

Press release from

2002-07-19

Elanders AB (publ.)

Report from the first half-year 2002

- Net turnover dropped by 12 % to MSEK 1123,8 (MSEK 1272,1)
- Pre-tax profit amounted to MSEK -45,3 (MSEK 4,9)
- Cash flow for the first six months of the year improved by MSEK 150 compared with the previous year
- A major deal with If Skadeförsäkring based on the Master Vendor concept
- New deal with France Télécom for three years with an estimated order value of MSEK 100
- Construction of Infomedia House West has begun
- The divesture of Elanders Lithorex is a step in Group consolidation and the related estimated gain of MSEK 23 will be accounted for during the third quarter.

Elanders, the leading Nordic infomedia group, is organised into two business areas:

- Infologistics
 - Full-service solutions that meet customer requirements for producing, printing and distributing information – Master Vendor Concept.
 - Development of Publishing Management solutions for customers that publish large amounts of data for business-to-business.
 - Database publishing and Cross Media Publishing of trade information in a variety of media such as printed matter, CD-ROM, the Web and e-commerce.
 - Information structuring and system solutions for integrated publishing.
 - Business development, support and outsourcing services.
 - Print in offset and digital printing (print-on-demand).
 - Product catalogues and manuals for industrial and commercial companies in any media.
 - Educational material for schools and universities in Sweden and Great Britain, as well as public printing for The Swedish Parliament, the government, governmental departments etc.
 - Production and sales in Angered, Falköping, Gothenburg, Helsingborg, Malmö, Stockholm, Surte, Trelleborg and Östervåla (Sweden), Oslo (Norway), Newcastle (UK) and Zalalövö (Hungary).
- Infoprint

- Products with a large number of pages that are printed in offset and digitally, in varying editions.
- Exports to some 20 European countries.
- Customised solutions for advertisement products and colour periodicals. Production and sales in Kungsbacka (Sweden), Oslo (Norway), Harrogate (Great Britain) and Plonsk (Poland).

Turnover and profit per business area

Second quarter	Net turnover		Profit	
MSEK	2002	2001	2002	2001
Business area				
Infologistics	405	430	-8,1	6,0
Infoprint	169	219	-10,3	10,0
Total	574	649	-18,4	16,0
Net financial items			-10,4	-12,4
Group	574	649	-28,8	3,6
First half-year	Net turnover		Profit	
MSEK	2002	2001	2002	2001
Business area				
Infologistics	816	862	0,3	12,3
Infoprint	308	410	-26,8	16,2
Total	1124	1272	-26,5	28,5
Net financial items			-18,8	-23,6
Group	1124	1272	-45,3	4,9

The situation for the Group's operations

The Group's two business areas have clearly different situations. Infologistics, where the main strategy is to deliver full-service publishing solutions for major industrial customers in, among others, the automotive, pharmaceutical, telecom and mecatronic sectors, has bright future prospects. There are tremendous opportunities to deliver added value. It is a question of providing customers with professional support by taking over activities that are not part of their core business. Structuring information with flexible databases and image banks is often the springboard for the strategic deals. Elanders is the Nordic leader in this field and a major European player and we have a unique customer base to build on for future growth.

Infoprint operations serve customers that are primarily interested the printed matter itself, for example, publishing houses and directory producers. It is therefore much harder to offer added value and focus is put entirely on the printing price per item. Although Elanders is one of the major players in the Nordic region, particularly in directory production, we are small from a European perspective. Acceptable profitability can only be achieved through highly efficient

production. The European market, in which Elanders operates, is afflicted by over capacity and in need of structural measures.

Infologistics

Despite the unrelenting weak business cycle in several of Infologistics' markets, the business area shows stable development in most of its operations. Interest in comprehensive solutions within the framework of our Master Vendor concept is growing steadily and there is no doubt that Elanders will continue to take market shares in the large industrials market. We have

received several orders from strategically important customers during the period, for example, AstraZeneca, IKEA, Saab Automobile, Volvo Trucks and If Skadeförsäkring. We have also been quite successful in the automotive sector.

