

MEKO AB

January – June 2023
August 23, 2023



Pehr Oscarson CEO



Åsa Källenius CFO

Q2 2023 – INCREASED GROWTH AND STRONGER FINANCIAL POSITION

Strong organic growth proves our resilient business model

Solid market development driven by pent up demand

Improved EBIT and activities in place to strengthen profitability

Strong cash flow from operations

Leverage within target range

MEKO – SECOND QUARTER

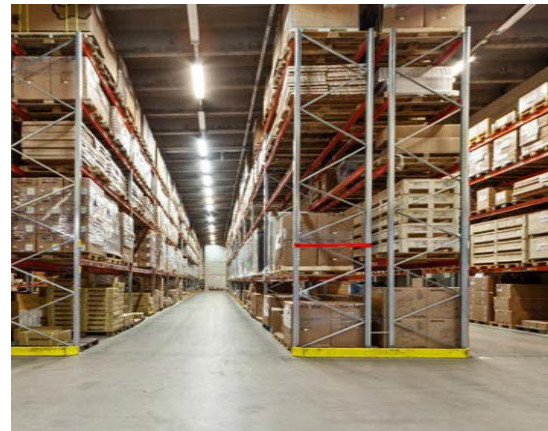
SEK M	Q2 2023	Q2 2022	Change %	6M 2023	6M 2022	Change %	Rolling 12M	2022 12M	Change %
Group, net sales	4 292	3 357	28	8 265	6 512	27	15 821	14 067	12
EBIT	304	185	64	503	375	34	887	759	17
Adjusted EBIT ¹⁾	270	240	12	497	465	7	976	945	3
Earnings per share, SEK	3,03	1,73	75	4,46	3,84	16	8,74	8,12	8
Cash flow from operating activities	486	387	26	513	249	106	1 313	1 048	25
Key figures									
- Organic growth ²⁾ , %	8,7	1,7		7,4	0,5		-	2,6	
- EBIT margin, %	6,8	5,4		5,9	5,6		5,5	5,3	
- Adjusted EBIT margin, %	6,1	7,0		5,8	7,0		6,0	6,6	

¹⁾ Adjusted EBIT is EBIT adjusted for items affecting comparability (IAC) and material acquisition-related items. Current acquisition-related items pertain to the amortization/depreciation of surplus values on acquired tangible and intangible assets relating to the acquisitions of FTZ, Inter-Team, Koivunen and MECA (MECA until May 2022).

²⁾ Organic growth refers to changes in net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.

