

INTERIM REPORT Q1/2016



CONTENTS

■ JAN – MAR 2016

3 Financial Results in Brief – Group

■ CEO COMMENTS

4 Quarterly Report – Q1/2016

■ PRESS RELEASES

6 Key Events in 2016

■ A BROADER OVERVIEW

8 Financial Summary – Group

10 Net Sales & Operating Income – by Region

■ END MARKETS

12 Market Development

■ CURRENT RESOURCES

14 Financial Position

■ CBE SPOTLIGHT

16 Sustainability & Product Design

■ FINANCIAL STATEMENTS

18 Consolidated Income Statement, in Summary

18 Consolidated Statement of Comprehensive Income

19 Consolidated Balance Sheet, in Summary

20 Consolidated Changes in Shareholders' Equity, in Summary

20 Consolidated Cash Flow Statement, in Summary

21 **Group Notes**

21 Data per Share

21 Key Figures

22 Consolidated Income Statement in Summary, by Type of Cost

22 Other Operating Income & Expenses

23 Segment Reporting

23 First Quarter

24 Sales by Geographic location of Customer

24 Sales by Product Groups (Including Alfdex)

26 **Parent Company**

26 Parent Company's Income Statement, in Summary

27 Parent Company's Balance Sheet, in Summary

27 Parent Company's Changes in Shareholders' Equity, in Summary



FINANCIAL RESULTS IN BRIEF GROUP

FIRST QUARTER

Net sales

MSEK 518 (623) – down 15% y-o-y, after adjusting for currency (-2%).

Operating income

MSEK 85 (117), generating an operating margin of 16.5% (18.8) – comparative for Q1 2015 includes negative goodwill of MSEK 15 recognised on acquisition of GKN Pumps.

Earnings after tax

MSEK 60 (89); basic EPS of SEK 1.46 (2.10).



JAN – MAR 2016

Solid cash flow generated from operating activities

MSEK 64 (63).

Group's net debt

MSEK 513 (630); gearing ratio of 63% (84).

Key figures – Group

Amounts in MSEK	Jan–Mar			Apr–Mar 2015/16	Jan–Dec 2015
	2016	2015	Change		
Net sales	518	623	-17%	2,201	2,306
Operating income before items affecting comparability	85	102	-17%	365	382
Operating income	85	117	-27%	349	381
Earnings before tax	81	114	-29%	330	363
Net income for the period	60	89	-33%	242	271
Cash flow from operating activities	64	63	2%	367	366
Net debt	513	630	-19%	513	488
Operating margin before items affecting comparability, %	16.5	16.3	0.2	16.6	16.6
Operating margin, %	16.5	18.8	-2.3	15.9	16.5
Basic EPS before items affecting comparability, SEK	1.46	1.75	-0.29	6.20	6.48
Basic EPS, SEK	1.46	2.10	-0.64	5.81	6.45
Return on equity, %	28.3	34.4	-6.1	28.3	31.7
Gearing ratio, %	63	84	-21	63	57



» We expect that the positive demand trend for European medium and heavy duty trucks will continue but that North and South America will remain challenging for both on- and off-highway sectors. «



President and CEO, David Woolley, comments on Q1 2016 interim report.

The group's sales for the first quarter were down year-on-year by 15% in constant currency. The primary reason for the lower sales year-on-year was the lower US volumes in the Class 8 heavy duty truck market, down by over 30% in the quarter, following a peak in the replacement cycle during the second half of 2015 and a subsequent correction of inventory levels. Conversely, the European truck market has continued to show steady growth. Off-highway sectors in both North America and Europe have remained soft as a result of low commodity prices and dealers having to de-stock inventory.

Concentric Business Excellence ("CBE") has been key in our ability to adapt operations to lower demand and thereby defend our margins. All parts of the business participate in this programme, driving continuous improvement in customer service levels, employee motivation and operational excellence. The successful implementation of this model has continued to strengthen the consolidated results, ensuring that the underlying EBIT margin for the first quarter improved slightly to 16.5%, in spite of the continuing market headwinds.

We continue to make progress on the organic growth objectives that we set out at our Capital Markets Day back in 2014. Some examples include:

- Roll-out of the LICOS clutch technology on two-speed water pumps beyond the European truck market is expected in Q4 2016.

- Development of the distribution channel for our hydraulics business, particularly in North America is expected to enhance sales both in existing markets and new end sectors over the next 12 months.
- Launch of advanced technology such as the new Electro Hydraulic Steering ("EHS") unit targeted at our customer's hybrid applications. The EHS unit will go into serial production in Q4 2016. This first major nomination for Concentric's EHS system is a significant breakthrough in a market that is driven by increased electrification and control.

In addition, we continue to explore acquisition opportunities for enabling technologies that will enhance our solutions for variable displacement pumps and provide us with an even greater presence alongside our global customers.

Outlook

Looking forward, the orders received, and expected to be fulfilled during the second quarter of 2016, were in line with the sales levels of the first quarter of 2016. We expect that the positive demand trend for European medium and heavy duty trucks will continue but that North and South America will remain challenging for both on- and off-highway sectors. Market indices suggest that production volumes will improve across all end sectors during the second half of 2016. Concentric remains well positioned both financially and operationally, to fully leverage our market opportunities.



KEY EVENTS IN 2016

27 January

Concentric secures nomination for Electro Hydraulic Steering (“EHS”) system with leading global OEM.

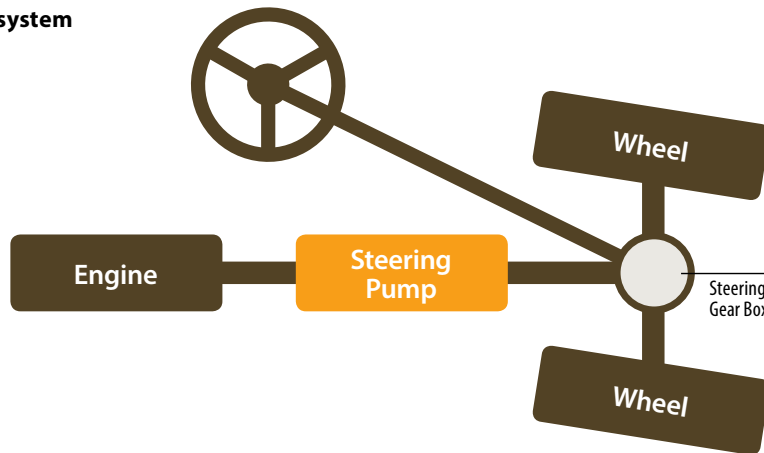
A leading global manufacturer of heavy trucks and buses has recently nominated Concentric AB to manufacture EHS units for their hybrid applications. Production will start in the fourth quarter of 2016, reaching mature volumes in 2018, which are expected to generate annual revenues of approximately MSEK 15 across Europe.

