SECO TOOLS AB

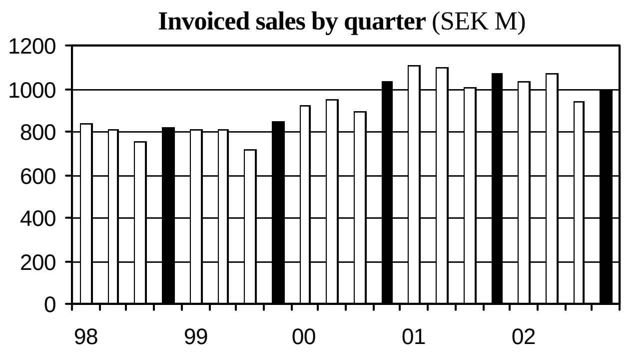
Year-end Report 2002 and fourth quarter interim report

* Operating margin in the quarter of 20.0% (15.1%), strongest since beginning of 2001.
* Sales in the quarter were unchanged for comparable units at fixed exchange rates.
* Unchanged demand expected short term.
* Proposed dividend of SEK 14 (14) per share.

Market

The business climate was weak in the US and Japan throughout the year. A successive decline in demand occurred in Europe.

Sales and earnings in Q4 2002



Sales in Europe were stable during the past quarter compared with earlier periods during the year. Continued favorable development was noted in Italy and Spain, while a weakening in demand became apparent in Scandinavia. Other large Western European markets did not show any major trend changes compared with earlier periods. Seco largely retained its positions in the Central and Eastern European countries.

Development in the NAFTA region was stable measured in local currencies during the period. However, the relatively large appreciation of the SEK against the USD contributed to reduced sales denominated in SEK. No noticeable changes in market conditions were seen. Sales in Asia rose compared with the preceding year in nearly all markets, with the exception of Japan. Sales weakened in South America, partly due to currency effects.

The Group’s invoicing for the quarter totaled SEK 998 M (1,071), a decline of 7 percent compared with the year-earlier period. Acquisition effects increased sales by 2 percentage points, while the appreciation of the SEK during the period reduced sales by 9 percentage points. Accordingly, sales for comparable units at fixed exchange rates were unchanged.

Despite the adverse currency effects, consolidated operating profit for the quarter was higher than in the corresponding period a year earlier and amounted to SEK 199 M (162). Operating margin was 20.0 percent (15.1). Profitability enhancement measures, higher capacity utilization and an increased share of modern products contributed to the earnings improvement.

Invoicing by market area

	2002 Oct-Dec SEK M	2001 Oct-Dec SEK M	2002 Jan-Dec SEK M	2001 Jan-Dec SEK M	2002/2001 Oct-Dec % [1)]	2002/2001 Jan-Dec % [1)]
Sweden	66	63	250	235	-8	-4
EU, excl Sweden	497	514	1 945	2 031	-2	-6
Other Europe	88	95	357	366	-9	-8
Total for Europe	651	672	2 552	2 632	-3	-6
NAFTA	205	243	915	1 039	-3	-8
South America	22	30	114	132	15	12
Africa, Middle East	20	21	77	82	4	11
Asia, Australia	100	105	382	400	4	-1
Group total	998	1 071	4 040	4 285	0	-5

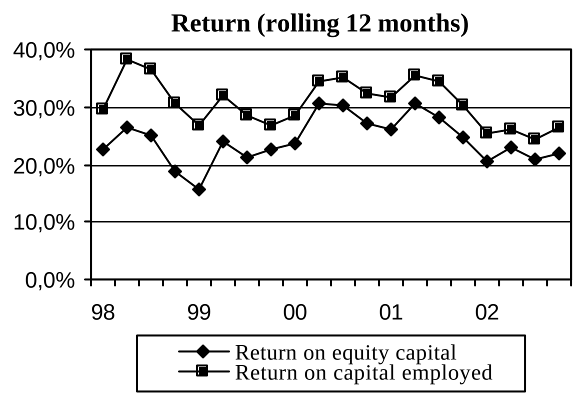
[1)] Change from preceding year is shown in fixed currencies for comparable units.

