

Press release from

2001-04-25

Elanders AB (publ)

Report on the first quarter 2001

- **Net turnover increased by 7%, totalling MSEK 623,3 (MSEK 585,1)**
- **Pre-tax profits amounted to MSEK 1,3 (MSEK 46,5)**
- **Weakened order intake from the telecom industry and a decrease in demand for products and services due to the downward economic trend have had a negative effect on profitability.**
- **Effects of the ongoing action programs will be seen towards year-end.**
- **Continued success for full service solutions to major industrial customers (Master Vendor).**

Elanders, the leading Nordic infomedia group, is organised into three business areas:

- **Infomedia**

- Development of Publishing Management solutions for customers that publish large amounts of data for business-to-business.
- Database publishing and Cross Media Publishing of trade information in a variety of media such as printed matter, CD-ROM, the Web and e-commerce solutions.
- Information structuring and system solutions for integrated publishing.
- Business development, support and outsourcing services.
- Offices in Gothenburg, Stockholm (Sweden) and Oslo (Norway).

- **Infologistics**

- One-stop shop solutions that meet customer requirements for producing, printing and distributing information – Master Vendor Concept.
- Print in offset and digital printing (print-on-demand).
- Product catalogues and manuals for industrial and commercial companies in any media.
- Educational material for schools and universities in Sweden and Great Britain, as well as government printing for The Swedish Parliament, the government, governmental departments etc.
- Production and sales in Angered, Falköping, Gothenburg, Malmö, Stockholm, Trelleborg and Östervåla (Sweden) and Newcastle (UK).

- **Infoprint**

- Products with a large number of pages that are printed offset and digitally in varying editions.
- Exports to some 20 European countries.
- Customised and personalised advertising products, as well as colour periodicals.
- Production and sales in Helsingborg, Kungälv and Landskrona (Sweden), Oslo (Norway), Warsaw and Plonsk (Poland).

Business area sales and results

First quarter	Net turnover		Results	
	2001	2000	2001	2000
MSEK				
Business area				
Infomedia ¹⁾²⁾	80	62	-10,4	4,3
Infologistics ^{1) 2)3)}	284	247	15,9	26,0
Infoprint ¹⁾	259	276	7,0	21,1
Total	623	585	12,5	51,4
Net financial items			-11,2	-4,9
Group	623	585	1,3	46,5

¹⁾ Elanders Svenskt Tryck AB is included in business area Infologistics from 1 January 2001. Previously it was part of business area Infoprint. Turnover and profit for 2000 have been recalculated according to the current Group structure.

²⁾ KåPe included from 1 April 2000.

³⁾ The Novum Group included from 1 October 2000.

Infomedia

The business area's negative development during the latter half of 2000 has now been checked but the effects of the coordination and cost adjustment measurements taken at the end of last year will not reach full effect until the second half of 2001.

Operations in advertisement and other page production have continued to be successful while premedia and consultation have been hit by the downward economic trend. Further measures to adjust employee expenses have been taken. The negative effect on profits for the first quarter this has had will become positive in the coming months. The business area is now well prepared to efficiently integrate its services into other business area's products and services, for example Master Vendor. Considering all these factors the outlook for the future is good.

Infologistics

The drastic decline in demand from the telecom industry has considerably affected the business area's profit during the quarter. In addition, further cost efficiency measures have been taken during the period. These measures have been charged to first quarter profits. Success in other areas, such as comprehensive solutions within the framework of Master Vendor and new orders from major industrial customers for B2B and B2C publishing, have not yet fully compensated for the decline in telecom demand. The economic slowdown has also had a general negative effect in demand in other areas. The outlook for continued success with Master Vendor solutions for larger industrial customers, primarily in electromechanics, pharmaceuticals, white goods and vehicles is good. Together with the favourable influence of significant cost efficiency measures launched at the end of last year and continuing into the first quarter, the business area ought to approach profit margins from previous years towards this year-end.

Infoprint

The extensive restructuring and investments being made in the business area's directory production in Kungsbacka progresses and will be completed in the third quarter 2001 as planned. During the conversion period some external capacity has been purchased to meet delivery obligations, which has had a negative effect on profits in the first quarter. This will continue into the second and third quarters as well. Demand for the business area's services and products continues to be good even if price levels, particularly in the magazine market, are unsatisfactory. The extensive rationalisation program initiated in the business area during the fourth quarter of last year is progressing according to plan and should be completed in the third quarter of 2001.

Turnover and profit

Net turnover increased by MSEK 38,2 to MSEK 623,3 (MSEK 585,1) while Group operating profit fell by MSEK 38,9 to MSEK 12,5 (MSEK 51,4). The major factors in this drop were lower demands from the telecom industry, a general slowdown due to the downward economic trend and the effects of further measures in cost efficiency measurements and restructuring in directories. Net financial items consist of net interest expense of MSEK 8,2 and currency rate losses of MSEK 3.

