

NEFAB

Interim Report for January - June 2000

- Profit after net financial items amounted to SEK 58 M (9). This is the Group's best six-month earnings to date.
 - Invoiced sales rose 29% to SEK 515 M (398).
 - Earnings per share after full tax totaled SEK 6.39 (0.03).
 - Continued successes in telecom equipment industry; sales rose 47%.
 - Expanded co-operation with Ericsson.
 - Trend reversed for business area NEFAB RePak, invoiced sales up 33%.
 - Decision on capacity investments in Estonia, China and North America.
 - Profit after net financial items for the full year is expected to total slightly more than SEK 100 M.
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Second quarter of 2000

The positive start of the year was strengthened further during the second quarter. Invoiced sales amounted to SEK 275 M (207), up 33% compared with the corresponding period in 1999. Order bookings totaled SEK 287 M (214), an increase of 34%.

Profit, after net financial items, for the second quarter amounted to SEK 37 M (8). The discounted present value of the surplus funds from SPP is included in earnings in the amount of SEK 7 M.

A key reason of the rapid growth is the increased demand from customers in the telecom equipment industry. Invoiced sales to the segment rose during the quarter by about 50%. Other market segments increased by about 20%.

First half year 2000

Invoiced sales in the first six months of 2000 amounted to SEK 515 M (398), a 29% increase. Order bookings to date this year amounted to SEK 542 M (408), an increase of 33%.

Business area NEFAB ExPak

Sales in the largest business area, NEFAB ExPak, rose 29% to SEK 394 M (305). The business area accounts for about 77% of total sales.

Increases were noted in almost all markets. The highest growth is in Asia.

Sales trends in this business area are strongly dependent on customers in the telecom equipment industry.

Business area NEFAB RePak

The NEFAB RePak business area shows favorable development for the first half of the year. Invoiced sales increased 33% to SEK 105 M (79). The business area accounts for approximately 20% of total sales. Most of the increase is attributable to markets in Europe.

Large orders from sub-suppliers to the automotive industry contributed to favorable order bookings during the period.

Telecom equipment and automotive industry market segments

Telecom equipment industry

Nefab's focus on customers in the telecom equipment industry continues to yield results. Sales increased 47% to SEK 232 M (158) and thus account for about 45% of Group sales.

Co-operation with the largest players in the telecom equipment industry is being intensified and Nefab is developing into a supplier of complete packaging solutions. This is exemplified by co-operation agreement signed in April with Ericsson Segment Operators, in which Nefab's contribution involves being a first-tier supplier of packaging materials.

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In addition to deliveries of complete packaging solutions, Nefab will assist Ericsson by providing consulting services in technical packaging matters.

Nefab's deliveries to the telecom equipment industry pertain particularly to packaging of equipment for fixed and mobile networks. About 10% of the packaging is for telephones.

Automotive industry

Sales to the automotive segment totaled SEK 39 M (35), corresponding to 8% of Group sales.

The automotive industry is one of Nefab's priority market segments. The prospects for increased market successes are deemed to be favorable, particularly from business area NEFAB RePak's viewpoint. There are many attractive return flows in the automotive industry and Nefab's packaging products have the potential to solve the problems of customers in the industry in a commercially favorable manner.

A number of agreements were signed during the period with sub-suppliers to the automotive industry. Two of them relate to deliveries of returnable packaging for cable products between sub-suppliers and automotive plants in Europe.

Earnings

Profit after net financial items for the first six months amounted to SEK 58 M (9), included SEK 7 M pertaining to the discounted current value of the surplus funds from SPP.

The earnings improvement is attributable to higher sales volumes and the resulting increase in capacity utilization, while overhead costs remained stable. Improvements were noted in virtually all markets and for both business areas. The operations in Brazil are improving continuously and the company reports breakeven earnings during the second quarter.

The change in exchange rates is assessed to have affected earnings negatively in the range of SEK 10 M compared with the first six months of 1999.

Tax costs for the year have been reduced by SEK 3.6 M as a result of a ruling from the Administrative Court of Appeal regarding a case involving Nefab's income tax returns for 1989. The tax reduction corresponds to SEK 0.52 per share.

Earnings per share during the period amounted to SEK 6.39 (0.03), of which the surplus funds from SPP account for SEK 0.71 per share. The return on capital employed was 30.4% (8.1).

Capacity and investments

Group investments amounted to SEK 24 M (10), most of which pertained to machinery and equipment.

Capacity utilization was high in all production units. To increase capacity and ensure a high delivery precision, it was decided to establish a new production unit in Estonia, concurrent with expanding the Canadian and Chinese facilities. These three projects involve investments totaling about SEK 100 M during the next 12-month period.

Financial position

The equity/assets ratio on June 30 was 43.5% (41.6). Shareholders' equity per share amounted to SEK 39.60 (31.26). The Group's liquid assets at the same date amounted to SEK 75 M (62), including unutilized credit facilities.

