

# Financial Statement

## Full year 2016

### Fourth quarter 2016

- Incoming orders rose 16% to SEK 669 million (577)
- Net sales rose 12% to SEK 654 million (581)
- Operating profit rose 31% to SEK 76 million (58)
- EBITA rose 27% to SEK 81 million (64)
- Profit before tax rose 29% to SEK 74 million (58)
- Profit after tax rose 32% to SEK 60 million (45)
- Earnings per share were SEK 2.59 (1.96)
- Two acquisitions, RF Partner AB with its subsidiary, and Sitek-Palvelu OY

### January - December 2016

- Incoming orders rose 8% to SEK 2,413 million (2,226)
- Net sales rose 7% to SEK 2,382 million (2,232)
- Operating profit rose 15% to SEK 259 million (225)
- EBITA rose 13% to SEK 277 million (246)
- Profit before tax rose 15% to SEK 255 million (221)
- Profit after tax rose 16% to SEK 201 million (173)
- Earnings per share were SEK 8.70 (7.50)
- The Board of Directors recommends a dividend of SEK 5.50 per share (5.00)



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## Year closes with a record quarter

2016 has been a good year for OEM and the fourth quarter brought it to a really strong close. It was actually the best quarter ever in terms of sales and earnings. Net sales increased by 12% to SEK 654 million compared with last year's fourth quarter. Currency effects and acquisitions accounted for 3% of the growth, which means that OEM's organic growth was 9%. The good underlying demand in most of the markets has meant that incoming orders increased more than sales.

Operating profit (EBITA) rose 27% to SEK 81 million over the previous year, to give an operating margin of 12.3%.

### Strong growth in Sweden

In respect of our regions, one factor that has particularly contributed to the Group's sales and earnings performance in the fourth quarter is the strong economic growth that Sweden continues to experience. We are seeing good demand across the market in general, which resulted in robust organic growth and virtually all operations have developed well. OEM Automatic, OEM Electronics, OEM Motor, Nexa, Telfa and Agolux have experienced particularly good growth.

OEM can report an even stronger performance in Region Finland, the Baltic states and China. Sales growth in the region has been high throughout the year and increased still further in the fourth quarter. Most of the growth is organic and we have seen a positive performance across all operations in the region.

In our third region, which comprises Denmark, Norway, the UK and the countries in Central Eastern Europe, sales have remained at more or less the same level compared with the year-ago quarter. This is in line with the trend for the other quarters of the year and we think it's fair to say that 2016 has been something of an in-between year in several markets in the region.

### Two acquisitions

In the fourth quarter, OEM made two acquisitions which together will deliver additional annual sales of approximately SEK 65 million. The Finnish company, Sitek-Palvelu, develops and markets products for industrial automation and process applications. The acquisition strengthens OEM's market position in Finland. RF Partner AB, with its subsidiary Ranatec Instrument AB, develops and markets components for radio applications, systems for radar surveillance and test systems for antennas. The acquisition complements and enhances our current offering in Sweden.

### Yet another excellent year

When summing up 2016 as a whole, I am pleased to say it was the third consecutive year in which OEM has delivered strong growth. Although the comparative figures from 2015 presented a challenge, OEM has increased sales by 7% and its operating profit (EBITA) by 13%. We have implemented improvements in many parts of our operations and these have resulted in expanded margins and increased profitability. Organic growth was 6%, which was a slight improvement on the previous year. This positive performance is proof that we are doing a lot of good things in our companies and have continued to gain market share.

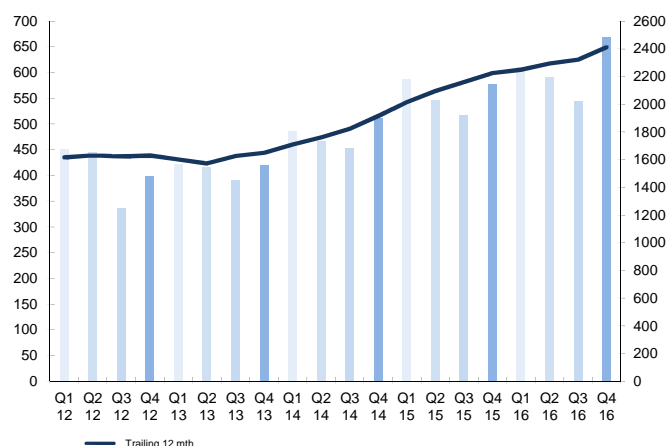
Despite the new records that OEM has been setting, 2016 has been remarkably undramatic. The modest growth in the first quarter was followed by a more positive trend throughout the rest of the year. I would like to take this opportunity to thank everyone in our company for their daily contributions that enable our continued growth and improved profitability. Thanks to excellent teamwork, we're ending the year on a really solid note.

