

# Mekonomen Group

## Third Quarter Interim report January - September 2019

8 November 2019

### Strong sales growth – positive development with increased profitability

#### 1 July–30 September 2019

- Net sales amounted to SEK 2,879 M (1,850). Net sales rose 56 per cent, of which 2 percentage points in organic growth.
- Adjusted EBIT amounted to SEK 231 M (148) and the adjusted EBIT margin was 8 per cent (8).
- EBIT totalled SEK 191 M (118) and the EBIT margin was 7 per cent (6). EBIT was not impacted by items affecting comparability in the quarter (neg: SEK 4 M).
- Positive impact of IFRS 16 of SEK 5 M on EBIT and adjusted EBIT.
- Earnings per share, before and after dilution, amounted to SEK 1.95 (2.30).
- Cash flow from operating activities amounted to SEK 425 M (44), which was positively affected by SEK 126 M as a result of IFRS 16. The total cash flow for the period was not affected by IFRS 16.
- Net debt was SEK 3,814 M (5,622) at the end of the period, compared with SEK 4,098 M at 31 December and SEK 4,042 M at 30 June.
- As of 2019, leases are reported in accordance with the new standard IFRS 16, the comparative figures have not been recalculated. See page 9 for further information.

#### 1 January–30 September 2019

- Net sales amounted to SEK 8,888 M (4,915). Net sales rose 81 per cent, of which 2 percentage points in organic growth.
- Adjusted EBIT amounted to SEK 724 M (464) and the adjusted EBIT margin was 8 per cent (9).
- Earnings per share, before and after dilution, amounted to SEK 6.34 (6.99).
- Cash flow from operating activities amounted to SEK 940 M (285), which was positively affected by SEK 379 M as a result of IFRS 16. The total cash flow for the period was not affected by IFRS 16.

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jul–Sep 2019	Jul–Sep 2018	Change, %	Jan–Sep 2019	Jan–Sep 2018	Change, %	12 months Oct - Sep	Full-year 2018
Net sales	2 879	1 850	56	8 888	4 915	81	11 751	7 779
Adjusted EBIT	231	148	56	724	464	56	859	599
EBIT	191	118	62	601	351	71	658	407
Profit after financial items	147	233	-37	478	460	4	495	477
Profit after tax	113	85	32	366	260	41	374	268
Earnings per share, SEK	1,95	2,30	-15	6,34	6,99	-9	6,66	6,56
Adjusted EBIT margin, %	8	8		8	9		7	8
EBIT margin, %	7	6		7	7		6	5

ADJUSTED EBIT SEK M	Jul–Sep 2019	Jul–Sep 2018	Change, %	Jan–Sep 2019	Jan–Sep 2018	Change, %	12 months Oct - Sep	Full-year 2018
<b>EBIT</b>	<b>191</b>	<b>118</b>	<b>62</b>	<b>601</b>	<b>351</b>	<b>71</b>	<b>658</b>	<b>407</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		0	-6
Acquisition costs FTZ and Inter-Team		-4			-23		0	-23
Handling of refurbished spare parts							-15	-15
Items affecting comparability, total		-4		-5	-49		-45	-89
"Other items", material acquisition-related items <sup>2)</sup>	-39	-26		-118	-64		-156	-103
<b>Adjusted EBIT</b>	<b>231</b>	<b>148</b>	<b>56</b>	<b>724</b>	<b>464</b>	<b>56</b>	<b>859</b>	<b>599</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 intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

CEO comments

### **Strong sales growth – positive development with increased profitability**

Net sales in the third quarter of 2019 rose by 56 per cent to SEK 2,879 M (1,850) compared with the year-earlier period, positively impacted by the acquisition of FTZ and Inter-Team.

In line with the first half of 2019, we had a stable performance in the third quarter. The organic growth was 2 per cent, mainly driven by increased sales to affiliated workshops. Adjusted EBIT increased to SEK 231 M, compared with SEK 148 M for the year-earlier period.

### **Purchasing synergies on goal, but strong EUR increasing purchasing costs**

Synergies from the acquisition of FTZ and Inter-Team contributed to lower purchasing costs and had a positive effect on gross margin for the quarter. However, the synergies were partially offset by a continued increase in purchasing prices due to the strong EUR and intensified price competition in several of our main markets. As a result of the strong EUR, we will currency-adjust our prices in Norway, Poland and Sweden in the fourth quarter of 2019.

The FTZ and Inter-Team business areas have, as previously communicated, generally lower gross margins than the other business areas. This has a negative impact on the Group's gross margin. The overall gross margin for the Group was 45.3 per cent (51.3) for the quarter.

### **Improvement in profitability**

Organic growth in MECA/Mekonomen was 3 per cent in the third quarter and EBIT rose to SEK 128 M (116). An intensified pressure on gross margin was compensated by higher sales and cost savings.

In the third quarter, Sørensen og Balchen was negatively affected by continued weak consumer sales through stores and the organic growth was -6 per cent. Efficient cost control and positive impact from acquisitions in the beginning of 2019 supported EBIT for the quarter to remain in line with the year-earlier period at SEK 30 M (29).

Inter-Team noted favourable sales growth in the third quarter<sup>1)</sup>, mainly driven by strong growth in the Polish market and a high level of export sales. FTZ developed in line with the year-earlier period<sup>1)</sup> despite a slightly weaker performance in the market, which was comparable with developments in large parts of the European market.

### **Focus forward**

Our focus remains on generating profitable growth in all of our operations and to deliver on communicated strategic projects and initiatives.

The ongoing cost-savings programme, which was announced in February 2019, remains on track and had positive impact in the third quarter. Full effect of SEK 65 M on an annual basis is expected to be reached from the fourth quarter of 2019.

The merger of MECA's and Mekonomen's central warehouses in Sweden is proceeding as planned. During the quarter, we successfully completed pilot deliveries from the central warehouse to MECA and we will scale up at a cautious pace, to ensure continued high service to MECA's customers. In Poland, we have improved accessibility and competitiveness in the southern areas of the country by opening a new regional warehouse in the Krakow area. The merger of the central warehouse in Strängnäs and the opening of the regional warehouse in Poland will result in a temporary stock accumulation in the coming quarters. In parallel, our focus in all parts of the Group is on keeping working capital at a stable level.

The B2B sales accounts for approximately 90 percent of the total sales. Digitalisation in the Group is high and the main part of B2B sales of spare parts and accessories to workshops and other company customers are made through digital flows. When it comes to B2C, sales through e-commerce has increased significantly in recent years.

I am convinced that we have great potential to gain market shares and further improving car owners' customer journey through sharpening our digital sales streams. Our direct digital B2C sales take place through e-commerce in the business areas MECA/Mekonomen and Sørensen og Balchen. In addition, it is important to continue to digitise the booking flow for workshop services in all our business areas. We see a great demand from car owners to book workshop services digitally, with the number of digital bookings increasing significantly quarter to quarter.

Finally, I would like to say that I am proud of the Mekonomen brand, which for the fifth time over the past six years has been named as the strongest Swedish brand in the "Car accessories and workshops"<sup>2)</sup> industry. Even if we are primarily a distribution company targeting workshops and other corporate customers, it is important that we develop our business with a high level of consumer insight, where car owners are aware of and have positive associations to our brands and experience a high degree of customer service throughout the whole customer journey.

Pehr Oscarson  
President and CEO

<sup>1)</sup> FTZ and Inter-Team were acquired on 3 September 2018 and no exact comparative figures have been calculated for the entire third quarter of 2018 as the companies before the acquisition had a different financial year than Mekonomen Group.

<sup>2)</sup> According to an annual consumer survey conducted by Evimatrix concerning brand awareness and customer satisfaction.

