

***Continued strong growth  
with high level of profitability***

***Sales increased by 40% in third quarter***

***Operating margin for the third quarter  
was 12,9 %***

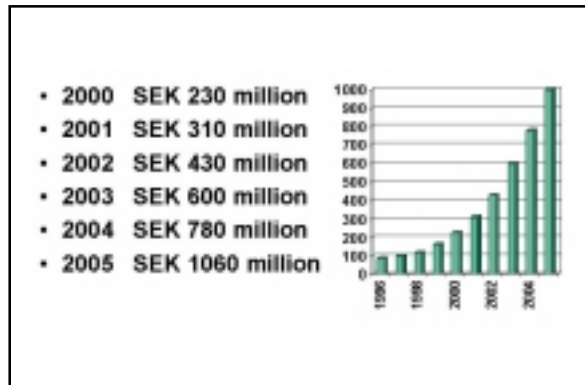
- Sales in Internet/IT continue to grow, and amounted to SEK 164.3 million (SEK 122.9 million) for the period, a rise of 34 %.

During the third quarter, sales increased by 40 %. Operating profit before goodwill amortization and items affecting comparability was SEK 18.5 million (SEK 18.4 million), a margin of 11.3 % (15.0 %). Operating profit for the third quarter amounted to SEK 7.2 million (SEK 5.8 million), an increase of 25 %.

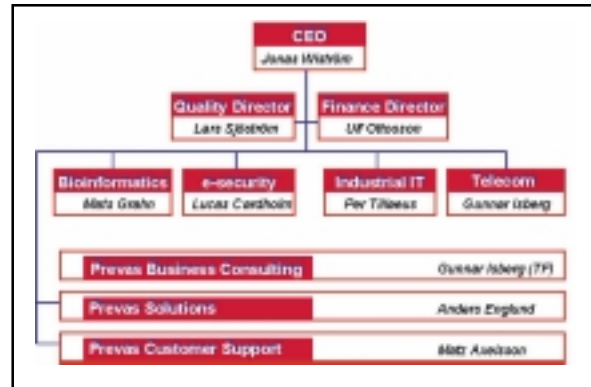
- For the Group as a whole, sales for the period amounted to SEK 197.1 million (SEK 178.4 million), an increase of 10.5 %. In comparing profit levels, it should be noted that no income was reported for Prevas Engineering during the third quarter this year. Operating profit before goodwill amortization and items affecting comparability was SEK 18.2 million (SEK 19.8 million), a margin of 9.2 % (11.1 %).
- On 1 July, Prevas sold its Prevas Engineering operation to ABB.
- Earnings per share after tax were SEK 0.60 (SEK 1.16). Earnings per share after standard rate tax amounted to SEK 1.30 (SEK 1.34).
- Group equity at the close of the period totalled SEK 89.1 million (SEK 88.7 million), which gives an equity/assets ratio of 53.8 % (53.0 %).
- The number of employees increased during the period by 28 % to 277. Staff turnover was 7.6 %.



## Prevas in brief



Prevas' growth targets



New organizational structure as from 1 July 2000

Prevas AB has offices in Västerås, Göteborg, Karlstad, Linköping, Malmö, Skövde, Stockholm and Uppsala.

Prevas Group solutions are noted for **delivery reliability, quality and fixed price.**

Customers include ABB, Amersham Pharmacia Biotech, Astra, Biacore, Electrolux, Ericsson, Gyros, Nokia, Personal Chemistry, Pharmacia, Pyro Sequencing, Rymdbolaget, Saab, Sandvik, Sign On, Sveriges Television, Visual Bioinformatics och Volvo.

## Operations January–September 2000

Prevas' transformation into a focused Internet/IT company continues. Our strategy for increased growth and profitability can be summarized in three key points:

- Focus the operation on strongly-growing markets
- Climb up the value chain. Deliver more solutions and less pure consulting to our clients
- Strengthen our brand and invest internationally.

### Focus on growth with continued profitability

Growth accelerated during the quarter, and is now at 40%. The bioinformatics and telecoms markets have continued to exceed growth expectations, and the market for e-security is also showing excellent growth.

We have completed the due diligence process relating to the sale of Prevas Engineering on 1 July 2000, and a final agreement has now been signed. The due diligence process resulted in a reduction of the purchase price by SEK 1.5 million, which was charged to the profit for the third quarter.

