

# Financial Statement

## Full year 2020

### Fourth Quarter 2020

- Incoming orders rose 7 % to SEK 897 million (836)
- Net sales rose 5 % to SEK 868 million (828)
- Operating profit rose 28 % to SEK 104 million (82)
- EBITA rose 26 % to SEK 107 million (85)
- Profit after tax rose 21 % to SEK 79 million (65)
- Earning per share were SEK 3,41 (2,82)

### January - December 2020

- Incoming order rose 2 % to SEK 3 368 million (3 303)
- Net sales amounted to SEK 3 283 million (3 299)
- Operating profit rose 10 % to SEK 408 million (371)
- EBITA rose 10 % to SEK 422 million (385)
- Profit after tax rose 10 % to SEK 317 million (289)
- Earning per share were 13,73 kr (12,50)
- The Board of Directors proposes a dividend of SEK 7,50 per share (0)
- The Board of Directors also proposes that the Annual General Meeting adopt a resolution to transfer to the shareholders an amount equivalent to 12,50 SEK per share via an automatic redemption procedure



## Strong close to year

Demand was robust in the fourth quarter and incoming orders rose 7 percent and net sales were up 5 percent. The impact on net sales from acquisitions was 1 percent and from exchange rate movements a negative 3 percent. This means that organic growth in the quarter was 7 percent. This is a clear improvement on the second and third quarters when organic growth was -10 percent and 0 percent respectively.

Operating profit (EBITA) rose 26 percent in the fourth quarter and the EBITA margin expanded to 12.4 percent (10.3). The strong performance was due to increased sales and reduced costs primarily stemming from fewer marketing activities.

Thanks to the gradual recovery, incoming orders for the full-year 2020 were up 2 percent year-on-year, while sales were at the same level as last year. The impact on net sales from acquisitions was 1 percent and from exchange rate movements a negative 1 percent.

Full-year operating profit (EBITA) rose 10 percent to the highest level in the company's history. The EBITA margin stood at 12.9 percent (11.7) which is also the highest level in the company's history.

## Growth across the regions, fourth quarter

With the increased transmission of the virus in the fourth quarter, the market activities that were gradually resuming in the third quarter were again suspended. Each organisation is now better settled into the new normal and has found effective ways of conducting sales activities.

Region Sweden showed strong recovery which resulted in 8 percent organic growth. The entities reporting strongest growth are ATC and Elektro Elco. OEM Automatic, Svenska Helag, Nexa, Internordic, Telfa and Batteripoolen have also posted positive sales growth for the quarter.

Region Finland, the Baltic states and China has also recovered strongly, which led to organic growth of 6 percent. The operations in Finland have rebounded well during the quarter, while demand remained weak in the Baltic states.

Region Denmark, Norway, the UK and East Central Europe remains hardest hit by the pandemic but has seen some recovery. The operations in Norway and the UK have reported positive sales growth during the quarter.

## Stable business model

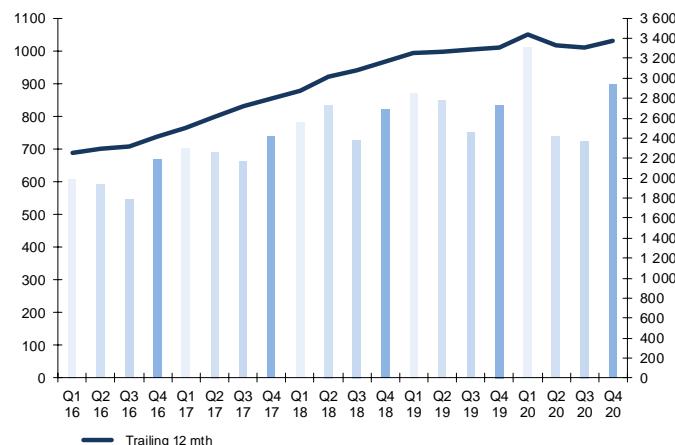
The pandemic has created an uncertain market situation, requiring plans to be revised on an ongoing basis. What we have experienced in the past year is unlike anything we have seen before. However, the Group's operations have impressively managed to maintain the level of service to their customers and continued to develop their businesses and gain new market share. The great commitment and creativity that exist in our companies are truly remarkable and I am convinced that this highly disruptive and difficult year has strengthened the Group.

