



Interim Report, January – September 2000

- **Earnings after financial items were SEK 704 (821) m**
- **Atle invested SEK 1,004 m in 49 enterprises, with SEK 678 m of this total in 22 new undertakings**
- **Rolling 12-month EPS: SEK 11.29 (11.79)**
- **Assessed year-2000 earnings will be comparable to the previous year**

Highlights in 2000

Acquisitions

- 42 % Flygbussarna
- 30 % of Proline
- 90 % of Programmera, which in turn acquired ABI Consulting
- 10 % of Pricerunner
- 29 % of InfoCare
- 5 % of Bolånebörsern
- 8 % of SUSAB
- 7 % of Jaybis
- 8 % of Nybron
- 30 % of News Presslink
- 28 % of Freshman Flimmer

Mergers

- Hägglunds Drives and GS Hydro; Atle's ownership stake: 72 %
- Benzler & Co and Jens S; Atle's ownership stake: 70 %
- HDF-Bolagen and Markt & Co.; Atle's ownership stake: 69 %.
Acquiring Duri

- Trima and Ålö; Atle's ownership stake: 20 %

Divestments

- Part of Digital Vision
- Perlos
- Inobiz
- Part of Mentor Gruppen
- Array Printers
- Micronic Laser Systems
- Part of TPC Security
- Topp Livsmedelsprodukter
- Reseal-It
- Nord 2000
- Essex
- Eletta
- Qcom
- Kirk Acoustics
- MTS
- Part of SPCS
- Atle accepts Finnveden's bid for holdings in Bulten

Atle today...

Atle is:

- Sweden's pre-eminent listed private equity player, targeted on small and medium-sized unlisted enterprises.
- One of the prime alternative for investors intending to participate in the value growth of unlisted companies.
- A professional know-how business harbouring broad-based industrial and financial expertise.
- Quoted on OM Stockholm Exchange's A List, with some 16,700 shareholders.

Since inception just over seven years ago, Atle has:

- Achieved annual returns of 50 % on capital invested in companies it has exited from so far.
- Generated aggregate earnings after financial items of SEK 5.3 bn from start-up capital of SEK 2.2 bn.
- Completed 22 initial acquisitions and 23 exits in 2000, as appears in what follows:

(SEK m)	Acquisitions	Sales proceeds	Parent company exit earnings	No. of new acquis.	No. of exits
1993	200	-	-	28	-
1994	900	8	-169	43	2
1995	531	342	139	27	15
1996	1,826	694	261	35	17
1997	644	724	493	24	35
1998	1,878	913	552	22	22
1999	1,245	1,353	797	21	29
2000:3	1,004	686	314	22	23
Total	8,228	4,720	2,387	222	143

...and tomorrow

Atle intends to:

- Be two to three times its current size within five years.
- Maintain a broad-based investment focus across multiple sectors, and to advance its rate of investment in IT & Other Technology.
- Remain the stock market's pre-eminent private equity player.

Earnings etc.

Consolidated earnings after financial items amounted to SEK 704 (821) m in the period. Earnings before tax stood at SEK 660 (812) m, a figure distributed between exit earnings of SEK 334 (597) m, earnings generated by Atle-owned companies of SEK 408 (267) m and a group-wide SEK -82 (-53) m. The earnings before tax figure includes Atle's share of SPP funds allocated to subsidiaries, amounting to SEK 131 (-) m. The quarterly distribution of earnings is illustrated below:

2000	Q1	Q2	Q3	Q1-3
Exit earnings	204	82	48	334
Other earnings	68	270	32	370
Earnings after financial items	272	352	80	704

1999	Q1	Q2	Q3	Q1-3	Q4	Full year
Exit earnings	136	372	89	597	63	660
Other earnings	77	103	44	224	141	365
Earnings after financial items	213	475	133	821	204	1,025

1998	Q1	Q2	Q3	Q1-3	Q4	Full year
Exit earnings	455	112	-3	564	-47	517
Other earnings	61	122	105	288	148	436
Earnings after financial items	516	234	102	852	101	953

Earnings vary between quarters due to the timing of exits. Third-quarter earnings are lower than last year as well as compared to prior quarters, due partly to the implementation of few exits and also because of a general seasonal downturn in operating earnings.

