

INTERIM REPORT

JANUARY – SEPTEMBER 2000



SEK M	Third quarter		First nine months	
	2000	1999	2000	1999
Orders received	3 287	3 089	10 239	9 830
Sales	3 425	3 378	10 390	10 068
Operating profit	-3	161	314	513
Profit after financial items	-86	91	77	420
Profit after tax	-51	69	27	318

Orders received in the third quarter amounted to SEK 3,287 M (3,089), an increase of 6% compared with the corresponding period previous year. Adjusted for currency fluctuations and acquisitions, orders received in the first nine months of the year were largely unchanged compared with last year .

Market conditions in the mining industry continue to show signs of recovery, compared with the weak development that prevailed in 1999, even if major investment projects to a certain extent are being postponed due to acquisitions and consolidation in the global mining sector.

Demand remains at a relatively high level in the European construction industry. Market conditions have also remained strong in North America, with the exception of demand for construction equipment in the U.S., which now shows a declining trend.

Profit after financial items for the period amounted to a loss of SEK 86 M (profit: 91 M). The weak development of third-quarter earnings was the result of lower gross margins partly caused by write-offs during the third quarter, continued too high costs in relation to sales, non-recurring costs for the restructuring program and, to some extent, the ongoing process concerning Metso's offer to acquire Svedala.

The effects of the measures taken within the framework of the ongoing restructuring program are not adequate to reach satisfactory Group profitability. This, combined with

relatively weak organic growth, has resulted in planning being initiated in order to formulate an action plan that will reverse the negative trend and create favorable profitability in Svedala.

Profit after financial items will be substantially lower than last year.

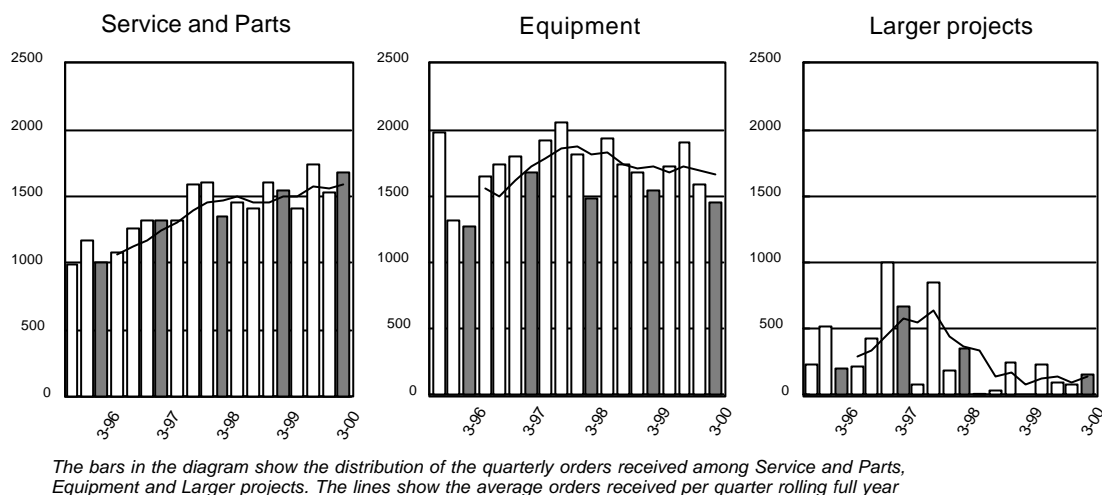
Malmö, October 26, 2000
Alf Göransson
President and CEO

METSO'S OFFER FOR SVEDALA

On September 18, Metso Corporation announced that it was extending its public offer to Svedala shareholders and holders of convertible debentures, which was offered on June 21 this year and presented in the interim report for the first six months of year 2000.

The acceptance period for the offer has now been extended until November 30, 2000. Metso's decision to extend the offer was due to competition authorities requests for additional information before a final decision is rendered. Metso reserves the right to further prolong the acceptance period.

ORDERS RECEIVED



Third quarter

Orders received amounted to SEK 3,287 M, an improvement of 6% compared with SEK 3,089 M in the corresponding period last year. Adjusted for currency fluctuations and acquisitions, the increase was slightly more than 1%. Orders received for equipment and projects rose 4%, and the increase in orders for service and parts amounted to 9%.

Another significant order was received for bulk handling equipment in the U.S. Valued at SEK 155 M, the order calls for a complete coal terminal for Kansas City Power and Light's plant in Hawthorn, Missouri.

