

BEIJER ALMA

QUARTERLY REPORT BEIJER ALMA AB (publ) JANUARY – SEPTEMBER 2000

- ❖ Order bookings increased by 32 percent during the January-September period.
- ❖ January-September revenues increased by 20 percent.
- ❖ Profit after financial items January-September increased by 34 percent to MSEK 74.5 (55.7).
- ❖ Good order situation from the telecom sector.

Beijer Alma (www.beijer-alma.se) is an internationally active industrial group of industry-leading technology companies with good growth potential.

GROUP

During the period January-September market demand continued to be strong. Order bookings increased by 32 percent to MSEK 925 in continuing operations. As of September 30, the order backlog was MSEK 265 (144). Despite extensive capacity build-up, our ability to deliver still does not reach the level of new orders. Revenues amounted to MSEK 811.5, equivalent to an increase of 20 percent in continuing operations.

Profit after financial items, not including items affecting comparability, was MSEK 74.5 (55.7). Items affecting comparability of MSEK 9.5 are reported in addition hereto (7.7). These items include an SPP refund discounted to present value. Earnings per share after standard taxes, not including items affecting comparability, was SEK 12.92 (9.87). The equity ratio stood at 42.6 percent (49.9). The operating margin increased to 11.0 percent (8.3).

During the third quarter order bookings grew in continuing operations by 46 percent to MSEK 307 (210). Invoicing increased by 30 percent to MSEK 268 (207) and income after financial items, not including items affecting comparability, increased by 83 percent to MSEK 32.0 (17.5). Earnings per share were SEK 5.53 (3.25).

Investments in plant and equipment amounted to MSEK 60 (58) during the period January to September. Liquid funds, including unutilized committed credit facilities, were MSEK 192 (186).

SUBSIDIARIES

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 Söderfors and in Hamburg.

During the period January-September Habia's order bookings increased by 70 percent to MSEK 354. Excluding the German cable manufacturer, Isotec Kabel GmbH, acquired in April, order bookings increased by 43 percent. Market demand continues to be strong for all customer categories, but especially from the telecom sector.

The backlog of orders grew during the first nine months of the year from MSEK 53 to MSEK 153. The strong flow of orders has meant that production capacity has fallen short. It has therefore been decided to embark on an extensive capital expenditure program. Overall, Habia is estimated to invest MSEK 90 during the year, particularly in increased capacity for telecom-related products. Production capacity is expanded gradually. In February 2001, when the expansion phase is expected to come to an end, the capacity for telecom products is expected to be almost three times as large as it was at the beginning of year 2000.

Habia's invoicing was MSEK 267.6 during the nine-month period (195.2). The telecom industry's share was 52 percent compared to 31 percent during 1999. Profit after financial items was MSEK 22.8 (17.3). The operating margin was 10.6 percent (9.7).

Isotec is developing according to plan and is making a positive contribution, after acquisition expenses, to profit. In September, it was decided to establish a local production facility in the Chinese province of Jiangsu in order to improve the service to the Asian market. Production is scheduled to commence during October.

During the third quarter order bookings increased by 100 percent to MSEK 134 (67). Not including Isotec, the increase was 55 percent. Invoicing amounted to MSEK 97 (62) and the profit was MSEK 10.4 (7.1). The operating margin during the quarter was 13.3 percent.

LESJÖFORS AB (www.lesjoforsab.com) is a full-line supplier of industrial springs and flat strip components. The company is a dominating player in the Nordic Region and one of the larger companies in its industry in Europe.

During the period January–September Lesjöfors' order bookings increased by 19 percent to MSEK 507. Important frame agreements have been concluded in the telecom sector in addition hereto, where order bookings and shipments are expected to begin only by the end of the current year. As of September 30, the order backlog was MSEK 108 (88).

Invoicing was MSEK 480.0 (417.6). Profit after financial items, not including items affecting comparability, was MSEK 58.5 (43.8). The operating margin was 13.4 percent (11.9).

During the third quarter order bookings grew to MSEK 152 (134). Invoicing increased to MSEK 149 (125) and profit after financial items was MSEK 20.2 (13.3). The operating margin was 14.9 percent.

