



## Interim Report for January - September 2000

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- Invoiced sales rose 33% to SEK 800 M (604).
  - Profit after net financial items amounted to SEK 91 M (24).
  - Earnings per share after full tax totaled SEK 9.88 (1.33).
  - Continued successes in telecom equipment industry. Sales rose 52%. This segment accounted for half of Group sales during the quarter.
  - Profit after net financial items for the full year is expected to be about SEK 120 M, based on sales of approximately SEK 1.1 billion.
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### Third quarter of 2000

The positive trend during the first half-year continued during the third quarter. Invoiced sales rose 39% to SEK 285 M, compared with SEK 205 M in the corresponding period in the preceding year. Order bookings totaled SEK 272 M (206), an increase of 32%.

The increase in invoicing is attributable to favorable demand in largely all markets. A key contributing factor is the strong growth of customers in the telecom equipment industry. Nefab's invoicing to the telecom equipment industry segment rose during the quarter by about 56% and thus accounted for half of Group sales during the quarter. Other market segments were up about 25%.

Profit, after net financial items, for the third quarter amounted to SEK 33 M (15).

### First nine months of 2000

Invoiced sales in the first nine months of 2000 amounted to SEK 800 M (604), a 33% increase. Order bookings to date this year amounted to SEK 813 M (614), an increase of 32%.

### Business area NEFAB ExPak

Sales in the largest business area, NEFAB ExPak, rose 32% to SEK 611 M (463). The business area, which comprises complete packaging solutions for shipments over long distances, accounts for about 76% of total sales.

Increases were noted largely in all markets. Sales trends in this business area are strongly dependent on customers in the telecom equipment industry.

### Business area NEFAB RePak

The NEFAB RePak business area, which comprises complete packaging solutions for return deliveries, has developed favorably during the year. Invoiced sales increased 36% to SEK 165 M (121). The business area accounts for approximately 21% of Group invoiced sales.

The automotive industry is a prioritized segment for the business area. A number of large orders from subsuppliers to the automotive industry contributed to the favorable development.



## **Telecom equipment and automotive industry market segments**

### *Telecom equipment industry*

Nefab is consolidating its position as market leader in the world for deliveries of packaging to the telecom equipment industry. Sales increased 52% to SEK 378 M (249) and thus account for about 47% of Group sales.

A co-operation agreement was signed in the beginning of the year with Ericsson Segment Operators. In addition to deliveries of complete packaging solutions, Nefab will assist Ericsson by providing consulting services in technical packaging matters. The agreement becomes effective on January 1, 2001.

Nefab's deliveries to the telecom equipment industry pertain particularly to packaging of equipment for fixed and mobile networks. Less than 10% of the packaging is for telephones.

### *Automotive industry*

Invoiced sales to the automotive segment totaled SEK 65 M (55), an increase of 19%, corresponding to 8% of Group sales.

## **Earnings**

Profit after net financial items for the first nine months amounted to SEK 91 M (24), included SEK 7 M pertaining to the discounted current value of the surplus funds from SPP.

The earnings improvement is attributable to higher sales volumes and the resulting increase in capacity utilization, while overhead costs remained stable. Improvements were noted in virtually all markets and for both business areas.

The change in exchange rates is assessed to have affected profit after net financial items negatively in the range of SEK 14 M compared with the year-earlier period.

Tax costs for the year have been reduced by SEK 3.6 M as a result of a ruling from the Administrative Court of Appeal regarding a case involving Nefab's income tax returns for 1989. The tax reduction corresponds to SEK 0.52 per share.

Earnings per share during the period amounted to SEK 9.88 (1.33), of which the surplus funds from SPP account for SEK 0.71 per share. The return on capital employed was 31.0% (12.1).

## **Capacity and investments**

Group investments amounted to SEK 34 M (26), most of which pertained to machinery and equipment.

Capacity utilization was high in virtually all production units. To increase capacity and ensure a high delivery precision, decisions were made regarding a number of investment projects. During October, the operations in China were moved to new, leased premises. Consequently, capacity for the Asia market is doubled. A new plant is being constructed in Canada and is scheduled to be in operation during the first quarter of next year. During the autumn, Nefab acquired a new, larger property in the UK, to which operations will be moved at year-end. It was also decided to establish a new production unit in Estonia. It is projected that production can start up at mid-year 2001. In total, these four projects involve investments totaling about SEK 100 M during a 12-month period.

## **Financial position**

The equity/assets ratio on September 30 was 45.0% (43.4). Shareholders' equity per share amounted to SEK 44.16 (32.22). The Group's liquid assets at the same date amounted to SEK 96 M (75), including unutilized credit facilities.

