

# Interim report

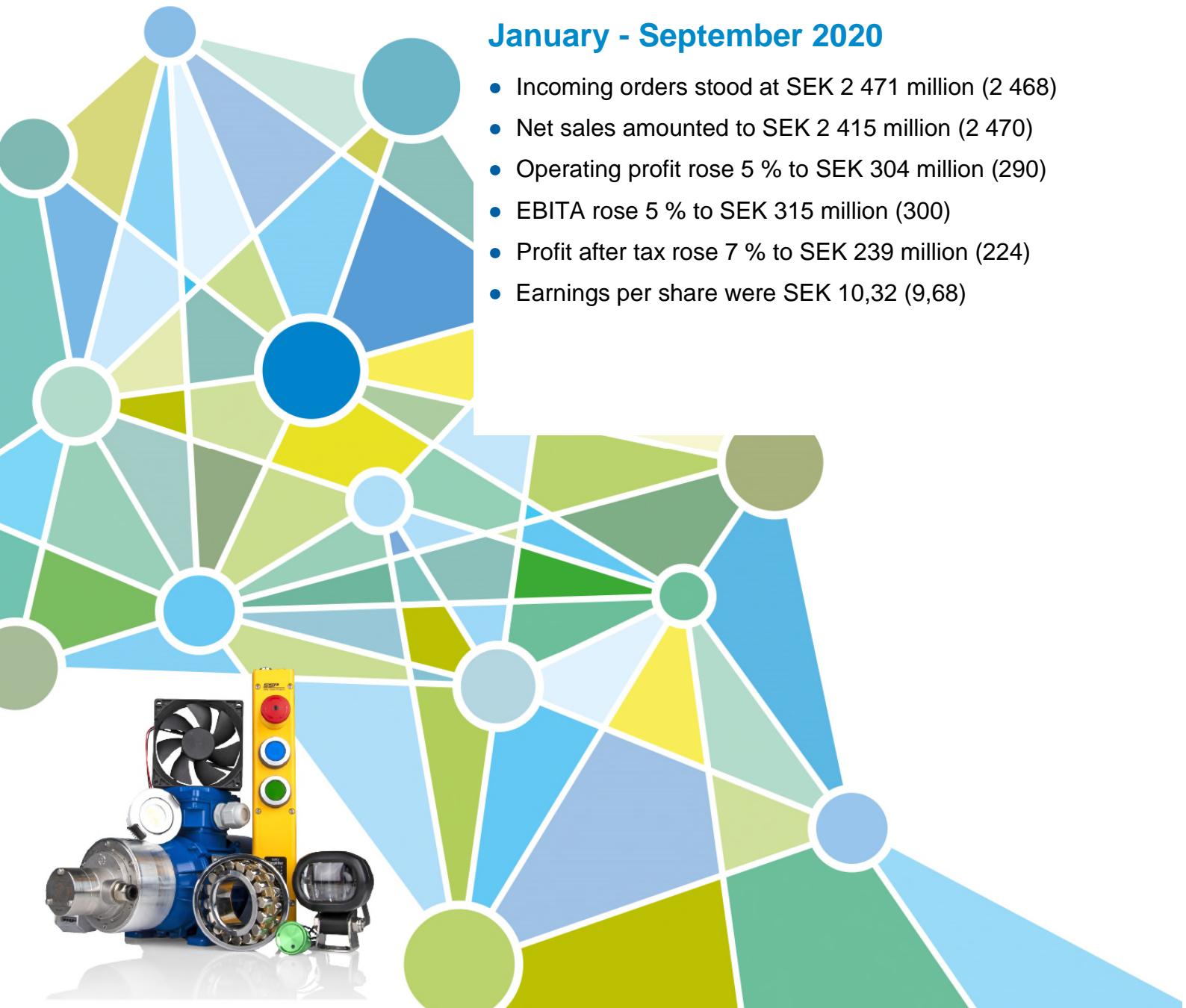
## Q3 2020

### Third quarter 2020

- Incoming orders stood at SEK 724 million (750)
- Net sales amounted to SEK 761 million (776)
- Operating profit rose 3 % to SEK 103 million (100)
- EBITA rose 3 % to SEK 107 million (104)
- Profit after tax rose 6 % to SEK 81 million (76)
- Earnings per share were SEK 3,51 (3,30)

### January - September 2020

- Incoming orders stood at SEK 2 471 million (2 468)
- Net sales amounted to SEK 2 415 million (2 470)
- Operating profit rose 5 % to SEK 304 million (290)
- EBITA rose 5 % to SEK 315 million (300)
- Profit after tax rose 7 % to SEK 239 million (224)
- Earnings per share were SEK 10,32 (9,68)



## Stable growth – strong performance

Demand has stabilised in the third quarter. Consolidated net sales were admittedly down 2% in comparison with the same period last year, but the growth can be attributed entirely to currency movements, which had a negative 3% impact on sales. A positive 1% contribution from acquisitions means no change in organic growth in the third quarter. We are seeing positive growth compared with the previous quarter, when net sales were down 10%. Incoming orders are following the same pattern, down by 3% in comparison with the same period last year, but are considerably stronger than in the previous quarter when they fell by 13%.

Operating profit (EBITA) rose 3% in the third quarter and the EBITA margin further improved to 14.0% (13.4%). This is the best performance in a single quarter in OEM's history. The explanation for this is a slightly lower turnover with a significantly lower cost base, due in particular to reduced costs for travel.

The picture for the January to September 2020 nine-month period is similar. Incoming orders were more or less unchanged in comparison with the same period in 2019, and while net sales were down 2% there was an improvement in earnings. The EBITA margin increased from 12.2% to 13.0%.