Investments and depreciation

During the year net capital expenditures totalled MSEK 63 (MSEK 47). Depreciation amounted to MSEK 50,1 (MSEK 40), of which goodwill depreciation was MSEK 10,1 (MSEK 6,6).

Financial position, cash flow and equity ratio

The Group's net debt amounted to MSEK 719 (MSEK 452) and cash flow for the period totalled MSEK -54 (MSEK -34). The change is mainly due to the considerable investments in directory operations, decline in profits and the liquidity effects of the provisions made for restructuring in connection with acquisitions in 2000.

Shareholders' equity amounted to MSEK 878 (MSEK 631), which resulted in an equity ratio of 38,6 % (38 %).

Personnel

The average number of employees during the period was 1955 (1845), of which 1469 are in Sweden (1335). At the end of the period the Group had 1933 employees (1854).

Future Prospects

Due to the downward economic trend in several of the markets where the Group is active, the effects of restructuring in directory operations and the decline in demand from the telecom industry, our assessment that pre-tax profits in 2001 will be lower than pre-tax profits in 2000 remains unchanged.

We can also note that our market shares have increased in prioritised areas. Our current strategy is therefore considered to be a good foundation for long-term positive development for the Group.

Our strategy to expand both organically and through acquisitions remains the same as well as our goal to develop Elanders into a leading infomedia company.

Next report

A press release from the Elanders Group on the first six months and second quarter will be issued on 13 August 2001. The third-quarter report (nine months) will be issued on 17 October 2001.

The company auditors have not reviewed this report.

In this report the same accounting principles have been used as those in the annual accounts for 2000.

Kungsbacka, 25 April 2001



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Further information can be found on Elanders' website www.elanders.se or via e-mail info@elanders.se.

This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

Summary Consolidated Income Statements

	January – March		Last	Full-year
	2001	2000	12 months	2000
MSEK				
Net turnover	623,3	585,1	2577,5	2539,3
Cost of products and services sold	-537,3	-465,9	-2164,3	-2092,9
Gross profit	86,0	119,2	413,2	446,4
Sales and administration costs	-73,5	-67,8	-280,9	-275,2
Items affecting comparability			-13,0	-13,0
Operating profit	12,5	51,4	119,3	158,2
Net financial items	-11,2	-4,9	-22,3	-16,0
Income before taxes	1,3	46,5	97,0	142,2
Taxes	-0,5	-15,0	-31,4	-45,9
Minority shares	0	-0,5	0,6	0,1
Net profit for the period	0,8	31,0	66,1	96,3
Earnings per share, SEK ¹⁾	0,09	4,17	8,13	12,21

1) The average number of shares during the report period amounted to 8,370,000. The number of outstanding shares per 31 March 2001 were 8,370,000.

Summary Consolidated Balance Sheets

MSEK	31/3 2001	31/3 2000	31/12 2000
Assets			
Goodwill	690	438	696
Other fixed assets	856	628	833
Inventories	161	143	149
Accounts receivable	423	398	440
Other current assets	109	38	85
Liquid funds	36	33	30
Total assets	2275	1678	2233
Liabilities and shareholders' equity			
Shareholders' equity	878	631	872
Minority shareholders' equity	0	6	0
Long-term liabilities			
Non-interest bearing	19	17	11
Interest-bearing	214	171	212
Short-term liabilities			
Non-interest bearing	623	539	656
Interest-bearing	541	314	482
Total liabilities and shareholders' equity	2275	1678	2233

Changes in shareholders' equity

MSEK	Share capital	Restricted reserves	Free shareholder equity	Total
Opening balance	84	561	227	872
Translation differences			5	5
Profit for the period			1	1
Closing balance	84	561	233	878

Cash flow

MSEK	January – March 2001	March 2000	Last 12 months	Full-year 2000
Cash flow before investments and changes in working capital	51	70	269	288
Increase (-) and decrease (+) in working capital	-43	11	-173	-119
Dividends to shareholders, net			-33	-33
Capital expenditures, net	-63	-47	-295	-279
Acquisitions			-14	-14
Increase (-) and decrease (+) in net debt	-55	34	-246	-157

Key ratios

MSEK	January – March 2001	March 2000	Full-year 2000
Return on shareholders' equity, %	0,3	20,2	13,1
Equity ratio on the 31 of March 2001, %	38,6	38,0	39,0
Return on capital employed, %	3,2	19,0	12,1
Debt-equity ratio	0,8	0,7	0,8

Definitions

Return on shareholders' equity	Net profit in relation to average shareholders' equity.
Equity ratio	Shareholders' equity, including minority shares, in relation to total assets.
Capital employed	Total assets reduced by liquid funds and non-interest bearing liabilities.
Return on capital employed	Operating profit in relation to average capital employed.
Debt-equity ratio	Interest-bearing debt reduced by liquid funds in relation to shareholders' equity, including minority shares.