The EHS unit replaces the normal power steering pump and provides power steering assistance when needed. Conventional hydraulic steering systems use an IC engine driven pump which follows engine speed. Typically the pump is dimensioned to give full power steering function already at

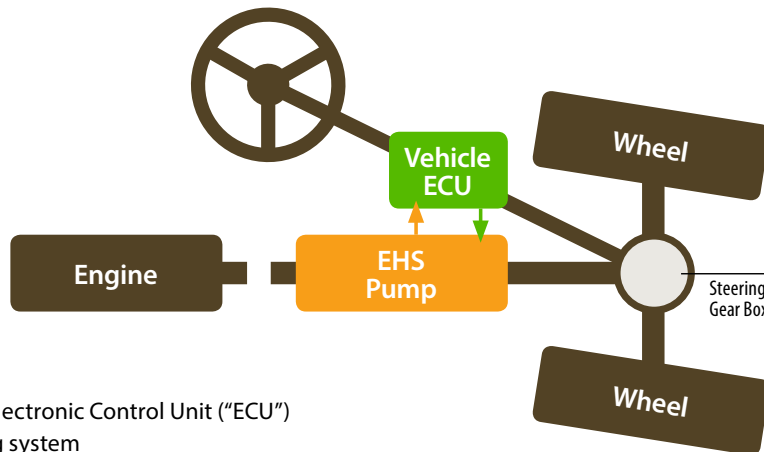
idle speed of the IC engine. The pump is constantly running and consuming power from the engine. In a hybrid application where the vehicle can operate in pure electric mode, the conventional power steering system cannot be used since the IC engine is turned off during electric mode. However, using Concentric’s EHS system, the unit only provides the required power on demand and can still operate during the electric mode for hybrid applications. The primary benefit of the EHS system is reduced energy consumption, achieving up to 50% in certain applications.

Conventional steering system compared to an Energy Savings steering system

Conventional steering system



EHS system



- De-coupled pump
- Input feedback from Electronic Control Unit (“ECU”)
- Energy Saving steering system

11 March

Concentric shows innovative pump technology at BAUMA 2016.

The worldwide Concentric group was exhibiting its extensive range of pumps at BAUMA 2016, the leading trade fair for construction, building material and mining equipment and vehicles. Concentric's latest range of hydraulic products build upon the company's reputation for reducing fuel consumption, increasing system efficiency, providing high power density and reducing noise. Principal exhibits include:

- EHS unit which replaces the conventional IC engine driven power steering pump.
- F12 X high-pressure cast-iron FERRA series gear pump offering pressure capability up to 330 bar.
- Dual cone clutch pump, patented design, for hydraulic applications with high roading or intermittent duty cycle applications.
- 2-stage transmission oil pump, unique design for dual-clutch transmissions providing lubrication, cooling and clutch actuation.
- Variable flow oil pump, replaces the conventional engine lubrication pump.
- 2-speed water pump clutch, replaces the conventional engine coolant pump.



EHS Unit



Transmission Oil Pump



FERRA Gear Pump



Variable Flow Oil Pump



Dual Cone Clutch Pump



2-speed Water Pump Clutch



6 April

Paul Fleetwood appointed SVP at Concentric AB.

Paul Fleetwood has been appointed Senior Vice President of Europe and Rest of World (RoW) at Concentric AB, with responsibility for operations in the UK, Sweden, Germany, China and India. Paul will be based in the UK and his appointment will be effective from Monday 9th May 2016. Paul joins Concentric from Wärtsilä Corporation where he was the Divisional Managing Director of the Hamworthy Pumps and Valves business (acquired in 2012).



FINANCIAL SUMMARY GROUP

Key Figures

Amounts in MSEK	Jan–Mar			Apr–Mar	Jan–Dec
	2016	2015	Change	2015 / 16	2015
Net sales	518	623	–17%	2,201	2,306
Operating income before items affecting comparability	85	102	–17%	365	382
Operating income	85	117	–27%	349	381
Earnings before tax	81	114	–29%	330	363
Net income for the period	60	89	–33%	242	271
Operating margin before items affecting comparability, %	16.5	16.3	0.2	16.6	16.6
Operating margin, %	16.5	18.8	–2.3	15.9	16.5
Basic EPS before items affecting comparability, SEK	1.46	1.75	–0.29	6.20	6.48
Basic EPS, SEK	1.46	2.10	–0.64	5.81	6.45
Diluted EPS, SEK	1.46	2.10	–0.64	5.80	6.44
Return on equity, %	28.3	34.4	–6.1	28.3	31.7
Return on capital employed, %	26.6	29.3	2.7	26.6	28.8

Sales

Sales for the first quarter were down year-on-year by 15%, adjusting for the impact of currency (–2%). North American demand for Class 8 heavy-duty trucks has fallen by over 30% following a peak in the replacement cycle during the second half of 2015.

This has been partially mitigated by the continued steady growth experienced in the European truck market. However, weak commodity prices have suppressed the global demand for agricultural machinery and industrial applications, especially within the oil and gas industry. Construction equipment markets in North America and Europe have also continued to soften with the macro economic uncertainty.

Operating income

Operating margins for the first quarter improved slightly year-on-year, in spite of the drop in sales, adjusting operating income in the first quarter of last year for MSEK 15 of negative goodwill booked for the acquisition of GKN Pumps. The CBE programme underpinned the group's strong results, optimising customer service, employee motivation and operational performance to adapt the business to the lower demand.

Net financial items

Net financial expenses in the first quarter comprised of pension financial expenses of MSEK 5 (5) and other net interest income of 1 (2).