### Focus on solutions

During the quarter, we established a Business Consultancy unit, as part of our effort to utilize our acquired expertise to shorten further the development time for our clients. Prevas Business Consulting now has a staff of 10, who have been working at full capacity throughout the period, contributing directly and indirectly to the positive results.

We have also started activities aimed at packaging our competence in order to satisfy our customers' individual requirements.

### Focus on the Prevas brand

During the period, SEK 4 million was invested in substantially increasing awareness of Prevas. The target group was management/senior IT purchasing staff, and potential employees.

It is gratifying to be able to say that interest in Prevas as an employer has increased sharply, and, since 1 January, we have signed 105 contracts of employment. The proportion of women among our staff has also risen, and is now 20 % (19 %).

# Prevas' business areas

## Bioinformatics

Globally, the market for bioinformatics and biotechnology is undergoing very fast growth at the moment, not least in Sweden. This revolutionary technology is only in its infancy, and is on the verge of exponential growth. In this exciting growth area, Prevas has taken a clear market lead among Sweden's IT consultants. Prevas has signed long-term co-operation agreements with a number of key clients in areas where Prevas, as the strategic partner, will provide these companies with development capacity for advance bioinformatics solutions.

Prevas clients consist both of major established companies and institutions such as Amersham Pharmacia Biotech, AstraZeneca, Pharmacia Corporation, and of smaller, fast-growing companies, focusing on research and development.

During the third quarter, a new master agreement has been signed with Biacore AB in Uppsala, covering their product development. In addition, a teaming agreement was signed with Virtual Genetics, under which we can incorporate their modules in our client projects and Virtual Genetics will use Prevas' expert staff as required in their client projects in future.

The recruitment of new staff has remained satisfactory. Over the last 12 months, the number of consultants with leading-edge expertise in the bioinformatics field has increased by 200%. Prevas now has about 65 consultants working in this business area.

## e-security

The e-security operation offers solutions in secure e-commerce and long-term storage.

Growth has been excellent during the period, and the unique combination of IT lawyers, business consultants and technical security experts brought together in one business area has attracted an increasing amount of attention. As at 30 September, the business area employed a staff of 16 with leading-edge expertise in the area of IT security.

"Our expansion plans for the business area remain on course, and we don't expect any weakening in demand for security services. We are continuing to carry out highly prestigious group security projects and validations of global e-commerce systems focused on benefiting our clients' businesses" says Lucas Cardholm, Manager for the Business Area.

The bulk of the business area's clients are in Swedish industry, including Vattenfall, Electrolux, ABB and Volvo. During the period, co-operation agreements were also signed with Lloyd's Register and SignOn.

## Industrial IT

The business area supplies IT solutions for production control, and provides advanced expertise in embedded systems. Its clients include the leading companies in manufacturing industry.

During the third quarter, Industrial IT signed a preferred supplier agreement with Ericsson covering IT solutions for production. Under this framework, a number of significant orders have been obtained, including a major upgrading of Prevas' traceability solution, Bartrack.

A number of important orders have been signed in eProduction, such as an IT solution for materials handling for Arla in Denmark, and a production system for ABB Flexible Automation for final delivery to Ericsson in Kumla.

## Telecom (media.com)

The business area provides Internet solutions with the main focus on mobile telecoms, business to business (e-commerce) and TV/Video over the Internet. With the next generation of telecoms networks (3G), we will have the market and the potential to utilize our unique expertise to become a leading knowledge company in mobile Internet/Video solutions.

During the period, Telecom has increasingly won the confidence of the market with respect to Mobile Internet, Digital video and Telecoms infrastructure. Over the last 12 months, the number of employees has risen by 180%. As at 30 September, the business area employed 85 staff with advanced expertise in Telecoms and Media.

Clients include Ericsson Radio in Digital Video, User Service Center, GPRS and 3 G, as well as Sveriges Television which is expanding its digital news processing system, with Prevas taking responsibility for video delivery and implementation.

We are in the process of establishing exciting co-operative projects, such as with NetInsight in high-speed transmission of digital video, and with Nocom for real-time products.

# Finance

## Outcome of tenders

Prevas has a stable customer base with a very high level of repeat business. During the period, 91 % of orders went to Prevas, and 9 % of orders to a competitor.

## Capacity utilization

For Internet/IT, the charging rate has gradually increased over the period, despite continuing expansion of staffing and sharper competition in the market. During the third quarter, a charging rate of 71 % (65 %) was recorded. The charging rate is measured as the number of invoicable hours over the total hours expended within the company. Both senior management and administrative staff are included in the measurement.

