

## Year-End Report January-December 2003

February 19, 2004

- **Net sales for the year amounted to 4,308 MSEK (4,666).**
- **EBIT amounted to 298 MSEK (465), a fall of 36 percent.**
- **Earnings per share amounted to 7.04 SEK (10.83).**
- **Strong demand within the Dehumidification operation during the fourth quarter.**
- **Good ending for Region Asia after a weak start to the year.**
- **Continued weak demand within MCS Europe.**
- **The Board of Directors proposes an unchanged dividend of 3.50 SEK per share.**

	2003	2002	Change	Adjusted <sup>1</sup> change
<b>FOURTH QUARTER</b>				
Order intake, MSEK	1,025	1,196	-14%	-7%
Net sales, MSEK	1,052	1,286	-18%	-11%
EBIT, MSEK	77	147	-47%	-44%
EBIT margin, percent	7.4	11.5		
Net earnings, MSEK	56	85	-34%	-29%
Earnings per share, SEK	2.31	3.46	-33%	
<b>FULL YEAR</b>				
Order intake, MSEK	4,305	4,727	-9%	-5%
Net sales, MSEK	4,308	4,666	-8%	-4%
EBIT, MSEK	298	465	-36%	-29%
EBIT margin, percent	6.9	10.0		
Net earnings, MSEK	172	266	-35%	-30%
Earnings per share, SEK	7.04	10.83	-35%	

<sup>1</sup> Current structure adjusted for currency fluctuations.

### Munters operations

Munters is the world leader in moisture control with products and services for water and fire damage restoration and dehumidification, humidification and air cooling.

Munters' mission is to be a global service and applications-oriented niche company in air treatment from a base in dehumidification and humidification.

Operations are organized into three regions – Europe, the Americas and Asia. In each region, operations are subdivided into the following three divisions: Dehumidification, Moisture Control Services (MCS) and HumiCool. Munters' operations are often project-oriented with extensive collaboration between regions and divisions within sales, production and product development. Manufacturing, sales and service are carried out through the Group's own companies in 28 countries. The Group had 3,070 employees at the year-end.

### Market trend

Several of the markets in which Munters operates reported a continued weak demand for the fourth quarter of 2003. During the quarter, demand within the water damage restoration sector remained low as a result of the dry and warm weather in most of Munters' important markets. Damage outcome for water and fire damages for the damage insurance companies in Europe, which are Munters' largest customers, shows a fall in damage costs of between 10 and 25 percent, depending on market. During the previous year, demand was exceptionally high as a result of floods in Europe. The industry's will to invest was weak.

Demand in the Dehumidification market in Europe increased during the fourth quarter whilst demand for HumiCool remained low. The dry and mild weather and the low proportion of fire damage led to a low demand within MCS.

Within Dehumidification in the Americas, including Zeol systems, demand increased during the fourth

quarter. Units with combined functions for cooling and dehumidification enjoyed strong demand. Demand within MCS was high as a result of cold weather in Northern USA. Within HumiCool, demand was weak for evaporative cooling systems for the AgHort industry.

Demand within Dehumidification for industrial applications in Japan and China was strong. In addition, the dehumidification program with combined functions for dehumidification and cooling was launched in the region which led to a number of new orders.

#### **Group development during the fourth quarter**

Munters' order intake for the fourth quarter fell by 14 percent to 1,025 MSEK (1,196). When adjusted for exchange rate fluctuations for the current structure, the fall was 7 percent. Net sales fell by 18 percent to 1,052 MSEK (1,286). When adjusted for exchange rate fluctuations for the current structure, the fall in sales was 11 percent after a fall in sales of 15 percent in Region Europe and minus 11 percent in Region Americas. There was a 9 percent growth in Region Asia.

EBIT fell by 47 percent to 77 MSEK (147), equivalent to an EBIT margin, including goodwill amortization, of 7.4 percent (11.5). When adjusted for exchange rate fluctuations for the current structure, EBIT fell by 44 percent. The fall in EBIT is due to reduced sales, in particular of products with a high margin (negative product mix change), and negative currency effects. Financial net includes a profit of 5 MSEK from a terminated currency hedge related to previous company acquisition. The net effect of implemented cost reduction measures was 14 MSEK (cost savings of 26 MSEK minus one-time costs of 12 MSEK).

#### **Action program**

As a result of weak demand during the year, a decision to implement cost-cutting measures was taken earlier in the year. The total cost reduction is estimated to amount to 120 MSEK on a yearly basis. The full impact is anticipated from the beginning of the second quarter of 2004. During the year, costs for the action programs amounted to 20 MSEK, of which cost savings amounted to 53 MSEK during the year. This implies a positive net effect of 33 MSEK.

