

Year-end report for January–December 2007

1 January – 31 December

- Revenues increased by 4 per cent to SEK 2,550 M (2,450).
- EBIT amounted to SEK 250 M (220) and EBIT margin increased to 10 per cent (9). Earnings were charged with costs in the amount of SEK 15 M for the distribution project in Denmark and an increase in the costs of premises totalling SEK 12 M. Earnings for the preceding year were charged with nonrecurring costs totalling SEK 26 M.
- Income after financial items amounted to SEK 418 M (198), including a capital gain totalling SEK 151 M from the sale of the Group's property portfolio and currency effects in the amount of SEK 13 M (neg: 11).
- Profit after tax amounted to SEK 348 M (140). Adjusted for the property transaction, profit after tax amounted to SEK 192 M.
- Earnings per share before and after dilution amounted to SEK 11.03 (4.28) and, adjusted for the property transaction, to SEK 5.98.
- The Board of Directors proposes a share dividend of SEK 6.00 (3.00) based on the year's earnings, plus a bonus dividend of SEK 5.00 (7.00) per share.

1 October – 31 December

- Revenues increased by 4 per cent to SEK 653 M (630).
- EBIT amounted to SEK 43 M (74) and EBIT margin to 7 per cent (12). Compared with the preceding year, earnings were charged with costs in the amount of SEK 14 M for the distribution project in Denmark and an increase in the costs of premises totalling SEK 6 M. Earnings for the preceding year were affected positively in the amount of SEK 13 M following the reversal of previously made provisions.
- Income after financial items increased by 3 per cent to SEK 68 M (66). Earnings included a positive earnings effect from the sale of the Group's property portfolio totalling SEK 17 M.
- Profit after tax increased by 41 per cent to SEK 65 M (46) and earnings per share before and after dilution increased by 39 per cent to SEK 2.13 (1.53).

SUMMARY OF THE GROUP'S EARNINGS TREND	October-December			January-December		
	2007	2006	Change %	2007	2006	Change %
Revenues, SEK M	653	630	4	2,550	2,450	4
EBIT, SEK M	43	74	-42	250	220	14
Profit after financial items, SEK M	68	66	3	418	198	111
Profit after tax, SEK M	65	46	41	348	140	149
Earnings per share, SEK	2.13	1.53	39	11.03	4.28	158
EBIT margin, %	7	12		10	9	

CEO's comments

Revenues for the Group increased by 4 per cent to SEK 2,550 M (2,450) and EBIT by 14 per cent to SEK 250 M (220) for the full year. Revenues and earnings were affected positively by the initiatives begun in 2007 to improve Mekonomen. The Swedish and Norwegian markets remained a strong foundation for the Group. With an aim of turning the Danish earnings trend, a number of measures and activities were implemented during the year. During the second half of the year, these measures and activities resulted in the Danish operations displaying growth.

In 2007, Mekonomen established a new direction and extensive repositioning was initiated. By increasing customer focus, broadening our customer offering and strengthening the brand, we will continue to grow in a market that is becoming increasingly exposed to competition. We will also increase our earnings capacity by better utilizing the potential of the market.

During 2007, Mekonomen signed its first fleet agreement in the corporate market with Bravida. This cooperation, which comprises service, repairs, accessories and tyres for Bravida's service vehicles, progressed favourably. During 2008, Mekonomen will continue its venture in the corporate market.

A new workshop concept, MekoPartner, was launched at the beginning of 2008. MekoPartner is aimed at a new market segment and complements Mekonomen Service Centre.

The year 2007 brought many changes for Mekonomen. Our dedicated and loyal employees made this high rate of change possible. Every day, our employees demonstrate what Mekonomen represents by focusing on our customers in stores and workshops.

Håkan Lundstedt
President and CEO

Consolidated sales and earnings

REVENUES

1 October – 31 December

Revenues increased by 4 per cent to SEK 653 M (630). Adjusted for currency effects, revenues increased by 2 per cent. The Swedish operation accounted for 51 per cent (52), the Norwegian for 23 per cent (22) and the Danish for 26 per cent (26). The number of weekdays was lower compared with the preceding year, which corresponds to a decrease in sales of approximately SEK 10 M according to assessment.