## 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 460 stores and over 3,480 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 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	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		12 months	Full-year
DISTRIBUTION, SEK M	2019	2018	Change, %	2019	2018	Change, %	Oct - Sep	2018
<b>Net sales, external per business area</b>								
FTZ	800	252	217	2 496	252	889	3 332	1 088
Inter-Team	532	147	261	1 631	147	1 007	2 121	638
MECA/Mekonomen	1 349	1 267	6	4 158	3 937	6	5 521	5 301
Sørensen og Balchen	192	180	6	582	571	2	751	739
Central functions	6	4	56	21	8	165	26	14
<b>Total net sales, Group</b>	<b>2 879</b>	<b>1 850</b>	<b>56</b>	<b>8 888</b>	<b>4 915</b>	<b>81</b>	<b>11 751</b>	<b>7 779</b>
Other operating revenue	50	37	37	134	113	19	193	172
<b>GROUP REVENUE</b>	<b>2 929</b>	<b>1 887</b>	<b>55</b>	<b>9 022</b>	<b>5 028</b>	<b>79</b>	<b>11 944</b>	<b>7 951</b>

Revenue distribution per country and business area is presented in the table on page 16-17.

GROWTH NET SALES PER CENT	MECA/Mekonomen		Sørensen og Balchen		Group	
2019	Q3	Jan-Sep	Q3	Jan-Sep	Q3*	Jan-Sep*
Organic growth	2,8	2,7	-5,7	-9,0	2,4	2,2
Effect from acquisitions/divestments	2,2	2,4	10,8	9,7	50,4	77,8
Currency effect	-0,1	0,5	-0,4	1,3	0,4	0,8
Effect, workdays	1,6	0,0	1,6	0,0	2,4	0,0
<b>Growth net sales</b>	<b>6,5</b>	<b>5,6</b>	<b>6,3</b>	<b>2,0</b>	<b>55,6</b>	<b>80,8</b>

\*Net sales in FTZ and Inter-Team were included as acquired net sales for the Group in the table above, for two months (Jul-Aug) in the figures for the quarter and eight months (Jan-Aug) in the accumulated figures.

### 1 July–30 September 2019

Net sales amounted to SEK 2,879 M (1,850). Net sales rose 56 per cent, of which organic growth accounted for 2 percentage points. The number of workdays was one more in all countries during the quarter compared with the year-earlier period.

### 1 January–30 September 2019

Net sales amounted to SEK 8,888 M (4,915). Net sales rose 81 per cent, of which organic growth accounted for 2 percentage points. During the nine-month period, the number of workdays was unchanged compared with the year-earlier period.

## **GROUP PERFORMANCE**

### **1 July–30 September 2019**

#### *Adjusted EBIT*

Adjusted EBIT amounted to SEK 231 M (148) and the adjusted EBIT margin was 8 per cent (8). Adjusted EBIT was positively impacted by IFRS 16 in the amount of SEK 5 M. During the quarter, currency effects in the balance sheet had a negative impact of SEK 6 M (pos: 4) on Adjusted EBIT.

#### *EBIT*

EBIT amounted to SEK 191 M (118) and the EBIT margin was 7 per cent (6). EBIT was not impacted by items affecting comparability during the quarter (neg: 4), but was positively impacted by IFRS 16 in the amount of SEK 5 M. During the quarter, currency effects in the balance sheet had a negative impact of SEK 6 M (pos: 4) on EBIT.

#### *Other earnings*

Profit after financial items amounted to SEK 147 M (233), negatively impacted by IFRS 16 in the amount of SEK 6 M. Net interest expense was SEK 36 M (expense: 16) and other financial items an expense of SEK 8 M (income: 131). The large difference in other financial items is due to positive currency effects connected to longterm loans 2018. Profit after tax was negatively impacted by IFRS 16 in the amount of SEK 5 M and totalled SEK 113 M (85). In the comparison period, tax expense was negatively impacted by the impairment of deferred tax assets pertaining to Group deductions for earlier loss carry forwards in Denmark pursuant to the acquisition av FTZ totalling SEK 93 M. Earnings per share, before and after dilution, amounted to SEK 1.95 (2.30).

### **1 January–30 September 2019**

#### *Adjusted EBIT*

Adjusted EBIT amounted to SEK 724 M (464) and the Adjusted EBIT margin was 8 per cent (9). Adjusted EBIT was positively impacted by IFRS 16 in the amount of SEK 14 M. Currency effects in the balance sheet had a negative impact of SEK 9 M (pos: 1) on Adjusted EBIT.

#### *EBIT*

EBIT amounted to SEK 601 M (351) and the EBIT margin was 7 per cent (7). EBIT was negatively impacted by items affecting comparability in the total amount of SEK 5 M (pos: 49), attributable to costs for the integration of FTZ and Inter-Team and positively impacted by IFRS 16 in the amount of SEK 14 M. Currency effects in the balance sheet had a negative impact of SEK 9 M (pos: 1) on EBIT.

#### *Other earnings*

Profit after financial items amounted to SEK 478 M (460), negatively impacted by IFRS 16 in the amount of SEK 19 M. Net interest expense was SEK 108 M (expense: 30) and other financial items an expense of SEK 16 M (income: 139). The large difference in other financial items is due to positive currency effects connected to longterm loans in the third quarter 2018. Profit after tax was negatively impacted by IFRS 16 in the amount of SEK 15 M and totalled SEK 366 M (260). In the comparison period, tax expense was negatively impacted by the impairment of deferred tax assets pertaining to Group deductions for earlier loss carry forwards in Denmark pursuant to the acquisition av FTZ totalling SEK 93 M. Earnings per share, before and after dilution, amounted to SEK 6.34 (6.99).

## **FINANCIAL POSITION AND CASH FLOW**

Cash flow from operating activities in the third quarter amounted to SEK 425 M (44) and SEK 940 M (285) for the nine-month period. Compared with the year-earlier period, cash flow from operating activities was positively impacted by IFRS 16 in the amount of SEK 126 M for the quarter and SEK 379 M for the nine-month period. The total cash flow for the period was, however, not affected by IFRS 16. Tax paid amounted to SEK 21 M (18) for the third quarter and to SEK 161 M (145) for the nine-month period. Cash and cash equivalents amounted to SEK 213 M (346), compared with SEK 205 M at year-end. The equity/assets ratio was 33 per cent (21). Calculated excluding IFRS 16, the equity/assets ratio was 39 per cent. Long-term interest-bearing liabilities amounted to SEK 4,965 M (3,482), including a long-term lease liability of SEK 1,357 M, compared with SEK 3,232 M at year-end. Current interest-bearing liabilities amounted to SEK 899 M (2,494), including a current lease liability of SEK 462 M, compared with SEK 1,081 M at year-end.

Net debt amounted to SEK 3,814 M (5,622), compared with SEK 4,098 M at year-end and SEK 4,042 M at the end of the previous quarter, representing a reduction of SEK 284 M since year-end. The changes to net debt during year-to-date were primarily impacted by working capital, investments, repayments and currency fluctuations. During the quarter, loan repayments according to plan totalled SEK 88 M.

## **INVESTMENTS**

During the third quarter, investments in fixed assets amounted to SEK 107 M (25) including leasing contracts of SEK 73 M and during the nine-month period investments were SEK 258 M (169), with leasing contracts of SEK 157 M. Depreciation and impairment of tangible fixed assets amounted to SEK 154 M (23) in the third quarter and SEK 457 M (56) for the nine-month period. Depreciation increased by SEK 127 M in the quarter and SEK 376 M in the nine-month period as a result of IFRS 16. Investments in the ongoing establishment of and inventory for the central warehouse in Strängnäs totalled SEK 1 M (2) in the third quarter, and SEK 6 M (98) for the nine-month period. Investments now total SEK 200 M.

