


Q1

INTERIM REPORT 2019
1 january - 31 March



A black and white photograph of a sunlit road next to a dense ivy-covered wall. The sun is high in the sky, creating a bright starburst effect. The road is paved with asphalt and has a white line marking. The ivy-covered wall is on the left side of the road, and a concrete curb separates it from the road. The overall mood is serene and quiet.

Interim report Q1

I.A. HEDIN BIL AB

556065-4070

1 JANUARY - 31 MARCH

Content

Company structure	4
First quarter highlights	6
CEO comment	7
First quarter reporting	9

ANDERS HEDIN INVEST AB
556702-0655

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

Hedin Göteborg Bil AB
(100%)
556061-3456

Hedin Helsingborg Bil AB
(100%)
556134-5710

Hedin Stockholm Bil AB
(100%)
556944-7492

Hedin Örebro Bil AB
(100%)
556041-2180

Alingsås

Borås

Anderstorp

Enköping

Burlöv

Kristianstad
Bilvaruhuset

Karlskoga

Linköping

Skadecenter
Borås

Grimbodalen

Halmstad
Bilvaruhuset

Halmstad
FCA & TRP-Center

Lund

Malmö
Bilvaruhuset

Norrköping

Örebro

Gbg/Hisings Kärra
Fiat PB

Gbg/Hisings Kärra
Mercedes-Benz

Halmstad
Mercedes-Benz

Helsingborg
Personbilar

Malmö,
TRP-Center Fosie

Sthlm/Akalla

Gbg/Hisings Kärra
TRP-Center

Gbg/Mölnadal
Bilvaruhuset

Helsingborg
Last- & TRP-Center

Jönköping
Personbilar

Sthlm/Segeltorp

Sthlm/
Kungens Kurva

Gbg/Mölnadal
Mercedes-Benz

Gbg/Mölnadal
Nissan

Jönköping
Last & TRP-Center

Kristianstad
Mercedes-Benz

Sthlm/Spånga

Trelleborg

Gbg/Mölnadal
TRP-Center

Gbg/Eklanda
Jaguar/Land Rover

Kristianstad
Nissan

Linköping
Mercedes-Benz

Täby

Gbg/Sisjön
AMG-Center

Gbg/Tagene

Ljungby

Uppsala

Gbg/Åbro
Hedin Certified

Gbg/Åbro
Fiat/US Center

Varberg

Värnamo

Kungsbacka

Lysekil

Ängelholm

Strömstad

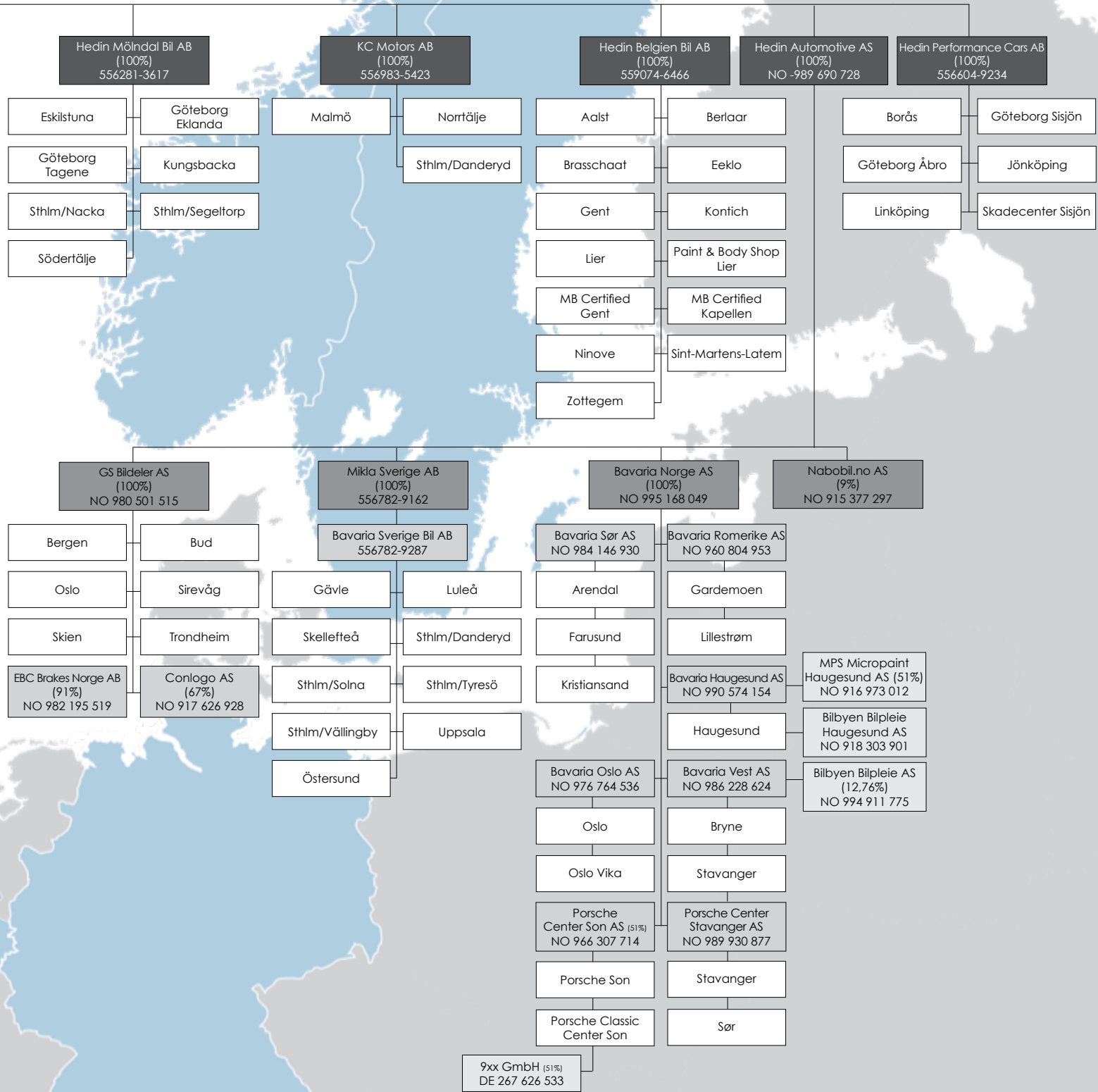
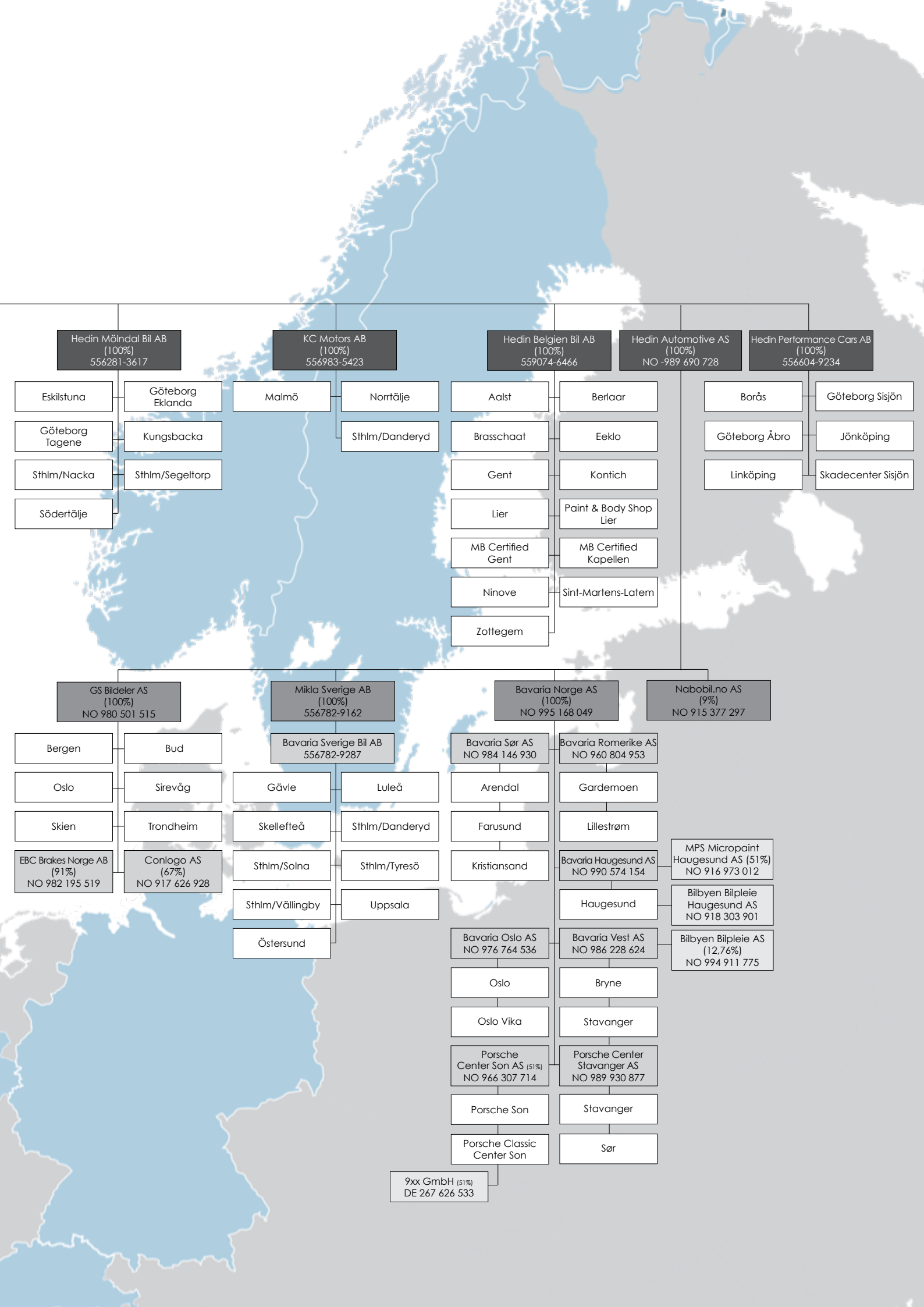
Trollhättan

