

ElektronikGruppen BK AB (publ)

YEAR END REPORT

JANUARI – DECEMBER 2001

- **Profit after net financial items was MSEK 40.1 (70.1)**
- **Net sales amounted to MSEK 700 (700)**
- **Earnings per share totalled SEK 5.23 (9.19)**
- **A dividend of SEK 1.25 (1.25) per share is proposed**

The year 2001 was marked by a robust first quarter following on the heels of strong optimism in 2000. When the recession hit the telecom and computer industry, the effects for ElektronikGruppen were twofold. The customers quickly accumulated excess inventory, which led to a standstill in new orders and postponement of orders already placed.

Sales and profit

Consolidated net sales during the year reached MSEK 700 (700). Of total sales, MSEK 147 is attributable to companies acquired during the year. The Group's profit after net financial items was MSEK 40.1 (70.1).

The market

Orders received were up in September-October and declined in November-December, only to rise again in January 2002. Orders received during the period totalled MSEK 550 (725). Orders received in the fourth quarter amounted to MSEK 112. Although the market remains highly uncertain, customer stocks are gradually decreasing and customer activity has generally picked up. Displays and microwave components are one product segment that is showing growth. Displays have a wide customer base often outside the telecom sector, while components are linked to GSM and 3G production. EG's stronger focus on customers outside the telecom sector is starting to bear fruit.

Special events during the year

Two companies were acquired during the year, Sincotron in Sweden and Henaco in Norway. Dramatic staff cuts were made at the production unit in Manila and inventory values were adapted to the new market situation. All costs of this type have been charged against income as incurred.

Operations

EG Electronic Components

Sales in the business area totalled MSEK 424 (498). Orders received amounted to MSEK 355 (536), a decrease that can be blamed on the weak telecom market. Compared with 2000, component sales for Ericsson's mobile telephones have virtually ceased. More aggressive targeting of non-telecom customers has boosted sales of display products in particular. Profit in the business area remained strong but was somewhat lower than in 2000.

EG Magnetic Technology Components

The business area reported sales of MSEK 49 (53) and orders received of MSEK 35 (75). Magnetic components are the segment with the largest share of business in the telecom sector. Non-telecom customers have been targeted through long-term efforts and orders in this segment have started to increase, albeit more slowly than anticipated. Profit in the business area was lower than in the preceding year.

EG Communication

The business area reported invoiced sales of MSEK 168 (163). Orders received totalled MSEK 132 (181). Most of the business area showed strong development in the first half of the year, but was later affected by lower investment in fiber-optic networks. This had an impact on both system components and fiber production. However, sales of supplementary products for mobile base stations in the Baltic countries remained stable in the second half of

2001. Likewise, stencil operations suffered only a minor setback. Profit was down somewhat on the year-earlier figure.

EG Production Technology

The business area reported invoiced sales of MSEK 105 (97). These operations were not included in ElektronikGruppen during 2000. Orders received amounted to MSEK 72 (55). This business area showed a similar pattern, with a strong first half and a weak end to the year. Cost adaptations were made in the second half of 2001. The Polish company showed favourable development and functioned as a base for component operations. The business area made a positive contribution to consolidated profit.

Intra-Group sales amounted to MSEK 58 (58).

Investments

The period's net investments in tangible and financial fixed assets totalled MSEK 53.7(16.0), most of which pertained to the acquisitions of Sincotron and Henaco.

Equity ratio and liquidity

The Group's financial position remains strong. The equity ratio on 31 December was 69.1 (54.7) per cent and liquid assets amounted to MSEK 58.

Personal

A significant reduction in personnel was made in Manila, while the other units successively introduced personal adaptations during the year. The number of employees on 31 December was 365 (1048).

Future outlook

The second half of 2001 was sharp fluctuations in the market. Widespread uncertainty remains, despite strong orders received in January 2002. Cost reductions corresponding to an annual total of MSEK 20 were made and will reach full effect starting in January 2002.

Dividend

The Board proposes an unchanged dividend of SEK 1.25 (1.25) per share.

Financial calendar

Interim report January-March, 19 April 2002

Interim report January-June, 17 July 2002

Interim report January-September, 21 October 2002

Vällingby, 19 February 2002

ElektronikGruppen BK AB (publ)

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QUARTERLY DATA (Group)

	Sales			Orders Received			Profit after net financial items		
MSEK	01	00	99	01	00	99	01	00	99
Quarter 1	231	131	113	188	187	110	23,1	12,1	6,8

Quarter 2	203	177	123	152	168	120	14,9	19,9	6,1
Quarter 3	130	187	124	97	165	119	1,3	18,3	8,5
Quarter 4	136	205	141	112	205	119	0,8	19,8	10,7
	700	700	501	549	725	468	40,1	70,1	32,1

The Group in Summary, MSEK

INCOME STATEMENTS, MSEK

	Oct-Dec <u>2001</u>	Oct-Dec <u>2000</u>	Full year <u>2001</u>	Full year <u>2000</u>
Operating income				
Net sales	127,5	187,6	658,6	645,8
Other operating income	<u>7,6</u>	<u>16,8</u>	<u>40,8</u>	<u>53,7</u>
	135,1	204,4	699,4	699,5
Operating expenses				
Goods for resale, raw materials and consumables	-82,4	-132,7	-451,7	- 452,4
Other external costs	-17,3	-19,1	-68,9	- 56,6
Personnel costs	-32,2	-27,0	-127,6	- 105,7
Depreciation of tangible and intangible fixed assets	-3,0	-3,2	-16,4	- 11,5
Other operating expenses		<u>-1,4</u>		<u>- 2,7</u>
Operating profit	0,2	21,0	34,8	70,6
Result from financial investments				
Interest income and similar profit/loss items	3,9	-1,3	9,3	3,2
Interest expense and similar profit/loss items	<u>-3,3</u>	<u>0,1</u>	<u>-4,0</u>	<u>- 3,7</u>
Profit after financial items	0,8	19,8	40,1	70,1
Tax on net profit for the period	-0,0	-5,3	-11,1	- 19,4
Minority share in profit	<u>0,1</u>	<u>-0,2</u>	<u>-0,2</u>	<u>- 1,1</u>
Net profit for the period	0,9	14,3	28,8	49,6