1 January – 31 December

Revenues for the period increased by 4 per cent to SEK 2,550 M (2,450). The Swedish operation accounted for 51 per cent (51), the Norwegian for 23 per cent (22) and the Danish for 26 per cent (27). The number of weekdays in 2007 was two less than in 2006.

EBIT

1 October – 31 December

EBIT amounted to SEK 43 M (74) and EBIT margin to 7 per cent (12). Earnings were charged with nonrecurring costs in the amount of SEK 14 M for the distribution project in Denmark and an increase in the costs of premises totalling SEK 6 M compared with the preceding year, following the sale of the Group's property portfolio. In 2006, EBIT was affected positively in the amount of SEK 13 M following the reversal of previously made provisions. Adjusted for these items, EBIT amounted to SEK 63 M (61).

1 January – 31 December

EBIT amounted to SEK 250 M (220) EBIT margin to 10 per cent (9). Earnings were charged with nonrecurring costs in the amount of SEK 15 M for the distribution project in Denmark and an increase in the costs of premises totalling SEK 12 M following the sale of the Group's properties. EBIT for the preceding year was charged with nonrecurring costs totalling SEK 26 M. Adjusted for these items, EBIT amounted to SEK 277 M (246).

PROFIT AFTER FINANCIAL ITEMS

Profit after financial items for the fourth quarter amounted to SEK 68 M (66) and to SEK 418 M (198) for the full year. Profit after financial items for the full year included a capital gain totalling SEK 151 M from the sale of the properties. Final settlement took place during the fourth quarter, which resulted in a positive earnings effect totalling SEK 17 M. Net financial income, excluding earnings from the property sale, amounted to SEK 8 M (expense: 8) for the quarter and SEK 14 M (expense: 22) for the full year.

Net interest income for the fourth quarter amounted to SEK 5 M (expense: 2) and other financial items amounted to SEK 20 M (expense: 6). Net interest income for the full year amounted to SEK 2 M (expense: 9) and other financial items amounted to SEK 166 M (expense: 13). Net interest income improved as a result of the sale of the property portfolio.

Profit after financial items for the fourth quarter was affected positively by currency effects totalling SEK 0 M (neg: 3). These items amounted to SEK 13 M (neg: 11) for the full year.

Financial position

Cash flow from operating activities for the fourth quarter amounted to SEK 109 M (64). The corresponding cash flow for the full year amounted to SEK 320 M (200). On 31 December 2007, cash and cash equivalents and short-term investments amounted to SEK 290 M, compared with SEK 95 M on 31 December 2006. The equity/assets ratio amounted to 67 per cent (58). Interest-bearing liabilities amounted to SEK 6 M (259) and at the end of the period, net cash in hand amounted to SEK 284 M, compared with a net debt of SEK 164 M at year-end.

Investments

During the fourth quarter, investments in fixed assets amounted to SEK 15 M (15). For the full year, these investments totalled SEK 43 M (37). Company and business acquisitions during the quarter amounted to SEK 6 M (3) and to SEK 27 M (12) for the period. Acquired assets amounted to SEK 10 M and acquired liabilities to SEK 8 M. Besides goodwill, which amounted to SEK 26 M, no intangible excess values have been identified in connection with the acquisitions.

Acquisitions and start-ups

During the fourth quarter, two stores, Överby and Uddevalla, were acquired in Sweden and a new store was opened in Horten, Norway. A store in Denmark, Sönderborg, was closed during the quarter.

The total number of stores in the chain at the end of the period was 194 (192), of which 156 (147) were wholly owned stores. The number of affiliated Mekonomen Service Centres increased by 14 compared with the year-earlier period and at the end of the period amounted to 778 (764).

Human resources

The number of employees at the end of the period amounted to 1,302 (1,255) and the average number of employees during the period was 1,271 (1,256).

Performance by geographical market

SWEDEN

EARNINGS TREND	October-December			January-December		
	2007	2006	Change %	2007	2006	Change %
Net sales (external), SEK M	328	322	2	1,270	1,218	4
EBIT, SEK M	51	58	-12	216	198	9
EBIT margin, %	15	18		17	16	
Number of stores/of which wholly owned				114/93	115/88	
Number of Mekonomen Service Centres				337	329	

The fourth quarter of 2007 was influenced by an increase in the costs of premises totalling SEK 3 M following the sale of the Group's property portfolio. The year-earlier period was affected positively in the amount of SEK 6 M following the reversal of previously made provisions and negatively in the amount of SEK 2 M for an adjustment that was made between Sweden and Denmark regarding allocated wholesale profit.

