

# Press Release of Results for 2001

## *Positive cash flow for Q4 and full year*

## *Unsatisfactory turnover and earnings trend*

## *Goodwill write-down*

<b>SUMMARY 2001 (SEK million)</b>		
Bioinformatics business area	62,2	(+ 9 %)
Industry business area	116,6	(+ 14 %)
Telecom business area	48,9	(- 24 %)
Other	6,4	
<b>Net sales</b>	<b>234,1</b>	
Operating expenses	-236,0	
<b>Operating profit/loss</b>	<b>-1,9</b>	
Goodwill amortization	-4,9	
Goodwill write-down	-20,3	
Restructuring costs	-2,0	
<b>Operating profit/loss before financial items</b>	<b>-29,1</b>	
Net financial income/expense	0,2	
<b>Profit/loss before tax</b>	<b>-28,9</b>	

- Turnover for Q4 was SEK 51.1 million (SEK 71.3 million). Operating loss before goodwill amortization and items affecting comparability was SEK 6.3 million (SEK +4.4 million), a -12.4% (+6.1%) margin. The low number of working days in December resulted in lower than normal revenue. Loss after financial items for Q4 was SEK 29.7 million (SEK +2.2 million), a -58.1% (+3.0%) margin. In addition to a goodwill write-down, the result was charged with SEK 2.0 million for the costs of staff cuts.
- A one-off goodwill write-down of SEK 20.3 million was made in Q4. SEK 10.6 million goodwill remains after the write-down.
- A positive operating cash flow of SEK 5.5 million was reported for Q4 and SEK 1.0 million for the full year. During Q4, a further SEK 5.5 million of interest-bearing liabilities was repaid and the group had no interest-bearing liabilities at the year-end. Prevas' two industrial properties are thus free of charges.
- Turnover for the full year was SEK 234.1 million (SEK 237.5 million). Operating loss before goodwill amortization and items affecting comparability was SEK 1.9 million (SEK +23.6 million), a -0.8% (+9.9%) margin. Loss after financial items was SEK 28.9 million (SEK +15.9 million), a -12.4% (+6.7%) margin.
- Equity totalled SEK 58.8 million (SEK 90.2 million) at the year-end, representing an equity/assets ratio of 60% (60%).
- The company expects the market to continue to be weak during the first half of 2002. However, a relatively better market trend in Bioinformatics and a general trend away from resource consulting towards fixed-price projects, particularly in Industry, mean that Prevas sees good opportunities for consolidating its market position.



## PREVAS IN BRIEF

Prevas AB has offices in Stockholm, Gothenburg, Gävle, Karlstad, Linköping, Lund, Uppsala, Västerås and Copenhagen.

Customers include ABB, Agder Energi AS, Amersham Biosciences, AstraZeneca, Atlas Copco, Biacore, Biovitrum, Bioinvent, Electrolux, Ericsson, Exiqon, Gyros, Nokia, Personal Chemistry, Pharmacia, Pyrosequencing, Saab, Sandvik, Sveriges Television and Volvo.

**Delivery reliability, quality and fixed price** are characteristic of the Prevas Group's solutions.

# Operations for 2001

The market has been marked by an unexpectedly rapid and strong downturn since Q2. This has affected Prevas, as well as other players on the market. During Q4, Prevas expanded the action programme initiated at the end of the first half, in order to adapt the organization to the market situation and to ensure the continuation of the company's long-term initiatives. As a result, the company was forced to make staff cuts and 15 persons were given notice.

Together with previous cost-saving and efficiency measures, the largest of which was the disposal of e-security to Ernst & Young, these measures will gradually have a positive impact on results. The programme will be fully effective in Q1 2002. In addition, intensified market development continues.

It is gratifying that the Bioinformatics business has continued to develop favourably. Even though the growth of new biotech companies has declined somewhat, as a result of more selective venture capital, the biotech and pharmaceutical sector is relatively less cyclical. Operations began in Denmark in Q4 and have developed positively, including a number of projects for strategic customers during the first few months.

The Telecom business area was also hardest hit by the continuing downturn in Q4. At the same time, this market has the potential to recover first, if the roll-out of 3G mobile telephony accelerates during the latter part of 2002.

The Industry business has also been impacted by the general economic downturn. Prevas' good reputation and well-established customer relations mean, however, that the company has good prospects of maintaining or consolidating its market position during the recession. During Q4, a number of important orders were also received, including orders for new versions of Shop Floor Control products and in the future area of telematics.

