

A photograph of three young women sitting in the back of a car. The woman in the foreground is smiling and looking towards the camera. The woman in the middle is looking towards the woman on the left. The woman on the left is smiling and looking towards the camera. The car's interior and windows are visible, and the lighting is warm and bright.

MEKONOMEN GROUP

JANUARY – SEPTEMBER 2017

7 NOVEMBER 2017

MEKONOMEN GROUP – THIRD QUARTER 2017

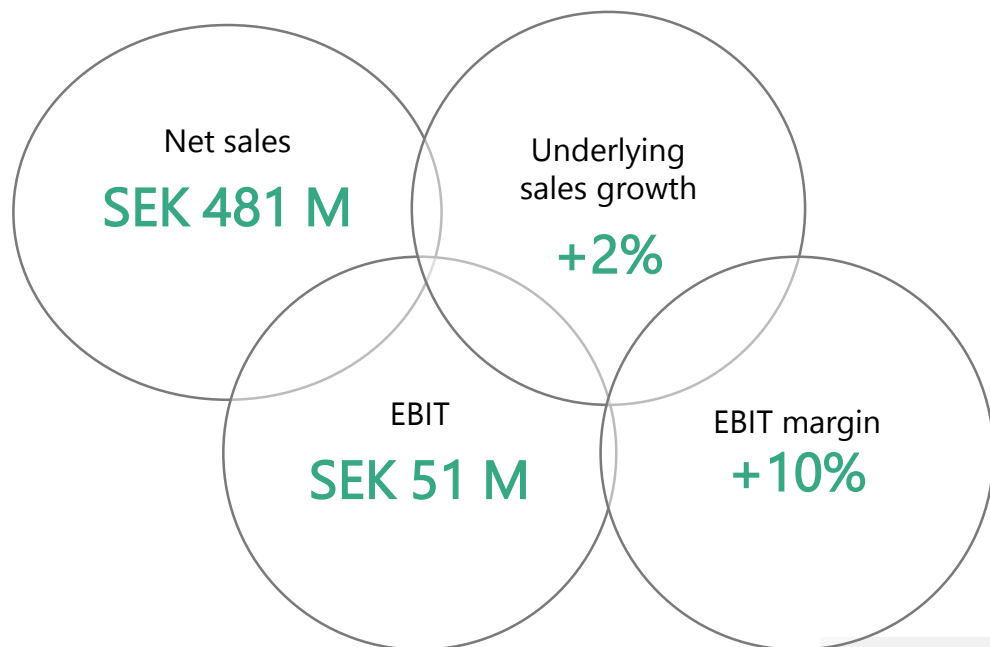
- Sales in line with the market trend
- A weak EBIT positively affected by items affecting comparability

SEK M	Q3 2017	Q3 2016	change	2017 9M	2016 9M	change
Group revenue	1,414	1,432	-1%	4,492	4,429	1%
Underlying sales growth	0%	2%		0%	5%	
EBIT	127	125	2%	427	407	5%
EBIT margin	9%	9%		9%	9%	

SALES & RESULT – PER SEGMENT



MECA – THIRD QUARTER 2017



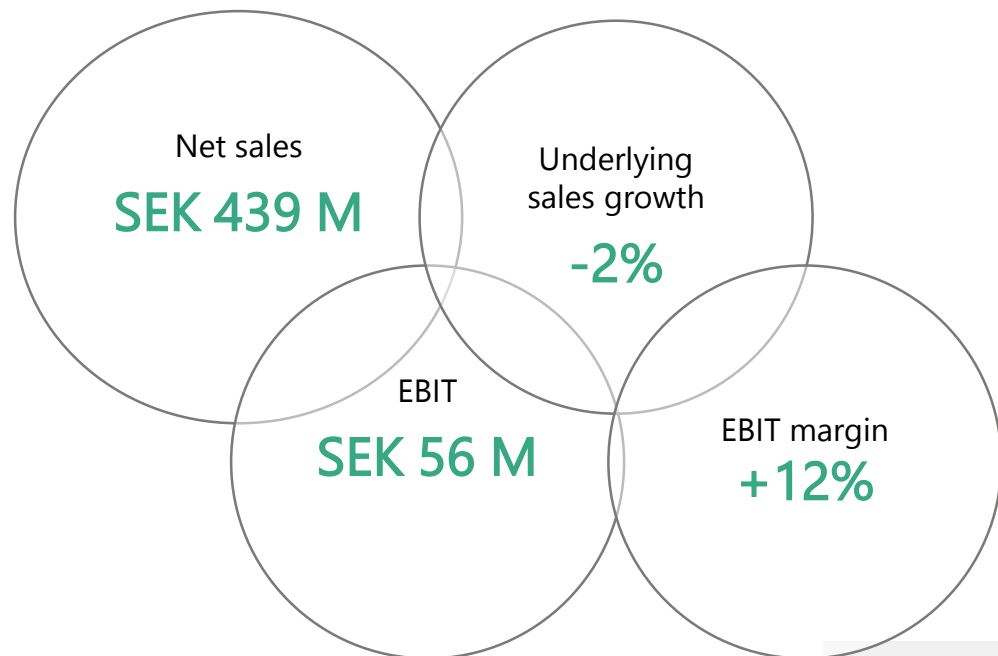
Sales were positively affected by increased sales to MECA Car Service workshops and sales of DAB products in Norway

