

# Interim report Q3 2017

## Third quarter 2017

- Incoming orders rose 21% to SEK 660 million (544)
- Net sales increased by 17% to SEK 636 million (544)
- Operating profit rose 7% to SEK 67 million (62)
- EBITA rose 16% to SEK 77 million (67)
- Profit after tax rose 4% to SEK 51 million (49)
- Earnings per share were SEK 2.19 (2.10)

## January – September 2017

- Incoming orders rose 18% to SEK 2,055 million (1,745)
- Net sales increased by 15% to SEK 1,997 million (1,729)
- Operating profit rose 14% to SEK 208 million (183)
- EBITA rose 16% to SEK 228 million (197)
- Profit after tax rose 11% to SEK 157 million (141)
- Earnings per share were SEK 6.79 (6.11)



## Quarter marked by increase in demand

The third quarter of 2017 was marked by an increasing demand across most of our operations, which meant that net sales for the Group as a whole were up 17% with organic growth accounting for 10%. The pace of incoming orders was also robust, delivering a 21% increase which indicates that demand remains strong. EBITA rose 16%, representing an EBITA margin of just over 12%.

Net sales increased by 15% for the January to September 2017 period, with organic growth reaching 9% and acquired growth reaching 5%. EBITA rose 16% and the EBITA margin for the period was just over 11%, which is the same as the previous year period.

### Growth across the regions

Region Sweden, OEM's largest region, has continued to show positive growth. Net sales increased by 9% in the third quarter, compared with the same quarter in 2016. The increase in sales is being driven primarily by organic growth, with the major operations being the principal drivers for this. Trends in the region are consistent with previous patterns, where growth outstrips the underlying market growth by a wide margin. In the third quarter, EBITA was affected by somewhat narrower margins in general, which explains why the 7% increase is lower than the increase in sales.

Region Finland, the Baltic states and China continues to show very strong growth and net sales increased by 50% compared with the year-ago quarter. Acquired sales account for 31 percentage points and organic growth for 19 percentage points of this figure. It is the business operations in Finland, above all, that continue to deliver strong growth. We are witnessing increased demand in the market and clear signs of stronger growth in the industrial sector. Following the acquisitions of Sitek-Palvelu and Rauheat, these businesses have performed well and are contributing to positive growth in the region. The operations in the Baltic states are maintaining stable growth and the operations in China are delivering a good growth performance. In the third quarter, operating profit (EBITA) rose 86%, achieving an even higher growth rate than net sales.

In the region Denmark, Norway, the UK and East Central Europe, growth remains more or less the same, with the exception of the operations in Poland and Denmark which are seeing an increase in demand. Net sales for the region increased by 16%, with acquisitions contributing with 9% and organic growth with 8%.

### Focus fuels success

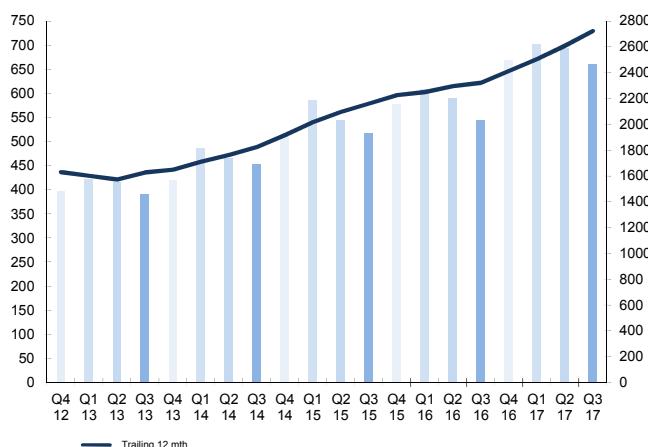
OEM has enjoyed a positive performance for a considerable period of time. We find ourselves in a world full of change, which compels us to question the way we work. This must be done in a positive spirit. By constantly seeking improvements and efficiency improvements and acquiring new businesses, we create good conditions for continued positive performance.

