

Q1 2020

Interim report
1 January - 31 March



Interim report Q1

I.A. HEDIN BIL AB

556065-4070

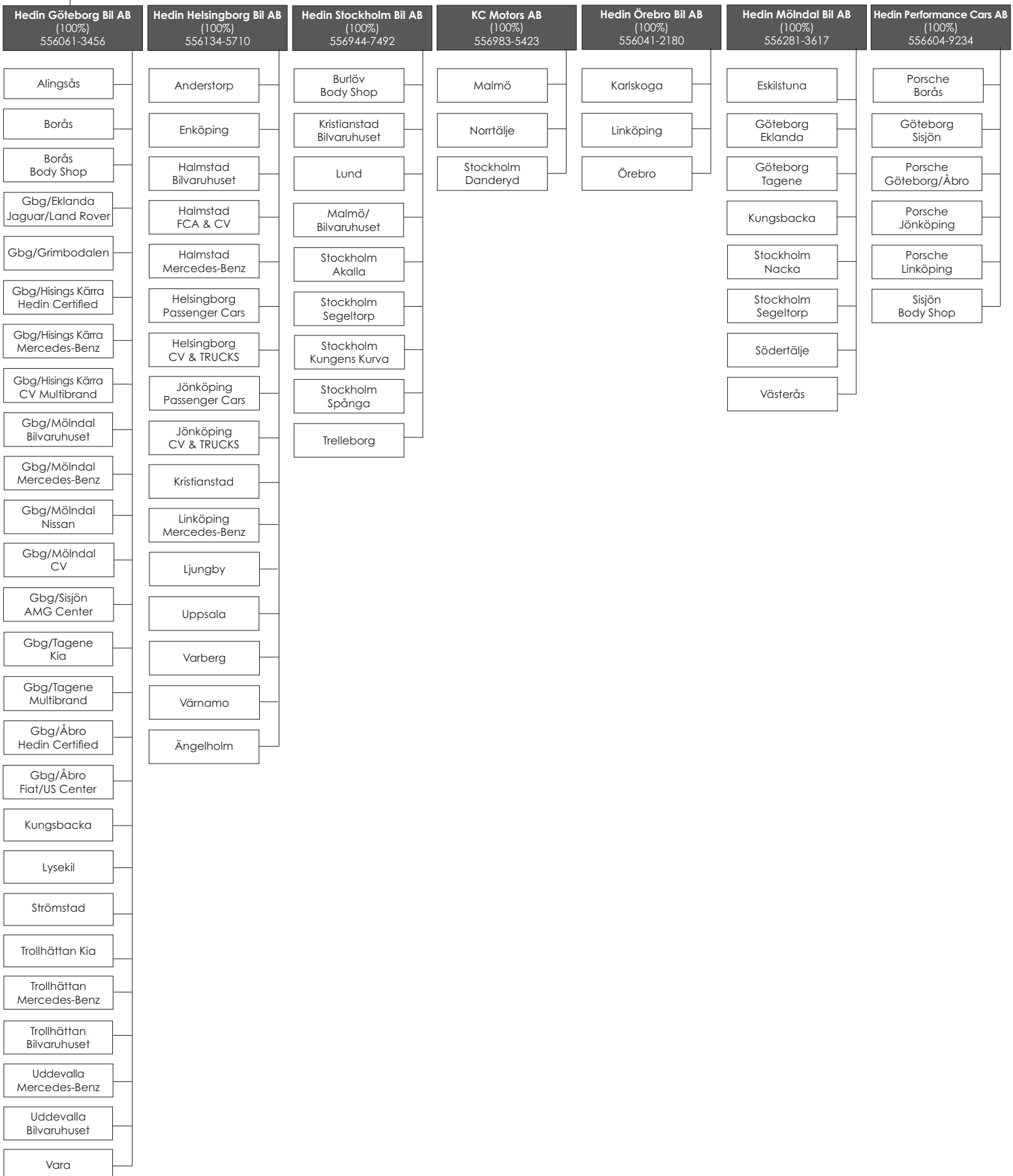
