

Press release from

2000-02-03

Elanders AB (publ)

Press release on the annual accounts for 1999.

- **Net turnover increased by 25%, totalling MSEK 2183,0 (MSEK 1746,3).**
 - **Pre-tax profits increased by 41 % to MSEK 170,4 (MSEK 121,1).**
 - **Significant international success for Infomedia, Technical Documentation and Directories.**
 - **Continued expansion in growth areas is expected.**
 - **Earnings per share amounted to SEK 16.07 (SEK 13.29) after full tax.**
 - **The Board of Directors proposes to the Annual General Meeting a dividend of SEK 4.50 per share (SEK 3.00).**
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Elanders, the leading Nordic infomedia group, is organised into five business areas:

- **Infomedia**
 - Development of Publishing Management systems offering comprehensive solutions for customers that publish large amounts of data for business-to-business.
 - Database publishing and Cross Media Publishing in a variety of media such as printed matter, CD-ROM and the Internet.
 - Support and outsourcing services.
 - Operations in Stockholm, Oslo (Norway), Gothenburg, Kalmar (Sweden) and Tallinn (Estonia).
- **Technical Documentation**
 - Product catalogues and manuals for industrial and commercial companies in a variety of media.
 - Production plants in Angered, Gothenburg, Malmö and Östervåla (Sweden) and Newcastle (UK).
- **Directories**
 - Products with a large number of pages that are printed in varying editions and digitally as well.
 - Exports to some 20 European countries.
 - Production plants in Kungsbacka, Surte, Stockholm (Sweden), Oslo (Norway) and Harrogate (UK).
- **Public Information**
 - Educational material for schools and public printing for The Swedish Parliament, the government, governmental departments etc.
 - Production plants in Falköping, Malmö, Stockholm och Trelleborg (Sweden).
- **Advertising & Magazines**
 - Advanced printed matter for personalised direct mail, as well as colour periodicals.
 - Production plants in Gothenburg, Landskrona, Helsingborg (Sweden), Oslo (Norway) and Plonsk (Poland).

Business area sales and profits

| MSEK | Net turnover | | Profits | |
|--|--------------|------|---------|-------|
| | 1999 | 1998 | 1999 | 1998 |
| Business area | | | | |
| Infomedia ²⁾ | 191 | 49 | 14,3 | 2,8 |
| Technical Documentation ^{1)3) 4)5)} | 509 | 256 | 74,8 | 39,4 |
| Directories..... | 650 | 692 | 62,2 | 68,2 |
| Public Information ¹⁾ | 305 | 276 | 21,3 | 22,0 |
| Advertising & Magazines ¹⁾ | 528 | 473 | 21,4 | 9,1 |
| Total..... | 2183 | 1746 | 194,0 | 141,5 |
| Net financial items..... | | | -23,6 | -20,4 |
| Group..... | 2183 | 1746 | 170,4 | 121,1 |

¹⁾ The Skogs Group included from 1 August 1998.

²⁾ Operations in Telia InfoMedia Partner, now Anymedia Solutions AB, included from 1 April 1999.

³⁾ Pennon included from 1 April 1999.

⁴⁾ Operations in Hindson Print, now Elanders Hindson Ltd, included from 1 August 1999.

⁵⁾ Operations in Volvos document operations included from 1 October 1999.

Infomedia

Acquisitions have significantly strengthened the business area's knowledge and expertise. This has created considerable competitive advantages, not only for Infomedia but by co-operating together, for the Group's other business areas as well. As a result the Group can offer comprehensive solutions for each customer's specific needs in publishing processes, including concepts for Publishing-On-Demand and e-commerce (B2B).

Technical Documentation

During the period the business area has secured its position as one of the leading suppliers in Europe in this field. The acquisitions made during the year have significantly strengthened the business areas' competitive capacity, which has resulted in considerable success internationally. Growth has been particularly strong in the telecom sector and is expected to remain so throughout the year 2000.

