

Full year 2012: Underlying performance improvements despite second half slowdown

- Sales for the full year were down to MSEK 2,129 (2,283) as reduced demand was experienced across most of the Group's end-markets and regions during the second half of 2012, including a de-stocking effect from Concentric's customers.
- EBIT for the full year was MSEK 253 (281), after charging MSEK 36 (nil) of restructuring costs. The underlying EBIT and EBIT margin was MSEK 293 (305) and 13.7% (13.4) respectively.¹
- Earnings after tax were MSEK 155 (176), which equates to an EPS before and after dilution of SEK 3.51 (3.98). The underlying EPS was SEK 4.17 (4.38).¹
- Cash flow from operating activities was strong for the full year, amounting to MSEK 298 (227), which represents SEK 6.76 (5.13) per share, which reduced the Group's net debt to MSEK nil (114).
- Due to the Group's strong earnings and financial position, the Board of Directors intend to propose a dividend of SEK 2.50 (2.00) per share and that the current mandate for share buybacks is renewed.

Amounts in MSEK	Oct-Dec			Jan-Dec		
	2012	2011	Change	2012	2011	Change
Net sales	431	577	-25%	2,129	2,283	-7%
Operating income before items affecting comparability	57	80	-29%	293	305	-4%
Operating income	26	80	-68%	253	281	-10%
Earnings before tax	16	77	-79%	221	251	-12%
Net income for the period	12	60	-80%	155	176	-12%
Operating margin before items affecting comparability, %	13.1	13.9	-0.8	13.7	13.4	0.3
Operating margin, %	5.9	13.9	-8.0	11.9	12.3	-0.4
Return on equity, %	16.3	22.1	-5.8	16.3	22.1	-5.8
EPS before items affecting comparability, SEK	0.81	1.35	-0.54	4.17	4.38	-0.21
EPS before and after dilution, SEK	0.27	1.35	-1.08	3.51	3.98	-0.47

Fourth quarter of 2012: Strong management of costs and cash on lower volumes

- Sales for the fourth quarter were down to MSEK 431 (577), as demand across most end-markets and regions remained weak, with continued customer de-stocking.
- EBIT for the fourth quarter was MSEK 26 (80), after charging MSEK 36 (nil) of restructuring costs. The underlying EBIT was MSEK 57 (80).²
- Earnings after tax were MSEK 12 (60) which equates to an EPS before and after dilution of SEK 0.27 (1.35). The underlying EPS was SEK 0.81 (1.35).²
- Cash flow from operating activities was strong, amounting to MSEK 108 (105), which represents SEK 2.46 (2.37) per share.

¹ The underlying EBIT and EPS for the year have been adjusted for restructuring costs associated with Skanes Fagerhult of MSEK 36 and for other one-off items affecting comparability amounting to a net cost of MSEK 4.

² The underlying EBIT and EPS for the fourth quarter have been adjusted for restructuring costs associated with Skanes Fagerhult of MSEK 36 and for other one-off items affecting comparability amounting to a net income of MSEK -5.

President and CEO, David Woolley, comments on interim report for full year 2012:

“The global slowdown experienced across all our end-markets during the third quarter has persisted throughout the fourth quarter, characterised by extended customer shutdowns and further de-stocking from the major OEMs. As a result, sales were down -23% year-on-year in constant currency for the fourth quarter.

Concentric has continued to respond to shortfall in demand by taking the necessary actions to flex the business accordingly. As a result, operating margins have largely been maintained at 13.1%, before items affecting comparability, generating a cash inflow from operations of MSEK 108 and reducing the net debt to nil for the fourth quarter. Margins were put under pressure in Europe & RoW during the quarter, whereas margins in Americas improved year-on-year. This continued strong performance has been achieved through effective cost management and tight control of capital as activity levels have dropped, supported by the Concentric Business Excellence programme.

Looking forward, the orders received during the fourth quarter of 2012 were slightly above sales, indicating that end-customer demand seems to have stabilised, with no further significant destocking anticipated from the major OEMs.

It is apparent from the latest market indices that the actual sales trends experienced during the second half of the year have not yet been fully reflected in the engine and equipment production levels being quoted for 2012. Our ambition remains to outperform the market through organic growth from our leading technology addressed at the key market drivers, such as tougher emissions legislation and increased demand for fuel efficient solutions.”

Key business events announced during the year:

- 11-Jan-12** Alfdex, a 50/50 joint venture between Alfa Laval and Concentric, signed an exclusive supplier agreement with one of the world’s largest producer of heavy trucks. The agreement to supply Alfdex Oil Mist Separators is valid until 2017, with total estimated sales during the contract period for the joint venture of at least SEK 500 million.
- 26-Jan-12** In addition, as part of its ongoing investment program, Concentric also unveiled a new automated facility at its production facility based in Birmingham, UK to assemble and test oil pumps for the new Perkins Tier 4 engine.
- 19-Mar-12** The group has invested in four new test stations for coolant pumps at its research and development facility based in Birmingham, UK to support the ongoing development of the next generation of engine products. The new test stations will enable accurate performance evaluation of engine coolant pumps, by measuring their flow, pressure, power consumption and cavitation performance.
- 18-Oct-12** New multi-year supply contract secured with a major global truck manufacturer for the supply of bespoke, highly-efficient water pumps for a new Euro 6 / US EPA 13 engine. Start of production in late Q4 2012, ramping-up throughout 2013, in line with the legislative milestone of 1 January, 2014. Annual revenues of MSEK 74 anticipated on mature annual volumes.
- 18-Oct-12** New multi-year supply contract secured with a major global fuel systems supplier for an advanced fuel transfer pump on a fuel system for a new Euro 6 / US EPA 13 engine, to be launched by one of the world’s largest truck manufacturers. Start of production in Q4 2012, ramping-up throughout 2013, in line with the legislative milestone of 1 January, 2014. Annual revenues of MSEK 21 anticipated on mature annual volumes.

