

Year-end Report 2004

- Invoiced sales amounted to SEK 1,319 M (1,042), up 27%.
 - Approximately half of the SEK 277 M increase in sales was attributable to customers in the telecom equipment segment, with other market segments accounting for the remainder.
 - Profit after financial items rose 88% to SEK 122 M (65).
 - Profit after tax doubled to SEK 90 M (46).
 - Earnings per share amounted to SEK 13.01 (6.72).
 - Financial position remains strong. Equity/assets ratio amounted to 53.3% (48.0).
 - Packaging company in Belgium acquired.
 - Decision to restructure European production and establish a production unit in Slovakia.
 - Ordinary dividend of SEK 3.60 per share (3.00) is proposed. In addition, an extraordinary dividend of SEK 3.60 per share is proposed. The combined dividend amounts to SEK 7.20 per share, totaling SEK 49.7 M.
 - A 4-for-1 split of the Company's shares is proposed.
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Fourth quarter of 2004

Invoiced sales in the fourth quarter remained strong and amounted to SEK 350 M (307), up 14% compared with the year-earlier period. Sales invoiced by companies acquired in the past 12 months accounted for SEK 9 M of the increase. Order bookings amounted to SEK 337 M (286), an increase of 18%.

The increase in sales compared with the year-earlier period occurred in all geographical markets and market segments.

Profit after financial items during the fourth quarter amounted to SEK 26 M (27). Restructuring of production in the Group's European plants and an increase in raw-material prices had an adverse impact on the gross margin during the period.

Cash flow after investing activities amounted to SEK 46 M (45).

Full-year 2004

Invoicing in 2004 totaled SEK 1,319 M (1,042), up 27%. Changed exchange rates had an adverse impact of SEK 30 M on invoicing. If invoicing had been translated at comparable exchange rates, sales would have increased by 29%, of which companies acquired in the past 12 months would have accounted for SEK 19 M. Order bookings during the year amounted to SEK 1,329 M (1,041), an increase of 28%.

Nordic countries

Invoicing during the year from companies in the Nordic countries amounted to SEK 467 M (374), up 25%. The increase is reflected in all Nordic countries and all market segments.

As part of the restructuring of production in the Group's European plants, the workforce at the plant in Hälsingland was reduced during the fourth quarter. Highly automated production will be concentrated in Sweden and France, while labor-intensive production will be relocated to Estonia and Slovakia.

Operating profit in the region amounted to SEK 38 M (30).

Europe (excluding Nordic region)

Invoicing from companies in the Rest of Europe during the year amounted to SEK 528 M (398), an increase of 33%.

Continued favorable development was noted in markets in Eastern Europe. Invoicing in the Benelux markets developed favorably during the year, as a result of the acquisition of Packinn in Belgium. A significant increase in invoicing was also reported in the French market.

The packaging company Packinn NV was acquired in Belgium in June. The company sells transport packaging, mainly to the export industry, and has annual sales of about EUR 4 M, with Belgium as its main market. The acquisition has made a positive contribution to earnings per share during 2004.

A decision was made during the year to establish a new plant unit in Slovakia. The aim is to reduce manufacturing costs, while moving production closer to new growth markets. The facility is expected to start up operations at mid-year 2005.

Following fiscal year-end, a decision was taken to close down production in Germany. In future, manufacturing of products for the German market will be conducted in Slovakia, Sweden and France. Marketing activities in Germany are not affected by the decision.

Operating profit in the region amounted to SEK 66 M (39).

Asia and America

Invoicing in the markets in Asia and North and South America during the year amounted to SEK 324 M (271), an increase of 20%. Exchange rates had a negative impact of SEK 29 M on invoicing. If invoicing had been translated at comparable exchange rates, sales would have increased by 30%.

Markets in Asia showed a positive trend during the year. Invoicing rose 18% to SEK 214 M (182). The depreciation of the Chinese currency had a negative impact on invoicing of approximately SEK 21 M. In local currencies, invoicing rose by 29%. The increase was largely attributable to customers in the telecom equipment industry.

A decision has been made to establish a subsidiary in India. For a year or so, Nefab has been conducting work in this country via a representation office.

Sales invoiced in North and South America during the year totaled SEK 110 M (89), up 24%. Changed exchange rates had a negative impact of approximately SEK 8 M on invoicing. Translated in local currencies, invoicing rose by 33%. The operations in both North and South America have adversely affected the Group's earnings in recent years. These operations posted an earnings improvement during 2004.