Jörgen Zahlin

Managing Director and Chief Executive Officer

## Incoming orders

SEK million



## Incoming orders

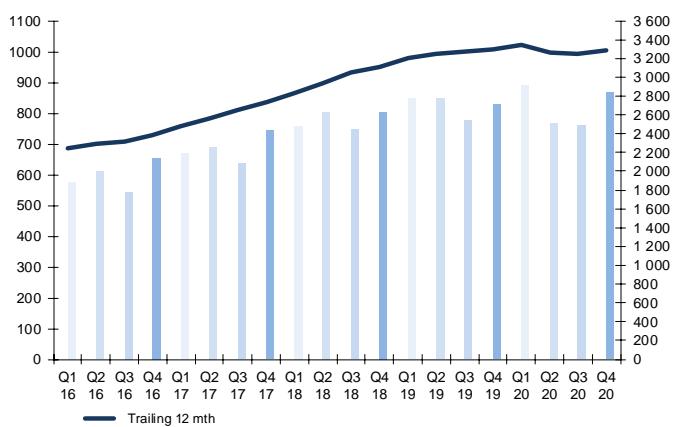
Incoming orders increased by 7% to SEK 897 million (836) in the fourth quarter of 2020. For comparable entities, including the impact of foreign currency exchange rate movements, incoming orders rose 6% and acquired incoming orders were up 1%.

Incoming orders in the fourth quarter of 2020 were 3% higher than net sales.

Incoming orders for the full-year 2020 rose 2% to SEK 3,368 million (3,303). Comparable entities reported a 1% increase in incoming orders including the impact of foreign currency exchange rate movements.

## Net sales

SEK million



## Sales growth

Net sales in the fourth quarter of 2020 increased by 5% to SEK 868 million (828). For comparable entities, net sales were up 7% and net sales from acquired business rose 1%. Currency movements had a 3% negative impact on fourth-quarter net sales.

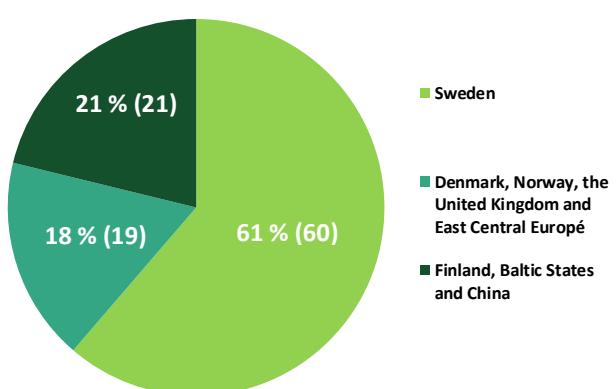
Net sales for the full-year 2020 totalled SEK 3,283 million (3,299), which is the same level as for 2019. The impact on net sales from acquired sales was 1%, and from exchange rate movements a negative 1% during the year, which means there was no organic growth for the full year.

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

There were marginal percentage shifts across the regions. Region Sweden gained a market share of 1 percentage point while Region Denmark, Norway, the UK and East Central Europe lost 1 percentage point.

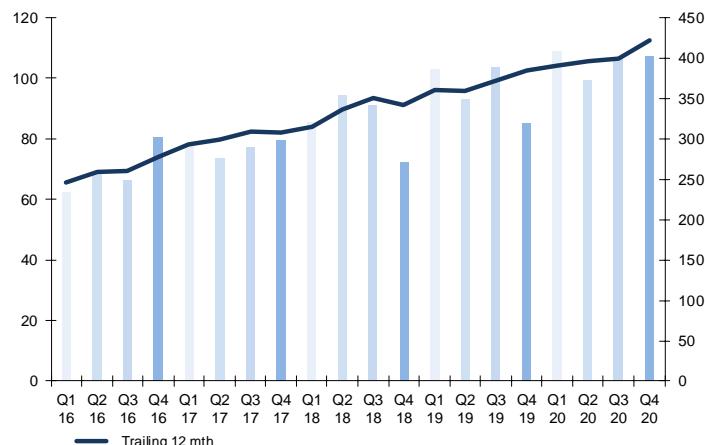
The market share of Region Finland, the Baltic states and China remained the same.

