



OEM INTERNATIONAL

INTERIM REPORT Q2 2013

SECOND **QUARTER** 2013

- Incoming orders were SEK 416 million (445)
- Net sales were SEK 434 million (437)
- Profit before tax amounted to SEK 36 million (48)

FIRST **SIX MONTHS OF** 2013

- Incoming orders were SEK 839 million (895)
- Net sales were SEK 851 million (863)
- Profit before tax amounted to SEK 74 million (96)
- Profit after tax amounted to SEK 56 million (69)
- Earnings per share were SEK 2.41 (3.00)

Chief Executive's Review

Positive growth trend continues in second quarter

The OEM Group's sales growth has remained positive throughout the second quarter and it is the third consecutive month in which sales per business day increased. Sales amounted to SEK 434 million, which is on par with the year-ago period, which was then a record quarter.

The strong Swedish krona had a negative 3% impact on sales and acquired businesses had a positive 3% impact on sales.

The operations in Poland and the Baltic States have reported positive growth while the operations in Sweden and Denmark have noted weaker demand.

Incoming orders were 4% below net sales and it is primarily the Swedish and Finnish operations that have been affected by a slightly weaker order intake.

Operating profit was SEK 36 million, down from last year's figure of SEK 48 million for the same quarter. This reduction is due to increased operating costs and to negative currency impact.

Summary for the first six months

In the first six months of 2013, sales amounted to SEK 851 million, which is an improvement on the SEK 769 million reported for the last six months of 2012.

Sales decreased by 1% compared to the year-ago period. The Swedish krona had a negative 3% impact on sales and acquired businesses had a positive 4% impact on sales.

Operating profit is SEK 75 million, down from last year's figure of SEK 97 million for the same period. However, this is an improvement over the second half of 2012 when the operating profit was SEK 65 million.

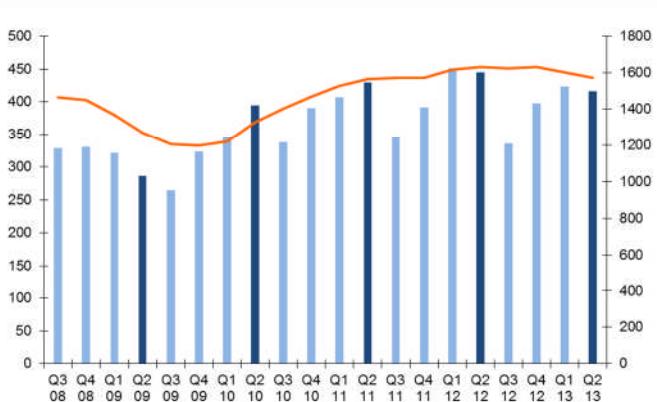
Demand varies considerably from month to month and from operation to operation. Although our daily billing is increasing, the overall picture across the market is mixed.

The past 12 months have generated a positive operating cash flow of SEK 113 million. The equity/assets ratio was 61% at the close of the period. This gives us a strong financial position for continuing to invest in our operations and pursue further acquisitions.

Jörgen Zahlin
Managing Director and Chief Executive Officer

THE GROUP

INCOMING ORDERS (SEK million)

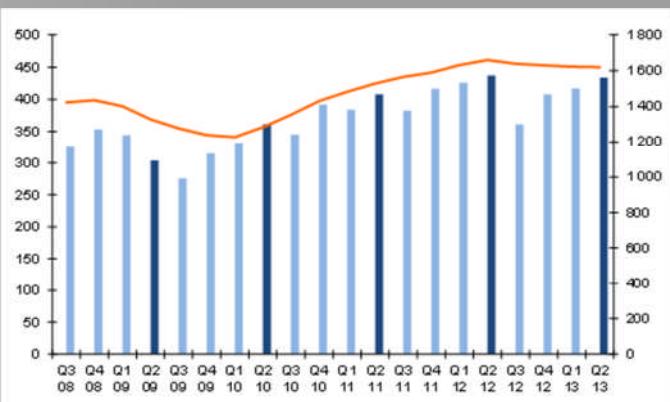


Incoming orders fell 7% in the second quarter to SEK 416 million (445) compared to last year. Incoming orders for the first six months of 2013 decreased 6% on the previous year to SEK 839 million (895).

