

INTERIM REPORT JANUARY - SEPTEMBER 1999



SEK M	Third quarter		First nine months	
	1999	1998	1999	1998
Order bookings	3 089	3 183	9 830	11 302
Sales	3 378	3 416	10 068	10 315
Operating profit	161	190	513	651
Profit after net financial items	91	133	420	484
Profit after tax	69	88	318	340

Profit per share in the most recent 12 months amounts to SEK 12.60 compared with SEK 13.00 for full-year 1998

Development in the third quarter was similar to the trend in the second quarter.

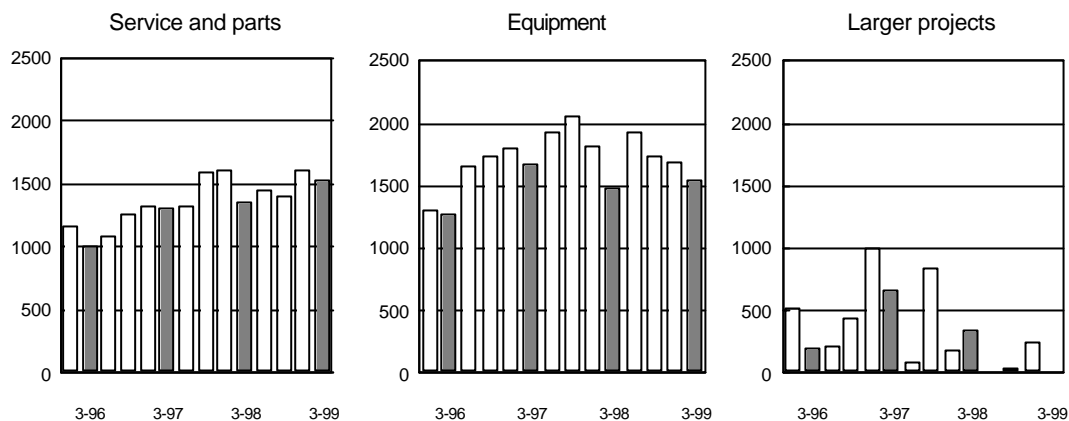
In the industrial minerals segment, that is, mainly construction and civil engineering related, the positive trend in the US and Southern Europe continued, while the important German market remained weak, as well as South America. The countries in Southeast Asia are showing signs of recovery, but from a very low level. Overall, we expect a successive increase in demand in the industrial mineral area.

As a result of the low metal prices that prevailed earlier in the year, investments in the area of metallic minerals remain at an exceptionally low level. As a consequence of the low metal prices, many customers have also reduced their stocks of wear and spare parts. Increased demand and production cutbacks in recent months has resulted in rising metals prices. Market prospects are improving and we see signs of increased demand for to next year.

The three important internal programs announced for 1999 are proceeding as planned.

- Inventory reduction program has resulted in a reduction of inventory of SEK 250 M since the first quarter.
- Program for increased efficiency through coordination of acquired companies has resulted to date in a cost level for next year which has been reduced by SEK 60 M.
- With the aim of further increasing wear and spare part sales, work is proceeding as planned for introduction of new service offerings at the beginning of next year.

ORDER BOOKINGS



The diagrams illustrate order bookings per quarter

Third quarter

Including SEK 65 M contributed by acquired companies, order bookings amounted to SEK 3,089 M, compared with SEK 3,183 M in the corresponding period last year. Order bookings for service and parts rose SEK 188 M and for equipment by SEK 68 M. Major projects declined by SEK 351 M. Project orders normally show major fluctuations, but are currently affected by the low level of investment in the mining industry.

Third-quarter order bookings in Europe amounted to SEK 1,318 M (1,405). Realignment of the product offering as a result of changes in acquired companies as well as reduced investment levels in Eastern Europe affected order bookings. Order bookings in North America rose to SEK 947 M (688) due to continued favorable trends in the construction and civil engineering industries. Most of the increase is attributable to the US. Order bookings in Asia Pacific were SEK 354 M (544). The difference is attributable to major project orders booked in the corresponding period a year earlier. Order bookings in South America amounted to SEK 209 M (266). In local currencies, order bookings were unchanged. In Africa and the Middle East, order bookings amounted to SEK 261 M, at a level corresponding to the 1998 period (277).



The diagram shows the changes in order bookings during Q3 1999 vs Q3 1998

First nine months

Total order bookings amounted to SEK 9,830 M (11,302), including SEK 115 M from companies acquired during the period. The difference compared with 1998 is due mainly to the weak start of the year. Orders booked during the first quarter of 1998 reached record-heights for Svedala on the strength of several major project orders from Iran, among other markets.