## Share by region in 2020



## EBITA

SEK million



## Growth in earnings

In the fourth quarter of 2020, EBITA, operating profit before amortisation and impairment of acquisition-related intangible fixed assets, rose 26% to SEK 107 million (85). The EBITA margin stood at 12.4% (10.3%).

EBITA increased by 10% to SEK 422 million (385) for the full-year 2020. The EBITA margin stood at 12.9% (11.7%) for the same period.

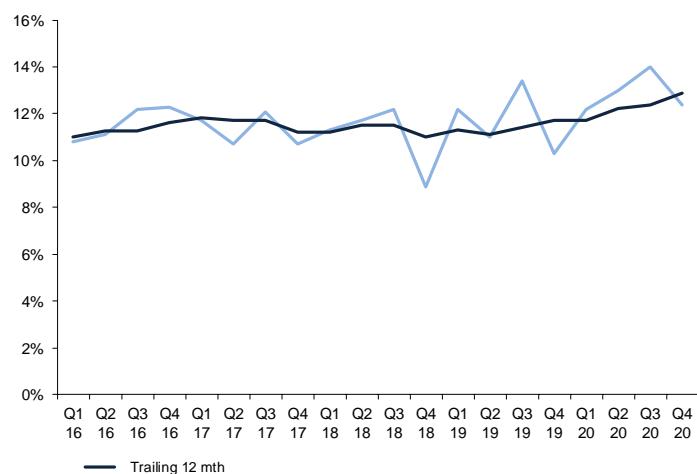
Operating profit rose 28% to SEK 104 million (82) in the fourth quarter of 2020. Operating profit was up 10% to SEK 408 million (371) cumulative for the full-year 2020. The fourth-quarter operating margin increased to 12.0% (9.9%) and cumulative for the full-year 2020 was 12.4% (11.3%).

Profit after tax for the full-year 2020 rose 10% to SEK 317 million (289).

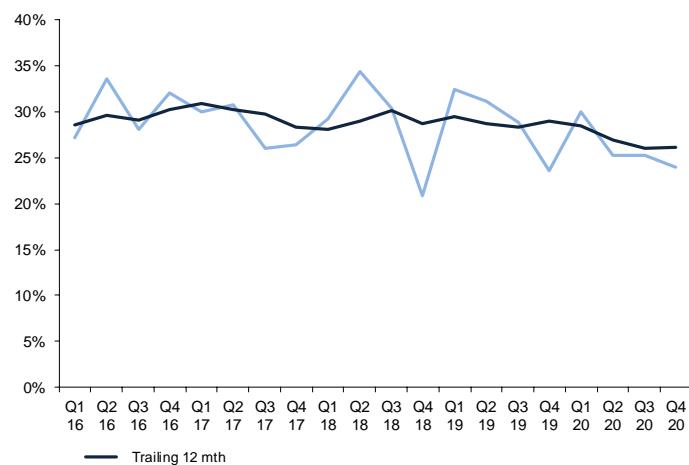
Earnings per share for the full-year 2020 were SEK 13.73 (12.50).

Earnings were positively impacted by government pay-related funding in Sweden and in foreign operations totalling SEK 9.1 million.

## EBITA margin



## Return on equity



## Return

The return on equity in the fourth quarter of 2020 was 6.0% compared with 5.9% in the year-ago quarter.

