



Annual Report 2015



The Annual General Meeting will be held on Tuesday 26 April, at 4.00 pm at Badhotellet's Conference Centre, Ågatan 16, Tranås, Sweden.

Registration

Shareholders wishing to attend the Annual General Meeting must:

- be entered in the share register held by Euroclear Sweden AB by Wednesday 20 April 2016.
- notify the company no later than Wednesday 20 April 2016, before 1 pm, at:

OEM International AB,
Box 1009, 573 28 TRANÅS, Sweden
Tel. +46 (0)75-242 40 05, 075-242 40 10 or e-mail: ir@oem.se

When notifying OEM of their attendance, shareholders should state their name, personal identity number (company registration number), address, phone number, their shareholding and the names of any proxies.

Shareholders who have registered their shares in the name of an authorised agent must temporarily register the shares in their own name with Euroclear Sweden AB by Wednesday 20 April 2016 to be entitled to attend and vote at the Annual General Meeting.

If participation is by proxy, the power of attorney form and any authorisation documents must be sent to the company in good time before the Annual General Meeting. A representative of

a legal entity must also submit a signed copy of a registration certificate or equivalent authorisation document to show that they may represent the legal entity. Shareholders who wish to be represented by proxy may obtain a power of attorney form from the company's head office or its website www.oem.se no later than 24 March 2016.

Dividends

The Board of Directors recommends to the Annual General Meeting a dividend of SEK 5.00 per share for the financial year 2015 and Thursday 28 April 2016 as the record date. If approved by the Annual General Meeting, the dividend is payable on Tuesday 3 May 2016 to shareholders on the share register on the record date.

Business

A notice stating the agenda and business of the Annual General Meeting will be published in the daily press and will be available on OEM's website, www.oem.se.

The agenda can also be obtained from the company when registering to attend the Meeting.

Future reports

Interim report, January–March, 26 April 2016
Interim report, January–June, 13 July 2016
Interim report, January–September, 20 October 2016
Financial statement 2016, 17 February 2017
Annual Report 2016, March/April 2017

Contents

Group summary	4
Chief Executive's Review	6
Vision, business concept, goals and strategies	8
Acquisitions	10
Acquisition of Rydahls	12
Value-adding link	14
Business model	15
Product areas	16
Region Sweden	18
Region Finland, the Baltic states and China	20
Region Denmark, Norway, the United Kingdom and Central Eastern Europe	22
Employees	24
Quality and the environment	26

Annual Report

Five-year Group Summary	29
Key Performance Indicators	30
Directors' Report including the Corporate Governance Statement	31

Financial Statements of the Group

Statement of Income	38
---------------------------	----

Statement of Comprehensive Income	39
Statement of Financial Position	40
Statement of Changes in Equity	42
Statement of Cash Flows	43

Financial Statements of the Parent Company

Income Statements	44
Balance Sheet	45
Statement of Changes in Equity	47
Cash Flow Statement	8

Accounting Policies

and Notes to the Financial Statements

Proposed allocation of profits	82
Auditors' Report	83

Other information

Board of Directors	84
Senior executives	85
OEM shares	86
Definitions	90
Addresses	91

AN HISTORICALLY GOOD YEAR FOR OEM

OEM enjoyed record sales and earnings in 2015. Net sales amounted to SEK 2,232 million. This represented an 18% increase over 2014. Acquisitions and foreign currency effects accounted for 12 percentage points of the increase. All regions experienced positive growth in 2015 and pushed OEM's sales figures up to the highest ever.

Operating profit (EBITA) was SEK 246

million. This was an increase of 26% over 2014, which had previously been the most profitable year in OEM's history. The strong growth in 2015 also meant that OEM exceeded its financial targets for the year.

Three acquisitions

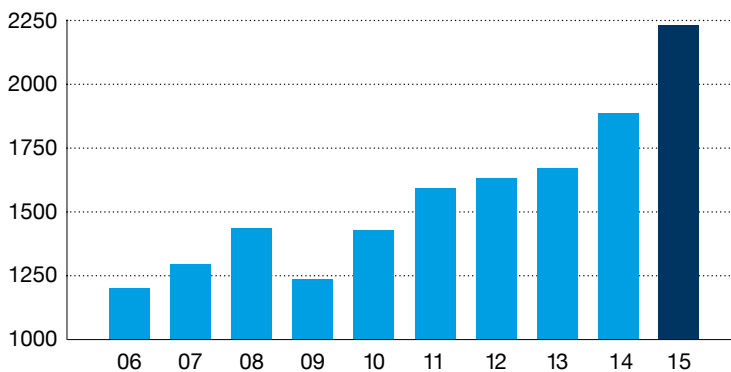
During the year, OEM completed one major and two minor acquisitions, which together increased Group sales by about SEK 150

million. The acquired businesses are the Swedish companies Rydahls and ATC Tape Converting and the Finnish company Scannotec.

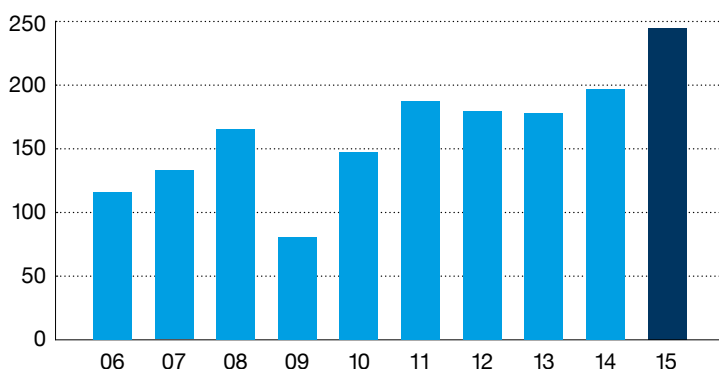
Increased dividend proposed

The Board of OEM proposes an increase in the dividend to SEK 5.00 per share (4.25). This would be the sixth consecutive year of increased dividends.

SALES GROWTH (SEK MILLION)



EARNINGS TREND EBITA (SEK MILLION)



Summary

	2015	2014	%
Net sales (SEK MILLION)	2,232	1,887	18
Profit before tax (SEK MILLION)	221	176	26
Profit/loss for the year (SEK MILLION)	173	137	27
EBITA	246	196	26
Earnings per share (SEK)	7.50	5.92	27
Shareholders' equity per share (SEK)	26.85	23.82	13
Average no. of employees	727	654	11
Equity/assets ratio %	51	49	
Share price at year-end (SEK)	141.00	110.00	28
Proposed dividend (SEK)	5.00	4.25	18

OEM AT A GLANCE

OEM is one of Europe's leading technology trading groups. The company is a link between its customers and leading manufacturers of products and systems for industrial applications. OEM brings value to its customers by offering an extensive and diverse range of products coupled with considerable technical and applications expertise. OEM creates value for its suppliers by being the best distribution channel available to them in OEM's markets. With a strong sales organisation, OEM serves as the extended arm of the suppliers in each market and aims to make them the leading players in their niches.

Offering

OEM has a portfolio of more than 50,000

products from over 300 suppliers who, with strong brands, are among the leading players in their respective niches. OEM's extensive product know-how, years of experience and outstanding applications expertise enable the company to be a strategic partner in multiple stages of the customers' value chain – from product development and design to purchasing and production.

Market

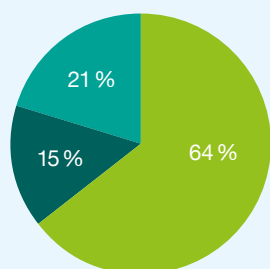
OEM has 33 operating business units in 14 countries split into three geographic regions. Sweden is the company's domestic market. It is also the largest region and OEM has a market leading position in most of its product areas. In other regions, the

company's position varies from market to market. The goal is for OEM to be one of the largest players in all its chosen markets.

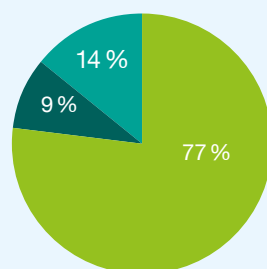
Customers

OEM's customers are primarily found in various segments in the manufacturing sector. Many of them are so-called Original Equipment Manufacturers (OEM), which means that they manufacture various kinds of machinery and equipment using constituent components from subcontractors. Other customers include installation companies, wholesalers and retailers for the professional and consumer markets.

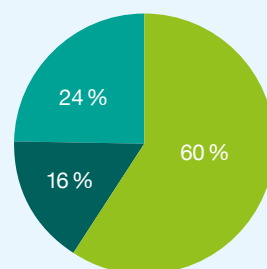
Sales



EBITA



Employees



- Sweden
- Finland, Baltic states and China
- Denmark, Norway, the United Kingdom and Central Eastern Europe

1974
OEM Automatic AB is set up by the Franzén and Svenberg families.

1982
Set up in Norway.

1986
First acquisition Industri AB Reflex.

1989
The first subsidiary outside Scandinavia is set up in the UK.

1993
The A. Karlson Group is acquired.

1997
OEM and Cyncrona merge. Acquisition of Internordic Bearings.

1974

1981
The first overseas subsidiary is established in Finland.

1983
Launch on the Stockholm Stock Exchange. Set up in Denmark. Sales total approximately SEK 30 million.

1988
Sales exceed SEK 100 million for the first time.

1991
OEM International is formed and becomes the parent company.

1996
Sales exceed SEK 500 million for the first time.

1998
Subsidiary set up in Poland.

33

OPERATIONS IN
14 COUNTRIES

25,000

CUSTOMERS

300

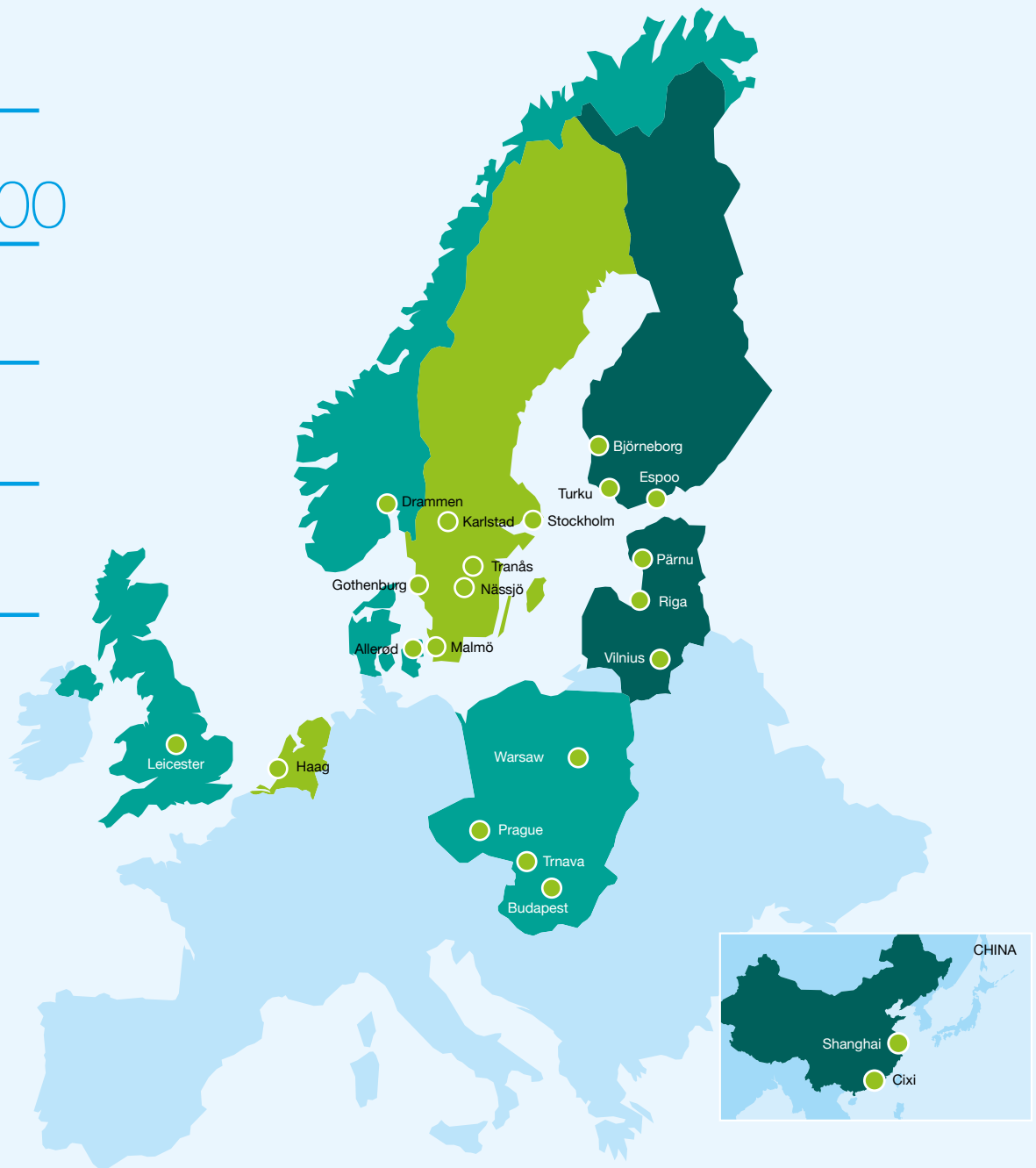
SUPPLIERS

2.2

BILLION IN
TURNOVER

727

EMPLOYEES



1999
Four acquisitions
completed.

2001
Telecom crisis.

2002
Sales declined by
30 %.

2006
Presence established
in the Czech Republic
through acquisition
of EIG.

2007
Acquisition of Crouzet,
MPX Electra and Klitsö.

2009
Set up in China.

2011
Acquisition of Svenska
Batteripoolen,
Echobeach, Scapro,
Helag and Flexitron.
Set up in Hungary.

2014
Acquisition of Nexa,
Mytrade, Scanding,
Kübler and agent for
Conta-Clip.

2000
Jörgen Zahlin is ap-
pointed as Managing
Director. Acquisition of
Ernstström Hydraulik.

2005
Acquisition of Telfa
and sale of hydraulics
operations.

2008
Acquisition of Elektro
Elco and OK Kaapelit's
operations. Set up in
Slovakia.

2010
New logistics centre
in Sweden and new
e-commerce platform
Acquisition of All
Motion and sale of
Cyncrona.

2012
Acquisition of Vanlid
Transmission, TemFlow
Control, Akkupojat
and Datasensor UK.
New logistics centre in
Finland.

2015
Record sales and
earnings. Acquisition
of Rydahls, ATC Tape
Converting and
Scannotec.

A RECORD YEAR

OEM enjoyed a record year in 2015, with sales exceeding two billion kronor and earnings two hundred million kronor for the first time. The previous record year was 2000 when OEM's business was largely focused on the telecommunications industry and acquisitions were the key reason for its rapidly growing sales. That was turned on its head completely by the telecom crash and OEM decided to revert to its original idea of operating as a technology group trading in industrial components and systems.

Today, sales increase through a combination of organic growth and acquisitions, in line with our strategies. We work closely with each individual operation to ensure that growth and profitability are achieved. Our successful growth is due to our stable and reliable operations where we strive to create value for suppliers and customers. A strong sales organisation and market position make us an attractive partner for the suppliers we represent. The combination of an extensive product range, which we are continuously developing, and advanced product and application expertise creates strong relationships with our customers.

Higher sales generate strong earnings

2015 was by far the best year yet for OEM in terms of both sales and earnings. Net sales were SEK 2,232 MILLION (1,887), an increase of 18% over the previous year. 8% of the sales growth comes from acquisitions, 4% from the effects of currency movements and 6% is organic growth.

The growth in sales, boosted by the effects of currency movements, has significantly raised earnings as can be

seen from the strong figures for the year. Operating profit (EBITA) was SEK 246 million (196), an increase of 26% over 2014. This represents an operating margin (EBITA) of 11.0% (10.4%).

Growth in all regions

2015 was a very strong year in Sweden, which is our largest region, with 21% sales growth and 28% earnings growth. Two companies that reported a particularly high rate of growth were OEM Electronics and Internordic Bearings. In OEM Electronics' case, this was underpinned by the effects of currency movements. OEM Automatic is also showing robust growth, which is a sign of strength as the company already holds strong market positions in a mature market. Another reason to be pleased is the strong growth reported by Svenska Batteripoolen and Flexitron, two companies that have grappled with a series of challenges in recent years.

In the Finland, Baltic states and China region, sales increased by 19% and earnings by 17%. The growth in sales in Finland is possibly the most impressive in the Group's growth in recent years. We have continued to expand in a market where industry is in a significant economic slump. Maintaining our working practices and initiatives there has been the formula for our success. This has improved our market share and brought a wider offering to our customers.

In the third region, which encompasses Denmark, Norway, the UK and countries in Central and Eastern Europe, sales were up 11% compared with 2014. Excluding the effects of currency movements and acquisitions, sales were up 2%. Our operations in the UK have reported

declining sales due to much lower demand during the year. The trend in the other mature markets has been good, however. It has been the same for the growth markets in the region too, with Hungary and Slovakia in particular showing significant growth rates, albeit from low levels. Earnings growth in the region was 14% compared with the previous year.

Cultivating leadership

OEM's success is based on a combination of strategies, leadership and culture. Leadership plays a particularly important role in this, as it ensures that work is performed in a consistent manner in line with the strategies and that the corporate culture, with its focus on performance and development, is maintained. A series of actions has been carried out at a central level in 2015 to develop and strengthen leadership. These complement the local and company-specific initiatives that are continuously in progress. A leadership conference has taken place and a Group-wide development programme for future leaders at OEM has been designed.

Three acquisitions during the year

Acquisitions are an important tool for us in developing our business. Acquisitions increase our sales, give us access to new products and markets, broaden our customer base and bring us new skills and expertise. In 2015, we completed three acquisitions. The largest of these at the start of the year was the acquisition of Rydahls, which specialises in brakes and generates sales of SEK 120 million. Two smaller acquisitions, ATC Tape Converting and Scannotec, were made after that. Together, they increased annual sales

by about SEK 150 MILLION which is in line with our goal of annually acquiring businesses with combined sales of SEK 100–150 million.

Just as with our other operations in the Group, we work very closely with our acquired companies. In the integration phase, we invest considerable time and energy in getting to know the companies and understanding how they are best managed. All the businesses we acquired during the year have developed well and have delivered the expected growth in earnings. We have also started to take advantage of synergies from the integration of the acquired companies with our other operations. Rydahls is one exciting example of this, having opened up a new market for our battery operations with its sales of spare parts for heavy vehicles.

Dividend increase for the sixth consecutive year

The Board has determined that dividends shall be paid by an amount considered reasonable based on OEM's financial position and taking into account any need for investments or potential acquisitions. The Board proposes an increase in the dividend to SEK 5.00 per share for 2015. This is equivalent to about 67 % of earnings per share after tax and a direct return of 3.5 % based on the year-end closing price. This proposal means that OEM has raised the dividend by an average of 17 % every year for the past 6 years.

Changing world

There is no doubt that 2015 has been a fantastic year for OEM. I would like to thank my colleagues who have helped drive the company forward. I would also like to

take this opportunity to welcome to OEM all the newcomers who have been hired or acquired. Welcome to the OEM family.

It is very pleasing that 2015 has been a successful year, but we cannot ignore the fact that the world is undergoing a lot of change. We have to stay on our toes and be aware that the market can change rapidly. We must also remember what has brought us to where we are today and neither allow ourselves to become complacent nor radically change our working practices. Our success is the result of long-term, consistent work in line with our strategies. We are meticulous, proactive and we solve problems as soon as they arise. Quite simply, what makes OEM successful is our attention to detail and creation of new business opportunities in each individual business. The most important task for us in 2016 is to continue this good work.

Tranås, March 2016

Jörgen Zahlin

Managing Director and CEO, OEM International AB.



VISION, BUSINESS CONCEPT, GOALS AND STRATEGIES

Vision

OEM shall be a leading technology trading group in industrial components and systems in selected markets in Northern, Central and Eastern Europe.

Business concept

OEM offers an extensive and detailed range of industrial components and systems from leading suppliers. A well-structured local market organisation and efficient logistics make OEM a better alternative to the suppliers' own sales organisations. OEM provides a high level of expertise and service and markets the products according to the specific conditions of each market.

Objectives

OEM's overall business objective is to be one of the largest technology trading companies in the company's chosen geographic markets. Profitability will be on par with, or better than, that of the largest players in each market.

Financial targets

OEM shall deliver sustainable profitable growth coupled with a good return on shareholders' equity and with minimal financial risk. The company has four financial targets.

Minimum sales growth of 10% per annum through a business cycle

Growth amounted to 18% in 2015.

Organic growth accounted for 6 percentage points, business acquired for 8 percentage points and the effects of currency movements for 4 percentage points.

Average annual sales growth was 9% in the last five-year period.

A minimum EBITA margin of 10% per annum through a business cycle

The EBITA margin amounted to 11.0% in 2015. The average EBITA margin was 10.9% in the last five years.

A minimum return on equity of 20% per annum through a business cycle

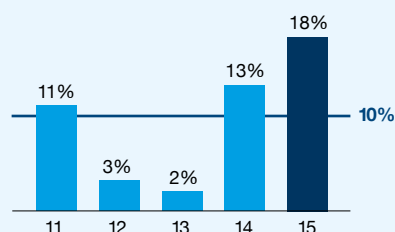
The return on equity amounted to 30% in 2015. The average return on equity was 22% in the last five years.

A minimum equity/assets ratio of 35%

The equity/assets ratio was 51% at the end of 2015. The average equity/assets ratio was 58% in the last five years.

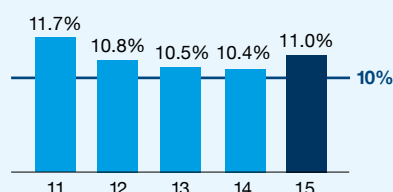
Profitable growth and strong financial position

SALES GROWTH %



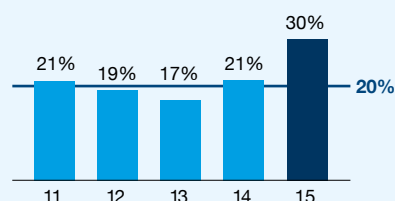
The result for 2015 was 18% compared with the minimum target of 10%.

EBITA MARGIN %



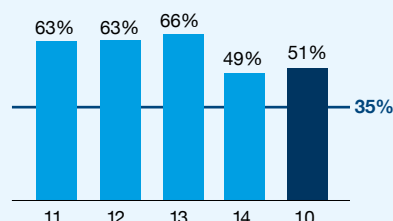
The result for 2015 was 11.0% compared with the minimum target of 10%.

RETURN ON EQUITY %



The result for 2015 was 30% compared with the minimum target of 20%.

EQUITY/ASSETS RATIO %



The result for 2015 was 51% compared with the minimum target of 35%.

— Goals and objectives



A key strategy for oem is the ongoing development of its range. The work is conducted throughout the Group and its purpose is to maintain and further strengthen its competitiveness.

Strategies

OEM has defined five strategic areas that are important to its future development and success and for achieving its financial targets.

Growth

OEM will create growth organically, through acquisitions and geographic expansion. These three together will generate growth that meets the growth target.

1) Organic growth

OEM gives priority to organic growth. OEM achieves organic growth by increasing its market share and expanding the range that the company offers its customers. OEM's operations are expected to grow above the underlying market growth in those areas where the company is well established. In markets where OEM has yet to achieve a position among the five largest players, its ambition is to achieve considerably higher growth.

2) Acquisitions

Business combinations are central to OEM's strategy for developing its operations. Acquisitions are made of companies and product ranges that strengthen OEM's market position within current product areas in existing markets and companies

that introduce a brand-new range or give OEM access to a new geographic market.

3) Geographic expansion

Geographic expansion into new markets will take place when it is possible for OEM to become a prominent player by representing several of the company's suppliers.

Product range

OEM shall offer a product range consisting of industrial components and systems from leading suppliers. The range is adapted to the local markets in which OEM operates. OEM's key strategy is ongoing development of its range and it implements this strategy through partnerships with existing and new suppliers. Each local marketing organisation is also tasked with finding new products that will further enhance the competitive edge of the portfolio of offerings.

Marketing activities

OEM shall have strong marketing activities based largely on face-to-face selling. Personal meetings are crucial to understanding customer needs, and a practical way for OEM to offer its experience and technical expertise.

Personal selling is supported by web-based and printed marketing communication materials.

Logistics

OEM shall develop logistics solutions that deliver excellent customer service and quality and a high level of cost-efficiency. The Group has 15 logistics units. Each unit adapts its range to current operations and works towards greater coordination of the stockholding with other warehouses. Products are customised and assembled to specific requirements in OEM's processing facilities which are located adjacent to many of its logistics units.

Employees and management

There should be a familial culture with a focus on entrepreneurship in all operations. OEM shall give its employees opportunities to develop within the company, taking account of business goals and strategies as well as the employees' ambitions. Recruitment and employee strategies will lead to a significant number of leadership positions being filled internally.

ACQUISITIONS MAKE OEM STRONGER

ACQUISITIONS ARE central to OEM's ongoing process of developing its operations, creating growth and expanding its range. Acquired businesses add volume, products, a wider customer base and enhance existing skills and bring new expertise to the Group. The company aims to add sales of SEK 100 to 150 million each year through acquisitions.

Acquisition strategy

OEM primarily strives for three kinds of acquisitions. The first two described here are the most common:

- Acquisitions that give access to products that strengthen OEM's portfolio of offerings in a market where the company already has a foothold.
- Acquisitions that give access to a completely new range in one of OEM's existing geographic markets.
- Acquisitions that give access to a new geographic market for one of OEM's existing product areas.

The acquired companies gain a long-term, financially sound owner with the expertise, experience and tools to further develop the companies.

Identifying companies for acquisition

OEM is always actively on the look-out for potential takeover targets. OEM has a network of audit firms, banks and brokers to ensure a constant inflow of potential acquisition targets. All of OEM's operations have a responsibility to identify potential acquisition targets, which is coordinated by Group management.

OEM strives to have a dialogue with the owners of potential targets early on. It is important to build a trusting relationship and present the platforms that OEM can offer for developing and expanding the businesses after they have been acquired.

The ideal acquisition targets have a number of common features:

- Trading company with annual sales of SEK 20–200 MILLION.
- Represents a manufacturer or has its

own brands.

- No manufacturing of its own but preferably has some kind of processing.
- The selling entity sees it as advantageous to have an owner that is strongly committed to and interested in taking the business to the next stage of development.

Focus on the business

Central to OEM's culture is a strong commitment to the operations and business. When analysing acquisition targets, there is therefore a strong focus on the business and areas such as the organisation, company culture, portfolio of offerings and future potential. In addition, an appraisal is performed to determine the effects of the acquisition on OEM's other operations and what synergies could be achieved. OEM makes acquisitions either by purchasing an entire company (with or without the previous owner remaining with the company) or by purchasing a company's assets.

Moving the acquired company to the next level of development

Based on its philosophy to be an active and long-term owner, OEM creates a development plan for each business it acquires. OEM can, for example, make its existing operations work to the advantage of the acquired company by opening up new markets and customer groups. The acquired company can continue to operate as a separate company or is integrated into one of the existing operations. The basis for these considerations is what is best for the current business and where are the greatest opportunities for growth.

Acquisitions during the year

In 2015, OEM completed one major and two minor acquisitions. As a result of these acquisitions, the Group's annual sales increased by about SEK 150 million.

Rydahls (AB Ernst Hj Rydahl Bromsbandfabrik)

Rydahls, with its head office in Karlstad, is one of the leading suppliers of brake and friction components for industrial machinery, construction vehicles, trucks, buses and trailers in the Nordic region. The company generates sales of SEK 120 million and has 41 employees.

Reason for the acquisition: This acquisition gave OEM access to a new and interesting sector.

Type of acquisition: OEM acquired the whole of Rydahls which will continue with its business operations as an independent company in the OEM Group. The previous owner is continuing in the company as its Managing Director.

Scannotec Oy

Scannotec, with its head office in Espoo in Finland, is one of Finland's leading suppliers of electronic signs and information systems. The systems are based on LED technology and are used in public transport systems, airports, ferry and rail terminals and in public buildings and industries. The company also provides systems for video surveillance, air conditioning and fire protection for public transport vehicles. The company reports annual sales of approximately EUR 1.5 million and has 4 employees.

Acquisitions completed between 2005 and 2015

2015	AB Ernst Hj Rydahl Bromsbandfabrik	Sweden	2011	Svenska Batteripoolen AB	Sweden
2015	Scannotec Oy	Finland	2011	Scapro AB	Sweden
2015	ATC Tape Converting AB	Sweden	2011	Svenska Helag AB	Sweden
2014	Kübler Svenska AB	Sweden	2011	Echobeach Ltd	UK
2014	Scanding A/S	Denmark	2010	All Motion Technology AB	Sweden
2014	ASE/Conta-Clip	Poland	2009	Lasa Maskin AS	Norway
2014	Mytrade Oy	Finland	2008	Elektro Elco AB	Sweden
2014	Nexa Trading AB	Sweden	2008	OK Kaapelit Oy	Finland
2012	Datasensor UK Ltd	UK	2007	Klitsø Processtechnic A/S	Denmark
2012	TemFlow Control AB	Sweden	2007	MPX Elektra ApS	Denmark
2012	Vanlid Transmission AB	Sweden	2007	Crouzet AB	Sweden
2012	Akkupojat Oy	Finland	2006	EIG spol s r.o.	Czech Republic
2011	Flexitron AB	Sweden	2005	Telfa AB	Sweden

Reason for the acquisition: The acquisition gave OEM access to new product areas. It also allows synergies to be achieved with several of OEM's other business operations which can benefit from Scannotec's well-established customer relationships.

