

# Interim report Q2 2016

## Second quarter 2016

- Incoming orders rose 8% to SEK 591 million (545)
- Net sales rose 10% to SEK 612 million (557)
- Operating profit rose 26% to SEK 64 million (50)
- EBITA rose 22% to SEK 68 million (56)
- Profit before tax rose 29% to SEK 63 million (49)
- Profit after tax rose 29% to SEK 49 million (38)
- Earnings per share were SEK 2.12 (1.66)

## January – June 2016

- Incoming orders rose 6% to SEK 1,200 million (1,131)
- Net sales rose 6% to SEK 1,185 million (1,120)
- Operating profit rose 12% to SEK 121 million (108)
- EBITA rose 10% to SEK 130 million (118)
- Profit before tax rose 13% to SEK 119 million (106)
- Profit after tax rose 13% to SEK 93 million (82)
- Earnings per share were SEK 4.01 (3.56)



## **A record quarter for OEM**

OEM's turnover in the second quarter 2016 was a first-ever record exceeding SEK 600 million. The Group's net sales in the second quarter amounted to SEK 612 million, up 10 % compared to the same quarter in the previous year. Contributions from acquisitions and currency effects offset each other, as in the first quarter, so that all growth in the businesses was organic.

If the first quarter developed according to expectations, this quarter exceeds our initial forecasts. While we do have a calendar effect because Easter fell within the first quarter this year, we still have no or very minor negative currency effects compared with all the 2015 quarters.

Profits remain good and the EBITA result was SEK 68 million, an increase by 22 percent compared to the same quarter last year. The EBITA margin was 11.1 percent.

### **Regional developments**

Growth in Sweden was up 8 percent in the quarter, of which 2 percent represents acquired growth. Several of our small businesses have experienced strong growth, while the mature companies continue to develop as expected. Demand is generally good in the Swedish market. Profits continue to be good and were up 18 percent compared to the second quarter in the previous year.

Growth has continued at a robust pace in the Finland/Baltic states region as well. Net sales increased by 14 percent, of which 2 percent is acquired growth. In Finland, we have experienced good demand for a long time, and we are now seeing a slight recovery in the Finnish economy. Growth in the Baltic states is weaker since our sales vary from quarter to quarter depending on fluctuations in demand from our major customers. Profits continue to rise in the region and were up by 59 % over the year-ago quarter.

In our third region, which comprises Denmark, Norway, the UK and the countries in Central Eastern Europe, developments continue to be good. Growth was 6%, but suffered a 5% adverse currency effect mainly connected to the British pound. On the other hand, the UK has one of the best growth rates in the region. Despite negative currency effects, we created good profits in the region and the result was up 10% compared to the same quarter in 2015.

### **Strong businesses produce growth**

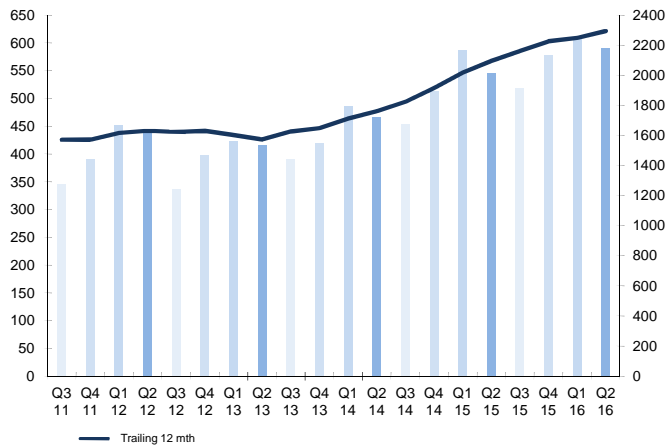
Obviously, we are pleased to be able to deliver a record quarter. However, we should not forget how we got here – only a well-functioning business can achieve record results. From this perspective the record result is not, as such, surprising – it is a result of successfully working to refine our business, which has produced good organic growth and good profits.

