

## **Interim Report April 1 – December 31, 2003 (9 months)**

- Net revenues amounted to MSEK 1 607 (1 674).
  - Income after financial items amounted to MSEK 57 (66).
  - Income after financial items, not including items affecting comparability, amounted to MSEK 64 (63).
  - Income after taxes amounted to MSEK 37 (45).
  - Earnings per share amounted to SEK 1.45 (1.69).
  - The acquisition of Stig Wahlström AB increases the Group's revenues by MSEK 100 and strengthens the Group's offer to the special vehicles customer segment.
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### **ADDTECH GROUP**

#### **NET REVENUES AND RESULT**

##### **Nine months 2003/2004 (April – December)**

Net revenues of the Addtech Group for the first nine months of the financial year amounted to MSEK 1 607 (1 674). Most of the Group's business is stable, but at a low level. Market demand for investment-type goods remains weak. Changes in exchange rates have had a negative effect on net revenues. All cost-containment action taken has been significant in counteracting the effects of lower net revenues. The full effect of action taken will be seen during the next financial year. MSEK 544 (577) of net revenues (October – December) were attributable to the third quarter.

Foreign currency effects due to translation of data from foreign units affected net revenues by MSEK –12 and operating income by MSEK –1.

Operating income, not including item affecting comparability, amounted to MSEK 66 (67) for the first nine months of the year; MSEK 64 (63) after financial items and not including items affecting comparability. The operating margin increased to 4.1 percent (4.0). The sale during the quarter of subsidiary Laserstans, together with the previous sale of subsidiary EnvoControl AB, entailed a net cost affecting comparability of MSEK –7. During the preceding year there were also items affecting comparability of MSEK 3, net. During the third quarter (October – December) the operating income, not including items affecting comparability, amounted to MSEK 17 (20) and income after financial items and not including items affecting comparability was MSEK 17 (20).

The financial net improved to MSEK –2 MSEK (–4) during the period due to a lower financial net liability.

Income after taxes amounted to MSEK 37 (45), or SEK 1.45 per share (1.69). Not including items affecting comparability, earnings per share amounted to SEK 1.67 SEK (1.62). The effective tax rate was 32 percent (31).

## BUSINESS AREAS

Net revenues and operating income by business area* (MSEK)	Net revenues		Operating income		Net revenues		Operating income	
	3 months ending Dec. 31 2003	3 months ending Dec. 31 2002	3 months ending Dec. 31 2003	3 months ending Dec. 31 2002	9 months ending Dec. 31 2003	9 months ending Dec. 31 2002	9 months ending Dec. 31 2003	9 months ending Dec. 31 2002
Equipment	176	221	5	5	525	622	17	10
Transmission	204	207	6	5	622	634	25	31
Components	164	150	8	12	461	420	27	29
Parent Company and consolidation eliminations	0	-1	-2	-2	-1	-2	-3	-3
Group total	544	577	17	20	1 607	1 674	66	67

\*Not including items affecting comparability. Income including items affecting comparability shown in note on page 7.

### Addtech Equipment

*Addtech Equipment markets equipment, materials and components for use primarily in the vehicle industry, the engineering industry and the electronics and telecom sector.*

Addtech Equipment's net revenues declined, adjusted for divested subsidiary EnvoControl, declined by 14 percent to MSEK 525 (622). Operating income improved to MSEK 17 (10).

The business situation for materials and supplies is stable, while demand for investment-type goods continues to be weak. An increase in the proportion of material and supplies, which together with adapting overhead to the current market situation resulted in the improvement in earnings achieved.

	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
<b>EQUIPMENT</b>						
Net revenues, MSEK	176	221	525	622	737	834
Operating income, MSEK	5	5	17	10	24	17
Operating margin, %	2.9	2.1	3.3	1.6	3.3	2.0

### Addtech Transmission

*Addtech Transmission is focused on components and sub-systems based on mechanics, electro-mechanics and hydraulics for customers in the manufacturing industry.*

Addtech Transmission's net revenues declined by 2 percent to MSEK 622 (634). Operating income amounted to MSEK 25 (31).

Demand continued to be good for replacement components from the aftermarket for use in connection with maintenance and service work in industry. Demand from machinery builders for components was lower, however, as a result of a weaker economy than at the beginning of the year. The primary reason for the change in income was lower net revenues.

	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
<b>TRANSMISSION</b>						
Net revenues, MSEK	204	207	622	634	847	859
Operating income, MSEK	6	5	25	31	32	38
Operating margin, %	2.8	2.5	4.0	4.9	3.7	4.4

### Addtech Components

*Addtech Components is focused on electronic and electromechanical components and sub-systems. Important market segments include the vehicle and the electronics industries.*

Addtech Component's net revenues increased by 10 percent to MSEK 461 (420). Adjusted for acquired units revenues declined by 3 percent, primarily due to changes in foreign exchange rates. Operating income amounted to MSEK 27 (29).

