



INTERIM REPORT

ANNUAL EARNINGS 2007

- The Board proposes a dividend of SEK 3 per share (2.83)
- Turnover increased by 2 % to SEK 1,482 million (1,448)*
- Profit before tax increased by 9 % to SEK 139 million; excluding property sales, profit was SEK 126 million (125)*
- Profit after tax increased by 11 % to SEK 101 million (91)*
- Earnings per share after tax amounted to SEK 4.43 million (7.84)**

FOURTH QUARTER 2007

- Turnover increased by 6 % to SEK 417 million (393)*
- Profit before tax amounted to SEK 33.1 million (33.5)*
- Incoming orders increasing by 19 % to SEK 424 million (356)*
- Acquisition of a technology trading company in Denmark

* The comparative figures for turnover, incoming orders and profit before tax exclude sold hydraulic operations.

** The comparative figures for earnings per share include sold hydraulic operations.





FOURTH QUARTER 2007

The Group's turnover increased by 6 % to SEK 417 million (393). Turnover for OEM Automatic increased, while that for OEM Electronics fell.

Incoming orders increased by 19 % to SEK 424 million (356).

Profit before tax amounted to SEK 33.1 million (33.5).

OEM acquired all shares in Klitsö Processtechnik AS in Denmark, with effect from 10 December 2007. Klitsö sells valves and pneumatic systems, mainly to industrial customers in Denmark. The company had a turnover of DKK 71 million and a profit of DKK 6.1 million in 2007. The company contributed a turnover of SEK 5.5 million and a profit of SEK 0.2 million in 2007.

The acquisition cost amounted to approximately DKK 30 million plus a maximum additional purchase price of DKK 6 million. Preliminary acquisition analyses yield goodwill distributed between buildings SEK 5.7 million, brand SEK 9.5 million and group goodwill SEK 13.3 million.

OEM is strengthening its platform for further expansion in Denmark with this acquisition.

Agreement is signed for sale of property owned by Cyncrona Denmark. Taking over by 1st of March and profit from the sale amount to appr. 5,4 SEK million.

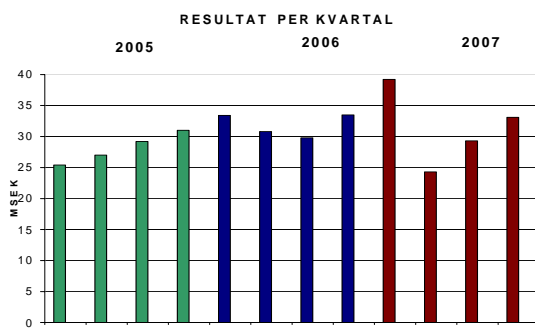
FULL YEAR 2007

The Group's turnover increased by 2 % to SEK 1,482 million (1,448). Sales outside Sweden amounted to SEK 588 million (597). Acquired units affected the turnover by around SEK 40 million during 2007.

Turnover for OEM Automatic and Development increased by 14%, while that of OEM Electronics and Cyncrona fell by 16%.

Incoming orders increased by 3 % to SEK 1,509 million (1,463). The order book value as of 31 December 2007 was SEK 254 million (214).

Profit before tax increased by 9 % to SEK 139 million. Excluding property sales, the profit amounted to SEK 126 million (125). OEM Automatic and Development saw together a 12 % increase in profit. OEM Electronics and Cyncrona experienced together a 42 % drop in profit compared with the previous year.



Turnover by market

Sweden 60 % (59), Finland 18 % (22), the rest of Scandinavia 11 % (11), outside Scandinavia 11 % (8).

Cash flow

The cash flow from current operations was SEK 44.3 million (113.4). Total cash flow amounted to SEK -166 million and has been affected by, among other things, dividends and redemption of shares totalling SEK 220 million.

Investments

Net investments in fixed assets amounted to SEK 68,0 million (33.4), of which SEK 47.7 million (22.0) is attributable to company acquisitions, SEK million (-16.4) to company sales and SEK 20,3 million (27.8) to properties, machinery and equipment.

Liquidity

Liquid funds, consisting of cash and bank balances, together with granted but unused credit amounted to SEK 315 million (495) in total as of 31 December 2007.

Intangible assets

From 2005, new accounting principles, International Financial Reporting Standards (IFRS), apply, which means that planned goodwill depreciation will not be applied. However, the goodwill items and other intangible assets will be examined for any write-down requirements. The profit has been burdened by write-down on intangible assets of SEK 2.2 million (1.5). The book value in the balance sheet amounts to SEK 46.7 million as of 31 December 2007.

