

## INTERIM REPORT JANUARY – SEPTEMBER 2004

### THIRD QUARTER 2004

- Turnover was 339 MSEK (338)
- Orders increased by 17 % to 323 MSEK (277)
- Profit before tax increased by 50 % to 25,3 MSEK (16,9)

### JANUARY – SEPTEMBER 2004

- Turnover reduced by 3 % to 1 052 MSEK (1 088)
- Incoming orders 1 073 MSEK (1 035)
- Profit before tax increased by 31 % to 63,8 MSEK (48,6)
- Profit after tax increased by 39 % to 41 MSEK (29,6)
- Earnings per share after tax increased by 39 % to 5:42 SEK (3:90)
- Increased yearly forecast. Profit before tax estimated to exceed 75 MSEK.



OEM INTERNATIONAL

OEM International, whose head office is in Tranås, Sweden, comprises 27 operating units in eight countries. The Group trades in components and systems used in industrial automation. In simple terms OEM provides an alternative way for manufacturers to sell through their own companies. OEM therefore has a responsibility for marketing and selling the products in which the company trades. Visit our website – [www.oem.se](http://www.oem.se)



## THIRD QUARTER 2004

Group turnover was 339 MSEK (338). Orders increased by 17 % to 323 MSEK (277). Turnover for Group Automation and Electronics increased while Group EP and Mechanics decreased compared to corresponding period previous year. Operations disposed of had an adverse impact on turnover of 8 MSEK.

In accordance with the refining strategy a decision was taken in September to close down Jubo Mechatronics AB, that previously burdened the groups profit.

The profit after net financial items increased by 50% to 25,3 MSEK (16,9). The improvement in profits is due to improvements in efficiency implemented and the disposal of non-profitable operations.

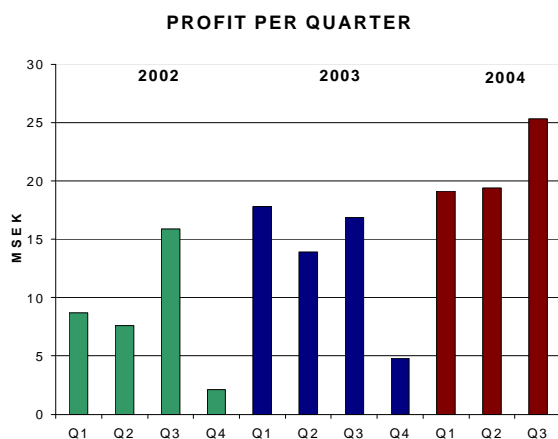
## 9 MONTHS 2004

### Turnover and profit

Group turnover decreased by 3 % to 1 052 MSEK (1 088). Turnover outside Sweden was 369 MSEK (364). Orders totalled 1 073 MSEK (1 035). The order book as per 30 September 2004 was 240 MSEK (217).

Disposed operations have an adverse impact on turnover by 33 MSEK.

The profit after net financial items increased by 31% to 63,8 MSEK (48,6). The Automation, Electronics and EP Groups are showing improved results. The positive trend in increasing demand together with a stronger product offer and improved efficiency means that the growth is gradually improving.



### Turnover by market

Turnover is split as follows: Sweden 65 % (67), Finland 20 % (17), Denmark 5 % (6), UK 4 % (4), Norway 2 % (3), Poland 2 % (1), Italy 1 % (1) and the Netherlands 1 % (1).

### Cashflow

The cashflow from operating activities was 36,8 MSEK (79).

### Investments

Net investments in fixed assets totalled -1,1 MSEK (7,2).

### Liquidity

Liquid assets, consisting of cash and bank balances including approved, but non-utilised bank overdraft facilities amounted to 363 MSEK (304) as per September 30, 2004.

### Goodwill

Goodwill totalling 8,4 MSEK (12,5) has been written off against profits. The value of goodwill in the balance sheet as per 30 September, 2004 was 7,3 MSEK.

### Debt/equity ratio

The debt/equity ratio as per 30 September 2004 was 59,4 % (56,7).

### Number of employees

The average number of employees the first nine months 2004 was 578 (635).

### Repurchase of shares

During the year the company repurchased 34.000 shares at average price of SEK 97:29. The total number of own shares held at September 30, 2004 amounted to 154.000, shares, which corresponds to 2 % of the total number of shares. The annual general meeting may authorise up to 10% of the number of shares, which is 772.310.

### Parent company

Net turnover was 12,6 MSEK (10,6) and the loss after financial items was -13,2 MSEK (-11,5).

## OTHER INFORMATION

### Accounting principles

The interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20. The same accounting principles and calculation methods used in the most recent annual accounts have been used here. In the case of the Swedish Financial Accounting Standards Council's published recommendation RR 29, Employee benefits, the OEM group has pension commitments that are partly defined benefit pension plans that cover several employers. We have not received adequate information from the insurance providers to be able to audit commitments as benefit-related pension plans. These plans have therefore been audited as if they were fee-determined.

