

## **Press Release from Eltek ASA**

**13. August 1999**

### **POSITIVE DEVELOPMENT IN ELTEK**

#### **Report for the first half year of 1999**

Eltek still shows strong growth and during the first six months reached an operating profit of NOK 471,6 (405,9) million. The operating profit was NOK 35,0 (34,1) million, while the profit before tax was NOK 35,2 (40,6) million. The profit before tax last year included a gain of NOK 8,3 million from companies that were sold. The operating revenue in the second quarter was NOK 239,2 (209) million, and the operating profit was NOK 21,0 (17,0) million. This is NOK 3,5 million higher than Eltek has achieved in any previous quarter.

Eltek Energy shows a strong improvement in profit as a result of sales increase and restructuring efforts in production, while Eltek Fire & Safety continues to show good earnings.

The increase in Group revenue of 16 % has mainly occurred within Eltek Energy which shows a growth of 27 %. For Eltek Energy, the development in Asia was positive in the second quarter with a higher turnover than in any previous quarter. The development for Eltek Fire & Safety in Europe with the exception of Norway gave a strong increase in turnover (52%), while offshore showed a reduction of 27%.

The good development in order intakes in the first quarter was further strengthened in the second quarter and became NOK 515 (379) million in the first six months. As of June 30<sup>th</sup>, 1999 the order backlog was NOK 248 million, an increase of NOK 46 million at the turn of the year.

The positive development of profits is expected to continue in the second half year.

*For further information, please contact Group CEO Alain F. Angelil, Group Director Jørgen Larsen or Group Director Odd Magne Olsen: telephone: 32 20 32 00.*

## ELTEK ASA

### REPORT FOR THE FIRST SIX MONTHS OF 1999

All figures in full millions (NOK)

KEY FIGURES	1 <sup>st</sup> half year			2 <sup>nd</sup> quarter		
	1999	1998	Pro forma 1998	1999	1998	Pro forma 1998
Revenue	471,6	405,9	426,9	239,2	209,0	223,2
Operating profit <sup>1)</sup>	35,0	34,1	35,2	21,0	17,0	17,3
Profit before tax	35,2	40,6	32,5	21,5	24,7	16,6
Net profit	26,3	29,7	23,3	16,5	18,2	12,0
Operating margin	7,4%	8,4%	8,2%	8,8%	8,2%	7,8%
Profit margin before tax	7,5%	10,0%	7,6%	9,0%	11,8%	7,4%
	30.06.99	31.12.98	30.06.98			
Equity margin (incl. minority interests)	43,3%	47,0%	45,5%			
Order reserve	248	202	171			
Number of employees	722	637	617			

BUSINESS AREAS	1 <sup>st</sup> half year			2 <sup>nd</sup> quarter		
	1999	1998	Pro forma 1998	1999	1998	Pro forma 1998
<b>ELTEK ENERGY</b>						
Revenue	274,4	216,2	230,4	145,5	104,2	118,4
Operating profit	16,1	14,7	15,0	11,0	7,3	7,6
Operating margin	5,9%	6,8%	6,5%	7,6%	7,0%	6,4%
<b>ELTEK FIRE &amp; SAFETY</b>						
Revenue	208,6	199,2	206,0	100,6	108,4	108,4
Operating profit	18,9	19,4	20,1	9,9	9,7	9,7
Operating margin	9,1%	9,7%	9,8%	9,8%	8,9%	8,9%

Pro forma figures include companies purchased in 1999 and exclude gains from sales in 1998 of NOK 8,3 million before tax and NOK 6,3 million after tax.

<sup>1)</sup> Including goodwill depreciation of NOK 2,6 million in 1999 and NOK 1,2 million in 1998.

### SUMMARY

Eltek still shows strong growth and during the first six months reached an operating profit of NOK 471,6 (405,9) million. The operating profit was NOK 35,0 (34,1) million, while the profit before tax was NOK 35,2 (40,6) million. The profit before tax last year included a gain of NOK 8,3 million from companies that were sold. The operating revenue in the second quarter was NOK 239,2 (209) million, and the operating profit was NOK 21,0 (17,0) million. This is NOK 3,5 million higher than Eltek has achieved in any previous quarter.

Eltek Energy shows a strong improvement in profit as a result of sales increase and restructuring efforts in production, while Eltek Fire & Safety continues to show good earnings.

The increase in Group revenue of 16 % has mainly occurred within Eltek Energy which shows a growth of 27 %. For Eltek Energy, the development in Asia was positive in the second quarter with a higher turnover than in any previous quarter. The development for Eltek Fire & Safety in Europe with the

exception of Norway gave a strong increase in turnover (52%), while offshore showed a reduction of 27%.

The good development in order intakes in the first quarter was further strengthened in the second quarter and became NOK 515 (379) million in the first six months. As of June 30<sup>th</sup>, 1999 the order backlog was NOK 248 million, an increase of NOK 46 million at the turn of the year.

The positive development of profits is expected to continue in the second half year.

### **Purchases**

The companies which were purchased in the first quarter are included in the profit and loss account of the second quarter.

### **Eltek Energy**

During the first half year, Eltek Energy reached revenue of NOK 274,4 (216,2) million, and an operating profit of NOK 16,1 (14,7) million. Revenue in the second quarter was NOK 145,5 (104,2) million and the operating profit was NOK 11,0 (7,3) million. The operating profit for the second quarter is the highest ever, and the negative trend in Eltek Energy's profit development has turned as a result.

After order intakes for NOK 326 million during the first half year, the backlog as of June 30<sup>th</sup> was NOK 141 million.

