



Interim report Q2 2017

Second quarter 2017

- Incoming orders rose 17% to SEK 693 million (591)
- Net sales rose 13% to SEK 690 million (612)
- Operating profit rose 7% to SEK 68 million (64)
- EBITA rose 8% to SEK 74 million (68)
- Profit after tax rose 4% to SEK 51 million (49)
- Earnings per share were SEK 2.21 (2.12)
- Two acquisitions, Rauheat OY and Candelux Sp.zo.o.

January - June 2017

- Incoming orders rose 16% to SEK 1,395 million (1,200)
- Net sales rose 15% to SEK 1,360 million (1,185)
- Operating profit rose 17% to SEK 141 million (121)
- EBITA rose 16% to SEK 151 million (130)
- Profit after tax rose 15% to SEK 106 million (93)
- Earnings per share were SEK 4.61 (4.01)



Strong trend continues

OEM reports continued strong growth in the second quarter of 2017 and we're pleased to announce yet another sales record. Net sales increased to SEK 690 million, which is 13% up on the second quarter of 2016. Currency translation effects and acquisitions have contributed a 7% increase, which brought organic growth to 6%. Demand from Swedish and Finnish industrial companies remains strong and the growth rates for incoming orders are higher than for net sales. Operating profit (EBITA) is also showing good growth, albeit slightly lower than sales growth. This is partly due to a somewhat weaker gross margin. The operating margin reached 10.7%.

A look at the first half of 2017, which balances out the impact of single transactions and calendar-related effects, shows us that the positive trend is even stronger. Incoming orders increased by 16% and net sales increased by 15%. Organic growth was 9% and the operating margin reached 11.1%.

Growth across the regions

Demand in Region Sweden remains strong, with 3% organic growth in the second quarter. This is good, considering that Easter left us with fewer working days than in the year-ago quarter. The half-year figures, with the calendar-related effects eliminated, show 8% organic growth for the first six months of the year. It is primarily OEM Automatic, Internordic Bearings, Telfa and Svenska Batteripoolen that are posting strong growth figures.

The growth curve in Region Finland, the Baltic states and China is very steep. Sales growth in the second quarter reached 50%, of which 18% was organic growth and 28% can be attributed to our acquisitions. Finland is witnessing considerable growth as the industrial economy there continues to recover, and we're winning lots of new business and expanding our market share. We're also seeing strong growth in China, while growth in the Baltic states continues at a more normal pace.

In Region Denmark, Norway, the UK and East Central Europe, growth remains more or less unchanged from the first quarter of the year. The increase in net sales compared with last year's second quarter was 4%. The companies reporting strongest growth in the region in the second quarter are the operations in Denmark and the Czech Republic.

Two acquisitions in the quarter

In the second quarter, OEM made two acquisitions which together will deliver additional annual sales of SEK 85 million to the Group. The Finnish company, Rauheat Oy, supplies the HVAC sector with insulated district heating pipes and ground-source heating pipes. It brings a new market segment to the Group. The Polish company, Candelux Sp z o.o., supplies commercial construction projects with lighting solutions. The acquisition strengthens OEM's portfolio of products for the commercial lighting market in Sweden and provides new opportunities for OEM to market Hide-a-lite in Poland.

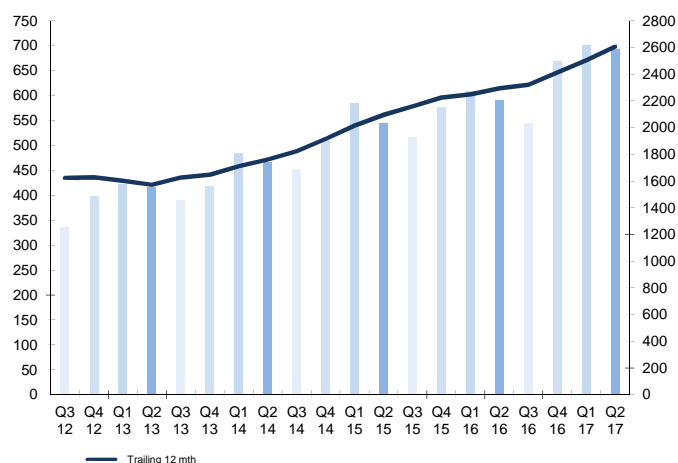
Business model for future success

Most of the operations are showing a good rate of growth and it is pleasing that business is going really well for the largest entities. As part of our company culture we are continuously on the lookout for improvement opportunities. This is the basis of our business model, which creates conditions for continued positive development.

Jörgen Zahlin
Managing Director and Chief Executive Officer

Incoming orders

SEK million



Incoming orders

Incoming orders in the second quarter of 2017 increased by 17% to SEK 693 million (591). For comparable entities, incoming orders rose 12% and the acquired incoming orders were 5%.

