Q4 2013: Quarterly sales and order trend improved with strong dropthrough rate

- **Sales for Q4: MSEK 503 (431) – up 11% year-on-year in constant currency, adjusting for acquisition of LICOS Trucktec GmbH ("Licos")**
- **EBIT for Q4: MSEK 75 (32), 60% dropthrough from additional sales; Operating margin of 14.9% (7.5) [1)] – underlying year-on-year improvement from 13.3% to 14.9% for Q4 [2)]**
- **Net income for Q4: MSEK 46 (16) – EPS before & after dilution SEK 1.04 (0.37) [1)]**
- **Net cash inflow for Q4: MSEK 65 (78)**
- **Group's net debt at year-end: MSEK 391 (446), including net pension liabilities of MSEK 406 (547) – Gearing ratio of 50% (73) [1)]**

Key Figures – Group, 1)	Oct-Dec			Jan-Dec		
Amounts in MSEK	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Net sales	503	431	17%	1,980	2,129	-7%
Operating income before items affecting comparability 2)	75	58	30%	284	297	-4%
Operating income	75	32	132%	284	281	1%
Earnings before tax	63	21	191%	248	243	2%
Net income for the period	46	16	186%	176	171	3%
Operating margin before items affecting comparability, % 2)	14.9	13.3	1.6	14.3	13.9	0.4
Operating margin, %	14.9	7.5	7.4	14.3	13.2	1.1
Return on Equity, %	27.2	26.5	0.7	27.2	26.5	0.7
EPS before items affecting comparability, SEK 2)	1.04	0.77	0.27	4.00	4.13	-0.13
EPS before dilution, SEK	1.04	0.37	0.67	4.00	3.88	0.12
EPS after dilution, SEK	1.04	0.37	0.67	4.00	3.88	0.12

Full year 2013: Operating margins strengthen despite sales drop for the year

- **Sales for full year: MSEK 1,980 (2,129) – down 7% year-on-year in constant currency, adjusting for acquisition of Licos**
- **EBIT for full year: MSEK 284 (281); Operating margin of 14.3% (13.2) [1)] – underlying operating margin improvement of 0.4% for the full year [2)]**
- **Net income for full year: MSEK 176 (171) – EPS before & after dilution SEK 4.00 (3.88) [1)]**
- **Net cash outflow for full year: MSEK 87 (inflow 109) – includes dividend payout of MSEK 110 (88) and net consideration paid for Licos of MSEK 105**
- **Based on strong earnings and financial position, the Board of Directors intend to propose a total dividend of SEK 2.75 (2.50) per share and renew the current mandate for share buybacks**

1) *The 2012 comparative figures for EBIT, Earnings before tax and Net income for the period have all been adjusted for the amendments to IAS 19, Employee benefits (see Appendix 1 for restated income statements). In addition, the 2012 comparative figures for net debt and equity have also been adjusted for the amendments to IAS 19, Employee benefits and the associated impact on deferred tax assets (see Appendix 3 for restated balance sheets).*

2) *The underlying Q4 comparative figures for EBIT and EPS 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 10. The underlying full year comparative figures for EBIT and EPS have also been adjusted for restructuring costs associated with Skånes Fagerhult of MSEK 36 and for other one-off items affecting comparability amounting to a net income of MSEK 20.*

President and CEO, David Woolley, comments on interim report for Q4 2013:

"Concentric delivered another strong performance for the fourth quarter with sales up 11% on the same quarter as last year, after adjusting for both the impact of Licos (+8%) and currency (-2%).

The clear polarisation highlighted in our last interim report between our two main geographical markets persists. Sales in Europe continues to improve, with this being the fourth consecutive quarter of sequential growth. On the other hand, US demand remains fragile, down -1% year-on-year in constant currency for the fourth quarter. Whilst our sales experience appears contrary to the latest market indices, we are confident that we have maintained our relative competitive position in all our North American end-markets.

Our Concentric Business Excellence programme, and specifically our third-party customer and people surveys, continues to be the foundation for continuous improvement throughout our business. As a result, I am pleased to say that our EBIT margin for the fourth quarter was further improved to 14.9%.

Orders received during this quarter were ahead of sales, even after seasonally adjusting sales for the fewer working days in the fourth quarter, bringing the Group's year-end order backlog to its highest level since the first quarter of 2012.

As we look forward into 2014, we believe the business is in very good shape to maximize the opportunities we see and continue to outperform the market. As there is increasing pressure to reduce fuel consumption in all forms of machinery and trucks, our development programmes with our customers for our variable flow pump technology will continue. We are in the process of localising production in Brazil and this will enable us to better serve our global customers and win new business both for our engine and hydraulic products.

Following the successful acquisition and integration of LICOS Trucktec GmbH, we will continue to look at further acquisition opportunities to improve our competitive position. In short, Concentric is well positioned, financially and operationally to fully leverage the opportunities for 2014."

Key business events announced during 2013:

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

21-Feb-13 Concentric's Birmingham factory awarded certification to Investors in Excellence (IiE) standard, designed to enable organisations to excel through effective and efficient leadership, resourcing and delivery. The award forms part of Concentric's Business Excellence programme to deliver continuous improvement.

17-Apr-13 Variable flow oil and water pumps developed by Concentric have made a significant contribution to the US-funded "Supertruck" program to develop a new generation of fuel-efficient heavy-duty trucks.

28-Jun-13 Concentric announces the completion of the acquisition of LICOS Trucktec GmbH, a leading producer of water pumps and electromagnetic fan clutches for the truck industry, which broadens Concentric's product portfolio in a growing niche, the semi-variable water pump, and presents an opportunity to leverage Concentric's position in the USA for Licos.

15-Jul-13 Concentric has opened a new plant in Hof, Bavaria, consolidating all its European hydraulics manufacturing operations into a single site. The inauguration of the new 9,000 m² Hof facility is the culmination of the restructuring programme previously announced in October last year to create one centre of excellence for Concentric's hydraulics technology and manufacturing in Europe. It involves the closure of the existing older plants in Hof and Skånes Fagerhult, Sweden and the gradual transfer of all production lines into the new facility during 2013.

6-Sep-13 Dermot Sterne was appointed as Senior Vice President of Europe and Rest of World at Concentric, with responsibility for the group's operations in the UK, Sweden, Germany, China and India, as well as the sales operations in France, Italy and Korea.

17-Oct-13 Concentric to supply oil and coolant pumps for JCB's new 7.2 litre Dieselmax 672, the largest engine in the company's range which will be used in high-horsepower JCB excavators.

19-Nov-13 Concentric has signed a multi-year contract with a global truck manufacturer to supply oil and variable flow water pumps for its new 11 litre engine which is designed to meet the requirements of Euro 6/EPA13 legislation. Annual revenues will be in the region of MSEK 76, based on mature volumes of 30,000 engines per year across Europe and North America. This contract follows on from an earlier order announced in October 2012 from the same customer for water pumps on its new 13 litre engine, taking the total annual revenues anticipated for both contracts to approximately MSEK 148, based on total mature volumes of 90,000 engines per year.

