

Mekonomen Group

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Mekonomen has entered into an agreement to acquire FTZ in Denmark and Inter-Team in Poland – almost doubling sales and intends to propose a rights issue of approx. SEK 1,650m¹

Mekonomen has entered into an agreement to acquire automotive spare-parts distributors FTZ² in Denmark and Inter-Team³ in Poland from HELLA⁴ for a purchase price of EUR 395m⁵ (SEK 4,043m⁶) on a cash and debt-free basis. Through the acquisition, Mekonomen strengthens its position in the sale of automotive spare-parts in northern Europe and establishes a strong market position in Denmark and Poland, where Mekonomen has no current operations.

FTZ and Inter-Team had combined sales of approximately SEK 5,203m⁷ and an EBITDA of approximately SEK 417m⁷ during the period June 2017 - May 2018. The acquisition is expected to contribute positively to Mekonomen's earnings per share during next year and generate significant synergies in the coming years. Part of the purchase price is intended to be financed by a rights issue of approx. SEK 1,650m, to be carried out during the second half of 2018.

FTZ is the leading automotive spare-parts distributor in Denmark with a customer base of more than 11,000 workshops. FTZ operates its own franchise concepts and has approximately 920 franchise workshops under the brands AutoMester, HELLA Service Partner, Din Bilpartner and CarPeople. FTZ has approximately 50 branches with approximately 1,100 employees and sales amounted to approximately SEK 3,262m⁷ during the period June 2017 - May 2018.

Inter-Team has an established market position in the fast-growing and fragmented Polish automotive spare-parts market. Inter-Team has a customer base of more than 28,500 workshops and operates two own franchise concepts, O.K. Servis and Inter Data Service, with approximately 410 workshops combined. The company also has a wide range of private label products under the Sakura and Kraft brands. Inter-Team has approximately 80 branches with approximately 1,400 employees and sales amounted to approximately SEK 1,941m⁷ during the period June 2017 - May 2018.

"Through the acquisition of FTZ and Inter-Team, we strengthen our position as a leading automotive spare-parts distributor in the Nordic region and take a first step into continental Europe. The acquisition is in line with our strategy of playing a central role in

¹ Estimate based on current exchange rate and estimated timetable.

² FTZ Autodele & Værktøj A/S ("FTZ").

³ INTER-TEAM Sp.z.o.o. ("Inter-Team").

⁴ HELLA Holding International GmbH ("HELLA").

⁵ In addition to the purchase price of EUR 395m, a consideration equivalent to cash flows from the acquired entities attributable to the seller (Locked box) from 30 Nov 2017 to completion of the transaction, will be paid to the seller.

⁶ Purchase price of EUR 395m equals SEK 4,043m with an exchange rate (EUR/SEK) of 10.24.

⁷ The financial information is based on preliminary financial information for the acquired entities (FTZ and Inter-Team) from the company's internal accounting system and converted to SEK with an exchange rate as of 31 May 2018 (EUR/SEK) of 10.27.

the ongoing consolidation in Europe. These are two well-run companies that will continue to develop within the framework of existing corporate structures and brands as standalone companies in the Group", says Pehr Oscarson, President and CEO Mekonomen.

"Adding FTZ and Inter-team to the Mekonomen Group further solidifies our position of the leading auto parts distributor in the Nordics and gives us additional growth opportunities. Our customers, employees and shareholders will all benefit from this transformational transaction", says John S Quinn, chairman of Mekonomen.

"With Mekonomen, a renowned wholesaler will take over our activities in Denmark and Poland, which will strategically develop the business," explains Dr Werner Benade, HELLA Managing Director responsible for the Aftermarket and Special Applications segment. "We will systematically focus the Aftermarket segment on the independent spare parts business and innovative workshop equipment. As part of this, we are accelerating the interaction between the divisions and opening up digital business models."

