

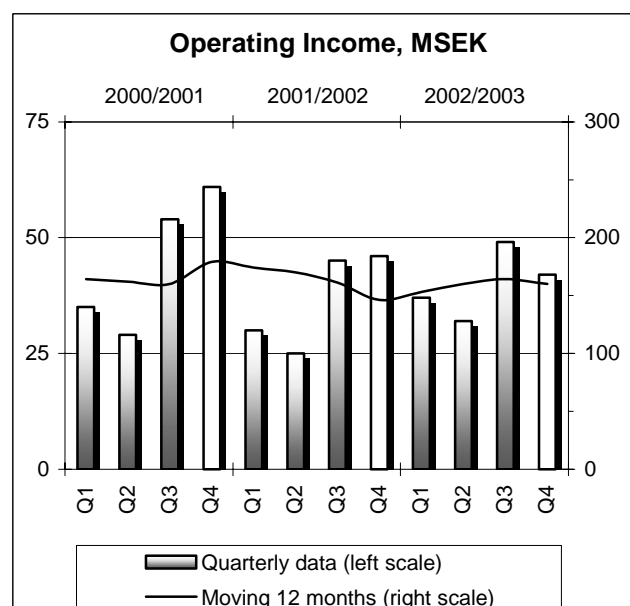
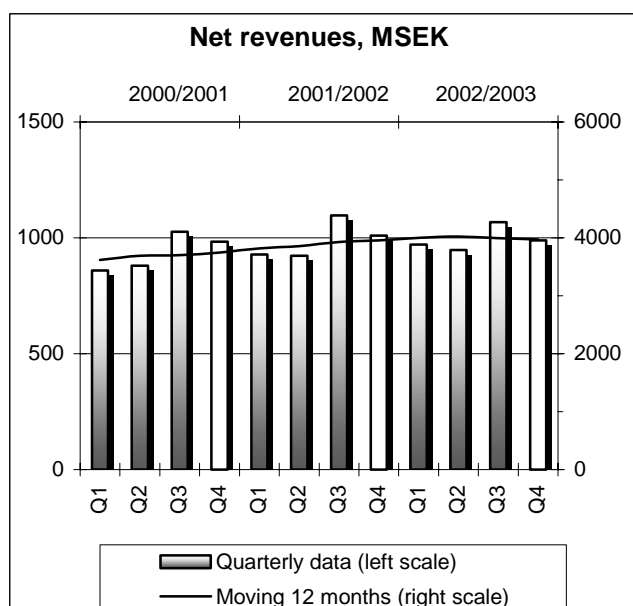
# The Bergman & Beving Group

## Financial Report April 1, 2002 – March 31, 2003

- **Operating income, not including items affecting comparability, increased by 10 percent to MSEK 160 (146).**
- **Net revenues amounted to MSEK 3 975 (3 956).**
- **Income after net financial items, not including items affecting comparability, amounted to MSEK 147 (140).**
- **Cash flow from current operations amounted to MSEK 215 (207) for the financial year.**
- **The Group's strategic position improved during the year through the acquisition of TengTools and the establishment of the TOOLS reseller chain in the Nordic Region.**
- **A dividend of SEK 2.00 (1.75) per share is proposed.**

*Bergman & Beving provides solutions and products in the areas of tools and consumables for industry and the construction sector, as well as in laboratory instruments, diagnostic equipment and consumable supplies for health care, industry and research.*

*The Group has revenues of about SEK 4 billion and approximately 1 400 employees.*



**Note:** Net revenues and operating income in the charts refer to Bergman & Beving pro forma, not including the former subsidiaries Addtech AB and Lagercrantz Group AB. Income data refer to operating income, not including items affecting comparability.

## THE FINANCIAL YEAR 2002/2003<sup>1</sup>

Operating income, not including items affecting comparability, increased by 10 percent to MSEK 160 (146). Net revenues amounted to MSEK 3 975 (3 956).

Foreign exchange translation effects affected net revenues positively by MSEK 16 during the year, while the net of acquisitions and disposal of businesses had a negative effect on revenues of MSEK 4. Operating income improved, primarily due to stronger margins due to a strengthening of the Swedish and Norwegian currencies against large purchasing currencies, such as EUR and USD.