Net sales and operating income - Group

Concentric – Group, 1)	**Oct-Dec**			**Jan-Dec**		
Amounts in MSEK	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Net sales	503	431	17%	1,980	2,129	-7%
Operating income before items affecting comparability 2)	75	58	30%	284	297	-4%
Operating income	75	32	132%	284	281	1%
Earnings before tax	63	21	191%	248	243	2%
Net income for the period	46	16	186%	176	171	3%
Operating margin before items affecting comparability, % 2)	14.9	13.3	1.6	14.3	13.9	0.4
Operating margin, %	14.9	7.5	7.4	14.3	13.2	1.1
ROCE before items affecting comparability, % 2)	25.8	26.7	-0.9	25.8	26.7	-0.9
ROCE, %	25.8	25.3	0.5	25.8	25.3	0.5

1) *The 2012 comparative figures for EBIT, Earnings before tax and Net income for the period have all been adjusted for the amendments to IAS 19, Employee benefits (see Appendix 1 for restated income statements).*

2) *The underlying full year comparative figures for EBIT have been adjusted for restructuring costs associated with Skånes Fagerhult of MSEK 36 and for other one-off items affecting comparability amounting to a net income of MSEK 20. The underlying Q4 comparative figures for EBIT have been adjusted for restructuring costs associated with Skånes Fagerhult of MSEK 36 and for other one-off items affecting comparability amounting to a net income of MSEK 10.*

Sales for the fourth quarter were MSEK 503 (431), up 17% year-on-year in absolute terms. Adjusting for the acquisition of Licos (+8%) and the impact of currency (-2%), the underlying year-on-year increase in sales for the quarter was 11%. As a result, the Group's average sales per working day in the fourth quarter rose year-on-year to MSEK 8.4 (7.1).

Operating income for the fourth quarter amounted to MSEK 75 (32), representing a dropthrough rate of 60% on the additional sales. The comparative figure for 2012 has been restated for the amendments to IAS 19, Employee benefits, thereby removing the amortisation of previously unrecognised actuarial losses and increasing the reported operating income by MSEK 6. Adjusting the fourth quarter 2012 operating income for items affecting comparability, the underlying operating margin was improved to 14.9% (13.3).

Sales for the full year were MSEK 1,980 (2,129), down 7% year-on-year in absolute terms, driven primarily by the lower demand experienced across most end-markets and regions during the year. Adjusting for the acquisition of Licos (+3%) and the impact of currency (-3%), the underlying year-on-year drop in sales for the full year was also 7%. As a result, the Group's average sales per working day in the full year fell year-on-year to MSEK 8.0 (8.5).

Operating income for the full year amounted to MSEK 284 (281). The comparative figure for 2012 has been restated for the amendments to IAS 19, Employee benefits, thereby removing the amortisation of previously unrecognised actuarial losses and increasing the reported operating income by MSEK 28. Adjusting the 2012 operating income for items affecting comparability, the underlying operating margin was improved to 14.3% (13.9), despite the drop in sales. The underlying year-on-year reduction in operating income equated to a dropthrough rate of just 9% on the reduced sales.

Net financial items

Net financial expenses incurred for the fourth quarter amounted to MSEK 12 (11), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 6 (3) and net financial expenses in respect of net pension liabilities of MSEK 6 (8). The comparative quarter in 2012 has been restated for the amendments to IAS 19, Employee benefits, thereby lowering the expected return on plan assets and increasing the reported net financial expenses in respect of net pension liabilities by MSEK 1. Accordingly, consolidated income before taxation amounted to MSEK 63 (21) for the fourth quarter.

Net financial expenses incurred for the full year amounted to MSEK 36 (38), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 14 (13) and net financial expenses in respect of net pension liabilities of MSEK 22 (25). The comparative period in 2012 has been restated for the amendments to IAS 19, Employee benefits, thereby lowering the expected return on plan assets and increasing the reported net financial expenses in respect of net pension liabilities by MSEK 6. Accordingly, consolidated income before taxation amounted to MSEK 248 (243) for the full year.

Taxes

Tax expenses for the fourth quarter amounted to MSEK 17 (5), which is an effective annual tax rate of 27% (25). The comparative quarter in 2012 has been restated for the amendments to IAS 19, Employee benefits, thereby increasing the reported net tax expenses by MSEK 1.

Tax expenses for the full year amounted to MSEK 72 (72), which is an effective annual tax rate of 29% (30). The comparative period in 2012 has been restated for the amendments to IAS 19, Employee benefits, thereby increasing the reported net tax expenses by MSEK 6.

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 fourth quarter amounted to MSEK 46 (16). Earnings per share before and after dilution amounted to SEK 1.04 (0.37). The comparative figure for 2012 has been restated for the amendments to IAS 19, Employee benefits, thereby increasing the reported net income by MSEK 4.

Earnings after taxation for the full year amounted to MSEK 176 (171). Earnings per share amounted to SEK 4.00 (3.88) before and after dilution. The comparative figure for 2012 has been restated for the amendments to IAS 19, Employee benefits, thereby increasing the reported net income by MSEK 16.

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.

Net sales and operating income - Americas

Americas, 1)	**Oct-Dec**			**Jan-Dec**		
Amounts in MSEK	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Net sales - external	231	239	-3%	974	1,212	-20%
Net sales - total	234	241	-3%	985	1,221	-19%
Operating income before items affecting comparability 2)	35	31	14%	134	153	-12%
Operating income	35	31	14%	134	154	-13%
Operating margin before items affecting comparability, % 2,3)	15.1	12.8	2.3	13.6	12.5	1.1
Operating margin, %	15.1	12.8	2.3	13.6	12.6	1.0
ROCE before items affecting comparability, % 2)	40.9	40.3	0.6	40.9	40.3	0.6
ROCE, %	40.9	40.5	0.4	40.9	40.5	0.4

1) *The 2012 comparative figures for EBIT have all been adjusted for the amendments to IAS 19, Employee benefits. This adjustment amounted to an increase in the operating income for 2012 of MSEK 1 for Q4 and MSEK 5 for the full year.*

2) *The underlying full year comparative figure for EBIT has been adjusted for other one-off items affecting comparability amounting to a net income of MSEK 1.*

3) *Operating margins are based on total sales.*

Total sales in constant currency were 1% lower in the fourth quarter of 2013 when compared with the same quarter last year. As a result, average total sales per working day fell year-on-year to MSEK 4.0 (4.1) for the fourth quarter.

Operating income for the fourth quarter amounted to MSEK 35 (31) taking the operating margin based on total sales to 15.1% (12.8).

Total sales in constant currency were 16% lower for the full year 2013 when compared with last year. Demand was down across the board with the largest reductions experienced within our hydraulics products for construction equipment and other industrial applications. As a result, average total sales per working day fell year-on-year to MSEK 4.0 (4.9) for the full year.

Operating income for the full year amounted to MSEK 134 (154). Adjusting for the profit arising in 2012 from the disposal of the vacant freehold property in Statesville, North Carolina, USA of MSEK 1, the underlying operating margin based on total sales increased to 13.6% (12.5). The underlying reduction in operating income for the full year 2013 equated to a dropthrough rate of just 8% on the reduced sales.

