

# Interim Report

January – September 2008

## THIRD QUARTER 2008

- Turnover increased by 9 % to SEK 350 million (322)
- The profit before tax increased by 24 % to SEK 36 million (29)
- Incoming orders increased by 15 % to SEK 382 million (332)

## JANUARY – SEPTEMBER 2008

- Turnover increased by 14 % to SEK 1,211 million (1,065)
- The profit before tax increased by 15 % to SEK 122 million (106)
- Profit before tax adjusted for property sales increased by 25 % to SEK 116 million (93)

## EVENTS AFTER THE REPORT DATE

- Acquisition of trading company within lighting/installation.





## THIRD QUARTER 2008

The majority of the Group companies has had a positive development and a high demand even during the third quarter. The turnover increased by 9 % to SEK 350 million (322). The turnover for OEM Automatic increased, while OEM Electronics, Cyncrona and Development fell.

Incoming orders increased by 15 % and amounted to SEK 382 million (332). All company groups have incoming orders that exceed the invoicing.

The profit before tax increased by 24 % to SEK 36.3 million (29.3).

## JANUARY – SEPTEMBER 2008

The Group's turnover increased by 14 % to SEK 1,211 million (1,065). Adjusted for acquired units, turnover increased by 7 %. The turnover outside Sweden increased by 25 % to SEK 517 million (412) and represent 43% of the Groups total turnover. It is first and foremost the companies in Denmark who increase in consequence of last year acquisitions.

The turnover for OEM Automatic and Cyncrona increased, while OEM Electronics and Development fell. Excluding the winding-up of the Semiconductors product area OEM Electronics increase the turnover with 4%.

Incoming orders increased by 16 % to SEK 1,262 million (1,085). All company groups have incoming orders that exceed turnover. The order book value as of 30 September 2008 amounted to SEK 310 million (243).

OEM Automatic and Cyncrona provided better earnings, while the earnings from the rest of the Group were lower than the corresponding period last year.

Excluding property sales, the profit before tax increased by 25 % to SEK 116.2 million (92.8).

Profit before tax amounted to SEK 121.6 million (106). This profit includes property sales that contributed SEK 5.4 million (13.2).



The profit excludes sold hydraulic operations and profit from sold properties.

## EVENTS AFTER THE REPORT DATE

An agreement has been signed for acquisition of all the shares in Elektro Elco AB in Bankeryd, Sweden, with possession from 17 November 2008. Elektro Elco AB markets lighting products and material for electrical installations. Their own brand "Hide-a-lite" and the agency Legrand are the most familiar. The company, which has 35 employees, is expected to have a turnover of around SEK 100 million in 2008. In 2007, the company had a turnover of SEK 92 million, with a profit before tax of SEK 9 million.

Hide-a-lite is the market leader within modern interior lighting and is well established in the installation field. This acquisition will strengthen OEM's position on the installation market, while also providing the potential for broadening the geographical base of market canvassing with Elektro Elco's product range. The acquisition cost amounts to SEK 62 million plus a maximum additional purchase sum of SEK 10 million.

### Turnover by market

Sweden 57 % (61), Finland 17 % (19), the rest of Scandinavia 16 % (9), outside Scandinavia 10 % (11).

### Cash flow

The cash flow from current operations was SEK 116.4 million (13.1).

Total cash flow amounted to SEK 20.4 million. This was affected during the period by a dividend of SEK 69.5 million, among other things.

### Investments

Net investments in fixed assets amounted to SEK 7.9 million (16.3), of which SEK 0 million (6.5) is attributable to company acquisitions and SEK 7.9 million (9.8) to properties, machinery and equipment.

### Liquidity

Liquid funds, consisting of cash and bank balances, together with granted but unused credit, amounted to SEK 318 million (337) in total as of 30 September 2008.

### 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 a write-down on intangible assets of SEK 2.9 million (1.5). The book value in the balance sheet amounts to SEK 44.8 million (23.6) as of 30 September 2008.

**Equity/assets ratio**

The equity/assets ratio as of 30 September 2008 was 64.1 % (64.5).

**Employees**

The average number of employees in the Group during the period was 577 (562).

**Share repurchasing**

The company has not repurchased any shares during the year. There was no own holding of shares as of 30 September 2008. The Annual General Meeting is authorised to repurchase up to 10 % of the shares, which is 2,316,930.

**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 2007.

**Significant risks and uncertainty factors**

The OEM Group is exposed to both operations-related risks and financial risks through its activities.

