



OEM INTERNATIONAL

INTERIM REPORT Q1 2013

FIRST QUARTER 2013

- Incoming orders were SEK 423 million (451)
- Net sales were SEK 417 million (426)
- Profit before tax amounted to SEK 38 million (48)
- Profit after tax amounted to SEK 29 million (36)
- Earnings per share were SEK 1.24 (1.55)

Chief Executive's Review

Demand stronger than in the second half of 2012

Following a weak performance at the end of 2012, demand improved in the first quarter of 2013 in most of the markets. However, sales are 2% lower than last year's quarter, which was a record quarter. The strong Swedish krona is having a negative 3% impact on sales.

Our operations in the Baltic States and Central Eastern Europe continue to deliver good results and reported a 10% increase in sales compared to the year-ago quarter. Elektro Elco and the operations in Finland have continued on the same level, while other operations in Sweden, Norway, Denmark and the UK reported a lower sales turnover compared to the year-ago quarter.

Incoming orders exceed sales by 2%, which reflects a positive trend compared to the end of last year.

Operating profit showed an improvement compared to the end of last year, but fell to SEK 39 million compared to SEK 49 million in the first quarter of 2012.

Integration of acquired business

The two businesses that were acquired in the fourth quarter have been integrated. The operations of Temflow AB have been integrated into OEM Automatic AB in order to create maximum synergies for customers. We have also entered into an agreement with Temflow's main supplier, Brooks, to extend collaboration to Denmark.

Datasensor Ltd has been integrated into OEM Automatic Ltd and the coordination of customer bases has generated positive effects here as well.

Strong financial position

In the first quarter, we generated a positive operating cash flow of SEK 15 million which increased cash and cash equivalents to SEK 188 million. And with an equity/assets ratio of 64%, the Group is able to continue developing its business activities and pursue further acquisitions.

Long-term perspective and stability

Our aim is to be a long-term partner for our customers and suppliers and to work hard to continuously develop our business.

The employees are our most important resource and we are constantly on the look-out for new individual challenges. Over the past six months, we have rotated a number of key management positions and made new appointments in order to stimulate and facilitate innovation.

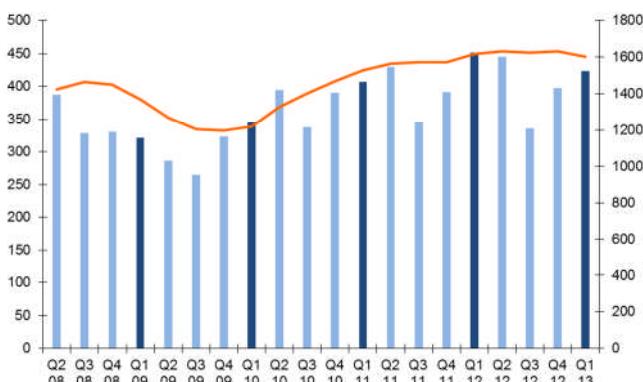
With the economic situation as it is, I expect we'll see continued weak demand this year, but I am looking forward to following the effects of these changes.



Jörgen Zahlin
Managing Director and Chief Executive Officer

THE GROUP

INCOMING ORDERS (SEK million)

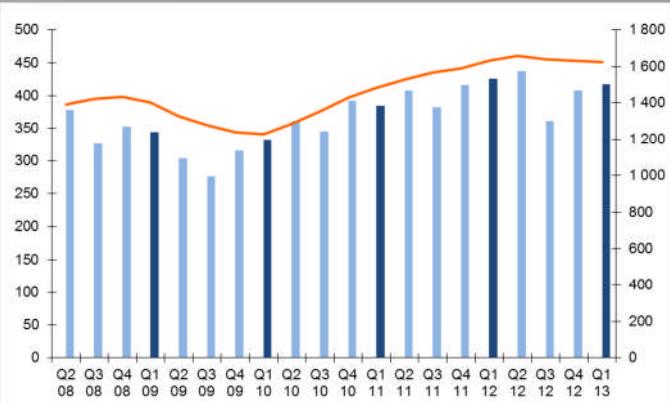


Incoming orders were SEK 423 million (451)

Incoming orders exceeded net sales by 2% during the first quarter.

