



## PRESS RELEASE

KLIPPAN is a leading producer of speciality paper for the graphic industry with a total capacity of 200,000 tons per year. Production takes place at the three Swedish mills at Klippan, Lessebo and Mölndal.

## KLIPPAN AB - Interim report January - September 2003

- Net turnover MSEK 1,202.1 (981.5)
- Result after net financial items MSEK -108.1 (47.1)
- Result after tax MSEK -87.2 (37.7)
- Result per share SEK -10.55 (4.56)

### The business in general

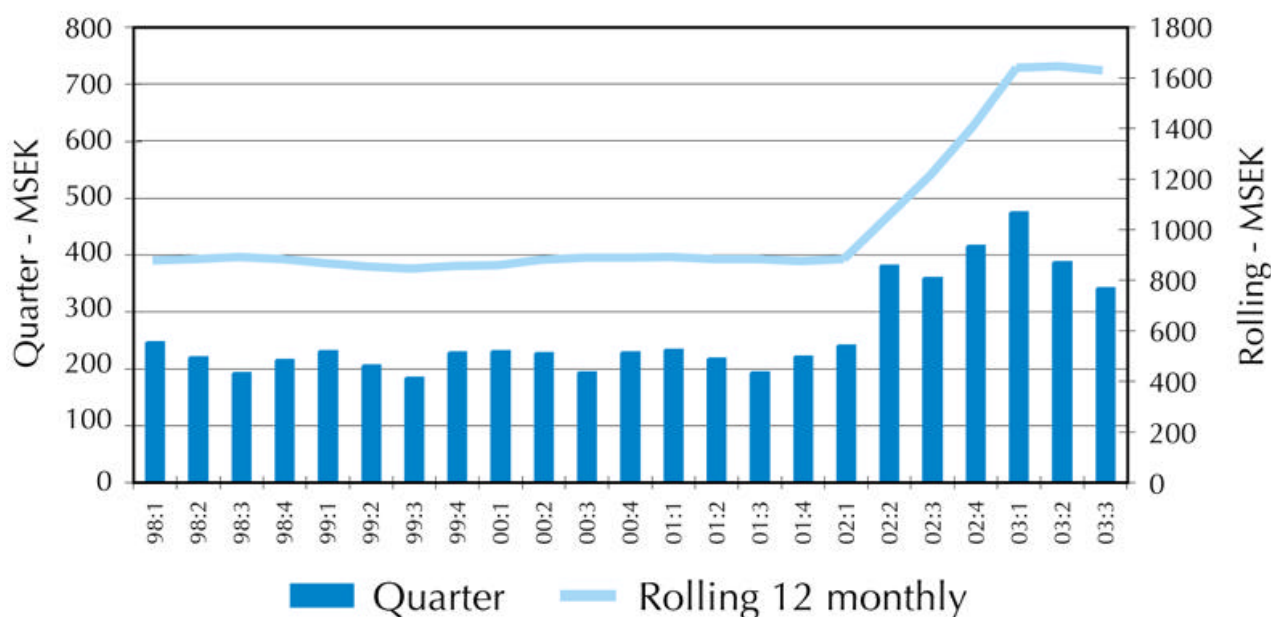
KLIPPAN AB bought Stora Enso Mölndal AB as at 2 April 2002, whereupon this company changed its name to KLIPPAN Mölndal AB. On 30 October, KLIPPAN took over the operation at Caldwells Mill in Scotland. These events have entailed that some comparisons between the first nine months of 2003 and the same period in 2002 are irrelevant.

### Market and sales

The market for the European fine paper industry as a whole still showed weak development during the third quarter, with imbalance between supply and demand and thus pressure on prices. The West European market for fine paper, which is very important to KLIPPAN, has contracted by 10-15% over the last few years.

For the first nine months of 2003, KLIPPAN reported sales of MSEK 1,202.1 (981.5). For the reporting period, deliveries amounted to 135,500 tons (101,902), which was 33,598 tons more than last year.

