LINDEX

2000-10-16

PRELIMINARY ACCOUNTS REPORT 1999/2000

1 September 1999 – 31 August 2000

Lindex's profit after financial items rose by 17 per cent

- Profit after financial items rose by 17.5 per cent and amounted to SEK 313M (266), of which SEK 20M (0) refers to cancellation of surplus funds from SPP. Profit after financial items in the Nordic countries increased by 22.2 per cent and amounted to SEK 402M (329).
- Lindex continues to take market shares on all geographic markets.
- In the 1999/2000 financial year, Lindex's sales rose by 13.8 per cent to SEK 4,114M (3,615). Same-stores sales increased by 5.1 per cent (6.2). New stores contributed a sales increase of 8.7 per cent (6.4).
- Sales rose by 13.2 per cent to SEK 1,053M (930) in the fourth quarter of the financial year. Same-stores sales increased by 4.1 per cent (3.1).
- Same-stores sales increase in Germany in the 1999/2000 financial year amounted to 18 per cent.
- In total Lindex opened 34 (24) new stores during the financial year of which 16 (7) in Germany.
- High sales of the autumn collection in all markets during September 2000. Thereafter, demand fell at the beginning of October.
- The Board of Directors has decided to propose to the Annual General Meeting that the dividend for the 1999/2000 financial year is raised by 25 per cent from SEK 4.00 to SEK 5.00 per share.

Lindex is a retail chain with 334 stores, of which 305 are in the Nordic market and 29 stores in Germany. The Group's product segments are ladies' wear, lingerie, children's clothing, and Lindex Care – cosmetics and bodycare products.

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Market and sales

The market was very weak during the beginning of the first quarter of the financial year. In September 1999, when sales of autumn clothing are normally strong, the weather was extremely hot. However, the market developed positively during October and November.

The second quarter of the financial year began with very satisfactory Christmas trading. Demand slowed down slightly during January 2000 but rose again during February.

During the third quarter of the financial year, demand in the market was high during May and June, whereas demand in April was relatively unchanged compared with the same month in the previous financial year.

In the summer months, demand in the Nordic countries was high during July and August and during August in Germany. Demand was weaker during June in the Nordic countries and during June and July in Germany.

Lindex's sales development in the Nordic countries exceeded the market trend, especially during October and December 1999 and February, May and August 2000. The Finnish market was weak throughout the financial year, whereas Lindex in Finland enjoyed a strong sales trend, especially during the period February – August 2000. In Germany, Lindex's sales development clearly exceeded the market trend throughout the period November 1999 – August 2000.

Sales increased by 14 per cent

During the financial year, Lindex's sales increased by 13.8 per cent (12.6) to SEK 4,114M (3,615). Lindex's same-stores sales rose by 5.1 per cent (6.2). Excluding exchange rate fluctuations, the increase amounted to 6.8 per cent (5.6). New stores generated an increase of 8.7 per cent (6.4). The sales increase for same-stores exceeded growth in the respective market during the whole of the financial year.

Lindex continues to win market shares in all geographic markets and is the market leader in ladies' wear, lingerie and children's clothing in Sweden and in ladies' wear and lingerie in Norway.

Information on sales by product segment and sales by market is reported on page 8.

Sales of the autumn collection started positively in all markets during September 2000. Thereafter, demand fell at the beginning of October.

Profit rose by 17 per cent

During the financial year, operating profit amounted to SEK 287M (255). Profit after financial items rose by 17.5 per cent to SEK 313M (266). The net charge (sales minus costs) for the establishment in Germany amounted to SEK 110M (72) in the financial year. The dissolution of the liability for synthetic options increased profit after financial items by SEK 1M (9).

The gross profit margin amounted to 52.5 (52.5) per cent. The first quarter of the financial year was affected by weak sales during September 1999. However, the sound sales trend in the second quarter brought about an increase in the gross profit margin compared with the same period in the previous financial year. The gross profit margin in the third quarter was unchanged compared with the same quarter in the previous year. During the fourth quarter, the gross profit margin fell slightly compared with the same quarter in the previous year. The large proportion of clearance sales products held by several of Lindex's competitors squeezed sales prices in all markets during the period June- August.

The profit was affected by a refund of Lindex's share of SPP's overconsolidation reserve in the pension scheme of SEK 20.5M (discounted current value).

Profit after financial items for the 1999/2000 financial year in the Nordic countries, before the effect on profit of the synthetic options and the refund from SPP, rose by 22.2 per cent to SEK 402M (329).

