



# Lundbergs

## Interim Report January – September 2003

- Profit after taxes increased by 51% to SEK 759 m. (504), which corresponds to SEK 12.23 (8.11) per share. Net sales amounted to SEK 2,095 m. (1,330).
- On September 30, 2003, net asset value per share amounted to SEK 268 (Dec 31, 2002: 221) after deferred tax. The corresponding value on November 7, 2003 was SEK 283.
- Real Estate operations increased by 9% to a total of SEK 326 m. (300).

**L E Lundbergföretagen AB (publ)**

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Company registration number: 556056-8817

Registered Head Office: Stockholm

## SALES AND PROFIT

The Group's net sales amounted to SEK 2,095 m. (1,330), of which Real Estate accounts for SEK 651 m. (641) and Invest for SEK 1,444 m. (689). Profit after financial items amounted to SEK 822 m. (550). Profit after taxes was SEK 759 m. (504), which corresponds to SEK 12.23 (8.11) per share.

## REAL ESTATE

### INTERIM PERIOD

Operating profit for the Real Estate business area rose by 8,6% to SEK 326 m. (300).

Rental revenues from housing and commercial premises increased by 2.1% to SEK 623 m. (610), with housing revenues rising by 2.7% to SEK 303 m. (295) and revenues from commercial premises, etc. rising by 1.6% to SEK 320 m. (315).

The average vacancy rate for the period was 2.7% (average 2002: 2.6), of which the vacancy rate for housing was 0.6% (average 2002: 0.6) and the vacancy rate for commercial premises was 4.6% (average 2002: 4.4). The overall vacancy rate in october 2003 was 3.1%, whereby the rate for housing was 0.7% and that for commercial premises etc. was 5.4%.

Property costs amounted to SEK 292 m. (292). Costs for maintenance and tenant-oriented property improvements decreased by SEK 15 m., while electricity and heating costs rose by SEK 9 m. and direct sales and administrative costs by SEK 4 m.

The operating net rose by 4.9% to SEK 388 m. (370).

An amount of SEK 24 m. (16) was invested in wholly and partly owned properties during the period.

The Group's completed properties, which have a book value of SEK 2,601 m. (2,633), generated an annualized yield (operating net in relation to book value) of 19.8% (18.7). The book value of properties held for future development was SEK 127 m. (125).

SEK m.	Floor space thousand m <sup>2</sup>	Rental revenues	Operating net	Book value, September 30, 2003	Operating net as a % of book value (annualized yield)
Completed properties	1,005	621	387	2,601	19.8
Properties held for future development	11	2	1	127	
Properties sold	4	0	0	-	
<b>TOTAL</b>		<b>623</b>	<b>388</b>	<b>2,728</b>	
Properties sold 2003 (January-September 2002)	4	3	2		
Properties sold 2003 (full year 2002)	4	4	2		

### CURRENT REPORT PERIOD JULY - SEPTEMBER 2003

Rental revenues increased by 2.4% to SEK 208 m. (203), with housing revenues rising by 2.8% to SEK 101 m. (98) and revenues from commercial premises, etc. by 2.1% to SEK 107 m. (105).

The average vacancy rate was 2.8% (3.0) of which the vacancy rate for housing was 0.7% (0.8) and the rate for commercial premises was 4.7% (5.0).

Property costs increased by SEK 11 m. to SEK 92 m. (81). The increase was due to higher maintenance and tenant-oriented property improvement costs, which totaled SEK 31 m. (25) and higher direct sales and administrative costs, which amounted to SEK 10 m. (7).

## Results per quarter

Quarter	I	II	III	IV	Full year
Rental revenues etc, SEK m.					
2003	208	207	208		
2002	201	203	203	203	810
2001	193	192	196	196	777
2000	182	181	185	187	735
Operating net, SEK m.					
2003	118	135	135		
2002	107	124	137	117	485
2001	109	121	130	114	474
2000	83	87	93	86	349
Vacancy rate, %					
2003	2.6	2.8	2.8		
2002	2.5	2.3	3.0	2.8	2.6
2001	2.7	2.7	1.9	2.1	2.3
2000	4.6	4.3	3.4	3.0	3.8

The figures have been adjusted for the effects of rental revenues and operating net from sold properties.

