



## Interim Report, January – June 2000

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- **Earnings after financial items were SEK 624 (688) m**
- **Atle invested SEK 768 m in 35 enterprises**
- **Rolling 12-month EPS: SEK 12.58 (10.61)**
- **Two new investment company start-ups within IT & Other Technology**
- **Studsvik's stock market launch delayed**
- **Earnings for 2000 are expected to be comparable with the previous year**

### Highlights in 2000

#### Acquisitions

- 42 % of airport bus shuttle operator Flygbussarna
- 30 % of Proline
- 90 % of Programmera, which in turn acquired ABI Consulting
- 10 % of Pricerunner
- 29 % of InfoCare
- 5 % of Bolånebörsen
- 10 % of SUSAB
- 7 % of Jaybis
- 8 % of Nybron

#### Mergers

- Hägglunds Drives and GS Hydro; Atle's ownership stake: 72 %
- Benzler & Co and Jens S; Atle's ownership stake: 70 %

- HDF-Bolagen and Markt & Co.; Atle's ownership stake: 69 %
- Trima and Ålö; Atle's ownership stake: 20 %

#### Divestments

- Part of DV Sweden
- Perlos
- Inobiz
- Part of Mentor Gruppen
- Array Printers
- Part of Micronic Laser Systems
- Part of TPC Security
- Topp Livsmedelsprodukter
- Reseal-it
- Nord 2000
- Essex
- Eletta

## ***Atle today...***

### **Atle is:**

- Sweden's pre-eminent listed private equity player, targeted on small and medium-sized unlisted enterprises.
- The primary alternative for investors intending to participate in the value growth of unlisted companies.
- A professional know-how business harbouring broad-based industrial and financial expertise.
- Quoted on OM Stockholm Exchange's A List, with some 17,200 shareholders.

### **Since inception just over seven years ago, Atle has:**

- Achieved annual returns of 50 % on capital invested in companies it has exited from so far.
- Generated aggregate earnings after financial items of SEK 5.2 bn from start-up capital of SEK 2.2 bn.
- Completed 213 acquisitions and 138 exits as follows:

(SEK m)	Acquisitions	Sales proceeds	Parent company exit earnings	No. of new acquisitions	No. of exits
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
2000:2	768	625	291	13	18
Total	7,992	4,659	2,364	213	138

## ***...and tomorrow***

### **Atle intends to:**

- Be two to three times its current size within five years.
- Increase its rate of investment in IT & Other Technology, which currently represents 28 % of invested capital.
- Remain the stock market's pre-eminent private equity player.

## **Earnings etc.**

Consolidated earnings after financial items amounted to SEK 624 (688) m in the first half-year. Earnings before tax stood at SEK 575 (664) m, a figure distributed between exit earnings of SEK 287 (508) m, earnings generated by Atle-owned companies of SEK 328 (194) m and a group-wide

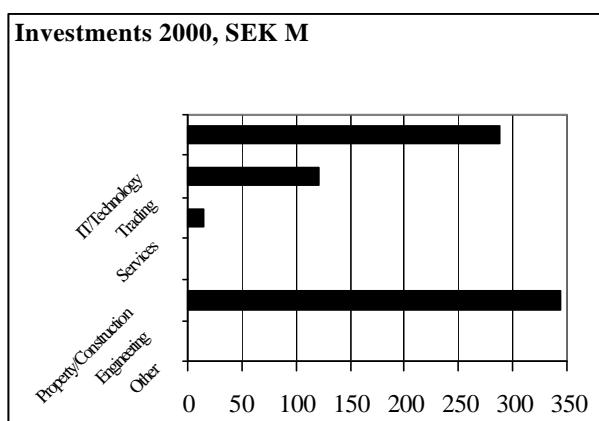
SEK -40 (-38) m. The earnings before tax figure includes Atle's share of SPP funds allocated to subsidiaries, amounting to SEK 131 (-) m.