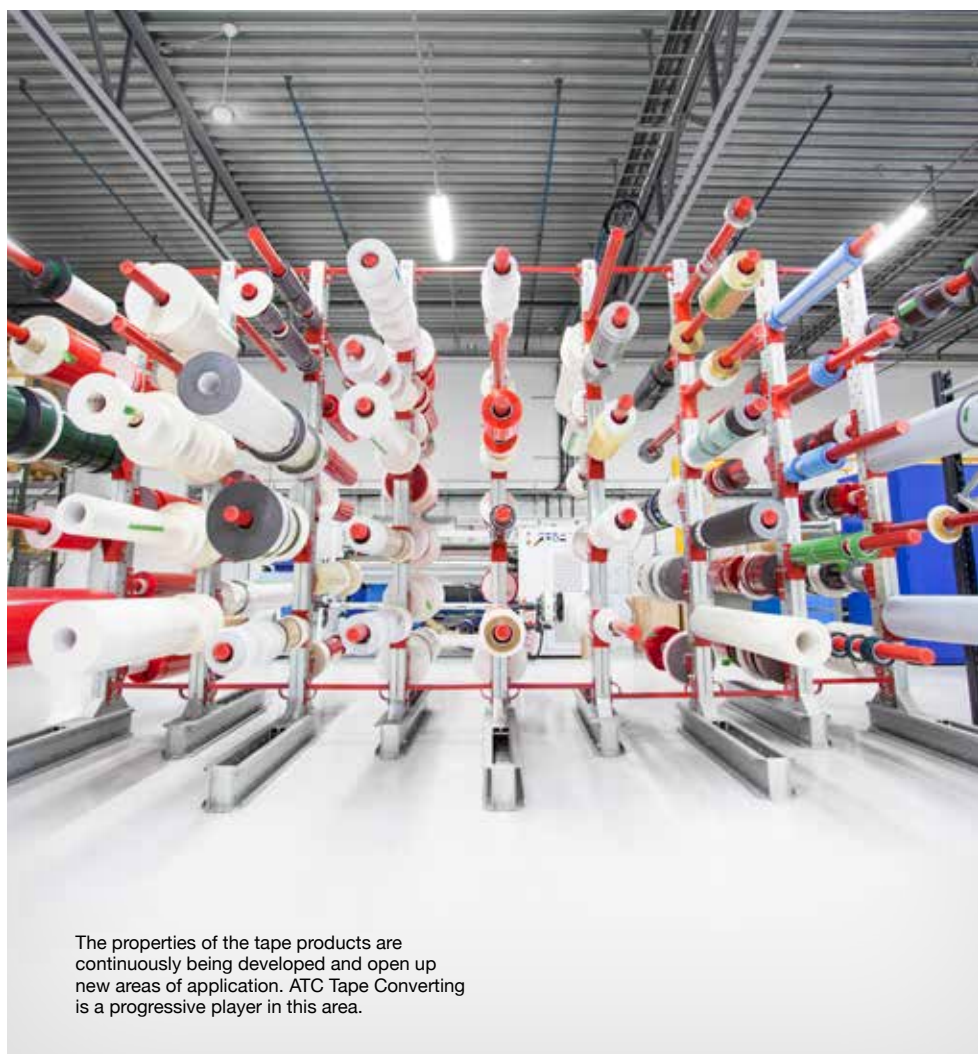
Type of acquisition: OEM acquired the entire company. Scannotec will remain an independent company in the OEM Group. The previous owner is continuing in the company as its Managing Director.

ATC Tape Converting AB

ATC Tape Converting, with its head office in Järfälla in Sweden, converts and markets tapes for a diverse range of industrial applications. The products are used in many industries, such as the mechanical, electronics, pharmaceutical and automotive industries. ATC generates annual sales of approximately SEK 18 million and has 4 employees.

Reason for the acquisition: ATC's products complement OEM Electronics' range and the two companies will be working together to develop their combined portfolio of offerings. ATC will enjoy excellent opportunities for growth by having access to OEM Electronics' extensive customer base.

Type of acquisition: OEM acquired the whole of ATC. The company will continue to operate independently but will work closely with OEM Electronics. The previous owner left the company on its acquisition and OEM has appointed a new managing director.



The properties of the tape products are continuously being developed and open up new areas of application. ATC Tape Converting is a progressive player in this area.

NEW OPPORTUNITIES WITH OEM AS THE OWNER

ON 27 JANUARY 2015, oem acquired the brake specialists Rydahls.

Rydahls is a company with a long history. It was established by Ernst Hj Rydahl 100 years ago and made brake belts and friction materials for horse carts and the industries that were starting to develop. Today, Rydahls has 41 employees and a turnover of approximately SEK 120 million. Erik Rydahl is the fourth generation of the Rydahl family to lead the company.



Rydahls are specialists in spare parts for heavy vehicles, brake and friction solutions for the manufacturing industry and brake systems for heavy vehicles and machinery.



The Managing Director, Erik Rydahl, sees that belonging to a larger organisation brings benefits to his company, enabling it to better meet the requirements of the market and to continue evolving.



Rydahls has unique experience and expertise. The company offers customised solutions and a highly diverse and extensive standard range.

Business operations in three areas

The company's activities have changed over the past hundred years, with areas of business coming and going. However, brakes and friction materials have always been key elements in the company's portfolio of offerings.

"Today, our business stands firmly on three legs. We supply spare parts for lorries, buses and trailers. We provide customised brake systems to manufacturers of heavy vehicles for off-road terrain, such as forest machinery, military vehicles and trucks. In the field of industrial friction equipment, we also supply customised brake and friction solutions to manufacturers of cranes, winches, lifting and other equipment," says Erik Rydahl.

Good relationship from day one

Over the years, Erik Rydahl has been contacted by various players interested in buying his company.

"Often it has been companies wanting to make changes to our business and then to sell the company on. That hasn't interested me. Rydahls has been in our family for generations and I feel it's important that the company continues to develop and thrive," says Erik Rydahl.

He was contacted in 2014 by players with ideas on how the business could be further developed. Erik felt it might be advantageous for Rydahls to become

part of a larger organisation since it was operating in a market where the industrial customers were becoming larger and were demanding larger suppliers. To help him evaluate and consider these acquisition proposals, he contacted a business acquaintance who works with acquisitions and sales of businesses. That's when his path crossed OEM's.

"The relationship with OEM felt good from day one. Others wanted details about our balance sheets and income statements, OEM asked me about our business operations. I sensed that OEM was strongly and genuinely interested in developing Rydahls in the best possible way. What's more, the personal relationships that were built with the people I met at the company worked extremely well, which naturally makes it easier," says Erik.

Opens up possibilities

One year has now passed since Erik sold the family business to OEM and he feels things have turned out as well as he had hoped and expected. He describes OEM as a stable, long-term owner that has presented Rydahls with even greater opportunities to develop successfully in the future.

"With OEM as the owner, we have access to the Group's wealth of know-how and expertise. It has opened up possibilities for us to collaborate with other OEM operations on different products, which

creates value for us. Another advantage is that we now have access to more funds and organisational resources should we wish to make acquisitions ourselves in the future," Erik explains.

Erik never even considered leaving the company when it was bought up.

"I still think going to work is fun. And nowadays there's yet another challenge for me – that of delivering results to OEM," Erik Rydahl says in closing.

OEM CREATES VALUE FOR CUSTOMERS AND SUPPLIERS

OEM IS ONE of Europe's leading technology trading groups. The company's success is based on the creation of value for both customers and suppliers. OEM brings value to its customers' products and processes by offering technical expertise and an extensive range of products and systems. OEM creates value for its suppliers by being the best alternative in their choice of distribution channels.

Value for the customers

OEM shall be an attractive partner that gives its customers access to top-quality products from leading suppliers, help with development projects and the means to streamline their purchasing processes. This allows OEM to create both technical and economic value for its customers. OEM's employees have considerable knowledge of the products that the company markets and the various areas of application for these products. This means the customer has access to experience and technical expertise that can help them with their choice of constituent components and in

their development projects. A large amount of the products are also bespoke for each customer. A key feature of OEM's portfolio are the value-added services that OEM offers its customers, for instance, different components are pre-assembled on delivery according to the customers' specifications.

OEM works closely alongside its customers who are increasingly choosing OEM as a strategic supplier for the coordination of an increasingly large amount of their purchases.

Value for the suppliers

Strong sales organisations form the foundation of OEM's business and are a strong reason why the company has been entrusted to represent the leading manufacturers in their markets. OEM's goal is to always be the manufacturers' best sales channel and make them the leading players in their niches. Collaboration with OEM gives the manufacturers in many cases access to customers whom they would not be able to reach as easily on their own. OEM serves as the extended arm of the manufacturers in their respective markets and takes complete responsibility for the customer relationship. OEM has a very close relationship with the manufacturers. These are long-standing, loyal relationships and the company avoids

marketing rival products. OEM builds up a wealth of expertise and know-how on the manufacturers' products and how they can be used in the customers' operations. OEM can use its expertise to bring ideas and proposals to the suppliers of how products could be developed and adapted to meet different customer requirements.

Logistics as a competitive advantage

An important part of the value generated by OEM is created through OEM's logistics operations. The company offers over 50,000 products from more than 300 suppliers to its 25,000 customers. In other words, logistics is complex and OEM has a continuous focus on making the flow of goods a streamlined and seamless process. OEM coordinates the work to larger logistics centres where appropriate, in order to increase efficiency and automate the flow of goods. This creates a high level of cost-efficiency, quality and service. Today, OEM is able to customise its logistics operations to a great extent to meet the requirements and needs of its customers, with regard to time, packaging size and other aspects, which obviously benefits its customers.



OEM'S BUSINESS MODEL

THE BUSINESS MODEL is based on being a link between manufacturers and customers with the intent of creating value.



What this means for our manufacturers:

- Assistance with marketing in local markets.
- Can have their products marketed with complementary products.
- Reach markets and customers that are difficult to reach when acting alone.
- Help with product customisation.
- Logistics solutions that meet customer demands.
- Feedback for their own product development.

What this means for our customers:

- Access to components from more than 300 manufacturers.
- In-depth component knowledge.
- End-to-end solutions with complementary components.
- Possibility to reduce the number of manufacturers.
- Deliveries to the right place at the right time.
- Assurance of high product quality.



PRODUCTS FROM LEADING SUPPLIERS

OEM OFFERS A comprehensive range of products from leading suppliers in six main product areas. This is combined with OEM's in-depth knowledge of the products marketed by the company. Overall, it creates an attractive portfolio that gives customers access to high-quality products and the best possible support when choosing products for their particular application.



OEM's offering comprises standard products and systems and bespoke solutions, developed in collaboration between the customer, OEM and the supplier. The suppliers are mainly from Europe, the USA and Asia.

Product range development

OEM continues to extend and enhance its range. It does this primarily in three ways. The product range development process is conducted in collaboration with existing suppliers, by having access to much of their range and by working together with their product development departments. The range can also be extended if OEM identifies

new suppliers of products that are suitable for inclusion in the range. Acquisitions can also give OEM access to an entirely new range or products that complement the existing range.

Offerings adapted to each market

OEM's offering differs from one geographic market to another. This is partly a natural result of OEM having been long established in certain markets and having developed its product offering there. It is also the work of each market to adapt the offering to local demand and according to which suppliers are available for collaboration in each market.

MARKETS >	Sweden	Finland	Baltic states	China	Norway	Denmark	Poland	Czech Republic	Slovakia	United Kingdom	Hungary
PRODUCT AREAS ▾											
Electrical components	○	○	○	○	○	○	○	○	○	○	○
Flow technology	○	○	○	○	○	○	○	○	○	○	○
Motors, transmissions and brakes	○	○	○	○	○	○	○	○	○	○	○
Appliance components	○	○	○	○	○	○	○	○	○	○	○
Installation components	○	○	○	○	○	○	○	○	○	○	○
Ball bearings and seals	○	○	○	○	○	○	○	○	○	○	○



Electrical components

The product area comprises products supplied by OEM Automatic, OEM Automatic Klitsø, Svenska Batteripoolen and Akkupojat.

Examples of products: Sensors, safety products, mechanical products, machine cables, batteries and cameras/optical devices.

Areas of application: A large amount of the products target original equipment manufacturers for use in the machinery that they produce, such as trucks and construction equipment. Some of the products are also used for installation of control cabinets, for example.

Examples of customers: BT/Toyota, Atlas Copco and Sandvik.



Flow technology

The product area comprises products supplied by OEM Automatic, Telfa and OEM Automatic Klitsø.

Examples of products: Valves, hoses, sensors and pumps.

Areas of application: The products primarily target original equipment manufacturers for use in the machinery that they produce. They cover a wide range of applications, from heat pumps to medical equipment.

Examples of customers: Bosch Thermoteknik, Volvo and Geringe.



Motors, transmissions and brakes

The product area comprises products supplied by OEM Motor, Ernst Hj Rydahl Bromsbandfabrik, Vanlid Transmission, OEM Automatic and OEM Automatic Klitsø.

Examples of products: Drive electronics, motors, gears, belt transmissions, brake and friction systems.

Areas of application: The products target original equipment manufacturers for use in the machinery and devices that they produce and are used for food industry equipment, medical equipment, etc. Brake and friction products also target the automotive industry.

Examples of customers: Tetra Pak, Nobina and GE Health Care.



Appliance components

The product area comprises products supplied by OEM Electronics, Flexitron, Svenska Helag, ATC Tape Converting, Scannotec, OEM Automatic and OEM Automatic Klitsø.

Examples of products: Displays, keyboards and LED lighting.

Areas of application: The products target original equipment manufacturers, high-volume manufacturers and contract manufacturers for use in the electronic equipment and devices that they produce. The products are used in devices in a variety of areas, from conference phones to medical analysis instruments.

Examples of customers: Husqvarna, Partnertech and Amica.



Installation components

The product area comprises products supplied by Elektro Elco, Agolux and Nexa Trading.

Examples of products: Lighting and products for wireless control in the home.

Areas of application: Indoor and outdoor lighting for the home with LED technology. Wireless control of lights, sunshades and doors in the home.

Examples of customers: Electrical wholesalers who serve professional installation companies, for example, Elektroskandia and Ahlsell. Building and DIY stores such as Bauhaus and Clas Ohlson.



Ball bearings and seals

The product area comprises products supplied by Internordic Bearings.

Examples of products: Ball, rolling, joint and sliding bearings, seals and lock components.

Areas of application: The products target original equipment manufacturers for use in the machinery that they produce, such as park and garden machinery, domestic appliances and materials handling machinery. The products are also used by the automotive industry.

Examples of customers: Öhlins, Husqvarna and BT Products.

STRONG GROWTH IN SWEDEN

SWEDEN IS OEM'S domestic market and also the Group's largest market. OEM's Swedish operations delivered a strong performance during the year which, in several cases, meant increased market share. This strong growth has also been further underpinned by two acquisitions that have enhanced OEM's offering.

SHARE OF GROUP
NET SALES

64 %

OPERATING PROFIT EBITA
(SEK MILLION)

199

NUMBER OF EMPLOYEES

426

Offering

OEM offers all six of its product areas in Sweden and its range comprises more than 45,000 products. Much of the offering consists of bespoke products and systems for a host of diverse applications, alongside a great number of standard products. The 14 companies in Sweden have niche operations in various segments, mainly machinery and appliance manufacturing.

Market

The Swedish industrial market is well-developed and mature. The market's underlying growth is a couple of percent and exports are a key component. OEM's main market is Swedish machinery manufacturers' domestic production. Over the past 10 to 15 years, a number of companies have chosen to keep their design and development units in Sweden but have moved some or all of their manufacturing operations to countries where production costs are lower, particularly to Asia and Eastern Europe.

The market conditions mean two things for OEM. Firstly, it is of utmost importance that the company continuously develops its range and its product and application expertise to remain an attractive partner in the development process of new products. Secondly, as well as being an attractive partner for domestic production, it is essential to be able to follow customers when manufacturing processes are relocated. OEM is able to do so as it has established its own operations in key markets such as China, Poland and the Baltic states.

OEM has a strong and, in some segments, a leading position in the Swedish market.

Its customers operate in a wide range of industries, from automotive and forestry to telecommunications, IT and medical technology. Customers in some segments are major wholesalers, such as Elektroskandia and Ahlsell, and consumer retailers, such as Clas Ohlson and Bauhaus.

Development

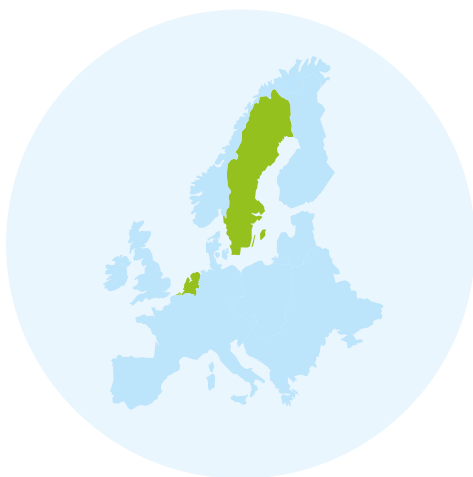
OEM delivered a strong performance in Sweden in 2015, in terms of incoming orders, sales and earnings. Net sales rose 21 % over the previous year. The effects of currency movements had a beneficial effect of 4 percentage points on net sales and the acquired growth amounts to 11 percentage points.

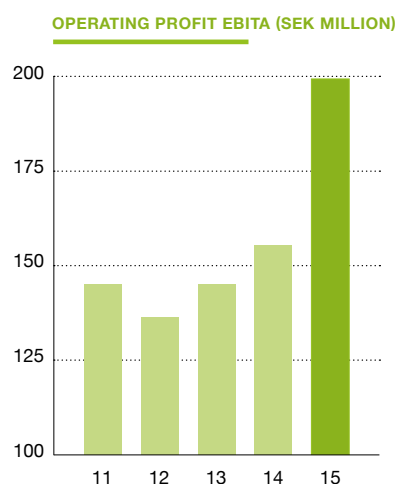
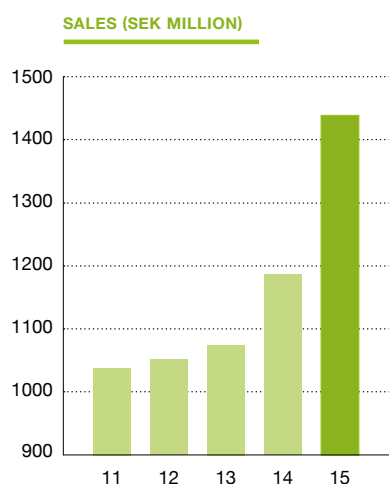
The 6 % organic growth follows a trend of several years and demonstrates that there is strong demand for OEM's offering of products in the mature Swedish market. Growth is relatively even across the operations. Some of the companies reporting particularly good growth are OEM Electronics, Agolux and Svenska Batteripoolen.

Operating profit (EBITA) rose 28 % and the EBITA margin was 14 %. The robust earnings growth is mainly being driven by the increasing sales and is further boosted by the effects of currency movements.

Events

One of the most significant events of the year happened right at the start of 2015 when OEM took over AB Ernst Hj Rydahl Bromsbandfabrik (Rydahls). Rydahls is one of the leading suppliers of brake and friction components in the Nordic region and its acquisition added a completely new market segment to OEM. A second





MARKET >

PRODUCT AREAS v

Electrical components

Flow technology

Motors, transmissions and brakes

Appliance components

Installation components

Ball bearings and seals

Sweden

Examples of customers: Tetra Pak, BT/Toyota, Rexel, Elektroskandia, ABB

Examples of competitors: Addtech, Indutrade, Lagercrantz, B&B Tools

Operations are conducted through the following companies:

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, AB Ernst Hj Rydahl Bromsbandfabrik, Vanlid Transmission AB and ATC Tape Converting AB.

acquisition in Sweden during the year was the purchase of ATC Tape Converting AB. ATC's business specialises in the conversion and marketing of industrial tapes and enhances OEM's range of fastening systems that are marketed by OEM Electronics.

2015 can be summed up as a year of many records. OEM Automatic, the largest company in the Group, achieved a 9 % increase in sales, which is the highest sales figure ever. This cannot be attributed to any one particular event but is the result of a continuous focus on sales in all areas of the business. OEM Automatic has developed its e-commerce during the year and is reporting a strong growth rate in these sales. Digital sales are still at the development stage and are expected to

have good potential for growth.

Through its Hide-a-lite brand, Elektro Elco holds a leading position in the household lighting market in Sweden and its performance in 2015 confirms the company's strong position. More recently, the company has been working to expand its range to include lighting for public settings and its focus during the year was on developing sales activities in the new target groups. Product range development has a central function in Elektro Elco since developments in LED technology are moving rapidly and 2015 was no exception. Nowadays, LED's dominate the domestic lighting market. Almost half the sales are from products launched in the last two years.

Three other companies that reported good growth during the year are OEM Electronics, Agolux and Svenska Batteripoolen. New projects initiated in 2014 drove the increase in volumes for OEM Electronics and the growth is well spread across the different areas of its operations. Agolux, which provides customised lighting solutions, has shown strong growth during the year and this positive trend looks set to continue. Svenska Batteripoolen's increase in sales can be attributed to the development of its range and expansion of its customer base in recent years.

GAINING MARKET SHARE IN FINLAND AND THE BALTIC STATES

THE STRONG TREND in Finland and the Baltic states continues. OEM has increased its market share in the Finnish market, which has been struggling with negative growth and a prolonged economic recession for several years. One key reason for its growth is a broader range, which has been further expanded by the acquisition of Scannotec Oy.

SHARE OF GROUP
NET SALES

15 %

OPERATING PROFIT EBITA
(SEK MILLION)

23

NUMBER OF EMPLOYEES

114

Offering

In Finland, OEM offers its entire range based on the Group's six product areas, although the product mix does differ slightly from that in Sweden. Just as in the Swedish domestic market, the offering comprises bespoke products and systems, complemented by standard products. The operations in Finland are conducted in three companies and the customers are mainly major manufacturers of machinery.

The operations in the Baltic states and China are based on the strategy that OEM follows its, mainly, Swedish and Finnish customers that choose to outsource their production in these countries. This means a more concentrated range in the product areas of Electrical components, Appliance components and Flow technology. OEM operates in the three Baltic states with one company in each country and also has a company in China.

Market

The Finnish market still hasn't recovered from the economic crisis of 2008 and finds itself stuck in a long-term recession. The dismantling of Nokia and changes to the structure of the important Russian export market have led to continued low growth in Finland.

OEM has a strong position in the Finnish market and the weak market growth in recent years testifies that the company has increased its market share. Its customers operate in a wide range of industries where construction and lifting equipment, and forest and mining machinery are examples of key segments. Contract manufacturers

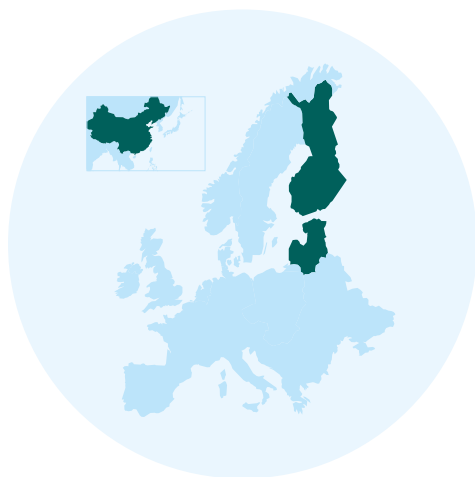
and wholesalers like Ahlsell and Rexel are examples of customers too.

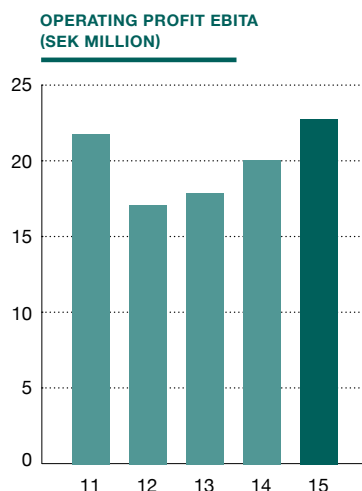
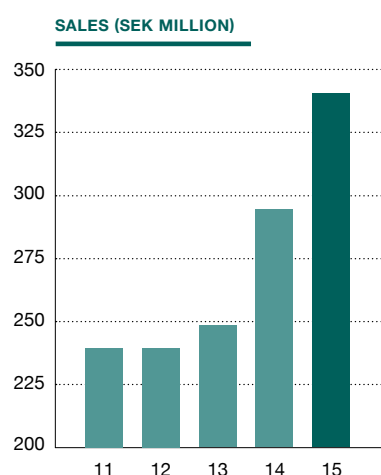
Over the years, OEM has faced the challenging market changes and attracted both existing and new customers by developing and extending its offering of new products and new application expertise.

OEM's markets in the Baltic states and China are largely Scandinavian companies that have decided to relocate their production operations. The inflow to the Baltic states is still stable and OEM is continuing with its growth initiatives in the area. Demand in China has been declining for some time and as the cost situation in the country is becoming less attractive, fewer Scandinavian companies are establishing bases there.

Development

Despite the challenges in the region, OEM continues to report strong growth. Net sales rose 19 % over the previous year. The effects of currency movements had a beneficial effect of 3 percentage points on net sales and the acquired growth amounted to 3 percentage points. Most of the growth is organic and accounts for 13 percentage points. The growth can mainly be attributed to the fact that OEM has successfully expanded its offering to the existing customer base in Finland with the launch of new products, and that the broader range has also attracted new customers. Image Analysis & Machine Vision, Cable & Connectors and Hide-a-lite are some of the product segments that have had strongest growth during the year.





MARKET >

PRODUCT AREAS ▾

	Finland	Baltic states	China
Electrical components	○	○	○
Flow technology	○	○	○
Motors, transmissions and brakes	○		
Appliance components	○	○	○
Installation components	○		
Ball bearings and seals	○		

Examples of customers: Tampereen keskustekniikka, Sandvik Mining, Rexel, Bronto Skylift

Examples of competitors: SKS Group, Addtech, Indutrade, Wexon

Operations are conducted through the following companies: OEM Automatic FI, Akkupojat Oy, Scannotec Oy, OEM Automatic OU, OEM Automatic UAB, OEM Automatic SIA, OEM Automatic (Shanghai) Co.Ltd.

The operations in the Baltic states have also seen good growth, considering the current economic situation. The lack of organic growth in China has prompted a change of strategy.

Operating profit (EBITA) rose 17 % and the EBITA margin was 7 %. The increase in sales in Finland is mostly due to OEM's ongoing marketing initiatives which meant that the income statement was impacted by slightly higher costs. The operations in the Baltic states are characterised by continued good profitability.

Events

Throughout 2015, the company has been working intensively on marketing activities

and OEM has been extremely active among existing and potential customers alike. Personal meetings – one of OEM's central strategies – are crucial to achieving sales success with the current situation in the Finnish market.

Product range development is another of OEM's strategies and the company has been exceedingly busy in this area too. The company Scannotec Oy was acquired during the year. The company is a supplier of technical products and systems for guidance, information, surveillance and safety that are used in public transport and industrial facilities. Scannotec is well established on the Finnish market, brings a new segment to OEM and enhances the

Group's offering in Image Analysis & Machine Vision.

The declining trend in China combined with signs of slowdown in the Chinese economy have reduced the potential to attract new domestic customers and Scandinavian customers that have relocated their production. OEM has therefore revised its strategy in China to give priority to profitability instead of being structured for growth. The new strategy has immediately had the desired effect and operations in China are showing a positive performance.

STRONG DEVELOPMENT IN MOST MARKETS

OEM'S THIRD REGION is geographically the most widely spread region. It comprises mature and growth markets. Its customers are widely spread by sector and the range of products marketed varies from country to country. There has been a focus in several of the business operations on integration and organisational development during the year.

SHARE OF GROUP
NET SALES

21 %

OPERATING PROFIT EBITA
(SEK MILLION)

36

NUMBER OF EMPLOYEES

169

Offering

OEM's offering varies according to demand in each geographic market. Products in the areas of Electrical Components, Flow Technology and Motors and Transmissions are available in all the markets. The product area Appliance components is available in Denmark, Poland, the Czech Republic and Slovakia and Installation components is available in Norway. Just as in other markets, the offering comprises a combination of bespoke products and systems, and standard products respectively. The portfolio is gradually being expanded in Slovakia and Hungary.

The operations are conducted under the name of OEM Automatic in all the markets except for Denmark where the operations are called OEM Automatic Klitsø. Investments in lighting are being made in Norway with Hide-a-lite and OEM Electronics is also established in Poland.

Market

OEM's markets in the region differ greatly in terms of maturity and economic development. Denmark, Norway and the UK are mature markets where the rate of growth is normally limited. All of these countries have had economic challenges in recent years, albeit for different reasons. Growth is good in the Eastern European market with regard to domestic growth and growth created through the relocation of production there from other countries in Europe.

Following the acquisition of Klitsø in 2007 and Scanding in 2014, OEM's business in Denmark is focusing its sales

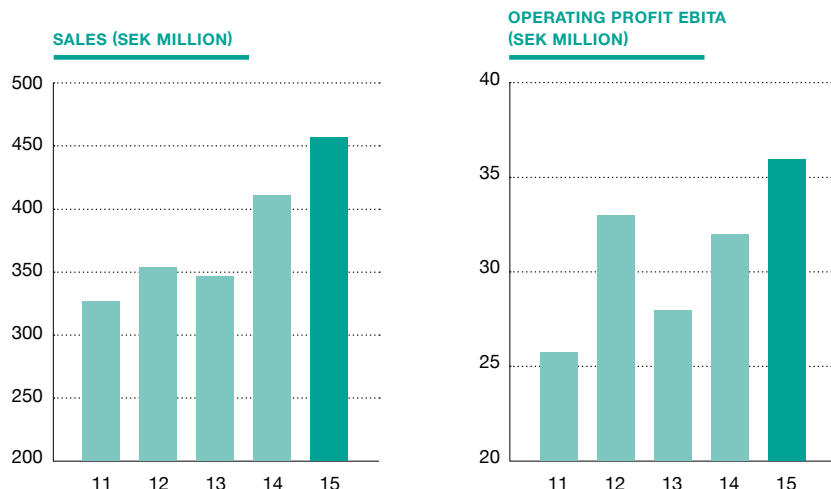
efforts on processing industries within the food and pharmaceutical sectors. The company holds a strong position in the market in these segments. OEM's customers in Norway are primarily small-scale industries and wholesalers. There is a mix of customers of all sizes in the UK, with smaller industries making up the largest group. Construction machinery manufacturers are one of OEM's strong customer groups. Another key customer group are component wholesalers like RS Components and Farnell.

The mature markets differ from one another in many respects, and OEM has a local strategy for each market. OEM's traditional method of focusing on the details to constantly improve quality is extremely applicable here, along with the Group's overall strategies, which include ongoing development of the range and personal selling.

The markets in Eastern Europe are similar to one another in that they are all growth markets. However, the markets vary in size and the strength of OEM's position depends on how long the business has operated in each country. Poland and the Czech Republic are attractive production countries for European companies in diverse sectors, thanks to a lower cost situation, and the inflow remains high. Competition is fierce, however, particularly in Poland which is Europe's sixth largest market.

OEM's businesses in Slovakia and Hungary are in the build-up phase with a focus on gradual expansion of the range and customer base.





MARKET >							
PRODUCT AREAS v							
	Norway	Denmark	Poland	Czech Republic	Slovakia	United Kingdom	Hungary
Electrical components	○	○	○	○	○	○	○
Flow technology	○	○	○	○	○	○	○
Motors, transmissions and brakes	○	○	○	○	○	○	○
Appliance components		○	○	○	○		
Installation components	○						
Ball bearings and seals							

Examples of customers: RS Components, Skoda, Domino, Sporveien Oslo

Examples of competitors: IMO, Dacpol, MRC Hypteck, Omron

Operations are conducted through the following companies: OEM Automatic Klitsö A/S, OEM Automatic AS, OEM Automatic Ltd, OEM Automatic Sp z o. o., OEM Automatic spol. s r.o., OEM Automatic s.r.o., OEM Automatic Kft.

