

An abstract graphic on the left side of the page consists of various colored lines (blue, green, yellow, and grey) and circles of different sizes, some connected and some isolated, creating a network-like structure.

Financial Statement Full year 2018

Fourth quarter 2018

- Incoming orders rose 11% to SEK 821 million (738)
- Net sales rose 8% to SEK 805 million (742)
- Operating profit was SEK 67 million (74)
- EBITA stood at SEK 72 million (79)
- Profit after tax was SEK 50 million (57)
- Earnings per share were SEK 2.18 (2.46)

January - December 2018

- Incoming orders rose 13% to SEK 3,163 million (2,793)
- Net sales rose 14% to SEK 3,112 million (2,739)
- Operating profit rose 15% to SEK 323 million (282)
- EBITA rose 11% to SEK 343 million (308)
- Profit after tax rose 16% to SEK 248 million (214)
- Earnings per share were SEK 10.74 (9.25)
- The Board of Directors proposes a dividend of SEK 6.75 per share (6.00)



Two milestones achieved

The fourth quarter concludes a record year for OEM with an 8% increase in net sales. Its organic growth was not as strong as in previous quarters, however, and reached just 3%. At the same time, incoming orders rose 11%, indicating that demand remains strong.

Operating profit (EBITA) fell by 9% compared with the fourth quarter of 2017 and the EBITA margin stood at 8.9%. One major reason for the drop in earnings is the decision taken in the fourth quarter to close our lighting company in Poland. This gave an expense of SEK 8 million in the fourth quarter consisting mainly of inventory write-downs. The decision to close was based on a series of unfortunate events that created challenges which were too big to continue developing the business. Earnings have also been hit by the slower pace of growth than in previous quarters.

Growth across the regions

Ongoing strong sales in Region Sweden resulted in a 10% increase in net sales, with organic growth accounting for 6% of that rise. Our largest operation, OEM Automatic, continues to deliver strong growth, and we have also seen good performances from our niche operations Rydahls Bromsbandfabrik, Telfa and Svenska Batteripoolen. Incoming orders for the region were also strong in the fourth quarter, rising 16%.

Ongoing strong growth in Region Finland, the Baltic states and China resulted in an 8% increase in net sales. Here too we can see a certain slowing of momentum in organic growth, which amounted to 3% in the period. Incoming orders remain unchanged compared with the year-ago quarter.

Demand was weaker in OEM's third region, comprising Denmark, Norway, the UK and Central Eastern Europe. Growth reached 4% in the quarter, primarily due to currency translation. Narrower margins coupled with the aforementioned closure costs resulted in negative earnings for the fourth quarter. Incoming orders remained strong however, rising 10% in the period.

Record year for OEM

Summing up 2018 as a whole, we can say that it was a record year for OEM. Net sales rose 14% in 2018 and OEM's sales also exceeded SEK 3 billion for the first time – a milestone in the company's history. Profit before tax rose 16%, which means that profit before tax exceeded SEK 300 million – yet another milestone. The EBITA margin stood at 11.0%, which is marginally lower than the previous year but above our long-term profitability target.

Ongoing focus on the operations

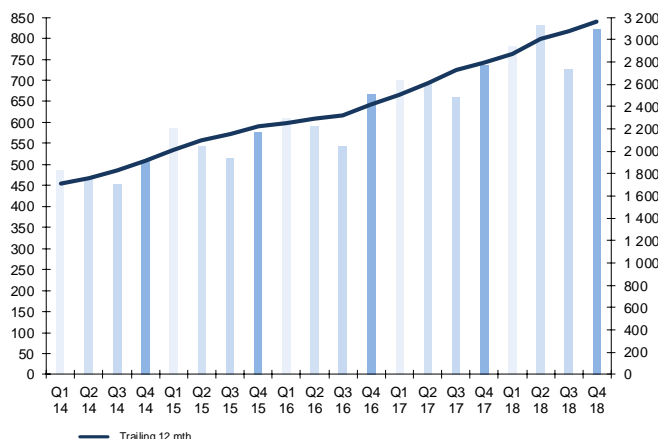
2018 presents a mixed picture. We set new records with two particularly strong quarters in the April-September period but, while incoming orders experienced a good rate of growth, we also saw a slowdown in demand in the fourth quarter. We are very conscious of the changes taking place in the world and we are well able to adjust our plans to suit the circumstances. Continually improving our cost efficiencies and offerings to customers gives us the strengths required to further enhance our competitiveness and thus gain new market share.