Operations-related risks can include competition and business risks, while financial risks can include liquidity, interest rate and currency risks.

The OEM Group's financial activities and management of financial risks are conducted primarily by the parent company. There are frameworks for how risk management is to be conducted and for how risks are to be limited. 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 2007.

**Election committee**

The election committee that will convene prior to the Annual General Meeting on 23 April 2009 has the following composition.

Jan Svensson (chairman)

Hans Franzén

Orvar Pantzar

Agne Svenberg

The election committee can be contacted through Jan Svensson tel.: +46 (0)31-891790 or e-mail [jan.svensson@latour.se](mailto:jan.svensson@latour.se)

**Date of next report**

The financial statement for the whole of 2008 will be published on 20 February 2009.

## OEM AUTOMATIC

Components for industrial automation



- **Turnover SEK 760 million (613)**
- **Operating income SEK 100.9 million (78.6)**

The pace of growth fell slightly during the third quarter, reaching 19 % compared with the corresponding quarter in the previous year. The turnover for first nine months of the year increased by 24 % and the operating income by 28 %. Excluding acquired units, turnover increased by 12 %.

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## OEM ELECTRONICS

Appliance and circuit board components



- **Turnover SEK 196 (208) million**
- **Operating income SEK 11.3 (11.4) million**

The turnover fell by 6 % largely due to the winding-up of Semiconductors, which also burdens the income with a winding-up cost of SEK 4 million. Excluding Semiconductors, the turnover increases by 4 % and the income by 18 %

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## CYNCRONA

Production equipment and input goods for electronics production



- **Turnover SEK 128 million (112)**
- **Operating income SEK 2.2 million (-2.2)**

The turnover increased by 14 %, which in turn caused an improvement in the operating income of SEK 4.4 million compared with the previous year. Several major orders were signed during the third quarter, which means that the incoming orders for the first nine months of the year amounted to SEK145 million (117) and the order book value as of 30 September 2008 was SEK 56 million (34).

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## DEVELOPMENT

Ball bearings, pumps and seals



- **Turnover SEK 131 million (138)**
- **Operating income SEK 8.8 million (10.5)**

Lower demand within certain areas means that the turnover fell by 5 % and the income by 16 %. As from the turn of the year a merge between Internordic Bearings AB and Indoma AB will take place, in order to strengthen the competitiveness of the customer offer and to streamline the organisation. Other activities within the group will also be streamlined in order to meet the reduced demand.

