Annual Report 2014

Mekonomen Group

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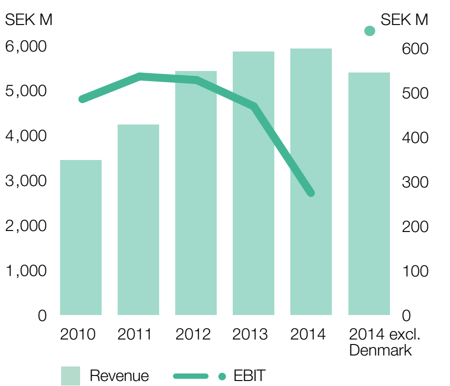
Mekonomen's formal Annual Report comprises pages 28–79. Only the original version of the formal Annual Report has been reviewed by the company's auditors.

The Annual Report is published in Swedish and English. The Swedish version represents the original version, and has been translated into English.

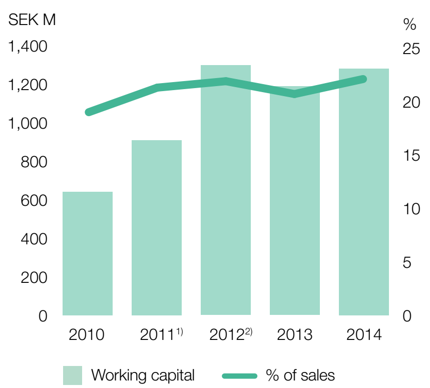
2014 in brief

- In 2014, revenue rose 1 per cent to SEK 5,924 M (5,863).
- In the fourth quarter of 2014, a decision was made to restructure the Danish operations, which affected EBITA negatively with non-recurring costs of SEK 241 M and EBIT with SEK 280 M.
- EBITA was adversely impacted by total non-recurring effects of SEK 264 M (16) and amounted to SEK 427 M (626).
- EBIT was adversely impacted by total non-recurring effects of SEK 303 M (61) and amounted to SEK 274 M (469). The EBIT margin was 5 per cent (8).
- EBIT excluding Denmark (pro forma) amounted to SEK 639 M (527). The EBIT margin was 12 per cent (10).
- Profit after financial items amounted to SEK 250 M (429).
- Earnings per share before and after dilution amounted to SEK 3.34 (8.56).
- Net debt amounted to SEK 1,629 M (1,642).
- Cash flow from operating activities totalled SEK 413 M (557).
- 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 restated for 12 months.
[2] Net sales for MECA in 2012 have been restated for 12 months.

Key figures	2014	2013	2012
Revenue, SEK M	5,924	5,863	5,426
EBITA, SEK M	427	626	602
EBIT, SEK M	274	469	528
Profit for the year, SEK M	127	315	382
Earnings per share, SEK	3.34	8.56	10.80
EBITA margin, %	7	11	11
EBIT margin, %	5	8	10
Cash flow per share[1], SEK	11.51	15.51	14.93
Dividend[2], SEK	7.00	7.00	7.00
Return on equity, %	5	14	19
Equity/assets ratio, %	39	41	41

[1] From operating activities.
[2] The Board's proposal for 2014.

Significant events per quarter 2014

Q1 **The Group's workshop chains** continued to win market share, and sales to our affiliated workshops in Sweden, Norway and Finland grew.

Increased sales to all customer groups.

Q2 **ProMeister Academy** became the leading training centre for advanced mechanics in Norway.

Implementation of the action plan in Denmark, including the merging and discontinuation of seven units.

Q3 **MECA signed a two-year cooperation agreement** with the Swedish Defence Materiel Administration and became supplier of spare parts and maintenance services for the Administration's vehicles.

Mekonomen was voted Sweden's strongest brand in the "Car parts and workshops" industry by the Swedish Brand Award 2014.

Q4 **Mekonomen Group participated in the launch** of the Lasingoo workshop booking portal. Car owners can now use this digital search engine to locate workshops and make service appointments online.

Mekonomen implements significant restructuring in Denmark. All 28 stores, the regional warehouse and head office in Denmark were closed, but the franchise workshops were retained and the focus will be efficient logistics without intermediaries.

Sørensen og Balchen passed the milestone of NOK 100 M in EBITA.

”A simpler and more affordable CarLife”

Business concept

Mekonomen Group shall offer consumers and companies solutions for a simpler and more affordable CarLife by using clear and innovative concepts, high quality and an efficient logistics chain.

Vision

We are the car owner’s first choice and strive for a simpler and more affordable CarLife.

The Group’s core values

Mekonomen Group has more than 2,200 employees. The operations are based on shared core values, which can be summarised as follows:

- Customer orientation
- Professionalism
- Responsibility
- Competence
- Flexibility

Strengths

+ Strong brands and well-known concepts
+ Broad customer offering
+ Purchase and supply chain
+ ProMeister and the ProMeister Academy
+ Competent employees

Brands

Mekonomen

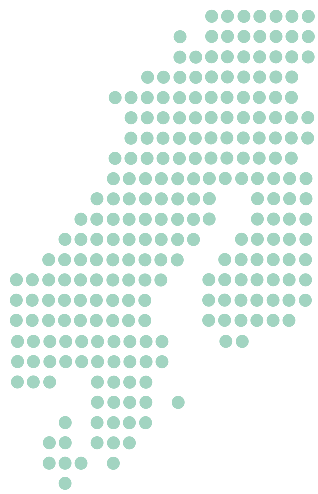
BILVERKSTAD MekoPartner

MECA

speedy bilservice medan du väntar

BilXtra

ProMeister



Number of employees in the Group	Number of affiliated workshops	Number of stores
2,235	**2,304**	**355**

2014 was a great year!

2014 was the year our organic growth gained momentum and we implemented structural changes in Denmark. Our full-year profitability also improved in 2014, for all Group companies excluding Denmark. An accelerated rate of innovation throughout the Group led to a broader ProMeister range, the ProMeister Academy training platform and the Lasingoo workshop portal.

With our successful concepts, we offer products and solutions that our customers request and appreciate. The clearest evidence for this is our underlying organic growth with growing sales to all customer groups.

2014 was an important year for us due to several strategic actions for the future. Our launch of the ProMeister Academy was successful, and quickly led to higher quality among mechanics in Norway. The effects of other measures, such as the structural changes in our Danish operations, will not be visible until 2015 and 2016.

The right focus in Denmark

The operations in Sweden and Norway performed favourably in 2014. Finland also showed a positive trend. However, to obtain full value from the operations in Finland we need to grow and reach a critical mass.

The Danish operations have suffered profitability problems for a long time. At the end of 2014, we decided to focus fully on our franchise workshops and create efficient logistics without intermediaries.Stores as well as the regional warehouse and head office in Denmark were closed. This was a tough decision, but I am absolutely convinced it will prove successful. We now have sound business operations in Denmark as well, with major opportunities to create both profitability and growth for our workshops.

Coordination creates customer value

By coordinating such areas as Logistics, Purchasing and IT, we are creating economies of scale and greater efficiency, which reduces our costs and gives us a more competitive position in the market.

Over time, it will help us offer our customers even better terms.

At the same time as this coordination is taking place, we are working to differentiate our brands and concepts in the stages where they are visible to customers. Customer target groups and focus differ between our brands, and perfect competition prevails. To stay one step ahead of brand-dependent workshops as well as other independent chains and players, we have to be on our toes. I am convinced that internal and external competition is beneficial to our Group companies, to us as a Group and, above all, to our customers.

Innovation is in our DNA

I see innovation as one of our most important success factors. We must be innovative in all parts of our business – from product development, to the ability to identify new offerings and build relationships with both new and existing customers. Online sales are increasingly becoming an integral part of our total offering and are driving traffic to our stores and workshops. I am proud of the fact that Mekonomen Group is now a company with a high rate of innovation.

Technological progress is crucial to the approach we should be taking in our long-term strategy in terms of business development and innovation. It will provide answers to the appearance and features of future vehicles, and the demands and requests that our customers will make.

Some examples that are the result of our innovative company culture include our 24-hour customer services Mekonomen Direkt and MECA Direct, Mekonomen Fleet, our proprietary spare parts brand ProMeister, the ProMeister Academy and the Lasingoo workshop portal. All of these are now key parts of our concepts.

Best training in the market

In 2014, we also expanded and improved our training activities by launching the ProMeister Academy. We have made most progress in Norway, where we are now a leader in mechanics training. We offer further training in traditional mechanics, as well as specialised courses in, for example, hybrid technology and diesel. That workshops from across the industry – our franchise workshops as well as other independent workshops and brand-dependent workshops – are sending mechanics to our courses, is confirmation of a successful training platform. The ProMeister Academy is now coming to Sweden and the initiative will grow substantially in 2015.

Lasingoo – creating transparency and honesty

As a leading player in the industry, we want to drive both competence development and innovation. In 2014, we initiated the Lasingoo workshop portal. Lasingoo is a digital search engine that enables customers to find and compare workshops, make service appointments and keep their own diary of the car's services and costs. Lasingoo has evolved into an industry initiative, which meant that the site was launched jointly with five competing industry players.

Lasingoo is a concrete measure for making our sector more transparent and will help to add customer value and raise trust in our entire sector. It is important that Mekonomen Group took this initiative.

I see innovation as one of our most important success factors. We must be innovative in all parts of our business – from product development, to the ability to identify new offerings and build relationships with both new and existing customers.

We are changing in pace with the world

The world is changing rapidly. This also applies to the way we use the car. We can see clearly that people who live in cities do not own cars to the same extent as people living in smaller towns and rural areas. As more people choose to live in cities, this will, of course, affect our industry. While I am certain that the car will continue to be our most important means of transport, but the manner in which we own a car will change. We have already seen how carpooling as a type of ownership is growing and I think we will see more types of ownership that give access to cars when they are needed. Based on the innovative strength that exists in Mekonomen Group, I see major opportunities for us to participate in this change and create customer value. We have to monitor trends and create new concepts, and solutions based on the needs that exist.

Winning culture holds the key

Mekonomen Group has a vision. We aim to exist in 20 countries by 2020. This is not a goal, it is a vision for our future. The European market is undergoing consolidation and Mekonomen Group aims to be part of this trend. When we look at other markets, it is clear that our concepts are very strong by international comparison.

In 2015, our focus will be to continue prioritising the things that made us successful in 2014, at the same time as we exceed our customers' expectations. The ProMeister range will grow and win additional market share in the spare parts area, our training initiative will also be market-leading in Sweden, and Lasingoo will be launched across a broad front in more markets. We will also continue to strengthen our brands through marketing, and by enhancing the way we build relationships with our customers.

We now have a winning culture throughout the entire Mekonomen Group, and I would like to thank all employees for their strong performances in 2014. I believe that the balance between collaboration and internal competition makes a real contribution to our success, and I am looking forward to 2015 when our joint efforts will continue to create value for our customers.

Håkan Lundstedt
President and CEO

Clear goals that are driving development

For Mekonomen Group, it is important to have clear goals that continuously drive the company's development forward and ensure that high profitability is achieved. In 2014, non-recurring effects due to restructuring in Denmark had a negative impact on profitability. Excluding Denmark, Mekonomen Group's profitability goal was surpassed.

Goals and outcomes, 2014

Mekonomen Group's overall goal is to develop with high profitability and thus generate value growth for shareholders. The Group has also set the following growth and financial goals.

Area	Goal	Outcome 2014
Growth goal	Annual sales growth of 10 per cent. Expansion shall occur with retained financial stability.	Annual sales growth in 2014: 1% (8%) Excluding the Danish operations: 3%
Financial goals	The EBIT margin shall exceed 8 per cent. The long-term equity/assets ratio shall be not less than 40 per cent.	The EBIT margin in 2014: 5% (8%) Excluding the Danish operations: 12% (10%) Equity/assets ratio in 2014: 39% (41%)

Comments on the outcome

Shareholders will receive a dividend equal to that of 2013, according to the Board of Directors' proposal. Furthermore, the share price performed favourably in 2014. In terms of growth, there is much to be done before we reach our goals. In regard to profitability, the Danish operations had a negative impact on the Group in 2014, due to such factors as a restructuring of the Danish operations. Excluding Denmark, EBIT (pro forma) amounted to SEK 639 M (527).

Strategic focus 2015

In 2015, Mekonomen Group's focus areas will include:

- Growth and innovation
- Increased proportion of ProMeister sales
- Continued development of ProMeister Academy
- Continued development and quality assurance of our workshops and concepts
- Increased coordination and efficiency

The first choice for car-owners

Mekonomen Group is the leading car service chain in the Nordic region with a proprietary wholesale operation, about 350 stores and more than 2,300 workshops operating under our brands in the Nordic region. Simplicity, innovation and good value are important keywords in both our business concept and our vision. We aim to be our customers' first choice – individuals, as well as businesses and organisations.

The business model

Our business model is simple and logical. High purchasing volumes combined with an efficient wholesale operation, well-known brands and concepts, full-range stores and workshops with well-trained personnel, give us a distinct advantage in being able to meet and exceed our customers' needs. The keywords are a well-adapted, affordable product range, combined with efficient distribution and a high level of service.

Vision

We are the car owner's first choice and strive for a simpler and more affordable CarLife.

Business concept

Mekonomen Group shall offer consumers and companies solutions for a simpler and more affordable CarLife by using clear and innovative concepts, high quality and an efficient logistics chain.

Purchasing and range

1 Spare parts and car accessories purchased from some 160 suppliers.

Logistics

2 Efficient transportation with three central warehouses in Eskilstuna, Strängnäs and Oslo.

Sales

3 Sales of spare parts, tyres, accessories and workshop services through three store concepts, five workshop concepts and direct sales.

→ From wholesaler to stores

→ From store to workshop

→ From store to end customer

→ From workshop to end customer

1 Purchasing and range
Some 160 suppliers, all over the world, currently account for 80 per cent of the supply. Due to the Group's large volume purchasing, we are able to purchase directly from producers that supply car plants. This, in turn, entails that we can offer an attractive price to customers who can always find an affordable solution in our stores or workshops.

We continuously monitor the global market in search of new and innovative products and services that can help make our offerings even more attractive. In Poland, we co-own a test lab with auto parts company Inter Cars, where we test and evaluate products, especially under our ProMeister and CarWise brands.

2 Logistics
The wholesale operation is managed via three central warehouses in Eskilstuna, Strängnäs and Oslo, as well as strategic regional warehouses in Luleå and Helsinki, which serve stores and affiliated workshops as well as other workshop customers.

With highly efficient logistics solutions, we can deliver fast and effectively with a high level of service to our workshop customers across the Nordic region.

3 Sales
Mekonomen Group generates sales through sales of spare parts, tyres, accessories and workshop services. Sales to our more than 2,300 franchise workshops and proprietary workshops, and to other workshops are conducted by our approximately 350 stores, which also serve as local warehouses. Sales to end customers, consumers or companies, are conducted through stores, online and in our workshops.

Strong brands are our most important asset

Mekonomen Group's brands is our most important asset. The Group's brand strategy entails a differentiation of our brands in terms of concepts, offerings and target groups.

Stores
About 350 stores and departments throughout the Nordic region are operated under these brands:
- MECA
- Mekonomen
- BilXtra

Workshops
More than 2,300 workshops are affiliated with one of the five workshop chains under these brands:
- Mekonomen Bilverkstad
- MECA Car Service
- BilXtra
- MekoPartner
- Speedy

Different target groups for these brands
The three Group companies MECA, Mekonomen Nordic and Sørensen og Balchen operate in much the same geographic markets, but have a clear differentiation in terms of concepts, offerings and target groups. MECA has a B2B focus and caters mainly to the workshops as a business partner. In addition to its relationship with affiliated concept workshops, Mekonomen Nordic's target group is consumers – with a strong focus on families with young children, and women. Sørensen og Balchen, which operates the BilXtra spare-parts chain, has a strong focus on, and leading position in, car accessories. The target group includes young drivers who want to personalise the appearance of their cars. In addition to the operations of Group companies, Mekonomen Group operates proprietary workshops under the Mekonomen Bilverkstad and Speedy brands. Speedy offers fast and efficient car service and qualified car repairs in central locations.

The concepts of our three Group companies will be further differentiated. An important success formula is that each brand has its own business model with different solutions to meet customer needs. We are convinced that growth lies in a combination of strong central purchasing functions and differentiated concepts and brands in the eyes of our customers. Our brands in the retail sector are shining examples that clear concepts toward selected target groups can create growth.

Geographic distribution of the brands

Brand	Sweden	Norway	Finland	Denmark	Iceland
Mekonomen	✔	✔	✔	✔	✔
MECA	✔	✔			
BilXtra		✔			
BILVERKSTAD MekoPartner	✔	✔		✔	
speedy bilservice medan du väntar	✔				
ProMeister	✔	✔	✔	✔	✔

Mekonomen – Sweden's strongest brand

Mekonomen was voted Sweden's strongest brand in the "Car parts and workshops" industry at the Swedish Brand Awards 2014. The award was based on an extensive survey among Swedish consumers regarding customer satisfaction and brand awareness.

ProMeister – the Group's proprietary brand for spare parts and training

Growth of Mekonomen Group in recent years, organically and through acquisitions, enabled the development of a proprietary spare parts and training concept. The result was ProMeister – a Group-wide brand.

Since 2012, Mekonomen Group has pursued intensive development with the aim of presenting a proprietary brand for spare parts, synonymous with safety, professionalism and world-class quality. The aim has always been that:

- the spare parts concept should be equally adapted to all geographic markets for MECA, Mekonomen and BilXtra
- the range should include high-quality and affordable spare parts for the European car fleet, with the market's most generous warranties
- the spare-parts range should be affordable without compromising quality
- the spare parts should be produced in large volumes to reduce production costs – and therefore be affordable for consumers

Affordable products with a five-year warranty

The result was ProMeister – a combination of "professional and progressive" and the German word for teacher ("meister"). The concept was launched in the summer of 2013 and quickly became a hit among workshops and consumers. ProMeister is the only spare parts brand in the market to offer a five-year warranty. At the same time, average prices are 15 per cent lower than equivalent brand products, and significantly lower than in brand-dependent workshops. The ProMeister concept is also offered to independent workshops.

ProMeister Academy

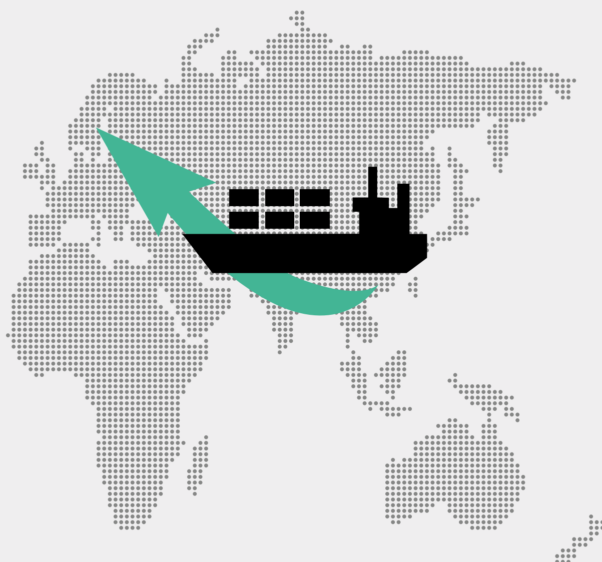
The ProMeister Academy – our training platform – is responsible for the continuous professional development of our mechanics. The aim of the academy is to ensure excellence in our workshops, to ensure that we have the best mechanics and that their knowledge always complies with the latest developments in technology and mechanics. The academy was launched in Norway in 2013 and is now spreading to all markets.

The ProMeister Academy has been a success, and both brand-dependent and independent workshops are now requesting training. As a result, the courses are also offered to workshops not affiliated with the Group's concept. As more people use our training concept, awareness and confidence in our expertise will grow.

ProMeister Global

Through the establishment of a purchasing company in Hong Kong, Mekonomen Group further boosted its purchasing power in 2014. ProMeister Global holds a key role in creating purchasing partnerships with quality suppliers in Asia for ProMeister products, in which several categories were developed in 2014.

In addition, ProMeister Global is a spearhead for generating long-term sales of ProMeister products in selected geographic areas outside the Nordic region.



Market performance
and trends

The most important positive trends

- The European car parts and workshop market is consolidating, with fewer but stronger players
- Chain affiliation is becoming increasingly attractive to independent workshops
- The differences between brand-dependent and independent players are increasingly blurred
- The independent players are claiming a larger share of the aftermarket
- The service life of the European car fleet is growing
- Demand for car-related services is growing

The Nordic and European aftermarket for passenger cars is stable, and growing at a rate of 1–2 per cent annually. At the same time, these cars are becoming increasingly advanced and connected, which, in turn, is driving the need for more services.

The European car parts market is not as cyclical as many other industries. While there may be short-term upward or downward swings, the curve will point steadily upwards over the next few years. At the same time, a consolidation is taking place in which major players are being bought up. Synergies through high purchasing volumes combined with more efficient logistics solutions are driving this trend. This trend started in the Nordic region and the rest of Europe is now following suit.

The European workshop market is growing steadily. The trend is clear: the number of workshops is falling, while large workshops and chains are claiming a bigger piece of the cake. One important explanation is that small and medium-sized independent workshops are finding it more difficult to compete. There are growing demands on further training for mechanics and increased investment in advanced equipment. Major chains that can offer adapted concepts, customised professional development, smart logistics solutions with an adapted product range and technical support are becoming increasingly attractive for this group of workshops. This benefits car-owners, since the economies of scale contribute to more affordable services and products.

Flexible car ownership

A distinct trend in Europe is less driving. Rising petrol prices, generally weak economic conditions and continued migration to metropolitan regions are three important factors. Many people, particularly young people, want access to a car without necessarily owning it. At the same time, there is major demand for shorter car journeys in European cities as a complement to public transport. We see a trend toward “flexible mobility,” in which many players are offering clever solutions such as carpooling, car sharing, and so forth. Co-sharing is expected to rise sharply, with an estimated five million users globally in 2015. The trend toward more carpooling will favour workshop chains with a geographic spread and the administrative tools to serve major fleets. This new development is creating business opportunities, since collective ownership requires more services, such as service and repair agreements, pick-up/drop-off services in conjunction with maintenance, and so forth.

Cars are getting older

In Europe, the average age of car fleets is rising. This fact underlies the assessment of stable growth for the car parts market, since the need for replacement and spare parts is constantly growing.

Although the consolidation process is well under way, the European market is still largely immature in the sense that many markets maintain a traditional structure with car dealers and dedicated spare parts wholesalers. Full integration with end customers does not exist to a great extent.

The car parts market in the US has evolved considerably faster than in Europe – particularly in terms of brand-independent and brand-dependent suppliers. Brand-independent suppliers now account for 70 per cent of the car parts market. We will also see this trend in the European market, since it is driven by customers’ growing needs for flexibility and affordable services. The difference between brand-dependent and brand-independent players will decrease dramatically. Customers choose the workshop they trust, with a price level they consider affordable.

The EU plays a key role by ensuring the free movement of goods and services in a single European market, while contributing to greater transparency – which benefits the end customer. The competition between brand-independent and brand-dependent suppliers will generate more affordable services and more freedom to choose for customers. The EU is committed to a level playing field for all market players and to consumer protection from unfair competition.

Electric cars and plug-in hybrids

The market for cars that run on alternative fuels is growing. This trend is driven by growing environmental awareness among consumers, while emission requirements are being tightened. The EU has decided that from 2021, emission limits for new cars will be 95 grams of $CO2$ per kilometre, which has forced car manufacturers to produce smarter, more energy-efficient and greener engines.

Although the popularity of electric cars is growing, sales remain at modest levels. In 2020, the electric car market is expected to represent a mere one per cent of the total market. Plug-in hybrids are another alternative, with both an electric engine that recharges via an electrical outlet, and a traditional petrol-powered engine. Experts also disagree on the exact green technology that will lead the way. Political will also play a major role in this. Norway, for example, has decided to become a global leader in super fuel-efficient cars. Thanks to generous government subsidies, the market is growing fast. One in seven new cars in Norway is now exhaust-free and the target of 50,000 electric cars is within reach.

Smartphone on four wheels

The connected car is already a reality, and will grow sharply. Some analysts believe that many people do not want a car, but a smartphone on four wheels. They want to “talk” to their car and keep track using apps. The car is automatically booked into the workshop when the service light goes on. Your driving style is analysed and you receive feedback on how to reduce your fuel consumption, while another app gives you information about available parking spaces in the area. Cars can communicate with each other over wireless network (V2X technology), and warn if someone has driven through a red light or is about to cross the opposite carriageway. GM will launch this technology within two years.

Analysts believe that the market for connected cars will be worth SEK 130 billion in just a few years. There is major potential for those who are innovative and can produce new concepts. On the whole, the market for digital services with new business models and offerings is growing fast.

Mekonomen Group and the market

Due to its size and strong position in the European market, Mekonomen Group is well-positioned for creating growth and developing new services and business to retain existing, and attract new, customers in a market undergoing change. Our successes in the Nordic market are a striking example of the lead that the Mekonomen Group enjoys, where knowledge, trust and the brand are key in attracting customers.

Mekonomen Group's economies of scale in the form of high purchasing volumes, smart logistics solutions combined with a local presence and high levels of expertise, have given us clear advantages where we compete with affordable products and services which, in turn, benefits the end customer.

The Group's business model suits both private and business customers. Private customers see major value in our ability to serve the customer and his or her car with affordable products and efficient service. Business customers appreciate the same things. However, the preferences may vary somewhat between the groups, in that our ability to serve a large number of cars with a national network of workshops is more important for business customers. Service to business customers is an important focus area for Mekonomen Group.

Expertise increasingly significant

Quality combined with affordability in all of the Group's workshop concepts is important in the battle for customers, while the significance of flexibility and capacity for innovation is growing. While cars are undergoing constant technical development, joint platforms mean that many models are technically similar to each other. The investment in further training and general knowledge raising is a vital weapon for maintaining customer confidence in a rapidly changing world.

Our specialised training platform – the ProMeister Academy – is a Group-wide initiative to ensure the continuous professional development of our mechanics. One example is the changing car fleet, where plug-in hybrids and electric cars will become increasingly stronger. The Norwegian market may already account for the fastest growing electric car fleet in the world. Mekonomen Group is matching this development by offering relevant technical training for workshops affiliated with one of Mekonomen Group's concepts, independent workshops and brand-dependent workshops.

This requires innovative thinking in terms of both Mekonomen Group's product and service offerings, and the further training of our employees.

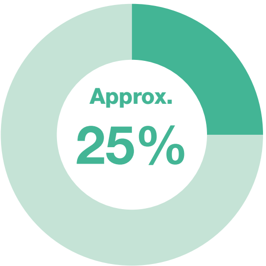
Online sales are growing

Customers require simplicity, transparency and constant availability. Mekonomen Group's joint launch of the Lasingoo workshop portal with five other competing chains in 2014 is one example of how we are always trying to make life easier for our customers.

Car owners are able to compare workshops, quality, ratings and prices in a way that was never previously possible. This transparency will benefit workshops with affordable, high-quality products. Although online sales of accessories and spare parts will increase, this area will account for a minor share of the total market. Online sales are increasingly becoming an integral part of our total offering and are driving traffic to our stores and workshops. At the same time the rapid digitisation will lead to new business opportunities and Mekonomen Group wants, and aims, to be at the forefront of this development.

