

Continued growth within IT/mechatronics and medical equipment – transitional period for telecom infrastructure

Net sales increased by 24 percent to SEK 310.5 million (250.4).

The operating profit was SEK 4.4 million (20.5). The equity/assets ratio rose to 35.3% (28.8).

Earnings per share after full income tax were SEK 0.08 (1.73).

Continued internationalisation - acquisition of a Polish-Swedish telecom supplier.

Market trends

During the first three months of the year, the telecom infrastructure market segment was heavily affected by the general slowdown within the telecom sector, as well as the major production retooling for 3G that has occurred and is still under way in the Nordic countries. Similarly, the segment has been affected by the fact that investment in the United States is now going into GSM applications instead of the TDMA system. PartnerTech remains convinced that the segment has very large long-term potential.

The restructuring currently being carried out by the telecom sector should spur additional outsourcing activity. But demand is expected to be limited in the near future.

The IT/mechatronics and medical equipment market segments continued to enjoy solid growth during the first three months. PartnerTech has not noticed any signs of a cyclical slowdown in either segment. In fact, PartnerTech is starting more customer projects in the first half of 2001 than ever before.

Net sales, profit and profitability

For the first quarter, PartnerTech reported net sales of SEK 310,5, an increase of 24% from the same period of 2000. Two percent of the increase was attributable to comparable units. Lower sales for the telecom infrastructure market segment were due to the production re-tooling that is under way in the sector. The IT/mechatronics and medical technology market segments continued to enjoy solid growth.

Group's performance per quarter

SEK million	Q 1 –99	Q 2 –99	Q 3 –99	Q 4 –99	Q 1 –00	Q 2 –00	Q 3 –00	Q 4 –00	Q 1 –01
Net revenue	188.3	209.9	171.2	238.1	250.4	327.0	275.4	335.7	310.5
Operating profit	9.5	21.1	17.8	17.3	20.5	34.5	24.5	18.2	4.4
Operating margin	5.1%	10.1%	10.4%	7.3%	8.2%	10.6%	8.9%	5.4%	1.4%

* Excluding items affecting comparability (SEK 22.4 million for Q2 2000 and SEK 1.8 million for Q4 2000)

The operating profit for the period was SEK 4.4 million (20.5). The decrease in quarterly earnings from the same period of 2000 was primarily attributable to the telecom infrastructure market segment. Among other causes of the decrease were that PartnerTech began production of an unusually large number of new products (entailing additional costs) and shifted toward a product mix with lower gross margins. To minimize costs, the company has decided to reduce its staff by some 60 employees, which did not have a full impact on the period. The operating margin declined from 8.2% in the first quarter of 2000 to 1.4%.

The Group's financial revenue and expense for the first quarter of 2001 totaled SEK – 2.6 million (–1.7).

The profit after financial items was SEK 1.8 million (18.8) for the period. The profit included goodwill amortization of SEK 1.2 million (0.9).

Financial position and liquidity

The Group had total operating capital of SEK 431.1 million (289.1) at the end of the period. Operating capital increased by SEK 20.4 million. SEK 56.5 million of the total operating capital stemmed from acquisitions carried out during the period.

Working capital declined during the quarter by 14.0 million to SEK 183.1 million (148.4). Excluding acquisitions, working capital decreased by SEK 32.1 million.

Net borrowing, that is interest-bearing liabilities less cash and equivalents, was SEK 151.5 million (144.9) at the end of the period.

Shareholders' equity increased during the quarter by SEK 73.4 million to SEK 279.6 million (144.2). The equity/assets ratio rose from 32.4% to 35.3% (28.8). PartnerTech issued 647,414 new shares during the period in connection with payment for EQ Elektronik AB.

Net investments during the period totaled SEK 51.9 million (4.7). Of these investments, gross investments in intangible fixed assets totaled SEK 18.1 million(–), tangible fixed assets SEK 13.3 million (4.7) and financial assets SEK 21.4 million (–). Cash flow after investments was SEK –19.5 million (–32.9).

Personnel

The number of full-time employees averaged 914 (768) during the first quarter of 2001. There were 887 (787) full-time employees at the end of the period.

Important developments in the first quarter

During the first quarter, PartnerTech acquired all of the shares in EQ Elektronik AB, as well as Baltic Microwave Sp. z.o.o. in Poland. Both companies are contract manufacturers within the infrastructure telecom industry. With some 170 employees together, they report combined annual sales of more than SEK 150 million. The production facilities of the two companies are located in Spånga, Sweden and Gdynia and Sieradz, Poland. Eighty percent of production is carried out in Poland and the remainder in Sweden. The acquisitions reinforce PartnerTech's development know-how and supplement its resources in the area of radio frequency. The move was strategic and part of PartnerTech's focus on internationalization.

Payment for the Baltic Microwaves SP z.o.o. shares will be financed through the issue of 102,586 new shares in PartnerTech AB (publ). As soon as the Polish antitrust authorities approve the acquisition, approval and registration of the issue will be handled by the Swedish Patent and Registration Office (PRV) and the Swedish Securities Register Center (VPC AB). The acquisitions of Baltic Microwaves Sp z.o.o. and EQ Elektronik AB include a supplementary purchase sum that is partially tied to the future earnings of the two companies. If so determined by the annual general meeting, the supplementary purchase sum will be payable in newly issued PartnerTech AB (publ) shares. Otherwise the supplementary purchase sum will be payable in cash.

