Sydsvenska Kemi AB (publ)

Corp. Reg. No: 556602-2769. Parent Company of Perstorp

Interim Report
January 1- March 31, 2004

Sydsvenska Kemi AB is the Parent Company of the international chemicals group Perstorp.The Perstorp Group holds leading positions in specialty chemicals and materials technology markets, mainly for customers in the coatings, plastic-processing and automotive industries. Perstorp has approximately 2,200 employees and manufacturing units in eight countries in Europe, North America and Asia. Sales in 2003 totaled SEK 5.7 billion.

Sydsvenska Kemi is controlled by Industri Kapital 2000 Fund. Industri Kapital is one of Europe's leading private equity companies. Part of the payment for the acquisition of Perstorp in June 2001 consisted of a subordinated debenture loan registered on Stockholmsbörsen.

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- *Net sales rose 5% to SEK 1,605 m (Q1 2003: SEK 1,532 m). Adjusted for exchange-rate changes, the increase was 11%, which was the result of strong sales volumes for most specialty chemical products.*

- *A comprehensive review of the Swedish operations' organization and processes was implemented during the quarter. This resulted in a rationalization program, and the issue of redundancy notices to 160 employees. Nonrecurring costs of SEK 67 m were charged against first-quarter earnings.*

- *Operating earnings before depreciation declined to SEK 234 m (270), due to the nonrecurring effects of the rationalization program. Adjusted for nonrecurring effects, operating earnings amounted to SEK 301 m. Increased sales volumes and a slightly better price scenario had a favorable impact on earnings.*

- *A net loss of SEK 18 m (loss: 14) was reported. Adjusted for the above-mentioned rationalization costs, the net result was earnings of SEK 30 m.*

- *Cash flow from continuing operations amounted to SEK 107 m (70), despite an increase in tied-up capital due to the higher sales during the period.*

- *One order for a formalin plant and two capacity-expansion orders were received from customers in China and in Europe and South America, respectively.*

Key figures in summary

SEK m unless otherwise stated	**Q 1 2004**	**Q 4 2003**	**Q 1 2003**
Net sales	1,605	1,293	1,532
Operating earnings before depreciation[1)]	234	164	270
% of net sales	14.6	12.7	17.6
Operating earnings	90	23	121
% of net sales	5.6	1.8	7.9
Net earnings/loss[2)]	-18	65	-14
Cash flow from continuing operations	107	215	70
% of sales	6.7	16.6	4.6

[1)] *Earnings for the first quarter of 2004 were charged with nonrecurring costs of SEK 67 m resulting from a comprehensive rationalization program in progress in the Swedish part of the Group, excluding Materials Technology.*
[2)] *During the fourth quarter of 2003, a tax loss in Germany was revalued, which had a favorable effect of SEK 115 m on tax costs.*

Group

Market and economic conditions

The start of the fiscal year was characterized by increased demand for most of the Group's products. This upswing followed a period of weak development during most of the preceding year. The favorable trend is attributable in part to improved economic conditions and in part to the fact that market expectations of rising prices have resulted in stockpiling among several of the Group's customers. The economic improvement pertains mainly to Asia and the United States, while European demand remains cautious. Demand in the Chinese market is rising particularly sharply.

As a result of this trend, the Group is noting considerably increased volumes compared with the latter part of 2003, especially for basic and specialty polyols and for formalin plants and catalysts. Sales volumes for specialty chemicals products also exceeded the year-earlier level, despite the fact that this was a strong quarter when many customers increased their inventories in anticipation of the war in Iraq.

A favorable trend was noted for the Group's operating margin, before nonrecurring costs, despite rising prices for certain raw materials – primarily propylene – and for energy. The Group has implemented price increases for several products and prices will continue to be increased during the second quarter to counter the rises in raw-material prices.

