



Financial Statement

Full year 2019

Fourth Quarter 2019

- Incoming orders rose 2 % to SEK 836 million (821)
- Net sales rose 3 % to SEK 828 million (805)
- Operating profit rose 22 % to SEK 82 million (67)
- EBITA rose 18 % to SEK 85 million (72)
- Profit after tax rose 29 % to SEK 65 million (50)
- Earning per share were SEK 2,82 (2,18)

January - December 2019

- Incoming orders rose 4 % to SEK 3 303 million (3 163)
- Net sales rose 6 % to SEK 3 299 million (3 112)
- Operating profit rose 15 % to SEK 371 million (323)
- EBITA rose 12 % to SEK 385 million (343)
- Profit after tax rose 16 % to SEK 289 million (248)
- Earnings per share were SEK 12,50 (10,74)
- The Board of Directors proposes a dividend of SEK 7,00 per share (6,75)
- The Board of Directors also proposes that the Annual General Meeting adopt a resolution to transfer to the shareholders an amount equivalent to 10,00 SEK per share via an automatic redemption procedure

After the report period

- Acquisition of Zoedale Ltd in United Kingdom



Strong fourth quarter performance ends a new record year!

Consolidated net sales in the fourth quarter of 2019 increased by 3% compared with the year-ago quarter. Excluding currency effects and acquisitions, the rate of growth was 1% compared with the fourth quarter of 2018. Incoming orders were slightly higher than sales and were up 2% against the comparative quarter in 2018.

Operating profit (EBITA) rose 18% to SEK 85 million over the same quarter in 2018, to give an EBITA margin of 10.3% (8.9%). The increase in revenue is due in part to a higher gross margin coupled with the improved sales performance, and also due to the impact of an SEK 8 million non-recurring expense in the 2018 comparative quarter.

Net sales rose 6% in the full-year, of which 3% was organic growth. Incoming orders rose 4% and the EBITA margin stood at 11.7% (11.0%).

All in all, it has been a good year considering the current economic conditions. Demand in the first six months was at the same high level as in the previous year with 9% growth, and despite growth slowing notably in the second half of the year, it still reached 3%.

Growth across the regions, fourth quarter

Region Sweden has continued to experience a slowing in demand and net sales rose 3%, of which 1% was organic growth. On the other hand, many operations continue to deliver positive performances, including Agolux, Telfa, OEM Motor, Elektro Elco, OEM Electronics and Rydahls. Operating profit (EBITA) rose 11% as a result of the increase in sales.

Net sales rose 2% in Region Finland, the Baltic states and China, but the rate of growth was negative 1% when the impact of foreign currency exchange rate movements is excluded. As a result of the weak growth, operating profit (EBITA) fell by 2% in the quarter. It is still OEM Finland, the largest operation, that is impacted the most by the decline in demand.

Region Denmark, Norway, the UK and East Central Europe reported a 4% increase in net sales, of which 1% was organic growth. The region continues to see strong growth, especially in Denmark, Poland and Norway. The operating margin (EBITA) rose from -1% to 2% as a result of the improved sales performance and higher gross margins.

Acquisitions completed

The pumping division of the Norwegian company Finisterra AS was acquired in December. At the time of acquisition, it was generating annual sales of SEK 12 million. This is the second acquisition of the year, which is positive after a period when no acquisitions were made. In January 2020, OEM acquired Zoedale Ltd in the UK, with annual sales of approximately SEK 37 million

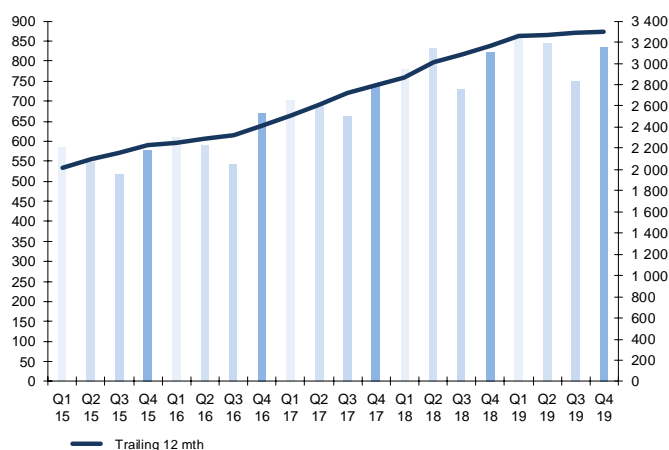
New business opportunities

OEM's history has been marked by very few dramatic events. OEM's business model enables us to quickly adapt ourselves to the prevailing market conditions. Our model is based on increasing the level of activity during tougher periods and we know that many business opportunities arise when the going gets tough. The strong culture of professionalism that exists across our organisation gives me the confidence to look forward to a new year in which we will continue to develop our business together.