In connection with implemented cost reduction measures in the United Kingdom, it was possible to reverse a provision of 12 MSEK made for rental commitments to property surplus to needs. An agreement has been reached to sublet these premises for the remainder of the rental period.

#### **Group development during the year**

The year's weak development was due to the fact that the positive trend within MCS at the beginning of the year did not continue for the remainder of the year due to mild and dry weather. Dehumidification and HumiCool suffered from low demand. Within Dehumidification it is due to longer procurement periods for larger projects and HumiCool has been

affected by external factors such as the war in Iraq, the SARS epidemic and that Munters' customers experienced a changed competition. Order intake for the year fell by 9 percent to 4,305 MSEK (4,727). When adjusted for exchange rate fluctuations for the current structure, order intake fell by 5 percent. At the year-end, the backlog was 550 MSEK (622). When adjusted for exchange rate fluctuations for the current structure, the backlog decreased by 2 percent.

Net sales for the Munters Group fell by 357 MSEK to 4,308 MSEK (4,666). When adjusted for exchange rate fluctuations for the current structure, the fall was 4 percent.

Distributed by region, net sales fell by 3 percent in Europe; fell by 15 percent in the Americas; and fell by 13 percent in Asia. When adjusted for exchange rate fluctuations for the current structure, sales fell by 5 percent in Europe, by 4 percent in the Americas and in Asia the fall was 5 percent.

EBIT, after amortization of goodwill and surplus values of 38 MSEK (33), amounted to 298 MSEK (465). When adjusted for exchange rate fluctuations for the current structure, EBIT fell by 125 MSEK. The fall in earnings is due to reduced sales, in particular sales of products with a high margin (negative product mix change), and negative currency effects. Munters' highest margins are in operations that have suffered the largest negative currency effects. The translation into SEK of earnings in different currencies has, therefore, also contributed to a reduced margin. During the year, the EBIT margin amounted to 6.9 percent (10.0). When adjusted for exchange rate fluctuations for the current structure, the EBIT margin was 9.4 percent in the previous year.

Consolidated earnings before taxes amounted to 280 MSEK (436). Net earnings for the year fell by 35 percent to 172 MSEK (266) after an effective tax rate of 39 percent (39). The tax rate was 34 percent (36) when adjusted for non-deductible amortization of goodwill and surplus values. Earnings per share amounted to 7.04 SEK (10.83).

#### **Region Europe**

During the year, order intake in Region Europe amounted to 2,617 MSEK (2,773), a fall of 6 percent. When adjusted for exchange rate fluctuations for the current structure, order intake fell by 8 percent. Sales fell by 3 percent to 2,658 MSEK (2,731). When adjusted for exchange rate fluctuations for the current structure, the fall was 5 percent. Operating earnings (EBIT excluding amortization of goodwill and surplus values) fell by 37 percent and amounted to 175 MSEK (275). Operating earnings were affected by an unfavorable product mix and by 5 MSEK relating to exchange rate fluctuations on translation of earnings into SEK.

**The Dehumidification division** reported a weak order intake during the year. Sales have fallen because fewer large projects were delivered during the year. Operating earnings are lower than in the previous year. There are high levels of activity in the

food industry, but procurement periods are longer than normal. During the year, Munters launched and sold a new generation of DesiCool units in the European market. DesiCool is the generic term for a group of air treatment units which both dehumidify and cool the air in an environmentally friendly way.

After a strong first quarter, the **MCS division** developed negatively due to the dry weather and an unfavorable product mix. An increase in demand for small fire damage restoration projects could not compensate for the low demand for large water and fire damage restoration services. Order intake, sales and operating earnings fell compared with the previous year. In 2002, Munters enjoyed exceptionally high order intake and sales due to the extensive floods in Europe.

The **HumiCool division** reported significantly reduced order intake, sales and operating earnings for 2003. The division was affected by a significant fall in demand for new cooling systems for the AgHort industry in the Middle East and weaker demand in Europe due to exchange rate fluctuations. This affected the competitiveness of the division's end customers who are breeders and farmers. Components for the HVAC industry and mist eliminators for coal-fired power stations enjoyed high growth during the year. Demand for products for cooling inlet air to gas turbines was low for the second year in succession.

#### **Region Americas**

During the year, order intake in the Americas fell by 14 percent to 1,367 MSEK (1,592). When adjusted for exchange rate fluctuations for the current structure, order intake fell by 3 percent. Sales fell by 15 percent to 1,347 MSEK (1,577). When adjusted for exchange rate fluctuations for the current structure, sales fell by 4 percent. Operating earnings for the year amounted to 150 MSEK (205). Operating earnings were affected by exchange rate fluctuations of 34 MSEK on translation of earnings into SEK.

