

Press Information

Financial Report 2002 for Beijer Alma AB (publ)

- Full-year profit, not including writedowns, MSEK 4.8 (2.0)
- Earnings per share after standard taxes, not including writedowns, SEK 0.66 (0.32)
- Cash flow for the full year MSEK 116.2 (–85.8)
- Result after net financial items for the fourth quarter MSEK –2,4 (–9,2)
- Reduction of dividend to SEK 1.00 per share proposed (2.00)

GROUP

The fourth quarter was marked by weak order bookings in all Group companies. Order bookings were MSEK 252.3 compared to MSEK 261.2 for the year before in continuing operations. Invoicing amounted to MSEK 268.3 (312.1), a decrease of 14 percent. The decrease in continuing operations was 7 percent. The result after financial items, negatively affected in the amount of MSEK 2 by a tax audit, was MSEK –2.4 (–9.2). This gave earnings per share of SEK –0.22 (–0.66). Operating cash flow was MSEK 32.6.

For the full year order bookings decreased by 8 percent to MSEK 1 131. The decline in continuing operations was 1 percent. The order backlog at year-end was MSEK 158, compared to MSEK 170 at the beginning of the year for continuing operations. Invoicing amounted to MSEK 1 115 (1 320), a drop of 16 percent. In continuing operations this was equivalent to a decline of 8 percent. The proportion of invoicing outside Sweden was 67 percent (60).

Profit after financial items, not including writedowns, amounted to MSEK 4.8 (2.0). Earnings per share after standard taxes, calculated in a similar manner, was SEK 0.62 (0.32). A writedown in the amount of MSEK 99.9 relating to fixed assets in Elimag was taken in the quarterly financial statements for the quarter ending September 30. The result before taxes was therefore MSEK –95.1 (2.0). The equity ratio was 39 percent (40). The operating margin, not including writedowns, was 2.9 percent (2.4).

Capital spending was MSEK 18 (116). Liquid funds, including unutilized committed credit facilities, amounted to MSEK 274 (239). Operating cash flow was MSEK 116.2 (–85.8). Interest-bearing net liabilities declined during the year by MSEK 117.

SUBSIDIARIES

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

During the fourth quarter order bookings were MSEK 119 (124), a decline by 4 percent. Invoicing amounted to MSEK 126 (138), a drop of 9 percent. Income after financial items was MSEK 7.8 (5.9). The operating margin was 7.6 (4.4) percent.

For the full year Lesjöfors' order bookings increased by 3 percent to MSEK 541 (526). The order backlog had increased to MSEK 65 at year-end (60).

Invoicing was MSEK 546 (566), a drop of 4 percent. Profit after net financial items was MSEK 46.1 (31.0). The operating margin was 9.6 percent (6.7).

Industrial springs accounted for 39 percent of invoicing (39). The corresponding figure for Chassis Springs was 26 percent (22). Flat Strip Components accounted for 35 percent (39) of invoicing. Industrial Springs' invoicing and earnings were unchanged compared to the year before, while Chassis Springs increased invoicing by 18 percent with improved profitability. Flat Strip Components decreased invoicing by 14 percent.

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

During the fourth quarter order bookings increased by 11 percent to MSEK 96 (86). Invoicing amounted to MSEK 103 (100), an increase by 3 percent. Profit was MSEK 0.3 (-12.7). The operating margin was 2.4 percent (-9,3) during the quarter.

For the full year Habia's order bookings declined by 1 percent to MSEK 419 (422). The order backlog declined during the year from MSEK 91 to MSEK 81.

During 2002 Habia's invoicing was MSEK 403 (455), a drop by 11 percent. The Telecom sector accounted for 30 percent compared to 35 percent during 2001. Profit after net financial items was MSEK 0.4 (1.3). The operating margin was 2.7 percent (3.3).

An overall weak investment climate and a weak telecom sector had a negative effect on Habia. Germany is Habia's largest single market and the weak economic development there is painful for the company. Sales in Germany declined by MSEK 46 compared to 2001.

ELIMAG AB (www.elimag.se) conducts high speed machining operations in aluminum, for, among other, the telecom, defense and aerospace industries.

During the fourth quarter order bookings were MSEK 16.9 (28.7), invoicing was MSEK 19.5 (27.5) and the result after net financial items was MSEK -1.5 (-3.2).

For the full year Elimag's order bookings were MSEK 86 (106). Invoicing was MSEK 84 (114). The result after net financial items, not including writedowns, was MSEK -11.8 (-0.4). The company's decline in invoicing of MSEK 30 is attributable primarily to the telecom sector. The weak development in this sector led to very low capacity utilization in the company. As a consequence thereof, fixed asset values in Elimag AB were written down by MSEK 52.1 during the third quarter 2002. Cost-containment programs were implemented during the year. The number of employees has been reduced by 20 persons to 57 persons.

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

During the fourth quarter order bookings were MSEK 19.3 (21.9), invoicing was 19.8 (23.3) and the result after net financial items was MSEK -1.8 (1.2).