Jörgen Zahlin
Managing Director and Chief Executive Officer

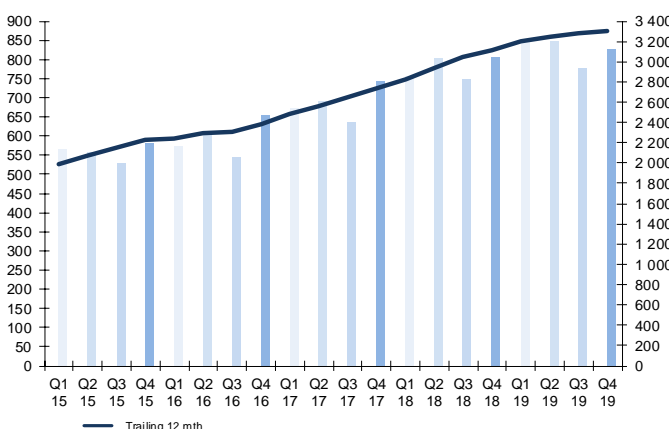
Incoming orders

SEK million

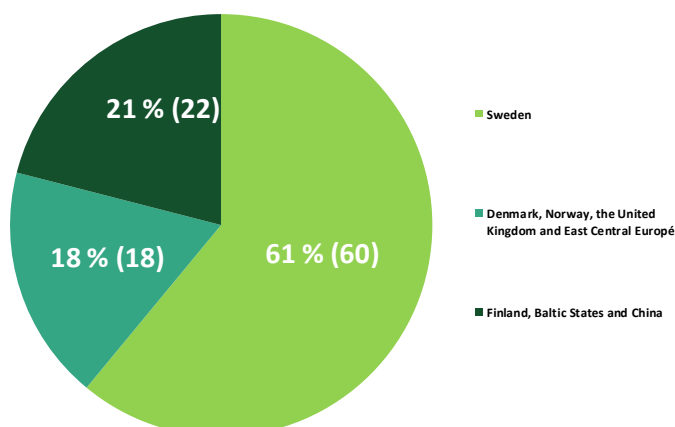


Net sales

SEK million



Share by region 2019



Incoming orders

Incoming orders increased by 2% to SEK 836 million (821) in the fourth quarter of 2019.

Incoming orders increased by 4% to SEK 3,303 million (3,163) for the full-year 2019.

Comparable entities reported a 1% increase in incoming orders excluding the impact of foreign currency exchange rate movements.

At SEK 425 million (414) on 31 December 2019, the order book was 3% up on the previous year.

Sales growth

Net sales in the fourth quarter of 2019 increased by 3% to SEK 828 million (805).

Currency movements had a 2% positive impact on net sales, while sales were not affected by acquisitions in the fourth quarter.

Net sales increased by 6% to SEK 3,299 million (3,112) in the full-year 2019.

Comparable entities reported a 3% increase in net sales excluding the impact of foreign currency exchange rate movements and acquisitions. Net sales have not been affected by sales from acquired businesses, while currency movements boosted net sales by 3% in the full-year 2019.

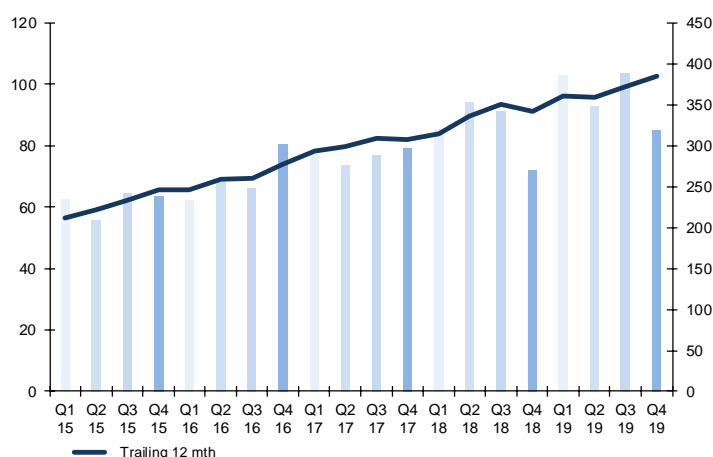
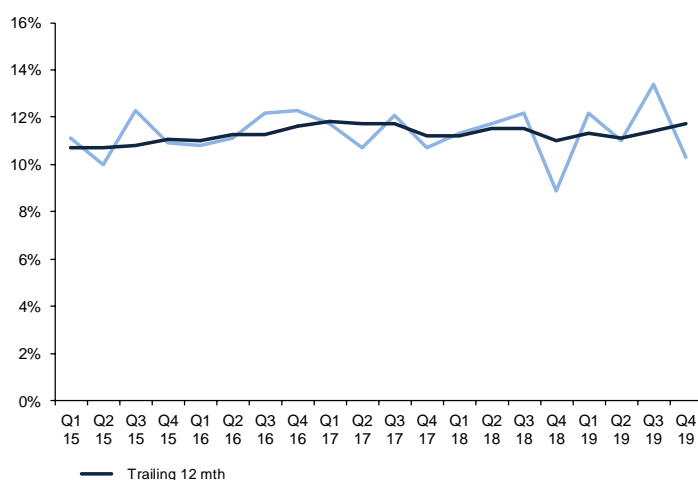
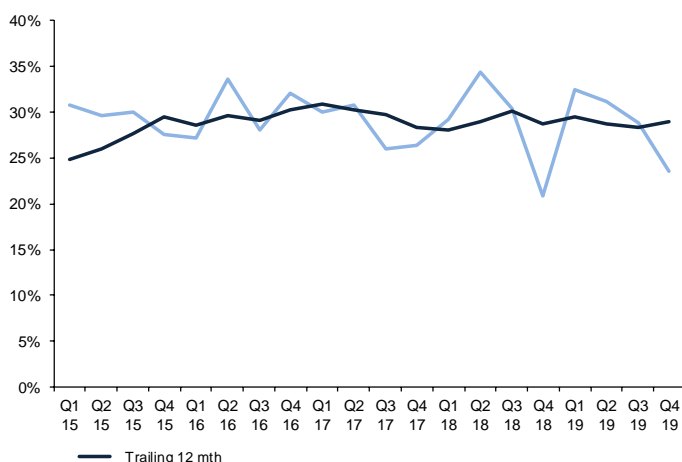
The Swedish operations of Agolux, Telfa, OEM Motor, Elektro Elco, OEM Electronics, Svenska Batteripoolen and Ernst Hj Rydahl Bromsbandfabrik, and the operations in Denmark, Poland, Hungary and Norway reported the highest percentage growth in net sales compared with last year.

