



Financial Statement 1999

Earnings per share up 23% to SEK 14.89 (12.10)

Earnings

- Earnings after financial items climbed to SEK 1,025 (953) m...
- ...implying earnings growth in every year since Atle's 1992 establishment

Acquisitions and exits

- SEK 1,245 m invested in 47 companies, of which 21 were new acquisitions
- 23 disposals with total sales proceeds of SEK 1,353 m
- Exit gains: SEK 660 m

Portfolio structure

- The book value of the portfolio increased by 14% to SEK 4,970 m
- Holdings in IT/Technology companies up 44% to SEK 1,286 m
- Holdings in services companies increased by 89% to SEK 714 m

The Atle share

- Earnings per share rose by 23 % to SEK 14.89 (12.10)
- Proposed dividends increase of 20 % to SEK 6.00 (5.00) per share
- Proposal to the AGM to authorise share buy-back programme

Atle today

Atle is:

- Sweden's pre-eminent listed private equity company focusing on small and medium-sized unlisted companies
- The premier investment avenue for players wishing to participate in the value growth of unlisted companies
- A professional know-how company with broad-based industrial and financial expertise
- Quoted on OM Stockholm Exchange's A-list with just under 14,000 shareholders

Since incorporation 7 years ago, Atle has:

- Generated a 50%-plus return on capital invested in sold companies to date
- Generated earnings after financial items totalling SEK 4.6 bn on initial capital of SEK 2.2 bn
- Completed 200 acquisitions and 120 exits in unlisted companies:

<u>(SEK m)</u>	<u>Acquisitions</u>	<u>Sales proceeds</u>	<u>Parent company exit gains</u>	<u>No. of new acquisitions</u>	<u>No. of exits</u>
1993	200	-	-	28	-
1994	900	8	-169	43	2
1995	531	342	139	27	15
1996	1,826	694	261	35	17
1997	644	724	493	24	35
1998	1,878	913	552	22	22
1999	1,245	1,353	797	21	29
Total	7,224	4,034	2,073	200	120

Atle tomorrow

Atle will:

- Be 2-3 times bigger in five years
- Increase the rate of investments in the IT/Technology sphere, which currently represents 26% of invested capital
- Remain the stock market's premier private equity player

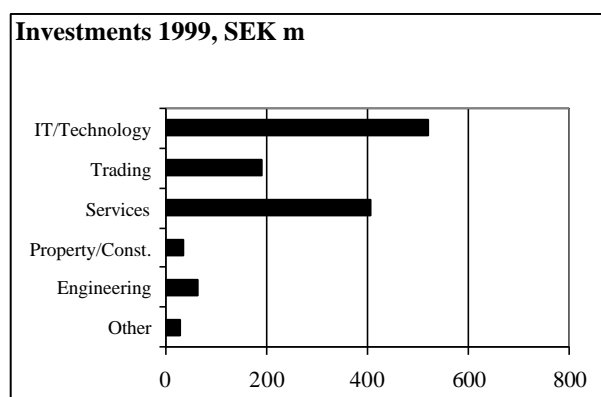
Earnings

Group earnings after financial items rose by 8% to SEK 1,025 (953) m in 1999. This implies that Atle has generated earnings growth in every year since its 1992 incorporation. Earnings before tax were up by 16% to SEK 1,008 (872) m, distributed over exit earnings of SEK 660 (517) m, earnings from Atle-owned companies of SEK 450 (395) m and SEK -100 (-40) m group-wide.

Exit earnings comprised SEK 736 m of gains and SEK -76 m of losses and write-downs.

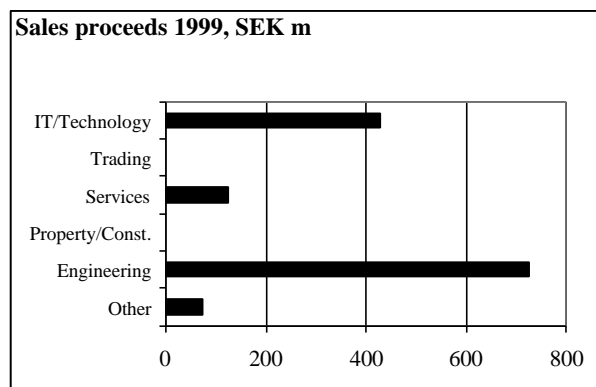
Earnings per share increased 23% to SEK 14.89 (12.10) and return on equity amounted to 15.8% (15.9).

