CONCENTRIC INTERIM REPORT

JANUARY – DECEMBER 2015

Full year 2015: Solid results and strong cash flow

- **Net sales for the full year, excluding Alfdex: MSEK 2,306 (2,078) – down 8% year-on-year, after adjusting for currency (+15%) and acquisition of GKN Pumps (+4%)**
- **Operating income for the full year: MSEK 381 (333), including income of MSEK 13 (nil) arising from negative goodwill and one-off expenses of MSEK 14, both associated with the acquisition of GKN Pumps. Underlying operating margin of 16.6% (16.0)**
- **Earnings after tax for the full year: MSEK 271 (241) – basic EPS of SEK 6.45 (5.54)**
- **Strong cash flow from operating activities for the full year: MSEK 366 (340), supported own share buy backs in the year of MSEK 142 (148)**
- **Group's net debt at year-end: MSEK 488 (528) – gearing ratio of 57% (65)**
- **Based on the Group's strong earnings and financial position, the Board of Directors intend to propose a total dividend of SEK 3.25 (3.00) per share and to renew the current mandate for share buybacks**

Key Figures – Group	Oct-Dec			Jan-Dec		
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Net sales	**504**	**535**	**-6%**	**2,306**	**2,078**	**11%**
Operating income before items affecting comparability	85	86	-1%	382	333	15%
Operating income	**83**	**86**	**-4%**	**381**	**333**	**14%**
Earnings before tax	76	83	-8%	363	316	15%
Net income for the period	**54**	**64**	**-16%**	**271**	**241**	**12%**
Cash flow from operating activities	127	97	31%	366	340	8%
Net debt	**488**	**528**	**-8%**	**488**	**528**	**-8%**
Operating margin before items affecting comparability, %	16.9	16.1	0.8	16.6	16.0	0.6
Operating margin, %	**16.4**	**16.1**	**0.3**	**16.5**	**16.0**	**0.5**
Return on equity, %	31.7	29.6	2.1	31.7	29.6	2.1
Basic EPS before items affecting comparability, SEK	1.35	1.49	-0.14	6.48	5.54	0.94
Basic EPS, SEK	**1.32**	**1.49**	**-0.17**	**6.45**	**5.54**	**0.91**
Diluted EPS, SEK	1.31	1.49	-0.18	6.44	5.53	0.91
Gearing ratio, %	**57**	**65**	**-8**	**57**	**65**	**-8**

Fourth quarter of 2015: Operations successfully flexed to match lower market demand

- **Net sales for Q4, excluding Alfdex: MSEK 504 (535) – down 16% year-on-year, after adjusting for currency (+6%) and acquisition of GKN Pumps (+4%)**
- **Operating income for Q4: MSEK 83 (86), including expenses of MSEK 2 (nil) arising from fair value adjustments reducing the negative goodwill arising from the acquisition of GKN Pumps. Underlying operating margin of 16.9% (16.1)**
- **Earnings after tax for Q4: MSEK 54 (64) – basic EPS of SEK 1.32 (1.49)**
- **Strong cash flow from operating activities for Q4: MSEK 127 (97), supported own share buybacks in the quarter of MSEK 50 (50)**

President and CEO, David Woolley, comments on Q4 and FY 2015 interim report:

"The group's full year performance has benefitted from significant translational currency gains derived from the relative weakness of the Swedish Krona and our ability to adapt to lower demand. The on-highway sector has been our strongest end-market, with the Class 8 heavy-duty truck cycle reaching its peak in the US towards the end of the year. The European truck market has also shown steady improvement during the year. Conversely, our off-highway sectors have been relatively weak throughout most of 2015, which has been further affected by dealers having to de-stock inventory. This softening in demand has particularly affected sales of our hydraulic product range and, as a result, the sales for the fourth quarter and full year were down year-on-year by 16% and 8% respectively, excluding the impact of currency and the acquisition of GKN Pumps.

Concentric Business Excellence has been key in our ability to adapt operations to lower demand and thereby defend our margins. All parts of the business are subject to this programme, including customer service, employee motivation and operational excellence. The successful implementation of this model has continued to strengthen the consolidated results, ensuring that the underlying EBIT margin for the fourth quarter and the full year actually improved year-on-year to 16.9% and 16.6% respectively, in spite of the market headwinds.

Looking forward, the orders received, and expected to be fulfilled during the first quarter of 2016, were broadly in line with the sales levels of the fourth quarter of 2015, taking into account the fewer working days in the fourth quarter. Furthermore, we expect that the European market will continue on its positive trend next quarter whereas North and South America will remain challenging for both on- and off-highway sectors. Concentric remains well positioned both financially and operationally, to fully leverage our market opportunities."

Key business events:

2-Feb-15 Concentric completes acquisition of GKN Sinter Metals de Argentina SA ("GKN Pumps"), a supplier of engine pumps in South America, strengthening Concentric's presence in the region.

20-Jul-15 Concentric announces restructuring plans for their new facility in Chivilcoy, Argentina in line with the weak demand in the South American commercial vehicle market.

1-Oct-15 Andreas Wolf leaves his position as Senior Vice President of Europe and Rest of the World (RoW) on 30 October 2015 for personal reasons.

27-Jan-16 Concentric secures nomination for Electro Hydraulic Steering ("EHS") system with leading global OEM of heavy trucks and busses for their hybrid applications.

