

Mekonomen Group

Year-end report January - December 2017

9 February 2018

2017 – A stable end to a challenging year of transformation

1 October – 31 December 2017

- Revenue remained largely unchanged and amounted to SEK 1,507 M (1,508). Adjusted for currency effects and calculated on the comparable number of workdays, revenue rose 4 per cent. Sales in comparable units rose 2 per cent, in local currency.
- EBITA improved to SEK 134 M (103) and the EBITA margin rose to 9 per cent (7).
- EBIT increased to SEK 96 M (74) and the EBIT margin rose to 6 per cent (5). EBIT was negatively impacted by items affecting comparability of SEK 7 M (neg: 31).
- The gross margin rose to 55.2 per cent (52.0).
- Earnings per share, before and after dilution, increased to SEK 2.07 (1.83).
- Cash flow from operating activities amounted to SEK 246 M (208).

1 January – 31 December 2017

- Revenue increased 1 per cent to SEK 6,000 M (5,937). Adjusted for currency effects and calculated on the comparable number of workdays, revenue rose 1 per cent. Sales in comparable units rose 1 per cent, in local currency.
- EBITA improved to SEK 649 M (594) and the EBITA margin rose to 11 per cent (10).
- EBIT increased to SEK 522 M (481) and the EBIT margin rose to 9 per cent (8). EBIT was affected by items affecting comparability of net SEK 0 M (neg. 58).
- The gross margin rose to 54.6 per cent (53.6).
- Earnings per share, before and after dilution, increased to SEK 10.05 (9.32).
- Cash flow from operating activities amounted to SEK 496 M (544).
- Net debt was SEK 1,444 M (1,437).
- The Board of Directors proposes a dividend of SEK 7.00 (7.00).

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Oct-Dec 2017	Oct-Dec 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Revenue	1 507	1 508	0	6 000	5 937	1
Operating profit before amortisation and impairment of intangible assets (EBITA)	134	103	30	649	594	9
EBIT	96	74	29	522	481	9
Profit after financial items	87	72	20	475	446	6
Profit after tax	75	66	14	368	342	8
Earnings per share, SEK	2,07	1,83	13	10,05	9,32	8
EBITA margin, %	9	7		11	10	
EBIT margin, %	6	5		9	8	

CEO comments

2017 – A stable end to a challenging year of transformation

Overall, 2017 was a challenging year for Mekonomen Group during which we devoted considerable time to restoring momentum in all of our Group companies and equipping them for future growth. Our revenue rose to SEK 6 billion in 2017, which is a milestone for us.

In the fourth quarter, Mekonomen Group's sales remained unchanged compared with the corresponding period in the preceding year. Adjusted for number of workdays and currency effects, sales increased 4 per cent. EBIT rose to SEK 96 M (74), negatively impacted by items affecting comparability of SEK 7 M (neg: 31).

MECA, Mekonomen Sweden and Mekonomen Norway reported mainly unchanged net sales in the fourth quarter compared with the year-on-year period, while net sales in Sørensen og Balchen fell 3 per cent. A weaker NOK and one less workday in the period influenced sales negatively.

Sales to our affiliated workshops rose 7 per cent in the fourth quarter, and sales of spare parts under our proprietary brand ProMeister were in line with our other sales.

The temporary growth in sales of DAB products in our Norwegian operations during 2017 slowed in the fourth quarter. Excluding items affecting comparability, the Group reported EBIT of SEK 103 M (105) in the fourth quarter. EBIT was positively affected by increased profitability in Mekonomen Sweden, but was at the same time negatively impacted by one less workday, a weaker NOK and costs related to merging stores in Mekonomen Norway. In addition, EBIT in the fourth quarter of 2016 included operating losses of SEK 12 M, related to MECA's former export business to Denmark, which was divested in the end of 2016.

Mekonomen Sweden – solid sales and increased EBIT

In the fourth quarter, we saw indications that our efforts to regain sales growth and increased profitability in Mekonomen Sweden have started to produce results. The quarter was characterised by stable sales as well as a slightly improved profitability. There still remains considerable work to be done, but the necessary conditions are in place to gradually improve sales and profitability.

Market development

During the quarter, we experienced a slightly soft market for car services, mainly in Norway.

The figures for 2017 show that the registration of new cars continued to grow in our main markets Sweden and Norway, where the proportion of registered new environmental friendly cars continued to grow. The increase in the share of rechargeable cars is from a low level and we do not see any significant impact on us in the next few years. It is important that we follow the changes in the aftermarket, and the increase in the proportion of rechargeable cars together with the higher degree of digitalisation in the industry are two areas we follow with extra accuracy.

Due to the growing car fleet in recent years, we see potential for a growing overall market in the future, provided that car scrapping does not exceed the current level. However, we do not expect any change in this market in the near future, since the growing car fleet will not reach the aftermarket until the cars are older.

Springboard for 2018

In 2018, we will continue to focus on driving profitable sales growth in all of our Group companies. This growth will come from strengthening and further tailoring our offerings to our various customer groups and actively seeking out acquisition opportunities in our core business and in related areas.

Our two main strategic projects – a Group-wide shared central warehouse in Strängnäs and a new digital spare parts catalogue – are proceeding according to plan.

We also want to announce that we have entered into an agreement with LKQ Corporation to seek joint purchasing agreements with key suppliers. Although the agreement is immaterial to Mekonomen Group's result, we communicate the agreement as LKQ Corporation is a larger shareholder in the company. The agreement has been approved by the Board's independent members.

To better reflect the company's business, the Group management has been expanded from 1 January 2018. Together with me, the Group management now consists of the managing directors of the sales companies who work close to our customers, and responsible for our Group-wide functions. These organisational changes also affect the structure of our segment reporting. From the first quarter of 2018, Mekonomen Group will be presented in the segments Mekonomen, MECA, Sørensen og Balchen and Other. The Mekonomen segment will comprise Mekonomen Sweden and Mekonomen Norway. The MECA segment will consist of MECA Sweden and MECA Norway. The Sørensen og Balchen segment is unchanged. Other operations will be included in the Other segment.

As a consequence of our review of the organisational structure, we reported an impairment of goodwill in Marinshopen in the fourth quarter in an amount of SEK 9 M and we implemented efficiency measures of the store structure in Mekonomen Norway. The review also resulted in a reallocation of internal costs, which had an effect on EBIT in the individual segments, but no effect at Group level.

My ambition is that the new organisational structure will leverage the full strength of our brands and employees, and create the right conditions for continued profitable growth in the future.

Pehr Oscarson
President and CEO

MEKONOMEN GROUP IN BRIEF

Mekonomen Group makes car life easier and more affordable for our customers. We offer a broad and simpler accessible range of affordable and innovative solutions and products for consumers and companies. We consist of the leading car service chains in the Nordic region with proprietary wholesale operations, about 330 stores and more than 2,000 affiliated workshops operating under the Group's brands.

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

Approximately 160 suppliers account for 75 per cent of the supply of goods. Mekonomen Group's three brands MECA, Mekonomen and BilXtra are responsible for their own wholesale operations. Through our stores, we sell and deliver spare parts and accessories to our affiliated workshops as well as other B2B customers, partner stores and consumers.