Trollhättan
Bilvaruhuset

Uddevalla
Mercedes-Benz

Uddevalla

Vara



First quarter highlights 2019

- On January 1st, the new accounting policy IFRS16 was implemented. For comparability to earlier periods some figures are disclosed excluding effects of IFRS16. See Note 1 for further information.
- On January 17th, Hedin Örebro Bil AB opened a dealership for Jaguar and Land Rover in Örebro.
- On February 12th, Bavaria Haugesund AS acquired 51 percent of the shares in MPS Micropaint Haugesund AS. The company is a service and repair shop for vehicles.
- On February 18th, Hedin Belgien Bil AB acquired a body and paint shop close to the existing dealership in Lier, Belgium. The business has four employees.
- GS Bildeler AS acquired 91 percent of the shares in EBC Brakes Norge AS on February 26th. EBC Brakes is a wholesaler of breaks and recond products for cars and motorcycles.
- On March 22nd, Hedin Stockholm Bil AB communicated that the offer of DS Automobiles is expanded from Akalla to also include Malmö Jägersro.
- Hedin Stockholm Bil AB expanded the light commercial vehicle offer by moving from Kista in Stockholm to both Spånga and Akalla, also in the Stockholm area, on March 27th.
- Net sales increased by 18 percent to 5,329 MSEK (4,535 MSEK).
- Operating profit increased to 77 MSEK (4 MSEK). Excluding IFRS16 the operating profit was MSEK 68.
- Profit after financial items increased to 22 MSEK (-26 MSEK), and excluding IFRS16 to MSEK 30.

