



INTERIM REPORT

JANUARY - SEPTEMBER 2006

THIRD QUARTER 2006

- **Turnover increased by 6% to SEK 369 million (349)**
- **Profit before tax rose 9% to SEK 33.5 million (30.7)**
- **Inflow of orders increased by 8% to SEK 362 (335)**

JANUARY - SEPTEMBER 2006

- **Turnover increased by 4% to SEK 1,173 million (1,129)**
- **Profit before tax rose by 19% to SEK 106.9 million (90.0)**
- **Profit after tax escalated to 22% to SEK 76.3 million (62.4)**
- **Earnings per share after tax improved 22% to SEK 9.88 (8.08)**

EVENTS AFTER THE PERIOD

- **An agreement has been contracted for sale of the entire holding in JMS Systemhydraulik**





THIRD QUARTER 2006

The Group's turnover increased by 6% to SEK 369 million (349). OEM Automatic, OEM Electronics and Development all report growth while Cyncrona and JMS Systemhydraulik report a decline in turnover.

Incoming orders amounted to SEK 362 million (335).

The profit before tax climbed 9% to SEK 33.5 million (30.7) for the quarter.

JANUARY - SEPTEMBER 2006

The Group's sales rose 4% to SEK 1,173 million (1,129). Sales outside Sweden amounted to SEK 438 million (425).

All groups report higher sales while Cyncrona, with its investment-oriented business activities, decrease turnover with SEK 57 million.

Incoming orders climbed 10% to SEK 1,216 million (1,107). Company groups OEM Automatic, OEM Electronics and Cyncrona had incoming orders that surpass invoicing. The order book value as per 30 September 2006 was SEK 285 million (243).

The profit before tax escalated by 19% to SEK 106.9 million (90.0). Thriving sales and better margins are at the root of our improved profit, attributed to OEM Automatic, JMS Systemhydraulik and Development.

EVENTS AFTER THE PERIOD

OEM International has sold its entire holding in JMS Systemhydraulik to Specma Hydraulic AB, part of Investment AB Latour. JMS Systemhydraulik has 54 employees and is expected to report a turnover of SEK 150 million with a profit of SEK 15 million in 2006. The purchase price amounts to SEK 120 million, of which about SEK 80 million is capital gain. The deal is pursuant to approval from the Swedish Competition Authority.

The reason for the sale is that JMS Systemhydraulik is a relatively small player on a large market that is congregating around a few major players.

Turnover per market

Sweden 63% (62), Finland 21% (24), other Nordic countries 7% (7), and non-Nordic countries 9% (7).

Cash flow

Cash flow from current operations was SEK 50.8 (72.0).

Investments

Net investments in tangible fixed assets reached SEK 47.9 million (-0.9), of which SEK 19.4 million (-) is attributable to corporate acquisitions and SEK 28.5 million (-0.9) to property, machines and equipment.

Liquidity

Liquid assets, consisting of cash and bank balances together with approved but unutilised bank overdraft facilities amounted to SEK 250 million (361) as per 30 September 2006.

Intangible fixed assets

New accounting principles apply as of 2005, namely the International Financial Reporting Standards (IFRS). According to these principles, planned goodwill depreciation will not apply. Goodwill items and other intangible items will however be tested for any write-down requirements. The profit has not been burdened with goodwill write-downs. Last year's profit was burdened with write-downs of SEK 0.9 million. The book value in the balance sheet amounts to SEK 25.8 million as per 30 September 2006.

Equity/assets ratio

Equity/assets ratio as per 30 September 2006 was 57.9% (59.6).

Number of employees

The average number of employees in the Group was 579 (537) during the first three quarters.

Repurchase

The Company has repurchased 455,400 shares at an average price of SEK 163.79 during the year. The total number of own shares held is 609,400 at an average price of SEK 142.65 as per 30 September 2006. This corresponds to 7.8% of the total number of shares. The Annual General Meeting authorised the repurchase of up to 10% of the total number of shares, which is the equivalent of 772,310 shares.

Parent company

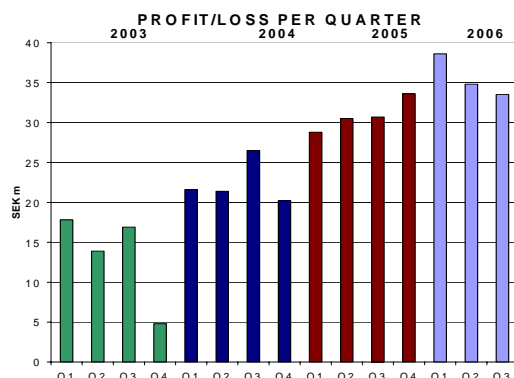
Net turnover was SEK 12.3 million (12.6) and the loss after financial items was SEK 16.6 million (13.0).