GROUP REVENUE

TOTAL REVENUE	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
DISTRIBUTION, SEK M	2017	2016	Change, %	2017	2016	Change, %
Net sales, external, per segment						
MECA	534	528	1	2 108	2 039	3
Mekonomen Sweden	468	470	0	1 816	1 891	-4
Mekonomen Norway	211	210	0	867	836	4
Sørensen og Balchen	176	182	-3	778	725	7
Other segments	78	76	3	281	295	-5
Total net sales, Group	1 467	1 466	0	5 850	5 786	1
Other operating revenue	41	42	-3	150	151	-1
GROUP REVENUE	1 507	1 508	0	6 000	5 937	1

GROWTH PER CENT	MECA		Mekonomen Sweden		Mekonomen Norway		Sørensen og Balchen		Group	
	Q4	Jan-Dec	Q4	Jan-Dec	Q4	Jan-Dec	Q4	Jan-Dec	Q4	Jan-Dec
Underlying increase	5,0	3,6	1,2	-3,2	8,1	3,1	4,0	6,8	3,9	1,3
Currency effects	-2,6	0,6	0,0	0,0	-6,0	1,4	-5,8	1,4	-2,4	0,6
Effect, workdays	-1,4	-0,8	-1,6	-0,8	-1,6	-0,8	-1,5	-0,9	-1,5	-0,8
Nominal increase	1,0	3,4	-0,4	-4,0	0,5	3,7	-3,3	7,4	-0,1	1,1

SALES IN COMPARABLE UNITS	Group	
– growth compared with the same period previous year, local currency		
PER CENT	Fourth quarter 2017	Jan-Dec 2017
Sales growth in comparable units	1,7	1,4

1 October – 31 December 2017

Revenue remained largely unchanged and amounted to SEK 1,507 M (1,508). Adjusted for negative currency effects of SEK 37 M, revenue increased 2 per cent. During the quarter, the number of workdays was one day less in Sweden, Finland and Norway compared with the year-earlier period. Calculated on comparable workdays and adjusted for currency effects, revenue increased 4 per cent. Sales in comparable units rose 2 per cent.

1 January – 31 December 2017

Revenue increased 1 per cent to SEK 6,000 M (5,937). Adjusted for positive currency effects of SEK 35 M, revenue remained largely unchanged. In the full-year, the number of workdays was two days less in Sweden, Norway and Finland compared with the year-earlier period. Calculated on comparable workdays and adjusted for currency effects revenue increased 1 per cent. Sales in comparable units rose 1 per cent.

GROUP PERFORMANCE

1 October – 31 December 2017

Operating profit before amortisation and impairment of intangible fixed assets, EBITA

EBITA improved to SEK 134 M (103) and the EBITA margin rose to 9 per cent (7). EBITA was positively impacted by items affecting comparability of SEK 2 M (neg: 31) pertaining to lower than reserved costs for the recall of Volvo cars in which defective driving belts had been installed. In the comparative period – the fourth quarter of 2016 – actual operating losses in MECA's export business to Denmark had a negative impact of SEK 12 M on EBITA, in addition to items affecting comparability. During the quarter, currency effects in the balance sheet had a negative impact of SEK 5 M (pos: 4) on EBITA.

Operating profit, EBIT

EBIT increased to SEK 96 M (74) and the EBIT margin rose to 6 per cent (5). EBIT was negatively impacted by items affecting comparability of SEK 7 M (neg: 31), of which SEK 9 M pertained to the impairment of goodwill in Marinshopen and SEK 2 M to a positive effect relating to lower than reserved costs for the recall of Volvo cars in which defective driving belts had been installed. In the comparative period – the fourth quarter of 2016 – actual operating losses in MECA's export business to Denmark had a negative impact of SEK 12 M on EBIT, in addition to items affecting comparability. During the quarter, currency effects in the balance sheet had a negative impact of SEK 5 M (pos: 4) on EBIT.

Other earnings

Profit after financial items increased to SEK 87 M (72). Net interest expense was SEK 6 M (expense: 5) and other financial items amounted to an expense of SEK 3 M (income: 3). Profit after tax increased to SEK 75 M (66). In Norway, corporate tax was reduced from 25 to 24 per cent as of 2017, which had a positive impact of SEK 1 M on the tax expense. Deductible tax pertaining to Denmark is estimated at a total of SEK 93 M (76), of which SEK 17 M (10) had a positive effect on the tax expense for the quarter and the full-year. Earnings per share, before and after dilution, increased to SEK 2.07 (1.83).

1 January – 31 December 2017

Operating profit before amortisation and impairment of intangible fixed assets, EBITA

EBITA increased to SEK 649 M (594) and the EBITA margin rose to 11 per cent (10). Earnings were positively impacted by items affecting comparability of SEK 9 M (neg: 58). In the comparative period – the full-year 2016 – actual operating losses in MECA's export business to Denmark had a negative impact of SEK 27 M on earnings, in addition to items affecting comparability. Currency effects in the balance sheet had a negative impact of SEK 1 M (pos: 3) on EBITA.

Operating profit, EBIT

EBIT rose to SEK 522 M (481) and the EBIT margin rose to 9 per cent (8). Earnings were impacted by items affecting comparability of SEK 0 M (neg: 58), net. In the comparative period – the full-year 2016 – actual operating losses in MECA's export business to Denmark had a negative impact of SEK 27 M on earnings, in addition to items affecting comparability. Currency effects in the balance sheet had a negative impact of SEK 1 M (pos: 3) on EBIT.

Other earnings

Profit after financial items increased to SEK 475 M (446). Net interest expense was SEK 25 M (expense: 23) and other financial items amounted to an expense of SEK 23 M (expense: 12). Other financial items were adversely impacted by items affecting comparability of SEK 4 M (neg: 1). Profit after tax increased to SEK 368 M (342). In Norway, corporate tax was reduced from 25 to 24 per cent as of 2017, which had a positive impact of SEK 3 M on the tax expense. Deductible tax pertaining to Denmark is estimated at a total of SEK 93 M (76), of which SEK 17 M (pos: 10) had a positive effect on the tax expense for the year. Earnings per share, before and after dilution, increased to SEK 10.05 (9.32).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities amounted to SEK 246 M (208) for the fourth quarter and to SEK 496 M (544) for the full-year. Tax paid amounted to a negative SEK 117 M (neg: 1) for the fourth quarter and to SEK 66 M (153) for the full-year. Since year-end inventories have increased, mainly due to DAB-products. Cash and cash equivalents amounted to SEK 254 M (291). The equity/assets ratio was 43 per cent (43). Long-term interest-bearing liabilities amounted to SEK 1,453 M (1,338). Current interest-bearing liabilities amounted to SEK 255 M (404). The borrowing capacity has been expanded by SEK 258 M since year-end.

Net debt amounted to SEK 1,444 M (1,437), down SEK 180 M in the fourth quarter and up SEK 8 M since year-end. The increase in net debt during the year was mainly attributable to a dividend of SEK 258 M, comprising a dividend of SEK 251 M paid to Parent Company shareholders in the second quarter, and an effect of repayments, investments and acquisitions. The decline in net debt during the year was mainly attributable to positive cash flow from operating activities. Loan repayments totalled SEK 4 M during the quarter and SEK 138 M during the full-year. Loans were renegotiated in the second quarter including a loan of SEK 600 M with 4.4-year maturity and a loan of SEK 1,050 M with a 5-year maturity.

INVESTMENTS

Investments in fixed assets amounted to SEK 30 M (43) in the fourth quarter and to SEK 164 M (111) for the full-year. Depreciation and impairment of tangible fixed assets amounted to SEK 15 M (18) for the fourth quarter and to SEK 60 M (62) for the full-year. Investments in the ongoing establishment of the central warehouse in Strängnäs totalled SEK 6 M (10) in the fourth quarter and SEK 77 M (11) in the full-year.

