

CONCENTRIC INTERIM REPORT
JANUARY – MARCH 2015

First quarter of 2015: Solid results strengthened by currency gains

- Net sales for Q1, excluding Alfdex: MSEK 623 (496) – up 1% year-on-year, after adjusting for currency (+21%) and acquisition of GKN Pumps (+4%)
- Operating income for Q1: MSEK 117 (77), including negative goodwill of MSEK 15 (nil) recognised on acquisition of GKN Pumps – operating margin of 18.8% (15.5)
- Earnings after tax for Q1: MSEK 89 (53) – basic and diluted EPS of SEK 2.10 (1.20)
- Group’s net debt for Q1: MSEK 630 (343) – gearing ratio of 84% (40)

Key Figures – Group <i>Amounts in MSEK</i>	Jan-Mar			Apr-Mar	Jan-Dec
	2015	2014	Change	2014/15	2014
Net sales	623	496	26%	2,205	2,078
Operating income before items affecting comparability	102	77	32%	358	333
Operating income	117	77	52%	373	333
Earnings before tax	114	70	63%	360	316
Net income for the period	89	53	68%	277	241
Cash flow from operating activities	63	65	-3%	338	340
Net debt	630	343	84%	630	528
Operating margin before items affecting comparability, %	16.3	15.5	0.8	16.2	16.0
Operating margin, %	18.8	15.5	3.3	16.9	16.0
Return on equity, %	34.4	27.7	6.7	34.4	29.6
Basic EPS before items affecting comparability, SEK	1.75	1.20	0.55	6.09	5.54
Basic EPS, SEK	2.10	1.20	0.90	6.44	5.54
Diluted EPS, SEK	2.10	1.20	0.90	6.42	5.53
Gearing ratio, %	84	40	44	84	65

President and CEO, David Woolley, comments on interim report for Q1 2015:

“The group’s solid performance in the first quarter of 2015 was strengthened by significant translational currency gains derived from the relative weakness of the Swedish Krona. Underlying sales for the first quarter of 2015, excluding the impact of currency and the GKN Pumps acquisition, were up 1% year-on-year, in line with the published indices for our end-markets. Across most of our end-markets, the outlook in North America remained positive and, although Europe was flat, Concentric enjoyed further structural growth from the ramp up of Euro VI platforms. However, the weak demand in the global agricultural machinery market has continued.

Linked to the strong currency impact, the group’s underlying EBIT margin for the first quarter improved to 16.3% (15.5). As the fair value of the net assets acquired with the GKN pumps business exceeded the purchase price, negative goodwill of MSEK 15 was also recognised in the first quarter, which increased the reported operating margin to 18.8%. In addition, we expect to book integration costs in respect of GKN pumps during the second quarter of 2015 which should not exceed the value of this negative goodwill.

Looking forward, the orders received, and expected to be fulfilled during the second quarter of 2015, were in line with the sales levels of the first quarter of 2015, indicating stable end-customer demand.



Concentric remains well positioned, both financially and operationally, to fully leverage our market opportunities.”

Key business events in first quarter of 2015:

2-Feb-15 Concentric completes acquisition of GKN Sinter Metals de Argentina SA (“GKN Pumps”), a supplier of engine pumps in South America, strengthening Concentric’s presence in the region.

Net sales and operating income – Group

Key Figures – Group <i>Amounts in MSEK</i>	Jan-Mar			Apr-Mar	Jan-Dec
	2015	2014	Change	2014/15	2014
Net sales	623	496	26%	2,205	2,078
Operating income before items affecting comparability	102	77	32%	358	333
Operating income	117	77	52%	373	333
Earnings before tax	114	70	63%	360	316
Net income for the period	89	53	68%	277	241
Operating margin before items affecting comparability, %	16.3	15.5	0.8	16.2	16.0
Operating margin, %	18.8	15.5	3.3	16.9	16.0
ROCE before items affecting comparability, %	28.2	26.0	2.2	28.2	27.1
ROCE, %	29.3	26.0	3.3	29.3	27.1

Sales for the first quarter were MSEK 623 (496), up 26% year-on-year in absolute terms. Adjusting for the impact of currency (+21%) and the acquisition of GKN Pumps (+4%), sales for the first quarter were up 1%. The Group’s average sales per working day for the first quarter, excluding the acquisition of GKN Pumps, increased significantly year-on-year to MSEK 9.6 (7.9), due principally to the positive currency affect arising from the relatively weak Swedish Krona.

Operating income for the first quarter amounted to MSEK 117 (77), including income of MSEK 15 (nil) which was recognised in respect of the negative goodwill arising on the acquisition of GKN Pumps. As a result, the reported operating margin for the first quarter improved to 18.8% (15.5). Adjusting for the negative goodwill, the operating margin before items affecting comparability for the first quarter improved to 16.3% (15.5).

Net financial items

Net financial expenses incurred for the first quarter amounted to MSEK 3 (7), comprising net exchange gains of MSEK 2 (loss 1), interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 0 (2) and net financial expenses in respect of net pension liabilities of MSEK 5 (4). Accordingly, consolidated income before taxation amounted to MSEK 114 (70) for the first quarter.

Taxes

Tax expenses for the first quarter amounted to MSEK 25 (17), with an effective tax rate for the first quarter of 22% (24%). Adjusting earnings before tax for MSEK 15 of negative goodwill which had no related tax entries, the underlying effective tax rate for the first quarter was 25%. Any movements in the group’s underlying effective annual tax rate largely reflect the change in mix of taxable earnings and the change in corporate tax rates applicable across the various tax jurisdictions in which the group operates.

