

INTERIM REPORT JANUARY – MARCH 2000



Following a very weak 1999, order bookings have risen sharply since December. December 1999 and January and March 2000 have been the best months in the history of the Group. Order bookings rose 18% during the January–March period and exceeded invoiced sales by slightly more than SEK 650 M.

The restructuring program announced during autumn 1999 is continuing as planned and SEK 70 M was charged against operating profit for related costs, mainly for severance pay. Excluding these costs, operating profit rose from SEK 96 M to SEK 111 M. Net financial items amounted to an expense of SEK 66 M, compared with income of SEK 41 M in the year-earlier period, which included nonrecurring revenue of SEK 104 M. Accordingly, earnings reported after financial items amounts to be a loss of SEK 25 M (income: 137).

The order backlog corresponds to four months of sales. To date, the increase in order bookings has had only a marginal impact on sales and thus earnings.

Due to a generally favorable global economy and increased demand, we expect order bookings to remain favorable and thus lead to higher sales which, combined with the effects of the restructuring program, will result in improved earnings.

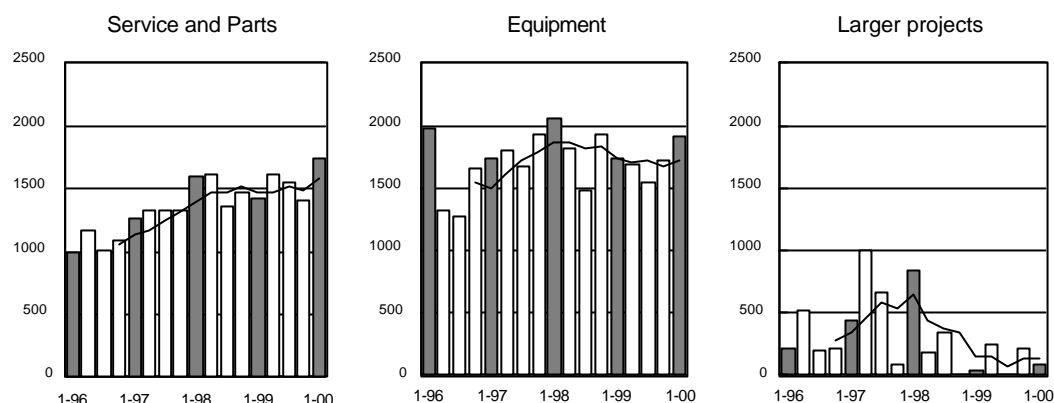
MARKET

The economic outlook is favorable for virtually the entire world, which will lead to increased consumption of minerals and rising raw materials prices. This factor, combined with considered demand for efficiency measures, indicates that demand for Svedala products from the global mining industry will increase.

In the construction industry, demand is expected to increase in Europe and further strengthen in North America. These are Svedala's principal markets in the building and construction industry. In South America and Asia, stronger market conditions are expected, following a weak 1999.

Increased volumes are also expected in the service and spare parts market, at the same time as Svedala's focus on the after-market will result in larger market shares. In the project sector, the level of activity is currently much higher than during the preceding year, which will boost order bookings.

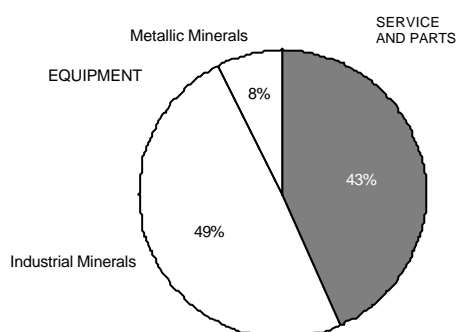
ORDER BOOKINGS



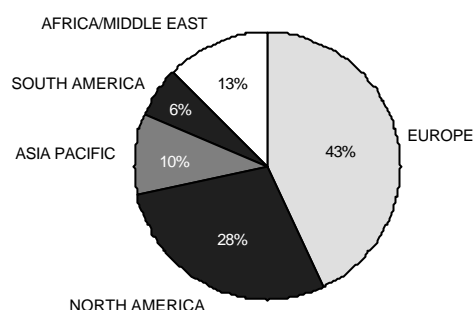
The bars in the diagram show the distribution of the quarterly order bookings among Service and Parts, Equipment and Larger projects. The lines show the average order bookings per quarter rolling full year.

