ALLGON

PRESS RELEASE

14 September 2000

Allgon releases segmental profit information for the first time

New data highlights significant undervaluation of Allgon

- Allgon’s segmental data contained in this press release highlights the significant value of its world class Systems division
- Allgon Mobile Communications is being aggressively turned around; it remains the world’s number one handset antenna supplier
- Allgon Microwave and Wireless Solutions are emerging from the investment phase and offer major growth potential
- Allgon’s management is targeting annual compound sales growth over the next five years of 30 percent and EBIT margins within that period of around 15 percent
- LGP’s offer fails to recognise Allgon’s key market positions and technological leadership
- The Board of Allgon is actively exploring alternatives to LGP’s opportunistic offer which better reflect Allgon’s real value

Commenting on today's announcement, Gunnar Bark, Chairman of Allgon said:

"The segmental information we have released for the first time today, including our 2000 forecast, clearly demonstrates our belief that LGP's bid barely reflects even the value of our world class Systems division. At LGP's offer price, shareholders would be giving LGP the world's leading mobile handset antenna business, as well as the unique technology in our Microwave and Wireless Solutions divisions, for little or nothing. And that is before we ask whether 0.56 shares in LGP, which is predominantly a contract manufacturer, are today really worth SEK 136.

Allgon: a fast-growing world leader in wireless communications

LGP's offer fails to recognise Allgon's growth prospects, key global market positions and technological leadership in the rapidly growing wireless communications industry.

World-leading products ….

- **Systems:** one of the world leaders in mobile communications infrastructure equipment including antennas, repeaters, combiners and filters
- **AMC:** world number one in mobile handset antennas and a major supplier to all the world's major handset manufacturers
- **Microwave:** developing a strong niche position in microwave communication systems based on superior functionality, including unique Ethernet capability
- **Wireless Solutions:** amongst the world's first commercial Bluetooth and unique Wireless LAN products expected to come to market in Q4 2000

…. with strong proprietary technology ….

- **R&D:** consistently strong investment in R&D (14 percent of net sales in 2000) building technological leadership as platform for longer-term growth including 3G systems
- **Patents:** 48 patents and an additional 63 patents filed for, including 19 this year to date, providing robust and defensible intellectual property which is proprietary to Allgon
- **Manufacturing:** acknowledged expertise in high volume manufacturing for consumer handsets
- **Skilled workforce:** world class expertise in radiowave propagation; more than 30 percent of the workforce have masters or doctorate degrees

…. in highly attractive growth markets

- **Mobile communications:** strong worldwide growth in voice and data traffic expected to continue with the roll-out of 3G systems and mobile internet access
- **Wireless networks:** enormous potential in emerging markets for office, industrial and home applications

Allgon is one of the fastest growing companies on the Stockholm Stock Exchange, with annual sales growth of 29 percent over the last ten years, and is strongly positioned to take advantage of the rapid growth forecast for the global wireless communications industry.

Allgon's segmental information reveals underlying strength

The segmental financial information demonstrates both the powerful growth of the Systems division and the scale of investment in Microwave and Wireless Solutions.

	Year to 31 December (MSEK)		
Net Sales	1998[1]	1999[1]	2000e[2]
• Systems	937	1,136	1,604
• AMC[3]	788	990	824
• Microwave	-	10	129
• Wireless Solutions	-	-	59
Total Net Sales	1,725	2,136	2,616
EBIT			
• Systems	55	103	188
• AMC[4]	151	124	26
• Microwave	(31)	(50)	(21)
• Wireless Solutions	-	-	(50)
	175	177	143
• Net Group Costs	(28)	(48)	(23)[5]
• Goodwill amortisation	(3)	(5)	(12)
Total EBIT	144	124	108
EBITDA			
• Depreciation	68	86	110
• Goodwill amortisation	3	5	12
Total EBITDA	215	215	230

Notes:

1. The historical segmental information has been reviewed by PricewaterhouseCoopers.
2. The forecast for the year to 31 December 2000 has been compiled on the basis of management accounts to August 31 2000 and management estimates for the four months to 31 December 2000. The forecast has been reviewed by PricewaterhouseCoopers for consistency in terms of accounting policies.
3. The Net Sales of AMC includes Net Sales of MSEK 110, MSEK 115 and MSEK 31 in 1998, 1999 and the first four months of 2000 respectively for the vehicle antenna business, which was sold on 1 May 2000.
4. AMC EBIT includes EBIT of MSEK 7, MSEK (2) and MSEK 0 in 1998, 1999 and the first four months of 2000 respectively for the vehicle antenna business. EBIT for AMC in 2000 also includes a capital gain of MSEK 29 on the sale of the vehicle antenna business.
5. Net Group Costs include a pension credit from SPP of MSEK 30.

Allgon Systems: a world class growth business

- Allgon Systems is expected to continue its record of outstanding growth in sales and EBIT against a background of strong world market demand for mobile communications infrastructure and highly successful product development.

- Despite continued investment in R&D, which is expected to remain at over 10 percent of sales in 2000, EBIT margins are forecast to rise to around 12 percent this year, as the division benefits from higher volumes. Allgon management believes that the business should deliver continued strong growth and margin improvement.