Jörgen Zahlin

Managing Director and Chief Executive Officer

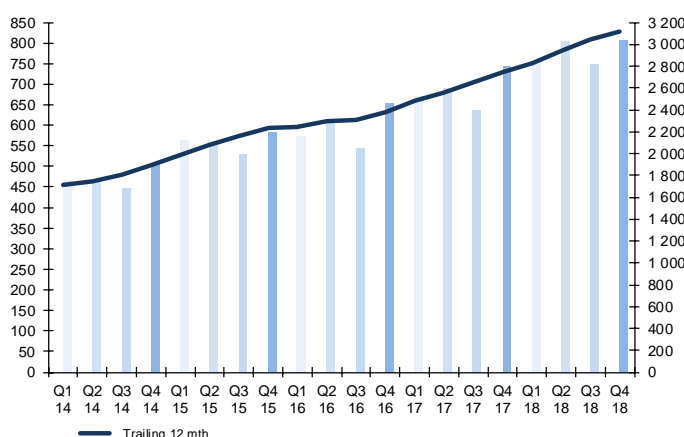
Incoming orders

SEK million

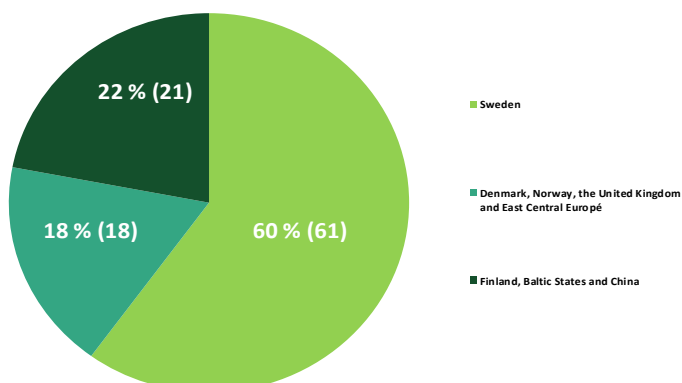


Net sales

SEK million



Share by region



Incoming orders

Incoming orders increased by 11% to SEK 821 million (738) in the fourth quarter of 2018. Incoming orders in the quarter were 2% higher than net sales.

Incoming orders increased by 13% to SEK 3,163 million (2,793) for the full-year 2018. Acquired incoming orders were 1%, which means that incoming orders for comparable entities, including the impact of foreign currency exchange rate movements, increased by 12%. In the 2018 calendar year, cumulative incoming orders were 2% higher than net sales.

At SEK 414 million (357) on 31 December 2018, the order book was 16% up on the previous year.

Sales growth

Net sales in the fourth quarter of 2018 increased by 8% to SEK 805 million (742). Net sales rose 3% for comparable entities. Acquired net sales rose 1%. Exchange rate fluctuations had a 4% positive impact on net sales.