Order bookings during the first quarter of 2000 rose by 18% to SEK 3,753 M (3,194). Exchange-rate changes and acquired companies led to a 4% improvement in order bookings. Equipment, on the one hand, and service and spare parts, on the other, accounted for approximately equal amounts of the increase in order bookings. The improvement in order bookings derived from both the construction industry, particularly in Europe and North America, and the mining industry, mainly in North and South America.

INVOICED SALES



The diagram shows the distribution of sales April 1999 to March 2000 between Service and Parts, and Equipment used in processing of metallic minerals and industrial minerals.



Sales per region April 1999 to March 2000

Invoiced sales rose 6% during the period to SEK 3,092 M (2,905). Invoiced sales of service and spare parts amounted to SEK 1,452 M (1,348). Excluding acquisitions and exchange-rate movements, the total increase was 2%. Svedala's order backlog corresponds to an average of four months of sales, while the backlog for service and spare parts amounts to three months of sales. In other words, the increase in order bookings has yet to impact on invoiced sales. Invoiced sales in Africa/Middle East rose, due to outstanding portions of previously initiated large-scale projects, while sales in North America declined during the period, because of a lack of orders for metallic minerals in 1999.

INVOICED SALES PER PRODUCT GROUP

SEK M	2000 3 mos.	1999 3 mos.	1999 12 mos.	Apr-99- Mar-00
Rock Handling	1181	1091	5280	5370
Process	798	626	3585	3757
Compaction	712	704	2971	2979
Bulk	313	375	1601	1539
Other	88	109	559	538
Total	3092	2905	13996	14183

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

EARNINGS

SEK M	2000 Q r 1	1999 Q r 1
Operating profit	41	96
Adjustment for restructuring costs	70	
Adjusted operating profit	111	96
Result after net financial items	-25	137
Adjustment for currency gain		-104
Adjustment for restructuring costs	70	
Adjusted result after net financial items	45	33

Operating profit during the first quarter amounted to SEK 41 M (96). Operating profit included restructuring costs of SEK 70 M, due to the rationalization program presented at the end of 1999. Most of the restructuring costs consist of severance pay and other compensation to personnel who have left, or will leave, the Group. These costs are expensed on a current account basis, when an agreement regarding severance pay has been reached. Normal compensation to personnel who continue to work during the period of notice is not regarded as a restructuring cost. In other words, the favorable effects of the rationalization program will not become noticeable until the end of the period of notice.

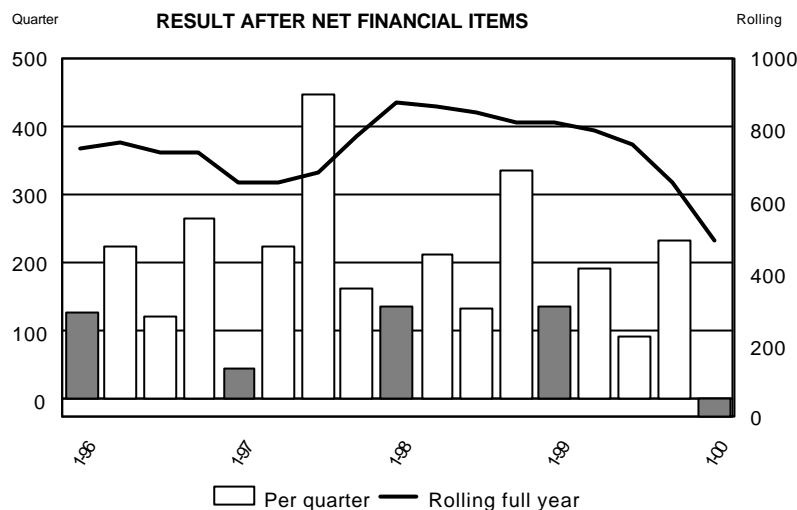
Operating profit from sales of service and spare parts amounted to SEK 147 M (145), which corresponds to an operating margin of 10%, while sales of equipment resulted in an operating loss of SEK 10 M (loss: 20).