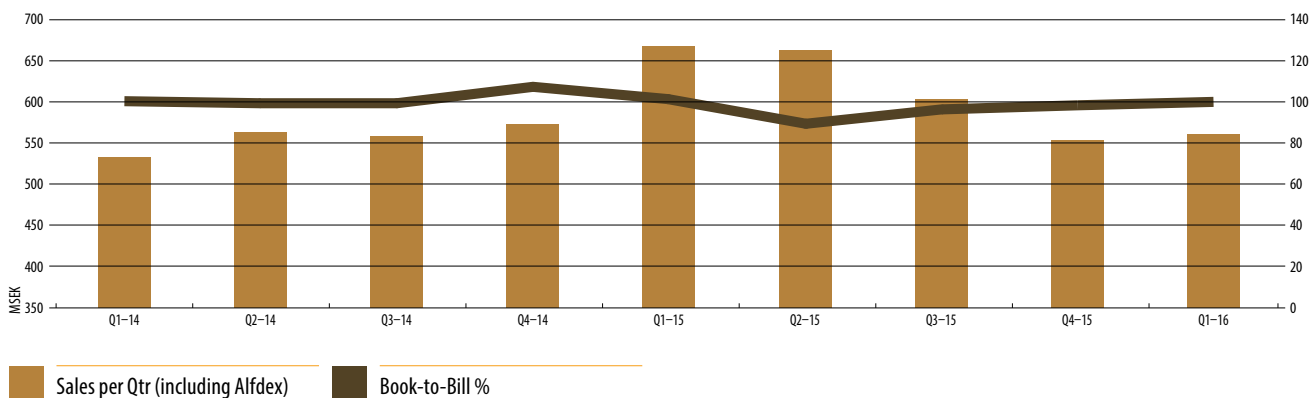
Taxes

The underlying effective tax rate for the first quarter was 25% (22), adjusting earnings before tax in the first quarter of last year for MSEK 15 of negative goodwill which had no tax related entries. This reflects the mix of taxable earnings and tax rates applicable across the various tax jurisdictions.

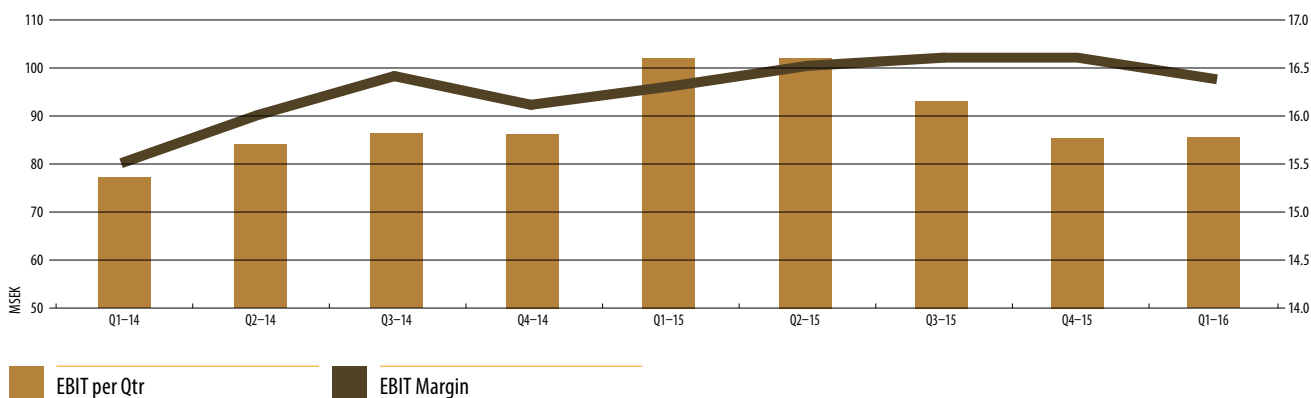
Earnings per share

The underlying year-on-year reduction in earnings was SEK 0.29 per share, adjusting reported earnings per share in the first quarter of last year for MSEK 15 of negative goodwill for the acquisition of GKN Pumps.

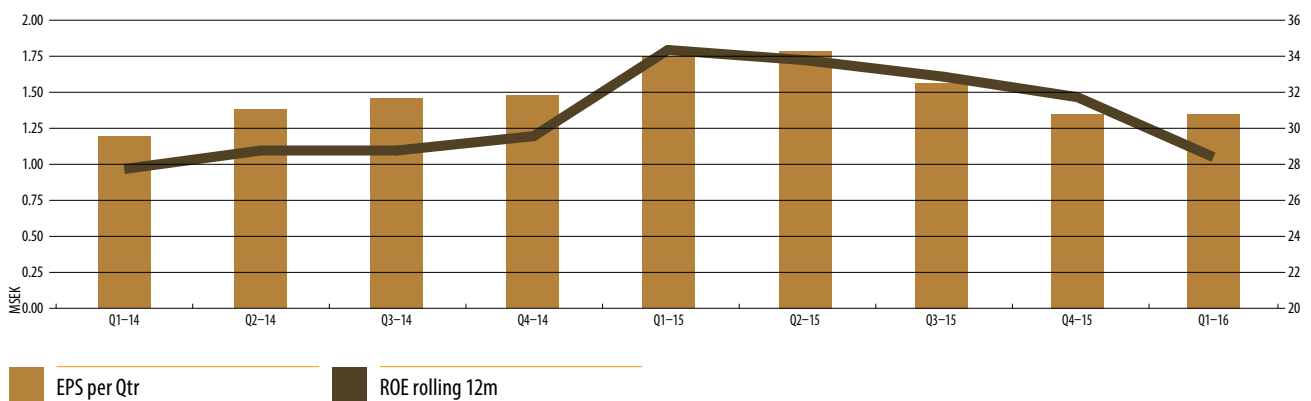
Sales & Book-to-Bill



Underlying EBIT & Margins



EPS & ROE





NET SALES AND OPERATING INCOME BY REGION

Americas

Amounts in MSEK	Jan-Mar			Apr-Mar 2015 / 16	Jan-Dec 2015
	2016	2015	Change		
Net sales	250	331	-24%	1,124	1,205
Operating income before items affecting comparability	32	45	-29%	151	164
Operating income	32	60	-47%	135	163
Operating margin before items affecting comparability, %	12.8	13.6	-0.8	13.4	13.6
Operating margin, %	12.8	18.2	-5.4	12.0	13.5
ROCE, %	34.8	54.7	-19.9	34.8	44.0

Sales for the first quarter were down year-on-year by 23%, adjusting for the impact of currency (-1%). North American demand for Class 8 heavy-duty trucks has fallen by over 30%, following the peak in the replacement cycle during the second half of 2015. Weak commodity prices have suppressed the global demand for agricultural machinery and industrial applications, especially within the oil and gas industry. The construction equipment market in North America has also continued to soften with the macro economic uncertainty. Demand in South America remains very weak across all end sectors.

Operating margins have fallen year-on-year, adjusting operating income in the first quarter of last year for MSEK 15 negative goodwill booked for the acquisition of GKN Pumps. This is primarily due to the ongoing impact of the GKN operations acquired in Chivilcoy (Argentina), which continued to operate at a net loss under challenging market conditions. Excluding the results of Chivilcoy entirely, the operating margin in the first quarter for the region's US businesses actually improved slightly year-on-year to 14.9% (14.7).