Company and business combinations amounted to SEK 6 M (4,325) in the third quarter, and SEK 69 M (4,377) in the nine-month period, of which SEK 1 M (0) pertained to an estimated supplementary purchase consideration for the third quarter and SEK 8 M (3) for the nine-month period. In addition, supplementary purchase considerations of SEK 1 M (0) were paid in the quarter. Acquired assets totalled SEK 38 M (2,816) and assumed liabilities SEK 18 M (1,416) for the nine-month period. In addition to goodwill, which amounted to SEK 38 M (1,900), intangible surplus values of SEK 17 M (829) were identified pertaining to customer relations for the nine-month period. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 0 M (300) for the nine-month period. Acquired non-controlling interests amounted to SEK 0 M (0) in the third quarter and to SEK 6 M (0) for the nine-month period. Divested non-controlling interests amounted to SEK – M (0) in the nine-month period. Divested businesses amounted to SEK – M (0) in the third quarter and to SEK – M (6) for the nine-month period.

## **ACQUISITIONS AND START-UPS**

### **Third quarter**

During the quarter, MECA/Mekonomen acquired one store and one workshop in Sweden.

### **Earlier in the year**

MECA/Mekonomen acquired three stores in Sweden and two workshops in Sweden as well as one workshop in Norway. Sørensen og Balchen acquired one store in Norway. As previously communicated, the Group acquired Nordic Forum Holding through FTZ. 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 (466), of which 398 (393) were proprietary stores. The number of affiliated workshops totalled 3,485 (3,413). See the distribution in the table on page 18.

## **EMPLOYEES**

During the period, the average number of employees was 4,942 (2,561). See the distribution in the table on page 18.

## 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 reports 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 <sup>1)</sup>

FTZ SEK M	Jul-Sep 2019	Jul-Sep 2018	Change, %	Jan-Sep 2019	Jan-Sep 2018	Change, %	12 months Oct - Sep	Full-year 2018
Net sales, external	800	252	217	2 496	252	889	3 332	1 088
EBIT	69	13	414	249	13	1 751	284	49
EBIT margin, %	9	5		10	5		9	5
No. of stores/of which proprietary				51 / 51	51 / 51			51 / 51
No. of AutoMester				426	423			423
No. of Din BilPartner				147	136			136
No. of HELLA Service Partner				334	336			336
No. of CarPeople				29	26			26

The FTZ business area mainly includes wholesale and branch operations in Denmark. Operations were acquired on 3 September 2018. FTZ's operations generally have a lower gross margin than Mekonomen Group as a whole. However, EBIT margin is higher than the Group as a whole due to generally lower operating expenses.

In the third quarter, FTZ net sales were in line with the entire third quarter of 2018. FTZ had an improved EBIT for the quarter, compared with the entire third quarter of 2018, mainly driven by the impact of the cost-savings programme and purchasing synergies.

For the third quarter, net sales amounted to SEK 800 M (252) and for the nine-month period net sales amounted to SEK 2,496 M (252). EBIT totalled SEK 69 M (13) for the quarter and EBIT margin 9 per cent (5) For the nine-month period, EBIT totalled SEK 249 M (13) and EBIT margin 10 per cent (5).

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

### BUSINESS AREA INTER-TEAM <sup>2)</sup>

INTER-TEAM SEK M	Jul-Sep 2019	Jul-Sep 2018	Change, %	Jan-Sep 2019	Jan-Sep 2018	Change, %	12 months Oct - Sep	Full-year 2018
Net sales, external	532	147	261	1 631	147	1 007	2 121	638
EBIT	9	0	2 650	23	0	6 719	23	-1
EBIT margin, %	2	0		1	0		1	0
No. of stores/of which proprietary				83 / 80	82 / 79			82 / 79
No. of O.K. Servis				183	178			175
No. of INTER DATA SERVICE				356	282			290

The Inter-Team business area mainly includes wholesale and branch 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.

In the third quarter, Inter-Team's had a strong sales growth compared with the entire third quarter of 2018, due to an increase in exports to neighbouring countries and strong growth in the Polish market. Inter-Team reported an improved EBIT compared with the year-earlier period. EBIT was positively impacted by higher sales and purchasing synergies, but was offset by increased price pressure in the quarter, in both the fragmented Polish market and in the export business.

For the third quarter, net sales amounted to SEK 532 M (147) and for the nine-month period net sales amounted to SEK 1,631 M (147). EBIT totalled SEK 9 M (0) for the quarter and EBIT margin 2 per cent (0). For the nine-month period, EBIT totalled SEK 23 M (0) and EBIT margin 1 per cent (0).

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

## BUSINESS AREA MECA/MEKONOMEN

MECA/MEKONOMEN SEK M	Jul-Sep 2019	Jul-Sep 2018	Change, %	Jan-Sep 2019	Jan-Sep 2018	Change, %	12 months Oct - Sep	Full-year 2018
Net sales, external	1 349	1 267	6	4 158	3 937	6	5 521	5 301
EBIT <sup>1)</sup>	128	116	10	376	374	0	430	428
EBIT margin, % <sup>1)</sup>	9	9		9	9		8	8
No. of stores/of which proprietary				268 / 229	267 / 225			270 / 230
No. of Mekonomen Service Centres				793	791			778
No. of MekoPartners				201	226			224
No. of Speedy				38	39			39
No. of MECA Car Service				716	706			721
No. of AlltiBil				9	8			8

<sup>1)</sup> Acquisition costs pertaining to July–September 2018 of SEK 4 M and acquisition costs pertaining to January–September 2018 of SEK 23 M, respectively, have been transferred from MECA/Mekonomen to central functions.

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

MECA/Mekonomen had a favourable sales trend in the third quarter. Growth was primarily driven by good sales to affiliated workshops and by a number of minor acquisitions. In the third quarter, gross margin was negatively affected mainly by increased purchasing costs due to weak SEK and NOK, price pressure in the market and customer/product mix. Despite this, EBIT improved during the quarter compared with the third quarter of 2018 mainly driven by higher sales and cost savings.

Net sales totalled SEK 1,349 M (1,267) for the third quarter, of which net sales in the Swedish operations amounted to SEK 821 M (765), in the Norwegian operations to SEK 513 M (490) and in the Finnish operations to SEK 14 M (11). During the nine-month period, net sales amounted to SEK 4,158 M (3,937), of which net sales in the Swedish operations totalled SEK 2,542 M (2,383), in the Norwegian operations SEK 1,577 M (1,521) and in the Finnish operations SEK 40 M (34). Currency effects had an adverse impact on net sales of SEK 2 M during the quarter and a positive impact of SEK 21 M for the nine-month period. The number of workdays was one day more in Finland, Norway and Sweden compared with the year-earlier quarter and unchanged in Finland, Norway and Sweden in the nine-month period. Organic growth was 3 per cent during the third quarter and 3 per cent in the nine-month period. EBIT for the business area amounted to SEK 128 M (116) in the third quarter and EBIT margin was 9 per cent (9). No items affecting comparability affected EBIT in the third quarter (–). For the nine-month period, EBIT was SEK 376 M (374), including negative items affecting comparability of SEK 4 M (neg: 19), and EBIT margin was 9 per cent (9).

## BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN SEK M	Jul-Sep 2019	Jul-Sep 2018	Change, %	Jan-Sep 2019	Jan-Sep 2018	Change, %	12 months Oct - Sep	Full-year 2018
Net sales, external	192	180	6	582	571	2	751	739
EBIT	30	29	6	92	82	13	117	106
EBIT margin, %	16	16		16	14		15	14
No. of stores/of which proprietary				66 / 38	66 / 38			64 / 36
No. of BilXtra workshops				253	262			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. The organic net sales in Sørensen og Balchen decreased during the period, mainly adversely impacted by weak consumer sales in the quarter. The lower organic net sales was compensated for through acquisitions made at the beginning of the year and by continued effective cost control. The business area's EBIT was in line with the third quarter of 2018.