During Q4, Prevas set up the Products & Customer Support profit centre by integrating those areas of Prevas working on product-related operations and customer support. The new profit centre gives us a clearer focus on products, and the demands made on long-term development and concentrated market development. We also achieve a more efficient organization and can utilize the competence developed for support and product administration for other customer categories.

During the year, the revenue for product support and administration agreements rose by approximately 50%, despite the deteriorated market situation.

## GROWTH AND PROFITABILITY

The market continued to be weak in Q4, which had a negative impact on capacity utilization. The low number of working days in December also had a greater impact on the quarterly results than normal.

Turnover for Q4 was SEK 51.1 million (SEK 71.3 million), down 28% (up 64%), while turnover for the full year was SEK 234.1 million (SEK 237.5 million), down 1% (up 41%).

A loss after financial items of SEK 29.7 million (SEK +2.2 million) was reported for Q4. Loss after financial items for the full year was SEK 28.9 million (SEK +15.9 million). The result was charged with a goodwill write-down of SEK 20.3 million and with SEK 2.0 million for the costs of staff cuts.

We are pleased to report that the efforts to improve cash flow begun in 2000 have continued to yield results, despite the weak earnings trend. Operating cash flow was SEK 5.5 million for Q4 and SEK 1.0 million for the full year.

# Prevas business areas

## BIOINFORMATICS

The business area's objective is to be a leader in technical IT for the life science industry in the geographical markets where Prevas Bioinformatics decides to set up. This will be achieved through a good understanding of the customer's business, innovative structural capital and effective problem solving, by combining in-depth computer science competence with a broad knowledge of molecular biology, statistics and mathematics.

The Danish subsidiary Prevas Bioinformatics A/S began operations in Q4. The company has developed positively since the start-up on 1 November and won two strategic customers early on.

At the end of the year, Prevas Bioinformatics and Biovitrum formed an alliance with the objective of creating a system to integrate data from various parts of the research process. The alliance is recognition of Prevas Bioinformatics as a supplier of system solutions for research purposes to the really big players in the life science industry.

Prevas' early entry into the life science sector has provided an in-depth knowledge of the conditions in this type of R&D. The enormous data volumes requiring effective management make great demands on both a basic understanding of the customer's business and on the actual IT solutions. The company has specialist resources in molecular biology and computer science. It has also successfully recruited skilled business consultants and will continue to focus on the recruitment and development of business consultants specializing in pharmaceutical and biotech companies. In addition, Prevas Bioinformatics' sales organization was strengthened in Q4 to increase the focus on the development of new customers.

Work on the BioFrame development platform began in the spring of 2001 and aims to provide a development concept to increase the efficiency of the development of technical applications for life science customers.

The market slowed slightly in Q4. This seems to be mainly due to some caution in making investment decisions on the part of the life science industry, which has been impacted by the general economic situation. We believe that this slowdown is only temporary and that the bioinformatics market will continue to show good growth in 2002.

Turnover in Bioinformatics was SEK 62.2 million (SEK 57.1 million) for the full year, up 9%.

## INDUSTRY

The business area's objective is to increase the competitiveness of industrial customers by delivering IT solutions of high delivery accuracy and quality in product development and production.

The weakening of the market perceptible in Q3 continued in Q4, driven by general industrial activity. Sales activities were intensified, based on Prevas' project and fixed-price know-how, in order to increase Prevas' inflow of orders in the area despite the negative trend.

**Manufacturing Systems** works on IT solutions for the manufacturing industry. In Q4, Prevas received orders in this area for new versions of Shop Floor Control products, including an order from Ericsson. A new version of the PharmaLine product was also released and delivered to Astra Zeneca and Pharmacia.

During the year, Shop Floor Control operations in Karlstad continued to develop positively and included new versions of the BarTrack, QSP and TestNet products. These were delivered to electronics industry customers, such as Ericsson, SCI and Flextronics.

Plant and production control systems were delivered jointly with ABB to customers, such as VOLVO and Sandvik.

In addition, materials handling systems were delivered during the year to a number of strategic customers, including the Dagens Nyheter/Expressen printing works in Akalla, ARLA's cheese factory in Denmark, Sandvik Coromant and Apoteksbolaget/Södersjukhuset.

**Product Applications** works on IT solutions in products. The successful cooperation with Atlas Copco Assembly Systems in this area continued in Q4, in the form of an order for a new measuring system for a subcontractor in the car industry in the USA.