Exchange rates, primarily for the US dollar, have weakened compared with the year-earlier period, which is having an adverse impact on the Group's margins, although the effects are being delayed by the fact that most of the net inflows of foreign currencies are hedged. It is estimated that exchange-rate changes had a negative impact of approximately SEK 100 m on the Group's net sales in relation to the first quarter of 2003 and an adverse impact of SEK 18 m on earnings.

Outlook

In the year-end report for 2003, we estimated that "2004 will be another year marked by weak economic conditions, although there are certain signs that demand is about to improve."

The first-quarter trend indicates that economic conditions are now strengthening, at least in Asia and the United States. The greatest challenges facing the Group are expected to be the direct and indirect effects of the weaker USD exchange rate, which is enhancing the competitiveness of primarily American companies, and a continued unstable price trend for raw materials.

Review of sales and earnings

Net sales by business sector

SEK m	Q 1 2004	Q 1 2003	Latest 12 months	Full year 2003
Specialty Chemicals	1,299	1,210	4,699	4,610
Materials Technology	278	295	1,025	1,042
Other operations, incl. eliminations	28	27	90	89
The Group	**1,605**	**1,532**	**5,814**	**5,741**

Income statement, Group

SEK m	Q 1 2004	Q 1 2003	Latest 12 months	Full year 2003
Net sales	**1,605**	**1,532**	**5,814**	**5,741**
Cost of goods sold	-1,271	-1,210	-4,774	-4,713
Gross earnings	**334**	**322**	**1,040**	**1,028**
Selling, R&D and administrative expenses	-170	-175	-643	-648
Other operating revenues and expenses[1)]	-15	38	158	211
Amortization of intangible fixed assets	-60	-63	-245	-248
Result from participations in associated companies	1	-1	2	0
Operating earnings (EBIT)	**90**	**121**	**312**	**343**
Financial income and expenses	-79	-91	-330	-342
Write-down/reversal of write-down of financial holdings (Pergo)	-8	-29	24	3
Earnings before taxes	**3**	**1**	**6**	**4**
Taxes[2)]	-20	-15	24	29
Minority share in net profit/loss for the year	-1	0	5	6
Net earningst/loss	**-18**	**-14**	**35**	**39**
Operating earnings before depreciation and amortization (EBITDA)	**234**	**270**	**886**	**922**

[1)] *Earnings for the first quarter of 2004 were charged with nonrecurring costs of SEK 67 m resulting from a comprehensive rationalization program in progress in the Swedish part of the Group, excluding Materials Technology.*
[2)] *During the fourth quarter of 2003, a tax loss in Germany was revalued, which had a favorable effect of SEK 115 m on tax costs.*

Net sales during the first quarter amounted to SEK 1,605 m (Q1 2003: 1,532). In relation to the first quarter of 2003, this corresponded to an increase of 5%. Increased demand for most specialty chemical products contributed to an 11% increase in sales volumes, of which the acquisition of the jointly owned specialty chemical operations in South Korea accounted for one percentage point. In general, price levels were at the same level as in the year-earlier period. Exchange rates had a negative effect of 6%, mainly due to the weaker USD. In relation to the sales of SEK 1,293 m reported in the immediately preceding quarter, which was adversely affected by such factors as a major production shutdown, sales rose 24%.

Operating earnings before depreciation and amortization by business sector

SEK m	Q 1 2004	Q 1 2003	Latest 12 months	Full year 2003
Specialty Chemicals[1)]	224	202	727	705
Materials Technology	32	36	77	81
Other operations[1)]	-22	32	82	136
The Group	**234**	**270**	**886**	**922**

[1)]For the costs of the rationalization program during the first quarter of 2004, Specialty Chemicals' earnings were charged with SEK 38 m and earnings included in Other operations were charged with SEK 29 m. Materials Technology is not covered by the program.

Comments on the business trends of the two business sectors – Specialty Chemicals and Materials Technology – are presented in separate sections later in this report.

