

NEWS RELEASE

Interim Report January – September 2001

	Third quarter		Nine months		Twelve months	
SEK M (unless otherwise stated)	2001	2000	2001	2000	0010 -0109	2000
Order intake	258	362	942	942	1296	1296
Backlog	517	568	517	568	517	523
Net sales	254	240	949	855	1348	1254
Operating profit excl items affecting comparability	-5	-4	37	43	74	80
Items affecting comparability	-	-	-4	15	-9	10
Profit before taxes	-8	-8	24	52	53	81
Net profit after tax	-6	-6	17	36	39	58
Profit per share, SEK	-1.12	-1.16	3.42	7.26	7.81	11.63

- **Operating profit before items affecting comparability amounted to SEK 37M (43). The fall is mainly attributable to product area Sheet Metal Working**
- **Profit before taxes fell to SEK 24M (52), including items affecting comparability SEK -4M (15)**
- **Net sales increased by 11 per cent to SEK 949M (855). Order intake amounted to SEK 942M (942)**
- **Profit before taxes for the full year will be lower than 2000 after clearance of items affecting comparability (71), i.e. the forecast remains unchanged**
- **UVA launches a new product line, Nomyline, which has additional increased precision and performance.**

President's comments

The Group's development remained weak. Operating profit before items affecting comparability fell to SEK 37M (43) during the nine months. Profit before taxes fell to SEK 24M (52). The fall includes one-off income from the previous year relating to SPP and one-off costs this year relating to the divestment of Nymek which together total SEK 19M. The fall in profit is due to a continued weak demand in Sheet Metal Working and Tube Forming. In both cases, this is due to low order intake, invoicing and price pressure.

In the third quarter, the Group's order intake fell as a result of the decline in the investment trend which was aggravated by the terrorist attack in the USA in September. The solid backlog in Precision Grinding enabled a high level of invoicing as well as a continuing sound profit development in Precision Grinding's two units, UVA and LMT.

Measures aimed at turning the trend in Sheet Metal Working and Tube Forming are being implemented. This was reported in the six-month report and can be summarised as follows:

Sheet Metal Working will be consolidated and split into two units, Ursviken and Pullmax, each with a specific focus. The new structure comes into force at the turn of the year.

Ursviken will focus on its core competence which is medium-sized and large press brakes in the high-end segment, with direct sales to customers in Europe, the USA and China. At the same time, Ursviken will no longer have to supply its own sales companies with standard press brakes in the volume segment. From the turn of the year, these will be supplied by Bystronic, in accordance with the Letter of Intent regarding extended and prolonged collaboration.

With the product area's profitable sales companies in Scandinavia, the United Kingdom and Ireland as the base, Pullmax will consolidate and develop its market position within the thin plate volume segment with the product programme developed by the company. The new, expanded and long-term collaboration agreement between Pullmax and Bystronic will generate opportunities for Pullmax through Bystronic's newly developed press brake programme.

In addition, prices and margins have been raised both in Sheet metal Working and Tube Forming, whilst the expense level is reduced by more than 20 per cent to SEK 45M. The measures have started to make an impact and will have a full effect from the turn of the year.

UVA, LMT and Herber all exhibited their machines at the EMO trade fair in Hanover. UVA exhibited its new product line, Nomyline, for the first time and LMT exhibited its unique combi-grinding machine. Both customers and competitors showed significant interest. With its new technology, which includes the UVATRONIC III control system, Nomyline provides increased customer benefit through even better precision and performance.

Prospects for the future

The tough and uncertain market situation is expected to continue. Precision Grinding's backlog remains solid, whereas Sheet Metal Working and Tube Forming are not expected to catch up with the first nine months' losses in the current market situation. The intake of new orders in the immediate future will decide if the cost reductions, which have been implemented so far, will be sufficient. Further measures are being prepared. The consolidated profit before tax will be lower than 2000 after clearance of items affecting comparability (71), i.e. the forecast remains unchanged.

Upplands Väsby, 15 November 2001

Björn Kumlin
President and CEO

Seasonal variations

KMT's products are investments goods. Historically, order intake as well as invoicing and profit are lower during the first and third quarters compared with the second and fourth quarter.

