

# Interim report Q3 2016

## Third quarter 2016

- Incoming orders rose 5 % to SEK 544 million (517)
- Net sales rose 3% to SEK 544 million (530)
- Operating profit rose 5% to SEK 62 million (59)
- EBITA rose 3% to SEK 67 million (65)
- Profit before tax rose 6% to SEK 62 million (58)
- Profit after tax rose 6% to SEK 49 million (46)
- Earnings per share were SEK 2.10 (1.98)

## January – September 2016

- Incoming orders rose 6% to SEK 1,745 million (1,649)
- Net sales rose 5% to SEK 1,729 million (1,650)
- Operating profit rose 9% to SEK 183 million (167)
- EBITA rose 8% to SEK 197 million (183)
- Profit before tax rose 10% to SEK 181 million (164)
- Profit after tax rose 10% to SEK 141 million (128)
- Earnings per share were SEK 6.11 (5.54)



## Demand remains stable

The third quarter of 2016 has been marked by a continuation of stable, positive growth in sales and earnings for OEM as a whole. Consolidated net sales increased to SEK 544 million, 3% up on the third quarter of 2015. EBITA also rose 3% in the quarter to SEK 67 million. This represents an operating margin of 12.2%. One more positive thing is that incoming orders exceeded net sales.

In the January to September period, net sales increased by 5% and EBITA by 8% over the corresponding period last year. So far this year, our sales growth has been entirely organic, as the impacts from currency movements and acquisitions offset each other. The very ability to generate organic growth is central to OEM's strategy and a crucial component of our business model. Through a continuous increase in sales, we create value for the suppliers that we represent. And when suppliers are satisfied and value their partnership with OEM, it brings long-term security to our own business.

## Growth across the regions

Net sales in Region Sweden, OEM's largest region, increased by 4% in the third quarter. Acquired growth accounted for 1 percentage point of this. In general, the market climate in Sweden remains good, which is also reflected in the growth reported by the majority of our companies in the region. Profit increased by 1% in the quarter to give an EBITA margin of 14.5%.

In the third quarter, growth in the Finland/Baltic states region continued at the robust pace shown earlier in the year. Net sales increased by 14%, with the effects of currency movements accounting for 1 percentage point of this. We have been able to benefit from continued strong demand and the market recovery in our segments. This has led to a strong performance in both the well-established areas and the new ones which have been added through acquisitions and product range expansions in recent years. We have noticed a fall in demand from our major customers in the Baltic states but, at the same time, have managed to improve the margins which has led to increased earnings. All in all, EBITA for the region rose 31%, giving an EBITA margin of 10.4%.

Our third region, comprising Denmark, Norway and the UK as well as the countries in Central Eastern Europe, has reported weaker growth. The exception is Norway, which posted good growth in sales and earnings. In the region as a whole, net sales were down 8% and profit was down 28%, which represents SEK 3 million. The effects of currency movements account for 4 percentage points of the decrease in sales. Moreover, the division of our Danish operations that serves the processing industry has had fewer projects. We have also been seeing a slower rate of growth in the Eastern European markets. A look at earnings shows that they were hit by the decline in sales and by shrinking margins in the UK, which were due to the impact of the weaker pound.

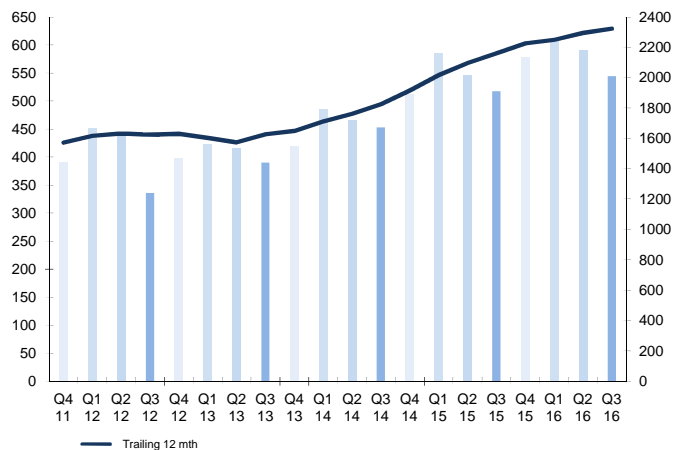
## Day-to-day activities fuel success

The third quarter has not been marked by any major events, but rather by the ongoing process of improving the business. Stable organic growth and good profitability are created on a day-to-day basis by the activities of our companies.

