

Press Release



KLIPPAN AB - Interim report January - March 2003

Result after net financial items MSEK 4.4Mkr (18.1)

Weak market development

Production co-ordination continues. The move of coloured paper from Caldwells to the Swedish mills executed.

The business in general

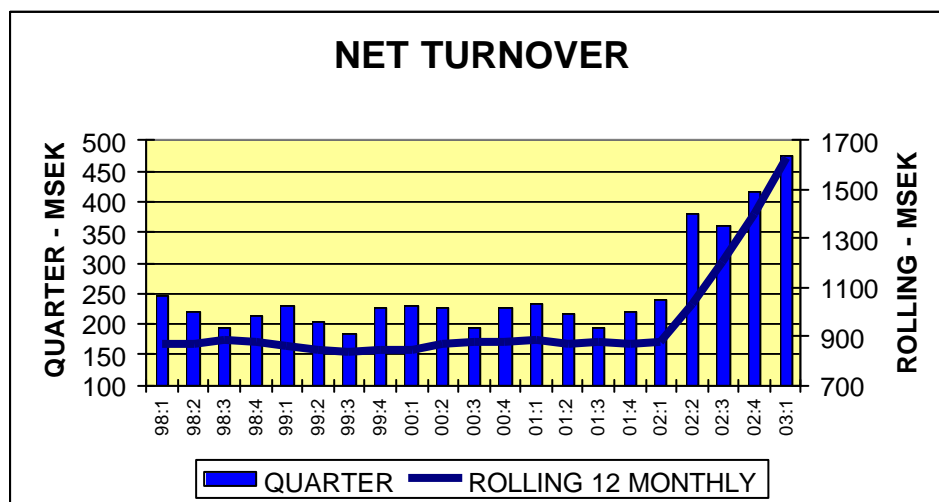
KLIPPAN AB bought Stora Enso Mölndal AB as at 2 April 2002, whereupon this company changed its name to KLIPPAN Mölndal AB. On 30 October 2002 KLIPPAN took over the operation at Caldwells Mill in Scotland. These events have meant that certain comparisons between the first quarter of 2003 and the corresponding period in 2002 are not relevant.

Sales

The market for fine paper showed a continued weak development, with imbalance between supply and demand and thus pressure on prices. Orders received by European paper mills for uncoated paper increased by 1% compared to the same period last year. The corresponding figure for coated paper was 6%. This is an increase from an already low level and is not due to an increase in consumption, but the result of many European companies choosing to sell a larger proportion to non-European markets.

KLIPPAN increased its sales strongly during the period compared to last year, as a result of last year's acquisition of Mölndal and Caldwells, and the company further strengthened its market positions for the prioritized product groups, such as coloured paper, thin printing paper, etc.

KLIPPAN accounted for sales during the first quarter of 2003 of MSEK 474.4 (240.8). For the reporting period, deliveries amounted to 50,500 tons (25,600), which was 24,900 tons more than last year.



KLIPPAN AB

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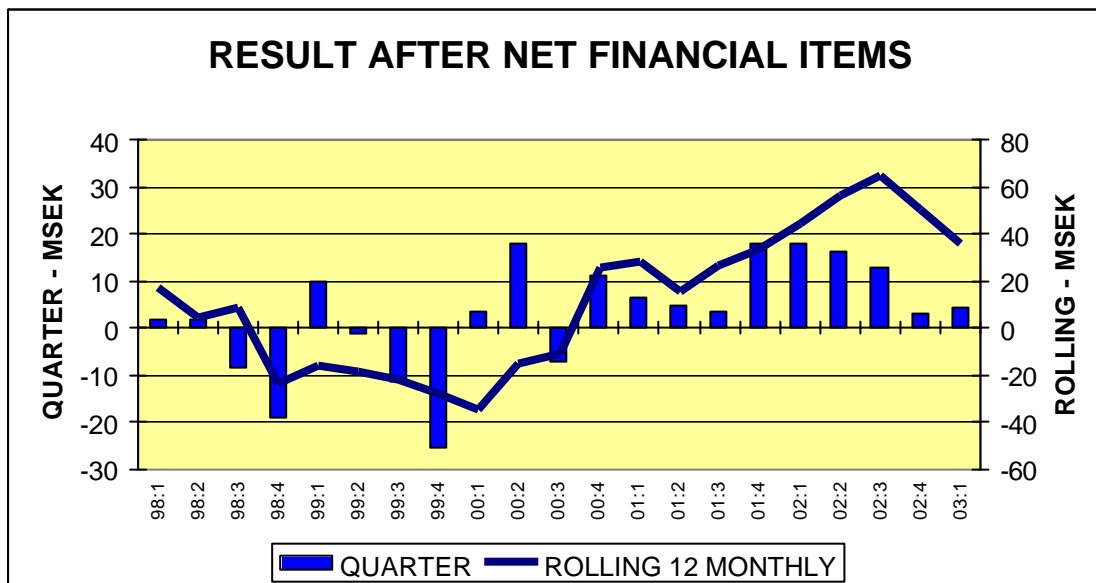
Production

Production of paper during the first quarter was 50,400 tons (26,100). Due to the weak market situation, production capacity has not been fully utilized. Production of pulp was more or less unchanged during the quarter.

