

## Interim report January – September 2006

- Total revenues for the third quarter rose by 4.3 per cent to SEK 607.5 M (582.2) compared with the corresponding period in the preceding year. Total revenues for the period rose by 5.7 per cent to SEK 1,820.3 M (1,722.3).
- Gross margin for the operation increased in the third quarter to SEK 48.8 M (46.4) and for the period to 46.9 per cent (45.7).
- In the third quarter, EBIT increased by 50.5 per cent compared with the year earlier period to SEK 70.6 M (46.9). EBIT for the period totalled SEK 146.0 M (128.7). EBIT margin for the third quarter increased to 11.6 per cent (8.1) and for the period to 8.0 (7.5) per cent.
- Non-operating costs totalling SEK 10.7 M (11.0) were charged against the third quarter. Adjusted for these costs, the EBIT margin was 13.4 per cent (9.9). The corresponding item for the period was SEK 41.2 M (11.8), which provided an adjusted margin of 10.3 per cent (8.2).
- Profit after tax in the third quarter amounted to SEK 46.1 M (27.4) and SEK 93.9 M (84.5) for the period.
- Earnings per share amounted to SEK 1.34 (0.76) in the third quarter and SEK 2.75 (2.47) for the period.
- Håkan Lundstedt has been appointed as the new President of Mekonomen AB and he will assume the position on 1 February 2007.

Summary of Group's earnings trend						
	July - September		Change%	January - September		Change%
	2006	2005		2006	2005	
Total revenues, SEK M	607.5	582.2	+ 4.3	1,820.3	1,722.3	+ 5.7
EBIT, SEK M	70.6	46.9	+ 50.5	146.0	128.7	+ 13.4
Profit after financial items, SEK M	64.5	42.6	+ 51.4	132.2	121.4	+ 8.9
Net profit for the period, SEK M	46.1	27.4	+ 68.2	93.9	84.5	+ 11.1
Operating margin, %	11.6	8.1	-	8.0	7.5	-
Profit per share, SEK *)	1.34	0.76	-	2.75	2.47	-

\*) Historical data have been re-calculated to facilitate comparability following a 2 for 1 split on 7 June 2005

## Total sales

Total sales during the third quarter increased by 4.3 per cent to SEK 607.5 M and for the period by 5.7 per cent to SEK 1,820.3 M. During the period, the Swedish operation accounted for 50 per cent (50) of total sales, the Norwegian operation for 22 per cent (21) and the Danish operation for 28 per cent (29).

## EBIT

EBIT rose in the third quarter to SEK 70.6 M (46.9). EBIT margin improved to 11.6 per cent (8.1) boosted by a healthier gross margin. EBIT was charged with non-operating costs of SEK 10.7 M (11.0). The adjusted EBIT margin amounted to 13.4 per cent (9.9). EBIT for the period totalled SEK 146.0 M (128.7), which includes non-operating costs in the amount of SEK 41.2 M (11.8). EBIT margin for the period totalled SEK 8.0 per cent (7.5). The adjusted margin was 10.3 per cent (8.2).

## Profit after financial items

Profit after financial items in the third quarter amounted to SEK 64.5 M (42.6) and for the period to SEK 132.2 M (121.4). Net financial income for the quarter amounted to an expense of SEK 6.1 M (expense: 4.3) and accumulated to an expense of SEK 13.8 M (expense: 7.3).

In the third quarter, net interest expenses amounted to SEK 2.5 M (2.0) and other financial items, mainly comprising currency effects, amounted to an expense of SEK 3.6 M (expense: 2.3). Net interest expenses for the period amounted to SEK 7.5 M (6.8) and other financial items amounted to an expense of SEK 6.3 M (expense: 0.5).

An expense of SEK 4.2 M (expense: 3.7), which is a currency effect, is included in profit after financial items in the third quarter. For the period, these expenses amounted to SEK 7.6 M (income: 8.6).