NORWAY

EARNINGS TREND	October-December			January-December		
	2007	2006	Change %	2007	2006	Change %
Net sales (external), SEK M	150	133	13	584	537	9
EBIT, SEK M	17	7	143	81	58	40
EBIT margin, %	11	5		14	11	
Number of stores/of which wholly owned				42/25	39/21	
Number of Mekonomen Service Centres				305	321	

Net sales (external) for the quarter increased by 13 per cent to SEK 150 M (133), primarily due to higher sales to affiliated Mekonomen service centres and the advantageous state of the economy. Adjusted for currency effects, the increase was 6 per cent. The increase for the full year was 8 per cent, adjusted for currency effects. EBIT for the quarter was SEK 17 M (7) and EBIT margin amounted to 11 per cent (5). Earnings for the year-earlier period were affected negatively in the amount of SEK 5 M by an adjustment that was made between Norway and Denmark regarding allocated wholesale profit.

DENMARK

EARNINGS TREND	October-December			January-December		
	2007	2006	Change %	2007	2006	Change %
Net sales (external), SEK M	166	162	3	661	663	0
EBIT, SEK M	-21	9	-333	-22	-6	266
EBIT margin, %	-13	6		-3	-1	
Number of stores/of which wholly owned				38/38	38/38	
Number of Mekonomen Service Centres				136	114	

During the quarter, work continued on the change in distribution in Denmark and the quarter's earnings were affected by costs totalling SEK 14 M. The fourth quarter was also charged with an increase in the costs of premises totalling SEK 3 M following the sale of the Group's property portfolio. Earnings for the year-earlier period were affected positively in the amount of SEK 7 M by an adjustment that was made between Norway, Sweden and Denmark regarding allocated wholesale profit.

EBIT for the full year was affected by costs in the amount of SEK 15 M pertaining to the change in distribution and an increase in the costs of premises totalling SEK 6 M. Earnings for the year-earlier period were affected positively in the amount of SEK 7 M by an adjustment regarding wholesale profit.

Significant risks and uncertainty factors

We have conducted a review and assessment of operating and financial risks and uncertainty factors in accordance with the description in the 2006 Annual Report and found that no significant risks have changed since then. Risk factors and exposures for the Parent Company and the Group for the immediate future will focus primarily on

logistics and delivery rate and changing the business systems in the Group, which was initiated during the third quarter. Refer to the 2006 Annual Report for a complete report on the risks that affect the Group.

Parent Company

The Parent Company's operations comprise Group management and Group-wide functions, as well as finance management. Profit after net financial items for the Parent Company amounted to negative SEK 32 M (neg: 54) for the quarter and to negative SEK 18 M (neg: 32) for the full year, excluding dividends from subsidiaries. The average number of employees for the period was 50 (24).

As of 2007, the claims and product divisions are a part of Mekonomen AB. These divisions were transferred internally from Wholesale operations in Strängnäs and comprise a total of 16 employees. As of May, Mekonomen AB also includes the financial services division, which provides accounting services to about half of the stores in Sweden. This division was previously part of the Swedish Retail operation and comprises a total of 14 employees.

During the period, Mekonomen AB sold products and services to Group companies for a total of SEK 67 M (58).

Events after the end of the period

To further increase availability to the consumer, Mekonomen's new workshop chain MekoPartner was launched in January 2008, which will serve as a complement to Mekonomen's existing workshop chain Mekonomen Service Centre. The number of affiliated MekoPartner stores amounted to 30 at the end of January.

Annual General Meeting

The Annual General Meeting will be held on 4 April 2008 at 2:00 p.m. at OMX's premises at Tullvaktsvägen 15 in Stockholm. The Annual Report will be available through publication on Mekonomen's website not later than 20 March 2008.

Share dividend

The Board of Directors proposes a share dividend of SEK 6.00 (3.00) based on the year's earnings, plus a bonus dividend of SEK 5.00 (7.00) per share.

