

ElektronikGruppen BK AB (publ)

YEAR-END REPORT

JANUARY – DECEMBER 2000

- **Profit more than doubled** from MSEK 32.1 to MSEK 70.1
- **Operating income up 40%** to MSEK 700 (501)
- **Orders received rose 55%** from MSEK 468 to MSEK 725
- **Earnings per share increased** to SEK 9.19 (3.99)
- **Proposed dividend** of SEK 1.25 per share (1.00)
- **Acquisition of Sincotron in February 2001**

Continued growth with profitability

The year 2000 saw powerful growth in all of ElektronikGruppen's areas of operation. The Group's operating revenue increased dramatically and profit more than doubled. The past year was unusually turbulent, with strong demand for components in the first six months followed by drastic restructuring in the telecom sector during the second half of the year, which made higher demands on adaptability. After recent year's adjustment of the product mix and penetration of anticipated growth markets, the Group was well equipped to cope with market fluctuations. Additional strategic changes were made during the year, such as the implementation of a new organization with subsidiarized business areas and new managers. Johnny Alvarsson took over as President and CEO on 1 January 2001. Alvarsson comes most recently from Zeteco, where he served as President and CEO for the past 13 years.

The market

The company's traditional activities in distribution and sales of electronic components have shown robust growth and profitability during the year. The strategic investments in in-house manufacture of inductive components, primarily for the telecom industry and transmission networks, have developed favourably in terms of both income and profit. Earlier problems with a component shortage let up during the fourth quarter. The order backlog on 31 December was MSEK 141 (70).

Key events during the year

The year's profit was charged with costs of MSEK 3.5 for the wind-up of the development company Whitehorse Ltd in the U.K. Costs related to the appointment of a new CEO were charged to profit in the amount of MSEK 4.7. Profit included the company's allocation of surplus funds from SPP amounting to MSEK 7.2.

Operations in the business areas

EG Electronic Components

On 1 October the EG Advanced Components business area changed name to EG Electronic Components (EGEC). The new president of the business area is Ulf Sjunnesson, previously active in EG Communication. He will succeed Peter Carlsson, who will continue to work for ElektronikGruppen with responsibility for Seiko. The business area's profitability and growth during the year, with regard to comparable units, were highly satisfactory. EGEC invoiced a total of MSEK 472 (375) and posted a profit of MSEK 49 (31). Orders received amounted to MSEK 475 (376). The dramatic improvement in profitability was mainly attributable to higher operating income and efficiency in the sales companies, as well as increased commission-based sales.

EG Magnetic Technology Components

On 1 January 2001, Tommy Jansson, formerly the marketing manager for the business area, was appointed as president. The year's invoicing totalled MSEK 75 (28), with a profit of MSEK 4 (-6). Orders received rose from MSEK 29 to MSEK 76. On 1 September the business area formed a new company in Estonia, EG MTC Estonia Oü, to manufacture inductive components.

EG Communication

Esbjörn Nordesjö, previously responsible for the business area's business development, was appointed as new president during the third quarter. To facilitate anticipated expansion in Denmark, the business area formed a new company in December, EG Comtech Denmark ApS. The business area is growing organically and has shown a healthy earnings trend, from MSEK 6 to MSEK 18. Orders received increased from MSEK 96 to MSEK 174 and invoicing amounted to MSEK 153 (98). The market for national networks is expected to reach saturation for which reason the focus is shifting to municipal and access networks. Orders received for fiber optic test and splicing equipment have more than doubled. In order to satisfy the surge in demand for passive fiber optic products, new investments have been made and production has been doubled in Estonia. A decision has also been made to increase production capacity in the Philippines.

Investments

The year's net investments in tangible and financial fixed assets totalled MSEK 15.8 (10.9).

Equity ratio and liquidity

The Group's financial position remains strong. The equity ratio on 31 December was 55 (59) per cent and liquid assets amounted to MSEK 57 (32).

Personnel

The number of employees on 31 December was 1,048 (572), of whom 788 work for Magnetrone in the Philippines.

Acquisitions

ElektronikGruppen acquired Sincotron in February 2001 as part of its focus on the telecom sector. Sincotron is a leading supplier of process training and production equipment to the telecom industry in Sweden, Finland and Poland.