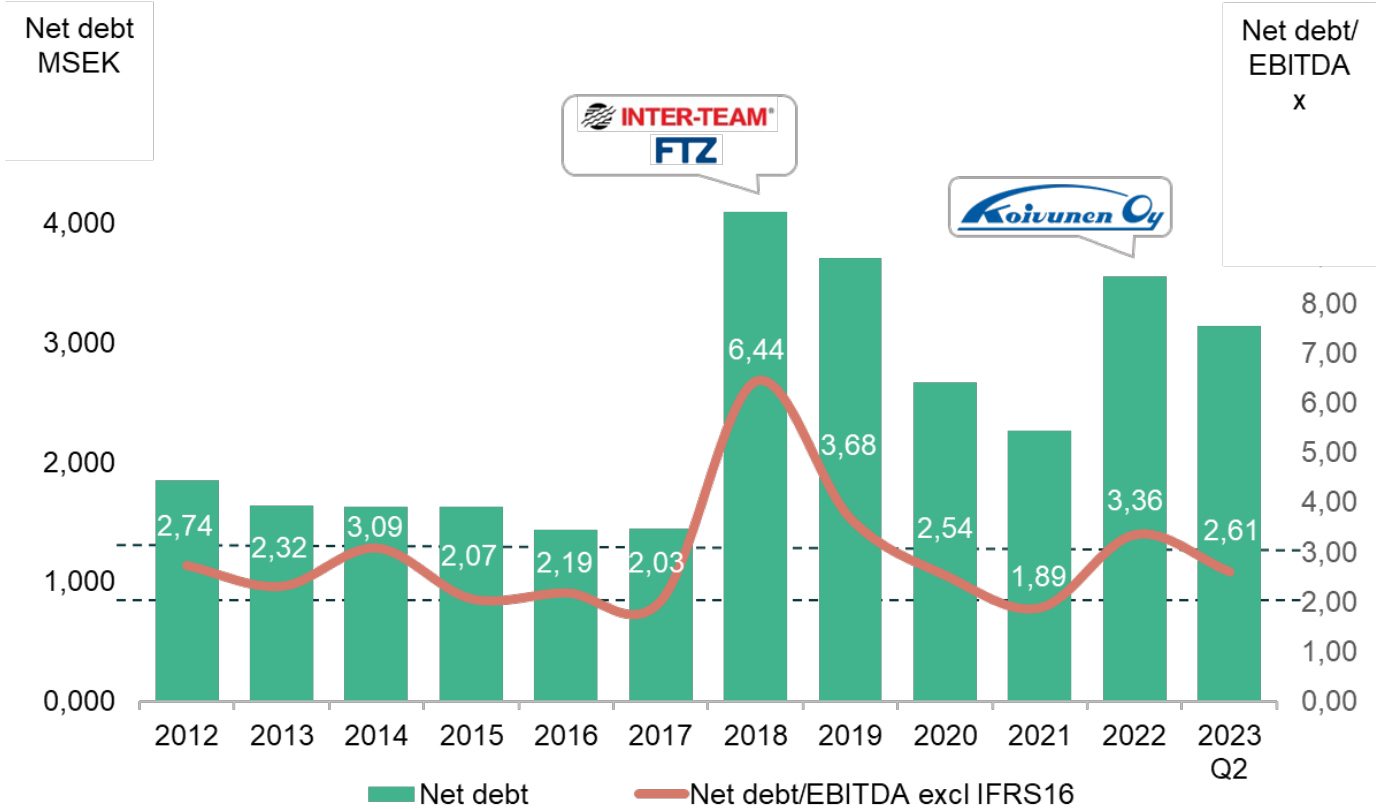
PROPERTY SALE IN FINLAND ACCORDING TO PLAN

- Sale of warehouse properties in Finland to AB Sagax.
- Transaction values the properties at EUR 36.5 million on a debt-free basis.
- Capital gain of EUR 10 million; half is booked in Q2. Remaining part will be distributed over the agreed rental period.
- MEKO will rent and use the properties for a period of ten years.
- About half of the property acquired within Koivunen is still in our books.