There were marginal percentage shifts across the regions, with sales increasing by 1 percentage point in Region Sweden, while sales fell by 1 percentage point in Region Finland, the Baltic states and China compared with the previous year.

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.

Growth in earnings

In the fourth quarter of 2019, EBITA, operating profit before amortisation and impairment of acquisition-related intangible fixed assets, rose 18% to SEK 85 million (72). The EBITA margin stood at 10.3% (8.9%) in the fourth quarter.

EBITA increased by 12% to SEK 385 million (343) in the full-year 2019. The EBITA margin in the full-year 2019 stood at 11.7% (11.0%).

Operating profit rose 22% to SEK 82 million (67) in the fourth quarter of 2019. Cumulative for the full-year 2019, operating profit was up 15% to SEK 371 million (323). The fourth quarter operating margin was 9.9% (8.3%) and cumulative for the full-year 2019 was 11.3% (10.4%).

Profit after tax in the full-year 2019 rose 16% to SEK 289 million (248).

Earnings per share were SEK 12.50 (10.74) in 2019.

Return

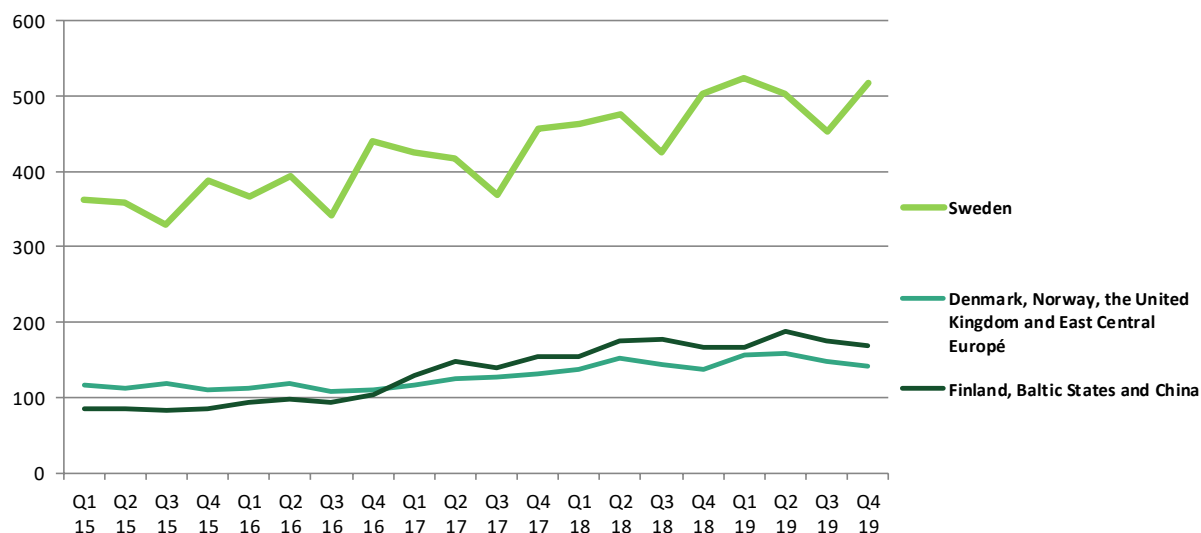
The return on equity in the fourth quarter of 2019 was 5.9% compared with 5.2% in the year-ago quarter.

For the full year of 2019, return on equity was 29.0%, which is well above the 20% target.

Shareholders' equity amounted to SEK 1,066 million (926) with an equity/assets ratio of 62% (59%) at 31 December 2019.

