

*Cardo's capital market days*

**"We are going to expand by providing customer benefit, not by selling at low prices"**

In connection with Cardo's capital market days in Holland, Cardo's president and CEO Kjell Svensson gave participants from the financial market and media an account that included a description of the efforts being made within the framework of the group's C15 growth program.

"We are going to achieve our growth target for the group, 15 percent annual profitable growth in sales, by means of a number of different efforts in our three business areas Cardo Door, Cardo Pump and Cardo Rail. We have a good starting point for our efforts through our strong market positions."

"Since our introduction onto the Stockholm Stock Exchange in 1995, we have been able to finance our acquisitions with our own funds. Our financial strength, in combination with a strong cash flow, provides us with excellent scope for further expansion. As regards Rail, which operates in a completely structured sector, opportunities for acquisition are limited, but it may be a matter of minor additions. For Door's part, we see continued prospects for acquisitions in the field of industrial doors, and when it comes to residential garage doors our goal is to acquire distribution channels in southern Europe. As to Pump, I see possible acquisitions of both pump manufacturers and a large number of service companies."

"Our biggest challenge is to increase our organic growth, where our goal is that this should make up about half of our total growth target of 15 percent. We are therefore now focusing on several areas."

"The most important aspect of our strategy for increased organic growth is our broad focus on the aftermarket in all our business areas. We are quite simply going to be best in service and the aftermarket in the sectors in which we operate. In this area, IT will be an increasingly important tool; and at Door, where we have been developing and expanding our own efficient business systems for ten years, I venture to say that we are well to the fore."

"Door has already succeeded well in its service efforts, but there is a lot left to do here. Its turnover in service amounts to approximately SEK 1 billion as against a total market estimated to be worth roughly SEK 8 billion. Door's competitiveness is increasing further in this area, thanks to such factors as that it can now offer new wireless technology that monitors the condition of the doors on the customer's premises. Pump is establishing service centers in areas with a large installed base. Rail enjoys excellent local presence in several of the major European railway nations after acquisition of local market leading companies. This will give us an advantage when operators contract out maintenance to specialists to an increasing extent. We are now shortening our lead times for the supply of spare parts and increasing our number of customer visits, which will expand our service base."

“We are now also concentrating on new markets to a greater extent, and going in for a tougher profile in the markets where we are already established and for new products in all business areas. As regards new markets, we are prioritizing countries in the former Eastern Europe and in China. Door’s establishment in Poland and China, for example, is successful.”

“As examples of new products that are now being launched by Door, I can mention machinery for both industrial and residential garage doors, a shelter for goods receptions with big variations in vehicles, IT-based door monitoring and access systems and a new generation of industrial doors. Rail’s new BFCC actuator, which is a response to the market’s need for ever more compact products for installation in small spaces, is now to be supplied for projects such as a prototype train based on Adtranz’s new platform concept. A new distributor has been approved by the international railway union UIC and can begin to be launched, as can a new type of electronics-based brake control system. At Pump, products being developed include new series of submersible and dry-pit pumps, and further development is under way on an impeller that can handle large solid particles in connection with wastewater treatment.”

“We are now also improving our applications know-how in order to be able to create more efficient processes for our customers. We are going to expand by providing customer benefit, not by selling at low prices. In this way, we shall expand our customer base as regards both products and the aftermarket. Our goal is to be best when it comes to understanding the customer’s needs and operating in a market-oriented manner.”

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*Cardo is an international engineering group with a turnover of SEK 9.5 billion in 1999. Cardo holds a strong position in the markets for doors, pumps and rail-vehicle brake systems. Cardo has subsidiaries in about 30 countries with the focal point resting in western Europe, and roughly 7,700 employees.*