### Forecast for the full year

The full-year profit after financial items is expected to be approximately 75 MSEK. Previous published prognosis was that the yearly profit should exceed the profit of 2003 (53,4 MSEK).

### Next report date

Interim report for the full year 2004, will be published on February 22, 2005.



## TURNOVER AND RESULTS BY COMPANY GROUP AFTER NINE MONTHS

### AUTOMATION GROUP

Components for industrial automation



- **Turnover 413 (383) MSEK**
- **Operating profit 52,2 (43,9) MSEK**

Continued high demand and efficiency improvements increase the turnover by 8 % and the operating profit with 19%. Increased customer activities and developments in the product offer enables the companies to continue taking market shares. During the quarter co-operation with a number of new suppliers were established and also preparations for starting sales in Estonia.

### ELECTRONICS GROUP

Appliance and printed circuit components, EMC and microwave components



- **Turnover 213 (205) MSEK**
- **Operating profit 14,8 (0,8) MSEK**

Growing demand from especially Swedish customers has brought an increase in turnover with 4% compared to previous year. Centralization and rendering more effective processes has together with cutting down unprofitable product areas, had a positive impact on profit.

### MECHANICS GROUP

Mechanical components; ball bearings, seals, linear units, motors and transmissions



- **Turnover 148 (158)**
- **Operating profit 6,1 (9,9)**

Missing revenue growth due to exchange of two suppliers, has brought a decrease in turnover and profit. More effective processes and rationalizations enable expectations to improve in both turnover and profit during 2005.

### HYDRAULICS GROUP

Hydraulic components; the group constructs and manufactures hydraulic units and hydraulic systems

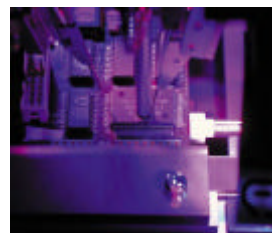


- **Turnover 107 (109)**
- **Operating profit 0,3 (0,4)**

Turnover and profit in parity with previous year. JMS Systemhydraulik AB has had a strong development in both profitability and turnover, which compensates the close down of Hydroprodukter AB. The Swedish market shows a continued weak increase. Goodwill amounting to 4,2 MSEK (4,9) was charged to profit in the period.

### EP GROUP

Production equipment and material for electronic production



- **Turnover 175 (202)**
- **Operating profit -2,1 (-3,5)**

Cyncrona in Finland and Sweden have during the period had a positive development whereas the Norwegian and Danish companies experienced a continued low demand. A clear increase in willingness to invest on all markets, enables us to expect that the turnover will continue to increase. Jubo Mechatronics has, during the period, had an adverse effect on the operating result for the EP Group with 7,5 MSEK. A decision has been taken to liquidate the company.



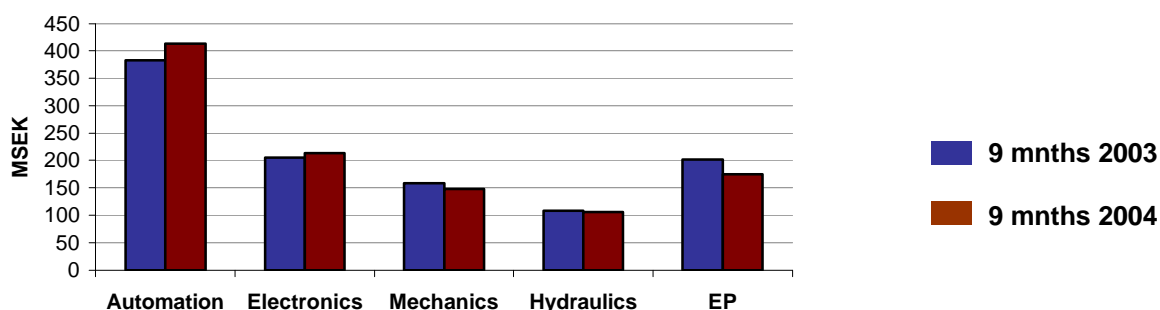


## TURNOVER & RESULT BY COMPANY GROUP

### Net turnover (MSEK)

	Jan-Sept 2004	Jan-Sept 2003	Q 3 2004	Q 2 2004	Q 1 2004	Q 4 2003	Q 3 2003	Last 12 mnths 2003	12 mnths 2003
Automation Group	413,3	383,1	134,6	142,7	136,0	129,2	117,8	542,5	513,0
Electronics Group	213,4	204,8	67,7	72,7	73,0	65,1	57,5	278,5	269,6
Mechanics Group	147,6	158,3	43,6	51,4	52,6	52,0	49,3	199,6	209,6
Hydraulics Group	106,7	108,8	29,8	37,6	39,3	37,3	29,4	144,0	146,1
EP Group	175,1	201,9	64,9	57,8	52,4	55,0	77,7	230,1	256,9
Other activities/disposals	- 3,6	31,3	- 1,3	- 3,7	1,4	1,3	6,7	- 2,3	32,9
	1 052,5	1 088,2	339,3	358,5	354,7	339,9	338,4	1 392,4	1428,1