Jörgen Zahlin

Managing Director and Chief Executive Officer

## Incoming orders

SEK million



## Incoming orders

Incoming orders in the fourth quarter increased by 16% to SEK 669 million (577). Comparable entities reported a 15% increase in incoming orders.

Total incoming orders for 2016 increased by 8% to SEK 2,413 million (2,226). Comparable entities reported a 7% increase in incoming orders.

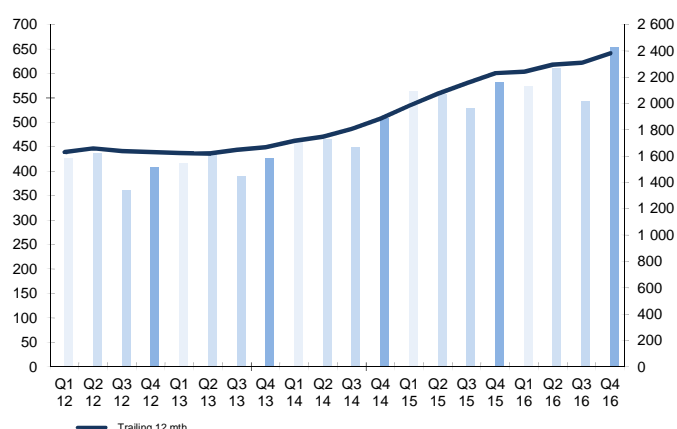
During the calendar year 2016, incoming orders were

1% higher than net sales.

At SEK 297 million (262) on 31 December 2016, the order book was 14% higher than on the corresponding date of the previous year.

## Net sales

SEK million



## Sales growth

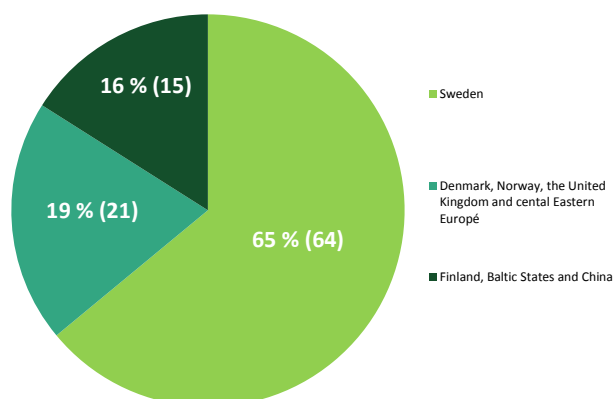
Net sales in the fourth quarter increased by 12% to SEK 654 million (581). Comparable entities reported an 11% increase in net sales. Foreign currency exchange rate movements had a positive 2% effect on net sales in the fourth quarter.

Cumulative net sales for 2016 increased by 7% to SEK 2,382 million (2,232). For comparable entities, net sales rose 6% and acquired sales were 1%.

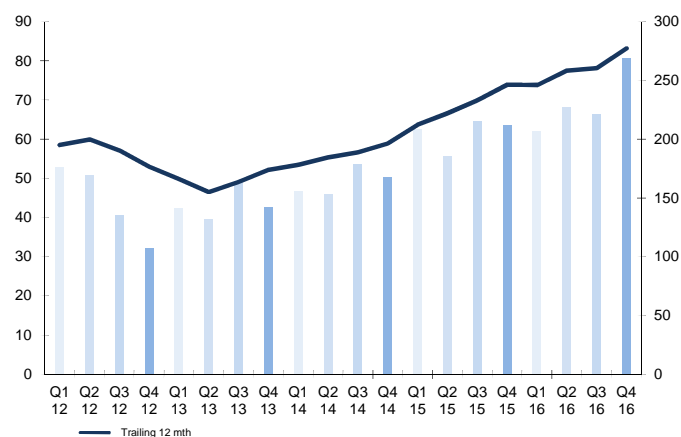
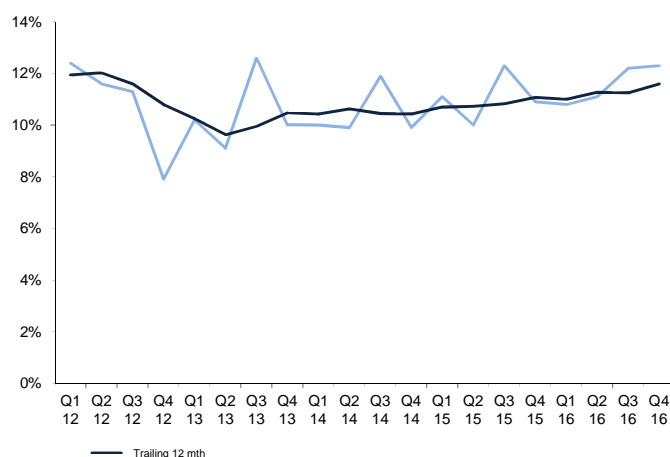
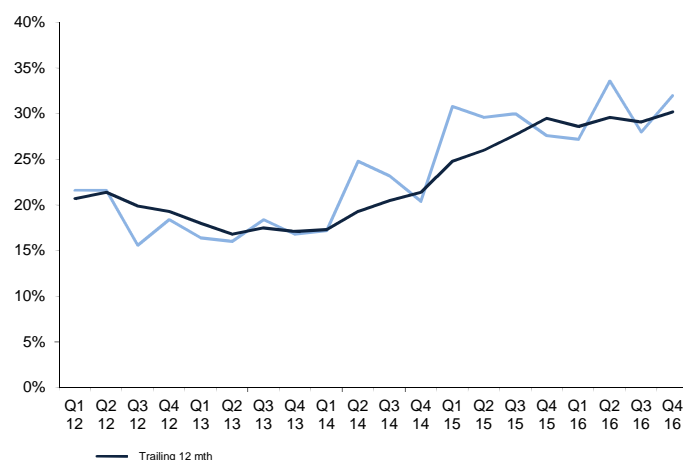
Cumulative exchange movement during the 2016 calendar year has not had an impact on net sales.