Jörgen Zahlin

Managing Director and Chief Executive Officer

### Incoming orders SEK million



### Incoming orders

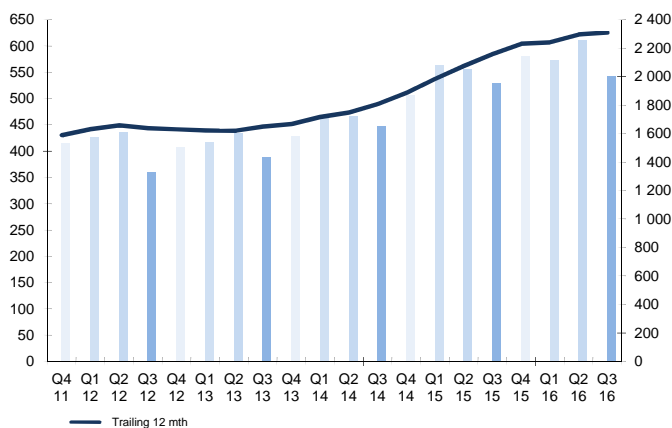
Incoming orders in the third quarter increased by 5% to SEK 544 million (517). Comparable entities reported a 4% increase in incoming orders.

Total incoming orders for 2016 increased by 6% to SEK 1,745 million (1,649). Comparable entities reported a 5% increase in incoming orders.

Incoming orders were 1% higher than net sales in the January to September period.

At SEK 280 million (264) on 30 September 2016, the order book was 6% higher than on the corresponding date of the previous year.

### Net sales SEK million



### Sales growth

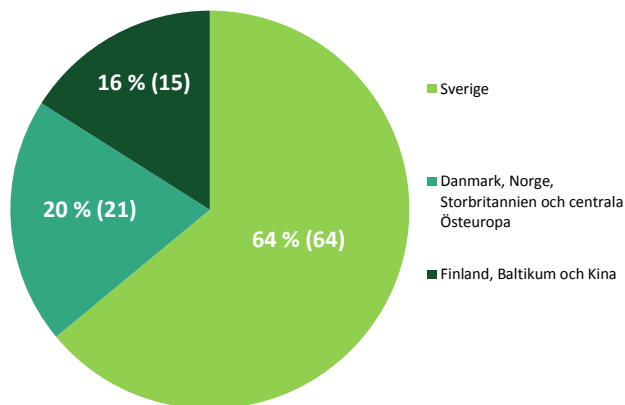
Net sales in the third quarter increased by 3% to SEK 544 million (530). Currency effects and acquisitions have not had any impact on sales during the quarter.

Net sales in the January to September period increased by 5% to SEK 1,729 million (1,650). For comparable entities, net sales rose 4% and acquired sales were 1%.

Foreign currency exchange rate movements had a -1% effect on net sales, resulting in 5% organic growth in the period.

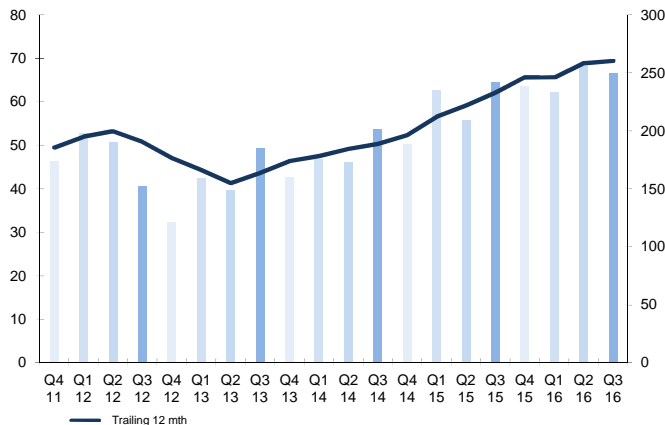
Flexitron, Svenska Batteripoolen, Agolux, Nexa Trading and Internordic Bearings and the operations in Finland, the UK and Norway reported the highest percentage growth in net sales compared with last year.

### Share by region

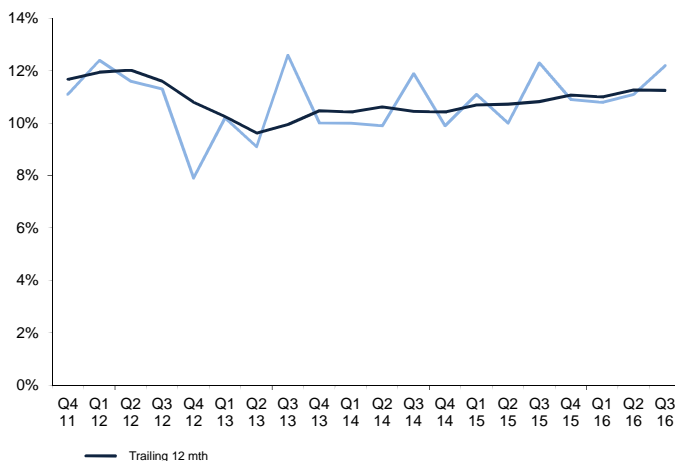


There are marginal percentage shifts across the regions, compared with the corresponding period of last year. Compared with the same period a year ago, Finland, the Baltic states and China have increased by 1%, and Denmark, Norway, the United Kingdom and Central Eastern Europe have decreased by 1%.