Equity/assets ratio

The equity/assets ratio as of 31 December 2007 was 58.9 % (67.2).

Employees

The average number of employees in the group during the period was 569 (531).

Share repurchasing

The company has not repurchased any shares during the year. There was no own holding of shares as of 31 December. The Annual General Meeting has authorised repurchasing of up to 10 % of the shares, which corresponds to 2,316,930.

Share splitting and redemption of shares

In order to increase the number of regular lots and, thereby, trading of the shares, and change the company's capital structure, the Annual General Meeting decided to divide up each OEM share into four shares (share split 4:1), one of which was designated a redemption share. The redemption shares were automatically redeemed for a redemption settlement of SEK 20 in cash on 15 June. This meant that approximately SEK 154 million was distributed to the shareholders. Following implementation of the share split, 23,169,309 shares in the company were divided into 4,767,096 class A shares and 18,402,213 class B shares.

Accounting principles

This interim report for the group has been drafted in accordance with IAS 34 Interim Reporting and the Swedish Financial Accounting Standards Council's recommendation RR31 Interim Reporting for Groups. The accounting principles for the group remain unchanged from those applied to the annual report for 2006.

**Significant events**

- A property was sold, yielding a capital gain of SEK 13.2 million.
- The remaining 50 % of the shares in Crouzet AB were acquired from Crouzet Automatismes SAS. The company is active in the automation component sector and has 17 employees. The company had a turnover of SEK 51 million and a profit of SEK 3.4 million before tax in 2006. SEK 18 million of the invoicing related to deliveries to OEM Automatic. The company has been incorporated into OEM Automatic. This acquisition has effected the profit 2007 by SEK -1,5 million. All shares in MPX Elektra ApS in Denmark were acquired, with effect from 1 September 2007.
- MPX Elektra ApS sells a wide range of industrial batteries on the Danish market and has a turnover of around SEK 17 million and a profit level of approximately SEK 1 million. The purchase price amounts to SEK 5,1 million, of which SEK 4.5 million is goodwill.
- All shares in Klitsö Processtechnik AS in Denmark were acquired, with effect from 1 December 2007. Klitsö sells valves and pneumatic systems, mainly to industrial customers in Denmark. The company had a turnover of SEK 88 million and a profit of SEK 7.5 million in 2007. The company contributed a turnover of SEK 5.5 million and a profit of SEK 0.2 million to the Group in 2007. The acquisition cost amounted to approximately SEK 38 million plus a maximum additional purchase price of SEK 7.4 million. Preliminary acquisition analyses yield goodwill distributed between buildings SEK 5.7 million, brand SEK 9.5 million and group goodwill SEK 13.3 million.

Important assessments

The following important accounting assessments have been made:

Write-down examination for goodwill

In assessing the write-down requirement for goodwill, cash-generating units' recovery values have been calculated. The assessment is that no reasonable changes to the most important assumptions would lead to the calculated recovery values of the units being lower than the reported values.

Valuation of other intangible assets

Other intangible fixed assets mainly consist of values realised on acquisitions. The current supplier relationships have continued to show positive development, which means that there is no write-down requirement. The current customer relationships consist of establishment on new markets and these are amortised over a five-year period. The brand is to be amortised over a five-year period.

Proposed dividend

The Board proposes a dividend of SEK 3 per share (2.83).

Annual Report

The annual report for 2007 will be distributed at the end of March 2008 and will be available at the head office and on the company's website.

Annual General Meeting

The Annual General Meeting will be held in Tranås on 24 April 2008.

Date of next report

The quarterly report for January – March 2008 will be published on 24 April 2008.

OEM AUTOMATIC

Components for industrial automation

- Turnover SEK 813 million (698)
- Operating income SEK 94.5 million (89.4)

A continuing good level of demand resulted in turnover during the year increasing by 16 % and profit by 6 %. Costs for integration work relating to acquisition Crouzet AB burdened the profit during 2007 by approximately SEK 6 million. All operations are progressing well and integration work involving acquired units is proceeding.



OEM ELECTRONICS

Appliance and circuit board components, EMC and microwave components

- Turnover SEK 276 million (307)
- Operating income SEK 15.0 million (18.8)

Turnover fell by 10 %, which caused a deterioration in profit compared with the previous year. The reduction in turnover is centred on the Swedish operation. Measures implemented during the autumn to adjust operating costs resulted in the profit level improving during the second half of the year.