Company and business combinations amounted to SEK 12 M (3) in the fourth quarter and to SEK 68 M (31) in the full-year, of which SEK 0 M (0) pertained to an estimated supplementary purchase consideration for the fourth quarter and SEK 13 M (14) for the full-year. In addition, supplementary purchase considerations of SEK 1 M (0) were paid in the quarter and of SEK 4 M (0) in the full-year. Acquired assets totalled SEK 25 M (5) and assumed liabilities SEK 10 M (0) for the full-year. In addition to goodwill, which amounted to SEK 22 M (5), intangible surplus values of SEK 34 M (21) were identified pertaining to customer relations. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 3 M (0). Acquired non-controlling interests amounted to SEK 0 M (1) for the fourth quarter and to SEK 8 M (14) for the full-year. Divested non-controlling interests amounted to SEK 0 M (0) in both the fourth quarter and the full-year. Divested businesses amounted to SEK 0 (25) in the fourth quarter and to SEK 10 M (29) in the full-year. The divestment was mainly related to Preqas' share of development and production of own items.

ACQUISITIONS AND START-UPS

Fourth quarter

Meko Service Nordic acquired minority shares in a workshop for a minor amount. Mekonomen Sweden transferred shares in three stores in Gothenburg to a jointly owned company. MECA acquired four workshops in Norway in Lillehammer, Brumunddal, Gjøvik and Hamar. ProMeister Solutions has acquired 20 per cent of the shares in Swedspot AB, an associated company that is a leading player in connected cars and digitalisation.

Earlier in the year

Mekonomen Sweden acquired minority shares in four stores, Mekonomen Norway acquired minority shares in both a store and a workshop, Sørensen og Balchen acquired minority shares in a workshop, and via a new issue of shares by Mekonomen's operation in Iceland, minority shares were acquired through dilution, all for a minor amount. Mekonomen Sweden started up a store in Karlstad, Sweden, and acquired a store in Kungshamn, Sweden. Mekonomen Norway acquired two partner stores in Mosjön and Mo in Rana, respectively, and one workshop in Halden, Norway. MECA acquired three stores in Sweden, in Västervik, Visby and Trelleborg. MECA also acquired operations for heavy workshop equipment in eastern Norway. Meko Service Nordic acquired six workshops in Sweden, two in Malmö and one in Älmhult, Växjö, Ljungby and Västerås, respectively. Sørensen og Balchen started up two stores in Norway, one in Bø and one in Råholt.

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 336 (342), of which 263 (261) were proprietary stores. The number of affiliated workshops totalled 2,045 (2,021). See the distribution in the table on page 16.

EMPLOYEES

At the end of the period, the number of employees was 2,286 (2,290) and the average number of employees during the period was 2,231 (2,287). See the distribution in the table on page 17.

PERFORMANCE BY SEGMENT

MECA SEGMENT

MECA SEK M	Oct-Dec	Oct-Dec	Change, %	Jan-Dec	Jan-Dec	Change, %
	2017	2016		2017	2016	
Net sales, external	534	528	1	2 108	2 039	3
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	36	16	122	257	217	18
EBIT	32	13	153	242	205	18
EBITA margin, %	7	3		12	10	
EBIT margin, %	6	2		11	10	
Number of stores/of which proprietary				86 / 76	85 / 75	
Number of Mekonomen Service Centres				-	-	
Number of MekoPartner				-	-	
Number of MECA Car Service				722	711	

The MECA segment mainly includes wholesale and store operations in Sweden and Norway, and fleet operations in Sweden. MECA also includes the business areas of heavy vehicles, ProMeister Solutions and Preqas (name changed from Opus Equipment on 1 July 2017), which operate for the entire Mekonomen Group.

Higher sales in MECA were mainly attributable to increased sales to the MECA Car Service workshops and positive sales growth in Preqas. Net sales were negatively impacted by the weaker NOK during the quarter. Sales of DAB products remain at a high level, but lower than the previous quarters in 2017. The improved gross margin noted in earlier quarters in 2017 continued in the fourth quarter. MECA's EBIT was adversely impacted by a reallocation of internal costs and the acquisition of four workshops in Norway.

In the comparative periods – the fourth quarter and full-year 2016 – EBIT was impacted negatively by items affecting comparability of SEK 25 M pertaining to the divestment of the Danish operations. Of this amount, gross profit had a negative impact of SEK 28 M, other expenses had a positive impact of SEK 5 M and impairment of tangible fixed assets had a negative impact of SEK 2 M. EBIT in the comparative periods was also impacted negatively by operating losses of SEK 12 M for the quarter and SEK 27 MSEK for the full-year pertaining to MECA's export business to Denmark until the time of the divestment.

The currency effect on net sales against the NOK was a negative SEK 14 M for the quarter and a positive SEK 13 M for the full-year. The number of workdays was one day less in Sweden and Norway compared with the fourth quarter of 2016, and two days less in Sweden and Norway for the full-year. Underlying net sales rose 5 per cent in the fourth quarter, and 4 per cent in the full-year. MECA's EBIT improved to SEK 32 M (13) MSEK for the fourth quarter, and the EBIT margin was 6 per cent (2).

MEKONOMEN SWEDEN SEGMENT

MEKONOMEN SWEDEN ¹⁾ SEK M	Oct-Dec	Oct-Dec	Change, %	Jan-Dec	Jan-Dec	Change, %
	2017	2016		2017	2016	
Net sales, external	468	470	0	1 816	1 891	-4
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	61	42	47	209	190	10
EBIT	51	40	26	196	187	5
EBITA margin, %	13	8		11	10	
EBIT margin, %	10	8		10	10	
Number of stores/of which proprietary				133 / 113	132 / 112	
Number of Mekonomen Service Centres				411	427	
Number of MekoPartner				141	127	

¹⁾ As of 1 January 2017, Marinshopen has been included in the Mekonomen Sweden segment instead of "Other segments," the comparative figures have not been restated. Marinshopen's net sales amounted to SEK 4 M for the fourth quarter of 2016, and to SEK 29 M for the full-year 2016. EBIT totalled a negative SEK 1 M in the fourth quarter of 2016, and a negative SEK 1 M for the full-year 2016.

The Mekonomen Sweden segment mainly includes wholesale, store and fleet operations in Sweden.

The performance of Mekonomen Sweden indicated that our initiatives during the year to recover our sales growth

began to have an effect in the fourth quarter, and underlying net sales increased slightly compared with the fourth quarter of 2016. The gross margin improved during the quarter, and the previously completed cost-savings program contributed positively to profitability with full effect. However, there is still considerable work to be done in order to gradually increase market shares.

Items affecting comparability had a negative impact of SEK 7 M (neg: 5) on EBIT during the fourth quarter, and SEK 4 M (neg: 19) during the full-year. Items affecting comparability during the quarter pertained to SEK 9 M in impairment of goodwill for Marinshopen and to a positive effect from lower than reserved costs of SEK 2 M for the recall of Volvo cars in which defective driving belts had been installed.

The number of workdays was one day less in Sweden compared with the fourth quarter of 2016, and two days less for the full-year. Underlying net sales increased 1 per cent in the fourth quarter, and declined 3 per cent in the full-year. EBIT improved to SEK 51 M (40) for the fourth quarter, and the EBIT margin rose to 10 per cent (8).

MEKONOMEN NORWAY SEGMENT

MEKONOMEN NORWAY SEK M	Oct-Dec 2017	Oct-Dec 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales, external	211	210	0	867	836	4
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	28	28	0	117	132	-12
EBIT	28	28	0	117	132	-12
EBITA margin, %	13	13		13	15	
EBIT margin, %	13	13		13	15	
Number of stores/of which proprietary				42 / 32	45 / 32	
Number of Mekonomen Service Centres				335	339	
Number of MekoPartner				95	93	

The Mekonomen Norway segment mainly includes store and fleet operations in Norway.

