First nine months of 2015: Solid results strengthened by currency gains

- **Net sales for the first nine months, excluding Alfdex: MSEK 1,802 (1,543) – down 5% year-on-year, after adjusting for currency (+17%) and acquisition of GKN Pumps (+5%)**
- **Operating income for first nine months: MSEK 298 (247), including income of MSEK 15 (nil) arising from negative goodwill and one-off expenses of MSEK 14, both associated with the acquisition of GKN Pumps – underlying operating margin of 16.5% (16.0)**
- **Earnings after tax for first nine months: MSEK 217 (177) – basic EPS of SEK 5.13 (4.08)**
- **Group's net debt at end of Q3: MSEK 451 (414) – gearing ratio of 53% (49), including own share buy-backs of MSEK 92 (98)**

Key Figures – Group	**Jul-Sep**			**Jan-Sep**			**Oct-Sep**	**Jan-Dec**
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**	**2014/15**	**2014**
Net sales	**559**	**520**	**8%**	**1,802**	**1,543**	**17%**	**2,337**	**2,078**
Operating income before items affecting comparability	93	86	8%	297	247	20%	383	333
Operating income	**93**	**86**	**8%**	**298**	**247**	**21%**	**384**	**333**
Earnings before tax	89	84	6%	287	233	23%	370	316
Net income for the period	**66**	**64**	**3%**	**217**	**177**	**23%**	**281**	**241**
Cash flow from operating activities	70	84	-17%	239	243	-2%	336	340
Net debt	**451**	**414**	**9%**	**451**	**414**	**9%**	**451**	**528**
Operating margin before items affecting comparability, %	16.6	16.4	0.2	16.5	16.0	0.5	16.4	16.0
Operating margin, %	**16.6**	**16.4**	**0.2**	**16.5**	**16.0**	**0.5**	**16.4**	**16.0**
Return on equity, %	32.9	28.8	4.1	32.9	28.8	4.1	32.9	29.6
Basic EPS before items affecting comparability, SEK	1.57	1.47	0.10	5.11	4.08	1.03	6.61	5.54
Basic EPS, SEK	**1.57**	**1.47**	**0.10**	**5.13**	**4.08**	**1.05**	**6.63**	**5.54**
Diluted EPS, SEK	1.57	1.46	0.11	5.11	4.07	1.04	6.61	5.53
Gearing ratio, %	**53**	**49**	**4**	**53**	**49**	**4**	**53**	**65**

Third quarter of 2015: Operations flexed to match lower market demand

- **Net sales for Q3, excluding Alfdex: MSEK 559 (520) – down 10% year-on-year, after adjusting for currency (+13%) and acquisition of GKN Pumps (+5%)**
- **Operating income for Q3: MSEK 93 (86) – operating margin of 16.6% (16.4)**
- **Earnings after tax for Q3: MSEK 66 (64) – basic EPS of SEK 1.57 (1.47)**
- **Solid cash flow from operating activities for Q3: MSEK 70 (84)**

President and CEO, David Woolley, comments on interim report for Q3 2015:

"The group's performance in the first nine months of 2015 was strengthened by significant translational currency gains derived from the relative weakness of the Swedish Krona. Underlying sales for the third quarter of 2015, excluding the impact of currency and the acquisition of GKN Pumps, were down 10% year-on-year as a result of a continued softening in demand across most of our end-markets, primarily in North America. The exception to this rule was the medium and heavy duty truck market where we continued to see modest growth. The softening in demand has particularly affected sales of our hydraulic product range but, similar to previous downturns, the group's flexibility has ensured that the underlying EBIT margin actually improved to 16.6% for the third quarter.

Looking forward, the orders received, and expected to be fulfilled during the fourth quarter of 2015, were broadly in line with the sales levels of the third quarter of 2015, taking into account the fewer working days in the fourth quarter. Despite these market headwinds, Concentric remains well positioned, both financially and operationally, to fully leverage our market opportunities."

Key business events in first nine months of 2015:

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 will leave his position as Senior Vice President of Europe and Rest of the World (RoW) on 30 October 2015 for personal reasons.

Net sales and operating income – Group

Key Figures – Group	**Jul-Sep**			**Jan-Sep**			**Oct-Sep**	**Jan-Dec**
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**	**2014/15**	**2014**
Net sales	559	520	8%	1,802	1,543	17%	2,337	2,078
Operating income before items affecting comparability	93	86	8%	297	247	20%	383	333
Operating income	93	86	8%	298	247	21%	384	333
Earnings before tax	89	84	6%	287	233	23%	370	316
Net income for the period	66	64	3%	217	177	23%	281	241
Operating margin before items affecting comparability, %	16.6	16.4	0.2	16.5	16.0	0.5	16.4	16.0
Operating margin, %	16.6	16.4	0.2	16.5	16.0	0.5	16.4	16.0
ROCE before items affecting comparability, %	29.0	26.5	2.5	29.0	26.5	2.5	29.0	27.1
ROCE, %	29.1	26.5	2.6	29.1	26.5	2.6	29.1	27.1