Operating earnings before depreciation and amortization declined to SEK 234 m (270). Accordingly, the operating margin dropped to 14.6% (17.6). Excluding costs for the rationalization program, operating earnings amounted to SEK 301 m, corresponding to an adjusted operating margin of 18.8%. Increased sales volumes and an improved sales margin on certain products contributed to the earnings upswing, as did a number of productivity improvements. This was offset by unfavorable exchange rates, primarily a weaker USD in relation to SEK. Other operating revenues and expenses mainly include costs of SEK 67 m for the rationalization program and SEK 54 m (21) for favorable exchange-rate effects, mainly deriving from hedging contracts. Earnings within Other units during the first quarter of 2003 were affected by a capital gain of SEK 13 m on the sale of a property, which was also reported under Other operating revenues and expenses.

Depreciation and amortization amounted to SEK 144 m (149).

Net financial items, excluding the write-down of financial holdings, amounted to an expense of SEK 79 m (expense: 91), of which capitalized interest on the debenture loan accounted for SEK 44 m (39). Other interest expense decreased, mainly as a result of reduced borrowing. Following a market valuation of the Pergo AB shareholding, the holding was written down by SEK 8 m (write-down of 29).

Earnings before taxes amounted to SEK 3 m (1).

Tax costs totaled SEK 20 m (15). The main reason for the high tax cost in relation to earnings after net financial items is that amortization of consolidated surplus value is not tax-deductible. The capital gain of SEK 13 m on the sale of a property in 2003 was not subject to taxation.

Financial position

Consolidated Balance Sheet

SEK m	March 31, 2004	Dec 31, 2003	March 31, 2003
Intangible fixed assets	4,080	4,120	4,364
Tangible fixed assets	3,142	3,138	3,166
Financial fixed assets	404	360	270
Inventories	665	680	720
Current operating receivables	1,318	1,064	1,292
Current financial receivables	1	1	21
Cash and Bank	39	30	29
Total assets	**9,649**	**9,393**	**9,862**
Total shareholders' equity	3,099	3,129	3,140
Minority interests	11	11	3
Provisions	1,061	944	999
Convertible debenture loan	1,411	1,367	1,237
Other long-term liabilities	2,353	2,332	2,883
Short-term operating liabilities	1,230	1,135	1,185
Short-term financial liabilities	484	475	415
Total shareholders' equity and liabilities	**9,649**	**9,393**	**9,862**
Working capital	**774**	**623**	**858**
Net debt	**4,288**	**4,217**	**4,551**
Capital employed	**7,442**	**7,390**	**7,755**

Capital employed increased by SEK 52 m during the period. Working capital in local currencies rose by SEK 142 m, due to the strong sales trend and the resulting increase in accounts receivable. On the other hand, new investments during the period were much lower than depreciation, which led to capital employed being reduced by slightly more than SEK 90 m.

The debt/equity ratio on March 31 was 1.4, marginally higher than at the beginning of the year.

The equity/assets ratio was 32% at the end of the period (year-end: 33).

Shareholders' equity, Group

SEK m	Share capital	Restricted reserves	Unrestricted reserves	Profit/loss for the year	Total
Opening Shareholders' equity, Jan. 1, 2004,according to adopted balance sheet	300	12	2,778	39	3,129
Effect of changed accounting principle (RR 29)	-	-	-27	-	-27
Opening shareholders' equity at Jan 1, 2004, adjusted for new accounting principle	**300**	**12**	**2,751**	**39**	**3,102**
Translation difference:					
Change during the period	-	-	53	-	53
Less effect of currency hedging during the period	-	-	-53	-	-53
Tax effect of currency hedging during the period	-	-	15	-	15
Reversal of profit in preceding year	-	-	39	-39	0
Loss for the period	-	-	-	-18	-18
Closing Shareholders' equity, March 31, 2004	**300**	**12**	**2,805**	**-18**	**3,099**

The Financial Accounting Standards Council's recommendation RR 29/IAS19 Employee Benefits has been applied since January 1, 2004. Actuarial calculations of defined-benefit pension plans in Group companies have been conducted, which resulted in pension obligations increasing by SEK 41 m, combined with a favorable tax effect of SEK 14 m. Accordingly, the nonrecurring effect of the introduction of RR 29/IAS 19 was a cost of SEK 27 m, which in accordance with RR 5 Reporting of Changes in Accounting Principles, has been reported directly against opening shareholders' equity in 2004. The negative effects derive mainly from pension plans in the US. With respect to the ITP pension plans that are funded by premiums paid to Alecta, it is not possible to estimate the size of investment assets in relation to obligations, because Alecta is currently unable to provide the information required for such reporting.