In March, PartnerTech and Gyros AB signed a three-year development and manufacturing agreement on a new research tool for the pharmaceutical and biotechnology industries. In collaborating with Gyros, PartnerTech will assume responsibility for certain parts of the development process, along with testing equipment and production. The newly developed research tool yields many times more test results in a short period of time, as well as more data from each sample, than traditional laboratories. Consequently, the laboratories become considerably more profitable.

In January, PartnerTech extended its collaboration with C Technologies by entering into a new assembly, logistics and distribution agreement for an electronic data pen with a number of innovative features, including translation software and a calendar. The agreement is estimated to generate sales of approximately SEK 100 million per year. Final assembly and testing of the pens will be performed in Ljungby and Atlanta, after which they will be distributed to the rest of the world.



Interim report January – March 2001

- The report for January-June will be published on Tuesday, August 14.
- The report for January-September will be published on Wednesday, October 24.

PartnerTech AB, April 27, 2001
Mikael Jonson
CEO

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The Company's auditors have not examined this interim report.

	2001	2000	2000
Consolidated Income Statement(MSEK)	Jan. – Mar.	Jan. – Mar.	Jan.–Dec. Mar.
Net revenue	310.5	250.4	1 188.5
Cost of goods and services sold	-295.1	-220.7	-1 049.5
Gross profit/loss	15.4	29.7	139.0
Selling expenses	-6.2	-6.4	-24.6
Administrative expenses	-5.2	-2.9	-18.5
Items affecting comparability	0.0	0.0	24.2
Other operating revenue	1.8	0.7	4.9
Other operating expenses	-1.4	-0.6	-3.2
Operating profit/loss	4.4	20.5	121.9
Net financial items	-2.6	-1.7	-8.2
Profit/Loss after financial items	1.8	18.8	113.7
Taxes	-1.1	-5.7	-33.2
NET PROFIT FOR THE PERIOD	0.7	13.0	80.5

	2001	2000	2000
Consolidated Balance Sheet (MSEK)	March 31	March 31	Dec 31
ASSETS			
Intangible assets	78.2	55.4	61.4
Tangible assets	165.3	102.9	159.8
Financial assets	38.9	0.3	19.7
Fixed assets	282.4	158.7	240.9
Current assets			
– Inventories	230.0	188.1	192.4
– Accounts receivable	185.7	147.3	196.3
– Other current assets	16.3	4.8	6.5
– Cash and equivalents	76.0	1.6	1.6
Total current assets	508.0	341.8	396.8
TOTAL ASSETS	790.4	500.4	637.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	279.6	144.2	206.3
Long-term interest-bearing liabilities	168.3	144.3	176.4
Current interest-bearing liabilities	59.3	2.2	29.7
Total interest-bearing liabilities	227.6	146.5	206.1
Long-term non-interest-bearing liabilities (provisions)	34.5	17.9	27.2
Accounts payable	137.1	111.5	114.0
Other current non-interest-bearing liabilities	111.6	80.3	84.1
Total non-interest-bearing liabilities	284.2	209.7	225.3

TOTAL EQUITY AND LIABILITIES	790.4	500.4	637.7
	2001	2000	2000
Consolidated Statement of Changes in Financial Position (SEK million)	Jan. – Mar.	Jan. – Mar.	Jan. – Dec.
Net profit	0.7	13.0	80.5
Reversal of depreciation/amortization	10.5	5.4	28.8
Capital gain/loss	-	0.3	0.1
Change in deferred tax liability	7.2	-	7.7
Change in working capital	14.0	-46.9	-95.8
Net investments	-51.9	-4.7	- 91.1
Cash flow after investments	-19.5	-32.9	- 69.8
Change in loans	23.5	32.3	44.4
Change in lease debt	-2.0	1.6	32.1
Translation differences	0.2	-	-
Dividend	-	-	-5.7
Issue of new shares	72.3	-	-
CHANGE IN LIQUID FUNDS	74.5	1.0	1.0

	2001	2000	2000
Key Ratios	Jan. – Mar.	Jan. – Mar.	Jan. – Dec.
Gross margin, %	5.0	11.9	11.7
Operating margin, % (excl. items affecting comparability)	1.4	8.2	8.2
Operating margin, %	1.4	8.2	10.3
Profit margin, % (excl. items affecting comparab.)	0.2	7.5	7.5
Profit margin, %	0.2	7.5	9.6
Return on operating capital (ROOC), %*	4.2	30.8	36.1
Return on shareholders' equity, %*	1.1	37.9	47.3
Equity/assets ratio, %	35.3	28.8	32.4

* The profitability ratios are calculated based on the average of quarterly balances.

	2001	2000	2000
Per Share Data	Jan. – Mar.	Jan. – Mar.	Jan. – Dec.
No. of shares at end of period, '000s	8 208	7 560	7 561
Profit after full income tax, SEK (excl. items affecting comparability)	0.08	1.73	8.34
Profit after full income tax, SEK	0.08	1.73	10.65
Adjusted equity, SEK	34.15	19.08	27.29

Employee stock options issued will increase the number of shares on issue by no more than 288,800, or 3.4%.

	2001	2000	2000
Change in shareholders' equity for the Group	Jan. – Mar.	Jan. – Mar.	Jan. – Dec.
Opening balance	206.2	131.2	131.2
Profit for the period	0.7	13.0	80.5
Issue of new shares	72.3	-	0.1
Dividend	-	-	-5.7
Conversion differences	0.2	-	0.1
Closing balance	279.6	144.2	206.2