On 31 March 2013, the order book had decreased 7% to SEK 238 million compared to the same period last year.

NET SALES (SEK million)

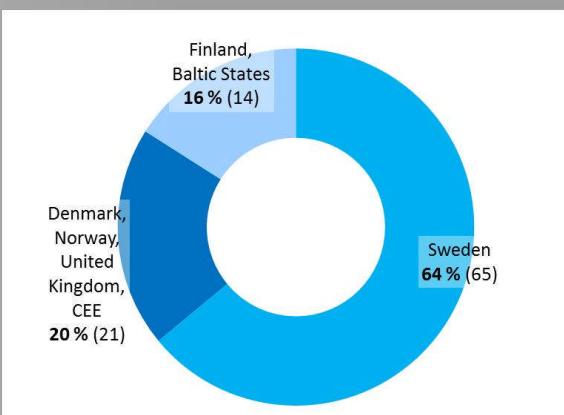


Net sales amounted to SEK 417 million (426).

Excluding acquisitions and the impact of foreign currency exchange rate fluctuations, net sales decreased by 3%.

Compared to the year-ago quarter, Finland, Poland and the Czech Republic have reported positive net sales growth. Sweden, the UK, Denmark and Norway, on the other hand, have reported lower net sales.

NET SALES BY REGION

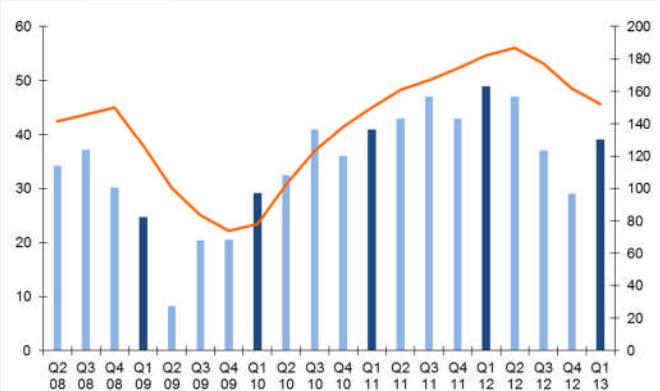


There are small percentage changes across the regions, compared to the year ago period, mainly due to business acquisitions and market developments.

The Finland/Baltic States Region saw its market share decline by 2% to 16%. This is due to business acquisitions and positive market developments.

The share for Region Sweden is still largest at 64% (65%).

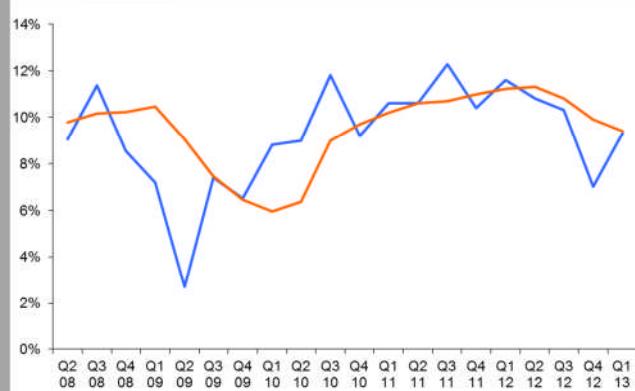
OPERATING PROFIT (SEK million)



Operating profit decreased during the first quarter by 22% to SEK 39 million (49) compared with the year-ago quarter.

Operating profit for the trailing twelve months was SEK 152 million.