The market situation for the business of the business area is stable in Sweden, while it is somewhat lower in Denmark and Finland compared to the preceding year. Sales for special vehicles and medical/technical applications saw a continued good development. The change in income is due, in part, to the negative effect of foreign exchange rate changes and, in part, lower revenue from commission sales.

COMPONENTS	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
Net revenues, MSEK	164	150	461	420	626	585
Operating income, MSEK	8	12	27	29	39	41
Operating margin, %	4.8	8.4	5.7	7.0	6.0	6.9

## PROFITABILITY

The return on capital employed was 18 percent (18 percent during the past year) and the return on equity was 13 percent (15).

## FINANCIAL POSITION AND CASH FLOW

The equity ratio at the end of the year stood at 43 percent, as compared with 44 percent at the beginning of the financial year. Shareholders' equity per share amounted to SEK 16.00 SEK (SEK 16.80 at the beginning of the financial year).

The Group's net financial liabilities at the end of the period amounted to MSEK 2, compared to MSEK 4 at the beginning of the year.

Cash flow from current operations amounted to MSEK 104 (128). Investments in fixed assets amounted to MSEK 15 (20) and disposals of fixed assets amounted to MSEK 6 (22).

## ACQUISITIONS AND DIVESTITURES

Stig Wahlström AB, with annual revenues of MSEK 100, is consolidated from December 2003. The company strengthens the Group's offer to customer segment special vehicles.

In December the business in Laserstans, a subsidiary in the Group, was sold. The reason for the sale that the company's business fell outside the scope of the Group's core business. The sale entailed a cost affecting comparability of MSEK -8. The sale of EnvoControl AB was reported during the preceding reporting period.

## EMPLOYEES

The number of employees at the end of the period was 978, which can be compared to 1 035 at the beginning of the financial year. The average number of employees during the period was 1 003, which can be compared to 1 072 during the preceding financial year.

## DISTRIBUTION OF SHARES

The share capital at the end of the period was MSEK 53.0. The distribution on classes of shares is as follows:

Classes of shares	Shares outstanding
Class A shares	1 106 502
Class B shares	25 407 730
Total number of shares outstanding before repurchases	26 514 232
Class B shares repurchased	1 231 400
Total number of shares after repurchases	25 282 832

Since the previous report, 500 000 shares have been repurchased at a price of SEK 38.60 per share. The average purchase price for repurchased shares amounts to SEK 34.95. The most recent paid price for the Addtech share February 4, 2004 was SEK 39.00. Addtech's holding of shares in treasury amounts to 1 231 400. 700 000 of these secure undertakings to holders of personnel options.

## ACCOUNTING PRINCIPLES

With the exception of new recommendations of the Swedish Financial Accounting Standards Council issued in 2003, which have no bearing on the Group's reported result or financial position, the same accounting principles have been applied as in the Annual Report for the 2002/2003 financial year.

## **NOMINATION COMMITTEE FOR APPOINTMENT OF DIRECTORS**

The regularly scheduled Annual General Meeting held 2003 resolved to authorize the Chairman of the Board of Directors to appoint directors among representatives of major shareholders, who together with the Chairman would constitute a nomination committee for candidates for directors ahead of upcoming election of directors. In accordance herewith, the following persons have been appointed as members of the nomination committee: Anders Börjesson, Chairman, Tom Hedelius, Marianne Nilsson, Robur, and Pär Stenberg.

## **PARENT COMPANY**

The Parent Company's net revenues amounted to MSEK 18 (20) and income after financial items was MSEK 1 (1). The net investment in tangible fixed assets was MSEK 1 (0). The Parent Company's net assets at the end of the period amounted to MSEK 80, as compared with MSEK 5 at the beginning of the financial year.

Stockholm, February 5, 2004

Roger Bergqvist  
President

This report has not been subject to review by the Company's auditors.

A financial report for the financial year April 1, 2003 – March 31, 2004 will be published May 12, 2004.

*For further information, contact:*

*Roger Bergqvist, President, +46 8 470 49 04*

*Kennet Göransson, CFO, +46 8 470 49 10*

### ***Value Adding Tech Provider***

Addtech is a technology trading group where business acumen is combined with competence at the cutting edge. Based on high-technology industrial components and systems, Addtech together with its customers and suppliers creates solutions that lead to better products as well as optimized production processes. Addtech provides technical as well as economic added value to the customer.