Development

OEM is reporting a good growth rate in the region, but as this is largely due to effects of currency movements and acquired sales, 2015 may be viewed as a transitional year. Net sales rose 11 % over the previous year. The effects of currency movements had a beneficial effect of 4 percentage points on net sales and the acquired growth amounts to 5 percentage points. Organic growth amounts to 2 percentage points.

The modest organic growth is primarily due to negative growth in the UK operations based on lower demand during the year. The smallest markets offer a glimmer of light and are continuing to show robust growth. Because of their size, however, this does not have a huge impact on the overall figures. In general, however, OEM is continuing to experience good growth in most of the markets and, in several cases, it is higher than the underlying growth. Nevertheless, the

outcome differs from OEM's past growth rates in the region and measures have been taken to increase the level of organic growth.

Operating profit (EBITA) rose 14 % and the EBITA margin was 8 %. OEM continues to report good profitability in the mature markets in the region. For instance, the performance in the UK is strong despite lower sales. In the growth markets, the income statement is impacted by costs for ongoing growth initiatives according to plan. With its high percentage of production operations, Poland is a major and attractive market for suppliers to the production industry. This means that competition is fierce, which puts general pressure on the margins in this market.

Events

OEM has continued to invest in growth initiatives in the region in 2015. In several markets, the focus has also been on

organisational development, integration and internal processes. Scanding, which was acquired in 2014, has been integrated into the Danish operations, creating a larger and stronger company. In Poland, a major focus has been on managing the strong growth of recent years and a series of organisational changes has been implemented to create a firm basis for future growth. In Hungary, the implementation of a cost-efficiency programme has had a positive impact on the business for the first time after a couple of years' establishment.

In general, however, the year has been characterised by small improvements in all areas of OEM's business operations with active marketing efforts and gradual development of the offering, combined with internal processes to enhance efficiency.

EXPERTISE AS A COMPETITIVE ADVANTAGE

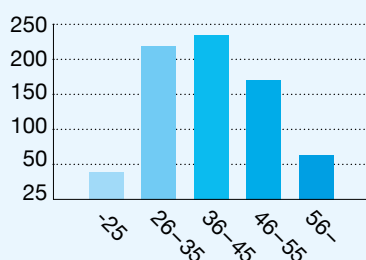
ONE OF OEM'S key competitive advantages is the high level of competence of its employees, which is based on the combination of top technical expertise and a strong sales focus. The employees are the guarantee that OEM will retain its position in both the long-term and short-term as one of Europe's leading technology trading groups. The company's product specialists and sales staff are key people in relationships with manufacturers and customers. Their knowledge and commitment build lasting and trusting relationships in line with OEM's business model.

Skilled and motivated employees are the key to OEM's success. Building the corporate culture is an active process.

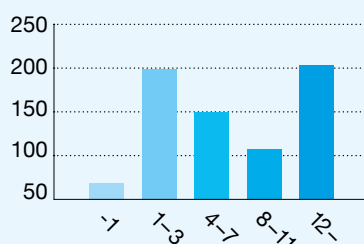


Our employees

BY AGE GROUP
(NO./AGE)



LENGTH OF
EMPLOYMENT (NO./AGE)



	2015	2014
Average no. of employees	727	654
Employees at year-end	729	659
Women (%)	19	20
Sick leave person/year (days)	7	5
Training costs/employee (SEK 000)	3	3
Wellness costs/employee (SEK 000)	1	1



The employees are the guarantee that OEM will retain its position as a leading technology trading group. Their knowledge and commitment build lasting and trusting relationships.

Winning corporate culture

OEM's corporate culture is based on the watchwords: positive attitude, commitment, modesty, tenacity and openness. OEM has a strong, long-term, coherent vision and has created an organisation that puts performance and well-being at its core.

Personal development towards specific targets

OEM's long-term competitiveness depends greatly on long-standing relationships with employees who are continuously developing professionally and a pipeline of young talent. OEM therefore works to continually improve its attractiveness as an employer for current and future employees. OEM encourages all of its employees to continue developing their skills and abilities in several different ways. The use of individual development plans is one of the most important activities. Business objectives are combined with individual goals to create plans that facilitate the ongoing development of the skills of all employees. The contents of the personal development plans are discussed at annual performance appraisals. Completed activities are evaluated and plans for the coming year are established. Skills development is part of the employees' personal development and their know-how and expertise are regularly updated through training in sales, technology, IT and other areas.

Sales training presents new business opportunities

OEM has always sustained a focus on the development of its sales force. The sales professionals must have extensive knowledge of the products, a strong sense of business responsibility and work closely alongside the customers. They can then independently drive the sales process forward and live up to OEM's high expectations of the ability of the sales staff

to identify new business opportunities and deliver the best service in the market to the customer. The sales personnel follow training programmes that run over several years to enable them to meet the requirements. Newly-hired sales personnel attend internal and external courses aimed at promoting personal development and creating an efficient sales methodology. A solid background in sales also opens doors to other positions at OEM, such as sales manager or business area manager.

Continuous career development

All of OEM's employees are encouraged to shape their own careers by being interested, creative and goal-oriented. Most leaders are recruited internally and a great amount of energy and effort is channelled into identifying and developing individuals with leadership qualities who can become future leaders, both locally and centrally. Career progression is generally within the respective company. Complementing this are central initiatives, such as Group-wide talent-development programmes aimed at improving skills and building networks among the employees.

Experience of sales work or work within the product organisation is highly valued in the employee's career progression and the company encourages employees to move to positions in different parts of the company and different countries too. OEM's leadership culture is based on strong teams and specific targets. Each manager builds his or her team and sets clear individual goals for his or her colleagues.

More employees that create value

OEM regularly recruits employees, largely in the area of sales and marketing, to ensure growth opportunities in all markets. In 2015, the headcount increased from 659 employees to 729. The increase is due to new employees joining existing operations and staff taken over through acquisitions.

Young talent strengthens the organisation

The organisation is continuously strengthened through the recruitment of young employees who are interested in technology and sales. Thanks to well-designed induction programmes and personal development plans, the new employees quickly learn their duties and are assigned progressively more responsible work. OEM has a centrally co-ordinated trainee programme which allows newly-graduated employees with degrees in engineering or economics and potential to assume leadership responsibilities in the future. OEM also works collaboratively with several educational institutions, offering internship opportunities, guidance in thesis research projects and other assistance. This is a means of attracting future personnel and reaching out with information about OEM's business and operations.

Equal opportunities are intrinsic

At OEM, everyone has equal opportunities based on qualifications for the job, without regard to religion, ethnicity, nationality, gender, age, disability or sexual orientation. As part of OEM's ongoing CSR activities, most of the Group's companies carry out in-depth activities in the area of equal opportunities, such as the training of employees and development of policy documents. OEM's sector is traditionally male-dominated, but the company strives to improve equality in the organisation by seeking to employ more women to male-dominated positions.

Well-being is a central priority

OEM has made the well-being of its employees a central priority since day one. Well-being and health are essential for being able to perform well and develop on a personal and professional level. OEM invests time and resources into creating workplaces that are safe, healthy and attractive and the company encourages a healthy lifestyle by providing support for physical exercise and preventive health care. Activities designed to create good cohesion and improve group dynamics are often conducted in conjunction with conferences or workplace meetings.

FOCUS ON CSR ISSUES

OEM ESTABLISHED a Group-wide Code of Conduct in 2013 for all of the companies in the Group. The Code of Conduct aims to ensure that all the companies have a standard platform for CSR-related activities and apply a similar approach to the development of OEM's accountability in matters relating to the environment, ethics and society. Clear accountability gives it a sharper competitive edge and enhances its position as an attractive employer. Moreover, the company is inspiring a healthy business culture.



OEM strives to find packaging and transportation solutions that are best for the environment.

Code Of Conduct

OEM's Code of Conduct is largely based on the ten principles set forth in the United Nation's Global Compact. The Code of Conduct addresses human rights, labour, the environment and anti-corruption. These areas encompass all essential components of the responsibility that it feels natural to take for all of the Group's companies.

Ten key principles of the Code of Conduct:

- **Human rights.** OEM supports and respects the protection of internationally proclaimed human rights and is never complicit in human rights abuses.
- **Anti-corruption.** OEM represents honesty, integrity and accountability. This means it has a zero tolerance approach to all forms of corruption, including extortion and bribery.
- **Environmental responsibility.** Innovative measures that reduce the impact on the environment are encouraged and OEM undertakes active initiatives to promote greater environmental responsibility.
- **Freedom of association.** In accordance with local law, all employees have the right to form or take part in union activities. OEM respects the right to collective bargaining relating to terms and conditions of employment.
- **Forced labour.** Any use of forced or compulsory labour is prohibited and employees have the right to terminate their employment in accordance with

local legislation or employment contract.

- **Child labour.** OEM has a zero-tolerance policy towards any type of child labour. No one under the age of 15 shall be employed and no one under the age of 18 shall be employed to carry out particularly demanding work.
- **Discrimination.** Diversity among OEM's employees is encouraged and no one shall be discriminated against because of their ethnicity, skin colour, gender, sexual orientation, national origin, family status, religion, political opinion, race, ethnicity, social background, social status, age, union affiliation or disability. Physical and psychological harassment are strictly prohibited.
- **Preventive measures.** Sustainability is a key priority at OEM. The company takes a preventive approach to environmental protection, which means that OEM gives priority to environmentally-friendly solutions and avoids environmentally harmful substances as far as possible.
- **Consumer rights.** OEM always acts in accordance with good business practice. The company also ensures that goods and services meet legal requirements.
- **Competition.** OEM complies with local laws and regulations and does not participate in anti-competitive practices.

Activities in the area of CSR make a difference

Since the Group-wide Code of Conduct was introduced, all companies in the Group



OEM's business processes are based on close monitoring and visualisation of results compared to objectives.

have carried out at least three CSR-related activities each year that the Boards and management teams have easily been able to follow up. The activities have been conducted in different areas and many of them involved the establishment of policies or employee training. Almost 150 activities have been carried out and the work will proceed in a similar way, with an emphasis on specific activities that can be followed up in all of the Group's companies.

Prioritisation of environmental protection solutions

OEM's Code of Conduct also deals with environmental issues. The Code of Conduct encourages actions that lead to greater environmental responsibility and preventative measures in order to

give priority to environmentally-friendly solutions. OEM has identified the areas that have the greatest environmental impact, including transport, travel, use of packaging and heating of premises. There has been a strong focus on these areas for many years and OEM has always strived to find the best environmental solutions and support development initiatives in these areas. A series of initiatives were implemented in 2015, including energy use improvements in its buildings and the development of more efficient transport solutions.

Another key aspect of environmental responsibility is to offer customers high-quality, climate-friendly components. OEM's high level of product expertise enables it to help customers make environmentally-sound choices.

Systematic quality development

The development of quality at every stage of OEM's business processes is critical for sustaining competitive advantage and OEM's companies have long been working in a systematic manner to ensure the continuous improvement of quality and efficiency. The Group's logistics centre in Tranås has developed its own activity management system, called "OQD" – OEM Quality Development. The management system is based on Toyota's principles and includes close monitoring of non-conformances, visualisation of results compared to objectives and improvement initiatives from employees. This quality management system has attracted considerable attention from many quarters and is considered to be one of the leading systems in the industry. OQD is used to varying extents in other logistics operations in the Group, especially in Finland.

ISO accredited companies

In Sweden, OEM Automatic, OEM Electronics, Internordic Bearings, Telfa, Ernst Hj Rydahl Bromsbandfabrik, Svenska Helag, Flexitron, Agolux and OEM Motor have been awarded ISO 14001 environmental management system certification and ISO 9001 quality management system certification. In Poland, OEM Automatic has been awarded ISO 9001 quality management system certification.



Financial Statement

Five-year Group Summary	29
Key Performance Indicators	30
Directors' Report including the Corporate Governance Statement	31

Financial Statements of the Group

Statement of Income	38
Statement of Comprehensive Income	39
Statement of Financial Position	40
Statement of Changes in Equity	42
Statement of Cash Flows	43

Financial Statements of the Parent Company

Income Statements	44
Balance Sheet	45
Statement of Changes in Equity	47
Cash Flow Statement	48

Accounting Policies and Notes to the Financial Statements

Proposed allocation of profits	82
Auditors' Report	83

Other information

Board of Directors	84
Senior executives	85
OEM shares	86
Definitions	90
Addresses	91

Five-year Group summary

(SEK million)

FROM THE STATEMENT OF INCOME	2015	2014	2013	2012	2011
Sweden	1,433.2	1,189.5	1,070.7	1,040.8	1,028.5
Overseas	798.5	698.0	597.7	590.6	561.1
Net sales	2,231.7	1,887.5	1,668.4	1,631.4	1,589.6
Operating income before depreciation, amortisation and impairment	272.0	221.7	197.9	195.5	202.2
Depreciation, amortisation and impairment	-46.8	-43.2	-39.0	-33.1	-28.4
Profit/loss from financial items	-3.8	-2.8	-1.9	-3.7	-1.4
Profit before tax	221.4	175.7	157.0	158.7	172.4
Tax	-48.1	-39.0	-35.9	-32.2	-46.7
Profit/loss for the year from continuing operations	173.2	136.7	121.1	126.5	125.7
Net profit/loss after tax from discontinued operations	-	-	-	-0.1	2.2
PROFIT/LOSS FOR THE YEAR	173.2	136.7	121.1	126.4	127.9
EBITA*	246.5	196.4	174.1	176.4	185.6
FROM THE STATEMENT OF FINANCIAL POSITION					
Intangible fixed assets	175.7	175.1	145.3	157.1	138.3
Property, plant and equipment	202.9	204.2	210.6	202.0	188.5
Financial assets and deferred tax assets	2.0	2.4	2.2	1.6	2.8
Inventories	395.8	336.5	302.1	294.6	269.4
Current receivables	358.5	325.0	266.6	264.5	262.4
Cash and cash equivalents	84.7	80.1	172.8	180.9	161.6
TOTAL ASSETS	1,219.7	1,123.3	1,099.7	1,100.7	1,023.0
Equity	622.1	551.9	724.8	688.7	647.7
Non-current liabilities	123.4	116.8	96.0	86.2	93.8
Current liabilities	474.1	454.6	278.9	325.8	281.5
TOTAL EQUITY AND LIABILITIES	1,219.7	1,123.3	1,099.7	1,100.7	1,023.0

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

KPIs for the last five years

OEM GROUP		2015	2014	2013	2012	2011
Net sales **	SEK million	2,232	1,887	1,668	1,631	1,590
Of which overseas **	%	36.0	37.0	35.8	36.2	35.3
Consolidated profit before tax **	SEK million	221.4	175.7	157.0	158.7	172.4
Consolidated profit for the year	SEK million	173.2	136.7	121.1	126.4	127.9
EBITA **	SEK million	246.5	196.4	174.1	176.4	185.6
Return on total capital **	%	21.1	17.8	15.9	16.8	19.3
Return on capital employed **	%	30.0	24.1	21.3	23.2	26.7
Return on equity	%	29.5	21.4	17.1	18.9	20.6
Debt/equity ratio	times	0.37	0.45	0.15	0.17	0.13
Interest coverage ratio **	times	57.9	45.3	55.7	43.9	50.8
EBITA margin **	%	11.0	10.4	10.5	10.8	11.7
Operating margin **	%	10.1	9.5	9.5	9.9	10.9
Profit margin **	%	9.7	9.3	9.4	9.7	10.8
Capital turnover rate	times/yr	1.83	1.68	1.52	1.48	1.56
Net sales/employee **	SEK million	3.1	2.9	2.6	2.6	2.8
Equity/assets ratio	%	51.0	49.1	65.9	62.6	63.3
Operating cash flows	SEK million	191.7	151.1	133.8	125.7	108.1
Quick ratio	%	94	89	155	138	153
Average number of outstanding shares	thousands	23,107	23,107	23,107	23,107	23,164
Earnings per share	SEK	7.50	5.92	5.24	5.47	5.52
Earnings per share **	SEK	7.50	5.92	5.24	5.47	5.42
Average total number of shares	thousands	23,169	23,169	23,169	23,169	23,169
Earnings per share	SEK	7.48	5.90	5.23	5.46	5.52
Earnings per share**	SEK	7.48	5.90	5.23	5.46	5.42
Shareholders' equity per share*	SEK	26.85	23.82	31.28	29.74	27.95
Proposed dividend	SEK	5.00	4.25	4.00	3.75	3.50
Quoted price as at 31 December	SEK	141.00	110.00	88.75	67.00	55.00
P/E ratio	times	18.9	18.6	17.0	12.3	10.0
P/E ratio **	times	18.9	18.6	17.0	12.3	10.1
Direct return	%	3.5	3.9	4.5	5.6	6.4
No. of employees **	No.	727	654	631	623	570
Salaries and remuneration **	SEK million	281	241	219	212	199

* Shareholders' equity per share = visible equity

** Continuing operations

The five-year summary of key performance indicators for 2011 to 2015 has been adjusted in line with IFRS 5 by excluding discontinued operations, so that only continuing operations are reported.

The Board of Directors and the Managing Director of OEM International AB (publ.), CRN 556184-6691, hereby present the Annual Report and the consolidated financial statements for the 2015 financial year. The Annual Report and the consolidated financial statements, including the Auditors' Report, are given on pages 31–83. Figures for 2014 are given in brackets.

THE GROUP

Business activities

OEM is a leading technology trading group operating in 14 selected markets in northern Europe, Central Eastern Europe, the UK and China. Operations are conducted in subsidiaries in the Nordic countries, the UK, Poland, the Czech Republic, Slovakia, the Netherlands, Hungary, Estonia, Latvia, Lithuania and China.

OEM is a link between the customers and over 300 leading and specialist manufacturers of products and systems for industrial applications, giving customers access to a diverse and extensive range of industrial components. A well-structured local market organisation and efficient logistics make OEM a better alternative to the suppliers' own sales organisations. OEM provides a high level of expertise and service and markets the products according to the specific conditions of each market.

Its extensive range of industrial components comprises products in the areas of electrical components, flow technology, installation components, ball bearings and seals, motors, transmissions, brakes and appliance components. The range is constantly evolving with the addition of new products and the replacement or discontinuation of unprofitable products.

The clearly-defined product range that is marketed in each region and the added values created by the organisation form a distinct brand concept. The brand concepts are launched on new geographic markets as they grow in strength.

The Group is structured and primarily managed as three market regions;

- Sweden,
- Finland, the Baltic states and China,
- Denmark, Norway, the United Kingdom and Central Eastern Europe.

The objective of this organisation is to consolidate OEM's long-term competitive edge and increase growth outside of Sweden.

OEM's Class B share is listed on NASDAQ Nordic Mid Cap in Stockholm.

Incoming orders, net sales and profit

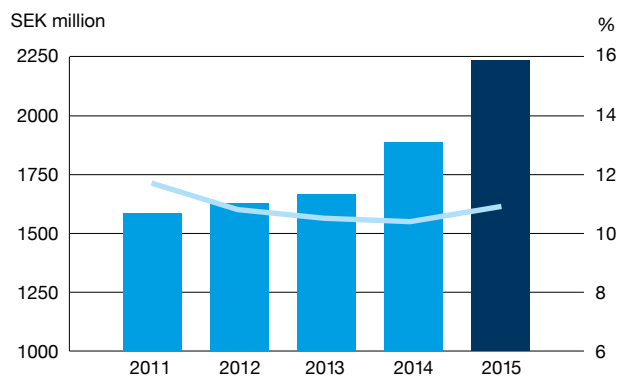
Incoming orders increased by 16% to SEK 2,226 million (1,916) during the year. The order book reached SEK 262 million and was 5% higher than the previous-year period.

Net sales rose 18% to SEK 2,232 million (1,887) over the previous year. Net sales rose 10% for comparable entities, and 6% excluding the impact of foreign currency exchange rate fluctuations.

Operating profit before amortisation of acquisition-related intangible fixed assets (EBITA) was SEK 246 million (196), which is an increase of 26%. The operating margin before amortisation of acquisition-related intangible fixed assets was 11.0% (10.4%).

Profit before tax was SEK 221 million (176) and profit after tax rose 27% to SEK 173 million (137).

The year's profit after tax corresponds to SEK 7.50 (5.92) per share.



Net sales SEK million, EBITA margin %

Region Sweden

Sales are conducted under the names of OEM Automatic, OEM Electronics, OEM Motor, Internordic Bearings, Telfa, Elektro Elco, Nexa Trading, Svenska Helag, Svenska Batteripoolen, Flexitron, Agolux, Vanlid Transmission, Kübler Svenska, Ernst Hj Rydahl Bromsbandfabrik and ATC Tape Converting.

Net sales rose 21% to SEK 1,438 million (1,193) due to increasing demand on existing entities and the acquisition of AB Ernst Hj Rydahl Bromsbandfabrik and ATC Tape Converting AB. The increase was 10% for comparable entities and the movement in exchange rates had a beneficial effect of about 4% on net sales. This means that organic growth was approximately 6%. Agolux, OEM Electronics, Svenska Batteripoolen, Telfa, Svenska Helag, Internordic Bearings, OEM Automatic and Elektro Elco account for the largest percentage growth in net sales in Sweden.

Incoming orders rose 17% to SEK 1,423 million (1,213). Incoming orders were 1% lower than net sales in 2015.

EBITA rose 28% to SEK 199 million (155). Litigation charges amounted to SEK 4.9 million in the previous year. The EBITA increase is 24% if the percentual increase for this dispute is adjusted. The improvement in earnings is largely attributable to higher net sales.

Region Finland, the Baltic states and China

Sales are conducted under the names of OEM Automatic, OEM Electronics, Akkupojat and Scannotec.

In 2015, net sales rose 19% to SEK 338 million (284) despite the general weak demand in Finnish industry. The movement in exchange rates had a beneficial 3% effect on net sales and the acquisition of Scannotec OY had a beneficial 3% effect on net sales. This means that organic growth was 13%. Growth was attributable to the operations in Finland and the Baltic states, which meant that OEM particularly increased its market share in a weak Finnish market. Incoming orders have also been strong and increased by 18% to SEK 340 million (287). Incoming orders were 1% higher than net sales in 2015, which is a positive sign.

EBITA rose 17% to SEK 23 million (20), due primarily to increased net sales.

Region Denmark, Norway, UK and Central Eastern Europe

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

Net sales rose 11% to SEK 456 million (411) in 2015 due to increasing demand, particularly in Slovakia, Denmark, Norway, the Czech Republic and Poland. Movements in exchange rates had a beneficial 4% effect and acquisitions had a beneficial 5% effect on net sales. This meant that organic growth in the region was 2% in 2015. The overall modest organic growth is primarily due to negative growth in the UK operations based on lower demand during the year.

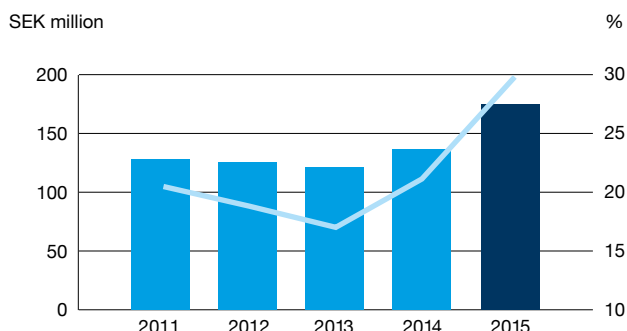
Incoming orders have been good, rising 11% to SEK 462 million (416).

Incoming orders were 1% higher than net sales in 2015, which is a positive sign.

EBITA rose 14% to SEK 36 million (32), due primarily to increased net sales.

Profitability and financial position

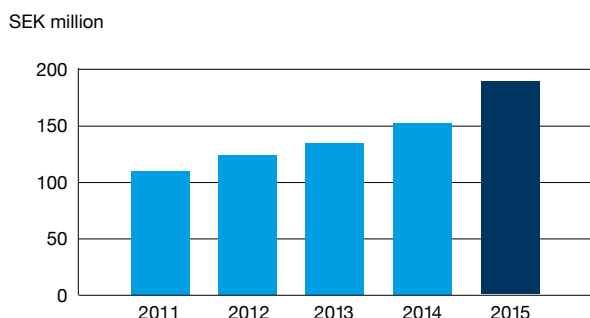
Return on capital employed was 30.0% (24.1%) and return on equity was 29.5% (21.4%) which exceeds the Group's financial target of 20%. The Group's equity/assets ratio at year-end was 51.0% (49.1%). Shareholders' equity per share was SEK 26.85 (23.82). The Group's cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 361 million (320) at year-end.



Profit after tax SEK million, Return on equity %

Cash flow

The operating cash flow was SEK 192 million (151). The year's cash flow was SEK 6.3 million (-94) after net investments of SEK -58 million (-43) and amortisation, new loans, paid dividends and redemption of shares totalling SEK -127 million (-202).



Operating cash flow, SEK million

Investments

The Group's gross investment for the year, excluding acquisitions, was SEK 24 million (19) in machinery and equipment, SEK 0.7 million (0.7) in buildings, and SEK 3.6 million (1.3) in other intangible fixed assets comprising patents and software.

Group changes

On 27 January 2015, all shares in AB Ernst Hj Rydahl Bromsbandfabrik, known as Rydahls, were acquired. The company has its head office in Karlstad and sales offices in five other locations in Sweden and is one of Scandinavia's leading suppliers of brake and friction components. The acquisition opens up a completely new market segment to OEM. In 2014, the company reported sales of SEK 117 million. The company had 44 employees on the acquisition date and became part of Region Sweden on 1 January 2015.

On 12 June 2015, all shares in Scannotec Oy in Finland were acquired.

The company has its head office in Espoo in Finland and is a supplier of technical components and systems for guidance, information, surveillance and safety that are used in public transport and in industrial facilities. The acquisition opens up a completely new market segment to OEM. The company generates an annual turnover of approximately EUR 1.5 million. The company had 6 employees on the acquisition date and became part of Region Finland, Baltic states and China on 1 June 2015.

On 27 August 2015, all shares in ATC Tape Converting AB were acquired. The company has its head office in Järfälla and converts and markets industrial tapes, which complement the Group's existing range. It reports annual sales of approximately SEK 18 million and had 5 employees on the acquisition date. The company became part of Region Sweden on 1 September 2015.

A group-wide restructuring programme is in progress aimed at achieving a simpler, more distinct legal Group structure through mergers and voluntary liquidations.

Employees

At year-end, the headcount was 729 (659), an increase of 70 employees. 54 of these employees joined the Group through acquisitions. The average number of employees during the year was 727, compared with 654 in the previous financial year. The increase in average employee headcount is mainly due to additions from business combinations. Women represent 19% (20%) of the workforce. Absence due to illness stands, on average, at 7 days per person and has increased by 2 days since last year. OEM encourages a healthy lifestyle through various forms of exercise and preventive healthcare. The average cost of training per employee is SEK 3,000 (3,000). Further information is provided in Note 5.

Risks and risk management

OEM's results, financial position and strategic position are affected by a number of internal factors over which OEM has control and a number of external factors where the opportunity to influence the chain of events is limited.

The most important risk factors include the economic situation in combination with structural changes, the competitive situation and the dependence on suppliers and customers. The main financial risks are currency risk in purchase transactions and translation risk in net investments in foreign operations. A description of the financial instruments and explanation of how OEM manages the financial risks are given in Note 25.

Economy

OEM is affected by the general development of the economy, which is usually measured in terms of GDP growth. The company operates in a wide range of different sectors and geographic areas which lessens the impact of economic fluctuations in specific industries and geographic markets on its business.

Structural changes

OEM is affected by structural changes in the market, for example, customers want fewer suppliers, rapid developments in technology or competition from lower-cost countries.

OEM works actively to increase the value of its product offering, regardless of customer group. This has clearly contributed to the Group's performance and to the fact that it continues to be a priority supplier for many customers. By working alongside the customers, it is possible to capture trends and know when it is commercially justifiable to enter a new product area in order to keep abreast of advances in technology. OEM offers a high level of service and expert technical advice to offset the effects of competition from lower-cost countries. OEM also strives to establish close links with customers by becoming involved during planning and development stages when OEM's employees are able to help customers by providing expert input for different processes.

Dependence on suppliers and customers

Dependence on individual suppliers is one of the key operational risks to which a single subsidiary can be exposed. In order to minimise this risk, the subsidiaries work close to their suppliers in order to create strong relationships on several levels. Furthermore, the majority of the suppliers are represented on several markets, which strengthens the relationships. The relationships are based on long-term, close collaborative partnerships. The Group has more than 300 suppliers in total. No supplier accounts for more than 10% of total Group sales. The expiration and addition of a number of supplier agreements each year is a normal part of the business.

OEM has a broad customer structure spread across several industrial segments and geographic markets. No customer accounts for more than about 4% of total Group sales.

Competitive situation

Restructuring and consolidations in the industrial trading sector are continuously changing the competitive situation. Economies of scale can lead to a price squeeze, but OEM's strategy includes reaching market-leading positions with a portfolio of products and services where the price is not the decisive factor.

Expectations of future development

The most important tasks for the Group are to focus on growth and continue improving the profitability of existing operations. Added to this are the sales and earnings resulting from successful acquisitions.

The Group aims to increase its sales share outside of Sweden.

OEM's objective is to achieve a good return on shareholders' equity with limited financial risks during stable growth.

The targets for one business cycle are:

- at least 10% annual sales growth,
- a minimum EBITA margin of 10%,
- a minimum return on equity of 20% and an equity/assets ratio that does not drop below 35%.

The Group has not issued a forecast for 2016.

OEM is well placed for further expansion with its strong market position, financial performance and organisation.

Research and development

OEM conducts research and development activities of its own on a limited scale. Development is mainly conducted at the suppliers' under the suppliers' own control, using information about market demand that we provide.

Environmental impact

In 2015, OEM had a Swedish subsidiary whose operations required licensing or registration under the Swedish Environmental Code. The operations requiring registration represents an insignificant portion of the company's total operations. None of the Group's companies are involved in any environment-related disputes. OEM's focus on trade means that the greatest environmental impact comes from transportation, environmentally harmful substances, printed materials, packaging materials and heating. OEM takes a structured approach in all of these areas to reduce its impact on the environment.

The OEM Group's environmental policy dictates continuous efforts to minimise its external environmental impact. Its environmental programme is governed by the ambitions of the company management and the employees, customer requirements and legislation. The aim is to minimise the short and long-term impacts of its operations on the environment.

PARENT COMPANY

The Parent Company is to be an active owner and develop the subsidiaries. In addition to clear management-by-objectives, this means contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, quality and environmental

control, and warehouse management.