Sales for the first nine months were MSEK 1,802 (1,543), up 17% year-on-year in absolute terms. However, adjusting for the impact of currency (+17%) and the acquisition of GKN Pumps (+5%), sales for the first nine months were actually down 5%. The Group's average sales per working day for the first nine months, excluding the acquisition of GKN Pumps, increased year-on-year to MSEK 9.3 (8.3), due to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the first nine months amounted to MSEK 298 (247) and 16.5% (16.0%) respectively. This included the following one-off items associated with the acquisition of GKN Pumps:

- MSEK 15 (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, and
- 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 first nine months remained at 16.5% (16.0).

Sales for the third quarter were MSEK 559 (520), up 8% year-on-year in absolute terms. However, adjusting for the impact of currency (+13%) and the acquisition of GKN Pumps (+5%), sales for the third quarter were actually down 10%. The Group's average sales per working day for the third quarter, excluding the acquisition of GKN Pumps, increased year-on-year to MSEK 8.6 (8.2), due to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the third quarter amounted to MSEK 93 (86) and 16.6% (16.4%) respectively.

Net financial items

Net financial expenses incurred for the first nine months amounted to MSEK 11 (14), comprising net exchange gains of MSEK 3 (3), net income arising from other interest of MSEK 1 (expense 4) and net financial expenses in respect of net pension liabilities of MSEK 15 (13). Accordingly, consolidated income before taxation amounted to MSEK 287 (233) for the first nine months.

Net financial expenses incurred for the third quarter amounted to MSEK 4 (2), comprising net exchange gains of MSEK 0 (3), net income arising from other interest of MSEK 1 (expense 1) and net financial expenses in respect of net pension liabilities of MSEK 5 (5). Accordingly, consolidated income before taxation amounted to MSEK 89 (84) for the third quarter.

Taxes

Tax expenses for the first nine months amounted to MSEK 70 (56), with an effective tax rate for the first nine months of 24% (24%). Adjusting earnings before tax for MSEK 15 of negative goodwill which had no related tax entries, the underlying effective tax rate for the first nine months was actually 26%.

Tax expenses for the third quarter amounted to MSEK 23 (20), with an effective tax rate for the third quarter of 26% (24%).

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 first nine months amounted to MSEK 217 (177). The basic earnings per share before items affecting comparability for the first nine months amounted to SEK 5.11 (4.08). The reported basic and diluted earnings per share for the first nine months amounted to SEK 5.13 (4.08) and SEK 5.11 (4.07) respectively.

Earnings after taxation for the third quarter amounted to MSEK 66 (64). There were no items affecting comparability during the third quarter. The reported basic and diluted earnings per share for the third quarter amounted to SEK 1.57 (1.47) and SEK 1.57 (1.46) 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	Jul-Sep			Jan-Sep			Oct-Sep	Jan-Dec
Amounts in MSEK	2015	2014	Change	2015	2014	Change	2014/15	2014
External net sales	288	267	8%	952	775	23%	1,210	1,033
Operating income before items affecting comparability	39	41	-5%	130	118	10%	169	157
Operating income	39	41	-5%	133	118	13%	172	157
Operating margin before items affecting comparability, %	13.3	15.1	-1.8	13.6	15.2	-1.6	14.0	15.2
Operating margin, %	13.3	15.1	-1.8	13.9	15.2	-1.3	14.2	15.2
ROCE before items affecting comparability, %	47.9	49.4	-1.5	47.9	49.4	-1.5	47.9	49.9
ROCE, %	48.7	49.4	-0.7	48.7	49.4	-0.7	48.7	49.9

External sales were down 9% year-on-year for the first nine months, after adjusting for currency (+23%) 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 first nine months, 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 first nine months amounted to MSEK 133 (118) and 13.9% (15.2%) respectively. This included the following one-off items associated with the acquisition of GKN Pumps:

- MSEK 15 (nil) of income arising from the negative goodwill calculated from the surplus of net assets acquired compared to the purchase consideration,
- MSEK 11 (nil) of expenses relating to the Chivilcoy redundancy programme, and
- MSEK 1 (nil) of expenses relating to other post-acquisition integration costs.

  (Note: MSEK 2 (nil) of expenses relating to legal and advisory deal costs were not allocated for segmental reporting purposes, i.e. they remain at a corporate level).

Adjusting for the net effect of these items, the operating margin before items affecting comparability for the first nine months deteriorated to 13.6% (15.2). The regional results for the first nine months also included net sales derived from GKN Pumps for the eight months ended 30 September 2015 of MSEK 70 which generated an operating loss of MSEK 5. Therefore, the underlying operating margin for the first nine months, excluding the acquisition of GKN Pumps entirely, was actually 15.3% (15.2).

