

YEAR-END REPORT FOR AU-SYSTEM AB (PUBL) JANUARY – DECEMBER 2001

- **The revenue was SEK 993.7 million (866.1 m), an increase of 15%.**
- **International revenue was SEK 170.7 million (77.2 m), an increase of 121%.**
- **The profit before depreciation and amortisation (EBITDA) was SEK -9.2 million (60.3 m). The profit for 2001 includes restructuring costs of SEK 17.9 million and software development costs of SEK 21.0 million. The profit for 2000 includes refund money from the Swedish Pension Fund, SPP, with a positive contribution of SEK 8.2 million. EBITDA before items affecting comparability was SEK 29.7 million (52.1 m).**
- **AU-System intended to establish an externally financed product company during the last quarter of 2001. The new company would concentrate its business around products facilitating the provision of wireless data applications. Due to AU-System's merger with Teleca it was decided to postpone the launch and reconsider if this was in the best interest of the new group resulting in a software development investment of SEK 21,0 million being fully expensed in year 2001.**
- **Operating profit (EBIT) was SEK -50.1 million (30.9 m).**
- **Profit after financial items was SEK -43.9 million (25.8 m).**
- **Net earnings per share after full tax on a fully diluted basis was SEK -0.47 (0.13).**
- **Cash flow from the current operations was SEK 49.0 million (-27.4 m).**
- **On December 10, 2001 it was announced that AU-System would merge with Teleca AB. The merger was implemented through an exchange of shares. Teleca offered 0.2093 new series B share for each share in AU-System.**
- **AU-System implemented two action programs during 2001. Both are running according to plan and are expected to reduce costs with SEK 60 million during 2002.**
- **Teleca's offer has been accepted by a majority of the shareholders and consequently AU-System was de-listed from Stockholmsbörsen from February 20, 2002.**

Market development

The year started with a strong market demand for AU-System, which quickly turned into a declining market at the end of the first quarter. During the third quarter the company was hit by an unexpected decline in the operator market. In the last quarter demand has been stable for the whole company, but on a low level.

During the year AU-System implemented two action programs to adjust to the lower market demand. The programs are running according to plan, and are expected to reduce costs with SEK 60 million during 2002.

During the third quarter the company further strengthened its financial position through a directed new share issue raising SEK 74.7 million to the company, after deducting expenses related to the issue. The purpose of the share issue is to strengthen the company's financial position and thereby facilitate further expansion, for example through outsourcing agreements.

Since the second quarter AU-System has been preparing to launch a separate subsidiary based on the successful AU-System Mobile Internet Client. The subsidiary was expected to start its operation on November 1, 2001. External financing was agreed with venture capital companies. AU-System was to own 50% of the new subsidiary. Development of software complementary to the Mobile Internet client such as a MMS-client, Java launcher, SyncML client among others began before the summer. During 2001, SEK 21 million has been invested in this development. It was agreed with the investors that this amount should be invoiced to the new subsidiary. Due to AU-System's merger with Teleca it was decided to postpone the launch and reconsider if this was in the best interest of the new group resulting in that this investment has been fully expensed in year 2001.

On December 10, 2001 a merger between AU-System and Teleca AB was announced. The merger was implemented through an exchange of shares. Teleca offered 0.2093 new series B share for each share in AU-System.

The merger creates one of Europe's leading high-end consulting groups focused on new technology and R&D. The group has more than 2,200 employees in 13 countries, with a strong presence in the Nordic region, UK and France.

International expansion

At the end of the year AU-System had 59 (44) employees outside Sweden. International sales amounted to SEK 170.7 million (77.2 m) during the period under review, this is equivalent to 17% (9%) of the total revenue.

Revenue, profit and cash flow

AU-System's revenue increased by 15% to SEK 993.7 million (866.1 m) during the period. The organic revenue growth was 7%.

The profit before depreciation and amortisation (EBITDA) was SEK -9.2 million (60.3 m). The profit for 2001 includes restructuring costs of SEK 17.9 million and software development costs of SEK 21.0 million. The profit for 2000 includes refund money from the Swedish Pension Fund, SPP, with a positive contribution of SEK 8.2 million. EBITDA before items affecting comparability was SEK 29.7 million (52.1 m).

Operating profit (EBIT) was SEK -50.1 million (30.9 m).

The profit after financial items was SEK -43.9 million (25.8 m).