### NET TURNOVER



## Production

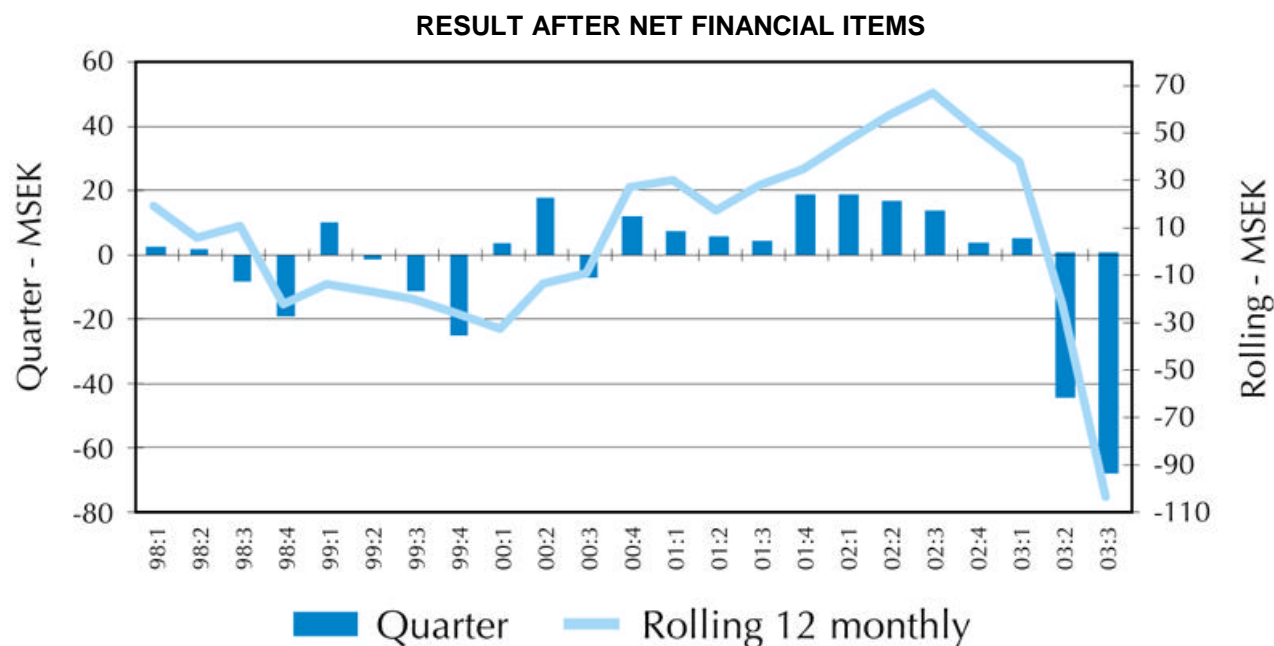
Production during the first nine months of 2003 amounted to 135,750 tons (108,338). During 2003, production capacity at Caldwell's has been added.

Production has been adjusted for the weak order situation. The pulp production at Lessebo has been utilized to full capacity.

## Result

The operating result for the group amounted to MSEK -93.6 (62.1) and the result after financial items amounted to MSEK -108.1 (47.1). The deterioration in the result is due to the continued weak market and production limitations introduced in order to reduce inventory levels.

At the end of the third quarter, the number of employees at work was 1,034 (923).



## Investments

Investments for the period amounted to MSEK 54.4 (95.7). Investments in excess of MSEK 1 include at:

Mölnadal	MSEK 1.0 Control system for AM7
Klippan	MSEK 2.5 Line inspection system for PM10
	MSEK 3.4 Coating preparation
	MSEK 3.1 Coating kitchen
	MSEK 4.4 Equipment for plastic wrapping of office paper
Lessebo	MSEK 1.0 Sludge dewatering
	MSEK 3.3 Interim sedimentation
Other	MSEK 9.1 Conversion of loan to Inveresk into shares

## Changes to equity

Opening equity 2003-01-01	280.4
Translation difference	-0.3
Dividend to shareholders	-10.3
Result for the interim period	-87.2
<b>Closing equity 2003-09-30</b>	<b>182.6</b>

## Liquidity and financing

Group liquid assets, including unused proportion of bank overdraft facility, amounted to MSEK 83.5 (115.8) at the end of the third quarter. The interest bearing net liability (including cash and bank balances) have increased by MSEK 45.2 to MSEK 389.5 since the year end. Solidity amounted to 19.5% (29.2) and the debt/equity ratio to 2.1 times (1.1).

