



OEM INTERNATIONAL

Report Q4 plus Annual Earnings Figures year 2001

Fourth quarter 2001

- Turnover was 406,2 SEK million (604,0)
- Profit was –13,1 SEK million (38,0)
- Order bookings amounted to 354,1 SEK million (517,4)
- Action program implemented to reduce cost by 45 SEK million on an annual basis
- Reorganisation from the turn of the year
- Jörgen Zahlin takes over as CEO after Hans Franzén who will remain as chairman of the Board

Financial year 2001

- Profit before taxes amounted to 61,1 SEK million (148,3)
- Turnover amounted to 1.944,1 SEK million (1.967,4)
- Order bookings was reduced by 13 % to 1.750 SEK million (2.009,5)
- Acquisition of a Finnish electronics company in May
- Earnings per share after taxes SEK 4:22 (11:08)
- Return on equity 7,1 % (19,6)
- Proposed dividend SEK 4:50 (4:50)

TURNOVER AND PROFIT YEAR 2001

The turnover, having increased after the first half-year by 29% in comparison with 2001, ended at 1.944,1 SEK million (1.967) for the whole year. The problems in telecom and the general slowdown in the business cycle caused a decrease of turnover during the second half-year by 25% compared to corresponding period last year. The Group exposure towards telecom industry, which during 2000 was approx. 45 %, was during 2001 reduced to approx. 20 %.

The turnover of the fourth quarter amounted to 406,2 SEK million (604,0) and the profit to -13,1 SEK million (38,0). The negative result depends partly on the weak turnover during the quarter, partly on costs for staff reductions, notice of contracts for premises and stock write-down.

The Group profit before taxes for the entire year 2001 amounted to 61,1 SEK million (148,3) excluding items affecting comparability. The considerable reduction in profit depends, besides effects of the decline in business activity and the reduction of demand in telecom, also on cost for adjustments to the lower demand.

Incoming orders amounted to 1.750 SEK million (2.009,5) and the orderbook value, at 31st December 2001, amounted to 259,2 SEK million (392,9).

DEVELOPMENT OF DIVISIONS

OEM Industrial Components AB

The division market components for automation through the company groups Automation, Electronics, Mechanics and Hydraulics.

Turnover in 2001 amounted to 1.330,3 SEK million (1.122,1) and the profit was 66,1 SEK million (94,5), an increase by 19 and a decrease by 30 percent respectively.

Order bookings in 2001 amounted to 1.236,6 SEK million, an increase by 6 % in comparison with 2000.

The decline in business activities has been evident in all company groups in the division.

The greater part of the profit decrease is referred to group Automation and group Electronics. The misjudgement of demand following the considerable upturn of the previous year brought on a capacity in our companies that was dimensioned for a substantially higher turnover. SPG Europe AB and Attel Ltd will be liquidated and in other companies cost reductions have been carried out.

Group Hydraulics and Mechanics have had lesser contacts with the business decrease. The profit has, however, decreased and activities have been taken to increase efficiency.

OEM Systemteknik AB

OEM Systemteknik AB deliver customised production equipment, products and services in computer security and communication.

The turnover of the division amounted in 2001 to 202,4 SEK million (330,4) and the profit

amounted to –24,4 SEK million (6,1).

Order bookings during the year amounted to 181,0 SEK million (286,0).

The reductions in the Ericsson Group lead to reduced turnover for the biggest company in the division, Jubo Mechatronics, which had a drop from 186 SEK million 2000 to 78 SEK million 2001. This forced us to shut down the production unit in Stockholm. Strong sales activities during the year have resulted in several new customers.

Also by other parts of the division a reduced demand has been noted. Measures to adjust resources to this have been taken.

The reduced costs, partly changed offers to customers and increased customer activities will result in considerably strengthened prospects for these companies to show a positive result next year.

OEM Electronic Production Technology AB (OEM EPT)

The companies in the division OEM EPT market machine equipment, systems, insertion material and support for the production and test of printed circuit boards and micro electronics in the Nordic market.

The turnover in 2001 amounted to 416,9 SEK million (520,1) and profit amounted to 22,9 SEK million (48,4).

Order bookings 2001 amounted to 341,4 SEK million (558,2).