Jörgen Zahlin

Managing Director and Chief Executive Officer

## Incoming orders

SEK million

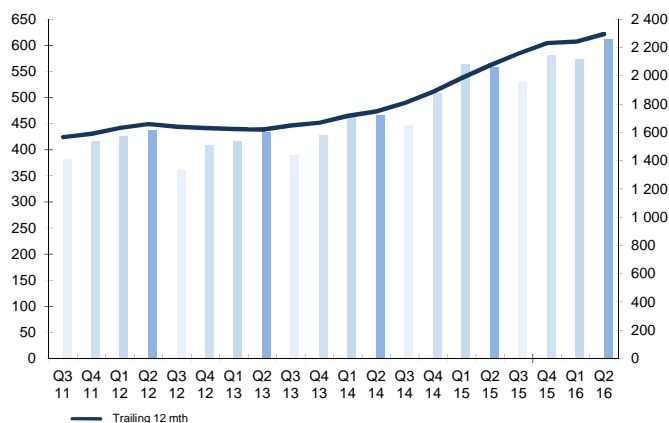


## Incoming orders

Incoming orders in the second quarter amounted to SEK 591 million (545), which is an increase of 8%. Incoming orders for comparable entities rose 7%. For the first half of 2016 incoming orders amounted to SEK 1 million (1,131), which is an increase of 6%. Incoming orders for comparable entities rose 5%. For the first two quarters of 2016, incoming orders were 1% higher than net sales. The order book value as of 30 June 2016 was SEK 279 million (275) which is 1% higher than the same time last year.

## Net sales

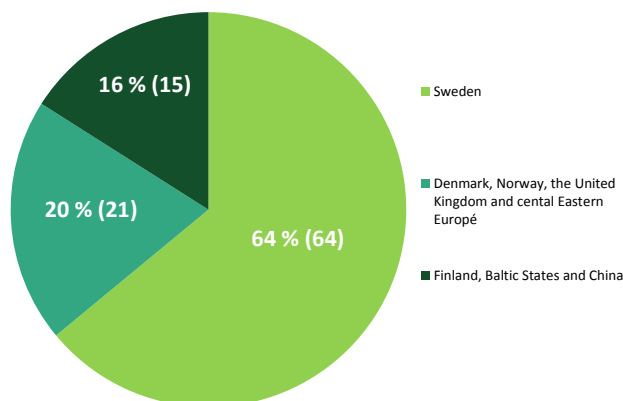
SEK million



## Sales growth

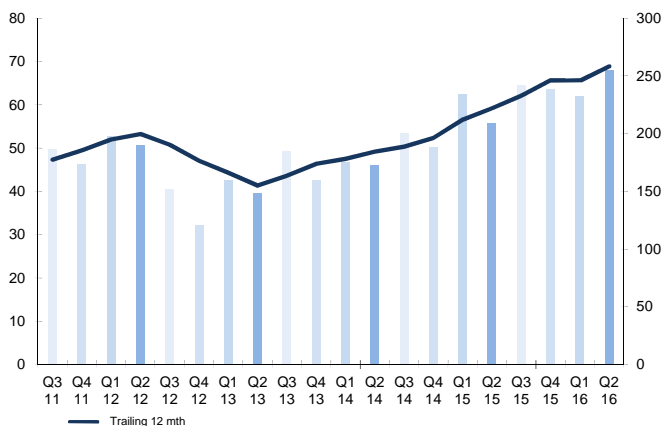
Net turnover in the second quarter was SEK 612 million (557), which is a 10% increase. For comparable units, net turnover increased by 8%. The acquired turnover was 2%. For the first two quarters 2016, net turnover was SEK 1,185 million (1,120), which is a 6% increase. Comparable entities reported a 5% increase in net turnover and the acquired turnover was 1%. Foreign currency exchange rate fluctuations had a negative -1% impact on net turnover which resulted in an organic growth of 6%. Compared to the previous year, the largest percentage net turnover growth was experienced in Flexitron, Svenska Batteripoolen, Nexa Trading, Agolux and Elektro Elco and the businesses in Finland, England and Norway.