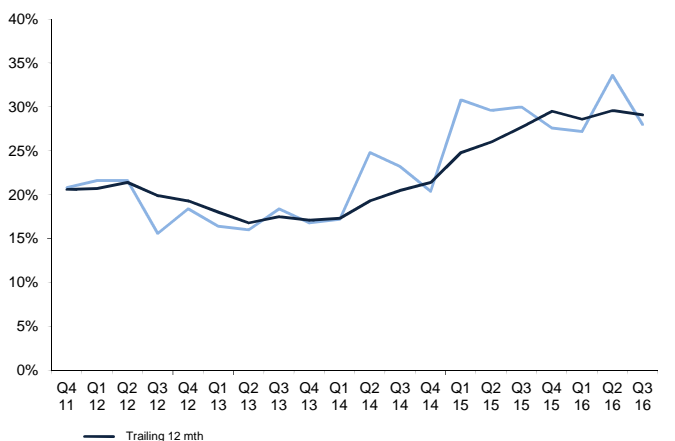
### EBITA SEK million



### EBITA margin



### Return on equity



**Note:**  
The return on equity for each quarter is listed by four to provide a better comparison with the trailing twelve months in the diagram.

### Earnings trend

EBITA, operating profit before amortisation of acquisition-related fixed assets, in the third quarter was SEK 67 million (65), which is an increase of 3%.

The EBITA margin was at 12.2% (12.2%). EBITA in the January to September period increased by 8% to SEK 197 million (183). The EBITA margin was 11.4% (11.1%) for the same period.

In the third quarter, operating profit was SEK 62 million (59) and cumulative for the January to September period was SEK 183 million (167).

Profit after tax in the January to September period rose 10% to SEK 141 million (128).

Earnings per share for the January to September period were SEK 6.11 (5.54).

### Return

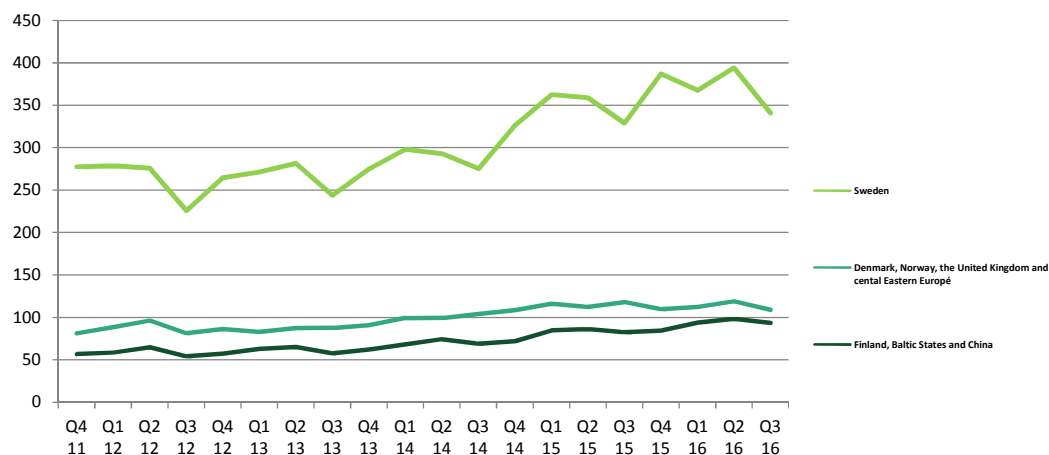
The return on equity in the third quarter was 7.0% compared with 7.5% in the year-ago quarter.

The trailing-twelve-month return on equity was 29%, which is well above the 20% target.

Shareholders' equity amounted to SEK 652 million (581) with an equity/assets ratio of 52% (48%) on 30 September 2016.

## Sales growth by region for each quarter

SEK million



There are small percentage changes across the regions over the period and all three regions have experienced stable growth over the period.

## Sweden

OEM Automatic AB, OEM Motor AB, Telfa AB, Svenska Batteripoolen AB, Elektro Elco AB, Nexa Trading AB, OEM Electronics AB, Internordic Bearings AB, Svenska Helag AB, Flexitron AB, Agolux AB, Vanlid Transmission AB, Ernst Hj Rydahl Bromsbandfabrik and ATC Tape Converting AB.

