

January-September 2004 Interim Report



Higher Sales Volume and Cost Effectiveness Measures Generated Substantially Higher Earnings

Net revenue was SEK 1,225.7 million (960.2).

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Operating earnings were SEK 46.8 million (-19.5).

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The profit after tax amounted to SEK 24.1 million (-23.8).

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Earnings per share after full income tax totaled SEK 2.11 (-2.09).

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Sales volume was up by 37% in the third quarter.

PartnerTech develops and manufactures products under contract for leading companies, primarily in telecommunications, IT, the engineering sector and medical technology. The company, which has approximately 1,300 employees, posted sales of more than SEK 1.3 billion in 2003 and is quoted on the O list of the Stockholm Stock Exchange.

Market Trends

Along with ongoing internal cost effectiveness measures, PartnerTech's advances in the market have produced results. Improvement of market conditions in the segments where PartnerTech's customers are active fortified that trend during the first nine months.

PartnerTech signed a number of major new contracts in January-September. All of the new assignments were high up in the value chains of customer products. A major contributing factor to PartnerTech's advances was its focus on the contract manufacture of entire systems or products on the basis of expertise in mechatronics (the combination of electronics and mechanics).

The contract manufacturing sector has undergone major changes since the wave of investments, which was linked primarily to telecommunications developments, culminated in 2000. The sector's capacity has strategically repositioned since that time.

Net Revenue, Earnings and Profitability

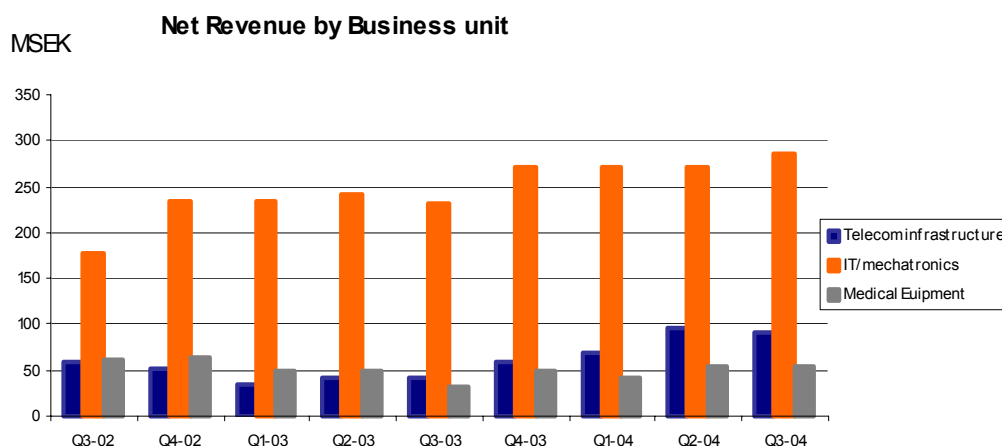
During the first nine months, net revenue rose by SEK 265.5 million, or 28%, to SEK 1,225.7 million (960.2).

The trend accelerated in the third quarter. Net revenue for the quarter was up by 37% to SEK 422.6 million (307.6).

The sales growth, which was experienced by all of PartnerTech's business units, stemmed primarily from contracts signed over the past year. Additional product introductions for key new contracts will be carried out during the next six months.

Net Revenue by Business Unit

(SEK million)	2004 Jul-Sep	2003 Jul-Sep	2004 Jan-Sep	2003 Jan-Sep	Past 12 mos. Sep-Oct	2003 Jan-Dec
Telecom						
Infrastructure	89.5	42.8	255.0	120.7	314.1	179.9
IT/Mechatronics	286.4	232.1	828.6	708.5	1,099.0	978.9
Medical Equipment	46.7	32.7	142.1	131.0	192.1	180.9
Total	422.6	307.6	1,225.7	960.2	1,605.2	1,339.7



Operating earnings for the first nine months grew by SEK 66.3 million to SEK 46.8 million (-19.5) from the same period of 2003. The operating margin improved by almost 6 percentage points as a result. The third quarter operating margin was above 5%.

Operating earnings for the third quarter amounted to SEK 22.8 million (-0.4).

The earnings improvement, which steadily gained traction over six successive quarters, was spurred by a number of factors, the most important being organic volume growth and ongoing cost effectiveness measures.

Financial items were SEK -9.3 million (-7.6) for January-September. The main reason for increased indebtedness was accelerated activity, primarily the start-up of new contracts.

Earnings after financial items rose by SEK 64.5 million to SEK 37.5 million (-27.0) in January-September and by SEK 23.3 million to SEK 19.8 million (-3.5) in the third quarter.