BALANCE SHEETS, MSEK

	31/12/01	31/12/00
Intangible fixed assets	36,0	6,3
Tangible and financial fixed assets	47,1	39,5
Inventories	90,3	82,2
Accounts receivables	79,3	123,0
Other current receivables	9,3	11,7
Cash and bank balances	<u>58,0</u>	<u>57,1</u>
Total assets	320,0	319,8
Shareholders' equity (Note 1)	219,9	172,8
Minority interest	1,2	2,2
Interest-bearing liabilities	12,7	0,0
Operating liabilities and provisions	<u>86,2</u>	<u>144,8</u>
Total shareholders' equity and liabilities	320,4	319,8

CASH FLOW STATEMENTS

	Oct-Dec <u>2001</u>	Oct-Dec <u>2000</u>	Full year <u>2001</u>	Full year <u>2000</u>
Cash flow before change in working capital	3,8	21,2	45,4	67,3
Change in working capital	<u>11,4</u>	<u>7,7</u>	<u>-22,4</u>	<u>- 25,2</u>
Cash flow from operating activities	15,2	28,9	23,0	42,1
Cash flow from investing activities	0,5	-7,1	-53,7	- 16,0
Cash flow from financing activities	<u>1,1</u>	<u>3,4</u>	<u>31,6</u>	<u>-1,3</u>
Total shareholders' equity and liabilities	16,5	25,2	0,9	24,8

	Share capital	Restricted reserves	Unrestricted reserves	Total
Note 1 Change in shareholders' equity				
Opening balance acc. to balance sheets 2000	27,0	43,1	102,7	172,8
Effect of change of accounting principles			1,9	1,9
Adjusted opening balance	27,0	43,1	104,6	174,7
Dividend ElektronikGruppen BK			-7,0	-7,0
New share issue	1,0	20,0		21,0
Liquidation associated company			-0,4	-0,4

Equity method reserve		0,7	-0,7	0
Transfer between restricted and non-restricted equity		-1,4	1,4	0
Change in translation difference			2,8	2,8
Net profit for the period			28,7	28,7
Closing balance	28,0	62,4	129,8	220,2

Five-year summary, MSEK

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
INCOME STATEMENTS					
Operating income	699,4	699,5	500,9	456,7	454,3
Operating profit	34,8	70,6	30,7	33,9	32,6
Profit before tax	40,1	70,1	32,1	36,0	32,1
Tax	-11,1	-19,4	-10,3	-10,9	-9,4
Minority share profit	<u>-0,2</u>	<u>-1,1</u>	<u>-0,3</u>	<u>-1,3</u>	<u>-0,6</u>
Net profit for the period	28,8	49,6	21,5	23,8	22,0
ASSETS					
Intangible fixed assets	36,0	6,3	7,3	5,2	4,2
Tangible and financial fixed assets	47,1	39,4	33,9	33,7	25,0
Liquid assets	58,0	57,1	32,4	37,9	32,4
Other current assets	<u>178,9</u>	<u>217,0</u>	<u>143,1</u>	<u>113,6</u>	<u>109,3</u>
Total assets	320,0	319,8	216,7	190,4	170,9
Shareholders' equity	219,9	172,8	126,4	108,7	88,3
Minority interest	1,2	2,2	2,0	3,7	1,6
Interest-bearing liabilities	12,7	0,0	0,0	1,7	0,2
Operating liabilities and provisions	<u>86,2</u>	<u>144,8</u>	<u>88,3</u>	<u>76,3</u>	<u>80,8</u>
Total shareholders' equity and liabilities	320,0	319,8	216,7	190,4	170,9
KEY RATIOS					
Gross margin, %	7,8	12,7	8,3	9,6	9,3
Operating margin, %	5,3	10,9	6,4	7,6	7,3
Profit margin, %	6,1	10,9	6,7	8,0	7,2
Return on equity, %	14,7	33,3	18,3	24,2	27,4
Return on capital employed, %	22,8	52,1	28,9	38,5	43,3
Return on total capital, %	13,8	27,7	16,1	20,3	21,8
Equity ratio, %	69,1	54,7	59,3	59,1	52,6
Debt/equity, times	0,1	0,0	0,0	0,0	0,0
Share of risk-weighted capital, %	72,6	57,8	63,1	63,4	56,3
Interest coverage ratio, times	10,9	17,6	50,7	66,6	24,5
Earnings per share, SEK	5,23	9,19	4,00	4,45	4,10
Earnings per share after dilution, SEK	5,04	-	-	-	-
Number of shares on closing day	5 597	5 408	5 384	5 359	1 072
Equity per share, SEK	39,37	31,96	23,48	20,29	16,48
Share price at year-end, SEK	72	119	83	60	57 *
* adjusted for stock dividend					
Net investments in fixed assets					
- tangible	18,6	12,5	3,7	15,9	20,2
- financial	34,7	3,5	7,2	3,6	7,4
Investments as a % of operating income	7,7	2,2	2,2	4,3	6,1

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