## Share per region

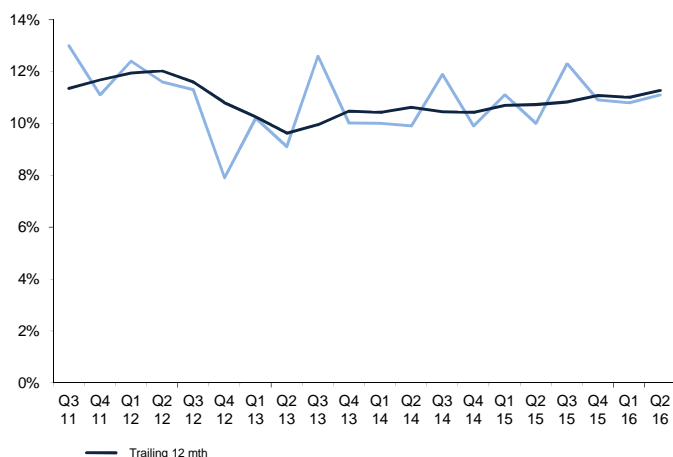


There are marginal percentage changes across the regions, compared to the corresponding period of last year. Compared with the last quarter of the previous year, Finland, the Baltic states and China have increased by 1%, and Denmark, Norway, the United Kingdom and Central Eastern Europe have decreased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

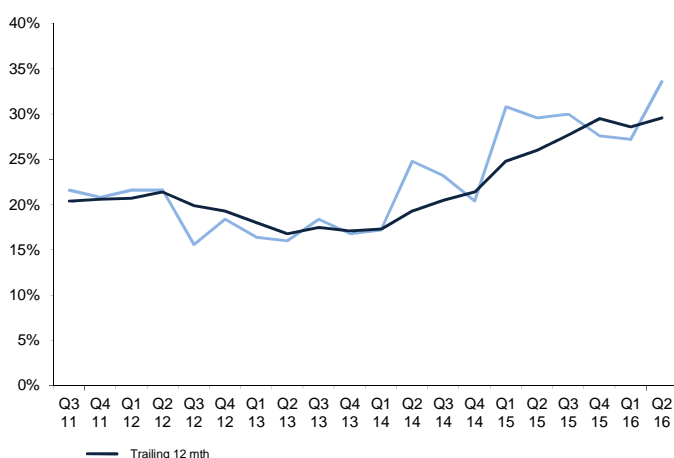
## EBITA SEK million



## 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

Operating profit before amortisation of acquisition-related intangible fixed assets (EBITA) in the second quarter was SEK 68 million (56), which is an increase of 22%. The EBITA-margin was 11.1% (10.0%). For the first half of 2016 EBITA amounted to SEK 130 million (118), which is an increase of 10%. The EBITA-margin for the first two quarters of 2016 was 11.0% (10.6).

Operating profit in the second quarter amounted to SEK 64 million (50), and accumulated with the first quarter, to SEK 121 million (108)

Profit after tax in the first two quarters increased by 13% to SEK 93 million (82).

Earnings per share for the first two quarters were SEK 4.01 (3.56).

