

# Mekonomen Group

## Interim report January - March 2019

2 May 2019

### Record sales and improved EBIT with and without acquisitions

#### 1 January-31 March 2019

- Net Sales amounted to SEK 2,909 M (1,432). Net Sales rose 103 per cent, of which 2 percentage organic growth.
- Adjusted EBIT amounted to SEK 214 M (99).
- EBIT totalled SEK 170 M (60) and the EBIT margin was 6 (4) per cent. EBIT was negatively impacted by items affecting comparability of SEK 5 M (-20), attributable to integration costs of FTZ and Inter-Team.
- EBIT and adjusted EBIT were positively impacted by IFRS 16 of SEK 4 M.
- Earnings per share, before and after dilution, amounted to SEK 1.68 (1.15).
- Cash flow from operating activities amounted to SEK 158 M (6), which has been positively affected by SEK 130 M as a result of IFRS 16. The total cash flow for the period has not been affected by IFRS 16.
- Net debt was SEK 4,185 M (1,529) at the end of the period, compared with SEK 4,098 M at year-end.
- As of 2019, leasing is reported in accordance with the new standard IFRS 16, the comparative figures have not been recalculated. See page 8 for further information.

SUMMARY OF THE GROUP'S EARNINGS TREND						
SEK M	Jan-Mar 2019	Jan-Mar 2018	Change %	12 months April-March	Full-year 2018	Change %
Net Sales	2 909	1 432	103	9 255	7 779	19
Adjusted EBIT	214	99	117	715	599	19
EBIT	170	60	185	518	407	27
Profit after financial items	129	58	123	548	477	15
Profit after tax	96	43	123	321	268	20
Earnings per share, SEK	1,68	1,15	45	7,00	6,56	7
Adjusted EBIT margin, %	7	7		8	8	
EBIT margin, %	6	4		5	5	

ADJUSTED EBIT						
SEK M	Jan-Mar 2019	Jan-Mar 2018	Change %	12 months April-March	Full-year 2018	Change %
<b>EBIT</b>	<b>170</b>	<b>60</b>	<b>185</b>	<b>518</b>	<b>407</b>	<b>27</b>
Costs related to the integration of FTZ and Inter-Team	-5			-30	-25	
Impairment of inventory DAB products <sup>1)</sup>		-20		0	-20	
Divestment Marinshopen				-6	-6	
Acquisition costs FTZ and Inter-Team				-23	-23	
Handling of refurbished spare parts				-15	-15	
Items affecting comparability, total	-5	-20		-74	-89	
"Other items", material acquisition-related items <sup>2)</sup>	-39	-19		-123	-103	
<b>Adjusted EBIT</b>	<b>214</b>	<b>99</b>	<b>117</b>	<b>715</b>	<b>599</b>	<b>19</b>

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

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

## **Record sales and improved EBIT with and without acquisitions**

### **A quarter focusing on improving profitability**

In 2019, Mekonomen Group's focus remains on pursuing profitable growth in all of our Group companies, with an emphasis on profitability. At the beginning of the year, a cost-savings programme was initiated, which together with greater focus on efficiency will lead to a decrease in costs. In parallel, work began to address unprofitable operations and to focus on strategic projects that strengthen the platform of our core operations.

To conform and streamline the Group structure after the acquisition of FTZ and Inter-Team in 2018, Mekonomen Group consists of four business areas, FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen, from 1 January 2019.

### **Record sales**

The Group's total net sales more than doubled in the first quarter to SEK 2,909 M (1,432), largely as a result of the acquisition of Danish FTZ and Polish Inter-Team. Easter holidays took place in the first quarter last year, but not this year, which had a positive effect on sales in the quarter. Organic growth<sup>1)</sup> in the rest of the Group rose 2 per cent, mainly driven by robust sales growth in the MECA/Mekonomen business area. We estimate that the growth was in line with market developments in the quarter.

FTZ reported net sales on par with our expectations in the first quarter, while Inter-Team reported higher net sales than expected driven by high export sales and strong growth in the Polish market.

The acquired companies FTZ and Inter-Team have generally a lower gross margin than the Group as a whole and the Group's gross margin was therefore adversely impacted, in line with expected, and fell to 45.5 per cent (53.0) during the quarter. The positive effects of increased purchasing volumes and product mix, together with the price adjustments performed at year-end made a positive contribution to gross margin. The EUR continued to strengthen during the quarter and we regularly monitor whether further price adjustments are required to offset rising purchasing costs.

In the first quarter, adjusted EBIT<sup>2)</sup> rose to SEK 214 M (99) and EBIT increased to 170 (60). The acquisitions of FTZ and Inter-Team contributed positively to both adjusted EBIT and EBIT result with SEK 92 M. The improved earnings in the Mekonomen group excluding FTZ and Inter-Team, were primarily driven by an increase in sales and better gross margin compared with last year.

### **Well positioned with the right business focus**

Looking ahead, our work to create profitable growth in all operations, with an emphasis on profitability, will remain our top priority.

The cost-saving programme, which was initiated in the first quarter, is proceeding as planned. The programme will yield cost reductions of SEK 65 M on an annual basis, of which SEK 30 M will be achieved as of the third quarter of 2019, and full effect as of the fourth quarter of 2019. Work generating synergies from the acquisition of FTZ and Inter-Team and the merger of MECA's and Mekonomen's central warehouse in Sweden is proceeding as planned.

Even with the strong focus on raising profitability, reducing debt and improving cash-flow we keep our strategic focus that aims to constantly develop and adapt our core business. These include developing our service offerings and product range to our large customer groups affiliated workshops and other workshop customers.

I spend considerable time in our various operations, which has strengthened my positive view of the group companies. From the recent few months it is particularly striking that we are at the forefront in our industry in terms of technical expertise. We maintain very high quality in our training of technicians and technical support in all the business areas in the Group. Our ability and power to adapt to the increasingly advanced technology in modern cars, efficient logistics and that great majority of our sales are done through digital channels, are key competitive advantages for us, and I am confident that we are in a good position and have the right business focus to create shareholder value onwards.

Pehr Oscarson  
President and CEO

<sup>1)</sup> Change in net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.

<sup>2)</sup> From the first quarter of 2019, Mekonomen Group will report adjusted EBIT, which will simplify comparisons of profitability excluding items affecting comparability and material acquisition-related items. Adjusted EBIT is EBIT adjusted for items affecting comparability and amortisation of material acquired intangible assets — FTZ, Inter-Team, MECA and Sørensen og Balchen.

## THIS IS MEKONOMEN GROUP

Mekonomen Group consists of 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 460 stores and over 3,400 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 sale.

### 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's four business areas, FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen, are responsible for their own wholesale operations. The supply of goods is mainly from suppliers in Europe and Asia. Through our branches, we sell and deliver spare parts and accessories to our affiliated workshops as well as to other B2B customers, partner stores and consumers.



## GROUP REVENUE

TOTAL REVENUE DISTRIBUTION, SEK M	Jan-Mar 2019	Jan-Mar 2018	Change %	12 months April-March	Full-year 2018	Change %
<b>Net sales, external, per business area</b>						
FTZ <sup>1)</sup>	836	-	-	1 924	1 088	-
Inter-Team <sup>1)</sup>	517	-	-	1 155	638	-
MECA/Mekonomen	1 362	1 249	9	5 414	5 301	2
Sørensen og Balchen	183	182	1	741	739	0
Central functions	10	2	483	22	14	60
<b>Total net sales, Group</b>	<b>2 909</b>	<b>1 432</b>	<b>103</b>	<b>9 255</b>	<b>7 779</b>	<b>19</b>
Other operating income	40	36	9	175	172	2
<b>GROUP REVENUE</b>	<b>2 948</b>	<b>1 469</b>	<b>101</b>	<b>9 430</b>	<b>7 951</b>	<b>19</b>

<sup>1)</sup> The table above includes net sales from FTZ and Inter-Team from September 2018, ie only 7 months for rolling 12 months and 4 months for full-year 2018.

