

Press Release

Interim Report January – September 2001 for Beijer Alma AB (publ)

- Weak demand, especially from the telecom sector
- January – September sales MSEK 1,008 (811)
- Income January – September MSEK 11.2 (74.5)
- Third quarter income MSEK 5.5 (32.0)

GROUP

Sales for the period January – September were MSEK 1,008.1 (811.5). Not including Elimag, which was acquired in the beginning of the current year, the increase in sales was 5 percent. Income after financial items was MSEK 11.2 (74.5). Earnings per share after standard taxes were SEK 0.95 (6.46).

Investments in fixed assets, not including corporate acquisitions, were MSEK 133.6 (59.7). MSEK 69.3 of these investments relate to Elimag. The equity ratio was 39.7 percent (42.6). Liquid funds including unutilized committed credit facilities were MSEK 218.7 (192.0).

Sales increased during the third quarter by 11 percent to MSEK 298.7 (268.2). Not including Elimag, sales declined by MSEK 9, or 3 percent. Order bookings were MSEK 279.3 (306.6), a drop of 9 percent. Excluding Elimag, order bookings declined by 21 percent.

Income after financial items was MSEK 5.5 (32.0) for the third quarter.

SUBSIDIARIES

HABIA CABLE AB (www.habia.se) is one of Europe's largest manufacturers of special cables for applications in telecommunications, transportation, nuclear power and defense. Production takes place in Sweden, Germany and China.

Sales for the period January – September were MSEK 355.9 (267.6), and income after financial items was MSEK 14.0 (22.8).

Sales during the third quarter were MSEK 105.4 (96.9), an increase of 9 percent. The result after financial items was MSEK -0.5 (10.4). The operating margin was 3.1 percent (13.3).

The lower result is a consequence of a weak telecom market. Major capacity investments were made at Habia's plant in Söderfors at the end of last year and the expanded facilities need larger volumes from the telecom sector to achieve satisfactory profitability. Some sales initiatives have been aimed at other sectors, with moderate success. Production resources have in a corresponding manner been switched from telecom production to other production. These measures have not been sufficient to compensate for the downturn in the telecom industry, however.

Economy measures have been initiated after the period under review in order to counteract the effects of weak demand. Measures include giving notices to some forty employees, most of whom are employed at the company's production facilities in Sweden and Germany.

LESJÖFORS AB (www.lesjoforsab.com) is a full-range supplier of industrial springs, chassis springs and flat strip components in the Nordic region and one of the largest companies in its industry in Europe.

Sales during the period January – September were MSEK 427.6 (480.0), a drop of 11 percent. Income after financial items was MSEK 25.1 (58.5).

Lesjöfors' sales during the third quarter declined by 14 percent to MSEK 128.0 (148.7). Income after financial items was MSEK 9.2 (20.2). The operating margin was 9.1 percent (14.9).

The drop in sales and income originates from business area Flat Strip Components, where the telecom sector accounts for a significant portion of sales. The volume decline in telecom products is largely due to rising inventories last year, combined with lower consumption. Inventory levels have yet to reach balance, so production volumes remain very low. In addition to previously announced personnel cutbacks, further personnel reductions were implemented during the quarter, especially in the Danish production. Overall, the number of employees is being reduced by 150 persons to 430.

Business area Flat Strip Components made substantial losses during the first nine months of the year. The other business areas, Industrial Springs and Automotive, generated roughly the same sales volumes and income as the year before.

ELIMAG AB (www.elimag.se) which was acquired on January 1, 2001 specializes in high-speed aluminum machining for the telecom, defense and aerospace industries, as well as contract manufacturing in medical technology.

Sales for the period January – September were MSEK 155.5 (122.9), and the result after financial items was MSEK –6.7 (–0.7). Sales for the third quarter were MSEK 39.3 (34.6), and the result after financial items was MSEK –3.9 (–2.1).

Elimag Göteborg, with operations in high-speed machining of aluminum, was impacted negatively by the weak telecom market, while other customers saw a relatively stable development. Lower sales to telecom customers, combined with previously implemented capital expenditures, have led to low capacity utilization and weak profitability. The company is facing continued low order bookings for the fourth quarter.

Elimag Stockholm, with contract assembly operations, has been thoroughly restructured. All machining operations were sold off during the third quarter. The workforce has been reduced from 60 to 19 persons. From the month of September, action taken fully impacts earnings and the company has achieved equilibrium between revenue and costs at current volumes.

AB STAFSJÖ BRUK (www.stafsjo.com) manufactures knife gate valves that are sold globally to the process industry.

Sales for the period January – September were MSEK 68.1 (57.3), and income after financial items was MSEK 2.9 (1.6).