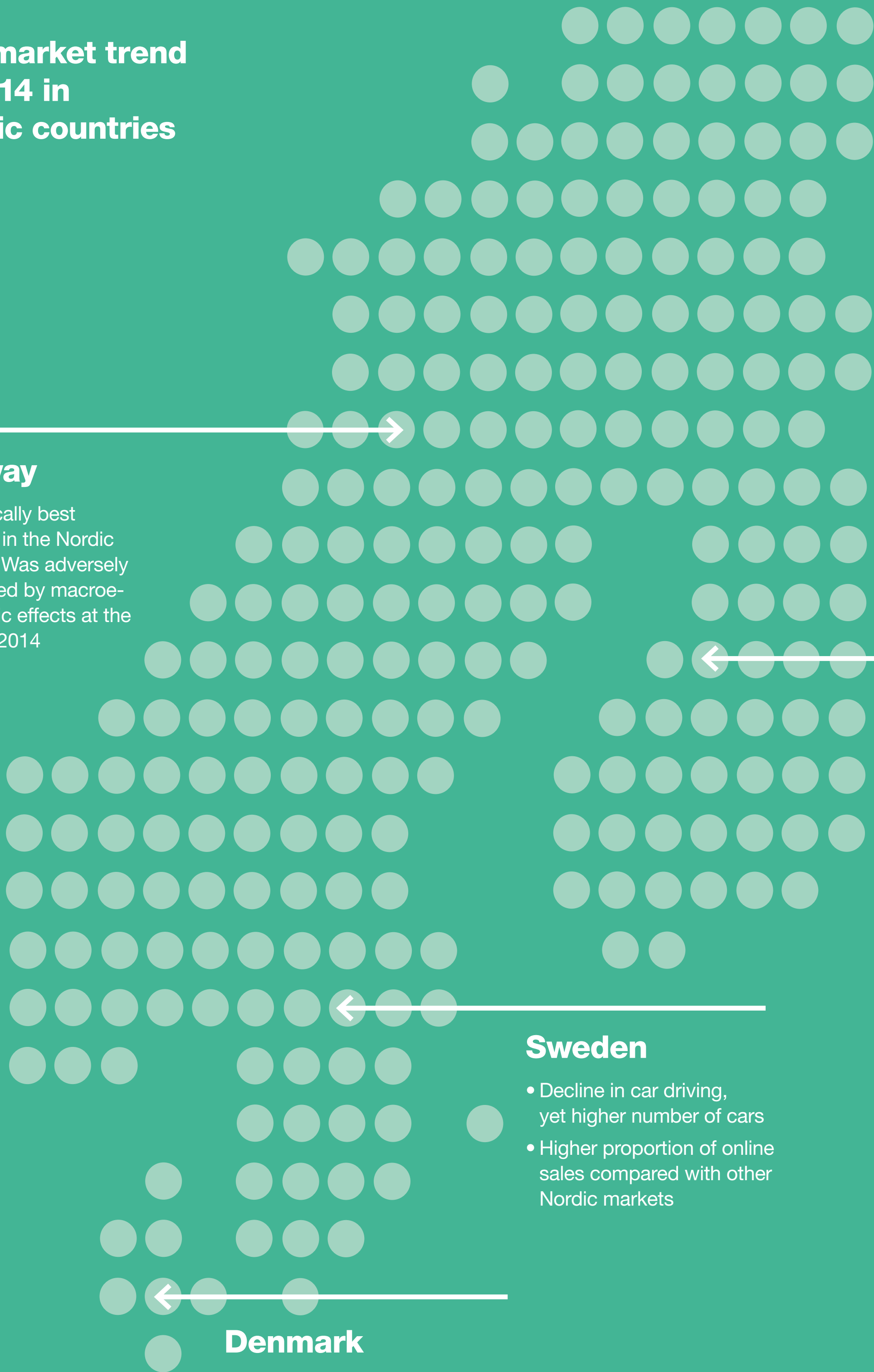
Mekonomen Group's market share

of the spare parts submarket to workshops in Sweden



of the spare parts submarket to workshops in Norway

The market trend in 2014 in Nordic countries



Norway

- Historically best growth in the Nordic region. Was adversely impacted by macroeconomic effects at the end of 2014

Finland

- Tough macroeconomic conditions impacted market growth

Sweden

- Decline in car driving, yet higher number of cars
- Higher proportion of online sales compared with other Nordic markets

Denmark

- Intensely competitive market, which led to price pressure and weak profitability

Intensive sales work generates results

MECA Scandinavia continues its successful efforts to develop the workshop concept and distribution logistics. Combined with a dedicated sales team that drives sales to independent workshops and secures commercial agreements, this has further strengthened MECA's position in 2014.

The distribution network and workshop concept are two structural components of MECA's success. The third component is the sales team, which is totally unique. Some 30 team members frequently scour the market for suitable workshops, establish personal relationships and spread the MECA brand. The standards are high – workshops must have an efficient base, high quality and the right expertise before moving forwards.

New workshops in Sweden

Intensive sales work also generates results. During 2014, the number of workshops affiliated to MECA's brand increased by slightly more than 30 in Sweden, and three auto parts stores were acquired.

MECA's strength in the workshop concept is primarily very strong technical expertise, in which technical training and support is also offered to the affiliated workshops.

MECA also secured a number of major contracts under intense competition, including the vehicle fleet of the Swedish Defence Materiel Administration. This shows that MECA has the ability to handle large-scale, complex assignments, with high demands on eligibility, such as environmental certification.

Growing market share in Norway

The Norwegian market also developed positively, with 25 new workshops under the MECA name. Sales were very favorable, which led to a higher market share. Technical expertise continued to maintain a very high level. One point of interest is that demand for courses in hybrid technology and electrical vehicle technology is growing rapidly as electric cars become increasingly established in the Norwegian market.

Structural changes in Denmark

The Danish market did not meet expectations, and Mekonomen Group therefore implemented major structural changes to secure profitability in 2015. All 28 stores, which are also local warehouses, and the regional warehouse and head office in Odense were closed. The Group retained franchise workshops and is focusing on efficient logistics without intermediaries. In future, spare parts to Mekonomen Autoteknik and MekoPartner will be delivered directly from the central warehouse in Sweden.

> MECA's strength in the workshop concept is primarily very strong technical expertise, in which technical training and support is also offered to the affiliated workshops.

Pehr Oscarson, CEO, MECA

MECA Scandinavia is a market leader in auto spare parts, tools and workshop equipment. The operation is based on an efficient distribution network via 91 departments in Sweden and Norway to professional workshops. Logistics are controlled from a central warehouse in Eskilstuna.

MECA is also the fastest growing workshop concept in Sweden and Norway, with 628 affiliated workshops under the MECA Car Service brand. In Denmark, sales in the workshop market are conducted under the Mekonomen Autoteknik and MekoPartner brands.

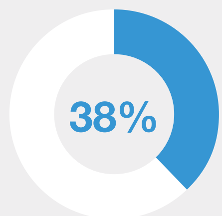
Number of workshops

976

Number of stores

91

Share of the Group's revenue



	2014*	2013*
Net sales (external), SEK M	2,205 (1,679)	2,211 (1,599)
EBITA, SEK M	-68 (268)	156 (213)
EBIT, SEK M	-182 (183)	84 (142)
EBITA margin, %	-3 (16)	7 (13)
EBIT margin, %	-8 (11)	4 (9)
Number of stores/of which proprietary	91/75 (87/72)	131/108 (86/68)
Number of MECA Car Service workshops	628 (628)	570 (570)
Number of Mekonomen Service Centres (Denmark only)	195	212
Number of MekoPartner workshops (Denmark only)	153	190
Average number of employees	987 (614)	1,000 (603)

*Figures in parentheses are excluding the Danish operations.

Focus in 2015

- continued recruitment of new workshops, which boosts competitiveness and contributes to high purchasing volumes
- increased sales in the workshops through more fleet agreements
- higher level of car-owner satisfaction through a systematic focus on quality in all stages

A high level of service and customer interaction

High availability through Scandinavia's largest store network for auto spare parts, combined with high delivery capability, is building growth for Mekonomen Nordic. 2014 was no exception. The proprietary workshop concept, in particular, developed strongly in all markets, mainly through increased sales per concept workshop.

Mekonomen Nordic has the market's strongest brand in the workshop sector in Sweden, and is also number one in Norway. As in Sweden, the Norwegian concept workshops are developing strongly, and Mekonomen Nordic consistently gains new market share. A strong performance in sales of spare parts from the proprietary ProMeister brand contributed to increased margins and higher affordability.

Full-service store concept

The full-service store concept in Sweden and Norway plays two key roles. Primarily, a full-service store offers both private and business customers assistance with all of their car-ownership needs. The store also serves as a decentralised hub for service to Mekonomen Nordic's concept workshops, while also offering spare parts and accessories to independent workshops. The combination has proven highly successful for Mekonomen Nordic, where local expertise and access to spare parts builds business in the two neighbouring countries.

In Sweden, there are 137 stores and 597 workshops under the Mekonomen name. The search for new and qualified candidates constantly continues.

In Norway, there are currently 46 stores and 451 concept workshops. Concept workshops showed a very strong trend in 2014, while Mekonomen advanced its positions with new market share.

Finnish expansion

The Finnish expansion moved forward with strong growth in existing stores. At present, there are six stores in Finland and 17 concept workshops. In 2015, the focus will lie on expanding the number of stores in order to increase availability, and to continue growing sales to concept workshops.

High delivery capacity

Mekonomen Nordic's service to independent workshops is a conscious choice, aimed at strengthening the proprietary brand and increasing sales. High delivery capacity, affordable products and an offering of high technical expertise not only supports Mekonomen Nordic's own organisation but also makes a major contribution to promoting new workshop affiliations, or to becoming a customer.

Private consumers include families with young children and women – two important target groups for Mekonomen Nordic's concepts. At the same time, Mekonomen Nordic is continuously developing new business and seeking new customer groups. One example is the focus on providing service for the major vehicle fleets of companies and organisations. Customers that have chosen Mekonomen Fleet include the Stockholm County Police, Leaseplan, Bravida and Samhall.

> **The concept workshops enjoyed excellent development during 2014, while Mekonomen advanced its positions.**

Magnus Johansson, CEO, Mekonomen Nordic

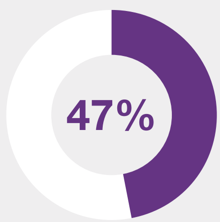
Mekonomen Nordic is one of the leading industry players in the Nordic region, with operations in Sweden, Norway, Finland and Iceland. Through a nationwide store network, Mekonomen offers the best availability in the industry with a total of 192 stores across Sweden, Norway, Finland and Iceland.

Mekonomen Nordic has more than one thousand affiliated workshops under the Mekonomen Bilverkstad brand in Sweden, Norway and Finland, and the MekoPartner brand in Sweden and Norway.

A central warehouse in Strängnäs is responsible for logistics and stocks some 67,000 items.

Number of workshops	Number of stores
1,065	**192**

Share of the Group's revenue



	2014	2013
Net sales (external), SEK M	2,692	2,656
EBITA, SEK M	422	390
EBIT, SEK M	401	323
EBITA margin, %	15	14
EBIT margin, %	14	12
Number of stores/of which proprietary	192/151	193/146
Number of Mekonomen Service Centres	863	871
Number of MekoPartner workshops	202	188
Average number of employees	1,089	1,122

Focus in 2015

- continued quality development
- development of the workshop concept
- investment in training through the ProMeister Academy
- continued investment in ProMeister spare parts
- increased sales initiatives and sales promotions in the workshop market

New record year with higher sales

Sørensen og Balchen delivered a highly favourable performance in 2014, despite a market characterised by dramatic changes in the car fleet, weak retail sales and a substantially weakened NOK. Increased sales to consumers via BilXtra, a streamlined store network and growth in sales to workshops led to the best results ever and Sørensen og Balchen passed the milestone of NOK 100 M in EBITA.

In 2004, retail sales in Norway showed a generally weak trend. The workshop sector is cyclical, with both favourable and less favourable periods throughout the year. At the same time, the negative trend for the NOK continues, affecting the entire market. As in 2013, however, Sørensen og Balchen performed well in a weak market – mainly due to improved earnings in the proprietary BilXtra operation.

Higher retail sales

There are several reasons for the company's success during the year, and that helped to further strengthen the BilXtra brand. The range was expanded with a steady stream of new product launches, combined with effective storage. Radiators, air conditioners and turbos were launched, for example. The "Children in Car" and "Sound in Car" initiatives began to generate results.

The market position was strengthened due to a highly successful year for the BilXtra operations, in particular, in 2014. Online sales were also added.

Streamlined store network

The BilXtra stores enjoyed their best year ever, historically, with record earnings. The key success factors were significantly increased sales, coupled with effective cost control and many dedicated employees who showed they were both able and willing to do the right thing to achieve favourable results.

The store network was further streamlined, while the workshop sector showed a positive overall trend despite a much tougher market at present. Service intervals on cars are getting longer, the quality of products is higher, and competition from the branded workshops is intensifying. As part of the process to continually fine-tune costs, monitoring procedures in workshops were further refined. One specific example is the matching of inventory levels with purchasing frequency to achieve a better flow of goods.

Another positive factor is that independent workshops accounted for a higher proportion of Sørensen og Balchen's sales.

> "The key success factors were significantly increased sales, coupled with effective cost control and many dedicated employees who showed they were both able and willing to do the right thing to achieve favourable results.

Morten Birkeland, CEO, Sørensen og Balchen

Sørensen og Balchen conducts wholesale, store and workshop operations in Norway. The company is a leading distributor of spare parts and accessories and now represents many of the most renowned manufacturers in the world. The company has 71 stores and 232 affiliated workshops under the BilXtra brand in Norway. Logistics are controlled from a central warehouse in Oslo, which stocks more than 60,000 items.

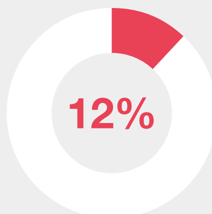
Number of workshops

232

Number of stores

71

Share of the Group's revenue



	2014	2013
Net sales (external), SEK M	712	701
EBITA, SEK M	109	99
EBIT, SEK M	92	81
EBITA margin, %	15	14
EBIT margin, %	13	11
Number of stores/of which proprietary	71/34	74/34
Number of BilXtra workshops	232	243
Average number of employees	252	259

Focus in 2015

- increase the profitability of the operation
- develop the product range of new products, balance the right product mix while refining logistics are other key issues for strengthening the brand
- attract more customers, both workshops and consumers
- be at the forefront in terms of professional development, with a strong focus on plug-in hybrids and electric cars

Sustainable development
and social responsibility

Mekonomen Group is the leading car service chain in the Nordic region. Our decisions and priorities affect not only employees but also the rest of the community, including our customers, our industry, the society and the environment. It is therefore a natural step for us to take responsibility and engage with the community in which we operate. In 2014, we conducted a materiality analysis and identified seven areas of focus for the Group's sustainability efforts in 2015 and onwards.

Based on Mekonomen Group's common values, Group Management initiated a process in autumn 2014 to identify the Group's key focus areas for continued sustainability efforts.

Materiality analysis as the starting point
The starting point is the materiality analysis conducted with Group Management, managers and employees in Mekonomen Group. The materiality analysis is an important tool for identifying internal and external stakeholders' views on the sustainability factors that are most important for Mekonomen Group.

The materiality analysis was supplemented with a gap analysis, which shows the Group's work in relation to the United Nations Global Compact, to which Mekonomen has been affiliated with since 2013. Affiliation means that the Group commits to the Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption.

The materiality analysis was also translated into a wider perspective, in which consideration was given to national and international trends, standards, expectations, guidelines and laws that are relevant to a responsible and sustainable business.

Seven focus areas
The materiality analysis led to a division of the Group's sustainability efforts into seven focus areas as of 2015, accounting for environmental, quality and social conditions at all stages – from production to sales.

- With a customer focus
- Quality in the workshop
- Safe products and solutions
- Managers and employees
- Responsible purchasing
- Market leader with clear goals
- Engaged social partner

Mekonomen Group is growing rapidly as a company and we are also establishing a gradual presence in new markets. This means that our approach to the outside world becomes increasingly important, as a company and as individual employees. Mekonomen Group's core values form the basis for how all Group employees should act – and how we want the outside world to perceive us as a company. These core values also form the basis for our Code of Conduct.

Internal and external communication plays a central role in these values and is an important tool for achieving our objectives. Our journey has just begun and in future, our communication will be even more transparent and clear, while we maintain the greatest respect for our business environment.

Håkan Lundstedt
President and CEO

Our common values

Responsibility
We assume responsibility for our operating environment, shared resources and have confidence in the knowledge and ability of our employees. Our customers associate us with high quality.

Competency
We have high professional qualification within the areas in which we operate and this means that our customers perceive us as reliable and knowledgeable.

Customer orientation
We place the customer first and satisfy our customers' expectations, which means that our customers understand that we have a comprehensive view.

Flexibility
We seek new ideas and continuously evolve to meet the needs of our existing and prospective customers. This means that our customers perceive us as innovative.

Business orientation
We generate good financial results, with a balance between short and long-term earnings. We are perceived as affordable by the customer.

Sustainability efforts in 2014

Overall responsibility for sustainability and social responsibility lies with Group management within Mekonomen Group. However, all employees are affected by the specific efforts carried out at various levels of the Group. Here is an overview of our sustainability work with some specific examples of our work in 2014.

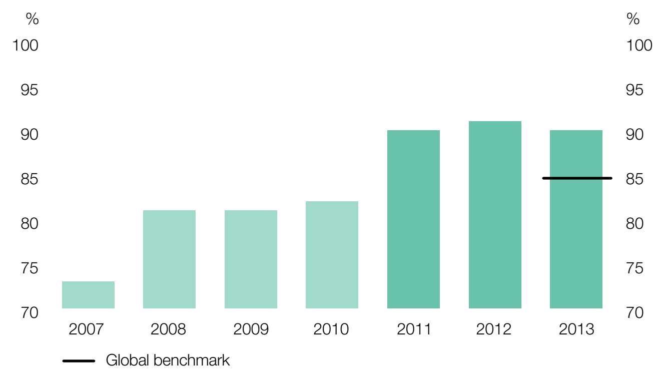
We are continuously working to coordinate environmental activities within the Group. The progress of our activities in a broad number of sustainability areas varies, which poses a challenge for the Group when reporting at a general level. Best practices and the seven focus areas will drive our overall sustainability efforts forward, in order to reach a minimum level for all operations in the longer term. However, the coordination process should not impact or slow the successful initiatives that already exist locally in our operations. The differentiation in our brands and in each target group are a strength for the Group, and sustainability efforts for each operation should reflect the actual target groups and be relevant for the operation.

Working at Mekonomen

Mekonomen Group has an entrepreneurial spirit characterised by commitment, in which all employees have opportunities for personal development and new challenges in their working life. We are highly adaptable and pragmatic and have great confidence in the ability of each individual. The commitment of our managers and employees is a pre-requisite for the Group's success and we want all employees to see Mekonomen Group as a long-term employer that offers opportunities for both professional and personal development.

The Group's employee surveys include questions about job satisfaction and working conditions, and whether individual employees are able to influence their work situation. Since the employee survey captures the views of all employees, the results can be used at several levels to introduce operational improvements, from an overall level down to individual group/unit level. Employee surveys takes place every other year since 2013, and the most recent survey was implemented in 2013.

Employment Satisfaction Index (ESI) 2007–2013



Employee surveys are used to measure employment satisfaction. Mekonomen Group has a positive work environment that developed favourably between 2007–2013 (In 2013, the response rate totalled 93%).

Diversity

Our workplaces should reflect our customer groups and society at large. We work actively to achieve a high degree of diversity among our managers and employees, with clear guidelines in our recruitment policy and continuous monitoring of internal diversity goals.

Training – the ProMeister Academy

Mekonomen Group's skills and development initiatives are intended not only to meet today's needs but also to anticipate the future challenges of tomorrow's society: a fossil-free car fleet, a service society, urbanisation and a shared economy. This is how Mekonomen Group secures the future competitiveness of the Group as well as individual employees. A fundamental approach at Mekonomen Group is to capitalise on the skills available in the Group and develop them through further training and opportunities for new challenges within the Group. Internal recruitment within and between Group companies is highly successful.

The ProMeister Academy training platform secures the quality and skills of our mechanics in all of the Group's workshop chains. More than 1,400 mechanics have received further training at the ProMeister Academy since it was founded in 2013.

> **The ProMeister Academy training platform secures the quality and skills of our mechanics in all of the Group's workshop chains.**

Here are some of the tools currently used by Mekonomen Group:

- The Group's common values
- The Code of Conduct
- Employee surveys
- The Equality and Diversity Plan
- Action Plan to Eliminate Discrimination in the Workplace
- Clear individual goals and monitoring
- The rights of companies and employees regarding employment conditions in the form of collective agreements, salaried employees' contracts, and so forth
- Labour laws in each country
- Regular monitoring of absenteeism, accidents and incidents
- Active health and safety work to prevent accidents and minimise risks
- Continuous skills and development initiatives to meet current and future needs (including the ProMeister Academy)

Control of supply chains and products

All of our Group companies have extensive experience in purchasing spare parts and accessories from major European players in the automotive industry. By being a customer of major and recognised suppliers with excellent references, the Group benefits from the strict environmental, health and safety and quality requirements already exercised by these players.

Suppliers in Europe account for most purchasing and in 2014, direct imports from Asia accounted for only a minor portion of purchasing. The focus on proprietary products – ProMeister for spare parts, and Carwise for accessories – contributes to increased direct purchasing from Asia.

In 2013, a collaboration with Polish company Inter Cars was initiated to broaden the supplier base in terms of direct purchasing and logistics from Asia. Through this collaboration, we are also part-owner of a testing lab in Poland, where the quality and functionality of spare parts and accessories is tested. We have also established our own purchasing office in Hong Kong, which brings us closer to production and speeds up the development of our proprietary products.

Our supplier agreements are Group-wide, which aims to secure a shared view of sustainability parameters, whether we purchase from Europe or Asia. The agreements include a clearly enforceable statement that suppliers undertake to comply with the UN Global Impact's ten principles in the areas of human rights, labour, the environment and anti-corruption. We make regular risk assessments of suppliers and products and follow up with site visits and visual inspection of supply chains considered to be at higher risk in terms of complying with environmental and human rights requirements.

As one of the major purchasing players in Europe with a growing presence in Asia, we aim to make demands on suppliers and ensure opportunities for monitoring all aspects of the agreement. In the coming year, we will develop a specific Code of Conduct for our suppliers and ensure opportunities for monitoring the agreed sustainability parameters. Our presence in Asia through the purchasing office in Hong Kong also provides opportunities to develop our spot checks in terms of both sustainability, and faster quality-assurance of products on site.

Anti-corruption

Although the risk is considered higher in certain markets and certain industries, corruption is not geographically limited. Mekonomen Group has adopted a zero tolerance approach to corruption, and since we make purchases from markets where corruption is a well-known problem, we have to actively distance ourselves from these practices.

Through a central purchasing organisation that secures all major purchasing agreements for our three Group companies, we have better control over suppliers and the flow of products throughout the Group. All agreements contain clauses that address corruption by referring to the United Nations Global Compact.

Business ethics are addressed internally in employment contracts and the Code of Conduct – the latter also provides information on the whistle-blower function. Mekonomen Group's whistleblowing function started in 2011 and the head of internal audit is responsible for this function.

Environmental activities and certifications

The Group's environmental impact in the Nordic region mainly takes place in the areas of energy, transportation and the handling of chemicals. Our proprietary operations in MECA Sweden, MECA Norway and Mekonomen Sweden have made the most progress in environmental work, and all of these facilities hold ISO 14001 certification. Mekonomen's proprietary operations in Sweden have come one step further by also holding occupational health and safety (OHSAS 18001) and quality management (ISO 9001) certifications.

Environmental work includes surveys of the most significant environmental impact of the operations, and includes environmental policies, certified environmental management systems and environmental manuals describing procedures, monitoring and responsibilities. Environmental management systems undergo external audits every year, and environmental goals and monitoring procedures are determined for each financial year.

Internally, the Group offers several courses in the environmental area, such as the handling and transportation of hazardous goods (ADR) and national legislation related to chemicals and CE marking. Products are checked at several stages regarding, for example, their compliance with national requirements and registration. Specifications on content, labelling and safety data are also produced.

The agreements signed with suppliers include a number of documents concerning environmental standards, such as the EU REACH regulation, which also require compliance.

During the year, efforts to replace the Group's vehicle fleet with low emission vehicles continued.

Electricity from renewables (hydro and wind power) are used more diligently in the Group.

In 2014, Mekonomen received the EcoOnline Award. The EcoOnline Award was established in 2011 with the objective of encouraging efficient handling of chemicals that generates results. The EcoOnline Award highlights companies that work actively in a preventive capacity and conduct risk assessments in the area.

Number of certified units at 31 Dec 2014

	Stores	Workshops	Offices/ wholesale warehouses	Total	Type of certification
Mekonomen Nordic	129	86	6	**221**	ISO 14001, OHSAS 18001 and ISO 9001
MECA	65	–	4	**69**	ISO 14001

Community project

Mekonomen Group is actively engaged in a community project with a diversity and inclusion theme. We want to ensure that marginalised social groups that find it difficult to enter the labour market receive support and opportunities to do so. As a partner of Telge Tillväxt, we help young people find jobs by offering traineeships or employment in our stores and warehouses, or in administration.

In partnership with schools and training programmes, we offer traineeships that correspond to the interests of students. In addition to traineeships in our stores and workshops, an established trainee programme has evolved in the Group's marketing department, in which the traineeship has often led to employment.

Mitt Liv – to promote diversity and inclusion

In spring 2013, Mekonomen Group became affiliated with Mitt Liv (My Life), a social enterprise with the objective of increasing diversity and inclusion. The goal is to open doors to the Swedish labour market for people with foreign and academic backgrounds, which mainly takes place through mentoring, further training and a broad contact network. Eight people from the Group have been making an active contribution to Mitt Liv for a period of two years. Each person has acted as mentor to a mentee and this involvement has increased opportunities for taking advantage of the skills that exist in the community, as well as offering work and enabling people to work with something they have been trained for.

The Healthy Generation Foundation – promoting a healthier lifestyle

The Healthy Generation (En frisk generation) Foundation was founded in 2011. The Foundation is a joint initiative by researchers from Karolinska Institute, private companies and various voluntary associations. The goal is to establish a long-term, viable method for influencing public health by engaging and motivating entire families, at an early age, to adopt a healthier and more enjoyable lifestyle. The initiative originally targeted families with students in Grade 2 at two schools in Södertälje but has now been extended to Haninge and Kungsbacka municipalities. In cooperation with the children's schools, some 600 physical activities are offered per school year, alternated with knowledge and motivation to improve families' attitudes toward lifestyle and health.

Linus Kjellander was 22 when he came to Mekonomen in 2011 via Telge Tillväxt, and was recruited as a project employee in northern Norway to digitise a catalogue. Linus is now a permanent employee, and works as the Sourcing & Product Development Manager at the head office in Stockholm.

Diversity project with the Swedish Public Employment Service

In cooperation with the Swedish Public Employment Service, Mekonomen Group has initiated a diversity project aimed at integrating foreign-born Swedes into the Swedish labour market, while ensuring a future supply of mechanics to the Group's workshops in the Nordic region. People with a specific technical or mechanic skill are offered traineeships and individualised training to complement their existing knowledge, with the aim of becoming a qualified car mechanic.

The trend in recent years indicates a growing need for mechanics in the workshops, while interest in mechanics as a career has fallen, with fewer qualified mechanics as a result. Within a three-year period, more than 5,000 new car mechanics will be needed in the industry.

Future mechanics, 2015

About this report on sustainability work in 2014

Mekonomen Group became a signatory to the United Nations Global Compact in 2013. Since 2013, we have also been inspired by the Global Reporting Initiative's G4 Guidelines, and this report contains major parts of GRI G4. However, it is not a comprehensive report in accordance with the GRI's Guidelines.

The table below presents the categories that we disclosed in 2014 with a cross-reference to the principles of the United Nations Global Compact.

The sustainability information has not been audited by a third party.