Outlook for full-year 2000

Invoiced sales within NEFAB ExPak are expected to continue to show favorable development, particularly in the telecom equipment industry segment. The more project-oriented sales within NEFAB RePak are also expected to develop positively during the year, thanks to a number of transactions with customers in the automotive industry segment.

As a whole, profit after net financial items for the full year is expected total slightly more than SEK 100 M.

Parent company

The operations in Nefab AB comprise Group executive management, financing and co-ordination of group-wide marketing and development projects. Sales in the first half of the year amounted to SEK 23 M (20) and profit after net financial items was SEK 17 M (13).

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Profit and loss accounts (SEK M)	0001-0006	9901-9906	9907-0006	9901-9912
	6 months	6 months	12 months	12 months
Net sales	515	398	954	837
Cost of goods sold	<u>-370</u>	<u>-295</u>	<u>-687</u>	<u>-612</u>
Gross profit	145	103	267	225
Selling expenses	-50	-53	-100	-103
Administrative expenses	-40	-35	-81	-76
Other operating income	<u>7</u>	-	<u>7</u>	-
Operating profit	62	15	93	46
Net financial items	<u>-4</u>	<u>-6</u>	<u>-8</u>	<u>-10</u>
Profit after net financial items	58	9	85	36
Taxes	<u>-14</u>	<u>-9</u>	<u>-23</u>	<u>-18</u>
Net profit for the year	<u>44</u>	<u>0</u>	<u>62</u>	<u>18</u>
<i>Depreciation included above</i>	19	18	38	37

Balance sheets (SEK M)	000630	990630	991231
Fixed assets	254	240	247
Current assets	377	286	303
Equity capital	274	216	239
Provisions	26	26	28
Long-term liabilities	147	148	125
Current liabilities	184	136	158
Total capital	631	526	550
<i>Of which interest-bearing liabilities</i>	166	161	141

Cash flow statements (SEK M)	0001-0006	9901-9906	9901-9912
Operating profit	62	15	46
Depreciation, financial net and taxes	<u>1</u>	<u>4</u>	<u>9</u>
Cash flow from the year's operation	63	19	55
Change in working capital	-47	-14	-19
Net investments in fixed assets	<u>-24</u>	<u>-19</u>	<u>-37</u>
Cash flow after investments	-8	-14	-1
Dividend	-10	-10	-10
Financing	<u>21</u>	<u>17</u>	<u>-5</u>
Changes in liquid funds	3	-7	-16

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Key ratios	0001-0006	9901-9906	9907-0006	9901-9912
Operating margin, %	12.0	3.7	9.8	5.5
Profit margin, %	11.2	2.2	8.9	4.3
Return on equity capital, %	34.4	0.2	25.5	7.7
Return on total capital, %	21.2	5.9	16.4	8.8
Return on capital employed, %	30.4	8.1	23.1	12.4
Equity/assets ratio, %	43.5	41.6	43.5	44.1
Employees, yearly average	1048	863	1000	908
Net investments, SEK M	24	19	32	37

Key ratios per share

Profit per share, full tax, SEK	6.39	0.03	9.04	2.67
Equity capital per share, SEK	39.60	31.26	39.60	34.65
Number of shares at the end of the period, in thousands	6,907	6,907	6,907	6,907
Share price on closing day, SEK	94	64	94	78

For definitions, see Annual Report for 1999.

Future financial reports

Nine-Months Interim Report 2000	November 7 th , 2000
Preliminary report on 2000 operations	February 14 th , 2001
Annual Report	April, 2001

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Jönköping, August 16th 2000

Lars-Åke Rydh
CEO and President

This Interim Report has not been examined by the company's auditors.

Information about Nefab

Nefab delivers complete packaging solutions to international industrial groups, primarily within the telecom equipment and automotive industry. Nefab operates within two business areas – NEFAB ExPak (collapsible export packaging systems) and NEFAB RePak (reusable transport-packaging and storage systems). Nefab has its own companies' in Europe, North and South America and Asia. Annual sales is about SEK 1 BN. Nefab is listed on the OM Stockholm Exchange.

