

INTERIM REPORT JANUARY – MARCH 2001



SEK M	First quarter		Full year	April-2000--
	2001	2000	2000	--March-2001
Orders received	3 969	3 753	13 670	13 886
Sales	3 381	3 092	14 478	14 767
Operating profit	85	41	313	357
Profit after financial items	3	-25	-16	12
Profit after tax	-8	-43	-28	7

The positive trend in order bookings continues, with order bookings during the period the best-ever on a quarterly basis since the major Iran projects were booked in mid-1997 and early 1998. Combined, order bookings amounted to SEK 3,969 M, an increase of 6% compared with previous year.

The market situation in Europe shows no sign of a levelling off and is continuing at a relatively favorable level. In North America, demand declined for equipment for the construction and civil engineering industry. The trend, particularly in South America, but also in parts of Asia/Pacific and in Southern Africa, is positive and is expected to remain so this year.

Operating profit before and after restructuring costs amounted to SEK 85 M (111) and SEK 85 M (41), respectively.

Operating profit for the entire year 2001, before restructuring costs, is expected to be in line with 1999.

Malmö, April 26, 2001
Alf Göransson
President and CEO

METSO CORPORATION'S BID FOR SVEDALA

On April 9, 2001, the Finnish group, Metso Corporation, announced the extension of the acceptance period for the conditional offer, originally presented on June 21, 2000, now until June 1, 2001. The offer, formulated as a cash offer to the shareholders and holders of convertible debentures in Svedala Industri AB, amounts to SEK 185 per share and SEK 245 plus accrued interest per convertible debenture.

The review process of Metso's application for clearance of its offer is still ongoing with the Federal Trade Commission (FTC) in the US. During the process Metso has come to the understanding that in order to obtain clearance from the FTC, it is expected to divest its grinding mills business in addition to the businesses included in the remedy package agreed with the EU commission.

The sales process for the remedy package, for which agreement was reached with the EU commission, is continuing, with Metso conducting discussions with a shortlist of preferred bidders.

Metso retains the right to further extend the application period if it is deemed necessary.

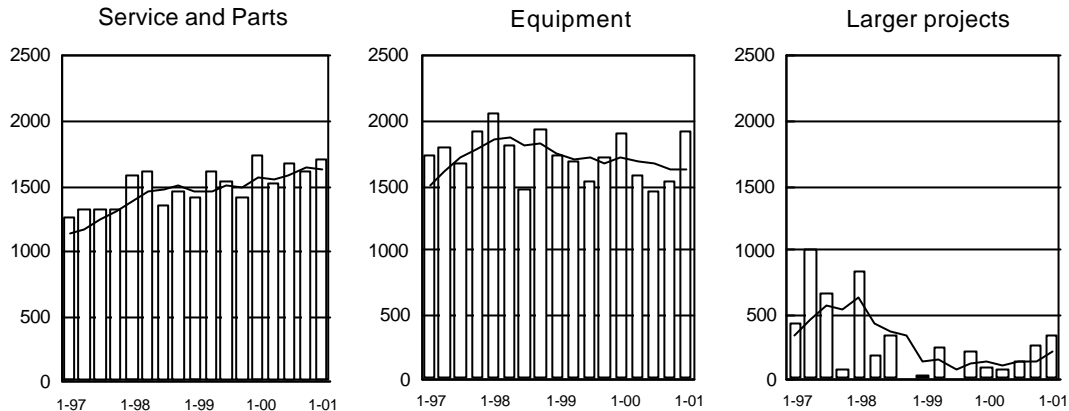
MARKET

The mining industry in South America has recovered, with many of the region's major mining companies having announced sizeable investments in the immediate years ahead. Increased activity in the mining sector is anticipated in South Africa as well, while elsewhere in the world, more of a wait-and-see attitude with respect to investments prevails. Rationalizations and improved capacity utilization in the global mining industry are expected to generate increased demand for Svedala's products within this sector.

Within the construction industry, demand is expected to remain at a high level during the year in Europe. In the US, the willingness to invest is presently at a lower level than previous years with respect to equipment for the industry.