### Growth across the regions, third quarter

The Covid-19 pandemic is still affecting our business. However, many of our operations have resumed marketing activities in the latter half of the quarter, despite prevailing differences in the conditions between regions.

Region Sweden reported 4% organic growth in the quarter, which was a strong performance. Net sales growth was adversely impacted by currency movements, with total growth reaching 2%. The entity reporting strongest growth is Elektro Elco. OEM Automatic, Batteripoolen and ATC Tape Converting have also performed well and deserve a mention.

Region Finland, the Baltic states and China experienced a drop in both incoming orders and net sales. Organic growth was a negative 2% and the currency impact was a negative 4%, leading to a 6% decline in net sales. Sitek-Palvelu, one of our smaller entities, has posted positive growth all year.

The pandemic has generally affected Region Denmark, Norway, the UK and East Central Europe more than our Swedish and Finnish business activities. It achieved 10% negative organic sales growth. The Norwegian, Polish and Hungarian business activities have weathered the pandemic storm the best, although they have experienced a slight drop in sales. The markets most severely hit by the pandemic are the UK and Slovakia.

### Highly-efficient business model

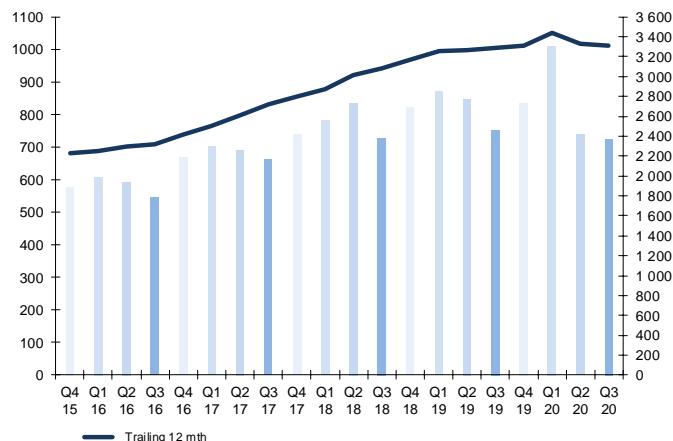
Time after time, our business model has demonstrated an inherent strength that never falters. It would not have been possible to steer through the challenges that this year has presented without our fantastic colleagues and a strong corporate culture. The pandemic is not a temporary storm that will soon blow over. We are working intensively to develop and adapt our ways of working in response to the new conditions, so that we can continue to help existing and new customers to grow and thereby improve and strengthen our position in the market.

Jörgen Zahlin

Managing Director and Chief Executive Officer

## Incoming orders

SEK million



## Incoming orders

Incoming orders decreased by 3% to SEK 724 million (750) in the third quarter of 2020. For comparable entities, including the impact of foreign currency exchange rate movements, incoming orders fell by 4% and the acquired incoming orders were up 1%.

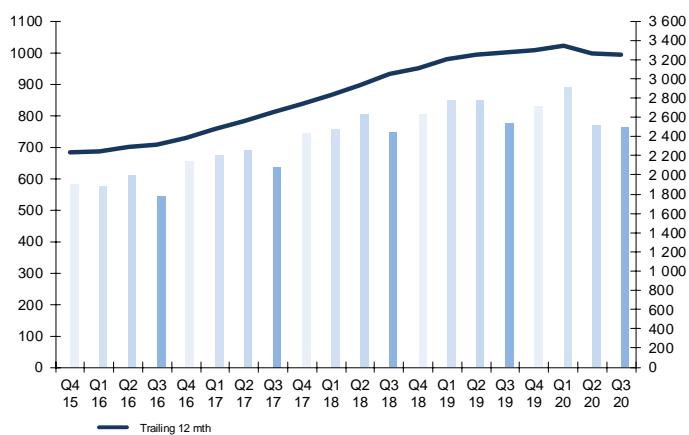
Incoming orders in the third quarter of 2020 were 5% lower than net sales.

Incoming orders in the January to September 2020 period increased to SEK 2,471 million (2,468). Incoming orders fell by 1% for comparable entities.

At SEK 484 million (416) on 30 September 2020, the order book was 16% up on the previous year.

## Net sales

SEK million

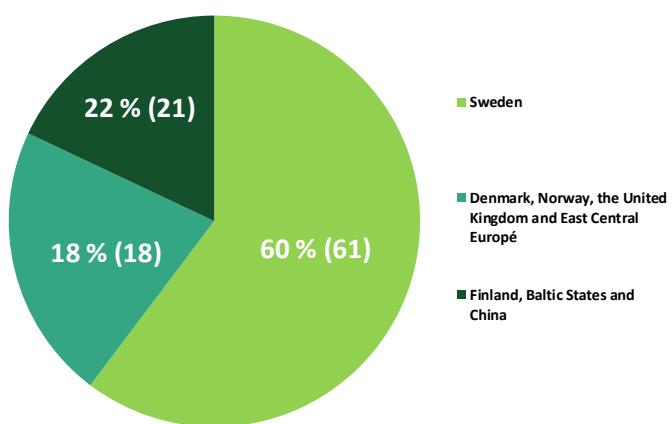


## Sales growth

Net sales in the third quarter of 2020 fell by 2% to SEK 761 million (776). For comparable entities, net sales were down 3% and net sales from acquired business stood at 1%. Currency movements had a 3% negative impact on second quarter net sales.