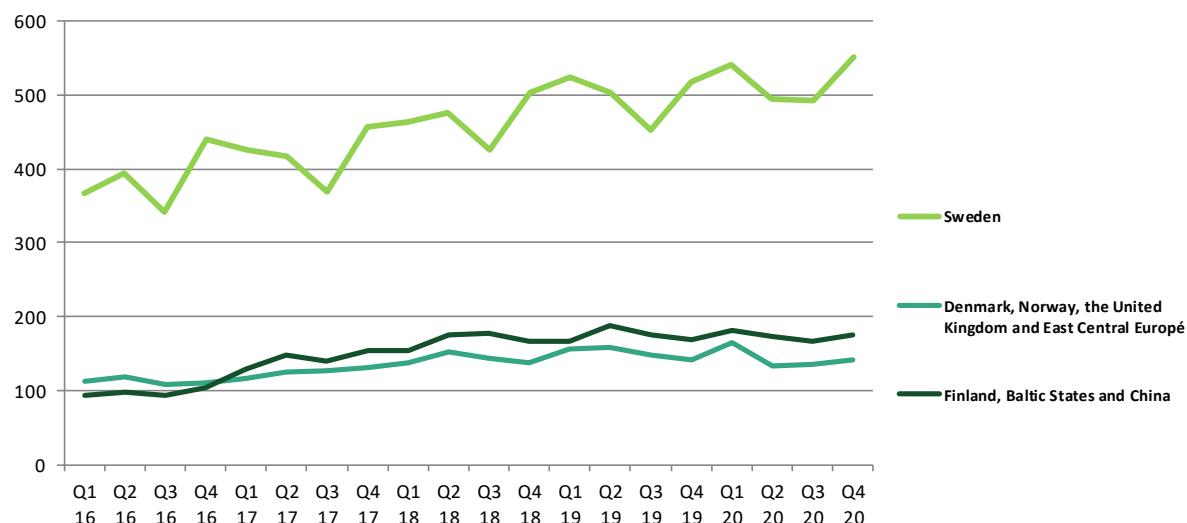
For the full-year 2020, return on equity was 26.1%, which is above the target of 20%.

Shareholders' equity amounted to SEK 1,366 million (1,066) with an equity/assets ratio of 69% (62%) on 31 December 2020.

**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.

## 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 Brömsbandfabrik and ATC Tape Converting AB.

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Incoming orders	562	510	2,085	1,986
Net sales	551	518	2,013	1,995
EBITA	85	71	303	286
EBITA-marginal	15%	14%	15%	14%

Net sales rose 1% to SEK 2,013 million (1,995) for the full-year 2020. A 1% decrease in net sales due to foreign exchange movements resulted in positive organic growth of 2% in the region. The companies reporting strongest growth are ATC Tape Converting and Elektro Elco, whose sales rose 35% and 24% respectively in the period, while Batteripoolen and Nexa posted 4% growth. OEM Automatic, the Group's largest company, reported a 3% fall in sales year-on-year.

Incoming orders for the full-year 2020 increased by 5% to SEK 2,085 million (1,986). Cumulative incoming orders received for the full-year were 4% higher than net sales.

EBITA rose 6% to SEK 303 million (286) for the full-year 2020, due primarily to cost savings and also, to some extent, government financial support for businesses during the pandemic. EBITA has also been positively affected by a SEK 1.9 million remeasurement of contingent considerations.

## Finland, the Baltic states and China

**OEM Automatic FI, Akkupojat Oy, OEM Electronics FI, Rauheat OY, OEM Automatic OU, OEM Automatic UAB, OEM Automatic SIA and OEM Automatic (Shanghai) Co.Ltd.**

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Incoming orders	180	183	698	711
Net sales	174	169	695	699
EBITA	16	15	83	71
<i>EBITA margin</i>	9%	9%	12%	10%

Net sales for the full-year 2020 fell by 1% to SEK 695 million (699). A 1% decrease in net sales due to foreign exchange movements resulted in no organic growth in the region in 2020.

Incoming orders for the region fell by 2% to SEK 698 million (711) for the full-year 2020. Incoming orders were in line with net sales.

The entity in China reported growth during the year with a 4% increase in net sales. Other entities in Finland and the Baltic states have not reached previous performance levels. The operations in the Baltic states and China are small and their impact on total growth in the region is marginal.

The operations in Sitek-Palvelu were integrated with OEM Automatic FI in the fourth quarter through a new business area for pumps, process applications, and pressure and flow components.