FUTURE INFORMATION

Year-end Report 2001	14 February 2002	Interim Report Jan-Mar	24 April 2002
Interim Report Jan-June	14 August 2002	Interim Report Jan-Sep	14 Nov 2002

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Operations

All comparisons are with the corresponding period in the previous year unless otherwise stated. LMT has been included in the KMT Group since May 2000. This change should be taken into account when comparisons are made in the tables below.

<i>Order intake, backlog, net sales</i>	Third quarter		9 months		12 months	
	2001	2000	2001	2000	0010-0109	2000
Order intake	258	362	942	942	1296	1296
Backlog	517	568	517	568	517	523
Net sales	254	240	949	855	1348	1254

Order intake for the third quarter fell by 29 per cent. Of this, own products accounted for SEK 192M (303) and agency products for SEK 66M (59). The largest fall was in Sheet Metal Working. For the nine months and rolling twelve months, order intake remains unchanged compared with the previous year.

The backlog for own products amounted to SEK 478M (464). The total backlog fell by SEK 6M compared with the turn of the year.

Net sales for the third quarter increased by 6 per cent. Own products rose by SEK 185M (167). During the quarter, net sales of agency products fell to SEK 69M (73). Net sales for the nine months increased by 11 per cent. Net sales calculated on a rolling 12-month basis rose by seven per cent. The increase is attributable to Precision Grinding.

<i>Results</i>	Second quarter		9 months		12 months	
	2001	2000	2001	2000	0010-0109	2000
Gross profit, SEK M	60	50	244	221	365	342
Gross profit margin, %	23.6	21.0	25.7	25.8	27.1	27.2
Profit before taxes, SEK M ¹	-8	-8	28	37	62	71
Profit margin, % ¹	-3.1	-3.4	2.9	4.3	4.6	5.7

¹ Excluding items affecting comparability of SEK -4M (+15) relating to the total effects on profit of the divestment of Nymek and one-off items.

The improved gross profits can be attributed to Precision Grinding and especially LMT. Gross profit for the third quarter increased by 20 per cent and for the nine months by 10 per cent. Profit before taxes for the nine months fell by 24 per cent due to the weak market trend within Sheet Metal Working. Measures are being implemented to adapt expenses to the reduced sales.

<i>Investments and financial position</i>	Third quarter		9 months		12 months	
	2001	2000	2001	2000	0010-0109	2000
Investments excl acquisitions, SEK M	7	8	17	27	32	42
Cash flow excl acquisitions, SEK M	20	29	69	-22	76	-15
Disposable liquid funds, SEK M	167	100	167	100	167	103
Equity ratio, %	38	34	38	34	38	36

During the third quarter, the cash flow from operations was SEK 0M (2). The cash flow amounted to SEK 20M (28) after changes in working capital of SEK 27M (34) and net investments of SEK 7 (8). For the nine months, operations generated a cash flow of SEK 41M (56). After change in working capital, divestment of subsidiaries and net investments, the cash flow amounted to SEK 82M (-22).

Liquid funds at the period end, including unutilised bank overdraft facilities and credit promises, increased to SEK 167M (100). The equity ratio rose compared with the previous year, especially as a result of reduced inventories combined with an increase in shareholders' equity.

KMT's product areas

KMT operates in three product areas: Precision Grinding, Sheet Metal Working and Tube Forming.

<i>PRECISION GRINDING</i>	Third quarter		9 months		12 months	
• <i>UVA</i>	2001	2000	2001	2000	0010-0109	2000
Order intake	69	101	244	253	341	350
Net sales	67	46	276	249	389	362

Order intake for the third quarter fell by 32 per cent whereas net sales increased by 46 per cent. For the nine months, order intake fell by four per cent whereas net sales increased by 11 per cent. The rate of development and resolve to invest within UVA's main customer segment, manufacturers of fuel injection equipment, slowed slightly but remains high. Together with continued investment in technical development, this has led to a positive development in net sales.

	Third quarter		9 months		12 months	
• <i>LMT</i> ¹	2001	2000	2001	2000	0010-0109	2000
Order intake	63	95	272	236	346	311
Net sales	55	48	229	228	305	304

¹ LMT was acquired on 1 May 2000. In the above table, LMT's values are also stated for the period before the acquisition.