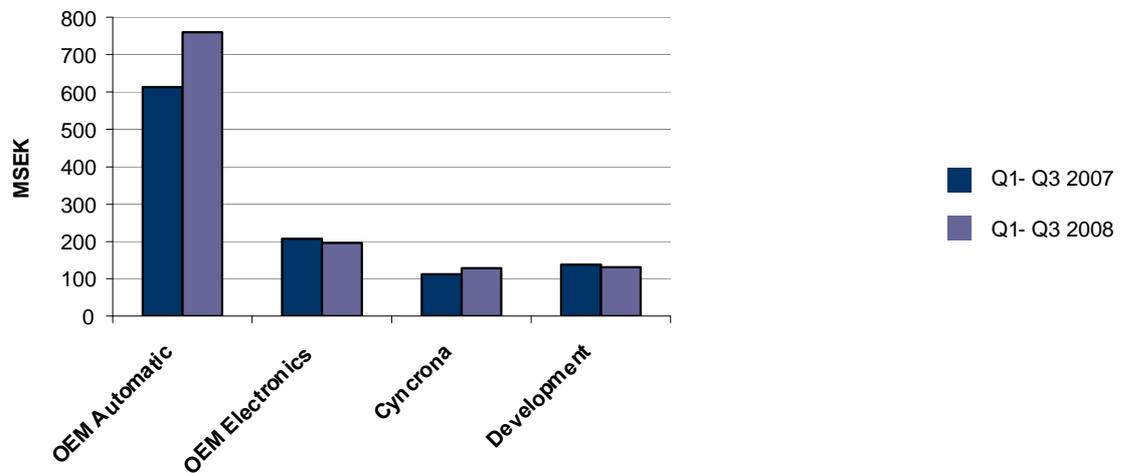


## TURNOVER & PROFIT PER COMPANY GROUP

### Net turnover (SEK million)

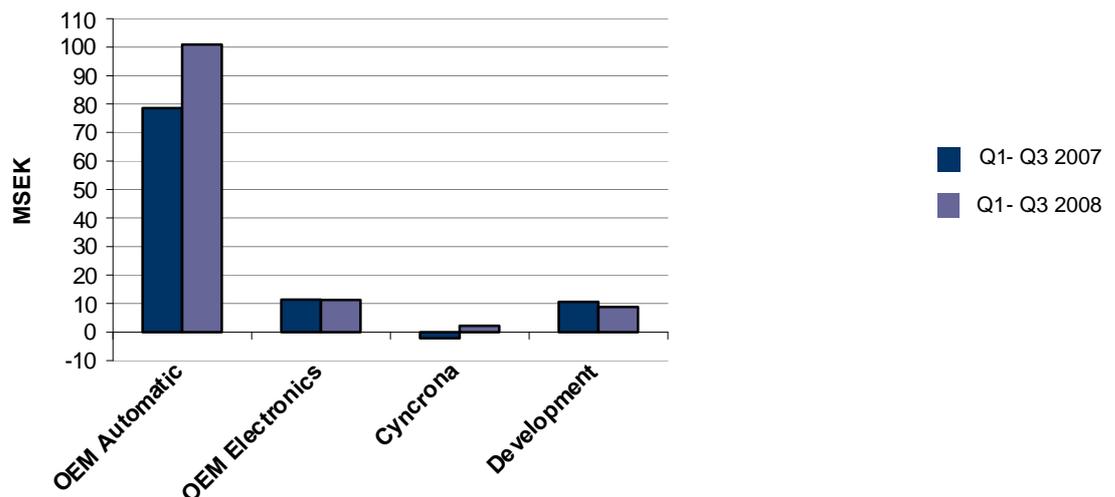
	Jan- Sept 2008	Jan- Sept 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Rolling 12 mth	Full year 2007
OEM Automatic	<b>760.0</b>	613.1	229.6	267.3	263.1	230.0	192.2	990.0	843.1
OEM Electronics	<b>196.4</b>	207.5	61.5	65.5	69.4	68.5	64.7	264.9	276.0
Cyncrona	<b>128.3</b>	111.7	23.9	50.8	53.6	76.6	28.1	204.9	188.3
Development	<b>130.7</b>	137.7	36.3	47.0	47.4	43.5	38.8	174.2	181.2
Other operations/elimination	<b>-4.0</b>	-5.0	-0.9	-1.8	-1.3	-1.4	-1.7	-5.4	-6.4
	<b>1,211.4</b>	1,065.0	350.4	428.8	432.2	417.2	322.1	1,628.6	1,482.2

On 1 January 2008, OEM Motor AB was transferred from the Development group to the OEM Automatic group. In order to produce comparable figures, previous quarters have been recalculated.



### Operating income (SEK million)

	Jan- Sept 2008	Jan- Sept 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Rolling 12 mth	Full year 2007
OEM Automatic	<b>100.9</b>	78.6	28.7	34.1	38.1	19.6	26.2	120.5	98.2
OEM Electronics	<b>11.3</b>	11.4	6.4	0.8	4.1	3.6	4.6	14.9	15.0
Cyncrona	<b>2.2</b>	-2.2	-1.1	1.8	1.5	6.5	-3.1	8.7	4.3
Development	<b>8.8</b>	10.5	2.5	3.1	3.2	2.1	3.8	10.9	12.6
Other operations/elimination	<b>-1.7</b>	6.3	-0.6	-4.3	3.2	0.6	-1.6	-1.1	6.9
	<b>121.5</b>	104.6	35.9	35.5	50.1	32.4	29.9	153.9	137.0