INVOICED SALES

Third quarter

Invoiced sales amounted to SEK 3,378 M (3,416), including SEK 60 M from acquired companies. Sales of service, spare parts and wear products amounted to SEK 1,563 M (1,509), corresponding to 46% of total invoiced sales.

Sales in Europe were unchanged, amounting to SEK 1,399 M (1,410). The same situation applied in North America, where sales totaled SEK 964 M compared with SEK 973 M in the year-earlier period. Invoiced sales in the Asia Pacific region declined to SEK 310 M (356) in the third quarter due to lower investment in Australia in the metallic minerals segment. In South America, invoicing declined to SEK 200 M (374) due to the recession in Brazil. About SEK 72 M of the decline is due to currency translations as a result of the devaluation of Brazil's currency. Invoicing in Africa/Middle East rose to SEK 499 M (276), due to ongoing project orders.

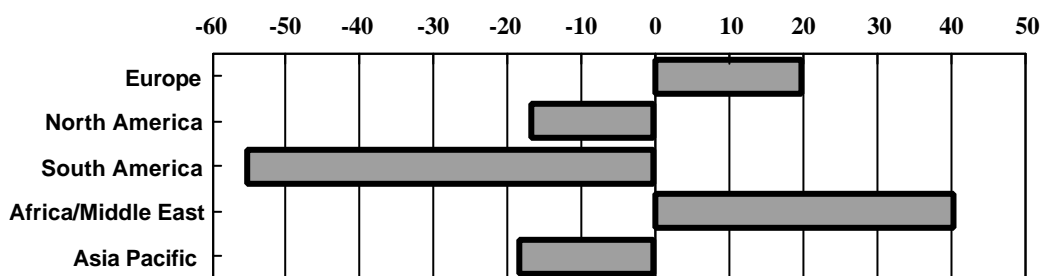
First nine months

Total sales invoiced amounted to SEK 10,068 M (10,315), including SEK 115 M attributable to acquired companies, while currency movements had an insignificant effect on total invoicing. Reduced investments in equipment for processing of metallic minerals and the business climate in Brazil were the reasons for the difference. Sales of service and parts accounted for 43% of total Group sales, calculated over the most recent 12-month period, with sales of equipment for industrial minerals accounting for 52%. Equipment used to process metallic minerals accounted for the remaining 5% of Group sales.

PROFIT

Third quarter

Operating profit amounted to SEK 161 M (190). The operating profit from sales of service and parts was SEK 184 M, corresponding to an operating margin of 12%, while equipment accounted for SEK 20 M, with an operating margin of 2%. The change in earnings by region is attributable mainly to changes in invoicing.

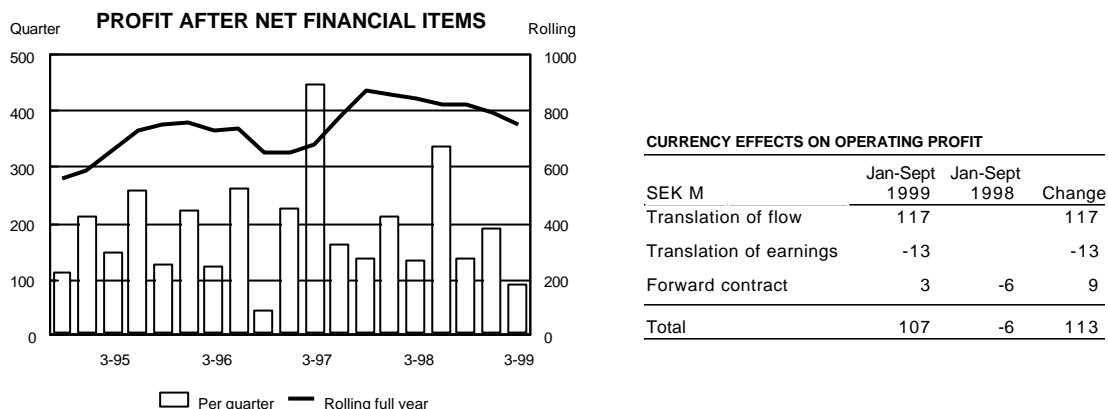


The total change amounts to SEK -29 M

Net financial expense in the third quarter was SEK 70 M (expense: 57). Accordingly, profit after net financial items amounted to SEK 91 M, compared with SEK 133 M in the year-earlier period.