Revenue distribution per country and business area, is presented in the table on page 15.

GROWTH PER CENT	January - March 2019		
	MECA/Mekonomen	Sørensen og Balchen	Group
Organic growth	4,0	-13,3	2,2
Effect from acquisitions / divestments	3,1	9,3	98,5
Currency effect	1,3	3,3	1,5
Effect weekdays	0,6	1,6	0,8
<b>Total sales growth</b>	<b>9,1</b>	<b>0,9</b>	<b>103,0</b>

### 1 January-31 March 2019

Net Sales amounted to SEK 2,909 M (1,432). Net Sales rose 103 per cent, of which 2 percentage was organic growth. The number of workdays was unchanged in Finland and Sweden and one workday more in Norway during the quarter compared to the previous year.

## **GROUP PERFORMANCE**

### **1 January-31 March 2019**

#### *Adjusted EBIT*

Adjusted EBIT amounted to SEK 214 M (99) and the Adjusted EBIT margin was 7 (7) per cent.

Adjusted EBIT was positively impacted by IFRS 16 of SEK 4 M. During the quarter, currency effects in the balance sheet had a negative impact of SEK 1 M (-6) on Adjusted EBIT.

#### *EBIT*

EBIT totalled SEK 170 M (60) and the EBIT margin was 6 (4) per cent. EBIT was negatively impacted by items affecting comparability of SEK 5 M (-20), attributable to integration costs of FTZ and Inter-Team and was positively impacted by IFRS 16 of SEK 4 M. During the quarter, currency effects in the balance sheet had a negative impact of SEK 1 M (-6) on EBIT.

#### *Other earnings*

Profit after financial items amounted to SEK 129 M (58), negatively affected by IFRS 16 of SEK 7 M. Net interest expense was SEK -36 M (-7) and other financial items amounted to income of SEK -6 M (5). Profit after tax was negatively impacted by IFRS 16 of SEK 5 M and totalled SEK 96 M (43). Earnings per share, before and after dilution, amounted to SEK 1.68 (1.15).

## **FINANCIAL POSITION AND CASH FLOW**

Cash flow from operating activities amounted to SEK 158 M (6) for the first quarter. Compared to last year, cash flow from operating activities was positively impacted by IFRS 16 of SEK 130 M. The total cash flow for the period has not been affected by IFRS 16. Tax paid amounted to negative SEK 81 M (-62) for the first quarter. Cash and cash equivalents amounted to SEK 177 M (183), compared with SEK 205 M at year-end. The equity/assets ratio was 31 (44) per cent. Calculated without IFRS 16, the equity/assets ratio was 36 per cent. Long-term interest-bearing liabilities amounted to SEK 5,255 M (1,415) inclusive of non-current lease liabilities of SEK 1,449 M, compared with SEK 3,232 M at year-end. Current interest-bearing liabilities amounted to SEK 1,080 M (306), inclusive of current lease liabilities of SEK 511 M, compared with SEK 1,081 M at year-end. The increase compared to the corresponding quarter last year is mainly due to financing of the acquisition of FTZ and Inter-Team.

Net debt amounted to SEK 4,185 M (1,529) compared with SEK 4,098 M at year-end, representing an increase of SEK 87 M since year-end. The increase in net debt during the year is mainly attributable to working capital, investments and amortizations. During the quarter, loan repayments totalled SEK 34 M.

## **INVESTMENTS**

During the first quarter, investments in fixed assets amounted to SEK 73 M (66) including leases of SEK 41 M. Depreciation and impairment of tangible fixed assets amounted to SEK 152 M (16) for the first quarter. Depreciation has increased by SEK 126 M as a result of IFRS 16. Investments in the ongoing establishment and fixed assets of the central warehouse in Strängnäs totalled SEK 1 M (46) in the first quarter, and now amount to a total of SEK 195 M.

Company and business combinations amounted to SEK 64 M (22) in the first quarter, of which SEK 8 M (2) pertained to an estimated supplementary purchase consideration for the first quarter. In addition, supplementary purchase considerations of SEK 6 M (4) were paid in the quarter. Acquired assets totalled SEK 35 M (10) and assumed liabilities SEK 16 M (7) for the quarter. In addition to goodwill, which amounted to SEK 33 M (8), intangible surplus values of SEK 15 M (13) were identified pertaining to customer relations. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 0 M (2). Acquired non-controlling interests amounted to SEK 6 M (0) for the first quarter. Divested non-controlling interests amounted to SEK 0 M (0) in the first quarter. Divested operations amounted to SEK 0 M (-1) in the first quarter.

## **ACQUISITIONS AND START-UPS**

### **First quarter**

MECA/Mekonomen acquired three stores and two workshops in Sweden, and one workshop in Norway. Sørensen og Balchen acquired one store in Norway. The Group also has, via FTZ as previously communicated, acquired Nordic Forum Holding. The impact of these acquisitions on consolidated sales and earnings was only marginal.

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

At the end of the period, the total number of stores in the chains was 468 (335), of which 397 (265) were proprietary stores. The number of affiliated workshops totalled 3,447 (2,040). See the distribution in the table on page 16.

## **EMPLOYEES**

During the period, the average number of employees was 4,958 (2,196). See the distribution in the table on page 16.

## PERFORMANCE BY BUSINESS AREA

To adapt segment reporting to the changed internal organisation and governance, arising from the acquisitions of FTZ and Inter-Team in 2018, a new segment division has been implemented. As of the first quarter of 2019, the Group is now reported in four Business Areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen. For further information, refer to “Accounting policies”. Comparative figures have been restated.

### BUSINESS AREA FTZ

FTZ MSEK	Jan-Mar 2019	Jan-Mar 2018	change %	12 months April-March	Full-year 2018	change %
Net sales, external	836	-	-	-	1 088	-
EBIT	93	-	-	-	49	-
EBIT margin, %	11	-	-	-	5	-
Number of stores/of which proprietary	51 / 51				51 / 51	
Number of AutoMester	425				423	
Number of Din BilPartner	140				136	
Number of HELLA Service Partner	333				336	
Number of CarPeople	28				26	

The FTZ business area mainly includes wholesale and retail operations in Denmark. The business was acquired on September 3, 2018. The operations of FTZ have a lower gross margin than Mekonomen Group as a whole. The EBIT margin though is higher than the Group as a whole due to generally lower operating costs.

In the first quarter, FTZ reported sales growth of approximately 5 per cent compared with the corresponding period last year (before the date of acquisition)<sup>1)</sup>, mainly driven by a solid increase in sales to affiliated workshops and major customers.

Net sales amounted to SEK 836 M (-) for the quarter. EBIT totalled SEK 93 M (-) for the quarter and EBIT margin 11 per cent (-). EBIT was in line with the first quarter of 2018 (before the date of acquisition)<sup>1)</sup>.

<sup>1)</sup> FTZ was acquired on 3 September 2018 and no exact comparative figures have been calculated for the first quarter of 2018 as FTZ, before the acquisition had a different financial year than Mekonomen Group.

### BUSINESS AREA INTER-TEAM

INTER-TEAM MSEK	Jan-Mar 2019	Jan-Mar 2018	change %	12 months April-March	Full-year 2018	change %
Net sales, external	517	-	-	-	638	-
EBIT	-1	-	-	-	-1	-
EBIT margin, %	0	-	-	-	0	-
Number of stores/of which proprietary	82 / 79				82 / 79	
Number of O.K. Serwis	181				175	
Number of INTER DATA SERVICE	308				290	

The Inter-Team segment mainly includes wholesale and store operations in Poland and export business. The operations were acquired on 3 September 2018. Inter-Team's operations generally have a lower gross and EBIT margin than Mekonomen Group as a whole.