Orders received in China, a particularly interesting market for Svedala, are characterized by favorable development and, to meet the growing demand, investments are now being made to build a production plant in China and expand Svedala's marketing organization.

Svedala reported favorable business development in regions with significant mining industry operations, such as South America, Canada, Australia and South Africa, and orders received improved compared with last year.

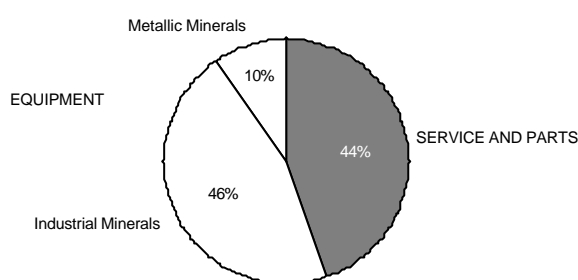
Demand in the construction industry remains favorable, although sales of new equipment have declined in certain areas. In North America, a downward trend has been noted in sales of construction equipment. Some countries in Europe, with particular emphasis on the UK, Scandinavia and Germany, were also characterized by lower bookings, primarily in terms of equipment. Svedala's crane business have had a significant effect on orders received, a trading operation based on imports from Japan where the strong JPY has created negative effects on sales in Europe.

Some customers in the Rock Handling product group assumed a cautious approach in terms of placing orders for equipment during the third quarter, which may be linked to the acquisition offer to Svedala shareholders.

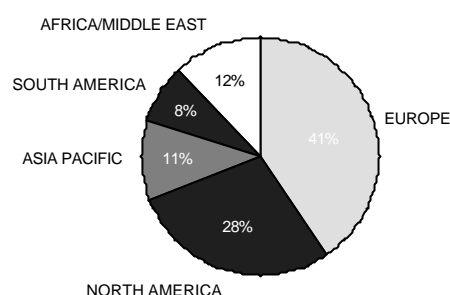
First nine months of 2000

Total orders received amounted to SEK 10,239 M (9,830), an increase of 4% compared with 1999. Acquired companies accounted for 1% of the increase, and currency fluctuations accounted for 2%. Most of the improvement in orders received during the period was attributable to service and parts.

INVOICED SALES



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



Sales per region October 1999 to September 2000

Third quarter

During the third quarter invoiced sales totaled SEK 3,425 M (3,378). Approximately SEK 200 M was attributable to currency fluctuations and acquisitions. Sales of service and parts amounted to SEK 1,593 M (1,563), corresponding to 47% of total sales. Sales of equipment and projects during the period amounted to SEK 1,832 M (1,815). Sales increased significantly in South America and Asia/Pacific, while lower sales were reported in Europe, compared with last year. Sales in Africa and the Middle East were down compared with the same period last year due to less activity related to the Iranian projects.

First nine months

Total sales amounted to SEK 10,390 M (10,068), an increase of 3% over sales during the first nine months of 1999. Effects of currency fluctuations and acquisitions corresponded to 4% of total invoicing. Sales of service and parts amounted to SEK 4,752 M (4,453), an increase of 7%. For sales of equipment and projects the invoicing totaled SEK 5,638 M (5,615), virtually unchanged compared with the first nine months of 1999.

INVOICED SALES PER PRODUCT GROUP

	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99- Sep-00
SEK M				
Rock Handling	3959	3795	5280	5444
Process	2585	2455	3585	3715
Compaction	2317	2358	2971	2930
Bulk	1294	1133	1601	1762
Other	235	327	559	467
Total	10390	10068	13996	14318

