

# MEKO AB

January – September 2023  
November 9, 2023



## Q3 2023 – CONTINUED IMPROVEMENTS AND NEW PLAN TO INCREASE PROFITABILITY

Strong organic growth and performance in key markets

Improved EBIT and focus on increasing efficiency

Strong cash flow from operations

Solid financial position – leverage well within target range

New company-wide initiative to improve long-term profitability

# STRONG PERFORMANCE IN THE THIRD QUARTER

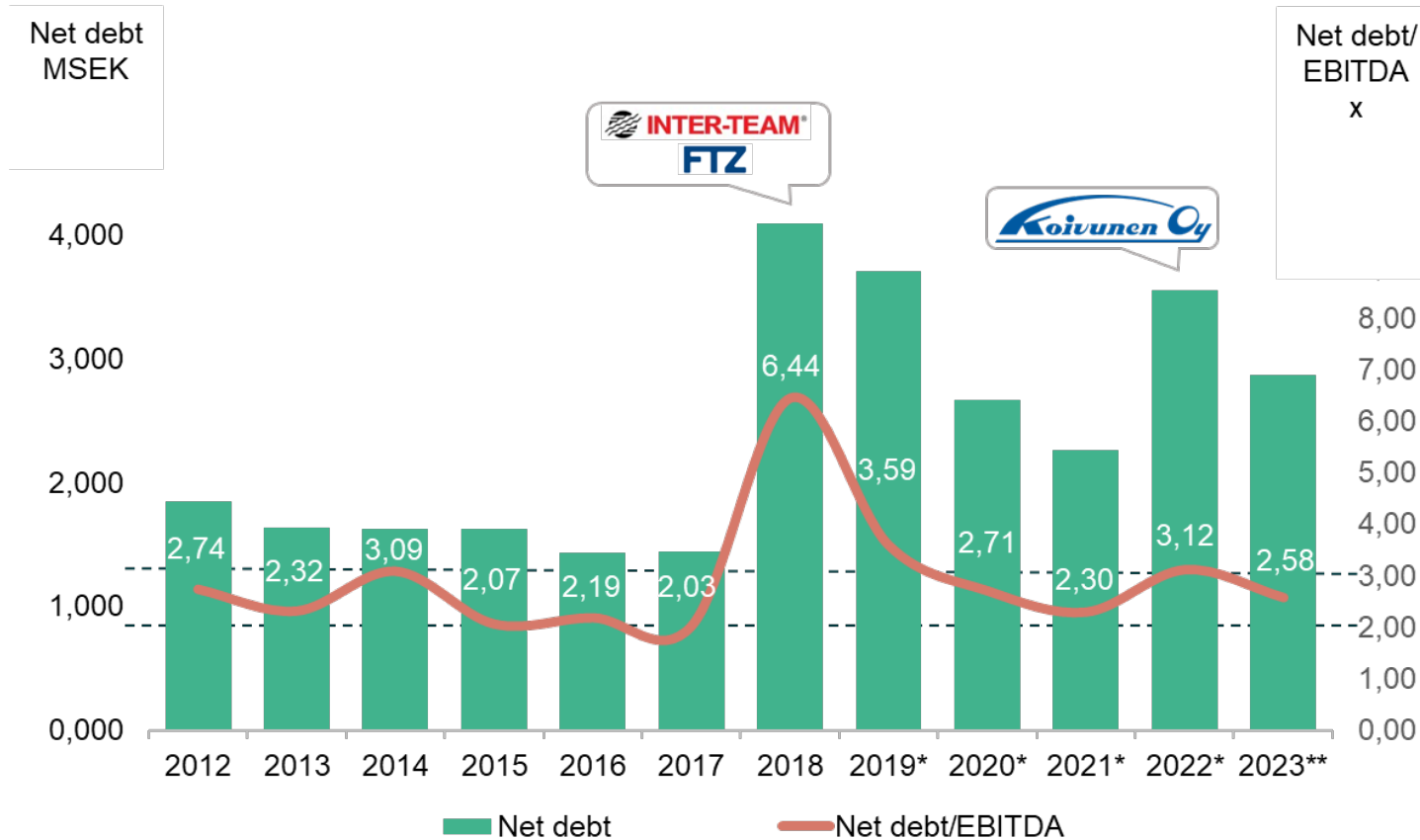
- Strong Group organic growth, driven by Sweden and Norway
- Improved EBIT and focus on increasing efficiency
- Strong cash flow from operations

SEK M	Q3 2023	Q3 2022	Change %	9M 2023	9M 2022	Change %	Rolling 12M	2022 12M	Change %
Group, net sales	4 124	3 660	13	12 389	10 172	22	16 284	14 067	16
EBIT	300	235	28	804	610	32	952	759	25
Adjusted EBIT <sup>1)</sup>	292	281	4	788	746	6	987	945	4
Earnings per share, SEK	3,11	2,23	39	7,57	6,07	25	9,62	8,12	18
Cash flow from operating activities	599	473	27	1 113	722	54	1 439	1 048	37
Key figures									
- Organic growth <sup>2)</sup> , %	7,6	4,0		7,5	1,6		-	2,6	
- EBIT margin, %	7,1	6,3		6,3	5,9		5,7	5,3	
- Adjusted EBIT margin, %	6,9	7,5		6,2	7,2		5,9	6,6	

<sup>1)</sup> 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).