The acquisition is expected to generate annual synergies of SEK 100m, of which the majority consists of purchasing synergies, with full effect during 2021. Costs of approximately SEK 60m are estimated to arise in connection with achieving the purchasing synergies. Since the acquired companies will continue to act as own companies in their existing structures, no significant integration costs will arise over time. Transaction costs for the acquisition and the rights issue are estimated at SEK 75m. The deferred tax assets of SEK 93m in Mekonomen Group's balance sheet will be impaired in the third quarter of 2018 but will not affect cash flow.

The transaction

Mekonomen has entered into an agreement to acquire automotive spare-parts distributors FTZ in Denmark and Inter-Team in Poland for a purchase price of EUR 395m (SEK 4,043m) on a cash and debt-free basis. The acquisition of Inter-Team in Poland is subject to approval by the relevant competition authorities. The acquisition is preliminary expected to be completed during the third quarter of 2018. The agreement also provides that Mekonomen may, prior to year-end, in a separate transaction, acquire the company Nordic Forum Holding⁸. Nordic Forum is a holding company of the FTZ and Inter-Team businesses and, if acquired, will be immaterial to the overall transaction.

Financing

Mekonomen has secured EUR 395m in bank financing for the purchase price for the acquisition. Nordea Bank AB ("Nordea") and Skandinaviska Enskilda Banken AB ("SEB") act as Underwriters and Bookrunners for the bank financing, consisting of (i) a EUR 158m loan facility with a 5-year maturity (ii) a bridge facility of EUR 79m with a 12-month maturity intended to be repaid by capital market debt and / or bank loans, as well as (iii) a bridge facility of EUR 158m with a 12-month maturity intended to be repaid by a rights issue.

In accordance therewith, the board of directors of Mekonomen intends to decide on a rights issue, subject to approval by an extraordinary general meeting, of approx. SEK 1,650m with preferential rights for Mekonomen's shareholders. The largest shareholder in Mekonomen, LKQ (which holds 26.51 % of the total number of shares and votes in

⁸ Nordic Forum Holding's A/S ("Nordic Forum Holding") subsidiaries Hellanor A/S and UCANDO GmbH are outside of the transaction perimeter.

Mekonomen), has undertaken to subscribe for its pro rata share of the rights issue and Nordea and SEB have entered into a standby underwriting agreement, subject to customary terms, for the remaining part of the rights issue. The rights issue is expected to be decided upon and completed during the second half of 2018.

Mekonomen constantly evaluates its financial targets based on market conditions and changes in the company. Until further notice Mekonomen maintains its financial targets.

Extraordinary general meeting

Following the closing of the acquisition and assuming the Board of Directors resolves on a rights issue, an extraordinary general meeting will be held during the second half of 2018 to approve the Board of Directors' decision. Further details will follow and the notice of the extraordinary general meeting and a potential prospectus will be published separately and be made available on www.mekonomen.com

Advisers

Nordea acted as financial advisor to Mekonomen in relation to the acquisition, and acts as Global Coordinator and Joint Bookrunner in relation to the planned rights issue. Lenner & Partners acted as financial adviser alongside Nordea in relation to the acquisition. SEB acts as Joint Bookrunner for the planned rights issue. Hannes Snellman has acted as legal adviser in relation to the acquisition and the planned rights issue.

Press and analyst conference

Due to Mekonomen's acquisition, a telephone conference will be held in English, at 10:00 a.m. on 6 July 2018. For more information, please see separate press release.

For further information, please contact:

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This information is such information that Mekonomen AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation.

The information was submitted for publication through Pehr Oscarson, at 07:30 a.m. on 6 July 2018. This press release will be published in Swedish and English. The Swedish version represents the original version and has been translated into English.

Mekonomen Group consists of the leading automotive spare-parts chains in the Nordic region, with proprietary wholesale operations, over 300 stores and 2,000 workshops operating under the Group brands. We offer a wide and easily accessible range of inexpensive and innovative solutions and products for consumers and companies.