Date of next report

The financial statement for 2006 will be released on 22 February 2007.

Accounting principles

In preparing this interim report the Group complies with IAS 34 Interim Reporting and the Swedish Financial Accounting Standards Council's recommendation RR 31 concerning interim reports for groups. For a description of the accounting principles that the company applies in its interim reports for 2006, see Note 1 in the company's 2005 Annual Report.





OEM AUTOMATIC

Components for industrial automation

- **Turnover SEK 508 million (444)**
- **Operating profit SEK 67.9 million (53.3)**

Continued strong demand and the acquisition of the Czech company generated a 14% increase in turnover. Profit improved 27% due to higher sales and implemented streamlining measures. Previous years' profits were burdened with SEK 4 million for costs associated with the divestment of operations in Italy.



OEM ELECTRONICS

Appliance and circuit board components, EMC and microwave components

- **Turnover SEK 233 million (223)**
- **Operating profit SEK 15.4 million (18.8)**

Turnover increased 5% while profits dropped 18%. Demand is sound in general although some customers' outsourcing of production and exacerbated pressure on prices has led to lower margins and reduced profits.

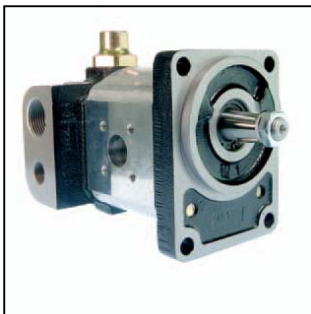


CYNCRONA

Production equipment and components for electronics production.

- **Turnover SEK 169 million (226)**
- **Operating profit SEK 6.8 million (15.4)**

Fewer machines were delivered during the period causing turnover to drop. Certain business dealings have been transferred from the group's account to commission transactions resulting in lower turnover but marginally lower profit. Orders received during the period amounted to SEK 202 million, bringing the order book up to SEK 49 million.



JMS SYSTEMHYDRAULIK

Hydraulic components and manufacture of hydraulic units and systems

- **Turnover SEK 114 million (112)**
- **Operating profit SEK 12.8 million (8.3)**

Increased component sales coupled with somewhat lower figures for systems resulted in a 2% increase in turnover. Implemented streamlining measures have improved profit by 54%.



DEVELOPMENT

Ball bearings, seals, lubricating nipples, linear units, motors and transmissions

- **Turnover SEK 156 million (130)**
- **Operating profit SEK 11.5 million (6.3)**

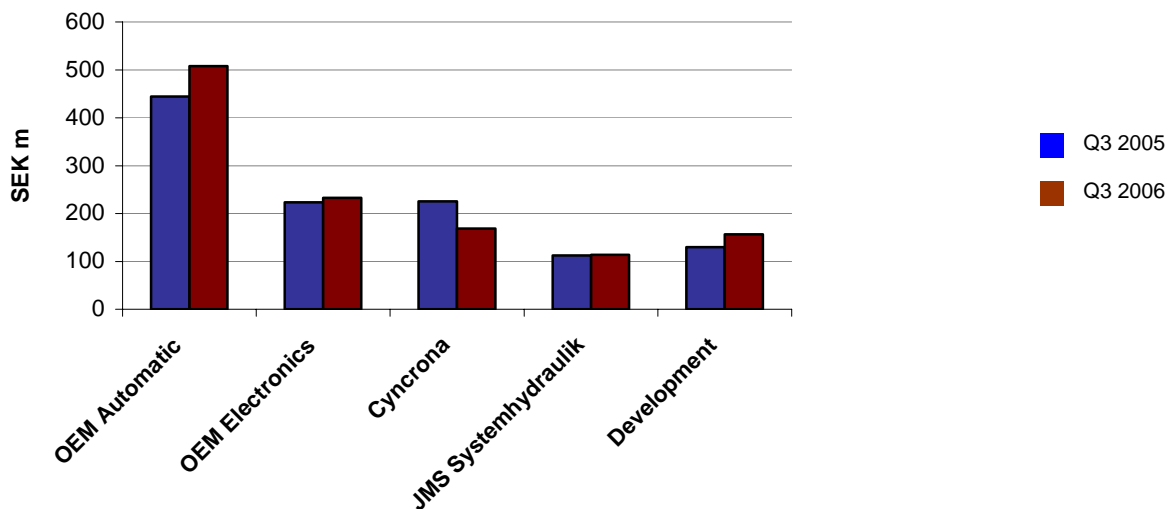
Continued strong demand coupled with the acquisition of Telfa AB increased turnover by 20%. The improvement in profits is attributed to climbing turnover coupled with the implemented restructuring measures.



