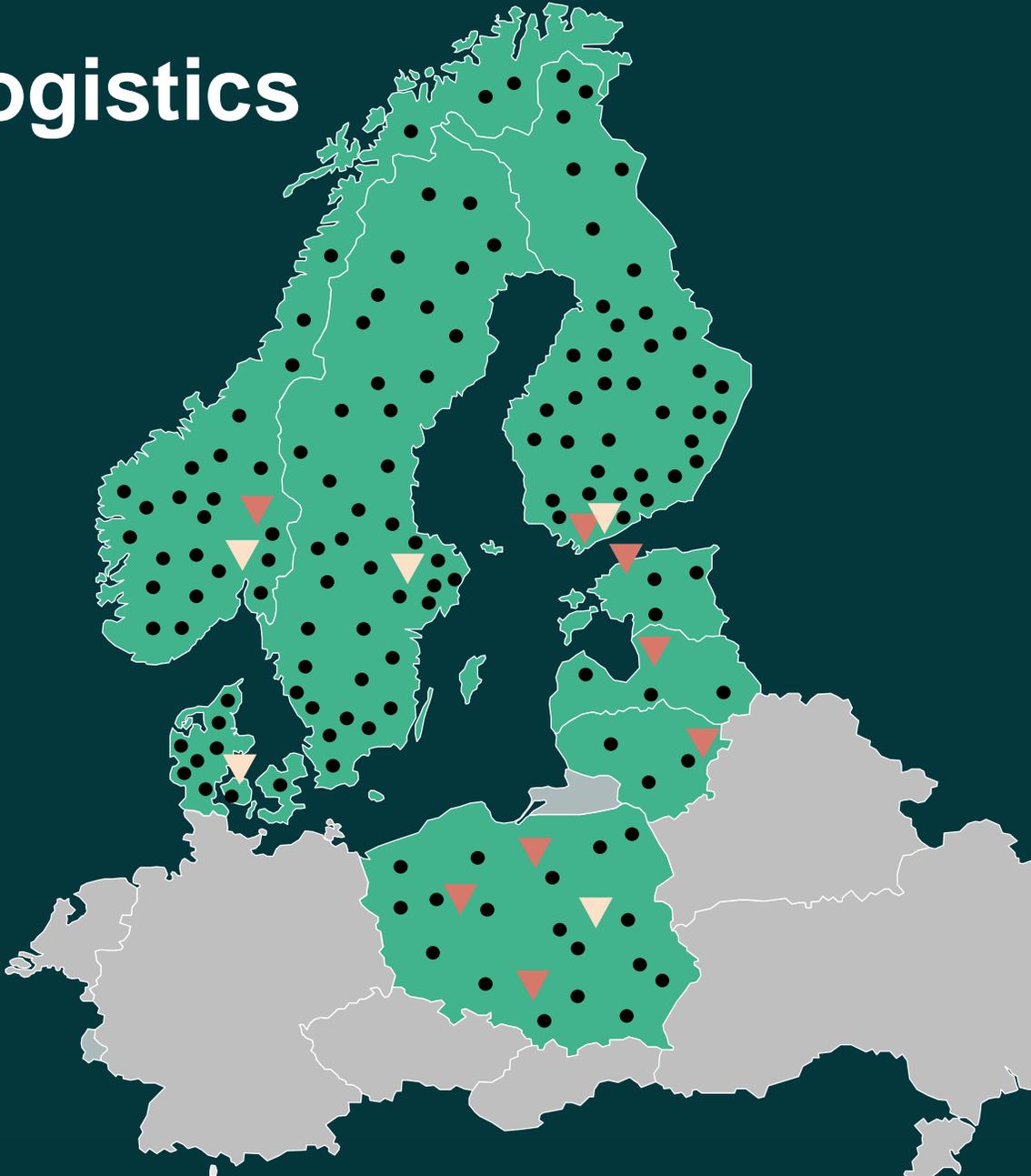
# Better Operations - Accelerating value creation