External sales were down 18% year-on-year for the third quarter, after adjusting for currency (+17%) 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 third quarter, excluding the acquisition of GKN Pumps, have remained flat year-on-year at MSEK 4.2 (4.2), supported by the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the third quarter amounted to MSEK 39 (41) and 13.3% (15.1%) respectively. The regional results for the third quarter also included net sales derived from GKN Pumps of MSEK 25 which generated an operating loss of MSEK 2. Therefore, the underlying operating margin for the third quarter, excluding the acquisition of GKN Pumps entirely, was 15.6% (15.1).

Net sales and operating income – Europe & RoW

Europe & RoW	**Jul-Sep**			**Jan-Sep**			**Oct-Sep**	**Jan-Dec**
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**	**2014/15**	**2014**
External net sales (including Alfdex)	318	293	9%	991	886	12%	1,308	1,203
Operating income	56	48	17%	171	133	29%	220	182
Operating margin, %	17.4	16.2	1.2	17.2	15.0	2.2	16.8	15.1
ROCE, %	22.4	22.6	-0.2	22.4	22.6	-0.2	22.4	20.0

External sales for the first nine months, including Concentric's 50% share of the revenues attributable to Alfdex, were up 3% year-on-year, after adjusting for the impact of currency (+9%). As a result, the average external sales per working day for the first nine months, including 50% of Alfdex, increased year-on-year to MSEK 5.3 (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 171 (133) for the first nine months. This increase in operating income year-on-year represented a drop-through rate of 36% based upon the higher external sales value. As a result, the operating margin for the first nine months improved to 17.2% (15.0).

External sales for the third quarter, including Concentric's 50% share of the revenues attributable to Alfdex, were up 2% year-on-year, after adjusting for the impact of currency (+7%). As a result, the average external sales per working day for the third quarter, including 50% of Alfdex, increased year-on-year to MSEK 5.1 (4.7), 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 56 (48) for the third quarter. This increase in operating income year-on-year represented a drop-through rate of 32% based upon the higher external sales value. As a result, the operating margin for the third quarter improved to 17.4% (16.2).

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	Q3-15 vs. Q3-14			YTD-15 vs. YTD-14			FY-15 vs. FY-14		
	North America	Europe	China/ India	North America	Europe	China/ India	North America	Europe	China/ India
Agricultural machinery									
Diesel engines	-12%	-13%	-4%	-11%	-15%	-4%	-10%	-11%	-3%
Construction equipment									
Diesel engines	-5%	-8%	-15%	-4%	-5%	-18%	-3%	-7%	-18%
Hydraulic equipment	-10%	-7%	n/a	-8%	-1%	n/a	-6%	-1%	n/a
Trucks									
Light vehicles	-6%	n/a	n/a	-6%	n/a	n/a	-6%	n/a	n/a
Medium/Heavy vehicles	2%	1%	-2%	7%	2%	-5%	5%	2%	-4%
Industrial Applications									
Other Off-highway	-3%	-8%	-1%	-2%	-3%	-3%	-1%	-2%	-2%
Hydraulic lift trucks	-6%	-4%	n/a	-2%	-1%	n/a	-3%	-4%	n/a

Based on Q3-15 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 third quarter appear broadly in line with Concentric's actual sales and order experience for the third quarter. As noted in previous quarters, movements in the market indices tend to lag our 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 end-markets for both the first nine months and the third quarter, with the exception of medium and heavy trucks which continued to show growth but at a reduced level compared to the previous two quarters. These indices were broadly consistent with Concentric's actual sales of engine products in North America.
- Market indices for hydraulic products, typically used later in the production cycle, were realigned this quarter as production volumes for construction equipment and lift trucks were also down year-on-year for both the first nine months and the third quarter. This realignment 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% and 24% for the first nine months and the third 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 down year-on-year in all end-markets for both the first nine months and the third quarter, with the exception of 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 were also down year-on-year based on production volumes for both the first nine months and the third quarter, in line with Concentric's actual sales experience.

Emerging end-markets

- Latest market indices for both India and China were down year-on-year across all end markets for both the first nine months and the third quarter. This was consistent with Concentric's sales although these markets only represent c. 5% of the group's total revenues.

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 first nine months was 187 (186) for the Group, with an average of 186 (188) working days for the Americas region and 188 (184) working days for the Europe & RoW region.

The weighted average number of working days in the third quarter was 62 (63) for the Group, with an average of 63 (64) working days for the Americas region and 62 (63) working days for the Europe & RoW region.

Consolidated sales development	**Q3-15 vs. Q3-14**			**YTD-15 vs. YTD-14**			**FY-15 vs. FY-14**		
	America	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**
Blended market rates 1)	-6%	-3%	**-4%**	-3%	-2%	**-2%**	-3%	-2%	**-2%**
Concentric actual rates 2)	-18%	2%	**-8%**	-9%	3%	**-3%**			

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 2% year-on-year for the first nine months and they predict that this will persist for the full year. These indices are broadly in line with Concentric's actual sales for the first nine months, including revenues attributable to Alfdex, which were down 3% year-on year, adjusting for currency and the acquisition of GKN Pumps.