The Parent Company's net sales were SEK 46 million (39). Net sales relate entirely to services to subsidiary companies. Profit before year-end appropriations and tax amounted to SEK 17 million (3.0).

With regard to non-financial information and financial risk management, the Group's information also includes the Parent Company, where applicable.

Guidelines for remuneration of senior executives

The policies for remuneration of senior executives adopted at the 2015 Annual General Meeting are presented in Note 5.

The remuneration of the Chairman and Members of the Board of Directors is paid in accordance with the resolution of the Annual General Meeting. The chairperson of the Audit Committee will receive remuneration of SEK 25,000. No other special fees are paid for work on committees.

The Board's proposed policies for remuneration of senior executives, which are to be presented at the 2016 Annual General Meeting, include market-competitive salaries and other remuneration terms for the company's management. All share-related incentive schemes are to be decided by the Annual General Meeting. In addition to base salary, management may also receive variable remuneration, which is capped at 58% of base salary. Senior executives shall have premium-based pension schemes, capped at 30% of fixed remuneration. The above proposals are the same as for the previous year.

The period of notice on the company's part may not exceed 24 months and involves the obligation to work during the period of notice. Employment agreements shall not contain provisions for severance pay. There is an exception in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) months' salaries, may be made upon termination by the company when the employee reaches the age of 55. The severance pay does not involve the obligation to work. This exception means a maximum of 18 monthly salaries upon termination by the company.

Shares

OEM shares

The share capital of the company consists of 23,169,309 shares divided as 4,767,096 Class A shares and 18,402,213 Class B shares. One Class A share entitles its holder to ten voting rights and one Class B share to one voting right. The face value per share is SEK 1.67.

Repurchase of own shares

With the objective of improving the Group's return on shareholder's equity and earnings per share, OEM International AB has an authorisation granted to the Board of Directors by the Annual General Meeting, to repurchase its own shares. The Annual General Meeting is authorised to repurchase up to 10% of the number of shares, which is 2,316,931 shares.

In 2011, the company repurchased 61,847 shares at an average price of SEK 53.26. No shares were repurchased in 2012-2015. The company's total shareholding was 61,847 shares on 31 December 2015, which is equivalent to 0.3% of the aggregate number of shares.

A new request for authorisation to repurchase up to 10% of the number of shares will be discussed at the Annual General Meeting.

Other information

The Board of Directors is appointed by the Annual General Meeting. The Articles of Association contain a preemption clause which states that if Class A shares are transferred from one shareholder to another shareholder in the company, or to someone not previously a shareholder in the company, the shares shall be offered immediately to the other holders of Class A shares for redemption through a written application to the company's Board of Directors. If the company decides to issue new shares of Class A and B, through cash issue or set-off, owners of Class A and B shares shall have preferential rights to subscribe for new shares of

the same type.

Notice of annual general meetings and extraordinary general meetings convened for the purpose of amending Articles of Association must be issued between six and four weeks before the meeting and resolutions must be supported by shareholders with at least 2/3 of the votes cast as well as of the shares represented at the meeting. Notice of extraordinary general meetings convened for other purposes shall be issued no later than three weeks prior to the meeting.

Proposed dividends

The Board of Directors is proposing a dividend payment of SEK 5.00 (4.25) per share, which represents a total payout of SEK 116 million. The complete proposal for profit allocation is presented on page 82.

Events after the reporting period

No significant events have occurred after the end of the reporting period.

CORPORATE GOVERNANCE STATEMENT

Introduction

OEM International AB (the company) applies the Swedish Code of Corporate Governance (the Code) in accordance with the NASDAQ Stockholm's rules for issuers. The Code is aimed at creating good prerequisites for an active and conscientious owner role and constitutes an element in the self-regulation of Swedish enterprise. It is based on the "comply or explain" rule, which means that non-compliance with a term of the Code is not a breach provided there is an acceptable reason that can be explained. OEM International has noted deviations from the rules of the Code concerning the Nomination Committee and the number of board members in the Audit Committee. These are explained in detail under the headings Nomination Committee and Audit Committee.

Division of responsibilities

The purpose of corporate governance is to create a clear division of roles and responsibilities between the owners, the Board of Directors and the executive management. Corporate governance in OEM is based on the Swedish Companies Act and other legislation and regulations, the rules applicable to companies listed on the stock exchange, the Articles of Association of the company, the internal governing instruments of the Board of Directors, the Swedish Code of Corporate Governance and other internal guidelines and regulations.

Shareholders

OEM International AB is a public company and was listed on the Stockholm Stock Exchange in December 1983. OEM International AB had 2,860 shareholders at the end of 2015. The ten largest shareholders controlled 75% of the share capital and 91% of the voting rights at year-end. The following shareholders have, directly or indirectly, shareholdings representing at least one-tenth of the number of voting rights for all shares in the company: Orvaus AB 28.9%, Hans and Siv Franzén 21.3%, Agne and Inger Svenberg 19.2% and AB Traction 10.0%.

Articles of Association

The Articles of Association stipulate that OEM International AB is a public company whose business is to "engage in sales of automatic components and carry on any and all activities compatible therewith".

The share capital amounts to SEK 38,615,015 and the number of shares to 23,169,309 divided into 4,767,096 Class A shares with 10 voting rights each and 18,402,213 Class B shares with one voting right each. The company's Board of Directors is to consist of not less than four and not more than seven members. The company is to have at least one auditor appointed by the Annual General Meeting and a deputy auditor if the elected auditor is not an auditing firm. Notice of annual general meetings and extraordinary general meetings convened for the purpose of amending

Articles of Association must be issued between six and four weeks before the meeting. Notice of extraordinary general meetings convened for other purposes shall be issued no later than three weeks prior to the meeting. Notice of an annual general meeting shall be published in the "Post- och Inrikes Tidningar" newspaper and on the company's website. It must be announced in Svenska Dagbladet that notice has been issued.

No limitation to the number of voting rights for represented shares applies to voting at the general meeting.

There is a pre-emptive clause regarding the A Class shares and a priority clause in connection with a cash or set-off issue. The current Articles of Association were adopted at the 2014 Annual General Meeting and can be viewed on the company's website, www.oem.se (see under The Company/Corporate Governance/Articles of Association).

Annual General Meeting

The Annual General Meeting is the highest decision-making body in OEM International AB where the shareholders exercise their voting rights. The Annual General Meeting passes resolutions concerning the adoption of the Statement of Income for the Group, the Statement of Comprehensive Income for the Group, the Statement of Financial Position for the Group and the Income Statement and Balance Sheet for the Parent Company, distribution of dividends, election of Board of Directors and, where applicable, election of auditors, remuneration of Board Members and other senior executives, remuneration of auditors and other business in accordance with the Swedish Companies Act and the Articles of Association of the Company. The Annual General Meeting is to be held in the municipality of Tranås within six months of the end of the financial year. All shareholders entered in the share register prior to the meeting who have registered their participation are entitled to participate and vote for their total shareholding.

In order to be able to exercise their voting rights at the Annual General Meeting, shareholders who have registered their shares in the name of an authorised agent must temporarily re-register their shares in their own name in accordance with what follows from the notice to the Annual General Meeting. Shareholders can be represented by agents. Minutes of the Annual General Meeting are available for viewing on the company's website, www.oem.se (see under The Company/Corporate Governance/Annual General Meeting).

Shareholders who represented 70.5% of the share capital and 89.6% of the voting rights took part in the 2015 Annual General Meeting held on 23 April 2015. Lars-Åke Rydh was appointed to chair the Annual General Meeting. The annual report and the Auditors' Report were presented at the Meeting. In connection therewith, the Chairman of the Board submitted information about the work of the Board of Directors and reported on the cooperation with the auditors. The company's Managing Director and CEO, Jörgen Zahlin, commented on the Group's operations, the 2014 financial year and developments during the first quarter of 2015 and gave his assessment of the future prospects and outlook for the Group. The auditor submitted the Auditors' Report and an oral account of the work during the year.

The 2015 Annual General Meeting decided:

to adopt a dividend of SEK 4.25 per share, to elect Lars-Åke Rydh, Ulf Barkman, Hans Franzén, Jerker Löfgren, Petter Stillström and Åsa Söderström Jerring as members of the Board of Directors, to elect Lars-Åke Rydh as Chairman of the Board of Directors, to adopt the proposal of the Nomination Committee that the Nomination Committee should be made up of representatives of not less than three and no more than four of the largest shareholders and that the Chairman of the Board should act as Chairman of the Nomination Committee, to adopt the proposal of the Board of Directors that remuneration received by senior executives from OEM International AB is mainly comprised of fixed and variable components. The remuneration shall be market-competitive and the variable amount shall be capped at 58% of base salary. The company's management shall have market-competitive, premium-based pension

schemes, capped at 30% of fixed remuneration.

to be allowed to issue up to 1,800,000 new Class B shares in connection with business combinations, in line with the proposal of the Board of Directors.

to adopt the proposal of the Board of Directors to repurchase a maximum of 10% of the company's shares.

The 2016 Annual General Meeting will be held on 26 April in Tranås.

Nomination Committee

At the Annual General Meeting held on 23 April, 2015, it was decided that the Nomination Committee shall consist of one representative from each one of no less than three and no more than four of the company's largest shareholders and the Chairman of the Board, unless he/she is a member as a shareholder representative. If a shareholder does not exercise his/her right to appoint a member, the next largest shareholder in terms of voting rights is entitled to appoint a member in the Nomination Committee. The names of the members and the names of the shareholders they represent shall be published at least six months before the 2016 Annual General Meeting and shall be based on the known number of votes immediately before publication. The term of office of the Nomination Committee shall run until a new Nomination Committee is appointed. The Chairman of the Nomination Committee shall be the Chairman of the Board.

Should there be any significant changes in the company's ownership structure after the appointment of the Nomination Committee, the composition of the Nomination Committee shall also be changed in line with the principles above. Shareholders who appointed a representative to be a member of the Nomination Committee shall be entitled to dismiss such a member and appoint a new one and also appoint a new representative if the member appointed by the shareholder chooses to withdraw from the Nomination Committee. Changes to the composition of the Nomination Committee shall be published as soon as such changes are made. The composition of the Nomination Committee was published with the interim report on 15 October 2015. The composition of the Nomination Committee is available for viewing on OEM's website, www.oem.se, under The company/Corporate governance/Nomination committee.

The Nomination Committee shall prepare proposals for the following items of business to be presented for resolution at the 2016 Annual General Meeting:

- proposal for a Chairman for the Meeting
- proposal for members of the Board of Directors
- proposal for Chairman of the Board of Directors
- proposal for remuneration of the Board of Directors
- proposal for remuneration for any committee work
- proposal for auditors
- proposal for auditors' fees
- proposal for a resolution regarding the Nomination Committee

The Nomination Committee shall discharge its duties as required by the Swedish Code of Corporate Governance and may, if necessary, take independent professional advice at the company's expense in the furtherance of its work.

The Nomination Committee for the 2016 Annual General Meeting is composed of:

- Lars-Åke Rydh, Chairman of the Board and also Chairman of the Nomination Committee
- Jerker Löfgren, Orvaus AB
- Hans Franzén
- Agne Svenberg
- Bengt Stillström, AB Traction

The Nomination Committee held two minuted meetings at which it acquainted itself with the assessment of the work of the Board of Directors during the past year and discussed the composition of the Board of Directors.

The Nomination Committee's proposals to the Annual General Meeting

will be presented in the notice of the Annual General Meeting and on the company's website.

The composition of the Nomination Committee above deviates from the regulations of the Code, which stipulate that the majority are members of the Board, that not more than one of the Board Members on the Committee may be dependent on large shareholders and that a Board Member should not be a Chairman of the Nomination Committee. It is deemed that it is reasonable for a company of this size to have a Nomination Committee that is represented by the largest shareholders and that some of these also serve as Board Members.

BOARD OF DIRECTORS

Composition of the Board of Directors

The Articles of Association require that the Board of Directors is to consist of not less than four and not more than seven members elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. Since the 2015 Annual General Meeting, the Board has consisted of the following members, all of them elected by the Annual General Meeting: Lars-Åke Rydh (Chairman), Ulf Barkman, Hans Franzén, Jerker Löfgren, Petter Stillström and Åsa Söderström Jerring. The members of the Board are presented on page 84 and on the company's website (see under The company/The Board). All Board Members are independent with regard to the company and the company's management. Of the members who are independent in relation to the company and the company's management, Ulf Barkman, Lars-Åke Rydh and Åsa Söderström Jerring are also independent in relation to the company's major shareholders. The current duties of the Members of the Board are presented on page 84.

Chairman of the Board

It is the duty of the Chairman of the Board, Lars-Åke Rydh, who was re-elected at the 2015 Annual General Meeting, to ensure that the work of the Board is conducted efficiently and that the Board discharges its duties as required by the Swedish Companies Act, other legislation and regulations, rules applicable to companies listed on the stock exchange (including the Code) and the Board's internal governing instruments. It is the Chairman's task to ensure that the Board continuously updates and deepens its knowledge about the company and receives satisfactory data and decision-making information for its work, to establish the agenda for the meetings of the Board in consultation with the Managing Director, to verify that the decisions of the Board are implemented and ensure that the work of the Board is assessed annually. The Chairman of the Board represents the company in ownership issues.

Duties of the Board

Each year, the Board establishes written rules of procedure that regulate the Board's work and its mutual division of responsibilities, including its committees, the decision-making procedure in the Board, the Board's meeting procedure and the Chairman's duties. The Board has also issued an instruction for the Managing Director, which regulates his duties and reporting obligation to the Board of Directors. The Board has also adopted policies on financial and other matters.

The Board monitors the work of the Managing Director by regularly reviewing operations during the year. It is responsible for purposefully structuring the organisation, and the procedures and guidelines for the management of the company's business. It is also responsible for ensuring that there is a satisfactory system of internal control. The Board is also responsible for the development and follow-up of the company's strategies, decisions concerning acquisition and sale of operations, major investments, appointments and remuneration of the Managing Director and other senior executives as stated in the guidelines adopted by the Annual General Meeting. The Board of Directors and the Managing Director present the annual report to the Annual General Meeting.

Work of the Board

In accordance with the adopted rules of procedure, the Board of Directors holds at least six ordinary meetings per year plus an inaugural meeting after the Annual General Meeting and whenever necessitated by the situation.

During 2015, the Board had a total of eight meetings, including the inaugural meeting.

The Board Members have participated in all Board meetings with the exception of Agne Svenberg and Jerker Löfgren, who were absent on one occasion. When the Members were unable to attend, they presented their opinions and views on the items of business to the Chairman of the Board prior to the meeting. All resolutions have been passed unanimously by the Board of Directors.

The secretary of the Board is the company's CFO. Other company employees take part in the meetings of the Board in connection with the presentation of specific issues or when otherwise deemed appropriate.

The work of the Board during the year has covered a range of matters, including issues concerning the strategic development of the Group, operating activities, the trend in earnings and profits, business combinations, disposal of companies and properties, organisation, the Group's financial position and funding of the Group's capital structure.

The work of the Board is subject to an annual assessment. This is done by each Board member rating a number of relevant issues with the opportunity to provide comments. The results are compiled and presented to the Nomination Committee.

Remuneration of the Board

The remuneration of the members of the Board elected by the Annual General Meeting is decided by the Meeting in accordance with the proposal of the Nomination Committee. The 2015 Annual General Meeting approved the proposal that fees of SEK 450,000 be paid to the Chairman of the Board and SEK 225,000 to each of the Board members elected at the Meeting, for the period until the 2016 Annual General Meeting. The total remuneration of Board members, in accordance with the approval of the Annual General Meeting, is thus SEK 1,575,000. Board members may be able to invoice the remuneration through their companies if current tax legislation allows for invoicing and provided the company will not incur any expense. If a Board member invoices the Board remuneration via his/her company, the remuneration shall be augmented by an amount equivalent to the statutory social contributions and value added tax.

The chairperson of the Audit Committee will receive remuneration of SEK 25,000. No additional remuneration has been paid to any Board Member.

Remuneration Committee

The Board has appointed a Remuneration Committee, which consists of the Chairman, Lars-Åke Rydh, and Board Members Hans Franzén and Petter Stillström. The Remuneration Committee prepares "the Board's proposals for policies for senior executives' remuneration" and the application of these. The proposal is discussed by the Board and is subsequently presented to the Annual General Meeting for adoption. Based on the resolution of the Annual General Meeting, the Board decides on the remuneration of the Managing Director. Based on the proposal of the Managing Director, the Remuneration Committee passes a resolution on the remuneration of other members of the Group's executive team. The Board is informed of the decisions of the Remuneration Committee. Salaries and other terms of appointment for the Group's executive team shall be set at competitive levels. In addition to base salary, the Group's executive team may also receive variable remuneration, which is capped at 58% of base salary. The amount of the variable remuneration is unchanged compared to 2014. Senior executives in the OEM Group shall have market-competitive, premium-based pension schemes, capped at 30% of fixed remuneration. The pension scheme level is the same as for 2014. All share-related incentive schemes are to be decided by the Annual General Meeting. At present, there are no such incentive schemes. The

maximum term of notice is 24 months and shall also include the obligation to work during the term of notice.

The Remuneration Committee met three times in the year to review and approve the above policy proposals.

Guidelines for the remuneration of senior executives will be proposed for adoption at the 2016 Annual General Meeting and are presented on page 33 of this report.

Audit Committee

During the year, the Board has had a special Audit Committee consisting of Chairman Ulf Barkman and Lars-Åke Rydh. The members of the Committee are independent in relation to the company, the company's management and the company's major shareholders.

The Audit Committee shall, without it otherwise affecting the Board's responsibilities and duties, monitor the financial reporting of the company, monitor the efficiency of the company's internal control and risk management relating to the financial reporting, keep itself informed about the audit of the Annual Report and consolidated financial statements, scrutinise and monitor the impartiality and independence of the auditor and pay particular attention if the auditor provides the company with services other than auditing services. The Audit Committee evaluates the audit work that has been carried out and informs the company's Nomination Committee of the results of the evaluation and assists the Nomination Committee in preparing proposals for auditors and remuneration of the auditors' work.

The Audit Committee has convened on four occasions and has met with an external auditor on three of them. The Board and the Audit Committee have held a review meeting with and received a report from the company's external auditor in connection with the Board meeting in February 2016 at which the Board approved the annual financial statements. The auditors' reports have not led to any specific measures by the Board or the Audit Committee. The composition of the above Audit Committee deviates from the regulations of the Code in that the Audit Committee consists of two members instead of three. It is considered reasonable for a company of this size to have an Audit Committee comprising two members, as the Board also meets with the auditor on one occasion.

Managing Director and Group Executive Team

The Managing Director, Jörgen Zahlin, manages the operations in accordance with the Swedish Companies Act, other acts and regulations, the rules applicable to companies listed on the stock exchange, the Articles of Association of the Company, the internal governing instruments of the Board of Directors and the goals and strategies set by the Board. In consultation with the Chairman of the Board, the Managing Director prepares the necessary information and basis for decisions prior to the Board meetings, presents the items of business and justifies proposals for resolutions. The Managing Director leads the work of the Group's executive team and makes decisions in consultation with the members of the executive team. In 2015, OEM's executive team members were Jörgen Zahlin, Jan Cnattingius, Jens Kjellsson, Urban Malm, Patrick Nyström, Sven Rydell and Fredrik Simonsson.

The Group's executive team holds regular business reviews under the leadership of the Managing Director. The Managing Director and the Group's executive team are presented on pages 85 of this document and on the company's website (see under The company/Group executive team).

Auditors

As required by the Articles of Association, the company must have at least one auditor appointed by the Annual General Meeting and, if the auditor is not an auditing firm, it must also have a deputy auditor. The company's auditors work according to an audit plan and report their observations to company management teams, the Group's executive team, the Audit Committee and the Board of Directors both during the course of the audit and in connection with the adoption of the annual financial statements.

Internal procedures and control systems are continuously reviewed during the year. A final review of the annual financial statements and the Annual Report is carried out in January and February. A review is conducted in the interim report for the third quarter. An account of the remuneration of the auditors, including the fees for consulting services, is presented in Note 6. The auditors are required to continually assess their independence before deciding whether to undertake an engagement to provide consulting services.

An account of the audit is reported to the shareholders in the form of an auditors' report and other opinions, which constitute a recommendation to the shareholders on various items of business for resolution at the annual general meeting. The Auditors' Report contains proposals for adoption of the Income Statement and Balance Sheet for the Parent Company and the Statement of Comprehensive Income and the Statement of Financial Position for the Group, the appropriation of the company's profit and the discharge of the members of the Board and the Managing Director from liability.

The audit work includes such activities as an examination of compliance with the Articles of Association, the Swedish Companies Act and Annual Accounts Act, the International Financial Reporting Standards (IFRS), issues related to measurement of items recognised in the Statement of Financial Position/Balance Sheet for the Group/the Parent Company, follow-up of essential accounting processes and governance and financial control.

The company's auditors meet with the Audit Committee three times a year and once a year with the Board. The company's auditors also attend the Annual General Meeting to explain and give opinions on the audit work.

At the 2015 Annual General Meeting, KPMG AB was appointed as auditors of the company until the conclusion of the 2016 Annual General Meeting. Chartered Accountant Kjell Bidenäs has been the principal auditor since the 2009 Annual General Meeting. KPMG performs the audit in OEM International AB and the majority of the subsidiaries.

Kjell Bidenäs' other major clients include L E Lundbergföretagen AB (publ) and Väderstad Holding AB.

Internal control and risk management regarding financial reporting for the financial year 2015

As required by the Swedish Annual Accounts Act, the Board of Directors must annually submit a presentation of the most important elements of the company's system for internal control and risk management with regard to its financial reporting. Pursuant to the Swedish Companies Act, the Board of Directors is responsible for internal control. This responsibility includes an annual assessment of the financial reporting submitted to the Board and placement of requirements to its contents and presentation in order to ensure the quality of the reporting. This requirement means that the financial reporting must be fit for its purpose and appropriate and apply the applicable accounting rules, acts and regulations and any other requirements placed on listed companies. The Board of Directors is responsible for ensuring that there is an adequate system for internal control, which covers all essential risks of errors in financial reporting. OEM's system for internal control comprises the control environment, risk assessment, control activities, information, communication and follow-up.

Control environment

OEM builds and organises its operations on decentralised profit and budget responsibilities. The basis for internal control in a decentralised organisation is a firmly-established process, aimed at defining goals and strategies for each organisation. Defined decision-making channels, powers and responsibilities are communicated through internal instructions and through guidelines and policies adopted by the Board of Directors. These documents set out the division of responsibilities and duties between the Board of Directors and the Managing Director and within the operational activities. They also include a financial policy, a manual for economic and financial reporting and instructions for each closing of the books. A Group-wide reporting system is used for the

Group's year-end procedures.

Risk assessment

OEM has established procedures for handling risks that are deemed by the Board and the company's management to be essential for the internal control regarding financial reporting. The Group's exposure to a number of different market and customer segments and the division of its operations into some 30 companies ensures a significant spread of risk. The risk assessment is carried out based on the Group's Statement of Financial Position and Statement of Comprehensive Income in order to identify the risk for significant errors. The greatest risks for the OEM Group as a whole are related to revenue recognition, and inventories and trade receivables.

Control activities

OEM has established a number of control activities based on risk assessments that have been carried out. The activities are both preventive and ascertaining and include transaction-related checks, such as rules regarding authorisations and investments, and clear payment procedures, as well as analytical checks performed by the Group's controller organisation and central financial function. There are also various control activities related to the management of the purchase, logistics and sales processes. Controllers and financial managers on all levels in the Group have a key role with regard to integrity, competence and ability to create the environment that is required to achieve transparent and fair financial reporting. An important overall control activity is the monthly performance follow-up, which is carried out via the internal reporting system and which the Board of Directors analyses and comments on as part of its internal work. This involves comparing performance against set targets and previous results and reviewing a number of key ratios. Each company in the Group has an active Board whose chairperson is a member of the Group management. The Group management makes regular visits to the subsidiaries that are subject to financial follow-up.

Information and communication and follow-up

Internal information and external communications are regulated at an overall level by an information policy and other guidelines.

Relevant steering documents and instructions are available on the Group's intranet.

The Board of Directors receives comments from the Managing Director concerning the state of the business and the development of the operations on a monthly basis. The Board of Directors also deals with all quarterly financial statements, as well as the annual report prior to their publication. The financial situation is discussed at each Board meeting. The members of the Board then have an opportunity to pose questions to the company's management.

The company's auditors attend Audit Committee meetings three times a year and Board meetings once a year and present their observations of the company's internal procedures and control systems. The members of the Board then have an opportunity to pose questions. Every year, the Board takes a position on significant risk areas and assesses the internal control.

Furthermore, OEM's management continuously assesses the internal control regarding financial reporting, above all, through own analysis, by asking questions and taking part in the work of the control function.

Internal audit

The company and the Group have a relatively simple legal and operating structure and efficient management and internal control systems. One of the ways in which the Board regularly follows up the various Group companies' assessments of the internal control process is through contacts with the company's auditors. The Board has therefore decided not to have a separate internal audit.

Proposed allocation of profits

The Board's proposals for allocation of profit are presented in full on page 82.

Consolidated Statement of Income

(SEK million)

	Note	2015	2014
Operating income			
Net sales	2	2,231.7	1,887.5
Other operating income	3	5.2	1.2
Operating costs			
Commodities		-1,417.5	-1,190.5
Staff costs	5	-406.8	-348.5
Other expenses	6	-140.7	-128.0
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	7	-46.8	-43.2
Operating profit		225.2	178.5
Finance income and expense			
Finance income	9	0.6	1.1
Finance expense	10	-4.4	-3.9
Profit before tax		221.4	175.7
Taxes	11	-48.1	-39.0
PROFIT/LOSS FOR THE YEAR		173.2	136.7
Profit for the year attributable to:			
Parent Company shareholders		173.2	136.7
Non-controlling interests		-	-
Earnings per share, SEK *		7.50	5.92
Average number of outstanding shares *		23,107,462	23,107,462

* No effects of dilution present.

Consolidated statement of comprehensive income

(SEK million)

	Note	2015	2014
Profit/loss for the year		173.2	136.7
Other comprehensive income			
Items that have been or can be recycled to the income statement for the year			
Exchange differences on translation of foreign operations for the year		-5.7	13.6
Items that have not been or cannot be recycled to the income statement for the year			
Revaluation of defined-benefit pension schemes		1.1	0.4
Tax effect from revaluation of defined-benefit pension schemes		-0.3	-0.1
Other comprehensive income for the year		-4.8	13.9
COMPREHENSIVE INCOME FOR THE YEAR		168.4	150.6
Comprehensive income for the year attributable to:			
Parent Company shareholders		168.4	150.6
Non-controlling interests		-	-

Consolidated statement of financial position

(SEK million)

ASSETS	Note	31 Dec 2015	31 Dec 2014
Fixed assets			
Intangible fixed assets			
Goodwill	12	97.7	87.9
Other intangible fixed assets	12	78.0	87.2
		175.7	175.1
Property, plant and equipment			
Buildings and land	13	146.3	151.5
Fixtures, fittings, tools and equipment	13	56.6	52.7
		202.9	204.2
Financial assets			
Non-current receivables		0.5	0.4
		0.5	0.4
Deferred tax assets	11	1.6	2.0
Total fixed assets		380.6	381.7
Current assets			
Inventories			
Commodities	15	395.8	336.5
		395.8	336.5
Current receivables			
Tax receivables		2.9	6.0
Trade receivables		324.0	289.5
Other receivables		17.4	13.6
Prepaid expenses and accrued income	16	14.2	15.9
		358.5	325.0
Cash and cash equivalents		84.7	80.1
Total current assets		839.0	741.6
TOTAL ASSETS		1,219.7	1,123.3

Consolidated statement of financial position

(SEK million)

EQUITY AND LIABILITIES	Note	31 Dec 2015	31 Dec 2014
Equity	17		
Share capital		38.6	38.6
Other contributed capital		39.4	39.4
Translation reserves		7.7	13.4
Retained earnings, including profit for the year		536.4	460.5
Total equity attributable to Parent Company shareholders		622.1	551.9
Liabilities			
Non-current liabilities			
<i>Interest-bearing liabilities</i>			
Other non-current interest-bearing liabilities	18	34.7	31.8
Provisions for pensions	19	2.0	3.3
<i>Non interest-bearing liabilities</i>			
Other non-current liabilities	20	11.0	11.7
Deferred tax liabilities	11	75.7	70.1
Total non-current liabilities		123.4	116.8
Current liabilities			
<i>Interest-bearing liabilities</i>			
Bank loans and overdrafts	18, 21	183.4	207.3
Other current liabilities	18	10.2	8.1
<i>Non interest-bearing liabilities</i>			
Trade payables		127.7	116.4
Tax liabilities		4.8	5.4
Other liabilities		58.7	41.6
Accrued expenses and prepaid income	23	89.3	75.8
Total current liabilities		474.1	454.6
TOTAL EQUITY AND LIABILITIES		1,219.7	1,123.3
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets for own liabilities and provisions	21		
Property mortgages		19.1	18.9
Business mortgages		72.4	53.0
TOTAL PLEDGED ASSETS		91.5	71.8
Contingent liabilities			
Other contingent liabilities	22	-	-
TOTAL CONTINGENT LIABILITIES		-	-

Consolidated statement of changes in equity

(SEK million)

	Share capital	Other contribut- ed capital	Translation reserve	Retained earn- ings, including profit for the year	Total share- holders' equity
Opening equity 1 Jan 2014	38.6	39.4	-0.2	647.1	724.8
Profit/loss for the year				136.7	136.7
Other comprehensive income for the year			13.6	0.3	13.9
Bonus issue	19.3			-19.3	-
Transactions with owners:					
Dividends paid				-92.4	-92.4
Redemption shares	-19.3			-211.8	-231.1
CLOSING BALANCE 31 DEC 2014 *	38.6	39.4	13.4	460.5	551.9
Opening equity 1 Jan 2015	38.6	39.4	13.4	460.5	551.9
Profit/loss for the year				173.2	173.2
Other comprehensive income for the year			-5.7	0.8	-4.8
Transactions with owners:					
Dividends paid				-98.2	-98.2
CLOSING BALANCE 31 DEC 2015 *	38.6	39.4	7.7	536.4	622.1

* Shareholders' equity attributable to Parent Company shareholders.