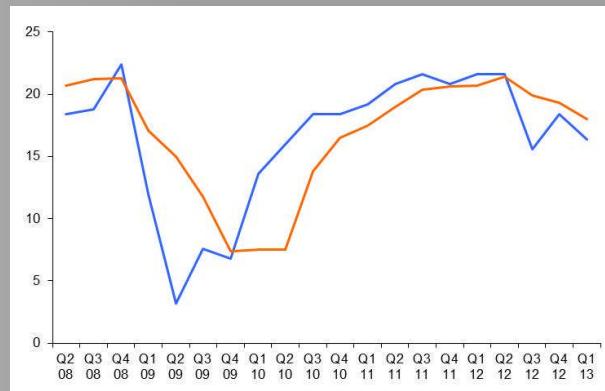
OPERATING MARGIN (%)



The first-quarter operating margin was 9.3% (11.6%).

The operating margin for the trailing twelve months was 9.4% (11.2%).

RETURN ON EQUITY (%)



The return on equity was 4.1%, compared to 5.4% in the year-ago quarter.

The trailing-twelve-month return on equity was 18%, falling short of the 20% target.

Shareholders' equity amounted to SEK 710 million (682) with an equity/assets ratio of 64% (64%) on 31 March 2013.

THE REGIONS

SWEDEN

Sales are conducted under the company names of OEM Automatic, OEM Motor, OEM Electronics, Internordic Bearings, Telfa, Elektro Elco, Svenska Helag, Svenska Batteripoolen, Flexitron, TemFlow Control, Vanlid Transmission, Ronson Transmission and Fenix Transmission.

SEK Million	Q1 2013	Q1 2012	Full year 2012	Trailing 12
Incoming orders	270	291	1 059	1 038
Net sales	271	280	1 054	1 045
Operating profit	35	42	127	120
Operating margin (%)	13%	15%	12%	11%

First quarter net sales were down 3% on the year-ago quarter.

The effect of acquired businesses increased net sales by approximately SEK 8 million compared with last year, which represents 3 %.

Operating profit is down 17% on the year-ago quarter due to a slightly lower gross margin and an increased cost base.

FINLAND AND THE BALTIC STATES

Sales are conducted under the company names of OEM Automatic, OEM Electronics, Internordic Bearings and Akkupojat.

SEK Million	Q1 2013	Q1 2012	Full year 2012	Trailing 12
Incoming orders	65	60	226	231
Net sales	63	57	225	231
Operating profit	4	5	17	16
Operating margin (%)	7%	8%	7%	7%

Net sales increased by 10% in the first quarter of the year compared to the year ago period. In local currency the net sales increased by 12 %.

The effect of acquired businesses increased net sales by approximately SEK 3 million compared with last year, which represents 6%.

Operating profit is down SEK 0.3 million on the year-ago quarter, due to a slightly lower gross margin and an increased cost base.

DENMARK, NORWAY, UK AND CENTRAL EASTERN EUROPE

Sales are conducted under the company names of OEM Automatic, OEM Automatic Klitsö and OEM Electronics.

SEK Million	Q1 2013	Q1 2012	Full year 2012	Trailing 12
Incoming orders	89	100	344	333
Net sales	83	89	352	347
Operating profit	5	7	30	28
Operating margin (%)	6%	8%	8%	8%

First quarter net sales were down 6% on the year-ago quarter.

The effect of acquired businesses increased net sales by approximately SEK 3 million compared with last year, which represents 4%.

Operating profit is down 31% on last year due to lower net sales.

OTHER FINANCIAL INFORMATION

Cash flow

Cash flow from operating activities during the first quarter was SEK 15 million (23). Cash flow totalled SEK 9 million (27) in the first quarter and was affected, in part, by investing activities of SEK -15 million (-14).

Investments

The Group's investments in property, plant and equipment totalled SEK 9 million (13). Property, machinery and equipment accounted for SEK 8 million (11), other intangible assets for SEK 1 million (2) and business combinations for SEK 0 million (0).

Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 188 million (188). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 392 million (406) on 31 March 2013.

Intangible assets

Amortisation of intangible assets totalling SEK 4.6 million (3.6) has been charged to the income statement. The value recognised in the Statement of Financial Position on 31 March 2013 was SEK 152 million (136).

