

Press Release

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Rise in profits for the VSM Group in the third quarter

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- Sales during the third quarter were on the same level as the record year 2002 , +0.5%.
- In the Group's principal market, North America, sales rose by 11%.
- Operating result (EBITA) increased during the period from SEK 49 million to SEK 65 million.
- A new sewing TV programme is predicted to spark further interest in creative sewing.
- Possible launch on the stock exchange no earlier than 2004.

VSM Group's sales amounted to SEK 585 million (SEK 636 million) in the third quarter. This corresponds to a drop of 8% in nominal figures, but a rise of 0.5% expressed with fixed exchange rates.

North America represents the biggest rise, 11% in local currencies, whereas sales in Europe fell as a result of the vigorous restructuring programme pursued in the German market during the year. However, the downturn in the German market slowed during the quarter.

"A contributory reason for the increase in sales in North America is that we prioritised deliveries of new machines after some delays in the first six months. We're hoping for similar success once deliveries to other markets get going at the same time as other new models are introduced," says Svante Runnquist, CEO of the VSM Group.

Seen over the period January-September sales have fallen by 4% expressed with fixed exchange rates compared to the record year, 2002. Sales in Europe, principally Germany, fell by 11% while the shortfall in sales in North America was reduced to 2%.

"After a weak start to the year in North America, sales during the second and third quarters were up on last year," continues Mr Runnquist.

Operating result before amortization of intangible assets (EBITA) rose during the third quarter from SEK 49 million to SEK 65 million; some of the reasons for the improvement are the increased volume in North America, realised currency hedgings and the SMART rationalization programme.

EBITA for the period January-September was still lower than last year: SEK 137 million (SEK 180 million).

"In September the Swedish première of a brand new TV series on sewing was shown on TV4+. I hope that programmes of this type together with other activities currently taking place, for example the Young Designers' World Championship Final to be held in Paris later this year, will fuel interest in creative sewing and personal fashion," says Mr Runnquist.

Operating cash flow amounted to SEK 90 million (SEK -61 million) for the third quarter and, accumulated, to SEK 113 million (SEK 88 million). Net debt remained unchanged compared to the start of the year, at SEK 965 million.

"Regarding the possible introduction on the stock exchange, this would not happen until 2004 at the earliest and only then if the positive trend seen recently becomes stronger and gets more stabilized," explains Mr Runnquist, CEO of the VSM Group.

Key figures (amounts in SEK million)

	July-September 2003 2002		January-September 2003 2002	
Net sales	585	636	1 647	1 931
Operating result before amortization of intangible assets (EBITA)	65	49	137	180
Net profit	23	18	19	63
Net profit per share, in SEK	7.39	5.81	6.01	20.02
Operating cash flow	90	-61	113	88