



Interim report Q1 2014.

First quarter of 2014.

- Incoming orders rose 15% to SEK 486 million (423)
- Net sales rose 12% to SEK 466 million (417)
- Operating profit before amortisation of acquisition-related intangible fixed assets (EBITA) rose 10% to SEK 47 million (43)
- Excluding non-recurring lawsuit-related expenses, EBITA rose 21% to SEK 52 million (43)
- Profit before tax rose 9% to SEK 42 million (38)
- Profit after tax rose 12% to SEK 32 million (29)
- Earnings per share were SEK 1.38 (1.24)
- Two acquisitions with an annual turnover of SEK 60 million were made



Chief Executive's Review.

Positive demand continues

Most of the markets have experienced continuing steady demand, which has led to a 15% increase in incoming orders and a 12% increase in sales in the first quarter. This marks the third consecutive quarter of positive sales growth. Excluding acquisitions and the impact of foreign currency exchange rate fluctuations, sales growth was 8%.

The rate of growth varies greatly across the operations. However, only a couple of the smaller operations have experienced negative growth. Even our key operations in Finland achieved 6% growth despite weak market conditions in the region Finland and the Baltic States. Growth was strongest in the operations in Denmark and Poland, but even the Swedish operations of Telfa AB, Internordic Bearings AB and Elektro Elco AB showed growth figures of more than 15%.

Two corporate acquisitions were completed

Two businesses were acquired during the quarter. These were Nexa Trading AB in Sweden and the majority of the operations of the Finnish company, Mytrade. The operations of Mytrade, which has a turnover of SEK 9 million, will be integrated into the operations of OEM Finland, marking the start of a new product area in vision products. Nexa Trading AB, which has a turnover of SEK 52 million, markets products for wireless control of lighting and such, and safety products for the home. The business will continue to operate as an independent company.

Strong performance

Operating profit before amortisation of acquisition-related intangible fixed assets (EBITA) was SEK 47 million (43), which is an increase of 10% and is on a level with the record first quarter of 2011. The strong performance is mainly the result of the increase in sales.

Internordic Bearings AB has been involved in a lawsuit and a judgement was passed in March. The judgement means that Internordic incurs SEK 4.9 million in expenses, which are charged to the consolidated income statement for the period. EBITA amounts to SEK 52 million when these expenses have been excluded. This represents an increase of 21% over the first quarter of last year and is a record level for the Group.

Strong financial position

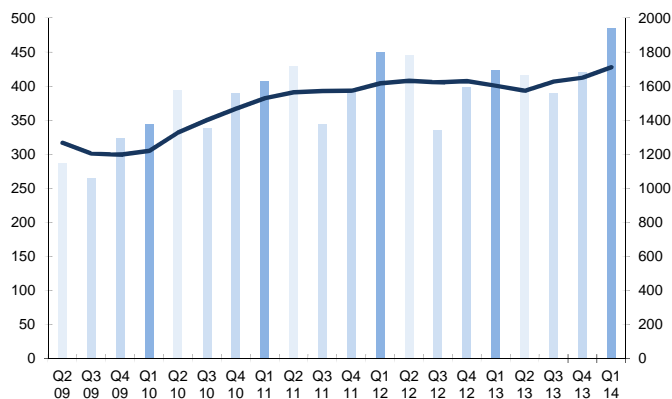
OEM continues to enjoy a strong financial position and a stable cash flow. The equity/assets ratio will be over 50% even after the proposed SEK 4 per share dividend and the proposed SEK 10 per share redemption scheme. Furthermore, we see good opportunities to continue developing our operations and pursuing add-on acquisitions.



Jörgen Zahlin

Incoming orders

SEK million



Incoming orders

Incoming orders increased by 15% to SEK 486 million (423). For comparable entities, incoming orders rose 12% and acquired orders were 3%.

