



## Interim Report, January – September 2003

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- Invoiced sales amounted to SEK 735 M (761), down 3%. Adjusted for comparable currency rates, invoicing rose 2%.
  - Profit after financial items amounted to SEK 38 M (37). Net profit was SEK 25 M (22).
  - Earnings per share after full tax amounted to SEK 3.61 (3.21).
  - Cooperation has been initiated with IBM involving delivery of packaging in North America, Europe and Asia.
  - Continued strong financial position. Equity/assets ratio amounted to 45.4% (44.3) and the liquidity reserve to SEK 310 M (255).
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### Third quarter of 2003

Invoiced sales in the third quarter amounted to SEK 262 M (255), an increase of 3% compared with the year-earlier period. Invoiced sales were adversely affected in an estimated amount of SEK 14 M as a result of changes in exchange rates. Adjusted for comparable exchange rates, the increase was 8%. Order bookings amounted to SEK 264 M (226), an increase of 17%.

Profit after financial items for the third quarter amounted to SEK 20 M (14).

### First nine months of 2003

Invoiced sales in the first nine months of 2003 amounted to SEK 735 M (761), down 3%. Invoicing was adversely affected in an amount of SEK 42 M by changes in exchange rates. Adjusted for comparable exchange rates, invoiced sales showed an increase of 2%. During the reporting period, order bookings amounted to SEK 755 M (748), an increase of 1%.

#### Europe

Invoiced sales to customers in Europe during the first nine months amounted to SEK 545 M (575), down 5%. Invoicing was adversely affected by SEK 5 M due to changed exchange rates.

The RA Produtos de Embalagem Lda packaging company in Portugal was acquired at the end of May. The company is one of Portugal's leading suppliers of packaging solutions to the industrial sector. Annual sales amount to about EUR 3 M.

At the end of September, the operations of Finnish packaging company C-J Krogus were acquired. Krogus supplies inner packaging materials to the Finnish export industry. Sales amount to approximately EUR 1 M annually.

Nefab's operations are expanding steadily in Eastern Europe. Invoicing to customers in Poland, Hungary and the Czech Republic is rising continuously from previously low levels.

#### Asia

Invoiced sales in the Asian market during the reporting period amounted to SEK 126 M (113), an increase of 12%. Changes in exchange rates had an adverse effect of SEK 24 M on invoiced sales. Calculated in local currencies, the market posted an increase of 15% in invoiced sales.

Invoiced sales to customers in the telecom equipment industry declined by 24% compared with the year-earlier period. Calculated in local currencies, the decline was 9%. Reduced volumes of proprietary manufactured products to the telecom equipment industry were offset by deliveries to other customer segments. In addition, invoicing of traded products increased as a result, for example, of deliveries intended for Microsoft's X-box.

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## North and South America

Invoiced sales to customers in North and South America during the first nine months of the year amounted to SEK 62 M (71). Changes in exchange rates adversely affected invoiced sales in an amount of SEK 13 M.

## Telecom equipment industry

Invoiced sales to customers in the telecom equipment industry declined by 14% to SEK 265 M (307), corresponding to 36% (40) of consolidated sales. Changes in exchange rates adversely affected invoiced sales in an amount of SEK 20 M. At unchanged exchange rates, invoicing declined by 7%.

## Automotive industry and other market segments

Invoicing to customers in the automotive industry increased by 3% to SEK 85 M (81), corresponding to 12% of consolidated sales (11). Market investments in reusable systems declined as a result of general economic conditions. In contrast, demand rose for products related to the aftermarket and for CKD deliveries.

Invoiced sales to other market segments increased by 3% to SEK 385 M (373).

After the close of the period, an agreement was concluded with IBM for deliveries of export packaging units. Under the terms of the agreement, Nefab will be the approved supplier of packaging for IBM's servers. The agreement is expected to result in deliveries in the US, Europe and Asia.

## **Earnings**

Profit after financial items for the first nine months amounted to SEK 38 M (37). The effect on earnings as a result of changed exchange rates was marginal.

The Group's tax expense for the period was high, due to the value of taxable losses in certain foreign companies not being capitalized.

