

## Year-end Report for January–December 2006

- Total revenues for the fourth quarter rose by 3.0 per cent to SEK 629.6 M (611.1) compared with the corresponding period in the preceding year. Total revenues for the year rose by 5.0 per cent to SEK 2,449.8 M (2,333.4).
- In the fourth quarter, EBIT increased by 81.6 per cent compared with the year-earlier period to SEK 74.1 M (40.8). EBIT for the period totalled SEK 220.1 M (169.5). EBIT margin for the fourth quarter increased to 11.8 per cent (6.7) and for the year to 9.0 per cent (7.3).
- No non-operating costs were charged to the fourth quarter. Non-operating costs totalling SEK 41.2 M (11.9) were charged to the year. Adjusted for these costs, the EBIT margin was 10.7 per cent (7.8).
- Profit after tax in the fourth quarter amounted to SEK 46.3 M (33.2) and SEK 140.2 M (117.6) for the year.
- Earnings per share amounted to SEK 1.53 (1.14) in the fourth quarter and SEK 4.28 (3.61) for the period.
- The Board of Directors proposes a share dividend of SEK 3.00 (1.15) based on the year's earnings, plus a bonus dividend of SEK 7.00 (2.10) per share.

Summary of Group's earnings trend						
	Oct.–Dec.		Change %	Jan.–Dec.		Change %
	2006	2005		2006	2005	
Total revenues, SEK M	629.6	611.1	+ 3.0	2 449.8	2 333.4	+ 5.0
EBIT, SEK M	74.1	40.8	+ 81.6	220.1	169.5	+ 29.9
Profit after financial items, SEK M	66.1	40.8	+ 62.0	198.3	162.1	+ 22.3
Net profit for the period, SEK M	46.3	33.2	+ 39.5	140.2	117.6	+ 19.2
Operating margin, %	11.8	6.7	-	9.0	7.3	-
Earnings per share, SEK *)	1.53	1.14	-	4.28	3.61	-

\*) 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 fourth quarter increased by 3.0 per cent to SEK 629.6 M and for the period by 5.0 per cent to SEK 2,449.8 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 fourth quarter to SEK 74.1 M (40.8). EBIT margin improved to 11.8 per cent (6.7).

EBIT for the year totalled SEK 220.1 M (169.5), which includes non-operating costs in the amount of SEK 41.2 M (11.9). EBIT margin for the year totalled 9.0 per cent (7.3). Adjusted for non-operating costs, the margin for the year totalled 10.7 per cent (7.8).

### Profit after financial items

Profit after financial items in the fourth quarter amounted to SEK 66.1 M (40.8) and for the year to SEK 198.3 M (162.1). Net financial income for the quarter amounted to an expense of SEK 8.0 M (0.0) and accumulated to an expense of SEK 21.8 M (expense: 7.4).

In the fourth quarter, net interest expense amounted to SEK 1.8 M (expense: 1.6) and other financial items, mainly comprising currency effects, amounted to an expense of SEK 6.2 M (1.6). Net interest expense for the year amounted to SEK 9.2 M (expense: 8.4) and other financial items amounted to an expense of SEK 12.6 M (1.0).

An expense of SEK 3.2 M (1.2), which is the total currency effect, is included in profit after financial items in the fourth quarter. For the year, these expenses amounted to SEK 10.8 M (9.7).

### Performance by geographical market

Earnings trend, Sweden						
	Oct.–Dec.		Change %	Jan.–Dec.		Change %
	2006	2005		2006	2005	
Net sales (external), SEK M	321.8	304.4	+5.7	1 217.5	1 149.3	+ 5.9
Operating profit, SEK M	65.6	50.1	+ 30.9	229.5	203.6	+ 12.7
EBIT, SEK M	57.7	42.2	+ 36.7	197.8	170.2	+ 16.2
<i>Operating margin, %</i>	<i>20.4</i>	<i>16.5</i>	-	<i>18.9</i>	<i>17.7</i>	-
Number of stores/of which wholly owned	-	-	-	115/88	115/88	-

In the fourth quarter, net sales (external) increased by 5.7 per cent to SEK 321.8 M (304.4).

Operating profit for the fourth quarter amounted to SEK 65.6 M (50.1) and the operating margin was 20.4 per cent (16.5).

