

An aerial photograph showing a two-lane asphalt road that curves along the edge of a large, deep blue lake. The road is bordered by a dense forest of green trees. A single white car is visible on the road, moving away from the viewer. The water of the lake is clear and reflects the sky. The overall scene is peaceful and scenic.

VEHO OY 2019
Annual Report

VEHO



Veho in brief

A modern car is the result of highly advanced engineering. We aim to be equally advanced in terms of our services and operational development. In the future, we want to offer more sustainable mobility solutions aiming for the best possible customer experience.

Veho is a Finnish family business founded in 1939 as an importer of Mercedes-Benz vehicles, and this is the brand we are still focusing on. We are our customers' partner, offering a range of mobility services and transport solutions, ranging from passenger cars to heavy trucks.

GROUP STRUCTURE

Veho is divided into three geographic areas: Finland, Sweden and the Baltic countries.

FINLAND

Our business operations include the import, retail and maintenance of Daimler AG's Mercedes-Benz and smart passenger cars, Mercedes-Benz, Fuso Canter and Unimog commercial vehicles and Setra buses. In Finland, Veho sells passenger cars and vans at our dealerships in the Helsinki region, and in Tampere and Raisio. Independent dealers supplement our own dealerships.

We sell trucks and buses through our national organisation. We offer mobility services with commercial vehicles through CharterWay vehicle rental. The core of our business consists of efficient nationwide sales and repair shop and other services meeting customers' needs. It also serves SISU-customers.

Mobility services are provided by Veho Go, Sixt car rental and Whim mobility service, marketed by MaaS Global, of which Veho is a partner. Our Vaihto+ chain focuses on the sales and maintenance of used cars, with shops in Vantaa, Raisio, Lempäälä, Tampere and Oulu.

SWEDEN

In Sweden, Veho operates as a sales and repair representative for Mercedes-Benz passenger cars in Stockholm, Bromma (maintenance only), Karlstad and Örebro.

We have Mercedes-Benz commercial vehicle dealerships and maintenance services in Stockholm, Västerås, Örebro and Karlstad.



BALTIC COUNTRIES

In the Baltic countries, we import, sell and repair Mercedes-Benz passenger cars and commercial vehicles in Estonia and Lithuania. In Estonia, we also import and sell Mitsubishi, Jeep and Maserati cars.

In the Baltic countries, our business name is Silberauto. The business consists of the sales of new and used cars, spare parts sale, car rental and maintenance services of passenger cars and special vehicles.



IMPORT LOGISTICS, WAREHOUSING AND PROPERTY MANAGEMENT

Assistor-Uuttera Oy, which specialises in the import logistics of cars, and Assistor Oy Ab, which deals with warehousing car spare parts and accessories, provide customers with solutions for spare parts and vehicle logistics, as well as management of the related data from the car factory all the way to end users. Our versatile services include transport, quality control, import servicing, warehousing, fitting, vehicle taxation, registration, customs and a webshop.

Lemiro Oy Ab is the Group's real estate company, which owns and manages business properties, most of which are used by the Group, in Finland, Sweden and the Baltic countries.



A year of changes – the entire car industry is set to reduce emissions



The European car industry had an extensive debate in 2019 on automotive energy sources and the consequences of adopting the new WLTP emissions standard. Demand for electric and hybrid vehicles increased considerably faster than that of the internal combustion engine vehicle market.

Veho is well-positioned with regard to changes in the markets and legislation: in 2019, our key partner and client, Daimler, launched a wide range of low-emission models, hybrids in particular. Daimler also has a comprehensive product development programme that meets the new legislative requirements.

Our new strategy: Focusing on partnership with Mercedes-Benz

In 2019, we systematically took our strategy forward by focusing on corporation with Daimler and Mercedes-Benz – and selling the retail business operations of all other brands.

In accordance with our strategy, we bought the Silberauto business in Estonia and Lithuania in 2019. With the acquisition, Veho became the biggest dealership and provider of repair services for Mercedes-Benz passenger cars and commercial vehicles in the Baltic countries.

Our decision to give up other brands represents the company's biggest strategic and cultural change in recent times. All employees at Veho have been crucial in making this a success. Amid this change, we have emphasised internal communication and the continuous development and wellbeing of our staff.

