

FINANCIAL REPORT JANUARY – SEPTEMBER 2003

THIRD QUARTER 2003

- Turnover 338 MSEK (372)
- Order bookings 277 MSEK (326)
- Profit 16,9 MSEK (15,9)

NINE MONTHS 2003

- Turnover 1 088 MSEK (1 158)
- Order bookings 1 035 MSEK (1 164)
- Profit 48,6 MSEK (32,2)
- Earnings per share after tax SEK 3:90 (2:17)



OEM INTERNATIONAL

OEM International with headoffice in Tranås comprises 26 operating companies in eight countries. The Group acts in trading components and systems for automation in Europe. Put simply, OEM acts as an alternative to manufacturers' own local subsidiaries.

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Turnover and profit

Third quarter 2003

Group turnover amounted to 338 SEK million (372). Turnover outside Sweden was 125 SEK million (110).

Order bookings amounted to 277 SEK million (326).

Profit after net financial income/expense amounted to 16,9 SEK million (15,9).

Group Automation has, due to assortment rationalisations and currency changes, had a drop in turnover. The groups Mechanics and Hydraulics increase their profit by unaltered turnover.

Group Electronics has a continued weak demand and profits are considerably lower than expected. In group EP the companies in the Cyncrona group have a positive development.

The Group has sold Industri AB Reflex to Elektromontage i Söderköping AB with September 1st 2003 as day of taking possession. Industri AB Reflex had 2002 a turnover of 32 SEK million and a profit of 2,8 SEK million. The operations of the company, construction and production of automatic cabinets, has been considered not to be comprised by the OEM business concept.

Nine months 2003

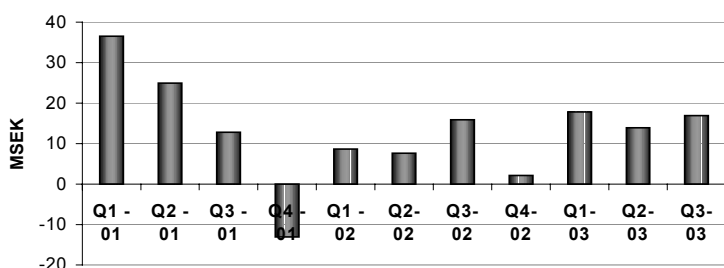
Group turnover was 1 088 SEK million (1 158).

Order bookings amounted to 1 035 SEK million (1 164).

Profit after net financial income/expense amounted to 48,6 SEK million (32,2).

Cash flow from operations amounting to 79 SEK million (88,5), is due to profits plus a reduction of stock by 52,7 SEK million.

Profit per quarter



General information per September 30th 2003

Accounting principles

The OEM Group uses the same accounting principles and methods of calculation as in the latest Annual Report.

Inflow of orders and order book

During nine months incoming orders amounted to 1 035 SEK million (1 164). The orderbook value, at September 30th 2003, was 217 SEK million (279).

Turnover per market

The breakdown of turnover per market is: Sweden 67 %, Finland 17 %, Norway 3 %, Denmark 6 %, England 4 %, Italy 1 %, Poland 1 % and Holland 1 %.

Investments

Net investments of the Group in fixed assets during the period amounted to 7,2 SEK million (2,5).

Equity/assets ratio

Liquid assets, consisting of cash and bank balances including granted, but not used credits, amounted to 304 SEK million (257) at September 30th 2003.

Goodwill

The policy of OEM International is to write off goodwill in 5 years. The profit for the period has been charged with 12,5 SEK million (20,4) for amortization of goodwill.

Solidity

As per 30th September 2003 the solidity was 56,7 % (50,5).

Personnel

Average number of employees in the Group was 635 persons (715).

Repurchase of shares

The company has during the first nine months acquired 213 956 shares at an average price of SEK 78:50. No purchases have been made in the third quarter. After the decision by the Annual General Meeting to reduce the share capital there remains 120 000 shares in own holding, equivalent to 1,6 % of the total number of shares. The authorization of the general meeting refers to 10 % of the total number of shares, which would be 772 310.

Parent company

Net turnover for the parent company amounted to 10,6 SEK million (11,5) and profit after net financial income/expense was -11,5 SEK million (42,0).

Prognosis for the whole year

Due to the uncertainty in the market the Group chooses to make no prognosis for the whole year.

Next report

A press release on annual earnings figures for year 2003 will be published on February 20th 2004.



