

Interim Report

Annual Earnings 2008



WHOLE YEAR 2008

- The Board proposes a dividend of SEK 3 per share (3.00)
- Sales increased by 12 % to SEK 1 660 million (1 482)
- Profit before tax rose 13% to SEK 157 million (139)
- Earnings per share after tax increased by 14% to SEK 5.05 (4.43)

FOURTH QUARTER 2008

- Sales increased by 7% to SEK 448 million (417)
- Profit before tax rose 6% to SEK 35 million (33).





FOURTH QUARTER 2008

Fourth quarter sales were up 7% to SEK 448 million (417). Excluding acquired units, sales rose by 2%.

The economic downturn had a negative impact on the Group during the second half of the quarter, with new orders down by 11% to SEK 377 million (424). Excluding acquired units, new orders decreased with 17%.

Profit before tax rose 6 % to SEK 35 million (33). When adjusted for property sales and restructuring related costs, profit fell by 11% to SEK 29 million (33).

OEM's acquisition of all shares in Elektro Elco AB in Bankeryd came into effect on 17 November 2008. Elektro Elco markets lighting products and electrical installation materials. Their best known brand and agency are "Hide-a-lite" and "Legrand". The company achieved a turnover of SEK 99 million in 2008 and a profit of SEK 9.4 million. Following the acquisition, Group sales increased by SEK 16 million and profits fell by SEK 1 million. Acquisition expenses amount to SEK 62 million plus a maximum of SEK 10 million in additional purchase price.

A preliminary analysis of the acquisition produces a revaluation surplus distributed as SEK 33 million to trademarks, SEK 1 million to orders on hand and SEK 24 million to consolidated goodwill.

OEM's acquisition of the operations of OK Kaapelit Oy in Turku, Finland, came into effect on 3 November 2008. OK Kaapelit markets industrial cables and has sales of approx. SEK 30 million and a profit of approx. SEK 5 million. Following the acquisition, Group sales increased by SEK 2.3 million.

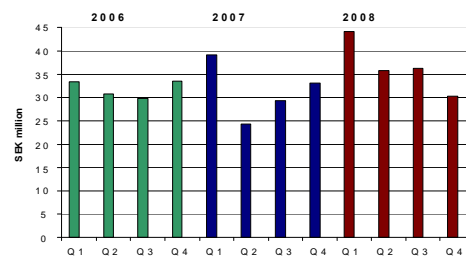
WHOLE YEAR 2008

Group sales rose 12% to SEK 1,660 million (1,482). When adjusted for acquired units, sales rose by 5%. Sales outside of Sweden increased by 14% to SEK 668 million (588), accounting for 40% of overall sales.

New orders rose 9% to SEK 1,639 million (1,509). On 31 December, 2008, orders on hand totalled SEK 243 million (254). Excluding acquired units, new orders rose with 2%.

Profit before tax rose 13% to SEK 157 million (139). After adjustment for sales of property and restructuring related costs, profit rose 16% to SEK 146 million (126).

QUARTERLY PROFITS



Quarterly profits excluding the sale of hydraulics operations and excluding gains from the sale of property.

EVENTS AFTER THE REPORTING DATE

A new Group structure has been implemented with effect as of 1 January, 2009. This move is aimed at consolidating OEM's long-term competitive edge and accelerating its rate of growth outside of Sweden.

At the same time, cost-saving measures are being implemented to meet the decrease in demand resulting from the current economic slowdown. These cost-saving measures are expected to reduce costs by about SEK 50 million on an annual basis compared with the cost level for the last quarter of 2008.

Sales by market

Sweden 60% (60), Finland 16% (18), rest of Scandinavia 14% (11), outside of Scandinavia 10% (11).

Cash flow

Cash flow from current operations totalled SEK 162 million (44). Cash flow totalled SEK 32 million (-166) and was affected, in part, by dividends of SEK 70 million and acquisitions of SEK 64 million during the year.

Investments

Net investments in fixed assets amounted to SEK 86 million (68), SEK 74 million (48) of which is attributable to corporate acquisitions and SEK 12 million (20) to property, plant and equipment.

Cash and cash equivalents

Cash and cash equivalents, comprising cash on hand and bank deposits plus undrawn committed credit facilities, amounted to SEK 322 million (315) on 31 December, 2008.

**Intangible assets**

The systematic amortisation of goodwill is no longer permitted following the Company's transition to new accounting policies under IFRS (International Financial Reporting Standards) on 1 January 2005. Goodwill and other intangible assets will instead be subject to an annual impairment review. An amortisation of intangible assets totalling SEK 5.1 million (2.2) has had an effect on performance. The net book value in the balance sheet on 31 December, 2008, was SEK 115 million (47).

