

Addtech Group

Value Adding Tech Provider

Addtech is a technology trading group where the 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.

Interim report April 1 – September 30, 2002

- **Continued stable market situation for most of the Group's lines of business, while the units focused on telecom are marked by uncertainty.**
- **Net revenues amounted to MSEK 1 097 (1 198).**
- **Operating income not including items affecting comparability amounted to MSEK 47 (67).**
- **During the second quarter (July – September) net revenues amounted to MSEK 532 (562) and operating income not including items affecting comparability amounted to MSEK 22 (26).**
- **Cost containment measures implemented during the past year have lowered overall costs by about MSEK 25 during the period April – September.**
- **The acquisition of R&K Gruppen strengthens the Group's offer to customers in areas such as medical electronics, and increases revenues by MSEK 100.**

NET REVENUES AND RESULT

First six months 2002 (April – September)

Net revenues of the Addtech Group for the first six months of the financial year amounted to MSEK 1 097 (1 198). The drop is attributable to lower sales for the Group's telecom-oriented businesses, and especially sales of investment-type products.

Operating income not including items affecting comparability amounted to MSEK 47 (67) and income after financial items was MSEK 43 (64).

Not included in operating income are net items affecting comparability of MSEK 3 (-3) pertaining to the sale of real property for a capital gain of MSEK 12 and costs for restructuring of the Group's telecom-oriented business in an amount of MSEK 9. The remaining reserve for restructuring costs amounts to MSEK 5. During the preceding year there were costs affecting comparability in an amount of MSEK 3 pertaining to the listing of Addtech on the O-list of the Stockholm Stock Exchange.

Cost containment measures implemented during the past year have lowered overall costs by about MSEK 25 during the period April – September compared to the corresponding year-ago period.

Income before taxes amounted to MSEK 30 (42), or SEK 1.13 per share (1.50). For the most recent 12-month period income after taxes amounted to MSEK 41 and SEK 1.55 per share, respectively, which can be compared to MSEK 53 and SEK 1.92 for the preceding operating year.

Second quarter 2002 (July – September)

Net revenues amounted to MSEK 532 during the second quarter (562). The primary reason for the decline is a continued weak market for the Group's telecom-oriented businesses. The overall market situation for the Group's other lines of business is stable.

Operating income not including items affecting comparability amounted to MSEK 22 (26), and income after financial items MSEK was 20 (24).

There were no items affecting comparability during the quarter (MSEK -3 during the preceding year).

Income after taxes amounted to MSEK 13 (14), or SEK 0.51 per share (0.52).

BUSINESS AREAS

Component Systems

develops and markets niche electro-mechanical and electronic component solutions for the manufacturing industry and the after-market.

	3 months ending		6 months ending		12 months ending	
	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Mar. 31, 2002
	Net revenues	225	213	460	442	941
Operating income	15	15	30	33	58	61
- in percent of net revenues	6.9	6.8	6.6	7.4	6.2	6.6

Net revenues increased by four percent to MSEK 460 (442). Operating income amounted to MSEK 30 (33).

The market situation as a whole was stable during the period. Weak demand from the telecom sector was compensated for by sales to other segments, such as components for special vehicles and trucks, and applications for medical technology.

Interesting orders were received during the period from the energy sector, where more stringent environmental requirements lead to the development of new applications.

Production Systems

provides systems solutions primarily for production processes in the electronics, engineering and automotive industries.

	3 months ending		6 months ending		12 months ending	
	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Mar. 30, 2002
	Net revenues	104	138	211	321	460
Operating result	-2	0	-8	9	-33	-16
- in percent of net revenues	-2.8	0.1	-4.0	2.8	-7.3	-2.8

Net revenues declined by 34 percent to MSEK 211 (321). The operating result was MSEK -8 (9).

Continued uncertainty in the telecom sector has led to a situation where customers abandon or delay their investment plans. Additional restructuring action was taken during the period in the part of the operations focused on sales to Nordic telecom customers. The intentional switch in product mix, from machinery to accessories, materials and services, has led to a situation where this is now the dominating part of the business area.

The result was positively affected during the period by the cost containment measures implemented last year. Overhead during the period April – September was about MSEK 20 lower than during the corresponding period one year ago.

Transmission Systems

markets transmission components, machine parts and automation systems for the manufacturing industry and after-market. In-house manufacturing is conducted primarily in the case of chains, gaskets and machine parts.

	3 months ending		6 months ending		12 months ending	
	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Mar. 31, 2002
	Net revenues	204	212	427	437	859
Operating income	10	12	26	26	40	40
- in percent of net revenues	5.0	5.8	6.0	6.0	4.5	4.5

Net revenues declined by two percent to MSEK 427 (437). Operating income was unchanged at MSEK 26 (26).

The business area's focus on the broad engineering industry and on the forest and process industries meant a stable market situation. The geographic distribution of the business area is also a stabilizing factor.

