



# Mekonomen Group

January – June 2016

26 August 2016

# Mekonomen Group

MECA

BilXtra

Mekonomen

## Summary Q2 2016



Weak operating profit in Mekonomen



Favourable underlying growth in Q2 2016



Conditions for an increasing overall market

## Sales and result

	Apr-Jun	Jan-Jun
Revenue	SEK 1 573 M (1 527)	SEK 2 997 M (2 909)
EBITA	SEK 189 M (224)	SEK 337 M (393)
EBITA margin:	12 per cent (15)	11 per cent (14)
EBIT:	SEK 161 M (197)	SEK 282 M (339)
EBIT margin:	10 per cent (13)	9 per cent (12)
Revenue growth	3 per cent	3 per cent
Underlying sales growth:	3 per cent	6 per cent

# Sales and result

- per segment

# Mekonomen Group

MECA BilXtra Mekonomen

## MECA – second quarter 2016

EBIT: SEK 82 M (77)

Strong sales growth to MECA Car Service workshops

EBIT margin: 15 per cent (16)

EBIT was affected by Opus Equipment by -2 M (0) and Denmark by SEK -4 M (-10) in the quarter

Underlying net sales: +14 per cent affected by Opus Equipment

Weaker NOK exchange rate has affected the profit by SEK -5 M (translation effect)

SEK, million	2016 Q2	2015 Q2	chg	2016 6M	2015 6M	chg	2015 12M
Underlying net sales	14%	13%		17%	10%		13%
EBIT	82	77	7%	142	145	-2%	245
EBIT margin	15%	16%		14%	16%		13%

## Mekonomen Sweden – second quarter 2016

EBIT: SEK 39 M (92)

The deviation of SEK 53 M is mainly a result of decreased gross profit (SEK 29 M) and increased personnel expenses (SEK 12 M)

EBIT margin: 8 per cent (17)

EBIT includes non-recurring items of SEK -9 M (0) related to two stores, whereof SEK -7 M has affected the gross margin

Underlying net sales: -5 per cent

The organisational change implemented, with the new working method, has not had desired effect

Implementation of the new retail store system has taken much effort from those stores where the system has been introduced. It has negatively affected the sales in the quarter, with negative effect on the result

SEK, million	2016 Q2	2015 Q2	chg	2016 6M	2015 6M	chg	2015 12M
Underlying net sales	-5%	9%		-1%	7%		6%
EBIT	39	92	-57%	91	157	-42%	287
EBIT margin	8%	17%		9%	15%		14%

## Mekonomen Norway - second quarter 2016

EBIT: SEK 42 M (51)

Underlying net sales: +4 per cent

EBIT margin: 18 per cent (22)

Pressure on gross margin, driven by increased competition and higher share of sales to Mekonomen Service Centres among other things

SEK, million	2016 Q2	2015 Q2	Chg	2016 6M	2015 6M	chg	2015 12M
Underlying net sales	4%	10%		6%	8%		5%
EBIT	42	51	-17%	69	86	-20%	151
EBIT margin	18%	22%		16%	20%		18%

## Sørensen og Balchen - second quarter 2016

EBIT: SEK 36 M (35)

Favourable sales development of accessories

EBIT margin: 18 per cent (17)

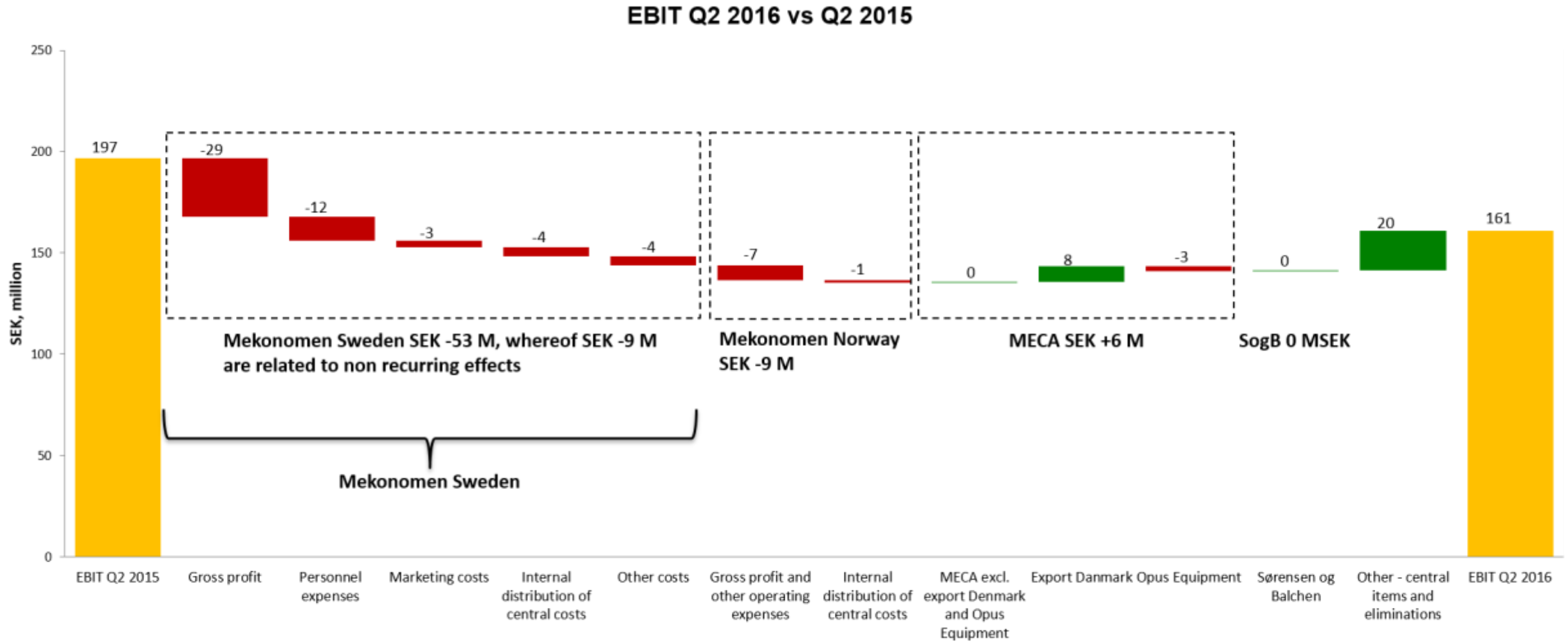
Weaker NOK exchange rate has affected EBIT (translation effects) by SEK -3 M