## INVEST

The Invest business area reported operating profit of SEK 576 m. (331). The reported profit includes capital gains of SEK 50 m. attributable to sales of portfolio investments. Operating profit for the third quarter amounted to SEK 16 m. (loss: 65).

Profit includes dividends of SEK 851 m. (425) from major shareholdings in publicly traded companies.

The subsidiary L E Lundberg Kapitalförvaltning, whose results are reported in Invest's earnings, reported operating profit of SEK 10 m. (loss: 63) for the first nine months and an operating profit of SEK 7 m. (loss: 27) for the third quarter. After financial items, the profit amounted to SEK 8 m. (loss: 66). On September 30, 2003, gross exposure to shares and interest-bearing paper amounted to SEK 165 m. (Dec 31, 2002: 117).

## MAJOR SHAREHOLDINGS IN PUBLICLY TRADED COMPANIES

The tables below show the voting rights, percentage shareholding, book value and market value of the Group's shares. An extraordinary dividend of SEK 322 m. was received from Cardo in April 2003. In connection with this, the Cardo shareholding was written down by the same amount. Up to November 7, 2003 Cardo shares were acquired for SEK 131 m. net, Holmen shares for SEK 9 m. net and Industrivärden shares (Series A) for SEK 651 m. Lundbergs' percentage of Hufvudstaden's share capital and voting rights was affected by the buyback of shares while the percentage of NCC's voting rights was affected by the reclassification of shares.

%	November 7, 2003		September 30, 2003		December 31, 2002	
	Voting rights	Share-holding	Voting rights	Share-Holding	Voting rights	Share-holding
Cardo	36.0	36.0	36.0	36.0	33.5	33.5
Holmen	52.2	27.5	52.2	27.5	52.1	27.5
Hufvudstaden	88.0	45.2	88.0	45.2	87.6	44.2
Industrivärden	10.7	7.8	10.1	7.3	6.2	4.5
NCC	17.4	13.6	17.4	13.6	17.0	13.6

SEK m.	November 7, 2003		September 30, 2003		December 31, 2002	
	Book value	Market value <sup>1)</sup>	Book value	Market value <sup>1)</sup>	Book value	Market value <sup>1)</sup>
Cardo	1,699	1,960	1,699	1,879	1,890	2,018
Holmen	2,597	5,864	2,597	5,374	2,587	4,648
Hufvudstaden	2,828	3,070	2,828	2,901	2,828	2,544
Industrivärden	1,579	1,868	1,472	1,593	928	872
NCC	1,076	660	1,076	650	1,076	729
TOTAL	9,778	13,422	9,671	12,397	9,309	10,811

1) Publicly traded assets are entered at current market price or at the exercise price for written options in the event that the latter price is lower.

## PORTFOLIO INVESTMENTS

After the sales effected during the third quarter, the Group has no portfolio investments (Dec 31, 2002: 121).

## OTHER SHAREHOLDINGS

The item Other shareholdings includes shares in the unlisted associated company Stadium in an amount of SEK 250 m. (Dec 31, 2002: 250).

## FINANCIAL ITEMS

Financial items amounted to an expense of SEK 71 m. (expense: 76), of which net interest items accounted for an expense of SEK 73 m. (expense: 47). Net interest items during the third quarter amounted to an expense of SEK 24 m. (expense: 20).

## FINANCIAL POSITION

Liquid assets (excluding credit facilities) increased by SEK 2 m. to SEK 45 m. (Dec 31, 2002: 43). Interest-bearing liabilities decreased to SEK 2,236 m. (Dec 31, 2002: 2,449). On September 30, 2003 the average period of fixed interest was approximately 28 months and the average interest rate was 4.2% (4.6).

The Group's interest-bearing net debt decreased to SEK 2,184 m. (Dec 31, 2002: 2,386) and the debt/equity ratio decreased to 0.22 (Dec 31, 2002: 0.25). The Group's reported shareholders' equity on September 30, 2003 was SEK 10,062 m. (Dec 31, 2002: 9,675). The equity/assets ratio was 77% (Dec 31, 2002: 76).

## NET ASSET VALUE

On September 30, 2003, net asset value per share amounted to SEK 268 (Dec 31, 2002: 221) after a deduction for deferred tax. Reported shareholders' equity accounted for SEK 165 (Dec 31, 2002: 156) of net asset value per share.