Group Performance by Quarter

(SEK million)	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004
Net revenue	299.7	350.7	320.2	332.4	307.6	379.5	381.1	422.0	422.6
Operating earnings*	1.4	-4.3	-12.9	-6.2	-0.4	0.6	8.6	15.4	22.8
Operating margin*	0.5%	-1.2%	-4.0%	-1.9%	-0.1%	0.2%	2.2%	3.7%	5.4%

*Excluding items affecting comparability (SEK -50.4 million in Q4 2002)

Financial Position and Liquidity

Working capital amounted to SEK 420.1 million (264.9) on September 30. The 59% increase from the same date last year was related to substantially higher sales volumes.

Operating capital totaled SEK 610.3 million (485.3) on September 30.

Net investments for the first nine months came to SEK 17.7 million (30.4). SEK 20.7 million of the 2003 figure was for acquisition of the Karlskoga mechanics unit.

Cash flow after investments, amounted to SEK -106.4 million (-22.9) for the first nine months. Third quarter cash flow after investments was SEK -85.3 million (-7.2). The trend stemmed from sales volume growth and new product introductions during the quarter.

Net borrowing, i.e., interest-bearing liabilities less cash and equivalents, amounted to SEK 296.7 million (192.8) at the end of September.

Shareholders' equity totaled SEK 313.6 million (292.5) on September 30.

The equity/assets ratio was 31.2% (36.2) at the end of the period.

Personnel

The number of full-time employees averaged 1,248 (1,135) for the first nine months.

The Group had 1,325 (1,152) full-time employees at the end of the period.

Accounting Principles

The same accounting principles have been adhered to as in the annual report for 2003.

Key Developments during the Period

PartnerTech signed a number of major new contracts during the first nine months.

In January, PartnerTech concluded an agreement with a global telecom equipment maker on five radio base station components. The assignment will add some SEK 100 million to PartnerTech's 2004 revenue.

PartnerTech signed an agreement with Perten Instruments in February. As a result, PartnerTech took over, during the spring, production of the research tools that Perten Instruments had previously manufactured in

Sweden and Germany. The agreement is initially worth SEK 30-50 million to PartnerTech on an annual basis.

PartnerTech and SWE-DISH Satellite Systems signed a letter of intent in February to launch a major strategic alliance. The outsourcing assignment will generate annual revenue of approximately SEK 100 million for three years. In the wake of the agreement, PartnerTech took over production at SWE-DISH Satellite Systems' Swedish plant as of May 2004.

EssNet Interactive, a leading developer of gaming systems, signed PartnerTech's biggest agreement yet in March. Representing revenue of some SEK 450 million for PartnerTech over three years, the assignment involves production and distribution of PC-based gaming terminals. Production, which started up in June, initially entails limited volumes. Full capacity is expected in January 2005.

PartnerTech signed an extended agreement in June with M2, a world-leading supplier of manufacturing solutions for CDs and DVDs. The agreement will boost PartnerTech's annual net revenue by an estimated SEK 80 million. Serial production will begin in the autumn.

In August, PartnerTech signed an agreement with CashGuard, a cash handling company, to become a principal manufacturer of its products. The assignment, which involves both new product introduction and production, will increase PartnerTech's annual revenue by approximately SEK 100 million.

As a result of the large orders that PartnerTech had obtained over the previous nine months, a decision has been taken to invest in the expansion of the Sieradz, Poland plant. Provided that approval is obtained from the necessary authorities, expansion is scheduled for completion in the first half of 2005.



Upcoming Financial Reports

Scheduled release dates:

- Preliminary earnings report for full-year 2004: February 15, 2005
- January-March 2005 interim report: April 27
- January-June 2005 interim report: July 15
- January-September 2005 interim report: October 25

The next annual general meeting is set for April 27, 2005.

PartnerTech AB, October 25, 2004
Mikael Jonson
CEO

For additional information, please call Mikael Jonson, CEO, at +46 70 678 10 01, or Jonas Arkestad, CFO, at +46 40 10 26 42.

The company's auditors have not examined this interim report.

Consolidated Income Statement (SEK million)	2004 Jul-Sep	2003 Jul-Sep	2004 Jan-Sep	2003 Jan-Sep	Rolling 12 mos.	2003 Jan-Dec
Net revenue	422.6	307.6	1 225.7	960.2	1 605.2	1 339.7
Cost of goods and services sold	-379.4	-290.9	-1 118.1	-922.7	-1 474.1	-1 278.6
Gross profit/loss	43.2	16.7	107.6	37.5	131.1	61.1
Selling expenses	-12.7	-10.1	-38.7	-36.2	-53.7	-51.2
Administrative expenses	-6.6	-5.8	-19.8	-18.1	-26.9	-25.2
Other operating revenue	0.9	1.2	4.8	5.7	5.2	6.1
Other operating expenses	-2.0	-2.3	-7.2	-8.3	-8.4	-9.5
Operating profit/loss	22.8	-0.4	46.8	-19.5	47.4	-18.7
Financial items	-3.0	-3.2	-9.3	-7.6	-12.5	-10.8
Profit/loss after financial items	19.8	-3.5	37.5	-27.0	34.9	-29.5
Taxes	-5.7	-0.4	-13.4	3.2	-14.2	2.4
Profit/loss for the period	14.1	-3.9	24.1	-23.8	20.7	-27.1