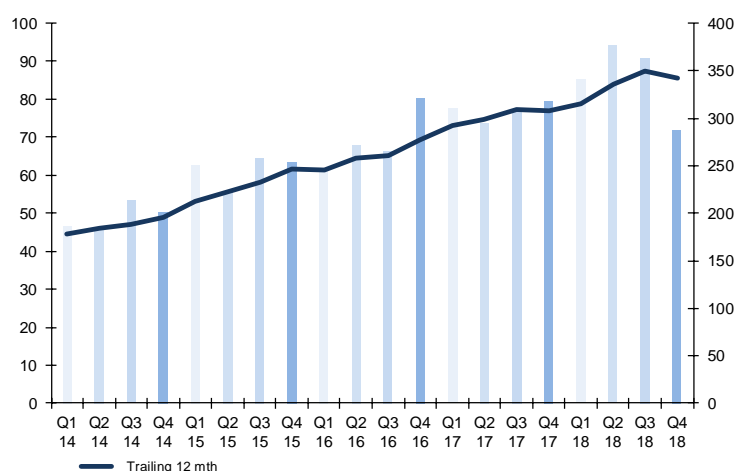
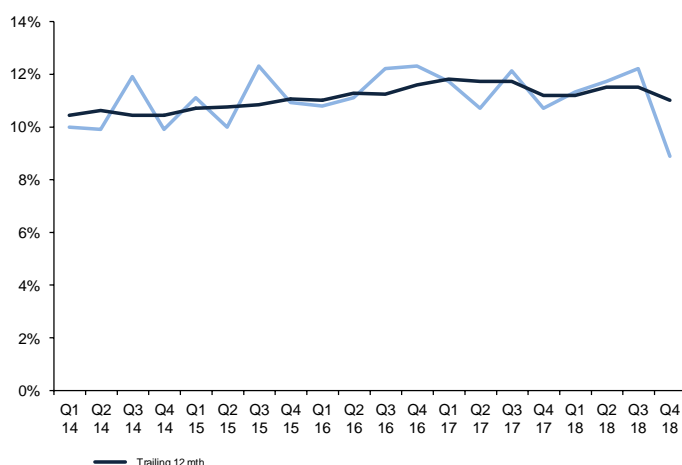
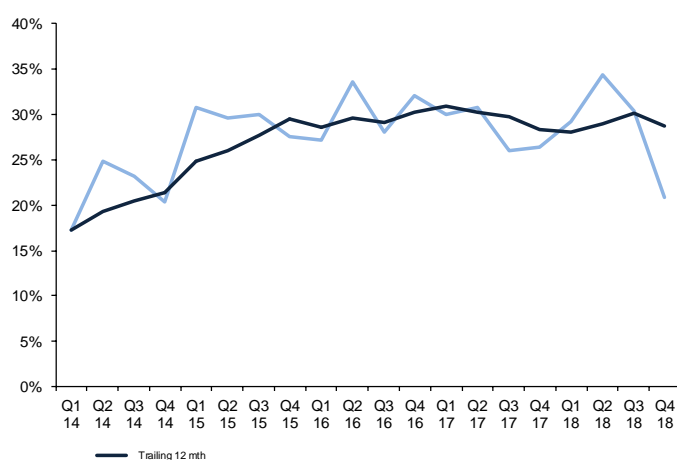
Net sales increased by 14% to SEK 3,112 million (2,739) in the full-year 2018. Comparable entities reported an 8% increase in net sales excluding the impact of foreign currency exchange rate fluctuations 8%. Currency effects and acquisitions, respectively, had a 4% and 2% positive impact on sales.

The Swedish operations of Svenska Batteripoolen, Telfa, Ernst Hj Rydahls Bromsbandfabrik, OEM Automatic, Flexitron, OEM Motor and Svenska Helag, and the operations in Hungary, Poland, Slovakia, the Czech Republic, the Baltic states, Finland and Norway reported the highest percentage growth in net sales compared with last year.

Sales increased by 1 percentage point over the previous year in Region Finland, the Baltic states and China, while sales fell by 1 percentage point in Region Sweden. Sales were unchanged in Region Denmark, Norway, the UK and East Central Europe.

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

In the fourth quarter of 2018, EBITA, operating profit before amortisation and impairment of acquisition-related intangible fixed assets, was SEK 72 million (79), which is a decrease of 9%.

The EBITA margin stood at 8.9% (10.7%). Discontinuation of operations in Poland impacted EBITA by SEK 8 million.

EBITA increased by 11% to SEK 343 million (308) in the full-year 2018. The EBITA margin in the full-year 2018 stood at 11.0% (11.2%).

Operating profit fell by 10% to SEK 67 million (74) in the fourth quarter of 2018.

Cumulative for the full-year 2018, operating profit was up 15% to SEK 323 million (282).

The operating margin fell to 8.3% (10.0%) in the fourth quarter, but rose to 10.4% (10.3%) cumulative for the full-year 2018.

Profit after tax in the full-year 2018 rose 16% to SEK 248 million (214).

Earnings per share in the full-year 2018 period were SEK 10.74 (9.25).

