PERGO

Interim Report - Nine months ended September 30, 2002

(All figures within parentheses pertain to corresponding period in the preceding year.)

- Operating profit for the first three quarters amounted to MSEK 28 (-188) and profit before tax amounted to MSEK 23 (-220).

- Net sales amounted to MSEK 2,464 (2,760). Excluding currency effects, sales for the period decreased by 9%.

- Cash flow from current operations during the nine-month period was positive and amounted to MSEK 299 (-140). During the same time net debt decreased to MSEK 21 (608).

- The action program is proceeding better than planned. Savings to date this year amount to more than MSEK 300. The target for the action program has been raised from at least MSEK 500 to at least MSEK 600.

- The estimated operating result for full year 2002 has been changed from MSEK 50 to at least MSEK 50 and cashflow from operations will be positive in 2002.

- Pergo has cancelled the shareholder's agreement regarding Witex.

- Pergo has been granted additional patents in the US regarding click joints.

- After the end of the third quarter the world's largest laminate-flooring group – Kaindl, Kronospan and Kronotex – signed a license agreement with Pergo that gives the group the right to manufacture click joints supported by Pergo's technology.

MSEK	**QIII: July – Sept.**	**QI-III:Jan-Sept.**
Net Sales	724 (904)	2,464 (2,760)
- North America	447 (537)	1,540 (1,698)
- Europe	254 (319)	811 (938)
Operating profit/loss	15 (-83)	28 (-188)
Profit before tax	18 (-97)	23 (-220)

Net sales and earnings

Net sales during the first three quarters amounted to MSEK 2,464 (2,760), a reduction of 9% compared to previous year, excluding currency effects. The decline was due to lower prices on the North American market as well as a drop in volumes on the European market. Pergo has, according to plan, ceased to deliver low-price products to IKEA.

Sales during the third quarter amounted to MSEK 724 (904), a decrease of 8% compared to the third quarter a year earlier, excluding currency effects. The lower net sales were largely explained by the termination of deliveries to IKEA. Excluding currency effects, net sales on the North American market remained on the same level as the third quarter 2001.

Gross profit margin the first three quarters of 2002 was 21.6%, which is 1.2 percentage points lower compared to previous year. The lower margin was largely due to the fact that the action program could not fully offset lower prices nor higher license fees. Gross profit margin in the third quarter was 1.0 percentage point higher than in the third quarter of 2001.

Operating profit for the nine-month period amounted to MSEK 28 (-188). The profit has improved as a result of the action program. For the nine-month period the profit before taxes amounted to MSEK 23 (-220).

The most important currencies for the Group are the USD and EUR. Compared to the first three quarters 2001, the EUR is largely unchanged while the USD weakened relative to the SEK. Fifty percent of the current year's transaction exposure in USD, CHF, GBP and NOK has been hedged through forward contracts. Twenty-five percent of the estimated transaction exposure in USD for the period January-April 2003 has also been hedged. To date this year the impact on earnings of the company's hedging transactions amounts to MSEK 10.

North America

Net sales in North America year-to-date amounted to MSEK 1,540 (1,698), which is 6% less than a year earlier, excluding currency effects. Net sales during the third quarter amounted to MSEK 447 (537), which – excluding currency effects – is on a level with sales during the corresponding quarter 2001. Sales volumes to The Home Depot exceeded last year's volumes and thereby compensated for lower prices and also for lower sales volumes in the Specialty segment.

According to estimation the market for laminate flooring has experienced a minor growth on an otherwise shrinking market for flooring. Competition on the market is causing continued pressure on prices, especially in the medium- and low-price segments.

Sales volumes to The Home Depot in the third quarter this year was lower than in the second quarter. The greater part of a successful sales-campaign was carried out during the second quarter but the campaign was still ongoing during the early part of the third quarter. This resulted in higher sales volumes during the third quarter compared to the same quarter previous year. Despite the high volumes in both the second and third quarters net sales are lower this year, primarily due to lower prices. A new campaign that will be completed during the middle of the fourth quarter was launched at the end of the third quarter.

Net sales to the retail market in the United States during the third quarter, were on the same level as during the second quarter. At the end of August Pergo introduced a new competitive click product for this segment to deal with the rapid changeover from glued products to click products. This product has been well received on the market. The discontinuation of the glued products that the new click products are replacing, has turned out well. After the end of the third quarter Pergo has also introduced a new product with pre-glued joints.