Equity/assets ratio

On 31 March 2013, the equity/assets ratio was 64% (64%).

Employees

The Group's average number of employees for the period was 621 (600).

At the end of the period, the number of employees was 621 (598). 21 of these employees come from acquired companies.

Share repurchase

The company has not repurchased any shares during the period. The company's total shareholding was 61,847 shares on 31 March 2013, which is equivalent to 0.3% of the aggregate number of shares. The Annual General Meeting is authorised to repurchase up to 10% of the shares, which is the equivalent of 2,316,930 shares.

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, with the exception of the application of IAS 19 Employee benefits and IAS 1 Presentation of Financial Statements which became effective retroactively from 1 January 2013. These have not had any significant effect on the financial statements of the Group.

Risks and uncertainties

The OEM Group is exposed to both business-related risks and financial risks through its activities. Business-related risks include competition risks, structural changes 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 page 7 and pages 47-49 of the 2012 annual report. This must be complemented with the economic slowdown that the company is experiencing, which is having an impact on net sales and earnings.

Estimates and judgements

Preparation of the interim report requires company management to make estimates, judgements and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense. Actual outcomes may differ from these estimates and judgements. The critical assessments and sources of uncertainty in the estimates are the same as in the latest annual report, page 51.

Related party transactions

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

Parent Company

Net sales were SEK 4.9 million (4.7) and profit after financial items was SEK -6.3 million (-5.5).

Events after the close of the reporting period

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

Date of next report

The interim report for the period January - June 2013 will be published on 15th July 2013.

Tranås, 22 April 2013

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 Managing Director Jörgen Zahlin, on +46 (0)75-242 40 22 or Finance Director Jan Cnattingius on +46 (0)75-242 40 03.

The information in this report is of such a nature that its disclosure by OEM International AB (publ.) is required under the Swedish Securities Market Act. The information was released to the media for publication on 22 April 2013 at 2 p.m.

REGIONS' SALES AND EARNINGS

SALES & EARNINGS BY REGION *

Net sales (SEK million)*

	Jan-March 2013	Jan-March 2012	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Sweden, external income	271	280	267	228	279	1 045	1 054
Sweden, income from other segments	19	22	23	17	22	81	84
Finland and the Baltic States, external income	63	57	55	51	62	231	225
Finland and the Baltic States, income from other segments	0,8	0,5	0,5	0,7	0,7	2,7	2,4
Denmark, Norway, the United Kingdom and							
Central Eastern Europe, external income	83	89	86	81	96	347	352
Denmark, Norway, the United Kingdom and							
Central Eastern Europe, income from other segments	0,2	0,2	0,3	0,3	0,3	1,0	1,1
Other operating segments/elimination	-20	-23	-24	-18	-23	-85	-88
	417	426	408	361	437	1 623	1 631

Operating profit (SEK million)*

	Jan-March 2013	Jan-March 2012	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Sweden	35	42	23	26	36	120	127
Finland and the Baltic States	4,3	4,6	1,9	4,6	5,5	16	17
Denmark, Norway, the United Kingdom and							
Central Eastern Europe	4,9	7,1	6,5	6,3	9,9	28	30
	44	54	32	37	51	164	174

Consolidated profit/loss (SEK million)*

	Jan-March 2013	Jan-March 2012	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Operating profit segment above	44	54	32	37	51	164	174
Group functions	-5,3	-4,2	-3,4	-0,1	-3,7	-12	-11
Net financial items	-0,6	-0,9	-0,3	-1,9	-0,5	-3,3	-3,7
Pre-tax profit/(loss)	38	48	28	35	47	148	159