Exchange-rate movements had a positive impact of SEK 12 M on operating profit, mainly as a result of a sharp appreciation of the USD against the SEK. From Svedala's viewpoint, the depreciation of the euro was of lesser importance.

The allocation of surplus pension funds from SPP, which will result in a refund of approximately SEK 100 M to Svedala, has yet to be credited to income, pending a decision regarding the method of allocation. Such a decision from SPP is expected at the end of April.

Svedala reported a loss for the period of SEK 25 M after net financial items (profit: 137). Net financial items amounted to an expense of SEK 66 M (income: 41). Net financial items in the year-earlier period included nonrecurring revenues of SEK 104 M from exchange-rate differences. Increased borrowing had a negative impact of SEK 4 M on net interest expense.

A loss of SEK 43 M was reported after taxes (profit: 101).



The result for the first quarter of 2000 includes restructuring costs of SEK 70 M

RATIONALIZATION PROGRAMS

The rationalization programs presented during 1999 with the aim of reducing annual costs by SEK 425 M as of 2001 are continuing as planned. The total cost of the programs during 2000 is estimated at SEK 145 M, of which SEK 70 M was expensed during the first quarter. Since the programs were introduced, the number of employees has been reduced by approximately 780, including 120 during the first quarter of 2000. The savings expected during 2000, which will affect gross profit and operating profit, amount to SEK 320 M, in relation to the cost level prevailing prior to the programs' initiation. The cost reductions are keeping pace with the established plan.

ACQUISITIONS

During the period, Svedala acquired all of the shares in Mukand-McNally Ltd., an Indian company that was previously jointly owned by Svedala. The company, which is active in the bulk handling segment, has annual sales of slightly more than SEK 30 M, with approximately 40 employees.

INVESTMENT AND DEPRECIATION

Group investments in plant during the first quarter of 2000, excluding existing facilities in acquired companies, amounted to SEK 122 M (95). Depreciation during the same period amounted to SEK 106 M (107).

FINANCING AND CASH FLOW

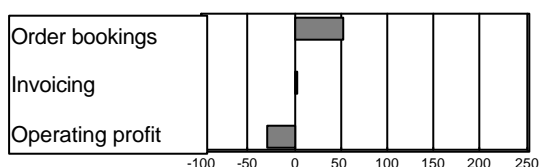
Net borrowing at the end of the first quarter of 2000 amounted to SEK 4,815 M, up SEK 463 M compared with the beginning of the year. The rise in net borrowing was mainly attributable to an increase in operating capital. Capital tied up in inventories has increased by SEK 344 M since the beginning of the year. The increase was due to normal seasonal variations, which were compounded by the SEK 800 M increase in order bookings since December 1999. The previously announced objective of reducing capital tied up in inventories by SEK 1,000 M compared with the level prevailing after the first quarter of 1999, stands firm.

