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FINANCIAL REPORT JANUARY – JUNE 2002

SECOND QUARTER 2002

- Profit amounts to 7,6 SEK million (24,9)
- Turnover was 389,1 SEK million (557,8)
- Order bookings was 436,7 SEK million (432,2)

SIX-MONTHS 2002

- Profit amounts to 16,3 SEK million (61,4)
- Turnover was 785,6 SEK million (1.126,3)
- Order bookings amounted to 837,9 SEK million (1.014,6)
- Earnings per share after estimated tax SEK 0:97 (5:79)
- Action programs have so far reduced operational cost by approx 35 SEK million.



OEM INTERNATIONAL

Turnover and profit

Second quarter 2002

Group turnover during the second quarter amounted to 389,1 SEK million (557,8) and profit after net financial income/expense amounted to 17,6 SEK million (24,9). Turnover outside Sweden was 112,7 SEK mill. (209,0).

The groups Automation, Mechanics and Hydraulics reached a profit on a level with or better than last year. Groups Electronics and EP, which mainly are telecom and electronics oriented have a continuous low demand.

As a part of the changes in group EP Tomas Holmer has been appointed new leader of the group, succeeding Göran Johansson who instead will concentrate at the task as MD for Cyncrona AB. Tomas has been active in the OEM Group for 13 years, most recently as MD at Pronesto AB.

Orders booked for the Group was 436,7 SEK million (432,2), following the same pattern as turnover with poor inflow of orders for the groups EP and Electronics.

Six-months 2002

Group turnover was reduced the first six months to 785,6 SEK million (1.126,3) and profit after net financial income/expense amounted to 16,3 SEK million (61,4).

Order bookings have been higher than invoicing and amounted to 837,9 SEK million (1.014,6).

The action program that was launched during the 4th quarter last year has so far resulted in reduced operational cost during the period with approx 35 SEK million.

The average number of employees has been reduced from 773 to 717. Continued actions for increased efficiency and adaptations of capacity during the rest of the year will result in a total staff at the turn of the year below 700 persons.

Future

The market during the second quarter of 2002 is difficult to assess. We see no clear signs for a turn in the business cycle, and therefore plan for a continued low demand and focus on activities to take new market shares and strengthen our competitiveness by increased inner efficiency and developing our product range.

General information per June 30th 2002

Accounting principles

The OEM Group uses the same accounting principles and methods of calculation as in the latest Annual Report.

Inflow of orders and order book

During the first six months incoming orders amounted to 837,9 SEK million (1.014,6). The orderbook value, at 30st June 2002, was 323,5 SEK million (334,6).

Investments

Net investments of the Group in fixed assets during the period amounted to 2,0 SEK million (14,1), of which 0,9 SEK million (4,7) refer to acquisitions and 1,1 SEK million (9,4) to real estate, machinery and inventory.

Equity/assets ratio

Liquid assets, consisting of cash and bank balances with the adding of granted but not exploited credits, amount at 30st June 2002 to 250,0 SEK million. The corresponding amount at the turn of the year was 216,1 SEK million.

Goodwill

The policy of OEM International is to write off goodwill in 5 years. The profit for the first six months this year has been charged with 14,1 SEK million (14,4) for amortization of goodwill.

Solidity

As per 30st June 2002 the solidity was 48,1 % (40,6).

Personnel

Average number of employees on 30st June 2002 was 717 persons (773).

Parent company

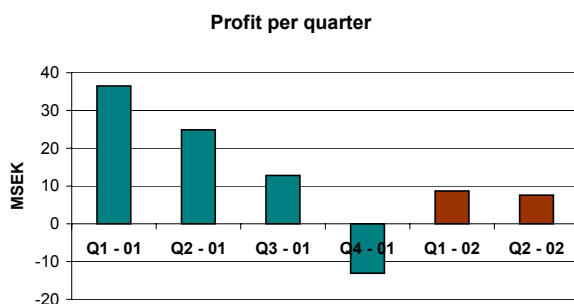
Net turnover for the parent company amounted to 7,9 SEK million (1,8) and profit after financial income and expense was 44,3 SEK million (21,1).

Prognosis for the whole year

Due to the uncertainty in the market no prognosis is made for the rest of the year.

Next report

A financial report for the period January-September will be published on 28th of October 2002.





Group Automation

Group Automation market components for industrial automation

First six months: (MSEK)
Turnover 318,9 (321,7)
Profit 28,5 (28,2)

General demand is still low. New products and increasing market shares brings the turnover for the first six months on a level with last year.

To strengthen our position at the market, we have focused on increasing customer activities and rationalising the product ranges.

As a part in the efforts to increase efficiency the number of employees was reduced from 303 to 282 persons during the first six months.



Group Electronics

Group Electronics market components for the appliance and electronics industry, EMC and microwave components and instruments.

First six months: (MSEK)
Turnover 208,6 (312,1)
Profit 4,2 (25,8)

The electronic and telecom sector have a continuous low demand.