Directories

Ongoing rationalisations have been effective and have influenced profits positively despite lower capacity utilisation. Towards the end of 1999 order intake increased substantially, which indicates good prospects for 2000.

Public Information

The business area is the leading supplier of public printing and educational material in Sweden. This position is continually consolidated through the cost reduction measures taken in each individual company within the business area. Further rationalisation is, however, necessary in order to improve profits.

Advertising & Magazines

The business area has continued its market focus on niche magazines and advertisement customers with advanced demands on database selection and a high degree of personalisation. This, together with completed cost rationalisation measures, has had a positive effect on profits for the year.

Turnover and profit

Net turnover increased during the period by MSEK 436,7 to MSEK 2183,0 (MSEK 1746,3).

The Group's operating profit increased by MSEK 52,5 to MSEK 194,0 (MSEK 141,5). Cost reduction rationalisations, co-ordination of functions and acquisitions have considerably strengthened the Group's competitive capacity. The product group national telephone directories is currently around 10 % of the Group's total net turnover, which reduces the Group's vulnerability due to seasonal variations. Through the acquisitions made, the Group has considerably strengthened its positions in growth markets which has contributed to higher profitability.

Investments

During the period net capital expenditures, excluding acquisitions, totalled MSEK 200 (MSEK 121) of which MSEK 17,8 (MSEK 32,1) represent redeemed leasing contracts and MSEK 21,7 (MSEK 6,2) represent capitalised financial leasing contracts in acquired companies. Corporate acquisitions amounted to MSEK 149 (MSEK 169).

Financial position, cash flow and equity ratio

The Group's net debt amounted to MSEK 491 (MSEK 348) and cash flow after investments totalled MSEK -143 (MSEK -6).

At the end of the period shareholders' equity amounted to MSEK 664 (MSEK 569), resulting in an equity ratio of 39,1 % (40,1%).

Personnel

The number of employees at the end of the period was 1848 (1514), of which 1346 are in Sweden (1145).

Acquisitions

Acquisitions are an important supplement to Elanders organic growth. Elanders' strategy is to strengthen its position as a global supplier of IT/media and graphic services. Our long-term goal is that acquisitions will represent half our total profit growth of 10 - 15 % annually.

During the year Pennon AB, Anymedia Solutions AB (formerly a part of Telia Infomedia Partner AB), Hindson Print in Newcastle, England, and Volvo's document production operations have been acquired. The acquisitions make up an important part of the Elanders Group's continual expansion and internationalisation.

Future Prospects

The development of the Group's products and services continues to be positive. Combining advanced IT/Media services and solutions with graphic technique and expertise has given the Group a considerable competitive edge. Investments in growth will be made within the Group and expansion is expected foremost in the business areas Infomedia and Technical Documentation.

The Group's various concepts in Publishing Management are rapidly developing. The need to find solutions for different links in the publishing chain that contains Cross Media Publishing and e-commerce is only going to grow. At the same our customers will increasingly choose to focus on their principal operations.

The software program Galapagos™, an application for publishing systems in various media, will become available to the market during the first quarter of the year. Galapagos™ is best suited to companies working in business-to-business and which need comprehensive publishing solutions. The application even makes effective concepts possible in e-commerce.

Elanders is well-prepared for continued expansion in growth areas. We feel very confident about the Group's future opportunities.

Distribution of Dividends

The Board of Directors and the CEO propose a dividend payment for 1999 of SEK 4.50 per share (SEK 3.00), which amounts to MSEK 33,4. 18 April 2000 is the proposed day of record. The Swedish Security Depository and Clearing Centre plans on being able to send the dividends to the shareholders on 27 April 2000.

