

Interim report January – March 2007

- Total revenues for the first quarter increased by 10.2 per cent compared with the year-earlier period and amounted to SEK 605.9 M (549.8).
- EBIT increased by 40.1 per cent and amounted to SEK 53.3 M (38.0).
- EBIT margin increased to 8.8 per cent (6.9).
- Income after financial items increased by 70.9 per cent and amounted to SEK 61.2 M (35.8). Financial items include positive currency effects totalling SEK 10.3 M (0.5).
- Profit after tax increased by 77.6 per cent and amounted to SEK 43.7 M (24.6).
- Earnings per share increased by 74.0 per cent and amounted to SEK 1.34 (0.77).
- Mekonomen has signed a contract for the divestment of the Group's property portfolio. The purchase price totals SEK 529 M. The preliminary capital gain after tax amounts to SEK 131 M.

Summary of the Group's earnings trend				
	January - March		12 months	Full-year
	2007	2006	April-March	2006
Total revenues, SEK M	605.9	549.8	2 505.9	2 449.8
EBIT, SEK M	53.3	38.0	235.4	220.1
Profit after financial items, SEK M	61.2	35.8	223.7	198.3
Net profit for the period, SEK M	43.7	24.6	159.3	140.2
<i>Operating margin, %</i>	8.8	6.9	9.4	9.0
Earnings per share, SEK	1.34	0.77	4.86	4.28

Mekonomen is a car spare parts chain with its own wholesale operation and a nationwide retail network of wholly owned and cooperating stores in Sweden, Norway and Denmark. Group revenues mainly consist of sales to service centres and motorists via wholly owned stores, and wholesale operations aimed at co-operating stores.

WWW.mekonomen.se

CEO's comments

Mekonomen reported strong earnings for the Group during the first quarter. The Group's revenue increased by approximately 10 per cent and adjusted for the currency effect, the increase was 12 per cent. EBIT increased to SEK 53.3 M (38.0) and EBIT margin amounted to 8.8 per cent (6.9). The trends in Sweden and Norway remained strong, while profitability in the Danish operation is still unsatisfactory.

Strong sales and earnings were reported in the Swedish operation. Organic growth was 17 per cent and largely attributable to higher sales to associated Mekonomen workshops, consumer-focused marketing and the favourable business trend.

The Norwegian operation reported strong performance in terms of sales and earnings, which doubled compared with the year-earlier period. Adjusted for currency effect, growth was slightly more than 16 per cent, mainly organic, and was largely attributable to higher sales to associated Mekonomen workshops, consumer-focused marketing and the favourable business trend. At the end of the quarter, a new store was acquired in Hamar.

In Denmark, currency adjusted sales were somewhat lower than the preceding year. Mekonomen appointed a new CEO for Denmark, Klavs Thulstrup Pedersen, who took up duties at the end of March. During 2007, which will be a year of readjustment in Denmark, a series of drastic measures will be implemented to increase sales and improve earnings. However, it is believed that earnings for Denmark as a whole will be weak for 2007.

Håkan Lundstedt
President and CEO

Consolidated sales and earnings

Total sales

Total sales during the period increased by 10.2 per cent to SEK 605.9 M (549.8). During the period, the Swedish operation accounted for 50 per cent (47) of the sales, the Norwegian for 23 per cent (22) and the Danish for 27 per cent (31). The number of working days during the first quarter of 2007 was the same as for the year-earlier period.

EBIT

EBIT for the first quarter amounted to SEK 53.3 M (38.0). The EBIT margin increased to 8.8 per cent (6.9).

Profit after financial items

Profit after financial items amounted to SEK 61.2 M (35.8). Net financial income for the quarter amounted to SEK 7.9 M (expense: 2.2). Net interest expense for the period amounted to SEK 1.5 M (expense: 2.2) and other financial items, primarily currency effect, amounted to SEK 9.4 M (0.0). Income after financial items included a positive currency effect totalling SEK 10.3 M (0.5).