* Continuing operations

THE GROUP'S PERFORMANCE AND FINANCIAL POSITION

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

	Jan-March 2013	Jan-March 2012	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Continuing operations							
Net sales	417	426	408	361	437	1 623	1 631
Other operating income	0,0	0,0	0,7	2,2	0,3	3,1	3,1
Operating costs	-369	-369	-372	-318	-381	-1440	-1 439
Amortisation of intangible assets	-4,6	-3,6	-4,6	-3,9	-3,7	-17	-16
Depreciation of property, plant and equipment	-4,4	-4,2	-4,7	-4,3	-4,2	-18	-17
Operating profit	39	49	28	37	48	152	162
Net financial income/expense	-0,6	-1,0	-0,3	-2,0	-0,5	-3,4	-3,8
Pre-tax profit/(loss)	38	48	27	35	47	148	159
Tax	-9,5	-13	2,9	-8,7	-14	-29	-32
Profit/loss for the period from continuing operations	29	36	30	27	34	119	126
Discontinued operations							
Profit/loss for the period from discontinued operations, net after tax	0,0	0,1	-0,1	0,0	0,0	-0,1	-0,1
Profit/loss for the period	29	36	30	27	34	119	126
Other comprehensive income							
Items that have been transferred or may be recycled to net income							
Exchange differences for the period on translation of overseas operations	-7,1	-0,6	3,2	-5,6	-1,1	-11	-4,2
Items that can not be recycled to net profit							
Revaluation of defined-benefit pension plans	0,0	0,5	0,1	0,3	0,2	0,6	1,1
Other comprehensive income for the period	-7,1	-0,1	3,3	-5,3	-0,9	-10	-3,1
Comprehensive income for the period	22	35	33	21	33	109	127
Earnings per outstanding share, SEK*	1,24	1,55	1,32	1,15	1,45	5,16	5,47
Earnings per outstanding share from continuing operations, SEK*	1,24	1,55	1,33	1,15	1,44	5,16	5,47
Earnings per total shares, SEK*	1,24	1,55	1,32	1,15	1,44	5,15	5,46
Earnings per total shares from continuing operations, SEK*	1,24	1,55	1,33	1,14	1,44	5,15	5,46

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK MILLION)

	2013-03-31	2012-03-31	2012-12-31
Fixed assets			
Goodwill	66	64	66
Other intangible assets	86	72	91
Total intangible assets	152	136	157
Property, plant and equipment	202	195	202
Total property, plant and equipment	202	195	202
Financial assets	0,7	0,6	0,1
Total financial assets	0,7	0,6	0,1
Total fixed assets	355	332	359
Deferred tax assets	1,3	2,7	1,4
Current assets			
Inventories	274	256	295
Current receivables	300	293	264
Cash and cash equivalents	188	188	181
Total current assets	762	737	740
Total assets	1 118	1 072	1 101
Equity	710	682	689
Non-current interest-bearing liabilities	19	21	19
Provisions for pensions	0,9	2,0	0,5
Non-current non-interest-bearing liabilities	0,0	7,4	0,7
Deferred tax liabilities	61	65	62
Total non-current liabilities	81	95	82
Current interest-bearing liabilities	107	83	101
Current non-interest-bearing liabilities	220	213	228
Total current liabilities	326	295	329
Total equity and liabilities	1 118	1 072	1 101

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK MILLION)

	2013-03-31	2012-03-31	2012-12-31
At beginning of year	689	646	646
Profit/loss for the period	29	36	126
Other comprehensive income for the period	-7,1	-0,1	-3,1
Dividends paid	0,0	0	-81
At the end of the period	710	682	689

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

	Jan-March 2013	Jan-March 2012	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Operating cash flows							
before movements in working capital	34	43	36	34	41	145	154
Movements in working capital	-19	-21	12	-13	-5,7	-26,6	-28
Operating cash flows	15	23	47	21	35	118	126
Investing cash flows	-15	-14	-18	-10	-18	-61	-60
Cash flows after investing activities	0,2	9,1	29	11	17	57	66
Financing cash flows							
- Change in financial liabilities	8,3	18	16	-7,2	8,9	26	35
- Dividends paid	0,0	0,0	0,0	0,0	-81	-81	-81
Financing cash flow	8,3	18	16	-7,2	-72	-55	-46
Cash flow for the period	8,5	27	45	3,6	-55	1,7	20
Cash and cash equivalents at the beginning of the period	181	162	135	133	188	188	162
Exchange rate difference	-1,4	-0,1	0,5	-1,0	-0,1	-1,9	-0,7
Cash and cash equivalents at the end of the period	188	188	181	135	133	188	181