Improved gross margin

EBIT was negatively affected by decreased earnings in Preqas, despite their favourable sales growth

SEK M	Q3 2017	Q3 2016	change	2017 9M	2016 9M	change
Net sales	481	477	1%	1,575	1,511	4%
Underlying sales growth	2%	3%		3%	12%	
EBIT	51	50	2%	211	192	9%
EBIT margin	10%	10%		13%	13%	

MEKONOMEN SWEDEN – THIRD QUARTER 2017



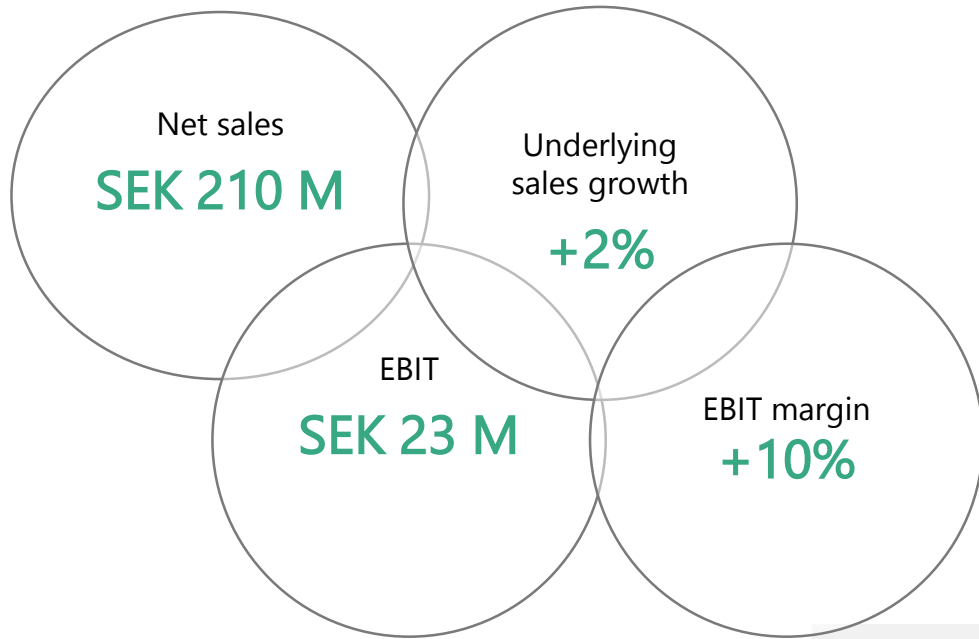
Continued weak sales

EBIT was positively impacted by items affecting comparability

EBIT level is mainly correlated to lower sales

SEK M	Q3 2017	Q3 2016	change	2017 9M	2016 9M	change
Net sales	439	456	-4%	1,348	1,421	-5%
Underlying sales growth	-2%	-2%		-5%	-1%	
EBIT	56	55	1%	145	147	-1%
EBIT margin	12%	12%		10%	10%	