1. Best in class purchasing
2. Outstanding logistics
3. Widest product offering
4. Leveraging #1 position

# Best in class purchasing



# Outstanding covering and logistics



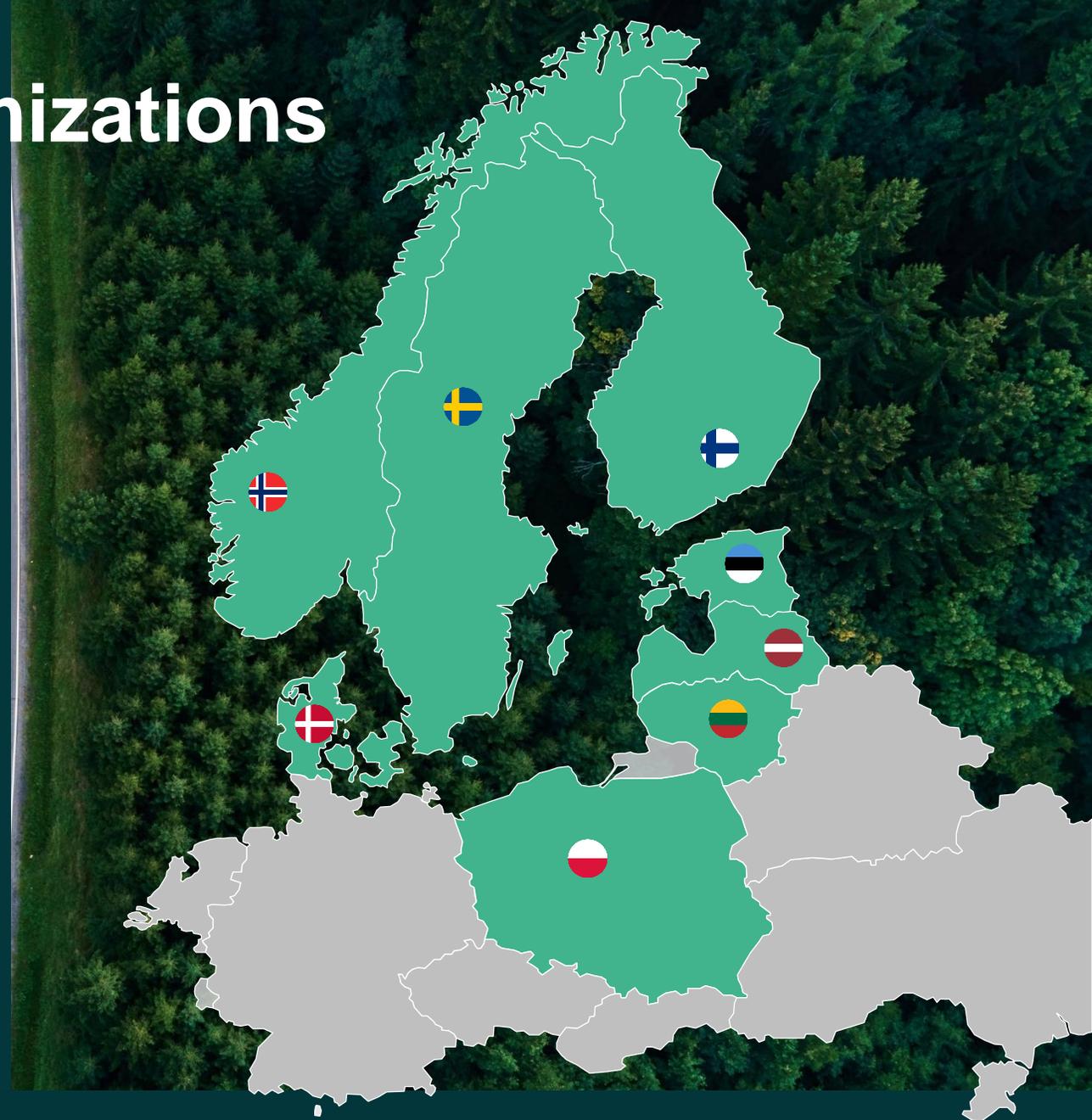
- Each symbolize 5 branches ●
- Regional warehouse ▼
- Central warehouse ▼

# Example: New central warehouse in Denmark



# Example: Logistics optimizations

- Branch network continuously optimized in Sweden, Norway and Denmark.
- Regional warehouse structure developed in Poland.
- The Baltic states are now also connected to Poland above Finland.