## Return

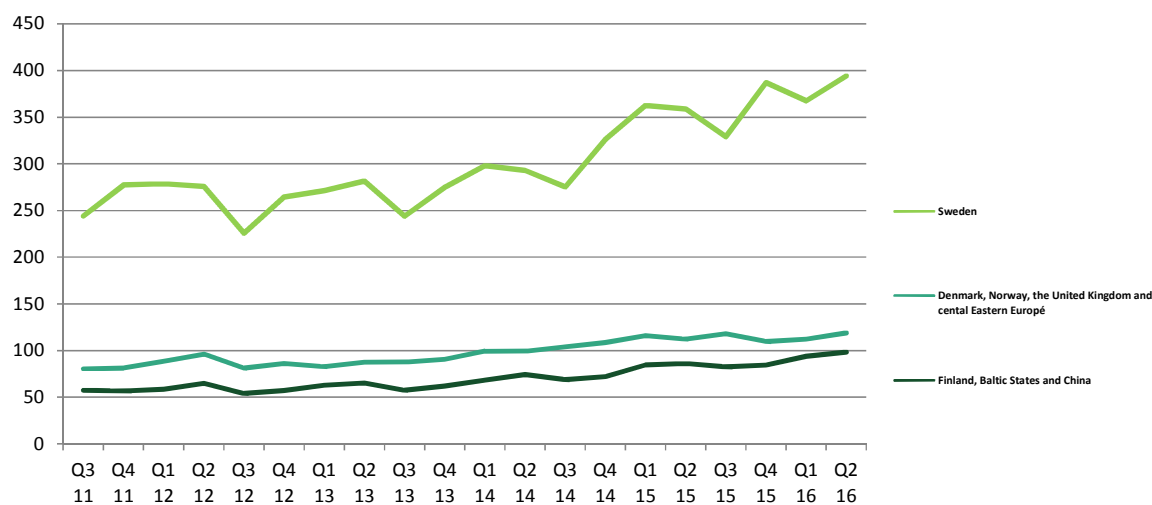
The return on equity in the second quarter was 8.4% compared to 7.4% for the year-ago quarter.

The trailing-twelve-month return on equity was 30%, which exceeds the 20% target.

Equity amounted to SEK 599 million (534) and the equity/assets ratio was 48% (45) on 30 June 2016.

## Sales growth by region per quarter

SEK million



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

## 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 Q2	2015 Q2	2016 Q1 - Q2	2015 Q1 - Q2	2015 Full year	Trailing 12 months
Incoming orders	382	354	777	725	1,423	1,476
Net sales	394	359	762	721	1,438	1,478
EBITA	54	45	101	97	199	202
EBITA margin	14%	13%	13%	14%	14%	14%

Net sales rose 6% in the first two quarters to SEK 762 million (721). Net sales have been favourably affected by acquisitions by 2% and with a neutral currency effect this means that the organic growth in the region was 4%. In Sweden the percentage growth in net sales was highest in Flexitron, Nexa Trading, Svenska Batteripoolen, Agolux and Elektro Elco.

New orders were up by 7% to SEK 777 million (725). During the first half of the year incoming orders were 2% higher than net sales.

EBITA rose 4% to SEK 101 million (97) as a result of increased net sales.

## Finland, Baltic States

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 Q2	2015 Q2	2016 Q1 - Q2	2015 Q1 - Q2	2015 Full year	Trailing 12 months
Incoming orders	95	83	193	170	340	364
Net sales	98	86	192	171	338	359
EBITA	9	5	18	11	23	30
<i>EBITA margin</i>	9%	6 %	9%	7%	7%	8%

There was an increase in net sales in the first half of the year of 12% to SEK 192 million (171) despite the generally weak demand in Finnish industry. Acquisitions produced a 2% positive effect, and currency fluctuations an adverse 1% effect on net sales. This means that organic growth in the region was 11%.

The level of incoming orders has also been good, rising 14% to SEK 193 million (170).

Incoming orders exceeded net sales by 1% during the first half of the year. Most product areas experienced good growth, with Battery being the strongest growing product area in Finland. Demand in the Baltic states was weaker in the first half of the year and net sales fell 7%.

EBITA rose 58% to SEK 18 million (11), 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 Q2	2015 Q2	2016 Q1 - Q2	2015 Q1 - Q2	2015 Full year	Trailing 12 months
Incoming orders	114	108	230	237	462	455
Net sales	119	112	231	228	456	459
EBITA	10	9	18	19	36	35
<i>EBITA margin</i>	8%	8%	8%	8%	8%	8%

Net sales rose 1% to SEK 231 million (228) in the first half of the year. The movement in exchange rates had an adverse 4% effect on net sales, which means the region reported 5% organic growth in the first half of 2016. Hungary, UK, Norway and Poland have organic growth.

Incoming orders decreased by 3% to SEK 230 million (237).

Incoming orders were 1% lower than net sales in the first half of the year.

EBITA fell 6% to SEK 18 million (19), due primarily to a lower gross margin.