Europe & RoW

Amounts in MSEK	Jan-Mar			Apr-Mar 2015 / 16	Jan-Dec 2015
	2016	2015	Change		
Net sales	315	339	-7%	1,268	1,292
Operating income	54	58	-7%	218	222
Operating margin, %	17.1	17.0	0.1	17.2	17.2
ROCE, %	23.1	21.1	2.0	23.1	22.9

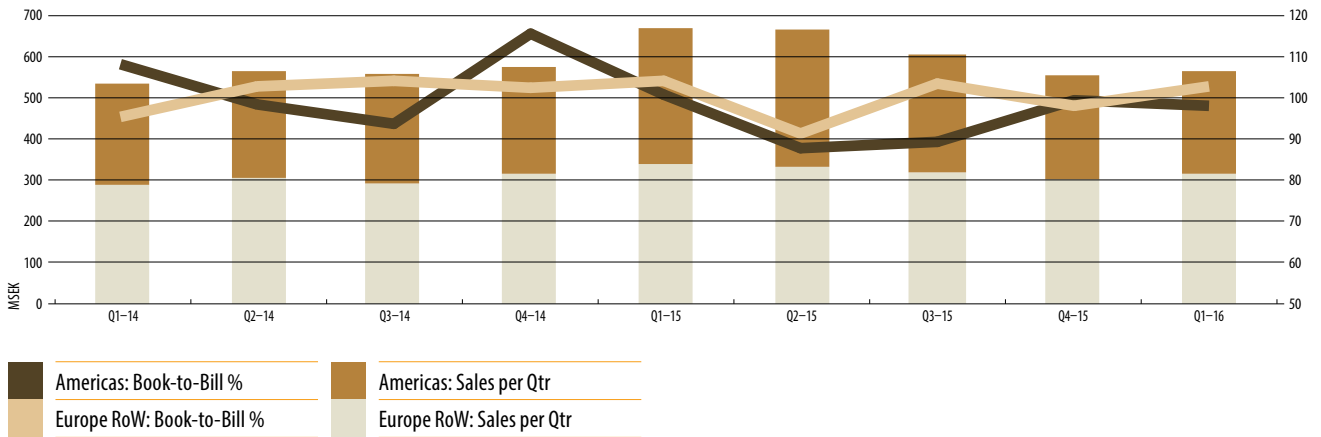
Sales for the first quarter were down year-on-year by 5%, adjusting for the impact of currency (-2%). Weak commodity prices have suppressed the global demand for agricultural machinery and industrial applications, especially within the oil and gas industry. The construction equipment market in Europe has also continued to soften with the macro economic uncertainty. This has been partially mitigated by the continued

steady growth experienced in the European truck market.

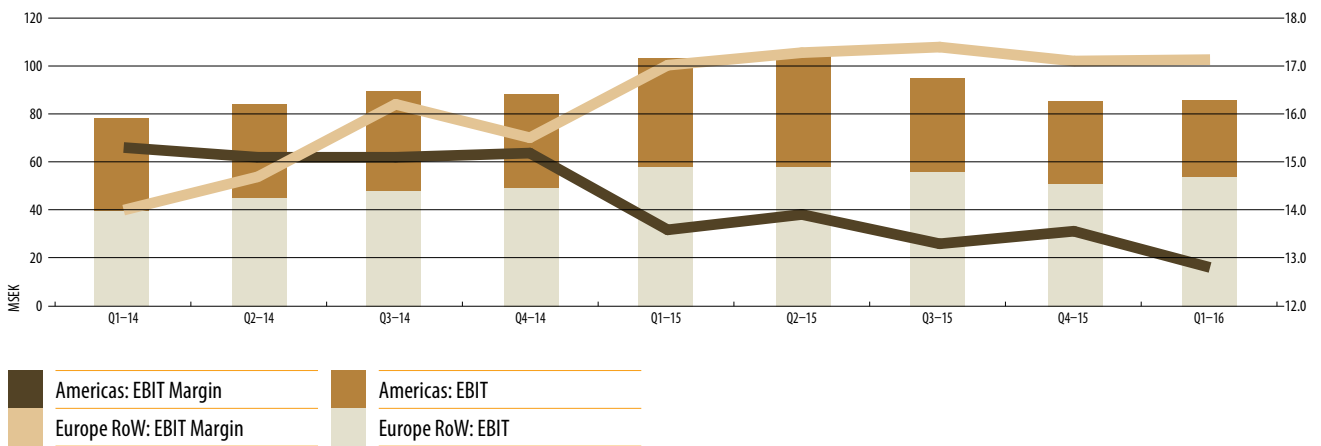
Demand in India continued to show improvement in the first quarter but China remained weak across all end sectors.

Overall, the operating margins have improved slightly year-on-year, as the associated decrease in operating income represented a drop-out rate of 17% on the reduction in sales value.

Sales & Book-to-Bill



Underlying EBIT & Margins





Concentric's sales for the first quarter were broadly in line with published market indices

North American end-markets

- Sales to our North American end markets were down across the board in the first quarter, in line with the market indices.
- The worst affected end-market was Class 8 heavy-duty trucks, with sales down over 30% year-on-year, following the peak in the replacement cycle during the second half of 2015 and a subsequent correction of inventory levels. This significant drop off in volumes also partly reflects Concentric's customer mix, as European OEMs have 'in-sourced' more of their engines for the North American market.

European end-markets

- Sales to our European end markets in the first quarter were also directionally in line with the market indices.
- The strongest end-market was medium and heavy duty trucks, with sales up 7% year-on-year. Conversely, sales in the construction equipment and industrial applications end-markets were worse than the market indices suggest, especially for our hydraulic products.

Emerging end-markets

- Sales to our South American end markets were down across the board in the first quarter, in line with the market indices, although this region represents less than 3% of the group's total revenues in the quarter.
- Total Indian sales were actually down 9% in the first quarter, in contrast to the published market indices. However, this did not have a significant impact on the group's results as the region only represents around 3% of total revenues.
- Sales to our Chinese end markets were down across the board in the first quarter, in line with the market indices, although this region represents less than 2% of the group's total revenues in the quarter.

Consolidated sales development

	Q1-16 vs. Q1-15			FY-16 vs. FY-15		
	Americas	Europe & RoW	Group	Americas	Europe & RoW	Group
Blended market rates ¹⁾	-18%	-2%	-10%	-7%	-0%	-4%
Concentric actual rates ²⁾	-23%	-5%	-14%			








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.

Overall, market indices suggest production rates, blended to the Group's end-market and regions, were down 10% year-on-year for the first quarter. These indices are broadly in line with Concentric's actual sales for the first quarter, although Concentric has experienced lower volumes in North America,

particularly for Class 8 heavy duty trucks.

As noted in previous interim reports, movements in the market indices tend to lag the group's order intake experience by 3–6 months.