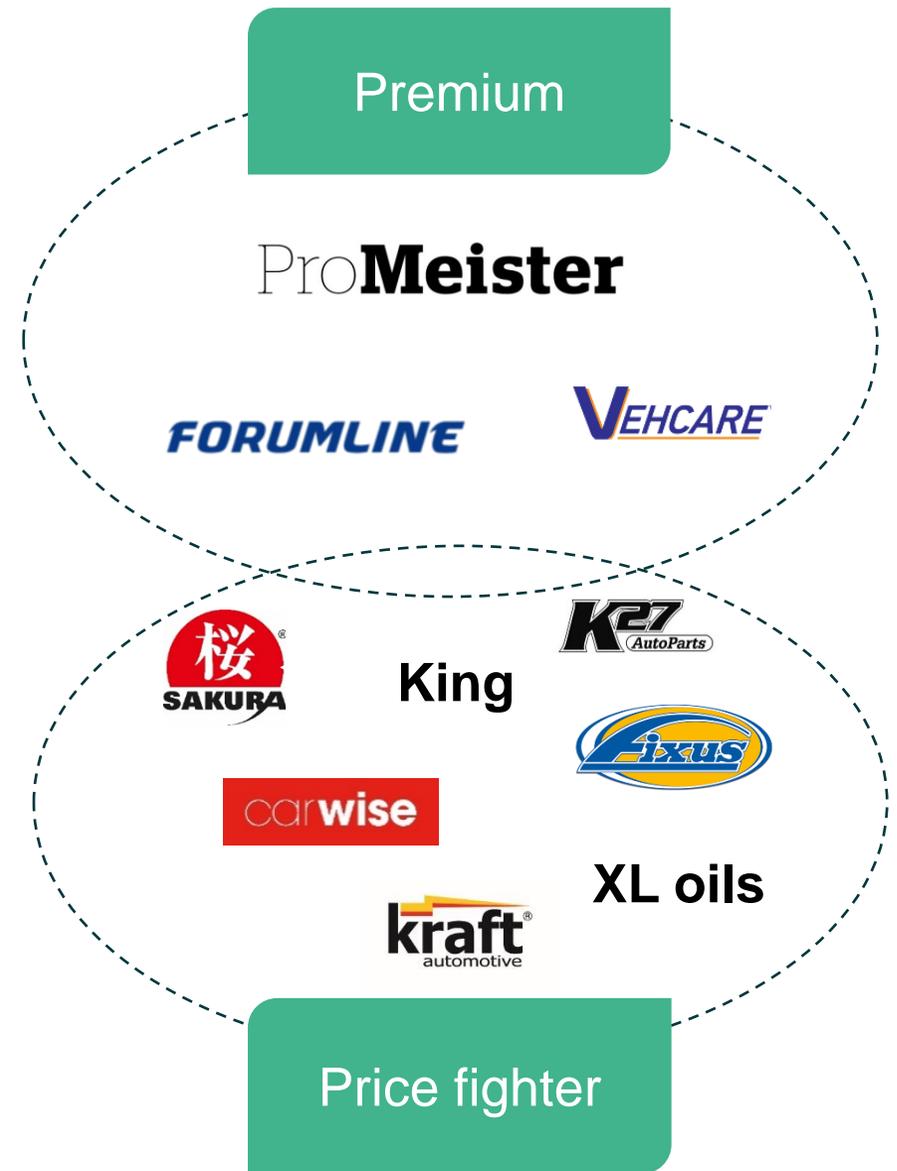
# Widest product offering

1. Market leader position for Battery Electric Vehicles (BEV) secured.
2. Active BEV-part development.
3. Consolidate private label.
4. More sustainable and circular products.