Significant events after the first quarter

- On April 10th, Hedin Auction was launched, aimed at professional car dealers. Hedin Auction is a Swedish auction website for Hedin Bil traded used cars that are not offered to end customers. The solution brings transparency and fair market prices for all parties involved.

Key Figures

Amounts in kSEK

	1st quarter		Year
	2019	2018	2018
Net Sales	5 329 085	4 535 153	21 043 340
Operating profit	76 972	4 178	227 107
Operating margin %	1.4	0.1	1.1
Profit before tax	22 257	-25 854	112 964
Equity ratio %	10	16	15
Equity ratio %, excluding IFRS 16	16	16	15
Average number of employees	2 618	2 413	2 450

Definitions

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

CEO Anders Hedin comments

An impressive start of 2019 with strong growth and improved profitability.

During the first quarter, we increased sales in all our segments while improving the margins. New car sales showed a positive development and we continued to increase our market shares. After market services experienced a similar development with improved sales and profit. The increase in profit is also a product of targeted saving programs and increased efficiency that is now coming into effect. As part of the improvements, I want to highlight a few accomplishments in particular:

The used car concept Hedin Certified was launched late 2018, offering tested cars at fixed prices with a price guarantee. Since then, dealerships have gradually been transferred into the new concept and today all our Swedish Hedin Bil dealerships are Hedin Certified. This has had a positive impact on margins and the inventory turnover rate.

The Swedish Bavaria business launched a savings program during 2018 targeted at decreasing overhead cost. This has a positive impact on the Q1 profits.

Our Belgian business had a convincing start of 2019 compared to the Belgian market as a whole. We established ourselves in the market in 2018 through acquisitions, and we have had a high pace of change since then. With an increased market focus and improved co-ordination of the resources, there is a solid foundation for continued growth and profitability.

I am pleased that we now have three strong home markets, where we offer well established products and services through excellent organizations. At the same time, we strive to become even better, with an extended range of packaged products for both the private and the corporate markets. We continue to invest in IT to improve how and when we meet our customers. We also invest in internal efficiency, where new technology facilitates simplified and automated processes. Last few years have been a journey of considerable expansion, and it is my conviction that benefits of scale will be of even more importance in the future.



Anders Hedin



Financial summary

January – March 2019

Net sales increased by 18 percent to MSEK 5,329 (MSEK 4,535). Net sales excluding acquired businesses increased by 4 percent.

Operating profit amounted to MSEK 77 (MSEK 4). Operating profit excluding IFRS16 amounted to MSEK 68, and the operating margin was 1.3 percent (0.1 percent). Operating margin in vehicle sales improved to 0.5 percent (-0.1 percent). There is an improvement compared to last year in all our markets. Sales of used cars increased by 16 percent compared to last year (excluding acquired companies). The sales of new cars increased by 1 percent. The profit in vehicle sales has improved mainly in the used car business.

The operating margin in after sales improved to 4.4 percent (1.0 percent), mainly due to improved turnover and cost savings in Bavaria. Net sales excluding acquired companies increased by 10 percent.

Hedin Bil improved operating profit due to increased sales, and higher margins in the used cars business. Operating profit in Bavaria increased compared to last year due to increased sales volume and higher margins. There is also cost savings in the After sales business. The business in Belgium started April 1st last year and no comparisons are disclosed. The business develops as planned.

Financial costs increase compared to last year, primarily because of implementation of IFRS16. The financial net increased by MSEK 25, whereof approx. MSEK 17 are interest costs of right-of-use assets according to IFRS16. The costs also increase due to additional financing, exchange rate differences from loans in euro, and higher variable interest rates.

Cash flow from operating activities was MSEK 400 (MSEK 312), and MSEK 280 excluding effects from IFRS16. The inventory has decline after the increase during the autumn. Investments in tangible assets excluding leasing vehicles and right-of-use assets amounted to MSEK 26 (MSEK 23).