Cash flow from the current operations was SEK 49.0 million (-27.4 m). The total current year cash flow was SEK 95.4 million (57.9 m). The cashflow for 2001 includes SEK 74,7 million from the new share issue in September. The cashflow for 2000 includes SEK 227.9 million from the IPO in June.

Employees

AU-System had an average of 969 employees over the period, compared with 740 for the same period the preceding year, an increase of 31%.

At the end of the period the number of employees was 1,006 (939), an increase of 7%.

Financial position

At the end of the period the company had liquid funds of SEK 204.2 million (108.7m). In addition, the company has unused lines of credits amounting to SEK 20 million. The company has interest-bearing debt of SEK 89.5 million (111.4 m).

On September 4, 2001 AU-System announced a new share issue of 10,000,000 shares priced at SEK 8 per share raising SEK 74.7 million to the company, after deducting expenses related to the issue.

Receivables from trade debtors amounted to SEK 187.5 million (259.1 m) as of December 31. Days-sales-outstanding was 60 days (69).

Shareholders' equity totalled SEK 415.4 million (356.3 m) at the end of December.

The equity/assets ratio was 59.1% (53.0%).

Investments

Investments in subsidiaries accounted for SEK 1.4 million. SEK 17.7 million was invested in tangible assets and new premises. Cash flow used by investment activities during the period was SEK 19.1 million (162.9 m).

Parent company

AU-System AB's revenue for the period under review was SEK 855.1 million (742.8 m). Profit after tax was SEK 3.9 million (-20.6 m).

The parent company's interest-bearing cash at the end of the period was SEK 188.8 million (113.8 m). Shareholders' equity was SEK 469.3 million (367.2 m).

The net investments for the period under review amounted to SEK 67.1 million (239.0 m).

Share data

Earnings per share after full tax on a fully diluted basis was SEK -0.47 (0.13). At the end of the period, shareholders' equity per share on a fully diluted basis was SEK 4.16 (3.58).

On September 3, 2001, the Board of Directors of AU-System decided on a directed new share issue of 10,000,000 shares based on an authorisation from the Annual General Meeting held on May 11, 2001.

The parent company had 99,013,975 outstanding shares as of December 31, 2001. The number of shares fully diluted at end of period was 99,954,519.

Shareholdings

As of December 31, 2001, AU-System had 7,962 shareholders. The company's largest shareholders included Permira, the Capital Group, Ericsson and IBM.

Important events after the end of the period under review

On February 11, 2002, it was announced that Teleca's public offer on AU-System had been accepted to such extent that Teleca had become owner of 99.1 per cent of the shares in AU-System. After full warrant subscription, Teleca's holding amounted to 98.2 per cent of the shares in AU-System.

Future prospects

Please see Year-End Report for Teleca AB.

Accounting principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council Recommendation RR20. The accounting principles applied in the annual report for 2000 have remained unchanged.

Telephone conference

AU-System will be presenting the interim report together with Teleca during a telephone conference held at 11.00 AM CET (GMT+1) at Operaterassen, Stockholm, on February 21, 2002.

Dial in number: +44 (0)20 8241 0004

Presentation material can be obtained from www.teleca.com on February 21. The presentation can also be viewed on the Internet www.financialhearings.com

Upcoming financial reports

Please see Year-End Report for Teleca AB.

Stockholm, Sweden

February 21, 2002

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Summary Consolidated Income Statement

<i>(Amounts in MSEK)</i>	Oct - Dec 2001	Oct – Dec 2000	Full Year 2001	Full Year 2000
Revenue	231.9	281.4	993.7	866.1
Operating expenses	-227.4	-261.8	-964.0	-814.1
Refund money from SPP	0.0	0.0	0.0	8.2
Restructuring costs	-17.9	0.0	-17.9	0.0
Software development	-12.6	0.0	-21.0	0.0
Depreciation of tangible fixed assets	-4.0	-5.4	-17.4	-12.8
Depreciation of intangible fixed assets (amortisation of goodwill)	-5.9	-5.2	-23.5	-16.6
Operating profit	-35.9	9.0	-50.1	30.9
Net financial items	-1.0	-2.1	6.1	-5.1
Profit after financial items	-36.9	6.9	-43.9	25.8
Income tax	4.1	-3.9	1.0	-13.4
Net income	-32.8	3.0	-43.0	12.4

