Mekonomen Group

Annual Report 2013

MECA
Mekonomen
Sørensen og Balchen

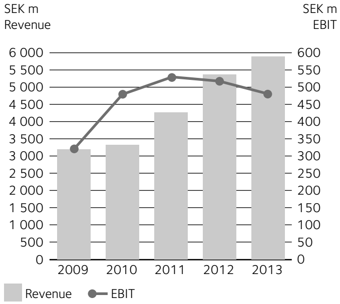
Contents

Mekonomen Group's formal Annual Report comprises pages 20–68. Only the formal annual report has been reviewed by the company's auditors. A more detailed description of Mekonomen Group's operations and further, regularly updated financial information is presented on the Mekonomen Group website, www.mekonomen.com

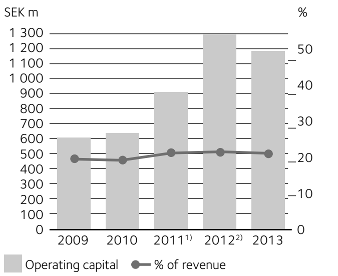
Year in brief

- Revenue rose by 8 per cent to SEK 5 863 (5 426) m.
- Operating profit before depreciation and impairments of intangible assets (EBITA) rose by 4 per cent to SEK 626 (602) m and the EBITA margin amounted to 11 (11) per cent.
- The operating profit (EBIT) was adversely affected by an impairment of SEK 45 m and amounted to SEK 469 (528) m. The EBIT margin amounted to 8 (10) per cent.
- Operating profit in Denmark amounted to SEK -58 (-21) m.
- Profit after financial items amounted to SEK 429 (474) m.
- Cash flow from current operations rose to SEK 557 (518) m.
- Profit per share both before and after dilution amounted to SEK 8.56 (10.80).
- Net liabilities amounted to SEK 1 657 (1 875) m.
- The Board of Directors proposes a dividend of SEK 7.00 (7.00) per share.

Revenue and EBIT



Working capital



[1] Net sales for Sørensen og Balchen in 2011 have been recalculated for 12 months.
[2] Net sales for MECA 2012 have been recalculated for 12 months.

KEY FIGURES	2013	2012	2011
Revenue, SEK m	5 863	5 426	4 237
Operating profit before depreciation and impairments of intangible assets (EBITA), SEK m	626	602	560
Operating profit (EBIT), SEK m	469	528	536
Profit for the year, SEK m	315	382	380
Profit per share, SEK	8.56	10.80	11.39
EBITA margin, %	11	11	13
EBIT margin, %	8	10	13
Cash flow per share [1], SEK	15.51	14.93	7.98
Dividends [2], SEK	7.00	7.00	8.00
Return on equity, %	14	19	27
Equity ratio, %	41	41	51

[1] From continuing operations.
[2] Board of Directors' proposal for 2013.

Mekonomen Group in brief

The Mekonomen Group is the leading automotive spare-parts chain in the Nordic region and comprises the three Group companies MECA Scandinavia, Mekonomen Nordic and Sørensen og Balchen.

We offer a broad and accessible range of affordable and innovative solutions and products for consumers and companies.

At the end of 2013, the Mekonomen Group included around 400 stores and 2 300 affiliated workshops operating under our brands.

Business concept

With innovative concepts, high quality and an efficient logistics chain, the Mekonomen Group offers solutions to consumers and companies for an easier CarLife.

Vision

We are the first choice for drivers and strive for an easier CarLife.

Targets

Overall target:

The Group shall develop with healthy profitability and thus generate value growth for shareholders.

Growth target:

The annual sales increase shall amount to 10 per cent. Expansion shall occur with retained financial stability.

Financial targets:

EBIT margin shall exceed 8 per cent. The long-term equity/assets ratio shall be no less than 40 per cent.

Mekonomen Group takes responsibility

With innovative concepts, high quality and outstanding service, the Mekonomen Group shall offer customers an easier CarLife. Offering eco-friendly car servicing and car maintenance is a competitive advantage in the market in which we operate. This is why our product range includes ecolabelled products, we offer products made from recycled materials and we make demands of our suppliers. We are also working consciously to develop a motivated organisation which generally reflects society in terms of composition, and we want to play an active part in efforts to create a society which makes the most of the potential of everyone. By affiliating to the UN Global Compact, the Mekonomen Group has undertaken to apply and promote the UN's ten principles for human rights, labour, the environment and anti-corruption.

This means that the Mekonomen Group's focus in its day-to-day operations is geared towards sustainable development and social responsibility.

Strategies

The Mekonomen Group, with Group companies, shall be associated with the concepts of good value, turnkey solutions, innovation, competency and high quality. These concepts shall permeate everything we do to achieve the vision of being car owners' first choice and promoting an easier CarLife.

Mekonomen Group brands

The brands held by the Mekonomen Group are one of the most important assets we have. We are actively helping to reinforce our brands by consistently striving to keep our promises to customers. We focus on our customers in everything we do, and as a group we want to be associated with good value, turnkey solutions, innovation, competency and high quality among both consumers and companies.

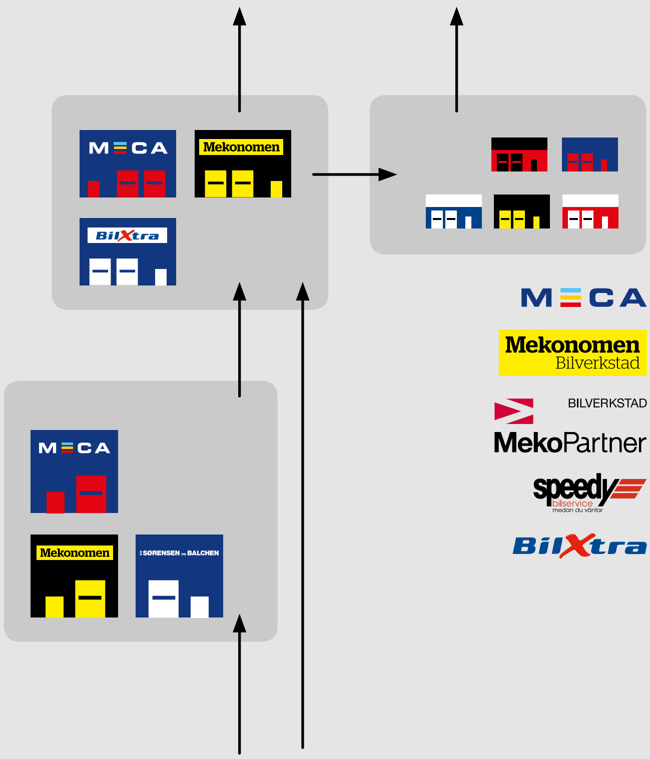
Motivated employees

There are more than 2 500 employees within the Mekonomen Group, and including all workshop chains, the number is more than 15 000.

Our business is based on common values that are summarised in five principles: customer orientation, professionalism, responsibility, competency and flexibility. Our employees are our primary ambassadors and brand bearers.

The Mekonomen Group business model

Retailers
There are a total of around 400 stores within the Group, of which around 70 per cent are proprietary and the rest are partner stores.



Workshops
Five workshop chains are concept-affiliated:
· MECA Car Service
· Mekonomen Service Centres
· MekoPartner
· Speedy
· BilXtra

At the end of 2013, the Mekonomen Group had 2 300 affiliated workshops and also supplied products to approximately 15 000 independent workshops in the Nordic region.

Wholesalers
The three Group companies are responsible for their individual wholesale operations.

- **MECA Scandinavia** has a centralised warehouse in Eskilstuna, Sweden.
- **Mekonomen Nordic's** centralised warehouse is located in Strängnäs, Sweden.
- **Sørensen og Balchen's** centralised warehouse is located in Oslo, Norway.

Producers
Around 160 suppliers account for 80 per cent of the supply of goods.

CEO's comments

2013 was characterised by a weak market and greater competition, with pressure on profitability

In 2013, the market has seen weak development with greater competition and continuing price pressure. Despite this, the Mekonomen Group reinforced its position. Our focus during the year has been to implement measures to adapt to a period involving a continued weak market, with consolidation of the network of stores.

Despite the fact that the majority of our businesses showed better performance than in the previous year, I am not happy with the results in 2013 as a whole. The results have been affected by the weaker Norwegian krone, the decline in profit in Denmark and additional impairment of IT systems.

Our strong concept, which focuses clearly on customers, has allowed us to improve our market position in 2013 and we have a good starting position for 2014 in order to improve our profitability and further underpin our position in the Nordic market.

Besides consolidation of the network of stores, the Mekonomen Group has implemented significant initiatives during the year, with the launch of e-commerce, proprietary brands – ProMeister for spare parts and Carwise for accessories – stronger positioning of our five workshop chains and new services such as assistance insurance.

The competition in Denmark is the toughest in the Nordic countries. Weak market development combined with price pressure with a view to retaining market shares have taken a heavy toll on all player's margins. Our Danish business has undergone repositioning in 2013, with emphasis on B2B.

During the year, our workshop chains have continued to take market shares, and sales at our affiliated Mekonomen Service Centres and MECA Car Service workshops in Sweden, Norway and Finland increased by 9 per cent and 12 per cent respectively in local currency in 2013, compared with 2012. Sales to non-affiliated workshops and consumers in Sweden, Norway and Finland fell by 4 per cent in local currency.

A summary of 2013 in figures shows that operating profit fell by SEK 469 (528) m due to the weaker Norwegian krone, the decline in profit in Denmark and additional impairment of IT systems. The majority of businesses within the Mekonomen Group did, however, report better results for 2013 compared with the previous year. Revenue rose by 8 per cent to SEK 5 863 (5 426) m. Calculated on the basis of comparable workdays and adjusted for currency effects, the increase amounted to 10 per cent, and sales in comparable units remained unchanged. EBITA rose by 4 per cent to SEK 626 (602) m, and EBITDA rose by 5 per cent to SEK 709 (675) m.

There is full competition between the three Group companies MECA, Sørensen og Balchen and Mekonomen Nordic in the form of separate business models and ways of canvassing the individual markets. Cooperation and synergies have been concentrated on purchasing to date, with a positive impact on the Group's gross margin. The respective Group companies are also developing best practice within important areas which are used within the Group as a whole. MECA's emphasis on B2B has been a vital element in the establishment of ProMeister Academy, a training unit which is to stand responsible for ongoing skills development for mechanics at all affiliated workshops. Sørensen og Balchen's expertise in respect of accessories for consumers is used within the Group as a whole, as is Mekonomen Nordic's fleet concept.

Mekonomen Group takes responsibility

It is important for us to take responsibility for the community and environment in which we operate. The Mekonomen Group is at the leading edge in our industry in this regard, and we must reinforce our position still further. We want to be involved and take responsibility for sustainable development and offer eco-friendly products and services. Extensive work in respect of quality and the environment is taking place throughout the Mekonomen Group, where the respective Group companies are implementing continuous improvements. Certification work in stores and workshops has continued during the year. The Mekonomen Group's affiliation to the UN Global Compact has been a driving force in this work. Here, we undertake to implement and promote the UN's 10 principles for human rights, labour, the environment and anti-corruption. In the long run, this means that day-to-day operational work is clearly geared towards sustainable development and social responsibility.

Innovation

It is important for the Mekonomen Group to continue to develop new areas which also underpin our core business and that we continue to be innovative. Our new focus areas have developed in different ways. We have had success with our fleet operations, our own brands ProMeister and Carwise, assistance insurance, car insurance, snowmobile parts, Mekonomen Direkt, the ProMeister Academy, proprietary workshops and also with the acquisitions of Sørensen og Balchen in 2011 and MECA in 2012.

Our focus on marine operations has not developed in the manner we wanted, as suppliers in this field have thwarted us and failed to offer commercial terms to the Mekonomen Group.

Fields undergoing development are e-commerce, automotive glass and M by Mekonomen. There are components in all these fields which reinforce our core business.

One important focus in 2014 is to underpin our position at non-affiliated workshops by extending our ProMeister range and canvassing these workshops more effectively. ProMeister is also important with regard to consumers, as are Carwise and our e-commerce initiative.

New concepts and an e-commerce initiative are being launched in order to reinforce our workshop chains. Our investments in online solutions do not involve just selling parts and accessories online, but also making CarLife easier using this channel.

We must continue to have the courage to invest in new areas in order to underpin and supplement our core business. Maintaining our innovation is the key to our success.

The future

Market development in 2014 is not expected to change compared with 2013, with continuing weak growth and ever-tougher competition. This is why a cost savings programme is being implemented, with further coordination of central functions. We have good opportunities in this market to take further market shares with the work which we have done. We are seeing good growth at our workshop chains and focusing on quality, training, accessibility and customer service. With our collective offering to end customers, via our workshop chains, it is clear that we are still at the start of our journey of growth.

From a European perspective, we can see that the market is in the process of being consolidated, as has been the case to date in the Nordic countries. We are now seeing fewer, larger players. The driving force involves achieving economies of scale in purchasing and being able to cope with the cost involved in introducing new concepts.

The Mekonomen Group has effective concepts which have the potential to be successful in a number of European countries. Our ambition is to expand outside the Nordic countries, either independently or via alliances and new structures.

Our employees and managers are the Mekonomen Group's primary strength, and I would like to thank everyone at the Mekonomen Group. With your drive, energy and innovation, you provide the foundation on which our successes are built.

We must all work to make sure 2014 is a better year than 2013!

Håkan Lundstedt
President and CEO

MECA Scandinavia

MECA has moved forward in a weak market

MECA Scandinavia is a wholesaler operation which sells spare parts, accessories and workshop equipment to Service Centres in Sweden, Norway and Denmark.

MECA has over 970 affiliated workshops thanks to its MECA Car Service concepts in Sweden and Norway and Mekonomen Autoteknik and MekoPartner in Denmark. As a partner to Bosch Car Service and OKQ8, it also maintains close cooperation with another 230 or so workshops.

MECA Scandinavia was acquired by the Mekonomen Group in May 2012. The result meant that further impetus was given to MECA's earlier rapid expansion, partly because the Mekonomen Group's business in Denmark was transferred to MECA, and partly thanks to successful efforts to link new workshops in Sweden and Norway to the MECA Car Service concept.

MECA's attractiveness to professional workshops is based on a well adapted product assortment combined with outstanding service, supreme skills and efficient distribution. MECA's workshop concepts include IT support, technical support and technical data, training, profiling, marketing and finance solutions, which together ensure that affiliated workshops are very competitive.

Sweden and Norway

Sales to workshops affiliated to MECA Car Service developed positively during the year. MECA Car Service workshops in Sweden and Norway increased by 12 per cent in local currency, while deliveries to non concept-linked workshops fell slightly. Revenue for the year amounted to SEK 1 599 m.

The cooperation between MECA and OKQ8 in Sweden was further reinforced with a view to developing the workshop concept further. Investments were made in factors such as increased training and skills development, as well as marketing. There are currently 84 affiliated units. Marketing initiatives increased in both Sweden and Norway for MECA Car Service in 2014. There has been strong emphasis on TV marketing initiatives which resulted in a good response.

In cooperation with Mekonomen Nordic and Sørensen og Balchen, MECA has invested resources in the establishment of ProMeister Academy, a Groupwide initiative involving the training of mechanics. This will guarantee continuing skills enhancement in years to come.

Denmark

MECA has two workshop chains in Denmark, Mekonomen Autoteknik and MekoPartner, the former being Denmark's most well-known independent workshop chain.

The toughest competitive climate in the Nordic countries can be found in Denmark. MECA's strategy for enhancing its competitiveness was established in the autumn of 2012, and for the 2013 financial year it involved – among other things – gradual concentration on workshop customers, greater marketing efforts and the introduction of MECA's online catalogue, so leading to better service for workshops. Overall, MECA's business system has also been implemented within the Danish business, resulting in improvement to the management of operations.

Skills development work has been a priority in Denmark as well. One popular form of technology transfer was a "technology tour", where MECA and leading suppliers toured Denmark and gave

Senior executives at MECA Scandinavia

Torbjörn Olsson
CEO, MECA Scandinavia

Torhild L Barlaup
CEO, MECA Norway

Ulla Bindzus
CEO, MECA Denmark

Krister Duwe
CEO, MECA Sweden

Robert Hård
Director of HR, Legal and the Environment

Patrik Nilsson
CFO, MECA

mechanics at Mekonomen Autoteknik and MekoPartner technical training and demonstrations of technical innovations.

The competitive situation and weak market led to revenue in Denmark falling by SEK 90 m to SEK 612 m. The operating margin fell to -10 per cent, compared with -3 per cent in the previous year.

The future

MECA Car Service is a proven strong concept in Sweden and Norway, and with continued skills development and targeted marketing of the products and services which MECA can supply, our objective is to continue to grow with profitability. Further reinforcement of the cooperation with Bosch Car Service and OKQ8 is another priority issue, as is the launch of more products under the ProMeister brand.

Thanks to the measures undertaken to date in the Danish operation, there are better opportunities to achieve growth and profitability going forward; and we are also benefiting from the fact that our workshop chain Mekonomen Autoteknik has a strong position in Denmark.

There is a high level of recognition among automotive consumers as regards MECA's workshop concept and strong brands, and this is a good platform from which we can gradually increase our customer flow.

MECA Scandinavia runs a nationwide chain of departments in Sweden and Norway and is developing the MECA Car Service workshop concept. In Denmark, the company is canvassing the market via affiliated workshops under the Mekonomen Autoteknik and MekoPartner brands. Logistics are managed from a centralised warehouse in Eskilstuna, Sweden, which stocks more than 50 000 items.

	2013	2012 [1]
Net sales (external), SEK m	2 211	1 702
Operating profit (EBIT), SEK m	84	109
Operating margin, %	4	6
Number of stores/ of which proprietary	131/108	138/108
Number of Meca Car Service workshops	570	546
Number of Mekonomen Autoteknik workshops	212	219
Number of MekoPartner workshops	190	216

[1] Period pertains to 23 May – 31 December 2012 for MECA Scandinavia and 1 January – 31 December 2012 for MECA Denmark.

Pehr Oscarson
Deputy CEO,
MECA Scandinavia

Peter Persson
IT Director, MECA

Peter Thersthol
Logistics Director, MECA

Mekonomen Nordic

Determined efforts to streamline the business

In a market which is seeing weak growth, the work of Mekonomen Nordic in 2013 was characterised by continuing investment in the workshop concepts, greater skills development, consolidation of the network of stores and targeted initiatives with a view to increasing cost streamlining within the business.

Sweden
Market development in Sweden in 2013 was weak, as anticipated, with marginal growth. As was the case last year, competition became even tougher, resulting in a certain amount of price pressure. The demand for spare parts and accessories in the retail trade was at more or less the same level as last year, while activity in the workshops increased slightly.

The network of stores was reduced by 6 stores as part of our efforts to increase efficiency. Marketing during the year was targeted predominantly at workshop customers, which paid off. Sales to our affiliated Mekonomen Service Centres in Sweden, Norway and Finland rose by 9 per cent in local currency, which means that the Mekonomen Nordic concept is taking market shares.

Certification of Mekonomen Nordic operations continued according to plan, and in Sweden 130 stores and 78 workshops had what is known as a multi-site certificate covering ISO 14001 (environment), OHSAS 18001 (work environment) and ISO 9001 (quality) by the end of the year.

Norway
Revenue at the concept workshops increased over the year, while deliveries to non-affiliated workshops fell. Sales in comparable units rose slightly compared with last year, but overall revenue fell slightly due to the fact that four stores were removed from the network of stores.

Marketing of the Mekonomen card was successful, and we saw an influx of more than 55 000 new card customers, leading to a total of 120 000 Norwegian card customers.

A mobility guarantee was launched during the year, which means that car owners will receive assistance all over Europe if they have a problem with their car, along with towing of the car to a workshop and a free loan car.

The cooperation within the Mekonomen Group in respect of training thanks to the new ProMeister Academy developed well, and investments in training and skills development will enhance our future competitiveness.

Finland
Construction of the business in Finland continued in 2013, and by the end of the year there were six stores and 12 affiliated Mekonomen Service Centres. Expansion was concentrated in the Helsinki area, and revenue development during the year was positive.

The market in Finland in relatively fragmented, with many players. There was tough competition during the year, and a number of companies and chains were forced to make cutbacks. Marketing focused on using direct mailings and local advertising to raise awareness of the Mekonomen Service Centre brand.

Mekonomen Fleet
Mekonomen Fleet offers companies with their own vehicle fleets custom solutions for servicing and repairs. The influx of new customers in both Sweden and Norway developed positively during the year.

The trend is clear – a growing number of companies are looking for one-stop-shop solutions for servicing and repairs for their entire fleets with a view to achieving greater cost control. Mekonomen Fleet has devised a clear concept in order to meet these needs, and perceives a good opportunity for

Senior executives at Mekonomen Nordic

Magnus Johansson
CEO, Mekonomen Nordic, appointed in January 2014

Petter Torp
left his position as CEO of Mekonomen Nordic in January 2014

Frank Bekken
CEO, Mekonomen Norway

Lennart Byström
Head of IT, Mekonomen Nordic

Martin Engberg
Head of e-commerce and web

David Larsson
CFO, Mekonomen Nordic

Staffan Lindewald
Deputy CEO, Mekonomen Nordic

ongoing rapid expansion. Mekonomen Fleet customers include the Police authority in the county of Stockholm, Bravida, Skanska and Peab.

The future

The growth of Mekonomen Nordic is based largely on both developing existing and launching new concepts which are adapted to suit automotive consumers' requirements and wishes. Quality work is the top priority. Training and skills development initiatives will increase still further thanks to the coopera-tion between Group companies in respect of a Groupwide training platform, ProMeister Academy.

In Sweden and Norway, the emphasis in 2014 will be on increasing market shares. This will be implemented by continuing to focus on quality, training, accessibility and customer service so as to further reinforce our workshop chains. In addition, targeted initiatives will take place with regard to sales to other workshops, with an extended ProMeister range, while at the same time efforts to improve the concepts and make them more cost-effective are continuing.

Expansion will continue in Finland in 2014 and concentrate on increasing the number of Mekonomen Service Centres.


Anders Molander
CEO, Mekonomen Grossist


Tobias Narvinger
CEO, Mekonomen Sweden


Greger Stolt
CEO, Mekonomen Finland


Siri Unander-Scharin
Head of HR,
Mekonomen Nordic

Mekonomen

Mekonomen Nordic operates in Sweden, Nor-way and Finland. Stores are gathered together under the Mekonomen brand. The affiliated workshops are marketed through the chains Mekonomen Service Centre in Sweden, Norway and Finland, MekoPartner in Sweden and Norway and Speedy in Sweden. A centralised warehouse in Strängnäs, Sweden is responsible for logistics and stocks some 67 000 items.

	2013	**2012**
Net sales, SEK m	2 818	2 830
Operating profit (EBIT), SEK m	361 [1)]	376
Operating margin, %	12 [1)]	13
Number of stores/ of which proprietary	193/146	204/156
Affiliated workshops:		
Number of Mekonomen Service Centres	885	875
Number of MekoPartners	188	210
Number of Speedy	12	11

[1)] Excluding impairment of IT systems, SEK 45 m.

Sørensen og Balchen

New record year for Sørensen og Balchen

After a majority of years of growth in the Norwegian market, a trend reversal was noted.

The overall market for spare parts and accessories fell, and tougher competition led to price pressure.

Despite the fairly tough market climate, 2013 was a new record year for Sørensen og Balchen.

Above all, the positive development for Sørensen og Balchen in 2013 was founded on ongoing initiatives within the BilXtra workshop chain in combination with efficient cost control.

BilXtra's reinforced market position provided a foundation for this record year. The workshop chain was extended by a further 18 workshops, and at year-end there were 243 affiliated units. Sales to workshops showed growth over the year, which in a declining market involved greater market shares.

Demand for the consumer market was more sluggish. After many years of positive growth, the Norwegian retail trade presented zero growth for 2013. For BilXtra's part, revenue fell by around 2 per cent for the shop side of things, and two smaller stores were closed down as part of the effort to consolidate the network of stores.

Greater efforts to guarantee quality at all levels

A high level of expertise and good service are important success factors for BilXtra. This is why greater efforts were made during the year to guarantee quality at all levels. Together with Mekonomen Nordic and MECA Scandinavia, Sørensen og Balchen has driven the development of ProMeister Academy, an independent, Group-wide training platform aimed at all Mekonomen Group mechanics.

Extensive marketing took place over the year and concentrated on TV advertising, as well as BilXtra's Direct Mail campaigns reaching around 800 000 car owners.

The future

Sørensen og Balchen has a well prepared concept, and the BilXtra brand has a strong position on the Norwegian market. To maintain and further reinforce this position, both receptiveness to future market demand and continued commitment to quality and outstanding service in workshops and stores are required.

Good cost control work involves continued streamlining of the network of stores, further synergies in respect of purchasing and valuable transfer of experience and knowledge between Mekonomen Group companies.

Training of employees in the workshops continues to be of high priority. Skills and service are important competitive advantages, and it is reassuring to know that much of the necessary ongoing skills development will benefit Sørensen og Balchen thanks to ProMeister Academy.

Senior executives at Sørensen og Balchen

Morten Birkeland
CEO
Sørensen og Balchen

Andreas Hamdahl
CFO
Sørensen og Balchen

Lars Fredrik Hautau
Director of Accessories,
Sørensen og Balchen

SØRENSEN OG BALCHEN

Sørensen og Balchen is a wholesale business which runs the car parts chain BilXtra, with stores and affiliated workshops covering all of Norway. Logistics are managed from a centralised warehouse in Oslo, Norway, which stocks more than 60 000 items.

	2013	2012
Net sales (external), SEK m	701	748
Operating profit (EBIT), SEK m [1)]	81	78
Operating margin, %	11	10
Number of stores/ of which proprietary	74/34	78/36
Number of BilXtra workshops	243	225

[1)] Profit before depreciation of intangible assets was SEK 99 (97) m.

Hans Ole Høidal
Director of Sales,
Sørensen og Balchen

Harald Hillesund
Director of Spare Parts
Sørensen og Balchen

Tom Mathisen
Director of Logistics
Sørensen og Balchen

Lene H Germundson
Marketing Manager
Sørensen og Balchen

Mekonomen Group takes responsibility

With innovative concepts, high quality and outstanding service, the Mekonomen Group shall offer customers an easier CarLife.

By having affiliated with the UN's Global Compact, we have undertaken to apply and promote the UN's ten principles for human rights, labour, the environment and anti-corruption.

Our day-to-day operational work is geared towards maintaining sustainable development and social responsibility.

The Mekonomen Group's ambition is to remain at the leading edge in our industry when it comes to taking responsibility and getting involved in the community in which the Group and its employees live and work.

We want to meet our customers' requirements and wishes in respect of us as a company. For us, this means high quality of goods, services and servicing at competitive prices, while also taking responsible for our collective resources and the environment.

The Mekonomen Group has participated in a number of external projects relating to fields such as diversity and the labour market for a number of years. The aim is for the Mekonomen Group's work sites to reflect our customer target groups and the society in which we live, and so create business benefits in a credible manner.

Overall responsibility for sustainability work and with social responsibility rests with the Group executive at the Mekonomen Group. To clearly state the starting point for the Mekonomen Group's actions, there is a Code of Conduct which provides guidance for all elements within the Group and includes all employees. The foundations for the Code of Conduct can be found in the Group's shared values, formulated as follows:

Responsibility
- We assume responsibility for our surroundings, our shared resources and our environment, and we trust the knowledge and abilities of our employees. Our customers associate us with high quality.

Competency
- We have high professional qualifications within the areas in which we operate. This means that we are perceived as reliable and competent by customers.

Customer orientation
- We place the customer first and satisfy our customers' expectations. We are perceived as a full-service company by our customers.

Flexibility
- We search for new ideas and change to meet the requirements of existing and future customers. This means that we are perceived as innovative by our customers.

Professionalism
- We generate excellent financial results, with a balance between short and long-term earnings. We are perceived as affordable by our customers.

The Mekonomen Group has been affiliated to the UN Global Compact since 2013. This means that the Group has undertaken to comply with and operate within the framework of the UN Global Compact's 10 principles for human rights, labour, the environment and anti-corruption, as well as supporting the targets defined by the UN.

Ongoing efforts to coordinate these issues are constantly taking place, and are based on taking advantage of the good examples set by the individual Group companies according to the best practice principle. 2013 saw the start of charting how the work of the Group companies meets the undertaking to the UN Global Compact. The result of the gap analysis will form the basis for continuing work, prioritisations and target formulations.

Working at the Mekonomen Group

The Mekonomen Group is made up of entrepreneurial companies characterised by commitment, where all employees have opportunities for personal development and new challenges in their professional lives. These organisations respond to change quickly and are pragmatic, with great belief in the ability of individuals.

Our aim is for our employees to view us as a long-term employer and to feel that they have opportunities for both professional and personal development.

In 2013, a Groupwide employee survey took place which included questions on wellbeing and working conditions, as well as the opportunities for individual employees to influence their work situations.

As the employee survey captures opinions from all employees, the results can be used at various levels with a view to implementing improvements throughout the business, all the way from a general perspective to their own groups/units.

The Mekonomen Group has well developed HRM work which includes equal opportunities plans, action programmes against discrimina-

Global Compact: 10 principles

These principles are based on the UN's Declaration of Human Rights, the ILO's basic conventions on human rights in the workplace, the Rio Declaration and the UN Convention against Corruption.

Human rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2: Business should make sure that they are not complicit in human rights abuses.

Working conditions
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.
Principle 5: Businesses should uphold the effective abolition of child labour.
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges.
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Corruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

tion in the workplace, clear targets and target follow-ups, reporting and explicit distribution of responsibilities.