Allgon Mobile Communications: turnaround underway

- AMC is the world's number one producer of mobile handset antennas. However, it has had a difficult 12 months, arising from a combination of factors. AMC was particularly strong in the higher price retractable antennas which have declined from 70 per cent of the market in 1997 to 35 percent this year to date. AMC was also under-represented in built-in antennas, which have grown rapidly to account for 20 per cent of the market in 2000. During the summer of this year, sales of older handset models, on which AMC was heavily dependent, have fallen more sharply than expected, resulting in volumes significantly below capacity.

- AMC's management has responded aggressively to rebuild margins. A cost reduction programme is being pursued which is expected to reduce fixed annual costs by at least MSEK 50, compared to the level during first half 2000.

- The division has continued to invest heavily in R&D and is strongly represented in the product pipeline for its major customers, including built-in antennas where AMC has developed highly competitive products, and has been selected as a supplier by several leading handset manufacturers. The timelag from specification to introduction on new models is typically at least 18 months. Therefore, the effect of new business, together with the cost reduction programme, is expected to benefit margins from 2001.

- AMC is also the clear world-leader in developing an innovative DCA product range. These are active antennas for improving functionality in high speed applications such as mobile internet. AMC has filed for nine patents to protect this technology.

Allgon Microwave: focused on superior technology

- Allgon has invested heavily in the Microwave business over the last three years and is encouraged by the performance this year. A number of orders have been received recently, with customers recognising the important applications for its unique high capacity Ethernet radio-link product.

- Current sales indications are strong and Allgon believes that the business will be profitable at the operating level during the fourth quarter of this year.

Wireless Solutions: commercialising world-leading technology

- 2000 is a year of transition for Wireless Solutions as it prepares to launch its first commercial volume products, a Bluetooth PC card and printer adaptor and a

Wireless LAN PC card and access point, in the last quarter of this year. Allgon management believes that the division will be profitable at the EBIT level for 2001.

- Wireless Solutions has approximately 50 highly skilled engineers, developing world-leading wireless networking products, in many cases in collaboration with major computer OEMs. Allgon believe that the business has significant potential.

Overall 2000 EBIT broadly in line with expectations

Allgon's overall results for the year to 31 December 2000 are expected to be in line with market expectations. The forecasted decline in results is disappointing but reflects the heavy investment in developing Microwave and Wireless Solutions coming at a time when the turnaround underway at AMC has yet to impact margins.

	Year to 31 December MSEK	
	1999[1]	2000e[2]
Net Sales[3]	2,136	2,616
EBIT[4]	124	108
Net Financial Items[5]	3	(38)
Income Before Tax	127	70
Tax	(44)	(23)
Minority Interest	(2)	(2)
Net Income	81	45
EPS (SEK)	2.77	1.54
Net Debt	162	203

Notes:

1. The financial information has been reviewed by PricewaterhouseCoopers.
2. The forecast for the year to 31 December 2000 has been compiled on the basis of management accounts to August 31 2000 and management estimates for the four months to 31 December 2000. The forecast has been reviewed by PricewaterhouseCoopers for consistency in terms of accounting policies.
3. Net Sales include Net Sales of MSEK 115 in 1999 and MSEK 31 in the first four months of 2000 for the vehicle antenna business, which was sold on 1 May 2000.
4. Includes EBIT of MSEK (2) in 1999 and MSEK 0 in the first four months of 2000 for the vehicle antenna business. EBIT in 2000 also includes a capital gain of MSEK 29 on the sale of the vehicle antenna business and a pension credit from SPP of MSEK 30.
5. Net Financial Items comprise interest on financial debt, interest rate differentials on hedging and currency revaluation of financial assets and liabilities. The total in 2000 also includes a MSEK 5 capital loss on shares received as part consideration for the vehicle antenna business which were sold in August 2000.

Allgon's longer-term target

Allgon has world-leading market positions and technologies as well as relationships with key global customers, in a number of high growth segments of the telecoms industry. Against this background, and in the absence of unforeseen market circumstances, Allgon's management is targeting compound annual sales growth of

30 percent over the next five years and believes that group EBIT margins of around 15 percent should be achievable within this period.

Allgon Board actively exploring alternatives to create value

The Board of Allgon has received a large number of approaches from third parties interested in acquiring all or part of the group. Together with its advisers, Morgan Stanley Dean Witter and Erneholm & Haskel, the Board is actively exploring the scope to deliver superior value to LGP's offer and will keep shareholders informed as appropriate.

Stockholm 14 September 2000

The Board of Directors of Allgon AB

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Allgon's business concept is to develop, manufacture and market radio-based solutions and other products for wireless telephony and data communications. Allgon's product range consists of antenna systems for infrastructure in mobile telephone networks; filters, combiners and similar products for base stations; repeater networks; microwave equipment; mobile telephone antennas; wireless local networks and Bluetooth products. Allgon's invoiced sales amounted to SEK 2,136 million in 1999. The number of employees at the end of 1999 amounted to 1,249. Allgon was founded in 1946.