Cash flow

Cash flow from **operating activities** was a positive SEK 107 m (70). Earnings of SEK 234 m before depreciation and amortization included costs of SEK 67 m for the rationalization program, most of which, or SEK 58 m, had no impact on cash flow during the period. Accordingly, this amount has been reversed under Other items. Working capital rose by SEK 142 m, due to higher accounts receivable, which was partly offset by an increase in accounts payable.

Cash flow from **investing activities** was a negative SEK 72 m (neg: 32). Net investments in fixed assets during the period amounted to SEK 50 m (53), with the largest individual project involving the introduction of natural gas to replace oil as a fuel at the plant in Stenungsund. This project was launched during 2003 and will be completed during the second quarter of 2004. The supplementary purchase consideration for the acquisition of Moldable Composites in the United States is also included in cash flow.

The Group reduced the use of **credit facilities** by SEK 28 m during the period and liquid assets amounted to SEK 39 m at the end of the quarter (year-end: 30). Unutilized lines of credit were essentially unchanged at the end of the period at SEK 1,106 m (1,100).

Consolidated Cash Flow Statement

SEK m	Q 1 2004	Q 1 2003	Latest 12 months	Full year 2003
Operating activities				
Operating earnings	90	121	312	343
Adjustment items:				
Depreciation/amortization	144	149	570	575
Other	61	-24	43	-42
Interest received	0	0	6	6
Interest paid	-28	-49	-157	-178
Paid income tax	-18	-36	-39	-57
Cash flow from operating activities before change in working capital	249	161	735	647
Change in working capital				
Increase(-)/Decrease(+) in inventories	24	-31	38	-17
Increase(-)/Decrease(+) in current receivables	-236	-76	-49	111
Increase(+)/Decrease(-) in current liabilities	70	16	67	13
Cash flow from operating activities	**107**	**70**	**791**	**754**
Investing activities				
Acquisition of net assets of subsidiaries	-26	-27	-70	-71
Acquisition of financial fixed assets	-	-	-	-
Acquisition of tangible and intangible fixed assets	-50	-53	-328	-331
Sale of net assets of subsidiaries	-	20	-	20
Sale of financial fixed assets	-	-	-	-
Sale of tangible fixed assets	4	2	9	7
Change in financial receivables	-	26	23	49
Cash flow from investing activities	**-72**	**-32**	**-366**	**-326**
Financing activities				
Amounts paid in by minority shareholders	-	-	12	12
Change in credit utilization	-28	-35	-534	-541
Realized currency gain from hedging instruments	-	-	107	107
Cash flow from financial activities	**-28**	**-35**	**-415**	**-422**
Change in liquid funds, incl. short-term investments	**7**	**3**	**10**	**6**
Liquid assets on January 1, incl. short-term investments	30	27	29	27
Translation difference in liquid assets	2	-1	0	-3
Liquid funds, end of period	**39**	**29**	**39**	**30**

Specialty Chemicals business sector

The Specialty Chemicals business sector consists of four business areas: Perstorp Coating Intermediates, Perstorp Oxo Intermediates, Perstorp Performance Chemicals and Perstorp Formox.

Specialty Chemicals noted increased demand during the period, following a weak trend during most of the preceding year. The favorable trend is attributable in part to improved economic conditions and in part to the fact that market expectations of rising prices have resulted in stockpiling among several customers. Particularly large volume increases were noted for basic and specialty polyols, catalysts and formalin plants.