Net sales in the January to September 2020 period decreased by 2% to SEK 2,415 million (2,470). Comparable entities reported a 2% drop in net sales excluding the impact of foreign currency exchange rate fluctuations. Sales from business acquisitions boosted net sales by 1%, while exchange rate movements had a negative 1% impact on net sales in the period.

## Share by region in 2020

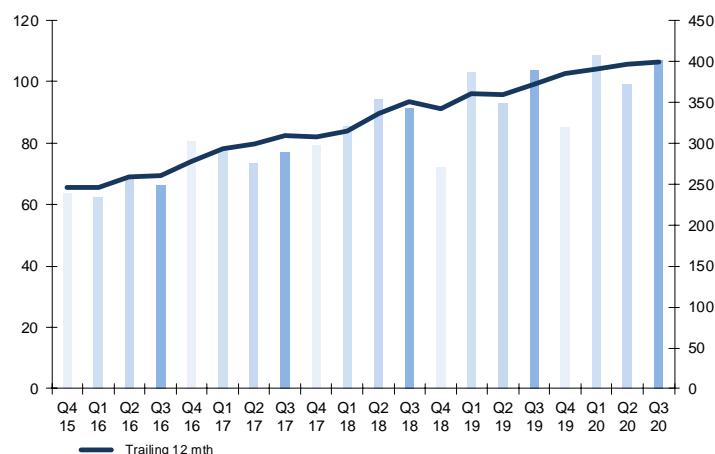
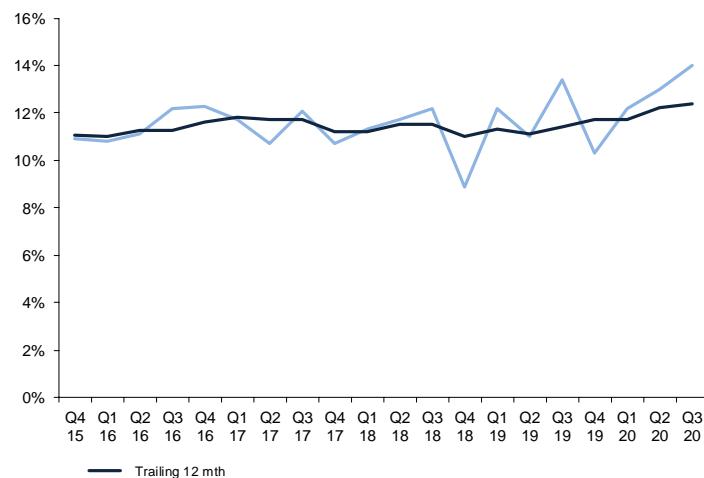
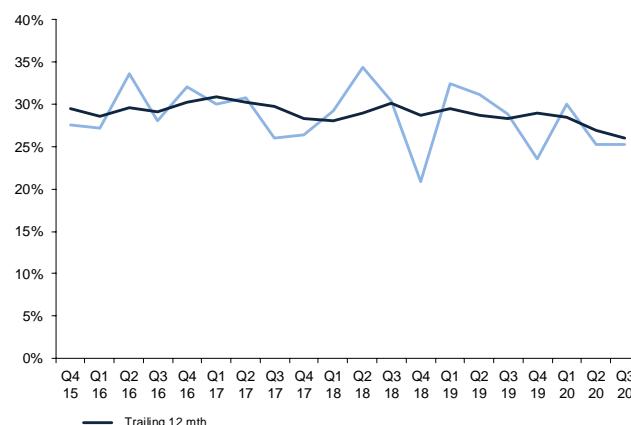


The Swedish operations of Elektro Elco, ATC Tape Converting, Svenska Batteripoolen and Nexa Trading, and the operations of Sitek-Palvelu in Finland and the operations in Norway and Hungary, reported growth in net sales compared with last year.

There are marginal percentage shifts across the regions, with Region Sweden losing a 1 percentage point share of the market, and Region Finland, the Baltic states and China increasing its market share by 1 percentage point compared with the previous year. Market share for Region Denmark, Norway, the UK and East Central Europe remained flat year-on-year.

**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 third quarter of 2020, EBITA, operating profit before amortisation and impairment of acquisition-related intangible fixed assets, rose 3% to SEK 107 million (104). The EBITA margin stood at 14.0% (13.4%).

In the January to September 2020 period, EBITA was up 5% to SEK 315 million (300). The EBITA margin stood at 13.0% (12.2%) for the same period.

Operating profit rose 3% to SEK 103 million (100) in the third quarter of 2020. Cumulative for the January to September period, operating profit was up 5% to SEK 304 million (290).

The third quarter operating margin increased to 13.6% (12.9%) and cumulative for the January to September 2020 period was 12.6% (11.7%).

Profit after tax in the January to September 2020 period rose 7% to SEK 239 million (224).

Earnings per share for the January to September 2020 period were SEK 10.32 (9.68).

