

# Wilh. Sonesson AB (publ.)

## Interim Report January 1 – June 30, 2002

- **Streamlining of Consumer Healthcare completed**
- **Acquisition of Bioglan**
- **Successful launch of Jabu'she**
- **Net sales of SEK 419.4 M (188.4)**
- **Operating profit before amortization of goodwill SEK 25.4 M (2.4)**
- **Profit after financial items SEK 0.5 M (loss: 11.8)**

### *Second quarter*

- **Net sales SEK 217.5 M (97.1)**
- **Operating profit before amortization of goodwill SEK 13.1 M (loss: 2.8)**
- **Profit after financial items SEK 0.3 M (loss: 9.9)**

*Wilh. Sonesson offers health products that satisfy a growing consumer demand. Health products comprise pharmaceuticals, naturopathic preparations, dietary supplements, and related personal care products.*

### **Streamlining of Consumer Healthcare completed**

During the second quarter, the focus has been on the sale to shareholders of all of the shares in Active Capital AB, the company in which all noncore operations were organized. A decision on this divestment was approved at the Annual General Meeting on April 24 and the divestment was conducted successfully during June and July. The offer was fully subscribed and Active Capital was listed on the Nya Marknaden exchange on July 22. Following the divestment of Active Capital, Wilh. Sonesson has been streamlined into Consumer Healthcare and has a strong financial position.

### **New Board and management strengthens expertise**

At the Annual General Meeting on April 24, three new Board members were elected: Åke Fredriksson, Lars Lindegren and Ewa Stålldal, while Anders Sjöholm assumed the position of president. The changes in the management and Board mean that expertise in the area of Consumer Healthcare has been strengthened.

### **Acquisition of Bioglan**

Bioglan was acquired on May 13. This company operates in the production and marketing of pharmaceuticals in the fields of dermatology and pain control. In conjunction with the acquisition by Wilh. Sonesson, a restructuring of Bioglan was implemented, in which the company's R&D operations were divested to the UK research company SkyePharma Plc. At the end of June, an optional agreement entered into at the time of the acquisition - regarding the sale of certain product rights for the German market - was completed. The acquisition of Bioglan means that Wilh. Sonesson has an established pharmacy distribution network and a strategic production expertise in the field of dermatology. Financially, the acquisition led to a reduction of net debt and is expected to generate a positive effect on earnings already during 2002.

Bioglan's sales during the period May 13 through June 30 amounted to SEK 14.0 M. Comparable figures for the preceding year are not available because the company's operations were restructured in conjunction with the acquisition by Wilh. Sonesson.

### **New products**

A substantial strengthening of the product portfolio was achieved in MaxMedica's operations. New agreements in the new product areas were signed with BioGaia (for Reuteri tablets) and Novodieta (for sport energizers). Negotiations aimed at securing rights to existing products in the long term were completed with favorable results. The launch of the Jabu'she skincare product, the effectiveness of which was shown in clinical tests at the Karolinska Hospital in Stockholm, exceeded expectations.

### **Sales trend**

MaxMedica's net sales during the period totaled SEK 57.9 M (50.1). In the Hälsokostcentralen, a new contract was signed with Ferrosan, giving Hälsokostcentralen the right to distribute all of Ferrosan's products for self-care and cosmetics. Hälsokostcentralen's sales during the period amounted to SEK 195.8 M (196.0). Australian Bodycare continued to post weak sales attributable to structural changes in distribution. An activity plan begun during the first quarter is expected to generate results during the second half of 2002. Net sales during the period amounted to SEK 16.1 M (17.7). Comparative figures for the preceding year shown above pertain to a period when the operations were not part of the Group.

### **Divestment of Active Capital**

On January 1, 2002, all noncore operations were organized in the subsidiary Active Capital. The Board made a proposal and a decision was approved at the Annual General Meeting on April 24, that all shares in Active Capital would be sold, with preferential rights for existing shareholders. The divestment was conducted successfully during June and generated total proceeds of approximately SEK 106 M before selling expenses. In conjunction with the divestment and the subsequent refinancing of Active Capital, Wilh. Sonesson issued a commercial loan of SEK 27 m to Active Capital. The loan carries 6 percent interest, will be amortized over three years and is secured by pledged shares. Active Capital's share was listed on the Nya Marknaden (New Markets) list on July 22, with Erik Penser Fondkommission as sponsor, and the company has applied for listing on the O-List of Stockholmsbörsen (Stockholm Exchange).

Since the divestment was completed by June 30, the transaction is reported as fully completed in this interim report. This means that the shareholders' equity effect of the sale and the dividend were reported directly to shareholders' equity as per June 30 and that the deconsolidation of the Active Capital Group was also implemented as of this date. The sales proceeds, after deduction of the commercial loan provided to Active Capital AB in conjunction with the divestment and the reduction of interest-bearing liabilities, were reported under current investments.

The operations included in Active Capital were consolidated in Wilh. Sonesson's income statement for the period January-June 2002. The Sonesson Inredning Group had net sales during the period of SEK 128.6 M (132.1) and an operating profit of SEK 3.7 M (4.8). SoftCenter had net sales of SEK 22.2 M (23.5) and an operating profit of SEK 10.4 M (11.4). MW Trading had net sales of SEK 35.6 M (32.6) and an operating profit of SEK 2.2 M (loss: 4.6).