## Cash flow analysis

<b>MSEK</b>	<b>Jan-Sep 2003</b>	<b>Jan-Sep 2002</b>
Current operations	-71.2	73.6
Changes to operating capital	92.2	35.8
Cash flow from current operations	21.0	109.4
Cash flow from investment operations	-54.4	-94.5
	<b>-33.4</b>	<b>14.9</b>
Cash flow from financing operations	19.8	-6.4
Changes to liquid assets	-13.6	8.5
<b>Opening liquid assets</b>	<b>42.4</b>	<b>23.6</b>
<b>Closing liquid assets</b>	<b>28.8</b>	<b>32.1</b>

### Next report

KLIPPAN's press release of year-end report for 2003 will be presented on 26 February 2004.

Klippan, 23 October 2003



Bengt Östensson  
President

*The contents of this report have not been the subject of examination by the company's auditors.*

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## SUMMARY INCOME STATEMENT AND BALANCE SHEET

### Income statement

	Jul-Sep 2003	Jul-Sep 2002	Jan-Sep 2003	Jan-Sep 2002	Oct-Sep 02/03	Jan-Dec 2002
MSEK						
Net sales	341.1	359.7	1 202.1	981.5	1 617.7	1 398.1
Cost of goods sold	-364.0	-303.8	-1 165.7	-812.1	-1 551.7	-1 198.1
Gross profit	-23.0	55.9	36.4	169.4	66.0	199.0
Selling expenses	-21.4	-23.2	-65.5	-58.9	-77.7	-71.1
Administrative expenses	-19.0	-24.8	-59.5	-56.5	-64.5	-61.5
Items affecting comparability	0.0	0.0	0.0	0.0	4.6	4.6
Other income and expenses	0.0	10.4	-5.0	8.1	-13.1	0.0
Operating profit	-63.4	18.3	-93.6	62.1	-84.7	71.0
Net financial items	-4.6	-5.4	-14.5	-15.0	-20.4	-20.9
Profit after financial items	-68.0	12.9	-108.1	47.1	-105.1	50.1
Tax	15.7	-0.3	20.9	-9.4	18.1	-12.2
Profit after tax	-43.6	12.6	-87.2	37.7	-87.0	37.9
Profit per share, SEK	-5.27	1.52	-10.55	4.56	-10.52	4.95
No of shares, thousands	8,267	8,267	8,267	8,267	8,267	8,267

### Balance sheet

MSEK

#### ASSETS

	03-09-30	02-12-31	02-09-30
Fixed assets	405.8	388.3	391.3
Inventory	261.6	293.1	287.7
Other receivables	242.2	242.9	251.4
Cash and bank balances	28.8	42.4	32.1
	938.4	966.7	962.5

#### EQUITY AND LIABILITIES

	03-09-30	02-12-31	02-09-30
Equity	182.6	280.4	280.6
Interest bearing liabilities	418.3	386.7	353.4
Non-interest bearing liabilities	337.5	299.6	328.5
	938.4	966.7	962.5

### Key ratios

		03-01-01 - 03-09-30	02-01-01 - 02-09-30	02-10-01 - 03-09-30	02-01-01 - 02-12-31
Gross margin	%	-6.7	17.3	4.1	14.2
Profit margin	%	-19.9	4.8	-6.5	3.6
Capital employed	MSEK	600.9	634.0	600.9	667.1
Return on capital employed	%	*	*	neg	13.9
Solidity	%	19.5	29.2	19.5	29.0
Debt/equity ratio	times	2.1	1.1	2.1	1.2
Equity/share	SEK	22.09	33.94	22.09	33.92
Share price/equity**	%	99.6	103.1	99.6	101.4

\* Reported annually

\*\* Share price as at 03-09-30 SEK 22.00, as at 02-12-31 SEK 34.40, as at 02-09-30 SEK 35.00

### KLIPPAN AB

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