Jörgen Zahlin

Managing Director and Chief Executive Officer

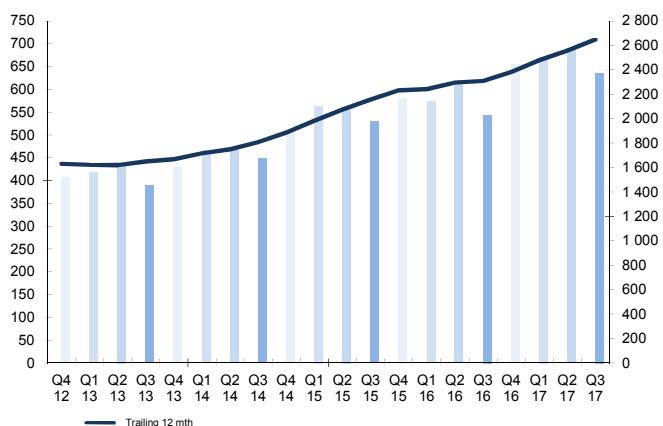
## Incoming orders

SEK million

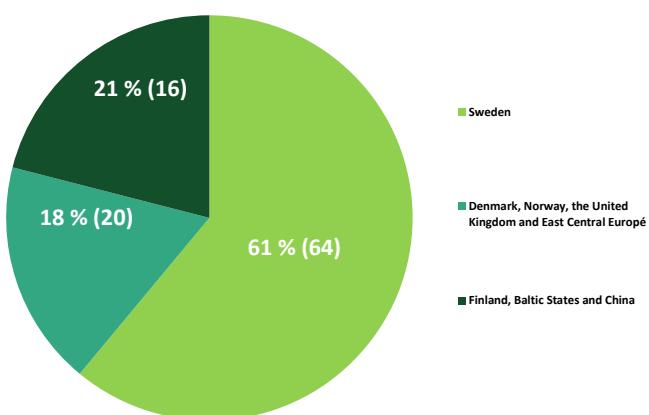


## Net sales

SEK million



## Share by region



## Incoming orders

Incoming orders in the third quarter of 2017 increased by 21% to SEK 660 million (544). For comparable entities, including the impact of foreign currency exchange rate movements, incoming orders rose 14% and the acquired incoming orders were 7%.

Incoming orders in the January to September 2017 period increased by 18% to SEK 2,055 million (1,745). For comparable entities, including the impact of foreign currency exchange rate movements, incoming orders rose 13% and the acquired incoming orders were 5%.

Incoming orders were 3% higher than net sales in the January to September 2017 period.

At SEK 359 million (280) on 30 September 2017, the order book was 28% higher than on the corresponding date of the previous year.

## Sales growth

Net sales in the third quarter increased by 17% to SEK 636 million (544). For comparable entities, net sales rose 10% and acquired sales were 8%. Foreign currency exchange rate movements had an adverse 1% effect on net sales.

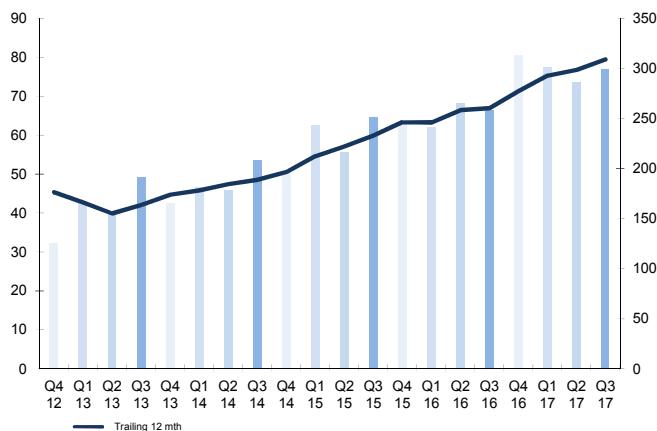
Net sales in the January to September 2017 period increased by 15% to SEK 1,997 million (1,729). For comparable entities, net sales rose 9% and acquired sales were 5%. Foreign currency exchange rate movements had a positive 1% effect on net sales.

The Swedish operations of Telfa, Agolux, Svenska Batteripoolen, ATC Tape Converting, OEM Automatic, Internordic Bearings and OEM Electronics, and the operations in China, Hungary, Finland and the Czech Republic reported the highest percentage growth in net sales compared with last year.

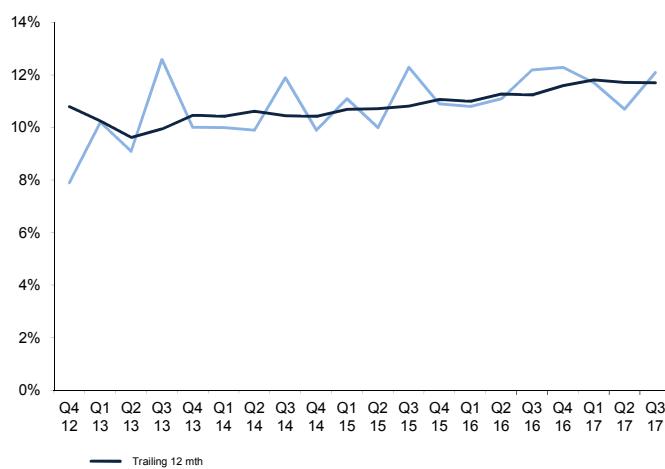
Region Finland, the Baltic states and China has reported positive growth in the January to September 2017 period and has increased its share by 5 percentage points over the prior year period. Region Sweden and Region Denmark, Norway, the UK and East Central Europe have decreased their shares.