Within service and spare parts, Svedala's emphasis on the after-market is expected to result in expanded market shares and thus a more positive volume trend.

ORDER BOOKINGS

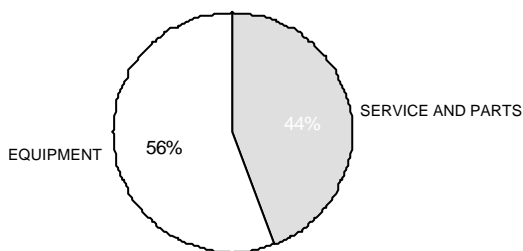


The bars in the diagram show the distribution of the quarterly orders received among Service and Parts, Equipment and Larger projects. The lines show the average orders received per quarter rolling full year

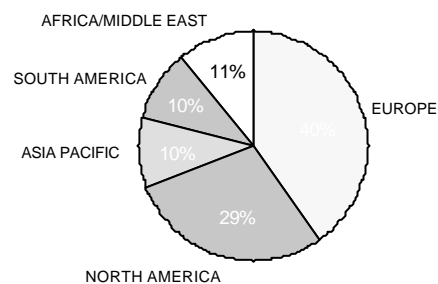
During the first quarter of 2001, order bookings increased by 6% to SEK 3,969 M (3,753), with currency fluctuations accounting for the greater part of the improvement. The increase pertains mainly to equipment and projects in Europe and South America, with North America reporting lower order bookings. Strong activity in the construction industry continues, mainly in Europe while the previously indicated slowdown in the US persists. In the mining industry, the trend is positive in South America and in Southern Africa, with continued hesitancy prevailing elsewhere in the world.

During the first quarter, three important orders were landed in South America having a combined value of SEK 335 M. All of them pertained to equipment and systems for bulk handling. Two of these orders were received in Brazil within the mining sector, with the third received in Venezuela for the loading and unloading of coke, a by-product related to oil refining.

INVOICED SALES



The diagram shows the distribution of sales April 2000 to March 2001 between Service and Parts, and Equipment



Sales per region April 2000 to March 2001

Invoiced sales increased by 9% during the period to SEK 3,381 M (3,092). Sales of service and spare parts amounted to SEK 1,568 M (1,452). Excluding currency fluctuations, the overall increase was 3%. The increase occurred mainly in Europe and in South America, with sales in Africa having also taken a favorable turn.

PROFIT

Operating profit amounted to SEK 85 M (41) for the first quarter. Operating profit last year was burdened with restructuring costs of SEK 70 M. The lower gross margin during the first quarter is mainly attributable to comparatively larger project volume within the Mineral Processes business area, with lower margins than was the case in the preceding year.

Operating profit from sales of service and spare parts amounted to SEK 163 M (147), which corresponds to an operating margin of just over 10%, whereas operating loss with respect to equipment amounted to SEK -45 M (loss: 10).

The measures taken at year-end with regard to cost reductions in the US and within the Recycling division are proceeding according to plan.