Investments and exits



Atle acquired 21 new companies and completed 26 additional investments totalling SEK 1,245 (1,878) m in 1999. The lion's share related to investments in IT/Technology and Services.

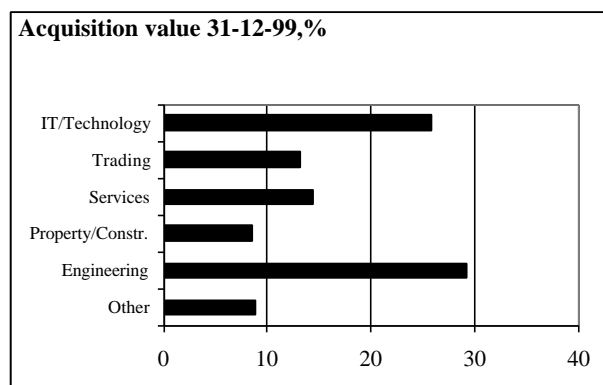
The single biggest investments were Kronans Droghandel (Trading, SEK 319 m), Martinsson Gruppen (IT, SEK 168 m) and DIAB (Technology, SEK 151 m).



During the year, Atle made 23 divestments generating total sales proceeds of SEK 1,353 (913) m. A sector breakdown of proceeds can be found in the adjacent figure.

More than half of total exits related to engineering companies. The average annual return on exits in 1999 was 40% (20).

Portfolio structure



Because investments for the year exceeded exits (measured in terms of acquisition value), the total book value of Atle's investment portfolio increased by 14% to SEK 4,970 (4,365) m in 1999. The adjacent diagram illustrates the portfolio's percentage breakdown by sector.

The engineering proportion has declined by approximately 10% while IT/Technology and Services have increased by around 6% each.

Market prospects

Since inception, Atle has been active on the private equity market, i.e. entered unlisted companies as active owner for a finite period. The private equity market is a well-established, profitable business on highly developed capital markets. In Sweden, this market segment is relatively young and in vigorous growth. Growth is driven by the trend towards an increasing number of family businesses and major groups with non-prioritised sub-operations perceiving opportunities to utilise the private equity market to elicit changes in ownership structure in combination with the active development of such enterprises.

The healthy growth and profitability has implied that new players have become established continuously. Atle is assessed to enjoy extremely sound competitiveness and is building on an early establishment, a solid track record, broad-based and experienced organisational resources comprising investment managers, an extensive network and an esteemed industrial profile. Although the inflow of new investment proposals varies over time for the different investment areas, it is sound in overall terms. The exit market is robust, for reasons including the fact that international industrial buyers are increasingly focusing their attentions on the Swedish market.

To summarise, Atle is assessed to face favourable market prospects for the foreseeable future.

Significant transaction in 1999

Acquisitions

- AKA Tempcold—active in cooling and air conditioning equipment
- 34% of software developer Northern Parklife
- 25% of training enterprise Media Technology
- 14% of med-tech and IT player CellaVision
- 3% of PC distributor PC Lan
- Bierregaards—a heating and plumbing supplies wholesaler
- The remaining 40% of DIAB, which manufactures and markets advanced sandwich core materials
- A further 11% of engineering company System 3R
- 13% of pharmaceuticals business Neopharma
- 68% of IT player Avitec—a developer of radio communication repeaters for systems including GSM.
- 37% of trading house Ekman & Co
- Public bid for the remaining 55% of listed IT company Martinsson Gruppen
- 5% of BPA
- 3% of pharmaceuticals business Nycomed Pharma
- 4% of logistics company Wilson Logistics Group
- 16% of healthcare player Neoventa Medical
- An increased holding, from 33% to 58% of Kronans Droghandel, active in pharmaceuticals logistics

Disposals

	<u>Exit gains (SEK m)</u>
• Partial exit via stock market flotation of Digital Vision	50
• Zeteco holding	178
• Integrerad Grafisk Produktion, IGP	4
• Lysekils Havsdelikatesser	17
• Backupcentralen	141
• Part of the holding in Perlos Oy	59
• Stjärn-TV holding	92
• Benzlers	-17
• V-Kran/Hemek	-26
• Sabroe Refrigeration holding	56
• Remaining holding in KMT	113

Mergers

- Establishment of Europe's third biggest bed manufacturer, Hilding Anders. Atle's ownership stake is 36%
- Busslink formed as a result of the merger between Näckrosbuss and SL Buss. Atle's ownership stake is 25%

Financial position etc.

Group liquid funds and short-term investments were SEK 1,015 (664) m at the end of the year, corresponding to market value.