The **Dehumidification division** reported lower order intake, lower net sales and reduced operating earnings, mainly due to reduced activity in the Zeol operation and the lack of large projects for industrial dehumidifiers. During the year, order intake for Zeol was 30 MSEK lower than in the previous year and sales were down 62 MSEK. Order intake for, and sales of, dehumidification units for department stores continued to increase. The new dehumidification program, launched during the previous year with combined functions for dehumidification and cooling, has developed positively.

The **MCS division** reported a 12 percent increase in order intake and sales in local currency, but a fall in operating earnings as a result of a higher share of small projects with lower margin. In addition, as for the MCS operation in Europe, the unusually dry weather affected the demand for Munters' services. However, during the latter part of the year, the cold weather in northern USA led to increased demand.

The **HumiCool division** reported weak order intake, sales and operating earnings. The trend within cooling systems for the AgHort industry increased as a result of the acquisitions of Aerotech Inc and Glacier-Cor during the previous year. As for the European operation, demand was low for products for cooling inlet air to gas turbines whilst the demand for mist eliminators for the process and power industries developed well.

#### **Region Asia**

Munters' operations in Region Asia improved during the latter part of the year. They had previously been affected by the impact of the SARS epidemic, which led to the postponement of investment decisions by customers. The effects of the bird flu, which was discovered during December, had only a marginal impact on the order intake during the year.

Order intake, sales and operating earnings were all lower than in the previous year, despite the strong improvement during the latter part of the year. During the year, order intake fell by 8 percent to 392 MSEK (428). Sales fell by 13 percent to 372 MSEK (428). When adjusted for exchange rate fluctuations, the fall was 5 percent. During the year, operating earnings amounted to 41 MSEK (46). Exchange rate fluctuations affected earnings by 2 MSEK.

The **Dehumidification division** reported increased order intake and sales and improved operating earnings. The new generation of dehumidifiers, which combines functions for dehumidification and cooling and which had previously been launched in the Americas, was also successfully launched in the region during the latter part of the year. Earnings were positively affected by improved margins in both the Japanese and the Chinese operations where a number of large industrial projects were delivered during the period.

The **MCS division**, which represents a small part of Region Asia, reported lower sales and operating earnings than in the previous year. During the first quarter, a new management team took over the Australian operation, which is the region's largest MCS operation. The new management has implemented extensive structural change and a sharper focus for the operation, which led to an improvement during the latter part of the year.

The **HumiCool division** reported lower order intake, sales and operating earnings compared with the previous year. However, sales of evaporative cooling components in Australia and evaporative cooling systems for the AgHort industry in Thailand developed strongly. This compensated partly for the continued downturn in Japan.

#### **Associated company**

The acquisition of Aerotech Inc. in the USA during 2002 included a 25 percent holding in Aerotech Asia, which has operations in Vietnam. In addition, there was an option to increase the ownership to 50 percent, which was exercised during the year. The company produces and sells ventilation and evapo-

rative cooling systems in the Vietnamese market. Aerotech Asia is reported as an associated company in accordance with the equity method in the Munters Group. Aerotech Vietnam has sales of approximately 2.4 MUSD and is profitable.

### **Capital expenditure**

The Group's capital expenditure in tangible assets amounted to 130 MSEK (183) during the period. The majority relates to investment in MCS, production and IT equipment. Depreciation amounted to 170 MSEK (161), of which amortization of goodwill and surplus values accounted for 38 MSEK (33).

During the fourth quarter, a decision was made to invest in a production unit for HumiCool products in Mexico. The unit, which starts production during April 2004, will employ approximately 75 people. In total, the investment will amount to approximately 2.2 MUSD.

### **Financial position**

The equity ratio amounted to 46.1 percent (41.0) at the end of the year. Liquid funds were 125 MSEK (133) and interest-bearing liabilities (including interest-bearing pensions) were 463 MSEK (498). Since the start of the year, the net debt has decreased by 27 MSEK to 338 MSEK. During the year, 86 MSEK was paid in dividend to the shareholders, 25 MSEK as supplementary purchase prices relating to previously implemented acquisitions. Own shares were bought back for 11 MSEK. The Group has unutilized loan facilities of 243 MSEK.

### **Personnel**

At year-end, the number of staff was 3,070, a reduction of 122 since the previous year. Within Region Europe, the number fell by 66; within Region Americas by 38; and within Region Asia the number fell by 17.