Return

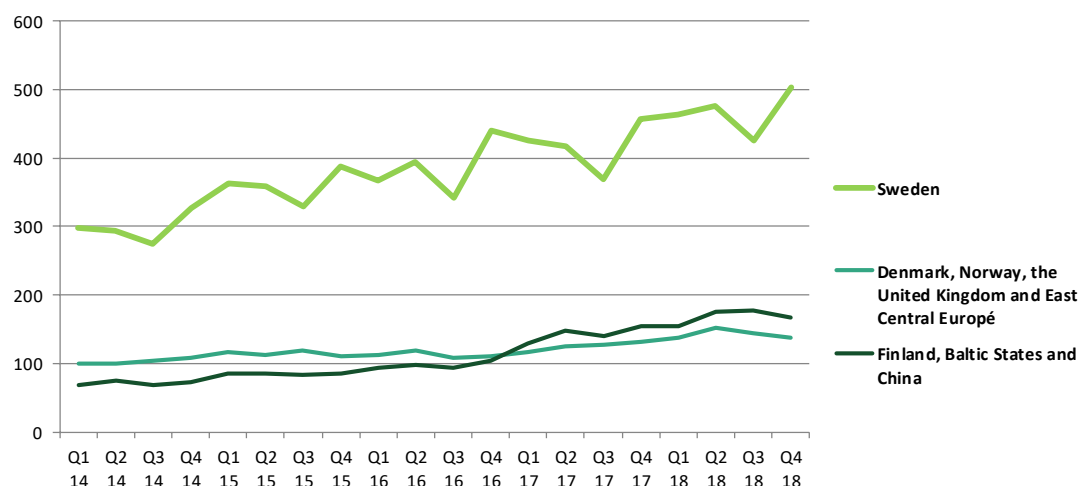
The return on equity in the fourth quarter of 2018 was 5.2% compared with 6.6% in the year-ago quarter.

For the full year of 2018, return on equity was 29%, which is well above the 20% target.

Shareholders' equity amounted to SEK 926 million (804) with an equity/assets ratio of 59% (54%) at 31 December 2018.

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 ATB Drivtech AB.

SEK million	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Incoming orders	513	443	1,894	1,703
Net sales	503	458	1,868	1,671
EBITA	63	59	256	225
EBITA margin	13%	13%	14%	13%

Net sales rose 12% to SEK 1,868 million (1,671) in the full-year 2018. Favourable foreign exchange movements boosted net sales by 3%. Acquisitions have had a marginal impact on net sales. More or less all operations have delivered good growth with Svenska Batteripoolen, Telfa, Ernst Hj Rydahls Bromsbandfabrik, OEM Automatic, Flexitron, OEM Motor and Svenska Helag accounting for the largest percentage growth in net sales.

Incoming orders increased by 11% to SEK 1,894 million (1,703). Incoming orders were 1% higher than net sales in the full-year 2018.

EBITA rose 14% to SEK 256 million in the full-year 2018 due primarily to increased 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	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Incoming orders	156	157	676	580
Net sales	166	153	674	569
EBITA	15	16	74	63
EBITA margin	9%	10%	11%	11%

Net sales for the region rose 18% to SEK 674 million (569) in the full-year 2018. Acquisitions and foreign currency exchange rate movements had positive effects of 3% and 6% respectively on net sales, which means that organic growth in the region reached 9%.

The level of incoming orders has also been good, rising 16% to SEK 676 million (580). Incoming orders were on a par with net sales in 2018.

Growth has remained robust across most of the operations in Finland. The Baltic states and China have both reported positive growth. The operations in the Baltic states and China are small and their impact on total growth is marginal.

EBITA rose 17% to SEK 74 million (63), 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	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Incoming orders	152	138	593	510
Net sales	137	131	570	499
EBITA	-2	7	29	32
EBITA margin	-1%	5%	5%	6%

Net sales rose in the full-year 2018 by 14% to SEK 570 million (499). Acquisitions and foreign currency exchange rate movements had positive effects of 2% and 5% respectively on net sales, which means that organic growth in the region reached 7%. The operations reporting good organic growth are Hungary, Poland, Slovakia, the Czech Republic and Norway.

Incoming orders increased by 16% to SEK 593 million (510). Incoming orders were 4% higher than net sales in 2018.

EBITA fell by 8% to SEK 29 million (32). Closure of lighting operations in Poland impacted EBITA by SEK 8 million. Excluding this closure, EBITA rose 16% to SEK 37 million, due primarily to increased net sales.