Net sales and operating income – Group

Key Figures – Group	Oct-Dec			Jan-Dec		
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Net sales	504	535	-6%	2,306	2,078	11%
Operating income before items affecting comparability	85	86	-1%	382	333	15%
Operating income	83	86	-4%	381	333	14%
Earnings before tax	76	83	-8%	363	316	15%
Net income for the period	54	64	-16%	271	241	12%
Operating margin before items affecting comparability, %	16.9	16.1	0.8	16.6	16.0	0.6
Operating margin, %	16.4	16.1	0.3	16.5	16.0	0.5
ROCE before items affecting comparability, %	28.9	27.1	1.8	28.9	27.1	1.8
ROCE, %	28.8	27.1	1.7	28.8	27.1	1.7

Sales for the full year were MSEK 2,306 (2,078), up 11% year-on-year. Adjusting for the impact of currency (+15%) and the acquisition of GKN Pumps (+4%), sales for the full year were actually down 8%. The Group's average sales per working day for the full year, excluding the acquisition of GKN Pumps, increased year-on-year to MSEK 9.1 (8.5), due to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the full year amounted to MSEK 381 (333) and 16.5% (16.0%) respectively. This included the following one-off items associated with the acquisition of GKN Pumps:

- MSEK 13 (nil) of income arising from the negative goodwill calculated from the surplus of net assets acquired compared to the purchase consideration;
- MSEK 2 (nil) of expenses relating to legal and advisory deal costs;
- MSEK 11 (nil) of expenses relating to the Chivilcoy redundancy programme;
- MSEK 1 (nil) of expenses relating to other post-acquisition integration costs.

Adjusting for the net effect of these items, the operating margin before items affecting comparability for the full year was 16.6% (16.0).

Sales for the fourth quarter were MSEK 504 (535), down 6% year-on-year. Adjusting for the impact of currency (+6%) and the acquisition of GKN Pumps (+4%), underlying sales volumes for the fourth quarter were actually down 16%. The Group's average sales per working day for the fourth quarter, excluding the acquisition of GKN Pumps, decreased year-on-year to MSEK 8.5 (9.3), due primarily to weak market demand.

The reported operating income and margin for the fourth quarter amounted to MSEK 83 (86) and 16.4% (16.1%) respectively. This included expenses of MSEK 2 (nil) arising from fair value adjustments reducing the negative goodwill arising from the acquisition of GKN Pumps noted above. Adjusting for these items, the operating margin before items affecting comparability for the fourth quarter improved to 16.9% (16.1).

Net financial items

Net financial expenses incurred for the full year amounted to MSEK 18 (17), comprising net exchange gains of MSEK 5 (6), net income arising from other interest of MSEK 1 (expense 5) and net financial expenses in respect of net pension liabilities of MSEK 24 (18). Accordingly, consolidated income before taxation amounted to MSEK 363 (316) for the full year.

Net financial expenses incurred for the fourth quarter amounted to MSEK 7 (3), comprising net exchange gains of MSEK 2 (3), net income arising from other interest of MSEK 0 (expense 1) and net financial expenses in respect of net pension liabilities of MSEK 9 (5). Accordingly, consolidated income before taxation amounted to MSEK 76 (83) for the fourth quarter.

Taxes

Tax expenses for the full year amounted to MSEK 92 (75), with an effective tax rate for the full year of 25% (24%). Adjusting the full year earnings before tax for MSEK 13 of negative goodwill which had no related tax entries, the underlying effective tax rate for the full year was actually 26%.

Tax expenses for the fourth quarter amounted to MSEK 22 (19), with an effective tax rate for the fourth quarter of 29% (23%). Adjusting the fourth quarter earnings before tax for MSEK 2 of adjustments to negative goodwill which had no related tax entries, the underlying effective tax rate for the fourth quarter was actually 28%.

Any movements in the group's underlying effective annual tax rate largely reflect the change in mix of taxable earnings and the change in corporate tax rates applicable across the various tax jurisdictions in which the group operates.

Net income and Earnings per share

Earnings after taxation for the full year amounted to MSEK 271 (241). The basic earnings per share before items affecting comparability for the full year amounted to SEK 6.48 (5.54). The reported basic and diluted earnings per share for the full year amounted to SEK 6.45 (5.54) and SEK 6.44 (5.53) respectively.

Earnings after taxation for the fourth quarter amounted to MSEK 54 (64). The basic earnings per share before items affecting comparability for the fourth quarter amounted to SEK 1.35 (1.49). The reported basic and diluted earnings per share for the fourth quarter amounted to SEK 1.32 (1.49) and SEK 1.31 (1.49) respectively.

Segment reporting

The Americas segment comprises the Group's operations in the USA and South America. 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 (including the proportional consolidation of Alfdex), India and China.

The evaluation of an operating segment's earnings is based upon its operating income or EBIT. Financial assets and liabilities are not allocated to segments.

Net sales and operating income – Americas

Americas	**Oct-Dec**			**Jan-Dec**		
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
External net sales	253	258	-2%	1,205	1,033	17%
Operating income before items affecting comparability	34	39	-13%	164	157	4%
Operating income	30	39	-23%	163	157	4%
Operating margin before items affecting comparability, %	13.6	15.2	-1.6	13.6	15.2	-1.6
Operating margin, %	11.8	15.2	-3.4	13.5	15.2	-1.7
ROCE before items affecting comparability, %	44.4	49.9	-5.5	44.4	49.9	-5.5
ROCE, %	44.0	49.9	-5.9	44.0	49.9	-5.9

External sales were down 12% year-on-year for the full year, after adjusting for currency (+20%) and the acquisition of GKN Pumps (+9%), driven by weak demand, particularly for hydraulic product, in all end-markets in North America, with the exception of the medium and heavy duty truck market. The average external sales per working day for the full year, excluding the acquisition of GKN Pumps, increased year-on-year to MSEK 4.7 (4.1), due to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the full year amounted to MSEK 163 (157) and 13.5% (15.2%) respectively. The regional results for the Americas included all of the one-off items associated with the acquisition of GKN Pumps noted above in the group's consolidated results.

Adjusting for the net effect of these one-off items, the operating margin before items affecting comparability for the full year was 13.6% (15.2). The regional results for the full year also included net sales derived from GKN Pumps for the eleven months ended 31 December 2015 of MSEK 89 which generated an operating loss of MSEK 9. Therefore, the underlying operating margin for the full year, excluding the acquisition of GKN Pumps entirely, was actually 15.5% (15.2).