<b>Earnings trend, Norway</b>						
	<b>Oct.–Dec.</b>		<b>Change %</b>	<b>Jan.–Dec.</b>		<b>Change %</b>
	<b>2006</b>	<b>2005</b>		<b>2006</b>	<b>2005</b>	
Net sales (external), SEK M	132.8	129.5	+ 2.5	537.1	490.7	+ 9.5
Operating profit, SEK M	8.2	12.9	- 36.4	63.3	55.2	+ 14.7
EBIT, SEK M	6.8	11.1	- 38.7	57.7	48.7	+ 18.5
<i>Operating margin, %</i>	<i>6.2</i>	<i>10.0</i>	-	<i>11.8</i>	<i>11.2</i>	-
Number of stores/of which wholly owned	-	-	-	40/21	39/21	-

Net sales (external) in the fourth quarter increased by 2.5 per cent to SEK 132.8 M (129.5). Adjusted for the currency effect, the increase was 11.1 per cent for the fourth quarter. Net sales (external) for the year rose by 9.5 percent to SEK 537.1 M (490.7) and, adjusted for the currency effect, by 10.7 per cent.

During the fourth quarter, operating profit was SEK 8.2 M (12.9) and the operating margin amounted to 6.2 per cent (10.0).

<b>Earnings trend, Denmark</b>						
	<b>Oct.–Dec.</b>		<b>Change %</b>	<b>Jan.–Dec.</b>		<b>Change %</b>
	<b>2006</b>	<b>2005</b>		<b>2006</b>	<b>2005</b>	
Net sales (external), SEK M	161.7	168.2	- 3.9	662.9	660.3	+ 0.4
Operating profit, SEK M	10.9	-9.8	-	16.7	-8.0	-
EBIT, SEK M	9.2	-11.1	-	-6.2	-26.3	-
<i>Operating margin, %</i>	<i>6.7</i>	<i>-5.8</i>	-	<i>2.5</i>	<i>-1.2</i>	-
Number of stores/of which wholly owned	-	-	-	38/38	39/39	-

Net sales (external) in Denmark for the fourth quarter declined by 3.9 per cent and amounted to SEK 161.7 M (168.2). Adjusted for the currency effect, net sales for the fourth quarter increased by 0.1 per cent. Net sales for the year rose by 0.4 per cent to SEK 662.9 M (660.3) and adjusted for exchange-rate fluctuations by 1.1 per cent.

During the fourth quarter, operating profit increased to SEK 10.9 M (loss: 9.8) and the operating margin to 6.7 per cent (neg: 5.8).

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

During the fourth quarter, one cooperating store was added in Norway and another was closed in Sweden. During the period, two cooperating stores and one jointly owned store were added to the chain, while one jointly owned store and one cooperating store were closed.

The total number of stores in the chain at the end of the year was 193 (193). The number of wholly owned stores was 147 (148).

### **Investments**

During the fourth quarter, net investments in fixed assets amounted to SEK 15.3 M (6.8). For the period, these investments totalled SEK 37.3 M (49.3). During the period, company acquisitions totalled SEK 11.7 M (14.5). Acquisitions made during the period consisted entirely of minority shares. During the fourth quarter, minority shares were acquired in four Swedish companies, for a total cost of SEK 2.5 M.

### **Financial position**

Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 95.3 M, compared with SEK 38.1 M at 31 December 2005. The equity/assets ratio was 58.0 per cent compared with 58.3 per cent at year-end 2005. Interest-bearing liabilities amounted to SEK 258.9 M (273.8) and net debt amounted to SEK 163.7 M (235.7).

### **Cash-flow statement**

During the fourth quarter, cash flow was SEK 49.0 M (neg: 22.9). For the period, cash flow was positive at SEK 58.6 M (neg: 52.6).

### **Human resources**

The number of employees at year-end amounted to 1,255 (1,263) and the average number of employees during the year was 1,256 (1,244).

### **Parent Company**

The Parent Company's operation comprises Group management, Group-wide functions and finance management. Earnings after net financial items for the Parent Company amounted to a loss of SEK 54.2 M (profit: 12.1) for the quarter and a loss of SEK 32.3 M (profit: 48.7) for the year, excluding share dividends from subsidiaries. The average number of employees was 24 (24).

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

On 15 January 2007, the Board of Directors of Mekonomen decided to issue a call for bids on the Group's property holdings. The holdings consist of 90,000 square metres distributed among 50 retail properties and other commercial properties in Sweden and Denmark, with a carrying value, excluding consolidated goodwill on consolidation, of approximately SEK 300 M. The divestment is expected to be completed during the first half of 2007. Catella Corporate Finance is acting as advisor to Mekonomen.