Net income and Earnings per share

Earnings after taxation for the first quarter amounted to MSEK 89 (53). The basic earnings per share before items affecting comparability for the first quarter amounted to SEK 1.75 (1.20). The reported basic and diluted earnings per share for the first quarter amounted to SEK 2.10 (1.20).

Segment reporting

The Americas segment comprises the Group's operations in the USA and South America. As our operations in India and China remain relatively small in comparison to our Western facilities, Europe & RoW continues to be reported as a single combined segment, in line with our management structure, comprising the Group's operations in Europe (including the proportional consolidation of Alfdex), India and China.

The evaluation of an operating segment's earnings is based upon its operating income or EBIT. Financial assets and liabilities are not allocated to segments.

Net sales and operating income – Americas

Americas <i>Amounts in MSEK</i>	Jan-Mar			Apr-Mar	Jan-Dec
	2015	2014	Change	2014/15	2014
External net sales	331	246	35%	1,118	1,033
Operating income before items affecting comparability	45	38	18%	164	157
Operating income	60	38	58%	179	157
Operating margin before items affecting comparability, %	13.6	15.3	-1.7	14.7	15.2
Operating margin, %	18.2	15.3	2.9	16.0	15.2
ROCE before items affecting comparability, %	50.1	45.2	4.9	50.1	49.9
ROCE, %	54.7	45.2	9.5	54.7	49.9

External sales were down 1% year-on-year for the first quarter, after adjusting for currency (+29%) and the acquisition of GKN Pumps (+7%), with the weak demand for agricultural machinery largely offset by the improvement in the medium and heavy duty truck market. The average external sales per working day for the first quarter, excluding the acquisition of GKN Pumps, increased significantly year-on-year to MSEK 5.1 (4.0), due principally to the positive currency affect arising from the relatively weak Swedish Krona.

Operating income for the first quarter amounted to MSEK 60 (38), including income of MSEK 15 (nil) which was recognised in respect of the negative goodwill arising on the acquisition of GKN Pumps. As a result, the operating margin based on external sales increased to 18.2% (15.3). Adjusting for the negative goodwill, the operating margin before items affecting comparability was 13.6% (15.3). The regional results for the first quarter also included net sales of GKN Pumps for the two months ended 31 March 2015 of MSEK 18 which generated an operating loss of MSEK 1. Therefore, the underlying operating margin for the first quarter, excluding the acquisition of GKN Pumps entirely, was 14.7% (15.3).

Net sales and operating income – Europe & RoW

Europe & RoW <i>Amounts in MSEK</i>	Jan-Mar			Apr-Mar	Jan-Dec
	2015	2014	Change	2014/15	2014
External net sales (including Alfdex)	339	289	17%	1,253	1,203
Operating income	58	40	45%	200	182
Operating margin, %	17.0	14.0	3.0	16.0	15.1
ROCE, %	21.1	19.0	2.1	21.1	20.0

External sales for the first quarter, including Concentric's 50% share of the revenues attributable to Alfdex, were up 6% year-on-year, after adjusting for the impact of currency (+11%). As a result, the average external sales per working day for the first quarter, including 50% of Alfdex, increased year-on-year to MSEK 5.3 (4.5), including the positive currency affect arising from the relatively weak Swedish Krona.

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, amounted to MSEK 58 (40) for the first quarter. This increase in operating income year-on-year represented a drop-through rate of 35% based upon the higher external sales value. As a result, the operating margin for the first quarter improved to 17.0% (14.0).

Market development

The market information detailed below pertaining to diesel engines is based on statistics from Power Systems Research. The market information pertaining to hydraulics products is based on statistics from Off-Highway Research for construction equipment and the International Truck Association for lift trucks.

End-markets & Regions	Q1-15 vs. Q1-14			FY-15 vs. FY-14		
	North America	Europe	China/ India	North America	Europe	China/ India
Agricultural machinery						
Diesel engines	-9%	-11%	-10%	-8%	-3%	2%
Construction equipment						
Diesel engines	6%	-1%	-8%	7%	-1%	1%
Hydraulic equipment	7%	3%	n/a	7%	3%	n/a
Trucks						
Light vehicles	3%	n/a	n/a	4%	n/a	n/a
Medium/Heavy vehicles	8%	1%	-8%	9%	1%	0%
Industrial Applications						
Other Off-highway	-1%	1%	-6%	0%	2%	3%
Hydraulic lift trucks	5%	2%	n/a	3%	2%	n/a

Source: Q1 2015 updates received from Power Systems Research, Off-Highway Research and the International Truck Association for lift trucks

The published market indices for the first quarter appear broadly in line with Concentric's actual sales and order experience for Q1 2015. As noted in previous quarters, movements in the market indices tend to lag our order intake experience by 3-6 months.

North American end-markets

- Latest market indices report diesel engines for the first quarter were up again in most end-markets year-on-year, with medium and heavy trucks showing the strongest growth levels. The exception being the agricultural machinery market which remains depressed. Overall, the latest market indices are broadly consistent with Concentric’s actual sales of engine products in North America for the first quarter.
- Latest market indices for hydraulic products, typically used later in the production cycle, were also up year-on-year for the first quarter, with both construction equipment and lift trucks for material handling showing strong growth. This continues to be in contrast with Concentric’s actual sales of hydraulic products in North America which were down 9% year-on-year for the first quarter. This, in part, reflects the agricultural machinery market trend, with sales to John Deere down 21% year-on-year for the first quarter.