External sales were down 19% year-on-year for the fourth quarter, after adjusting for currency (+8%) and the acquisition of GKN Pumps (+9%), driven by the continued market softening in demand, particularly for hydraulic product, experienced across all end-markets in North America, with the exception of the medium and heavy duty truck market. The average external sales per working day for the fourth quarter, excluding the acquisition of GKN Pumps, were slightly up year-on-year at MSEK 4.4 (4.2), due to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the fourth quarter amounted to MSEK 30 (39) and 11.8% (15.2%) respectively. Adjusting for the net effect of the one-off items noted above, the operating margin before items affecting comparability for the full year was 13.6% (15.2). The regional results for the fourth quarter also included net sales derived from GKN Pumps of MSEK 19 which generated an operating loss of MSEK 4. Therefore, the underlying operating margin for the fourth quarter, excluding the acquisition of GKN Pumps entirely, was 16.2% (15.2).

Net sales and operating income – Europe & RoW

Europe & RoW	Oct-Dec			Jan-Dec		
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
External net sales (including Alfdex)	301	317	-5%	1,292	1,203	7%
Operating income	51	49	4%	222	182	22%
Operating margin, %	17.1	15.5	1.6	17.2	15.1	2.1
ROCE, %	22.9	20.0	2.9	22.9	20.0	2.9

External sales for the full year, including Concentric's 50% share of the revenues attributable to Alfdex, were flat year-on-year, after adjusting for the impact of currency (+7%). As a result, the average external sales per working day for the full year, including 50% of Alfdex, increased year-on-year to MSEK 5.2 (4.8), including the positive currency affect arising from the relatively weak Swedish Krona.

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, amounted to MSEK 222 (182) for the full year. This increase in operating income year-on-year represented a drop-through rate of 45% based upon the higher external sales value. As a result, the operating margin for the full year improved to 17.2% (15.1).

External sales for the fourth quarter, including Concentric's 50% share of the revenues attributable to Alfdex, were down 9% year-on-year, after adjusting for the impact of currency (+4%). However, the average external sales per working day for the fourth quarter, including 50% of Alfdex, actually increased year-on-year to MSEK 5.0 (4.7), due to the positive currency affect arising from the relatively weak Swedish Krona.

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, actually increased to MSEK 51 (49) for the fourth quarter, in spite of the lower sales. As a result, the operating margin for the fourth quarter improved to 17.1% (15.5).

Market development

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

End-markets & Regions	**Q4-15 vs. Q4-14**					**FY-15 vs. FY-14**				
	Americas		**Europe & RoW**			**Americas**		**Europe & RoW**		
	North America	**South America**	**Europe**	**India**	**China**	**North America**	**South America**	**Europe**	**India**	**China**
Agricultural machinery										
Diesel engines	-9%	-1%	-1%	-2%	-2%	-10%	5%	-11%	-5%	-2%
Construction equipment										
Diesel engines	-17%	-23%	-18%	7%	-20%	-8%	-19%	-9%	4%	-22%
Hydraulic equipment	-5%	n/a	-13%	n/a	n/a	-7%	n/a	-4%	n/a	n/a
Trucks										
Light vehicles	-1%	n/a	n/a	n/a	n/a	-1%	n/a	n/a	n/a	n/a
Medium/Heavy vehicles	3%	-51%	1%	9%	-9%	10%	-43%	3%	17%	-10%
Industrial Applications										
Other Off-highway	1%	-4%	-6%	10%	-19%	-2%	1%	-3%	8%	-11%
Hydraulic lift trucks	-12%	n/a	-13%	n/a	n/a	-4%	n/a	-4%	n/a	n/a

Based on Q4-15 update of production volumes from Power Systems Research, Off-Highway Research and the International Truck Association for lift trucks

The published market indices for the fourth quarter are directionally in line with Concentric's actual sales and order experience for the fourth quarter. However, movements in the market indices tend to lag the group's order intake experience by 3-6 months.

North American end-markets

- Market indices for the production of diesel engines were down year-on-year in all off-highway end-markets for both the full year and the fourth quarter. The exception was medium and heavy trucks which continued to show growth but at a reduced level compared to the first nine months of 2015. These indices were broadly consistent with Concentric's actual sales of engine products in North America.
- Market indices for hydraulic products for construction equipment and lift trucks, typically used later in the production cycle, were down year-on-year for both the full year and the fourth quarter. This was more reflective of Concentric's actual sales of hydraulic products in North America, which were down year-on-year in constant currency by 17% for both the full year and fourth quarter respectively. As noted in previous quarters, this also reflects Concentric's reliance on Caterpillar and John Deere.

European end-markets

- Market indices for the production of diesel engines were also down year-on-year in all off-highway end-markets for both the full year and the fourth quarter. The exception again was medium and heavy trucks which continued to show modest growth. These indices were broadly consistent with Concentric's actual sales of engine products in Europe, adjusting for the structural growth from the ramp up of Euro VI platforms.
- European demand for hydraulic products on construction equipment and lift trucks was also down year-on-year based on production volumes for both the full year and the fourth quarter, in line with Concentric's actual sales experience.

Emerging end-markets

- Latest market indices for South America were down year-on-year across all end markets for the fourth quarter, with the construction equipment and truck markets remaining the worst affected. This was consistent with Concentric's sales although this region only represents around 4% of the group's total revenues in 2015.
- Latest market indices for India continued to show signs of improvement with year-on-year growth in the fourth quarter for all end-markets except agricultural machinery. This trend was broadly consistent with Concentric's sales although this region only represents around 3% of the group's total revenues in 2015.
- Latest market indices for China remained down year-on-year across all end markets for both the full year and the fourth quarter. This was consistent with Concentric's sales although this region represents less than 2% of the group's total revenues in 2015.

Seasonality

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

The weighted average number of working days in the full year was 244 (243) for the Group, with an average of 240 (244) working days for the Americas region and 249 (243) working days for the Europe & RoW region.

The weighted average number of working days in the fourth quarter was 57 (57) for the Group, with an average of 54 (56) working days for the Americas region and 61 (59) working days for the Europe & RoW region.