Sales for the third quarter were MSEK 25.9 (18.7), and the result after financial items was MSEK 2.7 (1.0). The operating margin was 11.2 percent (5.5).

Stafsjö's third quarter was the best since 1997, both in terms sales and income. The reason for the higher volume is, in part, increased project sales, especially to China, and also increased sales for maintenance and rebuilding of existing installations.

SALES AND INCOME BY COMPANY

SALES

MSEK	2001 Q3	2001 Q2	2001 Q1	2000 Q4	2000 Q3	2000 Q2	2000 Q1
Habia Cable	105.4	116.6	132.9	131.9	96.9	103.2	67.5
Lesjöfors	128.0	145.6	154.0	165.9	148.7	167.1	164.2
Elimag	39.3	54.0	62.2	–	–	–	–
Stafsjö Bruk	25.9	19.9	22.3	24.0	18.7	19.6	19.0
Parent Company and consolidation eliminations	0.1	1.4	0.5	–0.8	3.9	1.0	1.7
Group	298.7	337.5	371.9	321.0	268.2	290.9	252.4

INCOME AFTER FINANCIAL ITEMS

MSEK	2001 Q3	2001 Q2	2001 Q1	2000 Q4	2000 Q3	2000 Q2	2000 Q1
Habia Cable	–0.5	–0.5	15.0	20.3	10.4	11.7	0.7
Lesjöfors	9.2	3.1	12.8	14.2	20.2	19.0	19.3
Elimag	–3.9	–4.7	1.9	–	–	–	–
Stafsjö Bruk	2.7	–0.5	0.7	1.5	1.0	0.2	0.4
Parent Company and consolidation eliminations	–2.0	–17.0 *	–5.1	–0.4	0.4	–5.6	–3.2
Group	5.5	–19.6	25.3	35.6	32.0	25.3	17.2
Items affecting comparability	–	–	–	0.1	9.5	–	–
Total	5.5	–19.6	25.3	35.7	41.5	25.3	17.2

* Including structural charges of MSEK 10.

PRESIDENT'S STATEMENT

The Group's companies are facing continued weak demand, especially from the telecom sector.

During the second quarter certain of Habia's and Lesjöfors' customers indicated that the inventory situation for telecom products should reach equilibrium at the end of the third quarter or the beginning of the fourth quarter. We have yet to see any signs of that happening.

Aside from Stafsjö, which is experiencing relatively good demand, our companies are facing weak demand, which combined with expanded production apparatuses leads to pricing pressures in several of our markets.

The shortfall in demand from the telecom sector is difficult to replace. Last year this customer group accounted for about 30 percent of the Group's total sales. However, the high proportion of sales to other customer segments brings certain stability to sales and earnings.

Economy measures were taken during the second quarter in Lesjöfors and Elimag to compensate for the demand shortfall. Further personnel reductions were implemented during the quarter at Lesjöfors. A decision has also been reached to give notice to some forty persons at Habia. Continued weakening will be countered by further cost-cutting. Our companies are distinguished by a high proportion of capital in production, however. In order to achieve acceptable profitability in the Group, it is therefore necessary for market demand to increase.

There is no visibility of improved demand for the fourth quarter. The September 11 terror attacks in New York have instead increased the uncertainty in the world economy and reduced the propensity for making capital spending decisions, which serves to weaken demand even more.

Uppsala, October 25, 2001

BEIJER ALMA AB (publ)

Bertil Persson
President and CEO

Contrary to the semi-annual report, this report has not been subject to review by the Company's auditors.

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Next report date:

Financial Report for 2001 February 2002

SUMMARY STATEMENTS OF INCOME

MSEK	2001 Q3	2000 Q3	2001 Jan.–Sep.	2000 Jan.–Sep.	2000 Full year
Net sales	298.7	268.2	1,008.1	811.5	1,132.5
Cost of goods sold	-217.5	-170.2	-706.7	-525.8	-732.8
Gross income	81.2	98.0	301.4	285.7	399.7
Selling expenses	-45.0	-36.4	-150.7	-116.3	-162.3
Administrative expenses	-22.4	-25.6	-117.0	-82.8	-110.2
Share of income in affiliated companies before taxes	0.8	1.4	1.1	2.4	1.9
Operating income	14.6	37.4	34.8	89.0	129.1
Items affecting comparability	-	9.5	-	9.5	9.6
Result from financial assets	1.3	0.5	2.0	1.5	2.7
Result from financial liabilities	-10.4	-5.9	-25.6	-16.0	-21.7
Income after financial items	5.5	41.5	11.2	84.0	119.7
Taxes	-0.2	-11.6	-3.9	-23.5	-38.4
Net income for the period	5.3	29.9	7.3	60.5	81.3