First nine months of 1999

Operating profit amounted to SEK 513 M (651). Profit attributable to sales of service and parts amounted to SEK 517 M, corresponding to an operating margin of 12%. Operating profit attributable to equipment sales amounted to SEK 94 M, with an operating margin of 2%. Measures decided to date in the ongoing project to improve internal efficiency have affected earnings negatively in the amount of SEK 20 M due to restructuring. As a result of these restructuring measures, the cost level will be SEK 60 M lower next year. Consequently, compared with 1999, the positive effect on earnings will be SEK 80 M.



Currency movements during the first nine months of 1999 yielded favorable effects on operating profit amounting to SEK 113 M, most of which is attributable to positive effects of exports from Brazil following the country's devaluation in the beginning of 1999. Favorable currency effects are reported in end-customer markets. The calculation does not take into account the adverse effects of devaluation in the region.

Information has been received from SPP regarding allocation of pension funds. The amount is SEK 86 M and is not recognized as income in this report. In accordance with SPP's current rules, the company is eligible for cash repayment of the entire amount since the pension liability has been settled.

Profit after net financial items amounted to SEK 420 M (484). Net financial items amounted to an expense of SEK 93 M (expense: 167). The improvement in net financial items includes a positive exchange rate difference of SEK 104 M resulting from an earlier decision to discontinue hedging of foreign net assets.

QUARTERLY FIGURES

SEK M	1999			1998			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Order bookings	3 089	3 547	3 194	3 407	3 183	3 618	4 501
Sales	3 378	3 785	2 905	4 079	3 416	3 695	3 204
Operating profit	161	256	96	402	190	276	185
Profit after net financial items	91	192	137	337	133	214	137

Profit after tax in the first nine months of 1999 amounted to SEK 318 M, corresponding to SEK 6.60 per share, compared with SEK 340 M and SEK 7.10 per share in the year-earlier period. Profit per share for the most recent 12-month period was SEK 12.60.

ACQUISITIONS

The following acquisitions were carried out in the third quarter:

Dunlop-Skega of Australia, formerly a jointly owned company in Australia, is now a wholly owned subsidiary of the Svedala Group. The company manufactures and markets linings for grinding mills. Annual sales amount to approximately SEK 100 M, with about 75 employees.

Pyrotherm, another Australian company, which has developed a unique technology for drying and calcinating minerals, was acquired. The company has annual sales of about SEK 50 M.

Svedala acquired Ludlow-Saylor, an American company, in the first half of 1999. Ludlow-Saylor manufactures wear parts for screens. The company has annual sales of SEK 100 M and about 100 employees.

INVESTMENTS AND DEPRECIATION

Group investments in property, plant and equipment, not including the assets of acquired companies, totaled SEK 324 M (330) during the first nine months of 1999. Depreciation amounted to SEK 296 M (299) during the same period.

FINANCING AND CASH FLOW

Cash flow before investments amounted to SEK 465 M (239) during the first nine months of 1999.

Net borrowing as of September 30, 1999 totaled SEK 4,526 M, an increase of SEK 325 M since year-end 1999. The increase in net borrowing since year-end includes a loan totaling SEK 192 M, which was raised to finance acquisitions.

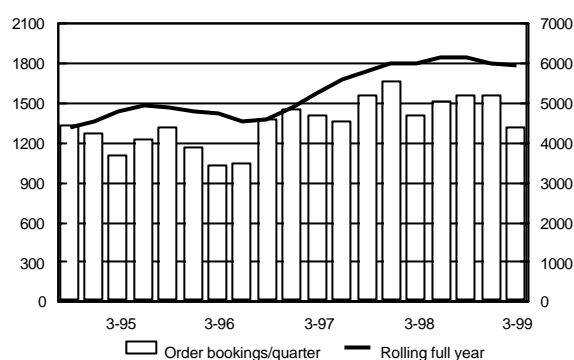
Since the inventory reduction program was started during the first quarter of this year capital tied up in inventories declined by SEK 250 M, excluding acquisitions and currency movements. The goal set to reduce the average inventory level by SEK 500 M during a 12-month period remains in effect.

PERSONNEL

The Group had about 10,900 employees at September 30, 1999. Excluding acquisitions, the labor force declined by about 480 persons since year-end 1998 as a result of the ongoing program to enhance internal efficiency.