Good result despite major changes

Our turnover was €1,097 million (1,167 million). The lower turnover was the result of sales of business operations and the new business operating model adopted by Daimler in Sweden.

However, our core business continues to grow. The comparable operating profit margin was at the previous year's level and the operating profit stood at €25.0 million (€36.4 million). Silberauto's turnover has been consolidated with the Veho Group since December.

Focusing on developing mobility services

The ability to reform is critical to our future success. We have taken clear steps to develop the availability of mobility services to meet our customers' needs and preferences.

We launched a new product in 2019 for private leasing and further developed the Veho Go mobility service. In November, Veho bought the OP Draivi application, which offers a range of services to motorists. We plan to develop the application to facilitate a more modern and user-friendly service experience for our customers.



All our development work focuses on four areas: customers, staff, management and efficiency.

Investments in Kokkola and Vantaa

In November 2019 we opened a new, modern commercial vehicle unit in Kokkola. The new centre for commercial vehicle operations in Vehkala, Vantaa, has progressed well.

Organisation updated to meet future needs

As a result of growth in Sweden and the acquisition of Silberauto, Veho Group's organisational structure was updated at the turn of the year. Business operations were divided on the basis of key geographic markets: Finland, Sweden and Baltic countries (Estonia and Lithuania).

We transferred most of the Helsinki region's office staff in early March 2020 into new, modern premises at Tietotie 9 in Vantaa. Our new headquarters are next to Helsinki Airport.

Sustainable mobility

During the year, we continued our work to develop the Veho brand and values around the concept of "sustainable mobility".

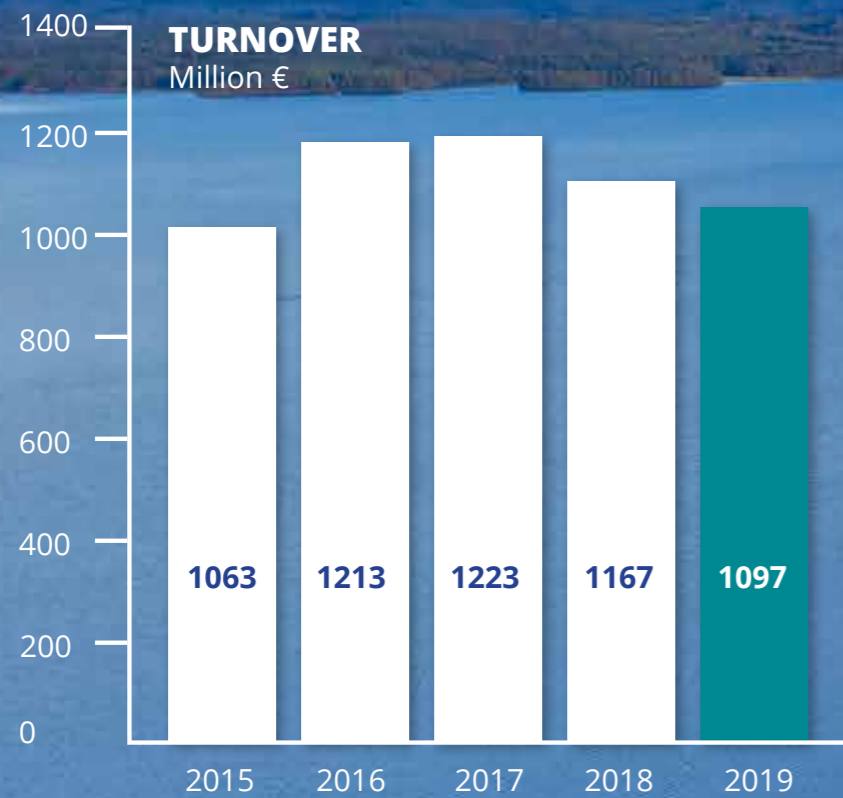
The Veho Group is taking active steps towards sustainable development by means of more environmentally friendly traffic and by reducing emissions from our own operations. We are systematically monitoring the Group's energy consumption, carbon dioxide emissions and amount of mixed waste.