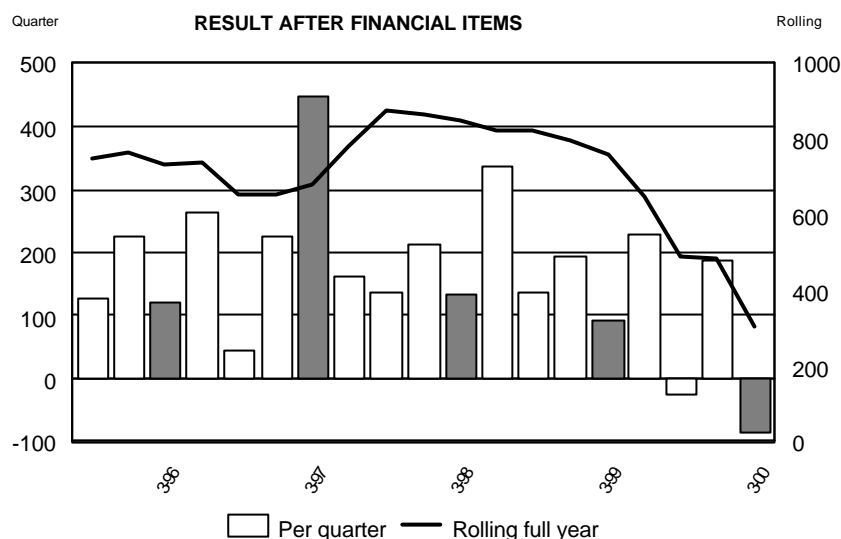
PROFIT

Third quarter

The operating loss amounted to SEK 3 M (profit: 161). Operating profit from sales of service and parts amounted to SEK 124 M (184), with an operating margin of 8% (12). Adjusted for write-offs during the period, the operating margin for service and parts was 10% in the third quarter. Equipment and projects showed a loss amounting to SEK 89 M (profit: 20). The loss during the period was due in part to the high level of fixed costs in relation to current sales levels. Profit for the period was also charged with costs for guarantees, write-offs of inventories and bad debt amounting to SEK 67 M, which arose

primarily in the U.S. and Europe. Restructuring costs during the period totaled SEK 37 M (20). Income recognition from the Iranian Projects were lower, compared with the third quarter of 1999, which also created negative effects on quarterly profit comparisons.

Financial expenses in the third quarter amounted to SEK 83 M (70). The operating result after financial items amounted to a loss of SEK 86 M, compared with a profit of SEK 91 M previous year.



First nine months

Operating profit for the first nine months of 2000 amounted to SEK 314 M (513). Operating profit attributable to service and parts amounted to SEK 468 M (517), with an operating margin of 10% (12), adjusted for write-offs during the third quarter 11%. Operating profit from equipment and project activities amounted to SEK 4 M (94). The US dollar has become even stronger, which creates overall favorable effects on Svedala's profit, particularly in the long-term perspective. Future hedging contracts signed in past years at lower USD exchange rates are offsetting favorable currency effects at the present time.

CURRENCY EFFECTS ON OPERATING PROFIT

	Jan-Sept 2000	Jan-Sept 1999	Change
SEK M			
Translation of flow	57		57
Translation of earnings	-1		-1
Forward contract	-52	3	-55
Total	4	3	1

The rationalization programs introduced in 1999 have resulted in non-recurring costs against earnings for the year amounting to SEK 133 M. Personnel cutbacks since the program was started have reduced the number of Group employees by 1,100, including 400 this year. Normal cost increases, lower gross margin, market investments and costs arising as a result of the offer from Metso have neutralized the effects of the rationalization program. The effect on operating profit has not been sufficient to achieve satisfactory profitability and, as a result, a decision has been taken to formulate a comprehensive action plan.

During the second quarter SPP refunds totaling SEK 86 M have been recognized as revenue, which created a favorable effect on operating profit. Svedala will receive cash payment for the entire amount before year-end 2000.

SEK M	2000 Q 3	1999 Q 3	2000 9 mos.	1999 9 mos.
Operating profit	-3	161	314	513
Adjustment for restructuring costs	37	20	133	20
Adjustment for pension funds from SPP			-86	
Adjusted operating profit	34	181	361	533
Profit after net financial items	-86	91	77	420
Adjustment for currency gain				-104
Adjustment for restructuring costs	37	20	133	20
Adjustment for pension funds from SPP			-86	
Adjusted profit after net financial items	-49	111	124	336

Operating profit after financial items amounted to SEK 77 M (420). Financial expenses totaled SEK 237 M (93). Financial items in 1999 included a nonrecurring currency exchange gain amounting to SEK 104 M.

Profit after tax during the first nine months of 2000 amounted to SEK 27 M, corresponding to SEK 0.60 per share, compared with SEK 318 M and SEK 6.60, respectively, in the previous year. Earnings per share in the last 12 months amounted to SEK 5.90.

ACQUISITIONS

All shares in the formerly partly owned company Mukand-McNally Wellman Ltd in India were acquired during the first quarter. The company is active in the area of bulk handling and has annual sales of slightly more than SEK 30 M, with about 40 employees.

During the second quarter, Strachan & Henshaw's bulk material handling division was acquired in Great Britain. The acquired operation has annual sales corresponding to about SEK 180 M and 45 employees.

INVESTMENTS AND DEPRECIATION

Group investments in property, plant and equipment, not including the existing assets of acquired companies, totaled SEK 369 M (324) during the first nine months of 2000. Depreciation during the period amounted to SEK 338 M (296).