Inter-Team reported strong sales growth in the first quarter of approximately 19 per cent compared with the corresponding period last year (before the date of acquisition)<sup>2)</sup>, as an effect of increased exports to neighboring countries and strong growth in the Polish market. Inter-Team reported EBIT in line with last year (before the date of acquisition)<sup>2)</sup>, negatively impacted by increased price pressure in the quarter, in both the fragmented Polish market and in the export business.

Net sales amounted to SEK 517 M (-) for the quarter. EBIT totalled SEK -1 M (-) for the first quarter and EBIT margin 0 per cent (-). EBIT was in line with the first quarter of 2018 (before the date of acquisition)<sup>2)</sup>.

<sup>2)</sup> Inter-Team was acquired on 3 September 2018 and no exact comparative figures have been calculated for the first quarter of 2018 as Inter-Team before the acquisition had a different financial year than Mekonomen Group.

## BUSINESS AREA MECA/MEKONOMEN

MECA/Mekonomen	Jan-Mar	Jan-Mar		12 months	Full-year	
MSEK	2019	2018	change %	April-March	2018	change %
Net sales, external	1 362	1 249	9	5 414	5 301	2
EBIT	103	73	42	436	405	7
EBIT margin, %	7	6		8	7	
Number of stores/of which proprietary	269 / 229	269 / 227			270 / 230	
Number of Mekonomen Service Centers	789	794			778	
Number of MekoPartner	213	232			224	
Number of Speedy	42	36			39	
Number of MECA Car Service	723	718			721	
Number of Allt i Bil	8	-			8	

The MECA/Mekonomen segment mainly includes wholesale, store, workshop and fleet operations in Sweden, Norway and Finland. The segment consists of the previous segments MECA and Mekonomen together with minor operations that were previously reported in “Other segments,” — Tunga Fordon, Preqas, Meko Service Nordic, Speedy, Allt i Bil and Mekster. Comparative figures have been restated.

MECA/Mekonomen reported a healthy performance in both Sweden and Norway, and total net sales increased by 9 per cent compared with a weak first quarter last year<sup>3)</sup>. Sales growth was primarily driven by a favourable increase in sales to affiliated concept workshops, a number of minor acquisitions, currency effects and positive effect from that Easter holidays did not fall in the first quarter of this year. Earnings growth was strong compared with the weak first quarter reported last year<sup>3)</sup>, largely impacted by a better gross margin. Increased profitability in the minor operations, including the workshop equipment company Preqas, had a positive impact on earnings.

Net sales amounted to SEK 1,362 M (1,249), of which net sales in the Swedish operations amounted to SEK 831 M (760), in the Norwegian operations to SEK 520 M (479) and in the Finish operations SEK 12 (10) M. During the quarter, the currency effect on net sales against the NOK was a positive SEK 16 M. The number of workdays in the quarter was unchanged in Finland and Sweden and one day more in Norway compared with last year. Organic growth increased by 4 percent in the first quarter. EBIT for the segment amounted to 103 M (73) for the first quarter and the EBIT margin was 7 per cent (6). In the first quarter, EBIT was affected by SEK items affecting comparability of SEK 4 M (-13), pertaining to integration costs related to the acquisition of FTZ and Inter-Team and subsequent organisational changes within the Group.

<sup>3)</sup> Net sales in the first quarter last year were adversely impacted by the fact that Easter fell partly in the quarter. EBIT in the first quarter of 2018 was also adversely impacted by impairment of DAB inventory and high purchasing prices, driven by the strong EUR.

## BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN	Jan-Mar	Jan-Mar		12 months	Full-year	
MSEK	2019	2018	change %	April-March	2018	change %
Net sales, external	183	182	1	741	739	0
EBIT	24	14	71	116	106	9
EBIT margin, %	13	8		15	14	
Number of stores/of which proprietary	66 / 38	66 / 38			64 / 36	
Number of BilXtra	257	260			258	

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

Net sales in Sørensen og Balchen rose marginally compared with the first quarter last year<sup>4)</sup>. Negative effect from lower sales of DAB products was offset by acquired sales, currency effects and positive effect from the fact that Easter holidays did not occur in the first quarter of this year. EBIT was positively affected by improved gross margin due to product mix and continued good cost control in the quarter.

Net sales amounted to SEK 183 M (182) The currency effect on net sales against the NOK was a positive SEK 6 M in the first quarter. Organic growth declined 13 per cent during the first quarter. Sørensen og Balchen’s EBIT totalled SEK 24 M (14) for the first quarter, including items affecting comparability of SEK 0 M (-7) and EBIT margin amounted to 13 per cent (8).

<sup>4)</sup> Net sales in the first quarter last year were adversely impacted by the fact that Easter fell partly in the quarter. EBIT in the first quarter of 2018 was also adversely impacted by impairment of DAB inventory and high purchasing prices, driven by the strong EUR.

## NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

Mekonomen has no actual seasonal effects in its operations. However, the number of workdays affects both sales and earnings.

WORKDAYS	Q1			Q2			Q3			Q3			Full-year		
BY COUNTRY	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Sweden	63	63	64	59	60	59	66	65	65	62	62	63	250	250	251
Norway	63	62	65	58	60	58	66	65	65	62	62	63	249	249	251
Denmark	63	-	-	59	-	-	66	65	-	62	62	-	250	250	-
Poland	63	-	-	61	-	-	65	64	-	62	63	-	251	251	-
Finland	63	63	64	60	61	60	66	65	65	61	61	62	250	250	251

## SIGNIFICANT RISKS AND UNCERTAINTIES

The company conducted a review and assessment of operating and financial risks and uncertainties in accordance with the 2018 Annual Report and found that no new significant risks have occurred since then. For the effect of exchange-rate fluctuations on profit before tax, refer to page 38 of the 2018 Annual Report. For a full presentation of the risks affecting the Group, refer to the 2018 Annual Report.

## 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 net financial items amounted to an expense of SEK 61 M (-3) for the first quarter, excluding dividends of SEK 332 M (340) from subsidiaries for the quarter. The average number of employees was six (five). During the first quarter, Mekonomen AB sold goods and services to Group companies for a total of SEK 10 M (5).

"Central functions" comprises Group-wide functions that also include Mekonomen AB and operations within ProMeister Solutions. The units reported in "Central functions" do not achieve quantitative threshold for separate reporting and the benefits of reporting them as segments are considered limited for users of the financial statements. EBIT for "Central functions" amounted to SEK -10 M (-8) for the first quarter.

"Other items" include acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition related items are depreciation of acquired intangible assets relating to the acquisitions MECA, Sørensen og Balchen, FTZ and Inter-Team of SEK -39 M (-19) for the first quarter.

## **EVENTS DURING THE PERIOD**

As of 14 February 2019, Mekonomen Group's management structure was changed to be better suited to the business.

As of 14 February 2019, Group Management comprises the following individuals:

Pehr Oscarson, President and CEO

Åsa Källenius, CFO

Tobias Narvinger, Director for Purchasing & Supply

Gabriella Granholm, Director for Communications & Marketing

Robert Hård, Director of Legal & Sustainability

During the quarter, a new hedging relationship was entered into in accordance with IFRS 9 Financial Instruments. Loans that have been renewed in NOK hedge net investments in Norway. The currency translation of the loan included in the hedging relationship is recognised therefore in other comprehensive income. During the period, a new hedging relationship was entered into regarding cash-flow hedges for interest rate risk of this loan, and to fix the interest rate in variable borrowing. The change in value that is part of cash flow hedges is recognised in other comprehensive income.

During the quarter, the remaining part of the bridge financing for the acquisition of FTZ and Inter-Team was placed as a long-term loan.