Agolux, Svenska Batteripoolen, Flexitron, Nexa Trading and Internordic Bearings and the operations in Finland, the UK and Norway reported the highest percentage growth in net sales compared with last year.

## Share by region



There are marginal percentage shifts across the regions, compared with the corresponding period of last year. Compared with the same period a year ago, Region Sweden and Region Finland, the Baltic states and China have each increased by 1%, and Region Denmark, Norway, the UK and Central Eastern Europe has decreased by 2%.

**EBITA****SEK million****EBITA margin****Return on equity****Note:**

The return on equity for each quarter is listed by four to provide a better comparison with the trailing twelve months in the diagram.

**Earnings trend**

EBITA, operating profit before amortisation of acquisition-related intangible fixed assets, in the fourth quarter was SEK 81 million (64), which is an increase of 27%.

The EBITA margin was at 12.3% (10.9%). Cumulative EBITA for 2016 increased by 13% to SEK 277 million (246). The EBITA margin was 11.6% (11.0%) for the same period.

In the fourth quarter, operating profit was SEK 76 million (58) and cumulative for 2016 was SEK 259 million (225).

Profit after tax in the 2016 calendar year rose 16% to SEK 201 million (173).

Earnings per share for the full year of 2016 were SEK 8.70 (7.50).

**Return**

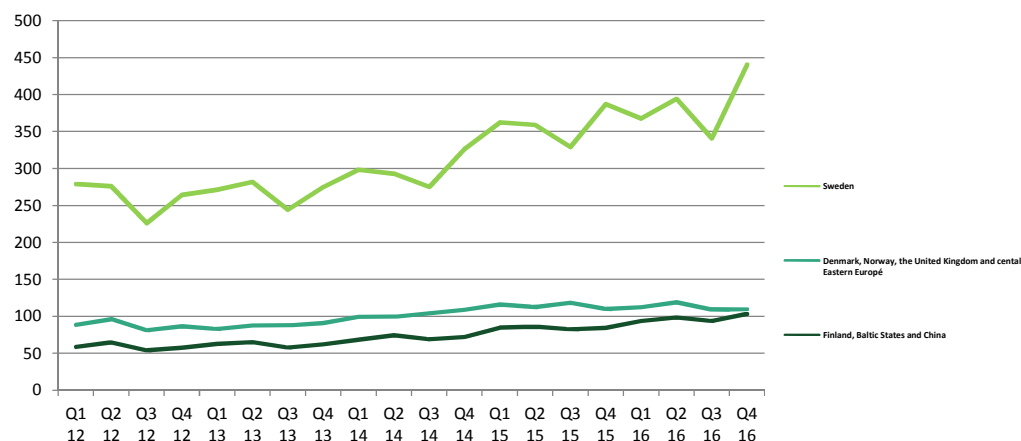
The return on equity in the fourth quarter was 8.0% compared with 6.9% in the year-ago quarter.

For the full year of 2016, return on equity was 30%, which is well above the 20% target.

Shareholders' equity amounted to SEK 709 million (622) with an equity/assets ratio of 53% (51%) on 31 December 2016.

## Sales growth by region for each quarter

SEK  
million



## Sweden

OEM Automatic AB, OEM Motor AB, Telfa AB, Svenska Batteripoolen AB, Elektro Elco AB, Nexa Trading AB, OEM Electronics AB, Internordic Bearings AB, Svenska Helag AB, Flexitron AB, Agolux AB, Ernst Hj Rydahl Bromsbandfabrik, ATC Tape Converting AB, RF Partner AB and Ranatec Instrument AB.