Disclosures from GRI G4	Page reference in the AR[1]	Comments	Cross-reference to the United Nations Global Compact's ten principles
General standard disclosures			
Strategy and Analysis			
G4-1: Statement from the CEO	20		
Organisational Profile			
G4-3: Name of the organisation	28		
G4-4: Primary brands, products and services	3, 8		
G4-5: Location of the organisation's headquarters	28, 85		
G4-6: Number of countries where the organisation operates	3, 13, 34		
G4-7: The nature of ownership and legal form	26-27		
G4-8: Markets served	3, 13		
G4-9: Scale of the organisation	1, 3, 12		
G4-10: Total number of employees	58		
G4-11: The percentage of total employees covered by collective bargaining agreements.	22		Principle 3
G4-12: The organisation's supply chain	6, 23		
G4-13: Significant changes during the reporting period	1		
G4-14: The precautionary approach	52		
G4-15: Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	20		Principles 1-10
Governance			
G4-34: Report the governance structure	34-41		
G4-37: Processes for consultation between stakeholders and the highest governance body	22, 34-35		
Ethics and Integrity			
G4-56: : Description of the organisation's values, principles, standards and norms of behaviour	3, 20, 22-24		Principles 1–10
G4-58: Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour (whistleblowing)	23		Principles 10
Specific standard disclosures			
Economic			
G4-EC1: Direct economic value generated and distributed	42-44		
G4-EC4: VFinancial assistance received from government.		Mekonomen Group did not receive any significant financial assistance from the government in 2014	
G4-EC7: Development and impact of infrastructure investments and services supported	24		
Environmental			
G4-EN24: Significant spills		There were no significant spills in 2014	
G4-EN27: Extent of impact mitigation of environmental impacts of products and services	23		Principles 7-9
G4-EN29: Fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		No significant cases were reported in 2014	
G4-EN32: Percentage of new suppliers that were screened using environmental criteria	23		Principle 8
Social			
G4-LA1: Employee turnover	58		
G4-LA9: Average hours of training per year per employee	4, 9, 22, 30		
G4-LA12: Composition of governance bodies and breakdown of employees according to indicators of diversity	40-41, 58	Mekonomen Group reports the breakdown of employees by gender and age.	
G4-LA14: Percentage of new suppliers that were screened using labour practices criteria	23		Principles 3-5
G4-HR3: Total number of incidents of discrimination and corrective actions taken		No cases of discrimination were reported in 2014	Principle 6
G4-HR10: Percentage of new suppliers that were screened using human rights criteria	23		Principles 1-2, 4-5
G4-SO4: Communication and training on anti-corruption policies and procedures	22-23		Principle 10
G4-SO5: Confirmed incidents of corruption and actions taken		No incidents of corruption were reported in 2014	Principle 10

[1] AR=Mekonomen Group's 2014 Annual Report

The Mekonomen share

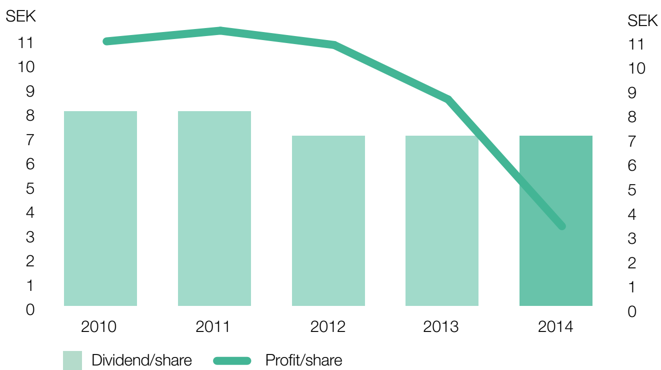
The Mekonomen AB (publ) share has been listed on Nasdaq Stockholm, Mid Cap segment since May 2000 and is traded under the MEKO ticker. The share price rose sharply at the end of 2014 and the year's highest closing price, SEK 204 per share, was listed on the last trading day of the year.

At 31 December 2014, the total market value of the company was SEK 7.3 billion. In 2014, the share's highest closing price was SEK 204.00 on 30 December, the last trading day of the year, and the lowest closing price was SEK 140.25 on 10 October. The average share price was SEK 171.03. The number of shareholders at 31 December 2014 was 9,664.

As per 31 December 2014, the share capital of Mekonomen AB (publ) amounted to SEK 90 M (90) and comprised 35,901,487 shares (35,901,487) at a quotient value of SEK 2.50 per share (2.50).

Each share carries 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 shares with no restrictions and the shares are not included in any transfer restrictions.

Dividend and profit per share



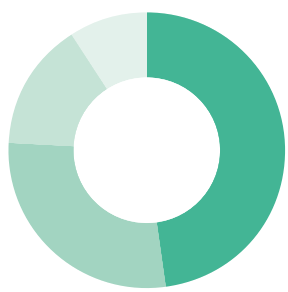
Market value

SEK 7.3 billion

Share capital development

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

Holding per ownership category[1)]



Swedish private owners	48%
Foreign owners	28%
Swedish equity funds	15%
Swedish institutions	9%

[1)] Source: SIS Ownership Data Corp

15 largest shareholders, 30 Dec 2014[1)]

Name	Number of shares	Votes and capital, %
Axel Johnson AB with subsidiaries	9,516,235	26.5
Eva Fraim-Påhlman	2,009,176	5.6
SHB fonder	1,945,205	5.4
Norges Bank Investment Management	1,600,047	4.5
Swedbank Robur fonder	1,513,671	4.2
Kempen & Co fonder	1,025,868	2.9
Ing-Marie Fraim-Sefastsson	1,000,000	2.8
Fjärde AP-fonden	735,181	2.0
Skandia Liv	646,191	1.8
Otto Olsen Invest AS	615,770	1.7
SEB fonder	561,914	1.6
Catella fonder	550,679	1.5
Leif Möller	319,700	0.9
Oslo Pensjonsforsikring AS	310,000	0.9
Avanza Pension och Försäkring AB	198,182	0.6
Total 15 largest shareholders	**22,547,819**	**62.9**
Others	13,353,668	37.1
Total	**35,901,487**	**100.0**

Holding per size class, 30 Dec 2014[1)]

Size class	Number of shareholders	Number of shares	Holding, %
1 – 100	4,037	186,912	0.5
101 – 200	1,497	258,449	0.7
201 – 300	638	173,542	0.5
301 – 400	999	391,372	1.1
401 – 500	465	227,528	0.6
501 – 1,000	964	793,538	2.2
1,001 – 2,000	511	800,613	2.2
2,001 – 5,000	308	1,019,529	2.8
5,001 – 10,000	91	665,628	1.9
10,001 – 20,000	52	747,940	2.1
20,001 – 50,000	40	1,268,439	3.5
50,001 – 100,000	21	1,457,913	4.1
100,001 – 500,000	29	6,531,288	18.2
500,001 – 1,000,000	6	4,435,433	12.4
1,000,001 – 5,000,000	5	7,427,128	20.7
5,000,001 – 10,000,000	1	9,516,235	26.5
Total	**9,664**	**35,901,487**	**100.0**

Data per share

	2014	2013	2012	2011	2010	2009	2008
Average number of shares after full dilution	35,901,487	35,901,487	34,692,458	32,436,258	30,868,822	30,868,822	30,868,822
Number of shares at year-end after full dilution	35,901,487	35,901,487	35,901,487	32,814,605	30,868,822	30,868,822	30,868,822
Profit per share after full dilution, SEK	3.34	8.56	10.80	11.39	10.95	7.38	5.84
Shareholders' equity, SEK	57.55	62.10	64.20	46.90	30.90	28.40	27.00
Cash flow, SEK	11.51	15.51	14.93	7.98	11.60	9.38	6.77
Dividend[2)], SEK	7.00	7.00	7.00	8.00	8.00	7.00	6.00
Dividend proportion, %	210	82	65	69	73	95	103

[1)] Source: SIS Ownership Data Corp
[2)] The Board's proposal for 2014.

Administration Report

The Board of Directors and President of Mekonomen AB (publ.), Corporate Registration Number 556392-1971, hereby submit the Annual Report and consolidated financial statements for the 2014 financial year.

General

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. Mekonomen Group has approximately 350 stores and more than 2,300 affiliated workshops under the Group brands.

The Parent Company has its registered office in Stockholm. The address of the head office is Box 19542, SE-104 32 Stockholm, Sweden. Visiting address: Solnavägen 4, 10th floor. The Parent Company's share is listed on Nasdaq Stockholm Mid Cap segment. The three largest owners in the Parent Company as per 31 December 2014 are the Axel Johnson AB Group, with 26.5 per cent, Eva Fraim Påhlman, with 5.6 per cent and SHB fonder, with 5.4 per cent.

Financial year

The 2014 financial year was characterised by steady market growth and improved profitability in all Group companies excluding Denmark.

A decision on comprehensive structural changes and repositioning of the Group's Danish operations was made in December 2014. All of the stores, which are also local warehouses, the regional warehouse and the Danish head office are being closed. The franchise workshops are retained and these now receive their deliveries of spare parts directly from the central warehouse in Sweden, meaning that efficient logistics are achieved without intermediaries in the distribution chain. This enables a long-term presence in the Danish market through the Group's franchise workshops and will contribute positively to Mekonomen Group's profitability and development. The restructuring effort in Denmark led to non-recurring costs of SEK 280 M that affected operating profit in 2014.

Mekonomen Group's revenue for 2014 increased 1 per cent and operating profit (EBIT) amounted to SEK 274 M (469).

Mekonomen Group's revenue for 2014, excluding Denmark, rose 3 per cent. EBIT excluding non-recurring costs increased to SEK 577 M (530). EBITA excluding non-recurring costs rose to SEK 691 M (642).

Management's assessment ahead of 2014 was that there would be no major change in the overall market and the 2014 financial year was characterised by steady market growth.

Increased growth combined with effective cost control led to improved profitability for the full-year 2014 in all Group companies, excluding Denmark. Mekonomen Group reported strong growth in the Group's affiliated workshops during the year. Quality work in our affiliated workshops is a key factor behind this growth. The investment in ProMeister is our other growth engine. In the ProMeister venture, we are benefiting from our purchasing office in Hong Kong, which was strengthened during the year. At the same time, continuous efficiency enhancements are being implemented, for example, in the coordination of central functions, which was in focus in 2014.

The basis for the Group's long-term growth is innovation, which involves both products and services as well as the way in which we can ease the way for our customers through smart services. In 2014, focus was on ProMeister, our training venture ProMeister Academy and Lasingoo, the car portal that we own jointly with other industry players.

The total number of stores in the chains at the end of the period was 355 (399), of which 261 (289) were proprietary stores. The number of affiliated workshops totalled 2,304 (2,300), of which 28 were proprietary workshops.

Revenue

Revenue rose 1 per cent to SEK 5,924 M (5,863). Adjusted for negative currency effects of SEK 18 M, revenue increased 1 per cent. Excluding Denmark and adjusted for currency effects, revenue increased 4 per cent. The number of working days was one day less in Sweden, unchanged in Finland and one day more in Norway and Denmark, compared with the preceding year. Calculated on comparable workdays and adjusted for currency effects, revenue increased 1 per cent. Sales in comparable units rose 3 per cent.

Other operating revenue mainly comprises of rental income, marketing subsidies and exchange-rate gains.

Operating profit before amortisation and impairment of intangible assets, EBITA

EBITA amounted to SEK 427 M (626) and the EBITA margin amounted to 7 per cent (11). Earnings were negatively impacted by non-recurring effects of SEK 264 M (16), of which Denmark accounted for SEK 254 M (16). Currency effects had a negative impact on earnings of SEK 9 M (16).

Operating profit, EBIT

EBIT amounted to SEK 274 M (469) and the EBIT margin amounted to 5 per cent (8). Earnings were negatively impacted by non-recurring effects of SEK 303 M (61), of which Denmark accounted for SEK 293 M (16). Currency effects had a negative impact on earnings of SEK 9 M (16).

Profit after financial items

Profit after financial items amounted to SEK 250 M (429). Net interest expense improved to SEK 40 M (43) and other financial items to SEK 16 M (4). Other financial items were positively impacted by non-recurring effects of SEK 10 M (0).

Profit for the year

Profit for the year amounted to SEK 127 M (315) and earnings per share to SEK 3.34 (8.56). Of profit for the year, SEK 120 M (307) is attributable to the Parent Company's shareholders and SEK 7 M (8) to non-controlling interests.

The tax expense for 2014 was negatively impacted as the loss pertaining to the Danish business is only partly expected to be utilised for tax purposes. Estimated deductible tax pertaining to Denmark amounts to SEK 53 M, of which SEK 31 M had a positive effect on the tax expense for the year. The part of the loss not expected to be utilised corresponds to SEK 48 M.

Mekonomen Group excluding Denmark (pro forma)

A decision on a comprehensive structural changes of Mekonomen Group's operations in Denmark was made in December 2014. Mekonomen will retain its franchise workshops and is investing in efficient logistics without intermediaries in the distribution chain. All of the 28 stores, which are also local warehouses, the regional warehouse and the Danish head office are being closed.

As a result of the decision on structural changes, operating profit for the 2014 financial year was charged with non-recurring costs of SEK 280 M. The restructuring costs mainly pertain to leasing commitments of SEK 41 M, personnel-related costs of SEK 67 M, impairment of intangible fixed assets of SEK 39 M, impairment of tangible fixed assets of SEK 22 M, impairment of financial fixed assets of SEK 12 M, impairment of inventory of SEK 75 M, impairment of receivables of SEK 12 M and other costs totalling SEK 13 M. EBIT was negatively impacted in an amount of SEK 280 M, EBITA was negatively impacted in an amount of SEK 241 M and EBITDA was negatively impacted in an amount of SEK 219 M.

Mekonomen Group's income statement pro forma, excluding operations in Denmark in 2014 and 2013 is presented below. For a description of the conditions and assumptions applied in compiling the pro forma accounts, see Note 35.

Pro forma accounts excluding Denmark

SEK M	2014	2013
Net sales	5,262	5,129
Other operating revenue	128	122
Total revenue	**5,390**	**5,251**
Goods for resale	-2,337	-2,275
Other external costs	-1,044	-1,072
Personnel costs	-1,185	-1,154
Depreciation and impairment of tangible fixed assets	-61	-67
Amortisation and impairment of intangible fixed assets	-124	-156
Operating profit (EBIT)	**639**	**527**

Seasonal effects

Mekonomen Group has no actual seasonal effects in its operations. However, the number of workdays affects both sales and profit.

MECA

Net sales (external) for the entire MECA segment, including MECA Denmark, amounted to SEK 2,205 M (2,211). EBITA was negative in an amount of SEK 68 (pos: 156) and the EBITA margin was negative 3 per cent (pos: 7). MECA's operating loss, including Denmark, amounted to SEK 182 (profit: 84) and the EBIT margin was negative 8 per cent (pos: 4). The number of stores amounted to 91 (131), of which 75 (108) are proprietary.

EBITA and EBIT were negatively impacted by non-recurring costs of SEK 241 M and SEK 280 M pertaining to the restructuring in Denmark. EBIT was charged with total non-recurring effects of SEK 302 M (16), of which Denmark accounted for SEK 293 M (16).

MECA Denmark's net sales (external) amounted to SEK 527 M (612). Operating loss amounted to SEK 365 M (loss: 58). Currency effects in net sales against the DKK were positive and totalled SEK 26 M. The underlying net sales in MECA Denmark declined 19 per cent. Non-recurring effects of SEK 293 M (16) in MECA Denmark were charged against earnings.

Net sales (external) for MECA, excluding Denmark, amounted to SEK 1,679 M (1,599). The currency effect in net sales against the NOK was a negative SEK 15 M. The underlying net sales increased 6 per cent.

EBITA for MECA, excluding Denmark, increased to SEK 268 M (213) and the EBITA margin rose to 16 per cent (13). EBIT increased to SEK 183 M (142) and the EBIT margin rose to 11 per cent (9). EBIT for MECA, excluding Denmark, was negatively impacted by personnel-related non-recurring costs of SEK 9 M (0). EBIT was also charged with amortisation of intangible fixed assets totalling SEK 60 M (60) identified in connection with the acquisition.

Mekonomen Nordic

Net sales (external) amounted to SEK 2,692 M (2,656). The underlying net sales increased 2 per cent. The currency effect in net sales against the NOK was a negative SEK 15 M.

Operating profit before amortisation and impairment of intangible fixed assets (EBITA) amounted to SEK 422 M (390) and the EBITA margin increased to 15 per cent (14). Operating profit (EBIT) amounted to SEK 401 M (323) and the EBIT margin rose to 14 per cent (12). EBIT was negatively impacted by non-recurring costs of SEK 1 M (45).

Mekonomen Sweden's net sales (external) amounted to SEK 1,746 M (1,741) and operating profit was SEK 274 M (288).

Mekonomen Norway's net sales (external) amounted to SEK 791 M (774) and operating profit was SEK 133 M (120).

The sales trend for ProMeister contributed to higher volumes to other workshops.

The number of stores amounted to 192 (193), of which 151 (146) were proprietary.

Mekonomen BilLivet and Speedy, which were previously included in Mekonomen Nordic, are included in Meko Service Nordic from 1 January 2014, in "Other." Comparative figures have been recalculated.

Sørensen og Balchen

Net sales (external) amounted to SEK 712 M (701). The underlying net sales increased 3 per cent. The currency effect in net sales against the NOK was a negative SEK 13 M.

Operating profit before amortisation and impairment of intangible fixed assets (EBITA) amounted to SEK 109 M (99) and the EBITA margin increased to 15 per cent (14). Operating profit (EBIT) amounted to SEK 92 M (81) and the EBIT margin increased to 13 per cent (11). EBIT was charged with amortisation of intangible fixed assets totalling SEK 18 M (18) identified in connection with the acquisition.

Enhanced efficiency in stores has contributed to the improved EBIT. Sørensen og Balchen reported a favourable trend in consumer business.

The number of stores amounted to 71 (74), of which 34 (34) are proprietary.

Acquisitions and start-ups

Mekonomen Nordic in Sweden acquired a store and share in a workshop in Valdemarsvik, a store in Torsby, a partner store in Löddeköpinge, a partner store in Strömstad, a partner store in Ängelholm and the establishment of a store in Töcksfors. In Norway, a partner store was acquired in Larvik. Mekonomen Nordic also acquired non-controlling interests in seven Swedish stores at a minor amount during the year.

Sørensen og Balchen acquired one company in Østerås, Norway.

In Sweden, MECA acquired stores in Mora and Leksand, Vällingby in Stockholm and a partner store in Hässleholm.

Meko Service Nordic acquired three workshops in Sweden.

The impact of these acquisitions on consolidated sales and earnings was marginal.

Investments

Investments in fixed assets for the year amounted to SEK 75 M (63). Depreciation and impairment of tangible fixed assets amounted to SEK 100 M (83). Company and business combinations amounted to SEK 65 M (11). Acquired assets totalled SEK 21 M (4) and assumed liabilities SEK 8 M (0). In addition to goodwill, which amounted to SEK 35 M (4), surplus values on intangible fixed assets of SEK 4 M (0) were identified pertaining to brands and SEK 1 M (0) pertaining to capitalised expenditure for IT systems and SEK 13 M (2) for customer relations. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 1 M (0). Acquired non-controlling interests amounted to SEK 6 M (8) and divested minority shares to SEK 3 M (0).

Financial position and cash flow

Cash flow from operating activities amounted to SEK 413 M (557). Tax paid amounted to SEK 160 M (139). Cash and cash equivalents at year-end was SEK 258 M (279). The equity/assets ratio was 39 per cent (41). Long-term interest-bearing liabilities amounted to SEK 1,404 M (1,660). Current interest-bearing liabilities amounted to SEK 495 M (276).

Net debt amounted to SEK 1,629 (1,642) at the end of the year, which entailed a reduction of SEK 13 M since the beginning of the year. A dividend of SEK 262 M was paid during the year. Loans were amortised by SEK 272 M during the year. In conjunction with refinancing of SEK 1,100 M during the second quarter, the loans were increased by SEK 12 M. Net debt was calculated according to a new definition, from the first quarter of 2014, as interest-bearing liabilities for borrowing less cash and cash equivalents. Accordingly, net debt does not include pensions, leasing, derivatives and similar obligations. The new definition entails only a marginal impact on the net debt calculation. Comparative figures have been recalculated for earlier periods.

Employees

The number of employees at the end of the year was 2,235 (2,541) and the average number of employees during the year was 2,504 (2,535).

The number of employees at year-end fell, mainly due to the structural changes in Denmark decided in the fourth quarter.

Mekonomen Group has well-developed HRM (Human Resource Management) work that includes equal opportunities plans, action programmes against discrimination in the workplace, clear goals and goal follow-ups, reporting and explicit segregation of responsibilities.

Multi-faceted organisation

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

Employee surveys

The Group's employee surveys include questions on job satisfaction and working conditions and opportunities for individual employees to influence their work situations. Since the employee survey captures opinions from all employees, the results can be used at various levels to make improvements throughout the operations, all the way from an overall level down to individual group/unit level. Employee surveys are carried out every two years, and the most recent survey took place in 2013.

Training – ProMeister Academy

Competency and development activities conducted in Mekonomen Group are targeted to not only meet current needs but also to meet future challenges in tomorrow's society: non-fossil cars, a service society, urbanisation and shared economy. In this way, Mekonomen Group can ensure future competitiveness for the Group and the skills of individual employees in proprietary and affiliated workshops. A fundamental method at Mekonomen Group is capitalising on the competencies found in the Group and developing them by providing continuing professional development and opportunities for new challenges at the Group. Internal recruitment within and between Group companies is highly successful.

The ProMeister Academy assures quality and ensures the skills of our mechanics in all of the Group's workshop chains. More than 1,400 mechanics have received further training at the ProMeister Academy since it was founded in 2013.

Remuneration of senior executives

Remuneration of senior executives is presented in Note 5. The Board of Directors will propose the following guidelines for remuneration of senior executives to the 2015 Annual General Meeting.

The Board considers it very important to ensure that there is a clear link between remuneration and the Group's values and financial goals in both the short and the long term. The Board's proposals for guidelines for remuneration entail that the company is to offer market-based remuneration that allows the Group to recruit and retain the right executives, and entail that the criteria for determining remuneration is to be based on the significance of work duties and employees' competencies, experience and performance. Remuneration is to comprise:

- fixed basic salary
- variable remuneration
- pension benefits
- other benefits and severance pay

The guidelines encompass Group Management, which currently comprises seven individuals including the President.

Remuneration is determined by the Board's Remuneration Committee. However, remuneration of the President is determined by the Board in its entirety.

The company is to offer an attractive basic salary in the market, in the form of a fixed cash monthly salary. This comprises remuneration for dedicated work performance at a high professional level that creates added value for Mekonomen's customers, owners and employees.

In addition to basic salary, short-term and long-term variable cash remuneration is to be offered, both of which are based on fulfilment of Mekonomen's goals for:

- the Group's earnings, and
- individual qualitative parameters.

The distribution between basic salary and variable remuneration is to be proportionate to the senior executive's responsibilities and authorities.

The short-term variable remuneration is maximised to a certain percentage of fixed annual salary. The percentage is linked to the position of each individual and varies between 33 and 65 percentage points for members of Group Management.

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 outside Sweden. For the President, pension provisions according to the employment agreement are paid in an amount corresponding to 29 per cent of basic salary. Pensionable salary comprises basic salary. The period of notice is 12 months if employment is terminated by the company, and six months if terminated by the employee. In addition, severance pay of a maximum of 12 months salary may be paid in the event of termination of employment by the company.

Furthermore, a long-term variable remuneration programme was adopted by the 2014 Annual General Meeting. The long-term variable remuneration is to be calculated on the Group's profit for the 2014-2016 financial years. A number of selected, business-critical senior executives will be offered the opportunity to participate in this long-term programme, in addition to the seven members of Group Management. The criteria for determining the variable remuneration portion for each individual is decided by the Board's Remuneration Committee, and for the President by the Board in its entirety. The company's total cost for the long-term programme may amount to a maximum of SEK 24 M for the entire period. Furthermore, an additional requirement to the above is that the average price paid for the Mekonomen share on Nasdaq Stockholm on the last trading day in December 2016 is to exceed the Nasdaq Stockholm PI index for the programme period.

The right to receive variable remuneration expires if the senior executive resigns (before payment).

Sensitivity analysis

Mekonomen Group'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. Imports are primarily made from Europe, where the currencies largely consist of EUR, SEK and NOK. Purchases in EUR comprised approximately 33 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. NOK and DKK impact internal sales from Mekonomen Grossist AB and from MECA CarParts AB to each country and profit for the year in Norway and Denmark. Risk exposure to DKK will reduce during 2015 due to restructuring in Denmark. Refer to Note 38 for more detailed information on how the Group manages currency risk.

Factors pertaining to profit before tax		Impact, SEK M[1]
Sales volumes	+1%	31
Exchange-rate fluctuations		
– NOK	+1%	8
– EUR	+1%	-8
– DKK	+1%	-1
Gross margin	plus 1 percentage point	58
Personnel costs	+1%	-15
Interest rate[2]	+1%	-7

[1] All things being equal, profit before tax for the 2014 financial year.
[2] The effect is based on the Group's net debt of SEK 1,629 M as per 31 December 2014 adjusted for the interest-rate swap of SEK 950 M valid until 10 March 2015.

Risks and uncertainties

Competition

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

Competition in 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 Group 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 Group competes with a large number of players from various industries, such as petrol stations, the convenience-goods trade, stores for products for children, stores for accessories for pets, electronic chains, etc.

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 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 central warehouses would have a major impact on the service to the Group's customers.

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

Shrinkage
The Group'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 Group, 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 Group is exposed to currency, credit, interest-rate and liquidity risks. Refer to Note 38 for a description of the financial risks identified and managed by Mekonomen Group.

Parent Company and "Other"
The Parent Company's operations comprise mainly Group Management and finance management. The Parent Company's loss after net financial items amounted SEK 37 M (loss: 41), excluding impairment of participations in subsidiaries of SEK 486 M (0) and excluding dividends of SEK 888 M (114) from subsidiaries. The average number of employees was 15 (13). During the year, Mekonomen AB (publ) sold products and services to Group companies totalling SEK 42 M (45).

"Other" comprises Mekonomen AB (publ), M by Mekonomen, the purchasing company in Hong Kong, Meko Service Nordic, the joint venture in Poland (Intermeko Europe) as well as Group-wide functions and eliminations. Meko Service Nordic is a new unit within Mekonomen Group, which operates slightly more than 20 proprietary workshops under the Mekonomen Service Centre and Speedy concepts. Therefore, Mekonomen BilLivet and Speedy were transferred from the Mekonomen Nordic segment to Meko Service Nordic from 1 January 2014. The comparative figures have been recalculated. Operating loss for "Other" amounted to SEK 36 M (loss: 19).

Environment
The Group does not conduct any operations that require permits according to the Swedish Environmental Code. The Group's environmental impact in the Nordic region takes place in the areas of energy, transportation and chemicals handling. Our wholesale facilities, proprietary stores and workshops in MECA Sweden and Norway and Mekonomen Sweden have achieved the most with their environmental work, for example, all of these facilities hold ISO 14001 certification. The proprietary operations in Mekonomen in Sweden have gone one step further with by securing both healthy and safety and quality certification (OHSAS 18001 and ISO 9001).

Environmental activities comprise analyses of the most significant environmental impact of the operations, and include environmental policies, certified environmental management systems and environmental manuals that describe procedures, follow-up and responsibilities. The environmental management system is reviewed by an external party every year and environmental goals and follow-up procedures are set for each financial year.

Events after the end of the year
A decision was made on changes to Group Management after the end of the financial year. As of 12 February 2015, Group Management comprises the following individuals:

Håkan Lundstedt, President and CEO of Mekonomen AB
Marcus Larsson, Executive Vice President, Mekonomen AB
Morten Birkeland, CEO, Sørensen og Balchen
Per Hedblom, CFO, Mekonomen AB.
Magnus Johansson, CEO, Mekonomen Nordic
Pehr Oscarson, CEO, MECA
Gunilla Spongh, International Business Director, Mekonomen AB.

As announced in a press release on 17 March 2015, Mekonomen's President and CEO Håkan Lundstedt has informed the Board of Directors of Mekonomen that he intends to leave his position. He will remain in his current role during his period of notice. The process to find a new President and CEO for Mekonomen will commence immediately and will be led by the Chairman of Mekonomen, Fredrik Persson.

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

Future development
The Nordic market showed some increase in the fourth quarter and expectations for 2015 are for a somewhat stronger market, driven by such factors as lower fuel prices.

In 2015, the focus will be on continued initiatives in the Group's affiliated workshops and the development of the workshop concepts, an increased share of ProMeister sales and the expansion of ProMeister Academy. Coordination of central functions, with further efficiency enhancement, is also a focus area.

The share
Share capital and ownership structure
As per 31 December 2014, the share capital of Mekonomen AB (publ) amounted to SEK 90 M (90) and comprised 35,901,487 shares (35,901,487) at a quotient value of SEK 2.50 per share (2.50). Each share carries 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 shares 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 15 largest shareholders as per 30 December 2014, refer to the table on page 27.

Authorisation

The Annual General Meeting resolved in April 2014 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 under this authorisation.

Dividend policy

It is the Board's intention that Mekonomen Group will pay dividends corresponding to not less than 50 per cent of profit after tax. When determining future dividends, consideration is primarily given to investment needs, but other factors deemed significant by the Board are also considered.

Shareholder agreements

As far as the Board of Mekonomen AB (publ) 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 AB (publ) is aware, there are no agreements or similar that may result in a change in the control of the company.

Share dividends

The Board proposes a dividend of SEK 7.00 (7.00). The Board proposes 16 April 2015 as the record day for the dividend. If the Annual General Meeting resolves to approve the proposal, the dividend will be paid on 21 April 2015.

Board of Directors' work 2014

The Annual General Meeting on 8 April 2014 resolved that the Board was to 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 Kenneth Bengtsson, Kenny Bräck, Helena Skåntorp and Marcus Storch and to elect Caroline Berg and Christer Åberg as new Board members. Antonia Ax:son Johnson and Anders G Carlberg declined re-election at the 2014 Annual General Meeting.

During 2014, the Board held 12 (8) meetings, of which one was a statutory meeting. The Board meetings during the year addressed the fixed items of each meeting agenda, such as business situation, financial reporting and investments. Other issues discussed by the Board during the year were strategy, market trends and structural changes to the Danish operations.