Income after financial items, not including items affecting comparability, amounted to MSEK 147 (140). Items affecting comparability in a net amount of MSEK -6 (0) are deducted from this result. Net interest income was aggravated by MSEK 7, primarily due to increased financing costs for pension liabilities.

Income after taxes, not including items affecting comparability, is equivalent to earnings per share of SEK 3.60, as compared with SEK 3.30 for the 2001/2002 financial year.

During the 2002/2003 financial year Bergman & Beving has worked according to the strategic guidelines adopted by the Group's Board of Directors and management in May 2002. This has involved a number of strategically important positioning changes in the market, among them the acquisitions of TengTools and Cresto Safety, and the establishment of the TOOLS chain in the Nordic Region. This is expected to give Bergman & Beving good development potential for years to come.

The acquisition of TengTools during the first quarter of 2002/2003 gave Bergman & Beving access to an international trading business with good profitability and a strong brand name. This has strengthened the Group's portfolio of proprietary brand names, at the same time as TengTools has created opportunities for further geographic broadening of sales. The acquisition had a positive effect on the Group's earnings per share during the financial year.

With the establishment in Sweden of TOOLS during the fourth quarter of the financial year, Bergman & Beving's partner chain for industrial resellers was created, the largest chain in the Nordic Region with about 115 member resellers. Strategic co-operations with customers and suppliers are believed to have strengthened the Group's market positions, at the same time as the roles in the value chain have become more distinct.

Demand in several of Bergman & Beving's businesses was affected negatively during 2002/2003 by a continued weak economy in the markets where business is conducted. In spite hereof, the Swedish and Norwegian businesses reported higher operating income during the financial year. A number of major end customer agreements for TOOLS Kjedeforum in Norway had a positive effect on the

business volume during the latter part of the year. In Finland, Germany and the Baltic States the operating results deteriorated and a variety of cost-containment actions have been taken. Activities for increased market cultivation have also been initiated for the purpose of improving profitability.

Business area MediTech as a whole failed to achieve set profitability goals during the financial year. Action programs have been initiated for the purpose of improving earnings. A new president for the business area assumed his post in April 2003.

## MARKET

### TOOLS AND MACHINERY

*Product company Luna markets tools and machinery to industry and the construction sector.*

Net revenues increased by 11 percent to MSEK 1 172 (1 052). Operating income amounted to MSEK 65 (58).

Despite a weak industrial economy, Luna developed well during the financial year. Of particular note are the positive development of sales and results in Norway, and the acquisition of TengTools, both of which have contributed to the overall improvement in Luna's income. The export initiatives in the Baltic States, Poland and the rest of Europe continued during the year, which also brought higher costs. A new organization was introduced in Luna from April 1, 2003 to streamline functions previously included in the Parent Company, thus creating opportunities for intensified market cultivation.

### PERSONAL PROTECTION EQUIPMENT

*Product company Skydda offers solutions for personal protection to professional users in industry and the construction sector.*

Net revenues increased by 10 percent to MSEK 582 (531). Operating income amounted to MSEK 44 (38).

The positive development of volume and earnings in Skydda on most of the geographic markets continued during the financial year. The market position was strengthened, measured in market share, image and recognition. Cresto Safety AB, which was acquired during the second quarter of the financial year, contributed positively to the earnings development.

### FASTENING ELEMENTS

*Product company Essve is a comprehensive supplier in fastening, sealing and electric hand tools for the construction, industrial and do-it-yourself sectors.*

Net revenues amounted to MSEK 460 (470). Operating income rose to MSEK 23 (19).

Demand in Essve's main market in construction was weak during the latter part of the financial year. The development for Essve's own brand names continued to be positive during the year.

<sup>1</sup> Data for the 2001/2002 financial year (within brackets) refer to Bergman & Beving pro forma, not including the former subsidiaries Addtech AB and Lagercrantz Group AB. For accounts including the distributed units through the month of distribution in August 2001, reference is made to the Annual Report and Interim Reports for 2001/2002.

## WORKPLACE EQUIPMENT

*Product company Gigant markets solutions and components in the field of ergonomic workplace equipment for industry.*

Net revenues increased by 3 percent to MSEK 201 (196). Operating income amounted to MSEK 6 (3).