SEK million	2016 Q4	2015 Q4	2016 Full year	2015 Full year
Incoming orders	446	381	1,564	1,423
Net sales	440	387	1,543	1,438
EBITA	71	52	221	199
EBITA margin	16%	13%	14%	14%

Net sales rose 7% to SEK 1,543 million (1,438) in 2016. Acquisitions had a beneficial 1% effect on net sales and, with a 1% effect from foreign currency exchange rate movements, this means that organic growth in the region was 5%. Agolux, Svenska Batteripoolen, Flexitron, Nexa Trading and Internordic Bearings account for the largest percentage growth in net sales in Sweden. Incoming orders increased by 10% to SEK 1,564 million (1,423). Incoming orders for 2016 were 1% higher than net sales.

EBITA rose by 11% to SEK 221 million (199) in 2016 as a result of higher net sales.

## Finland, the Baltic states and China

OEM Automatic FI, Akkupojat Oy, OEM Electronics FI, Scannotec Oy, Sitek-Palvelu OY, OEM Automatic OU, OEM Automatic UAB, OEM Automatic SIA, OEM Automatic (Shanghai) Co.Ltd.

SEK million	2016 Q4	2015 Q4	2016 Full year	2015 Full year
Incoming orders	109	85	397	340
Net sales	103	84	389	338
EBITA	7	4	35	23
EBITA margin	7%	5%	9%	7%

Net sales for the region in 2016 rose 15% to SEK 389 million (338) despite the generally weak demand across Finnish industries. Acquisitions had a beneficial 4% effect on net sales and, with a positive 1% effect from foreign currency exchange rate movements, this means that organic growth in the region was 10%.

The level of incoming orders has also been good, rising 17% to SEK 397 million (340).

Incoming orders exceeded net sales by 2% in the year. Growth has been robust in most of the product areas in Finland. The product area showing strongest growth was Battery. Demand has been slightly weaker in the Baltic states and net sales fell by 4%. The operations in China have reported a 23% increase in sales.

EBITA rose 52% to SEK 35 million (23), due primarily to increased net sales and an improved gross margin.

## Denmark, Norway, UK and Central Eastern Europe

OEM Automatic Klitsö A/S, OEM Automatic AS, OEM Automatic Ltd, OEM Automatic Sp z o. o., OEM Electronics PL, OEM Automatic spol. s r.o., OEM Automatic s.r.o., OEM Automatic Kft.

SEK million	2016 Q4	2015 Q4	2016 Full year	2015 Full year
Incoming orders	114	111	452	462
Net sales	110	110	450	456
EBITA	4	6	30	36
EBITA margin	4%	6%	7%	8%

Net sales decreased in 2016 by 1% to SEK 450 million (456). Exchange rate fluctuations had a negative 3% impact on net sales, which means that organic growth in the region was 2%. The operations reporting organic growth are Hungary, the UK, Norway, Slovakia and the Czech Republic. Incoming orders in 2016 decreased by 2% to SEK 452 million (462). Incoming orders were slightly higher than net sales in the year.

EBITA fell 16% to SEK 30 million (36), due primarily to a decline in net sales and a lower gross margin.

## Other financial information

### Cash flow

Operating cash flow in 2016 was SEK 219 million (192). Cash flow totalled SEK -3 million (6) in 2016 and was affected by investing activities of SEK -79 million (-58) and dividends of SEK -116 million (-98).

### Investments

The Group's investments in property, plant and equipment in 2016 totalled SEK 93 million (55). Property, machinery and equipment accounted for SEK 50 million (27), and intangible assets for SEK 43 million (28), SEK 40 million (24) of which is related to business combinations.

### Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 83 million (85). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 382 million (361) on 31 December 2016.

### Intangible assets

Amortisation of intangible assets totalling SEK 23 million (26) has been charged to the income statement. On 31 December 2016, intangible assets amounted to SEK 196 million (176).

### Equity/assets ratio

The equity/assets ratio was 53% (51%) on 31 December 2016.

### Employees

The Group's average number of employees in 2016 was 756 (727). At the end of the period, the number of employees was 772 (729).

### Share repurchase

The company did not repurchase any shares during the period. The company's total shareholding was 61,847 shares on 31 December 2016, which is equivalent to 0.3% of the aggregate number of shares. The Annual General Meeting is authorised to repurchase up to 10% of the shares, which is the equivalent of 2,316,930 shares.

### Acquisitions

On 7 November 2016, the entire shareholding of RF Partner AB and its subsidiary Ranatec Instrument AB was acquired. The companies, with their head office in Mölndal in Sweden, develop and market components for radio applications, systems for radar surveillance and test systems for antennas. The companies generate annual sales of approximately SEK 18 million. The companies have 4 employees and became part of Region Sweden on 1 November 2016.

