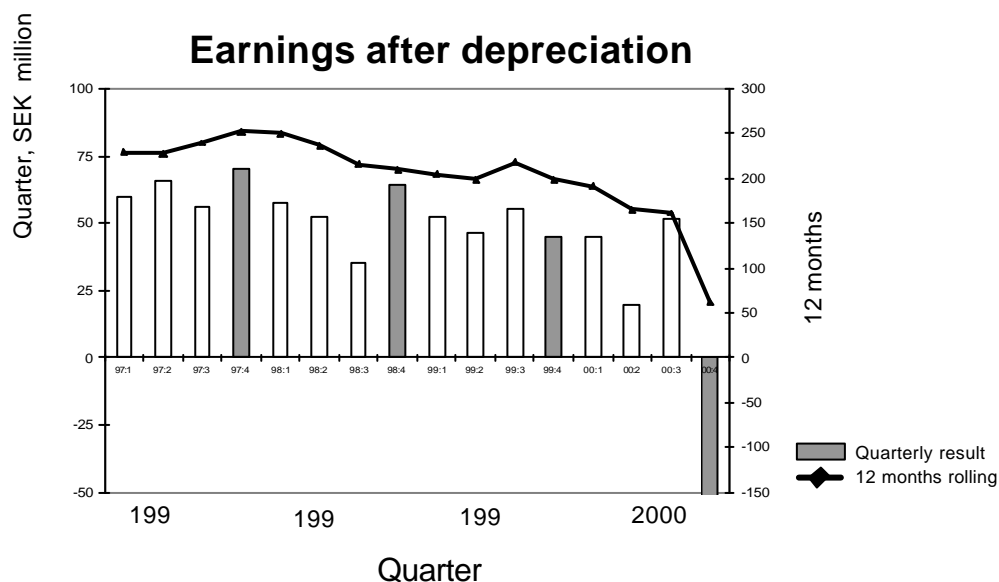


# Summarised financial statements

## 2000

- Consolidated earnings after net financial items totalled SEK 52 million (185).
- Extraordinary items amounted to SEK –27 million (0).
- A more conservative risk assessment had a negative effect on earnings of SEK 71 million.
- Profit improvements in business areas Feed Materials and Technical Products.
- A dividend per share of SEK 3.50 is proposed, in line with last year.
- A far-reaching restructuring process has been initiated to achieve an accelerated profitable growth.



**KARLSHAMNS AB (publ)**  
**Summarised Financial Statements 2000**

**MARKET**

Raw material prices continued to fall in the fourth quarter of 2000. These notably decreasing raw material prices in combination with a strong US\$ have caused solvency problems among a number of customers with long-term contracts. Provisions totalling SEK 55 million have been made to cover these risks.

The fatty acid market and the glycerol market remained strong throughout 2000. In combination with a higher capacity utilisation this contributed to a volume increase of 16 per cent.

The lower net sales level is mainly due to depressed raw material prices.

**BUSINESS AREAS**

**The Edible Oils Business Area**

(SEK million)	2000	1999	1998
Net sales	2 121	2 437	2 537
Gross contribution	525	612	626
Operating income	6	155	162
Working capital	921	915	999
Return on working capital, %	1	16	19

The Edible Oils business area's operating income amounted to SEK 22 million. Earnings were charged with restructuring costs, SEK 50 million, and provisions for bad debts, SEK 71 million. Operating income is inclusive of pension funds from KP and SPP, a total of SEK 23 million. Energy costs increased by SEK 8 million and depreciation according to plan by SEK 12 million.

Sales volumes fell by 1 per cent, mainly due to decreasing sales to the British food industry as well as to South America. Volumes of standard products fell by 4 per cent, whereas formulated fats decreased by only 1 per cent. Price competition from Asian producers of simpler speciality fats, in particular on the South American market, caused a reduction in speciality fat volumes of 2 per cent in 2000.

Operating income in the fourth quarter of 2000 totalled SEK -69 million, compared to SEK 27 million in the fourth quarter of 1999.