## Assignment distribution

For Internet/IT, 28 % of assignments were charged on a fixed price basis and 72 % on a time basis during the period.

## Employees

The number of employees as at 30 September 2000 was 277, an increase of 27.6 % since the beginning of the year. During the period, 84 people joined the Group, and 21 left, giving a staff turnover of 7.6 %. The average number of employees during the period was 236, a rise of 17.4 % since the beginning of the year. To give a fairer comparison of the above figures, the 60 members of staff who left in connection with the sale of Prevas Engineering have not been counted.

## Sales and profit

Sales in Internet/IT continue to increase. The total for the period was SEK 164.3 million (SEK 122.9 million), a rise of 34 %, of which 25 % represents organic growth. Sales for the third quarter were highly satisfactory, with an increase of 40 % compared with the preceding year. After allowing for the investment of about SEK 5 million in setting up new business areas to cover the growth markets, Internet/IT returned a margin of 11.3 % (15.0 %) before goodwill amortization and items affecting comparability, and 10.4 % (12.3 %) after goodwill amortization and items affecting comparability. Operating profit before goodwill amortization and items affecting comparability was SEK 18.5 million (SEK 18.4 million), and after these items, operating profit amounted to SEK 17.2 million (SEK 15.1 million).

Items affecting comparability comprise both the repayment of allocated pension funds of SEK 6.0 million from SPP, and provision of SEK 4.0 million for special marketing activities. The aim of this last-mentioned investment is to use the media to increase awareness of Prevas' profiling in growth markets, particularly in Bioinformatics and Telecoms.

As previously reported in the half-yearly report, on 30 June Prevas signed a Letter of Intent with ABB on the sale of the production automation operation run through the subsidiary company, Prevas Engineering. ABB took over the operation on 1 July this year. Prevas Engineering's results for the first half of the year are, therefore, included in the consolidated accounts. The sale resulted in an operating profit of SEK 13.4 million. In connection with the sale, all remaining goodwill has been written down by SEK 14.8 million. The items have been reported under items affecting comparability.

Group sales for the period amounted to SEK 197.1 million (SEK 178.4 million), a rise of 10.5 %. In comparing profit levels, it should be noted that no income was reported for Prevas Engineering during the third quarter. Profit before goodwill amortization and items affecting comparability amounted to SEK 18.2 million (SEK 19.8 million), a margin of 9.2 % (11.1 %). Profit after goodwill amortization and items affecting comparability was SEK 14.3 million (SEK 14.9 million), giving an operating margin of 7.3 % (8.4 %).

Depreciation amounted in total to SEK 8.2 million (SEK 8.6 million) of which SEK 4.4 million (SEK 4.9 million) relates to depreciation on goodwill.

Net financial income/expense amounted to SEK -0.6 million (SEK -0.8 million). Profit after net financial income/expense was SEK 13.7 million (SEK 14.1 million), which represents a profit margin of 7.0 % (7.9 %).

After-tax profit was SEK 4.5 million (SEK 8.8 million). A tax provision of SEK 4.1 million was charged to profits in consequence of the sale of the business of Prevas Engineering.

Earnings per share after tax amounted to SEK 0.60 (SEK 1.16). Earnings per share after standard rate tax amounted to SEK 1.30 (SEK 1.34).

## Financial position

Group equity totalled SEK 89.1 million (SEK 88.7 million) at the close of the period, giving an equity/assets ratio of 53.8 % (53.0 %). Return on equity was 5.2 % (10.0 %). The group's interest-bearing liabilities totalled SEK 27.0 million (SEK 32.9 million). The Group's liquid assets at the close of the period amounted to SEK 5.5 million (SEK 4.2 million). Cash flow for the period was SEK -2.6 million (SEK -5.4 million). Loans of SEK 3.2 million were amortized during the period.

# ***Finance (continued)***

## **Investments**

Group investments during the period amounted to SEK 6.3 million (SEK 3.9 million), of which SEK 1.1 million relates to net investment in an acquired business. The remaining investments relate to day-to-day operations, and involve machinery and equipment.