Equity/assets ratio

On 31 December, 2008, the equity ratio was 59% (59).

Employees

The Group's average number of employees for the period was 616 (569). The increase is mainly attributable to acquired units.

Share repurchase

The Company did not repurchase any shares during the year. The Company did not hold any of its own shares on 31 December, 2008. The Annual General Meeting's authorisation for the repurchase of shares extends to 10% of the number of shares, i.e. 2,316,930 shares.

Accounting principles

The Interim Report has been prepared and presented in accordance with IAS 34, Interim Financial Reporting. The Parent Company's Interim Report has been prepared and presented in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2.2 for financial reporting.

The accounting principles applied to the Group are the same as those used in the 2007 Annual Report.

Significant risks and uncertainties

As a result of operational factors, the OEM Group is exposed to business-related and financial risks. Business-related risks include competition and operational risks, and financial risks include liquidity risk, interest rate risk and currency risk. The financial operations of the OEM Group and management of financial risks are mainly handled by the parent company. Systems for risk management procedures and risk mitigation are in place. These systems are intended to reduce the risk level to a minimum. The basis is structured and efficient management of the financial risks that arise in the business. The 2007 Annual Report provides a detailed account of the risks that the Group faces.

Nomination Committee

During the year, the Nomination Committee comprised: Jan Svensson (chairman), Hans Franzén, Orvar Pantzar and Agne Svenberg. The Nomination Committee can be contacted via Jan Svensson (email: jan.svensson@latour.se).

Proposed dividends

The Board proposes a dividend of SEK 3 per share (3.00).

Annual Report

The 2008 Annual Report will be distributed towards the end of March 2009 and will be available at Head Office and on the Company's website.

Annual General Meeting

The Annual General Meeting will be held on 23 April 2009 in Tranås.

Financial information

OEM provides financial information on the following occasions:

| | |
|------------------------|-----------------|
| AGM 2009 | 23 April 2009 |
| Interim report Q1 2009 | 23 April 2009 |
| Interim report Q2 2009 | 23 July 2009 |
| Interim report Q3 2009 | 27 October 2009 |

OEM AUTOMATIC



Components for industrial automation

- Sales SEK 1,004 (843) million
- Operating income SEK 122 (98) million

Fourth-quarter sales increased by 6% and full-year sales by 19%. Operating income increased by 7% in the fourth quarter and by 24% for the year. Sales rose by 9% during the year, excluding acquisitions. A decline in demand has particularly affected overseas units.

OEM ELECTRONICS



Appliance and circuit board components

- Sales SEK 253 (276) million
- Operating income SEK 17 (15) million

The sale of the Semiconductor product area in 2008 reduced sales by 8%. There was no change in sales for the remaining product range, while operating income increased by 17%. Semiconductor achieved sales of SEK 40,1 million in 2008 with a SEK 0,6 million loss, including SEK 3 million in divestiture costs.

CYNCRONA



Production equipment and components for electronics production.

- Sales SEK 223 (188) million
- Operating income SEK 10 (4,3) million

The fourth quarter was strong, with sales totalling SEK 95 million, resulting in a 19% increase in sales for the year. Operating profit rose 133% to SEK 10 million. SEK 3 million in costs related to management changes and sale of property have been charged to operating profit.

DEVELOPMENT



Bearings, pumps and seals

- Sales SEK 186 (181) million
- Operating income SEK 5,7 (13) million

Fourth-quarter sales increased by 27% and full-year sales by 3%. Sales fell by 6% during the year, excluding acquisitions. A loss of SEK 3,1 million was reported for the fourth quarter as a result of a decline in demand and SEK 2 million in restructuring-related costs. During the fourth quarter Internordic and Indoma merged to form one company to strengthen their competitive advantage and render more effective business.