Klavs Thulstrup Pedersen has been appointed President of Mekonomen i Danmark A/S. Klavs has had a long career with Nissens A/S, serving most recently as General Manager of the Automotive Division. Klavs will assume his new duties not later than 1 April 2007.

On 1 February, Håkan Lundstedt commenced his employment at Mekonomen AB. Håkan will officially assume his duties as President on 15 February.

Mekonomen Norway has decided to open four new retail outlets in 2007.

### **Annual General Meeting**

The Annual General Meeting will be held on 9 May 2007 at 5:00 p.m. in the Salénhuset building at Norrlandsgatan 15, Stockholm

The Annual Report will be distributed to shareholders who have indicated that they want to receive printed financial information during the week of 16 April. The Annual Report will be simultaneously available on the Mekonomen website ([www.mekonomen.se](http://www.mekonomen.se)) and at the company's Head Office.

### **Share dividend**

The Board of Directors proposes a dividend of SEK 3.00 (1.15) based on the year's earnings, plus a bonus dividend of SEK 7.00 (2.10) per share.

### **Accounting principles**

Effective 1 January 2005, Mekonomen applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared pursuant to the Annual Accounts Act, IAS 32 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>
AGM	January–December 2006	9 May 2007
Interim report	January–March 2007	10 May 2007
Interim report	January–June 2007	16 Aug. 2007
Interim report	January–September 2007	14 Nov. 2007
2006 Year-end Report	January–December 2007	15 Feb. 2008

A teleconference in Swedish will be held on 15 February at 11:00 a.m. with the company President Roger Gehrman and President-Designate Håkan Lundstedt. Eligible participants include journalists and capital-market professionals.

Call +46 (0)8-610 75 40, code 55 44 90, well in advance of the conference.

Stockholm, 15 February 2007

President

Roger Gehrman

Mekonomen AB (publ)

This report has not been audited by the company's auditors.

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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 cooperating 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 31 December 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*	1,217.5	1,149.3	537.1	490.7	662.9	660.3	14.9	11.3	2,432.4	2,311.6
Other revenue									17.4	21.8
<b>Total revenues</b>									<b>2,449.8</b>	<b>2,333.4</b>
EARNINGS										
Operating profit/loss	229.5	203.6	63.3	55.2	16.7	-8.0	-48.2	-69.4	261.3	181.4
Non-operating items*	-31.7	-33.4	-5.6	-6.5	-22.9	-18.3	19.0	46.3	-41.2	-11.9
<b>EBIT</b>	<b>197.8</b>	<b>170.2</b>	<b>57.7</b>	<b>48.7</b>	<b>-6.2</b>	<b>-26.3</b>	<b>-29.2</b>	<b>-23.1</b>	<b>220.1</b>	<b>169.5</b>
Investments	14.4	30.7	3.8	6.2	10.1	6.0	9.0	6.4	37.3	49.3
Margin operating profit/loss**	18.9%	17.7%	11.8%	11.2%	2.5%	-1.2%				

\* "Non-operating items" refers 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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total sales, SEK M	629.6	607.5	663.0	549.8	611.1	582.2	633.6	506.5
EBIT, SEK M	74.1	70.6	37.3	38.0	40.8	46.9	59.1	22.7
Profit after financial items, SEK M	66.1	64.5	31.9	35.8	40.8	42.6	57.8	21.0
Net profit for the period, SEK M	46.3	46.1	23.2	24.6	33.2	27.4	41.8	15.3
Operating margin, %	11.8	11.6	5.6	6.9	6.5	8.1	9.3	4.5
Earnings per share, SEK	1.53	1.34	0.64	0.77	1.14	0.76	1.25	0.46