On 29 December 2016, the entire shareholding of Sitek-Palvelu Oy in Finland was acquired. The company, with its head office in Jyväskylä in Finland, develops and markets products for industrial automation and process applications. The company generates annual sales of approximately EUR 5 million. The company has 13 employees and became part of Region Finland, the Baltic states and China on 1 December 2016.

The total consideration for the businesses acquired was SEK 45.1 million, plus contingent considerations estimated at SEK 11.7 million, based on how the businesses develop in the 2016 - 2019 period.

Following the acquisitions, OEM's consolidated net sales have increased by SEK 8.5 million and operating profit by SEK 1.4 million in 2016. If the acquired businesses had been consolidated from the start of 2016, the effect on sales and operating profit would have been approximately SEK 62 million and SEK 3.9 million respectively.

### Acquisition analysis (SEK million)

	Companies ' carrying amounts	Fair value adjustme nt	Group fair value
The acquired companies' net assets at the time of acquisition			
Intangible fixed assets	-	21.6	21.6
Other fixed assets	0.9	-	0.9
Other non-current receivables	0.0	-	0.0
Inventories	7.7	-	7.7
Other current assets	11.9	-	11.9
Cash and cash equivalents	6.9	-	6.9
Deferred tax liability	-0.6	-4.5	-5.1
Other liabilities	-17.4	-	-17.4
Net identifiable assets/liabilities	9.4	17.1	26.5
Consolidated goodwill	-	18.6	18.6
Consideration, including contingent consideration			45.1

As a result of the acquisitions, other intangible fixed assets have increased by SEK 21.6 million. The amount relates to customer relationships that will be amortised over a five-year period. Consolidated goodwill is not tax deductible.

OEM normally uses an acquisition structure with a base consideration and contingent consideration. Contingent consideration is initially measured at the present value of the probable earn-out amount, which is SEK 11.7 million for the acquisitions this year. The period for contingent consideration is three (3) years at most and the earn-out is capped at SEK 21.2 million. Both the base consideration and the contingent consideration are settled in cash.

There are no acquisition-related transaction expenses for the period.

### Remeasurement of contingent consideration

Contingent consideration recognised as a liability was remeasured based on the development of previously acquired businesses and was subsequently reduced by SEK 7.4 million (5.2). This has been recognised as Other Income and had a positive SEK 7.4 million (5.2) effect on the operating profit in 2016. Acquisition-related contingent consideration liability on 31 December 2016 totalled SEK 17.5 million (19.8).

### Accounting policies

This condensed consolidated interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and in compliance with relevant provisions from the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in compliance with the Swedish



Annual Accounts Act Chapter 9, Interim Report and the Securities Market Act. The Group and the Parent Company have applied the same accounting policies and basis of preparation as in the latest annual report. No International Financial Reporting Standards (IFRS) or International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted in 2016 have had a significant effect on the reported results or financial position of the Group.

There are no separate disclosures of the fair values of financial assets and liabilities stated at cost because the carrying amounts of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. This is because the company management believes there have been no material fluctuations in market interest rates or credit spreads that would have a material impact on the fair value of the Group's interest-bearing liabilities. Furthermore, the fair value of trade and other current receivables and payables is assumed to approximate their carrying amount given their short-term nature.

### **Risks and uncertainties**

The OEM Group is exposed to both business-related risks and financial risks through its activities. Business-related risks include competition and operational risks, and financial risks include liquidity risk, interest rate risk and currency risk. The financial operations of the OEM Group and the management of financial risks are mainly handled by the Parent Company. For a complete report on the risks affecting the Group, please refer to pages 32 and 33 and pages 76 to 78 of the 2015 Annual Report.

Other than the risks and uncertainties described in the Annual Report for 2015, no significant risks or uncertainties have been identified or removed.

### **Concluded litigation**

The litigation proceedings reported in previous interim statements have been concluded. Leave to appeal was not granted by the Supreme Court to any party and thereupon all matters of dispute were settled in 2016.

### **Related party transactions**

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

### **Parent Company**

Net sales were SEK 49 million (46) and profit after financial items was SEK 18 million (17). Net sales relate entirely to inter-company transactions. The foregoing risks and uncertainties specified for the Group also apply indirectly to the Parent Company.

### **Events after the close of the reporting period**

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

### **Nomination Committee**

The Nomination Committee for the Annual General Meeting on 19 April 2017 is composed of:

Lars-Åke Rydh (Chair)

Richard Pantzar, Orvaus AB

Hans Franzén

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Agne Svenberg

Bengt Stillström, AB Traction

The Nomination Committee can be contacted through Lars-Åke Rydh, tel. +46 (0)705-924570 or via e-mail [lasse@lasserydh.se](mailto:lasse@lasserydh.se)

### **Dividend**

The Board proposes an ordinary dividend of SEK 5.50 per share (5.00). The proposed dividend amounts to SEK 127 million (116).