Underlying net sales: 0 per cent

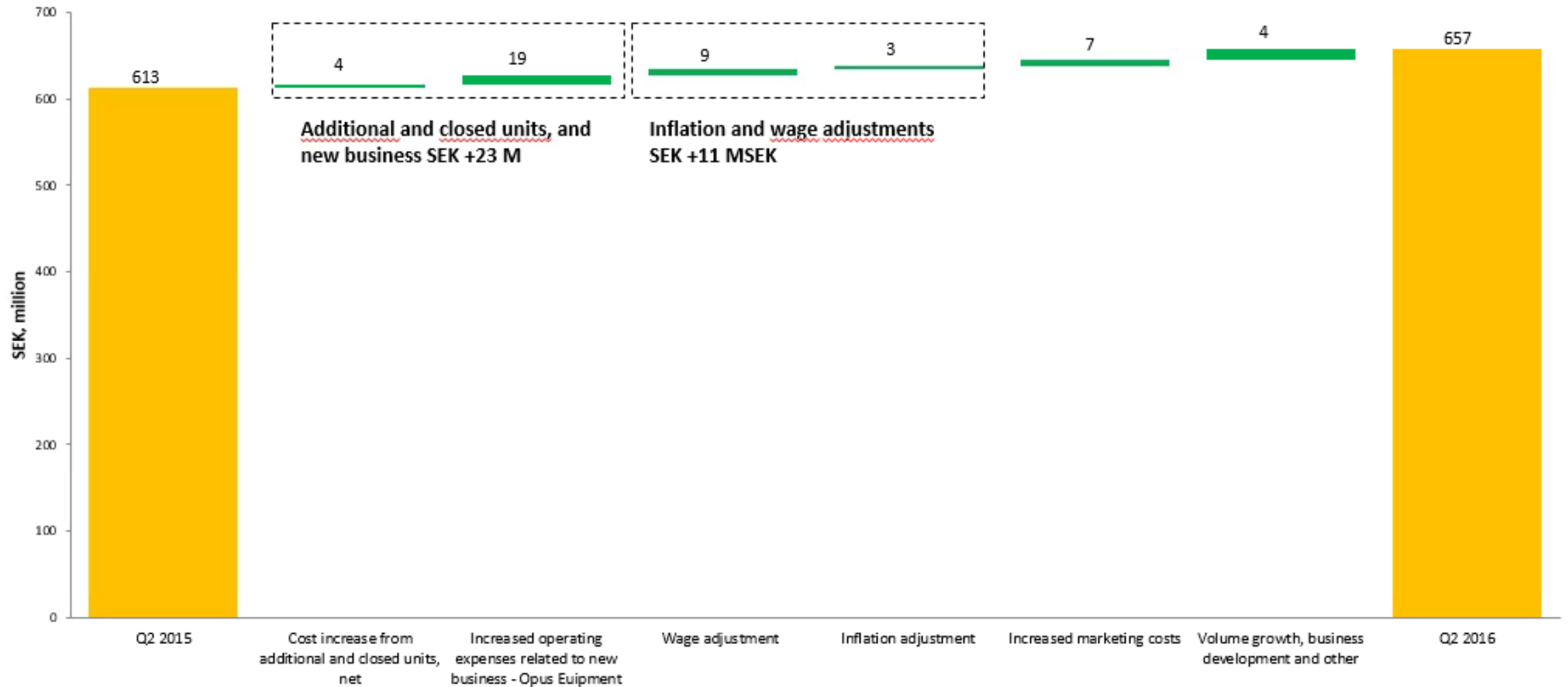
Negatively affected by weaker market in Western Norway