Machine parts and components for the energy sector, in part for wind power stations, as well as sub-systems and components for Nordic machinery builders, continued to develop well. Demand for hydraulic components from the truck industry and special vehicles was also good.

PROFITABILITY

The return on capital employed was 13 percent (15) and the return on equity was 10 percent (12).

FINANCIAL POSITION AND CASH FLOW

The equity ratio at the end of the period stood at 42 percent, as compared with 41 percent at the beginning of the financial year. Shareholders' equity per share amounted to SEK 15.80 (15.70). A dividend of SEK 1.20 per share has been paid since the previous financial report.

The Group's net financial indebtedness amounted to MSEK 71 at the end of the period, which is a decline of MSEK 3 since the beginning of the year.

The remaining surplus funds from Alecta amounted to MSEK 5 at the end of the period. At the current rate of utilization, these funds are expected to be depleted during the current financial year.

Cash flow from current operations amounted to MSEK 42 during the period (30).

Investments in fixed assets amounted to MSEK 10 and disposals were MSEK 20.

CORPORATE ACQUISITIONS

During the past quarter an agreement was concluded to acquire R&K Gruppen, with sales of MSEK 100. The acquisition of R&K Gruppen, which is being consolidated as of November 1, strengthens the Group's offer to customers in medical technology. Addtech also took possession of Bergström Instrument during the financial year, with annual sales of MSEK 30.

EMPLOYEES

The number of employees was 1 078 at the end of the period, which can be compared to 1 100 at the beginning of the period.

DISTRIBUTION OF SHARES

The share capital at the end of the period was MSEK 55.7. The distribution classes of shares is as follows:

Classes of shares	Shares outstanding
Class A shares	1 113 478
Class B shares	26 750 754
Total number of shares outstanding before repurchases	27 864 232
repurchased shares	1 331 400
Total number of shares outstanding after repurchases	26 532 832

FUTURE PROSPECTS

The market situation for most of the Group's lines of business continues to be stable, while the situation for the parts focused on telecom, which accounts for about ten percent of the net revenues, is marked by uncertainty.

Work is in progress to lower costs and to increase efficiency. This is expected to continue to have a positive effect on earnings and profitability.

Addtech stands well prepared to meet an increased demand for the Group's products and services. The financial position is strong, which makes for good opportunities for future growth.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with recommendation RR 20 of the Swedish Financial Accounting Standards Council. With the exception of the new recommendations from 2002 of the Swedish Financial Accounting Standards Council, which have no effect on the Group's reported results or financial position, the same accounting principles have been applied as in the Annual report for the 2001/2002 financial year.

PARENT COMPANY

The Parent Company's net revenues amounted to MSEK 15 (13) and the result after financial items was MSEK 0 (-3). There were no items affecting comparability during the period (MSEK -3 during the preceding year).

Solna, November 18, 2002

Roger Bergqvist
President

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

An interim report for the period April 1 – December 31, 2002 will be presented February 3, 2003.

*Further information can be obtained from
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BUSINESS AREAS

Net revenues by business area MSEK (quarterly data)	2002/03		2001/02			
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Component Systems	225	235	237	244	213	229
Production Systems	104	107	118	131	138	183
Transmission Systems	204	223	212	220	212	225
Parent Company and consolidation eliminations	-1	0	0	0	-1	-1
Addtech Group	532	565	567	595	562	636

Income by business area MSEK (quarterly data)	2002/03		2001/02			
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Component Systems	15	15	13	15	15	18
Production Systems	-2	-6	-9	-16	0	9
Transmission Systems	10	16	7	7	12	14
Parent Company and consolidation eliminations	-1	0	1	0	-1	0
Operating income - <i>in % of net revenues</i>	22	25	12	6	26	41
Financial income and expense	-2	-2	-2	0	-2	-1
Income after financial items - <i>in % of net revenues</i>	20	23	10	6	24	40
	4.0	3.9	1.9	1.0	4.2	6.2

Net revenues by business area MSEK	3 months ending		6 months ending		12 months ending	
	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Mar. 31, 2002
Component Systems	225	213	460	442	941	923
Production Systems	104	138	211	321	460	570
Transmission Systems	204	212	427	437	859	869
Parent Company and consolidation eliminations	-1	-1	-1	-2	-1	-2
Addtech Group	532	562	1 097	1 198	2 259	2 360

Income by business area MSEK	3 months ending		6 months ending		12 months ending	
	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Mar 31, 2002
Component Systems	15	15	30	33	58	61
Production Systems	-2	0	-8	9	-33	-16
Transmission Systems	10	12	26	26	40	40
Parent Company and consolidation eliminations	-1	-1	-1	-1	0	0
Operating income - <i>in % of net revenues</i>	22	26	47	67	65	85
Financial income and expense	-2	-2	-4	-3	-6	-5
Income after financial items - <i>in % of net revenues</i>	20	24	43	64	59	80
	4.0	4.2	3.9	5.3	2.6	3.4

All income data in business area compilations refer to income not including items affecting comparability.

