

Interim report

Q2 2020

Second quarter 2020

- Incoming orders stood at SEK 737 million (847)
- Net sales amounted to SEK 766 million (848)
- Operating profit rose 7% to SEK 96 million (90)
- EBITA rose 7% to SEK 99 million (93)
- Profit after tax rose 5% to SEK 73 million (69)
- Earnings per share were SEK 3.16 (3.01)

January - June 2020

- Incoming orders rose 2% to SEK 1,747 million (1,717)
- Net sales amounted to SEK 1,654 million (1,694)
- Operating profit rose 6% to SEK 201 million (189)
- EBITA rose 6% to SEK 208 million (196)
- Profit after tax rose 7% to SEK 157 million (147)
- Earnings per share were SEK 6.81 (6.38)



Strong ability to adapt in uncertain times

Growth in the second quarter of 2020 has been marked by decreasing demand. Net sales were down 10% on the same period last year. Growth was up 1% due to the impact of acquisitions while currency movements had a negative effect of 1%, which resulted in -10% organic growth in the period. In turn, incoming orders fell by 13%.

Following a sustained period of positive growth, we now find ourselves in an entirely new market situation. Our operations have been heavily affected by the Covid-19 crisis, but our organisation has adapted positively to a new way of working. The pandemic has created a difficult situation and considerable uncertainty about the near-term outlook and the long-term effects on the market. At the same time, the fact that our earnings momentum remains intact despite a decline in sales demonstrates our high degree of agility and an ability to adapt and adjust to new conditions.

Operating profit (EBITA) rose 7% in the second quarter. Earnings have been affected by a reduction in the Group's operating costs during the period and by funding received from government support schemes in the countries where we have operations. The decrease in sales combined with the increase in earnings has pushed the operating margin up to 13%, which is an improvement of two percentage points on the second quarter of 2019.

Overall for the first six months of the year, OEM's sales were down 2% while incoming orders rose 2%. Operating profit (EBITA) rose 6% and the operating margin reached 12.6%.

Growth across the regions

All regions continued to experience reduced demand in the second quarter. In Region Sweden, sales fell by 9% and the drop-off in demand has affected all operations, except for Elektro Elco and ATC Tape Converting. In Region Finland, the Baltic states and China, demand was down by 7% and most of the operations in this region also reported a year-on-year drop in sales. In Region Denmark, Norway, the UK and East Central Europe, sales fell by 16%, although the operations in Norway reported positive growth attributable to the acquisition made at the end of 2019.

Our business, like many others, has been significantly hit by the effects of the Covid-19 pandemic and most of our operations have seen a month-by-month slowdown in demand in the second quarter. We were prepared for the arrival of a whole new set of circumstances in the second quarter, however, and we took various measures early on to adapt our operations and safeguard the health of our employees. A strong ability to adapt will be a core component of our operations for the foreseeable future.

No change to our long-term strategy

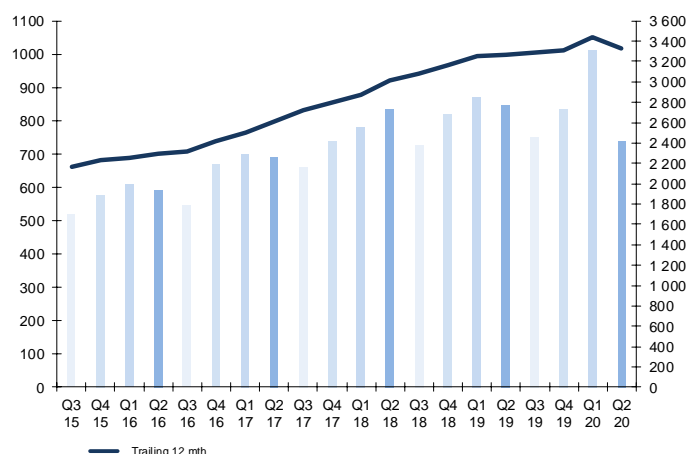
I mentioned in the Chief Executive's Review for the first quarter of the year that how we get through this crisis depends greatly on how we enter it. It's important that we continue to be creative when it comes to driving our business forward. The digital transition and our employees' positive attitude have certainly helped us and, although the coronavirus is taking us into uncharted and challenging times, we are well placed to develop our operations and find new business opportunities.

Jörgen Zahlin

Managing Director and Chief Executive Officer

Incoming orders

SEK million



Incoming orders

Incoming orders decreased by 13% to SEK 737 million (847) in the second quarter of 2020. For comparable entities, including the impact of foreign currency exchange rate movements, incoming orders fell by 14% and the acquired incoming orders were up 1%.

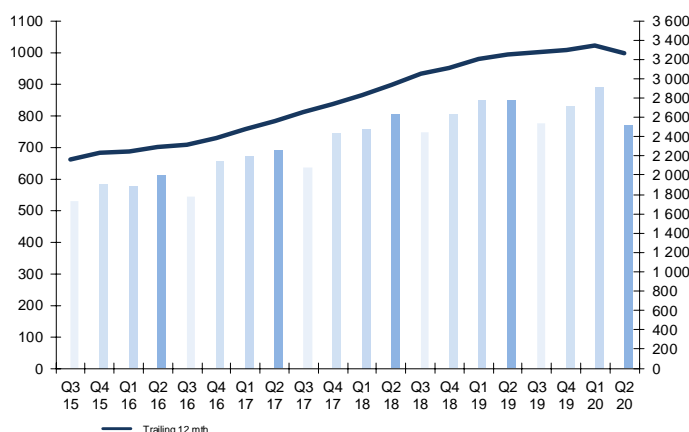
Incoming orders in the second quarter of 2020 were 4% lower than net sales.

