



**Balance-sheet report for Gylling Optima Batteries AB
(a publicly held corporation)
for the 1999 trading year**

1999 – a strong turnaround for Optima Batteries

- **Operating income rose by 36.9 MSEK from –20.2 to +16.7 MSEK.**
- **Income after financial items rose by 35.9 MSEK from –28,9 to +7.0 MSEK.**
- **Net sales, excluding GM, increased by 19.0 % to 324.5 MSEK (272.6).**
A strong US market, but a high dollar rate restrained other markets.
- **Decisive advances in our technology development.**
- **A 5-year distribution and technology development agreement with GNB Technologies Inc., USA, was signed in autumn which, from the 2nd quarter of 2000, will ensure good long-term growth in volume.**
- **After 50 years in the Gylling companies Bertil Gylling will retire as managing director and head of the group at the annual general meeting on 18th May 2000 and will be succeeded by Bengt Hagander. Bertil Gylling will remain on the board.**



1999, a marked turning point for Optima, the break-even point has been passed with future sales volumes assured.

Globally speaking, it is estimated that Optima's sales will accelerate during 2000 and achieve a total increase of 25-30%.

Sales, excluding GM, increased by 19.0% to 324.5 MSEK (272.6).

During 1999 sales increased from 444,000 to 508,000 batteries. Of Optima's various markets the one that has been developed particularly well is the US market, which accounts for slightly more than 60 % of the sales volume. Other markets have been restrained by the high dollar rate.

During autumn Optima concluded a 5-year strategic distribution and technology development agreement with GNB Technologies Inc., one of the 3 largest battery manufacturers in the US. GNB will sell a small Optima battery under its own trademark Champion®, with the labelling "Made by Optima Batteries Inc., CO". Through GNB a new market is now opening up in the US for Optima in the retail segment.

Optima has opened a local office in Japan. This sends a powerful signal to the vehicle and OEM (original equipment manufacturer) markets concerning the company's desire to have a long-term presence and commitment.

Organisation – new management team

As of 1st January 2000 Gylling Optima Batteries AB and the sales company Optima Batteries AB merged to form one powerful and cost-effective unit.

At the annual general meeting on 18th May a new management team, Bengt Hagander and Pär M Ericson, will be taking over from Bertil Gylling, who will be remaining on the board.

Bengt Hagander will be taking over as managing director and head of the group.

Pär M Ericson will remain as deputy managing director and in Optima Batteries Inc. as managing director and CEO.

New products

A new battery size was launched in autumn, a somewhat smaller Red Top battery, which will reach new markets and consumers during the year 2000.

An advanced charger programme has now been introduced by Optima.

Furthermore, Optima is now launching a battery and charger pack, Spiralpack™. This technology platform

offers overall solutions for electrically driven applications in demanding environments.

Research and development

The cooperation with Volvo Technology Transfer AB in the jointly owned EFF Power AB has progressed well. The functioning of the key components has been guaranteed and the technology has been verified at the component level.

The intention is that the project will be commercialized within 3 years. The project is of particular interest since it gives Optima access in the future, to more product areas and markets.

Optima is currently participating in 2 projects with Europe's leading car manufacturers.

One is based on exhaust emission controls for the American market by means of catalytic heating. The other one is based on the industry's choice of the 36-volt battery as a future standard.

In both projects Optima's SpiralCell battery technology holds a prominent position with a projected launch onto the market in 2002/2003.

The charging and cycling project at the Advanced Lead Acid Battery Consortium (ALABC) in the US has confirmed a double cycling length for Optima's deep-cycling battery technology. The aim is for the cycling length of Optima's batteries to be quadrupled.

Production

A Swedish production manager, Börje Maleus, formerly of ABB, was appointed during the year. His wide experience with complex production systems has quickly had beneficial impact.

Earnings

The group reports a before-tax profit for 1999 of 7.0 MSEK (-28.9).

Sales amounted to 324.5 MSEK (278.7). Of the sales figure for 1998, 6.1 MSEK can be attributed to the GM project.

Financial position and investments

The group's cash holdings were 6.1 MSEK (12.8). Unutilised bank overdraft credits were 26.0 MSEK (13.8).

The group's investments amounted to 16.1 MSEK (21.1), 11.8 MSEK of which relates to financial leasing.