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

Prior to the Annual General Meeting on 2 May 2019, the Nomination Committee of Mekonomen Aktiebolag proposes re-election of the Board members Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson, John S. Quinn and Helena Skåntorp as well as the election of Arja Taaveniku. Board member Malin Persson has previously informed the Nomination Committee that she is declining re-election at the 2019 Annual General Meeting.

## **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 with the exception of IFRS 16, which was applied for the first time in the first quarter of 2019. This interim report consists of pages 1–22 and should be read in its entirety.

As of 1 January 2019, Mekonomen Group applies IFRS 16 Leases.

According to the new standard, in principle, all lease contracts are to be recognised as a right-of-use asset and a lease liability in the balance sheet and a cost in profit and loss allocated among depreciation in EBIT and interest expenses in net financial items. The group is primarily affected by leasing contracts pertaining to premises and vehicles. The Group has chosen the modified retrospective approach and will, according to the standard, not restate comparative figures and shareholders' equity is therefore not affected.

The Group has chosen to apply the majority of the practical expedients allowed in connection with the transition to IFRS 16 of which the most material is to exclude the leases with a remaining lease term shorter than 12 months from the transfer date. Apart from the expedients in connection with the transition the group applies the practical expedients that allows leases with a shorter term than 12 months and leases with a lower value are excluded from the calculation of a leasing debt and right of use asset. These leases are instead expensed in the profit and loss on a straight-line basis.

Lease contracts, which under IAS 17 were classified as operating leases, were previously not recognised in the lessee's balance sheet. Future undiscounted minimum lease payments for these contracts were recognised, however, in Note 14 of the 2018 Annual Report at SEK 1,737 M. This compares with lease liabilities for right-of-use assets in the balance sheet on 1 January 2019 of SEK 2,010 M. The difference is primarily attributable to the effect of longer maturities for several lease contracts as probable extensions to contracts with extension clauses are included under IFRS 16. The total value of the utilization rights asset as of 1 January 2019 amounted to SEK 2,065 M.

Refer also to the accounting policies on page 57 of the 2018 Annual Report.

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



## **SEGMENT REPORTING**

In the first quarter of 2019, Mekonomen Group implemented a new organisation that is better adapted to the business. The organisational change and related changes to internal control have also affected the segment reporting. As of the first quarter of 2019, Mekonomen Group is now presented in four Business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

The Business area MECA/Mekonomen consists of the previously reportable segments MECA and Mekonomen, together with minor operations that were previously reported in “Other Segment,” Tunga Fordon, Preqas, Meko Service Nordic, Speedy, AlltiBil and Mekster. The FTZ, Inter-Team and Sørensen og Balchen segments are unchanged. “Central functions” includes Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions. Comparative figures have been restated.

## **FORTHCOMING FINANCIAL REPORTING DATES**

<b>Information</b>	<b>Period</b>	<b>Datum</b>
Interim report	January-June 2019	2019-08-23
Interim report	January-September 2019	2019-11-08
Year-end report	January-December 2019	2020-02-07

## **ANNUAL GENERAL MEETING**

Mekonomen AB's 2019 Annual General Meeting will be held on 2 May 2019 at 4:00 p.m. at Vasateatern, Vasagatan 19, 111 20 in Stockholm, Sweden.

Stockholm 2 May 2019

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:

Pehr Oscarson, President and CEO, Mekonomen AB, tel +46 (0)8-464 00 00

Åsa Källenius, CFO, Mekonomen AB, tel +46 (0)8-464 00 00

Helena Effert, IRO, Mekonomen AB, tel +46 (0)8-464 00 00

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## CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
Net sales	2 909	1 432	9 255	7 779
Other operating revenue	40	36	175	172
<b>Total revenue</b>	<b>2 948</b>	<b>1 469</b>	<b>9 430</b>	<b>7 951</b>
Goods for resale	-1 585	-673	-4 813	-3 901
Other external costs <sup>1)</sup>	-345	-328	-1 598	-1 581
Personnel expenses	-643	-362	-2 113	-1 832
<b>Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>375</b>	<b>106</b>	<b>906</b>	<b>637</b>
Depreciation and impairment of tangible fixed assets <sup>2)</sup>	-152	-16	-220	-84
<b>Operating profit before amortisation and impairment of intangible fixed assets (EBITA)</b>	<b>222</b>	<b>89</b>	<b>686</b>	<b>553</b>
Amortisation and impairment of intangible fixed assets	-52	-30	-169	-146
<b>EBIT</b>	<b>170</b>	<b>60</b>	<b>518</b>	<b>407</b>
Interest income	3	1	8	6
Interest expenses <sup>3)</sup>	-39	-8	-84	-53
Other financial items	-6	5	106	117
<b>Profit after financial items</b>	<b>129</b>	<b>58</b>	<b>548</b>	<b>477</b>
Tax	-33	-15	-227	-209
<b>PROFIT FOR THE PERIOD</b>	<b>96</b>	<b>43</b>	<b>321</b>	<b>268</b>
<b>Profit for the period attributable to:</b>				
Parent Company's shareholders	94	41	313	260
Non-controlling interests	2	2	8	8
<b>PROFIT FOR THE PERIOD</b>	<b>96</b>	<b>43</b>	<b>321</b>	<b>268</b>
Earnings per share before and after dilution, SEK	1,68	1,15	7,00	6,56

<sup>1)</sup> Other external costs were positively affected by SEK 130 M as a result of IFRS 16.

<sup>2)</sup> Depreciation, amortization and write-downs of tangible fixed assets were negative by SEK 126 M as a result of IFRS 16.

<sup>3)</sup> Interest expenses were negatively affected by SEK 11 million as a result of IFRS 16.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
<b>Profit for the period</b>	<b>96</b>	<b>43</b>	<b>321</b>	<b>268</b>
<b>Other comprehensive income:</b>				
<i>Components that will not be reclassified to profit/loss for the year:</i>				
- Actuarial gains and losses	-	-	-2	-2
<i>Components that may later be reclassified to profit/loss for the year:</i>				
- Exchange-rate differences from translation of foreign subsidiaries	122	65	-72	-129
- Loan hedging of net investments <sup>1)</sup>	-30	-	-26	4
- Cash-flow hedges <sup>2)</sup>	-5	1	-5	1
<b>Other comprehensive income, net after tax</b>	<b>87</b>	<b>66</b>	<b>-104</b>	<b>-125</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>183</b>	<b>109</b>	<b>217</b>	<b>143</b>
<b>Comprehensive income for the period attributable to:</b>				
Parent Company's shareholders	182	106	211	135
Non-controlling interests	1	2	7	8
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>183</b>	<b>109</b>	<b>217</b>	<b>143</b>

<sup>1)</sup> Loans raised in EUR in connection with acquisitions in Denmark hedge the currency risk in the net investment and loans that have been converted to NOK during Q1 2019 hedge net investment in Norway and the currency translation are reported in accordance with IFRS 9.

<sup>2)</sup> Holdings of financial interest rate derivatives for hedging purposes, valued according to level 2 defined in IFRS 13.

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	31 March 2019	31 March 2018	31 December 2018
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	5 825	2 719	5 745
Tangible fixed assets	488	302	490
Right of use asset	2 014	-	-
Financial fixed assets	79	67	77
Deferred tax assets	0	93	0
Goods for resale	2 813	1 384	2 816
Current receivables	1 704	860	1 530
Cash and cash equivalents	177	183	205
<b>TOTAL ASSETS</b>	<b>13 099</b>	<b>5 608</b>	<b>10 863</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	4 034	2 487	3 853
Long-term liabilities, interest-bearing	3 806	1 415	3 232
Non-current lease liabilities	1 449	-	-
Deferred tax liabilities	465	157	474
Long-term liabilities, non-interest-bearing	20	16	20
Current liabilities, interest-bearing	569	306	1 081
Current lease liabilities	511	-	-
Current liabilities, non-interest-bearing	2 244	1 228	2 203
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>13 099</b>	<b>5 608</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.

CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY, SEK M	31 March 2019	31 March 2018	31 December 2018
Shareholders' equity at the beginning of the year	3 853	2 379	2 379
Comprehensive income for the period	183	109	143
New issue, net including issue costs	0	0	1 588
Repurchase of own shares	0	0	-6
Acquisition/divestment of non-controlling interests	-6	0	6
Shareholder contribution from minority shareholders	3	0	3
Dividend to shareholders	0	-1	-260
<b>SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>4 034</b>	<b>2 487</b>	<b>3 853</b>
Of which non-controlling interests	32	17	25

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
<b>Operating activities</b>				
Cash flow from operating activities before changes in working capital, excluding tax paid	349	137	864	652
Tax paid	-81	-62	-218	-199
<b>Cash flow from operating activities before changes in working capital <sup>1)</sup></b>	<b>268</b>	<b>75</b>	<b>646</b>	<b>453</b>
Cash flow from changes in working capital:				
Changes in inventory	60	21	-296	-336
Changes in receivables	-171	-22	-71	78
Changes in liabilities	0	-67	203	135
<i>Increase (-)/Decrease (+) working capital</i>	<i>-110</i>	<i>-68</i>	<i>-164</i>	<i>-122</i>
<b>Cash flow from operating activities</b>	<b>158</b>	<b>6</b>	<b>482</b>	<b>331</b>
<b>Cash flow from investing activities</b>	<b>-83</b>	<b>-90</b>	<b>-4 400</b>	<b>-4 407</b>
<b>Cash flow from financing activities <sup>1)</sup></b>	<b>-111</b>	<b>12</b>	<b>3 921</b>	<b>4 044</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-36</b>	<b>-71</b>	<b>4</b>	<b>-32</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>205</b>	<b>254</b>	<b>183</b>	<b>254</b>
Exchange-rate difference in cash and cash equivalents	8	0	-10	-18
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>177</b>	<b>183</b>	<b>177</b>	<b>205</b>

<sup>1)</sup> Cash flow from operating activities has increased by SEK 130 M and cash flow from financing activities has decreased by SEK 130 M as a result of IFRS 16.

# 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 2018 Annual Report, Note 11. All of Mekonomen's financial instruments 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 2018 Annual Report, Note 11. The financial instruments contained in the interim report are the same as those in the 2018 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	31 March 2019	31 March 2018
<b>FINANCIAL ASSETS</b>		
Derivatives: Currency swaps	-	-
Interest-rate swaps	0	-
<b>TOTAL</b>	<b>0</b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>		
Derivatives: Currency swaps	-	-
Interest-rate swaps	9	3
<b>TOTAL</b>	<b>9</b>	<b>3</b>

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY 31 March 2019							Total
SEK M	Derivative	Financial	Financial liabilities	Total carrying	Fair value	Non-monetary	Balance sheet
	asset accrued	asset accrued	accrued				
	instruments <sup>1)</sup>	aquisition value	aquisition value				
FINANCIAL ASSETS							
Financial fixed assets	0	57	-	57	57	22	79
Accounts receivable	-	1 274	-	1 274	1 274	-	1274
Other current receivables	-	-	-	-	-	430	430
Cash and cash equivalents	-	177	-	177	177	-	177
TOTAL	0	1 508	-	1 508	1 508	452	1 960
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing	9	-	5 246	5 256	5 256	-	5 256
Long-term liabilities, non-interest-bearing	0	-	8	8	8	12	20
Current liabilities, interest-bearing	-	-	1 080	1 080	1 080	-	1 080
Accounts payable	-	-	1 254	1 254	1 254	-	1 254
Other current liabilities	-	-	11	11	11	979	990
TOTAL	9	-	7 599	7 609	7 609	991	8 600

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

QUARTERLY DATA, BUSINESS AREA	2019	2018						2017				
	Q1	FY	Q4	Q3	Q2	Q1		FY	Q4	Q3	Q2	Q1
<b>NET SALES, SEK M <sup>1)</sup></b>												
FTZ	836	1 088	836	252	-	-		-	-	-	-	-
Inter-Team	517	638	490	147	-	-		-	-	-	-	-
MECA/Mekonomen <sup>2)</sup>	1362	5301	1363	1267	1422	1 249		5 060	1 287	1 192	1 315	1 266
Sørensen og Balchen	183	739	168	180	209	182		778	176	178	211	213
Central functions <sup>3)</sup>	10	14	6	4	2	2		12	5	2	2	3
<b>GROUP</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>5 850</b>	<b>1 467</b>	<b>1 372</b>	<b>1 529</b>	<b>1 482</b>
<b>EBITA, SEK M</b>												
FTZ	93	50	37	14	-	-		-	-	-	-	-
Inter-Team	-1	0	0	0	-	-		-	-	-	-	-
MECA/Mekonomen	114	445	64	122	177	83		561	125	131	175	130
Sørensen og Balchen	24	107	24	29	39	14		120	27	27	39	28
Central functions <sup>3)</sup>	-10	-49	-18	-9	-14	-8		-32	-18	-1	-10	-3
<b>GROUP</b>	<b>222</b>	<b>553</b>	<b>107</b>	<b>155</b>	<b>202</b>	<b>89</b>		<b>649</b>	<b>134</b>	<b>157</b>	<b>203</b>	<b>155</b>
<b>EBIT, SEK M</b>												
FTZ	93	49	36	13	-	-		-	-	-	-	-
Inter-Team	-1	-1	0	0	-	-		-	-	-	-	-
MECA/Mekonomen	103	405	54	112	167	73		513	106	121	165	121
Sørensen og Balchen	24	106	24	29	39	14		120	27	27	39	28
Central functions <sup>3)</sup>	-10	-50	-19	-10	-14	-8		-34	-18	-2	-11	-4
Other items <sup>4)</sup>	-39	-103	-39	-26	-19	-19		-77	-19	-19	-19	-19
<b>GROUP</b>	<b>170</b>	<b>407</b>	<b>57</b>	<b>118</b>	<b>173</b>	<b>60</b>		<b>522</b>	<b>96</b>	<b>127</b>	<b>174</b>	<b>126</b>
<b>INVESTMENTS, SEK M <sup>5)</sup></b>												
FTZ	1	10	10	0	-	-		-	-	-	-	-
Inter-Team	1	3	2	1	-	-		-	-	-	-	-
MECA/Mekonomen	22	191	36	21	72	61		154	28	77	25	25
Sørensen og Balchen	4	6	0	1	3	2		3	0	0	1	1
Central functions <sup>3)</sup>	4	12	4	2	3	3		6	2	2	2	0
<b>GROUP</b>	<b>32</b>	<b>221</b>	<b>52</b>	<b>25</b>	<b>78</b>	<b>66</b>		<b>164</b>	<b>30</b>	<b>79</b>	<b>28</b>	<b>27</b>
<b>EBITA MARGIN, %</b>												
FTZ	11	5	4	5	-	-		-	-	-	-	-
Inter-Team	0	0	0	0	-	-		-	-	-	-	-
MECA/Mekonomen	8	8	5	9	12	6		11	10	11	13	10
Sørensen og Balchen	13	14	15	16	18	8		15	15	15	18	13
<b>GROUP</b>	<b>8</b>	<b>7</b>	<b>4</b>	<b>8</b>	<b>12</b>	<b>6</b>		<b>11</b>	<b>9</b>	<b>11</b>	<b>13</b>	<b>10</b>
<b>EBIT MARGIN, %</b>												
FTZ	11	5	4	5	-	-		-	-	-	-	-
Inter-Team	0	0	0	0	-	-		-	-	-	-	-
MECA/Mekonomen	7	7	4	9	11	6		10	8	10	12	9
Sørensen og Balchen	13	14	15	16	18	8		15	15	15	18	13
<b>GROUP</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>4</b>		<b>9</b>	<b>6</b>	<b>9</b>	<b>11</b>	<b>8</b>

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

<sup>2)</sup> Revenue for MECA/Mekonomen for the second quarter of 2017 has been restated for adjusted sales of SEK 24 M from external sales to internal sales. No impact on EBIT. For further information refer to the press release on 23 August 2017.