Operating profit in Asia and America amounted to SEK 23 M (0).

Telecom

Invoicing to customers in the telecom equipment industry increased 35% to SEK 517 M (382), corresponding to 39% (37) of consolidated sales.

Automotive

Invoiced sales to customers in the automotive industry rose 11% to SEK 140 M (126), corresponding to 11% (12) of consolidated sales.

Industry

Invoicing to the other industries segment rose 24% to SEK 662 M (534), corresponding to 50% (51) of consolidated sales. The acquisitions completed during recent years contributed to the increase in the Group's invoicing to other industrial segments.

Earnings

Profit after financial items for 2004 amounted to SEK 122 M (65). Changed exchange rates had a marginal impact on earnings.

Prices for key input materials increased substantially in 2004. A significant portion of the cost increase, but not the entire amount, was offset by higher prices charged to customers.

Profit for the year was charged with the costs of the restructuring of operations in Sweden, and with certain initial costs for the establishment in Slovakia. Most of the costs were charged against the fourth quarter. Costs resulting from the closure of production in Germany will be charged against profit for 2005, as the decision was taken after the balance-sheet date.

The tax cost for the year was affected favorably by relatively high earnings in countries with low taxation, such as Estonia and China.

Earnings per share for the year amounted to SEK 13.01 (6.72). Return on shareholders' equity was 21.9% (12.6), compared with the company's goal of at least 15%.

Capacity and investments

Net investments by the Group during the year amounted to SEK 47 M (26). Properties with a book value of approximately SEK 4 M were sold during 2004, which means that gross investments amounted to SEK 51 M (26), including company acquisitions of SEK 16 M (3).

Financial position

The equity/assets ratio at December 30 was 53.3% (48.0) and shareholders' equity per share was SEK 64.07 (54.74). Group liquid assets on the closing date, including unutilized credit facilities, amounted to SEK 343 M (357). The Group's interest-bearing liabilities decreased by nearly SEK 80 M during the year.

Cash flow after investing activities during the year amounted to SEK 84 M, compared with a cash flow of SEK 73 M in 2003. Cash flow included SEK 18 M (4) paid out for company acquisitions. Accordingly, cash flow after investing activities but excluding acquisitions amounted to SEK 102 M (77).

Accounting principles

This report was prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council. As of 2004, RR29 Employee Benefits is applied. The change in accounting principle resulted in the Group's opening shareholders' equity increasing by SEK 0.4 M. The Group's income statement is affected marginally by the change.

Transition to reporting in accordance with IFRS

The transition to reporting in accordance with IFRS principles will result in changes affecting Nefab in the following three ways: reclassification of goodwill, amortization of such goodwill and the valuation of financial instruments. The transition will have a marginal impact on Nefab's earnings and financial position.

A quantification of the effects of the transition to IFRS is provided in Note 1 to this report.

Proposed dividend

The Board of Directors proposes a dividend of SEK 3.60 per share (3.00) for 2004. In addition, an extraordinary dividend of SEK 3.60 per share is proposed. Accordingly, the combined dividend amounts to SEK 7.20 per share (3.00) or SEK 49.7 M (20.7).

Split of the company's shares

The Board proposes a split of the company's shares, as a result of which each current share will be divided into four new shares (a four-for-one split).

Annual General Meeting

The Annual General Meeting will be held at 4.30 p.m. on Thursday, May 19 in Alfta. Information regarding the registration procedure for the Meeting will be provided in the Annual Report, which will be distributed to shareholders in early April.

Financial reports

Interim report, January-March 2005	April 27, 2005
Annual General Meeting	May 19, 2005
Interim report, January-June 2005	August 10, 2005

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Stockholm, February 14, 2005

Lars-Åke Rydh,
President and CEO

Profit and loss accounts (SEK M)

	0410-0412 3 months	0310-0312 3 months	0401-0412 12 months	0301-0312 12 months	0201-0212 12 months
Net sales	350	307	1 319	1 042	1 024
Cost of goods sold	<u>-261</u>	<u>-224</u>	<u>-954</u>	<u>-763</u>	<u>-755</u>
Gross profit	89	83	365	279	269
Selling expenses	-37	-34	-148	-127	-123
Administrative expenses	-24	-21	-93	-81	-87
Other operating income	<u>-1</u>	-	<u>2</u>	-	-
Operating profit	27	28	126	71	59
Net financial items	<u>-1</u>	<u>-1</u>	<u>-4</u>	<u>-6</u>	<u>-7</u>
Profit after net financial items	26	27	122	65	52
Taxes	<u>-5</u>	<u>-6</u>	<u>-32</u>	<u>-19</u>	<u>-19</u>
Net profit for the year	<u>21</u>	<u>21</u>	<u>90</u>	<u>46</u>	<u>33</u>
<i>Depreciation included above</i>	12	12	46	46	49
<i>Profit per share, SEK</i>	3,01	3,11	13,01	6,72	4,80

