

Mekonomen Group

Press release 16 December 2014

Mekonomen Group implements significant restructuring in Denmark

A significant restructuring of Mekonomen Group's Danish operations is being implemented. Mekonomen will retain its franchise workshops and move to a model with efficient logistics without intermediaries in the distribution chain. All 28 stores which are also local warehouses, the regional warehouse and the head office in Denmark will be discontinued.

The change is estimated to incur non-recurring costs of SEK 280 M, which will impact operating profit in December 2014. The change will generate a positive effect on the operating profit for the full-year 2015 and is estimated to have a certain positive impact on cash flows for the period 2015-2016. Positive tax effects of more than SEK 50 M are estimated in 2016.

The market in Denmark has for a long time been characterized by tough competition resulting in pressure on prices. Several companies have been driven out of the market in recent years. Mekonomen's Danish operation has reported a loss of about SEK 90 M, including negative non-recurring effects of SEK 20 M, in the past 12 months.

The change which has been decided is being implemented to assure profitability in Denmark in 2015. All stores, along with the regional warehouse and head office in Denmark, will be discontinued. The affiliated franchise workshops, Mekonomen Autoteknik and MekoPartner, will receive spare parts directly from the central warehouse in the future.

"The restructuring which is now being implemented is necessary and will facilitate a long term presence in the Danish market through our franchise workshops and will contribute positively to the profitability and the development of Mekonomen Group", says Håkan Lundstedt, President and CEO of Mekonomen Group.

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Mekonomen makes CarLife easier, Through a wide and easily accessible range of inexpensive and innovative solutions and products for consumers and companies. We are the leading automotive spare-parts chain in the Nordic region, with proprietary wholesale operations, about 400 stores and more than 2,300 workshops operating under the Mekonomen Group's brands.