Incoming orders in the first six months of 2020 increased by 2% to SEK 1,747 million (1,717). Incoming orders rose 1% for comparable entities.

At SEK 519 million (440) on 30 June 2020, the order book was up 18% on the same date last year.

Net sales

SEK million

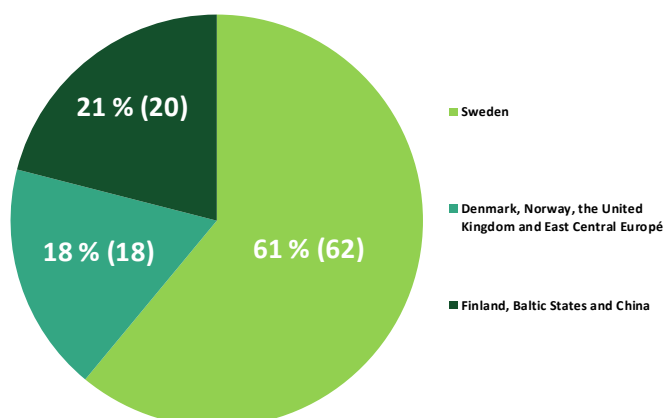


Sales growth

Net sales in the second quarter of 2020 fell by 10% to SEK 766 million (848). For comparable entities, net sales were down 10% and net sales from acquired business stood at 1%. Currency movements had a 1% negative impact on second quarter net sales.

Net sales in the first half of 2020 fell by 2% to SEK 1,654 million (1,694). Comparable entities reported a 4% drop in net sales excluding the impact of foreign currency exchange rate fluctuations. Sales from business acquisitions and currency movements boosted net sales by 1% and 1% respectively in the first six months.

Share by region in 2020

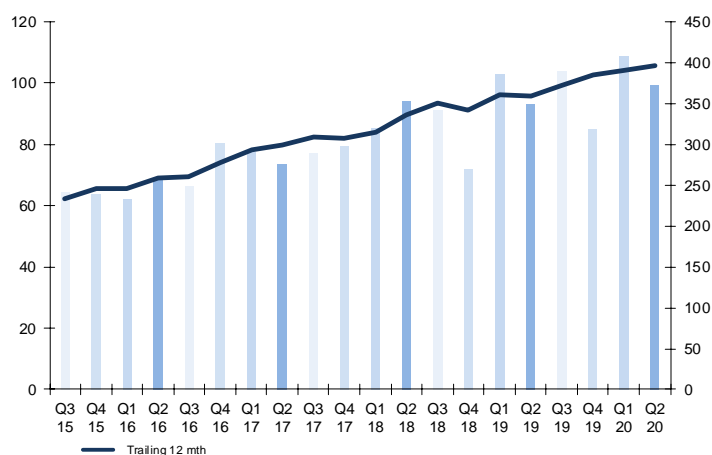


The Swedish operations of Elektro Elco, ATC Tape Converting, OEM Motor, Svenska Batteripoolen, Rydahl Bromsbandfabrik and Nexa Trading, and the operations of Sitek-Palvelu in Finland and the operations in Norway and Hungary reported growth in net sales compared with last year.

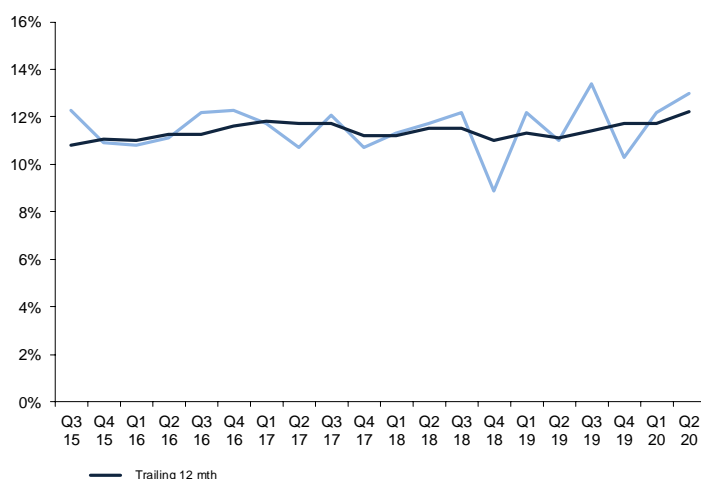
There are marginal percentage shifts across the regions, with Region Sweden losing a 1 percentage point share of the market, and Region Finland, the Baltic states and China increasing its market share by 1 percentage point compared with the previous year. Market share for Region Denmark, Norway, the UK and East Central Europe remained flat year-on-year.