## CONSOLIDATED INCOME STATEMENT (SEK million)

	Jan-Sept 2008	Jan-Sept 2007	Q 3 2008	Q 2 2008	Q1 2008	Q4 2007	Q3 2007	Rolling 12 mth	Full year 2007
Net turnover	1,211.4	1,065.0	350.4	428.8	432.2	417.2	322.1	1,628.6	1,482.2
Other operating income	5.4	13.2	0.0	0.0	5.4	0.0	0.0	5.4	13.2
Operating expenses	-1,079.4	-962.1	-309.4	-388.1	-381.9	-381.5	-288.3	-1,460.9	-1,343.6
Depreciation	-15.9	-11.5	-5.1	-5.2	-5.6	-3.3	-3.9	-19.2	-14.8
<b>Operating income</b>	<b>121.5</b>	<b>104.6</b>	<b>35.9</b>	<b>35.5</b>	<b>50.1</b>	<b>32.4</b>	<b>29.9</b>	<b>153.9</b>	<b>137.0</b>
Net financial items	0.1	1.4	0.4	0.3	-0.6	0.7	-0.6	0.8	2.1
<b>Profit before tax</b>	<b>121.6</b>	<b>106.0</b>	<b>36.3</b>	<b>35.8</b>	<b>49.5</b>	<b>33.1</b>	<b>29.3</b>	<b>154.7</b>	<b>139.1</b>
Taxes	-36.2	-31.2	-10.9	-10.8	-14.5	-7.1	-8.6	-43.3	-38.3
<b>Income from remain- ing operations</b>	<b>85.4</b>	<b>74.8</b>	<b>25.4</b>	<b>25.0</b>	<b>35.0</b>	<b>26.0</b>	<b>20.7</b>	<b>111.4</b>	<b>100.8</b>
<b>Income from divested operations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Profit for the year</b>	<b>85.4</b>	<b>74.8</b>	<b>25.4</b>	<b>25.0</b>	<b>35.0</b>	<b>28.0</b>	<b>20.7</b>	<b>113.4</b>	<b>102.8</b>
Earnings per share, SEK	3.69	3.23	1.10	1.08	1.51	1.21	0.89	4.90	4.43
Earnings per share, re- maining operations, SEK	3.69	3.23	1.10	1.08	1.51	1.12	0.89	4.81	4.34

## CONSOLIDATED BALANCE SHEET (SEK million)

	30/09/2008	30/09/2007	31/12/2007
<b>Assets</b>			
Intangible fixed assets	44.8	23.6	46.7
Tangible fixed assets	162.3	142.3	160.2
Financial fixed assets	1.2	1.5	2.6
Deferred tax claim	6.1	4.1	6.4
Inventories	234.4	220.7	255.2
Current receivables	261.6	251.9	302.2
Liquid funds	149.5	128.2	127.0
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	551.6	498.1	530.1
Long-term liabilities, interest-bearing	10.2	9.7	10.1
Deferred tax liability	31.1	27.3	31.8
Current liabilities, interest-bearing	57.7	58.6	74.5
Current liabilities, non-interest-bearing	209.3	178.6	253.8
<b>Balance sheet total</b>	<b>859.9</b>	<b>772.3</b>	<b>900.3</b>



## GROUP CHANGES IN SHAREHOLDERS' EQUITY (SEK million)

	30-09-2008	30-09-2007	31-12-2007
At the start of the year	530.1	640.7	640.7
Issued dividend	-69.5	-65.6	-65.6
Redemption of shares	-	-154.5	-154.5
Profit for the period	85.4	74.8	102.8
Annual translation difference	5.6	2.7	6.7
At the end of the period	551.6	498.1	530.1

## CASH FLOW STATEMENT (SEK million)

	Jan-Sept 2008	Jan-Sept 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Rolling 12 mth	Full year 2007
Cash flow from									
current operations	93.8	70.1	32.4	28.1	33.3	32.4	20.6	126.2	102.5
Changes to operating capital	22.6	-57.0	-5.4	40.2	-12.2	-1.2	-15.5	21.4	-58.2
<b>Cash flow before</b>									
<b>investments</b>	116.4	13.1	27.0	68.3	21.1	31.2	5.1	147.6	44.3
Investments	-10.1	40.1	-2.8	0.9	-8.2	-29.5	-10.1	-39.6	10.6
<b>Cash flow after</b>									
<b>investments</b>	106.3	53.2	24.2	69.2	12.9	1.7	-5.0	108.0	54.9
Cash flow from									
financing activities									
- Change in liabilities	-16.4	3.0	-17.3	-11.2	12.1	-3.8	-6.7	-20.2	-0.8
- Paid dividend	-69.5	-65.6	0.0	-69.5	0.0	0.0	0.0	-69.5	-65.6
- Redemption of shares	0.0	-154.5	0.0	0.0	0.0	0.0	0.0	0.0	-154.5
<b>Cash flow</b>	20.4	-163.9	6.9	-11.5	25.0	-2.1	-11.7	18.3	-166.0