# Example: Private label offering

- Consolidate
- Economies of scale
- Increase range
- Lower cost



# Leveraging #1 position

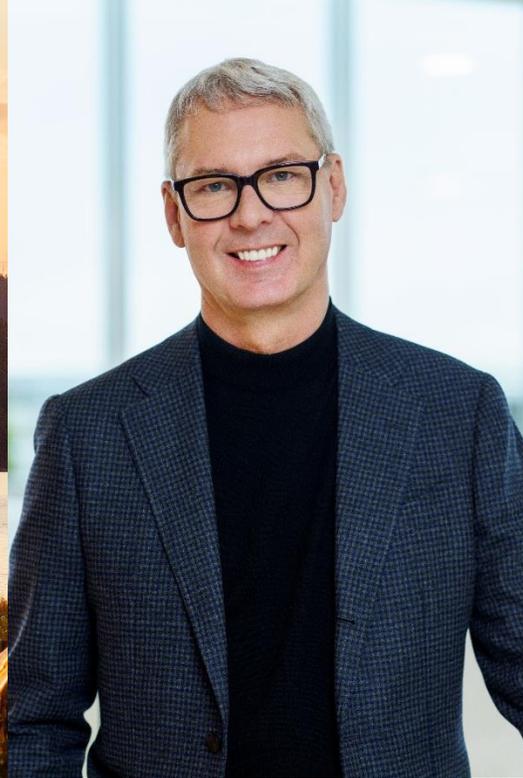
- Develop full visibility and virtual stock in sales channels.
- Drop-ship across borders.
- Increasing range availability and leveraging size.
- Value creation connecting Poland and the Baltic states.



An aerial photograph of a two-lane asphalt road with white dashed lines, curving through a dense forest of tall, thin trees. To the right of the road is a calm body of water, likely a lake or a wide river, which reflects the sky and the surrounding forest. The sky is a mix of soft blues and greys, suggesting a twilight or dawn setting. The overall mood is serene and quiet.