Europe

Net sales in Europe the first three quarter amounted to MSEK 811 (938), a decrease of 15% compared with the same period last year, excluding currency effects. The decrease is due to the phasing out of sales of low-price products to IKEA which took place during the first half of this year. Sales to other customers were slightly higher than a previous year. Net sales in the third quarter amounted to MSEK 254 (319), 19% lower than in the corresponding period last year, excluding currency effects. The phasing out of sales to IKEA accounted for most of the decline.

There is a continued price pressure on the European market due to the existing over-capacity. Trends on the market for laminate flooring are toward products with glue-free joints, products with attached underlayment and toward a sharper focus on professional applications. These are areas where Pergo more than well meet the demands on the market.

During the third quarter Pergo began to introduce a new unique product with a non-glossy surface, combining the looks of a mat-finished wood floor with the excellent surface qualities of laminate flooring, for the consumer market. Pergo continues to focus on the professional market; the company has for example made the first installation of a specially developed floor in the showroom of Seat, the Spanish car manufacturer, and has also installed floors in the home arena of the Real Madrid football team.

Pergo's delivery capacity continues to be high and stable following measures that were taken to correct the problems that existed last year.

Production and distribution

The expansion of the production in Pergo’s own production process, PMP (Pergo Multilayer Process), is proceeding according to plan. Volumes have been increased gradually during the second and third quarters and the expansion will continue during the fourth quarter. The new products that now have been introduced in the Specialty segment in the US are being manufactured in accordance with the new technology. PMP is a new technology developed by Pergo that combines the best features of the processes for direct-laminate (DL) and high-pressure laminate (HPL) flooring. The process was verified at the end of 2001 and commercial production was begun on a limited scale during the first quarter of 2002.

With the start-up of a new production line for glue-free joints in the US in the first quarter this year, the first step was taken towards the transformation of production to DL-flooring and flooring with glue-free joints. Today there are six production lines producing floors with glue-free joints whereof three are new investments made in 2001/2002.

The new distribution center in the US was taken into operation during the second quarter and is functioning as planned.

Intellectual properties

Pergo has been granted a number of patents for glue-free joints on the American market. The patents cover glue-free joint systems that are manufactured directly into a wood-based carrier, a field in which Pergo has conducted pioneering work. These patents were granted in June and July this year. Since demand for click joints that are manufactured directly into the carrier has grown explosively, the new patents that Pergo has been granted in the US has become of great strategic and commercial value. Discussions regarding licenses on the American market are on-going.

In October the world's largest laminate-flooring group consisting of Kaindl, Kronospan and Kronotex signed license agreements with Pergo. The agreements give this group of companies the right to produce and sell laminate floors with some of Pergo's patented click joints. The agreements cover the entire world and include licenses for both the joint-system patents in the US as well as certain other joint-system patents.

Due to the patent that a Belgian competitor, Unilin, received at the end of June this year, Pergo's deliveries of products manufactured in Europe with the company's own joint systems, SmartLock and ProLock, have been charged with license fees. This results in higher license-fee costs for Pergo. The patent that Unilin was granted for Europe is similar to the patents that Pergo has been granted in the US.

Action program to improve earnings

Pergo's action program that was initiated in the autumn of 2001 has developed better than planned but has not fully compensated for price reductions in the US nor higher license fees. The work with reducing fixed costs has proceeded much more rapidly than planned. In all, the number of employees has been reduced by more than 15% since November 2001. The impact on earnings so far that is attributable to the action program amounts to more than MSEK 300.

As a result of the positive outcome of the action program combined with the negative impact on earnings due to lower prices in the US, as well as higher license fees, management has raised the level of ambition in the action program. The objective is now to achieve an improvement of at least MSEK 600 over a two-year period, compared with the earlier target of at least MSEK 500. The higher level of ambition is necessary to ensure the company's financial objectives.

