



## PARTNERTECH

Interim report January – June 2002

Net sales increased to SEK 688.8 million (599.6).

•  
Result after financial items was SEK -34.1 million (-27.3).

•  
Earnings per share after full income tax totaled SEK -2.49 (-2.51).

•  
Cash flow after investments was positive at SEK 61.3 million (-33.4).

•  
Equity/assets ratio rose to 40.7% (34.6).

## Cost savings improve earnings but still a tentative market

### Market trends

Demand remained slow in the first half of 2002. But volumes were somewhat higher in the second quarter than the first quarter, particularly compared to January and February. While the market is still cautious, there are considerable variations among sectors and individual customers.

Volumes in the telecom infrastructure segment has from a very low level increased steadily throughout the first six months of 2002. Both 2G and 3G telephony systems improved.

Demand varied widely during the first half of the year among customers in the IT/mechatronics segment. But demand was generally weak, particularly compared to previous years.

The medical equipment segment began the year poorly, generating smaller volumes than expected, partly because of displacement of commissioned work. There was no significant change in demand during the second quarter.

### Net sales, profit and profitability

Net sales rose by 15% to SEK 688.8 million (599.6) from the first six months of 2001. Vellinge Electronics, which PartnerTech acquired in the fourth quarter of 2001, accounted for a large percentage of the improvement in the IT/mechatronics and medical equipment segments. Total volumes declined by 20% for comparable units. Volumes were down 13% in the second quarter.

### Net sales per business unit

MSEK	2002 Apr-Jun	2001 Apr-Jun	2002 Jan-Jun	2001 Jan-Jun	2002 % share	2001 % share
Telecom infrastructure	98.2	109.0	167.6	245.9	24 %	41 %
IT/mechatronics	199.4	137.0	408.5	278.1	59 %	46 %
Medical equipment	57.0	43.1	112.7	75.6	17 %	13 %
Total	354.6	289.1	688.8	599.6	100 %	100 %



## PARTNERTECH

Interim report January – June 2002

### Group's performance per quarter

MSEK	Q2 -00	Q3 -00	Q4 -00	Q1 -01	Q2 -01	Q3 -01	Q4 -01	Q1 -02	Q2 -02
Net sales	327.0	275.4	335.7	310.5	289.1	211.6	315.6	334.2	354.6
Operating profit/loss *	34.5	24.5	18.2	4.4	- 4.2	-11.3	0.5	-21.1	-7.7
Operating margin *	10.6%	8.9%	5.4%	1.4%	-1.5%	-5.3%	0.2%	-6.3%	-2.2%

\* Excluding "items affecting comparability" (SEK 22.4 million in Q2 2000, SEK 1.8 million in Q4 2000, negative SEK 21.8 million in Q2 2001 and SEK 6.8 million in Q4 2001).

The continuing effort to strengthen PartnerTech's competitiveness includes new initiatives to lower costs and fortify the organizational structure. Along with somewhat higher volumes, that was the primary catalyst for the earnings improvements from the first to second quarter.

The actual operating earnings figure stemmed chiefly from volumes in relation to the group's total costs, inconsistent volumes and the growing prevalence of short series. The operating result totaled the first half of 2002 to SEK -28.8 million (-21.6), which is a decrease from the same date in 2001 of SEK 7.2 million. Net financial items totaled SEK -5.3 million (-5.7) during the period and the profit after financial items SEK -34.1 million (-27.3).

### Financial position and liquidity

Operating capital fell by SEK 94.0 million from the end of 2001 to the close of the second quarter. As of June 30, operating capital totaled SEK 575.3 million (423.8). That represents an increase from the same date in 2001 of SEK 151.5 million, of which the acquisition of Vellinge Electronics accounted for SEK 202.8 million.

Working capital, the primarily source of the decline in operating capital, was down by SEK 54.5 million to SEK 269.5 million (161.6) from the end of 2001. Working capital rose by SEK 107.9 million, of which SEK 117.4 million stemmed from the Vellinge Electronics acquisition, from the same date in 2001.

Net investments totaled SEK 2.7 million (73.6) during the period. The figure included the divestment of financial assets for SEK 3.9 million.

Operations posted a positive cash flow after investments of SEK 61.3 million (-33.4).

The positive cash flow reduced net borrowing, i.e. interest-bearing liabilities less cash and equivalents, by SEK 59.6 million to SEK 193.2 million (176.6) at the end of the period.