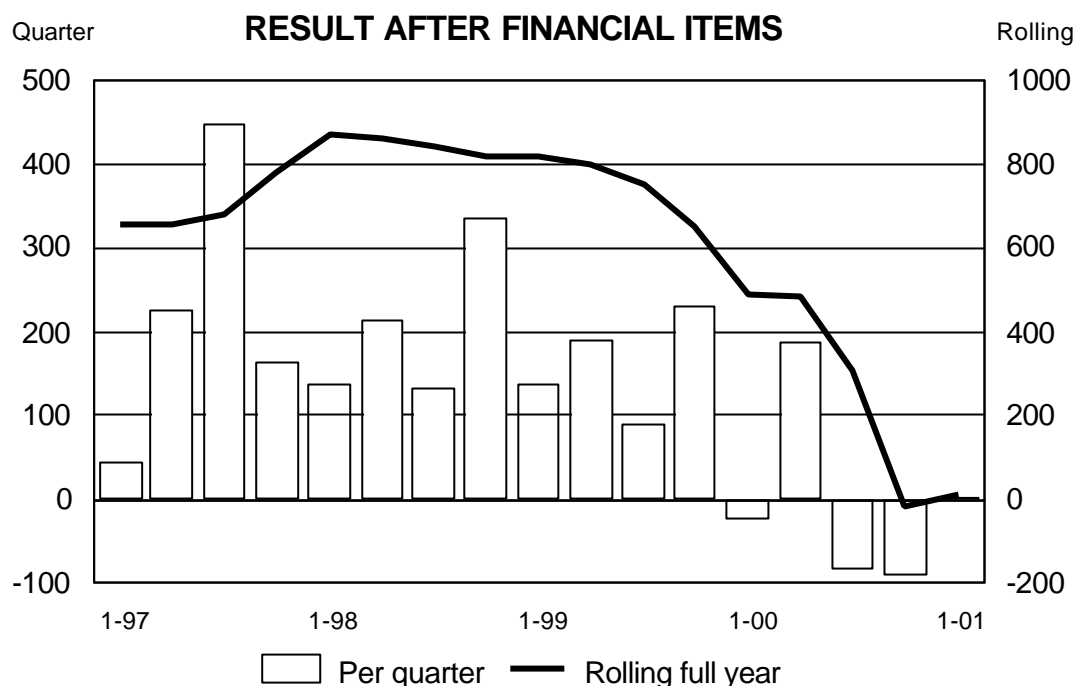
CURRENCY EFFECTS ON OPERATING PROFIT

SEK M	Jan-Mar 2001	Jan-Mar 2000	Change
Translation of flow	57		57
Translation of earnings	-2		-2
Forward contract	-41	-12	-29
Total	14	-12	26

Profit after net financial items for the period was SEK 3 M (loss: 25). The net of financial items amounted to an expense of SEK 82 M (expense: 66). Net interest declined by SEK 18 M as a consequence of increased borrowing.

Loss after tax amounted to SEK 8 M (loss: 43).

SEK M	2001 Q1	2000				1999			
		Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Order bookings	3 969	3 431	3 287	3 199	3 753	3 365	3 089	3 547	3 194
Sales	3 381	4 088	3 425	3 873	3 092	3 928	3 378	3 785	2 905
Operating profit	85	-1	-3	276	41	293	161	256	96
Profit after net financial items	0	0	0	0	0	0	0	0	0
	3	-93	-86	188	-25	231	91	192	137



INVESTMENTS AND DEPRECIATION

During the first three months of the year, Group investments in plant and equipment amounted to SEK 87 M (122). During the same period, depreciation amounted to SEK 114 M (106).

FINANCING AND CASH FLOW

At the close of the first quarter of 2001, net borrowing amounted to SEK 5,134 M, which is the same level as at year-end. Tied-up capital in inventories increased by SEK 530 M since year-end. The increase is due to currency fluctuations and normal seasonal variations, and is also reinforced by order bookings having increased by slightly more than SEK 500 M since the fourth quarter of 2000.

Current receivables declined by SEK 500 M since December 31, 2000 due to payments for projects delivered, and as a consequence of programs in progress for reducing capital tied up in accounts receivable.

PERSONNEL

The number of employees in the Group amounted to approx. 10,350 as of March 31, 2001. The workforce decreased by about 150 persons since year-end.

ORDERS RECEIVED AND PROFIT PER REGION

Europe

SEK M	2001 Q 1	2000 Q 1	2000 12 mos.	Apr-00- Mar-01
Orders received	1 807	1 609	5 805	6 003
Invoicing	1 373	1 220	5 734	5 887
Operating profit	83	34	270	319
ROA %			9	10



North America

SEK M	2001 Q 1	2000 Q 1	2000 12 mos.	Apr-00- Mar-01
Orders received	933	1 175	4 269	4 027
Invoicing	987	941	4 203	4 249
Operating profit	-31	26	17	-40
ROA %			1	-1