EBITA rose 18% to SEK 83 million (71), due primarily to a lower cost base and, to some extent, government financial support measures during the 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 Q4	2019 Q4	2020 Full year	2019 Full year
Incoming orders	154	143	586	606
Net sales	142	142	575	604
EBITA	7	2	39	37
<i>EBITA margin</i>	5%	2%	7%	6%

Net sales fell by 5% to SEK 575 million (604) for the full-year 2020. Exchange rate movements had a negative 3% impact on net sales, and sales from acquired businesses boosted net sales by 6%, which means the region posted negative organic growth of 8%. Operations in Norway and Hungary reported growth during the year with net sales increases of 19% and 10% respectively.

Incoming orders for the full-year 2020 fell by 3% to SEK 586 million (606). Incoming orders were 2% higher than net sales in the year.

EBITA rose 4% to SEK 39 million (37). This is primarily due to a lower cost base and also some government funding during the pandemic.

EBITA has also been positively affected by a SEK 3.3 million remeasurement of contingent considerations.

## Other financial information

### Cash flow

Operating cash flow was SEK 469 million (291) for the full-year 2020. Cash flow totalled SEK 337 million (3) during the year and was affected by investing activities of SEK -34 million (-89). 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 property, plant and equipment for the full-year 2020 totalled SEK 23 million (88). Property, machinery and equipment accounted for SEK 8 million (67), and intangible assets for SEK 15 million (21), SEK 15 million (8) of which is related to business combinations and SEK 0 million (7) is related to asset acquisition.

### Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 376 million (42). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 762 million (403) on 31 December 2020. The Group's interest-bearing financial liabilities totalled SEK 103 million (174), of which SEK 61 million (66) 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 19 million (20) has been charged to the income statement for the full-year 2020 period. On 31 December 2020, intangible assets amounted to SEK 187 million (195).

### Equity/assets ratio

On 31 December 2020, the equity/assets ratio was 69% (62%).

### Employees

The Group's average number of employees in 2020 was 894 (887). At the end of the period, the number of employees was 885 (893). 13 of these employees 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 31 December 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, at the time of acquisition, the company had 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.

### 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
Other liabilities	-5.5
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 -5.2 million (-0.5). This has been recognised in Other Operating Income and had a positive SEK 5.2 million (0.5) effect on the operating profit in 2020. Acquisition-related consideration liabilities (both absolute and contingent) on 31 December 2020 totalled SEK 5.4 million (16.7).

### 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 for the full-year 2020 totalled SEK 57 million (57) and profit after financial items was SEK 55 million (44). 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 of the operations reported lower sales and earnings in the second quarter. Business gradually improved in the third quarter and delivery capacities of suppliers returned to normal. Despite more stringent restrictions and increased spread of the virus in the fourth quarter, demand picked up and almost all the Group's companies ended the year on a strong note.

The Group saw a reduction in costs during the year, largely due to reduced travel activity and cancelled marketing activities. Government financial assistance has been received in both Sweden and other countries for part of the year. Short-term work supported by government funding was activated in most of the operations in Sweden in the second quarter. The Norwegian, Danish and UK operations implemented similar measures with government support based on local conditions. It was mainly during the first few months of the pandemic, when there was considerable uncertainty about the future, that Government funding was received in Sweden. Most of the Swedish operations ended temporary layoffs during the summer months.

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. The pandemic has affected the Group's operations to varying degrees and measures have been implemented based on the situation of the respective operation. Reduced travel, a slight decrease in headcount and postponed or cancelled marketing activities are some of the cost-cutting measures taken.

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

The health of our employees, suppliers and customers is OEM's main concern and we continue to carefully monitor the pandemic. The management of each company is updated on 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 lunchrooms and conference rooms, remote meetings instead of face-to-face meetings, and clear information to employees with the aim of mitigating the spread of the virus both inside and outside the workplace. Working from home, either all or some of the time, has been implemented at times during the year where this has been possible.

The increased spread of the virus in the last quarter of the year shows that the situation remains uncertain and it will be necessary to continue to adapt ways of working and strategies to the particular situation of each market and operation. The general consensus is that the vaccination programme, which has begun to roll out, will reduce the spread of the virus in the community. Nevertheless, there is considerable uncertainty about when the situation will become more stable. However, by maintaining a close dialogue with customers and suppliers and continuing to develop our business, OEM's position in the market will gradually strengthen.