The drop in the telecom industry has lead to practically standstill in investments from this area as from quarter two and onwards. The Finnish and Swedish operations, that during last year had approx. 80 % of their business directed towards these customers, have reduced their order bookings by approx. 50 %. Also in Norway a poor result was noted due to the weakening during the last quarter. Considerable cost reductions have been carried out during Q4 in these units.

The Danish operation has a smaller part of sale directed towards telecom and has been able to book a satisfactory sales growth.

ACQUISITIONS

Aspecs OY was acquired in May. The company markets components for fibre optical systems and brings a new area of competence to the OEM Group Electronics. The components are mainly used in the telecom industry, e.g. in cable TV applications and data transfers. Aspecs had a turnover of approx. 26,3 SEK million in the period April 1st – December 31st 2001 and will form the basis for a continued expansion in the field of the electronic components in Finland.

ACTION PROGRAM

The action program that was launched during the last quarter involves a reduction of staff from 773 persons by the turn of the year to approx. 700 persons. It has been decided to shut down SPG Europe AB and Attel Ltd, owing to the fact that the conditions to operate these companies have been changed during the year. The forceful change within telecom has also brought on extra stock write-down. In total we estimate the cost for the action program to approx. 30 SEK million, which will generate savings amounting to 45 SEK million on an annual basis.

NEW GROUP STRUCTURE

The decision to introduce a new structure for the Group from the turn of the year leads to a reinforcement of the parent company's ownership in the 27 operating subsidiaries.

The operating companies have been divided into five groups. The change has been made based on an overview of supplier and customer structure and to achieve a more efficient use of resources.

The change in the organisation means that the operating companies will be directly owned by the parent company, OEM International AB, and not, as is the case today, by divisional companies. The present divisional resources concentrate to the parent company, which enables more efficient use of resources.

NEW CEO

Jörgen Zahlin, managing director of OEM International AB, will take over as CEO after Hans Franzén, one of the founders of the company. Hans Franzén will remain as chairman of the Board.

PROSPECTS

The part of turnover exposed to telecom has been reduced from approx. 45 % to approx. 20 %, which decreases risks for further drops in demand.

The business cycle, together with the financial strength, offers opportunities to acquisitions of complementary businesses.

Our main focus is to secure market shares and to improve internal efficiency.

GENERAL INFORMATION

Equity/assets ratio

Equity/assets ratio per December 31st 2001 was 47,0 % (43,9).

Share buy-back program

The share buy-back program that was authorised by the General Assembly of shareholders will improve our capital structure and make a positive contribution to the return on equity and earnings per share.

As per the turn of the year a reduction of share capital, equivalent to 781.500 shares earlier bought back, has been made. After this reduction there is a total of 8.332.203 shares in the company.

Per December 31st 2001 we have bought back 200.000 shares at an average price of SEK 126:00, making out 2,4 % of the total number of shares. The general meeting authorised the board to buy back up to 10 % of the company's shares.

Investments

Net investments of the Group in fixed assets during the year amounted to 20,7 SEK million (95,9), of which 5,8 SEK million (57,0) refer to acquisitions and 14,9 SEK million (38,9) to real estate, machinery and equipment.

Goodwill

The policy of OEM International is to write off goodwill in 5 years. The profit for year 2001 has been charged with 30,3 SEK million (29,5) for amortization of goodwill. Remaining goodwill at the turn of the year amounted to 59,2 SEK million

Liquidity

Liquid assets, consisting of cash and bank balances with the adding of granted but not exploited credits, amounted at 31st December 2001 to 216,1 SEK million (167,7).

Personnel

The average number of employees in the Group during the year was 773 persons (676).

Dividend proposal

The proposal is an unchanged dividend of SEK 4:50 (4:50) per share.

Annual report

The annual report for 2001 will be distributed in the end of March 2002 and will be available from the head office and at our website.

Annual General Meeting of shareholders

Annual general meeting of shareholders will take place in Tranås on April 29th 2002.

Next report

A report concerning profit forecast and report for the first quarter of 2002 will be published in connection with the General Assembly on April 29th 2002.