## Performance by geographical market

Earnings trend, Sweden						
	July - September		Change %	January – September		Change%
	2006	2005		2006	2005	
Net sales (external), SEK M	311.2	290.3	+ 7.2	895.7	845.0	+ 6.0
Operating profit, SEK M	64.6	58.7	+ 10.1	164.0	153,5	+ 6.8
EBIT, SEK M	56.7	50.2	+ 12.9	140.2	128,0	+ 9.5
Operating margin, %	20.8	20.2	-	18.3	18.2	-
Number of stores/of which wholly owned	-	-	-	117/89	115/88	-

In the third quarter, net sales (external) increased by 7.2 per cent to SEK 311.2 M (290.3). In the Swedish stores, sales for the third quarter rose by slightly less than 7 per cent compared with the year-earlier period.

Operating profit for the third quarter amounted to SEK 64.6 M (58.7) and the operating margin was 20.8 per cent (20.2).

<b>Earnings trend, Norway</b>						
	<b>July - September</b>		<b>Change %</b>	<b>January – September</b>		<b>Change %</b>
	<b>2006</b>	<b>2005</b>		<b>2006</b>	<b>2005</b>	
Net sales (external), SEK M	133.5	130.9	+ 2.0	404.4	361.2	+12.0
Operating profit, SEK M	21.5	20.6	+ 4.4	55.1	42.3	+ 30.3
EBIT, SEK M	20.1	18.9	+ 6.3	50.9	37.5	+ 35.7
Operating margin, %	16.1	15.7	-	13.6	11.7	-
Number of stores/of which wholly owned	-	-	-	39/21	39/21	-

Net sales (external) in the third quarter increased by 2.0 per cent to SEK 133.5 M (130.9). Adjusted for exchange-rate fluctuations, the increase was 5.3 per cent.

During the third quarter, operating profit increased to SEK 21.5 M (20.6) and the operating margin amounted to 16.1 per cent (15.7).

<b>Earnings trend, Denmark</b>						
	<b>July - September</b>		<b>Change %</b>	<b>January – September</b>		<b>Change %</b>
	<b>2006</b>	<b>2005</b>		<b>2006</b>	<b>2005</b>	
Net sales (external), SEK M	158.3	156.8	+ 1.0	501.2	492.1	+ 1.8
Operating profit/loss, SEK M	7.5	-2.9	-	5.9	1.8	-
EBIT, SEK M	1.1	-15.6	-	-15.5	- 15.2	-
Operating margin, %	4.7	-1.8	-	1.2	0.4	-
Number of stores/of which wholly owned	-	-	-	38/38	39/39	-

Net sales (external) in Denmark for the third quarter increased by 1 per cent and was SEK 158.3 M (156.8). The operating profit for the quarter amounted to SEK 7.5 M (loss: 2.9) and the margin was 4.7 per cent (neg: 1.8).

### **Acquisition, start-ups and closures**

No acquisitions, start-ups or closures of stores were conducted during the third quarter.

The total number of stores in the chain at the end of the period was 194 (193). The number of wholly owned stores was 148 (148).

### **Investments**

During the third quarter, net investments in fixed assets amounted to SEK 4.9 M (7.1). For the period, these investments was SEK 22.0 M (42.5). During the period, company acquisitions totalled SEK 9.2 M (14.5). Acquisitions made during the period consisted entirely of minority shares. No acquisitions were made during the third quarter.

### **Financial position**

Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 41.3 M, compared with SEK 38.1 M at 31 December 2005. The equity/assets ratio was 56.9 per cent compared with 58.3 per cent at year-end 2005. Interest-bearing liabilities amounted to SEK 275.7 M (340.6) and net debt amounted to SEK 234.4 M (279.5).

### **Cash-flow statement**

During the third quarter, cash flow was negative at SEK 8.2 M (pos. 6.3). During the first nine months of the year, cash flow was positive at SEK 9.6 M (neg: 29.7).