# **INCREASING THE LEAD – INTO THE FUTURE OF MOBILITY**

# Leading the transformation



Pehr Oscarson  
President & CEO



Louise Wohrne  
Head of Sustainability



Petra Bendelin  
Director of  
Business development,  
Strategy & Sustainability

# Leading the transformation

Education

Tools &  
Equipment

Assortment

Embrace  
change

Take advantage of  
existing strength

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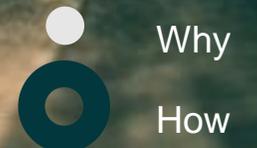
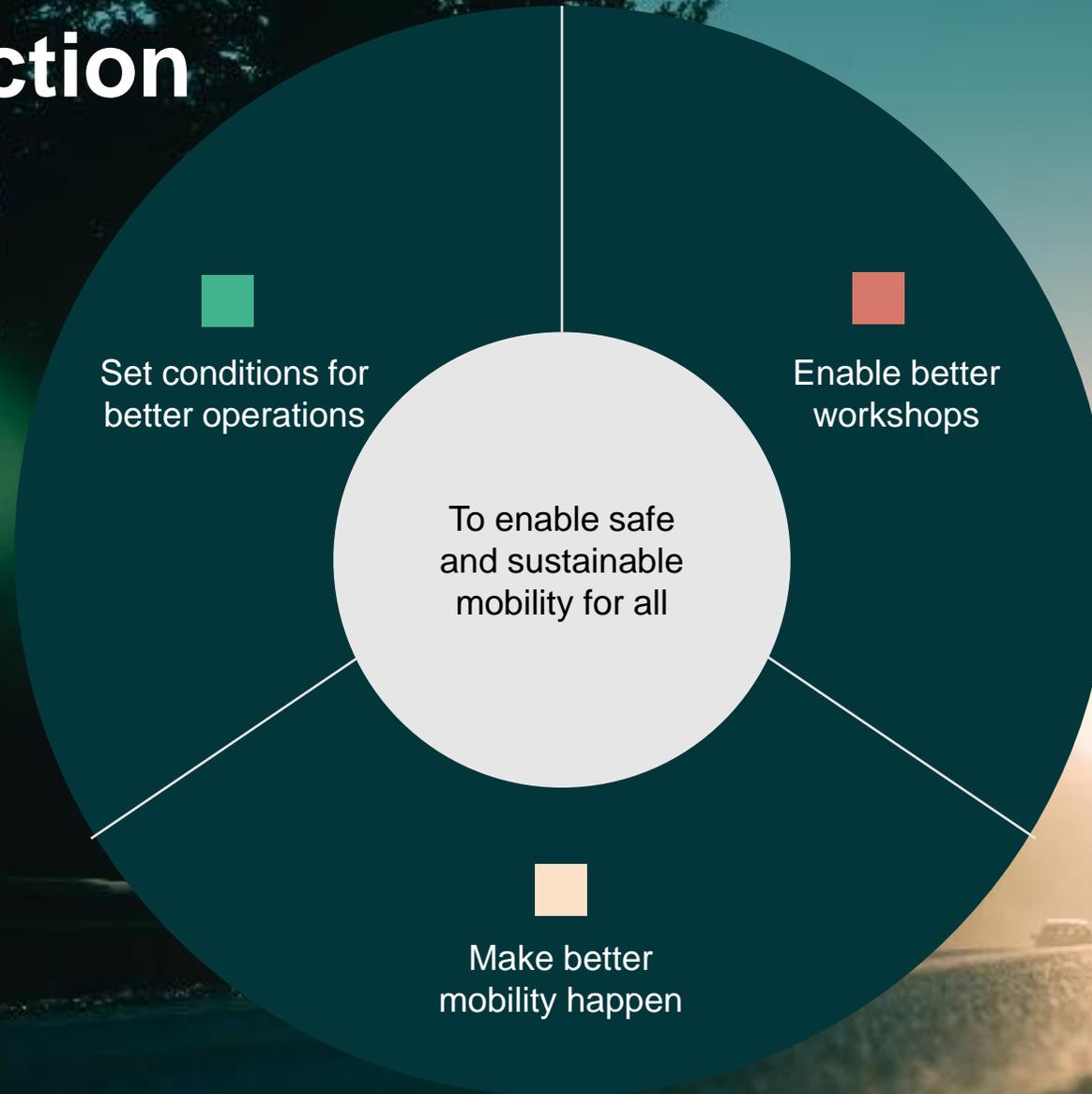
# **INCREASING THE LEAD – INTO THE FUTURE OF MOBILITY**