Despite a sharp drop in the market Gigant recorded a stable sales development during the financial year. Closer co-operations with suppliers in Asia have increased the opportunities for improved product quality and faster development of new products by these. Increased interest for work environment issues among end customers is believed to have had a positive effect on the year's development.

## BERGMAN & BEVING MEDITECH<sup>2</sup>

*Business area Bergman & Beving MediTech markets laboratory instruments, diagnostic equipment and consumables for health care, industry and research.*

Net revenues amounted to MSEK 715 (707). Operating income amounted to MSEK 30 (38).

After a strong first quarter, sales in the business area have not developed according to expectations during the financial year. The diagnostics business in Triolab showed continued growth and good profitability during the year, while other businesses in medical and dental technology, and laboratory instruments, had a negative development due to a weak market and relatively low propensity for capital spending among customers. The business area initiated an action program during the year aimed at improving the profitability of the businesses.

## BERGMAN & BEVING DEVELOPMENT

*Division Bergman & Beving Development is comprised of companies at an early stage of development, or with a business focus that lies outside the core areas of the Group.*

Net revenues amounted to MSEK 830 (992)<sup>3</sup>. Operating income, not including items affecting comparability, amounted to MSEK 13 (23)<sup>3</sup>.

The various businesses in Development showed a varying development, both in terms of net revenues and earnings during the financial year. Product company Grunda, which markets consumables for the manufacturing and construction industries, showed a positive development, in part through the rollout of a new concept for electrical products during the latter part of the year. Subsidiary Consumenta<sup>4</sup>, which sells home and household products, recorded positive earnings performance in a weak market. The Group's German subsidiary, that markets machine tools to the industry, was severely affected by the recession in Germany during the financial year. The precious metal business reported a loss for the financial year.

<sup>2</sup> Comparative data for Bergman & Beving MediTech do not include those businesses which previously constituted parts of the business area and which were transferred to Bergman & Beving Development as of April 1, 2002.

<sup>3</sup> The prior financial year's net revenues and operating income for Forssbergs Dental are included in the comparative data for Bergman & Beving Development in the amounts of MSEK 100 and MSEK 6, respectively.

<sup>4</sup> Consumenta changed its name to Anders Petter AB in April 2003.

Since April 1, 2003 product company Grunda is reporting directly to the Parent Company. Grunda will be reported as a separate unit starting with the first quarter of 2003/2004.

## PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The profit margin for the 2002/2003 financial year, not including items affecting comparability, was 3.7 percent compared to 3.5 percent for the preceding year.

The return (income not including items affecting comparability) on capital employed for the 2002/2003 financial year was 15 percent and the return on equity was 13 percent. The corresponding figures for the preceding financial year were 13 percent and 11 percent, respectively.

The effective tax rate was 33 percent. The tax burden for the financial year was increased by three percentage points due to the non-tax-deductibility of amortization of goodwill, while tax-exempt capital gains on sales of subsidiaries lowered the tax rate by one percentage point. The normalized tax rate with the current geographic mix is about 31 percent.

Cash flow from current operations showed a good development during the year, amounting to MSEK 215 (207). The Group's net financial liabilities at year-end amounted to MSEK 20 (65).

Cash flow was affected by investments in corporate acquisitions in an amount of MSEK 26 and by investments in other fixed assets in a net amount of MSEK 67.

The equity ratio at the end of the financial year was 40 percent, compared with 40 percent at the beginning of the year. Net reporting of liquid funds and current liabilities would give a corresponding equity ratio of 49 percent at the end of the year and 48 percent at the beginning of the year.

Shareholders' equity per share amounted to SEK 30.10 at the end of the financial year, as compared with SEK 27.70 at the beginning of the year. Computed based on the number of shares outstanding after full conversion, shareholders' equity per share amounted to SEK 31.05, as compared to SEK 28.85 at the beginning of the financial year.

## ITEMS AFFECTING COMPARABILITY

The Group reported an income item affecting comparability during the financial year in the amount of MSEK 6, in the form of a capital gain on the sale of subsidiary AB Forssbergs Dental, and cost items affecting comparability of MSEK 12. These costs relate to a provision for future rental costs for premises not expected to be utilized in the operations, as well as costs in connection with a concentration of the logistics operations to the Group's large logistics centers.