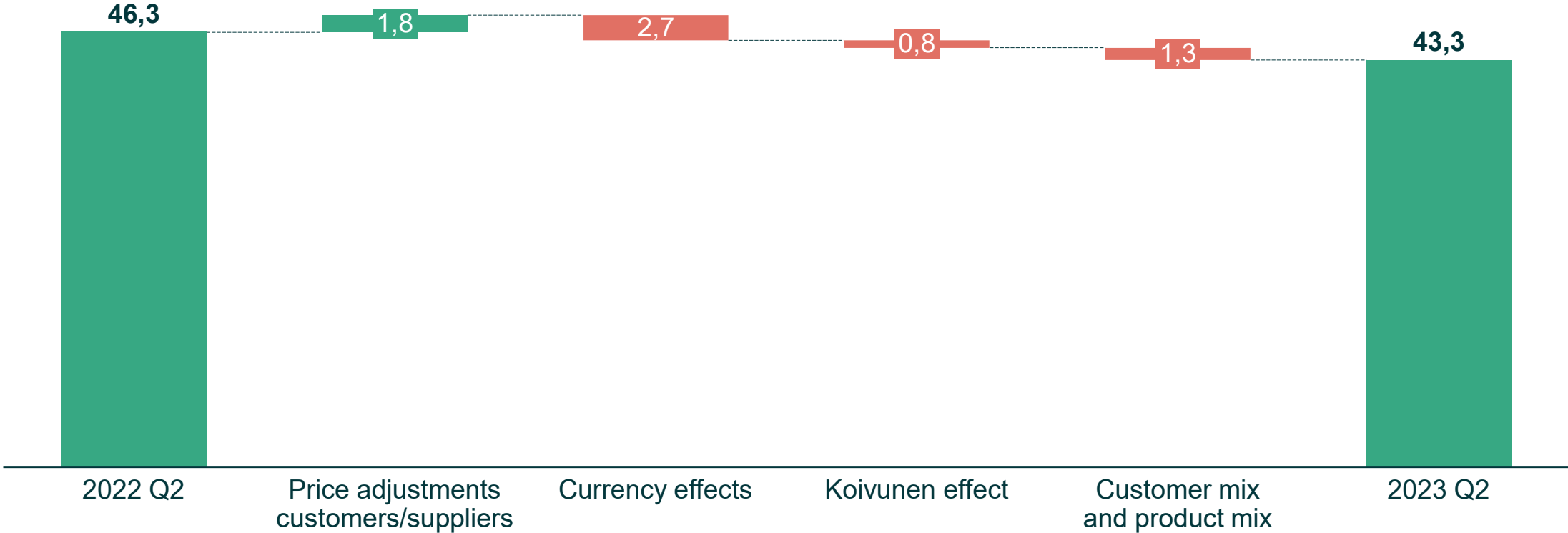
LEVERAGE WITHIN TARGET RANGE

Proof of a sustainable M&A strategy



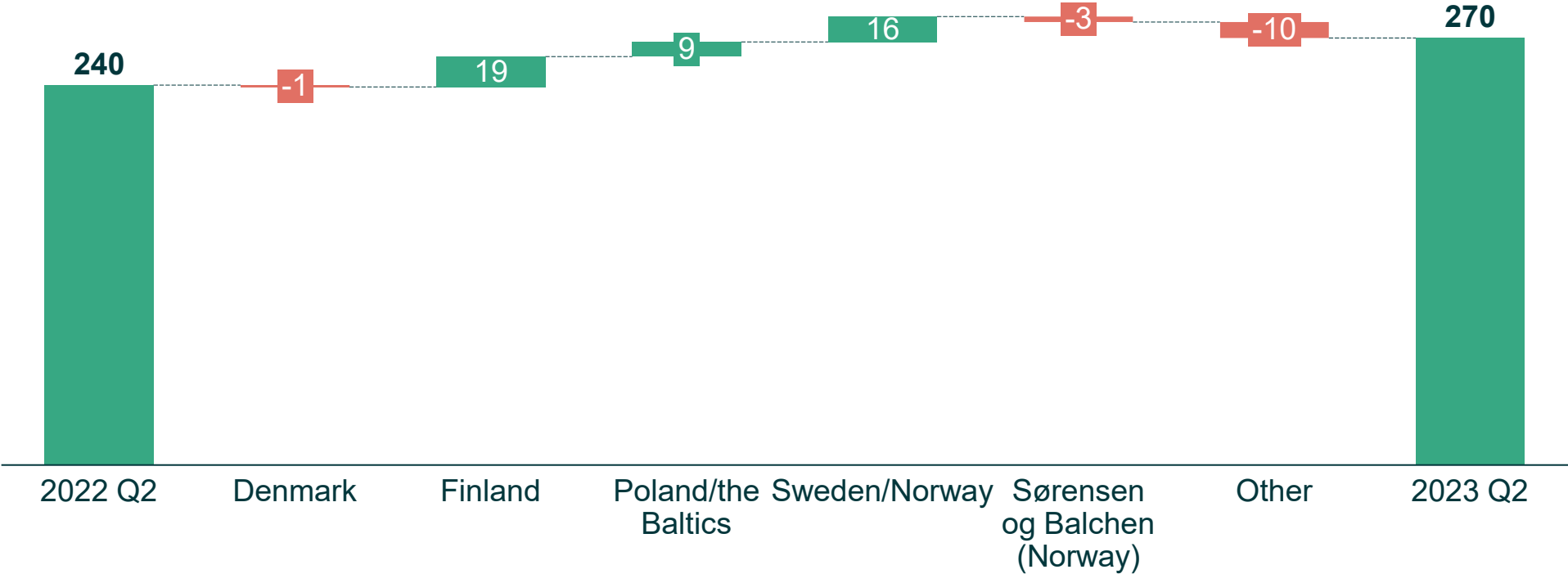
GROSS MARGIN DEVELOPMENT IN THE SECOND QUARTER

Gross margin bridge
2022 Q2 to 2023 Q2



STABLE ADJUSTED EBIT DEVELOPMENT

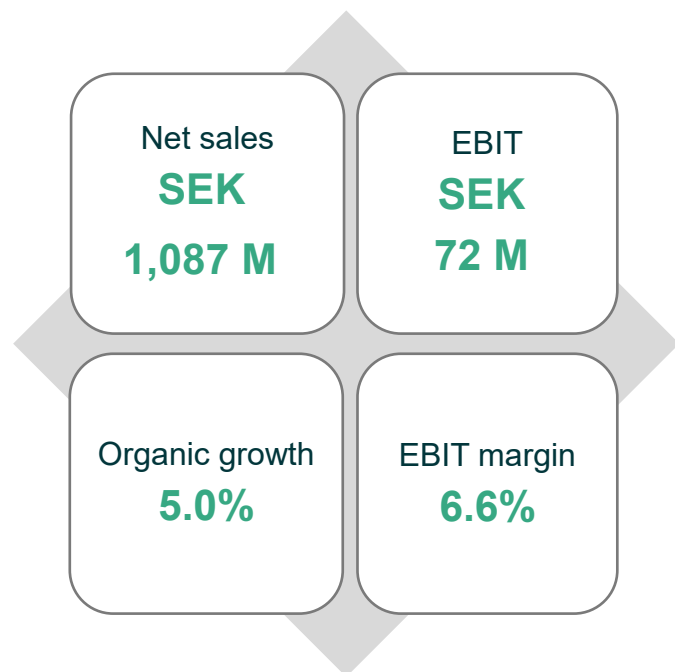
Adjusted EBIT bridge
2022 Q2 to 2023 Q2





SALES & RESULT PER BUSINESS AREA

DENMARK – LEADING POSITION IN A COMPETITIVE MARKET



Reported net sales growth of 18 per cent, of which 5 percent organic, impacted by tough competition. Improved market conditions compared to the first quarter

EBIT development stabilized, but burdened by lower gross margin

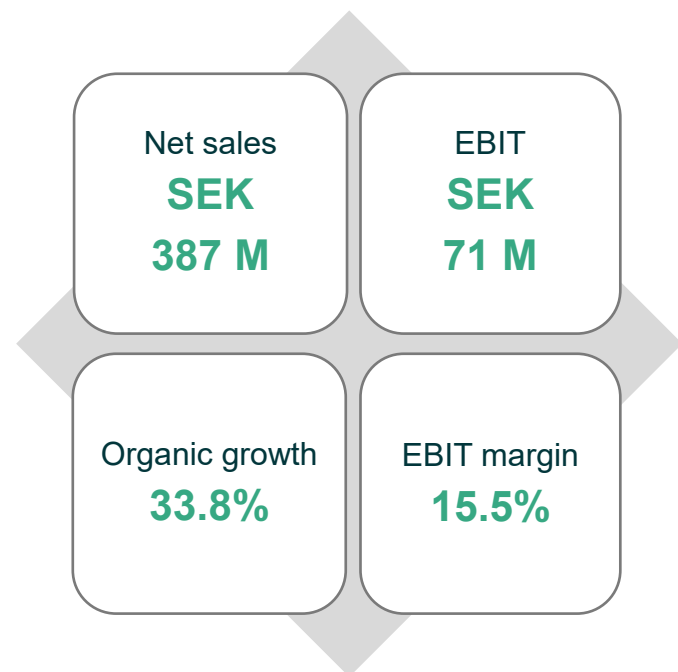
Intensified focus on higher profitability, with visible effects in the quarter