The Board has established a Remuneration Committee and an Audit Committee. The Committees' work mainly comprises preparing issues and providing consultation, although the Board can delegate authority to make decisions in specific cases. The members and Chairmen of the Committees are appointed at the statutory Board meeting held directly after the election of Board members. For more information, refer to pages 36 and 37.

Auditors

The auditors of the company are elected annually at the Annual General Meeting. According to a resolution of the Annual General Meeting, auditors' fees are paid according to approved invoices. The Group's auditors report to the Board as required, but at least once a year. The Group's external auditors also participate at the meetings of the Audit Committee.

At the 2014 Annual General Meeting, PricewaterhouseCoopers AB (PwC), with Authorised Public Accountant Lennart Danielsson as Auditor in Charge, was elected as the auditing firm until the 2015 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	1,610,090
Profit for the year	734,117
TOTAL	**2,344,207**

The Board of Directors and President propose that profits be distributed as follows:	
Dividend to shareholders (SEK 7.00 per share)	251,310
To be carried forward	2,092,897
TOTAL	**2,344,207**

The Board's statement concerning the proposed dividend

Following the proposed dividend, the Parent Company's equity/assets ratio will amount to 53 per cent and the Group's equity/assets ratio to 35 per cent calculated on the balance-sheet date of 31 December 2014. The equity/assets ratio is satisfactory considering that the company's and the Group's operations are continuing to operate profitably, which means that the equity/assets ratio following dividend payment in April 2015 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. Taking into account the above and other circumstances known to the Board, the Board believes that a comprehensive assessment of the company's and Group's financial position entails that this dividend is justified taking into consideration the demands imposed by the nature, scope and risks of the operations on the amount of equity in the company and the Group, and the other consolidation requirements, liquidity and position of the company and the Group operations.

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

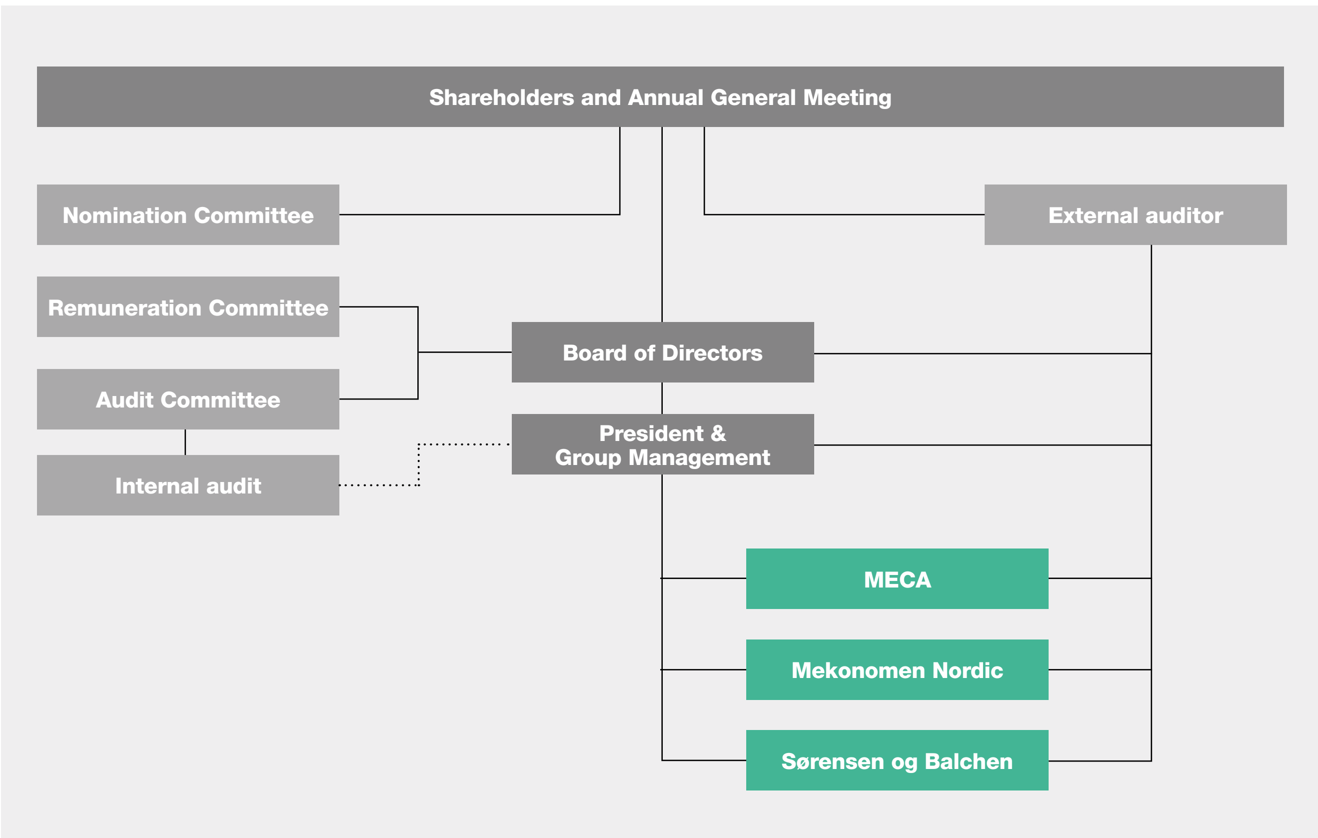
Corporate Governance Report

Principles for corporate governance
Mekonomen Group comprises approximately 200 companies that conduct business operations primarily in Sweden, Norway, Denmark and Finland. The Parent Company of the Group is the Swedish public limited liability company Mekonomen AB, whose shares are listed on the Nasdaq Stockholm. Mekonomen Group's corporate governance concerns how the operations are governed, managed and controlled in order to create value for the company's shareholders and other stakeholders. The aim of corporate governance is to create the conditions for active and responsible company bodies, to clarify roles and segregation of responsibilities and to ensure true and fair reporting and information.

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

External regulations	Internal regulations
Swedish Companies Act	Articles of Association
Annual Accounts Act	Board's rules of procedure
Other relevant laws	Board's instruction for the President
Nasdaq Stockholm AB's Rule book for issuers	Policies, guidelines and instructions
Swedish Corporate Governance Code (the Code)	Code of Conduct and Core Values

Mekonomen Group applies the Swedish Corporate Governance Code and applied the Code without any deviations in the 2014 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

The Mekonomen share has been listed on the Nasdaq Stockholm, Mid Cap segment since 29 May 2000. Share capital amounted to SEK 89,753,718 on 31 December 2014, represented by 35,901,487 shares. The total market value for the company on 31 December 2014 amounted to SEK 7.3 billion, based on the closing price of SEK 204.00. All shares provide the same voting rights and equal rights to the company's profit and capital. The company's Articles of Association do not include any restrictions on how many votes each shareholder can cast at a General Meeting.

The number of shareholders on 31 December 2014 was 9,664 (8,355). On the same date, the ten largest shareholders controlled 57.4 per cent (56.0) of the capital and voting rights and the participation of foreign owners accounted for 28.0 (33.4) 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 on 31 December 2014 amounted to 26.5 per cent (26.5). For further information on Mekonomen's shares and shareholders, refer to pages 26-27.

General Meetings

The General Meeting is Mekonomen Group's highest governing body, at which every shareholder is entitled to participate. The Annual General Meeting is to 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., is 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 aim that the General Meeting be a consummate body for shareholders, in accordance with the intentions of the, for example, the Swedish Companies Act, which is why the objective is that the Board in its entirety, the representative of the Nomination Committee, the President, auditors and other management executives must always be present at the Meeting.

Annual General Meeting 2014

The Annual General Meeting was held in Stockholm on 8 April 2014. 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 a dividend of SEK 7.0 per share to shareholders
- to discharge the members of the Board and the President from liability
- that the number of members of the Board elected by the Annual General Meeting be seven with no deputy members
- to pay total Board fees of SEK 1,950,000, 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. Furthermore, fees for Committee work are to be paid as follows: SEK 60,000 to the Chairman of the Audit Committee, SEK 35,000 to each of the other members of the Audit Committee, SEK 35,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee.
- to re-elect Fredrik Persson as Chairman of the Board
- to re-elect Board members Kenneth Bengtsson, Kenny Bräck, Helena Skåntorp and Marcus Storch and elect Caroline Berg and Christer Åberg as new Board members
- to elect the auditing firm of PricewaterhouseCoopers AB as the company's auditor for the period until the close of the 2015 Annual General Meeting.
- to adopt proposals for guidelines regarding the composition of the Nomination Committee
- to adopt the Board's proposals for guidelines regarding remuneration of 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.

2015 Annual General Meeting

The Annual General Meeting will be held at 3:00 p.m. on 14 April 2015 at Courtyard by Marriott in Stockholm, Sweden.

Nomination Committee

In accordance with the guidelines established at the Annual General Meeting on 8 April 2014, Mekonomen Group has established a Nomination Committee. The company is to have a Nomination Committee comprising four members. The four largest shareholders of the company were contacted by the company's Board based on the list of registered shareholders on 31 August 2014 as provided by Euroclear Sweden AB.

Prior to the 2015 Annual General Meeting, the Nomination Committee consists of Alexandra Mörner representing the Axel Johnson AB Group, Anna Ohlsson-Leijon representing SEB fonder, Arne Lööw representing the Fjärde AP-fonden, and Annika Andersson representing Swedbank Robur fonder. Alexandra Mörner was elected Chairman of the Nomination Committee. Mekonomen's Chairman, Fredrik Persson, was co-opted to the Nomination Committee. Fees are not paid to members of the Nomination Committee.

In accordance with the Swedish Corporate Governance Code, the Nomination Committee is to have at least three members, one of whom is to be appointed Chairman. The majority of these members are to be independent in relation to the company and company management and at least one of the Nomination Committee members is to be independent in relation to the company's largest shareholders in terms of the number of votes. Mekonomen Group's Nomination Committee comprises four members, all of whom are deemed to be independent in relation to the company and company management. Mekonomen Group's Nomination Committee also meets other independence requirements.

The Nomination Committee's task is to present proposes to the Annual General Meeting concerning:

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

In conjunction with its task, the Nominating Committee is to perform the duties incumbent on nomination committees in accordance with the Swedish Corporate Governance Code, and at the request of the Nomination Committee, the company is to provide human resources, such as a secretary function for the Committee, to facilitate its work. If necessary, the company is also to pay reasonable costs for external consultants deemed necessary by the Nomination Committee for it to perform its duties.

Mekonomen Group 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 is to comprise three to seven members and not more than three deputy members. The company's Articles of Association have no specific provisions relating to the appointment and discharge of Board members or amendments to the Articles of Association. The Board of Directors is to be elected annually at the Annual General Meeting.

The Annual General Meeting on 8 April 2014 resolved that the Board was to 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 Kenneth Bengtsson, Kenny Bräck, Helena Skåntorp and Marcus Storch and to elect Caroline Berg and Christer Åberg as new Board members. Antonia Ax:son Johnson and Anders G Carlberg declined re-election at the 2014 Annual General Meeting.

All ordinary members are independent in relation to the company and its management in accordance with the definition in the Swedish Corporate Governance Code. Four of the Board members are independent also in relation to major shareholders. The President is not a member of the Board and neither is any other member of Group Management. See also the table on page 40.

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 with 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 is to also make decisions pertaining to strategic issues. The Board held 12 meetings in 2014, of which one was a statutory meeting. The minutes of the meetings were recorded by the Board's secretary, who is the Group'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 participated in Board Meetings in a reporting capacity, as necessary. No dissenting opinions to be recorded in the minutes were expressed at any of the meetings during the year. The Board meetings during the year addressed the fixed items of each meeting agenda, such as business situation, financial reporting and investments. Other issues discussed by the Board during the year were strategy, market trends and structural changes to the Danish operations. 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 aim was to devote particular attention to establishing overall goals for the operations and decide on strategies by which to achieve these goals and to continuously evaluate the operating management, with the aim of ensuring the company's governance, management and control. The Board strives to ensure that functioning systems are in place 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 President, 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 President and authorisation regulations.

The Board evaluates its work every year and it is the duty of the Chairman of the Board to ensure that evaluation is performed. In 2014, the Chairman organised a written questionnaire for all Board members. The collective opinion based on the 2014 evaluation is that the Board's work functioned well and that the Board fulfilled the Code's requirements regarding assignment of the Board.

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. Furthermore, fees for Committee work are to be paid as follows: SEK 60,000 to the Chairman of the Audit Committee, SEK 35,000 to each of the other members of the Audit Committee, SEK 35,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee.

Board Committees

The Board has established a Remuneration Committee and an Audit Committee. The Committees' work mainly comprises preparing issues and providing consultation, although the Board can delegate authority to make decisions in specific cases. The members and Chairmen of the Committees are appointed at the statutory Board meeting held directly after the election of Board members.

Audit Committee

The Audit Committee's main duties comprise:

- Monitoring the company's financial reporting and the effectiveness of the company's internal control, internal audit and risk management regarding the financial reporting
- Performing annual risk analyses together with the President and Group CFO to govern the resources of the internal audit towards key risk areas
- Preparing an audit plan for the Board for both the external and internal audit, and ensuring coordination between these two audits
- Evaluating the work of the external auditors
- Preparing guidelines for the other non-audit services that the company may procure from the company's auditors and, where necessary, grant pre-approval when the company's auditors are engaged for assignments other than audit assignments.
- Evaluating the objectivity and independence of the external auditors
- Supporting the Nomination Committee by providing proposals on election of external auditors and fees to auditors

The Audit Committee comprises three Board members: Helena Skåntorp (Chairman), Kenneth Bengtsson and Christer Åberg.

The Audit Committee held four meetings in 2014 and all members were present at these meetings. The Group's external auditors and the Group's CFO and Head of internal audit also participated at the meetings.

Remuneration Committee

The task of the Remuneration Committee is to discuss, decide on and present recommendations on the salaries, other employment terms and incentive programmes for company management. However, the Board in its entirety determines the remuneration and other employment terms for the President. The work of the Remuneration Committee is based on resolutions by the Annual General Meeting pertaining to guidelines for remuneration of senior executives.

From 8 April 2014, the Remuneration Committee comprised Fredrik Persson (Chairman), Marcus Storch and Caroline Berg. The President, Håkan Lundstedt, was co-opted to the Remuneration Committee. The Remuneration Committee held two meetings in 2014 prior to 8 April, and all members were present at these meetings. In addition, the President of the company, Håkan Lundstedt, was present at one of these meetings.

Company management

President's assignment

The President 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 Group's President and 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 Group.

Company management

A more detailed presentation of company management is found on page 41.

Remuneration of senior executives

It is considered very important to ensure that there is a clear link between remuneration and the Group's values and financial goals in both the short and the long term. The guidelines for remuneration of senior executives approved by the 2014 Annual General Meeting entail that the company is to offer market-based remuneration that allows the Group to recruit and retain the right executives, and entail that the criteria for determining remuneration is to be based on the significance of work duties and employees' competencies, experience and performance.

Remuneration is to comprise:

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

The guidelines encompass Group Management, which comprised five individuals including the President in 2014. Remuneration is determined by the Board's Remuneration Committee. However, remuneration of the President is determined by the Board in its entirety.

Mekonomen Group's Board of Directors makes decisions pertaining to remuneration of the President Håkan Lundstedt. The President has a fixed cash basic salary per month and a short-term cash variable salary portion, which is based on the company's earnings and individual qualitative parameters and that can amount to a maximum of 60 per cent of the basic annual salary. Under the pension terms, payment of pension premiums is made in the amount corresponding to 29 per cent of basic salary. Other benefits consist of a company car. The period of notice is 12 months if employment is terminated by the company, and six months if terminated by the President. If termination is initiated by the company, severance pay amounting to six months' salary is paid.

The distribution between basic salary and variable remuneration is to be proportionate to the senior executive's responsibilities and authorities. The short-term variable remuneration for other senior executives is based on the Group's earnings and on individual qualitative parameters and can amount to a maximum of 33 percentage points of 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 outside Sweden. Pensionable salary comprises basic salary. The period of notice is 12 months if employment is terminated by the company, and six months if terminated by the employee. Severance pay for termination on the part of the company may amount to a maximum of one annual salary.

At the 2014 Annual General Meeting, it was also resolved that Group Management and a number of selected, business-critical senior executives may receive long-term variable remuneration from the company. The criteria for determining the variable remuneration portion for each individual is decided by the Board's Remuneration Committee, and for the President by the Board in its entirety. The long-term variable remuneration is to be profit-based and calculated on the Group's earnings for the 2014-2016 financial years. The entire bonus programme, as an expense for the company, is to amount to a maximum of SEK 24 M for the period. Furthermore, an additional requirement to the above is that the average price paid for the Mekonomen share on Nasdaq Stockholm on the last trading day in December 2016 is to exceed the Nasdaq Stockholm PI index for the programme period. The right to receive variable remuneration expires if the senior executive resigns (before payment). No bonus was reserved as per 31 December 2014 pertaining to this bonus programme.

Other than the above, the Board has not decided on any other share or share-price based incentive programs 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 President's management of the company. At the 2014 Annual General Meeting, PricewaterhouseCoopers AB (PwC), with Authorised Public Accountant Lennart Danielsson as Auditor in Charge, was appointed as the auditing firm until the 2015 Annual General Meeting. PwC has an organisation comprising broad and specialised competency that is well-suited to Mekonomen Group's operations. In addition to Mekonomen Group, Lennart Danielsson is the Auditor in Charge of SWECO AB and Studsvik AB.

PwC submits an auditor's report for Mekonomen AB (publ.) and for the company's subsidiaries. The auditors also perform a review of the third-quarter interim report.

The audit is conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The audit of annual report documents for legal entities outside Sweden is conducted in accordance with statutory requirements and other applicable rules in each country.

Fees to auditors, SEK M	2014	2013
PwC		
Fees for audit assignments	6	0
Audit-related services other than the audit assignment	0	0
Tax advice	0	0
Other services	0	0
Total fees to PwC	**6**	**0**
Deloitte		
Fees for audit assignments	0	7
Audit-related services other than the audit assignment	0	0
Tax advice	0	0
Other services	0	0
Total fees to Deloitte	**0**	**7**

Reporting and audit

Reporting

The Board supervises the quality of the financial reporting through instructions to the President. It is the President's duty, jointly with the Group's CFO, to review and quality-assure 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 rules of procedure decided annually by the Board include detailed instructions on, for example, the financial reports and the type of financial information to be submitted to the Board. In addition to financial statements, interim reports and annual reports, the Board examines and evaluates comprehensive financial information that pertains to the Group as a whole and to the various units included in the Group.

The Board also examines, primarily through the Board's Audit Committee, the most significant accounting policies applied to the financial reporting by the Group, and significant changes to policies in the reporting. The Audit Committee's duties also include examining internal and external audit reports regarding internal control and the processes for financial reporting.

The Group's external auditors report to the Board as required, but at least once a year. At at least one of these meetings, the President and CFO leave after presenting their formal reports to enable Board members to conduct discussions with auditors without the participation of senior executives. The Group's external auditors also participate at the meetings of the Audit Committee. The Audit Committee reports back to the Board after every meeting. All Audit Committee meetings are minuted and the minutes are available for all Board members and the auditors.

Internal control

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

Control environment

The control environment represents the basis for the internal control over 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 work is to prepare and approve a number of fundamental policies, guidelines and frameworks. These include the Board's rules of procedure, Instructions for the President, 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 goal 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 figures, comments pertaining to the business status of each operation and also quarterly forecasts for future periods. The Board has established an Audit Committee to assist the Board specifically in the financial reporting. To help strengthen the internal control, Mekonomen Group has prepared a financial handbook that provides an overall view 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 Mekonomen Group's operations. In addition to the financial handbook, there are instructions that provide guidance on daily work in stores and the rest of the organisation, for example, pertaining to stock taking and cash-register reconciliation, etc.

Risk assessment

Mekonomen Group 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 start-ups and acquisitions.

Control activities

Risks of errors in the financial reporting are reduced through a high level of internal control over the financial reporting, with specific focus on significant areas defined by the Board. 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 stock-taking in warehouses and stores.

Internal audit

Mekonomen Group 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 over the financial reporting. The function works throughout the Group. The Head of the internal audit reports to the Audit Committee, the President and the CFO and informs management in each business area and other units on the results of the audits performed.

Information and communications

Policies and guidelines are particularly important for accurate accounting, reporting and dissemination of information. Policies and guidelines on the financial process are continuously updated at Mekonomen Group. Such updates mainly take place in each Group function for the various operations through e-mails, but also at regular CFO meetings in which representatives from the Group finance function participate. For communication with internal and external parties, a communications policy is in place 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 of financial position with each Head of Operations. Group finance function also cooperates closely with the CFOs and controllers of Group companies on matters pertaining to accounting 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
- Information about the Nomination Committee
- Information about principles of remuneration of senior executives
- The Board's evaluation of guidelines for remuneration of programmes for variable remuneration
- Corporate Governance Reports from 2006
- Information about the 2015 Annual General Meeting

Board of Directors

						
Fredrik Persson	**Marcus Storch**	**Caroline Berg**	**Kenneth Bengtsson**	**Kenny Bräck**	**Helena Skåntorp**	**Christer Åberg**
Board position						
Chairman of the Board. Chairman of Mekonomen's Remuneration Committee.	Executive Vice Chairman. Member of Mekonomen's Remuneration Committee.	Board member. Member of Mekonomen's Remuneration Committee.	Board member. Member of Mekonomen's Audit Committee.	Board member.	Board member. Chairman of Mekonomen's Audit Committee.	Board member. Member of Mekonomen's Audit Committee.
Role						
President and CEO of Axel Johnson AB.				Self-employed.	President of Lernia AB.	President of Orkla Confectionery & Snacks.
Education						
Graduate in Business Administration, The Stockholm School of Economics and studies at Wharton School, US.	Graduate Engineer, Royal Swedish Institute of Technology, Stockholm, Medicine Dr h.c.	B.A. Media/Communication and psychology, Middlebury College, Vermont, US.	Upper secondary school education and training in the ICA system.	Upper secondary school education.	Graduate in Business Administration, Stockholm University.	IHM Business School Stockholm and training courses at Unilever.
Elected in						
2006	2006	2014	2013	2007	2004	2014
Born						
1968	1942	1968	1961	1966	1960	1966
Other assignments						
Chairman of the Board of Axfood AB (publ), Axstores AB and the Swedish Trade Federation. Vice Chairman of Martin & Servera AB. Board member of Axel Johnson International AB, Lancelot Asset Management, the Confederation of Swedish Enterprise and Electrolux AB.	Chairman of the Board of Storch & Storch AB and KEBRIS AB. Board member of Axel Johnson AB, Investment AB Öresund, as well as 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 the Board of the Erik and Göran Ennerfelt Foundation for International Studies for Young Swedes. Vice Chairman of Axel Johnson AB. Board member of AxFast AB, Axfood AB (publ), Axstores AB, Åhléns AB and Stockholm School of Economics Advisory Board.	Chairman of the Board of Ahlsell AB (publ), Clas Ohlson AB (publ), Ersta diakoni, Eurocommerce, Suomen Lähikauppa Oy, Systembolaget, Junior Achievement Sweden and World Childhood Foundation. Board member of Synsam.	Minority owner and Board member of Motorsport Auctions Ltd.	Board member of 2E Group AB and Bemanningsföretagen. Chairman of the Board of a number of Lernia AB subsidiaries, and Chairman of the Board and President of Skåntorp & Co AB.	Board member of AB Svenska Spel.
Work experience						
ABB's financial operations. Head of Analysis at Aros Securities. Employed by the Axel Johnson Group since 2000. Former Deputy CEO and CFO of Axel Johnson AB. President of Axel Johnson AB since 2007.	President and CEO of AGA.	Employed at Axel Johnson AB since 2005, most recently as Vice President Human Resources and Communications and member of Group Management 2006-2014. Prior to that, many years of experience in film, television, and media in Sweden and the US.	Employed at ICA for more than 30 years, 11 of which as CEO.	Former professional racing driver.	Former President and CEO of SBC Sveriges BostadsrättsCentrum AB. President and CEO of Jarowskij, CFO of Arla, Authorised Public Accountant at Öhrlings/PwC.	President of Arla Foods AB, President of Atria Scandinavia AB, senior positions at Unilever.
Total remuneration, SEK						
435,000	325,000	275,000	285,000	250,000	310,000	285,000
Attendance at Board meetings						
12/12	12/12	9/9 (newly elected).	10/12	12/12	12/12	8/9 (newly elected).
Attendance at Audit Committee meetings						
–	–	–	4/4	–	4/4	4/4
Attendance at Remuneration Committee meetings						
2/2	2/2	0/0 (newly elected).	–	–	–	–
Own shareholdings and shareholdings of related parties						
1,000	None	None	2,000	1,000	2,000	2,500
Independent of the company/company management						
Yes	Yes	Yes	Yes	Yes	Yes	Yes
Independent of major shareholders						
No, dependent in relation to major shareholders of the company.	No, dependent in relation to major shareholders of the company.	No, dependent in relation to major shareholders of the company.	Yes	Yes	Yes	Yes

Antonia Ax:son Johnson and Anders G Carlberg declined re-election at the 2014 Annual General Meeting. Antonia Ax:son Johnson participated at one and Anders G Carlberg participated at two of the two meetings held prior to the Annual General Meeting.

Group Management

						
Håkan Lundstedt	**Gunilla Spongh**	**Per Hedblom**	**Marcus Larsson**	**Morten Birkeland**	**Magnus Johansson**	**Pehr Oscarsson**
Role						
President and CEO.	International Business Director.	CFO.	Executive Vice President.	President Sørensen og Balchen.	President Mekonomen Nordic.	President MECA Scandinavia.
Born						
1966	1966	1967	1970	1964	1972	1963
Education						
Upper secondary school education and training in the ICA, Orkla and Lantmännen systems.	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, School of Economics and Management, Lund University, FEM programme, IFL Sigtuna.	Degree in Economics, Oslo Business School.	Master of Science in Business and Economics, Lund University.	Technical upper secondary school, supplemented with short economics and management courses.
Employed						
2007	2007	2007	2003	2008	2014	2001
Work experience						
President of Lantmännen AXA AB, Cerealia Foods AB and Kungsörnen AB. Founder and Chairman of the Board of Gooh AB.	CFO of Mekonomen AB (publ), Finance Director of CashGuard AB, Finance Director of Enea AB (publ), Vice President Finance & Controlling Fresenius Kabi Parenteral Nutrition, Finance Manager of Electrolux Professional AB, Finance Manager of Electrolux Storkök AB.	Partner of Centigo, Associate Director of Arkwright, Consultant at Accenture, Invest in Sweden Agency.	Self-employed consultant, Head of Purchasing, Head of Business Development at Volkswagen Group.	Head of Marketing Nordic at Stabburet, Marketing Director and Operations Director at Intersport, Sales Director at Tine, Division Director at NetCom Commercial and Private markets, Group Director Sales and Marketing at ISS.	President of Coop Purchasing & Category, Acting President of Coop Marketing, Marketing Director at Lantmännen AXA, President of Lantmännen Cerealia.	Senior positions at MECA since 2001, President of Swecar AB.
Board appointments						
Board member of Dialect AB, Vanna AB, Intersport Sverige AB.	Board member of B&B Tools AB (publ), AQ Group AB (publ), Infranord AB.		Chairman of the Board of Intermeko Europe, Lasingoo Sverige AB and Lasingoo Norge AS.		Board member of A Healthy Generation Foundation. Board member of Intermeko Europe.	Chairman of Fresks Försäljnings AB and Gärdin & Persson AB. Deputy Chairman of Association of Swedish Wholesalers of Automotive Parts and Accessories (SBF). Board member of Oscarson Invest Aktiebolag.
Shares in Mekonomen						
53,100	6,000	1,000	3,000	0	1,500	2,000

During the 2014 financial year, Group Management comprises the following individuals: Håkan Lundstedt, Gunilla Spongh, Per Hedblom, Marcus Larsson and Nils-Erik Brattlund.

Consolidated income statement

SEK M	Note	2014	2013
Net sales	3	5,789	5,740
Other operating revenue		135	123
Total revenue		**5,924**	**5,863**
Operating expenses			
Goods for resale	18	-2,706	-2,632
Other external costs	4	-1,264	-1,187
Personnel costs	5	-1,427	-1,336
Depreciation and impairment of tangible fixed assets	6	-100	-83
Amortisation and impairment of intangible fixed assets	6	-152	-157
EBIT	7, 10	**274**	**469**
Financial income and expenses			
Interest income		5	9
Interest expenses		-45	-52
Other financial items	10	16	4
Profit after financial items		**250**	**429**
Tax on profit for the year	11	-123	-114
Profit for the year		**127**	**315**
Profit for the year attributable to:			
Parent Company's shareholders		120	307
Non-controlling interests		7	8
Total profit for the year		**127**	**315**
Earnings per share attributable to Parent Company's shareholders, SEK[1]		3.34	8.56
Average number of shares[1]		35,901,487	35,901,487

[1] No dilution is applicable. For further information on data per share, refer to pages 26-27.