Disputes

In connection with the grant of Pergo's patent on glue-free joints in the US in June, the company initiated legal proceedings against four competitors in the US and informed all other players on this market about Pergo's patent. In July, Pergo was granted another patent for glue-free joints in the US. Since Pergo signed the license agreement with the world's largest laminate-flooring group, the company’s intention is to withdraw its suit against one of the competitors, Mohawk Inc. When this has been done the suit will comprise of four competitors: Shaw Industries, Witex Inc, Armstrong Industries and Alloc Inc/Berry Finance N.V..

As announced earlier, the United States International Trade Commission (ITC) concluded on March 11, 2002, that the joint that Pergo produces on license from Unilin does not infringe on the patent held by Välinge Aluminium AB. The ITC decision has been appealed to the Court of Appeal of the Federal Circuit by Välinge Aluminium AB.

In July, Pergo gave notice of termination of its shareholder's agreement with Witex AG and its principal owner, Industries GmbH & Co KG. This was done because Pergo considers that Witex has violated the agreement on a number of important points. Pergo will also request financial compensation for losses incurred in conjunction with the contract violations. It is expected that the notice of termination and the claim for compensation will result in a legal dispute. Because of this notice of termination, among other factors, Pergo does not intend to exercise its option to acquire an additional 23.9% of Witex AG. Witex has given corresponding notice of termination of the agreement, with a claim for damages. Pergo currently has a number of suppliers
of DL products and intends to continue to purchase a certain percentage of its requirements from Witex.

The earlier supplier claims on Pergo were settled during the first quarter of 2002 within the scope of previous reserves.

The year-end accounts for 2001 included reserves for anticipated costs of on-going disputes and claims. No new reserves have been established for disputes that may arise in connection with the new patents that Pergo has been granted in the US this year. Nor has any reserve been created in connection with the termination of the shareholder's agreement involving Witex.

Investments
The Group's investments in fixed assets during the period amounted to MSEK 55 (187). Investments were made primarily in production projects that were approved during 2001.

Working capital / Capital employed
As of September 30, working capital amounted to MSEK 199, a decrease of MSEK 90 since the beginning of the year. As a result of hard work the average collection period on accounts receivable has decreased. This has in turn caused accounts receivable to decrease compared to year-end 2001. After having returned to normal payment routines during the first quarter, liabilities to suppliers have been reduced. Nonrecurring costs, for which a provision was made at year-end 2001, were paid during the year, resulting in an increase of working capital. Capital employed at the end of the period amounted to MSEK 1,382, a decrease of MSEK 260 since year-end 2001. Capital employed was affected by a large repayment of taxes (loss carried backwards) in the American company.

Financial position / Cash flow
The first three quarters produced a positive cash flow of MSEK 299 from current operations. As a result of this, in combination with the new issue of shares and modest investments, it has been possible to reduce net debt by MSEK 626 since year-end 2001. As at September 30, 2002 net debt amounted to MSEK 21.

New terms for Pergo's loan financing were established during the first quarter. Total credits and credit guarantees available at the end of the period amounted to approximately MSEK 990. MSEK 69 of the credit facilities had been utilized at the end of the period.

Financial net
Net financial income/expense during the period was charged with MSEK 3 in connection with the renegotiated external financing.

Taxes
The Group's tax rate for the year is estimated to 35%. Deferred tax claims on loss carry-forward for tax purposes that are expected to be utilized within the foreseeable future amount to MSEK 157. The decrease since 31 December 2001 is largely due to currency effects.

Shareholders' equity
Shareholders' equity at the end of the period amounted to MSEK 1,310. Equity increased by MSEK 382 with the contribution from the new issue of shares and by the profit of MSEK 17 for the period. A positive translation difference of MSEK 9 also affected equity.

To compensate for any social security contributions that Pergo's employee stock option program may entail, the company entered a stock swap agreement in 2001. A valuation of this agreement at the end of the period implied a need for a reservation of MSEK 4, which was charged to shareholders' equity.

Personnel
At the end of the period the Group had 782 employees – of which 499 were in Europe and 241 in North America – compared with 939 at the beginning of the year. The decrease of 157 employees since year-end 2001 was primarily due to decisions on reductions of personnel that were announced in December 2001/January 2002.

Parent Company
The Parent Company's operating loss for the first three quarters of the year amounted to MSEK 22 (-35) and the profit after financial items was MSEK 32 (0). Ten persons (Group management and central functions) were employed in the Parent Company at the end of the period. Liquid funds, including utilized overdraft facilities, were negative and amounted to MSEK 18 (7) as at September 30. At closing date, utilized credit facilities amounted to MSEK 34 (716). No investments in fixed assets were made during the period (0).