SEK, million	2016 Q2	2015 Q2	chg	2016 6M	2015 6M	chg	2015 12M
Underlying net sales	0%	8%		1%	9%		6%
EBIT	36	35	1%	59	60	-2%	116
EBIT margin	18%	17%		16%	15%		16%





## Operating expenses Q2 2016 vs Q2 2015



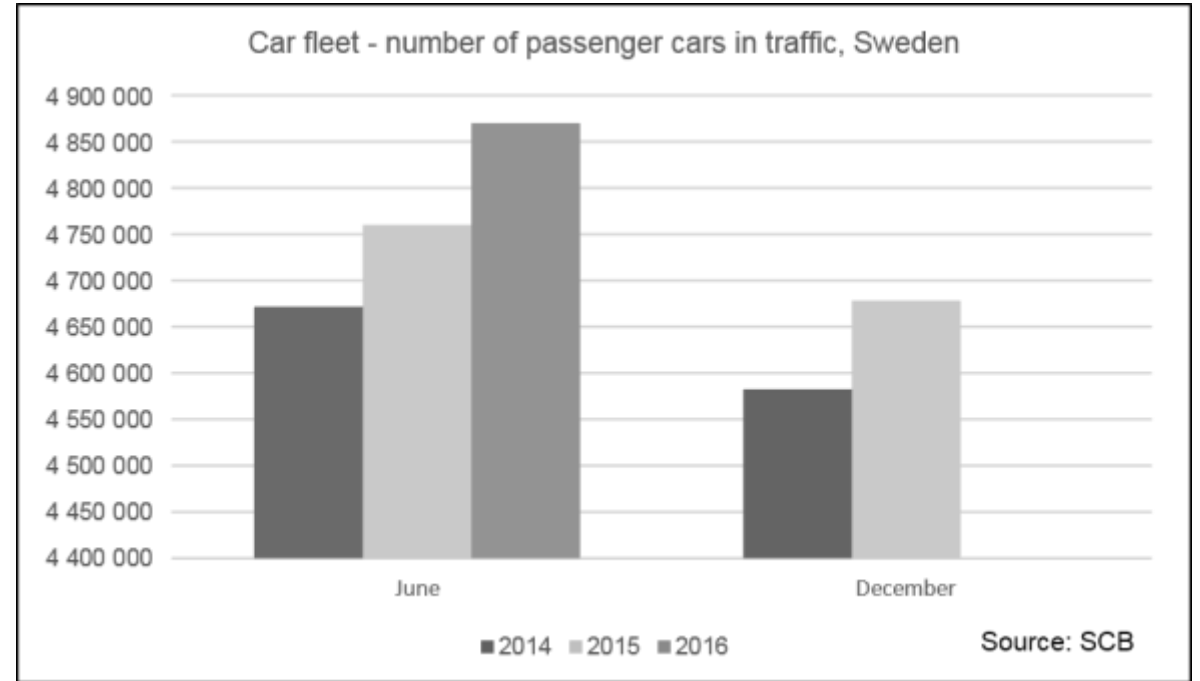
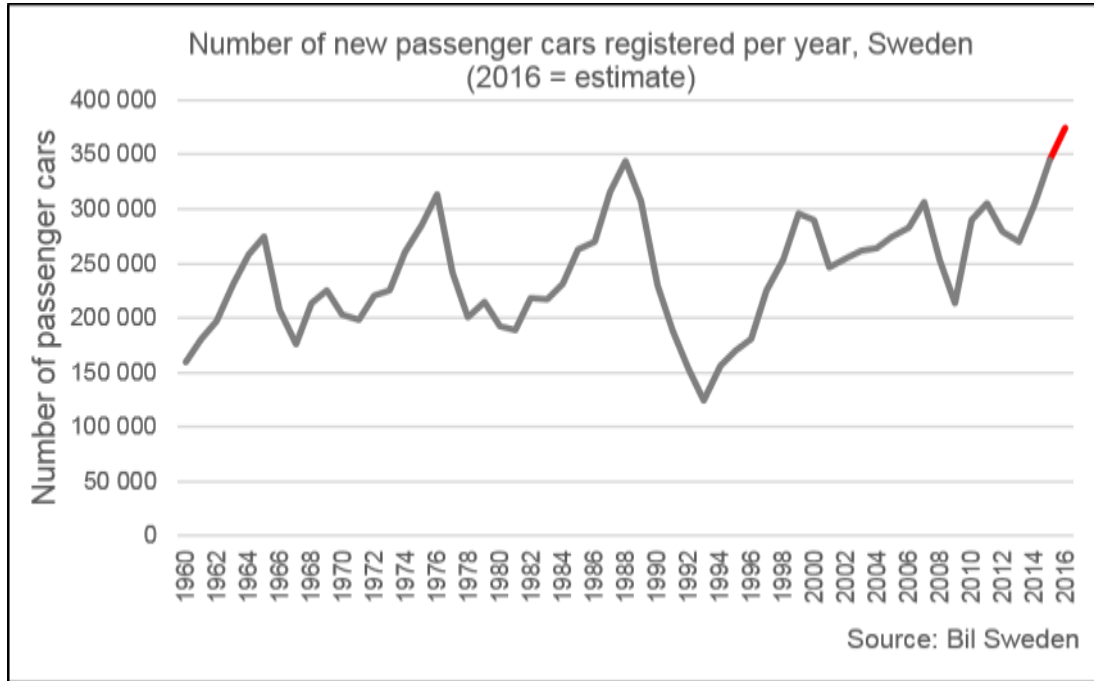