The rights and obligations of the companies and all their employees in the employment relationship are taken into account through agreements such as collective agreements and agreements for salaried employees, as well as compliance with labour regulations in the relevant country.

There are a number of projects relating to health within the Group. MECA cooperates with the occupational health service, among others, and offers extended health checks for all employees at regular intervals. Mekonomen Nordic has a health portal where employees collect points once they have completed activities and compete individually or with colleagues. Besides these projects within Group companies, agreements with training facilities and fitness initiative contributions are also offered.

A number of key performance indicators are compiled every year for sick leave, accidents and incidents. Sick leave is followed up on a quarterly basis in addition to the annual compilation work. In 2013, short-term sick leave (1–14 days) at the Mekonomen Group amounted to 2 per cent.

The Group has established procedures for work environment initiatives which are applicable to all operations. The aim of these is to ensure that the company has an updated risk analysis and work environment aspect assessment, awareness of applicable legislation and procedures and instructions to minimise the risk of accidents. For our businesses in Norway, our efforts in this field are subject to strict Norwegian national legislation.

All employees have access to and are encouraged to regularly view relevant documents and information on rights and obligations.

Training and skills development

The skills and development initiatives implemented at the Mekonomen Group aim not only to meet current needs, but also to handle future challenges. This is how the Mekonomen Group is securing the future competitiveness of both the Group as a whole and its individual employees.

One fundamental working method at the Mekonomen Group involves taking advantage of the skills within the Group and developing them by means of further training and opportunities for new challenges within the Group. Internal recruitment is highly successful within the entire Group.

The Mekonomen Group has implemented a Groupwide cooperation in 2013 to develop ProMeister Academy, a training unit aimed at securing the quality and skills of our mechanics at all affiliated workshop chains. ProMeister Academy training courses have been offered in Norway during the year and were received very well by mechanics from the Group's own affiliated workshops. Training courses began in Sweden in 2014 as well.

Other channels such as the web are often used for stores so as to reach out quickly and efficiently with information and training.

Responsible purchasing

The Mekonomen Group's companies have extensive experience of the purchasing of spare parts and accessories from the major players in the automotive industry.

By being a customer to large, renowned suppliers with good references, the Mekonomen Group is benefiting from strict requirements in terms of the environment, work environment and quality with follow-ups demanded by the majority of these players. This guarantees to the Mekonomen Group that its suppliers have management systems for quality (ISO 9001), safety (TS), the environment (ISO 14001) and health and safety (OHSAS 18001), and that these management systems are reviewed frequently.

The majority of purchases have traditionally been made from suppliers in Europe. In order to extend its supplier base in respect of both spare parts and accessories, the Mekonomen Group has begun cooperation with Polish company Inter Cars in respect of purchasing and logistics from Asia, and it has also set up a separate purchasing office in Hong Kong.

In order to face up to and reduce risks, the Group has introduced Groupwide agreement templates which, by virtue of the Code of Conduct, form the foundation for a common vision of sustainability parameters in the event of purchases. These agreement templates include a document stating that the supplier must comply with the UN Global Compact (GC).

The Code of Conduct makes clear the views of the Group on issues relating to human rights, labour, the environment and anti-corruption, and includes the ten principles of the GC. The Group's manual states that suppliers must work to reduce impact

on the environment and health, and that the presence of ISO/TS standards 16949, ISO 9001 or ISO 14001 must be given special consideration when choosing a supplier.

The purchasing and product teams within the Group make assessments of which groups of suppliers present higher risks in terms of sustainability parameters and before decisions to purchase from new suppliers are made, in some cases involving site visits and visual inspections based on the risk assessment.

Anti-corruption

As some purchases take place from markets where corruption is a well known problem and the Group maintains a zero tolerance approach, there is Groupwide coordination for purchases at the Mekonomen Group. All major purchase agreements for the three Group companies are implemented by the Mekonomen Group centrally, with a standard agreement which takes into account anti-corruption through reference to the UN Global Compact.

Corruption is not limited in geographical terms, although the risk is considered higher on some markets and in some industries. The Mekonomen Group has a Groupwide whistle-blowing function which is presented in the Code of Conduct.

Environment

The environment and quality are prioritised areas and significant to the Mekonomen Group with regard to business strategy. We know our customers are aware and demand that we offer eco-friendly products and services, which means that we do our very best to meet their demands. We also want to further enhance awareness among customers and be the leading edge player in our industry in respect of ecolabelled products and services.

Environmental work within the Group focuses clearly on sustainability with regard to the utilisation of energy, transportation and the handling of chemicals. This work is controlled on the basis of charting of the most significant environmental impact of the business and includes, among other things, environmental policies, certified environmental management systems (ISO14001) and environmental manuals describing procedures, follow-up and responsibilities. The environmental management systems are reviewed annually by an external party, and environmental targets are set for every business year along with follow-up procedures.

The measures undertaken to reduce environmental impact include the streamlining of goods transportation and business travel in 2013, the upgrading of the vehicle fleet to include cars with lower CO_2 emissions than the vehicles they replaced, waste disposal has been geared towards higher recycling rates, and a number of new electricity contracts involve electricity supplies from wind power. Mekonomen Nordic has a long-term vision; for all stores and the majority of workshops to obtain what are known as multi-site certificates in accordance with ISO 14001, OHSAS 18001 and ISO 9001. At the end of 2013, 130 stores and 78 workshops in Sweden had multi-site certificates. MECA Scandinavia in Sweden and Norway hold ISO certification in accordance with ISO 14001. Audits are carried out every year by internal and external parties within both Mekonomen and MECA.

A number of training courses on the environment are taking place within the Group, e.g. with regard to the handling and carriage of dangerous goods by road (ADR), as well as for national regulation in respect of chemicals and CE labelling. Products are checked in several stages, including with regard to compliance with national special requirements and registration. Specifications are also being produced on content, labelling and safety data sheets.

When agreements are signed with suppliers, there are a number of documents relating to environmental rules, such as a requirement to comply with REACH rules on chemicals (within the EU).

Mekonomen Group in society

Young people in the workplace

The Mekonomen Group has been working actively for a number of years with organisations such as Telge Tillväxt, the Employment Service, Farsta gymnasium and Stockholm School of Economics to facilitate young people's entry into the labour market.

Telge Tillväxt operates a business aimed at giving young people in Södertälje work experience, contacts, references and a knowledge of the world of work. Our ambition is to halve youth unemployment in Södertälje within three years. Since 2010, Mekonomen has been a co-owner and hired employees for financial administration, tyre changes, warehouse work and work in stores.

Our cooperation with Farsta gymnasium, together with the Swedish Trade Federation and Axel Johnson AB, aims to reduce youth unemployment by offering apprenticeships at Mekonomen stores. We work actively together with Stockholm School of Economics on the Center for Retail programme, a three-year college course aimed at creating a knowledge centre focusing on retail. We are also involved in cooperations with various automotive training courses.

Mitt Liv – for greater diversity and integration

In spring 2013, the Mekonomen Group became affiliated to "Mitt Liv" ("My Life"), a social company for non-profit purposes which works to promote diversity and integration. Its aim is to open doors for people with foreign and academic backgrounds and allow them access to the Swedish labour market, which will mainly take place by means of mentorship, further training and a wide network of contacts.

Four people within the Group have started working actively at Mitt Liv. Each of them acts as a mentor to a mentee, and their commitment is enhancing opportunities to make the most of the skills available in society, as well as allowing people to work with the things they have trained for.

En frisk generation

The En frisk generation (A Healthy Generation) Foundation began in 2011. This is a collective initiative by researchers from the Karolinska Institute, private companies and various associations. Its aim is to establish a long-term, viable way of influencing public health by encouraging and motivating entire families from an early age to adopt lifestyles which are healthier and more fun.

The initiative started working with families with students in Year 2 in two schools in Södertälje and one in Haninge. In cooperation with these schools, physical activities are intermixed with knowledge and motivation in order to improve families' attitudes towards lifestyle and health. The ambition going forward is to involve more schools and families all over Sweden.

About this report

This is the Mekonomen Group's first report on the UN Global Compact – our Communication Progress Report for 2014. When identifying relevant information to report, we worked on the basis of the UN Global Compact, the work taking place within the Group and what we find out is of interest to our stakeholders thanks to our relationships with them.

We are at the beginning of our journey involving Groupwide sustainability work and reporting of the same. We have been reporting on our corporate responsibility work as part of our annual report since 2010. For this report, we chose to derive our inspiration [1)] from the guidelines of the Global Reporting Initiative, G4, and this report includes elements from GRI G 4. In other words, this is not a report compiled in accordance with the guidelines of the GRI.

The table below presents the indicators for which we are submitting information for 2013, along with a cross-reference to the principles of the UN Global Compact. The sustainability information has not been reviewed by a third party.

AR = Mekonomen's Annual Report for 2013.

1) The report includes standard information from the GRI's Sustainability Reporting Guidelines.

Indicator from GRI G 4	*Page ref. in AR*	*Comments*	*Cross-reference 10 principles of the UN Global Compact*
Strategy and analysis			
G4-1: CEO's comments	4-5		
Organisational profile			
G4-10: Employees	49		
G4-11: Number of employees covered by collective agreements	13		Principle 3
G4-15: External principles and initiatives which the organisation supports or is affiliated to	12-15		Principle 1-10
G4-37: Process for stakeholders to submit proposals to the Board and executive	12-13, 25-26		
G4-56: Description of the organisation's principles, codes and values	2, 12		Principle 1-10
G4-58: Mechanism for reporting suspicions of unethical behaviour (whistleblowing)	14		Principle 10
Performance indicators			
Finance			
Finance: Governance, targets and results	12, 15		
EC7: Development and influence of investments implemented mainly for the public good	15		
Environment			
Environment: Governance, targets and results	14-15, 23		Principle 8
EN24: Significant spills, oil/chemicals		No significant spills have taken place in 2013.	
EN27: Activities for reducing the environmental impact of products and services	14-15		Principle 8
EN29: Penalties or sanctions as a consequence of breaches of environmental legislation		No such instances in 2013.	
EN32: Number of new suppliers reviewed in respect of environmental criteria	13, 15		Principle 8
Social indicators			
Social: Governance, targets and results	12-15		Principle 1, 3, 6, 10
LA6: Frequency of illness and accidents	13		
LA9: Training	13		
LA12: Composition of Board and executives, plus other employees according to diversity factors	30-31, 49	The information provided is broken down by sex and age only.	
LA14: Number of new suppliers reviewed in respect of working conditions	13-14		Principle 3-5
HR3: Number of cases of discrimination and action taken		No cases of discrimination have been reported in 2013.	Principle 6
HR10: Number of new suppliers reviewed in respect of human rights	13-14		Principle 1-2, 4-5
SO4: Communication and knowledge enhancement on anti-corruption policy and processes	12, 14		Principle 10
SO5: Confirmed cases of corruption and action taken	14	No cases of corruption have been reported in 2013.	Principle 10

Five-year summary

INCOME STATEMENTS

SEK m	**2013**	2012	2011	2010	2009
Net sales	5 740	5 292	4 140	3 374	3 129
Other revenues	123	134	97	73	77
Goods for resale	-2 632	-2 475	-1 866	-1 607	-1 530
Other operating expenses	-2 605	-2 349	-1 810	-1 350	-1 346
Earnings before depreciation and impairments of intangible assets, EBITA	626	602	560	490	330
Depreciation and impairments of intangible assets	-157	-74	-25	-5	-5
Operating profit, EBIT	469	528	536	485	325
Net financial items	-39	-54	-13	0	-2
Profit after financial items	429	474	523	485	323
Tax on profit for the year	-114	-92	-143	-134	-86
PROFIT FOR THE YEAR	**315**	**382**	**380**	**351**	**237**

BALANCE SHEETS

SEK m	**2013**	2012	2011	2010	2009
ASSETS					
Intangible assets	2 881	3 086	1 116	348	278
Other fixed assets	347	381	302	207	180
Inventories	1 213	1 203	934	680	620
Accounts receivable	439	495	411	287	265
Other current assets	285	302	225	162	126
Cash and cash equivalents	279	241	67	74	60
TOTAL ASSETS	**5 444**	**5 708**	**3 054**	**1 758**	**1 529**
EQUITY AND LIABILITIES					
Shareholders' equity, Parent Company's shareholders	2 228	2 303	1 539	955	877
Non-controlling interest	12	13	17	19	18
Long-term liabilities	1 872	2 059	511	24	29
Current liabilities	1 332	1 333	988	760	605
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5 444**	**5 708**	**3 054**	**1 758**	**1 529**

CONDENSED CASH FLOW STATEMENT

SEK m	**2013**	2012	2011	2010	2009
Cash flow from operating activities	557	518	259	358	289
Cash flow from investment activities	-54	-1 510	-512	-184	-92
Cash flow from financing activities	-442	1 165	246	-160	-222
CASH FLOW FOR THE YEAR	**61**	**173**	**-7**	**14**	**-25**

DATA PER SHARE[1)]

Amounts in SEK per share unless stated otherwise	**2013**	2012	2011	2010	2009
Profit	8.56	10.80	11.39	10.95	7.38
Cash flow	15.51	14.93	7.98	11.60	9.38
Shareholders' equity	62.1	64.2	46.9	30.9	28.4
Dividends [2)]	7	7	8	8	7
Share of profit paid, % [2)]	82	65	69	73	95
Share price at end of year	198	206.5	225	223	155
Share price, highest for year	233	246	257.5	228	159.5
Share price, lowest for year	189	180	157	131	71.75
Direct yield, % [2)]	3.5	3.4	3.6	3.6	4.5
P/E ratio at year-end, multiple	23.1	19.1	19.8	20.4	21.0
Average number of shares after dilution effects	35 901 487	34 692 458	32 436 258	30 868 822	30 868 822
Number of shares at end of period	35 901 487	35 901 487	32 814 605	30 868 822	30 868 822
Number of shareholders at year-end	8 355	8 138	7 735	8 024	7 430

[1)] For information on definition of key figures, see page 71.
[2)] Board of Directors' proposal for 2013.
[3)] No dilution is current.

KEY FIGURES[1]

	2013	2012	2011	2010	2009
Sales growth, %	8	28	23	8	19
Gross margin, %	54	53	55	52	51
Operating margin, %	8	10	13	14	10
Profit margin, %	7	9	12	14	10
Capital employed, SEK m	4 176	4 432	2 203	1 060	925
Operating capital, SEK m	3 898	4 191	2 136	986	865
Return on capital employed, %	11	15	29	49	36
Return on operating capital, %	12	17	34	52	39
Return on equity, %	14	19	27	37	27
Return on total assets, %	9	11	20	30	22
Equity/assets ratio, %	41	41	51	55	59
Net debt/equity ratio, multiple	0.7	0.8	0.4	0	neg
Interest coverage ratio, multiple	9	10	26	151	66
Net indebtedness, SEK m	1 657	1 875	580	12	neg
AVERAGE NUMBER OF EMPLOYEES					
Sweden	1 342	1 287	1 076	850	789
Norway	775	690	475	251	243
Denmark	397	404	392	358	398
Finland	21	24	15	3	-
GROUP	**2 535**	**2 405**	**1 958**	**1 462**	**1 430**
NUMBER OF STORES/of which proprietary					
Mekonomen Sweden	137/109	143/115	144/114	141/111	134/103
Mekonomen Norway	47/32	51/35	53/36	47/32	47/31
Mekonomen Finland	6/3	7/4	3/3	2/2	-
Mekonomen Iceland	1/0	1/0	1/0	-	-
Marinshopen	2/2	2/2	1/1	-	-
Total Mekonomen Nordic	**193/146**	**204/156**	**202/154**	**190/145**	**181/134**
Sørensen og Balchen - Norway	**74/34**	**78/36**	**77/35**	**-**	**-**
MECA Sweden	61/44	64/43	-	-	-
MECA Norway	25/24	25/24	-	-	-
MECA Denmark	45/40	49/41	54/40	40/37	39/38
Total MECA	**131/108**	**138/108**	**54/40**	**40/37**	**39/38**
M by Mekonomen	1/1	1/1	1/1	1/1	-
GROUP	**399/289**	**421/301**	**334/230**	**231/183**	**220/172**
NUMBER OF MEKONOMEN SERVICE CENTRES					
Sweden	489	484	438	426	401
Norway	384	387	380	352	331
Denmark	212	219	215	195	178
Finland	12	4	3	2	-
GROUP	**1 097**	**1 094**	**1 036**	**975**	**910**
NUMBER OF MEKOPARTNERS					
Sweden	116	137	128	128	117
Norway	72	73	78	63	53
Denmark	190	216	214	172	126
GROUP	**378**	**426**	**420**	**363**	**296**
NUMBER OF BILXTRA WORKSHOPS					
Norway	243	225	219	–	–
GROUP	**243**	**225**	**219**	**-**	**-**
NUMBER OF SPEEDY WORKSHOPS					
Sweden	12	11	11	11	–
GROUP	**12**	**11**	**11**	**11**	**-**
NUMBER OF MECA CAR SERVICE WORKSHOPS					
Sweden	344	334	-	-	-
Norway	226	212	-	-	-
GROUP	**570**	**546**	**-**	**-**	**-**
TOTAL NUMBER OF AFFILIATED WORKSHOPS IN THE GROUP	**2 300**	**2 302**	**1 686**	**1 349**	**1 206**

[1] For information on definition of key figures, see page 71.

Quarterly overview [6]

	2013					2012				
	Full-year	**Q4**	**Q3**	**Q2**	**Q1**	Full-year	Q4	Q3	Q2	Q1
NET SALES, SEK m [1]										
MECA [2]	2 211	535	529	593	554	1 702	612	539	360	191
Mekonomen Nordic [3]	2 818	716	683	773	646	2 830	721	675	741	692
Sørensen og Balchen	701	159	174	195	174	748	188	180	194	186
Other [4]	10	2	4	3	1	12	3	6	3	1
GROUP	**5 740**	**1 412**	**1 390**	**1 564**	**1 375**	**5 292**	**1 524**	**1 400**	**1 298**	**1 070**
EBITA, SEK m										
MECA [2]	156	20	47	51	38	150	42	62	35	12
Mekonomen Nordic [3]	383	80	104	119	80	390	88	97	107	97
Sørensen og Balchen	99	24	27	30	19	97	25	24	31	16
Other [4]	-13	0	-	-5	-8	-35	-2	-8	-18	-6
GROUP	**626**	**124**	**178**	**195**	**129**	**602**	**152**	**176**	**155**	**119**
EBIT, SEK millions										
MECA [2]	84	1	29	33	21	109	24	45	29	12
Mekonomen Nordic [3]	316	31	97	112	75	376	84	95	103	94
Sørensen og Balchen	81	19	22	25	15	78	20	19	27	11
Other [4]	-12	0	1	-4	-8	-35	-3	-8	-18	-6
GROUP	**469**	**52**	**149**	**166**	**103**	**528**	**125**	**151**	**141**	**111**
INVESTMENTS, SEK m [5]										
MECA [2]	30	9	4	12	5	31	12	8	7	3
Mekonomen Nordic [3]	30	4	4	13	9	87	31	12	26	18
Sørensen og Balchen	2	0	-	1	1	4	2	-	1	1
Other [4]	1	0	-	1	0	0	-	-	-	-
GROUP	**63**	**13**	**8**	**27**	**15**	**122**	**45**	**20**	**34**	**23**
EBITA MARGIN, %										
MECA [2]	7	4	9	9	7	9	7	11	9	6
Mekonomen Nordic [3]	13	11	15	15	12	13	12	14	14	13
Sørensen og Balchen	14	15	15	15	11	13	13	13	16	9
GROUP	**11**	**9**	**13**	**12**	**9**	**11**	**10**	**12**	**12**	**11**
EBIT MARGIN, %										
MECA [2]	4	0	6	6	4	6	4	8	8	6
Mekonomen Nordic [3]	11	4	14	14	11	13	12	14	13	13
Sørensen og Balchen	11	12	13	13	8	10	11	10	14	6
GROUP	**8**	**4**	**10**	**10**	**7**	**10**	**8**	**11**	**11**	**10**
QUARTERLY DATA, GROUP, SEK m										
Total revenues	5 863	1 450	1 417	1 591	1 404	5 426	1 556	1 433	1 341	1 096
EBITA	626	124	178	195	129	602	152	176	155	119
EBIT	469	52	149	166	103	528	125	151	141	111
Net financial items	-39	-2	-16	-5	-16	-54	-16	-24	-8	-4
Profit after financial items	429	49	133	160	87	474	109	127	132	106
Tax	-114	-19	-34	-40	-22	-92	12	-36	-39	-29
Profit for the period	315	31	99	120	65	382	121	91	93	77
Gross margin, %	55	54	55	53	54	53	52	55	52	55
EBITA margin, %	11	9	13	12	9	11	10	12	12	11
EBIT margin, %	8	4	10	10	7	10	8	11	11	10
Profit per share, SEK	8.56	0.88	2.67	3.24	1.77	10.80	3.36	2.46	2.65	2.29
Shareholders' equity per share, SEK	62.1	62.1	61.4	60.4	64.0	64.2	64.2	60.3	58.6	49.4

1) Net sales for the respective segments are from external customers.
2) A significant proportion of the MECA segment was acquired on 23 May 2012 and is included in the Group for 2012, so only for the period 23/05/2012–31/12/2012. Comparative figures for MECA Denmark, the business in Denmark, are included for the full year 2012-2013. Redistribution from "Other " to the MECA segment took place during the first quarter of 2013 after a review of internal Group goods transactions as a consequence of the change in segment division. The comparative figures have been recalculated, which has had a positive effect on MECA's operating profit (total for the full year 2012 of SEK 17 m), and had the opposite effect on the operating profit in "Other". The redistribution has had no effect on profit at Group level.
3) The Mekonomen Nordic segment includes Mekonomen Sweden, Mekonomen Norway, Mekonomen Fleet, Speedy, Marinshopen, Mekonomen Finland, Mekonomen BilLivet, Mekonomen Services (automotive glass, insurance, tyre hotels) and Mekonomen Norden AB.
4) The Other segment comprises the Parent Company Mekonomen AB (publ), M by Mekonomen, the purchasing company in Hong Kong, plus Group-wide and eliminations. Mekonomen AB is primarily the Group executive and financial administration. Comparative figures for 2012 have been recalculated between "Other" and the MECA segment as stated above. [2]
5) Investments are exclusive of corporate and operating acquisitions.
6) For more information on definition of key figures, see page 71.

Mekonomen shares

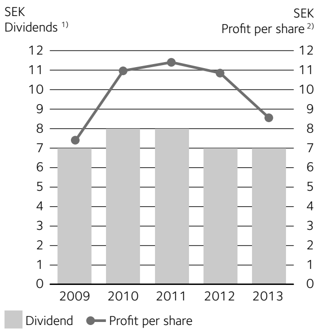
Mekonomen's shares have been listed since 29 May 2000 on the Nasdaq OMX Nordiska Stock Exchange in Stockholm, Mid Cap segment.

The total market value for the company on 31 December 2013 amounted to SEK 7.1 billion, based on the closing price of SEK 198.00. The number of shareholders on 31 December 2013 was 8 355.

Mekonomen's share capital as at 31 December 2013 amounted to SEK 90 (90) m and comprises 35 901 487 (35 901 487) shares with a quotient value of SEK 2.50 (2.50) per share.

Each share carried one vote at the Annual General Meeting and all shares carry equal entitlement to a share in the company's profits and assets. Each shareholder is entitled to vote for all their shared with no restrictions and the shares are not included in any transfer restrictions.

Dividend and profit per share



[1)] Board of Directors' proposal for 2013.
[2)] After full dilution.

LARGEST SHAREHOLDERS AS AT 30 DECEMBER 2013

Name	Number of shares	Votes and capital, %
Axel Johnson AB and subsidiaries	9 516 235	26.5
Eva Fraim-Påhlman	2 009 176	5.6
Threadneedle Investments	1 832 278	5.1
Norges Bank Investment Management	1 329 505	3.7
Kempen & Co fonder	1 064 648	3.0
Ing-Marie Fraim-Sefastsson	1 000 000	2.8
SHB fonder (Finland)	981 000	2.7
SEB Fonder	979 148	2.7
Fjärde AP-fonden	709 981	2.0
Swedbank Robur fonder	681 816	1.9
Total 10 largest shareholders	20 103 787	56.0
Other	15 797 700	44.0
Total	**35 901 487**	**100.0**

Source: SIS Ownership Data Corp.

SHARE CAPITAL DEVELOPMENT

Year	Transaction	Nominal value, SEK	Shares, total	Share capital, total, SEK
1990	Formation of company	100.00 SEK	1 000	100 000.00
1998	Bonus issue	100.00 SEK	400 000	40 000 000.00
1998	Split 1:10	10.00 SEK	4 000 000	40 000 000.00
1999	New issue of shares	10.00 SEK	5 434 444	54 344 440.00
2000	New issue of shares	10.00 SEK	7 252 626	72 526 260.00
2001	Redemption of convertible bonds	10.00 SEK	7 286 626	72 866 260.00
2002	Redemption of convertible bonds	10.00 SEK	7 385 226	73 852 260.00
2003	Redemption of convertible bonds	10.00 SEK	7 397 326	73 973 260.00
2003	Split 2:1	5.00 SEK	14 794 652	73 973 260.00
2003	Redemption of convertible bonds	5.00 SEK	14 869 150	74 345 750.00
2004	Redemption of convertible bonds	5.00 SEK	15 304 618	76 523 090.00
2004	New issue of shares	5.00 SEK	15 434 411	77 172 055.00
2005	Split 2:1	2.50 SEK	30 868 822	77 172 055.00
2011	New issue of shares	2.50 SEK	32 814 605	82 036 512.50
2012	New issue of shares	2.50 SEK	35 901 487	89 753 717.50

DATA PER SHARE	2013	2012	2011	2010	2009	2008	2007
Average number of shares after full dilution effects	35 901 487	34 692 458	32 436 258	30 868 822	30 868 822	30 868 822	30 868 822
Number of shares at year-end after full dilution	35 901 487	35 901 487	32 814 605	30 868 822	30 868 822	30 868 822	30 868 822
Profit per share after full dilution, SEK	8.56	10.80	11.39	10.95	7.38	5.84	11.03
Shareholders' equity, SEK	62.10	64.20	46.90	30.90	28.40	27.00	31.70
Cash flow, SEK	15.51	14.93	7.98	11.60	9.38	6.77	10.32
Dividends [1)], SEK	7.00	7.00	8.00	8.00	7.00	6.00	11.00
Dividend proportion, %	82	65	69	73	95	103	100

[1)] Board of Directors' proposal for 2013.

Administration report

The Board of Directors and Managing Director of Mekonomen AB (publ.) 556392-1971 hereby submits the annual report and consolidated accounts for the financial year 2013.

GENERAL

The Mekonomen Group comprises the three Group companies MECA Scandinavia, Mekonomen Nordic and Sørensen og Balchen. We offer a broad and accessible range of affordable and innovative solutions and products for consumers and companies. The Mekonomen Group includes the leading automotive spare-parts chains in the Nordic region, with proprietary wholesale operations. As of 31 December 2013, the Mekonomen Group had around 400 stores and 2 300 affiliated workshops operating under the Group's brand.

The Parent Company has its registered office in Stockholm. The address of head office is Box 19542, SE-104 32 Stockholm, Sweden. Visiting address: Solnavägen 4. The Parent Company's share is listed on the Nasdaq OMX Mid-Cap segment. The three largest owners in the Parent Company as of 31 December 2013 are the Axel Johnson AB group with 26.5 per cent, Eva Fraim Påhlman with 5.6 per cent, and Threadneedle Investments with 5.1 per cent.

FINANCIAL YEAR

The 2013 financial year was characterised by weak market growth. The Mekonomen Group's revenue for the full year 2013 rose by 8 per cent to SEK 5 863 (5 426) m, while its operating profit fell to SEK 469 (528) m, including an additional impairment of SEK 45 m relating to the phasing out of IT systems. EBITA for the full year rose by 4 per cent to SEK 626 (602) m.

The corporate executive's assessment for 2013 was that it would be a weak year on the market, which was why emphasis over the year was on streamlining processes and procedures, as well as launching new concepts. The network of stores has been consolidated, purchases have been coordinated further since the acquisition of Sørensen og Balchen and MECA, and proprietary branded goods have been launched within the Group – ProMeister for spare parts and Carwise for accessories. The coordination of purchasing and the launch of proprietary branded goods have reinforced the gross margin in a market subject to tough competition and price pressure.

The Group's workshop chains are continuing to take market shares, and sales at our affiliated Mekonomen Service Centres and MECA Car Service workshops in Sweden, Norway and Finland increased by 9 per cent and 12 per cent respectively in local currency for the full year 2013, compared with 2012. The Mekonomen Group's sales to non-affiliated workshops and consumers in Sweden, Norway and Finland fell by 4 per cent in local currency for the full year 2013, compared with 2012.

The total number of stores in the chains at the end of the period amounted to 399 (421), of which proprietary stores accounted for 289 (301). The number of affiliated car workshops totalled 2 300 (2 302).

Revenues

Revenues for the full year increased by 10 per cent, adjusted for currency effects. Before adjustment, revenues rose by 8 per cent to SEK 5 863 (5 426) m. The number of workdays remained unchanged in Sweden, there were two less days in Norway and one day less in Denmark. Calculated on the basis of comparable workdays and adjusted for currency effects, the increase amounted to 10 per cent. Sales in comparable units remained unchanged. Excluding the acquisition of MECA (MECA ex. Denmark), adjusted for currency effects and calculated on the basis of a comparable number of workdays, revenues were 1 per cent lower than in the previous year.