Adjustments to meet the reduced demand are in progress.

Liquidation of Attel Ltd has so far amounted to 6 SEK million.

In other units in the group turnover and result are on a level with last year.



Group Mechanics

Group Mechanics sell mechanical components such as bearings, seals, linear units.

First six months: (MSEK)
Turnover 87,2 (86,1)
Profit 5,1 (1,1)

The companies in the group continue their positive development.

In spite of a weakening market, the turnover has been maintained with increased market shares.

The rationalisations in the companies have resulted in reduced costs and thereby improved results.



Group Hydraulics

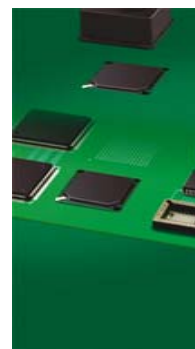
Group Hydraulics sells hydraulic components and design and manufacture hydraulic units and hydraulic systems.

First six months: (MSEK)
Turnover 79,2 (88,5)
Profit 0,2 (-0,2)

Investment cuts by our larger customers have caused a reduced turnover in comparison with last year.

A strong order booking during the second quarter gives reason to expect a gradual increase in turnover.

During the first six months the group has been charged with goodwill and financial cost amounting to 3,8 SEK million.



Group EP

Group EP market production systems and input goods for electronics production.

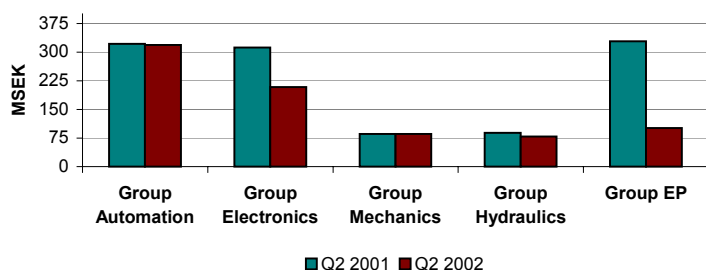
First six months: (MSEK)
Turnover 101,5 (328,2)
Profit -16,1 (15,6)

Continued low demand. The largest decrease has been noted in Sweden and Finland, where demand has decreased by 75 % compared with last year.

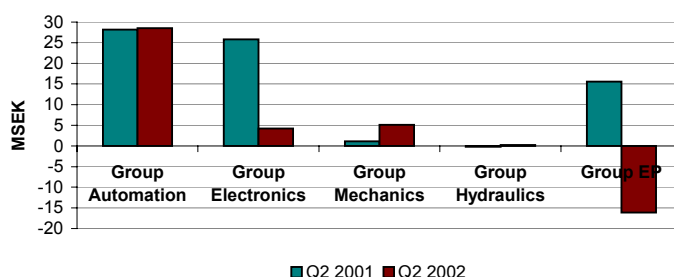
Adjustment of operations has so far brought a reduction in staff by approx 30%.

To strengthen competitiveness changes of the product range have been initiated.

Turnover per company group



Profit per company group



PROFIT AND LOSS ACCOUNT (SEK MILLION)

	Jan- June 2002	Jan- June 2001	Q 2 2002	Q 1 2002	Q 4 2001	Q 3 2001	Q 2 2001	Rolling 12 months	Whole year 2001
Net turnover	785,6	1.126,3	389,1	396,5	406,2	411,6	557,8	1.603,4	1.944,1
Operating cost	- 739,0	-1.031,9	- 366,8	- 372,2	- 407,2	- 382,2	- 515,7	- 1.528,4	- 1.821,3
Depreciations acc to plan	- 26,7	-29,5	- 13,0	- 13,7	- 14,5	- 14,5	- 14,5	-55,7	- 58,5
Operating profit	19,9	64,9	9,3	10,6	- 15,5	14,9	27,6	19,3	64,3
Shares in ass. companies	0,2	0,6	0,1	0,1	0,1	- 0,1	0	0,2	0,6
Net interest income/expense	- 3,8	-4,1	- 1,8	- 2,0	2,3	- 2,0	- 2,7	- 3,5	- 3,8
Profit before tax	16,3	61,4	7,6	8,7	- 13,1	12,8	24,9	16,0	61,1
Tax	- 8,5	-14,3	- 4,0	- 4,5	-8,7	- 3,0	- 6,5	- 20,2	- 26,0
Profit	7,8	47,1	3,6	4,2	- 21,8	9,8	18,4	- 4,2	35,1
Earnings per share, SEK	0:94	5:17	0:44	0:51	Neg.	1:08	2:02	Neg.	4:22
Earnings per share, SEK	0:97	5:79	0:45	0:52	Neg.	1:21	2:26	Neg.	4:32

*)

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

BALANCE SHEET (SEK MILLION)