MEKONOMEN NORWAY – THIRD QUARTER 2017

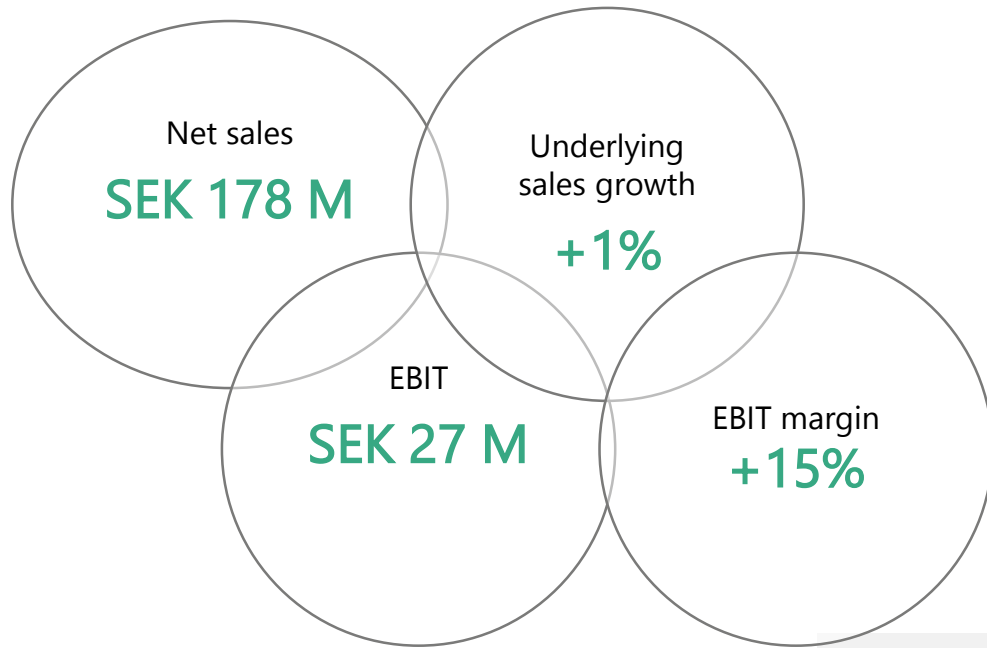


Sales growth primarily driven by improved sales to affiliated workshops and increased sales of DAB products, which however negatively impacted the gross margin

Increased costs in the quarter, mainly personnel costs. Measures are initiated to improve earnings

SEK M	Q3 2017	Q3 2016	change	2017 9M	2016 9M	change
Net sales	210	209	1%	656	626	5%
Underlying sales growth	2%	8%		1%	6%	
EBIT	23	35	-36%	89	105	-15%
EBIT margin	10%	16%		13%	16%	