**Return**

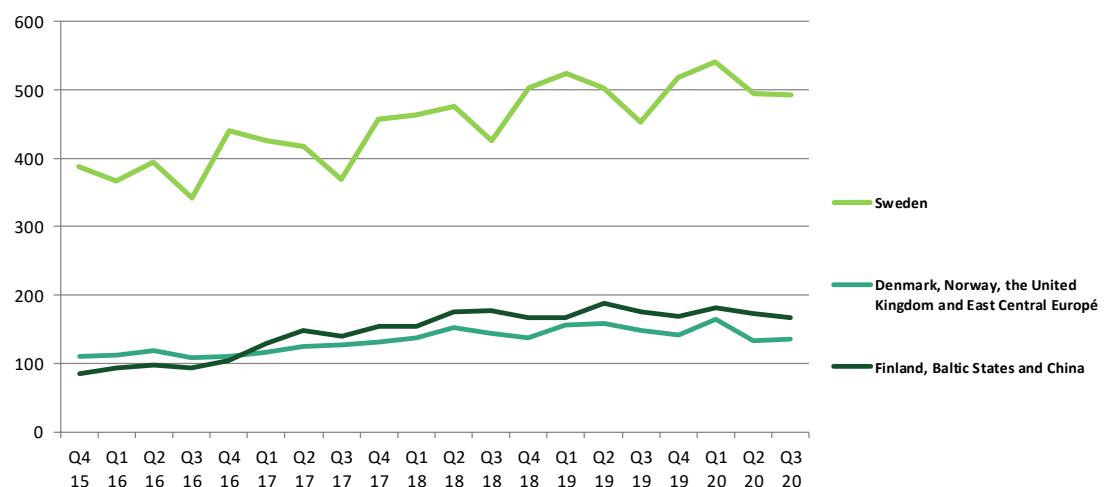
The return on equity in the third quarter of 2020 was 6.3% compared with 7.2% in the year-ago quarter.

The trailing-twelve-month return on equity was 26.0%, which is well above the 20% target.

Shareholders' equity amounted to SEK 1,304 million (1,009) with an equity/assets ratio of 68% (58%) on 30 September 2020.

## 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, AB Ernst Hj Rydahl Bromsbandfabrik and ATC Tape Converting AB.

SEK million	2020 Q3	2019 Q3	2020 Q1 – Q3	2019 Q1 – Q3	2019 Full year	Trailing 12 month
Incoming orders	434	442	1,522	1,476	1,986	2,032
Net sales	462	452	1,462	1,478	1,995	1,980
EBITA	73	72	218	215	286	289
EBITA margin	16%	16%	15%	15%	14%	15%

Net sales were down 1% to SEK 1,462 million (1,478) in the January to September period. A 2% decrease in net sales due to foreign exchange movements resulted in positive organic growth of 1% in the region. ATC Tape Converting and Elektro Elco reported an increase of 27% and 23% respectively in the period, while Batteripoolen and Nexa reported 5% and 2% growth respectively. OEM Automatic, the Group's largest company, posted 6% lower year-on-year sales during the year.

Incoming orders increased by 2% to SEK 1,522 million (1,476) in the January to September period. Incoming orders were 4% higher than net sales in the January to September period.

EBITA rose 1% to SEK 218 million (215) in the January to September period, due primarily to cost savings and support funding from governments to help deal with the impact of the Corona pandemic. EBITA has also been positively affected by a SEK 1.2 million remeasurement of contingent considerations.

## 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 and OEM Automatic (Shanghai) Co.Ltd.

SEK million	2020 Q3	2019 Q3	2020 Q1 – Q3	2019 Q1 – Q3	2019 Full year	Trailing 12 month
Incoming orders	155	171	518	528	711	701
Net sales	166	176	521	530	699	689
EBITA	24	23	67	56	71	81
EBITA margin	14%	13%	13%	11%	10%	12%

Net sales for the January to September period totalled SEK 521 million (530) which is 2% lower than last year. A 3% decrease in net sales due to foreign exchange movements resulted in positive organic growth of 1% in the region.

Incoming orders for the region fell by 2% to SEK 518 million (528) in the January to September period. During the period, incoming orders were 1% lower than net sales.

Of the region's companies, Sitek-Palvelu has exhibited strong growth during the year with a 22% net increase in sales. Other entities in Finland and the Baltic States have recorded lower sales than the previous year, while the operations in China are on a par with last year. The operations in the Baltic states and China are small and their impact on total growth in the region is marginal.

EBITA rose 20% to SEK 67 million (56), which is primarily a result of an improved coverage ratio, a lower cost base and also partly government support measures aimed at easing the financial burden caused by the Corona pandemic.

## Denmark, Norway, UK and East Central Europe

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

SEK million	2020 Q3	2019 Q3	2020 Q1 – Q3	2019 Q1 – Q3	2019 Full year	Trailing 12 month
Incoming orders	135	137	431	463	606	574
Net sales	134	148	433	462	604	575
EBITA	9	9	31	35	37	34
EBITA margin	7%	6%	7%	8%	6%	6%

Net sales in the January to September period decreased by 6% to SEK 433 million (462). Exchange rate movements had a negative 5% impact on net sales, and sales from acquired businesses boosted them by 6%, which means the region posted negative organic growth of 7%. The operations in Norway delivered the highest organic growth rates as a percentage.

Incoming orders in the January to September period decreased by 7% to SEK 431 million (463).

During the period, incoming orders were SEK 2 million lower than net sales.

EBITA fell by 11% to SEK 31 million (35). This is due primarily to a reduction in sales and a lower coverage ratio. However, the decline in earnings has been partly offset by a reduction in costs and government financial assistance aimed at supporting businesses through the Corona pandemic. EBITA has also been positively affected by a SEK 2.8 million remeasurement of contingent considerations.

## Other financial information

### Cash flow

Operating cash flow was SEK 313 million (199) in the January to September 2020 period. Cash flow totalled SEK 189 million (3) during the same period and was affected, in part, by investing activities of SEK -31 million (-61). No dividends have been paid this year, which means the impact on the cash flow was SEK 0 million (-156).

### Investments

The Group's investments in fixed assets in the January to September 2020 period totalled SEK 21 million (57). Property, machinery and equipment accounted for SEK 6 million (53), and intangible assets for SEK 15 million (4), SEK 15 million (-) of which is related to business combinations.

### Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 230 million (42). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 623 million (346) on 30 September 2020. The Group's interest-bearing financial liabilities totalled SEK 101 million (233), of which SEK 63 million (68) are liabilities recognised in accordance with IFRS 16 Leases, which means that the Group has a positive net cash balance.

### Intangible assets

Amortisation of intangible assets totalling SEK 15 million (15) has been charged to the income statement for the January to September 2020 period. On 30 September 2020, intangible assets amounted to SEK 194 million (185).

### Equity/assets ratio

On 30 September 2020, the equity/assets ratio was 68% (58%).

### Employees

The Group's average number of employees in 2020 was 899 (875). At the end of the period, the number of employees was 893 (892). 15 of them have come from acquired companies.

### Share repurchase

The company did not repurchase any shares during the period. The company's total shareholding was 61,847 shares on 30 September 2020, which is equivalent to 0.3% of the aggregate number of shares. The Annual General Meeting is authorised to repurchase up to 10% of the shares, which is the equivalent of 2,316,930 shares.

### Acquisitions

On 31 January 2020, the shareholding of Zoedale Ltd in the United Kingdom was acquired. The company markets valves and actuators for different processes and industrial applications. Its head office is located in Bedford. It reports annual sales of approximately SEK 37 million and has 15 employees. The company became part of Region Denmark, Norway, the UK and East Central Europe on 1 February 2020. The consideration for the business acquired was SEK 26.2 million, plus contingent considerations estimated at SEK 6.1 million, based on the planned growth of the business in 2020 and 2021.

## Preliminary acquisition analysis (SEK million)

	Group fair value
<u>The acquired company's net assets at the time of acquisition</u>	
Intangible fixed assets	7.3
Buildings and land	5.2
Other fixed assets	0.2
Inventories	5.0
Other current assets	4.4
Cash and cash equivalents	3.4
Deferred tax liability	-1.4
<u>Other liabilities</u>	<u>-5.5</u>
Net identifiable assets/liabilities	18.6
Goodwill	7.6
<u>Consideration, including contingent consideration</u>	<u>26.2</u>

As a result of the acquisition, other intangible fixed assets will increase by SEK 7.3 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 6.1 million for the acquisitions this year. The period for contingent consideration is two years at most and the earn-out is capped at SEK 7.1 million. Both the base consideration and the contingent consideration are settled in cash.

External transaction expenses linked to acquisitions that have been made amount to SEK 0.4 million (-) in the period

## Remeasurement of contingent consideration

Contingent consideration recognised as a liability was remeasured based on the development of previously acquired businesses and was subsequently reduced by SEK 4.0 million (-). This has been recognised in Other Operating Income and had a positive SEK 4.0 million (-) effect on the operating profit in 2020. Acquisition-related consideration liabilities (both absolute and contingent) on 30 September 2020 totalled SEK 8.1 million (11).

## Accounting policies

Denna delårsrapport i sammandrag för koncernen har upprättats i enlighet med IAS 34 Delårsrapportering samt tillämpliga bestämmelser i Årsredovisningslagen. Delårsrapporten för moderbolaget har upprättats i enlighet med Årsredovisningslagens 9 kapitel, Delårsrapport. 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 2020 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 measured at amortised 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.

Unlike in previous interim reports, operating costs are presented on the following lines in the condensed consolidated statement of income: goods for resale, staff costs and other expenses. In previous reports, these have been presented on one line: operating costs. To allow for comparability, figures for previous periods have been broken down according to the same principle.

Financial support received from the government for short-term work and sick pay in Sweden and government funding for temporary staff redundancies in Denmark, Norway and the UK are recognised as revenue in Other Operating Income in the condensed consolidated statement of income. Reduced social security contributions in Sweden, Poland and Finland are recognised as cost reductions under staff costs.

### **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. Details of risks affecting the Group are set out on page 35 and pages 77 to 79 in the 2019 Annual Report.

Other than the risks and uncertainties set out in the 2019 Annual Report, along with the general uncertainty about the effects of the Covid-19 pandemic, no significant risks or uncertainties have been identified or removed. Our specific assessment of the risks arising from Covid-19 is presented below. Financial support received from the government for short-term work and sick pay in Sweden and government funding for temporary staff redundancies in Denmark, Norway and the UK have been recognised as revenue in Other Operating Income in the condensed consolidated statement of income. The government has not yet confirmed the support for short-term work in Sweden, but we assess that the companies in the OEM Group that have applied for and received government support for short-term work are eligible for the funding.

### **Related party transactions**

No transactions between OEM and related parties have been entered into that materially affect the financial position and performance of the Group or the Parent Company during the period, with the exception of inter-company dividends.

### **Parent Company**

Net sales for the Parent Company in the January to September 2020 period totalled SEK 44 million (42) and profit after financial items was SEK 60 million (45). 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**

Events arising from Covid-19 are described separately below. Otherwise, there are no other significant events to report after the close of the reporting period.

## **The impact of COVID-19 on the OEM Group**

The pandemic had a limited impact on sales in the first quarter of the year. Most business activities experienced lower sales and earnings in the second quarter. Demand has gradually improved in the third quarter and the delivery capacities of suppliers are now back to normal.

The Group's costs have decreased, largely due to reduced travel activity and cancelled marketing activities. Government financial assistance has been received in both Sweden and other countries.

The management team has been maintaining close dialogues with the respective operations in order to support efforts to adapt business activities to the changing circumstances. Plans of action have been followed and updated to manage different levels of change. A reduction in travel, a slight decrease in headcount, postponed or cancelled marketing activities and other cost-cutting measures have paid off. Short-term work with government support has been activated in most of the operations in Sweden in the second quarter. Operations in other countries have availed of similar government funding schemes aimed at helping local business. Most of the Swedish operations ended temporary layoffs during the summer months.