## Other financial information

### Cash flow

The cash flow from ongoing operations in the first half of 2016 amounted to SEK 89 million (94). Total cash flow was SEK -18 million (-24) during the first two quarters of the year and was impacted e.g. by SEK -37 million (-31) from investing activities and by SEK -116 million (-98) through dividends.

### Investments

The Group's investments in property, plant and equipment totalled SEK 31 million (32). Property, machinery and equipment accounted for SEK 31 million (14), intangible assets for SEK - million (18), of which SEK - million (17) are related to business combinations.

### Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 67 million (57). Liquid assets, together with committed undrawn credit facilities, amounted to SEK 293 million (293) on 30 June 2016.

### Intangible assets

Amortisation of intangible assets totalling SEK 12 million (13) has been charged to the income statement. The reported value in the intangible assets on 30 June 2016 was SEK 165 million (179).

### Equity/assets ratio

The equity/assets ratio on 30 June 2016 was 48% (45).

### Employees

The Group's average number of employees for the period was 737 (705). At the end of the period, the number of employees was 747 (715), of which 6 were employed in conjunction with acquisitions.

### Share repurchase

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

### Remeasurement of contingent considerations

Developments in previously implemented acquisitions have resulted in revaluation of contingent considerations that have decreased by SEK 0.9 million. This had a positive SEK 0.9 million effect on operating profits in 2016. Remaining liabilities for contingent considerations relating to acquisitions on 30 June 2016 was SEK 14.8 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.

Reported values of financial assets and financial liabilities are considered to be reasonable approximations of the items' fair value. This is because in the management's opinion there has been no change in market interest rates or credit spreads which would have a material impact on the fair value of the Group's interest-bearing liabilities. For accounts receivable and other current assets and liabilities the fair value is considered to correspond to the carrying amount because of the short maturity of these items.

### **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 management of financial risks are mainly handled by the Parent Company. Frameworks for risk management procedures and risk mitigation are in place. These frameworks are characterised by a low risk level. The basis is the structured and efficient management of the financial risks that arise in the business. For a complete report on the risks affecting the Group, please refer to pages 32 to 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 means that IBS has 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 means 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. The Court of Appeal heard all the cases 15-17 February 2016 and has delivered a judgement upholding the judgment of 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 transactions between OEM and related parties have been entered into that materially affect the financial position and performance of the Group or the Parent Company during the period, with the exception of intraa-Group dividends and dividends to the Parent Company's shareholders.



### **Parent company**

Net sales were SEK 15 million (14) and profit after financial items was SEK 14 million (19). Net sales relate entirely to intra-Group 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.

### **Definitions**

Please see the definitions on p. 15.

### **Attestation**

The Board of Directors and the CEO declare that the interim report gives a true and fair summary of the Group's and Parent Company's business operations, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Tranås, 13 July 2016

Lars-Åke Rydh  
Chairman of the Board

Ulf Barkman  
Member of the Board

Hans Franzén  
Member of the Board

Jerker Löfgren  
Member of the Board

Petter Stillström  
Member of the Board

Agne Svenberg  
Member of the Board

Jörgen Zahlin  
Managing Director and Chief Executive Officer

The company's auditors have not conducted a special audit of this report.

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. This information was submitted to the media for publication on 13 July 2016 at 11 a.m.</p>
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## The regions' sales and earnings

### SALES & EARNINGS BY REGION \*

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

	Jan- June 2016	Jan- June 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Trailing 12 mth	Full year 2015
Sweden, external income	762	721	394	368	387	329	359	1 478	1 438
Sweden, income from other segments	41	48	20	21	18	19	24	78	85
Finland, the Baltic States and China, external income	192	171	98	94	84	82	86	359	338
Finland, the Baltic States and China, income from other s	3	2	2	2	1	1	1	5	4
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	231	228	119	112	110	118	112	459	456
Denmark, Norway, the United Kingdom and Central Eastern Europe, income from other segments	0	1	0	0	0	0	1	1	2
Other operating segments/elimination	-45	-50	-22	-23	-20	-20	-26	-85	-90
	<b>1 185</b>	<b>1 120</b>	<b>612</b>	<b>574</b>	<b>581</b>	<b>530</b>	<b>557</b>	<b>2 296</b>	<b>2 232</b>