Financial position

Cash flow for the period was SEK 47.7 M (23.8). Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 60.3 M, compared with SEK 95.3 M on 31 December 2006. The equity/assets ratio was 62.6 per cent compared with 58.0 per cent. Interest-bearing liabilities amounted to SEK 147.3 M, compared with SEK 258.9 M on 31 December 2006 and the net debt to SEK 87.0 M (163.7), compared with 31 December 2006.

Investments

During the period, investments in fixed assets amounted to SEK 6.3 M (9.6) and company acquisitions during the period amounted to SEK 5.7 M (7.2).

Acquisitions, start-ups and closures

During the first quarter, a new store was acquired in Hamar, Norway. In addition, minority shares in the Norwegian store in Stavanger were acquired. The purchase price for these stores amounted to SEK 5.7 M. These acquisitions contributed to goodwill totalling SEK 5.5 M.

The total number of stores in the chain at the end of the period was 192 (194). The number of wholly owned stores was 148 (149).

Human resources

The number of employees at the end of the period amounted to 1,251 (1,261) and the average number of employees during the period was 1,250 (1,263).

Performance by geographical market

Earnings trend, Sweden				
	January-March		12 months	Full-year
	2007	2006	April-March	2006
Net sales (external), SEK M	298.9	255.7	1 260.7	1 217.5
EBIT, SEK M	52.8	34.1	216.5	197.8
<i>Operating margin, %</i>	17.5	13.1	17.0	16.1
Number of stores/of which wholly owned	114/88	116/89	-	115/88

Net sales (external) for the period increased by 16.9 per cent to SEK 298.9 M (255.7). Operating profit amounted to SEK 52.8 M (34.1) and the operating margin to 17.5 per cent (13.1). Growth was organic and all regions reported improved sales during the first quarter compared with the year-earlier period.

Earnings trend, Norway				
	January-March		12 months	Full-year
	2007	2006	April-March	2006
Net sales(external), SEK M	134.2	119.7	551.6	537.1
EBIT, SEK M	19.6	9.7	67.6	57.7
<i>Operating margin, %</i>	<i>14.6</i>	<i>8.1</i>	<i>12.2</i>	<i>10.7</i>
Number of stores/of which wholly owned	40/22	39/21	-	40/21

Net sales (external) increased by 12.1 per cent to SEK 134.2 M (119.7). Adjusted for the currency effect, the increase was 16.5 per cent for the period. Operating profit for the quarter was SEK 19.6 M (9.7) and the operating margin amounted to 14.6 per cent (8.1). Growth was primarily organic.

Earnings trend, Denmark				
	January-March		12 months	Full-year
	2007	2006	April-March	2006
Net sales (external), SEK M	162.7	166.6	659.0	662.9
EBIT, SEK M	-1.3	-4.9	-2.6	-6.2
<i>Operating margin, %</i>	<i>-0.8</i>	<i>-2.9</i>	<i>-0.4</i>	<i>-0.9</i>
Number of stores/of which wholly owned	38/38	39/39	-	38/38

Net sales (external) in Denmark declined by 2.3 per cent and amounted to SEK 162.7 M (166.6). Adjusted for currency effect, the decline was 0.2 per cent. Operating earnings in Denmark for the period was a negative SEK 1.3 M (neg: 4.9) and the operating margin was a negative 0.8 per cent (neg: 2.9). Mekonomen appointed a new CEO for Denmark, Klavs Thulstrup Pedersen, who took up duties at the end of March.

Parent Company

The Parent Company's operation comprises Group management and Group-wide functions and finance management. Earnings after net financial items for the Parent Company amounted to SEK 2.0 M (12.4) for the quarter. The average number of employees was 33 (26). From 2007, the claims and product divisions are part of Mekonomen AB. These divisions were internally transferred from the wholesale operations in Strängnäs and comprise a total of 16 employees.

Business after the end of the period

Mekonomen has signed a contract for the divestment of the Group's property portfolio. The purchase price totals SEK 529 M. The preliminary capital gain after tax amounts to SEK 131 M.