## KEY INDICATORS

	Jan-Sept 2008	Jan-Sept 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Rolling 12 mth	Full year 2007
Return on shareholders' equity, %	15.8	13.1	4.7	4.6	6.4	5.5	4.2	21.6	17.6
* Return on capital employed, %	20.5	17.2	6.2	5.8	8.1	6.1	5.8	27.4	22.0
* Return on total capital, %	14.4	12.7	4.5	4.2	5.7	4.3	4.2	19.9	15.7
Equity/assets ratio	64.1	64.5							58.9
Earnings per share before dilution, SEK	3.69	3.23	1.1	1.08	1.51	1.21	0.89	4.90	4.43
Earnings per share after dilution, SEK	3.69	3.23	1.1	1.08	1.51	1.21	0.89	4.90	4.43
Shareholders' equity per share, SEK	23.81	21.50							22.88
Average number of shares (thousands)	23,169	23,169	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	23,169	23,169
* Operating margin, %	11.3	10.9	11.7	9.5	12.9	8.6	10.5	10.6	10.2
* Growth in turnover, %								11.7	2.4

\* As per IFRS 5, the sold Hydraulic operations were reported in 2006 as divested operations. Marked key 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)**

	Jan-Sept 2008	Jan-Sept 2007	Q 3 2008	Q 2 2008	Q1 2008	Q4 2007	Q3 2007	Rolling 12 mth	Full year 2007
Net turnover	13.2	12.3	4.5	4.3	4.4	30.4	3.9	43.6	42.7
Operating expenses	-31.9	-30.8	-8.9	-12.5	-10.5	-11.1	-9.1	-43.0	-41.9
Depreciation	-1.3	-1.1	-0.5	-0.4	-0.4	-0.4	-0.3	-1.7	-1.5
<b>Operating income</b>	<b>-20.0</b>	<b>-19.6</b>	<b>-4.9</b>	<b>-8.6</b>	<b>-6.5</b>	<b>18.9</b>	<b>-5.5</b>	<b>-1.1</b>	<b>-0.7</b>
Income from shares in Group companies	0.0	42.0	0.0	0.0	0.0	2.1	2.0	2.1	44.1
Net financial items	2.3	2.9	0.6	1.1	0.6	1.9	0.4	4.2	4.8
<b>Profit before appropri- ations and tax</b>	<b>-17.7</b>	<b>25.3</b>	<b>-4.3</b>	<b>-7.5</b>	<b>-5.9</b>	<b>22.9</b>	<b>-3.1</b>	<b>5.2</b>	<b>48.2</b>
Appropriations						-10.3		-10.3	-10.3
<b>Profit before tax</b>	<b>-17.7</b>	<b>25.3</b>	<b>-4.3</b>	<b>-7.5</b>	<b>-5.9</b>	<b>12.6</b>	<b>-3.1</b>	<b>-5.1</b>	<b>37.9</b>
Taxes	5.1	4.1	1.3	2.1	1.7	-2.7	0.8	2.4	1.4
<b>Profit</b>	<b>-12.6</b>	<b>29.4</b>	<b>-3.0</b>	<b>-5.4</b>	<b>-4.2</b>	<b>9.9</b>	<b>-2.3</b>	<b>-2.7</b>	<b>39.3</b>

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

	30/09/2008	30/09/2007	31/12/2007
<b>Assets</b>			
Intangible fixed assets	2.0	0.0	1.1
Tangible fixed assets	20.3	20.4	20.0
Financial fixed assets	235.9	199.2	235.9
Deferred tax claim	5.1	4.1	0.0
Current receivables	120.8	159.3	256.3
Liquid funds	70.7	70.4	66.9
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	233.8	238.6	315.9
Untaxed reserves	47.8	37.5	47.8
Deferred tax liability	1.8	1.8	1.8
Current liabilities, interest-bearing	0.0	0.0	0.0
Current liabilities, non-interest-bearing	171.4	175.5	214.7
<b>Balance sheet total</b>	<b>454.8</b>	<b>453.4</b>	<b>580.2</b>



Tranås, 24 October 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 Cnattingius +46 (0)75-242 40 03*

*Telephone conference*

*OEM International AB will be holding a telephone conference with Jörgen Zahlin and Jan Cnattingius today at 14.00.  
The number to call is +46(0)765 – 400 400, enter pin code 424029.*

The information in this report is such that OEM International AB (publ) must disclose it in accordance with the Swedish Securities Markets Act. This information was submitted to the media for publication on 24 October 2008 at 13.00.

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

**OEM INTERNATIONAL AB (publ), corp. ID no. 556184-6691**

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