Annual General Meeting

The Annual General Meeting will be held on 13 April 2000 at 4:00 p.m. at the Group's head office in Kungsbacka (Sweden). The shareholders who wish to participate in the Annual General Meeting must be inscribed in the register of the shareholders held by The Swedish Security Depository and Clearing Centre no later than Monday the 3rd of April 2000. Intent to participate must be reported to Elanders head office:

Elanders AB

Box 10404

434 24 Kungsbacka

SWEDEN

Telephone: +46 300- 500 00

e-mail: info@elanders.se

no later than Friday the 7th of April, 2000. Shareholders who have nominee registered their shares must, through the services of a nominee, temporarily register their shares in their own name well in advance of 3 April 2000 in order to participate in the Annual General Meeting.

Next report

A press release on the first quarter from the Elanders Group (3 months) will be issued on 13 April 2000. The company auditor has not reviewed this report.

Kungsbacka, 3 February 2000

Kjell Thörnbring

President and Chief Executive Officer

Telephone: +46 300- 501 95

Further information can be found on Elanders' homepage www.elanders.se or via e-mail info@elanders.se.

This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

Summary Consolidated Income Statement

| MSEK | 1999 | 1998 |
|---|-------------|-------------|
| Net turnover..... | 2183,0 | 1746,3 |
| Cost of products and services sold..... | -1757,3 | -1413,8 |
| Gross profit..... | 425,7 | 332,5 |
| Sales and administration costs | -231,7 | -191,0 |
| Operating profit/loss..... | 194,0 | 141,5 |
| Net financial items..... | -23,6 | -20,4 |
| Income before taxes..... | 170,4 | 121,1 |
| Taxes..... | -47,7 | -32,3 |
| Minority shares..... | -3,3 | - |
| Net profit/loss for the period..... | 119,4 | 88,8 |

Summary Consolidated Balance Sheet

| MSEK | 31/12 1999 | 31/12 1998 |
|--|-----------------------|-----------------------|
| Assets | | |
| Goodwill..... | 445 | 309 |
| Other fixed assets..... | 621 | 556 |
| Other current assets..... | 617 | 500 |
| Liquid funds..... | 26 | 53 |
| Total assets | 1709 | 1418 |
| Liability and shareholders' equity | | |
| Shareholders' equity | 664 | 569 |
| Minority shareholders' equity..... | 5 | - |
| Long-term liabilities | | |
| Non-interest bearing..... | 34 | 19 |
| Interest bearing..... | 206 | 126 |
| Short-term liabilities | | |
| Non-interest bearing..... | 489 | 429 |
| Interest bearing | 311 | 275 |
| Total liabilities and shareholders' equity | 1709 | 1418 |

Cash flow

| MSEK | 1999 | 1998 |
|---|-------------|-------------|
| Cash flow before investments and changes in working capital | 270 | 130 |
| Increase (-) and decrease (+) in working capital | -42 | -13 |
| New issues and dividends to shareholders, net | -22 | 167 |
| Capital expenditures, net | -200 | -121 |
| Acquisitions | -149 | -169 |
| Increase (-) and decrease (+) in net borrowing | - 143 | - 6 |

Key ratios

| MSEK | 1999 | 1998 |
|--|-------------|-------------|
| Earnings per share after full tax, SEK | 16,07 | 13,29 |
| Return on shareholders' equity, %..... | 19,5 | 21,3 |
| Equity ratio on the 31 st of December, 2000, %... | 39,1 | 40,1 |
| Return on capital employed, %..... | 18,9 | 18,3 |
| Debt-equity ratio..... | 0,7 | 0,6 |

Definitions

| | |
|---------------------------------------|---|
| Return on shareholders' equity | Net profit in relation to average shareholders' equity. |
| Equity ratio | Shareholders' equity in relation to total assets. |
| Capital employed | Total assets reduced by liquid funds and non-interest bearing liabilities. |
| Return on capital employed | Profit in relation to average capital employed. |
| Debt-equity ratio | Interest-bearing debt reduced by liquid funds in relation to shareholders' equity, including minority shares. |