Accounting principles

Effective 1 January 2005, Mekonomen applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the Annual Accounts Act, IAS 34 Interim Financial Reporting and RR 31 Interim Reporting for Groups. The accounting principles applied are unchanged compared with the annual report 2006..

Forthcoming financial reporting dates

Information	Period	Date
Interim report	January – June 2007	16 Aug. 2007
Interim report	January – Sept. 2007	13 Nov. 2007

Stockholm, 9 May, 2007

President and CEO
Håkan Lundstedt
Mekonomen AB (publ)

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

For further information, please contact:

Håkan Lundstedt, President and CEO Mekonomen AB, Tel. +46(0)8-464 00 10 or
Bo Rutberg, Acting CFO Mekonomen AB, Tel. +46(0)8-464 00 16

Mekonomen AB (publ), Corp. reg. no. 556392-1971
Box 6077
SE-141 06 Kungens Kurva
Telephone: +46 (0)8-464 00 00, Fax: +46 (0)8-464 00 66

Mekonomen AB (publ)

Segment reporting, Accumulated 31 March 2007 (Amounts in SEK M)	Sweden		Norway		Denmark		Eliminations & Corporate items		Group	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<i>REVENUES</i>										
Net sales (external)	298.9	255.7	134.2	119.7	162.7	166.6	3.6	3.1	599.4	545.1
Other revenue	2.3	4.0	0.2	0.6	0.3	0.2	3.7	-0.1	6.5	4.7
Total revenues	301.2	259.7	134.4	120.3	163.0	166.8	7.3	3.0	605.9	549.8
EBIT	52.8	34.1	19.6	9.7	-1.3	-4.9	-17.8	-0.9	53.3	38.0
Investments	1.5	3.1	1.1	0.8	3.2	1.0	0.5	4.7	6.3	9.6
Operating margins	17.5%	13.1%	14.6%	8.1%	-0.8%	-2.9%			8.8	6.9
Number of employees										
Average during the period	642	662	195	178	380	397	33	26	1,250	1,263
At the close of the period	637	662	196	178	380	395	38	26	1,251	1,261

Consolidated income statement, condensed (SEK M)	January-March		12 months	Full-year
	2007	2006	April-March	2006
Net sales	599.4	545.1	2 486.7	2 432.4
Other operating revenue	6.5	4.7	19.2	17.4
Total revenues	605.9	549.8	2 505.9	2 449.8
Operating expenses				
Goods for resale	-316.3	-290.1	-1 301.0	-1 274.9
Other external costs	-92.5	-79.9	-373.1	-360.5
Personnel costs	-135.0	-129.3	-540.2	-534.5
Depreciation of tangible assets	-8.8	-12.5	-47.2	-50.8
Impairment of intangible assets	-	-	-9.0	-9.0
EBIT	53.3	38.0	235.4	220.1
Interest income	1.2	1.1	5.9	5.7
Interest expenses	-2.7	-3.3	-14.4	-14.9
Other financial items	9.4	0.0	-3.2	-12.6
Profit after financial items	61.2	35.8	223.7	198.3
Tax	-17.5	-11.2	-64.4	-58.1
Net profit for the period	43.7	24.6	159.3	140.2
Net profit specified as:				
Parent Company's shareholders	41.4	23.6	149.9	132.1
Minority owners	2.3	1.0	9.4	8.1
Earnings per share before dilution, SEK *	1.34	0.77	4.86	4.28

*) No dilution is applicable since Mekonomen has no ongoing options programs.