Cash flow

The reported cash inflow from operating activities for the first nine months amounted to MSEK 239 (243), which represents SEK 5.66 (5.60) per share. In addition, the group received a dividend of MSEK 12 (12) in the first nine months from its 50% ownership in Alfdex AB.

The reported cash inflow from operating activities for the third quarter amounted to MSEK 70 (84), which represents SEK 1.47 (1.94) per share.

Net investments in fixed assets

The Group's net investments in tangible fixed assets amounted to MSEK 13 (15) for the first nine months, 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 5 (6) for the third 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 30 September, 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 further review of the actuarial assumptions used to value the Group's defined benefit pension plans, no further actuarial gains or losses have been recognised in net pension liabilities during the third quarter. The cumulative net actuarial gains recognised in the first nine months amounted to MSEK 100 (nil), largely related to movements in the respective discount and inflation rates applied. These gains partially offset MSEK 127 of actuarial losses that were recognised as part of the year-end valuation undertaken at 31 December 2014.

As a result, the Group's net debt at 30 September was MSEK 451 (414), comprising bank loans and corporate bonds of MSEK 188 (186) and net pension liabilities of MSEK 487 (419), net of cash amounting to MSEK 224 (191).

Shareholders' equity amounted to MSEK 944 (841), resulting in a gearing ratio of 53% (49) at the end of the third quarter.

Employees

The average number of full-time equivalents employed by the group during the first nine months and the third quarter of 2015 was 1,097 (1,040) and 1,090 (1,032) respectively.

Parent Company

Net sales for the first nine months amounted to MSEK 19 (20), generating an operating income of MSEK 3 (8). The deterioration reflects the remuneration from subsidiaries in the current period for services rendered.

During the first nine months, the company received intra-group dividends of MSEK 116 (nil) 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 first nine months was MSEK 47 (58). Interest expenses for the first nine months amounted to MSEK 1 (4).

Net sales for the third quarter amounted to MSEK 5 (6), generating an operating loss of MSEK 2 (income 1). The deterioration reflects the remuneration from subsidiaries in the current period for services rendered.

During the third quarter, the company received intra-group dividends of MSEK 17 (nil) from subsidiary undertakings.

The cumulative net exchange rate loss for the third quarter was MSEK 10 (38). Interest expenses for the third quarter amounted to MSEK 0 (1).

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.

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**	**Adjustments**	**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	34
Total current liabilities assumed	**27**	**8**	**35**
Net assets acquired	**45**	**-10**	**35**
Negative goodwill arising on acquisition	**-25**	**10**	**-15**

Concentric have recognised MSEK 15 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; and
4) Additional 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 eight months ended 30 September 2015 (included in Concentric's consolidated results) of MSEK 70 generated a loss at both an EBIT and net income level of MSEK 5. In addition, the following one-off items associated with the acquisition of GKN Pumps were recognised in Concentric's consolidated results for the first nine months:

- MSEK 15 (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, and
- MSEK 1 (nil) of expenses relating to other post-acquisition integration costs.

The net sales of GKN Pumps for the third quarter (included in Concentric's consolidated results) of MSEK 25 generated a loss at both an EBIT and net income level of MSEK 2.

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 the first nine months of 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.

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 first nine months, 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 515,508 (517,388) ordinary shares for a total consideration of MSEK 50 (48) during the third quarter, taking the total own share buybacks to 886,612 (1,034,635) ordinary shares for a total consideration of MSEK 92 (98) for the first nine months. Consequently the company's total holdings of own shares at the end of the third quarter was 1,189,693 (1,293,930), which represented 2.8% (2.9) 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 23 October, 2015.

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

Interim Report January-December 2015	10 February, 2016
Annual Report January-December 2015	16 March, 2016
Annual General Meeting 2016	6 April, 2016
Interim Report January-March 2016	26 April, 2016

Stockholm, 23 October, 2015

Concentric AB (publ)

David Woolley

President and CEO

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Corporate Registration Number 556828-4995

This Interim Report has not been audited.

