






Opcon AB (publ)

Press release of unaudited annual earnings, 1999

-  Sales turnover in 1999 amounted to SEK 239 million (240 million).
-  The Group made a loss after financial items of SEK 8.3 million (-8.1 million).
-  The SEK 10.8 million loss in the development company, Opcon Autorotor AB, was considerably worse than forecast due to delays in licence agreements.
-  Sales turnover and results are expected to grow in 2000.
-  Important development and licence agreements are expected to be signed in the first half of 2000.

Group, 1999

- Sales turnover in 1999 amounted to SEK 238.8 million (240.2 million).
- Orders received amounted to SEK 251.6 million (248.5 million).
- The year's loss amounted to SEK 8.3 million (-8.1 million). The final quarter of 1999 saw continued improvement in results and the Group made a profit with the exception of development company Opcon Autorotor AB.
- A continuing focus on the development of air systems for fuel cells along with delayed licence agreements for the development company, Opcon Autorotor AB, had a negative impact on results of SEK 10.8 million.

Opcon AB in brief

Opcon is based in Åmål, Sweden. The company was listed on the O-list of the Stockholm Stock Exchange on 30 December 1998.

Opcon companies develop, manufacture and market products such as ignition cassettes for cars, ignition systems for chainsaws and motorbikes, electromechanical devices (opening devices for petrol tank lids, for example), head rests and shift-locks in vehicles, transformers and screw compressors for air-supply systems in vehicles.

Operations are organised in four business areas:

Ignition systems – SEM AB, Åmål

Electromagnetic devices – SEM Drive AB, Åmål

Transformers – Transformator-Teknik AB, Åmål

Screw compressors – Opcon Autorotor AB, Stockholm

Opcon AB is the parent company of the Group. At the end of 1999 the Group had 348 employees. SEM AB and SEM Drive AB both have QS 9000 certification. Work aimed at achieving QS 9000 certification is in progress at Opcon Autorotor AB. Transformator-Teknik AB has ISO 9001 certification. Environmental certification for the Group is a key objective for coming years.

Ignition systems– SEM AB

- Sales turnover in 1999 amounted to SEK 151.4 million (153.0 million).
- Orders received increased by 4% to SEK 162.1 million (156.5 million).
- The order book at year-end was SEK 91.3 million (80.6 million).
- Operating profit improved by 5% to SEK 10.0 million (9.6 million).
- Major resources have been invested in the development of new ignition system concepts.

Electromagnetic devices – SEM Drive AB

- Sales turnover increased by 9% to SEK 50.8 million (46.6 million).
- Orders received increased by 4% to SEK 50.3 million (48.6 million).
- The order book at year-end was SEK 25.7 million (26.3 million).
- The operating result improved by SEK 2.0 million and amounted to SEK -1.5 million (-3.5 million).
- Significant tenders for SEM Drive technology will be decided upon in 2000.

Transformers - Transformator-Teknik AB

- Sales turnover in 1999 amounted to SEK 30.4 million (29.7 million).
- Orders received increased by 10% to SEK 31.0 million (28.3 million).
- The order book at year-end was SEK 3.8 million (3.2 million).
- Operating profit improved by SEK 1.0 million to SEK 2.3 million (1.3 million).
- The production partnership with a company in Estonia was extended.

Compressors – Opcon Autorotor AB

- Sales turnover in 1999 amounted to SEK 8.1 million (15.2 million).
- Operating loss amounted to SEK 9.8 million (-9.6 million).
- There was a shortfall in sales turnover to the US aftersales market of around SEK 14 million.
- Development assignments for the fuel cell segment continue to increase.
- Several important licence agreements are entering the final phase of negotiations.

The Group

Investments

Investments in machinery, tools and equipment in 1999 amounted to SEK 24.2 million (26.4 million), of which SEK 3.5 million was for the development of new products that have fixed production start-ups.

SEM AB and Opcon Autorotor AB are participating along with Institut Francais du Petrole and Lotus in a long-term, EU-financed engine project entitled Elevate (**E**uropean **L**ow **E**mission **V**4 **A**utomotive **T**wo-stroke **E**ngine). Investment so far in this project has amounted to SEK 2.7 million, of which SEK 1.6 million was in 1999. Depreciation in the project affected results by SEK 0.3 million in 1999.

Financial position

As of 31 December 1999, the Group's liquid funds amounted to SEK 14.3 million (33.3 million) and interest-bearing liabilities amounted to SEK 59.0 million (53.9 million).

Negative cash flow was recorded during the year, due to increased working capital requirements as a result of increased customer credits and reductions in supplier debts.

