



## Interim Report for January - September 1999

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- Invoiced sales rose 12% to SEK 604 M (540).
  - Profit after net financial items amounted to SEK 24 M (22).
  - Compared with the preceding year, a significant improvement in profit after net financial items is projected for full-year 1999.
  - Break-even in China.
  - Growth in North America continues. Sales up 30%.
  - Continued success in telecom equipment industry. Sales increased 29%.
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### Third quarter of 1999

Sales invoiced by the Nefab Group during the third quarter of 1999 amounted to SEK 205 M (187), an increase of 9% compared with the corresponding period of 1998. Order bookings amounted to SEK 206 M (163).

Third-quarter profit after net financial items amounted to SEK 15 M (9).

Invoiced sales during the first nine months of 1999 amounted to SEK 604 M (540), up 12% compared with the year-earlier period. Excluding the acquisition of NEFAB LogPak, the increase was 8%. Order bookings amounted to SEK 614 M (522).

### NEFAB ExPak business area

Sales invoiced by NEFAB ExPak, the Group's largest business area, rose 16% during the first nine months of 1999 to SEK 463 M (400). The business area accounts for about 77% of Group sales.

The strongest growth was noted in North America, where invoiced sales increased 38%. Deliveries to Nortel Networks accounted for a substantial part of the increase. Strong growth was reported in the Nordic market, supported by increased deliveries to Ericsson and Nokia. Higher sales were also noted in the Asian, German and French markets.

### NEFAB RePak business area

The NEFAB RePak business area reported sales of SEK 121 M (120). NEFAB LogPak accounted for SEK 34 M (11). The remainder of the business area reported a decline of SEK 22 M, due largely to final deliveries to a major project in the Swedish market. The business area accounts for approximately 20% of Group sales.

The business area's sales are project-related. At the end of last year and the beginning of 1999, activities were characterized by fewer contracts and, as a result, the number of new systems implemented during the period was lower than anticipated.

### Telecom equipment industry

Nefab's focus on the telecom equipment industry segment continues to yield results. Sales increased 29% to SEK 249 M (193), accounting for 41% of Group invoicing.

Ericsson is the largest customer in the telecom segment. Sales to other telecom companies are increasing sharply. Nefab delivers products to the telecom industry in most geographic markets, and the business establishments in China and Brazil focus primarily on this sector of industry.

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## Expansion in Asia and South America

Business activities in China and Singapore/Malaysia show favorable development, and sales during the first nine months of 1999 amounted to SEK 13 M (3). The telecom industry accounts for about 80% of sales invoiced in the region. The monthly sales volume has now reached the break-even level.

Operations in 1999 have been characterized by economic concern in Brazil, which has resulted in weak demand for Nefab products. Depreciation of the Brazilian currency in the beginning of 1999 has resulted in higher debt for the Brazilian company, with rising financial expenses as a result. Sales during the first nine months of 1999 amounted to SEK 4 M (0.5). Invoicing in the region is increasing gradually, but not as rapidly as expected.

## Earnings

Profit after net financial items in the first nine months amounted to SEK 24 M (22). Third-quarter earnings amounted to SEK 15 M (9), the Group's strongest quarterly result over the past two-year period.

The NEFAB ExPak business area shows strong profitability. Activities in North America also yielded favorable third-quarter earnings. Operations in Brazil resulted in charges against earnings amounting to approximately SEK 13 M (8), of which exchange losses on loans in foreign currencies accounted for slightly more than SEK 3 M.

The NEFAB RePak business area shows a loss, reflecting a sharp decline compared with the first nine months of 1998. Some improvement was noted during the third quarter, however, compared with the two previous quarters.

Earnings per share for the nine-month period amounted to SEK 1.33 (1.25). The Group's tax charges remain considerable, since operations in newly established markets are still reporting losses, and the tax value of these losses has not yet been capitalized. The return on capital employed was 12.1% (10.5).

## Events after reporting date

At the end of October, Nefab units in Sweden received notification from SPP (Swedish Staff Pension Society) of future compensation amounting to SEK 7 M for paid pension premiums. The funds have not been activated in the consolidated balance sheet.

## Investments

Group investments amounted to SEK 26 M (72), most of which pertained to machinery and equipment.