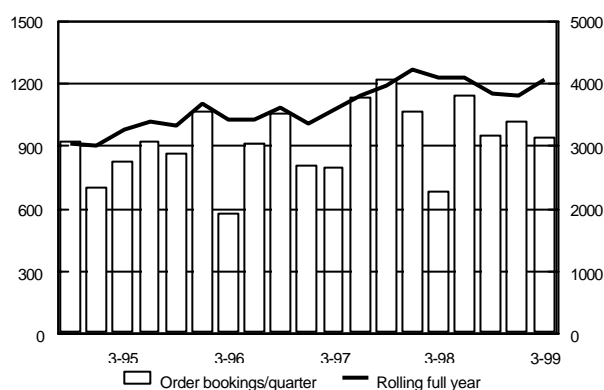
ORDER BOOKINGS AND PROFIT PER REGION

Europe



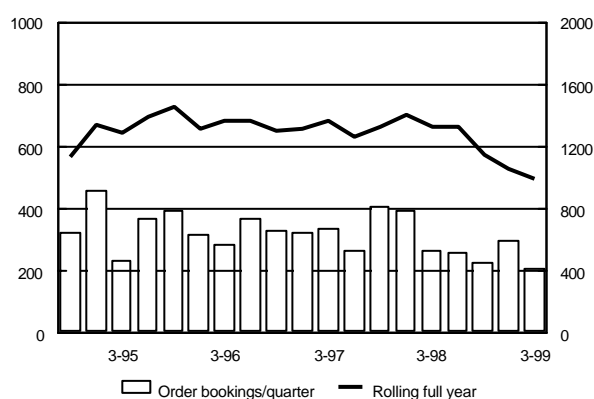
SEK M	1999 Qr 3	1998 Qr 3	1999 9 mos.	1998 9 mos.	1998 12 mos.	Oct-98- Sep-99
Order bookings	1 318	1 405	4 429	4 630	6 151	5 950
Invoicing	1 399	1 410	4 347	4 288	6 152	6 211
Operating profit	113	93	313	294	504	523
ROA %			13	14	17	16

North America



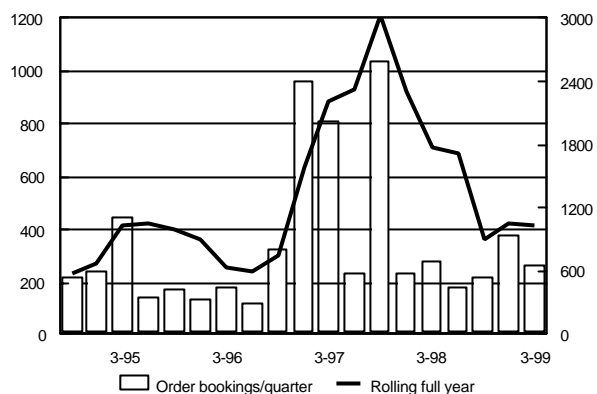
SEK M	1999 Qr 3	1998 Qr 3	1999 9 mos.	1998 9 mos.	1998 12 mos.	Oct-98- Sep-99
Order bookings	947	688	2 915	2 967	4 114	4 062
Invoicing	964	973	3 158	3 166	4 194	4 186
Operating profit	33	49	176	214	331	293
ROA %			9	13	14	11

South America



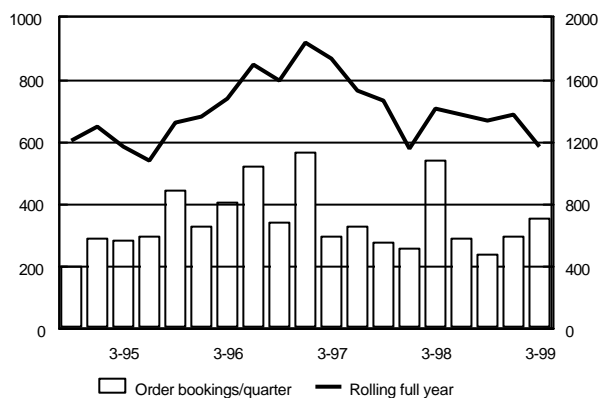
SEK M	1999 Qr 3	1998 Qr 3	1999 9 mos.	1998 9 mos.	1998 12 mos.	Oct-98- Sep-99
Order bookings	209	266	737	1 065	1 329	1 001
Invoicing	200	374	624	1 054	1 452	1 022
Operating profit	-7	48	12	120	157	49
ROA %			3	>20	>20	8

Africa and Middle East



SEK M	1999 Qr 3	1998 Qr 3	1999 9 mos.	1998 9 mos.	1998 12 mos.	Oct-98- Sep-99
Order bookings	261	277	849	1 545	1 727	1 031
Invoicing	499	276	974	831	1 135	1 278
Operating profit	66	25	81	86	134	129
ROA %			16	>20	>20	20