## **Outlook for full-year 2000**

Invoiced sales are expected to continue to show favorable development, particularly in the telecom equipment industry segment. As a whole, profit after net financial items for the full year is expected to be about SEK 120 M, based on sales of approximately SEK 1.1 billion.

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| <b>Profit and loss accounts (SEK M)</b>      | <b>0001-0009</b><br>9 months | 9901-9909<br>9 months | 9910-0009<br>12 months | 9901-9912<br>12 months |
|--|------------------------------|-----------------------|------------------------|------------------------|
| Net sales                                    | <b>800</b>                   | 604                   | 1033                   | 837                    |
| Cost of goods sold                           | <b><u>-577</u></b>           | <b><u>-442</u></b>    | <b><u>-747</u></b>     | <b><u>-612</u></b>     |
| Gross profit                                 | <b>223</b>                   | 162                   | 286                    | 225                    |
| Selling expenses                             | <b>-74</b>                   | -75                   | -102                   | -103                   |
| Administrative expenses                      | <b>-59</b>                   | -54                   | -81                    | -76                    |
| Other operating income                       | <b><u>7</u></b>              | -                     | <u>7</u>               | -                      |
| Operating profit                             | <b>97</b>                    | 33                    | 110                    | 46                     |
| Net financial items                          | <b><u>-6</u></b>             | <b><u>-9</u></b>      | <b><u>-7</u></b>       | <b><u>-10</u></b>      |
| Profit after net financial items             | <b>91</b>                    | 24                    | 103                    | 36                     |
| Taxes  | <b><u>-23</u></b>            | <b><u>-15</u></b>     | <b><u>-26</u></b>      | <b><u>-18</u></b>      |
| Net profit for the year                      | <b><u>68</u></b>             | <b><u>9</u></b>       | <b><u>77</u></b>       | <b><u>18</u></b>       |
| <i>Depreciation included above</i>           | <b>28</b>                    | 28                    | 37                     | 37                     |
| <b>Balance sheets (SEK M)</b>                | <b>000930</b>                | 990930                |                        | 991231                 |
| Fixed assets                                 | <b>265</b>                   | 236                   |                        | 247                    |
| Current assets                               | <b>414</b>                   | 283                   |                        | 303                    |
| Equity capital                               | <b>305</b>                   | 223                   |                        | 239                    |
| Provisions                                   | <b>26</b>                    | 25                    |                        | 28                     |
| Long-term liabilities                        | <b>142</b>                   | 126                   |                        | 125                    |
| Current liabilities                          | <b>206</b>                   | 145                   |                        | 158                    |
| Total capital                                | <b>679</b>                   | 519                   |                        | 550                    |
| <i>Of which interest-bearing liabilities</i> | <b>157</b>                   | 135                   |                        | 141                    |
| <b>Cash flow statements (SEK M)</b>          | <b>0001-0009</b>             | 9901-9909             |                        | 9901-9912              |
| Operating profit                             | <b>97</b>                    | 33                    |                        | 46                     |
| Depreciation, financial net and taxes        | <b><u>-1</u></b>             | <b><u>4</u></b>       |                        | <b><u>9</u></b>        |
| Cash flow from the year's operation          | <b>96</b>                    | 37                    |                        | 55                     |
| Change in working capital                    | <b>-56</b>                   | -11                   |                        | -19                    |
| Net investments in fixed assets              | <b><u>-34</u></b>            | <b><u>-26</u></b>     |                        | <b><u>-37</u></b>      |
| Cash flow after investments                  | <b>6</b>                     | 0                     |                        | -1                     |
| Dividend                                     | <b>-10</b>                   | -10                   |                        | -10                    |
| Financing                                    | <b><u>10</u></b>             | <b><u>-5</u></b>      |                        | <b><u>-5</u></b>       |
| Changes in liquid funds                      | <b>6</b>                     | -15                   |                        | -16                    |

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| Key ratios                    | 0001-0009 | 9901-9909 | 9910-0009 | 9901-9912 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Operating margin, %           | 12.1      | 5.4       | 10.7      | 5.5       |
| Profit margin, %              | 11.4      | 4.0       | 10.0      | 4.3       |
| Return on equity capital, %   | 33.4      | 5.4       | 29.4      | 7.7       |
| Return on total capital, %    | 21.3      | 8.6       | 18.8      | 8.8       |
| Return on capital employed, % | 31.0      | 12.1      | 27.3      | 12.4      |
| Equity/assets ratio, %        | 45.0      | 43.4      | 45.0      | 44.1      |
| Employees, yearly average     | 1064      | 880       | 1046      | 908       |
| Net investments, SEK M        | 34        | 26        | 45        | 37        |

## Key ratios per share

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Profit per share, full tax, SEK                            | 9.88  | 1.33  | 11.22 | 2.67  |
| Equity capital per share, SEK                              | 44.16 | 32.22 | 44.16 | 34.65 |
| Number of shares at the end of the period,<br>in thousands | 6,907 | 6,907 | 6,907 | 6,907 |
| Share price on closing day, SEK                            | 120   | 57    | 120   | 78    |

For definitions, see Annual Report for 1999.