European end-markets

- Market indices for the production of diesel engines during the first quarter were broadly flat year-on-year, consistent with Concentric’s actual sales of engine products in Europe. In addition, Concentric continued to enjoy further structural growth from the ramp up of Euro VI platforms.
- Demand for hydraulic products in European end-markets remained relatively stable for both construction equipment and lift trucks for the first quarter, in line with Concentric’s actual sales.

Emerging end-markets

- Latest market indices for both India and China were down year-on-year across all end markets. This was consistent with Concentric’s sales although these markets only represent c. 5% of the group’s total revenues.

Seasonality

Each end-market will have its own seasonality profile based on the end-users, e.g. sales of Agricultural machinery will be linked to harvest periods in the Northern and Southern hemispheres. However, there is no significant seasonality in the demand profile of Concentric’s customers and, therefore, the most significant driver is actually the number of working days in the quarter.

The weighted average number of working days in the first quarter was 63 (63) for the Group, with an average of 61 (62) working days for the Americas region and 64 (64) working days for the Europe & RoW region.

<i>Consolidated sales development</i>	Q1-15 vs. Q1-14			FY-15 vs. FY-14		
	Americas	Europe & ROW	Group	Americas	Europe & ROW	Group
Blended market rates 1)	4%	-1%	1%	4%	1%	2%
Concentric actual rates 2)	-1%	6%	3%			

1) *Based on latest market indices blended to Concentric’s mix of end-markets and locations*

2) *Based on actual sales in constant currency, including Alfdex but excluding the impact of GKN Pumps*

Overall, market indices suggest production rates, blended to the Group’s end-market and regions, were up 1% year-on-year for the first quarter and they predict rates will be up 2% year-on-year for the full year. This compares to Concentric’s actual sales for the first quarter, including revenues attributable to Alfdex, which were up 3% year-on year, adjusting for currency and the acquisition of GKN Pumps.

Cash flow

The reported cash inflow from operating activities for the first quarter amounted to MSEK 63 (65), which represents SEK 1.49 (1.47) per share.

In addition, the group also received MSEK 10 (12) cash in respect of the declared dividend of MSEK 12 (12) in the first quarter from its 50% ownership in the joint-venture company, Alfdex AB.

Net investments in fixed assets

The Group's investments in plant and equipment amounted to MSEK 4 (5) for the first quarter. In addition, the group also made property divestments of MSEK 3 (0) related to the completion of the sale of the Group's vacant freehold property in Skånes Fagerhult, Sweden, at book value in the first quarter.

On 30 January 2015, Concentric completed the acquisition of GKN Sinter Metals de Argentina SA ("GKN Pumps"). The total net cash flow relating to the investment in GKN Pumps of MSEK 10 comprised the cash purchase consideration of MSEK 20 plus acquisition-related expenses of MSEK 2, less the cash balances acquired of MSEK 12. Further details of the acquisition are provided below.

Financial position

The carrying amount of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 31 March, 2015 the fair value of derivative instruments that were assets was MSEK 9 (4), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These fair value measurements belong in level 2 in the fair value hierarchy.

Following a review of the actuarial assumptions used to value the Group's defined benefit pension plans, further actuarial losses of MSEK 144 (nil) have been recognised in net pension liabilities at the end of the first quarter, largely related to movements in the respective discount and inflation rates applied. These losses are in addition to MSEK 127 of actuarial losses that were recognised as part of the year-end valuation undertaken at 31 December 2014.

As a result, the Group's net debt at 31 March was MSEK 630 (342), comprising bank loans and corporate bonds of MSEK 179 (178) and net pension liabilities of MSEK 737 (400), net of cash amounting to MSEK 286 (237).

A dividend of SEK 3.00 per share, totaling MSEK 127, in respect of the 2014 financial year was approved at the Annual General Meeting held on 26 March 2015 and settled on 2 April 2015.

Shareholders' equity amounted to MSEK 748 (848), resulting in a gearing ratio of 84% (40) at the end of the first quarter.

Employees

The average number of full-time equivalents employed by the group during the first quarter was 1,079 (1,046).

Parent Company

Net sales for the first quarter amounted to MSEK 6 (7), generating an operating income of MSEK 2 (4). The slight deterioration reflects the higher costs incurred for providing services rendered in the first quarter. The company also recorded the declared dividend amounting to MSEK 12 (12) from its 50% ownership in the joint-venture company, Alfdex AB.

The cumulative net exchange rate losses and interest expenses for the first quarter amounted to MSEK 69 (gains 1) and MSEK 0 (2) respectively.

Related-party transactions

The Parent Company is a related party to its subsidiaries and associated companies. Transactions with subsidiaries and associated companies occur on commercial market terms. No transactions have been carried out between Concentric AB and its subsidiary undertakings and any other related parties that had a material impact on either the company's or the group's financial position and results.

Acquisitions

On 30 January 2015, Concentric completed the acquisition of the entire share capital of GKN Sinter Metals de Argentina SA ("GKN Pumps"), a supplier of engine pumps in South America, strengthening Concentric's presence in the region. GKN Pumps has a production facility in Chivilcoy, Argentina that will provide Concentric with an important foothold in the Mercosur trade bloc, thereby enabling further penetration of the South American market.