30-Oct-12 Hydraulics assembly plant in Skånes Fagerhult, Sweden is expected to close during Q2 2013 as part of the plan to consolidate hydraulics capacity in Europe to better align production with the market and improve long-term competitiveness.

23-Nov-12 New multi-year supply contract secured with one of the world's leading manufacturers of agricultural equipment to supply diesel engine coolant pumps manufactured at our Suzhou facility and assembled to a front engine cover to be used on the customer's mid-range engines for tractors sold in the Chinese market. Annual revenues of MSEK 20 anticipated on mature annual volumes.

29-Jan-13 Martin Bradford was promoted to Senior Vice President of Americas at Concentric AB, with responsibility for the group's operations at the Rockford and Itasca facilities in Illinois, USA.

Concentric <i>Amounts in MSEK</i>	Oct-Dec			Jan-Dec		
	2012	2011	Change	2012	2011	Change
Net sales	431	577	-25%	2,129	2,283	-7%
Operating income before items affecting comparability	57	80	-29%	293	305	-4%
Operating income	26	80	-68%	253	281	-10%
Earnings before tax	16	77	-79%	221	251	-12%
Net income for the period	12	60	-80%	155	176	-12%
Operating margin before items affecting comparability, %	13.1	13.9	-0.8	13.7	13.4	0.3
Operating margin, %	5.9	13.9	-8.0	11.9	12.3	-0.4
ROCE before items affecting comparability, %	26.3	27.0	-0.7	26.3	27.0	-0.7
ROCE, %	22.7	24.9	-2.2	22.7	24.9	-2.2

Net sales and operating income - Group

Sales for the full year were MSEK 2,129 (2,283), down -9% in constant currency, as reduced demand was experienced across most of the Group's end-markets and regions during the second half of 2012, including a de-stocking effect from Concentric's customers. As a result, the Group's average sales per working day for the full year fell to MSEK 8.5 (9.2).

Sales for the fourth quarter were MSEK 431 (577), down -23% in constant currency, as demand across all end-markets and regions remained depressed with continued customer de-stocking. As a result, the Group's average sales per working day in the fourth quarter fell to MSEK 7.1 (9.8).

Operating income and margin for the full year amounted to MSEK 253 (281) and 11.9% (12.3) respectively. Reported operating income included the following items affecting comparability:

- Further to the restructuring plans announced to close the assembly plant in Skånes Fagerhult, Sweden and consolidate hydraulics capacity in Europe, the Group has recognised restructuring costs and impairments amounting to MSEK -36 (nil) in the fourth quarter of 2012;
- Following actions initiated by management to selectively buy-out certain defined pension obligations from UK members using existing scheme assets, the Group has recognised curtailment gains of MSEK 19 (nil) in the second half of 2012;
- Upon completion of the sale of the Group's vacant freehold property in Statesville, North Carolina, USA, a profit on disposal of MSEK 1 (nil) has been recognised in the third quarter of 2012;
- Pension amortisation charges of MSEK -24 (nil) to spread previously unrecognised actuarial losses have been booked throughout 2012 under the current 'corridor approach' for pension accounting; and
- Expenses from the Haldex demerger of MSEK nil (-24) were charged in the first half of 2011.

Adjusting for these items, the underlying operating income and operating margin amounted to MSEK 293 (305) and 13.7% (13.4) respectively. This year-on-year improvement reflects a strong contribution from sales as well as effective cost management through the Concentric Business Excellence program.

Operating income and margin for the fourth quarter amounted to MSEK 26 (80) and 5.9% (13.9) respectively. Reported operating income included the following items affecting comparability:

- Restructuring costs and impairments amounting to MSEK -36 (nil) associated with the plan to close the assembly plant in Skånes Fagerhult, Sweden and consolidate hydraulics capacity in Europe;
- Pension curtailment gains of MSEK 11 (nil), noted above, on the Group's main UK defined benefit pension scheme; and
- Pension amortisation charges of MSEK -6 (nil) to spread previously unrecognised actuarial losses, under the current 'corridor approach' for pension accounting.

Adjusting for these items, the underlying operating income and operating margin amounted to MSEK 57 (80) and 13.1% (13.9) respectively, which equates to a contribution drop through rate of just 15.8% on the year on year sales reduction.

Net financial items

Net financial expenses for the full year amounted to MSEK 32 (30), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 14 (31) and net financial expenses in respect of net pension liabilities of MSEK 18 (-1).

Net financial expenses incurred for the fourth quarter amounted to MSEK 10 (3), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 4 (4) and net financial expenses in respect of net pension liabilities of MSEK 6 (-1).

Accordingly, consolidated income before taxation amounted to MSEK 221 (251) for the full year and MSEK 16 (77) for the fourth quarter.

Taxes

Tax expenses for the fourth quarter amounted to MSEK 4 (17), bringing the full year tax expenses to MSEK 66 (75) which is an effective annual tax rate of 30% (30%).

Any movement in the group's effective rate largely reflects the change in mix of taxable earnings across the various tax jurisdictions in which the group operates.

Net income and Earnings per share

Earnings after taxation for the full year amounted to MSEK 155 (176). Earnings per share before and after dilution amounted to SEK 3.51 (3.98). After adjusting for the post-tax impact of items affecting comparability noted above, the earnings per share was SEK 4.17 (4.38).