SEK M	Q2 2023	Q2 2022	Change %	6M 2023	6M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	1 087	919	18	2 133	1 852	15	3 970	3 689	8
EBIT	72	73	-2	155	166	-7	254	265	-4
Adjusted EBIT ¹⁾	72	73	-2	155	166	-7	254	265	-4
Key figures									
- Organic growth ²⁾ , %	5,0	-2,0		3,2	-0,9		-	0,2	
- EBIT margin, %	6,6	7,9		7,3	9,0		6,4	7,2	

¹⁾ Adjusted EBIT excludes items affecting comparability.

²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

FINLAND – STABLE PROGRESS IN IMPROVED MARKET



Healthy organic growth in Mekonomen of 34 percent and positive development in Koivunen

Integration according to plan extracting synergies through purchasing, economies of scale and operational excellence

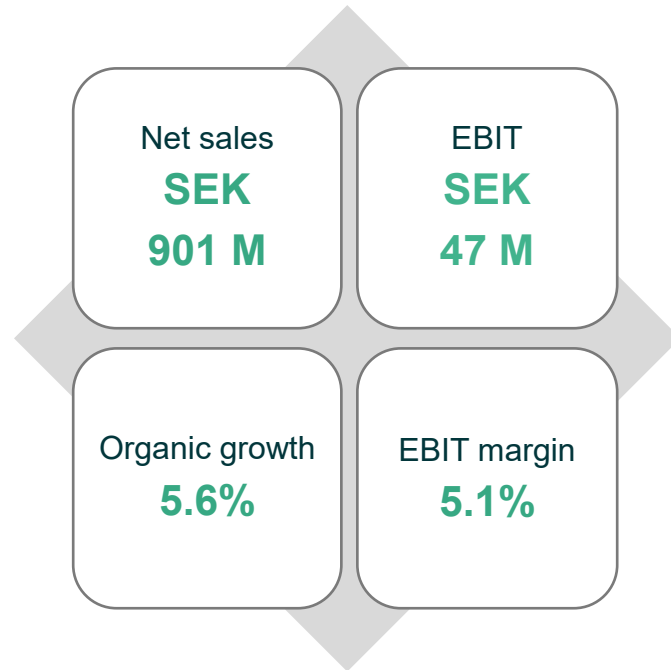
Increasing profitability in Finland over time through merging of the warehouses and joint logistic operations

SEK M	Q2 2023	Q2 2022	Change %	6M 2023	6M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	387	32	>500	722	65	>500	1 385	728	90
EBIT	71	-7	>500	94	-13	>500	128	22	489
Adjusted EBIT ¹⁾	12	-7	279	35	-13	380	69	22	219
Key figures									
- Organic growth ²⁾ , %	33,8	-		22,5	-		-	25,1	
- EBIT margin, %	15,5	-21,3		11,8	-19,0		8,7	2,9	

¹⁾ Adjusted EBIT excludes items affecting comparability.

²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects. Refers to Mekonomen Finland.

POLAND/THE BALTICS – SOLID PERFORMANCE IN GROWTH MARKETS



Organic growth of 6 percent in Polish operations, driven by both domestic sales in Poland and export sales. Positive development in the Baltic operations

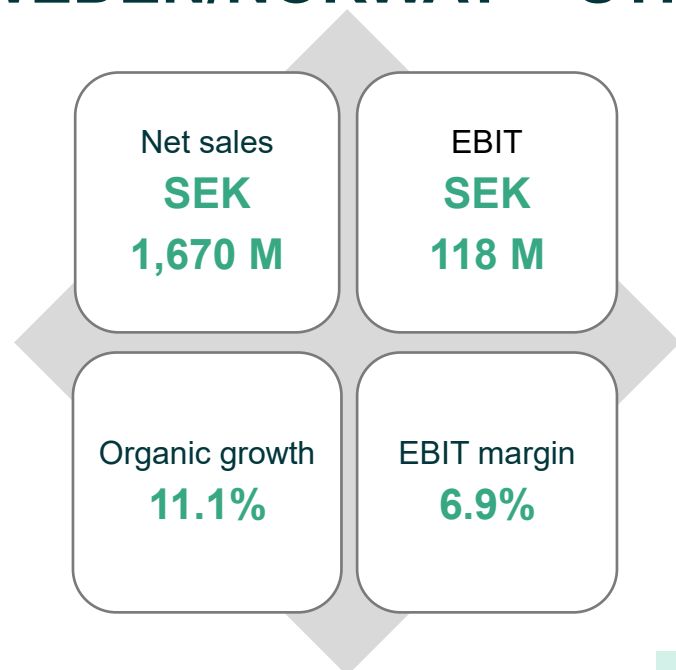
Solid EBIT development driven by continued net sales growth, despite lower gross margin