Volumes decreased by 1 per cent in the last quarter of the year compared with the corresponding period in 1999.

**The Technical Products Business Area**

(SEK million)	2000	1999	1998
Net sales	355	323	367
Gross contribution	138	117	116
Operating income	39	29	31
Working capital	88	120	99
Return on working capital, %	33	25	31

The Technical Products business area's operating income totalled SEK 39 million, an increase of SEK 10 million. The increase in earnings was attributable to product area Fatty Acids and Glycerol, where volumes increased by 16 per cent.

Operating profits in the fourth quarter totalled SEK 9 million, as compared to SEK 10 million in 1999.

**The Feed Materials Business Area**

(SEK million)	2000	1999	1998
Net sales	252	240	259

Gross contribution	96	88	91
Operating income	18	15	17
Working capital	91	66	87
Return on working capital, %	26	19	18

The Feed Materials business area's earnings increased by SEK 3 million to SEK 18 million as a result of improved contribution margins in the first half of 2000.

Operating income in the fourth quarter of 2000 totalled SEK 6 million as compared to SEK 8 million in the same period 1999.

**THE KARLSHAMNS GROUP**

**Operating income**

The Group's operating income amounted to SEK 63 million (199). Operating income in the fourth quarter of 2000 was SEK -54 million (45). In view of the turbulent market conditions for both raw materials and currencies a more conservative risk assessment has been applied and earnings charged with SEK 71 million. Extraordinary items of net SEK 27 million had an additional, negative effect on earnings.

**Earnings after financial income and expenses**

The Group's earnings after financial income and expenses amounted to SEK 52 (185).

**Capital expenditure**

The Group's net investments for the full year 2000 totalled SEK 115 million (147). The major part of the Group's investments were concentrated to the Swedish and Dutch production units as part of a project aiming at efficiency improvements and capacity expansion.

**Working capital**

The Group's working capital as at 31 December 2000 amounted to SEK 373 million (426). Falling raw material prices and an action program to decrease raw material stocks contributed to the reduction in working capital. As at 31 December 2000 inventories amounted to SEK 364 million (369). Stocks of rapeseed and rapeseed oil have been increased with a view to profiting from the advantageous price level caused by the growing demand for vegetable feed materials.

**Financial position**

The Group's shareholders equity as at 31 December 2000 amounted to SEK 793 million (828). Total assets amounted to SEK 1 673 million (1 626). The equity/assets ratio was 47 per cent (51).

The Group's net debt as at 31 December 2000 was SEK 231 million (187). A dividend amounting to SEK 74 million was paid in 2000, attributable to the financial year 1999.

**Personnel**

The Group's average number of employees was 750 (782). The number of employees in the Group as at 31 December 2000 was 770 (792).

**Key ratios**

Return on equity for the full year 2000 amounted to 6 per cent (16). Return on working capital amounted to 6 per cent (17). Earnings per share decreased to 1.66 (6.11), equity per share to SEK 37.78 (39.41).

**Proposed dividend**

The Board of Directors and the President propose an unchanged dividend of SEK 3.50 per share and an

authorisation for the Board of Directors to execute a repurchase of a maximum 10 per cent of the company's own shares along with a transfer of own shares.

***Restructuring process 2001***

- Karlshamns growth has stagnated, its profitability deteriorating through a number of years. Still, the company's technology and know-how in the area of vegetable oils and fats count among the best in the world.
- We are now focusing on improved strategic precision and considerable profit improvements.
- This year will be spent on a far-reaching, internal restructuring process to prepare Karlshamns for an accelerated profitable growth in a situation characterised by a number of positive development factors.

