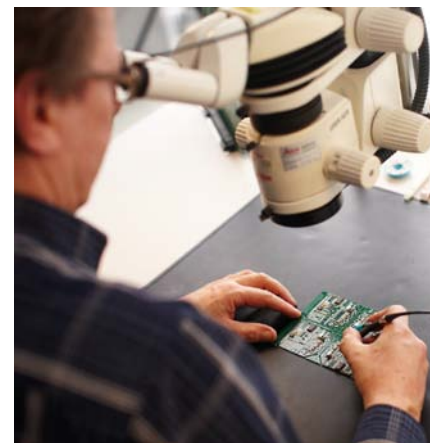




# Interim report for OEM International

January – March 2010

**Q1** Q2 Q3 Q4



## FIRST QUARTER

- Incoming orders increased by 9 % to SEK 380 million (351)
- Turnover amounted to SEK 352 million (370)
- The profit before tax increased by 3 % to SEK 26 million (25)
- Profit after tax increased by 7 % to SEK 19 million (18)
- Earnings per share amounted to SEK 0,84 (0,78)

## MD comments

The demand continued to improve during the first quarter of 2010 for the majority of the operations and new orders increased by 8% compared with the first quarter of last year. The turnover was 5% lower than the first quarter last year, but it has been affected negatively, by ca. 7%, due to exchange rate changes. The exchange rate changes have also influenced the gross margin negatively by two percentage points.

The adjustments to the capacity that have been implemented have resulted in a cost level that is ca 18 MSEK lower than last year, and we judge that the capacity will be sufficient for further increases in demand.

The operating profit rose to 26 MSEK and the operating margin to 7.3%, due to the implemented capacity adjustments.

The operations in Norway, UK, Poland and the Czech Republic, together with Electro Elco AB, are the operations that have had the strongest developments during the first quarter.

Activities to adjust the operations in the Production Technology division have been implemented, among other things this involves the transfer of material sales to other units in the Group and closing down the companies in Norway and Denmark.

The strong incoming orders for the first quarter give assurance to the continued development of the business and strengthen our market position.

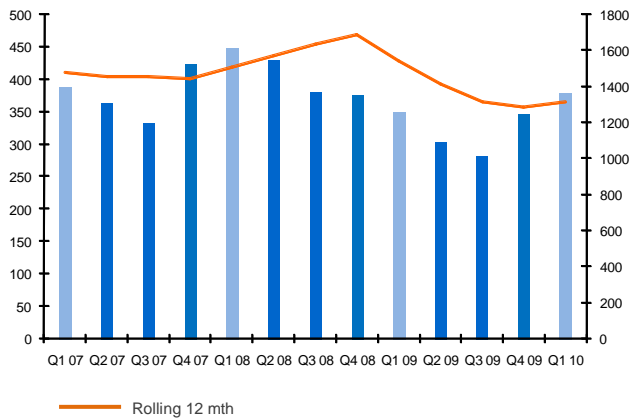


Jörgen Zahlin

Managing Director and Chief Executive Officer

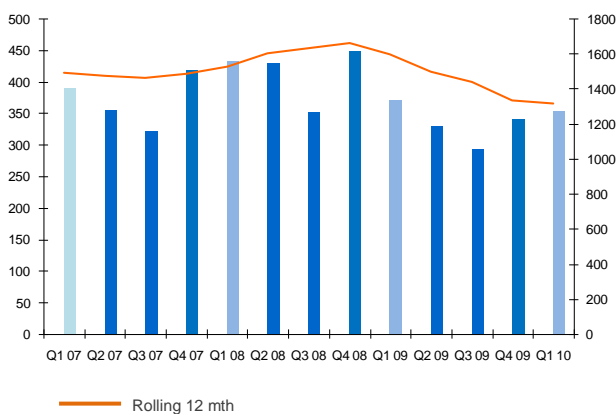
## The Group

### Incoming orders (SEK million)



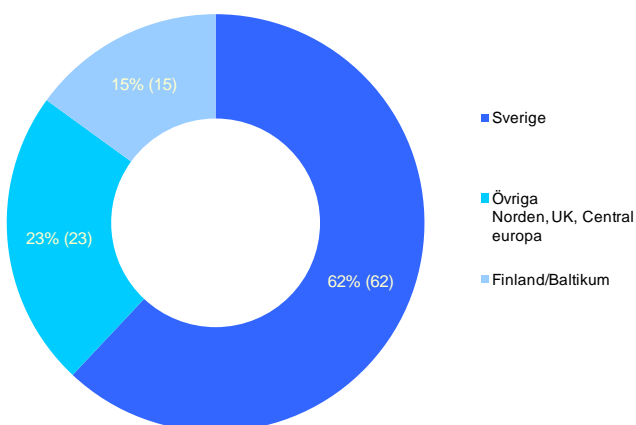
New orders increased for the second quarter in a row, to 380 (351) MSEK, and exceeded the first quarter last year by 8 %. The markets in Finland, UK, Poland and the Czech Republic showed the greatest improvement. The order book has also developed positively and 31 March 2010 amounted to 238 (228) MSEK.