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

# STRENGTHENED FINANCIAL POSITION – LEVERAGE WITHIN TARGET RANGE



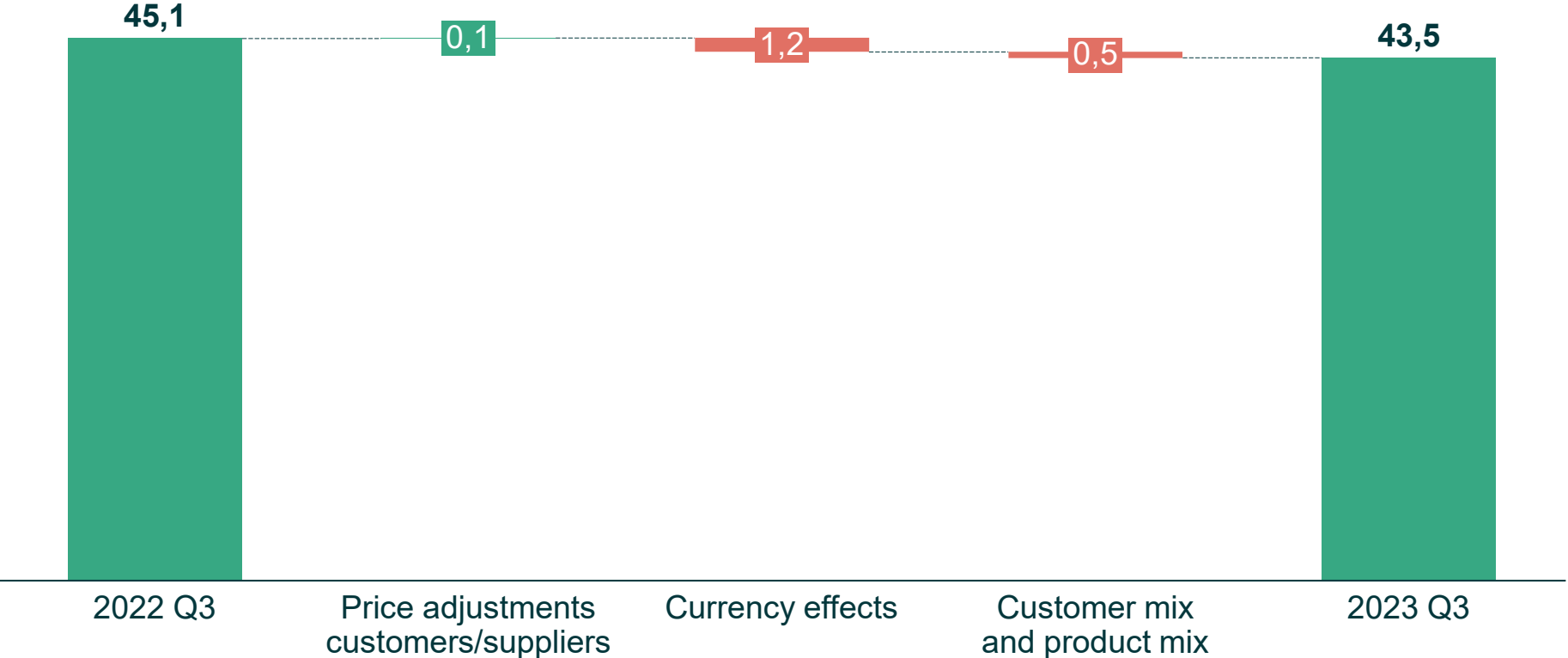
- Leverage of 2.58 times (incl IFRS 16), driven by strong operational cash flow generation and sale of property
- Net debt at 2,875 (3,659) MSEK
- Proof of a sustainable M&A strategy