PUBLISHED MARKET INDICES

		Q1-16 vs Q1-15					FY-16 vs FY-15				
		North America	South America	Europe	India	China	North America	South America	Europe	India	China
Agricultural machinery	 Diesel engines	-5%	-22%	-3%	2%	0%	5%	-4%	-3%	2%	0%
	 Diesel engines	-17%	-27%	-1%	7%	-13%	-13%	-10%	-1%	7%	-14%
Construction equipment	 Hydraulic equipment	-6%	n/a	0%	n/a	n/a	-8%	n/a	1%	n/a	n/a
	 Light vehicles	-2%	n/a	n/a	n/a	n/a	3%	n/a	n/a	n/a	n/a
Trucks	 Medium & Heavy vehicles	-12%	-34%	2%	11%	-2%	-6%	-14%	2%	11%	-2%
	 Other off-highway	-38%	-16%	-5%	4%	-4%	-34%	4%	-5%	4%	-6%
Industrial applications	 Hydraulic lift trucks	-30%	n/a	-24%	n/a	n/a	-8%	n/a	-8%	n/a	n/a



The market indices summarised in the table above reflect the Q1 2016 update of production volumes received from Power Systems Research, Off-Highway Research and the International Truck Association of lift trucks.



FINANCIAL POSITION

Operational cash flow

The reported cash inflow from operating activities for the first quarter amounted to MSEK 64 (63), which represents SEK 1.55 (1.49) per share.

Working capital

Total working capital at 31 March was MSEK 124 (141), which represented 5.6% (6.4) of annual sales.

Net investments in fixed assets

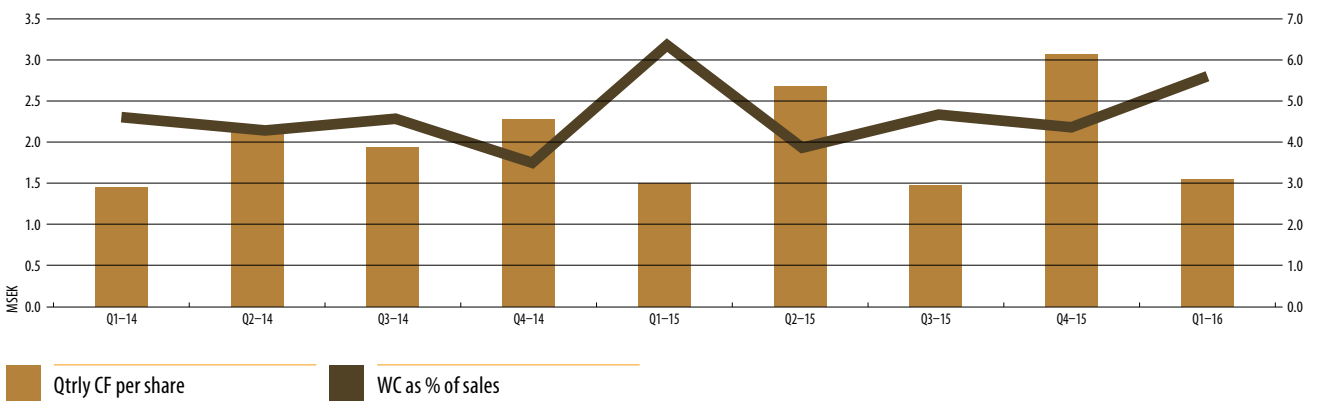
The Group's net investments in tangible fixed assets amounted to MSEK 2 (1) for the first quarter.

Net debt & gearing

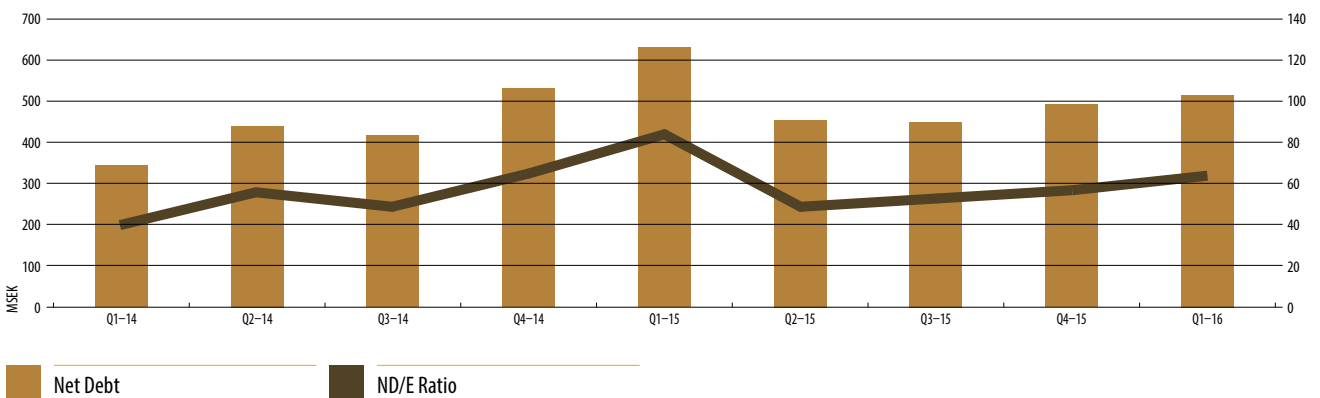
Following a review of the actuarial assumptions used to value the Group's defined benefit pension plans, remeasurement losses of MSEK 108 (144) have been recognised in net pension liabilities during the first quarter, largely related to movements in the respective discount and inflation rates applied.

As a result, the Group's net debt at 31 March was MSEK 513 (630), comprising bank loans and corporate bonds of MSEK 185 (179) and net pension liabilities of MSEK 635 (737), net of cash amounting to MSEK 307 (286). Shareholders' equity amounted to MSEK 812 (748), resulting in a gearing ratio of 63% (84) at the end of the first quarter.

Operational Cash Flow & Working Capital



Net Debt & Gearing







CBE SPOTLIGHT: SUSTAINABILITY & PRODUCT DESIGN

I've been with Concentric for 14 years now, and sustainability has always been an important consideration in our design engineering process.

Interview with Robert Johansson, Design & Applications Manager.

Sustainability and efficiency tend to go hand in hand, really. As design engineers our task is to develop new products and solutions that perform better than previous-generation products while at the same time using less energy. That's what our customers – and their customers – demand, and that's what we strive to deliver.

A good example of how sustainability and efficiency works in practice is the new Electro Hydraulic Steering ("EHS") unit recently launched, which consists of Concentric's well known low noise Calma design gear pump linked to a brushless permanent magnet DC-motor. It's designed to meet the rigorous demands for both On- and Off highway vehicles and replaces the conventional engine driven power steering pump.