Consolidated Income Statement, in summary

Amounts in MSEK	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Oct-Sep 2014/15	Full year 2014
Net sales	559	520	1,802	1,543	2,337	2,078
Cost of goods sold	-403	-379	-1,309	-1,122	-1,697	-1,510
Gross income	**156**	**141**	**493**	**421**	**640**	**568**
Selling expenses	-11	-18	-55	-50	-87	-82
Administrative expenses	-40	-31	-114	-87	-143	-116
Product development expenses	-13	-10	-38	-45	-51	-58
Share of profit in joint venture, net of interest and tax	2	3	12	6	18	12
Other operating income and expenses	-1	1	0	2	7	9
Operating income	**93**	**86**	**298**	**247**	**384**	**333**
Financial income and expense	-4	-2	-11	-14	-14	-17
Earnings before tax	**89**	**84**	**287**	**233**	**370**	**316**
Taxes	-23	-20	-70	-56	-89	-75
Net income for the period	**66**	**64**	**217**	**177**	**281**	**241**
Basic earnings per share before items affecting comparability, SEK	1.57	1.47	5.11	4.08	6.61	5.54
Basic earnings per share, SEK	1.57	1.47	5.13	4.08	6.63	5.54
Diluted earnings per share, SEK	1.57	1.46	5.11	4.07	6.61	5.53
Basic average number of shares (000)	41,973	43,259	42,246	43,379	42,358	43,421
Diluted average number of shares (000)	42,122	43,360	42,401	43,474	42,498	43,523

Consolidated statement of comprehensive income

Amounts in MSEK	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Oct-Sep 2014/15	Full year 2014
Net income for the period	**66**	**64**	**217**	**177**	**281**	**241**
Other comprehensive income						
Items that will not be reclassified to the income statement:						
Actuarial gains/losses	-	-	100	-	-27	-127
Tax on actuarial gains/losses	-	-	-21	-	12	33
Items that may be reclassified subsequently to the income statement:						
Exchange rate differences related to liabilities to foreign operations	-9	-39	-46	-59	-95	-108
Tax arising from exchange rate differences related to liabilities to foreign operations	2	9	10	13	21	24
Cash-flow hedging	-3	0	-4	5	-5	4
Tax arising from cash-flow hedging	1	-1	1	-2	1	-2
Foreign currency translation differences	7	73	85	142	174	231
Total other comprehensive income	***-2***	***42***	***125***	***99***	***81***	***55***
Total comprehensive income	**64**	**106**	**342**	**276**	**362**	**296**

Consolidated Balance Sheet, in summary 1)

Amounts in MSEK	30 Sep 2015	30 Sep 2014	31 Dec 2014
Goodwill	643	585	612
Other intangible fixed assets	321	329	335
Tangible fixed assets	195	184	194
Share of net assets in joint venture	26	20	26
Deferred tax assets	164	138	165
Long-term receivables	4	3	4
Total fixed assets	**1,353**	**1,259**	**1,336**
Inventories	232	217	222
Current receivables	332	299	273
Cash and cash equivalents	224	191	235
Total current assets	**788**	**707**	**730**
Total assets	**2,141**	**1,966**	**2,066**
Total Shareholders' equity	**944**	**841**	**811**
Pensions and similar obligations	487	419	568
Deferred tax liabilities	56	92	64
Long-term interest-bearing liabilities	177	178	3
Other long-term liabilities	12	4	5
Total long-term liabilities	**732**	**693**	**640**
Short-term interest-bearing liabilities	11	8	192
Other current liabilities	454	424	423
Total current liabilities	**465**	**432**	**615**
Total equity and liabilities	**2,141**	**1,966**	**2,066**

1) The carrying amount of financial assets and financial liabilities are considered reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 30 September, 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.

Consolidated changes in shareholders' equity, in summary

Amounts in MSEK	30 Sep 2015	30 Sep 2014	31 Dec 2014
Opening balance	**811**	**783**	**783**
Net income for the period	217	177	241
Other comprehensive loss/income	125	99	55
Total comprehensive income	**342**	**276**	**296**
Dividend	-127	-121	-121
Own share buy-backs	-92	-98	-148
Sale of own shares to satisfy LTI 2012 options exercised	8	-	-
Long-term incentive plan	2	1	1
Closing balance	**944**	**841**	**811**

Consolidated cash flow statement, in summary

Amounts in MSEK	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Oct-Sep 2014/15	Full year 2014
Earnings before tax	89	84	287	233	370	316
Reversal of depreciation, amortization and fixed asset write-downs	22	20	51	67	67	83
Reversal of share of profit in joint venture	-2	-3	-12	-6	-18	-12
Reversal of other non-cash items	-1	5	19	10	26	17
Taxes paid	-33	-39	-68	-69	-98	-99
Cash flow from operating activities before changes in working capital	*75*	*67*	*277*	*235*	*347*	*305*
Change in working capital	-5	17	-38	8	-11	35
Cash flow from operating activities	***70***	***84***	***239***	***243***	***336***	***340***
Investments in subsidiaries 1)	-	-	-10	-	-10	-
Investments in property, plant and equipment	-5	-6	-13	-15	-23	-25
Cash flow from investing activities	***-5***	***-6***	***-23***	***-15***	***-33***	***-25***
Dividends paid	-	-	-127	-121	-127	-121
Dividends received from joint venture	-	-	12	12	12	12
Buy back of own shares	-50	-48	-92	-98	-142	-148
New loans received	5	2	188	9	195	16
Repayment of loans	-1	-1	-195	-19	-195	-19
Pension payments and other cash flows from financing activities	-12	-9	-21	-28	-32	-39
Cash flow from financing activities	***-58***	***-56***	***-235***	***-245***	***-289***	***-299***
Cash flow for the period	**7**	**22**	**-19**	**-17**	**14**	**16**
Cash and bank assets, opening balance	217	161	235	193	191	193
Exchange-rate difference in cash and bank assets	-	8	8	15	19	26
Cash and bank assets, closing balance	**224**	**191**	**224**	**191**	**224**	**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