EBITA

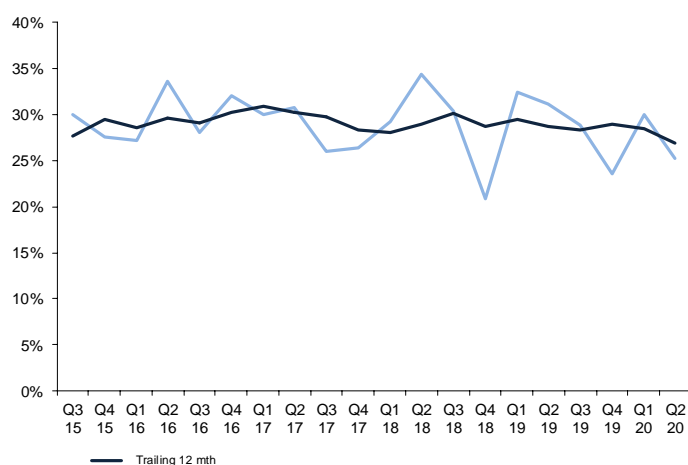
SEK million



EBITA margin



Return on equity



Note: The return on equity for each quarter is listed by four to provide a better comparison with the trailing twelve months in the diagram.

Growth in earnings

In the second quarter of 2020, EBITA, operating profit before amortisation and impairment of acquisition-related intangible fixed assets, rose 7% to SEK 99 million (93). The EBITA margin stood at 13.0% (11.0%). EBITA increased by 6% to SEK 208 million (196) in the first six months of 2020. The EBITA margin stood at 12.6% (11.6%) in the first six months of 2020.

Operating profit rose 7% to SEK 96 million (90) in the second quarter of 2020. Cumulative for the first six months, operating profit was up 6% to SEK 201 million (189). The second quarter operating margin was 12.5% (10.6%) and cumulative for the January-June period was 12.1% (11.2%).

Profit after tax rose 7% to SEK 157 million (147) in the first six months of 2020.

Earnings per share in the first six months of 2020 were SEK 6.81 (6.38).

Return

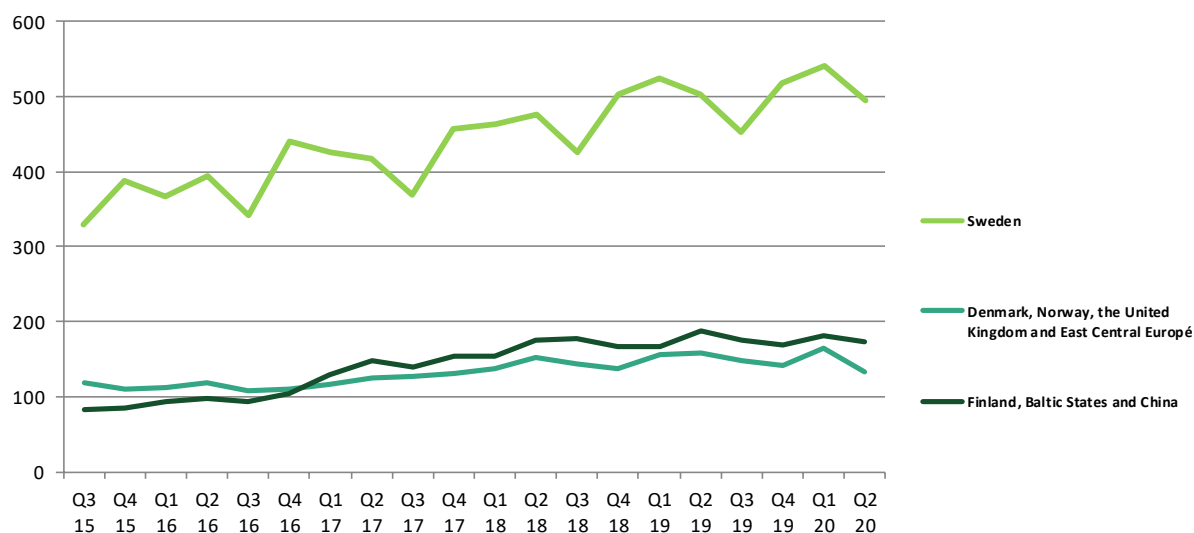
The return on equity in the second quarter of 2020 was 6.3% compared with 7.8% in the year-ago quarter.

The trailing-twelve-month return on equity was 26.9%, which is well above the 20% target.

Shareholders' equity amounted to SEK 1,220 million (927) with an equity/assets ratio of 66% (55%) on 30 June 2020.

Sales growth by region for each quarter

SEK million



Sweden

OEM Automatic AB, OEM Motor AB, Telfa AB, Svenska Batteripoolen AB, Elektro Elco AB, Nexa Trading AB, OEM Electronics AB, Internordic Bearings AB, Svenska Helag AB, Flexitron AB, Agolux AB, AB Ernst Hj Rydahl Bromsbandfabrik and ATC Tape Converting AB.

SEK million	2020 Q2	2019 Q2	2020 Q1 – Q2	2019 Q1 – Q2	2019 Full year	Trailing 12 month
Incoming orders	448	507	1,088	1,034	1,986	2,040
Net sales	459	502	1,001	1,026	1,995	1,970
EBITA	64	65	145	143	286	288
EBITA margin	14%	13%	15%	14%	14%	15%

Net sales were down 2% to SEK 1,001 million (1,026) in the first six months. A 1% increase in net sales due to foreign exchange movements resulted in 3% negative organic growth for the region. ATC Tape Converting and Elektro Elco reported an increase of 32% and 22% respectively in the period, while Batteripoolen and Nexa reported 6% and 5% growth respectively. OEM Automatic, the Group's largest company, posted 8% lower year-on-year sales for the first half of the year.