## EBITA

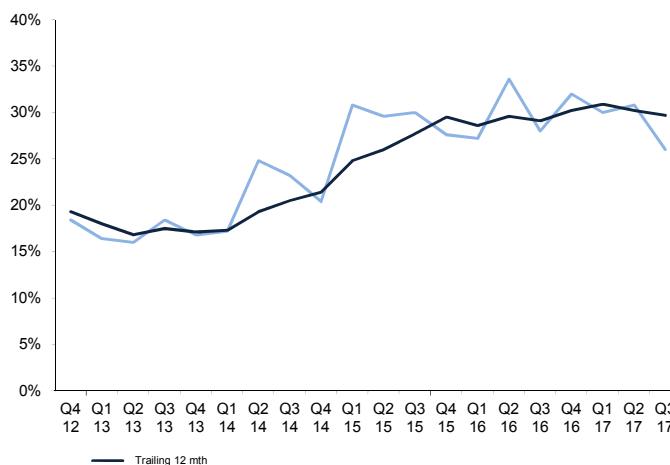
### SEK million



## 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 and impairment of acquisition-related intangible fixed assets, in the third quarter was SEK 77 million (67), which is an increase of 16%. The EBITA margin was at 12.1% (12.2%). EBITA in the January to September 2017 period increased by 16% to SEK 228 million (197). The EBITA margin was at 11.4% (11.4%) in the January to September 2017 period.

In the third quarter, operating profit was SEK 67 million (62) and cumulative for 2017 was SEK 208 million (183). The third quarter operating margin was 10.5% (11.4%) and cumulative for the January to September period was 10.4% (10.6%).

Profit after tax in the January to September 2017 period rose 11% to SEK 157 million (141).

Earnings per share for the January to September 2017 period were SEK 6.79 (6.11).

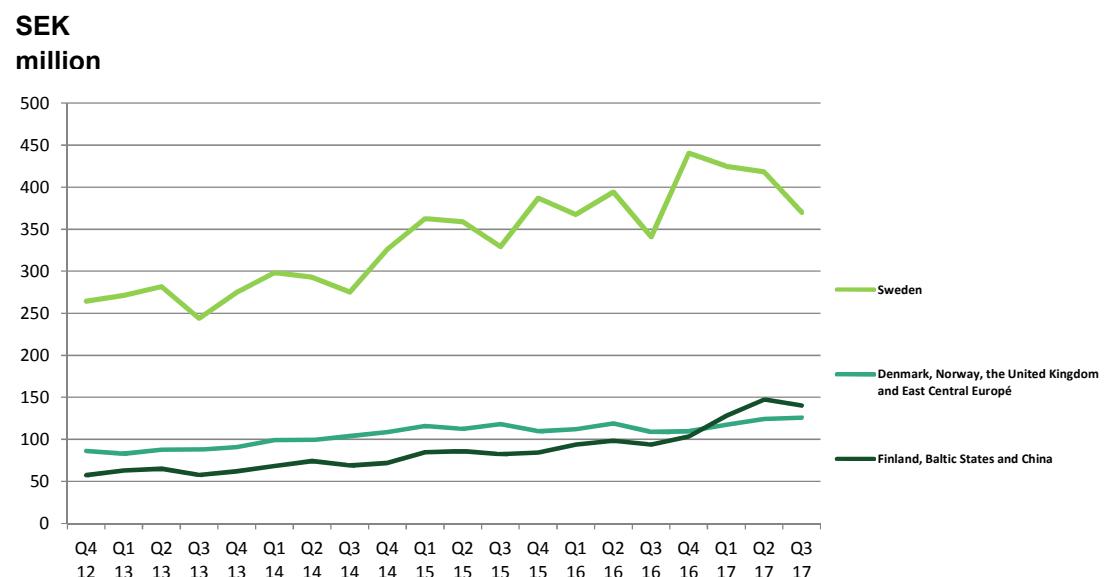
## Return

The return on equity in the third quarter was 6.5% compared with 7.0% in the year-ago quarter.

The trailing-twelve-month return on equity was 30%, which is well above the 20% target.

Shareholders' equity amounted to SEK 73 million (652) with an equity/assets ratio of 51% (52%) on 30 September 2017.

## Sales growth by region for each quarter



## 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 Brömsbandfabrik, ATC Tape Converting AB and Ranatec Instrument AB.

SEK million	2017 Q3	2016 Q3	2017 Q1 – Q3	2016 Q1 – Q3	2016 Full year	Trailing 12 month
Incoming orders	397	342	1,259	1,119	1,564	1,705
Net sales	370	341	1,213	1,103	1,543	1,654
EBITA	53	49	165	150	221	236
EBITA margin	14%	14%	14%	14%	14%	14%

Net sales increased by 10% to SEK 1,213 million in the January to September period. Acquisitions and the impact of foreign currency exchange rate movements had a beneficial 1% effect on net sales, which means that organic growth in the region was 8%. More or less all operations are performing well and Telfa, Agolux, Svenska Batteripoolen, ATC Tape Converting, OEM Automatic, Internordic Bearings and OEM Electronics account for the largest percentage growth in net sales.

Incoming orders increased by 13% to SEK 1,259 million. During the January to September period, incoming orders were 4% higher than net sales.

EBITA rose by 10% to SEK 165 million in the January to September period 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, Rauheat OY, OEM Automatic OU, OEM Automatic UAB, OEM Automatic SIA, OEM Automatic (Shanghai) Co.Ltd.