PERSONNEL

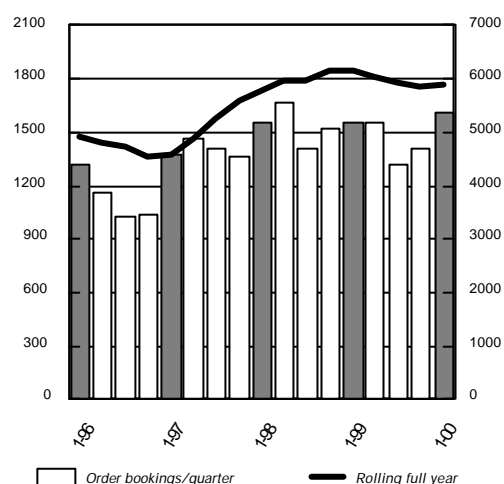
The total number of Svedala Group employees at March 31, 2000 was approximately 10,800. Excluding acquisitions, the number of employees has decreased by about 90 since the end of 1999. The personnel-reduction process will continue within the framework of the ongoing rationalization program.

Europe 43% of group sales

SEK M	2000 1 Qr	1999 1 Qr	1999 12 mos.	Apr-99-- Mar-00
Order bookings	1 609	1 557	5 837	5 889
Invoicing	1 220	1 220	6 098	6 098
Operating profit	34	64	451	421
ROA %	5	8	14	13

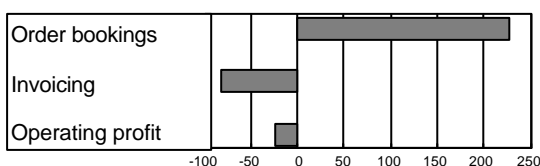


Change quarter 1 2000 vs quarter 1 1999

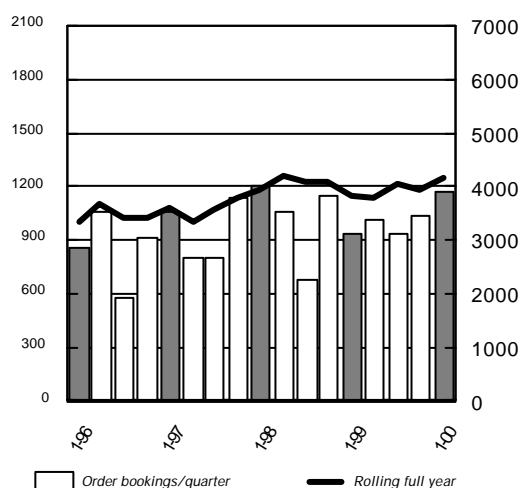


North America 28% of group sales

SEK M	2000 1 Qr	1999 1 Qr	1999 12 mos.	Apr-99-- Mar-00
Order bookings	1 175	948	3 957	4 184
Invoicing	941	1 023	4 114	4 032
Operating profit	26	49	216	193
ROA %	4	8	8	7

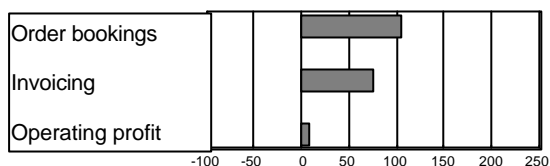


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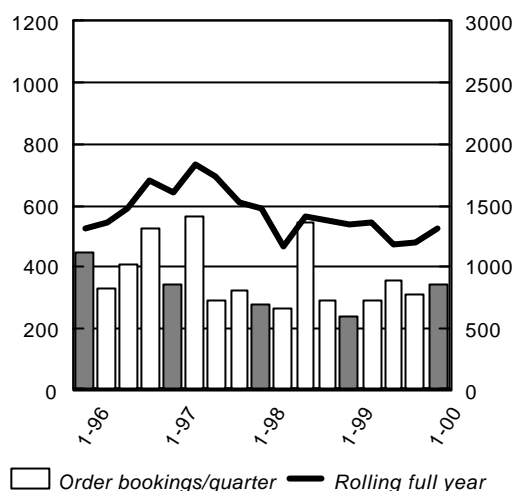


Asia Pacific 10% of group sales

SEK M	2000 1 Qr	1999 1 Qr	1999 12 mos.	Apr-99-- Mar-00
Order bookings	348	242	1 204	1 310
Invoicing	365	289	1 322	1 398
Operating profit	18	10	44	52
ROA %	7	4	4	5