The unit is well protected from its working environment allowing it to be chassis mounted even in exposed conditions. Built into the motor is the drive control system which becomes a node in the vehicles CANbus system. The vehicle's ECU communicates with the EHS unit and only provides the required power on demand.

The primary benefit of the EHS system is reduced energy consumption, achieving up to 50% in certain applications. It also fits very well into hybrid vehicles where conventional systems cannot be used. The EHS system is typically placed close to the steering gear which also means reduced installation costs, eliminating the need for long oil pipes, such as on bus applications which today require pipes from the engine compartment in the rear to the front axle.

We are working closely with the hybrid groups at the big truck manufacturing companies. They are extremely keen to improve energy efficiency and recovery and to reduce weight, thereby allowing customers to improve fuel efficiency and use smaller and lighter batteries. We are hard at work finding new solutions. It's a very exciting time to be in this line of work.



CONSOLIDATED INCOME STATEMENT, IN SUMMARY

Amounts in MSEK	Jan–Mar		Apr–Mar	Jan–Dec
	2016	2015	2015 / 16	2015
Net sales	518	623	2,201	2,306
Cost of goods sold	–371	–451	–1,603	–1,683
Gross income	147	172	598	623
Selling expenses	–14	–23	–68	–77
Administrative expenses	–39	–37	–149	–147
Product development expenses	–14	–12	–52	–50
Share of profit in joint venture, net of interest and tax	2	5	4	7
Other operating income and expenses	3	12	16	25
Operating income	85	117	349	381
Financial income and expense	–4	–3	–19	–18
Earnings before tax	81	114	330	363
Taxes	–21	–25	–88	–92
Net income for the period	60	89	242	271
Basic earnings per share before items affecting comparability, SEK	1.46	1.75	6.20	6.48
Basic earnings per share, SEK	1.46	2.10	5.81	6.45
Diluted earnings per share, SEK	1.46	2.10	5.80	6.44
Basic average number of shares (000)	41,180	42,392	41,758	42,058
Diluted average number of shares (000)	41,226	42,541	41,816	42,119

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	Jan–Mar		Apr–Mar	Jan–Dec
	2016	2015	2015 / 16	2015
Net income for the period	60	89	242	271
Other comprehensive income				
<i>Items that will not be reclassified to the income statement</i>				
Net remeasurement gains and losses	–108	–144	37	1
Tax on net remeasurement gains and losses	27	39	–6	6
<i>Items that may be reclassified subsequently to the income statement</i>				
Exchange rate differences related to liabilities to foreign operations	25	–69	60	–34
Tax arising from exchange rate differences related to liabilities to foreign operations	–5	15	–13	7
Cash-flow hedging	6	7	–4	–3
Tax arising from cash-flow hedging	–1	–2	2	1
Foreign currency translation differences	–45	128	–123	50
Total other comprehensive income	–101	–26	–47	28
Total comprehensive income	–41	63	195	299

CONSOLIDATED BALANCE SHEET, IN SUMMARY

Amounts in MSEK	31 Mar 2016	31 Mar 2015	31 Dec 2015
Goodwill	605	649	631
Other intangible fixed assets	284	345	306
Tangible fixed assets	172	213	187
Share of net assets in joint venture	22	14	20
Deferred tax assets	156	213	145
Long-term receivables	5	4	4
Total fixed assets	1,244	1,438	1,293
Inventories	184	246	201
Current receivables	311	385	254
Cash and cash equivalents	307	286	258
Total current assets	802	917	713
Total assets	2,046	2,355	2,006
Total Shareholders' equity	812	748	852
Pensions and similar obligations	635	737	564
Deferred tax liabilities	35	63	43
Long-term interest-bearing liabilities	178	177	178
Other long-term liabilities	8	12	10
Total long-term liabilities	856	989	795
Short-term interest-bearing liabilities	7	2	4
Dividend declared not yet paid	–	127	–
Other current liabilities	371	489	355
Total current liabilities	378	618	359
Total equity and liabilities	2,046	2,355	2,006

Financial derivatives

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 the

fair value of derivative instruments that were assets was MSEK 7 (9), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These measurements belong in level 2 in the fair value hierarchy.

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY, IN SUMMARY

Amounts in MSEK	31 Mar 2016	31 Mar 2015	31 Dec 2015
Opening balance	852	811	811
Net income for the period	60	89	271
Other comprehensive loss/income	-101	-26	28
Total comprehensive income	-41	63	299
Dividend	-	-127	-127
Own share buy-backs	-	-	-142
Sale of own shares to satisfy LTI 2012 options exercised	-	-	8
Long-term incentive plan	1	1	3
Closing balance	812	748	852

CONSOLIDATED CASH FLOW STATEMENT, IN SUMMARY

Amounts in MSEK	Jan-Mar		Apr-Mar	Jan-Dec
	2016	2015	2015/16	2015
Earnings before tax	81	114	330	363
Reversal of depreciation, amortization and fixed asset write-downs	20	7	87	74
Reversal of share of profit in joint venture	-2	-5	-4	-7
Reversal of other non-cash items	3	7	23	27
Taxes paid	-5	-26	-79	-100
<i>Cash flow from operating activities before changes in working capital</i>	97	97	357	357
Change in working capital	-33	-34	10	9
Cash flow from operating activities	64	63	367	366
Investments in subsidiaries ¹⁾	-	-10	-	-10
Investments in property, plant and equipment	-2	-1	-26	-25
Cash flow from investing activities	-2	-11	-26	-35
Dividends paid	-	-	-127	-127
Dividends received from joint venture	-	10	2	12
Buy back of own shares	-	-	-142	-142
New loans received	6	178	55	227
Repayment of loans	-3	-194	-49	-240
Pension payments and other cash flows from financing activities	-12	-11	-41	-40
Cash flow from financing activities	-9	-17	-302	-310
Cash flow for the period	53	35	39	21
Cash and bank assets, opening balance	258	235	286	235
Exchange-rate difference in cash and bank assets	-4	16	-18	2
Cash and bank assets, closing balance	307	286	307	258

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.