As Lindex hedges the majority of its product purchases when the orders are placed, the effect of exchange rate fluctuations on the gross profit margin is delayed. Purchases in USD-linked currencies are contracted 6-8 months before payment is made. In addition, it has been possible to counteract the effects of a rising USD rate through even more efficient purchasing operations and some increase in product prices.

It is anticipated that it will also be possible to reduce the negative effects of the strong USD in the future. A higher USD rate also affects the market operators in a similar way in the long term, i.e. it is relatively competition-neutral.

Financial income and expenses improved to SEK 26M (11), which is mainly due to increased lending activities on the Lindex Card. During the financial year, interest-bearing liabilities averaged SEK 338M and interest expenses amounted to SEK 17M.

Profit per share after full tax was SEK 16.00 (14.40) in the financial year.

Fourth quarter profit rose by 13 per cent

Lindex's sales in the fourth quarter of the financial year (June - Aug) rose by 13.2 per cent to SEK 1,053M (930). Same-stores sales increased by 4.1 per cent compared with the same period in the previous financial year. Excluding exchange rate fluctuations, same-stores sales rose by 5.6 per cent. New stores generated a sales increase of 9.1 per cent.

The gross profit margin was lower compared with the fourth quarter in the previous financial year and amounted to 49.0 per cent (49.6). The weak market at the beginning of the quarter, especially during June, had a negative effect on the gross profit margin. The large proportion of clearance sales products held by Lindex's competitors also squeezed sales prices in all markets during the whole period June – August.

In the three-month period, operating profit amounted to SEK 73M (60) and profit after financial items increased by 20.4 per cent to SEK 79M (65).

The profit was influenced by a refund of Lindex's share of SPP's overconsolidation reserve in the pension system of SEK 20.5M (discounted current value).

Profit after financial items for the fourth quarter of the financial year in the Nordic countries, before the effect on profit of synthetic options and the refund from SPP, increased by 18.2 per cent to SEK 92M (77).

Set up costs in Germany affected the quarter's profit by SEK 36M (18), partly because three stores were established during the last week of the quarter. Profit was negatively affected by dissolution of the liability for synthetic options of SEK 3M (6).

Taxes

Paid and deferred taxes amounted to SEK 92M (69) in the financial year. The tax rate in Sweden and Norway is 28 per cent, in Finland 29 per cent, in Germany 44 per cent and in Hong Kong 16 per cent. Paid taxes were influenced by an estimated tax effect for synthetic options of 28 per cent on the change in provision for the options.

Deferred income taxes recoverable on accumulated loss carried forward in the German company are reported at SEK 52M, which reduced "Tax on the period's profit" by SEK 27M (25).

High rate of establishment – 34 new stores, of which 16 in Germany

During the financial year, Lindex opened a total of 34 (24) new stores – nine in Sweden, seven in Norway, two in Finland and 16 in Germany. In addition, three stores were closed during the financial year, one in Sweden and two in Finland. The store network comprised 329 stores on 31 August 2000.

During the 2000/01 financial year, the expansion rate is expected to amount to approximately 30 stores, 15-20 stores in the Nordic countries and 10-15 stores in Germany.

The expansion rate in Germany during the 2001/02 financial year is expected to amount to approximately 15 stores.

Competition for prime office locations in Germany has increased. However, Lindex's well-developed contact network relating to store premises means that the expansion rate can remain high for the company in Germany.

The stores that Lindex will open during the 2000/01 financial year in, for example Berlin and Trier, which have a significantly larger sales area, are expected to generate higher profits per store, but will require larger establishment resources than previously opened stores in Germany.

Germany – 18 per cent same-stores sales increase during the fourth quarter

During Lindex's initial year in Germany, the establishment of stores has been concentrated on a homogeneous region in Nordrhein-Westfalen in Western Germany.

During the 2000/01 financial year, this region will be expanded to include the region south-east of Nordrhein-Westfalen. In addition, Lindex will open stores in and around Berlin.

The first store in Berlin will be situated in a prime location in Kurfürstendamm, in the well-known Kranzler Eck area. It is planned to open at the end of November 2000. The sales area will be more than 1,800 square metres.

Average purchases per customer continued to increase and are on a par with the level in the Nordic countries. The conversion ratio (number of paying customers as a percentage of number of visitors) also continued to increase significantly, from approximately 16 per cent during autumn 1998 to more than 20 per cent on average during the 1999/2000 financial year. The proportion of returning customers also rose significantly during the year. Same-stores sales increased throughout the financial year as during the fourth quarter by 18 per cent.

