Introduction - David Woolley

- CEO since 1 August 2011
- Concentric since November 2002
- In automotive/truck industry since 1990

New Senior Vice President - Europe and Rest of the World

- Open position from David Woolley’s promotion
- Wim Goossens joins 1 December 2011
- Joins from Haldex. An MBA with 15 years’ experience of
  - Running operations
  - Sales
  - Finance
- Wim will be a great asset to the business
Q3 2011 Highlights

- **Results**
  - Strong sales and margin development
  - Robust cash flows and balance sheet

- **Business excellence**
  - Proven flexible business model

- **Global emissions legislation**
  - Principal market driver for future sales growth

- **Outlook**

- **Q&A**

**DB**

**DW**

19 October 2011
Results Summary
Q3 2011

Enterprise value *(share price: SEK 30)*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market capitalisation (MSEK)</td>
<td>1,326</td>
</tr>
<tr>
<td>Net Debt (MSEK)</td>
<td>-220</td>
</tr>
<tr>
<td>Enterprise value (MSEK)</td>
<td>1,546</td>
</tr>
</tbody>
</table>

Financial targets *(over a business cycle)*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth</td>
<td>7% p.a.</td>
</tr>
<tr>
<td>EBIT/Operating margin</td>
<td>11%</td>
</tr>
<tr>
<td>Gearing (Debt/Equity)</td>
<td>&lt;100%</td>
</tr>
</tbody>
</table>

Financial history

**MSEK**

<table>
<thead>
<tr>
<th></th>
<th>Jul-Sep</th>
<th>Jan-Sep</th>
<th>Full year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>Jul-Sep</td>
<td>Jan-Sep</td>
<td>Full year</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td>Change</td>
</tr>
<tr>
<td>In constant currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td>Change</td>
</tr>
<tr>
<td>Gross income</td>
<td>165</td>
<td>141</td>
<td>24</td>
</tr>
<tr>
<td>Operating income</td>
<td>83</td>
<td>48</td>
<td>24</td>
</tr>
<tr>
<td>Operating margin</td>
<td>14.1%</td>
<td>9.0%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Net income</td>
<td>52</td>
<td>15</td>
<td>-37</td>
</tr>
<tr>
<td>Capital employed</td>
<td>1,224</td>
<td>1,272</td>
<td>-48</td>
</tr>
<tr>
<td>ROCE</td>
<td>22.9%</td>
<td>9.2%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Net debt</td>
<td>220</td>
<td>361</td>
<td>-141</td>
</tr>
<tr>
<td>Gearing (Debt/Equity)</td>
<td>25%</td>
<td>55%</td>
<td>30%</td>
</tr>
<tr>
<td>EPS (SEK)</td>
<td>1.19</td>
<td>0.34</td>
<td>0.85</td>
</tr>
</tbody>
</table>

(1) Re-stated for one-off demerger and restructuring costs
Sales & Operating margins
Profitable growth

Above market sales growth in 2011 driven by:

- Introduction of new off-highway emissions programs in Europe & North America leading to pre-buy
- Order backlog catch up as capacity constraints eased
- Market share growth in India and China

Improved operating margins driven by:

- Increased sales volumes
- Realisation of benefits from cost reduction program
- Ongoing cost management
- Recovery of raw material price rises
## Market Data

### Estimated demand in Q3 2011

<table>
<thead>
<tr>
<th></th>
<th>Q3-11 vs. Q3-10</th>
<th>Q3-11 vs. Q2-11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>North America</td>
<td>Europe</td>
</tr>
<tr>
<td>Truck</td>
<td>+32%</td>
<td>+22%</td>
</tr>
<tr>
<td>Construction equipment</td>
<td>+11%</td>
<td>+2%</td>
</tr>
<tr>
<td>Agricultural machinery</td>
<td>+7%</td>
<td>-5%</td>
</tr>
<tr>
<td>Industrial applications</td>
<td>+7%</td>
<td>+5%</td>
</tr>
</tbody>
</table>

*Source: Based on statistics from Power Systems & Research, Off-Highway Research and International Truck Association Q3 2011 update*

The group has experienced strong demand across all end markets and regions to September 2011, driven by:

- New emission requirements for off-road diesel engines
- Easing of industry capacity restrictions

This has been better than the estimated industry experience highlighted in the tables above.
Regional Performance
Americas

<table>
<thead>
<tr>
<th></th>
<th>Q3-11</th>
<th>Q3-10</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amounts in SEK m</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>329</td>
<td>302</td>
<td>9%</td>
</tr>
<tr>
<td>Operating income</td>
<td>36</td>
<td>8</td>
<td>28%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>11.1</td>
<td>2.8</td>
<td>8.3%</td>
</tr>
<tr>
<td>Return on capital employed (1)</td>
<td>28.2</td>
<td>7.5</td>
<td>20.7%</td>
</tr>
</tbody>
</table>

(1) The quarterly ROCE has been calculated on a rolling 12 month basis.

- Third quarter sales increased 9% compared to 2010
  - Increase applies to all end sectors
  - In constant currency, sales in the third quarter were up 22% on the same quarter in 2010 and 4% on second quarter 2011
- Operating income SEK amounted to 36 m (Q3-10: 8 m)
  - Operating margin continued to improve to 11.1% (Q3-10: 2.8%), due to increased sales volumes, pass through of material escalators and a lower cost base
Regional Performance
Europe & Rest of the World

Amounts in SEK m

<table>
<thead>
<tr>
<th></th>
<th>Q3-11</th>
<th>Q3-10</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>264</td>
<td>235</td>
<td>12%</td>
</tr>
<tr>
<td>Operating income</td>
<td>47</td>
<td>40</td>
<td>17%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>17.8</td>
<td>17.0</td>
<td>0.8%</td>
</tr>
<tr>
<td>Return on capital employed (1)</td>
<td>20.0</td>
<td>(1.0)</td>
<td>21.0</td>
</tr>
</tbody>
</table>

(1) The quarterly ROCE has been calculated on a rolling 12 month basis.