Other financial information

Cash flow

Operating cash flow was SEK 217 million (191) in the full-year 2018. Cash flow totalled SEK -19 million (-27) in the full-year 2018 and was affected by investing activities of SEK -47 million (-76) and dividends of SEK -139 million (-127).

Investments

The Group's investments in property, plant and equipment in the full-year 2018 totalled SEK 53 million (70). Property, machinery and equipment accounted for SEK 39 million (37), and intangible assets for SEK 14 million (33), SEK 13 million (29) of which is related to business combinations.

Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 38 million (56). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 396 million (366) on 31 December 2018.

Intangible assets

Amortisation of intangible assets, in full-year 2018, totalling SEK 26 million (26) and goodwill impairment totalling SEK - million (5) were charged to the income statement. On 31 December 2018, intangible assets amounted to SEK 193 million (201).

Equity/assets ratio

On 31 December 2018, the equity/assets ratio was 59% (54%).

Employees

The Group's average number of employees in the full-year 2018 was 882 (824). At the end of the period, the number of employees was 890 (872).

Share repurchase

The company has not repurchased any shares during the period. The company's total shareholding was 61,847 shares on 31 December 2018, 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 17 September 2018, the entire shareholding of ATB Drivtech AB in Sweden was acquired. The company supplies electric motors for industrial use and generates annual sales of approximately SEK 18 million. Its head office is located in Ekerö. The company became part of Region Sweden on 1 September 2018.

The consideration for the business acquired was SEK 14.4 million, plus a contingent consideration estimated at SEK 3.9 million, based on how the business develops in the 2018 - 2020 period. Following the acquisition, OEM's consolidated net sales have increased by SEK 7.4 million and operating profit by SEK 1.7 million in 2018.

Acquisition analysis (SEK million)

	Recognised value in the company	Fair value adjustme nt	Group fair value
The acquired company's net assets at the time of acquisition			
Intangible fixed assets	-	7.2	7.2
Inventories	0.7	-	0.7
Other current assets	2.9	-	2.9
Cash and cash equivalents	0.4	-	0.4
Deferred tax liability	-	-1.6	-1.6
Other liabilities	-1.2	-	-1.2
Net identifiable assets/liabilities	2.8	5.6	8.4
Consolidated goodwill	-	6.0	6.0
Consideration, including contingent consideration			14.4

As a result of the acquisition, other intangible fixed assets have increased by SEK 7.2 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 3.9 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 4.2 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 - 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 -5.1 million (-7.4). This has been recognised in Other Operating Income and had a positive SEK 5.1 million (7.4) effect on the operating profit in 2018.

Acquisition-related consideration liabilities (both absolute and contingent) on 31 December 2018 totalled SEK 16.4 million (21.3).

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 2018 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.

IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers, effective for accounting periods commencing on or after 1 January 2018, have not resulted in any material changes to the financial reporting process of the Group as from 1 January 2018.

IFRS 16 Leases supersedes IAS 17 Leases and applies to accounting periods beginning on or after 1 January 2019. Under IFRS 16, OEM is essentially required, as a lessee, to recognise all leases as assets and liabilities on the balance sheet reflecting the right to use the leased asset or the obligation to pay future lease payments. In the income statement, a lessee recognises amortisation of lease assets and interest on lease liabilities. This is not expected to have any material effect on profit before tax. Operating cash flow is expected to increase and financing cash flow is expected to decrease because the portion of the lease payments that represents repayment of the lease liability will be recognised as a payment within financing activities. The leases are mainly for rental of property and vehicles. In its transition to the new standard, OEM has chosen to apply the modified retrospective approach, which means that the cumulative effect of initially applying IFRS 16 will be recognised in retained earnings in the opening balance as at 1 January 2019 without restatement of comparative figures. OEM has chosen to recognise right-of-use assets related to earlier operating leases for premises at their written-down value from the start of the lease, and equipment and vehicles at the value of the debt on 1 January 2019 plus prepayments recognised on the balance sheet as at 31 December 2018. Leases with a term of 12 months or less or leases that expire within 12 months of the date of initially applying the standard are classified as short-term leases and are not included in the recognised lease liabilities or lease assets. Moreover, OEM has chosen not to recognise leases where the underlying asset has a low value when new (approximately SEK 50,000 or less) as a right-of-use asset or lease liability.