1 JANUARY - 1 MARCH

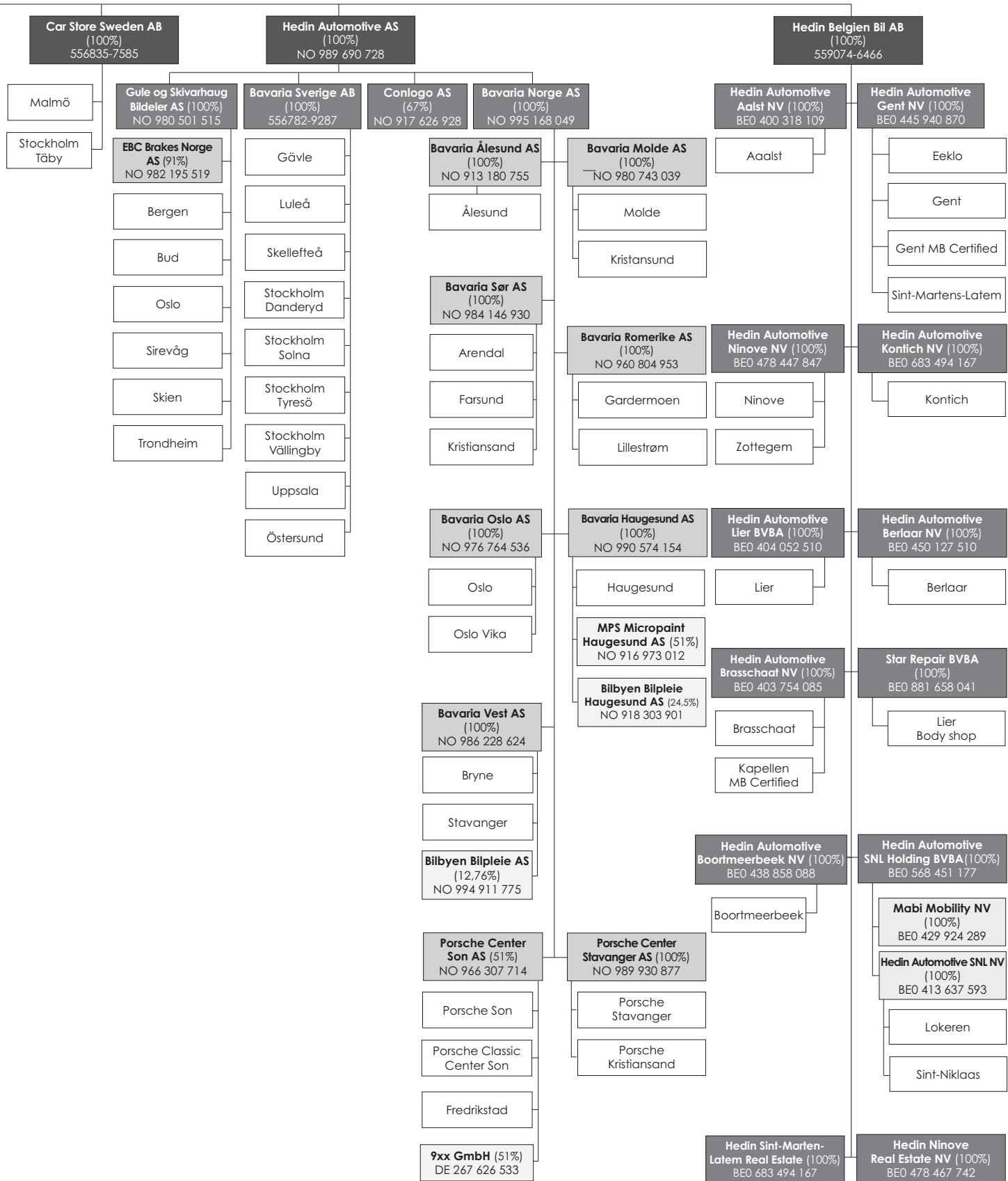
Content

Company structure	4
First quarter highlights.....	6
CEO comment	8
Financial figures	10