SEK million	2016 Q3	2015 Q3	2016 Q1 – Q3	2015 Q1 – Q3	2015 Full year	Trailing 12 month
Incoming orders	342	318	1,119	1,043	1,423	1,499
Net sales	341	329	1,103	1,050	1,438	1,490
EBITA	49	49	150	146	199	203
EBITA margin	14%	15%	14%	14%	14%	14%

Net sales rose 5% to SEK 1,103 million (1,050) in the January to September period. Acquisitions had a beneficial 1% effect on net sales, and a neutral effect from foreign currency exchange rate movements means that organic growth in the region was 4%. Flexitron, Svenska Batteripoolen, Agolux, Nexa Trading and Internordic Bearings account for the largest percentage growth in net sales in Sweden. Incoming orders increased by 7% to SEK 1,119 million (1,043). During the January to September period, incoming orders were 1% higher than net sales.

EBITA rose by 3% to SEK 150 million (146) in the January to September period as a result of higher net sales.

## Finland, the Baltic states and China

OEM Automatic FI, Akkupojat Oy, OEM Electronics FI, Scannotec Oy, OEM Automatic OU, OEM Automatic UAB, OEM Automatic SIA, OEM Automatic (Shanghai) Co.Ltd.

SEK million	2016 Q3	2015 Q3	2016 Q1 – Q3	2015 Q1 – Q3	2015 Full year	Trailing 12 month
Incoming orders	95	85	288	255	340	373
Net sales	94	82	286	253	338	370
EBITA	10	7	28	19	23	32
<i>EBITA margin</i>	10%	9%	10%	7%	7%	9%

Net sales for the region in the January to September period rose 13% to SEK 286 million (253) despite the generally weak demand across Finnish industries. Acquisitions had a beneficial 3% effect on net sales, and a neutral effect from foreign currency exchange rate movements means that organic growth in the region was 10%.

The level of incoming orders has also been good, rising 13% to SEK 288 million (255).

Incoming orders exceeded net sales by 1% in the period. Most product areas reported healthy growth and the area showing strongest growth in Finland was Battery. Demand has been weaker in the Baltic states during the first six months and net sales fell by 8%.

EBITA rose 47% to SEK 28 million (19), due primarily to increased net sales and a higher gross margin.

## Denmark, Norway, UK and Central Eastern Europe

OEM Automatic Klitsö A/S, OEM Automatic AS, OEM Automatic Ltd, OEM Automatic Sp z o. o., OEM Electronics PL, OEM Automatic spol. s r.o., OEM Automatic s.r.o., OEM Automatic Kft.

SEK million	2016 Q3	2015 Q3	2016 Q1 – Q3	2015 Q1 – Q3	2015 Full year	Trailing 12 month
Incoming orders	108	114	338	351	462	449
Net sales	109	118	340	347	456	450
EBITA	8	11	26	30	36	32
<i>EBITA margin</i>	7%	9%	8%	9%	8%	7%

Net sales in the January to September period decreased by 2% to SEK 340 million (347). Exchange rate fluctuations had a negative 4% impact on net sales, which means that organic growth in the region was 2% in the period. The operations reporting organic growth are Hungary, the UK, Norway and Slovakia.

Incoming orders in the January to September period decreased by 4% to SEK 338 million (351).

Incoming orders were 1% lower than net sales in the period.

EBITA fell 14% to SEK 26 million (30), due primarily to a decline in net sales and a lower gross margin.

## Other financial information

### Cash flow

Operating cash flow was SEK 139 million (121) in the January to September period. Cash flow totalled SEK -11 million (-10) in the January to September period and was affected by investing activities of SEK -43 million (-49) and dividends of SEK -116 million (-98).

### Investments

The Group's investments in property, plant and equipment in the January to September period totalled SEK 37 million (47). Property, machinery and equipment accounted for SEK 36 million (22), and intangible assets for SEK 1 million (25), none of which (SEK 24 million) is related to business combinations.

### Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 75 million (70). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 337 million (303) on 30 September 2016.

### Intangible assets

Amortisation of intangible assets totalling SEK 17 million (19) has been charged to the income statement. On 30 September 2016, intangible assets amounted to SEK 161 million (181).

### Equity/assets ratio

The equity/assets ratio was 52% (48%) on 30 September 2016.

### Employees

The Group's average number of employees for the January to September period was 744 (706). At the end of the period, the number of employees was 752 (721).

### Share repurchase

The company did not repurchase any shares during the period. The company's total shareholding was 61,847 shares on 30 September 2016, which is equivalent to 0.3% of the aggregate number of shares. The Annual General Meeting is authorised to repurchase up to 10% of the shares, which is the equivalent of 2,316,930 shares.

### Remeasurement of contingent consideration

Contingent consideration recognised as a liability was remeasured based on the development of previously acquired businesses and was subsequently reduced by SEK 3.0 million (1.0). This had a positive SEK 3.0 million (1.0) effect on the operating profit in 2016. Acquisition-related contingent consideration liability on 30 September 2016 totalled SEK 11.5 million.

### Accounting policies

This condensed consolidated interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and in compliance with relevant provisions from the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in compliance with the Swedish Annual Accounts Act Chapter 9, Interim Report and the Securities Market Act. The Group and the

Parent Company have applied the same accounting policies and basis of preparation as in the latest annual report. No International Financial Reporting Standards (IFRS) or International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted in 2016 have had a significant effect on the reported results or financial position of the Group.