Consolidated sales development	**Q4-15 vs. Q4-14**			**FY-15 vs. FY-14**		
	Americas	**Europe & RoW**	**Group**	**Americas**	**Europe & RoW**	**Group**
Blended market rates 1)	-9%	-4%	**-6%**	-5%	-1%	**-3%**
Concentric actual rates 2)	-19%	-9%	**-14%**	-12%	0%	**-6%**

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

2) *Based on actual sales in constant currency, including Alfdex but excluding the impact of GKN Pumps*

Overall, market indices suggest production rates, blended to the Group's end-market and regions, were down 3% year-on-year for the full year. These indices are directionally in line with Concentric's actual sales for the full year, including revenues attributable to Alfdex, which were down 6% year-on-year, adjusting for currency and the acquisition of GKN Pumps. As noted above, movements in the market indices tend to lag the group's order intake experience by 3-6 months.

Cash flow

The reported cash inflow from operating activities for the full year amounted to MSEK 366 (340), which represents SEK 8.70 (7.83) per share. In addition, the group received a dividend of MSEK 12 (12) from its 50% ownership in Alfdex AB.

The reported cash inflow from operating activities for the fourth quarter amounted to MSEK 127 (97), which represents SEK 3.06 (2.27) per share.

Net investments in fixed assets

The Group's net investments in tangible fixed assets amounted to MSEK 25 (25) for the full year, including a property divestment of MSEK 3 (0) related to the completion of the sale of the Group's vacant freehold property in Skånes Fagerhult, Sweden, at book value.

The Group's net investments in tangible fixed assets amounted to MSEK 12 (10) for the fourth quarter.

On 30 January 2015, Concentric completed the acquisition of GKN Sinter Metals de Argentina SA ("GKN Pumps"). The total net cash flow relating to the investment in GKN Pumps of MSEK 10 comprised the cash purchase consideration of MSEK 20 plus acquisition-related expenses of MSEK 2, less the cash balances acquired of MSEK 12. Further details of the acquisition are provided below.

Financial position

The carrying amount of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 31 December, 2015 the fair value of derivative instruments that were assets was MSEK 0 (5), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These fair value measurements belong in level 2 in the fair value hierarchy.

Following a final review of the actuarial assumptions used to value the Group's defined benefit pension plans, actuarial losses of MSEK 99 (127) have been recognised in net pension liabilities during the fourth quarter, largely related to movements in the respective discount and inflation rates applied. This takes the cumulative net actuarial gains recognised for the full year to MSEK 1 (losses 127).

As a result, the Group's net debt at 31 December was MSEK 488 (528), comprising bank loans and corporate bonds of MSEK 182 (195) and net pension liabilities of MSEK 564 (568), net of cash amounting to MSEK 258 (235).

Shareholders' equity amounted to MSEK 852 (811), resulting in a gearing ratio of 57% (65) at year-end.

Employees

The average number of full-time equivalents employed by the group during the full year and the fourth quarter of 2015 was 1,088 (1,036) and 1,062 (1,023) respectively.

Parent Company

Net sales for the full year amounted to MSEK 45 (28), generating an operating income of MSEK 25 (7). The improvement reflects the remuneration from subsidiaries in the current period for services rendered.

During the year, the company received intra-group dividends of MSEK 116 (13) from subsidiary undertakings, in order to transfer distributable profits to the parent. The company also received an external dividend of MSEK 12 (12) from their 50% ownership in the joint-venture company, Alfdex AB.

The cumulative net exchange rate loss for the full year was MSEK 34 (108). Interest expenses for the full year amounted to MSEK 3 (11).

Net sales for the fourth quarter amounted to MSEK 26 (8), generating an operating income of MSEK 22 (loss 1). The improvement reflects the remuneration from subsidiaries in the current period for services rendered.

The cumulative net exchange rate gain for the fourth quarter was MSEK 13 (loss 50). Interest expenses for the fourth quarter amounted to MSEK 2 (7).

Acquisitions

On 30 January 2015, Concentric completed the acquisition of the entire share capital of GKN Sinter Metals de Argentina SA ("GKN Pumps"), a supplier of engine pumps in South America, strengthening Concentric's presence in the region. GKN Pumps has a production facility in Chivilcoy, Argentina, providing an important foothold in the Mercosur trade bloc, thereby enabling further penetration of the South American market. The fair values of the identifiable assets acquired and the liabilities assumed were determined as follows:

Fair values – GKN Pumps acquisition *Amounts in MSEK*	**Book values**	**Original adjustments booked in Q1**	**Additional adjustments booked in Q4**	**Final fair values**
Cash	20	-	-	20
Total purchase consideration for shares in GKN Pumps	**20**	**-**	**-**	**20**
Other intangible fixed assets 1)	1	-1	-	-
Tangible fixed assets 2)	19	1	-	20
Total fixed assets acquired	**20**	**0**	**-**	**20**
Inventories 2,3)	13	-2	-	11
Current receivables	27	-	-	27
Cash and cash equivalents	12	-	-	12
Total current assets acquired	**52**	**-2**	**-**	**50**
Short-term interest-bearing liabilities	1	-	-	1
Other current liabilities 4)	26	8	2	36
Total current liabilities assumed	**27**	**8**	**2**	**37**
Net assets acquired	**45**	**-10**	**-2**	**33**
Negative goodwill arising on acquisition	**-25**	**10**	**2**	**-13**

Concentric have recognised MSEK 13 of income arising from negative goodwill, as the fair value of the net assets acquired with GKN Pumps exceeded the purchase price. Historically, GKN Pumps has been an unprofitable venture and, as a result, the seller approached Concentric intent upon a strategic exit from the pump manufacturing business. This, together with the apparent over manning in the Chivilcoy facility at the date of acquisition, enabled Concentric to agree a favourable purchase price.

Fair value adjustments

The fair value adjustments identified may be summarised as follows:

1) Writedown of intangible fixed assets to their net realisable value;
2) Reclassification of tooling from inventories to tangible fixed assets;
3) Writedown of consumables included in inventories, in line with Concentric's policies;
4) Additional accruals and provisions for bonuses, legal claims, warranty and environmental remediation.

Given the history of trading losses for GKN Pumps, no corresponding deferred tax assets have been recognised in respect of these adjustments.