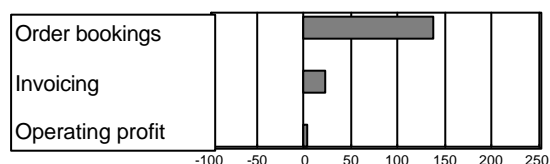


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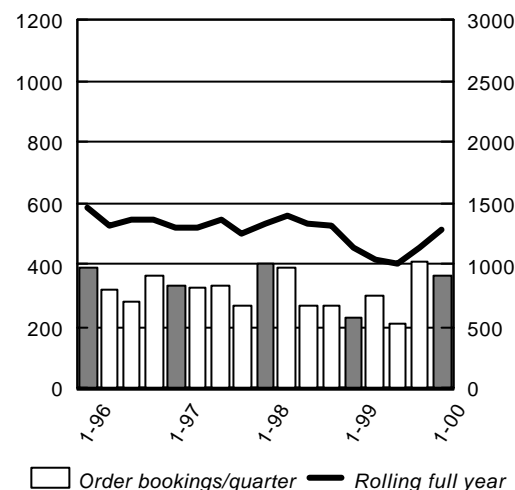


South America 6% of group sales

SEK M	2000 1 Qr	1999 1 Qr	1999 12 mos.	Apr-99-- Mar-00
Order bookings	368	230	1 149	1 287
Invoicing	204	182	839	861
Operating profit	12	9	23	26
ROA %	9	6	4	5

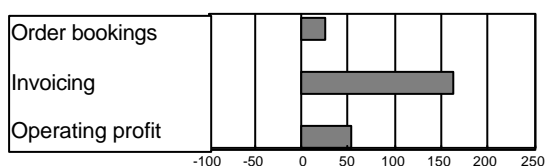


Change quarter 1 2000 vs quarter 1 1999

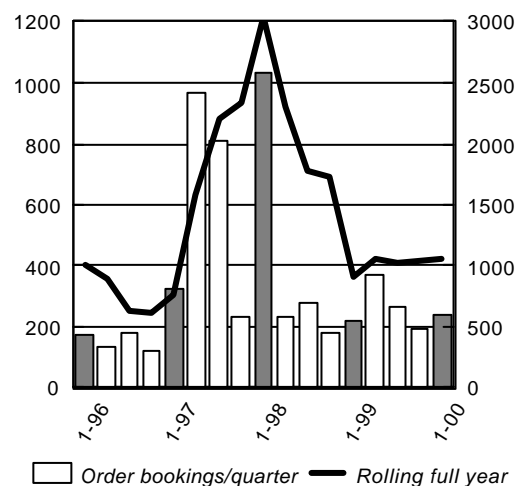


Africa / Middle East 13% of group sales

SEK M	2000 1 Qr	1999 1 Qr	1999 12 mos.	Apr-99-- Mar-00
Order bookings	241	215	1 039	1 065
Invoicing	359	197	1 613	1 775
Operating profit	47	-7	197	251
ROA %	16	-5	>20	>20



Change quarter 1 2000 vs quarter 1 1999



KEY RATIOS

	2000 3 mos.	1999 3 mos.	1999 12 mos.	April-99-- March-00
Return on assets employed (ROA) ,%	2	4	9	8
<i>excl restructuring costs</i>	5	4	10	10
Profit after tax, SEK/share	-0.90	2.10	11.90	8.80
<i>excl restructuring costs</i>	0.60	2.10	12.80	11.20
Return on shareholders' equity after tax, %	-4	10	14	10
<i>excl restructuring costs</i>	3	10	15	13
Shareholders' equity, SEK/share	88	85	89	88
Equity ratio, %	31	32	34	31
Debt/equity ratio, multiple	1.1	1.1	1.0	1.1