## Future financial reports

|                                       |                   |
|---------------------------------------|-------------------|
| Preliminary report on 2000 operations | February 14, 2001 |
| Annual Report                         | April 2001        |
| Interim report January-March 2001     | May 4, 2001       |
| Annual General Meeting                | May 19, 2001      |

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Jönköping, November 7, 2000

Lars-Åke Rydh  
President and CEO

This Interim Report has not been examined by the company's auditors.

### Information about Nefab

*Nefab delivers complete packaging solutions to international industrial groups, primarily within the telecom equipment and automotive industry. Nefab operates within two business areas – NEFAB ExPak (collapsible export packaging systems) and NEFAB RePak (reusable transport-packaging and storage systems). Nefab has its own companies' in Europe, North and South America and Asia. Annual sales is about SEK 1BN. Nefab is listed on the OM Stockholm Exchange.*

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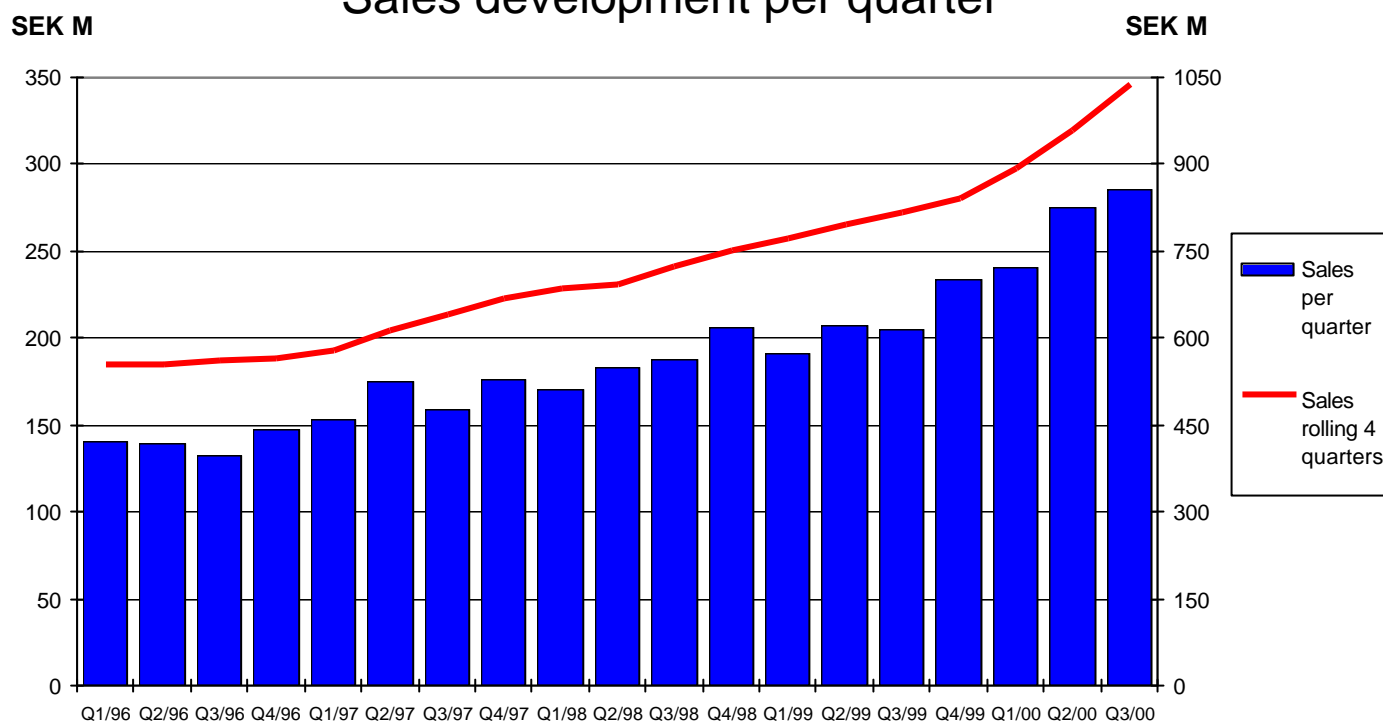
## Quarterly data