In overall terms, the operational activities in Atle's portfolio companies are making healthy progress. In addition to the effects of the business development initiatives, the effects of Sweden's solid business cycle have now fed through to many sectors. Engineering has experienced substantial earnings growth, most pronounced in component-oriented companies. Systems-oriented businesses generally lie later in the business cycle. Services made mixed progress, with earnings burdened by transportation companies, which have been unable to offset increased costs. IT & Other Technology returned clearly lower earnings than in the previous year. Out-and-out IT players' earnings have generally suffered from reduced demand in certain IT segments following the conclusion of the Y2K issue. Other Technology companies made healthy progress overall, while returning negligible earnings figures as a result of sizeable investments burdening Income Statements. Property & Construction is enjoying high and rising earnings. Trading's earnings have grown sharply as a result of the healthy economic climate in general and robust progress for forest products in particular. Earnings more than doubled in Atle's "Other" enterprises sector.

The higher net sales and total assets compared to previous periods are largely attributable to the fact that Kronans Droghandel is included in the group from 1 January.

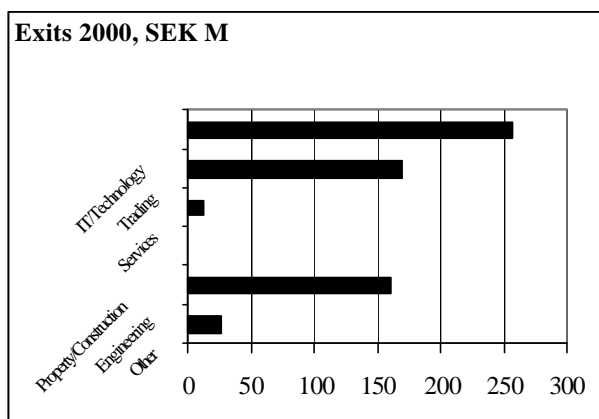
On a rolling twelve-month basis, earnings per share stood at SEK 12.58 (10.61), with a return on equity of 12.5% (12.9).

## Investments and exits



Between 1 January and 30 June 2000, Atle invested in 13 new enterprises and extended 22 existing holdings for an aggregate of SEK 768 m. The majority of investments related to the IT & Other Technology and Engineering segments.

The single biggest investments related to the mergers of Hägglunds Drives / GS Hydro and Trima / Ålö plus the acquisition of Programmera.



Between 1 January and 30 June 2000, Atle made 18 exits for total sales proceeds of SEK 625 m.

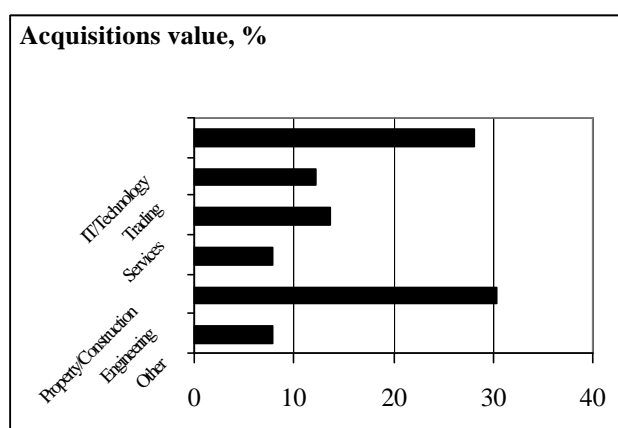
The total proceeds were divided between segments as illustrated in the adjacent figure. Overall, 12 of the exits related to IT & Other Technology enterprises.

Since inception, Atle's annual return on all exits amounts to just under 50 %. The following table illustrates the annual average return on invested capital achieved on all exits made in a particular year. Those exits effected in the first half-year 2000 generated average annual returns of 30 %.

<b>Year of exit*</b>	1994	1995	1996	1997	1998	1999	1-6/00
<b>No. of exits</b>	2	15	17	35	22	29	18
<b>Sales proceeds, SEK m</b>	8	342	694	724	913	1,353	625
<b>Annual return, %</b>	127	48	41	82	21	37	30

\*See footnote 2, "Key figures"

## Portfolio structure



As of 30 June 2000, the acquisition value of Atle's investment portfolio was SEK 5,369 m, the invested amount thereby increasing by 8 % net since 1 January.