Sold vehicles	1st quarter		Year
	2019	2018	2018
New cars	11,480	8,641	38,810
New light commercial vehicles	1,812	1,947	7,743
New heavy trucks	131	82	410
Used cars	7,500	6,367	28,902
Used light commercial vehicles	487	569	2,396
Used heavy trucks	70	45	243
Total	21,480	17,651	78,504

Consolidated income statement and total comprehensive income

Amounts in kSEK	1st quarter		Year
	2019	2018	2018
Operating income			
Net Sales	5,329,085	4,535,153	21,043,340
Other operating income	3,572	569	10,509
	5,332,657	4,535,722	21,053,849
Operating expenses			
Goods for resale	-4,275,224	-3,711,815	-17,164,387
Other external expenses	-232,296	-302,837	-1,383,845
Employee benefit expenses	-469,264	-403,886	-1,775,608
Depreciation and amortization of tangible and intangible fixed assets	-278,901	-113,006	-502,902
Operating profit	76,972	4,178	227,107
Profit (loss) from financial items			
Financial income	6,480	1,116	11,923
Financial expenses	-61,195	-31,148	-126,066
Profit before tax	22,257	-25,854	112,964
Taxes	-5,612	6,072	-26,108
Net profit for the period	16,645	-19,782	86,856
Net profit for the year attributable to:			
Parent company's shareholders	16,024	-18,996	82,763
Holdings with non-controlling interests	621	-786	4,093
Net profit for the period	16,645	-19,782	86,856
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluatin of pension obligations, net after tax	0	0	-1,344
<i>Items that may be reclassified to profit or loss</i>			
Conversion differences	58,862	60,648	14,943
Comprehensive income for the period	75,507	40,866	100,455
Comprehensive income for the period attributable to:			
Parent company's shareholders	74,170	40,431	95,510
Holdings with non-controlling interests	1,337	435	4,945
Comprehensive income for the period	75,507	40,866	100,455

Consolidated Balance sheet

Amounts in kSEK

03/31/2019 03/31/2018 12/31/2018

ASSETS

Fixed assets

Intangible assets

Intangible rights	12,229	8,723	11,205
Customer relations	357,961	281,663	359,623
Goodwill	1,190,610	973,936	1,151,584
	1,560,800	1,264,322	1,522,412

Tangible assets

Land and buildings	276,205	0	268,208
Cost incurred on another's property	147,726	56,642	142,933
Equipment, tools and installations	244,993	225,305	245,127
Leasing vehicles	1,467,153	1,244,225	1,346,263
Right-of-use assets	4,411,490	0	0
	6,547,567	1,526,172	2,002,531

Financial assets

Other securities held as non-current assets	10,531	7,644	7,504
Other long-term receivables	0	536,478	0
Deferred tax assets	52,732	23,637	49,842
	63,263	567,759	57,346
Total fixed assets	8,171,630	3,358,253	3,582,289

Current assets

Inventories etc.

Finished products and goods for resale	2,696,848	2,298,952	2,736,249
	2,696,848	2,298,952	2,736,249

Current receivables

Accounts receivables	804,298	587,341	716,803
Receivables from Group companies	8,078	2,435	25,511
Tax assets	11,801	43,621	0
Other receivables	113,250	136,940	136,383
Prepaid expenses and accrued income	298,727	232,867	384,550
	1,236,154	1,003,204	1,263,247

Cash and cash equivalents

	84,932	70,920	99,724
Total current assets	4,017,934	3,373,076	4,099,220

TOTAL ASSETS

12,189,564 6,731,329 7,681,509

Consolidated Balance sheet

Amounts in kSEK

03/31/2019 03/31/2018 12/31/2018

EQUITY AND LIABILITIES**Equity**

Share capital, 1,000 shares	1 000	1 000	1 000
Reserves	46 648	33 838	-11 498
Balanced earnings, including profit for the period	805 470	689 031	789 446
Equity attributable to the parent company shareholders	853 118	723 869	778 948
Holdings with non-controlling interests	17 957	20 959	16 620
Total Equity	871 075	744 828	795 568