New share issue

In January 2002 a decision was made by the board of Directors to issue new shares to a maximum amount of MSEK 394 with preferential rights for the company's shareholders. The Board of Directors' decision, which was approved by an Extraordinary General Meeting on February 7, 2002, allowed the company's shareholders to subscribe for two new shares for each share held, at a price of SEK 11 per share. The issue was subscribed to 99.7%, resulting in the subscription of 35,672,255 shares of the amount of SEK 392,394,805, including premium. The issue yielded MSEK 382 after deducting issue costs. The share capital of the company thereafter amounts to SEK 535,696,850.

Outlook for 2002

The present license fees being paid to Unilin and the price development for Pergo in the US require higher objectives in the action program in order to be able to reach the company's financial targets. Because of this and the fact that the action program is proceeding better than planned, the objective for the improvement in profit in the action program is being raised to at least MSEK 600 from the level announced earlier of at least MSEK 500 over a two-year period.

Due to the signing of the license agreement with the world's largest laminate-flooring group, Pergo's outlook for 2002 has become stronger. Pergo's operating profit is expected to amount to at least MSEK 50, which is slightly more positive than the earlier forecast. Cash flow from operations has developed more favorably than anticipated and is expected to be positive in 2002. In the earlier forecast cash flow was expected to be slightly negative in 2002 and not to become positive until 2003.

Trelleborg, October 28, 2002

The Board of Directors

The interim report has been prepared in accordance with Recommendation RR 20 of the Swedish Financial Accounting Standards Council (SFASC).
No changes have been made in the company's accounting principles, compared with the most recent Annual Report, except for recommendations of the SFASC that became effective January 1, 2002, but which have not had any effect on the accounting.
In connection with the changeover to RR 1:00, there has been no retroactive translation of earlier acquisitions.
This report has not been examined by the Company's auditors.
All financial data pertaining to the year 2000 is pro forma.

Preliminary date of future financial report:
Year-end report for 2002 - February 10th 2003

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Income statement MSEK	QIII: July-Sep 2002	2001	QI-III: Jan-Sep 2002	2001	Most recent 12 months	Full year 2001
Net Sales	724	904	2 464	2 760	3 433	3 729
Cost of goods sold	-572	-709	-1 933	-2 132	-2 878	-3 077
Gross profit	**152**	**195**	**531**	**628**	**555**	**652**
Selling, administrative and R&D costs	-150	-282	-511	-830	-871	-1 191
Non-comparable items	0	0	0	0	-349	-349*
Other operating income and costs	9	1	-3	6	-21	-12
Result from participation in associated companies	4	3	11	8	13	11
Operating profit/loss	**15**	**-83**	**28**	**-188**	**-673**	**-889**
Net financial items	3	-14	-5	-32	-20	-48
Profit/loss after financial items	**18**	**-97**	**23**	**-220**	**-693**	**-937**
Taxes	-5	29	-7	72	152	231
Minority share in net profit/loss	1	-1	1	-1	1	-1
Net profit/loss for the period	**14**	**-69**	**17**	**-149**	**-540**	**-707**
Depreciation and write-downs	-26	-22	-76	-78	-214	-216
Earnings per share, SEK, before dilution	0.25	-3.86	0.38	-8.32	-14.39	-39.50
Earnings per share, SEK, after full dilution**	0.25	-3.86	0.38	-8.32	-14.39	-39.50
Number of shares outstanding	53 569 685	17 897 430	43 660 725	17 897 430	37 219 901	17 897 430
Number of shares, after full dilution**	53 569 685	17 897 430	43 660 725	17 897 430	37 219 901	17 897 430

*In items affecting comparability for year 2001 is included MSEK 332 related to Pergo's action program.
** The calculations have been based on the assumption that the issued stock option program will not be exercised, as the share price at the end of the period is considerably lower than the strike price.

