



Earnings update for Q3 2024 due to challenging market conditions

Challenging market conditions, mainly consisting of slowdowns in end markets, are expected to have a negative impact on the financial outcome of Concentric AB ("Concentric" or the "Company") in Q3 2024. As a result, Concentric publishes an earnings update and adopts an action plan to address the current market conditions.

Earnings update

Weak demand in the Company's end-markets in the sectors of agriculture, construction, truck and industrial applications have resulted in a negative development for the Company's base business. The slowdown in the Company's end-markets has resulted in reduced order volumes from key customers, which in turn has had a negative impact on the Company's sales during Q3 2024. In addition, there has also been a slowdown in the Company's electrification business. Concentric expects this level of demand from our customers to stabilise at these lower levels during Q4 2024 and going into 2025.

During Q3 2024, Concentric estimates sales of approx. MSEK 780-820, underlying operating income of approx. MSEK 55-75 and an underlying operating margin of approx. 7-9 per cent.

Action plan

Concentric has adopted an action plan, which includes a capacity cost restructuring initiative. This restructuring comprises 65 employees and is expected to result in savings of approx. MSEK 56 on an annualised basis. A non-recurring restructuring provision of approx. MSEK 20 will also be accrued in Q3 2024. In addition, pricing measures are being taken to achieve better recovery margins. These actions are expected to impact the underlying operating margin positively by 1-2 per cent in Q4 2024.

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This information is information that Concentric AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 11:30 CEST on 18 September 2024.

Concentric AB is an innovator in flow control and fluid power, supplying proprietary systems and components to the world's construction, truck and bus, agricultural machinery, industrial equipment, and energy system application end-markets. The company has a global manufacturing presence including in North America, Germany, UK, Sweden, India and China. Concentric's focus is to develop world class technology with innovative solutions that meet the sustainability needs of our customers.

Concentric offers engine products including lubricant, coolant and fuel pumps and hydraulic products encompassing gear pumps and power packs. Concentric also offers a range of electric products developed for the evolving electric and hybrid powertrain market, including electric water and oil pumps, electric fans, thermal management systems, high-voltage components, and electro hydraulic steering. These electric products are also finding uses in new applications in new markets in the energy system sector. In 2023, the Group had a turnover of MSEK 4,205 and circa 1,282 employees.