ANDERS HEDIN INVEST AB
556702-0655

I.A. Hedin Bil AB
(91%)
556065-4070





Key Events first quarter

- The FordStore in Västerås is re-opened on January 13 after being renovated.
- On January 20th, Hedin Göteborg Bil AB opens a new KIA dealership in Trollhättan, a Red Cube facility.
- On January 29, the plans of Hedin Performance Cars AB to build a Porsche Center in Linköping is announced. The grand opening is scheduled to 2022.
- On January 30 it was made public that Anders Hedin Invest AB and the Stern Groep N.V., a listed automotive retailer active in the Netherlands, are holding exclusive negotiations regarding the merger of the two companies automotive operations, including I.A. Hedin Bil AB. Due Covid-19, it was decided on March 2020 to postpone further discussions until the car industry return to normal.
- On April 1, our new concept "Car Store" was launched. Car Store is a used car sales concept within the Hedin Group.

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- **Net sales increased 6 percent to MSEK 5,644 (MSEK 5,329).**
 - **Operating profit increased by MSEK 33 to MSEK 110 (MSEK 77).**
 - **Profit before tax increased to MSEK 42 (MSEK 22).**
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Comments related to Covid-19

The initial market reaction from Covid-19 differed between our home markets and was mostly correlated to government actions. In Sweden and Norway, market impact has been comparably limited at between 30 % - 40 % downturn in new car sales during April which is now stabilizing or improving slightly. Belgium however entered a lock down of non-critical businesses which has led to considerably larger consequences in that market. We have been able to run certain emergency aftermarket business, part from that our facilities have been closed. A step by step opening of businesses has commenced and we have a significant number of customers waiting for delivery of their cars. The outcome of the savings programs that have been put into effect is gradually seen during second quarter. The effect from temporary shutdowns of car manufacturing around the globe is expected to show during the end of the second quarter and the start of the third quarter. The delay in deliveries is generally between one and two months.

Available cash during this initial phase of Covid-19 is satisfactory due to the measures that have been taken.

Key Figures

<i>Amounts in kSEK</i>	<i>1st quarter</i>		<i>Year</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
Net Sales	5,643,797	5,329,085	22,301,382
Operating profit	109,859	76,972	360,207
Operating margin %	1.9	1.4	1.6
Profit/loss before tax	42,494	22,257	147,954
Equity ratio %	9	10	9
Equity ratio %, excluding IFRS 16	14	16	13
Average number of employees	2,802	2,618	2,733

Definitions

Equity ratio: Equity including subordinated shareholder loans in relation to total assets

A word from the CEO

During the first quarter, Hedin Bil benefited from higher profits than any other first quarter, due to efficiency programs and digitalization of customer offerings and internal processes.

The new year came to a convincing start and the investments we have done in the past years in efficiency programs and digitalization continued to pay off. With the introduction of new emission regulations starting in 2020, it will be the year of a shift in focus to alternative drivetrains in the EU to avoid substantial penalties. This creates possibilities in the sales of both new and used vehicles.

Margins improved both for car sales and the aftermarket, and in Sweden and Norway. The Belgian business was negatively impacted by a lock down of the economy starting March 18, due to the Belgian government's response to Covid-19.

In accordance with our philosophy to act quickly both on opportunities and risks, we launched extensive saving programs that will help us through the Covid-19 crisis. Since then, the development has differed between the markets. The Swedish market is the one of our home markets that has kept open to the largest extent, which we can also see in sales statistics. Norway closed parts of the society and at the other end of the spectrum Belgium has been under lock down for more than six weeks and are currently opening up slowly.

New orders have decreased by 30 % - 40 % in the Swedish market since mid-March, while we have performed slightly better overall. In Norway, our deliveries decreased in line with the market, which has been affected slightly higher than Sweden. Our order book is however developing stronger than the market. The effect of this will be visible in the second quarter and is met by cost savings that come into full effect over the same period. At the same time, it is satisfying that our aftermarket services are running at full capacity in both Sweden and Norway. Belgium is slowly opening up and we estimate 50 % capacity in aftermarket services after the initial opening. Of course, we have also updated our guidelines in both showrooms and workshops to limit the risk of contracting virus for our customers and employees.

