

Press Release

Interim Report January – March 2003 for Beijer Alma AB (publ)

- Sales were MSEK 271.1 (287.8)
- Order bookings were MSEK 295.9 (317.5)
- Result after financial items was MSEK –3.5 (3.1)
- Cash flow was MSEK 14.5 (7.6)

GROUP

Market demand continued to be weak during the first quarter. Invoicing was MSEK 271.1 (287.8), a decline of 6 percent. Invoicing to the telecom sector dropped to the equivalent of 13.9 percent (17.3) of invoicing for the quarter. Order bookings declined by 7 percent to MSEK 295.9 (317.5). The order backlog was MSEK 180.4 (188.0). The result after financial items was MSEK –3.5 (3.1). Earnings per share after standard taxes were SEK –0.24 (0.25).

The operating margin for the quarter was 1.1 percent (3.3). Capital expenditures were MSEK 3.2 (10.1). Liquid funds, including unutilized committed credit facilities, stood at MSEK 278.8 (205.8). The equity ratio was 38.8 percent (40.4). A dividend payment of MSEK 9.0 was made during the period. Cash flow after capital expenditures was MSEK 14.5 (7.6). The number of employees was 899 (944) at the end of the period.

SUBSIDIARIES

LESJÖFORS AB (www.lesjoforsab.com) is a full-range supplier of standard and specially produced industrial springs, wire and flat strip components. The company is a dominating player in the Nordic Region and one of the larger companies in its sector in Europe. Lesjöfors has manufacturing operations in Sweden, Denmark and Finland.

Lesjöfors had sales during the period of MSEK 139.7 (143.0), a drop of 2 percent. Order bookings increased by 2 percent to MSEK 146.6 (143.3). The profit was MSEK 12.2 (14.0) and the operating margin was 9.7 percent (11.0).

Sales continued to be good in business areas Industrial Springs and Chassis Springs, albeit with somewhat lower profitability. Sales declined in business area Flat Strip Components, while the result improved. The business area still reports a loss. Deliveries will begin of several new products in business area Flat Strip Components during the second quarter.

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

Sales were MSEK 90.0 (95.9), a drop of 6 percent. Order bookings amounted to MSEK 106.7 (116.8) a decline of 9 percent. The result after financial items was MSEK –8.6 (–1.0) and the operating margin was –7.0 percent (1.8).

Habia entered the year with a low backlog of orders, which led to week invoicing during the first quarter. The order backlog has gradually improved from this very low level. Increased pricing pressures have resulted in lower margins, however.

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

Elimag's sales were MSEK 18.5 (28.9), a decline of 38 percent. Order bookings declined by 48 percent to MSEK 16.7 (32.3). The result was MSEK -2.5 (-1.2).

Market demand was very weak, especially from the telecom sector. The company's costs have been sharply reduced compared with the preceding year.

AB STAFSJÖ BRUK (www.stafsjo.com) develops, manufactures and markets knife gate valves for the process industry. The company is internationally active with sales offices in Germany and China and a network of sales representatives in some 30 countries

Sales were MSEK 22.9 (19.7), an increase by 16 percent. Order bookings increased by 4 percent to MSEK 25.8 (24.9). The result was MSEK 0.9 (-0.5).

NET REVENUES AND RESULT BY COMPANY

NET REVENUES

MSEK	2003 Q 1	2002 Q 4	2002 Q 3	2002 Q 2	2002 Q 1
Lesjöfors	139.7	126.3	130.0	147.1	143.0
Habia Cable	90.0	102.5	97.4	107.0	95.9
Elimag	18.5	19.5	15.4	19.9	28.9
Stafsjö Bruk	22.9	19.8	19.3	22.7	19.7
Parent Company and consolidation eliminations	–	0.2	–	–	0.3
Group	271.1	268.3	262.1	296.7	287.8