Incoming orders in the first six months increased by 5% to SEK 1,088 million (1,034). Incoming orders were 9% higher than net sales in the January – June period.

EBITA rose 2% to SEK 145 million (143) in the first six months, due primarily to cost savings and support funding from governments to help deal with the impact of Covid-19. EBITA has also been positively affected by a SEK 0.5 million remeasurement of contingent considerations.

Finland, the Baltic states and China

OEM Automatic FI, Akkupojat Oy, OEM Electronics FI, Sitek-Palvelu OY, Rauheat OY, OEM Automatic OU, OEM Automatic UAB, OEM Automatic SIA and OEM Automatic (Shanghai) Co.Ltd.

SEK million	2020 Q2	2019 Q2	2020 Q1 – Q2	2019 Q1 – Q2	2019 Full year	Trailing 12 month
Incoming orders	170	182	363	357	711	717
Net sales	173	187	355	354	699	700
EBITA	24	19	43	32	71	81
EBITA margin	14%	10%	12%	9%	10%	12%

In the first half of the year, net sales were roughly on a par with the previous year at SEK 355 million (354). A 1% increase in net sales due to foreign exchange movements resulted in 1% negative organic growth for the region.

Incoming orders for the region increased 2% to SEK 363 million (357) in the first six months. Incoming orders were 2% higher than net sales in the period.

The Finnish company Sitek-Palvelu has performed strongly in the first six months, with a 36% increase in net sales. Other entities in Finland, China and the Baltic states have not reached previous performance levels. The operations in the Baltic states and China are small and their impact on total growth in the region is marginal.

EBITA rose 32% to SEK 43 million (32), which is primarily a result of an improved coverage ratio, a lower cost base and also partly government support measures aimed at easing the financial burden caused by Covid-19.

Denmark, Norway, UK and East Central Europe

OEM Automatic Klitsö A/S, OEM Automatic AS, OEM Automatic Ltd, Zoedale Ltd, OEM Automatic Sp z o. o., OEM Electronics PL, OEM Automatic spol. s r.o., OEM Automatic s.r.o. and OEM Automatic Kft.

SEK million	2020 Q2	2019 Q2	2020 Q1 – Q2	2019 Q1 – Q2	2019 Full year	Trailing 12 month
Incoming orders	119	158	296	327	606	576
Net sales	133	158	299	315	604	589
EBITA	12	12	22	26	37	34
EBITA margin	9%	8%	7%	8%	6%	6%

Net sales were down 5% to SEK 299 million (315) in the first six months. Exchange rate movements had a negative 1% impact on net sales, and sales from acquired businesses boosted them by 5%, which means the region posted negative organic growth of 9%. The operations in Norway delivered the highest organic growth rates as a percentage.

Incoming orders in the first six months decreased by 9% to SEK 296 million (327). During the period, incoming orders were 1% lower than net sales.

EBITA fell by 14% to SEK 22 million (26). This is due primarily to a reduction in sales and a lower coverage ratio. However, the decline in earnings has been partly offset by a reduction in costs and government financial assistance aimed at supporting businesses through the Covid-19 pandemic. EBITA has also been positively affected by a SEK 2.3 million remeasurement of contingent considerations.

Other financial information

Cash flow

Operating cash flow was SEK 240 million (128) in the first six months of 2020. Cash flow totalled SEK 154 million (3) in the first six months of 2020 and was affected, in part, by investing activities of SEK -27 million (-45). No dividends were paid this year, which means the impact on the cash flow was SEK 0 million (156).

Investments

The Group's investments in fixed assets in the first six months of 2020 totalled SEK 19 million (41). Property, machinery and equipment accounted for SEK 4 million (39), and intangible assets for SEK 15 million (2), SEK 15 million (-) of which is related to business combinations.

Cash and cash equivalents

Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 194 million (42). Cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 557 million (301) on 30 June 2020. The Group's interest-bearing liabilities amounted to SEK 130 million (275), of which liabilities according to IFRS 16 leasing amounted to SEK 66 million (66), which means that the Group has a positive net cash.

Intangible assets

Amortisation of intangible assets totalling SEK 10 million (9.9) has been charged to the income statement for the first half of 2020. On 30 June 2020, intangible assets amounted to SEK 198 million (187).

Equity/assets ratio

On 30 June 2020, the equity/assets ratio was 66% (55%).

Employees

The Group's average number of employees in the first six months of 2020 was 899 (871). At the end of the period, the number of employees was 899 (879). 15 of them have come from acquired companies.

Share repurchase

The company did not repurchase any shares during the period. The company's total shareholding was 61,847 shares on 30 June 2020, which is equivalent to 0.3% of the aggregate number of shares. The Annual General Meeting is authorised to repurchase up to 10% of the shares, which is the equivalent of 2,316,930 shares.

Acquisitions

On 31 January 2020, the shareholding of Zoedale Ltd in the United Kingdom was acquired. The company markets valves and actuators for different processes and industrial applications. Its head office is located in Bedford. It reports annual sales of approximately SEK 37 million and has 15 employees. The company became part of Region Denmark, Norway, the UK and East Central Europe on 1 February 2020. The consideration for the business acquired was SEK 26.2 million, plus contingent considerations estimated at SEK 6.1 million, based on how the business develops in 2020 and 2021.