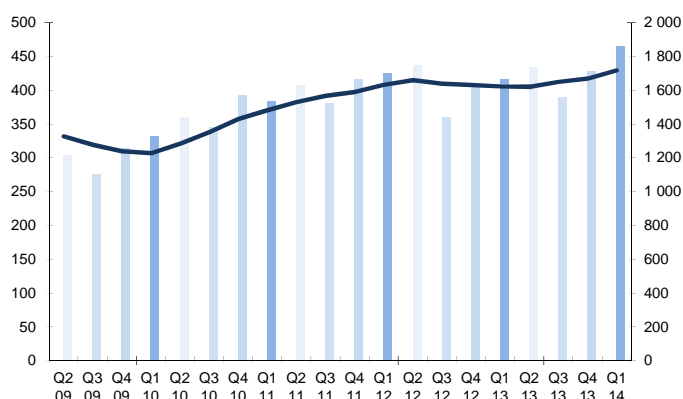
During the first quarter of 2014, incoming orders were 4% higher than net sales.

The order book reached SEK 236 million and was on a level with the same period last year.

The increase for comparable entities in the last quarter reflects a slightly stronger business position in most of the markets.

Net sales

SEK million



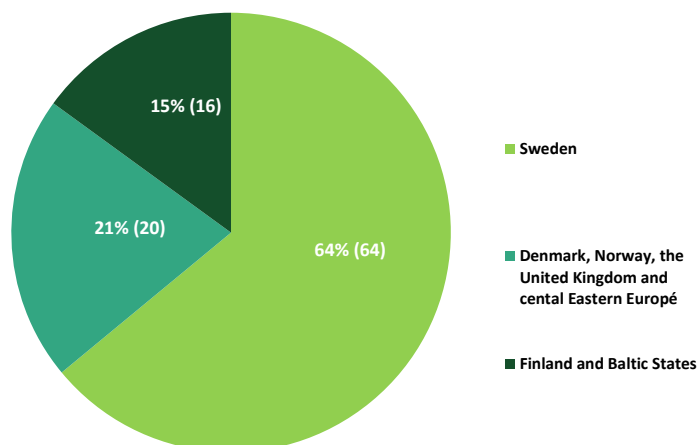
Sales growth

Net sales rose 12% to SEK 466 million (417). For comparable entities, net sales rose 9% and acquired net sales were 3%.

Foreign currency exchange rate fluctuations had a positive 1% impact on net sales.

Elektro Elco AB, Internordic Bearings AB and Telfa AB in Sweden, and the operations in Denmark and Poland, reported the largest positive growth in net sales compared to the corresponding quarter of last year.