Stockholm 26 October 2000  
Prevas AB (publ)

Jonas Wiström, CEO

For further information, please contact:

Jonas Wiström, CEO	(+46 8-681 40 31)
	(+46 70-608 12 20)
Ulf Ottosson, Finance Director	(+46 21-360 19 17)
	(+46 70-544 18 34)

---

### **Future financial reporting**

During the remainder of financial year 2000, financial information will be published on the following dates:

- Year-end report 5 February
- Annual General Meeting 20 March

---

Prevas AB, Instrumentvägen 45, SE-126 53 Hägersten, Tel +46 8-68140 40, Fax +46 8-681 40 39  
Website: [www.prevas.se](http://www.prevas.se)

## Summary profit and loss accounts (Prevas Group)

SEK thousand	2000 Jan-Sept	1999 Jan-Sept	1999 Jan-Dec
Net sales	197 073	178 396	232 704
Raw materials and consumables	-14 884	-20 540	-26 226
Other external expenses	-38 028	-29 683	-42 642
Staff costs	-122 241	-104 638	-145 755
Depreciation according to plan	-8 158	-8 620	-11 108
Items affecting comparability *	573	-	-
<b>Operating profit</b>	<b>14 335</b>	<b>14 915</b>	<b>6 973</b>
Net financial items	-614	-806	-1 038
<b>Profit after financial items</b>	<b>13 721</b>	<b>14 109</b>	<b>5 935</b>
Item affecting comparability **	-4 137	-	-
Tax	-5 075	-5 285	-3 631
<b>Net profit for the period</b>	<b>4 509</b>	<b>8 824</b>	<b>2 304</b>

\* The effect of the sale of the operations of Prevas Engineering was an operating profit of SEK 13,398,000. In connection with the sale, SEK 14,838,000 of remaining goodwill was written down. Items affecting comparability also include the repayment of allocated pension funds of SEK 6,013,000 from SPP, and a provision of SEK 4,000,000 for the cost of a special marketing activities.

\*\* Relates to a provision for tax on the operating profit arising as a result of the operations of Prevas Engineering.

## Quarterly summary profit and loss accounts (Prevas Group)

SEK thousand	2000 Q3	2000 Q2	2000 Q1	1999 Q3	1999 Q2	1999 Q1
Net sales	56 677	79 972	60 424	52 747	61 968	63 681
Operating expenses	-48 979	-73 704	-56 200	-48 581	-57 305	-52 738
<b>Profit before GW and items affecting comp.</b>	<b>7 698</b>	<b>6 268</b>	<b>4 224</b>	<b>4 166</b>	<b>4 663</b>	<b>10 943</b>
Goodwill amortization	-1 190	-1 619	-1 619	-1 619	-1 619	-1 619
Items affecting comparability	573	0	-	-	-	-
<b>Operating profit</b>	<b>7 081</b>	<b>4 649</b>	<b>2 605</b>	<b>2 547</b>	<b>3 044</b>	<b>9 324</b>
Net financial items	-206	-118	-290	-280	-231	-295
<b>Profit after net financial items</b>	<b>6 875</b>	<b>4 531</b>	<b>2 315</b>	<b>2 267</b>	<b>2 813</b>	<b>9 029</b>
<i>Margin before GW and items affecting comp. %</i>	13.6	7.8	7.0	7.9	7.5	17.2
<i>Margin after GW and items affecting comp. %</i>	12.5	5.8	4.3	4.8	4.9	14.6
<i>Profit margin %</i>	12.1	5.6	3.8	3.3	4.5	14.2

### Quarterly summary profit and loss accounts (excluding Prevas Engineering)

SEK thousand	2000 Q3	2000 Q2	2000 Q1	1999 Q3	1999 Q2	1999 Q1
Net sales	55 839	57 324	51 172	39 915	41 626	41 325
Operating expenses	-48 606	-53 101	-44 124	-34 137	-37 486	-32 813
<b>Profit before GW and items affecting comp.</b>	<b>7 233</b>	<b>4 223</b>	<b>7 048</b>	<b>5 778</b>	<b>4 140</b>	<b>8 512</b>
Goodwill amortization	-1 122	-1 122	-1 122	-1 122	-1 122	-1 122
Items affecting comparability	2 013	-	-	-	-	-
<b>Operating profit</b>	<b>8 124</b>	<b>3 101</b>	<b>5 926</b>	<b>4 656</b>	<b>3 018</b>	<b>7 390</b>
Net financial items	-197	-176	-266	-261	-235	-357
<b>Profit after net financial items</b>	<b>7 927</b>	<b>2 925</b>	<b>5 660</b>	<b>4 395</b>	<b>2 783</b>	<b>7 033</b>
<i>Margin before GW and items affecting comp. %</i>	12.9	7.4	13.8	14.5	9.9	20.6
<i>Margin after GW and items affecting comp. %</i>	14.5	5.5	11.6	11.7	7.3	17.9
<i>Profit margin %</i>	14.2	5.1	11.1	11.0	6.7	17.1