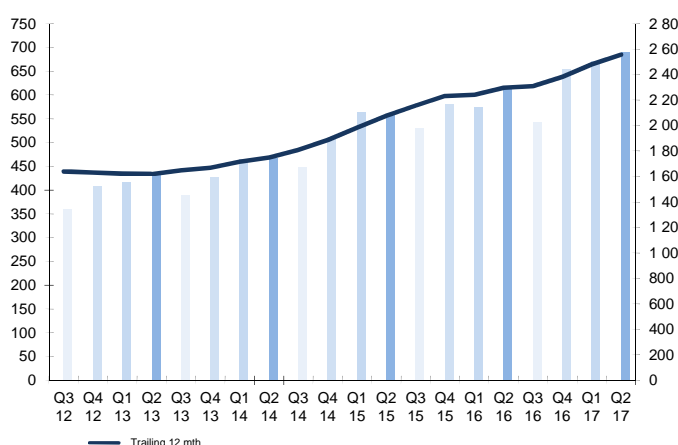
Incoming orders in the first six months of 2017 increased by 16% to SEK 1,395 million (1,200). Comparable entities reported a 12% increase in incoming orders.

In the first half of 2017, incoming orders were 3% higher than net sales.

At SEK 334 million (279) on 30 June 2017, the order book was 20% higher than on the corresponding date of the previous year.

Net sales

SEK million



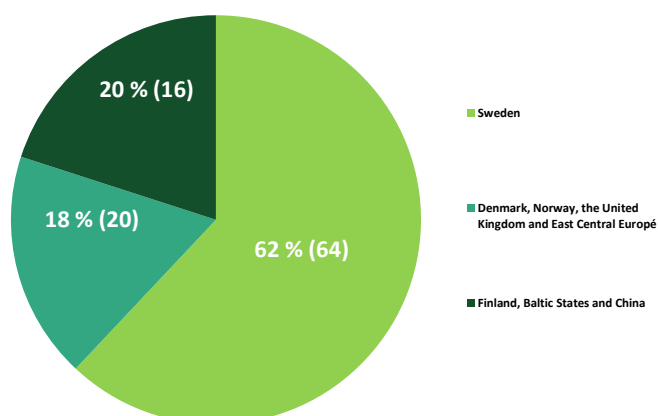
Sales growth

Net sales in the second quarter increased by 13% to SEK 690 million (612). For comparable entities, net sales rose 6% and acquired sales were 5%. Foreign currency exchange rate movements had a positive 2% effect on net sales in the second quarter.

Net sales in the first half of 2017 increased by 15% to SEK 1,360 million (1,185). For comparable entities, net sales rose 9% and acquired sales were 4%. Foreign currency exchange rate movements had a positive 2% effect on net sales in the first six months.

The Swedish operations of Telfa, Agolux, OEM Automatic, ATC Tape Converting, Svenska Batteripoolen, Svenska Helag, 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.

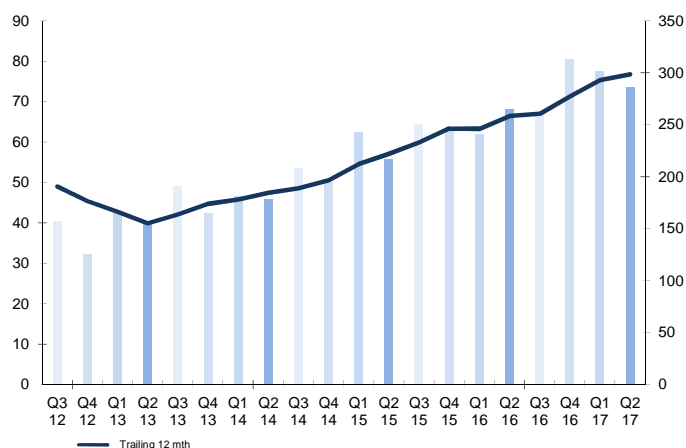
Share by region



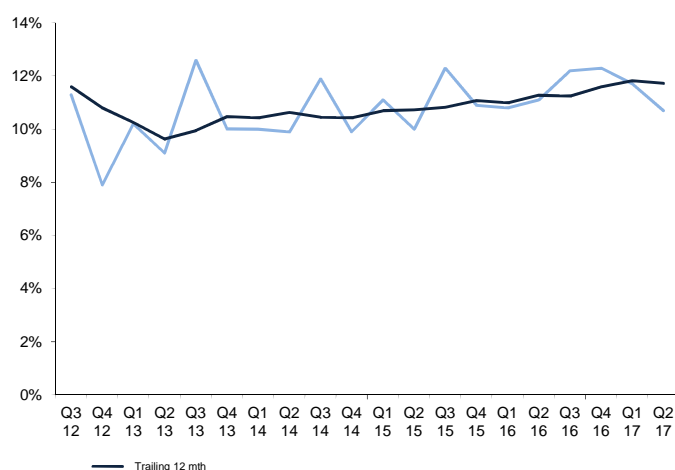
There has been a shift in the share of sales between the regions in the first six months of 2017 compared with the year-ago period. Region Finland, the Baltic states and China has reported positive growth and has increased its share by 4 percentage points over the prior year period. Both Region Sweden and Region Denmark, Norway, the UK and East Central Europe have decreased by 2 percentage points.