### Net turnover (SEK million)



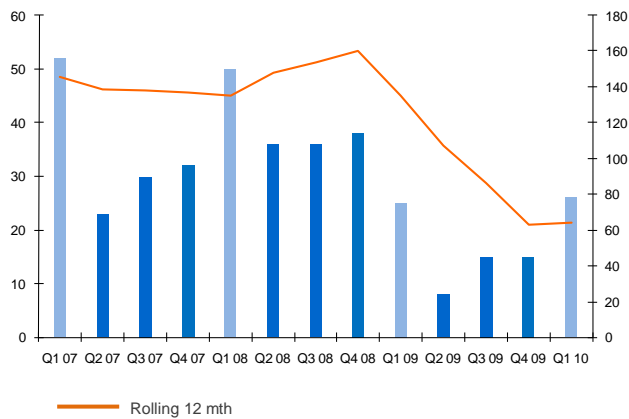
Net turnover reduced by 5 % to 352 (370) MSEK. However, when currency effects are removed, the net turnover increased by ca. 2%. The new orders are greater than the net turnover for the second quarter in a row, which gives a clear positive signal on increasing demand.

### Sales by geographic market



The distribution between the geographical markets has changed marginally compared with last year. Sweden's share of the Group's net turnover amounted to 62 %. The Czech Republic increases by 50 %, the UK by 13 % and Poland by 10 %. Denmark reduces by 23 %.

### Operating profit/loss (SEK million)



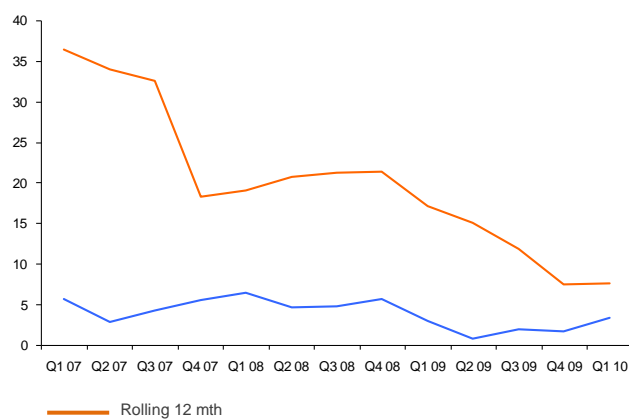
The operating profit amounted to SEK 26 million (25) during the first quarter. Despite the net turnover being 18 MSEK lower than the same period last year, the operating profit improved somewhat. The improvement is due to the implemented capacity adjustments during 2009 having now achieved their full effect.

### Operating margin (%)



The operating margin increased to 7.3 % (6.9 %) in the first quarter. The increase is mainly due to the cost-saving programme obtaining its full effect. The operating margin is the highest since Q4 2008.

### Return on equity (%)



The improvement in income has resulted in an improvement in the return on equity. Shareholders' equity amounts to SEK 578 million (610) with an equity/assets ratio of 61% (62 %).

## The divisions

The Group comprises three divisions. The structure is conceptually organised with the aim of creating stability and making use of economies of scale.

### Division Automation

*Automation supplies electrical components, flow components, and installation components.*

SEK million	Q1 2010	Q1 2009	Full year 2009	Rolling 12
Incoming orders	277	258	965	984
Net turnover	261	268	976	969
Operating profit/loss	24	22	69	70
Operating marg. (%)	9	8	7	7

The net turnover reduced by 3 % in the first quarter compared to the corresponding quarter last year. Exchange rate changes influence the turnover negatively by ca. 7% and the gross margin by two percent, as a result the operating margin, despite the actions taken, is less than 10 %.

The positive incoming orders demonstrate that the market is continuing to recover and the demand is stable on all markets.