Balance sheets (SEK M)

	041231	031231	021231
Intangible assets	18	9	20
Tangible assets	247	259	284
Financial assets	6	8	9
Inventories etc.	113	89	106
Other current assets	296	259	234
Cash and bank	151	165	148
Equity	443	378	362
Provisions	44	44	50
Long-term liabilities	52	96	160
Current liabilities	292	271	229
Total capital	831	789	801
<i>Of which interest-bearing liabilities</i>	95	173	210

Cash flow statements (SEK M)

	0410-0412	0310-0312	0401-0412	0301-0312	0201-0212
Operating profit	27	28	126	71	59
Depreciation, financial net and taxes	<u>22</u>	<u>6</u>	<u>27</u>	<u>21</u>	<u>22</u>
Cash flow from the year's operations	49	34	153	92	81
Changes in working capital	18	16	-22	7	58
Net investments in fixed assets	<u>-21</u>	<u>-5</u>	<u>-47</u>	<u>-26</u>	<u>7</u>
Cash flow after investments	46	45	84	73	146
Dividend	-	-	-21	-19	-19
Financing	<u>-18</u>	<u>-24</u>	<u>-77</u>	<u>-37</u>	<u>-23</u>
Changes in liquid funds	28	21	-14	17	104

Key ratios

5(7)

0410-0412 0310-0312 0401-0412 0301-0312 0201-0212

Operating margin, %	7.8	9.2	9.5	6.8	5.8
Net margin, %	7.5	8.8	9.2	6.3	5.1
Return on equity, %	19.1	23.4	21.9	12.6	9.1
Return on total capital, %	13.5	15.1	15.9	9.5	7.8
Return on capital employed, %	20.9	21.4	23.7	13.4	10.8
Equity/assets ratio, %			53.3	48.0	45.2
Employees, yearly average			1 265	1 133	1 054
Net investments, SEK M	21	5	47	26	-7

Key ratios per share

Profit per share, SEK	3.01	3.11	13.01	6.72	4.80
Equity per share, SEK			64.07	54.74	52.38
Dividend per share, SEK			7.20 *)	3.00	2.80
Direct yield, %			4.0 *)	2.5	3.4
Number of shares at the end of the period, in thousands			6 907	6 907	6 907
Share price on closing day, SEK			178.50	122.00	83.00

Operating segments

0410-0412 0310-0312 0401-0412 0301-0312 0201-0212

Net sales

Nordic countries	125	104	467	374	398
Rest of Europe	130	120	528	398	364
Rest of the world	95	83	324	271	262
Total	350	307	1 319	1 042	1 024

Operating profit

Nordic countries	7	9	38	30	19
Rest of Europe	10	12	66	39	40
Rest of the world	8	3	23	0	6
Undistributed costs	2	4	-1	2	-6
Total	27	28	126	71	59

Changes in Shareholders' Equity

0401-0412 0301-0312 0201-0212

At beginning of the year	378	362	369
Dividend	-21	-19	-19
Translation differences	-4	-11	-21
Net profit	90	46	33
At end of the year	443	378	362

For definitions, refer to the 2003 Annual Report

*) Proposed dividend for 2004

Note 1 Effects on 2000 financial statements of reporting in accordance with IFRS

Reclassification of acquired goodwill results in a reduction of goodwill by SEK 11.2 M. Other identified intangible assets increase by SEK 15.8 M at the same time that deferred tax liabilities increase by SEK 4.6 M.

The change pertaining to amortization of acquired goodwill means that goodwill amortization of SEK 1.8 M is reversed and replaced by amortization of identified intangible assets of SEK 1.0 M, and that deferred tax is reduced by SEK 0.3 M. Net profit increases by SEK 1.1 M.