Repayment of pension funds

According to SPP, Opcon will receive a repayment of pension funds amounting to around SEK 5.7 million. In accordance with a statement by the Swedish Financial Accounting Standards Board emergency group, no part of this sum has been booked in 1999.

Employees

At the end of 1999 the Group had 348 employees (343).

The average number of annually employed staff was 313 (308).

Comments on 2000

All of the Opcon Group companies are expected to increase volumes and improve profits during the year.

SEM AB will manufacture higher volumes of ignition systems for Saab. The company's breakthrough into the motorcycle market has meant that new customers have been gained. Important long-term agreements are expected to be signed during the year. The company will continue to increase investment in development during 2000.

SEM Drive AB has turned a loss into a profit in 1999. Orders received are currently 30% ahead of last year, and an annual increase in volume of over 20% is expected. Several development projects have now resulted in large tenders. Two new industrial projects should lead on to the production stage during 2000. The SEM Drive concept was successfully demonstrated to industrial and vehicle customers during the year. Many functions can be managed in a more cost-effective way using the SEM Drive concept instead of current electrical motor solutions. Time to market is long, however, because manufacturers with strict quality and function requirements take time to make their assessments.

Opcon Autorotor AB has a unique position in the new growth market for fuel cells for mobile applications. During 1999 the global development of fuel cell engines entered a new phase. Several carmakers have announced officially that they will be launching commercial vehicles during 2002-2004.

Investors in the US have been focusing on this growth market, which has added further interest to the situation. Air supply systems, which Autorotor supplies, are a key component of fuel cell engines because they significantly affect engine performance. During 2000, several delivery series agreements will be signed for strategically important systems used in new fuel cell engines.

Important development and licence agreements for Opcon Autorotor AB will be signed shortly.

During 2000 Opcon Autorotor AB will enter a phase when the company is expected to begin producing returns on previous investments in production and product development.

Transformator-Teknik AB reported a good result for 1999. The result for 2000 is expected to be similar. Orders received during the first quarter have been above last year's level.

Summary

Overall, the Group is growing and results are gradually improving. Growth is coming mainly from new products. Several product development projects within the Group are now bringing in tenders from customers, which are in part financing development. Important development and licence agreements are expected to be signed during the year.

Parent company Opcon AB

The operations of the parent company cover internal services and the management of the Group's assets.

The shared functions of the Group are finance, administration, computer resources and property management.

These functions became the responsibility of the parent company, Opcon AB, as of 1999.

Staff from SEM AB, totalling 14 people, now work for the parent company.

The parent company made a loss after financial items of SEK 4.7 million (-1.8 million).

Financial information in 2000

- 1999 Annual report, April 2000
- Annual General Meeting, 27 April 2000
- Q1 report 27 April.
- Q2 report 31 August.
- Q3 report 31 October.

Income statement (SEK 000)	1999	1998
Net sales	238 750	240 182
Other operating income	-	160
Operating profit/loss	-5 790	-3 824
Financial items	-2 196	-4 284
Profit/loss after financial items	- 7 986	-8 108
Tax	-	-
Minority share	-332	-10
Profit/loss for the year	-8 318	- 8 098

Balance sheet (SEK 000)	991231	981231
Fixed assets	82 348	80 207
Current assets	89 937	87 937
Liquid funds	14 274	33 311
Total assets	186 559	201 455

Shareholders' equity	80 106	88 424
Minority shareholdings	942	609
Interest bearing provisions and liabilities	59 027	53 931
Long-term non interest bearing liabilities	655	656
Current non interest bearing liabilities	45 829	57 835
Total shareholders' equity and liabilities	186 559	201 455

Key figures	1999	1998
Operating margin, %	-2.4	-1.6
Return on operating capital, %	-4.9	-3.5
Return on equity, %	-9.9	-11.9
Loss per share, SEK	-1.33	-1.30
Equity per share, SEK	12.83	14.17
Equity/assets ratio, %	43.4	44.2
No. of shares, thousands	6 242	6 242

Cash flow statement (SEK 000)	1999	1998
Cash flow from current activities	1 378	19 464
Cash flow from investment activities	-25 844	-27 298
Cash flow from financing activities	5 429	39 684
Total cash flow	-19 037	31 850

