

NEFAB

Interim Report, January- September 2004

- Invoiced sales amounted to SEK 969 M (735), an increase of 32%.
 - Approximately half of the SEK 234 M increase in sales was attributable to customers in the telecom equipment segment, with other market segments accounting for the remainder.
 - Profit after financial items amounted to SEK 95 M (38). Profit after tax was SEK 69 M (25).
 - Earnings per share amounted to SEK 10.00 (3.61).
 - Continued strong financial position.
 - Acquisition of a packaging company in Belgium.
 - Decision to establish a production unit in Slovakia.
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Third quarter of 2004

Invoiced sales in the third quarter remained strong and amounted to SEK 341 M (262), an increase of 30% compared with the year-earlier period. Sales invoiced by companies acquired in the past 12 months accounted for SEK 13 M of the increase. Order bookings amounted to SEK 338 M (264), up 28%.

The increase in sales compared with the year-earlier period occurred in all geographical markets and market segments.

Profit after financial items during the third quarter amounted to SEK 35 M (20).

Cash flow after investing activities amounted to SEK 16 M (22).

First nine months of 2004

Invoicing in the first nine months amounted to SEK 969 M (735), up 32%. Order bookings during the reporting period amounted to SEK 992 M (755), an increase of 31%.

Nordic countries

Invoicing from companies in the Nordic countries during the first nine months of the year amounted to SEK 342 M (270), an increase of 27%. The increase is reflected in all Nordic countries and all market segments.

Income from operations in the region amounted to SEK 31 M (21).

Rest of Europe

Invoicing from companies in the Rest of Europe during the first nine months amounted to SEK 395 M (278), an increase of 42%.

Continued favorable development was noted in markets in Eastern Europe. Invoicing in the Benelux markets showed good development during the period. A significant increase in invoicing was also reported in the French market.

The Packinn NV packaging company was acquired in Belgium in June. The company sells transport packaging, mainly to the export industry, and has annual sales of about EUR 4 M, with Belgium as the main market. The acquisition is projected to provide a positive contribution to earnings per share already this year.

A decision was made during the reporting period to establish a new factory unit in Slovakia. The establishment is aimed at reducing manufacturing costs while at the same time moving production closer to new growth markets. The facility is expected to start operations at around mid-year 2005.

Income from operations in the region amounted to SEK 54 M (27).

Rest of the world

Invoicing in other markets during the first nine months amounted to SEK 232 M (187), an increase of 24%.

Markets in Asia show a positive trend during the year. Invoicing rose 23% to SEK 155 M (126). The increase is largely attributable to customers in the telecom equipment industry.

Sales invoiced in North and South America during the reporting period amounted to SEK 78 M (62), up 26%. The operations in both North and South America have adversely affected the Group's earnings in recent years. These operations posted an earnings improvement during the first three quarters.

Income from operations in the Rest of the world amounted to SEK 15 M (loss: 3).

Telecom equipment industry

Invoicing to customers in the telecom equipment industry increased 44% to SEK 381 M (265), corresponding to 39% (36) of consolidated sales.

Automotive industry and other market segments

Invoiced sales to customers in the automotive industry rose 26% to SEK 107 M (85), corresponding to 11% (12) of consolidated sales.

Invoicing to other market segments amounted to SEK 481 M (385), an increase of 25%.

Earnings

Profit after financial items for the first nine months amounted to SEK 95 M (38).

Earnings include a capital gain of SEK 3 M from the sale of an industrial property in Canada.

Prices for key input materials have increased substantially in 2004. A significant portion of the cost increase was offset by higher prices charged to customers.

Earnings per share for the first nine months amounted to SEK 10.00 (3.61). Return on shareholders' equity was 22.8% (9.3), compared to the company's goal of at least 15%.

Capacity and investments

Net investments by the Group during the year amounted to SEK 26 M (22). Properties with a book value of approximately SEK 4 M were sold during 2004, which means that gross investments amounted to SEK 30 M (22), including company acquisitions amounting to SEK 11 M (3).