Order intake for the third quarter fell by 34 per cent whereas net sales increased by 15 per cent. For the nine months, order intake increased 15 per cent whereas net sales increased marginally. The ongoing dynamic action programme, which was mainly implemented in the previous year, generates continued positive results and LMT continues to develop in line with the plans made at the time of acquisition.

<i>SHEET METAL WORKING</i>	Third quarter		9 months		12 months	
• <i>Pullmax Ursviken</i> ¹	2001	2000	2001	2000	0010-0109	2000
Order intake	119	182	399	488	561	601
Net sales	118	158	404	467	596	608

¹ Nymek was divested during the second quarter. In the above table, the values excluding Nymek are stated for all periods.

Order intake for the third quarter fell by 35 per cent whereas net sales fell by 25 per cent. For the nine months, order intake fell by 18 per cent whereas net sales fell by 13 per cent. A continued difficult investment climate in the most important markets has led to a gradual reduction in the backlog, which has affected net sales. The measures, which were initiated in the previous year, are continuing according to plan. The action programme involves cost savings of approximately SEK 40M compared with the 2000 full-year.

<i>TUBE FORMING</i>	Third quarter		9 months		12 months	
• <i>Herber</i>	2001	2000	2001	2000	0010-0109	2000
Order intake	7	11	31	49	52	70
Net sales	16	12	44	40	62	58

Order intake for the third quarter fell by 36 per cent whereas net sales increased by 33 per cent. For the nine months, order intake fell by 37 per cent whereas net sales increased by 10 per cent. Customers' resolve to enter into contracts in investment matters remains low, despite many interesting projects. Cost savings equivalent to approximately SEK 5M in comparison with the 2000 full-year are being implemented.

PARENTCOMPANY

Operations in the parent company, KMT AB (publ), consist of Group management and co-ordinating responsibilities, and assets consist mainly of shares in subsidiaries.

GROUP, summary

The accounting principles which KMT has applied in this Report remain unchanged from the last Annual Report. LMT has been incl. in the KMT Group since May 2000. This change affects comparisons in the following tables.

INCOME STATEMENTS, SEK M	Third quarter		9 months		12 months		1999
	0107-09	0007-09	0101-09	0001-09	0010-0109	2000	
Net sales	254	240	949	855	1348	1254	1001
Cost of sold products	-194	-190	-705	-634	-983	-912	-694
Gross profit	60	50	244	221	365	342	307
Selling expenses	-39	-39	-122	-112	-168	-158	-119
Administrative costs	-17	-4 ¹	-52	-31	-80	-59	-48
Research and development costs	-8	-10	-31	-32	-42	-43	-34
Amortisation of consolidated goodwill	-1	-1	-2	-3	-1	-2	-2
Items affecting comparability	-	-	-4	15	-9	10	-
Other operating items	-	-	-	-	-	-	-1
Operating profit (including items affecting comparability)	-5	-4	33	58	65	90	103
Financial items	-3	-4	-9	-6	-12	-9	-1
Profit before taxes	-8	-8	24	52	53	81	102
Taxes	2	2	-7	-16	-14	-23	-31
Net profit	-6	-6	17	36	39	58	71
Depreciation according to plan of fixed assets excluding consolidated goodwill	-5	-6	-18	-17	-26	-25	-17

¹ The relevant comparison for the third quarter last year is SEK -13M. The difference is due to adjustment of the restructuring reserve relating to the LMT acquisition

TAXES

A tax rate of 30 per cent has been applied for the reporting period. This is equivalent to the estimated tax rate for the full year. The tax rate is a mix of Swedish and foreign tax rates as well as the effects of non-deductible costs in the form of goodwill amortisation.