## Financial position

The equity/assets ratio on September 30 was 43.4% (45.7). Shareholders' equity amounted to SEK 32.22 (33.96) per share. The Group's liquid assets on September 30 amounted to SEK 75 M (58).

## Outlook for full-year 1999

Effects of the millennium shift on demand during the fourth quarter are difficult to assess. Compared with the preceding year, a significant improvement in profit after net financial items is projected for full-year 1999.

## Future financial reports

Year-end report for 1999	February 16, 2000
Annual Report for 1999	April 2000
Interim Report, January-March 2000	May 2, 2000
Annual General Meeting	May 27, 2000

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<b>Profit and loss accounts (SEK M)</b>	<b>9901-9909</b> 9 months	<b>9801-9809</b> 9 months	<b>9810-9909</b> 12 months	<b>9801-9812</b> 12 months
Net sales	<b>604</b>	540	810	747
Cost of goods sold	<b><u>-442</u></b>	<b><u>-391</u></b>	<b><u>-597</u></b>	<b><u>-545</u></b>
Gross profit	<b>162</b>	149	213	202
Selling expenses	<b>-75</b>	-70	-105	-101
Administrative expenses	<b><u>-54</u></b>	<b><u>-54</u></b>	<b><u>-75</u></b>	<b><u>-76</u></b>
Operating profit	<b>33</b>	25	33	25
Net financial items	<b><u>-9</u></b>	<b><u>-3</u></b>	<b><u>-9</u></b>	<b><u>-3</u></b>
Profit after net financial items	<b>24</b>	22	24	22
Taxes	<b><u>-15</u></b>	<b><u>-13</u></b>	<b><u>-18</u></b>	<b><u>-16</u></b>
Net profit for the year	<b><u>9</u></b>	<b><u>9</u></b>	<b><u>6</u></b>	<b><u>6</u></b>
<i>Depreciation included above</i>	<b>28</b>	23	37	32
<b>Balance sheets (SEK M)</b>	<b>990930</b>	<b>980930</b>		<b>981231</b>
Fixed assets	<b>236</b>	245		247
Current assets	<b>283</b>	273		275
Equity capital	<b>223</b>	234		233
Provisions	<b>25</b>	18		26
Long-term liabilities	<b>126</b>	141		131
Current liabilities	<b>145</b>	125		132
Total capital	<b>519</b>	518		522
<i>Of which interest-bearing liabilities</i>	<b>135</b>	141		142
<b>Cash flow statements (SEK M)</b>	<b>9901-9909</b>	<b>9801-9809</b>		<b>9801-9812</b>
Operating profit	<b>33</b>	25		25
Depreciation, financial net and taxes	<b><u>4</u></b>	<b><u>7</u></b>		<b><u>16</u></b>
Cash flow from the year's operation	<b>37</b>	32		41
Changes in working capital	<b>-11</b>	-40		-34
Net investments in fixed assets	<b><u>-26</u></b>	<b><u>-72</u></b>		<b><u>-84</u></b>
Cash flow after investments	<b>0</b>	-80		-77
Dividend	<b>-10</b>	-10		-10
Financing	<b><u>-5</u></b>	<b><u>89</u></b>		<b><u>84</u></b>
Changes in liquid funds	<b>-15</b>	-1		-3

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Key ratios	9901-9909	9801-9809	9810-9909	9801-9812
Operating margin, %	5.4	4.5	4.1	3.3
Profit margin, %	4.0	4.0	3.0	3.0
Return on equity capital, %	5.4	4.9	2.8	2.5
Return on total capital, %	8.6	7.5	6.8	6.1
Return on capital employed, %	12.1	10.5	9.6	8.5
Equity-assets ratio, %	43.4	45.7	43.4	45.1
Employees, yearly average	880	780	880	805
Net investments, SEK M	26	72	38	84

## Data per aktie

Profit per share, full tax, SEK	1.33	1.25	0.93	0.86
Equity capital per share, SEK	32.22	33.96	32.22	33.68
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	57	98	57	85

For definitions, see Annual Report for 1998.