In light of the pandemic, it was decided earlier this year to withdraw both the planned redemption programme and the proposed dividends totalling SEK 394 million. This was announced in the Q1 2020 interim report.

The health of our employees, suppliers and customers is OEM's main concern and we are carefully monitoring the pandemic and are following the regulations and recommendations of the respective governments to contain the spread of the virus to the greatest extent possible. Measures taken to limit transmission of the virus include physical distancing in the workplace, guidelines on the use of lunch rooms and conference rooms, remote meetings instead of face-to-face meetings, and clear information to employees to mitigate the spread of the virus both inside and outside the workplace. Some business meetings and travel have resumed in the last quarter.

The majority of OEM's employees are working in their regular places of work, which have been adapted to make them Covid-secure with clear rules in place to limit the spread of the virus.

The pandemic has affected the Group's operations to varying degrees and measures have been implemented based on the situation of the respective operation. The effect on earnings has generally been lower than the drop in sales due to decreased costs.

The sharp increase in the number of coronavirus cases in Europe in early October shows that the situation remains uncertain. Adjustments to strategies and ways of working are continually being made in response to the particular situation of each business and market. Maintaining a close dialogue with customers and suppliers, introducing measures as and when required, and seeking out new opportunities are helping the Group to consolidate its position in the market.

## **The Annual General Meeting and the Nomination Committee**

The Nomination Committee for the Annual General Meeting on 22 April 2021 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 on +46 (0)70-747 56 61 or via email at [petter.stillstrom@traction.se](mailto:petter.stillstrom@traction.se)

**Date of next report:**

The Financial Statement, Full Year 2020, will be published on 18 February 2021.

**Definitions**

Definitions can be found on page 18.

Tranås, Sweden, 20 October 2020

Jörgen Zahlin  
Managing Director and Chief Executive Officer

This report has 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 via email at [jorgen.zahlin@oem.se](mailto:jorgen.zahlin@oem.se).  
or the CFO, Johan Broman, on +46 (0)75-242 40 02, or via email at [johan.broman@oem.se](mailto:johan.broman@oem.se).

This information is of such a nature that OEM International AB (publ) is required to publish it in compliance with the Market Abuse Regulation (MAR) EU Directive No. 596/2014. The information was provided for publication on 20 October 2020 at 14.00 CET by Johan Broman.



## ***Report of Review of Interim Financial Information***

OEM International AB (publ), company id 556184-6691

### **Introduction**

We have reviewed the condensed interim financial information (interim report) of OEM International AB as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

Jönköping, October 20, 2020

Öhrlings PricewaterhouseCoopers AB

Martin Odqvist

Authorized Public Accountant  
Auditor-in-Charge

Christoffer Sillé

Authorized Public Accountant

## The regions' sales and earnings

### SALES & EARNINGS BY REGION

#### Net sales (SEK million)

	Jan-sept 2020	Jan-sept 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Trailing 12 mth	Full year 2019
Sweden, external income	1 462	1 478	462	459	541	518	452	1 980	1 995
Sweden, income from other segments	106	109	31	33	42	37	38	144	147
Finland, the Baltic States and China, external income	521	530	166	173	182	169	176	689	699
Finland, the Baltic States and China, income from other segments	5	6	1	3	2	2	2	8	8
Denmark, Norway, the United Kingdom and East Central Europe, external income	433	462	134	133	165	142	148	575	604
Denmark, Norway, the United Kingdom and East Central Europe, income from other segments	3	2	1	1	2	1	1	5	3
Elimination	-115	-117	-34	-37	-45	-41	-41	-156	-158
	2 415	2 470	761	766	888	828	776	3 244	3 299

#### EBITA (MSEK)

	Jan-sept 2020	Jan-sept 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Trailing 12 mth	Full year 2019
Sweden	218	215	73	64	81	71	72	289	286
Finland, the Baltic States and China	67	56	24	24	19	15	23	81	71
Denmark, Norway, the United Kingdom and East Central Europe	31	35	9	12	11	2	9	34	37
Group functions	-2	-6	1	0	-3	-3	-1	-4	-9
	315	300	107	99	109	85	104	400	385

#### Operating profit (SEK million)

	Jan-sept 2020	Jan-sept 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Trailing 12 mth	Full year 2019
EBITA	315	300	107	99	109	85	104	400	385
<i>Amortisation and write-downs of acquisition-related intangible fixed assets.</i>									
Sweden	-3	-4	-1	-1	-1	-2	-1	-5	-6
Finland, the Baltic States and China, Denmark, Norway, the United Kingdom and East Central Europe	-5	-5	-2	-2	-2	-2	-2	-7	-7
Operating profit	-2	-1	-1	-1	-1	0	0	-2	-1
	304	290	103	96	105	82	100	386	371

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

	Jan-sept 2020	Jan-sept 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Trailing 12 mth	Full year 2019
Operating profit	304	290	103	96	105	82	100	386	371
Net financial items	-4	-2	-2	-3	1	-2	0	-6	-4
Pre-tax profit/(loss)	300	287	101	92	106	80	100	380	367

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-sept 2020	Jan-sept 2019	Jan-sept 2020	Jan-sept 2019	Jan-sept 2020	Jan-sept 2019	Jan-sept 2020	Jan-sept 2019
<b>Product Areas</b>								
Automation	536	568	315	302	421	442	1 272	1 311
Components	220	229	54	59	11	20	285	307
Lighting & Installation components	277	232	30	26	-	1	307	258
Other	430	450	121	143	-	-	551	594
	1 462	1 478	521	530	433	462	2 415	2 470