Preliminary acquisition analysis (SEK million)

	Group fair value
The acquired company's net assets at the time of acquisition	
Intangible fixed assets	7.3
Buildings and land	5.2
Other fixed assets	0.2
Inventories	5.0
Other current assets	4.4
Cash and cash equivalents	3.4
Deferred tax liability	-1.4
Other liabilities	-5.5
Net identifiable assets/liabilities	18.6
Goodwill	7.6
Consideration, including contingent consideration	26.2

As a result of the acquisition, other intangible fixed assets will increase by SEK 7.3 million. Other intangible fixed assets relate to customer relationships that will be amortised over a five-year period.

OEM normally uses an acquisition structure with a base consideration and contingent consideration. Contingent consideration is initially measured at the present value of the probable earn-out amount, which is SEK 6.1 million for the acquisitions this year. The period for contingent consideration is two years at most and the earn-out is capped at SEK 7.1 million. Both the base consideration and the contingent consideration are settled in cash.

External transaction expenses linked to acquisitions that have been made amount to SEK 0.4 million (-) in the period

Remeasurement of contingent consideration

Contingent consideration recognised as a liability was remeasured based on the development of previously acquired businesses and was subsequently reduced by SEK 2.8 million (-). This has been recognised in Other Operating Income and had a positive SEK 2.8 million (-) effect on the operating profit in 2020. Acquisition-related consideration liabilities (both absolute and contingent) on 30 June 2020 totalled SEK 11 million (11).

Accounting policies

Denna delårsrapport i sammandrag för koncernen har upprättats i enlighet med IAS 34 Delårsrapportering samt tillämpliga bestämmelser i Årsredovisningslagen. Delårsrapporten för moderbolaget har upprättats i enlighet med Årsredovisningslagens 9 kapitel, Delårsrapport. The Group and the Parent Company have applied the same accounting policies and basis of preparation as in the latest annual report. No International Financial Reporting Standards (IFRS) or International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted in 2020 have had a significant effect on the reported results or financial position of the Group.

There are no separate disclosures of the fair values of financial assets and liabilities stated at cost because the carrying amounts of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. This is because the company management believes there have been no material fluctuations in market interest rates or credit spreads that would have a

material impact on the fair value of the Group's interest-bearing liabilities. Furthermore, the fair value of trade and other current receivables and payables is assumed to approximate their carrying amount given their short-term nature.

Unlike in previous interim reports, operating costs are presented on the following lines in the condensed consolidated statement of income: goods for resale, staff costs and other expenses. In previous reports, these have been presented on one line: operating costs. To allow for comparability, figures for previous periods have been broken down according to the same principle.

Financial support received from the government for short-term work and sick pay in Sweden and government funding for temporary staff redundancies in Denmark, Norway and the UK are recognised as revenue in Other Operating Income in the condensed consolidated statement of income. Reduced social security contributions in Sweden, Poland and Finland are recognised as cost reductions under staff costs.

Risks and uncertainties

The OEM Group is exposed to both business-related risks and financial risks through its activities. 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 the management of financial risks are mainly handled by the Parent Company. Details of risks affecting the Group are set out on page 35 and pages 77 to 79 in the 2019 Annual Report.

Other than the risks and uncertainties set out in the 2019 Annual Report, along with the general uncertainty about the effects of the Covid-19 pandemic, no significant risks or uncertainties have been identified or removed. Our specific assessment of the risks arising from Covid-19 is presented below. Financial support received from the government for short-term work and sick pay in Sweden and government funding for temporary staff redundancies in Denmark, Norway and the UK have been recognised as revenue in Other Operating Income in the condensed consolidated statement of income. The government has not yet confirmed the support for short-term work in Sweden, but we assess that the companies in the OEM Group that have applied for and received government support for short-term work are eligible for the funding.

Related party transactions

No transactions between OEM and related parties have been entered into that materially affect the financial position and performance of the Group or the Parent Company during the period, with the exception of inter-company dividends.

Parent Company

Net sales for the Parent Company in the first six months of 2020 totalled SEK 29 million (28) and profit after financial items was SEK 58 million (41). Net sales relate entirely to inter-company transactions. The foregoing risks and uncertainties specified for the Group also apply indirectly to the Parent Company.

Events after the close of the reporting period

Events arising from Covid-19 are described separately below. Otherwise, there are no other significant events to report after the close of the reporting period.

The impact of COVID-19 on the OEM Group

Covid-19 had a limited impact on OEM in Q1. Most of the operations experienced lower sales and earnings in Q2 due to reduced demand from customers and delivery issues from our suppliers. For many of the Group's operations, however, the decline in sales and earnings has been partly offset by the effects of cost-saving measures and a decrease in travel activity, along with government financial assistance in both Sweden and other countries.

The OEM Group operations are governed by market demand and usually follow changes in Swedish and European purchasing manager indices, which have been indicating a certain degree of recovery in recent months.

The management team has been having, and continues to hold, frequent meetings to monitor the financial impact on the Group's companies in readiness to implement appropriate measures. This means that the management team is maintaining close dialogues with the respective operations in order to support the continued efforts to reduce costs in response to lower demand. The management team and each entity monitor, follow up and update plans of action to enable them to manage different levels of decline. Cost-saving measures that have been implemented in the companies include termination of temporary contracts and temporary postponement of planned expansions of services and other new investments. Planned investments have been postponed, as have some major one-off costs that are not critical to the operation of the business. Short-term work with government support has been activated in most of the operations in Sweden in Q2. Operations in other countries have availed of similar government funding schemes aimed at helping local business.