Consolidated Balance Sheet (SEK million)	2004 Sep 30	2003 Sep 30	2003 Dec 31
Assets			
Intangible fixed assets	67.1	75.6	73.1
Tangible assets	146.0	175.8	163.5
Financial assets	7.8	12.3	7.7
Total fixed assets	220.9	263.7	244.3
Current assets			
– Inventories	384.2	278.1	268.5
– Accounts receivable	373.2	223.8	280.8
– Other current assets	17.9	29.1	15.0
– Cash and equivalents	9.8	13.8	11.2
Total current assets	785.1	544.7	575.5
Total assets	1,006.0	808.4	819.8
Liabilities and shareholders' equity			
Shareholders' equity	313.6	292.5	288.0
Provisions	30.7	43.3	31.5
Long-term interest-bearing liabilities	10.9	136.8	17.1
Current interest-bearing liabilities	295.6	69.7	186.0
Total interest-bearing liabilities	306.5	206.6	203.1
Accounts payable	205.5	146.0	171.5
Other current non-interest-bearing liabilities	149.7	120.1	125.7
Total non-interest-bearing liabilities	355.3	266.1	297.2
Total liabilities and shareholders' equity	1,006.0	808.4	819.8

Cash Flow Statements, Group (SEK million)	2004 Jul-Sep	2003 Jul-Sep	2004 Jan-Sep	2003 Jan-Sep	Rolling 12 mos.	2003 Jan-Dec
Net profit/loss	14.1	-3.9	24.1	-23.8	20.8	-27.1
Reversal of depreciation/amortization	12.9	16.5	41.3	43.8	53.6	57.0
Capital gain/loss	0.0	0.3	-0.1	-0.1	2.1	2.2
Change in deferred tax liability	0.0	0.4	0.0	3.5	-10.4	-2.2
Change in working capital	-105.3	-17.1	-153.8	-16.0	-157.6	-4.7
Net investments	-7.0	-3.3	-17.7	-30.4	-12.8	-51.4
Cash flow after investments	-85.3	-7.2	-106.4	-22.9	-104.2	-26.2
Change in loans	80.7	12.9	103.4	7.7	99.9	4.2
Dividend	-	-	-	-	-	-
Translation differences	0.2	-1.8	1.5	-5.7	0.3	-1.5
Change in cash and equivalents	-4.4	4.0	-1.4	-20.9	-4.0	-23.4

Key Ratios	2004 Jul-Sep	2003 Jul-Sep	2004 Jan-Sep	2003 Jan-Sep	Rolling 12 mos.	2003 Jan-Dec
Gross margin, %	10.2	5.4	8.8	3.9	8.2	4.6
Operating margin, %	5.4	-0.1	3.8	-2.0	3.0	-1.4
Profit margin, %	4.7	-1.1	3.1	-2.8	2.2	-2.2
Return on operating capital (ROOC), %	17.7	-0.3	12.1	-5.4	9.2	-3.9
Return on shareholders' equity, %	19.0	-5.2	10.8	-10.5	7.0	-9.0
Equity/assets ratio, %	31.1	36.2	31.1	36.2	31.1	35.1

*The profitability ratios are calculated based on the average of each quarter's balances.

Per Share Data	2004 Jul-Sep	2003 Jul-Sep	2004 Jan-Sep	2003 Jan-Sep	Rolling 12 mos.	2003 Jan-Dec
No. of shares at end of period (thousands)	11,423	11,423	11,423	11,423	11,423	11,423
Profit/loss after full income tax, SEK	1.23	-0.07	2.11	-2.09	1.82	-2.37
Profit/loss after full income tax & dilution, SEK*	1.20	-0.07	2.05	-2.09	1.76	-2.37
Shareholders' equity, SEK	27.46	25.61	27.46	25.61	27.46	25.21

*Dilution related to a program of up to 346,5000 employee stock options with redemption date of July 1, 2005 and redemption price of SEK 70.30.

Change in Shareholders' Equity for the Group	2004 Jul-Sep	2003 Jul-Sep	2004 Jan-Sep	2003 Jan-Sep	Rolling 12 mos.	2003 Jan-Dec
Opening balance	299.4	298.2	288.0	322.0	292.5	322.0
Profit/loss for the period	14.1	-3.9	24.1	-23.8	20.7	-27.1
Translation differences	0.1	-1.8	1.5	-5.7	0.4	-6.9
Closing balance	313.6	292.5	313.6	292.5	313.6	288.0