SEK million	2017 Q3	2016 Q3	2017 Q1 – Q3	2016 Q1 – Q3	2016 Full year	TTM
Incoming orders	137	95	424	288	397	533
Net sales	140	94	416	286	389	519
EBITA	18	10	47	28	35	55
<i>EBITA margin</i>	13%	10%	11%	10%	9%	11%

Net sales in the January to September period increased by 46% to SEK 416 million. Net sales grew 25% due to the positive impact of acquisitions and 2% due to currency movements, resulting in 19% organic growth in the region.

The level of incoming orders has also been good, rising 47% to SEK 424 million.

During the January to September period, incoming orders were 2% higher than net sales.

Growth has been robust across most of the operations in Finland. The operations in China and in the Baltic states have reported a 42% and a 5% increase in sales respectively.

EBITA rose 71% to SEK 47 million, due primarily to increased net sales.

## Denmark, Norway, UK and East Central 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., Candelux Sp. z o.o.

SEK million	2017 Q3	2016 Q3	2017 Q1 – Q3	2016 Q1 – Q3	2016 Full year	TTM
Incoming orders	125	108	372	338	452	485
Net sales	126	109	368	340	450	477
EBITA	8	8	25	26	30	29
<i>EBITA margin</i>	7%	7%	7%	8%	7%	6%

Net sales in the January to September period increased by 8% to SEK 368 million. Net sales grew 3% due to the positive impact of acquisitions and 1% due to currency movements, resulting in 4% organic growth in the region. The operations in Hungary, the Czech Republic, the UK, Slovakia, Denmark and Poland report varying levels of organic growth.

Incoming orders increased by 10% to SEK 372 million. During the January to September period, incoming orders were 1% higher than net sales.

EBITA fell by 3% to SEK 25 million, due to a lower coverage ratio and an increased cost base.

## Other financial information

### Cash flow

Operating cash flow was SEK 123 million (139) in the January to September 2017 period. Total cash flow was SEK -11 million (-11) in the January to September 2017 period and was affected by investing activities of SEK -70 million (-43) and dividends of SEK -127 million (-116).

### Investments

The Group's investments in property, plant and equipment in the January to September 2017 period totalled SEK 62 million (37). Property, machinery and equipment accounted for SEK 28 million (36), and intangible assets for SEK 34 million (1), SEK 29 million (-) of which is related to business combinations. Of the intangible asset investment related to business combinations, the adjustment of the acquisition analysis for Sitek-Palvelu OY had a SEK 3 million impact on goodwill.

### Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 71 million (75). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 310 million (337) on 30 September 2017.

### Intangible assets

Amortisation of intangible assets totalling SEK 20 million (17) and goodwill impairment totalling SEK 5 million (-) were charged to the income statement. On 30 September 2017, intangible assets amounted to SEK 205 million (161).

### Equity/assets ratio

The equity/assets ratio was 51% (52%) on 30 September 2017.

### Employees

The Group's average number of employees for the January to September 2017 period was 830 (744). At the end of the period, the number of employees was 853 (752). 66 of them have come from acquired companies.

### Share repurchase

The company has not repurchased any shares during the period. The company's total shareholding was 61,847 shares on 30 September 2017, which is equivalent to 0.3% of the total 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 28 April 2017, the entire shareholding of Rauheat OY in Finland was acquired. The company markets HVAC & plumbing products for the construction industry. Its head office is located in Rauma in Finland. The company generates annual sales of approximately EUR 5 million. It has 11 employees and became part of Region Finland, the Baltic states and China on 1 May 2017.

On 22 June 2017, the entire shareholding of Candelux Sp. z o.o. in Poland was acquired. The company is a distributor of professional lighting for public settings, comprising products of its own and third-party premium brands. Its head office is located in Warsaw in Poland. The company generates annual

sales of approximately EUR 4 million. It has 35 employees and became part of Region Denmark, Norway, the UK and East Central Europe on 1 July 2017.

The total consideration for the businesses acquired was SEK 42.1 million, plus contingent considerations estimated at SEK 13.5 million, based on how the businesses develop in the 2017 - 2019 period.

Following the acquisitions, OEM's consolidated net sales have increased by SEK 39.0 million and operating profit by SEK 2.2 million in 2017.

### Acquisition analysis (SEK million)

	Companies ' carrying amounts	Fair value adjustme nt	Group fair value
<u>The acquired companies' net assets at the time of acquisition</u>			
Intangible fixed assets	0.4	14.9	15.3
Other fixed assets	8.0	3.8	11.8
Other non-current receivables	0.1	-	0.1
Inventories	14.0	-	14.0
Other current assets	14.4	-	14.4
Cash and cash equivalents	1.1	-	1.1
Deferred tax liability		-3.7	-3.7
<u>Other liabilities</u>	<u>-22.4</u>	<u>-</u>	<u>-22.4</u>
Net identifiable assets/liabilities	15.6	15.0	30.6
<u>Consolidated goodwill</u>	<u>-</u>	<u>11.5</u>	<u>11.5</u>
Consideration, including contingent consideration			42.1

As a result of the acquisitions, other intangible fixed assets have increased by SEK 15.3 million and other fixed assets by SEK 11.8 million. Other intangible fixed assets relate 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 13.5 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 15.6 million. Both the base consideration and the contingent consideration are settled in cash.