Existing finance leases previously recognised under IAS 17 Leases have been remeasured in accordance with IFRS 16 to the amounts they were recognised at on the day immediately before adoption of the new standard, except for finance leases that expire within 12 months of the date of initially applying the standard which have been recognised as short-term leases upon the application of IFRS 16. Furthermore, for other finance leases, VAT that was previously included in the finance lease has been removed from the books upon the application of the standard.

A marginal lending rate has been set per country and asset type.

The effects of adoption of IFRS are given below.

Mkr	Justering 1 januari 2019
Materiella anläggningstillgångar	42,1
Långfristiga räntebärande skulder	-27,1
Kortfristiga räntebärande skulder	-13,5
Förutbetalda leasingkostnad, justering	-3,2
Effekt på nettotillgångar före skatt	-1,7
Uppskjuten skattefordran	0,3
Effekt på eget kapital	-1,4

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 2017 Annual Report. Other than the risks and uncertainties described in the 2017 Annual Report, 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 full-year 2018 period totalled SEK 57 million (49) and profit after financial items was SEK 54 million (25). 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

Mr. Hans Franzén, a founder and Board member of OEM, passed away on 17 January following a short illness. Hans founded OEM International in 1974 together with Agne Svenberg and was fully engaged in the Board's work to the end.

The Annual General Meeting and the Nomination Committee

The Annual General Meeting will be held at 4 p.m. on 24 April 2019, at Badhotellet's Conference Centre in Tranås

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

Petter Stillström, AB Traction (Chair)

Richard Pantzar, Orvaus AB

Mattias Franzén

Agne Svenberg

The Nomination Committee can be contacted through Petter Stillström, tel. +46 (0)70 747 56 61 or via e-mail petter.stillstrom@traction.se

Dividends

The Board proposes an ordinary dividend of SEK 6.75 per share (6.00). The proposed dividend amounts to SEK 156 million (139).

Annual Report

The 2018 Annual Report will be available on 19 March 2019 at Head Office and on the company's website, where it can be 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:

elin.carlback@oem.se or by calling +46 (0)75-242 40 14.

Financial information

OEM will release financial information as follows:

Annual General Meeting 2019	24 April 2019
Interim report Q1 2019	24 April 2019
Interim report Q2 2019	12 July 2019
Interim report Q3 2019	17 October 2019
Financial Statement, Full Year 2019	18 February 2020

Definitions

Definitions can be found on page 17.

Tranås, Sweden, 18 February 2019

Jörgen Zahlin
Managing Director and Chief Executive Officer

This report has not been subject to special auditing procedures 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 18 February 2019 at 14.00 CET by Jan Cnattingius.

The regions' sales and earnings

SALES & EARNINGS BY REGION

Net sales (SEK million)

	Jan- dec 2018	Jan- dec 2017	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Sweden, external income	1 868	1 671	503	426	476	464	458
Sweden, income from other segments	113	93	31	27	29	26	24
Finland, the Baltic States and China, external income	674	569	166	178	175	155	153
Finland, the Baltic States and China, income from other s	6	6	1	1	2	1	1
Denmark, Norway, the United Kingdom and East Central Europe, external income	570	499	137	144	152	138	131
Denmark, Norway, the United Kingdom and East Central Europe, income from other segments	2	2	1	0	0	0	0
Elimination	-121	-101	-33	-29	-31	-27	-26
	3 112	2 739	805	747	802	757	742

EBITA (MSEK)

	Jan- dec 2018	Jan- dec 2017	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Sweden	256	225	63	62	67	64	59
Finland, the Baltic States and China, external income	74	63	15	23	21	15	16
Denmark, Norway, the United Kingdom and East Central Europe	29	32	-2	12	10	9	7
Group functions	-17	-12	-5	-6	-4	-2	-2
	343	308	72	91	94	85	79

Operating profit (SEK million)

	Jan- dec 2018	Jan- dec 2017	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
EBITA	343	308	72	91	94	85	79
<i>Amortisation and write-downs of acquisition-related intangible fixed assets.</i>							
Sweden	-10	-16	-3	-3	-3	-3	-3
Finland, the Baltic States and China, Denmark, Norway, the United Kingdom and East Central Europe	-7	-6	-2	-2	-2	-2	-2
	-2	-4	-1	0	0	0	-1
Operating profit	323	282	67	86	89	81	74