EBITA

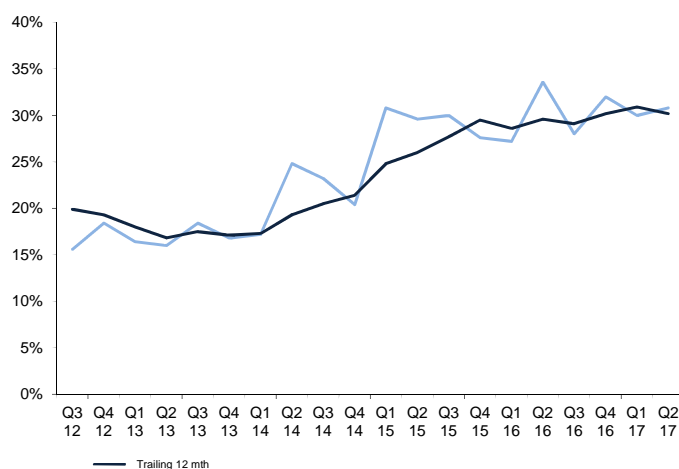
SEK million



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 second quarter was SEK 74 million (68), which is an increase of 8%.

The EBITA margin was at 10.7% (11.1%). EBITA in the first six months of 2017 increased to SEK 151 million (130), which is an increase of 16%. The EBITA margin in the first six months of 2017 was 11.1% (11.0%).

In the second quarter, operating profit reached SEK 68 million (64) and, for the first six months of the year, the cumulative operating profit reached SEK 141 million (121). The second quarter operating margin was 9.9% (10.4%) and cumulative for the January to June period was 10.4% (10.2%).

Profit after tax in the first six months of 2017 rose 15% to SEK 106 million (93). Earnings per share for the first six months of 2017 were SEK 4.61 (4.01).

Return

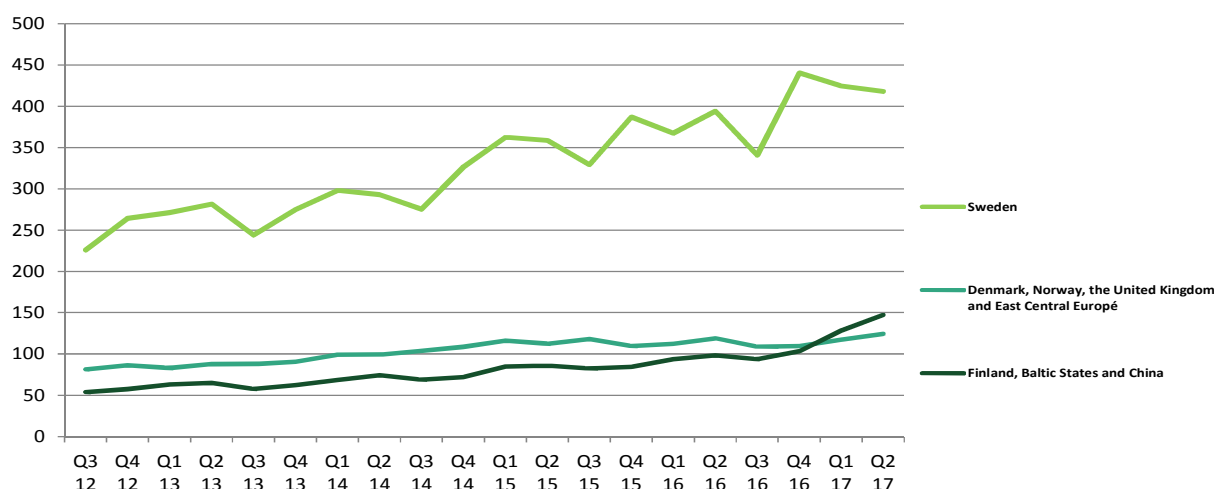
The return on equity in the second quarter was 7.7% compared with 8.4% in the year-ago quarter.

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

Shareholders' equity amounted to SEK 691 million (599) with an equity/assets ratio of 48% (48%) on 30 June 2017.

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 and Ranatec Instrument AB.

| SEK million | 2017 Q2 | 2016 Q2 | 2017 Q1 - Q2 | 2016 Q1 - Q2 | 2016 Full year | Trailing 12 month |
|-----------------|------------|------------|-----------------|-----------------|-------------------|----------------------|
| Incoming orders | 431 | 382 | 862 | 777 | 1,564 | 1,650 |
| Net sales | 418 | 394 | 843 | 762 | 1,543 | 1,624 |
| EBITA | 51 | 54 | 113 | 101 | 221 | 233 |
| EBITA margin | 12% | 14% | 13% | 13% | 14% | 14% |

Net sales rose 11% in the first six months of the year to SEK 843 million (762). Acquisitions had a beneficial 1% effect on net sales and, with a 2% effect from foreign currency exchange rate movements, this means that organic growth in the region was 8%. More or less all operations are performing well and Telfa, Agolux, OEM Automatic, ATC Tape Converting, Svenska Batteripoolen, Svenska Helag, Internordic Bearings and OEM Electronics account for the largest percentage growth in net sales.