Balance sheet MSEK	Sep 30, 2002	Sep 30, 2001	Dec 31,2001
Intangible fixed assets	9	11	11
Tangible fixed assets	804	942	872
Financial fixed assets	315	206	339
Inventories	322	576	431
Current receivables	523	1 144	914
Cash and bank balances	48	122	84
Total assets	**2 021**	**3 001**	**2 651**
Shareholders' equity	1 310	1 510	906
Minority interest	3	4	5
Provisions*	69	70	138
Long-term liabilities	69	731	730
Current liabilities	570	686	872
Total shareholders' equity and liabilities	**2 021**	**3 001**	**2 651**

* Provisions, which amounted to MSEK 138 at year-end 2001, have been dissolved by MSEK 69. This corresponds to actual costs in 2002.

Cash flow statement MSEK	QI–III:Jan-Sep 2002	 2001	Full year 2001
Ongoing operations			
Profit/loss after financial items	23	-220	-937
Adjustment for items not included in cash flow			
- Depreciation	76	78	103
- Write-downs	0	0	113
- Provisions	-69	0	137
- Result from participation in associated companies	-11	-8	-11
- Other	0	0	33
Tax paid	61	23	29
Cash flow from ongoing operations before change in working capital	**80**	**-127**	**-533**
Cash flow from change in working capital			
Change in inventories	110	-131	14
Change in current receivables	337	63	220
Change in current liabilities	-294	51	235
Other, including exchange-rate differences	66	4	-40
Cash flow from ongoing operations	**299**	**-140**	**-104**
Investment operations			
Acquisition of tangible fixed assets	-55	-187	-266
Sale of tangible fixed assets	4	1	7
Cash flow from investment operations	**-51**	**-186**	**-259**
Financing operations			
New share issue	382	0	0
Loan raised	0	394	393
Amortization of debt	-661	0	0
Cash flow from financing operations	**-279**	**394**	**393**
Cash flow during the period	**-31**	**68**	**30**
Cash and bank, beginning of year	**84**	**54**	**54**
Exchange rate differences in liquid assets	**-5**	**0**	**0**
Cash and bank, end of period	**48**	**122**	**84**

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Shareholders' equity MSEK	QI-III: Jan-Sep 2002 Share capital	Restricted reserves	Unrestricted Reserves	Total	QIII 2001 Total	Full year 2001 Total
At beginning of period	179	439	288	906	1 689	1 689
Result from change in Accounting principles				-	-70	-70
Equity at beginning of period adjusted for new accounting principles				-	1 619	1619
New share issue*	357	25		382	-	-
Translation difference		-54	63	9	40	-6
Stock-swap provision			-4	-4	-	-
Net profit/loss for the period			17	17	-149	-707
At end of period	**536**	**410**	**364**	**1 310**	**1 510**	**906**

*After deduction of issue expenses of MSEK 10.

Net sales by geographic market

MSEK	QIII: July-Sep 2002	2001	QI-III: Jan-Sep 2002	2001	Most recent 12 months	Full year 2001
North America	447	537	1 540	1 698	2 146	2 304
Europe	254	319	811	938	1 116	1 243
Asia	14	27	74	69	107	102
Latin America	4	16	21	43	42	64
Others	5	5	18	12	22	16
Total	**724**	**904**	**2 464**	**2 760**	**3 433**	**3 729**

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Key Figures	QIII: July-Sep 2002	QIII: July-Sep 2001	QI-III: Jan-Sep 2002	QI-III: Jan-Sep 2001	Most recent 12 months	Full year 2001
Sales growth %	-19.9	4.2	-10.8	6.1	-9.4	2.7
Gross margin %	21.0	21.6	21.6	22.8	16.2	17.5
Operating margin %	2.2	-9.2	1.2	-6.8	-19.6	-23.8
Average capital employed, MSEK	1 459	2 234	1 554	2 495	1 707	2 181
Return on capital employed %	-	-	-	-	-38.2	-38.8
Return on equity, %	-	-	-	-	-43.0	-50.9
Net debt, MSEK	21	608	21	608	21	647
Net debt/equity ratio %	2	40	2	40	2	71
Interest-coverage ratio, times	6.49	-2.56	2.20	-2.11	-25.51	-10.83
Equity ratio %	65	50	65	50	65	34
Average number of shares, Outstanding	53 569 685	17 897 430	43 660 725	17 897 430	37 219 901	17 897 430
Earnings per share, SEK, Before dilution	0.25	-3.86	0.38	-8.32	-14.39	-39.50
Earnings per share, SEK, after full dilution*	0.25	-3.86	0.38	-8.32	-14.39	-39.50
Number of shares outstanding at the end of the period	53 569 685	17 897 430	53 569 685	17 897 430	53 569 685	17 897 430
Equity per share, SEK, Before dilution	24.45	84.36	24.45	84.36	24.45	50.62
Equity per share, SEK, after full dilution*	24.45	84.36	24.45	84.36	24.45	50.62
Share price at year-end, SEK	15.10	-	15.10	-	15.10	39
Share price/equity per share, SEK, before dilution, %	62	-	62	-	62	77
Share price/equity per share, SEK, after dilution, %*	62	-	62	-	62	77