Other operating revenue includes foreign exchange gains, rental income, marketing subsidies, etc.

Operating profit before amortisation and impairments of intangible assets, EBITA

Operating profit before amortisation and impairments of intangible assets (EBITA) rose to SEK 626 (602) m and the EBITA margin amounted to an unchanged 11 (11) per cent. Earnings were negatively impacted by non-recurring effects in Denmark amounting to SEK -16 (-12) m. Earnings have also been affected by negative currency effects amounting to SEK -16 (11) m.

Operating profit, EBIT

Operating profit, EBIT, amounted to SEK 469 (528) m and the EBIT margin amounted to 8 (10) per cent. Earnings were negatively impacted by the impairment of IT systems, amounting to SEK 45 m. EBIT was negatively impacted by non-recurring effects in Denmark and currency effects with the same amount as specified under EBITA above.

Profit after financial items

The profit after financial items was SEK 429 (474) m. Net financial income totalled SEK -39 (-54) m. Net interest income amounted to SEK -43 (-42) m and other financial items to SEK 4 (-11) m. Net financial items were impacted by currency effects totalling SEK 3 (-4) m.

Profit for the year

Profit for the year amounted to SEK 315 (382) m, and profit per share amounted to SEK 8.56 (10.80). Of the profit for the year, SEK 307 (375) m is attributable to the Parent Company's shareholders and SEK 8 (7) m to minority shareholders.

Seasonal effects

Mekonomen has no actual seasonal effects in its operations. That said, the number of workdays impacts on both revenues and profit.

MECA

Net sales (external) for the entire MECA segment, including MECA Denmark, amounted to SEK 2 211 (1 702) m. EBITA amounted to SEK 156 (150) m and the EBITA margin amounted to 7 (9) per cent. MECA's operating profit, including Denmark, amounted to SEK 84

(109) m and the EBIT margin amounted to 4 (6) per cent. The number of stores amounted to 131 (138), of which 108 (108) are proprietary.

The synergies relating to the integration project have been realised. Earnings have also been affected by depreciation of intangible assets identified in connection with the acquisition for the full year by an amount of SEK 60 (35) m.

Forward invoicing is reported net nowadays at MECA, which would have reduced net sales for the full year 2012 in an amount equivalent to SEK 34 m.

Revenues and earnings for the comparison year 2012 include MECA Scandinavia for the period 23 May–31 December 2012. Mekonomen's Danish operation has been managed by MECA since 1 October 2012. Hence Denmark's revenue and earnings are included in the MECA segment for the period January-December 2012.

MECA Denmark's net sales (external) for the full year amounted to SEK 612 (702) m. Operating profit amounted to SEK -58 (-21) m and the operating margin amounted to -10 (-3) per cent. Underlying net sales at MECA Denmark fell by 12 per cent for the full year. Earnings for MECA Denmark were negatively impacted by the reduction in revenues compared with last year. Non-recurring effects at MECA Denmark were charged to income in the amount of SEK -16 (-12) m. The repositioning initiative, focusing strongly on workshops, is continuing. MECA's business systems and catalogue were introduced in Denmark in 2013. This implementation is now completed, which gives the Danish operation more chance of achieving growth and profitability.

Mekonomen Nordic

Net sales amounted to SEK 2 818 (2 830) m. Underlying net sales rose by 1 per cent for the full year. The number of workdays remained unchanged for the full year in Sweden, and there were two less days in Norway compared with last year.

Earnings were negatively impacted by the additional impairment of IT systems, amounting to SEK 45 m. The currency effect against NOK was negative for the full year. Earnings were positively impacted by the measures undertaken in order to adapt costs, including through consolidation of the network of stores.

Operating profit before depreciation and impairments of intangible assets (EBITA) amounted to SEK 383 (390) m and the EBITA margin amounted to 13 (13) per cent. Operating profit (EBIT) amounted to SEK 316 (376) m and the EBIT margin amounted to 11 (13) per cent. Adjusted for the additional impairment, the EBIT margin amounted to 12 (13) per cent.

Mekonomen Sweden's net sales (external) increased to SEK 1 741 (1 724) m and the operating profit amounted to SEK 288 (287) m.

Mekonomen Norway's net sales (external) increased to SEK 774 (824) m and the operating profit amounted to SEK 120 (120) m.

The number of stores amounted to 193 (204), of which 146 (156) are proprietary.

Sørensen og Balchen

Net sales (external) amounted to SEK 701 (748) m. Underlying net sales fell by 1 per cent. Revenues were negatively impacted by the consolidation of the network of stores.

Operating profit before depreciation and impairments of intangible assets (EBITA) rose to SEK 99 (97) m and the EBITA margin rose to 14 (13) per cent. Operating profit (EBIT) rose to SEK 81 (78) m and the EBIT margin rose to 11 (10) per cent. The currency effect against NOK was negative for the full year.

The number of stores amounted to 74 (78), of which 34 (36) are proprietary.

ACQUISITIONS AND ESTABLISHMENTS

A purchasing company was established in Hong Kong during the fourth quarter. Mekonomen Nordic has acquired and divested non-controlling interests in stores and workshops at a small value. MECA has acquired partner stores in Haninge, Stockholm and Gothenburg. Mekonomen Nordic has acquired non-controlling interests in four stores in Sweden, as well as the remaining non-controlling interests in Meko Fleet System AB. The stores in Karlskrona and Ystad have converted from proprietary to partner stores, the stores in Högsbo and Sisjön have been merged to form a single shop, and a new shop has been established in Båstad.

These acquisitions have only a marginal impact on Group revenues and earnings.

INVESTMENTS

Investments in fixed assets amounted to SEK 63 (122) m during the year. Depreciation and impairments of tangible fixed assets amounted to SEK 83 (73) m for the full year. Corporate and operating acquisitions including non-controlling interests amounted to SEK 19 (2 046) m for the full year. Acquired assets amounted to a total of SEK 4 (617) m and liabilities taken over amounted to 0 (325) m for the full year. Besides goodwill, which amounted to SEK 4 (1 109) m, surplus value in intangible assets has been identified; SEK 0 (270) m in respect of brands and SEK 2 (600) m in respect of customer relations. Deferred tax liabilities attributable to acquired intangible assets amounted to SEK 0 (229) m. Acquired non-controlling interests amounted to SEK 8 (4) m.

FINANCIAL POSITION AND CASH FLOW

Cash flow from current operations amounted to SEK 557 (518) m. Tax paid amounted to SEK 139 (196) m for the year. Cash and cash equivalent at year-end amounted to SEK 279 (241) m. The equity/assets ratio was 41 (41) per cent. Long-term interest-bearing liabilities amounted to SEK 1 660 (1 809) m. Current interest-bearing liabilities amounted to 276 (296) m. Interest-bearing current liabilities fell by SEK 60 m compared with last year as a consequence of the change in amortisation structure after refinancing. Interest-bearing long-term liabilities have increased by a corresponding amount.

Net liabilities, excluding pensions, leasing, derivatives and similar obligations, amounted to SEK 1 642 (1 849) m at the end of the period, representing a reduction of SEK 207 m since year-end. Including pensions, leasing, derivatives and similar obligations, net liabilities amounted to SEK 1 657 (1 875) m at the end of the period, which is a reduction of SEK 218 m. Dividends of SEK 259 m were paid during the second quarter. During the year, loans were amortised by SEK 201 m. Refinancing of SEK 700 m with a 5-year term was entered into during the second quarter.

EMPLOYEES

The number of employees at year-end amounted to 2 541 (2 572), and the average number of employees during the year was 2 535 (2 405).

The Mekonomen Group has well developed HRM (Human Resource Management) work which includes equal opportunities plans, action programmes against discrimination in the workplace, clear targets and target follow-ups, reporting and explicit distribution of responsibilities.

Multi-faceted organisation
The Mekonomen Group has participated in a number of external projects relating to fields such as diversity and the labour market for a number of years. The aim is for the Mekonomen Group's work sites to reflect our customer target groups and the society in which we live, and so create business benefits in a credible manner.

Employees surveys
In 2013, a Groupwide employees survey took place which included questions on wellbeing and working conditions, as well as the opportunities for individual employees to influence their work situations. As the employees survey captures opinions from all employees, the results can be used at various levels with a view to implementing improvements throughout the business, all the way from a general perspective to their own groups/units.

Focus on health
There are a number of projects relating to health within the Group. MECA cooperates with the occupational health service, among others, and offers extended health checks for all employees at regular intervals. Mekonomen Nordic has a health portal where employees collect points once they have completed activities and compete individually or with colleagues. Besides these projects within Group companies, agreements with training facilities and fitness initiative contributions are also offered. A number of key performance indicators are compiled every year for sick leave, accidents and incidents. Sick leave is followed up on a quarterly basis in addition to the annual compilation work. In 2013, short-term sick leave (1–14 days) at the Mekonomen Group amounted to 2 per cent.

REMUNERATION TO GROUP EXECUTIVES

Remuneration to Group executives is presented in Note 5. The Board of Directors will propose the following guidelines for remuneration of senior executives to the 2014 Annual General Meeting.

The Board considers it extremely important to ensure that there is a clear link between remuneration and the Group's values and financial targets in both the short and the long term. The Board's proposals for guidelines for remuneration mean that the company must offer market-based remuneration which makes it possible for the Group to recruit and retain the right executives, and that the criteria for establishing remuneration must be based on the significance of assignments and employees' competence, experience and performance. Remuneration shall comprise the following parts:

- fixed basic salary,
- variable remuneration,
- pension benefits,
- other benefits and severance terms.

The guidelines include the Group executive, which is currently made up of five people including the CEO.

The distribution between basic salary and variable remuneration shall be in proportion to the executive's responsibilities and authorities. Performance-related pay (one short-term and one long-term cash payment) is based on the Group's profit on the one hand and on individual, qualitative parameters on the other. The short-term payment for the CEO amounts to a maximum of 60 per cent, and to a maximum of 33 per cent of the executive's basic salary for other executives.

The Board is proposing to the 2014 Annual General Meeting a new, profit-based bonus programme. The long-term performance-related pay must be calculated on the consolidated profit for the 2014–2016 financial years. Besides the five individuals who make up the Group executive, a number of (approximately seven) elected, business-critical executives will be offered the opportunity to participate in the long-term programme. The criteria for the size of the individual performance-related element are established by the Board's Remuneration Committee (or by the Board as a whole for the CEO). The company's total cost for the long-term programme for the entire period may amount to no more than SEK 24 m. Besides what is specified above, the average closing price for Mekonomen shares on the NASDAQ OMX Stockholm as at the final trading day in December 2016 must exceed the OMX Stockholm PI index for the programme period. The entitlement to performance-related pay will lapse if a employee tenders his/her own resignation (before payment).

Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees abroad. For the CEO, pension provisions according to the employment agreement are paid in an amount corresponding to 29 per cent of the basic salary. Pensionable salary refers to the basic salary. The period of notice is twelve months if employment is terminated by the company, or six months if the employee tenders his/her own resignation. In addition, severance pay equal to a maximum of twelve months may be paid if employment is terminated by the company. See also Note 5.

SENSITIVITY ANALYSIS

Mekonomen's earnings are impacted by a number of factors, such as sales volumes, currency fluctuations on imported goods and sales to foreign subsidiaries, margins on purchased goods, salary changes, etc. Import occurs mainly from Europe, where the currencies largely consist of EUR, SEK and NOK. Purchases in EUR comprised approximately 31 per cent of the purchased volumes. Due to the high correlation between DKK and EUR, sales and purchases in these currencies can be matched. The table below shows the currency effects on the net flow for each currency. The impact of NOK and DKK pertain to internal sales from Mekonomen Grossist AB, as well as from MECA Car Parts AB to each country and profit for the year in Norway and Denmark. See Note 33 for more detailed information on how the Group manages exchange rate risk.

FACTORS PERTAINING TO PROFIT BEFORE TAX	Change	Impact, SEK m [1]
Sales volume	+1%	31
Exchange rate fluctuations		
– NOK	+1%	7
– EUR	+1%	–6
– DKK	+1%	–1
Gross margin	plus one perc. pt.	57
Payroll expenses	+1%	–14
Interest rate [2]	+1%	–17

[1] All things being equal, profit before tax for the 2013 financial year.
[2] The effect is based on the Group's net liability as at 31 December 2013 and does not include the effect of interest rate swaps entered into in 2013.

RISKS AND UNCERTAINTIES

In 2013, the market has seen weak development with greater competition and continuing price pressure.

Competition

Mekonomen's primary competitors are players in the so-called brand-dependent segment, which has traditionally had a high market share in the aftermarket for passenger cars.

Competition pertaining to spare parts sales to workshops is considerable from both brand-dependent and brand-independent players. In the brand-independent trade in Sweden, there are slightly more than 400 stores, where the five largest players, including Mekonomen Nordic and MECA, all have a range that covers most vehicle brands. The situation is similar in both Norway and Denmark with a few large players offering a comprehensive range but with competition from a number of smaller players. Brand-dependent players also compete with Mekonomen in this market. In this market, availability is very important, which means that the rate of delivery is a key competitive factor.

In terms of accessories, Mekonomen competes with a large number of players from various industries, such as petrol stations, convenience goods trade, stores for products for children, stores for accessories for pets, electronic chains, etc.

During 2013, we noted higher price competition, primarily from players in the independent sector but also from the brand-dependent sector and e-commerce players.

Operational risks

The company is highly aware that the increasingly centralised IT structure could provide the Group with major advantages and improved opportunities. This also entails major risks in the form of the risk of operational stops in central functions pertaining to the Group's systems for order and inventory management.

Major emphasis is placed on the Group's fire prevention work since a fire at any of the Group's centralised warehouses would have a major impact on the service to the Group's customers.

Cash management risks

Since Mekonomen's operations include cash management, this entails a risk of theft, with respect to stores and transportation of cash to the bank. Mekonomen strives to provide the same level of solutions for security services, security systems and cash management for all companies within the Group.

Shrinkage

Mekonomen's operations include sales and storage of a large number of products. Since a large portion of these products are theft-prone, there is always a risk of shrinkage. At Mekonomen, work is continuously in progress to define scrapping, internal consumption and actual theft. The work to combat shrinkage is based on the idea that it is important to focus on all types of shrinkage, for example, by reviewing order procedures, delivery checks and unpacking of goods. This will improve knowledge of procedures to manage shrinkage, while providing a basis for higher vigilance on goods that are particularly theft-prone.

Financial risks

Through its operations, Mekonomen is exposed to exchange rate, credit, interest rate and liquidity risks. Refer also to Note 33 for a description of the financial risks identified and managed by Mekonomen.

PARENT COMPANY

The Parent Company's operations mainly comprise the Group executive and finance management. M by Mekonomen was converted into a company during the year. In the previous year, the Parent Company included administrative functions such as IT, a product department, etc. which are now part of the subsidiary Mekonomen Norden AB. The loss after net financial items was SEK -41 (-56) m, excluding dividends from subsidiaries totalling SEK 114 (151) m. The average number of employees was 16 (68).

During the year, Mekonomen AB sold goods and services to Group companies totalling SEK 45 (109) m.

ENVIRONMENT

The Group does not conduct any operations that require permits according to the Swedish Environmental Code. The Group complies with an environmental plan that was adopted in 2010 as part of the operational policy.

Environmental activities are concentrated on the best and most efficient way to adapt operations environmentally in terms of the management of chemicals and other hazardous goods, distribution and sorting of packaging material. During 2013, training activities already in progress continued in order to certify as many stores and workshops as possible. We also performed a large number of internal and external audits, where we checked compliance with prevailing legislations and that we comply with the expectations placed on us by our management system. Our certification also includes ISO9001 quality and OHSAS 18001 work environment, in addition to ISO14001 environment. At centralised warehouses and shop warehouses, fireproof rooms for chemicals and petroleum products are being constructed and when procuring transport services, considerable emphasis is placed on high efficiency and less reloading to minimise transport distances.

EVENTS AFTER YEAR-END

No significant events occurred after the end of the financial year.

FUTURE DEVELOPMENT

No major change in the total market in the Nordic countries is expected in 2014, compared with 2013. It is thought that sales to affiliated workshops will remain strong. In 2014, Mekonomen Group will also be focusing further on increasing revenues to consumers and non-affiliated workshops, partly by extending the ranges for ProMeister and Carwise, and partly by means of additional competitive products which the Group's cooperation with Inter Cars and the Group's Hong Kong office will generate. E-commerce will also continue to be an important focus area. Organic growth is a primary focal point for the Mekonomen Group in 2014.

Besides streamlining in Denmark, a cost savings programme has been initiated within the Group, with further coordination of central functions. It is thought that this programme will have a positive impact on operating profit amounting to SEK 30 m on a full-year basis as of 2015. Non-recurring costs due to the programme are estimated to amount to SEK 15 m during the first quarter of 2014.

SHARES

Share capital and ownership

As of 31 December 2013, Mekonomen's share capital amounted to SEK 90 (90) m and comprised 35 901 487 (35 901 487) shares at a quotient value of SEK 2.50 (2.50) per share. Each share carried one vote at the Annual General Meeting and all shares carry equal entitlement to a share in the company's profits and assets. Each shareholder is entitled to vote for all their shared with no restrictions and the shares are not included in any transfer restrictions.

Axel Johnson AB represents 26.5 per cent of the voting rights. For information about the ten largest shareholders as of 31 December 2013, refer to the table on page 19.

Authorisation

The Annual General Meeting resolved in April 2013 to authorise the Board, for the period until the next Annual General Meeting, on one or more occasions, with or without preferential rights for shareholders, to make decisions on new share issues of not more than 3 590 149 shares.

At the end of the financial year, no new shares were issued supported by the above authorisation.

Dividend policy

It is the Board's intention that Mekonomen will pay dividends corresponding to no less than 50 per cent of profit after tax. When determining future dividends, consideration will primarily be made to investment needs, but also to other factors deemed significant by Mekonomen's Board of Directors.

Shareholder agreement

As far as the Board of Mekonomen is aware, no shareholder agreements exist or other agreements between Mekonomen's shareholders for joint influence over the company. As far as the Board of Mekonomen is aware, there are no agreements or similar that may result in a change in the control of the company.

Share dividend

The Board proposes a dividend of SEK 7.00 (7.00) based on earnings per share for the year, which is 82 (65) per cent of earnings per share for the year.

BOARD OF DIRECTORS' WORK 2013

At the 2013 Annual General Meeting, it was resolved that there would be seven members elected by the Annual General Meeting, with no deputy members. The Annual General Meeting resolved to re-elect Fredrik Persson as Chairman of the Board, to re-elect Board members Antonia Ax:son Johnson, Kenny Bräck, Anders G Carlberg, Helena Skåntorp and Marcus Storch, and to elect Kenneth Bengtsson.

During 2013, the Board held 8 (10) meetings, of which one was a statutory meeting. The Board meetings primarily addressed the company's financial development, the launch of new concepts and acquisitions.

Within Mekonomen's Board, there is a Remuneration Committee that focuses on remuneration to the company management. This Committee, which held two meetings in 2013, comprises Fredrik Persson, Marcus Storch and Anders G Carlberg. Other matters are handled by the Board in its entirety.

AUDITORS

The auditor for the company is elected annually at the Annual General Meeting. According to a resolution of the Annual General Meeting, auditors' fees are paid against approved invoices. The company's auditor participates in Board meetings in conjunction with the third quarter report and at the Board meeting at which year-end reports are presented, and in this connection, submits the report from the audit of the company's financial position and internal control. At the 2013 Annual General Meeting, the auditing firm of Deloitte AB, with Authorised Public Accountant Thomas Strömberg as the Auditor in Charge, was elected for the period ending with the 2014 Annual General Meeting.

PROPOSED APPROPRIATION OF PROFIT

Parent Company

The following profit is available for distribution by the Annual General Meeting, SEK 000s:	
Profit brought forward	1 566 683
Profit for the year	291 713
TOTAL	**1 858 396**

The Board of Directors and CEO propose that profits be distributed as follows:	
Dividend to shareholders (SEK 7.00/share)	251 310
To be carried forward	1 607 086
TOTAL	**1 858 396**

THE BOARD'S STATEMENT CONCERNING THE PROPOSED DIVIDEND

Following the proposed dividend, the Parent Company's equity/assets ratio will amount to 49 per cent and the Group's equity/assets ratio to 38 per cent calculated on the balance sheet date, 31 December 2013. The equity/assets ratio is satisfactory considering that the company's and the Group's operations continue to operate profitably, which means that the equity/assets ratio following dividend payment in April 2014 will exceed the above-stated levels. It is estimated that cash and cash equivalents in the company and the Group will remain at a satisfactory level.

The Board is of the opinion that the proposed dividends do not prohibit the Parent Company or other Group companies from fulfilling their obligations in the short or long term. Neither do the dividends influence the Group's ability to implement required investments. Accordingly, the proposed dividend can be justified by what is stated in the prudence principle, Chapter 17, Section 3, Paragraphs 1–3 of the Swedish Companies Act.

For further information regarding the company's and the Group's earnings, refer to the following income statement, balance sheet, cash flow statements and accompanying notes.

Corporate Governance report

PRINCIPLES FOR CORPORATE GOVERNANCE

Mekonomen's Corporate Governance relates to how the business is managed, directed and controlled with a view to adding value for the company's shareholders and other stakeholders. Corporate Governance aims to create conditions for active and responsible corporate bodies, clarify the distribution of roles and responsibilities and ensure accurate reporting and information.

Both internal and external regulations are used as a foundation for governance of Mekonomen.

External regulations	Internal regulations
The Swedish Companies Act	The Articles of Association
The Annual Accounts Act	The Board's Rules of Procedure
Other relevant laws	The Board's instruction to the CEO
Regulations of Nasdaq OMX Stockholm AB for issuers	Policies, guidelines and instructions, The Code of Conduct and Core Values
Swedish Corporate Governance code (the Code)	

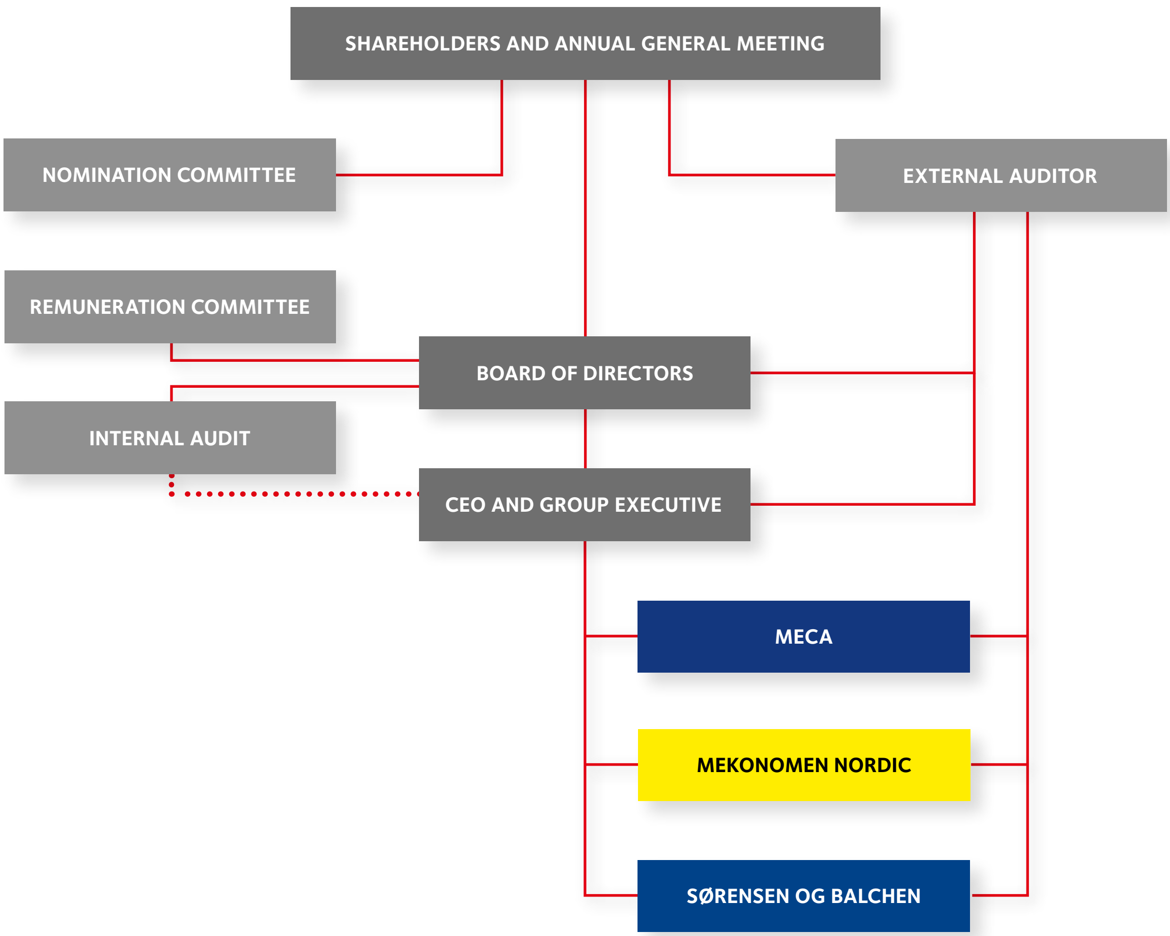
Mekonomen applies the Swedish Code for Corporate Governance, and Mekonomen has applied this without deviation during the 2013 financial year. This Corporate Governance report is part of the company's administration report. In general terms, Corporate Governance can be illustrated as follows:

SHAREHOLDERS

Mekonomen's shares have been listed since 29 May 2000 on the Nasdaq OMX Nordiska Stock Exchange in Stockholm, Mid Cap segment. The share capital amounted to SEK 89 753 718 on 31 December 2013, represented by 35 901 487 shares. The total market value for the company on 31 December 2013 amounted to SEK 7.1 billion, based on the closing price of SEK 198.00. All shares give the same entitlement to vote and equal rights to the company's profit and capital. The company's Articles of Association include no restrictions on how many votes each shareholder can cast at a General Meeting.

The number of shareholders on 31 December 2013 was 8 355 (8 138). At the same date, the ten largest shareholders controlled 56.0 (54.9) per cent of the capital and voting rights and the participation of foreign owners accounted for 33.4 (30.0) per cent of the capital and voting rights.

Shareholders which directly or indirectly represent at least one-tenth of the voting rights for all shares in Mekonomen are Axel Johnson AB and subsidiaries, whose shareholding at 31 December 2013 amounted to 26.5 (26.5) per cent. For further information on Mekonomen's shares and shareholders, see page 19.



ANNUAL GENERAL MEETING

The Annual General Meeting is Mekonomen's highest governing body, at which every shareholder is entitled to participate. The Annual General Meeting shall be held within six months of the close of the financial year. The Annual General Meeting approves the income statement and balance sheet, the appropriation of the company's profit, decides on discharge from liability, elects the Board of Directors and auditors, and approves fees, addresses other statutory matters, as well as making decisions pertaining to proposals from the Board and shareholders. The company announces the date and location of the Annual General Meeting as soon as the Board has made its decision, but not later than in connection with the third quarter report. Information pertaining to the location and time is available on the company's website. Shareholders that are registered in Euroclear's shareholders register on the record date and have registered participation in adequate time are entitled to participate in the Annual General Meeting and vote according to their shareholdings. All information concerning the company's meetings, such as registration, entitlement for items to be entered in the agenda in the notification, minutes, etc., are available on the company's website.

With regard to participation in the Annual General Meeting, the Board has deemed it is currently not financially justifiable to allow shareholders to participate in the Annual General Meeting through any means other than physical presence. It is the company's ambition that the Annual General Meeting shall be a consummate body for shareholders, in accordance with the intentions of the, for example, Swedish Companies Act, which is why the objective is that the Board in its entirety, the representative of the Nomination Committee, the CEO, auditors and other management executives must always be present at the Annual General Meeting.

Annual General Meeting 2013

Mekonomen's 2013 Annual General Meeting took place in Stockholm on 16 April 2013. The complete minutes of the Annual General Meeting are available on the Mekonomen website at mekonomen.com. In brief, the Annual General Meeting resolved:

- to adopt the income statement and balance sheet, the consolidated income statement and the consolidated balance sheet
- to pay to shareholders a dividend of SEK 7.0 per share
- to discharge from liability of members of the Board and the CEO
- to ensure that seven members are elected by the Annual General Meeting, with no deputy members
- to ensure that total Board fees amount to SEK 1 950 000 kronor, of which SEK 400 000 relates to fees to the Chairman of the Board and SEK 300 000 relates to the Executive Vice Chairman, and also SEK 250 000 relates to fees to each of the other Board members elected by the Annual General Meeting who are not employed by the Group, and that no further fees will be paid for committee work
- to re-elect Fredrik Persson as Chairman of the Board
- to re-elect Board members Antonia Ax:son Johnson, Kenny Bräck, Anders G Carlberg, Helena Skåntorp and Marcus Storch and elect Kenneth Bengtsson
- to re-elect the auditing firm of Deloitte AB as the company's auditor for the period ending with the 2014 Annual General Meeting
- to adopt proposals for guidelines regarding the structure of the Nomination Committee
- to adopt the Board's proposals for guidelines regarding remuneration to senior executives
- to adopt the Board's proposals concerning employees' acquisition of shares in subsidiaries
- to adopt authorisation for the Board, for the period until the next Annual General Meeting, on one or more occasions, with or without preferential rights for shareholders, to make decisions on new share issues of not more than 3 590 149 shares.