Incoming orders increased by 11% to SEK 862 million (777). Incoming orders in the first six months were 2% higher than net sales.

EBITA rose by 12% to SEK 113 million (101) in the first six months of the year 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 Q2 | 2016 Q2 | 2017 Q1 – Q2 | 2016 Q1 – Q2 | 2016 Full year | TTM |
|---------------------|------------|------------|-----------------|-----------------|-------------------|-----|
| Incoming orders | 143 | 95 | 286 | 193 | 397 | 490 |
| Net sales | 147 | 98 | 276 | 192 | 389 | 473 |
| EBITA | 16 | 9 | 29 | 18 | 35 | 46 |
| <i>EBITA margin</i> | 11% | 9% | 11% | 19% | 9% | 10% |

Net sales for the region in the first six months of the year rose 44% to SEK 276 million (192). Net sales grew 21% due to the positive impact of acquisitions and 3% due to currency movements, resulting in 20% organic growth in the region.

The level of incoming orders has also been good, rising 48% to SEK 286 million (193).

Incoming orders in the first six months were 4% higher than net sales.

Growth has been robust across most of the operations in Finland. The operations in China and the Baltic states have reported a 41% and an 8% increase in sales respectively.

EBITA rose 63% to SEK 29 million (18), 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.

| SEK million | 2017 Q2 | 2016 Q2 | 2017 Q1 – Q2 | 2016 Q1 – Q2 | 2016 Full year | TTM |
|---------------------|------------|------------|-----------------|-----------------|-------------------|-----|
| Incoming orders | 119 | 114 | 247 | 230 | 452 | 468 |
| Net sales | 124 | 119 | 242 | 231 | 450 | 460 |
| EBITA | 9 | 10 | 17 | 18 | 30 | 29 |
| <i>EBITA margin</i> | 7% | 8% | 7 % | 8% | 7% | 6% |

Net sales in the first six months of the year increased by 4% to SEK 242 million (231). Exchange rate fluctuations have had a 1% positive impact on net sales, resulting in 3% organic growth in the region.

The operations reporting organic growth are Hungary, the Czech Republic, the UK and Denmark.

Incoming orders increased by 7% to SEK 247 million (230).

Incoming orders in the first six months were 2% higher than net sales.

EBITA fell by 7% to SEK 17 million (18), due to a lower coverage ratio and an increased cost base.

Other financial information

Cash flow

Operating cash flow was SEK 79 million (89) in the first six months of 2017. Total cash flow was SEK -7 million (-18) in the first six months of 2017 and was affected by investing activities of SEK -55 million (-37) and by dividends of SEK -127 million (-116).

Investments

The Group's investments in property, plant and equipment in the first six months of 2017 totalled SEK 52 million (31). Property, machinery and equipment accounted for SEK 20 million (31), and intangible assets for SEK 32 million (-), 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 76 million (67). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 279 million (293) on 30 June 2017.

Intangible assets

Amortisation of intangible assets totalling SEK 13 million (12) has been charged to the income statement. On 30 June 2017, intangible assets amounted to SEK 217 million (165).

Equity/assets ratio

On 30 June 2017, the equity/assets ratio was 48% (48%).

Employees

The Group's average number of employees in the first six months of 2017 was 785 (737). At the end of the period, the number of employees was 806 (747). 27 of these employees joined the Group through acquisitions.

Share repurchase

The company did not repurchase any shares during the period. The company's total shareholding was 61,847 shares on 30 June 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 14.0 million, based on how the businesses develop in the 2017 - 2019 period.

Following the acquisitions, OEM's consolidated net sales have increased by SEK 12.7 million and operating profit by SEK 1.0 million in 2017.

Preliminary 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 | 0.4 | 14.9 | 15.3 |
| Other fixed assets | 8.0 | 3.8 | 11.8 |
| Other non-current receivables | 0.1 | - | 0.1 |
| Inventories | 13.8 | - | 13.8 |
| Other current assets | 15.5 | - | 15.5 |
| Cash and cash equivalents | 1.1 | - | 1.1 |
| Deferred tax liability | | -3.7 | -3.7 |
| Other liabilities | -23.3 | - | -23.3 |
| Net identifiable assets/liabilities | 15.6 | 15.0 | 30.6 |
| Consolidated goodwill | - | 11.5 | 11.5 |
| 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 14.0 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 0.3 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 increased by SEK 0.1 million (-0.9). This has been recognised in operating expenses and had a negative SEK -0.1 million (0.9) effect on the operating profit in 2017. Acquisition-related consideration liability on 30 June 2017 totalled SEK 23.9 million (14.8).