Acquisition-related costs

In addition to the total purchase consideration for the shares in GKN Pumps shown above, acquisition-related legal and advisory costs of MSEK 2 were incurred and expensed in the income statement.

Pre-acquisition trading results

The net sales of GKN Pumps for the year ended 31 December 2014 (excluded from Concentric's consolidated results for FY 2014) of MSEK 99 generated a loss at both an EBIT and net income level of MSEK 6, after the push back of fair value adjustments.

The net sales of GKN Pumps for January 2015 (excluded from Concentric's consolidated results for 2015) of MSEK 6 generated a loss at both an EBIT and net income level of MSEK 1.

Post-acquisition trading results

The net sales of GKN Pumps for the eleven months ended 31 December 2015 (included in Concentric's consolidated results) of MSEK 89 generated a loss at both an EBIT and net income level of MSEK 9. In addition, the following one-off items associated with the acquisition of GKN Pumps were recognised in Concentric's consolidated results for the full year:

- MSEK 13 (nil) of income arising from the negative goodwill calculated from the surplus of net assets acquired compared to the purchase consideration;
- MSEK 2 (nil) of expenses relating to legal and advisory deal costs;
- MSEK 11 (nil) of expenses relating to the Chivilcoy redundancy programme;
- MSEK 1 (nil) of expenses relating to other post-acquisition integration costs.

The net sales of GKN Pumps for the fourth quarter (included in Concentric's consolidated results) of MSEK 19 generated a loss at both an EBIT and net income level of MSEK 4. In addition, expenses of MSEK 2 (nil) arising from additionalfair value adjustments to reduce the negative goodwill arising from the acquisition of GKN Pumps were recognised in Concentric's consolidated results for the fourth quarter.

Related-party transactions

The Parent Company is a related party to its subsidiaries and associated companies. Transactions with subsidiaries and associated companies occur on commercial market terms. No transactions have been carried out between Concentric AB and its subsidiary undertakings and any other related parties that had a material impact on either the company's or the group's financial position and results.

Business overview

Descriptions of Concentric's business and its objectives, the driving forces it faces, its products, market position and the end-markets it serves, together with details on the business excellence programme are all presented in the 2014 Annual Report (http://www.concentricab.com/_downloads/AGM-2015/Concentric_AR_2014_ENG.pdf) on pages 6-23.

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;
- 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;
- Legal risks – such as the protection and maintenance of intellectual property rights and potential disputes arising from third parties; 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 2014 Annual Report and confirm that there have been no changes other than those comments made above in respect of market developments during 2015.

Please refer to the Risk and Risk Management section on pages 29-31 of the 2014 Annual Report (http://www.concentricab.com/_downloads/AGM-2015/Concentric_AR_2014_ENG.pdf) for further details.

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 forthcoming Annual General Meeting a total dividend of SEK 3.25 (3.00) per share in respect of the 2015 financial year. This corresponds to an ordinary dividend of SEK 2.25 (2.00) which equates to around 35% (36) of the reported basic earnings per share, plus an additional dividend of SEK 1.00 (1.00) associated with the Group's strong financial position.

Buy-back and Holdings of Own Shares

On 26 March 2015, the AGM resolved to retire 1,363,470 of the company's own repurchased shares. The retirement of shares has been carried out through a reduction of share capital with retirement of shares and a subsequent bonus issue to restore the share capital. Altogether, the resolution resulted in the number of shares outstanding being reduced by 1,363,470 and the share capital being increased by SEK 41.

In addition, the AGM resolved to authorise the Board of Directors, during the period up to the next AGM in 2016, to resolve on buying back own shares so that the Company's holdings do not at any point exceed 10 percent of the total number of shares in issue. Acquisitions shall be made in cash and take place on NASDAQ OMX Stockholm, for the purpose of increasing the flexibility in connection with potential future corporate acquisitions, as well as to be able to improve the company's capital structure and to cover costs for, and enable delivery of shares under the company's LTI programmes.

During the year, 157,760 options granted under the LTI 2012 programme were exercised and satisfied in full using the company's holdings of own shares. Under the own share buyback mandate resolved at the 2015 Annual General Meeting, the company has purchased 482,703 (530,381) ordinary shares for a total consideration of MSEK 50 (50) during the fourth quarter, taking the total own share buybacks to 1,369,315 (1,565,016) ordinary shares for a total consideration of MSEK 142 (148) for the full year. Consequently the company's total holdings of own shares at year-end was 1,672,396 (1,824,311), which represented 3.9% (4.1) of the total number of shares in issue of 42,852,500 (44,215,970).

Events after the balance-sheet date

There were no significant post balance sheet events to report.

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 2014 Annual Report.

New standards, amendments and interpretations to existing standards that have been endorsed by the EU and adopted by the group

None of the IFRS and IFRIC interpretations endorsed by the EU are considered to have a material impact on the group.

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 10 February, 2016.

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 January-December 2015	16 March, 2016
Annual General Meeting 2016	6 April, 2016
Interim Report January-March 2016	26 April, 2016
Interim Report January-June 2016	22 July, 2016
Interim Report January-September 2016	1 November, 2016

Stockholm, 10 February, 2016
Concentric AB (publ)

David Woolley
President and CEO

For further information, please contact:

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Corporate Registration Number 556828-4995

This Interim Report has not been audited.