Annual General Meeting 2014

The Annual General Meeting of Mekonomen will take place at 15.00 on 8 April 2014 at Norra Latin in Stockholm.

Nomination Committee

In accordance with a resolution at the Annual General Meeting on 16 April 2013, Mekonomen has established a Nomination Committee. The company shall have a Nomination Committee comprising four members. The four biggest shareholders in the company were contacted by the Board of the company on the basis of the list of registered shareholders held by Euroclear Sweden AB as at 31 August 2013.

The Nomination Committee prior to the 2014 Annual General Meeting comprises Alexandra Mörner (the Axel Johnson AB group), Anna Ohlsson-Leijon (SEB fonder), Arne Lööw (Fjärde AP-fonden) and Leif Törnvall (Alecta). Alexandra Mörner was appointed Chairman of the Nomination Committee. Mekonomen's Chairman, Fredrik Persson, has been co-opted to the Nomination Committee. Fees will not be paid to members of the Nomination Committee.

In accordance with the Swedish Code of Corporate Governance, the Nomination Committee must have at least three members, of whom one shall be appointed Chairman. A majority of these must be independent in relation to the company and the company executive, and at least one of the members of the Nomination Committee must be independent in relation to the biggest shareholder in the company in terms of votes. Mekonomen's Nomination Committee comprises four members, all of whom are deemed to be independent in relation to the company and the company management. Mekonomen's Nomination Committee also meets the requirements for independence in general.

The work of the Nomination Committee involves submission of proposals prior to the Annual General Meeting concerning:

- the Chairman of the Annual General Meeting,
- the number of Board members and deputies,
- fees to the Board and auditors, plus any special remuneration for committee work,
- the Chairman of the Board and other Board members,
- auditors, and
- guidelines for the structure of the Nomination Committee, etc.

In connection with its work in general, the Nomination Committee shall perform the duties incumbent upon the Nomination Committee in accordance with the Swedish Code of Corporate Governance, and at the request of the Nomination Committee the company must provide human resources such as secretaries for the Nomination Committee in order to facilitate the work of the Nomination Committee. If necessary, the company must also be able to pay reasonable costs for external consultants deemed necessary by the Nomination Committee for performance of its duties.

Mekonomen has not established any specific age limit for Board members or time limits pertaining to the length of time Board members may sit on the Board. Auditors are elected annually when the matter is submitted to the Annual General Meeting.

SPECIFIC INFORMATION ABOUT THE BOARD'S WORK

Size and composition

According to the Articles of Association, the Board of Directors shall comprise three to seven members and no more than three deputy members. The company's Articles of Association include no specific provisions relating to the appointment and discharge of Board members or amendment of the Articles of Association. The Board of Directors shall be elected annually at the Annual General Meeting.

At the Annual General Meeting on 16 April 2013, it was decided that the Board shall comprise seven ordinary members with no deputy members. The Annual General Meeting resolved to re-elect Fredrik Persson as Chairman of the Board, to re-elect Board members Antonia Ax:son Johnson, Kenny Bräck, Anders G Carlberg, Helena Skåntorp and Marcus Storch, and to elect Kenneth Bengtsson as a Board member. Wolff Huber had declined to be re-elected prior to the 2013 Annual General Meeting.

All ordinary members are independent in relation to the company and its management in accordance with the definition in the Swedish Code of Corporate Governance. Three of the Board members are independent also in relation to major shareholders. The CEO is not a member of the Board, nor is any other member of the Group executive. See also page 30.

Board members

It is the opinion of the Nomination Committee that the Board's structure in terms of competency, experience and background is compatible with the company's operations, development phase and circumstances.

Chairman

The Chairman of the Board, Fredrik Persson, is not employed by the company and does not have any assignments for the company beyond his chairmanship. It is the opinion of the Board that Fredrik Persson ensures that the Board conducts its assignments efficiently and also fulfils its duties in accordance with applicable laws and regulations.

The Board's working procedures

The Board is responsible for the company's organisation and management and shall also make decisions pertaining to strategic issues. The Board held eight meetings in 2013, of which one was a statutory meeting. The minutes of the meetings were recorded by the Board's secretary, who is the company's CFO.

Relevant meeting documentation was sent to all members prior to each meeting, which were then held in accordance with the approved agenda. On occasions, other senior executives have participated in the Board Meetings in a reporting capacity, as necessary. No deviating views to be recorded in the minutes were expressed at any of the meetings during the year. At the meetings for the year, the Board addressed the fixed items on the agenda of the particular Board meeting, such as business status, financial reporting and investments. Other issues discussed by the Board during the year included strategy, market development and corporate acquisitions. In addition, selected Board meetings discussed issues relating to annual accounts, interim reports and budget.

Assignments

In accordance with the requirements of the Code, the Board's ambition was to devote particular attention to establishing overall goals for the operation and decide on strategies by which to achieve the said goals, and in part to continuously evaluate the operating management, with the aim of securing the company's governance, management and control. The Board strives to ensure that there are functioning systems for the monitoring and control of the company's financial position in relation to the established goals, that control of compliance with laws and other regulations is implemented and that the provision of external information is open, objective and relevant.

There are written instructions that regulate the distribution of assignments between the Board and the CEO, and for the reporting process. The instructions are reviewed annually and are primarily the rules of procedure for the Board's work, instructions for the CEO and attestation regulations.

The Board evaluates its work every year and it is the duty of the Chairman of the Board to ensure that this is done. In 2013, the Chairman implemented a written survey involving all Board members. The collective opinion is that the Board's work during 2013 functioned well and that the Board fulfilled the requirements of the Code pertaining to the Board's assignment.

The Annual General Meeting resolved, in accordance with the proposal from the Nomination Committee, to allocate Board fees amounting to SEK 1 950 000, of which SEK 400 000 to the Chairman of the Board and SEK 300 000 to the Executive Vice Chairman, and SEK 250 000 to each of the other Board members.

Audit Committee

The entire Board of Mekonomen assumes responsibility for ensuring that the Group has acceptable procedures for internal control and high quality, correct financial reporting. Twice per year, in connection with preparation of the financial accounting for the third quarter and annual financial statements, the company's auditors report to the Board their opinion on how the company's accounting, management and financial control functioned. Following the formal report, the CEO and CFO leave the Board meeting to allow Board members to discuss with auditors without the participation of company officials.

Remuneration Committee

The Board of Directors has a Remuneration Committee comprising Fredrik Persson as Chairman, Marcus Storch and Anders G Carlberg. The work of the Remuneration Committee is based on resolutions by the Annual General Meeting pertaining to guidelines for remuneration to senior executives. Two meetings were held during the year and all members were present at these meetings. In addition, the CEO of the company, Håkan Lundstedt, was present at one of these meetings.

COMPANY MANAGEMENT

CEO's assignment

The CEO is appointed and may be discharged by the Board and his work is continuously evaluated by the Board, which occurs without the presence of Company Management. Mekonomen's CEO, Håkan Lundstedt, is also a member of the Board of Dialect AB, Vanna AB and Intersport Sverige AB and has no shareholdings or ownership in companies with significant business ties with Mekonomen.

Company management

A detailed presentation of the company management can be found on page 31.

Remuneration to senior executives

It is extremely important to ensure that there is a clear link between remuneration and the Group's values and financial targets in both the short and the long term. Guidelines established by the 2013 Annual General Meeting fore remuneration to senior executives mean that the company must offer its senior executives market-based remuneration which makes it possible for the Group to recruit and retain the right senior executives, and that the criteria for establishing remuneration must be based on the significance of assignments and employees' competence, experience and performance.

Remuneration shall comprise the following parts:

- fixed basic salary,
- performance-related pay,
- pension benefits,
- other benefits and severance terms

The guidelines include the Group executive, which is currently made up of five people including the CEO, plus other senior executives. The Board's proposal for guidelines tallies with the previous years' remuneration principles and is based on agreements already entered into between the company and senior executives. Remuneration must be established by the Board's Remuneration Committee. However, remuneration to the CEO must be established by the Board as a whole.

Mekonomen's Board will make decisions on remuneration to the CEO, Håkan Lundstedt. He has a basic fixed cash salary which is monthly and a short-term variable cash salary portion, which is based on the company's profits and individual, qualitative parameters and can amount to a maximum of 60 per cent of the basic annual salary. Pension terms mean that pension premiums will be paid in an amount equivalent to 29 per cent of the basic salary. Other benefits consist of a company car. The period of notice is 12 months if termination is initiated by the company and six months if initiated by the CEO. If employment is terminated by the company, severance pay amounts to maximum of six months' basic salary.

The distribution between basic salary and variable remuneration shall be in proportion to the senior executive's responsibilities and authorities. The short-term performance-related pay for other senior executives is based partly on the Group's profit and partly on individual qualitative parameters and can amount to a maximum of 33 percentage points of the basic salary. Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees abroad. Pensionable salary refers to the basic salary. The period of notice is 12 months if termination is initiated by the company and six months if the employee tenders his/her resignation to the company. Severance pay for termination on the part of the company may amount to one annual salary.

At the 2011 Annual General Meeting, it was also resolved that the CEO and other senior executives may receive a cash bonus from the company. The bonus shall be calculated on the consolidated profit for the 2011–2013 financial years. The bonus programme, in its entirety, as a total expense for the company, shall amount to a maximum of SEK 24 m for the period. The criteria for the size of an individual bonus shall be determined by the Board of Directors. This programme will not fall due and so no cost has been posted for this.

The Board has not made any decisions pertaining to share or share price-based incentive programmes for Company Management.

AUDITORS

The auditors are appointed at the Annual General Meeting and are charged with reviewing the company's financial reporting and the Board's and CEO's management of the company. Deloitte AB, which has an organisation comprising broad and specialised competency that is well-suited to Mekonomen's operations, has been the company auditor since 1994. At the 2013 Annual General Meeting, Deloitte AB, with Authorised Public Accountant Thomas Strömberg as Auditor in Charge, was appointed as the auditing firm until the 2014 Annual General Meeting. In addition to Mekonomen, Thomas Strömberg is also the auditor of Investor, Karolinska Development, Tele 2 and Rezidor Hotel Group AB.

Remuneration to Deloitte, SEK m	2013	2012
Remuneration for audit assignments	7	7
Audit-related services other than audit assignments	0	0
Tax advice	0	0
Other services	0	0

REPORTING AND AUDIT

Reporting

The Board supervises the quality of the financial reporting through instructions to the CEO. Jointly with the CFO, the CEO's job is to review and assure the quality of all external financial reporting including financial statements, interim reports, annual reports and press releases with financial content, as well as presentation material in connection with meetings with the media, shareholders and financial institutions.

Audit

The entire Board of Mekonomen assumes responsibility for the Group having acceptable procedures for internal control and high quality, correct financial reporting. With regard to the preparation of the Board's work, the Board estimates that quality assurance of the financial reporting, which is conducted within the framework of the company's own internal control, corresponds to current requirements. The company's Board examines the auditors' planning and a risk assessment prior to the audit, and the auditors present their results from the audit on two occasions during the year. At at least one of these meetings, the CEO and CFO leave the Board meeting after presenting their formal reports to enable Board members to conduct discussions with auditors without the participation of company executives. The Board continuously evaluates the need to elect a specific Audit Committee.

INTERNAL CONTROL

Mekonomen's internal control process is designed to deal with and minimise the risk of errors in financial reporting. In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control. This report was prepared in accordance with the Swedish Code of Corporate Governance, and FAR's guidance to the Swedish Code of Corporate Governance. The report is limited to addressing internal control pertaining to financial reporting.

Control environment
The control environment represents the basis for the internal control pertaining to financial reporting. An important part of the control environment is that decision paths, authorities and responsibilities must be clearly defined and communicated between various levels in the organisation and that the control documents are available in the form of internal policies, handbooks, guidelines and manuals. Thus, a key part of the Board's assignment is to prepare and approve a number of fundamental policies, guidelines and frameworks. These include the Board's working procedures, instructions for the CEO, investment policies, financial policies and the insider policy. The aim of these policies is to create a basis for sound internal control. Furthermore, the Board focuses on ensuring that the organisational structure provides distinct roles, responsibilities and processes that benefit the effective management of the operation's risks and facilitate target fulfilment. Part of the responsibility structure includes an obligation for the Board to evaluate the operation's performance and results on a monthly basis, through appropriate report packages containing income statements, balance sheets, analyses of important key ratios, comments pertaining to the business status of each operation and also quarterly forecasts for future periods. As a contribution to strengthening the internal control, Mekonomen prepared a financial handbook that provides an overall picture of existing policies, rules and regulations and procedures within the financial area. This is a living document, which will be updated continuously and adapted to changes within the Mekonomen operation. In addition to the financial handbook, there are instructions that provide guidance for the daily work in stores and the rest of the organisation, for example, pertaining to stocktaking and cash register reconciliation, etc.

Risk assessment
Mekonomen conducts continuous surveys of the Group's risks. During these surveys, a number of items were identified in the income statement and balance sheet in which the risks of errors in the financial reporting are elevated. The company works continuously on these risks by strengthening controls. Furthermore, risks are addressed in a special forum, including questions related to startups and acquisitions.

Control activities
Risks of errors in the financial reporting are reduced through good internal control of the financial reporting, with specific focus on significant areas defined by the Board of Directors. The aim of the appropriate control activities is to detect, prevent and correct errors and deviations in the reporting. The control activities include reconciliation of accounts, analytic follow-up, comparison between income statements and balance sheets and control stocktaking in warehouses and stores.

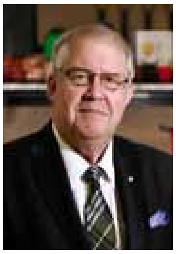
Internal audit
Mekonomen has an internal audit function, which is an independent and objective hedging and advice unit that generates value and improves the Group's operations. This is done by evaluating and proposing improvement in such areas as risk management, compliance with policies and efficiency in the internal control of financial reporting. The function works throughout the Group. The Head of the internal audit reports to the Board of Directors, the CEO and CFO and informs management in each business area and other units on the results of the audits performed.

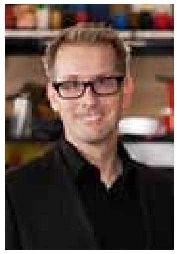
Information and communication
Policies and guidelines are particularly important for accurate accounting, reporting and dissemination of information. Within Mekonomen, policies and guidelines are continuously updated pertaining to the financial process. This occurs primarily within respective Group functions aimed at the various operations through emails, but also in connection with quarterly control meetings in which all financial managers/controllers participate. For communication with internal and external parties, there is a communications policy that states guidelines for conducting communication. The aim of the policy is to ensure that all information obligations are complied with in a correct and complete manner.

Follow-up
The Board continuously evaluates the information submitted by Company Management and auditors. The CEO and CFO hold monthly reviews with individual Heads of Operations pertaining to the financial position. Group accounting also cooperates closely with the subsidiaries' controllers on matters pertaining to accounts and reporting. The follow-up and feedback concerning possible deviations arising in the internal controls are a key part of the internal control work, since this is an efficient manner for the company to ensure that errors are corrected and that the control is further strengthened.

ADDITIONAL INFORMATION
The company website at mekonomen.com includes:
- Articles of Association
- Code of Conduct
- Information from previous Annual General Meetings, from 2006 onwards
- Information on the Nomination Committee
- Information on principles for remuneration to senior executives
- The Board's evaluation of guidelines for remuneration of programmes for performance-related pay
- Corporate Governance reports from 2006 onwards
- Information prior to the 2014 Annual General Meeting.

Board of Directors

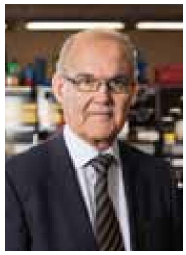



Fredrik Persson	**Marcus Storch**	**Antonia Ax:son Johnson**	**Kenneth Bengtsson**	**Kenny Bräck**	**Anders G Carlberg**	**Helena Skåntorp**
BOARD POSITION						
Chairman of the Board.	Executive Vice Chairman.	Board member.	Board member.	Board member.	Board member.	Board member.
ROLE						
President and CEO of Axel Johnson AB.				Self-employed.		CEO of Lernia AB.
EDUCATION						
Graduate in Business Administration, the Stockholm School of Economics and studies at Wharton School in the US.	Graduate Engineer, Royal Swedish Institute of Technology, Stockholm, Medicine Dr h.c.	B.Sc., University of Stockholm. Tech. Dr. h.c., Royal Swedish Institute of Technology, Stockholm.	Upper secondary school education and training in the ICA system.	Upper secondary school education.	MBA Economics, Lund.	Graduate in Business Administration, Stockholm University.
ELECTED IN:						
2006	2006	2006	2013	2007	2006	2004
DATE OF BIRTH						
1968	1942	1943	1961	1966	1943	1960
OTHER ASSIGNMENTS						
Chairman of the Board of Axfood AB (publ), Axstores AB and Svensk Bevaknings-Tjänst AB. Deputy Chairman of Martin & Servera AB and the Swedish Trade Federation. Board member at Axel Johnson International AB, AxFast AB, Novax AB, Lancelot Asset Management, the Confederation of Swedish Enterprise and Electrolux AB.	Chairman of Storch & Storch AB and KEBRIS AB. Deputy Chairman of Axel Johnson AB and Axfood AB. Board member of Nordstjernan AB, Investment AB Öresund and member of the Royal Swedish Academy of Sciences (KVA) and the Royal Swedish Academy of Engineering Sciences (IVA). Former Chairman of the Nobel Foundation.	Chairman of Axel Johnson AB and the Axel and Margaret Ax:son Johnson Foundation. Deputy Chairman of Nordstjernan AB. Board member at Axel Johnson Inc, Axfast AB, Axfood AB, NCC AB, the Axel and Margaret Ax:son Johnson Foundation for Public Service and the Antonia Ax:son Johnson Foundation for Environment and Development, among others.	Chairman of Ahlsell AB (publ), Suomen Lähikauppa Oy and Ung Företagsamhet. Vice Chairman of the World Childhood Foundation. Board member at Clas Ohlson AB (publ).	Minority co-owner and Board member at Motorsport Auctions Ltd.	Chairman of Herenco AB. Board member at Sweco AB (publ), Sapa AB, AxFast AB, Beijer Alma AB, Axel Johnson Inc., SSAB AB, Gränges AB, Investmentaktiebolaget Latour, Erik Penser Bankaktiebolag, Recipharm AB (publ), among others.	Board member at 2E Group AB, Chairman of a number of Lernia AB subsidiaries, and Chairman and CEO of Skåntorp & Co AB.
WORK EXPERIENCE						
ABB's financial operations. Head of Analysis at Aros Securities. Employed by the Axel Johnson Group since 2000. Formerly the Deputy CEO and CFO for Axel Johnson AB.	President and CEO of AGA.	Active as Chairman or Board member in various Axel Johnson Group companies since 1982.	Active at ICA for more than 30 years, as Group President for 11 of these.	Formerly a professional racing driver.	President and CEO of Nobel Industrier, J.S. Saba and Axel Johnson International, and Deputy CEO of SSAB.	Formerly President and CEO of SBC Sweden's BostadsrättsCentrum AB. President and CEO of Jarowskij, CFO Arla, authorised public accountant at Öhrlings/PWC.
REMUNERATION, SEK						
400 000	300 000	250 000	250 000	250 000	250 000	250 000
ATTENDANCE AT BOARD MEETINGS						
8/8	7/8	7/8	6/6 (newly elected).	8/8	8/8	8/8
ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS						
2/2	2/2	-	-	-	2/2	-
OWN SHAREHOLDINGS AND SHAREHOLDINGS OF RELATED PARTIES						
1 000	None.	9 516 235 via companies.	None.	1 000	1 000	2 000
INDEPENDENT OF THE COMPANY/COMPANY MANAGEMENT						
Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.
INDEPENDENT OF MAJOR SHAREHOLDERS						
No, dependent in relation to major shareholders in the company.	No, dependent in relation to major shareholders in the company.	No, dependent in relation to major shareholders in the company.	Yes.	Yes.	No, dependent in relation to major shareholders in the company.	Yes.

Wolff Huber declined to be re-elected prior to the 2013 Annual General Meeting. He participated in one of two Board meetings prior to the Annual General Meeting. The entire Board of Mekonomen accordingly fulfils one of the Audit Committee's tasks.

Group executives

Håkan Lundstedt	**Gunilla Spongh**	**Per Hedblom**	**Marcus Larsson**	**Nils-Erik Brattlund**
ROLE				
President and CEO.	International Business Director.	CFO.	Deputy CEO.	Establishment Manager.
BORN				
1966	1966	1967	1970	1951
EDUCATION				
Upper secondary education and training within the ICA, Orkla and Lantmännen system.	MSc in Industrial Engineering and Management, Institute of Technology at Linköping University.	MSc in Industrial Engineering and Management, Chalmers University of Technology. MBA INSEAD.	Master of Economics, College of Economics, Lund University FEM programme, IFL Sigtuna.	Corporate Economics and Systems Administration at Umeå University.
EMPLOYED				
2007	2007	2007	2003	2005
WORK EXPERIENCE				
President of Lantmännen AXA AB, President of Cerealia Foods AB, President of Kungsörnen AB. Founder and Chairman of the Board at Gooh AB.	CFO at Mekonomen (publ), Director of Finance at CashGuard AB (publ), Director of Finance at Enea AB (publ), VP Finance & Controlling at Fresenius Kabi Parenteral Nutrition, Head of Finance at Electrolux Professional AB, Head of Finance at Electrolux Storkök AB.	Partner at Centigo, Associate Director at Arkwright, Consultant Accenture, Invest in Sweden Agency.	Head of Purchasing, Head of Business Development at Volkswagen Group.	President of Tillbryggerier Umeå AB, Head of Administration at the Tillbryggerigruppen, President of Åreliftarna AB, President of Bilbolaget Lastbilar & Bussar, President of Bilbolaget Personbilar, Site Manager at Bilia, Head of Human Resources at Bilia.
BOARD APPOINTMENTS				
Board member at Dialect AB, Vanna AB, Intersport Sweden AB.	Board member at Infranord AB.		Board member at Telge Inköp AB.	
SHARES IN MEKONOMEN				
48 100	6 000	1 000	1 000	1 300

Income statement, Group

SEK m	Note	**2013**	2012
Net sales	2	5 740	5 292
Other operating revenue		123	134
TOTAL REVENUES		**5 863**	**5 426**
OPERATING EXPENSES			
Goods for resale		-2 632	-2 475
Other external expenses	4, 8	-1 187	-1 060
Personnel expenses	5	-1 336	-1 216
Depreciation and impairments of tangible assets	6	-83	-73
Amortisation and impairments of intangible assets	6	-157	-74
OPERATING INCOME		**469**	**528**
FINANCIAL INCOME AND EXPENSES			
Income from divestment of subsidiaries		0	0
Interest income		9	8
Interest expenses		-52	-51
Other financial items	8, 19	4	-11
PROFIT AFTER FINANCIAL ITEMS		**429**	**474**
Tax on profit for the year	9	-114	-92
PROFIT FOR THE YEAR		**315**	**382**
Profit for the year attributable to			
Parent Company's shareholders		307	375
Non-controlling interests		8	7
Total profit for the year		**315**	**382**
Earnings per share before dilution attributable to Parent Company's shareholders, SEK [1]		8.56	10.80
Average number of shares [1]		35 901 487	34 692 458

[1] No dilution is applicable. For further information on data per share, see page 19.

Report on comprehensive income, Group

SEK m	**2013**	2012
Profit for the year	315	382
Other comprehensive income:		
Components which will not be reclassified to profit for the year:		
- Actuarial gains and losses	5	-6
Components which may be reclassified later to profit for the year:		
- Exchange rate differences on translation of foreign subsidiaries	-128	4
- Cash flow hedges [2]	-1	-
Total other comprehensive income, net after tax	***-124***	***-2***
COMPREHENSIVE INCOME FOR THE YEAR	**191**	**380**
Comprehensive income for the year attributable to:		
Parent Company's shareholders	183	373
Non-controlling interests	8	7
	191	**380**

[2] Holdings of financial interest rate derivatives for hedging purposes, valued according to level 2 defined in IFRS 13.

Cash flow statement, Group

SEK m	Note	2013	2012
OPERATING ACTIVITIES			
Profit after financial items		429	474
Adjusted for items not affecting liquidity	27	235	139
		664	**613**
Paid tax		-139	-196
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**525**	**417**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease (+) /increase (–) of inventories		-43	39
Decrease (+) /increase (–) of receivables		10	89
Decrease (–) /increase (+) of liabilities		65	-27
INCREASE (–)/DECREASE(+) IN WORKING CAPITAL		**32**	**101**
CASH FLOW FROM OPERATING ACTIVITIES		**557**	**518**
INVESTMENTS			
Acquisition of subsidiaries	28	-11	-1 376
Divestment of subsidiaries	28	2	7
Acquisition of tangible fixed assets	12, 13	-43	-80
Divestment of tangible fixed assets		0	1
Acquisition of intangible fixed assets	11	-20	-42
Increase (-)/decrease (+) in long-term receivables		18	-20
CASH FLOW FROM INVESTMENT ACTIVITIES		**-54**	**-1 510**
FINANCING ACTIVITIES			
Acquisition of non-controlling interests	28	-8	-4
Divestment of non-controlling interests	28	0	4
Change in overdraft facilities		34	-43
Loans raised	19	-	1 650
Amortisation of loans		-209	-167
Dividends paid		-259	-275
CASH FLOW FROM FINANCING ACTIVITIES		**-442**	**1 165**
CASH FLOW FOR THE YEAR		**61**	**173**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**241**	**67**
Exchange rate differences in cash and cash equivalents		-23	1
CASH AND CASH EQUIVALENTS AT YEAR-END	18	**279**	**241**

Interest received amounted to SEK 9 (8) m and interest paid amounted to SEK 52 (51) m.

In comparison with the Year-end report 2013, a net sum of SEK -8 (0) m has been transferred from investment activities to financing activities.

Reclassification is intended to allow acquisition or divestment of non-controlling interests to be reported in financing activities and not as acquisitions or divestments of subsidiaries in investment activities. The comparative year has been recalculated. Reclassification has no effect on cash flow for the year.

Balance sheet, Group

SEK m	Note	**31/12/2013**	31/12/2012
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS	11		
Goodwill		1 856	1 903
Brands		325	331
Franchise contracts		32	40
Customer relations		599	681
Capitalised expenditure for IT systems		69	131
TOTAL INTANGIBLE ASSETS		**2 881**	**3 086**
TANGIBLE FIXED ASSETS			
Improvement costs, third-party property	12	42	48
Equipment and transportation	13	207	239
TOTAL TANGIBLE FIXED ASSETS		**249**	**287**
FINANCIAL FIXED ASSETS			
Deferred tax receivables	14	23	0
Other long-term receivables	10, 15	75	94
TOTAL FINANCIAL FIXED ASSETS		**98**	**94**
TOTAL FIXED ASSETS		**3 228**	**3 467**
CURRENT ASSETS			
Goods for resale		1 213	1 203
Current receivables	10, 16, 17	724	797
Cash and cash equivalents	10, 18	279	241
TOTAL CURRENT ASSETS		**2 216**	**2 241**
TOTAL ASSETS		**5 444**	**5 708**

Balance sheet, Group

SEK million	Note	**31/12/2013**	31/12/2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
Share capital		90	90
Other capital contributions		1 456	1 456
Reserves		-125	4
Profit brought forward including profit for the year		807	753
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS		**2 228**	**2 303**
Non-controlling interest		12	13
TOTAL SHAREHOLDERS' EQUITY		**2 240**	**2 316**
LONG-TERM LIABILITIES			
Liabilities to credit institutions, interest-bearing	10, 19	1 660	1 809
Deferred tax liabilities	14	211	230
Provisions	20	1	20
TOTAL LONG-TERM LIABILITIES		**1 872**	**2 059**
CURRENT LIABILITIES			
Liabilities to credit institutions, interest-bearing	10, 19	276	296
Tax liabilities		63	87
Other current liabilities, non-interest-bearing	10, 21, 22	993	950
TOTAL CURRENT LIABILITIES		**1 332**	**1 333**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5 444**	**5 708**
MEMORANDUM ITEMS			
Pledged assets	23	8	17
Contingent liabilities	23	22	22

Consolidated statement of changes in equity

SEK m	Share capital	Other capital contribu-tions	Reserves	Profit brought forward	Total attributable to Parent Company's owners	Non-controlling interests	Total sharehold-ers' equity
OPENING BALANCE AS AT 1 JANUARY 2012	**82**	**805**	**0**	**652**	**1 539**	**17**	**1 556**
Comprehensive income for the year:							
Profit for the year				375	**375**	7	**382**
Other comprehensive income:							
Components which will not be reclassified to profit for the year:							
- Actuarial gains and losses				-6	**-6**		**-6**
Components which may be reclassified to profit for the year:							
- Exchange rate differences on translation of foreign subsidiaries			4		**4**		**4**
Total other comprehensive income, net after tax			***4***	***-6***	***-2***	***0***	***-2***
COMPREHENSIVE INCOME FOR THE YEAR			**4**	**369**	**373**	**7**	**380**
Dividends				-263	**-263**	-12	**-275**
New share issue	8	651			**659**	0	**659**
Acquisition/divestment of non-controlling interests				-5	**-5**	1	**-4**
CLOSING BALANCE AS AT 31 DECEMBER 2012	**90**	**1 456**	**4**	**753**	**2 303**	**13**	**2 316**
OPENING BALANCE AS AT 1 JANUARY 2013	**90**	**1 456**	**4**	**753**	**2 303**	**13**	**2 316**
Comprehensive income for the year:							
Profit for the year				307	**307**	8	**315**
Other comprehensive income:							
Components which will not be reclassified to profit for the year:							
- Actuarial gains and losses				5	**5**		**5**
Components which may be reclassified to profit for the year:							
- Exchange rate differences on translation of foreign subsidiaries			-128		**-128**		**-128**
- Cash flow hedges [1]			-1		**-1**		**-1**
Total other comprehensive income, net after tax			***-129***	***5***	***-124***	***0***	***-124***
COMPREHENSIVE INCOME FOR THE YEAR			**-129**	**312**	**183**	**8**	**191**
Dividends				-251	**-251**	-8	**-259**
Acquisition/divestment of non-controlling interests				-7	**-7**	-1	**-8**
CLOSING BALANCE AS AT 31 DECEMBER 2013	**90**	**1 456**	**-125**	**807**	**2 228**	**12**	**2 240**

[1] Holdings of financial interest rate derivatives for hedging purposes, valued according to level 2 defined in IFRS 13.

