

# Press Release



## KLIPPAN AB - Interim report January - September 2002

# Profit after net financial items MSEK 47.1 (15.1)

# Weakened order situation

# The acquisition of KLIPPAN Mölndal has contributed to an improved result

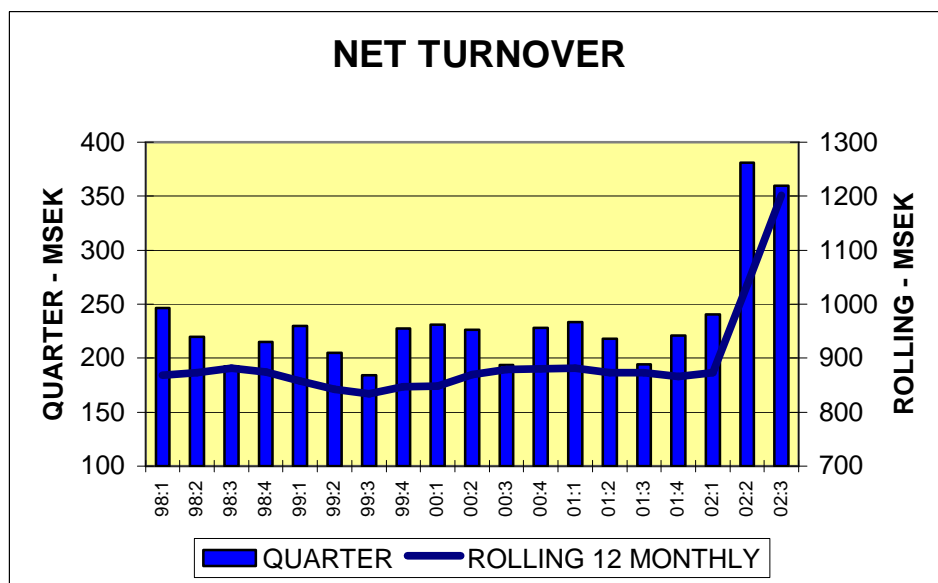
### General

KLIPPAN AB bought Stora Enso Mölndal AB as at 2 April 2002, whereupon this company changes its name to KLIPPAN Mölndal AB. The acquisition has meant that certain historical comparison figures are not relevant.

### Sales

The European market for fine paper weakened further during the third quarter. This applied in particular to the uncoated qualities, which showed a reduced order intake of some 4% compared to last year. Prices are under pressure for coated paper, where there is some 20% over capacity on the market. The seasonal recuperation during the autumn was delayed this year, which in turn has affected the market for pulp negatively.

KLIPPAN's order book was reduced during the third quarter and now amounts to only 1-2 weeks, compared to the normal 3-4 weeks. The sales volume during the year increased by approximately 4%. Price levels for the most important products have been maintained.



**KLIPPAN AB**

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## Production

Like in previous years, the mills at Klippan and Lessebo have had a four week holiday closure during the third quarter, while the mill at Mölndal has continued production throughout summer. The strategic relocation of production between the mills has started. It has thus been possible to utilize the plant at Mölndal efficiently during the time when the mills at Klippan and Lessebo had their maintenance closures.

The relatively weak order intake after the holiday has meant that certain machines have been standing still for a few days towards the end of the period.

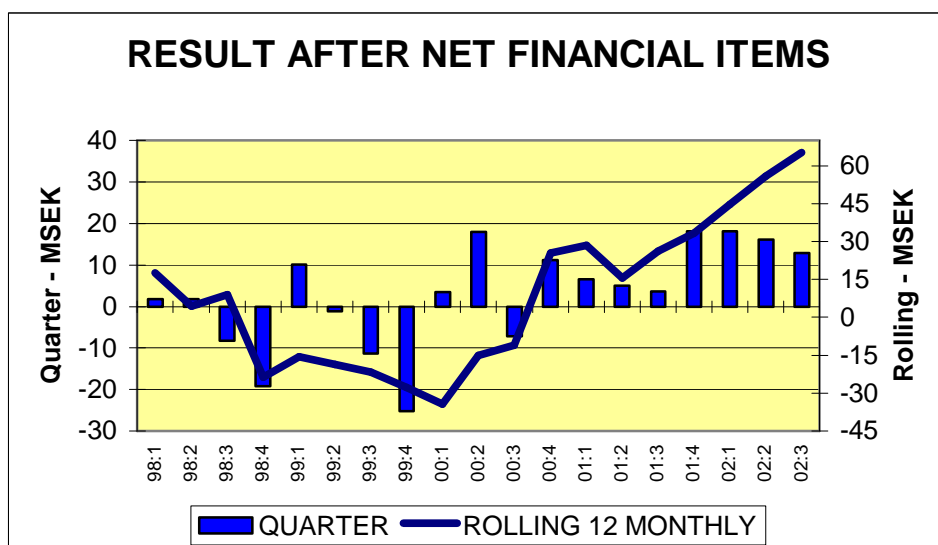
The year's production of paper amounted to 108,300 tons (67,800). KLIPPAN Mölndal's proportion of the manufacturing was 35,400 tons. Pulp manufacture increased by just over 700 tons to 21,300 tons.

## Result

Operating profit for the group amounted to MSEK 62.1 (25.4) and profit after financial items amounted to MSEK 47.1 (15.1). The return on capital employed for the latest 12 month period was 15.2% (12.1 for the entirety of 2001).