Earnings after taxation for the fourth quarter amounted to MSEK 12 (60). Earnings per share before and after dilution amounted to SEK 0.27 (1.35). After adjusting for the post-tax impact of items affecting comparability noted above, the earnings per share was SEK 0.81 (1.35).

Segment reporting

The Americas segment comprises the Group's operations in the USA. As our operations in India and China remain relatively small in comparison to our Western facilities, Europe & RoW continues to be reported as a single combined segment, in line with our management structure, comprising the Group's operations in Europe, India and China.

The evaluation of an operating segment's earnings is based on operating income or EBIT. Assets and liabilities not allocated to segments are financial assets and liabilities.

Americas

Amounts in MSEK	Oct-Dec			Jan-Dec		
	2012	2011	Change	2012	2011	Change
Net sales – external	239	314	-24%	1,212	1,238	-2%
Net sales – total	241	317	-24%	1,221	1,249	-2%
Operating income before items affecting comparability	30	33	-8%	147	134	10%
Operating income	30	33	-8%	148	131	13%
Operating margin before items affecting comparability, % 1)	12.2	10.0	2.2	12.0	10.7	1.3
Operating margin, % 1)	12.2	10.0	2.2	12.1	10.4	1.7
ROCE before items affecting comparability, %	38.8	31.8	7.0	38.8	31.8	7.0
ROCE, %	39.0	31.0	8.0	39.0	31.0	8.0

1) Operating margins based on total net sales

Net sales and operating income - Americas

Total sales in constant currency were -6% lower for the full year and -22% lower in the fourth quarter when compared with the corresponding periods in the preceding year. Fourth quarter volumes in the Agricultural machinery sector have largely been sustained, taking into account seasonal reductions. However, the sharp decline in demand experienced during the third quarter persisted during the fourth quarter for on-highway medium/heavy trucks and heavy construction and mining equipment. As a result, average total sales per working day fell to MSEK 4.1 (5.5) for the fourth quarter, taking the average for the full year to MSEK 4.9 (5.0).

Operating income for the full year amounted to MSEK 148 (131), up 13% year on year, increasing the operating margin based on total sales to 12.1% (10.4). The year on year earnings improvement can largely be attributed to process improvement and effective cost management achieved through the Concentric Business Excellence program. In addition, upon completion of the sale of the Group's vacant freehold property in Statesville, North Carolina, USA, a profit on disposal of MSEK 1 (nil) was recognised in the third quarter of 2012.

Operating income for the fourth quarter amounted to MSEK 30 (33), increasing the operating margin based on total sales to 12.2% (10.0) respectively.

Europe & RoW <i>Amounts in MSEK</i>	Oct-Dec			Jan-Dec		
	2012	2011	Change	2012	2011	Change
Net sales - external	192	262	-27%	917	1,044	-12%
Net sales - total	213	293	-27%	1,027	1,175	-13%
Operating income before items affecting comparability	27	47	-43%	146	171	-15%
Operating income	-4	47	-109%	105	167	-38%
Operating margin before items affecting comparability, % 1)	12.7	16.4	-3.7	14.1	14.6	-0.5
Operating margin, % 1)	-1.9	16.4	-18.3	10.2	14.3	-4.1
ROCE before items affecting comparability, %	19.7	23.9	-4.2	19.7	23.9	-4.2
ROCE, %	14.2	23.5	-9.3	14.2	23.5	-9.3

1) Operating margins based on total net sales

Net sales and operating income – Europe & RoW

Total sales in constant currency were -12% down for the full year and -26% down in the fourth quarter when compared with the corresponding periods in the preceding year. During the fourth quarter all end-markets have continued to soften, with the sharpest declines experienced in construction equipment and medium/heavy trucks. As a result, average total sales per working day fell to MSEK 3.4 (4.8) for the fourth quarter, taking the average for the full year to MSEK 4.1 (4.7).

Operating income for the full year amounted to MSEK 105 (167), after charging MSEK 36 (nil) of restructuring costs associated with the closure of Group's facility in Skånes Fagerhult, Sweden. After adjusting for these costs and one-off pension items affecting comparability, the underlying operating margin for the full year was 14.1%, slightly lower than the preceding year.

Operating income for the fourth quarter amounted to a loss of MSEK -4 (47). Adjusting for restructuring costs and one-off pension items affecting comparability, the underlying operating income and margin amounted to MSEK 27 and 12.7% respectively.

Market

The market information pertaining to diesel engines detailed below is based on statistics from Power Systems Research. The market information pertaining to hydraulics products detailed below is based on statistics from Off-Highway Research for construction equipment and the International Truck Association for lift trucks.

End-markets & Regions	Q4-12 vs. Q4-11			FY-12 vs. FY-11		
	North America	Europe	China/ India	North America	Europe	China/ India
Agricultural machinery						
Diesel engines	1%	-22%	23%	0%	-6%	9%
Construction equipment						
Diesel engines	24%	-27%	-14%	22%	-16%	5%
Hydraulic equipment	0%	-7%	n/a	6%	-4%	n/a
Trucks						
Light vehicles	10%	n/a	n/a	4%	n/a	n/a
Medium/Heavy vehicles	17%	2%	-9%	13%	-5%	-14%
Industrial Applications						
Other Off-highway	-2%	-28%	14%	-2%	-11%	8%
Hydraulic lift trucks	5%	-5%	n/a	4%	-2%	n/a

Based on Q4 2012 updates received from Power Systems Research, Off-Highway Research and the International Truck Association for lift trucks

The latest market indices above provide a slightly more pessimistic outlook to that reported last quarter, but still highlight year on year growth across nearly all North American end-markets for the full year 2012. Conversely, all European end-markets are down year on year for the full year 2012.

