

ALLGON AB YEAR-END REPORT, 2001

- ❑ Net sales amounted to SEK 2,001M (2,696)
- ❑ Operating income amounted to SEK -133M (57).
- ❑ Operating income for the fourth quarter amounted to SEK - 44M (-14).
- ❑ One-off costs amounted to SEK 38M (29) in the fourth quarter.
- ❑ Systems entered into a number of 3G agreements relating to base station antennas.
- ❑ Mobile Communications' profitability improved still further during the fourth quarter.
- ❑ Microwave recently entered significant agreements for delivery of microwave link.

FOURTH QUARTER 2001

During the fourth quarter, Allgon's net sales amounted to SEK 485M (710). Operating income amounted to SEK - 44M (-14) and income after financial items to SEK - 48M (-21). Operating income includes one-off costs of SEK 38M (-), mainly relating to staff cuts and restructuring within production. The previous year's operating income includes items affecting comparability of SEK -29M.

During the quarter, deliveries of 3G base station antennas increased significantly whilst negotiations on the agreements relating to other 3G products intensified. At the turn of the year, Allgon Microwave entered into an agreement with Svenska UMTS-nät AB and Terracom AB for microwave link. An efficiency improvement program was initiated within Systems which will approximately result in annual savings of SEK 70M.

JANUARY – DECEMBER 2001

Market: Following strong growth during 2000, the market changed around the 2000/2001 turn of the year. Investment in mobile infrastructure fell globally. The fall was especially significant in

Europe pending new investment in 3G. In the USA, the market changed because of lower rate of expansion in infrastructure and because many TDMA operators elected to migrate to GSM. China was an exception due to China Unicom's expansion of a CDMA network. The global downturn hit suppliers of radio equipment very hard and led to large staff cuts. This also led to the implementation of a number of structural deals aimed at increasing the companies' competitiveness. The market for mobile telephones fell, for the first time, and is generally estimated at 380-390 (405) million telephones sold during 2001. In the previous year, the market for components was approximately on a par with the number of sold mobile telephones. During 2001, component and finished mobile telephone inventories were reduced to significantly lower levels. This reduction was implemented among mobile telephone manufacturers, distributors and operators. The market for components in 2001 have fallen by approximately 20 percent compared with the previous year.

The market in 2002 is difficult to judge. The first six months are expected to be weak but an upturn is anticipated during the second half of the year.

Group net sales and orders received:

Net sales fell to SEK 2,001M (2,696) and orders received to SEK 1,952M (2,434).

Allgon Systems: Net sales fell to SEK 1,369M (1,703) and operating income to SEK -118M (198). Operating income includes one-off costs of SEK 88M (-). The downturn in sales is mainly attributable to combiners, which is due to the rapid changeover from TDMA to GSM in North America. Sales of other products were successful, bearing in mind the significant fall in demand for radio equipment for mobile infrastructure. In the fourth quarter, Asia was the largest market for Systems for base station antennas and repeaters. Sales of repeaters continue to increase and Allgon maintains its leading position. Allgon has entered into a

number of 3G contracts relating to base station antennas and is negotiating 3G contracts for filter panels and tower top amplifiers. The workforce was cut from 753 to 607 during the year. During the quarter, yet another efficiency improvement program was initiated which is expected to generate savings of SEK 70M annually. Systems' profitability before one-off costs improved in the fourth quarter.

Allgon Mobile Communications: Net sales fell to SEK 540M (870) and operating income to SEK -13M (45). Operating income includes one-off costs of SEK 29M (-). The previous year's operating income includes items affecting of SEK 28M. Because of the fall in demand for mobile telephone antennas, measures were implemented to reduce the fixed costs. As early as February 2001, the workforce was cut within this sector and the number of employees reduced from 407 to 242 during the year. Many of our customers moved their production from the USA to Latin America and Asia. As a result, the demand for local manufacturing in the USA ceased. The business area, therefore, decided to close its manufacturing in the USA and concentrate its production on Sweden. At the same time, Allgon started constructing a plant in China (Beijing) which will start production during the second quarter of 2002. Following the implemented measures, the business area has reported a profit from the third quarter.