Addtech AB (publ) ● P.O. Box 602 ● Gamla Brogatan 11 ● SE-101 32 Stockholm, Sweden  
Telephone +46-8-470 49 00 ● Fax +46-8-470 49 01 ● [info@addtech.com](mailto:info@addtech.com) ● [www.addtech.com](http://www.addtech.com)  
Organization number 556302-9726

## Business areas

Quarterly data	2003/2004				2002/2003			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	
<b>Net revenues by business area (MSEK)</b>								
Equipment	176	162	187	212	221	198	203	
Transmission	204	199	219	225	207	204	223	
Components	164	140	157	165	150	131	139	
Parent Company and consolidation eliminations	0	-1	0	-1	-1	-1	0	
<b>Addtech Group</b>	<b>544</b>	<b>500</b>	<b>563</b>	<b>601</b>	<b>577</b>	<b>532</b>	<b>565</b>	

Income by business area* (MSEK)	2003/2004				2002/2003			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	
Equipment	5	7	5	7	5	3	2	
Transmission	6	8	11	7	5	10	16	
Components	8	9	10	12	12	10	7	
Parent Company and consolidation eliminations	-2	-1	0	1	-2	-1	0	
<b>Operating income</b>	<b>17</b>	<b>23</b>	<b>26</b>	<b>27</b>	<b>20</b>	<b>22</b>	<b>25</b>	
- in % of net revenues	3.0	4.7	4.6	4.4	3.5	4.2	4.4	
Financial income and expense	0	-1	-1	-1	0	-2	-2	
<b>Income after financial item</b>	<b>17</b>	<b>22</b>	<b>25</b>	<b>26</b>	<b>20</b>	<b>20</b>	<b>23</b>	
- in % of net revenues	2.9	4.7	4.4	4.2	3.4	4.0	3.9	

Net revenues by business area	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
MSEK						
Equipment	176	221	525	622	737	834
Transmission	204	207	622	634	847	859
Components	164	150	461	420	626	585
Parent Company and consolidation eliminations	0	-1	-1	-2	-2	-3
<b>Addtech Group</b>	<b>544</b>	<b>577</b>	<b>1 607</b>	<b>1 674</b>	<b>2 208</b>	<b>2 275</b>

Income by business area*	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
MSEK						
Equipment	5	5	17	10	24	17
Transmission	6	5	25	31	32	38
Components	8	12	27	29	39	41
Parent Company and consolidation eliminations	-2	-2	-3	-3	-2	-2
<b>Operating income</b>	<b>17</b>	<b>20</b>	<b>66</b>	<b>67</b>	<b>93</b>	<b>94</b>
- in % of net revenues	3.0	3.5	4.1	4.0	4.2	4.1
Financial income and expense	0	0	-2	-4	-3	-5
<b>Income after financial items</b>	<b>17</b>	<b>20</b>	<b>64</b>	<b>63</b>	<b>90</b>	<b>89</b>
- in % of net revenues	2.9	3.4	4.0	3.8	4.1	3.9

\*All income data in the business area compilation refer to income not including items affecting comparability.

## GROUP SUMMARY

STATEMENT OF INCOME	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
MSEK						
Net revenues (Note – see page 7)	544	577	1 607	1 674	2 208	2 275
Cost of goods sold	-375	-398	-1 102	-1 156	-1 517	-1 571
<b>Gross income</b>	<b>169</b>	<b>179</b>	<b>505</b>	<b>518</b>	<b>691</b>	<b>704</b>
Selling expenses	-100	-106	-285	-295	-392	-402
Administrative expenses	-53	-55	-158	-160	-215	-217
Items affecting comparability	-8	-	-7	3	-6	4
Other operating income and expenses	1	2	4	4	9	9
<b>Operating income</b> (Note – see page 7)	<b>9</b>	<b>20</b>	<b>59</b>	<b>70</b>	<b>87</b>	<b>98</b>
– in % of net revenues	1.7	3.5	3.7	4.1	4.0	4.2
Financial income and expense	0	0	-2	-4	-3	-5
<b>Income after financial items</b>	<b>9</b>	<b>20</b>	<b>57</b>	<b>66</b>	<b>84</b>	<b>93</b>
– in % of net revenues	1.5	3.4	3.6	3.9	3.8	4.0
Taxes	-3	-5	-18	-20	-26	-28
Minority interest	-1	0	-2	-1	-2	-1
<b>Net income for the period</b>	<b>5</b>	<b>15</b>	<b>37</b>	<b>45</b>	<b>56</b>	<b>64</b>
Earnings per share, SEK	0.18	0.56	1.45	1.69	2.19	2.43
Earnings per share, not including items affecting comparability, SEK	0.42	0.56	1.67	1.62	2.37	2.32
Average number of shares outstanding ('000)	25 652	26 512	25 739	26 526	25 853	26 446
Number of shares outstanding at end of period ('000)	25 283	26 483	25 283	26 483	25 283	25 783
Depreciation and amortization is included in operating expenses in an amount of	-10	-10	-28	-29	-38	-39

In view of the strike price, there is no dilutive effect of personnel options outstanding.