Group Automation

Group Automation market components for industrial automation.

Jan-Sept 2003: (MSEK)
Turnover 419 (435) *
Profit 45,6 (42,8)

We gain market shares in a continuously falling market. The reduced turnover originates from currency changes and assortment rationalisations. Several new product launches have been carried out. Further co-ordinations generate positive results.



Group Electronics

Group Electronics market components for the appliance and electronics industry, EMC and microwave components and instruments.

Jan-Sept 2003: (MSEK)
Turnover 244 (335) *
Profit -0,8 (9,4)

Continuously low demand in the electronics branch. Adjustment of organisations and assortments to the present market is in progress. The group turnover and profit has been negatively affected by the reduced dollar value.



Group Mechanics

Group Mechanics sell mechanical components such as bearings, seals and linear units.

Jan-Sept 2003: (MSEK)
Turnover 123 (123)
Profit 7,4 (6,9)

Increasing volumes with large part dollar-based businesses is the main reason for our only reaching last years' turnover. Continued rationalisations have lead to some profit improvements. All companies show positive result.



Group Hydraulics

Group Hydraulics sells hydraulic components and design and manufacture hydraulic units and hydraulic systems.

Jan-Sept 2003: (MSEK)
Turnover 109 (110)
Profit 0,4 (0)

Unchanged turnover in the group. Somewhat improved profitability through continued rationalisations. Demand varies between different branches. The profit has been charged by 4,9 SEK million in goodwill depreciations (4,9).



Group EP

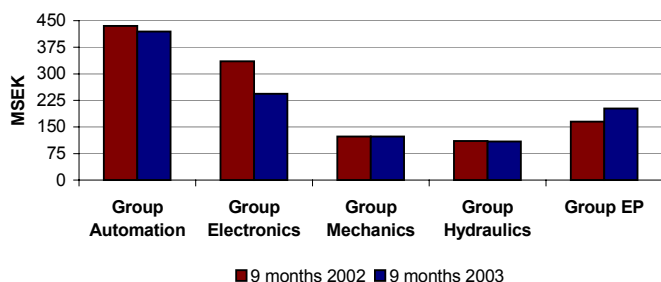
Group EP market production systems and inputs goods for electronics production.

Jan-Sept 2003: (MSEK)
Turnover 202 (165)
Profit -3,2 (-19,2)

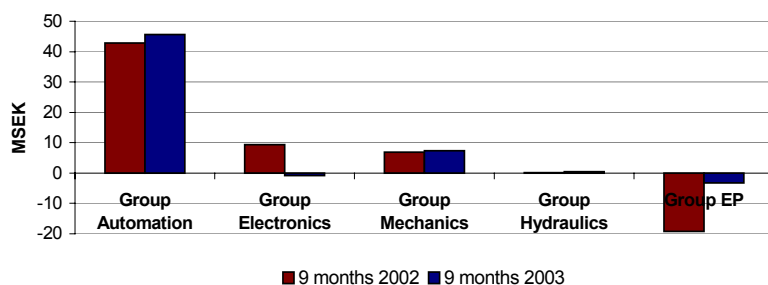
The Cyncrona companies have experienced a further increase in demand. The rationalisations and reorganisations that were carried out by the turn of the year are now fully effective. Jubo Mechatronics experiences a decrease in demand and big reorganisations are in progress.

* from 2003 the business area Component in OEM Automatic OY will be accounted for in Group Electronics instead as earlier in group Automation. The turnover figures for last and present years have been adjusted accordingly.

Turnover per company group



Profit per company group



PROFIT AND LOSS ACCOUNT (SEK MILLION)

	Jan-Sept 2003	Jan-Sept 2002	Q 3 2003	Q 2 2003	Q 1 2003	Q 4 2002	Q 3 2002	Rolling 12 months	Whole year 2002
Net turnover	1 088,2	1 157,7	338,4	359,7	390,1	376,1	372,1	1 464,3	1 533,8
Operating costs	-1 011,9	-1 081,4	-312,2	- 336,6	- 363,1	- 361,2	- 342,4	-1 373,1	- 1 442,6
Depreciations acc to plan	- 27,5	- 39,3	-9,1	- 9,1	- 9,3	- 12,4	- 12,6	-39,9	- 51,7
Operating profit	48,8	37,0	17,1	13,9	17,8	2,5	17,1	51,3	39,5
Shares in ass. companies	0,7	0,3	0,2	-	0,5	0,2	0,1	0,9	0,5
Net interest income/expense	-0,9	-5,1	-0,4	-	- 0,5	- 0,6	- 1,3	-1,5	- 5,7
Profit before tax	48,6	32,2	16,9	13,9	17,8	2,1	15,9	50,7	34,3
Tax	- 19,0	-14,6	-6,8	- 5,6	- 6,6	- 5,0	- 6,1	-24,0	- 19,6
Profit	29,6	17,6	10,1	8,3	11,2	- 2,9	9,8	26,7	14,7
Earnings per share, SEK	3:64	2:11	1:25	1:02	1:38	Neg.	1:16	3:28	1:77
Earnings per share, SEK *)	3:90	2:17	1:34	1:09	1:47	Neg.	1:20	3:51	1:88