Income statement (SEK 000) (Per quarter)	1999				1998			
	Jan-Mar	April-Jun	Jul-Sept	Oct-Dec	Jan-Mar	April-Jun	Jul-Sept	Oct-Dec
Net sales	57 440	67 946	48 249	65 115	57 160	61 735	52 412	68 875
Operating profit/loss	-2 748	-1 743	228	-1 527	-1 013	-2 557	-161	-93
Financial items	-805	-574	-165	-652	-1 113	-627	-998	-1 546
Profit/loss after financial items	-3 553	-2 317	63	-2 179	-2 126	-3 184	-1 159	-1 639
Tax	0	0	0	0	0	0	0	0
Minority shares	-94	-95	-74	-69	-39	-65	-95	209
Profit/loss per quarter	-3 647	-2 412	-11	-2 248	-2 165	-3 249	-1 254	-1 430
Balance sheet (SEK 000)	31/3/99	30/6/99	30/9/99	31/12/99	31/3/98	30/6/98	30/9/98	31/12/98
Fixed assets	80 593	80 437	79 711	82 348	79 998	77 619	76 690	80 207
Current assets	93 660	95 727	90 268	89 937	82 095	87 898	87 095	87 937
Liquid funds	22 894	19 973	17 530	14 274	873	725	331	33 311
Total assets	197 147	196 137	187 509	186 559	162 966	166 242	164 116	201 455
Shareholders' equity	84 777	82 365	82 354	80 106	45 750	42 501	41 247	88 424
Minority shareholdings	703	799	873	942	658	723	818	609
Interest bearing provisions and liabilities	54 410	59 942	60 325	59 027	68 409	74 723	74 221	53 931
Long-term non interest bearing liabilities	656	656	656	655	656	656	656	656
Current non interest bearing liabilities	56 601	52 375	43 301	45 829	47 493	47 639	47 174	57 835
Total shareholders' equity and liabilities	197 147	196 137	187 509	186 559	162 966	166 242	164 116	201 455
Key figures	1999	1999	1999	1999	1998	1998	1998	1998
	Jan-Mar	April-Jun	Jul-Sept	Oct-Dec	Jan-Mar	April-Jun	Jul-Sept	Oct-Dec
Operating margin	-4.8	-2.6	0.5	-2.3	-1.8	-4.1	-0.3	-0.1
Equity/assets ratio	43.4	42.4	44.4	43.4	28.5	26.0	25.6	44.2
No. of shares, thousands	6 242	6 242	6 242	6 242	4 242	4 242	4 242	6 242

Åmål, Sweden, 25 February 2000

Opcon AB (publ)

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Opcon's role in a world that is cleaner and safer for both people and machines

Clean power, when it's needed. That is our business concept, which we first formulated in 1993. Today, Opcon has three technologies based on this concept that will break into the mainstream in coming years. They are:

- Twin screw technology for future combustion and fuel cell engines.
- Ion sensing technology for future combustion and fuel cell engines.
- SEM Drive AB's technology for future solutions that will position, hold, move and lock using electrical power.

We will now look closer at the double screw technology that Opcon Autorotor saw the significance of in the early 1990s. The company believed that, in order to make large reductions in fuel consumption and emissions, the engines of the future would feature a small cylinder volume and a super charge. Opcon Autorotor is currently involved in several major projects of this type together with leading car makers. We believe that screw compressors of the type patented by Opcon Autorotor will be the most effective product for supercharging combustion engines.

In the early 1990s we also saw signals that fuel cell technology, used in the space industry, would be the power source for the next generation of motors used in stationary and mobile applications. Exhaust emissions from fuel cells consist almost exclusively of hot water.

Up to now, the big question has always been whether fuel cells could be built at an acceptable cost. The first car maker to officially announce that fuel cell cars could be a commercial reality was Mercedes. Daimler Benz, Ford and Ballard have invested huge sums in a joint venture aimed at producing a new fuel cell engine that includes different systems. Opcon Autorotor has been involved from the start, and has been supplying air systems for nearly all of the prototypes since 1990.

Owners of fuel cell companies that have been launched on stock exchanges in the US and Canada have been richly rewarded as their shares have increased tenfold in value. In Sweden, investors have not yet discovered this market. The Swedish media's interest in fuel cells and the growth potential of this technology has also been low in comparison to Germany, Japan and the US.

Opcon has positioned itself to be one of the companies that will benefit in this market. One example is the major development project that Opcon is involved in together with NFO Drives AB and Kompositprodukter AB. The aim of the project is to develop and manufacture a compact air system that is lighter, smaller and more cost-effective while delivering enhanced performance. The company is also entering the final phase of negotiations concerning key development and license agreements.

Several institutes have made the assessment that fuel cells will dominate the auto industry before 2015. Opcon believes commercial heavy vehicles incorporating the technology will be on the market by 2002. Cars will follow in 2003. Within the auto industry the main delivery agreements will be signed during 2000 and 2001.

With our products smartly adapted to the environment, we look forward with confidence to the new millennium.

Åmål, Sweden
February 2000

Sven G. Oskarsson