The adjacent illustration shows the percentage distribution of the portfolio by sector as of the end of June. The proportion of IT & Other Technology investments has increased by just over 2 % to 28 % since the beginning of the year. Otherwise, the sector distribution of investments remains largely unchanged.

## Market conditions

Since inception, Atle has been a player on the private equity market, functioning as an active, time-finite owner of unlisted companies. Private equity has been an established, profitable activity on highly developed capital markets for some time, although in Sweden this market segment is relatively young and in high growth. The growth drivers are an increasing number of family businesses and major corporations with low-priority peripheral activities, as well as new start-ups, often IT enterprises, realising the opportunities the private equity market offers to achieve ownership changes, combined with the active development of affected companies.

Favourable growth and profitability have meant the ongoing establishment of new players. Atle is assessed to enjoy extremely high competitiveness, built on its early presence, solid historical track record, scope and broad-based and experienced organisational resources comprising Investment Managers, a highly evolved network and a renowned industrial profile. While the influx of new investment proposals to Atle's six investment companies varies over time, it is positive in overall terms.

The market for exits is generally firm as a consequence of factors including foreign trade buyers monitoring the Swedish market increasingly.

Overall, the market conditions facing Atle for the foreseeable future are expected to remain favourable.

### **Financial position etc.**

As of the end of the period, group liquid funds and short-term investments amounted to SEK 837 (743) m, which is consistent with their market value.

The group equity/assets ratio was 42% (56). At the end of 1999, the equity/assets ratio was 45 %. The group's financial position allows substantial borrowing for further acquisitions.

As of 30 June, Atle's shareholders' equity was SEK 90.05 per share (85.11). Overwhelmingly, Atle's assets comprise unlisted shares. The book value of such assets can vary significantly from market values, first apparent upon exit. Accordingly, Atle assesses its net asset value as far greater than shareholders' equity.

### **Parent company**

Parent company earnings before tax were SEK 419 (636) m.

As of 30 June, the net from parent company liquid funds and loans drawn down was SEK –645 (-62) m.

At the same time, the parent company equity/assets ratio was 79 % (85) , with parent company investments in equipment at SEK 0 (0) m.

### **Ownership structure**

The number of shareholders increased to 17,204 during the period. Atle had 13,726 shareholders at the end of 1999 and 13,121 shareholders at the end of 1998.

Modest sharebuy-backs have been effected, encompassing a total of 9,800 shares.

### **Organisational resources etc.**

A decision was reached to start two new investment companies focusing on new growth enterprise start-ups in the IT & Other Technology area during the second quarter. Wholly owned Atle Ventures will co-operate with selected enterprise hot-houses, while part-owned Solid Ventures is run in collaboration with consulting practice Crescendo in Stockholm and focuses on IT enterprises exclusively.

A recruitment campaign was launched during the second quarter in order to capitalise on Atle's strong influx of prospective investments. To date, the organisational resources have been consolidated with four new investment managers, of which some are concentrating on New Economy investments.

During the second quarter, the Board resolved to offer around 30 senior group executives the opportunity to subscribe for synthetic options on terms indicated in earlier press releases. Including reserves for expected recruitment, the program comprises 900,000 options. In combination with last year's program, this means that 1,875,000 options have now been issued, corresponding to fictional dilution of 3.4 %.

## **Studsvik**

Atle has been considering launching Studsvik on OM Stockholm Stock Exchange for some time. One fundamental pre-requisite for flotation would be Studsvik generating earnings consistent with its planned level. In addition, it is also deemed necessary for the technical performance of Studsvik's recently established US facility to satisfy the Board's expectations, that production has maintained planned levels for a sustained period and that price levels for the treatment of ion exchange resins are at expected levels.

The production levels of the recently established US facility have been unsatisfactory; moreover prices of ion exchange resins have been temporarily and significantly below planned levels as a consequence of price dumping by competitors. This has implied that the Studsvik group's earnings are expected to emerge significantly lower than expected for the current year.