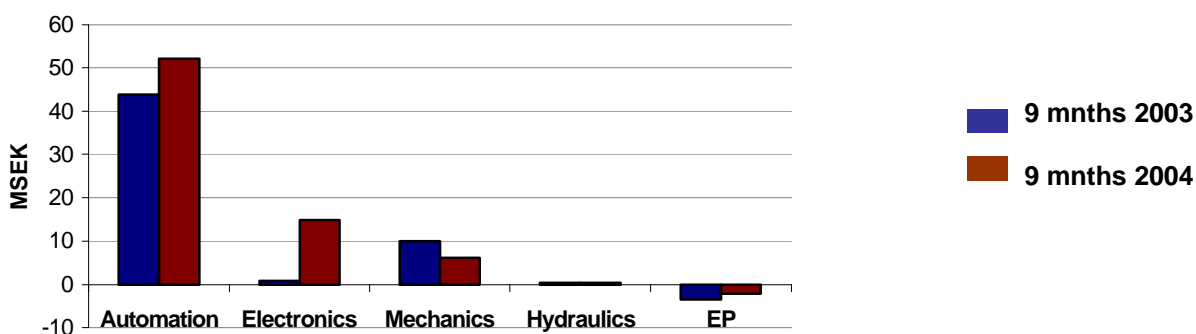
### Turnover per company group



### Operating profit (MSEK)

	Jan-Sept 2004	Jan-Sept 2003	Q 3 2004	Q 2 2004	Q 1 2004	Q 4 2003	Q 3 2003	Last 12 mnths 2003	12 mnths 2003
Automation Group	52,2	43,9	17,5	16,5	18,2	11,0	14,0	63,2	54,9
Electronics Group	14,8	0,8	7,1	4,0	3,7	0,8	- 0,8	15,6	1,6
Mechanics Group	6,1	9,9	2,0	1,0	3,1	- 0,3	4,1	5,8	9,6
Hydraulics Group	0,3	0,4	- 0,7	- 0,4	1,4	- 1,0	- 0,9	- 0,7	- 0,6
EP Group	- 2,1	- 3,5	0,2	0,4	- 2,7	- 3,0	- 0,2	- 5,1	- 6,5
Other activities/disposals	- 8,7	- 2,7	- 0,9	- 2,7	- 5,1	- 1,0	0,9	- 9,7	- 3,7
	62,6	48,8	25,2	18,8	18,6	6,5	17,1	69,1	55,3

### Profit by company group



*All the above amounts have been adjusted to take account of the current group composition.*



## GROUP PROFIT AND LOSS ACCOUNT (MSEK)

	Jan-Sept 2004	Jan-Sept 2003	Q 3 2004	Q 2 2004	Q 1 2004	Q 4 2003	Q 3 2003	Last 12 mnths 2003	12 mnths 2003
Net turnover	1 052,5	1 088,2	339,3	358,5	354,7	339,9	338,4	1392,4	1428,1
Operating costs	- 968,7	-1 011,9	- 307,9	-332,5	-328,3	-323,9	-312,2	-1292,6	-1335,8
Depreciation according to plan	- 21,2	- 27,5	- 6,2	- 7,2	- 7,8	- 9,5	- 9,1	- 30,7	-37,0
<b>Operating profit</b>	<b>62,6</b>	<b>48,8</b>	<b>25,2</b>	<b>18,8</b>	<b>18,6</b>	<b>6,5</b>	<b>17,1</b>	<b>69,1</b>	<b>55,3</b>
Shares in associated companies	0,3	0,7	- 0,3	0,2	0,4	0,3	0,2	0,6	1,0
Net financial income/expenses	0,9	- 0,9	0,4	0,4	0,1	- 2,0	- 0,4	- 1,1	-2,9
<b>Profit before tax</b>	<b>63,8</b>	<b>48,6</b>	<b>25,3</b>	<b>19,4</b>	<b>19,1</b>	<b>4,8</b>	<b>16,9</b>	<b>68,6</b>	<b>53,4</b>
Tax	- 22,8	- 19,0	- 8,9	- 7,0	- 6,9	- 2,9	- 6,8	- 25,7	-21,9
<b>Net Profit</b>	<b>41,0</b>	<b>29,6</b>	<b>16,4</b>	<b>12,4</b>	<b>12,2</b>	<b>1,9</b>	<b>10,1</b>	<b>42,9</b>	<b>31,5</b>

Earnings per share SEK	5:31	3:64	2:13	1:61	1:50	0:23	1:25	5:55	3:87
Earnings per share (SEK*)	5:42	3:90	2:17	1:64	1:60	0:24	1:34	5:67	4:14

\*) Key ratios calculated on the basis of the number of shares on the market.