Ongoing synergy extraction in the Baltics according to plan, with full effect in 2024

SEK M	Q2 2023	Q2 2022	Change %	6M 2023	6M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	901	615	46	1 685	1 149	47	3 284	2 748	20
- Poland	712	615	16	1 335	1 149	16	2 607	2 421	8
- The Baltics	189	-	-	350	-	-	677	327	107
EBIT	47	38	24	73	55	33	182	164	11
Adjusted EBIT ¹⁾	47	38	24	73	55	33	182	164	11
Key figures									
- Organic growth ²⁾ , %	5,6	8,4		7,3	11,0		-	13,4	
- EBIT margin, %	5,1	6,0		4,2	4,6		5,4	5,8	

¹⁾ Adjusted EBIT excludes items affecting comparability. ²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects. Refers to Poland (former B.A. Inter-Team).

SWEDEN/NORWAY – STRONG GROWTH AND IMPROVED PROFITABILITY



Net sales grew 8 per cent, of which 11 per cent organic. Growth driven by solid performance in both Sweden and Norway

Improved profitability where EBIT margin increased, despite a slightly lower gross margin and currency headwind

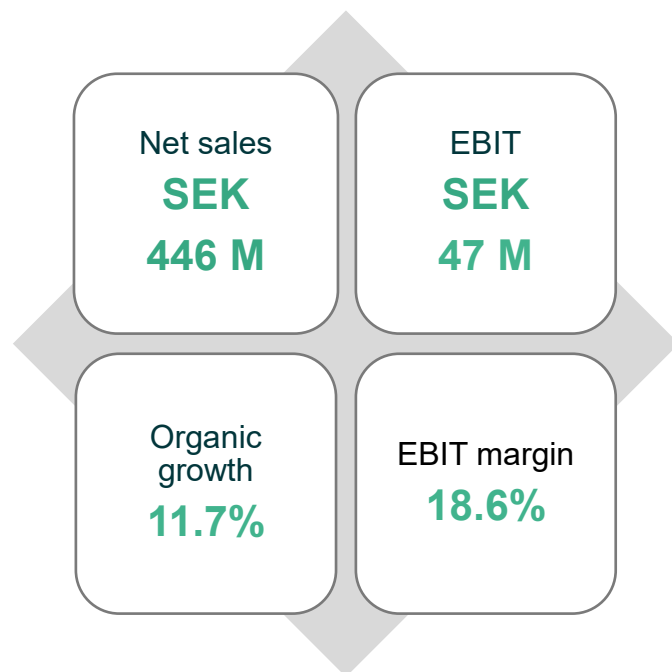
Positive effect from finalized first phase of actions to balance costs and optimize operations in Norway. Continued focus on higher profitability

SEK M	Q2 2023	Q2 2022	Change %	6M 2023	6M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	1 670	1 553	8	3 263	2 993	9	6 289	6 020	4
- Norway	616	587	5	1 251	1 159	8	2 400	2 308	4
- Sweden	1 054	966	9	2 012	1 835	10	3 889	3 712	5
EBIT	118	102	16	200	203	-1	381	383	-1
Adjusted EBIT ¹⁾	118	102	16	200	203	-1	403	405	-1
Key figures									
- Organic growth ²⁾ , %	11,1	3,3		9,8	-0,2		-	1,5	
- EBIT margin, %	6,9	6,5		6,0	6,6		5,9	6,2	

¹⁾ Adjusted EBIT excludes items affecting comparability.

²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

SØRENSEN OG BALCHEN – BACK TO ORGANIC GROWTH



Net sales growth was 4 per cent, of which 12 percent organic. Growth driven by B2B segment, but negatively affected by a continued slow retail market

EBIT margin development affected by lower gross margin and higher cost pressure

Continued weak retail market development in the quarter, focus to drive B2B business

SEK M	Q2 2023	Q2 2022	Change %	6M 2023	6M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	246	237	4	458	452	2	884	877	1
EBIT	47	50	-7	74	87	-15	146	160	-8
Adjusted EBIT ¹⁾	47	50	-7	74	87	-15	146	160	-8
Key figures									
- Organic growth ²⁾ , %	11,7	-10,0		6,3	-11,5		-	-9,5	
- EBIT margin, %	18,6	20,9		15,8	19,1		16,3	18,0	

¹⁾ Adjusted EBIT excludes items affecting comparability.