Net sales and operating income – Europe & RoW

Europe & RoW, 1)	**Oct-Dec**			**Jan-Dec**		
Amounts in MSEK	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Net sales - external	272	192	42%	1,006	917	10%
Net sales - total	295	213	39%	1,105	1,027	8%
Operating income before items affecting comparability 2)	40	27	49%	150	144	4%
Operating income	40	1	2524%	150	127	18%
Operating margin before items affecting comparability, % 2,3)	13.4	12.5	0.9	13.6	14.0	-0.4
Operating margin, %	13.4	0.7	12.7	13.6	12.4	1.2
ROCE before items affecting comparability, % 2)	19.0	19.6	-0.6	19.0	19.6	-0.6
ROCE, %	19.0	17.3	1.7	19.0	17.3	1.7

1) *The 2012 comparative figures for EBIT have all been adjusted for the amendments to IAS 19, Employee benefits. This adjustment amounted to an increase in the operating income for 2012 of MSEK 5 for Q4 and MSEK 23 for the full year.*

2) *The underlying full year comparative figure for EBIT has been adjusted for restructuring costs associated with Skånes Fagerhult of MSEK 36 and for other one-off items affecting comparability amounting to a net income of MSEK 19. The underlying Q4 comparative figures for EBIT have been adjusted for restructuring costs associated with Skånes Fagerhult of MSEK 36 and for other one-off items affecting comparability amounting to a net income of MSEK 10.*

3) *Operating margins are based on total sales.*

Total sales in constant currency were up 25% in the fourth quarter when compared with the same quarter last year, after adjusting for the acquisition of Licos. As a result, average total sales per working day rose year-on-year to MSEK 4.8 (3.4) for the fourth quarter.

Operating income for the fourth quarter amounted to MSEK 40 (1). Adjusting for restructuring costs associated with Skånes Fagerhult and one-off pension curtailment gains recognised during the fourth quarter of last year, the underlying operating margin based on total sales actually increased to 13.4% (12.5).

Total sales in constant currency were up 5% for the full year when compared with last year, after adjusting for the acquisition of Licos. The year-on-year increase has been driven by the relatively strong demand experienced across all end-markets during the fourth quarter. As a result, average total sales per working day rose year-on-year to MSEK 4.4 (4.1) for the full year.

Operating income for the full year amounted to MSEK 150 (127), including acquisition-related legal and advisory costs of MSEK 1. Adjusting for one-off pension curtailment gains recognised during the second half of last year, the underlying operating margin based on total sales actually decreased to 13.6% (14.0).

Market development

End-markets & Regions	Q4-13 vs. Q4-12			FY-13 vs. FY-12			FY-14 vs. FY-13		
	North America	Europe	China/ India	North America	Europe	China/ India	North America	Europe	China/ India
Agricultural machinery									
Diesel engines	17%	24%	-2%	3%	5%	9%	3%	3%	0%
Construction equipment									
Diesel engines	22%	-4%	49%	5%	-2%	22%	4%	3%	7%
Hydraulic equipment	-9%	-33%	n/a	5%	-14%	n/a	-2%	2%	n/a
Trucks									
Light vehicles	12%	n/a	n/a	-2%	n/a	n/a	7%	n/a	n/a
Medium/Heavy vehicles	10%	-2%	20%	-2%	-6%	3%	9%	6%	1%
Industrial Applications									
Other Off-highway	21%	15%	22%	5%	3%	10%	3%	5%	4%
Hydraulic lift trucks	-9%	-18%	n/a	2%	-5%	n/a	3%	0%	n/a

Source: Q4 2013 updates received from Power Systems Research, Off-Highway Research and the International Truck Association for lift trucks

The market information pertaining to diesel engines detailed above 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.

Overall, the latest external market indices are more in line with Concentric's recent sales levels and order experience. However, there still seems to be some disparities at a regional level, particularly in North America.

North American end-markets

- The latest external market indices report a large increase in diesel engines produced for all four end-markets year-on-year for the fourth quarter. Whilst Concentric has experienced some improvement, these increases appear to be driven more by full year corrections rather than any significant change in actual activity levels.
- The market indices for hydraulic products used later in the production cycle for Construction equipment and Lift trucks were down year-on-year in the fourth quarter for the first time. This is directionally consistent with Concentric's actual sales experience throughout 2013, which has remained fairly depressed. However, there is still a discrepancy for the full year which may partly be explained by the time lag for market indices, but also reflects the relative performance of our hydraulic customer mix, most noticeably Caterpillar.

European end-markets

- Market indices for diesel engines across all European end-markets have been pretty stable throughout 2013, and have continued to show signs of steady improvement in the fourth quarter which is consistent with Concentric's actual sales experience.
- Conversely, market indices for hydraulic products have remained fairly depressed which is contrary to Concentric's actual sales experience.

Emerging end-markets

- With the exception of the market indices for Agricultural machinery in the fourth quarter, production levels were up in all end-markets year-on-year for both the quarter and the full year.

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 period.

The weighted average number of working days in the fourth quarter was 60 (61) for the Group, with an average of 58 (59) working days for the Americas region and 61 (62) working days for the Europe & RoW region.

Consolidated sales development	**Q4-13 vs. Q4-12**			**FY-13 vs. FY-12**			**FY-14 vs. FY-13**		
	America	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**
Blended market rates 1)	8%	2%	**5%**	2%	-1%	**1%**	4%	4%	**4%**
Concentric actual rates 2)	-1%	25%	**11%**	-16%	5%	**-7%**			

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

2) Based on actual sales in constant currency, after adjusting for acquisitions

Overall, market indices suggest a year-on-year increase in production rates for the full year, blended to the Group's end-market and regions, of approximately 1%. This continues to be more optimistic than the actual sales experienced by Concentric, down 7% for the full year in constant currency, after adjusting for the acquisition of Licos.

For the fourth quarter, market indices suggest a year-on-year increase in production rates, blended to the Group's end-market and regions, of approximately 5%. This is actually worse than the increase in actual sales experienced by Concentric, up 11% for the fourth quarter in constant currency, after adjusting for the acquisition of Licos. However, there still is a large shortfall at a regional level based on Concentric's actual North American sales.

Latest market indices suggest that sales for 2014, blended to the Group's end-markets and regions, will be up 4% year on year, based on stronger demand in both North America and Europe. This level of market growth in 2014 is also supported by Concentric's current order book and indicative customer schedules, excluding any structural growth.

Cash flow

The cash flow from operating activities for the fourth quarter was MSEK 83 (108), representing SEK 1.91 (2.48) per share.

The cash flow from operating activities for the full year was MSEK 209 (298), representing SEK 4.77 (6.76) per share. The year-on-year reduction in cash flow may be attributed to the following factors:

- lower underlying operating income amounting to MSEK 284 (297);
- cash payments during the year of MSEK 25 (2) in respect of the closure reserves booked for the Skånes Fagerhult facility; and
- a negative working capital impact arising from the stronger than usual cash flow achieved in the fourth quarter of 2012.