Incoming orders in the first six months were 1% lower than net sales.

On 30 June 2013, the order book had decreased 16% to SEK 221 million (264) compared to the same period last year.

NET SALES (SEK million)



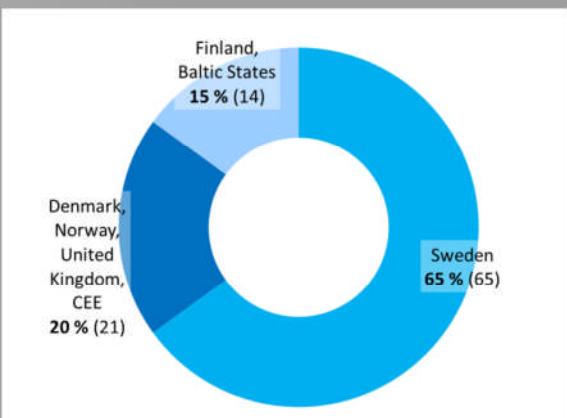
Second quarter net sales were SEK 434 million (437), down 1% on the same period last year. However, this is an improvement on the three previous quarters.

Net sales in the first six months of 2013 decreased 1% on the previous year to SEK 851 million (863).

Excluding acquisitions and the impact of foreign currency exchange rate fluctuations, net sales decreased by 2%.

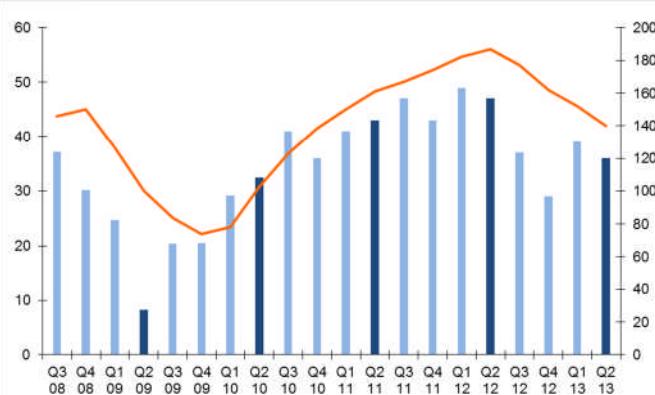
The operations in Poland and the Baltic States have reported positive growth while the operations in Sweden and Denmark have noted weaker demand. Other operations report sales on a par with last year.

NET SALES PER REGION



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

OPERATING PROFIT (SEK million)



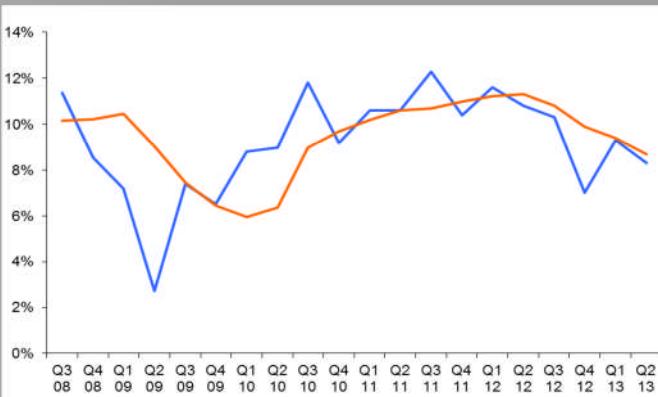
Operating profit decreased during the second quarter by 25% to SEK 36 million (48) compared with the year-ago quarter.