|                                  | Q1/98       | Q2/98       | Q3/98       | Q4/98       | Q1/99       | Q2/99       | Q3/99       | Q4/99       | Q1/00       | Q2/00       | Q3/00       |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales                        | 170         | 182         | 188         | 207         | 191         | 207         | 205         | 234         | 240         | 275         | 285         |
| Cost of goods sold               | <u>-122</u> | <u>-132</u> | <u>-136</u> | <u>-155</u> | <u>-143</u> | <u>-152</u> | <u>-147</u> | <u>-170</u> | <u>-172</u> | <u>-198</u> | <u>-207</u> |
| Gross profit                     | 48          | 50          | 52          | 52          | 48          | 55          | 58          | 64          | 68          | 77          | 78          |
| Selling expenses                 | -23         | -25         | -23         | -30         | -26         | -27         | -22         | -28         | -24         | -26         | -24         |
| Administrative expenses          | -17         | -19         | -18         | -22         | -18         | -18         | -18         | -22         | -21         | -19         | -19         |
| Other operating income           | -           | -           | -           | -           | -           | -           | -           | -           | -           | <u>7</u>    | -           |
| Operating profit                 | 8           | 6           | 11          | 0           | 4           | 10          | 18          | 14          | 23          | 39          | 35          |
| Net financial items              | <u>-1</u>   | <u>0</u>    | <u>-2</u>   | <u>-1</u>   | <u>-3</u>   | <u>-2</u>   | <u>-3</u>   | <u>-2</u>   | <u>-2</u>   | <u>-2</u>   | <u>-2</u>   |
| Profit after net financial items | 7           | 6           | 9           | -1          | 1           | 8           | 15          | 12          | 21          | 37          | 33          |
| Taxes                            | <u>-2</u>   | <u>-3</u>   | <u>-5</u>   | <u>-2</u>   | <u>-3</u>   | <u>-6</u>   | <u>-6</u>   | <u>-3</u>   | <u>-4</u>   | <u>-10</u>  | <u>-9</u>   |
| Net profit for the year          | 5           | 3           | 4           | -3          | -2          | 2           | 9           | 9           | 17          | 27          | 24          |
| Fixed assets                     | 207         | 215         | 245         | 247         | 241         | 240         | 236         | 246         | 243         | 254         | 265         |
| Current assets                   | 243         | 263         | 273         | 275         | 266         | 286         | 283         | 304         | 335         | 377         | 414         |
| Equity capital                   | 235         | 229         | 235         | 233         | 223         | 216         | 222         | 239         | 256         | 274         | 305         |
| Provisions                       | 18          | 18          | 22          | 26          | 26          | 26          | 26          | 27          | 26          | 26          | 26          |
| Long-term liabilities            | 72          | 104         | 137         | 131         | 140         | 148         | 126         | 126         | 124         | 147         | 142         |
| Current liabilities              | 125         | 127         | 124         | 132         | 118         | 136         | 145         | 158         | 172         | 184         | 206         |
| Total capital                    | 450         | 478         | 518         | 522         | 507         | 526         | 519         | 550         | 578         | 631         | 679         |
| Operating margin, %              | 4.8         | 3.2         | 5.6         | 0.2         | 2.2         | 5.1         | 8.8         | 5.8         | 9.6         | 11.6*       | 12.4        |
| Profit margin, %                 | 4.3         | 3.2         | 4.4         | -0.3        | 0.3         | 3.9         | 7.5         | 5.2         | 8.8         | 10.8*       | 11.7        |
| Return on equity capital, %      | 8.2         | 4.6         | 6.5         | -4.2        | -4.1        | 4.6         | 16.4        | 16.1        | 28.0        | 33.1*       | 33.3        |
| Return on total capital, %       | 7.9         | 5.9         | 8.8         | 1.6         | 3.6         | 8.4         | 13.9        | 10.6        | 16.6        | 21.4*       | 21.9        |
| Return on capital employed, %    | 11.1        | 8.2         | 12.1        | 2.2         | 4.9         | 11.5        | 19.6        | 15.2        | 23.8        | 30.8*       | 31.9        |
| Equity/assets ratio, %           | 52.3        | 48.4        | 45.7        | 45.1        | 44.5        | 41.6        | 43.4        | 44.1        | 44.3        | 43.5        | 45.0        |
| Profit per share, full tax, SEK  | 0.69        | 0.39        | 0.54        | -0.36       | -0.34       | 0.36        | 1.30        | 1.34        | 2.51        | 3.17*       | 3.49        |
| Equity capital per share, SEK    | 34.07       | 33.09       | 3.96        | 33.68       | 32.29       | 31.26       | 32.22       | 34.65       | 37.01       | 39.60       | 44.16       |
| Share price on closing day, SEK  | 131         | 119         | 98          | 85          | 60          | 64          | 57          | 78          | 70          | 94          | 120         |

\* Calculated with SPP recovery excluded

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## Sales development per quarter



## Earnings trend per quarter (SPP recovery excluded)