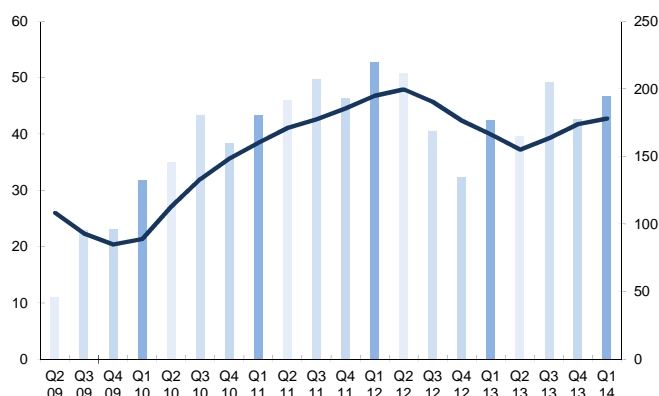
Share per region



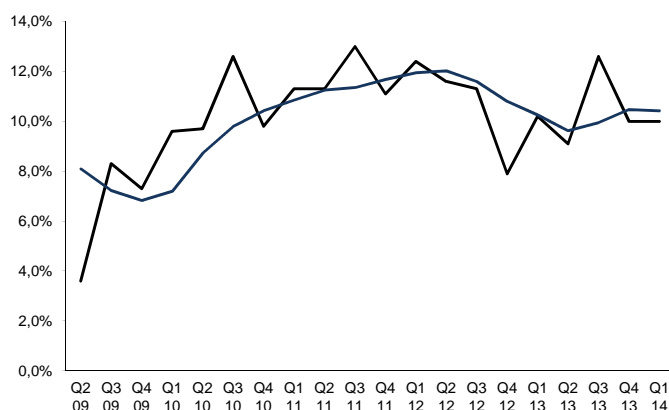
There are marginal percentage changes across the regions, compared to the corresponding period of last year. Because of the relatively weaker demand in Finland and the Baltic States the region decreases by 1%. A strong growth in Denmark and Poland, makes the region of Denmark, Norway, the UK and Central Eastern Europe increasing its share by 1%.

EBITA*

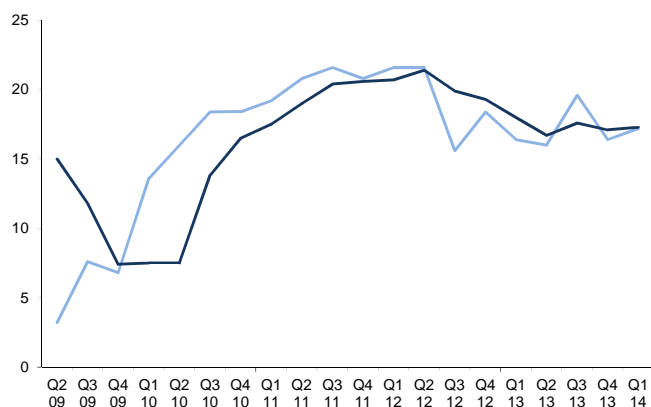
SEK million



EBITA margin*



Return on equity



Earnings trend

Operating profit before amortisation of acquisition-related intangible fixed assets (EBITA) was SEK 47 million (43), which is an increase of 10%. The operating margin before amortisation of intangible fixed assets (EBITA margin) was 10% (10%).

Non-recurring expenses of SEK 4.9 million, related to the lawsuit, have been charged to operating profit. A description of the lawsuit can be found on page 8. EBITA amounts to SEK 52 million when these expenses have been excluded. This represents an increase of 21% over the first quarter of last year.

The increase in the operating profit is a consequence of a rise in net sales.

Profit after tax increased by 12% to SEK 32 million (29).

Earnings per share were SEK 1.38 (1.24).

* As from 1 January 2014, OEM will report EBITA (operating profit before amortisation of acquisition-related intangible fixed assets) to reflect the ongoing operating profit of the companies. Figures for previous reporting periods are restated.

Return

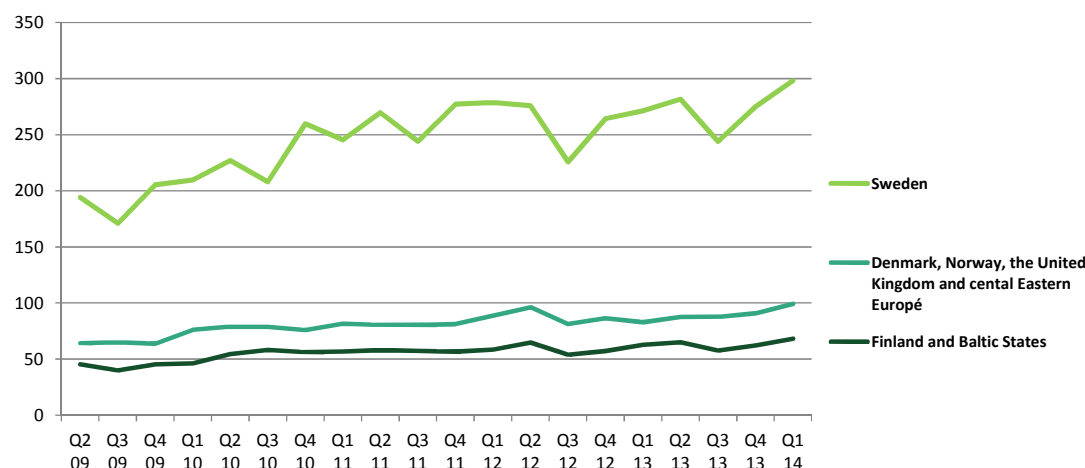
The return on equity was 4.3% compared to 4.1% for the year-ago quarter.