NUMBER OF SHARES	Total	Outstanding
Opening number 1 Jan 2014	23,169,309	23,107,462
Share split	23,169,309	23,107,462
Redemption	-23,169,309	-23,107,462
CLOSING NUMBER 31 DEC 2014	23,169,309	23,107,462
Opening number 1 Jan 2015	23,169,309	23,107,462
CLOSING NUMBER 31 DEC 2015	23,169,309	23,107,462

Consolidated statement of cash flows

(SEK million)

	2015	2014
Operating activities		
Profit before tax	221.4	175.7
Adjustments for non-cash items	47.5	40.1
	268.8	215.8
Taxes paid	-41.9	-34.2
Operating cash flows before movements in working capital	227.0	181.6
Change in inventories	-29.3	-13.1
Change in trade receivables	-19.0	-24.7
Change in other operating receivables	0.5	-9.7
Change in trade payables	-2.0	12.9
Change in other operating liabilities	14.5	4.1
Operating cash flows	191.7	151.1
Investing activities		
Acquisition of subsidiaries, net effect on cash and cash equivalents	-35.6	-36.3
Acquisition of intangible fixed assets	-3.6	-1.2
Acquisition of property, plant and equipment	-24.7	-19.4
Sales of property, plant and equipment	5.5	14.0
Investing cash flows	-58.4	-42.9
Financing activities		
Loans raised	12.8	136.7
Loan amortisation	-41.5	-15.7
Dividends paid	-98.2	-92.4
Redemption paid	-	-231.1
Financing cash flows	-126.9	-202.5
CASH FLOW FOR THE YEAR	6.3	-94.3
Cash equivalents at beginning of year	80.1	172.8
Exchange rate difference cash equivalents	-1.7	1.5
Cash equivalents at end of year	84.7	80.1

Additional information, refer to Note 27.

Parent Company income statements

(SEK million)

	Note	2015	2014
Operating income			
Net sales		45.9	38.6
Operating costs			
Other external costs	6	-18.9	-19.4
Staff costs	5	-25.2	-22.4
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	7	-6.6	-6.9
Operating profit		-4.9	-10.1
Income from interests in Group companies	8	22.4	13.7
Other interest income and similar income	9	1.0	1.3
Other interest expense and similar charges	10	-1.2	-1.9
Profit/loss after financial items		17.4	3.0
Year-end appropriations			
<i>Difference between tax depreciation and depreciation according to plan:</i>			
Expenses brought forward for software	24	-1.4	-0.2
Fixtures, fittings, tools and equipment	24	0.1	0.0
Tax allocation fund, provision	24	-48.6	-40.0
Tax allocation fund, reversal	24	21.0	26.1
Group contributions received		183.4	154.0
Group contributions paid		-4.9	-10.5
Profit before tax		167.0	132.3
Taxes	11	-32.2	-26.8
PROFIT/LOSS FOR THE YEAR*		134.8	105.5

* Comprehensive income for the year corresponds with the profit/loss for the year.

Parent Company balance sheet

(SEK million)

ASSETS	Note	31 Dec 2015	31 Dec 2014
Fixed assets			
Intangible fixed assets			
Expenses brought forward for software	12	19.4	20.2
		19.4	20.2
Property, plant and equipment			
Buildings and land	13	14.6	15.2
Fixtures, fittings, tools and equipment	13	2.9	4.1
		17.5	19.3
Financial assets			
Interests in Group companies	14	380.1	370.8
		380.1	370.8
Total fixed assets		417.1	410.3
Current assets			
Current receivables			
Receivables from Group companies		310.5	251.0
Other receivables		0.5	0.9
Prepaid expenses and accrued income	16	3.8	4.5
		314.8	256.5
Cash on hand and demand deposits	21	0.0	0.0
Total current assets		314.8	256.5
TOTAL ASSETS		732.0	666.8

Parent Company balance sheet

(SEK million)

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	Note	31 Dec 2015	31 Dec 2014
Equity			
Non-distributable equity	17		
Share capital		38.6	38.6
Reserve fund		32.3	32.3
		70.9	70.9
Distributable equity			
Profit brought forward		12.7	5.4
Profit/loss for the year		134.8	105.5
		147.5	110.9
Total shareholders' equity		218.4	181.8
Untaxed reserves			
Accelerated depreciation	24	11.5	10.2
Accruals funds	24	208.8	181.2
Total untaxed reserves		220.3	191.4
Provisions			
Deferred tax liabilities	11	1.9	1.9
Total provisions		1.9	1.9
Non-current liabilities			
<i>Non interest-bearing liabilities</i>			
Other liabilities	20	5.1	10.1
Total non-current liabilities		5.1	10.1
Current liabilities			
<i>Interest-bearing liabilities</i>			
Bank loans and overdrafts	21	99.5	110.2
<i>Non interest-bearing liabilities</i>			
Trade payables		4.6	2.5
Tax liabilities		6.3	0.8
Liabilities to Group companies		154.5	149.3
Other current liabilities		10.8	10.8
Accrued expenses and prepaid income	23	10.6	8.0
Total current liabilities		286.2	281.7
TOTAL EQUITY, PROVISIONS AND LIABILITIES		732.0	666.8
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets for own liabilities and provisions	21		
Property mortgages		7.5	7.5
TOTAL PLEDGED ASSETS		7.5	7.5
Contingent liabilities			
Security undertakings to support Group companies		210.6	220.6
TOTAL CONTINGENT LIABILITIES		210.6	220.6

Parent Company statement of changes in equity

(SEK million)

	Non-distributable equity		Distributable equity	Total shareholders' equity
	Share capital	Reserve fund	Profit/loss brought forward including profit/loss for the year	
Opening equity 1 Jan 2014	38.6	32.3	328.9	399.8
Comprehensive income for the year *			105.5	105.5
Dividends paid			-92.4	-92.4
Redemption shares	-19.3		-211.8	-231.1
Bonus issue	19.3		-19.3	0.0
CLOSING EQUITY 31 DEC 2014	38.6	32.3	110.9	181.8
Opening equity 1 Jan 2015	38.6	32.3	110.9	181.8
Comprehensive income for the year *			134.8	134.8
Dividends paid			-98.2	-98.2
CLOSING EQUITY 31 DEC 2015	38.6	32.3	147.5	218.4
Proposed dividend, SEK 5.00 per share			115.8	

* Comprehensive income for the year corresponds with the profit/loss for the year.

NUMBER OF SHARES	Total	Outstanding
Opening number 1 Jan 2014	23,169,309	23,107,462
Share split	23,169,309	23,107,462
Redemption	-23,169,309	-23,107,462
CLOSING NUMBER 31 DEC 2014	23,169,309	23,107,462
Opening number 1 Jan 2015	23,169,309	23,107,462
CLOSING NUMBER 31 DEC 2015	23,169,309	23,107,462

Parent Company cash flow statement

(SEK million)

	2015	2014
Operating activities		
Profit/loss after financial items	17.4	3.0
Adjustments for non-cash items	15.6	17.1
	33.0	20.1
Taxes paid	-26.7	-22.1
Operating cash flows before movements in working capital	6.3	-2.0
Cash flow from changes in working capital		
Change in other operating receivables	-28.9	-4.3
Change in trade payables	2.1	-0.5
Change in other operating liabilities	14.0	-7.8
Operating cash flows	-6.5	-14.6
Investing activities		
Acquisition of subsidiaries	-23.9	-39.7
Acquisition of intangible fixed assets	-3.5	-1.2
Acquisition of property, plant and equipment	-0.6	-1.8
Investing cash flows	-28.0	-42.7
Financing activities		
Group contributions, net	143.4	131.7
Loans raised	-	110.2
Loan amortisation	-10.7	-
Dividends paid	-98.2	-92.4
Redemption paid	-	-231.1
Financing cash flows	34.5	-81.6
CASH FLOW FOR THE YEAR	0.0	-138.9
Cash equivalents at beginning of year	0.0	138.9
Cash equivalents at end of year	0.0	0.0

Additional information, refer to Note 27.

Note 1

Accounting policies

Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements concerning interpretation published by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union. Furthermore, the Group has applied the Swedish Financial Accounting Standards Council's recommendation RFR 1 (Supplementary Accounting Regulations for Groups).

The accounting policies adopted for the Parent Company are the same as those used for the Group, except in the cases specified below in the section "Accounting Policies of the Parent Company".

Requirements for preparing Parent Company and Group financial statements

The Parent Company's functional currency is the Swedish krona (SEK), which is also the official reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish krona. All amounts are rounded off to the nearest million with one decimal, unless otherwise stated.

Assets and liabilities are reported at historical costs, except derivative instruments which are measured at fair value.

Fixed assets and non-current liabilities consist of amounts that can be expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities consist of amounts expected to be recovered or paid within twelve months from the balance sheet date.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and assumptions are based on historical experience and other factors that are believed to be reasonable and relevant under the circumstances. Estimates and assumptions are reviewed on a regular basis and are compared to actual results. Critical estimates and assumptions are presented in Note 30.

The consolidated accounting policies outlined below have been applied consistently throughout the periods reported in the Group's financial statements, unless otherwise stipulated below. Consolidated accounting policies have also been applied consistently to the accounting and consolidation of the Parent Company and subsidiaries.

Amended accounting policies arising from new or amended International Financial Reporting Standards, effective in 2015

Amendments to IFRS standards that are effective from 1 January 2015 have not had any significant impact on the amounts recognised in the consolidated financial statements.

New IFRS standards and interpretations that have not yet been adopted

A number of new or amended IFRS standards and interpretation statements will come into effect in the coming financial year or later and have not been early adopted for the preparation of this year's financial statements.

IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement*, effective from 1 January 2018. IFRS 9 introduces requirements for classifying and measuring financial assets and financial liabilities, hedge accounting and impairment of financial assets.

IFRS 9 is not expected to have any material impact on the Group's

financial statements. IFRS 9 has not yet been endorsed by the EU. Early adoption of IFRS 9 in its current form is therefore not permitted.

IFRS 15 *Revenue from Contracts with Customers* effective 1 January 2018. Early adoption of the standard is permitted, pending EU endorsement. A study has been launched to assess what impact the new revenue recognition regulations will have on OEM. The preliminary assessment is that IFRS 15 does not have a significant impact on the Group's financial statements, apart from additional disclosures.

Annual Improvements to IFRSs 2010–2012 Cycle include new disclosure requirements for aggregation of operating segments. The amendment to IFRS 8 requires an entity to disclose the judgements made by Group management in applying the aggregation criteria to operating segments for external reporting. The new disclosure requirement shall be effective for annual periods beginning on or after 1 February 2015.

Annual Improvements to IFRSs 2010–2012 Cycle also include new requirements for related party disclosures as defined in IAS 24. The definition regarding related parties has been broadened to include entities that provide, or are part of a Group where another entity provides key management personnel to the reporting entity or to the parent of the reporting entity. The new disclosure requirement shall be effective for annual periods beginning on or after 1 February 2015.

None of the other new or amended IFRS standards or interpretation statements are expected to have any effect on the Group's reporting.

Reporting of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the Group's executive team. Note 2 provides a more detailed description of the grouping and presentation of operating segments.

Principles of consolidation for subsidiaries

Subsidiaries are entities in which OEM International AB has the power to exercise control, either directly or indirectly. Control exists when the Parent Company has power over the investee, either directly or indirectly, when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Business combinations are recognised in accordance with the acquisition method. The method means that the acquisition of a subsidiary is regarded as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities.

As from 2010, goodwill in business combinations is calculated as the sum total of the consideration transferred, any non-controlling interest and the fair value of the previously owned interest (in connection with step acquisitions) minus the fair value of the subsidiary's identifiable assets and assumed liabilities. A negative difference is recognised directly in the profit or loss for the year. Goodwill from acquisitions carried out prior to 2010 is calculated as the sum total of the consideration transferred and the acquisition costs minus the fair value of the acquired identifiable net assets for the respective partial acquisitions, where the cost of goodwill from all historical partial acquisitions is aggregated. Transaction costs in connection with business combinations are expensed from the beginning of 2010, but are included in the acquisition cost goodwill for acquisitions prior to 2010.

Contingent consideration in acquisitions is measured at fair value both at the acquisition date and continuously afterwards; any and all changes in value are recognised in profit or loss.

In the case of acquisitions of subsidiaries from 1 January 2010 onward,

in which there are other non-controlling interests, the Group recognises the net assets attributable to these non-controlling interests either at fair value of all net assets excluding goodwill or at fair value of all net assets including goodwill. The principle is chosen individually for each individual acquisition.

Acquisitions in which the interest is raised through several individual acquisitions are reported as step acquisitions. In the case of step acquisitions, which lead to a controlling interest, any previously acquired interests are revalued in accordance with the latest acquisition and the profit or loss is recognised in the income statement.

Once controlling interest has been achieved, any ownership changes are recognised as equity transactions between the shareholders of the Parent Company and non-controlling interests, without any revaluation of the subsidiary's net assets.

The financial statements of the subsidiaries are included in the consolidated financial statements from the effective date of acquisition until the day that control ceases.

Transactions to be eliminated on consolidation

All inter-company receivables and liabilities, income or expenses, and unrealised gains or losses arising from inter-company transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the date of the transaction. Functional currency is the currency that applies in the primary economic environments in which the Group companies operate. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate prevailing on balance sheet date. Exchange rate differences resulting from translations are reported in the profit or loss for the year. Non-monetary assets and liabilities reported at their historical acquisition costs are translated at the exchange rate prevailing on the date of the transaction.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other residual values in the corporate fair value adjustments, are translated from the foreign entities functional currency to the consolidated reporting currency, Swedish kronor (SEK), at the exchange rate prevailing on the balance sheet date. Income and expense in foreign entities are translated to Swedish kronor (SEK) at an average rate that represents an approximation of the rates that applied when each transaction took place. Exchange differences arising when translating currency of foreign operations are recognised in other comprehensive income and are accumulated in a separate component of shareholders' equity that is referred to as a translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised and reclassified from the translation reserve of the shareholders' equity to the profit or loss for the year.

Income

Sale of goods

Income includes only the gross inflow of economic benefits that the company receives or can receive for its own benefit. Revenue arising from the sale of goods is recognised in the income statement as income when the company has transferred the significant risks and rewards of ownership associated with the goods to the buyer. If there is considerable uncertainty regarding payment, related costs or risk of returns, and if the seller retains involvement in the day-to-day management that is normally associated with the ownership, then revenue is not taken up as income. Income is recognised at the fair value of the consideration received or

receivable less any discounts and rebates. Amounts collected for the benefit of another are not included in the company's income but instead constitute received commission.

Sales of services and similar assignments

Revenue arising from the rendering of services is recognised in the income statement for the year in which the service is rendered by reference to the stage of completion on the balance sheet date. The stage of completion is determined on the basis of contract costs incurred in relation to the total estimated contract costs.

Services are sold to subsidiaries.

Operating costs and finance income and expense

Operating leases

Payments for operating leases are recognised in the profit or loss for the year on a straight-line basis over the term of the lease. Benefits obtained on signing an agreement are recognised on a straight-line basis as part of the overall leasing cost in the profit or loss for the year.

Finance leases

The minimum lease fees are allocated as interest expense and amortisation for the outstanding liability. The interest expense is spread over the term of the lease, so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised in the respective period. Variable payments are expensed on the income statement for the year in the periods in which they occur.

Finance income and expense

Finance income and expense include interest income from bank assets, receivables and interest-bearing securities, dividend income, interest expenses related to loans, exchange rate differences attributable to financial investments and financing activities and derivative instruments used in the financial operating activities.

Interest income from receivables and interest expense related to liabilities are calculated using the effective interest method. The effective interest rate is the rate that discounts the present value of all estimated future cash receipts and payments through the expected life of the financial asset to that asset's net carrying amount.

Interest income and interest expense respectively include periodic amounts of transaction costs and discounts where applicable, premiums and other differences between the originally recognised value of the receivable and of the liability respectively and the amount that is settled at maturity and the estimated future receipts and payments through the term of the agreement.

Dividend income is recognised when the right to retain payment has been established.

Exchange gains/losses are recognised net.

Taxes

Income tax consists of current tax and deferred tax. Income tax is reported in the income statement for the year unless the underlying transaction is charged to other comprehensive income or directly to equity, in which case any related tax effect is charged to other comprehensive income or to equity.

Current tax is the tax that is to be paid or received for the current year. This includes adjustments of current tax attributable to prior periods. Current and deferred tax are calculated with application of the tax rates and regulations in effect or in practice at the balance sheet date.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the carrying amounts and tax values of assets and liabilities. Temporary differences are not considered in consolidated goodwill.

Measurement of deferred tax is based on how the carrying amount of assets or liabilities is expected to be recovered or settled.

Deferred tax assets, relating to deductible temporary differences and loss carry-forwards, are only recognised to the extent that it is probable that these can be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

Financial instruments

Financial instruments reported in the statement of financial position as assets consist primarily of cash and cash equivalents, loan receivables, trade receivables and derivatives. Trade payables, loan liabilities, contingent considerations and derivatives are reported as liabilities.

Recognition in and derecognition from the statement of financial position

Recognition of a financial asset or financial liability in the statement of financial position is at the point when the entity becomes a party to the contractual provisions of the instrument. A receivable is recognised when the entity has performed and there is a contractual liability for the counterparty to pay, even if an invoice has not been sent. Trade receivables are recognised in the statement of financial position upon issuance of invoice. Liabilities are included when the counterparty has performed and there is a contractual liability to pay, even if the invoice has not been received. Trade payables are recognised on receipt of invoice.

A financial asset is derecognised and removed from the statement of financial position when the contractual rights are realised, expire or when control of the contractual rights is lost. The same applies to part of a financial asset. A financial liability is removed from the statement of financial position when the obligation is discharged or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and reported in the statement of financial position as a net amount only when there is a legal right to set off the amount and an intention to adjust the items with a net amount or, at the same time, realise the asset and settle the liability.

Classification and presentation

Financial instruments are initially reported at cost corresponding to the fair value of the instrument plus transaction costs for all financial instruments, except those instruments classified as financial assets held at fair value through profit and loss, which are recognised at fair value excluding transaction costs. The financial instruments are classified in the initial recognition depending on the purpose for which the instruments were acquired which affects recognition thereafter.

The fair value of listed financial assets corresponds to the asset's listed bid price on the balance sheet date. The fair value of unlisted financial assets is established by applying valuation techniques such as recently completed transactions, references to similar instruments and discounted cash flow.

Trade receivables and other current and non-current receivables classified in the category "loans and receivables"

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are presented at amortised cost. Amortised cost is determined based on the effective interest that was calculated at the time of acquisition. Trade receivables are stated at their realisable values, i.e. less allowances for potential losses on doubtful receivables.

Derivative instruments and contingent considerations are categorised as "financial assets valued at fair value through profit or loss for the year".

This measurement category has two subgroups: financial assets held for trading and derivative instruments, and other financial assets that the company has initially chosen to place in this category in those cases where the asset is managed and measured on the basis of fair value in the Group's executive team's risk management and investment strategy, the so-called fair value option. The Group has not used the fair value option

during the year or during the comparative year. Financial instruments in this category are measured at fair value as incurred and changes in value are reported in the income statement for the year. Derivatives are also contractual terms that are embedded in other agreements. Embedded derivatives are recognised separately if they are not closely related to the host contract.

Derivative instruments are measured in the initial recognition and regularly thereafter at fair value with value changes recognised as income and expense in the operating income or in net financial items, based on the intended use of the derivative and how this use relates to an operating item or a financial item. Changes in the fair value of other financial assets in this category are recognised in net financial items.

The Group uses foreign exchange forward contracts in order to economically hedge certain exposures to foreign exchange risk associated with purchases in foreign currencies. Changes in the fair value of the foreign exchange forward contracts have been recognised under commodities in the consolidated statement of income. The Group did not engage in hedging activities during the year or during the comparative year.

Contingent considerations are measured at fair value and changes in value are reported in the income statement for the year as "Other Operating Cost" or "Other Operating Income".

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, deposits that are repayable on demand held with banks and similar institutions, plus short-term deposits with an original maturity of three months or less, which are exposed to only an insignificant risk for fluctuations in value.

Interest-bearing liabilities classified in the category "Other liabilities"

Loans are reported continuously at amortised cost, which means that the value is adjusted through discounts, where applicable, or premiums when the loan is taken and costs when borrowing is spread over the expected term of the loan. The scheduling is calculated on the basis of the initial interest rate of the loan. Gains and losses arising when the loan is settled are recognised in the income statement for the year.

Trade payables and other operating liabilities classified in the category "Other liabilities"

Liabilities are recognised at the amortised cost determined from the effective interest that was calculated at the time of acquisition, which normally implies nominal value.

Property, plant and equipment

Owned assets

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in the consolidated financial statements. Cost includes the purchase price, including expenses directly attributable to their acquisition and costs incurred to prepare the assets for their intended purpose. Cost includes directly attributable expenses, such as the cost of delivery and handling, installation, title deeds, consultancy services and legal services. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. Accounting policies for impairment are presented below.

The reported value of tangible fixed assets is removed from the statement of financial position on the disposal or retirement of the asset, or when no future economic benefits are expected from its use or disposal/retirement. Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, less direct selling costs. The gain or loss is recognised in other operating income/cost.

Leased assets

Leases are classified in the consolidated financial statements as either finance or operating leases.

In a finance lease, the financial risks and benefits associated with the ownership are essentially transferred to the lessee, otherwise it is an operating lease.

Assets leased under a finance lease are recognised as assets in the consolidated statement of financial position. The obligation to pay future lease fees is recognised as non-current and current liabilities. The leased assets are depreciated according to plan, and the lease payments are recognised as interest and amortisation of liabilities.

Subsequent expenditure

Subsequent expenditure is added to the acquisition cost only if it is likely that the future economic benefits associated with the asset will flow to the enterprise and the acquisition cost can be calculated in a reliable manner. All other subsequent expenditure is reported as an expense in the period it is incurred.

A subsequent expenditure is added to the acquisition cost if the expense refers to the exchange of identified components or parts thereof. Even in those cases when a new component has been constructed, the expense is added to the acquisition cost. Any undepreciated values reported for replaced components, or parts of components, are discarded and charged to expenses when the component is replaced. Repairs are expensed as incurred.

Methods of depreciation

Straight-line depreciation is applied over the estimated utilisation period of the assets. Land is not depreciated.

The Group applies component depreciation, meaning that the estimated useful life of components forms the basis for depreciation.

Estimates of useful life:

- buildings, business property, see below
- land improvements 20 years
- machinery and other technical facilities 5–10 years
- fixtures, fittings, tools and equipment 3–10 years

Business property consists of a number of components with different useful lives. The main group is buildings and land. Land is not depreciated as its useful life is considered to be indefinite. The buildings consist of a number of components with different useful lives. The following main groups of components have been identified and form the basis for depreciation of buildings:

Frame	100 years
Frame extensions, interior walls, etc.	30 years
Installations and inner surfaces; heating, electricity, plumbing, ventilation, etc.	20–32 years
External surfaces; walls, roof, etc.	20–50 years

The depreciation methods applied and the residual values of the assets and their useful lives are reviewed at the close of every year.

Intangible fixed assets

Goodwill

Goodwill is carried at cost less any accumulated impairment.

Goodwill is allocated to cash-generating units and is tested for impairment annually.

Other intangible fixed assets

Acquired supplier relationships with an indeterminable useful life are carried at cost less any accumulated impairment. Supplier relationships with an indeterminable useful life are deemed to exist in terms of certain acquisitions of agents or comparable relationships with individual suppliers who have historically exhibited a very long-term agent relationship. Circumstances are reviewed annually to determine if they still indicate that the useful life is indeterminable. Impairment tests are performed annually

and when there is any indication of impairment. Other acquired supplier relationships are carried at cost less accumulated amortisation and impairment.

Other intangible assets include software, trademarks and customer relationships. These have a determinable useful life and are recognised at cost less accumulated amortisation and impairment.

Expenditures for internally generated goodwill and internally generated brand names are not capitalised as assets but are expensed in the income statement as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is reported as an asset in the statement of financial position only when it increases the future economic benefits of the specific asset to which it relates. All other expenditure is expensed when incurred.

Methods of amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated life of the intangible asset, provided it has a definite useful life. Goodwill has an indefinite useful life and is tested for impairment each year or whenever there is an indication that the tangible asset may be impaired. The useful life of the assets are reviewed annually at least, refer also to Note 12.

Estimates of useful life:

- IT software 3 to 8 years
- trademarks 5 to 10 years
- customer relationships 5 years
- supplier relationships 5 years (unless indefinite)

Borrowing costs

Borrowing costs, which are attributable to the construction of the so-called qualifying assets, are capitalised as a portion of the qualifying asset's cost. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Firstly, borrowing costs arising on loans, which are specific to the qualifying asset are capitalised. Secondly, borrowing costs arising on general loans, which are not specific to any other qualifying asset are capitalised. For the Group, the capitalisation of borrowing costs is mainly relevant in the construction of storage and production facilities using its own direct labour.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is calculated by applying the first-in, first-out method (FIFO) and includes expenditure arising on acquisition of the inventory assets and transportation thereof to their current location and state.

Net realisable value is based on the estimated selling price in the operating activities less further costs expected to be incurred to completion and for realising a sale.

Impairments

The recognised values of the Group's assets are tested on each balance sheet date for any indication of impairment. The section below explains the impairment test for property, plant and equipment and intangible assets, investments in subsidiaries and for financial assets. Assets for sale and disposal groups, inventories and deferred tax assets are exempt. The recognised value of the exempt assets is assessed in accordance with the respective accounting standards.

Impairment tests for property, plant and equipment and intangible fixed assets and interests in subsidiary undertakings

If there is any indication of impairment, then the asset's recoverable amount is calculated, (see below). The recoverable amount is also calculated annually for goodwill and other intangible assets with indefinite useful lives. If essentially independent cash flow cannot be isolated for

individual assets, then the assets are grouped at the lowest levels where essentially independent cash flows can be identified – a so-called cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit, or pool of units, exceeds its recoverable amount. An impairment loss is recognised as an expense in the income statement for the year. Impairment losses attributable to a cash-generating unit, or pool of units, are mainly allocated to goodwill. They are thereafter divided proportionately among other assets in the unit (pool of units).

The recoverable amount is the highest of the fair value minus selling costs and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Impairment test for financial assets

All financial assets except those categorised as financial assets valued at fair value through the income statement for the year are tested for impairment. For each statement period, the company assesses if there is objective proof that indicates impairment of a financial asset or group of financial assets. A financial asset has impairment only if objective proof indicates that one or more events have occurred that have an effect on the financial asset's future cash flows, if these can be reliably calculated.

The recoverable amount for assets categorised as loans and receivables carried at amortised cost are calculated as the present value of the future cash flows discounted by the effective interest that applied on initial recognition. Assets with a short term are not discounted. An impairment is recognised as an expense in the income statement for the year.

Reversal of impairment losses

Impairment losses on assets included in the scope of IAS 36 are reversed if there is (1) an indication that impairment has ceased and (2) a change in the assumptions that formed the basis of calculating the recoverable amount. Impairment losses on goodwill are never reversed. A reversal only occurs to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised (less depreciation or amortisation, where applicable), had no impairment loss been recognised.

Impairment losses on loans and accounts receivables carried at amortised cost are reversed if a subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Capital payments to shareholders

Repurchase of own shares

Purchase of such instruments is recognised as a deductible item from equity. Payment from sales of equity instruments is recognised as an increase in equity. Any transaction costs are recognised directly in equity.

Dividends paid

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend

Earnings per share

Earnings per share are calculated by dividing the Group's profit for the year attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the year.

Employee benefits

Defined-contribution pension schemes

Defined-contribution pension schemes are classified as those schemes for which the company's obligation extends only to the contributions the company has committed to pay. In such cases, the size of the employee's pension is determined by the contributions the company pays to the plan or to an insurance company and the return on capital yielded by the

contributions. Consequently, it is the employee that carries the actuarial risk (that compensation is lower than expected) and the investment risk (that the invested assets will be insufficient to cover the expected compensation). The entity's obligations concerning contributions to defined-contribution schemes are recognised as an expense in profit or loss for the year at the rate they are earned through services performed by the employees for the entity.

Defined-benefit pension schemes

The Group's obligation regarding defined-benefit pension schemes is calculated separately for each scheme by estimating the future compensation that the employees have earned through their employment; this compensation is discounted to present value. The discount rate is the interest rate on balance sheet date for a first-class corporate bond with a maturity corresponding to the Group's pension obligations. When there is no functioning market for such corporate bonds, the market interest rate on mortgage bonds with a similar maturity is used instead. The pension obligation is recognised net, less the fair value of the plan assets.

Pension rights earned are recognised in the operating profit, with the exception of the impacts of revaluation and interest rate as per below.

The interest expense/income net on the defined-benefit obligation/asset is recognised in the income statement under net financial items. The net interest income is based on the interest rate in effect at the time of discounting the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any asset ceiling. Other components are recognised in operating profit.

Effects of revaluation comprise actuarial gains and losses and the difference between actual return on plan assets and the interest rate included in the net interest income. The effects of revaluation are recognised in other comprehensive income.

Termination benefits

Termination payments shall only be recognised as an expense when the company is demonstrably committed to terminate the employment of an employee before the normal retirement date. A company is demonstrably committed to a termination only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan. When a termination benefit is offered to encourage voluntary redundancy, a cost is recognised if it is probable that the offer will be accepted and the number of employees who accept the offer can be reliably estimated.

Short-term benefits to employees

Short-term benefits to employees are calculated without discounting and recognised as costs when the related services are received. A provision is recognised for the expected cost of bonuses when the Group has a contractual obligation or informal obligation to make such payments when the services received from the employee and the obligation can be reliably calculated.

Provisions

Provisions are different from other liabilities because the time of payment and the amount of the payment are uncertain. A provision is reported in the statement of financial position when the Group has a legal or informal obligation owing to a past event and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date. If the effect is material, provisions are determined by discounting the expected future cash flows.

Contingent liabilities

A contingent liability is reported when there is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not

wholly within the control of the entity, or when there is an obligation that is not recognised as a liability or provision because it is not possible that an outflow of resources will be required or cannot be measured reliably.

Parent Company accounting policies

The Parent Company has prepared its Annual Report according to the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Council's recommendation RFR 2, Accounting for Legal Entities. In addition, the Swedish Financial Accounting Council's pronouncements for listed companies are applied. RR 2 means that the Parent Company in the annual accounts for the legal entity must apply all IFRS and interpretations adopted by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

Differences between the Group's and Parent Company's accounting policies

The differences between the accounting policies of the Group and those of the Parent Company are described below. The accounting policies of the Parent Company, as described below, have been consistently applied to all the periods presented in the Parent Company's financial statements.

Classification and presentation

Where the Group uses the terms statement of financial position and statement of cash flows, the Parent uses balance sheet and cash flow statement. The income statement and balance sheet for the Parent Company are prepared in accordance with the schedule of the Swedish Annual Accounts Act, whereas the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The Parent's income statement and balance sheet differ to the Group's mainly with regard to reporting of finance income and expense, non-current assets, equity, untaxed reserves and the occurrence of provisions as a separate heading in the balance sheet.