### Summary balance sheets (Prevas Group)

SEK thousand	2000 30 Sept	1999 30 Sept	1999 31 Dec
Fixed assets excluding goodwill	34 345	40 692	42 997
Goodwill	35 695	56 580	54 961
Other current assets	90 050	65 796	58 915
Liquid assets incl. short-term investments	5 473	4 200	8 035
<b>Total assets</b>	<b>165 563</b>	<b>167 268</b>	<b>164 908</b>
Equity	89 141	88 685	82 166
Provisions	15 015	17 332	19 998
Interest-bearing liabilities	26 996	32 868	30 183
Non-interest-bearing liabilities	34 411	28 383	32 561
<b>Total liabilities and equity</b>	<b>165 563</b>	<b>167 268</b>	<b>164 908</b>

### Capital employed (Prevas Group)

SEK thousand	2000 30 Sept	1999 30 Sept	1999 31 Dec
Non-interest-bearing current assets	90 050	65 796	58 915
Non-interest-bearing current liabilities	-34 411	-28 383	-32 472
<b>Net working capital</b>	<b>55 639</b>	<b>37 413</b>	<b>26 443</b>
Fixed assets excluding goodwill	34 345	40 692	42 997
Provisions	-15 015	-17 332	-20 088
<b>Capital employed excluding goodwill</b>	<b>74 969</b>	<b>60 773</b>	<b>49 352</b>
Goodwill	35 695	56 580	54 961
<b>Capital employed</b>	<b>110 664</b>	<b>117 353</b>	<b>104 313</b>

**Cash flow statements (Prevas Group)**

SEK thousand	2000	1999	1999
	Jan-Sept	Jan-Sept	Jan-Dec
Operating profit	14 335	14 915	6 973
Depreciation	8 158	8 620	11 109
Provisions	4 983	-57	590
Net financial items	-614	-806	-1 038
Tax	-9 212	-5 285	-3 631
Change in current receivables	-15 068	5 066	11 947
Change in current liabilities	1 850	-10 324	-6 235
<b>Cash flow from ordinary activities</b>	<b>4 432</b>	<b>12 129</b>	<b>19 715</b>
Investment in fixed assets excluding goodwill	-6 273	-3 869	-4 934
<b>Cash flow from investments activities</b>	<b>-6 273</b>	<b>-3 869</b>	<b>-4 934</b>
Issue of warrants	2 466	-	-
Loans raised/Repayment of loans	-3 187	-6 109	-8 795
Dividend	-	-7 574	-7 574
<b>Cash flow from financing activities</b>	<b>-721</b>	<b>-13 683</b>	<b>-16 369</b>
<b>Cash flow for the period</b>	<b>-2 562</b>	<b>-5 423</b>	<b>-1 588</b>
Opening liquid assets	8 035	9 623	9 623
Closing liquid assets	5 473	4 200	8 035
Change	-2 562	-5 423	-1 588

**Key ratios (Prevas Group)**

	2000	1999	1999
	Jan-Sept	Jan-Sept	Jan-Dec
Gross margin, %	11.1	13.2	7.8
Margin before GW and items affecting comp. %	9.2	11.1	5.8
Margin after GW and items affecting comp. %	7.3	8.4	3.0
Profit margin, %	7.0	7.9	2.6
Earnings per share after tax, SEK	0.60	1.16	0.30
Earnings per share after standard tax, SEK	1.30	1.34	0.56
Average number of shares	7 574	7 574	7 574
Equity/assets ratio, %	53.8	53.0	49.8
Equity per share, SEK	11.77	11.71	10.85
Return on equity, %	5.2	10.0	2.7
Return on capital employed, %	12.7	12.2	5.2
Average number of employees	296	257	261
Number of employees at end of period *	277	273	277
Turnover per employee, SEK thousand	665	694	892

\* That the number of employees is lower at the end of the period than the average number of employees is due to the fact that 60 employees were transferred to ABB on the 1 July in connection with the sale of the Prevas Engineering operation.