The future-oriented investment in telematics, which Prevas began in 2001, led to one of the first projects in this expansive sector in Q4. The project is being implemented jointly with Vikon Vibrationskonsult for AlfaLaval and will enable machinery to send an alarm signal via SMS to service staff.

Despite the deteriorated market situation, Prevas received a number of strategic assignments during the year, including assignments for ABB, Bombardier Transportation, NUM Norden, Saab-Dynamics, Bofors and Rolls-Royce Marine Division.

Turnover in Industry was SEK 116.6 million (SEK 102.3 million) for the full year, up 14%.

## TELECOM

The business area works on system solutions in telecoms.

The telecoms market continued to weaken in Q4. Customers are only prioritizing projects related to their core operations and are very restrictive in making new investments. Competition for assignments is increasing, resulting in price pressure.

Prevas' investment in streaming media, Streaming-in-a-box(TM), was well received by the market in 2001. The product has opened the door to new customer categories, such as banks, energy companies and local network operators. The project for Agder Energi AS in Norway continued in Q4 and a feasibility study was also carried out for Statens Bostadsfinansierings Aktiebolag (SBAB).

The development and maintenance of software for Nokia's Open TV platform and a framework agreement with the Ericsson Group were some of the other customer successes during the year. Prevas in Västerås achieved certification as an "Ericsson Design Office", with permanently connected communications between the companies.

We anticipate a continued difficult market situation for Telecom during the first half of 2002.

Turnover in Telecom was SEK 48.9 million (SEK 64.5 million) for the full year, down 24%.

# Finance

## TENDER OUTCOME

During the year, 90% of orders went to Prevas and 10% to a competitor.

## CAPACITY UTILIZATION

Capacity utilization, i.e. solely measured for consultants, was 75% for the full year and 68% for Q4.

The invoicing rate for the year was 60% (65%). The invoicing rate – which is one of Prevas' performance indicators – is measured as the number of hours invoiced divided by the total hours used in the company. All employees, including management and administration, are included in the measurement.

## ASSIGNMENT DISTRIBUTION

During the year, 28% (29%) of assignments were charged on a fixed-price basis and 72% (71%) on a time basis.

## EMPLOYEES

The number of employees was 251 (285) at the end of the period, down 11%. Staff turnover was 29.9% for the full year. The percentage of female employees was 20% (20%) at the year-end.

## TURNOVER AND RESULTS FOR Q4

Turnover for Q4 was SEK 51.1 million (SEK 71.3 million), down 28%. The number of working days was 62 (63). Operating loss before goodwill amortization and items affecting comparability was SEK 6.3 million (SEK +4.4 million). Loss after financial items was SEK 29.7 million (SEK +2.2 million). The operating margin was -12.4% (+6.1%) before goodwill amortization and items affecting comparability and -58.1% (+3.0%) after financial items.

The result was charged with a goodwill write-down of SEK 20.3 million and with SEK 2.0 million for the costs of staff cuts. The goodwill write-down was made following a cash flow valuation, in accordance with the Swedish Financial Accounting Standards Council's Recommendation 17.

## TURNOVER AND RESULTS FOR 2001

Turnover for the year was SEK 234.1 million (SEK 237.5 million), down 1%. The number of working days was 250 (251). Operating loss was SEK 1.9 million (SEK +23.6 million) before goodwill amortization and items affecting comparability, and SEK 29.1 million (SEK +16.6 million) after these items. The operating margin was -0.8% (+9.9%) before goodwill amortization and items affecting comparability, and -12.4% (+7.0%) after these items.

Depreciation totalled SEK 9.8 million (SEK 9.0 million), SEK 4.9 million (SEK 4.9 million) of which related to goodwill amortization.

Net financial income/expense amounted to SEK 0.2 million (SEK -0.7 million). Loss after financial items was SEK 28.9 million (SEK +15.9 million), representing a profit margin of -12.4% (+6.7%).

Net loss was SEK 27.6 million (SEK +5.4 million). Earnings per share after tax were SEK -3.64 (SEK +0.72).

In addition to the one-off costs of staff cuts, the result was charged with SEK 5.9 million for the costs of future-oriented investments. The start-up in Denmark cost SEK 1.7 million. In the Telecom business area, SEK 1.1 million was invested in the development of Streaming-in-a-box(TM). In the Bioinformatics business area, SEK 1.0 million was invested in the BioFrame development platform. The result was charged with SEK 2.1 million for the expansion of Customer Support operations.