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 och ATC Tape Converting AB.

| SEK million | 2019 Q4 | 2018 Q4 | 2019 Full year | 2018 Full year |
|-----------------|------------|------------|-------------------|-------------------|
| Incoming orders | 510 | 513 | 1 986 | 1 894 |
| Net sales | 518 | 503 | 1 995 | 1 868 |
| EBITA | 71 | 63 | 286 | 256 |
| EBITA margin | 14 % | 13 % | 14 % | 14 % |

Net sales rose 7% to SEK 1,995 million (1,868) in the full-year 2019. Foreign currency exchange rate movements and acquisitions had positive effects of 2% and 1% respectively on net sales, which means that organic growth in the region reached 4%. Many operations have delivered good growth with Agolux, Telfa, OEM Motor, Elektro Elco, OEM Electronics, Svenska Batteripoolen and Ernst Hj Rydahl Bromsbandfabrik accounting for the largest percentage growth in net sales.

Incoming orders for the full-year 2019 increased by 5% to SEK 1,986 million (1,894). Incoming orders and net sales were at the same level.

EBITA rose 11% to SEK 286 million (256) in the full-year 2019 due primarily to increased net sales.

Finland, the Baltic states and China

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

| SEK million | 2019 Q4 | 2018 Q4 | 2019 Full year | 2018 Full year |
|---------------------|------------|------------|-------------------|-------------------|
| Incoming orders | 183 | 156 | 711 | 676 |
| Net sales | 169 | 166 | 699 | 674 |
| EBITA | 15 | 15 | 71 | 74 |
| <i>EBITA margin</i> | 9 % | 9 % | 10 % | 11 % |

Net sales for the region rose 4% to SEK 699 million (674) in the full-year 2019. Favourable foreign exchange movements boosted net sales by 3%, which means that organic growth in the region reached 1%.

The level of incoming orders for the region also increased in the full-year 2019, rising 5% to SEK 711 million (676). Incoming orders were 2% higher than net sales in the year.

The modest rate of growth in Finland during the year has been hit by the current slowdown in economic activity. There was continued positive growth in China while the Baltic states were affected, like Finland, by the slackening economic activity. The operations in the Baltic states and China are small and their impact on total growth is marginal.

EBITA fell by 4% to SEK 71 million (74), due primarily to an increased cost base.

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. och OEM Automatic Kft.

| SEK million | 2019 Q4 | 2018 Q4 | 2019 Full year | 2018 Full year |
|---------------------|------------|------------|-------------------|-------------------|
| Incoming orders | 143 | 152 | 606 | 593 |
| Net sales | 142 | 137 | 604 | 570 |
| EBITA | 2 | -2 | 37 | 29 |
| <i>EBITA margin</i> | 2 % | -1 % | 6 % | 5 % |

Net sales rose in the full-year 2019 by 6% to SEK 604 million (570). Favourable foreign exchange movements boosted net sales by 3%, which means that organic growth in the region reached 3%. The operations with the highest organic growth rates as a percentage are Denmark, Poland, Hungary and Norway.

Incoming orders for the full-year 2019 increased by 2% to SEK 606 million (593). Incoming orders and net sales were at the same level in 2019.

EBITA rose 27% to SEK 37 million (29). In 2018, EBITA was impacted by an SEK 8 million expense related to the closure of lighting operations in Poland, which means that the EBITA level is the same as in the previous year.

Other financial information

Cash flow

Operating cash flow was SEK 290 million (217) in the full-year 2019. Cash flow totalled SEK 3 million (-19) in the year and was affected by investing activities of SEK -89 million (-47) and dividends of SEK -156 million (-139).

Investments

The Group's investments in property, plant and equipment in the full-year 2019 totalled SEK 88 million (53). Property, machinery and equipment accounted for SEK 67 million (39), and intangible assets for SEK 21 million (14), SEK 8 million (13) of which is related to business combinations and SEK 7 million (-) is related to asset acquisition.

Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 42 million (38). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 403 million (396) on 31 December 2019.

Intangible assets

Amortisation of intangible assets totalling SEK 20 million (26) has been charged to the income statement for the full-year 2019. On 31 December 2019, intangible assets amounted to SEK 195 million (193).

Equity/assets ratio

On 31 December 2019, the equity/assets ratio was 62% (59%).

Employees

The Group's average number of employees in 2019 was 884 (882). At the end of the period, the number of employees was 893 (890).

Share repurchase

The company has not repurchased any shares during the period. The company's total shareholding was 61,847 shares on 31 December 2019, 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

The operations of Cabavo AB in Sweden were acquired on 10 September 2019. The company markets electric motors, servo actuators and drive electronics for industrial applications and generates annual sales of approximately SEK 8 million. Its head office is located in Täby. The company became part of Region Sweden on 1 October 2019. The consideration for the business acquired was SEK 9.0 million, plus contingent considerations estimated at SEK 5.1 million, based on how the business develops in the 2019-2022 period.