## **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 (Siv 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)

## Dividend

The Board proposes an ordinary dividend of SEK 7,50 per share (0). The proposed dividend amounts to SEK 174 million (0).

Considering OEM International's strong financial position and as a step in the process of changing the company's capital structure, the Board of Directors proposes to the Annual General Meeting, in addition to an ordinary dividend, to approve a transfer corresponding to SEK 12,50 per share to the shareholders. This corresponds to a transfer of SEK 290 million, which the Board of Directors proposes be made via an automatic redemption procedure. Details of the redemption scheme will be given in a separate brochure and in the Annual Report.

## Annual Report

The 2020 Annual Report will be available on 17 March 2021 at Head Office and on the company's website, where it can be downloaded as a pdf file. A copy can be ordered from the company by email: [anna.enstrom@oem.se](mailto: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 2021	22 April 2021
Interim report Q1 2021	22 April 2021
Interim report Q2 2021	13 July 2021
Interim report Q3 2021	20 October 2021
Financial Statement, Full Year 2021	17 February 2022

## Definitions

Definitions can be found on page 17.

Tranås, Sweden, 18 February 2021

Jörgen Zahlin  
Managing Director and Chief Executive Officer

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

For further information, please contact the Managing Director, Jörgen Zahlin, on +46 (0)75-242 40 22, or 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 18 February 2021 at 14.00 CET by Johan Broman.

## The regions' sales and earnings

### SALES & EARNINGS BY REGION

#### Net sales (SEK million)

	Jan-dec 2020	Jan-dec 2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Sweden, external income	2 013	1 995	551	462	459	541	518
Sweden, income from other segments	142	147	36	31	33	42	37
Finland, the Baltic States and China, external income	695	699	174	166	173	182	169
Finland, the Baltic States and China, income from other segments	7	8	2	1	3	2	2
Denmark, Norway, the United Kingdom and East Central Europe, external income	575	604	142	134	133	165	142
Denmark, Norway, the United Kingdom and East Central Europe, income from other segments	4	3	1	1	1	2	1
Elimination	-153	-158	-38	-34	-37	-45	-41
	3 283	3 299	868	761	766	888	828

#### EBITA (MSEK)

	Jan-dec 2020	Jan-dec 2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Sweden	303	286	85	73	64	81	71
Finland, the Baltic States and China	83	71	16	24	24	19	15
Denmark, Norway, the United Kingdom and East Central Europe	39	37	7	9	12	11	2
Group functions	-3	-9	-1	1	0	-3	-3
	422	385	107	107	99	109	85

#### Operating profit (SEK million)

	Jan-dec 2020	Jan-dec 2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
EBITA	422	385	107	107	99	109	85
<i>Amortisation and write-downs of acquisition-related intangible fixed assets.</i>							
Sweden	-4	-6	-1	-1	-1	-1	-2
Finland, the Baltic States and China	-7	-7	-2	-2	-2	-2	-2
Denmark, Norway, the United Kingdom and East Central Europe	-3	-1	-1	-1	-1	-1	0
Operating profit	408	371	104	103	96	105	82

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

	Jan-dec 2020	Jan-dec 2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Operating profit	408	371	104	103	96	105	82
Net financial items	-8	-4	-4	-2	-3	1	-2
Pre-tax profit/(loss)	401	367	101	101	92	106	80

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 2020	Jan-dec 2019	Jan-dec 2020	Jan-dec 2019	Jan-dec 2020	Jan-dec 2019	
<b>Product Areas</b>							
Automation	731	752	418	400	560	579	1 708
Components	298	309	73	76	15	25	387
Lighting & Installation components	403	335	42	36	-	1	445
Other	580	599	162	187	-	-	743
	2 013	1 995	695	699	575	604	3 283
							3 299