Condensed cash-flow statement (SEK M)	January-March		12 months	Full-year
	2007	2006	April-March	2006
Cash flow from operating activities before changes in working capital	47.7	23.8	232.0	208.1
Cash flow from changes in working capital	39.0	14.4	38.2	13.6
Cash flow from investing activities	-10.8	-15.9	-14.4	-19.5
Cash flow from financing activities	-112.2	-32.4	-223.4	-143.6
Cash flow for the period	-36.3	-10.1	32.4	58.6

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

Consolidated balance statement (SEK M), condensed	31 March 2007	31 March 2006	31 Dec. 2006	31 Dec. 2005
Assets				
Intangible assets	176.6	177.4	168.9	172.7
Tangible fixed assets	99.2	474.8	458.4	475.2
Financial fixed assets	9.1	5.2	9.7	5.9
Deferred tax assets	3.5	14.4	3.4	8.8
Inventories	547.1	569.6	520.7	533.5
Current receivables	316.6	301.2	358.2	289.9
Cash and cash equivalents and short-term investments	60.3	28.0	95.3	38.1
Properties for sale	391.0	74.0	29.8	75.6
Total assets	1,603.4	1,644.6	1,644.4	1,599.7
Shareholders' equity and liabilities				
Shareholders' equity	1 003.4	954.2	953.3	933.3
Long-term liabilities	62.2	163.3	70.4	148.4
Current liabilities	537.8	527.1	620.7	518.0
Total shareholders' equity and liabilities	1,603.4	1,644.6	1,644.4	1,599.7

Change in shareholders' equity, (SEK M), condensed	January—March	
	2007	2006
Shareholders' equity at the beginning of the period	953.3	933.3
Dividend	0.0	-2.43
Currency effect	6.2	1.7
Acquired minority shares, net	0.2	-3.1
Net profit for the period	43.7	24.6
Shareholders' equity at the end of the period	1,003.4	954.2
Of which, minority share	22.4	18.3

Quarterly data	2007	2006				2005			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total sales, SEK M	605.9	629.6	607.5	663.0	549.8	611.1	582.2	633.6	506.5
EBIT, SEK M	53.3	74.1	70.6	37.3	38.0	40.8	46.9	59.1	22.7
Profit after financial items, SEK M	61.2	66.1	64.5	31.9	35.8	40.8	42.6	57.8	21.0
Net profit for the period, SEK M	43.7	46.3	46.1	23.2	24.6	33.2	27.4	41.8	15.3
<i>Operating margin, %</i>	<i>8.8</i>	<i>11.8</i>	<i>11.6</i>	<i>5.6</i>	<i>6.9</i>	<i>6.5</i>	<i>8.1</i>	<i>9.3</i>	<i>4.5</i>
Earnings per share, SEK	1.34	1.53	1.34	0.64	0.77	1.14	0.76	1.25	0.46

Key ratios ^{*)}	January-March		12 months	Full-year
	2007	2006	April-March	2006
Return on equity, %	15.7	13.6	15.7	14.3
Return on capital employed, %	20.3	14.2	20.3	18.7
Equity/assets ratio, %	63.6	58.0	63.6	58.0
Gross margin, %	47.2	46.8	47.7	47.6
EBIT margin, %	8.8	6.9	9.4	9.0
Earnings per share, SEK	1.34	0.77	4.86	4.28
Shareholders' equity per share, SEK	31.8	30.3	31.8	30.2
Number of shares at the end of the period	30,868,822	30,868,822	30,868,822	30,868,822
Average number of shares during the period	30,868,822	30,868,822	30,868,822	30,868,822
Number of stores in Sweden/of which wholly owned	-	-	114/88	115/88
Number of stores in Norway/of which wholly owned	-	-	40/22	40/21
Number of stores in Denmark/of which wholly owned	-	-	38/38	38/38
Average number of employees during the period	1,250	1,263	1,251	1,256

*) The key ratio for return on equity/capital employed was calculated on a rolling 12-month basis for the period January – March.

Definitions of key ratios

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

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

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

Equity/assets ratio Shareholders' equity including minority shares as a percentage of total assets.

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

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

Shareholders' equity per share Shareholders' equity excluding minority shares in relation to the number of shares at the end of the period.

Earnings per share Net profit for the period, excluding minority shares, in relation to the average number of shares.