Two of the stores that Lindex has opened in Germany achieved break-even result (income exceeds expenditure) during the financial year in respect of operating profit before depreciation.

Lindex opened 16 (7) new stores and at the end of the financial year had a total of 27 stores in Germany (which is equivalent to 19 full-year stores). Lindex's company in Germany is thus approaching the degree of store density which it is aiming at in order to realise the full benefit of its marketing activities. As planned, the investment in rapid growth involved a net charge to profit of SEK 110M (72).

The awareness of the Lindex brandname in the cities in which the Group has established stores has increased significantly since the opening of the first stores in 1998. Polls during spring 2000 show more than 60 per cent of the women who are included in Lindex's target group are aware of the brandname.

Lindex Care launched in Norway

On 31 August 2000, Lindex Care – cosmetics and bodycare products – had been launched in a total of 81 stores in Sweden, of which 36 were added during the 1999/2000 financial year.

During spring 2000, Lindex Care was also launched in 13 stores in Norway. Lindex Care reports a high gross profit per square metre of sales area and, at the same time, contributes to increasing the number of customers per store.

Lindex Care is gradually being launched in most existing stores and in all new stores in Sweden. During the 2000/01 financial year, the product range will be established in approximately 30 additional stores in Sweden and around 25 stores in Norway.

Lindex Card increases rapidly – more than 750,000 card holders

The launch of the Lindex Card has led to increased sales volumes and improved profitability. Lindex is now strengthening its marketing activities by using the Lindex Card more systematically to develop its customer relations and improve the data for market analyses and segmentation. The profitability will also be strengthened through more efficient administration of the Lindex Card.

At end-August 2000, there are approximately 460,000 cardholders (345,000) in Sweden. The card was launched in Norway in September 1997 and at end-August 2000 there are approximately 190,000 cardholders (110,000).

The Lindex Card is a benefit and loyalty card with payment and credit functions. Card customers spend twice as much on average on every purchase occasion compared with customers who pay cash. In addition, the proportion of ladies' wear garments is larger on purchases with the Lindex Card than on cash purchases.

Lindex launched a card in Germany during autumn 1998. At end-August 2000, the number of cardholders amounted to approximately 115,000 (50,000). The German card is a simpler version of the Lindex Card without a credit function but with special offers and events.

A payment and credit card will be launched in Germany. Existing cardholders will be offered the opportunity to upgrade their card.

Inventories

Inventories on 31 August 2000 amounted to SEK 945M compared with SEK 752M on 31 August 1999. The inventory turnover rate increased to 2.6 (2.3). New stores and new Lindex Care departments accounted for SEK 129M of inventory value on 31 August 2000. In addition, inventories compared with 31 August 1999 increased by approximately SEK 70M due to brought forward inward deliveries of autumn merchandise, to meet an anticipated increase in sales at the start of the first quarter of the 2000/01 financial year.

The value of "Goods in transit", which is included in the inventory value, was approximately SEK 28M higher on 31 August 2000 than the value on 31 August 1999.

Logistics facility

A profitability-improving logistics project is being carried out in collaboration with the forwarding company, Schenker-BTL. At the end of January 2000, a new sorting facility was set up in the forwarding company, which has substantially increased the sorting capacity for inward consignments. It makes possible an efficient top-up inventory function, i.e. a certain quantity of an order for fashion products is kept in an inventory for a few weeks before final distribution is made to the stores that have sold most of the respective products.

The sorting facility also facilitates a service inventory function, i.e. a small inventory of base products to ensure that inventories in the stores that have almost sold out a product are always maintained.

The effect of these inventory functions is expected to be lower price reductions through a smaller first inventory top-up in the stores which sell small quantities of a specific product. In addition, the risk of a specific product selling out is reduced. However, in the future Lindex's main flow of products will also go direct from the manufacturer to the respective store via the forwarding company without any interim storage in a central warehouse.

Global purchasing network

Lindex has expanded its global network of purchasing offices by opening new purchasing offices in New Delhi in India and Seoul in South Korea during the summer. These offices give Lindex the opportunity to get closer to the respective purchasing markets and the suppliers in these countries. The purchasing offices improve the opportunities for routing the purchases to the markets which offer the best criteria for achieving an optimum combination of quality, price, and shorter lead times. The objective is also to be able to make purchases from markets which do not have limiting export quota regulations towards the EU, or have sufficiently generous export quotas which ensure that they do not constitute a limitation in practice. The new purchasing offices create opportunities for reduced purchase prices. In addition, Lindex's opportunities for quality control and control of how the suppliers comply with the Lindex Code of Conduct in these countries are strengthened still further.