\*Including IFRS 16

\*\*12 month rolling as of Q3 2023

# GROSS MARGIN DEVELOPMENT IN THE THIRD QUARTER

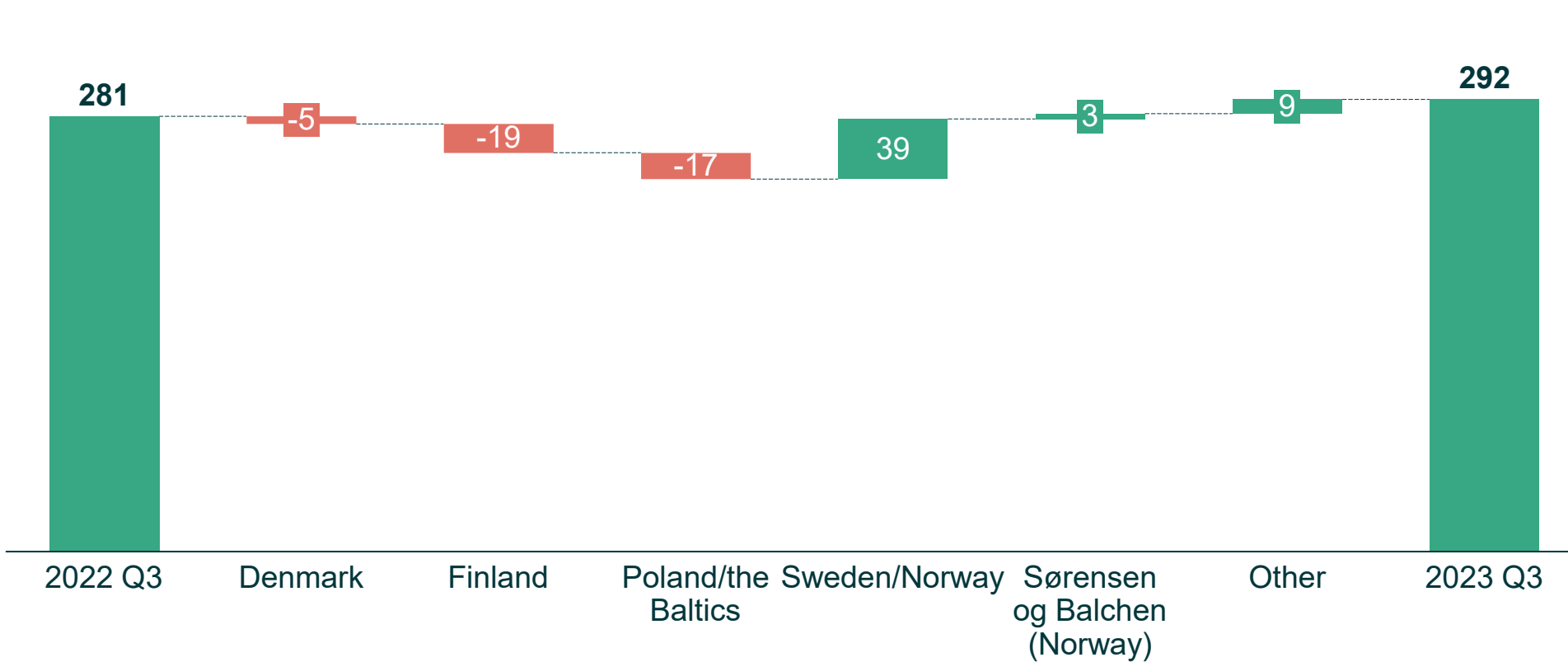
Gross margin bridge 2022 Q3 to 2023 Q3



- Price adjustments not fully compensating for negative currency fluctuations and inflation

# STABLE ADJUSTED EBIT DEVELOPMENT

## Adjusted EBIT bridge 2022 Q3 to 2023 Q3



- Strong improvements in the Swedish and Norwegian operations
- Poland/the Baltics meeting a weaker economy and strong comparative figures
- Finland profitability negatively affected by synergy enhancing activities, merging of warehouses

# NEW INITIATIVE FOR IMPROVED PROFITABILITY

Company-wide initiative with three focus areas:

1. Cost reduction and efficiency
    - Streamlining operations and optimizing network
  2. Supplier optimization
    - Stronger partnerships with preferred suppliers
    - Higher share of private label products
  3. New business system
    - Increased efficiency and wider assortment
    - Revenue synergies
- Expected EBIT improvement of at least 15 per cent
  - Full effect expected during 2025

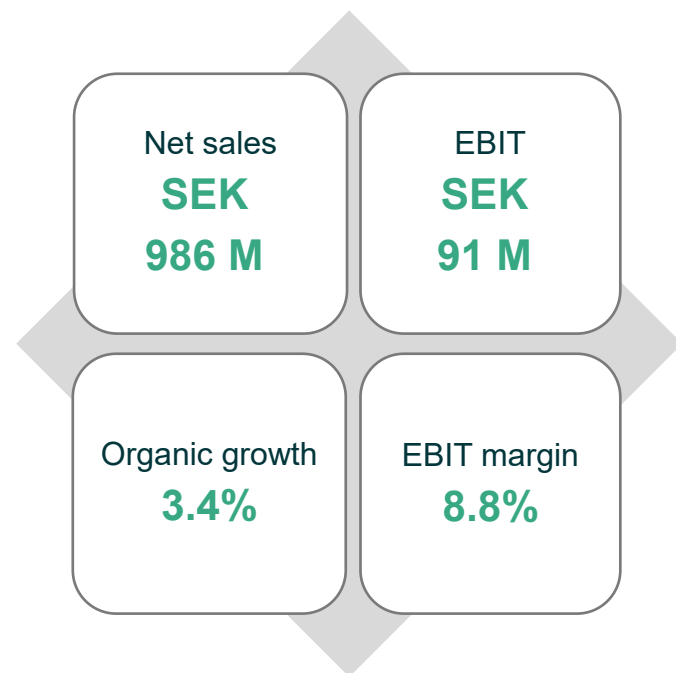




# SALES & RESULT PER BUSINESS AREA



# DENMARK – LEADING POSITION IN A COMPETITIVE MARKET



Reported net sales growth of 16 per cent, of which 3 percent organic. Growth impacted by tough competition and low consumer confidence

Adjusted EBIT development stabilized, but was burdened by a lower gross margin. EBIT positively affected by 37 MSEK from property sale, corresponding to a margin impact of approximately 3.7 percentage points

