

Press Release

Semi-annual Report January – June 2002 for Beijer Alma AB (publ).

- Sales in continuing operations amounted to MSEK 584.5 (657.0) during the first six months of the year.
- Income after financial items was MSEK 6.3 (5.7).
- Operating cash flow was MSEK 36.5 (–91.1) for the first six months of the year.

GROUP

The period was marked by continued weak demand. Order bookings increased during the first quarter compared to the very weak fourth quarter of 2001, reaching MSEK 317. Growth subsided during the second quarter and order bookings were MSEK 307.

For the period January – June net revenues amounted to MSEK 584.5 (709.4), a decline of 18 percent. Sales in continuing operations declined by 11 percent. Order bookings dropped by 5 percent to MSEK 624 (659.1). Order bookings in continuing operations dropped by 0.3 percent. Income after financial items was MSEK 6.3 (5.7). Earnings per share after standard taxes amounted to SEK 0.53 (0.50). The equity ratio was 42.0 percent (38.4).

Investments in fixed assets amounted to MSEK 14.9 (105.6) and depreciation was MSEK 45.8 (44.2). Operating cash flow after capital expenditures was MSEK 36.5 (–91.1).

During the second quarter net sales dropped by 12 percent to MSEK 296.7 (337.5). The decline in continuing operations was 4 percent. Order bookings were MSEK 306.9 (274.3), an increase by 12 percent. Order bookings in continuing operations increased by 15 percent.

Income after financial items during the second quarter amounted to MSEK 3.2 (–19.7). Last year's result was burdened by restructuring costs of MSEK 23.4. Liquid funds, including unutilized committed credit facilities, stood at MSEK 226.5 (191.0). Capital expenditures during the quarter were MSEK 4.8 (49.9).

SUBSIDIARIES

LESJÖFORS AB (www.lesjoforsab.com) is a full-range supplier of industrial springs, chassis springs and wire and strip components in the Nordic Region and one of the larger companies in its sector in Europe.

Net revenues for the period January – June were MSEK 290.1 (299.6). Income after financial items was MSEK 28.2 (15.8).

Lesjöfors' net revenues during the second quarter increased by 1 percent to MSEK 147.1 (145.6). Order bookings increased by 22 percent to MSEK 156.4 (128.1). Income after financial items amounted to MSEK 14.2 (3.1), and the operating margin was 10.9 percent (3.6).

Lesjöfors conducts business in three business areas: Industrial Springs, Automotive and Flat Strip Components. Industrial Springs had invoicing at about the same level as last year and enjoyed continued

good profitability. Automotive, a seller of chassis springs to the passenger car after-market, increased its invoicing by 21 percent and reports good profitability. Flat Strip Components, with sales to the telecom sector among others, reported lower invoicing than last year and a negative result.

HABIA CABLE AB (www.habia.se) is one of Europe's largest manufacturers of specialty cable for applications in telecommunications, transportation, nuclear power and defense. Production facilities are located in Sweden, Germany and China.

For the period January – June net sales were MSEK 202.9 (249.5), and income after financial items was MSEK 0.8 (14.6). Order bookings dropped by 6 percent to MSEK 226.8 (241.8).

Net sales declined during the second quarter by 8 percent to MSEK 107.0 (116.6). Order bookings amounted to MSEK 110.0 (98.4). Income after financial items was MSEK 1.8 (–0.5). The operating margin was 4.3 percent (2.6).

Habia has about one third of its sales to the telecom sector. Weak underlying demand in this industry had a negative effect on invoiced volumes in spite of Habia capturing market shares. Sales to other customer groups were on a par with, or higher than in the preceding year.

ELIMAG AB (www.elimag.se) conducts high-speed machining of aluminum for customers in the telecom and other high-tech sectors.

For the period January – June net sales amounted to MSEK 48.5 (61.4), a decline of 21 percent. The result after financial items amounted to MSEK –6.9 (–2.8). Order bookings were MSEK 53.0 (66.0).

Elimag's net sales during the second quarter amounted to MSEK 19.9 (29.6). Order bookings were MSEK 19.0 (28.6). The result was MSEK –5.7 (–4.7).

Demand from the telecom sector is very weak. In response hereto, the company has cut back its personnel further at the same time as the marketing side has been strengthened.

AB STAFSJÖ BRUK (www.stafsjo.com) manufactures knife gate valves sold to the process industry on a global basis.

For the period January – June net sales amounted to MSEK 42.4 (42.2). Income after financial items amounted to MSEK –1.9 (0.2). Order bookings were MSEK 44.6 (44.2).

Stafsjö Bruk's net sales during the quarter were MSEK 19.7 (19.9). Order bookings were MSEK 19.7 (24.4). The result was MSEK –1.4 (–0.5).