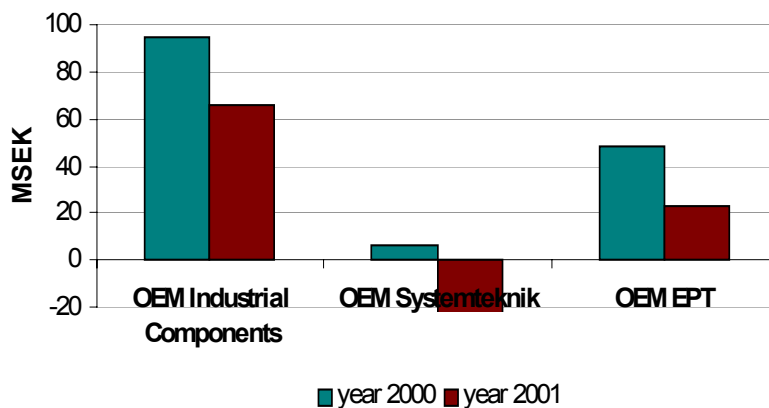
Accounting principles

The recommendations of the the Swedish Financial Accounting Standards Council has been followed. A number of new recommendations have come into force per January 1st 2001. Of these recommendations, RR9 Income taxes, has implied changed principles of accounting.

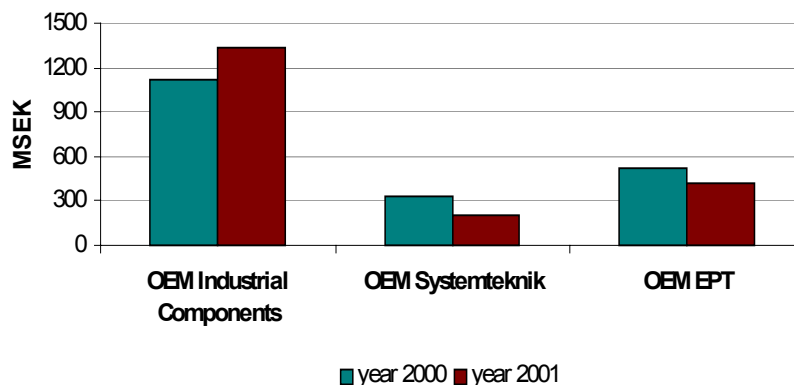
The application of RR9 Income taxes means that temporary divergences between taxation and accounting are taken into consideration by the accounting of taxes thereby, that the divergence is accounted for in the balance sheet as a deferred income taxes recoverable or deferred income tax liability respectively. Changes in respect to deferred taxes are accounted for as a tax cost or tax income in the profit and loss account.

The comparative year 2000 has been recalculated to be equivalent to the same accounting principles as year 2001.

Profit per division



Turnover per division



PROFIT AND LOSS ACCOUNT (SEK MILLION)

	Whole year 2001	Whole year 2000	Q 4 2001	Q 3 2001	Q 2 2001	Q 1 2001	Q 4 2000
Net turnover	1.944,1	1.967,4	406,2	411,6	557,8	568,5	604,0
Operating cost	- 1.821,3	- 1.763,1	- 407,2	- 382,2	- 515,7	- 516,2	- 549,9
Items affecting comparability*	-	15,9	-	-	-	-	9,0
Depreciations acc. to plan	- 58,5	- 55,6	- 14,5	- 14,5	- 14,5	- 15,0	- 15,6
Operating profit	64,3	164,6	- 15,5	14,9	27,6	37,3	47,5
Shares in ass. companies	0,6	1,2	0,1	- 0,1	0	0,6	0,3
Net interest income/expense	- 3,8	- 1,6	2,3	- 2,0	- 2,7	- 1,4	- 0,8
Profit before tax	61,1	164,2	- 13,1	12,8	24,9	36,5	47,0
Tax	- 26,0	- 63,2	- 8,7**	- 3,0	- 6,5	- 7,8	- 8,1
Profit	35,1	101,0	- 21,8	9,8	18,4	28,7	38,9

* SPP-means 30,5 SEK MILLION and write-down of goodwill -14,6 SEK MILLION

** Tax of the period has been influenced by new accounting principle.

Earnings per share, SEK *)	4:22	11:08	Neg.	1:08	2:02	3:44	3:75
Earnings per share, SEK *) **)	4:32	11:67	Neg.	1:21	2:26	3:44	4:50

*) Excluding items affecting comparability.

