

ElektronikGruppen BK AB (publ)

INTERIM REPORT

JANUARY - SEPTEMBER 2002

- **Operating income totalled MSEK 413 (564)**
- **Extra inventory write-down MSEK - 20 (0)**
- **Profit after net financial items MSEK – 34.1 (39.3)**
- **Earnings per share amounted to SEK - 5.32 (6.55)**

Sales and profit

Consolidated net sales during the period amounted to MSEK 413 (564). EG Components Denmark was consolidated into the group as from 1 July. The net sales of the company during the third quarter amounted to MSEK 11.7.

The result of the continuing weak telecom market was that the stock which was purchased at the end of 2000 was written down by MSEK 20. The main part of this stock is in the Philippines. The exchange rate difference of MSEK – 5.1 which arose mainly during the second quarter remains unchanged. The profit during the third quarter excluding exchange rate differences and the inventory write-down was MSEK –4. The drop in the sales volume, the negative exchange rate difference and the inventory write-down resulted in a profit after net financial items for the period of MSEK –34.1 (39.3). The business areas Magnetic Technology Components and Communication were merged into one business area with the name EG Products. Through this merger all production in the group will come together in one business area and will in this way get a better focus.

The market

Orders received were on the same level as the previous quarter and higher than the equivalent quarter of 2001. Dependence on telecom continues to decrease. The present market situation is characterized by the general uncertain financial situation.

Operations

EG Electronic Components

Sales in the business area reached MSEK 277 (348) and orders received amounted to MSEK 265 (283). The business area is still suffering the effects of the weak telecom market. The previously high inventory levels held by customers have decreased, but have not yet reached normal levels. The inventory of the business area is in balance. The level of orders received have been good within the areas of microwave and shielding products, which are included in applications such as 3G and GSM. The business area continued to show a positive profitability despite exchange losses.

EG Products

The business area's sales amounted to MSEK 75 (164) and orders received totalled MSEK 71 (129). The decrease in orders received is mainly due to a strong dependency on telecom customers. Efforts are being made to broaden the customer base outside the telecom sector but the volume is still low. Increased orders received are being noted for certain products, particularly planar transformers.

Sales of pre-terminated fibre optic cables have stabilised but there is great price competitiveness on the market. The inventory write-down of MSEK 20, which in its entirety

belongs to this business area, applies mainly to components, which were intended for Ericsson's fixed network. Despite cost adaptations, profit was lower than the equivalent period last year.

EG Production Technology

The business area achieved sales of MSEK 71 (99) and orders received of MSEK 58 (62). Overcapacity among contract manufacturers is the main reason for lower orders received. There is still a demand for quality-enhancing production equipment and for manufacturing equipment for microelectronics.

Inter-Company sales amounted to MSEK 10 (24).

Investments

Net investments in tangible and financial fixed assets totalled MSEK 6.2 (54.0) during the period. The main part refers to the acquisition of EG Components Denmark, which was consolidated as from 1 July.

Equity ratio and liquidity

The Group's financial position remains strong. The equity ratio on 30 September was 63 (64) per cent and liquid assets amounted to MSEK 43 (41).

Personnel

The number of employees on 30 September was 321 (760). The substantial reduction is mainly related to the operation in Manila.

Future outlook

With the adaptation measures that have been taken operations no longer show a loss and have a positive cash flow. However uncertainty about the market development still remains.

Financial calendar

Year-end report, 19 February 2003.

Vällingby 21 October 2002

ElektronikGruppen BK AB (publ)

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Quarterly values (Group)

(MSEK)	Operating income			Orders received			Profit after net financial items		
	02	01	00	02	01	00	02	01	00
Quarter 1	145	231	131	139	188	187	0.6	23.1	12.1
Quarter 2	133	203	177	126	152	168	-10.8	14.9	19.9
Quarter 3	135	130	187	125	97	165	-23.9	1.3	18.3
Quarter 4		136	205		112	205		0.8	19.8
		700	700		549	725		40.1	70.1

The Group in Summary, MSEK

INCOME STATEMENTS

	Jul-Sep <u>2002</u>	Jul-Sep <u>2001</u>	Jan-Sep <u>2002</u>	Jan-Sep <u>2001</u>	Full year <u>2001</u>
Operating income					
Net sales	131.3	123.7	404.5	531.1	658.6
Other operating income	3.6	6.9	8.7	33.2	40.8
	134.9	130.6	413.2	564.3	699.4
Operating expenses					
Goods for resale, raw materials and consumables	-96.5	-85.9	-293.6	-369.3	-451.7
Other external costs	-14.0	-10.2	-42.8	-51.6	-68.9
Personnel costs	-25.5	-31.1	-77.8	-95.4	-127.6
Depreciation of tangible and intangible fixed assets	-3.6	-4.4	-11.1	-13.4	-16.4
Inventory write-down	-20.0	0.0	-20.0	0.0	-0.0
Operating profit	-24.7	-1.0	-32.1	34.6	34.8
Result from financial investments					
Interest income and similar profit/loss items	0.8	2.2	1.7	5.4	9.3
Interest expense and similar profit/loss items	0	0.1	-3.7	-0.7	-4.0
Profit after financial items	-23.9	1.3	-34.1	39.3	40.1
Tax on net profit for the period	6.3	-0.3	3.9	-11.1	-11.1
Minority share in profit	0.1	-0.1	0.4	-0.3	-0.2
Net profit for the period	-17.5	0.9	-29.8	27.9	28.8