## Mekonomen AB (publ)

Consolidated income statement (SEK M), condensed	Oct.–Dec.		Change %	Jan.–Dec.		Change %
	2006	2005		2006	2005	
Sales	622.9	605.1	+ 2.9	2 432.4	2 311.6	+ 5.2
Other operating revenues	6.7	6.0	-	17.4	21.8	-
<b>Total revenues</b>	<b>629.6</b>	<b>611.1</b>	+ 3.0	<b>2 449.8</b>	<b>2 333.4</b>	+ 5.0
<b>Operating expenses</b>						
Goods for resale	-313.7	-319.8	- 1.9	-1 274.9	-1 246.1	+ 2.3
Other external costs	-91.6	-104.6	- 12.5	-348.5	-348.9	- 0.1
Personnel costs	-137.6	-134.7	+ 2.2	-546.5	-506.7	+ 7.9
Depreciation of tangible assets	-12.6	-11.2	+ 12.5	-50.8	-50.4	+ 0.8
Impairment of intangible assets and property	-	-	-	-9.0	-11.8	-
<b>EBIT</b>	<b>74.1</b>	<b>40.8</b>	+ 81.6	<b>220.1</b>	<b>169.5</b>	+ 29.9
Net financial income	-8.0	0.0	-	-21.8	-7.4	-
<b>Profit after financial items</b>	<b>66.1</b>	<b>40.8</b>	+ 62.0	<b>198.3</b>	<b>162.1</b>	+ 22.3
Tax	-19.8	-7.6	-	-58.1	-44.5	-
<b>Net profit for the period</b>	<b>46.3</b>	<b>33.2</b>	+ 39.5	<b>140.2</b>	<b>117.6</b>	+ 19.2
<b>Net profit specified as</b>						
The Parent Company's shareholders	47.4	35.3	-	132.1	111.4	-
Minority owners	-1.1	-2.1	-	8.1	6.2	-

Data per share *)	Oct.–Dec.		Jan.–Dec.	
	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	1.53	1.14	4.28	3.61
Shareholders' equity per share, SEK	-	-	30.2	29.5

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

Condensed cash-flow statement (SEK M)	Oct.–Dec.		Jan.–Dec.	
	2006	2005	2006	2005
Cash flow from operating activities before changes in working capital	81.1	43.1	208.1	144.9
Cash flow from changes in working capital	47.8	67.0	57.5	- 19.5
Cash flow from investing activities	- 19.3	- 8.3	-23.2	- 64.2
Cash flow from financing activities	- 60.6	- 124.7	- 183.8	-113.8
<b>Cash flow during the period</b>	<b>49.0</b>	<b>- 22.9</b>	<b>58.6</b>	<b>- 52.6</b>



<b>Consolidated balance statement (SEK M), condensed</b>	<b>31 Dec. 2006</b>	<b>31 Dec. 2005</b>	<b>31 Dec. 2004</b>
<b>Assets</b>			
Intangible assets	168.9	172.7	160.1
Tangible fixed assets	458.4	475.2	545.8
Financial fixed assets	13.1	14.7	15.1
Inventories	520.7	533.5	472.9
Current receivables	358.2	289.9	242.4
Cash and cash equivalents and short-term investments	95.3	38.1	91.0
Properties for sale	29.8	75.6	-
<b>Total assets</b>	<b>1,644.4</b>	<b>1,599.7</b>	<b>1,527.3</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	953.3	933.3	853.8
Long-term liabilities	70.4	148.4	220.7
Current liabilities	620.7	518.0	452.8
<b>Total shareholders' equity and liabilities</b>	<b>1,644.4</b>	<b>1,599.7</b>	<b>1,527.3</b>

<b>Change in shareholders' equity (SEK M), condensed</b>	<b>January–December</b>	
	<b>2006</b>	<b>2005</b>
Shareholders' equity at the beginning of the period	933.3	853.9
Share dividend	-105.9	-41.4
Currency effect	-9.3	3.9
Acquired minority shares, net	-5.0	-0.7
Net profit	140.2	117.6
Shareholders' equity at the end of the period	<b>953.3</b>	<b>933.3</b>
Of which, minority's share	<b>20.2</b>	<b>22.7</b>

Employees					
	Average number		Number at the end of the period		Proportion of women, %
	2006	2005	2006	2005	2006
Sweden	684	670	679	687	14.8
Norway	185	169	193	177	12.1
Denmark	388	405	383	399	13.2
<b>Total</b>	<b>1,256</b>	<b>1,244</b>	<b>1,255</b>	<b>1,263</b>	<b>13.9</b>

Key ratios	October–December		January–December	
	2006	2005	2006	2005
Return on equity, %	-	-	14.3	12.8
Return on capital employed, %	-	-	18.7	15.8
Equity/assets ratio, %	-	-	58.0	58.3
Gross margin, %	49.6	47.2	47.6	46.1
EBIT margin, %	11.8	6.7	9.0	7.3
Number of stores in Sweden/of which wholly owned	-	-	115/88	115/88
Number of stores in Norway/of which wholly owned	-	-	40/21	39/21
Number of stores in Denmark/of which wholly owned	-	-	38/38	39/39
Average number of employees during the period	1,253	1,260	1,256	1,244

## 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 net 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.