### **Buy-back of shares**

In connection with the year's options scheme, Munters AB bought back 59,750 own shares during the year at an average price of 177.78 SEK per share, equivalent to 10.6 MSEK. After the aforementioned buy-back of shares, Munters AB owns 621,950 own shares.

### **Nomination Committee**

In accordance with the decision by the Annual General Meeting, a Nomination Committee has been appointed ahead of the next Annual General Meeting. It consists of representatives of the company's largest shareholders. The task of the Nomination Committee is to make proposals ahead of the next Annual General Meeting for the election of Board of Directors; appointment of Auditors where applicable; and remuneration of the Board of Directors and the Auditors. The Nomination Committee appointed ahead of the 2004 Annual General Meeting consists of Berthold Lindqvist (Chairman of the Board of Directors); Carl-Olof By, Industrivärden;

Peter Rudman, Nordea Fonder; Magnus Bakke, Robur Fonder; Mats Guldbrand, AMF Pension; and Tomas Nicolin, Tredje AP-fonden. Carl-Olof By is the convener.

### **Parent company**

The parent company's earnings after financial income and expenses amounted to -22 MSEK (122). Dividends of 3 MSEK (47) received from subsidiaries are included. The earnings include a capital gain of 3 MSEK (94) from a sale of a subsidiary within the Group. There were no net sales outside the Group during the year. At the year-end, liquid funds amounted to 10 MSEK (5) and the net debt to 114 MSEK (230). Capital expenditure amounted to 1 MSEK (2) during the year and the number of employees was 21 (19).

### **Subsequent events**

Order intake in the Group has been good during the beginning of 2004 whilst net sales have been low. Demand within HumiCool in Asia during January 2004 has had a limited effect as a result of the bird flu which started in Vietnam during December and which has since spread to other countries in Asia. Munters reports total annual sales of approximately 75 MSEK to the industry in Asia affected by the flu.

### **Comments on the accounts**

This report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 'Interim Reporting'. The same accounting principles and calculation methods have been applied as in the latest Annual Report.

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

### **Change in accounting principles in 2004**

From 2004, Munters will apply the new Swedish accounting recommendation RR 29 'Remuneration of employees'. It agrees in substance with the international standard IAS 19 'Employee benefits'. By the application of RR 29, benefit-based schemes relating to pensions and other benefits will be reported in accordance with common principles. Before 2004, these were reported in accordance with local rules in each country. In accordance with the recommendation's transitional regulations, an opening pension liability is set, calculated in accordance with the new principles as at January 1, 2004. This revaluation will all in all not have a material effect on the Munters Group's financial reports. In accordance with the recommendation's transitional regulations, previous financial years will not be recalculated. The change in reporting does not affect Munters' obligations to the employees.

### **Annual General Meeting**

The Annual General Meeting will be held in Operaterrassen, Operahuset, Karl XII:s Torg in in Stockholm at 5 pm on Tuesday April 27, 2004.

### **Proposal for dividend**

The Board of Directors has decided to propose that the Annual General Meeting approves an unchanged dividend of 3.50 SEK (3.50) per share for 2003. This is equivalent to a dividend of 85 MSEK.

### **Option scheme**

The Board of Directors intends to propose that the Annual General Meeting authorizes the company to issue a call option scheme directed at senior executives within Munters, according to the same principles as in previous year's program. The scope and terms of the scheme are currently being analyzed and will be submitted in good time before the Annual General Meeting on April 27, 2004.

### **Opportunity to buy back shares**

The Board of Directors intends to propose that the Annual General Meeting renew the Board's authority to decide a buy-back of the company's shares, and also to sell own shares for the purpose of covering the company's commitments under existing and proposed option programs. A full proposal will be submitted in good time before the Annual General Meeting on April 27, 2004.

### **Future information dates**

The Swedish Annual Report will be published on Munters' website on March 22. The printed version will be available at the Company's premises at the beginning of April. At the same time, it will be distributed to the registered shareholders. The English Annual Report will be published on Munters' website on April 5.

April 27	Annual General Meeting
April 27	Interim Report January - March
August 16	Interim Report January - June
October 28	Interim Report January - September

Sollentuna, February 19, 2004

Munters AB (publ)