SHARE DATA	Third quarter		9 months		12 months		1999
	0107-09	0007-09	0101-09	0001-09	0010-0109	2000	
Profit after tax, SEK	-1.12	-1.16	3.42	7.26	7.81	11.63	14.16
Profit after full conversion, SEK	-1.11	-1.15	3.39	7.18	7.72	11.51	14.01
Equity, SEK	63.92	59.74	63.92	59.74	63.92	63.92	56.39
Equity after full conversion, SEK	63.25	59.11	63.25	59.11	63.25	63.25	55.80
Cash flow, SEK	4.39	5.70	16.40	-4.49	-1.34	-22.65	6.63
Cash flow after full conversion, SEK	4.34	5.64	16.22	-4.35	-1.42	-22.41	6.56
Number of shares at period-end, 000	5000	5000	5000	5000	5000	5000	5000
Average number of shares, 000	5000	5000	5000	5000	5000	5000	5000
After full conversion, 000	5053	5053	5053	5053	5053	5053	5053
Market value at period-end	89.00	115.00	89.00	115.00	89.00	97.00	142.00

On full conversion of the outstanding staff convertible programme, 52,858 shares will be added. This is equivalent to a dilution of one per cent of share capital and number of votes. Conversion may be made during the period October 2001 – March 2003 at a price of SEK 113 per share.

The number of shareholders was approximately 4,400 at the end of the reporting period. When the share was listed in April 1998, the number of shareholders was approximately 3,100.

	Third quarter		9 months		12 months		
BALANCE SHEETS, SEK M	0109	0009	0109	0009	0109	2000	1999
Consolidated goodwill	12	14	12	14	12	14	16
Other fixed assets	185	190	185	190	185	202	68
Current assets	654	677	654	677	654	670	487
Total assets	851	881	851	881	851	886	571
Shareholders' equity	320	299	320	299	320	320	282
Interest-bearing liabilities/provisions	211	222	211	222	211	253	54
Non-interest-bearing liabilities/provisions	320	360	320	360	320	313	235
Total equity and liabilities	851	881	851	881	851	886	571

	Third quarter		9 months		12 months		
CHANGE IN EQUITY,	0107-09	0007-09	0101-09	0001-09	0010-0109	2000	1999
Opening balance	322	300	320	282	299	282	229
Translation differences	4	5	1	2	0	1	1
Dividend	-	-	-18	-21	-18	-21	-19
Net profit for the period	-6	-6	17	36	39	58	71
Closing balance	320	299	320	299	320	320	282

	Third quarter		9 months		12 months		
SOURCE AND APPLICATION OF FUNDS STATEMENT, SEK M¹	0107-09	0007-09	0101-09	0001-09	0010-0109	2000	1999
Operations	0	2	41	56	71	86	88
Change in working capital	27	34	45	-51	37	-59	-36
Cash flow before investments	27	36	86	5	108	27	52
Divestment/acquisition of subsidiaries	-	-	13	-	-85	-98	-
Other investments, net	-7	-8	-17	-27	-32	-42	-19
Cash flow	20	28	82	-22	-9	-113	33
Financial operations	-31	-22	-63	35	31	129	3
Dividend	-	-	-18	-21	-18	-21	-19
Change in liquid funds	-11	6	1	-8	4	-5	17

¹The year's outcome and rolling full-year have been cleared of one-off effects which have arisen as a result of the divestment of Nymek.

	Third quarter		9 months		12 months		
OTHER KEY FIGURES	0107-09	0007-09	0101-09	0001-09	0010-0109	2000	1999
Profit margin, %	-3,1	-3,4	2,5	6,1	4,0	6,5	10,2
Return on: ¹							
- capital employed (R12), %	12	26	12	26	12	20,1	34,4
- equity (R12), %	12	25	12	25	12	19,5	28,6
Capital turnover rate ¹	2,4	2,9	2,4	2,9	2,4	2,8	3,2
Equity ratio, %	38	34	38	34	38	36	49
Debt ratio	0,66	0,74	0,66	0,74	0,66	0,79	0,20
Productivity (R12) ¹	1,22	1,38	1,22	1,38	1,22	1,28	1,46
Average number of employees	670	663	670	663	700	815	507

¹ Capital turnover rate, productivity, and return on equity and capital employed have been calculated on sales and profit achieved, including items affecting comparability, over 12 months (R12) for all the periods stated above.

Detailed Audit Report

We have reviewed this Interim Report in accordance with the recommendation issued by the Swedish Institute of Authorised Public Accountants, FAR. A review is significantly limited compared with an audit. Nothing has emerged which indicates that the Nine-month Report does not comply with the requirements in the Stock Market and Annual Accounts Acts.

Skellefteå, 15 November 2001

Olof Johansson
Authorised Public Accountant

Åke Elveros
Authorised Public Accountant