Subsidiaries

Interests in subsidiary undertakings are recognised in the Parent Company using the cost method. This means that transaction costs are included in the carrying amount for interests in subsidiary undertakings. In the consolidated financial statements, transaction costs are recognised directly in profit for the year as they are incurred. Contingent consideration is measured using probabilities of payment. Any changes to the provision are added to or deducted from the cost.

Financial assets and liabilities

In the Parent Company, non-current financial assets are stated at their

cost of acquisition, wherever applicable, less any impairment losses. Current financial assets are stated at the lower of acquisition cost and net realisable value. Financial liabilities are stated at amortised cost on the same basis as in the consolidated financial statements.

Financial guarantee contracts

The Parent Company's financial guarantee contracts consist of guarantee commitments to support subsidiaries. The Parent Company recognises financial guarantee contracts as provision in the balance sheet when the company has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends

Anticipated dividends from subsidiaries are reported when the Parent Company has sole right to determine the size of the dividend and the Parent Company has decided on the size of the dividend before the Parent Company has published its financial statements.

Property, plant and equipment

Owned assets

Property, plant and equipment in the Parent Company is stated at cost less accumulated depreciation and any impairment, on the same basis as for the Group, but with additions for any increases arising on revaluation.

Leased assets

The Parent Company recognises all leases in accordance with the regulations for operating leases.

Borrowing costs

Borrowing costs in the Parent Company are charged to the income statement in the period in which they arise. No borrowing costs are capitalised on assets.

Taxes

The Parent Company reports untaxed reserves including deferred tax liability. In the consolidated financial statements, however, untaxed reserves are divided between deferred tax liability and shareholders' equity.

Shareholders' contributions

Shareholders' contributions are charged directly to equity for the receiver and are capitalised in shares and contributor participations, to the extent that impairment is not required.

Group contributions

The Parent Company uses the alternative method to report Group contributions. This means that both issued and received Group contributions are recognised as a year-end appropriation.

Note 2

Operating segments

The Group's operations are divided into operating segments based on the business areas for which the company's chief operating decision maker, the Group's executive team, monitors the profit, returns and cash flows from the Group's various segments. The operating segments, in the form of market regions, have four managers in Sweden, one manager in Finland, the Baltic states and China, and three managers in the Denmark, Norway, UK and Central Eastern Europe region. They are responsible for the day-to-day operations and provide the Group management with regular reports on the performance of the segment and resource requirements. The Group's internal reporting system is designed to allow the Group management to monitor the performance and results of each of the market regions. The Group's segments have been identified using data from this internal reporting system, and the different areas have been assessed in order to merge segments that are similar. This means that segments have been aggregated if they share similar economic characteristics, such as long-term gross margins and have similar product areas, customer categories and methods of distribution.

In the segments' profit, assets and liabilities are included directly attributable items and items that can be distributed to the segment in a reasonable and reliable manner. Non-distributed items consist of interest and dividend income, gains from the sale of financial investments, interest expenses, losses from the sale of financial investments, tax expenses and general administration expenses. Assets and liabilities not distributed to the segments are deferred tax assets, deferred tax liabilities, interest-bearing assets and liabilities. The segment's investments in property, plant

and equipment and intangible fixed assets include all investments except for investments in expendable equipment and minor value assets. Internal prices between the Group's different segments are set using the "arm's-length principle", i.e. between parties who are independent of each other, well informed and with an interest in completing the transactions.

Basically all income comes from product sales, consisting of components mainly for industrial automation in the product areas of electrical components, flow technology, installation components, ball bearings and seals, motors, transmissions, brakes and appliance components. Customers include machinery and appliance manufacturing industries, wholesalers, electrical contractors, catalogue distributors, strategic end users and electronics manufacturers and strategic contract manufacturers in northern Europe.

Internal sales have elements of services, both at the Parent Company and subsidiaries. All Parent Company sales relate to services sold to the subsidiaries.

Other Group-wide operations include the Parent Company, owning the shares in underlying companies, and property companies owning business properties in the locations where the Group conducts its business activities. The Parent Company is to be an active owner and develop the subsidiaries. In addition to clear management-by-objectives, this means contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, quality and environmental control, and warehouse management.

YEAR 2015

	Sweden	Finland, Baltic states and China	Denmark, Norway, the United Kingdom and Central Eastern Europe	Group-wide operations	Eliminations	Total consolidated
Income						
External sales	1,437.5	337.8	456.4			2,231.7
Internal sales	84.7	3.7	1.6	62.9	-152.8	-
Total income	1,522.2	341.4	458.0	62.9	-152.8	2,231.7
Profit/loss						
Operating profit	185.4	21.5	29.6	4.8	-16.2	225.2
Financial items				-3.8		-3.8
Tax expenses						-48.1
PROFIT/LOSS FOR THE YEAR	185.4	21.5	29.6	1.0	-16.2	173.2
EBITA	198.6	23.0	36.3	4.8	-16.2	246.5
EBITA margin, %	13.8	6.8	8.0	-	-	11.0
Other disclosures						
Assets	642.2	138.2	179.0	171.0		1,130.4
Liabilities	357.6	44.0	57.1	-172.0		286.7
Investments in intangible fixed assets	0.1	-	-	3.5		3.6
Investments in property, plant and equipment	5.0	2.4	1.7	15.6		24.7
Amortisation of intangible fixed assets	0.1	-	-	4.3		4.3
Depreciation of property, plant and equipment	3.4	1.8	2.8	13.1		21.1

YEAR 2014

	Sweden	Finland, Baltic states and China	Denmark, Norway, the United Kingdom and Central Eastern Europe	Group-wide operations	Eliminations	Total consolidated
Income						
External sales	1,192.7	283.6	411.2			1,887.5
Internal sales	83.9	3.0	0.8	54.8	-142.5	-
Total income	1,276.6	286.6	412.0	54.8	-142.5	1,887.5
Profit/loss						
Operating profit	143.4	18.2	26.7	-0.2	-9.5	178.5
Financial items				-2.9		-2.8
Tax expenses						-39.0
PROFIT/LOSS FOR THE YEAR	143.4	18.2	26.7	-3.1	-9.5	136.7
EBITA	154.6	19.6	31.9	-0.2	-9.5	196.4
EBITA margin, %	12.9	6.9	7.8	-	-	10.4
Other disclosures						
Assets	546.5	121.5	197.7	169.5		1,035.3
Liabilities	292.8	37.9	59.3	-144.4		245.5
Investments in intangible fixed assets	0.1	-	-	1.2		1.2
Investments in property, plant and equipment	2.0	1.5	2.0	13.9		19.4
Amortisation of intangible fixed assets	0.1	-	-	4.3		4.3
Depreciation of property, plant and equipment	4.1	1.5	2.4	13.0		21.0

GEOGRAPHIC AREAS

	External sales *		Assets **		Investments	
	2015	2014	2015	2014	2015	2014
Sweden	1,433.2	1,189.5	258.5	250.7	23.2	17.1
Denmark	131.9	112.4	39.0	42.8	0.2	-
United Kingdom	122.1	113.8	29.7	35.2	0.5	0.5
Finland	296.3	247.2	46.8	46.5	2.4	1.4
The Netherlands	4.4	3.2	1.1	0.5	1.0	0.1
Norway	52.5	50.8	0.1	0.1	0.1	0.0
Poland	92.8	85.0	1.9	2.1	0.6	0.5
Estonia	22.7	19.5	0.2	0.3	-	-
Latvia	0.3	0.2	-	-	-	-
Lithuania	3.0	3.6	0.0	0.0	0.0	-
Czech Republic	40.1	36.5	0.9	1.0	0.1	0.9
Slovakia	11.6	8.9	0.0	0.1	-	-
Hungary	5.4	3.9	0.3	0.1	0.3	0.0
China	15.4	13.1	0.1	0.1	0.0	0.0
TOTAL	2,231.7	1,887.5	378.6	379.3	28.3	20.6

* External sales are broken down by location of sales point.

** Relates to intangible fixed assets and property, plant and equipment

Note 3

Other operating income

	The Group		Parent Company	
	2015	2014	2015	2014
Business property sales	-	1.2	-	-
Remeasurement of contingent consideration	5.2	-	-	-
TOTAL	5.2	1.2	-	-

Note 4

Business combinations

2015

On 27 January, the entire shareholding of AB Ernst Hj Rydahl Bromsbandfabrik, known as Rydahls, was acquired. The company is one of the leading suppliers of brake and friction components in the Nordic region and its acquisition adds a completely new market segment to OEM. The business generated sales of SEK 117 million in 2014 and became part of Region Sweden on 1 January 2015. The consideration for the business acquired was SEK 21.5 million, plus a contingent consideration estimated at SEK 8.5 million, based on how the business develops in 2015 and 2016. The impact of acquisition transactions on consolidated sales in 2015 was approximately SEK 114 million and on profit before tax approximately SEK 4.5 million.

The entire shareholding of Scannotec OY AB was acquired on 12 June 2015. The company markets technical products and systems for guidance, information, surveillance and safety that are used in public transport and in industrial facilities and its acquisition opens up a completely new market segment to OEM. The company generates sales of EUR 1.5 million and became part of Region Finland, Baltic states and China on 1 June 2015. The consideration for the business acquired was SEK 5.5 million, plus a contingent consideration estimated at SEK 2.5 million, based on how the business develops from 2015 to 2017. The impact of acquisition transactions on consolidated sales in 2015 was approximately SEK 8.2 million and on profit before tax approximately SEK 0.8 million. If the acquired business had been consolidated from the start of 2015, the effect on sales and profit before tax would have been approximately SEK 14 million and SEK 1.0 million respectively.

On 27 August, the entire shareholding of ATC Tape Converting AB was acquired. The company converts and markets industrial tape, which complements the Group's existing range. The company generates sales of SEK 18 million and became part of Sweden on 1 September 2015. Consideration for the business acquired was SEK 10 million, plus a contingent consideration estimated at SEK 1.5 million, based on how the business develops in 2015. The impact of acquisition transactions on consolidated sales in 2015 was approximately SEK 6.3 million and on profit before tax approximately SEK 0.4 million. If the acquired business had been consolidated from the start of 2015, the effect on sales and profit before tax would have been approximately SEK 20 million and SEK 0.9 million respectively.

2014

On 15 January, 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 sales of SEK 9 million

in 2013, has been integrated into the operations of OEM Automatic Finland and became part of the Finland, Baltic states and China region on 1 January 2014. The consideration for the business acquired was SEK 1.3 million, plus a contingent consideration estimated at SEK 1.5 million, based on how the business develops in 2014 and 2015. The impact of acquisition transactions on consolidated sales in 2014 was approximately SEK 5.9 million and on profit before tax approximately SEK 0.4 million.

All the shares in Nexa Trading AB were acquired on 27 January 2014. The company markets products for wireless control of lighting and other devices, and safety products for the home. It generated sales of SEK 52 million in 2013. The company became part of Region Sweden on 1 January 2014. The consideration for the business acquired was SEK 25 million, plus a contingent consideration estimated at SEK 9 million, based on how the business develops from 2014 to 2016. The impact of acquisition transactions on consolidated sales in 2014 was approximately SEK 58 million and on profit before tax approximately SEK 5 million.

All the shares in the Danish company Scanding AS were acquired on 3 July 2014. The company markets flow components primarily for the processing industry in Denmark and generated sales of approximately DKK 25 million in 2013. The company became part of Region Denmark, Norway, UK and Central Eastern Europe on 1 September 2014. The consideration for the business acquired was SEK 5.2 million, plus a contingent consideration estimated at SEK 7.2 million, based on how the business develops from 1 September 2014 to 31 August 2016. The impact of acquisition transactions on consolidated sales in 2014 was approximately SEK 10 million and on profit before tax approximately SEK 0.5 million. If the acquired business had been consolidated from the start of 2014, the effect on sales and profit before tax would have been approximately SEK 30 million and SEK 1.4 million respectively.

All the shares in Kübler Svenska AB were acquired on 27 November 2014. The company markets components for the control of fluid levels or flows in machinery and processes and generates annual sales of approximately SEK 13 million. The company became part of Region Sweden on 1 December 2014. The consideration for the business acquired was SEK 7.1 million, plus a contingent consideration estimated at SEK 1.9 million, based on how the business develops from 1 December 2014 to 30 November 2015. The impact of acquisition transactions on consolidated sales in 2014 was approximately SEK 1.1 million and on profit before tax approximately SEK 0.2 million. If the acquired business had been consolidated from the start of 2014, the effect on sales and profit before tax would have been approximately SEK 12 million and SEK 2.2 million respectively.

EFFECTS OF ACQUISITION	2015	2014
The net assets of the acquired companies on acquisition:		
Intangible assets	13.5	27.8
Other fixed assets	2.8	0.3
Inventories	32.8	13.4
Trade and other receivables	22.3	23.1
Cash and cash equivalents	5.4	3.1
Interest-bearing liabilities	-11.0	-7.4
Trade payables and other operating liabilities	-22.4	-14.1
Deferred tax liability	-4.6	-7.5
Net identifiable assets and liabilities	38.8	38.7
Consolidated goodwill	10.8	19.5
CONSIDERATION TRANSFERRED	49.6	58.2

Goodwill

Goodwill is attributable to the benefits of co-ordination with existing units within the Group OEM Automatic and good profitability. The value of the goodwill is not tax deductible.

Acquisition-related expenses

Acquisition-related expenses amount to SEK 0.3 million (0.2) and relate to consultancy fees for due diligence. These expenses have been recognised as other operating expenses in the Statement of Income.

	2015	2014
Remuneration		
Service fees paid	32.8	37.9
Due in accordance with agreement	4.3	0.7
Estimated contingent consideration	12.5	19.6
TOTAL CONSIDERATION TRANSFERRED	49.6	58.2

Contingent consideration

It is stated in the acquisition agreements that a contingent consideration will be payable to the vendors based on the development of the contribution margin or performance.

Contingent consideration is capped at SEK 14.3 million (29.6) and is estimated at SEK 12.5 million (19.6) in the acquisition cost analysis.

The contingent considerations have been calculated using weighted probability techniques.

Remeasurement of contingent consideration

Growth of acquired businesses in 2014 and 2015 has resulted in remeasurement of contingent consideration which has decreased by SEK 5.2 million. This had a positive SEK 5.2 million (-) impact on profit for the year.

Further information about intangible assets is presented in Note 12.

Note 5

Employees and staff costs

AVERAGE NUMBER OF EMPLOYEES	2015	Of which men	2014	Of which men
Parent Company				
Sweden	18	83 %	18	83 %
Subsidiaries				
Sweden	410	79 %	356	78 %
Denmark	31	81 %	33	76 %
United Kingdom	44	84 %	41	83 %
Estonia	3	100 %	2	100 %
Finland	103	87 %	91	87 %
The Netherlands	2	50 %	2	50 %
China	21	71 %	22	73 %
Lithuania	1	100 %	-	-
Norway	17	82 %	17	82 %
Poland	42	79 %	38	82 %
Slovakia	6	100 %	6	100 %
Czech Republic	26	77 %	23	74 %
Hungary	3	100 %	5	80 %
Total in subsidiaries	709	81 %	636	80 %
GROUP TOTAL	727	81 %	654	80 %
SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	2015		2014	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company (of which pension expenses)	15.9 (2.3)	7.5 (2.3)	14.1 (2.4)	7.5 (2.4)
Subsidiaries (of which pension expenses)	265.4 (21.9)	95.1 (21.9)	226.9 (18.3)	79.7 (18.3)
GROUP TOTAL	281.3	102.5	241.0	87.2
(of which pension expenses)		(24.2)		(20.7)
SALARIES AND OTHER REMUNERATION ACROSS THE PARENT COMPANY AND SUBSIDIARIES AND BETWEEN SENIOR EXECUTIVES AND OTHER EMPLOYEES	2015		2014	
	Senior executives including the Board	Other employees	Senior executives including the Board	Other employees
Parent Company Sweden, of which senior executives 9 people (10) (of which bonus)	9.0 (2.1)	6.9	8.3 (1.4)	5.8
Subsidiaries total, of which senior executives 24 people (22) (of which bonus)	18.1 (2.1)	247.3	16.3 (1.2)	210.6
GROUP TOTAL, OF WHICH SENIOR EXECUTIVES 33 PEOPLE (32)	27.1	254.3	24.6	216.4
(of which bonus)	(4.2)		(2.6)	

Pension premiums to the amount of SEK 4.4 million (4.2) have been paid for the category senior executives.

REMUNERATION OF GROUP MANAGEMENT AND BOARD MEMBERS

	2015					2014				
	Base salary, Board remuneration	Variable remuneration	Other benefits	Pension expenses	Total	Base salary, Board remuneration	Variable remuneration	Other benefits	Pension expenses	Total
Lars-Åke Rydh, Chairman of the Board	0.5	-	-	-	0.5	0.3	-	-	-	0.3
Ulf Barkman, Board Member	0.3	-	-	-	0.3	0.2	-	-	-	0.2
Hans Franzén, Board Member	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Jerker Löfgren, Board Member	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Petter Stillström, Board Member	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Åsa Söderström Jerring, Board Member	0.2	-	-	-	0.2	-	-	-	-	-
Agne Svenberg, Board Member	-	-	-	-	-	0.2	-	-	-	0.2
Jörgen Zahlin, Managing Director	3.4	1.7	-	0.9	6.0	2.9	1.1	-	0.8	4.8
Other senior executives 6 persons (7) *	5.0	1.7	-	0.9	7.6	4.1	1.1	-	0.8	6.0
	6.5	1.9	0.1	1.7	10.2	7.3	1.0	0.1	1.8	10.2
TOTAL	11.5	3.6	0.1	2.5	17.7	11.4	2.0	0.1	2.7	16.2

* Of the other senior executives, four (four) people receive remuneration from subsidiaries. This remuneration is included at an amount of SEK 6.1 million (5.1). Pension expenses correspond to SEK 1.2 million (1.1).

CEO/Managing Director

Pension expenses are defined contribution. There are no other pension obligations. As in previous years, variable remuneration is based on the performance levels attained. SEK 1.7 million was paid in variable remuneration in 2015, corresponding to 58 % of base salary. Variable remuneration payment totalled SEK 1.1 million in 2014. Bonus could be paid at a maximum of 58 % of base salary. The period of notice for the Managing Director is 24 months from the company's side, with the obligation to work, and 6 months from the Managing Director's side. Retirement age for the Managing Director is 60 years. The CEO/ Managing Director's salary and remuneration is set by the Board.

Other senior executives

Pension expenses are defined contribution. There are no other pension obligations. Variable remuneration payment totalled SEK 1.9 million in 2015. Variable remuneration payment totalled SEK 1.0 million in 2014. Based on the attained profit level, variable remuneration can be paid at a maximum of 40 % of base salary. The period of notice for other members of Group management is maximum 12 months, upon termination by the company, with the obligation to work, and maximum 6 months upon termination by the employee. If the company serves notice after the age

of 55 years, the period of notice is increased by an additional six monthly salaries. There is an exception in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) months' salaries, may be made upon termination by the company when the employee reaches the age of 55. Retirement age for the other members of Group management is between 60 and 65 years.

Guidelines for remuneration and other terms of appointment of senior executives

Guidelines for senior executives, approved by the 2015 Annual General Meeting, state that Group management shall have market-competitive salaries and other remuneration terms. In addition to base salary, management may also receive variable remuneration, which is capped at 58 % of base salary. Senior executives shall have premium-based pension schemes, capped at 30 % of fixed remuneration. The maximum term of notice is 24 months and shall also include the obligation to work during the term of notice. Employment agreements shall not contain provisions for severance pay. There is an exception in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) months' salaries, may be made upon termination by the company when the employee reaches the age of 55.

GENDER DISTRIBUTION	Group (percentage of women)		Parent (percentage of women)	
	2015	2014	2015	2014
Board of Directors	2 %	0 %	17 %	0 %
Other senior executives	0 %	0 %	0 %	0 %

Note 6

Fees and reimbursement of expenses to the auditors

	The Group		Parent Company	
	2015	2014	2015	2014
KPMG				
Audit assignments	1.6	1.6	0.3	0.4
Audit activities other than the audit assignment	0.1	0.1	0.1	0.1
Other assignments	0.2	0.2	0.2	0.1
	1.9	1.9	0.6	0.6
Other auditors				
Audit assignments	0.3	0.2	-	-
Tax counselling	0.1	0.1	-	-
Other assignments	0.1	0.2	-	-
	0.5	0.5	-	-
TOTAL	2.4	2.4	0.6	0.6

Audit assignments refer to the auditing of the Annual Report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the Managing Director, other tasks that are the duty of the company's auditors, as well as advice and other assistance resulting from observations made during such audits or the performance of such other duties. Tax counselling refers to all consultations in the area of tax. "Other assignments" refers to advice on accounting matters and advice on processes and internal control.

Note 7

Depreciation/amortisation of property, plant and equipment and intangible fixed assets

	The Group		Parent Company	
	2015	2014	2015	2014
Customer relationships	-13.6	-11.4	-	-
Patents	-0.1	-0.1	-	-
Trademarks	-3.3	-3.3	-	-
Supplier relationships	-4.4	-3.1	-	-
Expenses brought forward for software	-4.3	-4.3	-4.3	-4.3
Buildings and land	-4.8	-4.9	-0.5	-0.5
Fixtures, fittings, tools and equipment	-16.4	-16.1	-1.8	-2.0
TOTAL	-46.8	-43.2	-6.6	-6.9

Note 8

Income from interests in Group companies

	Parent Company	
	2015	2014
Dividends received	31.3	23.6
Impairment of interests in Group companies	-8.9	-10.0
TOTAL	22.4	13.7

Note 9

Finance income/other interest income and similar income

	The Group		Parent Company	
	2015	2014	2015	2014
Interest on bank deposits	0.6	0.9	0.6	1.3
Other finance income	-	0.2	0.3	-
TOTAL	0.6	1.1	1.0	1.3

Note 10

Finance expense/interest expense and similar charges

	The Group		Parent Company	
	2015	2014	2015	2014
Interest expenses on other liabilities	-3.9	-3.9	-1.2	-1.2
Other finance expense	-0.5	-	-	-0.7
TOTAL	-4.4	-3.9	-1.2	-1.9

Note 11

Taxes

RECOGNISED IN STATEMENT OF INCOME/INCOME STATEMENT	The Group		Parent Company	
	2015	2014	2015	2014
Current tax	-46.2	-41.7	-32.1	-26.7
Deferred tax	-1.9	2.7	0.0	-0.1
TOTAL RECOGNISED TAX EXPENSE	-48.1	-39.0	-32.2	-26.8
LINK BETWEEN TAX EXPENSES FOR THE YEARS AND PROFIT BEFORE TAX				
Reported profit before tax	221.4	175.7	167.0	132.3
Estimated tax on reported profit before tax as per applicable tax rate for income tax in each country	-47.9	-37.9	-36.7	-29.1
Non-taxable share dividends	-	-	6.9	5.2
Non-taxable income	2.3	1.4	-	-
Non-deductible items	-2.5	-2.8	-2.3	-2.8
Impact of changed tax rate	-	0.3	-	-
TOTAL RECOGNISED TAX EXPENSE	-48.1	-39.0	-32.2	-26.8
Deferred tax assets				
Other information	1.6	2.0	-	-
TOTAL DEFERRED TAX ASSETS	1.6	2.0	-	-
Deferred tax liability				
Intangible fixed assets	11.4	13.1	-	-
Buildings and land	7.1	6.9	1.9	1.9
Untaxed reserves	56.6	49.1	-	-
Other information	0.8	1.0	-	-
TOTAL DEFERRED TAX LIABILITY	75.7	70.1	1.9	1.9

The Group holds SEK 2.1 million (1.6) in non-capitalised deferred tax assets equivalent to loss carryforwards which, when measured using the probability-weighted average amounts of possible outcomes, cannot be considered available for use because the surplus cannot be offset against these within a reasonable future period. The acquisition of subsidiaries affected the deferred tax liability by SEK 2.9 million (6.1).

Note 12

Intangible fixed assets

THE GROUP	2015						
	Goodwill	Trade-marks	Customer relationships	Supplier relationships	Patents	Software	Total
Accumulated cost of acquisition							
At beginning of year	94.1	42.7	69.8	44.2	0.3	31.0	282.0
New acquisitions	-	-	-	-	0.1	3.5	3.6
Purchase acquisitions	10.8	-	13.5	-	-	-	24.4
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	-1.0	-0.4	-0.5	-0.7	-	-	-2.7
Total cost of acquisition	103.9	42.3	82.7	43.5	0.4	34.5	307.3
Accumulated amortisation							
At beginning of year	-	-29.9	-38.8	-21.1	-0.1	-10.8	-100.7
Amortisation	-	-3.3	-13.6	-4.4	-0.1	-4.3	-25.7
Acquired accumulated amortisation	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	-	0.4	0.1	0.5	-	-	0.9
Total amortisation	-	-32.8	-52.4	-25.0	-0.2	-15.1	-125.4
Accumulated impairments							
At beginning of year	-6.2	-	-	-	-	-	-6.2
Impairments	-	-	-	-	-	-	-
Total impairments	-6.2	-	-	-	-	-	-6.2
CARRYING AMOUNT AT END OF YEAR	97.7	9.6	30.3	18.4	0.2	19.4	175.7

Total carrying amount relating to trademarks, customer relationships, supplier relationships, patents and software was SEK 78.0 million (87.2) at year-end.

2015

The acquisition of AB Ernst Hj Rydahl Bromsbandfabrik increased the value of customer relationships by SEK 6.3 million and goodwill by SEK 6.0 million. The estimated useful life of the customer relationships is five years.

The acquisition of Scannotec OY increased the value of customer

relationships by SEK 2.5 million and goodwill by SEK 1.8 million. The estimated useful life of the customer relationships is five years.

The acquisition of ATC Tape Converting AB increased the value of customer relationships by SEK 4.7 million and goodwill by SEK 3.0 million. The estimated useful life of the customer relationships is five years.

Cont. Note 12

Intangible fixed assets

THE GROUP	2014						
	Goodwill	Trade-marks	Customer relationships	Supplier relationships	Patents	Software	Total
Accumulated cost of acquisition							
At beginning of year	73.2	42.1	48.2	33.2	-	29.8	226.5
New acquisitions	-	-	-	-	0.1	1.2	1.3
Purchase acquisitions	19.5	-	17.7	10.0	0.2	-	47.5
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	1.4	0.6	3.8	0.9	-	-	6.8
Total cost of acquisition	94.1	42.7	69.8	44.2	0.3	31.0	282.0
Accumulated amortisation							
At beginning of year	-	-26.0	-25.3	-17.2	-	-6.5	-75.1
Amortisation	-	-3.3	-11.4	-3.1	-0.1	-4.3	-22.2
Acquired accumulated amortisation	-	-	-	-	-0.1	-	-0.1
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	-	-0.6	-2.1	-0.8	-	-	-3.4
Total amortisation	-	-29.9	-38.8	-21.1	-0.1	-10.8	-100.7
Accumulated impairments							
At beginning of year	-6.2	-	-	-	-	-	-6.2
Impairments	-	-	-	-	-	-	-
Total impairments	-6.2	-	-	-	-	-	-6.2
CARRYING AMOUNT AT END OF YEAR	87.9	12.9	30.9	23.1	0.2	20.2	175.1

2014

The acquisition of Mytrade increased the value of customer relationships by SEK 3.6 million. The estimated useful life of the customer relationships is five years. The acquisition of Nexa Trading AB increased the value of customer relationships by SEK 14.1 million, goodwill by SEK 12.0 million and patents by SEK 0.2 million. The estimated useful life of the customer relationships is five years. The acquisition of Scanding AS increased the value of supplier relationships by SEK 7.1 million and goodwill by SEK 5.2 million. The estimated useful life of the supplier relationships is five years.

The acquisition of Kübler Svenska AB increased the value of supplier relationships by SEK 2.9 million and goodwill by SEK 2.3 million. The estimated useful life of the supplier relationships is five years.

Impairment test for intangible assets

The companies have performed impairment tests on cash-generating units containing goodwill and intangible assets with indefinite useful lives, which is considered to be the smallest cash-generating unit, based on the value in use of the units.

GOODWILL AND INTANGIBLE ASSETS WITH AN INDETERMINABLE USEFUL LIFE	2015	2014
Companies		
Goodwill		
Internordic Bearings AB	3.0	3.0
OEM Automatic Klitsö AS	22.6	18.0
Elektro Elco AB	32.5	32.5
All Motion Technology AB is part of OEM Motor AB*	2.0	2.0
Svenska Helag AB	3.0	3.0
Svenska Batteripoolen i Borlänge AB	1.8	1.8
Flexitron AB	5.0	5.0
Akkupojat OY	1.8	1.9
TemFlow Control AB is part of OEM Automatic AB**	1.0	1.0
Scanding AS	-	5.4
Nexa Trading AB	12.0	12.0
Kübler Svenska AB	2.3	2.3
AB Ernst Hj Rydahl Bromsbandfabrik	6.0	-
Scannotec OY	1.8	-
ATC Tape Converting AB	3.0	-
	97.8	87.9
Supplier relationships with an indeterminable useful life		
Telfa AB	8.8	8.8
TOTAL	106.6	96.7

* All Motion Technology operations have been transferred to OEM Motor AB.

** TemFlow Control operations have been transferred to OEM Automatic AB.

The above amounts relate to goodwill amounting to SEK 97,8 million (87,9) and acquired supplier relationships for Telfa AB amounting to SEK 8.8 million (8.8). These are long-standing supplier relationships with an indefinite useful life that are appraised as stable over the foreseeable future. The usage values are based on estimated future cash flows for a total of twenty (100) years with the starting point in the existing business plans for the next three (3) years. The principal assumptions for the measurement for all cash-generating units are assumptions about margins and volume growth. The business plans are based on experience from previous years, but take the companies' forecasts for anticipated future growth into consideration. Current market shares are expected

to increase marginally in the forecast period. According to the business plans, operational growth is expected to reach approximately 2 % (2 %) in most of the companies. Growth has been forecast at approximately 2 % (2 %) for other years during the forecast period. The gross profit margins are expected to reach the same level as at the end of 2015. The forecast cash flows have been converted to a present value using a discount rate of 10 % (12 %) before tax. The recoverable amounts for the units are in excess of the reported values. The company's management believes no reasonably possible change in the key assumptions would cause the carrying values of the units to exceed the estimated recoverable amounts.