Lesjöfors sold the operation in Rånäs during the period because it was considered not to be a part of the core operation. The sale generated a small capital gain, which is included in items affecting comparability.

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

During the period January–September Stafsjö's order bookings were MSEK 57.1 (59.6). Invoicing was MSEK 57.3 (59.5). Stafsjö's profit after financial items was MSEK 1.6 (0.7).

During the third quarter order bookings were MSEK 18.5 (16.5), invoicing was MSEK 18.7 (17.2) and profit after financial items was MSEK 1.0 (–0.2).

During September, an entirely new line of water and escape valves was launched. Shipment of these products is planned to commence during the fourth quarter this year.

REVENUES AND INCOME BY COMPANY

MSEK	<i>Revenues</i>						
	2000 Q 3	2000 Q 2	2000 Q 1	1999 Q 4	1999 Q 3	1999 Q 2	1999 Q 1
Habia Cable	96.9	103.2	67.5	82.6	61.9	77.5	55.8
Lesjöfors	148.7	167.1	164.2	138.7	124.7	147.2	145.7
Stafsjö Bruk	18.7	19.6	19.0	21.8	17.2	24.0	18.3
Parent Company and consolidation eliminations	3.9	1.0	1.7	1.1	3.1	1.1	1.9
Group	268.2	290.9	252.4	244.2	206.9	249.8	221.7
<i>Companies sold</i>							
G & L Beijer (sold as of 8/31/99)	–	–	–	–	13.6	21.5	25.9
Bierregaard (sold as of 5/31/9)	–	–	–	0.1	0.2	19.4	27.7
Total	268.2	290.9	252.4	244.3	220.7	290.7	275.3
	<i>Profit after financial items</i>						
MSEK	2000	2000	2000	1999	1999	1999	1999

	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Habia Cable	10.4	11.7	0.7	14.9	7.1	10.0	0.2
Lesjöfors	20.2	19.0	19.3	6.6	13.3	16.1	14.4
Stafsjö Bruk	1.0	0.2	0.4	0.9	-0.2	1.3	-0.4
Parent Company and consolidation eliminations	0.4	-5.6	-3.2	-2.6	-2.7	-4.4	-2.0
Group	32.0	25.3	17.2	19.8	17.5	23.0	12.2
Items affecting comparability	9.5	-	-	5.3	-	7.7	-
<i>Companies sold</i>							
G & L Beijer (sold as of 8/31/99)	-	-	-	-	0.4	0.2	0.9
Bierregaard (sold as of 5/31/99)	-	-	-	0.2	0.2	0.3	1.0
Total	41.5	25.3	17.2	25.3	18.1	31.2	14.1

PRESIDENT'S COMMENTS

- Beijer Alma posted the best quarterly result in the Company's history during the third quarter. Profit was 83 percent higher than during the corresponding period one year ago. This is a consequence of the growth we have seen in invoicing by Habia as well as Lesjöfors during the year, and also a result of our strategic focus on clear growth areas, the telecom sector in particular. It also indicates the strength and competence of our employees, who are capable of both developing and manufacturing internationally attractive quality products despite an intense pace of activity at our companies.

In Habia order bookings are still significantly higher than invoicing, which results in a rapidly rising order backlog. Today the company has three to four months of production on order, with long lead times as a consequence. The capital expenditure program resolved will solve this problem. The first phase of expansion, which was completed during September, brings a virtual doubling of delivery capacity of telecom-related products during the fourth quarter compared to the situation in the early part of the year. The second expansion phase is scheduled to be completed during the first quarter of 2001. Hereby we lay the foundation for handling a significantly higher sales volume during next year compared to this year. The company's initiative of establishing a local production facility in China will also contribute towards growth.

In Lesjöfors we are now seeing an increase in invoicing within all business areas during the first nine months of the year. The highest rate of organic growth is seen in the area of Strip Components. This is explained by the high proportion of sales to the telecom industry. Lesjöfors has participated in a number of development projects in this area during the period and these are expected to generate a further increase in volumes during next year. The telecom sector is therefore likely to account for a growing proportion of Lesjöfors Group sales. Business areas Industrial Springs and Chassis Springs also showed good growth and profitability.