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 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 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 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 first six months of 2017 totalled SEK 16 million (15) and profit after financial items was SEK 27 million (14). 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.

Definitions

Definitions can be found on page 16.

Assurance

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

Tranås, Sweden, 13 July 2017

Petter Stillström
Chairman of the Board

Ulf Barkman
Board member

Hans Franzén
Board member

Ingrid Nordlund
Board member

Jörgen Rosengren
Board member

Anna Stålenbring
Board member

Åsa Söderström Jerring
Board member

Jörgen Zahlin
Managing Director and Chief Executive Officer

This report has not been separately audited by the company's auditors.

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 13 July 2017 at 11.00 CET by Jan Cnattingius.

The regions' sales and earnings

SALES & EARNINGS BY REGION

Net sales (SEK million)

| | Jan- jun 2017 | Jan- jun 2016 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Trailing 12 mth | Full year 2016 |
|--|---------------------|---------------------|------------|------------|------------|------------|------------|--------------------|-------------------|
| Sweden, external income | 843 | 762 | 418 | 425 | 440 | 341 | 394 | 1 624 | 1 543 |
| Sweden, income from other segments | 47 | 41 | 24 | 23 | 19 | 18 | 20 | 84 | 78 |
| Finland, the Baltic States and China, external income | 276 | 192 | 147 | 128 | 103 | 94 | 98 | 473 | 389 |
| Finland, the Baltic States and China, income from other s | 4 | 3 | 2 | 2 | 2 | 1 | 2 | 7 | 7 |
| Denmark, Norway, the United Kingdom and East Central Europe, external income | 242 | 231 | 124 | 117 | 110 | 109 | 119 | 460 | 450 |
| Denmark, Norway, the United Kingdom and East Central Europe, income from other segments | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Elimination | -52 | -45 | -27 | -25 | -21 | -19 | -22 | -92 | -85 |
| | 1 360 | 1 185 | 690 | 671 | 654 | 544 | 612 | 2 558 | 2 382 |

EBITA(MSEK)

| | Jan- jun 2017 | Jan- jun 2016 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Trailing 12 mth | Full year 2016 |
|--|---------------------|---------------------|------------|------------|------------|------------|------------|--------------------|-------------------|
| Sweden | 113 | 101 | 51 | 62 | 71 | 49 | 54 | 233 | 221 |
| Finland, the Baltic States and China, external income | 29 | 18 | 16 | 13 | 7 | 10 | 9 | 46 | 35 |
| Denmark, Norway, the United Kingdom and East Central Europe | 17 | 18 | 9 | 8 | 4 | 8 | 10 | 29 | 30 |
| Group functions | -7 | -7 | -1 | -6 | -2 | -1 | -4 | -9 | -9 |
| | 151 | 130 | 74 | 78 | 81 | 67 | 68 | 298 | 277 |

Operating profit (SEK million)

| | Jan- jun 2017 | Jan- jun 2016 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Trailing 12 mth | Full year 2016 |
|---|---------------------|---------------------|------------|------------|------------|------------|------------|--------------------|-------------------|
| EBITA | 151 | 130 | 74 | 78 | 81 | 67 | 68 | 298 | 277 |
| <i>Amortisation of acquisition-related intangible fixed assets.</i> | | | | | | | | | |
| Sweden | -6 | -6 | -3 | -3 | -3 | -3 | -3 | -11 | -12 |
| Finland, the Baltic States and China, external income | -3 | -1 | -2 | -1 | -1 | 0 | 0 | -4 | -2 |
| Denmark, Norway, the United Kingdom and East Central Europe | -2 | -2 | -1 | -1 | -1 | -1 | -1 | -4 | -5 |
| Operating profit | 141 | 121 | 68 | 73 | 76 | 62 | 64 | 279 | 259 |

Consolidated profit/loss (SEK million)

| | Jan- jun 2017 | Jan- jun 2016 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Trailing 12 mth | Full year 2016 |
|-----------------------|---------------------|---------------------|------------|------------|------------|------------|------------|--------------------|-------------------|
| Operating profit | 141 | 121 | 68 | 73 | 76 | 62 | 64 | 279 | 259 |
| Net financial items | -5 | -2 | -3 | -1 | -2 | 0 | 0 | -7 | -4 |
| Pre-tax profit/(loss) | 136 | 119 | 65 | 71 | 74 | 62 | 63 | 272 | 255 |