## LIQUID ASSETS

Liquid assets totalled SEK 4.1 million (SEK 18.9 million) at the year-end. A positive operating cash flow of SEK 5.5 million was reported for Q4, which led to the repayment of interest-bearing loans of the same amount. Consequently, Prevas has no interest-bearing liabilities. Prevas' two industrial properties are thus free of charges.

## FINANCIAL POSITION

Equity totalled SEK 58.8 million (SEK 90.2 million) at the end of the period, representing an equity/assets ratio of 60% (60%). Equity per share was SEK 7.76 (SEK 11.91).

## INVESTMENTS

During the year, net investments totalled SEK 4.9 million (SEK 7.5 million). All investments related to ordinary activities, and were for machinery and equipment.

Stockholm, 1 February 2002  
Prevas AB (publ)

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## ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, 20 March at 17.30 at Näringslivets hus Storgatan 19, Stockholm, Sweden. Notice of the AGM will be placed in Svenska Dagbladet and Post & Inrikes Tidningar.

## DIVIDEND

The Board of Directors proposes no dividend for the financial year 2001 (previous year SEK 0.50).

## ANNUAL REPORT

The printed version of the annual report will be sent by post to all shareholders at the end of February. It can also be ordered from Prevas on +46 21 3601900.

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## FINANCIAL REPORTING

- Interim Report to 31 March 25 April
- Interim Report to 30 June 21 August
- Interim Report to 20 September 23 October
- Press Release of Results for 2002 5 February 2003
- Annual General Meeting 2002 20 March 2003

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## SUMMARY PROFIT AND LOSS ACCOUNTS (PREVAS GROUP)

SEK thousand	2001 Jan-Sep	2000 Jan-Sep
Net sales	234 051	237 496
Material costs	-2 926	-9 179
Other external expenses	-47 240	-43 673
Staff costs	-180 927	-156 910
Depreciation according to plan	-4 904	-4 109
<b>Operating profit/loss before GW and I.A.C</b>	<b>-1 946</b>	<b>23 625</b>
Goodwill amortization	-4 880	-4 881
Goodwill write-down	-20 300	-
Items affecting comparability (I.A.C)	-2 010	-2 189
<b>Operating profit/loss</b>	<b>-29 136</b>	<b>16 555</b>
Net financial items	198	-671
<b>Profit/loss after financial items</b>	<b>-28 938</b>	<b>15 884</b>
Items affecting comparability	-	-4 137
Tax	1 353	-6 288
<b>Net profit/loss for the period</b>	<b>-27 585</b>	<b>5 459</b>

## QUARTERLY SUMMARY PROFIT AND LOSS ACCOUNTS (PREVAS GROUP)

SEK thousand	2001 Q4	2001 Q3	2001 Q2	2001 Q1	2000 Q4	2000 Q3	2000 Q2	2000 Q1
Net sales	51 151	53 870	61 057	67 973	71 308	56 594	57 873	51 721
Material costs	-596	-148	-269	-1 913	-2 942	-3 585	-1 249	-1 403
Other external expenses	-11 775	-9 535	-14 811	-11 119	-13 677	-9 808	-11 475	-8 713
Staff costs	-43 839	-40 628	-48 936	-47 524	-49 467	-34 409	-39 614	-33 420
Depreciation according to plan	-1 265	-1 226	-1 238	-1 175	-859	-1 094	-1 171	-986
<b>Operating profit/loss before GW and I.A.C</b>	<b>-6 324</b>	<b>2 333</b>	<b>-4 197</b>	<b>6 242</b>	<b>4 363</b>	<b>7 698</b>	<b>4 364</b>	<b>7 199</b>
Goodwill amortization	-1 220	-1 221	-1 219	-1 220	-1 310	-1 190	-1 190	-1 190
Goodwill write-down	-20 300	-	-	-	-	-	-	-
Items affecting comparability (I.A.C)	-2 010	-	-	-	-833	573	1 475	-3 404
<b>Operating profit/loss</b>	<b>-29 854</b>	<b>1 112</b>	<b>-5 416</b>	<b>5 022</b>	<b>2 220</b>	<b>7 081</b>	<b>4 649</b>	<b>2 605</b>
Net financial items	150	59	-6	-5	-57	-206	-118	-290
<b>Profit/loss after financial items</b>	<b>-29 704</b>	<b>1 171</b>	<b>-5 422</b>	<b>5 017</b>	<b>2 163</b>	<b>6 875</b>	<b>4 531</b>	<b>2 315</b>
Items affecting comparability	-	-	-	-	-	-	-4 137	-
Tax	2 592	-653	1 193	-1 780	-1 213	-2 268	-1 714	-1 093
<b>Net profit/loss for the period</b>	<b>-27 112</b>	<b>518</b>	<b>-4 229</b>	<b>3 237</b>	<b>950</b>	<b>4 607</b>	<b>-1 320</b>	<b>1 222</b>