North American end-markets

- The latest market indices continue to report strong growth in Construction equipment for both engine and hydraulic products, although it should be noted that this market started the year from a pretty low base. This continues to be contrary to the actual demand experienced by Concentric during the second half of 2012, with fourth quarter volumes down both sequentially quarter-on-quarter and year-on-year.
- Growth in both the Light and Medium/Heavy truck markets is also reported to continue in 2012, building upon the recovery experienced in 2011. This continues to be in stark contrast with the drop-off in customer orders levels experienced, even after adjusting for 'de-stocking' at OEMs during the second half of 2012.
- The diesel engine market for Agricultural machinery and Industrial applications for other Off-highway vehicles continues to be stable, up 1% year on year for the fourth quarter. Volumes in Concentric for Agricultural machinery have largely been sustained, taking into account the normal seasonal reductions.

European end-markets

- Demand in all European sectors end-markets remains weak, with no apparent change in customer order levels.
- Diesel engines for Construction equipment and other Off-highway Industrial applications continue to be the most affected end-markets.

Emerging end-markets

- Market indices suggest the fourth quarter was mixed for the emerging markets, with the Construction equipment and Trucks end-markets fairing worse, which is consistent with Concentric's experience.

Seasonality

Each end-market will have its own seasonality profile based on the end-users, e.g. sales of Agricultural machinery will be linked to harvest periods in the Northern and Southern hemispheres. However, there is no significant seasonality in the demand profile of Concentric's customers and, therefore, the most significant driver is actually the number of working days in the quarter.

The weighted average number of working days in the fourth quarter was 61 (59) for the Group, with 59 (58) for the Americas and 62 (61) for Europe and RoW, bringing the average number of working days in the full year up to 249 (249) for the Group, with 248 (248) for the Americas and 249 (250) for Europe and RoW.

<i>Consolidated sales development</i>	Q4-12 vs. Q4-11			FY-12 vs. FY-11		
	Americas	Europe & ROW	Group	Americas	Europe & ROW	Group
Blended market rates 1)	7%	-9%	-1%	6%	-5%	0%
Concentric actual rates 2)	-22%	-26%	-23%	-6%	-12%	-9%

1) Based on latest market indices blended to Concentric's mix of end-markets and locations

2) Based on actual sales in constant currency

Overall, market indices suggest a year-on-year decrease of production rates for the fourth quarter, blended to the Group's end-market and regions, of approximately -1%. This is significantly less than the reduction in actual demand levels experienced by Concentric during the fourth quarter, which was down -23% year-on-year in constant currency.

The apparent discrepancy in the quarter is partly explained by the de-stocking. However, there still seems to be some lag effect in the market indices compared to engine/equipment build rates, particularly in the North American Construction Equipment and Medium/Heavy Trucks markets.

Market indices suggest that the full year blended to the Group's end-markets and regions is flat against prior year, which is lower than the last quarterly update published three months ago. However, the indices are still inconsistent with the actual sales order trends of Concentric's customers during the second half of 2012.

Cash flow

Cash flow from operating activities for the full year was very strong, amounting to MSEK 298 (227), which represents SEK 6.76 (5.13) per share. The net impact of one-off items in the group's cash flow from operating activities was not significant, i.e. the cash conversion rate of operating income reflects the group's underlying robust working capital management disciplines.

The net cash inflow of MSEK 213 before dividend payments (MSEK -88) and buy-back of own shares (MSEK -16) represents a cash generation of SEK 4.85 per share for the full year 2012.

Cash flow from operating activities was also very strong in the fourth quarter, amounting to MSEK 108 (105), which represents SEK 2.46 (2.37) per share.

Net investments in fixed assets

The Group's net investments in fixed assets for the fourth quarter and the full year were MSEK 20 (15) and MSEK 51 (50) respectively. Capitalized development costs of MSEK 3 (3) were included in the net investments made for the full year.

During the third quarter of 2012, the group completed the sale of its vacant freehold property in Statesville, North Carolina, USA for a net consideration which of MSEK 6 which gave rise to a profit on disposal of MSEK 1.

Financial position

As at 31 December, the Group's net debt was MSEK nil (114), comprising loans and corporate bonds of MSEK 188 (193) and pension liabilities of MSEK 101 (103), net of cash amounting to MSEK 288 (183).

Shareholders' equity amounted to MSEK 943 (936), resulting in a gearing ratio of nil (12%).

Employees

The average number of full-time equivalents employed by the group during the fourth quarter of 2012 was 1,054 (1,189).

Related-party transactions

Other than those transactions with the wider Haldex AB group in the first half of 2011, no transactions have been carried out between Concentric AB and its subsidiary undertakings and any related parties that had a material impact on either the company's or the group's financial position and results.

Business overview

Descriptions of the business concept, key strategic objectives, value chain, business model and driving forces for the Concentric AB group are presented on pages 8-17 of the 2011 Annual Report (http://www.concentricab.com/_downloads/AGM-2012/Concentric%20AR%202011.pdf).

Significant risks and uncertainties

There are no changes in the significant risks and uncertainties for Concentric AB and its subsidiary undertakings compared with those as presented on pages 31-34 of the 2011 Annual Report (http://www.concentricab.com/_downloads/AGM-2012/Concentric%20AR%202011.pdf).

Acquisitions and divestments

There were no acquisitions or divestments in either the current or preceding period.

Events after the balance-sheet date

There were no significant post balance sheet events to report.