The trailing-twelve-month return on equity was 17%, falling short of the 20% target.

Shareholders' equity amounted to SEK 757 million (710) with an equity/assets ratio of 62% (64%) on 31 March 2014.

Sales growth by region per quarter

SEK
million



There are small percentage changes across the regions over the period and all regions are experiencing relatively 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.

SEK million	2014 Q1	2013 Q1	2013 Full year	Trailing 12
Incoming orders	310	270	1,048	1,088
Net sales	298	271	1,072	1,099
EBITA	38	37	145	146
EBITA margin	13%	14%	14%	13%

Net sales rose 10% to SEK 298 million (271) in the first quarter due to increasing demand on existing entities and the acquisition of Nexa Trading. Comparable entities reported a 6% increase. Exchange rate fluctuations had a positive 1% impact on net sales.

Incoming orders were also strong and increased by 15% to SEK 310 million (270).

Incoming orders were 4% higher than net sales in the first quarter of 2014, which is a positive sign.

EBITA rose 2% to SEK 38 million (37). Excluding the non-recurring expenses related to the lawsuit, EBITA rose 15% to SEK 42 million.

Finland and the Baltic States.

OEM Automatic FI, Akkupojat Oy, OEM Electronics FI, OEM Automatic OU, OEM Automatic UAB, OEM Automatic SIA, OEM Automatic (Shanghai) Co.Ltd.

SEK million	2014 Q1	2013 Q1	2013 Full year	Trailing 12
Incoming orders	71	65	246	252
Net sales	68	63	248	253
EBITA	5	5	18	18
EBITA margin	7%	8%	7%	7%

Demand has generally been weak as a result of the slow growth across Finnish industries. Yet in spite of this, net sales increased by 9% to SEK 68 million (63) in the first quarter. Comparable entities reported a 7% increase. Exchange rate fluctuations had a positive 3% impact on net sales. This means that organic growth was 4%, which is explained by increased market share.

Incoming orders were also strong and increased by 9% to SEK 71 million (64).

Incoming orders were 4% higher than net sales in the first quarter of 2014, which is a positive sign.

EBITA decreased by 6% to SEK 4.7 million (5.0), due to specific increases in costs related to marketing investments in Finland.

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	2014 Q1	2013 Q1	2013 Full year	Trailing 12
Incoming orders	105	89	244	371
Net sales	99	83	349	365
EBITA	8	6	27	29
EBITA margin	8%	7%	8%	8%

Net sales rose 20% to SEK 99 million (83) in the first quarter due to increasing demand, particularly in Slovakia, Denmark and Poland. Exchange rate fluctuations had a positive 3% impact on net sales, which means that organic net sales rose 17% for the region.

Incoming orders were also strong and increased by 18% to SEK 105 million (89).

Incoming orders were 6% higher than net sales in the first quarter of 2014, which is a positive sign.

EBITA rose 42% to SEK 8.4 million (5.9), due primarily to increased sales.

Other financial information.

Cash flow

Operating cash flow was SEK 43 million (15) in the first quarter. Cash flow totalled SEK 25 million (9) in the first quarter and was affected, in part, by investing activities of SEK -25 million (-15).

Investments

The Group's investments in property, plant and equipment totalled SEK 26 million (15). Property, machinery and equipment accounted for SEK 4 million (8), other intangible assets for SEK 0 million (1) and business combinations for SEK 22 million (6).

Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 198 million (188). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 548 million (392) on 31 March 2014.

Intangible assets

Amortisation of intangible assets totalling SEK 5.5 million (4.6) has been charged to the income statement. The carrying amount in the Statement of Financial Position on 31 March 2014 was SEK 174 million (152).