The fair values of the identifiable assets acquired and the liabilities assumed were determined as follows:

Fair values – GKN Pumps acquisition <i>Amounts in MSEK</i>	Book values	Adjustments	Fair values
Cash	20	-	20
Total purchase consideration for shares in GKN Pumps	20	-	20
Other intangible fixed assets 1)	1	-1	-
Tangible fixed assets 2)	19	1	20
Total fixed assets acquired	20	0	20
Inventories 2,3)	13	-2	11
Current receivables	27	-	27
Cash and cash equivalents	12	-	12
Total current assets acquired	52	-2	50
Short-term interest-bearing liabilities	1	-	1
Other current liabilities 4)	26	8	34
Total current liabilities assumed	27	8	35
Net assets acquired	45	-10	35
Negative goodwill arising on acquisition	-25	10	-15

Fair value adjustments

The fair value adjustments identified may be summarised as follows:

- 1) Writedown of intangible fixed assets to their net realisable value,
- 2) Reclassification of tooling from inventories to tangible fixed assets;
- 3) Writedown of consumables included in inventories, in line with Concentric's policies; and
- 4) Additional provisions for bonuses, legal claims, warranty and environmental remediation.

Given the history of trading losses for GKN Pumps, no corresponding deferred tax assets have been recognised in respect of these adjustments.

Acquisition-related costs

In addition to the total purchase consideration for the shares in GKN Pumps shown above, acquisition-related legal and advisory costs of MSEK 2 were incurred and expensed in the income statement for the first quarter.

Pre-acquisition trading results

The net sales of GKN Pumps for the year ended 31 December 2014 (excluded from Concentric's consolidated results for FY 2014) of MSEK 99 generated a loss at both an EBIT and net income level of MSEK 6, after the push back of fair value adjustments.

The net sales of GKN Pumps for January 2015 (excluded from Concentric's consolidated results for Q1 2015) of MSEK 6 generated a loss at both an EBIT and net income level of MSEK 1.

Post-acquisition trading results

The net sales of GKN Pumps for the two months ended 31 March 2015 (included in Concentric's consolidated results for Q1 2015) of MSEK 18 generated a loss at both an EBIT and net income level of MSEK 1. In addition, a one-off income of MSEK 15 was recognised in the consolidated results of Concentric AB for the first quarter of 2015, in respect of the negative goodwill arising on the acquisition of GKN Pumps.

Business overview

Descriptions of Concentric's business and its objectives, the driving forces it faces, its products, market position and the end-markets it serves, together with details on the business excellence programme are all presented in the 2014 Annual Report (http://www.concentricab.com/downloads/AGM-2015/Concentric_AR_2014_ENG.pdf) on pages 6-23.

Significant risks and uncertainties

All business operations involve risk – managed risk-taking is a condition of maintaining a sustainable profitable business. Risks may arise due to events in the world and can affect a given industry or market or can be specific to a single company or group. Concentric works continuously to identify, measure and manage risk, and in some cases Concentric is able to influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Concentric's control, the aim is to minimise the consequences. The risks to which Concentric are exposed may be classified into four main categories:

- Industry and market risks – external related risks such as the cyclical nature of our end-markets, intense competition, customer relationships and the availability and prices of raw materials;
- Operational risks – such as constraints on the capacity and flexibility of our production facilities and human capital, product development and new product introductions, customer complaints, product recalls and product liability;
- Legal risks – such as the protection and maintenance of intellectual property rights and potential disputes arising from third parties; and
- Financial risks – such as liquidity risk, interest rate fluctuations, currency fluctuations, credit risk, management of pension obligations and the group's capital structure.

Concentric's Board of Directors and Senior management team have reviewed the development of these significant risks and uncertainties since the publication of the 2014 Annual Report and confirm that there have been no changes other than those comments made above in respect of the improving market development.

Please refer to the Risk and Risk Management section on pages 29-31 of the 2014 Annual Report (http://www.concentricab.com/downloads/AGM-2015/Concentric_AR_2014_ENG.pdf) for further details.

Events after the balance-sheet date

There were no significant post balance sheet events to report.

Buy-back and Holdings of Own Shares

On 26 March 2015, the AGM resolved to retire 1,363,470 of the company's own repurchased shares. The retirement of shares has been carried out through a reduction of share capital with retirement of shares and a subsequent bonus issue to restore the share capital. Altogether, the resolution resulted in the number of shares outstanding being reduced by 1,363,470 and the share capital being increased by SEK 41. Consequently the company's total holdings of own shares at the end of the first quarter was 460,841 (259,295), which represented 1.1% (0.6) of the total number of shares in issue of 42,852,500 (44,215,970).

In addition, the AGM resolved to authorise the Board of Directors, during the period up to the next AGM in 2016, to resolve on buying back own shares so that the Company's holdings do not at any point exceed 10 percent of the total number of shares in issue. Acquisitions shall be made in cash and take place on NASDAQ OMX Stockholm, for the purpose of increasing the flexibility in connection with potential future corporate acquisitions, as well as to be able to improve the company's capital structure and to cover costs for, and enable delivery of shares under the company's LTI programmes.

Basis of Preparation and Accounting policies

This interim report for the Concentric AB group is prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable rules in the Annual Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9 and applicable rules in RFR2 *Accounting for legal entities*.

The basis of accounting and the accounting policies adopted in preparing this interim report are consistent for all periods presented and comply with those policies stated in the 2014 Annual Report.

New standards, amendments and interpretations to existing standards that have been endorsed by the EU and adopted by the group

None of the IFRS and IFRIC interpretations endorsed by the EU are considered to have a material impact on the group.