CASH FLOW AND FINANCING

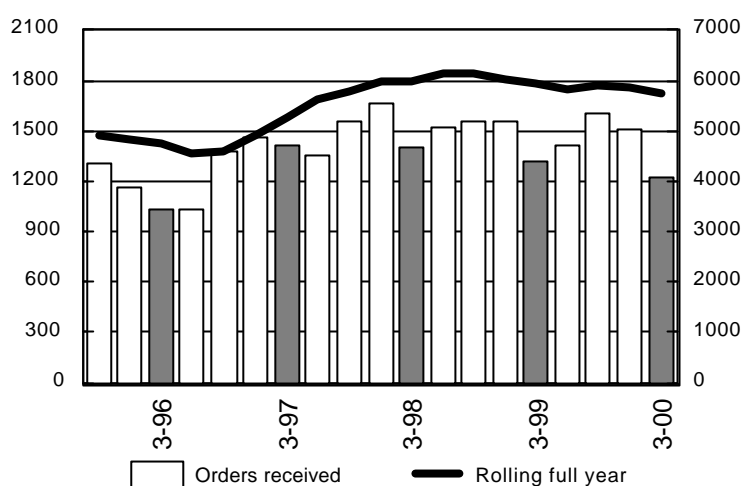
Cash flow before investments was negative in the amount of SEK 32 M (positive 463) during the first nine months of 2000. Net borrowings at the close of the third quarter totaled SEK 5,249 M, an increase of SEK 897 M since the beginning of the year, due mainly to an increase in working capital. The main reasons for the increase in working capital are the capital requirements for execution of large projects and the stronger USD. The planned action program will include activities designed to reduce the Group's working capital.

PERSONNEL

The number of Group employees was slightly more than 10,500 as of September 30, 2000. Not including acquisitions, the number of employees has been reduced by about 400 since year-end 1999.

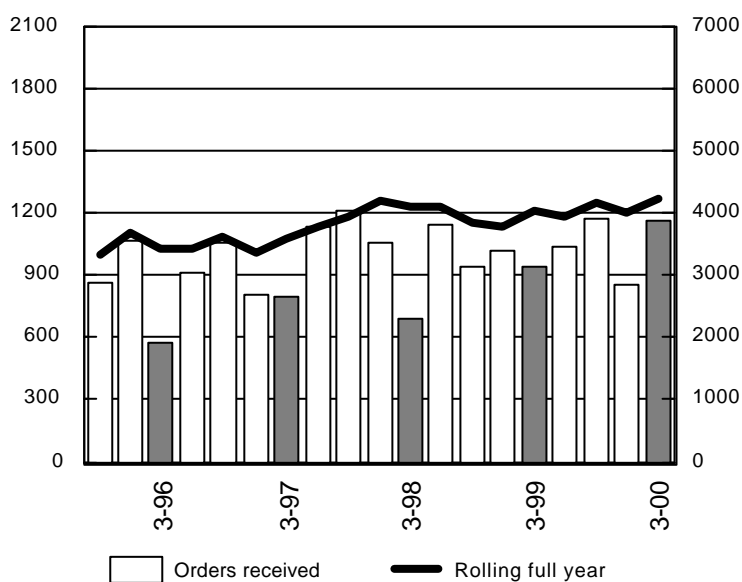
ORDERS RECEIVED AND PROFIT PER REGION

Europe



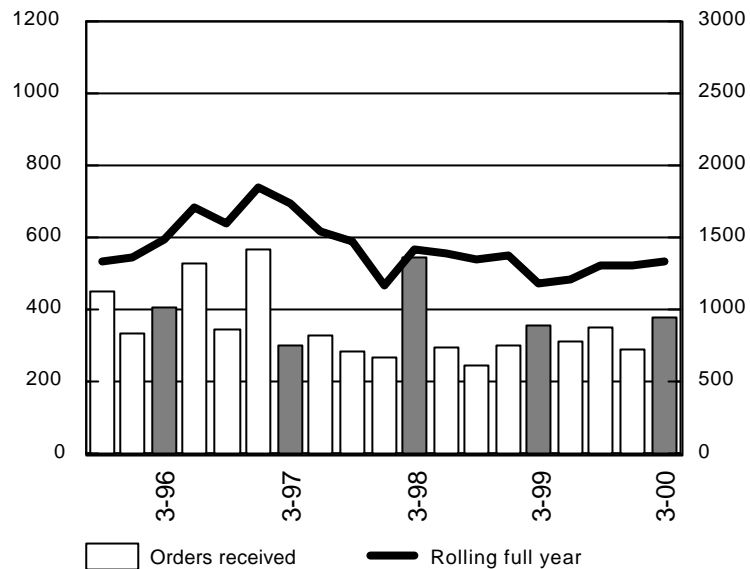
SEK M	2000 Q 3	1999 Q 3	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99- Sep-00
Orders received	1 228	1 318	4 349	4 429	5 837	5 757
Invoicing	1 317	1 399	4 053	4 347	6 098	5 804
Operating profit	15	113	118	313	451	256
ROA %			5	13	14	8

