

NEFAB

Interim Report, January-September 2002

- Invoiced sales amounted to SEK 761 M (861), down 12%.
 - Order received from Flextronics in China will generate sales of approximately SEK 100 M in year ahead.
 - Invoicing to the telecom equipment industry accounted for 40% (47) of consolidated sales.
 - Profit after financial items amounted to SEK 37 M (56). Earnings have been charged with SEK 6 M for restructuring of operations in Sweden.
 - Earnings per share after full tax amounted to SEK 3.21 (5.30).
 - Cash flow after investments totaled SEK 93 M (neg: 33).
 - Financial position remains strong. Equity/assets ratio of 44.3% and liquidity reserve of SEK 255 M.
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Third quarter of 2002

Invoiced sales in the third quarter amounted to SEK 255 M (264), down 4% compared with the year-earlier period. Order bookings amounted to SEK 226 M (250), a decline of 10%.

Profit after financial items during the third quarter amounted to SEK 14 M (15).

First nine months of 2002

Invoiced sales in the first nine months of 2002 amounted to SEK 761 M (861), a decline of 12%. Order bookings to date this year have amounted to SEK 748 M (845), down 11%.

Europe

Invoiced sales to customers in Europe declined 7% during the report period to SEK 575 M (618).

The largest decline was noted among customers in the telecom equipment industry. Invoicing to other market segments declined marginally compared with a year earlier.

Asia

Invoiced sales in the Asian market during the period amounted to SEK 113 M (127), a decline of 12%.

Customers in the telecom equipment sector accounted for most of the sales. During 2002, Nefab secured several new customers. A significant portion of new sales derived from complete packaging solutions, for which the proportion of products manufactured by Nefab is low.

At the beginning of October, an agreement was concluded with Flextronics regarding packaging material for Microsoft's X-Box games console, which is produced in southern China. The transaction is expected to increase Nefab's sales by approximately SEK 100 M in the next 12 months. This Vendor Management Inventory (VMI) contract entails that Nefab will operate the logistics center from which the packaging material is delivered on a just-in-time basis to the production line.

North and South America

Invoiced sales to customers in North and South America during the report period amounted to SEK 71 M (113), down 37%. SEK 15 M (60) of invoicing was to customers in the telecom equipment industry. Invoicing to other market segments amounted to SEK 56 M (53), a rise of 6%.

The situation in the Brazilian market continues to be strained. Since the market for telecom equipment is currently very weak, marketing efforts are being focused on other customer segments, primarily the automotive industry. Concern in financial markets is affecting Nefab's operations in Brazil, resulting in, for example, increased financing expenses.

Telecom equipment industry

Invoiced sales to customers in the telecom equipment industry declined by 24% to SEK 307 M (405), corresponding to 40% of consolidated sales (47).

The percentage of invoicing to the telecom equipment industry was highest in Asia, while other markets showed a stronger concentration towards other engineering industries.

Nefab's packaging solutions for customers in the telecom equipment industry are utilized primarily for mobile infrastructure products. Sales during the third quarter reflect a modest increase compared with the three preceding quarters.

Automotive industry and other market segments

Invoiced sales to customers in the automotive industry rose 6% to SEK 81 M (76), corresponding to 11% of consolidated sales (9). Sales to the automotive industry are project oriented and reusable packaging systems account for a significant portion of invoiced sales.

Invoiced sales to other market segments decreased by 2% to SEK 373 M (380).

Earnings

Profit after financial items for the report period amounted to SEK 37 M (56).

Third-quarter earnings were charged with SEK 6 M for the restructuring of operations in Sweden. These costs pertain to Nefab's operations in Hälsingland, where 60 employees were issued with employment-termination notices in September.

The weakening of the Brazilian currency resulted in exchange-rate losses of slightly more than SEK 2 M, which were charged against net financial items in the first and second quarters. During the third quarter, Nefab reviewed its approach to the financing of the Brazilian subsidiary, which resulted in loans in the company now being included in Nefab's shareholders financing. As a result of this change, exchange-rate differences attributable to the above loans are reported as a part of translation differences.

Earnings per share for the nine-month period amounted to SEK 3.21 (5.30). Return on capital employed was 10.6% (17.1).

Capacity and investments

Net Group investments for the period amounted to an expenditure of SEK -11 M (gain: 112). After the phase-out of production in the UK, the industrial property in the UK was sold at book value, generating proceeds of SEK 27 M. Investments of SEK 16 M during the period pertained to machinery and inventory.

Changes in exchange rates between year-end and September 30, 2002 resulted in an approximately SEK 19 M decline in the book value of the Group's fixed assets.

Financial position

The equity/assets ratio at September 30 was 44.3% (44.8). Shareholders' equity per share amounted to SEK 51.17 (52.80). The Group's liquid assets on the closing date, including unutilized credit facilities, amounted to SEK 255 M (162).