BALANCE SHEETS

	<u>30/09/02</u>	<u>30/09/01</u>	<u>31/12/01</u>
Intangible fixed assets	36.6	46.6	36.0
Tangible and financial fixed assets	41.7	50.6	47.1
Inventories	51.3	96.7	90.3
Accounts receivables	98.3	103.4	79.3
Other current receivables	21.3	17.0	11.6
Cash and bank balances	42.8	41.5	58.0
Total assets	292.0	345.8	322.3
Shareholders' equity (Note 1)	181.6	218.6	219.9
Minority interest	1.7	1.3	1.2
Interest-bearing liabilities	10.9	11.8	12.7
Operating liabilities and provisions	97.8	114.1	88.5
Total shareholders' equity and liabilities	292.0	345.8	322.3

CASH FLOW STATEMENTS

	Jan-Sep <u>2002</u>	Jan-Sep <u>2001</u>	Full year <u>2001</u>
Cash flow before change in working capital	-19.2	41.6	45.4
Change in working capital	18.3	-33.8	-22.4
Cash flow from operating activities	-0.9	7.8	23.0
Cash flow from investing activities	2.2	-53.9	-53.7
Cash flow from financing activities	-16.6	30.5	31.6
Change in liquid assets	-15.3	-15.6	0.9

Note 1 Change in shareholders' equity	Share capital	Restricted reserves	Unrestricted reserves	Total
Opening balance	28.0	62.0	129.9	219.9
Dividend ElektronikGruppen BK			-7.0	-7.0
Change in equity method reserve	4.5		4.5	0.0
Transfer between restricted and non-restricted equity		6.9	-6.9	0.0
Change in translation difference		-1.2	-0.3	-1.5

Net profit for the period			-29.8	-29.8
Closing balance for the period	28.0	63.2	90.4	181.6

Three year summary, MSEK

	Jan-Sep <u>2002</u>	Jan-Sep <u>2001</u>	Jan-Sep <u>2000</u>	Full year <u>2001</u>	Full year <u>2000</u>	Full year <u>1999</u>
INCOME STATEMENTS						
Operating income	413.2	564.3	495.1	699.4	699.5	500.9
Operating profit	-32.1	34.6	49.6	34.8	70.6	30.7
Profit before tax	-34.1	39.3	50.3	40.1	70.1	32.1
Tax	3.9	-11.1	-14.1	-11.1	-19.4	-10.3
Minority share in profit	<u>0.4</u>	<u>-0.3</u>	<u>-0.9</u>	<u>-0.2</u>	<u>-1.1</u>	<u>-0.3</u>
Net profit for the period	-29.8	27.9	35.3	28.8	49.6	21.5
ASSETS						
Intangible fixed assets	36.6	36.6	6.5	36.0	6.3	7.3
Tangible and financial fixed assets	41.7	50.6	37.4	47.1	39.5	33.9
Liquid assets	42.8	41.5	32.0	58.0	57.1	32.4
Other current assets	<u>170.9</u>	<u>217.1</u>	<u>235.5</u>	<u>181.2</u>	<u>216.9</u>	<u>143.1</u>
Total assets	292.0	345.8	311.4	322.3	319.8	216.7
Shareholders' equity	181.6	218.6	157.6	219.9	172.8	126.4
Minority interest	1.7	1.3	2.0	1.2	2.2	2.0
Interest-bearing liabilities	10.9	11.8	0.0	12.7	0.0	0.0
Operating liabilities and provisions	<u>97.8</u>	<u>114.1</u>	<u>151.8</u>	<u>88.5</u>	<u>144.7</u>	<u>88.3</u>
Total shareholders' equity and liabilities	292.0	345.8	311.4	322.3	319.8	216.7
KEY RATIOS						
Gross margin, %	Neg	9.0	12.6	7.8	12.7	8.3
Operating margin, %	Neg	6.5	10.8	5.3	10.9	6.4
Profit margin, %	Neg	7.4	11.0	6.1	10.9	6.7
Return on equity, %	Neg	14.2	24.8	14.7	33.3	18.3
Return on capital employed, %	Neg	20.8	39.8	22.8	52.4	28.9
Return on total capital, %	Neg	12.0	20.5	13.8	27.7	16.1
Equity ratio, %	62.8	63.6	51.3	69.1	54.5	59.3
Debt/equity, times	0.06	0.05	0.0	0.1	0.0	0.0
Share of risk-weighted capital, %	62.8	67.1	53.9	72.6	57.8	63.1
Interest coverage ratio, times	Neg	60.1	14.3	10.9	17.6	50.7
Earnings per share, SEK	-5.32	5.06	6.55	5.23	9.19	3.99
Earnings per share after dilution, SEK	-5.18	4.76	-	-	-	-
Number of shares on closing day	5 597	5 597		5 597	5 408	5 384
Equity per share, SEK	32.44	39.05	29.27	39.29	31.96	23.48
Share price at year-end, SEK	21	53		72	119	83
Net investments in fixed assets						
- tangible	2.8	18.5	8.9	18.6	12.5	3.7
- financial	3.4	35.4	0.0	35.1	3.5	7.2
Investments as a % of net sales	1.5	9.6	1.8	7.7	2.2	2.2

This interim report is prepared in accordance with the Swedish Financial Accounting Standards Council recommendations for Interim Report reporting (RR 20). The same accounting principles as for the previous annual report have been applied. The interim report has not been examined by the Auditors of the company.

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