**) Key ratios calculated from the number of shares in the market.

BALANCE SHEET (SEK MILLION)

	2001-12-31	2000-12-31
Assets		
Immaterial fixed assets	59,2	83,2
Tangible fixed assets	170,2	184,0
Financial fixed assets	23,9	53,9
Inventories	342,2	328,1
Short-term receivables	291,6	430,5
Cash and bank deposits	101,2	113,1
Equity, allocations and debts		
Equity *	464,0	523,1
Allocations	39,1	48,0
Long-term liabilities	251,4	233,7
Current liabilities	233,8	388,0
Balance sheet total	988,3	1.192,8
* CHANGE OF EQUITY		
At the beginning of the year	492,2	449,4
Effect from change of accounting principle	30,9	59,1
Adjusted amount at start of the year	523,1	508,5
Profit of the period	35,1	101,0
Dividend	- 37,5	- 34,2
Buy-back of shares	- 66,9	- 58,0
Conversion difference of the period	10,2	5,8
At the end of the period	464,0	523,1

CASH FLOW ANALYSIS (SEK MILLION)

	Whole year 2001	Whole year 2000	Q 4 2001	Q3 2001	Q 2 2001	Q 1 2001	Q 4 2000
Cash flow from operating business	84,6	195,1	2,0	26,8	16,0	39,8	70,6
Adjustment of working capital	4,8	- 145,7	45,8	- 7,4	- 79,6	46,0	- 33,0
Cash flow before investments	89,4	49,4	47,8	19,4	- 63,6	85,8	37,6
Investments	- 23,1	- 89,1	0,1	- 9,5	5,5	- 19,2	- 38,2
Cash flow after investments	66,3	- 39,7	47,9	9,9	- 58,1	66,6	- 0,6
Cash flow from financial operations	- 86,7	3,3	- 28,5	- 14,9	- 18,3	- 25,0	6,0
Cash flow	- 20,4 *)	- 36,4**)	19,4	- 5,0	- 76,4	41,6	5,4

*) Including share buy-back – 66,9 SEK MILLION

**) Including share buy-back – 58 SEK MILLION

KEY RATIOS

	Whole year 2001	Whole year 2000	Q 4 2001	Q 3 2001	Q 2 2001	Q 1 2001	Q 4 2000
Return on capital employed, %	7,1	19,6	Neg.	2,2	4,0	5,9	8,2
Return on operational capital employed, %*)	10,4	22,7	Neg.	2,3	4,0	5,5	6,0
Return on operational capital employed, %	10,4	25,0	Neg.	2,3	4,0	5,5	7,3
Return on total assets, % *)	7,0	14,2	Neg.	1,6	2,6	3,4	3,7
Return on total assets, %	7,0	15,7	Neg.	1,6	2,6	3,4	4,5
Equity/assets ratio, %	47,0	43,9					
Earnings per share, SEK *)	4:22	11:08	Neg.	1:08	2:02	3:44	3:75
Earnings per share, SEK *) **)	4:32	11:67	Neg.	1:21	2:26	3:44	4:50
Equity per share, SEK **)	54:06	60:41					
Share price at end of period, SEK	92:50	129:--					
P/E ratio at end of period, times	21,4	11,6					
Market value at end of period, SEK million	771	1.117					
Profit margin, % *)	3,1	7,5	Neg.	3,6	4,9	6,6	6,4
Turnover growth, %	Neg.	10,4					
Profit growth, %	Neg.	56,8					

*) Excluding items affecting comparability.

**) Key ratios calculated from the number of shares in the market, per 31/12 2001 amounting to 8.332.203.

Tranås on February 15th 2002

OEM INTERNATIONAL AB (PUBL)

Jörgen Zahlin
CEO

Hans Franzén
Chairman of the Board

The company auditors have not reviewed this report.

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OEM INTERNATIONAL AB – A PROFILE

OEM International, based in Tranås in southern Sweden, comprises 27 operating companies in eight countries. The turnover in year 2001 was 1.944 SEK million with profits amounting to 61 SEK million. Total number of employees in the Group was 773 persons year 2001.

The objective of the Group is to hold a leading position in the trade of components and systems for automation in Europe.

Put simply, OEM acts as an alternative to manufacturers' own local subsidiaries by assuming responsibility for marketing and selling the products that the manufacturing company deals in.

OEM offers customers a wealth of expertise and a wide range of components and systems.

The manufacturers benefit from a strong position in each local market. As such, the company creates added value for both customers and suppliers. This added value is OEM's raison d'être and forms the basis for the Group's continued expansion and profitability.

OEM is listed on the O-list at the OM Stockholm Exchange since 1983.

More information about OEM is available on the company's website at: www.oem.se