

PRESS RELEASE

Sardus adjusts full year forecast Some improvement during third quarter

Sardus, which is listed on the Stockholm Stock Exchange's A-list, had net sales during the first nine months of the year of SEK 1,467 M, which is an increase of approx. SEK 170 M in relation to the equivalent period in 2004. Profit before tax for the period amounted to SEK 57 M, compared with SEK 85 M during the first nine months of the previous year. Profit before tax for the full year 2005 is expected to be around SEK 100 M. Previous forecasts indicated a profit of SEK 115-125 M.

The increase in sales is primarily due to the addition of Allt Smörgås and Smörgåsfabriken, which were acquired at year-end. The decline in profit is partly due to increasing low-price competition, and partly to the difficulty of implementing price increases in the prevailing competitive environment, which has meant that it has not been possible to compensate for higher raw material costs.

The profit development showed a tendency of turning during the third quarter, when the decline in profit before tax was limited to SEK 3 M in relation to the equivalent period in 2004. However, the result is expected to be weaker than earlier forecasts despite the fourth quarter being a strong quarter for Sardus from a sales perspective.

"What is pleasing is that our new business unit, Sardus Lätta Måltider, with the newly acquired Allt Smörgås and Smörgåsfabriken, has shown good growth in terms of both sales and profit," says Sardus president and CEO Ragnar Bringert.

“We have undertaken a number of structural measures which will help us manage the hardening competitive situation in the convenience goods trade,” Ragnar Bringer adds. “For example, we have formed Sardus Chark & Deli by merging Patejket and Charkdelikatesser, and we are moving production from our Hultsfred factory to our unit in Halmstad. These measures are expected to bring cost savings of approx. SEK 15 M annually when they have fully taken effect during next year.”

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AB Sardus (publ.)

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