Consolidated profit/loss (SEK million)

	Jan- dec 2018	Jan- dec 2017	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Operating profit	323	282	67	86	89	81	74
Net financial items	-6	-8	-1	-1	-1	-2	-2
Pre-tax profit/(loss)	317	274	66	85	88	79	72

Specification of external income by region and product area	Sweden		Finland, the Baltic States and China,		Denmark, Norway, the United Kingdom and East Central Europe		Total	
	Jan-dec 2018	Jan-dec 2017	Jan-dec 2018	Jan-dec 2017	Jan-dec 2018	Jan-dec 2017	Jan-dec 2018	Jan-dec 2017
Product Areas								
Automation	726	624	393	338	539	480	1 658	1 442
Components	282	271	69	61	-	-	351	332
Lighting & Installation components	311	307	27	21	30	19	368	346
Other	550	469	185	149	-	-	735	619
	1 868	1 671	674	569	570	499	3 112	2 739

The Group's performance and financial position

CONDENSED CONSOLIDATED STATEMENT OF INCOME (SEK MILLION)

	Jan-dec 2018	Jan-dec 2017	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net sales	3 112	2 739	805	747	802	757	742
Other operating income	5	7	4	0	0	-	4
Operating costs	-2 741	-2 409	-729	-648	-700	-664	-659
Depreciation and write-downs of fixed assets	-53	-56	-14	-13	-13	-13	-13
Operating profit	323	282	67	86	89	81	74
Net financial income/expense	-6	-8	-1	-1	-1	-2	-2
Pre-tax profit/(loss)	317	274	66	85	88	79	72
Tax	-69	-60	-15	-16	-21	-17	-16
Profit/loss for the period	248	214	50	69	67	62	57
Earnings per outstanding share, SEK*	10,74	9,25	2,18	3,00	2,89	2,67	2,46

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

Other comprehensive income

Profit/loss for the period	248	214	50	69	67	62	57
Items that have been transferred or may be recycled to net income							
Exchange differences for the period on translation of overseas operations	13	8	-2	-4	7	13	9
Items that can not be recycled to net profit							
Revaluation of defined-benefit pension plans	0	-1	0	0	0	0	0
Other comprehensive income for the period	13	8	-2	-5	7	13	9
Comprehensive income for the period	261	221	48	65	73	75	66
EBITA	343	308	72	91	94	85	79

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

**Decisions regarding a changed tax rate have been taken into consideration and have had a positive SEK 1,1 million effect on tax for the period.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK MILLION)

	2018-12-31	2017-12-31
Fixed assets		
Goodwill	136	128
Other intangible assets	57	73
Total intangible assets	193	201
Property, plant and equipment	260	251
Total property, plant and equipment	260	251
Deferred tax assets	3	2
Financial assets	0	0
Total financial assets	3	2
Total fixed assets	456	453
Current assets		
Inventories	569	494
Current receivables	501	478
Cash and cash equivalents	38	56
Total current assets	1108	1029
Total assets	1 563	1 482
Equity	926	804
Non-current interest-bearing liabilities	33	41
Provisions for pensions	1	1
Non-current non-interest-bearing liabilities	8	15
Deferred tax liabilities	92	88
Total non-current liabilities	135	146
Current interest-bearing liabilities	117	157
Current non-interest-bearing liabilities	385	375
Total current liabilities	502	532
Total equity and liabilities	1 563	1 482

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK MILLION)

	2018-12-31	2017-12-31
At beginning of year	804	709
Comprehensive income for the period		
Profit/loss for the period	248	214
Other comprehensive income for the period	13	8
Comprehensive income for the period	261	221
Dividends paid	-139	-127
At the end of the period	926	804