The share

Earnings per share after full tax amounted to SEK 9.19 (3.99). Equity per share on closing day was SEK 32 (24). The proposed dividend per share is SEK 1.25 (1.00), in line with the company's dividend policy.

Financial information in 2001

The annual report for 2000 will be available on 3 May
3-month report per 31 March, 23 April
6-month report per 30 June, 18 July
9-month report per 30 September, 18 October
The Annual General Meeting will be held on Thursday, 17 May, 5:00 p.m.

Vällingby, 19 February 2001

ElektronikGruppen BK AB (publ)

Johnny Alvarsson
President and CEO

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THE GROUP IN SUMMARY, MSEK

QUARTERLY DATA

| | Operating Income | | | Orders Received | | | Profit after net financial items | | |
|-----------|------------------|-----|-----|-----------------|-----|-----|----------------------------------|------|------|
| | 00 | 99 | 98 | 00 | 99 | 98 | 00 | 99 | 98 |
| Quarter 1 | 131 | 113 | 116 | 187 | 110 | 117 | 12,1 | 6,8 | 10,1 |
| Quarter 2 | 177 | 123 | 110 | 168 | 120 | 103 | 19,9 | 6,1 | 9,5 |
| Quarter 3 | 187 | 124 | 106 | 165 | 119 | 108 | 18,3 | 8,5 | 7,0 |
| Quarter 4 | 205 | 141 | 125 | 205 | 119 | 111 | 19,8 | 10,7 | 9,4 |
| | 700 | 501 | 457 | 725 | 468 | 439 | 70,1 | 32,1 | 36,0 |

INCOME STATEMENTS

| | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|--|--------------|--------------|--------------|
| Operating income | | | |
| Net sales | 645,8 | 476,8 | 448,9 |
| Invoiced services, commission-based sales | 33,3 | 11,4 | 6,1 |
| Other operating income | <u>20,4</u> | <u>12,7</u> | <u>1,7</u> |
| | 699,5 | 500,9 | 456,7 |
| Operating expenses | | | |
| Goods for resale, raw materials and consumables | -452,4 | -333,4 | -312,3 |
| Other external costs | -59,3 | -50,6 | -38,0 |
| Personnel costs | -105,7 | -76,7 | -63,4 |
| Depreciation of tangible and intangible fixed assets | -11,5 | -9,3 | -7,4 |
| Other operating expenses | <u>0</u> | <u>-0,2</u> | <u>-1,7</u> |
| Operating profit | 70,6 | 30,7 | 33,9 |
| Result from financial investments | | | |
| Interest income and similar profit/loss items | 3,7 | 1,8 | 2,6 |
| Interest expense and similar profit/loss items | <u>-4,2</u> | <u>-0,4</u> | <u>-0,5</u> |
| Profit after financial items | 70,1 | 32,1 | 36,0 |
| Tax on net profit for the period | -19,4 | -10,3 | -10,9 |
| Minority share in profit | <u>-1,1</u> | <u>-0,3</u> | <u>-1,3</u> |
| Net profit for the period | 49,6 | 21,5 | 23,8 |

Balance sheets

| | <u>31/12/00</u> | <u>31/12/99</u> | <u>31/12/98</u> |
|---|-----------------|-----------------|-----------------|
| Intangible fixed assets | 6,3 | 7,3 | 5,2 |
| Tangible and financial fixed assets | 40,3 | 33,9 | 33,7 |
| Inventories | 82,0 | 55,9 | 45,8 |
| Accounts receivable | 123,0 | 81,3 | 61,2 |
| Other current receivables | 12,0 | 5,9 | 6,6 |
| Cash and bank balances | <u>57,1</u> | <u>32,4</u> | <u>37,9</u> |
| Total assets | 320,7 | 216,7 | 190,4 |
| Shareholders' equity | 172,8 | 126,4 | 108,7 |
| Minority interest | 2,2 | 2,0 | 3,7 |
| Interest-bearing liabilities | 0,0 | 0,0 | 1,7 |
| Operating liabilities and provisions | <u>145,7</u> | <u>88,3</u> | <u>76,3</u> |
| Total shareholders' equity and liabilities | 320,7 | 216,7 | 190,4 |