GROUP NOTES

DATA PER SHARE

	Jan–Mar		Apr–Mar	Jan–Dec
	2016	2015	2015/16	2015
Basic earnings per share before items affecting comparability, SEK	1.46	1.75	6.20	6.48
Basic earnings per share, SEK	1.46	2.10	5.81	6.45
Diluted earnings per share, SEK	1.46	2.10	5.80	6.44
Equity per share, SEK	19.72	17.64	19.72	20.70
Cash-flow from current operations per share, SEK	1.55	1.49	8.79	8.70
Basic weighted average no. of shares (000's)	41,180	42,392	41,758	42,058
Diluted weighted average no. of shares (000's)	41,226	42,541	41,816	42,119
Number of shares at period-end (000's)	41,180	42,392	41,180	41,180

KEY FIGURES

	Jan–Mar		Apr–Mar	Jan–Dec
	2016	2015	2015/16	2015
Sales growth, %	–17	26	n/a	7
Sales growth, constant currency, % ¹⁾	–15	1	n/a	–8
EBITDA margin, %	20.4	19.9	19.8	19.7
Operating margin before items affecting comparability, %	16.5	16.3	16.6	16.6
Operating margin, %	16.5	18.8	15.9	16.5
Capital Employed, MSEK	1,234	1,397	1,234	1,254
ROCE before items affecting comparability, %	26.6	28.2	26.6	28.9
ROCE, %	26.6	29.3	26.6	28.8
ROE, %	28.3	34.4	28.3	31.7
Working Capital, MSEK	124	141	124	101
Working capital as a % of annual sales	5.6	6.4	5.6	4.4
Net Debt, MSEK	513	630	513	488
Gearing ratio, %	63	84	63	57
Net investments in PPE	2	1	26	25
R&D, %	2.6	1.9	2.4	2.2
Number of employees, average	1,038	1,079	1,083	1,088

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

CONSOLIDATED INCOME STATEMENT IN SUMMARY, BY TYPE OF COST

Amounts in MSEK	Jan–Mar		Apr–Mar	Jan–Dec
	2016	2015	2015 / 16	2015
Net sales	518	623	2,201	2,306
Direct material costs	–259	–321	–1,118	–1,180
Personnel costs	–110	–121	–467	–478
Depreciation, amortization and impairment losses	–20	–7	–87	–74
Share of profit in joint venture, net of tax	2	5	4	7
Other operating costs, net	–46	–62	–184	–200
Operating income	85	117	349	381
Financial income and expense	–4	–3	–19	–18
Earnings before tax	81	114	330	363
Taxes	–21	–25	–88	–92
Net income for the period	60	89	242	271

OTHER OPERATING INCOME AND EXPENSES

Amounts in MSEK	Jan–Mar		Apr–Mar	Jan–Dec
	2016	2015	2015 / 16	2015
Tooling income	1	3	10	12
Royalty income from joint venture	11	6	48	43
Amortisation of surplus acquisition values	–9	–9	–39	–39
Negative goodwill	–	15	–2	13
Acquisition-related expenses	–	–	–2	–2
Restructuring expenses	–	–	–12	–12
Other	–	–3	13	10
Other operating income and expenses	3	12	16	25

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.

FIRST QUARTER

Amounts in MSEK	Americas		Europe & RoW		Elims-Adjs		Group	
	2016	2015	2016	2015	2016	2015	2016	2015
Total net sales	255	338	336	368	-73	-83	518	623
External net sales	250	331	315	339	-47	-47	518	623
Operating income before items affecting comparability	32	45	54	58	-1	-1	85	102
Operating income	32	60	54	58	-1	-1	85	117
Operating margin before items affecting comparability, %	12.8	13.6	17.1	17.0	n/a	n/a	16.5	16.3
Operating margin, %	12.8	18.2	17.1	17.0	n/a	n/a	16.5	18.8
Earnings before tax	10	44	39	49	32	21	81	114
Assets	629	736	1,303	1,517	114	102	2,046	2,355
Liabilities	324	392	687	891	223	324	1,234	1,607
Capital employed	416	377	824	1,056	-6	-36	1,234	1,397
ROCE before items affecting comparability, %	34.8	50.1	23.1	21.1	n/a	n/a	26.6	28.2
ROCE, %	34.8	54.7	23.1	21.1	n/a	n/a	26.6	29.3
Net investments in PPE	1	-	1	1	-	-	2	1
Depreciation, goodwill and fixed asset write-downs	7	-8	14	15	-1	-	20	7
Number of employees, average	398	377	703	759	-63	-57	1,038	1,079

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 62 (63) for the Group, with an average of 62 (61) working days for the Americas region and 63 (64) working days for the Europe & RoW region.

SALES BY GEOGRAPHIC LOCATION OF CUSTOMER

Amounts in MSEK	Jan-Mar		Apr-Mar	Jan-Dec
	2016	2015	2015 / 16	2015
USA	238	309	1,039	1,110
Rest of North America	2	5	21	24
South America	14	17	69	72
Germany	85	98	342	355
UK	35	45	157	167
Sweden	26	26	105	105
Rest of Europe	89	84	344	339
Asia	29	39	119	129
Other	-	-	5	5
Total Group	518	623	2,201	2,306

SALES BY PRODUCT GROUPS (including Alfdex)

Amounts in MSEK	Jan-Mar		Apr-Mar	Jan-Dec
	2016	2015	2015 / 16	2015
Concentric branded Engine products	277	333	1,215	1,271
LICOS branded Engine products	37	38	141	142
Alfdex branded Engine products	47	47	191	191
Total Engine products	361	418	1,547	1,604
Total Hydraulics products	204	252	845	893
Eliminations	-47	-47	-191	-191
Total Group	518	623	2,201	2,306

Employees

The average number of full-time equivalents employed by the group during the first quarter was 1,038 (1,079).

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.

Events after the balance-sheet date

There were no significant post balance sheet events to report.

Business overview

Descriptions of Concentric's business and its objectives, the excellence programme, its products, the driving forces it faces, market position and the end-markets it serves are all presented in the 2015 Annual Report on pages 8–11 and pages 18–41.

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 may be exposed are 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 2015 Annual Report and confirm that there have been no changes other than those comments made above in respect of market developments during the year. Please refer to the Risk and Risk Management section on pages 51–54 of the 2015 Annual Report for further details.

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 2015 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.

PARENT COMPANY

Net sales and Operating income

Net sales for the first quarter reflected the royalty income received from the joint venture, Alfdex AB. Operating income for the quarter improved due to the total remuneration received for services rendered.

Buy-back and Holdings of Own Shares

The total number of holdings of own shares at 1 January 2016 was 1,672,396.

On 6 April 2016, the AGM resolved to retire 1,281,900 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 total number of shares in issue reduced to 42,852,500 (44,215,970) and the share capital being increased by SEK 29. Consequently the company's total holdings of own shares at

the end of the first quarter now represent 1.1% (0.6) of the total number of shares.

The company did not repurchase any shares during the first quarter and consequently the total holdings of own shares at 390,496 (460,841).

In addition, the AGM resolved to authorise the Board of Directors, during the period up to the next AGM in 2017, 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.