The Board of Directors

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Amounts in MSEK	2003 Oct-Dec 3 months	2002 Oct-Dec 3 months	2003 Jan-Dec 12 months	2002 Jan-Dec 12 months
<b>Order intake</b>	1,025	1,196	4,305	4,727
<b>Income statement</b>				
Net sales	1,052	1,286	4,308	4,666
Cost of goods sold <sup>2</sup>	-744	-848	-3,029	-3,070
<b>Gross earnings</b>	<b>308</b>	<b>438</b>	<b>1,279</b>	<b>1,596</b>
Selling expenses <sup>2</sup>	-136	-174	-546	-692
Administrative expenses <sup>2</sup>	-83	-98	-362	-369
Research and development costs	-9	-10	-41	-43
Other operating income	1	1	4	3
Other operating expenses	-6	-10	-38	-30
Earnings in associated companies	2	-	2	-
<b>Earnings before interest and tax <sup>1</sup></b>	<b>77</b>	<b>147</b>	<b>298</b>	<b>465</b>
Financial income and expenses	1	-10	-18	-29
<b>Earnings after financial items</b>	<b>78</b>	<b>137</b>	<b>280</b>	<b>436</b>
Taxes	-22	-52	-108	-169
Minority interests	0	0	0	-1
<b>Net earnings</b>	<b>56</b>	<b>85</b>	<b>172</b>	<b>266</b>
Earnings per share, SEK	2.31	3.46	7.04	10.83
Earnings per share after dilution, SEK	2.30	3.45	7.03	10.80
<sup>1</sup> Depreciation and amortization	38	43	170	161
of which goodwill and surplus values	5	11	38	33

<sup>2</sup> Due to reclassifications in the internal reporting, the figures for 2003 are not comparable with 2002. If these reclassifications are reversed, the figures for 2003 are: cost of goods sold 2,965 (-64), selling expenses 631 (+85) and administrative expenses 341 (-21).

### Net sales by Region

Region Europe	675	814	2,658	2,731
Region Americas	287	387	1,347	1,577
Region Asia	108	103	372	428
Eliminations	-18	-18	-69	-70
<b>Net sales</b>	<b>1,052</b>	<b>1,286</b>	<b>4,308</b>	<b>4,666</b>

### Operating earnings by Region

Region Europe	51	111	175	275
operating margin	7.6%	13.7%	6.6%	10.1%
Region Americas	29	51	150	205
operating margin	10.2%	13.0%	11.2%	13.0%
Region Asia <sup>3</sup>	14	9	41	46
operating margin <sup>3</sup>	12.6%	9.3%	11.0%	10.8%
Group overhead etc.	-10	-4	-28	-25
Amortization goodwill, eliminations etc.	-7	-20	-40	-36
<b>Earnings before interest and tax</b>	<b>77</b>	<b>147</b>	<b>298</b>	<b>465</b>

<sup>3</sup> Including shares in earnings in associated companies of 1.6 MSEK in fourth quarter 2003.

### Key figures

EBIT margin, %	7.4	11.5	6.9	10.0
Capital turnover rate, times	-	-	2.7	3.1
Return on capital employed, %	-	-	19.4	31.5
Return on equity, %	-	-	15.6	25.0
Equity ratio, %	46.1	41.0	46.1	41.0
Net debt, MSEK	338	365	338	365
Net debt ratio, times	0.31	0.33	0.31	0.33
Interest coverage ratio, times	14.6	11.9	11.3	14.2
Investments in tangible assets, MSEK	35	48	130	183
Number of employees at period-end	3,070	3,192	3,070	3,192

Amounts in MSEK	2003	2002	2003	2002
	Oct-Dec 3 months	Oct-Dec 3 months	Jan-Dec 12 months	Jan-Dec 12 months

## Cash flow statement

### Current operations

Earnings after financial items	78	137	280	436
Reversal of depreciation and amortization	38	43	170	161
Reversal of other items not affecting cash flow	-22	2	-22	4
Taxes paid	-34	-55	-152	-198

### Cash flow from current operations before changes in working capital

**60                      127                      276                      403**

### Cash flow from changes in working capital

Changes in inventory	42	56	24	28
Changes in accounts receivable	-60	0	97	42
Changes in other receivables	6	-19	-6	28
Changes in accounts payable	6	0	-68	-18
Changes in other liabilities	29	-5	-67	-67

### Cash flow from current operations

**83                      159                      256                      416**

### Investing activities

Acquisitions of subsidiaries	-3	-	-25	-289
Investments in intangible assets	-3	-5	-3	-5
Investments in tangible assets	-35	-48	-130	-183
Sale of tangible assets	3	1	3	1
Change in other financial assets	-2	1	-2	1

### Cash flow from investing activities

**-40                      -51                      -157                      -475**

### Financing activities

Payment received for issued stock options	-	-	1	3
Changes in loan and long-term liabilities	-52	-87	-3	140
Dividend paid	-	-	-86	-74
Buy-back of stock	-	-	-10	-25

### Cash flow from financing activities

**-52                      -87                      -98                      44**

### Cash flow for the period

**-9                      21                      1                      -15**

Liquid funds at the beginning of the period	137	112	133	152
Exchange rate differences in liquid funds	-3	-	-9	-4