Transaction expenses linked to acquisitions that have been made amount to SEK 0.4 million in 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 -3.0 million (-3.0). This has been recognised in Other Income and had a positive SEK 3.0 million (3.0) effect on the operating profit in 2017. Acquisition-related consideration liability on 30 September 2017 totalled SEK 25.0 million (11.5).

### 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 Chapter 9,

Interim Reports, of the Swedish Annual Accounts 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 2017 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 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 74 to 76 of the 2016 Annual Report. Other than the risks and uncertainties described in the Annual Report for 2016, no significant risks or uncertainties have been identified or removed.

### **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 for the Parent Company in the January to September 2017 period totalled SEK 24 million (23) and profit after financial items was SEK 23 million (7). 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 18 April 2018 is composed of:

Petter Stillström, AB Traction (Chair)

Richard Pantzar, Orvaus AB

Hans Franzén

Agne Svenberg

The Nomination Committee can be contacted through Petter Stillström, tel. +46 70 747 56 61 or via e-mail [petter.stillstrom@traction.se](mailto:petter.stillstrom@traction.se)

**Date of next report:**

The Financial Statement, Full Year 2017, will be published on 15 February 2018.

**Definitions**

Definitions can be found on page 17

Tranås, 19 October 2017

Jörgen Zahlin  
Managing Director and Chief Executive Officer

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 19 October 2017 at 14.00 CET by Jan Cnattingius.

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## Auditor's report

OEM International AB (publ)

CRN 556184-6691

### **Introduction**

We have carried out a review of the condensed financial statement for the interim period (interim report) for OEM International AB (publ) as at 30 September 2017 and the nine-month period closing that date. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **The objectives and scope of the review**

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

### **Conclusion**

On the basis of our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Jönköping, 19 October 2017

KPMG AB

Olle Nilsson

Authorised Public Accountant

## The regions' sales and earnings

### SALES & EARNINGS BY REGION

#### Net sales (SEK million)

	Jan-sept 2017	Jan-sept 2016	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Trailing 12 mth	Full year 2016
Sweden, external income	1 213	1 103	370	418	425	440	341	1 654	1 543
Sweden, income from other segments	69	59	22	24	23	19	18	88	78
Finland, the Baltic States and China, external income	416	286	140	147	128	103	94	519	389
Finland, the Baltic States and China, income from other s	5	4	1	2	2	2	1	7	7
Denmark, Norway, the United Kingdom and									
East Central Europe, external income	368	340	126	124	117	110	109	477	450
Denmark, Norway, the United Kingdom and									
East Central Europe, income from other segments	1	1	0	0	0	0	0	2	1
Elimination	-75	-64	-24	-27	-25	-21	-19	-96	-85
	1 997	1 729	636	690	671	654	544	2 650	2 382

#### EBITA (MSEK)

	Jan-sept 2017	Jan-sept 2016	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Trailing 12 mth	Full year 2016
Sweden	165	150	53	51	62	71	49	236	221
Finland, the Baltic States and China, external income	47	28	18	16	13	7	10	55	35
Denmark, Norway, the United Kingdom and									
East Central Europe	25	26	8	9	8	4	8	29	30
Group functions	-9	-7	-2	-1	-6	-2	-1	-11	-9
	228	197	77	74	78	81	67	309	277

#### Operating profit (SEK million)

	Jan-sept 2017	Jan-sept 2016	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Trailing 12 mth	Full year 2016
EBITA	228	197	77	74	78	81	67	309	277
<i>Amortisation and write-downs of acquisition-related intangible fixed assets.</i>									
Sweden	-13	-9	-8	-3	-3	-3	-3	-16	-12
Finland, the Baltic States and China, external income	-4	-1	-2	-2	-1	-1	0	-5	-2
Denmark, Norway, the United Kingdom and									
East Central Europe	-3	-3	-1	-1	-1	-1	-1	-4	-5
Operating profit	208	183	67	68	73	76	62	283	259

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

	Jan-sept 2017	Jan-sept 2016	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Trailing 12 mth	Full year 2016
Operating profit	208	183	67	68	73	76	62	283	259
Net financial items	-6	-2	-2	-3	-1	-2	0	-8	-4
Pre-tax profit/(loss)	201	181	65	65	71	74	62	276	255