SØRENSEN OG BALCHEN – THIRD QUARTER 2017

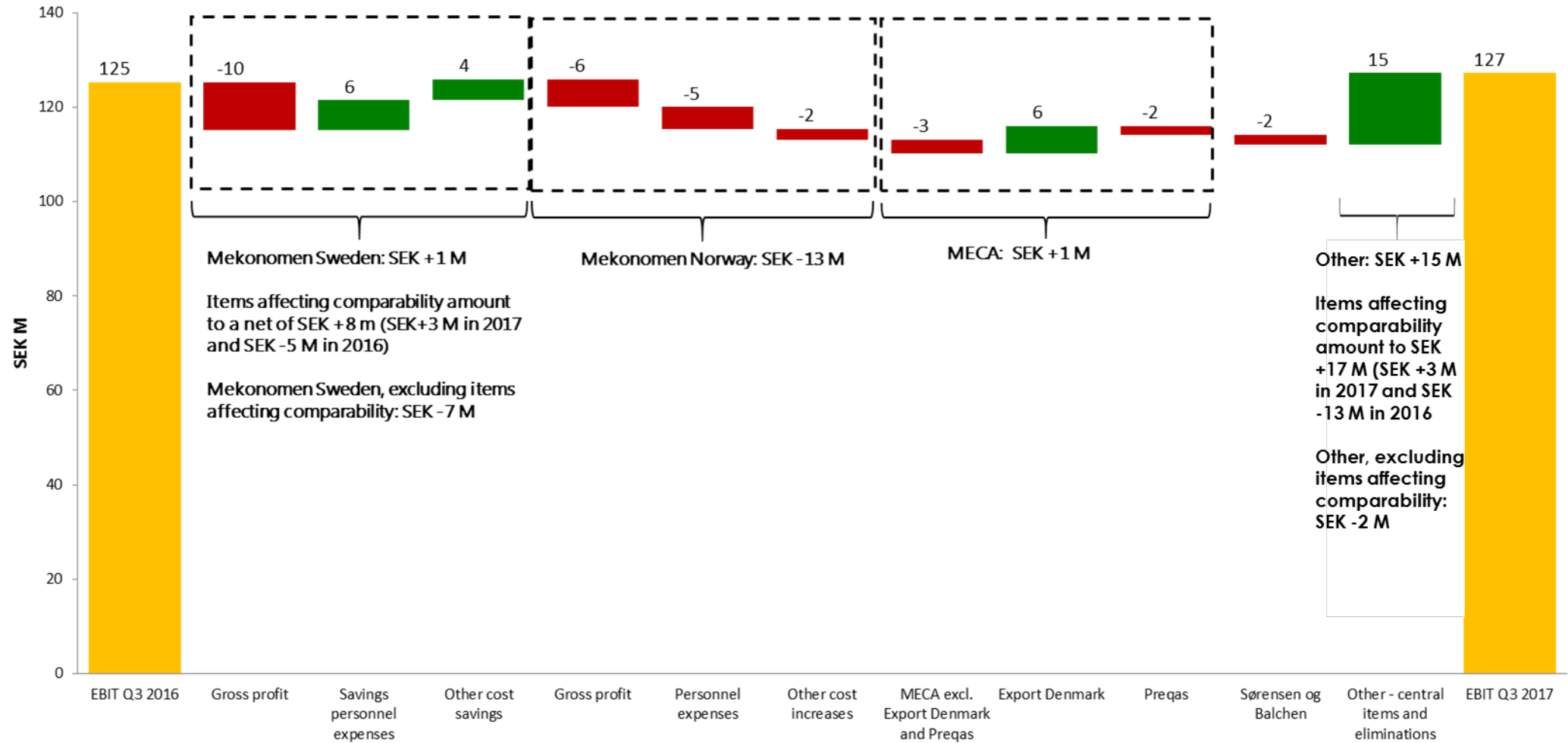


Favourable sales growth of accessories, mainly driven by higher sales of DAB products, which however negatively impacted the gross margin

Effective cost control

SEK M	Q3 2017	Q3 2016	change	2017 9M	2016 9M	change
Net sales	178	179	-1%	603	543	11%
Underlying sales growth	1%	1%		7%	1%	
EBIT	27	29	-7%	93	88	6%
EBIT margin	15%	16%		15%	16%	