### Liquid funds at the end of the period

**125                      133                      125                      133**

## Net debt

Short-term loans	370	260	370	260
Long-term loans	7	156	7	156
Provisions for pensions	87	82	87	82
Liquid funds	-125	-133	-125	-133
<b>Net debt</b>	<b>338</b>	<b>365</b>	<b>338</b>	<b>365</b>

## Share data

Average number of shares, million	24.4	24.4	24.4	24.5
Number of shares at period-end, million	24.4	24.4	24.4	24.4
Holding of own shares, thousand	622	562	622	562
Equity per share, SEK	44.53	45.59	44.53	45.59
Stock price at period-end, SEK	174.00	193.00	174.00	193.00
Market cap at period-end, MSEK	4,242	4,716	4,242	4,716

Amounts in MSEK	2003 Dec 31	2003 Sep 30	2002 Dec 31
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## Balance sheet

<b>Assets</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Patent, licenses and similar rights	21	21	23
Goodwill	351	395	446
	372	416	469
<i>Tangible assets</i>			
Buildings and land	197	201	225
Machinery and plant <sup>1</sup>	154	159	200
Equipment, tools, fixtures and fittings <sup>1</sup>	226	222	208
New construction in progress	23	18	34
	600	600	667
<i>Financial assets</i>			
Shares and participations	6	-	-
Other long-term shares and participations	0	2	-
Deferred tax asset	49	69	69
Other long-term receivables	17	21	23
	72	92	92
	<b>1,044</b>	<b>1,108</b>	<b>1,228</b>
<b>Current assets</b>			
Inventory etc.	276	347	329
Accounts receivable	792	791	948
Current receivables	128	123	94
Liquid funds	125	137	133
	<b>1,321</b>	<b>1,398</b>	<b>1,504</b>
<b>Total assets</b>	<b>2,365</b>	<b>2,506</b>	<b>2,732</b>
<b>Equity and liabilities</b>			
Equity	1,086	1,050	1,114
Minority interest	4	4	5
Provisions	190	195	222
<i>Long-term liabilities</i>			
Interest-bearing liabilities	7	85	156
Other liabilities	51	99	129
	58	184	285
<i>Current liabilities</i>			
Interest-bearing liabilities	370	370	260
Advances from customers	21	26	49
Accounts payable	246	258	332
Other liabilities	390	419	465
	1,027	1,073	1,106
<b>Total equity and liabilities</b>	<b>2,365</b>	<b>2,506</b>	<b>2,732</b>

<sup>1</sup> Equipment at a book value of 42 MSEK has during the third quarter 2003 been reclassified from machinery to equipment. The reclassification does not affect the Income Statement.

## Change in equity

<b>Opening balance</b>	<b>1,114</b>	<b>1,114</b>	<b>1,012</b>
Dividend	-86	-86	-74
Correction of year 2001 effect on changed accounting principle	-17	-	-
Received payment for stock options program	1	1	3
Buy-back of shares	-10	-10	-25
Translation difference	-88	-85	-68
Net earnings	172	116	266
<b>Closing balance</b>	<b>1,086</b>	<b>1,050</b>	<b>1,114</b>