Dividends

The Company's policy for distributing unrestricted capital to the shareholders remains unchanged, whereby one-third of annual after-tax profit over a business cycle is to be distributed to the shareholders, taking into account the Group's anticipated financial status. However, due to the Group's strong earnings and financial position, the Board of Directors intend to propose to the shareholders at the Annual General Meeting an ordinary dividend of SEK 2.50 (2.00) per share for the 2012 fiscal year, corresponding to around 70% of the earnings per share.

Parent Company

The parent company, Concentric AB, was formed in December, 2010. As part of the restructuring of the Haldex Group, Concentric AB acquired Hydraulics operations in Europe, India and Hong Kong from Haldex in December, 2010 and the Hydraulics operations in the USA in March, 2011.

Net sales and operating profit for the full year 2012 amounted to MSEK 21 (17) and a profit of MSEK 6 (loss -18) respectively. The improvement reflects the remuneration from subsidiaries in the current period for services rendered and that the prior year result included one-time costs in the amount of MSEK 17 associated with the de-merger.

In the second quarter of 2012, the company received a dividend of MSEK 10 from their 50% ownership in the joint-venture company, Alfdex AB. Group contributions from subsidiaries in the amount of MSEK 5 have been received during the fourth quarter.

The cumulative net exchange rate gains for the full year 2012 were MSEK 8 (-2). Interest expenses have been reduced during the year from MSEK 19 to MSEK 12.

Basis of Preparation and Accounting policies

This interim report for the Concentric AB group is prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable rules in the Annual Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9 and applicable rules in RFR2 *Accounting for legal entities*.

The basis of accounting and the accounting policies adopted in preparing this interim report are consistent for all periods presented and comply with those policies stated in the 2011 Annual Report. The combined financial statements of Concentric AB Group that are included in this interim report are based on the predecessor values of the consolidated accounts of the Haldex AB Group.

As noted above, the Concentric AB Group was established during 2011. The acquisitions of the subsidiaries are common control transactions; therefore an accounting policy has been established for these business combinations as IFRS is currently silent on the treatment of those transactions.

The financial statements are combined for all periods up to 31 March 2011 and thereafter consolidated. All financial statements included in this interim report are based on the uniting of interests model (predecessor accounting). This method requires that the assets and liabilities of the combining entities are presented using the book values for the highest level of common control (i.e. Haldex AB) for which financial statements are prepared and the transaction is presented as if it had taken place at the beginning of the earliest period presented (i.e. comparatives are restated).

All transactions and balances between entities included in the combined financial statements within this interim report are eliminated.

New accounting principles

The new or amended IFRS standards and IFRIC Interpretations, which became effective 1 January, 2012 have had no material effect on the consolidated financial statements. As of 1 January, 2013, the amendments to IAS 19, Employee benefits will become effective.

Concentric currently uses the “corridor method” of accounting, whereby unrecognised losses over the corridor of 10% are amortised in the income statement. Under this corridor method, the Group had unrecognised pension liabilities of MSEK 444 (419), as at 31 December, 2012. The deferred tax asset associated with these unrecognised liabilities is estimated at MSEK 116, which would result in a net reduction of shareholders’ equity of MSEK 328.

The amended standard removes the option to use the corridor method and, as such, actuarial gains and losses will be recognised in full through the comprehensive income statement. Accordingly, the previously unrecognised pension liabilities will be recorded on the Group’s balance sheet, together with a corresponding deferred tax asset. In addition, the service cost and net interest recognised in the profit and loss account will also be affected by the proposed changes.

Further information on the impact of the proposed amendments to IAS 19 will be made available in the 2012 Annual Report.

Other new accounting principles applicable from 2013 are considered to have less impact for Concentric and therefore will only be reported in the 2012 Annual Report.

Purpose of report and forward-looking information

Concentric AB (publ) is listed on NASDAQ OMX Stockholm, Mid Cap. The information in this report is of the type that Concentric is required to disclose under the Swedish Securities Market Act. The information was submitted for publication at 8.00am on 19 February, 2013. This report contains forward-looking information in the form of statements concerning the outlook for Concentric’s operations. This information is based on the current expectations of Concentric’s management, as well as estimates and forecasts. The actual future outcome could vary significantly compared with the information provided in this report, which is forward-looking, due to such considerations as changed conditions concerning the economy, market and competition.





Annual General Meeting

The Annual General Meeting will be held on Wednesday, 24 April, 2013, at 3:00pm at the Grand Hotel in Stockholm, Sweden.

Future reporting dates

Annual Report January-December 2012	3 April, 2013
AGM & Interim Report January-March 2013	24 April, 2013
Interim Report January-June 2013	25 July, 2013
Interim Report January-September 2013	24 October, 2013

Stockholm, 19 February, 2013
Concentric AB (publ)

David Woolley
President and CEO

For further information, please contact:

David Woolley (President and CEO), David Bessant (CFO), or Lena Olofsdotter (Corporate Communications), at Tel: +44 121 445 6545

(E-mail: info@concentricab.com)

Corporate Registration Number 556828-4995

This Interim Report has not been audited.

Consolidated Income Statement, in summary 1)

<i>Amounts in MSEK</i>	Oct-Dec		Jan-Dec	
	2012	2011	2012	2011
Net sales	431	577	2,129	2,283
Cost of goods sold	-333	-410	-1,570	-1,653
Gross income	98	167	559	630
Selling expenses	-13	-25	-70	-91
Administrative expenses	-28	-34	-147	-151
Product development expenses	-21	-26	-76	-77
Other operating income and expenses	-10	-2	-13	-30
Operating income	26	80	253	281
Financial income and expense	-10	-3	-32	-30
Earnings before tax	16	77	221	251
Taxes	-4	-17	-66	-75
Net income for the period	12	60	155	176
Earnings per share before and after dilution, SEK	0.27	1.35	3.51	3.98
Average number of shares (000)	43,909	44,216	44,094	44,216

1) All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see the section "Basis of preparation and Accounting Policies".