Consolidated Income Statement, in summary

Amounts in MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	504	535	2,306	2,078
Cost of goods sold	-374	-388	-1,683	-1,510
Gross income	**130**	**147**	**623**	**568**
Selling expenses	-22	-32	-77	-82
Administrative expenses	-33	-29	-147	-116
Product development expenses	-12	-13	-50	-58
Share of profit in joint venture, net of interest and tax	-5	6	7	12
Other operating income and expenses	25	7	25	9
Operating income	**83**	**86**	**381**	**333**
Financial income and expense	-7	-3	-18	-17
Earnings before tax	**76**	**83**	**363**	**316**
Taxes	-22	-19	-92	-75
Net income for the period	**54**	**64**	**271**	**241**
Basic earnings per share before items affecting comparability, SEK	1.35	1.49	6.48	5.54
Basic earnings per share, SEK	1.32	1.49	6.45	5.54
Diluted earnings per share, SEK	1.31	1.49	6.44	5.53
Basic average number of shares (000)	41,495	42,690	42,058	43,421
Diluted average number of shares (000)	41,549	42,793	42,119	43,523

Consolidated statement of comprehensive income

Amounts in MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net income for the period	**54**	**64**	**271**	**241**
Other comprehensive income				
Items that will not be reclassified to the income statement:				
Actuarial gains	-65	-	35	-
Tax on actuarial gains	13	-	-8	-
Actuarial losses	-34	-127	-34	-127
Tax on actuarial losses	14	33	14	33
Items that may be reclassified subsequently to the income statement:				
Exchange rate differences related to liabilities to foreign operations	12	-49	-34	-108
Tax arising from exchange rate differences related to liabilities to foreign operations	-3	11	7	24
Cash-flow hedging	1	-1	-3	4
Tax arising from cash-flow hedging	0	0	1	-2
Foreign currency translation differences	-35	89	50	231
Total other comprehensive income	***-97***	***-44***	***28***	***55***
Total comprehensive income	**-43**	**20**	**299**	**296**

Consolidated Balance Sheet, in summary 1)

Amounts in MSEK	31 Dec 2015	31 Dec 2014
Goodwill	631	612
Other intangible fixed assets	306	335
Tangible fixed assets	187	194
Share of net assets in joint venture	20	26
Deferred tax assets	145	165
Long-term receivables	4	4
Total fixed assets	**1,293**	**1,336**
Inventories	201	222
Current receivables	254	273
Cash and cash equivalents	258	235
Total current assets	**713**	**730**
Total assets	**2,006**	**2,066**
Total Shareholders' equity	**852**	**811**
Pensions and similar obligations	564	568
Deferred tax liabilities	43	64
Long-term interest-bearing liabilities	178	3
Other long-term liabilities	10	5
Total long-term liabilities	**795**	**640**
Short-term interest-bearing liabilities	4	192
Other current liabilities	355	423
Total current liabilities	**359**	**615**
Total equity and liabilities	**2,006**	**2,066**

1) *Carrying values of financial assets and liabilities are considered reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. At year end, the fair value of derivative instruments that were assets was MSEK 0 (5), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These fair value measurements belong in level 2 in the fair value hierarchy.*

Consolidated changes in shareholders' equity, in summary

Amounts in MSEK	31 Dec 2015	31 Dec 2014
Opening balance	**811**	**783**
Net income for the period	271	241
Other comprehensive loss/income	28	55
Total comprehensive income	**299**	**296**
Dividend	-127	-121
Own share buy-backs	-142	-148
Sale of own shares to satisfy LTI 2012 options exercised	8	-
Long-term incentive plan	3	1
Closing balance	**852**	**811**

Consolidated cash flow statement, in summary

Amounts in MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Earnings before tax	76	83	363	316
Reversal of depreciation, amortization and fixed asset write-downs	23	16	74	84
Reversal of share of profit in joint venture	5	-6	-7	-12
Reversal of other non-cash items	8	7	27	17
Taxes paid	-32	-30	-100	-99
Cash flow from operating activities before changes in working capital	*80*	*70*	*357*	*306*
Change in working capital	47	27	9	34
Cash flow from operating activities	***127***	***97***	***366***	***340***
Investments in subsidiaries 1)	-	-	-10	-
Investments in property, plant and equipment	-12	-10	-25	-25
Cash flow from investing activities	***-12***	***-10***	***-35***	***-25***
Dividends paid	-	-	-127	-121
Dividends received from joint venture	-	-	12	12
Buy back of own shares	-50	-50	-142	-148
New loans received	9	7	227	16
Repayment of loans	-15	-	-240	-19
Pension payments and other cash flows from financing activities	-19	-11	-40	-39
Cash flow from financing activities	***-75***	***-54***	***-310***	***-299***
Cash flow for the period	**40**	**33**	**21**	**16**
Cash and bank assets, opening balance	224	191	235	193
Exchange-rate difference in cash and bank assets	-6	11	2	26
Cash and bank assets, closing balance	**258**	**235**	**258**	**235**

1) The total net cash outflow relating to the investment in GKN Pumps of MSEK 10 comprised the cash purchase consideration of MSEK 20 plus acquisition-related expenses of MSEK 2, less the cash balances acquired of MSEK 12.

Data per Share

	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Basic earnings per share before items affecting comparability, SEK	1.35	1.49	6.48	5.54
Basic earnings per share, SEK	1.32	1.49	6.45	5.54
Diluted earnings per share, SEK	1.31	1.49	6.44	5.53
Equity per share, SEK	20.46	19.13	20.46	19.13
Cash-flow from current operations per share, SEK	3.06	2.27	8.70	7.83
Basic weighted average no. of shares (000's)	41,495	42,690	42,058	43,421
Diluted weighted average no. of shares (000's)	41,549	42,793	42,119	43,523
Number of shares at period-end (000's)	41,180	42,392	41,180	42,392

Key figures

	Oct-Dec		Jan-Dec	
	2015	2014	2015	2014
Sales growth, %	-9	14	7	12
Sales growth, constant currency, % 1)	-16	3	-8	3
EBITDA margin, %	21.0	19.2	19.7	20.0
Operating margin before items affecting comparability, %	16.9	16.1	16.6	16.0
Operating margin, %	16.4	16.1	16.5	16.0
Capital Employed, MSEK	1,254	1,278	1,254	1,278
ROCE before items affecting comparability, %	28.9	27.1	28.9	27.1
ROCE, %	28.8	27.1	28.8	27.1
ROE, %	31.7	29.6	31.7	29.6
Working Capital, MSEK	101	72	101	72
Working capital as a % of annual sales	4.4	3.5	4.4	3.5
Net Debt, MSEK	488	528	488	528
Gearing ratio, %	57	65	57	65
Net investments in PPE	12	10	25	25
R&D, %	2.6	2.3	2.2	2.8
Number of employees, average	1,062	1,023	1,088	1,036

1) Also excludes the impact of any acquisitions or divestments in that period.