There are no separate disclosures of the fair values of financial assets and liabilities stated at cost because the carrying amounts of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. This is because the company management believes there have been no material fluctuations in market interest rates or credit spreads that would have a material impact on the fair value of the Group's interest-bearing liabilities. Furthermore, the fair value of trade and other current receivables and payables is assumed to approximate their carrying amount given their short-term nature.

### **Risks and uncertainties**

The OEM Group is exposed to both business-related risks and financial risks through its activities. Business-related risks include competition and operational risks, and financial risks include liquidity risk, interest rate risk and currency risk. The financial operations of the OEM Group and the management of financial risks are mainly handled by the Parent Company. For a complete report on the risks affecting the Group, please refer to pages 32 and 33 and pages 76 to 78 of the 2015 Annual Report. Other than the risks and uncertainties described in the Annual Report for 2015, no significant risks or uncertainties have been identified or removed.

### **Litigation**

At the beginning of April 2014, Lund District Court delivered judgement on a lawsuit in which the subsidiary Internordic Bearings AB (IBS) has been involved, regarding mutual creditor claims with a client and the client's insurance company for a breach of contract claim.

The judgement meant that IBS lost the case against the client. However, the client's insurance company has not been successful in its action against IBS, and the suit has been dismissed by the Court.

The judgement meant that IBS must pay the client a net amount of SEK 4.9 million, including litigation costs, interest and net of the insurance payments that IBS receives via its own insurance company. The amount is included in the company's and the Group's income statement for the first quarter of 2014.

The client and its insurance company have appealed against the judgement to the Court of Appeal. IBS has also decided to appeal against the judgement. A hearing took place in all cases at the Court of Appeal on 15 to 17 February 2016, and the same ruling was passed as at the District Court. The client and its insurance company have appealed against the judgement to the Supreme Court. IBS has also decided to appeal against the judgement.

### **Related party transactions**

No related party transactions have been entered into that materially affected the financial position or the performance of the Group and Parent Company during the period, except for inter-company dividend payments and dividends to shareholders of the Parent Company.

### **Parent Company**

Net sales were SEK 23 million (21) and profit after financial items was SEK 7 million (14). Net sales relate entirely to inter-company transactions. The foregoing risks and uncertainties specified for the Group also apply indirectly to the Parent Company.



### **Events after the close of the reporting period**

There are no significant events to report after the close of the reporting period.

### **Nomination Committee**

The Nomination Committee for the Annual General Meeting on 19 April 2017 is composed of:

Lars-Åke Rydh (Chair)

Jerker Löfgren, Orvaus AB

Hans Franzén

Agne Svenberg

Bengt Stillström, AB Traction

The Nomination Committee can be contacted through Lars-Åke Rydh, tel. +46 (0)705-924570 or via e-mail [lasse@lasserydh.se](mailto:lasse@lasserydh.se)

### **Date of next report**

The Financial Statement, Full Year 2016, will be published on 17 February 2017.

### **Definitions**

Definitions can be found on page 16.

Tranås, 20 October 2016

Jörgen Zahlin

Managing Director and Chief Executive Officer

For further information, please contact the Managing Director, Jörgen Zahlin, on +46 (0)75-242 40 22 or the Finance Director, Jan Cnattingius, on +46 (0)75-242 40 03.

<p>The information in this report is of such a nature that its disclosure by OEM International AB (publ.) is required under the Swedish Securities Market Act. The information was released to the media for publication on 20 October 2016 at 2 p.m.</p>
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## Auditor's report

OEM International AB (publ)

CRN 556184-6691

### Introduction

We have carried out a review of the condensed financial statement for the interim period (interim report) for OEM International AB (publ) as at 30 September 2016 and the nine-month period closing that date. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### The objectives and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

On the basis of our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Jönköping, 20 October 2016

KPMG AB

Olle Nilsson

Authorised Public Accountant

## The regions' sales and earnings

### SALES & EARNINGS BY REGION \*

#### Net sales (SEK million) \*

	Jan-sept 2016	Jan-sept 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Trailing 12 mth	Full year 2015
Sweden, external income	1 103	1 050	341	394	368	387	329	1 490	1 438
Sweden, income from other segments	59	66	18	20	21	18	19	77	85
Finland, the Baltic States and China, external income	286	253	94	98	94	84	82	370	338
Finland, the Baltic States and China, income from other s	4	3	1	2	2	1	1	5	4
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	340	347	109	119	112	110	118	450	456
Denmark, Norway, the United Kingdom and Central Eastern Europe, income from other segments	1	1	0	0	0	0	0	1	2
Other operating segments/elimination	-64	-70	-19	-22	-23	-20	-20	-84	-90
	<b>1 729</b>	<b>1 650</b>	<b>544</b>	<b>612</b>	<b>574</b>	<b>581</b>	<b>530</b>	<b>2 310</b>	<b>2 232</b>