Purpose of report and forward-looking information

Concentric AB (publ) is listed on NASDAQ OMX Stockholm, Mid Cap. The information in this report is of the type that Concentric is required to disclose under the Swedish Securities Market Act. The information was submitted for publication at 8.00am on 28 April, 2015. This report contains forward-looking information in the form of statements concerning the outlook for Concentric's operations. This information is based on the current expectations of Concentric's management, as well as estimates and forecasts. The actual future outcome could vary significantly compared with the information provided in this report, which is forward-looking, due to such considerations as changed conditions concerning the economy, market and competition.

Future reporting dates

Interim Report January-June 2015	24 July, 2015
Interim Report January-September 2015	23 October, 2015

Stockholm, 28 April, 2015

Concentric AB (publ)

David Woolley

President and CEO

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Corporate Registration Number 556828-4995

This Interim Report has not been audited.

Consolidated Income Statement, in summary

<i>Amounts in MSEK</i>	Jan-Mar		Apr-Mar	Jan-Dec
	2015	2014	2014/15	2014
Net sales	623	496	2,205	2,078
Cost of goods sold	-451	-361	-1,600	-1,510
Gross income	172	135	605	568
Selling expenses	-23	-14	-91	-82
Administrative expenses	-37	-29	-124	-116
Product development expenses	-12	-18	-52	-58
Share of profit in joint venture, net of interest and tax	5	3	14	12
Other operating income and expenses	12	-	21	9
Operating income	117	77	373	333
Financial income and expense	-3	-7	-13	-17
Earnings before tax	114	70	360	316
Taxes	-25	-17	-83	-75
Net income for the period	89	53	277	241
Basic earnings per share before items affecting comparability, SEK	1.75	1.20	6.09	5.54
Basic earnings per share, SEK	2.10	1.20	6.44	5.54
Diluted earnings per share, SEK	2.10	1.20	6.42	5.53
Basic average number of shares (000)	42,392	43,957	43,035	43,421
Diluted average number of shares (000)	42,541	44,027	43,159	43,523

Consolidated statement of comprehensive income

<i>Amounts in MSEK</i>	Jan-Mar		Apr-Mar	Jan-Dec
	2015	2014	2014/15	2014
Net income for the period	89	53	277	241
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial losses	-144	-	-271	-127
Tax on actuarial losses	39	-	72	33
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange rate differences related to liabilities to foreign operations	-69	1	-178	-108
Tax arising from exchange rate differences related to liabilities to foreign operations	15	-	39	24
Cash-flow hedging	7	5	6	4
Tax arising from cash-flow hedging	-2	-1	-3	-2
Foreign currency translation differences	128	7	352	231
Total other comprehensive loss/income	-26	12	17	55
Total comprehensive income	63	65	294	296

Consolidated Balance Sheet, in summary 1)

<i>Amounts in MSEK</i>	31 Mar 2015	31 Mar 2014	31 Dec 2014
Goodwill	649	537	612
Other intangible fixed assets	345	325	335
Tangible fixed assets	213	182	194
Share of net assets in joint venture	14	17	26
Deferred tax assets	213	128	165
Long-term receivables	4	4	4
Total fixed assets	1,438	1,193	1,336
Inventories	246	208	222
Current receivables	385	279	273
Cash and cash equivalents	286	237	235
Total current assets	917	724	730
Total assets	2,355	1,917	2,066
Total Shareholders' equity	748	848	811
Pensions and similar obligations	737	400	568
Deferred tax liabilities	63	88	64
Long-term interest-bearing liabilities	177	178	3
Other long-term liabilities	12	4	5
Total long-term liabilities	989	670	640
Short-term interest-bearing liabilities	2	0	192
Dividend declared not yet paid	127	-	-
Other current liabilities	489	399	423
Total current liabilities	618	399	615
Total equity and liabilities	2,355	1,917	2,066

1) The carrying amount of financial assets and financial liabilities are considered reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 31 March, 2015 the fair value of derivative instruments that were assets was MSEK 9 (4), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These fair value measurements belong in level 2 in the fair value hierarchy.

Consolidated changes in shareholders' equity, in summary

<i>Amounts in MSEK</i>	31 Mar 2015	31 Mar 2014	31 Dec 2014
Opening balance	811	783	783
Net income for the period	89	53	241
Other comprehensive loss/income	-26	12	55
Total comprehensive income	63	65	296
Dividend	-127	-	-121
Own share buy-backs	-	-	-148
Long-term incentive plan	1	-	1
Closing balance	748	848	811

Consolidated cash flow statement, in summary

<i>Amounts in MSEK</i>	Jan-Mar 2015	Jan-Mar 2014	Apr-Mar 2014/15	Jan-Dec 2014
Earnings before tax	114	70	360	316
Reversal of depreciation, goodwill and fixed asset write-downs	7	23	67	83
Reversal of share of profit in joint venture	-5	-3	-14	-12
Reversal of other non-cash items	7	2	22	17
Taxes paid	-26	-7	-121	-99
<i>Cash flow from operating activities before changes in working capital</i>	<i>97</i>	<i>85</i>	<i>314</i>	<i>305</i>
Change in working capital	-34	-20	24	35
<i>Cash flow from operating activities</i>	<i>63</i>	<i>65</i>	<i>338</i>	<i>340</i>
Investments in subsidiaries 1)	-10	-	-10	-
Net investments in property, plant and equipment	-1	-5	-21	-25
<i>Cash flow from investing activities</i>	<i>-11</i>	<i>-5</i>	<i>-31</i>	<i>-25</i>
Dividends paid	-	-	-121	-121
Dividends received from joint venture	10	12	10	12
Buy-back of own shares	-	-	-148	-148
New loans	178	-	194	16
Repayment of loans	-194	-18	-195	-19
Pension payments and other cash flows from financing activities	-11	-11	-43	-39
<i>Cash flow from financing activities</i>	<i>-17</i>	<i>-17</i>	<i>-299</i>	<i>-299</i>
Cash flow for the period	35	43	8	16
Cash and bank assets, opening balance	235	193	237	193
Exchange-rate difference in cash and bank assets	16	1	41	26
Cash and bank assets, closing balance	286	237	286	235