Allgon Microwave: Net sales fell to SEK 71M (112) and operating income to SEK -65M (-45). Around the turn of the year, Allgon Microwave entered into its first agreements relating to 3G expansion and is in similar negotiations with other operators in Europe. Allgon's products have proved to have a technical edge over its competitors. Sales within this business area are expected to increase significantly during the second half of 2002.

Wireless Solutions: Net sales increased to SEK 21M (11) and operating income rose to SEK -19M (-76). The business area was divested during the

second quarter and was consolidated to May inclusive.

Consolidated results: Allgon's operating income fell to SEK -133M (57) and income after financial items to SEK -160M (27). The results include one-off costs totaling SEK 121M (-). Also included, as an item affecting comparability, is the capital gain from sale of Wireless Solutions with SEK 109M (30).

Income after financial items would have been SEK 79M (57) higher if Allgon had not had any hedging. On the closing date, there are forward contracts, which have not yet been taken up as income, amounting to USD 3M signed at an average call rate of SEK 10.59.

Financial position: At December 31, 2001, the equity ratio amounted to 42 (42) percent. Cash flow including the sale of Wireless Solutions, amounted to SEK 171M (-181). Net borrowing amounted to SEK 194M (370) at the period end.

Capital expenditure: During the period, capital expenditure in buildings and land, and machinery and equipment amounted to SEK 106M (202) gross, of which the completion of the building in Täby, Sweden, accounted for SEK 36M in 2000.

Dividend: Taking into account the results of the Allgon Group, the Board of Directors has decided, as in the previous year, to recommend that the Annual General Meeting resolve that no dividend is paid for 2001.

Parent company: Operations in the parent company, Allgon AB (publ), consist of Group co-ordination tasks and assets consist mainly of shares in subsidiaries.

Accounting and valuation principles: The same accounting principles and calculation methods have been applied in the Year-end Report as in the last Annual Report. This Year-end Report has not been the subject of special examination by Allgon's Auditors.

Annual General Meeting:

The Annual General Meeting will be held on Allgon's premises in Antennvägen 6 in Arninge, Täby, north of Stockholm, on Wednesday 13 March, 2002, at 6pm.

Nomination of Board Members:

Shareholders who wish to submit proposals for Board Members in advance can contact one of the following Members of the Nomination Committee:

Gunnar Bark	+46 708-40 21 87
Per Wejke	+46 708-42 33 73

Future information dates:

March 13, 2002	Annual General Meeting
April 22, 2002	Interim Report Jan - March

The Annual Report will be available at Allgon not later than February 27 and will be mailed to shareholders who have requested it. The Annual Report will also be available on Allgon's homepage www.allgon.se.

Täby, January 22 2002
Allgon AB (publ)

Jeff Bork
President and CEO

For further information, please contact:

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Consolidated statements of income in summary (SEK M)	2001 Jan-Dec	2000 Jan-Dec	1999 Jan-Dec
Net sales	2 001	2 696	2 136
Cost for goods sold	-1 497	-1 814	-1 340
Gross income	504	882	796
Selling expenses	-255	-298	-244
Administrative expenses	-107	-167	-123
Research and development costs	-333	-376	-297
Other operating income	-51	-14	-8
Items affecting comparability	109	30	-
Operating income	-133	57	124
Net financial income/expense	-27	-30	3
Income after financial items	-160	27	127
Taxes	33	-14	-44
Minority interest in the year's income	-3	-3	-2
Net income for the year	-130	10	81
Earnings per share (SEK M)	-4,43	0,35	2,78
Number of shares at the period end (000)	29 266	29 266	28 800
Average number of shares (000)	29 266	29 192	28 800
Consolidated balance sheet in summary (SEK M)	2001 31 Dec	2000 31 Dec	1999 31 Dec
Assets			
Fixed assets	465	586	492
Current assets	922	1 080	889
Total assets	1 387	1 666	1 381
Equity and liabilities			
Shareholders' equity	576	693	694
Minority interest	4	4	3
Provisions	107	76	63
Long-term liabilities	224	214	92
Current liabilities	476	679	529
Total equity and liabilities	1 387	1 666	1 381

	2001	2000	1999
Cash flow analysis (SEK M)	Jan-Dec	Jan-Dec	Jan-Dec
Cash flow from current operations	-125	96	173
Change in working capital	190	-133	-203
Investment, net	114 ¹⁾	-100	-308
Cash flow after investment	179	-137	-338
Financing	-139	150	176
Change in liquid funds	40	13	-162

1) SEK 227M relates to the sale of Wireless Solutions.