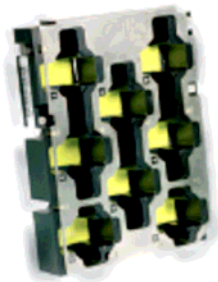


CYNCRONA

Production equipment and input goods for electronics production

- Turnover SEK 188 million (245)
- Operating income SEK 4.3 million (14.2)

A series of machine deliveries during the fourth quarter yielded a strong turnover and profit, giving a positive annual profit in all countries. During December, all logistics activities were concentrated in Sweden, thus improving efficiency and strengthening competitiveness.



DEVELOPMENT

Ball bearings, pumps, seals, linear units, motors and transmissions

- Turnover SEK 221 million (213)
- Operating income SEK 16.3 million (13.0)

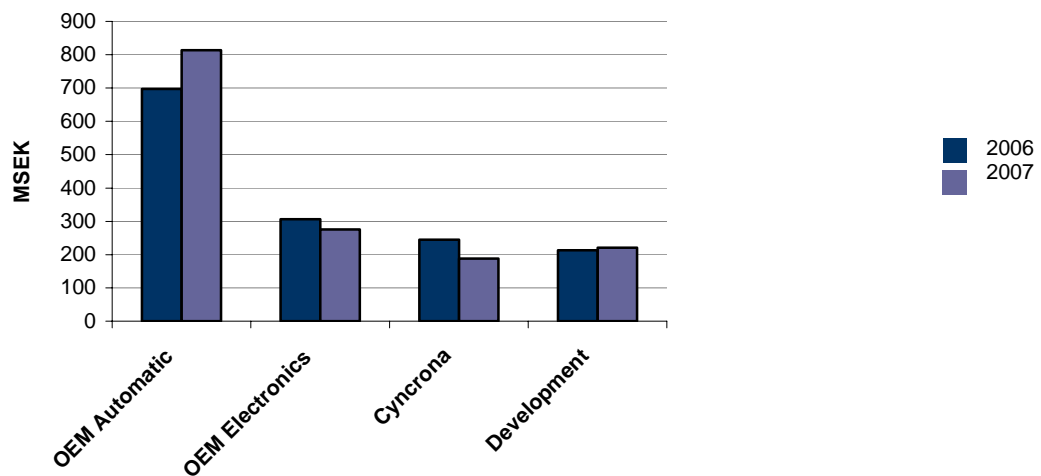
Turnover increased by 4 % and profit by 25 %. Good levels of demand and improved trade margins have led to increased operating margin.



TURNOVER & PROFIT PER COMPANY GROUP

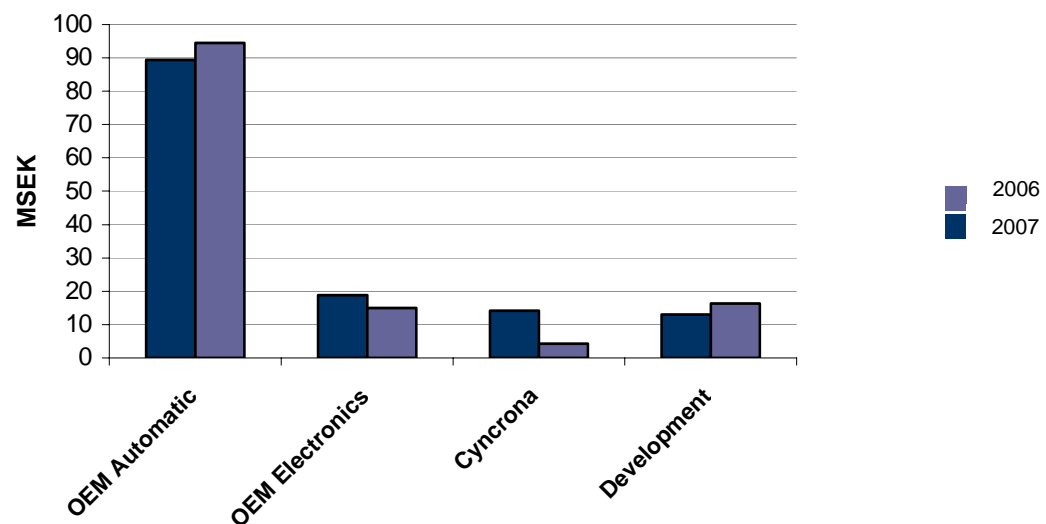
Net turnover (SEK million)