## The Group's performance and financial position

### CONDENSED CONSOLIDATED STATEMENT OF INCOME (SEK MILLION)

	Jan-sept 2017	Jan-sept 2016	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Trailing 12 mth	Full year 2016
Net sales	1 997	1 729	636	690	671	654	544	2 650	2 382
Other operating income	3	3	3	-	-	4	2	7	7
Operating costs ***	-1 750	-1 515	-554	-609	-586	-571	-472	-2 320	-2 086
Depreciation and write-downs of fixed assets	-43	-34	-18	-13	-12	-11	-11	-54	-46
<b>Operating profit</b>	<b>208</b>	<b>183</b>	<b>67</b>	<b>68</b>	<b>73</b>	<b>76</b>	<b>62</b>	<b>283</b>	<b>259</b>
Net financial income/expense	-6	-2	-2	-3	-1	-2	0	-8	-4
<b>Pre-tax profit/(loss)</b>	<b>201</b>	<b>181</b>	<b>65</b>	<b>65</b>	<b>71</b>	<b>74</b>	<b>62</b>	<b>276</b>	<b>255</b>
Tax	-44	-39	-14	-14	-16	-15	-13	-59	-54
<b>Profit/loss for the period</b>	<b>157</b>	<b>141</b>	<b>51</b>	<b>51</b>	<b>56</b>	<b>60</b>	<b>49</b>	<b>217</b>	<b>201</b>
Earnings per outstanding share, SEK*	<b>6,79</b>	6,11	2,18	2,21	2,40	2,59	2,10	9,38	8,70

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

<b>Other comprehensive income</b>									
<b>Profit/loss for the period</b>	<b>157</b>	<b>141</b>	<b>51</b>	<b>51</b>	<b>56</b>	<b>60</b>	<b>49</b>	<b>217</b>	<b>201</b>
Items that have been transferred or may recycled to net income									
Exchange differences for the period on translation of overseas operations	-1	5	-4	3	0	-3	4	-4	2
<b>Items that can not be recycled to net profit</b>									
Revaluation of defined-benefit pension plans	-1	-1	0	0	0	1	0	0	0
<b>Other comprehensive income for the period</b>	<b>-2</b>	<b>4</b>	<b>-4</b>	<b>3</b>	<b>0</b>	<b>-2</b>	<b>4</b>	<b>-4</b>	<b>2</b>
<b>Comprehensive income for the period</b>	<b>155</b>	<b>145</b>	<b>46</b>	<b>54</b>	<b>55</b>	<b>58</b>	<b>52</b>	<b>213</b>	<b>203</b>
<b>EBITA</b>	<b>228</b>	<b>197</b>	<b>77</b>	<b>74</b>	<b>78</b>	<b>81</b>	<b>67</b>	<b>309</b>	<b>277</b>

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

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

	2017-09-30	2016-09-30	2016-12-31
<b>Fixed assets</b>			
Goodwill	126	99	117
Other intangible assets	79	62	79
<b>Total intangible assets</b>	<b>205</b>	<b>161</b>	<b>196</b>
Property, plant and equipment	247	219	227
<b>Total property, plant and equipment</b>	<b>247</b>	<b>219</b>	<b>227</b>
Deferred tax assets	2	3	1
Financial assets	0	0	0
<b>Total financial assets</b>	<b>2</b>	<b>3</b>	<b>2</b>
<b>Total fixed assets</b>	<b>454</b>	<b>383</b>	<b>425</b>
<b>Current assets</b>			
Inventories	466	403	428
Current receivables	461	384	404
Cash and cash equivalents	71	75	83
<b>Total current assets</b>	<b>998</b>	<b>862</b>	<b>915</b>
<b>Total assets</b>	<b>1 452</b>	<b>1 245</b>	<b>1 340</b>
<b>Equity</b>			
Non-current interest-bearing liabilities	42	35	36
Provisions for pensions	2	2	1
Non-current non-interest-bearing liabilities	16	2	12
Deferred tax liabilities	84	73	83
<b>Total non-current liabilities</b>	<b>144</b>	<b>112</b>	<b>132</b>
Current interest-bearing liabilities	233	203	167
Current non-interest-bearing liabilities	338	279	331
<b>Total current liabilities</b>	<b>570</b>	<b>482</b>	<b>498</b>
<b>Total equity and liabilities</b>	<b>1 452</b>	<b>1 245</b>	<b>1 340</b>

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

	2017-09-30	2016-09-30	2016-12-31
<b>At beginning of year</b>	<b>709</b>	<b>622</b>	<b>622</b>
<b>Comprehensive income for the period</b>			
Profit/loss for the period	157	141	201
Other comprehensive income for the period	-2	4	2
<b>Comprehensive income for the period</b>	<b>155</b>	<b>145</b>	<b>203</b>
Dividends paid	-127	-116	-116
<b>At the end of the period</b>	<b>737</b>	<b>652</b>	<b>709</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