On November 7, 2003, estimated net asset value per share was SEK 283 after deferred tax.

	September 30, 2003		December 31, 2002	
	SEK m.	SEK/share	SEK m.	SEK/share
Real Estate	6,772	109	6,814	110
Invest				
Cardo	1,879	30	2,018	32
Holmen	5,374	87	4,648	75
Hufvudstaden	2,901	47	2,544	41
Industrivärden	1,593	26	872	14
NCC	650	11	729	12
Stadium	250	4	250	4
Other publicly traded shares	149	2	198	3
Other assets, provisions and liabilities	-2,331	-38	-2,439	-39
Net asset value before deferred tax <sup>1)</sup>	17,238	278	15,634	252
Deferred tax etc. <sup>2)</sup>	-608 <sup>3)</sup>	-10 <sup>3)</sup>	-1,942	-31
NET ASSET VALUE AFTER DEFERRED TAX	16,630	268	13,692	221
Market value	13,439	217	12,105	195
Price/NAV, %		81		88

- 1) Net asset value has been computed as follows: No new valuation of the real estate portfolio at an individual property level has been conducted. It has been concluded that the overall value of the portfolio has not changed significantly since December 31, 2002. Accordingly, the estimated market value at December 31, 2002 has only been adjusted to account for investments and divestments implemented during the first nine months of 2003. Other assets, provisions (excl. deferred tax) and liabilities are entered at book value on December 31, 2002 and September 30, 2003, respectively.
- 2) The calculation of deferred tax, etc. is based on the difference between the market value and the value for tax purposes of properties and, where applicable, of publicly traded shares, as well as other provisions.
- 3) As a result of new legislation, calculation of deferred tax, etc. has not been based on the difference between the market value and the value for tax purposes of business-related shareholdings. The new legislation also means that properties may be sold via limited liability companies without any tax consequences. However, such a solution would entail that the purchaser loses the basis for depreciation for tax purposes, for which the purchaser would probably require compensation. On a standard basis, it is estimated that this compensation would amount to 10%.

## REPURCHASE OF OWN SHARES

The Annual General Meeting on April 3, 2003 renewed the Board's authorization to repurchase Series B Lundberg shares during the period up to the next Annual General Meeting. The shares must be purchased on Stockholmsbörsen and the purchases are subject to the limit that the Company's holding may not exceed 10% of the total number of Lundberg shares. At the statutory Board meeting held in connection with the Annual General Meeting, the Board decided to exercise the renewed authorization. As at September 30, 2003, the Company's holding of its own shares amounted to 70,400 shares, which were repurchased for a total of SEK 12 m., or an average of SEK 178 per share. The repurchased shares correspond to 0.11% of the share capital and 0.03% of the voting rights. No additional shares were repurchased during 2003. The number of shares outstanding on September 30, 2003 was 62,075,083.

## PARENT COMPANY

L E Lundbergföretagen AB (publ) reported net sales of SEK 927 m. (370). Reported profit after financial items amounted to SEK 430 m. (280). The Parent Company has satisfactory liquidity. Investments amounted to SEK 674 m. (610).

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's Recommendation RR20 (Interim Reporting), with the exception of the fact that consolidated accounts in accordance with the Annual Accounts Act are not included. The accounts are made up in accordance with the Swedish Financial Accounting Standards Council's Recommendations. No accounting principles that have an effect on this report have been changed from the principles that were applied in the last annual report. A complete interim report, including consolidated accounts in accordance with the Annual Accounts Act, will be available on our website as of November 28, 2003. Unless indicated otherwise, the figures presented within parentheses pertain to comparative results for the corresponding period in the preceding year. Since the figures have been rounded off in certain cases, the amounts in tables and calculations do not always tally.

