



INTERIM REPORT January - September 2000

# INTERIM REPORT

January - September 2000



**Profit after financial items increased by 56%  
to SEK 71.8 million (45.9),  
excluding SPP's repayment, SEK 22.4 million.  
Including the repayment,  
the profit after financial items was SEK 94.2 million (45.9).**

**Net sales increased during the period by 50%  
to SEK 852.8 million (569.3).**

**Earnings per share after full tax increased to SEK 6.68 (4.39), excluding SPP's  
repayment.  
Including the repayment,  
earnings per share after full tax was SEK 8.76 (4.39).**

## Market trends

The telecom market has been in a strong growth phase for the past several years. In the area of mobile telephony, a transition is under way between second (2G) and third (3G) generation systems. The effect is expected to mean major opportunities for the industry, suppliers like PartnerTech may also experience uneven demand at times.

PartnerTech enjoyed a successful third quarter and posted solid growth. The primary reason for the favorable trend was the rapid growth of the telecom industry and other markets that are important to PartnerTech. Other contributing factors included the generally robust economy and the greater propensity of companies to procure external development and manufacturing expertise/resources.

## Net sales, profit and profitability

Net sales increased during the first three quarters by 50% to SEK 852.8 million (569.3). For comparable units, sales rose by 30%. Operating profit increased during the same period by 65% to SEK 79.5 million (48.1), excluding SPP's repayment. As a result, the operating margin was 9.3% (8.4). Including SPP's repayment, the operating profit was SEK 101.9 million and the operating margin was 12.0% (8.4).

Profit after financial items, excluding SPP's repayment, for the first nine months was SEK 71.8 million (45.9), an increase of 56% from the same period last year. The increase in earnings was due to higher volume, a shift in the product mix toward a greater share of more complete products and an ongoing streamlining of the production process. Volume variations, and to some extent shortages of electronic components, affected PartnerTech somewhat in the third quarter. Including SPP's repayment, profit after financial items was SEK 94.2 million (45.9).

## Group's performance per quarter

SEK million	Q3 98	Q4 98	Q1 99	Q2 99	Q3 99	Q4 99	Q1 00	Q2 00	Q3 00
Net sales	122.8	205.5	188.3	209.9	171.2	238.1	250.4	327.0	275.4
Operating profit	6.3	14.7	9.5	21.1	17.8	17.3	20.5	34.5	24.5
Operating margin*	5.1%	7.1%	5.1%	10.1%	10.4%	7.3%	8.2%	10.6%	8.9%

\*Excluding items affecting comparability (SEK –4.1 million in Q4 1998 and SEK 22.4 million in Q2 2000)

## Financial position and liquidity

At the end of the third quarter, the Group's working capital was SEK 182.1 million (62.0). Net investments during the year totaled SEK 58.9 million (41.2). The cash flow after investments for the first nine months of the year was SEK –52.8 million (34.3), primarily as a result of acquisitions, though also of temporary stockbuilding. Net borrowing, that is, interest-bearing liabilities less cash and equivalents, was SEK 188.4 million (31.1) at the end of the period. The equity/assets ratio on September 30, 2000 was 30.3% (34.3).

## Personnel

The average number of full-time employees was 853 (603) at the end of the third quarter of 2000. That represents a 41% increase in the number of full-time employees from the same period of 1999. The number of full-time employees grew during the year by 146 to 895 (581). That represents a 19% increase in the number of full-time employees during the year. The increase was primarily due to volume growth and the newly acquired production unit in Järfälla, which upped the number of employees in the group by 32.

## New developments during the third quarter

As one of Ericsson's partners, PartnerTech obtained an assignment in July to carry out a project in the area of product & production processes and production for several of Ericsson's Tower Mounted Amplifiers (TMA) starting in the summer.

PartnerTech and ProstaLund AB, a medical technology company, reached agreement in August to collaborate on a product & production processes project. The project involves PartnerTech taking over the product & production processes, as well as serial production, of the newly developed ProstaLund Compact product (method for treatment of prostate disorder).

PartnerTech has developed an automatic process to resolve queue problems during the assembly of filters for equipment such as base radio stations and thus reduce assembly time by 50%.

## Upcoming financial reports

The full-year report for 2000 will be released on February 6, 2001.

PartnerTech AB, October 25, 2000

Mikael Jonson  
CEO

For additional information, please contact Mikael Jonson, CEO,  
by phone +46 70 678 10 01, or Jonas Arkestad, Chief Financial Officer, phone +46 40 10 26 42.  
The Company's auditors have not examined this interim report.