At the end of 1999, the equity/assets ratio was 45% (51). The group's financial position allows significant scope for borrowing for further acquisitions.

Shareholders' equity amounted to SEK 88.36 (80.09) per share at year-end. The predominant part of Atle's assets comprises unlisted shares. The book value of these shares may differ significantly from the market value, which is not revealed until the exits are completed. For this reason, the net asset value is assessed to be considerably higher than shareholders' equity.

SPP has allocated a total of SEK 380 m to the Atle group's subsidiaries and associated companies for future pension premium payments. Atle's share of the allocated SPP funds, corresponding to the ownership stake in the relevant companies, amounts to SEK 253 m. As SPP has resolved to postpone implementation, this has not been included in the 1999 figures.

Parent company

Parent company earnings before tax amounted to SEK 818 (491) m.

At the end of 1999, the net balance of available liquid funds and borrowing in the parent company amounted to SEK -416 (-383) m.

The parent company equity/assets ratio was 83% (82) at year-end. Parent company investments in equipment totalled SEK 1 (1) m.

Outlook for 2000

The positive trend is expected to continue in 2000.

Dividends

The Board and Chief Executive propose that the dividend be increased by SEK 1.00 or 20%, to SEK 6.00 per share, for the financial year 1999.

Ownership structure

At year-end, Atle had 13,726 (13,121) owners. The five biggest owners represented 41% (46) of the votes and capital.

Authorisation for share buy back programme

Atle's Board has resolved to propose to the Annual General Meeting that the Board be authorised to resolve to buy back up to 10% of Atle's own shares. The authorisation would imply that the Board, in the period until the next Annual General Meeting is held, be given the opportunity to resolve to effect a buy-back programme relating to the company's own shares, if the conditions are considered suitable. This is based on the assumption that the applicable legislation becomes effected as announced. The Board's authorisation is also proposed to

include the possibility of transferring shares thus bought back within the framework of the new legislation.

The Board foresees sustained healthy investment prospects for Atle but considers the creation of an additional instrument for optimising returns to the company's shareholders on the basis of the existing capital structure and Atle's market valuation to constitute a positive development.

Annual General Meeting

The Annual General Meeting will be held on Thursday 13 April 2000, at 16.00 at the Nalen Auditorium, Regeringsgatan 74, Stockholm, Sweden.

Shareholders representing approximately 31% of the shares and votes in the company have appointed a nomination committee comprising Curt Källströmer, Samme Lindmark and Claes Östberg. Curt Källströmer is the convener and can be reached on tel. + 46 (0)8 701 1014.

Stockholm, 25 February 2000

Atle AB (publ)

Lars Gårdö
Chief Executive

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This report is also available on Atle's Website: www.atle.se.

Lars Gårdö's comments on Atle's Financial Statement and future prospects are also streamed onto Atle's Website (only swedish version).

Forthcoming financial information

Quarterly Report for the first quarter 2000:	3 May
Interim Report for the first six months 2000:	18 August
Quarterly Report for the third quarter 2000:	9 November
Financial Statement 2000:	23 February 2001

Key figures

GROUP	1999	1998	1997	1996	1995	1994	1993	1992 ¹⁾
Net sales, foreign, %	52.8	46.0	50.4	55.2	57.2	58.9	-	-
Earnings after financial items, SEK m	1,025	953	783	633	503	398	373	-77
Earnings before tax, SEK m	1,008	872	712	576	451	375	373	-77
Net earnings for the year, SEK m	724	658	579	503	376	316	346	-77
Total assets, SEK m	11,794	9,791	7,586	8,448	5,248	4,533	2,530	2,121
Shareholders' equity, SEK m	4,820	4,369	3,934	3,550	3,183	2,697	2,451	2,105
Market cap. 31 December, SEK m	7,582	5,728	6,846	4,200	2,182	1,838	1,936	-
Return on capital employed, %	15.0	16.7	14.7	14.1	14.1	12.9	15.9	Neg
Return on equity, %	15.8	15.9	15.5	14.9	12.8	12.3	14.1	Neg
Equity/assets ratio, %	44.7	50.8	57.1	46.1	64.1	77.4	96.9	99.2
Debt/equity ratio, %	41.2	45.9	30.4	70.5	35.3	7.0	0.1	0.0
Financial net debt (+) and net receivables (-) SEK m	1,115	1,600	128	-24	-1,581	-2,486	-2,069	-2,054
Invested in operational companies at year end, SEK m	4,970	4,365	2,898	2,624	1,311	968	493	-
Number of employees	5,819	7,633	7,348	6,768	2,238	1,255	3	1
Number of employees internationally	1,990	1,671	1,288	1,146	554	266	-	-
<i>Per share data</i>								
Number of shareholders	13,726	13,121	10,313	5,164	3,285	2,268	1,650	78
Earnings per share, SEK ²⁾	14.89	12.06	10.62	9.21	6.89	5.79	4.73	Neg
Dividend per share (proposed 1999), SEK	5.50	5.00	4.50	3.75	2.70	2.00	1.25	-
Dividend as a percentage of earnings, % ²⁾	36.9	41.5	42.4	40.7	39.3	34.5	26.4	-
Share price 31 December, SEK	139.00	105.00	125.50	77.00	40.00	33.70	35.50	-
P/E ratio, x ²⁾	9.3	8.7	11.8	8.4	5.8	5.8	7.6	-
Dividend yield, %	4.0	4.8	3.6	4.9	6.8	5.9	3.5	-
Shareholders' equity, SEK	88.36	80.09	72.11	65.08	58.35	49.43	44.92	38.58
Share price as a percentage of shareholders' equity, %	157.3	131.1	174.0	118.3	68.6	68.2	79.0	-