Despite a weaker fine paper market compared to last year, the result for the third quarter improved by MSEK 9.0. The main reason for this was the acquisition of the Mölndal mill, and the flexibility that this has entailed as regards the placement of runs. As mentioned above, it has been possible to utilize the plant more efficiently during the summer, which has contributed to the improved result.

At the end of the third quarter, the number of employees at work was 923 (505).



### Investments

Investments in the parent company during the period was MSEK 84.8 (10.1), the majority of which related to the acquisition of KLIPPAN Mölndal AB. To this are added investments into KLIPPAN Mölndal of MSEK 10.9. Large investment projects in addition to the company acquisition were the A4 line at Mölndal, a new pulp tower at Lessebo and the acquisition of further shares in Inveresk plc.

### Changes to equity

Opening equity 2002-01-01	208.0
Dividend paid to shareholders	-6.2
New issue	41.3
Translation differences	-0.2
Result for the interim period	<u>37.7</u>
Closing equity 2002-06-30	280.6

### Liquidity and financing

Group liquid assets, including the unused proportion of the bank overdraft facility, amounted to MSEK 115.8 (73.5) at the end of the six months. The interest-bearing net liability has increased by MSEK 182.2 since the year end to MSEK 321.3. Solidity amounted to 29.2% (36.8) and the debt/equity ratio to 1.1 (0.9).

### Cash flow analysis

MSEK	Jan-Sep 2002	Jan-Sep 2001
Current operations	73.6	35.2
Changes to operating capital	35.8	-6.8
Cashflow from current operations	109.4	28.4
Cashflow from investment operations	-94.5	-10.1
	14.9	18.3
Cashflow from financing operations	-6.4	-23.5
Changes to liquid assets	8.5	-5.2
Opening liquid assets	23.6	24.1
Closing liquid assets	32.1	18.9

**Inveresk PLC**

Discussions have started with Inveresk PLC in order to investigate the opportunities for a possible merger of the companies.

**Next report**

KLIPPAN's press release of unaudited annual earnings will be presented on 13 February 2003.

Mölnådal, 24 October 2002



Bengt Östensson  
President

*The contents of this report have not been the subject of examination by the company's auditors.*

*For further information, please contact the president Bengt Östensson, tel +46(0)771 11 00 00 or +46(0)70 595 86 27 or the financial manager Kenneth Nellros, tel +46(0)31 67 51 16 or +46(0)70 542 93 25.*

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## SUMMARY INCOME STATEMENT AND BALANCE SHEET

<b>Income statement</b>						
MSEK	Jul-Sep 2002	Jul-Sep 2001	Jan-Sep 2002	Jan-Sep 2001	Oct-Sep 01/02	Jan-Dec 2001
Net sales	359.7	193.9	981.5	645.0	1 202.3	865.8
Cost of goods sold	-303.8	-170.3	-812.1	-567.1	-987.0	-742.0
Gross profit	55.9	23.6	169.4	77.9	215.3	123.8
Selling expenses	-23.2	-9.3	-58.9	-27.8	-72.8	-41.7
Administrative expenses	-24.8	-10.6	-56.5	-33.7	-66.2	-43.4
Items affecting comparability	0.0	0.0	0.0	0.0	0.0	0.0
Other income and expenses	10.4	2.8	8.1	9.0	5.3	6.2
Operating profit	18.3	6.5	62.1	25.4	81.6	44.9
Net financial items	-5.4	-2.9	-15.0	-10.3	-16.4	-11.7
Profit after financial items	12.9	3.6	47.1	15.1	65.2	33.2
Tax	-0.3	0.0	-9.4	-0.1	-9.8	-0.5
Profit after tax	12.6	3.6	37.7	15.0	55.4	32.7
Profit per share, SEK	1.52	0.58	4.56	2.42	6.70	5.27
No of shares, thousands	8 267	6 200	8 267	6 200	8 267	6 200

<b>Balance sheet</b>			
MSEK	02-09-30	01-12-31	01-09-30
<b>ASSETS</b>			
Fixed assets	391.3	245.9	242.7
Inventory	287.7	104.3	97.7
Other receivables	251.4	142.0	157.2
Cash and bank balances	32.1	23.6	18.9
	962.5	515.8	516.5
<b>EQUITY AND LIABILITIES</b>			
Equity	280.6	208.0	190.1
Interest bearing liabilities	353.4	162.7	183.4
Non-interest bearing liabilities	328.5	145.1	143.0
	962.5	515.8	516.5

<b>Key ratios</b>					
		02-01-01 - 01-01-01 - 02-09-30 01-09-30		01-10-01 - 01-01-01 - 02-09-30 01-12-31	
Gross margin	%	17.3	12.1	17.9	14.3
Profit margin	%	4.8	2.3	5.4	3.8
Capital employed	MSEK	634.0	373.5	634.0	370.7
Return on capital employed	%	*	*	15.2	12.1
Solidity	%	29.2	36.8	29.2	40.3
Debt/equity ratio	times	1.1	0.9	1.1	0.7
Equity/share	SEK	33.94	30.66	33.94	33.55
Share price/equity**	%	103.1	48.9	103.1	62.6

\* Reported annually

\*\* Share price as at 02-09-30 SEK 35.00, as at 01-12-31 SEK 21.00 as at 01-09-30 SEK 15.00.

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