Atle's Board assesses that the US facility will first be able to achieve satisfactory production volumes in the forthcoming year. Although to some extent, volumes are already secured in the order book, they remain below expected levels seen over the full year 2000. From the second half of 2000 onwards, volumes are expected to approach previously expected levels gradually.

At the midpoint of 2000, South Carolina legislation intended to curtail price dumping came into force (South Carolina is where the only available ion resin depositing facility is located). The new legislation entails price increases on the deposit of ion exchange resins of around 40 % compared to the levels prevailing before 30 June, implying that Studsvik's previously estimated price outlook for processing ion exchange resins becomes applicable once again. The significantly higher price level will feed through gradually to Studsvik's Income Statement as existing contracts expire and new contracts are signed.

Accordingly, the situation for Studsvik's US facility has improved substantially, although against the background of the position outlined above, listing Studsvik is currently assessed as unsuitable because its value potential would not be fully realised. Accordingly, the company's flotation has been deferred for at least another year, when the US facility is expected to be attaining the expected profitability. The prospects for a trade sale will also be examined.

## **Outlook for 2000**

Earnings for 2000 are expected to be comparable with the previous year

Stockholm, 18 August 2000

**Atle AB (publ)**

**Lars Gårdö**  
Chief Executive

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### **Audit report for Atle AB**

We have performed a summary review of the Interim Report for the period 1 January 2000 – 30 June 2000, following the recommendations issued by FAR, The Swedish Institute of Authorised Public Accountants. A summary review is significantly limited in its scope than a full audit. Nothing has emerged to suggest that the Interim Report does not satisfy the requirements of prevailing Stock Exchange legislation and the Annual Accounts Act.

Stockholm, 18 August 2000

Carl Lindgren  
Authorised Public Accountant

Per Bergman  
Authorised Public Accountant

**This report is also available at Atle's Website: [www.atle.se](http://www.atle.se)**

### **Forthcoming financial information**

Quarterly Report, third quarter 2000: 9 November.

Financial Statement 2000: 23 February 2001.

## Key figures

	Six months		Full year		
	30 Jun. '00	30 Jun. '99	31 Dec. '99	31 Dec. '98	31 Dec. '97
Earnings after financial items, SEK m	624	688	1,025	953	783
Earnings before tax, SEK m	575	664	1,008	872	712
Earnings after tax, SEK m	416	543	724	658	579
Total assets, SEK m	13,356	9,136	11,794	9,791	7,586
Equity/assets ratio, %	41.6	55.6	44.7	50.8	57.1
Shareholders' equity per share, SEK	90.05	85.11	88.36	80.09	72.11
Share price at end of period, SEK	134.50	117.50	139.00	105.00	125.50

	Rolling 12 months		Full year		
	Jul. '99- Jun. '00	Jul. '98- Jun. '99	1999	1998	1997
Return on equity, %	12.5	12.9	15.8	15.9	15.5
Return on capital employed, %	13.7	14.1	15.0	16.7	14.7
Earnings per share, SEK <sup>1</sup>	12.58	10.61	14.89	12.06	10.62
P/E ratio at end of period <sup>l</sup>	10.7	11.1	9.3	8.7	11.8

<sup>1</sup> The provision of SEK 88 m for the tax expense for the operational year 1993 has not been included in the calculation of earnings per share or P/E ratios for 1999, or rolling 12-month figures for July 1999– June 2000.

<sup>2</sup> In cases where exits are effected as multiple partial transactions in differing years, the earnings achieved so far are posted in the year in which the latest partial exit was effected. This means that actuals for previous periods may be affected when subsequent partial exits occur in subsequent periods.