Cash flow during the first nine months year was very positive. The sale of the property of the UK company freed up SEK 27 M, while working capital improved. Cash flow after investments during the period amounted to SEK 93 M, compared with a negative cash flow of SEK -33 M in the year-earlier period.

Group equity, which totaled SEK 369 M at year-end 2001, amounted to SEK 353 M on September 30, 2002, reflecting an increase of SEK 22 M for net earnings for the period and decreases of SEK 19 M for a negative translation difference and of SEK 19 M for dividend payments.

Outlook for 2002

The previously submitted forecast indicated great uncertainty regarding the time for a subsequent recovery in the telecom equipment industry. Since order bookings and forecasts from our customers pertain to a short period ahead, the uncertainty regarding a market recovery remains unchanged.

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Profit and loss accounts (SEK M)

| | 0207-0209 3 months | 0107-0109 3 months | 0201-0209 9 months | 0101-0109 9 months | 0110-0209 12 months | 0101-0112 12 months |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
| Net sales | 255 | 264 | 761 | 861 | 1 021 | 1 121 |
| Cost of goods sold | <u>-188</u> | <u>-195</u> | <u>-560</u> | <u>-631</u> | <u>-750</u> | <u>-821</u> |
| Gross profit | 66 | 69 | 202 | 230 | 271 | 300 |
| Selling expenses | -29 | -30 | -92 | -94 | -124 | -126 |
| Administrative expenses | -21 | -20 | -66 | -66 | -90 | -90 |
| Other operating income | : | : | : | : | : | : |
| Operating profit | 16 | 19 | 44 | 70 | 57 | 84 |
| Net financial items | <u>-2</u> | <u>-4</u> | <u>-7</u> | <u>-14</u> | <u>-9</u> | <u>-17</u> |
| Profit after net financial items | 14 | 15 | 37 | 56 | 48 | 67 |
| Taxes | <u>-6</u> | <u>-7</u> | <u>-15</u> | <u>-19</u> | <u>-18</u> | <u>-22</u> |
| Net profit for the year | <u>8</u> | <u>8</u> | <u>22</u> | <u>37</u> | <u>30</u> | <u>45</u> |
| <i>Depreciation included above</i> | 12 | 13 | 37 | 36 | 49 | 49 |
| <i>Profit per share, SEK</i> | 1.19 | 1.07 | 3.21 | 5.30 | 4.40 | 6.49 |

Balance sheets (SEK M)

| | 020930 | 010930 | 020930 | 011231 |
|--|--------|--------|--------|--------|
| Intangible assets | 22 | 30 | 22 | 26 |
| Tangible assets | 293 | 349 | 293 | 354 |
| Financial assets | 7 | 15 | 7 | 6 |
| Inventories etc. | 113 | 116 | 113 | 130 |
| Current assets | 255 | 268 | 255 | 248 |
| Cash and bank | 109 | 38 | 109 | 44 |
| Equity | 353 | 365 | 353 | 369 |
| Provisions | 48 | 31 | 48 | 46 |
| Long-term liabilities | 206 | 223 | 206 | 214 |
| Current liabilities | 192 | 197 | 192 | 179 |
| Total capital | 799 | 816 | 799 | 808 |
| <i>Of which interest-bearing liabilities</i> | 221 | 238 | 220 | 229 |

Cash flow statements (SEK M)

| | 0207-0209 | 0107-0109 | 0201-0209 | 0101-0109 | 0110-0209 | 0101-0112 |
|---------------------------------------|-----------|------------|-----------|-------------|-----------|-------------|
| Operating profit | 16 | 19 | 44 | 70 | 57 | 84 |
| Depreciation, financial net and taxes | 4 | 2 | 15 | 3 | 30 | 18 |
| Cash flow from the year's operations | 20 | 21 | 59 | 73 | 87 | 102 |
| Changes in working capital | 16 | 27 | 23 | 6 | 9 | -8 |
| Net investments in fixed assets | <u>-4</u> | <u>-34</u> | <u>11</u> | <u>-112</u> | <u>-6</u> | <u>-129</u> |
| Cash flow after investments | 32 | 14 | 93 | -33 | 90 | -35 |
| Dividend | - | - | -19 | -19 | -19 | -19 |
| Financing | 5 | 2 | -9 | 67 | -1 | 75 |
| Changes in liquid funds | 37 | 16 | 65 | 15 | 70 | 21 |