Net investments in fixed assets

The Group's net investments in tangible fixed assets during 2013 were MSEK 16 (20) for the fourth quarter and MSEK 41 (51) for the full year.

On 28 June 2013, Concentric completed the acquisition of LICOS Trucktec GmbH, further details of which are provided below.

Financial position

The carrying amount of financial assets and liabilities are considered to be reasonable approximations of their fair value. Financial instruments carried at fair value on the balance sheet consist solely of derivative instruments. As of 31 December, 2013 the fair value of those derivative instruments that were assets was MSEK 1 (0), and the fair value of those derivative instruments that were liabilities was MSEK 3 (0). These fair value measurements belong to level 2 in the fair value hierarchy.

As of 1 January, 2013, amendments to IAS 19, Employee benefits, became effective. As a result, the Group's balance sheet was restated as of 1 January 2012 onwards to reflect previously unrecognised pension liabilities, together with a corresponding deferred tax asset. Accordingly, as at 31 December, the Group's net debt was MSEK 391 (446), comprising loans and corporate bonds of MSEK 184 (187) and full recognition of the Group's net pension liabilities of MSEK 406 (547), net of cash amounting to MSEK 199 (288).

Shareholders' equity was also restated to MSEK 783 (615), resulting in a gearing ratio of 50% (73). Excluding the Group's net pension liabilities, the operating leverage would be nil (nil).

Employees

The average number of full-time equivalents employed by the group during the fourth quarter and the full year was 1,102 (1,054) and 1,079 (1,131) respectively.

Related-party transactions

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. During 2012 and 2013 the AGM have decided upon two long-term incentive plans for the management and key personnel.

Acquisitions

On 28 June 2013, Concentric completed the acquisition of the entire share capital of LICOS Trucktec GmbH ("Licos"), a leading producer of water pumps and electromagnetic fan clutches for the truck industry based in Markdorf, Germany. The primary purpose of the acquisition was to broaden Concentric's current product portfolio in the growing niche market of variable flow pumps.

The fair values of the identifiable assets acquired and the liabilities assumed were determined as follows:

Fair values - Licos acquisition *Amounts in MSEK*	**Book values**	**Adjustments**	**Fair values**
Cash	77	-	77
Shares in Concentric AB (64,308 ordinary shares) 1)	4	-	4
Total purchase consideration for Licos shares	**81**	**-**	**81**
Other intangible fixed assets	0	42	42
Tangible fixed assets	12	3	15
Total fixed assets acquired	**12**	**45**	**57**
Inventories	12	-	12
Current receivables	32	-9	23
Cash and cash equivalents	3	-	3
Total current assets acquired	**47**	**-9**	**38**
Short-term interest-bearing liabilities	30	3	33
Other current liabilities	20	4	24
Total current liabilities assumed	**50**	**7**	**57**
Net assets acquired	**9**	**28**	**37**
Goodwill arising on acquisition	**72**	**-28**	**44**

1) The settlement rate used to calculate the number of shares was based on the weighted average share price for the last 5 days trading that preceded the contract signing date.

Fair value adjustments

The principal fair value adjustments identified were in respect of other intangible fixed assets. These assets may be summarised as follows:

- MSEK 14 for Product development – expected useful lives of between 10 and 15 years,
- MSEK 7 for Brands, licences and patents – expected useful lives of 10 years, and
- MSEK 21 for Customer relations – expected useful lives of 8 years.

Accordingly, an associated deferred tax liability of MSEK 12 was also recognised within other current liabilities.

The only other significant change from the book values, as previously presented, related to a net down of MSEK 9 between current receivables and other current liabilities.

Acquisition costs

In addition to the total purchase consideration for Licos shares shown above, acquisition-related legal and advisory costs of MSEK 1 were incurred and expensed in the income statement for the second quarter.

2013 Trading results for Licos

The net sales, EBIT margin and net income of Licos for the first six months of 2013 (which have not been included in the consolidated results for Concentric AB) were MSEK 59, 9.3% and MSEK 5 respectively.

The net sales, EBIT margin and net income of Licos for the last six months of 2013 (which have been included in the consolidated results for Concentric AB) were MSEK 66, 10.6% and MSEK 3 respectively. In addition, an amortisation charge of MSEK 2 has also been included in the consolidated results of Concentric AB in respect of those identifiable intangible assets recognised as part of the acquisition accounting.

Business overview

Descriptions of Concentric's Vision, Mission and Values, Business targets and strategies, Driving forces, Products, Value chain and Business model are all presented on pages 6-23 of the 2012 Annual Report (http://www.concentricab.com/_downloads/AGM-2013/Concentric%20AR%202012.pdf).

Significant risks and uncertainties

All business operations involve risk – managed risk-taking is a condition of maintaining a sustainable profitable business. Risks may arise due to events in the world and can affect a given industry or market or can be specific to a single company or group. Concentric works continuously to identify, measure and manage risk, and in some cases Concentric is able to influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Concentric's control, the aim is to minimise the consequences. The risks to which Concentric are exposed may be classified into four main categories:

- Industry and market risks – external related risks such as the cyclical nature of our end-markets, intense competition, customer relationships and the availability and prices of raw materials;
- Legal risks – such as changes in legislation and regulations including environmental matters, the protection and maintenance of intellectual property rights, prevailing tax laws where Concentric operations are based and potential disputes arising from third parties;
- Operational risks – such as constraints on the capacity and flexibility of our production facilities and human capital, product development and new product introductions, customer complaints, product recalls and product liability; and
- Financial risks – such as liquidity risk, interest rate fluctuations, currency fluctuations, credit risk, management of pension obligations and the group's capital structure.

Concentric's Board of Directors and Senior management team have reviewed the development of these significant risks and uncertainties since the publication of the 2012 Annual Report and confirm that there have been no changes other than those comments made above in respect of the improving market development.

For further details, please refer to the Risk and Risk Management section on pages 30-33 of the 2012 Annual Report (http://www.concentricab.com/_downloads/AGM-2013/Concentric%20AR%202012.pdf).

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 a total dividend of SEK 2.75 (2.50) per share for the 2013. This corresponds to an ordinary dividend of SEK 1.50 (1.25) which equates to around 38% (32) of the earnings per share, plus an additional dividend of SEK 1.25 (1.25) associated with the Group's strong financial position.

Buy-back and Holdings of Own Shares

During the year, the company has not purchased or sold any own shares other than the 64,308 ordinary shares noted above which were transferred as part of the purchase consideration for Licos. Consequently the holdings of own shares at year-end was 259,295 (323,603).

The Group's strong earnings and financial position, continue to enable capital transfer to shareholders in addition to the total dividend proposals detailed above.

In light of this, the Board of Directors will propose that the 2014 Annual General Meeting resolve to authorise the Board of Directors, during the period up to the next Annual General Meeting after that, to resolve on buying back own shares so that the Company's holdings do not at any point exceed 10 percent of the Company's shares. Acquisitions shall be made in cash and take place on NASDAQ OMX Stockholm.

The Board of Directors' complete proposal for a resolution regarding authorisation will be available in conjunction with the notice of Annual General Meeting on 31 March 2014.