The current global market situation, the Covid-19 outbreak, its effects on markets and the economy, and the risk of the outbreak's potential financial impact on OEM's operations and earnings led to the decision, earlier this year, to withdraw both the planned redemption programme and the proposed dividends totalling SEK 394 million. This was announced in the Q1 2020 interim report.

The health of our employees, suppliers and customers is OEM's main concern and we are carefully monitoring the Covid-19 situation and are following the latest regulations and recommendations from the Public Health Agency of Sweden and the governments of the respective countries to contain the spread of the virus to the greatest extent possible. The management team is supporting the companies in their efforts to reduce the risk of transmission. Measures that have been taken to limit transmission of the virus include:

- Physical distancing in the workplace, by working from a separate office where possible, and guidelines on the use of lunch rooms and conference rooms
- Shift work, transition from a day shift only to 2 shifts with an interval of time between shifts at larger logistics units
- Options to work from home
- Remote meetings instead of face-to-face meetings, both external and internal meetings at OEM
- Clear information to employees to mitigate the spread of the virus both inside and outside the workplace

It is our view that the Covid-19 outbreak has affected the Group mainly through reduced demand to a varying degree in different markets, but as a result of the implementation of measures and cost-saving

initiatives, the negative impact on the operations' profit levels has generally been less than the drop in sales. By preparing ourselves for the fact that a return to pre-Covid sales levels will probably be a long process, we can adjust the cost base to current market conditions and work alongside customers and suppliers to respond to their changing needs and opportunities. Thanks to measures taken and our financial strength, we are strong and ready to face the changes ahead, even when the effects of the pandemic begin to subside.

Definitions

Definitions can be found on page 17.

Attestation

The Board of Directors and the CEO declare that the interim report gives a true and fair summary of the Group's and Parent Company's business operations, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Tranås, Sweden, 13 July 2020

Petter Stillström
Chairman of the Board

Ulf Barkman
Member of the Board

Mattias Franzén
Member of the Board

Richard Pantzar
Board member

Jörgen Rosengren
Board member

Agne Svenberg
Board member

Åsa Söderström Winberg
Board member

Jörgen Zahlin
Managing Director and Chief Executive Officer

This report has not been separately audited by the company's auditors.

For further information, please contact the Managing Director, Jörgen Zahlin, on +46 (0)75-242 40 22 or CFO Johan Broman +46 (0)75-242 40 02.

This information is of such a nature that OEM International AB (publ) is required to publish it in compliance with the Market Abuse Regulation (MAR) EU Directive No. 596/2014, and the Swedish Securities Market Act. The information was provided for publication on 13 July 2020 at 11.00 CET by Johan Broman.

The regions' sales and earnings

SALES & EARNINGS BY REGION

Net sales (SEK million)

	Jan-Jun 2020	Jan-Jun 2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Trailing 12 mth	Full year 2019
Sweden, external income	1 001	1 026	459	541	518	452	502	1 970	1 995
Sweden, income from other segments	75	71	33	42	37	38	34	150	147
Finland, the Baltic States and China, external income	355	354	173	182	169	176	187	700	699
Finland, the Baltic States and China, income from other s	4	3	3	2	2	2	1	9	8
Denmark, Norway, the United Kingdom and East Central Europe, external income	299	315	133	165	142	148	158	589	604
Denmark, Norway, the United Kingdom and East Central Europe, income from other segments	3	2	1	2	1	1	1	4	3
Elimination	-82	-76	-37	-45	-41	-41	-36	-163	-158
	1 654	1 694	766	888	828	776	848	3 259	3 299

EBITA (MSEK)

	Jan-Jun 2020	Jan-Jun 2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Trailing 12 mth	Full year 2019
Sweden	145	143	64	81	71	72	65	288	286
Finland, the Baltic States and China	43	32	24	19	15	23	19	81	71
Denmark, Norway, the United Kingdom and East Central Europe	22	26	12	11	2	9	12	34	37
Group functions	-2	-5	0	-3	-3	-1	-3	-6	-9
	208	196	99	109	85	104	93	397	385

Operating profit (SEK million)

	Jan-Jun 2020	Jan-Jun 2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Trailing 12 mth	Full year 2019
EBITA	208	196	99	109	85	104	93	397	385
<i>Amortisation and write-downs of acquisition-related intangible fixed assets.</i>									
Sweden	-2	-3	-1	-1	-2	-1	-1	-5	-6
Finland, the Baltic States and China, Denmark, Norway, the United Kingdom and East Central Europe	-3	-3	-2	-2	-2	-2	-2	-7	-7
	-1	-1	-1	-1	0	0	0	-2	-1
Operating profit	201	189	96	105	82	100	90	383	371

Consolidated profit/loss (SEK million)

	Jan-Jun 2020	Jan-Jun 2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Trailing 12 mth	Full year 2019
Operating profit	201	189	96	105	82	100	90	383	371
Net financial items	-2	-2	-3	1	-2	0	-2	-4	-4
Pre-tax profit/(loss)	199	187	92	106	80	100	88	379	367

