



## NEWS RELEASE

### Interim Report January - June 1999

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#### **Strong development during the second quarter**

- **In the second quarter, consolidated earnings after financial items doubled compared with 1998 to SEK 475M (234)**
- **Accumulated earnings for six months were SEK 688M (750)**
- **Earnings of the Business Sectors from current operations increased by 22 per cent to SEK 187M (153)**
- **Studsvik's plant in the USA has been operating commercially since July. High order intake**
- **Continued positive market criteria - full-year profit is expected to exceed last year's result**

#### **Major events during 1999**

##### Acquisitions

- 100 % of AKA Tempcold
- 25 % of Media Technology
- 24 % of Northern Technologies
- 11 % of Cellavision
- 16 % of Neoventa Medical
- 100% of Bierregaards
- 5% of BPA
- 3% of Nycomed Pharma
- 4% of Wilson Logistics Group
- The remaining 40 % of Divinycell Polimex

##### Divestments

- Hymo
- V-Kran, converted to 12 % of Hemek
- Part of the holding in Håells
- Part of the holding in Mentor-Gruppen
- The holding in Zeteco
- The holding in Sabroe Refrigeration
- Stockmarket listing of Digital Vision carried out
- Exit profit on merger between Näckrosbuss and SL Buss
- Lysekils Havsdelikatesser
- Backupcentralen
- Part of the holding in Perlos Oy
- The holding in Stjärn-TV

## **Net sales and results**

During the period, consolidated net sales amounted to SEK 4,547M (4,380). The proportion of net sales outside Sweden was 49 per cent (48).

In the second quarter, consolidated earnings after financial items doubled compared with 1998 to SEK 475M (234). In comparison with the first quarter of this year, earnings also more than doubled from SEK 213M. Accumulated earnings for the first half of the year amounted to SEK 688M (750). Earnings before taxes of the Business Sectors were SEK 695M (720). Of this, earnings of the current operations are SEK 187M (153), whereas exit profits of SEK 508M are included (567).

## **Investments and exits**

During the first six months of the year, the Group invested SEK 382M (1,526) in operating companies. Major acquisitions during the period consist of AKA Tempcold, Bierregaards and parts of Nycomed Pharma and BPA. After the end of the period, the remaining holding in Divinycell Polimex was acquired for SEK 150M. At end-June, the book value of the Business Sectors' investments in operating companies amounted to SEK 4,376M (4,119).

During the period, 16 exits were carried out. The total sales figure amounts to SEK 936M (882) with an exit profit of SEK 508M (567). The largest exit profits emerged on the sales relating to Zeteco, Backupcentralen, Sabroe Refrigeration and Perlos.

## **Market criteria**

The general state of the market affects the majority of the Group's holdings positively. The majority of the companies report increased order intake which has had, and during the following quarter should have, an impact on Atle's earnings of the current operations.

The flow of investment proposals are sound. Price levels of unlisted companies vary between sectors but remain attractive from a general point of view.

The Group's exit opportunities are larger than in the previous year, partly as a consequence of increased interest from foreign buyers in companies within Atle's investment segment.

## **Business Sector operations**

Consolidated net sales and earnings before taxes are shown in the following tables. The results of the Business Sectors include exit results. These form a natural and recurring part of the operations but vary between quarters.

SEK M	Jan – Jun 1999		Jan - Jun 1998		Full-year 1998	
	Net sales	Result	Net sales	Result	Net sales	Result
Atle Karolin Verkstadsindustri	1,324	214	1,607	230	3,216	313
Atle Tjänste & Handel	1,075	38	1,073	30	2,179	73
Atle Miljöteknik	559	4	462	11	1,008	13
Atle Informationsteknologi	1,137	100	485	39	1,720	52
Atle Mergers & Acquisitions	420	253	717	364	1,431	432
Atle Företagskapital	5	86	9	46	43	56
<b>Total Business Sectors</b>	4,520	695	4,353	720	9,597	939
Group adjustments, overheads and the Parent Company's asset management	27	-31	27	-7	79	-67
<b>Atle Group</b>	4,547	664	4,380	713	9,676	872