## The Group's performance and financial position

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

	Jan-dec 2020	Jan-dec 2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>Operating income</b>							
Net sales	<b>3 283</b>	3 299	868	761	766	888	828
Other operating income	<b>15</b>	0	2	3	11	-	0
<b>Operating costs*</b>							
Commodities	<b>-2 139</b>	-2 134	-572	-495	-500	-571	-534
Staff costs	<b>-552</b>	-568	-145	-120	-134	-153	-149
Other expenses	<b>-125</b>	-153	-30	-27	-27	-40	-46
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	<b>-74</b>	-73	-18	-18	-20	-19	-19
<b>Operating profit</b>							
	<b>408</b>	371	104	103	96	105	82
Net financial income/expense	<b>-8</b>	-4	-4	-2	-3	1	-2
<b>Pre-tax profit/(loss)</b>							
	<b>401</b>	367	101	101	92	106	80
Tax	<b>-84</b>	-78	-22	-20	-19	-22	-15
<b>Profit/loss for the period</b>							
	<b>317</b>	289	79	81	73	84	65
Earnings per outstanding share, SEK**	<b>13,73</b>	12,50	3,41	3,51	3,16	3,65	2,82

\*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)

<b>Other comprehensive income</b>							
<b>Profit/loss for the period</b>	<b>317</b>	289	79	81	73	84	65
Items that have been transferred or may be recycled to net income							
Exchange differences for the period on translation of overseas operations	<b>-18</b>	9	-17	3	-21	18	-9
<b>Items that can not be recycled to net profit</b>							
Revaluation of defined-benefit pension plans	<b>0</b>	0	-	1	-1	-	1
<b>Other comprehensive income for the period</b>	<b>-18</b>	9	-17	3	-22	18	-8
<b>Comprehensive income for the period</b>	<b>299</b>	298	62	84	51	103	57
<b>EBITA</b>	<b>422</b>	385	107	107	99	109	85

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

	2020-12-31	2019-12-31
<b>Fixed assets</b>		
Goodwill	146	141
Other intangible assets	41	54
<b>Total intangible assets</b>	<b>187</b>	<b>195</b>
Property, plant and equipment	324	342
<b>Total property, plant and equipment</b>	<b>324</b>	<b>342</b>
Deferred tax assets	8	4
Financial assets	0	0
<b>Total financial assets</b>	<b>9</b>	<b>4</b>
<b>Total fixed assets</b>	<b>520</b>	<b>541</b>
 <b>Current assets</b>		
Inventories	579	629
Current receivables	517	512
Cash and cash equivalents	376	42
<b>Total current assets</b>	<b>1 472</b>	<b>1 183</b>
<b>Total assets</b>	<b>1 992</b>	<b>1 725</b>
 <b>Equity</b>		
Non-current interest-bearing liabilities	42	50
Provisions for pensions	2	2
Övriga avsättningar	2	2
Non-current non-interest-bearing liabilities	4	4
Deferred tax liabilities	94	87
<b>Total non-current liabilities</b>	<b>145</b>	<b>144</b>
Current interest-bearing liabilities	61	124
Current non-interest-bearing liabilities	420	390
<b>Total current liabilities</b>	<b>481</b>	<b>514</b>
<b>Total equity and liabilities</b>	<b>1 992</b>	<b>1 725</b>

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

	2020-12-31	2019-12-31
<b>At beginning of year</b>	<b>1 066</b>	<b>926</b>
Adjustment on transition to IFRS 16 (net)	-	-1
 <b>Comprehensive income for the period</b>		
Profit/loss for the period	317	289
Other comprehensive income for the period	-18	9
<b>Comprehensive income for the period</b>	<b>299</b>	<b>298</b>
Dividends paid	-	-156
<b>At the end of the period</b>	<b>1 366</b>	<b>1 066</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