1) Relates to parent company, which was established on 23 November 1992. There was no group at the end of 1992.

2) Tax expenses relating to the 1993 financial year of SEK 88 m have not been included in the calculation of key ratios such as earnings per share etc. for 1999. The 1993 key ratios have been adjusted accordingly.

INCOME STATEMENT

SEK m

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Net sales	8,640	9,676	-	-
Cost of goods sold	- 6,193	- 7,121	-	-
GROSS EARNINGS	2,447	2,555	-	-
<i>Exit earnings</i>				
Exit gains	736	591	805	541
Exit losses	- 57	- 52	- 45	- 24
Write-downs	- 19	- 22	- 43	- 183
<i>Total exit earnings</i>	660	517	717	334
<i>Share in associated company earnings before tax</i>	273	189	-	-
<i>Other expenses and revenue</i>				
Sales expenses	- 1,123	- 1,126	-	-
Administration expenses	- 1,008	- 911	-69	- 68
Research and development expenses	- 125	- 131	-	-
Goodwill amortisation	- 141	- 128	-	-
Dissolution of negative goodwill	2	7	-	-
Other operating revenue and expenses	86	32	-	-
<i>Total other expenses and revenue</i>	- 2,309	- 2,257	-69	- 68
OPERATING EARNINGS	1,071	1,004	648	266
<i>Earnings from financial investments</i>				
Dividend from shares in subsidiaries	-	-	114	148
Dividend from shares in associated companies	-	-	65	70
Earnings from other securities classed as fixed assets	3	4	2	2
Other interest income etc.	28	68	12	33
Interest expenses etc.	- 77	- 123	-23	- 28
<i>Total earnings from financial investments</i>	- 46	-51	170	225
EARNINGS AFTER FINANCIAL ITEMS	1,025	953	818	491
<i>Minority share of earnings after financial items</i>	-17	- 81	-	-
EARNINGS BEFORE TAX	1,008	872	818	491
<i>Tax</i>	-284	- 214	-88	- 14
NET EARNINGS FOR THE YEAR	724	658	730	477

BALANCE SHEET

SEK m

ASSETS	GROUP		PARENT COMPANY	
	31/12/99	31/12/98	31/12/99	31/12/98
Fixed assets				
<i>Intangible fixed assets</i>				
Goodwill	1,426	1,425	-	-
Other intangible fixed assets	121	54	-	-
<i>Total intangible fixed assets</i>	1,547	1,479	-	-
<i>Tangible fixed assets</i>				
Buildings and land	756	489	-	-
Machinery and other technical equipment	440	506	-	-
Equipment, tools and installations	225	233	1	2
Buses	-	447	-	-
Construction in progress and advances	483	288	-	-
<i>Total tangible fixed assets</i>	1,904	1,963	1	2
<i>Financial fixed assets</i>				
Shares in subsidiaries	-	-	3,626	3,160
Shares in associated companies	1,393	1,499	951	1,133
Receivables, associated companies	55	10	34	-
Other long-term securities holdings	495	363	372	253
Other long-term receivables	135	62	26	-
<i>Total financial fixed assets</i>	2,078	1,934	5,009	4,546
<i>Total fixed assets</i>	5,529	5,376	5,010	4,548
Current assets				
<i>Inventories etc.</i>	1,895	1,439	-	-
<i>Current receivables</i>				
Customer receivables	3,004	1,879	-	0
Receivables, subsidiaries	-	-	158	133
Other receivables	208	222	47	36
Prepaid expenses and accrued revenue	143	211	2	3
<i>Total current receivables</i>	3,355	2,312	207	172
<i>Short-term investments</i>				
Other shares	-	3	-	3
Other securities	453	132	-	-
<i>Total short-term investments</i>	453	135	-	3
<i>Cash and bank balances</i>	562	529	0	7
<i>Total current assets</i>	6,265	4,415	207	182
TOTAL ASSETS	11,794	9,791	5,217	4,730
Collateral	1,868	1,299	-	-