Parent Company

Net sales and operating income for the fourth quarter amounted to MSEK 6 (5) and an operating income of MSEK 0 (loss 1) respectively.

The cumulative net exchange rate losses for the fourth quarter were MSEK 5 (gain 1). Net interest expenses for the fourth quarter amounted to MSEK 3 (2).

Net sales and operating income for the full year amounted to MSEK 23 (21) and an operating income of MSEK 7 (6) respectively.

The company also received the following income from subsidiaries and joint ventures during the year:

- Dividends amounting to MSEK 817 (nil) arising its wholly owned US subsidiary undertaking, Concentric Americas, Inc.;
- Profits amounting to MSEK 474 (nil) arising from the disposal of its wholly owned German subsidiary undertaking, Concentric Hof GmbH, following the group reorganisation undertaken subsequent to the Licos acquisition;
- Profits amounting to MSEK 11 (5) arising from contributions made by its wholly owned Swedish subsidiary undertaking, Concentric Skånes Fagerhult AB; and
- Dividends amounting to MSEK 12 (10) arising from its 50% ownership in the Swedish joint-venture company, Alfdex.

The cumulative net exchange rate losses for the full year were MSEK 1 (gain 8). Net interest expenses have reduced in the full year to MSEK 5 (7).

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 2012 Annual Report, except as described below.

Impact of new accounting principles

As of 1 January, 2013, amendments to IAS 19, Employee benefits became effective thereby removing the option to use the corridor method. As such, actuarial gains and losses are recognised in full in other comprehensive income. Accordingly, the Group's balance sheet has been restated as of 1 January 2012 onwards to reflect previously unrecognised pension liabilities, together with a corresponding deferred tax asset. In addition, the service cost and net interest recognized in respect of pensions in the income statement have also been restated for the changes.

As at 31 December 2012, the restatements in the balance sheet amounted to an increase in net debt of MSEK 446 and a net reduction in equity of MSEK 328. For the full year 2012 the restatements in the income statement amounted to an increase in operating income of MSEK 28, an increase in earnings before tax of MSEK 22 and an increase in net income for the year of MSEK 16, resulting in an increase to the reported EPS of SEK 0.37.

See Appendices 1, 2 and 3 to this interim report for full details of the restated consolidated income statements, other comprehensive income and balance sheets for 2012 by quarter, in summary.

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 13 February, 2014. 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.

Future reporting dates

Annual Report Jan-Dec, 2013	9 April, 2014 on the corporate website, www.concentricab.com
Annual General Meeting	30 April, 2014
Interim Report Jan-Mar, 2014	30 April, 2014
Interim Report Jan-Jun, 2014	24 July, 2014
Interim Report Jan-Sep, 2014	24 October, 2014

Stockholm, 13 February, 2014

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), 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)

Amounts in MSEK	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales	503	431	1,980	2,129
Cost of goods sold	-364	-332	-1,436	-1,565
Gross income	**139**	**99**	**544**	**564**
Selling expenses	-13	-13	-65	-69
Administrative expenses	-28	-23	-112	-125
Product development expenses	-21	-21	-72	-76
Other operating income and expenses	-2	-10	-11	-13
Operating income	**75**	**32**	**284**	**281**
Financial income and expense	-12	-11	-36	-38
Earnings before tax	**63**	**21**	**248**	**243**
Taxes	-17	-5	-72	-72
Net income for the period	**46**	**16**	**176**	**171**
Earnings per share before dilution, SEK	1.04	0.37	4.00	3.88
Earnings per share after dilution, SEK	1.04	0.37	4.00	3.88
Average number of shares before dilution (000)	43,957	43,909	43,922	44,094
Average number of shares after dilution (000)	43,997	43,909	43,962	44,094

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

Consolidated statement of comprehensive income 1)

Amounts in MSEK	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net income for the period	**46**	**16**	**176**	**171**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Actuarial gains/losses	139	-63	139	-58
Tax arising on actuarial gains/losses	-37	15	-37	14
Tax arising from reduction in tax rates	-11	-6	-11	-6
Items that may be reclassified subsequently to profit or loss:				
Net investment hedging, net of taxes	-7	0	-3	8
Cash-flow hedging, net of taxes	4	-	0	-
Foreign currency translation difference	30	-5	8	-43
Total other comprehensive income	***118***	***-59***	***96***	***-85***
Total comprehensive income	**164**	**-43**	**272**	**86**

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

Consolidated Balance Sheet, in summary 1,2)

Amounts in MSEK	**31 Dec 2013**	**31 Dec 2012**
Goodwill	534	481
Other intangible fixed assets	337	336
Tangible fixed assets	194	181
Deferred tax assets	145	156
Long-term receivables	4	5
Total fixed assets	**1,214**	**1,159**
Inventories	205	167
Current receivables	271	204
Cash and cash equivalents	199	288
Total current assets	**675**	**659**
Total assets	**1,889**	**1,818**
Total Shareholders' equity	**783**	**615**
Pensions and similar obligations	406	547
Deferred tax liabilities	110	71
Long-term interest-bearing liabilities	178	175
Other long-term liabilities	4	4
Total long-term liabilities	**698**	**797**
Short-term interest-bearing liabilities	6	13
Other current liabilities	402	393
Total current liabilities	**408**	**406**
Total liabilities and shareholders' equity	**1,889**	**1,818**

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

2) The carrying amount of financial assets and liabilities are considered to be reasonable approximations of their fair value. Financial instruments carried at fair value on the balance sheet consist solely of derivative instruments. As of 31 December, 2013 the fair value of those derivative instruments that were assets was MSEK 1 (0), and the fair value of those derivative instruments that were liabilities was MSEK 3 (0). These fair value measurements belong in level 2 in the fair value hierarchy.

Consolidated changes in shareholders' equity, in summary 1)

Amounts in MSEK	**31 Dec 2013**	**31 Dec 2012**
Opening balance	943	936
Effect due to changes in accounting principles:		
Actuarial losses	-444	-419
Special payroll tax in Sweden on pensions	-2	-2
Changes in deferred taxes	118	118
Total effect due to changes in accounting principles	**-328**	**-303**
Restated opening balance	**615**	**633**
Net income for the year	176	171
Other comprehensive income	96	-85
Total comprehensive income	**272**	**86**
Dividend	-110	-88
Sale of own shares for acquisition of subsidiary	5	-
Buy-back own shares	-	-16
Long-term incentive plan	1	-
Closing balance	**783**	**615**

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

Consolidated cash flow statement, in summary 1)