Net sales in Mekonomen Norway in the fourth quarter were negatively affected by a slightly soft market for car service and the weakening of the NOK. A higher proportion of sales to larger customers, higher sales of DAB products and increased price pressure had an adverse impact on the gross margin. During the quarter, measures were initiated to reduce costs in the segment and resulted in a review of the store network, where the measures led to increased costs in the fourth quarter. At the same time, EBIT was positively affected by reallocation of internal costs within the Group.

Items affecting comparability had a positive impact of SEK 0 M (neg: 1) on EBIT during the fourth quarter, and a positive impact of SEK 1 M (neg: 1) for the full-year. The positive effects for the full-year pertained to lower than reserved costs for the recall of Volvo cars in which defective driving belts had been installed.

The currency effect on net sales against the NOK was a negative SEK 13 M for the fourth quarter, and a positive SEK 12 M for the full-year. The number of workdays was one day less in Norway compared with the fourth quarter of 2016, and two days less for the full-year. Underlying net sales rose 8 per cent in the fourth quarter, and 3 per cent in the full-year. EBIT amounted to SEK 28 M (28) for the fourth quarter, and the EBIT margin was 13 per cent (13).

SØRENSEN OG BALCHEN SEGMENT

SØRENSEN OG BALCHEN SEK M	Oct-Dec 2017	Oct-Dec 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales, external	176	182	-3	778	725	7
Operating profit before amortisation and impairment of intangible assets (EBITA)	27	29	-8	120	117	3
EBIT	27	29	-8	120	117	3
EBITA margin, %	15	16		15	16	
EBIT margin, %	15	16		15	16	
Number of stores/of which proprietary				68 / 39	72 / 37	
Number of BilXtra				258	255	

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

Net sales in Sørensen og Balchen were negatively affected by a slightly soft consumer market for car service and accessories during the quarter, the weaker NOK and increased price competition. Sales of DAB products slowed down compared to previous quarters in 2017. Sørensen og Balchen continued to report efficient cost control during the quarter.

The currency effect on net sales against the NOK was a negative SEK 11 M for the fourth quarter, and a positive SEK 10 M for the full-year. The number of workdays was one day less in Norway compared with the fourth quarter of 2016, and two less in the full-year. Underlying net sales rose 4 per cent in the fourth quarter, and 7 per cent in the full-year. EBIT amounted to SEK 27 M (29) for the fourth quarter, and the EBIT margin was 15 per cent (16).

SALES GROWTH PER CUSTOMER GROUP

GROWTH PER CUSTOMER GROUP – growth compared with the same period previous year PER CENT	October – December 2017					January – December 2017				
	Affiliated	Consu-	Other	Partner	Group	Affiliated	Consu-	Other	Partner	Group
	work- shops	mers	B2B customers	stores ¹⁾		work- shops	mers	B2B customers	stores ¹⁾	
Nominal growth	7,2	0,5	-4,6	-7,2	-0,1	5,2	-1,1	-0,2	-5,4	1,1
Currency adj. growth	5,1	3,1	-1,1	-4,1	1,5	3,4	-1,6	-0,2	-6,1	1,8

¹⁾ Change in growth for partner stores can become large percentages, as for instance in cases of stockbuilding and acquisitions, but are minor amounts for the Group.

NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

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

NO. OF WORKDAYS BY COUNTRY	Q1			Q2			Q3			Q4			Full-year		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Sweden	64	61	62	59	62	60	65	66	66	63	64	63	251	253	251
Norway	65	61	63	58	62	59	65	66	66	63	64	63	251	253	251
Finland	64	61	62	60	63	60	65	66	66	62	63	63	251	253	251

SIGNIFICANT RISKS AND UNCERTAINTIES

The company conducted a review and assessment of operating and financial risks and uncertainties in accordance with the 2016 Annual Report and found that no significant risks have occurred since then. Except for, that intensified work with the ongoing central warehouse project is associated with risks. For the effect of exchange-rate fluctuations on profit before tax, refer to page 36 of the 2016 Annual Report. For a full presentation of the risks affecting the Group, refer to the 2016 Annual Report.

PARENT COMPANY, “OTHER SEGMENTS” AND “OTHER ITEMS”

The Parent Company’s operations mainly comprise Group Management and finance management. The Parent Company’s earnings after financial items were negative SEK 18 M (neg: 8) for the fourth quarter, and negative SEK 49 M (neg: 57) for the full-year, excluding impairment of participations in subsidiaries totalling SEK 0 M (neg: 28) for the quarter and the full-year, and excluding dividends of SEK 315 M (47) from subsidiaries for the full-year. The average number of employees was five (seven). Mekonomen AB sold goods and services to Group companies for a total of SEK 3 M (9) in the fourth quarter, and SEK 34 M (35) for the full-year.

“Other segments” includes business operations and operating segments that are not reported separately. These include Mekonomen’s wholesale and store operations in Finland, Mekonomen’s store operations in Iceland (dormant since the third quarter of 2017), Meko Service Nordic with the BilLivet and Speedy workshop operations, the Mekonomen car share service (discontinued in the fourth quarter of 2017), the Mekonomen car leasing service, the joint venture in Poland (InterMeko Europa), Lasingoo Norway and Group-wide functions that also include Mekonomen AB (publ). As of 1 January 2017, Marinshopen is included in the Mekonomen Sweden segment instead of “Other segments,” the comparative figures have not been restated. The associated company Automotive Web Solutions AB was divested in the second quarter. The units reported in “Other Segments” do not reach the quantitative thresholds for separate reporting, and the benefits of reporting these segments separately are considered limited for users of the financial statements. EBIT for “Other segments” amounted to negative SEK 22 M (neg: 16) for the fourth quarter and negative SEK 76 M (neg: 84) for the full-year. EBIT was positively impacted by items affecting comparability of SEK 3 M (neg: 13) for the full-year pertaining to lower than reserved personnel-related costs for individuals who previously have been part of Group management, mainly the former CEO.

“Other items” includes acquisition-related items attributable to Mekonomen AB’s direct acquisitions. Current acquisition-related items are amortisations of acquired intangible assets pertaining to the acquisitions of MECA and Sørensen og Balchen totalling an expense of SEK 19 M (expense: 19) for the fourth quarter, and an expense of SEK 77 M (expense: 77) for the full-year.

CHANGES IN GROUP MANAGEMENT

No changes in Group management occurred in the fourth quarter. However, Group management was expanded as of 1 January 2018. See “Events after the end of the period” below for more information.

EVENTS AFTER THE END OF THE PERIOD

As of 1 January 2018, Mekonomen Group’s management structure was changed to be better suited to the business.

As of 1 January 2018, Group management comprises the following individuals:

Pehr Oscarson, president and CEO
Åsa Källenius, CFO and IT director
Morten Birkeland, managing director of Sørensen og Balchen
Katarina Zetterqvist, HR director
Carl-Johan Åström, managing director of MECA Sweden
Torhild Barlaup, managing director of MECA Norway
Stig Tornell, managing director of Mekonomen Sweden
Frank Bekken, managing director of Mekonomen Norway
Tobias Narvinger, Purchasing & Supply
Gabriella Granholm, Communications & Marketing
Robert Hård, Legal & Sustainability
Magnus Rylander, head of the business area Ventures

The organisational change also affects the segment reporting. As of the first quarter of 2018, Mekonomen Group will present three segments: Mekonomen, MECA and Sørensen og Balchen. The Mekonomen segment will comprise Mekonomen Sweden and Mekonomen Norway. The MECA segment will comprise MECA Sweden and MECA Norway. The Sørensen og Balchen segment is unchanged. The other operations previously included in MECA will be included in “Other,” alongside Marinshopen, which was previously included in Mekonomen Sweden. The comparative figures will be restated.