Non-current liabilities

Provisions for pensions	87 090	89 094	87 090
Deferred tax liabilities	140 717	95 241	141 104
Liabilities to Group companies	350 000	350 000	350 000
Bond loans	1 491 600	1 489 200	1 491 000
Other liabilities to credit institutions	10 830	36 872	12 544
Lease liability	3 938 224	0	0
Other non-current liabilities	904 555	745 178	810 381
Total non-current liabilities	6 923 016	2 805 585	2 892 119

Current liabilities

Overdraft facility	957 905	615 898	1 049 612
Liabilities to credit institutions	444 251	442 983	458 865
Lease liability	481 307	0	0
Accounts payable	1 220 767	1 011 172	1 258 126
Liabilities to Group companies	58 762	35 320	59 506
Tax liabilities	0	0	6 654
Other liabilities	738 827	755 575	697 533
Accrued expenses and deferred income	493 654	319 968	463 526
Total current liabilities	4 395 473	3 180 916	3 993 822

TOTAL EQUITY AND LIABILITIES**12 189 564 6 731 329 7 681 509****Group report on changes in equity capital - summary**

Amounts in kSEK	Equity	Holdings with non-controlling interests	Total Equity
Opening balance 01/01/2018	683,438	20,524	703,962
Profit/loss of the period	-18,996	-786	-19,782
Conversion differences	59,427	1,221	60,648
Closing balance 03/31/2018	723,869	20,959	744,828
Opening balance 01/01/2019	778,948	16,620	795,568
Profit/loss of the period	16,024	621	16,645
Conversion differences	58,146	716	58,862
Closing balance 03/31/2019	853,118	17,957	871,075

Consolidated Cash flow statements

Amounts in kSEK	1st quarter		Year
	2019	2018	2018
Operating activities			
Profit after financial items	22 257	-25 854	112 964
Adjustments for non-cash items	279 496	112 995	500 922
Income tax paid	-29 958	-32 502	-28 235
Cash flow from operating activities before changes in working capital	271 795	54 639	585 651
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in inventories	75 629	155 856	-63 985
Increase(-)/Decrease(+) in operating receivables	51 406	105 543	8 323
Increase(+)/Decrease(-) in operating liabilities	989	-3 672	-69 895
Cash flow from operating activities	399 819	312 366	460 094
Investing activities			
Acquisition of subsidiaries	-209	0	-624 457
Purchase of intangible and tangible fixed assets	-26 222	-22 770	-196 821
Sale of tangible assets	0	0	9 035
Purchase of leasing vehicles	-368 004	-159 246	-833 602
Sale of leasing vehicles	150 657	111 555	407 151
Acquisition of financial assets	-3 027	-536 124	0
Cash flow from investing activities	-246 805	-606 585	-1 238 694
Financing activities			
Borrowings	70 543	468 875	1 129 391
Repayment of debt	-119 932	-158 598	-304 380
Repayment of lease liability	-120 575	0	0
Cash flow from financing activities	-169 964	310 277	825 011
Cash flow for the year	-16 950	16 058	46 411
Cash and cash equivalents at the beginning of the year	99 724	53 759	53 759
Exchange rate differences in cash	2 158	1 103	-446
Cash and cash equivalents at the end of the year	84 932	70 920	99 724

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, apart from policies below.

New accounting policies from January 1st 2019

At January 1, 2019, IFRS 16 Leases replaced the present policies in IAS 17. The standard describes how the assets and liabilities due to the leasing agreement should be accounted in the balance sheet of the lessee. The same policies should be applied on operational leases and financial leases. All leasing agreements with maturity later than 12 months should be reported in the balance sheet and the lease payments should be reported as depreciation apart from the interest cost. The debt corresponds to the discounted present value of the future lease payments. I.A. Hedin Bil has chosen the modified retroactive method and 2018 will not be recalculated. The simplification approach that the right-of-use asset (before adjustments for any advance payments) should correspond to the lease liability has been applied in the transition, and the simplification rule for definition of a lease has been applied, which means that all components in a lease have been regarded as a lease component. The exceptions for not reporting short-term leases and assets of low value have also been applied.