	Oct-Dec		Jan-Dec	
Amounts in MSEK	**2013**	**2012**	**2013**	**2012**
Operating income	75	32	284	281
Reversal of depreciation, amortization and write-down of fixed assets	26	31	91	100
Reversal of other non-cash items	-12	-14	-25	-27
Interest paid	-2	-3	-10	-13
Taxes paid	-17	-1	-90	-87
Cash flow from operating activities before changes in working capital	*70*	*45*	*250*	*254*
Change in working capital	13	63	-41	44
Cash flow from operating activities	***83***	***108***	***209***	***298***
Investments in subsidiaries 2)	-	-	-105	-
Other net investments in fixed assets	-16	-20	-41	-51
Cash flow from investing activities	***-16***	***-20***	***-146***	***-51***
Dividend	-	-	-110	-88
Buy-Back Own Shares	-	-4	-	-16
New loans	-	-	47	-
Repayment of loans	-	-	-55	-5
Other financing activities	-2	-6	-32	-29
Cash flow from financing activities	***-2***	***-10***	***-150***	***-138***
Cash flow for the period	**65**	**78**	**-87**	**109**
Cash and bank assets, opening balance	131	212	288	183
Exchange-rate difference in cash and bank assets	3	-2	-2	-4
Cash and bank assets, closing balance	**199**	**288**	**199**	**288**

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

2) Total cash flow relating to the investment in Licos, comprising cash consideration MSEK -77, short-term loans repaid on acquisition MSEK -30, cash balances acquired MSEK 3 and acquisition-related expenses MSEK -1

Data per Share

	Oct-Dec		Jan-Dec	
	2013	**2012**	**2013**	**2012**
Earnings per share before items affecting comparability, SEK	1.04	0.77	4.00	4.13
Earnings per share before dilution, SEK	1.04	0.37	4.00	3.88
Earnings per share after dilution, SEK	1.04	0.37	4.00	3.88
Equity per share, SEK	17.80	13.97	17.80	13.97
Cash-flow from current operations per share, SEK	1.91	2.48	4.77	6.76
Average No. of shares before dilution (000's)	43,957	43,909	43,922	44,094
Average No. of shares after dilution (000's)	43,997	43,909	43,962	44,094
Number of shares at period-end (000's)	43,957	43,966	43,957	43,966

Key figures

	Oct-Dec		Jan-Dec	
	2013	**2012**	**2013**	**2012**
Sales growth, constant currency, %	11	-23	-7	-9
Sales growth, %	17	-25	-7	-7
EBITDA margin before items affecting comparability, %	20.2	18.7	18.9	18.3
EBITDA margin, %	20.2	14.7	18.9	17.9
Operating margin before items affecting comparability, %	14.9	13.3	14.3	13.9
Operating margin, %	14.9	7.5	14.3	13.2
Capital Employed, MSEK	1,176	1,019	1,176	1,019
ROCE before items affecting comparability, %	25.8	26.7	25.8	26.7
ROCE, %	25.8	25.3	25.8	25.3
ROE, %	27.2	26.5	27.2	26.5
Working Capital, MSEK	74	-23	74	-23
Working capital as a % of annual sales 1)	3.7	-1.1	3.7	-1.1
Net Debt, MSEK	391	446	391	446
Gearing ratio, %	50	73	50	73
Investments	16	20	41	51
R&D, %	4.1	4.4	3.6	3.5
Number of employees, average	1,102	1,054	1,079	1,131

1) Annual sales calculated on a rolling 12 month basis

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

	Oct-Dec		Jan-Dec	
Amounts in MSEK	**2013**	**2012**	**2013**	**2012**
Net sales	503	431	1,980	2,129
Direct material costs	-257	-235	-1,013	-1,111
Personnel costs	-103	-90	-406	-443
Depreciation, amortization and impairment losses	-26	-31	-91	-100
Other operating income and expenses	-42	-43	-186	-194
Operating income	**75**	**32**	**284**	**281**
Financial income and expense	-12	-11	-36	-38
Earnings before tax	**63**	**21**	**248**	**243**
Taxes	-17	-5	-72	-72
Net income for the period	**46**	**16**	**176**	**171**

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

Consolidated Income Statement in summary, per quarter 1)

Amounts in MSEK	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Net sales	503	526	502	449	431	492	596	610
Cost of goods sold	-364	-383	-359	-330	-332	-360	-431	-442
Gross income	**139**	**143**	**143**	**119**	**99**	**132**	**165**	**168**
Selling expenses	-13	-18	-18	-16	-13	-16	-20	-20
Administrative expenses	-28	-28	-28	-28	-22	-33	-35	-35
Product development expenses	-21	-18	-17	-16	-21	-16	-19	-20
Other operating income and expenses	-2	-3	-6	-	-10	6	-4	-5
Operating income	**75**	**76**	**74**	**59**	**33**	**73**	**87**	**88**
Financial income and expense	-12	-9	-7	-8	-12	-6	-11	-9
Earnings before tax	**63**	**67**	**67**	**51**	**21**	**67**	**76**	**79**
Taxes	-17	-18	-23	-14	-5	-18	-25	-24
Net income for the period	**46**	**49**	**44**	**37**	**16**	**49**	**51**	**55**

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

Key figures by quarter 1)

	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Earnings per share before and after dilution, SEK	1.04	1.10	1.01	0.84	0.37	1.10	1.16	1.25
Operating margin, %	14.9	14.5	14.8	13.0	7.5	14.9	14.5	14.6
ROCE, %	25.8	22.2	21.9	23.1	25.3	26.7	28.1	26.9
ROE, %	27.2	23.5	23.2	23.6	26.5	21.7	23.5	23.1
Equity per share, SEK	17.80	14.04	13.27	14.37	14.00	15.04	14.82	15.18
Cash-flow from current operations per share, SEK	1.91	1.24	1.51	0.11	2.46	1.39	1.20	1.72
Investments	16	15	7	3	20	9	13	9
R&D, %	4.1	3.4	3.4	3.6	4.7	3.3	3.2	3.3
Number of employees, average	1,102	1,116	1,089	1,018	1,054	1,117	1,180	1,184

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

Segment reporting 1)

Amounts in MSEK	**2013 Q4**	**2013 Q3**	**2013 Q2**	**2013 Q1**	**2012 Q4**	**2012 Q3**	**2012 Q2**	**2012 Q1**
Americas								
Net sales - external	231	251	266	226	239	287	344	342
Net sales - total 2)	234	253	270	228	241	289	346	345
Operating income	35	35	39	25	31	36	43	44
Operating margin on total sales, %	15.1	13.9	14.3	10.9	12.8	12.1	12.6	12.8
Assets	494	529	563	524	514	575	649	627
Liabilities	250	297	320	271	265	287	312	324
Capital employed	309	310	338	349	332	364	405	389
ROCE, %	40.9	38.3	36.2	36.5	40.5	37.3	36.8	34.7
Net investments	2	3	-	-	-	-4	4	-
Depreciation, amortization and impairment losses	6	6	6	6	13	12	12	11
Number of employees, average	326	336	338	300	340	380	402	416
Europe & RoW								
Net sales - external	272	275	236	223	192	205	252	268
Net sales - total 2)	295	299	264	247	213	228	286	300
Operating income	40	41	35	34	1	38	43	45
Operating margin on total sales, %	13.4	13.7	13.3	13.6	0.7	16.8	14.9	14.9
Assets	1,258	1,245	1,248	1,053	1,069	1,080	1,123	1,131
Liabilities	601	695	720	685	718	675	735	743
Capital employed	886	852	826	679	707	742	752	733
ROCE, %	19.0	14.7	14.9	16.0	17.3	21.1	23.4	24.2
Net investments	14	12	7	3	20	13	9	9
Depreciation, amortization and impairment losses	20	17	15	15	18	11	11	12
Number of employees, average	776	779	751	718	715	737	778	768
Not broken down by segments								
Elimination of inter-segmental sales	-26	-26	-32	-26	-23	-25	-36	-35
Operating loss	0	0	0	0	0	0	0	0
Assets	137	81	104	226	235	165	123	172
Liabilities	255	246	291	217	220	196	194	191
Group								
Net sales	503	526	502	449	431	492	596	610
Operating income	75	76	74	59	32	74	86	89
Operating margin, %	14.9	14.5	14.8	13.0	7.5	14.9	14.5	14.6
Assets	1,889	1,855	1,914	1,803	1,818	1,820	1,895	1,930
Liabilities	1,106	1,238	1,332	1,173	1,203	1,158	1,241	1,258
Capital employed	1,176	1,148	1,150	1,016	1,019	1,098	1,165	1,130
ROCE, %	25.8	22.2	21.9	23.1	25.3	26.7	28.1	26.9
Net investments in fixed assets	16	15	7	3	20	9	13	9
Depreciation, amortization and impairment losses	26	23	21	21	31	23	23	23
Number of employees, average	1,102	1,116	1,089	1,018	1,054	1,117	1,180	1,184