Consolidated statement of comprehensive income 1)

<i>Amounts in MSEK</i>	Oct-Dec		Jan-Dec	
	2012	2011	2012	2011
Net income for the period	12	60	155	176
Other comprehensive income				
Foreign currency translation difference	-9	0	-44	6
<i>Total other comprehensive income</i>	-9	0	-44	6
Total comprehensive income	3	60	111	182

1) All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see the section "Basis of preparation and Accounting Policies".

Consolidated Balance Sheet, in summary 1)

<i>Amounts in MSEK</i>	31 Dec	31 Dec
	2012	2011
Goodwill	481	501
Other intangible fixed assets	336	389
Tangible fixed assets	181	185
Deferred tax assets	38	24
Long-term receivables	5	6
Total fixed assets	1,041	1,105
Inventories	167	190
Current receivables	204	303
Cash and cash equivalents	288	183
Total current assets	659	676
Assets held for sale	-	5
Total assets	1,700	1,786
Total Shareholders' equity	943	936
Pensions and similar obligations	101	103
Deferred tax liabilities	71	96
Long-term interest-bearing liabilities	175	175
Other long-term liabilities	4	8
Total long-term liabilities	351	382
Short-term interest-bearing liabilities	13	18
Other current liabilities	393	450
Total current liabilities	406	468
Total liabilities and shareholders' equity	1,700	1,786

1) All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see the section "Basis of preparation and Accounting Policies".

Consolidated changes in shareholders' equity, in summary 1)

<i>Amounts in MSEK</i>	31 Dec	31 Dec
	2012	2011
Opening balance	936	699
Net income for the period	155	176
Other comprehensive income	-44	6
Total comprehensive income	111	182
Shareholder's contribution	-	55
Dividend	-88	-
Buy-back own shares	-16	-
Closing balance	943	936

1) All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see the section "Basis of preparation and Accounting Policies".

Consolidated cash flow statement, in summary 1)

<i>Amounts in MSEK</i>	Oct-Dec		Jan-Dec	
	2012	2011	2012	2011
Operating income	26	80	253	281
Reversal of depreciation and amortization	31	28	100	90
Reversal of non-cash one-off items affecting comparability	-8	-	1	-
Interest paid	-3	-1	-13	-18
Taxes paid	-1	-16	-87	-93
<i>Cash flow from operating activities before changes in working capital</i>	45	91	254	260
Change in working capital	63	14	44	-33
Cash flow from operating activities	108	105	298	227
Net investments in fixed assets	-20	-15	-51	-50
Cash flow from investing activities	-20	-15	-51	-50
Capital contribution	-	-	-	50
Dividend	-	-	-88	-
Buy-Back Own Shares	-4	-	-16	-
New loans	-	-	-	275
Repayment of loans	-	-43	-5	-525
Other financing activities	-6	8	-29	-48
Cash flow from financing activities	-10	-35	-138	-248
Cash flow for the period	78	55	109	-71
Cash and bank assets, opening balance	212	128	183	257
Exchange-rate difference in cash and bank assets	-2	-	-4	-3
Cash and bank assets, closing balance	288	183	288	183

1) All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see the section "Basis of preparation and Accounting Policies".

Data per Share

	Oct-Dec		Jan-Dec	
	2012	2011	2012	2011
Earnings per share before items affecting comparability, SEK	0.81	1.35	4.17	4.38
Earnings per share before and after dilution, SEK	0.27	1.35	3.51	3.98
Equity per share, SEK	21.49	21.16	21.49	21.16
Cash-flow from current operations per share, SEK	2.46	2.37	6.76	5.13
Average No. of shares (000's)	43,909	44,216	44,094	44,216
Number of shares at period-end (000's)	43,892	44,216	43,892	44,216

Key figures

	Oct-Dec		Jan-Dec	
	2012	2011	2012	2011
Sales growth, constant currency, %	-23	12	-9	25
Sales growth, %	-25	11	-7	16
EBITDA margin before items affecting comparability, %	18.4	18.7	18.0	17.3
EBITDA margin, %	13.1	18.7	16.6	16.3
Operating margin before items affecting comparability, %	13.1	13.9	13.7	13.4
Operating margin, %	5.9	13.9	11.9	12.3
Capital Employed, MSEK	1,019	1,151	1,019	1,151
ROCE before items affecting comparability, %	26.3	27.0	26.3	27.0
ROCE, %	22.7	24.9	22.7	24.9
ROE, %	16.3	22.1	16.3	22.1
Working Capital, MSEK	-23	42	-23	42
Working capital as a % of annual sales 1)	-1.1	1.9	-1.1	1.9
Net Debt, MSEK	0	114	0	114
Gearing ratio, %	0	12	0	12
Investments	20	15	51	50
R&D, %	4.7	4.5	3.6	3.4
Number of employees, average 2)	1,054	1,189	1,131	1,179

1) Annual sales calculated on a rolling 12 month basis

2) Average number of employees has been calculated as full time equivalent. The method used to calculate the average number of employees has changed as of quarter 2, 2011 and therefore the comparable figures have also been changed.