	2000 Jan–Sep	1999 Jan–Sep	1999 Jan–Dec
<b>CONSOLIDATED INCOME STATEMENT (SEK million)</b>			
<b>Net sales</b>	<b>852.8</b>	<b>569.3</b>	<b>807.4</b>
Cost of goods and services sold	-747.8	-504.2	-715.5
<b>Gross profit</b>	<b>105.0</b>	<b>65.2</b>	<b>91.9</b>
Selling expenses	-18.0	-8.8	-13.0
Administrative expenses	-8.8	-8.4	-13.3
Items affecting comparability	22.4	-	-
Other operating income	2.0	0.8	1.5
Other operating expenses	-0.7	-0.8	-1.5
<b>Operating profit</b>	<b>101.9</b>	<b>48.1</b>	<b>65.7</b>
Net financial items	-7.7	-2.2	-3.1
<b>Profit after financial items</b>	<b>94.2</b>	<b>45.9</b>	<b>62.5</b>
Tax on profit for the period	-28.0	-12.7	-17.1
<b>NET PROFIT FOR THE PERIOD</b>	<b>66.2</b>	<b>33.2</b>	<b>45.5</b>

	2000 Sep 30	1999 Sep 30	1999 Dec 31
<b>CONSOLIDATED BALANCE SHEET (SEK million)</b>			
<b>ASSETS</b>			
<b>Fixed assets</b>	<b>216.0</b>	<b>88.1</b>	<b>159.6</b>
Current assets			
– Inventories	228.7	115.1	148.5
– Accounts receivable	175.7	87.8	131.4
– Other current assets	12.5	4.1	5.1
– Cash and equivalents	1.0	51.7	0.6
<b>Total current assets</b>	<b>417.8</b>	<b>258.7</b>	<b>285.5</b>
<b>TOTAL ASSETS</b>	<b>633.8</b>	<b>346.7</b>	<b>445.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>191.8</b>	<b>118.9</b>	<b>131.2</b>
Long-term interest-bearing liabilities	160.7	72.0	101.2
Current interest-bearing liabilities	28.6	10.8	11.4
<b>Total interest-bearing liabilities</b>	<b>189.4</b>	<b>82.8</b>	<b>112.6</b>
Long-term non-interest-bearing liabilities (provisions)	17.9	-	17.9
Accounts payable	138.2	67.2	97.5
Other current non-interest-bearing liabil.	96.6	77.9	86.0
<b>Total non-interest-bearing liabilities</b>	<b>252.7</b>	<b>145.0</b>	<b>201.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>633.8</b>	<b>346.7</b>	<b>445.2</b>



INTERIM REPORT JANUARY-SEPTEMBER 2000

	2000 Jan-Sep	1999 Jan-Dec	1999 Jan-Sep
<b>CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (SEK million)</b>			
Net profit	66.2	33.2	45.5
Reversal of depreciation/amortization	20.3	7.8	12.4
Capital gain/loss	0.3	-	-
Change in deferred tax liability	-	-	11.3
Change in working capital	-80.7	34.5	1.6
Net investments	-58.9	-41.2	-117.4
<b>Cash flow after investments</b>	<b>-52.8</b>	<b>34.3</b>	<b>-46.5</b>
Change in loans	47.2	8.7	26.1
Change in lease debt	11.7	9.3	21.7
Dividends	-5.7	-3.0	-3.0
Issue of subscription rights, net	-	2.0	2.0
<b>CHANGE IN LIQUID FUNDS</b>	<b>0.3</b>	<b>51.4</b>	<b>0.3</b>

	2000 Jan-Sep	1999 Jan-Sep	1999 Jan-Dec
<b>KEY RATIOS</b>			
Gross margin, %	12.3*	11.4	11.4
Operating margin, %	12.0*	8.4	8.1
Profit margin, %	11.1*	8.1	7.7
Return on operating capital (ROOC), %	42.7*	45.9	41.7
Return on shareholders' equity, %	54.9*	44.0	42.6
Equity/assets ratio, %	30.3*	34.3	29.5

\* The profitability ratios are calculated based on the average of each quarter's balances.

	2000 Jan-Sep	1999 Jan-Sep	1999 Jan-Dec
<b>PER SHARE DATA</b>			
No. of shares at end of period, '000s	7 560	7 560	7 560
Profit after full income tax, excl. SPP's repayment(SEK)	6.68	4.39	6.01
Profit after full income tax, incl. SPP's repayment(SEK)	8.76*	4.39	6.01
Adjusted equity, SEK	25.37*	15.73	17.35

Employee stock options issued in 1999 will increase the number of shares on issue no more than 288,800, or 3,8 %.

\* The key ratios are calculated including SPP's repayment

### Business concept

PartnerTech develops and manufactures electronic products under contract for leading growth companies, primarily in telecommunications, IT, and medical technology.

As a systems supplier, PartnerTech grows and develops with its customers by maintaining flexibility, broad geographic coverage, and superior service.