SinterCast

• NEWS RELEASE • PRESSE INFORMATION • COMMUNIQUE DE PRESSE • INFORMAZIONE STAMPA • COMMUNICADO DE PRENSA • PRESSMEDDELANDE • NEWS RELEASE • PRESSE INFORMATION• COMMUNIQUE DE PRESSE • INFORMAZIONE STAMPA • COMMUNICADO DE PRENSA • PRESSMEDDELANDE

SinterCast Interim Report
January-September 2000

- **Major passenger car and truck engine producers are in the process of deciding on volume production of Compacted Graphite Iron (CGI) engine blocks and cylinder heads.**
- **Machining solutions continue to be optimised within the industry. A successful transfer line machining trial was conducted this summer by a major passenger car manufacturer.**
- **SinterCast has entered into a collaboration agreement with ABB Automation giving both companies a strong competitive edge for high volume series production of CGI from automated pouring furnaces.**
- **SKF Mekan adopts the SinterCast technology for ductile iron production process control.**

Customer commitments

In anticipation of the legislative demands of EURO IV emission standards and beyond, and the need to be market competitive, SinterCast believes that several automotive manufacturers have committed to volume production of CGI engine blocks and heads for introduction by 2003/2004.

A number of manufacturers are currently in the prototype development phase and have begun the production planning process. As the volume production of CGI represents a new challenge to the automotive industry, OEMs are taking particular care to ensure reliable and economic production. SinterCast expects one major passenger car manufacturer soon to select its volume foundry production source.

Production

During the period, commercial SinterCast CGI production has taken place at Sakana in Spain and VDP in Italy for Allen Power Engineering, part of the Rolls-Royce Group, United Kingdom. Caterpillar continues to produce SinterCast CGI engine components in its Mapleton plant in USA. The Halberg foundry in Germany is producing the Audi 3.3 litre V8 CGI Diesel engine cylinder block. Although these SinterCast CGI production activities have so far resulted in only limited volumes, they represent important references for SinterCast vis-à-vis the automotive and heavy Diesel engine industries.

Machining

The front-running end users of CGI are continuing their machining developments, planning and testing for high volume transfer line production. One major passenger car manufacturer conducted a successful transfer line trial this summer. Leading tool manufacturers in Europe have proposed machining solutions and continue to support industry tests and transfer line trials to satisfy productivity requirements. The production commitments for volume CGI production are encouraging the entire supplier industry.

In support of the machining activities, a Machining Workshop was held on 2 November 2000 by PTW of Darmstadt University of Technology. Presentations were made by Audi, Opel and PTW on the planning and requirements for CGI engine block production. Presentations were also made by the tool manufacturers Ingersoll, Kennametal, Komet, Mapal, Nagel and Sandvik.

A machining paper entitled “The Effect of Metallurgical Variables on the Machinability of Compacted Graphite Iron”, co-authored by Ford, PTW and SinterCast has been accepted for presentation at the SAE (Society of Automotive Engineers) 2001 World Congress, March 2001, Detroit, MI, USA.

ABB Automation collaboration for high volume automated CGI production

In response to the anticipated increase in CGI production, and to meet and lead the trend toward a fully automated continuous foundry process, ABB Automation and SinterCast have entered into a co-operation agreement to develop and implement foundry-specific solutions for the production of CGI from heated and non-heated automatic pouring furnaces. In comparison to conventional ladle production of CGI castings, automated pouring furnaces can provide higher productivity and improved consistency. The collaboration extends to exchanging information on relevant projects worldwide and to mutually benefit from the marketing resources of both companies.

SKF Mekan collaboration for ductile iron production process control

The SKF Mekan foundry located in Katrineholm, Sweden, has adopted the SinterCast technology for ductile iron process control. The agreement extends to 100% of the ductile iron production at SKF Mekan including bearing housings used within the SKF Group, and automotive and other components used by external customers. SinterCast will together with SKF Mekan monitor the economic and quality benefits over the coming years and will in due course decide whether to expand into ductile iron. SinterCast will continue to focus on CGI as its core business.

Delivery of probes

During the period, approximately 2,800 units of the new SinterCast sampling probe, released last year, have been delivered to customers. These probes are being used for prototype castings and customers' current CGI production.

Patents

SinterCast owns 24 patents and patent applications.

Operating result and investments

The Group's turnover for the period January – September 2000 amounted to SEK 3.0 million (SEK 2.3 million same period previous year). The turnover mainly relates to income from production, demonstrations and installations. The result for the Group, after calculated tax, amounted to SEK –27.4 million, SEK –6.1 per share (SEK –32.4 million, SEK –7.6 per share). The result includes repayment to the Group by SPP, the Swedish pension fund, amounting to SEK 1.0 million. Investments by the Group during the period amounted to SEK 1.5 million (2.4 million).

Liquidity and financing

The Group's liquidity on 30 September 2000 amounted to SEK 55.4 million (SEK 93.0 million). Without any income the liquidity should see the Company through until the end of 2001. Although the Company anticipates some initial income as from 2001, it is not likely that SinterCast will generate positive cash flow by 2001. SinterCast expects a decision to be made soon by one automotive manufacturer for volume production of SinterCast CGI components. Based on the current industry focus on CGI, the Board is confident that the Company will be able to find an appropriate financial solution in the form of new equity, debt or a combination of both.

High risk

The commercial risk remains high until large-scale production commences.

Preliminary financial report

The Preliminary Financial Report for year 2000 will be published 22 February 2001.

Stockholm, 14 November 2000
On behalf of the Board of Directors

Bertil Hagman
Managing Director

SinterCast AB (publ)
Box 10203
SE-100 55 Stockholm
Sweden

Tel: +46 8 660 7750
Fax: +46 8 661 7979
e-mail: info@sintercast.com
web site: http://www.sintercast.com