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Jönköping, November 3<sup>rd</sup>, 1999

Lars-Åke Rydh  
President

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

### Information about Nefab

*The packaging company Nefab, established in 1949, is market leader in the area of transport packaging manufactured from sheet material and steel. Nefab operates within two business areas – NEFAB ExPak (collapsible export packaging system) and NEFAB RePak (reusable transport packaging and storage system). Customers are leading international industrial groups primarily within the telecom equipment and automotive industry. Nefab has production units in nine countries – Sweden, Germany, England, France, Spain, the U.S., Canada, China and Brazil. The products are sold through subsidiaries in seventeen countries which, in addition to the manufacturing countries, are Norway, Denmark, Finland, Netherlands/Belgium, Italy and Singapore/Malaysia. Nefab products are marketed in Switzerland, Austria, Poland, Portugal, Ireland, Japan, South Korea and Australia through co-operation agreements with local companies. Nefab has its own purchasing organization in Russia where plywood, the most important raw material, is procured. The Nefab share is listed on the OTC-list of the Stockholm Stock Exchange.*

Nefab AB (publ)

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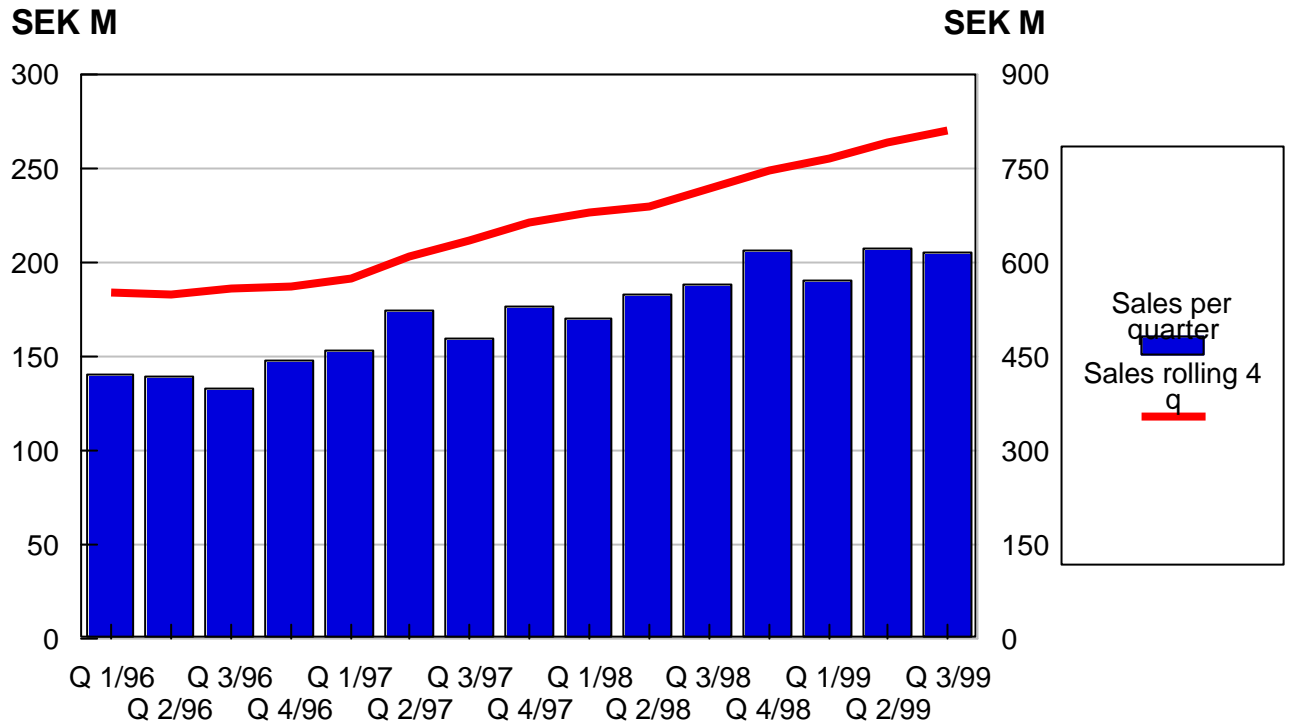
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The registered office of the board of directors is in Ovanåker, Sweden

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## Sales per quarter



## Earnings per quarter