Consolidated income statement in summary, by type of cost

	Oct-Dec		Jan-Dec	
Amounts in MSEK	2015	2014	2015	2014
Net sales	504	535	2,306	2,078
Direct material costs	-261	-283	-1,180	-1,095
Personnel costs	-107	-103	-478	-399
Depreciation, amortization and impairment losses	-23	-16	-74	-84
Share of profit in joint venture, net of tax	-5	6	7	12
Other operating costs, net	-25	-53	-200	-179
Operating income	**83**	**86**	**381**	**333**
Financial income and expense	-7	-3	-18	-17
Earnings before tax	**76**	**83**	**363**	**316**
Taxes	-22	-19	-92	-75
Net income for the period	**54**	**64**	**271**	**241**

Consolidated Income Statement in summary, per quarter

Amounts in MSEK	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Net sales	504	559	620	623	535	520	527	496
Cost of goods sold	-374	-403	-455	-451	-388	-379	-381	-361
Gross income	**130**	**156**	**165**	**172**	**147**	**141**	**146**	**135**
Selling expenses	-22	-11	-21	-23	-32	-18	-18	-14
Administrative expenses	-33	-40	-37	-37	-29	-31	-27	-29
Product development expenses	-12	-13	-13	-12	-13	-10	-17	-18
Share of net income from joint venture	-5	2	5	5	6	3	-	3
Other operating income and expenses 1)	25	-1	-11	12	7	1	-	-
Operating income	**83**	**93**	**88**	**117**	**86**	**86**	**84**	**77**
Financial income and expense	-7	-4	-4	-3	-3	-2	-5	-7
Earnings before tax	**76**	**89**	**84**	**114**	**83**	**84**	**79**	**70**
Taxes	-22	-23	-22	-25	-19	-20	-19	-17
Net income for the period	**54**	**66**	**62**	**89**	**64**	**64**	**60**	**53**

1) Other operating income and expenses per quarter

Amounts in MSEK	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Tooling income	2	4	3	3	7	11	3	2
Royalty income from joint venture	24	6	7	6	5	5	6	6
Amortisation of surplus acquisition values	-10	-10	-10	-9	-9	-8	-8	-8
Negative goodwill	-2	-	-	15	-	-	-	-
Acquisition-related expenses	-	-	-2	-	-	-2	-	-
Restructuring expenses	-	-	-12	-	-	-	-	-
Other	11	-1	3	-3	4	-5	-1	-
Other operating income and expenses	**25**	**-1**	**-11**	**12**	**7**	**1**	**0**	**0**

Key figures by quarter

	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Basic EPS before items affecting comparability, SEK	1.35	1.57	1.78	1.75	1.49	1.47	1.39	1.20
Basic EPS, SEK	1.32	1.57	1.45	2.10	1.49	1.47	1.39	1.20
Diluted EPS, SEK	1.31	1.57	1.44	2.10	1.49	1.46	1.38	1.20
Operating margin before items affecting comparability, %	16.9	16.6	16.5	16.3	16.1	16.4	16.0	15.5
Operating margin, %	16.4	16.6	14.2	18.8	16.1	16.4	16.0	15.5
ROCE before items affecting comparability, %	28.9	29.0	28.9	28.2	27.1	26.5	26.0	26.0
ROCE, %	28.8	29.1	29.0	29.3	27.1	26.5	26.0	26.0
ROE, %	31.7	32.9	33.8	34.4	29.6	28.8	28.8	27.7
Equity per share, SEK	20.46	22.65	22.02	17.64	19.13	19.59	18.01	19.29
Cash-flow per share, SEK	3.06	1.47	2.69	1.49	2.27	1.94	2.15	1.47
Net investments in PPE	12	5	7	1	10	6	4	5
R&D, %	2.6	2.2	2.1	1.9	2.3	2.1	3.2	3.6
Number of employees, average	1,062	1,090	1,138	1,079	1,023	1,032	1,046	1,046

Segment reporting

Amounts in MSEK	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Americas								
External net sales	253	288	333	331	258	267	261	246
Operating income before items affecting comparability	34	39	46	45	39	41	39	38
Operating income	30	39	34	60	39	41	39	38
Operating margin before items affecting comparability, %	13.6	13.3	13.9	13.6	15.2	15.1	15.1	15.3
Operating margin, %	11.8	13.3	10.3	18.2	15.2	15.1	15.1	15.3
Assets	625	680	703	736	565	562	533	522
Liabilities	299	350	373	392	286	283	290	270
Capital employed	401	399	337	377	334	318	294	315
ROCE before items affecting comparability, %	44.4	47.9	52.2	50.1	49.9	49.4	47.1	45.2
ROCE, %	44.0	48.7	52.4	54.7	49.9	49.4	47.1	45.2
Net investments in PPE	9	0	4	0	0	0	-	-
Depreciation, goodwill and fixed asset write-downs	8	7	7	-8	5	6	6	5
Number of employees, average	407	420	442	377	308	310	315	317
Europe & RoW								
External net sales (including Alfdex)	301	318	334	339	317	293	305	289
Operating income	51	56	58	58	49	48	45	40
Operating margin, %	17.1	17.4	17.3	17.0	15.5	16.2	14.7	14.0
Assets	1,316	1,396	1,424	1,517	1,397	1,356	1,314	1,258
Liabilities	633	629	665	891	733	631	611	584
Capital employed	868	948	1,026	1,056	959	908	914	878
ROCE, %	22.9	22.4	21.8	21.1	20.0	22.6	19.0	19.0
Net investments in PPE	3	5	3	1	10	6	4	5
Depreciation, goodwill and fixed asset write-downs	15	15	15	15	12	14	18	18
Number of employees, average	719	731	755	759	773	782	787	781
Eliminations and unallocated items								
Elimination of sales	-50	-47	-47	-47	-41	-40	-39	-39
Operating income	2	-2	-4	-1	-2	-3	-	-1
Net investments in PPE	0	0	0	0	0	0	-	-
Depreciation, goodwill and fixed asset write-downs	0	0	0	0	-1	0	-	-
Number of employees, average	-64	-61	-59	-57	-58	-60	-56	-52
Group								
Net sales	504	559	620	623	535	520	527	496
Operating income before items affecting comparability	85	93	102	102	86	86	84	77
Operating income	83	93	88	117	86	86	84	77
Operating margin before items affecting comparability, %	16.9	16.6	16.5	16.3	16.1	16.4	16.0	15.5
Operating margin, %	16.4	16.6	14.2	18.8	16.1	16.4	16.0	15.5
Assets	2,006	2,141	2,179	2,354	2,066	1,966	1,900	1,917
Liabilities	1,154	1,197	1,250	1,606	1,255	1,125	1,118	1,069
Capital employed	1,254	1,336	1,344	1,397	1,278	1,244	1,230	1,202
ROCE before items affecting comparability, %	28.9	29.0	28.9	28.2	27.1	26.5	26.0	26.0
ROCE, %	28.8	29.1	29.0	29.3	27.1	26.5	26.0	26.0
Net investments in PPE	12	5	7	1	10	6	4	5
Depreciation, goodwill and fixed asset write-downs	23	22	22	7	16	20	24	23
Number of employees, average	1,062	1,090	1,138	1,079	1,023	1,032	1,046	1,046