# Market and growth

# Mekonomen Group

MECA *BilXtra* Mekonomen

# Market statistics



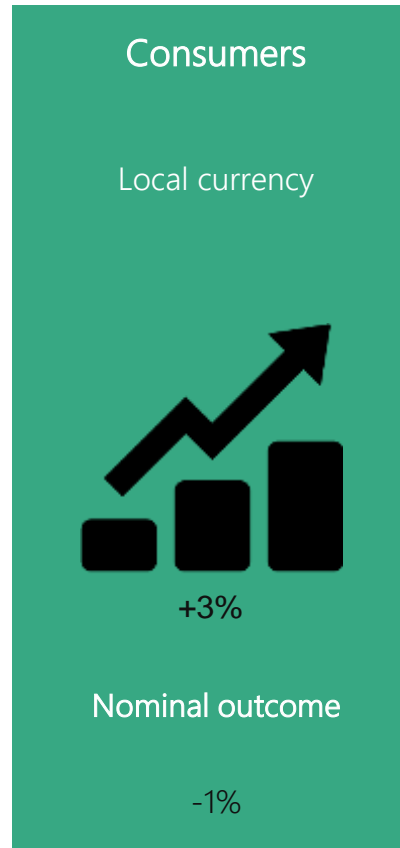
# Sales growth by customer group in the second quarter 2016

- Favorable sales growth to affiliated workshop customers



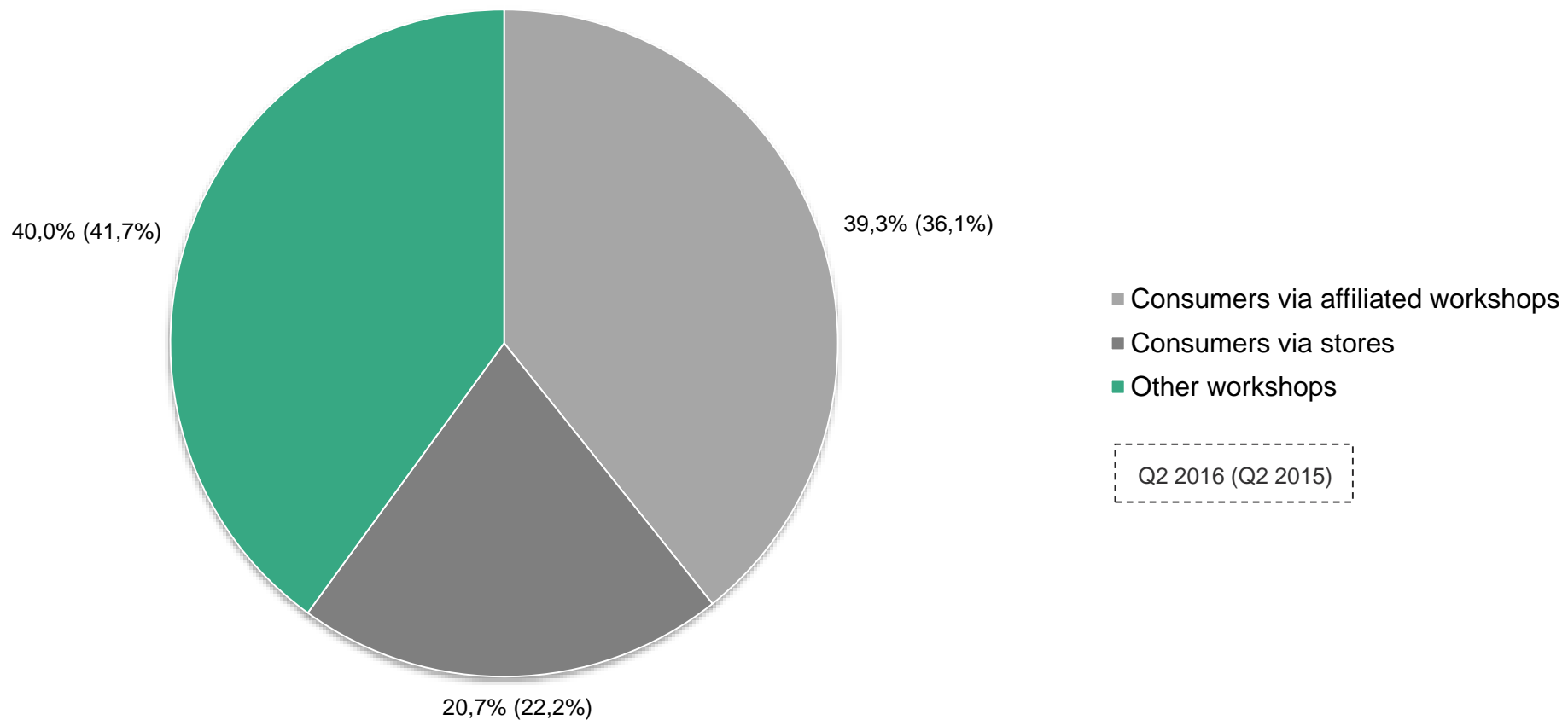
# Sales growth by customer group January – June 2016