Earnings before taxes, SEK M	Jan - Jun 1999	Jan - Jun 1998	Full-year 1998	Full-year 1997	Full-year 1996	Full-year 1995
Business Sectors' current earnings	187	153	422	260	249	169
Business Sectors' exit results	508	567	517	412	246	127
<b>Business Sectors' operating earnings</b>	695	720	939	672	495	296
<b>Intra-Group</b>	-31	-7	-67	41	81	155
<b>Atle Group</b>	664	713	872	713	576	451

The Parent Company's earnings before taxes amounted to SEK 636M (669).

#### Atle Karolin Verkstadsindustri

Order intake rose significantly during the period. Continued increase in order intake is anticipated for the second half of 1999. The Business Sector's operating earnings are on a par with the same period in the previous year, cleared of Zeteco which was sold. As in the previous year, a gradual strengthening of the current earnings is anticipated during 1999. Of earnings in 1998, approximately 70 per cent fell in the second half of the year and 40 per cent during the last quarter.

Companies in the Business Sector, which depart positively from the previous year, are the companies within the Component group; Nordwin, PMT and Trima. In addition, Alimak reports a very satisfactory result. Companies that depart negatively are Moving and Hägglunds Drives. For Moving, the trend has turned and order intake risen strongly which will have an impact on the Profit and Loss Account in the second half of the year. Hägglunds Drives has been affected negatively by the fact that prices of raw materials have reached their lowest levels, but has nevertheless managed to achieve an acceptable result. An anticipated steady improvement in raw material prices will have a positive effect on earnings.

During the period, the holding in Zeteco, equivalent to 23.4 per cent of capital, was sold to Partek with an exit profit of SEK 178M. In addition, the lifting table manufacturer, Hymo, was sold. The forest crane manufacturer, V-Kran, was incorporated, via a non-cash issue, in the Hemek Group in which Atle thereafter has an ownership of 12 per cent.

#### Atle Tjänste & Handel

Following a weak start to the year, earnings of the Group's Swedish trading companies improved but will not reach the previous year's levels. The Japanese company, Gadelius, continues to report increased earnings despite a continued weak economic trend in Japan. Orion's British operations were restructured which had a negative effect on earnings. The newly-formed company, BussLink, had a weak start to the year and was, among other things, affected by costs in connection with the bus driver strike and costs for an initiated merger. AKA Tempcold was acquired at the beginning of the year and in May, Bierregaards was acquired.

The result includes an exit profit of SEK 17M from Näckrosbuss in connection with the merger with SL Buss.

### **Atle Miljöteknik**

An increased inflow of interesting investment opportunities has emerged which makes possible increased expansion of the Business Sector.

### Studsvik

Studsvik continued to develop positively. During the period, the company acquired 30 per cent of the shares in the German technology consulting company, Wissenschaftlich Technische Ingenieurberatung GmbH (WTI). Construction of a treatment facility for cancer tumours at the reactor in Studsvik started during the period. The plant is expected to become operational in the year 2000. During the period, permission was granted to expand and modernise the plant for melting low-active scrap. Construction started during summer and will increase the treatment capacity of the plant from currently 900 tonnes per annum to 2,500 tonnes per annum. During the period, Studsvik made an agreement in principle to start a joint venture in the UK with the British company, Babcock International Group plc. The company is expected to begin its commercial operations during September and will carry out activities in the service and waste-handling sectors. Additional interesting acquisitions and collaboration opportunities for expanding operations are being discussed.

### *Investment in the USA*

In July, commercial operations started in Studsvik's newly-constructed plant in Erwin, Tennessee in the USA for handling low-active radioactive waste in the form of ion-exchange resins, a sort of water filter. Order intake is sound and the price scenario is in line with expectations. The project, which was slightly delayed due to limited reconstruction to increase the capacity of the plant, has run smoothly. The decision to carry out the reconstruction prior to the commercial start was based on the fact that it was significantly easier to carry out before radioactive materials were introduced in the plant. The reconstruction has increased capacity in the plant while, at the same time, volume reduction is better than anticipated. Following the reconstruction, the plant has a capacity to reduce the volume of ion-exchange resins by more than 95 per cent. The plant is now gradually being tuned to achieve its planned capacity.