	2002-06-30	2001-06-30	2001-12-31
Assets			
Immaterial fixed assets	45,7	73,8	59,2
Tangible fixed assets	154,3	178,1	170,2
Financial fixed assets	21,5	23,8	23,9
Inventories	292,4	373,6	342,2
Short-term receivables	302,9	354,1	291,6
Cash and bank deposits	75,3	84,6	101,2
Equity, allocations and debts			
Equity *)	428,9	441,9	464,0
Allocations	37,8	48,3	39,1
Long-term liabilities	184,4	294,7	251,4
Current liabilities	241,0	303,1	233,8
Balance sheet total	892,1	1.088,0	988,3

***) CHANGE OF EQUITY**

At the beginning of the year	464,0
Profit from the period	7,8
Dividend	- 36,6
Buy-back of shares	-
Conversion difference of the period	- 6,3
At the end of the period	428,9

CASH FLOW ANALYSIS (SEK MILLION)

	Jan-June 2002	Jan-June 2001	Q 2 2002	Q 1 2002	Q 4 2001	Q 3 2001	Q 2 2001	Rolling 12 months	Whole year 2001
Cash flow from operating business	34,6	55,8	19,7	14,9	2,0	26,8	16,0	64,3	84,6
Adjustment of working capital	47,2	-33,6	21,3	25,9	45,8	- 7,4	- 79,6	85,6	4,8
Cash flow before investments	81 ,8	22,2	41,0	40,8	47,8	19,4	- 63,6	149,9	89,4
Investments	- 1,5	-13,7	- 1,0	- 0,5	0,1	- 9,5	5,5	- 11,8	- 23,1
Cash flow after investments	80,3	8,5	40,0	40,3	47,9	9,9	- 58,1	138,1	66,3
Cash flow from financial operations	- 103,6	- 43,3	- 54,5	- 49,1	- 28,5	- 14,9	- 18,3	- 147,0	- 86,7
Cash flow	- 23,3	-34,8	- 14,5	- 8,8	19,4	- 5,0	- 76,4	- 8,9	- 20,4

KEY RATIOS

	Jan-June 2002	Jan-June 2001	Q 2 2002	Q 1 2002	Q 4 2001	Q 3 2001	Q 2 2001	Rolling 12 months	Whole year 2001
Return on capital employed, %	1,8	10,1	1,7	0,9	Neg.	2,2	4,0	Neg.	7,1
Return on operational capital employed, %	3,3	9,5	1,6	1,6	Neg.	2,3	4,0	4,4	10,4
Return on total capital, %	2,3	6,2	2,3	1,2	Neg.	1,6	2,6	3,0	7,0
Equity/assets ratio, %	48,1	40,6							47,0
Earnings per share, SEK	0:94	5:17	0:44	0:51	Neg.	1:08	2:02	Neg.	4:22
Earnings per share, SEK *)	0:97	5:79	0:45	0:52	Neg.	1:21	2:26	Neg.	4:32
Equity per share, SEK *)	52:75	54:34							57:06
Profit margin, %	2,5	5,8	2,4	2,7	Neg.	3,6	4,9	1,2	3,3
Turnover growth, %								Neg.	Neg.
Profit growth, %								Neg.	Neg.

*) Key ratios calculated from the number of shares in the market. Per 30th June amounting to 8.132.203 shares.

Tranås on 9th August 2002

OEM INTERNATIONAL AB (PUBL)

Jörgen Zahlin
Managing Director and CEO

AUDIT REPORT

We have reviewed this six months' report according to recommendations issued by the Swedish Institute of Authorised Public Accountants FAR. A review is significantly limited compared to an audit. Nothing has appeared that indicates that this report does not fulfil the demands in the Stock exchange and Annual Accounts Acts.

Tranås the 9th of August 2002

KPMG

Niklas Bengtsson

Authorized public accountant

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This is OEM International

OEM International with head office in Tranås consists of 27 operational companies in eight countries. In 2001 the turnover was 1.944 SEK million with a profit of 61,1 SEK million. The average number of employees in the Group was 773 persons in 2001.

Visit our website!

On our website you'll find current information about the company. Why not order "newsletter" and you'll get eMail regularly with news about what's up at OEM.

www.oem.se

The Group aims to be a leading player in the trade in components and systems for automation in Europe. Being a leading player means:

- Creating added value for customers, suppliers, personnel and shareholders.
- Creating opportunities for employees to realise their ambitions.
- Having a level of knowledge and service-mindedness in our companies that is among the very best in each sector.
- Marketing products that live up to or exceed the customer's expectations.
- Making our suppliers market leaders in their particular areas.
- Having a level of efficiency in our companies, which makes us more profitable than our competitors.

In simple terms, OEM acts as an alternative to manufacturers' own local sales companies and thereby has marketing and sales responsibility for the products with which the company deals.

Customers are offered extensive knowledge and a broad spectrum of components and systems.

Manufacturers are offered a strong local position on the market. This creates added value for both customer and supplier. This added value is OEM's raison d'être and the basis for a continued profitable expansion.

Since 1983 OEM has been listed on the Stockholm Stock Exchange's O-list.



OEM INTERNATIONAL

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