Lindex has decided to open a purchasing office in Shanghai in China at the beginning of 2001. The purpose of this office is to increase the supplier contacts on the large purchasing market, China.

Lindex has also decided to open a purchasing office in Bucharest in Rumania which will work the purchasing markets, Rumania, Bulgaria and Ukraine.

Investments

The Group's net investments in fixed assets amounted to SEK 236M (118) during the financial year. As before, most of this related to investments in new stores and refurbishment of existing stores.

Cash flow

Cash flow after investments amounted to SEK -67M (100) during the financial year.

The increase in inventories of SEK 193M, of which SEK 70M relates to brought forward inward deliveries of autumn products, affected the cash flow from the current operations. The payment of SEK 18M, which relates to the completed synthetic options programme for senior executives in the Lindex Group, also affected the cash flow from the current operations as did trade debtors which increased by SEK 54M. The latter increase was due to a significant increase in the number of Lindex Cards. Of total trade debtors of SEK 232M (178), trade debtors for the Lindex Card amounted to SEK 230M (172).

Financing and liquidity

On 31 August 2000, liquid funds amounted to SEK 104M compared with SEK 147M on 31 August 1999.

On 31 August 2000, net borrowing was SEK 321M compared with SEK 198M on 31 August 1999, an increase of SEK 123M.

During the period, the net debt/equity ratio increased from 25.0 per cent to 33.6 per cent and the equity ratio fell to 44.2 per cent compared with 44.3 per cent on 31 August 1999.

Personnel

The number of full-time employees during the financial year amounted to 2,678 compared with 2,344 during the 1998/99 financial year. The increase is mainly the result of recruitment by the newly-opened stores.

From autumn 1998, a profit bonus system is being applied for all staff.

Incentive programme

The synthetic option programme, which was launched for senior executives in the Lindex Group during 1995, was completed in accordance with the option terms on 22 August 2000. The total effect on profit of the incentive programme from the start of the programme amounts to SEK 21.3M before tax.

The effect on profit of the incentive programme during the 1999/2000 financial year was positive with SEK 0.5M before tax, which consisted of a dissolution of previous provisions with the same amount.

The Board of Directors of AB Lindex intends to present a new incentive programme with call options for the company's own shares to the Annual General Meeting in January 2001. The programme is directed at senior executives in the Lindex Group.

Environmental Policy and Code of Conduct

Lindex's environmental work is aimed at contributing to an increased focus on recycling and improved resource economy. For many years, the Group has also had a clearly defined Code of Conduct. This is a collection of rules for Lindex's suppliers which places strict demands on how the working environment should be designed and which working conditions should prevail.

Parent Company

Sales increased by SEK 280M, equivalent to 12.4 per cent, to SEK 2,539M (2,259). Profit after financial items rose to SEK 311M (219). Net investments in fixed assets were made of SEK 208M (201).

Dividend

The Board of Directors has decided to recommend that the Annual General Meeting resolves to raise the dividend by 25 per cent from SEK 4.00 to SEK 5.00 per share for the 1999/2000 financial year, equivalent to a total of SEK 69M (55).

Nomination Committee

The Annual General Meeting on 19 January 2000 appointed the following persons as Members of the Nomination Committee:

Birgitta Johansson-Hedberg
Chairwoman of AB Lindex and President and CEO of FöreningsSparbanken
Tel: +46 8-767 18 70.

Björn Lind
President of SEB Fondförvaltning AB
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Ramsay Brufer
Head of ownership matters in SPP
Tel: +46 8-441 92 62.

Ola Uhre
President of Swiss Branch and Head of Investments in Orkla ASA, Norway.
Tel: +41 52 632 02 70.

The task of the Nomination Committee is to put forward proposals for election of Members and remuneration at the following Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held in Alströmergymnasiets aula, Teatergatan, Alingsås, on Thursday 18 January 2001 at 4 pm.

Future information dates

The complete Annual Report will be available from the November/December turn of the month 2000 on Lindex's premises at Kristineholmsvägen 14 – 16 in Alingsås. It will simultaneously be distributed to the shareholders.

Interim Report for the first quarter of the 2000/01 financial year will be published on 18 January 2001.