<sup>3)</sup> "Central functions" includes Group common functions in Mekonomen AB and the ProMeister Solutions business.

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

<sup>5)</sup> Investments do not include company and business combinations or leasing contracts according to IFRS 16.

REVENUE DISTRIBUTION PER COUNTRY		Jan-Mar						Jan-Mar					
SEK M		2019						2018					
Revenue distribution per country		Denm	Poland	Sweden	Finland	Norway	Total	Denm	Poland	Sweden	Finland	Norway	Total
FTZ		836					836	-					-
Inter-Team			517				517		-				-
MECA/Mekonomen				831	12	520	1 362			760	10	479	1 249
Sørensen og Balchen						183	183					182	182
Central functions							10						2
Total net sales, Group							2 909						1 432
Other revenue							40						36
GROUP REVENUE							2 948						1 469

QUARTERLY DATA SEK M		2019					2018					2017				
		Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2
Revenue <sup>1)</sup>		2 948	7 951	2 922	1 887	1 673	1 469	6 000	1 507	1 414	1 560	1 518				
EBITDA		375	637	134	177	219	106	710	150	172	218	170				
EBITDA excl IFRS 16 <sup>2)</sup>		245														
Adjusted EBIT		214	599	148	148	217	99	612	122	140	193	145				
EBIT		170	407	57	118	173	60	522	96	127	174	126				
Net financial items		-41	70	-39	114	-3	-2	-47	-9	-8	-18	-13				
Profit after financial items		129	477	17	233	170	58	475	87	119	156	113				
Tax		-33	-209	-9	-147	-38	-15	-107	-12	-30	-38	-27				
Profit for the period		96	268	8	85	131	43	368	75	89	118	86				
EBITDA margin, %		13	8	5	9	13	7	12	10	12	14	11				
Adjusted EBIT margin, %		7	8	5	8	13	7	10	8	10	12	10				
EBIT margin, %		6	5	2	6	10	4	9	6	9	11	8				
Earnings per share, SEK		1,68	6,56	0,18	2,30	3,53	1,15	10,05	2,07	2,43	3,22	2,33				
Shareholders' equity per share, SEK		71,0	67,9	67,9	64,4	66,3	68,8	65,8	65,8	64,3	61,6	66,3				
Cash flow per share, SEK		2,8	8,3	0,9	4,9	6,5	0,2	13,8	6,8	2,2	3,7	1,0				
Return on shareholders' equity, % <sup>3)</sup>		10,5	9,7	9,7	13,7	14,0	13,6	15,6	15,6	15,3	15,2	14,9				
Share price at the end of the period		64,9	91,5	91,5	126,4	123,8	142,6	149,3	149,3	184,5	167,0	176,5				

<sup>1)</sup> Revenue for the second quarter of 2017 has been restated for adjusted sales of SEK 24 M from external sales to internal sales. No impact on EBIT.  
For further information, refer to the press release on 23 August 2017.

<sup>2)</sup> EBITDA excl IFRS 16, see alternative performance measures for calculation.

<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 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
Return on shareholders' equity, % <sup>1)</sup>	10,5	13,6	10,5	9,7
Return on total capital, % <sup>1)</sup>	6,8	8,1	6,8	6,8
Return on capital employed, % <sup>1)</sup>	8,9	10,8	8,9	9,1
Equity/assets ratio, % <sup>2)</sup>	30,8	44,3	30,8	35,5
Net debt, SEK M	4 185	1 529	4 185	4 098
Net debt/EBITDA, multiple <sup>1) 3)</sup>	4,62	2,37	4,62	6,44
Gross margin, %	45,5	53,0	48,0	49,9
EBITDA margin, % <sup>4)</sup>	12,7	7,2	9,6	8,0
Adjusted EBIT margin, %	7,3	6,7	7,6	7,5
EBIT margin, %	5,8	4,1	5,5	5,1
Earnings per share, SEK	1,68	1,15	7,00	6,56
Shareholders' equity per share, SEK	71,0	68,8	71,0	67,9
Cash flow per share, SEK	2,8	0,2	10,8	8,3
Number of shares at the end of the period	56 353 372	35 901 487	56 353 372	56 353 372
Average number of shares during the period	56 353 372	35 901 487	44 761 535	39 718 604

<sup>1)</sup> The key figures for return on shareholders' equity / total / capital employed and net debt / EBITDA are calculated on a rolling 12-month basis for the period January-March.

<sup>2)</sup> Equity ratio has changed materially as a result of IFRS 16, Equity ratio excluding IFRS 16 amounts to 36%.

<sup>3)</sup> Net debt / EBITDA reported to the bank includes EBITDA rolling 12 including FTZ and Inter-Team, excluding IFRS 16 and is with margin below maximum level according to agreement. The table above includes EBITDA from FTZ and Inter-Team from September 2018, ie only 7 months.

<sup>4)</sup> EBITDA margin has changed materially as a result of IFRS 16, EBITDA margin excluding IFRS 16 amounts to 8.3.

NUMBER OF STORES AND WORKSHOPS	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Koncern	
	31 March		31 March		31 March		31 March		31 March	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Number of stores</b>										
Proprietary stores	51	-	79	-	229	227	38	38	397	265
Partner stores	0	-	3	-	40	42	28	28	71	70
<b>Total</b>	<b>51</b>	<b>0</b>	<b>82</b>	<b>0</b>	<b>269</b>	<b>269</b>	<b>66</b>	<b>66</b>	<b>468</b>	<b>335</b>
<b>Number of workshops</b>										
Mekonomen Service Centres	-	-	-	-	789	794	-	-	789	794
MekoPartner	-	-	-	-	213	232	-	-	213	232
Speedy	-	-	-	-	42	36	-	-	42	36
BilXtra	-	-	-	-	-	-	257	260	257	260
MECA Car Service	-	-	-	-	723	718	-	-	723	718
Allt i Bil	-	-	-	-	8	-	-	-	8	-
AutoMester	425	-	-	-	-	-	-	-	425	-
Din BilPartner	140	-	-	-	-	-	-	-	140	-
HELLA Service Partner	333	-	-	-	-	-	-	-	333	-
CarPeople	28	-	-	-	-	-	-	-	28	-
O.K. Serwis	-	-	181	-	-	-	-	-	181	-
INTER DATA SERVICE	-	-	308	-	-	-	-	-	308	-
<b>Total</b>	<b>926</b>	<b>0</b>	<b>489</b>	<b>0</b>	<b>1 775</b>	<b>1 780</b>	<b>257</b>	<b>260</b>	<b>3 447</b>	<b>2 040</b>

AVERAGE NUMBER OF EMPLOYEES	Jan-Mar 2019	Jan-Mar 2018
FTZ	1 168	-
Inter-Team	1 438	-
MECA/Mekonomen	2 029	1 914
Sørensen og Balchen	268	238
Central functions <sup>1)</sup>	54	44
<b>Total</b>	<b>4 958</b>	<b>2 196</b>

<sup>1)</sup> Central functions\* includes Group common functions in Mekonomen AB and the ProMeister Solutions business.



## FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
Operating revenue	21	17	85	81
Operating expenses	-31	-22	-129	-120
<b>EBIT</b>	<b>-10</b>	<b>-5</b>	<b>-44</b>	<b>-39</b>
Net financial items <sup>1)</sup>	281	342	644	705
<b>Profit after financial items</b>	<b>271</b>	<b>337</b>	<b>600</b>	<b>666</b>
Appropriations	-	-	73	73
Tax	13	1	-110	-122
<b>PROFIT FOR THE PERIOD</b>	<b>284</b>	<b>337</b>	<b>563</b>	<b>617</b>

<sup>1)</sup> Net financial items include dividends on participations in subsidiaries totalling SEK 332 M (340) for the quarter and SEK 612 M for the full-year 2018.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY, SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
<b>Profit for the period</b>	<b>284</b>	<b>337</b>	<b>563</b>	<b>617</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>284</b>	<b>337</b>	<b>563</b>	<b>617</b>

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	31 March 2019	31 March 2018	31 December 2018
<b>ASSETS</b>			
Fixed assets	8 087	3 254	8 055
Current receivables in Group companies	1 539	1 752	1 338
Other current receivables	47	28	27
Cash and cash equivalents	24	118	79
<b>TOTAL ASSETS</b>	<b>9 697</b>	<b>5 152</b>	<b>9 499</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	5 048	3 155	4 765
Untaxed reserves	247	252	247
Provisions	3	3	3
Long-term liabilities	3 789	1 412	3 224
Current liabilities in Group companies	2	8	123
Other current liabilities	607	323	1 137
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>9 697</b>	<b>5 152</b>	<b>9 499</b>

SUMMARY OF CHANGES IN EQUITY FOR THE PARENT COMPANY, SEK M	31 March 2019	31 March 2018	31 December 2018
Shareholders' equity at the beginning of the year	4 765	2 817	2 817
Comprehensive income for the period	284	337	617
New issue, net including issue costs	-	-	1 588
Repurchase of own shares	-	-	-6
Dividend to shareholders	-	-	-251
<b>SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>5 048</b>	<b>3 155</b>	<b>4 765</b>

## ALTERNATIVE PERFORMANCE MEASURES

From the January-June 2016 interim report, Mekonomen applies the Guidelines on Alternative Performance Measures issued by ESMA\*. An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows that are not defined or specified in IFRS. Mekonomen believes that these measures provide valuable supplementary information to company management, investors and other stakeholders when evaluating the company's 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 20. 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, 2017 and 2018 Annual Report on our website: <http://www.mekonomen.com/en/alternative-performance-measures/>.

\*The European Securities and Markets Authority.

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON SHAREHOLDERS' EQUITY SEK M	Jan - Mar <sup>1)</sup> 2019	Jan - Mar <sup>1)</sup> 2018	12 months April-March	Full-year 2018
Profit for the period (rolling 12-month basis)	321	325	321	268
- Less non-controlling interest of profit for the period (rolling 12 months)	-8	-7	-8	-8
<b>Profit for the period excluding non-controlling interest (rolling 12 months)</b>	<b>313</b>	<b>318</b>	<b>313</b>	<b>260</b>
- Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters <sup>2)</sup>	2 998	2 347	2 998	2 670
<b>RETURN ON SHAREHOLDERS' EQUITY, %</b>	<b>10,5</b>	<b>13,6</b>	<b>10,5</b>	<b>9,7</b>

<sup>2)</sup> SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2019 Q1	Q4	2018 Q3	Q2	2017 Q1	Q4	Q3	Q2	Q1
Shareholders' equity	4 034	3 853	2 340	2 398	2 487	2 379	2 323	2 224	2 396
- Less non-controlling interest of shareholders' equity	-32	-25	-29	-18	-17	-16	-15	-12	-15
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<b>4 002</b>	<b>3 828</b>	<b>2 311</b>	<b>2 380</b>	<b>2 469</b>	<b>2 363</b>	<b>2 308</b>	<b>2 212</b>	<b>2 381</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters</b>	<b>2 998</b>	<b>2 670</b>	<b>2 366</b>	<b>2 347</b>	<b>2 347</b>	<b>2 315</b>	<b>2 295</b>	<b>2 259</b>	<b>2 266</b>

RETURN ON TOTAL CAPITAL SEK M	Jan-Mar <sup>1)</sup> 2019	Jan-Mar <sup>1)</sup> 2018	12 months April-March	Full-year 2018
Profit after financial items (rolling 12 months)	548	420	548	477
- Plus Interest Expenses (rolling 12 months)	84	30	84	53
<b>Profit after financial items plus interest expenses (rolling 12 months)</b>	<b>632</b>	<b>449</b>	<b>632</b>	<b>530</b>
- Divided by TOTAL ASSETS, average over the past five quarters <sup>3)</sup>	9 296	5 549	9 296	7 787
<b>RETURN ON TOTAL CAPITAL, %</b>	<b>6,8</b>	<b>8,1</b>	<b>6,8</b>	<b>6,8</b>

<sup>3)</sup> TOTAL ASSETS SEK M	2019 Q1	Q4	2018 Q3	Q2	2017 Q1	Q4	Q3	Q2	Q1
Total assets	13 099	10 863	11 111	5 798	5 608	5 554	5 590	5 465	5 528
<b>TOTAL ASSETS, average over the past five quarters</b>	<b>9 296</b>	<b>7 787</b>	<b>6 732</b>	<b>5 603</b>	<b>5 549</b>	<b>5 518</b>	<b>5 500</b>	<b>5 479</b>	<b>5 463</b>

RETURN ON CAPITAL EMPLOYED SEK M	Jan-Mar <sup>1)</sup> 2019	Jan-Mar <sup>1)</sup> 2018	12 months April-March	Full-year 2018
Profit after financial items (rolling 12 months)	548	420	548	477
- Plus Interest Expenses (rolling 12 months)	84	30	84	53
<b>Profit after financial items plus interest expenses</b>	<b>632</b>	<b>449</b>	<b>632</b>	<b>530</b>
- Divided by CAPITAL EMPLOYED, average over the past five quarters <sup>4)</sup>	7 066	4 146	7 066	5 809
<b>RETURN ON CAPITAL EMPLOYED, %</b>	<b>8,9</b>	<b>10,8</b>	<b>8,9</b>	<b>9,1</b>

<sup>1)</sup> The key figures for return on shareholders' equity / total / capital employed are calculated on a rolling 12-month basis for the period January-March.

<sup>4)</sup> CAPITAL EMPLOYED SEK M	2019 Q1	Q4	2018 Q3	Q2	2017 Q1	Q4	Q3	Q2	Q1
Total assets	13 099	10 863	11 111	5 798	5 608	5 554	5 590	5 465	5 528
- Less Deferred tax liabilities	-465	-474	-449	-147	-157	-168	-142	-149	-155
- Less Long-term liabilities, non-interest-bearing	-20	-20	-13	-11	-16	-18	-35	-35	-32
- Less Current liabilities, non-interest-bearing	-2 244	-2 203	-2 334	-1 370	-1 228	-1 280	-1 259	-1 162	-1 178
<b>CAPITAL EMPLOYED</b>	<b>10 370</b>	<b>8 166</b>	<b>8 316</b>	<b>4 271</b>	<b>4 207</b>	<b>4 087</b>	<b>4 153</b>	<b>4 119</b>	<b>4 162</b>
<b>CAPITAL EMPLOYED, average over the past five quarters</b>	<b>7 066</b>	<b>5 809</b>	<b>5 007</b>	<b>4 167</b>	<b>4 146</b>	<b>4 117</b>	<b>4 119</b>	<b>4 119</b>	<b>4 122</b>

GROSS MARGIN SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
Net sales	2 909	1 432	9 255	7 779
- Less Goods for resale	-1 585	-673	-4 813	-3 901
<b>Total</b>	<b>1 323</b>	<b>760</b>	<b>4 442</b>	<b>3 878</b>
- Divided by net sales	2 909	1 432	9 255	7 779
<b>GROSS MARGIN, %</b>	<b>45,5</b>	<b>53,0</b>	<b>48,0</b>	<b>49,9</b>