Europe represented the strongest growth in sales during the first quarter, while Asia has a strong comeback in the second quarter with a turnover of NOK 52 million, which is NOK 20 million higher than in any previous quarter. The position in Southeast Asia, previously based in China, Thailand and Singapore, is further strengthened through a general agreement of NOK 65 million with a Malaysian telecom company.

The initiatives which were previously outlined for the restructuring of production, are well in progress, and have given positive results in the second quarter. Together with the increased backlog, this creates a good basis for the continuation of the positive development of profits.

### **Eltek Fire & Safety**

During the first half year, Eltek Fire & Safety reached revenue of NOK 208,6 (199,2 ) million, and an operating profit of NOK 18,9 (19,4) million. Revenue during the second quarter was NOK 100,6 (108,4) million and operating profit was NOK 9,9 (9,7) million.

The order intake for the first half year was NOK 198 million, while the order backlog as of June 30<sup>th</sup> was NOK 108 million.

The activity within offshore is lower than last year. This is compensated through higher sales within land based activity in Europe with the exception of Norway which is increased by NOK 19,3 million, in other words, 52 %, as compared to last year. The maritime activity is also showing an increase. Growth is still expected within both of these areas. A stabile development of sales is still expected on the Norwegian market.

A positive margin development is expected to contribute to a continued positive development of profits for Eltek Fire & Safety.

*Drammen, Norway, August 12<sup>th</sup>, 1999*

*The Board of Directors of Eltek ASA*

**ELTEK GROUP**

**Profit and Loss Account**

	1th Half Year			2nd Quarter			Year
	1999	1998	Pro forma 98	1999	1998	Pro forma 98	1998
<b>Revenue</b>	<b>471 646</b>	<b>405 941</b>	<b>426 935</b>	<b>239 269</b>	<b>208 965</b>	<b>223 176</b>	<b>822 574</b>
Cost of goods sold	253 335	215 595	227 884	119 058	110 781	119 642	428 138
Other operating costs	175 452	151 482	157 636	94 740	78 427	82 854	326 142
Ordinary depreciations	7 855	4 740	6 232	4 499	2 725	3 336	11 092
<b>Total operating costs</b>	<b>436 642</b>	<b>371 817</b>	<b>391 752</b>	<b>218 297</b>	<b>191 933</b>	<b>205 832</b>	<b>765 372</b>
<b>Operating profit</b>	<b>35 004</b>	<b>34 124</b>	<b>35 183</b>	<b>20 972</b>	<b>17 032</b>	<b>17 344</b>	<b>57 202</b>
Share of result in ass. comp.	536	8 905	782	571	8 661	538	9 577
Financial income and cost	-294	-2 439	-3 502	-32	-1 021	-1 320	-4 758
<b>Net financial items</b>	<b>242</b>	<b>6 466</b>	<b>-2 720</b>	<b>539</b>	<b>7 640</b>	<b>-782</b>	<b>4 819</b>
<b>Profit before tax</b>	<b>35 246</b>	<b>40 590</b>	<b>32 463</b>	<b>21 511</b>	<b>24 672</b>	<b>16 562</b>	<b>62 021</b>
Taxes	8 980	10 892	9 152	5 001	6 436	4 590	13 797
<b>Net profit</b>	<b>26 266</b>	<b>29 698</b>	<b>23 311</b>	<b>16 510</b>	<b>18 236</b>	<b>11 972</b>	<b>48 224</b>
Minority interests	1 467	976	1 179	1 234	736	939	2 531

**Balance Sheet**

	30.06.99	30.06.98	Pro Forma 30.06.98	31.12.98
	Goodwill	57 412	44 044	57 010
Other fixed assets	66 863	42 924	48 608	53 917
Share of ass. companies	17 398	2 050	16 227	2 657
<b>Total fixed assets</b>	<b>141 674</b>	<b>89 018</b>	<b>121 845</b>	<b>99 525</b>
Stock	163 746	120 408	123 960	132 286
Trade debtors	228 743	211 744	231 030	182 465
Other short term receivables	18 339	15 589	16 438	12 852
Cash in hand, bank deposits	34 471	35 970	41 499	48 358
<b>Total current assets</b>	<b>445 300</b>	<b>383 711</b>	<b>412 927</b>	<b>375 961</b>
<b>Total assets</b>	<b>586 974</b>	<b>472 729</b>	<b>534 772</b>	<b>475 486</b>
Share capital	13 825	13 825	13 825	13 825
Other equity	224 280	194 312	187 925	200 999
<b>Total equity</b>	<b>238 105</b>	<b>208 137</b>	<b>201 750</b>	<b>214 824</b>
<b>Minority interests</b>	<b>16 153</b>	<b>7 075</b>	<b>13 514</b>	<b>8 565</b>
Pension liabilities	9 344	8 567	8 567	9 312
Other long term liabilities	71 695	24 699	69 975	25 624
<b>Total long term liabilities</b>	<b>81 039</b>	<b>33 266</b>	<b>78 542</b>	<b>34 936</b>
Bank overdraft	30 468	24 590	24 590	8 141
Trade creditors	96 190	87 500	98 077	97 017
Other short term liabilities	125 020	112 161	118 299	112 003
<b>Total current liabilities</b>	<b>251 678</b>	<b>224 251</b>	<b>240 966</b>	<b>217 161</b>
<b>Total liabilities and equity</b>	<b>586 974</b>	<b>472 729</b>	<b>534 772</b>	<b>475 486</b>