- Favorable sales growth to affiliated workshop customers

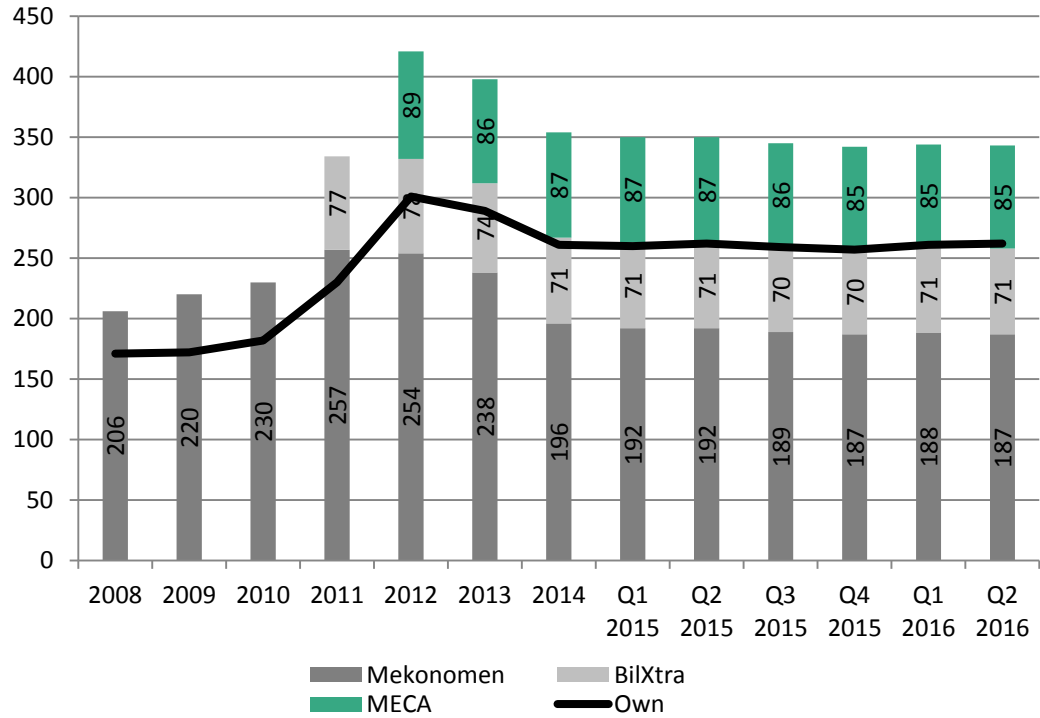


# Distribution, customer groups Q2 2016

- Favorable sales growth to affiliated workshops

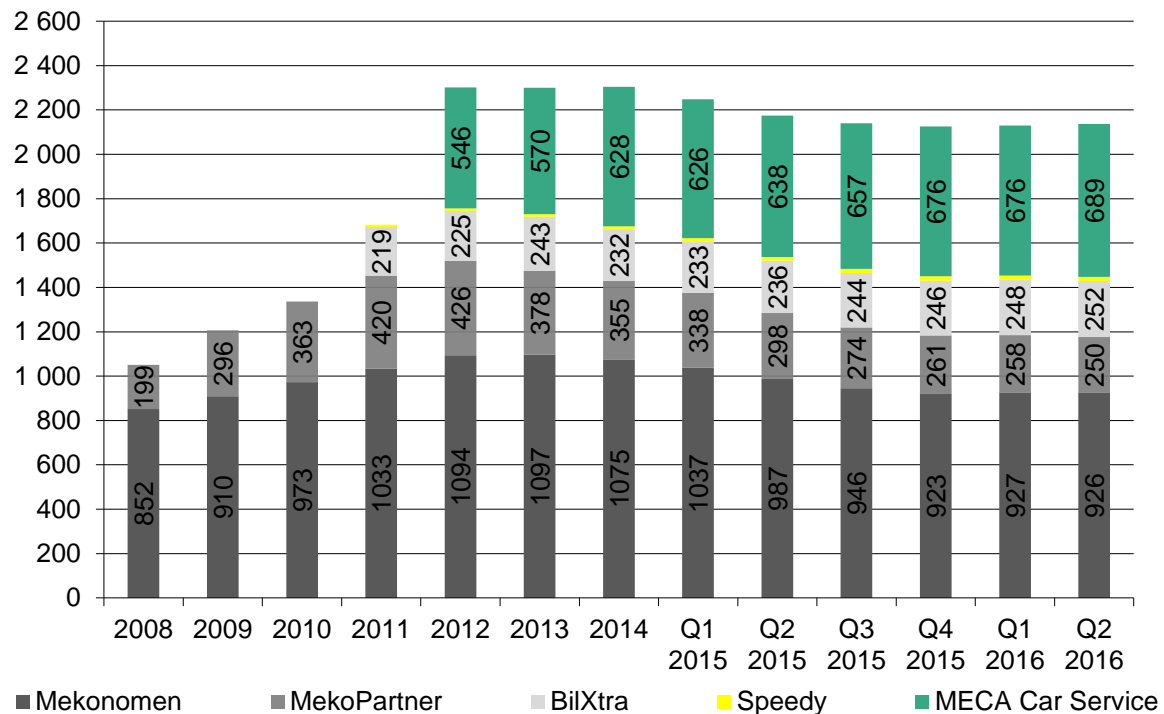


# Stores





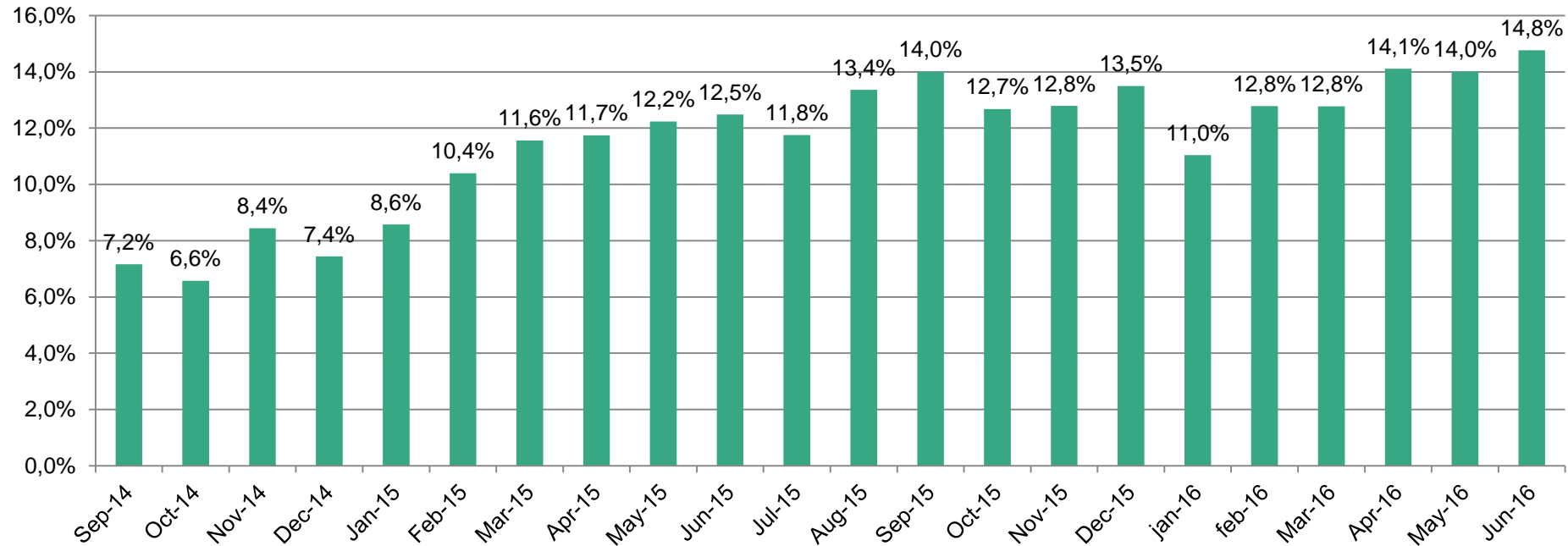
# Affiliated workshops



## ProMeister

- Continued increase in share of spare parts sales from our own brand ProMeister in second quarter 2016

ProMeister share of spare parts sale



**Focus**

**Mekonomen Group**

MECA *BilXtra* Mekonomen

## Mekonomen Sweden: Package of measures to increase sales and reduce costs

---

---

Powerful actions to get the organisational change and the new retail store system to generate positive effect

---

Increased market activities with increased share of regional sales initiatives

---

Saving program is expected to generate SEK 25 M in effect from 2017

---

Regain market shares

## Strategic focus areas



Growth and innovation



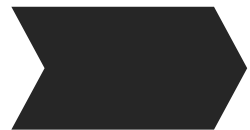
Continued focus on ProMeister, ProMeister Academy  
- Products och training



Strategic projects  
– E-commerce platform for B2B and B2C, PIM (launched Q1 2016)  
– Central warehouse



Group-wide functions  
- Purchasing, category, supply chain and IT



Continued quality assurance of workshops and concepts

# Mekonomen Car Leasing



Car leasing to private individuals. Initiative to meet the demand for a trouble-free car ownership - simpler car life



Increasing trend - So far this year, 26 per cent of the private registered new cars is a leasing car



Initially Stockholm as delivery point for leased cars



Source: Motorbranschens Riksförbund  
(a Swedish industry associations for workshops)

## Mekonomen Yehlove



The concept is a part of the new format strategy as the forefront among Mekonomen's workshops



Focus on complete solutions with expanded service offering and new standard for customer service in the industry



The first facility opened in Globen outside Stockholm. Another 30 workshops will be converted during 2016/2017



## Speedy best-in-class according to the customers

**Speedy Autoservice in Vällingby,  
outside Stockholm,  
ranked #1 through customer  
reviews at Lasingoo.se**

Source: The result is based on customer ratings through the workshop portal Lasingoo.se. The portal has over 2,000 registered workshops where all workshops with 10 or more registered customer reviews has been included in the comparison. Speedy Vällingby's average rating was 4,93 of 5 on 15 July 2016.