### **Annual Report**

The 2016 Annual Report will be available during the week beginning 13 March at Head Office and on the company's website, where it can be viewed or downloaded as a pdf file. OEM International will not be printing the Annual Report. However a hard copy will be available on request from the company by e-mail [anna.enstrom@oem.se](mailto:anna.enstrom@oem.se) or by calling +46 (0)75-242 40 05.

### **Annual General Meeting**

The Annual General Meeting will be held at 4 p.m. on 19 April 2017, at Badhotellet's Conference Centre in Tranås.

### **Financial information**

OEM will release financial information as follows:

Annual General Meeting 2017	19 April, 2017
Interim report Q1 2017	19 April, 2017
Interim report Q2 2017	13 July, 2017
Interim report Q3 2017	19 October, 2017
Financial Statement, Full Year 2017	15 February, 2018

### **Definitions**

Definitions can be found on page 16.

Tranås, 17 February 2017

Jörgen Zahlin

Managing Director and Chief Executive Officer

The company's auditors have not conducted a special audit of this report.

For further information, please contact the Managing Director, Jörgen Zahlin, on +46 (0)75-242 40 22 or the Finance Director, Jan Cnattingius, on +46 (0)75-242 40 03.

This information is of such a nature that its disclosure by OEM International AB (publ.) is required under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was provided for publication on 17 February 2017 at 14.00 CET by Jan Cnattingius.

## The regions' sales and earnings

### SALES & EARNINGS BY REGION \*

#### Net sales (SEK million) \*

	Jan- dec 2016	Jan- dec 2015	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Sweden, external income	1 543	1 438	440	341	394	368	387
Sweden, income from other segments	78	85	19	18	20	21	18
Finland, the Baltic States and China, external income	389	338	103	94	98	94	84
Finland, the Baltic States and China, income from other s	7	4	2	1	2	2	1
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	450	456	110	109	119	112	110
Denmark, Norway, the United Kingdom and Central Eastern Europe, income from other segments	1	2	0	0	0	0	0
Other operating segments/elimination	-85	-90	-21	-19	-22	-23	-20
	2 382	2 232	654	544	612	574	581

#### EBITA (MSEK)

	Jan- dec 2016	Jan- dec 2015	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Sweden	221	199	71	49	54	47	52
Finland, the Baltic States and China, external income	35	23	7	10	9	9	4
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	30	36	4	8	10	8	6
Group functions	-9	-11	-2	-1	-4	-3	1
	277	246	81	67	68	62	64

#### Operating profit (SEK million)

	Jan- dec 2016	Jan- dec 2015	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
EBITA	277	246	81	67	68	62	64
<i>Amortisation of acquisition-related intangible fixed assets.</i>							
Sweden	-12	-13	-3	-3	-3	-3	-3
Finland, the Baltic States and China, external income	-2	-1	-1	0	0	0	0
Denmark, Norway, the United Kingdom and Central Eastern Europe, external income	-5	-7	-1	-1	-1	-1	-2
Group functions	-	-	-	-	-	-	-
Operating profit	259	225	76	62	64	57	58

#### Consolidated profit/loss (SEK million) \*

	Jan- dec 2016	Jan- dec 2015	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Operating profit	259	225	76	62	64	57	58
Net financial items	-4	-4	-2	0	0	-1	-1
Pre-tax profit/(loss)	255	221	74	62	63	56	58

## The Group's performance and financial position

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

	Jan- dec 2016	Jan- dec 2015	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net sales	2 382	2 232	654	544	612	574	581
Other operating income	7	5	4	2	1	0	4
Operating costs ***	-2 086	-1 965	-571	-472	-538	-505	-516
Depreciation of fixed assets	-46	-47	-11	-11	-11	-12	-12
<b>Operating profit</b>	<b>259</b>	<b>225</b>	<b>76</b>	<b>62</b>	<b>64</b>	<b>57</b>	<b>58</b>
Net financial income/expense	-4	-4	-2	0	0	-1	-1
<b>Pre-tax profit/(loss)</b>	<b>255</b>	<b>221</b>	<b>74</b>	<b>62</b>	<b>63</b>	<b>56</b>	<b>58</b>
Tax	-54	-48	-15	-13	-14	-12	-12
<b>Profit/loss for the period</b>	<b>201</b>	<b>173</b>	<b>60</b>	<b>49</b>	<b>49</b>	<b>44</b>	<b>45</b>
<b>Other comprehensive income</b>							
<b>Profit/loss for the period</b>	<b>201</b>	<b>173</b>	<b>60</b>	<b>49</b>	<b>49</b>	<b>44</b>	<b>45</b>
<b>Items that have been transferred or may recycled to net income</b>							
Exchange differences for the period on translation of overseas operations	2	-6	-3	4	2	-1	-6
<b>Items that can not be recycled to net profit</b>							
Revaluation of defined- benefit pension plans	0	1	1	0	0	-1	1
<b>Other comprehensive income for the period</b>	<b>2</b>	<b>-5</b>	<b>-2</b>	<b>4</b>	<b>2</b>	<b>-2</b>	<b>-5</b>
<b>Comprehensive income for the period</b>	<b>203</b>	<b>168</b>	<b>58</b>	<b>52</b>	<b>51</b>	<b>42</b>	<b>40</b>
Earnings per outstanding share, SEK*	8,70	7,50	2,59	2,10	2,12	1,89	1,96
Earnings per total shares, SEK*	8,67	7,48	2,57	2,10	2,12	1,88	1,95
<b>EBITA</b>	<b>277</b>	<b>246</b>	<b>81</b>	<b>67</b>	<b>68</b>	<b>62</b>	<b>64</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK MILLION)**