Alingsås, 16 October 2000
AB Lindex (publ)
Board of Directors

Sales by market [4)]

		1995/96	1996/97	1997/98	1998/99	Change %	1999/2000
Sweden	SEK M	1 758	1 865	2 055	2 259	12,4	2 539
Norway	NOK M	632	690	780	883	9,5	967
Finland	FIM M	157	187	215	232	12,9	262
Germany	DEM M	-	-	4[1)]	14[2)]	220,9	45[3)]
Exchange effect	SEK M	-80	15	-20	20	-399,1	-60
Total	SEK M	2 659	2 887	3 212	3 615	13,8	4 114

[1)] The first four stores opened during March – April 1998.
[2)] 1 store opened in October, 2 in November 1998, 1 in April, 1 in June and 2 at the end of August 1999.
[3)] 2 stores opened in September, 1 in October, 2 in November, 1 in December 1999, 3 in March, 2 in April, 2 in May and 3 at the end of August 2000.
[4)] Excluding value added taxes but including exchange rate fluctuations.

Sales by product segment[1)]

SEK M	1995/96	1996/97	1997/98	1998/99	Change %	1999/2000
Ladies' wear	1 098	1 126	1 180	1 297	14,0	1 479
Lingerie	890	1 000	1 123	1 273	4,8	1 335
Children's clothing	671	757	894	1 005	17,8	1 184
Lindex Care	-	4	15	40	190,8	116
Total	2 659	2 887	3 212	3 615	13,8	4 114

[1)] Excluding value added taxes but including exchange rate fluctuations.

NUMBER OF STORES

	31 August					
	1995	**1996**	**1997**	**1998**	**1999**	**2000**
AB Lindex, Sweden	136	149	153	160	170	178
Lindex AS, Norway	54	59	65	71	74	81
Lindex Oy, Finland	23	28	33	39	43	43
Lindex Textilvertrieb GmbH, Germany	-	-	-	4[1)]	11[2)]	27[3)]
Total	**213**	**236**	**251**	**274**	**298**	**329**
Closures	1	-	-	-	-	3

[1)] The first four stores were opened during March-April 1998.
[2)] Equivalent to 7 full-year stores.
[3)] Equivalent to 19 full-year stores.

THE LINDEX GROUP'S DEVELOPMENT
PROFIT AND LOSS ACCOUNTS

	12 months 1 September –31 August		
SEK M	**1997/98**	**1998/99**	**1999/2000**
Net sales			
Sales, net	3 212	3 615	4 114
Other operating income	9	24	51[4)]
Total operating income	**3 221**	**3 639**	**4 165**
Operating expenses			
Goods for resale	- 1 552	- 1 717	**- 1 956**
Gross profit	**1 669**	**1 922**	**2 209**
Other external costs[1)]	-720	-817	- 922
Personnel costs	-644	-748	- 876
Depreciation of tangible and intangible fixed assets	-84	-102	- 124
Operating profit	**221**	**255**	287
Result of financial investments			
Other interest income and similar profit items	21	36	43
Interest expenses and similar loss items	-21	-25	- 17
Profit after financial items	**221**	**266**	**313**
Taxes			
Tax on the year's profit	-79[2)]	-69[3)]	- 92[3)]
Net profit for the year	**142**	**197**	**221**

[1)] Including relating to synthetic options:

provision for anticipated liability	10	-9	-1
Written-off for options which have been redeemed AB Lindex	1.0	0.1	-
Share price on the last stockmarket day of the respective period	248	209	200

[2)] Due to clarification of the fiscal treatment of synthetic options, the tax on the profit in the 1997/98 financial year has been increased by SEK 8M, of which SEK 5M refers to the 1996/97 financial year, based on option costs which were charged to profit.

[3)] Deferred taxes recoverable on accumulated losses in the German company are reported at SEK 25M for the 1998/99 financial year and at SEK 27M for the 1999/2000 financial year. These amounts have reduced "Tax on the year's profit" by a corresponding amount for the respective financial year.

[4)] Including discounted current value of Lindex's share of SPP's overconsolidation reserve in the pension scheme of SEK 20M.