Specification of external income by region and product area

	Sweden		Finland, the Baltic States and China,		Denmark, Norway, the United Kingdom and East Central Europé		Total	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Product Areas								
Automation	366	398	218	207	291	300	875	905
Components	149	165	36	41	8	14	193	219
Lighting & Installation components	178	149	19	16	-	1	197	166
Other	308	314	81	90	-	-	389	404
	1001	1 026	355	354	299	315	1654	1694

The Group's performance and financial position

CONDENSED CONSOLIDATED STATEMENT OF INCOME (SEK MILLION)

	Jan- Jun 2020	Jan- Jun 2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Trailing 12 mth	Full year 2019
Operating income									
Net sales	1 654	1 694	766	888	828	776	848	3 259	3 299
Other operating income	11	-	11	-	0	-	-	11	0
Operating costs									
Commodities	-1 072	-1 097	-500	-571	-534	-503	-549	-2 109	-2 134
Staff costs	-287	-296	-134	-153	-149	-124	-149	-559	-568
Other expenses	-68	-77	-27	-40	-46	-31	-42	-144	-153
Depreciation/amorisation of property, plant and equipment and intangible fixed assets	-38	-35	-20	-19	-19	-18	-18	-75	-73
Operating profit	201	189	96	105	82	100	90	383	371
Net financial income/expense	-2	-2	-3	1	-2	0	-2	-4	-4
Pre-tax profit/(loss)	199	187	92	106	80	100	88	379	367
Tax	-41	-40	-19	-22	-15	-24	-18	-80	-78
Profit/loss for the period	157	147	73	84	65	76	69	299	289
Earnings per outstanding share, SEK*	6,81	6,38	3,16	3,65	2,82	3,30	3,01	12,93	12,50

*Unlike in previous interim reports, operating costs are presented on the following lines: goods for resale, staff costs and other expenses. In previous interim reports, the costs have only been presented on one line: operating costs. To allow for comparability, figures for previous periods have been broken down according to the same principle.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

Other comprehensive income

Profit/loss for the period	157	147	73	84	65	76	69	299	289
Items that have been transferred or may be recycled to net income									
Exchange differences for the period on translation of overseas operations	-3	12	-21	18	-9	6	4	-6	9
Items that can not be recycled to net profit									
Revaluation of defined-benefit pension plans	-1	-1	-1	-	1	0	0	0	0
Other comprehensive income for the period	-4	11	-22	18	-8	6	4	-6	9
Comprehensive income for the period	154	159	51	103	57	82	73	293	298
EBITA	208	196	99	109	85	104	93	397	385

* Attributable to shareholders of the parent company. There are no dilution effects.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK MILLION)

	2020-06-30	2019-06-30	2019-12-31
Fixed assets			
Goodwill	148	138	141
Other intangible assets	50	50	54
Total intangible assets	198	187	195
Property, plant and equipment	339	324	342
Total property, plant and equipment	339	324	342
Deferred tax assets	5	4	4
Financial assets	0	0	0
Total financial assets	5	4	4
Total fixed assets	542	516	541
Current assets			
Inventories	593	574	629
Current receivables	521	556	512
Cash and cash equivalents	194	42	42
Total current assets	1 309	1 173	1 183
Total assets	1 851	1 688	1 725
Equity	1 220	927	1 066
Non-current interest-bearing liabilities	51	50	50
Provisions for pensions	3	2	2
Övriga avsättningar	2	-	2
Non-current non-interest-bearing liabilities	22	2	4
Deferred tax liabilities	87	91	87
Total non-current liabilities	165	145	144
Current interest-bearing liabilities	79	225	124
Current non-interest-bearing liabilities	387	390	390
Total current liabilities	466	615	514
Total equity and liabilities	1 851	1 688	1 725

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK MILLION)

	2020-06-30	2019-06-30	2019-12-31
At beginning of year	1 066	926	926
Adjustment on transition to IFRS 16 (net)	-	-1	-1
Comprehensive income for the period			
Profit/loss for the period	157	147	289
Other comprehensive income for the period	-4	11	9
Comprehensive income for the period	154	159	298
Dividends paid	-	-156	-156
At the end of the period	1 220	927	1 066

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION)

	Jan- Jun 2020	Jan- Jun 2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Trailing 12 mth	Full year 2019
Operating cash flows									
before movements in working capital	195	180	91	104	83	101	89	378	363
Movements in working capital	46	-52	47	-1	9	-30	-3	25	-72
Operating cash flows	240	128	137	103	92	71	86	403	291
Acquisition of subsidiaries									
net effect on cash and cash equivalents	-23	-6	0	-23	-5	-	-	-29	-11
Acquisition of intangible fixed assets	0	-2	0	0	-9	-1	-2	-11	-13
Acquisition of property, plant and equipment	-4	-39	-1	-3	-14	-15	-26	-32	-67
Sales of property, plant and equipment	0	1	0	0	0	0	0	0	1
Investing cash flows	-27	-45	-1	-26	-28	-16	-28	-71	-89
Financing cash flows									
- Loan raised	3	1	2	1	1	0	0	4	2
- Loan amortisation	-1	-3	0	0	0	1	0	1	-2
- Repayment of lease liabilities	-18	-15	-8	-10	-7	-12	-7	-38	-35
- Change in bank overdrafts	-44	93	-2	-42	-57	-44	97	-145	-8
- Dividends paid	-	-156	-	-	-	-	-156	-	-156
Financing cash flow	-59	-80	-9	-51	-64	-55	-65	-179	-199
Cash flow for the period	154	3	128	26	0	0	-7	154	3
Cash and cash equivalents at the beginning of the period	42	38	68	42	42	42	50	42	38
Exchange rate difference	-1	1	-1	0	-1	0	0	-1	1
Cash and cash equivalents at the end of the period	194	42	194	68	42	42	42	194	42