	Jan-dec 2020	Jan-dec 2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>Operating cash flows</b>							
before movements in working capital	403	363	107	101	91	104	83
Movements in working capital	65	-72	48	-28	47	-1	9
<b>Operating cash flows</b>	469	291	156	73	137	103	92
Acquisition of subsidiaries							
net effet on cash and cash equivalents	-26	-11	-1	-1	0	-23	-5
Acquisition of intangible fixed assets	0	-13	0	0	0	0	-9
Acquisition of property, plant and equipment	-9	-67	-3	-2	-1	-3	-14
Sales of property, plant and equipment	0	1	0	0	0	0	0
<b>Investing cash flows</b>	-34	-89	-4	-3	-1	-26	-28
<b>Financing cash flows</b>							
- Loan raised	3	2	0	0	2	1	1
- Loan amortisation	-2	-2	-1	0	0	0	0
- Repayment of lease liabilities	-35	-35	-9	-9	-8	-10	-7
- Change in bank overdrafts	-63	-8	6	-25	-2	-42	-57
- Dividends paid	-	-156	-	-	-	-	-
<b>Financing cash flow</b>	-97	-199	-4	-34	-9	-51	-64
<b>Cash flow for the period</b>	337	3	148	35	128	26	0
Cash and cash equivalents at the beginning of the period	42	38	230	194	68	42	42
Exchange rate difference	-3	1	-2	0	-1	0	-1
<b>Cash and cash equivalents at the end of the period</b>	376	42	376	230	194	68	42

## KEY PERFORMANCE INDICATORS

	Jan-dec 2020	Jan-dec 2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Return on equity, %	26,1	29,0	6,0	6,3	6,3	7,5	5,9
Return on capital employed, %	31,9	33,3	7,5	7,9	7,6	8,9	7,3
Return on total capital %	22,7	22,9	5,4	5,7	5,4	6,2	5,0
Equity/assets ratio, %	68,6	61,8					
Earnings per outstanding share, SEK*	13,73	12,50	3,41	3,51	3,16	3,65	2,82
Earnings per total shares, SEK*	13,69	12,47	3,39	3,50	3,16	3,64	2,82
Equity per total shares, SEK	58,95	46,03					
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, %	12,4	11,3	12,0	13,6	12,5	11,8	9,9
EBITA-margin, %	12,9	11,7	12,4	14,0	13,0	12,2	10,3

\* 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 2020	Jan-dec 2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net sales	57	57	14	14	15	14	14
Other operating income	0	-	0	0	0	-	-
Operating costs	-54	-51	-15	-11	-12	-15	-14
Depreciation	-7	-8	-1	-2	-2	-2	-2
<b>Operating profit</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>2</b>	<b>1</b>	<b>-2</b>	<b>-2</b>
Income from investments							
in Group companies	58	47	-2	0	51	9	0
Other financial income/expense, Net	0	-1	0	0	0	0	0
<b>Profit/loss after financial items</b>	<b>55</b>	<b>44</b>	<b>-4</b>	<b>2</b>	<b>52</b>	<b>6</b>	<b>-1</b>
Year-end appropriations	225	288	229	0	-4	-	288
<b>Pre-tax profit/(loss)</b>	<b>280</b>	<b>331</b>	<b>225</b>	<b>2</b>	<b>48</b>	<b>6</b>	<b>286</b>
Tax	-48	-61	-49	0	1	1	-62
<b>Profit/loss for the period</b>	<b>232</b>	<b>270</b>	<b>176</b>	<b>1</b>	<b>49</b>	<b>7</b>	<b>225</b>

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

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

Assets	2020-12-31	2019-12-31
Intangible fixed assets	5	10
Property, plant and equipment	17	19
Financial assets	374	427
<b>Total fixed assets</b>	<b>397</b>	<b>456</b>
Current receivables	534	559
Cash on hand and demand deposits	260	-
<b>Total current assets</b>	<b>795</b>	<b>559</b>
<b>Total assets</b>	<b>1 191</b>	<b>1 015</b>
<b>Equity and liabilities</b>		
Equity		
Non-distributable equity	76	77
Distributable equity	640	407
<b>Total shareholders' equity</b>	<b>716</b>	<b>484</b>
Untaxed reserves	333	300
Deferred tax liabilities	2	2
Non-current non-interest-bearing liabilities	2	4
<b>Total non-current liabilities</b>	<b>2</b>	<b>4</b>
Current interest-bearing liabilities	-	61
Current non-interest-bearing liabilities	139	165
<b>Total current liabilities</b>	<b>139</b>	<b>226</b>
<b>Total equity and liabilities</b>	<b>1 191</b>	<b>1 015</b>

## Notes

Segment reporting is presented on page 5, 6 and page 12, 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 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 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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