QUARTERLY PROFIT AND LOSS ACCOUNTS

SEK M	1997/98				1998/99				1999/2000			
Quarter	**Sep-Nov**	**Dec-Feb**	**Mar-May**	**Jun-Aug**	**Sep-Nov**	**Dec-Feb**	**Mar-May**	**Jun-Aug**	**Sep-Nov**	**Dec-Feb**	**Mar-May**	**Jun-Aug**
Net sales												
Sales, net	815	839	742	816	931	898	856	930	1 019	1 054	988	1 053
Other operating income	2	2	3	2	10	4	5	5	5	8	7	31[4]
Total operating income	**817**	**841**	**745**	**818**	**941**	**902**	**861**	**935**	**1 024**	**1 062**	**995**	**1 084**
Operating expenses												
Goods for resale	-356	-410	-349	-437	-421	-445	-382	-469	-460	-517	-442	-537
Gross profit	**461**	**431**	**396**	**381**	**520**	**457**	**479**	**466**	**564**	**545**	**553**	**547**
Other external costs[1]	-200	-173	-195	-152	-231	-180	-211	-195	-250	-210	-248	-214
Personnel costs	-162	-166	-162	-154	-186	-187	-191	-184	-212	-218	-221	-225
Depreciation of tangible and intangible fixed assets	-20	-20	-22	-22	-24	-24	-27	-27	-28	-30	-31	-35
Operating profit	**79**	**72**	**17**	**53**	**79**	**66**	**50**	**60**	**74**	**87**	**53**	**73**
Result of financial investments												
Other interest income and similar profit items	4	4	5	7	7	8	10	11	10	12	10	11
Interest expenses and similar Loss items	-5	-5	-6	-4	-7	-5	-7	-6	-5	-3	-4	-5
Profit after financial items	**78**	**71**	**16**	**56**	**79**	**69**	**53**	**65**	**79**	**96**	**59**	**79**
Taxes												
Tax on the period's profit	-22	-19	-10	-28[2]	-30	-21	-21	3[3]	-25[3]	-26[3]	-19[3]	-22[3]
Net profit for the year	**56**	**52**	**6**	**28**	**49**	**48**	**32**	**68**	**54**	**70**	**40**	**57**

1) Influenced by provision for estimated liability for synthetic options which have been redeemed by Lindex.
2) Due to clarification of the fiscal treatment of synthetic options the tax on the profit in the financial year has been increased by SEK 8M, of which SEK 5M refers to the previous year, based on the option costs which were charged to profit.
3) Deferred taxes recoverable on accumulated losses carried forward in the German company are reported in the German company at SEK 25M June- August 1999, SEK 6M September-November 1999, SEK 5M December 1999-February 2000, SEK 7M March-May 2000 and SEK 9M June-August 2000, which have reduced "Tax on the year's profit" by a corresponding amount.
4) Including discounted current value of Lindex's share of SPP's overconsolidation reserve in the pension system, 20M.

ITEMS WHICH HAVE INFLUENCED THE QUARTERLY PROFITS

Adjusted profit SEK M	**1997/98**				**1998/99**				**1999/2000**			
Quarter	**Sep-Nov**	**Dec-Feb**	**Mar-May**	**Jun-Aug**	**Sep-Nov**	**Dec-Feb**	**Mar-May**	**Jun-Aug**	**Sep-Nov**	**Dec-Feb**	**Mar-May**	**Jun-Aug**
Cost charges												
Provision for anticipated liability for synthetic options[1)]	10	7	10	-17	11	-11	- 3	-6	8	-9	3	-3
Written-off for synthetic options which have been redeemed by AB Lindex	0.4	-	0.6	-	-	-	-	0.1	-	-	-	-
Influence on the profit by Lindex Textilvertrieb GmbH, Germany	5	3	17	12	14	15	25	18	22	24	28	36
Discounted current value of Lindex's share of SPP's overconsolidation reserve in the pension scheme	-	-	-	-	-	-	-	-	-	-	-	-20
Adjusted profit in the Nordic countries, i.e. The total profit after adjustment for the influence on profit of Lindex Textilvertrieb GmbH, Germany, provisions for synthetic options and and discounted current value of Lindex's share of SPP's overconsolidation in the pension scheme	93	81	44	51	104	73	75	77	109	111	90	92
[1)] Share price on the last stockmarket day in the respective period, SEK	243	273	320	248	293	248	235	209	243	206	218	200

BALANCE SHEETS

SEK M	31 August 1998	1999	2000
Fixed assets[1)]	598	652	788
Inventories	700	752	945
Trade debtors	122	178	232
Other current receivables	39	53	95
Liquid funds	121	147	104
Total assets	**1 580**	**1 782**	**2 164**
Shareholders' equity	642	790	956
Interest-bearing liabilities	346	345	425
Operating liabilities and provisions	592	647	783
Total shareholders' equity, provisions and liabilities[2)]	**1 580**	**1 782**	**2 164**