GROUP SUMMARY

STATEMENT OF INCOME MSEK	3 months ending		6 months ending		12 months ending	
	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Mar. 31, 2002
Net revenues	532	562	1 097	1 198	2 259	2 360
Operating expenses	-511	-539	-1 052	-1 139	-2 202	-2 289
<i>Of which depreciation and amortization</i>	-10	-10	-19	-20	-37	-38
Items affecting comparability	-	-3	3	-3	7	1
Other operating income and expense	1	3	2	8	8	14
Operating income	22	23	50	64	72	86
- <i>in % of net revenues</i>	4.2	4.1	4.5	5.3	3.1	3.6
Financial income and expense	-2	-2	-4	-3	-6	-5
Income after financial items	20	21	46	61	66	81
- <i>in % of net revenues</i>	4.0	3.7	4.2	5.1	2.9	3.4
Taxes	-6	-6	-15	-18	-23	-26
Minority interest	-1	-1	-1	-1	-2	-2
Income for the period	13	14	30	42	41	53
Earnings per share, SEK	0.51	0.52	1.13	1.50	1.55	1.92
Earnings per share not including items affecting comparability, SEK	0.51	0.60	1.06	1.58	1.39	1.91
Average number of shares outstanding (thousands)	26 533	27 864	26 533	27 864	26 828	27 496
Number of shares outstanding at end of period ('000)	26 533	27 864	26 533	27 864	26 533	26 533

The dilutive effect of outstanding personnel options is marginal.

STATEMENT OF CASH FLOW MSEK	3 months ending		6 months ending		12 months ending	
	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Mar. 31, 2002
Income after financial items	20	21	46	61	66	81
Adjustment for items not included in cash flow	9	11	15	20	35	40
Taxes paid	-7	-21	-13	-28	-72	-87
Change in working capital	14	14	-6	-23	24	7
Cash flow from current operations	36	25	42	30	53	41
Net investments in plant and equipment	-3	-4	10	-6	20	4
Corporate acquisitions and disposals	-6	0	-14	0	-27	-13
Dividend	-32	-	-32	-	-32	-
Repurchase of own shares	-	-	-	-	-46	-46
Other financing operations	2	-2	0	-15	-29	-44
Cash flow for the period	-3	19	6	9	-61	-58
Liquid funds at beginning of period	101	142	92	151	164	151
Translation difference in liquid funds	1	3	1	4	-4	-1
Liquid funds at end of period	99	164	99	164	99	92

BALANCE SHEET, MSEK	Sep. 30, 2002	Mar. 31, 2002	Sep. 30, 2001
Intangible fixed assets	19	13	-
Tangible fixed assets	163	176	204
Financial assets	6	6	9
Inventories	348	347	398
Short-term receivables	376	407	409
Liquid funds	99	92	164
Total assets	1 011	1 041	1 184
Shareholders' equity	418	417	470
Minority interest	6	6	6
Interest-bearing liabilities and provisions	170	166	198
Non-interest-bearing liabilities and provisions	417	452	510
Total shareholders equity and liabilities	1 011	1 041	1 184

SHAREHOLDERS' EQUITY	Apr. 1– Sep. 30, 2002	Apr. 1, 2001– Mar. 31, 2002	Apr. 1– Sep. 30, 2001
Amount at beginning of period	417	415	415
Period's translation difference	3	–5	13
Repurchase of own shares	–	–46	–
Dividend	–32	–	–
Net income for the period	30	53	42
Amount at the end of the period	418	417	470

KEY FINANCIAL INDICATORS	12 months ending		
	Sep. 30, 2002	Mar. 31, 2002	Sep. 30, 2001
Return on capital employed, %	13	15	29
Same, not including items affecting comparability	12	15	29
Return on equity, %	10	12	27
Same, not including items affecting comparability	9	12	27
Average number of employees during the period	1 085*	1 155	1 177*
Number of employees at end of period	1 078	1 100	1 161
*Refers to the period April – September			
	Sep. 30, 2002	Mar. 31, 2002	Sep. 30, 2001
Shareholders' equity per share, SEK	15.80	15.70	16.90
Debt equity ratio	0.4	0.4	0.4
Equity ratio, %	42	41	40

ACQUISITIONS AND DISPOSALS SINCE APRIL 1, 2001

Date	Acquisition (disposal)	Business area	Revenues (MSEK)*	Number of employees*
2002/03 Q 3	R&K Gruppen	Component Systems	100	10
2002/03 Q 1	Bergström Instrument	Component Systems	30	9
2001/02 Q 4	Alligator	Component Systems	30	8
2001/02 Q 2	Companies with sales of special components	Component Systems	10	2

* Annual revenues and number of employees at time of acquisition.