### **Parent Company**

The Parent Company's operation comprises group management, group-wide functions and finance management. Profit after net financial items for the Parent Company amounted to SEK 5.5 M (14.8) for the quarter and SEK 21.9 M (36.6) for the period, excluding share dividends from subsidiaries. The average number of employees was 24 (24).

### **Events after the end of the period**

On 6 November, Håkan Lundstedt was appointed as the new President of Mekonomen AB and he will assume the position on 1 February 2007. Håkan Lundstedt, who is 40 years old, will join the company from the position of President of Lantmännen Axa AB, formerly Cerealia Foods & Breads. Since 1997, he has been president of various companies within the Lantmännen/Cerealia Group.

### **Accounting principles**

Effective 1 January 2005, Mekonomen applies the International Financial Reporting Standards (IFRS) adopted by the EU. This interim report was prepared pursuant to the Annual Accounts Act, IAS 34 Interim Financial Reporting and RR 31 Interim Reporting for Groups. The accounting principles applied are unchanged compared with 2005.

### **Forthcoming financial reporting dates**

<b>Information</b>	<b>Period</b>	<b>Date</b>
Net sales	October 2006	24 November 2006
Net sales	November 2006	19 December 2006
Net sales	December 2006	30 January 2007
Year-end Report for 2006	January – December 2006	15 February 2006
Annual General Meeting	January – December 2006	9 May 2007

### **Stockholm, 10 November 2006**

President  
Roger Gehrman

Mekonomen AB (publ)

## Review Report

We have conducted a review of the accompanying interim report for Mekonomen AB (publ) for the period 1 January to 30 September 2006. The Board of Directors and the President are responsible for ensuring that all of the financial information contained in this interim report is prepared and presented in a true and fair manner in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on the financial information contained in the interim report based on our review.

We have conducted our review in accordance with the Standard on Review Engagements SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by FAR. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different direction and is substantially more limited in scope than an audit conducted in accordance with Swedish GAAP and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information has not, in all material respects, been prepared in accordance with IAS 34.

Stockholm, 10 November 2006

Deloitte AB

Lars Svantemark  
Authorized Public Accountant

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Mekonomen is a car spare parts chain with its own wholesale operation and a nationwide retail network of wholly owned and co-operating stores in Sweden, Norway and Denmark. Group revenues mainly consist of sales to service centres and motorists via wholly owned stores, and wholesale operations aimed at co-operating stores. [www.mekonomen.se](http://www.mekonomen.se)

## Mekonomen AB (publ)

Segment reporting, Accumulated 30 September 2006	Sweden		Norway		Denmark		Eliminations & Corporate items		GROUP	
(Amounts in SEK M)	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
REVENUES										
External net sales*	895.7	845.0	404.4	361.2	501.2	492.1	8.3	8.2	1,809.6	1,706.5
Other revenue									10.7	15.8
<b>Total revenues</b>									<b>1,820.3</b>	<b>1,722.3</b>
EARNINGS										
Operating profit/loss	164.0	153.5	55.1	42.3	5.9	1.8	- 37.8	- 57.1	187.2	140.5
Non-operating items**	- 23.8	- 25.5	- 4.2	- 4.8	- 21.4	- 17.0	8.2	35.5	- 41.2	- 11.8
<b>EBIT</b>	<b>140.2</b>	<b>128.0</b>	<b>50.9</b>	<b>37.5</b>	<b>- 15.5</b>	<b>- 15.2</b>	<b>- 29.6</b>	<b>- 21.6</b>	<b>146.0</b>	<b>128.7</b>
Investments	7.7	30.4	2.5	4.8	3.6	5.3	8.2	2.0	<b>22.0</b>	<b>42.5</b>
Margin operating profit***	18.3 %	18.2%	13.6 %	11.7%	1.2 %	0.4 %				

\* The internal net sales refer to sales of products from a wholesale warehouse in Sweden to the Norwegian and Danish segments.  
The amount is SEK 405.3 M (266.2).