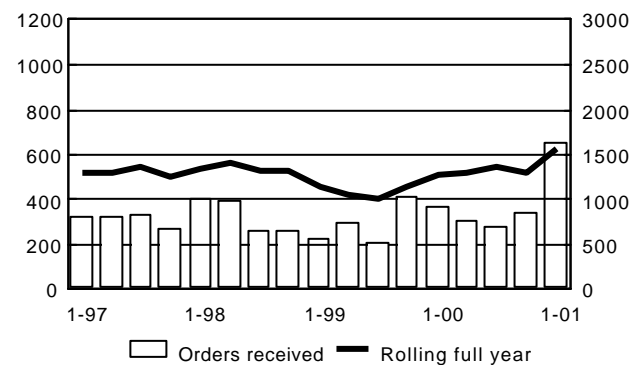
Asia Pacific

SEK M	2001 Q 1	2000 Q 1	2000 12 mos.	Apr-00- Mar-01
Orders received	336	348	1 334	1 322
Invoicing	340	365	1 599	1 574
Operating profit	10	18	93	85
ROA %			8	7



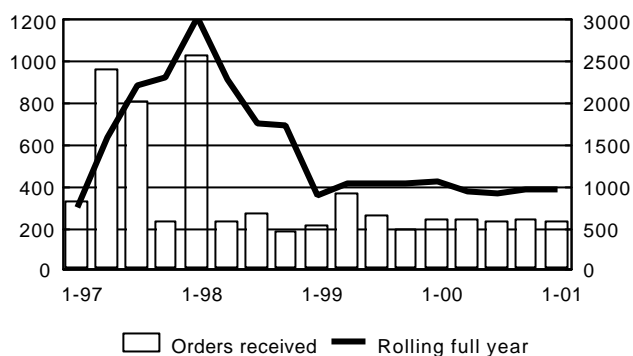
South America

SEK M	2001 Q 1	2000 Q 1	2000 12 mos.	Apr-00- Mar-01
Orders received	656	368	1 291	1 579
Invoicing	315	204	1 361	1 472
Operating profit	19	12	137	144
ROA %			>20	>20



Africa / Middle East

SEK M	2001 Q 1	2000 Q 1	2000 12 mos.	Apr-00- Mar-01
Orders received	235	241	972	966
Invoicing	360	359	1 619	1 620
Operating profit	37	47	183	173
ROA %			15	15



SALES PER BUSINESS AREA

SEK M	2001 3 mos.	2000 3 mos.	2000 12 mos.	apr-00- mar-01
Crushing and Screening	718	672	3155	3201
Compaction and Paving	722	712	2915	2925
Minerals Processing	898	711	3902	4089
Wear Protection and Conveying	545	457	1992	2080
Associated Products	341	350	1708	1699
Other	157	190	806	773
Total	3381	3092	14478	14767

solutions for crushing	Crushing and Screening Crushers, screens, and systems installations
Compaction and Paving	Predominant operations are Dynapac and Demag compaction and paving equipment
Mineral Processing	Products and total solutions, focused primarily on mineral processing applications in the mining industry as well as equipment for unloading, loading and storage of bulk materials
Wear Protection and Conveying	Rubber-based products focused mainly on the aftermarket
Associated Products	Dominated by product areas Recycling and Drilling but also includes Kranlyft, Interconsult and Robot Pump
Other	Local products

KEY RATIOS

	2001 3 mos.	2000 3 mos.	2000 12 mos.	Apr-00-- Mar-01
Return on assets employed (ROA) ,%	4	2	3	4
Profit per share, SEK	-0.20	-0.90	-0.60	0.10
Profit per share after full conversion, SEK	-0.10	-0.80	-0.40	0.10
Return on shareholders' equity after tax, %	-1	-4	-1	0
Shareholders' equity per share, SEK	89	88	86	89
Number of shares, thousands	48 012	48 012	48 012	48 012
Number of shares after full conversion, thousands	48 976	48 976	48 976	48 976
Equity ratio, %	29	31	29	29
Debt/equity ratio, multiple	1.2	1.1	1.2	1.2