Studsvik's plant has the capacity to reduce the volume of the ion-exchange resins of the nuclear power stations in the USA by more than half.

### *Stockmarket listing*

The owners, Atle and Euroventures, intend to apply for a quotation of Studsvik on the O list of the Stockholm Stock Exchange during the year 2000.

### Other companies

Centralsug's earnings improved significantly as a result of increased volumes and margins. The products of the newly-acquired company, Optibag, has attracted considerable interest from customers and eminently complement the operations of Centralsug and Bala.

### **Atle Informationsteknologi**

The wholly-owned cable-TV company, Sweden On Line, continues to develop more positively than during the corresponding period in 1998. Through the recently-announced international sale of the cable-TV company, Stjärn-TV, in which Atle was a small stakeholder, large values were exposed in the cable-TV segment. A significant surplus value probably also exists in Sweden On Line.

The other companies in the Business Sector are developing on a par with the previous year, with the exception of Martinsson Gruppen and Dafix Data. Work on restructuring Martinsson aimed at improving profitability produced positive results, including the sale of Netcenter. In Dafix Data, the ongoing restructuring work resulted in the sale of People to GEAB. In addition, the merger was carried out during the period between SPCS and the Norwegian company, PC Systemer, with the new name SPCS-Gruppen. Atle's ownership in the new company is more than 9 per cent of votes and capital.

During the period, the stockmarket introduction of Digital Vision was also carried out. The first day of listing was 28 April. Atle's exit profit was SEK 40M. In addition, Atle acquired 24 per cent Northern Technologies, an additional 10 % of Sourcecom and, in collaboration with Atle Företagskapital, sold Backupcentralen with a total exit profit of approximately SEK 140M.

### **Atle Mergers & Acquisitions**

The result during the period was very good. Sales growth is sound in the majority of the companies of the Business Sector. Companies whose operating earnings developed significantly above expectation are Nordisk Renting and Divinycell Polimex. On the other hand, Bulten and HL Display report a less positive earnings trend compared with the corresponding period in 1998. Continued positive development of the Business Sector's shares in profits is anticipated for the remainder of the year.

Three acquisitions were carried out during the period. Of these, SEK 35M was invested in the consortium that bought out BPA from the stockmarket (equivalent to 5.2 per cent on Atle's part), SEK 32M in the pharmaceutical company, Nycomed Pharma, (3.2 per cent) and SEK 13M in the logistics company, Wilson Logistics Group, (4.3 per cent).

After the end of the reporting period, the remaining 40 per cent of the growth company, Divinycell Polimex, has been acquired. Divinycell Polimex, which following the acquisition is booked at SEK 250M, is expected to grow by 20 per cent during 1999, report sales of SEK 560M and generate earnings before taxes of SEK 70M.

Three companies were sold during the period. The previously wholly-owned Lysekils Havsdelatesser was sold to the Icelandic company, Bakkavör, with an exit profit of just under SEK 20M. As a result, a strong number two is created on the Swedish market for herring and other fish delicatessen, with sound growth opportunities in the Nordic region and other Euporean countries. The Danish company, Sabroe Refrigeration, was sold to the American company, York, and forms the world's largest company in industrial refrigeration systems. Atle's ownership generated an exit profit of SEK 59M. In addition, part of the Business Sector's holding in Perlos Oy was sold with an exit profit of SEK 58M.

After the end of the period, Atle's holding in Stjärn-TV was sold with an exit profit of SEK 92M on an initial investment of SEK 11M.

### **Atle Företagskapital**

The Business Sector reported its best result ever during the period. The flow of investment proposals is very considerable.

In general, the companies in the Business Sector developed according to plan. During the period, 16 per cent of Neoventa Medical (childbirth monitoring) was acquired, 11 per cent of Cellavision (automated microscopy) and 25 per cent of Media Technology (IT support for training activities).