In the first six months, operating profit was down 23% to SEK 75 million (97) compared to the year-ago period.

This is due mainly to increased operating costs and a slight drop in net sales.

Operating profit for the trailing twelve months was SEK 140 million (186).

OPERATING MARGIN (%)

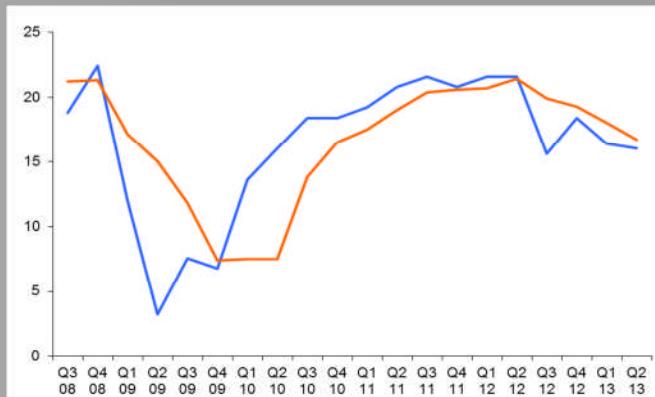


The second quarter operating margin was 8.3% (10.9%).

In the first six months, the operating margin was 8.8% (11.3%).

The operating margin for the trailing twelve months was 8.7% (11.3%).

RETURN ON EQUITY (%)



The return on equity in the second quarter was 4.2% compared with 5.3% for the year-ago quarter.

The trailing-twelve-month return on equity was 16.5% (21%), which is below the 20% target.

Shareholders' equity amounted to SEK 658 million (634) with an equity/assets ratio of 60.7% (61.7%) at 30 June 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-	Q1-	Full year 2012	Trailing 12
	Q2 2013	Q2 2012		
Incoming orders	541	574	1 048	1 015
Net sales	553	555	1 045	1 043
Operating profit	68	77	128	118
Operating margin (%)	12%	14%	12%	11%

Net sales were at the same level in the first six months of 2013 compared to the year-ago period.

The effect of acquired businesses increased net sales by approximately SEK 14 million compared with last year, which represents 3%.

Operating profit for the first six months is down 12% on the year-ago period 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. The operations in China are also included in this region.

SEK Million	Q1-	Q1-	Full year 2012	Trailing 12
	Q2 2013	Q2 2012		
Incoming orders	125	129	238	234
Net sales	128	123	235	239
Operating profit	8	10	16	14
Operating margin (%)	6%	8%	7%	6%

Net sales increased by 4% in the first six months of 2013 compared to the year-ago period. Growth was 7% in local currency.

Acquisitions and the business operations in the Baltic States and China are primarily responsible for the improved performance.

The effect of acquired businesses increased net sales by approximately SEK 5 million compared with last year, which represents 5%.

Operating profit decreased by 23% in the first six months over the same period a year ago. This is due to the higher cost base resulting from implemented acquisitions and market investments.

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-	Q1-	Full year 2012	Trailing 12
	Q2 2013	Q2 2012		
Incoming orders	173	193	344	324
Net sales	171	185	352	338
Operating profit	9	17	30	22
Operating margin (%)	5%	9%	8%	7%

Net sales for the first six months were down 8% on the year-ago period. The UK, Denmark and Slovakia were impacted by a decrease in demand.

The effect of acquired businesses increased net sales by approximately SEK 7 million compared with last year, which represents 4%.

As a result of investment and the drop in net sales, operating profit is 45% lower than the first six months last year.

OTHER FINANCIAL INFORMATION

Cash flow

Cash flow from operating activities during the first six months was SEK 45 million (58). Total cash flow was SEK -43 million (-29) in the first six months and was affected by investing activities of SEK -20 million (-32) and dividends of SEK -87 million (-81).

Investments

The Group's investments in property, plant and equipment totalled SEK 15 million (31). Property, machinery and equipment accounted for SEK 12 million (21) and other intangible assets for SEK 3 million (5).

Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 138 million (133). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 324 million (339) on 30 June 2013.

Intangible assets

Amortisation of intangible assets totalling SEK 9.4 million (7.3) has been charged to the income statement. The value recognised in the Statement of Financial Position on 30 June 2013 was SEK 150 million (141).

Equity/assets ratio

On 30 June 2013, the equity/assets ratio was 61% (62%).

Employees

The Group's average number of employees for the period was 632 (607).

At the end of the period, the number of employees was 631 (610). 15 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 30 June 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.

Remeasurement of contingent considerations

Developments in previously implemented acquisitions have resulted in revaluation of contingent considerations recognised as liability that have decreased by SEK 0.4 million. This had a SEK 0.4 million impact on operating profit in the first six months.

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 IAS 19 Employee benefits and IAS 1 Presentation of Financial Statements which are 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.

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 11 million (9.1) and profit after financial items was SEK 16 million (19). Net sales relate entirely to inter-company 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.

Date of next report

The interim report for the period January – September 2013 will be published on 17 October 2013.

Assurance

The Board of Directors and the Managing Director declare that the interim report gives a true and fair view of the Group's and the Parent Company's operations, position and income and describes the principal risks and uncertainties faced by the Parent Company and the Group's Companies.

Tranås, 15 July 2013

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
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 15 July 2013 at 2 p.m.

THE REGIONS' SALES AND EARNINGS

SALES & EARNINGS BY REGION *

Net sales (SEK million)*

	Jan-June 2013	Jan-June 2012	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Sweden, external income	553	555	282	271	264	226	276	1 043	1 045
Sweden, income from other segments	39	44	19	19	18	19	21	76	81
Finland and the Baltic States, external income	128	123	65	63	57	54	65	239	235
Finland and the Baltic States, income from other segments	1,5	3,1	0,7	0,8	0,7	0,6	1,6	2,8	4,4
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	171	185	88	83	86	81	96	338	352
Denmark, Norway, the United Kingdom and Central Eastern Europe, income from other segments	0,4	0,5	0,2	0,2	0,3	0,3	0,3	1,0	1,1
Other operating segments/elimination	-41	-47	-20	-20	-19	-20	-23	-80	-86
	851	863	434	417	408	361	437	1 620	1 631

Operating profit (SEK million)*

	Jan-June 2013	Jan-June 2012	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Sweden	68	77	33	35	24	27	35	118	128
Finland and the Baltic States	7,9	10	3,5	4,3	1,6	4,4	5,7	14	16
Denmark, Norway, the United Kingdom and Central Eastern Europe	9,4	17	4,5	4,9	6,5	6,3	9,9	22	30
	85	105	41	44	32	37	51	154	174

Consolidated profit/loss (SEK million)*

	Jan-June 2013	Jan-June 2012	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Operating profit segment above	85	105	41	44	32	37	51	154	174
Group functions	-11	-7,9	-5,3	-5,2	-4,1	0,2	-3,2	-14	-11
Net financial items	-0,5	-1,4	0,1	-0,6	-0,3	-2,0	-0,5	-2,8	-3,8
Pre-tax profit/(loss)	74	95	36	38	27	35	47	137	159