Equity/assets ratio

On 31 March 2014, the equity/assets ratio was 62% (64%).

Employees

The Group's average number of employees for the period was 647 (621).

At the end of the period, the number of employees was 643 (621). 5 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.

Acquisitions

On 15 January 2014, the majority of the operations of the Finnish company Mytrade, was acquired. Mytrade's core business is the marketing of visions systems. The business, which generated a SEK 9 million turnover in 2013, will be integrated into the operations of OEM Automatic Finland and become part of the Finland and Baltic States region on 1 January 2014.

On 27 January 2014, all of the shares in Nexa Trading AB were acquired. The company markets products, primarily in the Nordic countries, for wireless control of lighting and such, and safety products for the home. It generated a SEK 52 million turnover in 2013. The company became part of Region Sweden on 1 January 2014.

The total consideration for the businesses acquired was SEK 26.5 million, plus a contingent consideration estimated at SEK 13.5 million, based on how the businesses develop in the 2014 – 2016

period. Following the acquisitions, OEM's consolidated net sales increased by SEK 12 million and operating profit by SEK 1.3 million.

Preliminary acquisition analysis (SEK million)

The acquired companies' net assets at the time of acquisition	Company carrying amounts	Fair value adjustment	Group fair value
Intangible fixed assets	0.1	21.8	21.9
Other fixed assets	0.1	-	0.1
Inventories	9.3	-	9.3
Other current assets	15.5	-	15.5
Cash and cash equivalents	-	-	-
Deferred tax liabilities	- 1.2	-4.9	-6.1
Other liabilities	-12.7	-	-12.7
Net identifiable assets/liabilities	11.1	16.9	28.0
Consolidated goodwill	-	12.0	12.0
Cash consideration			40.0

As a result of the acquisitions, other intangible assets have increased by SEK 21.8 million. The amount relates to customer relationships that will be amortised over a five-year period.

OEM normally uses an acquisition structure with a base consideration and contingent consideration. Contingent consideration is initially valued at the present value of the probable earnings, which amounts to SEK 13.5 million for the acquisitions this year. The period for contingent consideration is two to three years and the earnings may amount to a maximum of SEK 17.8 million. Acquisition-related transaction expenses for the period amount to SEK 0.0 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.

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 6 and 7 and pages 47 to 49

of the 2013 annual report. There is still no clear picture of developments in the market for the Group's three regions.

Litigation

At the beginning of April, 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.

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 6.7 million (4.9) and profit after financial items was SEK -5.5 million (- 6.3). 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.

Tranås, Sweden, 29 April 2014

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 29 April 2014 at 2 p.m.

The regions' sales and earnings.

SALES & EARNINGS BY REGION *

Net sales (SEK million) *

	Jan- March 2014	Jan- March 2013	Q4 2013	Q3 2013	Q2 2013	Trailing 12 mth	Full year 2013
Sweden, external income	298	271	275	244	282	1 099	1 072
Sweden, income from other segments	22	19	22	21	19	85	82
Finland and the Baltic States, external income	68	63	62	58	65	253	248
Finland and the Baltic States, income from other segments	1	1	1	1	1	3	3
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	99	83	91	88	88	365	349
Denmark, Norway, the United Kingdom and Central Eastern Europe, income from other segments	0	0	0	0	0	1	1
Other operating segments/elimination	-23	-20	-23	-22	-20	-89	-86
	466	417	428	389	434	1 717	1 668

Operating profit (SEK million) *

	Jan- March 2014	Jan- March 2013	Q4 2013	Q3 2013	Q2 2013	Trailing 12 mth	Full year 2013
Sweden	35	35	33	36	33	137	137
Finland and the Baltic States	4	4	4	4	4	15	15
Denmark, Norway, the United Kingdom and Central Eastern Europe	7	5	6	7	5	25	23
	46	44	43	47	41	177	175

Consolidated profit/loss (SEK million) *

	Jan- March 2014	Jan- March 2013	Q4 2013	Q3 2013	Q2 2013	Trailing 12 mth	Full year 2013
Operating profit segment above	46	44	43	47	41	177	175
Group functions	-4	-5	-4	-2	-5	-15	-16
Net financial items	-1	-1	0	-1	0	-2	-2
Pre-tax profit/(loss)	42	38	39	44	36	161	157

The Group's performance and financial position.