KEY PERFORMANCE INDICATORS

	Jan-March 2013	Jan-March 2012	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Return on equity, %	4,1	5,4	4,1	4,1	5,3	17,6	18,9
Return on capital employed, % *	5,0	6,6	3,4	5,1	6,7	20,2	21,8
Return on total capital % *	3,7	4,8	2,5	3,7	4,8	14,7	15,8
Equity/assets ratio, %	63,5	63,7					62,6
Earnings per outstanding share, SEK	1,24	1,55	1,32	1,15	1,45	5,16	5,47
Earnings per outstanding share from continuing operations, SEK*	1,24	1,55	1,33	1,15	1,44	5,16	5,47
Earnings per total shares, SEK	1,24	1,55	1,32	1,15	1,44	5,15	5,46
Earnings per total shares from continuing operations, SEK*	1,24	1,55	1,33	1,14	1,44	5,15	5,46
Equity per total shares, SEK	30,65	29,48					29,74
Average number of outstanding shares (thousands)	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
Operating margin, % *	9,3	11,6	6,8	10,4	10,9	9,4	9,9

* Marked KPIs apply to continuing operations. Comparative figures do not include discontinued operations.

Other KPIs apply for the total operations (including discontinued operations) when the Statement of Financial Position for the comparison periods, in accordance with IFRS 5, is not recalculated.

THE PARENT COMPANY'S PERFORMANCE AND FINANCIAL POSITION

CONDENSED INCOME STATEMENT OF THE PARENT COMPANY (SEK MILLION)

	Jan-March 2013	Jan-March 2012	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Net sales	4,9	4,7	27	4,9	4,4	41	41
Operating costs	-11	-9,8	-10	-7,7	-10	-38	-38
Depreciation	-1,3	-0,8	-1,7	-1,0	-0,8	-4,8	-4,2
Operating profit	-7,0	-5,9	15	-3,8	-6,4	-2,0	-0,7
Income from investments in Group companies	0,0	0,0	120	0,0	31	151	151
Net financial income/expense	0,7	0,4	0,2	0,2	0,5	1,7	1,3
Profit/loss after financial items	-6,3	-5,5	136	-3,6	25	150	151
Year-end appropriations	0,0	0,0	-23	0,0	0,0	-23	-23
Pre-tax profit/(loss)	-6,3	-5,5	113	-3,6	25	127	129
Tax	1,4	1,4	-30	0,9	1,5	-26	-26
Profit/loss for the period	-4,9	-4,1	83	-2,6	26	101	103

CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

Assets	2013-03-31	2012-03-31	2012-12-31
Intangible fixed assets	21	12	21
Property, plant and equipment	21	21	21
Financial assets	326	309	326
Total fixed assets	368	342	368
Current receivables	207	205	226
Cash on hand and demand deposits	144	126	124
Total current assets	351	331	350
Total assets	719	673	718
Equity and liabilities			
Equity	380	359	385
Untaxed reserves	153	130	153
Deferred tax liabilities	1,8	2,0	1,7
Non-current non-interest-bearing liabilities	0,0	7,4	0,7
Total non-current liabilities	0,0	7,4	0,7
Current interest-bearing liabilities	0,0	0,0	0,0
Current non-interest-bearing liabilities	185	175	178
Total current liabilities	185	175	178
Total equity and liabilities	719	673	718
Pledged assets	7,5	7,5	7,5
Contingent liabilities	202	202	182

OEM is one of Europe's leading technology trading companies and consists of 28 operating units in 14 countries.