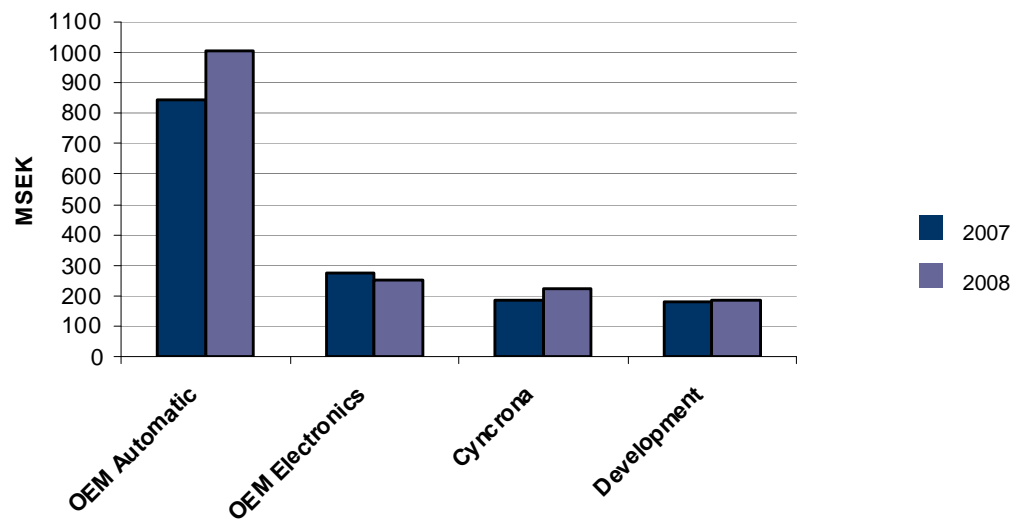


COMPANY GROUP'S SALES & PROFIT/LOSS

Net sales (SEK million)

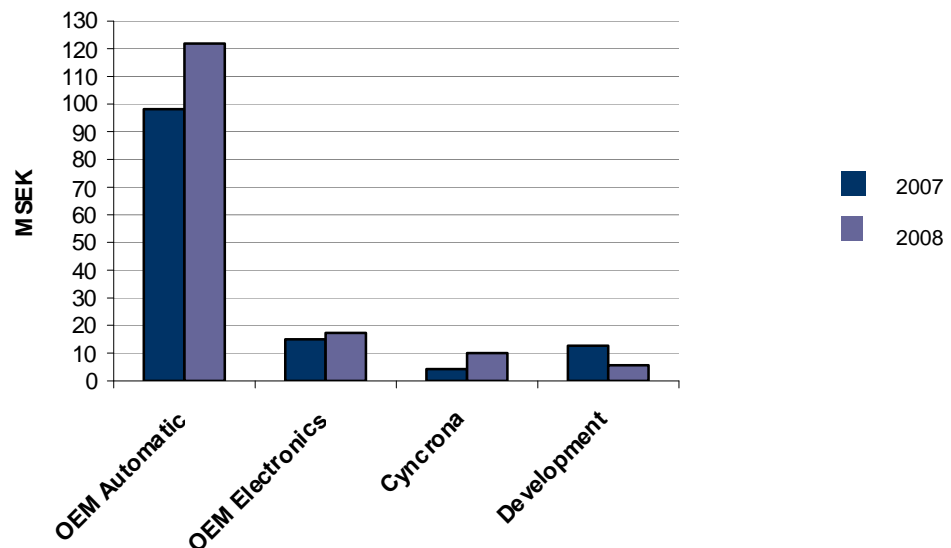
| | | | Q4 | Q3 | Q2 | Q1 | Q4 |
|------------------------------|-------|-------|------|------|------|------|------|
| | 2008 | 2007 | 2008 | 2008 | 2008 | 2008 | 2007 |
| OEM Automatic | 1 004 | 843 | 244 | 230 | 267 | 263 | 230 |
| OEM Electronics | 253 | 276 | 57 | 62 | 66 | 69 | 69 |
| Cyncrona | 223 | 188 | 95 | 24 | 51 | 54 | 77 |
| Development | 186 | 181 | 55 | 36 | 47 | 47 | 44 |
| Other operations/elimination | -5,9 | -6,4 | -1,9 | -0,9 | -1,8 | -1,3 | -1,4 |
| | 1 660 | 1 482 | 448 | 350 | 429 | 432 | 417 |

On 1 January 2008, OEM Motor AB was transferred from the Development group to the OEM Automatic group and the comparative figures for the quarters have been



Operating income (SEK million)

| | | | | | | | |
|------------------------------|-----|------|------|------|------|-----|-----|
| OEM Automatic | 122 | 98 | 21 | 29 | 34 | 38 | 20 |
| OEM Electronics | 17 | 15,0 | 6,0 | 6,4 | 0,8 | 4,1 | 3,6 |
| Cyncrona | 10 | 4,3 | 7,8 | -1,1 | 1,8 | 1,5 | 6,5 |
| Development | 5,7 | 12,6 | -3,1 | 2,5 | 3,1 | 3,2 | 2,1 |
| Other operations/elimination | 4,3 | 6,9 | 6,0 | -0,6 | -4,3 | 3,2 | 0,6 |
| | 159 | 137 | 38 | 36 | 36 | 50 | 32 |