NET REVENUES AND INCOME BY COMPANY

NET REVENUES

MSEK	2002 Q2	2002 Q1	2001 Q4	2001 Q3	2001 Q2	2001 Q1
Lesjöfors	147.1	143.0	138.5	128.0	145.6	154.0
Habia Cable	107.0	95.9	99.9	105.4	116.6	132.9
Elimag	19.9	28.9	27.5	24.9	30.8	33.0
Stafsjö Bruk	22.7	19.7	23.3	25.9	19.9	22.3
Parent Company and consolidation eliminations	0.0	0.3	0.1	0.1	1.4	0.5
The present Group	296.7	287.8	289.3	284.3	314.3	342.7
Divested companies*	–	–	22.8	14.4	23.2	29.2
Group	296.7	287.8	312.1	298.7	337.5	371.9

INCOME AFTER FINANCIAL ITEMS

MSEK	2002 Q2	2002 Q1	2001 Q4	2001 Q3	2001 Q2	2001 Q1
Lesjöfors	14.2	14.0	5.9	9.2	3.1	12.8
Habia Cable	1.8	–1.0	–12.7	–0.5	–0.5	15.0
Elimag	–5.7	–1.2	–3.2	–0.6	0.0	3.4
Stafsjö Bruk	–1.4	–0.5	1.2	2.7	–0.5	0.7
Parent Company and consolidation eliminations**	–5.7	–8.2	2.6	–2.0	–17.0	–5.1
The present Group	3.2	3.1	–6.2	8.8	–14.9	26.8
Divested companies*	–	–	–3.0	–3.3	–4.7	–1.5
Total	3.2	3.1	–9.2	5.5	–19.6	25.3

* Refers to Elimag Stockholm, where the ownership stake has been reduced to 50 percent.

** Result for the second quarter of 2001, charged with a provision for restructuring costs of MSEK 10. This was reversed by MSEK 2 during the third quarter and by MSEK 5.5 during the fourth quarter of 2001. The actual structural costs were charged to each respective company's result during the second half of 2001.

PRESIDENT'S STATEMENT

During the second quarter the Group experienced continued weak demand from businesses exposed to the telecom sector. By the end of the six-month period, there were no signs of improvement in demand from this sector. Customers in the telecom industry accounted for 16 percent of the Group's total volume during the first six months of the year. This proportion has declined from 24 percent during the first six months of 2001, and it is difficult to compensate for that loss of sales by sales to other customer groups.

The other segments had a relatively stable development during the period. Lesjöfors accounts for the most positive development. This is particularly true for the Automotive business area, which has grown by 21 percent during the first six months of the year compared to the equivalent period one year ago. In the chassis spring business that focuses on after-market customers for passenger cars and light trucks, Lesjöfors is gaining market shares in all of Europe. After-market sales are also boosted by weak sales of new automobiles.

The entire Group's focus on cost-reduction and cash flow continues. The number of employees in the Group shrank by 157 compared to the situation during the first half of 2001. This means that the payroll

has been reduced from MSEK 237 during the first half of 2001 to MSEK 208 during the first half of 2002. Cost cutting continues in those parts of the Group where profitability has yet to be achieved. During the last few months, Elimag has continued its personnel reductions in a bid to adapt costs to the weak demand.

There is a virtual capital spending halt in the entire Beijer Alma Group. Major investments in capacity and technology were made during 2000 and 2001. The Group's companies are now focusing on utilization of existing capacity. This means that capital expenditures during the first half of the year amounted to MSEK 15, with a mere MSEK 5 thereof during the second quarter, which can be compared with depreciation, which was MSEK 45.8 during the first half of the year.

The focus on profitability, capital expenditures and working capital means that the Beijer Alma Group reports a positive cash flow during the past three quarters. Cumulative operative cash flow during this period amounts to MSEK 80, which means that the financial strength is intact, or stronger, despite weak earnings performance.

We saw a certain weakening of order bookings during the latest quarter. In addition hereto, we are looking at what we see as a continued weak telecom market and feeble overall economic development, combined with turbulence in world financial markets. Overall, this augurs for a low probability of an early improvement in demand in most of the segments where the Beijer Alma Group is active.

Uppsala, August 9, 2002

BEIJER ALMA AB (publ)

Bertil Persson
President and CEO

We have undertaken a review of this semi-annual report, thereby following a recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR). A review is significantly limited compared to an audit. Nothing has come to light to indicate that the semi-annual report does not meet the requirements of Swedish securities legislation and the Swedish Annual Accounts Act.

ÖHRLINGS PRICEWATERHOUSECOOPERS AB

Hans Lindén
Authorized Public Accountant

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Next report date:

Quarterly Report, October 30, 2002

SUMMARY STATEMENTS OF INCOME

MSEK	2002 Q2	2001 Q2	2002 Six months	2001 Six months	2001 Full year
Net revenues	296.7	337.5	584.5	709.4	1 320.2
Cost of goods sold	-204.7	-241.6	-403.9	-489.2	-937.8
Gross profit	92.0	95.9	180.6	220.2	382.4
Selling expenses	-48.9	-55.1	-93.4	-105.7	-204.0
Administration expenses	-32.3	-53.1	-66.6	-94.6	-147.6
Share in result of affiliated company before taxes	-0.2	-	-0.5	0.3	1.5
Operating profit	10.6	-12.3	20.1	20.2	32.3
Interest income and similar items	0.7	-	1.2	0.7	5.4
Interest expense and similar items	-8.1	-7.4	-15.0	-15.2	-35.7
Profit after financial items	3.2	-19.7	6.3	5.7	2.0
Taxes	-1.4	3.4	-2.5	-3.7	10.3
Net result for the period	1.8	-16.3	3.8	2.0	12.3