Income statement, Parent Company

SEK m	Note	**2013**	2012
Net sales	2, 29	46	130
Other operating revenue		52	59
TOTAL REVENUES		**98**	**189**
OPERATING EXPENSES			
Goods for resale		-8	-30
Other external expenses	4	-66	-93
Payroll expenses	5	-37	-72
Depreciation of tangible and intangible fixed assets	6	0	-17
OPERATING INCOME		**-13**	**-23**
FINANCIAL INCOME AND EXPENSES			
Dividends on participations in subsidiaries		114	151
Income from divestment of participations in subsidiaries		0	0
Interest income		25	26
Interest expenses		-56	-52
Other financial items		3	-7
PROFIT AFTER FINANCIAL ITEMS		**73**	**95**
Appropriations	7	270	160
PROFIT BEFORE TAX		**343**	**255**
Tax on profit for the year	9	-51	-28
PROFIT FOR THE YEAR		**292**	**227**

Report on comprehensive income, Parent Company

SEK m	**2013**	2012
Profit for the year	**292**	**227**
Other comprehensive income:		
Components which may be reclassified later to profit for the year:		
- Exchange rate difference, net investments in foreign companies	1	-1
Total other comprehensive income, net after tax	**1**	**-1**
COMPREHENSIVE INCOME FOR THE YEAR	**293**	**226**

Balance sheet, Parent Company

SEK m	Note	31/12/2013	31/12/2012
ASSETS			
FIXED ASSETS			
INTANGIBLE FIXED ASSETS	11		
Capitalised expenditure for IT systems		-	111
TOTAL INTANGIBLE FIXED ASSETS		**-**	**111**
TANGIBLE FIXED ASSETS			
Improvement costs, third-party property	12	0	1
Equipment and transportation	13	0	13
TOTAL TANGIBLE FIXED ASSETS		**0**	**14**
FINANCIAL FIXED ASSETS			
Participations in Group companies	24	3 154	3 154
Receivables in Group companies	29	42	25
TOTAL FINANCIAL FIXED ASSETS		**3 196**	**3 179**
TOTAL FIXED ASSETS		**3 196**	**3 304**
CURRENT ASSETS			
INVENTORY			
Goods for resale		-	0
CURRENT RECEIVABLES			
Accounts receivable		17	21
Receivables in Group companies		706	789
Tax assets		31	48
Other receivables		0	2
Prepaid expenses and accrued income	17	5	79
TOTAL CURRENT RECEIVABLES		**759**	**939**
Cash and cash equivalents	18	0	0
TOTAL CURRENT ASSETS		**759**	**939**
TOTAL ASSETS		**3 955**	**4 243**

Balance sheet, Parent Company

SEK m	Note	**31/12/2013**	31/12/2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
RESTRICTED SHAREHOLDERS' EQUITY			
Share capital		90	90
Statutory reserve		3	3
TOTAL RESTRICTED SHAREHOLDERS' EQUITY		**93**	**93**
NON-RESTRICTED SHAREHOLDERS' EQUITY			
Fund at fair value		0	-1
Share premium reserve		0	651
Profit brought forward		1 566	940
Profit for the year		292	227
TOTAL NON-RESTRICTED SHAREHOLDERS' EQUITY		**1 858**	**1 817**
TOTAL SHAREHOLDERS' EQUITY		**1 951**	**1 910**
UNTAXED RESERVES		**160**	**178**
PROVISIONS	20	**1**	**1**
LONG-TERM LIABILITIES			
Liabilities to credit institutions	19	1 656	1 797
TOTAL LONG-TERM LIABILITIES		**1 656**	**1 797**
CURRENT LIABILITIES			
Liabilities to credit institutions	19	136	196
Accounts payable		6	14
Liabilities to Group companies		31	127
Other liabilities		1	2
Accrued expenses and deferred income	22	13	18
TOTAL CURRENT LIABILITIES		**187**	**357**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3 955**	**4 243**
MEMORANDUM ITEMS			
Pledged assets	23	**None**	**None**
Contingent liabilities	23	**64**	**21**

Changes in shareholders' equity, Parent Company

SEK m	Restricted shareholders' equity: Share capital	Restricted shareholders' equity: Statutory reserve	Non-restricted shareholders' equity: Fund for fair value	Non-restricted shareholders' equity: Share premium reserve	Non-restricted shareholders' equity: Retained earnings	Total shareholders' equity
OPENING BALANCE AS AT 1 JANUARY 2012	**82**	**3**	**-**	**462**	**740**	**1 287**
Profit for the year					227	227
Other comprehensive income:						
Components which may be reclassified to profit for the year:						
- Exchange rate difference, net investments in foreign companies			-1			-1
Other total profit or loss, total			**-1**			**-1**
COMPREHENSIVE INCOME FOR THE YEAR			**-1**		**227**	**226**
Reversal according to appropriations of profits				**-462**	**462**	**0**
Transactions with shareholders:						
Dividends					-263	-263
New share issue	8			651		659
Total transactions with shareholders	**8**			**651**	**-263**	**396**
CLOSING BALANCE AS AT 31 DECEMBER 2012	**90**	**3**	**-1**	**651**	**1 167**	**1 910**
OPENING BALANCE AS AT 1 JANUARY 2013	**90**	**3**	**-1**	**651**	**1 167**	**1 910**
Profit for the year					292	292
Other comprehensive income:						
Components which may be reclassified to profit for the year:						
- Exchange rate difference, net investments in foreign companies			1			1
Other total profit or loss, total			**1**			**1**
COMPREHENSIVE INCOME FOR THE YEAR			**1**		**292**	**293**
Reversal according to appropriations of profits				**-651**	**651**	**0**
Transactions with shareholders:						
Dividends					-251	-251
Total transactions with shareholders					**-251**	**-251**
CLOSING BALANCE AS AT 31 DECEMBER 2013	**90**	**3**	**0**	**0**	**1 858**	**1 951**

The number of shares as at 31 December 2013 amounted to 35 901 487 (35 901 487) with a quotient value of SEK 2.50 (2.50) per share.

Cash flow statement, Parent Company

SEK m	Note	**2013**	2012
CURRENT OPERATIONS			
Profit after financial items		73	95
Adjusted for items not affecting liquidity	27	0	16
		73	111
Paid tax		-34	-93
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**39**	**18**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease (+) /increase (–) of inventories		-	1
Decrease (+) /increase (–) of receivables		510	41
Decrease (–) /increase (+) of liabilities		-80	144
INCREASE (–)/DECREASE(+) IN WORKING CAPITAL		**430**	**186**
CASH FLOW FROM OPERATING ACTIVITIES		**469**	**204**
INVESTMENTS			
Acquisition of subsidiaries	24, 28	-	-1 375
Acquisition of tangible fixed assets	13	-	-10
Acquisition of intangible fixed assets	11	-	-32
Increase (-)/decrease (+) in long-term receivables		-17	-13
CASH FLOW FROM INVESTMENT ACTIVITIES		**-17**	**-1 430**
FINANCING ACTIVITIES			
Loans raised	19	-	1 650
Amortisation of loans		-201	-162
Dividend paid		-251	-263
CASH FLOW FROM FINANCING ACTIVITIES		**-452**	**1 225**
CASH FLOW FOR THE YEAR		**0**	**-1**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**0**	**1**
CASH AND CASH EQUIVALENTS AT YEAR-END	18	**0**	**0**

Profit after financial items includes dividends received from subsidiaries in the order of SEK 114 (151) m.
Interest received amounted to SEK 25 (26) m and interest paid amounted to SEK 56 (52) m.

NOTE 1 Accounting policies

ACCOUNTING AND MEASUREMENT POLICIES

The most important accounting policies that were applied during the preparation of these consolidated accounts are stated below. These policies were consistently applied for all years presented, unless otherwise stated.

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and interpretations issued by IFRS' Interpretations Committee that apply for years beginning with 1 January 2013 or later. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Regulations for Groups, has been applied.

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the Group's reporting currency. All amounts are stated in SEK m, unless otherwise indicated.

The items in the Annual Report are measured at cost, with the exception of certain financial instruments, which are measured at fair value.

The Parent Company's accounts were prepared in accordance with the Annual Accounts Act and RFR 2, Accounting for legal entities.

Preparing reports in accordance with IFRS requires the use of certain key estimates for accounting purposes. Furthermore, management is required to make certain assessments in the application of the consolidated accounting policies. The areas that include a high degree of complicated assessments or areas where assumptions and estimates are materially significant to the consolidated accounts are stated in Note 3.

Amended and new accounting policies 2013

The amended and new accounting policies applied by the Group from 1 January 2013 are described below. Other new standards and interpretations which have come into force from 1 January 2013 have had no significant impact on Mekonomen's financial statements.

IAS 1 Presentation of Financial Statements

The amendment relates to how items in Other comprehensive income are to be presented. Items must be divided into two categories; items which may be reclassified to profit for the year, and items which will not be reclassified to profit for the year. Items which will be reclassified are exchange rate differences on translation of foreign subsidiaries and cash flow hedges (holdings of financial interest rate derivatives for hedging purposes). Items which will not be reclassified are actuarial gains and losses.

IAS 19 Employee Benefits

As of 1 January 2013, the Group will apply an amended IAS 19 Employee Benefits. The most significant amendments involves a transition from reporting actuarial gains and losses according to the corridor method to reporting them in their entirety in Other comprehensive income in the period in which they arise. The defined-benefit pension plans within the Mekonomen Group which are affected by the above amendment are attributable in their entirety to MECA and Sørensen og Balchen. Calculation and measurement according to the Projected Unit Credit Method was done on the date of acquisition and taken into account in each acquisition assessment in 2011 and 2012 respectively. Actuarial gains and losses arising after this have been reported in their entirety in Other comprehensive income for the period in which they arose, which is why application of an amended IAS 19 has no impact on the previous period and accumulated as at the start of the comparative period. The amended IAS 19 also means that interest expenses and expected returns on managed assets are replaced by a net interest rate which is calculated using the discount rate, based on the net surplus or the net deficit in the defined-benefit plan. Besides extended disclosure requirements, the new standard has not introduced any significant amount-related effects for the Group.

IFRS 7 Financial instruments: Disclosures

An amendment relating to disclosures related to net reporting of assets and liabilities. The amendment involves requirements for new disclosures in order to facilitate comparison between companies which compile their financial statements in accordance with IFRS compared with companies which compile their financial statements in accordance with US GAAP.

IFRS 13 Fair value measurement

A new standard, IFRS 13 Fair value measurement, has come into force in 2013. This is a new standard for consistent fair value measurement, as well as amended disclosure requirements. Besides extended disclosure requirements, the new standard has not introduced any significant amount-related effects for the Group.

IAS 36 Impairment of assets

An amendment has been made in respect of disclosures on the recoverable amount for non-financial assets. The amendment removes a requirement for disclosures on the recoverable amount for cash-generating units which was introduced in IAS 36 at the emergence of IFRS 13. The amendment will not be mandatory for the Group until 1 January 2014, but the Group has opted to apply the amendment as of 1 January 2013.

Amended accounting policies 2014 and later

A number of new standards and amendments of interpretations and existing standards gained legal force in the financial year commencing after 1 January 2013 and were not applied in the preparation of the consolidated financial reports. The most important amendments for Mekonomen are:

The package of five - consolidation

Below are the new and amended standards included in the "package of five". These come into force within the EU for the financial year commencing 1 January 2014 or later. Introduction in 2014 is not expected to have any significant impact on the consolidated accounts.

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- IAS 27 Separate financial statements (revised)
- IAS 28 Investments in associates and joint ventures (revised)

IFRS 9 Financial instruments

This standard will replace IAS 39 Financial instruments: Recognition and measurement, and deals with classification and measurement of financial instrument. It will probably affect the Group's reporting of financial assets and financial liabilities. The Group will evaluate the effects in respect of IFRS 9 when it has been completed by IASB.

Other new standards, amendments and interpretations of existing standards which have not yet come into force are not relevant to the Group at present or are deemed not to have any significant impact on the Group's profit or financial position.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the Parent Company and all companies over which the Parent Company has a controlling influence. Controlling influence refers to companies in which Mekonomen has a right to formulate financial and operational strategies. This normally occurs through ownership and voting rights of more than 50 per cent. The existence and effect of potential voting rights, which are currently available for exercise or conversion, are taken into account when an assessment is made of whether the Group can exercise controlling influence over another company. Subsidiaries are included in the consolidated accounts from the point in time at which con-

NOTE 1 (cont.)

trolling influence is achieved and excluded from the consolidated accounts from the point in time at which the controlling influence is lost.

The purchase method was used for reporting Group business acquisitions. The purchase consideration for the acquisition of a subsidiary is measured at fair value on transferred assets, liabilities arising in the Group from previous owners of the acquired company and the shares issued by the Group. The purchase consideration also includes the fair value of all assets or liabilities resulting from an agreement on conditional purchase consideration. Identifiable acquired assets and overtaken liabilities in a business acquisition are initially measured at fair value on the date of acquisition. For each acquisition – meaning, acquisition by acquisition – the Group decides whether the non-controlling interests in the acquired company are recognised at fair value or proportionate to the holding's share of the carrying amount of the acquired company's identifiable net assets.

Acquisition-related costs are recognised in profit or loss as they arise.

If the business acquisition is implemented in several steps, the earlier equity shares in the acquired company are remeasured to its fair value on the date of acquisition. Any profit or loss arising is recognised in the profit or loss statement.

Each conditional purchase consideration to be transferred by the Group will be recognised at fair value on the date of acquisition. The subsequent changes in fair value of a conditional purchase consideration are recognised in the profit or loss. Conditional purchase consideration classified as shareholders' equity is not remeasured and the subsequent adjustment is recognised in shareholders' equity.

Goodwill is initially measured at the amount by which the total purchase consideration and fair value for the non-controlling interests exceeds the fair value of identifiable acquired assets and overtaken liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly in profit or loss.

When necessary, subsidiaries' accounting is adjusted to comply with the same policies applied by the other Group companies. All internal transactions between Group companies and Group intermediaries are eliminated when preparing the consolidated financial statements.

Transactions with non-controlling interests that will not result in a loss of control are recognised as shareholders' equity transactions meaning, transactions with shareholders in their roles as owners. In acquisitions from non-controlling interests, the difference between the fair value of purchase consideration paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognised in shareholders' equity. Profits or losses from divestments to non-controlling interests are also recognised in shareholders' equity.

When the Group no longer has controlling influence, each remaining holding is measured at fair value on the date controlling influence was lost. The change in the carrying amount is recognised in profit or loss. The fair value is used as the first carrying amount and is the basis for continued recognition of the remaining holding in associated companies, joint ventures or financial assets. All amounts pertaining to the divested unit previously recognised in Other comprehensive income will be recognised as though the Group directly divested the assets or liabilities in question. This may result in the reclassification of the amount earlier recognised in Other comprehensive income to earnings.

Translation of transactions in foreign currencies

Transactions in foreign currencies are translated into Swedish Kronor (SEK) based on the exchange rate on the date of the transaction. Monetary items (assets and liabilities) in foreign currencies are translated into SEK according to the exchange rate on the balance sheet date. Exchange rate profits and losses that arise in connection with such translations are recognised in profit or loss as Other operating revenues and/or Other operating expenses. Exchange rate differences that arise in foreign long-term loans and liabilities are recognised in financial income and expenses.

Translation of foreign subsidiaries

When the consolidated accounts were prepared, the Group's foreign operations' balance sheets were translated from their functional currencies to SEK based on the exchange rates on the balance sheet date. The income statements and other comprehensive income were translated at the average exchange rate for the period. Translation differences that arose were recognised through other comprehensive income against the translation reserve in shareholders' equity. The accumulated translation differences were transferred and recognised as part of capital gains or capital losses in cases where foreign operations were divested. Goodwill and adjustments to fair values attributable to acquisitions of operations using functional currencies other than SEK are treated as assets and liabilities in the acquired operations' currencies and translated at the exchange rates on the balance sheet date.

Segment reporting

Operating segments have been reported to correspond with the internal reporting that was submitted to the highest decision-making authority. The highest decision-making authority is the function responsible for the allocation of resources and assessing the results of the operating segments. In the Group, this function has been identified as the company's President and CEO.

Revenue recognition

Sales of goods are recognised at delivery/handover of products to the customer, in accordance with conditions of sale. Sales are recognised net after deduction of discounts and value-added tax. Sales from the centralised warehouse to stores occur in the currency of the receiving country. Consequently, exchange rate fluctuations only affect the wholesale operation in each Group company. Intra-Group sales are eliminated in the consolidated accounts.

Interest revenues are recognised on an accrued basis over the term by applying the effective interest method.

Leasing

A financial leasing contract is an agreement according to which the financial risks and benefits that are connected to ownership of an object are essentially transferred from the lessor to the lessee. The leasing object refers primarily to the warehousing systems in the Group's centralised warehouse, company vehicles and distribution vehicles.

The Group's operational lease contracts consist primarily of leased premises.

Group as lessee

Assets held under financial leasing agreements are recognised as fixed assets in the consolidated balance sheets at fair value at the beginning of the leasing period or at the present value of minimum leasing fees if this is lower. The liability that the lessee has to the lessor is recognised in the balance sheet under the heading "Lease agreement" divided into long-term and short-term liabilities. Leasing payments are divided between interest and amortisation of debt. Interest is divided over the leasing period so that each reporting period is charged with an amount corresponding to a fixed interest rate of the liability recognised during each period. Interest expenses are recognised directly in profit or loss. Lease fees that are paid during operating lease agreements are systematically expensed over the leasing period.

Remuneration of employees

The Group has both defined-contribution and defined-benefit pension plans. A defined-benefit pension plan is a pension plan whereby the Group guarantees an amount, which the employee receives as pension benefits upon retirement, normally based on several different factors, for example, salary and period of service. A defined-contribution pension plan is a pension plan in which the Group, after having paid its pension premium to a separate legal entity, has fulfilled its commitments towards the employee.

NOTE 1 (cont.)

Defined-contribution plans are recognised as an expense in the period to which the premiums paid are attributable.

Pension expenses for defined-benefit plans are calculated using the Projected Unit Credit Method whereby expenses are distributed over the employee's period of employment. These commitments, meaning the liabilities that are recognised, are measured at the present value of expected future payments, taking estimated future salary increases into account, applying a discount rate corresponding to the interest on first-class corporate bonds issued in the same currency as the pension is to be paid in, with a remaining duration that is comparable to the current commitment and with deductions for the fair value of plan assets. In countries where there are no functioning markets for corporate bonds, a discount rate corresponding to the interest rate on mortgage bonds is used. Consequently, a discount rate established by referring to the interest rate on mortgage bonds (2012: government bonds) is used for the Group's defined-benefit pension plans in Norway. The most important actuarial assumptions are stated in Note 20. Should a net asset arise, this will be recognised only to the extent that it represents future financial benefits, for example, in the form of repayments or reduced future premiums.

One of the Group's defined-benefit pension plans comprises a so-called multi-employer defined-benefit pension plan (ITP plan in Alecta). In accordance with Mekonomen's accounting policies, a multi-employer defined-benefit plan is recognised based on the rules of the plans and recognises its proportional share of the defined-benefit pension obligations and of plan assets and expenses related to the plan in the same manner as for any other similar defined-benefit pension plan. However, Alecta has not been able to present sufficient information to facilitate reporting as a defined-benefit plan, which is why the ITP plan is recognised as a defined-contribution plan in accordance with IAS 19.30.

In addition to the defined-benefit pension plans via Alecta described above, additional defined-benefit pension plans have been added in the Group due to the acquisition of Sørensen og Balchen in 2011 and MECA in 2012. Calculation and measurement according to the Projected Unit Credit Method was done on the date of acquisition and taken into account in each acquisition assessment. Actuarial gains and losses arising thereafter are recognised in their entirety in other comprehensive income/expense during the period in which they arose.

Remuneration in connection with termination of employment can be paid when an employee has been served notice of termination prior to the expiration of the normal pension date or when an employee accepts voluntary retirement. The Group recognises liabilities and expenses in connection with a termination of employment, when Mekonomen is unquestionably obligated to either terminate employment prior to the normal termination date or to voluntarily pay remuneration to encourage early retirement.

Mekonomen recognises a liability and an expense for bonuses when there are legal or informal obligations, based on earlier practice, to pay bonuses to employees.

Tax

The Group's total tax expense comprises current tax and deferred tax. Current tax is tax that shall be paid or received pertaining to the current year and adjustments of prior years' current tax. Deferred tax is calculated based on the difference between the carrying amounts and the values for tax purposes of company assets and liabilities. Deferred tax is recognised according to the balance sheet method. Deferred tax liabilities are recognised in principle on all taxable temporary differences, while deferred tax assets are reported to the extent that is probable that the amount can be utilised against future taxable surplus.

The carrying amount on deferred tax assets is assessed at each accounting year-end and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to be utilised either in its entirety or partially against the deferred tax asset.

Deferred tax is calculated according to the tax rates expected to apply for the period in which the asset is recovered or the liability is settled. Deferred tax is recognised as revenues or expenses in profit or loss, except in cases when it pertains to transactions or events that are recognised against other comprehensive income or directly against shareholders' equity. The deferred tax is then also recognised against other comprehensive income or directly against shareholders' equity. Deferred tax assets and tax liabilities are offset when they are attributable to income tax that is debited by the same authority and when the Group intends to pay the tax with a net amount.

Goodwill

Goodwill is initially measured as the amount by which the total purchase consideration and fair value for the holding with no controlling interests exceeds the fair value of the identifiable acquired assets and liabilities taken over. Should the purchase consideration be lower than the fair value of the acquired company's net assets, the difference is recognised directly in profit or loss. Goodwill has an indefinite useful period and is recognised at cost less any accumulated impairments. In the divestment of an operation, the portion of goodwill attributable to this operation is recognised in the calculation of gain or loss on the divestment.

Other intangible assets

Expenditure for the development and implementation of IT systems can be capitalised if it is probable that future financial benefits will accrue to the company and the cost for the asset can be calculated in a reliable manner.

Brands, customer relations and franchise contracts acquired through business acquisitions are recognised at fair value on the date of acquisition.

Acquired brands attributable to the acquisitions of Sørensen og Balchen and MECA have been deemed to have an indefinite useful period and are recognised at cost less any accumulated impairment losses. Customer relations, other brands, franchise contracts and IT investments have definite useful periods and are recognised at cost less accumulated amortisation. Amortisation is applied according to the straight-line method across the assets' estimated useful period. Customer relations, other brands and franchise contracts are deemed to have a useful period of five to ten years.

IT investments are deemed to have a useful period of three to five years from the start of operation.

Tangible fixed assets

Tangible fixed assets are recognised as assets in the balance sheet if it is probable that future financial benefits will be accrued to the company and the cost of the asset can be calculated in a reliable manner. Tangible fixed assets, primarily comprising equipment, computers and means of transport, are recognised at cost less accumulated depreciation and any impairment. Depreciation of tangible fixed assets is recognised as an expense so that the asset's value is depreciated according to the straight-line method over its estimated useful period.

The following percentages were applied for depreciation:

FIXED ASSETS	Per cent
Improvement costs to third-party property [1)]	10
Equipment	10–20
Vehicles	20
Servers	20
Workplace computers	33

1) Depreciation occurs over the shorter period corresponding to 10 per cent and the remaining duration of the contract.

NOTE 1 (cont.)

The residual value of assets and the useful period are tested at the end of each reporting period and adjusted when necessary.

An asset's carrying amount is immediately depreciated to its recoverable amount if the asset's carrying amount exceeds its assessed recoverable value.

Gains and losses from divestments are established by comparing the sales revenue and the carrying amount and recognised net in profit or loss.

Impairment

Assets with an indefinite useful period, for example, goodwill and intangible assets that are not ready for use are not impaired but tested annually for any impairment requirements. The brands that were added through the acquisitions of Sørensen og Balchen and MECA have been deemed to have indefinite useful periods, which is why these are also tested annually for any impairment requirements.

Assets depreciated or amortised are measured in terms of value decline whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If this occurs, a calculation of the assets recoverable value is done.

The recoverable value comprises the highest of the useful value of the asset in the operation and the value that would be received if the asset was divested to an independent party, net realisable value. The useful value comprises the present value of all in and out payments attributable to the asset during the period it is anticipated to be used in the operation, plus the present value of the net realisable value at the end of the useful period. If the assessed recovery value falls below the carrying amount, an impairment is made to the asset's recoverable value. The impairment is recognised in profit or loss in the period it is determined.

Refer also to Note 11 for information on how impairment testing is performed. Previously recognised impairments are reversed only if there has been a change with respect to the assumption that served as the basis for determining the recovery value in connection with the impairment. If this is the case, a reversal will be conducted to increase the carrying amount of the impaired asset to its recovery value. A reversal of an earlier impairment occurs in an amount that does not allow the new carrying amount to exceed what would have been the carrying amount (after impairment) if the impairment had not taken place. Impairment pertaining to goodwill is never reversed.

Inventories

Inventories are recognised at the lower of the cost and net realisable value. The cost is established by using the first in/first out principle (FIFO).

A provision for estimated obsolescence in inventories is established when there is an objective basis to assume that the Group will be unable to receive the carrying amount when inventories are sold in the future. The size of the provision amounts to the difference between the asset's carrying amount and the value of expected future cash flows. The reserved amount is recognised in profit or loss. The inventory value was reduced by the value included in the inter-company profit from goods sold from the Group's centralised warehouse to the company's own stores on the goods that are still in stock. Furthermore, the inventory value was also reduced by the value of the remaining portion of the supplier bonus on goods that are still in stock.

Financial instruments

Financial assets recognised as assets in the balance sheet include loan receivables, accounts receivable and cash and cash equivalents. Liabilities in the balance sheet include long-term and short-term loans and accounts payable. A currency derivative is recognised either as an asset or liability, depending on changes in the exchange rate. A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the contractual conditions. Accounts receivable are recognised when an invoice is sent and accounts payable are recognised when an invoice has been received. With the exception of cash and cash equivalents, only an insignificant portion of the financial assets is interest-bearing, which is why interest exposure is not recognised. The maximum credit risk corresponds to the carrying amount of the financial assets. The terms for long-term and short-term loans are stated in separate note disclosures; other financial liabilities are non-interest-bearing. A financial asset, or portion thereof, is eliminated when the rights contained in the contract are realised or mature. A financial liability, or portion thereof, is eliminated as it is regulated when the commitment in the agreement has been fulfilled or has been terminated in another manner.

Calculation of fair value, financial instruments

When establishing the fair value of derivatives, official market listings on the balance sheet date are used. If no such information is available, a measurement is conducted applying established methods, such as discounting future cash flows to the quoted market rate for each term. Translation to SEK is based on the quoted exchange rate on the balance sheet date.

Long-term receivables

Long-term receivables comprise primarily deposits and lease-purchase agreements. These are recognised at the accrued cost.

Accounts receivable

Accounts receivable are recognised net after provisions for possible bad debts. The expected term of accounts receivable is short, which is why the amount is recognised at nominal value without discounting in accordance with the method for accrued cost. A provision for possible bad debts on accounts receivable is made when there are objective indications to assume that the Group will not be able to receive all the amounts that are due for payment in accordance with the receivables' original conditions. The size of the provision consists of the difference between the asset's carrying amount and the value of estimated future cash flows. The reserved amount is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds held at financial institutions and current liquid investments with a term from the date of acquisition of less than three months, which are exposed to only an insignificant risk of fluctuations in value. Cash and cash equivalents are recognised at nominal value.

Derivative instruments

Mekonomen applies hedge accounting with regard to receivables in foreign currencies. Hedging is conducted using forward contracts with a maximum term of three months. Hedged receivables in foreign currencies are recognised at the interest rate applying on the balance sheet date and hedging instruments are recognised separately at fair value in the balance sheet and the change in value is recognised in profit or loss.

The Group has entered into derivative instruments in order to hedge interest payments attributable to loans with variable interest rates (cash flow hedges). The Group applied hedge accounting for these derivative contracts. Derivatives are recognised at fair value in the balance sheet The value changes are reported in Other comprehensive income insofar as they are effective and are accumulated as a separate component in shareholder's equity until the hedged item affects profit. The element of the unrealised value changes which is ineffective is recognised in the income statement.

NOTE 1 (cont.)

Accounts payable
The expected term for accounts payable is short, which is why the debt is recognised at nominal value without discounting according to the method for accrued cost.

Loans
Liabilities to credit institutions, overdraft facilities and other liabilities (loans) are initially recognised at fair value net after transaction costs. Thereafter, loans are recognised at accrued cost. Possible transaction costs are distributed over the loan period applying the effective interest method. Long-term liabilities have an estimated term longer than one year, while short-term liabilities have a term of less than one year.

