

LGP Telecom Holding AB

(f.d. Arkivator AB)

Semi annual report January – June 2000

- Net revenue increased by 58 per cent to 598.1 (379.6) MSEK
- Profit before tax including goodwill amortization but excluding surplus funds from SPP increased by 181 per cent to 83.8 (29.8) MSEK
- Amortization of goodwill 10.0 MSEK
- Earnings per share 2.22 (0.70) SEK

REVENUE AND PROFIT

All comparative figures within brackets refer to pro forma accounts for the new LGP Telecom Holding Group as per 30 June 1999.

First half-year 2000

The new LGP Group continues to show strong growth. The group's net revenue amounted to 598.1 MSEK which, for comparative entities, pro forma, means an increase of 218.5 MSEK corresponding to 57.6 per cent.

It is primarily the telecom sector which accounts for the strong increase in growth. Telecoms account for 71 per cent of the total sales and compared with the previous year, revenues from telecoms increased by 89 per cent. The high demand continues in Europe and in North America. The incoming orders are continually strong.

To meet the high demands, expansion of production capacity is continuing. The construction of a new production unit for telecom products has started in Tullinge comprising 6000 m². Investment is estimated to reach approx. 80 MSEK and will be in operation during the second quarter of 2001.

The operating profit for the period amounts to 93.7 MSEK. The profit includes surplus funds from SPP of 6.1 MSEK, which is accounted for as other operating income. The operating profit pro forma for comparative units for the previous year amounted to 34.2 MSEK, which means an increase of 156 per cent excluding surplus funds from SPP.

Amortization of goodwill, arisen during the acquisition of LGP Telecom AB, has debited the profit by 10.0 MSEK. The operating margin rises to 14.6 (9.0) per cent excluding surplus from SPP.

Earnings per share rise to 2.22 (0.70) SEK. Excluding surplus funds from SPP, earnings per share rise to 2.06 SEK.

Second quarter, 2000

Net revenues for the second quarter rose to 313.4 (190.7) MSEK which for comparative units, pro forma, means an increase of 64.3 per cent.

The operating profit for the second quarter rose to 54.5 (31.8) MSEK. Excluding surplus funds from SPP of 6.1 MSEK, the operating profit rises to 48.4 MSEK which means an increase of 52.2 per cent.

CAPITAL EXPENDITURE

The Group invested 36.4 (29.9) MSEK in machines, equipment and buildings during the first half-year. §

PERSONNEL

As per 30 June, the number of employees are 710, which is an increase of 147 since the year-end.

FINANCING

The equity ratio stood at 68.0 per cent as of June 30 2000. As of December 31 1999, the equity ratio was 72.6 per cent on a pro forma basis.

The Group's liquid funds amounted to 44.3 MSEK and unutilized committed credit facilities amounted to 29.6 MSEK. The cash flow for the period was 2.0 (7.4) MSEK. As of December 31, 1999, the liquid funds amounted to pro forma 42.3 MSEK and unutilized committed credit facilities to 71.2 MSEK.

Shareholders' equity per share amounted to 30.9 (28.2) SEK.

OTHER

On 19 May, Arkivator AB changed its name to LGP Telecom Holding AB as per a decision made on the AGM on 3 April.

The participating interest in LGP Telecom AB amounts to 99.9 per cent of the total number of shares and votes. Compulsory purchase of the remaining shares is in progress.

On record day, 5 May 2000, a bonus issue 1:1 was carried out.

On the AGM, 3 April, it was decided to issue a subordinated loan of nominally 100,000 SEK by issuing promissory notes with separable warrants. All employees in the group have thereafter been offered the chance to keep the warrants. The warrant option runs throughout the period 4 July 2000 until 2 July 2003. The warrant option programme means that up to 1,000,000 shares can be issued.

FORECAST 2000

During the second half-year, continued growth is expected.

Stockholm, 14 August 2000

Board of Directors

SUMMARY STATEMENT OF INCOME

MSEK	2000 Jan-June	1999 Jan-June	Pro forma 1999 Jan-June
Net revenue	598,1	257,5	379,6
Cost of goods sold	-411,6	-187,0	-259,6
Gross income	186,5	70,5	120,0
Selling expenses	-42,4	-9,7	-31,2
Administrative expenses	-29,0	-14,4	-26,3
Research and development expenses	-29,1	-	-22,6
Items affecting comparability	-	-6,0	-7,5
Other operating income	7,7	1,2	1,8
Operating income	93,7	41,6	34,2
Financial items	-3,8	-2,9	-4,4
Income before taxes	89,9	38,7	29,8
Taxes	-28,4	-10,7	-10,5
Net income for the period	61,5	28,0	19,3

LGP Telecom AB has been consolidated from January 1 2000.

SUMMARY BALANCE SHEET

MSEK	6/30/2000	12/31/1999	Pro forma 6/30/1999
Intangible assets	391,0	-	401,0
Tangible fixed assets	397,5	358,9	393,8
Financial assets	1,5	1,5	1,8
Other current assets	426,0	202,3	291,5
Cash and bank balances	44,3	21,8	21,3
Total assets	1 260,3	584,5	1 109,4
Shareholders' equity	857,2	346,4	783,2
Provisions	54,4	39,4	24,4
Interest-bearing liabilities	181,7	111,6	178,1
Non interest-bearing liabilities	167,0	87,1	123,7
Total shareholders' equity and liabilities	1 260,3	584,5	1 109,4

SUMMARY STATEMENT OF CASH FLOW

MSEK	6/30/2000	Pro forma 6/30/1999	Pro forma 12/31/1999
Cash flow from business operations	25,0	-2,8	97,4
Cash flow from investment activities	-40,8	-28,9	-50,4
Cash flow from financing operations	17,8	39,1	-18,6
Change in liquid funds	2,0	7,4	28,4