The parent company

The activity here consists only of group management functions. The income is mainly constituted by royalty

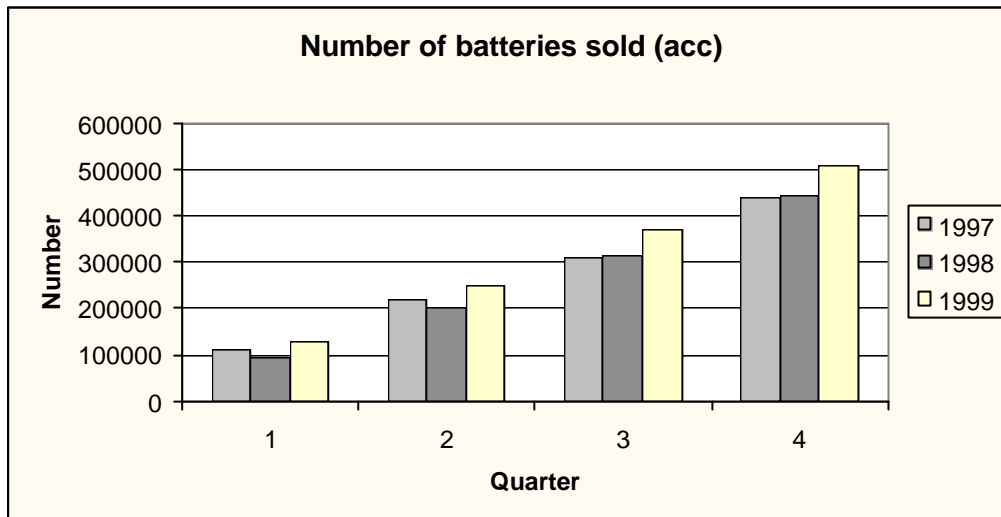
revenue from the American subsidiary amounting to 9.0 MSEK.

Future prospects

During 1999 Optima passed the break-even point at the same time that considerable future increases in volumes were assured.

The development of several important battery projects is going according to plan and will come to be of great significance for Optima's future expansion.

The board believes that sales and profits will develop well during the year 2000.



Proposal for the annual general meeting

The board of directors will propose to the meeting that no dividend be declared for the financial year 1999.

Danderyd, Thursday 24th February 2000

The Board of Directors of Gylling Optima Batteries AB (a publicly held corporation)

Information opportunities, 2000

- *The ordinary general meeting is to be held on 18th May 2000, at 16.00 hrs, Vendevägen 90, Danderyd.*
- *The annual financial report will be available from week 17 at the company's office and will be sent to shareholders.*
- *The quarterly report, 3 months, will be released on Thursday, 4th May*
- *The half-yearly report will be released on Thursday, 24th August*
- *The quarterly report, 9 months, will be released on Thursday, 23rd November*
- *The balance-sheet report for 1999 will be released on Thursday, 22nd February 2001*

Questions relating to this report will be answered by deputy managing director Pär M Ericson and company counsel Lars Burström.

This report has not been audited by the company's auditors.

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CONSOLIDATED INCOME STATEMENT	1-1-1999	1-1-1998
SEK thousands	31-12-1999	31-12-1998

Net sales	324,462	278,705
Cost of goods sold	-226,678	-217,353
Gross income	97,784	61,352
Sales and marketing expenses	-41,946	-42,948
Administrative expenses	-39,147	-38,649
Operating income/loss	16,691	-20,245
Net income/loss	-9,648	-8,687
Income after financial net	7,043	-28,932
Tax	710	-20
Profit/loss for the period	7,753	-28,952

CONSOLIDATED BALANCE SHEET	31-12-1999	31-12-1998
SEK thousands		

Fixed assets	150,702	104,657
Other current assets	35,680	33,733
Inventories	43,950	54,116
Accounts receivable	60,454	47,138
Cash and cash equivalents	6,114	12,801
Total assets	296,900	252,445
Equity	98,170	88,489
Interest-bearing liabilities	151,789	116,666
Accounts payable	28,094	28,120
Other non-interest-bearing liabilities	18,847	19,170
Total equity and liabilities	296,900	252,445

BUSINESS RATIOS	31-12-1999	31-12-1998
Gross margin (%)	30.14%	22.01%
Operating margin (%)	5.14%	-7.26%
Profit margin (%)	2.17%	-10.38%
Return on equity (%)	8.31%	-33.64%
Return on capital employed (%)	10.70%	-8.07%
Equity ratio (%)	33.07%	35.05%
Debt ratio (multiple)	1.55	1.32
Percentage of risk-bearing capital (%)	32.76%	35.05%
Interest coverage ratio (multiple)	1.41	-1.18
Number of batteries sold	508,000	444,000

PER SHARE DATA	1999	1998
Number of shares	29,915,400	29,915,400
Earnings per share after tax	0.26	-1.06
P/E ratio (multiple)	52	neg
Equity SEK	3.28	2.95

COMPANY CASH FLOW ANALYSIS	1-1-1999	1-1-1998
SEK thousands	31-12-1999	31-12-1998

OPERATING ACTIVITIES		
Operating income/loss after financial items	7,296	-28,932
Adjustments for items not affecting cash flow	4,517	7,840
Changes in working capital	-43,197	-8,938
Cash flow from operating activities	-31,384	-30,030
Cash flow from investment activities	-7,114	-720
Cash flow from financing activities	31,810	40,726
Cash flow for the period	-6,688	9,976
Cash at the start of the year	12,802	2,826
Cash at the end of the period	6,114	12,802