Financial position

The equity/assets ratio at September 30 was 52.3% (45.4) and shareholders' equity per share amounted to SEK 62.00 (51.73). Group liquid assets on the closing date, including unutilized credit facilities, amounted to SEK 341 M (310).

Cash flow after investing activities during the reporting period amounted to SEK 37 M, compared with a cash flow of SEK 28 M in the year-earlier period. Cash flow includes SEK 14 M (6) paid out for company acquisitions. Accordingly, cash flow after investing activities excluding acquisitions amounted to SEK 51 M (34).

Group equity, which amounted to SEK 378 M at the beginning of the year, increased by SEK 69 M in net profit for the year to date and by translation differences of SEK 2 M and declined by dividends of SEK 21M. Thereafter, shareholders' equity totaled SEK 428 M on the closing date.

Accounting principles

This report was prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council. As of 2004, RR29 Employee Benefits is applied. The change in accounting principle has resulted in an increase in the Group's opening shareholders' equity of SEK 0.4 M. The Group's income statement is affected marginally by the change. The necessary information for the Swedish employees from the insurer Alecta is still lacking, whereby defined-benefit plans for the Swedish employees are treated as defined-contribution plans at this time.

Nomination of Board members

The Company's majority owners have formed a nominating group that includes representatives of the larger shareholders in the company. The group comprises Jochum Pihl, Caroline af Ugglas and Johan Lannebo, that work 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 (0)771-59 00 00. Telefax +46 (0)36-15 04 44. E-mail info@nefab.se.

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Profit and loss accounts (SEK M)

	0407-0409 3 months	0307-0309 3 months	0401-0409 9 months	0301-0309 9 months	0310-0409 12 months	0301-0312 12 months
Net sales	341	262	969	735	1 276	1 042
Cost of goods sold	-249	<u>-190</u>	-694	<u>-539</u>	<u>-918</u>	<u>-763</u>
Gross profit	92	72	275	196	358	279
Selling expenses	-36	-30	-111	-93	-145	-127
Administrative expenses	-21	-20	-69	-60	-90	-81
Other operating income	-	-	3	-	3	-
Operating profit	35	22	98	43	126	71
Net financial items	-	<u>-2</u>	-3	<u>-5</u>	<u>-4</u>	<u>-6</u>
Profit after net financial items	35	20	95	38	122	65
Taxes	-10	<u>-5</u>	-26	<u>-13</u>	<u>-32</u>	<u>-19</u>
Net profit for the year	25	<u>15</u>	69	<u>25</u>	<u>90</u>	<u>46</u>
<i>Depreciation included above</i>	11	10	34	33	47	46
<i>Profit per share, SEK</i>	3.55	2.10	10.00	3.61	13.11	6.72

Balance sheets (SEK M)

	040930	030930	040930	031231
Intangible assets	12	19	12	9
Tangible assets	248	267	248	259
Financial assets	7	9	7	8
Inventories etc.	118	96	118	89
Current assets	312	253	312	259
Cash and bank	123	144	123	165
Equity	428	357	428	378
Provisions	50	53	50	44
Long-term liabilities	61	127	61	96
Current liabilities	281	251	281	271
Total capital	820	788	820	789
<i>Of which interest-bearing liabilities</i>	106	200	106	173

Cash flow statements (SEK M)

	0407-0409	0307-0309	0401-0409	0301-0309	0310-0409	0301-0312
Operating profit	35	22	98	43	126	71
Depreciation, financial net and taxes	1	<u>3</u>	5	<u>16</u>	<u>10</u>	<u>21</u>
Cash flow from the year's operations	36	25	103	59	136	92
Changes in working capital	-14	2	-40	-9	-24	7
Net investments in fixed assets	-6	<u>-5</u>	-26	<u>-22</u>	<u>-30</u>	<u>-26</u>
Cash flow after investments	16	22	37	28	82	73
Dividend	-	-	-21	-19	-21	-19
Financing	-11	<u>-2</u>	-58	<u>-13</u>	<u>-82</u>	<u>-37</u>
Changes in liquid funds	5	20	-42	-4	-21	17