Results

Operating profit for the group amounted to MSEK 9.8 (20.6) and profit after financial items amounted to MSEK 4.4 (18.1). Return on capital employed for the latest 12-month period was 9.1% (14.5). The worsened result was due to the weak market situation and production limitations. Exchange rate development have only had a marginal effect on the result for the first quarter.

At the end of the first quarter, the number of employees at work was 1061 (509).



Investments

Investments in tangible fixed assets during the period amounted to MSEK 11.2 (1.3).

Investments in excess of MSEK 1 comprise a control system for AM7 at Mölndal for MSEK 1.0 and at Klippan a track inspection system on PM10 for MSEK 2.4, a coating kitchen for MSEK 2.3 and equipment for plastic wrapping of office paper for MSEK 1.4.

Changes to equity

Opening equity 2003-01-01	280,4
Translation difference	0,3
Result for the three month period	<u>3,2</u>
Closing equity 2003-03-31	283,9

Liquidity and financing

Group liquid assets, including the unused part of the bank overdraft facility, improved during the quarter from MSEK 92.2 to MSEK 146.2 (106.2). Interest-bearing net liability has increased through the acquisitions by MSEK 221.7 to MSEK 333.1. Solidity was 27.9% (40.6) and the debt/equity ratio 1.2 (0.5).

Cash flow analysis

MSEK	03-01-01- 03-03-31	02-01-01- 02-03-31
Current operations	15,6	24
Changes to operating capital	15,8	4,9
Cash flow from current operations	31,4	28,9
Cash flow from investment operations	-20,3	-1,3
Cash flow from financing operations	11,1	27,6
Changes to liquid assets	-9,8	-0,5
Opening liquid assets	1,3	27,1
Closing liquid assets	42,4	23,6
	43,7	50,7

New issue in INVERESK plc

During the first quarter, KLIPPAN has made a convertible loan to Inveresk plc of MSEK 9.1. The intention is to convert this into shares during the second quarter.

Next report

KLIPPAN's interim report for January - June will be presented on 28 August 2003.

Klippan, 7 May 2003

Bengt Östensson
President and CEO

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

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SUMMARY INCOME STATEMENT AND BALANCE SHEET

Income statement

	Jan-Mar 2003	Jan-Mar 2002	Apr-Mar 02/03	Jan-Dec 2002
MSEK				
Net sales	474,4	240,8	1630,7	1397,1
Cost of goods sold	<u>-425,0</u>	<u>-197,0</u>	<u>-1419,0</u>	<u>-1198,1</u>
Gross profit	49,4	43,8	211,7	199,0
Selling expenses	-21,6	-11,2	-85,7	-71,1
Administrative expenses	-19,7	-11,3	-70,1	-61,5
Other income and expenses	<u>1,7</u>	<u>-0,7</u>	<u>4,3</u>	<u>4,6</u>
Operating profit	9,8	20,6	60,2	71,0
Net financial items	<u>-5,4</u>	<u>-2,5</u>	<u>-23,8</u>	<u>-20,9</u>
Profit after financial items	4,4	18,1	36,4	50,1
Tax	<u>-1,2</u>	<u>-5,1</u>	<u>-8,3</u>	<u>-12,2</u>
Profit after tax	3,2	13,0	28,1	37,9
Profit per share, SEK	0,39	2,10	3,40	4,95
No of shares, thousands	8 267	6 200	8 267	8 267

Balance sheet

	03-03-31	02-12-31	02-03-31	
MSEK				
ASSETS				
Fixed assets	396,4	388,3	241,3	
Inventory	287,6	293,1	98,1	
Other receivables	290,6	242,9	153,9	
Cash and bank balances	<u>43,7</u>	<u>42,4</u>	<u>50,7</u>	
	1018,3	966,7	544,0	
EQUITY AND LIABILITIES				
Equity		283,9	280,4	221,0
Interest bearing liabilities	376,9	286,7	162,2	
Non-interest bearing liabilities	<u>357,5</u>	<u>299,6</u>	<u>160,8</u>	
	1018,3	966,7	544,0	

Key ratios

		03-01-01 - 03-03-31	02-04-01 - 03-03-31	02-01-01 - 02-12-31	01-04-01 - 02-03-31
Gross margin	%	10,4	13,0	14,2	16,4
Profit margin	%	0,9	2,2	3,6	5,1
Capital employed	MSEK	660,8	660,8	667,1	383,2
Return on capital employed	%	*	9,1	13,9	14,5
Solidity	%	27,9	27,9	29,0	40,6
Debt/equity ratio	times	1,2	1,2	1,2	0,5
Equity/share	SEK	34,34	34,34	33,92	35,65
Share price/equity**	%	93,2	93,2	101,4	95,4

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* Reported annually

** Share price as at 03-03-31 SEK 32.00, as at 02-12-31 SEK 34.40, as at 02-09-31 SEK 34.00.

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