PROFIT AND LOSS ACCOUNT

SEK M	2001 3 mos.	2000 3 mos.	2000 12 mos.	Apr-00-- Mar-01
Net sales	3 381	3 092	14 478	14 767
Cost of goods sold	-2 505	-2 248	-10 961	-11 218
Gross profit	876	844	3 517	3 549
Sales, administration and R&D expenses	-789	-735	-3 099	-3 153
Restructuring costs	0	-70	-202	-132
Other income and expenses	-1	1	100	98
Interest in earnings of associated companies	-1	1	-3	-5
Operating profit	85	41	313	357
Interest, net	-85	-67	-327	-345
Other financial items	3	1	-2	0
Profit after financial items	3	-25	-16	12
Taxes	-11	-18	-11	-4
Minority interests	0	0	-1	-1
NET PROFIT	-8	-43	-28	7

BALANCE SHEET

SEK M	01-03-31	00-03-31	00-12-31
Assets			
Intangible fixed assets	1 455	1 387	1 428
Tangible fixed assets	2 336	2 167	2 276
Long-term interest-bearing receivables	397	380	385
Other financial fixed assets	754	481	637
Stock	4 521	4 169	3 991
Current receivables	4 628	4 466	5 137
Liquid funds	521	328	413
Total assets	14 612	13 378	14 267
Shareholders' equity and liabilities			
Shareholders' equity	4 270	4 201	4 128
Minority interests	3	0	3
Interest-bearing liabilities	6 052	5 523	5 926
Non-interest-bearing liabilities	4 287	3 654	4 210
Total shareholders' equity and liabilities	14 612	13 378	14 267

SHAREHOLDER'S EQUITY

Equity at the beginning of the year	4 128	4 269	4 269
Net profit	-8	-43	-28
Dividend	0	0	-288
Translation differences	150	-25	175
Equity at the end of the period	4 270	4 201	4 128

CASH FLOW ANALYSIS

SEK M	2001 3 mos	2000 3 mos	2000 12 mos	April-00-- March-01
<u>Operating activities</u>				
Operating profit	85	41	313	357
Plus: Depreciation	114	106	459	467
Less: Interest in earnings of associated companies	1	-1	3	5
Financial items	-82	-66	-329	-345
Taxes paid	-11	-18	-137	-130
Cash flow from operating activities before changes in working capital	107	62	309	354
Change in working capital:				
Stock	-361	-352	17	8
Non-interest-bearing receivables	577	-262	-758	81
Non-interest-bearing liabilities	-38	215	630	377
Cash flow from operating activities	285	-337	198	820
<u>Investing activities</u>				
Companies acquired	0	-15	-62	-47
Gross investments in property, plant and equipment	-87	-122	-517	-482
Divested assets	23	19	104	108
Cash flow from investing activities	-64	-118	-475	-421
<u>Financing activities</u>				
Dividend paid	0	0	-288	-288
Net decrease(+) / increase(-) in long-term interest-bearing receivables	-4	-5	-2	-1
Net increase(+) / decrease(-) in interest-bearing liabilities	-114	489	673	70
Cash flow from financing activities	-118	484	383	-219
NET CASH FLOW	103	29	106	180

<u>Change in net borrowing during the period</u>				
Net borrowing at beginning of the period	5128	4352	4352	4815
Currency translation of net borrowing	227	8	211	430
Net cash flow	-103	-29	-106	-180
Less cash flow with no influence on the total net borrowing:				
Net decrease(+) / increase(-) in long-term interest-bearing receivables	-4	-5	-2	-1
Net increase(+) / decrease(-) in interest-bearing liabilities	-114	489	673	70
Net borrowing at end of the period	5134	4815	5128	5134

<u>Change in liquid assets during the period</u>				
Liquid assets at beginning of the period	413	297	297	328
Currency translation of liquid assets	5	2	10	13
Net cash flow	103	29	106	180
Liquid assets at end of the period	521	328	413	521

Same accounting principles as in the Annual Report for the year 2000 have been used. The figures in this report are unaudited.



The six-month interim report will be published on August 10, 2001

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