	2001	2000	1999
Key figures	Jan-Dec	Jan-Dec	Jan-Dec
Orders received	1 952	2 434	2 266
Operating margin (%)	-7	2	6
Profit margin (%)	-7	0	4
Return on capital employed in operations (%)	-15	6	20
Return on capital employed (%)	-8	10	21
Return on equity (%)	-20	1	13
Equity ratio (%)	42	42	50
Interest-bearing liability (SEK M)	303	440	219
Average number of full-time employees	1 112	1 268	1 053
Capital expenditure in:			
- Buildings and land (SEK M)	1	36	151
- Machinery and equipment	105	166	130
Depreciation (SEK M)	-100	-122	-86
Equity per share (SEK)	20	24	24

Net sales distributed by region (SEK M)	2001	2000	1999
	Jan-Dec	Jan-Dec	Jan-Dec
Europe	445	626	503
North & South America	1120	1 547	991
Asia	430	514	636
Rest of the world	6	9	6
Total	2 001	2 696	2 136

Net sales distributed by operation (SEK M)	2001	2000	1999
	Jan-Dec	Jan-Dec	Jan-Dec
Systems	1 369	1 703	1 136
Mobile Communications	540	870	990
Microwave	71	112	10
Wireless Solutions	21 ⁵⁾	11	-
Total	2 001	2 696	2 136

Operating income distributed by operation (SEK M)	2001 Jan-Dec	2000 Jan-Dec	1999 Jan-Dec
Systems	-118	198	103
Mobile Communications	-13	45 ¹⁾	124
Microwave	-65	-45	-50
Wireless Solutions	-19 ⁵⁾	-76	-
Total	-215	122	177
Common Group items	91 ⁴⁾	-52 ^{2) 3)}	-48
Goodwill amortization	-9	-13	-5
Operating income	-133	57	124

1) Includes capital gain on divestment of the vehicle antenna operation of SEK 28M.

2) Includes surplus funds from SPP of SEK 30M.

3) Includes costs relating to the offer situation SEK -28M.

4) Includes capital gain on sale of business area Wireless Solutions of SEK 109M.

5) Wireless Solutions is included to May 2001 inclusive.

QUARTERLY FIGURES

Consolidated statement of income in summary (SEK M)	2001 Oct-Dec	2001 Jul-Sep	2001 Apr-Jun	2001 Jan-Mar	2000 Oct-Dec	2000 Jul-Sep	2000 Apr-Jun	2000 Jan-Mar
Net sales	485	478	519	519	710	672	632	682
Cost for goods sold	-366	-333	-424	-375	-466	-469	-427	-452
Gross income	120	145	95	144	244	203	205	230
Selling expenses	-66	-57	-64	-67	-83	-66	-74	-75
Administrative expenses	-24	-22	-25	-37	-45	-38	-48	-36
Research and development costs	-77	-69	-87	-100	-104	-90	-91	-91
Other operating income/expense	3	-6	-34	-14	3	-8	-3	-6
Items affecting comparability	-	-	109	-	-29	15	44	-
Operating income	-44	-9	-6	-74	-14	16	33	22
Net financial income/expense	-4	-11	-7	-5	-7	2	-19	-6
Income after financial items	-48	-20	-13	-79	-21	18	14	16
Taxes	20	1	16	-4	0	-4	-5	-5
Minority interest in the quarter's income	1	0	-2	-1	-1	0	-1	-1
Net income for the quarter	-27	-19	1	-84	-22	14	8	10
Earnings per share (SEK)	-0,93	-0,68	0,05	-2,86	-0,73	0,45	0,29	0,34
Number of shares at the period end (000)	29 266	29 266	29 266	29 266	29 266	29 266	29 183	29 183
Average number of shares (000)	29 266	29 266	29 266	29 266	29 266	29 245	29 183	29 088