North America



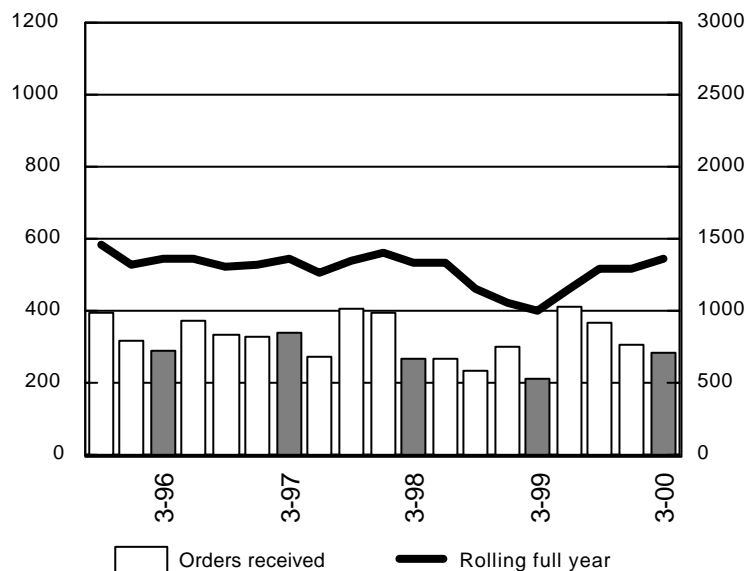
SEK M	2000 Q 3	1999 Q 3	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99- Sep-00
Orders received	1 167	947	3 195	2 915	3 957	4 237
Invoicing	967	964	3 113	3 158	4 114	4 069
Operating profit	-56	33	58	176	216	98
ROA %			3	9	8	4

Asia Pacific



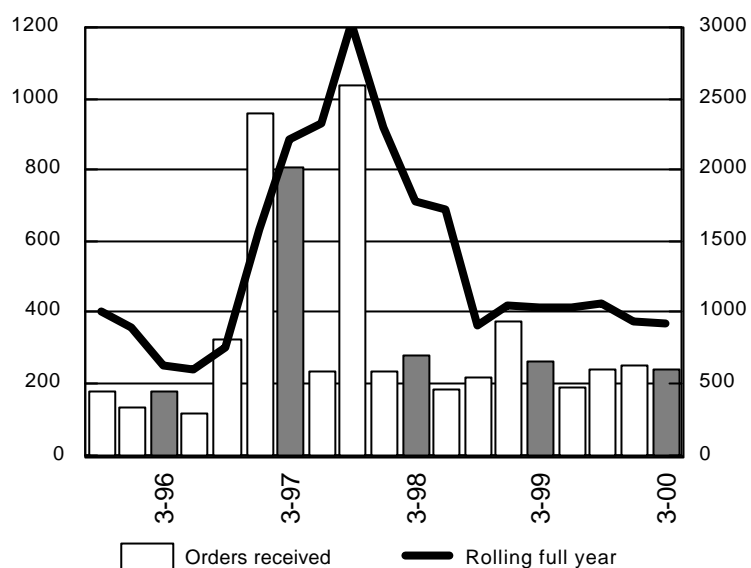
SEK M	2000 Q 3	1999 Q 3	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99- Sep-00
Orders received	377	354	1 014	892	1 204	1 326
Invoicing	421	310	1 201	950	1 322	1 573
Operating profit	16	-1	65	29	44	80
ROA %			8	4	4	7

South America



SEK M	2000 Q 3	1999 Q 3	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99- Sep-00
Orders received	281	209	951	737	1 149	1 363
Invoicing	387	200	940	624	839	1 155
Operating profit	49	-7	114	12	23	125
ROA %			>20	3	4	>20