Consolidated statement of comprehensive income

SEK M	Note	2014	2013
Profit for the year		**127**	**315**
Other comprehensive income:			
Components that will not be reclassified to profit for the year:			
- Actuarial gains and losses		-7	5
Components that may later be reclassified to profit for the year:			
- Exchange-rate differences from translation of foreign subsidiaries		-20	-128
- Cash-flow hedging [1]		0	-1
Other comprehensive income, net after tax[2]		**-27**	**-124**
Comprehensive income for the year		**100**	**191**
Comprehensive income for the year attributable to			
Parent Company's shareholders		93	183
Non-controlling interests		7	8
		100	**191**

[1] Holding of financial interest rate derivatives for hedging purposes, valued according to level 2 defined in IFRS 13.
[2] For information about tax recognised directly against items in other comprehensive income, refer to Note 16.

Consolidated balance sheet

SEK M	Note	31 December 2014	31 December 2013
ASSETS			
Fixed assets			
Intangible fixed assets	13		
Goodwill		1,862	1,856
Brands		328	325
Franchise contracts		27	32
Customer relations		538	599
Capitalised expenditure for IT systems		57	69
Total intangible fixed assets		**2,813**	**2,881**
Tangible fixed assets			
Improvement costs, third-party property	14	38	42
Equipment and transport	15	163	207
Total tangible fixed assets		**201**	**249**
Financial fixed assets			
Deferred tax assets	16	55	23
Investments accounted for using the equity method	28	3	–
Other financial fixed assets	12, 17	62	75
Total financial fixed assets		**120**	**98**
Total fixed assets		**3,134**	**3,228**
Current assets			
Goods for resale	18	1,223	1,213
Current receivables	12, 19, 20	769	724
Cash and cash equivalents	12, 21	258	279
Total current assets		**2,250**	**2,216**
TOTAL ASSETS		5,384	5,444

Consolidated balance sheet

SEK M	Note	31 December 2014	31 December 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	29		
Share capital		90	90
Other capital contributions		1,456	1,456
Reserves		-145	-125
Profit brought forward including profit for the year		665	807
Total shareholders' equity attributable to Parent Company's shareholders		**2,066**	**2,228**
Non-controlling interest		14	12
Total shareholders' equity		**2,080**	**2,240**
Long-term liabilities			
Liabilities to credit institutions, interest-bearing	12, 22	1,397	1,660
Deferred tax liabilities	16	168	211
Provisions	23	10	1
Total long-term liabilities		**1,575**	**1,872**
Current liabilities			
Liabilities to credit institutions, interest-bearing	12, 22	495	276
Tax liabilities		96	63
Other current liabilities, non-interest-bearing	12, 24, 25	1,016	993
Provisions	23	121	–
Total current liabilities		**1,728**	**1,332**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,384**	**5,444**
Memorandum items			
Pledged assets	26	3	8
Contingent liabilities	26	62	22

Consolidated statement of changes in equity

SEK M	Share capital	Other capital contributions	Reserves	Profit brought forward	Total attributable to Parent Company's owners	Non-controlling interest	Total shareholders' equity
OPENING BALANCE ON 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 that will not be reclassified to profit for the year:							
– Actuarial gains and losses				5	**5**		**5**
Components that may later be reclassified to profit for the year:							
– Exchange-rate differences from translation of foreign subsidiaries			-128		**-128**		**-128**
– Cash-flow hedging[1]			-1		**-1**		**-1**
Other comprehensive income, net after tax[2]			**-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 ON 31 DECEMBER 2013	**90**	**1,456**	**-125**	**807**	**2,228**	**12**	**2,240**
OPENING BALANCE ON 1 JANUARY 2014	**90**	**1,456**	**-125**	**807**	**2,228**	**12**	**2,240**
Comprehensive income for the year:							
Profit for the year				120	**120**	7	**127**
Other comprehensive income:							
Components that will not be reclassified to profit for the year:							
– Actuarial gains and losses				-7	**-7**		**-7**
Components that may later be reclassified to profit for the year:							
– Exchange-rate differences from translation of foreign subsidiaries			-20		**-20**		**-20**
– Cash-flow hedging[1]			0		**0**		**0**
Other comprehensive income, net after tax[2]			**-20**	**-7**	**-27**	**0**	**-27**
Comprehensive income for the year			**-20**	**113**	**93**	**7**	**100**
Dividends				-251	**-251**	-11	**-262**
Acquisition/divestment of non-controlling interests				-4	**-4**	6	**2**
CLOSING BALANCE ON 31 DECEMBER 2014	**90**	**1,456**	**-145**	**665**	**2,066**	**14**	**2,080**

[1] Holding of financial interest rate derivatives for hedging purposes, valued according to level 2 defined in IFRS 13.
[2] For information about tax recognised directly against items in other comprehensive income, refer to Note 16.

Consolidated cash-flow statement

SEK M	Note	2014	2013
Operating activities			
Profit after financial items		250	429
Adjusted for items not affecting liquidity	31	461	235
		711	**664**
Tax paid		-160	-139
Cash flow from operating activities before changes in working capital		**552**	**525**
Cash flow from changes in working capital			
Decrease (+) / increase (–) of inventories		-59	-43
Decrease (+) / increase (–) of receivables		-62	10
Decrease (–) / increase (+) of liabilities		-17	65
Increase (–) / decrease (+) in working capital		**-138**	**32**
Cash flow from operating activities		**413**	**557**
Investments			
Acquisition of subsidiaries	32	-63	-11
Divestment of subsidiaries	32	0	2
Acquisition of tangible fixed assets	14,15	-56	-43
Divestment of tangible fixed assets		6	0
Acquisition of intangible fixed assets	13	-19	-20
Acquisition of participations in associated companies and joint ventures	28	-3	–
Divestment of financial fixed assets		6	–
Increase (–) / decrease (+) of long-term receivables		8	18
Cash flow from investing activities		**-121**	**-54**
Financing activities			
Acquisition of non-controlling interests	32	-6	-8
Divestment of non-controlling interests	32	3	0
Change in overdraft facilities		227	34
Loans raised	22	12	–
Amortisation of loans		-284	-209
Dividends paid		-262	-259
Cash flow from financing activities		**-309**	**-442**
Cash flow for the year		**-17**	**61**
Cash and cash equivalents at the beginning of the year		**279**	**241**
Exchange-rate differences in cash and cash equivalents		-4	-23
Cash and cash equivalents at year-end	21	**258**	**279**

Interest received amounted to SEK 5 M (9) and interest paid amounted to SEK 45 M (52).

Income statement for the Parent Company

SEK M	Note	2014	2013
Net sales	3, 33	40	46
Other operating revenue		55	52
Total revenue		**95**	**98**
Operating expenses			
Goods for resale		-2	-8
Other external costs	4	-78	-66
Personnel costs	5	-44	-37
Depreciation/amortisation of tangible and intangible fixed assets	6	0	0
EBIT		**-29**	**-13**
Financial income and expenses			
Result from participations in Group companies	8	403	114
Interest income		42	25
Interest expenses		-50	-56
Other financial items	10	1	3
Profit after financial items		**365**	**73**
Appropriations	9	396	270
Profit before tax		**761**	**343**
Tax on profit for the year	11	-27	-51
Profit for the year		**734**	**292**

Statement of comprehensive income for the Parent Company

SEK M	Note	2014	2013
Profit for the year		**734**	**292**
Other comprehensive income:			
Components that may later be reclassified to profit for the year:			
– Exchange-rate differences, net investments in foreign operations		3	1
Total other comprehensive income, net after tax		**3**	**1**
Comprehensive income for the year		**737**	**293**

Balance sheet for the Parent Company

SEK M	Note	31 December 2014	31 December 2013
ASSETS			
Fixed assets			
Tangible fixed assets			
Improvement costs, third-party property	14	1	0
Equipment and transport	15	0	0
Total tangible fixed assets		**1**	**0**
Financial fixed assets			
Participations in Group companies	27	3,031	3,154
Receivables from Group companies		55	42
Deferred tax assets	16	53	–
Total financial fixed assets		**3,139**	**3,196**
Total fixed assets		**3,140**	**3,196**
Current assets			
Current receivables			
Accounts receivable		8	17
Receivables from Group companies[1)]		1,207	651
Tax assets		–	31
Other receivables		9	0
Prepaid expenses and accrued income	20	12	5
Total current receivables		**1,235**	**704**
Cash and cash equivalents[1)]	21	162	181
Total current assets		**1,397**	**885**
TOTAL ASSETS		**4,537**	**4,081**

[1)] A reclassification was made in the balance sheet regarding shared Group bank accounts. Comparative figures have been recalculated.

Balance sheet for the Parent Company

SEK M	Note	31 December 2014	31 December 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	29		
Restricted shareholders' equity			
Share capital		90	90
Statutory reserve		3	3
Total restricted shareholders' equity		**93**	**93**
Non-restricted shareholders' equity			
Fair value reserve		3	0
Profit brought forward		1,607	1,566
Profit for the year		734	292
Total non-restricted shareholders' equity		**2,344**	**1,858**
Total shareholders' equity		**2,437**	**1,951**
Untaxed reserves		**114**	**160**
Provisions	23	**0**	**1**
Long-term liabilities			
Liabilities to credit institutions	22	1,396	1,656
Total long-term liabilities		**1,396**	**1,656**
Current liabilities			
Overdraft facilities[1)]	22	355	127
Other liabilities to credit institutions	22	136	136
Accounts payable		7	6
Liabilities to Group companies		67	31
Current tax liabilities		4	–
Other liabilities		1	1
Accrued expenses and deferred income	25	19	13
Total current liabilities		**590**	**313**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,537**	**4,081**
Memorandum items			
Pledged assets	26	None	None
Contingent liabilities	26	79	64

[1)] A reclassification was made in the balance sheet regarding shared Group bank accounts. Comparative figures have been recalculated.

Statement of changes in shareholders' equity for the Parent Company

	Restricted shareholders' equity		Non-restricted shareholders' equity			
SEK M	Share capital	Statutory reserve	Fair value reserve	Share premium reserve	Profit brought forward	Total share-holders' equity
OPENING BALANCE ON 1 JANUARY 2013	**90**	**3**	**-1**	**651**	**1,167**	**1,910**
Profit for the year					292	292
Other comprehensive income:						
Components that may later be reclassified to profit for the year:						
– Exchange-rate differences, net investments in foreign operations			1			1
Total other comprehensive income			**1**			**1**
Comprehensive income for the year			**1**		**292**	**293**
Reversal according to appropriation of profit				**-651**	**651**	**0**
Transactions with shareholders						
Dividends					-251	-251
Other total transactions with shareholders					**-251**	**-251**
CLOSING BALANCE ON 31 DECEMBER 2013	**90**	**3**	**0**	**0**	**1,858**	**1,951**
OPENING BALANCE ON 1 JANUARY 2014	**90**	**3**	**0**	**0**	**1,858**	**1,951**
Profit for the year					734	734
Other comprehensive income:						
Components that may later be reclassified to profit for the year:						
– Exchange-rate differences, net investments in foreign operations			3			3
Total other comprehensive income			**3**			**3**
Comprehensive income for the year			**3**		**734**	**737**
Transactions with shareholders						
Dividends					-251	-251
Other total transactions with shareholders	**0**			**0**	**-251**	**-251**
CLOSING BALANCE ON 31 DECEMBER 2014	**90**	**3**	**3**	**0**	**2,341**	**2,437**

The number of shares as at 31 December 2014 amounted to 35,901,487 (35,901,487) with a quotient value of SEK 2.50 (2.50) per share.

Cash-flow statement for the Parent Company

SEK M	Note	2014	2013
Operating activities			
Profit after financial items		365	73
Adjusted for items not affecting liquidity	31	485	0
		850	**73**
Tax paid		-45	-34
Cash flow from operating activities before changes in working capital		**805**	**39**
Cash flow from changes in working capital			
Decrease (+) / increase (–) of receivables		-192	547
Decrease (–) / increase (+) of liabilities		26	-82
Increase (–) / decrease (+) in working capital		**-166**	**465**
Cash flow from operating activities		**639**	**504**
Investments			
Capital contributions paid	27	-363	–
Acquisition of tangible fixed assets	14	-1	–
Increase (–) / decrease (+) of long-term receivables		-10	-17
Cash flow from investing activities		**-374**	**-17**
Financing activities			
Change in overdraft facilities		227	49
Loans raised	22	12	–
Amortisation of loans		-272	-201
Dividends paid		-251	-251
Cash flow from financing activities		**-284**	**-403**
Cash flow for the year		**-19**	**84**
Cash and cash equivalents at the beginning of the year		181	97
Cash and cash equivalents at year-end	21	**162**	**181**

Compared with the 2013 Annual Report, a reclassification was made in the balance sheet regarding shared Group bank accounts. Comparative figures have been recalculated.

Profit after financial items includes dividends received from subsidiaries of SEK 888 M (114).
Interest received amounted to SEK 42 M (25) and interest paid amounted to SEK 50 M (56).

Notes

NOTE 1 Accounting policies

Accounting and measurement policies
The most important accounting policies that were applied to the preparation of these consolidated financial statements are stated below. These policies were consistently applied for all years presented, unless otherwise stated.

The consolidated financial statements were prepared in accordance with the Annual Accounts Act, International Financial Reporting Standards (IFRS) as approved by the EU and interpretations issued by the IFRS Interpretations Committee that apply for financial years beginning on 1 January 2014. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups was applied.

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

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 financial statements were prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for legal entities.

Preparing financial statements 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 of material significance to the consolidated financial statements are stated in Note 2.

Amended and new accounting policies for 2014
The Group applies a number of new standards and interpretations with effect from 1 January 2014, which comprise primarily pertaining to consolidation (including: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures). None of the new standards and interpretations applied by Mekonomen Group as of 1 January 2014 has had any significant impact on the consolidated financial statements.

Amended accounting policies 2015 and later
A number of new standards and amendments of interpretations and existing standards come into effect for financial years beginning on 1 January 2014 and were not applied in the preparation of the consolidated financial statements. The most important amendments for Mekonomen Group are:

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts with Customers regulates how revenue is to be recognised. The principles on which IFRS 15 is based are to provide users of financial statements with more informative, relevant disclosures of the company's revenue. The expanded disclosure requirements entail that information is to be provided about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Under IFRS 15, revenue is to be recognised when the customer controls the sold good or service and can use and obtain the benefits from the good or service.

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts, and associated SICs and IFRICs. IFRS 15 will come into effect on 1 January 2017. Early adoption is permitted. The Group is yet to assess the effect of the standard. The standard has not yet been approved by the EU.

IFRS 9 Financial Instruments
The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that addressed the classification and measurement of financial instruments. The standard is to be applied to financial years beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess the effect of the standard. The standard has not yet been approved by the EU.

Other new standards, amendments or interpretations of existing standards that have not come into effect are not relevant to the Group at present or are deemed to have any material effect on the Group's earnings or financial position.

Consolidated financial statements
The consolidated financial statements include the Parent Company and all companies (including structured companies) over which the Parent Company has a controlling influence. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over a company. Subsidiaries are included in the consolidated financial statements from the point in time at which controlling influence is achieved and excluded from the consolidated financial statements from the point in time at which the controlling influence ceases.

The purchase method was used for recognising the Group's business combinations. 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 contingent consideration. Identifiable acquired assets and assumed liabilities in a business combination 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 measured 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 combination is a step acquisition, the earlier equity shares in the acquired company are re-measured to its fair value on the date of acquisition. Any gains or losses arising are recognised in profit or loss.

Each contingent consideration to be transferred by the Group is measured at fair value on the date of acquisition. The subsequent changes in fair value of contingent consideration are recognised in profit or loss. Contingent consideration classified as shareholders' equity is not re-measured 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 assumed 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.

Where 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 ceases. The change in the carrying amount is recognised in profit or loss. The fair value is used as the initial 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 are recognised as if the Group had directly divested the assets or liabilities in question. This may result in the amount previously recognised in other comprehensive income being reclassified to profit or loss.

Associated companies are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associated companies are recognised using the equity method. Mekonomen Group has only one small associated company with a marginal impact on the Group.

The Group applies IFRS 11 Joint Arrangements from 1 January 2014. Under IFRS 11, holdings in a joint arrangement are to be classified as either a joint operation or a joint venture depending on each investor's contractual rights and obligations. Mekonomen Group has only one small joint arrangement with a marginal impact on the Group and has determined that it is a joint venture. Joint ventures are recognised in accordance with the equity method.

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 gains and losses that arise in connection with such translations are recognised in profit or loss as Other operating revenue and/or Other operating expenses. Exchange-rate differences that arise in foreign long-term loans and liabilities, and in the translation of bank accounts in currencies other than the accounting currency, are recognised in financial income and expenses.

Translation of foreign subsidiaries

When the consolidated financial statements 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 in 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 are reported to correspond with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for the allocation of resources and assessing the earnings of the operating segments. In the Group, this function has been identified as the company's President and CEO.

Revenue recognition

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

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, returns and value-added tax.

Revenue from the sale of workshop services is recognised in the period in which the service took place. Revenue is recognised based on the degree of completion on the balance-sheet date (percentage of completion).

Revenue from licensing agreements is allocated over the term of the agreement.

Other operating revenue mainly comprises of rental income, marketing subsidies and exchange-rate gains.

Interest income is recognised over the term by applying the effective interest method.

Leasing

A financial lease agreement is an agreement according to which the financial risks and benefits associated with ownership of an object are essentially transferred from the lessor to the lessee. Leasing objects mainly comprise company vehicles and distribution vehicles.

Operational lease agreements primarily comprise to leased premises.

Group as lessee

Assets held under financial lease agreements are measured 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 liabilities. 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.

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 is used for the Group's defined-benefit pension plans in Norway. The most important actuarial assumptions are stated in Note 23. If a net asset arises, it is 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 Group'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 19.34.

In addition to the defined-benefit pension plans via Alecta described above, the Group has defined-benefit pension plans for employees in Norway. Calculation and measurement according to the Projected Unit Credit Method was performed on the date of acquisition and taken into account in each acquisition analysis. Actuarial gains and losses arising thereafter are recognised in their entirety in other comprehensive income during the period in which they arise.

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 date of retirement or when an employee accepts voluntary retirement. The Group recognises liabilities and expenses in connection with a termination of employment, when Mekonomen Group is unquestionably obligated to either terminate employment prior to the normal termination date or to voluntarily pay remuneration to encourage early retirement.

Mekonomen Group 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 is to 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 recognised 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 based on the tax rates that are expected to apply for the period when the asset is recovered or the debt settled. Deferred tax is recognised as revenue 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 charged by the same authority and when the Group intends to pay the tax with a net amount.

Goodwill
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 assumed 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. Goodwill has an indefinite useful life and is recognised at cost less any accumulated impairment. 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 combinations are measured 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 life and are recognised at cost less any accumulated impairment losses. Customer relations, other brands, franchise contracts and strategic IT investments have definite useful lives and are recognised at cost less accumulated amortisation. Amortisation is applied according to the straight-line method over the assets' estimated useful life. Customer relations, other brands and franchise contracts are deemed to have a useful life of five to ten years.

IT investments are deemed to have a useful life of three to ten 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 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 life.

The following percentages were applied for depreciation:

Fixed assets	%
Improvement costs, third-party property[1)]	10
Equipment	10–20
Vehicles	20
Servers	20
Workplace computers	33

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

The residual value of assets and useful life 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 amount.

Gains and losses from divestments are determined by comparing the proceeds and the carrying amount and recognised net in profit or loss.

Impairment
Assets with an indefinite useful life, 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 lives, which is why these are also tested at least annually for any impairment requirements.

Assets impaired are measured in terms of value decline whenever events or changes in conditions indicate that the carrying amount may not be recoverable. If this occurs, a calculation of the asset's recoverable amount is performed.

The recoverable amount comprises the highest of the value in use 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 value in use 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 life. If the estimated recoverable amount falls below the carrying amount, the asset is impaired to the recoverable amount. The impairment is recognised in profit or loss in the period it is determined.

Refer also to Note 13 for information on how impairment testing is performed. Previously recognised impairment is reversed only if there has been a change to the assumptions that served as the basis for determining the recoverable amount 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 recoverable amount. A reversal of an earlier impairment takes place 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 of 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 central 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 at year-end 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 at year-end.

Long-term receivables
Long-term receivables comprise primarily deposits and lease-purchase agreements. These are recognised at the amortised cost. A provision for probable losses on accounts receivable is made when there are objective indications to assume that the Group will not receive all the amounts that are due for payment in accordance with the receivables' original conditions. The size of the provision amounts to the difference between the asset's carrying amount and the present value of expected future cash flows. The reserved amount is recognised in profit or loss.

Accounts receivable
Accounts receivable are recognised net after provisions for probable 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 amortised cost. A provision for probable 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 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.

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 amounts.

Derivative instruments
Mekonomen Group applies hedge accounting to receivables in foreign currencies. Hedging is conducted using currency derivatives with a maximum term of three months. Hedged receivables in foreign currencies are recognised at the closing day rate 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 signed derivative instruments aimed at hedging interest payments attributable to loans at floating interest rates (cash-flow hedges). The Group applies hedge accounting to these derivative agreements. The derivatives are measured at fair value in the balance sheet. Value changes are recognised in Other comprehensive income to the extent they are effective and accumulated as a separate component in shareholders' equity until the hedged item impacts earnings. The portion of unrealised value changes that is ineffective is recognised in profit or loss.

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

Loans
Liabilities to credit institutions, overdraft facilities and other liabilities (loans) are initially measured at fair value net after transaction costs. Thereafter, loans are recognised at amortised cost. Any 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.

Provisions
Provisions differ from other liabilities since there is uncertainty regarding the date of payment and the amount for settling the provision. Provisions are recognised in the statement of financial position when Mekonomen Group has a legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amounts can be made. Provisions are recognised in an amount corresponding to the most reliable estimate of the payment required to settle the commitment. When an outflow of resources is expected to be required far later in the future, the expected future cash flow and provision are recognised at present value.

Restructuring reserves are recognised when the Group has both decided on a detailed restructuring plan and implementation has begun or the main features have been announced to the parties concerned.

Cash-flow statement
The cash-flow statement was prepared in accordance with the indirect method. The recognised cash flow comprises only transactions that result 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, in the annual accounts for a legal entity, the Parent Company is to 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 Pension Obligations Vesting Act and taking into account the link between accounting and taxation. The recommendation specifies the exceptions and additions that are to be made from IFRS. The differences between the Group's and the Parent Company's accounting policies are stated below.

Financial instruments exist to a limited extent and are recognised in the Parent Company based on cost in accordance with the Annual Accounts Act.

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

Amended accounting policies 2014
During 2014, the Swedish Financial Reporting Board issued a new version of the RFR 2 Accounting for Legal Entities. The amendments to RFR 2 did not have any material impact on the Parent Company's financial statements.

Classification and presentation format
The income statement and balance sheet comply with the presentation format specified in the Annual Accounts Act. This means they are slightly different to the consolidated financial statements, 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 financial statements, are included as part of the cost for participations in subsidiaries.

Contingent considerations are measured based on the probability that the purchase consideration will be paid. Any changes in the provision/receivable will be added/deducted from the cost. In the consolidated financial statements, contingent consideration is measured at fair value with changes in value 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 contributions and shareholders' contributions
Shareholders' contributions paid are 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, are recognised as appropriations.

Pensions
Defined-benefit and defined-contribution pension plans are recognised in accordance with the current Swedish accounting standard, which is based on the regulations in the Pension Obligations Vesting Act.

Leasing
All lease agreements, regardless of whether they are financial or operational, are recognised as operational lease 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 statements are in SEK M, unless otherwise stated . Rounding off may result in some tables not tallying.

NOTE 2 Significant estimates 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 estimates that are considered reasonable under the circumstances. These assumptions and estimates are frequently based on historic experience but also on other factors, including expectations on future events. The results could differ if other assumptions and estimates were used and the actual outcome will, in terms of definition, rarely agree with the estimated outcome. The assumptions and appreciations made by Mekonomen Group in the 2014 annual accounts, and which had the greatest impact on earnings and assets and liabilities, are discussed below.

Goodwill and other acquisition-related intangible fixed assets

When assessing the impairment requirement for goodwill and other intangible assets with an indefinite useful life, the carrying amount is compared with the recoverable amount. The recoverable amount is the highest of an asset's net realisable value and the value in use. Since there are normally no listed prices that may be used to assess the net realisable value 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 13 Intangible fixed assets.

On the whole, this means that the measurement of goodwill and intangible assets items with an indefinite useful life is subject to significant estimates 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 on the date of acquisition. In accordance with IFRS 3, acquired identifiable intangible assets, for example, customers, franchise contracts, brands and customer relations, are to be separated from goodwill. This applies if these fulfil the criteria as assets, meaning that it is possible to separate them or they 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 estimates and assessments. Information about company acquisitions and acquisition analyses is found in Note 32.

Reserves for inventories, doubtful receivables 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 guarantee commitments. These policies per se are estimates of historic outcome and evaluated continuously to ensure that they correspond to actual outcome in terms of customer losses, obsolescence and guarantee commitments. Further information about reserves for customer losses and obsolescence provisions is found in Notes 18 and 19.

Restructuring costs

Restructuring costs include required impairment of assets and other non-cash items, estimated costs for employees redundancies and other direct costs related to the closure of operations.

Cost calculations are based on detailed action plans that are expected to improve the Group's cost structure and productivity. Restructuring reserves amounted to SEK 121 M at year end.

Measurement of reserves for restructuring costs is subject to significant estimates and assessments.

Information about restructuring costs and associated provisions is found in Notes 7 and 23.

Deferred tax

When preparing the financial statements, Mekonomen Group calculates the income tax for each tax jurisdiction in which the Group operates and the deferred taxes attributable to temporary differences. Deferred tax assets that are primarily attributable to loss carryforwards and temporary differences are recognised if tax assets can be expected to be recovered based on future taxable income. Changes in assumptions regarding forecast future taxable earnings, and changes in tax rates, may result in significant differences in the measurement of deferred taxes. As per 31 December 2014, Mekonomen Group recognised deferred tax liabilities exceeding deferred tax assets by a net amount of SEK 113 M. More detailed information about deferred taxes is found in Note 16.

NOTE 3 Segment information

Operating segments are reported to correspond with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for the allocation of resources and assessing the earnings of the operating segments. In Mekonomen Group, this function has been identified as the company's President and CEO.

Mekonomen Group is divided into three Group companies: MECA, Mekonomen Nordic and Sørensen og Balchen. The Group companies have separate organisations that act independently in the market with individual brands, competition between themselves and governed through Boards. The chief operating decision maker monitors the operation based on this distribution.

Mekonomen Nordic includes Mekonomen Sweden, Mekonomen Norway, Mekonomen Fleet, Marinshopen, Mekonomen Finland, Mekonomen Services and Mekonomen Norden AB.

The operations in Denmark have been included in the MECA Group since 2012. MECA's EBIT for 2014 was negatively impacted by non-recurring costs of SEK 280 M due to the decision to make structural changes to the Group's Danish operations.

"Other" comprises the Parent Company Mekonomen AB (publ), M by Mekonomen, the purchasing company in Hong Kong, Meko Service Nordic, as well as Group-wide functions and eliminations. Mekonomen AB's operations mainly comprise Group Management and finance management.

Meko Service Nordic is a new unit within Mekonomen Group, which operates proprietary workshops under the Mekonomen Service Centre and Speedy concepts. Therefore, Mekonomen BilLivet and Speedy were transferred from the Mekonomen Nordic segment to Meko Service Nordic from 1 January 2014. Meko Service Nordic is included in the presentation of Other below. Comparative figures have been recalculated between Mekonomen Nordic and Other.

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. The distribution of assets and liabilities at segment is not reported regularly.

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

NOTE 3 (cont.)