#### EBITA (MSEK)

	Jan-sept 2016	Jan-sept 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Trailing 12 mth	Full year 2015
Sweden	150	146	49	54	47	52	49	203	199
Finland, the Baltic States and China, external income	28	19	10	9	9	4	7	32	23
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	26	30	8	10	8	6	11	32	36
Group functions	-7	-12	-1	-4	-3	1	-3	-6	-11
	<b>197</b>	<b>183</b>	<b>67</b>	<b>68</b>	<b>62</b>	<b>64</b>	<b>65</b>	<b>260</b>	<b>246</b>

#### Operating profit (SEK million)

	Jan-sept 2016	Jan-sept 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Trailing 12 mth	Full year 2015
EBITA	197	183	67	68	62	64	65	260	246
<i>Amortisation of acquisition-related intangible fixed assets.</i>									
Sweden	-9	-10	-3	-3	-3	-3	-3	-13	-13
Finland, the Baltic States and China, external income	-1	-1	0	0	0	0	0	-2	-1
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	-3	-5	-1	-1	-1	-2	-2	-5	-7
Group functions	-	-	-	-	-	-	-	-	-
Operating profit	<b>183</b>	<b>167</b>	<b>62</b>	<b>64</b>	<b>57</b>	<b>58</b>	<b>59</b>	<b>241</b>	<b>225</b>

#### Consolidated profit/loss (SEK million) \*

	Jan-sept 2016	Jan-sept 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Trailing 12 mth	Full year 2015
Operating profit	183	167	62	64	57	58	59	241	225
Net financial items	-2	-3	0	0	-1	-1	-1	-3	-4
Pre-tax profit/(loss)	<b>181</b>	<b>164</b>	<b>62</b>	<b>63</b>	<b>56</b>	<b>58</b>	<b>58</b>	<b>238</b>	<b>221</b>

## The Group's performance and financial position

### CONDENSED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME (SEK MILLION)

	Jan- sept 2016	Jan- sept 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Trailing 12 mth	Full year 2015
Net sales	1 729	1 650	544	612	574	581	530	2 310	2 232
Other operating income	3	1	2	1	0	4	1	7	5
Operating costs ***	-1 515	-1 449	-472	-538	-505	-516	-460	-2 030	-1 965
Depreciation of fixed assets	-34	-35	-11	-11	-12	-12	-12	-46	-47
<b>Operating profit</b>	<b>183</b>	<b>167</b>	<b>62</b>	<b>64</b>	<b>57</b>	<b>58</b>	<b>59</b>	<b>241</b>	<b>225</b>
Net financial income/expense	-2	-3	0	0	-1	-1	-1	-3	-4
<b>Pre-tax profit/(loss)</b>	<b>181</b>	<b>164</b>	<b>62</b>	<b>63</b>	<b>56</b>	<b>58</b>	<b>58</b>	<b>238</b>	<b>221</b>
Tax	-39	-36	-13	-14	-12	-12	-12	-52	-48
<b>Profit/loss for the period</b>	<b>141</b>	<b>128</b>	<b>49</b>	<b>49</b>	<b>44</b>	<b>45</b>	<b>46</b>	<b>186</b>	<b>173</b>
<b>Other comprehensive income</b>									
<b>Profit/loss for the period</b>	<b>141</b>	<b>128</b>	<b>49</b>	<b>49</b>	<b>44</b>	<b>45</b>	<b>46</b>	<b>186</b>	<b>173</b>
<b>Items that have been transferred or may recycled to net income</b>									
Exchange differences for the period on translation of overseas operations	5	0	4	2	-1	-6	2	-1	-6
<b>Items that can not be recycled to net profit</b>									
Revaluation of defined- benefit pension plans	-1	0	0	0	-1	1	0	0	1
<b>Other comprehensive income for the period</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>2</b>	<b>-2</b>	<b>-5</b>	<b>2</b>	<b>-1</b>	<b>-5</b>
<b>Comprehensive income for the period</b>	<b>145</b>	<b>128</b>	<b>52</b>	<b>51</b>	<b>42</b>	<b>40</b>	<b>48</b>	<b>186</b>	<b>168</b>
Earnings per outstanding share, SEK*	6,11	5,54	2,10	2,12	1,89	1,96	1,98	8,07	7,50
Earnings per total shares, SEK*	6,10	5,53	2,10	2,12	1,88	1,95	1,98	8,05	7,48
<b>EBITA</b>	<b>197</b>	<b>183</b>	<b>67</b>	<b>68</b>	<b>62</b>	<b>64</b>	<b>65</b>	<b>260</b>	<b>246</b>