Since 2017, Veho Group has had a comprehensive corporate responsibility programme, including instructions on whistleblowing, crisis management and crisis communication. All the company's Finnish business units are certified according to ISO 9001, ISO 14001 and OHSAS 18001. Our subsidiaries in Baltics and Sweden also operate in accordance with the quality certificates.

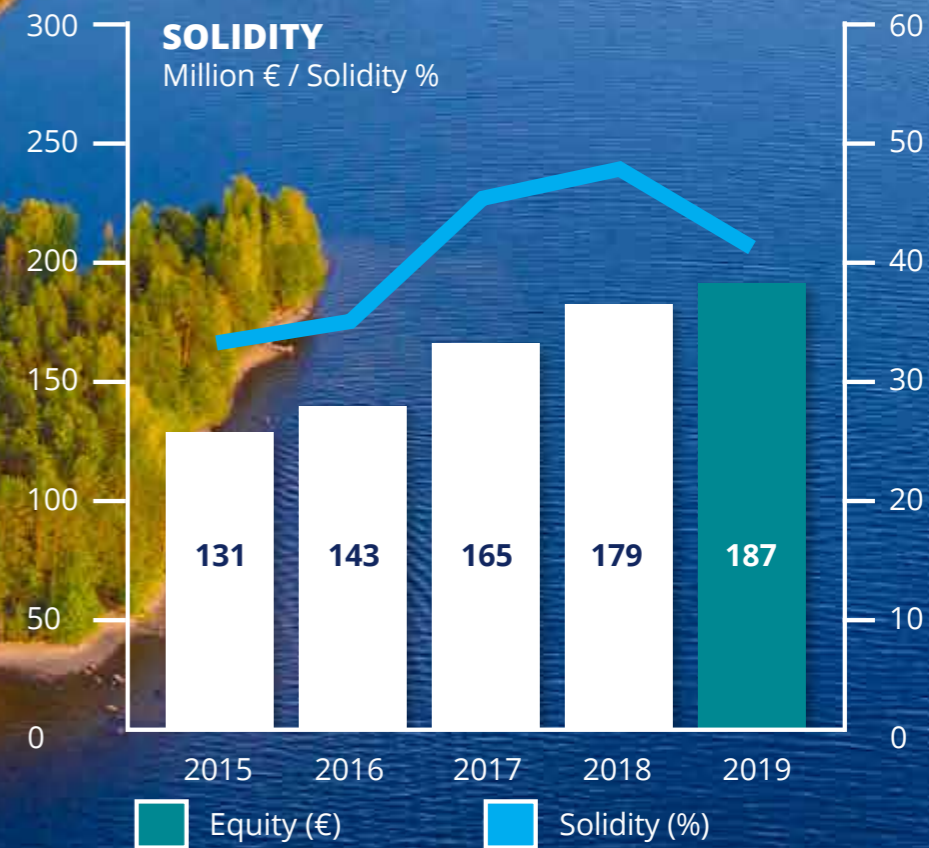
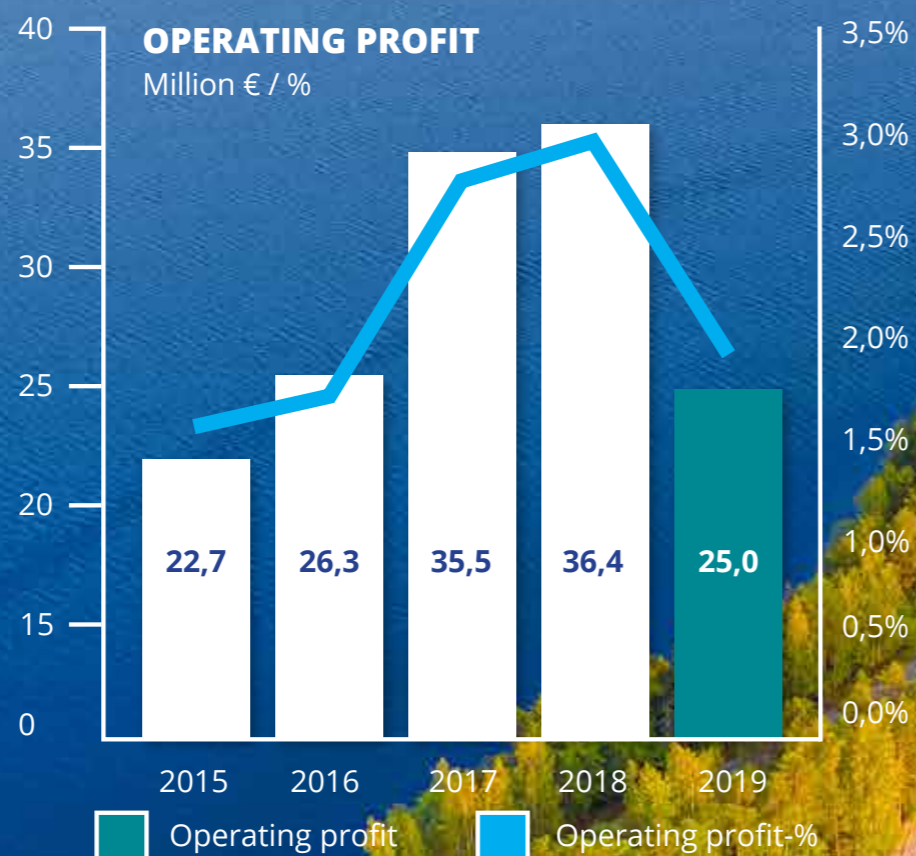