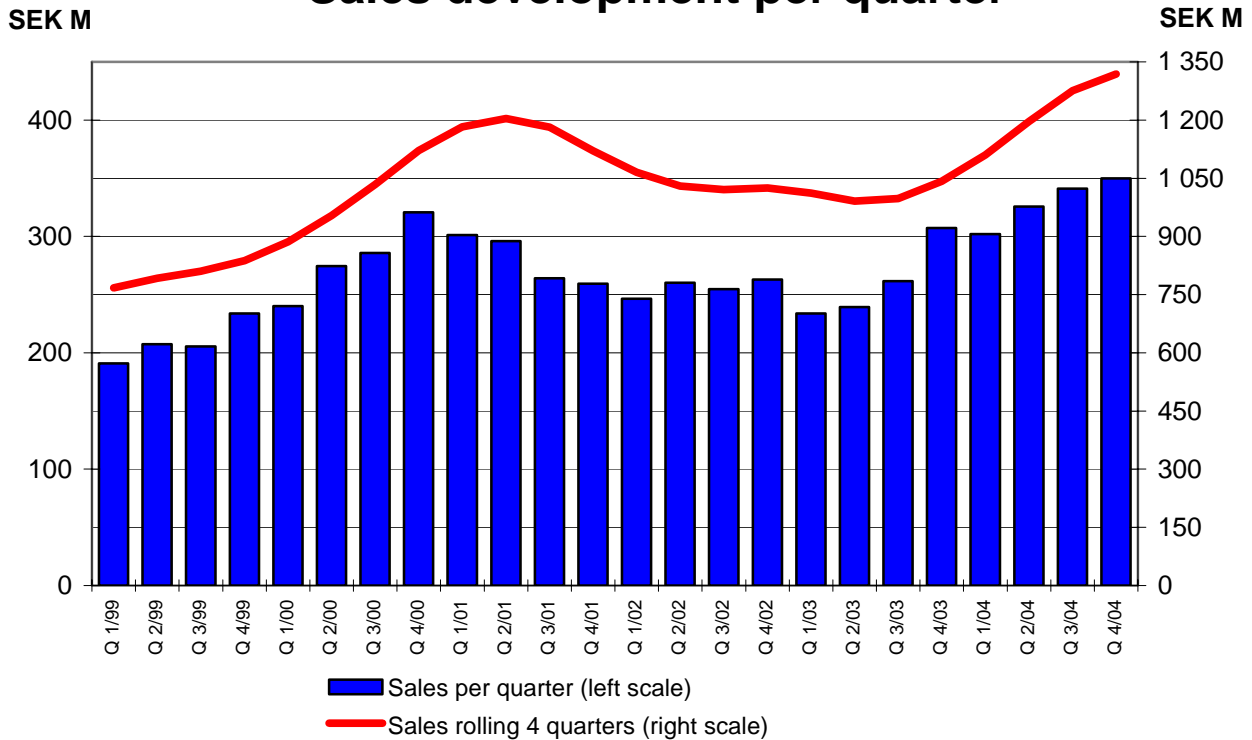
With regard to financial instruments, the change in accounting means that Nefab's net debt at January 1, 2005 increases by SEK 0.4 M. Shareholders' equity declines by a corresponding amount. The income statement for 2004 is not affected.

The above means a total earnings increase of SEK 1.1 M in 2004 as a result of the transition to reporting in accordance with IFRS.