The Group's performance and financial position

CONDENSED CONSOLIDATED STATEMENT OF INCOME (SEK MILLION)

| | Jan- jun 2017 | Jan- jun 2016 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Trailing 12 mth | Full year 2016 |
|--------------------------------------|---------------------|---------------------|------------|------------|------------|------------|------------|--------------------|-------------------|
| Net sales | 1 360 | 1 185 | 690 | 671 | 654 | 544 | 612 | 2 558 | 2 382 |
| Other operating income | - | 1 | - | - | 4 | 2 | 1 | 7 | 7 |
| Operating costs *** | -1 195 | -1 043 | -609 | -586 | -571 | -472 | -538 | -2 238 | -2 086 |
| Depreciation of fixed assets | -24 | -23 | -13 | -12 | -11 | -11 | -11 | -47 | -46 |
| Operating profit | 141 | 121 | 68 | 73 | 76 | 62 | 64 | 279 | 259 |
| Net financial income/expense | -5 | -2 | -3 | -1 | -2 | 0 | 0 | -7 | -4 |
| Pre-tax profit/(loss) | 136 | 119 | 65 | 71 | 74 | 62 | 63 | 272 | 255 |
| Tax | -30 | -26 | -14 | -16 | -15 | -13 | -14 | -58 | -54 |
| Profit/loss for the period | 106 | 93 | 51 | 56 | 60 | 49 | 49 | 215 | 201 |
| Earnings per outstanding share, SEK* | 4,61 | 4,01 | 2,21 | 2,40 | 2,59 | 2,10 | 2,12 | 9,30 | 8,70 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

Other comprehensive income

| | | | | | | | | | |
|--|------------|------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Profit/loss for the period | 106 | 93 | 51 | 56 | 60 | 49 | 49 | 215 | 201 |
| Items that have been transferred or may recycled to net income | | | | | | | | | |
| Exchange differences for the period on translation of overseas operations | 3 | 0 | 3 | 0 | -3 | 4 | 2 | 4 | 2 |
| Items that can not be recycled to net profit | | | | | | | | | |
| Revaluation of defined- benefit pension plans | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Other comprehensive income for the period | 2 | 0 | 3 | 0 | -2 | 4 | 2 | 4 | 2 |
| Comprehensive income for the period | 109 | 93 | 54 | 55 | 58 | 52 | 51 | 219 | 203 |
| EBITA | 151 | 130 | 74 | 78 | 81 | 67 | 68 | 298 | 277 |

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK MILLION)

| | 2017-06-30 | 2016-06-30 | 2016-12-31 |
|--|--------------|--------------|--------------|
| Fixed assets | | | |
| Goodwill | 132 | 98 | 117 |
| Other intangible assets | 85 | 66 | 79 |
| Total intangible assets | 217 | 165 | 196 |
| Property, plant and equipment | 246 | 220 | 227 |
| Total property, plant and equipment | 246 | 220 | 227 |
| Deferred tax assets | 2 | 3 | 1 |
| Financial assets | 0 | 0 | 0 |
| Total financial assets | 2 | 3 | 2 |
| Total fixed assets | 466 | 387 | 425 |
| Current assets | | | |
| Inventories | 430 | 386 | 428 |
| Current receivables | 471 | 405 | 404 |
| Cash and cash equivalents | 76 | 67 | 83 |
| Total current assets | 978 | 858 | 915 |
| Total assets | 1 444 | 1 245 | 1 340 |
| Equity | 691 | 599 | 709 |
| Non-current interest-bearing liabilities | 41 | 35 | 36 |
| Provisions for pensions | 1 | 2 | 1 |
| Non-current non-interest-bearing liabilities | 16 | 2 | 12 |
| Deferred tax liabilities | 85 | 74 | 83 |
| Total non-current liabilities | 143 | 112 | 132 |
| Current interest-bearing liabilities | 268 | 239 | 167 |
| Current non-interest-bearing liabilities | 341 | 295 | 331 |
| Total current liabilities | 609 | 534 | 498 |
| Total equity and liabilities | 1 444 | 1 245 | 1 340 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK MILLION)

| | 2017-06-30 | 2016-06-30 | 2016-12-31 |
|--|------------|------------|------------|
| At beginning of year | 709 | 622 | 622 |
| Comprehensive income for the period | | | |
| Profit/loss for the period | 106 | 93 | 201 |
| Other comprehensive income for the period | 2 | 0 | 2 |
| Comprehensive income for the period | 109 | 93 | 203 |
| Dividends paid | -127 | -116 | -116 |
| At the end of the period | 691 | 599 | 709 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