Earnings per share for the reporting period amounted to SEK 3.61 (3.21). Return on capital employed was 10.8% (10.6).

## **Capacity and investments**

Net Group investments for the first nine months amounted to SEK 22 M (-11). Investments during the reporting period include SEK 3 M (0) for company acquisitions.

## **Financial position**

The equity/assets ratio at September 30 was 45.4% (44.3). Shareholders' equity per share amounted to SEK 51.73 (51.17). The Group's liquid assets on the closing date, including unutilized credit facilities, amounted to SEK 310 M (255).

Cash flow after investments during the reporting period amounted to SEK 28 M, compared with SEK 93 M in the preceding year. Cash flow for 2002 included the sale of a property for SEK 27 M.

Group equity, which amounted to SEK 362 M at the beginning of the year, has increased by SEK 25 M in net profit for the year to date and declined by SEK 11 M due to translation differences and SEK 19 M paid in dividends, and amounted to SEK 357 M on the closing date.

## **Outlook for 2003**

As in the preceding quarters, no forecast is offered for 2003 due to factors causing uncertainty in the business environment.

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## Profit and loss accounts (SEK M)

	0307-0309 3 months	0207-0209 3 months	0301-0309 9 months	0201-0209 9 months	0210-0309 12 months	0201-0212 12 months
Net sales	262	255	735	761	998	1 024
Cost of goods sold	<u>-190</u>	<u>-188</u>	<u>-539</u>	<u>-560</u>	<u>-735</u>	<u>-755</u>
Gross profit	72	66	196	202	263	269
Selling expenses	-30	-29	-93	-92	-124	-123
Administrative expenses	-20	-21	-60	-66	-81	-87
Other operating income	-	-	-	-	-	-
Operating profit	22	16	43	44	58	59
Net financial items	<u>-2</u>	<u>-2</u>	<u>-5</u>	<u>-7</u>	<u>-5</u>	<u>-7</u>
Profit after net financial items	20	14	38	37	53	52
Taxes	<u>-5</u>	<u>-6</u>	<u>-13</u>	<u>-15</u>	<u>-17</u>	<u>-19</u>
Net profit for the year	<u>15</u>	<u>8</u>	<u>25</u>	<u>22</u>	<u>36</u>	<u>33</u>
<i>Depreciation included above</i>	10	12	33	37	46	49
<i>Profit per share, SEK</i>	2,10	1,19	3,61	3,21	5,20	4,80

## Balance sheets (SEK M)

	030930	020930	030930	021231
Intangible assets	19	22	19	20
Tangible assets	267	293	267	284
Financial assets	9	7	9	9
Inventories etc.	96	113	96	106
Other current assets	253	255	253	234
Cash and bank	144	109	144	148
Equity	357	353	357	362
Provisions	53	48	53	50
Long-term liabilities	127	206	127	160
Current liabilities	251	192	251	229
Total capital	788	799	788	801
<i>Of which interest-bearing liabilities</i>	200	221	200	210

## Cash flow statements (SEK M)

	0307-0309	0207-0209	0301-0309	0201-0209	0210-0309	0201-0212
Operating profit	22	16	43	44	58	59
Depreciation, financial net and taxes	3	4	16	15	23	22
Cash flow from the year's operations	25	20	59	59	81	81
Changes in working capital	2	16	-9	23	26	58
Net investments in fixed assets	<u>-5</u>	<u>-4</u>	<u>-22</u>	<u>11</u>	<u>-26</u>	<u>7</u>
Cash flow after investments	22	32	28	93	81	146
Dividend	-	-	-19	-19	-19	-19
Financing	<u>-2</u>	<u>5</u>	<u>-13</u>	<u>-9</u>	<u>-27</u>	<u>-23</u>
Changes in liquid funds	20	37	-4	65	35	104