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 | - | 4.4 | 4.4 |
| Inventories | 1.5 | - | 1.5 |
| Other current assets | - | - | - |
| Cash and cash equivalents | 0.1 | - | 0.1 |
| Deferred tax liability | - | -1.0 | -1.0 |
| Other liabilities | - | - | - |
| Net identifiable assets/liabilities | 1.6 | 3.4 | 5.0 |
| Consolidated goodwill | - | 4.0 | 4.0 |
| Consideration, including contingent consideration | | | 9.0 |

As a result of the acquisition, other intangible fixed assets will increase by SEK 4.4 million. Other intangible fixed assets relate to customer relationships that will be amortised over a five-year period.

On 3 December 2019, OEM acquired the customer base and inventory of the pumping division of Finisterra AS in Norway. The division reports revenues of approximately SEK 12 million. Pumps will be sold through OEM Automatic AS in Norway, which is part of Region Denmark, Norway, the UK and East Central Europe. The consideration for the assets acquired was SEK 8.0 million, plus contingent considerations estimated at SEK 2.5 million, based on how the business develops in 2020. As a result of the acquisition, other intangible fixed assets have increased by SEK 7.3 million and inventories by SEK 0.7 million. Other intangible fixed assets relate to customer relationships that will be amortised over a five-year period.

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 7.6 million for these acquisitions. The period for contingent consideration is three (3) years at most and the earn-out is capped at SEK 13.1 million. Both the base consideration and the contingent consideration are settled in cash.

There are no transaction expenses linked to the acquisitions.

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 -0.5 million (-5.1) in 2019. This has been recognised in Other Operating Income and had a positive SEK 0.5 million (5.1) effect on the operating profit in 2019. Acquisition-related consideration liabilities (both absolute and contingent) on 31 December 2019 totalled SEK 16.7 million (16.4).

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, with the exception of the effect of IFRS 16 Leases which superseded IAS 17 Leases effective for accounting

periods beginning on or after 1 January 2019 in the Group. The comparative figures for previous periods are not restated under IFRS 16. The Parent Company has elected not to apply IFRS 16 Leases but instead has applied, with effect from 1 January 2019, the provisions of RFR 2 (IFRS 16 Leases, p. 2–12).

No other International Financial Reporting Standards (IFRS) or International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted in 2019 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 16 Leases supersedes IAS 17 Leases and applies to accounting periods beginning on or after 1 January 2019. Under IFRS 16, OEM has been required, as a lessee, to recognise more or less 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. Amortisation of lease assets and interest on lease liabilities have been recognised in the income statement. This has not had any material effect on earnings. Operating cash flow has increased, and financing cash flow has decreased because the portion of the lease payments that represents repayment of the lease liability is recognised as a payment within financing activities.

The leases are mainly for rental of property and vehicles. The standard lease arrangements are for a fixed period of 36 months with an option to renew the lease after that date. The option to renew has been assessed for each lease and has been included in the calculation of the asset's value in use and the liability of the leases where it is reasonably certain that the lease term will be extended. An assessment is reviewed if there is a significant change in the circumstances on which the assessment was based. Depreciation of the leased asset is on a straight-line basis over the asset's useful life and the period of the lease term.

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 has been 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 have been 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 transition to IFRS 16 are given below.

| MSEK | Adjustment 1 January 2019 |
|--|------------------------------|
| Property, plant and equipment | 42,1 |
| Non-current interest-bearing liabilities | -27,1 |
| Current interest-bearing liabilities | -13,5 |
| Prepaid expenses and accrued income | -3,2 |
| Effect on net assets before tax | -1,7 |
| Deferred tax assets | 0,3 |
| Effect on equity | -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. Details of risks affecting the Group are set out on page 30 and pages 74 to 76 in the 2018 Annual Report.

Other than the risks and uncertainties set out in the 2018 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 2019 totalled SEK 57 million (57) and profit after financial items was SEK 44 million (54). 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 end of the reporting period

On 31 January 2020, OEM acquired Zoedale Ltd in the UK. The company generates annual sales of approximately SEK 37 million. The company represents ASCO, Valpes, Omal, Bernard Controls, Peter Paul and other manufacturers of valves and actuators for various process and industrial applications. The acquisition is expected to have a marginal impact on OEM's profit for 2020.

The Annual General Meeting and the Nomination Committee

The Annual General Meeting will be held at 4 p.m. on 22 April 2020, 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 70 747 56 61 or via e-mail petter.stillstrom@traction.se

Dividends

The Board proposes an ordinary dividend of SEK 7.00 per share (6.75). The proposed dividend amounts to SEK 162 million (156).

In view of OEM International's strong financial position and as a step towards changing the company's capital structure, the Board of Directors proposes that the Annual Shareholders' Meeting adopt a resolution to transfer to the shareholders an amount equivalent to 10,00 SEK per share in addition to an ordinary dividend. This represents a transfer of 232 MSEK, which, in accordance with a proposal put forward by the Board of Directors, should be implemented via an automatic redemption procedure. Details of the programme will be made available subsequently in a separate brochure and in the annual report.

Annual Report

The 2019 Annual Report will be available on 17 March 2020 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: anna.enstrom@oem.se or by calling +46 (0)75-242 40 05.

