

Interim report January – March 2006

- Total revenues for the period rose 8.5 per cent to SEK 549.8 M (506.5)
- EBIT increased by 67.4 per cent and amounted to SEK 38.0 M (22.7)
- The EBIT margin amounted to 6.9 (4.5) percent
- Net profit for the period amounted to SEK 24.6 M (15.3)
- Earnings per share after full dilution and the share split amounted to SEK 0.77 (0.46)

Summary of Group's earnings trend					
	Jan-Mar		12 months	FY	
	2006	2005	Apr - Mar	2005	2004
Total revenues, SEK M	549,8	506,5	2 376,7	2 333,4	2 149,0
EBIT, SEK M	38,0	22,7	184,8	169,5	168,3
Profit after financial items, SEK M	35,8	21,0	176,9	162,1	161,7
Net profit/loss for the period, SEK M	24,6	15,3	126,9	117,6	106,2
Operating margin, %	6,9	4,5	7,8	7,3	7,8
Profit per share after full dilution, SEK *)	0,77	0,46	4,11	3,61	3,18

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

This interim report has been prepared pursuant to IAS 34. In this report, full-year results for 2004 are reported only in accordance with IFRS. In the report, changes have been made in the tables and ratios compared with 2005. In the segment, "revenue" is replaced by "net sales (external)". The ratio "operating margin" and "gross margin" are now calculated using "net sales (external)". The purpose of the changes is to make all the ratios in the segment more comparable. The new ratio definitions are presented at the end of the report. Furthermore, certain expressions have been renamed. "Operating revenue" is now called "total revenue", "operating profit/loss" now ends with "EBIT", etc. Historical ratios have been re-calculated where appropriate.

Mekonomen

Mekonomen is Scandinavia's leading car spare parts chain, offering service centres and motorists a broad selection of spare parts and car accessories. Its competitive edge lies in a network of wholly owned and co-operating stores offering broad geographical coverage, efficient logistics and high service levels.

Inquiries to:

Owe Andersson, CEO +46 (0)8 464 0080, mobile +46 (0)70 534 9570 owe.andersson@mekonomen.se

Börje Bengtsson, COO +46 (0)8 464 0047, mobile +46 (0)70 828 4987 borje.bengtsson@mekonomen.se

CEO's statement

The sales increase during the first quarter was more than 8 per cent, which is not satisfactory since the year's first quarter contained several working days as a result of the Easter weekend falling in March in the preceding year. The cold weather in March meant that sales of summer tyres in the spring season were pushed forward somewhat. However, the sales of summer tyres recovered after Easter. Furthermore, it should be mentioned that sales of winter tyres occur mainly during the fourth quarter.

Fortunately, there was an increase in the Group's gross profit margin and personnel costs as a percentage of sales decreased in Sweden, Norway and Denmark. The EBIT margin has increased in Sweden and Norway while the deficit in Denmark increased compared with the first quarter the preceding year.

In Denmark, sales increased somewhat during the first quarter after adjustment of the number of working days. The operating loss for Denmark amounted to SEK 2.5 M, which is a significant improvement compared with the preceding quarter which had approximately the same sales figures. Lower personnel costs and increased purchasing from the central warehouse in Strängnäs, which improved the segment's profitability. However, the gross margin in Danish stores remains too low. Measures have been implemented and their effects will be apparent in the near future. Further measures are planned in order to increase the gross margin. From April, salary costs in Denmark declined as a result of approximately ten employees' quitting their jobs.

In order to promote and quality-assure the Mekonomen Service Centre concept as a credible alternative in the Swedish market, Mekonomen replaced earlier agreements with new agreements that impose greater demands on service centres in terms of quality, purchasing and the environment. The result has been that many service centres that were earlier affiliated, particularly small ones, have left the concept. Many new Mekonomen Service Centres are larger and several have a higher number of mechanics than those centres that did not sign agreements, which is crucial to demand for spare parts. The process of establishing Mekonomen's new service centre concept in the Swedish market with a three-part agreement is continuing and, at the time of writing, 285 service centres have signed agreements. In Norway, the number of service centres has increased to 338 and in Denmark to 107.

The Group's performance in the first quarter

Operations

Sales in the first quarter increased by 8.2 per cent, which is unsatisfactory since the year's quarter included several working days as a result of Easter weekend falling in April this year.