## The Group's performance and financial position

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

	Jan-sept 2020	Jan-sept 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Trailing 12 mth	Full year 2019
<b>Operating income</b>									
Net sales	2 415	2 470	761	766	888	828	776	3 244	3 299
Other operating income	14	-	3	11	-	0	-	14	0
<b>Operating costs*</b>									
Commodities	-1 567	-1 599	-495	-500	-571	-534	-503	-2 101	-2 134
Staff costs	-407	-420	-120	-134	-153	-149	-124	-556	-568
Other expenses	-94	-108	-27	-27	-40	-46	-31	-140	-153
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	-56	-54	-18	-20	-19	-19	-18	-75	-73
<b>Operating profit</b>	<b>304</b>	<b>290</b>	<b>103</b>	<b>96</b>	<b>105</b>	<b>82</b>	<b>100</b>	<b>386</b>	<b>371</b>
Net financial income/expense	-4	-2	-2	-3	1	-2	0	-6	-4
<b>Pre-tax profit/(loss)</b>	<b>300</b>	<b>287</b>	<b>101</b>	<b>92</b>	<b>106</b>	<b>80</b>	<b>100</b>	<b>380</b>	<b>367</b>
Tax	-62	-64	-20	-19	-22	-15	-24	-76	-78
<b>Profit/loss for the period</b>	<b>239</b>	<b>224</b>	<b>81</b>	<b>73</b>	<b>84</b>	<b>65</b>	<b>76</b>	<b>304</b>	<b>289</b>
Earnings per outstanding share, SEK**	10,32	9,68	3,51	3,16	3,65	2,82	3,30	13,14	12,50

\*Unlike in previous interim reports, operating costs are presented on the following lines: goods for resale, staff costs and other expenses. In previous interim reports, the costs have only been presented on one line: operating costs. To allow for comparability, figures for previous periods have been broken down according to the same principle.

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

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

Other comprehensive income	239	224	81	73	84	65	76	304	289
<b>Profit/loss for the period</b>									
Items that have been transferred or may be recycled to net income									
Exchange differences for the period on translation of overseas operations	0	18	3	-21	18	-9	6	-10	9
Items that can not be recycled to net profit									
Revaluation of defined-benefit pension plans	0	-1	1	-1	-	1	0	1	0
<b>Other comprehensive income for the period</b>	<b>-1</b>	<b>17</b>	<b>3</b>	<b>-22</b>	<b>18</b>	<b>-8</b>	<b>6</b>	<b>-9</b>	<b>9</b>
<b>Comprehensive income for the period</b>	<b>238</b>	<b>241</b>	<b>84</b>	<b>51</b>	<b>103</b>	<b>57</b>	<b>82</b>	<b>295</b>	<b>298</b>
<b>EBITA</b>	<b>315</b>	<b>300</b>	<b>107</b>	<b>99</b>	<b>109</b>	<b>85</b>	<b>104</b>	<b>400</b>	<b>385</b>

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

	2020-09-30	2019-09-30	2019-12-31
<b>Fixed assets</b>			
Goodwill	149	139	141
Other intangible assets	46	46	54
<b>Total intangible assets</b>	<b>194</b>	<b>185</b>	<b>195</b>
Property, plant and equipment	334	337	342
<b>Total property, plant and equipment</b>	<b>334</b>	<b>337</b>	<b>342</b>
Deferred tax assets	6	4	4
Financial assets	0	0	0
<b>Total financial assets</b>	<b>6</b>	<b>4</b>	<b>4</b>
<b>Total fixed assets</b>	<b>534</b>	<b>526</b>	<b>541</b>
<b>Current assets</b>			
Inventories	600	611	629
Current receivables	550	550	512
Cash and cash equivalents	230	42	42
<b>Total current assets</b>	<b>1 381</b>	<b>1 203</b>	<b>1 183</b>
<b>Total assets</b>	<b>1 915</b>	<b>1 730</b>	<b>1 725</b>
<b>Equity</b>			
Non-current interest-bearing liabilities	47	51	50
Provisions for pensions	2	3	2
Övriga avsättningar	2		2
Non-current non-interest-bearing liabilities	22	2	4
Deferred tax liabilities	87	90	87
<b>Total non-current liabilities</b>	<b>160</b>	<b>146</b>	<b>144</b>
Current interest-bearing liabilities	54	180	124
Current non-interest-bearing liabilities	396	394	390
<b>Total current liabilities</b>	<b>450</b>	<b>574</b>	<b>514</b>
<b>Total equity and liabilities</b>	<b>1 915</b>	<b>1 730</b>	<b>1 725</b>

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

	2020-09-30	2019-09-30	2019-12-31
<b>At beginning of year</b>	<b>1 066</b>	<b>926</b>	<b>926</b>
Adjustment on transition to IFRS 16 (net)	-	-1	-1
<b>Comprehensive income for the period</b>			
Profit/loss for the period	239	224	289
Other comprehensive income for the period	-1	17	9
<b>Comprehensive income for the period</b>	<b>238</b>	<b>241</b>	<b>298</b>
Dividends paid	-	-156	-156
<b>At the end of the period</b>	<b>1 304</b>	<b>1 009</b>	<b>1 066</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