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Key ratios

| | 0207-0209 | 0107-0109 | 0201-0209 | 0101-0109 | 0110-0209 | 0101-0112 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 3 months | 3 months | 9 months | 9 months | 12 months | 12 months |
| Operating margin, % | 6.3 | 7.1 | 5.8 | 8.2 | 5.6 | 7.4 |
| Net margin, % | 5.5 | 5.5 | 4.9 | 6.5 | 4.7 | 6.0 |
| Return on equity, % | 9.4 | 8.2 | 8.2 | 14.1 | 8.5 | 12.8 |
| Return on total capital, % | 8.6 | 9.3 | 7.7 | 12.2 | 7.5 | 11.1 |
| Return on capital employed, % | 12.0 | 12.6 | 10.6 | 17.1 | 10.3 | 15.5 |
| Equity/assets ratio, % | | | 44.3 | 44.8 | 44.3 | 45.8 |
| Employees, yearly average | | | 1 042 | 1 091 | 1 001 | 1 038 |
| Net investments, SEK M | 4 | 34 | -11 | 112 | 6 | 129 |

Key ratios per share

| | | | | | | |
|---|-------|-------|-------|-------|-------|--------|
| Profit per share, SEK | 1.19 | 1.07 | 3.21 | 5.30 | 4.40 | 6.49 |
| Equity per share, SEK | | | 51.17 | 52.80 | 51.17 | 53.47 |
| Number of shares at the end of the period, in thousands | 6 907 | 6 907 | 6 907 | 6 907 | 6 907 | 6 907 |
| Share price on closing day, SEK | | | 73.00 | 83.00 | 73.00 | 114.00 |

For definitions, see Annual Report for 2001.

Financial reports

| | |
|-----------------------------------|----------------------------------|
| Year-end Report 2002 | 13 February 2003 |
| Interim Report January-March 2003 | 29 April 2003 |
| Annual General Meeting | 16 May 2003 (Note, changed date) |

Nomination of Board members

The Chairman of the Board will form a nominating committee with the task of presenting proposals for the election of the Board and auditors and their deputies. Shareholders are requested to submit proposals to the Chairman of the Board, Björn Svedberg, regarding the election of Board members. Contact information can be obtained from Nefab's head office – see address and telephone number below.

For additional information, contact Lars-Åke Rydh, President, tel.+46-70-592 45 70, e-mail lars-ake.rydh@nefab.se, or Anna Stålenbring, Chief Financial Officer, tel +46-70-814 23 44, e-mail anna.stalenbring@nefab.se

Stockholm, October 30, 2002

Lars-Åke Rydh
President and CEO

This interim report is unaudited. The interim report was prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council.

Information about Nefab

Nefab delivers complete packaging solutions to international industrial groups, primarily within the telecom equipment and automotive industries. Nefab companies are located in Europe, North and South America and Asia. Invoiced sales in 2001 amounted to SEK 1.1 billion. The Nefab share is listed on Stockholmsbörsen.

Nefab AB (publ)

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The registered office of the board of directors is in Ovanåker, Sweden

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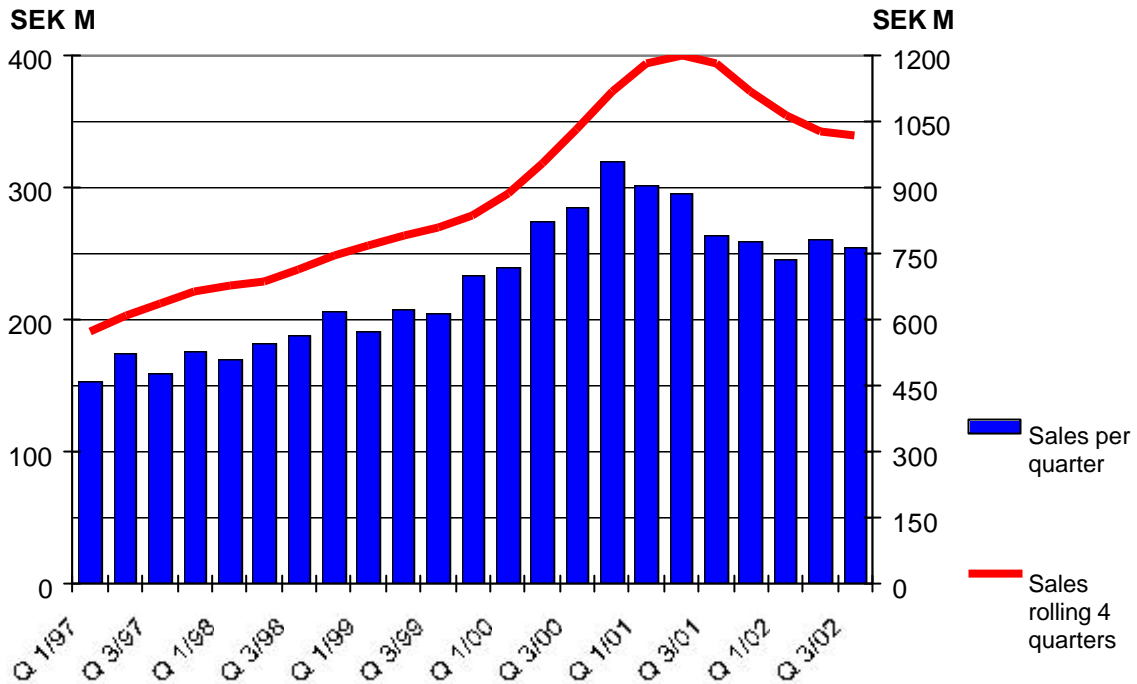
Quarterly data