1) The total net cash outflow relating to the investment in GKN Pumps of MSEK 10 comprised the cash purchase consideration of MSEK 20 plus acquisition-related expenses of MSEK 2, less the cash balances acquired of MSEK 12.

Data per Share

	Jan-Mar 2015	Jan-Mar 2014	Apr-Mar 2014/15	Jan-Dec 2014
Basic earnings per share before items affecting comparability, SEK	1.75	1.20	6.09	5.54
Basic earnings per share, SEK	2.10	1.20	6.44	5.54
Diluted earnings per share, SEK	2.10	1.20	6.42	5.53
Equity per share, SEK	17.64	19.29	17.64	19.13
Cash-flow from current operations per share, SEK	1.49	1.47	7.85	7.83
Basic weighted average no. of shares (000's)	42,392	43,957	43,035	43,421
Diluted weighted average no. of shares (000's)	42,541	44,027	43,159	43,523
Number of shares at period-end (000's)	42,392	43,957	42,392	42,392

Key figures

	Jan-Mar		Apr-Mar	Jan-Dec
	2015	2014	2014/15	2014
Sales growth, %	26	18	14	12
Sales growth, constant currency, % 1)	1	9	n/a	3
EBITDA margin, %	19.9	20.2	20.0	20.0
Operating margin before items affecting comparability, %	16.3	15.5	16.2	16.0
Operating margin, %	18.8	15.5	16.9	16.0
Capital Employed, MSEK	1,397	1,202	1,397	1,278
ROCE before items affecting comparability, %	28.2	26.0	28.2	27.1
ROCE, %	29.3	26.0	29.3	27.1
ROE, %	34.4	27.7	34.4	29.6
Working Capital, MSEK	141	89	141	72
Working capital as a % of annual sales	6.4	4.6	6.4	3.5
Net Debt, MSEK	630	342	630	528
Gearing ratio, %	84	40	84	65
Net investments in PPE	1	5	21	25
R&D, %	1.9	3.6	2.4	2.8
Number of employees, average	1,079	1,046	1,044	1,036

1) Also excludes the impact of any acquisitions or divestments in that period.

Consolidated income statement in summary, by type of cost

	Jan-Mar		Apr-Mar	Jan-Dec
<i>Amounts in MSEK</i>	2015	2014	2014/15	2014
Net sales	623	496	2,205	2,078
Direct material costs	-321	-260	-1,156	-1,095
Personnel costs	-121	-98	-422	-399
Depreciation, goodwill and fixed asset write-downs	-7	-23	-67	-83
Share of profit in joint venture, net of tax	5	3	14	12
Other operating income and expenses	-62	-41	-201	-180
Operating income	117	77	373	333
Financial income and expense	-3	-7	-13	-17
Earnings before tax	114	70	360	316
Taxes	-25	-17	-83	-75
Net income for the period	89	53	277	241

Consolidated Income Statement in summary, per quarter

<i>Amounts in MSEK</i>	2015	2014	2014	2014	2014	2013	2013	2013
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	623	535	520	527	496	468	496	472
Cost of goods sold	-451	-388	-379	-381	-361	-347	-368	-342
Gross income	172	147	141	146	135	121	128	130
Selling expenses	-23	-32	-18	-18	-14	-12	-17	-16
Administrative expenses	-37	-29	-31	-27	-29	-25	-27	-27
Product development expenses	-12	-13	-10	-17	-18	-17	-16	-15
Share of net income from joint venture	5	6	3	-	3	5	5	3
Other operating income and expenses 1)	12	7	1	-	-	1	2	-2
Operating income	117	86	86	84	77	73	75	73
Financial income and expense	-3	-3	-2	-5	-7	-12	-9	-7
Earnings before tax	114	83	84	79	70	61	66	66
Taxes	-25	-19	-20	-19	-17	-15	-17	-22
Net income for the period	89	64	64	60	53	46	49	44

1) Other operating income and expenses per quarter

<i>Amounts in MSEK</i>	2015	2014	2014	2014	2014	2013	2013	2013
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Product development and tooling income	2	7	11	3	2	4	2	2
Royalty income from joint venture	6	5	5	6	6	5	5	4
Negative goodwill	15	-	-	-	-	-	-	-
Amortisation of surplus acquisition values	-9	-9	-8	-8	-8	-8	-8	-7
Acquisition-related expenses	-2	-	-2	-	-	-1	-	-1
Other	-	4	-5	-1	-	1	3	-
Other operating income and expenses	12	7	1	-	-	1	2	-2