DEVELOPMENT – EBIT Q3 2017 vs Q3 2016



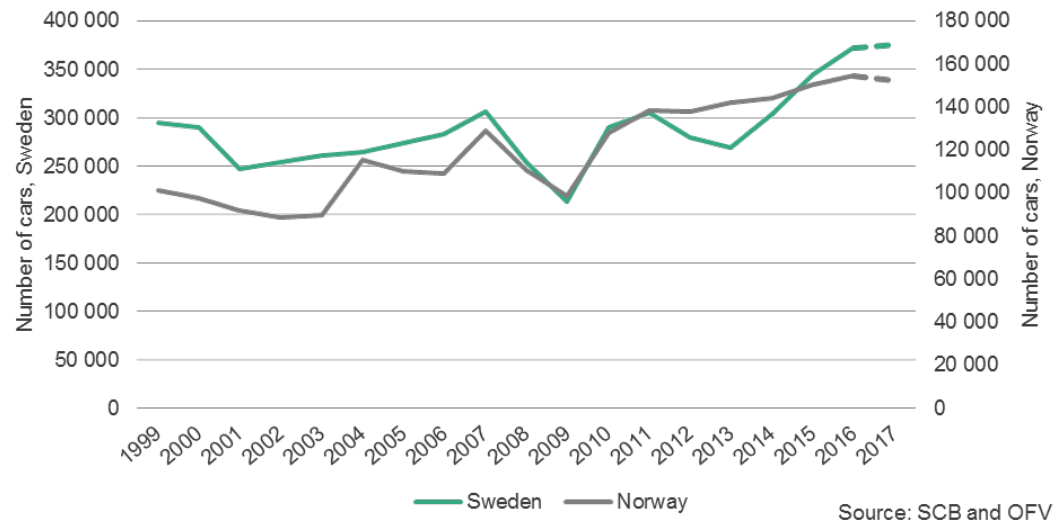
MARKET & GROWTH



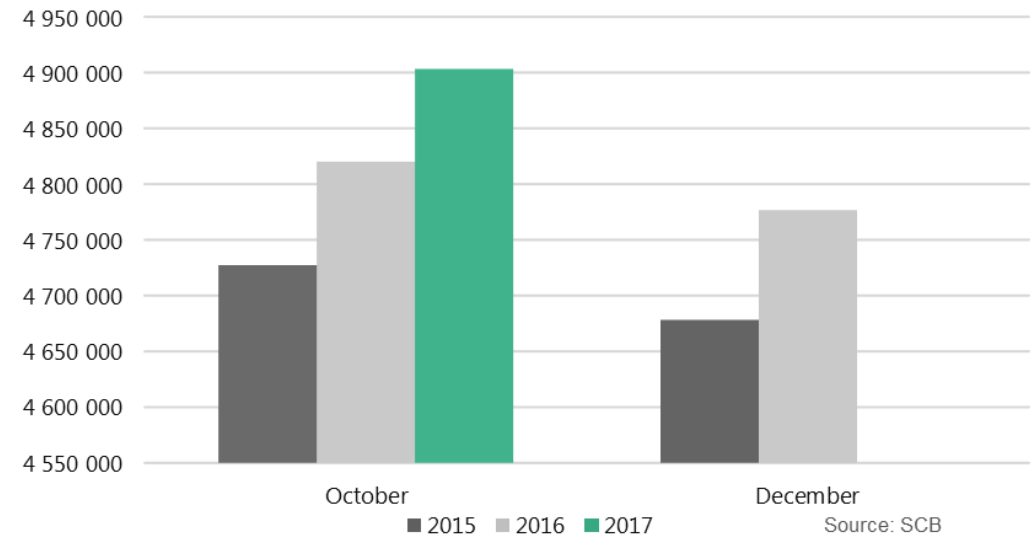
MARKET TRENDS

- Provided that scrapping or export of cars do not increase from the current level we see potential for an increasing overall market

Number of newly registered passenger cars per year (2017 = estimates)



Car fleet - number of passenger cars in traffic, Sweden



SALES GROWTH BY CUSTOMER GROUP IN THE THIRD QUARTER 2017



Affiliated workshops

Growth, nominal: +2%
Growth, local currency: +2%



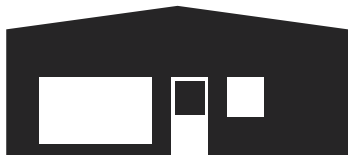
Consumers

Growth, nominal: -2%
Growth, local currency: -2%



Other B2B customers

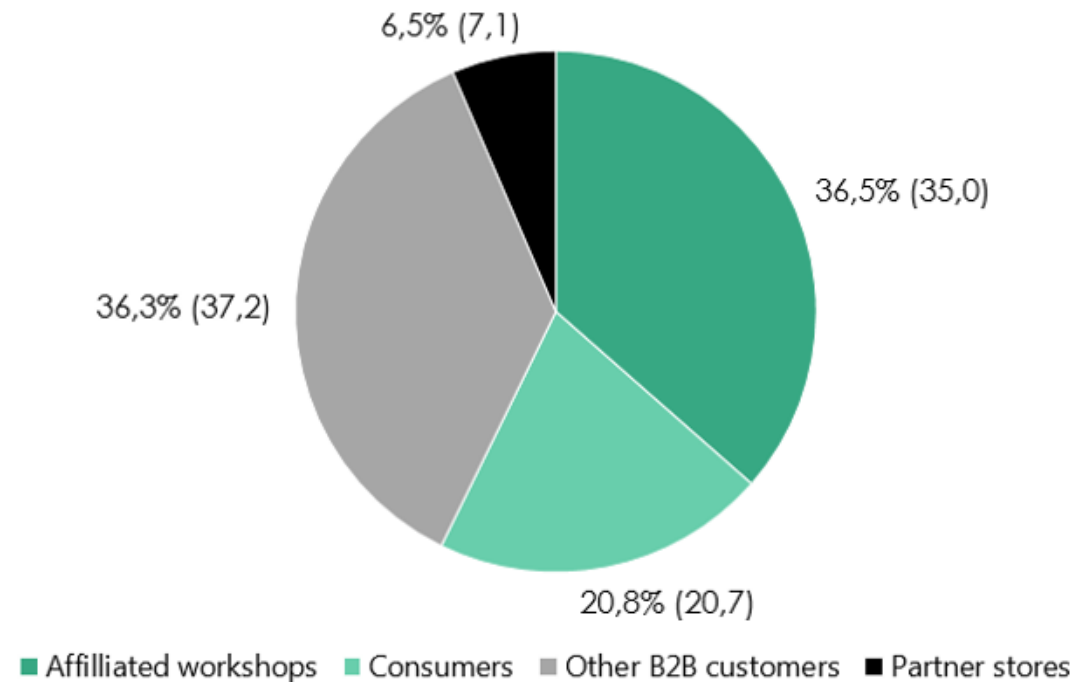
Growth, nominal: -4%
Growth, local currency: -3%