Owing to profit generation, shareholders' equity declined to SEK 382.1 million (247.1) on June 30. That represents an increase of SEK 135.0 million, of which SEK 144.3 million resulted from the issue of new shares for the acquisition of Vellinge Electronics, from the same date in 2001.



Interim report January – June 2002

PartnerTech's equity/assets ratio climbed during the first half of 2002 to 40.7% (34.6). That is an increase of 6.1 % from June 30, 2001.

### **Personnel**

The number of full-time employees averaged 1,090 (1,016) during the first half of 2002. The figure declined during the period by 60 to 1,081 (965). That constitutes an increase of full-time employees with 116 from June 30, 2001. The acquisition of Vellinge Electronics in December 2001 boosted the number of full-time employees by 266. The previous year's figures reflect an average increase of 114 full-time employees, as well as an increase of 109 full-time employees at the end of the period, from the consolidation of Polish operations.

### **Accounting policies**

The same accounting principles have been employed as in the most recent annual report. Since PartnerTech has no products of its own, recommendation RR 15 of the Financial Accounting Standards Council concerning capitalization of research and development costs did not occasion any such capitalization.

### **Some important developments in the second quarter**

PartnerTech signed a three-year collaboration agreement with Ericsson Network Technologies AB in April. The agreement involved a new generation of products for fiber recoating, a step in the manufacture of fiber-optic components. PartnerTech estimates the total value of the agreement at SEK 80 million.

In April, PartnerTech also notified 25 of the approximately 100 employees at its Ljungby facilities that they would be laid off. The volume decline was the chief reason for the notification.

PartnerTech and SAAB Bofors Dynamics signed a letter of intent in June to begin collaborating more closely in the areas of mechanics, electronics and assembly. One step in that direction will be PartnerTech's assumption of responsibility for SAAB Bofors Dynamics' machining center and prototype manufacture. The two Karlskoga units employ a total of some 130 people and post annual sales of approximately SEK 150 million.



**PARTNERTECH**

Interim report January – June 2002

### **Upcoming financial reports**

- The report for January-September will be released on Wednesday, October 23, 2002.

PartnerTech AB, July 18, 2002  
Mikael Jonson  
CEO

*For additional information, please call Mikael Jonson, CEO, at +46 70 678 10 01, or Jonas Arkestad, CFO, at +46 70 659 15 10.*

*The company's auditors have not examined this interim report.*



# PARTNERTECH

Interim report January – June 2002

<b>Consolidated income statement (MSEK)</b>	2002 Apr-Jun	2001 Apr-Jun	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec
<b>Net sales</b>	354.6	289.1	688.8	599.6	1 126.8
Cost of goods and services sold	-341.6	-279.6	-675.2	-574.6	-1 087.3
<b>Gross profit/loss</b>	<b>13.0</b>	<b>9.5</b>	<b>13.6</b>	<b>25.0</b>	<b>39.5</b>
Selling expenses	-11.9	-8.5	-24.2	-14.8	-31.0
Administrative expenses	-8.0	-4.7	-17.5	-9.9	-18.2
Items affecting comparability	0	-21.8	0.0	-21.8	-15.0
Other operating revenue	3.4	0.1	6.2	2.0	4.9
Other operating expenses	-4.2	-0.7	-6.9	-2.1	-5.9
<b>Operating profit/loss</b>	<b>-7.7</b>	<b>-26.1</b>	<b>-28.8</b>	<b>-21.6</b>	<b>-25.7</b>
Net financial items	-2.2	-3.1	-5.3	-5.7	-8.6
<b>Profit/loss after financial items</b>	<b>-9.9</b>	<b>-29.2</b>	<b>-34.1</b>	<b>-27.3</b>	<b>-34.3</b>
Taxes	0.1	-7.8	5.7	6.7	7.6
<b>Net profit/loss for the period</b>	<b>-9.8</b>	<b>-21.4</b>	<b>-28.4</b>	<b>-20.6</b>	<b>-26.7</b>