CONSOLIDATED INCOME STATEMENT (SEK million)

| | 2008 | 2007 | Q 4 2008 | Q 3 2008 | Q 2 2008 | Q1 2008 | Q4 2007 |
|---|------------|------------|-------------|-------------|-------------|------------|------------|
| Net sales | 1 660 | 1 482 | 448 | 350 | 429 | 432 | 417 |
| Other operating income | 13 | 13 | 7,4 | 0 | 0 | 5 | 0 |
| Operating expenses | -1 491 | -1 344 | -412 | -309 | -388 | -382 | -382 |
| Depreciation/amortisation | -22 | -15 | -6,0 | -5,1 | -5,2 | -5,6 | -3,3 |
| Operating income | 159 | 137 | 38 | 36 | 36 | 50 | 32 |
| Financial items | -2,4 | 2,1 | -2,5 | 0,4 | 0,3 | -0,6 | 0,7 |
| Profit before tax | 157 | 139 | 35 | 36 | 36 | 50 | 33 |
| Tax | -40 | -38 | -3,3 | -11 | -11 | -15 | -7,1 |
| Profit from continuing operations | 117 | 101 | 32 | 25 | 25 | 35 | 26 |
| Profit from discontinued operations | 0 | 2,0 | 0 | 0 | 0 | 0 | 2,0 |
| Profit for the year | 117 | 103 | 32 | 25 | 25 | 35 | 28 |
| Earnings per share (SEK) | 5,05 | 4,43 | 1,38 | 1,10 | 1,08 | 1,51 | 1,21 |
| Earnings per share, continuing operations (SEK) | 5,05 | 4,34 | 1,38 | 1,10 | 1,08 | 1,51 | 1,12 |

CONSOLIDATED BALANCE SHEET (SEK million)

| | 2008-12-31 | 2007-12-31 |
|---|--------------|------------|
| Assets | | |
| Intangible fixed assets | 115 | 47 |
| Property, plant and equipment | 167 | 160 |
| Financial assets | 2,0 | 2,6 |
| Deferred tax claims | 3,9 | 6,4 |
| Inventories | 281 | 255 |
| Current receivables | 270 | 302 |
| Cash and cash equivalents | 163 | 127 |
| Shareholders' equity and liabilities | | |
| Shareholders' equity | 591 | 530 |
| Interest-bearing liabilities | 22 | 10 |
| Deferred tax liabilities | 48 | 32 |
| Current interest-bearing liabilities | 81 | 75 |
| Current non-interest-bearing liabilities | 260 | 254 |
| Total assets | 1 002 | 900 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK million)

| | 2008-12-31 | 2007-12-31 |
|-------------------------------|------------|------------|
| At the start of the year | 530 | 641 |
| Dividends paid | -70 | -66 |
| Redeemed shares | - | -155 |
| Profit for year | 117 | 103 |
| Exchange differences for year | 14 | 6,7 |
| At year end | 591 | 530 |

CASH FLOW STATEMENT (SEK million)

| | 2008 | 2007 | Q4 2008 | Q3 2008 | Q2 2008 | Q1 2008 | Q4 2007 |
|---|------------|-------------|------------|------------|------------|------------|-------------|
| Cash flows from operating activities | 133 | 103 | 39 | 32 | 28 | 33 | 32 |
| Changes in working capital | 29 | -58 | 6,5 | -5,4 | 40 | -12 | -1,2 |
| Cash flows before investing activities | 162 | 44 | 45 | 27 | 68 | 21 | 31 |
| Investing activities | -75 | 11 | -65 | -2,8 | 0,9 | -8,2 | -30 |
| Cash flows after investing activities | 86 | 55 | -20 | 24 | 69 | 13 | 1,7 |
| Cash flows from financing activities | | | | | | | |
| - Change in liabilities | 15 | -0,8 | 31 | -17 | -11 | 12 | -3,8 |
| - Dividends paid | -70 | -66 | 0 | 0 | -70 | 0 | 0 |
| - Redeemed shares | 0 | -155 | 0 | 0 | 0 | 0 | 0 |
| Cash flow | 32 | -166 | 12 | 6,9 | -12 | 25 | -2,1 |