**SUMMARY BALANCE SHEETS (PREVAS GROUP)**

SEK thousand	2001 31 Dec	2000 31 Dec
Fixed assets excluding goodwill	33 350	33 329
Goodwill	10 649	35 828
Other current assets	50 657	62 028
Liquid assets incl. short-term investments	4 136	18 891
<b>Total assets</b>	<b>98 792</b>	<b>150 076</b>
Equity	58 798	90 202
Provisions	10 852	11 598
Interest-bearing liabilities	0	12 000
Non-interest-bearing liabilities	29 142	36 276
<b>Total liabilities and equity</b>	<b>98 792</b>	<b>150 076</b>

**CHANGE IN EQUITY (PREVAS GROUP)**

SEK thousand	2001 31 Dec	2000 31 Dec
Opening equity	90 202	82 166
Issue of warrants	-	2 577
Dividend paid	-3 787	-
Translation difference	-31	-
Net profit/loss for the period	-27 585	5 459
<b>Closing equity</b>	<b>58 798</b>	<b>90 202</b>

**CAPITAL EMPLOYED (PREVAS GROUP)**

SEK thousand	2001 31 Dec	2000 31 Dec
Non-interest-bearing current assets	50 657	62 028
Non-interest-bearing current liabilities	-29 142	-36 276
<b>Net working capital</b>	<b>21 515</b>	<b>25 752</b>
Fixed assets excluding goodwill	33 350	33 329
Provisions	-10 852	-11 598
<b>Capital employed excluding goodwill</b>	<b>44 013</b>	<b>47 483</b>
Goodwill	10 649	35 828
<b>Capital employed</b>	<b>54 662</b>	<b>83 311</b>

## CASH FLOW STATEMENTS (PREVAS GROUP)

SEK thousand	2001 Q4	2001 Jan-Dec	2000 Q4	2000 Jan-Dec
Operating profit/loss	-29 854	-29 136	2 220	16 555
Depreciation and write-downs	22 785	30 084	2 168	10 326
Provisions	124	30	-4 319	664
Netfinancial income/expense	150	198	-56	-670
Tax	3 132	-6 612	2 754	-6 458
Change in current receivables	6 353	13 246	10 597	-4 471
Change in current liabilities	2 524	-1 853	1 931	3 781
<b>Cash flow from ordinary activities</b>	<b>5 214</b>	<b>5 957</b>	<b>15 295</b>	<b>19 727</b>
Sales of business operations	-	-	13 909	13 909
Net investment in fixed assets	321	-4 925	-901	-7 174
<b>Cash flow from investment activities</b>	<b>321</b>	<b>-4 925</b>	<b>13 008</b>	<b>6 735</b>
<b>Operating cash flow</b>	<b>5 535</b>	<b>1 032</b>	<b>28 303</b>	<b>26 462</b>
Issue of warrants	-	-	111	2 577
Loans raised (+) / Repayment of loans (-)	-5 456	-12 000	-14 996	-18 183
Dividend paid	-	-3 787	0	0
<b>Cash flow from financing activities</b>	<b>-5 456</b>	<b>-15 787</b>	<b>-14 885</b>	<b>-15 606</b>
Cash flow for the period	79	-14 755	13 418	10 856
Opening liquid assets	4 057	18 891	5 473	8 035
Closing liquid assets	4 136	4 136	18 891	18 891
Change	79	-14 755	13 418	10 856

## FINANCIAL KEY RATIOS (PREVAS GROUP)

	2001 Jan-Dec	2000 Jan-Dec
Gross margin	1.3%	11.7%
Margin before GW and items affecting comp.	-0.8%	9.9%
Margin after GM and items affectin comp.	-12.4%	7.0%
Profit margin	-12.4%	6.7%
Earnings per share after tax	-3.64 kr	0.72 kr
Earnings per share after standard tax	-2.75 kr	1.51 kr
Average number of shares	7 573 600	7 573 600
Equity/assets ratio	59.5%	60.1%
Equity per share	7.76 kr	11.91 kr
Return on capital employed	-33.9%	15.4%
Return on equity	-37.0%	6.3%
Average number of employees	288	256
Number of employees at end of period	251	285
Working days	250	251
Chargeability rate	60%	65%
Turnover per employee, SEK thousand	813	928