In Sweden, sales increased by 5.1 per cent, which after adjustment of several working days, was generally unchanged, compared with the preceding year. In Sweden, operating margins amounted to 16.4 per cent (15.9). In Norway, sales increased by 17 per cent and operating margins amounted to 9.3 per cent (7.6). In Denmark, operating revenue amounted to a loss of SEK 2.5 M (loss: 0.3), mainly due to a low gross margin. However, this represents an improvement compared with the fourth quarter of 2005, which recorded a loss of SEK 9.8 M.

Total sales

Total sales increased by 8.5 per cent and amounted to SEK 549.8 M (506.5). Acquired revenue amounted to SEK 8.7 M, which corresponds to 1.7 percentage points. Other operating revenue includes exchange-rate gains of SEK 2.8 M (1.4), recovered customer losses and external rental revenues, etc.

EBIT

EBIT amounted to SEK 38.0 M (22.7) as a result of low personnel costs and increased gross margin. EBIT margins amounted to 6.9 per cent (4.5). The preceding year's first quarter was weighted by costs for the start-up of tyres in our own logistics process, extra personnel at the central warehouse in Strängnäs for the sorting plant, which was out of operation for renovations and investment in the refined service centre concept, which included the employment of approximately ten service consultants.

Earnings included costs allocated for redundancy payments to personnel in Denmark in the amount of SEK 0.8 M (0.8). Exchange-rate fluctuations had a positive effect on the period's profit in the amount of SEK 0.8 M (1.4).

Profit after financial items

Profit after financial items amounted to SEK 35.8 M (21.0). Net financial income for the period amounted to a loss of SEK 2.2 M (loss: 1.7). Net interest income for the period amounted to a loss of SEK 2.2 M (loss: 2.0) and other financial items amounted to SEK 0.0 M (0.3).

A total currency effect of SEK 0.5 M (1.5) is included in profit after financial items.

Performance by geographical market in the first quarter

Earnings trend, Sweden					
	Jan-Mar		12 months	FY	
	2006	2005	Apr - Mar	2005	2004
Net sales (external), SEK M	255.7	243.3	1 159.1	1 146.7	1 090.5
Operating profit, SEK M	42.0	38.8	206.8	203.6	199.7
EBIT, SEK M	34.1	30.3	174.0	170.2	165.0
Operating margin, %	16.4	15.9	17.8	17.8	18.3
Number of stores/of which wholly owned	116/89	112/84		115/88	112/84

Net sales (external) increased by 5.1 per cent to SEK 255.7 M (243.3). In the Swedish stores, sales for the first quarter rose by approximately 6 per cent compared with the year-earlier period. The stores added since the first quarter of 2005 are Lycksele, Piteå, Bettorp (Örebro), Torslanda and Hässleholm.

Operating profit for the first quarter amounted to SEK 42.0 M (38.8) and the margin rose to 16.4 per cent (15.9).

The number of stores amounted to 116 (112) of which 89 are wholly owned.

Earnings trend, Norway					
	Jan-Mar		12 months	FY	
	2006	2005	Apr - Mar	2005	2004
Net sales (external) SEK M	119.7	102.7	507.7	490.7	363..5
Operating profit, SEK M	11.1	7.8	58.5	55.2	44.8
EBIT, SEK M	9.7	6.3	52.1	48.7	40.7
Operating margin, %	9.3	7.6	11.5	11.2	12.3
Number of stores/of which wholly owned	39/21	37/20		39/21	37/20

Net sales (external) increased by approximately 17 per cent to SEK 119.7 M (102.7). In terms of Norwegian kroner, net sales (external) increased by approximately 18 per cent, in Norwegian stores. Compared with the preceding year, the store in Sarpsborg has been added.

The operating profit increased to SEK 11.1 M (7.8) and the margin amounted to 9.3 per cent (7.6).

The number of stores in Norway totalled 39 (37), of which 21 (20) are wholly owned.

Earnings trend, Denmark					
	Jan-Mar		12 months	FY	
	2006	2005	Apr - Mar	2005	2004
Net sales (external), SEK M	166.6	155.3	671.8	660.5	667.6
Operating loss, SEK M	- 2.5	- 0.3	- 10.2	-8.0	6.9
EBIT, SEK M	- 4.9	- 2.9	- 28.3	-26.3	- 34.7
Operating margin, %	- 1.5	- 0.2	- 1.5	- 1.2	1.0
Number of stores/of which wholly owned	39/39	43/43		39/39	43/43

Net sales (external) in Denmark rose by 7.3 per cent and amounted to SEK 166.6 M (155.3). Operating loss for the quarter amounted to SEK 2.5 M (loss: 0.3) and the margin amounted to a negative at 1.5 per cent (neg: 0.2).