In operational terms, IT & Other Technology enterprises generated lower earnings than last year, in some cases due to slacker demand subsequent to the resolution of Y2K issues. Services made mixed progress, with earnings burdened by transportation companies, which have been unable to offset increased costs. Engineering, Trading, Property & Construction and Atle's "Other" enterprises sector all made favourable progress in a firming business cycle.

Prices for processing ion exchange resins are starting to rise for Studsvik's US operations, explaining the gradual signing of contracts at levels calculated originally. The prospects of expanding the plant's volumes have increased, although no more significant volume expansion is considered possible until after a planned stoppage and inspection in early 2001—interest in the technology remains acute. A deregulated European electricity market has resulted in lower energy prices, pressurising Studsvik's customers' profitability, and also implying such players delaying, and reducing, their orders to Studsvik with the resulting profitability deterioration in Studsvik's Swedish activities. Measures to adapt costs to the new situation have been initiated. The BNCT cancer treatment facility is expected to receive its first patient at around the end of the year.

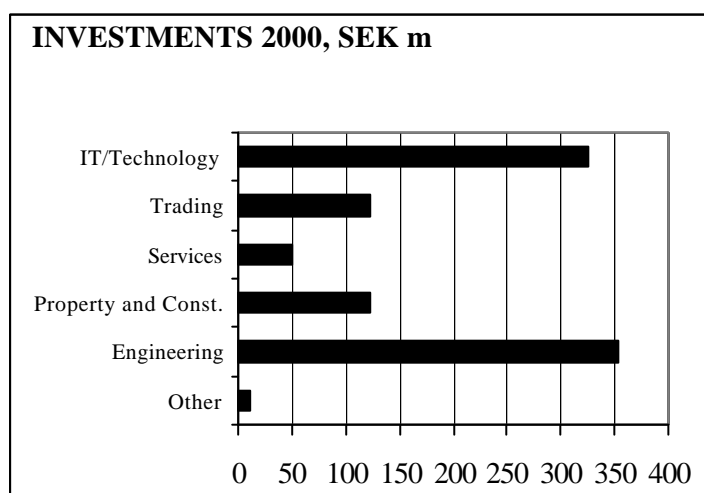
Atle's higher consolidated net sales and total assets compared to previous periods are largely attributable to the fact that Kronans Droghandel is included in the consolidated accounts from 1 January.

On a rolling twelve-month basis, earnings per share stood at SEK 11.29 (11.79), with a return on equity of 10.8% (14.1).

Investments and exits

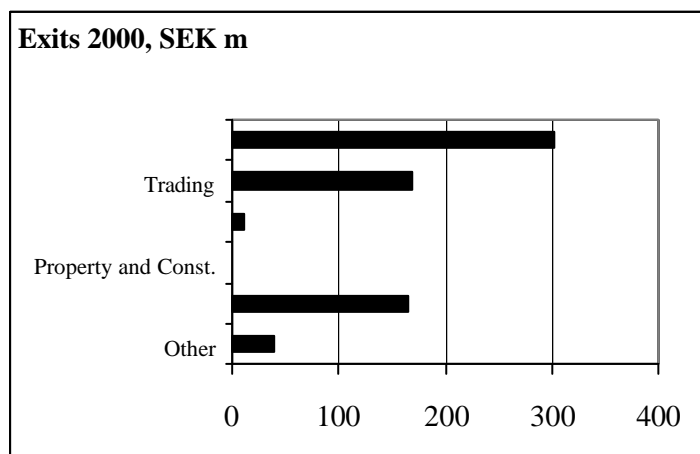
Between 1 January and 30 September 2000, Atle invested in 22 new enterprises and extended 27 existing holdings for an aggregate of SEK 1,004 m. The majority of investments related to the IT & Other Technology and Engineering segments.