	Jan-sept 2017	Jan-sept 2016	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Trailing 12 mth	Full year 2016
<b>Operating cash flows</b>									
<b>before movements in working capital</b>	<b>196</b>	<b>174</b>	<b>69</b>	<b>62</b>	<b>64</b>	<b>83</b>	<b>60</b>	<b>279</b>	<b>257</b>
Movements in working capital	-73	-35	-26	-10	-38	-4	-10	-77	-38
<b>Operating cash flows</b>	<b>123</b>	<b>139</b>	<b>44</b>	<b>53</b>	<b>26</b>	<b>79</b>	<b>50</b>	<b>202</b>	<b>219</b>
Acquisition of subsidiaries									
net effet on cash and cash equivalents	-39	-10	-6	-22	-11	-21	-1	-61	-31
Acquisition of intangible fixed assets	-5	-1	-1	-1	-2	-2	-1	-6	-3
Acquisition of property, plant and equipment	-28	-36	-8	-13	-6	-14	-5	-42	-50
Sales of property, plant and equipment	3	4	1	0	1	1	1	4	5
<b>Investing cash flows</b>	<b>-70</b>	<b>-43</b>	<b>-15</b>	<b>-37</b>	<b>-18</b>	<b>-36</b>	<b>-6</b>	<b>-106</b>	<b>-79</b>
<b>Financing cash flows</b>									
- Loan raised	7	2	0	7	0	1	1	9	3
- Loan amortisation	-2	-2	-1	-1	0	0	0	-2	-2
- Change in bank overdrafts	57	8	-34	104	-14	-36	-37	21	-28
- Dividends paid	-127	-116	-	-127	-	-	-	-127	-116
<b>Financing cash flow</b>	<b>-65</b>	<b>-107</b>	<b>-34</b>	<b>-17</b>	<b>-13</b>	<b>-35</b>	<b>-37</b>	<b>-100</b>	<b>-142</b>
<b>Cash flow for the period</b>	<b>-11</b>	<b>-11</b>	<b>-5</b>	<b>-2</b>	<b>-5</b>	<b>8</b>	<b>7</b>	<b>-3</b>	<b>-3</b>
Cash and cash equivalents at the beginning of the period	83	85	76	77	83	75	67	75	85
Exchange rate difference	-1	2	0	0	0	0	1	-1	2
<b>Cash and cash equivalents at the end of the period</b>	<b>71</b>	<b>75</b>	<b>71</b>	<b>76</b>	<b>77</b>	<b>83</b>	<b>75</b>	<b>71</b>	<b>83</b>

## KEY PERFORMANCE INDICATORS

	Jan-sept 2017	Jan-sept 2016	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Trailing 12 mth	Full year 2016
<b>Return on equity, %</b>									
21,7	22,2	6,5	7,7	7,5	8,0	7,0	29,7	30,2	
<b>Return on capital employed, %</b>	<b>23,8</b>	<b>22,7</b>	<b>7,1</b>	<b>8,4</b>	<b>8,3</b>	<b>8,9</b>	<b>7,6</b>	<b>32,7</b>	<b>31,6</b>
Return on total capital %	16,4	16,0	4,9	5,8	5,7	5,8	5,4	22,2	21,8
<b>Equity/assets ratio, %</b>	<b>50,8</b>	<b>52,3</b>							<b>53,0</b>
Earnings per outstanding share, SEK	6,79	6,11	2,19	2,20	2,40	2,59	2,10	9,38	8,70
Earnings per total shares, SEK	6,78	6,10	2,19	2,19	2,40	2,57	2,10	9,35	8,67
<b>Equity per total shares, SEK</b>	<b>31,83</b>	<b>28,13</b>							<b>30,62</b>
Average number of outstanding shares (thousands)	23 107	23 107	23 107	23 107	23 107	23 107	23 107	23 107	23 107
Average total shares (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Operating margin, %	10,4	10,6	10,5	9,9	10,8	11,6	11,4	10,7	10,9
EBITA-margin, %	11,4	11,4	12,1	10,7	11,7	12,3	12,2	11,7	11,6

\* 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-sept 2017	Jan-sept 2016	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Trailing 12 mth	Full year 2016
Net sales	24	23	8	8	8	26	8	50	49
Operating costs	-34	-34	-11	-12	-11	-13	-11	-48	-47
Depreciation	-5	-5	-2	-2	-2	-2	-2	-6	-6
<b>Operating profit</b>	<b>-16</b>	<b>-16</b>	<b>-5</b>	<b>-6</b>	<b>-5</b>	<b>11</b>	<b>-5</b>	<b>-4</b>	<b>-5</b>
Income from investments									
in Group companies	39	24	0	39	-	0	-2	39	24
Other financial income/expense, Net	-1	-1	1	-1	0	0	0	-1	-1
<b>Profit/loss after financial items</b>	<b>23</b>	<b>7</b>	<b>-4</b>	<b>32</b>	<b>-6</b>	<b>12</b>	<b>-7</b>	<b>34</b>	<b>18</b>
Year-end appropriations	-	-	-	-	-	171	-	171	171
<b>Pre-tax profit/(loss)</b>	<b>23</b>	<b>7</b>	<b>-4</b>	<b>32</b>	<b>-6</b>	<b>183</b>	<b>-7</b>	<b>205</b>	<b>189</b>
Tax	4	4	1	1	1	-41	1	-37	-37
<b>Profit/loss for the period</b>	<b>26</b>	<b>11</b>	<b>-3</b>	<b>34</b>	<b>-4</b>	<b>142</b>	<b>-6</b>	<b>168</b>	<b>153</b>

