



## Gylling Optima Batteries AB

January – September 1999

- Net sales excluding GM rose by 18.5 %
- Operating profit rose to SEK 11.393 (-13.367) million
- Operating profit after financial items SEK 4.5 (-17.9 )  
million
- Number of batteries sold increased by 17.8 % to 370,000  
( 314,000 )
- 5-year distribution and technology development agreement  
signed with GNB Technologies Inc.

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Gylling Optima Batteries AB is the parent company of the Optima Group. Optima Batteries Inc in Denver, Colorado is the group's manufacturing company and handles sales and marketing in North and South America. Optima Batteries AB is responsible for Europa, Asia, the Middle East and Africa.

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GYLLING GROUP OF SCANDINAVIA, ESTABLISHED 1912



**GYLLING OPTIMA BATTERIES AB ( a publically help corporation )**  
**REPORT**  
**JANUARY-SEPTEMBER 1999**

**Market and Sales**

Sales continued to develop strongly during the first nine months of 1999.

In comparison with the corresponding period last year, Optima has increased volume by 17.8 %.

During the period 370,000 (314,000) batteries were sold.

After continuing favourable development of Japanese sales, Optima is now advancing its front line by opening a sales office in Tokyo on October 1. A local presence is necessary to meet the requirements for an OEM supplier.

**Competitors and Collaborative Partnerers**

During the third quarter Exide, the biggest battery manufacturer in the world, began to launch its version of a wound-cell battery. This will focus interest and marketing efforts in the battery market on this type of battery. This may, at the same time, be seen as proof of the market potential of Optima's in-house Spiral Cell technology.

Optima's experience of this technology, stretching over more than ten years, is apparent from a performance clearly superior to competitors' comparable products.

Optima has signed a five year strategic distribution and technology development agreement with GNB Technologies Inc, one of the three biggest battery manufacturers in the USA. A new

market segment in the USA is currently opening up before Optima and net sales are estimated to grow by 25-30 %.

**Production**

Production over the quarter has gone to plan. Optima has begun to produce a small battery, the 75/35 for launch in the USA and Europe during the fourth quarter of 1999 in order to reach new market segments.

A Swedish senior production manager with solid experience of industries with complex production systems (ABB) has taken charge at the Aurora factory for the duration. This is particularly important given the prospect of future increases in volume and to ensure further improvements in quality and production efficiency.

**Research and Development**

Vehicle manufacturers are presently meeting requirements for reduced fuel consumption and emissions at the same as modern vehicles are being equipped with ever more complex and energy-hungry electrical systems. A new electrical system technology is therefore being developed whereby the battery voltage is increased from 12 to 36.

Optima is well ahead with this development project, working with many of the major car manufacturers.

Optima and Volvo's joint battery project, EFF Power AB and the ALAC deep-discharge cycle project in the USA are running closely to the arranged plan.

### Earnings

After financial items, the Optima Group's earnings amounted to SEK 4.5 million (SEK -17.9 million).

### Financial Position

The liquid assets of the group on September 30 amounted to SEK 4.0 (0.1) million. Unused overdraft facilities amounted to SEK 16.1 (11.3) million. Some of the company's leasing contracts have been reclassified from operational to financial leasing, and consequently SEK 36.6 million are accounted as an increase in plant and inventories. A corresponding amount has been entered as a liability. The group's investments during the period amounted to SEK 9.5 (19.6) million of which SEK 9.1 (19.2) million refers to leasing. The equity ratio was 32.8 (28.3) % while the debt ratio was 1.58 (1.58) (multiple).

### Net Sales

Net sales rose to SEK 232 (201) million. The figures for the previous

year include sales of SEK 5.6 million to General Motors.

### Future Prospects

The battery industry's strong increase in interest in the Spiral Cell technology introduced by Optima has now resulted in a 5-year contract with GNB Technologies Inc. The contract, which ensures a decent basic volume, will have a significant effect.

### Optima's net profit/loss for the coming year.

Optima has continued the favorable trend begun with the first half year with a satisfactory third quarter. The board's earlier forecast of continued good sales and sales development during the fourth quarter of 1999 remains unchanged.