### Division Components

*Components supplies bearings, seals and appliance components.*

SEK million	Q1 2010	Q1 2009	Full year 2009	Rolling 12
Incoming orders	68	60	234	242
Net turnover	71	76	262	257
Operating profit/loss	8	7	15	15
Operating marg. (%)	11	9	6	6

The net turnover reduced by 7 % in the first quarter. The changes in exchange rates influenced the turnover negatively by ca. 7% and the gross margin by one percent. Structural changes and capacity adjustments have resulted in the operating margin amounting to 11%.



### Division Production Technology

*Production Technology offers machines for the production of electronics*

SEK million	Q1 2010	Q1 2009	Full year 2009	Rolling 12
Incoming orders	35	29	84	90
Net turnover	20	26	92	86
Operating profit/loss	-3	0	-11	-14
Operating marg. (%)	-17	1	-12	-17

The net turnover reduced by 23% compared to last year and the operating profit/loss amounted to – 3 MSEK. The market for production equipment continues to be weak. The restructuring measures continue, which among other things means that the material sales, which have an annual turnover of 25 MSEK, were moved in April to other units in the Group. The purpose is to focus the division on machines and services and to create a stable

annual turnover estimated to be ca. 60 MSEK in the long term.



## Other financial information

### Cash flow

Cash flow from current operations totalled SEK 13 million (-9.7). For the rolling 12 months, the cash flow from current operations amounted to SEK 127 million. The total cash flow for a rolling 12 months amounted to SEK 3.3 million and during the period it has been affected by, among other things, investments of SEK 50 million and dividends of SEK 70 million.

### Investments

Net investments in fixed assets for the group amounted to SEK 3.9 million (6.8), attributable to property, plant and equipment.

### Liquidity

Cash and cash equivalents comprising cash and bank balances, together with granted but unused credit facilities, amounted to SEK 360 million (330) in total as of 31 March 2010.

### Intangible assets

An amortisation of intangible assets totalling SEK 2.7 million (3.0) has had an effect on performance. The net book value in the balance sheet on 31 March 2010 was SEK 105 million (111).

### Equity-assets ratio

The equity/assets ratio as of 31 March 2010 was 61 % (62).

### Employees

The Group's average number of employees for the period was 525 (605). At the end of the period, the number of employees was 522.

### Share repurchasing

The company has not repurchased any shares during the period. The Company did not hold any of its own shares on 31 March 2010. The Annual General Meeting's authorisation for the repurchase of shares extends to 10% of the number of shares, i.e. 2,316,930.

### Accounting principles

This interim report for the Group has been drafted in accordance with IAS 34 Interim Reporting and the applicable provisions in the Swedish Annual Accounts Act. The interim report for the parent company has been drafted in accordance with the Swedish Annual Accounts Act, chapter 9 Interim Reports. For the Group and the parent company, the same accounting principles and calculation methods were applied as in the latest annual report

### Estimates and assessments

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 OEM Group's financial activities and management of financial risks are conducted primarily by the parent company. Systems for risk management procedures and risk mitigation are in place. These frameworks are characterised by a low risk level. The starting point is structured and efficient management of the financial risks that arise within the business. For a complete report on the risks affecting the Group, please refer to the annual report for 2009, pages 72-73.

The drafting of the interim report requires the company management to make estimates and assessments as well as makes assumptions that influence the application of the accounting principles and the reported amounts for assets, liabilities, income and costs. The real result may differ from these estimates and assessments. The critical assessments and sources to uncertainty in the estimates are the same as in the latest annual report.

### **Parent Company**

Net turnover was SEK 4.6 million (4.3) and the profit after financial items was SEK -4.8 million (-5.9).

### **After the end of the reporting period**

There are no significant events to report.

### **Date of next report**

The interim report for the period January - June 2010 will be published on 19.07.10.

Tranås, 26 April 2010



Jörgen Zahlin  
Managing Director and Chief Executive Officer

For further information, please contact MD Jörgen Zahlin on +46 (0)75-242 40 22  
or Finance Director Jan Cnattingius on +46 (0)75-242 40 03.

The information in this report is such that OEM International AB (publ) is obliged to publish in accordance with the Swedish Securities Market Act. The information was released to the media for publication on 26 April 2010 at 1 p.m.