For the full year Stafsjö's order bookings were MSEK 84 (89). Invoicing was MSEK 82 (91). Stafsjö's result after net financial items was MSEK -4.7 (4.1). The decline in invoicing is due to a low level of capital spending activity in the global paper and pulp industry with the exception of China. The weak market has also led to depressed prices.

NET REVENUES AND RESULT BY COMPANY

NET REVENUES

MSEK

	2002	2001	2002	2002	2002	2002	2001	2001	2001	2001
	Full year	Full year	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Lesjöfors	546.4	566.1	126.3	130.0	147.1	143.0	138.5	128.0	145.6	154.0
Habia Cable	402.8	454.8	102.5	97.4	107.0	95.9	99.9	105.4	116.6	132.9
Elimag	83.7	114.5	19.5	15.4	19.9	28.9	25.8	24.9	30.8	33.0
Stafsjö Bruk	81.9	91.4	19.8	19.3	22.7	19.7	23.3	25.9	19.9	22.3
Parent Company and consolidation eliminations	0.5	2.1	0.2	–	–	0.3	0.1	0.1	1.4	0.5
The present Group	1 115.3	1 228.9	268.3	262.1	296.7	287.8	287.6	284.3	314.3	342.7
Divested companies *	–	91.2	–	–	–	–	24.5	14.4	23.2	29.2
Group	1 115.3	1 320.3	268.3	262.1	296.7	287.8	312.1	298.7	337.5	371.9

RESULT AFTER FINANCIAL ITEMS

MSEK	2002	2001	2002	2002	2002	2002	2001	2001	2001	2001
	Full year	Full year	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Lesjöfors	46.1	31.0	7.8	10.1	14.2	14.0	5.9	9.2	3.1	12.8
Habia Cable	0.4	1.2	0.3	–0.7	1.8	–1.0	–12.7	–0.5	–0.5	15.0
Elimag	–11.8	–0.4	–1.5	–3.4	–5.7	–1.2	–3.2	–0.6	0.0	3.4
Stafsjö Bruk	–4.7	4.1	–1.8	–1.0	–1.4	–0.5	1.2	2.7	–0.5	0.7
Parent company and consolidation eliminations **	–25.2	–21.4	–7.2	–4.1	–5.7	–8.2	2.6	–2.0	–17.0	–5.1
The present Group	4.8	14.5	–2.4	0.9	3.2	3.1	–6.2	8.8	–14.9	26.8
Divested companies *	–	–12.5	–	–	–	–	–3.0	–3.3	–4.7	–1.5
Writedowns, etc.	–99.9	–	–	–99.9	–	–	–	–	–	–
Total	–95.1	2.0	–2.4	–99.0	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, was 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

The last quarter of 2002 was marked by weak demand. Order bookings as well as invoicing were weaker than during the corresponding quarter one year ago. Contrary to the situation last year, we see no signs of improvement during the first part of 2003. It is true that the demand situation was weak as we entered 2002, but at that time we saw signs of an economic turnaround. Order bookings increased during the first few months of the year at the same time as the order backlog grew. The previously high levels of inventory in the telecom sector also began to reach an equilibrium. These trends were broken in May. Order bookings declined and again fell short of invoicing, resulting in a shrinking order backlog. The development of demand we have seen in the Beijer Alma Group reflects the overall demand situation for Swedish industry during 2002 relatively well.

The weak level of demand has been met with major cost reductions. Cost-containment activity began among the Group's companies as early as during the first months of 2001. As the economy became weaker, activities have continued during 2002. Major personnel cutbacks have been implemented, bringing the Group's total number of employees down by 115 persons, or 11 percent in continuing operations. As a result, payroll in continuing operations has been reduced by MSEK 40.6 compared to the year before.

In addition to cost containment we have focused on cash flow over the past two years. Cash flow for the fourth quarter was MSEK 32.6. We have now had positive cash flow for five consecutive quarters. For 2002 the cumulative cash flow amounted to MSEK 116. This has been made possible by a low level of capital expenditures, but also by reducing inventories and lowering accounts receivable.

The companies of the Beijer Alma Group are dependent upon the climate for industrial capital spending. The proportion of sales to the telecom sector has declined from 28 percent to 17 percent over a two-year period. The Group's risk diversification is good thanks to the diversity that exists in our corporate structure. The Group is not dependent on individual customers or products.

The weak demand situation that prevailed during 2002 is expected to continue, at least well into the first part of 2003. The Group's companies enter 2003 with costs at a considerably lower level than at the outset of 2002. The Group's companies are well positioned to handle an increase in demand.

DIVIDEND PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors propose a dividend of SEK 1.00 per share (2.00).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 6:00 p.m., March 19 in Uppsala.