Part of the holding in Håells and part of the holding in Mentor-Gruppen was sold at high profit. Backupcentralen was sold in collaboration with Atle IT (total profit SEK 140M).

### **Financial position, etc**

At end-June, the Group's liquid resources (excluding unutilised overdraft facilities) amounted to SEK 743M (707). On the same date, the net of the Parent Company's liquid resources, short-term investments and unutilised overdraft facilities amounted to SEK 280M (-33). The Group's equity ratio was 56 per cent (51) and the Parent Company's equity ration was 85 per cent (85).

At end-June, booked shareholders' equity amounted to SEK 85.11 per share (79.03). The dominating part of Atle's assets consist of unlisted shares. Their book values can differ significantly from the market values which emerge only on exits. For this reason, the net asset value is deemed to be significantly higher than shareholders' equity.

As a result of Atle AB's fiscal status, Atle AB directly owns the majority of all shares in operating companies, whereas operations are reported within the Business Sectors. This has the effect that the Parent Company's Profit and Loss Account contains exit results.

### **Number of shareholders**

During the period, number of shareholders increased to 15,356. At 1998 year-end, the number was 13,121 and at end-1997 10,313.

## Number of employees

During the period, number of employees in the Group amounted to 5,814 (7,843). The reduction is due to the deconsolidation of Näckrosbuss with more than 1,500 employees in connection with the formation of BussLink. Number of employees in the Parent Company amounted to 10 (10).

### Key figures

	6 months		Full-year		
	300699	300698	311298	311297	311296
Net sales, SEK M	4,547	4,380	9,676	7,616	5,882
Earnings before taxes, SEK M	664	713	872	712	576
Earnings after tax, SEK M	543	621	658	579	503
Total assets, SEK M	9,136	9,460	9,791	7,586	8,448
Equity ratio, %	55.6	50.9	50.8	57.1	46.1
Equity per share, SEK	85.11	79.03	80.09	72.12	65.08
Market value at period-end, SEK	117.50	139.00	105.00	125.50	77.00

  

	Rolling 12 months		Full-year		
	0798-0699	0797-0698	1998	1997	1996
Return on shareholders' equity, %	12.9	16.4	15.9	15.5	14.9
Return on capital employed, %	14.1	16.0	16.7	14.7	14.1
Earnings per share, SEK	10.61	12.34	12.06	10.62	9.21
P/E ratio at period-end	11.1	11.3	8.7	11.8	8.4

## Prospects for 1999

Earnings after financial items for the 1999 full-year is expected to exceed last year's result

Stockholm, 26 August 1999

## Atle AB (publ)

Lars Gårdö  
President

### Detailed Audit Report for Atle AB

We have reviewed the Interim Report for the period, 1 January 1999 – 30 June 1999 and in so doing followed the recommendation issued by the Swedish Institute of Authorised Public Accountants, FAR. A review is significantly limited compared with an audit. Nothing has

emerged which indicates that the Six-Month Report does not comply with the requirements of the Stockmarket and Annual Account Acts.

Stockholm, 26 August 1999

Carl Lindgren  
Authorised Public Accountant

Per Bergman  
Authorised Public Accountant

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This Report as well as a specification of Atle's holding of operating companies at 30 June 1999 are available on Atle's home page: [www.atle.se](http://www.atle.se).