Partner stores

Growth, nominal: -10%
Growth, local currency: -10%

Sales distribution, customer groups Q3 17

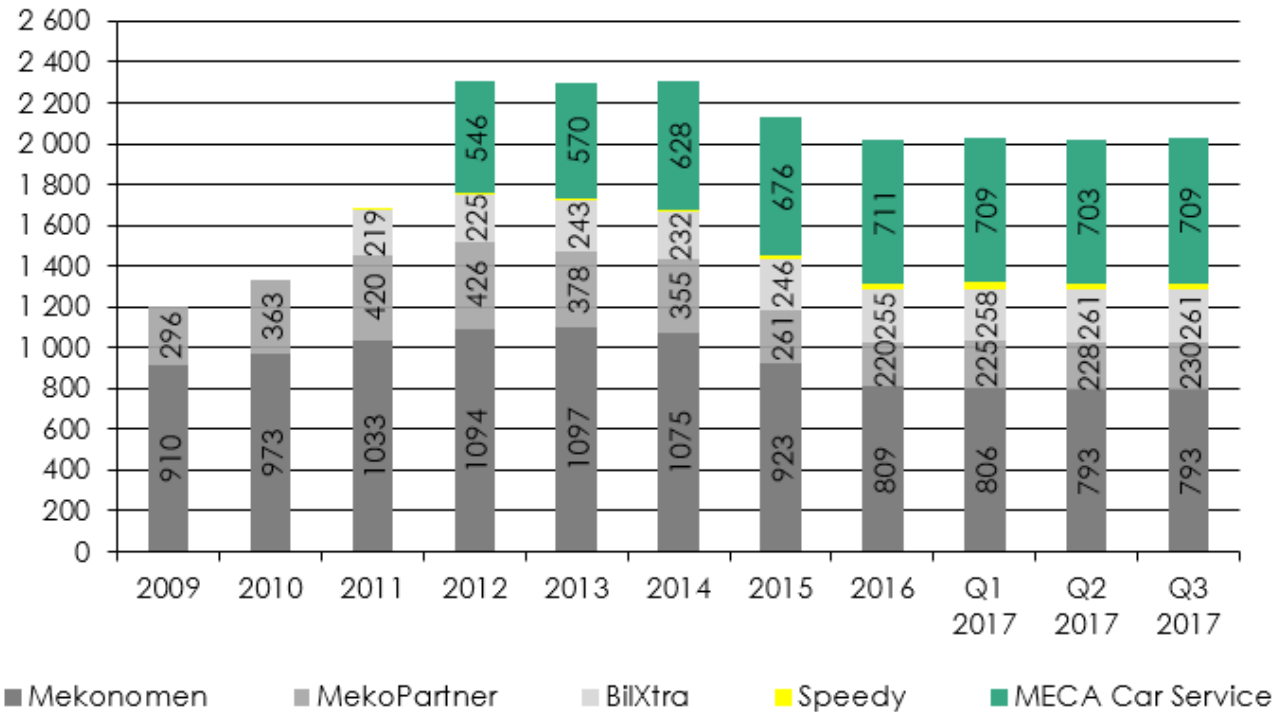


STORES AND AFFILIATED WORKSHOPS

Number of stores Q3 17: **345**

Number of workshops Q3 17: **2,026**

Number of affiliated workshops

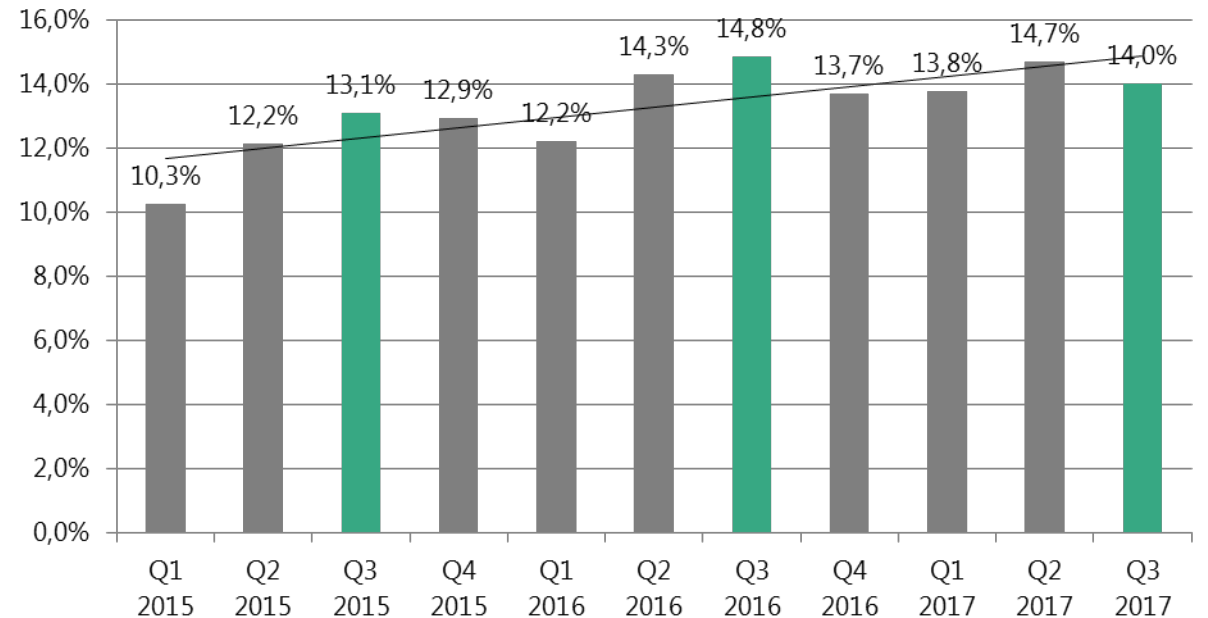




PROMEISTER

- ProMeister's proportion of our total spare part sales has developed well

ProMeister sales share of total spare part sales





STREAMLINING OF OUR CENTRAL WAREHOUSE STRUCTURE

- Proceeding according to plan, where cost savings of SEK 50 M will have a full effect on EBIT from 2020
- The shell of the new building in Strängnäs has been completed. Installation of the automation solution has started
- Shortly the new inventory management systems will be implemented. It will lead to a smoother phasing-in of the automated solution when this will be deployed



INVESTMENT IN SWEDSPOT

- Investment in the technology company Swedspot, ownership share 20 per cent
- The company develops the digital driver experience within two business:
 - Embedded: cooperations with car manufacturers, technology in new cars
 - Connect: platform for ability to connect all cars manufactured after 2001
- Appointed to Gasellbolag 2017 by Dagens Industri (Swedish financial newspaper). Which means that they are one of Sweden's fastest growing and most profitable companies
- Appointed to one of Sweden's most promising technology companies on the top-33 list in Sweden 2017 (By the Swedish magazines: Ny Teknik and Affärsvärlden)



TEST OF CUSTOMER RECEPTION ON DISTANCE

- Evaluation of how customer reception on distance is perceived by car owners in Alingsås and Östersund
- Customers meet a physical person through a digital channel in the workshop
- The machine has remote locked boxes with place for the customers' car keys



SPEEDY BEST-IN-CLASS FOR THE SECOND CONSECUTIVE YEAR

- Speedy Bilservice in Vällingby, outside Stockholm, has been appointed "Star Workshop of the Year" for the second year in a row at Lasingoo.se
- The workshop in Vällingby achieved a rating of 4.95 in average from the customers. The maximum rating is 5.00
- Speedy Bilservice took two more places on the top-10 list.
 - Speedy Bilservice Nacka, 4.80 (place 5)
 - Speedy Bilservice Högdalen, 4.78 (place 6)