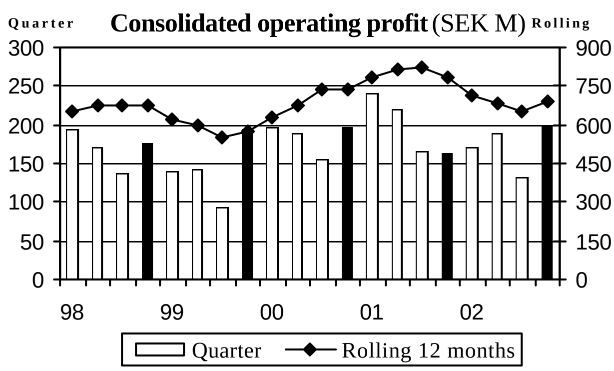
Sales and earnings in 2002

Sales declined in Europe during the year in pace with a weakened business climate. Scandinavia and Southern Europe were affected relatively the least by the lower demand. Sales in the NAFTA region remained soft due to a generally weak demand in most customer segments and the appreciation of the SEK against the USD. Asia was the region showing the best sales performance, in which all markets, except Japan, maintained or strengthened their invoicing. Sales in South America were weak due mainly to the general currency concerns and unstable economic trends.

The Group's invoicing totaled SEK 4,040 M, which is 6 percent lower than in the preceding year, of which 3 percentage points were attributable to adverse currency effects. Acquisition effects positively affected sales by 2 percentage points. The decline for comparable units at fixed exchange rates was 5 percent.

Consolidated profit after financial items for the year amounted to SEK 641 M (765). The operating margin was 17.1 percent (18.4). Negative currency effects impacted earnings in the amount of SEK 30 M. Earnings per share before dilution for 2002 was SEK 15.40 (17.60).





Consolidated income statement (SEK M)

	2002 Oct-Dec	2001 Oct-Dec	2002 Jan-Dec	2001 Jan-Dec
Invoiced sales	998	1 071	4 040	4 285
Cost of goods sold	-456	-519	-1 926	-2 097
Gross profit	542	552	2 114	2 188
Administration and selling costs	-335	-375	-1 382	-1 413
Other revenues and costs	-8	-15	-43	12
Operating profit	199	162	689	787
Financial items	-13	-5	-48	-22
Profit after financial items	186	157	641	765
Taxes	-55	-64	-197	-258
Net profit	131	93	444	507

The Group's depreciation according to plan amounted to SEK 301 M (287).

Sales invoiced by the Parent Company amounted to SEK 2,166 M (2,323) and operating profit was SEK 445 M (563). Liquid funds declined by SEK 56 M from the beginning of the year and amounted to SEK 17 M at year-end. The Parent Company's interest-bearing loans, including the convertible debenture loan, amounted to SEK 317 M.

Key figures

	2002 Oct-Dec	2001 Oct-Dec	2002 Jan-Dec	2001 Jan-Dec
Operating margin, %	20.0	15.1	17.1	18.4
Profit margin, %	18.6	14.7	15.9	17.9
Earnings per share before dilution, SEK	4.60	3.20	15.40	17.60
Earnings per share after dilution, SEK	4.50	3.20	15.30	17.50
Return on capital employed before tax, % [1)]	26.3	30.1	26.3	30.1
Return on equity capital after tax, % [1)]	21.8	24.6	21.8	24.6
Equity capital per share before dilution, SEK [1)]	69.60	71.90	69.60	71.90

[1)] All key figures are calculated on a rolling 12-month basis.

The number of shares before dilution at year-end in both 2002 and 2001 was 28,832,898, which was also the average number of shares in both periods. After adjustments for full conversion of the convertible debentures, corresponding to 274,160 shares, the number of shares at the close of the fourth quarter in 2002 and 2001 amounted to 29,107,058. The average number of shares after dilution was 29,107,058.

No convertible debentures were converted to shares during the year.

Balance sheet (SEK M)

	Dec 31, 2002	Dec 31, 2001
Intangible fixed assets	224	111
Other fixed assets	1 503	1 535
Inventories	883	935
Current receivables	918	973
Liquid funds	261	365
Total assets	3 789	3 919
Shareholders’ equity	2 007	2 072
Interest-bearing provisions and liabilities	609	588
Non-interest-bearing provisions and liabilities	1 173	1 259
Total equity and liabilities	3 789	3 919

Change in shareholders’ equity (SEK M)

	Dec 31, 2002	Dec 31, 2001
Shareholders’ equity, December 31, 2001 and 2000	2 072	2 006
Effect of change in accounting principles	-	36
Adjusted shareholders’ equity, January 1, 2002 and 2001	2 072	2 042
Currency exchange differences	-105	99
Profit for the year	444	507
Dividend	-404	-576
Shareholders’ equity, December 31, 2002 and 2001	2 007	2 072

Cash flow statement (SEK M)

	Dec 31, 2002	Dec 31, 2001
Profit after financial items	641	765
Reversal of depreciation	301	287
Other	44	-26
Taxes paid	-202	-213
Change in working capital	-39	-176
Investment activities	-414	-253
Financing activities, incl dividends	-411	-671
Cash flow	-80	-287