Share capital
Ordinary shares are classified as share capital. Transaction costs in connection with a new rights issue are recognised as a deduction, net after tax, from proceeds from the rights issue.

CASH FLOW STATEMENT

The cash flow statement was prepared in accordance with the indirect method. The recognised cash flow comprises only transactions that resulted in inward and outward payments.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company complies with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. Application of RFR 2 means that the Parent Company shall, in the annual accounts for a legal entity, apply all of the IFRS and statements that have been approved by the EU where this is possible within the framework of the Swedish Annual Accounts Act and the law on safeguarding of pension commitments and taking into account the link between accounting and taxation. The recommendation specifies which exceptions and additions shall be made from IFRS. The differences between the Group's and the Parent Company's accounting policies are stated below.

The policies have been applied consistently for all years presented, unless otherwise stipulated.

Amended accounting policies 2013
During 2013, the Swedish Financial Reporting Board issued a new version of RFR 2 Accounting for Legal Entities Changes to RFR 2 have not had any material impact on the Parent Company's financial statements.

Classification and layout
The income statement and balance sheet are compliant with the layout specified in the Swedish Annual Accounts Act. This means they are slightly different to the consolidated accounts: for example, balance sheet items are more specified and subitems are given different designations in Shareholders' equity.

Shares and participations in subsidiaries
Participations in subsidiaries are recognised in the Parent Company according to the cost method. Acquisition-related costs for subsidiaries, expensed in the consolidated accounting, are included as part of the cost for participations in subsidiaries.

Conditional purchase considerations are measured based on the probability that the purchase consideration will be paid. Any changes in the provision/receivable will be added to/deducted from the cost. In the consolidated accounting, conditional purchase considerations are recognised at fair value with value changes in profit or loss. The carrying amount for participations in subsidiaries is tested pertaining to any impairment requirements when there are indications of impairment needs.

Tax
The amounts reserved as untaxed reserves consist of taxable temporary differences. Due to the link between accounting and taxation, the deferred tax liabilities that are attributable to the untaxed reserves are not recognised separately in a legal entity. The changes in untaxed reserves are recognised in accordance with Swedish practice in profit or loss for individual companies under the heading "Appropriations." The accumulated value of provisions are recognised in the balance sheet under the heading "Untaxed reserves," of which 22 per cent is regarded as deferred tax liabilities and 78 per cent as restricted shareholders' equity.

Group contribution and shareholders' contribution
Shareholders' contribution paid is recognised as an increase in the value of shares and participations. An assessment is then conducted as to whether impairment requirements exist for the value of the shares and participations in question.

Group contributions are recognised according to the alternative rule, entailing that all Group contributions, both paid and received, will be recognised as appropriations.

Pensions
Defined-benefit and defined-contribution pension plans are recognised in accordance with the present Swedish accounting standard, which is based on the regulations in the law on safeguarding of pension commitments.

Leasing
All leasing agreements, regardless of whether they are financial or operational, are recognised as operational leasing agreements (rental agreements), which means that the leasing charges are distributed according to the straight-line method across the leasing period.

Other information
The financial reports are stated in SEK m, unless otherwise stipulated. Rounding off may result in some tables not adding up.

NOTE 2 Segment information

Operating segments have been reported to correspond with the internal reporting that was submitted to the highest decision-making authority. The highest decision-making authority is the function responsible for the allocation of resources and assessing the results of the operating segments. In the Group, this function has been identified as the company's President and CEO.

Mekonomen's expansion in recent years generated the need for a change in organisation and control. Consequently, in 2012, a new operating unit, Mekonomen Nordic, was formed whereby all operations included in the original Mekonomen's stores, workshops, administration functions and warehouse operations, excluding Denmark, are collected. The Group executive now has three Group companies, Mekonomen Nordic, Sørensen og Balchen and MECA, which are governed in a similar manner, through the Board of Directors.

The Group companies have separate organisations that act independently in the market with individual brands, competition between themselves and governed through Boards of Directors. Since 1 October 2012, the operation in Denmark has been included in the MECA Group and is now called MECA Denmark. The highest decision-making authority monitors the operation based on this distribution. The new organisation and the amended internal governance have resulted in a new segment division with the three segments: MECA, Mekonomen Nordic and Sørensen og Balchen.

MECA represents a new segment for the Group in 2012 and the information presented pertaining to MECA Scandinavia applies to the 23 May – 31 December 2012 period.

Mekonomen Nordic includes the previous segments Mekonomen Sweden, Mekonomen Norway and parts of Others comprising Mekonomen Fleet, Speedy, Marinshopen, Mekonomen Finland, Mekonomen BilLivet, as well as administrative functions for Mekonomen Norden AB.

Others comprise Mekonomen AB, as well as Groupwide and eliminations. Mekonomen AB, including previous administrative functions such as IT, product divisions, etc., is governed by Mekonomen Nordic from 1 October 2012. The Group executive and finance management still report under Mekonomen AB.

The CEO assesses the results of the operating segments at an EBIT level. Financial items are not distributed in segments since they are impacted by measures implemented by central finance management. Distribution of assets and liabilities at segment level are not reported regularly.

Sales between segments occur on market-based terms and conditions. Revenue from external customers that is reported to the Group executive is measured in the same manner as in the income statement.

Net sales from external customers derived primarily from the sale of goods, representing approximately 97 (97) per cent of net sales. The remaining net sales derived from workshop services, as well as annual and license fees to affiliated stores and workshops.

	MECA [1]		Mekonomen Nordic		Sørensen og Balchen		Other		Group	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
REVENUES										
External net sales	2 211	1 702	2 818	2 830	701	748	10	12	5 740	5 292
Internal revenues	39	5	166	298	21	8	-226	-311	0	0
Other revenues	5	19	63	68	5	7	50	40	123	134
TOTAL REVENUES	**2 255**	**1 726**	**3 047**	**3 196**	**727**	**763**	**-166**	**-259**	**5 863**	**5 426**
EBIT [2]	**84**	**109**	**316**	**376**	**81**	**78**	**-12**	**-35**	**469**	**528**
Financial items, net									-39	-54
PROFIT BEFORE TAX									**429**	**474**
Investments, tangible assets	21	21	18	55	2	4	1	0	43	80
Investments, IT systems	9	10	7	32	-	-	-	-	16	42
Depreciation and impairments (tangible assets)	26	20	52	47	5	6	-	-	83	73
Amortisation and impairments (intangible assets) [3]	72	41	67	14	18	19	-	-	157	74
Average number of employees for the period	1 000	780	1 259	1 341	259	268	17	16	2 535	2 405
Number of own stores	108	108	146	156	34	36	1	1	289	301
Number of partner stores	23	30	47	48	40	42	0	0	110	120
NUMBER OF STORES IN THE CHAIN	**131**	**138**	**193**	**204**	**74**	**78**	**1**	**1**	**399**	**421**
KEY FIGURES										
EBIT margin, % [4]	4	6	11	13	11	10	-	-	8	10
Sales change, % [4]	30	124	0	2	-6	24	-	-	8	28
Revenues per employee, SEK 000s (converted into one-year balance)	2 255	2 213	2 420	2 383	2 807	2 847	-	-	2 313	2 256
Operating profit/loss per employee, SEK 000s (converted into one-year balance)	84	140	251	280	313	291	-	-	185	220

1) In terms of revenue and profit for 2012, MECA Scandinavia is included for the period 23 May – 31 December and MECA Denmark is included for the full year 2012.
2) Redistribution from "Other" to the MECA segment took place during the first quarter of 2013 after a review of internal Group goods transactions as a consequence of the change in segment division. The comparative figures have been recalculated, which has had a positive effect of SEK 17 m on MECA's operating profit for the full year 2012, and had the opposite effect on the operating profit in "Other". The redistribution has had no effect on profit at Group level.
3) Including depreciation of acquisition-related intangible assets.
4) Internal sales have been excluded when calculating the operating margin and the increase in revenues for the segments.

NOTE 2 (cont.)

Net sales derived from the sale of goods from external customers are distributed according to the following customer groups:

	2013	2012
ANALYSIS OF NET SALES PER CUSTOMER GROUP, % [1]:		
- Affiliated workshops [2]	32%	30%
- Other workshops	40%	42%
- Consumers	20%	21%
- Partner stores	8%	8%
Net sales, total	**100%**	**100%**

[1] For greater comparability, the values for 2012 have been calculated as though MECA had been included for the full year.
[2] Sales to proprietary workshops have been included in sales to affiliated workshops.

The company has its registered office in Sweden. The distribution of revenue from external customers in Sweden and other geographic markets is presented in the table below:

NET SALES	2013	2012
Sweden	2 841	2 534
Norway	2 262	2 040
Denmark	612	702
Other	25	16
TOTAL	**5 740**	**5 292**

The Group has no individual customers that account for 10 per cent or more of the Group's revenue.

All fixed assets, other than financial instruments and deferred tax assets (there are no assets in connection with benefits after terminated employment or rights according to insurance agreements), located in Sweden amounted to SEK 2 323 (2 464) m and the total of such fixed assets located in other countries amounted to SEK 807 (909) m, of which SEK 721 (824) m in Norway and SEK 78 (76) m in Denmark. Certain reclassifications have taken place, and hence the comparative figures have been recalculated.

NOTE 3 Significant appreciations and assessments

The preparation of the annual accounts and application of various accounting standards are based to a certain extent on management's assessments or assumptions and appreciations that are considered reasonable under the circumstances. These assumptions and appreciations are frequently based on historic experience but also on other factors, including expectations on future events. The results could differ if other assumptions and appreciations were used and the actual outcome will, in terms of definition, rarely agree with the estimated outcome. The assumptions and appreciations made by Mekonomen in the 2013 annual accounts, and which had the greatest impact on results and assets and liabilities, are discussed below.

GOODWILL AND OTHER ACQUISITION-RELATED INTANGIBLE ASSETS

When assessing the impairment requirement for goodwill and other intangible assets with an indefinite useful period, the carrying amount must be compared with the recoverable amount. The recoverable amount is the highest of an asset's net selling price and the value in use. Since there are normally no listed prices that may be used to assess the net selling price of an asset, the value in use will normally be the value that is used to compare with the carrying amount. Calculation of the value in use is based on assumptions and assessments. Key assumptions are the future trends for revenue and margins, including trends for prices and volumes, utilisation of operating capital employed, as well as yield requirements, which are used to discount future cash flows. These assumptions are described in more detail in Note 11 Intangible assets. On the whole, this means that the measurement of goodwill and intangible assets items with an indefinite useful period is subject to significant appreciations and assessments.

COMPANY ACQUISITIONS

In conjunction with acquisitions, analyses are prepared in which all identifiable assets and liabilities, including intangible assets, are identified and measured at fair value at the acquisition date. In accordance with IFRS 3, acquired identifiable intangible assets, for example, customers, franchise contracts, brands and customer relations, shall be separated from goodwill. This applies if these fulfil the criteria as assets, meaning, they are possible to separate or are based on contractual or other formal rights, and that their fair values can be established in a reliable manner. An examination is conducted at each acquisition. The remaining surplus value is allocated to goodwill. Measuring identifiable assets and liabilities in acquisition assessments is subject to important appreciations and assessments.

RESERVES FOR INVENTORIES, DOUBTFUL ACCOUNTS RECEIVABLE AND GUARANTEE COMMITMENTS

The Group operates in several geographic markets, with sales to consumers and companies and with a wide range to many different customer groups. In order to satisfy customers' needs, there must be a sufficiently large inventory of products and also various types of guarantees that the products function as they should. With this type of operation that is conducted within the Group, there is a risk of customer loss and that some of the Group's stocked products cannot be sold at their carrying amounts, and also the risk that the company has guarantee commitments that extend further than the reserves for these commitments. The Group has established policies for reserves for accounts receivable, obsolescence provisions and provisions for sureties. These policies per se are appreciations of historic outcome and evaluated continuously to ensure that they correspond to actual outcome in terms of customer losses, obsolescence and guarantee commitments.

NOTE 4 Audit expenses

	Group		Parent Company	
	2013	2012	2013	2012
DELOITTE AB				
Audit assignment	7	7	1	1
Audit-related services other than audit assignments	0	0	0	0
Tax advice	0	0	0	0
Other services	0	0	0	0
TOTAL	**7**	**7**	**1**	**1**

NOTE 5 Average number of employees, salaries, other remuneration and social security contributions

Average number of employees	2013 No. of employees	2013 of which men, %	2012 Number of employees	2012 of which men, %
PARENT COMPANY				
Sweden	16	50	68	76
TOTAL IN PARENT COMPANY	**16**	**50**	**68**	**76**
SUBSIDIARIES				
Sweden	1 326	82	1 219	83
Denmark	397	87	404	84
Norway	775	82	690	82
Finland	21	81	24	83
TOTAL IN SUBSIDIARIES	**2 519**	**84**	**2 337**	**82**
GROUP TOTAL	**2 535**	**83**	**2 405**	**82**

SALARIES, REMUNERATION, ETC. SEK 000S	2013 Salaries and other remuneration	2013 Soc. security expenses (of which pension costs)	2012 Salaries and other remuneration	2012 Soc. security expenses (of which pension costs)
Parent Company	23 359	12 385	46 823	22 847
		(3 622)		(6 121)
Subsidiaries	1 034 960	263 111	918 570	225 548
		(53 707)		(56 018)
GROUP TOTAL	**1 058 319**	**275 496**	**965 393**	**248 395**
		(57 329)		**(62 139)**

SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN THE PRESIDENT AND BOARD MEMBERS AND OTHER EMPLOYEES, SEK 000s	2013 Board and CEO [1] (of which bonus, etc.)	2013 Other employees	2012 Board and CEO [1] (of which bonus, etc.)	2012 Other employees
PARENT COMPANY				
Mekonomen AB	8 430	14 929	7 396	39 427
	(360)	(639)	(270)	(952)
TOTAL IN PARENT COMPANY	**8 430**	**14 929**	**7 396**	**39 427**
	(360)	**(639)**	**(270)**	**(952)**
SUBSIDIARIES IN SWEDEN	35 037	441 406	29 971	371 387
	(3 219)	(1 234)	(2 407)	(1 330)
SUBSIDIARIES ABROAD				
Denmark	4 320	166 712	2 042	165 786
	(0)	(0)	(0)	(0)
Norway	23 808	357 656	23 083	320 143
	(693)	(721)	(198)	(1 679)
Finland	0	6 021	0	6 158
	(0)	(0)	(0)	(0)
TOTAL IN SUBSIDIARIES	**63 165**	**971 795**	**55 096**	**863 474**
	(3 912)	**(1 955)**	**(2 605)**	**(3 009)**
GROUP TOTAL	**71 595**	**986 724**	**62 492**	**902 901**
	(4 272)	**(2 594)**	**(2 875)**	**(3 961)**

[1] Remuneration to the Board of Directors and CEO includes the Parent Company and, where appropriate, subsidiaries in each country.

REMUNERATION OF SENIOR EXECUTIVES

Fees are paid to the Chairman of the Board and Board members in accordance with the resolution of the Annual General Meeting. The annual Board fee totalling SEK 1 950 000 (1 700 000) was established in accordance with the resolution of the 2013 Annual General Meeting. From this, SEK 400 000 (400 000) represents fees to the Chairman of the Board and SEK 300 000 (300 000) to the Vice Chairman, as well as SEK 250 000 (200 000) to each of the remaining Board members.

No fees are paid to the Boards of other subsidiaries.

The CEO, Håkan Lundstedt, has a basic salary of SEK 500 000 per month and a variable salary portion, which is based on the Group's profits and individual qualitative parameters and which can amount to a maximum of 60 per cent of the basic annual salary.

Other benefits consist of a company car. The period of notice is 12 months if termination is initiated by the company and six months if initiated by the CEO. If termination is initiated by the company, severance pay amounting to six months' salary is paid. For other senior executives, remuneration follows the policies adopted at the 2013 Annual General Meeting.

NOTE 5 (cont.)

This means that the company shall offer its senior executives market-based remuneration, that the criteria shall accordingly be based on the significance of assignments, competency requirements, experience and performance and that remuneration shall comprise the following parts:

– fixed basic salary
– performance-related pay
– pension benefits
– other benefits and severance pay.

The performance-related pay for other senior executives, excluding the CEO, is based partly on the Group's profit and partly on individual qualitative parameters and can amount to a maximum of 33 percentage points of the basic salary. Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees abroad.

Pensionable salary refers to the basic salary. The period of notice is 12 months if termination is initiated by the company and six months if the employee tenders his/her resignation to the company. Severance pay for termination on the part of the company can total a maximum of one annual salary. Matters pertaining to remuneration of Board members shall be prepared and resolved by the Board of Directors. At the 2011 Annual General Meeting, it was also resolved that the CEO and other senior executives may receive a cash bonus from the company. The bonus shall be calculated on the consolidated profit for the 2011–2013 financial years. The bonus programme shall, in its entirety, as a total expense for the company, amount to a maximum of SEK 24 m for the period. The criteria for the size of an individual bonus shall be determined by the Board of Directors. This programme has not fallen due and so no cost has been posted for this.

The Board has not made any decisions pertaining to share or share price-based incentive programmes for Company Management.

	Basic salary [2]		Bonus		Board fees		Other benefits		Pension premiums	
EXECUTIVE/CATEGORY, SEK 000s	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Fredrik Persson, Chairman of the Board					400	400				
Marcus Storch, Executive Vice Chairman					300	300				
Antonia Ax:son Johnson, Board member					250	200				
Kenny Bräck, Board member					250	200				
Anders G Carlberg, Board member					250	200				
Helena Skåntorp, Board member					250	200				
Kenneth Bengtsson, Board member					250	-				
Wolff Huber, Board member					-	200				
CEO	6 120	5 426	360	270			88	81	1 811	1 543
Other senior executives, 4 (4) [1]	7 708	11 739	321	1 313			396	638	1 730	2 360
TOTAL	**13 828**	**17 165**	**681**	**1 583**	**1 950**	**1 700**	**484**	**719**	**3 541**	**3 903**

[1] From 8 November 2012, the management group consists of four individuals, in addition to the CEO. The average number of individuals in the management group, in addition to the CEO, was about seven in 2012.
[2] The basic salary in this table includes holiday bonus.

Of all the company's senior executives, one is a woman. The number of senior executives is five, who also comprised the Group's management team. In addition to the CEO, they are the Executive Deputy CEO, the CFO, the International Business Director and the Head of Business Establishment.

NOTE 6 Depreciation/amortisation of tangible and intangible fixed assets

	Group		Parent Company	
	2013	2012	**2013**	2012
Planned depreciation of tangible fixed assets	-79	-73	0	-4
Impairment of tangible fixed assets	-4	-	-	-
Total depreciation and impairment of tangible fixed assets	**-83**	**-73**	**0**	**-4**
Amortisation, brands	-1	-1	-	-
Amortisation, customer relations	-73	-49	-	-
Amortisation, franchise contracts	-5	-5	-	-
Amortisation, capitalised expenditure for IT systems	-35	-18	-	-13
Impairment, capitalised expenditure for IT systems	-43	-	-	-
Total amortisation and impairment of intangible fixed assets	**-157**	**-74**	**0**	**-13**
TOTAL	**-240**	**-147**	**0**	**-17**

NOTE 7 Appropriations

	Parent Company	
	2013	2012
Group contributions received	348	214
Group contributions paid	-96	-35
Changes in tax allocation reserve	-34	-5
Change in excess depreciations	52	-14
TOTAL	**270**	**160**

NOTE 8 Net profit/loss on financial instruments recognised in the income statement

	Group		Parent Company	
NET PROFIT/NET LOSS:	**2013**	2012	**2013**	2012
Of which financial instruments categorised as:				
Holdings for trading, derivatives	-3	-1	-	0
Accounts receivable, impairments	-29	-31	-	-1

NOTE 9 Tax on profit for the year

	Group		Parent Company	
CURRENT TAX	**2013**	2012	**2013**	2012
Sweden	-70	-47	-51	-28
Other countries	-87	-80	-	-
TOTAL CURRENT TAX	**-157**	**-127**	**-51**	**-28**
Changes in deferred tax temporary differences	43	35	-	-
RECOGNISED TAX EXPENSES	**-114**	**-92**	**-51**	**-28**
TAX ON PROFIT FOR THE YEAR				
Recognised profit before tax	429	474	343	255
Tax according to applicable tax rate	-109	-129	-75	-67
Tax on standard interest on tax allocation reserves	0	0	0	0
Tax effects on expenses that are not tax-deductible				
Other non-deductible expenses	-2	-8	-1	-1
Other non-taxable revenue	0	0	25	40
Effects on adjustments from the previous year	0	0	-	-
Effects on non-capitalised loss carry-forward	-3	8	-	-
Effects on changes in the Swedish tax rate	0	36	-	-
RECOGNISED TAX EXPENSES	**-114**	**-92**	**-51**	**-28**

NOTE 10 Supplementary disclosures, financial risk management

Disclosures on financial instruments valued at fair value in the balance sheet

How the financial instruments have been valued at fair value in the balance sheet is shown below. This is done by dividing the measurements into three levels:

Level 1: Fair value is determined according to prices listed on an active market for the same instruments.

Level 2: Fair value is determined on the basis of either directly (as prices) or indirectly (derived from prices) observable market data which is not included in level 1.

Level 3: Fair value is determined on the basis of input data which is not observable on the market.

All of Mekonomen's financial instruments are included in Level 2.

Calculation of fair value

The following is a summary of the main methods and assumptions used to establish the fair value of the financial instruments entered in the table below.

Fair value is determined for listed securities, where appropriate, on the basis of the asset's listed average exchange rate at the balance sheet date, excluding transaction costs at the time of acquisition.

For currency contracts, fair value is determined on the basis of listed exchange rates. Fair value for interest rate swaps is based on discounting of calculated future cash flows in accordance with the contract terms and due dates, and on the basis of the market interest rate for similar instruments on the balance sheet date. If discounted cash flows have been used, future cash flows are calculated on the best assessment of the company management. The discount rate applied is a market-based interest rate on similar instruments on the balance sheet date.

All measurement techniques applied are accepted on the market and take into account all parameters which the market would take into consideration when pricing. The techniques are reviewed regularly with a view to ensuring their reliability. Assumptions applied are followed up against actual results so as to identify any need for adaptations to measurements and forecasting tools.

For methods of payment, receivables and liabilities with variable interest rates, as well as current assets and liabilities (such as accounts receivable and accounts payable), fair value is equivalent to the carrying amount.

Group financial instruments measured at fair value in the balance sheet	2013	2012
Financial assets		
Derivatives: Foreign exchange forwards	0	0
Total	**0**	**0**
Financial liabilities		
Derivatives: Currency swaps	3	-
Foreign exchange forwards	-	0
Interest rate swaps	2	-
Total	**5**	**0**

Financial assets and liabilities by measurement category, 31/12/2013	Derivative instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value	Non-financial assets and liabilities	Total balance sheet
Financial assets							
Other long-term receivables	-	75	-	75	75	-	75
Accounts receivable	-	439	-	439	439	-	439
Other current receivables	-	-	-	-	-	285	285
Cash and cash equivalents	-	279	-	279	279	-	279
Total	**-**	**793**	**-**	**793**	**793**	**285**	**1 078**
Financial liabilities							
Long-term liabilities to credit institutions, interest-bearing	2	-	1 658	1 660	1 660	-	1 660
Current liabilities to credit institutions, interest-bearing	3	-	273	276	276	-	276
Accounts payable	-	-	594	594	594	-	594
Other current liabilities	-	-	-	-	-	399	399
Total	**5**	**-**	**2 525**	**2 530**	**2 530**	**399**	**2 929**

Financial assets and liabilities by measurement category, 31/12/2012	Derivative instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value	Non-financial assets and liabilities	Total balance sheet
Financial assets							
Other long-term receivables	-	94	-	94	94	-	94
Accounts receivable	-	495	-	495	495	-	495
Other current receivables	0	-	-	0	0	302	302
Cash and cash equivalents	-	241	-	241	241	-	241
Total	**0**	**830**	**-**	**830**	**830**	**302**	**1 132**
Financial liabilities							
Long-term liabilities to credit institutions, interest-bearing	-	-	1 809	1 809	1 809	-	1 809
Current liabilities to credit institutions, interest-bearing	-	-	296	296	296	-	296
Accounts payable	-	-	552	552	552	-	552
Other current liabilities	0	-	-	-	-	398	398
Total	**0**	**-**	**2 657**	**2 657**	**2 657**	**398**	**3 055**

NOTE 10 (cont.)

Group's maturity structure for undiscounted cash flows for financial liabilities and derivatives	31/12/2013					
Nominal amounts	2014	2015	2016	2017	2018	**Total**
Liabilities to credit institutes, bank borrowing	137	987	0	0	670	**1 794**
Liabilities to leasing companies	10	1	0	0	0	**11**
Bank overdraft facilities	127	0	0	0	0	**127**
Derivatives	3	2	0	0	0	**5**
Accounts payable	594	0	0	0	0	**594**
Total	**870**	**990**	**0**	**0**	**670**	**2 530**

Time when hedged cash flows in the hedging reserve are expected to occur and affect profit for the year	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015	2016 and later	**Total**
Currency swap	-3	0	0	0	0	0	**-3**
Interest rate swap	0	0	0	0	-2	0	**-2**
Total	**-3**	**0**	**0**	**0**	**-2**	**0**	**-5**

Offsetting of financial assets and liabilities

Derivative contracts are subject to legally binding framework agreements on netting. This information is limited as the amounts are of minor value.

NOTE 11 Intangible fixed assets

	Goodwill		Brands		Franchise contracts		Customer relations		IT investments		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
OPENING ACCUMULATED COST, 1 JANUARY	**1 903**	**789**	**332**	**64**	**49**	**48**	**741**	**139**	**180**	**123**	**3 205**	**1 163**
Acquisitions	0	-	-	-	-	-	-	-	20	42	20	42
Acquisitions through purchasing	4	1 109	-	270	-	-	2	600	-	15	6	1 994
Divestments/disposals	-1	-	-	-3	-	-	-	-	-51	-	-52	-3
Translation difference, currency	-50	5	-5	1	-4	1	-14	2	-	-	-73	9
CLOSING ACCUMULATED COST, 31 DECEMBER	**1 856**	**1 903**	**327**	**332**	**45**	**49**	**729**	**741**	**149**	**180**	**3 106**	**3 205**
OPENING ACC. AMORTISATION AND IMPAIRMENTS, 1 JANUARY	**0**	**-**	**-1**	**-1**	**-9**	**-4**	**-60**	**-11**	**-49**	**-31**	**-120**	**-47**
Divestments/disposals	-	-	-	1	-	-	-	-	47	-	47	1
Amortisation for the year	-	-	-1	-1	-5	-5	-73	-49	-35	-18	-114	-74
Impairment for the year [1]	-	-	-	-	-	-	-	-	-43	-	-43	0
Translation difference, currency	-	-	0	0	1	0	3	-	-	-	4	0
CLOSING ACC. AMORTISATION AND IMPAIRMENTS, 31 DECEMBER	**-**	**-**	**-2**	**-1**	**-13**	**-9**	**-130**	**-60**	**-80**	**-49**	**-226**	**-120**
CLOSING CARRYING AMOUNT, 31 DECEMBER	**1 856**	**1 903**	**325**	**331**	**32**	**40**	**599**	**681**	**69**	**131**	**2 881**	**3 086**

[1] Impairment for the year relates to full phasing out of IT systems within the Mekonomen Nordic segment.

NOTE 11 (cont.)

The fair values of intangible fixed assets are distributed across operating segments as follows:

	Goodwill		Brands		Franchise contracts		Customer relations		IT investments		Total	
Carrying amount for operating segment for	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012
MECA	1 120	1 117	270	270	-	-	506	565	17	20	1 913	1 972
Mekonomen Nordic	315	322	2	3	-	-	-	-	52	111	369	436
Sørensen og Balchen	421	464	53	58	32	40	93	116	-	-	599	678
	1 856	**1 903**	**325**	**331**	**32**	**40**	**599**	**681**	**69**	**131**	**2 881**	**3 086**

Testing of impairment requirement for goodwill and other intangible assets with indefinite useful period

Goodwill is distributed among the Group's cash-generating units (CGU) identified by operating segments. In addition to goodwill, the Group also has acquired brands that have been deemed to have an indefinite useful period. The useful period is deemed indefinite when it pertains to well-established brands in their individual markets, which the Group intends to retain and further develop. The brands that have been identified and evaluated pertain to the acquisition of MECA in 2012 and the acquisition of Sørensen og Balchen in 2011, with the associated BilXtra brand. Other brands are amortised and their carrying amount at the end of the year was SEK 2 (3) m. A summary of goodwill and brands with indefinite useful period at operating segment level is shown in the table below:

		Goodwill		Brands (indefinite useful period)	
Operating segment	**Test level CGU**	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012
MECA	MECA Group	1 095	1 091	270	270
	MECA Denmark	25	26	-	-
	Operating segment	**1 120**	**1 117**	**270**	**270**
Mekonomen Nordic	Mekonomen Sweden	260	261	-	-
	Mekonomen Norway	55	61	-	-
	Mekonomen Finland	-	-	-	-
	Operating segment	**315**	**322**	**0**	**0**
Sørensen og Balchen	**Operating segment**	**421**	**464**	**53**	**58**
		1 856	**1 903**	**323**	**328**

Testing impairment requirements for goodwill and other intangible assets with indefinite useful period occurs in the fourth quarter annually or more frequently if there are indications of value depreciation.

The recoverable amount for a cash-generating unit is established based on calculations of the value in use. The value in use is the present value of the estimated future cash flows.