Stafsjö Bruk is seeing the effects of the current low level of capital expenditure in the paper and pulp industry. Despite this, the company has managed to reach a positive result thanks to successful adaptation of the cost level. New products will provide positive effects during next year.

I am expecting continued strong performance by the Group during the fourth quarter, which gives us a good starting-point for the next operating year. We will continue to focus on growth, primarily through established customer segments, but also through opportunities of making acquisitions that strengthen growth.

Uppsala, October 25, 2000

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.

Any questions will be answered by:

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SUMMARY STATEMENTS OF INCOME

MSEK	2000 Q 3	1999 Q 3	2000 Jan.–Sept.	1999 Jan.–Sept.	1999 Full year
Revenues	268.2	220.7	811.5	786.7	1,031.0
Cost of goods sold	-170.2	-146.2	-525.8	-534.9	-697.1
Selling expenses	-36.4	-30.1	-116.3	-109.0	-144.0
Administrative expenses	-25.6	-23.3	-82.8	-79.0	-102.3
Shares in profit of associated companies	1.4	0.2	2.4	1.9	0.7
Operating profit	37.4	21.3	89.0	65.7	88.3
Items affecting comparability	9.5		9.5	7.7	13.0
Net financial items	-5.4	-3.2	-14.5	-10.0	-12.6
Profit after financial items	41.5	18.1	84.0	63.4	88.7
Taxes	-11.6	-5.0	-23.5	-17.7	-33.5
Net profit for the period	29.9	13.1	60.5	45.7	55.2

SUMMARY BALANCE SHEETS

MSEK	2000 Sept. 30	1999 Sept. 30	1999 Dec. 31
Assets			
Fixed assets	561.4	431.8	444.6
Current assets, not including liquid funds	497.2	359.5	384.1
Liquid funds	14.9	50.3	40.0
Total assets	1 073.5	841.6	868.7
Shareholders' equity and liabilities			
Shareholders' equity	457.1	420.5	424.7
Provisions	43.9	39.1	45.3
Long-term liabilities	343.9	217.8	201.4
Current liabilities	228.6	164.2	197.3
Total shareholders' equity and liabilities	1 073.5	841.6	868.7

SUMMARY STATEMENTS OF CASH FLOW

MSEK	2000 Q 3	1999 Q 3	2000 Jan.–Sept.	1999 Jan.–Sept.	1999 Full year
Cash flow before changes in working capital and capital expenditures (cash earnings)	46.2	26.0	107.3	86.8	109.9
Change in working capital, increase (-) decrease (+)	-18.8	17.5	-81.8	-9.2	-0.7
Cash flow before capital expenditures	27.4	43.5	25.5	77.6	109.2
Capital expenditures	-31.6	-13.9	-163.6	-32.2	-58.5
Cash flow after capital expenditures	-4.2	29.6	-138.1	45.4	50.7
Financial payments	-12.6	-25.0	113.0	-23.0	-38.6
Change in liquid funds	-16.8	4.6	-25.1	22.4	12.1

HIGHLIGHTS

	2000 Q 3	1999 Q 3	2000 Jan.–Sept.	1999 Jan.–Sept.	1999 Full year
Number of shares outstanding	4 235 090	4 111 050	4 235 090	4 111 050	4 164 210
Earnings per share after actual taxes, SEK	7.14	3.25	14.53	11.22	13.43
Earnings per share after 28% standard taxes, SEK *)	5.53	3.25	12.92	9.87	13.30
Return on equity, %*)	20.9	12.7	15.7	13.1	13.3
Return on capital employed, %*)	18.8	13.1	16.5	14.2	14.5
Shareholders' equity per share, SEK	113.64	104.51	113.64	104.51	105.59
Equity ratio, %	42.6	49.9	42.6	49.9	48.9
Debt equity ratio, %	78.7	54.2	78.7	54.2	52.0
Liquid funds, including unutilized committed credit facilities, MSEK	192.0	185.6	192.0	185.6	190.9
Capital expenditures, MSEK	20.6	13.7	59.7	57.9	69.6
Interest coverage ratio, multiple*)	6.3	5.8	5.6	5.8	6.1

*) Not including items affecting comparability.