**SUMMARY INCOME STATEMENT FOR THE GROUP**  
(SEK million)

	2000	1999	1998
Net sales	2 728	3 000	3 163
Raw material costs	<u>-1 969</u>	<u>-2 183</u>	<u>-2 330</u>
Gross contribution	759	817	833
Other operating costs	-581	-545	-559
Extraordinary items	-27	-	-
Depreciation	<u>-88</u>	<u>-73</u>	<u>-64</u>
Operating income	63	199	210
Net financial items	<u>-11</u>	<u>-14</u>	<u>-16</u>
Earnings before tax	52	185	194
Tax	<u>-17</u>	<u>-57</u>	<u>-51</u>
Net earnings	35	128	143

**SUMMARY BALANCE SHEET FOR THE GROUP**  
(SEK million)

	31/12/00	31/12/99	31/12/98
<b>ASSETS</b>			
Fixed assets	731	687	632
Inventories	364	369	454
Current receivables	514	480	493
Cash and cash equivalents	<u>64</u>	<u>90</u>	<u>59</u>
Total assets	1 673	1 626	1 638
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	793	828	772
Minority interests	-	1	1
Interest-bearing liabilities	295	277	377
Non interest-bearing liabilities	<u>585</u>	<u>520</u>	<u>488</u>
Total shareholders' equity and liabilities	1 673	1 626	1 638

**SUMMARY CASH FLOW STATEMENT FOR THE GROUP**  
(SEK million)

	2000	1999	1998
<b>OPERATING ACTIVITIES</b>			
Cash flow generated by operations before changes in working capital	46	223	216
Changes in working capital	<u>84</u>	<u>84</u>	<u>-140</u>
Cash flow generated by operations	128	307	76
<b>CAPITAL EXPENDITURES</b>			
Cash flow generated by capital expenditures	<u>-99</u>	<u>-151</u>	<u>-151</u>
<b>TREASURY OPERATIONS</b>			
Cash flow generated by treasury operations	<u>-56</u>	<u>-124</u>	<u>38</u>
Cash flow for the year	-27	32	-37
Liquid assets, closing balance 1999	90	59	95
Exchange rate differences generated by liquid assets	<u>1</u>	<u>-1</u>	<u>1</u>
Liquid assets, closing balance 2000	64	90	59

Karlshamn, 26 February 2001



Jerker Hartwall  
President

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The figures presented in this report have not been audited.

## Key ratios

	2000	1999	1998
Net operating assets, SEK million	1 100	1 101	1 185
Net debt, SEK million	231	187	318
Shareholders' equity, SEK million	793	828	772
Equity/assets ratio, %	47	51	47
Net debt/equity ratio, multiple	0.29	0.23	0.41
Risk capital ratio, %	52	56	53
Capital turnover rate, multiple	2.4	2.6	3.0
Gross contribution	759	817	833
Operating income, SEK million	63	199	210
Net earnings, SEK million	35	128	143
Return on net operating assets, %	6	17	20
Return on shareholders' equity, %	6	16	19
Investments in fixed assets, SEK million	115	147	159
<b>Data per share</b>			
Net earnings, SEK	1.66	6.11	6.80
Equity per share, SEK	37.78	39.41	36.77
Number of shares 21,000,000			

Number of issued option rights 167 800

The Annual General Meeting held on 18 May 1999 voted that the company raise a subordinated loan maximised to the value of SEK 2 825 000 by issuing debt instruments with 565 000 option rights to new shares in Karlshamns.

All in all, 167 800 option rights were subscribed for, out of the total 546 400 offered.

The price for each option right was fixed at SEK 7.20; the issue price for the period 1 September 1999 – 31 August 2001 at SEK 101 per share, and for the period 1 September 2001 – 1 July 2004 at SEK 79 per share.

Dilution at full conversion will be 0.8%.

- **Karlshamns Annual Report for 2000 will be distributed by mail to all registered shareholders at the beginning of April 2001.**
- **The Annual General Meeting will be held in Karlshamn on 2 May at 14.00.**
- **The interim report for the period to 31 March 2001 will be released on 2 May 2001.**

Karlshamns is one of the world's four leading producers of advanced vegetable speciality fats. Karlshamns delivers speciality fats all over the world, and is market leader in Scandinavia, Eastern Europe and in Latin America. The food industry is Karlshamns' major customer segment and Sweden is the single largest market.



Karlshamns AB