Uppsala, February 6, 2003

BEIJER ALMA AB (publ)

Board of Directors

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Next report:

Quarterly report April 29, 2003

SUMMARY STATEMENTS OF INCOME

MSEK	2002 Q 4	2001 Q 4	2002 Full year	2001 Full year
Net revenues	268.3	312.1	1 115.3	1 320.2
Cost of goods sold	-186.2	-231.1	-773.0	-937.8
Gross profit	82.1	81.0	342.3	382.4
Selling expenses	-46.6	-53.3	-185.6	-204.0
Administrative expenses	-26.1	-30.6	-118.9	-147.6
Writedowns of fixed assets	-	-	-99.9	-
Share in result of affiliated company before taxes	-5.3 *	0.4	-5.4	1.5
Operating result	4.1	-2.5	-67.5	32.3
Interest income and similar items	1.7	3.4	3.3	5.4
Interest expense and similar items	-8.2	-10.1	-30.9	-35.7
Result after financial items	-2.4	-9.2	-95.1	2.0
Taxes	-0.2	14.2	11.1	10.3
Net result for the period	-2.6	5.0	-84.0	12.3

*) The corresponding costs were charged to the Parent Company in prior periods of 2002.

SUMMARY BALANCE SHEETS

MSEK	2002 Dec. 31	2001 Dec. 31
ASSETS		
Fixed assets		
Intangible fixed assets	107.7	169.1
Tangible fixed assets	518.8	640.7
Financial assets	30.9	29.5
Total fixed assets	657.4	839.3
Current assets		
Inventories	251.6	289.5
Receivables	220.2	268.5
Liquid funds	47.2	32.0
Total current assets	519.0	590.0
Total assets	1 176.4	1 429.3
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	112.8	112.7
Restricted reserves	185.6	204.2
Unrestricted reserves	243.9	248.2
Net result for the period	-84.0	12.3
Total shareholders' equity	458.3	577.4
Provisions	50.6	64.3
Long-term liabilities to credit institutions	469.2	565.4
Current liabilities to credit institutions	33.1	39.1
Current non-interest-bearing liabilities	165.2	183.1
Total shareholders' equity and liabilities	1 176.4	1 429.3

SUMMARY STATEMENTS OF CASH FLOW

MSEK	2002 Q 4	2001 Q 4	2002 Full year	2001 Full year
Cash flow before change in working capital and capital expenditures (cash earnings)	17.9	22.3	93.4	91.8
Change in working capital increase (-) decrease (+)	17.9	29.6	40.7	-36.5
Operative cash flow before capital expenditures	35.8	51.9	134.1	55.3
Investment operations	-3.2	-8.4	-17.9	-141.1
Operative cash flow after capital expenditures	32.6	43.5	116.2	-85.8
<u>Financing operations</u>	<u>-7.4</u>	<u>-38.2</u>	<u>-97.8</u>	<u>77.8</u>
Change in liquid funds	25.2	5.3	18.4	-8.0
Liquid funds at beginning of period	25.2	26.7	32.0	17.8
Acquired/sold cash and exchange rate changes in cash	-3.2	-	-3.2	22.2
Liquid funds at end of period	47.2	32.0	47.2	32.0
Approved but unutilized committed credit facilities	226.9	207.0	226.9	207.0
Available liquid funds	274.1	239.0	274.1	239.0

SPECIFICATION OF CHANGE IN SHAREHOLDERS' EQUITY

	Share capital	
	Dec. 31, 2001	Dec. 31, 2000
	577,4	482,3
New issue in connection with acquisition of Elimag Industri AB	-	103.6
Conversion of subordinated debentures	0.4	2.7
Dividend paid	-18.0	-35.9
Translation difference	-17.5	12.4
Net result for the period	-84.0	12.3
Dec. 31, 2002 and Dec. 31, 2001, respectively	458.3	577.4

KEY FINANCIAL INDICATORS

	2002 Q 4	2001 Q 4	2002 Full year	2001 Full year
Number of shares outstanding*)	9 610 180	9 610 180	9 610 180	9 610 180
Earnings per share after actual taxes, SEK	-0.25	0.55	-8.65	1.36
Earnings per share after 28% standard taxes, SEK **)	-0.22	-0.66	0.62	0.32
Return on equity, %**)	neg.	neg.	0.7	0.3
Return on capital employed, %**)	3.4	0.3	3.3	3.7
Shareholders' equity per share, SEK	50.79	64.03	50.79	64.03
Equity ratio, %	39	40	39	40
Debt equity ratio (net), %	100.9	100.4	100.9	100.4
Liquid assets including committed credit facilities not drawn upon, MSEK	274.1	239.0	274.1	239.0
Capital expenditures, MSEK	3.2	8.4	17.9	116.0
Interest coverage ratio **)	0.7	0.1	1.2	1.1

*) Including outstanding subordinated convertible debentures and personnel options. Not including subordinated convertible debentures and personnel options, the number of shares outstanding as of December 31, 2002 was 9 023 300.

**) Not including writedowns of fixed assets.

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 to this interim report as to the most recently presented Annual Report.