BALANCE SHEET

SEK m

	GROUP		PARENT COMPANY	
LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/99	31/12/98	31/12/99	31/12/98
<i>Shareholders' equity</i>				
Restricted equity				
Share capital (54,550,000 shares with a par value of SEK 10)	545	545	545	545
Restricted reserves/statutory reserve	1,936	1,927	1,637	1,637
Total restricted equity	2,481	2,472	2,182	2,182
Non-restricted equity				
Non-restricted reserves/retained earnings	1,615	1,239	1,404	1,205
Net earnings for the year	724	658	730	477
Total non-restricted equity	2,339	1,897	2,134	1,682
Total shareholders' equity	4,820	4,369	4,316	3,864
Minority share	452	600	-	-
<i>Provisions</i>				
Pension provisions etc.	202	203	-	-
Tax provision	242	123	88	-
Other provisions	273	252	77	53
Total provisions	717	578	165	53
<i>Long-term liabilities</i>				
Liabilities, credit institutions (limit committed credit facility 1,717/954; 500/300)	1,544	1,469	416	393
Negative goodwill	-	8	-	-
Other liabilities	39	51	2	2
Total long-term liabilities	1,583	1,528	418	395
<i>Current liabilities</i>				
Liabilities, credit institutions	427	578	-	-
Customer advances	150	109	-	-
Accounts payable	2,803	988	1	1
Liabilities, subsidiaries	-	-	301	382
Tax liability	21	79	-	18
Other liabilities	251	379	9	9
Accrued expenses and prepaid revenue	570	583	7	8
Total current liabilities	4,222	2,716	318	418
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,794	9,791	5,217	4,730
Contingent liabilities	56	196	36	37

CASH FLOW STATEMENT

SEK m

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
ONGOING OPERATIONS				
Operating earnings before financial items	1,071	1,004	648	266
Depreciation	372	446	1	1
Other items not affecting liquidity	-896	-608	-693	-329
<i>Total cash flow from ongoing operations before interest paid and income tax</i>	547	842	-44	-62
Interest received	33	47	10	10
Dividends received	3	3	181	219
Capital gains on short-term investments	-	24	-	23
Interest paid	-81	-125	-22	-27
Income tax paid	-124	-98	-20	-3
<i>Total cash flow from financial items and tax</i>	-169	-149	149	222
Increase/decrease in inventories	-76	-22	-	-
Increase/decrease in customer receivables	-25	-178	-	-
Increase/decrease in other current receivables and liabilities	-89	294	-124	-67
<i>Total cash flow from operational assets and liabilities</i>	-190	94	-124	-67
CASH FLOW FROM ONGOING OPERATIONS	188	787	-19	93
INVESTMENT ACTIVITY				
Intangible and tangible fixed assets	-339	-493	0	-1
Investments in shares, investment activity	-	-	-1,107	-1,685
Disposals of shares, investment activity	-	-	1,430	924
Investments in subsidiaries	-338	-718	-	-
Disposals of subsidiaries	477	285	-	-
Investments in associated companies and other shares classed as fixed assets	-431	-890	-	-
Disposals of and withdrawals from associated companies and other shares classed as fixed assets	916	581	-	-
Other, investment activity	-50	-34	-59	-
CASH FLOW FROM INVESTMENT ACTIVITY	235	-1,269	264	-762
FINANCING ACTIVITY				
Change in long-term liabilities	75	588	23	395
Change in current liabilities	126	-365	-5	-
Dividend paid	-273	-245	-273	-245
CASH FLOW FROM FINANCING ACTIVITY	-72	-22	-255	150
CASH FLOW FOR THE YEAR	351	-504	-10	-519
CHANGE IN LIQUID FUNDS				
Liquid funds, opening balance	664	1,168	10	529
Cash flow for the year	351	-504	-10	-519
LIQUID FUNDS, CLOSING BALANCE	1,015	664	0	10