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

	Jan- March 2014	Jan- March 2013	Q4 2013	Q3 2013	Q2 2013	Trailing 12 mth	Full year 2013
Continuing operations							
Net sales	466	417	428	389	434	1 717	1 668
Other operating income	-	-	2	1	0	3	3
Operating costs ***	-413	-369	-381	-334	-389	-1 517	-1 474
Depreciation of fixed assets	-11	-9	-10	-11	-10	-41	-39
Operating profit	42	39	39	45	36	162	159
Net financial income/expense	-1	-1	0	-1	0	-2	-2
Pre-tax profit/(loss)	42	38	39	44	36	161	157
Tax	-10	-9	-7	-11	-9	-36	-36
Profit/loss for the period from	32	29	32	33	27	124	121
EBITA**	47	43	43	49	40	178	174
Profit/loss for the period	32	29	32	33	27	124	121
Other comprehensive income							
Items that have been transferred or may recycled to net income							
Exchange differences for the period on translation of overseas operations	1	-7	4	-1	7	11	4
Items that can not be recycled to net profit							
Revaluation of defined- benefit pension plans	0	-	0	-2	0	-2	-2
Other comprehensive income for the period	1	-7	4	-2	7	9	2
Comprehensive income for the period	33	22	36	31	34	134	123
Earnings per outstanding share, SEK*	1,38	1,24	1,38	1,45	1,17	5,38	5,24
Earnings per total shares, SEK*	1,38	1,24	1,38	1,44	1,17	5,37	5,23

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

** Definition of EBITA; Operating profit before amortisation of acquisition-related intangible fixed assets.

*** Costs of SEK 4.9 million relating to a lawsuit judgement have been charged to operating expenses in the January to March 2014 period.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK MILLION)

	2014-03-31	2013-03-31	2013-12-31
Fixed assets			
Goodwill	79	66	67
Other intangible assets	95	86	78
Total intangible assets	174	152	145
Property, plant and equipment	209	202	211
Total property, plant and equipment	209	202	211
Financial assets	0	1	0
Total financial assets	0	1	0
Total fixed assets	384	355	356
Deferred tax assets	2	1	2
Current assets			
Inventories	285	274	302
Current receivables	344	300	267
Cash and cash equivalents	198	188	173
Total current assets	827	762	742
Total assets	1 213	1 118	1 100
Equity	725	689	
Non-current interest-bearing liabilities	23	19	24
Provisions for pensions	4	1	4
Other provisions	5	-	-
Non-current non-interest-bearing liabilities	8	-	-
Deferred tax liabilities	70	61	64
Total non-current liabilities	110	81	92
Current interest-bearing liabilities	103	107	88
Current non-interest-bearing liabilities	243	220	194
Total current liabilities	346	326	283
Total equity and liabilities	1 181	1 096	375

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK MILLION)

	2014-03-31	2013-03-31	2013-12-31
At beginning of year	725	689	689
Comprehensive income for the period			
Profit/loss for the period	32	29	121
Other comprehensive income for the period	1	-7	2
Comprehensive income for the period	33	22	123
Dividends paid	-	-	-87
At the end of the period	757	710	725

