

## CARDO AB

### Interim report, January - September 2003

- Invoiced sales: SEK 5,528 million (7,957\*)
- Net earnings: SEK 173 million (526\*)
- Earnings per share: SEK 5.78 (17.54\*)
- Earnings after financial items in the current operations: SEK 248 million (233)
- Earnings per share in the current operations: SEK 5.78 (5.42)

\* The Rail business area was disposed of on September 25 2002 and is included in the consolidated financial statements for the previous year until the time of disposal. The previous year's earnings also include the capital gain of SEK 323 million on the disposal. The income statement and cash flow broken down by current operations and the operation disposed of are shown in enclosure 4.

The Group's inflow of orders during the period amounted to SEK 5,761 million (8,447). Adjusted for the effects of exchange rate movements and the disposal of Rail, this is a decrease of 4 percent, which is entirely attributable to Cardo Door. Company acquisitions made a positive contribution of 1 percentage point.

Invoiced sales amounted to SEK 5,528 million (7,957). Adjusted for the effects of exchange rate movements and the disposal of Rail, this is a decrease of 4 percent. Company acquisitions made a positive contribution of 1 percentage point.

Net earnings amounted to SEK 173 million (526), which is equivalent to SEK 5.78 (17.54) per share. The figures for the previous year include Rail's earnings until the time of disposal and the capital gain on the disposal, in all SEK 363 million.

#### Current operations

The Group's current operations consist of the Cardo Door and Cardo Pump business areas.

Operating earnings in the current operations amounted to SEK 262 million (259) during the period. Compared with the previous year, Pump's earnings rose during the third quarter, while Door's were lower in consequence of the construction market in Europe remaining weak.

Earnings after financial items amounted to SEK 248 million (233). The impact of exchange rate movements on earnings was only marginal.

Net earnings amounted to SEK 173 million (163), which is equivalent to SEK 5.78 (5.42) per share.

Cash flow from operations was SEK 461 million (460) after tax, which is equivalent to SEK 15.37 (15.33) per share. Adjusted for the effects of exchange rate movements on the change in working capital, cash flow after tax was SEK 13.03 (13.20) per share.

#### Cardo Door

Cardo Door's inflow of orders was, after adjustment for the effects of exchange rate movements, 8 percent lower than the previous year. Company acquisitions made a positive contribution of 1 percentage point.

Demand for industrial doors and dock loading systems was considerably weaker than during the corresponding period 2002. The trend for service, which accounts for approximately a quarter of Cardo Door's turnover, remained good. For residential garage doors, demand was lower than the previous year.

Invoiced sales amounted to SEK 3,435 million (3,791), which adjusted for the effects of exchange rate movements is a decrease of 7 percent. Company acquisitions made a positive contribution of 1 percentage point. Operating earnings amounted to SEK 146 million (177).

#### *Cardo Pump*

The inflow of orders rose by 1 percent after adjustment for the effects of exchange rate movements.

In water and wastewater and in building services, demand was somewhat lower than the previous year, while it increased from the process industry.

Invoiced sales amounted to SEK 2,093 million (2,191), which adjusted for the effects of exchange rate movements is on a par with the previous year. Operating earnings amounted to SEK 161 million (126).

#### **Liquidity and financing**

At September 30, the Group's liquid funds stood at SEK 170 million (1,186) compared with SEK 922 million at the beginning of the year. In addition, there are unutilized credit facilities of approximately SEK 1.9 billion (3.4).

The Group's gross investments, excluding company acquisitions, stood at SEK 205 million (227).

Net interest bearing debt at September 30 amounted to SEK 410 million compared with net liquid funds of SEK 456 million the previous year and SEK 593 million at the beginning of the year.

Equity amounted to SEK 2,726 million (3,743), which is equivalent to SEK 90.86 (124.78) per share.

The Group's equity ratio at September 30 was 53.7 percent (58.0).

#### **Personnel**

The number of employees in the Group at September 30 was 5,941 (6,306).

#### **Company acquisitions**

As of January 2003, Cardo Door includes the acquired company SEA B2L with an annual turnover of approximately SEK 70 million.

#### **Accounting principles**

The report has been drawn up in accordance with recommendation RR 20 of the Swedish Financial Accounting Standards Council concerning interim reports. The accounting principles used are the same as in the annual report for 2002 except for the new recommendations of the Swedish Financial Accounting Standards Council effective as of January 1 2003. The application of the new recommendations has not given rise to any adjustment of previously reported periods.

#### **The parent company**

The parent company's earnings after financial items amounted to SEK -12 million (584), its gross investments to SEK 0 million (0) and its liquid funds to SEK 0 million (0) as against SEK 176 million at the beginning of the year.

### **Nominations committee**

The Annual General Meeting has resolved to appoint a nominations committee consisting of the Chairman of the Board, who is to be the convener, and one representative of each of the Company's three largest shareholders at September 30 each year. The duties of the nominations committee are to submit proposals to the Annual General Meeting in respect of the election of the Board of Directors, auditors whenever applicable and fees. The nominations committee that has been appointed ahead of the 2004 Annual General Meeting consists of:

Fredrik Lundberg (Chairman of Cardo), L E Lundbergföretagen AB, Stockholm  
Mats Andersson, National Swedish Pension Fund, 3rd Fund Board, Stockholm  
Ramsay Brufer, Alecta, Stockholm

### **Market prospects**

The assessment that there is still uncertainty about the market trend continues to apply. There are signals of a certain degree of stabilization of the general market situation, but few signs indicating imminent improvement. For Cardo's part, this means continued focus on cost adjustment and improvements in efficiency.

Malmö, Sweden, October 29 2003

Cardo AB (publ)

Kjell Svensson  
President and CEO

This report has not been subjected to special examination by the Company's auditors.

*Cardo's report on operations for the whole of 2003 will be published on February 10 2004.*

- Enclosures:
1. Invoiced sales, earnings and operating margin by business area
  2. Consolidated income statement and balance sheet in brief
  3. Consolidated cash flow statement in brief
  4. Income statement and cash flow broken down by current operations and operation disposed of
  5. Group financial summary

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*Cardo is an international engineering group and a leading supplier of high-quality products and systems with a good aftermarket. Cardo holds strong positions in the markets for doors and pumps. Cardo has subsidiaries in about 30 countries with the focal point resting in western Europe.*