#### EBITA (MSEK)

	Jan- June 2016	Jan- June 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Trailing 12 mth	Full year 2015
Sweden	101	97	54	47	52	49	45	202	199
Finland, the Baltic States and China, external income	18	11	9	9	4	7	5	30	23
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	18	19	10	8	6	11	9	35	36
Group functions	-7	-10	-4	-3	1	-3	-4	-8	-11
	<b>130</b>	<b>118</b>	<b>68</b>	<b>62</b>	<b>64</b>	<b>65</b>	<b>56</b>	<b>258</b>	<b>246</b>

#### Operating profit (SEK million)

	Jan- June 2016	Jan- June 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Trailing 12 mth	Full year 2015
EBITA	130	118	68	62	64	65	56	258	246
<i>Amortisation of acquisition-related intangible fixed assets.</i>									
Sweden	-6	-6	-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	-2	-3	-1	-1	-2	-2	-2	-6	-7
Group functions	-	-	-	-	-	-	-	-	-
Operating profit	<b>121</b>	<b>108</b>	<b>64</b>	<b>57</b>	<b>58</b>	<b>59</b>	<b>50</b>	<b>238</b>	<b>225</b>

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

	Jan- June 2016	Jan- June 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Trailing 12 mth	Full year 2015
Operating profit	121	108	64	57	58	59	50	238	225
Net financial items	-2	-2	0	-1	-1	-1	-2	-3	-4
Pre-tax profit/(loss)	<b>119</b>	<b>106</b>	<b>63</b>	<b>56</b>	<b>58</b>	<b>58</b>	<b>49</b>	<b>235</b>	<b>221</b>

## The Group's performance and financial position

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

	Jan- June 2016	Jan- June 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Trailing 12 mth	Full year 2015
Net sales	1 185	1 120	612	574	581	530	557	2 296	2 232
Other operating income	1	0	1	0	4	1	-	6	5
Operating costs ***	-1 043	-990	-538	-505	-516	-460	-496	-2 018	-1 965
Depreciation of fixed assets	-23	-23	-11	-12	-12	-12	-11	-47	-47
<b>Operating profit</b>	<b>121</b>	<b>108</b>	<b>64</b>	<b>57</b>	<b>58</b>	<b>59</b>	<b>50</b>	<b>238</b>	<b>225</b>
Net financial income/expense	-2	-2	0	-1	-1	-1	-2	-3	-4
<b>Pre-tax profit/(loss)</b>	<b>119</b>	<b>106</b>	<b>63</b>	<b>56</b>	<b>58</b>	<b>58</b>	<b>49</b>	<b>235</b>	<b>221</b>
Tax	-26	-23	-14	-12	-12	-12	-11	-51	-48
<b>Profit/loss for the period</b>	<b>93</b>	<b>82</b>	<b>49</b>	<b>44</b>	<b>45</b>	<b>46</b>	<b>38</b>	<b>184</b>	<b>173</b>
<b>Other comprehensive income</b>									
<b>Profit/loss for the period</b>	<b>93</b>	<b>82</b>	<b>49</b>	<b>44</b>	<b>45</b>	<b>46</b>	<b>38</b>	<b>184</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	0	-2	2	-1	-6	2	-1	-3	-6
<b>Items that can not be recycled to net profit</b>									
Revaluation of defined- benefit pension plans	0	0	0	-1	1	0	0	0	1
<b>Other comprehensive income for the period</b>	<b>0</b>	<b>-2</b>	<b>2</b>	<b>-2</b>	<b>-5</b>	<b>2</b>	<b>-1</b>	<b>-3</b>	<b>-5</b>
<b>Comprehensive income for the period</b>	<b>93</b>	<b>80</b>	<b>51</b>	<b>42</b>	<b>40</b>	<b>48</b>	<b>37</b>	<b>181</b>	<b>168</b>
Earnings per outstanding share, SEK*	4,01	3,56	2,12	1,89	1,96	1,98	1,66	7,95	7,50
Earnings per total shares, SEK*	4,00	3,56	2,12	1,88	1,95	1,98	1,65	7,93	7,48
<b>EBITA</b>	<b>130</b>	<b>118</b>	<b>68</b>	<b>62</b>	<b>64</b>	<b>65</b>	<b>56</b>	<b>258</b>	<b>246</b>