SEK M	MECA 2014	MECA 2013	Mekonomen Nordic[1)] 2014	Mekonomen Nordic[1)] 2013	Sørensen og Balchen 2014	Sørensen og Balchen 2013	Other[1)] 2014	Other[1)] 2013	Group 2014	Group 2013
Revenue										
External net sales	2,205	2,211	2,692	2,656	712	701	180	172	5,789	5,740
Internal revenue	25	39	128	152	26	21	-179	-212	0	0
Other revenue	9	5	68	54	6	5	52	59	135	123
Total revenue	**2,239**	**2,255**	**2,888**	**2,863**	**744**	**727**	**53**	**19**	**5,924**	**5,863**
Operating profit/loss before amortisation and impairment of intangible fixed assets (EBITA)	**-68**	**156**	**422**	**390**	**109**	**99**	**-36**	**-19**	**427**	**626**
Operating profit/loss (EBIT)[2)]	**-182**	**84**	**401**	**323**	**92**	**81**	**-36**	**-19**	**274**	**469**
Financial items – net									-24	-39
Profit before tax									**250**	**429**
Investments, tangible assets[3)]	18	21	33	16	3	2	2	3	56	43
Investments, IT systems[3)]	8	9	11	11	1	0	0	0	19	20
Depreciation and impairment (tangible assets)	49	26	41	48	5	5	4	4	100	83
Amortisation and impairment (intangible assets)[4)]	114	72	20	67	18	18	1	0	152	157
Average number of employees for the period	987	1,000	1,089	1,122	252	259	176	154	2,504	2,535
Number of proprietary stores	75	108	151	146	34	34	1	1	261	289
Number of partner stores	16	23	41	47	37	40	0	0	94	110
Number of stores in the chain	**91**	**131**	**192**	**193**	**71**	**74**	**1**	**1**	**355**	**399**
Key figures										
EBITA margin, %[5)]	-3	7	15	14	15	14			7	11
EBITA margin, %[5)]	-8	4	14	12	13	11			5	8
Change in sales, %[5)]	0	30	1	-1	2	-6			1	8
Revenue per employees, SEK 000s (recalculated into one-year balance)	2,268	2,255	2,652	2,552	2,952	2,807			2,366	2,313
Operating profit/loss per employee, SEK 000s (converted into one-year balance)	-184	84	368	288	365	313			109	185

1) A new unit, Meko Service Nordic, was formed within "Other" on 1 January 2014 and has taken over the BilLivet and Speedy operations from Mekonomen Nordic, comparative figures have been recalculated.
2) MECA's EBIT for 2014 was negatively impacted by restructuring costs and impairment of SEK 280 M (0) due to the decision to make structural changes to the Group's Danish operations. For more information about restructuring costs, refer to Note 7. Mekonomen Nordic's EBIT for 2013 was negatively impacted by the impairment of IT systems totalling SEK 45 M.
3) Investments do not include company and business combinations.
4) Including amortisation and impairment of acquisition-related intangible assets.
5) Internal sales were excluded from the calculation of the operating margin and the sales increase for the segments.

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

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

	2014	2013
Analysis of net sales by customer groups, %:		
– Affiliated workshops[1)]	34%	32%
– Other workshops	40%	41%
– Consumers	19%	19%
– Partner stores	8%	8%
Total net sales	**100%**	**100%**

1) Sales in proprietary workshops are 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	2014	2013
Sweden	2,909	2,841
Norway	2,315	2,262
Denmark	527	612
Other	38	25
Total	**5,789**	**5,740**

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 2,284 M (2,323) and the total of such fixed assets located in other countries amounted to SEK 730 M (807), of which SEK 707 M (721) in Norway and SEK 18 M (78) in Denmark.

NOTE 4 Audit expenses

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
PWC				
Audit assignment	6	0	1	0
Audit-related services other than the audit assignment	0	0	0	0
Tax advice	0	0	0	0
Other services	0	0	0	0
	6	*0*	*1*	*0*
Deloitte AB				
Audit assignment	0	7	0	1
Audit-related services other than the audit assignment	0	0	0	0
Tax advice	0	0	0	0
Other services	0	0	0	0
	0	*7*	*0*	*1*
Total	**6**	**7**	**1**	**1**

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

Average number of employees	2014 No. of employees	2014 Of whom, men %	2013 No. of employees	2013 Of whom, men %
Parent Company				
Sweden	15	60	13	50
Total in Parent Company	**15**	**60**	**13**	**50**
Subsidiaries				
Sweden	1,320	83	1,329	82
Denmark	373	84	397	87
Norway	772	83	775	82
Other countries	24	83	21	81
Total in subsidiaries	**2,489**	**83**	**2,522**	**84**
Group total	**2,504**	**83**	**2,535**	**83**

Salaries, remuneration, etc. SEK 000s	2014 Salaries and other remuneration	2014 Soc. security expenses (of which pension costs)	2013 Salaries and other remuneration	2013 Soc. security expenses (of which pension costs)
Parent Company	28,181	14,661 (4,657)	23,359	12,385 (3,622)
Subsidiaries	1,112,800	269,127 (60,492)	1,034,960	263,111 (53,707)
Group total	**1,140,981**	**283,788 (65,149)**	**1,058,319**	**275,496 (57,329)**

Salaries and other remuneration distributed between the President and Board members and other employees, SEK 000s	2014 Board and President[1] (of which bonus, etc.)	2014 Other employees	2013 Board and President[1] (of which bonus, etc.)	2013 Other employees
Parent Company				
Mekonomen AB	11,161 (2,754)	17,020 (2,171)	8,430 (360)	14,929 (639)
Total in Parent Company	**11,161 (2,754)**	**17,020 (2,171)**	**8,430 (360)**	**14,929 (639)**
Subsidiaries in Sweden	33,880 (1,580)	463,233 (3,416)	35,037 (3,219)	441,406 (1,234)
Subsidiaries abroad				
Denmark	1,492 (0)	229,395 (0)	4,320 (0)	166,712 (0)
Norway	23,381 (980)	350,726 (3,912)	23,808 (693)	357,656 (721)
Other countries	2,744 (400)	7,949 (0)	0 (0)	6,021 (0)
Total in subsidiaries	**61,497 (2,960)**	**1,051,303 (7,328)**	**63,165 (3,912)**	**971,795 (1,955)**
Group total	**72,658 (5,714)**	**1,068,323 (9,499)**	**71,595 (4,272)**	**986,724 (2,594)**

[1] Remuneration to the Board and President includes the Parent Company and, where applicable, subsidiaries in each country.

NOTE 5 (cont.)

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 (1,950,000) was determined in accordance with the resolution of the 2014 Annual General Meeting.

Of this, SEK 400,000 (400,000) represents fees to the Chairman of the Board, SEK 300,000 (300,000) to the Executive Vice Chairman, and SEK 250,000 (250,000) to each of the remaining Board members. For members of the Board's Audit Committee, SEK 60,000 (0) is paid to the Chairman of the Audit Committee and SEK 35,000 (0) is paid to the other members of the Audit Committee. For members of the Board's Remuneration Committee, SEK 35,000 (0) is paid to the Chairman of the Remuneration Committee and SEK 25,000 (0) is paid to the other members of the Remuneration Committee.

No fees are paid to the Boards of other subsidiaries.

The President, Håkan Lundstedt, has a basic salary of SEK 510,000 per month and a variable salary portion, which is based on the company's earnings and can amount to a maximum of 60 per cent of the basic annual salary. Pension provisions are paid in an amount corresponding to 29 per cent of the basic salary.

Other benefits consist of a company car. The period of notice is 12 months if employment is terminated by the company, and six months if terminated by the employee.

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 2014 Annual General Meeting. This means that the company is to strive to offer its senior executives market-based remuneration, that the criteria for this is to be based on the significance of work duties, skills requirements, experience and performance and that remuneration is to comprise the following parts:
– fixed basic salary
– variable remuneration
– pension benefits
– other benefits and severance pay

	Basic salary[1]		Bonus		Board fees[2]		Other benefits		Pension premiums	
Executives/category, SEK 000S	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fredrik Persson, Chairman of the Board					435	400				
Marcus Storch, Executive Vice Chairman of the Board					325	300				
Antonia Ax:son Johnson, Board member					–	250				
Kenneth Bengtsson, Board member					285	250				
Caroline Berg, Board member					275	–				
Kenny Bräck, Board member					250	250				
Anders G Carlberg, Board member					–	250				
Helena Skåntorp, Board member					310	250				
Christer Åberg, Board member					285	–				
President	6,242	6,120	2,754	360			90	88	1,720	1,811
Other senior executives, 4 (4)	7,861	7,708	1,907	321			396	396	1,678	1,730
Total	**14,103**	**13,828**	**4,661**	**681**	**2,165**	**1,950**	**486**	**484**	**3,398**	**3,541**

[1] Basic salary in this table includes holiday bonus.
[2] Board fees include fees to members of the Board's Committees.

The variable remuneration for other senior executives, excluding the President, is based partly on the Group's earnings and partly on individual qualitative parameters and can amount to a maximum of four months' 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 outside Sweden. Pensionable salary comprises basic salary. Severance pay for termination on the part of the company can total a maximum of one annual salary. Matters pertaining to remuneration of company management are resolved by the Board's Remuneration Committee. However, remuneration of the President is determined by the Board in its entirety.

At the 2014 Annual General Meeting, it was also resolved that Group Management and a number of selected, business-critical senior executives may receive long-term variable remuneration from the company. The criteria for determining the variable remuneration portion for each individual is decided by the Board's Remuneration Committee, and for the President by the Board in its entirety. The long-term variable remuneration is to be profit-based and calculated on the Group's earnings for the 2014-2016 financial years. The entire bonus programme, as an expense for the company, is to amount to a maximum of SEK 24 M for the period. Furthermore, an additional requirement to the above is that the average price paid for the Mekonomen share on Nasdaq Stockholm on the last trading day in December 2016 is to exceed the Nasdaq Stockholm PI index for the programme period. The right to receive variable remuneration expires if the senior executive resigns (before payment). No bonus was reserved as per 31 December 2014 pertaining to this bonus programme.

Other than the above, the Board has not decided on any other share or share-price based incentive programs for company management.

Of all the company's senior executives, one is a woman. The number of senior executives in 2014 and 2013 was five. These executives also comprised Group Management.

In addition to the President, they where the Executive Vice President, the CFO, the International Business Director and the Head of Business Establishment.

NOTE 6 Depreciation/amortisation and impairment of tangible and intangible fixed assets

	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Depreciation of tangible fixed assets according to plan	-75	-79	0	0
Impairment of tangible fixed assets	-25	-4	–	–
Total depreciation and impairment of tangible fixed assets	**-100**	**-83**	**0**	**0**
Amortisation, brands	0	-1	–	–
Amortisation, customer relationships	-75	-73	–	–
Amortisation, franchise contracts	-5	-5	–	–
Amortisation, capitalised expenditure for IT systems	-34	-35	–	–
Impairment, capitalised expenditure for IT systems	-11	-43	–	–
Impairment, goodwill	-28	–	–	–
Total amortisation and impairment of intangible fixed assets	**-152**	**-157**	**0**	**0**
Total	**-252**	**-240**	**0**	**0**

NOTE 7 Restructuring costs

Due to the structural changes of Mekonomen Group's Danish operations decided in December 2014, EBIT was charged with restructuring costs and impairment totalling SEK 280 M during the financial year.

The costs are included in each type of cost in the consolidated income statement and are distributed as shown in the table below:

	Group	
	2014	2013
Reserve for leasing commitments and associated costs	-41	–
Reserve for personnel-related costs	-67	–
Impairment of intangible fixed assets	-39	–
Impairment of tangible fixed assets	-22	–
Impairment of financial fixed assets	-12	
Impairment of inventories	-75	–
Impairment of accounts receivable	-12	
Other	-13	–
Total	**-280**	**–**

NOTE 8 Result from participations in Group companies

	Parent Company	
	2014	2013
Dividends	888	114
Gains from divestment of participations	0	0
Impairment	-486	–
Total	**403**	**114**

NOTE 9 Appropriations

	Parent Company	
	2014	2013
Group contributions received	370	348
Group contributions paid	-20	-96
Changes in tax allocation reserve	46	-34
Changes in excess depreciation/amortisation	0	52
Total	**396**	**270**

NOTE 10 Exchange-rate differences – net

Exchange-rate differences were recognised in profit or loss as follows:

	Group		Parent Company	
	2014	2013	2014	2013
Exchange-rate differences in EBIT	-9	-16	1	1
Exchange-rate differences in net financial items	12	3	3	3
Total	**3**	**-13**	**4**	**4**

NOTE 11 Tax on profit for the year

	Group		Parent Company	
	2014	2013	2014	2013
Sweden	-97	-70	-80	-51
Other countries	-95	-87	–	–
Total current tax	**-192**	**-157**	**-80**	**-51**
Changes in deferred tax, temporary differences	69	43	53	–
Recognised tax expenses	**-123**	**-114**	**-27**	**-51**
Tax on profit for the year				
Recognised profit before tax	250	429	761	343
Tax according to applicable tax rate	-62	-109	-167	-75
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	-13	-2	-108	-1
Other non-taxable revenue	3	0	195	25
Effects on adjustments from preceding year	0	0	–	–
Effects of non-capitalised loss carryforwards	-51	-3	–	–
Effects of capitalised loss carryforwards[1)]	0	0	53	–
Recognised tax expenses	**-123**	**-114**	**-27**	**-51**

[1)] Capitalised loss carryforwards in the Parent Company pertain in their entirety to loss carryforwards attributable to the Danish operations and correspond to the portion of loss carryforwards in Denmark that is deemed to be able to be utilised based on future Group deductions in Sweden.

The weighted average tax rate amounted to 24.8 per cent (25.4). The decline is mainly due to the reduction in the tax rate in Norway to 27 per cent (28).

NOTE 12 Supplementary disclosures, financial risk management

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

The financial instruments that were measured at fair value in the balance sheet are showed below. Measurement is divided into three levels:

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

Level 2: Fair value is determined based on wither direct (prices) or indirect (derived from prices) observable market data not included in Level 1.

Level 3: Fair value is determined base on inputs not observable in the market.

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

Calculation of fair value

The following summarises he main methods and assumptions used to determined the fair value of the financial instruments shown in the table below.

Fair value of listed securities, where appropriate, is determined based on the asset's listed average price on the balance-sheet date with no additions for transaction costs on the acquisition date.

For currency contracts, fair value is determined on the basis of listed prices. Fair value for interest-rate swaps is based on discounting estimated 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.

NOTE 12 (cont.)

If discounted cash flows have been used, future cash flows are calculated on company management's best assessment. The discount rate applied is a market-based interest rate on similar instruments on the balance-sheet date.

All valuation 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 adjustments to measurements and forecasting tools.

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

Group's derivative instruments measured at fair value in balance sheet	2014	2013
Financial assets		
Derivatives: Currency futures	0	0
Total	**0**	**0**
Financial liabilities		
Derivatives: Currency swaps	1	3
Interest-rate swaps	2	2
Total	**2**	**5**

Net gains on derivative instruments, held for trading amounted to SEK 2 M (loss: 3).

Financial assets and liabilities by measurement category, 31 December 2014	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	–	62	–	62	62	3	65
Accounts receivable	–	450	–	450	450	–	450
Other current receivables	–	–	–	0	0	319	319
Cash and cash equivalents	–	258	–	258	258	–	258
Total	**–**	**770**	**–**	**770**	**770**	**322**	**1,092**
Financial liabilities							
Long-term liabilities, interest-bearing	–	–	1,404	1,404	1,404	–	1,404
Current liabilities, interest-bearing	2	–	493	495	495	–	495
Accounts payable	–	–	558	558	558	–	558
Other current liabilities	–	–	–	0	0	676	676
Total	**2**	**–**	**2,455**	**2,457**	**2,457**	**676**	**3,133**

Financial assets and liabilities by measurement category, 31 December 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	–	–	–	0	0	285	285
Cash and cash equivalents	–	279	–	279	279	–	279
Total	**–**	**793**	**–**	**793**	**793**	**285**	**1,078**
Financial liabilities							
Long-term liabilities, interest-bearing	2	–	1,658	1,660	1,660	–	1,660
Current liabilities, interest-bearing	3	–	273	276	276	–	276
Accounts payable	–	–	594	594	594	–	594
Other current liabilities	–	–	–	0	0	399	399
Total	**5**	**–**	**2,525**	**2,530**	**2,530**	**399**	**2,929**

NOTE 12 (cont.)

Group's maturity structure for undiscounted cash flows for financial liabilities and derivatives

	31 December 2014					
Nominal amount	2015	2016	2017	2018	2019	Total
Liabilities to credit institutions, bank borrowing	160	158	156	649	491	**1,615**
Liabilities to leasing companies	3	1	0	0	0	**4**
Overdraft facilities	361	0	0	0	0	**361**
Derivatives	2	0	0	0	0	**2**
Accounts payable	558	0	0	0	0	**558**
Total	**1,084**	**159**	**156**	**649**	**491**	**2,540**

Time when hedged cash flows in the hedging reserve are expected to occur and affect profit for the year

	2015 – Q1	2015 – Q2	2015 – Q3	2015 – Q4	2016	2017 and later	Total
Currency swap	-1	0	0	0	0	0	**-1**
Interest-rate swap	-2	0	0	0	0	0	**-2**
Total	**-2**	**0**	**0**	**0**	**0**	**0**	**-2**

Offsetting 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 13 Intangible fixed assets

	Goodwill		Brands		Franchise contracts		Customer relations		IT investments		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Opening accumulated cost, 1 January	**1,856**	**1,903**	**327**	**332**	**45**	**49**	**729**	**741**	**149**	**180**	**3,106**	**3,205**
Reclassifications	–	–	–	–	–	–	–	–	13	–	13	0
Acquisitions	–	–	–	–	–	–	–	–	19	20	19	20
Acquisitions in connection with acquired operation	35	4	4	–	–	–	13	2	1	–	53	6
Divestments/disposals	–	-1	–	–	–	–	–	–	–	-51	0	-52
Translation difference, currency	0	-50	0	-5	0	-4	-1	-14	–	–	-1	-73
Closing accumulated cost, 31 December	**1,891**	**1,856**	**331**	**327**	**45**	**45**	**741**	**729**	**182**	**149**	**3,190**	**3,106**
Opening acc. amortisation and impairment, 1 January	**–**	**–**	**-2**	**-1**	**-13**	**-9**	**-130**	**-60**	**-80**	**-49**	**-226**	**-120**
Divestments/scrapping	–	–	–	–	–	–	–	–	–	47	0	47
Amortisation for the year	–	–	0	-1	-5	-5	-75	-73	-34	-35	-114	-114
Impairment for the year[1) 2)]	-28	–	–	–	–	–	–	–	-11	-43	-39	-43
Translation difference, currency	–	–	0	0	0	1	1	3	–	–	1	4
Closing accumulated amortisation and impairment, 31 December	**-28**	**–**	**-2**	**-2**	**-18**	**-13**	**-204**	**-130**	**-125**	**-80**	**-378**	**-226**
Closing carrying amount, 31 December	**1,862**	**1,856**	**328**	**325**	**27**	**32**	**538**	**599**	**57**	**69**	**2,813**	**2,881**

1) Impairment of goodwill for the year of SEK 28 M and impairment of IT systems for the year of SEK 11 M are attributable to the MECA segment due to the decision to make structural changes to the Group's Danish operations.

2) Impairment in 2013 pertains to the full phase-out of IT systems in the Mekonomen Nordic segment.

NOTE 13 (cont.)

The carrying amounts of intangible fixed assets are distributed among operating segments as follows:

	Goodwill		Brands		Franchise contracts		Customer relations		IT investments		Total Group	
Carrying amount for operating segment for	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
MECA	1,097	1,120	270	270	–	–	453	506	13	17	1,833	1,913
Mekonomen Nordic[1)]	280	259	–	–	–	–	4	–	42	52	326	311
Sørensen og Balchen	422	421	56	53	27	32	79	93	2	–	586	599
Other[1)]	64	56	2	2	–	–	2	–	–	–	68	58
	1,862	**1,856**	**328**	**325**	**27**	**32**	**538**	**599**	**57**	**69**	**2,813**	**2,881**

[1)] Mekonomen BilLivet and Speedy, which were previously included in Mekonomen Nordic, are included in Meko Service Nordic from 1 January 2014 under "Other." Comparative figures have been recalculated.

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 has acquired brands that are deemed to have 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 essentially 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 year-end was SEK 2 M (2). A summary of goodwill and brands with indefinite useful period at operating segment level is provided in the table below.

		Goodwill 2014						Brands (indefinite useful period) 2014				
Operating segments	Test level CGU	1/1/2014	Acquisi-tions	Impair-ment	Divest-ments	Transla-tion dif-ference, currency	31/12/2014	1/1/2014	Acquisi-tions	Impair-ment	Transla-tion dif-ference, currency	31/12/2014
MECA	MECA Group	1,094	3	–	–	0	1,097	270	–	–	–	270
	MECA Denmark	26	–	-28	–	2	0	–	–	–	–	0
	Operating segment	**1,120**	**3**	**-28**	**–**	**2**	**1,097**	**270**	**–**	**–**	**–**	**270**
Mekonomen Nordic [1)]	Mekonomen Sweden	204	18	–	–	–	223	–	–	–	–	–
	Mekonomen Norway	55	2	–	–	0	57	–	–	–	–	–
	Mekonomen Finland	–	–	–	–	–	–	–	–	–	–	–
	Operating segment	**259**	**20**	**–**	**–**	**0**	**280**	**–**	**–**	**–**	**–**	**–**
Sørensen og Balchen	**Operating segment**	**421**	**4**	**–**	**–**	**-2**	**422**	**53**	**4**	**–**	**0**	**56**
Other[1)]	**Operating segment**	**56**	**9**	**–**	**–**	**–**	**64**	**–**	**–**	**–**	**–**	**–**
		1,856	**35**	**-28**	**–**	**0**	**1,862**	**323**	**4**	**–**	**0**	**326**

[1)] Mekonomen BilLivet and Speedy, which were previously included in Mekonomen Nordic, are included in Meko Service Nordic from 1 January 2014 under "Other." Comparative figures have been recalculated.

Impairment of goodwill of SEK 28 M is attributable to the MECA segment's Danish store operations. Impairment is a result of the decision made in December 2014 to make structural changes to the Group's Danish operations, which entails that Mekonomen Group will retain its franchise workshops and is investing in efficient logistics without intermediaries in the distribution chain. All of the 28 stores, which are also local warehouses, the regional warehouse and the Danish head office are being closed. In addition to goodwill, impairment of IT investments of SEK 11 M was also identified.

NOTE 13 (cont.)

Operating segments	Test level CGU	Goodwill 2013 1/1/2013	Acquisi-tions	Impair-ment	Divest-ments	Transla-tion dif-ference, currency	31/12/2013	Brands (indefinite useful period) 2013 1/1/2013	Acquisi-tions	Impair-ment	Transla-tion dif-ference, currency	31/12/2013
MECA	MECA Group	1,091	4	–	–	-1	1,094	270	–	–	–	270
	MECA Denmark	26	–	–	–	0	26	–	–	–	–	0
	Operating segment	**1,117**	**4**	**–**	**–**	**-1**	**1,120**	**270**	**–**	**–**	**–**	**270**
Mekonomen Nordic [1]	Mekonomen Sweden	205	–	–	-1	–	204	–	–	–	–	–
	Mekonomen Norway	61	–	–	–	-6	55	–	–	–	–	–
	Mekonomen Finland	–	–	–	–	–	–	–	–	–	–	–
	Operating segment	**266**	**–**	**–**	**-1**	**-6**	**259**	**–**	**–**	**–**	**–**	**–**
Sørensen og Balchen	**Operating segment**	**464**	**–**	**–**	**–**	**-43**	**421**	**58**	**–**	**–**	**-5**	**53**
Other [1]	**Operating segment**	**56**	**–**	**–**	**–**	**–**	**56**	**–**	**–**	**–**	**–**	**–**
		1,903	**4**	**–**	**-1**	**-50**	**1,856**	**328**	**–**	**–**	**-5**	**323**

[1] Mekonomen BilLivet and Speedy, which were previously included in Mekonomen Nordic, are included in Meko Service Nordic from 1 January 2014 under "Other." Comparative figures have been recalculated.

Testing impairment requirements for goodwill and other intangible assets with indefinite useful period takes place 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, based on the budget that was adopted in December for the next year, forecasts for the next three years, managements' long-term expectations of the operation, and historic trends. The cash-flow forecasts for the second to fourth years are based on an annual growth rate of 2 per cent (2). Cash flows beyond this four-year period were extrapolated using an estimated growth rate of 2.5 per cent (3).

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 2014 and 2013, respectively, are summarised as follows:

	31/12/2014	31/12/2013
Discount rate (WACC) before tax	9.0%	10.1%
Discount rate (WACC) after tax	7.4%	7.8%
Growth rate beyond the forecast period	2.5%	3.0%
Total price and volume trend years 2-4 of forecast period	2.0%	2.0%

Discount rate (WACC)
The present value of the forecast cash flows was calculated by applying a discount rate of 7.4 per cent (7.8) after tax, corresponding to a discount rate before tax of approximately 9.0 per cent (10.1). The conditions that apply for the various markets in which Mekonomen operates do not deviate significantly from each other, which is why the same rate is used for all units.

Growth rate
The growth rate does not exceed the long-term growth rate for the market segments in which each cash-generating unit operates.

Total price and volume trend
In the event of a change, assumptions about future price and volume trends have a major impact on the cash flow. In plans that are used as the basis for the cash flows, management assumes that the average price and volume trend over the period until 2018 will not exceed 2.0 per cent per year. Assessments are made taking into account earlier experience and external information sources.

Margin trend
The gross margin is assumed to be in line with current and historic levels throughout the forecast period. It is assumed that the operations' other expenses will follow the same rate of growth as revenue.

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 not individually result in any impairment requirement arising other than the impairment of MECA Denmark. Besides this impairment of MECA Denmark, impairment tests performed did not reveal any additional impairment requirement for goodwill or other intangible assets with indefinite useful lives as per 31 December 2014.

NOTE 13 (cont.)

	Parent Company	
IT investments	**2014**	**2013**
Opening accumulated cost, 1 January	**0**	**155**
Purchases	0	0
Sales/disposals	0	-155
Closing accumulated cost, 31 December	**0**	**0**
Opening accumulated amortisation, 1 January	**0**	**-44**
Sales/disposals	0	44
Amortisation for the year	0	0
Closing accumulated amortisation, 31 December	**0**	**0**
Closing carrying amount, 31 December	**0**	**0**

An intra-Group transfer took place in 2013.

NOTE 14 Improvement costs, third-party property

	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Opening accumulated cost, 1 January	**69**	**68**	**0**	**2**
Purchases, rebuilding and extensions, conversions	7	6	1	0
Sales/disposals	-1	-5	–	-2
Translation difference, currency	0	0	–	–
Closing accumulated cost, 31 December	**75**	**69**	**1**	**0**
Opening accumulated depreciation, 1 January	**-27**	**-21**	**0**	**-1**
Sales/disposals	1	5	–	1
Depreciation for the year	-11	-11	0	0
Translation difference, currency	0	0	–	–
Closing accumulated depreciation, 31 December	**-37**	**-27**	**0**	**0**
Closing carrying amount, 31 December	**38**	**42**	**1**	**0**

NOTE 15 Tangible fixed assets

	Equipment and transport Group		Financial leasing Group		Total Group	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Opening accumulated cost, 1 January	**542**	**532**	**68**	**63**	**610**	**595**
Purchases	45	37	5	5	50	42
Purchase in connection with acquired operation	3	0	–	–	3	0
Reclassifications[1]	26	–	-26	–	–	–
Sales/disposals	-43	-16	-20	–	-63	-16
Translation difference, currency	7	-11	–	–	7	-11
Closing accumulated cost, 31 December	**580**	**542**	**27**	**68**	**607**	**610**
Opening acc. depreciation and impairment, 1 January	**-360**	**-320**	**-44**	**-36**	**-404**	**-356**
Sales/disposals	32	16	20	–	52	16
Reclassifications[1]	-7	–	7	–	–	–
Depreciation for the year	-57	-60	-7	-8	-64	-68
Impairment for the year[2]	-25	-4	–	–	-25	-4
Translation difference, currency	-3	8	–	–	-3	8
Closing accumulated depreciation and impairment, 31 December	**-420**	**-360**	**-24**	**-44**	**-444**	**-404**
Closing carrying amount, 31 December	**161**	**182**	**3**	**25**	**163**	**207**

[1] Pertains to leased equipment acquired during the year.
[2] Impairment for the year was impacted by non-recurring costs of SEK 22 M (0) regarding the restructuring in Denmark.

NOTE 15 (cont.)

Operational lease agreements

Operational lease agreements primarily comprise leased premises.

	Group		Parent Company	
Information about leasing expenses, operational leasing	**2014**	**2013**	**2014**	**2013**
Rent for premises[1)]	355	328	1	1
Leasing expenses, other	30	32	1	0
Total	**385**	**360**	**2**	**1**

[1)] Rent for premises was impacted by non-recurring costs of SEK 35 M (0) regarding the restructuring in Denmark.