<b>Consolidated balance sheet (MSEK)</b>	2002 30 Jun	2001 30 Jun	2001 31 Dec
<b>Assets</b>			
Intangible fixed assets	144.4	84.4	153.4
Tangible fixed assets	193.3	169.0	215.7
Financial assets	22.1	36.6	20.3
<b>Fixed assets</b>	<b>359.8</b>	<b>290.0</b>	<b>389.4</b>
<b>Current assets</b>			
- Inventories	291.8	211.7	295.7
- Accounts receivable	240.1	167.9	253.0
- Other current assets	36.7	26.7	34.8
- Cash and equivalents	11.0	18.7	8.6
<b>Total current assets</b>	<b>579.6</b>	<b>425.0</b>	<b>592.1</b>
<b>Total assets</b>	<b>939.4</b>	<b>715.0</b>	<b>981.5</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>382.1</b>	<b>247.1</b>	<b>416.6</b>
<b>Provisions</b>	<b>54.0</b>	<b>27.8</b>	<b>44.1</b>
Long-term interest-bearing credits	169.8	169.7	158.2
Current interest-bearing credits	34.4	25.6	103.1
<b>Total interest-bearing liabilities</b>	<b>204.2</b>	<b>195.3</b>	<b>261.3</b>
Accounts payable	173.5	105.2	142.6
Other current non-interest-bearing liabilities	125.6	139.6	116.9
<b>Total interest-bearing liabilities</b>	<b>299.1</b>	<b>244.7</b>	<b>259.5</b>
<b>Total equity and liabilities</b>	<b>939.4</b>	<b>715.0</b>	<b>981.5</b>



# PARTNERTECH

Interim report January – June 2002

<b>Consolidated cash-flow statement (MSEK)</b>	2002 Apr-Jun	2001 Apr-Jun	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec
Net profit/loss	-9.8	-21.4	-28.4	-20.6	-26.7
Reversal of depreciation/amortisation	19.8	13.9	33.9	24.5	50.9
Capital gain/loss	0.0	0.3	-0.2	0.3	-0.1
Other adjustments	-	-	-	-	0.1
Change in deferred tax liability	-0.3	-6.7	-6.3	0.5	4.1
Change in working capital	0.0	21.5	65.0	35.5	-127.1
Net investments	-6.9	-21.6	-2.7	-73.6	-186.5
<b>Cash flow after investments</b>	<b>2.8</b>	<b>-14.0</b>	<b>61.3</b>	<b>-33.4</b>	<b>-285.3</b>
Change in loans	-9.0	-32.3	-52.8	-10.8	-55.3
Dividend	-	-12.3	-	-12.3	-12.5
Translation of differences	-4.0	0.1	-6.1	0.3	4.9
Issue of new shares/subscriptions	0	1.1	-	73.3	244.7
<b>Change in liquid funds</b>	<b>-10.2</b>	<b>-57.4</b>	<b>2.4</b>	<b>17.1</b>	<b>7.0</b>

<b>Key Ratios</b>	2002 Apr-Jun	2001 Apr-Jun	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec
Gross margin, %	3.7	3.3	2.0	4.2	3.5
Operating margin, % (excluding items affecting comparability)	-2.2	-1.5	-4.2	0.0	-0.9
Operating margin, %	-2.2	-9.0	-4.2	-3.6	-2.3
Profit margin, % (excluding items affecting comparability)	-2.8	-2.6	-5.0	-0.9	-1.7
Profit margin, %	-2.8	-10.1	-5.0	-4.5	-3.0
Return on operating capital, %	-5.3	-24.6	-19.0	-10.2	-5.6
Return on shareholders' equity, %	-10.1	-33.5	-28.8	-16.2	-9.9
Equity/assets ratio, %	40.7	34.6	40.7	34.6	42.5

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

<b>Per-share data</b>	2002 Apr-Jun	2001 Apr-Jun	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec
No. Of shares at end of period, 000s	11 423	8 208	11 423	8 208	11 423
Profit/loss after full income tax, SEK, (excluding items affecting comparability)	-0.86	-0.69	-2.49	-0.59	-1.39
Profit/loss after full income tax (SEK)	-0.86	-2.61	-2.49	-2.51	-2.34
Shareholders' equity, (SEK)	33.45	30.10	33.45	30.10	36.47

*Employee stock options will increase the number of shares issued by not more than 690.250 or 5.7 %.*

<b>Change in consolidated shareholders' equity</b>	2002 Apr-Jun	2001 Apr-Jun	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec
<b>Opening balance</b>	<b>395.7</b>	<b>279.6</b>	<b>416.6</b>	<b>206.2</b>	<b>206.2</b>
Profit/loss for the period	-9.8	-21.4	-28.4	-20.5	-26.7
New share issue	-	1.1	-	73.4	244.7
Issue of subscription rights	-	-12.3	-	-12.3	-12.5
Translation difference	-4.0	0.1	-6.1	0.3	4.9
<b>Closing balance</b>	<b>382.1</b>	<b>247.1</b>	<b>382.1</b>	<b>247.1</b>	<b>416.6</b>