For the second consecutive year Lasingoo has appointed "Star Workshop of the Year". This shows which workshops in Sweden have received the highest rating from the customers for the work performed. In order to qualify, a workshop needs at least 10 reviews and an average rating of at least 4.0 of maximum 5.0. Lasingoo.se is an industry initiative, jointly owned by AD-bildelar, Autoexperten, Bosch Car Service, Hedin Bil, Mekonomen Group and OKQ8.

WORKSHOPS – QUALITY AND STAFFING

- A Swedish common quality standard in the industry!
- All Swedish workshops in Mekonomen Group will implement the new standard. Implementation commences by the end of 2017
- Staffing in workshops remains a challenge in the industry
 - Ongoing recruitment campaigns of automotive technicians
 - Cooperations with authorities and educational forums
 - Upper secondary school – ProMeister Education
 - Further training and development of existing automotive technicians – ProMeister Academy



STRATEGIC FOCUS AREAS 2017



Mekonomen Sweden

- Entrepreneurial sales organisation



Cost control

- Completed cost-reduction and efficiency program with full effect of SEK 45 M annually from the third quarter 2017



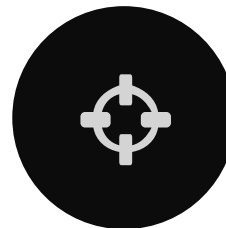
Continued quality assurance

- Workshops and concepts



Continued focus on ProMeister and ProMeister Academy

- Products and training



Strategic projects

- E-commerce platform for B2B and B2C
- Central warehouse



Growth and innovation

- Combined with maintained and developed entrepreneurship

A grayscale photograph of a woman with long blonde hair in a ponytail, wearing a dark t-shirt and jeans. She is standing in profile, facing right, and holding an open notebook. Behind her is a white car with its hood open. The background is a blurred outdoor setting.

Appendix

Earnings trend

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jul-Sep			Jan-Sep			12 months Oct-Sep	Full-year 2016
	2017	2016	Chg, %	2017	2016	Chg, %		
Revenue ¹⁾	1 414	1 432	-1	4 492	4 429	1	6 001	5 937
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	157	154	2	515	491	5	618	594
EBIT	127	125	2	427	407	5	501	481
Profit after financial items	119	112	6	388	374	4	460	446
Profit after tax	89	82	9	293	276	6	359	342
Earnings per share, SEK	2,43	2,20	10	7,98	7,50	6	9,81	9,32
EBITA margin, %	11	11		11	11		10	10
EBIT margin, %	9	9		9	9		8	8

¹⁾ Revenue for the nine-month period of 2017 has been restated for adjusted sales of SEK 24 M from external sales to internal sales in the second quarter of 2017. No impact on EBIT.