Cash flow statements

| | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|--|--------------|--------------|--------------|
| Cash flow before change in working capital | 63,7 | 31,7 | 35,8 |
| Change in working capital | <u>-18,8</u> | <u>-18,1</u> | <u>-10,8</u> |
| Cash flow from operating activities | 44,9 | 13,6 | 25,0 |
| Cash flow from investing activities | -15,8 | -11,0 | -19,5 |
| Cash flow from financing activities | <u>-4,4</u> | <u>-8,1</u> | <u>0,0</u> |
| Change in liquid assets | 24,7 | -5,5 | -5,5 |

Five-year summary, MSEK

| | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> |
|---|--------------|--------------|--------------|--------------|--------------|
| INCOME STATEMENTS | | | | | |
| Operating income | 699,5 | 500,9 | 456,7 | 454,3 | 310,5 |
| Operating profit | 70,6 | 30,7 | 33,9 | 32,6 | 7,6 |
| Profit before tax | 70,1 | 32,1 | 36,0 | 32,0 | 6,9 |
| Tax | -19,4 | -10,3 | -10,9 | -9,4 | -4,0 |
| Minority share profit | <u>-1,1</u> | <u>-0,3</u> | <u>-1,3</u> | <u>-0,6</u> | <u>-0,1</u> |
| Net profit for the period | 49,6 | 21,5 | 23,8 | 22,0 | 2,8 |
| ASSETS | | | | | |
| Fixed assets | | | | | |
| Intangible fixed assets | 6,3 | 7,3 | 5,2 | 4,2 | 6,8 |
| Tangible and financial fixed assets | 40,3 | 33,9 | 33,7 | 25,0 | 12,0 |
| Current assets | | | | | |
| Liquid assets | 57,1 | 32,4 | 37,9 | 32,4 | 36,7 |
| Other current assets | <u>217,0</u> | <u>143,1</u> | <u>113,6</u> | <u>109,3</u> | <u>80,2</u> |
| Total assets | 320,7 | 216,7 | 190,4 | 170,9 | 135,7 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | | |
| Shareholders' equity | 172,8 | 126,4 | 108,7 | 88,3 | 71,8 |
| Minority interest | 2,2 | 2,0 | 3,7 | 1,6 | -0,8 |
| Interest-bearing liabilities | 0,0 | 0,0 | 1,7 | 0,2 | 3,9 |
| Operating liabilities and provisions | <u>145,7</u> | <u>88,3</u> | <u>76,3</u> | <u>80,8</u> | <u>60,8</u> |
| Total shareholders' equity and liabilities | 320,7 | 216,7 | 190,4 | 170,9 | 135,7 |
| KEY RATIOS | | | | | |
| Gross margin % | 12,7 | 8,3 | 9,6 | 9,3 | 4,1 |
| Operating margin, % | 10,9 | 6,4 | 7,6 | 7,3 | 2,5 |
| Profit margin, % | 10,9 | 6,7 | 8,0 | 7,2 | 2,3 |
| Return on equity, % | 33,1 | 18,3 | 24,2 | 27,4 | 4,1 |
| Return on capital employed, % | 52,4 | 28,9 | 38,5 | 43,3 | 11,2 |
| Return on total capital, % | 27,7 | 16,1 | 20,3 | 21,8 | 5,7 |
| Equity ratio % | 54,5 | 59,3 | 59,1 | 52,6 | 52,4 |
| Debt/equity, times | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Share of risk-weighted capital, % | 57,8 | 63,1 | 63,4 | 56,3 | 55,8 |
| Interest coverage ratio, times | 17,6 | 50,7 | 66,6 | 24,5 | 5,4 |
| Earnings per share, SEK | 9,19 | 3,99 | 4,45 | 4,10 | 0,54 |
| Equity per share, SEK | 31,96 | 23,48 | 20,29 | 16,48 | 13,41 |
| Share price at year-end, SEK | 119 | 83 | 60 | 57 | 21 |
| Net investments in fixed assets | | | | | |
| - tangible | 12,5 | 3,7 | 15,9 | 20,2 | 4,0 |
| - financial | 3,3 | 7,2 | 3,6 | 7,4 | 3,2 |
| Investments as a % of operating income | 2,2 | 2,2 | 4,3 | 6,1 | 2,3 |

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