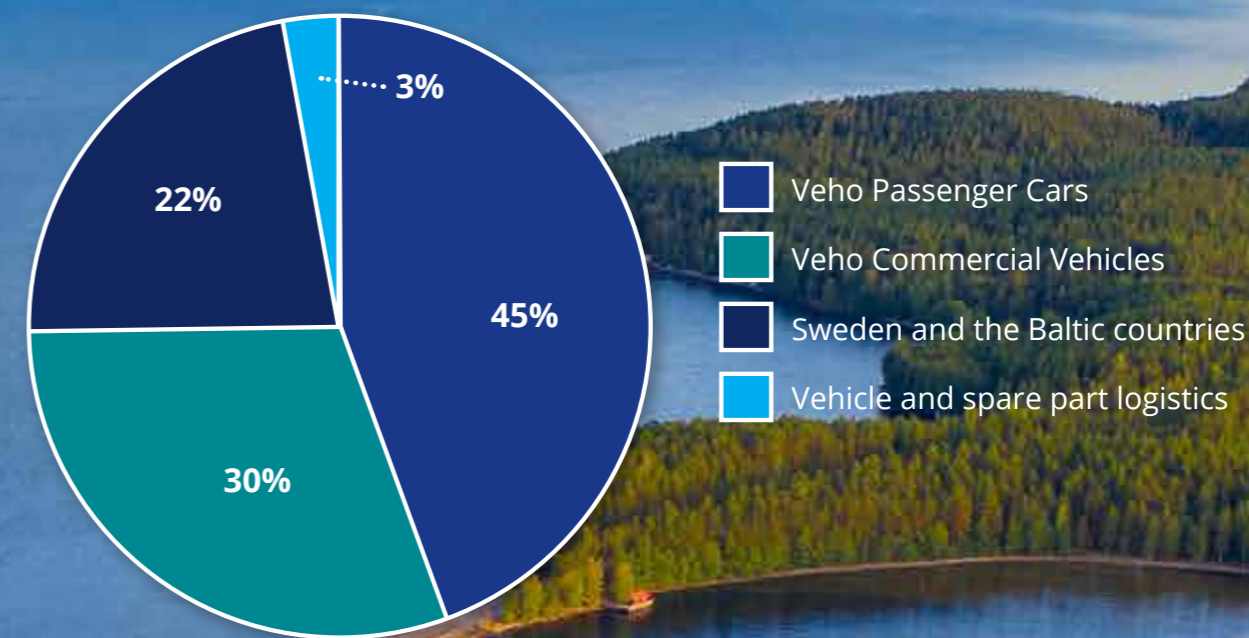
Staff wellbeing is one of the key themes in our responsibility programme. To enable a superior customer experience, we need healthy and motivated staff. Once again, I cannot thank our staff enough for the excellent job they are doing. We wouldn't be what we are without them.

Juha Ruotsalainen
CEO

KEY FIGURES



TURNOVER BY BUSINESS AREA





VEHO

VEHO OY AB

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