KEY PERFORMANCE INDICATORS

| | 2008 | 2007 | Q4 2008 | Q3 2008 | Q2 2008 | Q1 2008 | Q4 2007 |
|--|--------|--------|------------|------------|------------|------------|------------|
| Earning capacity of shareholders' equity | 21 | 18 | 5,6 | 4,7 | 4,6 | 6,4 | 5,5 |
| * Earning capacity of capital employed (%) | 25 | 22 | 5,8 | 6,2 | 5,8 | 8,1 | 6,1 |
| * Earning capacity of total capital (%) | 17 | 16 | 4,1 | 4,5 | 4,2 | 5,7 | 4,3 |
| Equity/assets ratio | 59 | 59 | | | | | |
| Basic earnings per share (SEK) | 5,05 | 4,43 | 1,38 | 1,10 | 1,08 | 1,51 | 1,21 |
| Diluted earnings per share (SEK) | 5,05 | 4,43 | 1,38 | 1,10 | 1,08 | 1,51 | 1,21 |
| Shareholders' equity per share (SEK) | 25,51 | 22,88 | | | | | |
| Average no. of shares (thousands) | 23 169 | 23 169 | 23 169 | 23 169 | 23 169 | 23 169 | 23 169 |
| Average no. of diluted shares (thousands) | 23 169 | 23 169 | 23 169 | 23 169 | 23 169 | 23 169 | 23 169 |
| * Operating margin (%) | 10,9 | 10,2 | 9,7 | 11,7 | 9,5 | 12,9 | 8,6 |
| * Sales growth (%) | 12,0 | 2,4 | | | | | |

* Under IFRS 5, the discontinued Hydraulics business unit (2006) is recognised as a discontinued operation. Highlighted KPIs refer to continuing operation. Other KPIs refer to total operations since the balance sheet for the comparative periods is not restated (in compliance with IFRS 5).



PARENT COMPANY'S INCOME STATEMENT (SEK million)

| | | | | | | | |
|---|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Operating expenses | -44 | -42 | -12 | -8,9 | -13 | -11 | -11 |
| Depreciation/amortisation | -1,9 | -1,5 | -0,6 | -0,5 | -0,4 | -0,4 | -0,4 |
| Operating income | 0,2 | -0,7 | 20,2 | -4,9 | -8,6 | -6,5 | 18,9 |
| Income from shares in Group companies | 6,1 | 44 | 6,1 | 0 | 0 | 0 | 2,1 |
| Financial items | 2,7 | 4,8 | 0,4 | 0,6 | 1,1 | 0,6 | 1,9 |
| Profit before appropriations and tax | 9,0 | 48 | 27 | -4,3 | -7,5 | -5,9 | 23 |
| Appropriations | -26 | -10 | -26 | | | | -10 |
| Profit before tax | -17 | 38 | 0,3 | -4,3 | -7,5 | -5,9 | 13 |
| Tax | 6,3 | 1,4 | 1,2 | 1,3 | 2,1 | 1,7 | -2,7 |
| Profit | -11 | 39 | 1,5 | -3,0 | -5,4 | -4,2 | 9,9 |

PARENT COMPANY'S BALANCE SHEET (SEK million)

| | | |
|---|------------|------------|
| Assets | | |
| Intangible fixed assets | 1,7 | 1,1 |
| Property, plant and equipment | 21 | 20 |
| Financial assets | 296 | 236 |
| Current receivables | 231 | 256 |
| Cash and cash equivalents | 62 | 67 |
| Shareholders' equity and liabilities | | |
| Shareholders' equity | 308 | 316 |
| Untaxed reserves | 74 | 48 |
| Deferred tax liabilities | 1,8 | 1,8 |
| Current interest-bearing liabilities | 0 | 0 |
| Current non-interest-bearing liabilities | 227 | 215 |
| Total assets | 611 | 580 |



Tranås, 20 February 2009

OEM INTERNATIONAL AB (PUBL)

Jörgen Zahlin
President and CEO

The auditors of OEM International AB have not conducted a special audit of the Interim Report.

For further information, please contact CEO Jörgen Zahlin on +46 (0)75-242 40 22 or Finance Director Jan Cnattingius on +46 (0)75-242 40 03

Jörgen Zahlin and Jan Cnattingius of OEM International AB will be holding a conference call on 20 February at 10.30am. The public is invited to listen to the call by telephone on +46(0)765-400 400, passcode 424029.

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| The information in the report is such that OEM International AB (publ) is obliged to publish in accordance with the Securities Act. The information was released to the media for publication on 20.02.09 at 08.00. |
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OEM International comprises 26 operating units in 11 countries. Its head office is in Tranås in Sweden. The Group operates in the industrial trading sector in northern Europe. In simple terms, OEM serves as an alternative to the suppliers' own local sales companies.

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

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