Summary Consolidated Balance Sheet

<i>(Amounts in MSEK)</i>	Dec 2001	Dec 2000
ASSETS		
Fixed Assets		
Intangible fixed assets, goodwill	189.1	194.4
Tangible fixed assets	40.2	39.9
Financial fixed assets	18.4	29.4
Total Fixed Assets	247.8	263.7
Current Assets		
Trade debtors	187.5	259.1
Other receivables and prepaid expenses	63.1	40.3
Total current receivables	250.7	299.4
Cash and similar assets	204.2	108.7
Total Current Assets	454.9	408.1
TOTAL ASSETS	702.6	671.8
EQUITY AND LIABILITIES		
Total equity	415.4	356.3
Total provisions	3.4	4.9
Total long-term liabilities	89.3	115.4
Total current liabilities	194.5	195.1
TOTAL EQUITY AND LIABILITIES	702.6	671.8

Change in Equity

<i>(Amounts in MSEK)</i>	Jan – Dec 2001	Jan – Dec 2000
Opening amount as per adopted balance sheet	356.3	16.3
New share issue net of expenses	93.8	325.7
Tax on invoices related to IPO-costs and new share issue	11.0	0.0
Issue of warrants	0.0	2.2
Translation gains on consolidation	-2.7	-0.3
Profit for the period	-43.0	12.4
Closing amount	415.4	356.3

Consolidated Cash Flow Statement

<i>(Amounts in MSEK)</i>	Jan – Dec 2001	Jan – Dec 2000
Cash used by the current operations before changes in working capital	-13.5	49.5
Change in working capital	62.5	-76.9
Cash flow from the current operations	49.0	-27.4
Cash flow used by investing activities	-19.1	-162.9
Cash flow from financing activities	65.5	248.3
Current year cash flow	95.4	57.9
Opening balance of liquid funds	108.7	50.8
Closing balance of liquid funds	204.2	108.7

Key Ratios

<i>(Amounts in MSEK)</i>	Jan – Dec 2001	Jan – Dec 2000
Revenue, costs, profit and cash flow		
Total revenue	993.7	866.1
International revenue	170.7	77.2
Restructuring costs	17.9	0.0
Software development	21.0	0.0
Operating profit before depreciation and amortisation (EBITDA)	-9.2	60.3
EBITDA excluding refund from SPP, restructuring costs, and software development	29.7	52.1
Operating profit before amortisation of goodwill (EBITA)	-26.6	47.5
Operating profit (EBIT)	-50.1	30.9
Operating profit (EBIT) excluding refund from SPP, restructuring costs, and software development	-11.2	22.7
Net financial items	6.1	-5.1
Profit after financial items	-43.9	25.8
Net earnings per share, full tax, before dilution SEK	-0.47	0.15
Net earnings per share, full tax, fully diluted, SEK	-0.47	0.13
Cash flow	95.4	57.9
Cash flow per share, SEK	1.04	0.70
Cash flow per share fully diluted, SEK	1.03	0.61
Financial position		
Equity	415.4	356.3
Equity per share, SEK	4.20	4.13
Equity per share, fully diluted, SEK	4.16	3.58
Total assets	702.6	671.8
Equity/assets ratio	59.1%	53.0%

Key Ratios

	Jan – Dec 2001	Jan – Dec 2000
Profitability		
Operating margin before depreciation and amortisation (EBITDA)	-0.9%	7.0%
EBITDA margin excluding refund from SPP, restructuring costs, and software development	3.0%	6.0%
Operating margin before amortisation of goodwill (EBITA)	-2.7%	5.5%
Operating margin (EBIT)	-5.0%	3.6%
Operating margin (EBIT) excluding refund from SPP, restructuring costs, and software development	-1.1%	2.6%
Return on equity	-11.1%	6.7%
Return on capital employed	-7.9%	12.3%
Interest-coverage ratio	-7.0	3.7
Employees		
Average number of employees	969	740
Number of employees at end of period	1,006	939
Revenue per employee, kSEK	1,025	1,170
EBITDA per employee, kSEK	-10	81
Share Data		
Share price at end of period, SEK	10.5	51.0
Number of shares at end of period	99,013,975	86,303,375
Maximum number of shares including all options issued	115,587,207	104,527,207
Number of shares fully diluted at end of period	99,954,519	99,428,140
Average number of shares	91,555,717	82,898,842
Weighted average number of shares fully diluted	92,496,260	95,304,578