No other 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. This interim report consists of pages 1-22 and should be read in its entirety.

New standards or interpretations that became effective on or after 1 January 2017 have not had any material effect on Mekonomen Group’s financial statements for the interim period.

New accounting policies that become effective on or after 1 January 2018 are IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The work of analysing the effects of implementing these two standards has been completed in 2017. Neither IFRS 15 or IFRS 9 will have any material effect on Mekonomen Group’s financial statements, except for expanded disclosure requirements. The introduction of IFRS 15 will not materially impact the recognition of revenue in the consolidated income statement. In the balance sheet, total assets will in the future increase approximately SEK 5-8 M due to the gross recognition of provisions for returned goods. The Group’s inventories of goods for resale and provisions will increase in a corresponding amount. The Group has chosen to use forward-looking transition method and will therefore not restate the comparative figures. The introduction of IFRS 9 will not have a material impact on the income statement or total assets for the Group. The method for calculating impairment of accounts receivable and loan receivables will be changed and will be done according to the simplified approach in IFRS 9. The Group has chosen to use forward-looking transition method and will therefore not restate the comparative figures.

IFRS 16 Leasing is a new accounting policy that will become effective as of 1 January 2019. The Group has not yet completed its assessment of the effects of IFRS 16, but does expect the standard to have a material impact on total assets, increased fixed assets and liabilities, as well as on EBITDA and interest expenses in the income statement.

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.

FORTHCOMING FINANCIAL REPORTING DATES

Information	Period	Date
Interim report	January-March 2018	9 May 2018
Interim report	January-June 2018	27 July 2018
Interim report	January-September 2018	8 November 2018
Year-end report	January-December 2018	14 February 2019

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held on 9 May 2018 in Stockholm. The Annual Report will be published and available on Mekonomen's website no later than 18 April 2018.

SHARE DIVIDEND

The Board proposes a dividend of SEK 7.00 (7.00). The Board of Directors proposes 14 May 2018 as the record date for the dividend. If the Annual General Meeting adopts the proposal, the dividend is expected to be paid on 17 May 2018. The final day for trading the company's shares including the right to dividends is 9 May 2018.

NOMINATION COMMITTEE

In accordance with the guidelines adopted by the Annual General Meeting on 25 April 2017, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the Annual General Meeting on 9 May 2018 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 2018 Annual General Meeting, the Nomination Committee consists of John Quinn, LKQ Corporation, Evert Carlsson, Swedbank Robur Fonder, Arne Löw, Fjärde AP-fonden and Carl Gustafsson, Didner & Gerge Småbolagsfond. John Quinn has been appointed Chairman of the Nomination Committee. Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee.

Stockholm den 9 February 2018
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Pehr Oscarson
President and CEO

This year-end report has not been audited.

For further information, please contact:

Pehr Oscarson, president and CEO, Mekonomen AB, tel +46 (0)8-464 00 00
Åsa Källenius, CFO, Mekonomen AB, tel +46 (0)8-464 00 00
Helena Effert, IRO, Mekonomen AB, tel +46 (0)8-464 00 00

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

The information was submitted for publication, through the agency of the contact person set out above, at 07:30 a.m CET on 9 February 2018.

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

CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	1 467	1 466	5 850	5 786
Other operating revenue	41	42	150	151
Total revenue	1 507	1 508	6 000	5 937
Goods for resale	-658	-703	-2 654	-2 686
Other external costs	-339	-323	-1 249	-1 229
Personnel expenses	-361	-361	-1 386	-1 366
Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets (EBITDA)	150	121	710	656
Depreciation and impairment of tangible fixed assets	-15	-18	-60	-62
EBIT before amortisation and impairment of intangible fixed assets (EBITA)	134	103	649	594
Amortisation and impairment of intangible fixed assets	-39	-29	-127	-113
EBIT	96	74	522	481
Interest income	1	1	4	5
Interest expenses	-7	-7	-29	-28
Other financial items	-3	3	-23	-12
Profit after financial items	87	72	475	446
Tax	-12	-6	-107	-105
PROFIT FOR THE PERIOD	75	66	368	342
Profit for the period attributable to:				
Parent Company's shareholders	74	66	361	335
Non-controlling interests	1	0	7	7
PROFIT FOR THE PERIOD	75	66	368	342
Earnings per share before and after dilution, SEK	2,07	1,83	10,05	9,32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Profit for the period	75	66	368	342
Other comprehensive income:				
<i>Components that will not be reclassified to profit/loss for the year:</i>				
- Actuarial gains and losses	0	0	0	-1
<i>Components that may later be reclassified to profit/loss for the year:</i>				
- Exchange-rate differences from translation of foreign subsidiaries ¹⁾	-20	-17	-51	105
- Cash-flow hedges ²⁾	1	1	3	-4
Other comprehensive income, net after tax	-20	-16	-48	100
COMPREHENSIVE INCOME FOR THE PERIOD	55	49	320	442
Comprehensive income for the period attributable to:				
Parent Company's shareholders	55	49	313	434
Non-controlling interests	0	0	7	8
COMPREHENSIVE INCOME FOR THE PERIOD	55	49	320	442

¹⁾ At 31 December 2017, the accumulated translation reserve pertaining to Denmark was a negative SEK 13 M. The translation reserve pertaining to Denmark will be reclassified in shareholders' equity via the income statement in the current amount at the time when the Danish company is liquidated, which is planned for 2018. The exchange-rate differences from the translation of Danish subsidiaries in other comprehensive income amounted to SEK 1 M (neg: 1) for the quarter, and to SEK 1 M (3) for the full-year.

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

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	31 December 2017	31 December 2016	31 December 2015
ASSETS ¹⁾			
Intangible fixed assets	2 686	2 757	2 734
Tangible fixed assets	254	181	182
Financial fixed assets	62	46	51
Deferred tax assets	93	77	55
Goods for resale	1 382	1 279	1 226
Current receivables	823	821	818
Cash and cash equivalents	254	291	295
TOTAL ASSETS	5 554	5 452	5 361
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	2 379	2 324	2 155
Long-term liabilities, interest-bearing	1 453	1 338	1 469
Deferred tax liabilities	168	163	169
Long-term liabilities, non-interest-bearing	18	24	8
Current liabilities, interest-bearing	255	404	461
Current liabilities, non-interest-bearing	1 280	1 199	1 099
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5 554	5 452	5 361

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

CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY, SEK M	31 December 2017	31 December 2016	31 December 2015
Shareholders' equity at the beginning of the year	2 324	2 155	2 080
Comprehensive income for the period	320	442	343
Acquisition/divestment of non-controlling interests	-7	-14	-7
Dividend to shareholders	-258	-259	-261
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	2 379	2 324	2 155
Of which non-controlling interests	16	14	12

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	142	143	675	642
Tax paid	117	1	-66	-153
Cash flow from operating activities before changes in working capital	259	144	609	489
Cash flow from changes in working capital:				
Changes in inventories	-51	-30	-127	-40
Changes in receivables	43	103	-74	33
Changes in liabilities	-5	-9	88	61
<i>Increase (-)/Decrease (+) working capital</i>	-14	64	-113	54
Cash flow from operating activities	246	208	496	544
Cash flow from investing activities	-61	-23	-229	-94
Cash flow from financing activities	-120	-76	-295	-466
CASH FLOW FOR THE PERIOD	65	108	-27	-16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	194	182	291	295
Exchange-rate difference in cash and cash equivalents	-4	0	-9	12
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	254	291	254	291