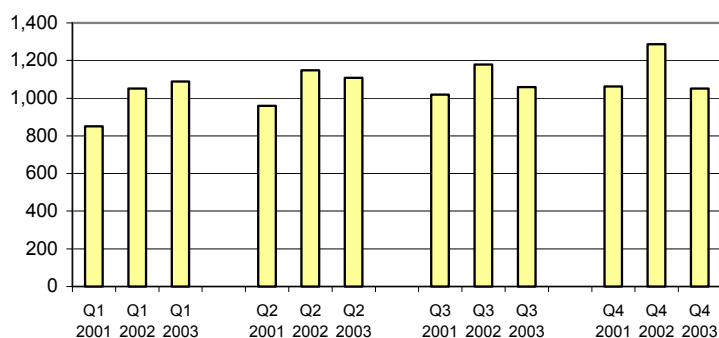
## Group by quarter

Amounts in MSEK	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Order intake	960	974	982	1,029	1,144	1,159	1,228	1,196	1,134	1,114	1,032	1,025
<b>Income statement</b>												
Net sales	851	960	1,020	1,063	1,052	1,149	1,179	1,286	1,089	1,109	1,059	1,052
Operating expenses <sup>1</sup>	-779	-868	-920	-926	-966	-1,035	-1,061	-1,139	-1,022	-1,031	-983	-977
Earnings in associated companies	-	-	-	-	-	-	-	-	-	-	-	2
<b>EBIT</b>	<b>72</b>	<b>92</b>	<b>100</b>	<b>137</b>	<b>86</b>	<b>114</b>	<b>118</b>	<b>147</b>	<b>67</b>	<b>78</b>	<b>76</b>	<b>77</b>
Earnings in associated companies	2	2	2	3	-	-	-	-	-	-	-	-
Financial income and expenses	-7	-3	-5	-6	-5	-8	-5	-10	-7	-5	-7	1
<b>Earnings before taxes</b>	<b>67</b>	<b>91</b>	<b>97</b>	<b>134</b>	<b>81</b>	<b>106</b>	<b>113</b>	<b>137</b>	<b>60</b>	<b>73</b>	<b>69</b>	<b>78</b>
Taxes	-26	-36	-38	-49	-32	-41	-45	-52	-27	-33	-26	-22
Minority interests	-	-	-	-	0	0	-1	0	0	0	0	0
<b>Net earnings</b>	<b>41</b>	<b>55</b>	<b>59</b>	<b>85</b>	<b>49</b>	<b>65</b>	<b>67</b>	<b>85</b>	<b>33</b>	<b>40</b>	<b>43</b>	<b>56</b>
<sup>1</sup> of which depreciation/amortization	28	31	33	33	36	38	44	43	45	44	43	38
<b>Share data</b>												
Earnings per share, SEK	1.63	2.23	2.38	3.45	2.00	2.66	2.71	3.46	1.34	1.66	1.73	2.31
Earnings/share after dilution, SEK	1.63	2.23	2.38	3.43	2.00	2.65	2.70	3.45	1.34	1.66	1.74	2.30
Average number of shares, million	24.8	24.8	24.7	24.6	24.6	24.6	24.5	24.4	24.4	24.4	24.4	24.4
No of shares at period-end, million	24.8	24.8	24.6	24.6	24.6	24.6	24.4	24.4	24.4	24.4	24.4	24.4
Equity per share, SEK	34.84	35.38	36.97	41.23	41.91	40.38	42.44	45.59	46.08	43.29	42.99	44.53
Stock price at period-end, SEK	150.00	173.00	140.00	174.50	227.00	204.00	190.00	193.00	178.00	174.00	168.00	174.00
Market cap at period-end, MSEK	3,720	4,290	3,437	4,284	5,574	5,009	4,643	4,716	4,350	4,252	4,096	4,242
<b>Balance sheet</b>												
<b>Assets</b>												
<b>Fixed assets</b>												
Intangible assets	174	174	190	189	250	281	451	469	460	438	416	372
Tangible assets	538	555	560	563	670	635	677	667	653	629	600	600
Financial assets	107	114	111	105	77	77	77	92	93	92	92	72
<b>Current assets</b>	<b>819</b>	<b>843</b>	<b>861</b>	<b>857</b>	<b>997</b>	<b>993</b>	<b>1,205</b>	<b>1,228</b>	<b>1,206</b>	<b>1,159</b>	<b>1,108</b>	<b>1,044</b>
Inventory etc.	291	319	324	264	326	309	384	329	376	355	347	276
Accounts receivable	773	803	872	861	888	894	924	948	822	805	791	792
Current receivables	46	48	62	94	83	98	106	94	84	126	123	128
Liquid funds	98	79	120	152	151	65	112	133	119	120	137	125
	1,208	1,249	1,378	1,371	1,448	1,366	1,526	1,504	1,401	1,406	1,398	1,321
<b>Total assets</b>	<b>2,027</b>	<b>2,092</b>	<b>2,239</b>	<b>2,228</b>	<b>2,445</b>	<b>2,359</b>	<b>2,731</b>	<b>2,732</b>	<b>2,607</b>	<b>2,565</b>	<b>2,506</b>	<b>2,365</b>
<b>Equity and liabilities</b>												
Equity	864	877	908	1,012	1,029	991	1,037	1,114	1,126	1,058	1,050	1,086
Minority interest	-	-	-	-	4	4	5	5	5	4	4	4
Provisions and long-term liabilities	88	84	93	131	181	104	177	269	236	229	195	154
Interest-bearing prov./long-term.liab.	75	73	75	81	82	134	325	238	236	182	184	94
Advances from customers	50	42	64	77	52	45	49	49	37	21	26	21
Current liabilities	612	673	731	660	683	769	826	797	701	677	677	636
Interest-bearing current liabilities	338	343	368	267	414	312	312	260	266	394	370	370
<b>Total equity and liabilities</b>	<b>2,027</b>	<b>2,092</b>	<b>2,239</b>	<b>2,228</b>	<b>2,445</b>	<b>2,359</b>	<b>2,731</b>	<b>2,732</b>	<b>2,607</b>	<b>2,565</b>	<b>2,506</b>	<b>2,365</b>
<b>Key figures</b>												
EBIT margin, %	8.5	9.6	9.8	12.8	8.2	9.9	10.0	11.5	6.2	7.0	7.2	7.4
Equity ratio, %	42.6	41.9	40.5	45.4	42.1	42.0	38.0	41.0	43.4	41.4	42.1	46.1
Net debt, MSEK	316	337	322	196	345	381	525	365	383	456	403	338
Net debt ratio, times	0.37	0.38	0.36	0.19	0.33	0.38	0.51	0.33	0.34	0.43	0.38	0.31
Interest coverage ratio, times	9.6	27.5	18.8	16.3	15.1	13.0	19.6	12.0	8.9	11.4	11.3	14.6
Investments tangible assets, MSEK	31	33	27	49	40	53	42	48	35	32	28	35
Number of employees at period-end	2,419	2,488	2,563	2,579	2,916	3,043	3,216	3,192	3,164	3,147	3,126	3,070