\*\* Non-operating items refer to corporate expenses, and any impairment losses.

Non-recurring personnel-related expenses and capital losses in conjunction with the sale of property are included in 2006.

\*\*\* Calculated using Net sales (external) in the segment

Quarterly data	2006			2005				2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	KQ4
Total sales, SEK M	607.5	663.0	549.8	611.1	582.2	633.6	506.5	539.2
EBIT, SEK M	70.6	37.3	38.0	40.8	46.9	59.1	22.7	- 0.5
Profit after financial items, SEK M	64.5	31.9	35.8	40.8	42.6	57.8	21.0	0.0
Net profit/loss, SEK M	46.1	23.2	24.6	33.2	27.4	41.8	15.3	-10.4
EBIT margin, %	11.6	5.6	6.9	6.5	8.1	9.3	4.5	0.0
Earnings per share, SEK	1.34	0.64	0.77	1.14	0.76	1.25	0.46	- 0.28

## Mekonomen AB (publ)

Consolidated income statement (SEK M), condensed	July – September		Change %	Jan – September		Change %
	2006	2005		2006	2005	
Sales	605.4	580.1	+ 4.4	1 809.6	1,706.5	+ 6.0
Other operating revenues	2.1	2.1	-	10.7	15.8	- 32.3
<b>Total revenues</b>	<b>607.5</b>	<b>582.2</b>	<b>+ 4.3</b>	<b>1 820.3</b>	<b>1,722.3</b>	<b>+ 5.7</b>
<b>Operating expenses</b>						
Goods for resale	- 310.0	- 311.2	- 0.4	- 961.2	- 926.3	+ 3.8
Other external costs	- 88.1	- 78.3	+ 12.5	- 265.6	- 244.3	+ 8.7
Personnel costs	- 120.0	- 120.5	- 0.4	- 400.2	- 372.0	+ 7.6
Depreciation of tangible assets	- 12.8	- 13.5	- 5.2	- 38.3	- 39.2	- 2.2
Impairment of intangible assets and property	- 6.0	- 11.8	-	- 9.0	- 11.8	-
<b>EBIT</b>	<b>70.6</b>	<b>46.9</b>	<b>+ 50.5</b>	<b>146.0</b>	<b>128.7</b>	<b>+ 13.4</b>
Net financial income	- 6.1	- 4.3	-	- 13.8	- 7.3	-
<b>Profit after financial items</b>	<b>64.5</b>	<b>42.6</b>	<b>+51.4</b>	<b>132.2</b>	<b>121.4</b>	<b>+8.9</b>
Tax	- 18.4	- 15.2	-	- 38.3	- 36.9	-
<b>Net profit</b>	<b>46.1</b>	<b>27.4</b>	<b>68.2</b>	<b>93.9</b>	<b>84.5</b>	<b>+11.1</b>
<b>Net profit specified as</b>						
The Parent Company's shareholders	41.2	23.4	-	84.7	76.2	-
Minority owners	4.9	4.0	-	9.2	8.3	-

Data per share *)	July – September		January – September	
	2006	2005	2006	2005
Number of shares, closing balance	30,868,822	30,868,822	30,868,822	30,868,822
Average number of shares in the period	30,868,822	30,868,822	30,868,822	30,868,822
Earnings per share, SEK	1.34	0.76	2.75	2.47
Shareholders' equity per share, SEK	-	-	28.9	28.4

\*) Historical data have been re-calculated to facilitate comparability following a 2 for 1 split on 7 June 2005.