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

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

	2016-06-30	2015-06-30	2015-12-31
<b>Fixed assets</b>			
Goodwill	98	95	98
Other intangible assets	66	84	78
<b>Total intangible assets</b>	<b>165</b>	<b>179</b>	<b>176</b>
Property, plant and equipment	220	204	203
<b>Total property, plant and equipment</b>	<b>220</b>	<b>204</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>385</b>	<b>384</b>	<b>379</b>
<b>Deferred tax assets</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Current assets</b>			
Inventories	386	360	396
Current receivables	405	382	359
Cash and cash equivalents	67	57	85
<b>Total current assets</b>	<b>858</b>	<b>799</b>	<b>839</b>
<b>Total assets</b>	<b>1 245</b>	<b>1 185</b>	<b>1 220</b>
<b>Equity</b>	<b>599</b>	<b>534</b>	<b>622</b>
Non-current interest-bearing liabilities	35	34	35
Provisions for pensions	2	3	2
Non-current non-interest-bearing liabilities	2	17	11
Deferred tax liabilities	74	70	76
<b>Total non-current liabilities</b>	<b>112</b>	<b>124</b>	<b>123</b>
Current interest-bearing liabilities	239	236	194
Current non-interest-bearing liabilities	295	291	281
<b>Total current liabilities</b>	<b>534</b>	<b>527</b>	<b>474</b>
<b>Total equity and liabilities</b>	<b>1 245</b>	<b>1 185</b>	<b>1 220</b>

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

	2016-06-30	2015-06-30	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	93	82	173
Other comprehensive income for the period	0	-2	-5
<b>Comprehensive income for the period</b>	<b>93</b>	<b>80</b>	<b>168</b>
Dividends paid	-116	-98	-98
<b>At the end of the period</b>	<b>599</b>	<b>534</b>	<b>622</b>

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

	Jan- June 2016	Jan- June 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Trailing 12 mth	Full year 2015
<b>Operating cash flows</b>									
<b>before movements in working capital</b>	<b>114</b>	99	61	53	69	58	42	241	227
Movements in working capital	-25	-6	-6	-19	1	-31	12	-54	-35
<b>Operating cash flows</b>	<b>89</b>	94	56	33	71	27	54	187	192
Acquisition of subsidiaries net effect on cash and cash equivalents	-8	-21	0	-8	-1	-13	-5	-23	-36
Acquisition of intangible fixed assets	0	-1	0	0	-3	0	-1	-3	-4
Acquisition of property, plant and equipment	-30	-11	-4	-27	-8	-5	-6	-44	-25
Sales of property, plant and equipment	2	2	1	1	2	1	1	5	6
<b>Investing cash flows</b>	<b>-37</b>	-31	-3	-34	-10	-17	-11	-64	-58
<b>Financing cash flows</b>									
	45	12	30	15	-45	4	12	4	-29
- Dividends paid	-116	-98	-116	-	-	-	-98	-116	-98
<b>Financing cash flow</b>	<b>-70</b>	-86	-86	15	-45	4	-86	-111	-127
<b>Cash flow for the period</b>	<b>-18</b>	-24	-33	14	16	14	-43	12	6
Cash and cash equivalents at the beginning of the period	85	80	99	85	70	57	99	57	80
Exchange rate difference	1	1	1	0	-1	-2	1	-2	-2
<b>Cash and cash equivalents at the end of the period</b>	<b>67</b>	57	67	99	85	70	57	67	85