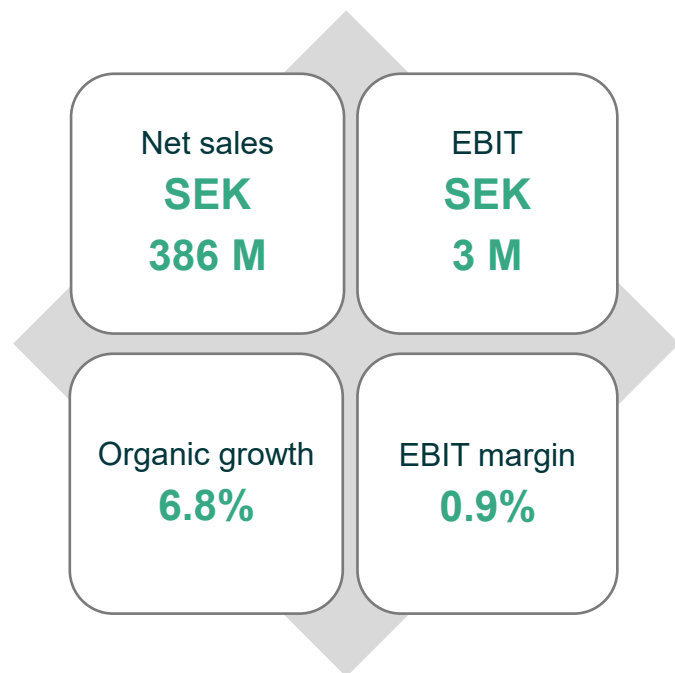
Intensified focus to increase profitability over time

SEK M	Q3 2023	Q3 2022	Change %	9M 2023	9M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	986	851	16	3 119	2 703	15	4 104	3 689	11
EBIT	91	58	56	246	224	10	287	265	8
Adjusted EBIT <sup>1)</sup>	53	58	-9	209	224	-7	249	265	-6
Key figures									
- Organic growth <sup>2)</sup> , %	3,4	0,2		3,3	-0,5		-	0,2	
- EBIT margin, %	8,8	6,8		7,8	8,3		6,9	7,2	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

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

# FINLAND – COST-HEAVY QUARTER TO ENABLE SYNERGY EXTRACTION



Reported net sales growth of 15 per cent, of which 7 per cent organic. Stable underlying market conditions

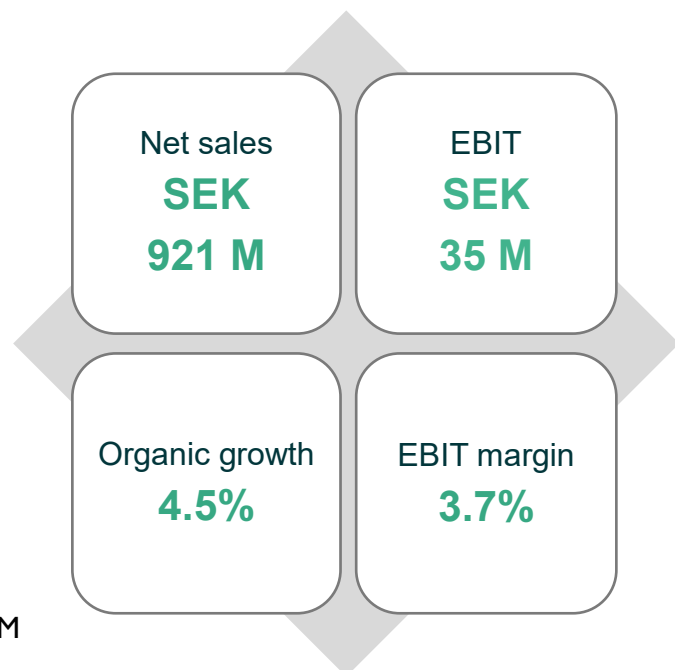
Cost level temporary high to enable future synergy extraction, mainly due to finalized warehouse merger in the quarter. EBIT and EBIT margin lower in the quarter

Integration process and synergy extraction in line with plan

SEK M	Q3 2023	Q3 2022	Change %	9M 2023	9M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	386	336	15	1 108	402	176	1 435	728	97
EBIT	3	21	-84	97	9	>500	110	22	406
Adjusted EBIT <sup>1)</sup>	3	21	-88	38	9	332	51	22	134
Key figures									
- Organic growth <sup>2)</sup> , %	6,8	34,3		9,3	27,6		-	25,1	
- EBIT margin, %	0,9	6,2		8,2	2,1		7,2	2,9	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability. <sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects. Organic growth in comparison periods and for the period January-June 2023 is only attributed to Mekonomen Finland.