Condensed cash-flow statement (SEK M)	July – September		January—September	
	2006	2005	2006	2005
Cash flow from operating activities before changes in working capital	74.7	46.2	127.1	101.8
Cash flow from changes in working capital	- 66.1	- 41.8	9.7	- 86.5
Cash flow from investing activities	- 9.8	0.3	- 4.0	- 56.0
Cash flow from financing activities	- 7.0	1.4	- 123.2	10.9
<b>Cash flow during the period</b>	<b>- 8.2</b>	<b>6.3</b>	<b>9.6</b>	<b>- 29.7</b>

<b>Consolidated balance sheet (SEK M), condensed</b>	<b>30 Sept 2006</b>	<b>30 Sept 2005</b>	<b>31 Dec 2005</b>	<b>31 Dec 2004</b>
<b>Assets</b>				
Intangible assets	169.6	172.0	172.7	160.1
Tangible fixed assets	465.2	494.5	475.2	545.8
Financial fixed assets	15.4	28.4	14.7	15.1
Inventories	552.3	548.5	533.5	472.9
Properties for sale	29.8	58.2	75.6	-
Current receivables	337.0	301.0	289.9	242.4
Cash and cash equivalents and short-term investments	41.3	61.1	38.1	91.0
<b>Total assets</b>	<b>1,610.6</b>	<b>1,663.7</b>	<b>1,599.7</b>	<b>1,527.3</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity	915.7	900.4	933.3	853.8
Long-term liabilities	106.4	210.2	148.4	220.7
Current liabilities	588.5	553.1	518.0	452.8
<b>Total shareholders' equity and liabilities</b>	<b>1,610.6</b>	<b>1,663.7</b>	<b>1 599.7</b>	<b>1,527.3</b>
<b>Pledged assets and contingent liabilities</b>	<b>740.7</b>	<b>695.6</b>	<b>626.8</b>	<b>666.3</b>

<b>Change in shareholders' equity (SEK M), condensed</b>	<b>January—September</b>	
	<b>2006</b>	<b>2005</b>
Shareholders' equity at the beginning of the period	933.3	853.9
Share dividend	-105.5	-41.4
Translation differences	-2.5	3.3
Acquired minority shares, net	-3.5	0.1
Net profit	93.9	84.5
<b>Shareholders' equity at the end of the period</b>	<b>915.7</b>	<b>900.4</b>



Employees					
	Average number		Number at the end of the period		Proportion of women, %
	2006	2005	2006	2005	2006
Sweden	685	650	683	680	14.4
Norway	182	168	190	177	13.3
Denmark	389	405	387	400	13.3
<b>Total</b>	<b>1,257</b>	<b>1,223</b>	<b>1,260</b>	<b>1,257</b>	<b>13.8</b>

Key ratios	July—September		January—September	
	2006	2005	2006	2005
Return on equity, %			13.6	7.9
Return on capital employed, %			15.3	12.3
Equity/assets ratio, %	-	-	56.9	54.1
Gross margin, %	48.8	46.4	46.9	45.7
EBIT margin, %	11.6	8.1	8.0	7.5
Number of stores in Sweden/of which wholly owned	-	-	117/89	115/88
Number of stores in Norway/of which wholly owned	-	-	39/21	39/21
Number of stores in Denmark/of which wholly owned	-	-	38/38	39/39
Average number of employees during the period	1,259	1,254	1,257	1,223

### Definitions of key ratios

**Return on equity.** Net profit for the period, excluding minority shares, as a percentage of average shareholders' equity, excluding minority interests.

**Capital employed.** Total assets less non-interest-bearing liabilities and provisions including deferred tax.

**Return on capital employed.** Profit after net financial items plus interest expenses as a percentage of average capital employed.

**Equity/assets ratio.** Shareholders' equity including minority shares as a percentage of total assets.

**Gross margin.** Gross profit, i.e. net sales less costs of goods for resale as a percentage of sales. (New definition from 2006).

**EBIT margin.** EBIT after depreciation and amortisation as a percentage of sales.

**Operating margin.** EBIT adjusted for non-operating expenses as a percentage of net sales (external). This term is used in segment reporting. (New definition from 2006).

**Shareholders' equity per share.** Shareholders' equity excluding minority shares in relation to the number of shares at the end of the period.

**Earnings per share.** Net profit for the period, excluding minority shares, in relation to the average number of shares.