| | Jan- jun 2017 | Jan- jun 2016 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Trailing 12 mth | Full year 2016 |
|---|---------------------|---------------------|------------|------------|------------|------------|------------|--------------------|-------------------|
| Operating cash flows | | | | | | | | | |
| before movements in working capital | 126 | 114 | 62 | 64 | 83 | 60 | 61 | 270 | 257 |
| Movements in working capital | -47 | -25 | -10 | -38 | -4 | -10 | -6 | -61 | -38 |
| Operating cash flows | 79 | 89 | 53 | 26 | 79 | 50 | 56 | 209 | 219 |
| Acquisition of subsidiaries | | | | | | | | | |
| net effect on cash and cash equivalents | -34 | -8 | -22 | -11 | -21 | -1 | 0 | -56 | -31 |
| Acquisition of intangible fixed assets | -3 | 0 | -1 | -2 | -2 | -1 | 0 | -6 | -3 |
| Acquisition of property, plant and equipment | -20 | -30 | -13 | -6 | -14 | -5 | -4 | -39 | -50 |
| Sales of property, plant and equipment | 2 | 2 | 0 | 1 | 1 | 1 | 1 | 4 | 5 |
| Investing cash flows | -55 | -37 | -37 | -18 | -36 | -6 | -3 | -97 | -79 |
| Financing cash flows | | | | | | | | | |
| - Loan raised | 7 | 1 | 7 | 0 | 1 | 1 | 0 | 9 | 3 |
| - Loan amortisation | -1 | -1 | -1 | 0 | 0 | 0 | -1 | -2 | -2 |
| - Change in bank overdrafts | 90 | 46 | 104 | -14 | -36 | -37 | 30 | 17 | -28 |
| - Dividends paid | -127 | -116 | -127 | - | - | - | -116 | -127 | -116 |
| Financing cash flow | -31 | -70 | -17 | -13 | -35 | -37 | -86 | -110 | -142 |
| Cash flow for the period | -7 | -18 | -2 | -5 | 8 | 7 | -33 | 8 | -3 |
| Cash and cash equivalents at the beginning of the period | 83 | 85 | 77 | 83 | 75 | 67 | 99 | 67 | 85 |
| Exchange rate difference | 0 | 1 | 0 | 0 | 0 | 1 | 1 | 0 | 2 |
| Cash and cash equivalents at the end of the period | 76 | 67 | 76 | 77 | 83 | 75 | 67 | 76 | 83 |

KEY PERFORMANCE INDICATORS

| | Jan- jun 2017 | Jan- jun 2016 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Trailing 12 mth | Full year 2016 |
|--|---------------------|---------------------|------------|------------|------------|------------|------------|--------------------|-------------------|
| Return on equity, % | 15,2 | 15,2 | 7,7 | 7,5 | 8,0 | 7,0 | 8,4 | 30,2 | 30,2 |
| Return on capital employed, % | 16,7 | 15,1 | 8,4 | 8,3 | 8,9 | 7,6 | 8,0 | 33,2 | 31,6 |
| Return on total capital % | 11,5 | 10,6 | 5,8 | 5,7 | 5,8 | 5,4 | 5,6 | 22,7 | 21,8 |
| Equity/assets ratio, % | 47,9 | 48,1 | | 55,7 | | | | | 53,0 |
| Earnings per outstanding share, SEK | 4,61 | 4,01 | 2,21 | 2,40 | 2,59 | 2,10 | 2,12 | 9,30 | 8,70 |
| Earnings per total shares, SEK | 4,59 | 4,00 | 2,19 | 2,40 | 2,57 | 2,10 | 2,12 | 9,26 | 8,67 |
| Equity per total shares, SEK | 29,83 | 25,87 | | | | | | | 30,62 |
| 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 | 10,2 | 9,9 | 10,8 | 11,6 | 11,4 | 10,4 | 10,9 | 10,9 |
| EBITA-margin, % | 11,1 | 11,0 | 10,7 | 11,7 | 12,3 | 12,2 | 11,1 | 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- jun 2017 | Jan- jun 2016 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Trailing 12 mth | Full year 2016 |
|--|---------------------|---------------------|------------|------------|------------|------------|------------|--------------------|-------------------|
| Net sales | 16 | 15 | 8 | 8 | 26 | 8 | 8 | 50 | 49 |
| Operating costs | -24 | -23 | -12 | -11 | -13 | -11 | -12 | -48 | -47 |
| Depreciation | -3 | -3 | -2 | -2 | -2 | -2 | -2 | -6 | -6 |
| Operating profit | -11 | -11 | -6 | -5 | 11 | -5 | -6 | -4 | -5 |
| Income from investments | | | | | | | | | |
| in Group companies | 39 | 26 | 39 | - | 0 | -2 | 26 | 37 | 24 |
| Other financial income/expense, Net | -1 | -1 | -1 | 0 | 0 | 0 | 0 | -2 | -1 |
| Profit/loss after financial items | 27 | 14 | 32 | -6 | 12 | -7 | 20 | 31 | 18 |
| Year-end appropriations | - | - | - | - | 171 | - | - | 171 | 171 |
| Pre-tax profit/(loss) | 27 | 14 | 32 | -6 | 183 | -7 | 20 | 202 | 189 |
| Tax | 3 | 3 | 1 | 1 | -41 | 1 | 1 | -37 | -37 |
| Profit/loss for the period | 29 | 17 | 34 | -4 | 142 | -6 | 21 | 165 | 153 |

