

AudioDev AB



Interim report, January 1st – September 30th, 2000

Figures in brackets relate to the period January-September 1999.

Operating profit increased by 79%

	2000 <i>Jan-Sep</i>	1999 <i>Jan-Sep</i>	<i>Change</i>
<i>Invoiced sales, SEK mill.</i>	182.4	111.5	+64%
<i>Operating profit, SEK mill.</i>	49.2	27.5	+79%
<i>- as a % of invoiced sales</i>	27.0	24.7	-
<i>Pre-tax profit, SEK mill.</i>	49.0	26.3	+86%
<i>- as a % of invoiced sales</i>	26.9	23.6	-
<i>Profit per share, SEK</i>	2.93	1.89	+55%

- *Net turnover increased by 64 percent to SEK 182.4 (111.5) million.*
- *Operating profit increased by 79 percent to SEK 49.2 (27.5) million.*
- *AudioDev received an order worth SEK 34 million for test equipment for CD-R.*
- *AudioDev was launched on the OM Stockholm Stock Exchange's O-list on September 21st.*

AudioDev's business

AudioDev is one of the leading manufacturers in the world of test equipment for optical media such as CD and DVD. The test equipment is marketed under the name CATS, which is an established brand within the industry. AudioDev is currently the manufacturer with the broadest market coverage, with a significant presence in Europe, the USA and Asia. AudioDev has the broadest product range in the market, with testers for all optical formats. The company's customers include EMI, Warner, Sonopress, Pioneer and Ritek. The company currently has around 100 employees, with a head office in Malmö and subsidiaries in the USA and Hong Kong. Since September 21st AudioDev has been quoted on the OM Stockholm Stock Exchange's O-list, under the list name AUDV.

Market and products

The market is seeing a reduction in the manufacture of CD-R, which is being compensated for by significant expansion in the manufacture of DVD. It is believed that DVD will continue to expand rapidly in the next few years.

AudioDev currently supplies 12 different testers for CD and DVD formats, most of which are based on the new SA300 technical platform. The product range has been further expanded with the Pro/Base concept, which provides testers for advanced analysis and troubleshooting as well as products adapted for high-volume production.

Order intake and order stock

During the year order intake amounted to SEK 171.7 million, and at the end of the period order stock amounted to SEK 83.6 million.

During the third quarter AudioDev received an order for test equipment for CD-R from Moser Baer India Ltd. This order, which is worth SEK 34 million, is the largest in the world this year within the CD-R segment. The first delivery will take place during the autumn, and according to the agreement the whole order will be delivered within one year. AudioDev is thus strengthening its position in India, which is considered to be one of the most rapidly expanding markets for optical media. Moser Baer is currently the most rapidly expanding manufacturer of CD-R in the world.

Order intake for the new product CATS CD BASE, which was launched in June, has been excellent. CD Base is the first in a range of products that is aimed at high-volume production of optical media. There is an increasing demand for testers that are simpler to use and work at higher speeds, and CD Base satisfies this demand. With the launch of CD Base, AudioDev expects to increase its market share within the CD segment.

Net turnover

Net turnover increased by 64 percent to SEK 182.4 (111.5) million. Sales in the USA continue to increase. Invoiced sales in the USA during the first nine months of the year amounted to SEK 43.5 (18.8) million. This increase in sales is estimated to be larger than growth in the market as a whole.

Sales on the Asian market accounted for 46 percent of net turnover, while the European and North American markets accounted for 24 percent each. Other markets accounted for 6 percent of net turnover.

Operating profit and margin

Operating profit increased significantly, and amounted to SEK 49.2 (27.5) million. This calculation has been performed in accordance with the principles used in connection with the company's launch on the Stock Exchange. The operating margin improved during the period, and amounted to 27.0 (24.7) percent. The operating profit for the last twelve-month period amounted to SEK 61.3 million.

Investments

Investments have been made in tangible fixed assets to the order of SEK 3.1 (3.4) million during the first nine months of 2000. This relatively low volume of investment can be explained partly by the fact that AudioDev charges PC costs relating to the group's product development to expenses.

Financial position and liquidity

Liquid assets as of September 31st amounted to SEK 153.3 (17.5) million, and the equity ratio was 82.3 (46.7) percent. At the end of the period the group's equity amounted to SEK 236.9 (38.1) million. Undistributed liquid assets included unused credit amounted to SEK 177.3 (41.5) million.

Cashflow

The significant increase in turnover has meant that capital tied up in accounts receivable and stock has increased during the period. Investments have been made in component stock to guarantee delivery capacity. This has contributed to a negative cashflow from the ongoing operations, which during the period amounted to SEK -1.8 (21.9) million.

Personnel

During the period the number of employees has increased by 32 to 98. At present the Development Department is the most rapidly expanding department. This increase in personnel is a consequence of the increase in volume as well as preparations ahead of an expected continuation of this expansion and increased sales.

Issue of new shares

During July subscription options for the new subscription of 170,000 class B shares were exercised, corresponding to 3,400,000 shares in a 20:1 split. Share capital thus increased by SEK 1.7 million to SEK 6.7 million. In total AudioDev received around SEK 24.6 million.

AudioDev AB was launched on the OM Stockholm Stock Exchange's O-list on September 21st. The share issue was oversubscribed 16 times, and the subscription price was set at SEK 63. In conjunction with the Stock Exchange listing a new share issue was undertaken for a total of 2,700,000 class B shares at a nominal 50 Swedish Öre. Share capital thus increased by SEK 1.3 million to SEK 8.0 million. The share issue generated SEK 170.1 million for the company. The cost of the share issue was SEK 11.6 million, and has reduced the new issue fund. Costs of SEK 2.4 million relating to the Stock Exchange launch, which for reasons of caution were charged to expenses in the half-year accounts, have reduced operating costs during the third quarter.

Parent company

The parent company's net turnover amounted to SEK 172.8 (105.0) million. The parent company's operating profit amounted to SEK 46.8 (30.6) million. There have been investments in tangible fixed assets to the order of SEK 2.8 (2.6) million during the first nine months of the year 2000. Undistributed liquid assets included unused credit amounted to SEK 164.2 (40.7) million.

Next report

AudioDev's accounts bulletin for the year 2000 will be issued on February 28th 2001.

Malmö, October 27th 2000

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This report has not been audited by the company's auditors.

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