RESULT AFTER FINANCIAL ITEMS

MSEK	2003 Q 1	2002 Q 4	2002 Q 3	2002 Q 2	2002 Q 1
Lesjöfors	12.2	7.8	10.1	14.2	14.0
Habia Cable	-8.6	0.3	-0.7	1.8	-1.0
Elimag	-2.3	-1.5	-3.4	-5.7	-1.2
Stafsjö Bruk	0.9	-1.8	-1.0	-1.4	-0.5
Parent Company and consolidation eliminations	-5.7	-7.2	-4.1	-5.7	-8.2
Group	-3.5	-2.4	0.9	3.2	3.1
Writedowns, etc.	–	–	-99.9	–	–
Total	-3.5	-2.4	-99.0	3.2	3.1

ANNUAL GENERAL MEETING

The Annual General Meeting held March 19 resolved a dividend of SEK 1.00. All directors and the deputy were re-elected.

PRESIDENT'S STATEMENT

The beginning of the year has been weak. Sales in several of the businesses of the Beijer Alma Group were affected negatively by the low level of order bookings during the latter part of 2002. Order bookings have

improved during the first quarter, however, and this has resulted in an increase in the order backlog by MSEK 25 compared to the situation at year-end. A major part of this increase comes from Habia. The increase in order backlog raises the prospect for improved sales in coming quarters.

There are considerable pricing pressures in several of our businesses, which leads to lower margins. These pricing pressures are the result of weak demand and low capacity utilization in several of the industries where our companies operate.

Lesjöfors continues to report good results. The Industrial Springs and Chassis Springs operations in particular recorded stable volumes and good profitability. Business area Flat Strip Components reported a negative result for the period. This business is likely to be affected positively in coming quarters because deliveries of new products will be starting.

Habia's result declined due to lower sales than during the year-ago period. The company generated a lower gross margin, which was due to pricing pressures as well as effects on earnings of lower inventory. These effects are expected to remain for most of the year. Habia is continuing to adapt costs to the weaker state of market demand. Among other things, personnel at the production facility in Hamburg have been given notice.

Elimag is under severe pressure by the weak demand in the telecom sector. There are also severe pricing pressures in the market. At the present time the company sees few development projects that could contribute to a positive development of volumes. Cost containment action initiated during the latter part of the preceding year generated its full effect during the first quarter.

Stafsjö showed a positive development during the quarter, despite a weak market situation. Pricing pressures are countered by lower costs. Programs to lower production costs by moving manufacturing of components to low-cost countries are in progress. The Chinese market is important to Stafsjö. The development of the lung disease SARS is a threat to sales as well as the supply of components from the region. The company has already experienced postponement of major expansion projects in the paper industry due to the epidemic.

The Beijer Alma Group continues to generate a positive cash flow despite weak earnings. Cash flow for the first quarter amounted MSEK 14.5. This made it possible to reduce net indebtedness compared to the situation at year-end, despite payment of dividends during the quarter. Continued inventory reductions, especially in Habia, and low capital expenditures in all of the Group's companies will contribute to cash flow also in coming quarters.

Uppsala, April 29, 2003

BEIJER ALMA AB (publ)

Bertil Persson
President and CEO

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

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Next report date:

Semi-annual Report August 8, 2003.

SUMMARY STATEMENTS OF INCOME

MSEK	2003 Q 1	2002 Q 1	2002 Full year
Net revenues	271.1	287.8	1 115.3
Cost of goods sold	-195.6	-199.2	-773.0
Gross profit	75.5	88.6	342.3
Selling expenses	-44.6	-44.5	-185.6
Administrative expenses	-27.3	-34.3	-118.9
Writedowns of fixed assets	-	-	-99.9
Share in result of associated companies before taxes	-0.5	-0.3	-5.4
Operating result	3.1	9.5	-67.5
Interest income and similar items	0.4	0.5	3.3
Interest expense and similar items	-7.0	-6.9	-30.9
Result after financial items	-3.5	3.1	-95.1
Taxes	0.2	-1.1	11.1
Net result for the period	-3.3	2.0	-84.0