### Scheduled Reports

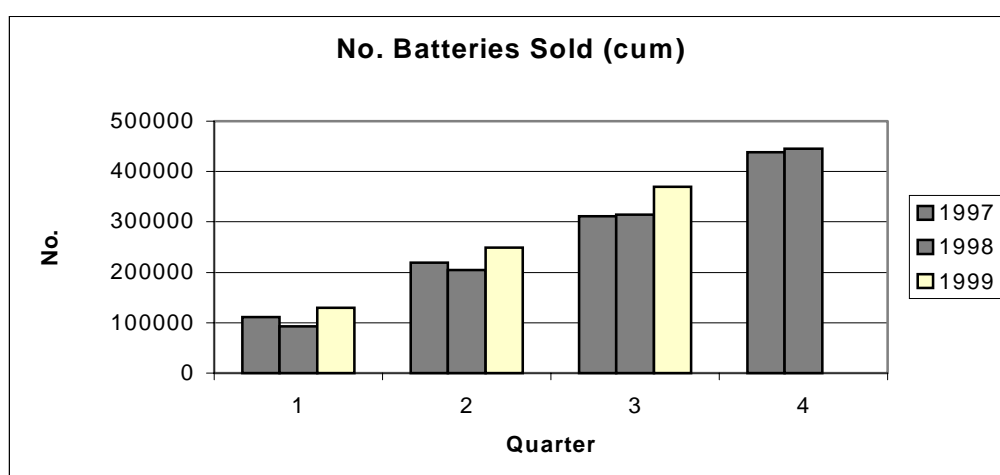
- 1999 Earnings Report,  
Thursday, February 24, 2000

Danderyd, November 11, 1999

Bertil Gylling

For more information, please refer to the corporate counsel, Lars Burström.

*This report has not been reviewed by the company's auditors.*



<b>CONSOLIDATED INCOME STATEMENT</b>	01-01-1999	01-01-1998	01-01-1998
SEK (000s)	09-30-1999	09-30-1998	12-31-1998
Net sales	231,122	200,878	278,705
Cost of goods sold	-158,060	-153,331	-217,353
<b>Gross Income</b>	<b>73,062</b>	<b>47,547</b>	<b>61,352</b>
Sales and marketing expenses	-32,140	-29,900	-42,948
Administration expenses	-25,673	-24,886	-30,855
Research and development costs	-3,856	-6,128	-7,794
Operating profit/loss	11,393	-13,367	-20,245
Net financial income/expenses	-6,933	-4,553	-8,687
Operating profit/loss after net financial items	4,460	-17,920	-28,932
Tax	-	-32	-20
Profit/loss for period	4,460	-17,952	-28,952
<b>CONSOLIDATED BALANCE SHEET</b>			
SEK (000s)	09-30-1999	09-30-1998	12-31-1998
Fixed assets	142,031	105,100	104,657
Other current assets	30,368	24,886	33,733
Inventory	52,657	53,106	54,116
Accounts receivable	56,057	49,901	47,138
Cash and cash equivalents	4,037	57	12,801
Total assets	285,150	233,050	252,445
Equity	93,472	66,105	88,489
Interest-bearing liabilities	147,874	104,451	116,666
Accounts payable	18,678	30,111	28,120
Other non-interest paying debts	25,126	32,383	19,170
Total equity and liabilities	285,150	233,050	252,445
<b>BUSINESS RATIOS</b>	<b>09-30-1999</b>	<b>09-30-1998</b>	<b>12-31-1998</b>
Gross margin (%)	31.61%	23.67%	22.01%
Operating margin (%)	4.93%	-6.65%	-7.14%
Profit margin (%)	1.93%	-8.92%	-10.21%
Return on equity (%)	4.90%	-23.98%	-33.64%
Return on capital employed (%)	8.16%	-5.50%	-8.07%
Equity ratio (%)	32.78%	28.37%	35.05%
Debt ratio (multiple)	1.58	1.58	1.32
Percentage shareholders' funds (%)	32.78%	28.37%	35.05%
Interest coverage ratio (multiple)	1.32	-1.22	-1.18
Number of batteries sold	370,000	314,000	444,000
<b>PER SHARE DATA</b>	<b>09-30-1999</b>	<b>09-30-1998</b>	<b>1998</b>
Number of shares	29,915,400	27,164,667	29,915,400
Earnings per share after tax	0.15	-0.66	-1.06
P/E- ratio (multiple)	101	neg	neg
Equity SEK	3.12	2.43	2.95
<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>01-01-1999</b>	<b>01-01-1998</b>	<b>01-01-1998</b>
SEK (000s)	<b>09-30-1999</b>	<b>09-30-1998</b>	<b>12-31-1998</b>
<b>OPERATING ACTIVITIES</b>			
Profit/loss after financial items	4,461	- 17,920	-28,932
Adjustment for items not affecting cash flow	8,500	5,558	7,431
Changes in working capital	- 23 236	7 983	2,006
Cash flow from operating activities	- 10 275	- 4379	-19,495
Cash flow from investment activities	- 364	- 403	-720
Cash flow from financing activities	1,874	2,013	30,191
Net change in cash	- 8,765	- 2,769	9,976
Cash at beginning of year	12,802	2,826	2,826
Cash at end of period	4,037	57	12,802