Financial information

OEM will release financial information as follows:

| | |
|-------------------------------------|------------------|
| Annual General Meeting 2020 | 22 April 2020 |
| Interim report Q1 2020 | 22 April 2020 |
| Interim report Q2 2020 | 13 July 2020 |
| Interim report Q3 2020 | 20 October 2020 |
| Financial Statement, Full Year 2020 | 18 February 2021 |

Definitions

Definitions can be found on page 17.

Tranås, Sweden, 18 February 2020

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 2020 kl. 14.00 CET, by Jan Cnattingius.

The regions' sales and earnings

SALES & EARNINGS BY REGION

Net sales (SEK million)

| | Jan- dec 2019 | Jan- dec 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|---------------------|---------------------|------------|------------|------------|------------|------------|
| Sweden, external income | 1 995 | 1 868 | 518 | 452 | 502 | 523 | 503 |
| Sweden, income from other segments | 147 | 113 | 37 | 38 | 34 | 37 | 31 |
| Finland, the Baltic States and China, external income | 699 | 674 | 169 | 176 | 187 | 167 | 166 |
| Finland, the Baltic States and China, income from other s | 8 | 6 | 2 | 2 | 1 | 2 | 1 |
| Denmark, Norway, the United Kingdom and | | | | | | | |
| East Central Europe, external income | 604 | 570 | 142 | 148 | 158 | 157 | 137 |
| Denmark, Norway, the United Kingdom and | | | | | | | |
| East Central Europe, income from other segments | 3 | 2 | 1 | 1 | 1 | 1 | 1 |
| Elimination | -158 | -121 | -41 | -41 | -36 | -40 | -33 |
| | 3 299 | 3 112 | 828 | 776 | 848 | 847 | 805 |

EBITA (SEK million) **

| | Jan- dec 2019 | Jan- dec 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|---------------------|---------------------|------------|------------|------------|------------|------------|
| Sweden | 286 | 256 | 71 | 72 | 65 | 78 | 63 |
| Finland, the Baltic States and China | 71 | 74 | 15 | 23 | 19 | 14 | 15 |
| Denmark, Norway, the United Kingdom and | | | | | | | |
| East Central Europe | 37 | 29 | 2 | 9 | 12 | 14 | -2 |
| Group functions | -9 | -17 | -3 | -1 | -3 | -2 | -5 |
| | 385 | 343 | 85 | 104 | 93 | 103 | 72 |

Operating profit (SEK million) **

| | Jan- dec 2019 | Jan- dec 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|---------------------|---------------------|------------|------------|------------|------------|------------|
| EBITA | 385 | 343 | 85 | 104 | 93 | 103 | 72 |
| <i>Amortisation and write-downs of acquisition-related intangible fixed assets.</i> | | | | | | | |
| Sweden | -6 | -10 | -2 | -1 | -1 | -1 | -3 |
| Finland, the Baltic States and China, | -7 | -7 | -2 | -2 | -2 | -2 | -2 |
| Denmark, Norway, the United Kingdom and | | | | | | | |
| East Central Europe | -1 | -2 | 0 | 0 | 0 | 0 | -1 |
| Operating profit | 371 | 323 | 82 | 100 | 90 | 100 | 67 |

Consolidated profit/loss (SEK million) **

| | Jan- dec 2019 | Jan- dec 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|-----------------------|---------------------|---------------------|------------|------------|------------|------------|------------|
| Operating profit | 371 | 323 | 82 | 100 | 90 | 100 | 67 |
| Net financial items | -4 | -6 | -2 | 0 | -2 | -1 | -1 |
| Pre-tax profit/(loss) | 367 | 317 | 80 | 100 | 88 | 99 | 66 |

**IFRS 16 Leases applies to accounting periods in 2019. Comparative figures for 2018 are not restated. IAS 17 Leases is applicable instead. See Accounting Policies for further details about the transition from IAS 17 to IFRS 16 and its effects.

| 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 2019 | Jan-dec 2018 | Jan-dec 2019 | Jan-dec 2018 | Jan-dec 2019 | Jan-dec 2018 | Jan-dec 2019 | Jan-dec 2018 |
| Product Areas | | | | | | | | |
| Automation | 752 | 726 | 400 | 393 | 579 | 539 | 1 730 | 1658 |
| Components | 309 | 282 | 76 | 69 | 25 | - | 410 | 351 |
| Lighting & Installation components | 335 | 311 | 36 | 27 | 1 | 30 | 372 | 368 |
| Other | 599 | 550 | 187 | 185 | - | - | 786 | 735 |
| | 1 995 | 1 868 | 699 | 674 | 604 | 570 | 3 299 | 3 112 |