The single biggest investments in the period related to the mergers of Hägglunds Drives / GS Hydro, HDF-Bolagen/Markt and Trima / Ålö plus the acquisitions of Programmera and Nybron International.



The merged HDF-Bolagen and Markt changed corporate name to Haendig in the third quarter, and maintained its expansion strategy by acquiring Duri, a flooring accessories and interior products trading corporation, and thereby secured Nordic leadership in the DIY products sector, plus prominence within professional products. Atle also invested SEK 20 m in environmental technology enterprise Freshman Flimmer, which develops and sells air filters and commands high potential through its globally patented

technology. Atle invested SEK 17 m in News Presslink, which alongside WM-data, IBM and MAN Roland—the world's largest printing and distribution corporation—is launching a new standardised concept, embodied as an Internet portal, for media and newspaper corporations desiring to consolidate their www presences and brands.



Between 1 January and 30 September 2000, Atle completed 23 exits, generating total sales proceeds of SEK 686 m. A number of smaller exits were effected in the third quarter, with total third-quarter exit earnings of SEK 48 m. Finnveden made a public bid for Bulten, where Atle is the biggest shareholder, during the quarter. Atle has made a positive response to this bid, which is expected to be consummated in the fourth quarter, generating SEK 230 m of additional liquidity, and exit earnings of

some SEK 25 m.

Total sales proceeds for the period as a whole were divided between segments as illustrated in the adjacent figure. Overall, 12 of the exits related to IT & Other Technology enterprises.

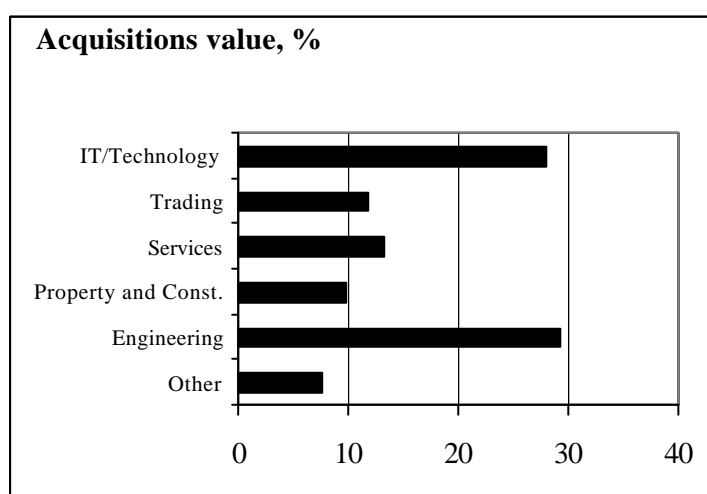
Atle is currently engaged in several concrete discussions relating to exits and acquisitions, with a number expected to conclude in the fourth quarter.

Since inception, Atle's annual return on all exits amounts to nearly 50 %. The following table illustrates the annual average return on invested capital achieved on all exits made in a particular year. Those exits effected in the period generated average annual returns of 34 %. Atle's objective—as stated in Annual Reports ever since inception—is to achieve a minimum IRR of 20 %.

Year of exit*	1994	1995	1996	1997	1998	1999	1-9/00
No. of exits	2	15	17	35	22	29	23
Sales proceeds, SEK m	8	342	694	724	913	1,353	686
Annual return, %	127	48	41	82	21	37	34

*See footnote 2, "Key figures"

Portfolio structure



As of 30 September 2000, the acquisition value of Atle's investment portfolio was SEK 5,515 m, the invested amount thereby increasing by 11 % net since 1 January.

The adjacent illustration shows the percentage distribution of the portfolio by sector as of the end of September. The proportion of IT & Other Technology investments has increased by just over 2 percentage points to 28 % since the beginning

of the year. Property / Construction's share has advanced by just over 1 percentage point to 10 %.