Net sales amounted to SEK 192 M (180) for the quarter and to SEK 582 M (571) for the nine-month period. The currency effect had a negative impact on net sales of SEK 1 M in the third quarter and a positive SEK 8 M for the nine-month period. There was one more workday in the quarter in Norway compared with the year-earlier quarter while the number was unchanged for the nine-month period. Organic net sales declined 6 per cent in the third quarter and 9 per cent in the nine-month period. For the third quarter, Sørensen og Balchen's EBIT totalled SEK 30 M (29), which included items affecting comparability of SEK – M (–), and the EBIT margin was 16 per cent (16). For the nine-month period, EBIT was SEK 92 M (82), including items affecting comparability of SEK – M (neg: 7), and the EBIT margin was 16 per cent (14).

## 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		
	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 financial items were a negative SEK 63 M (pos: 102) for the third quarter, and a negative SEK 174 M (pos: 88) for the nine-month period, excluding share dividends of SEK 332 M (340) from subsidiaries for the nine-month period. The large difference in earnings after financial items is due to negative currency effects connected to longterm loans in 2019 compared to positive currencyeffects 2018. The average number of employees in the Parent Company was five (five). During the third quarter, Mekonomen AB sold goods and services to Group companies for a total of SEK 10 M (8) and for SEK 30 M (19) in the nine-month period.

“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 5 M (neg: 14) for the third quarter and a negative SEK 20 M (neg: 54) for the nine-month period.

“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: 26) for the third quarter and an expense of SEK 118 M (expense: 64) for the nine-month period.



## **EVENTS DURING THE PERIOD**

The long-term share-based incentive programme, LTIP 2019, was introduced in the previous quarter as adopted by the AGM on 2 May 2019. LTIP 2019 encompass 17 employees comprising company management in Mekonomen Group and certain other key individuals in the Group. The number of shares required to cover the company's commitment according to LTIP amounts to 93,250 shares, which corresponds to the number of own shares the company holds after repurchasing.

Participation in LTIP 2019 requires some individual share ownership in Mekonomen. After the established vesting period, which runs until 31 March 2022, participants will be allocated shares free of charge in Mekonomen provided that certain conditions are met. These conditions are linked to continuing employment in Mekonomen Group, individual share ownership in Mekonomen as well as the performance of total shareholder return (TSR) and earnings per share (EPS). The expected average cost per year amounts to SEK 1.1 M and the maximum annual cost amounts to SEK 1.8 M, meaning SEK 3.3 M and SEK 5.8 M respectively for the entire programme over three years.

To ensure the supply of shares in accordance with LTIP 2019, the company repurchased 30,000 shares between 3 and 10 July 2019. The company already held 63,250 own shares intended for LTIP 2018, which has now been replaced by LTIP 2019. On 10 July 2019, the company held 93,250 own shares to ensure the supply of shares related to LTIP 2019. Since the total number of shares in Mekonomen amounts to 56,416,622, this corresponds to 0.17 per cent.

For a more detailed description of LTIP 2019, refer to information from the AGM on 5 May 2019 at [www.mekonomen.com](http://www.mekonomen.com)

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

No significant events occurred after the end of the reporting period.

## **ACCOUNTING POLICIES**

Mekonomen Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the 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. The application of IFRS 16 entailed changes to the Group's accounting policies and has affected accounting, measuring and reporting certain amounts presented in the income statement and balance sheet. A description of the new accounting policies is provided below. This interim report consists of pages 1–24 and should be read in its entirety.

As of 1 January 2019, Mekonomen Group applies IFRS 16 Leases, which has replaced the earlier standard IAS 17. In accordance with IAS 17, lessees classified leases as either finance or operating. The agreements classified as operating were not recognised as assets and liabilities in the balance sheet. According to the new standard, IFRS 16, lessees do not distinguish between operating and finance leases and recognise in essentially all leases as a right-of-use asset and lease liability in the balance sheet. Leases are recognised in the balance sheet on the day the leased asset is available for use by the Group. Amortisation of the asset is recognised in EBIT and interest on the lease liability in net financial items. The new standard will therefore have a slightly positive impact on EBIT since part of the leasing expense is recognised as an interest expense in net financial items. Recognised EBITDA will increase substantially as recognised rental charges will decrease at the same time as amortisation of right-of-use assets increases. Lease expenses recognised partly as payment of interest, partly as amortisation of lease liability. Cash flow for the amortisation of the lease liability is presented as financing activities. Payment of the interest element is presented as other interest payments in operating activities. The main impact on the Group is in leases pertaining to the lease of premises and vehicles.

The Group has chosen the modified retrospective approach and, according to the standard, does not restate comparative figures. Lease liability was the total of the present value of all future lease fees and the right-of-use assets corresponding to the lease liability adjusted for pre-paid and accrued lease expenses. The Group has elected to recognise lease liabilities and right-of-use assets on separate lines in the balance sheet from 2019, thereby assets and liabilities relating to finance leases according to the earlier IAS 17 were reclassified to the new balance sheet items. Equity was not effected by the transition.

The Group has elected to apply a number of the exemption rules available in conjunction with the transition to IFRS 16 of which the most significant concern the exclusion of leases that on the transition date had a remaining time to maturity of up to 12 months. In addition to the exemption rules in conjunction with the transition, the Group continuously applies the practical exemptions that mean leases with a lease term of up to 12 months and leases where the underlying asset has a low value are excluded from the calculation of lease liabilities and right-of-use assets. These are expensed on a straight-line basis in profit or loss. The simplified approach for the definition of a lease has been applied, meaning all components of an agreement were considered as leasing components. Furthermore, Mekonomen Group has chosen not to apply IFRS 16 relating to intangible assets as this option was available according to the standard.

Leases that were classified as operating leases under IAS 17 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 leases as probable extensions to contracts with extension clauses are included under IFRS 16. The likelihood that extension clauses for local contracts will be exercised has been assessed based on factors such as the market situation for the property and its significance for business operations. An incremental borrowing rate was determined on the basis of country, term of the loan and creditworthiness for each unit. The total value of the right-of-use asset amounted to SEK 2,065 M on 1 January 2019. For more information on accounting policies for IFRS 16, refer to page 57 of the 2018 Annual Report.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

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

#### **SEGMENT REPORTING**

As of 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 will present four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

The MECA/Mekonomen business area consists of the previously reportable segments MECA and Mekonomen, together with minor operations that were previously reported in "Other segments," – 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>Date</b>
Year-end report	January–December 2019	2020-02-07
Interim report	January–March 2020	2020-05-07
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

## **ANNUAL GENERAL MEETING**

The 2019 Annual General Meeting will be held on 7 May 2020 in Stockholm. The Annual Report will be published and available on Mekonomen's website by 16 April 2020.

## **NOMINATION COMMITTEE**

In accordance with the guidelines established at the Annual General Meeting on 2 May 2019, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the Annual General Meeting on 7 May 2020 pertaining to the election of a Chairman of the Annual General Meeting, the number of Board members and deputy members, the election of a Chairman and other members to the company's Board of Directors, Board fees, as well as any remuneration for committee work, election of and fees paid to auditors, and guidelines for the appointment of the Nomination Committee.

Prior to the 2020 Annual General Meeting, the Nomination Committee consists of John Quinn (LKQ Corporation), Kristian Åkesson, (Didner & Gerge Fonder AB), Arne Lööv, (Fourth Swedish National Pension Fund) and Caroline Sjösten (Swedbank Robur Fonder). The Nomination Committee will appoint a Chairman of the Committee at its first meeting. Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee.

Stockholm 8 November 2019  
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Pehr Oscarson  
President and CEO

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 8 November 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.