# POLAND/THE BALTICS – MARKET AFFECTED BY WEAKER ECONOMY



Reported net sales growth of 17 per cent, of which 5 per cent organic. Export sales and Baltic operations driving sales growth

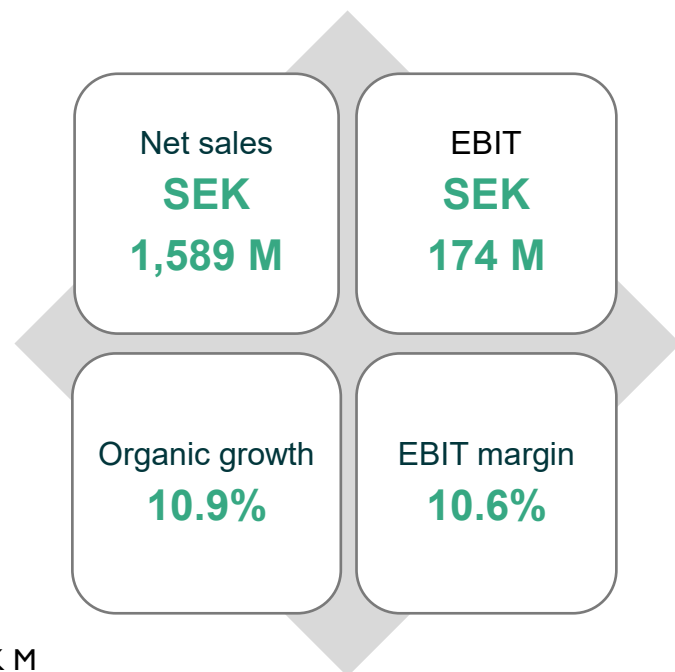
EBIT development affected by slower Polish market, high inflation and currency fluctuations. Strong comparative figures

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

SEK M	Q3 2023	Q3 2022	Change %	9M 2023	9M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	921	786	17	2 606	1 935	35	3 419	2 748	24
- Poland	744	627	19	2 079	1 775	17	2 724	2 421	13
- The Baltics	177	159	11	527	159	231	695	327	113
EBIT	35	52	-33	108	107	1	166	164	1
Adjusted EBIT <sup>1)</sup>	35	52	-33	108	107	1	166	164	1
Key figures									
- Organic growth <sup>2)</sup> , %	4,5	11,1		6,1	11,0		-	13,4	
- EBIT margin, %	3,7	6,4		4,0	5,3		4,7	5,8	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability. <sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects. Organic growth in comparison periods and for the period January-June 2023 is only attributed 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 adjusted EBIT margin increased, despite a slightly lower gross margin and currency headwind

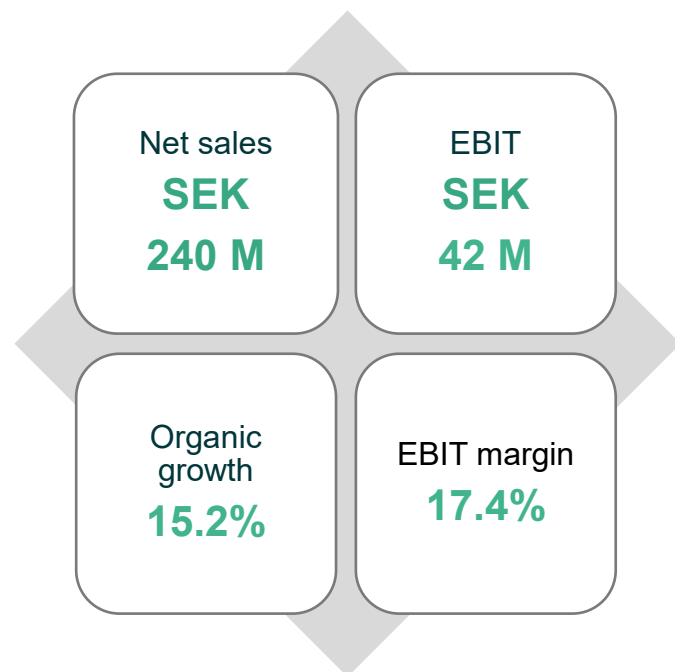
Positive effect from finalized first phase of actions to balance costs and optimize operations in Norway and improve profitability in Sweden. Continued focus on higher profitability

SEK M	Q3 2023	Q3 2022	Change %	9M 2023	9M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	1 589	1 467	8	4 852	4 461	9	6 411	6 020	7
- Norway	610	573	6	1 861	1 731	7	2 437	2 308	6
- Sweden	979	895	9	2 991	2 729	10	3 974	3 712	7
EBIT	174	130	34	374	333	12	425	383	11
Adjusted EBIT <sup>1)</sup>	169	130	30	369	333	11	441	405	9
Key figures									
- Organic growth <sup>2)</sup> , %	10,9	4,5		10,2	0,9		-	1,5	
- EBIT margin, %	10,6	8,6		7,5	7,3		6,4	6,2	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

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

# SØRENSEN OG BALCHEN – HIGHER B2B SALES DRIVING PERFORMANCE



Net sales growth was 11 per cent, of which 15 percent organic. Growth driven by strong sales to B2B segment, but negatively affected by a continued slow retail market

Stable EBIT margin development, but negatively affected by lower gross margin due to currency and higher share of B2B sales

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

SEK M	Q3 2023	Q3 2022	Change %	9M 2023	9M 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	240	216	11	698	668	5	907	877	3
EBIT	42	39	9	116	126	-8	150	160	-6
Adjusted EBIT <sup>1)</sup>	42	39	9	116	126	-8	150	160	-6
Key figures									
- Organic growth <sup>2)</sup> , %	15,2	-8,7		9,2	-11,3		-	-9,5	
- EBIT margin, %	17,4	17,9		16,4	18,7		16,2	18,0	

<sup>1)</sup> Adjusted EBIT excludes items affecting comparability.