	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Oct-Sep 2014/15	Full year 2014
Basic earnings per share before items affecting comparability, SEK	1.57	1.47	5.11	4.08	6.61	5.54
Basic earnings per share, SEK	1.57	1.47	5.13	4.08	6.63	5.54
Diluted earnings per share, SEK	1.57	1.46	5.11	4.07	6.61	5.53
Equity per share, SEK	22.65	19.59	22.65	19.59	22.65	19.13
Cash-flow from current operations per share, SEK	1.47	1.94	5.66	5.60	7.94	7.83
Basic weighted average no. of shares (000's)	41,973	43,259	42,246	43,379	42,358	43,421
Diluted weighted average no. of shares (000's)	42,122	43,360	42,401	43,474	42,498	43,523
Number of shares at period-end (000's)	41,663	42,922	41,663	42,922	41,663	42,392

Key figures

	Jul-Sep		Jan-Sep		Oct-Sep	Full year
	2015	**2014**	**2015**	**2014**	**2014/15**	**2014**
Sales growth, %	8	5	17	11	n/a	12
Sales growth, constant currency, % 1)	-10	-3	-5	3	n/a	3
EBITDA margin, %	20.6	20.3	19.4	20.3	19.3	20.0
Operating margin before items affecting comparability, %	16.6	16.4	16.5	16.0	16.4	16.0
Operating margin, %	16.6	16.4	16.5	16.0	16.4	16.0
Capital Employed, MSEK	1,336	1,244	1,336	1,244	1,336	1,278
ROCE before items affecting comparability, %	29.0	26.5	29.0	26.5	29.0	27.1
ROCE, %	29.1	26.5	29.1	26.5	29.1	27.1
ROE, %	32.9	28.8	32.9	28.8	32.9	29.6
Working Capital, MSEK	109	92	109	92	89	72
Working capital as a % of annual sales	4.7	4.6	4.7	4.6	4.7	3.5
Net Debt, MSEK	451	414	451	414	451	528
Gearing ratio, %	53	49	53	49	53	65
Net investments in PPE	5	6	13	15	23	25
R&D, %	2.2	2.1	2.1	2.9	2.2	2.8
Number of employees, average	1,090	1,032	1,097	1,040	1,050	1,036

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

Consolidated income statement in summary, by type of cost

	Jul-Sep		Jan-Sep		Oct-Sep	Full year
Amounts in MSEK	**2015**	**2014**	**2015**	**2014**	**2014/15**	**2014**
Net sales	559	520	1,802	1,543	2,337	2,078
Direct material costs	-278	-273	-919	-812	-1,202	-1,095
Personnel costs	-118	-103	-371	-296	-474	-399
Depreciation, amortization and impairment losses	-22	-20	-51	-67	-68	-84
Share of profit in joint venture, net of tax	2	3	12	6	18	12
Other operating costs, net	-50	-41	-175	-127	-227	-179
Operating income	**93**	**86**	**298**	**247**	**384**	**333**
Financial income and expense	-4	-2	-11	-14	-14	-17
Earnings before tax	**89**	**84**	**287**	**233**	**370**	**316**
Taxes	-23	-20	-70	-56	-89	-75
Net income for the period	**66**	**64**	**217**	**177**	**281**	**241**

Consolidated Income Statement in summary, per quarter

Amounts in MSEK	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Net sales	559	620	623	535	520	527	496	468
Cost of goods sold	-403	-455	-451	-388	-379	-381	-361	-347
Gross income	**156**	**165**	**172**	**147**	**141**	**146**	**135**	**121**
Selling expenses	-11	-21	-23	-32	-18	-18	-14	-12
Administrative expenses	-40	-37	-37	-29	-31	-27	-29	-25
Product development expenses	-13	-13	-12	-13	-10	-17	-18	-17
Share of net income from joint venture	2	5	5	6	3	-	3	5
Other operating income and expenses 1)	-1	-11	12	7	1	-	-	1
Operating income	**93**	**88**	**117**	**86**	**86**	**84**	**77**	**73**
Financial income and expense	-4	-4	-3	-3	-2	-5	-7	-12
Earnings before tax	**89**	**84**	**114**	**83**	**84**	**79**	**70**	**61**
Taxes	-23	-22	-25	-19	-20	-19	-17	-15
Net income for the period	**66**	**62**	**89**	**64**	**64**	**60**	**53**	**46**