Key figures, Specialty Chemicals

SEK m	Q1 2004	Q1 2003	Latest 12 months	Full year 2003
Net sales	1,299	1,210	4,699	4,610
Operating earnings before depreciation[1)]	224	202	727	705
% of net sales	17	17	15	15
Investments	40	37	317	314
Working capital	618	660	618	494

[1)] Specialty Chemicals' earnings for Q1 2004 were charged with SEK 38 m for the costs of the rationalization program.

Net sales during the period amounted to SEK 1,299 m (1,210), up 7%. Exchange rate changes, mainly in the form of a weaker USD, had a negative effect of 7% on sales. Volumes rose by 14%, while sales prices were unchanged, when considered as a whole. The volume increase was attributable to basic and specialty polyols, and to sales of formalin plants, for which a number of new contracts were secured during 2003. Deliveries of these plants have now begun.

Compared with the immediately preceding quarter, sales rose 24% from SEK 1,047 m to SEK 1,299 m.

In total, the increased sales volumes had a favorable impact on the business sector's operating earnings, which rose to SEK 224 m (Q1 2003: 202). Accordingly, the profit margin was unchanged. However, parts of the costs for the Group's rationalization program, or SEK 38 m, were charged against first-quarter earnings. Excluding these costs, earnings amounted to SEK 262 m and the profit margin was 20%. Efficiency gains in the form of higher capacity utilization in production contributed to the increased profit margin.

Operating earnings in the immediately preceding quarter amounted to SEK 110 m, although these earnings were adversely affected by a major production shutdown, in addition to weak economic conditions.

Perstorp Coating Intermediates reported sharply increased volumes for both basic and specialty polyols compared with the year-earlier period. The jointly owned companies formed in South Korea and Japan in the preceding year have developed well and contributed to the establishment of a strong position in the growing Asian market.

Perstorp Oxo Intermediates also reported robust demand for essentially all of its products. Sales of the business area's new special plasticizer, Peraflex®, which is currently being launched, developed well during the period. An integration of the plants in Stenungsund and Nol was implemented in order to enhance efficiency.

Perstorp Performance Chemicals reported slightly lower sales than in the year-earlier period. At the beginning of the year, the business area took over the marketing of calcium formate from the external distributor, which has resulted in increased margins on this product.

Perstorp Formox noted sharply increased demand for formalin plants and catalysts compared with the immediately preceding quarter and the first quarter of 2003. Sales of formalin also increased. Agreements were signed regarding a new formalin plant in China and the upgrade of two plants, in Europe and South America, respectively.

Materials Technology business sector

Materials Technology noted stronger demand compared with the latter part of 2003 and, as a result, its sales volumes were on par with the year-earlier period. Demand for *Moldable Composites'* products was favorable during the quarter, particularly for material for electrical applications and epoxy and DAP materials in the North American market. *Advanced Composites* noted an increase in order bookings, primarily for carbon-fiber-reinforced composite materials for satellites. Demand for *Compounds* also increased during the period, not least because the German construction market showed a distinct improvement following a protracted period of decline.

Key figures, Materials Technology

SEK m	Q1 2004	Q1 2003	Latest 12 months	Full year 2003
Net sales	278	295	1,025	1,042
Operating earnings before depreciation	32	36	77	81
% of net sales	12	12	8	8
Investments	8	8	51	51
Working capital	179	225	179	157

Net sales amounted to SEK 278 m, down 6% compared with the SEK 295 m reported in the year-earlier period but higher than the SEK 237 m noted for the immediately preceding quarter. The decline compared with the first quarter of 2003 was due entirely to the appreciation of the SEK in relation to the USD and EUR. In total, volumes and prices were at the same level as in the year-earlier period.

Operating earnings before depreciation amounted to SEK 32 m (36), corresponding to a margin of 12% (12) before depreciation. Accordingly, earnings were much higher than the SEK 14 m reported in the immediately preceding quarter, corresponding to an operating margin of 6% before depreciation.