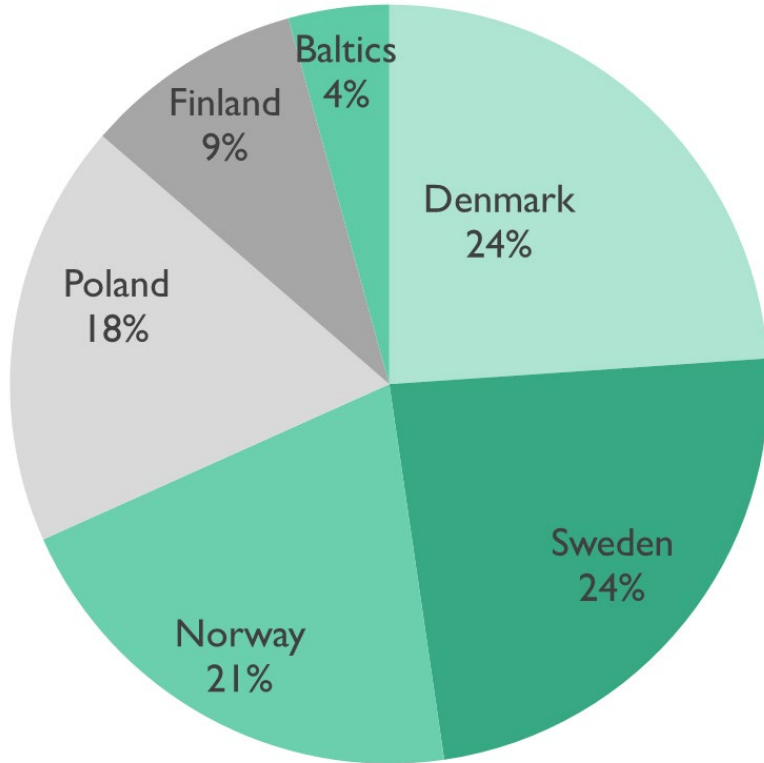
<sup>2)</sup> Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.



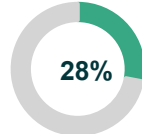
# MARKET & FOOTPRINT

# STRONG GROUP FOOTPRINT

## Net sales per geography, 2023Q3



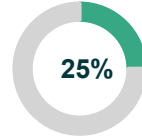
## Market shares per geography



### Denmark

Number of branches: **49** (23Q2: 50)

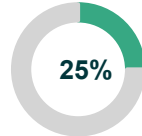
Number of affiliated workshops: **1,002** (23Q2: 1,010)



### Finland

Number of branches: **168** (23Q2: 167)

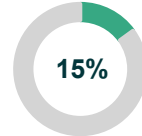
Number of affiliated workshops: **335** (23Q2: 332)



### Norway

Number of branches: **129** (23Q2: 128)

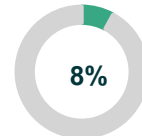
Number of affiliated workshops: **1,055** (23Q2: 1,051)



### Sweden

Number of branches: **189** (23Q2: 193)

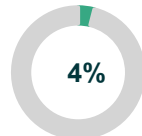
Number of affiliated workshops: **968** (23Q2: 982)



### The Baltics

Number of branches: **46** (23Q2: 46)

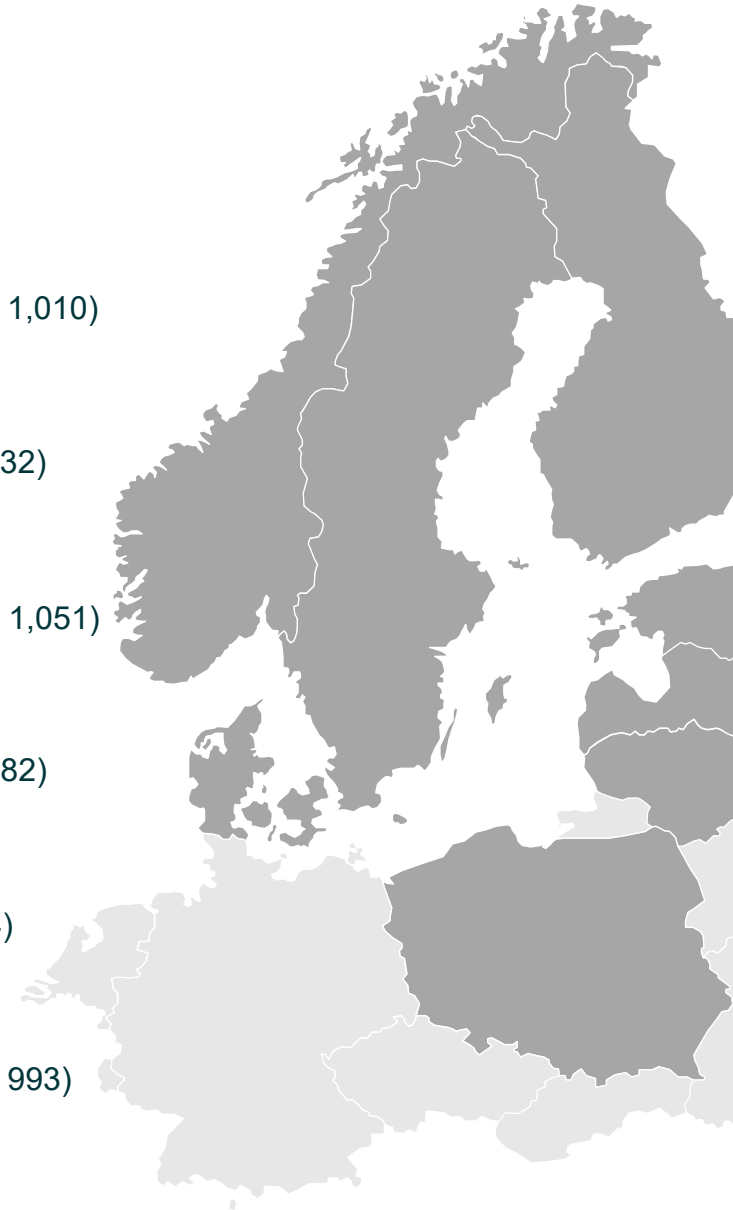
Number of affiliated workshops: **34** (23Q2: 34)