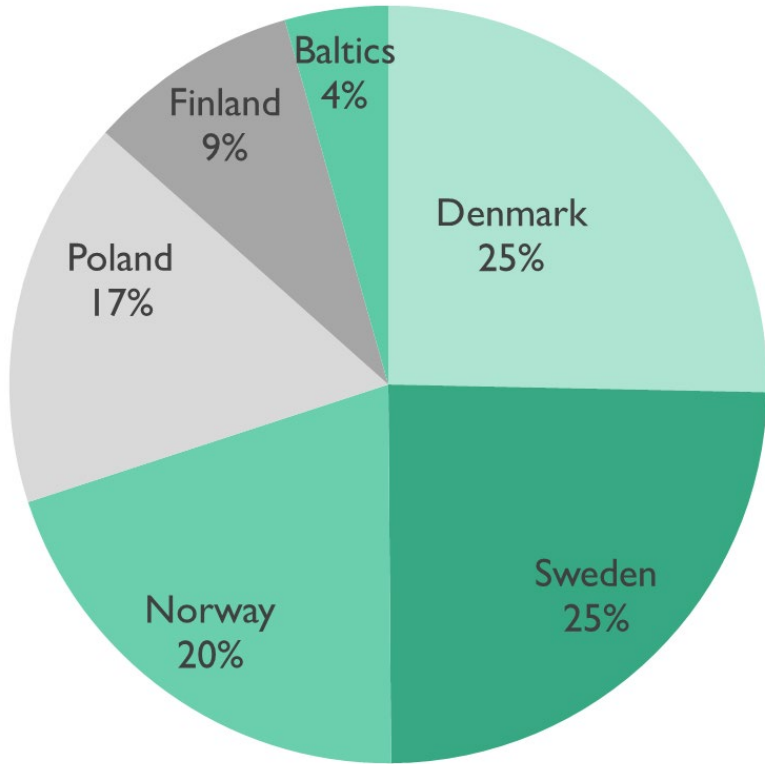
²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

A side-view mirror of a car, reflecting a winding asphalt road that curves through a dense, lush green forest. The text "MARKET & FOOTPRINT" is overlaid in white, bold, sans-serif font across the center of the reflection. The mirror's frame and the car's body are visible in the foreground, slightly out of focus.

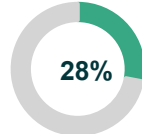
MARKET & FOOTPRINT

STRONG GROUP FOOTPRINT

Net sales per geography, 2023Q2



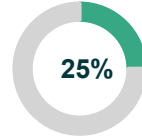
Market shares per geography



Denmark

Number of branches: **50** (23Q1: 50)

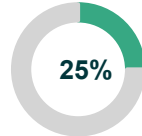
Number of affiliated workshops: **1,010** (23Q1: 1,023)



Finland

Number of branches: **167** (23Q1: 168)

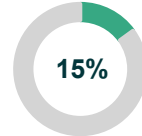
Number of affiliated workshops: **332** (23Q1: 333)



Norway

Number of branches: **128** (23Q1: 124)

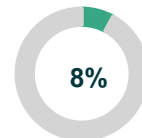
Number of affiliated workshops: **1,051** (23Q1: 1,041)



Sweden

Number of branches: **193** (23Q1: 193)

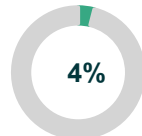
Number of affiliated workshops: **982** (23Q1: 1,000)



The Baltics

Number of branches: **46** (23Q1: 46)

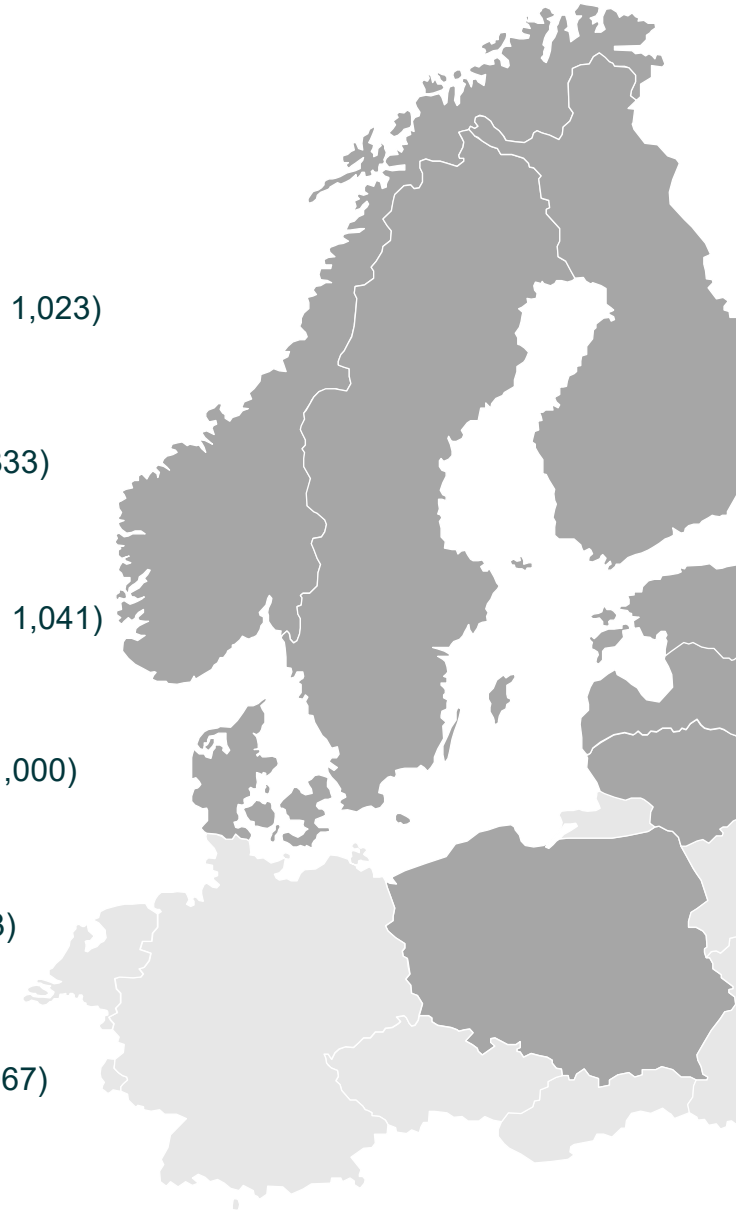
Number of affiliated workshops: **34** (23Q1: 33)