The Group's performance and financial position

CONDENSED CONSOLIDATED STATEMENT OF INCOME (SEK MILLION) **

| | Jan-dec 2019 | Jan-dec 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|--|--------------|--------------|-----------|------------|-----------|------------|-----------|
| Net sales | 3 299 | 3 112 | 828 | 776 | 848 | 847 | 805 |
| Other operating income | 0 | 5 | 0 | - | - | - | 4 |
| Operating costs | -2 855 | -2 741 | -728 | -657 | -740 | -730 | -729 |
| Depreciation and write-downs of fixed assets | -73 | -53 | -19 | -18 | -18 | -17 | -14 |
| Operating profit | 371 | 323 | 82 | 100 | 90 | 100 | 67 |
| Net financial income/expense | -4 | -6 | -2 | 0 | -2 | -1 | -1 |
| Pre-tax profit/(loss) | 367 | 317 | 80 | 100 | 88 | 99 | 66 |
| Tax | -78 | -69 | -15 | -24 | -18 | -21 | -15 |
| Profit/loss for the period | 289 | 248 | 65 | 76 | 69 | 78 | 50 |
| Earnings per outstanding share, SEK* | 12,50 | 10,74 | 2,82 | 3,30 | 3,01 | 3,37 | 2,18 |

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

Other comprehensive income

| | | | | | | | |
|---|------------|------------|-----------|------------|-----------|------------|-----------|
| Profit/loss for the period | 289 | 248 | 65 | 76 | 69 | 78 | 50 |
| Items that have been transferred or may be recycled to net income | | | | | | | |
| Exchange differences for the period on translation of overseas operations | 9 | 13 | -9 | 6 | 4 | 8 | -2 |
| Items that can not be recycled to net profit | | | | | | | |
| Revaluation of defined-benefit pension plans | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Other comprehensive income for the period | 9 | 13 | -8 | 6 | 4 | 7 | -2 |
| Comprehensive income for the period | 298 | 261 | 57 | 82 | 73 | 85 | 48 |
| EBITA | 385 | 343 | 85 | 104 | 93 | 103 | 72 |

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

**IFRS 16 Leases applies to accounting periods in 2019. Comparative figures for 2018 are not restated. IAS 17 Leases is applicable instead. See Accounting Policies for further details about the transition from IAS 17 to IFRS 16 and its effects.

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

| | 2019-12-31 | 2018-12-31 |
|--|--------------|--------------|
| Fixed assets | | |
| Goodwill | 141 | 136 |
| Other intangible assets | 54 | 57 |
| Total intangible assets | 195 | 193 |
| Property, plant and equipment | 342 | 260 |
| Total property, plant and equipment | 342 | 260 |
| Deferred tax assets | 4 | 3 |
| Financial assets | 0 | 0 |
| Total financial assets | 4 | 3 |
| Total fixed assets | 541 | 456 |
| Current assets | | |
| Inventories | 629 | 569 |
| Current receivables | 512 | 501 |
| Cash and cash equivalents | 42 | 38 |
| Total current assets | 1 183 | 1 108 |
| Total assets | 1 725 | 1 563 |
| Equity | 1 066 | 926 |
| Non-current interest-bearing liabilities | 50 | 33 |
| Provisions for pensions | 2 | 1 |
| Other provisions | 2 | - |
| Non-current non-interest-bearing liabilities | 4 | 8 |
| Deferred tax liabilities | 87 | 92 |
| Total non-current liabilities | 144 | 135 |
| Current interest-bearing liabilities | 124 | 117 |
| Current non-interest-bearing liabilities | 390 | 385 |
| Total current liabilities | 514 | 502 |
| Total equity and liabilities | 1 725 | 1 563 |

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

| | 2019-12-31 | 2018-12-31 |
|--|--------------|------------|
| At beginning of year | 926 | 804 |
| Adjustment on transition to IFRS 16 (net) | -1 | - |
| Comprehensive income for the period | | |
| Profit/loss for the period | 289 | 248 |
| Other comprehensive income for the period | 9 | 13 |
| Comprehensive income for the period | 298 | 261 |
| Dividends paid | -156 | -139 |
| At the end of the period | 1 066 | 926 |

**IFRS 16 Leases applies to accounting periods in 2019. Comparative figures for 2018 are not restated. IAS 17 Leases is applicable instead. See Accounting Policies for further details about the transition from IAS 17 to IFRS 16 and its effects.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION) **

| | Jan- dec 2019 | Jan- dec 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|---------------------|---------------------|------------|------------|------------|------------|------------|
| Operating cash flows | | | | | | | |
| before movements in working capital | 363 | 295 | 83 | 101 | 89 | 91 | 69 |
| Movements in working capital | -72 | -78 | 9 | -30 | -3 | -49 | 25 |
| Operating cash flows | 291 | 217 | 92 | 71 | 86 | 42 | 93 |
| Acquisition of subsidiaries | | | | | | | |
| net effet on cash and cash equivalents | -11 | -14 | -5 | - | - | -6 | - |
| Acquisition of intangible fixed assets | -13 | -1 | -9 | -1 | -2 | 0 | -1 |
| Acquisition of property, plant and equipment | -67 | -38 | -14 | -15 | -26 | -12 | -7 |
| Sales of property, plant and equipment | 1 | 7 | 0 | 0 | 0 | 1 | 2 |
| Investing cash flows | -89 | -47 | -28 | -16 | -28 | -17 | -6 |
| Financing cash flows | | | | | | | |
| - Loan raised | 2 | 8 | 1 | 0 | 0 | 1 | - |
| - Loan amortisation | -2 | -13 | 0 | 1 | 0 | -3 | -5 |
| - Repayment of lease liabilities | -35 | - | -7 | -12 | -7 | -8 | - |
| - Change in bank overdrafts | -8 | -45 | -57 | -44 | 97 | -4 | -77 |
| - Dividends paid | -156 | -139 | - | - | -156 | - | - |
| Financing cash flow | -199 | -189 | -64 | -55 | -65 | -15 | -81 |
| Cash flow for the period | 3 | -19 | 0 | 0 | -7 | 10 | 7 |
| Cash and cash equivalents at the beginning of the period | 38 | 56 | 42 | 42 | 50 | 38 | 32 |
| Exchange rate difference | 1 | 1 | -1 | 0 | 0 | 1 | -1 |
| Cash and cash equivalents at the end of the period | 42 | 38 | 42 | 42 | 42 | 50 | 38 |