TURNOVER & PROFIT PER COMPANY GROUP

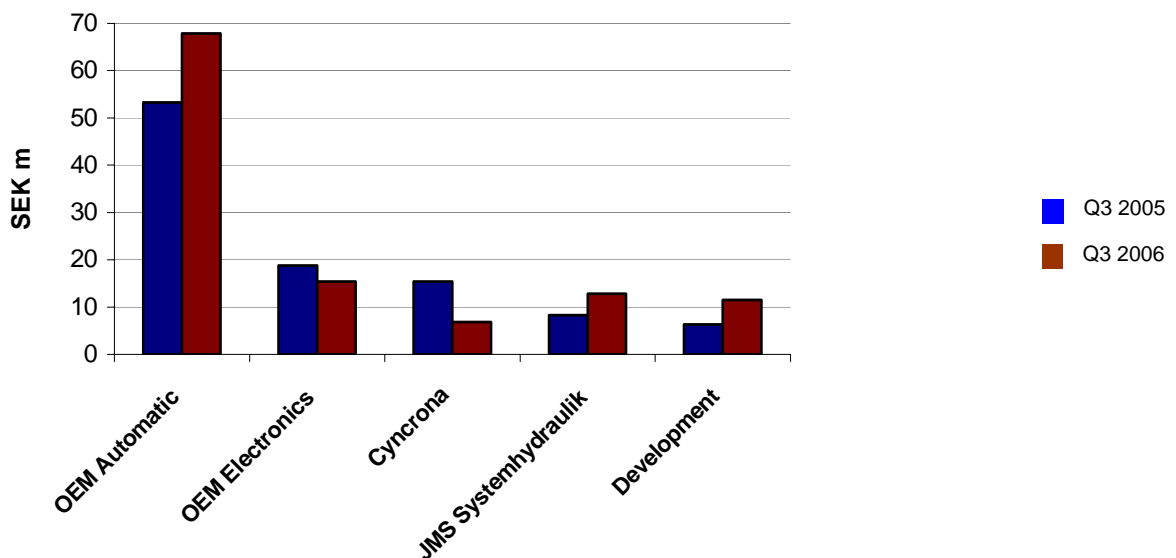
Net turnover (SEK million)

	Jan- Sept 2006	Jan- Sept 2005	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Rolling 12 mth	Full year 2005
OEM Automatic	507,9	444,1	161,8	172,2	173,9	160,7	137,1	668,6	604,8
OEM Electronics	233,0	223,2	69,9	79,8	83,3	81,4	69,4	314,4	304,6
Cyncrona	168,6	225,7	59,5	72,8	36,3	58,6	72,6	227,2	284,3
JMS Systemhydraulik	114,0	112,3	31,8	37,7	44,5	45,0	33,1	159,0	157,3
Development	156,4	129,7	46,5	51,9	58,0	42,0	37,3	198,4	171,7
Other operations/eliminations	-7,0	-5,7	-0,8	-2,7	-3,5	7,8	-0,2	0,8	2,1
	1 172,9	1 129,3	368,7	411,7	392,5	395,5	349,3	1 568,4	1 524,8



Operating profit/loss (SEK million)

	Jan- Sept 2006	Jan- Sept 2005	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Rolling 12 mth	Full year 2005
OEM Automatic	67,9	53,3	22,4	21,2	24,3	21,4	20,4	89,3	74,7
OEM Electronics	15,4	18,8	5,5	3,7	6,2	5,9	6,3	21,3	24,7
Cyncrona	6,8	15,4	2,6	3,9	0,3	3,1	7,0	9,9	18,5
JMS Systemhydraulik	12,8	8,3	3,5	4,1	5,2	2,8	1,4	15,6	11,1
Development	11,5	6,3	3,0	3,4	5,1	-1,2	3,5	10,3	5,1
Other operations/elimination	-8,0	-13,8	-3,0	-2,1	-2,9	-0,3	-7,7	-8,3	-13,8
	106,4	88,3	34,0	34,2	38,2	31,7	30,9	138,1	120,3





CONSOLIDATED INCOME STATEMENT (SEK million)

	Jan-Sept 2006	Jan-Sept 2005	Q3 2006	Q 2 2006	Q1 2006	Q4 2005	Q3 2005	Rolling 12 mth	Full year 2005
Net turnover	1 172,9	1 129,3	368,7	411,7	392,5	395,5	349,3	1 568,4	1 524,8
Operating expenses	-1 056,4	-1 032,6	-331,3	-374,1	-351,0	-360,6	-315,5	-1 417,0	-1 391,1
Depreciation	-10,1	-8,4	-3,4	-3,4	-3,3	-3,2	-2,9	-13,3	-13,4
Operating profit	106,4	88,3	34,0	34,2	38,2	31,7	30,9	138,1	120,3
Shares in assoc. cos.	0,9	1,5	0,1	0,3	0,5	-0,2	0,2	0,7	1,3
Net financial items	-0,4	0,2	-0,6	0,3	-0,1	2,1	-0,4	1,7	2,0
Profit before tax	106,9	90,0	33,5	34,8	38,6	33,6	30,7	140,5	123,6
Tax	-30,6	-27,6	-9,9	-9,5	-11,2	-7,2	-8,7	-37,8	-34,8
Profit	76,3	62,4	23,6	25,3	27,4	26,4	22,0	102,7	88,8
Earnings per share before dilution, SEK	9:88	8:08	3:06	3:28	3:54	3:41	2:85	13:29	11:49
Earnings per share after dilution, SEK	9:83	8:05	3:04	3:26	3:53	3:39	2:84	13:23	11:43