Poland

Number of branches: **87** (23Q1: 86)

Number of affiliated workshops: **993** (23Q1: 967)





STRENGTHENED SUSTAINABILITY EFFORTS THROUGH LINKED LOANS

- Connecting sustainability targets to existing bank loans of 1,965 million SEK.
- Targets:
 - Increased focus on the use of renewable energy.
 - Increased focus on gender equality.
- MEKO at the forefront of the industry making this connection.

NEW STRATEGIC COLLABORATION WITHIN HEAVY VEHICLES

- Strengthened focus on Heavy vehicles, following good growth since 2018.
- New agreement with the largest Swedish independent truck workshop chain, Malte Månson Verkstäder.
- Solidifies MEKO's position in Sweden.
- Enabling Malte Månson Verkstäder to multiply net sales by 2026.



M E C A

 **Malte Månson**

MEKO

A scenic road winding through a forest at sunrise or sunset, with a car visible in the distance. The sun is low on the horizon, creating a warm, golden glow and long shadows. The road is flanked by tall trees, and a guardrail is visible on the left side. The overall atmosphere is peaceful and forward-looking.

**WE ENABLE MOBILITY
- TODAY, TOMORROW AND IN THE
FUTURE**

APPENDIX

EARNINGS TREND

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr- Jun			Jan - Jun			12 months		Full-year
	2023	2022	Change, %	2023	2022	Change, %	Jul- Jun	2022	
Net sales	4 292	3 357	28	8 265	6 512	27	15 821	14 067	
EBIT	304	185	64	503	375	34	887	759	
Adjusted EBIT	270	240	12	497	465	7	976	945	
Profit after financial items	224	143	57	338	306	10	613	581	
Profit after tax	177	102	73	261	223	17	514	477	
Earnings per share, SEK	3,03	1,73	75	4,46	3,84	16	8,74	8,12	
EBIT margin, %	6,8	5,4		5,9	5,6		5,5	5,3	
Adjusted EBIT margin, %	6,1	7,0		5,8	7,0		6,0	6,6	

ADJUSTED EBIT SEK M	Apr- Jun			Jan - Jun			12 months		Full-year
	2023	2022	Change, %	2023	2022	Change, %	Jul- Jun	2022	
EBIT	304	185	64	503	375	34	887	759	
Transaction costs related to the acquisition of Koivunen	-	-26		-	-26		-	-26	
Transaction tax related to the acquisition of Koivunen	-	-		-	-		-22	-22	
Sale of properties in Finland	66	-		66	-		66	-	
Transaction costs related to sale of properties in Finland	-7	-		-7	-		-7	-	
Restructuring costs, Norway	-	-		-	-		-22	-22	
<i>Items affecting comparability, total</i>	59	-26		59	-26		14	-70	
<i>"Other items", material acquisition-related items ¹⁾</i>	-25	-30		-52	-64		-104	-116	
Adjusted EBIT	270	240	12	497	465	7	976	945	

¹⁾ Other items include material acquisition-related items. Current acquisition-related items pertain to the amortization/depreciation of surplus values on acquired tangible and intangible assets relating to the acquisitions of FTZ, Inter-Team, Koivunen and MECA (MECA until the end of May 2022 when this amortization/depreciation ended).

CASH FLOW

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Apr- Jun 2023	Apr- Jun 2022	Jan - Jun 2023	Jan - Jun 2022	12 months Jul- Jun	Full-year 2022
Operating activities						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	290	353	658	730	1 413	1 484
Tax paid	-11	-84	-108	-221	-127	-240
Cash flow from operating activities before changes in working capital	278	268	550	509	1 285	1 244
Cash flow from changes in working capital:						
Changes in inventory	136	-97	21	-223	-6	-251
Changes in receivables	-100	-30	-338	-223	-300	-186
Changes in liabilities	172	245	279	186	334	241
<i>Increase (-)/Decrease (+) working capital</i>	208	118	-37	-260	28	-196
Cash-flow from operating activities	486	387	513	249	1 313	1 048
Cash flow from investing activities	381	-81	280	-125	-1 128	-1 533
Cash flow from financing activities	-268	-368	-419	-551	417	286
CASH FLOW FOR THE PERIOD	599	-62	374	-427	602	-199
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	542	538	741	892	741	892
Exchange-rate differences in cash and cash equivalents	35	11	60	22	87	49
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1 175	487	1 175	487	1 430	741

