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Strong earnings in weak economy

Seco Tools reported earnings today for full-year 2003. The operating margin improved to 17.3 percent (17.1). Earnings per share amounted to SEK 15.05 (15.40).

“Seco Tools showed strength through increased sales at fixed exchange rates despite weak economic conditions during the year,” says Lars Renström, President and CEO of Seco Tools in his comments on the report. “We have started to reap the rewards of investments in product and market development during recent years. A stronger product portfolio than we’ve had in many years and continued expansion of the marketing organization provide a strong foundation for operations in 2004.

“Earnings were affected strongly by the strengthening of SEK against USD and USD-related currencies,” Lars Renström continues. “The total negative effect on earnings amounted to SEK 67 M. The fact that earnings remained at a strong level is attributable to continued cost-saving measures and a high rate of new product launches.

“We have captured market shares in Europe and maintained our positions in the North American market. It is particularly pleasing to note that all markets in Asia and Oceania grew during the year, particularly China and India,” says Lars Renström.

“In August, as part of marketing investments, we acquired Genos, a Brazilian company with annual sales of SEK 20 M. Genos provides the Group with skills and know-how in complete tool solutions for the automotive industry. In January 2004, we acquired Tesco, a US company, with annual sales of SEK 20 M. Tesco has an innovative and highly successful market cultivation method. Both of the acquired companies will strengthen our position and growth in different ways,” says Lars Renström.

“The US economy has started to recover, and we also expect to continue to capture market shares in Europe,” concludes Lars Renström.