Rolling 12-month review

	Invoicing SEK M	Change %	Operating profit SEK M	Operating margin %
Q1, 2002	1 031	-7	170	16.5
Q2, 2002	1 068	-3	188	17.5
Q3, 2002	943	-6	132	14.0
Q4, 2002	998	-7	199	20.0
Rolling 12 months	4 040	-6	689	17.1

Accounting principles

The interim report complies with recommendations of the Swedish Financial Accounting Standards Council. At year-end 2001, the Swedish Financial Accounting Standards Council issued several new recommendations, including RR15 regarding intangible assets. This recommendation means that Seco, after fulfillment of certain criteria, will capitalize a small percentage of expenses for IT and new product development. Effects on the operating result for this year are positive in an amount of SEK 64 M, of which most is attributable to the Group's new business system.

Liquidity, equity ratio and cash flow

The Group's liquid funds in the form of short-term investments and bank balances declined during the quarter by SEK 107 M and amounted to SEK 261 M at the end of the period. The main reason for the decline was repayment of loans.

The cash flow from current operations remained strong despite the level of investment toward the end of the year being high. Accordingly, cash flow contributed to reducing the Group's interest-bearing loans by SEK 160 M since the end of September. The Group's equity ratio was 53 percent, the same as at year-end 2001.

Personnel

The number of employees in the Group at the end of the year was 3,916 (3,904), of which in Sweden 1,321 (1,319). Twelve persons were recruited during the quarter. The decline in personnel during the year for comparable units was 117 persons, due mainly to continued rationalization measures at the previous years' acquisitions in the Czech Republic and in India as well as continued alignment to lower demand in the US.

Capital expenditures

Group investments in fixed assets, excluding goodwill, during the year amounted to SEK 282 M (261), of which intangible assets totaled SEK 64 M. In addition to these investments, SEK 92 M was capitalized as goodwill after completed company acquisitions. Investments were made in equipment for new products in inserts and tool production. The investments in inserts production were focused on new technologies in pressing, grinding and surface coating. A certain capacity increase occurred with regard to solid end mills.

Market investments

In January 2003, Seco established its own subsidiaries in Romania and Finland as a step in the Group's strategy to work directly with the end customers in all large, alternatively growing, industrial markets. In this manner, Seco strengthens its market position, among other aspects by being able to offer the customers an extended service and a more complete product program.

Significant events after the end of the fiscal year

As of January 1, 2003, a change is being implemented in the Group's accounting principles regarding securing of pension commitments. The change, which affects the opening balances, is being made as a result of the application of the Swedish Financial Accounting Standards Council's new recommendation RR29, which concurs with the rules in the International

Accounting Standard IAS 19. Effective January 1, 2003, a deficit in foreign subsidiaries' pension funds corresponding to SEK 120 M after deferred taxes, in accordance with prevailing transition provisions, is recognized directly against the Group's shareholders' equity.

Short-term market outlook

Unchanged demand is expected short term.

Market outlook published on November 6, 2002

Unchanged demand is expected for the remainder of the year.

Dividend

The Board proposes a dividend of SEK 14.00 (14.00) per share. Including the proposed dividend, the dividend increase since 1998 averages 8 percent annually. The dividend corresponds to 91 percent of earnings per share before dilution in fiscal year 2002. Average dividend payout during the past five years amounts to 79 percent, excluding extra dividends totaling SEK 13.00 per share during the years 1999-2000.

Annual General Meeting and Annual Report

The Annual General Meeting will be held in Fagersta on Monday, May 5, 2003 at 2:00 p.m. The proposed record date for entitlement to dividend payments is Thursday, May 8, 2003. Seco's Annual Report will be available to the general public at the head office in Fagersta as of March 31 and will be distributed on the same date.

Financial information

Seco Tools AB will publish the following financial reports on operations in 2003:

Interim report, Jan-March (Q1)	May 5
Interim report, Jan-June (H1)	August 5
Interim report, Jan-Sep (Q3)	October 30
Year-end financial report	February 2004

Fagersta, February 11, 2003

SECO TOOLS AB; (publ)

Lars Renström
President and CEO

For additional information, contact Lars Renström, President and CEO (Tel: +46 223-401 10), Tomas Eliasson, CFO (Tel: +46 223-401 20) or Stefan Sjödahl, Investor Relations (Tel: +46 223-401 32). E-mail may be sent to: investor.relations@secotools.com

Previously published financial information is available under "Investor Relations" at the Seco Tools' website (www.secotools.com)