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

	Jan- dec 2018	Jan- dec 2017	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Operating cash flows							
before movements in working capital	295	272	69	82	84	61	76
Movements in working capital	-78	-80	25	-55	-19	-29	-7
Operating cash flows	217	191	93	27	65	32	69
Acquisition of subsidiaries net effect on cash and cash equivalents	-14	-40	-	-9	-	-5	0
Disposal of subsidiaries net effect on cash and cash equivalents	-	1	-	-	-	-	-
Acquisition of intangible fixed assets	-1	-4	-1	0	-	-	0
Acquisition of property, plant and equipment	-38	-37	-7	-6	-18	-7	-9
Sales of property, plant and equipment	7	4	2	2	1	1	1
Investing cash flows	-47	-76	-6	-13	-17	-11	-6
Financing cash flows							
- Loan raised	8	7	-	-	2	5	-
- Loan amortisation	-13	-8	-5	-1	-	-8	-6
- Change in bank overdrafts	-45	-15	-77	-2	24	11	-72
- Dividends paid	-139	-127	0	-	-139	-	-
Financing cash flow	-189	-143	-81	-3	-113	8	-78
Cash flow for the period	-19	-27	7	11	-65	29	-15
Cash and cash equivalents at the beginning of the period	56	83	32	22	87	56	71
Exchange rate difference	1	0	-1	0	0	2	1
Cash and cash equivalents at the end of the period	38	56	38	32	22	87	56

KEY PERFORMANCE INDICATORS

	Jan- dec 2018	Jan- dec 2017	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Return on equity, %	28,7	28,3	5,2	7,6	8,6	7,3	6,6
Return on capital employed, %	33,0	32,2	7,3	8,6	8,9	8,2	8,4
Return on total capital %	22,5	21,8	4,8	6,1	6,0	5,6	5,4
Equity/assets ratio, %	59,2	54,2					
Earnings per outstanding share, SEK	10,74	9,25	2,18	3,00	2,89	2,67	2,46
Earnings per total shares, SEK	10,71	9,23	2,17	2,99	2,88	2,67	2,45
Equity per total shares, SEK	39,97	34,69					
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, %	10,4	10,3	8,3	11,5	11,1	10,6	10,0
EBITA-margin, %	11,0	11,2	8,9	12,2	11,7	11,3	10,7

* 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 2018	Jan- dec 2017	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net sales	57	49	19	13	12	13	25
Operating costs	-53	-47	-16	-12	-13	-12	-13
Depreciation	-8	-7	-2	-2	-2	-2	-2
Operating profit	-4	-6	1	-1	-2	-1	10
Income from investments in Group companies	60	33	-8	-	68	-	-6
Other financial income/expense, Net	-2	-2	0	0	0	-1	-1
Profit /loss after financial items	54	25	-7	-1	65	-3	3
Year-end appropriations	205	178	205	-	-	-	178
Pre-tax profit/(loss)	259	203	197	-1	65	-3	181
Tax	-44	-38	-46	0	1	1	-41
Profit/loss for the period	215	165	152	-1	66	-2	139

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

CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

Assets	2018-12-31	2017-12-31
Intangible fixed assets	11	17
Property, plant and equipment	16	18
Financial assets	419	415
Total fixed assets	447	450
Current receivables	415	379
Cash on hand and demand deposits	-	-
Total current assets	415	379
Total assets	862	829
Equity and liabilities		
Equity	370	294
Untaxed reserves	307	277
Deferred tax liabilities	2	2
Non-current non-interest-bearing liabilities	8	15
Total non-current liabilities	8	15
Current interest-bearing liabilities	33	75
Current non-interest-bearing liabilities	142	166
Total current liabilities	175	241
Total equity and liabilities	862	829

Notes

Segment reporting is presented on page 5, 6, 12 and page 13, and disclosures about fair value of financial instruments and accounting policies are presented on page 8.

Definitioner

In addition to the conventional financial performance measures established by IFRS, OEM uses the term EBITA/EBITA margin as defined below. The reason is that OEM Wishes to summarise the companies' operations with regard to profit and margins, adjusted for amortisations fo Group-related amortisations arising in connection with acquisitions and thereby 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 12.

EBITA margin

EBITA divided by net sales

Return on capital employed

EBITA plus finance income as a percentage of average capital employed

Capital employed

Total assets less non-interest-bearing liabilities and provisions

Return on total capital

EBITA plus finance income as a percentage of average total capital

Return on Equity

Profit for the year divided by average shareholders' equity



One of Europe's leading technology trading companies with 34 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.