1) Other operating income and expenses per quarter

Amounts in MSEK	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Tooling income	4	3	3	7	11	3	2	4
Royalty income from joint venture	6	7	6	5	5	6	6	5
Amortisation of surplus acquisition values	-10	-10	-9	-9	-8	-8	-8	-8
Negative goodwill	-	-	15	-	-	-	-	-
Acquisition-related expenses	-	-2	-	-	-2	-	-	-1
Restructuring expenses	-	-12	-	-	-	-	-	-
Other	-1	3	-3	4	-5	-1	-	1
Other operating income and expenses	**-1**	**-11**	**12**	**7**	**1**	**0**	**0**	**1**

Key figures by quarter

	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Basic EPS before items affecting comparability, SEK	1.57	1.78	1.75	1.49	1.47	1.39	1.20	1.04
Basic EPS, SEK	1.57	1.45	2.10	1.49	1.47	1.39	1.20	1.04
Diluted EPS, SEK	1.57	1.44	2.10	1.49	1.46	1.38	1.20	1.04
Operating margin before items affecting comparability, %	16.6	16.5	16.3	16.1	16.4	16.0	15.5	15.6
Operating margin, %	16.6	14.2	18.8	16.1	16.4	16.0	15.5	15.6
ROCE before items affecting comparability, %	29.0	28.9	28.2	27.1	26.5	26.0	26.0	25.0
ROCE, %	29.1	29.0	29.3	27.1	26.5	26.0	26.0	25.0
ROE, %	32.9	33.8	34.4	29.6	28.8	28.8	27.7	27.2
Equity per share, SEK	22.65	22.02	17.64	19.13	19.59	18.01	19.29	17.80
Cash-flow per share, SEK	1.47	2.69	1.49	2.27	1.94	2.15	1.47	1.82
Net investments in PPE	5	7	1	10	6	4	5	15
R&D, %	2.2	2.1	1.9	2.3	2.1	3.2	3.6	3.7
Number of employees, average	1,090	1,138	1,079	1,023	1,032	1,046	1,046	1,053

Segment reporting

Amounts in MSEK	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Americas								
External net sales	288	333	331	258	267	261	246	231
Operating income before items affecting comparability	39	46	45	39	41	39	38	35
Operating income	39	34	60	39	41	39	38	35
Operating margin before items affecting comparability, %	13.3	13.9	13.6	15.2	15.1	15.1	15.3	15.3
Operating margin, %	13.3	10.3	18.2	15.2	15.1	15.1	15.3	15.3
Assets	680	703	736	565	562	533	522	494
Liabilities	350	373	392	286	283	290	270	250
Capital employed	399	337	377	334	318	294	315	309
ROCE before items affecting comparability, %	47.9	52.2	50.1	49.9	49.4	47.1	45.2	40.9
ROCE, %	48.7	52.4	54.7	49.9	49.4	47.1	45.2	40.9
Net investments in PPE	0	4	0	0	0	-	-	2
Depreciation, goodwill and fixed asset write-downs	7	7	-8	5	6	6	5	6
Number of employees, average	420	442	377	308	310	315	317	326
Europe & RoW								
External net sales (including Alfdex)	318	334	339	317	293	305	289	272
Operating income	56	58	58	49	48	45	40	40
Operating margin, %	17.4	17.3	17.0	15.5	16.2	14.7	14.0	14.6
Assets	1,396	1,424	1,517	1,397	1,356	1,314	1,258	1,258
Liabilities	629	665	891	733	631	611	584	601
Capital employed	948	1,026	1,056	959	908	914	878	886
ROCE, %	22.4	21.8	21.1	20.0	22.6	19.0	19.0	19.0
Net investments in PPE	5	3	1	10	6	4	5	14
Depreciation, goodwill and fixed asset write-downs	15	15	15	12	14	18	18	20
Number of employees, average	731	755	759	773	782	787	781	776
Eliminations and unallocated items								
Elimination of sales	-47	-47	-47	-41	-40	-39	-39	-35
Operating income	-2	-4	-1	-2	-3	-	-1	-2
Net investments in PPE	0	0	0	0	0	-	-	-1
Depreciation, goodwill and fixed asset write-downs	0	0	0	-1	0	-	-	-1
Number of employees, average	-61	-59	-57	-58	-60	-56	-52	-49
Group								
Net sales	559	620	623	535	520	527	496	468
Operating income before items affecting comparability	93	102	102	86	86	84	77	73
Operating income	93	88	117	86	86	84	77	73
Operating margin before items affecting comparability, %	16.6	16.5	16.3	16.1	16.4	16.0	15.5	15.6
Operating margin, %	16.6	14.2	18.8	16.1	16.4	16.0	15.5	15.6
Assets	2,141	2,179	2,354	2,066	1,966	1,900	1,917	1,869
Liabilities	1,197	1,250	1,606	1,255	1,125	1,118	1,069	1,086
Capital employed	1,336	1,344	1,397	1,278	1,244	1,230	1,202	1,194
ROCE before items affecting comparability, %	29.0	28.9	28.2	27.1	26.5	26.0	26.0	25.0
ROCE, %	29.1	29.0	29.3	27.1	26.5	26.0	26.0	25.0
Net investments in PPE	5	7	1	10	6	4	5	15
Depreciation, goodwill and fixed asset write-downs	22	22	7	16	20	24	23	25
Number of employees, average	1,090	1,138	1,079	1,023	1,032	1,046	1,046	1,053