**Financial information during 1999**

Interim Report January-September will be published on 11 November



## Summarised Profit and Loss Accounts

Amounts in SEK M

	GROUP			PARENT COMPANY		
	6 mon 1999	6 mon 1998	Full-year 1998	6 mon 1999	6 mon 1998	Full-year 1998
<b>Net sales</b>	4,547	4,380	9,676	-	-	-
Cost for sold goods	-3,298	-3,209	-7,121	-	-	-
<b>Gross earnings</b>	1,249	1,171	2,555	-	-	-
<i>Exit results</i>						
Exit profits	526	587	591	548	530	541
Exit losses and write-downs	-18	-20	-74	-44	-18	-207
<b>Total exit result</b>	508	567	517	504	512	334
Share of associated companies' earnings before tax	146	73	189	-	-	-
<i>Other expenses and income</i>						
Sales, administrative as well as research and development costs	-1,158	-1,010	-2,168	-25	-37	-68
Depreciation of goodwill	-61	-61	-128	-	-	-
Dissolution of negative goodwill	-	6	7	-	-	-
Other operating income and operating expenses	15	6	32	-	0	-
<b>Operating earnings</b>	699	752	1,004	479	475	266
<i>Results of financial investments</i>						
Dividends from subsidiaries and associated companies	-	-	-	159	167	218
Capital gains in asset management	0	31	22	0	31	22
Other financial items, net	-11	-33	-73	-2	-4	-15
<b>Earnings after financial items</b>	688	750	953	636	669	491
The minority's share of earnings after financial items	-24	-37	-81	-	-	-
<b>Earnings before taxes</b>	664	713	872	636	669	491
Taxes	-121	-92	-214	0	-	-14
<b>Net profit for the period/year</b>	543	621	658	636	669	477

## Summarised Balance Sheets

Amounts in SEK M

ASSETS	GROUP			PARENT COMPANY		
	300699	300698	311298	300699	300698	311298
<i>Fixed assets</i>						
Intangible and tangible fixed assets	2,537	3,159	3,442	2	2	2
Participations in subsidiaries	-	-	-	2,811	3,172	3,160
Participations in associated companies	1,637	1,377	1,499	1,253	1,176	1,133
Other participations	434	444	363	291	273	253
Other financial fixed assets	172	42	72	38	-	-
<b>Total fixed assets</b>	<b>4,780</b>	<b>5,022</b>	<b>5,376</b>	<b>4,395</b>	<b>4,623</b>	<b>4,548</b>
<i>Current assets</i>						
Inventories	1,412	1,409	1,439	-	-	-
Current receivables	2,201	2,322	2,312	285	169	172
Other participations	1	10	3	-	10	3
Other short-term investments	66	235	132	-	-	-
Cash and bank	676	462	529	280	2	7
<b>Total current assets</b>	<b>4,356</b>	<b>4,438</b>	<b>4,415</b>	<b>565</b>	<b>181</b>	<b>182</b>
<b>TOTAL ASSETS</b>	<b>9,136</b>	<b>9,460</b>	<b>9,791</b>	<b>4,960</b>	<b>4,804</b>	<b>4,730</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	4,643	4,311	4,369	4,222	4,040	3,864
Minority interest	440	505	600	-	-	-
Provisions	621	790	578	62	57	53
Long-term liabilities	1,182	1,545	1,528	342	313	395
Current liabilities	2,250	2,309	2,716	334	394	418
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>9,136</b>	<b>9,460</b>	<b>9,791</b>	<b>4,960</b>	<b>4,804</b>	<b>4,730</b>

## Summarised cash flow analyses

Amounts in SEK M

	GROUP			PARENT COMPANY		
	6 mon 1999	6 mon 1998	Full-year 1998	6 mon 1999	6 mon 1998	Full-year 1998
Cash flow before change in working capital	257	312	713	127	146	155
Change in working capital	-273	-202	68	-90	72	77
<b>Cash flow from current operations</b>	<b>-16</b>	<b>110</b>	<b>781</b>	<b>37</b>	<b>218</b>	<b>232</b>
Cash flow from investment operations	182	-811	-1,263	562	-803	-902
Cash flow from financing operations	-87	240	-22	-329	67	150
<b>The period's cash flow</b>	<b>79</b>	<b>-461</b>	<b>-504</b>	<b>270</b>	<b>-518</b>	<b>-520</b>
Liquid resources*) at period-start	664	1,168	1,168	10	530	530
<b>Liquid resources*) at period-end</b>	<b>743</b>	<b>707</b>	<b>664</b>	<b>280</b>	<b>12</b>	<b>10</b>

\*) Includes Other participations and Other short-term investments