We are continuously working to keep costs down and to have relevant inventories both when it comes to price and models. At the same time, the majority of the market is still intact, which means that we are even more focused on proactively contacting customers and making offers to limit the negative effects of the downturn. During our 35 year of business we have successfully managed both upturns and downturns in the market, and we act forcefully to stand stronger also when this crisis has passed.



Anders Hedin

Financial summary

JANUARY – MARCH 2020

Net sales increased in the first quarter by 6 percent to MSEK 5,644 (MSEK 5,329). Sales of Mercedes-Benz passenger cars has changed into an agent model, meaning that invoicing to end customers are made directly from the importer. Only the sales commission is reported in the net sales of the group. During 2019 several dealerships were acquired in Belgium and Norway which increases net sales. Net sales adjusted for these changes has increased by 8 percent for comparable businesses. In Belgium the business was closed from March 18, due to restrictions regarding Covid-19. The effect on net sales is approximately 3% for the quarter.

Operating profit increased by MSEK 33 to MSEK 110 (MSEK 77). Operating margin increased to 1.9 percent (1.4 percent). Operating margin in vehicles sales amounted to 0.9 percent (0.5 percent). The sales of the new cars in comparable business increased by 8 percent during the first quarter, while sales of used cars was at same level as last year. Sales of used cars in Sweden within Hedin Certified continued the positive development and increased by 7 percent, while the sales of used cars in Norway decreased in the end of the period. Gross margin increased both in new and used vehicles compared to same period last year.

The operating margin in After sales was 4.9 percent (4.4 percent). Earnings have improved through efficiency improvements and cost reductions.

The operating profit in Hedin Bil has improved compared to last year. A lower volume in sale of new cars, are offset by increased sales and profitability in used cars. The profitability in after sales has also improved by efficiency improvements. Operating profit in Bavaria increased compared to last year through higher vehicle sales, and efficiency improvements in after sales. In Belgium the business has been closed since March 18, which causes the decline in operating profit. The beginning of the year until the closing the operations in Belgium reported improvement in profitability compared to last year.

Financial net increased by MSEK 13 compared to last year, of which MSEK 9 is due to exchange rate differences. The remaining increase is due to increased financing and higher variable interest rates.

Cash flow from operating activities was MSEK 451 (MSEK 400). Investments in intangible and tangible fixed assets, excluding leasing vehicles and right-of-use assets, amounted to MSEK 33 (MSEK 26) during the first quarter. Available cash including unused overdraft facility amounted to MSEK 519.

<i>Sold vehicles</i>	<i>1st quarter</i>		<i>Year</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
New cars	9,716	11,480	39,547
New light commercial vehicles	1,782	1,812	7,134
New heavy trucks	45	131	371
Used cars	6,753	7,500	29,047
Used light commercial vehicles	663	487	2,135
Used heavy trucks	29	70	189
Total	18,988	21,480	78,423

Consolidated Statement of income and other comprehensive income

Amounts in kSEK	1st quarter		Year
	2020	2019	2019
Operating income			
Net Sales	5,643,797	5,329,085	22,301,382
Other operating income	3,128	3,572	25,847
	5,646,925	5,332,657	22,327,229
Operating expenses			
Goods for resale	-4,445,139	-4,275,224	-17,719,997
Other external costs	-258,864	-232,296	-1,028,048
Employee benefit expenses	-527,642	-469,264	-2,022,859
Depreciation and amortization of tangible and intangible fixed assets	-305,421	-278,901	-1,196,118
Operating profit	109,859	76,972	360,207
Profit/loss from financial items			
Financial income	9,074	6,480	25,055
Financial expenses	-76,439	-61,195	-237,308
Profit/loss before tax	42,494	22,257	147,954
Taxes	-9,289	-5,612	-44,646
Net profit/loss for the period	33,205	16,645	103,308
Net profit/loss for the year attributable to:			
Parent company's shareholders	32,432	16,024	100,322
Holdings with non-controlling interests	773	621	2,986
Net profit/loss for the period	33,205	16,645	103,308
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of pensions obligations, net after taxes	0	0	-4,768
<i>Items that may be reclassified to profit or loss</i>			
Translation differences	-78,086	58,862	35,969
Total comprehensive income for the period	-44,881	75,507	134,509
Comprehensive income for the period attributable to:			
Parent company's shareholders	-44,318	74,170	131,043
Holdings with non-controlling interests	-563	1,337	3,466
Comprehensive income for the period	-44,881	75,507	134,509