Market conditions

Favourable growth and profitability in private equity have meant the establishment of new players, especially in the IT sphere. Atle is assessed to enjoy sustained, and extremely high, competitiveness, built on its early presence, solid historical track record, scope and broad-based and experienced organisational resources comprising Investment Managers, a highly evolved network and a renowned industrial profile. Atle's broad-based orientation towards multiple sectors is a strength, implying that acquisition and exit activities can be adapted to the prevailing conditions in each sector. The influx of new investment proposals is currently

healthy, both on the technology side and more traditional enterprises—the former partly due to more restrictive capital markets. The scale of project flows is in close harmony with Atle's expansion objective: to grow by two to three times within five years.

The market for exits to trade buyers remains firm, with a number of trade sales now being evaluated—but any prospects of exits through IPOs are currently regarded as limited. Historically, over 90 % of Atle's exits are trade sales.

Overall, the market conditions facing Atle for the foreseeable future are expected to remain favourable.

Financial position etc.

As of the end of the period, group liquid funds and short-term investments amounted to SEK 766 (811) m, which is consistent with their market value.

The group equity/assets ratio was 42% (56). At the end of 1999, the equity/assets ratio was 45 %. The group's financial position allows substantial borrowing for further acquisitions.

As of 30 September, Atle's shareholders' equity was SEK 91.49 per share (87.16). Overwhelmingly, Atle's assets comprise unlisted shares. The book value of such assets can vary significantly from market values, as is first apparent upon exit. Accordingly, Atle assesses its net asset value as far greater than shareholders' equity.

Parent company

Parent company earnings before tax were SEK 404 (716) m.

As of 30 September, the net from parent company liquid funds and loans drawn down was SEK -757 (-59) m.

At the same time, the parent company equity/assets ratio was 78 % (85), with parent company investments in equipment at SEK 1 (1) m.

Ownership structure

The number of shareholders increased to 16,738 during the period. Atle had 13,726 shareholders at the end of 1999 and 13,121 shareholders at the end of 1998.

Atle has made restrictive share buy-backs encompassing a total of 9,800 shares.

Outlook for 2000

Assuming Atle is able to consummate those exits it is currently working on in the fourth quarter, assessed earnings for 2000 will be comparable to the previous year.

Stockholm, 9 November 2000

Atle AB (publ)

Lars Gårdö
Chief Executive

For more information, please contact one of the following on tel. + 46 (0)8 506 10100:

Lars Gårdö, Chief Executive
Gunnar Huss, Deputy Chief Executive
Leif Fahrman, Chief Financial Officer
Johan Hähnel, Executive Vice President, Corporate Communications & Marketing

This report has not been subject to review by the company's auditor.

This report is also available at Atle's Website: www.atle.se.

Forthcoming financial information

Financial Statement 2000: 23 February 2001.

Key figures

	Nine months		Full year		
	30 Sep. '00	30 Sep. '99	31 Dec. '99	31 Dec. '98	31 Dec. '97
Earnings after financial items, SEK m	704	821	1,025	953	783
Earnings before tax, SEK m	660	812	1,008	872	712
Earnings after tax, SEK m	453	649	724	658	579
Total assets, SEK m	13,628	9,059	11,794	9,791	7,586
Equity/assets ratio, %	41.5	56.4	44.7	50.8	57.1
Shareholders' equity per share, SEK	91.49	87.16	88.36	80.09	72.11
Share price at end of period, SEK	133.00	125.00	139.00	105.00	125.50

	Rolling 12 months		Full year		
	Oct. '99- Sep. '00	Oct. '98- Sep. '99	1999	1998	1997
Return on equity, %	10.8	14.1	15.8	15.9	15.5
Return on capital employed, %	13.1	15.3	15.0	16.7	14.7
Earnings per share, SEK ¹	11.29	11.79	14.89	12.06	10.62
P/E ratio at end of period ¹	11.8	10.6	9.3	8.7	11.8

¹ The provision of SEK 88 m for the tax expense for the operational year 1993 has not been included in the calculation of earnings per share or P/E ratios for 1999, or rolling 12-month figures for October 1999 – September 2000.

² In cases where exits are effected as multiple partial transactions in differing years, the earnings achieved so far are posted in the year in which the latest partial exit was effected. This means that actuals for previous periods may be affected when subsequent partial exits occur in subsequent periods (this note is referred to on page 5).