PARENT COMPANY'S INCOME STATEMENT, IN SUMMARY

Amounts in MSEK	Jan–Mar		Apr–Mar	Jan–Dec
	2016	2015	2015/16	2015
Net sales	11	6	50	45
Other operating income and expenses	16	–4	–	–20
Operating income	27	2	50	25
Income from shares in subsidiaries	–	–	116	116
Income from shares in joint venture	–	12	–	12
Net foreign exchange rate differences	25	–69	60	–34
Other financial income and expense	–1	–	–4	–3
Earnings before tax	51	–55	222	116
Taxes	–11	15	–23	3
Net income for the period ¹⁾	40	–40	199	119

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

PARENT COMPANY'S BALANCE SHEET, IN SUMMARY

Amounts in MSEK	31 Mar 2016	31 Mar 2015	31 Dec 2015
Shares in subsidiaries	2,414	2,415	2,414
Shares in joint venture	10	10	10
Long-term loans receivable from subsidiaries	25	54	29
Deferred tax assets	12	35	23
Total financial fixed assets	2,461	2,514	2,476
Other current receivables	24	6	3
Short-term receivables from subsidiaries	75	45	80
Cash and cash equivalents	157	144	103
Total current assets	256	195	186
Total assets	2,717	2,709	2,662
Total Shareholders' equity	1,346	1,281	1,306
Pensions and similar obligations	17	18	17
Long-term interest-bearing liabilities	175	175	175
Long-term loans payable to subsidiaries	1,148	1,071	1,136
Total long-term liabilities	1,340	1,264	1,328
Short-term loans	6	–	–
Short-term loans payable to joint venture	19	32	19
Short-term loans payable to subsidiaries	–	127	–
Other current liabilities	6	5	9
Total current liabilities	31	164	28
Total equity and liabilities	2,717	2,709	2,662

PARENT COMPANY'S CHANGES IN SHAREHOLDERS' EQUITY, IN SUMMARY

Amounts in MSEK	31 Mar 2016	31 Mar 2015	31 Dec 2015
Opening balance	1,306	1,448	1,448
Net income/loss for the period	40	–40	119
Dividend	–	–127	–127
Sale of own shares to satisfy LTI 2012 options exercised	–	–	8
Buy-back of own shares	–	–	–142
Closing balance	1,346	1,281	1,306

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 26 April, 2016.

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

<i>Interim report January – June 2016</i>	<i>22 July, 2016</i>
<i>Interim report January – September 2016</i>	<i>1 November, 2016</i>

Stockholm, 26 April, 2016
Concentric AB (publ)

David Woolley
President and CEO

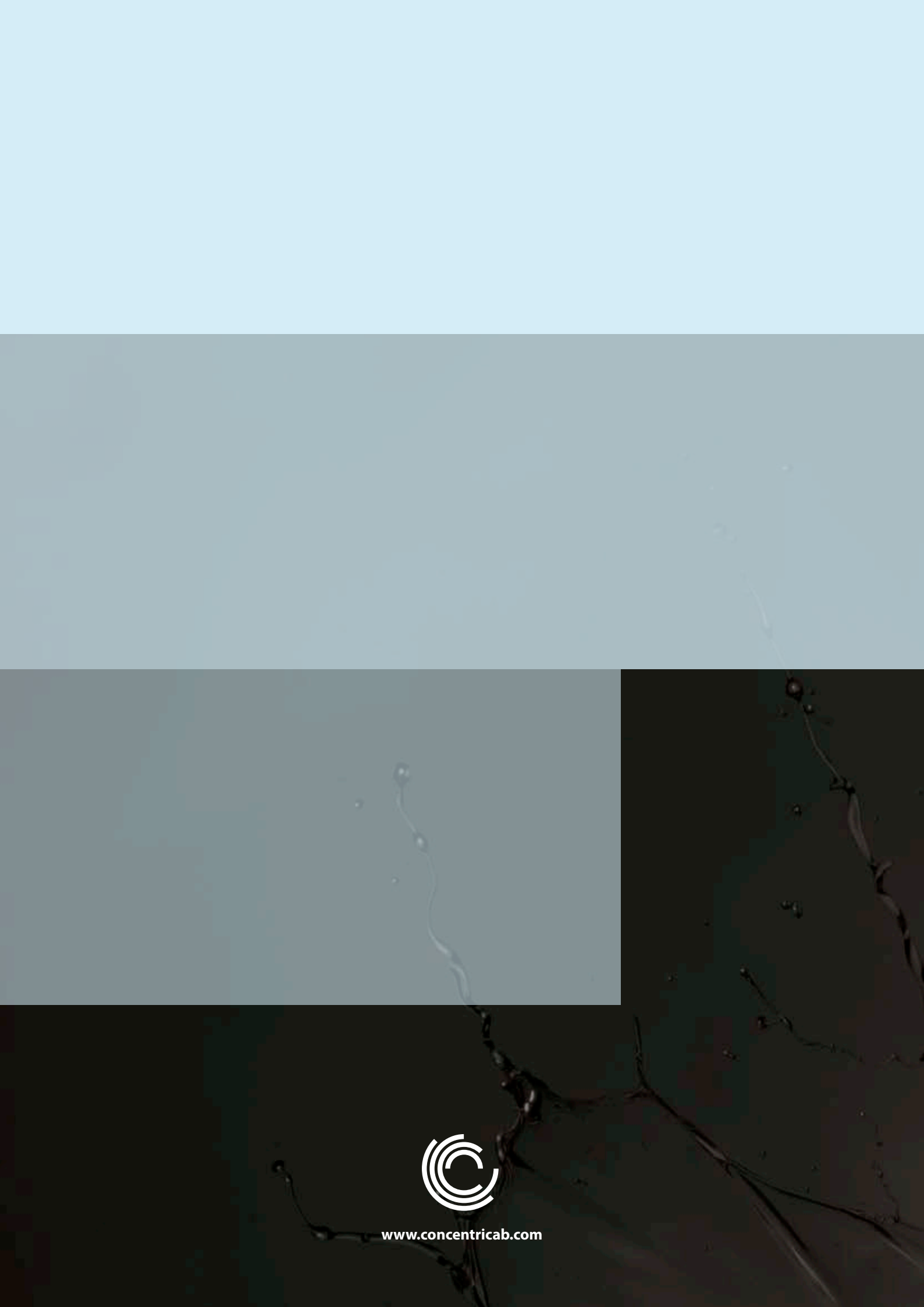
For further information, please contact:

David Woolley (President and CEO) or
David Bessant (CFO) at
Tel: +44 (0) 121 445 6545 or
E-mail: info@concentricab.com

Corporate Registration Number 556828-4995
This Interim Report has not been audited.

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 funds
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



www.concentricab.com