	2016-12-31	2015-12-31
<b>Fixed assets</b>		
Goodwill	117	98
Other intangible assets	79	78
<b>Total intangible assets</b>	<b>196</b>	<b>176</b>
Property, plant and equipment	227	203
<b>Total property, plant and equipment</b>	<b>227</b>	<b>203</b>
Deferred tax assets	1	2
Financial assets	0	0
<b>Total financial assets</b>	<b>2</b>	<b>2</b>
<b>Total fixed assets</b>	<b>425</b>	<b>381</b>
<b>Current assets</b>		
Inventories	428	396
Current receivables	404	359
Cash and cash equivalents	83	85
<b>Total current assets</b>	<b>915</b>	<b>839</b>
<b>Total assets</b>	<b>1 340</b>	<b>1 220</b>
<b>Equity</b>	<b>709</b>	<b>622</b>
Non-current interest-bearing liabilities	36	35
Provisions for pensions	1	2
Non-current non-interest-bearing liabilities	12	11
Deferred tax liabilities	83	76
<b>Total non-current liabilities</b>	<b>132</b>	<b>123</b>
Current interest-bearing liabilities	167	194
Current non-interest-bearing liabilities	331	281
<b>Total current liabilities</b>	<b>498</b>	<b>474</b>
<b>Total equity and liabilities</b>	<b>1 340</b>	<b>1 220</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK MILLION)**

	2016-12-31	2015-12-31
<b>At beginning of year</b>	<b>622</b>	<b>552</b>
<b>Comprehensive income for the period</b>		
Profit/loss for the period	201	173
Other comprehensive income for the period	2	-5
<b>Comprehensive income for the period</b>	<b>203</b>	<b>168</b>
Dividends paid	-116	-98
<b>At the end of the period</b>	<b>709</b>	<b>622</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)**

	Jan- dec 2016	Jan- dec 2015	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
<b>Operating cash flows</b>							
<b>before movements in working capital</b>	<b>257</b>	<b>227</b>	<b>83</b>	<b>60</b>	<b>61</b>	<b>53</b>	<b>69</b>
Movements in working capital	-38	-35	-4	-10	-6	-19	1
<b>Operating cash flows</b>	<b>219</b>	<b>192</b>	<b>79</b>	<b>50</b>	<b>56</b>	<b>33</b>	<b>71</b>
Acquisition of subsidiaries							
net effet on cash and cash equivalents	-31	-36	-21	-1	0	-8	-1
Acquisition of intangible fixed assets	-3	-4	-2	-1	0	0	-3
Acquisition of property, plant and equipment	-50	-25	-14	-5	-4	-27	-8
Sales of property, plant and equipment	5	6	1	1	1	1	2
<b>Investing cash flows</b>	<b>-79</b>	<b>-58</b>	<b>-36</b>	<b>-6</b>	<b>-3</b>	<b>-34</b>	<b>-10</b>
<b>Financing cash flows</b>							
- Loan raised	3	0	1	1	0	1	1
- Loan amortisation	-2	-6	0	0	-1	0	-1
- Change in bank overdrafts	-28	-23	-36	-37	30	15	-45
- Dividends paid	-116	-98	-	-	-116	-	-
<b>Financing cash flow</b>	<b>-142</b>	<b>-127</b>	<b>-35</b>	<b>-37</b>	<b>-86</b>	<b>15</b>	<b>-45</b>
<b>Cash flow for the period</b>	<b>-3</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>-33</b>	<b>14</b>	<b>16</b>
Cash and cash equivalents at the beginning of the period	85	80	75	67	99	85	70
Exchange rate difference	2	-2	0	1	1	0	-1
<b>Cash and cash equivalents at the end of the period</b>	<b>83</b>	<b>85</b>	<b>83</b>	<b>75</b>	<b>67</b>	<b>99</b>	<b>85</b>