Cash flow

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	12 months Oct-Sep	Full-year 2016
Operating activities						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	166	151	532	500	675	642
Tax paid	-29	-35	-183	-154	-181	-153
Cash flow from operating activities before changes in working capital	137	116	350	345	494	489
Cash flow from changes in working capital:						
Changes in inventories	-76	-47	-76	-9	-107	-40
Changes in receivables	-55	5	-116	-71	-13	33
Changes in liabilities	72	4	94	70	84	61
<i>Increase (-)/Decrease (+) working capital</i>	-58	-38	-99	-10	-35	54
Cash-flow from operating activities	79	78	250	336	458	544
Cash flow from investing activities	-83	-14	-167	-70	-191	-94
Cash flow from financing activities	-66	-207	-175	-390	-251	-466
CASH FLOW FOR THE PERIOD	-70	-144	-92	-124	16	-16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	268	317	291	295	182	295
Exchange-rate difference in cash and cash equivalents	-4	10	-5	12	-4	12
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	194	182	194	182	194	291

Balance sheet

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 September 2017	30 September 2016	30 December 2016
ASSETS ¹⁾			
Intangible fixed assets	2 717	2 772	2 757
Tangible fixed assets	248	175	181
Financial fixed assets	42	50	46
Deferred tax assets	77	55	77
Goods for resale	1 339	1 296	1 279
Current receivables	973	935	821
Cash and cash equivalents	194	182	291
TOTAL ASSETS	5 590	5 466	5 452
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	2 323	2 276	2 324
Long-term liabilities, interest-bearing	1 459	1 373	1 338
Deferred tax liabilities	142	142	163
Long-term liabilities, non-interest-bearing	35	25	24
Current liabilities, interest-bearing	371	445	404
Current liabilities, non-interest-bearing	1 259	1 205	1 199
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5 590	5 466	5 452

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

Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	12 months Oct-Sep	Full-year 2016
Net sales ¹⁾	1 372	1 392	4 383	4 320	5 849	5 786
Other operating revenue	42	40	109	109	151	151
Total revenue ¹⁾	1 414	1 432	4 492	4 429	6 001	5 937
Goods for resale ¹⁾	-626	-633	-1 997	-1 983	-2 700	-2 686
Other external costs	-284	-290	-910	-906	-1 233	-1 229
Personnel expenses	-332	-340	-1 025	-1 004	-1 387	-1 366
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	172	168	560	535	681	656
Depreciation and impairment of tangible fixed assets	-15	-15	-45	-44	-63	-62
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	157	154	515	491	618	594
Amortisation and impairment of intangible fixed assets	-30	-28	-88	-84	-118	-113
EBIT	127	125	427	407	501	481
Interest income	1	1	3	3	4	5
Interest expenses	-8	-7	-21	-22	-28	-28
Other financial items	-1	-7	-20	-15	-17	-12
Profit after financial items	119	112	388	374	460	446
Tax	-30	-31	-95	-98	-101	-105
PROFIT FOR THE PERIOD	89	82	293	276	359	342
Profit for the period attributable to:						
Parent Company's shareholders	87	79	286	269	352	335
Non-controlling interests	2	3	7	7	7	7
PROFIT FOR THE PERIOD	89	82	293	276	359	342
Earnings per share before and after dilution, SEK	2,43	2,20	7,98	7,50	9,81	9,32

¹⁾ According to a press release on 23 August 2017, Mekonomen Group has adjusted sales for the second quarter of 2017 by SEK 24 M from external sales to internal sales. EBIT was not effected. In the Q3 Interim report for 2017, the nine-month period of 2017 has therefore been restated, which means that net sales, total revenue and goods for resale have been reduced by SEK 24 M in the income statement for the nine-month period of 2017.

Largest owners 2017-09-30

	Voting rights and share capitals, %
LKQ Corporation	26,5
Fourth Swedish National Pension Fund	8,1
Eva Fraim Pålman	5,6
Swedbank Robur Funds	4,6
Didner & Gerge Funds	4,6
Burgundy Asset Management	4,4
Svolder	3,1
Ing-Marie Fraim Sefastsson	2,8
Catella Funds	2,5
Kempen Capital Management	1,7
Total 10 largest shareholders	63,8
Others	36,2
Total	100,0