KEY PERFORMANCE INDICATORS

	Jan- Jun 2020	Jan- Jun 2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Trailing 12 mth	Full year 2019
Return on equity, %	13,8	15,9	6,3	7,5	5,9	7,2	7,8	26,9	29,0
Return on capital employed, %	16,5	17,2	7,6	8,9	7,3	8,8	8,1	32,6	33,3
Return on total capital %	11,6	12,1	5,4	6,2	5,0	5,8	5,7	22,4	22,9
Equity/assets ratio, %	65,9	54,9							61,8
Earnings per outstanding share, SEK	6,81	6,38	3,16	3,65	2,82	3,30	3,01	12,93	12,50
Earnings per total shares, SEK	6,80	6,36	3,16	3,64	2,82	3,29	3,00	12,91	12,47
Equity per total shares, SEK	52,66	40,03							46,03
Average number of outstanding shares (thousands)	23 107	23 107	23 107	23 107	23 107	23 107	23 107	23 107	23 107
Average total shares (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Operating margin, %	12,1	11,2	12,5	11,8	9,9	12,9	10,6	11,7	11,3
EBITA-margin, %	12,6	11,6	13,0	12,2	10,3	13,4	11,0	12,2	11,7

* Attributable to shareholders of the parent company. There are no dilution effects.

The Parent Company's performance and financial position

CONDENSED INCOME STATEMENT OF THE PARENT COMPANY (SEK MILLION)

	Jan- Jun 2020	Jan- Jun 2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Trailing 12 mth	Full year 2019
Net sales	29	28	15	14	14	14	14	58	57
Other operating income	0	-	0	-	-	-	-	0	-
Operating costs	-27	-26	-12	-15	-14	-12	-14	-53	-51
Depreciation	-4	-4	-2	-2	-2	-2	-2	-8	-8
Operating profit	-2	-2	1	-2	-2	1	-1	-2	-3
Income from investments									
in Group companies	60	44	51	9	0	4	44	63	47
Other financial income/expense, Net	0	-1	0	0	0	0	0	0	-1
Profit/loss after financial items	58	41	52	6	-1	4	42	61	44
Year-end appropriations	-4	-	-4	-	288	-	-	284	288
Pre-tax profit/(loss)	54	41	48	6	286	4	42	345	331
Tax	1	1	1	1	-62	0	0	-61	-61
Profit/loss for the period	55	41	49	7	225	4	42	284	270

Comprehensive income for the period corresponds with the profit/loss for the period.

CONDENSED BALANCE SHEET OF THE PARENT COMPANY (SEK MILLION)

Assets	2020-06-30	2019-06-30	2019-12-31
Intangible fixed assets	7	10	10
Property, plant and equipment	18	16	19
Financial assets	381	419	427
Total fixed assets	406	445	456
Current receivables	399	342	559
Cash on hand and demand deposits	105	-	-
Total current assets	503	342	559
Total assets	909	788	1 015
Equity and liabilities			
Equity	538	255	484
Untaxed reserves	300	307	300
Deferred tax liabilities	2	2	2
Non-current non-interest-bearing liabilities	4	2	4
Total non-current liabilities	4	2	4
Current interest-bearing liabilities	-	106	61
Current non-interest-bearing liabilities	66	115	165
Total current liabilities	66	221	226
Total equity and liabilities	909	788	1 015

Notes

Segment reporting is presented on page 5, 6 and page 12, disclosures about fair value of financial instruments and accounting policies are presented on page 8 and 9.

Definitions

In addition to the conventional financial performance measures established by IFRS, OEM uses the term EBITA/EBITA margin as defined below. The reason is that OEM wishes to summarise the companies' operations with regard to profit and margins, adjusted for amortisations of Group-related amortisations arising in connection with acquisitions and thereby improve the comparability of financial information across different periods of time.

EBITA

Operating profit before amortisation of acquisition-related intangible fixed assets

A reconciliation of the calculation of EBITA is presented on page 10.

EBITA margin

EBITA divided by net sales

Return on capital employed

EBITA plus finance income as a percentage of average capital employed

Capital employed

Total assets less non-interest-bearing liabilities and provisions

Return on total capital

EBITA plus finance income as a percentage of average total capital

Return on Equity

Profit for the year divided by average shareholders' equity



One of Europe's leading technology trading companies with 34 operating entities in 14 countries

For 40 years, OEM's idea has been to serve as a link that creates value between customers and manufacturers of industrial components and systems. Over the years, the company has grown from a small, family-owned business in Tranås in southern Sweden into an international technology trading group operating in 14 countries in northern Europe, Central Eastern Europe, the UK and China. OEM has partnerships with more than 300 leading and specialist manufacturers and is responsible for their sales in selected markets. Its range comprises more than 50,000 products in the areas of electrical components, flow technology, motors, transmissions and brakes, ball bearings and seals, appliance components and installation components. The Group has a customer base of more than 30,000 businesses, primarily in the manufacturing sector. The company's high level of expertise enables it to help customers increase purchasing efficiency and choose the right components.

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