

Press Release

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The 2002 jubilee year was the best ever for the VSM Group with its two global brands, Husqvarna Viking and Pfaff

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- **Sales rose by 9% to SEK 2.760 million (13% in local currencies).**
- **Operating result before amortization of intangible assets rose by 54% to SEK 307.8 million.**
- **Strong cash flow.**
- **Successful integration of Pfaff.**
- **The interest in creative sewing continued to grow in large parts of the world.**

2002 saw a record year for the VSM Group and the company's anniversary brands, Husqvarna Viking (130 years) and Pfaff (140 years). Sales of home sewing machines, software and accessories for sewing and embroidery rose by 9% to SEK 2.760 million (2.543). Calculated in local currencies sales increased by 13%.

Especially strong was the development of the VSM Group's principal market – North America – with an increase in sales of 18% in American dollars, and in the Nordic countries where a rise of 11% was seen.

Operating result before amortization of intangible assets (EBITA) increased by 54% to SEK 307.8 million (200.4), of which SEK 7.1 million is a result of balancing development costs in accordance with the new accounting recommendation (RR 15) applicable from 2002. This strong improvement was mainly due to strengthened margins, successful launches of new products and the fact that rises in expenses could be limited despite considerable investment in development.

The Pfaff business contributed positively to the results since the profitability improvements actioned in the three years since the

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acquisition started to make a serious impact in 2002. The integration work has run surprisingly well as "the new Pfaff" is being developed.

"It's with great satisfaction that I can say that our growth and improvement in results cannot be put down to one single event – a new product, currency change or suchlike. The successes of recent years are the result of a conscious effort to put in place the strategy we set out six years ago. We are continuing our efforts to sell the joy of creative sewing," says Svante Runnquist, CEO of the VSM Group.

Software sales rose by 27% as a result of the growth in demand for embroidery machines and the launch of many new products.

"The interest in creative sewing as a hobby and leisure activity increases by the year. For many people today, sewing is a lifestyle in the same way as sport, gardening and cooking, where social factors and pride in one's work also play a role. This is what is boosting demand for our products," continues Mr Runnquist.

Cash flow from operations was a full SEK 256 million (83,8) as a consequence of the improved results and a limited increase in working capital despite the rise in sales volume.

A recapitalization took place at the end of the year which meant that the Group's borrowing rose by SEK 500 million with an equivalent repayment to the owners.

Key figures (amounts in SEK million)	2002	2001	Difference
Net sales	2.760	2.543	+9%
Operating result before amortization of intangible assets (EBITA)	307.8	200.4	+54%
Operating result (EBIT)	264.6	156.6	+69%
Net profit for the year	162.3	66.4	+144%
Earnings per share (SEK)	51.62	21.12	+144%
Cash flow from operations	256.1	83.8	+206%