	Jan-sept 2020	Jan-sept 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Trailing 12 mth	Full year 2019
<b>Operating cash flows</b>									
<b>before movements in working capital</b>	<b>296</b>	281	101	91	104	83	101	379	363
Movements in working capital	17	-82	-28	47	-1	9	-30	27	-72
<b>Operating cash flows</b>	<b>313</b>	199	73	137	103	92	71	405	291
Acquisition of subsidiaries									
net effet on cash and cash equivalents	-25	-6	-1	0	-23	-5	-	-25	-11
Acquisition of intangible fixed assets	0	-3	0	0	0	-9	-1	-9	-13
Acquisition of property, plant and equipment	-6	-53	-2	-1	-3	-14	-15	-19	-67
Sales of property, plant and equipment	0	1	0	0	0	0	0	0	1
<b>Investing cash flows</b>	<b>-31</b>	-61	-3	-1	-26	-28	-16	-59	-89
Financing cash flows									
- Loan raised	3	1	0	2	1	1	0	4	2
- Loan amortisation	-1	-2	0	0	0	0	1	-1	-2
- Repayment of lease liabilities	-27	-28	-9	-8	-10	-7	-12	-34	-35
- Change in bank overdrafts	-69	49	-25	-2	-42	-57	-44	-126	-8
- Dividends paid	-	-156	-	-	-	-	-	-	-156
<b>Financing cash flow</b>	<b>-94</b>	-135	-34	-9	-51	-64	-55	-158	-199
<b>Cash flow for the period</b>	<b>189</b>	3	35	128	26	0	0	189	3
Cash and cash equivalents at the beginning of the period	42	38	194	68	42	42	42	42	38
Exchange rate difference	-1	1	0	-1	0	-1	0	-1	1
<b>Cash and cash equivalents at the end of the period</b>	<b>230</b>	42	230	194	68	42	42	230	42

## KEY PERFORMANCE INDICATORS

	Jan-sept 2020	Jan-sept 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Trailing 12 mth	Full year 2019
Return on equity, %	20,1	23,1	6,3	6,3	7,5	5,9	7,2	26,0	29,0
Return on capital employed, %	24,4	26,0	7,9	7,6	8,9	7,3	8,8	31,7	33,3
Return on total capital %	17,3	17,9	5,7	5,4	6,2	5,0	5,8	22,3	22,9
Equity/assets ratio, %	68,1	58,4							61,8
Earnings per outstanding share, SEK*	10,32	9,68	3,51	3,16	3,65	2,82	3,30	13,14	12,50
Earnings per total shares, SEK*	10,30	9,65	3,50	3,16	3,64	2,82	3,29	13,12	12,47
Equity per total shares, SEK	56,30	43,57							46,03
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, %	12,6	11,7	13,6	12,5	11,8	9,9	12,9	11,9	11,3
EBITA-margin, %	13,0	12,2	14,0	13,0	12,2	10,3	13,4	12,4	11,7

\* 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-sept 2020	Jan-sept 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Trailing 12 mth	Full year 2019
Net sales	44	42	14	15	14	14	14	58	57
Other operating income	0	-	0	0	-	-	-	0	-
Operating costs	-38	-37	-11	-12	-15	-14	-12	-52	-51
Depreciation	-6	-6	-2	-2	-2	-2	-2	-8	-8
<b>Operating profit</b>	<b>0</b>	<b>-1</b>	<b>2</b>	<b>1</b>	<b>-2</b>	<b>-2</b>	<b>1</b>	<b>-1</b>	<b>-3</b>
Income from investments									
in Group companies	60	47	0	51	9	0	4	60	47
Other financial income/expense, Net	0	-1	0	0	0	0	0	0	-1
<b>Profit/loss after financial items</b>	<b>60</b>	<b>45</b>	<b>2</b>	<b>52</b>	<b>6</b>	<b>-1</b>	<b>4</b>	<b>58</b>	<b>44</b>
Year-end appropriations	-4	-	0	-4	-	288	-	284	288
<b>Pre-tax profit/(loss)</b>	<b>56</b>	<b>45</b>	<b>2</b>	<b>48</b>	<b>6</b>	<b>286</b>	<b>4</b>	<b>342</b>	<b>331</b>
Tax	1	1	0	1	1	-62	0	-61	-61
<b>Profit/loss for the period</b>	<b>56</b>	<b>46</b>	<b>1</b>	<b>49</b>	<b>7</b>	<b>225</b>	<b>4</b>	<b>281</b>	<b>270</b>

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

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

Assets	2020-09-30	2019-09-30	2019-12-31
Intangible fixed assets	6	10	10
Property, plant and equipment	17	16	19
Financial assets	380	419	427
<b>Total fixed assets</b>	<b>403</b>	<b>444</b>	<b>456</b>
Current receivables	357	339	559
Cash on hand and demand deposits	158	-	-
<b>Total current assets</b>	<b>515</b>	<b>339</b>	<b>559</b>
<b>Total assets</b>	<b>918</b>	<b>783</b>	<b>1 015</b>
Equity and liabilities			
Non-distributable equity	76	74	77
Distributable equity	464	185	407
<b>Total shareholders' equity</b>	<b>539</b>	<b>259</b>	<b>484</b>
Untaxed reserves	300	307	300
Deferred tax liabilities	2	2	2
Non-current non-interest-bearing liabilities	3	2	4
<b>Total non-current liabilities</b>	<b>3</b>	<b>2</b>	<b>4</b>
Current interest-bearing liabilities	-	91	61
Current non-interest-bearing liabilities	73	122	165
<b>Total current liabilities</b>	<b>73</b>	<b>213</b>	<b>226</b>
<b>Total equity and liabilities</b>	<b>918</b>	<b>783</b>	<b>1 015</b>

## Notes

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

### 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 37 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 400 leading and specialist manufacturers and is responsible for their sales in selected markets. Its range comprises more than 60,000 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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