### Poland

Number of branches: **87** (23Q2: 87)

Number of affiliated workshops: **1,024** (23Q2: 993)



# NEW HIGH-TECH WAREHOUSE IN NORWAY INCREASES EFFICIENCY

- Consolidate logistics activities in Norway to one common facility
- Fully automated facility strategically placed in the Oslo region
- Will lower costs and significantly increase efficiency
- Improved service level, better availability and shorter delivery times
- Fully operational by the end of 2025





## SUMMARY: IMPROVEMENTS AND NEW PLAN TO INCREASE PROFITABILITY

Strong organic growth and performance in key markets

Improved EBIT and focus on increasing efficiency

Strong cash flow from operations

Solid financial position – leverage well within target range

New company-wide initiative to improve long-term profitability

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, dark evergreen trees. A white guardrail runs along the left side of the road. A small white car is visible in the distance on the right side of the road.

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

# APPENDIX

# EARNINGS TREND

SUMMARY OF THE GROUP'S EARNINGS TREND							
SEK M	Jul-Sep 2023	Jul-Sep 2022	Change, %	Jan-Sep 2023	Jan-Sep 2022	Change, %	12 months Oct-Sep 2022
Net sales	4 124	3 660	13	12 389	10 172	22	16 284
EBIT	300	235	28	804	610	32	952
Adjusted EBIT	292	281	4	788	746	6	987
Profit after financial items	225	179	25	563	485	16	658
Profit after tax	183	133	38	445	357	25	564
Earnings per share, SEK	3,11	2,23	39	7,57	6,07	25	9,62
EBIT margin, %	7,1	6,3		6,3	5,9		5,7
Adjusted EBIT margin, %	6,9	7,5		6,2	7,2		5,9

ADJUSTED EBIT							
SEK M	Jul-Sep 2023	Jul-Sep 2022	Change, %	Jan-Sep 2023	Jan-Sep 2022	Change, %	12 months Oct-Sep 2022
<b>EBIT</b>	<b>300</b>	<b>235</b>	<b>28</b>	<b>804</b>	<b>610</b>	<b>32</b>	<b>952</b>
Transaction costs, acquisition of Koivunen	-	-		-	-26		-
Transaction tax, acquisition of Koivunen	-	-22		-	-22		-
Sale of properties, Finland	1	-		67	-		67
Transaction costs, sale of properties, Finland	0	-		-7	-		-7
Sale of property, Denmark	37	-		37	-		37
Project costs, ERP	-10	-		-10	-		-10
Electricity subsidies, Sweden	5	-		5	-		5
Restructuring costs, Norway	-	-		-	-		-22
Items affecting comparability, total	33	-22		92	-48		70
"Other items", material acquisition-related items <sup>1)</sup>	-25	-24		-77	-88		-105
<b>Adjusted EBIT</b>	<b>292</b>	<b>281</b>	<b>4</b>	<b>788</b>	<b>746</b>	<b>6</b>	<b>987</b>

<sup>1)</sup> 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 ended).

# CASH FLOW

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	12 months Oct-Sep	Full-year 2022
<b>Operating activities</b>						
<i>Cash flow from operating activities before changes in working capital, excluding taxes paid</i>						
<i>taxes paid</i>	577	395	1 236	1 124	1 595	1 484
Taxes paid	-132	-25	-239	-246	-234	-240
<b>Cash flow from operating activities before changes in working capital</b>	<b>446</b>	<b>370</b>	<b>996</b>	<b>879</b>	<b>1 361</b>	<b>1 244</b>
Cash flow from changes in working capital:						
Changes in inventory	-66	32	-44	-191	-105	-251
Changes in receivables	-131	-147	-469	-370	-284	-186
Changes in liabilities	350	218	630	404	467	241
<i>Increase (-)/Decrease (+) working capital</i>	<i>154</i>	<i>103</i>	<i>117</i>	<i>-157</i>	<i>78</i>	<i>-196</i>
<b>Cash-flow from operating activities</b>	<b>599</b>	<b>473</b>	<b>1 113</b>	<b>722</b>	<b>1 439</b>	<b>1 048</b>
<b>Cash flow from investing activities</b>	<b>-26</b>	<b>-1 344</b>	<b>255</b>	<b>-1 469</b>	<b>190</b>	<b>-1 533</b>
<b>Cash flow from financing activities</b>	<b>-782</b>	<b>1 011</b>	<b>-1 201</b>	<b>460</b>	<b>-1 375</b>	<b>286</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-208</b>	<b>140</b>	<b>166</b>	<b>-287</b>	<b>254</b>	<b>-199</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>1 175</b>	<b>486</b>	<b>741</b>	<b>892</b>	<b>639</b>	<b>892</b>
Exchange-rate differences in cash and cash equivalents	-20	13	40	35	54	49
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>947</b>	<b>639</b>	<b>947</b>	<b>639</b>	<b>947</b>	<b>741</b>