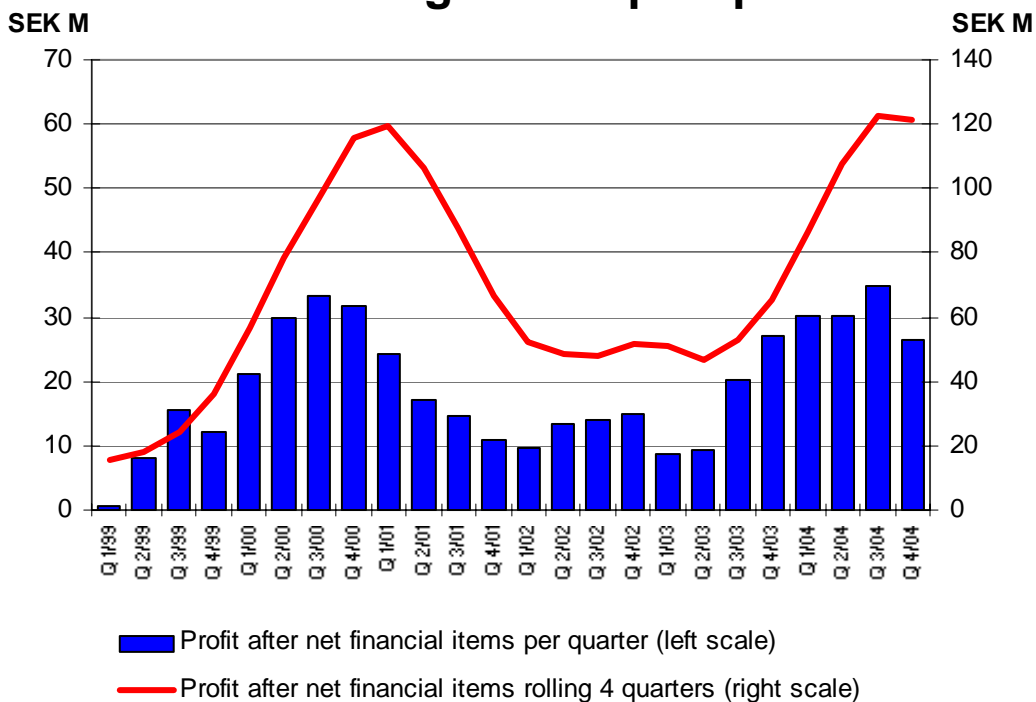
Quarterly data

	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03	Q2/03	Q3/03	Q4/03	Q1/04	Q2/04	Q3/04	Q4/04
Net sales	246	260	255	263	234	239	262	307	302	326	341	350
Cost of goods sold	-182	-189	-188	-196	-173	-176	-190	-224	-213	-232	-249	-261
Gross profit	64	71	66	67	61	63	72	83	89	94	92	89
Selling expenses	-31	-32	-29	-31	-30	-33	-30	-34	-37	-38	-36	-37
Administrative expenses	-21	-23	-21	-21	-20	-20	-20	-21	-24	-24	-21	-24
Other operation income	-	-	-	-	-	-	-	-	3	-	-	-1
Operating profit	12	16	16	15	11	10	22	28	31	32	35	27
Net financial items	-2	-3	-2	-	-2	-1	-2	-1	-1	-2	-	-1
Profit after net financial items	10	13	14	15	9	9	20	27	30	30	35	26
Taxes	-4	-5	-6	-4	-3	-5	-5	-6	-8	-8	-10	-5
Net profit	6	8	8	11	6	4	15	21	22	22	25	21
Fixed assets	346	332	321	313	308	307	295	276	272	274	267	271
Current assets	446	449	478	488	452	465	493	513	504	533	553	560
Equity	368	347	353	362	366	347	357	378	405	405	428	443
Provisions	47	48	48	50	51	54	53	44	44	48	50	44
Long-term liabilities	179	175	175	160	133	134	127	96	62	63	61	52
Current liabilities	198	211	223	229	210	237	251	271	265	291	281	292
Total capital	792	781	799	801	760	772	788	789	776	807	820	831
Operating margin, %	4.6	6.4	6.3	5.8	4.8	4.0	8.4	9.2	10.2	9.9	10.3	7.8
Net margin, %	3.9	5.1	5.5	5.7	3.7	3.8	7.7	8.8	10,0	9.3	10.2	7.5
Return on equity, %	6.6	8.8	9.4	12.3	6.2	5.4	16.5	23.4	22.7	22.1	23.5	19.1
Return on total capital, %	6.1	8.8	8.6	8.3	6.3	5.6	11.6	15.1	16.3	16.7	17.7	13.5
Return on capital employed, %	8.3	12.2	12,0	11.5	8.8	7.8	16.4	21.4	23.7	25.2	27.2	20.9
Equity/assets ratio, %	46.5	44.5	44.3	45.2	48.2	45,0	45.4	48,0	52.1	50.3	52.3	53.3
Profit per share, SEK	0.87	1.14	1.19	1.59	0.81	0.70	2.10	3.11	3.21	3.24	3.55	3.01
Equity per share, SEK	53.22	50.30	51.17	52.38	52.96	50.29	51.73	54.74	58.57	58.68	62.00	64.07
Share price on closing day, SEK	130.00	102.00	73.00	83.00	73.50	87.50	91.50	122.00	141.50	158.00	159.00	178.50

Sales development per quarter



Earnings trend per quarter



Facts 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 2004 amounted to slightly above SEK 1.3 billion. The Nefab share is listed on Stockholmsbörsen.