INFORMATION ABOUT FINANCIAL INSTRUMENTS MEASURED 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 2016 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 2016 Annual Report, Note 11. The financial instruments contained in the interim report are the same as those in the 2016 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	31 December 2017	31 December 2016
FINANCIAL ASSETS		
Derivatives: Currency swaps	-	-
Interest-rate swaps	-	-
TOTAL	-	-
FINANCIAL LIABILITIES		
Derivatives: Currency swaps	-	-
Interest-rate swaps	4	7
TOTAL	4	7

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY 31 December 2017							Total
SEK M	Derivative instruments	Loan and accounts receivables	Other financial liabilities	Total carrying amount	Fair value	Non-monetary assets & liabilities	Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	-	40	-	40	40	22	62
Accounts receivable	-	488	-	488	488	-	488
Other current receivables	-	-	-	-	-	334	334
Cash and cash equivalents	-	254	-	254	254	-	254
TOTAL	-	783	-	783	783	356	1 139
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing	4	-	1 449	1 453	1 453	-	1 453
Long-term liabilities, non-interest-bearing	-	-	14	14	14	4	18
Current liabilities, interest-bearing	-	-	255	255	255	-	255
Accounts payable	-	-	636	636	636	-	636
Other current liabilities	-	-	8	8	8	636	644
TOTAL	4	-	2 362	2 367	2 367	640	3 006

QUARTERLY DATA, SEGMENTS	FY	2017					2016				
		Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	
NET SALES, SEK M ¹⁾											
MECA	2 108	534	481	543	551	2 039	528	477	534	500	
Mekonomen Sweden ^{2) 3)}	1 816	468	439	475	434	1 891	470	456	503	462	
Mekonomen Norway	867	211	210	228	217	836	210	209	223	194	
Sørensen og Balchen	778	176	178	211	213	725	182	179	192	172	
Other segments ⁴⁾	281	78	64	71	67	295	76	71	85	63	
GROUP	5 850	1 467	1 372	1 529	1 482	5 786	1 466	1 392	1 537	1 391	
EBITA, SEK M											
MECA	257	36	55	90	76	217	16	53	85	62	
Mekonomen Sweden ^{2) 3)}	209	61	57	50	40	190	42	56	40	53	
Mekonomen Norway ³⁾	117	28	23	39	27	132	28	35	42	27	
Sørensen og Balchen	120	27	27	39	28	117	29	29	36	24	
Other segments ⁴⁾	-53	-17	-4	-16	-17	-63	-11	-20	-15	-17	
GROUP	649	134	157	203	155	594	103	154	189	149	
EBIT, SEK M											
MECA	242	32	51	87	73	205	13	50	82	60	
Mekonomen Sweden ^{2) 3)}	196	51	56	50	39	187	40	55	39	52	
Mekonomen Norway ³⁾	117	28	23	39	27	132	28	35	42	27	
Sørensen og Balchen	120	27	27	39	28	117	29	29	36	24	
Other segments ⁴⁾	-76	-22	-10	-22	-22	-84	-16	-25	-19	-23	
Other items ⁵⁾	-77	-19	-19	-19	-19	-77	-19	-19	-19	-19	
GROUP	522	96	127	174	126	481	74	125	161	121	
INVESTMENTS, SEK M ⁶⁾											
MECA	25	8	5	6	6	16	6	3	4	3	
Mekonomen Sweden	94	11	69	8	6	30	14	5	5	6	
Mekonomen Norway	2	1	0	0	1	3	1	0	1	1	
Sørensen og Balchen	3	0	0	1	1	5	2	1	1	1	
Other segments ⁴⁾	39	10	5	13	12	57	21	11	18	8	
GROUP	164	30	79	28	27	111	43	20	28	20	
EBITA MARGIN, %											
MECA	12	7	11	17	14	10	3	11	16	12	
Mekonomen Sweden ^{2) 3)}	11	13	12	10	9	10	8	12	8	11	
Mekonomen Norway ³⁾	13	13	10	17	12	15	13	16	18	14	
Sørensen og Balchen	15	15	15	18	13	16	16	16	18	14	
GROUP	11	9	11	13	10	10	7	11	12	10	
EBIT MARGIN, %											
MECA	11	6	10	16	13	10	2	10	15	12	
Mekonomen Sweden ^{2) 3)}	10	10	12	10	9	10	8	12	8	11	
Mekonomen Norway ³⁾	13	13	10	17	12	15	13	16	18	14	
Sørensen og Balchen	15	15	15	18	13	16	16	16	18	13	
GROUP	9	6	9	11	8	8	5	9	10	9	

¹⁾ Net sales for each segment are from external customers.

²⁾ As of 1 January 2017, Marinshopen has been included in the Mekonomen Sweden segment instead of "Other segments," the comparative figures have not been restated. Marinshopen's net sales amounted to SEK 4 M for the fourth quarter of 2016 and EBIT to a negative SEK 1 M. For full-year 2016, net sales amounted to SEK 29 M and EBIT to a negative SEK 1 M.

³⁾ Revenue for Mekonomen Sweden has been restated by a negative SEK 24 M for the second quarter of 2017 and earnings have been restated for the reallocation of EBIT of SEK 6 M from Mekonomen Sweden to Mekonomen Norway when adjusting for the second quarter of 2017. For further information, refer to the press release on 23 August 2017.

⁴⁾ "Other segments" include Mekonomen's wholesale and store operations in Finland, Mekonomen's store operations in Iceland (dormant since the third quarter of 2017), Meko Service Nordic with the BilLivet and Speedy workshop operations, the services Mekonomen car leasing and Mekonomen car share (discontinued in the fourth quarter of 2017), the joint venture in Poland (InterMeko Europa), Lasingoo Norway and Group-wide functions that also include Mekonomen AB (publ). As of 1 January 2017, Marinshopen has been included in the Mekonomen Sweden segment instead of "Other segments," the comparative figures have not been restated. The associated company Automotive Web Solutions AB was divested in the second quarter of 2017.

⁵⁾ "Other items" includes acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items pertain to amortisations of acquired intangible assets pertaining to the acquisitions of MECA and Sørensen og Balchen.

⁶⁾ Investments do not include company and business combinations.

QUARTERLY DATA SEK M	2017					2016					2015 ¹⁾				
	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue ²⁾	6 000	1 507	1 414	1 560	1 518	5 937	1 508	1 432	1 573	1 424	5 761	1 447	1 405	1 527	1 382
EBITDA	710	150	172	218	170	656	121	168	203	163	784	151	210	239	184
EBITA	649	134	157	203	155	594	103	154	189	149	726	138	196	224	169
EBIT	522	96	127	174	126	481	74	125	161	121	616	109	168	197	142
Net financial items	-47	-9	-8	-18	-13	-35	-2	-13	-9	-11	-22	0	-15	-9	2
Profit aft. fin. items	475	87	119	156	113	446	72	112	152	110	594	109	154	188	144
Tax	-107	-12	-30	-38	-27	-105	-6	-31	-40	-27	-164	-32	-42	-50	-39
Profit for the period	368	75	89	118	86	342	66	82	112	83	430	76	111	138	105
EBITDA margin, %	12	10	12	14	11	11	8	12	13	11	14	10	15	16	13
EBITA margin, %	11	9	11	13	10	10	7	11	12	10	13	10	14	15	12
EBIT margin, %	9	6	9	11	8	8	5	9	10	9	11	8	12	13	10
Earnings per share, SEK	10,05	2,07	2,43	3,22	2,33	9,32	1,83	2,20	3,02	2,28	11,77	2,17	3,01	3,72	2,87
Shareholders' eq. per share, SEK	65,8	65,8	64,3	61,6	66,3	64,4	64,4	63,0	59,3	62,5	59,7	59,7	58,4	56,9	61,0
Cash fl. p. share, SEK	13,8	6,8	2,2	3,7	1,0	15,1	5,8	2,2	6,4	0,8	12,2	5,4	4,3	3,8	-1,3
Return on shareh. equity, % ³⁾	15,6	15,6	15,3	15,2	14,9	15,1	15,1	15,9	17,6	18,7	20,0	20,0	20,9	21,9	21,3
Share price at the end of the period	149,25	149,25	184,5	167,0	176,5	171,5	171,5	167,0	182,0	201,0	173,0	173,0	194,0	202,5	227,5

¹⁾ Income measures presented for 2015 pertained to continuing operations, except for earnings per share which pertained to total operations.