Accounting principles

Mekonomen applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the Annual Accounts Act, IAS 34 Interim Financial Reporting and RR 31 Interim Reporting for Groups. The new or revised IFRS standards or IFRIC interpretations that became effective on 1 January 2007 have not had any material effect on the Group's income statement or balance sheets. The accounting principles in accordance with IFRS are unchanged from the preceding year and are described in the 2006 Annual Report. The Parent Company prepares its accounts in accordance with the Annual Accounts Act and applies the same accounting principles and valuation methods as in the most recent Annual Report.

Forthcoming financial reporting dates

INFORMATION	PERIOD	DATE
Interim report	January – March 2008	16 May 2008
Interim report	January – June 2008	20 August 2008
Interim report	January – September 2008	4 November 2008
Year-end report	January – December 2008	February 2009

Stockholm, 15 February 2008

Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Håkan Lundstedt
President and CEO

This year-end report has not been subject to review by the Company's auditors.

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Mekonomen is a 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 cooperating stores.

www.mekonomen.se

Consolidated financial reports

QUARTERLY DATA BY SEGMENT	2007					2006				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
NET SALES, SEK M										
Sweden	1,270	328	314	330	299	1,218	322	311	329	256
Norway	584	150	146	154	134	537	133	133	151	120
Denmark	661	166	162	170	163	663	162	158	176	167
Group-wide and eliminations	15	5	4	3	3	15	6	3	3	3
GROUP	2,530	649	626	657	599	2432	623	605	659	545
EBIT, SEK M										
Sweden	216	51	57	55	53	198	58	57	49	34
Norway	81	17	25	20	20	58	7	20	21	10
Denmark	-22	-21	0	1	-1	-6	9	1	-12	-5
Group-wide and eliminations	-24	-4	-3	1	-18	-29	0	-7	-21	-1
GROUP	250	43	78	76	53	220	74	71	37	38
INVESTMENTS, SEK M										
Sweden	11	4	3	3	2	14	7	2	3	3
Norway	4	0	1	1	1	4	1	1	1	1
Denmark	14	4	2	5	3	10	7	1	2	1
Group-wide and eliminations	14	7	5	1	1	9	0	1	2	5
GROUP	43	15	11	11	6	37	15	5	8	10
EBIT MARGIN, %										
Sweden	17	15	18	16	18	16	18	18	15	13
Norway	14	11	17	13	15	11	5	15	14	8
Denmark	-3	-13	0	1	-1	-1	6	1	-7	-3
GROUP	10	7	13	11	9	9	12	12	6	7

CONDENSED INCOME STATEMENT (SEK M)	October-December			January-December		
	2007	2006	change %	2007	2006	change %
Net sales	649	623	4	2,530	2,432	4
Other operating revenue	4	7	-43	20	17	18
TOTAL REVENUES	653	630	4	2,550	2,450	4
OPERATING EXPENSES						
Goods for resale	-329	-314	5	-1,294	-1,275	1
Other external costs	-115	-95	21	-410	-361	14
Personnel costs	-155	-134	16	-560	-535	5
Depreciation of tangible assets	-11	-13	-15	-37	-51	-27
Impairment of intangible assets	0	0		0	-9	
EBIT	43	74	-42	250	220	14
Interest income	6	2	200	10	6	67
Interest expense	-1	-4	-75	-9	-15	-40
Other financial items	20	-6	-433	166	-13	-1,377
PROFIT AFTER FINANCIAL ITEMS	68	66	3	418	198	111
Tax	-2	-20	-90	-70	-58	21
NET PROFIT FOR THE PERIOD	65	46	41	348	140	149
NET PROFIT FOR THE PERIOD SPECIFIED AS:						
Parent Company's shareholders	66	47	40	340	132	158
Minority owners	0	-1	-100	7	8	-13
Earnings per share before dilution, SEK *	2.13	1.53	39	11.03	4.28	158

*) No dilution is applicable.