## **Auditor's report**

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

### **Introduction**

We have reviewed the condensed interim financial information (interim report) of Mekonomen AB (publ) at 30 September 2019 and the nine-month period that ended on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards of Auditing (ISA), and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a review does not give the same level of assurance as an opinion expressed based on an audit.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 8 November 2019

PricewaterhouseCoopers AB

Linda Corneliusson  
Authorised Public Accountant

## CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	12 months Oct - Sep	Full-year 2018
Net sales	2 879	1 850	8 888	4 915	11 751	7 779
Other operating revenue	50	37	134	113	193	172
<b>Total revenue</b>	<b>2 929</b>	<b>1 887</b>	<b>9 022</b>	<b>5 028</b>	<b>11 944</b>	<b>7 951</b>
Goods for resale	-1 576	-900	-4 882	-2 297	-6 486	-3 901
Other external costs <sup>1)</sup>	-338	-365	-1 015	-1 050	-1 546	-1 581
Personnel expenses	-616	-444	-1 907	-1 179	-2 560	-1 832
<b>Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>400</b>	<b>177</b>	<b>1 218</b>	<b>502</b>	<b>1 352</b>	<b>637</b>
Depreciation and impairment of tangible fixed assets <sup>2)</sup>	-154	-23	-457	-56	-485	-84
<b>Operating profit before amortisation and impairment of intangible fixed assets (EBITA)</b>	<b>246</b>	<b>155</b>	<b>761</b>	<b>446</b>	<b>867</b>	<b>553</b>
Amortisation and impairment of intangible fixed assets	-55	-37	-159	-96	-210	-146
<b>EBIT</b>	<b>191</b>	<b>118</b>	<b>601</b>	<b>351</b>	<b>658</b>	<b>407</b>
Interest income	3	2	9	3	11	6
Interest expenses <sup>3)</sup>	-39	-18	-117	-33	-137	-53
Other financial items	-8	131	-16	139	-38	117
<b>Profit after financial items</b>	<b>147</b>	<b>233</b>	<b>478</b>	<b>460</b>	<b>495</b>	<b>477</b>
Tax	-34	-147	-112	-200	-121	-209
<b>PROFIT FOR THE PERIOD</b>	<b>113</b>	<b>85</b>	<b>366</b>	<b>260</b>	<b>374</b>	<b>268</b>
<b>Profit for the period attributable to:</b>						
Parent Company's shareholders	110	83	357	251	367	260
Non-controlling interests	3	3	9	9	8	8
<b>PROFIT FOR THE PERIOD</b>	<b>113</b>	<b>85</b>	<b>366</b>	<b>260</b>	<b>374</b>	<b>268</b>
Earnings per share before and after dilution, SEK	1,95	2,30	6,34	6,99	6,66	6,56

<sup>1)</sup> Other external costs were positively impacted by SEK 131 M in the quarter and SEK 390 M for the nine-month period due to IFRS 16.

<sup>2)</sup> Depreciation and impairment of tangible fixed assets were negatively impacted by SEK 127 M in the quarter and SEK 376 M for the nine-month period as a result of IFRS 16.

<sup>3)</sup> Interest expenses were negatively impacted by SEK 11 M for the quarter and SEK 32 M in the nine-month period due to IFRS 16.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	12 months Oct - Sep	Full-year 2018
<b>Profit for the period</b>	<b>113</b>	<b>85</b>	<b>366</b>	<b>260</b>	<b>374</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	-2	-2	-2	-2
<i>Components that may later be reclassified to profit/loss for the year:</i>						
– Exchange-rate differences from translation of foreign subsidiaries	37	-151	238	-49	159	-129
– Loan hedging of net investments <sup>1)</sup>	-28	-	-90	-	-86	4
– Cash-flow hedges <sup>2)</sup>	-1	1	-7	2	-8	1
<b>Other comprehensive income, net after tax</b>	<b>6</b>	<b>-152</b>	<b>139</b>	<b>-49</b>	<b>63</b>	<b>-125</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>119</b>	<b>-67</b>	<b>505</b>	<b>211</b>	<b>437</b>	<b>143</b>
<b>Comprehensive income for the period attributable to:</b>						
Parent Company's shareholders	116	-69	496	201	429	135
Non-controlling interests	3	2	9	10	8	8
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>119</b>	<b>-67</b>	<b>505</b>	<b>211</b>	<b>437</b>	<b>143</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	30 September 2019	30 September 2018	31 December 2018
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	5 839	5 858	5 745
Tangible fixed assets	473	480	490
Right-of-use assets	1 862	–	–
Financial fixed assets	86	85	77
Deferred tax assets	–	–	–
Goods for resale	2 816	2 595	2 816
Current receivables	1 837	1 747	1 530
Cash and cash equivalents	213	346	205
<b>TOTAL ASSETS</b>	<b>13 127</b>	<b>11 111</b>	<b>10 863</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	4 347	2 340	3 853
Long-term liabilities, interest-bearing	3 608	3 482	3 232
Long-term lease liabilities	1 357	–	–
Deferred tax liabilities	443	449	474
Long-term liabilities, non-interest-bearing	20	13	20
Current liabilities, interest-bearing	437	2 494	1 081
Current lease liabilities	462	–	–
Current liabilities, non-interest-bearing	2 453	2 334	2 203
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>13 127</b>	<b>11 111</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	30 September 2019	30 September 2018	31 December 2018
Shareholders' equity at the beginning of the year	3 853	2 379	2 379
Comprehensive income for the period	505	211	143
New issue, net including issue costs	–	–	1 588
Repurchase of own shares	-2	–	-6
Acquisition/divestment of non-controlling interests	-6	6	6
Shareholders' contributions from minority shareholders	6	3	3
Dividend to shareholders	-10	-259	-260
Share savings programme	0	–	–
<b>SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>4 347</b>	<b>2 340</b>	<b>3 853</b>
Of which non-controlling interests	33	29	25

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018	12 months Oct - Sep	Full-year 2018
<b>Operating activities</b>						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid <sup>1)2)</sup></i>	358	158	1 119	511	1 260	652
Tax paid	-21	-18	-161	-145	-215	-199
<b>Cash flow from operating activities before changes in working capital <sup>1) 2)</sup></b>	<b>337</b>	<b>140</b>	<b>958</b>	<b>366</b>	<b>1 045</b>	<b>453</b>
Cash flow from changes in working capital:						
Changes in inventory	16	-104	89	-65	-182	-336
Changes in receivables	-36	-57	-253	-145	-30	78
Changes in liabilities	107	65	147	128	154	135
<i>Increase (-)/Decrease (+) working capital</i>	88	-96	-18	-81	-59	-122
<b>Cash-flow from operating activities <sup>1) 2)</sup></b>	<b>425</b>	<b>44</b>	<b>940</b>	<b>285</b>	<b>986</b>	<b>331</b>
<b>Cash flow from investing activities</b>	<b>-40</b>	<b>-4 134</b>	<b>-164</b>	<b>-4 325</b>	<b>-246</b>	<b>-4 407</b>
<b>Cash flow from financing activities <sup>1)2)</sup></b>	<b>-334</b>	<b>4 238</b>	<b>-787</b>	<b>4 144</b>	<b>-886</b>	<b>4 044</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>51</b>	<b>148</b>	<b>-11</b>	<b>104</b>	<b>-146</b>	<b>-32</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>153</b>	<b>213</b>	<b>205</b>	<b>254</b>	<b>346</b>	<b>254</b>
Exchange-rate difference in cash and cash equivalents	9	-15	19	-12	13	-18
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>213</b>	<b>346</b>	<b>213</b>	<b>346</b>	<b>213</b>	<b>205</b>

<sup>1)</sup> Cash flow from operating activities increased by SEK 126 M for the quarter and SEK 379 M for the nine-month period and cash flow from financing activities decreased by SEK 126 M for the quarter and SEK 379 M for the nine-month period due to IFRS 16.

<sup>2)</sup> Cash flow for 2018 is recognised after reclassification of SEK 132 M between operating activities and financing activities, which was adjusted after the publication of the third quarter report for 2018. For further information, refer to the press release on 14 November 2018.