Operating loss for the quarter, compared with the fourth quarter of 2005, was significantly improved (SEK 9.8 M). The earlier import of spare parts to Odense under private brands was replaced by original spare parts from the central warehouse in Strängnäs, in order to ensure that Mekonomen meets the new EU quality requirements.

Provisions of approximately SEK 0.8 M (0.8) were made during the first quarter for terminating the employment of personnel.

The number of stores in Denmark amounted to 39 (43), of which 39 (43) are wholly owned.

Acquisition, start-ups and closures

City	Country	Month	Holding	Object	Sales (most recent financial year)
Lycksele	Sweden	January	75 %	New store	

In January 2006, a new store was opened in Lycksele.

The total number of stores in the chain was 194 (192) at the end of the period. The percentage of stores that are wholly owned is 77 per cent (77).

Investments

During the period, net investments in tangible fixed assets amounted to SEK 9.3 M (18.2). Investments in the new IT systems amounted to SEK 0.3 M (0.5) during the period. Minority shares in the amount of SEK 7.2 M (0.0) were acquired.

Property classed as current assets

Property/City	Country	Opening value	Impairment loss	Book value	Date of re-classification
Wichmangade 8-12/Odense	Denmark	19.7	- 4.8	14.9	1 Jan. 2005
Wichmangade 5-7/Odense	Denmark	4.1	- 0.3	3.8	1 Jan. 2005
Wichmangade 3/Odense	Denmark	11.6	- 2.8	8.8	1 Jan. 2005
Nygade 1/Asnæs	Denmark	2.2	-	2.2	1 Jan. 2005
Vandwerksvej 16/Hjørring	Denmark	3.0	-	3.0	1 Jan. 2005
Ellehammersvej 1/Vejle	Denmark	10.5	-	10.5	1 Jan. 2005
Stensåtravägen 6/Stockholm	Sweden	30.8	-	30.8	1 Jan. 2005
Total		81.9	- 7.9	74.0	

The property at Struer/Denmark was disposed of during the period with marginal financial effect on income. No impairment losses have been incurred during the period.

Financial position

Cash and cash equivalents and short-term investments increased to SEK 28.0 M at the end of the period, compared with SEK 38.1 M at December 31, 2005. The equity/assets ratio was 58.0 per cent, compared with 58.2 per cent at the year-end 2005. Interest-bearing liabilities amounted to SEK 241.1 M (303.5) and net debt amounted to SEK 213.1 M (265.3).

Cash-flow statement

During the period, cash flow was negative at SEK 10.1 M (neg. 52.3), mainly due to the Group's inventory values increasing by SEK 36.0 M since the end of the year.

Employees					
	Average number of employees		Number at period end		Percentage of women, %
	2006	2005	2006	2005	2006
Mekonomen AB	26	21	26	21	19.5
Sweden	662	622	662	628	15.1
Norway	178	161	179	163	11.8
Denmark	397	406	395	404	13.2
Total	1 263	1 210	1 261	1 216	14.1

Parent Company

The Parent Company, which mainly sells IT services and other administrative services to Group companies, generated sales of SEK 17.8 M (19.5) during the period. Profit after financial items amounted to SEK 12.4 M (13.5) excluding share dividends from the subsidiaries.

Events after the end of the period

The CEO and President Owe Andersson who turns 65 in 2007 has informed the Board that he wishes to resign his post but intends to remain until a successor has been elected. The recruiting process to find a successor has been initiated. Börje Bengtsson COO will be filling the post as temporary CFO.

After the end of the period all properties in Odense were divested. The divestment will not have any significant effect on income during the second quarter.

In May 2006 a co-operating store was opened in Kalix

Annual General Meeting and Annual Report

The Annual General Meeting will be held on May 10, 2006 at 4.00 p.m. in Salénhuset (assembly hall), Norrlandsgatan 15, Stockholm.

Accounting principles

Effective January 1, 2005, Mekonomen applies the International Financial Reporting Standards (IFRS) adopted by the EC. This interim report was prepared pursuant to IAS 34 Interim Financial Reporting and RR 31 Interim Reporting for Groups.

A complete account of the transition to IFRS was presented in a separate press release dated 14 March, 2005, which can be downloaded from Mekonomen's website, www.mekonomen.se.