Africa and Middle East



SEK M	2000 Q 3	1999 Q 3	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99- Sep-00
Orders received	237	261	729	849	1 039	919
Invoicing	330	499	1 068	974	1 613	1 707
Operating profit	11	66	117	81	197	233
ROA %			13	16	>20	19

KEY RATIOS

	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99-- Sep-00
Return on assets employed (ROA) ,%	5	8	9	7
Profit after tax, SEK/share	0.60	6.60	11.90	5.90
Return on shareholders' equity after tax, %	1	10	14	7
Shareholders' equity, SEK/share	87	82	89	87
Equity ratio, %	29	31	34	29
Debt/equity ratio, multiple	1.3	1.2	1.0	1.3

PROFIT AND LOSS ACCOUNT

SEK M	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99-- Sep-00
Net sales	10 390	10 068	13 996	14 318
Cost of goods sold	-7 749	-7 341	-10 221	-10 629
Gross profit	2 641	2 727	3 775	3 689
Sales, administration and R&D expenses	-2 286	-2 192	-2 911	-3 005
Restructuring costs	-133	-20	-45	-158
Other income and expenses	95	-1	-11	85
Interest in earnings of associated companies	-3	-1	-2	-4
Operating profit	314	513	806	607
Interest, net	-237	-193	-256	-300
Other financial items	0	100	101	1
Profit after financial items	77	420	651	308
Taxes	-49	-103	-79	-25
Minority interests	-1	1	1	-1
NET PROFIT	27	318	573	282

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

BALANCE SHEET

SEK M	00-09-30	99-09-30	99-12-31
Assets			
Intangible fixed assets	1 450	1 370	1 394
Tangible fixed assets	2 241	2 155	2 158
Long-term interest-bearing receivables	391	376	375
Other financial fixed assets	595	381	409
Stock	4 369	4 092	3 825
Current receivables	4 995	3 774	4 269
Liquid funds	528	374	297
Total assets	14 569	12 522	12 727
Shareholders' equity and liabilities			
Shareholders' equity	4 169	3 943	4 269
Minority interests	1	0	1
Interest-bearing liabilities	6 168	5 350	5 024
Non-interest-bearing liabilities	4 231	3 229	3 433
Total shareholders' equity and liabilities	14 569	12 522	12 727

CASH FLOW ANALYSIS

SEK M	2000 9 mos.	1999 9 mos.	1999 12 mos.	Oct-99-- Sept-00
<u>Operating activities</u>				
Operating profit	314	513	806	607
Plus: Depreciation	338	296	418	460
Less: Interest in earnings of associated companies	3	0	2	5
Financial items	-237	-93	-155	-299
Taxes paid	-49	-103	-70	-16
Cash flow from operating activities before changes in working capital	369	613	1001	757
Change in working capital:				
Stock	-348	-151	200	3
Non-interest-bearing receivables	-706	-12	-475	-1169
Non-interest-bearing liabilities	653	13	84	724
Cash flow from operating activities	-32	463	810	315
<u>Investing activities</u>				
Companies acquired	-62	-192	-203	-73
Gross investments in property, plant and equipment	-369	-324	-430	-475
Divested assets	96	32	100	164
Cash flow from investing activities	-335	-484	-533	-384
<u>Financing activities</u>				
Dividend paid	-288	-264	-264	-288
Net decrease(+) / increase(-) in long-term interest-bearing receivables	-8	-5	-4	-7
Net increase(+) / decrease(-) in interest-bearing liabilities	878	297	-93	488
Cash flow from financing activities	582	28	-361	193
NET CASH FLOW	215	7	-84	124

<u>Change in net borrowing during the period</u>				
Net borrowing at beginning of the period	4352	4276	4276	4600
Currency translation of net borrowing	242	39	89	292
Net cash flow	-215	-7	84	-124
Less cash flow with no influence on the total net borrowing:				
Net decrease(+) / increase(-) in long-term interest-bearing receivables	-8	-5	-4	-7
Net increase(+) / decrease(-) in interest-bearing liabilities	878	297	-93	488
Net borrowing at end of the period	5249	4600	4352	5249

<u>Change in liquid assets during the period</u>				
Liquid assets at beginning of the period	297	406	406	374
Currency translation of liquid assets	16	-39	-25	30
Net cash flow	215	7	-84	124
Liquid assets at end of the period	528	374	297	528

The figures in this report are unaudited.

*The year-end report on 2000 will be released on February 15, 2001
The 2000 Annual Report will be distributed in the beginning of March 2001
The Annual General Meeting will be held on April 3, 2001*

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