Cont. Note 12

PARENT COMPANY	2015	2014
Expenses brought forward for software		
Accumulated cost of acquisition		
At beginning of year	31.0	29.8
New acquisitions	3.5	1.2
Total cost of acquisition	34.5	31.0
Accumulated amortisation		
At beginning of year	-10.8	-6.5
Amortisation	-4.3	-4.3
Total amortisation	-15.1	-10.8
RESIDUAL VALUE ACC. TO PLAN AT END OF YEAR	19.4	20.2
Accumulated accelerated amortisation		
At beginning of year	-9.6	-9.4
Change for the year	-1.4	-0.2
TOTAL ACCUMULATED ACCELERATED AMORTISATION	-11.0	-9.6
CARRYING AMOUNT AT END OF YEAR	8.4	10.6

Expenses brought forward for software are written off during its assessed useful life of five to eight years.

Note 13

Property, plant and equipment

THE GROUP	2015		2014	
	Buildings and land	Fixtures, fittings, tools and equipment	Buildings and land	Fixtures, fittings, tools and equipment
Accumulated cost of acquisition				
At beginning of year	203.1	147.6	209.2	135.8
New acquisitions	0.7	24.0	0.7	18.7
Acquired through business acquisitions	-	13.4	-	1.4
Sales and disposals	-	-17.3	-13.7	-12.3
Reclassifications	-0.1	0.1	-	-
Exchange rate differences for the year	-1.7	-0.8	6.8	4.0
Total cost of acquisition	202.1	166.9	203.1	147.6
Accumulated depreciation according to plan				
At beginning of year	-51.6	-94.9	-50.2	-84.3
Acquired through business acquisitions	-	-10.6	-	-1.1
Sales and disposals	-	11.1	5.4	9.2
Depreciation for the year according to plan based on acquisition costs	-4.8	-16.4	-4.9	-16.1
Reclassifications	-	-0.1	-	-
Exchange rate differences for the year	0.5	0.6	-1.9	-2.7
Total depreciation according to plan	-55.8	-110.3	-51.6	-94.9
CARRYING AMOUNT AT END OF YEAR	146.3*	56.6**	151.5*	52.7**

* The value of buildings is SEK 136.4 (141.6) for the Group and SEK 14.2 (14.7) for the Parent Company.

** The value of car finance leases was SEK 27.0 (24.8).

PARENT COMPANY	2015		2014	
	Buildings and land	Fixtures, fittings, tools and equipment	Buildings and land	Fixtures, fittings, tools and equipment
Accumulated cost of acquisition				
At beginning of year	28.6	19.4	28.6	18.2
New acquisitions	-	0.6	-	1.8
Sales and disposals	-	-1.2	-	-0.6
Accumulated depreciation according to plan				
At beginning of year	-13.4	-15.2	-12.9	-13.8
Sales and disposals	-	1.1	-	0.6
Depreciation for the year according to plan based on the cost	-0.5	-1.8	-0.5	-2.0
	-13.9	-15.9	-13.4	-15.2
RESIDUAL VALUE ACC. TO PLAN AT END OF YEAR	14.6	2.9	15.2	4.1
Accumulated accelerated depreciation				
At beginning of year	-	-0.6	-	-0.6
Change for the year	-	0.1	-	0.0
Total accumulated accelerated depreciation	-	-0.5	-	-0.6
CARRYING AMOUNT AT END OF YEAR	14.6	2.5	15.2	3.5

Note 14

Interests in Group companies

PARENT COMPANY	2015	2014
Book value		
At beginning of year	370.8	323.8
Acquisitions for the year	20.2	55.6
Remeasurement of contingent considerations	-3.6	-
Shareholders' contributions	1.6	1.3
Impairments	-8.9	-10.0
CLOSING BALANCE	380.1	370.8

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT SHAREHOLDINGS IN SUBSIDIARIES

	Corp. ID no.	Reg. office	No. of shares	Share of capital	Quota value	Book value 2015	Book value 2014
Sweden							
OEM Automatic AB, Sweden	556187-1012	Tranås	-	100 %			
OEM Motor AB, Sweden	556650-6498	Tranås	1,000	100 %	100	0.1	0.1
Telfa AB, Sweden	556675-0500	Gothenburg	1,000	100 %	100	10.0	10.0
All Motion Technology AB, Sweden	556601-7009	Täby	1,000	100 %	100	5.7	5.7
Apex Dynamics Sweden AB, Sweden	556771-7466	Täby	-	100 %			
Svenska Batteripoolen i Borlänge AB, Sweden	556234-3722	Borlänge	2,000	100 %	100	1.3	4.2
TemFlow Control AB, Sweden	556286-7365	Stockholm	1,000	100 %	100	2.3	2.3
Svenska Batteripoolen AB, Sweden	556929-8291	Tranås	5000	100 %	100	0.5	0.5
Elektro Elco AB, Sweden	556564-2716	Jönköping	1,000	100 %	100	68.0	68.0
OEM Electronics AB, Sweden	556054-3828	Tranås	-	100 %			
Internordic Bearings AB, Sweden	556493-8024	Nässjö	-	100 %			
Svenska Helag AB, Sweden	556225-9639	Borås	1,020	100 %	100	12.6	12.6
Flexitron AB, Sweden	556414-6982	Täby	5,000	100 %	100	10.8	10.8
Agolux AB, Sweden	556892-3774	Tranås	5,000	100 %	100	0.5	0.5
Vanlid Transmission AB, Sweden	556233-6643	Malmö	3,000	100 %	100	8.0	8.0
Ronson Transmission AB, Sweden	556322-5829	Malmö	-	100 %			
Fenix Transmission AB, Sweden	556434-4322	Kalmar	-	100 %			
Nexa Trading AB	556327-6319	Gothenburg	2,000	100 %	100	31.8	34.0
Kübler Svenska AB	556316-7245	Stockholm	2,000	100 %	100	4.6	9.1
ATC Tape Converting AB	556242-6121	Järfälla	2,000	100 %	100	11.5	-
IBEC B.V., Netherlands	-	-	-	100 %			
AB Ernst Hj Rydahl Bromsbandfabrik	556535-6556	Karlstad	11,000	100 %			
Finland, Baltic states and China							
OEM Finland OY, Finland	-	-	-	100 %			
Akkupojat OY, Finland	-	-	-	100 %	-	6.3	6.3
Scannotec OY	-	-	-	100 %	-	8.3	-
OEM Eesti Oü., Estonia	-	-	10,000	100 %	EEK 40	0.0	0.0
OEM Automatic SIA, Latvia	-	-	20	100 %	LVL 200	0.0	0.0
OEM Automatic UAB, Lithuania	-	-	100	100 %	LTL 100	0.0	0.0
OEM Automatic (Shanghai) Ltd, China	-	-	-	100 %	USD 140	0.0	0.0

Cont. Note 14

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT SHAREHOLDINGS IN SUBSIDIARIES

	Corp. ID no.	Reg. office	No. of shares	Share of capital	Quota value	Book value 2015	Book value 2014
Denmark, Norway, the United Kingdom and Central Eastern Europe							
OEM Automatic Klitsö AS, Denmark	-	-	1000	100 %	DKK 1,000	47.5	36.0
Scanding AS (merged with OEM Automatic Klitsö AS)	-	-	-	100 %	DKK 1,000	-	12.6
OEM Automatic AS, Norway	-	-	-	100 %	-	-	-
OEM Automatic Ltd, UK	-	-	-	100 %	-	-	-
OEM Automatic sp.z o.o., Poland	-	-	-	100 %	-	-	-
OEM Automatic spol.s.r.o. , Czech Republic	-	-	-	100 %	CZK 100	15.5	15.5
OEM Automatic s.r.o., Slovakia	-	-	-	100 %	SKK 200	0.0	0.0
OEM Automatic Kft, Hungary	-	-	-	100 %	-	0.0	0.0
Other business units							
OEM Industrial Components AB, Sweden	556051-4514	Tranås	100,000	100 %	5,000	46.2	46.2
OEM Electronics Production Technology AB, Sweden	556038-8356	Stockholm	300	100 %	300	78.4	78.4
Internordic Förvaltning AB, Sweden	556302-0873	Nässjö	1,000	100 %	100	1.3	1.3
OEM Logistics AB, Sweden	556194-8521	Stockholm	2,500	100 %	100	1.5	1.5
Intermate Electronics AB, Sweden	556266-6874	Tranås	1,000	100 %	100	0.6	0.6
OEM Fastighetsbolag AB, Finland	-	-	1,200	100 %	FIM 1,200	1.4	1.4
OEM Property Ltd, UK	-	-	400,000	100 %	GBP 400	5.1	5.1
Cyncrona Sp.z.o.o, Poland	-	-	-	100 %	-	-	-
Brake Components AB	559000-6499	Tranås	1,000	100 %	100	0.1	-
Bankerydsbackens Fastighetsbolag AB	559013-6817	Tranås	1,000	100 %	100	0.1	-
TOTAL						380.1	370.8

Note 15

Inventories

	The Group	
	2015	2014
Work in progress	36.8	26.5
Finished goods and merchandise	378.8	324.6
Impairment loss	-19.8	-14.5
TOTAL	395.8	336.5

Group impairment of inventories at the close of 2015 was SEK 19.8 million (14.5), which represents approximately 5 % (4%) of the cost of the stock.

Note 16

Prepaid expenses and accrued income

	The Group		Parent Company	
	2015	2014	2015	2014
Accrued commission income, etc.	2.2	3.7	-	-
Prepaid rent expense	2.4	1.8	0.0	0.1
Prepaid insurance costs	1.9	2.5	0.4	0.3
Other prepaid expenses	7.7	7.9	3.4	4.1
TOTAL	14.2	15.9	3.8	4.5

Note 17

Equity

The shares consist of Class A and Class B. The face value is SEK 1.67.

		2015		2014	
		Shares	Voting rights	Shares	Voting rights
Class A shares	10 votes	4,767,096	47,670,960	4,767,096	47,670,960
Class B shares	1 vote	18,402,213	18,402,213	18,402,213	18,402,213
TOTAL NUMBER OF OWN SHARES		23,169,309	66,073,173	23,169,309	66,073,173
Repurchased own shares		-61,847	-61,847	-61,847	-61,847
TOTAL NUMBER OF SHARES OUTSTANDING		23,107,462	66,011,326	23,107,462	66,011,326

REPURCHASED OWN SHARES INCLUDED IN THE EQUITY ITEM RETAINED EARNINGS, INCLUDING PROFIT FOR THE YEAR

	Number of shares		Amounts that affected equity	
	2015	2014	2015	2014
Opening repurchased own shares	61,847	61,847	23.3	23.3
CLOSING REPURCHASED OWN SHARES	61,847	61,847	23.3	23.3

The Group's translation reserve

The translation reserve includes all exchange differences arising on the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than that used in the consolidated financial statements. The Parent Company and the Group present their financial statements in Swedish krona. The translation reserve also comprises exchange-rate differences arising on the translation of liabilities reported as hedging instruments of a net investment in a foreign operation.

Parent company's restricted funds

Restricted funds may not be reduced through the payment of dividends.

Reserve fund

The purpose of a reserve fund has been to save a proportion of the net earnings not required to cover retained losses. The amount which before 1 January 2006 went to the share premium account has been transferred to the reserve fund.

Parent company's distributable equity

The following funds and profit for the year together constitute a distributable reserve, i.e. the amount available for distribution to shareholders as a dividend.

Retained earnings

Retained earnings are the profits and income that remain from the prior year after paying dividends.

Capital management

The Board's aim is to achieve a good return on total capital with a limited financial risk during stable growth. The target for one business cycle is:

- Minimum sales growth of 10 % per annum
- A minimum EBITA margin of 10 % per annum
- A minimum return on equity of 20 % per annum
- A minimum equity/assets ratio of 35 %

In the past three years, target achievement, based on the new targets that have been set, has been:

	2015	2014	2013
Sales growth	18 %	13 %	2 %
EBITA margin	11 %	10 %	11 %
Return on equity	30 %	21 %	17 %
Equity/assets ratio	51 %	49 %	66 %

DIVIDENDS

After the balance sheet date, the Board proposed a dividend of SEK 5.00 per share (4.25). The Board aims to propose a reasonable dividend of profits to the shareholders, by taking into account the financial position, the tax situation and any need for acquisitions or investments in the operation.

Note 18

Liabilities to credit institutes

	The Group	
	2015	2014
Other non-current liabilities		
Bank loan	15.9	15.0
Finance lease liabilities	18.8	16.7
TOTAL	34.7	31.8
<i>Liabilities that fall due for payment later than five years after the balance sheet date amount to SEK 9.8 million (9.3).</i>		
Current liabilities		
Bank loans and overdrafts	183.4	207.3
Current bank loans	2.0	-
Finance lease liabilities	8.2	8.1
TOTAL	193.6	215.4
FINANCE LEASE LIABILITIES		
Finance lease liabilities fall due for payment as shown below:		
Within one year	8.2	8.1
Between one and five years	18.8	16.7
Later than five years	-	-
TOTAL	27.0	24.8

The finance lease liabilities relate to leasing of cars.

Note 19

Provisions for pensions and similar obligations

	2015	2014
Present value of entirely or partially funded obligations	7.3	8.5
Fair value of plan assets	-5.3	-5.2
Net of entirely or partially funded obligations	2.0	3.3
The net amount recognised in the following items in the Statement of Financial Position:		
Provisions for pensions and similar obligations	2.0	3.3
Net amount in the Statement of Financial Position (obligations + assets -)	2.0	3.3
The net amount is split over plans in the following countries:		
Norway	2.0	3.3
Net amount in the Statement of Financial Position (obligations + assets -)	2.0	3.3

	2015	2014
Changes in the present value of the obligation for defined-benefit schemes		
Obligation for defined-benefit schemes as at 1 January	8.5	8.8
Pensions earned during the period	0.5	0.3
Actuarial gains and losses	-1.0	-0.5
Interest on obligations	0.2	0.3
Paid benefits	-0.2	-0.3
Exchange rate differences	-0.7	-0.1
Obligations for defined-benefit schemes as at 31 December	7.3	8.5
Change in fair value of plan assets		
Fair value of plan assets as at 1 January	5.2	4.9
Contributions by employer	0.7	0.7
Paid benefits	-0.2	-0.3
Interest income recognised in the income statement for the year	0.1	0.2
Return excluding interest recognised in the income statement for the year	0.0	-0.2
Exchange rate differences	-0.4	0.0
Fair value of plan assets as at 31 December	5.3	5.2
Expense recognised in the income statement		
Expense for pensions earned during the year	0.7	0.4
Net interest income/expense	0.1	0.1
Other information	0.1	0.1
TOTAL NET EXPENSE IN THE INCOME STATEMENT	0.8	0.6
ACTUARIAL ASSUMPTIONS		
The principal assumptions used for the purpose of the actuarial valuations were as follows:		
Discount rate	2.7 %	2.3 %

In Norway, all employees are covered by defined-benefit pension schemes. SEK 0.9 million is expected to be paid in contributions for the schemes during 2016. In other countries, except for Sweden, all employees are covered by defined-contribution schemes. The company pays defined contributions to a separate legal entity and has no obligation to pay additional amounts. Costs are expensed on the consolidated income statement as the benefits are earned. Pension obligations related to the defined-benefit ITP 2 scheme for retirement and family pensions for salaried employees in Sweden are underwritten with insurance provided by Alecta. According to statement UFR 10 Reporting for Pension Scheme ITP 2, issued by the Swedish Financial Reporting Board, the ITP 2 scheme, which is underwritten by the Alecta insurance company, is a defined-benefit multi-employer scheme. For the 2015 financial year, the company did not have access to information that would enable it to report its proportionate share of the scheme's obligations, plan assets and costs. Consequently, it has not been possible to report the scheme as a defined-benefit pension scheme. The ITP 2 pension scheme, which is provided for by means of insurance with Alecta, is therefore reported as a defined-contribution pension scheme. The premium for the defined-benefit retirement and family pension is calculated individually and is based on such factors as the salary, previously earned pension and expected remaining length of service. Expected contributions in the next reporting period for ITP 2 insurance with Alecta amount to SEK 1.1 million (0.7). The Group's share of the total contributions to the pension scheme is 0.005 % (0.005 %), while its share of the total number of active

members in the scheme is 0.008 % (0.005 %). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 155 percent. If Alecta's consolidation level falls below 125 percent or rises above 155 percent, measures must be taken to enable the consolidation level to return to the normal range. If the consolidation level is low, an appropriate measure might be to introduce premium reductions. At the close of 2015, Alecta's surplus, in the form of the collective consolidation level, was 153 % (143 %). The premiums to Alecta are determined by assumptions regarding interest rates, life expectancy, operating costs and tax on returns, and is calculated in order that the payment of a consistent amount of premium up to the date of retirement is sufficient to ensure that the entire, targeted benefit, based on the insured's current pensionable salary, is, in fact, earned. There is no agreed framework to guide the process of managing any deficit that may arise. In the first instance, losses will be covered by Alecta's collective consolidation capital and will thus not lead to increased costs through higher contractual premiums. Nor are there guidelines on how any surpluses or deficits should be allocated in the event of dissolution of the scheme or a company's withdrawal from the scheme. Most of the employees in Sweden are covered by defined-contribution pension schemes. The total cost of the Group's defined-contribution schemes was SEK 22.1 million (19.2). The Parent Company's cost for defined-contribution schemes is SEK 2.3 million (2.4).

Note 20

Other non-current liabilities

	The Group		Parent Company	
	2015	2014	2015	2014
Other non-current, non-interest-bearing liabilities	11.0	11.7	5.1	10.1
TOTAL	11.0	11.7	5.1	10.1

Other non-current liabilities relate to the long-term element of contingent considerations.

Note 21

Bank loans and overdrafts

The majority of the Swedish companies are part of a central accounting system with a total limit of SEK 250 million (250), which is the Parent Company's limit. The subsidiaries' balance/liability in the central account

system is reported in the Parent Company, either as a receivable from, or a liability to, the subsidiaries. The total limit in the Group is SEK 460 million (447).

PLEGDED ASSETS TO CREDIT INSTITUTES	The Group		Parent Company	
	2015	2014	2015	2014
Property mortgages	19.1	18.9	7.5	7.5
Business mortgages	72.4	53.0	-	-
TOTAL	91.5	71.8	7.5	7.5

Note 22

Contingent liabilities

The Group is currently involved in one ongoing dispute that is subject to judicial review. In April 2014, Lund District Court announced its ruling in a case where 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 ruling meant that IBS lost the case against the client. However, the client's insurance company was not successful in its action against IBS and the suit was dismissed by the Court. The ruling meant that IBS had to 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 was included in the company's and the Group's income statement for the first quarter of 2014. The client and its insurance company appealed against the ruling to the Court of Appeal. IBS as also decided to appeal against the ruling. Court of Appeal hearings took place for all the cases on 15 and 16 February 2016, and rulings are expected at earliest on 15 March 2016.

Note 23

Accrued expenses and prepaid income

	The Group		Parent Company	
	2015	2014	2015	2014
Accrued salaries and holiday pay	45.3	36.3	5.1	3.6
Accrued social security costs	19.5	15.1	2.8	1.7
Prepaid income	0.2	0.7	-	-
Accrued supplier inv./commercial debts	6.0	5.5	-	-
Other accrued expenses	18.2	18.3	2.7	2.7
TOTAL	89.3	75.8	10.6	8.0

Note 24

Untaxed reserves

	Parent Company	
	2015	2014
Accumulated accelerated amortisation		
At beginning of year	10.2	10.0
Changes in accelerated amortisation for the year	1.3	0.2
AT END OF YEAR	11.5	10.2
Accruals funds		
Allocated in the fiscal year 2009	-	21.0
Allocated in the fiscal year 2010	25.0	25.0
Allocated in the fiscal year 2011	30.0	30.0
Allocated in the fiscal year 2012	33.2	33.2
Allocated in the fiscal year 2013	32.0	32.0
Allocated in the fiscal year 2014	40.0	40.0
Allocated in the fiscal year 2015	48.6	-
TOTAL	208.8	181.2
TOTAL UNTAXED RESERVES	220.3	191.4

Deferred tax constitutes SEK 48.5 million (42.1) of untaxed reserves.

Note 25

Financial risks and risk management

The most significant financial risks for the OEM Group are currency and customer credit risks. Through matching, however, the risks have almost been completely eliminated, through risk elimination that contributes to securing a relatively stable coverage ratio over time for the Group. In addition to the named risks, the Group has a limited interest rate risk in the form of a cash flow risk. The OEM Group's financial activities and management of financial risks are primarily performed in the Parent Company. This is carried out in accordance with the financial policy approved by the Board of Directors. There are frameworks for how risk management is to be conducted and for how risks are to be limited. 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.

OEM is of the opinion that the carrying values of financial assets and liabilities approximate their fair values. The Group's holdings of such financial assets that represent fixed assets are fairly limited. At the close of 2015, the amount of non-current receivables was SEK 0.5 million (0.4). At year-end, the Group's holding of such financial assets that represent current assets amounted to SEK 324 million (290) and accrued income

to SEK 2.2 million (3.7) and other receivables to SEK 17 million (14). As is evident above, more than 99 % of the financial assets are categorised as loans and receivables. The financial liabilities are measured at amortised cost, except for derivative instruments which are measured at their fair values. The Group does not have any liabilities with fixed interest. The risk of a shift in the interest rate causing a significant change in fair value for the Group is thus non-existent. The company's interest-bearing liabilities are classified within Level 2. The fair values of interest-bearing liabilities are based on estimates of future cash flows of capital and interest, discounted at market interest rate on the balance sheet date. Derivatives are classified within Level 2. The fair values of derivatives are measured using the exchange rates and interest rates on the balance sheet date.

Contingent considerations are classified within Level 3. Refer to Note 4 for further information about contingent considerations.

The item cash and bank balance SEK 85 million (80), the overdraft item SEK 183 million (207) and other interest-bearing liabilities SEK 47 million (43) have variable interest rates and are thus exposed to cash flow risk. Overdrafts apply for one (1) year and the requirement is that the equity/assets ratio of the Group does not fall below 35 %.

THE GROUP'S ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	2015			2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivatives	-	0.4	-	-	0.8	-
Liabilities						
Contingent considerations	-	-	19.8	-	-	19.6

CONTINGENT CONSIDERATIONS	2015	2014
Opening book value	19.6	1.6
Acquisitions for the year	12.5	19.6
Recycled to the income statement	-5.2	-
Consideration paid	-7.4	-1.6
Exchange rate differences	0.2	-
Closing book value	19.8	19.6

LIQUIDITY RISKS

Liquidity risk relates to the risk that the Group will not be able to fulfil its obligations associated with financial liabilities. This is offset, as far as possible, by establishing a maturity profile that makes it possible to take necessary alternative actions to secure capital if necessary. Cash and

bank balance at the end of the year was SEK 85 million (80) and financial current assets were SEK 324 million (290). At the close of the year, the Group's financial liabilities were SEK 356 million (364). The maturity profile is presented in the table below. The table shows both capital payments and interest payments.

	2015					2014				
	Total	With-in 1 month	1-3 months	3 months -1 year	1 year and longer	Total	With-in 1 month	1-3 months	3 months -1 year	1 year and longer
Overdraft*	184.7	0.5	-	184.2	-	208.8	0.5	-	208.3	-
Other interest-bearing liabilities	18.1	-	0.5	1.5	16.1	15.2	-	-	-	15.2
Trade payables, etc.	186.4	161.6	24.8	-	-	158.0	135.5	22.5	-	-
Finance lease liabilities	27.3	0.7	2.1	5.5	19.0	25.3	0.7	1.4	6.1	17.0
	416.5	162.8	27.4	191.2	35.1	407.3	136.7	24.0	214.4	32.3

* Overdraft runs for one (1) year at a time.

Interest rate risks

The interest rate risk is low and essentially consists of the cash flow risk that arises when the items cash and bank balance, overdraft and other interest-bearing liabilities have variable interest rates. A one per cent change in interest on the balance sheet date would entail a change of SEK -1.4 million (-1.7) in the income statement.

Currency risks

The currency risks are primarily due to purchases being made in foreign currencies. The risks are managed by the customer contract often prescribing that the price must be adjusted in relation to any currency changes. Alternatively, the sale is carried out in the same currency as the purchase. A detailed report is given in connection with the below table.

The currency flow of the Group is attributable to imports from Europe, Asia and North America.

As long as it is possible, the Group eliminates the effects of exchange rate fluctuations by using currency clauses in the customer contract and by purchasing and selling in the same currency. On the whole, purchasing is carried out in the supplier's functional currency. The table above shows that 57 % (56 %) of purchases in 2015 is attributable to EUR, 21 % (20 %) to USD, and 4 % (5 %) to GBP, 10 % (11 %) to SEK and 8 % (8 %) to other currencies. The OEM Group manages the effects of changing exchange rates by currency clauses in the sales contract and by invoicing in the same currency as the corresponding purchase. OEM sells goods to Swedish and foreign customers and either invoices in the purchasing currency or in another currency with currency clauses with regard to the purchase currency. The currency clauses adjust 80 % to 100 % of the changes in the exchange rate from the sales order to the date of invoicing, depending on whether OEM receives currency compensation for the profit margin or not. There is often a threshold value, which means that exchange rate changes below 2.25 % are not taken into account. Currency adjustments are made symmetrically for rising and falling currency rates. Currency clauses and sales in the purchasing currency make up about 69 % (67 %) of all sales contracts. Where purchasing is based on sales orders, economic hedging of currency risks is achieved in sales and purchasing. However, in many cases there is a mismatch in timing between purchase orders and sales orders. Purchase orders normally run 7-60 days prior to delivery. The supplier credit period is about 33 days. The currency adjustment clauses means that only currency changes between the time of sale and the time of invoicing affect the amount reported in Swedish Kronor. Since invoicing, in accordance with currency adjustment clauses, is carried out in SEK, there is no exchange rate difference after the date of invoicing. OEM applies the same terms and conditions for adjusting currencies and prices for its Swedish and overseas customers. The changes in values related to the currency clauses are therefore treated consistently from the points of view of risk and accounting. A ten per cent change in exchange rates for the EUR and USD would, using a simplified model, mean about SEK 154 million in change in earnings.

Elektro Elco AB and Nexa Trading AB use foreign exchange forward contracts. The hedged amount is USD 2.0 million (1.4). The market value amounted to SEK 0.4 million (0.8) as at 31 December 2015. With regard to currency risk, it can be determined that OEM also has balance exposures in the form of net investment in independent foreign operations. At present, these currency risks are not hedged.

Customer and credit risks

The customer credit risks are small. Defined customer limits are carefully decided and strictly applied. Short credit periods and absence of risk concentrations for individual customers, segments or geographic areas contribute to a good risk picture, one that is confirmed by the small historical customer losses. Recognised receivables are measured based on the low level of risk.

The Group has approximately 25,000 purchasing customers in total. The largest individual customer accounted for approximately 3 % (4 %) of sales. The five largest customers accounted for 12 % (12 %) of sales and the ten largest customers accounted for 16 % (16 %) of sales. The distribution of risk is thus very good. Customer losses during the year amounted to SEK 1.3 million (0.9), which corresponds to 0.06 % (0.05 %) of sales. The average credit period rose to approximately 44 days.

Purchases are broken down into percentages as follows:

	2015	2014
EUR	57 %	56 %
USD	21 %	20 %
GBP	4 %	5 %
SEK	10 %	11 %
Other currencies	8 %	8 %
	100 %	100 %

Exchange rate changes significant currencies

Currency	Weighted average 2015	Weighted average 2014	Change
EUR 1	9.31	9.09	2 %
USD 1	8.35	6.85	22 %
GBP 1	12.79	11.30	13 %

The sensitivity of the translation exposure to changes in the exchange rate is explained below:

	Nominal amount SEK million	Sensitivity analysis +/- 5 % in exchange rate. Impact on the Group's shareholders' equity
CZK	8.5	0.4
DKK	22.2	1.1
EUR	94.4	4.7
GBP	46.0	2.3
NOK	6.5	0.3
PLN	14.0	0.7
HUF	1.2	0.1
CNY	-2.4	0.1
TOTAL	190.5	9.8

Exchange rates used in the preparation of the accounts to translate the income statements and net assets of foreign subsidiaries

Currency	Weighted average 2015	Dec 2015	Weighted average 2014	Dec 2014
NOK 100	103.61	95.74	108.16	104.66
DKK 100	124.84	122.43	121.95	127.41
EUR 1	9.31	9.13	9.09	9.48
GBP 1	12.79	12.40	11.30	12.10
PLN 1	2.21	2.14	2.16	2.20
HUF 100	2.99	2.89	2.93	3.00
CZK 1	0.34	0.34	0.33	0.34
LTL 1	-	-	2.63	2.75

Cont. Note 25

AGE ANALYSIS, TRADE RECEIVABLES NOT WRITTEN DOWN (SEK MILLION)	2015	2014
Trade receivables not matured	284.1	245.4
Trade receivables matured 0–30 days	34.3	36.4
Trade receivables matured > 30–90 days	4.5	3.6
Trade receivables matured > 90–180 days	0.5	1.0
Trade receivables matured > 180–360 days	0.3	2.7
Trade receivables matured > 360 days	2.1	2.0
TOTAL	325.9	291.1
PROVISIONS FOR LOSS (SEK M)		
Balance at beginning of year	1.6	1.5
Effects of business combinations	0.0	-
Provision for expected losses	0.8	0.5
Confirmed losses	-0.5	-0.4
CLOSING BALANCE	1.9	1.6

Note 26

Operating leases

	The Group		Parent Company	
	2015	2014	2015	2014
Leases where the company is the lessee				
Non-redeemable lease payments amount to				
Within one year	18.4	14.0	-	0.2
Between one and five years	29.6	21.2	-	-
Longer than five years	1.9	2.7	-	-
TOTAL	49.9	38.0	-	0.2

Most of the above operating leases relate to rents for premises.

	The Group		Parent Company	
	2015	2014	2015	2014
Costs reported during the year for operating leases	22.6	15.5	0.2	0.5
TOTAL	22.6	15.5	0.2	0.5

Note 27

Cash Flow Statement

Additional disclosures on the cash flow statement

	The Group		Parent Company	
	2015	2014	2015	2014
Interest received	0.6	0.9	0.6	1.3
Dividends received	-	-	31.3	23.6
Interest paid	-3.9	-3.9	-1.2	-1.2
Specification of items not included in cash flow				
Amortisation/depreciation	46.8	43.2	6.6	6.9
Capital gain profits	0.7	-2.3	-	-
Other information	-0.1	-0.8	0.1	0.2
Write-off shares	-	-	8.9	10.0
TOTAL	47.5	40.1	15.6	17.1
ACQUISITION OF SUBSIDIARY COMPANIES AND OPERATIONS – THE GROUP				
Acquired assets and liabilities				
Intangible assets	24.3	47.3		
Other fixed assets	2.8	0.3		
Inventories	32.8	13.4		
Trade and other receivables	22.3	23.1		
Cash and cash equivalents	5.4	3.1		
Total assets	87.6	87.2		
Deferred tax liability	4.6	7.5		
Interest-bearing liabilities	11.0	7.4		
Current operating liabilities	22.4	14.1		
Total liabilities	38.0	29.0		
Net	49.6	58.2		
Consideration				
Consideration for acquired units in the current year	-49.6	-58.2		
Consideration payable	16.8	20.4		
Specified consideration for acquired units before the current year	-8.1	-1.6		
Deducted: Cash and cash equivalents in the acquired operations	5.4	3.1		
IMPACT ON CASH AND CASH EQUIVALENTS	-35.6	-36.3		

Cash and cash equivalents

Cash and cash equivalents currently only consist of cash and bank balance.