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## Key ratios

	0307-0309	0207-0209	0301-0309	0201-0209	0210-0309	0201-0212
Operating margin, %	8,4	6,3	5,8	5,8	5,8	5,8
Net margin, %	7,7	5,5	5,2	4,9	5,3	5,1
Return on equity, %	16,5	9,4	9,3	8,2	10,1	9,1
Return on total capital, %	11,6	8,6	7,7	7,7	7,8	7,8
Return on capital employed, %	16,4	12,0	10,8	10,6	11,0	10,8
Equity/assets ratio, %	45,4	44,3	45,4	44,3	45,4	45,2
Employees, yearly average	1 163	1 084	1 079	1 042	1 082	1 054
Net investments, SEK M	5	4	22	-11	26	-7

## Key ratios per share

Profit per share, SEK	2,10	1,19	3,61	3,21	5,20	4,80
Equity per share, SEK			51,73	51,17	51,73	52,38
Number of shares at the end of the period, in thousands	6 907	6 907	6 907	6 907	6 907	6 907
Share price on closing day, SEK			91,50	73,00	91,50	83,00

For definitions, see Annual Report 2002

## Financial reports

Year-end report 2003  
Interim report, January-March 2004  
Annual General Meeting

February 11, 2004  
April 29, 2004  
May 14, 2004

## Nomination of Board members

Following consultations with shareholders, the Chairman of the Board of Directors has formed a nominating group that includes representatives of the shareholders in the company. The group comprises Jochum Pihl, Christer Dahlström and Ulf Järvefelt, together with Board Chairman Björn Svedberg. The task of the nominating group is to present proposals for the election of the Board of Directors and auditors, and for the fees to be paid to them. Shareholders are requested to submit their proposals to one of the members of the group. Contact information is available from Nefab's head office – Nefab AB, Box 2184, SE-550 02 Jönköping, Sweden. Telephone +46 36-34 50 50. Telefax +46 36-15 04 44. E-mail: [info@nefab.se](mailto:info@nefab.se)

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Stockholm, October 29, 2003

Lars-Åke Rydh  
President and CEO

This report has not been examined by the Company's auditors.

This report has been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council.

Beginning with the preceding quarterly report, unutilized credit facilities are reported as current liabilities (previously long-term), in accordance with recommendation RR22. All comparison periods have been adjusted to reflect this change.

### Facts about Nefab

*Nefab delivers complete packaging solutions to international industrial groups, primarily within the telecom equipment and automotive industries. Nefab companies are located in Europe, North and South America and Asia. Invoiced sales in 2002 amounted to slightly above SEK 1 billion. The Nefab share is listed on Stockholmsbörsen.*

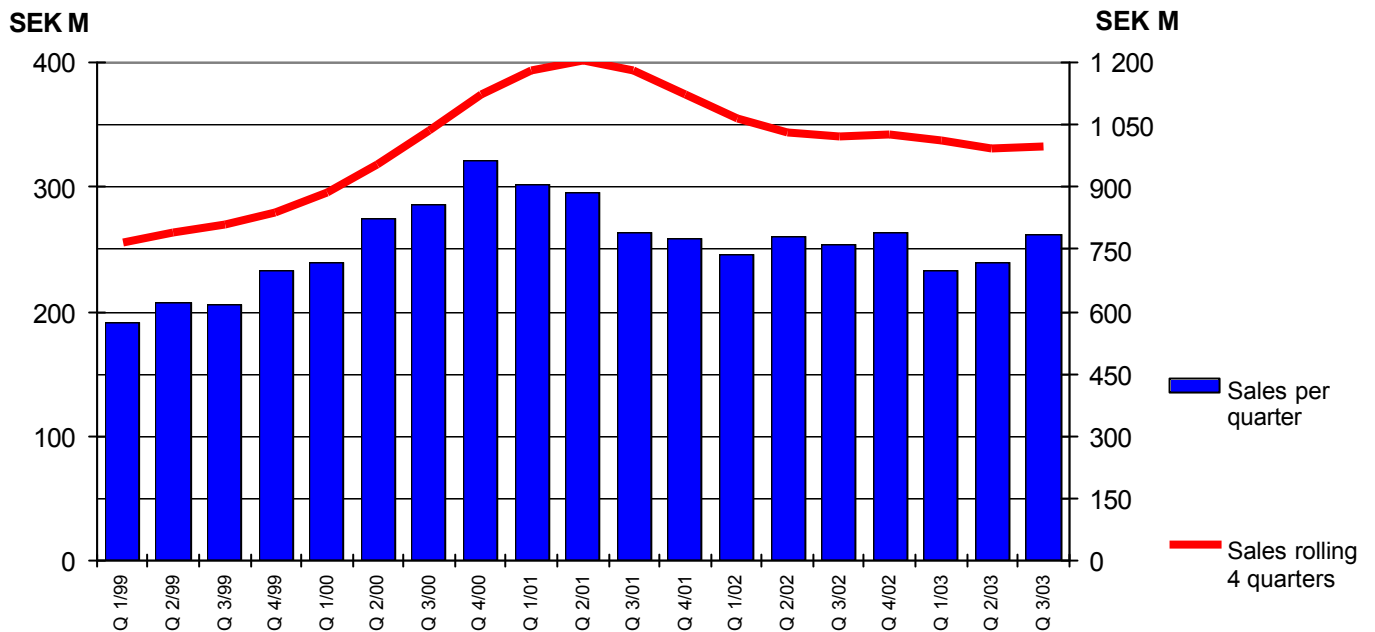
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## Quarterly data