**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	30 September	30 September
	2019	2018
<b>FINANCIAL ASSETS</b>		
Derivatives: Currency swaps	-	-
Interest-rate swaps	1	-
<b>TOTAL</b>	<b>1</b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>		
Derivatives: Currency swaps	-	-
Interest-rate swaps	13	2
<b>TOTAL</b>	<b>13</b>	<b>2</b>

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 30 September 2019							
SEK M	Derivative instruments <sup>1)</sup>	Financial	Financial	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total
		asset accrued aquisition value	liabilities accrued aquisition value				Balance sheet summary
<b>FINANCIAL ASSETS</b>							
Financial fixed assets	1	63	-	64	64	22	86
Accounts receivable	-	1 226	-	1 226	1 226	-	1 226
Other current receivables	-	-	-	-	-	611	611
Cash and cash equivalents	-	213	-	213	213	-	213
<b>TOTAL</b>	<b>1</b>	<b>1 503</b>	<b>-</b>	<b>1 503</b>	<b>1 503</b>	<b>634</b>	<b>2 137</b>
<b>FINANCIAL LIABILITIES</b>							
Long-term liabilities, interest-bearing	13	-	4 952	4 965	4 965	-	4 965
Long-term liabilities, non-interest-bearing	-	-	7	7	7	13	20
Current liabilities, interest-bearing	-	-	899	899	899	-	899
Accounts payable	-	-	1 335	1 335	1 335	-	1 335
Other current liabilities	-	-	5	5	5	1 114	1 118
<b>TOTAL</b>	<b>13</b>	<b>-</b>	<b>7 198</b>	<b>7 211</b>	<b>7 211</b>	<b>1 127</b>	<b>8 337</b>

<sup>1)</sup> Derivative instruments used for hedge

QUARTERLY DATA, BUSINESS AREA	2019				2018				2017				
	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
<b>NET SALES, SEK M <sup>1)</sup></b>													
FTZ	800	860	836	1 088	836	252	–	–	–	–	–	–	–
Inter-Team	532	582	517	638	490	147	–	–	–	–	–	–	–
MECA/Mekonomen <sup>2)</sup>	1 349	1 447	1 362	5 301	1 363	1 267	1 422	1 249	5 060	1 287	1 192	1 315	1 266
Sørensen og Balchen	192	207	183	739	168	180	209	182	778	176	178	211	213
Central functions <sup>3)</sup>	6	5	10	14	6	4	2	2	12	5	2	2	3
<b>GROUP</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>5 850</b>	<b>1 467</b>	<b>1 372</b>	<b>1 529</b>	<b>1 482</b>
<b>EBIT, MSEK</b>													
FTZ	69	87	93	49	36	13	–	–	–	–	–	–	–
Inter-Team	9	15	-1	-1	0	0	–	–	–	–	–	–	–
MECA/Mekonomen <sup>4)</sup>	128	145	103	428	54	116	186	73	513	106	121	165	121
Sørensen og Balchen	30	38	24	106	24	29	39	14	120	27	27	39	28
Central functions <sup>3) 4)</sup>	-5	-6	-10	-73	-19	-14	-33	-8	-34	-18	-2	-11	-4
Other items <sup>5)</sup>	-39	-39	-39	-103	-39	-26	-19	-19	-77	-19	-19	-19	-19
<b>GROUP</b>	<b>191</b>	<b>240</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>EBIT MARGIN, %</b>													
FTZ	9	10	11	5	4	5	–	–	–	–	–	–	–
Inter-Team	2	3	0	0	0	0	–	–	–	–	–	–	–
MECA/Mekonomen <sup>4)</sup>	9	10	7	8	4	9	13	6	10	8	10	12	9
Sørensen og Balchen	16	18	13	14	15	16	18	8	15	15	15	18	13
<b>GROUP</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>9</b>	<b>6</b>	<b>9</b>	<b>11</b>	<b>8</b>
<b>INVESTMENTS, SEK M <sup>6)</sup></b>													
FTZ	1	5	1	10	10	0	–	–	–	–	–	–	–
Inter-Team	5	2	1	3	2	1	–	–	–	–	–	–	–
MECA/Mekonomen	22	27	22	191	36	21	72	61	154	28	77	25	25
Sørensen og Balchen	0	1	4	6	0	1	3	2	3	0	0	1	1
Central functions <sup>3)</sup>	6	0	4	12	4	2	3	3	6	2	2	2	0
<b>GROUP</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>	<b>164</b>	<b>30</b>	<b>79</b>	<b>28</b>	<b>27</b>

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

<sup>2)</sup> Revenue for MECA/Mekonomen in 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-wide functions that also include Mekonomen AB and operations in ProMeister Solutions.

<sup>4)</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>5)</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>6)</sup> Investments do not include company and business combinations and exclude leases according to IFRS 16.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jul–Sep 2019						Jul–Sep 2018					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
Revenue distribution per country												
FTZ	800					800	252					252
Inter-Team		532				532		147				147
MECA/Mekonomen			14	513	821	1 349			11	490	765	1 267
Sørensen og Balchen				192		192				180		180
Central functions						6						4
<b>Total net sales, Group</b>						<b>2 879</b>						<b>1 850</b>
Other revenue						50						37
<b>GROUP REVENUE</b>						<b>2 929</b>						<b>1 887</b>

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



REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan-Sep 2019						Jan-Sep 2018					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
Revenue distribution per country												
FTZ	2 496					2 496	252					252
Inter-Team		1 631				1 631		147				147
MECA/Mekonomen			40	1 577	2 542	4 158			34	1 521	2 383	3 937
Sørensen og Balchen				582		582				571		571
Central functions						21						8
<b>Total net sales, Group</b>						<b>8 888</b>						<b>4 915</b>
Other revenue						134						113
<b>GROUP REVENUE</b>						<b>9 022</b>						<b>5 028</b>

QUARTERLY DATA SEK M	2019				2018				2017				
	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue <sup>1)</sup>	2 929	3 144	2 948	7 951	2 922	1 887	1 673	1 469	6 000	1 507	1 414	1 560	1 518
EBITDA	400	443	375	637	134	177	219	106	710	150	172	218	170
EBITDA excl. IFRS 16 <sup>2)</sup>	268	315	245										
Adjusted EBIT	231	280	214	599	148	148	217	99	599	122	140	193	145
EBIT	191	240	170	407	57	118	173	60	522	96	127	174	126
Net financial items	-44	-38	-41	70	-39	114	-3	-2	-47	-9	-8	-18	-13
Profit after financial items	147	202	129	477	17	233	170	58	475	87	119	156	113
Tax	-34	-45	-33	-209	-9	-147	-38	-15	-107	-12	-30	-38	-27
Profit for the period	113	157	96	268	8	85	131	43	368	75	89	118	86
EBITDA margin, %	14	14	13	8	5	9	13	7	12	10	12	14	11
Adjusted EBIT margin, %	8	9	7	8	5	8	13	7	10	8	10	12	10
EBIT margin, %	7	8	6	5	2	6	10	4	9	6	9	11	8
Earnings per share before and after dilution, SEK	1,95	2,71	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	76,6	74,5	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 <sup>3)</sup>	7,5	6,3	2,8	8,3	0,9	1,2	6,5	0,2	13,8	6,8	2,2	3,7	1,0
Return on shareholders' equity, % <sup>4)</sup>	9,8	10,1	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	82,8	77,4	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> 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>4)</sup> The key figures for return on shareholders' equity are calculated on a rolling 12-month basis for each quarter.