Note 28

Information about the Parent Company

OEM International AB (Publ) is a Swedish-registered public limited company with its headquarters in Tranås, Sweden. The Parent Company shares are listed on NASDAQ Nordic Mid Cap in Stockholm. The Head Office address is Förrådsvägen 2, Box 1009, SE-573 28 Tranås, Sweden.

The consolidated financial statements for 2015 incorporate the financial statements of the Parent Company and its subsidiaries, jointly referred to as the Group.

Note 29

Events after the balance sheet date

No significant events have occurred after the end of the reporting period.

Note 30

Significant estimates and judgements

The company's management and the Audit Committee have discussed the developments, choices and disclosures regarding the Group's significant accounting policies and estimates, as well as the application of these policies and estimates. The carrying amounts of certain assets and liabilities are based in part on assessments and estimates. The company's management, however, finds that none of the recognised amounts for assets and liabilities is associated with substantial risks in the future that may require significant adjustments. The presentation below discusses the areas that can cause adjustments in the future.

Goodwill impairment testing

In measuring the recoverable amount of cash-generating units for the company's assessment of whether amortisation is required for goodwill, future circumstances and estimates of parameters have been assumed. An account of these is given in Note 12. The company's management believes no reasonably possible change in the key assumptions would cause the carrying values of the units to exceed the estimated recoverable amounts.

Measurement of other intangible assets

Other intangible fixed assets consist primarily of the values arising at acquisition divided into SEK 18 million for supplier relationships, SEK 30 million for customer relationships and SEK 9.6 million for brands. Supplier relationships are divided into two amounts, SEK 9.6 million and SEK 8.8 million, respectively. The supplier relationship, with a value of SEK 8.8 million, has an indefinite useful life. As regards supplier relationships with a value of SEK 9.6 million, the assessment is that they will be amortised over a five-year period. A maximum of 47 months remain of the amortisation period. Customer relationships consist of establishments on new markets and it is deemed that these will be written down over a five-year period. A maximum of 56 months remain of the amortisation period. Trademarks comprise the Hide-a-lite trademark, which includes a number of light fixture series for concealed lighting. The Hide-a-lite trademark will be written off over a ten-year period and 35 months remain of the amortisation period.

Note 31

Earnings per share

Calculations of basic and diluted earnings per share are based on the year's profit attributable to the Parent Company's shareholders. (SEK million)

	2015	2014
Total business units	173.2	136.7
Earnings per share for total, continuing and discontinued operations are based on the following number of shares		
Average number of outstanding shares	23,107,462	23,107,462

	2015	2014
Earnings per share on the number of outstanding shares		
Earnings per share	7.50	5.92

There is no dilutive effect.

Note 32

Related party disclosures

The OEM Group's related parties consist primarily of senior executives (Note 5), other senior executives (Note 5) and major shareholders. Dividend paid to related parties was SEK 4.25 per share. The Parent Company and its subsidiaries are related parties. See Note 14. The Parent Company's net sales comprise the sale of services to its subsidiaries. Related party transactions are priced at market-rate terms and conditions.

Proposed allocation of profits

PARENT COMPANY

The following profits are at the disposal of the Annual General Meeting

Retained earnings	12,688,277.58
Profit/loss for the year	134,798,738.22

147,487,015.80

The Board of Directors proposes that

a final dividend of SEK 5.00 per share be paid to the shareholders	115,846,545.00
and that the following be carried forward	31,640,470.80

147,487,015.80

The Board of Director's comments on the dividend proposal may be viewed on the company's website, www.oem.se or are available upon request. The Board of Directors recommends Thursday 28 April 2016 as the record date.

The Board of Directors and the Managing Director declare that the Annual Report has been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as stipulated in the European Commission's and the Swedish Financial Reporting Board's Regulation (EC) No. 1606/2002 of 19 July, 2002, regarding the application of international accounting standards. The Annual Report and the consolidated financial

statements give a fair and true view of the Parent Company and the Group's financial position and results. The Directors' Report for the Parent Company and the Group, respectively, 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 companies included in the Group.

As seen below, the Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on 7 March 2016. The Group's Statement of Income, Statement of Comprehensive Income and Statement of Financial Position and the Parent Company's Income Statement and Balance Sheet will be matters for approval at the Annual General Meeting on 26 April 2016.

**Tranås, Sweden,
7 March 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

Åsa Söderström Jerring
Member of the Board

Jörgen Zahlén
Managing Director

Our Auditors' Report was presented on 8 March 2016
KPMG AB

Kjell Bidenäs
Chartered Accountant

Auditors' Report

To the Annual General Meeting of OEM International AB (publ),
Corp. ID no. 556184-6691

Statement on the Annual Report and consolidated financial statements

We have conducted an audit of the Annual Report and consolidated financial statements of OEM International AB (publ) for 2015. The company's Annual Report and consolidated financial statements are included in the printed version of this document on pages 31-82.

The Board of Directors and the Managing Director are responsible for the Annual Report and the consolidated financial statements.

The Board of Directors and the Managing Director are responsible for the preparation of an Annual Report that gives a true and fair view, as required by the Swedish Annual Accounts Act, and consolidated financial statements that give a true and fair view, as required by the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act, and for the internal control that the Board of Directors and the Managing Director consider necessary in the preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether due to irregularities or errors.

Auditors' responsibility

Our responsibility is to express an opinion on the Annual Report and the consolidated financial statements based on our audit. We have conducted our audit in compliance with the requirements of the International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require us to comply with professional requirements and plan and conduct the audit to obtain reasonable assurance that the Annual Report and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to irregularities or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the company prepares the Annual Report and consolidated financial statements to give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the Annual Report and the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the Parent Company as at 31 December 2015, and its financial performance and its cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and

present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and as required by the Swedish Annual Accounts Act. A Corporate Governance Report has been prepared. The Directors' Report and the Corporate Governance Report are consistent with the remainder of the Annual Report and the Consolidated Financial Statements.

We therefore recommend that the Annual General Meeting adopts the income statement and the balance sheet of the Parent Company and the Group's statement of comprehensive income and statement of financial position.

Statement on other legal and statutory requirements

In addition to our audit of the Annual Report and consolidated financial statements, we have conducted an audit of the proposal for the appropriation of the company's profit or loss, and the management by the Board of Directors and the Managing Director of OEM International AB (publ.) for 2015.

Responsibilities of the Board and the Managing Director

The Board of Directors is responsible for the proposal for the appropriation of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for the management in accordance with the Swedish Companies Act.

Auditors' responsibility

Our responsibility is to express an opinion, with a reasonable level of assurance, on the proposal for appropriation of the company's profit or loss and on its management based on our audit. We have conducted our audit in compliance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposal for appropriation of the company's profit or loss, we have examined the Board's statement and a selection of the underlying information for this in order to be able to determine whether the proposal is consistent with the Swedish Companies Act.

As a basis for our opinion on discharge from liability, in addition to our audit of the Annual Report and consolidated financial statements, we have examined significant decisions, actions taken and circumstances in the company in order to determine the possible liability to the company of any Board Member or the Managing Director. We have also examined the question of whether any Director or the Managing Director has otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We recommend that the Annual General Meeting appropriate the profit as proposed in the Directors' Report and grant the Members of the Board and the Managing Director discharge from liability for the financial year.

**Tranås, Sweden,
8 March 2016**

KPMG AB

Kjell Bidenäs
Chartered Accountant



Lars-Åke Rydh

Born in 1953.

Board Chairman since 2010 and Board member since 2004.

M.Sc. Engineering.

Not employed by OEM.

Other appointments: Chairman of the Board of Plastprint AB, Schuchardt Maskin AB and Prototypen AB. Board member of Nefab AB, Nolato AB, HL Display AB, Östrand och Hansen AB, Investment AB Vittrinen, Söderbergsföretagen AB and Olja economic association.

Number of shares: 12,000 OEM Class B.



Hans Franzén

Born in 1940.

Chairman of the Board 1992–2006. Board member since 1974.

CEO through 31 December 2001.

Engineer.

Not employed by OEM.

Other appointments: Chairman of the Board for Tranås Rostfria AB, TR Equipment AB, Cendio AB and Handelsbanken's local Board in Tranås. Board member of Ovacore AB and IB Medical AB.

Number of shares: 707,376 OEM Class A and 594,990 OEM Class B.



Petter Stillström

Born in 1972.

Board member since 2010.

Master of Economics.

Not employed by OEM.

Managing Director and major shareholder in Traction.

Other appointments: Chairman of the Board in BE Group AB, Nilörngruppen AB and Softronic AB. Board member in AB Traction and several unlisted companies in Traction's sphere of influence.

Number of shares: 0.



Jerker Löfgren

Born in 1950.

Board member since 2010.

LLM.

Not employed by OEM.

Tax lawyer at Söderberg & Partners.

Other appointments: Chairman of the Board of Orvaus AB and Orvaus Nörvalen AB.

Number of shares: 0.



Åsa Söderström Jerring

Born in 1957.

Board member since 2015.

MBA.

Not employed by OEM.

Other appointments: Chairman of the Board of ELU konsult AB and Delete OY. Board member of Vattenfall AB, JM AB, Nordic Room Improvement AB and Scanmast AB. Member of The Royal Swedish Academy of Engineering Sciences (IVA).

Number of shares: 2,000 OEM Class B.



Ulf Barkman

Born in 1957.

Board member since 1997.

MBA.

Not employed by OEM.

Other appointments: Chairman of the Board of NGS Group AB.

Number of shares: 42,000 OEM Class B.



Jörgen Zahlin

Born in 1964.

Managing Director of OEM International AB since 1 March 2000.
Managing Director and CEO since 1 January 2002.
Group employee since 1985.

Number of shares: 39,832
OEM Class B.



Jan Cnattingius

Born in 1955.

Finance Director. Group employee since 1985.

Number of shares: 10,000
OEM Class B.



Jens Kjellsson

Born in 1968.

Managing Director of OEM Automatic AB.
Group employee since 1990.

Number of shares: 11 000
OEM Class B.



Urban Malm

Born in 1962.

Managing Director of OEM Electronics AB. Group employee since 1983.

Number of shares: 2,800
OEM Class B.



Fredrik Simonsson

Born in 1971.

Managing Director of Elektro Elco AB.
Group employee since 1993.

Number of shares: 1,000
OEM Class B.



Patrick Nyström

Born in 1958.

Head of Region Finland, Baltic states and China.
Group employee since 1982.

Number of shares: 22,500
OEM Class B.



Sven Rydell

Born in 1973.

Marketing and Communications Director.
Group employee since 2008.

Number of shares: 984
OEM Class B.

OEM International on the stock exchange

OEM's shares were launched on the Stockholm Stock Exchange's OTC List in December 1983 and the growth in the share price has been good since then. An investor who purchased 100 shares in OEM for SEK 12,500 at the initial public offering would have a holding of 7,200 shares worth SEK 1,015,200 on 31 December 2015. OEM's shares were transferred to the O List in 2000 and its shares have been trading on the NASDAQ Nordic Small Cap market since 2006. The shares were transferred to the NASDAQ Nordic Mid Cap market in 2014.

Price trends

The price of OEM International shares rose during the year from SEK 110.00 to a closing price of SEK 141.00. The highest price paid during the year was SEK 145.00 on 16, 17, 18 and 19 November. The lowest price paid during the year was SEK 100.00 on 7 May. OEM's market value at the close of 2015 was SEK 3,267 million. During the year, the Stock Exchange's index for Nasdaq Stockholm_PI rose 7%.

Sales

In 2015, 1,954,247 Class B shares (3,460,170) were sold, corresponding to a turnover rate of 8% (15%). The average shareholder in OEM therefore retains shares for about 9 (5) years.

OEM's Class B shares were sold on 100% (99%) of the trading days. The average daily turnover in 2015 was 1,357 shares (14,009). As at 31 December 2015, OEM International had 2,860 shareholders (2,642). Institutional ownership is about 44% (46%) and foreign ownership amounts to 11% (11%).

Repurchase of shares

The repurchase programme for shares, which was adopted for the first time by the Annual General Meeting in 2000, is intended to improve the company's capital structure and contribute positively to return on shareholders' equity and earnings per share. After implemented reductions the previous year there are 23,169,309 shares in the company at year-end. In 2011, the company repurchased 61,847 shares at an average price of SEK 53.26. The company had a holding of 61,847 shares at the end of the year. The Board has been authorised by the Annual General Meeting to repurchase up to 10% of the total number of shares, i.e. 2,316,931 shares. The objective is to continue the repurchases up to 10% of the

total number of shares wherever the Board considers the conditions to be attractive. The acquired shares will be retained, deregistered or used as payment in corporate acquisitions. We have minimised the disadvantages which this can entail, that is, that the number of shareholders is decreased and the liquidity of the share declines, by mainly purchasing large blocks of shares.

Liquidity boosting measures

OEM International has signed an agreement with Remium AB regarding liquidity guarantees for company shares. The aim is to reduce the difference between purchase and sales prices. The goal is to achieve a lower investment cost and to lower the share trading risk for present and future shareholders. Commitments fall within the scope of the NASDAQ Nordic Stock Exchange system with liquidity guarantees and started on 1 December 2004.

Dividend policy

The Board of OEM International aims to propose a reasonable dividend of profits to the shareholders, by considering the financial position and any need for acquisitions or investments in the operations.

Dividends

The Board proposes a SEK 5.00 (4.25) per share dividend, equivalent to 22% (21%) of distributable equity in the Group.

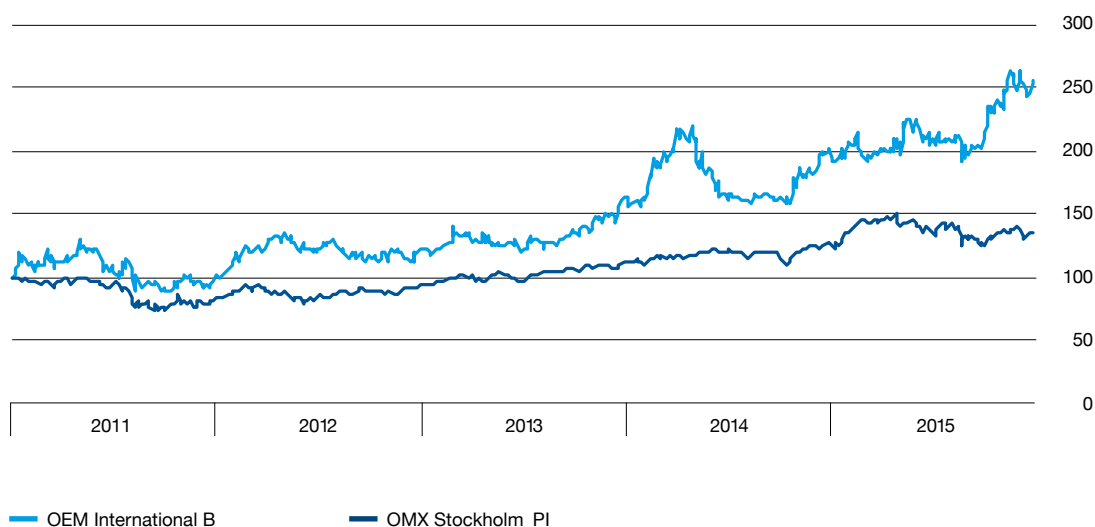
Financial information

OEM aims to maintain high quality as regards information to the market and the media. The goal is for the information to facilitate an accurate valuation and liquid trading of the shares. The dates for the Annual General Meeting, interim reports and annual report for the 2015 financial year are shown on page 2 of this Annual Report.

Financial information is also published on the Group's website (www.oem.se).

The Company offers shareholders the opportunity to receive interim reports and other press releases by e-mail, at the same time as they are made public to the market. Please send an e-mail to: info@oem.se and state "Corporate Information" and you will be placed on our list for future mailings.

Share trends



Shareholding structure

OEM's largest shareholders as at 30 December 2015

	Class A shares	Class B shares	Percentage share capital	Percentage votes
Orvaus AB	1,627,320	2,802,360	19.2 %	28.9 %
Franzén Hans and Siv	1,280,376	1,280,290	11.1 %	21.3 %
Svenberg Agne and Inger	1,223,400	446,486	7.2 %	19.2 %
AB Traction	636,000	250,000	3.8 %	10.0 %
Lannebo equity funds		3,533,229	15.3 %	5.4 %
Nordea Investment Funds		2,418,133	10.5 %	3.7 %
SEB Investment Management		1,072,776	4.6 %	1.6 %
Fjärde AP Fonden		327,100	1.4 %	0.5 %
Mats Guldbrand		278,600	1.2 %	0.4 %
Länsförsäkringar Jönköping		237,912	1.0 %	0.4 %
Total 10 owners	4,767,096	12,646,886	75.4 %	91.4 %
Other		5,693,480	24.6 %	8.6 %
TOTAL	4,767,096	18,340,366	100.0 %	100.0 %
Votes per share	10	1		

*The company's holding of 61,847 Class B shares is not included in the above break-down.
The purpose is to provide a clear overview of the various shareholders' interests in the company.*

Key indicators for OEM shares

The past five years

		2015	2014	2013	2012	2011
Key performance indicators						
Sales per share	SEK	96	81	72	70	69
Sales increase per share	%	18	13	2	2	11
Earnings per share*	SEK	7.48	5.90	5.23	5.46	5.42
Shareholders' equity per share *	SEK	26.85	23.82	31.37	29.82	27.95
Proposed dividend	SEK	5.00	4.25	4.00	3.75	3.50
Dividend/Income	%	67	72	77	69	65
Dividend/Shareholders' equity	%	19	18	13	13	13
Cash flow per share*	SEK	8.22	6.52	5.78	5.43	4.67
Risk key indicators						
Rate of turnover for shares	%	8	15	7	12	9
Valuation ratios						
Quoted price as at 31 December	SEK	141.00	110.00	88.75	67.00	55.00
Quoted price as per 31 December*	SEK million	3,267	2,549	2,056	1,552	1,274
P/S ratio	times	1.5	1.4	1.2	1.0	0.8
P/E ratio	times	18.9	18.6	17.0	12.3	10.1
Price/Shareholders' equity	%	525	462	283	225	197
EV/Sales	times	1.5	1.4	1.2	0.9	0.8
EBIT multiple	times	13.8	12.3	10.1	9.2	6.9
Direct return	%	3.5	3.9	4.5	5.6	6.4

* Calculated on total number of shares.

The key indicators are based on the continuing operation. Comparative information for 2011 to 2015 has been restated.

Shareholder analysis

As at 30 Dec 2015*

SIZE CLASS	Percentage of no. of shareholders	Percentage of share capital
1-500	56.1	1.2
501-1,000	16.4	1.5
1,001-2,000	12.1	2.2
2,001-5,000	8.2	3.3
5,001-10,000	3.0	2.6
10,001-20,000	2.0	3.4
20,001-50,000	1.2	4.3
50,001-100,000	0.3	3.0
100,001-5,000,000	0.7	78.5
TOTAL	100.0	100.0

The total number of shareholders in OEM is 2,860.

*) Source: Euroclear Sweden AB. Directly and fund manager registered. In the table, ownership details may be a combination of several items in Euroclear Sweden's statistics. This combination is intended to show an institution's or a private individual's total ownership in OEM.

Change in share capital

Year	Transaction	Change in share capital, SEK million	Total share capital, SEK million	Average no. of shares	Face value per share SEK
	Opening value	0.1	0.1	500	100.00
1981	Bonus issue	0.3	0.4	4,000	100.00
1983	Split	-	0.4	40,000	10.00
1983	Bonus issue	0.4	0.8	80,000	10.00
1983	New issue	0.8	1.6	160,000	10.00
1983	New issue	0.4	2.0	200,000	10.00
1986	Bonus issue	4.0	6.0	600,000	10.00
1986	New issue through conversion	0.4	6.4	636,000	10.00
1994	Split	-	6.4	1,272,000	5.00
1996	Bonus issue	6.4	12.7	2,544,000	5.00
1996	Bonus issue	12.7	25.4	5,088,000	5.00
1997	New issue through subscription in kind	20.1	45.5	9,113,703	5.00
2001	Reduction	-3.9	41.6	8,332,203	5.00
2003	Reduction	-1.0	40.6	8,132,203	5.00
2004	Reduction	-2.0	38.6	7,723,103	5.00
2007	Split	-	38.6	30,892,412	1.25
2007	Redemption	-9.6	29.0	23,169,309	1.25
2007	Bonus issue	9.6	38.6	23,169,309	1.67
2014	Split	-	38.6	46,338,618	0.83
2014	Redemption	-19.3	19.3	23,169,309	0.83
2014	Bonus issue	19.3	38.6	23,169,309	1.67

EBITA

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

Return on total capital

EBITA plus finance income as a percentage of average total capital

Return on capital employed

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

Capital employed

Total assets minus non-interest-bearing liabilities and provisions.

Return on equity

Profit for the year divided by average shareholders' equity.

Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

Interest coverage ratio

Operating profit for the year plus finance income in relation to interest expense.

EBITA margin

EBITA as a percentage of net sales.

Operating margin

Operating profit as a percentage of net sales.

Profit margin

Profit/loss before tax as a percentage of sales.

Capital turnover rate

Net sales divided by total assets.

Net sales per employee

Net sales divided by average number of employees.

Equity/assets ratio

Shareholders' equity as a percentage of total capital.

Quick ratio

Current assets less inventories divided by current liabilities.

Earnings per share

The profit or loss for the year divided by the number of shares.

Shareholders' equity per share

Shareholders' equity divided by the number of shares.

Direct return

Dividend per share divided by the quoted price at end of year.

Net sales per share

Net sales divided by the number of shares on the market at end of year.

Net sales increase per share

Increase of the net sales per share.

Dividend/Profit payout ratio

Proposed dividend in relation to profit/loss for the year from continuing operations.

Dividend/Shareholders' equity

Proposed dividend in relation to the Group's equity and non-controlling interests.

Cash flow per share

Operating cash flows divided by the number of shares.

Share turnover

The number of shares traded over the year divided by the number of shares outstanding at year-end.

P/S ratio

Stock market value in relation to net sales.

P/E ratio

Quoted price as per 31 December divided by earnings per share.

Price/Shareholders' equity

Quoted price divided by shareholders' equity per share.

EV/Sales

Enterprise value (market value + net debt + non-controlling interests) divided by net sales.

EBIT multiple

Enterprise value divided by operating profit after depreciation/amortisation.

Addresses

OEM Automatic AB

Box 1011, Dalagatan 4,
573 28 TRANÅS, Sweden
Tel: +46-75-242 41 00
Fax: +46-75-242 41 10
E-mail: info@aut.oem.se
Website: www.oemautomatic.se

OEM Motor AB

Box 1011, Fredriksbergsgatan 2,
573 28 TRANÅS, Sweden
Tel: +46-75-242 44 00
Fax: +46-75-242 44 49
E-mail: info@motor.oem.se
Website: www.oem-motor.se

Telfa AB

Box 1011, Fredriksbergsgatan 2,
573 28 TRANÅS, Sweden
Tel: +46-75-24 24 450
Fax: +46-75-24 24 495
E-mail: info@telfa.se
Website: www.telfa.se

Svenska Batteripoolen AB

Box 1011, Förrådsvägen 2,
573 28 TRANÅS, Sweden
Tel: +46-75-24 24 300
Fax: +46-75-24 24 449
E-mail: kundsupport@batteripoolen.se
Website: www.batteripoolen.se

Elektro Elco AB

Tallvägen 5,
564 35 BANKERYD, Sweden
Tel: +46-36-290 60 00
Fax: +46-36-290 60 50
E-mail: elektro@elco.se
Website: www.elco.se

Nexa Trading AB

Box 12200,
SE-402 42 GOTHENBURG, Sweden
Tel: +46-31-14 13 80
Fax: +46-31-42 50 93
E-mail: info@nexa.se
Website: www.nexa.se

OEM Electronics AB

Box 1025, Förrådsvägen 2,
573 29 TRANÅS, Sweden
Tel: +46-75-242 45 00
Fax: +46-75-242 45 09
E-mail: info@oemelectronics.se
Website: www.oemelectronics.se

Internordic Bearings AB

Box 105, Lerbacksgatan 3,
571 22, NÄSSJÖ, Sweden
Tel: +46-75-242 49 40
Fax: +46-75-242 49 59
E-mail: info@internordic.com
Website: www.internordic.com

Svenska Helag AB

Box 6, Dalagatan 4,
573 21 TRANÅS, Sweden
Tel: +46-75-242 46 00
Fax: +46-33-15 09 51
E-mail: helag@helag.se
Website: www.helag.se

Flexitron AB

Sidensvansvägen 8,
192 55 SOLLENTUNA, Sweden
Tel: +46-8-732 85 60
Fax: +46-8-756 91 32
E-mail: sales@flexitron.se
Website: www.flexitron.se

Agolux AB

Box 6, Dalagatan 4
573 21 TRANÅS, Sweden
Tel: +46-75-242 45 50
Fax: +46-75-242 45 09
E-mail: kundsupport@agolux.se
Website: www.agolux.se

ATC Tape Converting AB

Box 575, Veddestavägen 17
175 26 JÄRFÄLLA, Sweden
Tel: +46-8-564,708 80
Fax: +46-8-564,708 89
E-mail: info@atc.se
Website: www.atc.se

Vanlid Transmission AB

Limhamnsgårdens allé 31,
216 16 LIMHAMN, Sweden
Tel: +46-40-36 91 50
Fax: +46-40-36 54 30
E-mail: info@vanlid.se
Website: www.vanlid.se

AB Ernst Hj. Rydahls Bromsbandfabrik

Box 12, Brisgatan 19,
651 02 KARLSTAD, Sweden
Tel: +46-10-550 94 00
Fax: +46-54-85 10 58
E-mail: mail@rydahls.se
Website: www.rydahls.se

IBEC

Aartsdijkweg 111,
NL-2676 LE MAASDIJK, the Netherlands
Tel: +31-174 52 51 00
Fax: +31-174 52 51 06
E-mail: info@ibec.biz
Website: www.ibec.biz

OEM Automatic (Shanghai) Co., Ltd

Room 117, Building 8,
Shanghai Zhongtian Science & Technology
Business Park, 787 KangQiao Rd,
SHANGHAI 201315, P.R. of China
Tel: +86-21-3331 1200
Fax: +86-21-3307 0303
E-mail: info@oemautomatic.cn
Website: www.oemautomatic.cn

OEM Automatic FI

Box 9, 20101 TURKU,
Fiskarsinkatu 3, 20750 TURKU, Finland
Tel: +358-207 499 499
Fax: +358-207 499 456
E-mail: info@oem.fi
Website: www.oem.fi

Akkupojat Oy

Satakunnankatu 38,
28130 BJÖRNEBORG, Finland
Tel: +358 2 631 8600
Fax: +358 2 631 8630
E-mail: akkupojat@akkupojat.fi
Website: www.akkupojat.fi

OEM Electronics FI

Box 9, 20101 TURKU,
Fiskarsinkatu 3, 20750 TURKU, Finland
Tel: +358-207 499 499
Fax: +358-207,499,496
E-mail: info@oem.fi
Website: www.oemelectronics.fi

Scannotec OY

Tillinmäentie 3,
02330 ESPOO, Finland
Tel: +358-207,288,530
Fax: +358-207,288,531
E-mail: info@scannotec.fi
Website: www.scannotec.fi

OEM Automatic Oü

Aia 8,
80010 PÄRNU, Estonia
Tel: +372-5059 849
Fax: +372-4456 570
E-mail: info@oem.ee
Website: www.oem.ee

OEM Automatic SIA

Vilandes 3-3,
1010 RIGA, Latvia
Tel: +372-5295 114
Fax: +372-4456 570
E-mail: info@oemautomatic.lv
Website: www.oemautomatic.lv

OEM Automatic UAB

Labdariu 5,
01120 VILNIUS, Lithuania
Tel: +370-64015 878
Fax: +372-4456 570
E-mail: info@oem.lt
Website: www.oem.lt

OEM Automatic AS

Postboks 2144 STRØMSØ,
Bjørnstjerne Bjørnsonsgate 110,
3003, DRAMMEN, Norway
Tel: +47-32 21 05 00
Fax: +47-32 21 05 01
E-mail: info@no.oem.se
Website: www.oem.no

OEM Automatic Klitso A/S

Engholm Parkvej 4,
3450 ALLERØD, Denmark
Tel: +45-70 10 64 00
Fax: +45-70 10 64 10
E-mail: info@oemklitso.dk
Website: www.oemklitso.dk

OEM Automatic Ltd

Whiteacres Cambridge Road,
Whetstone, LEICESTER LE8 6ZG, UK
Tel: +44-116 284 99 00
Fax: +44-116 284 17 21
E-mail: information@uk.oem.se
Website: www.oem.co.uk

OEM Automatic Sp. z o. o.

ul. Działkowa 121A,
02-234 WARSAW, Poland
Tel: +48-22-863 27 22
Fax: +48-22-863 27 24
E-mail: info@pl.oem.se
Website: www.oemautomatic.pl

OEM Electronics PL

ul. Działkowa 121A,
02-234 WARSAW, Poland
Tel: +48-22-863 27 22
Fax: +48-22-863 27 24
E-mail: info@oemelectronics.pl
Website: www.oemelectronics.pl

OEM Automatic spol. s r.o.

Pražská 239,
250 66 ZDIBY, Czech Republic
Tel: +42-0-241 484 940
Fax: +42-0-241 484 941
E-mail: info@oem-automatic.cz
Website: www.oem-automatic.cz

OEM Automatic s.r.o.

Bratislavská 8356,
917 01 TRNAVA, Slovakia
Tel: +421-911 122 009
Fax: +421-335,331,567
E-mail: info@oem-automatic.sk
Website: www.oemautomatic.sk

OEM Automatic Kft.

P.O. Box: 111,
2058 BUDAÖRS, Hungary
Tel: +36-23-880 895
Fax: +36-23-880 897
E-mail: info@oemautomatic.hu
Website: www.oemautomatic.hu

OEM International AB

Box 1009, Förrådsvägen 2,
573 28 TRANÅS, Sweden
Tel: +46-75-242 40 00
Fax: +46-75-242 40 29
E-mail: info@oem.se
Website: www.oem.se