STATEMENT OF CASH FLOW	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
MSEK						
Income after financial items	9	20	57	66	84	93
Adjustment for items not included in cash flow	16	9	34	24	46	36
Taxes paid	5	-8	-12	-21	-19	-28
Change in working capital	46	65	25	59	34	68
<b>Cash flow from current operations</b>	<b>76</b>	<b>86</b>	<b>104</b>	<b>128</b>	<b>145</b>	<b>169</b>
Net investments in plant and equipment	-1	-8	-9	2	-11	0
Acquisitions and disposals	-20	-27	-18	-41	-18	-41
<b>Cash flow from investment operations</b>	<b>-21</b>	<b>-35</b>	<b>-27</b>	<b>-39</b>	<b>-29</b>	<b>-41</b>
Dividend	-	-	-39	-32	-39	-32
Repurchase of own shares	-19	-1	-19	-1	-39	-21
Other financing operations	-16	-56	-13	-56	-27	-70
<b>Cash flow from financing operations</b>	<b>-35</b>	<b>-57</b>	<b>-71</b>	<b>-89</b>	<b>-105</b>	<b>-123</b>
<b>Cash flow for the period</b>	<b>20</b>	<b>-6</b>	<b>6</b>	<b>0</b>	<b>11</b>	<b>5</b>
Liquid funds at beginning of period	82	99	97	92	93	92
Translation difference in liquid funds	0	0	-1	1	-2	0
Liquid funds at end of period	102	93	102	93	102	97

BALANCE SHEET, MSEK	Dec. 31, 2003	Mar. 31, 2003	Dec. 31, 2002
Intangible fixed assets		34	29
Tangible fixed assets		153	159
Financial assets		11	7
Inventories		318	313
Short-term receivables		338	373
Liquid funds		102	97
<b>Total assets</b>		<b>956</b>	<b>978</b>
Shareholders' equity		406	432
Minority interest		4	3
Interest-bearing liabilities and provisions		104	101
Non-interest-bearing liabilities and provisions		442	442
<b>Total shareholders' equity and liabilities</b>		<b>956</b>	<b>978</b>

SHAREHOLDERS' EQUITY	Apr. 1, 2003 - Dec. 31, 2003	Apr. 1, 2002 - Mar. 31, 2003	Apr. 1, 2002 - Dec. 31, 2002
Amount at beginning of period	432	417	417
Period's translation difference	-5	4	4
Repurchase of own shares	-19	-21	-1
Dividend	-39	-32	-32
Net income for the period	37	64	45
Amount at end of period	406	432	433

KEY FINANCIAL INDICATORS	12 months ending		
	Dec. 31, 2003	Mar. 31, 2003	Dec. 31, 2002
Operating margin, %	4.0	4.2	3.8
Profit margin, %	3.8	4.0	3.6
Return on capital employed, %	18	18	15
Same, not including items affecting comparability	19	17	14
Return on equity, %	13	15	13
Same, not including items affecting comparability	14	14	12
Interest coverage ratio	9.2	8.6	7.5
Average number of employees during the year	1 003*	1 072	1 080*
Number of employees at end of period	978	1 035	1 066

\*refers to the period April 1 – December 31

	Dec. 31, 2003	Mar. 31, 2003	Dec. 31, 2002
Capital employed, MSEK	514	536	555
Financial net liabilities, MSEK	2	4	26
Shareholders' equity per share, SEK	16.00	16.80	16.30
Equity ratio, %	43	44	45
Debt equity ratio	0.3	0.2	0.3

## ACQUISITIONS AND DISPOSALS SINCE APRIL 1, 2002

Date	Acquisition (disposal)	Business area	Revenues (MSEK)*	Number of employees*
2003/04 Q 3	(Laserstans)	Transmission	(40)	(38)
2003/04 Q 3	Stig Wahlström	Components	100	43
2003/04 Q 2	(EnvoControl)	Equipment	(30)	(6)
2002/03 Q 3	R&K Gruppen	Components	100	10
2002/03 Q 1	Bergström Instrument	Components	30	9

\* Annual revenues and number of employees at time of acquisition (disposal)

## NOTES

Net revenues by business area	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
MSEK						
Equipment	176	221	525	622	737	834
Transmission	204	207	622	634	847	859
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Operating income by business area	3 months ending		9 months ending		12 months ending	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Mar. 31, 2003
MSEK						
Equipment	5	5	18	1	25	8
Transmission	-2	5	17	31	24	38
Components	8	12	27	29	39	41
Parent Company and consolidation eliminations	-2	-2	-3	9	-1	11
<b>Addtech Group</b>	<b>9</b>	<b>20</b>	<b>59</b>	<b>70</b>	<b>87</b>	<b>98</b>