The opening balance of the leasing liability and the right-of-use asset amounted to MSEK 4,496 for the existing leasing agreements. The largest part of the leasing agreements relates to properties, which refers to the facilities where Hedin Bil conducts its business. Effects on the figures in the first quarter are presented below.

<i>Amounts in kSEK</i>	<i>First quarter excl IFRS 16</i>	<i>Adjustments IFRS 16</i>	<i>First quarter incl IFRS 16</i>
Operating income	5 332 657	0	5 332 657
Goods for resale	-4 275 224		-4 275 224
Other external expenses	-369 275	136 979	-232 296
Employee benefit expenses	-469 264		-469 264
Depreciation and amortization of tangible and intangible fixed assets	-150 550	-128 351	-278 901
Operating profit	68 344	8 628	76 972
Financial income and expenses	-38 063	-16 652	-54 715
Profit before tax	30 281	-8 024	22 257
Taxes	-7 333	1 721	-5 612
Net profit for the period	22 948	-6 303	16 645

<i>Amounts in kSEK</i>	<i>First quarter excl IFRS 16</i>	<i>Adjustments IFRS 16</i>	<i>First quarter incl IFRS 16</i>
ASSETS			
Intangible assets	1 560 800		1 560 800
Tangible assets	2 136 077	4 411 490	6 547 567
Financial assets	61 542	1 721	63 263
Total fixed assets	3 758 419	4 413 211	8 171 630
Total current assets	4 017 934		4 017 934
TOTAL ASSETS	7 776 353	4 413 211	12 189 564
Equity	877 395	-6 320	871 075
Interest-bearing, non-current liabilities	1 502 430	3 938 224	5 440 654
Other non-current liabilities	1 482 362		1 482 362
Interest-bearing, current liabilities	1 402 156	481 307	1 883 463
Other current liabilities	2 512 010		2 512 010
TOTAL EQUITY AND LIABILITIES	7 776 353	4 413 211	12 189 564

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 IFRS16 are reported under "Segment reconciliation".

Operating segments	Hedin Bil		Bavaria		Belgium		Segment reconciliation		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	3,229,725	3,136,879	1,483,494	1,398,274	615,866	0	0	0	5,329,085	4,535,153
EBITDA	108,742	64,145	83,360	51,910	26,191	0	137,580	1,129	355,873	117,184
Depreciation	-85,011	-58,564	-55,410	-53,313	-9,527	0	-128,953	-1,129	-278,901	-113,006
Operating profit	23,731	5,581	27,950	-1,403	16,664	0	8,627	0	76,972	4,178
Financial items									-54,715	-30,032
Profit before tax									22,257	-25,854
Tax expense									-5,612	6,072
Profit of the period									16,645	-19,782
Investments in fixed assets	231,235	82,953	155,174	97,882	7,458	0	359	861	394,226	181,696

Operating segments	Vehicle sales		After market		Segment reconciliation		Group	
	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	4,719,500	4,055,617	990,787	803,511	-381,202	-323,975	5,329,085	4,535,153
EBITDA	150,324	87,488	68,571	29,696	136,978	0	355,873	117,184
Depreciation	-125,173	-90,907	-25,377	-22,099	-128,351	0	-278,901	-113,006
Operating profit	25,151	-3,419	43,194	7,597	8,627	0	76,972	4,178
Financial items							-54,715	-30,032
Profit before tax							22,257	-25,854
Tax expense							-5,612	6,072
Profit of the period							16,645	-19,782
Investments in fixed assets	376,657	169,739	17,569	11,957			394,226	181,696

Note 3 Acquisitions

On the 18th of February Hedin Belgien Bil AB acquired a body and paint shop next to our dealership in Lier, Belgium. The company has four employees. The purchase price was kEUR 385, including goodwill of kEUR 161 that is attributable to synergies with our present business around Antwerp.