# BALANCE SHEET

CONDENSED CONSOLIDATED BALANCE SHEET	September 30	September 30	December 31
SEK M	2023	2022	2022
<b>ASSETS<sup>1)</sup></b>			
Intangible assets	5 958	5 868	5 933
Tangible fixed assets	757	1 057	1 076
Right-of-use assets	1 931	1 532	1 526
Financial assets	162	143	136
Deferred tax assets	28	15	19
Goods for resale	4 266	4 017	4 147
Current receivables	2 678	2 389	2 195
Cash and cash equivalents	947	639	741
<b>TOTAL ASSETS</b>	<b>16 728</b>	<b>15 660</b>	<b>15 773</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES<sup>1)</sup></b>			
Shareholders' equity	6 376	5 698	5 926
Long-term liabilities, interest-bearing	3 835	4 354	4 372
Long-term lease liabilities	1 452	1 026	1 020
Deferred tax liabilities	449	532	501
Long-term liabilities, non-interest-bearing	22	19	20
Current liabilities, interest-bearing	21	0	-
Current lease liabilities	544	506	520
Current liabilities, non-interest-bearing	4 028	3 523	3 416
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>16 728</b>	<b>15 660</b>	<b>15 773</b>

<sup>1)</sup> The carrying amounts of financial assets and liabilities are measured at either fair value or an estimation of fair value.

# INCOME STATEMENT

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	12 months Oct-Sep	Full-year 2022
Net sales	4 124	3 660	12 389	10 172	16 284	14 067
Other operating revenue	132	84	372	212	484	324
<b>Total revenue</b>	<b>4 255</b>	<b>3 744</b>	<b>12 761</b>	<b>10 384</b>	<b>16 768</b>	<b>14 391</b>
Goods for resale	-2 330	-2 010	-6 963	-5 515	-9 193	-7 745
Other external costs	-538	-522	-1 676	-1 419	-2 228	-1 972
Personnel expenses	-849	-750	-2 622	-2 204	-3 461	-3 043
<b>Operating profit before depreciation/ amortization and impairment of tangible and intangible assets and right-of-use assets (EBITDA)</b>	<b>538</b>	<b>462</b>	<b>1 500</b>	<b>1 245</b>	<b>1 886</b>	<b>1 631</b>
Depreciation and impairment of tangible fixed assets and right-of-use assets	-191	-182	-554	-482	-747	-675
<b>Operating profit before amortization and impairment of intangible assets (EBITA)</b>	<b>347</b>	<b>280</b>	<b>946</b>	<b>763</b>	<b>1 139</b>	<b>956</b>
Amortization and impairment of intangible assets	-46	-45	-142	-152	-187	-197
<b>EBIT</b>	<b>300</b>	<b>235</b>	<b>804</b>	<b>610</b>	<b>952</b>	<b>759</b>
Interest income	11	4	21	10	28	17
Interest expenses	-80	-42	-219	-97	-274	-152
Other financial items	-7	-18	-42	-37	-48	-43
<b>Profit after financial items</b>	<b>225</b>	<b>179</b>	<b>563</b>	<b>485</b>	<b>658</b>	<b>581</b>
Tax	-41	-46	-118	-129	-94	-104
<b>PROFIT FOR THE PERIOD</b>	<b>183</b>	<b>133</b>	<b>445</b>	<b>357</b>	<b>564</b>	<b>477</b>
<b>Profit for the period attributable to:</b>						
Parent Company's shareholders	174	125	423	340	537	454
Non-controlling interests	9	9	21	17	27	23
<b>PROFIT FOR THE PERIOD</b>	<b>183</b>	<b>133</b>	<b>445</b>	<b>357</b>	<b>564</b>	<b>477</b>
Earnings per share before and after dilution, SEK	3,11	2,23	7,57	6,07	9,62	8,12

# LARGEST OWNERS 2023-09-30

Voting rights and share capitals, %	
LKQ Corporation	26,6
Swedbank Robur Funds	10,6
Fourth Swedish National Pension Fund	8,7
Didner & Gerge Funds	4,5
Eva Fraim Pålman	3,1
AFA Insurance	3,1
Nordea Funds	2,8
Dimensional Fund Advisors	2,6
Vanguard	2,6
Ing-Marie Fraim	1,8
<b>Total 10 largest shareholders</b>	<b>66,4</b>
Others	33,6
<b>Total</b>	<b>100,0</b>



## 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.