* The calculations have been based on the assumption that the issued stock option program will not be exercised, as the share price at the end of the period is considerably lower than the strike price.

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Quarterly data

Income statement MSEK	QIII 2002	QII 2002	QI 2002	QIV 2001	QIII 2001	QII 2001	QI 2001	QIV 2000	QIII 2000
Net Sales	724	834	906	968	904	1 006	850	1 028	866
Cost of goods sold	-572	-668	-692	-944	-709	-767	-656	-785	-636
Gross profit	**152**	**166**	**213**	**24**	**195**	**239**	**194**	**243**	**230**
Selling, administrative and R&D Costs	-150	-163	-197	-361	-282	-293	-255	-248	-233
Non-comparable items	0	0	0	-349	0	0	0	-199	-96
Other operating income and Expenses	9	-2	-10	-18	1	1	4	6	11
Result from participations in Associated companies	4	5	1	3	3	2	3	1	0
Operating profit/loss	**15**	**6**	**7**	**-701**	**-83**	**-51**	**-54**	**-197**	**-88**
Net financial items	3	-2	-6	-15	-14	-17	-1	-15	-14
Profit/loss before taxes	**18**	**4**	**1**	**-716**	**-97**	**-68**	**-55**	**-212**	**-102**
Taxes	-5	-2	0	159	29	24	19	47	23
Minority share in net profit/loss	1	0	1	-1	-1	0	0	1	0
Net profit/loss for the period	**14**	**2**	**2**	**-558**	**-69**	**-44**	**-36**	**-164**	**-79**
Depreciation and write-downs for the period	-26	-25	-24	-138	-22	-28	-28	-208	-77
Earnings per share, SEK, before dilution	0,25	0,04	0,08	-31,18	-3,86	-2,46	-2,02	-9,16	-4,42
Earnings per share, SEK, after full dilution**	0,25	0,04	0,08	-31,18	-3,86	-2,46	-2,02	-9,16	-4,42
Number of shares outstanding	53 569 685	53 569 685	23 842 806	17 897 430	17 897 430	17 897430	17 897430	17 897 430	17 897 430
Number of shares, after full dilution**	53 569 685	53 569 685	23 842 806	17 897 430	17 897 430	17 897430	17 897430	17 897 430	17 897 430

*In items affecting comparability for year 2001 is included SEK 332 M related to Pergo's action program.
**The calculations have been based on the assumption that the issued stock option program will not be exercised, as the share price at the end of the period is considerably lower than the strike price.

Net sales by geographic market

MSEK

North America	447	528	565	605	537	655	506	676	506
Europe	254	257	300	305	319	311	308	303	315
Asia	14	37	23	34	27	21	20	28	25
Latin America	4	7	10	19	16	14	14	17	16
Others	5	5	7	5	5	5	2	4	4
Total	**724**	**834**	**905**	**968**	**904**	**1 006**	**850**	**1 028**	**866**

This is Pergo

Pergo is a laminate flooring company with leading market positions, particularly in Europe and the US. The Company also sells system components, such as glue, floor-installation tools and moldings that are adapted to Pergo's products. Net sales amounted to SEK 3,729 M in full-year 2001 and the number of employees was 939 as at December 31, 2001. Pergo developed laminate flooring at the end of the 1970s and launched the product in Europe during the 1980s. The company started sales in the US in 1994 and, to a smaller degree, in Asia in 1995 and Latin America in 1997. The company's products have been marketed under the Pergo® brand name since 1989. For further information about Pergo, please visit our homepage www.pergo.com.