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

CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

| Assets | 2017-06-30 | 2016-06-30 | 2016-12-31 |
|--|------------|------------|------------|
| Intangible fixed assets | 19 | 18 | 18 |
| Property, plant and equipment | 17 | 17 | 18 |
| Financial assets | 375 | 380 | 346 |
| Total fixed assets | 411 | 415 | 382 |
| Current receivables | 244 | 221 | 359 |
| Cash on hand and demand deposits | - | - | - |
| Total current assets | 244 | 221 | 359 |
| Total assets | 655 | 636 | 741 |
| Equity and liabilities | | | |
| Equity | 158 | 119 | 255 |
| Untaxed reserves | 252 | 220 | 252 |
| Deferred tax liabilities | 2 | 2 | 2 |
| Non-current non-interest-bearing liabilities | 15 | 1 | 12 |
| Total non-current liabilities | 15 | 1 | 12 |
| Current interest-bearing liabilities | 138 | 139 | 83 |
| Current non-interest-bearing liabilities | 90 | 154 | 136 |
| Total current liabilities | 228 | 293 | 219 |
| Total equity and liabilities | 655 | 636 | 741 |

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

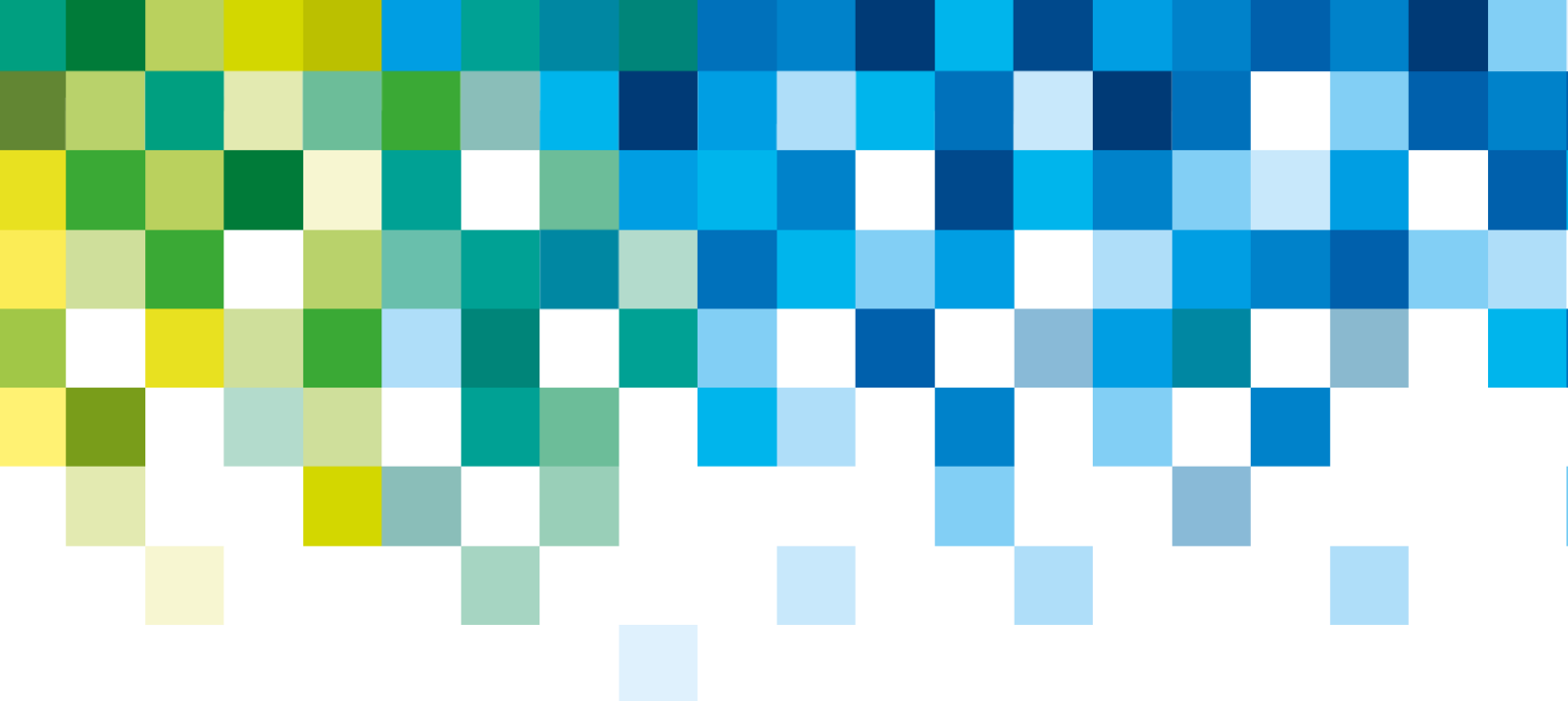
EBITA plus finance income as a percentage of average capital employed

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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