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

	Jan- March 2014	Jan- March 2013	Q4 2013	Q3 2013	Q2 2013	Trailing 12 mth	Full year 2013
Operating cash flows							
before movements in working capital	44	34	47	43	34	169	158
Movements in working capital	-2	-19	12	-14	-4	-7	-24
Operating cash flows	43	15	59	30	30	162	134
Investing cash flows	-25	-15	-12	-12	-6	-55	-44
Cash flows after investing activities	17	0	47	18	25	107	90
Financing cash flows							
- Change in financial liabilities	7	8	-18	-11	11	-11	-10
- Dividends paid	-	-	-	-	-87	-87	-87
Financing cash flow	7	8	-18	-11	-76	-98	-97
Cash flow for the period	25	8	29	7	-51	8	-7
Cash and cash equivalents at the beginning of the period	173	181	144	138	188	188	181
Exchange rate difference	0	-1	0	0	1	-1	-1
Cash and cash equivalents at the end of the period	198	188	173	144	138	188	173

KEY PERFORMANCE INDICATORS

	Jan- March 2014	Jan- March 2013	Q4 2013	Q3 2013	Q2 2013	Trailing 12 mth	Full year 2013
Return on equity, %	4,3	4,1	4,2	4,6	4,2	17,3	17,1
Return on capital employed, % **	5,5	5,2	5,0	6,0	5,1	21,6	21,3
Return on total capital % ***	4,1	3,9	3,7	4,6	3,7	16,1	15,9
Equity/assets ratio, %	62,4	63,5					65,9
Earnings per outstanding share, SEK	1,38	1,24	1,38	1,45	1,17	5,38	5,24
Earnings per total shares, SEK	1,38	1,24	1,38	1,44	1,17	5,37	5,23
Equity per total shares, SEK	32,69	30,65					31,28
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, %	9,1	9,3	9,4	11,4	8,3	9,6	9,5
EBITA-margin, % *	10,0	10,2	10,0	12,6	9,1	10,4	10,5

* Definition of EBITA margin; EBITA divided by net sales.

EBITA = Operating profit before amortisation of acquisition-related intangible fixed assets.

**EBITA plus finance income as a percentage of average capital employed.

***EBITA plus finance income as a percentage of average total capital.

The Parent Company's performance and financial position.

CONDENSED INCOME STATEMENT OF THE PARENT COMPANY (SEK MILLION)

	Jan- March 2014	Jan- March 2013	Q4 2013	Q3 2013	Q2 2013	Trailing 12 mth	Full year 2013
Net sales	7	5	21	6	6	39	38
Operating costs	-11	-11	-11	-9	-12	-43	-43
Depreciation	-2	-1	-2	-1	-1	-6	-6
Operating profit	-6	-7	9	-5	-8	-10	-11
Income from investments in Group companies	-	-	-4	-	30	26	26
Net financial income/expense	0	1	0	0	0	1	1
Profit/loss after financial items	-5	-6	5	-4	23	17	16
Year-end appropriations	0	0	107	0	-	107	107
Pre-tax profit/(loss)	-5	-6	112	-4	23	124	124
Tax	1	1	-26	1	2	-22	-22
Profit/loss for the period	-4	-5	86	-4	24	102	102

CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

Assets	2014-03-31	2013-03-31	2013-12-31
Intangible fixed assets	22	21	23
Property, plant and equipment	21	21	20
Financial assets	360	326	324
Total fixed assets	403	368	367
Current receivables	219	207	237
Cash on hand and demand deposits	142	144	139
Total current assets	361	351	376
Total assets	764	719	743
Equity and liabilities			
Equity	395	380	400
Untaxed reserves	177	153	177
Deferred tax liabilities	2	2	2
Non-current non-interest-bearing liabilities	8	-	-
Total non-current liabilities	8	-	-
Current interest-bearing liabilities	-	-	-
Current non-interest-bearing liabilities	182	185	164
Total current liabilities	182	185	164
Total equity and liabilities	764	719	743
Pledged assets	7,5	7,5	7,5
Contingent liabilities	194	202	192



One of Europe's leading technology trading companies with 29 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 25,000 products in the areas of electrical components, flow components, motors and transmissions, ball bearings and seals, appliance components and lighting. The Group has a customer base of more than 20,000 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.



www.oem.se