Consolidated income statement in summary, by type of cost 1)

Amounts in MSEK	Oct-Dec		Jan-Dec	
	2012	2011	2012	2011
Net sales	431	577	2,129	2,283
Direct material costs	-235	-290	-1,111	-1,169
Personnel costs	-96	-124	-471	-481
Depreciation, amortization and impairment losses	-31	-28	-100	-90
Other operating income and expenses	-43	-55	-194	-262
Operating income	26	80	253	281
Financial income and expense	-10	-3	-32	-30
Earnings before tax	16	77	221	251
Taxes	-4	-17	-66	-75
Net income for the period	12	60	155	176

1) All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see the section "Basis of preparation and Accounting Policies" section.

Consolidated Income Statement in summary, per quarter 1)

<i>Amounts in MSEK</i>	2012	2012	2012	2012	2011	2011	2011	2011
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	431	492	596	610	577	593	559	554
Cost of goods sold	-333	-362	-432	-443	-410	-428	-405	-410
Gross income	98	130	164	167	167	165	154	144
Selling expenses	-13	-16	-21	-20	-25	-23	-24	-19
Administrative expenses	-28	-38	-41	-40	-34	-33	-42	-42
Product development expenses	-21	-16	-19	-20	-26	-23	-13	-14
Other operating income and expenses	-10	6	-4	-5	-2	-3	-15	-10
Operating income	26	66	79	82	80	83	60	58
Financial income and expense	-10	-5	-9	-8	-3	-4	-11	-12
Earnings before tax	16	61	70	74	77	79	49	46
Taxes	-4	-16	-23	-23	-17	-27	-16	-15
Net income for the period	12	45	47	51	60	52	33	31

1) All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see the section "Basis of preparation and Accounting Policies".

Key figures by quarter

	2012	2012	2012	2012	2011	2011	2011	2011
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Earnings per share before and after dilution, SEK	0.27	1.01	1.07	1.16	1.35	1.19	0.74	0.70
Operating margin, %	5.9	13.4	13.3	13.4	13.9	14.1	10.8	10.4
ROCE, %	22.7	26.7	28.1	26.9	24.9	22.9	19.7	15.7
ROE, %	16.3	21.7	23.5	23.1	22.1	22.2	17.7	14.0
Equity per share, SEK	21.49	21.47	21.54	21.83	21.16	19.80	17.09	16.32
Cash-flow from current operations per share, SEK	2.46	1.39	1.20	1.72	2.37	1.24	0.84	0.68
Net investments in fixed assets	20	9	13	9	15	10	12	13
R&D, %	4.7	3.3	3.2	3.3	4.5	3.8	2.5	2.6
Number of employees, average 1)	1,054	1,117	1,180	1,184	1,189	1,202	1,183	1,152

1) Average number of employees has been calculated as full time equivalent. The method used to calculate the average number of employees has changed as of quarter 2, 2011 and therefore the comparable figures have also been changed.

Segment reporting

Amounts in MSEK	2012	2012	2012	2012	2011	2011	2011	2011
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Americas								
Net sales - external	239	287	344	342	314	329	305	290
Net sales - total 1)	241	289	346	345	317	331	308	293
Operating income	30	33	42	43	33	36	32	30
Operating margin on external sales, %	12.3	11.7	12.2	12.5	10.6	11.1	10.6	10.2
Operating margin on total sales, %	12.2	11.6	12.2	12.4	10.5	11.1	10.5	10.1
Assets	486	549	621	599	631	681	636	687
Liabilities	195	225	245	258	266	281	280	270
Capital employed	332	364	405	389	408	451	430	392
ROCE, %	39.0	37.3	36.8	34.7	31.0	29.7	23.8	22.5
Net investments in fixed assets	-	-4	4	-	3	3	4	2
Depreciation, amortization & impairment losses	13	12	12	11	17	15	7	7
Number of employees, average 2)	340	380	402	416	417	426	419	404
Europe & RoW								
Net sales - external	192	205	252	268	263	264	254	264
Net sales - total 1)	213	228	286	300	293	299	290	293
Operating income	-4	33	37	39	47	47	40	33
Operating margin on external sales, %	-2.2	16.0	14.7	14.6	17.8	17.8	15.7	12.5
Operating margin on total sales, %	-1.9	14.3	12.9	13.1	16.0	15.7	13.7	11.2
Assets	980	996	1,034	1,044	1,039	1,058	999	1,126
Liabilities	342	345	392	401	438	451	421	438
Capital employed	707	742	752	733	737	747	689	689
ROCE, %	14.2	21.1	23.4	24.2	23.5	20.5	20.1	13.5
Net investments in fixed assets	20	13	9	9	12	7	8	11
Depreciation, amortization and impairment losses	18	11	11	12	11	11	11	11
Number of employees, average 2)	715	737	778	768	772	776	764	747
Not broken down by segments								
Elimination of inter-segmental sales	-23	-25	-36	-35	-33	-37	-39	-32
Operating loss	0	0	0	0	0	0	-12	-5
Assets	234	165	124	172	116	73	81	3
Liabilities	220	197	191	191	146	204	260	387
Group								
Net sales	431	492	596	610	577	593	559	554
Operating income	26	66	79	82	80	83	60	58
Operating margin, %	5.9	13.4	13.3	13.4	13.9	14.1	10.8	10.4
Assets	1,700	1,710	1,780	1,815	1,786	1,812	1,716	1,817
Liabilities	757	766	828	850	850	936	960	1,095
Capital employed	1,019	1,098	1,165	1,130	1,151	1,204	1,135	1,064
ROCE, %	22.7	26.7	28.1	26.9	24.9	22.9	19.7	15.7
Net investments in fixed assets	20	9	13	9	15	10	12	13
Depreciation, amortization and impairment losses	31	23	23	23	28	26	18	18
Number of employees, average 2)	1,054	1,117	1,180	1,184	1,189	1,202	1,183	1,152

1) Total Net sales, includes both external and internal net sales

2) Average number of employees has been calculated as full time equivalent. The method used to calculate the average number of employees has changed as of quarter 2, 2011 and therefore the comparable figures have also been changed.

