

Mekonomen

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Mekonomen acquires Norwegian spare parts chain Sørensen og Balchen AS

Mekonomen has entered an agreement to acquire Sørensen og Balchen from Otto Olsen Invest. Sørensen og Balchen operates the BilXtra spare parts chain in Norway, which has 32 own stores, 41 affiliated stores and slightly more than 200 cooperating workshops.

Sørensen og Balchen is a well-know family company and has a strong position in the Norwegian market. Sørensen og Balchen's forecast for sales in 2011 amounts to approximately NOK 660 M. The annual cost, logistics and purchasing synergies are estimated at SEK 40 M as of 2012.

"This transaction gives us a stronger position in the Norwegian market, which is still dominated by branded dealerships. Mekonomen and BilXtra are both successful concepts with the same approach to service for customers and there is extensive potential for both chains to grow further. Further, Sørensen og Balchen will be operated as an independent group within Mekonomen. This acquisition will provide positive effects for our customers as well as for Sørensen og Balchen and Mekonomen," says Håkan Lundstedt, President and CEO of Mekonomen.

"The transaction is a step in Mekonomen's growth strategy. It strengthens the position and customer offering in the Norwegian market and makes Mekonomen a very attractive business partner," says Fredrik Persson, Chairman of Mekonomen.

"Sørensen og Balchen will gain a competent owner in Mekonomen and the transaction will benefit BilXtra's existing and new customers. This will also strengthen the company's possibilities for further expansion and development," comments Jon Melhus, Chairman of Otto Olsen Invest.

The purchase will be made using 1,945,783 newly issued shares through a non-cash issue and NOK 273 M in cash. The dilution effect for existing shareholders amounts to approximately 6 per cent and the equity ratio in Mekonomen following the acquisition is expected to amount to 53 per cent. The transaction is expected to have a positive effect on earnings per share already in 2011.

"From Sørensen og Balchen's perspective, we can see that the future will involve greater consolidation and that competitors and suppliers will belong to larger groups. To ensure sufficient competitiveness and the ability to offer our customers the best prices, concepts and systems, we are pleased that it is Mekonomen that is acquiring Sørensen og Balchen. The fact that Sørensen og Balchen will continue as an independent company, but can at the same time share the benefits that Mekonomen has, will strengthen us in the short and long term," says Morten Birkeland, CEO of Sørensen og Balchen.

The acquisition is conditional upon Mekonomen's General Meeting approving a new issue of shares as the purchase consideration (non-cash issue). Special notification of an Extraordinary General Meeting will be issued shortly and the meeting is scheduled to be held on 25 February 2011. Implementation of the acquisition also requires the approval of the Norwegian Competition Authority.

Mekonomen's principal owner, Axel Johnson AB, and Mekonomen's management have agreed to vote in favour of the proposed non-cash issue.

Mekonomen makes CarLife easier, through a broad and highly accessible offering of low-cost and innovative solutions and products for consumers and companies. We are Scandinavia's leading automotive spare-parts chain with proprietary wholesale operations, more than 200 stores and more than 1,000 workshops, all operating under the Mekonomen brand.

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