# Appendix

**Mekonomen Group**

MECA *BitXtra* Mekonomen

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr - Jun	Apr - Jun	Change %	Jan - Jun	Jan - Jun	Change %	12 months	Full-year
	2016	2015		2016	2015		July - June	2015
Revenue	1 573	1 527	3	2 997	2 909	3	5 849	5 761
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	189	224	-16	337	393	-14	671	726
EBIT	161	197	-18	282	339	-17	559	616
Profit after financial items	152	188	-19	262	332	-21	524	594
Profit after tax, continuing operations	112	138	-19	194	243	-20	382	430
Profit after tax, discontinued operations	0	-1	0	0	-1	0	1	0
Profit after tax	112	137	-19	194	242	-20	383	430
Earnings per share, continuing operations, SEK	3,02	3,74	-19	5,29	6,62	-20	10,44	11,77
Earnings per share, discontinued operations, SEK	0,00	-0,02	0	0,00	-0,03	0	0,03	0,00
Earnings per share, SEK	3,02	3,72	-19	5,29	6,59	-20	10,47	11,77
EBITA margin, %	12	15		11	14		11	13
EBIT margin, %	10	13		9	12		10	11

The amounts in the table above pertain to continuing operations, except for Profit after tax and Earnings per share.

## Quarterly data

QUARTERLY DATA, CONTINUING OPERATIONS, SEK M	Q2	2016			2015			2014				
		Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue	1 573	1 424	5 761	1 447	1 405	1 527	1 382	5 390	1 373	1 340	1 387	1 290
EBITA	189	149	726	138	196	224	169	763	184	214	210	156
EBIT	161	121	616	109	168	197	142	639	145	186	182	126
Net financial items	-9	-11	-22	0	-15	-9	2	-19	-3	-12	-1	-4
Profit after financial items	152	110	594	109	154	188	144	620	142	174	181	123
Tax	-40	-27	-164	-32	-42	-50	-39	-153	-40	-38	-44	-31
Profit for the period	112	83	430	76	111	138	105	466	102	135	137	92
EBITA margin, %	12	10	13	10	14	15	12	14	13	16	15	12
EBIT margin, %	10	9	11	8	12	13	10	12	11	14	13	10
Earnings per share, continuing operations, SEK	3,02	2,28	11,77	2,14	3,01	3,74	2,88	12,80	2,87	3,69	3,74	2,50
Earnings/loss per share, discontinued operations, SEK	0,00	0,00	0,00	0,03	0,00	-0,02	-0,01	-9,46	-7,55	-0,49	-0,75	-0,67
Earnings/loss per share, SEK	3,02	2,28	11,77	2,17	3,01	3,72	2,87	3,34	-4,68	3,20	2,99	1,83
Shareholders' equity per share, SEK	59,3	62,5	59,7	59,7	58,4	56,9	61,0	57,5	57,5	65,0	60,9	64,6
Cash flow per share, SEK <sup>1)</sup>	6,4	0,8	12,2	5,4	4,3	3,8	-1,3	11,5	5,0	3,2	5,4	-2,0
Return on shareholders' equity, % <sup>2)</sup>	17,6	18,7	20,0	20,0	20,9	21,9	21,3	20,6	20,6	18,3	17,2	16,6
Share price at end of period	182,0	201,0	173,0	173,0	194,0	202,5	227,5	204,0	204,0	156,5	171,5	178,5

<sup>1)</sup> The key figures are calculated including discontinued operations for each quarter.

<sup>2)</sup> The key figures for return on shareholders' equity are calculated on a rolling 12-month basis for continuing operations for each quarter.

# Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	12 months July - June	Full-year 2015
<b>Operating activities</b>						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	196	225	349	422	709	782
Tax paid	-40	-81	-119	-153	-155	-189
<b>Cash flow from operating activities before changes in working capital</b>	<b>156</b>	<b>144</b>	<b>229</b>	<b>269</b>	<b>554</b>	<b>594</b>
Cash flow from changes in working capital:						
Changes in inventory	-2	49	38	30	-11	-19
Changes in receivables	6	22	-75	-75	-12	-11
Changes in liabilities	68	-78	66	-134	76	-124
<i>Increase (-)/Decrease (+) restricted working capital</i>	72	-7	29	-179	54	-154
<b>Cash-flow from operating activities</b>	<b>228</b>	<b>137</b>	<b>258</b>	<b>89</b>	<b>608</b>	<b>439</b>
<b>Cash flow from investing activities</b>	<b>-30</b>	<b>-25</b>	<b>-56</b>	<b>-44</b>	<b>-159</b>	<b>-146</b>
<b>Cash flow from financing activities</b>	<b>-120</b>	<b>-234</b>	<b>-182</b>	<b>-52</b>	<b>-375</b>	<b>-245</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>78</b>	<b>-122</b>	<b>19</b>	<b>-7</b>	<b>74</b>	<b>48</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>238</b>	<b>380</b>	<b>295</b>	<b>258</b>	<b>259</b>	<b>258</b>
Exchange-rate difference in cash and cash equivalents	1	1	3	7	-16	-11
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>317</b>	<b>259</b>	<b>317</b>	<b>259</b>	<b>317</b>	<b>295</b>