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Key ratios

	0407-0409	0307-0309	0401-0409	0301-0309	0310-0409	0301-0312
Operating margin, %	10.3	8.4	10.1	5.8	9.9	6.8
Net margin, %	10.2	7.7	9.8	5.2	9.6	6.3
Return on equity, %	23.5	16.5	22.8	9.3	23.1	12.6
Return on total capital, %	17.7	11.6	16.8	7.7	16.3	9.5
Return on capital employed, %	27.2	16.4	24.8	10.8	24.0	13.4
Equity/assets ratio, %	52.3	45.4	52.3	45.4	52.3	48.0
Employees, Yearly average	1 330	1 163	1 248	1 079	1 266	1 133
Net investments, SEK M	6	5	26	22	30	26

Key ratios per share

Profit per share, SEK	3.55	2.10	10.00	3.61	13.11	6.72
Equity per share, SEK			62.00	51.73	62.00	54.74
Number of shares at the end of the Period, in thousands			6 907	6 907	6 907	6 907
Share price on closing day, SEK			159.00	91.50	159.00	122.00

Operating segments

	0407-0409	0307-0309	0401-0409	0301-0309	0310-0409	0301-0312
<u>Net sales</u>						
Nordic countries	117	86	342	270	446	374
Rest of Europe	142	97	395	278	514	398
Rest of the world	82	79	232	187	316	271
Total	341	262	969	735	1 276	1 042
<u>Operating profit</u>						
Nordic countries	10	5	31	21	40	30
Rest of Europe	21	14	54	27	66	39
Rest of the world	5	3	15	-3	18	0
Undistributed costs	-1	-2	-2	-2	2	2
Total	35	20	98	43	126	71

For definitions, see Annual Report 2003

Financial reporting

Year-end report 2004
Interim report, January- March 2005
Annual General Meeting
Interim report, January-June 2005

February 14, 2005
April 27, 2005
May 19, 2005
August 10, 2005

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or Anna Stålenbring, CFO, tel +46 70-814 23 44; e-mail anna.stalenbring@nefab.se

Stockholm, October 27, 2004

Lars-Åke Rydh
President and CEO

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

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 2003 amounted to slightly above SEK 1 billion. The Nefab share is listed on Stockholmsbörsen.

Nefab AB (publ)

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The registered office of the board of directors is in Ovanåker, Sweden

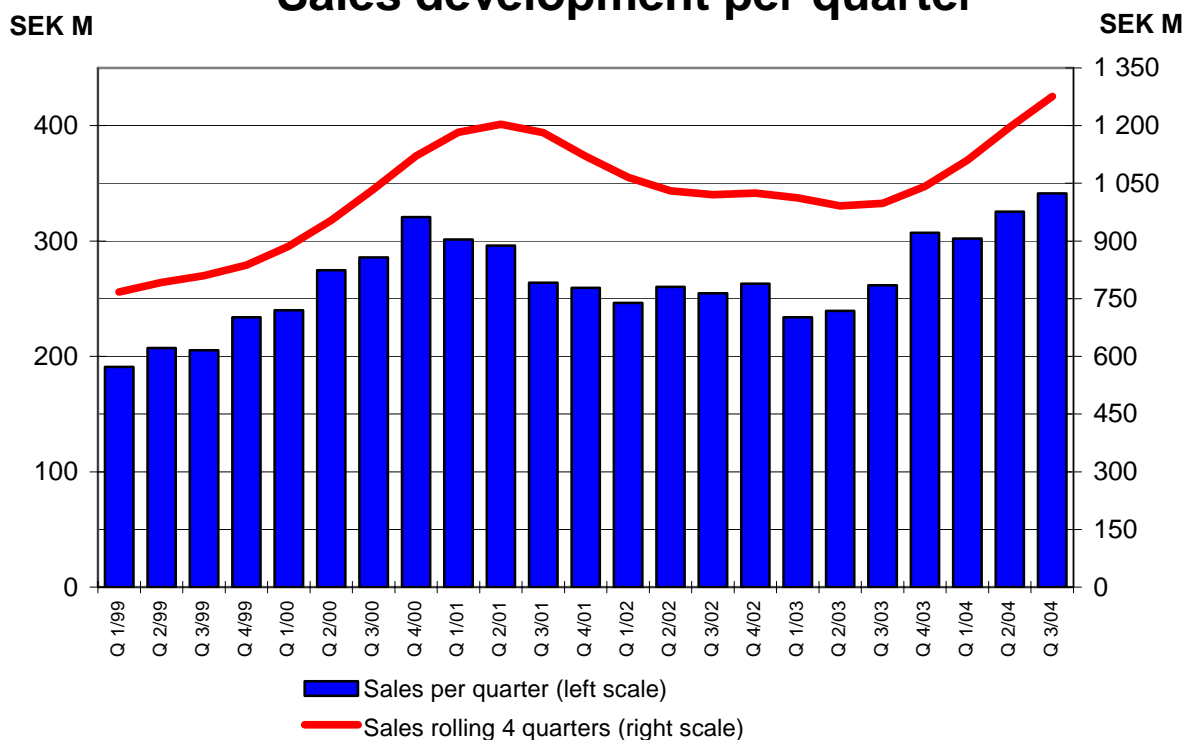
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Quarterly data