## Sales and results for the divisions

### TURNOVER AND RESULTS BY DIVISION

#### Net turnover (SEK million)

	Jan- March 2010	Jan- March 2009	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Automation	261	268	250	220	238	969	976
Components	71	76	64	57	65	257	262
Production Technology	20	26	25	16	25	86	92
Other operating segments	0,3	0,2	0,4	0,3	0,3	1,3	1,2
	352	370	340	293	328	1 313	1 331

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

	Jan- March 2010	Jan- March 2009	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Automation	24	22	16	18	12	70	69
Components	7,8	7,1	3,4	2,6	1,6	15	15
Production Technology	-3,4	0,3	-5,0	-5,2	-0,8	-14	-11
	29	30	14	16	13	71	72

#### Group results (SEK million)

	Jan- March 2010	Jan- March 2009	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Operating profit/loss, above segments	29	30	14	16	13	71	72
Group-wide functions	-2,7	-4,1	0,8	-0,3	-5,4	-7,6	-9,0
Net financial items	0,5	0,0	-0,5	-0,2	-0,4	-0,6	-1,1
Profit/loss before taxation	26	25	15	15	7	63	62

## The Group's outcome and financial position

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

	Jan- March 2010	Jan- March 2009	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Net turnover	352	370	340	293	328	1 313	1 331
Other operating income	0,0	0,0	-0,1	0,0	0,3	0,2	0,2
Operating costs	-319	-337	-317	-270	-314	-1 221	-1 239
Amortisation intangible fixed assets	-2,7	-3,0	-2,8	-2,9	-2,9	-11	-12
Depreciation property, plant and equipment fixed as	-4,3	-4,6	-4,2	-4,3	-4,5	-17	-18
<b>Operating profit/loss</b>	<b>26</b>	<b>25</b>	<b>15</b>	<b>15</b>	<b>7,3</b>	<b>64</b>	<b>64</b>
Net financial income/expenses	0,5	0,0	-0,5	-0,2	-0,4	-0,6	-1,1
<b>Profit/loss before taxation</b>	<b>26</b>	<b>25</b>	<b>15</b>	<b>15</b>	<b>6,9</b>	<b>63</b>	<b>62</b>
Taxes	-7,0	-7,4	-5,1	-4,6	-2,4	-19,1	-19,5
<b>Profit for the period</b>	<b>19</b>	<b>18</b>	<b>9,5</b>	<b>11</b>	<b>4,5</b>	<b>44</b>	<b>43</b>
<u>Other comprehensive income</u>							
Translation differences for the period from translation of overseas operations	-5,7	0,8	7,4	-11	2,7	-6,6	-0,1
Other comprehensive income for period	-5,7	0,8	7,4	-11	2,7	-6,6	-0,1
<b>Total comprehensive income for period*</b>	<b>14</b>	<b>19</b>	<b>17</b>	<b>-0,5</b>	<b>7,2</b>	<b>38</b>	<b>43</b>

Earnings per share, SEK*	0,84	0,78	0,42	0,45	0,21	1,92	1,86
Earnings per share from remaining business units, SEK*	0,84	0,78	0,42	0,45	0,21	1,92	1,86



**SUMMARY STATEMENT OF THE GROUP'S FINANCIAL POSITION (SEK MILLION)**

	2010-03-31	2009-03-31	2009-12-31
<b>Assets</b>			
Goodwill	49	45	51
Other intangible fixed assets	56	66	58
Tangible fixed assets	193	169	197
Financial fixed assets	1,1	1,1	2,1
Deferred tax claim	4,7	3,9	5,1
Inventory	197	261	217
Short-term receivables	168	273	220
Liquidity	281	168	165
<b>Total Assets</b>	<b>949</b>	<b>987</b>	<b>915</b>
<b>Shareholders' equity and liabilities</b>			
Equity	578	610	565
Long-term liabilities, interest-bearing	17	21	19
Deferred tax liability	48	48	48
Current liabilities, interest-bearing	100	101	99
Current liabilities, non-interest bearing	206	208	184
<b>Total Equity and Liabilities</b>	<b>949</b>	<b>987</b>	<b>915</b>

**SUMMARY STATEMENT OF GROUP CHANGES IN SHAREHOLDERS' EQUITY (SEK MILLION)**

	2010-03-31	2009-03-31	2009-12-31
At beginning of year	565	591	591
Total comprehensive income for period	14	19	43
Paid dividend			-70
At the end of the period	578	610	565

**SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)**

	Jan- March 2010	Jan- March 2009	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
<b>Cash flow from current operations</b>	<b>13</b>	<b>-9,7</b>	<b>34</b>	<b>23</b>	<b>56</b>	<b>127</b>	<b>104</b>
Investments	-9,0	-6,2	-14	-10	-16	-50	-47
<b>Cash flow after investments</b>	<b>4,2</b>	<b>-16</b>	<b>20</b>	<b>13</b>	<b>40</b>	<b>77</b>	<b>57</b>
Cash flow from financing activities							
- Change in liabilities	0,0	19	7,0	-7,9	-2,9	-3,8	15
- Paid dividend	0,0	0,0	0,0	0,0	-70	-70	-70
<b>Cash flow for the period</b>	<b>4,2</b>	<b>3,3</b>	<b>26,7</b>	<b>5,0</b>	<b>-32,6</b>	<b>3,3</b>	<b>2,3</b>
Cash and cash equivalents at the start of the period	165	163	138	135	168	168	163
Exchange rate difference	-1,8	1,8	0,7	-2,6	-0,3	-3,9	-0,3
<b>Cash and cash equivalents at the end of the period</b>	<b>168</b>	<b>168</b>	<b>165</b>	<b>138</b>	<b>135</b>	<b>168</b>	<b>165</b>

**KEY INDICATORS**

	Jan- March 2010	Jan- March 2009	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Return on equity, %	3,4	3,0	1,7	1,9	0,8	7,5	7,4
Return on capital employed, %	3,8	3,6	2,3	2,4	1,1	9,1	9,5
Return on total capital %	2,8	2,6	1,7	1,9	0,8	6,7	6,8
Equity ratio %	61	62					62
Earnings per share before dilution, SEK	0,84	0,78	0,42	0,45	0,21	1,92	1,86
Earnings per share after dilution, SEK	0,84	0,78	0,42	0,45	0,21	1,92	1,86
Equity per share, SEK	24,96	26,33					24,37
Average number of shares (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Average number of shares after dilution (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Operating margin, %	7,3	6,9	4,5	5,2	2,3	4,9	4,8

# The parent company's outcome and financial position

## SUMMARY OF PARENT COMPANY'S INCOME STATEMENT (SEK MILLION)

	Jan- March 2010	Jan- March 2009	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Net turnover	4,6	4,3	29	4,8	4,8	43	43
Operating costs	-9,0	-9,8	-9,3	-7,1	-11	-37	-38
Depreciation	-0,5	-0,6	-0,6	-0,5	-0,6	-2,3	-2,3
<b>Operating profit/loss</b>	<b>-5,0</b>	<b>-6,1</b>	<b>19</b>	<b>-2,8</b>	<b>-7,3</b>	<b>3,7</b>	<b>2,7</b>
Income from participation in Group companies	0,0	0,0	13	0,0	33	46	46
Net financial income/expenses	0,2	0,2	0,3	0,2	0,3	0,9	0,8
<b>Profit before appropriations and tax</b>	<b>-4,8</b>	<b>-5,9</b>	<b>33</b>	<b>-2,6</b>	<b>26</b>	<b>51</b>	<b>50</b>
Appropriations	0,0	0,0	-11	0,0	0,0	-11	-11
<b>Profit/loss before taxation</b>	<b>-4,8</b>	<b>-5,9</b>	<b>22</b>	<b>-2,6</b>	<b>26</b>	<b>40</b>	<b>38</b>
Taxes	-1,3	1,6	-2,6	0,7	1,9	-1,3	1,6
<b>Profit for the period</b>	<b>-6,1</b>	<b>-4,3</b>	<b>19</b>	<b>-1,9</b>	<b>28</b>	<b>38</b>	<b>40</b>

## SUMMARY OF PARENT COMPANY'S BALANCE SHEET (SEK MILLION)

	2010-03-31	2009-03-31	2009-12-31
<b>Assets</b>			
Intangible assets	2,1	1,5	1,1
Tangible fixed assets	19	21	20
Financial fixed assets	295	297	295
Short-term receivables	158	203	218
Liquidity	122	100	116
<b>Total Assets</b>	<b>597</b>	<b>623</b>	<b>650</b>
<b>Shareholders' equity and liabilities</b>			
Equity	324	302	331
Untaxed reserves	85	76	85
Deferred tax liability	1,9	1,8	1,8
Current liabilities, interest-bearing	0,0	0,0	0,0
Current liabilities, non-interest bearing	185	243	232
<b>Total Equity and Liabilities</b>	<b>597</b>	<b>623</b>	<b>650</b>

OEM is one of Europe's  
leading technology trading  
companies and consists of 26  
operating units in 13  
countries.

