



Preliminary Report on 1999 Operations

- Invoiced sales rose 12% to SEK 837 M (747).
 - Profit after financial items increased by 75% to SEK 36 M (21)*.
 - Earnings per share totaled SEK 2.67 (1.27).
 - Breakthrough in Asia during the fourth quarter.
 - Growth in North America continues. Invoiced sales rose 32%.
 - Continued success in telecom equipment industry. Sales increased 27%.
 - Proposed dividend of SEK 1.40 (1.40).
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Fourth quarter of 1999

Sales invoiced by the Nefab Group during the fourth quarter of 1999 amounted to SEK 234 M (207), an increase of 13% compared with the corresponding period of 1998. Order bookings amounted to SEK 228 M (220).

Fourth-quarter profit after net financial items amounted to SEK 12 M (0).

Invoiced sales and order bookings, full-year 1999

Invoiced sales for the full-year 1999 amounted to SEK 837 M (747), an increase of 12%. Order bookings amounted to SEK 842 M (742), an increase of 13%.

NEFAB ExPak business area

Sales invoiced by NEFAB ExPak, the Group's largest business area, rose 16% for the full-year 1999 to SEK 642 M (553). The business area accounts for about 77% of Group sales.

The strongest growth was noted in North America, where invoiced sales increased 53%. Deliveries to Nortel Networks accounted for a substantial part of the increase. Sales in the Asian markets are also growing rapidly. Customers in China and Singapore/Malaysia account for the increased demand. Operations in Europe are also developing positively.

Volume growth for the business area is a result of a continued increase in deliveries to the telecom equipment industry. Customers within this segment account for 50% of invoiced sales within NEFAB ExPak.

NEFAB RePak business area

The NEFAB RePak business area reported sales of SEK 169 M (164). NEFAB LogPak, which was acquired in 1998, accounted for SEK 50 M (24). After a weak beginning of the year, development in this business area turned positive. During the autumn, both order volumes and invoiced sales increased.

Telecom equipment industry

Nefab is focusing on marketing activities in the telecom equipment segment. In 1999 sales increased by 27% to SEK 349 M (274), accounting for 42% of Group invoicing.

Nefab estimates the global potential to be between SEK 3-5 billion. Accordingly, the company's market share amounts to about 10%. Freight volumes, and therefore, the potential for packaging solutions are increasing, according to Nefab's assessment, by approximately 15% annually. Consequently, current growth in sales indicates that Nefab's market share is gradually increasing.

Ericsson is the largest customer in the telecom segment. Sales to other telecom companies are continuing to rise.

Expansion in new markets

In recent years, Nefab has carried out an extensive regional expansion. Three new production units have been established: in North America, Asia and South America. Since 1998, expansion projects have resulted in comprehensive charges against the Group's earnings.

**The result in the preceding year of SEK 22 M has been adjusted due to the change in accounting principles.*



In North America, growth for the most recent five-year period totaled an average of 30% annually. The operation has now reached a scope that has resulted in a considerable surplus. Growth is expected to continue in the coming years.

Operations in Asia posted a substantial breakthrough in the autumn. For the fourth quarter, sales amounted to approximately SEK 10 M, which is a level that means a positive result. Nefab's products are primarily sold in China and Singapore/Malaysia, where there is an extensive growth potential.

Operations in Brazil have been affected negatively by the economic unrest in the country. Depreciation of the Brazilian currency at the beginning of 1999 meant an increased level of debt for the company, with rising financial costs as a result. Sales are gradually increasing, but are still at a level that yields a negative result.

Earnings

Profit after net financial items for 1999 amounted to SEK 36 M (21) an increase of 75%. Return on capital employed was 12.4% (8.4).

The NEFAB ExPak business area shows strong profitability. As a whole, European operations are showing good profitability. However, in 1999 the company in the UK was affected by profitability problems. Measures have been taken to reverse this trend. Operations in Brazil resulted in charges against earnings amounting to approximately SEK 15 M (12).

The NEFAB RePak business area showed a loss for the first half-year, but since July the trend has reversed and the operation is now generating a surplus.

Earnings per share for the year amounted to SEK 2.67 (1.27). From 1999, the Swedish Financial Accounting Standards Council recommendations concerning income tax has been applied. As a result, tax costs are SEK 2.3 M lower than in accordance with previously applied accounting principles. For comparison purposes, tax costs for 1998 have been reduced by SEK 3.8 M. In addition, the Council's recommendation concerning the effects of changed currency exchange rates has been applied from 1999. Therefore, financial costs for the year are SEK 0.8 M higher than in accordance with previously applied accounting principles. Financial expenses for the preceding year have been increased by SEK 1.4 M to achieve comparability.

At the end of October, the Group's Swedish companies obtained confirmation from SPP concerning possible compensation for paid pension premiums totaling approximately SEK 7 M. This amount has not been included in the Group's balance sheet.

Investments

Group investments amounted to SEK 37 M (84), most of which pertained to machinery and equipment.