Some changes in tables and ratios have occurred since the end of the year and the 2005 Annual Report. This means that the segment, "Revenue" is replaced by "Net Sales (external)". The ratio "Operating margin" and "Gross margin" are now calculated using "Net sales (external)".

The purpose of the changes has been to make the ratio more comparable between the segments. The new ratio definitions are presented at the end of the report. In addition, some expressions have been

renamed. "Operating revenue" is now called "Total revenue", "Operating profit/loss" has" (EBIT)" at the end of the Swedish term, etc. Historical ratios have been re-calculated where appropriate.

Forthcoming financial reporting dates

- Interim Report January – June 2006 will be published on August 18, 2006
- Interim Report January – September 2006 will be published on November 10, 2006
- The Financial Statement for the financial year 2006 will be published in February 2007

Stockholm, May 10, 2006

Mekonomen AB (publ)

Owe Andersson
CEO and President

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

Mekonomen AB (publ)

Segment report

Accumulated 31 March 2006	Sweden		Norway		Denmark		Eliminations & Corporate items		GROUP	
(amounts in SEK M)	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
<i>REVENUES</i>										
External net sales *	255.7	243.3	119.7	102.7	166.6	155.3	3.1	2.7	545.1	504.0
Other revenues									4.7	2.5
Total revenues									549.8	506.5
<i>EARNINGS</i>										
Operating profit/loss	42.0	38.8	11.1	7.8	- 2.5	- 0.3	- 11.8	- 22.8	38.8	23.5
Non-operating items**	- 7.9	- 8.5	- 1.4	- 1.5	- 2.4	- 2.6	10.9	11.8	- 0.8	- 0.8
EBIT	34.1	30.3	9.7	6.3	- 4.9	- 2.9	- 0.9	- 11.0	38.0	22.7
Investments (tangible assets)	3.1	12.2	0.8	7.8	1.0	2.5	4.4	1.7	9.3	24.2
Investments (IT systems)							0.3	0.5	0.3	0.5
KEY FIGURES										
Marg. operating profits***	16.4 %	15.9%	9.3 %	7.6 %	- 1.5 %	- 0.2 %				

* 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 128.0 M (106.3).

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

*** Calculated using net sales (external) in the segment

Quarterly data	2006	2005				2004		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total sales, SEK M	549.8	611.1	582.2	633.6	506.5	539.3	539.5	553.9
EBIT, SEK M	38.0	40.8	46.9	59.1	22.7	0.5	69.1	65.8
Profit after financial items, SEK M	35.8	40.8	42.6	57.8	21.0	0.0	67.3	63.2
Net profit, SEK M	24.6	33.2	27.4	41.8	15.3	- 10.4	48.5	45.4
EBIT margin, %	6.9	6.5	8.1	9.3	4.5	0.0	12.8	11.9
Earnings per share, SEK	0.77	1.14	0.76	1.25	0.46	- 0.28	1.43	1.38

Mekonomen AB (publ.)

Consolidated Income statement (SEK M)	Jan-Mar		12 months	FY	
	2006	2005	Apr - Mar	2005	2004
Operating revenue					
Sales	545.1	504.0	2 352.7	2 311.6	2 132.7
Other operating revenues	4.7	2.5	24.0	21.8	16.3
Total revenues	549.8	506.5	2 376.7	2 333.4	2 149.0
Operating expenses					
Goods for resale	- 290.1	- 274.7	- 1 261.5	- 1 246.1	- 1 135.2
Other external costs	- 79.9	- 74.6	- 354.2	- 348.9	-280.6
Personnel costs	- 129.3	- 122.8	- 513.1	- 506.7	- 475.6
Depreciation of tangible assets	- 12.5	- 11.7	- 50.3	- 50.4	- 45.0
Amortization/impairment loss of goodwill and property	-	-	- 11.8	- 11.8	-44.2
EBIT	38.0	22.7	184.8	169.5	168.3
Net financial income	- 2.2	- 1.7	- 7.9	- 7.4	- 6.7
Profit after financial items	35.8	21.0	176.9	162.1	161.7
Tax	- 11.2	- 5.7	- 50.0	- 44.5	-55.5
Net profit/loss	24.6	15.3	126.9	117.6	106.2
Net profit/loss specified as					
The Parent Company's shareholders	23.6	14.2	121.9	111.4	98.3
Minority owners	1.0	1.1	6.1	6.2	7.9