Consolidated balance sheet In summary (SEK M)	2001 31 Dec	2001 30 Sep	2001 30 Jun	2001 31 Mar	2000 31 Dec	2000 30 Sep	2000 30 Jun	2000 31 Mar
Assets								
Fixed assets	465	484	502	596	586	598	553	558
Current assets	922	964	1 150	1 040	1 080	1 018	906	946
Total assets	1 387	1 448	1 652	1 636	1 666	1 616	1 459	1 504

Equity and liabilities								
Shareholders' equity	576	609	633	616	693	712	687	678
Minority interest	4	5	6	5	4	3	4	3
Provisions	107	124	144	83	76	55	60	58
Long-term liabilities	224	223	226	221	214	216	207	208
Current liabilities	476	487	643	711	679	630	501	557
Total equity and liabilities	1 387	1 448	1 652	1 636	1 666	1 616	1 459	1 504

Key figures	2001 Oct-Dec	2001 Jul-Sep	2001 Apr-Jun	2001 Jan-Mar	2000 Oct-Dec	2000 Jul-Sep	2000 Apr-Jun	2000 Jan-Mar
Orders received (SEK M)	411	499	479	564	547	611	675	601
Operating margin (%)	-9	-2	-1	-14	-2	2	5	3
Profit margin (%)	-6	-4	0	-16	-3	2	1	2
Equity ratio (%)	42	42	39	38	42	44	47	45
Interest-bearing liability (SEK M)	303	307	376	448	440	359	291	335
Average number of full-time employees	998	1 020	1 159	1 259	1 277	1 329	1 267	1 199
Capital expenditure in:								
- buildings and land (SEK M)	0	0	1	0	-31	0	11	55
- machinery and equipment (SEK M)	12	23	23	47	57	40	31	39
Depreciation (SEK M)	-22	-25	-25	-28	-33	-33	-28	-28
Equity per share (SEK)	20	21	22	21	24	24	24	23

Net sales distributed by region (SEK M)	2001 Oct-Dec	2001 Jul-Sep	2001 Apr-Jun	2001 Jan-Mar	2000 Oct-Dec	2000 Jul-Sep	2000 Apr-Jun	2000 Jan-Mar
Europe	105	94	104	142	157	149	151	169
North & South America	238	279	305	298	390	406	363	388
Asia	141	104	108	77	159	115	116	124
Rest of the world	1	1	2	2	4	2	2	1
Total	485	478	519	519	710	672	632	682

Net sales distributed by Operation (SEK M)	2001 Oct-Dec	2001 Jul-Sep	2001 Apr-Jun	2001 Jan-Mar	2000 Oct-Dec	2000 Jul-Sep	2000 Apr-Jun	2000 Jan-Mar
Systems	345	329	370	325	476	462	384	381
Mobile Communications	122	132	133	153	196	173	224	277
Microwave	18	17	14	22	32	34	22	24
Wireless Solutions 1)	-	-	2	19	6	3	-2	-
Total	485	478	519	519	710	672	632	682

Operating income distributed by operation (SEK M)	2001 Oct-Dec	2001 Jul-Sep	2001 Apr-Jun	2001 Jan-Mar	2000 Oct-Dec	2000 Jul-Sep	2000 Apr-Jun	2000 Jan-Mar
Systems	-36	-3	-60	-19	56	75	35	32
Mobile Communications	12	11	-21	-15	16	-29	31	27
Microwave	-18	-14	-18	-15	-12	-9	-12	-12
Wireless Solutions 1)	-	-	-8	-11	-26	-22	-17	-11
Total	-42	-6	-107	-60	34	15	37	36
Common Group items	-1	-2	104	-10	-45	4	0	-11
Goodwill amortization	-1	-1	-3	-4	-3	-3	-4	-3
Operating income	-44	-9	-6	-74	-14	16	33	22

1) Wireless Solutions included to May 2001 inclusive

NOTES

Change in consolidated equity (SEK M)	2001 Jan-Dec	2000 Jan-Dec
Equity brought forward in accordance with the balance sheet at 31 December	693	694
Translation difference	16	5
Share premium reserve	-	9
Dividend	-3	-25
Net income for the period	-130	10
Equity carried forward in accordance with the balance sheet at 31 December	576	693

Taxes

Deferred income taxes recoverable attributable to estimated fiscal losses have been reported from the second quarter of 2001.