KEY FIGURES	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	12 months Oct - Sep	Full-year 2018
Return on shareholders' equity, % <sup>1)</sup>	-	-	9,8	13,7	9,8	9,7
Return on total capital, % <sup>1)</sup>	-	-	5,1	8,7	5,1	6,8
Return on capital employed, % <sup>1)</sup>	-	-	6,7	11,7	6,7	9,1
Equity/assets ratio, % <sup>2)</sup>	33,1	21,1	33,1	21,1	33,1	35,5
Net debt, SEK M	3 814	5 622	3 814	5 622	3 814	4 098
Net debt/EBITDA excl. IFRS 16 multiple <sup>1)3)</sup>	-	-	3,96	8,62	3,96	6,44
Net debt incl. IFRS 16 /EBITDA, multiple <sup>1)</sup>	-	-	4,17	-	4,17	-
Gross margin, %	45,3	51,3	45,1	53,3	44,8	49,9
EBITDA margin, % <sup>4)</sup>	13,6	9,4	13,5	10,0	11,3	8,0
Adjusted EBIT margin, %	7,9	7,9	8,0	9,2	7,2	7,5
EBIT margin, %	6,5	6,3	6,7	7,0	5,5	5,1
Earnings per share before and after dilution, SEK	1,95	2,30	6,34	6,99	6,66	6,56
Shareholders' equity per share, SEK	-	-	76,6	64,4	76,6	67,9
Cash flow per share, SEK <sup>5)</sup>	7,5	1,2	16,7	7,9	17,9	8,3
Number of shares at the end of the period <sup>6)</sup>	56 323 372	35 901 487	56 323 372	35 901 487	56 323 372	56 353 372
Average number of shares during the period	56 325 655	35 901 487	56 344 031	35 901 487	55 008 507	39 718 604

<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 January–September period.

<sup>2)</sup> The equity/assets ratio has changed materially due to IFRS 16. The equity/assets ratio excl. IFRS 16 amounts to 38.6 per cent.

<sup>3)</sup> Net debt/EBITDA excl. IFRS 16 is reported to the bank and is with a margin under the maximum level as stated in the agreement.

<sup>4)</sup> The EBITDA margin has changed materially due to IFRS 16. The EBITDA margin excl. IFRS 16 amounts to 9.15 per cent for the quarter and 9.18 per cent for the nine-month period.

<sup>5)</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>6)</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	
	30 September		30 September		30 September		30 September		30 September	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Number of stores</b>										
Proprietary stores	51	51	80	79	229	225	38	38	398	393
Partner stores	-	-	3	3	39	42	28	28	70	73
<b>Total</b>	<b>51</b>	<b>51</b>	<b>83</b>	<b>82</b>	<b>268</b>	<b>267</b>	<b>66</b>	<b>66</b>	<b>468</b>	<b>466</b>
<b>Number of workshops</b>										
Mekonomen Service Centres	-	-	-	-	793	791	-	-	793	791
MekoPartner	-	-	-	-	201	226	-	-	201	226
Speedy	-	-	-	-	38	39	-	-	38	39
BilXtra	-	-	-	-	-	-	253	262	253	262
MECA Car Service	-	-	-	-	716	706	-	-	716	706
AlltiBil	-	-	-	-	9	8	-	-	9	8
AutoMester	426	423	-	-	-	-	-	-	426	423
Din BilPartner	147	136	-	-	-	-	-	-	147	136
HELLA Service Partner	334	336	-	-	-	-	-	-	334	336
CarPeople	29	26	-	-	-	-	-	-	29	26
O.K. Serwis	-	-	183	178	-	-	-	-	183	178
INTER DATA SERVICE	-	-	356	282	-	-	-	-	356	282
<b>Total</b>	<b>936</b>	<b>921</b>	<b>539</b>	<b>460</b>	<b>1 757</b>	<b>1 770</b>	<b>253</b>	<b>262</b>	<b>3 485</b>	<b>3 413</b>

AVERAGE NUMBER OF EMPLOYEES	Jan-Sep 2019	Jan-Sep 2018
FTZ	1 156	130
Inter-Team	1 447	143
MECA/Mekonomen	2 017	1 977
Sørensen og Balchen	268	258
Central functions <sup>1)</sup>	54	54
<b>Total</b>	<b>4 942</b>	<b>2 561</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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	12 months Oct - Sep	Full-year 2018
Operating revenue	17	19	60	54	86	81
Operating expenses	-21	-27	-79	-78	-121	-120
<b>EBIT</b>	<b>-4</b>	<b>-8</b>	<b>-20</b>	<b>-23</b>	<b>-35</b>	<b>-39</b>
Net financial items <sup>1)</sup>	-59	110	178	452	431	705
<b>Profit after financial items</b>	<b>-63</b>	<b>102</b>	<b>158</b>	<b>428</b>	<b>396</b>	<b>666</b>
Appropriations	-	-	-	-	73	73
Tax	13	-115	37	-113	28	-122
<b>PROFIT FOR THE PERIOD</b>	<b>-50</b>	<b>-13</b>	<b>195</b>	<b>316</b>	<b>496</b>	<b>617</b>

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY, SEK M	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	12 months Oct - Sep	Full-year 2018
<b>Profit for the period</b>	<b>-50</b>	<b>-13</b>	<b>195</b>	<b>316</b>	<b>496</b>	<b>617</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-50</b>	<b>-13</b>	<b>195</b>	<b>316</b>	<b>496</b>	<b>617</b>

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	30 September 2019	30 September 2018	31 December 2018
<b>ASSETS</b>			
Fixed assets	8 012	7 928	8 055
Current receivables in Group companies	1 135	1 118	1 338
Other current receivables	79	59	27
Cash and cash equivalents	48	184	79
<b>TOTAL ASSETS</b>	<b>9 275</b>	<b>9 289</b>	<b>9 499</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	4 958	2 882	4 765
Untaxed reserves	247	252	247
Provisions	3	3	3
Long-term liabilities	3 587	3 477	3 224
Current liabilities in Group companies	0	87	123
Other current liabilities	480	2 589	1 137
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>9 275</b>	<b>9 289</b>	<b>9 499</b>

CONDENSED CHANGES IN EQUITY FOR THE PARENT COMPANY, SEK M	30 September 2019	30 September 2018	31 December 2018
Shareholders' equity at the beginning of the year	4 765	2 817	2 817
Comprehensive income for the period	195	316	617
New issue, net including issue costs	-	-	1 588
Repurchase of own shares	-2	-	-6
Dividend to shareholders	-	-251	-251
Share savings programme	0	-	-
<b>SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>4 958</b>	<b>2 882</b>	<b>4 765</b>

## ALTERNATIVE PERFORMANCE MEASURES

As of the January–June 2016 interim report, Mekonomen applies the Guidelines on Alternative Performance Measures issued by ESMA\*. An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows that are not defined or specified in IFRS. Mekonomen believes that these measures provide valuable supplementary information to company management, investors and other stakeholders 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 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 Reports 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-Sep <sup>1)</sup> 2019	Jan-Sep <sup>1)</sup> 2018	12 months Oct - Sep	Full-year 2018
Profit for the period (rolling 12-month basis)	374	335	374	268
– Less non-controlling interest of profit for the period (rolling 12 months)	-8	-10	-8	-8
<b>Profit for the period excluding non-controlling interest (rolling 12 months)</b>	<b>367</b>	<b>325</b>	<b>367</b>	<b>260</b>
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters <sup>2)</sup>	3 731	2 366	3 731	2 670
<b>RETURN ON SHAREHOLDERS' EQUITY, %</b>	<b>9,8</b>	<b>13,7</b>	<b>9,8</b>	<b>9,7</b>

<sup>3)</sup> SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2019				2018			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	4 347	4 228	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	-33	-29	-32	-25	-29	-18	-17	-16	-15	-12	-15
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</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>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>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>	<b>2 315</b>	<b>2 295</b>	<b>2 259</b>	<b>2 266</b>