# Summary Income Statement

SEK m

	GROUP			PARENT COMPANY		
	6 mon 2000	6 mon 1999	Full year 1999	6 mon 2000	6 mon 1999	Full year 1999
<b>Net sales</b>	10,632	4,547	8,640	-	-	-
Cost of goods sold	-9,301	-3,298	-6,193	-	-	-
<b>Gross earnings</b>	1,331	1,249	2,447	-	-	-
<i>Exit earnings</i>						
Exit gains	297	526	736	232	548	805
Exit losses and write-downs	-10	-18	-76	-45	-44	-88
<b>Total exit earnings</b>	287	508	660	187	504	717
Share in associated company earnings before tax	135	146	273	-	-	-
<i>Other expenses and revenues</i>						
Sales, administration and research & development expenses	-1,199	-1,158	-2,256	-33	-25	-69
Goodwill amortisation	-67	-61	-141	-	-	-
Items affecting comparability	178	-	-	1	-	-
Dissolution of negative goodwill	0	-	2	-	-	-
Other operating revenue and operating expenses	8	15	86	-	-	-
<b>Operating earnings</b>	673	699	1,071	155	479	648
<i>Earnings from financial investments</i>						
Dividend on shares in subsidiaries and	-	-	-	276	159	179
Other net financial items	-49	-11	-46	-12	-2	-9
<b>Earnings after financial items</b>	624	688	1,025	419	636	818
Minority share of earnings after financial items	-49	-24	-17	-	-	-
<b>Earnings before tax</b>	575	664	1,008	419	636	818
Tax	-159	-121	-284	-	0	-88
<b>Net earnings for the period/year</b>	416	543	724	419	636	730

## Summary Balance Sheet

SEK m

ASSETS	GROUP			PARENT COMPANY		
	30 Jun. 00	30 Jun. 99	31 Dec. 99	30 Jun. 00	30 Jun. 99	31 Dec. 99
<i>Fixed assets</i>						
Intangible and tangible fixed assets	3,959	2,537	3,451	1	2	1
Shares in subsidiaries	-	-	-	3,693	2,811	3,626
Shares in associated companies	1,660	1,637	1,393	1,195	1,253	951
Other shares	563	434	495	400	291	372
Other financial fixed assets	152	172	190	34	38	60
<b>Total fixed assets</b>	<b>6,334</b>	<b>4,780</b>	<b>5,529</b>	<b>5,323</b>	<b>4,395</b>	<b>5,010</b>
<i>Current assets</i>						
Inventories	2,143	1,412	1,895	-	-	-
Current receivables	4,042	2,201	3,355	251	285	207
Other shares	9	1	-	-	-	-
Other short-term investments	441	66	453	-	-	-
Cash and bank balances	387	676	562	0	280	0
<b>Total current assets</b>	<b>7,022</b>	<b>4,356</b>	<b>6,265</b>	<b>251</b>	<b>565</b>	<b>207</b>
<b>TOTAL ASSETS</b>	<b>13,356</b>	<b>9,136</b>	<b>11,794</b>	<b>5,574</b>	<b>4,960</b>	<b>5,217</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity	4,911	4,643	4,820	4,406	4,222	4,316
Minority share	645	440	452	-	-	-
Provisions	806	621	717	128	62	165
Long-term liabilities	2,297	1,182	1,583	648	342	418
Current liabilities	4,697	2,250	4,222	392	334	318
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>13,356</b>	<b>9,136</b>	<b>11,794</b>	<b>5,574</b>	<b>4,960</b>	<b>5,217</b>

## Summary Cash Flow Statement

SEK m

	GROUP			PARENT COMPANY		
	6 mon 2000	6 mon 1999	Full year 1999	6 mon 2000	6 mon 1999	Full year 1999
Cash flow before change in working capital	372	257	378	195	127	105
Change in working capital	-397	-273	-190	72	-90	-124
<b>Cash flow from ongoing operations</b>	<b>-25</b>	<b>-16</b>	<b>188</b>	<b>267</b>	<b>37</b>	<b>-19</b>
Cash flow from investment activity	-314	182	235	-166	562	264
Cash flow from financing activity	161	-87	-72	-101	-329	-255
<b>Cash flow for the period</b>	<b>-178</b>	<b>79</b>	<b>351</b>	<b>0</b>	<b>270</b>	<b>-10</b>
Liquid funds*, opening balance	1,015	664	664	0	10	10
<b>Liquid funds*, closing balance</b>	<b>837</b>	<b>743</b>	<b>1,015</b>	<b>0</b>	<b>280</b>	<b>0</b>

\*Includes other shares and other short-term investments