



PRESS RELEASE

October 9, 2000

Allgon AB - Third Quarter Results Preview

- Allgon well on track for 2000 forecast
- Record-breaking quarter at Allgon Systems
 - Net Sales of MSEK462, up 61% on the same period last year
 - EBIT of MSEK75, up 76% on the same period last year
 - Operating margin increased to 16%
 - Sales indications support continuing strong growth
- Allgon Mobile Communications on track to reduce annual fixed costs by at least MSEK50 by Q1 2001
- Deliveries at Microwave 50% higher than previous quarter
- Wireless Solutions launched new 11Mbit/s Wireless-LAN product family; Bluetooth products now received end-user customer approval

Commenting on today's announcement, Gunnar Bark, Chairman of Allgon said:

"Today's results demonstrate strong progress. Allgon Systems' performance was outstanding and current sales indications suggest that it will comfortably beat the forecast for the year. We are confident that this strong growth and margin expansion will continue through the next fiscal year. The cost reductions at AMC, combined with an improving order book also support our expectations of a robust turnaround over the next twelve months."

REMEC announced today that it is improving the terms of its offer. The Board continues to believe that the combination of Allgon and REMEC is a powerful one, creating a world leader in broadband wireless and mobile communications infrastructure. The Board urges shareholders not to accept the unsolicited bid from LGP and to support the REMEC offer.

Exceptional quarter at Allgon Systems

The segmental financial information demonstrates the continuing powerful growth and strong profitability of the systems division and the continuing investment in Microwave and Wireless Solutions.

	Nine Months to 30 September (MSEK)		Third Quarter (MSEK)	
	1999	2000	1999	2000
Net Sales				
• Systems	789	1,227	287	462
• AMC ³	717	674	257	173
• Microwave	2	80	1	34
• Wireless Solutions	-	5	-	3
Total Net Sales	1,508	1,986	545	672
EBIT				
• Systems	62	142	43	75
• AMC ⁴	102	29	30	(29)
• Microwave	(38)	(33)	(12)	(9)
• Wireless Solutions	-	(50)	-	(22)
	126	88	61	15
• Net Group Costs	(30)	(7) ¹	(13)	4 ²
• Goodwill Amortisation	(4)	(10)	(1)	(3)
Total EBIT	92	71	47	16
EBITDA				
• Depreciation	60	81	22	29
• Goodwill Amortisation	4	10	1	3
Total EBITDA	156	162	70	48

Notes:

1. Includes MSEK30 of repaid SPP pensions.
2. Includes MSEK15 of repaid SPP pensions.
3. The Net Sales of AMC includes Net Sales of MSEK89, MSEK31, and MSEK31 in the first nine months of 1999, 2000, and third quarter 1999 respectively for the vehicle antenna business which was sold on 1, May 2000.
4. AMC EBIT includes MSEK(5), MSEK0, and MSEK(2) in the first nine months of 1999, 2000, and third quarter 1999 respectively for the vehicle antenna business. EBIT for AMC in the first nine months of 2000 also includes a capital gain of MSEK29 on the sale of the vehicle antenna business.

Allgon Systems: record breaking quarter

- Allgon Systems produced an outstanding performance in the third quarter, reporting record results. Net Sales were up 61% on the same period last year to MSEK462, assisted by particularly strong sales of combiners. Despite increased demand from Europe and Asia, antenna sales in the quarter were held back by component shortages. These have now been resolved.
- Profitability was also ahead of forecasts, with EBIT up 76% on the same period last year to MSEK75. EBIT margins exceeded 16%.
- The outlook for the full year is positive, with demand across the range of Systems' products running at record levels. The strong dollar and improved production cost efficiencies are also benefiting the business and we now expect to exceed comfortably the EBIT forecast of MSEK188 contained in the 14 September press release.

Allgon Mobile Communications: difficult quarter but turnaround underway

- As foreshadowed in the 14 September press release, AMC suffered as sales of older handset models, on which AMC was overly dependent, fell sharply, resulting in volumes significantly below capacity. Results for Q3 were therefore weak, although in line with management's expectations.
- Some recovery is expected in Q4 as deliveries to several new customer projects have now started and more are due to start during the next quarter. As a result, the proportion of built-in antennas should increase substantially from now on.
- The cost reduction programme is now being aggressively implemented. Fixed costs are being reduced by at least MSEK50 annually, compared to the level in first half of 2000.

Allgon Microwave: on track to meet forecast

- Strong growth in the Microwave division continued, with deliveries up 50% on the previous quarter and a further improvement in the order book.
- The FCC-standard equipment for the US market will be released in Q4 this year and will begin to contribute to sales in H1 2001.

Wireless Solutions: commercial launches

- WSS launched the important new 11Mbit/s Wireless-LAN product family in at the Networkworld & Interop Exhibition in Atlanta, including PC-Card, Access Point, USB Adapter, Printer Adapter, and Wireless Web-Camera, based on the IEEE 802.11b standard. Bluetooth products have received end-user customer approval.
- The market outlook for the new WSS products is highly encouraging. However, component shortages may impact the timing of deliveries in Q4.

Allgon well on track to achieving 2000e forecast

	Nine Months to 30 September (MSEK)		Third Quarter (MSEK)	
	1999	2000	1999	2000
Net Sales ⁷	1,508	1,986	545	672
EBIT ⁸	92	71 ⁵	47	16 ⁶
Net Financial Items ⁹	(2)	(23)	(7)	2
Income Before Tax	90	48	40	18
Tax	(27)	(14)	(13)	(4)
Minority Interest	(1)	(2)	0	0
Net Income	62	32	27	14
<i>EPS (SEK)</i>	2.16	1.08	0.96	0.45
Net Debt	(1)	277	(1)	277

Notes:

5. Includes MSEK30 of repaid SPP pensions.
6. Includes MSEK15 of repaid SPP pensions.
7. Net Sales includes MSEK89, MSEK31, and MSEK31 in the first nine months of 1999, 2000, and third quarter 1999 respectively for the vehicle antenna business which was sold on 1, May 2000.
8. EBIT includes MSEK(5), MSEK0, and MSEK(2) in the first nine months of 1999, 2000, and third quarter 1999 respectively for the vehicle antenna business. EBIT for AMC in the first nine months of 2000 also includes a capital gain of MSEK29 on the sale of the vehicle antenna business.
9. Net financial items comprise interest on financial debt, interest differentials on hedging and currency revaluation of financial assets and liabilities. The total in 2000 includes a MSEK 5 capital loss on shares received as part consideration for the vehicle antenna business which was sold in August 2000.

A complete Q3 report will be published on 17, October 2000.

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Allgon's business concept is to develop, manufacture and market radio-based solutions and other products for wireless telephony and data communications. Allgon's product range consists of antenna systems for infrastructure in mobile telephone networks; filters, combiners and similar products for base stations; repeater networks; microwave equipment; mobile telephone antennas; wireless local networks and Bluetooth products. Allgon's invoiced sales amounted to SEK 2,136 million in 1999. The number of employees at the end of 1999 amounted to 1,249. Allgon was founded in 1946.