Compared with the interim report for January-June 2015, SEK 42 M was reclassified in the second quarter and SEK 87 M in the six-month period between cash flow from operating activities before changes in working capital and changes in liabilities in working capital. The reclassification did not have any impact on total cash flow from operating activities. The reclassification pertains to the discontinued operations in Denmark.

# Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	12 months July - June	Full-year 2015
<b>Continuing operations:</b>						
Net sales	1 537	1 489	2 928	2 835	5 717	5 624
Other operating revenue	37	38	69	74	131	137
<b>Total revenue</b>	<b>1 573</b>	<b>1 527</b>	<b>2 997</b>	<b>2 909</b>	<b>5 849</b>	<b>5 761</b>
Goods for resale	-713	-675	-1 350	-1 274	-2 605	-2 529
Other external costs	-320	-291	-616	-577	-1 206	-1 167
Personnel expenses	-337	-322	-664	-635	-1 311	-1 282
<b>Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>203</b>	<b>239</b>	<b>366</b>	<b>423</b>	<b>727</b>	<b>784</b>
Depreciation and impairment of tangible fixed assets	-15	-15	-29	-29	-57	-57
<b>Operating profit before amortisation and impairment of intangible fixed assets (EBITA)</b>	<b>189</b>	<b>224</b>	<b>337</b>	<b>393</b>	<b>671</b>	<b>726</b>
Amortisation and impairment of intangible fixed assets	-28	-27	-55	-54	-111	-110
<b>EBIT</b>	<b>161</b>	<b>197</b>	<b>282</b>	<b>339</b>	<b>559</b>	<b>616</b>
Interest income	1	1	2	3	5	6
Interest expenses	-7	-8	-15	-17	-31	-33
Other financial items	-3	-3	-8	7	-9	5
<b>Profit after financial items</b>	<b>152</b>	<b>188</b>	<b>262</b>	<b>332</b>	<b>524</b>	<b>594</b>
Tax	-40	-50	-67	-89	-142	-164
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>112</b>	<b>138</b>	<b>194</b>	<b>243</b>	<b>382</b>	<b>430</b>
<b>Discontinued operations:</b>						
Loss for the period from discontinued operations <sup>1)</sup>	0	-1	0	-1	1	0
<b>PROFIT FOR THE PERIOD</b>	<b>112</b>	<b>137</b>	<b>194</b>	<b>242</b>	<b>383</b>	<b>430</b>
<b>Profit for the period attributable to:</b>						
Parent Company's shareholders	108	134	190	237	376	423
Non-controlling interests	3	3	4	5	7	8
<b>PROFIT FOR THE PERIOD</b>	<b>112</b>	<b>137</b>	<b>194</b>	<b>242</b>	<b>383</b>	<b>430</b>
<b>Earnings/loss per share, before and after dilution, SEK</b>						
- Earnings from continuing operations	3,02	3,74	5,29	6,62	10,44	11,77
- Earnings/loss from discontinued operations	0,00	-0,02	0,00	-0,03	0,03	0,00
<b>Profit for the period</b>	<b>3,02</b>	<b>3,72</b>	<b>5,29</b>	<b>6,59</b>	<b>10,47</b>	<b>11,77</b>

## Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 June 2016	30 June 2015	31 December 2015
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	2 756	2 788	2 734
Tangible fixed assets	177	189	182
Financial fixed assets	51	57	51
Deferred tax assets	55	54	55
Goods for resale	1 219	1 181	1 226
Current receivables	906	864	818
Cash and cash equivalents	317	259	295
<b>TOTAL ASSETS</b>	<b>5 481</b>	<b>5 392</b>	<b>5 361</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	2 139	2 053	2 155
Long-term liabilities, interest-bearing	1 407	1 540	1 469
Deferred tax liabilities	148	156	169
Long-term liabilities, non-interest-bearing	25	3	8
Current liabilities, interest-bearing	608	572	461
Current liabilities, non-interest-bearing	1 154	1 068	1 099
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>5 481</b>	<b>5 392</b>	<b>5 361</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.

## Largest owners as of 2016-06-30

	Voting rights and share capitals, %
Axel Johnson AB	26,5
Handelsbanken Funds	9,9
Lannebo Funds	7,7
Fourth Swedish National Pension Fund	5,9
Eva Fraim Pålman	5,6
Kempen Capital Management	3,7
Columbia Wanger Asset Management	3,2
Ing-Marie Fraim Sefastsson	2,8
Catella Funds	2,0
Swedbank Robur Funds	1,4
Total 10 largest shareholders	68,6
Others	31,4
Total	100,0