SUMMARY BALANCE SHEETS

MSEK	2002 June 30	2001 June 30	2001 Dec. 31
ASSETS			
Fixed assets			
Intangible fixed assets	158.1	172.9	169.1
Tangible fixed assets	601.9	588.0	640.7
Financial assets	23.9	16.3	20.1
Total fixed assets	783.9	777.2	829.9
Current assets			
Inventories	256.2	306.1	289.5
Receivables	263.3	327.4	268.5
Liquid funds	23.0	37.2	32.0
Total current assets	542.5	670.7	590.0
Total assets	1 326.4	1 447.9	1 419.9

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity			
Share capital	112.7	112.4	112.7
Restricted reserves	203.2	194.1	204.2
Unrestricted reserves	237.2	247.3	248.2
Net profit for the period	3.8	2.0	12.3
Total shareholders' equity	556.9	555.8	577.4
Provisions	47.2	61.6	54.9
Long-term liabilities to credit institutions	517.7	544.8	565.4
Current liabilities to credit institutions	24.8	21.6	39.1
Current non-interest-bearing liabilities	179.8	264.1	183.1
Total shareholders' equity and liabilities	1 326.4	1 447.9	1 419.9

SUMMARY STATEMENTS OF CASH FLOW

MSEK	2002 Q2	2001 Q2	2002 Six months	2001 Six months	2001 Full year
Cash flow before change in working capital and capital expenditures (cash earnings)	24.5	6.4	49.6	46.2	99.1
Change in working capital increase (-) decrease (+)	8.2	-13.5	0.8	-51.3	-36.5
Operative cash flow before capital expenditures	32.7	-7.1	50.4	-5.1	62.6
Capital expenditures	-3.8	-29.5	-13.9	-86.0	-116.0
Operative cash flow after capital expenditures	28.9	-36.6	36.5	-91.1	-53.4
Non-operative cash flow ¹⁾	20.6	-0.4	33.6	-146.5	-213.9
<u>Financial payments</u>	<u>-39.1</u>	<u>33.8</u>	<u>-79.2</u>	<u>257.0</u>	<u>281.5</u>
Change in liquid funds	10.4	-3.2	-9.1	19.4	14.2
Liquid assets, opening balance	12.5	40.4	32.0	17.8	17.8
Liquid assets, closing balance	23.0	37.2	23.0	37.2	32.0
Unutilized committed credit facilities	203.5	153.8	203.5	153.8	207.0
Available liquidity	226.5	191.0	226.5	191.0	239.0

¹⁾ Refers to effects of corporate acquisitions, foreign exchange effects and financial leasing.

SPECIFICATION OF CHANGE IN SHAREHOLDERS' EQUITY

Share capital

	Dec. 31, 2001	Dec. 31, 2000
	577,4	482,3
Dividend paid	-18.0	-36.0
New issue	-	103.6
Conversion of subordinated debentures	-	2.7
Translation difference	-6.4	12.5
Net profit for the period	3.8	12.3
June 30, 2002, and December 31, 2001, respectively	556.8	577.4

KEY FINANCIAL INDICATORS	2002 Q2	2001 Q2	2002 Six months	2001 Six months	2001 Full year
Number of shares outstanding*)	9 610 180	9 610 180	9 610 180	9 510 180	9 610 180
Earnings per share after actual taxes, SEK	0.22	-1.66	0.43	0.28	1.46
Earnings per share after 28 % standard taxes, SEK	0.27	-1.44	0.53	0.50	0.28
Return on equity, %	1.6	neg.	1.6	0.7	0.3
Return on capital employed, %	4.0	neg.	3.7	2.2	3.3
Shareholders' equity per share, SEK	61.75	61.83	61.75	61.83	64.03
Equity ratio, %	42.0	38.4	42.0	38.4	41.0
Debt/equity ratio, %	93.3	103.2	93.3	103.2	99.7
Liquid assets including committed credit facilities not drawn upon, MSEK	226.5	191.0	226.5	191.0	239.0
Capital expenditures, MSEK	4.8	49.9	14.9	105.6	116.0
Interest coverage ratio	1.4	neg.	1.4	1.4	1.1

*) Including outstanding subordinated convertible debentures and personnel options. Not including subordinated convertible debentures and personnel options, the number of share outstanding as of June 30, 2002 was 9 018 300.

ACCOUNTING PRINCIPLES

Beijer Alma implemented the following accounting recommendations from the Swedish Financial Accounting Standards Council effective as of January 1, 2002:

RR 1:00	Consolidated accounting
RR 15	Intangible fixed assets

RR 16	Provisions, contingent liabilities and contingent assets
RR 17	Writedowns
RR 21	Borrowing costs
RR 23	Information on closely related parties

Implementation of these recommendations had no significant effect on earnings or financial position.

In all other respects the same accounting principles have been applied for this interim report as for the most recently presented Annual Report.