	Group		Parent Company	
Future leasing fees for irrevocable lease agreements falling due for payment:	**31/12/2014**	**31/12/2013**	**31/12/2014**	**31/12/2013**
Within one year	305	318	1	1
Later than one year but within five years	784	670	2	3
After five years	187	165	–	–
	1,276	**1,153**	**3**	**4**

Of the future lease fees, rent for premises represented SEK 1,225 M (1,102) for the Group and SEK 1 M (1) for the Parent Company.

	Parent Company	
Equipment and transport	**2014**	**2013**
Opening accumulated cost, 1 January	**0**	**34**
Purchases	0	0
Sales/disposals	0	-34
Closing accumulated cost, 31 December	**0**	**0**
Opening accumulated depreciation, 1 January	**0**	**-21**
Sales/disposals	0	21
Depreciation for the year	0	0
Closing accumulated depreciation, 31 December	**0**	**0**
Closing carrying amount, 31 December	**0**	**0**

NOTE 16 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 recognised net are as follows:

	Group		Parent Company	
Deferred tax assets (+)/tax liabilities (-)	**31/12/2014**	**31/12/2013**	**31/12/2014**	**31/12/2013**
Capitalised loss carryforwards[1)]	60	21	53	–
Temporary differences on inter-company profits	56	49	–	–
Temporary differences, inventory obsolescence	16	12	–	–
Temporary differences on pension commitments	2	0	–	–
Temporary differences, other	10	6	–	–
Untaxed reserves	-33	-43	–	–
Surplus value in intangible fixed assets (through acquisition)	-205	-219	–	–
Temporary differences on reversed net asset goodwill	-20	-14	–	–
Total	**-113**	**-188**	**53**	**0**

	Group		Parent Company	
Gross change in deferred tax assets/tax liabilities	**2014**	**2013**	**2014**	**2013**
Opening balance	-188	-230	0	–
Translation difference, currency	4	6	–	–
Acquisition of subsidiaries	-1	0	–	–
Recognition in profit or loss[1)]	69	43	53	–
Tax recognised in comprehensive income	2	-5	–	–
At year-end	**-113**	**-188**	**53**	**0**

[1)] Capitalised loss carryforwards in the Parent Company pertain in their entirety to loss carryforwards attributable to the Danish operations and correspond to the portion of loss carryforwards in Denmark that is deemed to be able to be utilised based on future Group deductions in Sweden.

Taxable loss carryforwards

At the end of the financial year, tax loss carryforwards amounted to SEK 0 M (0) in the Parent Company and SEK 466 M (120) in the Group. There is a a time limit of ten years for loss carryforwards of up to SEK 48 M. All other loss carryforwards have no deadlines. Deferred tax assets pertaining to tax loss carryforwards in the Group amounted to SEK 60 M (21) on the balance-sheet date, of which SEK 53 M (21) was attributable to the Danish operations. Deferred tax assets on the remaining deficit was not assigned a value in the balance sheet.

NOTE 17 Other financial fixed assets

	Group	
	31/12/2014	31/12/2013
Rental deposits paid	7	7
Hire-purchase contracts	52	67
Other	3	1
Total	**62**	**75**

	Group	
Hire-purchase contracts	31/12/2014	31/12/2013
Hire-purchase contracts	80	81
Provisions for doubtful hire-purchase contracts	-28	-14
Total	**52**	**67**

	Group	
Provisions for doubtful hire-purchase contracts	31/12/2014	31/12/2013
Provision for doubtful receivables at the beginning of the year	-14	-5
Impairment for the year[1)]	-13	0
Reclassifications from doubtful receivables	0	-8
Recovered prior impairment	0	0
Translation difference, currency	-1	-1
Total	**-28**	**-14**

[1)] Impairment for the year was impacted by non-recurring costs of SEK 12 M (0) regarding the restructuring in Denmark.

Interest income on hire-purchase contracts during the year was SEK 1 M (1).

NOTE 18 Inventories

	Group	
	31/12/2014	31/12/2013
Goods for resale	1,223	1,213
Total	**1,223**	**1,213**

The cost of inventories expensed is included in the item goods for resale in the income statement and amounted to SEK 2,706 M (2,632).

Provisions for obsolescence are induced in the value of inventories. In addition to standard obsolescence provisions in accordance with the Group's principle, the amount includes impairment of inventories of SEK 75 M (0) due to the decision to make structural changes to the Group's Danish operations.

NOTE 19 Current receivables

	Group	
	31/12/2014	31/12/2013
Accounts receivable	450	439
Tax assets	25	25
Other receivables	59	54
Prepaid expenses and accrued income	235	206
Total	**769**	**724**

Accounts receivable	31/12/2014	31/12/2013
Accounts receivable	513	502
Provisions for bad debts	-63	-63
Total	**450**	**439**

	Group	
Provisions for bad debts	2014	2013
Provision for bad debts at the beginning of the year	-63	-48
Incurred through acquisitions	0	0
Impairment for the year, recognised net in profit or loss[1)]	-31	-29
Change in provision, net in balance sheet	33	14
Translation difference, currency	-2	-1
Total	**-63**	**-63**

[1)] Impairment for the year was impacted by non-recurring costs of SEK 12 M (0) regarding the restructuring in Denmark.

	Group	
Receivables that are past due but not impaired	31/12/2014	31/12/2013
Accounts receivable		
Receivables due between 0–30 days	41	39
Receivables due between 31–60 days	9	13
Receivables due longer than 61 days	9	11
Total	**59**	**63**

Interest income on accounts receivable during the year was SEK 3 M (7).

NOTE 20 Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Prepaid rents	44	42	0	0
Prepaid lease fees	1	1	–	–
Prepaid insurance	3	3	0	0
Accrued supplier bonus	137	113	–	–
Other interim receivables	50	47	11	5
Total	**235**	**206**	**12**	**5**

NOTE 21 Cash and cash equivalents

	Group		Parent Company	
	31/12/ 2014	31/12/ 2013	31/12/ 2014	31/12/ 2013
Cash and bank balances	258	279	162	181
Total	**258**	**279**	**162**	**181**

A reclassification was made in the balance sheet regarding shared Group bank accounts. Comparative figures have been recalculated.

NOTE 22 Liabilities to credit institutions

	Group		Parent Company	
Long-term	31/12/ 2014	31/12/ 2013	31/12/ 2014	31/12/ 2013
Liabilities to credit institutions, bank borrowing	1,396	1,658	1,396	1,656
Liabilities to leasing companies	1	1	–	–
Derivatives, interest-rate swaps	–	2	–	–
Total long-term liabilities, interest-bearing	**1,397**	**1,660**	**1,396**	**1,656**

	Group		Parent Company[1)]	
Current	31/12/ 2014	31/12/ 2013	31/12/ 2014	31/12/ 2013
Liabilities to credit institutions, bank borrowing	136	137	136	136
Overdraft facilities	355	127	355	127
Liabilities to leasing companies	3	10	–	–
Derivatives, currency and interest-rate swaps	2	3	–	–
Total current liabilities, interest-bearing	**495**	**276**	**491**	**263**
Total borrowing	**1,892**	**1,936**	**1,887**	**1,919**
Overdraft facility limit	**606**	**387**	**606**	**387**
of which, unutilised portion	**251**	**261**	**251**	**261**

[1)] A reclassification was made in the balance sheet regarding shared Group bank accounts. Comparative figures have been recalculated.

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

Refinancing totalling SEK 1,100 M with a five-year term was signed during the second quarter of 2014. In conjunction with refinancing, loans were increased by SEK 12 M. Loans were amortised by SEK 272 M in 2014. The Group's maturity structure is specified in Note 12.

Mekonomen AB's borrowing from banks is subject to certain conditions, known as covenants, all of which Mekonomen AB meets. 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 45 M (52). Refer also to the sensitivity analysis pertaining to interest-rate risks in the sensitivity analysis section in the Administration Report and in Note 38. Existing overdraft facilities are in SEK, NOK, EUR and DKK. Other loans are essentially in SEK.

NOTE 23 Provisions

	Group		Parent Company	
	31/12/ 2014	31/12/ 2013	31/12/ 2014	31/12/ 2013
Provision for restructuring	121	–	–	–
Provision guarantees for divested properties	0	1	0	1
Provision for pensions	8	0	–	–
Other provisions	2	–	–	–
Total	**131**	**1**	**0**	**1**

Provisions comprise:

	Group		Parent Company	
	31/12/ 2014	31/12/ 2013	31/12/ 2014	31/12/ 2013
Long-term portion	10	1	0	1
Short-term portion	121	–	0	0
Total	**131**	**1**	**0**	**1**

Restructuring
Restructuring provisions include costs that are expected to arise over forthcoming years as a result of Mekonomen Group's decision to carry out comprehensive structural changes in the Group's Danish operations. The recognised restructuring provisions in the Danish operations are primarily attributable to personnel costs and costs for premises. Total restructuring costs for the financial year amounted to SEK 280 M (0), refer also to the information in Note 7.

Restructuring provisions are first established when on the balance-sheet date Mekonomen Group has a detailed formal restructuring plan and has also informed those concerned about the content of the plan. Amounts are calculated based on company management's best estimates and adjusted when changes are made to these estimates. Restructuring provisions are expected to be utilised in 2015.

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 utilised by an additional SEK 0.3 M (0.4) during the year and amounted to SEK 0.3 M as per 31 December 2014. Mekonomen's guarantee commitment totalled SEK 22 M and was recognised as a contingent liability in memorandum items.

Pensions
Alecta
The ITP 2 scheme's defined-benefit pension obligations for old-age and family pensions (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 10 Recognition of ITP 2 Pension Plans Financed through Insurance with Alecta, this is a multi-employer defined-benefit plan. In the 2014 financial year, the company did not have access to such information that made it possible to recognise its proportional share of the plan's obligations, plan assets and costs, which means that it was not possible to recognise this as a defined-benefit plan. ITP 2 pension plans that are secured through insurance with Alecta are therefore recognised as defined-contribution plans. The anticipated fees for the next reporting period for ITP 2 policies signed with Alecta amounts to SEK 11 M (11).

The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not in agreement with IAS 19. Alecta's surplus, in the form of the collective consolidation level, amounted to 144 per cent (148) at year-end 2014.

NOTE 23 (cont.)

Pension commitments
All pension commitments pertain to employees in the subsidiary 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 jointly include 65 (66) gainfully employed individuals and 47 (47) pensioners. Pension benefits are largely dependent on the number of years of service, salary level at retirement and the amount of the benefit. This obligation is covered via insurance companies. Employer contributions are included in the net pension obligation. The amounts recognised in the balance sheet have been calculated as follows:

	Group	
	31/12/2014	31/12/2013
Present value of funded commitments	52	42
Fair value of plan assets	-44	-42
Deficit in funded plans	**8**	**0**
Present value in unfunded commitments	–	–
Net debt in the balance sheet	**8**	**0**

	Group	
Present value of commitments	**2014**	**2013**
Opening balance	42	52
Gross pension cost for the year	3	2
Interest expenses	0	1
Pension payment	-2	-2
Actuarial gains and losses[1)]	10	-7
Exchange-rate differences	-1	-4
Closing balance	**52**	**42**

	Group	
Fair value of plan assets	**2014**	**2013**
Opening balance	42	42
Expected return	2	1
Payments	3	3
Pension payment	-2	-2
Actuarial gains and losses[1)]	-1	1
Exchange-rate differences	0	-3
Closing balance	**44**	**42**

[1)] Changes in demographic and financial assumptions are not specified on the basis of a materiality assessment.

Net pension commitments	**8**	**0**

	Group	
Costs recognised in profit or loss	**2014**	**2013**
Pension vesting for the year including contributions	2	2
Administration fees	0	0
Interest expenses	0	0
	2	**2**

	Group	
Composition of plan assets	**31/12/2014**	**31/12/2013**
Equities	9%	11%
Bonds	73%	70%
Property	15%	15%
Other	3%	4%
Total	**100%**	**100%**

	Group	
Actuarial assumptions	**31/12/2014**	**31/12/2013**
Discount rate	2.30%	4.10%
Future salary increases	2.75%	3.75%
Future pension increases	0.00%	0.60%

Assumptions regarding future length of life are based on public statistics and experience from mortality studies in the country concerned, and set in consultation with actuarial experts.

Through its post-employment defined-benefit pension plans, the Group is exposed to a number of such risks as asset volatility, changes in returns and length of life commitments. The company actively monitors how terms of and expected returns on investments match expected payments arising from its pension commitments. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivative instruments to manage its risk. Investments are highly diversified.

Contributions to post-employment defined-benefit plans for the 2015 financial year are expected to amount to SEK 3 M.

A sensitivity analysis and weighted average term for the pension commitments and term analysis for undiscounted payments have not been provided since they are deemed to be insignificant.

NOTE 24 Other current liabilities, non-interest-bearing

	Group	
	31/12/2014	31/12/2013
Accounts payable	558	594
Other liabilities	131	90
Accrued expenses and deferred income	327	309
Total	**1,016**	**993**

NOTE 25 Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Accrued personnel-related costs	212	197	16	10
Accrued bonuses/contract fees	62	60	–	–
Accrued interest expenses	2	2	2	2
Prepaid rental income	6	9	–	–
Other interim liabilities	45	41	1	1
Total	**327**	**309**	**19**	**13**

NOTE 26 Memorandum items

	Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Pledged assets				
Chattel mortgages, other liabilities	–	8	–	–
Other pledged assets	3	–	–	–
Total	**3**	**8**	**–**	**–**
Contingent liabilities				
Guarantee commitments, divested properties	22	21	22	21
Other guarantee commitments	8	–	–	–
Rental commitments	20	–	–	–
Guarantees for behalf of subsidiaries	–	–	57	43
Other sureties	12	1	–	–
Total	**62**	**22**	**79**	**64**

NOTE 27 Participations in Group companies

	Parent Company	
	2014	2013
Opening cost	3,179	3,179
Capital contributions paid[1]	363	–
Acquisitions during the year	–	–
Closing accumulated cost	**3,542**	**3,179**
Opening impairment	-25	-25
Impairment[1]	-486	–
Closing accumulated impairment	**-511**	**-25**
Closing residual value according to plan	**3,031**	**3,154**

[1] Capital contributions paid and impairment during the financial year refer in their entirety to Mekonomen A/S in Denmark.

NOTE 27 (cont.)

Name of company/registered office, Sweden	Corp. Reg. No.	Share of equity, %	No. of stores	Carrying amount, 31/12/2014	Carrying amount, 31/12/2013
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 Oy/Helsinki	2259452-4	100		0	0
Name of company/registered office, Denmark					
Mekonomen A/S/Odense	30 07 81 28	100	3	54	177
Name of company/registered office, Norway					
Mekonomen AS/Oppegård	980 748 669	100		24	24
Sørensen og Balchen AS/Oslo	916 591 144	100		840	840
Participations in Group companies, total				**3,031**	**3,154**

NOTE 27 (cont.)

Indirect participations in subsidiaries	Corp. Reg. No.	Share of equity, %	No. of stores
MECA			
MECA Car Parts AB/Malmö	556169-0412	100	–
MECA Sweden AB/Malmö	556356-5612	100	48
MECA Norway AS/Gjøvik	935 682 525	100	24
ProMeister Sweden AB/Malmö	556509-7861	100	–
			72
Denmark			
Anpartsselskab nr. 5 af 24.05.213/ Odense	34 05 53 86	100	–
Mekonomen Kolding A/S/Odense	33 49 47 85	100	–
Mekonomen OE dele ApS/Padborg	32 88 08 43	51.25	–
Aktieselskab nr. 2 af 24.05.2013/ Odense	33 49 46 45	100	–
Mekonomen Grossist Danmark A/S/ Odense	33 38 01 27	100	–
			0
Finland – Mekonomen Nordic[1)]			
Mekonomen Viiki Oy/Helsinki	2359722-5	100	–
Mekonomen Tammisto Oy/Vantaa	2359731-3	100	1
Mekonomen Renkomäki Oy/Lahti	2429678-2	100	1
Mekonomen Levänen Oy/Kuopio	2462875-9	100	1
Mekonomen Grossist Oy/Vantaa	2445185-0	100	–
			3

[1)] All companies in Finland have their registered offices in Helsinki; the place of business is stated above.

Indirect participations in subsidiaries	Corp. Reg. No.	Share of equity, %	No. of stores
Sweden – Mekonomen Nordic[1)]			
Mekonomen Alingsås AB/Alingsås	556596-3690	95	1
Mekonomen Strömstad AB/ Strömstad	556775-9849	100	1
Mekonomen Arvika AB/Arvika	556528-3750	80	5
Mekonomen B2C AB/Stockholm	556767-7405	100	1
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/ Båstad	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	100	2
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

Cont. Indirect participations in subsidiaries	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Farsta AB/Stockholm	556528-4766	100	–
Mekonomen FKV AB/Stockholm	556775-9831	87.5	–
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
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	100	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	100	1
Mekonomen Mariestad AB/Mariestad	556261-0179	75	1
Mekonomen Mjölby AB/Mjölby	556362-0565	91	1

NOTE 27 (cont.)

Cont. Indirect participations in subsidiaries	Corp. Reg. No.	Share of equity, %	No. of stores
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	100	1
Mekonomen Sandviken AB/Sandviken	556201-1295	91	1
Mekonomen Segeltorp AB/Huddinge	556580-2351	100	1
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	100	1
Mekonomen Södertälje AB/Södertälje	556405-5498	91	1
Mekonomen Sölvesborg AB/Sölvesborg	556216-4250	75	1
Mekonomen Torslanda AB/Gothenburg	556583-3893	91	1
Mekonomen Tranås AB/Tranås	556770-0041	100	1
Mekonomen Trollhättan AB/Trollhättan	556515-0298	91	1
Mekonomen Täby AB/Täby	556632-9958	100	1
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
Valdemarsvik Butiksbolag AB/Valdemarsvik	556963-4966	100	1
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 Verkstadscenter Älvsjö AB/Stockholm	556192-0314	91	1
Mekonomen Västerås AB/Västerås	556344-5492	75	2
Mekonomen Växjö AB/Växjö	556192-0439	60	2

Cont. Indirect participations in subsidiaries	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Åkersberga AB/Österåker	556632-9966	100	1
Mekonomen Älvsjö AB/Huddinge	556758-7661	100	–
Mekonomen Örebro AB/Örebro	556344-0717	91	3
Mekonomen Örnsköldsvik AB/Örnsköldsvik	556465-6287	51	1
Mekonomen Östersund AB/Östersund	556296-5243	100	2
Primexxa Strängnäs AB/Stockholm	556422-3872	100	1
Marinshopen RM AB/Stockholm	556829-5066	100	2
Mekonomen Utveckling AB/Stockholm	556777-4871	100	1
Automotive Web Solutions AB/Stockholm	556982-0805	100	–
			116

[1] Including Marinshopen's two stores and M by Mekonomen.

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
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 Larvik AS/Larvik	981 929 276	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

NOTE 27 (cont.)

Cont. Indirect participations in subsidiaries	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Trondheim AS/ Trondheim	979 462 026	100	2
Mekonomen Tønsberg AS/Tønsberg	934 256 867	75	1
Mekonomen Fleet AS/Oppegård	895 917 052	100	–
Lasingoo Norge AS/Oslo	914 835 585	100	–
			33
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
DINDEL NORWAY AS/Bærum	913 284 607	75	–
BilXtra Autogården Kongsberg AS/ Kongsberg	914 746 345	80	–
			34
Sweden – Meko Service 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	–

Cont. Indirect participations in subsidiaries	Corp. Reg. No.	Share of equity, %	No. of stores
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 Åkersberga AB/Åkersberga	556819-5019	91	–
Speedy Bilservice Östermalm AB/ Stockholm	556953-2434	91	–
Meko Service Hemmesta AB/ Stockholm	556428-1102	100	–
Meko Service Susannes Bilverkstad i Härlöv AB/Stockholm	556964-0641	60	–
Meko Service Tyresö AB/Stockholm	556961-2319	60	–
			0
Hong Kong			
ProMeister Global Limited/Hong Kong	1988735	100	–
			0
Total number of stores			**261**

Including the Parent Company, Mekonomen Group comprises a total of 213 companies, 261 proprietary stores and 28 proprietary workshops. Currently, 90 wholly-owned companies run 188 stores and 61 partly-owned companies run 73 stores. Furthermore, 11 wholly-owned companies and 11 partly-owned companies run 28 workshops.

The Group has no subsidiary with non-controlling interests that is of individual significance to Mekonomen Group.

NOTE 28 Investments accounted for using the equity method

The amounts recognised in the balance sheet comprise the following:

	Group	
	31/12/2014	31/12/2013
Associated companies	2	–
Joint ventures	1	–
Total	**3**	**–**

The amounts recognised in profit or loss comprise the following:

	Group	
	2014	2013
Associated companies	0	–
Joint ventures	0	–
Total	**0**	**–**

Holdings in joint ventures and associated companies are recognised in accordance with the equity method. The Group has only one small associated company and a small joint venture with a marginal impact on the Group.

NOTE 29 Shareholders' equity

A specification of changes to shareholders' equity can be found in the statement of changes in consolidated and Parent Company's shareholders' equity (see pages 45 and 50, respectively).

Share capital
At the end of the financial year, share capital amounted to SEK 89,754 (89,754) thousand and comprised 35,901,487 shares (35,901,487) at a quotient value of SEK 2.50 per share (2.50).

There were no outstanding shareholders' equity instruments that could result in a dilution of the share capital as per 31 December 2014 and 31 December 2013.

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 on 1 January 2013	**1,456**
Closing balance on 31 December 2013	**1,456**
Opening balance on 1 January 2014	**1,456**
Closing balance on 31 December 2014	**1,456**

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

Reserves	Translation differences	Hedges	Total
Opening balance on 1 January 2013	4	–	4
Exchange-rate differences on translation of foreign subsidiaries	-128	–	-128
Cash-flow hedges	–	-1	-1
Closing balance on 31 December 2013	**-124**	**-1**	**-125**
Opening balance on 1 January 2014	**-124**	**-1**	**-125**
Exchange-rate differences on translation of foreign subsidiaries	-20	–	-20
Cash-flow hedges	–	0	0
Closing balance on 31 December 2014	**-144**	**-1**	**-145**

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 on 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 on 31 December 2013	**807**
Opening balance on 1 January 2014	**807**
Comprehensive income for the year:	
– Profit for the year	120
- Actuarial gains and losses	-7
Comprehensive income for the year	**113**
Dividends	-251
Acquisition/divestment of non-controlling interests	-4
Closing balance on 31 December 2014	**665**

Dividend to Parent Company's shareholders
The Board of Directors proposes a dividend of SEK 7.00 per share (7.00), leading to a total dividend of SEK 251,310,409 (251,310,409).

NOTE 30 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 sound 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 changes in consolidated shareholders' equity on page 45 and Note 29 Shareholders' equity.

At least once per year, the Board 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 is to be not less than 40 per cent.

NOTE 31 Adjustments for items not affecting liquidity

	Group		Parent Company	
	2014	2013	2014	2013
Depreciation/Amortisation	188	193	0	0
Impairment of intangible fixed assets	39	43	–	–
Impairment of tangible fixed assets	25	4	–	–
Impairment of financial fixed assets	12	–	486	–
Impairment of inventories	75	–	–	–
Impairment of accounts receivable	12	–	–	–
Provision for discontinuation costs	116	–	–	–
Capital gain/loss from divestment of fixed assets	-3	-3	–	–
Other items not affecting liquidity	-1	-2	-1	0
	461	**235**	**485**	**0**

NOTE 32 Effects of acquisitions implemented

Acquisitions in 2014
Mekonomen Nordic in Sweden acquired a store and share in a workshop in Valdemarsvik, a store in Torsby, a partner store in Löddeköpinge, a partner store in Strömstad, a partner store in Ängelholm and the establishment of a store in Töcksfors. In Norway, a partner store was acquired in Larvik. Mekonomen Nordic acquired non-controlling interests in seven Swedish stores for a minor amount during the year.

Sørensen og Balchen acquired one company in Østerås, Norway.

In Sweden, MECA acquired stores in Mora and Leksand, Vällingby in Stockholm and a partner store in Hässleholm.

Meko Service Nordic acquired three workshops in Sweden.

The impact of these acquisitions on consolidated sales and earnings was marginal. Information on corporate acquisitions is provided in aggregate form since each individual acquisition is not deemed to be of such a size as to warrant separate recognition. All acquisitions were paid in cash.

NOTE 32 (cont.)

Acquisitions in 2014	Total acquisitions
Value of acquired assets and liabilities	
Tangible fixed assets	3
Inventories	17
Current receivables	0
Cash and cash equivalents	2
Long-term liabilities	0
Current liabilities	-8
Acquired net assets	**14**
Brands	4
Customer relations	13
IT systems	1
Goodwill	35
Deferred tax assets	-1
Acquired non-controlling interests, surplus value recognised against shareholders' equity	6
Total identifiable net assets and goodwill	**71**
Total purchase price	71
– of which, cash portion	71
Cash and cash equivalents in the acquired companies	2
Impact on Group's cash and cash equivalents	**69**

In Sweden, 0 (2) store and workshop managers became partners in their store/workshop companies. Their shareholdings amounted to 9 per cent per company. The total purchase consideration for these participations amounted to SEK 0 M (0).

Acquired subsidiaries/ operations 2014	Country	Date of acquisition	Participating interest and share of voting rights	Object
DINDEL NORWAY AS/ Bærum – Sørensen og Balchen	Norway	Quarter 1	75	Assets and liabilities
Workshop, Tyresö – Meko Service Nordic	Sweden	Quarter 1	60	Company
Partner store, Löddeköpinge – Mekonomen Nordic	Sweden	Quarter 1	100	Assets and liabilities
Store, Torsby – Mekonomen Nordic	Sweden	Quarter 2	100	Assets and liabilities
Store, Mora – MECA	Sweden	Quarter 2	100	Assets and liabilities
Store, Leksand – MECA	Sweden	Quarter 2	100	Assets and liabilities
Store, Vällingby – MECA	Sweden	Quarter 2	100	Assets and liabilities
Workshop, Härlöv – Meko Service Nordic	Sweden	Quarter 2	60	Assets and liabilities
Workshop, Hemmesta – Meko Service Nordic	Sweden	Quarter 2	100	Assets and liabilities
Partner store, Hässleholm – MECA	Sweden	Quarter 3	100	Assets and liabilities
Partner store, Larvik – Mekonomen Nordic	Norway	Quarter 3	100	Assets and liabilities
Partner store, Strömstad – Mekonomen Nordic	Sweden	Quarter 3	100	Assets and liabilities
Partner store, Ängelholm – Mekonomen Nordic	Sweden	Quarter 4	100	Assets and liabilities
Store, Valdemarsvik – Mekonomen Nordic	Sweden	Quarter 4	100	Company

Acquisitions in 2013

A purchasing company was established in Hong Kong during the fourth quarter of 2013. Mekonomen Nordic acquired and divested non-controlling interests in stores and workshops at a small value. Earlier in the year, MECA acquired a partner store in Haninge, Stockholm and a store in Gothenburg. In Sweden, Mekonomen Nordic acquired the minority shares in four stores and the remaining non-controlling interests in Meko Fleet System AB. Furthermore, the stores in Karlskrona and Ystad changed from proprietary to partner stores, the stores in Högsbo and Sisjön merged to form a single store and a new store was established in Båstad. The impact of these acquisitions on consolidated sales and earnings was marginal.

Information on corporate acquisitions is provided in aggregate form since each individual acquisition is not deemed to be of such a size as to warrant separate recognition. All other acquisitions were paid in cash.

Acquisitions in 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 assets	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 Group's cash and cash equivalents	**19**

In Sweden, 2 (15) store and workshop managers became partners in their store/workshop companies. Their shareholdings amounted to 9 per cent per company. The total purchase consideration for these shareholdings amounted to SEK 0 M (3.5).

Acquired subsidiaries/ operations 2013	Country	Date of acquisition	Participating interest and share of voting rights	Object
Partner store, Stockholm – MECA	Sweden	Quarter 1	100	Assets and liabilities
Partner store, Gothenburg – MECA	Sweden	Quarter 2	100	Assets and liabilities

NOTE 33 Information concerning revenue and expenses between Group companies

During the year, the Parent Company Mekonomen AB sold products and services to Group companies totalling SEK 42 M (45). Purchases relating to goods and services from Group companies amounted to SEK 54 M (54).

NOTE 34 Transactions with related parties

In 2014, Mekonomen Group acquired goods and services worth SEK 3 M (0) and supplied goods and services worth SEK 0 M (1) 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. No other transactions with related parties took place. For information on remuneration of senior executives, refer to Note 5.

NOTE 35 Purpose and structure of pro forma accounts

The decision to make structural changes in Denmark was made in December 2014. The operations in Denmark are included in Mekonomen Group's earnings for 2014 and in the comparative year 2013.