We continue to consolidate IT operations and during the period new measures were taken that led to, among other things, further staff reductions. It will take until the end of this to fully integrate these operations into the rest of the business area's activities, at which time these measures will show a positive effect on profits.

Some of the printing and IT operations in Norway will be analysed during the third quarter in an effort to adapt capacity to the current market situation.

On 3 July Elanders sold Lithorex to Meiller Direct. The divestiture is a further step in focusing Group production on flexible full-service solutions in sheet-fed offset and digital printing. Lithorex worked mainly with web offset production in large volumes, which is better suited to Meiller since their position in the German market requires large scale production of personalised direct mail. The divestiture is expected to result in a capital gain of approx. MSEK 23 and will be accounted for in the third quarter.

Infoprint

Competition on the catalogue and directory markets continues to be tough. The fact that price levels of new sales often merely cover operating costs is a result of the current over capacity among European producers. Profitability is unsatisfactory for many of our competitors and structural measures are necessary to ensure long term competitiveness.

The coordination program for Infoprint, which included rationalisations and concentrating operations to the Group's plant in Kungsbacka as well as substantial investments in new equipment, was concluded according to plan during 2001. The decrease in turnover is due to lower prices and the fact that, starting this year, a couple of major customers have chosen to provide themselves with paper. Measures to improve productivity, enhance profitability in a product mix and concentrate production to fewer units are ongoing.

The contract with France Télécom/Pages Jaunes was extended for three years with an order value of approximately MSEK 100.

Turnover and profit

The Group's net turnover dropped by MSEK 148,3 to MSEK 1123,8 (MSEK 1272,1) and operating profit fell by MSEK 55 to MSEK -26,5 (MSEK 28,5). This decline in profit is mainly due to the intense price press in Infoprint, a weak economy and the cost of adapting IT operations in Infologistics.

Investments and depreciation

Net capital expenditures during the period totalled MSEK 54 (MSEK 141). Depreciation amounted to MSEK 109 (MSEK 103), of which goodwill depreciation was MSEK 19,3 (MSEK 19,9).

Financial position, cash flow and equity ratios

The Group's net debt amounted to MSEK 831 (MSEK 841) while cash flow for the period improved by MSEK 150 compared to the previous year and totalled MSEK -27 (MSEK -177).

Shareholder equity totalled MSEK 770 (MSEK 846), which resulted in an equity ratio of 37,1 % (36,8%).

Personnel

The average number of employees during the period was 1816 (1941) of which 1380 were in Sweden (1471). At the end of the period there were 1802 employees in the Group (1918).

Forecast

Prospects for the current year is highly influenced by the economy, which is still not showing any positive trends.

This year Elander's position on the industrials market has been strengthened thus far. This means that to a certain extent new sales and increased market shares in Infologistics compensate for the structural problems in Infoprint. A wobbly business cycle and other market conditions make it difficult to predict profits for the year. However, the Group expects a positive cash flow.

Future reports from Elanders

The next press release from Elanders (report on nine months and the third quarter) will be presented 21 October 2002 and the report on the annual accounts for 2002 will be issued 30 January 2003.

The company auditors have not reviewed this report.

The same accounting principles have been used in this report as in the annual accounts for 2001.

Kungsbacka 19 July 2002

Patrick Holm

President and Chief Executive Officer

Telephone +46 300-501 95 or +46 708 210 410 . Further information about Elanders
our website www.elanders.se or via e-post info@elanders.se

*This document is essentially a translation of the Swedish language version.
In the event of any discrepancies between this translation and the original
Swedish document, the latter shall be deemed correct.*

Summary of consolidated income statements

MSEK	2001	Second quarter 2002
Net turnover	573, 9	648, 8
Cost of products and services sold	-	- 562, 2
	523, 1	
Gross profit	50, 8	86, 6
Sales and administration costs	- 69, 2	-
		70, 6
Operating profit	- 18, 4	16
Net financial items	- 10, 4	- 12, 4
Pre-tax profit	- 28, 8	3, 6
Taxes	4, 8	- 2, 6
Minority shares	0	0
Net profit for the period	- 24, 0	1, 0