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

2) Total Net sales, includes both external and internal net sales.

Operating income per operating segment 1)

Amounts in MSEK	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Americas	35	35	39	25	31	35	44	44
Europe & RoW	40	41	35	34	1	39	42	45
Unallocated 2)	0	0	0	0	0	0	0	0
Total operating income	**75**	**76**	**74**	**59**	**32**	**74**	**86**	**89**
Financial net	-12	-9	-7	-8	-11	-7	-10	-10
Earnings before tax	**63**	**67**	**67**	**51**	**21**	**67**	**76**	**79**

1) Figures for 2012 have been restated. See "Basis of preparation and Accounting Policies" section.

Sales by customer location - geographic area

Amounts in MSEK	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
USA	219	220	259	222	234	272	327	330
Germany	87	102	72	74	63	70	82	83
UK	39	38	38	34	29	38	49	53
Sweden	33	30	34	33	25	25	34	37
Other	125	136	99	86	80	87	104	107
Total Group	**503**	**526**	**502**	**449**	**431**	**492**	**596**	**610**

Tangible assets by operating location

Amounts in MSEK	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
USA	51	51	54	56	59	62	69	66
Germany	52	51	41	31	34	33	36	35
UK	57	48	45	43	46	38	33	32
Sweden	10	10	13	12	12	15	15	16
Other	24	24	27	28	30	30	29	30
Total Group	**194**	**184**	**180**	**170**	**181**	**178**	**182**	**179**

Parent Company's income statement, in summary

Amounts in MSEK	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales	6	5	23	21
Operating costs	-6	-6	-16	-15
Operating income/loss	**-**	**-1**	**7**	**6**
Income from shares in subsidiaries	485	-	1,302	5
Income from shares in associated companies	-	-	12	10
Net foreign exchange rate differences	-5	1	-1	8
Other financial income and expense	-3	-2	-5	-7
Earnings/loss before tax	**477**	**-2**	**1,315**	**22**
Taxes	-1	-2	-3	-4
Net income/loss for the period 1)	**476**	**-4**	**1,312**	**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

Amounts in MSEK	31 Dec 2013	31 Dec 2012
Shares in subsidiaries	2,395	937
Shares in associated companies	10	10
Long-term loans receivable from subsidiaries	46	80
Deferred tax assets	-	2
Total fixed assets	**2,451**	**1,029**
Current receivables	1	2
Short-term receivables from subsidiaries	36	36
Cash and cash equivalents	138	230
Total current assets	**175**	**268**
Total assets	**2,626**	**1,297**
Total Shareholders' equity	**1,783**	**576**
Pensions and similar obligations	19	**-**
Long-term loans	175	175
Total long-term liabilities	**194**	**175**
Short-term loans payable to associated companies	12	10
Short-term loans payable to subsidiaries	631	530
Other current liabilities	6	6
Total current liabilities	**649**	**546**
Total liabilities and shareholders' equity	**2,626**	**1,297**

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

Amounts in MSEK	**31 Dec 2013**	**31 Dec 2012**
Opening balance	576	662
Total comprehensive income 1)	1,312	18
Dividend	-110	-88
Sale of own shares for acquisition of subsidiary	5	-
Buy-back own shares	-	-16
Closing balance	**1,783**	**576**

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

Definitions

Americas	Americas operating segment comprising the Group's USA operations
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
Dividend yield	Dividend divided by market price at year end
Dropthrough rate	Change in operating income as a percentage of any change in net sales between two comparable periods
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, excluding any impact from acquisitions
"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

Appendix 1 - Restated Consolidated Income Statement for 2012 by quarter, in summary

Year-to-date *Amounts in MSEK*	**Reported Income Statement**				**Adjustments**				**Restated Income Statement**			
	2012 Jan-Mar	**2012 Jan-Jun**	**2012 Jan-Sep**	**2012 Jan-Dec**	**2012 Jan-Mar**	**2012 Jan-Jun**	**2012 Jan-Sep**	**2012 Jan-Dec**	**2012 Jan-Mar**	**2012 Jan-Jun**	**2012 Jan-Sep**	**2012 Jan-Dec**
Net sales	610	1,206	1,698	2,129	-	-	-	-	610	1,206	1,698	2,129
Cost of goods sold	-443	-875	-1,237	-1,570	1	2	4	5	-442	-873	-1,233	-1,565
Gross income	**167**	**331**	**461**	**559**	**1**	**2**	**4**	**5**	**168**	**333**	**465**	**564**
Selling expenses	-20	-41	-57	-70	-	1	1	1	-20	-40	-56	-69
Administrative expenses	-40	-81	-119	-147	6	11	17	22	-34	-70	-102	-125
Product development expenses	-20	-39	-55	-76	-	-	-	-	-20	-39	-55	-76
Other operating income and expenses	-5	-9	-3	-13	-	-	-	-	-5	-9	-3	-13
Operating income	**82**	**161**	**227**	**253**	**7**	**14**	**22**	**28**	**89**	**175**	**249**	**281**
Financial income and expense	-8	-17	-22	-32	-2	-3	-5	-6	-10	-20	-27	-38
Earnings before tax	**74**	**144**	**205**	**221**	**5**	**11**	**17**	**22**	**79**	**155**	**222**	**243**
Taxes	-23	-46	-62	-66	-1	-3	-5	-6	-24	-49	-67	-72
Net income for the period	**51**	**98**	**143**	**155**	**4**	**8**	**12**	**16**	**55**	**106**	**155**	**171**