The business sector's new material, Polygiene®, was tested during the period and launched in China. The tests show that the product is able to combat the SARS virus on contact with various objects used by people on a daily basis, such as electrical switches, door handles and toilet seats.

The business sector has also initiated a project aimed at the start-up of production in China, particularly for Moldable Composites products. The objective is to commence production during 2005.

Rationalization program and new organization

In order to ensure that Perstorp remains a world-class specialty chemicals group in a business environment characterized by ever-increasing global competition, a weak US dollar and a long-term trend of rising raw-material prices, the *nEverest* efficiency-enhancing and renewal process in Perstorp remains in force.

New organization as of June 1, 2004

During and following the period covered by this interim report, the Group's work processes and organization have been reviewed. The purpose of the review is to enable more effective use of Group-wide resources in the future and to transfer a larger part of these resources to activities that create customer value. The process of establishing a new organization is under way and negotiations have been conducted regarding workforce cutbacks in the Swedish part of the Group, excluding Materials Technology.

The objective is that the new organization will become effective on June 1, 2004. The new organization for specialty chemicals will be based on the following functions/processes: Operations, Supply Chain, Marketing & Sales, Renewal and General & Administration. At the same time, the specialty chemical operations conducted in Perstorp and Stenungsund are being more closely integrated. A review and simplification of the corporate structure is also under way, which will result in fewer service companies, among other consequences.

Perstorp serves redundancy notices to 160 employees

As part of the efficiency-enhancing and renewal process, Perstorp has issued redundancy notices to 160 employees at the plants in Perstorp and Stenungsund. At present, these plants have a total of approximately 1,100 employees. The workforce cutbacks will affect both white-collar and blue-collar employees.

When fully implemented, the downsized workforce is expected to result in annual cost savings of SEK 90 m. Costs of SEK 67 m for the rationalization program were charged against earnings for the first quarter of 2004.

Other

At the Annual General Meeting held on May 6, Claes de Neergaard was elected new Member of the Board, succeeding Fredrik Arp, who had declined re-election. Claes de Neergaard is currently a member of various boards and is, for example, Chairman of the Board of the Nordic Investment Bank and the Third AP Fund.

Members of the Board are Hans Larsson, Björn Savén, Michael Rosenlew, Stig Gustavson, Gunnar Palme, Thomas Ramsay, Claes de Neergaard, Lennart Holm, Anitha Hermansson, Klas Ingstorp and Ronny Nilsson. Helena Stjernholm was re-elected Deputy Member. Deputy Members are also Lars Hansson Hovmöller, Annika Folkesson and Håkan Olzon.

At the statutory Board Meeting held after the Annual General Meeting, Hans Larsson was appointed Chairman and Björn Savén Deputy Chairman of the Board.

As described under Financial Position, Shareholders' Equity, the introduction of RR 29/ IAS 19 Employee Benefits has resulted in a significant change to the accounting principles. In other respects, the definitions of key figures and the accounting principles are the same as those used in the Annual Report for 2003.

The next quarterly report will be published on July 23, 2004.

Perstorp, May 7, 2004
Lennart Holm
President and Chief Executive Officer

The report has not been examined by Sydsvenska Kemi's auditors.

Key figures

SEK m unless otherwise stated	Q1 2004	Q1 2003	Latest 12 months	Full year 2003
Net sales	1,605	1,532	5,814	5,741
Operating earnings before depreciation and write-downs	234	270	886	922
Operating earnings	90	121	312	343
Operating margin before depreciation and amortization, %	14.6	17.6	15.2	16.1
Operating margin, %	5.6	7.9	5.4	6.0
Investments	50	53	407	410
of which acquisitions	-	-	68	68
excl. acquisitions	50	53	339	342
Depreciation and amortization	144	149	570	575
Working capital, end of period	774	858	774	623
Working capital, average for the period	740	874	832	855
Turnover rate, working capital, times/year	8.7	7.0	7.0	6.7
Cash flow from continuing operations	107	70	791	754
Cash flow as % of net sales	6.7	4.6	13.6	13.1
Capital employed, end of period	7,442	7,755	7,442	7,390
Capital employed, average for the period	7,467	7,820	7,593	7,674
Return on capital employed, %	4.8	6.4	4.2	4.5
Net debt, end of period	4,288	4,551	4,288	4,217
Debt/equity ratio	1.38	1.45	1.38	1.34
Equity/assets ratio	32	32	32	33
Return on shareholders' equity, %	-2.3	-1.8	1.1	1.3
Number of full-time employees, end of period	2,162	2,210	2,162	2,185