SUMMARY BALANCE SHEETS

MSEK	2001 Sep. 30	2000 Sep. 30	2000 Dec. 31
ASSETS			
Fixed assets			
Goodwill	173.9	111.1	130.2
Tangible assets	598.7	423.9	449.0
Financial assets	17.1	26.4	24.6
Total fixed assets	789.7	561.4	603.8
Current assets			
Inventories	300.4	206.0	234.8
Receivables	313.0	291.2	288.5
Liquid assets	26.7	14.9	17.8
Total current assets	640.1	512.1	541.1
Total assets	1,429.8	1,073.5	1,144.9

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity			
Share capital	112.4	100.6	100.6
Restricted reserves	196.5	104.0	107.0
Unrestricted reserves	251.0	192.0	193.4
Net profit for the period	7.3	60.5	81.3
Total shareholders' equity	567.2	457.1	482.3
Provisions			
Long-term interest-bearing liabilities	552.4	343.9	368.9
Current interest-bearing liabilities	26.8	9.0	17.2
Current non-interest-bearing liabilities	222.0	219.6	224.4
Total shareholders' equity and liabilities	1,429.8	1,073.5	1,144.9

Pledged assets of MSEK 72.3 were added in connection with the acquisition of Elimag Industri AB.

SUMMARY STATEMENT OF CASH FLOW

MSEK	2001 Q3	2000 Q3	2001 Jan.–Sep.	2000 Jan.–Sep.	2000 Full year
Cash flow before change in working capital and capital expenditures (cash earnings)	26.7	46.2	72.9	107.3	145.7
Change in working capital increase (–) decrease (+)	–16.7	–18.8	–82.9 ¹⁾	–81.8	–94.8
Cash flow before capital expenditures	10.0	27.4	–10.0	25.5	50.9
Capital expenditures	–33.9	–31.6	–251.5 ²⁾	–163.6	–223.6
Cash flow after capital expenditures	–23.9	–4.2	–261.5	–138.1	–172.7
<u>Financial payments</u>	<u>13.4</u>	<u>–12.6</u>	<u>270.4 ³⁾</u>	<u>113.0</u>	<u>150.5</u>
Change in liquid assets	–10.5	–16.8	8.9	–25.1	–22.2
Liquid assets, opening balance	37.2	31.7	17.8	40.0	40.0
Liquid assets, closing balance	26.7	14.9	26.7	14.9	17.8
Unutilized committed credit facilities	192.0	176.1	192.0	176.1	200.5
Available liquidity	218.7	191.0	218.7	191.0	218.3

¹⁾ Of the working capital increase, MSEK 12 is due to the acquisition of Elimag.

²⁾ Of the capital expenditures, MSEK 131 relates to the acquisition of Elimag.

³⁾ Of the financial payments, MSEK 148 relates to the acquisition of Elimag.

SPECIFICATION OF CHANGE IN SHAREHOLDERS' EQUITY
Share capital

December 31, 2000	482.3
Non-cash issue in connection with acquisition of Elimag Industri AB	103.6
Conversion of subordinated debenture	0.1
Dividend paid	–35.9
Translation difference	9.8
Net income for the period	7.3
September 30, 2001	567.2

KEY FIGURES	2001 Q3	2000 Q3	2001 Jan.–Sep.	2000 Jan.–Sep.	2000 Full year
Number of shares outstanding*)	9,610,180	8,470,180	9,610,180	8,470,180	8,470,180
Earnings per share after actual taxes, SEK**)	0.59	2.76	0.87	6.46	9.01
Earnings per share after 28% standard taxes, SEK **)	0.45	2.76	0.95	6.46	9.53
Return on equity, %**)	2.9	20.9	2.0	15.7	17.5
Return on capital employed, %**)	5.4	18.8	4.8	16.5	17.3
Equity per share, SEK	63.10	56.82	63.10	56.82	59.94
Equity ratio, %	39.7	42.6	39.7	42.6	42.1
Debt/equity ratio, %	103.4	78.7	103.4	78.7	81.6
Liquid assets including committed credit facilities not drawn upon, MSEK	218.7	192.0	218.7	192.0	218.3
Capital expenditures, MSEK	133.6	20.6	133.6	59.7	114.0
Interest coverage ratio **)	1.6	6.3	1.4	5.6	6.1

*) Including outstanding convertible debentures and employee stock options and recalculated for 2:1 stock split.

***) Excluding items affecting comparability.

ACCOUNTING PRINCIPLES

The accounting principles and bases of calculation used in this interim report are identical to those in the most recently published annual report.