| | Q1/00 | Q2/00 | Q3/00 | Q4/00 | Q1/01 | Q2/01 | Q3/01 | Q4/01 | Q1/02 | Q2/02 | Q3/02 |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net sales | 240 | 275 | 285 | 321 | 301 | 296 | 264 | 260 | 246 | 260 | 255 |
| Cost of goods sold | -172 | -198 | -207 | -234 | -219 | -218 | -195 | -189 | -182 | -189 | -188 |
| Gross profit | 68 | 77 | 78 | 87 | 82 | 78 | 69 | 71 | 64 | 71 | 66 |
| Selling expenses | -24 | -26 | -24 | -31 | -31 | -32 | -30 | -33 | -31 | -32 | -29 |
| Administrative expenses | -21 | -19 | -19 | -22 | -22 | -23 | -20 | -25 | -21 | -23 | -21 |
| Other operation income | = | = | = | = | = | = | = | = | = | = | = |
| Operating profit | 23 | 39 | 35 | 34 | 29 | 23 | 19 | 13 | 12 | 16 | 16 |
| Net financial items | -2 | -2 | -2 | -2 | -5 | -6 | -4 | -2 | -2 | -3 | -2 |
| Profit after net financial items | 21 | 37 | 33 | 32 | 24 | 17 | 15 | 11 | 10 | 13 | 14 |
| Taxes | -4 | -10 | -9 | -8 | -6 | -6 | -7 | -3 | -4 | -5 | -6 |
| Net profit | 17 | 27 | 24 | 24 | 18 | 11 | 8 | 8 | 6 | 8 | 8 |
| Fixed assets | 243 | 254 | 265 | 305 | 362 | 377 | 394 | 386 | 346 | 332 | 321 |
| Current assets | 335 | 377 | 414 | 433 | 460 | 447 | 422 | 422 | 446 | 449 | 478 |
| Equity | 256 | 274 | 305 | 330 | 357 | 355 | 365 | 369 | 368 | 347 | 353 |
| Provisions | 26 | 26 | 26 | 31 | 31 | 31 | 31 | 46 | 47 | 48 | 48 |
| Long-term liabilities | 124 | 147 | 142 | 159 | 208 | 226 | 223 | 214 | 193 | 201 | 207 |
| Current liabilities | 172 | 184 | 206 | 218 | 226 | 212 | 197 | 179 | 184 | 185 | 191 |
| Total capital | 578 | 631 | 679 | 738 | 822 | 824 | 816 | 808 | 792 | 781 | 799 |
| Operating margin, % | 9.6 | 11.6* | 12.4 | 10.7 | 9.6 | 7.7 | 7.1 | 5.0 | 4.6 | 6.4 | 6.3 |
| Net margin, % | 8.8 | 10.8* | 11.7 | 9.9 | 8.1 | 5.8 | 5.5 | 4.2 | 3.9 | 5.1 | 5.5 |
| Return on equity, % | 28.0 | 33.1* | 33.3 | 29.7 | 20.9 | 12.7 | 8.2 | 8.9 | 6.6 | 8.8 | 9.4 |
| Return on total capital, % | 16.6 | 21.4* | 21.9 | 19.5 | 15.1 | 11.2 | 9.3 | 7.0 | 6.1 | 8.8 | 8.6 |
| Return on capital employed, % | 23.8 | 30.8* | 31.9 | 28.6 | 21.6 | 15.6 | 12.6 | 9.4 | 8.3 | 12.2 | 12.0 |
| Equity/assets ratio, % | 44.3 | 43.5 | 45.0 | 44.8 | 43.5 | 43.2 | 44.8 | 45.8 | 46.5 | 44.5 | 44.3 |
| Profit per share, SEK | 2.51 | 3.17* | 3.49 | 3.41 | 2.60 | 1.64 | 1.07 | 1.18 | 0.87 | 1.14 | 1.19 |
| Equity per share, SEK | 37.01 | 39.60 | 44.16 | 47.82 | 51.63 | 51.37 | 52.80 | 53.47 | 53.22 | 50.30 | 51.17 |
| Share price on closing day, SEK | 70.00 | 94.00 | 120.00 | 147.50 | 122.00 | 120.00 | 83.00 | 114.00 | 130.00 | 102.00 | 73.00 |

* Calculated with SPP recovery excluded.

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Sales development per quarter



Earnings trend per quarter

(SPP- recovery excluded)