CONDENSED BALANCE SHEET (SEK M)	31 December 2007	31 December 2006	31 December 2005
ASSETS			
Intangible assets	206	169	173
Tangible fixed assets	97	458	475
Financial fixed assets	10	10	6
Deferred tax assets	2	3	9
Inventories	554	521	534
Current receivables	300	358	289
Cash and cash equivalents and short-term investments	290	95	38
Properties for sale	22	30	76
TOTAL ASSETS	1,481	1,644	1,600
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	996	953	933
Long-term liabilities	44	70	148
Current liabilities	441	621	518
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,481	1,644	1,600

CONDENSED CASH-FLOW STATEMENT (SEK M)	October-December		January-December	
	2007	2006	2007	2006
Cash flow from operating activities before changes in working capital	61	81	255	208
Cash flow from changes in working capital	48	-17	65	-8
CASH FLOW FROM OPERATING ACTIVITIES	109	64	320	200
Cash flow from investing activities	-21	-16	448	-20
Cash flow from financing activities	-1	1	-574	-122
CASH FLOW FOR THE PERIOD	87	49	194	59

Comparative figures were adjusted pertaining to current liabilities to credit institutions, which were transferred from changes in working capital to changes in financing activities.

CHANGE IN SHAREHOLDERS' EQUITY (SEK M)	January—December	
	2007	2006
SHAREHOLDERS' EQUITY AT THE BEGINNING OF THE PERIOD	953	933
Dividend	-318	-106
Currency effect	14	-9
Acquired minority shares, net	0	-5
Net profit for the period	348	140
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	996	953
OF WHICH, MINORITY SHARE	18	20

QUARTERLY DATA	2007				2006			
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Total sales, SEK M	653	626	666	606	630	608	663	550
EBIT, SEK M	43	78	76	53	74	71	37	38
Profit after financial items, SEK M	68	216	73	61	66	65	32	36
Net profit for the period, SEK M	65	187	52	44	46	46	23	25
EBIT margin, %	7	13	11	9	12	12	6	7
Earnings per share, SEK	2.13	8.90	1.62	1.34	1.53	1.34	0.64	0.77

KEY RATIOS	October-December		January-December	
	2007	2006	2007	2006
Return on equity, %	-	-	35.6	14.3
Return on capital employed, %	-	-	38.7	18.7
Equity/assets ration, %	-	-	67.3	58.0
Gross margin, %	49.2	49.6	48.9	47.6
EBIT margin, %	6.5	11.8	9.8	9.0
Earnings per share, SEK	2.13	1.53	11.03	4.28
Shareholders' equity per share, SEK	-	-	31.7	30.2
Number of shares at the end of the period	30,868,822	30,868,822	30,868,822	30,868,822
Average number of shares during the period	30,868,822	30,868,822	30,868,822	30,868,822
Number of stores in Sweden/of which wholly owned	-	-	114/93	115/88
Number of stores in Norway/of which wholly owned	-	-	42/25	39/21
Number of stores in Denmark/of which wholly owned	-	-	38/38	38/38

AVERAGE NUMBER OF EMPLOYEES	October-December		January-December	
	2007	2006	2007	2006
Sweden	642	656	637	659
Norway	211	192	202	185
Denmark	388	383	382	388
Parent Company	64	23	50	24
Group	1,305	1,253	1,271	1,256

Financial reports, Parent Company

CONDENSED INCOME STATEMENT (SEK M)	October-December		January-December	
	2007	2006	2007	2006
Total revenues	-7	-19	80	74
Operating expenses	-28	-33	-104	-103
EBIT	-35	-53	-23	-30
Net financial items	15	53	317	53
Profit after financial items	-20	1	294	23
PROFIT FOR THE PERIOD	-44	-6	265	10

CONDENSED BALANCE SHEET (SEK M)	31 December 2007	31 December 2006	31 December 2005
Assets			
Long-term receivables in Group companies	0	221	205
Fixed assets	268	261	270
Current receivables in Group companies	188	217	48
Other current receivables	48	49	48
Cash and cash equivalents and short-term investments	312	18	2
Total assets	816	766	573
Shareholders' equity and liabilities			
Shareholders' equity	637	542	522
Provisions	3	-	-
Untaxed reserves	86	42	11
Current liabilities in Group companies	50	98	14
Other current liabilities	41	85	26
Total shareholders' equity and liabilities	816	766	573

Definitions of key ratios

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

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 Net sales less costs of goods for resale as a percentage of net sales.

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

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.