CONSOLIDATED BALANCE SHEET (SEK million)

	30.09.2006	30.09.2005	31.12.2005
Assets			
Intangible fixed assets	25,8	18,2	18,2
Tangible fixed assets	152,3	107,5	122,5
Financial assets	8,1	7,8	8,6
Deferred tax claims	5,5	12,7	5,6
Inventories	213,8	206,9	218,2
Current receivables	276,4	267,6	241,0
Liquid funds	52,2	136,4	150,0
Shareholders' equity and liabilities			
Shareholders' equity	424,7	451,2	477,9
Long-term liabilities, interest-bearing	9,0	0,0	8,9
Deferred tax liability	23,3	26,1	21,6
Current liabilities, interest-bearing	72,9	50,8	47,0
Current liabilities, non interest-bearing	204,2	229,0	208,7
Balance sheet total	734,1	757,1	764,1

GROUP CHANGES IN SHAREHOLDERS' EQUITY (SEK million)

	30.09.2006	30.09.2005	31.12.2005
At start of the year	477,9	424,9	424,9
Repurchase of own shares	- 74,6	-	-
Dividends paid	- 53,0	-41,6	-41,6
Profit for the period	76,3	62,4	88,8
Translation difference for the year	- 1,9	5,5	5,8
At end of period	424,7	451,2	477,9



CASH FLOW STATEMENT (SEK million)

	Jan-Sept 2006	Jan-Sept 2005	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Rolling 12 mth	Full year 2005
Cash flow from current operations	73,2	79,7	29,6	25,7	17,9	24,5	35,2	97,7	104,2
Change in operating capital	-22,4	-7,7	-15,1	7,2	-14,5	-19,1	2,4	-41,5	-26,8
Cash flow before investments	50,8	72,0	14,5	32,9	3,4	5,4	37,6	56,2	77,4
investments	-46,6	-19,2	-10,1	-38,1	1,6	8,3	-14,1	-38,3	-9,1
Cash flow after investments	4,2	52,8	4,4	-5,2	5,0	13,7	23,5	17,9	68,3
Cash flow from current financing activities									
- Change in liabilities	26,0	13,1	19,9	4,7	1,4	-0,2	-3,5	25,8	11,1
- Paid dividends	-53,0	-41,6	-	-53,0	-	-	-	-53,0	-41,6
- Repurchase of own shares	-74,6	-	-25,0	-49,6	-	-	-	-74,6	-
Cash flow	-97,4	24,3	-0,7	-103,1	6,4	13,5	20,0	-83,9	37,8

KEY INDICATORS

	Jan-Sept 2006	Jan-Sept 2005	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Rolling 12 mth	Full year 2005
Return on shareholders' equity, %	17,5	14,3	5,6	5,4	5,7	5,7	5,0	23,5	19,7
Return on capital employed, %	21,9	18,8	7,0	6,8	7,4	6,8	6,3	28,6	24,8
Return on total capital, %	14,6	12,4	4,7	4,7	5,0	4,6	4,2	19,3	17,0
Equity/assets ratio, %	57,9	59,6							62,5
Earnings per share before dilution, SEK	9:88	8:08	3:06	3:28	3:54	3:41	2:85	13:29	11:49
Earnings per share after dilution, SEK	9:83	8:05	3:04	3:26	3:53	3:39	2:84	13:23	11:43
Equity per share, SEK	54:99	58:42							61:88
Average number of shares (thousands)	7 723	7 723	7 723	7 723	7 723	7 723	7 723	7 723	7 723
Average number of shares after dilution (thousands)	7 763	7 763	7 763	7 763	7 763	7 763	7 763	7 763	7 763
Operating margin, %	9,9	8,6	10,2	9,1	10,6	9,3	9,5	9,7	8,8
Growth in turnover, %								5,8	8,4

Tranås, 25 October 2006

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OEM International, with head office in Tranås, comprises 23 operating units in eight countries. The Group trades in components and systems used in industrial automation. In simple terms, OEM provides an alternative for manufacturers to sell through their own companies. OEM is thereby in charge of marketing and selling the products in which the company trades

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