Data per share	Jan-Mar		12 months	FY	
	2006	2005	Apr - Mar	2005	2004*
Number of shares, closing balance	30 868 822	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	30 739 080
Earnings per share, SEK	0.77	0.46	4.11	3.61	3.18
Shareholders' equity per share, SEK	30.3	27.5	30.3	29.5	26.9

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

Cash flow statement (SEK M)	Jan-Mar		FY	
	2006	2005	2005	2004
Cash flow from operating activities before changes in working capital	23.8	- 4.3	144.9	190.1
Cash flow from changes in working capital	- 30.6	- 45.5	- 19.5	24.8
Cash flow from investing activities	- 15.9	-18.8	- 64.2	- 185.6
Cash flow from financing activities	12.6	16.3	- 113.8	- 20.2
Cash flow during the period	- 10.1	- 52.3	- 52.6	9.1

Consolidated balance sheet (SEK M)	31 Mar 2006	31 Mar 2005	31 Dec 2005	31 Dec 2004
Assets				
Intangible fixed assets	177.4	161.1	172.7	160.1
Tangible fixed assets	474.8	487.6	475.2	545.8
Financial fixed assets	19.6	16.1	14.7	15.1
Inventories	569.6	510.4	533.5	472.9
Properties classed as current assets	74.0	65.5	75.6	-
Current receivables	301.2	276.0	289.9	242.4
Cash and cash equivalents and short-term investments	28.0	38.4	38.1	91.0
Total assets	1 644.6	1 555.2	1 599.7	1 527.3
Total shareholders' equity and liabilities				
Shareholders' equity, Parent Company's shareholders	935.9	846.2	910.6	830.7
Minority share of shareholders' equity	18.3	21.9	22.7	23.1
Long-term liabilities	163.3	359.5	148.4	220.7
Current liabilities	527.1	327.6	518.0	452.8
Total shareholders' equity and liabilities	1 644.6	1 555.2	1 599.7	1 527.3
Pledged assets and contingent liabilities	626.8	666.3	626.8	666.3

Change in shareholders' equity (SEK M)	Share Capital	Other contributed capital	Translation differences	Profit/loss brought forward	Total Parent Company's shareholders	Minority shares	TOTAL shareholders' equity
Amount 31 December, 2004	77 172	343 460	- 5 354	415 451	830 729	23 125	853 854
Translation differences			3 929		3 929		3 929
Transferring/adjustments							
Acquired minority shares, net						-690	-690
Share dividend				- 35 499	- 35 499	- 5 876	- 41 375
Net profit 2005				111 418	111 418	6 182	117 600
Amount 31 December, 2005	77 172	343 460	- 1 425	491 370	910 577	22 741	933 318
Translation differences			1 654		1 654		1 654
Transferring/adjustments							
Acquired minority shares, net						- 3121	- 3 121
Share dividend						- 2 358	- 2 358
Net profit				23 638	23 638	1003	24 641
Amount 31 March, 2006	77 172	343 460	229	515 127	935 869	18 265	954 134

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

Key ratios	Jan-Mar		12 months	FY	
	2006	2005	Apr - Mar	2005	2004
Return on equity, %	2.6	1.7	13.6	12.8	12.8
Return on capital employed, %	3.8	1.8	14.5	15.8	14.7
Equity/assets ratio, %	58.0	55.9	58.0	58.2	58.0
Gross margin, %	46.8	45.5	46.4	46.1	46.8
EBIT margin, %	6.9	4.5	7.8	7.3	7.8
Number of stores in Sweden/of which wholly owned	116/89	112/84	116/89	115/88	112/84
Number of stores in Norway/of which wholly owned	39/21	37/20	39/21	39/21	37/20
Number of stores in Denmark/of which wholly owned	39/39	43/43	39/39	39/39	43/43
Average number of employees during the period	1 263	1 210		1 244	1 250

Definitions of key ratios

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

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

Return on capital employed. Profit after 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. (NB: New definition)

EBIT margin. EBIT after depreciation and amortization as a percentage of sales. (NB: New definition).

Operating margin. EBIT less the effects of goodwill impairment, intra-group expenses and extraordinary income and expenses as a percentage of net sales. This term is applied by segment. (NB: New definition)

Shareholders' equity per share. Shareholders' equity excluding minority shares, adjusted for convertible subordinated debenture, 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. Value stated after full dilution, adjusted for convertible interest.

Mekonomen AB (publ), org. nr 556392-1971

Smista Allé 11

141 70 SEGELTORP

Telephone: +46 (0)8 464 0000, Fax: +46 (0)8 464 0066, Web: www.mekonomen.se.