**KEY PERFORMANCE INDICATORS**

	Jan- June 2016	Jan- June 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Trailing 12 mth	Full year 2015
Return on equity, %	15,2	15,1	8,4	6,8	6,9	7,5	7,4	29,6	29,5
Return on capital employed, %	15,1	14,8	8,0	7,1	7,9	7,3	7,2	30,3	30,0
Return on total capital %	10,6	10,3	5,6	5,0	5,5	5,3	4,9	21,4	21,1
Equity/assets ratio, %	48,1	45,0							51,0
Earnings per outstanding share, SEK	4,01	3,56	2,12	1,89	1,96	1,98	1,66	7,95	7,50
Earnings per total shares, SEK	4,00	3,55	2,12	1,88	1,95	1,98	1,65	7,93	7,48
Equity per total shares, SEK	25,87	23,03							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, %	10,2	9,6	10,4	9,9	10,0	11,2	9,0	10,4	10,1
EBITA-margin, %	11,0	10,6	11,1	10,8	10,9	12,2	10,0	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- June 2016	Jan- June 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Trailing 12 mth	Full year 2015
Net sales	15	14	8	7	25	7	7	47	46
Operating costs	-23	-23	-12	-11	-11	-10	-12	-44	-44
Depreciation	-3	-3	-2	-2	-2	-2	-2	-7	-7
<b>Operating profit</b>	<b>-11</b>	<b>-12</b>	<b>-6</b>	<b>-6</b>	<b>12</b>	<b>-5</b>	<b>-7</b>	<b>-4</b>	<b>-5</b>
Income from investments in Group companies	26	31	26	-	-9	-	31	17	22
Net financial income/expense	-1	0	0	0	0	0	0	-1	0
<b>Profit/loss after financial items</b>	<b>14</b>	<b>19</b>	<b>20</b>	<b>-6</b>	<b>3</b>	<b>-5</b>	<b>25</b>	<b>12</b>	<b>17</b>
Year-end appropriations	-	-	-	-	150	-	-	150	150
<b>Pre-tax profit/(loss)</b>	<b>14</b>	<b>19</b>	<b>20</b>	<b>-6</b>	<b>153</b>	<b>-5</b>	<b>25</b>	<b>162</b>	<b>167</b>
Tax	3	3	1	1	-36	1	1	-32	-32
<b>Profit/loss for the period</b>	<b>17</b>	<b>22</b>	<b>21</b>	<b>-5</b>	<b>117</b>	<b>-4</b>	<b>26</b>	<b>129</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)

Assets	2016-06-30	2015-06-30	2015-12-31
Intangible fixed assets	18	19	19
Property, plant and equipment	17	19	18
Financial assets	380	381	380
<b>Total fixed assets</b>	<b>415</b>	<b>419</b>	<b>417</b>
Current receivables	221	167	315
Cash on hand and demand deposits	-	0	0
<b>Total current assets</b>	<b>221</b>	<b>167</b>	<b>315</b>
<b>Total assets</b>	<b>636</b>	<b>586</b>	<b>732</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>119</b>	<b>105</b>	<b>218</b>
<b>Untaxed reserves</b>	<b>220</b>	<b>191</b>	<b>220</b>
<b>Deferred tax liabilities</b>	<b>2</b>	<b>2</b>	<b>2</b>
Non-current non-interest-bearing liabilities	1	7	5
<b>Total non-current liabilities</b>	<b>1</b>	<b>7</b>	<b>5</b>
Current interest-bearing liabilities	139	255	99
Current non-interest-bearing liabilities	154	25	187
<b>Total current liabilities</b>	<b>293</b>	<b>280</b>	<b>286</b>
<b>Total equity and liabilities</b>	<b>636</b>	<b>586</b>	<b>732</b>

## Notes

Segment reporting is presented on page 5, information on the fair value of financial instruments is presented on page 8 and accounting principles are set out on page 7.

## Definitions

In addition to the conventional financial performance measures established by IFRS, OEM uses the EBITA concept whose definition is described below. The company wishes to reflect the underlying business to increase comparability between different reporting periods.

### EBITA

Operating profit before amortisation of acquisition-related intangible fixed assets

### 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 reduced by 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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