\* Attributable to shareholders of the parent company. There are no dilution effects.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK MILLION)**

	2016-09-30	2015-09-30	2015-12-31
<b>Fixed assets</b>			
Goodwill	99	98	98
Other intangible assets	62	82	78
<b>Total intangible assets</b>	<b>161</b>	<b>181</b>	<b>176</b>
Property, plant and equipment	219	205	203
<b>Total property, plant and equipment</b>	<b>219</b>	<b>205</b>	<b>203</b>
Financial assets	0	0	0
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total fixed assets</b>	<b>380</b>	<b>387</b>	<b>379</b>
<b>Deferred tax assets</b>	<b>3</b>	<b>3</b>	<b>2</b>
<b>Current assets</b>			
Inventories	403	378	396
Current receivables	384	388	359
Cash and cash equivalents	75	70	85
<b>Total current assets</b>	<b>862</b>	<b>836</b>	<b>839</b>
<b>Total assets</b>	<b>1 245</b>	<b>1 225</b>	<b>1 220</b>
<b>Equity</b>	<b>652</b>	<b>581</b>	<b>622</b>
Non-current interest-bearing liabilities	35	34	35
Provisions for pensions	2	2	2
Non-current non-interest-bearing liabilities	2	16	11
Deferred tax liabilities	73	71	76
<b>Total non-current liabilities</b>	<b>112</b>	<b>123</b>	<b>123</b>
Current interest-bearing liabilities	203	241	194
Current non-interest-bearing liabilities	279	279	281
<b>Total current liabilities</b>	<b>482</b>	<b>520</b>	<b>474</b>
<b>Total equity and liabilities</b>	<b>1 245</b>	<b>1 225</b>	<b>1 220</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK MILLION)**

	2016-09-30	2015-09-30	2015-12-31
<b>At beginning of year</b>	<b>622</b>	<b>552</b>	<b>552</b>
<b>Comprehensive income for the period</b>			
Profit/loss for the period	141	128	173
Other comprehensive income for the period	4	0	-5
<b>Comprehensive income for the period</b>	<b>145</b>	<b>128</b>	<b>168</b>
Dividends paid	-116	-98	-98
<b>At the end of the period</b>	<b>652</b>	<b>581</b>	<b>622</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)**

	Jan-sept 2016	Jan-sept 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Trailing 12 mth	Full year 2015
<b>Operating cash flows</b>									
<b>before movements in working capital</b>	<b>174</b>	157	60	61	53	69	58	243	227
Movements in working capital	-35	-37	-10	-6	-19	1	-31	-33	-35
<b>Operating cash flows</b>	<b>139</b>	121	50	56	33	71	27	210	192
Acquisition of subsidiaries									
net effect on cash and cash equivalents	-10	-34	-1	0	-8	-1	-13	-11	-36
Acquisition of intangible fixed assets	-1	-1	-1	0	0	-3	0	-4	-4
Acquisition of property, plant and equipment	-36	-17	-5	-4	-27	-8	-5	-44	-25
Sales of property, plant and equipment	4	3	1	1	1	2	1	6	6
<b>Investing cash flows</b>	<b>-43</b>	-49	-6	-3	-34	-10	-17	-53	-58
<b>Financing cash flows</b>									
- Change in financial liabilities	8	16	-37	30	15	-45	4	-37	-29
- Dividends paid	-116	-98	-	-116	-	-	-	-116	-98
<b>Financing cash flow</b>	<b>-107</b>	-82	-37	-86	15	-45	4	-152	-127
<b>Cash flow for the period</b>	<b>-11</b>	-10	7	-33	14	16	14	5	6
Cash and cash equivalents at the beginning of the period	85	80	67	99	85	70	57	70	80
Exchange rate difference	2	-1	1	1	0	-1	-2	0	-2
<b>Cash and cash equivalents at the end of the period</b>	<b>75</b>	70	75	67	99	85	70	75	85

**KEY PERFORMANCE INDICATORS**

	Jan-sept 2016	Jan-sept 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Trailing 12 mth	Full year 2015
Return on equity, %	22,2	22,6	7,0	8,4	6,8	6,9	7,5	29,1	29,5
Return on capital employed, %	22,7	22,1	7,6	8,0	7,1	7,9	7,3	30,6	30,0
Return on total capital %	16,0	15,6	5,4	5,6	5,0	5,5	5,3	21,5	21,1
Equity/assets ratio, %	52,3	47,5							51,0
Earnings per outstanding share, SEK	6,11	5,54	2,10	2,12	1,89	1,96	1,98	8,07	7,50
Earnings per total shares, SEK	6,10	5,53	2,10	2,12	1,88	1,95	1,98	8,05	7,48
Equity per total shares, SEK	28,13	25,10							26,85
Average number of outstanding shares (thousands)	23 107	23 107	23 107	23 107	23 107	23 107	23 107	23 107	23 107
Average total shares (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Operating margin, %	10,6	10,1	11,4	10,4	9,9	10,0	11,2	10,4	10,1
EBITA-margin, %	11,4	11,1	12,2	11,1	10,8	10,9	12,2	11,3	11,0

\* Attributable to shareholders of the parent company. There are no dilution effects.