Key figures by quarter

	2015	2014	2014	2014	2014	2013	2013	2013
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Basic EPS before items affecting comparability, SEK	1.75	1.49	1.47	1.39	1.20	1.04	1.10	1.01
Basic EPS, SEK	2.10	1.49	1.47	1.39	1.20	1.04	1.10	1.01
Diluted EPS, SEK	2.10	1.49	1.46	1.38	1.20	1.04	1.10	1.01
Operating margin before items affecting comparability, %	16.3	16.1	16.4	16.0	15.5	15.6	15.1	15.5
Operating margin, %	18.8	16.1	16.4	16.0	15.5	15.6	15.1	15.5
ROCE before items affecting comparability, %	28.2	27.1	26.5	26.0	26.0	25.0	21.2	21.1
ROCE, %	29.3	27.1	26.5	26.0	26.0	25.0	21.2	21.1
ROE, %	34.4	29.6	28.8	28.8	27.7	27.2	23.5	23.2
Equity per share, SEK	17.64	19.13	19.59	18.01	19.29	17.80	14.04	13.28
Cash-flow per share, SEK	1.49	2.27	1.94	2.15	1.47	1.82	1.25	1.47
Net investments in PPE	1	10	6	4	5	15	14	6
R&D, %	1.9	2.3	2.1	3.2	3.6	3.7	3.2	3.1
Number of employees, average	1,079	1,023	1,032	1,046	1,046	1,053	1,067	1,041

Segment reporting 1)

<i>Amounts in MSEK</i>	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
Americas								
External net sales	331	258	267	261	246	231	251	266
Operating income before items affecting comparability	45	39	41	39	38	35	35	39
Operating income	60	39	41	39	38	35	35	39
Operating margin before items affecting comparability, %	13.6	15.2	15.1	15.1	15.3	15.3	14.0	14.5
Operating margin, %	18.2	15.2	15.1	15.1	15.3	15.3	14.0	14.5
Assets	736	565	562	533	522	494	529	563
Liabilities	392	286	283	290	270	250	297	320
Capital employed	377	334	318	294	315	309	310	338
ROCE before items affecting comparability, %	50.1	49.9	49.4	47.1	45.2	40.9	38.3	36.2
ROCE, %	54.7	49.9	49.4	47.1	45.2	40.9	38.3	36.2
Net investments in PPE	0	0	0	-	-	2	3	-
Depreciation, goodwill and fixed asset write-downs	-8	5	6	6	5	6	6	6
Number of employees, average	377	308	310	315	317	326	336	338
Europe & RoW								
External net sales (including Alfdex)	339	317	293	305	289	272	275	236
Operating income	58	49	48	45	40	40	41	35
Operating margin, %	17.0	15.5	16.2	14.7	14.0	14.6	14.9	15.0
Assets	1,517	1,397	1,356	1,314	1,258	1,258	1,245	1,248
Liabilities	891	733	631	611	584	601	695	720
Capital employed	1,056	959	908	914	878	886	852	826
ROCE, %	21.1	20.0	19.4	19.0	19.0	19.0	14.7	14.9
Net investments in PPE	1	10	6	4	5	14	12	7
Depreciation, goodwill and fixed asset write-downs	15	12	14	18	18	20	16	15
Number of employees, average	759	773	782	787	781	776	779	751
Eliminations and unallocated items								
Elimination of sales	-47	-41	-40	-39	-39	-35	-30	-30
Operating income	-1	-2	-3	-	-1	-2	-1	-1
Net investments in PPE	0	0	0	-	-	-1	-1	-1
Depreciation, goodwill and fixed asset write-downs	0	-1	0	-	-	-1	-1	-
Number of employees, average	-57	-58	-60	-56	-52	-49	-48	-48
Group								
Net sales	623	535	520	527	496	468	496	472
Operating income before items affecting comparability	102	86	86	84	77	73	75	73
Operating income	117	86	86	84	77	73	75	73
Operating margin before items affecting comparability, %	16.3	16.1	16.4	16.0	15.5	15.6	15.1	15.5
Operating margin, %	18.8	16.1	16.4	16.0	15.5	15.6	15.1	15.5
Assets	2,354	2,066	1,966	1,900	1,917	1,869	1,830	1,883
Liabilities	1,606	1,255	1,125	1,118	1,069	1,086	1,213	1,301
Capital employed	1,397	1,278	1,244	1,230	1,202	1,194	1,161	1,165
ROCE before items affecting comparability, %	28.2	27.1	26.5	26.0	26.0	25.0	21.2	21.1
ROCE, %	29.3	27.1	26.5	26.0	26.0	25.0	21.2	21.1
Net investments in PPE	1	10	6	4	5	15	14	6
Depreciation, goodwill and fixed asset write-downs	7	16	20	24	23	25	21	21
Number of employees, average	1,079	1,023	1,032	1,046	1,046	1,053	1,067	1,041

Operating income per operating segment

<i>Amounts in MSEK</i>	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
<i>Americas</i>	60	39	41	39	38	35	35	39
<i>Europe & RoW</i>	58	49	48	45	40	40	41	35
<i>Eliminations and unallocated items</i>	-1	-2	-3	-	-1	-2	-1	-1
Total operating income	117	86	86	84	77	73	75	73
Financial income and expenses	-3	-3	-2	-5	-7	-12	-9	-7
Earnings before tax	114	83	84	79	70	61	66	66

Sales by geographic location of customer

<i>Amounts in MSEK</i>	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
<i>USA</i>	284	246	251	232	213	211	211	249
<i>Rest of North America</i>	29	17	16	28	29	24	43	17
<i>South America</i>	17	0	1	0	2	2	3	2
<i>Germany</i>	98	86	82	86	89	76	95	65
<i>UK</i>	45	45	49	44	40	39	38	38
<i>Sweden</i>	26	27	20	24	24	23	20	26
<i>Rest of Europe</i>	84	76	70	83	70	57	54	42
<i>Asia</i>	40	37	31	29	27	35	30	31
<i>Other</i>	0	1	0	1	2	1	2	2
Total Group	623	535	520	527	496	468	496	472