**Second quarter 2002**

During the quarter, the Group's net sales amounted to SEK 217.5 M (91.3), an increase of 124 percent. Operating profit before depreciation amounted to SEK 20.6 M (2.6) and operating profit to SEK 7.6 M (loss: 4.6). Profit after net financial items amounted to SEK 0.3 M (loss: 9.9).

**Group sales and earnings, January – June 2002**

During the period, the Group's net sales amounted to SEK 419.4 M (188.4), an increase of 123 percent. Operating profit before depreciation amounted to SEK 38.9 M (12.4) and operating profit to SEK 14.3 M (loss: 1.1). Profit after net financial items amounted to SEK 0.5 M (loss: 11.9). Results for the year-earlier period included capital losses and nonrecurring costs totaling SEK 5.6 M.

**Financial position**

The Group's liquid assets, including short-term investments, amounted to SEK 35.8 M (13.7). The equity/assets ratio for the Group amounted to 50.3 percent (39.6) and for the Parent Company, 95.0 percent (82.5). Shareholders' equity amounted to SEK 291.3 M (362.2). Interest-bearing provisions and liabilities amounted to SEK 138.7 M (403.3). During the period, shareholders' equity has been affected by the divestment of Active Capital, which was reported, as was the dividend directly against shareholders' equity, and the transfer of own shares in connection with an acquisition costing SEK 3.5 M. Interest-bearing liabilities have been affected by the deconsolidation of operations in Active Capital, as well as by the amortization of debts.

**Investments**

During the period, net investments amounted to SEK 84.7 M (19.9). Gross investments in intangible fixed assets amounted to SEK 0.3 M (0.2). Gross investments in tangible fixed assets amounted to SEK 10.8 M (17.5) and primarily involved machinery and buildings. Gross investments in financial fixed assets amounted to SEK 36.4 M (12.2) and primarily involved the commercial loan issued to Active Capital and shares in Optilink. Net investments regarding company acquisitions amounted to SEK 102.6 M (neg: 10.6), pertaining to the acquisition of operations for MaxMedica AS in Norway.

**Employees**

The average number of employees during the period amounted to 257 (269). The decrease of 8 is primarily attributable to acquisitions of new companies within consumer healthcare and partly the sale of Active Capital. The number of employees at the end of the period was 168.

### **Parent Company**

Net sales by the Parent Company during the period amounted to SEK 7.5 M (1.6), attributable to Group-internal invoicing for services. Loss after financial items amounted to SEK 3.9 M (loss: 12.7). Gross investments in fixed assets during the period amounted to SEK 35.5 M (12.7), primarily attributable to the commercial loan issued to Active Capital and shares in Optilink. The change in liquid assets during the period was negative in an amount of SEK 1.2 M. The change in interest-bearing liabilities during the period was negative and totaled SEK 73.6 M.

### **Transfer of own shares**

During 2001, a total of 600,000 of the company's own shares were acquired. On February 15, 2002, the Company transferred 230,870 of its own Series B shares as payment for the acquisition of operations for MaxMedica in Norway. At the end of the period, the number of own shares held by the Company amounted to 369,130. After the end of the period, the Board approved the further acquisition of own shares, see below.

### **Optilink**

Optilink, in which Wilh. Sonesson and Industrifonden are the largest shareholders, canceled a public offering of new shares during the period and postponed plans for an exchange listing. This means that there is considerable uncertainty regarding Wilh. Sonesson's plans to spin off its holdings in Optilink to its shareholders. After the end of the period, Wilh. Sonesson issued SEK 1.2 M in temporary finance to Optilink and, on August 12, 2002, the Board decided to issue further temporary finance to Optilink, see below.

### **Significant events after the close of the reporting period**

After the close of the reporting period, full payment has been received for the divestment of the shares in Active Capital AB. In addition, full payment was received for Bioglan's sale of certain product rights for the German market. Both of these transactions were taken into consideration in accounting as of June 30, 2002.

At its meeting on August 12, 2002, the Board approved the purchase of the Company's own shares. More information regarding this decision will be issued in a special press release later today.

After the close of the period, Wilh. Sonesson issued SEK 1.2 M in interim finance to Optilink, after which the total investment in Optilink is SEK 38.3 M. At its meeting on August 12, 2002, the Board decided to issue a further SEK 2 M in interim finance to Optilink.

### **Prospects for 2002**

The divestment of Active Capital is a restructuring measure involving a strengthening of the financial position and creates the conditions for expansion. The Group's earnings for 2002 are expected to be better than earnings for 2001.

### **Accounting principles**

The interim report has been prepared in accordance with the same principles that applied in the 2001 Annual Report, and in accordance with recommendations issued by the Swedish Financial Accounting Standards Council.

**Future financial reports**

November 12, 2002    Interim report for nine months ended September 30  
February 12, 2003    Year-end financial report for 2002

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Malmö, August 13, 2002

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This report has not been reviewed by the Company's auditors.