

April 2020

Dear Shareholder

I regret to inform you the Concentric management team are unable to attend this year's Annual General Meeting as we have done in previous years due to the travel restrictions and social distancing rules imposed by national governments to restrict the spread of the Coronavirus, COVID-19.

Financial Performance

2019 was a year that truly demonstrated the cyclical nature of the sectors that we serve; in particular, the second half of the year where we faced softening customer demand that was further compounded by de-stocking by the OEM's. As in previous down-cycles our super team of dedicated and engaged employees, reacted well to address the challenges and to protect both the profit and cash results of the business whilst at the same time maintaining excellent product quality and service to our customers. 2019 was also the year where Alfdex, our 50/50 joint venture with Alfa Laval, announced the important order to supply Weichai with oil mist separators to meet China-6 emission regulations. Manufacturing capacity was installed in Kunshan in China, well ahead of the demand, and we saw good volumes during the last quarter of 2019 which, we expect to continue into 2020.

The CBE-programme has continued to improve the Group's profitability and the reported operating margin for the full year increased to 23.5% (22.1) with an adjusted operating income dropout rate of just over 30%. Cash management has been a particular focal point during the year, and whilst cash generation was impacted by lower sales, the conversion ratio of operating income to operating cash has met our expectation. The reported net debt was MSEK 54 (12) and the gearing ratio 5% (1), and despite the IFRS accounting changes was broadly in line with the prior year.

Outlook

Before the COVID-19 pandemic, our expectation, as suggested by the published market indices blended to Concentric's mix of end market applications and locations, was the overall market will continue to contract, most notably the medium and heavy duty truck markets in North America and Europe. The emerging markets offer growth potential particularly in the off-highway sectors, agricultural machinery and construction equipment, but our core markets of North America and Europe will continue to offer challenging trading conditions. Crucially we are confident that the changes made within the business during 2019 keep us very well positioned to adapt to the market as it develops in the shorter term and well prepared for increasing market activities in the longer term.


-2-

We expect to see an increasing demand from the rapidly evolving battery electric and hydrogen fuel cell vehicles and we will continue to invest in people, product and manufacturing capacity to support this strategically important development.

However, it is clear that the pandemic and government interventions will impact our markets and our business, but it is too early to be able to quantify the financial and commercial effects at this time. The Company is closely following this developing situation and adhering to national government guidance, and taking the necessary action in the interests of our employees, customers and suppliers.

For further financial information please refer to 2019 Annual Report which can be found at www.concentricab.com.

Yours faithfully



David Woolley
President & CEO