Financial position

The equity/assets ratio on December 31 was 44.1% (45.4). Shareholders' equity amounted to SEK 34.65 (34.58) per share. The Group's shareholders' equity was affected adversely by translation differences of SEK 9 M, of which SEK 6 M originates from the operations in Brazil.

The Group's liquid assets at December 31 amounted to SEK 91 M (69), including unutilized credit facilities.

Outlook for 2000

Invoiced sales within the business area NEFAB ExPak are expected to rise as a result of continued success within the telecom equipment segment. The more project-oriented sales within NEFAB RePak are expected to develop positively during the year. Continued favorable growth is expected for the operations in Asia and North America, which will mean increased profitability in these regions. However, Brazil will probably also report a deficit this year.

For 2000 as a whole, earnings after net financial items are expected to be better than 1999. A significant part of the result is expected to be generated during the second half of the year.

Proposed dividend

The Board of Directors proposes a dividend of SEK 1.40 per share (1.40) to the Annual General Meeting. Total dividends amount to SEK 9.7 M (9.7).

Annual general meeting

The Annual General Meeting will be held on Saturday, May 27, 2:00 p.m. in Alfta. Further information about notice of attendance procedures prior to the meeting are provided in the Annual Report, which will be distributed to shareholders in early April.

NEFAB

Profit and loss accounts SEK M

| | 9901-9912 | 9801-9812 | 9701-9712 |
|----------------------------------|-------------|-------------|-------------|
| Net sales | 837 | 747 | 664 |
| Cost of sold goods | <u>-612</u> | <u>-545</u> | <u>-468</u> |
| Gross profit | 225 | 202 | 196 |
| Selling expenses | -103 | -101 | -74 |
| Administrative expenses | <u>-76</u> | <u>-76</u> | <u>-65</u> |
| Operating profit | 46 | 25 | 57 |
| Net financial items | <u>-10</u> | <u>-4</u> | <u>-1</u> |
| Profit after net financial items | 36 | 21 | 56 |
| Taxes | -18 | -12 | -17 |
| Minority share | <u>0</u> | <u>0</u> | <u>-1</u> |
| Net profit for the year | <u>18</u> | <u>9</u> | <u>38</u> |
| Depreciation included above | 37 | 32 | 24 |

Balance sheet SEK M

| | 991231 | 981231 | 971231 |
|---------------------------------------|--------|--------|--------|
| Fixed assets | 247 | 253 | 197 |
| Current assets | 303 | 279 | 228 |
| Equity capital | 239 | 239 | 235 |
| Provisions | 28 | 26 | 18 |
| Long-term liabilities | 125 | 131 | 55 |
| Current liabilities | 158 | 136 | 117 |
| Total capital | 550 | 532 | 425 |
| Of which interest-bearing liabilities | 141 | 142 | 60 |

Source of funds SEK M

| | 9901-9912 | 9801-9812 | 9701-9712 |
|---------------------------------------|------------|------------|------------|
| Operating profit | 46 | 25 | 57 |
| Depreciation, financial net and taxes | <u>9</u> | <u>15</u> | <u>8</u> |
| Cash flow from the year's operation | 55 | 40 | 65 |
| Change in working capital | -19 | -35 | -10 |
| Net investments in fixed assets | <u>-37</u> | <u>-84</u> | <u>-58</u> |
| Cash flow after investments | -1 | -79 | -3 |
| Dividend | -10 | -10 | -8 |
| Financing | <u>-5</u> | <u>86</u> | <u>6</u> |
| Changes in liquid funds | -16 | -3 | -5 |

NEFAB

Key ratios

| | 9901-9912 | 9801-9812 | 9701-9712 |
|-------------------------------|-----------|-----------|-----------|
| Operating margin, % | 5.5 | 3.3 | 8.6 |
| Profit margin, % | 4.3 | 2.8 | 8.4 |
| Return on equity capital, % | 7.7 | 3.7 | 17.2 |
| Return on total capital, % | 8.8 | 6.0 | 14.7 |
| Return on capital employed, % | 12.4 | 8.4 | 21.0 |
| Equity-assets ratio, % | 44.1 | 45.4 | 56.6 |
| Employees, yearly average | 906 | 805 | 714 |
| Net investments, SEK M | 37 | 84 | 58 |

Key ratios per share

| | | | |
|---|-------|-------|-------|
| Profit per share, full tax, SEK | 2.67 | 1.27 | 5.46 |
| Equity capital per share, SEK | 34.65 | 34.58 | 34.04 |
| Number of share at the end of the period, thousands | 6 907 | 6 907 | 6 907 |
| Share price on closing day, SEK | 78 | 85 | 137 |

For definitions, see Annual Report 1998.

Future Financial Reports

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|----------------------------------|------------------|
| Annual Report 1999 | April, 2000 |
| Three-months interim report 2000 | May 2, 2000 |
| Six-months interim report 2000 | August 16, 2000 |
| Nine-months interim report 2000 | November 7, 2000 |

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Lars-Åke Rydh
President

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