## GROUP BALANCE SHEET (MSEK)

	2004-09-30	2003-09-30	2003-12-31
<b>Assets</b>			
Intangible fixed assets	7,3	20,1	15,6
Tangible fixed assets	112,2	127,1	125,6
Financial fixed assets	17,9	18,3	17,9
Inventories	203,7	230,2	230,9
Short term receivables	256,2	247,8	198,9
Cash and bank balances	67,5	40,3	52,6
<b>Equity, provisions and liabilities</b>			
Equity	394,9	387,6	391,1
Provisions	24,8	27,1	25,4
Short-term liabilities, interest-bearing	48,9	78,1	37,2
Short-term liabilities, non interest-bearing	196,2	191,0	187,8
<b>Balance sheet total</b>	<b>664,8</b>	<b>683,8</b>	<b>641,5</b>

## GROUP CHANGES IN EQUITY (MSEK)

	2004-09-30	2003-09-30	2003-12-31
At beginning of year	391,1	414,7	414,7
Repurchase of own shares	- 3,3	-16,8	-16,8
Dividend paid	- 34,2	- 34,2	-34,2
Profit for the period	41,0	29,6	31,5
Translation differences for the period	0,3	- 5,7	-4,1
At end of period	394,9	387,6	391,1



## CASHFLOW ANALYSIS (MSEK)

	Jan-Sept 2004	Jan-Sept 2003	Q 3 2004	Q 2 2004	Q 1 2004	Q 4 2003	Q 3 2003	Last 12 mnths	12 mnths 2003
Cashflow from operating activities	<b>61,5</b>	53,6	24,2	16,9	20,4	12,2	17,0	73,7	65,8
Changes in operating capital	<b>- 24,7</b>	25,4	- 23,3	12,7	- 14,1	43,7	- 6,2	19,0	69,1
<b>Cashflow before investments</b>	<b>36,8</b>	79,0	0,9	29,6	6,3	55,9	10,8	92,7	134,9
Investments	<b>3,8</b>	- 6,8	0,8	0,2	2,8	- 3,0	- 0,7	0,8	-9,8
<b>Cashflow after investments</b>	<b>40,6</b>	72,2	1,7	29,8	9,1	52,9	10,1	93,5	125,1
Cashflow from financing activities									
• Changes in creditors	<b>11,7</b>	-24,3	- 3,1	5,6	9,2	- 40,8	- 7,1	-29,1	-65,1
• Dividend paid	<b>- 34,2</b>	-34,2	-	-34,2	-	-	-	-34,2	-34,2
• Repurchase of own shares	<b>- 3,3</b>	-16,8	-	- 3,3	-	-	-	-3,3	-16,8
<b>Cashflow</b>	<b>14,8</b>	- 3,1	- 1,4	- 2,1	18,3	12,1	3,0	26,9	9,0

## KEY RATIOS

	Jan-Sept 2004	Jan-Sept 2003	Q 3 2004	Q 2 2004	Q 1 2004	Q 4 2003	Q 3 2003	Last 12 mnths	12 mnths 2003
Return on equity %	<b>10,4</b>	7,4	4,2	3,2	2,9	0,5	2,6	11,0	7,8
Return on capital employed %	<b>15,0</b>	10,3	5,9	4,5	4,4	1,2	3,8	16,1	11,9
Return on total capital %	<b>10,0</b>	7,1	3,9	3,0	3,1	0,8	2,6	10,8	8,1
Debt/equity ratio %	<b>59,4</b>	56,7							61,0
Earnings per share SEK	<b>5:31</b>	3:64	2:13	1:61	1:50	0:23	1:25	5:55	3:87
Earnings per share SEK *)	<b>5:42</b>	3:90	2:17	1:64	1:60	0:24	1:34	5:67	4:14
Shareholder's equity per share SEK *)	<b>52:18</b>	50:98							51:44
Operating margin %	<b>5,9</b>	4,5	7,0	5,5	5,3	1,4	5,1	5,0	3,7
Growth in turnover %	<b>Neg.</b>							Neg.	Neg.
Growth in profits %	<b>38,5</b>							61	114

\*) Key ratios calculated on the basis of the number of shares on the market. As per 30 September 7.569.103 shares.

Tranås October 26, 2004

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