* Continuing operations

THE GROUP'S PERFORMANCE AND FINANCIAL POSITION

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

	Jan-June 2013	Jan-June 2012	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Continuing operations									
Net sales	851	863	434	417	408	361	437	1 620	1 631
Other operating income	0,4	0,3	0,4	0,0	0,7	2,2	0,3	3,3	3,1
Operating costs	-759	-750	-389	-369	-372	-318	-381	-1 448	-1 439
Amortisation of intangible assets	-9,4	-7,3	-4,8	-4,6	-4,6	-3,9	-3,7	-18	-16
Depreciation of property, plant and equipment	-9,3	-8,4	-4,9	-4,4	-4,7	-4,3	-4,2	-18	-17
Operating profit	75	97	36	39	28	37	48	140	162
Net financial income/expense	-0,5	-1,5	0,1	-0,6	-0,3	-2,0	-0,5	-2,8	-3,8
Pre-tax profit/(loss)	74	96	36	38	27	35	47	137	159
Tax	-18	-26	-8,9	-9,5	2,9	-8,7	-14	-24	-32
Profit/loss for the period from continuing operations	56	69	27	29	30	27	34	113	126
Discontinued operations									
Profit/loss for the period from discontinued operations, net after tax	0,0	0,1	0,0	0,0	-0,1	0,0	0,0	-0,1	-0,1
Profit/loss for the period	56	70	27	29	30	27	34	113	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	-0,1	-1,7	7,0	-7,1	3,2	-5,6	-1,1	-2,6	-4,2
Items that can not be recycled to net profit									
Revaluation of defined-benefit pension plans	0,2	0,6	0,2	0,0	0,1	0,3	0,2	0,6	1,1
Other comprehensive income for the period	0,0	-1,0	7,2	-7,1	3,3	-5,3	-0,9	-2,0	-3,1
Comprehensive income for the period	56	69	34	22	33	21	33	111	123
Earnings per outstanding share, SEK*	2,41	3,00	1,17	1,24	1,32	1,15	1,45	4,88	5,47
Earnings per outstanding share from continuing operations, SEK*	2,41	2,99	1,17	1,24	1,33	1,15	1,44	4,89	5,47
Earnings per total shares, SEK*	2,41	2,99	1,17	1,24	1,32	1,15	1,44	4,88	5,46
Earnings per total shares from continuing operations, SEK*	2,41	2,99	1,17	1,24	1,33	1,14	1,44	4,88	5,46

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK MILLION)

	2013-06-30	2012-06-30	2012-12-31
Fixed assets			
Goodwill	67	66	66
Other intangible assets	84	75	91
Total intangible assets	150	141	157
Property, plant and equipment	204	200	202
Total property, plant and equipment	204	200	202
Financial assets	1,3	0,1	0,1
Total financial assets	1,3	0,1	0,1
Total fixed assets	356	341	359
Deferred tax assets	1,4	2,4	1,4
Current assets			
Inventories	284	258	295
Current receivables	304	293	264
Cash and cash equivalents	138	133	181
Total current assets	726	684	740
Total assets	1 083	1 027	1 101
Equity	658	634	689
Non-current interest-bearing liabilities	18	21	19
Provisions for pensions	1,0	1,2	0,5
Non-current non-interest-bearing liabilities	0,0	4,6	0,7
Deferred tax liabilities	61	65	62
Total non-current liabilities	81	91	82
Current interest-bearing liabilities	122	95	101
Current non-interest-bearing liabilities	223	207	228
Total current liabilities	345	302	329
Total equity and liabilities	1 083	1 027	1 101

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK MILLION)

	2013-06-30	2012-06-30	2012-12-31
At beginning of year	689	646	646
Comprehensive income for the period			
Profit/loss for the period	56	70	126
Other comprehensive income for the period	0,0	-1,0	-3,1
Comprehensive income for the period	56	69	123
Dividends paid	-87	-81	-81
At the end of the period	658	634	689