	Full year 2007	Full year 2006	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006
OEM Automatic	813,4	697,8	221,2	187,3	197,5	207,4	189,9
OEM Electronics	276,0	306,6	68,5	64,7	69,8	73,0	73,6
Cyncrona	188,3	244,6	76,6	28,1	31,1	52,5	76,0
Development	221,2	212,8	55,0	47,9	56,3	62,0	56,4
Other operations/elimination	-16,7	-11,4	-4,1	-5,9	-0,3	-6,4	-3,3
	1 482,2	1 450,4	417,2	322,1	354,4	388,5	392,6



Operating income (SEK million)

	Full year 2007	Full year 2006	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006
OEM Automatic	94,5	89,4	23,0	25,1	22,5	28,3	23,1
OEM Electronics	15,0	18,8	3,6	4,6	2,3	4,5	3,4
Cyncrona	4,3	14,2	6,5	-3,1	-1,4	2,3	7,4
Development	16,3	13,0	3,1	4,9	2,2	6,1	1,5
Other operations/elimination	6,9	-8,7	3,8	-1,6	-2,8	10,7	-2,0
	137,0	126,7	32,4	29,9	22,8	51,9	33,4





CONSOLIDATED INCOME STATEMENT (SEK million)

	Full year 2007	Full year 2006	Q 4 2007	Q 3 2007	Q 2 2007	Q1 2007	Q4 2006
Net turnover	1 482,2	1 447,9	417,2	322,1	354,4	388,5	392,6
Other operating income	13,2	2,5	0,0	0,0	0,0	13,2	2,5
Operating expenses	-1 343,6	-1 310,2	-381,5	-288,3	-327,5	-346,3	-357,6
Depreciation	-14,8	-13,5	-3,3	-3,9	-4,1	-3,5	-4,1
Operating income	137,0	126,7	32,4	29,9	22,8	51,9	33,4
Shares in associated companies	0,0	1,0	0,0	0,0	0,0	0,0	0,1
Net financial items	2,1	-0,2	0,7	-0,6	1,5	0,5	0,0
Income before tax	139,1	127,5	33,1	29,3	24,3	52,4	33,5
Taxes	-38,3	-36,7	-7,1	-8,6	-7,3	-15,3	-10,0
Income from remaining operations	100,8	90,8	26,0	20,7	17,0	37,1	23,5
Income from divested operations	2,0	90,8	2,0	0,0	0,0	0,0	81,8
Profit for the year	102,8	181,6	28,0	20,7	17,0	37,1	105,3
Earnings per share before dilution, SEK	4,43	7,84	1,21	0,89	0,73	1,60	4,54
Earnings per share after dilution, SEK	4,43	7,81	1,21	0,89	0,73	1,60	4,54
*Earnings per share before dilution, SEK	4,34	3,92	1,12	0,89	0,73	1,60	1,00
*Earnings per share after dilution, SEK	4,34	3,90	1,12	0,89	0,73	1,60	1,00

*Remaining operations

CONSOLIDATED BALANCE SHEET (SEK million)

	2007-12-31	2006-12-31
Assets		
Intangible fixed assets	46,7	20,5
Tangible fixed assets	160,2	139,6
Financial fixed assets	2,6	7,4
Deferred tax claim	6,4	3,9
Inventories	255,2	214,6
Current receivables	302,2	279,2
Liquid funds	127,0	288,5
Equity and liabilities		
Equity	530,1	640,7
Long-term liabilities, interest-bearing	10,1	9,3
Deferred tax liability	31,8	26,6
Current liabilities, interest-bearing	74,5	56,0
Current liabilities, non-interest-bearing	253,8	221,1
Balance sheet total	900,3	953,7



GROUP CHANGES IN EQUITY (SEK million)

	2007-12-31	2006-12-31
At the start of the year	640.7	477.9
Repurchase of own shares	-	38.8
Issued dividend	-65.6	-53.0
Redemption of shares	-154.5	-
Profit for the period	102.8	181.6
Annual translation difference	6.7	-4.6
At the end of the period	530.1	640.7

CASH FLOW STATEMENT (SEK million)