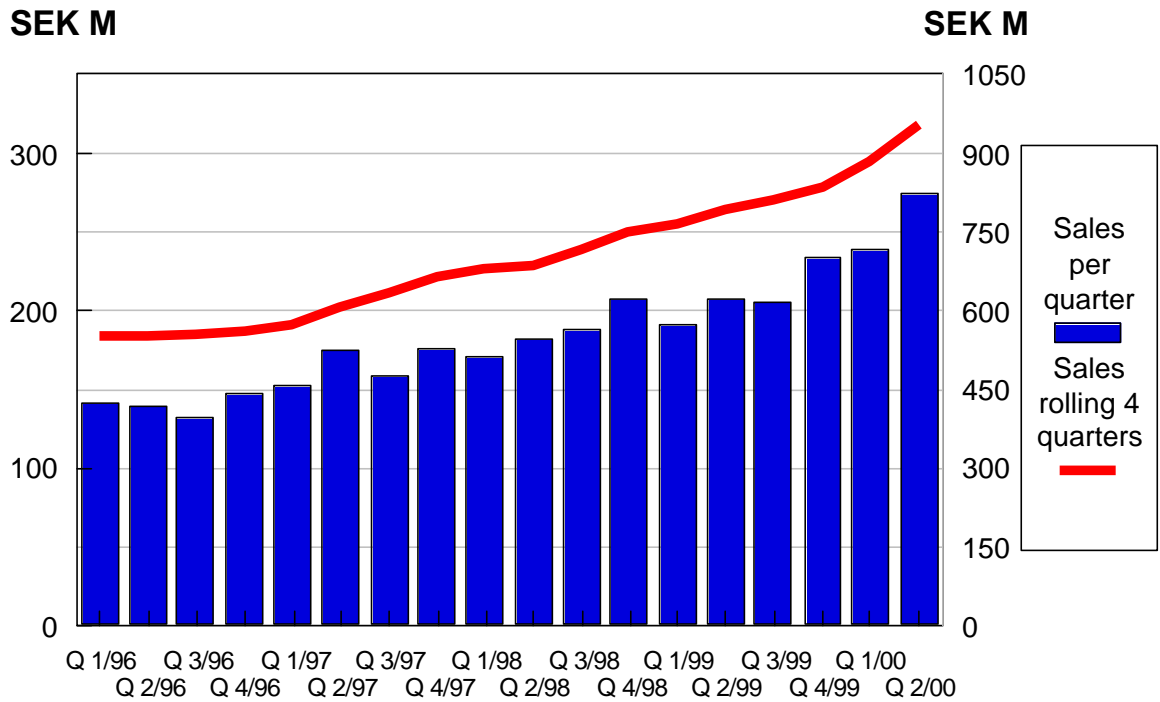
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Quarterly data

	Q1/98	Q2/98	Q3/98	Q4/98	Q1/99	Q2/99	Q3/99	Q4/99	Q1/00	Q2/00
Net sales	170	182	188	207	191	207	205	234	240	275
Cost of goods sold	<u>-122</u>	<u>-132</u>	<u>-136</u>	<u>-155</u>	<u>-143</u>	<u>-152</u>	<u>-147</u>	<u>-170</u>	<u>-172</u>	<u>-198</u>
Gross profit	48	50	52	52	48	55	58	64	68	77
Selling expenses	-23	-25	-23	-30	-26	-27	-22	-28	-24	-26
Administrative expenses	-17	-19	-18	-22	-18	-18	-18	-22	-21	-19
Other operating income	-	-	-	-	-	-	-	-	-	<u>7</u>
Operating profit	8	6	11	0	4	10	18	14	23	39
Net financial items	<u>-1</u>	<u>0</u>	<u>-2</u>	<u>-1</u>	<u>-3</u>	<u>-2</u>	<u>-3</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>
Profit after net financial items	7	6	9	-1	1	8	15	12	21	37
Taxes	<u>-2</u>	<u>-3</u>	<u>-5</u>	<u>-2</u>	<u>-3</u>	<u>-6</u>	<u>-6</u>	<u>-3</u>	<u>-4</u>	<u>-10</u>
Net profit for the year	5	3	4	-3	-2	2	9	9	17	27
Fixed assets	207	215	245	247	241	240	236	246	243	254
Current assets	243	263	273	275	266	286	283	304	335	377
Equity capital	235	229	235	233	223	216	222	239	256	274
Provisions	18	18	22	26	26	26	26	27	26	26
Long-term liabilities	72	104	137	131	140	148	126	126	124	147
Current liabilities	125	127	124	132	118	136	145	158	172	184
Total capital	450	478	518	522	507	526	519	550	578	631
Operating margin, %	4.8	3.2	5.6	0.2	2.2	5.1	8.8	5.8	9.6	14.1
Profit margin, %	4.3	3.2	4.4	-0.3	0.3	3.9	7.5	5.2	8.8	13.3
Return on equity capital, %	8.2	4.6	6.5	-4.2	-4.1	4.6	16.4	16.1	28.0	40.5
Return on total capital, %	7.9	5.9	8.8	1.6	3.6	8.4	13.9	10.6	16.6	25.9
Return on capital employed, %	11.1	8.2	12.1	2.2	4.9	11.5	19.6	15.2	23.8	37.3
Equity/assets ratio, %	52.3	48.4	45.7	45.1	44.5	41.6	43.4	44.1	44.3	43.5
Profit per share, full tax, SEK	0.69	0.39	0.54	-0.36	-0.34	0.36	1.30	1.34	2.51	3.88
Equity capital per share, SEK	34.07	33.09	33.96	33.68	32.29	31.26	32.22	34.65	37.01	39.60
Share price on closing day, SEK	131	119	98	85	60	64	57	78	70	94

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Sales development per quarter



Earnings trend per quarter (SPP recovery excluded)