FINANCIAL HIGHLIGHTS

	6/30/2000	Pro forma 6/30/1999	Pro forma 1999
Earnings per share after taxes, SEK	2,22	0,70	2,29
Operating margin, %	14,6 ¹⁾	9,0	12,2
Profit margin, %	14,0 ¹⁾	7,9	11,3
R&D in percent of net revenue ²⁾	4,0	4,6	4,2
Return on equity, %	6,8 ¹⁾³⁾	2,5 ³⁾	11,7
Return on capital employed, %	8,7 ¹⁾³⁾	3,6 ³⁾	11,4
Equity ratio, %	68,0	70,6	72,6
Equity per share, SEK	30,9	28,2	29,8
Market price of share, SEK	240	53	108
Average number of shares outstanding, thousands	27,764	27,764	27,764

¹⁾ Excluding surplus funds from SPP

²⁾ Excluding amortization of goodwill

³⁾ Refers solely to the return during the first six months of the year on the average of opening and closing shareholders' equity and capital employed, respectively.

SUMMARY STATEMENT OF INCOME PER QUARTER

MSEK	Proforma					
	Q 2 2000	Q 1 2000	Q 4 1999	Q 3 1999	Q 2 1999	Q 1 1999
Net revenue	313,4	284,7	285,5	210,4	190,7	188,9
Cost of goods sold	-213,1	-198,5	-190,7	-136,4	-121,9	-137,7
Gross income	100,3	86,2	94,8	74,0	68,8	51,2
Selling expenses	-22,9	-19,5	-22,3	-15,3	-15,0	-16,2
Administrative expenses	-13,9	-15,1	-16,0	-10,7	-12,8	-13,5
Research and development cost	-15,5	-13,6	-13,1	-11,4	-11,7	-10,9
Items affecting comparability	-	-	-8,1	0,1	0,7	-8,2
Other operating income and expenses	6,5	1,2	0,8	-0,6	1,8	-
Operating income	54,5	39,2	36,1	36,1	31,8	2,4
Financial items	-1,7	-2,1	-1,3	-2,7	-2,2	-2,2
Income before taxes	52,8	37,1	34,8	33,4	29,6	0,2
Taxes	-16,6	-11,8	-15,8	-8,0	-9,0	-1,5
Net income for the period	36,2	25,3	19,0	25,4	20,6	-1,3

SUMMARY OF BALANCE SHEET, PER QUARTER

MSEK	Proforma					
	Q 2 2000	Q 1 2000	Q 4 1999	Q 3 1999	Q 2 1999	Q 1 1999
Intangible assets	391,0	396,1	401,0	401,0	401,0	401,0
Tangible fixed assets	397,5	378,5	385,8	395,6	393,8	405,3
Financial assets	1,5	1,7	1,5	1,6	1,8	0,9
Other current assets	426,0	347,8	307,8	315,4	291,5	273,0
Cash and bank balances	44,3	49,6	42,3	21,8	21,3	41,5
Total assets	1 260,3	1 173,7	1 138,4	1 135,4	1 109,4	1 121,7
Shareholders' equity	857,2	849,4	826,5	803,0 ¹⁾	783,2 ¹⁾	783,0 ¹⁾
Provisions	54,4	38,2	24,8	35,1	24,4	19,3
Interest-bearing liabilities	181,7	144,9	133,2	179,3	178,1	196,4
Non-interest-bearing liabilities	167,0	141,2	153,9	118,0	123,7	123,0
Total shareholders' equity and liabilities	1 260,3	1 173,7	1 138,4	1 135,4	1 109,4	1 121,7

¹⁾ Shareholders' equity in pro forma balance sheet has not been affected of profit in acquired subsidiary or of amortization of goodwill.

FINANCIAL HIGHLIGHTS, PER QUARTER

	Kv 2	Kv 1	Kv 4	Kv 3	Kv 2	Kv 1
	2000	2000	1999	1999	1999	1999
Earnings per share after taxes, SEK	1,30	0,91	0,68	0,92	0,74	-
Operating margin, %	15,4 ¹⁾	13,8	12,6	17,2	16,7	1,3
Profit margin, %	14,9 ¹⁾	13,0	12,2	15,9	15,5	0,1
R&D in percent of net revenue ²⁾	4,1	3,9	3,7	4,2	4,8	4,4
Return on equity, % ¹⁾³⁾	3,7	3,0	-	-	-	-
Return on capital employed, % ¹⁾³⁾	4,8	4,0	-	-	-	-
Equity ratio, %	68,0	72,4	72,6	70,7	70,6	69,8
Equity per share, SEK	30,9	30,6	29,8	28,9	28,2	28,2
Market price of share	240	194	108	56	53	51
Average number of shares outstanding, thousands	27 764	27 764	27 764	27 764	27 764	27 764

¹⁾ Excluding surplus funds from SPP

²⁾ Excluding amortization of goodwill

³⁾ Refers solely to the return during the first six months of the year on the average of opening and closing shareholders' equity and capital employed, respectively. Return on equity and Return on capital employed for each quarter in pro forma has not been calculated

This report has been examined by the Company's auditors

FINANCIAL INFORMATION

Nine-Month report	October 19
Financial Report 2000	February 2001
Annual Report 2000	March 2001

LGP Telecom Holding AB

Kolonnvägen 22, Box 1178, 171 23 Solna. Telefon 08-624 43 00, Telefax 08-624 49 94

E-mail: mailbox@lgp.se www.lgp.se