SUMMARY BALANCE SHEETS

MSEK	2003 March 31	2002 March 31	2002 Dec. 31
ASSETS			
Fixed assets			
Intangible fixed assets	104.5	161.3	107.7
Tangible fixed assets	509.0	625.6	518.8
Financial assets	30.6	23.2	30.9
Total fixed assets	644.1	810.1	657.4
Current assets			
Inventories	244.6	263.4	251.6
Receivables	236.1	288.1	220.2
Liquid funds	33.4	12.5	47.2
Total current assets	514.1	564.0	519.0
Total assets	1 158.2	1 374.1	1 176.4

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity			
Share capital	112.8	112.7	112.8
Restricted reserves	186.1	201.2	185.6
Unrestricted reserves	153.2	239.7	243.9
Net result for the period	-3.3	2.0	-84.0
Total shareholders' equity	448.8	555.6	458.3
Provisions	53.9	55.6	50.6
Long-term liabilities to credit institutions	455.6	550.2	469.2
Current liabilities to credit institutions	27.0	24.3	33.1
Current non-interest-bearing liabilities	172.9	188.4	165.2
Total shareholders' equity and liabilities	1 158.2	1 374.1	1 176.4

SUMMARY STATEMENTS OF CASH FLOW

MSEK	2003 Q 1	2002 Q 1	2002 Full year
Cash flow from current operations before change in working capital and capital expenditures	18.7	25.1	93.4
Change in working capital, increase (–) decrease (+)	–1.0	–7.4	40.7
Cash flow from current operations	17.7	17.7	134.1
Investment operations	–3.2	–10.1	–17.9
Operative cash flow after capital expenditures	14.5	7.6	116.2
<u>Financing operations</u>	<u>–28.3</u>	<u>–27.1</u>	<u>–97.8</u>
Change in liquid funds	–13.8	–19.5	18.4
Liquid funds at beginning of period	47.2	32.0	32.0
Sold cash and exchange rate changes in cash	–	–	–3.2
Liquid funds at end of period	33.4	12.5	47.2
Approved but unutilized committed credit facilities	245.4	193.3	226.9
Available liquid funds	278.8	205.8	274.1

SPECIFICATION OF CHANGE IN SHAREHOLDERS' EQUITY

Share capital

December 31, 2002	458.3
Dividend paid	–9.0
Translation difference	2.8
Net result for the period	–3.3
March 31, 2003	448.8

KEY FINANCIAL INDICATORS

	2003 Q 1	2002 Q 1	2002 Full year
Number of shares outstanding*)	9 610 180	9 610 180	9 610 180
Earnings per share after actual taxes, SEK	–0.32	0.23	–8.65
Earnings per share after 28% standard taxes, SEK**)	–0.24	0.25	0.45
Return on equity, %**)	neg.	1.6	0.7
Return on capital employed, %**)	1.5	3.5	3.37
Shareholders' equity per share, SEK	49.74	61.61	50.79
Equity ratio, %	38.8	40.4	39.0
Debt equity ratio (net), %	102.7	101.1	100.9
Liquid assets including committed credit facilities not drawn upon, MSEK	278.8	205.8	274.1
Capital expenditures, MSEK	3.2	10.1	17.9
Interest coverage ratio**)	0.5	1.5	1.2
Number of employees at end of period	899	944	909

*) Including outstanding subordinated convertible debentures and personnel options. Not including subordinated convertible debentures and personnel options, the number of shares outstanding as of March 31, 2003 was 9 023 300.

**) Not including writedown of fixed assets in September, 2002.

ACCOUNTING PRINCIPLES

Beijer Alma implemented the following accounting recommendations from the Swedish Financial Accounting Standards Council effective as of January 1, 2003.

RR 2	Inventories
RR 22	Composition of financial report
RR 25	Reporting by segment
RR 26	Events after the period under review
RR 27	Financial instruments – information and classification
RR 28	Government support

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.