## PARENT COMPANY

The Parent Company's net revenues amounted to MSEK 35 (18) and income before year-end appropriations and taxes was MSEK 210 (107). This result includes intra-Group items in an amount of MSEK 208 (119).

## **CORPORATE ACQUISITIONS AND DISPOSALS**

Business area MediTech acquired the business in ProssessTek AS in Norway during the third quarter of the financial year. Incremental revenue is expected to amount to about MNOK 5 annually.

During the second quarter Bergman & Beving MediTech acquired two businesses with total incremental sales of about MSEK 15 annually. Skydda acquired Cresto Safety AB with annual sales of about MSEK 10.

TengTools, with annual revenues of about MSEK 100, was acquired during the first quarter of 2002/2003. AB Forssbergs Dental, with annual revenues of about MSEK 100, was sold in April 2002.

## **EMPLOYEES**

At the end of the financial year the number of employees in the Group was 1 380, as compared with 1 378 at the beginning of the year. Companies acquired and sold account for a net increase of four persons.

## **REPURCHASE OF OWN SHARES**

Bergman & Beving AB's Annual General Meeting held August 26, 2002 resolved to renew a previous mandate given to the Board of Directors to repurchase up to the maximum number of shares so that the Company's shares held in treasury at no time exceeds 10 percent of the total number of shares, such mandate to remain valid until the next following Annual General Meeting to be held August 28, 2003. Repurchases shall be made over the Stockholm Stock Exchange. The mandate allows the Board of Directors to use repurchased shares in payment for acquisitions, or to sell repurchased shares in order to finance acquisitions in other ways than over the Stockholm Stock Exchange, and to fulfill the Company's obligations under its personnel option program.

As of March 31, 2002 the number of class B shares held in treasury was 765 200. In May 2002, a total of 1 271 000 own shares were repurchased and in June 2002 1 000 000 shares were conveyed as partial payment in connection with the acquisition of TengTools. By the end of the financial year, March 31, 2003, 1 036 200 class B shares were thus held in treasury, equivalent to 3.6 percent of the total number of shares. As of March 31, 2003 the nominal value of this holding was SEK 2 072 400. The Company's acquisition cost per share amounts to SEK 41.60.

A total of 850 000 of the repurchased shares secure the Company's obligations under the personnel option program instituted by Bergman & Beving AB in April 2002.

There have been no changes in the number of own shares held in treasury after the end of the reporting period.

The Board of Directors in Bergman & Beving AB has decided to propose a renewal of the mandate to repurchase own shares to the Annual General Meeting to be held August 28, 2003.

## **CAPITAL STRUCTURE**

With the purpose of improving the Company's capital structure, an extra General Meeting of shareholders in Bergman & Beving AB held April 10, 2002, resolved to lower the nominal value of the share to SEK 2.00 thereby lowering the share capital to MSEK 57 (286), and also to reduce the legal reserve to MSEK 11 (134). Following a resolution by the District Court during the fall of 2002, this reduction has been carried out and the total capital reduction of MSEK 352 has been allocated to a reserve classified as unrestricted equity, to be used pursuant to resolutions by the General Meeting of shareholders.

## **DIVIDEND**

The Board of Directors proposes a dividend of SEK 2.00 (1.75) per share. Taking repurchased class B shares into account, the total dividend payment amounts to MSEK 55 (48).

## **ACCOUNTING PRINCIPLES**

This Financial Report has been prepared in accordance with Recommendation No 20 – Interim Reporting, of the Swedish Financial Accounting Standards Council which applies to the company from the beginning of the 2001/2002 financial year. New recommendations of the Swedish Financial Accounting Standards Council have had no effect on the reported earnings and financial position of the Bergman & Beving Group. The principle for reporting of net revenues and other operating revenue has been changed in this Financial Report. The change in principle resulted in an increase in net revenues by MSEK 66 (54) for the 2002/2003 financial year. The income statements for the financial years of 2002/2003 and 2001/2002 have been recomputed in order to achieve full comparability between the periods. In all other respects the same accounting principles and methods of computation have been applied for this Financial Report as in the most recently published Annual Report.