- Third quarter sales increased 12% compared to 2010
  - In constant currency, sales in the third quarter were up 17% on the same quarter in 2010 and 3% on second quarter 2011
- Operating income amounted to SEK 47 m (Q3-10: 40 m)
  - Operating margin continued to improve to 17.8% (Q3-10: 17.0%) as a result of increasing sales, pass through of material escalators and a lower cost base
## Actual 2011
### Balance sheet & Cash flow

<table>
<thead>
<tr>
<th>Amounts in SEK m</th>
<th>Q3-11</th>
<th>Q3-10</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>61</td>
<td>-25</td>
<td>SEK 57 m of non-operating working capital with Haldex AB was settled in Q2 2011 as part of refinancing</td>
</tr>
<tr>
<td>Capital Employed</td>
<td>1,224</td>
<td>1,272</td>
<td></td>
</tr>
<tr>
<td>Net Debt</td>
<td>220</td>
<td>361</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>876</td>
<td>655</td>
<td></td>
</tr>
<tr>
<td><strong>Gearing (Debt/Equity) ratio</strong></td>
<td>25%</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>109</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>CAPEX</td>
<td>-9</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Cash in flow before financing</td>
<td>46</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>
Strong financial position

Available funds

• SEK 50 m currently drawn on revolving credit facilities; total available facilities of SEK 371 m

• Corporate bond facility of SEK 175 m fully drawn; not repayable until December 2014

• Very low gearing, currently 25%

Providing

• Future capital expenditure to support growth
• Future investment in R&D to support product development
• Opportunities to enhance geographical footprint (Brazil) and take advantage of potential acquisitions
• Contingency for potential downturn in trading
Concentric Business Excellence

- Premium solutions to premium customers at competitive prices
- Business Excellence - vital in all we do
- We use a business improvement tool - Malcolm Baldrige (US) & EFQM (Rest of the World)
- Trialled for 3 years in UK, 2 years in India
- Benefits
  - Increased customer satisfaction
    - Less waste - higher quality - on time delivery - good after-sales service
  - Better people engagement
    - More motivated staff - employees understand and contribute to process
  - Profit improvement of 3-4% per annum
- Global rollout to the other 5 plants
- Business results
  - Sharper competitive edge
    - More growth, more profit and happier customers
Flexible business

• Management have reviewed a range of possible outcomes in light of the current economic uncertainty

• Concentric has a history of being able to effectively manage a downturn and flex the business accordingly, remaining cash generative throughout the last recession (low point Q3-09: sales down 46% year-on-year; FY-09 cash in flow before financing SEK 53 m or SEK 1.20 per share)

• The key areas of focus if sales activity levels fall are:
  • Labour costs - remove overtime and temporary labour (23% of direct labour)
  • Working capital - manage tightly to reduce in line with sales and improve conversion of profits to cash
  • Capital expenditure - concentrate on investments that are supported by contractual future sales volumes
  • Product development - maintain core activities for long-term stability of business
However large the engine, wherever it is made and wherever it is used, on or off highway, there will be tougher emissions standards and increased focus on reducing fuel consumption.

This offers opportunities for our technology.

Source: ACEA
Outlook

• Orders received during the third quarter indicate that the underlying sales activity during the quarter will be sustained during the fourth quarter. However, fourth quarter sales will be affected by fewer working days as well as this pre-buy and order catch up effects wearing off.

• We stand ready to take any appropriate action to adjust production to demand, whatever the future trend of orders. We have flexibility on the downside through overtime and temporary employees. We have flexibility on the upside with the ability to add capacity rapidly.

• We continue to see great opportunities for long-term growth arising from forthcoming changes in emissions legislation and increased focus on reducing fuel consumption.
Any Questions?
Appendices
Top 10 Customers

- Caterpillar, 20%
- Cummins, 15%
- John Deere, 8%
- Volvo, 6%
- Daimler, 5%
- Deutz, 3%
- CNH, 2%
- Zepro, 2%
- Scania, 2%
- Kion Group, 2%
- Other, 36%

Source: 2010 Group sales

- Top 10 customers account for 64% - reflects engine products customer concentration
- Other customers account for 36% - reflects diverse base in hydraulics products (700+)
Extensive Product Portfolio

We offer best in class technologies, focused on fuel economy, emissions reduction and noise management, with the major products including:

- Oil pumps, fixed and variable displacement, mechanical or electronic control
- Water pumps, fixed and variable control with future stretch for electrification
- Fuel transfer pumps, mechanical with electrification options
- Hydraulic pumps and motors featuring low noise, low speed and high power density

Key new products include:

- Alfdex oil mist separators
- Hydraulic Hybrid drive systems offering 40-50% fuel savings and engine downsizing options
- Varivent EGR pumps to provide greater mass of re-circulated exhaust gas, reducing emissions
Global Manufacturing

Production Sites

- Birmingham, UK
- Hof, Germany
- Itasca, USA
- Pune, India
- Rockford, USA
- Skånes Fagerhult, Sweden
- Suzhou, China
- Landskrona, Sweden