EARNINGS PER SHARE SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
Profit for the period	96	43	321	268
- Less non-controlling interests' share	-2	-2	-8	-8
<b>Profit for the period attributable to Parent Company's shareholders</b>	<b>94</b>	<b>41</b>	<b>313</b>	<b>260</b>
- Divided by average number of shares <sup>5)</sup>	56 353 372	35 901 487	44 761 535	39 718 604
<b>EARNINGS PER SHARE, SEK</b>	<b>1,68</b>	<b>1,15</b>	<b>7,00</b>	<b>6,56</b>

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
Shareholders' equity	4 034	2 487	4 034	3 853
- Less Non-controlling interest of shareholders' equity	-32	-17	-32	-25
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<b>4 002</b>	<b>2 469</b>	<b>4 002</b>	<b>3 828</b>
- Divided by number of shares at the end of the period <sup>5)</sup>	56 353 372	35 901 487	56 353 372	56 353 372
<b>SHAREHOLDERS' EQUITY PER SHARE, SEK</b>	<b>71,0</b>	<b>68,8</b>	<b>71,0</b>	<b>67,9</b>

CASH FLOW PER SHARE SEK M	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
Cash flow from operating activities	158	6	482	331
- Divided by average number of shares <sup>5)</sup>	56 353 372	35 901 487	44 761 535	39 718 604
<b>CASH FLOW PER SHARE, SEK</b>	<b>2,8</b>	<b>0,2</b>	<b>10,8</b>	<b>8,3</b>

<sup>5)</sup> AVERAGE NUMBER OF SHARES	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
Number of shares at the end of the period	56 353 372	35 901 487	56 353 372	56 353 372
- Multiplied by the number of days that the number of of shares at the end of the period has remained unchanged during the period	90	90	98	8
Number of shares on another date during the period	0	0	35 901 487	35 901 487
Number of shares on another date during the period			56 310 344	56 310 344
Number of shares on another date during the period			56 416 622	56 416 622
- Multiplied by the number of days that the number of shares on another date has existed during the period	0	0	207	297
- Multiplied by the number of days that the number of shares on another date has existed during the period	0	0	12	12
- Multiplied by the number of days that the number of shares on another date has existed during the period			48	48
- Total divided by the number of days during the period	90	90	365	365
<b>AVERAGE NUMBER OF SHARES</b>	<b>56 353 372</b>	<b>35 901 487</b>	<b>44 761 535</b>	<b>39 718 604</b>

NET DEBT SEK M	31 March 2019	31 March 2018	31 December 2018
Long-term liabilities, interest-bearing incl leasing debt	5 256	1 415	3 232
- Less interest-bearing long-term liabilities and provisions for pensions, leasing, derivatives and similar obligations	-1 463	-3	-7
Current liabilities, interest-bearing incl leasing debt	1 080	306	1 081
- Less interest-bearing current liabilities and provisions for pensions, leasing, derivatives and similar obligations	-511	-5	-3
- Less Cash and cash equivalents	-177	-183	-205
<b>NET DEBT</b>	<b>4 185</b>	<b>1 529</b>	<b>4 098</b>

EBITDA excluding IFRS 16	Jan-Mar 2019	Jan-Mar 2018	12 months April-March	Full-year 2018
EBITDA according to the income statement	375	106	906	637
- change in leasing fees according to IFRS 16	-130	0	-130	0
<b>EBITDA excluding IFRS 16</b>	<b>245</b>	<b>106</b>	<b>776</b>	<b>637</b>

## FINANCIAL DEFINITIONS

Adjusted EBIT	EBIT adjusted for items affecting comparability and material acquisition-related items. Current acquisition-related items are amortizations of acquired intangible assets pertaining to the acquisitions FTZ, Inter-Team, MECA and Sørensen og Balchen.
Adjusted EBIT margin	Adjusted EBIT as a percentage of total revenue.
Capital employed	Total assets less non-interest-bearing liabilities and provisions, including deferred tax liabilities.
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.
EBIT margin	EBIT after depreciation/amortisation as a percentage of total revenue.
EBITA	EBIT after depreciation according to plan but before amortisation and impairment of intangible fixed assets.
EBITA margin	EBITA as a percentage of total revenue.
EBITDA	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets.
EBITDA excl IFRS 16	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets excl IFRS 16 adjustments.
EBITDA margin	EBITDA as a percentage of total revenue.
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.
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.
Net debt	Short-term and long-term interest-bearing liabilities for borrowing, ie excluding short and long-term leasing liabilities, pensions, derivatives and similar liabilities, less cash and cash equivalents.
Organic growth	Change in net sales adjusted for number of weekdays, acquisitions/divestments and currency effects.
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.
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests, in relation to the number of shares at the end of the period.

## COMPANY-SPECIFIC TERMS AND DEFINITIONS

Affiliated workshops	Workshops that are not proprietary, but conduct business under the Group's brands/workshop concepts (Mekonomen Service Centre, MekoPartner, MECA Car Service, BilXtra and Speedy).
Business area	Reportable segment
B2B	Sales of goods and services between companies (business-to-business).
B2C	Sales of goods and services between companies and consumers (business-to-consumer).
DAB products	Car accessories with solutions for receiving digital radio broadcasts. DAB is an abbreviation for Digital Audio Broadcasting.
Proprietary stores	Stores with operations in subsidiaries, directly or indirectly majority owned by Mekonomen AB.
Proprietary workshops	Workshops with operations in subsidiaries, directly or indirectly majority owned by Mekonomen AB.
OBP	Proprietary products, such as Mekonomen Group's proprietary products ProMeister and Carwise.
Fleet operations	Mekonomen Group's offering to business customers comprising service and repairs of cars, sales of spare parts and accessories, and tyre storage.
Sales in comparable units	Sales in comparable units comprise external sales, in local currency, in majority-owned stores, wholesale sales to partner stores, external sales in majority-owned workshops and Internet sales.
Sales to Customer Group Affiliated workshops	Sales to affiliated workshops and sales to proprietary workshops.
Sales to Customer Group Consumer	Cash sales from proprietary stores to customer groups other than Affiliated Workshops and Other B2B Customers, as well as the Group's e-commerce sales to consumers.
Sales to Customer Group Partner stores	Sales to partner stores.
Sales to Customer Group Other B2B Customers	Sales to business customers that are not affiliated with any of Mekonomen Group's concepts, including sales in Fleet operations.
Comparable units	Stores, majority-owned workshops and Internet sales that have been in operation over the past 12-month period and throughout the entire preceding comparative period.
Items affecting comparability	Events or transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including restructuring 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.
Lasingoo	The car portal that Mekonomen Group owns together with industry players that simplifies the workshop selection and booking processes for car owners.
ProMeister	Mekonomen Group's proprietary brand for high-quality spare parts with five-year guarantees.
ProMeister sales	Sales of Mekonomen Groups proprietary brand ProMeister, mainly consists of spare part, but also accessories.
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.
Underlying net sales	Sales adjusted for the number of comparable workdays and currency effects.
Currency effects in the balance sheet	Impact of currency with respect to realised and unrealised revaluations of foreign 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 Car Parts AB to each country.
Currency translation effects	Impact of currency from translation of earnings from foreign subsidiaries to SEK.
Other operating revenue	Mainly comprises rental income, marketing subsidies and exchange-rate gains in Mekonomen Group.

### Mekonomen AB (publ)

Postal address:	Visiting address:	<a href="http://www.mekonomen.com">www.mekonomen.com</a>
Box 19542	Solnavägen 4, 11th floor,	
SE-104 32 Stockholm, Sweden	Stockholm, Sweden	
	Tel: +46 (0)8 464 00 00	
	E-mail: <a href="mailto:ir@mekonomen.se">ir@mekonomen.se</a>	