[1)] Of which brandnames and goodwill which arose in connection with the acquisition by Industri Kapital 1989 and others of AB Lindex on 1 September 1993:	371	346	321
[2)] Current liabilities	544	615	772
Long-term provisions and liabilities	394	377	438

CASH FLOW ANALYSIS[2)]

SEK M	1 September – 31 August 1997/98	1998/99	1999/2000
Cash flow from current operations	**169**	**218**	**169**
Investments, net	-155	-118	-236
Cash flow after investments	**14**	**100**	**-67**
Cash flow from financing operations	48	-74	24
Change in liquid funds [1)]	**62**	**26**	**-43**
Change in interest-bearing net liability	**-20**	**-28**	**123**

[1)] The period's cash flow			
Liquid funds at the start of the period	62	121	147
Liquid funds at the period-end	121	147	104

[2)] The cash flow analysis is prepared in line with the direct method in accordance with the Swedish Financial Accounting Standards Council's recommendation RR:7.

KEY FIGURES

		1 September – 31 August		
		1997/98	**1998/99**	**1999/2000**
Sales growth				
total		11.3	12.6	13.8
Same stores sales growth[1)]	%	5.8	6.2	5.1
Same stores sales growth[2)]	%	6.5	5.6	6.8
Sales by square metre	SEK	18 390	19 113	19 553
Gross profit margin	%	51.7	52.5	52.5
Operating margin	%	6.9	7.1	7.0
Profit margin	%	6.9	7.4	7.6
Return on equity	%	24.0	27.6	25.3
Return on capital employed	%	26.3	27.4	26.2
Return on capital employed in operations	%	26.7	27.5	25.3
Return on total capital	%	16.7	17.3	16.7
Equity ratio	%	40.6	44.3	44.2
Net debt/equity ratio	%	35.1	25.0	33.6
Interest coverage ratio	times	12.1	11.8	19.5
Capital turnover rate	times	3.7	3.7	3.2
Inventory turnover rate	times	2.3	2.3	2.6
Investments, net[3)]	SEK M	155	118	236
Cash flow after investments[3)]	SEK M	14	100	-67
Number of full-time employees		2 123	2 344	2 678

1) including exchange rate fluctuations
2) excluding exchange rate fluctuations
3) the comparative figures have been influenced by a change inn method for drawing up the cash flow analysis in accordance with the Swedish Financial Accounting Standards Council's recommendation RR:7.

THE LINDEX SHARE

AB Lindex's shares were registered on the A list of the OM Stockholm Exchange on 7 April 1995.

Share capital
The share capital of AB Lindex amounts to SEK 27.5M represented by 13,750,000 shares with a nominal value of SEK 2 and an entitlement to one vote at the Annual General Meeting. All shares carry equal rights to a share of the assets and the profit of the Company.

Price development and trading
During the period 1 September 1999 – 31 August 2000, the price of the Lindex share fell by 4.3 per cent to SEK 200,00 (209.00) per share. During the same period, the Affärsvärlden General Index rose by 51.7 per cent. Lindex's total stockmarket value amounted to SEK 2,750M (2,874) on 31 August 2000.

On 13 October 2000, the share price was SEK 195,00 and total stockmarket value SEK 2 681M.

During the period 1 September 1999 – 31 August 2000, 12,369,396 Lindex shares were traded on the OM Stockholm Exchange. Lindex is also traded on SEAQ International in London and on Deutsche Börse in Frankfurt, on which 2,279,867 and 130.762 shares respectively were traded during the same period.

Dividend policy
The objective is that the dividend will be equivalent to approximately 30 per cent of consolidated profit after taxes in the long term.

For the 1999/2000 financial year, the Board of Directors proposes a dividend of SEK 5.00 (4.00) per share which is equivalent to approximately 31 (28) per cent of the consolidated profit after tax.

Lindex's largest shareholders

Shareholders	Number of shares	Per cent of shares and votes
Orkla ASA	1 533 600	11.2
SEBs aktiefonder	1 140 350	8.3
Fjärde AP-fonden	685 000	5.0
Försäkringsbolaget SPP	644 850	4.7
AMF Pensionsförsäkring AB	420 000	3.1
Handelsbankens Aktie- och Allemansfonder	343 427	2.5
Konsumentkooperationens pensionskassa och pensionsstiftelse	293 898	2.1
KPA Försäkring	266 000	1.9
SEBs Stiftelser	258 400	1.9
Riksbankens Jubileumsfond	230 000	1.7
Total	**5 815 525**	**42.3**

Source: VPC AB Share Register 31 August 2000.