Operating income per operating segment

Amounts in MSEK	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Americas	39	34	60	39	41	39	38	35
Europe & RoW	56	58	58	49	48	45	40	40
Eliminations and unallocated items	-2	-4	-1	-2	-3	-	-1	-2
Total operating income	**93**	**88**	**117**	**86**	**86**	**84**	**77**	**73**
Financial income and expenses	-4	-4	-3	-3	-2	-5	-7	-12
Earnings before tax	**89**	**84**	**114**	**83**	**84**	**79**	**70**	**61**

Sales by geographic location of customer

Amounts in MSEK	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
USA	268	301	309	246	251	232	213	211
Rest of North America	5	6	5	17	16	28	29	24
South America	21	22	17	0	1	0	2	2
Germany	88	96	98	86	82	86	89	76
UK	45	40	45	45	49	44	40	39
Sweden	23	32	26	27	20	24	24	23
Rest of Europe	81	83	84	76	70	83	70	57
Asia	28	36	39	37	31	29	27	35
Other	0	4	0	1	0	1	2	1
Total Group	**559**	**620**	**623**	**535**	**520**	**527**	**496**	**468**

Sales by product groups (including Alfdex)

Amounts in MSEK	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Concentric branded Engine products	317	334	333	285	263	263	249	235
LICOS branded Engine products	37	42	38	27	36	36	29	33
Alfdex branded Engine products	47	47	47	41	40	39	39	35
Total Engine products	401	423	418	353	339	338	317	303
Total Hydraulics products	205	244	252	223	221	228	218	200
Eliminations	-47	-47	-47	-41	-40	-39	-39	-35
Total Group	**559**	**620**	**623**	**535**	**520**	**527**	**496**	**468**

Tangible assets by operating location

Amounts in MSEK	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
USA	46	47	51	48	46	47	48	51
South America	19	19	20	-	-	-	-	-
Germany	46	49	52	55	50	51	53	52
UK	63	67	66	65	64	62	57	57
Sweden	0	0	0	3	1	1	1	1
Other	21	22	24	23	23	23	23	24
Total Group	**195**	**204**	**213**	**194**	**184**	**184**	**182**	**185**

Parent Company's income statement, in summary

Amounts in MSEK	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Oct-Sep 2014/15	Full year 2014
Net sales	5	6	19	20	27	28
Operating costs	-7	-5	-16	-12	-25	-21
Operating income	**-2**	**1**	**3**	**8**	**2**	**7**
Income from shares in subsidiaries	17	-	116	-	129	13
Income from shares in joint venture	-	0	12	12	12	12
Net foreign exchange rate differences	-10	-38	-47	-58	-97	-108
Other financial income and expense	0	-1	-1	-4	-8	-11
Earnings before tax	**5**	**-38**	**83**	**-42**	**38**	**-87**
Taxes	3	8	10	12	19	21
Net income for the period 1)	**8**	**-30**	**93**	**-30**	**57**	**-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	30 Sep 2015	30 Sep 2014	31 Dec 2014
Shares in subsidiaries	2,415	2,395	2,395
Shares in joint venture	10	10	10
Long-term loans receivable from subsidiaries	31	50	52
Deferred tax assets	30	12	20
Total financial fixed assets	**2,486**	**2,467**	**2,477**
Other current receivables	4	1	1
Short-term receivables from subsidiaries	77	65	63
Cash and cash equivalents	83	85	118
Total current assets	**164**	**151**	**182**
Total assets	**2,650**	**2,618**	**2,659**
Total Shareholders' equity	**1,330**	**1,534**	**1,448**
Pensions and similar obligations	18	19	18
Long-term interest-bearing liabilities	175	175	-
Long-term loans payable to subsidiaries	1,094	835	976
Total long-term liabilities	**1,287**	**1,029**	**994**
Short-term loans	-	-	175
Short-term loans payable to joint venture	10	7	8
Short-term loans payable to subsidiaries	17	39	28
Other current liabilities	6	9	6
Total current liabilities	**33**	**55**	**217**
Total equity and liabilities	**2,650**	**2,618**	**2,659**

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

Amounts in MSEK	**30 Sep 2015**	**30 Sep 2014**	**31 Dec 2014**
Opening balance	1,448	1,783	1,783
Net income/loss for the period 1)	93	-30	-66
Dividend	-127	-121	-121
Sale of own shares to satisfy LTI 2012 options exercised	8	-	-
Buy-back of own shares	-92	-98	-148
Closing balance	**1,330**	**1,534**	**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