Consolidated Balance sheet

<i>Amounts in kSEK</i>	<i>3/31/2020</i>	<i>3/31/2019</i>	<i>12/31/2019</i>
ASSETS			
Fixed assets			
Intangible assets			
Intangible rights	16,561	12,229	16,936
Customer relations	412,107	357,961	439,278
Goodwill	1,367,753	1,190,610	1,420,861
	1,796,421	1,560,800	1,877,075
Tangible assets			
Land and buildings	288,122	276,205	273,209
Cost incurred on another's property	221,493	147,726	224,036
Equipment, tools and installations	241,234	244,993	248,473
Leasing vehicles	2,057,116	1,467,153	2,004,533
Right-of-use assets	4,665,784	4,411,490	4,812,725
	7,473,749	6,547,567	7,562,976
Financial assets			
Other securities held as non-current assets	7,010	10,531	2,275
Deferred tax assets	60,217	52,732	61,911
Other long-term receivables	9,792	0	6,563
	77,019	63,263	70,749
Total fixed assets	9,347,189	8,171,630	9,510,800
Current assets			
Inventories etc.			
Finished products and goods for resale	3,045,994	2,696,848	3,089,271
	3,045,994	2,696,848	3,089,271
Current receivables			
Accounts receivables	715,378	804,298	970,145
Receivables from Group companies	18,859	8,078	12,188
Other receivables	206,898	113,250	256,794
Prepaid expenses and accrued income	225,467	298,727	326,427
	1,166,602	1,236,154	1,565,554
Cash and cash equivalents	181,954	84,932	157,329
Total current assets	4,394,550	4,017,934	4,812,154
TOTAL ASSETS	13,741,739	12,189,564	14,322,954

Consolidated Balance sheet

<i>Amounts in kSEK</i>	<i>3/31/2020</i>	<i>3/31/2019</i>	<i>12/31/2019</i>
EQUITY AND LIABILITIES			
Equity			
Share capital, 1,000 shares	1,000	1,000	1,000
Reserves	-52,759	46,648	23,991
Balanced earnings, including profit for the period	917,432	805,470	885,000
Equity attributable to the parent company shareholders	865,673	853,118	909,991
Holdings with non-controlling interests	20,474	17,957	21,037
Total Equity	886,147	871,075	931,028
Non-current liabilities			
Provisions for pensions	89,976	87,090	89,983
Deferred tax liability	155,084	140,717	159,765
Liabilities to Group companies	350,000	350,000	350,000
Bond loans	1,494,000	1,491,600	1,493,400
Other liabilities to credit institutions	176,387	10,830	184,655
Lease liability	4,188,557	3,938,224	4,332,659
Other non-current liabilities	1,357,847	904,555	1,266,401
Total non-current liabilities	7,811,851	6,923,016	7,876,863
Current liabilities			
Overdraft facility	887,979	957,905	1,023,408
Liabilities to credit institutions	428,030	444,251	407,331
Lease liability	497,398	481,307	500,978
Accounts payable	1,432,404	1,220,767	1,713,413
Liabilities to Group companies	279,114	58,762	270,556
Tax liabilities	4,260	0	19,409
Other liabilities	894,349	738,827	994,457
Accrued expenses and deferred income	620,207	493,654	585,511
Total current liabilities	5,043,741	4,395,473	5,515,063
TOTAL EQUITY AND LIABILITIES	13,741,739	12,189,564	14,322,954