Information by quarter

Consolidated Income Statement

SEK m	2002 Q 2	2002 Q 3	2002 Q 4	2003 Q 1	2003 Q 2	2003 Q 3	2003 Q 4	2004 Q 1
Net sales	**1,629**	**1,505**	**1,411**	**1,532**	**1,491**	**1,425**	**1,293**	**1,605**
Cost for sold goods	-1,195	-1,163	-1,105	-1,210	-1,173	-1,200	-1,130	-1,271
Gross earnings	**434**	**342**	**306**	**322**	**318**	**225**	**163**	**334**
Selling, R&D and administrative expenses	-180	-167	-150	-175	-175	-163	-135	-170
Other operating revenues and expenses[1)]	-12	44	-6	38	36	84	53	-15
Amortization of intangible fixed assets	-63	-64	-64	-63	-63	-60	-62	-60
Result from participations in associated companies	0	0	0	-1	0	-3	4	1
Operating earnings (EBIT)	**179**	**155**	**86**	**121**	**116**	**83**	**23**	**90**
Financial revenues and expenses	-96	-108	-82	-91	-84	-82	-85	-79
Write-down/reversal of write-down of financial holdings (Pergo)	-	-	26	-29	-18	26	24	-8
Earnings before taxes	**83**	**47**	**30**	**1**	**14**	**27**	**-38**	**3**
Taxes[2)]	-47	-35	-34	-15	-25	-31	100	-20
Minority share in net profit for the year	-1	0	2	0	0	3	3	-1
Net profit/loss	**35**	**12**	**-2**	**-14**	**-11**	**-1**	**65**	**-18**
Operating earnings before depreciation and amortization (EBITDA)	**327**	**302**	**228**	**270**	**261**	**227**	**164**	**234**

[1)]*Earnings for the first quarter of 2004 were charged with nonrecurring costs of SEK 67 m resulting from a comprehensive rationalization program in progress in the Swedish part of the Group, excluding Materials Technology*.

[2)]*During the fourth quarter of 2003, a revaluation of tax loss had a favorable effect of SEK 115 m on tax costs.*

Net sales by business sector

SEK m	2002 Q 2	2002 Q 3	2002 Q 4	2003 Q 1	2003 Q 2	2003 Q 3	2003 Q 4	2004 Q 1
Specialty Chemicals	1,339	1,239	1,161	1,210	1,186	1,167	1,047	1,299
Materials Technology	232	211	226	295	276	234	237	278
Other operations incl. eliminations	58	55	24	27	29	24	9	28
Group	**1,629**	**1,505**	**1,411**	**1,532**	**1,491**	**1,425**	**1,293**	**1,605**

Operating earnings before depreciation and amortization by business sector

SEK m	2002 Q 2	2002 Q 3	2002 Q 4	2003 Q 1	2003 Q 2	2003 Q 3	2003 Q 4	2004 Q 1
Specialty Chemicals[1)]	302	277	189	202	213	180	110	224
Materials Technology	22	15	20	36	25	6	14	32
Other operations incl. eliminations[1)]	3	10	19	32	23	41	40	-22
Group	**327**	**302**	**228**	**270**	**261**	**227**	**164**	**234**

[1)] *For the costs of the rationalization program during the first quarter of 2004, Specialty Chemicals' earnings were charged with SEK 38 m and earnings included in Other operations were charged with SEK 29 m. Materials Technology is not covered by the program.*