Cash-flow forecasts are based on an assessment of the anticipated growth rate and the trend of the EBITDA margin (operating margin before depreciation/amortisation and impairment of tangible and intangible assets), based on the budget that was adopted in November for the next year, forecasts for the next three years, management's long-term expectations for the operation, as well as the historic trend. The cash-flow forecasts for the second to fourth years are based on an annual growth rate of 2 (3) per cent. Cash flows beyond this four-year period were extrapolated using an assessed growth rate of 3 (3) per cent.

Calculated value in use is most sensitive to changes in assumptions for growth-rate, EBITDA margin and the relevant discount rate (WACC, Weighted Average Cost of Capital), which is used to discount future cash flows. The significant assumptions used to calculate the value in use for 2013 and 2012, respectively, were summarised as follows:

	31/12/2013	31/12/2012
Discount rate (WACC) before tax	10.1%	10.3%
Discount rate (WACC) after tax	7.8%	8.1%
Growth rate beyond the forecast period	3.0%	3.0%
Total price and volume trend	3.0%	3.0%

Discount rate (WACC)

The present value of the forecast cash flows was calculated by applying a discount rate of 7.8 (8.1) per cent after tax, corresponding to a discount rate before tax of approximately 10.1 (10.3) per cent. When calculating the discount rate, the Swedish corporate tax of 22 per cent was used for all operating segments, while the weighted tax rate was applied when calculating the present value for each unit. The conditions that apply for the various markets in which Mekonomen is active do not deviate significantly from each other, which is why the same rate is used for all units.

The discount rate corresponds to Mekonomen's assessed average cost of capital, meaning the weighted total of required return on shareholders' equity and costs for externally raised capital.

The required return on shareholders' equity is based on the assumption of a risk-free interest rate of 2.58 (1.15) per cent, a market-based risk premium of 5.5 (7.0) per cent and a so-called beta value of 1.0 (1.0), as well as a company-specific risk premium of 1.0 (4.0) per cent. The beta value depicts the connection between the price of the Mekonomen share and changes in the comparative index. The debt/equity ratio was assumed to be 20 (44) per cent. The change in the discount rate between 2013 and 2012 was primarily due to the change in management's assessment that the company-specific risk premium had decreased and the increase of the risk-free interest rate and decrease of the debt/equity ratio.

Growth rate

The growth rate does not exceed the long-term growth rate for the markets in which each cash-generating unit is active.

NOTE 11 (cont.)

Total price and volume trend

In the event of a change, assumptions about future price and volume trends have major impact on the cash flow. In plans that are used as the basis for the cash flows, management assumes that the price trend will only amount to a few per cent per year. The volume trend is calculated not to exceed 2.0 per cent annually on average over the period until 2017, meaning a more cautious assumption than Mekonomen's target of 10 per cent growth. Assessments are made taking into account earlier experience and external information sources.

Margin trend

It has been assumed that the gross margin will remain at a current and historic level throughout the forecast period, which is a cautious assessment, where the anticipated additional synergy effects from the MECA acquisition have not been included. With respect to the operations' other costs, it is assumed that these will follow the same growth rate as revenue, except for MECA Denmark, where measures implemented are expected to reduce other costs.

Sensitivity analysis

An increase in the discount rate by 2 percentage points, a reduction in the assumed long-term growth rate by 2 percentage points or a decrease in the EBITDA margin by 2 percentage points would individually result in no impairment requirement arising.

According to implemented impairment requirement testing, there are no impairment requirements for goodwill or other intangible assets with an indefinite useful period as at 31 December 2013.

	Parent Company	
CAPITALISED EXPENDITURE FOR IT SYSTEMS	**2013**	2012
OPENING ACCUMULATED VALUE, 1 JANUARY	**155**	**123**
Purchasing	0	32
Sales/disposals	-155	-
CLOSING ACCUMULATED VALUE, 31 DECEMBER	**-**	**155**
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY	**-44**	**-31**
Sales/disposals	44	-
Depreciation for the year	**0**	-13
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER	**-**	**-44**
CLOSING CARRYING AMOUNT, 31 DECEMBER	**-**	**111**

Intra-Group transfer has taken place in 2013.

NOTE 12 Improvement costs, third-party property

	Group		Parent Company	
	2013	2012	**2013**	2012
OPENING ACCUMULATED COST, 1 JANUARY	**68**	**53**	**2**	**2**
Purchases, rebuilding and extensions, conversions	6	15	0	0
Divestments/disposals	-5	0	-2	0
Translation difference, currency	0	0	-	-
CLOSING ACCUMULATED COST, 31 DECEMBER	**69**	**68**	**0**	**2**
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY	**-21**	**-12**	**-1**	**0**
Divestments/disposals	5	-	1	-
Depreciation for the year	-11	-9	0	-1
Translation difference, currency	0	0	-	-
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER	**-27**	**-21**	**0**	**-1**
CLOSING CARRYING AMOUNT, 31 DECEMBER	**42**	**48**	**0**	**1**

NOTE 13 Tangible fixed assets

	Equipment and transportation Group		Financial leasing Group		Total Group	
	2013	2012	**2013**	2012	**2013**	2012
OPENING ACCUMULATED COST, 1 JANUARY	**532**	**488**	**63**	**33**	**595**	**521**
Purchasing	37	65	5	4	42	69
Purchase in connection with acquired operation	0	22	-	26	0	48
Divestments/disposals	-16	-41	-	-	-16	-41
Translation difference, currency	-11	-2	-	-	-11	-2
CLOSING ACCUMULATED COST, 31 DECEMBER	**542**	**532**	**68**	**63**	**610**	**595**
OPENING ACC. DEPRECIATION AND IMPAIRMENTS, 1 JANUARY	**-320**	**-297**	**-36**	**-30**	**-356**	**-327**
Divestments/disposals	16	35	-	-	16	35
Depreciation for the year	-60	-58	-8	-6	-68	-64
Impairment for the year	-4	-	-	-	-4	-
Translation difference, currency	8	0	-	-	8	0
CLOSING ACC. DEPRECIATION AND IMPAIRMENTS, 31 DECEMBER	**-360**	**-320**	**-44**	**-36**	**-404**	**-356**
CLOSING CARRYING AMOUNT, 31 DECEMBER	**182**	**212**	**25**	**27**	**207**	**239**

OPERATIONAL LEASING CONTRACTS

The Group's operational leasing contracts pertain primarily to leased premises.

	Group		Parent Company	
Information about leasing expenses, operational leasing	**2013**	2012	**2013**	2012
Rent for premises	328	326	1	8
Leasing expenses, other	32	33	0	3
TOTAL	**360**	**359**	**1**	**11**

	Group		Parent Company	
Future leasing fees for irrevocable leasing contracts falling due for payment:	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012
Within one year	318	336	1	11
Later than one year but within five years	670	827	3	9
After five years	165	317	-	-
	1 153	1 480	4	20

Of the future leasing fees, leased premises represent SEK 1 102 (1 392) m for the Group and SEK 1 (10) m for the Parent Company.
The information on future leasing fees for 2012 has been recalculated for comparability.

	Parent Company	
EQUIPMENT AND TRANSPORTATION	**2013**	2012
OPENING COST, 1 JANUARY	**34**	**48**
Purchases	0	10
Divestments/disposals	-34	-24
CLOSING ACCUMULATED COST, 31 DECEMBER	**0**	**34**
OPENING DEPRECIATION, 1 JANUARY	**-21**	**-41**
Divestments/disposals	21	24
Depreciation for the year	0	-4
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER	**0**	**-21**
CLOSING CARRYING AMOUNT, 31 DECEMBER	**0**	**13**

NOTE 14 Deferred taxes

Deferred tax assets and liabilities are offset against each other when a legal right of offset exists for current tax assets and tax liabilities and when deferred taxes refer to the same tax authority. The amounts reported net are as follows:

	Group	
DEFERRED TAX ASSETS, NET	**31/12/2013**	31/12/2012
Capitalised loss carry-forward	21	0
Temporary differences, other	2	0
TOTAL	**23**	**0**

	Group	
DEFERRED TAX LIABILITIES (-), NET	**31/12/2013**	31/12/2012
Untaxed reserves	-43	-49
Surplus value in intangible fixed assets (through acquisition)	-219	-244
Temporary differences on reversed net asset goodwill	-14	-19
Temporary differences on inter-company profits	49	57
Temporary differences on pension commitments	0	3
Temporary differences, other	16	22
TOTAL	**-211**	**-230**

GROSS CHANGE IN DEFERRED TAX ASSETS/TAX LIABILITIES	**2013**	2012
Opening balance	-230	-53
Translation difference, currency	6	-4
Acquisition of subsidiaries	0	-208
Recognition in profit or loss	43	35
Tax on recognition in the comprehensive income	-5	2
AT YEAR-END	**-188**	**-230**

Tax loss carryforwards

At the end of the financial year, tax loss carry-forwards amounted to SEK 0 (0) m in the Parent Company and SEK 120 (21) m in the Group. There is a time limit of 10 years for deficits of up to SEK 36 m. All other loss carry-forwards have no deadlines. Deferred tax assets pertaining to tax loss carry-forwards in the Group amounted to SEK 21 (0) m on the balance sheet date, of which the entire amount is attributable to the Danish operation. The deferred tax asset on the remaining deficit was not assigned a value in the balance sheet.

NOTE 15 Other long-term receivables

	Group	
	31/12/2013	31/12/2012
Rental deposits paid	7	7
Hire purchase contract	67	86
Other	1	1
TOTAL	**75**	**94**

Impairment of long-term receivables amounted to SEK 0 (0) m during the year.

NOTE 16 Current receivables

	Group	
	31/12/2013	31/12/2012
Accounts receivable	439	495
Tax assets	25	57
Other receivables	54	36
Prepaid expenses and accrued income	206	209
TOTAL	**724**	**797**

	Group	
ACCOUNTS RECEIVABLE	**31/12/2013**	31/12/2012
Accounts receivable	502	543
Provisions for bad debts	-63	-48
TOTAL	**439**	**495**

	Group	
PROVISIONS FOR BAD DEBTS	**31/12/2013**	31/12/2012
Provision for bad debts at the beginning of the year	-48	-26
Incurred through acquisition	0	-3
Net change in provision	-24	-31
Recovered prior impairment losses	8	12
TOTAL	**-63**	**-48**

	Group	
RECEIVABLES THAT ARE DUE BUT NOT IMPAIRED	**31/12/2013**	31/12/2012
Accounts receivable		
Receivables due between 0–30 days	39	58
Receivables due between 31-60 days	13	5
Receivables due longer than 61 days	11	6
TOTAL	**63**	**69**

Interest income on accounts receivable during the year was SEK 7 (7) m.

NOTE 17 Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/2013	31/12/2012	**31/12/2013**	31/12/2012
Prepaid rents	42	44	0	0
Prepaid leasing fees	1	1	-	-
Prepaid insurance	3	4	0	0
Accrued supplier bonus	113	107	-	69
Other interim receivables	47	53	5	10
TOTAL	**206**	**209**	**5**	**79**

NOTE 18 Cash and cash equivalents

	Group		Parent Company	
	31/12/2013	31/12/2012	**31/12/2013**	31/12/2012
Cash and bank balances	279	241	0	0
TOTAL	**279**	**241**	**0**	**0**

NOTE 19 Liabilities to credit institutions

	Group		Parent Company	
Long-term	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012
Liabilities to credit institutions, bank borrowing	1 658	1 802	1 656	1 797
Liabilities to leasing companies	1	7	-	-
Derivatives, interest rate swaps	2	-	-	-
TOTAL LONG-TERM LIABILITIES, INTEREST-BEARING	**1 660**	**1 809**	**1 656**	**1 797**
Current	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012
Liabilities to credit institutions, bank borrowing	137	197	136	196
Bank overdraft facilities	127	92	0	0
Liabilities to leasing companies	10	7	-	-
Derivatives, currency swaps	3	-	-	-
TOTAL CURRENT LIABILITIES, INTEREST-BEARING	**276**	**296**	**136**	**196**
TOTAL BORROWING	**1 936**	**2 105**	**1 792**	**1 993**
Overdraft facility limit	**387**	**417**	**387**	**417**
- of which, unutilised portion	261	325	261	325

All interest rates, except for interest rate swaps, are variable or have a maximum commitment period of three months. During the financial year, the interest level varied within the 2–4 per cent interval.

Refinancing of SEK 700 m with a 5-year term was entered into during the second quarter of 2013. Interest-bearing current liabilities fell by SEK 60 m as a consequence of the change in amortisation structure after refinancing. Interest-bearing long-term liabilities have increased by a corresponding amount. During 2013, loans were amortised by SEK 201 m. The Group's maturity structure is specified in Notes 10 and 33. Mekonomen's borrowing from banks is subject to terms, known as covenants. The Group's long-term borrowing occurs mainly under credit frameworks with long-term lines of credits, but with short-term fixed interest periods. The Group's interest payments pertaining to borrowing amounted to SEK 52 (50) m in 2013. Refer also to the sensitivity analysis pertaining to interest rate risks in the sensitivity analysis section in the Administration Report and in Note 33. Existing overdraft facilities are in SEK, NOK, EUR and DKK. Other loans are essentially in SEK.

NOTE 20 Provisions

	Group		Parent Company	
	31/12/2013	31/12/2012	**31/12/2013**	31/12/2012
Provision for guarantees, divested properties	1	1	1	1
Provision for other guarantees	-	5	-	-
Provision for pensions	0	10	-	-
Provisions for supplementary purchase considerations	-	4	-	-
TOTAL	**1**	**20**	**1**	**1**

GUARANTEES

In conjunction with the divestment of the Group's properties in 2007, a guarantee provision totalling SEK 3 m was made in the Parent Company pertaining to consulting responsibility for property inspections performed. This provision was reduced by SEK 1 m in 2009 and by SEK 1 m in 2012, and amounted to SEK 1 m at 31 December 2013. Mekonomen's guarantee commitment totalled SEK 22 m and the remaining SEK 21 m is recognised as a contingent liability in memorandum items.

PENSIONS

Alecta

The ITP 2 scheme's defined-benefit pension obligations for old age and family pension (or family pension) for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3 Classification of ITP plans financed through insurance with Alecta, this is a defined-benefit plan that comprises several employers. In the 2013 financial year, the company did not have access to such information that made it possible to report its proportional share of the plan's obligations, administration assets and costs, which means that it was not possible to report this as a defined-benefit plan. ITP 2 pension plans that are secured through insurance with Alecta are therefore reported as defined-contribution plans. The anticipated fees for the next reporting period for ITP 2 policies signed with Alecta amount to SEK 11 (11) m.

The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial calculation commitments, which are not in agreement with IAS 19. Alecta's surplus in the form of the collective consolidation level amounted to 148 per cent at the end of 2013 (2012: 129 per cent).

NOTE 20 (cont.)

Pension liabilities

All pension liabilities relate to employees at subsidiaries in Norway. The Group is obliged to provide pension provisions according to the Norwegian Act on occupational pensions. The Group has a total of five defined-benefit pension plans which together include 66 (74) professionally active people and 47 (50) pensioners. Pension benefits are largely dependent on the number of years of service, pay level on retirement and the size of the benefit. This obligation is covered via insurance companies. Employer contributions are included in the net pension obligation. The gross amounts in the opening balance for 2012 have been adjusted, no net effect. The amounts recognised in the balance sheet have been calculated as follows:

	31/12/2013	31/12/2012
Present value of funded obligations	42	52
Fair value of managed assets	-42	-42
Deficit in funded plans	**0**	**10**
Present value of unfunded obligations	-	-
Net debt in the balance sheet	**0**	**10**

	Group	
Present value of obligations	**31/12/2013**	31/12/2012
Opening balance	52	44
Gross pension expense for the year	2	3
Interest expense	1	1
Pension payment	-2	-2
Actuarial gains and losses [1]	-7	6
Currency differences	-4	0
Closing balance	**42**	**52**

	Group	
Fair value of managed assets	**31/12/2013**	31/12/2012
Opening balance	42	41
Expected return	1	2
Deposits	3	2
Pension payment	-2	-2
Actuarial gains and losses [1]	1	0
Currency differences	-3	-1
Closing balance	**42**	**42**

[1] Changes in demographic and financial assumptions respectively are not divided on the basis of an essentiality assessment.

Net pension obligation	**0**	**10**

	Group	
Costs recognised in profit or loss	**31/12/2013**	31/12/2012
Pension profit for the year, including fees	2	2
Administration fees	0	0
Interest expense	0	0
Total	**2**	**2**

	Group	
Composition of plan assets	**31/12/2013**	31/12/2012
Shares	11%	7%
Bonds	70%	73%
Property	15%	17%
Other	4%	3%
Total	**100%**	**100%**

	Group	
Actuarial assumptions	**31/12/2013**	31/12/2012
Discount rate	4.10%	2.20%
Future pay increases	3.75%	3.00%
Future pension increases	0.60%	0.10%

The discount rate has been amended from 2.20% to 4.10%, primarily because the company used to use the government bond interest rate and now uses mortgage bonds. Assumptions relating to future length of life are based on public statistics and experiences from mortality studies in the country in question, and are set in consultation with actuarial experts.

The defined-benefit pension plans after termination of employment expose the Group to a number of risks such as asset volatility, changes in returns and length of life commitments. The Group actively monitors how terms and expected returns on its investments match expected payments as a consequence of its pension obligations. The Group has not amended the processes applied for managing its risks from previous periods. The Group does not use derivative instruments to manage its risks. Its investments are well diversified.

Fees for plans for remuneration after termination of employment are expected to amount to SEK 2 m for the 2014 financial year.

No sensitivity analysis and weighted average term for the pension obligation and term analysis for undiscounted payments are provided as this has been deemed to be insignificant.

NOTE 21 Current liabilities

	Group	
	31/12/2013	31/12/2012
Accounts payable	594	552
Other liabilities	90	88
Accrued expenses and deferred income	309	310
TOTAL CURRENT LIABILITIES, NON-INTEREST-BEARING	**993**	**950**

NOTE 22 Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2013	31/12/2012	**31/12/2013**	31/12/2012
Accrued personnel-related expenses	197	193	10	13
Accrued bonus/contract expense	60	57	-	-
Accrued interest expenses	2	5	2	5
Prepaid rental revenue	9	7	-	-
Other interim liabilities	41	48	1	0
TOTAL	**309**	**310**	**13**	**18**

NOTE 23 Memorandum items

	Group		Parent Company	
	31/12/2013	31/12/2012	**31/12/2013**	31/12/2012
ASSETS PLEDGED				
Chattel mortgages, other liabilities	8	17	None	None
TOTAL	**8**	**17**	**None**	**None**
CONTINGENT LIABILITIES				
Guarantee commitment, divested properties	21	21	21	21
Guarantees for the benefit of subsidiaries	-	-	43	-
Other sureties	1	1	-	-
TOTAL	**22**	**22**	**64**	**21**

NOTE 24 Participations in Group companies

	Parent Company	
	2013	2012
Opening cost	3 179	1 145
Acquisitions during the year	-	2 033
Closing accumulated cost	**3 179**	**3 179**
Opening impairments	-25	-25
Impairments	-	-
Closing accumulated impairments	**-25**	**-25**
Closing planned residual value	**3 154**	**3 154**

NAME OF COMPANY/REGISTERED OFFICE, SWEDEN	Corp. Reg. No.	Share of equity, %	No. of shops	Carrying amount 31/12/2013	Carrying amount 31/12/2012
MECA Scandinavia AB/Malmö	556218-3037	100		2 033	2 033
Mekonomen Norden AB/Stockholm	556724-9254	100		0	0
Mekonomen Grossist AB/Stockholm	556062-4875	100		40	40
Mekonomen Detaljist AB/Stockholm	556157-7288	100		5	5
Meko Service Nordic AB/Stockholm	556179-9676	100		1	1
Mekonomen Fleet AB/Stockholm	556720-6031	100		2	2
Speedy Autoservice AB/Malmö	556575-9858	100		31	31
Mekonomen Nya Affärer AB/Stockholm	556821-5981	100		0	0
Mekonomen Services AB/Stockholm	556840-9428	100		0	0
NAME OF COMPANY/REGISTERED OFFICE, FINLAND					
Mekonomen Viikki Oy/Helsinki	2259452-4	100		0	0
NAME OF COMPANY/REGISTERED OFFICE, DENMARK					
Mekonomen A/S/Odense	30 07 81 28	100	37	177	177
NAME OF COMPANY/REGISTERED OFFICE, NORWAY					
Mekonomen AS/Oslo	980 748 669	100		24	24
Sørensen og Balchen AS/Oslo	916 591 144	100		840	840
PARTICIPATIONS IN GROUP COMPANIES, TOTAL				**3 154**	**3 154**

NOTE 24 (cont.)

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corp. Reg. No.	Share of equity, %	No. of shops
MECA			
MECA Car Parts AB/Malmö	556169-0412	100	-
MECA Sweden AB/Malmö	556356-5612	100	44
MECA Norway AS/Gjøvik	935 682 525	100	24
			68
DENMARK			
Mekonomen Brønderslev ApS/Odense	34 05 53 86	100	-
Mekonomen Holbæk A/S/Odense	34 21 38 36	100	1
Mekonomen Kolding A/S/Odense	33 49 47 85	70	1
Mekonomen Valby ApS/Odense	33 37 78 86	100	1
Mekonomen OE dele ApS/Padborg	32 88 08 43	51,25	-
BilXtra A/S/Odense	33 49 46 45	100	-
Mekonomen Grossist Danmark A/S/Odense	33 38 01 27	100	-
Fleet Danmark A/S/Odense	33 25 63 96	100	-
			3
FINLAND - MEKONOMEN NORDIC			
Mekonomen Viikki Oy/Helsingfors	2359722-5	100	-
Mekonomen Tammisto Oy/Vanda	2359731-3	100	1
Mekonomen Renkomäki Oy/Lahtis	2429678-2	100	1
Mekonomen Levänen Oy/Kuopio	2462875-9	100	1
Mekonomen Grossist Oy/Vanda	2445185-0	100	-
			3
SWEDEN - MEKONOMEN NORDIC [1)]			
Mekonomen Alingsås AB/Alingsås	556596-3690	95	1
Mekonomen Anderstorp AB/Anderstorp	556775-9849	100	-
Mekonomen Arvika AB/Arvika	556528-3750	80	3
Mekonomen B2C AB/Stockholm	556767-7405	100	-
Mekonomen Backaplan AB/Gothenburg	556226-1338	91	1
Mekonomen Barkarby AB/Stockholm	556758-7679	100	1
Mekonomen Bilverkstad AB/Stockholm	556607-1493	100	-
Mekonomen Bilverkstad Båstad AB	556462-0416	100	-
Mekonomen Bilvård AB/Stockholm	556561-6751	100	-
Mekonomen Bollnäs AB/Bollnäs	556827-3675	91	1
Mekonomen Boländerna AB/Uppsala	556767-8916	100	1
Mekonomen Borås City AB/Borås	556078-9447	91	2
Mekonomen Bromma AB/Stockholm	556230-5101	100	1
Mekonomen BV Härlöv AB/Gislaved	556758-7646	100	-
Mekonomen Båstad AB/Båstad	556594-1951	60	1
Mekonomen Enköping AB/Enköping	556264-2636	91	1
Mekonomen Eskilstuna AB/Eskilstuna	556613-5637	91	1
Mekonomen Falkenberg AB/Falkenberg	556213-1622	91	1
Mekonomen Falköping AB/Falköping	556272-1497	100	1
Mekonomen Falun AB/Falun	556559-3927	100	2
Mekonomen Farsta AB/Stockholm	556528-4766	100	-
Mekonomen FKV AB/Stockholm	556775-9831	75	-
Mekonomen Flen AB/Flen	556769-8542	100	2
Mekonomen Gislaved AB/Gislaved	556261-4676	100	1
Mekonomen Globen AB/Stockholm	556794-8905	100	1
Mekonomen Gränby AB/Uppsala	556821-6062	100	1
Mekonomen Gärdet AB/Stockholm	556821-6104	100	1
Mekonomen Gärdet Café AB/Stockholm	556840-9436	100	-
Mekonomen Gävle AB/Gävle	556353-6803	91	1
Mekonomen Hedemora AB/Hedemora	556308-8011	91	1
Mekonomen Helsingborg AB/Helsingborg	556044-4159	75	1
Mekonomen Helsingborg Södra AB/Helsingborg	556613-6007	100	1
Mekonomen Häggvik AB/Stockholm	556840-9410	100	1

[1)] Including Marine Shopen (2 stores) and M by Mekonomen.

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corporate identity number	Share of equity, %	No. of shops
Mekonomen Härnösand AB/Härnösand	556217-2261	80	1
Mekonomen Hässleholm AB/Hässleholm	556678-0622	91	1
Mekonomen Högsbo AB/Gothenburg	556887-1999	51	1
Mekonomen Infra City AB/Stockholm	556840-4437	60	1
Mekonomen Järfälla AB/Stockholm	556660-3196	100	1
Mekonomen Jönköping AB/Jönköping	556237-5500	91	2
Mekonomen Kalmar AB/Kalmar	556236-8349	100	1
Mekonomen Karlshamn AB/Karlshamn	556649-9090	100	1
Mekonomen Karlskoga AB/Karlskoga	556196-2605	100	-
Mekonomen Karlskrona AB/Karlskrona	556649-9082	100	-
Mekonomen Karlstad AB/Karlstad	556786-9457	100	1
Mekonomen Katrinelund AB/Malmö	556530-7237	100	1
Mekonomen Kramfors AB/Kramfors	556496-1810	91	1
Mekonomen Kristianstad AB/Kristianstad	556171-9203	100	1
Mekonomen Kungsbacka AB/Kungsbacka	556887-2336	51	1
Mekonomen Landskrona AB/Landskrona	556646-4813	100	1
Mekonomen Lidköping AB/Lidköping	556761-3012	75	1
Mekonomen Linköping AB/Linköping	556202-9545	91	1
Mekonomen Ljungby Odlaren AB/Ljungby	556111-9719	100	-
Mekonomen Ljusdal AB/Ljusdal	556786-1066	100	2
Mekonomen Ludvika AB/Ludvika	556470-4210	91	1
Mekonomen Luleå AB/Luleå	556338-4071	91	1
Mekonomen Lund AB/Lund	556531-0108	91	1
Mekonomen Lycksele AB/Lycksele	556687-8095	75	1
Mekonomen Malmö Fosie AB/Malmö	556493-7018	91	1
Mekonomen Mariestad AB/Mariestad	556261-0179	75	1
Mekonomen Mjölby AB/Mjölby	556362-0565	91	1
Mekonomen Mora AB/Mora	556363-2487	100	1
Mekonomen Motala AB/Motala	556311-8750	91	1
Mekonomen Märsta AB/Sigtuna	556596-3674	100	1
Mekonomen Mölndal AB/Mölndal	556887-2294	51	1
Mekonomen Nacka AB/Nacka	556204-0294	100	-
Mekonomen Norrköping AB/Norrköping	556376-2797	75	2
Mekonomen Norrtull AB/Stockholm	556821-6088	100	-
Mekonomen Norrtälje AB/Stockholm	556178-9719	60	1
Mekonomen Nyköping AB/Nyköping	556244-0650	75	1
Mekonomen Nässjö AB/Nässjö	556187-8637	100	1
Mekonomen Osby AB/Osby	556408-8044	91	1
Mekonomen Oskarshamn AB/Oskarshamn	556631-8589	75	1
Mekonomen Partille AB/Gothenburg	556731-1401	91	2
Mekonomen Piteå AB/Piteå	556659-8966	100	1
Mekonomen Ronneby AB/Ronneby	556649-9017	100	1
Mekonomen Sala AB/Sala	556882-0905	91	1
Mekonomen Sandviken AB/Sandviken	556201-1295	91	1
Mekonomen Segeltorp AB/Huddinge	556580-2351	100	1
Mekonomen Sisjön AB/Gothenburg	556509-7861	100	-
Mekonomen Skellefteå AB/Skellefteå	556389-4095	91	1
Mekonomen Skåne Ystad AB/Ystad	556565-3085	100	-
Mekonomen Sollefteå AB/Sollefteå	556216-9424	80	1
Mekonomen Solna AB/Stockholm	556213-3073	100	1
Mekonomen Sundsvall Birsta AB/Sundsvall	556201-1675	91	1
Mekonomen Sundsvall Nacksta AB/Sundsvall	556777-4863	91	1
Mekonomen Söderhamn AB/Söderhamn	556509-4132	75	1
Mekonomen Södertälje AB/Södertälje	556405-5498	91	1
Mekonomen Sölvesborg AB/Sölvesborg	556216-4250	75	1
Mekonomen Torslanda AB/Gothenburg	556583-3893	91	2
Mekonomen Tranås AB/Tranås	556770-0041	100	1
Mekonomen Trollhättan AB/Trollhättan	556515-0298	91	1
Mekonomen Täby AB/Täby	556632-9958	91	1

NOTE 24 (cont.)