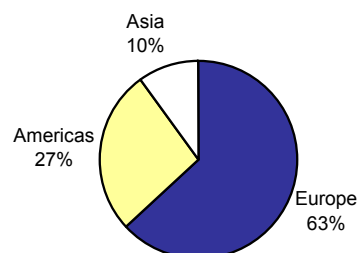
## Regions by quarter

Amounts in MSEK	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Net sales by Region</b>												
Region Europe	435	477	476	562	605	630	682	814	667	673	643	675
Region Americas	331	400	449	412	364	419	407	387	361	364	335	287
Region Asia	100	95	109	104	96	125	104	103	79	89	96	108
Eliminations	-15	-12	-14	-15	-13	-25	-14	-18	-18	-17	-15	-18
<b>Net sales</b>	<b>851</b>	<b>960</b>	<b>1,020</b>	<b>1,063</b>	<b>1,052</b>	<b>1,149</b>	<b>1,179</b>	<b>1,286</b>	<b>1,089</b>	<b>1,109</b>	<b>1,059</b>	<b>1,052</b>
<b>Operating earnings by Region</b>												
Region Europe	34	42	33	73	47	51	66	111	42	40	42	51
operating margin	7.7%	8.9%	7.0%	13.1%	7.7%	8.1%	9.7%	13.7%	6.3%	5.9%	6.6%	7.6%
Region Americas	34	52	62	50	40	58	56	51	38	44	39	29
operating margin	10.4%	12.9%	13.8%	12.1%	11.0%	14.0%	13.6%	13.0%	10.5%	12.0%	11.8%	10.2%
Region Asia	13	10	13	15	9	14	14	9	7	10	10	14
operating margin	12.9%	11.1%	12.5%	14.4%	9.7%	11.1%	13.1%	9.3%	8.9%	11.3%	10.5%	12.6%
Group overhead etc.	-5	-7	-2	-4	-7	-5	-7	-6	-6	-7	-5	-10
Amort. goodwill, eliminations etc.	-4	-5	-6	3	-3	-4	-1	-18	-14	-9	-10	-7
<b>EBIT</b>	<b>72</b>	<b>92</b>	<b>100</b>	<b>137</b>	<b>86</b>	<b>114</b>	<b>118</b>	<b>147</b>	<b>67</b>	<b>78</b>	<b>76</b>	<b>77</b>
EBIT margin	8.5%	9.6%	9.8%	12.8%	8.2%	9.9%	10.0%	11.5%	6.2%	7.0%	7.2%	7.4%

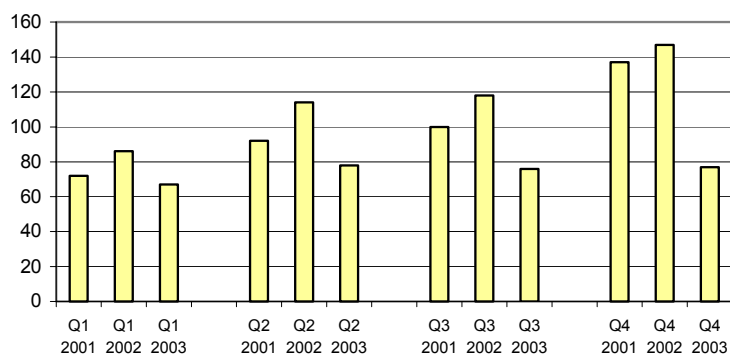
Group net sales



Net sales in the quarter by Region



Group EBIT



Net sales in the quarter by Product area