The largest owners represent 42.3 per cent of Lindex shares. The total number of shares in the company amounts to 13,750,000.

Ownership distribution

	Per cent of Shares and votes				
	1996-08-30	**1997-08-29**	**1998-08-31**	**1999-08-31**	**2000-08-31**
Swedish owners	72.5	69.6	76.4	80.0	76.1
Owners resident outside Sweden excluding the USA	26.1	23.6	18.1	17.9	21.4
USA	7.4	6.8	5.5	2.1	2.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Total number of shareholders	**4 109**	**7 840**	**12 796**	**13 597**	**14 302**

Source: VPC AB Share Register 31 August 1996, 31 August 1997, 31 August 1998, 31 August 1999 and 31 August 2000.

Share data

	1995/96	**1996/97**	**1997/98**	**1998/99**	**1999/2000**
Number of shares, 000	13 750	13 750	13 750	13 750	13 750
Profit per share, SEK	6.20	8.90	10.30	14.40	16.00
Cash flow per share, SEK[2)]	-0.40	5.00	1.00	7.30	-4.90
Equity per share, SEK	32.90	39.50	46.70	57.50	69.50
Share price on 31 August, SEK	103.50	202.00	248.00	209.00	200.00
Dividend per share, SEK	2.50	3.00	3.50	4.00	5.00[1)]
P/E ratio	17	22	24	17	12
EBIT-multiple	12	16	16	12	11
Price/equity ratio	3.2	5.1	5.3	3.6	2.9
Yield, %	2.4	1.5	1.4	1.9	2.5
Dividend portion, %	41	34	34	28	31

1) Proposed dividend
2) The comparative figures have been influenced by a change in method for drawing up the cash flow analysis in accordance with the Swedish Financial Accounting Standards Council's recommendation RR:7.

Definitions

Same-stores sales growth, % - Sales increase in stores which have been opened for more than one year for comparable months.

Sales by square metre – Sales during the period divided by average store area (12 months average).

Store area – Total area less storage space.

Gross profit margin – Sales during the period less expenditure for sold products as a percentage of sales.

Operating margin – Operating profit expressed as a percentage of sales during the period.

Profit margin – Profit after financial items as a percentage of sales during the period.

Break-even – Income exceeds expenditure with regard to operating profit before depreciation.

Shareholders' equity – Restricted and non-restricted equity.

Average equity – Total shareholders' equity at start of period and period-end divided by two.

Average interest-bearing liabilities – Interest-bearing liabilities at the end of each month during the financial year divided by twelve.

Capital employed – Total assets less non-interest-bearing liabilities.

Capital employed in operations – Total assets less liquid funds, other interest-bearing assets and non-interest-bearing liabilities.

Return on shareholders' equity – Profit after full tax expressed as a percentage of average shareholders' equity.

Return on capital employed – Profit after financial items plus financial expenses expressed as a percentage of average capital employed.

Return on capital employed in operations – Operating profit expressed as a percentage of average capital employed in operations.

Return on total capital – Profit after financial items plus financial expenses expressed as a percentage of average total assets.

Equity ratio – Shareholders' equity expressed as a percentage of total assets.

Net borrowing – Interest-bearing liabilities less liquid funds.

Net debt/equity ratio – Interest-bearing liabilities less liquid funds expressed as a percentage of shareholders' equity.

Interest coverage ratio – Profit after financial items plus financial expenses divided by financial expenses.

Capital turnover rate – Total sales divided by average capital employed in operations.

Inventory turnover rate – Costs for sold products divided by average inventory (12 months average).

Cash flow after investments – Profit before depreciation plus/minus financial items minus paid tax plus/minus changes in working capital minus investments.

Number of full-time employees – Total number of hours worked divided by normal annual working hours in the respective country.

Profit per share – Profit after full tax divided by number of shares.

Cash flow per share – Cash flow after investments divided by number of shares.

Equity per share – Shareholders' equity divided by number of shares.

Share price on 31 August – Price paid on the OM Stockholm Exchange.

P/E-ratio – Share price at balance sheet date divided by profit per share.

EBIT-multiple – Market value plus net liabilities divided by operating profit before financial items and taxes.

Price/equity – Share price per share divided by equity per share, both at balance sheet date.

Yield – Dividend as a percentage of share price at balance sheet date.

Dividend portion – Dividend as a percentage of profit per share.