KEY PERFORMANCE INDICATORS **

| | Jan- dec 2019 | Jan- dec 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|--|---------------------|---------------------|------------|------------|------------|------------|------------|
| Return on equity, % | 29,0 | 28,7 | 5,9 | 7,2 | 7,8 | 8,1 | 5,2 |
| Return on capital employed, % | 33,3 | 33,0 | 7,3 | 8,8 | 8,1 | 9,1 | 7,3 |
| Return on total capital % | 22,9 | 22,5 | 5,0 | 5,8 | 5,7 | 6,4 | 4,8 |
| Equity/assets ratio, % | 61,8 | 59,2 | | | | | |
| Earnings per outstanding share, SEK | 12,50 | 10,74 | 2,82 | 3,30 | 3,01 | 3,37 | 2,18 |
| Earnings per total shares, SEK | 12,47 | 10,71 | 2,82 | 3,29 | 3,00 | 3,36 | 2,17 |
| Resultat per totala antalet aktier | | | | | | | |
| Equity per total shares, SEK | 46,03 | 39,97 | | | | | |
| 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, % | 11,3 | 10,4 | 9,9 | 12,9 | 10,6 | 11,8 | 8,3 |
| EBITA-margin, % | 11,7 | 11,0 | 10,3 | 13,4 | 11,0 | 12,2 | 8,9 |

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

**IFRS 16 Leases applies to accounting periods in 2019. Comparative figures for 2018 are not restated. IAS 17 Leases is applicable instead. See Accounting Policies for further details about the transition from IAS 17 to IFRS 16 and its effects.

The Parent Company's performance and financial position

CONDENSED INCOME STATEMENT OF THE PARENT COMPANY (SEK MILLION)

| | Jan- dec 2019 | Jan- dec 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|---------------------|---------------------|------------|------------|------------|------------|------------|
| Net sales | 57 | 57 | 14 | 14 | 14 | 13 | 19 |
| Operating costs | -51 | -53 | -14 | -12 | -14 | -12 | -16 |
| Depreciation | -8 | -8 | -2 | -2 | -2 | -2 | -2 |
| Operating profit | -3 | -4 | -2 | 1 | -1 | -1 | 1 |
| Income from investments in Group companies | 47 | 60 | 0 | 4 | 44 | - | -8 |
| Other financial income/expense, Net | -1 | -2 | 0 | 0 | 0 | 0 | 0 |
| Profit/loss after financial items | 44 | 54 | -3 | 3 | 43 | 0 | -7 |
| Year-end appropriations | 288 | 205 | 288 | - | - | - | 205 |
| Pre-tax profit/(loss) | 331 | 259 | 286 | 4 | 42 | -1 | 197 |
| Tax | -61 | -44 | -62 | 0 | 0 | 0 | -46 |
| Profit/loss for the period | 270 | 215 | 225 | 4 | 42 | -1 | 152 |

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

CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

| Assets | 2019-12-31 | 2018-12-31 |
|--|--------------|------------|
| Intangible fixed assets | 10 | 11 |
| Property, plant and equipment | 19 | 16 |
| Financial assets | 427 | 419 |
| Total fixed assets | 456 | 447 |
| Current receivables | 559 | 415 |
| Cash on hand and demand deposits | - | - |
| Total current assets | 559 | 415 |
| Total assets | 1 015 | 862 |
| Equity and liabilities | | |
| Equity | 484 | 370 |
| Untaxed reserves | 300 | 307 |
| Deferred tax liabilities | 2 | 2 |
| Non-current non-interest-bearing liabilities | 4 | 8 |
| Total non-current liabilities | 4 | 8 |
| Current interest-bearing liabilities | 61 | 33 |
| Current non-interest-bearing liabilities | 165 | 142 |
| Total current liabilities | 226 | 175 |
| Total equity and liabilities | 1 015 | 862 |

Notes

Segment reporting is presented on page 5, 6, 12 and page 13, disclosures about fair value of financial instruments and accounting policies are presented on page 9.

Definitions

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 of 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 30,000 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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