Group report on changes in equity capital - summary

<i>Amounts in kSEK</i>	<i>Equity</i>	<i>Holdings with non- controlling interests</i>	<i>Total Equity</i>
Opening balance 1/1/2019	778,948	16,620	795,568
Profit/loss of the period	16,024	621	16,645
Comprehensive income for the period	58,146	716	58,862
Closing balance 3/31/2019	853,118	17,957	871,075
Opening balance 1/1/2020	909,991	21,037	931,028
Profit/loss of the period	32,432	773	33,205
Comprehensive income for the period	-76,750	-1,336	-78,086
Closing balance 3/31/2020	865,673	20,474	886,147

Consolidated Cash flow statements

<i>Amounts in kSEK</i>	<i>1st quarter</i>		<i>Year</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
Operating activities			
Profit after financial items	42,494	22,257	147,954
Adjustments for non-cash items	306,595	279,496	1,201,237
Income tax paid	-31,498	-29,958	-59,188
Cash flow from operating activities before changes in working capital	317,591	271,795	1,290,003
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in inventories	-8,536	75,629	-143,225
Increase(-)/Decrease(+) in receivables	426,655	51,406	-213,591
Increase(+)/Decrease(-) in payables	-284,380	989	574,842
Cash flow from operating activities	451,330	399,819	1,508,029
Investing activities			
Acquisition of subsidiaries	0	-209	-305,615
Acquisition of intangible and tangible fixed assets	-32,705	-26,222	-186,117
Sale of tangible assets	1,944	0	7,278
Purchase of leasing vehicles	-352,997	-368,004	-1,608,117
Sale of leasing vehicles	129,179	150,657	615,053
Changes in financial assets	-5,131	-3,027	2,562
Cash flow from investing activities	-259,710	-246,805	-1,474,956
Financing activities			
Borrowings	99,192	70,543	616,491
Repayment of debt	-137,099	-119,932	-86,627
Repayment of lease liability	-133,650	-120,575	-507,223
Cash flow from financing activities	-171,557	-169,964	22,641
Cash flow for the year	20,063	-16,950	55,714
Cash and cash equivalents at the beginning of the year	157,329	99,724	99,724
Exchange rate differences in cash	4,562	2,158	1,891
Cash and cash equivalents at the end of the year	181,954	84,932	157,329

Note 1 Reporting standards

The Interim report for the group has been prepared according to IAS 34 Interim Financial Reporting. The same accounting policies and calculation methods have been applied as in the most recent annual report.

Note 2 Operating segments

Hedin Bil refers to the sale of new and pre-owned vehicles and aftersales service activities in Sweden under the brand of Hedin Bil. Bavaria refers to the sale of new and pre-owned vehicles and aftersales service activities in Norway and Sweden under the brand of Bavaria. Belgium refers to the sale of new and pre-owned vehicles and aftersales service activities in Belgium under the brand of Hedin Automotive.

Vehicle sales cover the sale of new and pre-owned passenger cars, commercial vehicles and trucks, including commission income from financing and insurance. After-market covers service, workshop services and workshop products and spare parts.

The effects of IFRS 16 are reported under "Segment reconciliation".

Operating segments	Hedin Bil		Bavaria		Belgium		Segment reconciliation		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	2,832,243	3,229,725	1,909,060	1,483,494	902,494	615,866	0	0	5,643,797	5,329,085
EBITDA	142,916	108,742	106,047	83,360	20,499	26,191	145,818	137,580	415,280	355,873
Depreciation	-104,099	-85,011	-48,873	-55,410	-17,300	-9,527	-135,149	-128,953	-305,421	-278,901
Operating profit	38,817	23,731	57,174	27,950	3,199	16,664	10,669	8,627	109,859	76,972
Financial items									-67,365	-54,715
Profit before tax									42,494	22,257
Tax expense									-9,289	-5,612
Profit of the period									33,205	16,645
Investments in										
- fixed assets	10,827	14,097	8,548	4,308	13,330	7,458	0	359	32,705	26,222
- Leasing vehicles	263,991	217,138	89,006	150,866					352,997	368,004