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corporate identity number	Share of equity, %	No. of shops
Mekonomen Uddevalla AB/Uddevalla	556550-5004	100	1
Mekonomen Umeå AB/Umeå	556483-3084	81,8	1
Mekonomen Uppsala AB/Uppsala	556092-4218	100	2
Mekonomen Varberg AB/Varberg	556261-0161	75	1
Mekonomen Verkstadscenter Luleå AB/Luleå	556770-0033	100	-
Mekonomen Vetlanda AB/Vetlanda	556653-4219	91	1
Mekonomen Vimmerby AB/Vimmerby	556232-5877	100	1
Mekonomen Vänersborg AB/Vänersborg	556770-0058	91	1
Mekonomen Värnamo Norra AB/Värnamo	556530-9266	75	1
Mekonomen Västberga AB/Stockholm	556192-0314	91	1
Mekonomen Västerås AB/Västerås	556344-5492	75	2
Mekonomen Växjö AB/Växjö	556192-0439	60	2
Mekonomen Åkersberga AB/Österåker	556632-9966	100	1
Mekonomen Älvsjö AB/Huddinge	556758-7661	100	1
Mekonomen Örebro AB/Örebro	556344-0717	91	3
Mekonomen Örnsköldsvik AB/Örnsköldsvik	556465-6287	91	1
Mekonomen Östersund AB/Östersund	556296-5243	100	2
Primexxa Strängnäs AB/Stockholm	556422-3872	100	1
Meko Fleet System AB/Stockholm	556791-8643	100	-
Marinshopen RM AB/Stockholm	556829-5066	100	2
Mekonomen Utveckling AB/Stockholm	556777-4871	100	1
Mekonomen Vilande 23 AB/Stockholm	556428-1102	100	-
			112
SWEDEN - BilLivet - MEKONOMEN NORDIC			
Mekonomen BilLivet AB/Stockholm	556845-2196	100	-
Mekonomen BilLivet Akalla AB/Stockholm	556882-0772	100	-
Mekonomen BilLivet Bromma AB/Stockholm	556864-3455	100	-
Mekonomen BilLivet Gävle AB/Gävle	556864-3448	100	-
Mekonomen BilLivet Haninge AB/Stockholm	556882-0947	91	-
Mekonomen BilLivet Infra City AB/Stockholm	556864-3471	100	-
Mekonomen BilLivet Johanneshov AB/Stockholm	556882-0780	100	-
Mekonomen BilLivet Katrinelund AB/Malmö	556882-0954	91	-
Mekonomen BilLivet Sisjön AB/Gothenburg	556863-9909	91	-
Mekonomen BilLivet Högsbo AB/Gothenburg	556909-4906	91	-
Mekonomen BilLivet Södertälje AB/Stockholm	556882-0939	100	-
Mekonomen BilLivet Täby AB/Stockholm	556882-0962	91	-
Mekonomen BilLivet Backaplan AB/Gothenburg	556756-1146	91	-
Mekonomen BilLivet Gärdet AB/Stockholm	556821-6047	100	-
Promotor i Åkersberga AB/Åkersberga	556241-8698	61	-
			0
SWEDEN - Speedy - MEKONOMEN NORDIC			
Speedy Bilservice Östermalm AB/Stockholm	556953-2434	91	-
			0
NORWAY - MEKONOMEN NORDIC			
Mekonomen Arendal AS/Arendal	982 434 696	100	1
Motor Norge AS/Alta	945 481 668	51	1
Mekonomen Askim AS/Askim	974 209 772	100	1
Mekonomen Bjørkelangen AS/Bjørkelangen	989 903 551	100	1
Mekonomen Bodø AS/Bodø	986 489 576	100	1
Mekonomen Drammen AS/Drammen	924 843 543	100	1
Mekonomen Elverum AS/Elverum	993 562 629	100	1
Mekonomen Grenland AS/Porsgrund	984 690 703	100	1
Mekonomen Hadeland AS/Hadeland	996 446 956	100	1
Mekonomen Hamar AS/Hamar	984 006 047	100	1
Mekonomen Harstad AS/Harstad	982 952 379	100	1
Mekonomen Haugesund AS/Haugesund	983 509 622	100	1

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corporate identity number	Share of equity, %	No. of shops
Mekonomen Horten AS/Horten	990 815 798	100	1
Mekonomen Jessheim AS/Jessheim	987 696 109	100	1
Mekonomen Kongsberg AS/Kongsberg	937 161 786	75	1
Mekonomen Kongsvinger AS/Kongsvinger	992 102 217	100	1
Mekonomen Lillestrøm AS/Lillestrøm	993 561 428	100	1
Mekonomen Molde AS/Molde	985 793 417	100	1
Mekonomen Moss AS/Moss	939 161 260	100	1
Mekonomen Oslo AS/Oslo	938 215 103	100	1
Mekonomen Sandefjord AS/Sandefjord	990 815 844	91	1
Mekonomen Sandvika AS/Sandvika	982 707 862	100	1
Mekonomen Sarpsborg AS/Sarpsborg	910 155 520	100	2
Mekonomen Ski AS/Ski	983 098 525	91	1
Mekonomen Stavanger AS/Stavanger	983 935 214	100	1
Mekonomen Steinkjer AS/Steinkjer	984 318 677	100	1
Mekonomen Sørlandsparken AS/Kristiansand	981 508 939	91	1
Mekonomen Tromsø AS/Tromsø	942 591 322	100	1
Mekonomen Trondheim AS/Trondheim	979 462 026	100	2
Mekonomen Tønsberg AS/Tønsberg	934 256 867	75	1
Mekonomen Øst AS/Oslo	981 929 276	100	-
Mekonomen Fleet AS/Oslo	895 917 052	100	-
			32
NORWAY - Sørensen og Balchen			
Rønneberg Autoindustri AS/Ålesund	981 015 150	100	5
BilXtra Kristiansund AS/Kristiansund	999 255 876	91	1
Bilvarehusene Nor AS/Skårer	880 553 852	100	9
BilXtra AS/Moss	983 032 133	100	4
BilXtra Kristiansand AS/Kristiansand	979 438 761	100	1
Bilutstyr Arendal AS/Arendal	961 171 067	100	1
Østfold Bilutstyr AS/Sarpsborg	987 586 788	100	1
Telemark Bilutstyr AS/Skien	986 980 415	100	1
Rogaland Rekvisita AS/Stavanger	936 043 119	100	2
Jahre Motor Hamar AS/Hamar	935 614 031	91	1
Askim Bilrekvisita AS/Askim	885 049 702	100	1
Steglet Bilutstyr AS/Kongsberg	988 210 196	100	1
Jøntvedt Bilutstyr AS/Tønsberg	887 813 752	100	1
Oppland Bilutstyr AS/Gjøvik	987 600 659	100	1
Høistad Bildeler AS/Lillehammer	981 015 142	100	1
Vest Bilutstyr AS/Bergen	980 281 450	100	2
Autoproducts AS/Trondheim	995 080 125	50	1
			34
HONG KONG			
Hong Kong Sourcing Express Limited/Hong Kong	1988735	100	-
			0
TOTAL NUMBER OF STORES			**289**

The Mekonomen Group, including the Parent Company, includes 210 companies, 289 proprietary stores and 24 proprietary workshops in total. At present 83 wholly-owned companies run 210 stores and 68 partly-owned companies run 79 stores. Furthermore, eleven wholly-owned companies and seven partly-owned companies run 24 car workshops together.

NOTE 25 Shareholders' equity

Specification of changes to shareholders' equity is found in the report on Changes in the Group and Parent Company's shareholders' equity (see pages 36 and 40 respectively).

SHARE CAPITAL

At the end of the financial year, the share capital amounted to SEK 89 754 (89 754) thousand and consisted of 35 901 487 (35 901 487) shares at a quotient value of SEK 2.50 (2.50) per share. There were no outstanding shareholders' equity instruments that could result in a dilution of the share capital as of 31 December 2013 and 31 December 2012, respectively.

OTHER CAPITAL CONTRIBUTIONS

Other capital contributions included contributions the company received from shareholders and which are not recognised as share capital.

Other capital contributions	
Opening balance as at 1 January 2012	805
New share issue	651
Closing balance as at 31 December 2012	**1 456**
Opening balance as at 1 January 2013	**1 456**
Closing balance as at 31 December 2013	**1 456**

RESERVES

The item consists of translation differences attributable to the translation of foreign subsidiaries in accordance with IAS 21, and also of cash flow hedges as shown in the table below from 2013:

Reserves	Translation differences	Hedges	Total
Opening balance as at 1 January 2012	0	-	0
Translation difference for the year, Group	4	-	4
Closing balance as at 31 December 2012	**4**	**-**	**4**
Opening balance as at 1 January 2013	**4**	**-**	**4**
Exchange rate differences on translation of foreign subsidiaries	-128	-	-128
Cash flow hedges	-	-1	-1
Closing balance as at 31 December 2013	-124	-1	-125

PROFIT BROUGHT FORWARD

The profit brought forward item corresponds to the accumulated profits and losses generated in total in the Group.

Profit brought forward	
Opening balance as at 1 January 2012	652
Comprehensive income for the year	
- Profit for the year	375
- Actuarial gains and losses	-6
Comprehensive income for the year	**369**
Dividends	-263
Acquisition/divestment of non-controlling interests	-5
Closing balance as at 31 December 2012	**753**
Opening balance as at 1 January 2013	**753**
Comprehensive income for the year:	
- Profit for the year	307
- Actuarial gains and losses	5
Comprehensive income for the year	**312**
Dividends	-251
Acquisition/divestment of non-controlling interests	-7
Closing balance as at 31 December 2013	**807**

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

The Board of Directors proposes a dividend of SEK 7.00 (7.00) per share, which gives a total dividend of SEK 251 310 409 (251 310 409).

NOTE 26 Capital

Mekonomen manages its capital to ensure that the units in the Group are able to continue operating, while dividends to shareholders are maximised through a good balance between liabilities and shareholders' equity. The Group's capital comprises shareholders' equity, as well as short and long-term borrowing. The proportions of shareholders' equity and changes during the year are described in the Group's changes in shareholders' equity on page 36 and Note 25, Shareholders' equity.

At least once a year, the Board of Directors reviews the capital structure and takes this into account when making decisions on, for example, dividends or raising new loans. The long-term equity/assets ratio shall be no less than 40 per cent.

NOTE 27 Adjustments for items not affecting liquidity

	Group		Parent Company	
	2013	2012	**2013**	2012
Depreciation	240	147	0	17
Capital gain/loss from sale of non-current assets	-3	-2	-	-
Other items not affecting liquidity	-2	-6	0	-1
	235	**139**	**0**	**16**

Note 28 Effects of acquisitions implemented

Acquisitions in 2013

A purchasing company was established in Hong Kong during the fourth quarter of 2013. Mekonomen Nordic has acquired and divested non-controlling interests in stores and workshops at a small value. MECA acquired partner stores in Haninge, Stockholm and Gothenburg earlier in the year. Mekonomen Nordic has acquired non-controlling interests in four stores in Sweden, as well as the remaining non-controlling interests in Meko Fleet System AB. The stores in Karlskrona and Ystad have also switched from own stores to partner stores, the stores in Högsbo and Sisjön have been merged to form a single shop, and a new shop has been established in Båstad. These acquisitions have only a marginal impact on Group revenues and earnings.

Information about corporate acquisitions has been submitted only in aggregated form since the size of each individual acquisition is not deemed to be significant enough to warrant separate reporting.
All other acquisitions were paid in cash.

ACQUISITIONS DURING 2013	Total acquisitions
VALUE OF ACQUIRED ASSETS AND LIABILITIES	
Tangible fixed assets	0
Inventories	3
Current receivables	1
Cash and cash equivalents	0
Long-term liabilities	0
Current liabilities	0
ACQUIRED NET ASSETS	**4**
Customer relations	2
Goodwill	4
Deferred tax liabilities	0
Acquired non-controlling interests, surplus value recognised against shareholders' equity	8
TOTAL IDENTIFIABLE NET ASSETS AND GOODWILL	**19**
Total purchase price	19
- of which, cash portion	19
Cash and cash equivalents in the acquired companies	0
IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS	**19**

In Sweden, 2 (15) shop and workshop managers have become partners in their respective shop or workshop companies. Their shareholding amounts to 9 per cent per company. The total purchase consideration for these shares amounted to SEK 0 (3.5) m.

ACQUIRED SUBSIDIARIES/OPERATIONS 2013	Country	Acquisition time	Shareholding and share of voting	Object
MECA partner shop in Stockholm	Sweden	February	100	Assets and liabilities
MECA partner shop in Gothenburg	Sweden	May	100	Assets and liabilities

Acquisitions, 2012

Mekonomen's acquisition of all shares in MECA Scandinavia was finalised on 23 May 2012. Payment included 3 086 882 newly issued shares through a non-cash issue, as well as SEK 1 351 m in cash. The newly issued shares were valued at the closing rate of SEK 213.50 on 22 May 2012. MECA is included in Mekonomen's financial reporting from the acquisition date 23 May 2012. The total purchase consideration amounted to SEK 2 010 m. With the exception of MECA, which is reported separately below, information about corporate acquisitions has been submitted in aggregated form since the size of each individual acquisition is not deemed to be significant enough to warrant separate reporting. All other acquisitions were paid in cash.

During 2012, the acquired companies had an impact on net sales totalling SEK 1 063 m, as well as EBIT of SEK 157 m, excluding acquisition costs of SEK 12 m. Had the acquisition of MECA been implemented on 1 January 2012, the impact on the Group's net sales would have amounted to SEK 1 640 m, and the impact on EBIT to SEK 165 m, of which EBIT for the period according to this calculation, would have been charged with planned amortisation of intangible assets identified in connection with the acquisition totalling SEK 60 m. The total of other acquisitions would have had an insignificant impact on sales and earnings had they been implemented at the beginning of the year.

Acquisition-related expenses amounted to SEK 12 m for 2012. The total acquisition expenses pertaining to MECA, including costs for 2011, amounted to SEK 23 m. These costs are not included in the total purchase consideration in the table below; instead, they are recognised as other costs in the Group's profit or loss.

Compensation in the acquisition of holdings with non-controlling interests was recognised as a transaction between the minority shareholder and the Parent Company's shareholders within shareholders' equity.

Below is an acquisition analysis pertaining to operations acquired in 2012:

ACQUISITIONS DURING 2012	MECA	Other acquisitions	Total acquisitions
VALUE OF ACQUIRED ASSETS AND LIABILITIES			
Intangible fixed assets	15	-	15
Tangible fixed assets	46	2	48
Financial fixed assets	7	-	7
Deferred tax receivables	23	-	23
Inventories	306	12	318
Current receivables	199	-	199
Cash and cash equivalents	7	0	7
Long-term liabilities	-27	1	-26
Current liabilities	-298	-1	-299
ACQUIRED NET ASSETS	**278**	**14**	**292**
Brands	270	-	270
Customer relations	600	-	600
Goodwill	1 091	18	1 109
Deferred tax liabilities	-229	-	-229
Acquired non-controlling interests, surplus value recognised against shareholders' equity	-	4	4
TOTAL IDENTIFIABLE NET ASSETS AND GOODWILL	**2 010**	**36**	**2 046**
Total purchase price	2 010	36	2 046
of which, non-cash issue	659	-	659
- of which, cash portion	1 351	36	1 387
Cash and cash equivalents in the acquired companies	7	0	7
IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS	**1 344**	**36**	**1 380**

Fair value on acquired receivables amounted to SEK 199 m.

Note 28 (cont.)

The MECA brand, recognised at SEK 270 m, has an indefinite useful period and customer relations, which according to the above amounted to SEK 600 m, are deemed to have a useful period of ten years.

In addition to the control premium included in the acquisition price, accrued goodwill is primarily attributable to the benefits of anticipated synergies, as well as MECA's position and experience in the B2B segment in Sweden and Norway. These advantages have not been recognised separately from goodwill since they do not meet the criteria for recognition of identifiable intangible assets. Annual synergies, as a direct result of the acquisition, were at the acquisition time calculated at SEK 80 m from 2013. Of the goodwill accrued in connection with the acquisitions, SEK 6 m is anticipated to be tax-deductible.

ACQUIRED SUBSIDIARIES/ OPERATIONS 2012	Country	Acquisition time	Shareholding and share of voting	Object
Mekonomen partner shop Holbæk	Denmark	January	100	Assets and liabilities
Mekonomen partner shop Åmål	Sweden	February	100	Assets and liabilities
Mekonomen partner shop Sala	Sweden	March	100	Company and net assets
Mekonomen partner shop Mölndal	Sweden	May	51	Company
Mekonomen partner shop Högsbo	Sweden	May	51	Companies
Mekonomen partner shop Kungsbacka	Sweden	May	51	Company
MECA Scandinavia AB	Sweden	May	100	Company

NOTE 29 Information concerning income and expenses between Group companies

During the year, the Parent Company Mekonomen AB (publ) sold goods and services to Group companies totalling SEK 45 (109) m. Purchases relating to goods and services from Group companies take place to only a limited extent and amounted to SEK 0 (0) m.

NOTE 30 Transactions with related parties

In 2013, Mekonomen supplied goods and services worth SEK 1 (0) m to the Axel Johnson companies. Agreements on goods and services with related parties are made on market-based terms. There were no receivables from or liabilities to related parties as at the balance sheet date. There have been no other transactions with related parties. For information on remuneration to senior executives, see Note 5.

NOTE 31 Events after year-end

No significant events occurred after the end of the financial year.

NOTE 32 Approval of the Annual Report

The annual accounts and consolidated accounts were approved by the Board of Directors for publication on 18 March 2014. The consolidated income statement, the statement of comprehensive income and balance sheet and the Parent Company's income statement, statement of comprehensive income and balance sheet will be subject to approval by the Annual General Meeting on 8 April 2014.

NOTE 33 Financial risks

Through its operations, Mekonomen is exposed to exchange rate, credit, interest rate and liquidity risks. Handling of these risks is regulated in accordance with the financial policy adopted by the Board. Credit risk relating to customer commitments is managed, according to central frameworks, decentralised locally. Other risks are mainly managed centrally by Mekonomen's Treasury unit.

Exchange rate risk

Exchange rate risks occur when exchange rate fluctuations have a negative impact on the Group's profit and shareholders' equity. Currency exposure arises in connection with cash flows in foreign currencies (transaction exposure), as well as in translation of loans/receivables in foreign currencies and in the translation of foreign subsidiaries' balance sheets and income statements into SEK (translation exposure).

During 2013, exchange rate fluctuations had an impact on the Group's profit before tax totalling SEK -13 (6) m. The most important currency in terms of transaction exposure is EUR, which represents slightly less than 31 (23) per cent of goods purchases in the Group, as well as NOK and DKK pertaining to internal sales from wholesale companies within Mekonomen Nordic and MECA to Norway and Denmark. NOK and DKK are the most important currencies in terms of translation exposure. The management of exchange rate risks is regulated in the financial policy with a hedging period of between 0 and 3 months.

With regard to foreign shareholders' equity, the principal rule is that Mekonomen shall not hedge this exposure. However, if major foreign investments are made that require separate financing, the decision can be made to recognise all or part of the financing in the acquisition currency.

For more detailed information on currency exposure, refer also to the sensitivity analysis section in the Administration Report.

Credit risks

The Group's financial transactions give rise to credit risks in relation to financial counterparties. Credit risks or counterparty risks refer to the risk of loss if the counterparty does not fulfil its commitments. Mekonomen's credit risks primarily comprise accounts receivable, which are distributed over a large number of counterparties and a small portion of long-term instalment contracts. For each new customer, or in the event an existing customer wants to increase the credit limit, a credit rating is conducted according to the Group's established policies. The maximum credit risk corresponds to the carrying amount of financial assets. Specifications pertaining to impairment of accounts receivable for the year are found in Note 16.

NOTE 33 (cont.)

Interest rate risks

Interest rate risks refer to the risk that changes in market interest rates will have a negative impact on the Group's net interest income/expense. The speed at which interest rate changes affect the net interest income/expense depends on the period of fixed interest for the loan. During the 2013 financial year, interest-bearing liabilities fell compared with the 2012 financial year. This reduction is attributable to amortisations. According to the financial policy, the period of fixed interest must normally be 12 months, with an exception mandate of +6/-9 months.

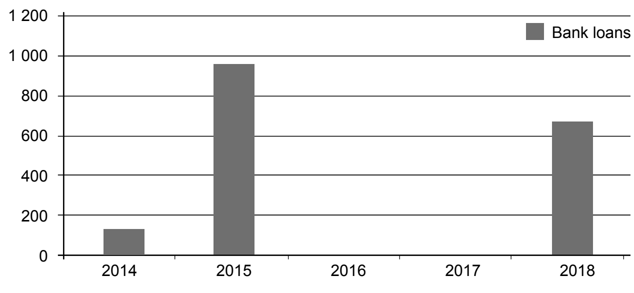
As at 31 December 2013, Mekonomen's net debt is SEK 1 657 (1 875) m. A period of fixed interest is available with a term of more than one year. See also the table in the Sensitivity analysis section on page 22.

Financing and liquidity risks

Financing risk is seen as the risk of the cost being higher and financing opportunities limited when loans are renewed and that the ability to pay cannot be met as a result of insufficient liquidity or difficulties in securing financing. According to the finance policy, refinancing risks shall be managed by signing long-term and flexible credit agreements.

As of 31 December 2013, the Group's total loan financing amounted to SEK 1 921 (2 091) m, of which the long-term portion is SEK 1 658 (1 802) m. See the maturity structure excluding amortisations in the graph below, and including amortisations in the table in Note 10.

Mekonomen Group's external loans without backup facilities as at 31 December 2013



Maturity structure excluding amortisations.

Total amortisation of the loans is SEK 136 m per year. In addition to this, the Group has overdraft facilities totalling SEK 387 m. The Group's cash and cash equivalents are invested short term and any excess liquidity shall primarily be used for amortising loans. Investments may be made in SEK, NOK and DKK in accordance with the finance policy. Investments may occur at or in securities issued by the Swedish Government or Swedish and foreign banks with not less than an A rating, according to the definition of Standard & Poor's (S&P).

Fair value

No financial assets or liabilities are recognised at a value that significantly deviates from fair value.

The Board of Directors and the President hereby certify that the Annual Report has been produced in accordance with the Swedish Annual Accounts Act and RFR 2 and provides a true and fair view of the company's financial position and financial results, and that the Administration Report of the Board of Directors provides a true and fair summary of the performance of the company's operations, financial position and financial results, and describes the significant risks and uncertainty factors faced by the company.

The Board of Directors and the President hereby certify that the consolidated accounts have been produced in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial position and financial results, and that the Administration Report of the Board of Directors provides a true and fair view summary of the performance of the Group's operations, financial position and financial results, and describes the significant risks and uncertainty factors faced by the companies included in the Group.

Stockholm
14 March 2014

Fredrik Persson
Chairman of the Board

Marcus Storch
Executive Vice Chairman

Antonia Ax:son Johnson
Board member

Kenneth Bengtsson
Board member

Kenny Bräck
Board member

Anders G Carlberg
Board member

Helena Skåntorp
Board member

Håkan Lundstedt
President and CEO

Our Auditors' Report was submitted on 14 March 2014

Deloitte AB

Thomas Strömberg
Authorised Public Accountant

Auditors' Report

To the Annual General Meeting of Mekonomen AB (publ)
Corporate identity number 556392-1971

Report on the annual accounts and consolidated accounts
We have conducted an audit of the annual accounts and consolidated accounts of Mekonomen AB for the 2013 financial year, with the exception of the Corporate Governance report on pages 25-31. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20-67.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts
The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2013 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the Corporate Governance report on pages 25–31. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Mekonomen AB for the 2013 financial year. We have also performed a statutory review of the Corporate Governance report.

Responsibilities of the Board of Directors and the CEO
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for ensuring that the Corporate Governance report on pages 25-31 has been prepared in accordance with the Annual Accounts Act.

Auditors' responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition, we have read the Corporate Governance report and based on this information and our knowledge of the company and the Group, we believe that we have sufficient grounds for our opinion. This means that the focus and scope of our statutory review of the Corporate Governance report is significantly smaller compared with the focus and scope of an audit according to International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

A Corporate Governance report has been prepared and its statutory information is compliant with the provisions of the Companies Act and the other features of the annual accounts and consolidated accounts.

Stockholm, 14 March 2014
Deloitte AB

Thomas Strömberg
Authorised Public Accountant

Information to shareholders

ANNUAL GENERAL MEETING

The shareholders of Mekonomen Aktiebolag (publ), corporate registration number 556392-1971, are invited to attend the Annual General Meeting at 15.00 on Tuesday, 8 April 2014 at City Conference Centre, Norra Latin, Aulan, Drottninggatan 71B in Stockholm.

Registration for the Annual General Meeting will commence at 14.00.

Registration

Shareholders wishing to participate at the Annual General Meeting must

- be registered in the shareholders' register maintained by Euroclear Sweden by Wednesday, 2 April 2014, and
- register with the company by 16.00 on Wednesday, 2 April 2014. You can register on the company's website at www.mekonomen.com. You may also register in writing to Årsstämma i Mekonomen Aktiebolag, c/o Euroclear Sweden AB, Box 7842, SE-103 98 Stockholm, Sweden or by telephoning +46 8 402 90 47 between 09.00 and 16.00 on weekdays. In your registration, please give your name and personal identification number or the name of your company and its corporation registration number, address, telephone number and the number of any deputies (a maximum of two).

Shares registered in trust

As well as registering, shareholders whose shares are registered in trust via a bank or other administrator must have temporarily registered their shares in their own names in the shareholders' register by Wednesday, 2 April 2014 so as to be permitted to participate in the Annual General Meeting. Shareholders should notify their administrators of this in plenty of time prior to the stated date.

Proxies

Shareholders who wish to be represented by a proxy must issue a signed and dated power of attorney for their representative. If the power of attorney has been issued by a legal entity, authorisation documents must be enclosed (registration certificates or equivalent). To facilitate registration at the Annual General Meeting, the original power of attorney and any authorisation documents should be sent to Årsstämma i Mekonomen Aktiebolag, c/o Euroclear Sweden AB, Box 7842, SE-103 98 Stockholm, Sweden in plenty of time prior to the Annual General Meeting. A power of attorney form can be found on the company's website at www.mekonomen.com

Dividends

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 7.00 (7.00) per share. As record date for the dividend, the Board proposes Friday, 11 April 2014. If the Annual General Meeting adopts the proposal, the dividend is expected to be paid on Wednesday, 16 April 2014.

The final day for trading the company's shares including the right to dividends is 8 April 2014.

Printed annual report

Printed annual reports will be distributed only to shareholders who request them approximately one week before the Annual General Meeting.

SCHEDULE FOR FINANCIAL INFORMATION

Information	*Period*	*Date*
Interim report	January – March 2014	08/05/2014
Interim report	January – June 2014	28/08/2014
Interim report	January – September 2014	12/11/2014
Year-end report	January – December 2014	12/02/2015

ANALYSTS

The analysts below monitor Mekonomen constantly. Please note that these analysts' estimates, forecasts or other opinions do not represent Mekonomen or its company management.

Name	*Company*
Andreas Lundberg	ABG Sundal Collier
Niklas Ekman	Carnegie
Bile Daar	Danske Bank
Robin Santavirta	Handelsbanken
Stellan Hellström	Nordea
Stefan Cederberg	SEB
Mats Liss	Swedbank
Max Frydén	Erik Penser Bankaktiebolag
Erik Paulsson	Pareto Securities

Definitions of key figures and glossary

Return on equity
Profit for the year as a percentage of average equity, excluding non-controlling interest.

Return on operating capital
Operating profit as a percentage of average operating capital.

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

Return on total capital
Profit after net financial items plus financial costs as a percentage of the average balance sheet total.

Gross margin
Gross profit, meaning net sales less expenses for goods for resale, as a percentage of net sales.

EBIT (Earnings Before Interest and Taxes)
Operating income.

EBIT margin
Operating profit (EBIT) as a percentage of total revenues.

EBITA (Earnings Before Interest, Taxes and Amortisation)
Operating profit after planned impairment but before depreciation and impairment of intangible assets.

EBITA margin
EBITA as a percentage of total revenues.

Shareholders' equity per share
Shareholders' equity excluding non-controlling interest, adjusted for convertible debentures, in relation to the number of shares at the end of the year.

Sale in comparable units
Sale in comparable units includes external sales at majority-owned stores, wholesaler sales to cooperating stores, external sales at majority-owned workshops, and online sales.

Average number of shares
The average of the number of shares adjusted for splits, bonus issues, taking into account the date on which the changes occurred during the year.

Average number of employees
Average full-year employees during the year.

Comparable units
Shops, majority-owned workshops and online sales which have been operational for the last 12-month period plus the entire preceding comparative period.

Cash flow per share
Cash flow from operating activities in relation to the average number of shares.

Net indebtedness
Interest-bearing liabilities less cash and cash equivalents.

Net debt/equity ratio
Net Indebtedness divided by shareholders' equity including non-controlling interest.

Sales per employee
Sales in relation to the average number of employees.

Sales growth
Increase in total revenues as a percentage of the preceding year's total revenues.

Operating capital
Capital employed reduced by cash and cash equivalents and short-term investments.

Organic growth
Net sales increase adjusted for currency effects and the number of workdays.

Earnings per share
Profit for the year attributable to the Parent Company's shareholders in relation to the average number of shares.

Interest coverage ratio
Profit after net financial items plus interest expenses divided by interest expenses.

Operating margin
Operating profit/loss as a percentage of total revenues.

Equity/assets ratio
Shareholders' equity including non-controlling interest as a percentage of the balance sheet total.

Capital employed
Total assets reduced by non-interest-bearing provisions and liabilities, including deferred tax liability.

Dividend proportion
Dividend per share in relation to earnings per share attributable to the Parent Company's shareholders.

Underlying net sales
Sales adjusted for the number of comparable working days and currency effects.

Profit margin
Profit after net financial items as a percentage of the total revenues.

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Mekonomen Group's Annual Report 2013 is produced by Mekonomen Group in cooperation with 3BL Stockholm. Printed by: Edita.
Photos: Mekonomen Group, Magnus Laupa, iStockphoto.com, et al.

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We serve people