PROFIT AND LOSS ACCOUNT

SEK M	2000 3 mos.	1999 3 mos.	1999 12 mos.	April-99-- March-00
Net sales	3 092	2 905	13 996	14 183
Cost of goods sold	-2 248	-2 121	-10 221	-10 348
Gross profit	844	784	3 775	3 835
Sales, administration and R&D expenses	-735	-695	-2 911	-2 951
Restructuring costs	-70	0	-45	-115
Other income and expenses	1	6	-11	-16
Interest in earnings of associated companies	1	1	-2	-2
Operating profit	41	96	806	751
Interest, net	-67	-63	-256	-260
Other financial items	1	104	101	-2
Profit after net financial items	-25	137	651	489
Taxes	-18	-37	-79	-65
Minority interests	0	1	1	0
NET PROFIT	-43	101	573	424

The comparative figures for 1999 have been adjusted to enable separate reporting of restructuring costs

BALANCE SHEET

SEK M	00-03-31	99-03-31	99-12-31
Assets			
Intangible fixed assets	1 387	1 351	1 394
Tangible fixed assets	2 167	2 038	2 158
Long-term interest-bearing receivables	380	363	375
Other financial fixed assets	481	403	409
Stock	4 169	4 401	3 825
Current receivables	4 466	3 681	4 269
Liquid funds	328	316	297
Total assets	13 378	12 553	12 727
Shareholders' equity and liabilities			
Shareholders' equity	4 201	4 073	4 269
Minority interests	0	1	1
Interest-bearing liabilities	5 523	5 198	5 024
Non-interest-bearing liabilities	3 654	3 281	3 433
Total shareholders' equity and liabilities	13 378	12 553	12 727

CASH FLOW ANALYSIS

SEK M	2000 3 mos.	1999 3 mos.	1999 12 mos.	April-99-- March-00
<u>Operating activities</u>				
Operating profit	41	96	806	751
Plus: Depreciation	106	107	418	417
Less: Interest in earnings of associated companies	-1	-1	2	2
Financial items	-66	41	-155	-262
Taxes paid	-18	-37	-70	-51
Cash flow from operating activities before changes in working capital	62	206	1001	857
Change in working capital:				
Stock	-352	-424	200	272
Non-interest-bearing receivables	-262	110	-475	-847
Non-interest-bearing liabilities	215	50	84	249
Cash flow from operating activities	-337	-58	810	531
<u>Investing activities</u>				
Companies acquired	-15	-71	-203	-147
Gross investments in property, plant and equipment	-122	-95	-430	-457
Divested assets	19	43	100	76
Cash flow from investing activities	-118	-123	-533	-528
<u>Financing activities</u>				
Dividend paid	0	0	-264	-264
Net decrease(+) / increase(-) in long-term interest-bearing receivables	-5	8	-4	-17
Net increase(+) / decrease(-) in interest-bearing liabilities	489	111	-93	285
Cash flow from financing activities	484	119	-361	4
NET CASH FLOW	29	-62	-84	7

<u>Change in net borrowing during the period</u>				
Net borrowing at beginning of the period	4352	4276	4276	4519
Currency translation of net borrowing	8	62	89	35
Net cash flow	-29	62	84	-7
Less cash flow with no influence on the total net borrowing:				
Net decrease(+) / increase(-) in long-term interest-bearing receivables	-5	8	-4	-17
Net increase(+) / decrease(-) in interest-bearing liabilities	489	111	-93	285
Net borrowing at end of the period	4815	4519	4352	4815

<u>Change in liquid assets during the period</u>				
Liquid assets at beginning of the period	297	406	406	316
Currency translation of liquid assets	2	-28	-25	5
Net cash flow	29	-62	-84	7
Liquid assets at end of the period	328	316	297	328

The figures in this report are unaudited.

Malmö, April 27, 2000
Thomas Oldér
President and CEO

The six-month interim report will be published on August 10, 2000

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