	Q4/00	Q1/01	Q2/01	Q3/01	Q4/01	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03	Q2/03	Q3/03
Net sales	321	301	296	264	260	246	260	255	263	234	239	262
Cost of goods sold	-234	-219	-218	-195	-189	-182	-189	-188	-196	-173	-176	-190
Gross profit	87	82	78	69	71	64	71	66	67	61	63	72
Selling expenses	-31	-31	-32	-30	-33	-31	-32	-29	-31	-30	-33	-30
Administrative expenses	-22	-22	-23	-20	-25	-21	-23	-21	-21	-20	-20	-20
Other operation income	=	=	=	=	=	=	=	=	=	=	=	=
Operating profit	34	29	23	19	13	12	16	16	15	11	10	22
Net financial items	-2	-5	-6	-4	-2	-2	-3	-2	-	-2	-1	-2
Profit after net financial items	32	24	17	15	11	10	13	14	15	9	9	20
Taxes	-8	-6	-6	-7	-3	-4	-5	-6	-4	-3	-5	-5
Net profit	24	18	11	8	8	6	8	8	11	6	4	15
Fixed assets	305	362	377	394	386	346	332	321	313	308	307	295
Current assets	433	460	447	422	422	446	449	478	488	452	465	493
Equity	330	357	355	365	369	368	347	353	362	366	347	357
Provisions	31	31	31	31	46	47	48	48	50	51	54	53
Long-term liabilities	115	164	172	197	180	179	175	175	160	133	134	127
Current liabilities	262	270	266	223	213	198	211	223	229	210	237	251
Total capital	738	822	824	816	808	792	781	799	801	760	772	788
Operating margin, %	10.7	9.6	7.7	7.1	5.0	4.6	6.4	6.3	5.8	4.8	4.0	8.4
Net margin, %	9.9	8.1	5.8	5.5	4.2	3.9	5.1	5.5	5.7	3.7	3.8	7.7
Return on equity, %	29.7	20.9	12.7	8.2	8.9	6.6	8.8	9.4	12.3	6.2	5.4	16.5
Return on total capital, %	19.5	15.1	11.2	9.3	7.0	6.1	8.8	8.6	8.3	6.3	5.6	11.6
Return on capital employed, %	28.6	21.6	15.6	12.6	9.4	8.3	12.2	12.0	11.5	8.8	7.8	16.4
Equity/assets ratio, %	44.8	43.5	43.2	44.8	45.8	46.5	44.5	44.3	45.2	48.2	45.0	45.4
Profit per share, SEK	3.41	2.60	1.64	1.07	1.18	0.87	1.14	1.19	1.59	0.81	0.70	2.10
Equity per share, SEK	47.82	51.63	51.37	52.80	53.47	53.22	50.30	51.17	52.38	52.96	50.29	51.73
Share price on closing day, SEK	147.50	122.00	120.00	83.00	114.00	130.00	102.00	73.00	83.00	73.50	87.50	91.50

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## Sales development per quarter



## Earnings trend per quarter

(SPP- recovery excluded)