Operating income per operating segment

Amounts in MSEK	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Americas	30	39	34	60	39	41	39	38
Europe & RoW	51	56	58	58	49	48	45	40
Eliminations and unallocated items	2	-2	-4	-1	-2	-3	-	-1
Total operating income	**83**	**93**	**88**	**117**	**86**	**86**	**84**	**77**
Financial income and expenses	-7	-4	-4	-3	-3	-2	-5	-7
Earnings before tax	**76**	**89**	**84**	**114**	**83**	**84**	**79**	**70**

Sales by geographic location of customer

Amounts in MSEK	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
USA	232	268	301	309	246	251	232	213
Rest of North America	8	5	6	5	17	16	28	29
South America	12	21	22	17	0	1	0	2
Germany	73	88	96	98	86	82	86	89
UK	37	45	40	45	45	49	44	40
Sweden	24	23	32	26	27	20	24	24
Rest of Europe	91	81	83	84	76	70	83	70
Asia	26	28	36	39	37	31	29	27
Other	1	0	4	0	1	0	1	2
Total Group	**504**	**559**	**620**	**623**	**535**	**520**	**527**	**496**

Sales by product groups (including Alfdex)

Amounts in MSEK	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Concentric branded Engine products	287	317	334	333	285	263	263	249
LICOS branded Engine products	25	37	42	38	27	36	36	29
Alfdex branded Engine products	50	47	47	47	41	40	39	39
Total Engine products	362	401	423	418	353	339	338	317
Total Hydraulics products	192	205	244	252	223	221	228	218
Eliminations	-50	-47	-47	-47	-41	-40	-39	-39
Total Group	**504**	**559**	**620**	**623**	**535**	**520**	**527**	**496**

Tangible assets by operating location

Amounts in MSEK	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
USA	51	46	47	51	48	46	47	48
South America	14	19	19	20	-	-	-	-
Germany	43	46	49	52	55	50	51	53
UK	60	63	67	66	65	64	62	57
Sweden	0	0	0	0	3	1	1	1
Other	19	21	22	24	23	23	23	23
Total Group	**187**	**195**	**204**	**213**	**194**	**184**	**184**	**182**

Parent Company's income statement, in summary

Amounts in MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	26	8	45	28
Operating costs	-4	-9	-20	-21
Operating income	**22**	**-1**	**25**	**7**
Income from shares in subsidiaries	-	7	116	7
Income from shares in joint venture	-	0	12	12
Net foreign exchange rate differences	13	-50	-34	-108
Other financial income and expense	-2	-1	-3	-5
Earnings before tax	**33**	**-45**	**116**	**-87**
Taxes	-7	9	3	21
Net income for the period 1)	**26**	**-36**	**119**	**-66**

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 2015	31 Dec 2014
Shares in subsidiaries	2,414	2,395
Shares in joint venture	10	10
Long-term loans receivable from subsidiaries	29	52
Deferred tax assets	23	20
Total financial fixed assets	**2,476**	**2,477**
Other current receivables	3	1
Short-term receivables from subsidiaries	80	63
Cash and cash equivalents	103	118
Total current assets	**186**	**182**
Total assets	**2,662**	**2,659**
Total Shareholders' equity	**1,306**	**1,448**
Pensions and similar obligations	17	18
Long-term interest-bearing liabilities	175	-
Long-term loans payable to subsidiaries	1,136	976
Total long-term liabilities	**1,328**	**994**
Short-term loans	-	175
Short-term loans payable to joint venture	-	8
Short-term loans payable to subsidiaries	19	28
Other current liabilities	9	6
Total current liabilities	**28**	**217**
Total equity and liabilities	**2,662**	**2,659**

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

Amounts in MSEK	31 Dec 2015	31 Dec 2014
Opening balance	1,448	1,783
Net income/loss for the period 1)	119	-66
Dividend	-127	-121
Sale of own shares to satisfy LTI 2012 options exercised	8	-
Buy-back of own shares	-142	-148
Closing balance	**1,306**	**1,448**

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

Glossary & Definitions

Americas	Americas operating segment comprising the Group's operations in the USA and South America
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
Drop-through rate	Year-on-year movement in operating income as a percentage of the year-on-year movement in net sales
EBIT or Operating income	Earnings before interest and tax
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
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	Fixed asset additions net of fixed asset disposals and retirements
PPE	Property, Plant and Equipment
PPM	Parts Per Million defect rate
OEMs	Original Equipment Manufacturers
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
Structural growth	Sales growth derived from new business contracts, i.e. not from changes in market demand or replacement business contracts
"Underlying" or "before items affecting comparability"	Adjusted for restructuring costs and other 'one-off' items (including the taxation effects thereon, as appropriate)
Working capital	Current assets excluding cash and cash equivalents, less non-interest-bearing current liabilities