Stockholm, November 10, 2003



FREDRIK LUNDBERG  
President

*This interim report has not been subject to specific examination by the auditors of L E Lundbergföretagen AB (publ).*

### FORTHCOMING FINANCIAL INFORMATION

Interim report January - September 2003, with complete consolidation of subsidiaries and associated companies in accordance with the Annual Accounts Act, will be available on Lundbergs' website

November 28, 2003

Year-end Report 2003  
Annual Report 2003  
Annual General Meeting

February 19, 2004  
March 2004  
April 1, 2004

**CONSOLIDATED INCOME STATEMENT**

SEK m.	January - September		Quarter III		Full year
	2003	2002	2003	2002	2002
<b>REAL ESTATE</b>					
Operating revenues					
Rental revenues, etc.	623	610	208	203	814
Sales of properties	18	0	14	0	3
Other net revenues	2	3	3	0	4
	643	613	225	203	821
Property costs					
Operating expenses	-127	-118	-33	-32	-166
Property tax	-28	-28	-10	-9	-37
Maintenance and tenant-oriented property improvements	-80	-95	-31	-25	-123
Direct sales and administrative costs	-31	-27	-10	-7	-41
Depreciation	-25	-24	-9	-8	-32
Write-downs/reversals	-0	-	-0	-	10
	-292	-292	-92	-81	-390
Central administrative costs, etc.	-26	-21	-8	-6	-31
<b>OPERATING PROFIT, REAL ESTATE</b>	<b>326</b>	<b>300</b>	<b>125</b>	<b>116</b>	<b>400</b>
<b>INVEST</b>					
Operating revenues					
Dividends	859	433	-	-	433
Write-down of Cardo shares	-322	-	-	-	-
Gains on securities	56	-89	22	-61	-58
Operating expenses	-17	-13	-7	-4	-16
<b>OPERATING PROFIT, INVEST</b>	<b>576</b>	<b>331</b>	<b>16</b>	<b>-65</b>	<b>358</b>
Central administrative costs, etc.	-8	-5	-3	-2	-8
<b>OPERATING PROFIT</b>	<b>894</b>	<b>626</b>	<b>137</b>	<b>49</b>	<b>750</b>
Financial items	-71	-76	-23	-19	-98
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>822</b>	<b>550</b>	<b>114</b>	<b>30</b>	<b>652</b>
Taxes <sup>1)</sup>	-63	-46	-19	-9	-55
Minority share	-0	-0	-0	-0	-0
<b>REPORTED PROFIT FOR THE PERIOD</b>	<b>759</b>	<b>504</b>	<b>95</b>	<b>21</b>	<b>597</b>

1) Dividends from Cardo, Holmen, Hufvudstaden and NCC are tax exempt.

Earnings per share after full tax, SEK (there is no dilution effect)	12.23	8.11	1.53	0.34	9.62
Average number of shares outstanding	62,075,083	62,091,784	62,075,083	62,075,083	62,087,620

**KEY FIGURES, GROUP**

	September 30 2003	September 30 2002	December 31 2002
Number of shares outstanding	62,075,083	62,075,083	62,075,083
Reported shareholders' equity per share, SEK	162	154	156
Debt/equity ratio, multiple	0.22	0.23	0.25
Equity/assets ratio, %	77	73	76

**CONSOLIDATED BALANCE SHEET**

SEK m.	September 30 2003	September 30 2002	December 31 2002
<b>ASSETS</b>			
Fixed assets			
Tangible fixed assets	2,637	2,644	2,696
Financial fixed assets	9,975	9,474	9,732
	12,612	12,118	12,428
Current assets			
Properties classified as current assets	127	125	126
Other current assets	251	973	219
	378	1,098	346
<b>TOTAL ASSETS</b>	<b>12,991</b>	<b>13,216</b>	<b>12,774</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	10,062	9,582	9,675
Provisions	421	425	417
Long-term liabilities	1,313	1,050	1,051
Current liabilities	1,194	2,159	1,631
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>12,991</b>	<b>13,216</b>	<b>12,774</b>

**CONSOLIDATED CASH FLOW STATEMENT**

SEK m.	January - September 2003	September 30 2002	Full year 2002
Cash flow from operations	679	730	1,387
Cash flow from investment activities	-557	-669	-965
Cash flow from financing activities	-120	572	-489
Change in cash and bank balances	2	633	-67
Cash and bank balances, January 1	43	110	110
Cash and bank balances, period end	45	743	43

**SHAREHOLDERS' EQUITY**

SEK m.	September 30 2003	September 30 2002	December 31 2002
January 1	9,675	9,447	9,447
Dividend	-372	-357	-357
Repurchase of Parent company shares	-	-12	-12
Net profit for the period	759	504	597
<b>BALANCE, PERIOD END</b>	<b>10,062</b>	<b>9,582</b>	<b>9,675</b>