*) Key ratios calculated from the number of shares in the market.

BALANCE SHEET (SEK MILLION)

	2003-09-30	2002-09-30	2002-12-31
Assets			
Intangible fixed assets	20,1	39,5	32,6
Tangible fixed assets	127,1	149,9	138,5
Financial fixed assets	18,3	20,9	19,2
Inventories	230,2	287,1	282,9
Short-term receivables	247,8	299,7	229,1
Cash and bank deposits	40,3	67,6	44,4
Equity, allocations and debts			
Equity *)	387,6	436,7	414,7
Allocations	27,1	37,5	27,4
Long-term liabilities	78,1	173,3	102,3
Current liabilities	191,0	217,2	202,3
Balance sheet total	683,8	864,7	746,7

***) Change of equity**

At the beginning of the year	414,7
Profit from the period	29,6
Dividend	-34,2
Buy-back of shares	-16,8
Conversion difference of the period	- 5,7
At the end of the period	387,6

CASH FLOW ANALYSIS (SEK MILLION)

	Jan-Sept 2003	Jan-Sept 2002	Q 3 2003	Q 2 2003	Q 1 2003	Q 4 2002	Q 3 2002	Rolling 12 months	Whole year 2002
Cash flow from operating business	53,6	57,4	17,0	16,4	20,2	15,9	22,8	69,5	73,3
Adjustment of working capital	25,4	31,1	- 6,2	8,0	23,6	51,5	- 16,1	76,9	82,6
Cash flow before investments	79,0	88,5	10,8	24,4	43,8	67,4	6,7	146,4	155,9
Investments	- 6,8	- 2,1	- 0,7	-4,2	- 1,9	- 0,8	- 0,6	- 7,6	- 2,9
Cash flow after investments	72,2	86,4	10,1	20,2	41,9	66,6	6,1	138,8	153,0
Cash flow from financial operations	-75,3	- 117,9	- 7,1	- 34,3	- 33,9	- 90,2	- 14,3	- 165,5	- 208,1
Cash flow	- 3,1	- 31,5	3,0	-14,1	8,0	- 23,6	- 8,2	- 26,7	- 55,1

KEY RATIOS

	Jan-Sept 2003	Jan-Sept 2002	Q 3 2003	Q 2 2003	Q 1 2003	Q 4 2002	Q 3 2002	Rolling 12 months	Whole year 2002
Return on capital employed, %	7,4	3,9	2,6	2,1	2,7	Neg.	2,2	6,5	3,4
Return on operational capital, %	10,3	6,0	3,8	3,1	3,6	0,8	2,9	10,4	7,1
Return on total capital, %	7,1	4,3	2,6	2,0	2,4	0,5	2,0	7,2	5,1
Equity/assets ratio, %	56,7	50,5							55,5
Earnings per share, SEK	3:64	2:11	1:25	1:02	1:38	Neg.	1:16	3:28	1:77
Earnings per share, SEK *)	3:90	2:17	1:34	1:09	1:47	Neg.	1:20	3:51	1:88
Equity per share, SEK *)	50:98	55:05							53:06
Profit margin, %	4,5	3,2	5,1	3,9	4,5	0,7	4,6	3,5	2,6
Turnover growth, %									Neg.
Profit growth, %									Neg.

*) Key ratios calculated from the number of shares in the market. Per 30th September 7.603.103 shares.

Tranås the 27th October 2003

OEM INTERNATIONAL AB (PUBL)

Jörgen Zahlin
Managing Director and CEO

Further information, please phone

Jörgen Zahlin +46-709-760 695 or financial director Jan Cnattingius +46-709-760 682.