Sales by product groups (including Alfdex)

<i>Amounts in MSEK</i>	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
<i>Concentric branded Engine products</i>	333	285	263	263	249	235	247	247
<i>LICOS branded Engine products</i>	38	27	36	36	29	33	32	-
<i>Alfdex branded Engine products</i>	47	41	40	39	39	35	30	30
<i>Total Engine products</i>	418	353	339	338	317	303	309	277
<i>Total Hydraulics products</i>	252	223	221	228	218	200	217	225
<i>Eliminations</i>	-47	-41	-40	-39	-39	-35	-30	-30
Total Group	623	535	520	527	496	468	496	472

Tangible assets by operating location

<i>Amounts in MSEK</i>	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
<i>USA</i>	51	48	46	47	48	51	51	54
<i>South America</i>	20	-	-	-	-	-	-	-
<i>Germany</i>	52	55	50	51	53	52	51	41
<i>UK</i>	66	65	64	62	57	57	48	45
<i>Sweden</i>	0	3	1	1	1	1	1	4
<i>Other</i>	24	23	23	23	23	24	24	27
Total Group	213	194	184	184	182	185	175	171

Parent Company's income statement, in summary

<i>Amounts in MSEK</i>	Jan-Mar		Apr-Mar	Jan-Dec
	2015	2014	2014/15	2013
Net sales	6	7	27	28
Operating costs	-4	-3	-22	-21
Operating income	2	4	5	7
Income from shares in subsidiaries	-	-	13	13
Income from shares in associated companies	12	12	12	12
Net foreign exchange rate differences	-69	1	-178	-108
Other financial income and expense	0	-2	-9	-11
Loss/earnings before tax	-55	15	-157	-87
Taxes	15	-1	37	21
Net loss/income for the period 1)	-40	14	-120	-66

1) Total Comprehensive loss/income for the Parent Company is the same as Net loss/income for the period.

Parent Company's balance sheet, in summary

<i>Amounts in MSEK</i>	31 Mar	31 Mar	31 Dec
	2015	2014	2014
Shares in subsidiaries	2,415	2,395	2,395
Shares in joint venture	10	10	10
Long-term loans receivable from subsidiaries	54	46	52
Deferred tax assets	35	-	20
Total financial fixed assets	2,514	2,451	2,477
Other current receivables	6	1	1
Short-term receivables from subsidiaries	45	44	63
Cash and cash equivalents	144	169	118
Total current assets	195	214	182
Total assets	2,709	2,665	2,659
Total Shareholders' equity	1,281	1,797	1,448
Pensions and similar obligations	18	19	18
Long-term interest-bearing liabilities	175	175	-
Long-term loans payable to subsidiaries	1,071	0	976
Total long-term liabilities	1,264	194	994
Short-term loans	-	-	175
Short-term loans payable to joint venture	-	-	8
Short-term loans payable to subsidiaries	32	666	28
Declared dividend not yet paid	127	-	-
Other current liabilities	5	8	6
Total current liabilities	164	674	217
Total equity and liabilities	2,709	2,665	2,659

Parent Company's changes in shareholders' equity, in summary

<i>Amounts in MSEK</i>	31 Mar 2015	31 Mar 2014	31 Dec 2014
Opening balance	1,448	1,783	1,783
Net loss/income for the period 1)	-40	14	-66
Dividend	-127	-	-121
Buy-back of own shares	-	-	-148
Closing balance	1,281	1,797	1,448

1) Total Comprehensive loss/income for the Parent Company is the same as Net loss/income for the period.

Glossary & Definitions

Americas	Americas operating segment comprising the Group's operations in the USA and South America
Capital employed	Total assets less interest bearing financial assets and cash and cash equivalents and non-interest bearing liabilities, excluding any tax assets and tax liabilities
Drop-through rate	Year-on-year movement in operating income as a percentage of the year-on-year movement in net sales
EBIT or Operating income	Earnings before interest and tax
EBIT or Operating margin	Operating income as a percentage of net sales
EPS	Earnings per share, net income divided by the average number of shares
Europe & RoW	Europe and the rest of the world operating segment comprising the Group's operations in Europe, India and China
Gearing ratio	Ratio of net debt to shareholders' equity
Gross margin	Net sales less cost of goods sold, as a percentage of net sales
Net debt	Total interest-bearing liabilities less liquid finds
Net investments	Fixed asset additions net of fixed asset disposals and retirements
PPE	Property, Plant and Equipment
PPM	Parts Per Million defect rate
OEMs	Original Equipment Manufacturers
R&D	Research and development expenditure
ROCE	Return on capital employed; EBIT or Operating income as a percentage of the average capital employed over a rolling 12 months
ROE	Return on equity; net income as a percentage of the average shareholders' equity over a rolling 12 months
Sales growth, constant currency	Growth rate based on sales restated at prior year foreign exchange rates
Structural growth	Sales growth derived from new business contracts, i.e. not from changes in market demand or replacement business contracts
"Underlying" or "before items affecting comparability"	Adjusted for restructuring costs and other 'one-off' items (including the taxation effects thereon, as appropriate)
Working capital	Current assets excluding cash and cash equivalents, less non-interest-bearing current liabilities