Asia Pacific



SEK M	1999 Qr 3	1998 Qr 3	1999 9 mos.	1998 9 mos.	1998 12 mos.	Oct-98- Sep-99
Order bookings	354	544	892	1 090	1 383	1 185
Invoicing	310	357	950	984	1 398	1 364
Operating profit	-1	18	29	37	68	60
ROA %			4	5	7	6

INVOICED SALES PER PRODUCT GROUP

SEK M	1999 9 mos.	1998 9 mos.	1998 12 mos.	Sept-98- Oct-99
Rock Handling	3795	3905	5623	5513
Process	2455	2465	3539	3529
Compaction	2358	2416	2948	2890
Bulk	1133	1176	1723	1680
Other	327	353	561	535
Total	10068	10315	14394	14147

Svedala's broad product range is marketed mainly through the joint Svedala House organisation. The table shows the distribution of sales per product group.

KEY RATIOS

	1999 9 mos.	1998 9 mos.	1998 12 mos.	Oct-98-- Sep-99
Return on assets employed (ROA) ,%	8	11	14	11
Profit after tax, SEK/share	6.60	7.10	13.00	12.60
Return on shareholders' equity after tax, %	10	12	16	15
Shareholders' equity, SEK/share	83	82	88	83
Equity ratio, %	32	32	34	32
Debt/equity ratio, multiple	1.1	0.9	1.0	1.1

PROFIT AND LOSS ACCOUNT

SEK M	1999 9 mos.	1998 9 mos.	1998 12 mos.	Oct-98-- Sep-99
Net sales	10 068	10 315	14 394	14 147
Cost of goods sold	-7 351	-7 530	-10 502	-10 323
Gross profit	2 717	2 785	3 892	3 824
Sales, administration and R&D expenses	-2 202	-2 149	-2 864	-2 917
Other income and expenses	-1	12	22	9
Interest in earnings of associated companies	-1	3	3	-1
Operating profit	513	651	1 053	915
Interest, net	-193	-164	-226	-255
Other financial items	100	-3	-6	97
Profit after net financial items	420	484	821	757
Taxes	-103	-144	-195	-154
Minority interests	1	0	0	1
NET PROFIT	318	340	626	604

BALANCE SHEET

SEK M	99-09-30	98-09-30	98-12-31
Assets	0	0	0
Intangible fixed assets	1 370	1 286	1 336
Tangible fixed assets	2 155	2 056	2 115
Long-term interest-bearing receivables	376	378	371
Other financial fixed assets	353	520	369
Stock	4 092	4 101	4 030
Current receivables	3 774	3 497	3 899
Liquid funds	374	262	406
Total assets	12 494	12 100	12 526
Shareholders' equity and liabilities	0	0	0
Shareholders' equity	3 990	3 915	4 230
Minority interests	0	1	2
Interest-bearing liabilities	5 275	4 339	4 978
Non-interest-bearing liabilities	3 229	3 845	3 316
Total shareholders' equity and liabilities	12 494	12 100	12 526

CASH FLOW ANALYSIS

SEK M	1999 9 mos.	1998 9 mos.	1998 12 mos.	Oct-98-- Sep-99
Operating profit	513	651	1053	915
Plus: Depreciation	296	299	385	382
Less: Interest in earnings of associated companies	0	-3	-3	0
Financial items	-93	-167	-232	-158
Taxes paid	-103	-144	-125	-84
Cash flow before changes in working capital and investments	613	636	1078	1055
Change in working capital:				
Stock	-151	-538	-344	43
Non-interest-bearing receivables	-12	182	-60	-254
Non-interest-bearing liabilities	15	-41	-724	-668
Cash flow before investments	465	239	-50	176
Gross investments in property, plant and equipm.	-324	-330	-421	-415
Divested assets	32	38	53	47
Cash flow after investments	173	-53	-418	-192
Dividends	-264	-240	-240	-264
Change in minority shareholdings	-2	0	0	-2
Change in net borrowing before acquisitions/ divestments and currency translations	-93	-293	-658	-458
Companies acquired	-192	-103	-124	-213
Currency translation of net borrowing	-39	-40	-156	-155
Increase in net borrowing	-324	-436	-938	-826
Change in long-term interest-bearing receivables	-5	-28	-21	2
Change in interest-bearing liabilities	297	264	903	936
Change in liquid assets	-32	-200	-56	112

The figures in this report are unaudited.

Malmö, October 28, 1999
Thomas Oldér
President and CEO

*The year-end report on 1999 operations will be released on February 17, 2000.
The 1999 Annual Report will be distributed at the end of February/early March 2000. The
Annual General Meeting will be held on April 11, 2000.*



Tel 040-24 58 00, Fax 040-24 58 78