	Full year 2007	Full year 2006	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006
Cash flow from current operations	102,5	98,0	32,4	20,6	10,2	39,3	24,8
Changes to operating capital	-58,2	15,4	-1,2	-15,5	-2,3	-39,2	37,8
Cash flow before investments	44,3	113,4	31,2	5,1	7,9	0,1	62,6
Investments	10,6	31,9	-29,5	-10,1	-7,1	57,3	78,5
Cash flow after investments	54,9	145,3	1,7	-5,0	0,8	57,4	141,1
Cash flow from financing activities							
- Change in liabilities	-0,8	9,4	-3,8	-6,7	1,3	8,4	-16,6
- Paid dividend	-65,6	-53,0	0,0	0,0	-65,6	0,0	0,0
- Redemption of shares	-154,5	0,0	0,0	0,0	-154,5	0,0	0,0
- Repurchase of own shares	0,0	38,8	0,0	0,0	0,0	0,0	113,4
Cash flow	-166,0	140,5	-2,1	-11,7	-218,0	65,8	237,9

KEY INDICATORS

	Full year 2007	Full year 2006	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006
Return on equity, %	17,6	32,5	5,5	4,2	2,9	5,6	19,8
*Return on capital employed, %	22,0	21,2	6,1	5,8	3,5	7,3	5,6
*Return on total capital, %	15,7	15,2	4,3	4,2	2,6	5,5	4,0
Equity/assets ratio	58,9	67,2					
Earnings per share before dilution, SEK	4,43	7,84	1,21	0,89	0,73	1,60	4,54
Earnings per share after dilution, SE	4,43	7,80	1,21	0,89	0,73	1,60	4,54
Equity per share, SEK	22,88	27,65					
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	23 289	23 169	23 169	23 169	23 169	23 208
*Operating margin, %	10,2	9,7	8,6	10,5	7,6	13,4	9,5
*Growth in turnover, %	2,4	6,0					

* According to IFRS 5, the sold Hydraulics operations were reported in 2006 as divested operations. The highlighted indicators refer to remaining operations. Other key indicators refer to the total operations, as the balance sheet for the comparison periods, in accordance with IFRS 5, has not been recalculated.

PARENT COMPANY'S INCOME STATEMENT (SEK million)

	Full year 2007	Full year 2006	Q 4 2007	Q 3 2007	Q 2 2007	Q1 2007	Q4 2006
Net turnover	42,7	41,3	32,5	3,9	4,5	3,9	27,2
Other operating income	0,0	1,8	0,0	0,0	0,0	0,0	1,8
Operating expenses	-41,9	-42,6	-11,1	-9,1	-11,6	-10,1	-10,5
Depreciation	-1,5	-1,8	-0,4	-0,3	-0,4	-0,4	-0,4
Operating income	-0,7	-1,3	21,0	-5,5	-7,5	-6,6	18,1
Income from shares in group companies	44,1	104,2	0,0	4,1	40,0	0,0	104,2
Income from shares in associated companies	0,0	1,0	0,0	0,0	0,0	0,0	0,0
Net financial items	4,8	2,0	1,9	0,4	1,5	1,0	0,2
Profit before appropriations and tax	48,2	105,9	22,9	-1,0	34,0	-5,6	122,5
Balance-sheet appropriations	-10,3	-14,5	-10,3	0,0	0,0	0,0	-14,5
Income before tax	37,9	91,4	12,6	-1,0	34,0	-5,6	108,0
Taxes	1,4	3,7	-2,7	0,8	1,7	1,6	-1,1
Profit	39,3	95,1	9,9	-0,2	35,7	-4,0	106,9

**PARENT COMPANY'S BALANCE SHEET (SEK million)**

	2007-12-31	2006-12-31
Assets		
Intangible fixed assets	1,1	0,0
Tangible fixed assets	20,0	21,0
Financial fixed assets	235,9	189,1
Current receivables	256,3	245,5
Liquid funds	66,9	220,8
Equity and liabilities		
Equity	315,9	429,4
Untaxed reserves	47,8	37,5
Deferred tax liability	1,8	1,7
Current liabilities, interest-bearing	0,0	0,0
Current liabilities, non-interest-bearing	214,7	207,8
Balance sheet total	580,2	676,4

Tranås, 22 February 2008

OEM INTERNATIONAL AB (PUBL)

Jörgen Zahlin
Managing Director and CEO

This interim report has not been examined by OEM International AB's auditors.

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

OEM International, with its head office in Tranås, Sweden, comprises 25 operational units in 11 countries. The Group operates within industrial trading in northern Europe. OEM acts as an alternative for manufacturers to selling through their own companies.

OEM INTERNATIONAL AB (publ), Corp. ID 556184-6691

Head Office: Norrabylvägen 6B
Box 1009, SE-573 28 TRANÅS, SWEDEN
Tel + 46-75-242 40 00

www.oem.se