MSEK	2001	January – June 2002	Last 12 months	Full - year 2001
Net turnover	1123, 8	1272, 1	2345, 4	2493, 7
Cost of products and services sold	- 1008, 9	-		
		1099, 5	- 2081, 0	- 2171, 6
Gross profit	114, 9	172, 6	264, 4	322, 1
Sales and administration costs	-	- 144, 1		
	141, 4		- 280, 3	- 283, 0
Operating profit	- 26, 5	28, 5	- 15, 9	39, 1
Net financial items	- 18, 8	- 23, 6	- 34, 0	- 38, 8

Pre-tax profit	- 45, 3	4, 9	- 49, 9	0, 3
Taxes	6, 0	- 3, 1	- 7, 9	- 17, 0
Minority shares	0	0	0	0
Net profit for the period	- 39, 3	1, 8	- 57, 8	- 16, 7

Earnings per share, SEK ¹⁾ neg 0, 22 Neg neg

1) The average number of shares during the report period was 8, 370, 000. Outstanding shares per 30 June 2002 were 8, 370, 000.

Summary of consolidated balance sheets

MSEK	30/6 2002	30/6 2001	31/12 2001
Assets			
Goodwill	645	684	670
Other fixed assets	827	901	881
Inventories	128	145	113
Accounts receivable	386	442	461
Other current assets	84	91	77
Liquid funds	6	36	18
Total assets	2076	2299	2 220
Liability and shareholder's equity			
Shareholder's equity	770	846	830
Minority shareholder's equity	0	0	0
Long-term liabilities			
Non-interest bearing	77	18	29
Interest bearing	254	244	295
Short-term liabilities			
Non-interest bearing	392	557	539
Interest bearing	583	634	527
Total liabilities and shareholder's equity	2076	2299	2220
Changes in shareholder's equity			
MSEK	Share	Restrict	Unrestrict Total

	capita l	ed reserves	ed equity	
Amount on 1 January 2001	84	561	185	830
Dividends			- 8	- 8
Translation differences			- 13	- 13
Profits for the period			- 39	- 39
Amount on 31 December 2001	84	561	125	770

Cash flow

MSEK	quarter 2001	Second 2002		
Cash flow before investments and changes in operating capital	30	55		
Increase (-) and decrease (+) in operating capital	- 18	- 58		
New issues and dividends to shareholder's, net	- 8	- 38		
Investments in machines and equipment, net	- 34	- 78		
Acquisitions	0	- 3		
Increase (-) and decrease (+) in net liabilities	- 30	- 122		
MSEK	January – June 2001	2002	Last 12 months	Full - year 2001
Cash flow before investments and changes in operating capital	64	106	150	192
Increase (-) and decrease (+) in operating capital	- 29	- 101	- 3	- 75
New issues and dividends to shareholder's, net	- 8	- 38	- 8	- 38
Investments in machines and equipment, net	- 54	- 141	- 126	- 213
Acquisitions	0	- 3	- 3	- 6
Increase (-) and decrease (+) in net liabilities	- 27	- 177	10	- 140

Key ratios

MSEK	January 2001	– June 2002	Full- year 2001
Return on shareholder's equity, %	Neg	0, 4	Neg
Equity ratio on 30 June 2002, %	37, 1	36, 8	37, 4
Return on capital employed, %	Neg	3, 4	2, 3
Debt-equity ratio	1, 1	1, 0	1, 0

Definitions

Return on shareholders' equity	Net profit in relation to average shareholders' equity.
Equity ratio	Shareholders' equity, including minority shares, in relation to total assets.
Capital employed	Total assets reduced by liquid funds and non-interest bearing liabilities.
Return on capital employed	Operating profit in relation to average capital employed.
Debt-equity ratio	Interest-bearing debt reduced by liquid funds in relation to shareholders' equity, including minority shares.