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

	Jan-June 2013	Jan-June 2012	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Operating cash flows									
before movements in working capital	68	84	34	34	36	34	41	138	154
Movements in working capital	-23	-26	-4	-19	12	-13	-5,7	-25	-28
Operating cash flows	45	58	30	15	47	21	35	113	126
Investing cash flows	-20	-32	-5,6	-15	-18	-10	-18	-48	-60
Cash flows after investing activities	25	26	25	0,2	29	11	17	65	66
Financing cash flows									
- Change in financial liabilities	19	26	11	8,3	16	-7,2	8,9	28	35
- Dividends paid	-87	-81	-87	0,0	0,0	0,0	-81	-87	-81
Financing cash flow	-67	-54	-76	8,3	16	-7,2	-72	-59	-46
Cash flow for the period	-43	-29	-51	8,5	45	3,6	-55	5,8	20
Cash and cash equivalents at the beginning of the period	181	162	188	181	135	133	188	133	162
Exchange rate difference	-0,6	-0,2	0,8	-1,4	0,5	-1,0	-0,1	-1,0	-0,7
Cash and cash equivalents at the end of the period	138	133	-50	188	180	135	133	137	181

KEY PERFORMANCE INDICATORS

	Jan-June 2013	Jan-June 2012	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Return on equity, %	8,3	10,7	4,2	4,1	4,1	4,1	5,3	16,5	18,9
Return on capital employed, % *	9,8	13,3	4,8	5,0	3,4	5,1	6,7	18,3	21,8
Return on total capital % *	7,2	9,6	3,5	3,7	2,5	3,7	4,8	13,4	15,8
Equity/assets ratio, %	60,7	61,7							62,6
Earnings per outstanding share, SEK	2,41	3,00	1,17	1,24	1,32	1,15	1,45	4,88	5,47
Earnings per outstanding share from continuing operations, SEK*	2,41	2,99	1,17	1,24	1,33	1,15	1,44	4,89	5,47
Earnings per total shares, SEK	2,41	2,99	1,17	1,24	1,32	1,15	1,44	4,88	5,46
Earnings per total shares from continuing operations, SEK*	2,41	2,99	1,17	1,24	1,33	1,14	1,44	4,88	5,46
Equity per total shares, SEK	28,39	27,38							29,74
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, % *	8,8	11,3	8,3	9,3	6,8	10,4	10,9	8,7	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-June 2013	Jan-June 2012	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Trailing 12 mth	Full year 2012
Net sales	11	9,1	5,6	4,9	27	4,9	4,4	42	41
Operating costs	-23	-20	-12	-11	-10	-7,7	-10	-40	-38
Depreciation	-2,8	-1,5	-1,4	-1,3	-1,7	-1,0	-0,8	-5,4	-4,2
Operating profit	-15	-12	-7,8	-7,0	15	-3,8	-6,4	-3,4	-0,7
Income from investments in Group companies	30	31	30	0,0	120	0,0	31	150	151
Net financial income/expense	0,7	0,9	0,0	0,7	0,2	0,2	0,5	1,1	1,3
Profit/loss after financial items	16	19	23	-6,3	136	-3,6	25	148	151
Year-end appropriations	0,0	0,0	0,0	0,0	-23	0,0	0,0	-23	-23
Pre-tax profit/(loss)	16	19	23	-6,3	113	-3,6	25	125	129
Tax	3,1	3,0	1,7	1,4	-30	0,9	1,5	-26	-26
Profit/loss for the period	19	22	24	-4,9	83	-2,6	26	99	103

CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

Assets	2013-03-31	2012-03-31	2012-12-31
Intangible fixed assets	22	15	21
Property, plant and equipment	20	21	21
Financial assets	330	316	326
Total fixed assets	372	352	368
Current receivables	143	174	226
Cash on hand and demand deposits	107	89	124
Total current assets	250	263	350
Total assets	622	615	718
Equity and liabilities			
Equity	317	304	385
Untaxed reserves	153	130	153
Deferred tax liabilities	1,8	2,0	1,7
Non-current non-interest-bearing liabilities	0,0	4,6	0,7
Total non-current liabilities	0,0	4,6	0,7
Current interest-bearing liabilities	0,0	0,0	0,0
Current non-interest-bearing liabilities	150	174	178
Total current liabilities	150	174	178
Total equity and liabilities	622	615	718
Pledged assets	7,5	7,5	7,5
Contingent liabilities	187	202	182

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