## The Parent Company's performance and financial position

### CONDENSED INCOME STATEMENT OF THE PARENT COMPANY (SEK MILLION)

	Jan-sept 2016	Jan-sept 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Trailing 12 mth	Full year 2015
Net sales	23	21	8	8	7	25	7	48	46
Operating costs	-34	-33	-11	-12	-11	-11	-10	-45	-44
Depreciation	-5	-5	-2	-2	-2	-2	-2	-6	-7
<b>Operating profit</b>	<b>-16</b>	<b>-17</b>	<b>-5</b>	<b>-6</b>	<b>-6</b>	<b>12</b>	<b>-5</b>	<b>-4</b>	<b>-5</b>
Income from investments in Group companies	24	31	-2	26	-	-9	-	15	22
Other financial income/expense, Net	-1	0	0	0	0	0	0	-1	0
<b>Profit/loss after financial items</b>	<b>7</b>	<b>14</b>	<b>-7</b>	<b>20</b>	<b>-6</b>	<b>3</b>	<b>-5</b>	<b>10</b>	<b>17</b>
Year-end appropriations	-	-	-	-	-	150	-	-	150
<b>Pre-tax profit/(loss)</b>	<b>7</b>	<b>14</b>	<b>-7</b>	<b>20</b>	<b>-6</b>	<b>153</b>	<b>-5</b>	<b>10</b>	<b>167</b>
Tax	4	4	1	1	1	-36	1	-32	-32
<b>Profit/loss for the period</b>	<b>11</b>	<b>18</b>	<b>-6</b>	<b>21</b>	<b>-5</b>	<b>117</b>	<b>-4</b>	<b>128</b>	<b>135</b>

Comprehensive income for the period corresponds with the profit/loss for the period.

### CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

	2016-09-30	2015-09-30	2015-12-31
<b>Assets</b>			
Intangible fixed assets	17	18	19
Property, plant and equipment	16	18	18
Financial assets	380	392	380
<b>Total fixed assets</b>	<b>413</b>	<b>428</b>	<b>417</b>
Current receivables	199	167	315
Cash on hand and demand deposits	-	0	0
<b>Total current assets</b>	<b>199</b>	<b>167</b>	<b>315</b>
<b>Total assets</b>	<b>612</b>	<b>595</b>	<b>732</b>
<b>Equity and liabilities</b>			
Equity	113	101	218
Untaxed reserves	220	191	220
Deferred tax liabilities	2	2	2
Non-current non-interest-bearing liabilities	1	6	5
<b>Total non-current liabilities</b>	<b>1</b>	<b>6</b>	<b>5</b>
Current interest-bearing liabilities	103	130	99
Current non-interest-bearing liabilities	173	164	187
<b>Total current liabilities</b>	<b>275</b>	<b>294</b>	<b>286</b>
<b>Total equity and liabilities</b>	<b>612</b>	<b>595</b>	<b>732</b>

## Notes

Segment reporting is presented on page 5 and page 11, disclosures about fair value of financial instruments are presented on page 8 and accounting policies are presented on page 7.

## Definitions

In addition to the conventional financial performance measures established by IFRS, OEM uses the term EBITA which is defined below. The reason for this is that the company wishes to reflect the underlying business activities and improve the comparability of financial information across different periods of time.

### EBITA

Operating profit before amortisation of acquisition-related intangible fixed assets  
A reconciliation of the calculation of EBITA is presented on page 11.

### EBITA margin

EBITA divided by net sales

### Return on capital employed

EBITA plus finance income as a percentage of average capital employed

### Return on total capital

EBITA plus finance income as a percentage of average total capital

### Capital employed

Total assets less non-interest-bearing liabilities and provisions



## **One of Europe's leading technology trading companies with 33 operating entities in 14 countries**

For 40 years, OEM's idea has been to serve as a link that creates value between customers and manufacturers of industrial components and systems. Over the years, the company has grown from a small, family-owned business in Tranås in southern Sweden into an international technology trading group operating in 14 countries in northern Europe, Central Eastern Europe, the UK and China. OEM has partnerships with more than 300 leading and specialist manufacturers and is responsible for their sales in selected markets. Its range comprises more than 50,000 products in the areas of electrical components, flow technology, motors, transmissions and brakes, ball bearings and seals, appliance components and installation components. The Group has a customer base of more than 25,000 businesses, primarily in the manufacturing sector. The company's high level of expertise enables it to help customers increase purchasing efficiency and choose the right components.



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