**KEY PERFORMANCE INDICATORS**

	Jan- dec 2016	Jan- dec 2015	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Return on equity, %	30,2	29,5	8,0	7,0	8,4	6,8	6,9
Return on capital employed, %	31,6	30,0	8,9	7,6	8,0	7,1	7,9
Return on total capital %	21,8	21,1	5,8	5,4	5,6	5,0	5,5
Equity/assets ratio, %	53,0	51,0					
Earnings per outstanding share, SEK	8,70	7,50	2,59	2,10	2,12	1,89	1,96
Earnings per total shares, SEK	8,67	7,48	2,57	2,10	2,12	1,88	1,95
Equity per total shares, SEK	30,62	26,85					
Average number of outstanding shares (thousands)	23 107	23 107	23 107	23 107	23 107	23 107	23 107
Average total shares (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Operating margin, %	10,9	10,1	11,6	11,4	10,4	9,9	10,0
EBITA-margin, %	11,6	11,0	12,3	12,2	11,1	10,8	10,9

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

## The Parent Company's performance and financial position

### CONDENSED INCOME STATEMENT OF THE PARENT COMPANY (SEK MILLION)

	Jan- dec 2016	Jan- dec 2015	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net sales	49	46	26	8	8	7	25
Operating costs	-47	-44	-13	-11	-12	-11	-11
Depreciation	-6	-7	-2	-2	-2	-2	-2
<b>Operating profit</b>	<b>-5</b>	<b>-5</b>	<b>11</b>	<b>-5</b>	<b>-6</b>	<b>-6</b>	<b>12</b>
Income from investments in Group companies	24	22	0	-2	26	-	-9
Other financial income/expense, Net	-1	0	0	0	0	0	0
<b>Profit/loss after financial items</b>	<b>18</b>	<b>17</b>	<b>12</b>	<b>-7</b>	<b>20</b>	<b>-6</b>	<b>3</b>
Year-end appropriations	171	150	-	-	-	-	150
<b>Pre-tax profit/(loss)</b>	<b>189</b>	<b>167</b>	<b>183</b>	<b>-7</b>	<b>20</b>	<b>-6</b>	<b>153</b>
Tax	-37	-32	-41	1	1	1	-36
<b>Profit/loss for the period</b>	<b>153</b>	<b>135</b>	<b>142</b>	<b>-6</b>	<b>21</b>	<b>-5</b>	<b>117</b>

Comprehensive income for the period corresponds with the profit/loss for the period.

### CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

Assets	2016-12-31	2015-12-31
Intangible fixed assets	18	19
Property, plant and equipment	18	18
Financial assets	346	380
<b>Total fixed assets</b>	<b>382</b>	<b>417</b>
Current receivables	359	315
Cash on hand and demand deposits	-	0
<b>Total current assets</b>	<b>359</b>	<b>315</b>
<b>Total assets</b>	<b>741</b>	<b>732</b>
<b>Equity and liabilities</b>		
Equity	255	218
Untaxed reserves	252	220
Deferred tax liabilities	2	2
Non-current non-interest-bearing liabilities	12	5
<b>Total non-current liabilities</b>	<b>12</b>	<b>5</b>
Current interest-bearing liabilities	83	99
Current non-interest-bearing liabilities	136	187
<b>Total current liabilities</b>	<b>219</b>	<b>286</b>
<b>Total equity and liabilities</b>	<b>741</b>	<b>732</b>

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## Notes

Segment reporting is presented on page 5 and page 11, disclosures about fair value of financial instruments are presented on page 8 and accounting policies are presented on page 7.

## Definitions

In addition to the conventional financial performance measures established by IFRS, OEM uses the term EBITA which is defined below. The reason for this is that the company wishes to reflect the underlying business activities and improve the comparability of financial information across different periods of time.

### EBITA

Operating profit before amortisation of acquisition-related intangible fixed assets  
A reconciliation of the calculation of EBITA is presented on page 11.

### EBITA margin

EBITA divided by net sales

### Return on capital employed

EBITA plus finance income as a percentage of average capital employed

### Return on total capital

EBITA plus finance income as a percentage of average total capital

### Capital employed

Total assets less non-interest-bearing liabilities and provisions



## **One of Europe's leading technology trading companies with 35 operating entities in 14 countries**

For 40 years, OEM's idea has been to serve as a link that creates value between customers and manufacturers of industrial components and systems. Over the years, the company has grown from a small, family-owned business in Tranås in southern Sweden into an international technology trading group operating in 14 countries in northern Europe, Central Eastern Europe, the UK and China. OEM has partnerships with more than 300 leading and specialist manufacturers and is responsible for their sales in selected markets. Its range comprises more than 50,000 products in the areas of electrical components, flow technology, motors, transmissions and brakes, ball bearings and seals, appliance components and installation components. The Group has a customer base of more than 25,000 businesses, primarily in the manufacturing sector. The company's high level of expertise enables it to help customers increase purchasing efficiency and choose the right components.



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