RETURN ON TOTAL CAPITAL SEK M	Jan-Sep <sup>1)</sup> 2019	Jan-Sep <sup>1)</sup> 2018	12 months Oct - Sep	Full-year 2018
Profit after financial items (rolling 12 months)	495	547	495	477
– Plus Interest Expenses (rolling 12 months)	137	41	137	53
<b>Profit after financial items plus interest expenses (rolling 12 months)</b>	<b>631</b>	<b>587</b>	<b>631</b>	<b>530</b>
– Divided by TOTAL ASSETS, average over the past five quarters <sup>3)</sup>	12 264	6 732	12 264	7 787
<b>RETURN ON TOTAL CAPITAL, %</b>	<b>5,1</b>	<b>8,7</b>	<b>5,1</b>	<b>6,8</b>

<sup>3)</sup> TOTAL ASSETS SEK M	2019				2018			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	13 127	13 118	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>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>	<b>5 518</b>	<b>5 500</b>	<b>5 479</b>	<b>5 463</b>

RETURN ON CAPITAL EMPLOYED SEK M	Jan-Sep <sup>1)</sup> 2019	Jan-Sep <sup>1)</sup> 2018	12 months Oct - Sep	Full-year 2018
Profit after financial items (rolling 12 months)	495	547	495	477
– Plus Interest Expenses (rolling 12 months)	137	41	137	53
<b>Profit after financial items plus interest expenses</b>	<b>631</b>	<b>587</b>	<b>631</b>	<b>530</b>
– Divided by CAPITAL EMPLOYED, average over the past five quarters <sup>4)</sup>	9 480	5 007	9 480	5 809
<b>RETURN ON CAPITAL EMPLOYED, %</b>	<b>6,7</b>	<b>11,7</b>	<b>6,7</b>	<b>9,1</b>

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

4) CAPITAL EMPLOYED SEK M	2019			2018			2017				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	13 127	13 118	13 099	10 863	11 111	5 798	5 608	5 554	5 590	5 465	5 528
– Less deferred tax liabilities	-443	-439	-465	-474	-449	-147	-157	-168	-142	-149	-155
– Less long-term liabilities, non-interest-bearing	-20	-20	-20	-20	-13	-11	-16	-18	-35	-35	-32
– Less current liabilities, non-interest-bearing	-2 453	-2 323	-2 244	-2 203	-2 334	-1 370	-1 228	-1 280	-1 259	-1 162	-1 178
<b>CAPITAL EMPLOYED</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>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>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>	<b>4 117</b>	<b>4 119</b>	<b>4 119</b>	<b>4 122</b>

GROSS MARGIN SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2019	2018	2019	2018	Oct - Sep	2018
Net sales	2 879	1 850	8 888	4 915	11 751	7 779
– Less goods for resale	-1 576	-900	-4 882	-2 297	-6 486	-3 901
<b>Total</b>	<b>1 304</b>	<b>950</b>	<b>4 005</b>	<b>2 618</b>	<b>5 265</b>	<b>3 878</b>
– Divided by net sales	2 879	1 850	8 888	4 915	11 751	7 779
<b>GROSS MARGIN, %</b>	<b>45,3</b>	<b>51,3</b>	<b>45,1</b>	<b>53,3</b>	<b>44,8</b>	<b>49,9</b>

EARNINGS PER SHARE SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2019	2018	2019	2018	Oct - Sep	2018
Profit for the period	113	85	366	260	374	268
– Less non-controlling interests' share	-3	-3	-9	-9	-8	-8
<b>Profit for the period attributable to Parent Company's shareholders</b>	<b>110</b>	<b>83</b>	<b>357</b>	<b>251</b>	<b>367</b>	<b>260</b>
– Divided by Average number of shares <sup>5)</sup>	56 325 655	35 901 487	56 344 031	35 901 487	55 008 507	39 718 604
<b>EARNINGS PER SHARE, SEK</b>	<b>1,95</b>	<b>2,30</b>	<b>6,34</b>	<b>6,99</b>	<b>6,66</b>	<b>6,56</b>

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan–Sep	Jan–Sep	12 months	Full-year
	2019	2018	Oct - Sep	2018
Shareholders' equity	4 347	2 340	4 347	3 853
– Less non-controlling interest of shareholders' equity	-33	-29	-33	-25
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<b>4 313</b>	<b>2 311</b>	<b>4 313</b>	<b>3 828</b>
– Divided by Number of shares at the end of the period <sup>5)</sup>	56 323 372	35 901 487	56 323 372	56 353 372
<b>SHAREHOLDERS' EQUITY PER SHARE, SEK</b>	<b>76,6</b>	<b>64,4</b>	<b>76,6</b>	<b>67,9</b>

CASH FLOW PER SHARE SEK M	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	12 months	Full-year
	2019	2018	2019	2018	Oct - Sep	2018
Cash flow from operating activities	425	44	940	285	986	331
– Divided by Average number of shares <sup>5)</sup>	56 325 655	35 901 487	56 344 031	35 901 487	55 008 507	39 718 604
<b>CASH FLOW PER SHARE, SEK</b>	<b>7,5</b>	<b>1,2</b>	<b>16,7</b>	<b>7,9</b>	<b>17,9</b>	<b>8,3</b>

<sup>5)</sup> AVERAGE NUMBER OF SHARES	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	12 months Oct - Sep	Full-year 2018
Number of shares at the end of the period	56 323 372	35 901 487	56 323 372	35 901 487	56 323 372	56 353 372
- Multiplied by the number of days that the Number of shares at the end of the period has remained unchanged during the period	85	92	85	273	85	8
Number of shares on another date during the period	56 353 372		56 353 372		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
Number of shares on another date during the period					56 353 372	
- Multiplied by the number of days that the Number of shares on another date has existed during the period	7		188		24	297
- Multiplied by the number of days that the Number of shares on another date has existed during the period					12	12
- Multiplied by the number of days that the Number of shares on another date has existed during the period					48	48
- Multiplied by the number of days that the Number of shares on another date has existed during the period					196	
- Total divided by the number of days during the period	92	92	273	273	365	365
<b>AVERAGE NUMBER OF SHARES</b>	<b>56 325 655</b>	<b>35 901 487</b>	<b>56 344 031</b>	<b>35 901 487</b>	<b>55 008 507</b>	<b>39 718 604</b>

NET DEBT SEK M	30 September 2019	30 September 2018	31 December 2018
Long-term liabilities, interest-bearing incl. lease liability	4 965	3 482	3 232
- Less interest-bearing long-term liabilities and provisions for pensions, leases, derivatives and similar obligations	-1 375	-4	-7
Current liabilities, interest-bearing incl. lease liability	899	2 494	1 081
- Less interest-bearing current liabilities and provisions for pensions, leases, derivatives and similar obligations	-462	-2	-3
- Less cash and cash equivalents	-213	-346	-205
<b>NET DEBT</b>	<b>3 814</b>	<b>5 622</b>	<b>4 098</b>

NET DEBT INCL. IFRS 16 SEK M	30 September 2019	30 September 2018	31 December 2018
NET DEBT	3 814	5 622	4 098
- Plus long-term lease liabilities according to IFRS 16	1 357	-	-
- Plus current lease liabilities according to IFRS 16	462	-	-
<b>NET DEBT INCL. IFRS 16</b>	<b>5 633</b>	<b>5 622</b>	<b>4 098</b>

EBITDA EXCL. IFRS 16	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	12 months Oct - Sep	Full-year 2018
EBITDA according to income statement	400	177	1 218	502	1 352	637
- less change relating to lease expenses in accordance with IFRS 16	-131		-390		-390	
<b>EBITDA excluding IFRS 16</b>	<b>268</b>	<b>177</b>	<b>828</b>	<b>502</b>	<b>962</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.
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.
Net debt incl. IFRS 16	Long and short-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 number of workdays, 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, and name of services we offer affiliated workshops.
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.

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