Quarterly *Amounts in MSEK*	**2012 Q1**	**2012 Q2**	**2012 Q3**	**2012 Q4**	**2012 Q1**	**2012 Q2**	**2012 Q3**	**2012 Q4**	**2012 Q1**	**2012 Q2**	**2012 Q3**	**2012 Q4**
Net sales	610	596	492	431	-	-	-	-	610	596	492	431
Cost of goods sold	-443	-432	-362	-333	1	1	2	1	-442	-431	-360	-332
Gross income	**167**	**164**	**130**	**98**	**1**	**1**	**2**	**1**	**168**	**165**	**132**	**99**
Selling expenses	-20	-21	-16	-13	-	1	-	-	-20	-20	-16	-13
Administrative expenses	-40	-41	-38	-28	6	5	6	5	-34	-36	-32	-23
Product development expenses	-20	-19	-16	-21	-	-	-	-	-20	-19	-16	-21
Other operating income and expenses	-5	-4	6	-10	-	-	-	-	-5	-4	6	-10
Operating income	**82**	**79**	**66**	**26**	**7**	**7**	**8**	**6**	**89**	**86**	**74**	**32**
Financial income and expense	-8	-9	-5	-10	-2	-1	-2	-1	-10	-10	-7	-11
Earnings before tax	**74**	**70**	**61**	**16**	**5**	**6**	**6**	**5**	**79**	**76**	**67**	**21**
Taxes	-23	-23	-16	-4	-1	-2	-2	-1	-24	-25	-18	-5
Net income for the period	**51**	**47**	**45**	**12**	**4**	**4**	**4**	**4**	**55**	**51**	**49**	**16**

Appendix 2 - Restated Other Comprehensive Income for 2012 by quarter, in summary

Year-to-date *Amounts in MSEK*	Reported OCI 2012 Jan-Mar	2012 Jan-Jun	2012 Jan-Sep	2012 Jan-Dec	Adjustments 2012 Jan-Mar	2012 Jan-Jun	2012 Jan-Sep	2012 Jan-Dec	Restated OCI 2012 Jan-Mar	2012 Jan-Jun	2012 Jan-Sep	2012 Jan-Dec
Net income for the period	**51**	**98**	**143**	**155**	**4**	**8**	**12**	**16**	**55**	**106**	**155**	**171**
Other comprehensive income												
Items not be reclassified to P&L:												
Actuarial Gains/Losses	-	-	-	-	2	3	5	-58	2	3	5	-58
Tax on actuarial losses	-	-	-	-	-1	-1	-1	8	-1	-1	-1	8
Items that may be reclassified subsequently to P&L:												
Net investment hedging	6	-3	8	8	-	-	-	-	6	-3	8	8
Cash-flow hedging	-	-	-	-	-	-	-	-	-	-	-	-
Other foreign currency translation difference	-28	9	-43	-52	5	-5	5	9	-23	4	-38	-43
Total other comprehensive income	**-22**	**6**	**-35**	**-44**	**6**	**-3**	**9**	**-41**	**-16**	**3**	**-26**	**-85**
Total comprehensive income	**29**	**104**	**108**	**111**	**10**	**5**	**21**	**-25**	**39**	**109**	**129**	**86**

Quarterly *Amounts in MSEK*	Reported OCI 2012 Q1	2012 Q2	2012 Q3	2012 Q4	Adjustments 2012 Q1	2012 Q2	2012 Q3	2012 Q4	Restated OCI 2012 Q1	2012 Q2	2012 Q3	2012 Q4
Net income for the period	**51**	**47**	**45**	**12**	**4**	**4**	**4**	**4**	**55**	**51**	**49**	**16**
Other comprehensive income												
Items not be reclassified to P&L:												
Actuarial Gains/Losses	-	-	-	-	2	1	2	-63	2	1	2	-63
Tax on actuarial losses	-	-	-	-	-1	0	0	9	-1	0	0	9
Items that may be reclassified subsequently to P&L:												
Net investment hedging	6	-9	11	0	-	-	-	-	6	-9	11	0
Cash-flow hedging	-	-	-	-	-	-	-	-	-	-	-	-
Other foreign currency translation difference	-28	37	-52	-9	5	-10	10	4	-23	27	-42	-5
Total other comprehensive income	**-22**	**28**	**-41**	**-9**	**6**	**-9**	**12**	**-50**	**-16**	**19**	**-29**	**-59**
Total comprehensive income	**29**	**75**	**4**	**3**	**10**	**-5**	**16**	**-46**	**39**	**70**	**20**	**-43**

Appendix 3 - Restated Consolidated Balance Sheet for 2012 by quarter, in summary

	Reported Balance Sheet				Adjustments				Restated Balance Sheet			
Amounts in MSEK	**31 Mar 2012**	**30 Jun 2012**	**30 Sep 2012**	**31 Dec 2012**	**31 Mar 2012**	**30 Jun 2012**	**30 Sep 2012**	**31 Dec 2012**	**31 Mar 2012**	**30 Jun 2012**	**30 Sep 2012**	**31 Dec 2012**
Goodwill	491	505	485	481	-	-	-	-	491	505	485	481
Other intangible fixed assets	370	376	351	336	-	-	-	-	370	376	351	336
Tangible fixed assets	179	182	178	181	-	-	-	-	179	182	178	181
Deferred tax assets	23	26	24	38	115	115	110	118	138	141	134	156
Long-term receivables	6	5	5	5	-	-	-	-	6	5	5	5
Total fixed assets	**1,069**	**1,094**	**1,043**	**1,041**	**115**	**115**	**110**	**118**	**1,184**	**1,209**	**1,153**	**1,159**
Inventories	193	185	176	167	-	-	-	-	193	185	176	167
Current receivables	318	318	279	204	-	-	-	-	318	318	279	204
Cash and cash equivalents	235	183	212	288	-	-	-	-	235	183	212	288
Total current assets	**746**	**686**	**667**	**659**	**-**	**-**	**-**	**-**	**746**	**686**	**667**	**659**
Total assets	**1,815**	**1,780**	**1,710**	**1,700**	**115**	**115**	**110**	**118**	**1,930**	**1,895**	**1,820**	**1,818**
Total Shareholders' equity	**965**	**952**	**944**	**943**	**-293**	**-298**	**-282**	**-328**	**672**	**654**	**662**	**615**
Pensions and similar obligations	103	113	103	101	408	413	392	446	511	526	495	547
Deferred tax liabilities	90	90	85	71	-	-	-	-	90	90	85	71
Long-term interest-bearing liabilities	175	175	175	175	-	-	-	-	175	175	175	175
Other long-term liabilities	8	8	7	4	-	-	-	-	8	8	7	4
Total long-term liabilities	**376**	**386**	**370**	**351**	**408**	**413**	**392**	**446**	**784**	**799**	**762**	**797**
Short-term interest-bearing liabilities	14	14	12	13	-	-	-	-	14	14	12	13
Other current liabilities	460	428	384	393	-	-	-	-	460	428	384	393
Total current liabilities	**474**	**442**	**396**	**406**	**-**	**-**	**-**	**-**	**474**	**442**	**396**	**406**
Total liabilities and shareholders' equity	**1,815**	**1,780**	**1,710**	**1,700**	**115**	**115**	**110**	**118**	**1,930**	**1,895**	**1,820**	**1,818**