Operating income per operating segment

<i>Amounts in MSEK</i>	2012	2012	2012	2012	2011	2011	2011	2011
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Americas</i>	30	33	42	43	33	36	32	30
<i>Europe & RoW</i>	-4	33	37	39	47	47	40	33
<i>Unallocated 1)</i>	-	-	-	-	-	-	-12	-5
Total operating income	26	66	79	82	80	83	60	58
Financial net	-10	-5	-9	-8	-3	-4	-11	-12
Earnings before tax	16	61	70	74	77	79	49	46

1) Unallocated costs incurred during 2011 in the amount of MSEK 17 relate to one-off advisor costs associated with the de-merger from Haldex AB.

Sales by customer location - geographic area

<i>Amounts in MSEK</i>	2012	2012	2012	2012	2011	2011	2011	2011
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>USA</i>	234	272	327	330	308	323	291	288
<i>Germany</i>	63	70	82	83	86	80	77	85
<i>UK</i>	29	38	49	53	55	53	47	52
<i>Sweden</i>	25	25	34	37	28	28	38	37
<i>Other</i>	80	87	104	107	100	109	106	92
Total Group	431	492	596	610	577	593	559	554

Tangible assets by operating location

<i>Amounts in MSEK</i>	2012	2012	2012	2012	2011	2011	2011	2011
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>USA</i>	59	62	69	66	73	83	78	78
<i>Germany</i>	34	33	36	35	36	36	43	38
<i>UK</i>	46	38	33	32	31	32	31	31
<i>Sweden</i>	12	15	15	16	16	15	14	14
<i>Other</i>	30	30	29	30	29	27	19	23
Total Group	181	178	182	179	185	193	185	184

Parent Company's income statement, in summary

<i>Amounts in MSEK</i>	Oct-Dec		Jan-Dec	
	2012	2011	2012	2011
Net sales	5	17	21	17
Operating costs	-6	-14	-15	-18
Other operating expenses	-	4	-	-17
Operating income/loss	-1	7	6	-18
Income from shares in subsidiaries	5	-	5	8
Income from shares in associated companies	-	-	10	-
Other financial income and expense	-1	-2	1	-15
Earnings/loss before tax	3	5	22	-25
Taxes	-2	-3	-4	7
Net income/loss for the period 1)	1	2	18	-18

1) Total Comprehensive income for the Parent Company is the same as Net income/loss for the period.

Parent Company's balance sheet, in summary

<i>Amounts in MSEK</i>	31 Dec		31 Dec	
	2012	2011	2012	2011
Shares in subsidiaries	937	937		
Shares in associated companies	10	10		
Long-term loans receivable from subsidiaries	80	103		
Deferred tax assets	2	7		
Total fixed assets	1,029	1,057		
Current receivables	2	3		
Short-term receivables from subsidiaries	36	1		
Cash and cash equivalents	230	126		
Total current assets	268	130		
Total assets	1,297	1,187		
Total Shareholders' equity	576	662		
Long-term loans	175	175		
Total long-term liabilities	175	175		
Short-term loans payable to associated companies	10	-		
Short-term loans payable to subsidiaries	530	340		
Other current liabilities	6	10		
Total current liabilities	546	350		
Total liabilities and shareholders' equity	1,297	1,187		

Parent Company's changes in shareholders' equity, in summary

<i>Amounts in MSEK</i>	31 Dec 2012	31 Dec 2011
Opening balance	662	343
Total comprehensive income 1)	18	-18
Dividend	-88	-
Buy-back own shares	-16	-
Shareholder's Contribution (from Haldex AB)	-	337
Closing balance	576	662

1) Total Comprehensive income for the Parent Company is the same as Net income/loss for the period.

Definitions

Americas	Americas operating segment comprising the Group's USA operations
Dividend yield	Dividend divided by market price at year end
Capital employed	Total assets less interest bearing financial assets and cash and cash equivalents and non-interest bearing liabilities, excluding any tax assets and tax liabilities
EBIT or Operating income	Earnings before interest and taxes
EBIT multiple	Market value at year end plus net debt divided by EBIT
EBIT or Operating margin	Operating income as a percentage of net sales
EPS	Earnings per share, net income divided by the average number of shares
EPS before items affecting comparability	EPS adjusted for post tax impact of restructuring costs and other 'one-off' items
Europe & RoW	Europe and the rest of the world operating segment comprising the Group's operations in Europe, India and China
Gearing ratio	Ratio of net debt to shareholders' equity
Gross margin	Net sales less cost of goods sold, as a percentage of net sales
Net debt	Total interest-bearing liabilities less liquid finds
Net investments in fixed assets	Fixed asset additions net of fixed asset disposals and retirements
OEMs	Original Equipment Manufacturers
P/E ratio	Market value at year-end divided by net earnings
Payout ratio	Dividend divided by EPS
R&D	Research and development expenditure
ROCE	Return on capital employed; EBIT or Operating income as a percentage of the average capital employed over a rolling 12 months
ROE	Return on equity; net income as a percentage of the average shareholders' equity over a rolling 12 months
Sales growth, constant currency	Growth rate based on sales restated at prior year foreign exchange rates
"Underlying" or "before items affecting comparability"	Adjusted for restructuring costs and other 'one-off' items
Working capital	Current assets excluding cash, less non-interest-bearing current liabilities