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

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

<b>Assets</b>	<b>2017-09-30</b>	<b>2016-09-30</b>	<b>2016-12-31</b>
Intangible fixed assets	19	17	18
Property, plant and equipment	17	16	18
Financial assets	374	380	346
<b>Total fixed assets</b>	<b>410</b>	<b>413</b>	<b>382</b>
Current receivables	214	199	359
Cash on hand and demand deposits	-	-	-
<b>Total current assets</b>	<b>214</b>	<b>199</b>	<b>359</b>
<b>Total assets</b>	<b>624</b>	<b>612</b>	<b>741</b>
<b>Equity and liabilities</b>			
Equity	155	113	255
Untaxed reserves	252	220	252
Deferred tax liabilities	2	2	2
Non-current non-interest-bearing liabilities	15	1	12
<b>Total non-current liabilities</b>	<b>15</b>	<b>1</b>	<b>12</b>
Current interest-bearing liabilities	113	103	83
Current non-interest-bearing liabilities	87	173	136
<b>Total current liabilities</b>	<b>200</b>	<b>275</b>	<b>219</b>
<b>Total equity and liabilities</b>	<b>624</b>	<b>612</b>	<b>741</b>

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## Notes

Segment reporting is presented on page 5, 6 and page 11, disclosures about fair value of financial instruments are presented on page 9 and accounting policies are presented on page 8.

## 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

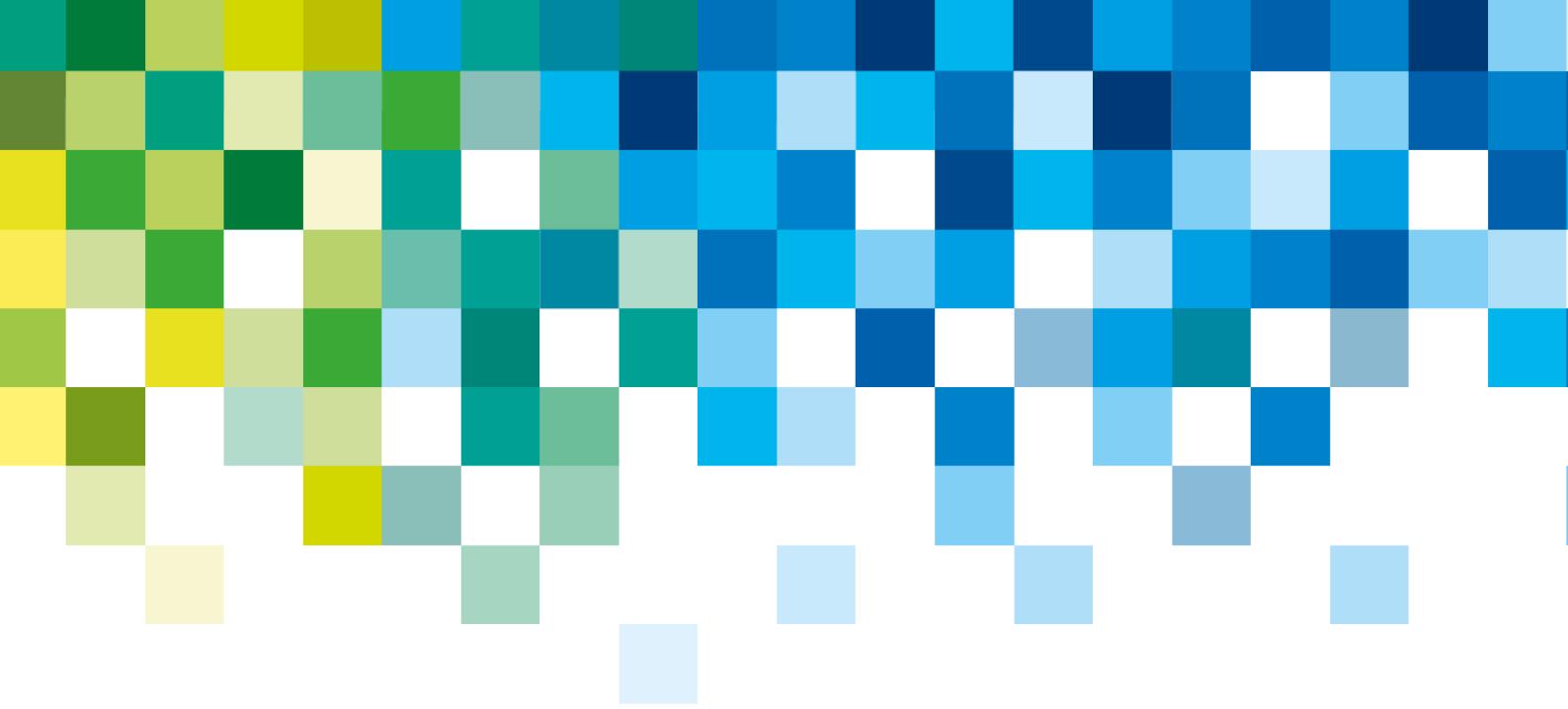
EBITA plus finance income as a percentage of average capital employed

### 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 36 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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