BALANCE SHEET

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	June 30 2023	June 30 2022	December 31 2022
ASSETS¹⁾			
Intangible fixed assets	6 083	5 472	5 933
Tangible fixed assets	795	436	1 076
Right-of-use assets	2 070	1 522	1 526
Financial fixed assets	140	131	136
Deferred tax assets	37	22	19
Goods for resale	4 292	3 325	4 147
Current receivables	2 564	2 055	2 195
Cash and cash equivalents	1 175	486	741
TOTAL ASSETS	17 156	13 448	15 773
SHAREHOLDERS' EQUITY AND LIABILITIES¹⁾			
Shareholders' equity	6 369	5 403	5 926
Long-term liabilities, interest-bearing	4 328	2 970	4 372
Long-term lease liabilities	1 573	1 041	1 020
Deferred tax liabilities	496	349	501
Long-term liabilities, non-interest-bearing	31	23	20
Current liabilities, interest-bearing	19	205	-
Current lease liabilities	556	476	520
Current liabilities, non-interest-bearing	3 783	2 980	3 416
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	17 156	13 448	15 773

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

INCOME STATEMENT

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Apr- Jun 2023	Apr- Jun 2022	Jan - Jun 2023	Jan - Jun 2022	12 months Jul- Jun	Full-year 2022
Net sales	4 292	3 357	8 265	6 512	15 821	14 067
Other operating revenue	161	58	240	129	436	324
Total revenue	4 453	3 415	8 506	6 640	16 256	14 391
Goods for resale	-2 435	-1 804	-4 634	-3 505	-8 874	-7 745
Other external costs	-565	-478	-1 137	-898	-2 211	-1 972
Personnel expenses	-917	-744	-1 772	-1 455	-3 361	-3 043
Operating profit before depreciation/ amortization and impairment of tangible and intangible fixed assets and right-of-use assets (EBITDA)	537	388	962	783	1 810	1 631
Depreciation and impairment of tangible fixed assets and right-of-use assets	-184	-151	-363	-301	-738	-675
Operating profit before amortization and impairment of intangible fixed assets (EBITA)	353	238	599	483	1 072	956
Amortization and impairment of intangible fixed assets	-49	-52	-96	-107	-186	-197
EBIT	304	185	503	375	887	759
Interest income	5	3	10	6	22	17
Interest expenses	-72	-28	-140	-55	-237	-152
Other financial items	-12	-17	-36	-20	-59	-43
Profit after financial items	224	143	338	306	613	581
Tax	-47	-41	-77	-83	-98	-104
PROFIT FOR THE PERIOD	177	102	261	223	514	477
Profit for the period attributable to:						
Parent Company's shareholders	169	97	249	215	488	454
Non-controlling interests	8	5	12	9	26	23
PROFIT FOR THE PERIOD	177	102	261	223	514	477
Earnings per share before and after dilution, SEK	3,03	1,73	4,46	3,84	8,74	8,12

LARGEST OWNERS 2023-06-30

Voting rights and share capitals, %	
LKQ Corporation	26,6
Swedbank Robur Funds	11,3
Fourth Swedish National Pension Fund	8,7
Didner & Gerge Funds	5,2
Eva Fraim Pålman	3,1
AFA Insurance	3,0
Nordea Funds	2,7
Dimensional Fund Advisors	2,7
Vanguard	2,6
Ing-Marie Fraim	1,8
Total 10 largest shareholders	67,7
Others	32,3
Total	100,0

UPDATED BUSINESS AREA STRUCTURE FROM Q3 2022

- **Business Area Denmark;** The business area is unchanged compared with former Business Area FTZ
- **Business area Finland;** From Q3 2022 the BA includes Mekonomen Finland's operations (previously reported within business area MECA/Mekonomen) and the recently acquired Koivunen's operations in Finland
- **Business area Poland/the Baltics;** From Q3 2022 the BA includes former business area Inter-Team as well as the recently acquired operation in Estonia, Latvia and Lithuania
- **Business area Sweden/Norway;** From Q3 2022 the BA includes the former business area MECA/Mekonomen, excluding Mekonomen Finland who is reported in business area Finland
- **Business area Sørensen og Balchen (Norway):** The business area is unchanged compared with former business area Sørensen and Balchen



UPDATED LONG TERM FINANCIAL TARGETS

Sales growth

Rephrased

Annual sales growth of at least 5 percent

- through a combination of organic growth and smaller acquisitions, but excluding selective M&A

Adjusted EBIT growth

Updated

Annual adjusted EBIT growth of at least 10 percent.

Net debt/EBITDA

Unchanged

Net debt/EBITDA shall be in the range of 2.0-3.0 times.

Dividend policy

Updated

Dividends corresponding to 50 per cent of profit after tax.

- Potential acquisition opportunities, financial position, investment needs and buy-backs taken into consideration.