²⁾ 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.

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

KEY FIGURES	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Return on shareholders' equity, %	-	-	15,6	15,1
Return on total capital, %	-	-	9,1	8,7
Return on capital employed, %	-	-	12,2	11,6
Equity/assets ratio, %	42,8	42,6	42,8	42,6
Net debt, SEK M	1 444	1 437	1 444	1 437
Net debt/EBITDA, multiple	-	-	2,03	2,19
Gross margin, %	55,2	52,0	54,6	53,6
EBITDA margin, %	9,9	8,0	11,8	11,0
EBITA margin, %	8,9	6,8	10,8	10,0
EBIT margin, %	6,4	4,9	8,7	8,1
Earnings per share, SEK	2,07	1,83	10,05	9,32
Shareholders' equity per share, SEK	-	-	65,8	64,4
Cash flow per share, SEK	6,8	5,8	13,8	15,1
Number of shares at the end of the period	35 901 487	35 901 487	35 901 487	35 901 487
Average number of shares during the period	35 901 487	35 901 487	35 901 487	35 901 487

NUMBER OF STORES AND WORKSHOPS	MECA		Mekonomen Sweden ¹⁾		Mekonomen Norway		Sørensen og Balchen		Other segments ¹⁾		Group	
	31 December		31 December		31 December		31 December		31 December		31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Number of stores												
Proprietary stores	76	75	113	112	32	32	39	37	3	5	263	261
Partner stores	10	10	20	20	10	13	29	35	4	3	73	81
Total	86	85	133	132	42	45	68	72	7	8	336	342
Number of workshops												
Mekonomen Service Centres	-	-	411	427	335	339	-	-	46	43	792	809
MekoPartner	-	-	141	127	95	93	-	-	-	-	236	220
Speedy	-	-	-	-	-	-	-	-	35	26	35	26
BilXtra	-	-	-	-	-	-	258	255	-	-	258	255
MECA Car Service	722	711	-	-	-	-	-	-	2	-	724	711
Total	722	711	552	554	430	432	258	255	83	69	2 045	2 021

¹⁾As of 1 January 2017, Marinhopen has been included in the Mekonomen Sweden segment instead of "Other segments," the comparative figures have not been restated due to immateriality

AVERAGE NUMBER OF EMPLOYEES	Jan-Dec 2017	Jan-Dec 2016
MECA	725	751
Mekonomen Sweden ¹⁾	680	706
Mekonomen Norway	275	263
Sørensen og Balchen	253	257
Other segments ¹⁾	297	310
Total	2 231	2 287

¹⁾ "Other segments" include Mekonomen's wholesale and store operations in Finland, Mekonomen's store operations in Iceland (dormant since the third quarter of 2017), Meko Service Nordic with the BilLivet and Speedy workshop operations, the Mekonomen car share (discontinued in the fourth quarter of 2017) and Mekonomen car leasing services, Lasingoo Norway and Group-wide functions that also include Mekonomen AB (publ). Mekonomen AB's employees comprise Group Management. As of 1 January 2017, Marinshopen is included in Mekonomen Sweden instead of "Other segments," the comparative figures have not been restated due to immateriality.

FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Operating revenue	16	20	81	84
Operating expenses	-34	-28	-112	-122
EBIT	-18	-8	-31	-38
Net financial items ¹⁾	-1	-27	298	0
Profit after financial items	-18	-35	267	-38
Appropriations	171	156	171	156
Tax	-16	-10	-11	0
PROFIT FOR THE PERIOD	136	111	427	118

¹⁾ Net financial items include dividends on participations in subsidiaries totalling SEK 0 M (neg: 28) for the quarter and the full-year, and dividends on participations in subsidiaries of SEK 315 M (47) for the full-year.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY, SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Profit for the period	136	111	427	118
COMPREHENSIVE INCOME FOR THE PERIOD	136	111	427	118

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	31 December 2017	31 December 2016
ASSETS		
Fixed assets	3 248	3 190
Current receivables in Group companies	1 502	1 242
Other current receivables	29	77
Cash and cash equivalents	152	163
TOTAL ASSETS	4 931	4 673
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	2 817	2 642
Untaxed reserves	252	210
Provisions	3	2
Long-term liabilities	1 446	1 324
Current liabilities in Group companies	145	69
Other current liabilities	269	426
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4 931	4 673

SUMMARY OF CHANGES IN EQUITY FOR THE THE PARENT COMPANY, SEK M	31 December 2017	31 December 2016
Shareholders' equity at the beginning of the year	2 642	2 775
Comprehensive income for the period	427	118
Dividend to shareholders	-251	-251
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	2 817	2 642

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 when evaluating the company's performance. The alternative performance measures are not always comparable with measures used by other companies since not all companies calculate these measures in the same way. These should therefore be seen as a supplement to the measures defined according to IFRS. For definitions of key figures, refer to page 21. For relevant reconciliations of the alternative performance measures that cannot be directly read in or derived from the financial statements, refer to the tables below. For historical reconciliations of alternative performance measures, refer also to supplements to the 2016 Annual Report on our website: <http://www.mekonomen.com/en/alternative-performance-measures/>.

*The European Securities and Markets Authority.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON SHAREHOLDERS' EQUITY SEK M	Jan-Dec 2017	Jan-Dec 2016
Profit for the period	368	342
- Less non-controlling interest of profit for the period	-7	-7
Profit for the period excluding non-controlling interest	361	335
- Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters ¹⁾	2 315	2 218
RETURN ON SHAREHOLDERS' EQUITY, %	15,6	15,1

¹⁾ SHAREHOLDERS' EQUITY ATTR. TO PARENT COMPANY'S SHAREH., SEK M	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	2 379	2 323	2 224	2 396	2 324	2 276	2 139	2 257	2 155	2 111	2 053	2 204
- Less non-controlling interest of shareholders' equity	-16	-15	-12	-15	-14	-13	-10	-13	-12	-13	-10	-14
SHAREHOLDERS' EQUITY ATTR. TO PARENT COMPANY'S SHAREHOLDERS	2 363	2 308	2 212	2 381	2 311	2 263	2 129	2 244	2 143	2 098	2 043	2 190
SHAREHOLDERS' EQUITY ATTR. TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters	2 315	2 295	2 259	2 266	2 218	2 175	2 132	2 144	2 108	2 146	2 164	2 219

RETURN ON TOTAL CAPITAL SEK M	Jan-Dec 2017	Jan-Dec 2016
Profit after financial items	475	446
- Plus interest expenses	29	28
Profit after financial items plus interest expenses	504	475
- Divided by TOTAL ASSETS, average over the past five quarters ²⁾	5 518	5 430
RETURN ON TOTAL CAPITAL, %	9,1	8,7

²⁾ TOTAL ASSETS SEK M	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	5 554	5 590	5 465	5 528	5 452	5 466	5 481	5 387	5 361	5 426	5 392	5 627
TOTAL ASSETS, average over the past five quarters	5 518	5 500	5 479	5 463	5 430	5 424	5 410	5 439	5 438	5 492	5 523	5 571