Stockholm, May 15, 2003

Stefan Wigren  
President and CEO

### **AUDITOR'S STATEMENT**

We have reviewed this Financial Report in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants. A review is significantly limited in comparison to an audit. Nothing has come to our attention that causes us to believe that the Financial Report does not comply with the requirements of the Swedish Securities and Clearing Operations Act and the Swedish Annual Accounts Act.

Stockholm, May 15, 2003

George Pettersson  
Authorized Public Accountant

Thomas Thiel  
Authorized Public Accountant

#### **The Financial Report also includes:**

- Reporting by operating area
- Consolidated Statement of Income
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flow
- Changes in shareholders' equity
- Key per-share data

The Group's Annual Report will be distributed to the shareholders at the end of July 2003.

The Annual General Meeting will be held in Stockholm August 28, 2003.

An Interim Report for the period April 1 – June 30, 2003 will be presented August 28, 2003.

## THE BERGMAN & BEVING GROUP<sup>5</sup>

### REPORTING BY OPERATING AREA

NET REVENUES	3 months		Full year	
	Jan. – Mar. 2003	Jan. – Mar. 2002	2002/ 2003	2001/ 2002
MSEK				
Tools and machinery (Luna)	295	275	1 172	1 052
Personal protection equipment (Skydda)	143	130	582	531
Fastening elements (Essve)	111	123	460	470
Workplace equipment (Gigant)	55	52	201	196
Bergman & Beving MediTech	194	195	715	707
Bergman & Beving Development	193	234	830	992
Parent Company/Group functions/ consolidation eliminations <sup>6</sup>	-2	0	15	8
<b>GROUP TOTAL</b>	<b>989</b>	<b>1 009</b>	<b>3 975</b>	<b>3 956</b>

NET REVENUES BY QUARTER	2002/2003				2001/2002			
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
MSEK								
Tools and machinery (Luna)	295	325	289	263	275	292	264	221
Personal protection equipment (Skydda)	143	162	134	143	130	143	125	133
Fastening elements (Essve)	111	106	113	130	123	116	112	119
Workplace equipment (Gigant)	55	57	43	46	52	54	43	47
Bergman & Beving MediTech	194	183	155	183	195	206	152	154
Bergman & Beving Development	193	232	206	199	234	290	227	241
Parent Company/Group functions/ consolidation eliminations <sup>6</sup>	-2	3	7	7	0	-4	-1	13
<b>GROUP TOTAL</b>	<b>989</b>	<b>1 068</b>	<b>947</b>	<b>971</b>	<b>1 009</b>	<b>1 097</b>	<b>922</b>	<b>928</b>

OPERATING INCOME	3 months		Full year	
	Jan. – Mar. 2003	Jan. – Mar. 2002	2002/ 2003	2001/ 2002
MSEK				
Tools and machinery (Luna)	20	18	65	58
Personal protection equipment (Skydda)	11	9	44	38
Fastening elements (Essve)	3	10	23	19
Workplace equipment (Gigant)	4	2	6	3
Bergman & Beving MediTech	11	21	30	38
Bergman & Beving Development	-2	5	13	23
Parent Company/Group functions/ consolidation eliminations <sup>6</sup>	-5	-19	-21	-33
<b>GROUP TOTAL</b>	<b>42</b>	<b>46</b>	<b>160</b>	<b>146</b>

OPERATING INCOME BY QUARTER	2002/2003				2001/2002			
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
MSEK								
Tools and machinery (Luna)	20	24	12	9	18	19	12	9
Personal protection equipment (Skydda)	11	11	10	12	9	11	7	11
Fastening elements (Essve)	3	4	6	10	10	2	3	4
Workplace equipment (Gigant)	4	2	-1	1	2	1	0	0
Bergman & Beving MediTech	11	5	1	13	21	12	4	1
Bergman & Beving Development	-2	10	4	1	5	14	1	3
Parent Company/Group functions/ consolidation eliminations <sup>6</sup>	-5	-7	0	-9	-19	-14	-2	2
<b>GROUP TOTAL</b>	<b>42</b>	<b>49</b>	<b>32</b>	<b>37</b>	<b>46</b>	<b>45</b>	<b>25</b>	<b>30</b>

<sup>5</sup> Income data refers to operating income, not including items affecting comparability.