	Q4/01	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03	Q2/03	Q3/03	Q4/03	Q1/04	Q2/04	Q3/04
Net sales	260	246	260	255	263	234	239	262	307	302	326	341
Cost of goods sold	-189	-182	-189	-188	-196	-173	-176	-190	-224	-213	-232	-249
Gross profit	71	64	71	66	67	61	63	72	83	89	94	92
Selling expenses	-33	-31	-32	-29	-31	-30	-33	-30	-34	-37	-38	-36
Administrative expenses	-25	-21	-23	-21	-21	-20	-20	-20	-21	-24	-24	-21
Other operation income	-	-	-	-	-	-	-	-	-	3	-	-
Operating profit	13	12	16	16	15	11	10	22	28	31	32	35
Net financial items	-2	-2	-3	-2	-	-2	-1	-2	-1	-1	-2	-
Profit after net financial items	11	10	13	14	15	9	9	20	27	30	30	35
Taxes	-3	-4	-5	-6	-4	-3	-5	-5	-6	-8	-8	-10
Net profit	8	6	8	8	11	6	4	15	21	22	22	25
Fixed assets	386	346	332	321	313	308	307	295	276	272	274	267
Current assets	422	446	449	478	488	452	465	493	513	504	533	553
Equity	369	368	347	353	362	366	347	357	378	405	405	428
Provisions	46	47	48	48	50	51	54	53	44	44	48	50
Long-term liabilities	180	179	175	175	160	133	134	127	96	62	63	61
Current liabilities	213	198	211	223	229	210	237	251	271	265	291	281
Total capital	808	792	781	799	801	760	772	788	789	776	807	820
Operating margin, %	5.0	4.6	6.4	6.3	5.8	4.8	4.0	8.4	9.2	10.2	9.9	10.3
Net margin, %	4.2	3.9	5.1	5.5	5.7	3.7	3.8	7.7	8.8	10.0	9.3	10.2
Return on equity, %	8.9	6.6	8.8	9.4	12.3	6.2	5.4	16.5	23.4	22.7	22.1	23.5
Return on total capital, %	7.0	6.1	8.8	8.6	8.3	6.3	5.6	11.6	15.1	16.3	16.7	17.7
Return on capital employed, %	9.4	8.3	12.2	12.0	11.5	8.8	7.8	16.4	21.4	23.7	25.2	27.2
Equity/assets ratio, %	45.8	46.5	44.5	44.3	45.2	48.2	45.0	45.4	48.0	52.1	50.3	52.3
Profit per share, SEK	1.18	0.87	1.14	1.19	1.59	0.81	0.70	2.10	3.11	3.21	3.24	3.55
Equity per share, SEK	53.47	53.22	50.30	51.17	52.38	52.96	50.29	51.73	54.74	58.57	58.68	62.00
Share price on closing day, SEK	114.00	130.00	102.00	73.00	83.00	73.50	87.50	91.50	122.00	141.50	158.00	159.00

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Sales development per quarter



Earnings trend per quarter