Operating segments	Vehicle sales		After market		Segment reconciliation		Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	4,932,646	4,719,500	1,120,722	990,787	-409,571	-381,202	5,643,797	5,329,085
EBITDA	186,498	150,324	83,483	68,571	145,299	136,978	415,280	355,873
Depreciation	-142,678	-125,173	-28,113	-25,377	-134,630	-128,351	-305,421	-278,901
Operating profit	43,820	25,151	55,370	43,194	10,669	8,627	109,859	76,972
Financial items							-67,365	-54,715
Profit before tax							42,494	22,257
Tax expense							-9,289	-5,612
Profit of the period							33,205	16,645
Investments in								
- fixed assets	11,587	8,653	21,118	17,569			32,705	26,222
- Leasing vehicles	352,997	368,004					352,997	368,004

Income statement - Parent company

<i>Amounts in kSEK</i>	<i>1st quarter</i>		<i>Year</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
Operating income			
Net Sales	33,510	27,335	119,631
	33,510	27,335	119,631
Operating expenses			
Other external costs	-14,731	-11,556	-62,545
Employee benefit expenses	-20,034	-18,853	-72,123
Depreciation and amortization of tangible and intangible fixed assets	-519	-602	-2,353
Operating profit/loss	-1,774	-3,676	-17,390
Profit/loss from financial items			
Interest income and similar income items	19,135	17,592	62,315
Interest expenses and similar income items	-28,348	-18,963	-81,643
Profit/loss after financial	-10,987	-5,047	-36,718
items Appropriations	0	0	117,348
Profit/loss before tax	-10,987	-5,047	80,630
Income tax	2,351	770	-17,333
Net profit/loss for the period	-8,636	-4,277	63,297

Balance sheet - Parent company

Amounts in kSEK	3/31/2020	3/31/2019	12/31/2019
ASSETS			
Fixed assets			
Tangible assets			
Cost incurred on another's property	1,312	1,702	1,387
Equipment, tools and installations	3,175	4,958	3,619
	4,487	6,660	5,006
Financial assets			
Shares in Group companies	1,479,940	1,429,608	1,479,890
Deferred tax assets	44	0	44
	1,479,984	1,429,608	1,479,934
Total fixed assets	1,484,471	1,436,268	1,484,940
Current assets			
Current receivables			
Receivables from Group companies	1,919,128	1,968,244	2,240,882
Tax assets	9,773	14,151	2,108
Other receivables	9,883	69	8,376
Prepaid expenses and accrued income	4,432	4,680	4,570
	1,943,216	1,987,144	2,255,936
Cash and cash equivalents	241	266	265
Total current assets	1,943,457	1,987,410	2,256,201
TOTAL ASSETS	3,427,928	3,423,678	3,741,141
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital, 1,000	1,000	1,000	1,000
shares Statutory reserve	200	200	200
	1,200	1,200	1,200
<i>Non-restricted equity</i>			
Profit and loss brought forward	413,825	350,528	350,528
Profit for the year	-8,636	-4,277	63,297
	405,189	346,251	413,825
Total Equity	406,389	347,451	415,025
Untaxed reserves			
Untaxed reserves	44,656	37,003	44,656
Total Untaxed reserves	44,656	37,003	44,656
Non-current liabilities			
Bond loans	1,494,000	1,491,600	1,493,400
Liabilities to Group companies	350,000	350,000	350,000
Total non-current liabilities	1,844,000	1,841,600	1,843,400
Current liabilities			
Overdraft facility	887,979	957,905	1,023,408
Liabilities to credit institutions	152,948	191,767	155,982
Accounts payable	6,441	5,755	5,507
Liabilities to Group companies	54,672	10,973	224,321
Other liabilities	2,709	7,049	2,569
Accrued expenses and deferred income	28,134	24,175	26,273
Total current liabilities	1,132,883	1,197,624	1,438,060
TOTAL EQUITY AND LIABILITIES	3,427,928	3,423,678	3,741,141



 **Hedin Bil**

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