A change in principle for reporting of net revenues and other operating revenue has resulted in an increase in net revenues by MSEK 66 (54) for the 2002/2003 financial year. The income statements including quarterly data for the 2002/2003 and 2001/2002 financial years have been recomputed in order to achieve full comparability between the periods.

All data for the 2001/2002 financial year refers to Bergman & Beving pro forma, not including the former subsidiaries Addtech AB and Lagercrantz Group AB, which were distributed to the shareholders in Bergman & Beving AB in August 2001.

All comparative data have been adjusted for internal transfers of corporate entities.

<sup>6</sup> Aside from the Parent Company and consolidation eliminations, the reseller operations in Bergman & Beving Integration as well as Bergman & Beving InfoTrans are included.

CONSOLIDATED STATEMENT OF INCOME	3 months		Full year	
	Jan. – Mar. 2003	Jan. – Mar. 2002	2002/ 2003	2001/ 2002
MSEK				
Net revenues	989	1 009	3 975	3 956
Operating expenses	-947	-963	-3 815	-3 810
– of which depreciation and amortization	-22	-17	-79	-68
Items affecting comparability			-6	
OPERATING INCOME	42	46	154	146
Financial income and expense	-5	-3	-13	-6
INCOME AFTER FINANCIAL ITEMS	37	43	141	140
Taxes	-10	-14	-46	-49
NET INCOME FOR THE PERIOD	27	29	95	91
SEK				
Earnings per share	1.00	1.05	3.45	3.30
– of which items affecting comparability			-0.15	
Earnings per share after full conversion	0.95	1.05	3.30	3.20

CONSOLIDATED BALANCE SHEET	Mar. 31, 2003	Mar. 31, 2002
MSEK		
ASSETS		
Intangible fixed assets <sup>7</sup>	180	100
Other fixed assets	400	393
Inventories	519	551
Short-term receivables	601	591
Liquid funds	374	333
TOTAL ASSETS	2 074	1 968
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	831	790
Interest-bearing liabilities and provisions	405	411
Non-interest-bearing liabilities and provisions	838	767
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 074	1 968

CONSOLIDATED STATEMENT OF CASH FLOW	Full year	
MSEK	2002/ 2003	2001/ 2002
Current operations before changes in working capital	160	120
Changes in working capital	55	87
CASH FLOW FROM CURRENT OPERATIONS	215	207
Investments in subsidiaries and other business units	-26	-43
Sales of subsidiaries and other business units	22	0
Investments in other fixed assets	-74	-52
Sales of other fixed assets	7	14
CASH FLOW BEFORE FINANCING	144	126
Financing operations	-103	-181
CASH FLOW FOR THE PERIOD	41	-55
Liquid funds at beginning of the year	333	387
Exchange rate differences in liquid funds	0	1
Liquid funds at the end of period	374	333

<sup>7</sup> Trademark rights at a value equivalent to MSEK 85 were acquired during the first quarter of 2002/2003.

**CHANGES IN SHAREHOLDERS' EQUITY**

MSEK	Mar. 31, 2003	Mar. 31, 2002
Opening balance	790	838
Repurchase of own shares	-53	-1
Own shares used in payment for acquisitions	50	
Cash dividend	-48	-139
Exchange rate differences, etc.	-3	1
Net income for the year	95	91
Closing balance	831	790

**KEY PER-SHARE DATA<sup>8</sup>**

SEK	2002/ 2003	Full year 2001/ 2002
Earnings	3.45	3.30
– of which items affecting comparability	-0.15	
Earnings after full conversion	3.30	3.20
Shareholders' equity	30.10	27.70
Shareholders' equity after full conversion	31.05	28.85

**NUMBER OF SHARES OUTSTANDING IN THOUSANDS**

Number of shares outstanding after the period's repurchases	27 601	26 600
Number of shares outstanding after full conversion	29 395	28 401
Weighted number of shares outstanding after repurchases	27 432	27 443
Weighted number of shares outstanding after conversion	29 229	29 515

The number of shares outstanding increased by 6 996 class B shares during the year as conversion of a portion of the convertible loan outstanding was converted.

<sup>8</sup> There is no dilutive effect as a result of the outstanding personnel options during any of the periods reported.

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**Bergman & Beving AB (publ)**

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