RETURN ON CAPITAL EMPLOYED SEK M	Jan-Dec 2017	Jan-Dec 2016
Profit after financial items	475	446
- Plus Interest expenses	29	28
Profit after financial items plus interest expenses	504	475
- Divided by CAPITAL EMPLOYED, average over the past five quarters ³⁾	4 117	4 107
RETURN ON CAPITAL EMPLOYED, %	12,2	11,6

3) CAPITAL EMPLOYED	2017				2016				2015			
SEK M	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	5 554	5 590	5 465	5 528	5 452	5 466	5 481	5 387	5 361	5 426	5 392	5 627
- Less Deferred tax liabilities	-168	-142	-149	-155	-163	-142	-148	-158	-169	-149	-156	-160
- Less Long-term liabilities, non-interest-bearing	-18	-35	-35	-32	-24	-25	-25	-9	-8	-4	-3	-3
- Less Current liabilities, non-interest-bearing	-1 280	-1 259	-1 162	-1 178	-1 199	-1 205	-1 154	-1 087	-1 099	-1 131	-1 068	-1 167
CAPITAL EMPLOYED	4 087	4 153	4 119	4 162	4 066	4 094	4 155	4 133	4 086	4 143	4 165	4 297
CAPITAL EMPLOYED, average over the past five quarters	4 117	4 119	4 119	4 122	4 107	4 122	4 136	4 165	4 134	4 180	4 216	4 256

GROSS MARGIN	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK M	2017	2016	2017	2016
Net sales	1 467	1 466	5 850	5 786
- Less Goods for resale	-658	-703	-2 654	-2 686
Total	809	763	3 196	3 100
- Divided by Net sales	1 467	1 466	5 850	5 786
GROSS MARGIN, %	55,2	52,0	54,6	53,6

EARNINGS PER SHARE	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK M	2017	2016	2017	2016
Profit for the period	75	66	368	342
- Less Non-controlling interests' share	-1	0	-7	-7
Profit for the period attributable to Parent Company's shareholders	74	66	361	335
- Divided by Average number of shares ⁴⁾	35 901 487	35 901 487	35 901 487	35 901 487
EARNINGS PER SHARE, SEK	2,07	1,83	10,05	9,32

SHAREHOLDERS' EQUITY PER SHARE	Jan-Dec	Jan-Dec
SEK M	2017	2016
Shareholders' equity	2 379	2 324
- Less Non-controlling interest of shareholders' equity	-16	-14
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	2 363	2 311
- Divided by Number of shares at the end of the period ⁴⁾	35 901 487	35 901 487
SHAREHOLDERS' EQUITY PER SHARE, SEK	65,8	64,4

CASH FLOW PER SHARE	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK M	2017	2016	2017	2016
Cash flow from operating activities	246	208	496	544
- Divided by Average number of shares ⁴⁾	35 901 487	35 901 487	35 901 487	35 901 487
CASH FLOW PER SHARE, SEK	6,8	5,8	13,8	15,1

4) AVERAGE NUMBER OF SHARES	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2017	2016	2017	2016
Number of shares at the end of the period	35 901 487	35 901 487	35 901 487	35 901 487
- Multiplied by the number of days that the Number of of shares at the end of the period has remained unchanged during the period	92	92	365	365
Number of shares on another date during the period	0	0	0	0
- Multiplied by the number of days that the Number of shares on another date has existed during the period	0	0	0	0
- Total divided by the number of days during the period	92	92	365	365
AVERAGE NUMBER OF SHARES	35 901 487	35 901 487	35 901 487	35 901 487

NET DEBT SEK M	31 December 2017	31 December 2016	31 December 2015
Long-term liabilities, interest-bearing	1 453	1 338	1 469
- Less interest-bearing long-term liabilities and provisions for pensions, leasing, derivatives and similar obligations	-7	-11	-7
Current liabilities, interest-bearing	255	404	461
- Less interest-bearing current liabilities and provisions for pensions, leasing, derivatives and similar obligations	-2	-2	-2
- Less Cash and cash equivalents	-254	-291	-295
NET DEBT	1 444	1 437	1 626

FINANCIAL DEFINITIONS

Return on shareholders' equity	Profit for the period, excluding non-controlling interests, as a percentage of average shareholders' equity attributable to Parent Company's shareholders. Average shareholders' equity attributable to Parent Company's shareholders is calculated as shareholders' equity attributable to Parent Company's shareholders at the end of the period plus the shareholders' equity for the four immediately preceding quarters attributable to Parent Company's shareholders at the end of the periods divided by five.
Return on capital employed	Profit after financial items plus interest expenses as a percentage of average capital employed. Average capital employed is calculated as capital employed at the end of the period plus the capital employed for the four immediately preceding quarters divided by five.
Return on total capital	Profit after financial items plus interest expenses as a percentage of average total assets. Average total assets is calculated as total assets at the end of the period plus the total assets for the four immediately preceding quarters at the end of the periods divided by five.
Gross margin	Net sales less costs for goods for resale, as a percentage of net sales.
Gross profit	Revenue less cost for goods for resale.
EBIT margin	EBIT after depreciation/amortisation as a percentage of total revenue.
EBITA	EBIT after depreciation according to plan but before amortisation and impairment of intangible fixed assets.
EBITA margin	EBITA as a percentage of total revenue.
EBITDA	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets.
EBITDA margin	EBITDA as a percentage of total revenue.
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests, in relation to the number of shares at the end of the period.
Cash flow per share	Cash flow from operating activities in relation to the average number of shares. Average number of shares is calculated as the average number of shares at the end of the period multiplied by the number of days that this number existed during the period, plus any other number of shares during the period multiplied by the number of days that this or these numbers existed during the period, with the total divided by the number of days during the period.
Cash and cash equivalents	Cash and cash equivalents comprise cash funds held at financial institutions and current liquid investments with a term from the date of acquisition of less than three months, which are exposed to only an insignificant risk of fluctuations in value. Cash and cash equivalents are recognised at nominal amounts.
Net debt	Long and short-term interest-bearing liabilities for borrowing, meaning excluding pensions, leasing, derivatives and similar obligations, less cash and cash equivalents.
Earnings per share	Profit for the period excluding non-controlling interests, in relation to the average number of shares. Average number of shares is calculated as the average number of shares at the end of the period multiplied by the number of days that this number existed during the period, plus any other number of shares during the period multiplied by the number of days that this or these numbers existed during the period, with the total divided by the number of days during the period.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of total assets.
Capital employed	Total assets less non-interest-bearing liabilities and provisions, including deferred tax liabilities.

COMPANY-SPECIFIC TERMS AND DEFINITIONS

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).
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 the period with previous periods, including restructuring programmes, costs related to major legal disputes, impairments, and gains and losses from the acquisition or divestments of businesses, subsidiaries, associated companies and joint ventures or items of a similar nature.
Concept workshops	Affiliated workshops.
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.
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 non-interest-bearing current receivables and liabilities.
Currency transaction effects	Impact of currency with respect to internal sales from Mekonomen Grossist AB, and from MECA CarParts AB to each country.
Currency translation effects	Impact of currency from translation of earnings from foreign subsidiaries to SEK.
Other operating revenue	Mainly comprises rental income, marketing subsidies and exchange-rate gains in Mekonomen Group.

Mekonomen AB (publ)

Postal address:

Box 19542

SE-104 32 Stockholm, Sweden

Street address:

Solnavägen 4, 10th floor, Stockholm, Sweden

Tel: +46 (0)8 464 00 00

E-mail: ir@mekonomen.se

www.mekonomen.com