The pro forma accounts were prepared based on the accounting policies applied by Mekonomen AB (publ). The income statement "Pro forma excluding Denmark" on page 29 in the Administration Report shows an income statement at EBIT level for Mekonomen Group in which all revenue and expenses for MECA Denmark were removed row by row in the income statement.

The pro forma accounts were prepared only with the purpose of informing, highlighting facts and hypothetically reporting how Mekonomen Group's income statement, excluding Denmark, would have appeared for 2014 with comparative figures for 2013. The pro forma accounts are intended to describe a hypothetical situation and were only prepared for the illustrative purpose of informing and highlighting facts. The pro forma accounts are not intended to show the Group's earnings for a future period.

NOTE 36 Events after year-end

A decision was made on changes to Group Management after the end of the financial year. As of 12 February 2015, Group Management comprises the following individuals:
Håkan Lundstedt, President and CEO of Mekonomen AB
Marcus Larsson, Executive Vice President, Mekonomen AB
Morten Birkeland, CEO, Sørensen og Balchen
Per Hedblom, CFO, Mekonomen AB.
Magnus Johansson, CEO, Mekonomen Nordic
Pehr Oscarson, CEO, MECA
Gunilla Spongh, International Business Director, Mekonomen AB.

As announced in a press release on 17 March 2015, Mekonomen's President and CEO Håkan Lundstedt has informed the Board of Directors of Mekonomen that he intends to leave his position. He will remain in his current role during his period of notice. The process to find a new President and CEO for Mekonomen will commence immediately and will be led by the Chairman of Mekonomen, Fredrik Persson.

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

NOTE 37 Approval of the Annual Report

The Annual Report and consolidated financial statements were approved by the Board for publication on 24 March 2015. The consolidated income statement, 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 14 April 2015.

NOTE 38 Financial risks

Through its operations, Mekonomen Group is exposed to currency, credit, interest-rate and liquidity risks. The management of these risks is regulated in accordance with the finance 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 the Group's Treasury unit.

Currency risk

Currency risks occur when currency fluctuations have a negative impact on the Group's earnings 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).

In 2014, currency fluctuations had a positive impact on the Group's profit before tax totalling SEK 3 M (neg: 13). The most important currency in terms of transaction exposure is EUR, which represents 33 per cent (31) of goods purchases in the Group, as well as NOK pertaining to internal sales from wholesale companies in Mekonomen Nordic and MECA to Norway. NOK and DKK are the most important currencies in terms of translation exposure. Translation exposure to DKK will reduce during 2015 due to restructuring in Denmark. The management of currency risks is regulated in the finance policy with a hedging period of between 0 and 3 months.

With regard to foreign shareholders' equity, the principal rule is that Mekonomen Group does not hedge this exposure. However, if major foreign investments are made that require separate financing, a decision may 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 risk

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 Group's credit risks primarily comprise accounts receivable, which are distributed over a large number of counterparties and a small portion of long-term hire-purchase 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 of impairment of accounts receivable for the year and long-term hire-purchase contracts are found in Notes 17 and 19.

Interest-rate risk

Interest-rate risks refer to the risk that changes in market interest rates will have a negative impact on the Group's net interest expense. The rate at which interest rate changes affect the net interest expense depends on the period of fixed interest for the loan. According to the finance policy, the fixed-interest period is normally to be 12 months, with an exception mandate of +6/-9 months.

As per 31 December 2014, Mekonomen's net debt is SEK 1,629 (1,642). A fixed-interest period is available with a term of less than one year. See also the table in the Sensitivity analysis section on page 31.

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 payment obligations cannot be met as a result of insufficient liquidity or difficulties in securing financing. According to the finance policy, refinancing risks are to be managed by signing long-term and flexible credit agreements.

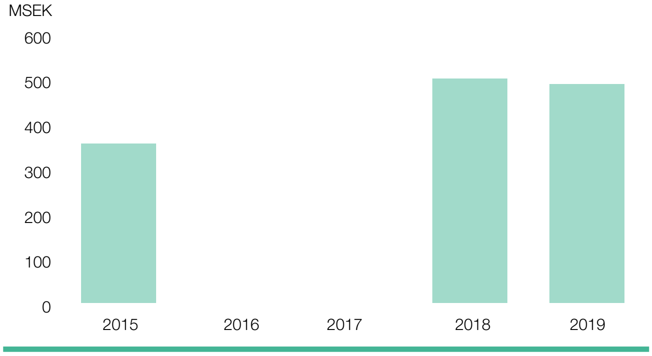
As per 31 December 2014, the Group's total loan financing amounted to SEK 1,887 M (1,921), of which the long-term portion is SEK 1,396 M (1,658).

See the maturity structure excluding amortisation in the graph below.

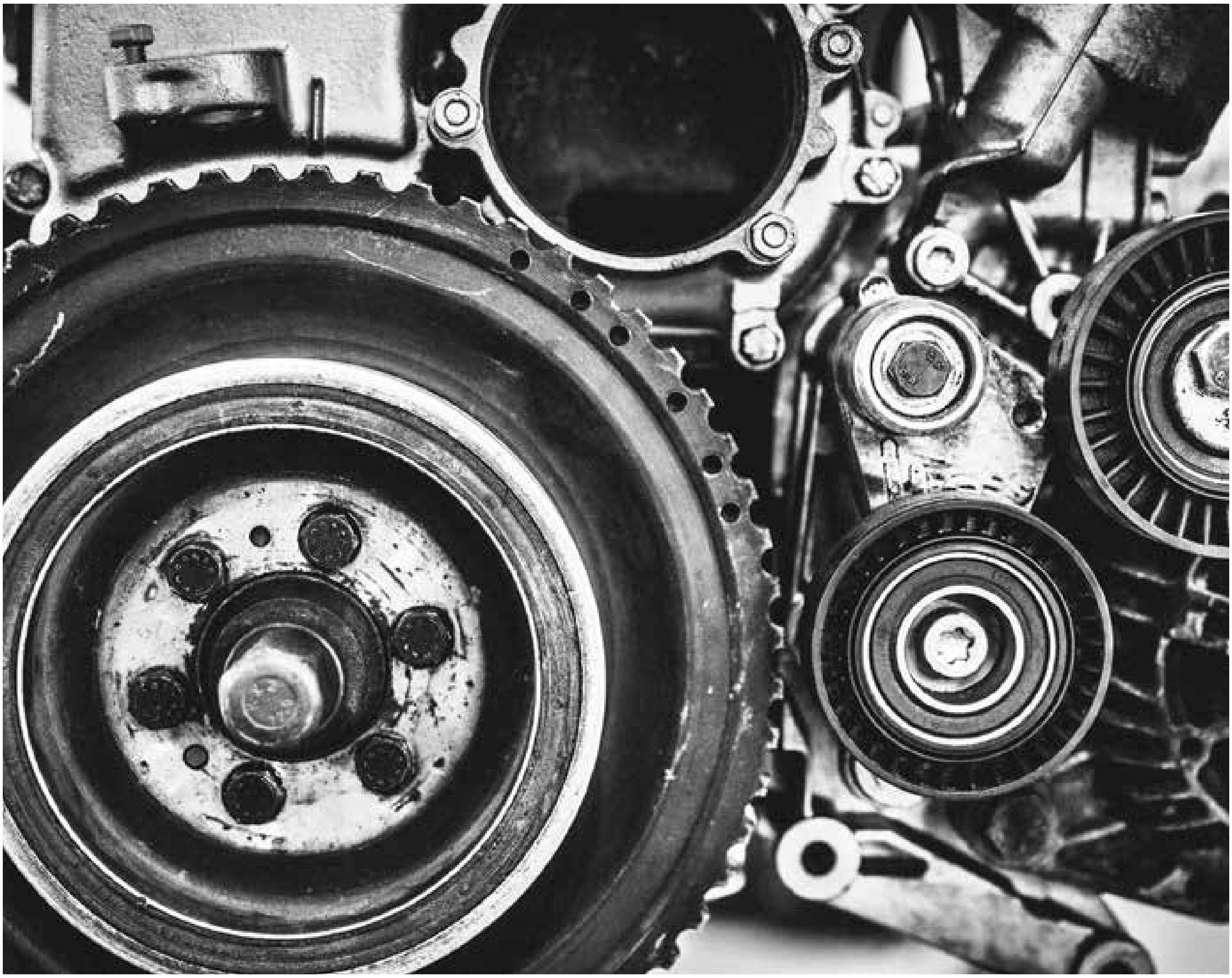
Total amortisation of the loans is SEK 136 M per year. In addition, the Group has overdraft facilities totalling SEK 606 M (387). The Group's cash and cash equivalents are invested short term and any excess liquidity is to primarily be used for amortising loans. According to the finance policy, investments may be made in SEK, NOK, EUR and DKK. Investments may be made with or in securities issued by the Swedish Government or Swedish and foreign banks with at least an A rating, according to the definition of Standard & Poor's (S&P).

Fair value
No financial assets or liabilities were recognised at a value that significantly deviated from fair value.

Mekonomen Group's external loans without backup facilities as per 31 December 2014.



Maturity structure excluding amortisation.



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

The Board of Directors and President hereby certify that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the EU, and provide a true and fair view of the Group's financial position and earnings and that the Administration Report for the Group provides a true and fair view of the performance of the Group's operations, position and earnings and describes significant risks and uncertainty factors faced by the companies included in the Group.

Stockholm, 18 March 2015

Fredrik Persson
Chairman of the Board

Marcus Storch
Executive Vice Chairman

Caroline Berg
Board member

Kenneth Bengtsson
Board member

Kenny Bräck
Board member

Helena Skåntorp
Board member

Christer Åberg
Board member

Håkan Lundstedt
President and CEO

Our Auditors' Report was submitted on 23 March 2015
PricewaterhouseCoopers AB

Lennart Danielsson
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Mekonomen AB, corporate identity number 556392-1971

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Mekonomen AB for the year 2014 except for the corporate governance statement on pages 34–41. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 28–78.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the 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 Managing Director 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.

Auditor's 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 Managing Director, 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 opinions.

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 2014 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 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 34–41. 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.

Other matters
The audit of the annual accounts for 2014 was performed by another auditor who submitted an auditor´s report dated March 14th 2014, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Mekonomen AB for the year 2014. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director
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 Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with 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 Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm March 23rd 2015
PricewaterhouseCoopers AB

Lennart Danielsson
Authorised Public Accountant

Five-year summary

SEK M

Income statement	2014	2013	2012	2011	2010
Net sales	5,789	5,740	5,292	4,140	3,374
Other revenue	135	123	134	97	73
Goods for resale	-2,706	-2,632	-2,475	-1,866	-1,607
Other operating expenses	-2,791	-2,605	-2,349	-1,810	-1,350
Earnings before depreciation and impairments of intangible fixed assets, EBITA	427	626	602	560	490
Amortisation and impairment of intangible fixed assets	-152	-157	-74	-25	-5
Operating profit, EBIT	274	469	528	536	485
Net financial items	-24	-39	-54	-13	0
Profit after financial items	250	429	474	523	485
Tax on profit for the year	-123	-114	-92	-143	-134
Profit for the year	**127**	**315**	**382**	**380**	**351**

Balance sheet	2014	2013	2012	2011	2010
Assets					
Intangible fixed assets	2,813	2,881	3,086	1,116	348
Other fixed assets	321	347	381	302	207
Inventories	1,223	1,213	1,203	934	680
Accounts receivable	450	439	495	411	287
Other current assets	319	285	302	225	162
Cash and cash equivalents	258	279	241	67	74
Total assets	**5,384**	**5,444**	**5,708**	**3,054**	**1,758**
Shareholders' equity and liabilities					
Shareholders' equity, Parent Company's shareholders	2,066	2,228	2,303	1,539	955
Non-controlling interest	14	12	13	17	19
Long-term liabilities	1,575	1,872	2,059	511	24
Current liabilities	1,728	1,332	1,333	988	760
Total liabilities and shareholders' equity	**5,384**	**5,444**	**5,708**	**3,054**	**1,758**

Condensed cash-flow statement	2014	2013	2012	2011	2010
Cash flow from operating activities	413	557	518	259	358
Cash flow from investing activities	-121	-54	-1,510	-512	-184
Cash flow from financing activities	-309	-442	1,165	246	-160
Cash flow for the year	**-17**	**61**	**173**	**-7**	**14**

Data per share[1]	2014	2013	2012	2011	2010
Amounts in SEK per share unless otherwise stated					
Profit	3.34	8.56	10.80	11.39	10.95
Cash flow	11.51	15.51	14.93	7.98	11.60
Shareholders' equity	57.5	62.1	64.2	46.9	30.9
Dividends[2]	7	7	7	8	8
Share of profit paid, %	210	82	65	69	73
Share price at year-end	204	198	206.5	225	223
Share price, highest for the year	207	233	246	257.5	228
Share price, lowest for the year	139	189	180	157	131
Direct yield, %	3.4	3.5	3.4	3.6	3.6
P/E ratio at year-end, multiple	61.1	23.1	19.1	19.8	20.4
Average number of shares after dilution effects[3]	35,901,487	35,901,487	34,692,458	32,436,258	30,868,822
Number of shares at end of period	35,901,487	35,901,487	35,901,487	32,814,605	30,868,822
Number of shareholders at year-end	9,664	8,355	8,138	7,735	8,024

[1] For information on financial definitions, refer to page 84.
[2] The Board's proposal for 2014.
[3] No dilution is applicable.

Key figures[1]	2014	2013	2012	2011	2010
Sales growth, %	1	8	28	23	8
Gross margin, %	53	54	53	55	52
EBITA margin, %	7	11	11	14	15
EBIT margin, %	5	8	10	13	14
Profit margin, %	4	7	9	12	14
Capital employed, SEK M	3,980	4,176	4,432	2,203	1,060
Operating capital, SEK M	3,722	3,898	4,191	2,136	986
Return on capital employed, %	7	11	15	29	49
Return on operating capital, %	7	12	17	34	52
Return on shareholders' equity, %	5	14	19	27	37
Return on total capital, %	5	9	11	20	30
Equity/assets ratio, %	39	41	41	51	55
Net debt/equity ratio, multiple	0.8	0.7	0.8	0.4	0
Interest-coverage ratio, multiple	7	9	10	26	151
Net debt, SEK M[2]	1,629	1,642	1,849	580	12
Average number of employees					
Sweden	1,335	1,342	1,287	1,076	850
Norway	772	775	690	475	251
Denmark	373	397	404	392	358
Other countries	24	21	24	15	3
Group	**2,504**	**2,535**	**2,405**	**1,958**	**1,462**
Number of stores/of which proprietary					
Mekonomen Sweden	137/113	137/109	143/115	144/114	141/111
Mekonomen Norway	46/33	47/32	51/35	53/36	47/32
Mekonomen Finland	6/3	6/3	7/4	3/3	2/2
Mekonomen Iceland	1/0	1/0	1/0	1/0	–
Marinshopen	2/2	2/2	2/2	1/1	–
Total Mekonomen Nordic	**192/151**	**193/146**	**204/156**	**202/154**	**190/145**
Sørensen og Balchen – Norway	**71/34**	**74/34**	**78/36**	**77/35**	**–**
MECA Sweden	63/48	61/44	64/43	–	–
MECA Norway	24/24	25/24	25/24	–	–
MECA Denmark[3]	4/3	45/40	49/41	54/40	40/37
Total MECA	**91/75**	**131/108**	**138/108**	**54/40**	**40/37**
M by Mekonomen	1/1	1/1	1/1	1/1	1/1
Group	**355/261**	**399/289**	**421/301**	**334/230**	**231/183**
Number of Mekonomen Service Centres					
Sweden[4]	485	489	484	438	426
Norway	378	384	387	380	352
Denmark	195	212	219	215	195
Finland	17	12	4	3	2
Group	**1,075**	**1,097**	**1,094**	**1,036**	**975**
Number of MekoPartner Workshops					
Sweden	129	116	137	128	128
Norway	73	72	73	78	63
Denmark	153	190	216	214	172
Group	**355**	**378**	**426**	**420**	**363**
Number of BilXtra workshops					
Norway	232	243	225	219	–
Group	**232**	**243**	**225**	**219**	**–**
Number of Speedy workshops					
Sweden	14	12	11	11	11
Group	**14**	**12**	**11**	**11**	**11**
Number of MECA Car Service workshops					
Sweden	377	344	334	–	–
Norway	251	226	212	–	–
Group	**628**	**570**	**546**	**–**	**–**
Total number of affiliated workshops in the Group	**2,304**	**2,300**	**2,302**	**1,686**	**1,349**

[1] For information on financial definitions, refer to page 84.
[2] Net debt was calculated according to a new definition, from the first quarter of 2014, as interest-bearing liabilities for borrowing less cash and cash equivalents. Comparative figures have been recalculated for earlier periods.
[3] Partner store on 31 December 2014 pertains to the Faroe Islands.
[4] Includes 17 (14) proprietary workshops in Meko Service Nordic.

Quarterly overview

SEK M	2014 Full-year	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Full-year	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Net sales[1)]										
MECA	2,205	539	540	564	562	2,211	535	529	593	554
Mekonomen Nordic[2)]	2,692	685	671	700	634	2,656	673	645	728	609
Sørensen og Balchen	712	176	176	188	171	701	159	174	195	174
Other[3)]	180	50	45	47	39	172	45	42	48	38
Group	**5,789**	**1,451**	**1,432**	**1,499**	**1,406**	**5,740**	**1,412**	**1,390**	**1,564**	**1,375**
EBITA										
MECA	-68	-203	60	51	24	156	20	47	51	38
Mekonomen Nordic[2)]	422	97	121	108	95	390	80	107	119	83
Sørensen og Balchen	109	22	29	34	24	99	24	27	30	19
Other[3)]	-36	-8	-10	-9	-10	-19	0	-3	-5	-11
Group	**427**	**-91**	**200**	**184**	**133**	**626**	**124**	**178**	**195**	**129**
EBIT										
MECA	-182	-261	41	32	5	84	1	29	33	21
Mekonomen Nordic[2)]	401	93	117	104	88	323	31	101	112	79
Sørensen og Balchen	92	18	25	29	20	81	19	22	25	15
Other[3)]	-36	-8	-10	-8	-10	-19	0	-3	-4	-12
Group	**274**	**-158**	**172**	**157**	**103**	**469**	**52**	**149**	**166**	**103**
Investments[4)]										
MECA	25	5	7	9	4	30	9	4	12	5
Mekonomen Nordic[2)]	44	20	6	11	7	28	3	4	12	9
Sørensen og Balchen	4	1	0	1	1	2	0	–	1	1
Other[3)]	2	0	1	0	1	3	1	–	2	0
Group	**75**	**27**	**15**	**21**	**13**	**63**	**13**	**8**	**27**	**15**
EBITA margin, %										
MECA	-3	-37	11	9	4	7	4	9	9	7
Mekonomen Nordic [2)]	15	14	17	15	14	14	12	17	16	14
Sørensen og Balchen	15	12	16	18	14	14	15	15	15	11
Group	**7**	**-6**	**14**	**12**	**9**	**11**	**9**	**13**	**12**	**9**
EBIT margin, %										
MECA	-8	-48	7	6	1	4	0	6	6	4
Mekonomen Nordic[2)]	14	13	17	14	13	12	5	15	15	13
Sørensen og Balchen	13	10	14	15	11	11	12	13	13	8
Group	**5**	**-11**	**12**	**10**	**7**	**8**	**4**	**10**	**10**	**7**
Quarterly data, Group[5)]										
Total revenue	5,924	1,481	1,467	1,534	1,441	5,863	1,450	1,417	1,591	1,405
EBITA	427	-91	200	184	133	626	124	178	195	129
EBIT	274	-158	172	157	103	469	52	149	166	103
Net financial items	-24	-4	-13	-3	-4	-39	-2	-16	-5	-16
Profit after financial items	250	-162	159	154	99	429	49	133	160	87
Tax	-123	-7	-41	-44	-31	-114	-19	-34	-40	-22
Profit/loss for the period	127	-169	118	110	68	315	31	99	120	65
Gross margin, %	53	49	55	55	54	55	54	55	53	54
EBITA margin, %	7	-6	14	12	9	11	9	13	12	9
EBIT margin, %	5	-11	12	10	7	8	4	10	10	7
Earnings per share, SEK	3.34	-4.68	3.20	2.99	1.83	8.56	0.88	2.67	3.24	1.77
Shareholders' equity per share, SEK	57.5	57.5	65.0	60.9	64.6	62.1	62.1	61.4	60.4	64.0
Cash flow per share, SEK	11.5	5.0	3.2	5.4	-2.0	15.5	4.8	3.0	7.3	0.4
Return on shareholders' equity, %	5.4	5.4	14.2	13.5	13.8	13.7	13.7	17.8	17.6	17.3

[1)] Net sales for each segment are from external customers.
[2)] The Mekonomen Nordic segment includes Mekonomen Sweden, Mekonomen Norway, Mekonomen Fleet, Marinshopen, Mekonomen Finland, Mekonomen Services and Mekonomen Norden AB. From 2014, Mekonomen BilLivet and Speedy are included in Meko Service Nordic in "Other," comparative figures have been recalculated.
[3)] "Other" comprises the Parent Company Mekonomen AB (publ), M by Mekonomen, the purchasing company in Hong Kong, Meko Service Nordic, as well as Group-wide functions and eliminations. Mekonomen AB's operations mainly comprise Group Management and finance management. On 1 January, 2014, Meko Service Nordic was formed within "Other" and took over management of BilLivet and Speedy operations from Mekonomen Nordic. The comparative figures have been recalculated between "Other" and the Mekonomen Nordic segment.
[4)] Investments do not include company and business combinations.
[5)] For information on financial definitions, refer to page 84.

Information to shareholders

Annual General Meeting

The shareholders of Mekonomen Aktiebolag (publ), Corporate Registration Number 556392-1971, are hereby invited to attend the Annual General Meeting on Tuesday, 14 April 2015 at 3:00 p.m. at Courtyard by Marriott, Rålambshovsleden 50, Stockholm, Sweden. Registration for the Annual General Meeting will open at 2:00 p.m.

Registration

Shareholders wishing to participate the Annual General Meeting must:
• be registered in the shareholders' register maintained by Euroclear Sweden AB not later than Wednesday, 8 April 2015.
• notify the company of their intention to attend the meeting no later than by 4:00 p.m. on Wednesday, 8 April 2015.

Notification may be given via the company's website www.mekonomen.com. Notification may also be made in writing to Årsstämma i Mekonomen Aktiebolag, c/o Euroclear Sweden AB, PO Box 7842, SE-103 98 Stockholm, Sweden or by phone +46 8 402 90 47 between 9:00 a.m. and 4:00 p.m. on weekdays.

Notification must include the shareholder's name and personal identity number or company name and company registration number, address, telephone number and the number of any assistants accompanying the shareholder to the Meeting (maximum of two).

Nominee-registered shares

In addition to notifying their attendance, shareholders who have nominee-registered shares through a bank or other nominee must temporarily re-register the shares in their own name in the shareholders' register by Wednesday, 8 April 2015 in order to be entitled to participate in the Annual General Meeting. Shareholders should notify their nominees of this well in advance of this date.

Proxies

Shareholders who are represented by proxy must issue a written and dated power of attorney for their proxy. If the power of attorney is issued by a legal entity, copies of authorization documents (certificate of registration or similar) must be enclosed. To facilitate registration at the Annual General Meeting, the power of attorney, in original, and any authorization documents should be sent by post well in advance of the Annual General Meeting to the following address: Årsstämma i Mekonomen Aktiebolag, c/o Euroclear Sweden AB, PO Box 7842, SE-103 98 Stockholm, Sweden. Proxy forms are available for downloading from company's website: www.mekonomen.com.

Dividends

The Board proposes a dividend of SEK 7.00 (7.00) per share to the Annual General Meeting. The Board proposes Thursday, 16 April 2015 as the record day for the dividend. If the Annual General Meeting adopts the proposal, the dividend is expected to be paid on Tuesday, 21 April 2015. The final day for trading the company's shares including the right to dividends is 14 April 2015.

Printed Annual Report

Printed Annual Reports will be distributed approximately one week before the Annual General Meeting only to shareholders requesting them.

Financial calendar 2015-2016

Information	Period	Date
Interim report	January–March 2015	13 May 2015
Interim report	January–June 2015	26 August 2015
Interim report	January–September 2015	11 November 2015
Year-end report	January–December 2015	17 February 2016

Investor relations contacts

Håkan Lundstedt
President and CEO
Mekonomen AB
Tel: +46 8 464 00 00
E-mail: hakan.lundstedt@mekonomen.se

Per Hedblom
CFO
Mekonomen AB
Tel: +46 8 464 00 00
E-mail: per.hedblom@mekonomen.se

Gunilla Spongh
International Business Director
Mekonomen AB
Tel: +46 8 464 00 00
E-mail: gunilla.spongh@mekonomen.se

Analysts

The analysts below continuously monitor Mekonomen. 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
Erik Paulsson	Pareto Securities
Stefan Cederberg	SEB
Mats Liss	Swedbank

Glossary and definitions

Financial definitions

Return on shareholders' equity
Profit for the period, excluding minority share, as a percentage of average shareholders' equity excluding minority interest.

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 total assets.

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

EBIT margin
EBIT after depreciation/amortisation as a percentage of total revenue.

EBITA
EBITA after depreciation according to plan but before amortisation and impairment of intangible fixed assets.

EBITA margin
EBITA as a percentage of total revenue.

EBITDA
Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets.

EBITDA margin
EBITDA as a percentage of total revenue.

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

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

Net debt
Current and long-term interest-bearing liabilities for borrowing less cash and cash equivalents, meaning excluding pensions, leasing, derivatives and similar obligations.

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

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

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

Company-specific definitions

Affiliated workshops
Workshops that are not proprietary owned, but conduct business under the Group's brands/workshop concept (Mekonomen Service Centre, MekoPartner, MECA Car Service, BilXtra and Speedy).

Proprietary stores
Stores with operations in subsidiaries, directly or indirectly majority owned, by Mekonomen AB.

Proprietary workshops
Workshops with operations in subsidiaries, directly or indirectly majority owned, by Mekonomen AB.

Fleet operations
Mekonomen Group's offering to business customers comprising service and repairs of cars, sales of spare parts, tyres, accessories and tyre storage.

Sales in comparable units
Sales in comparable units comprise external sales (in local currency) in majority-owned stores, wholesale sales to partner stores, external sales in majority-owned workshops and Internet sales.

Sales to customer group Affiliated workshops
Sales to affiliated workshops and sales to proprietary workshops.

Sales to customer group Consumers
Cash sales from proprietary stores to other customer groups than affiliated workshops and other workshops, as well as the Group's e-commerce sales to consumers.

Sales to customer group Other workshops
Sales to business customers that are not affiliated to any of Mekonomen Group's concepts, including sales in the Fleet operations.

Comparable units
Stores, majority-owned workshops and Internet sales that have been in operation for the past 12 month period and throughout the entire preceding comparative period.

Concept workshops
Affiliated workshops.

Group companies
The MECA, Mekonomen Nordic and Sørensen og Balchen segments.

Lasingoo
The car portal that Mekonomen Group owns together with industry players that simplifies the workshop selection and booking processes for car owners.

ProMeister
Mekonomen Group's proprietary brand for high quality spare parts with five-year guarantees.

Spare parts
Parts that are necessary for a car to function.

Partner stores
Stores that are not proprietary, but conduct business under the Group's brands/store concepts.

Accessories
Products that are not necessary for a car to function, but enhance the experience or extend use of the car, for example, car-care products, roof boxes, car child seats, etc.

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

Addresses

Mekonomen Group
Postal address:
Box 19542
SE-104 32 Stockholm, Sweden
Visiting address:
Solnavägen 4, 10th floor, Stockholm, Sweden
Tel: +46 8 464 00 00
E-mail: ir@mekonomen.se
www.mekonomen.com

MECA Scandinavia
Postal address:
Box 9225
SE-200 39 Malmö, Sweden
Visiting address:
Stenåldersgatan 27, Malmö, Sweden
Tel: +46 40 671 60 60
E-mail: info@meca.se
www.meca.se

Mekonomen Nordic
Postal address:
Box 19542
SE-104 32 Stockholm, Sweden
Visiting address:
Solnavägen 4, 10th floor, Stockholm, Sweden
Tel: +46 8 464 00 00
E-mail: ir@mekonomen.se
www.mekonomen.se

Sørensen og Balchen
Postal address:
Postboks 134 Holmlia
NO-1203 Oslo, Norway
Visiting address:
Rosenholmveien 12, NO-1252 Oslo, Norway
Tel: +47 22 76 44 00
E-mail: ir@mekonomen.se
www.sogb.no

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