Summary Income Statement

SEK m

	GROUP			PARENT COMPANY		
	9 mth. 2000	9 mth. 1999	Full yr. 1999	9 mth. 2000	9 mth. 1999	Full yr. 1999
Net sales	15,645	6,393	8,640	-	-	-
Cost of goods sold	-13,668	-4,598	-6,193	-	-	-
Gross earnings	1,977	1,795	2,447	-	-	-
<i>Exit earnings</i>						
Exit gains	360	618	736	251	641	805
Exit losses and write-downs	-26	-21	-76	-47	-44	-88
Total exit earnings	334	597	660	204	597	717
Share in associated company earnings before tax	183	181	273	-	-	-
<i>Other expenses and revenues</i>						
Sales, administration and research & development expenses	-1,801	-1,641	-2,256	-60	-36	-69
Goodwill amortisation	-103	-90	-141	-	-	-
Items affecting comparability	185	-	-	1	-	-
Dissolution of negative goodwill	0	0	2	-	-	-
Other operating revenue and operating expenses	10	14	86	-	-	-
Operating earnings	785	856	1,071	145	561	648
<i>Earnings from financial investments</i>						
Dividend on shares in subsidiaries and	-	-	-	282	160	179
Other net financial items	-81	-35	-46	-23	-5	-9
Earnings after financial items	704	821	1,025	404	716	818
Minority share of earnings after financial items	-44	-9	-17	-	-	-
Earnings before tax	660	812	1,008	404	716	818
Tax	-207	-163	-284	0	0	-88
Net earnings for the period/year	453	649	724	404	716	730

Summary Balance Sheet

SEK m

ASSETS	GROUP			PARENT COMPANY		
	30 Sep. 00	30 Sep. 00	31 Dec. 99	30 Sep. 00	30 Sep. 00	31 Dec. 99
<i>Fixed assets</i>						
Intangible and tangible fixed assets	3,947	2,587	3,451	2	1	1
Shares in subsidiaries	-	-	-	3,686	2,989	3,626
Shares in associated companies	1,673	1,663	1,393	1,221	1,248	951
Other shares	739	441	495	527	299	372
Other financial fixed assets	171	202	190	45	61	60
Total fixed assets	6,530	4,893	5,529	5,481	4,598	5,010
<i>Current assets</i>						
Inventories	2,317	1,377	1,895	-	-	-
Current receivables	4,015	1,979	3,355	166	175	207
Other shares	-	0	-	-	-	-
Other short-term investments	343	66	453	-	-	-
Cash and bank balances	423	744	562	4	283	0
Total current assets	7,098	4,166	6,265	170	458	207
TOTAL ASSETS	13,628	9,059	11,794	5,651	5,056	5,217

LIABILITIES AND SHAREHOLDERS'

EQUITY

Shareholders' equity	4,991	4,755	4,820	4,391	4,302	4,316
Minority share	665	358	452	-	-	-
Provisions	797	609	717	146	61	165
Long-term liabilities	2,463	1,133	1,583	761	342	418
Current liabilities	4,712	2,204	4,222	353	351	318
LIABILITIES AND SHAREHOLDERS' EQUITY	13,628	9,059	11,794	5,651	5,056	5,217

Summary Cash Flow Statement

SEK m

	GROUP			PARENT COMPANY		
	9 months 2000	9 months 1999	Full year 1999	9 months 2000	9 months 1999	Full year 1999
Cash flow before change in working capital	400	308	378	181	106	105
Change in working capital	-449	-69	-190	81	-45	-124
Cash flow from ongoing operations	-49	239	188	262	61	-19
Cash flow from investment activity	-535	27	235	-269	542	264
Cash flow from financing activity	335	-119	-72	11	-330	-255
Cash flow for the period	-249	147	351	4	273	-10
Liquid funds*, opening balance	1,015	664	664	0	10	10
Liquid funds*, closing balance	766	811	1,015	4	283	0

*Includes other shares and other short-term investments