On the 12th of February Bavaria Haugesund AS acquired 51 percent of the shares at the price of NOK 1, in MPS Micro-paint Haugesund AS. The company is a service and repair shop for vehicles.

GS Bildeler AS acquired 91 percent of the shares in EBC Brakes Norge AS at 26th of February. The purchase price was kNOK 2,000 in a new share issue. EBS Brakes is a wholesaler of automotive brakes and vehicle care.

The total amount of the acquired net assets has not a material effect on the consolidated figures, and the acquisition values are therefore not reported.

Income statement - Parent company

Amounts in kSEK	1st quarter		Year
	2019	2018	2018
Operating income			
Net Sales	27,335	19,655	89,516
	27,335	19,655	89,516
Operating expenses			
Other external expenses	-11,556	-7,341	-45,809
Employee benefit expenses	-18,853	-15,025	-62,889
Depreciation and amortization of tangible and intangible fixed assets	-602	-1,129	-3,318
Operating profit	-3,676	-3,840	-22,500
Profit (loss) from financial items			
Interest income and similar income items	17,592	6,482	33,563
Interest expenses and similar income items	-18,963	-13,981	-56,933
Profit after financial items	-5,047	-11,339	-45,870
Appropriations	0	0	97,583
Profit before tax	-5,047	-11,339	51,713
Income tax	770	2,494	-11,417
Net profit for the period	-4,277	-8,845	40,296

Balance sheet - Parent company

Amounts in kSEK

03/31/2019 03/31/2018 12/31/2018

ASSETS

Fixed assets

Tangible assets

Equipment, tools and installations	6,660	11,791	6,902
	6,660	11,791	6,902

Financial assets

Shares in Group companies	1,429,608	1,417,436	1,429,586
Receivables from Group companies	0	536,593	0
	1,429,608	1,954,029	1,429,586

Total fixed assets	1,436,268	1,965,820	1,436,488
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Current assets

Current receivables

Receivables from Group companies	1,968,244	918,802	2,076,107
Tax assets	14,151	27,189	8,837
Other receivables	69	1,771	1,246
Prepaid expenses and accrued income	4,680	2,939	2,831
	1,987,144	950,701	2,089,021

Cash and cash equivalents	266	7,420	255
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Total current assets	1,987,410	958,121	2,089,276
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TOTAL ASSETS	3,423,678	2,923,941	3,525,764
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EQUITY AND LIABILITIES

Equity

Restricted equity

Share capital, 1,000 shares	1,000	1,000	1,000
Statutory reserve	200	200	200
	1,200	1,200	1,200

Non-restricted equity

Profit and loss brought forward	350,528	310,232	310,232
Profit for the year	-4,277	-8,845	40,296
	346,251	301,387	350,528

Total Equity	347,451	302,587	351,728
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Untaxed reserves

Untaxed reserves	37,003	18,568	37,003
Total Untaxed reserves	37,003	18,568	37,003

Non-current liabilities

Bond loans	1,491,600	1,489,200	1,491,000
Liabilities to Group companies	350,000	350,000	350,000
Total non-current liabilities	1,841,600	1,839,200	1,841,000

Current liabilities

Overdraft facility	957,905	494,761	1,049,612
Liabilities to credit institutions	191,767	236,741	200,882
Accounts payable	5,755	1,888	8,544
Liabilities to Group companies	10,973	1,051	10,987
Other liabilities	7,049	5,687	2,523
Accrued expenses and deferred income	24,175	23,458	23,485

Total current liabilities	1,197,624	763,586	1,296,033
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TOTAL EQUITY AND LIABILITIES	3,423,678	2,923,941	3,525,764
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