# Sharpened focus on sustainability

Louise Wohrne  
Head of Sustainability

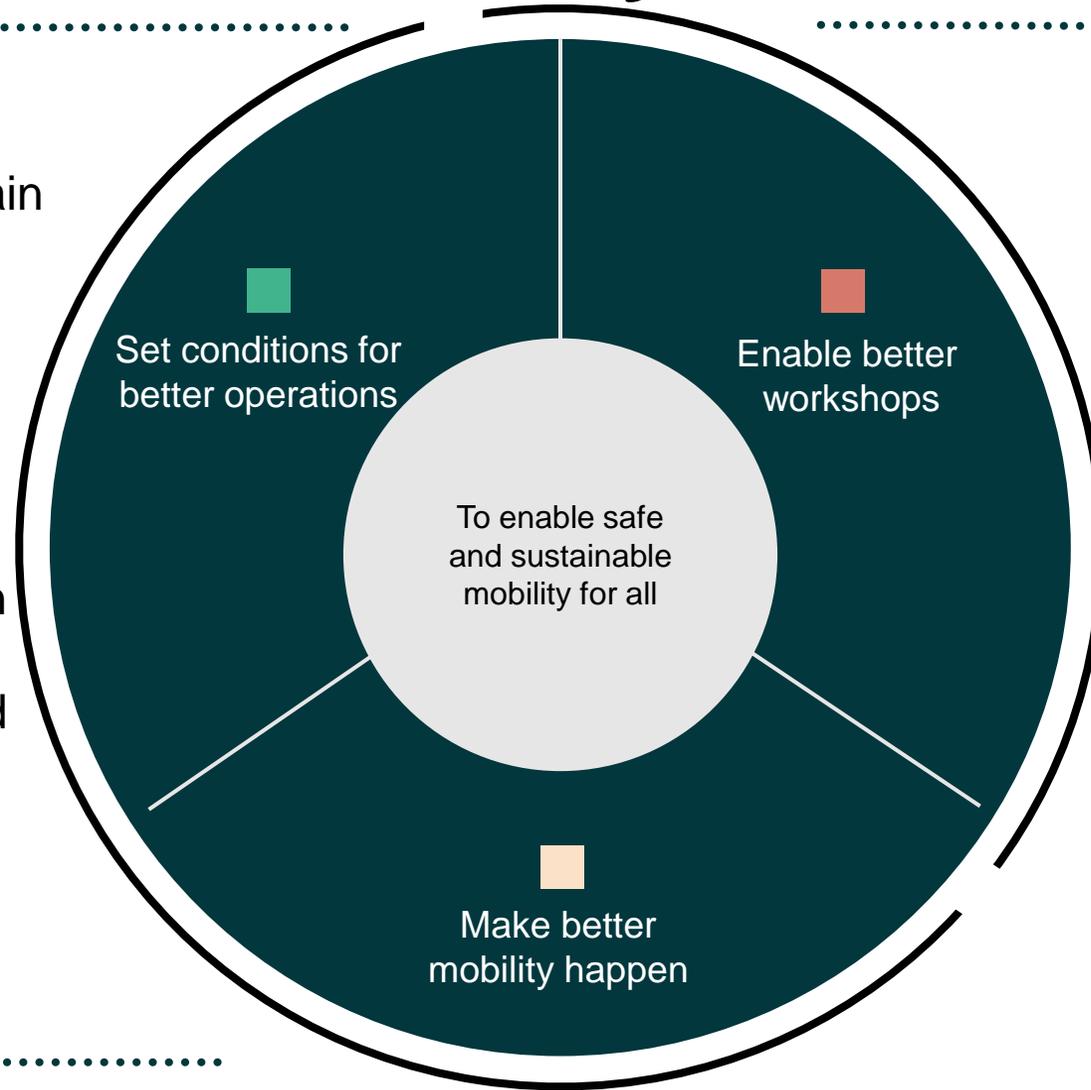


# A clear direction

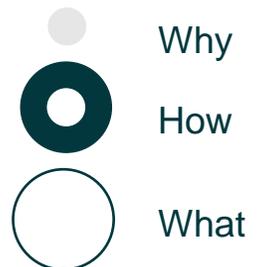


# To enable sustainable mobility

- Climate policy in place.
- Attractive employer – attract, retain & activate.
- Develop sustainable and circular products.
- Responsible sourcing.
  
- Ensure service to all low emission customers.
- Innovate for safe, sustainable and circular usage of vehicles.
- Nudge customers towards sustainable solutions and products.



- Reduce environmental impact.
- Lead competence development across own, affiliated and other workshops.
- Equal, inclusive and safe workplace.



# Develop sustainable & circular products



# Science-based climate targets

- MEKO has committed to set climate targets in line with science and the Paris agreement.
- Short-term targets as well as long term net-zero.
- Targets need to be approved by SBTi.
- Timeline: two years.



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# Q&A



**Pehr Oscarson**  
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**Tobias Narvinger**  
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***MEKO***